ANALYST BRIEFING

ALLOCATED SEATING AND DIGITAL

Wednesday 3rd October 2012

europe by easyJet

Agenda

Introduction	Carolyn McCall Chief Executive Officer
Allocated Seating	Warwick Brady Chief Operations Officer
Digital Update	James Millett Head of Digital
Conclusion	Chris Kennedy Chief Financial Officer

INTRODUCTION

Carolyn McCall

Chief Executive Officer

europe by easyJet

Context

European Headwinds

- Economic uncertainty
- Industrial unrest
- High fuel costs
- Sovereign debt
- Slowing economic growth

Competitive environment

- Legacies carriers incurring significant short haul losses e.g. Air France
- Weaker carriers retreating or exiting e.g. Spanair, Tour Ops
- Consumers valuing low fares

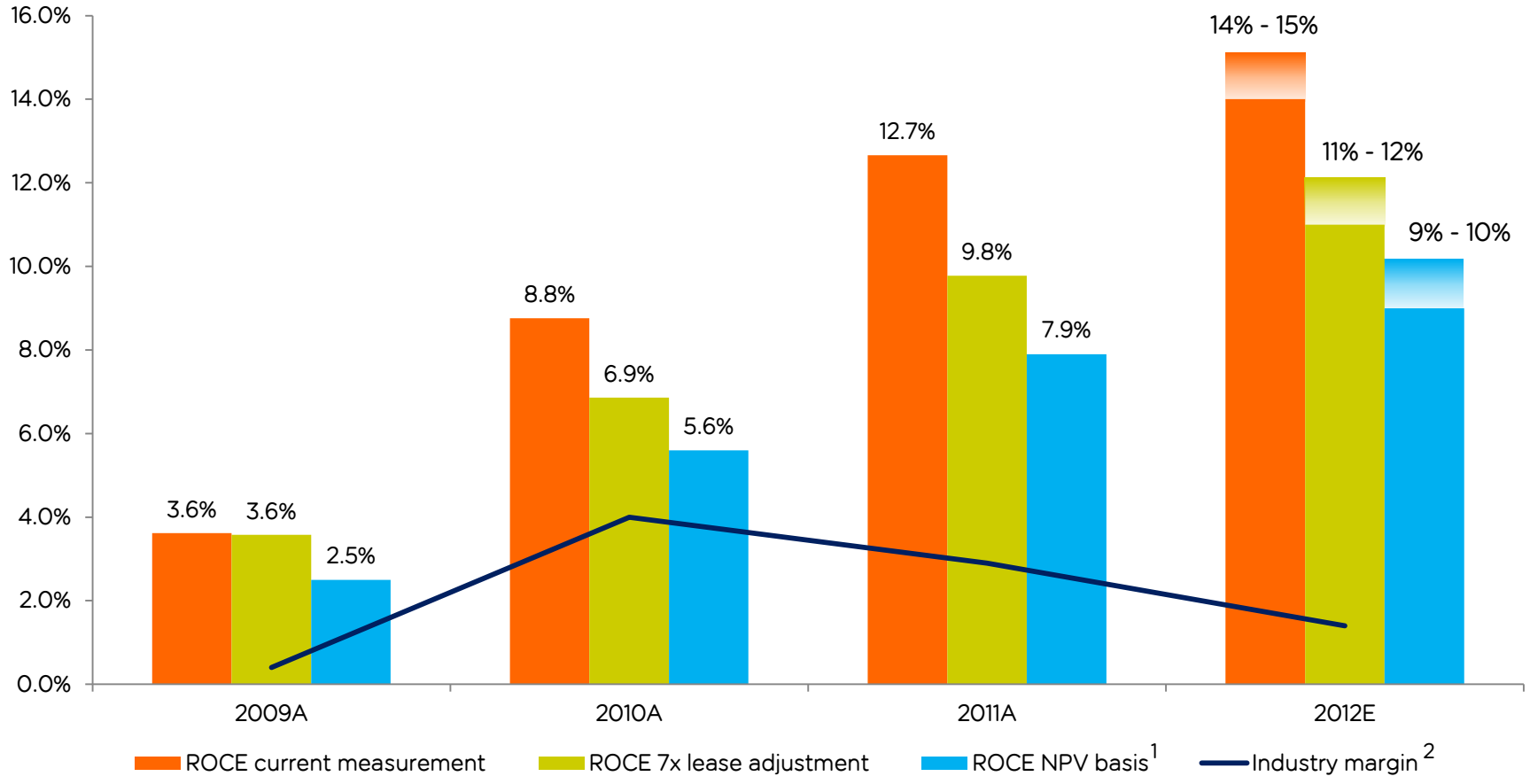
easyJet well positioned

1. Strong balance sheet
2. Efficient, low cost model
3. Strong network and market positions
4. easyJet.com

Strategy to drive growth and returns

1. Build strong no. 1 and no. 2 network positions
   - Growth slightly above market growth of 1.5 x GDP
   - Build on positions of strength e.g. France
   - Exit structurally challenged markets e.g. Madrid
2. Maintain cost advantage
   - Efficient operation and high asset utilisation
   - Increase mix of 180+ seat aircraft in fleet
   - easyJet lean
3. Drive demand and conversion across Europe
   - Europe by easyJet campaign
   - Enhance easyJet.com and mobile apps
   - Continuous improvement to yield management
   - Provide friendly and efficient service so that customers come back
4. Disciplined use of capital
   - Focus on ROCE
   - Repay higher yielding debt
   - Dividend

Improved performance



Note 1: ROCE adjusted for NPV of Lease Commitments and target liquidity (£4m per aircraft)
Note 2: Aggregated operating profit margin of global commercial airlines. (Source: IATA, September 2012)

ALLOCATED SEATING

Warwick Brady
Chief Operations Officer

europe by easyJet

How it works?

All passengers are allocated a seat, families sit together

- All seats allocated on all flights
  - Seats can be selected in the booking funnel
  - 'Upsell' capability at customer touch points
  - Boarding passes with seat numbers available online or airport check-in (from -30 days)
  - Passengers with Reduced Mobility (PRM) friendly allocation
- Key customer groups receive / retain the right to board the aircraft first
  - 'Extra legroom' & 'Up front' seat purchasers
  - Flex fare customers are entitled to an 'Up front' seat
  - easyJet Plus! cardholders can choose ANY seat on the aircraft, including extra Legroom, at no additional charge
- Non-purchasers 'randomly' allocated at check-in
  - Passenger experience for non–purchasers better than current boarding process
  - PRMs will be pre-allocated, families seated together

On-board

Three price bands, but with pricing 'levers' available to manage yield post-launch

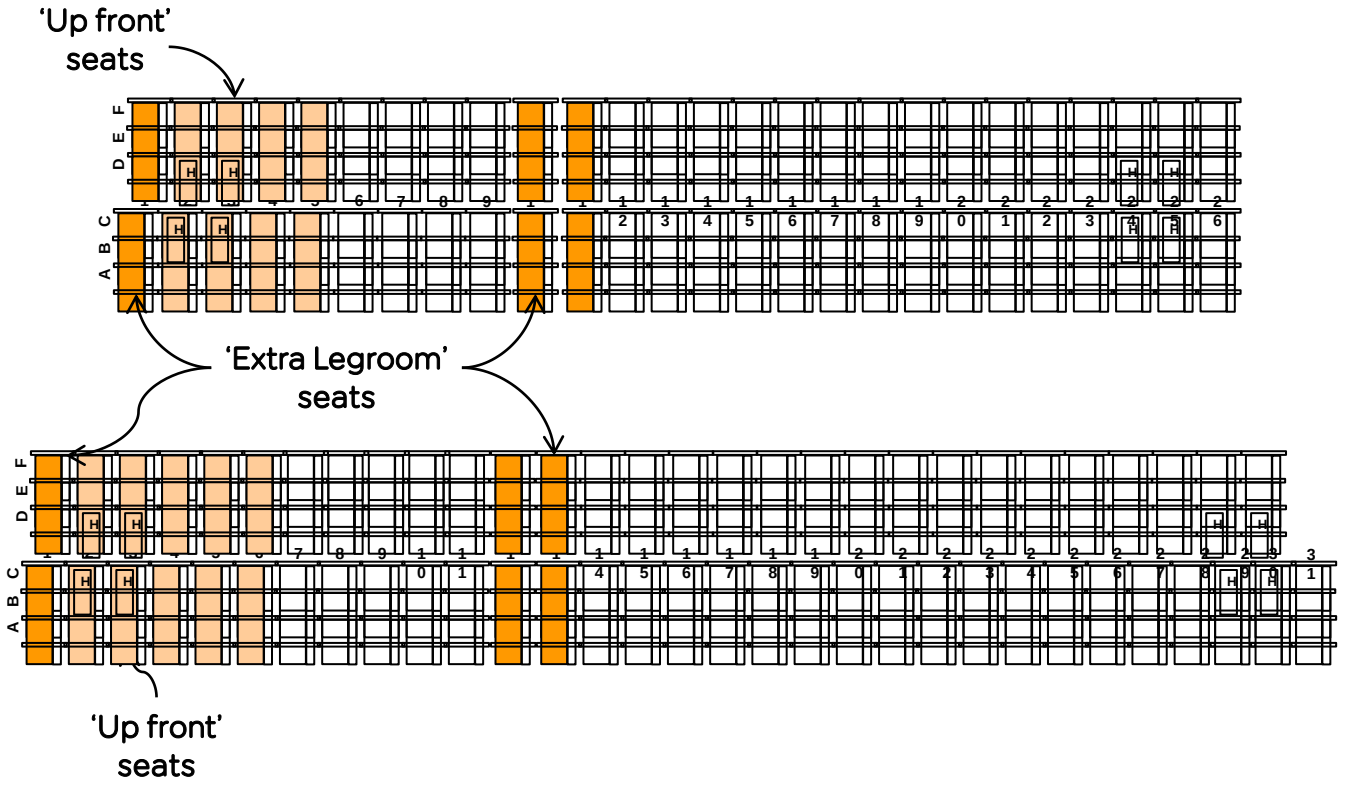
Launch pricing
- 'Extra Legroom', £12
- 'Up front', £8
- Remaining, £3

A319

'Extra Legroom' = 18 seats
'Up front' = 24 seats
Remaining = 114 seats

A320

'Extra Legroom' = 18 seats
'Up front' = 30 seats
Remaining = 132 seats



TRIAL RESULTS & FEEDBACK

europe by easyJet

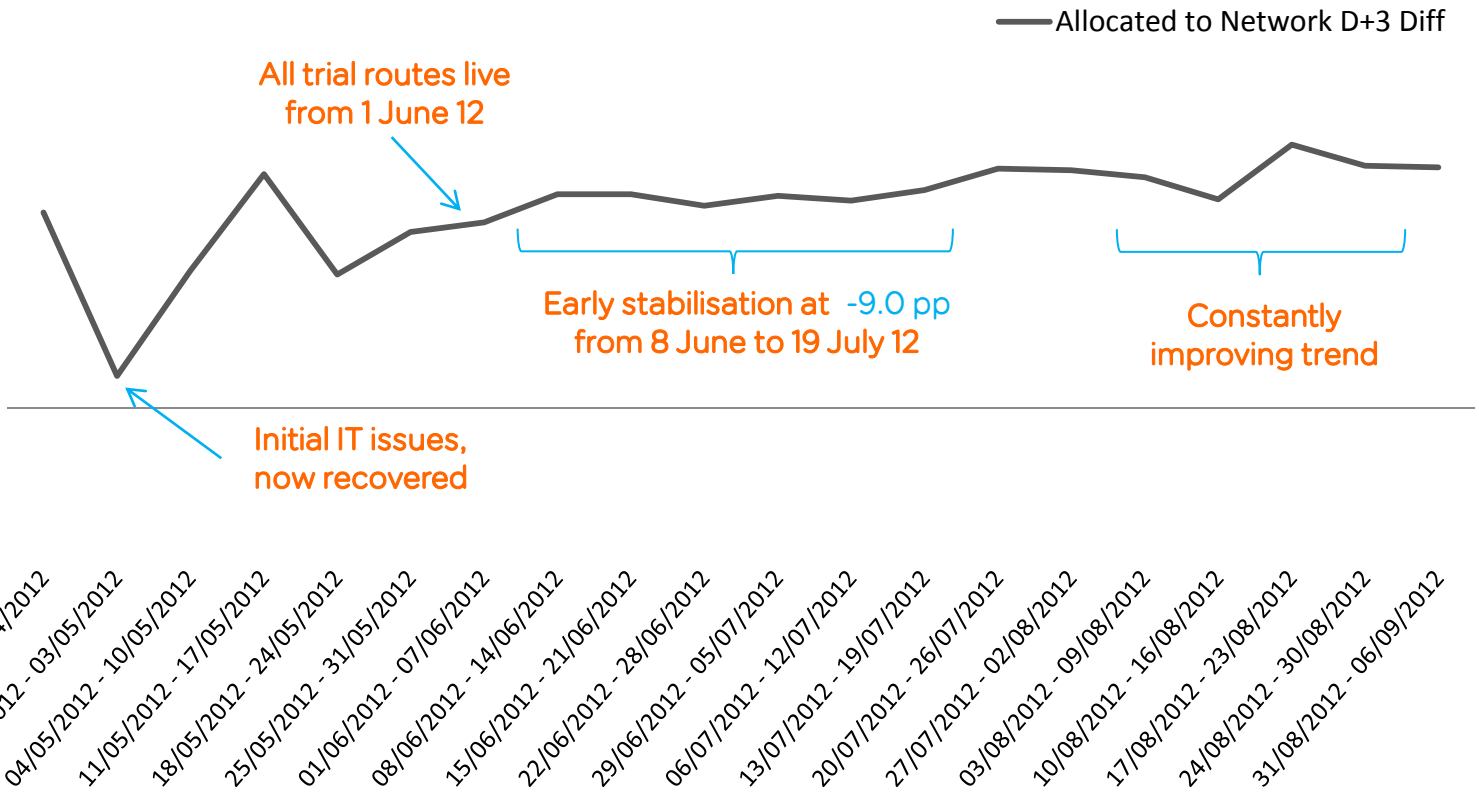
The trial

- The objective of the trial was to measure performance against the following criteria:
  1. Asset utilisation – On Time Performance and turn time performance
  2. Cost – no negative impact on cost per seat
  3. Customer – increased satisfaction
  4. Revenue – match or exceed Speedy Boarding revenue stream
- Trial commenced 24/04/12
- Started on 11 flights per day, moving to 35 then 50 flights per day by 01/06/12 (approx. 5 % of network) on representative sample of routes (leisure / business)
- Continues at 50 flights per day until rollout commences
- Routes selected were on a par with average turn performance for the network
- Rigorous operational analysis each month at go / no-go decision board meetings

Allocated v Network D+3 Turn Performance 24th April – 6th Sept

- Trial operated on a representative sample of routes and airport infrastructures
- 4,500 allocated sectors flown to date (c. 50 sectors per day), representing 4-5% of the network when all trial routes launched (from end-May)

Difference in 15 min D3 Turn Performance between Allocated Seating routes and Network



Allocated vs. Free Seating

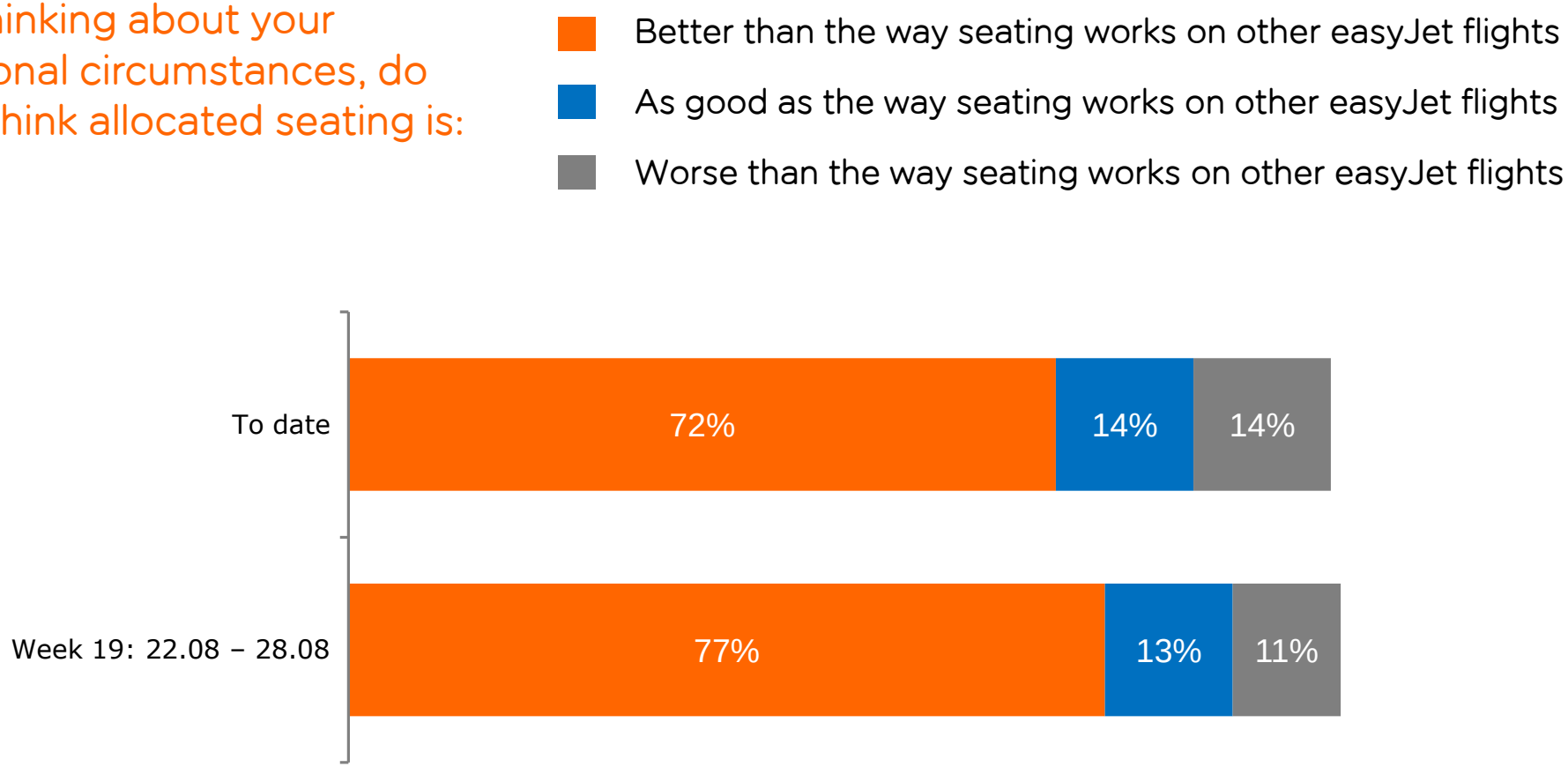
Boarding time comparison shows no material difference

Pre-Boarding Zone (PBZ) fill level affects Aircraft Boarding Time & Cabin Settle Time

	 Gate Boarding	 Aircraft Boarding	 Cabin Settle
	1st Pax into PBZ to last Pax into PBZ	1st Pax on aircraft to last Pax on aircraft	Last Pax on to last Pax seated
Allocated Seating vs. Free Seating	1 min	0 Diff	0 Diff
	Statistically valid at 95% Confidence Level	Statistically valid at 95% Confidence Level	Statistically valid at 95% Confidence Level

Allocated Seating – impact

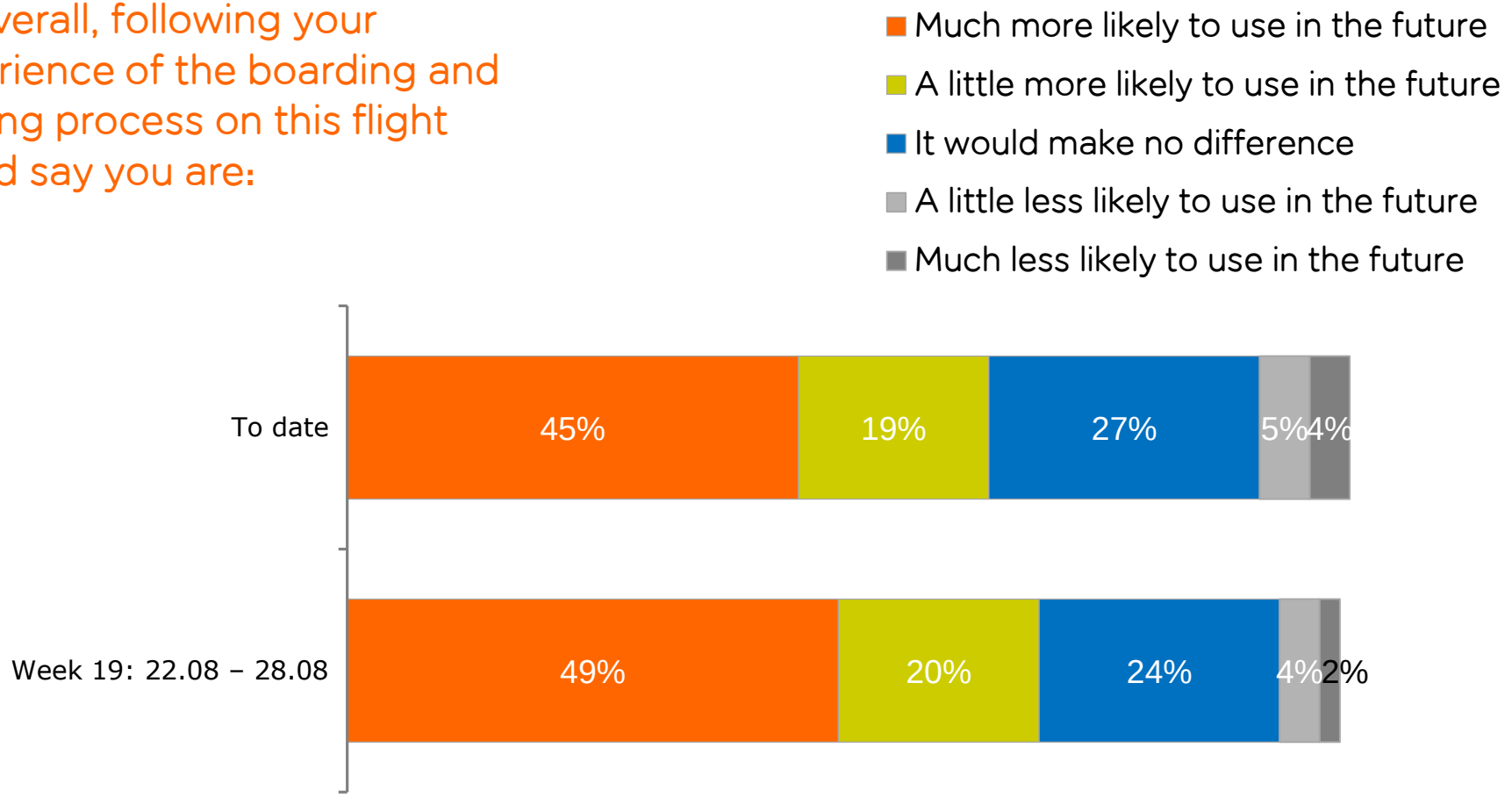
Q. Thinking about your personal circumstances, do you think allocated seating is:



Base: All aware of allocated seating: To date (27663/) week 19 (1412)

Allocated Seating – impact

Q. Overall, following your experience of the boarding and seating process on this flight would say you are:

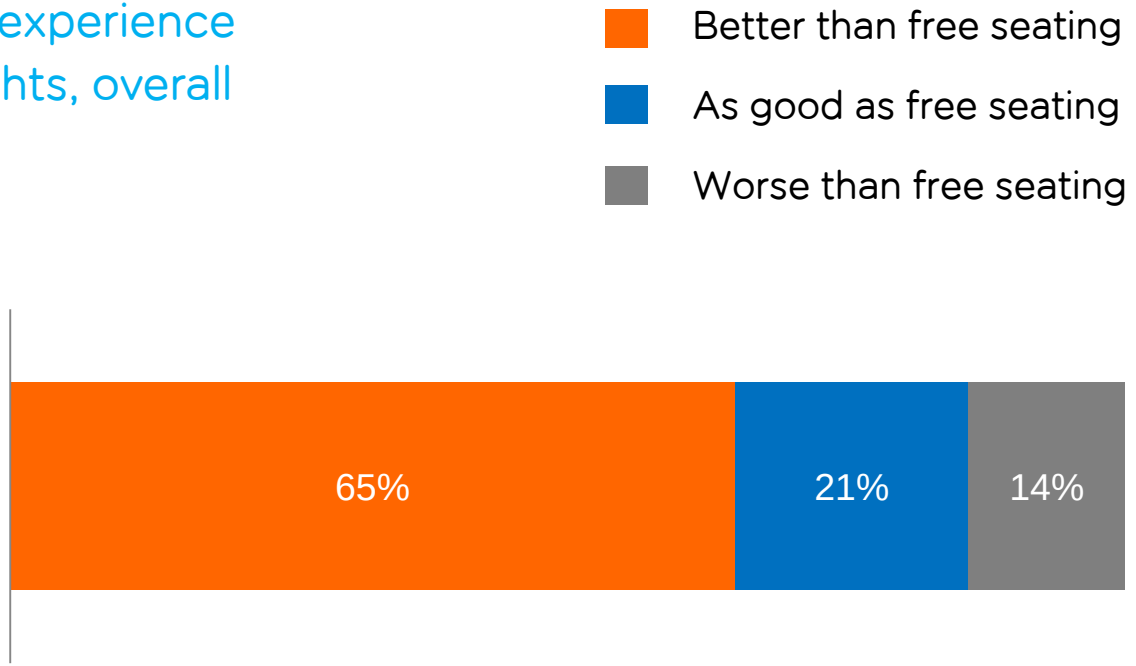


Base: All aware of allocated seating: All to date (32287) / All week 19 (1720)

Allocated Seating – impact with frontline staff

>65% of frontline staff (mainly cabin crew response) indicate allocated seating better than free seating

Q. Thinking about your experience of allocated seating flights, overall do you think it's:



Preference for allocated seating likely to engender staff 'goodwill' over & beyond rollout period

Too early to assess revenue potential

- 5% of network trialled for 4 months of summer
- Significant variations in take up of allocated seating from 3% to 50%
- F'13 focus on delivering operationally
- F'14 onwards drive revenue from allocated seating

ROLLOUT PLAN

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Allocated seating rollout plan, incorporating de-risk for Gatwick and Milan, fully complete by 27th Nov

Date	to Oct 11th	Oct 11th	Oct 16th	Nov 13th	Nov 20th	Nov 27th
Route / base description	Existing trial routes (inc none from LGW)	LGW NT from / to AMS, ALC, AGP, GLA, RAK, SSH (de-risk 1)	LGW ST from / to FCO, **LUX, MXP, PMO, ZRH (de-risk 2)	from / to LGW South (all remaining routes), plus all LTN, STN, SEN, BRS & GLA	from / to LGW North (all remaining routes), plus all MXP, FCO & CDG	Rest of Network
Add network points	12	1	1	35 (+20*)	16 (+11*)	7 (+3*)
Total Network points	12	13	14 (+1**)	50 (+20*)	86 (+11*)	104 (+3*)
Add av daily sectors (approx.)	57	41	27	280	335	429
Total av. daily sectors	57	98	125	395	740	1169
Add av daily pax. @ 85% LF (approx.)	7,600	5,800	2,400	39,200	46,100	59,700
Total av. daily pax. @ 85% LF	7,600	13,400	15,800	55,000	101,100	160,800

* Additional network points online thru following 7 days
** LUX route commences 29th October 12

Comms support

Transition existing bookings, maximise awareness & address other audiences

September → **October onwards**

We're introducing allocated seating



Media Announce
Home Page update
/FAQs/Route tracker

Your flight is now allocated seating



Booked passengers
Emails
eJ Plus guide/demos

'It's coming to all flights' / 'it's here'



Internal

- Inside update
- Staff travel
- FAQs
- Team briefings
- Pmail/Cabin Crew news/GoMail
- Hangar 89 event

Ground Handlers

- Extranet
- Briefings
- Emailshots
- Videos

B2B partners

- E-mailshot
- 'How to' demos
- Sales team champions
- Info packs

Other Audiences

- Airports - e-mailshot
- PRM providers – Station Instructions
- Consumer bodies – briefings as appropriate

Summary

- Improved customer experience
- Removes key barrier to sampling easyJet
- F'13 key focus will be ensuring efficient rollout across operation
- F'14 onwards drive revenue from allocated seating

DIGITAL OVERVIEW

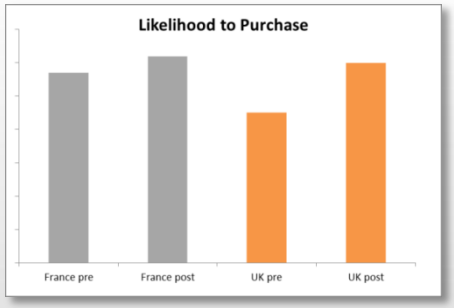
James Millett
Head of Digital

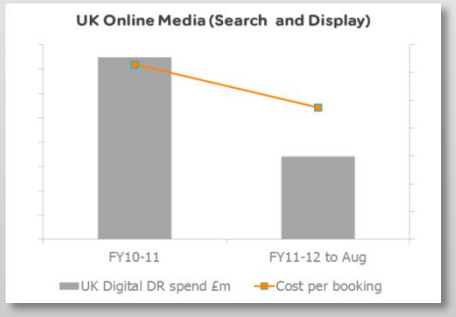
europe by easyJet

How does digital fit within our marketing strategy?

Attract Customers

- Create a brand that people know, like & understand
- Increase likelihood to fly with us
- Deliver TV without increasing costs





Improve Conversion & Digital Reach

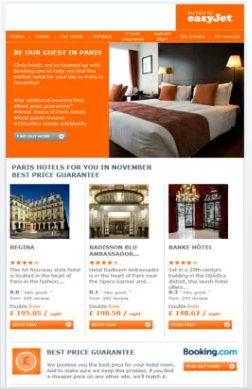
- Focus on conversion
- Optimise & Personalise
- Extend reach into new channels





Make the most of existing Customers & Prospects

- Customer segmentation
- Relevant communication
- Targeted ancillary upsell





A leading multi channel online business

Search

easyJet is the 3rd most searched for airline globally

48% of easyJet visits originate from Google

Web



389m visits in the past 12 months (60% outside the UK)

340k flight status checks in the past week

63% of passengers check in online

Mobile



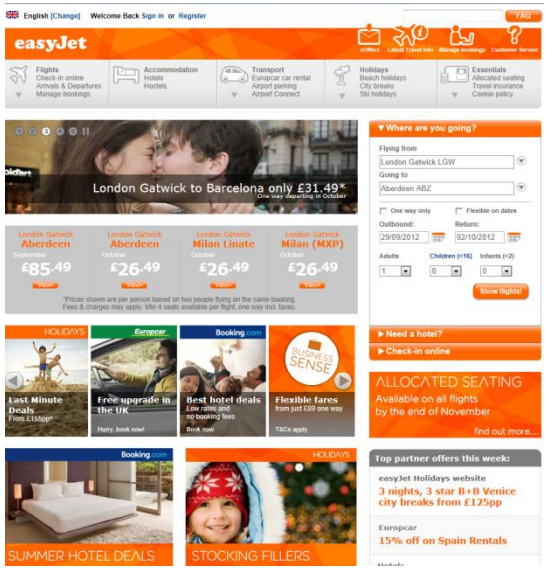
2.9m app downloads

2.1m flight status checks

£42m app & mobile web revenue

7% visits to easyJet.com on mobile devices in August

Digital Agenda





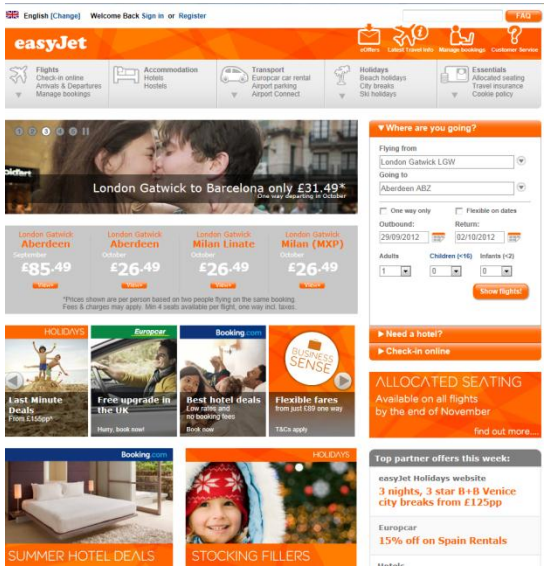


DRIVE REVENUE

EXTEND REACH

CUT COSTS

Digital Agenda

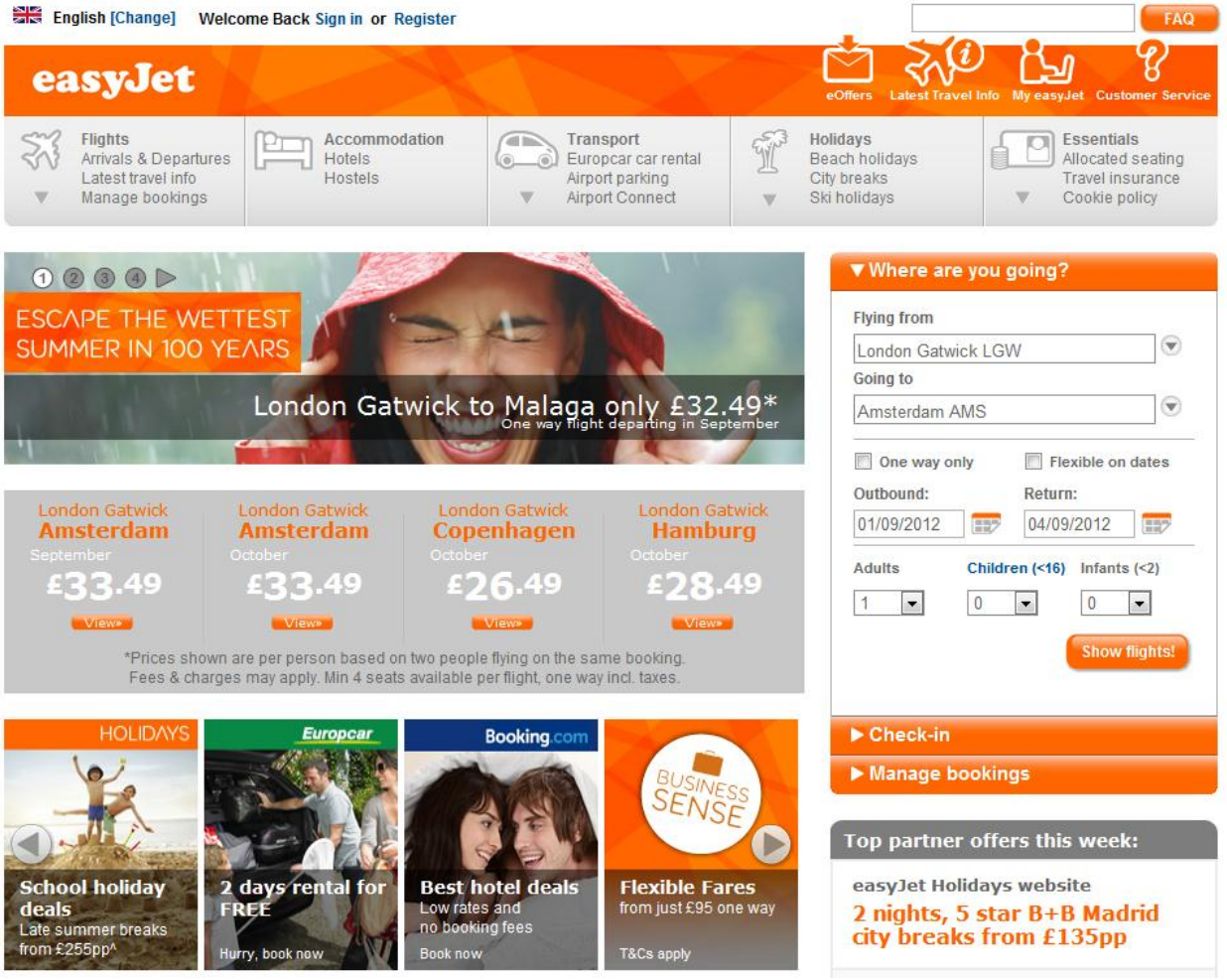


DRIVE REVENUE

EXTEND REACH

CUT COSTS

Personalisation - New Content Management System



Why?

- Agility
- Operational efficiency
- Personalisation

Functionality

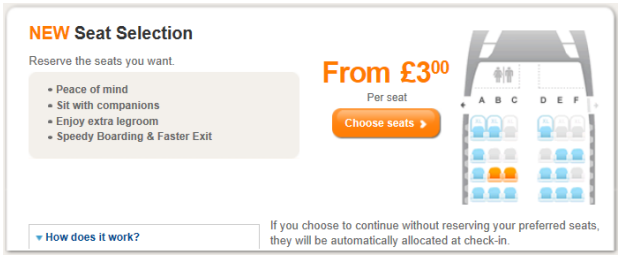
- Relevant / dynamic flight pricing
- Personalised ancillary messages
- Personalised online check in
- Banners based on airports & types of travellers
- Campaign functionality including search

Results

- 30% increase in continue rate
- 10% increase in visit conversion

Web Optimisation

Using testing to drive commercial value



Creative Design

- 80 variants
- + 27% attachment rate



Overall Revenue

- All combinations
- Test live

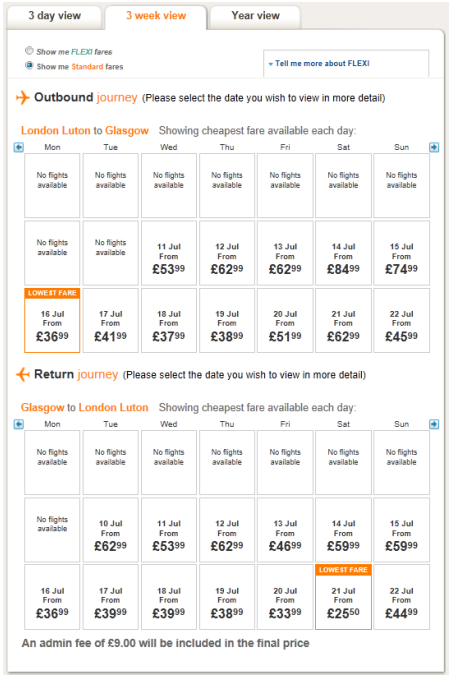


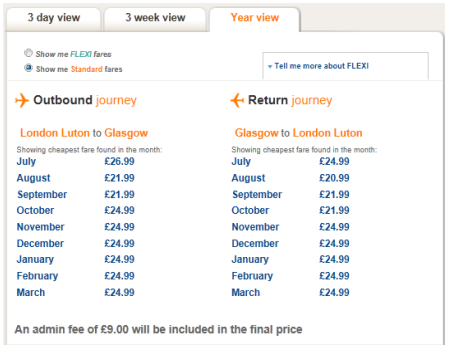


Upsell Design & Layout

- Design, layout & position tested
- Test live

Lowest Fare Finder (MVT)









What?

- A graphical representation of our 3 week and year views on Step 1

Why?

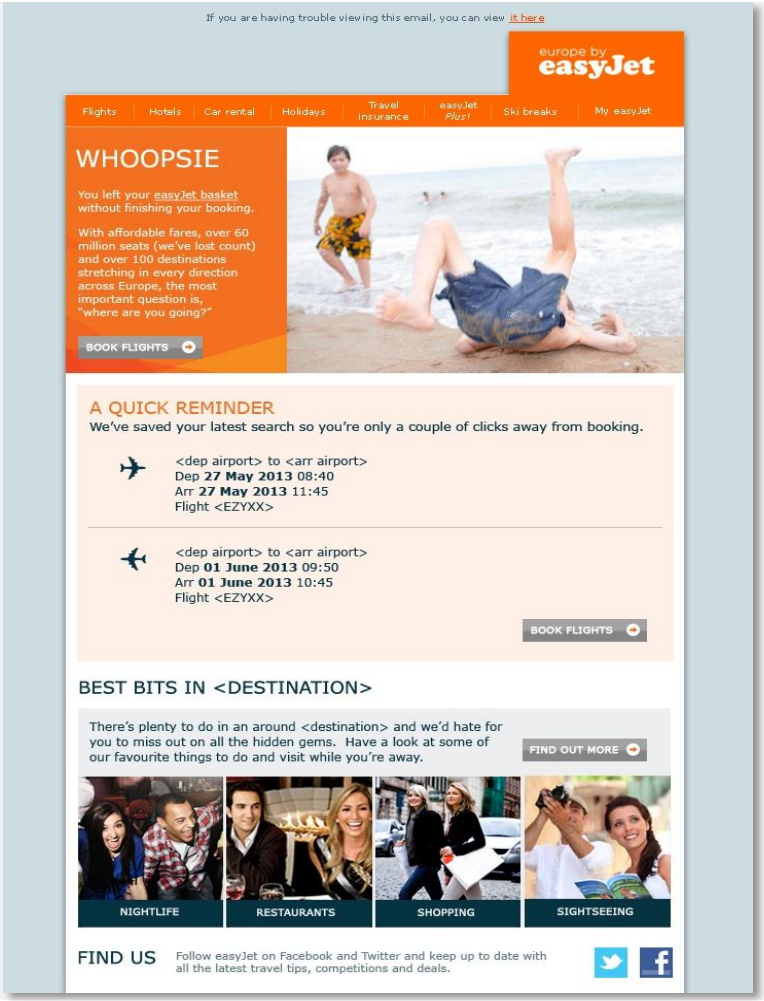
- Supports low fare positioning
- Drive conversion

Status

Live through MVT on 30% of UK traffic



Abandon Basket Email



What?

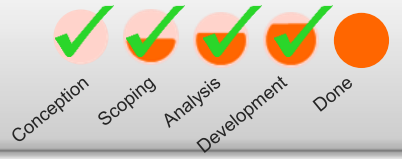
- Trigger email to prospects who reach step payment stage of booking funnel
- Sent following day after abandonment

Why?

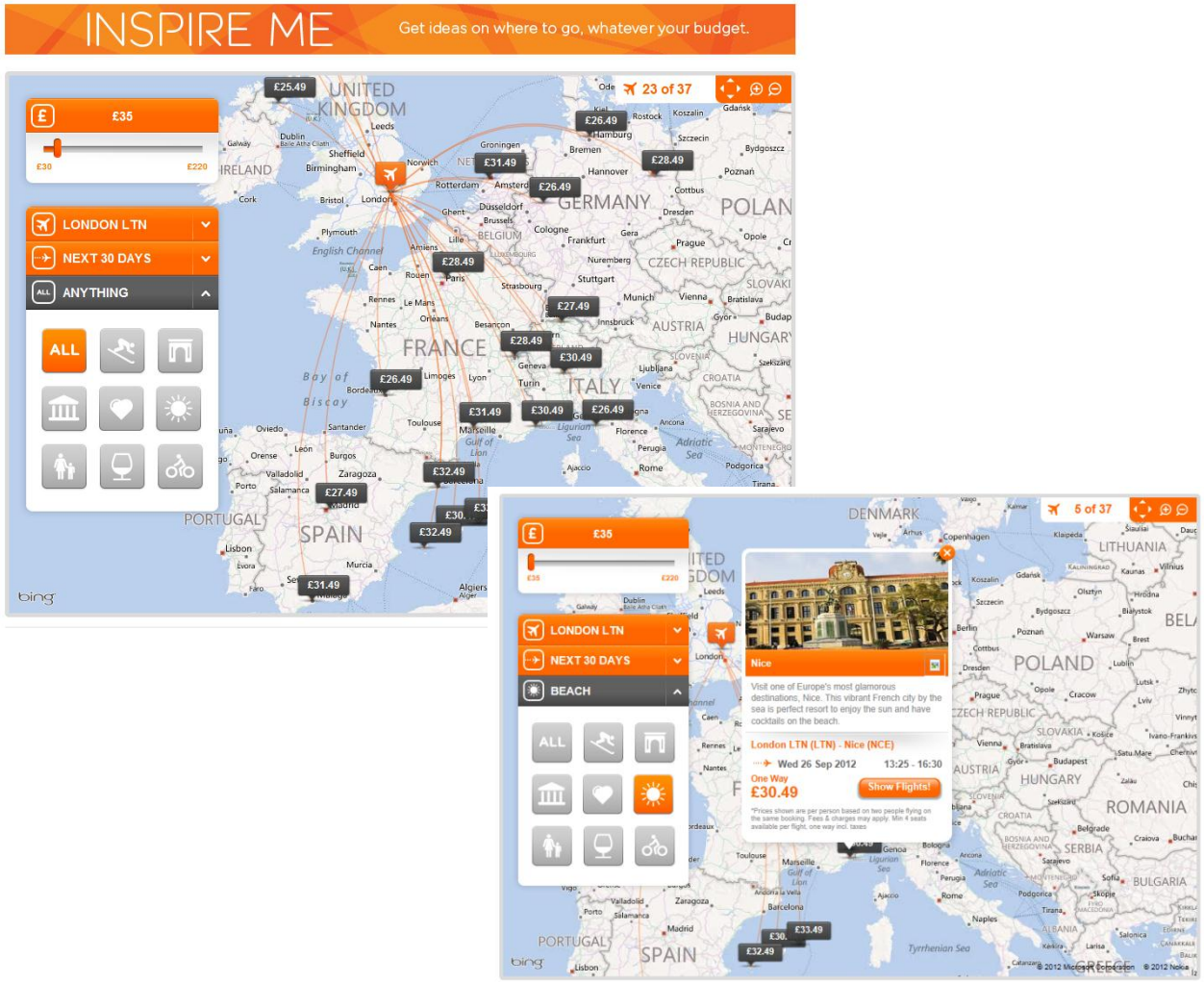
- Industry proven approach
- Stay top of mind
- Quick link back to booking pages
- 68,000 exited last week

Status

Target: Trial w/c 8th October



InspireMe



What?

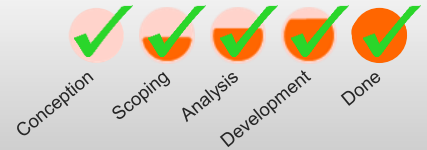
- Map based search based on customer preferences
- Link into booking funnel & to destination guides

Why?

- Target those people who don't know where & when
- Supports our cause
- Enable greater communication opportunities

Status

2nd October live



Digital Agenda

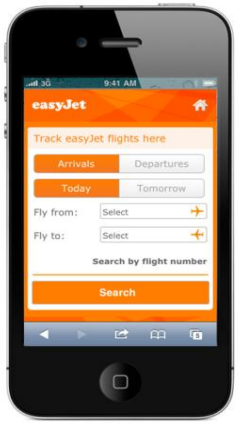


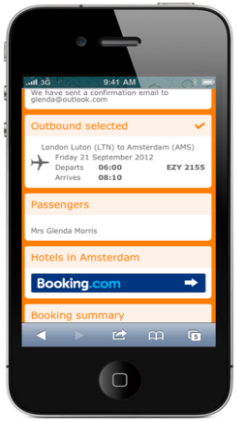
DRIVE REVENUE

EXTEND REACH

CUT COSTS

Extend digital reach





Launch core functionality through iPhone and Android Apps

Launch Mobile site to maximise reach

Optimise and focus on ancillaries

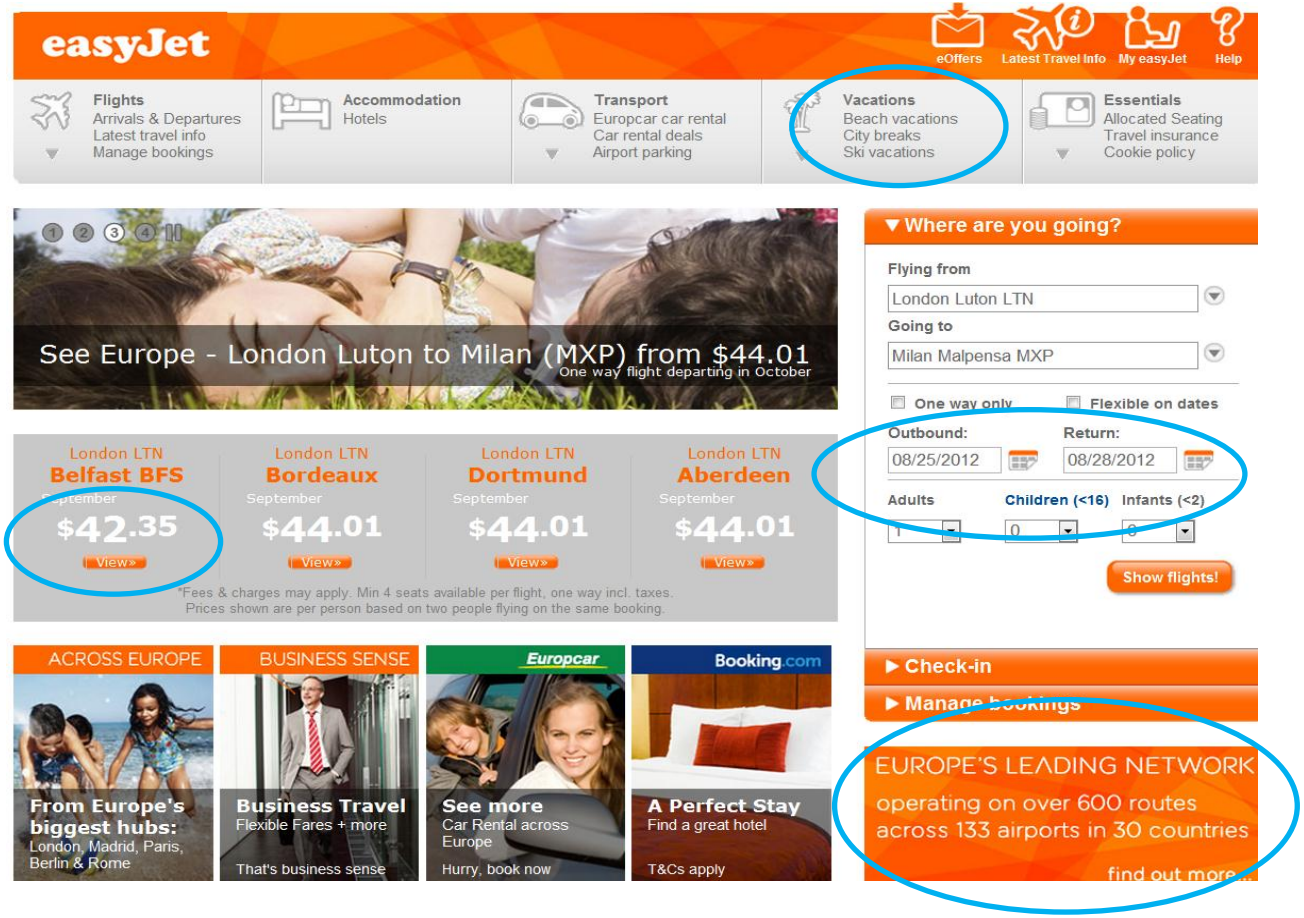
Mobile Boarding Passes

Focus on 'Making travel easier,' particularly in Airport





US website



What?

- Dedicated website for US customers
- Dynamic pricing in $
- Booking funnel "locked" to $

Why?

- $55.5 million worth of bookings
- US ranks 7th in the list of revenue generating countries
- 5.7 million visits from the US

Status

Live



Digital Agenda

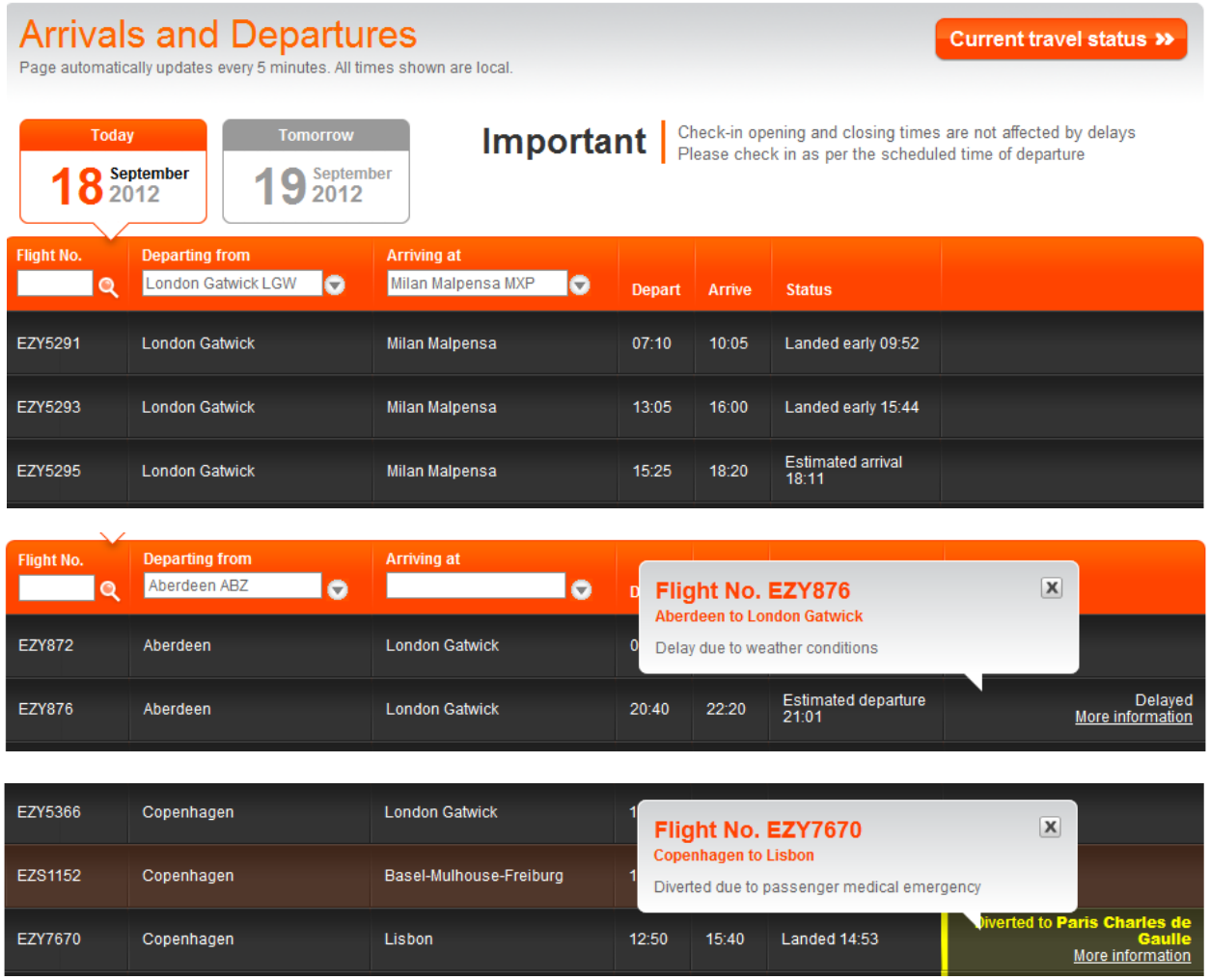


DRIVE REVENUE

EXTEND REACH

CUT COSTS

Flight Tracker



What?

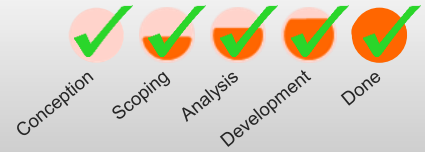
- New tool to track arrivals & departures

Why?

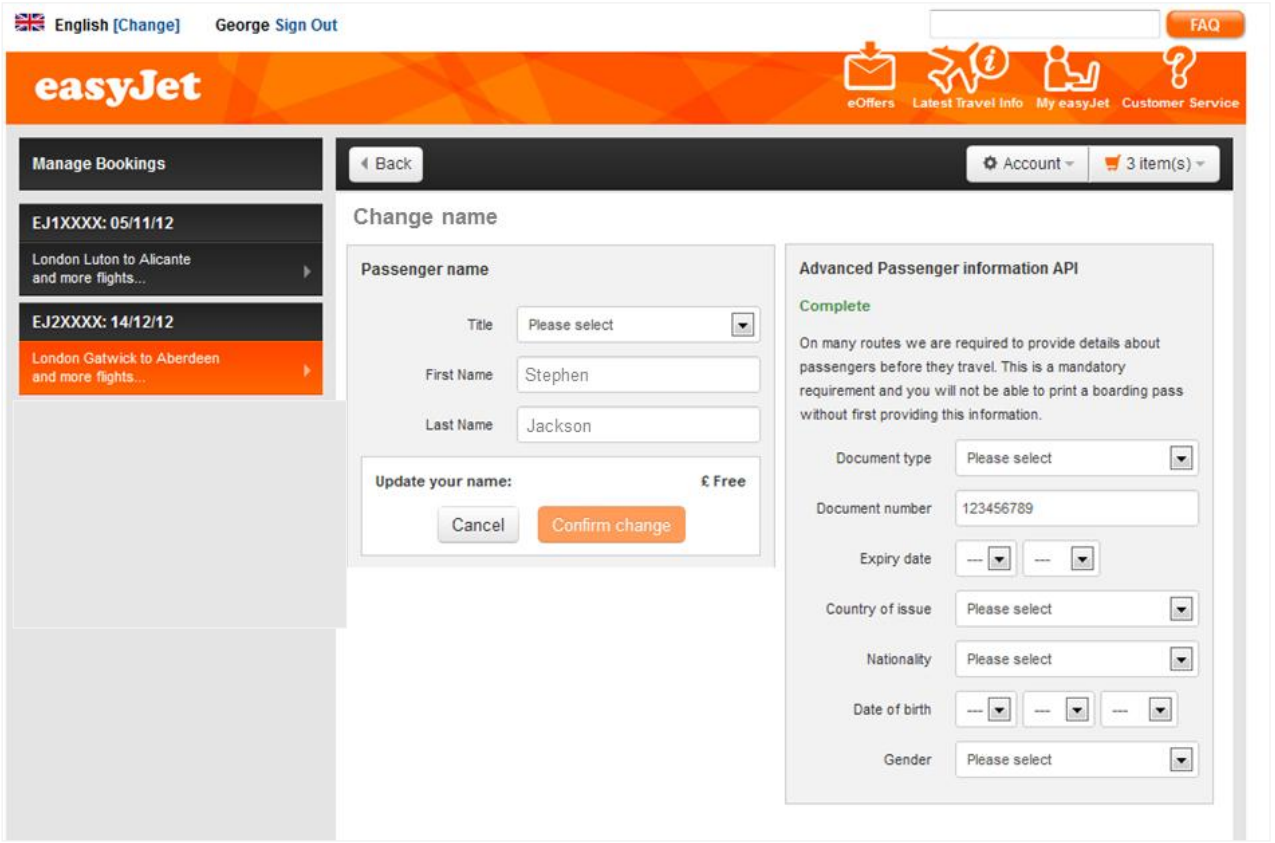
- Make customers feel updated & informed
- Reduce customer contacts
- 13m visits a year

Status

Live



My easyJet / Manage bookings



What?

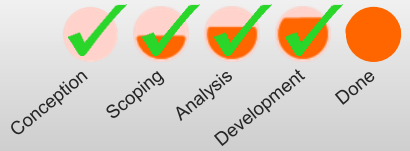
New "manage bookings" website for all post purchase requirements

Why?

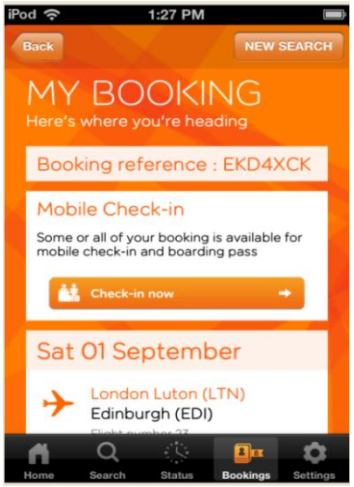
- Reduce customer contacts
- Drive ancillary upsell more aggressively
- Improve customer experience

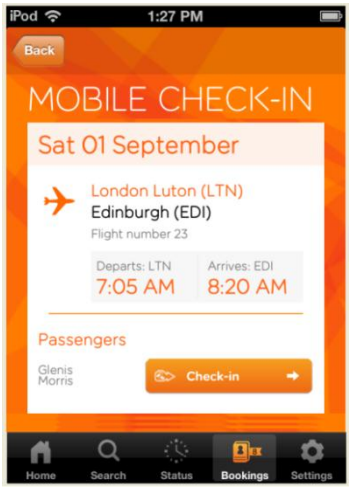
Status

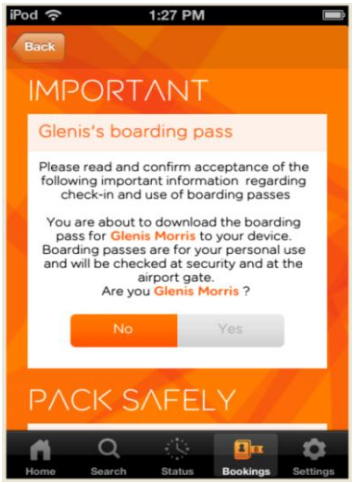
On Track: Phase 1 January 2013



Mobile boarding passes













What?

- Mobile check-in
- Mobile boarding passes

Why?

- Supports cause
- Business traveller focus
- Huge customer demand
- Save paper!

Status

Internal Trial: October 2012

Roll Out: 2013

Summary

- Digital a key part of our overall marketing programme
- Focused on commercial drivers
  - Revenue
  - Extending reach
  - Taking cost out of the operation

CONCLUSION

Chris Kennedy
Chief Financial Officer

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F'12 Outlook

Outlook	As at 25 July IMS	Revised Outlook
Capacity growth[1]	+7%	+7%
Revenue per seat (constant currency)[1]	Low to mid-single digits	+5% to 5.5%
Cost per seat ex fuel (constant currency)[1]	+1% to 2%	+1.5% to 2%
Full year pre-tax profit (PBT)	£280m to £300m	£310m to £320m

[1] Compared to six months to 30 September 2011

F'13 Outlook

Percentage of anticipated requirement hedged	Fuel requirement	US Dollar requirement	Euro requirement
Full year ending 30 September 2013	77%	80%	65%
Average rate	$985 m/t	$1.60	€1.18
Full year ending 30 September 2014	54%	60%	45%
Average rate	$994 m/t	$1.58	€1.22

- It is estimated that at current fuel and exchange rates[2] easyJet's unit fuel bill for the financial year 2013 is likely to increase by £30-40 million[3]
- In addition, exchange rate movements are likely to have a further £40-60 million[3] negative impact in the 2013 financial year
- The near term economic outlook for Europe remains highly uncertain and easyJet also benefited from abnormally low levels of disruption in 2012
- easyJet's unit airport costs are expected to increase by around £80 million for the financial year 2013 due to significantly above inflation rises in charges at regulated airports, in Spain and Italy

2. Rates at 1 October 2012: Jet cif $1,061 per metric tonne, US $ to £ sterling 1.61, euro to £ sterling 1.25.
3. Fuel increase includes £7m of ETS costs; currency and fuel increases are shown net of hedging impact.

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