2012 INVESTOR DAY

31 January 2012

europe by easyJet

Agenda

Time	Content	Who	Page
10:00	• Welcome and introduction	Carolyn McCall	3
10:20	• Capital Allocation • Introduction • Network development and optimisation • Fleet strategy • Panel Q&A	 Chris Kennedy Alan McIntyre Chris Essex	 8 16 32
11:40	• Customer • Marketing • Customer and revenue: focus on leisure • Business travel • Panel Q&A	 Peter Duffy Cath Lynn Andy Hodges	 44 63 70
12:40	~ Lunch ~ Stalls covering Regulation & Environment, Slots & Website and Apps	 Chris Gadsden Richard Matthew Richard Levin	
13:40	• Costs • easyJet lean: maintaining our cost advantage • Delivering cost advantage through an efficient operation • Case study: Engineering & Maintenance cost performance • Panel Q&A	 Chris Kennedy Warwick Brady Ian Davies	 86 95 107
14:40	• Bringing it all together • Case studies: Switzerland & France	Thomas Haagensen Francois Bacchetta Steve Azevedo Taverney	116 124 130
15:25	• Final Q&A, wrap up • Close	Carolyn McCall	138

WELCOME AND INTRODUCTION

Carolyn McCall

Chief Executive

europe by easyJet

Today's themes

- Absolute focus on driving improvement in ROCE
- Delivery of consistent returns to shareholders
- Sustainable cost advantage
- Europe's leading short haul network
- Strong brand and consumer appeal
- Opportunity to grow revenues across both business and leisure segments
- Focused country management successfully implementing the strategy
- What gets measured gets done

THIS IS OUR CAUSE

PASSION

We're passionate about connecting people by making travel easy and affordable.

PEOPLE

We're on our customers' side and our people make the difference.

AMBITION

We have a big ambition, to be Europe's preferred short-haul airline, delivering market-leading returns.

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CAPITAL ALLOCATION

europe by easyJet

INTRODUCTION

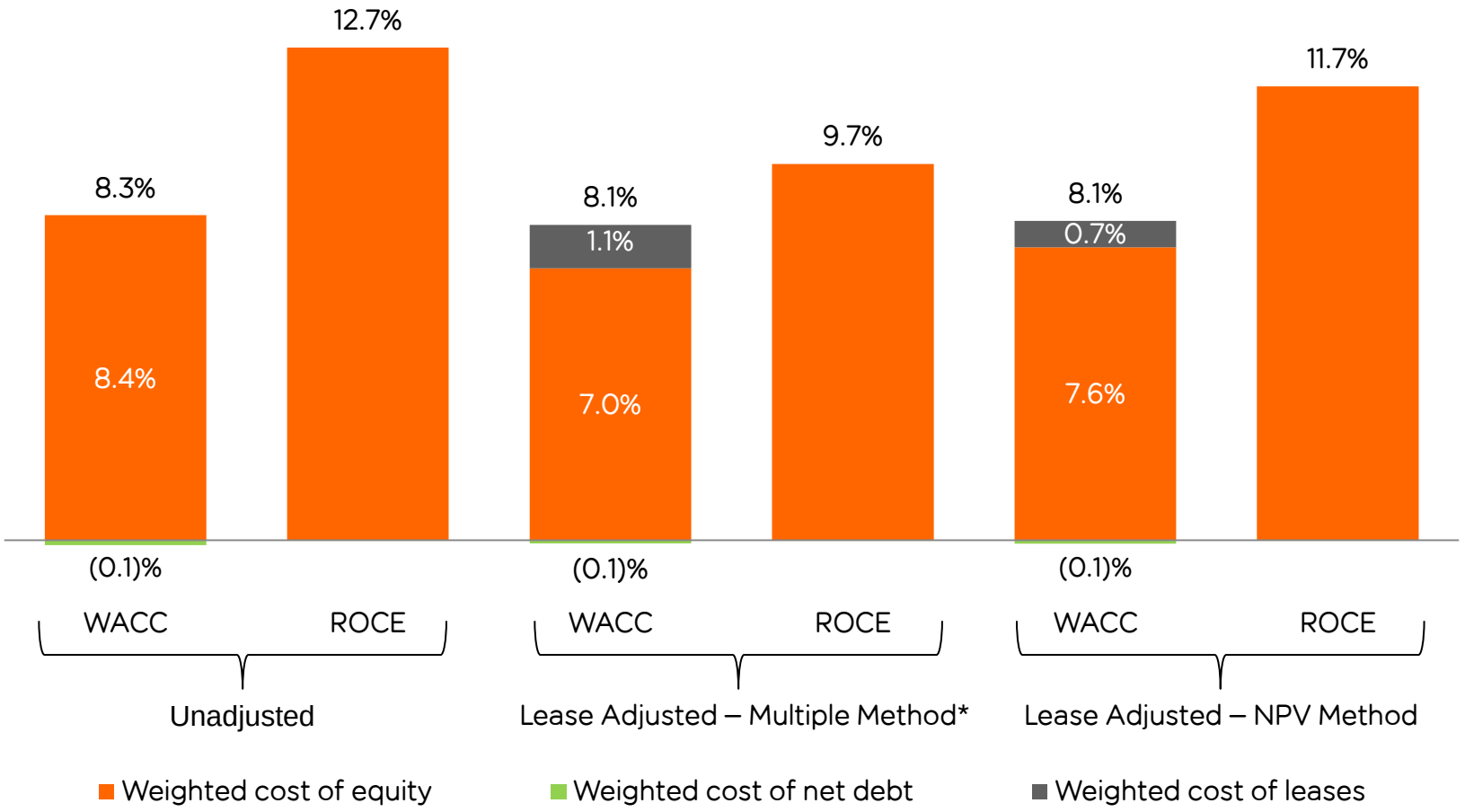
Chris Kennedy
Chief Financial Officer

europe by easyJet

Clear set of financial objectives and measures

	Objectives	Measures
Return Targets	• Earn returns in excess of cost of capital through the cycle • Invest in growth opportunities where returns are attractive	• Improve PBT per seat to GBP5 • Post tax ROCE of 12% through the cycle
Capital Structure And Liquidity	• Ensure robust capital structure • Return excess capital to shareholders • Maintain sufficient level of liquidity to manage through the cycle and industry shocks	• Maximum gearing of 50% • Cap of GBP 10m adjusted net debt per aircraft • Minimum GBP 4m cash per aircraft
Dividend Policy	• Targeting consistent and continuous dividend payout	• 5x cover, subject to meeting gearing and liquidity targets • Annual payment based on full year PAT; introduced for FY 2011, payable 2012 • Consider returns over 5x cover to reduce excess capital
Aircraft Ownership	• Maintain flexibility around fleet deployment and size	• Target of 70% owned aircraft, 30% leased aircraft
Hedging	• Insulate short term operating performance against adverse movements in fuel price and exchange rates	• 65%-85% of the next 12 months' anticipated requirements • 45%-65% of the following 12 months' anticipated requirements

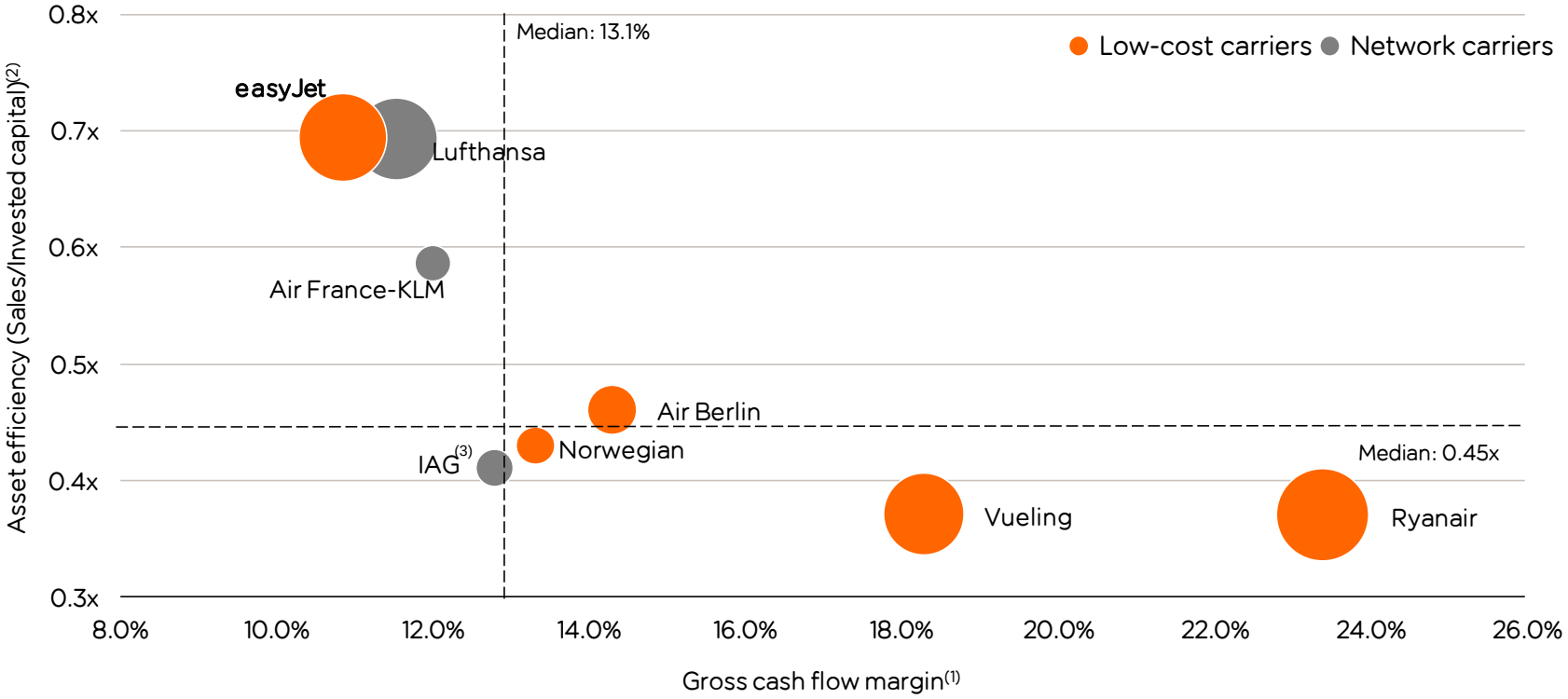
ROCE – aim to be transparent & to cover WACC



*Lease adjusted multiple method uses Moody's methodology at 8 times

Focus on margins is key to improving ROCE

CFROI drivers – 2010

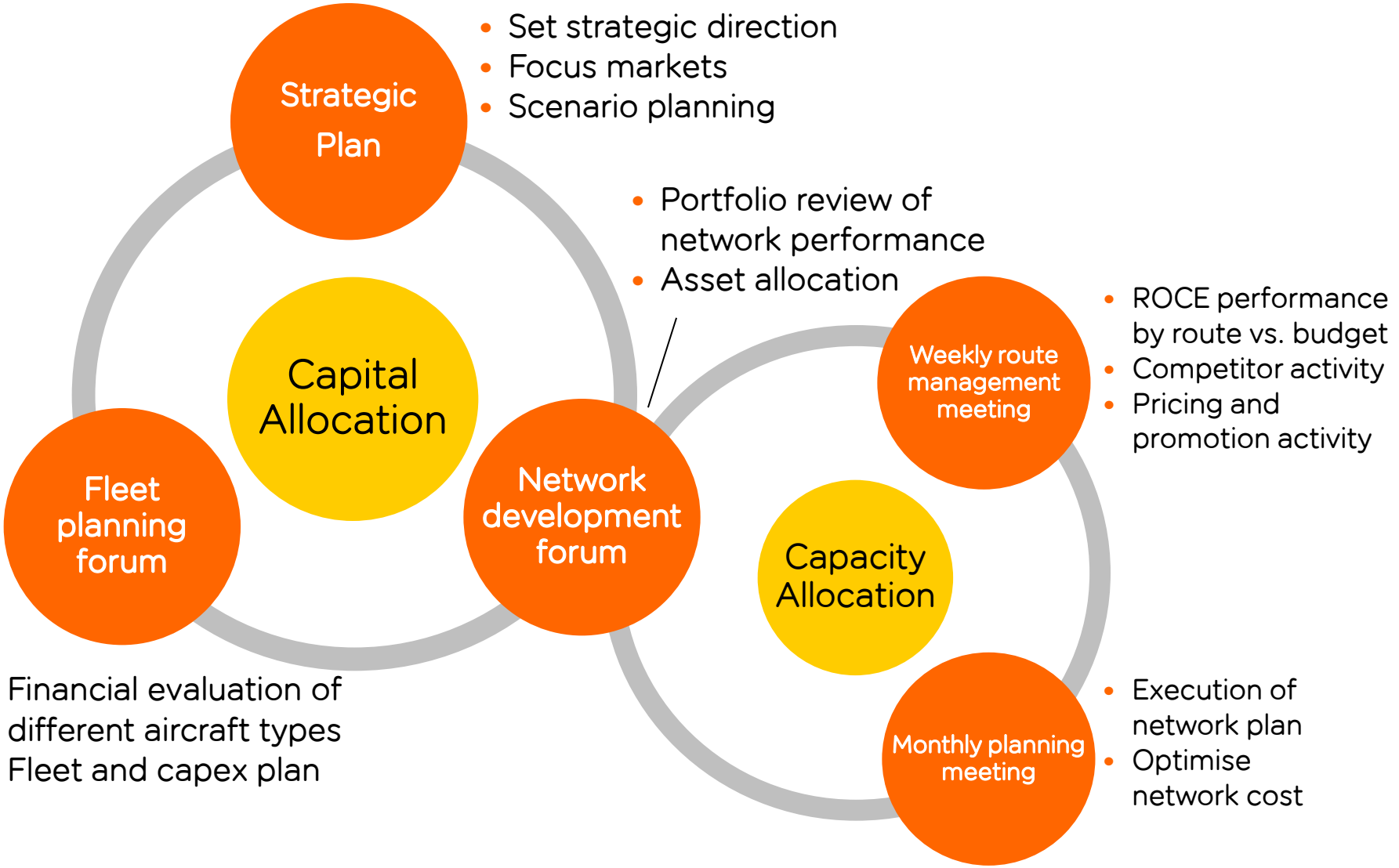


High asset efficiency delivered through:

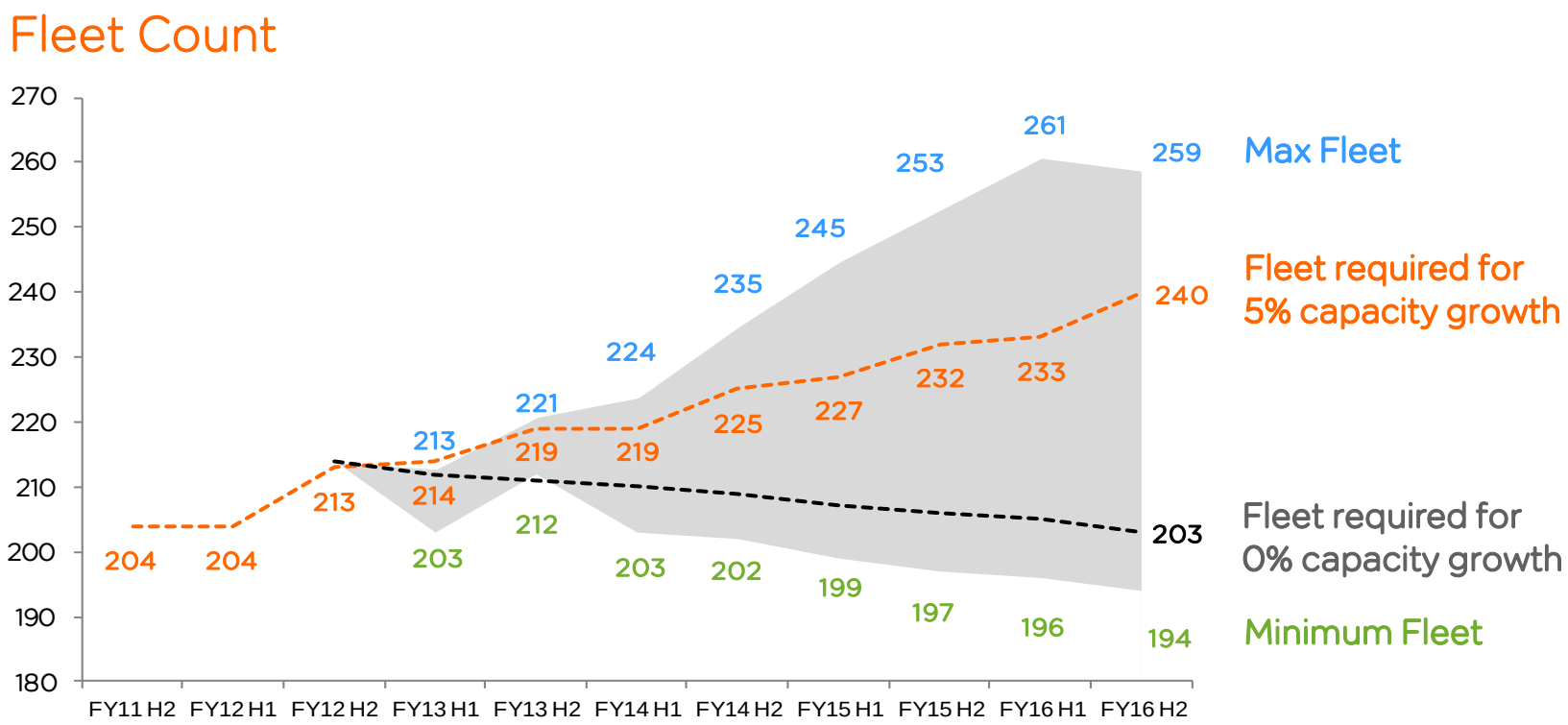
- Strong load factors
- Quick turnarounds
- High utilisation enabled by young fleet requiring less maintenance

Source: HOLT Value Search™ as of July 2011.
Note: Bubble size represents 2010. 2010 figures for Vueling and Norwegian are estimated based on broker consensus.
easyJet's CFROI displayed on the chart is estimated based on assumption of real debt rate of 7.0%. In HOLT default treatment, easyJet's 2010 CFROI is 4.6% and Asset efficiency is 0.61x.
(1) Gross cash flow is approximately equal to post-tax EBITDA plus rental expense and R&D.
(2) Invested capital defined as net working capital including cash, gross PP&E, capitalised operating leases and capitalised R&D.
(3) IAG based on an estimated pro-forma for the BA-Iberia merger in 2010.

Capital allocation process



High degree of flexibility in current fleet plan

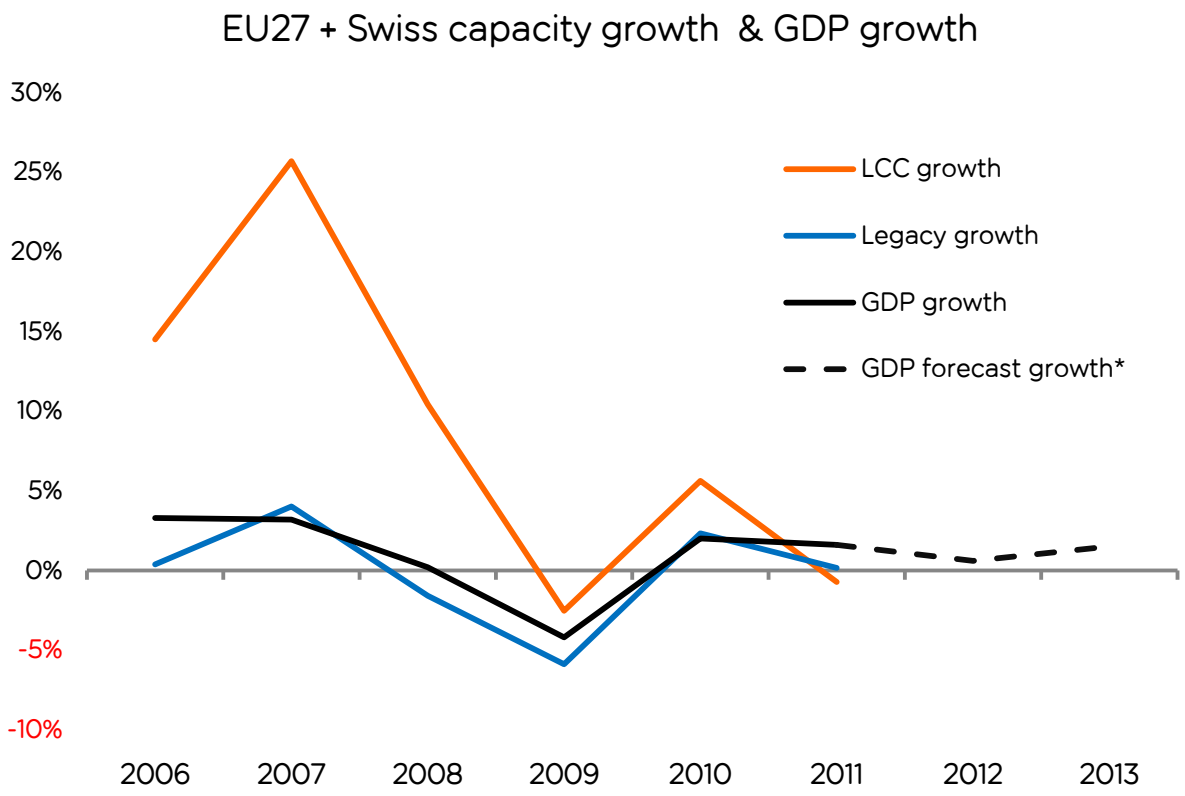


Maximum fleet: Lease extensions; options exercised

Minimum fleet: Early termination of leases; deferrals of existing orders

Profitable opportunities remain in slowing market

Reduction in GDP growth, infrastructure constraints, markets maturing



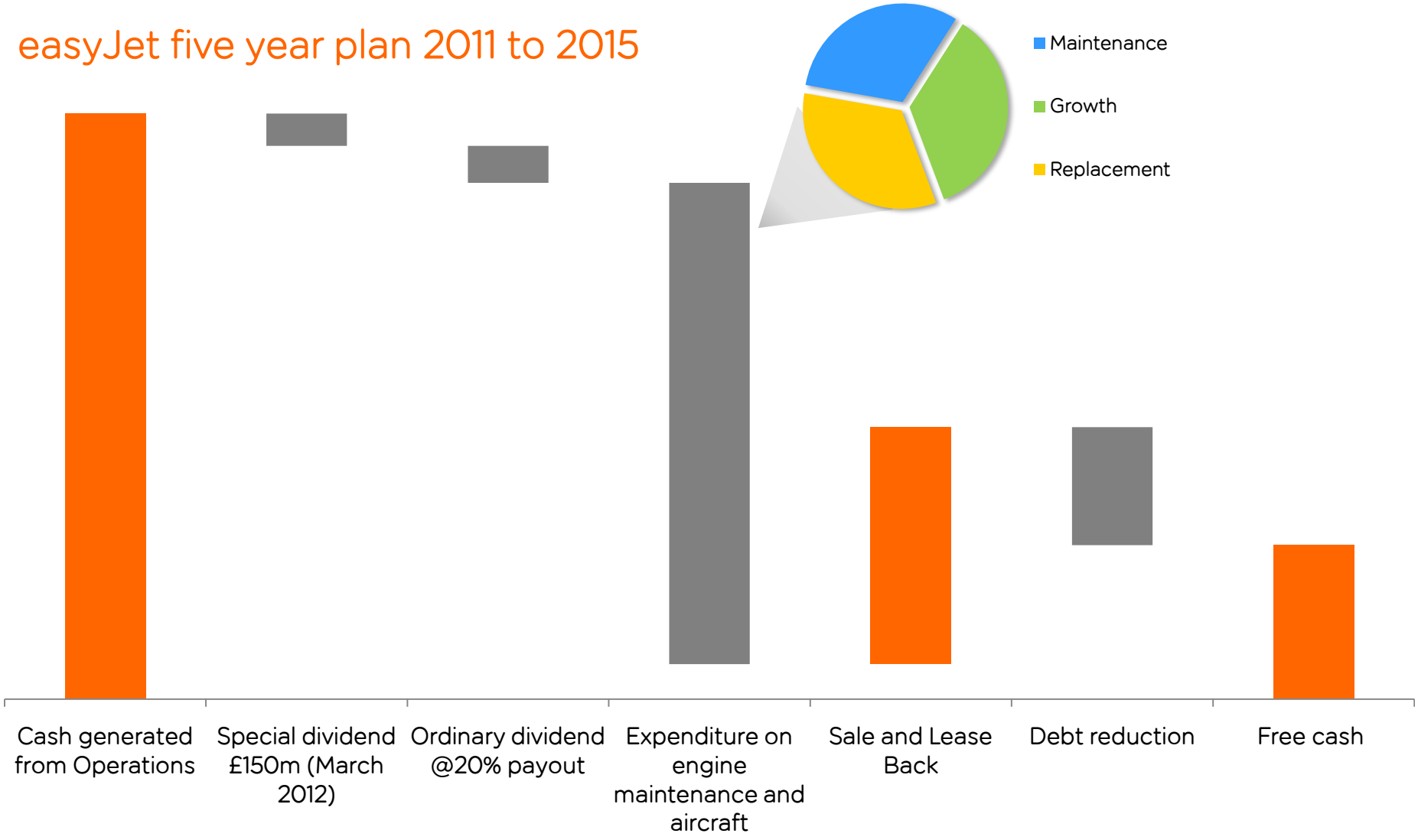
Opportunity for easyJet

- Focus on markets where LCC penetration is low
- Retrenchment of weaker legacy carriers
- Further shrinking of tour operators in European short haul
- Infrastructure constraints will drive RPS growth

Source: OAG capacity, Eurostat
* GDP forecast for EU27 only

Building a sustainable model

easyJet five year plan 2011 to 2015



NETWORK DEVELOPMENT AND OPTIMISATION

Alan McIntyre

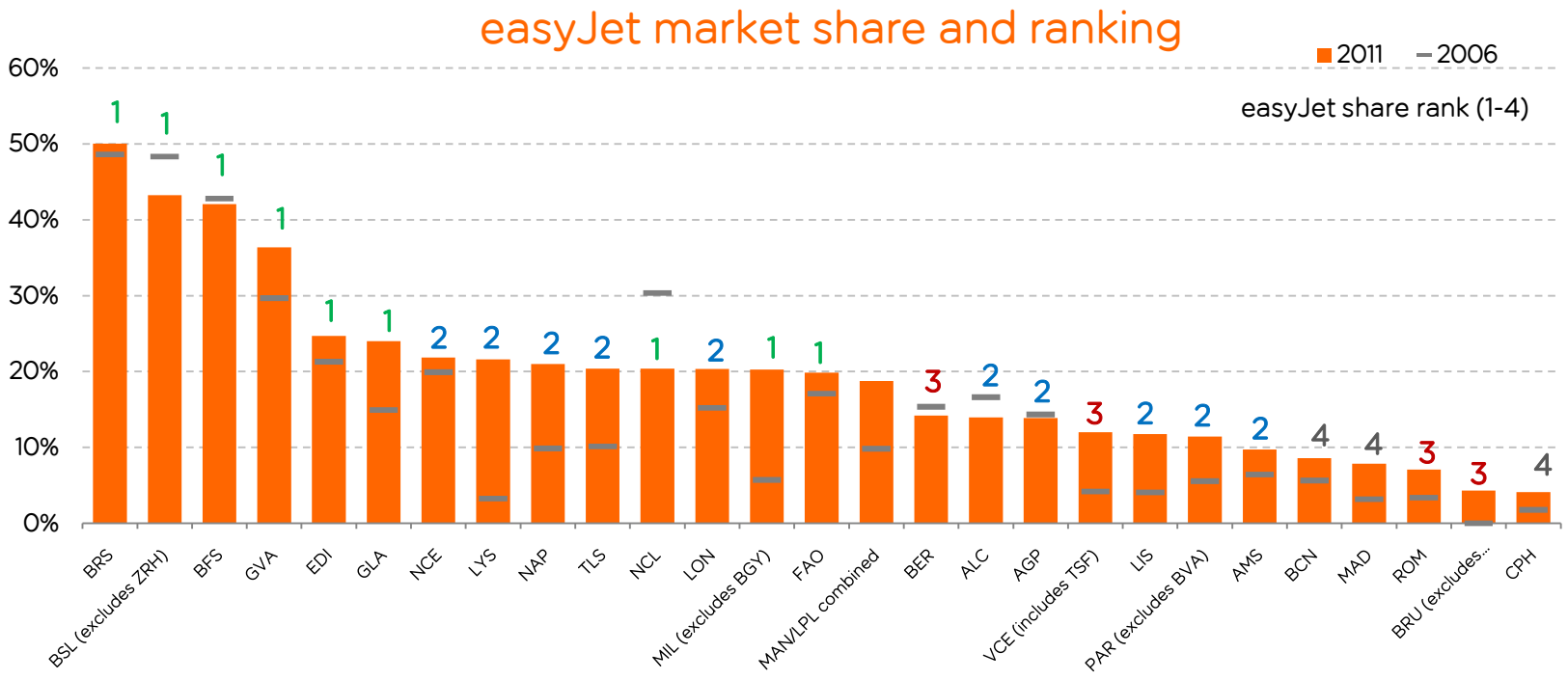
Head of Network Development & Scheduling

europe by easyJet

easyJet's network uniquely positioned

- Pan European network focused around primary markets
- Route portfolio and **network flexibility** ensures **broad appeal** across consumer types
- Absolute **focus on ROCE** and continual **performance management** of the network
- Strong platform gives easyJet significant potential for future profitable growth

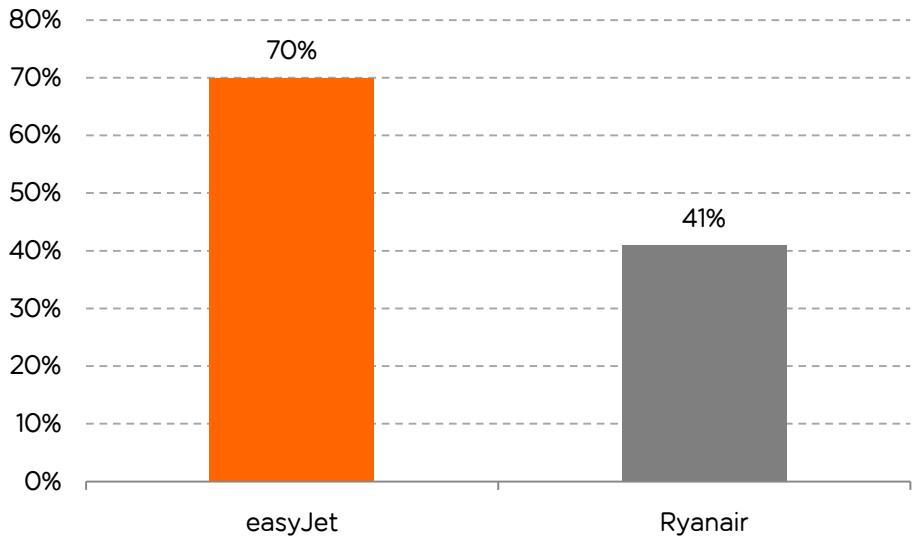
Strengthening position in key European markets



- easyJet has strong and strengthening positions across key cities in Western Europe
- This enables us to gain a significant share of the revenue pools

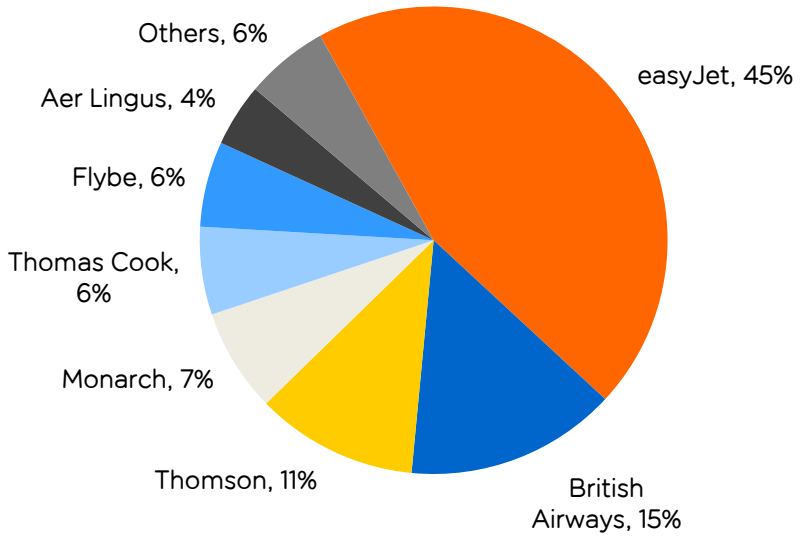
Strong slot position at key airports

Percentage of capacity in Level 3 co-ordinated airports



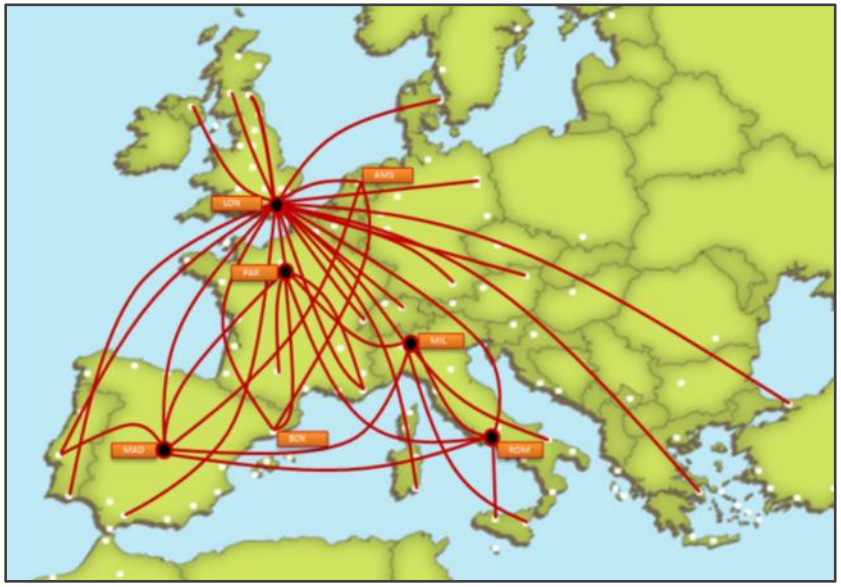
- easyJet has a strong position at more congested (and popular) airports which supports our position in these markets

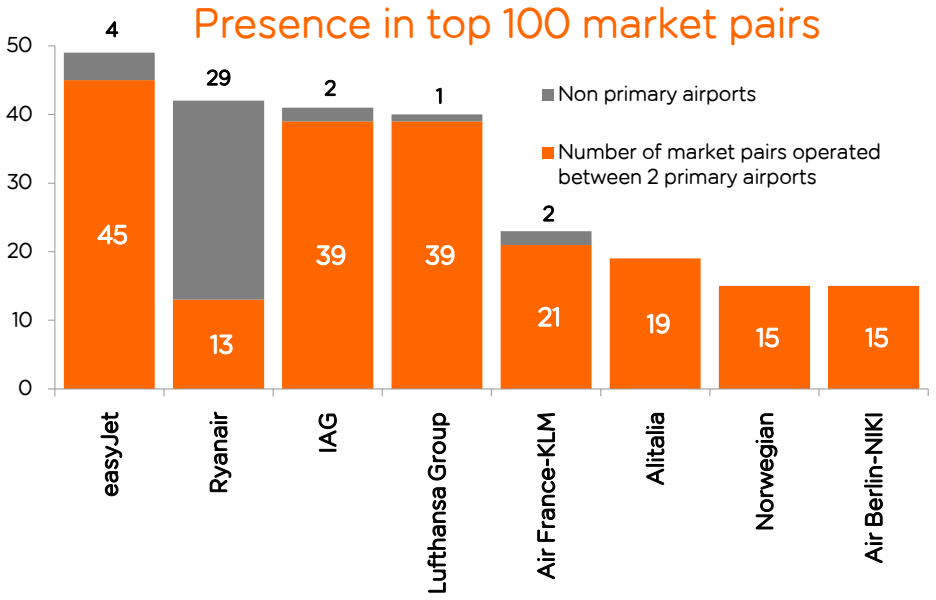
Summer '12 Gatwick departures 0600-0855



- easyJet has strong position in Gatwick first wave – enables large portfolio of business friendly timings

Leading position on top 100 European markets





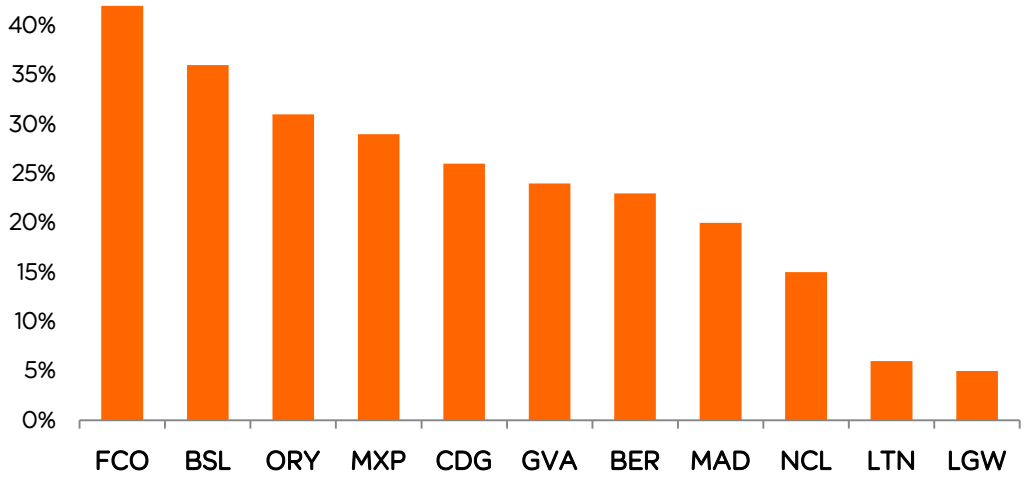
- easyJet has a strong position across much of Europe on the top 100 markets
- From all the EU city pairs, the top 100 routes have a 24% capacity share
- easyJet's capacity share of the top 100 is 11.9%
- 38% of easyJet's overall capacity is on the top 100 routes

Multiple base strategy enables network optimisation

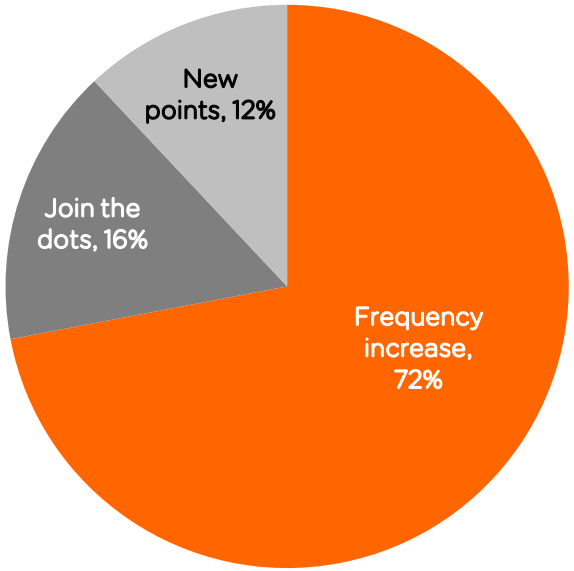
Example of network optimisation

Focus on network quality and trading the network

% of year-round capacity replaced during peak summer



Allocation of new capacity FY 12



- We adjust frequency to suit demand – summer peak sees leisure capacity & routes significantly increased
- Focus of new capacity allocation in FY12 is to **increase frequency to support business proposition**

Source: easyJet management plan

Range of schedules to suit all customer types

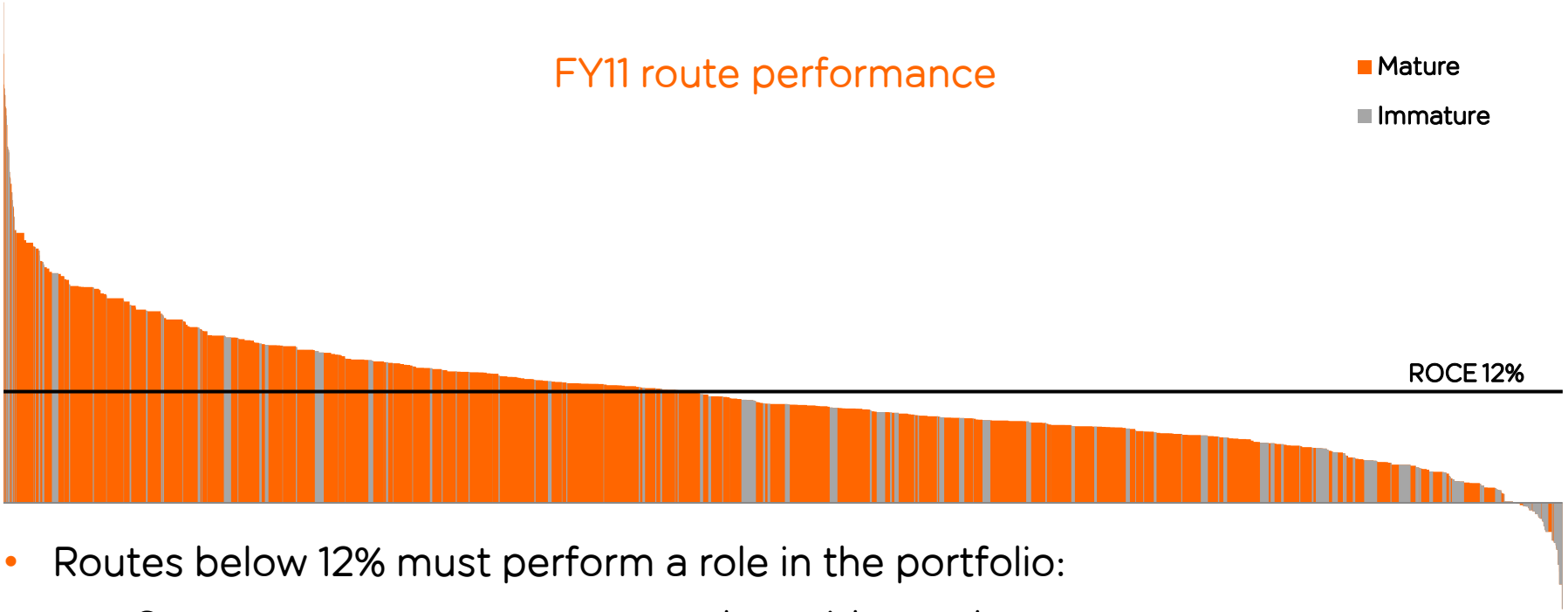
- Schedule flights to optimise gains from business and leisure mix
- Use of triangle patterns and multiple bases to hit most appropriate times for different customer types
- e.g. Luton – Belfast - Malaga

07.55	LTN - BFS
09.40	BFS - AGP
14.25	AGP - LTN

07.00	BFS - LTN
08.40	LTN – AGP
13.05	AGP - BFS



Absolute focus on ROCE

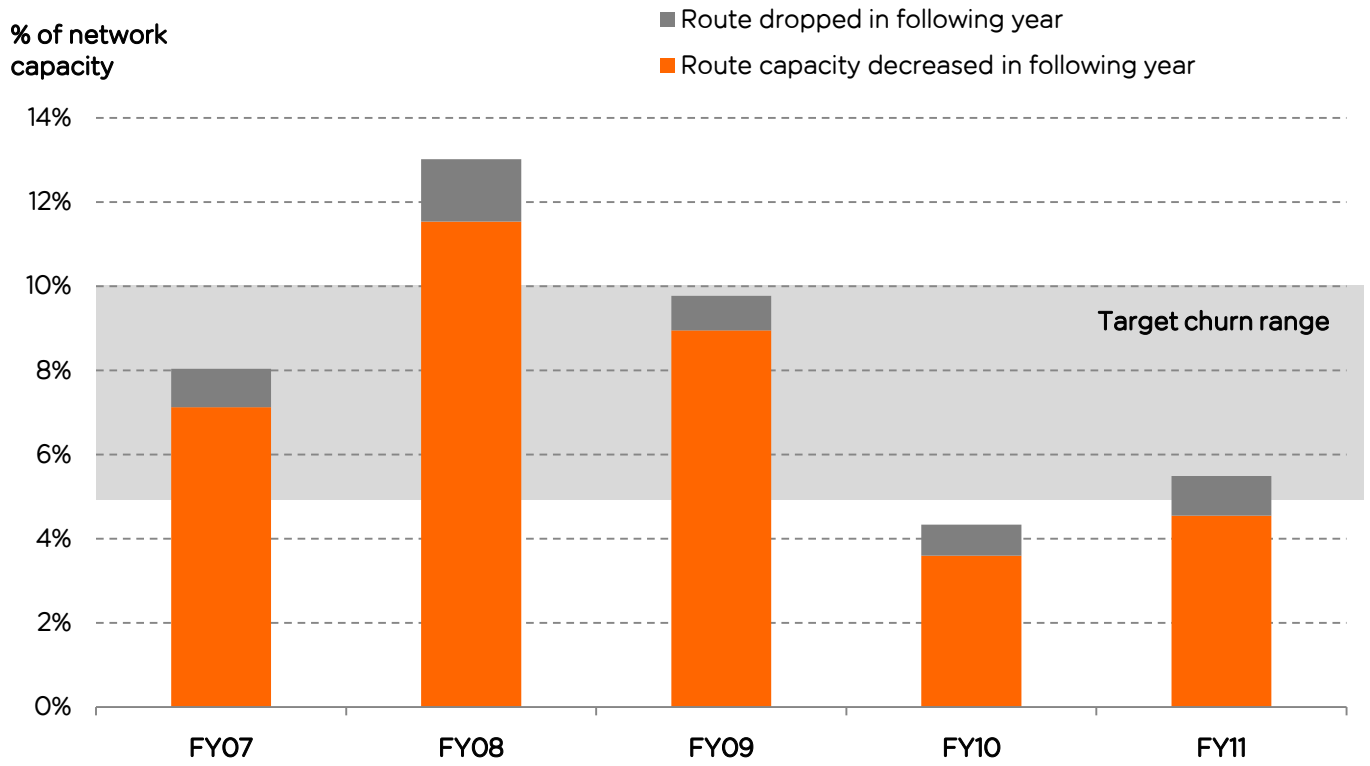


- Routes below 12% must perform a role in the portfolio:
  - Support corporate strategy and provide product range
  - Competitive battles
  - Retain strategic slots or achieve volume deals at high performing airports
  - Complete high performing line of flying
- 6% of capacity allocated to summer-only routes
- Tactical winter reductions in line with demand without grounding aircraft

Source: easyJet management plan
Line thickness indicates relative capacity

We manage and churn the network portfolio

- Evaluate network performance against ROCE targets and churn
- Target churn (route drops / “thinning”) of 5%-10% of capacity
- Churn provides first option for incremental capacity & new routes



Source: easyJet management plan

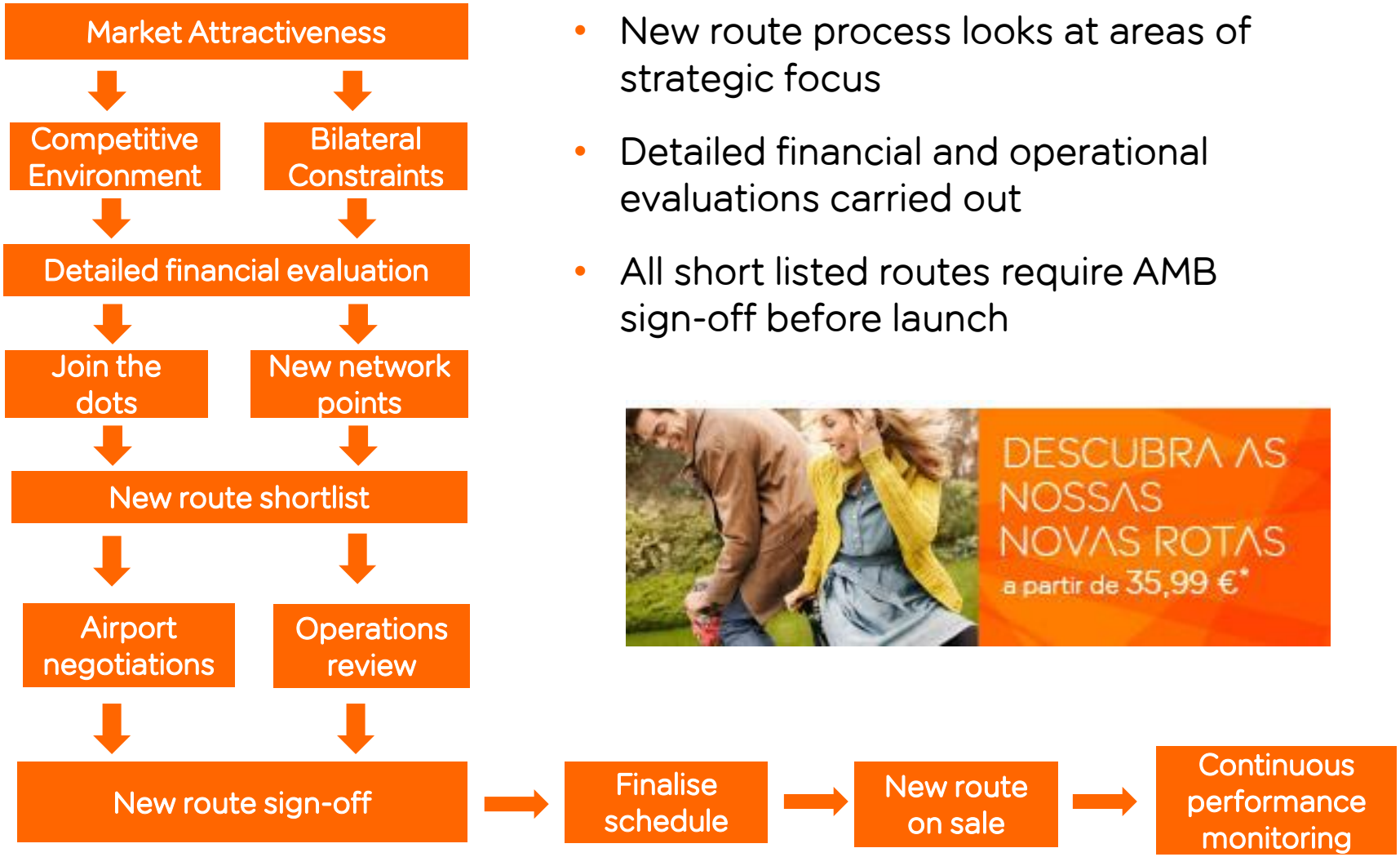
Focus on ROCE has delivered changes in network

- Markets culled
  - e.g. Helsinki, Gothenburg, Madrid-Morocco
- Capacity reallocated
  - e.g. London-Milan, London-Barcelona, Paris-Milan
- Profitable opportunities
  - e.g. growth at Gatwick, Geneva, Basel
  - New bases e.g. Toulouse and Nice





New route selection process



- New route process looks at areas of strategic focus
- Detailed financial and operational evaluations carried out
- All short listed routes require AMB sign-off before launch

Continuous performance management of the network

Weekly

- Trading meeting

Monthly

- Country and route review meeting
- Review of performance against ROCE targets
- Review of best and worst performing routes with CFO

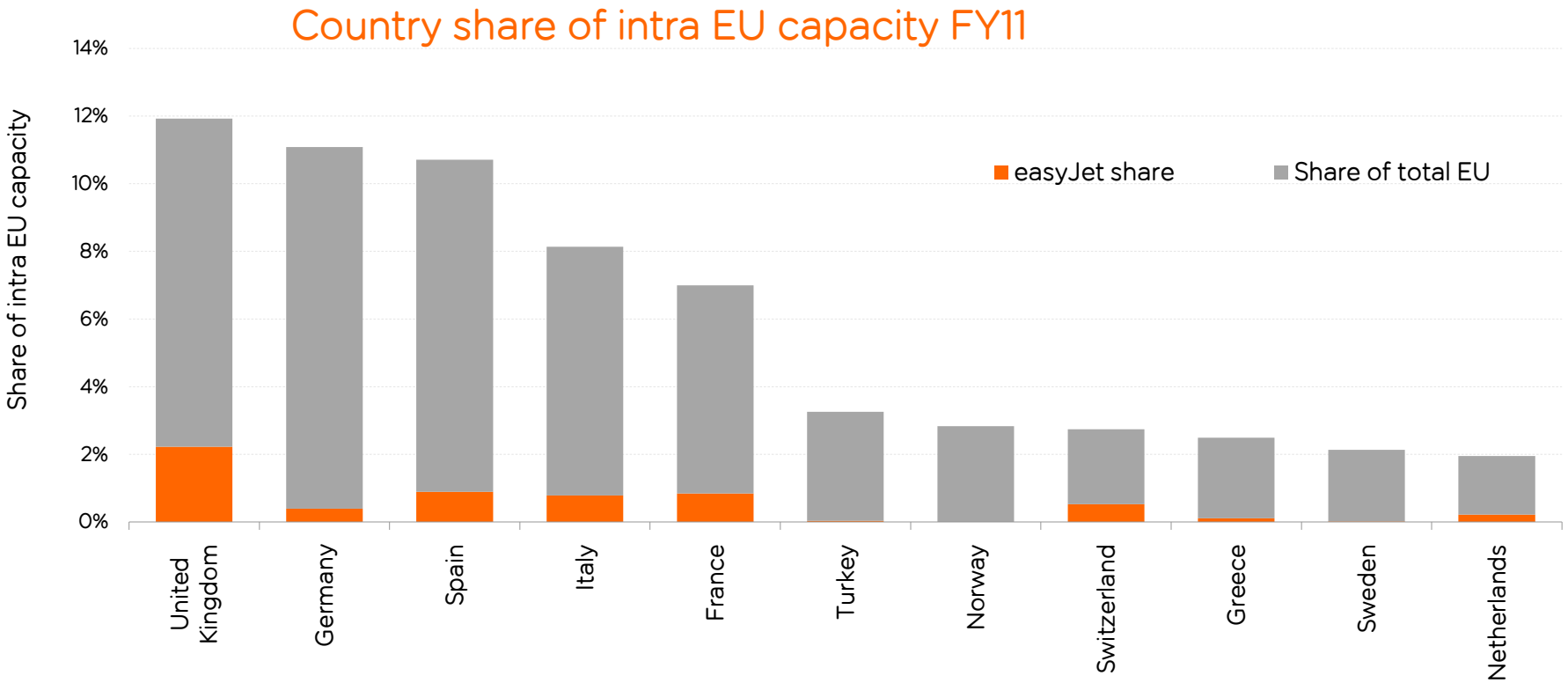
Quarterly

- Network forum with CEO and CFO

Seasonal

- Planning review meeting with CEO and CFO

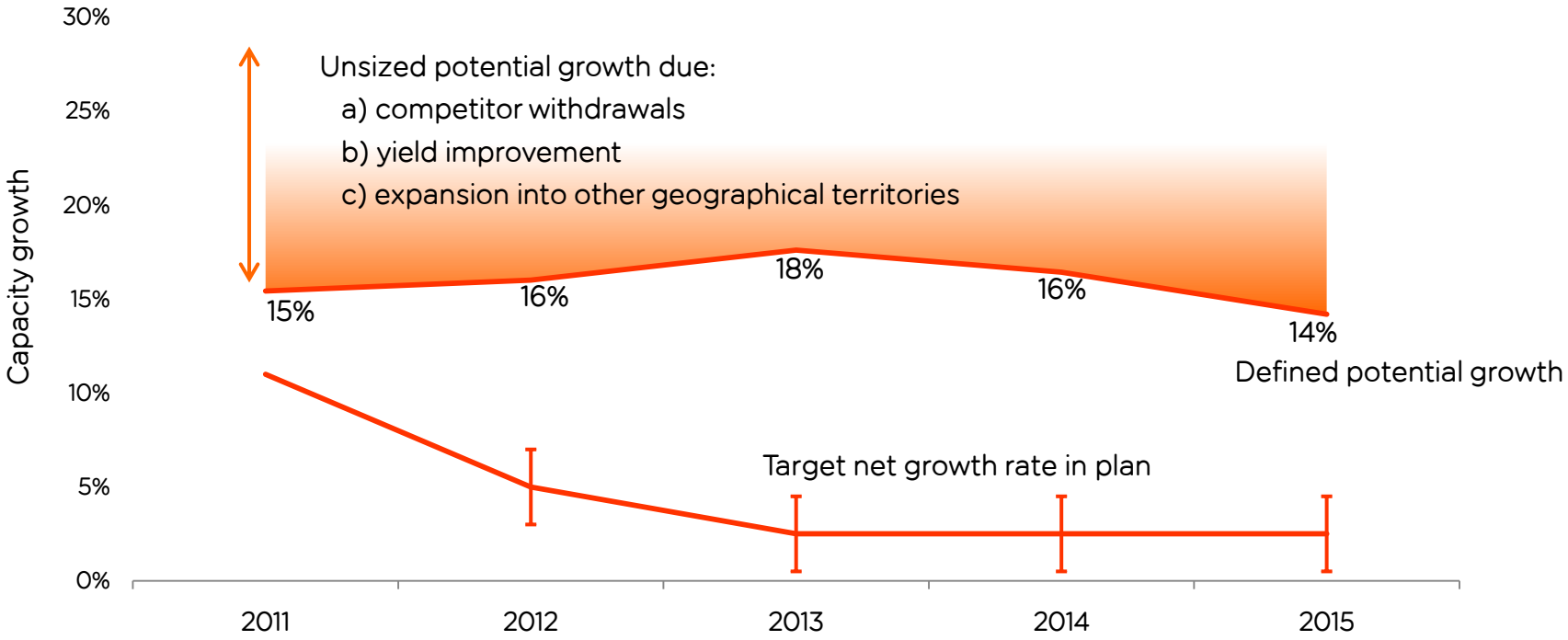
easyJet can still penetrate core markets further



- easyJet has c. 7.6% of European short haul market
- Growth of existing network planned to be in line with underlying industry growth

Source: OAG 12 months to Sep-11

Potential for future profitable growth



- Growth of existing network in line with underlying industry growth of 1.5 x GDP
- Analysis indicates profitable new opportunities still exist, even at higher fuel prices
- New opportunities also exist at potential new bases in main easyJet territories
- 0-5% capacity growth plan does not take account of significant market entries into Germany, Scandinavia, Eastern Europe or other territories

Source: easyJet management plan

easyJet's network uniquely positioned

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- Route portfolio and **network flexibility** ensures **broad appeal** across consumer types
- Absolute **focus on ROCE** and continual **performance management** of the network
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FLEET STRATEGY

Chris Essex
Head of Central & Fleet Procurement

europe by easyJet

Fleet strategy

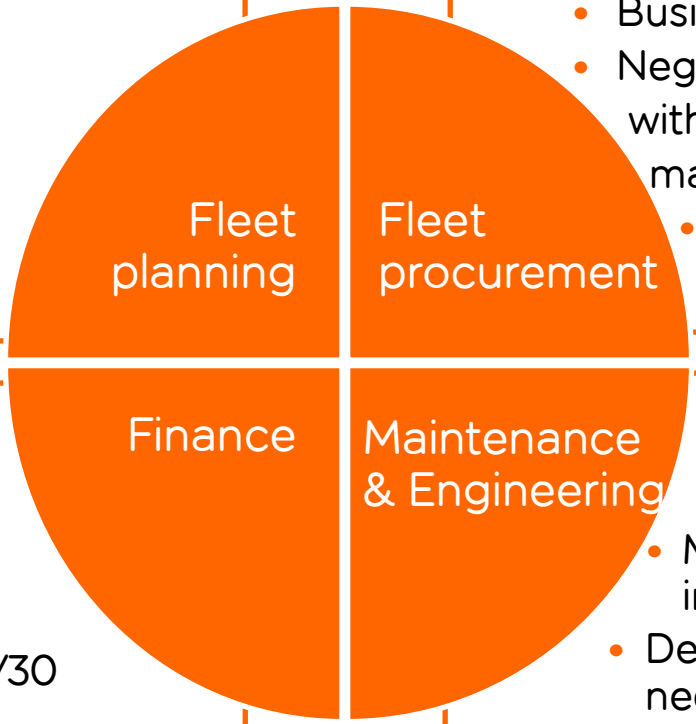
Integrated approach required to deliver lowest fleet cost across the lifecycle

Fleet plan flexibility

- Network requirements define capacity needs
- Short lead times for capacity decisions
- Fleet plan defines need for fleet transactions

Lowest life cycle cost

- Business case driven decisions
- Negotiate fleet transactions with range of suppliers – manufacturers and lessors
- Maximising transaction benefits



Lowest cost of ownership

- Identify funding requirements
- Portfolio approach – 70/30 owned/ leased mix
- Alignment of owners' interests with operators' obligations

Lowest cost of support

- Maintain asset technical integrity
- Define and plan business needs
- Maximise value from strategic supplier relationships

Economic justification for new aircraft acquisition

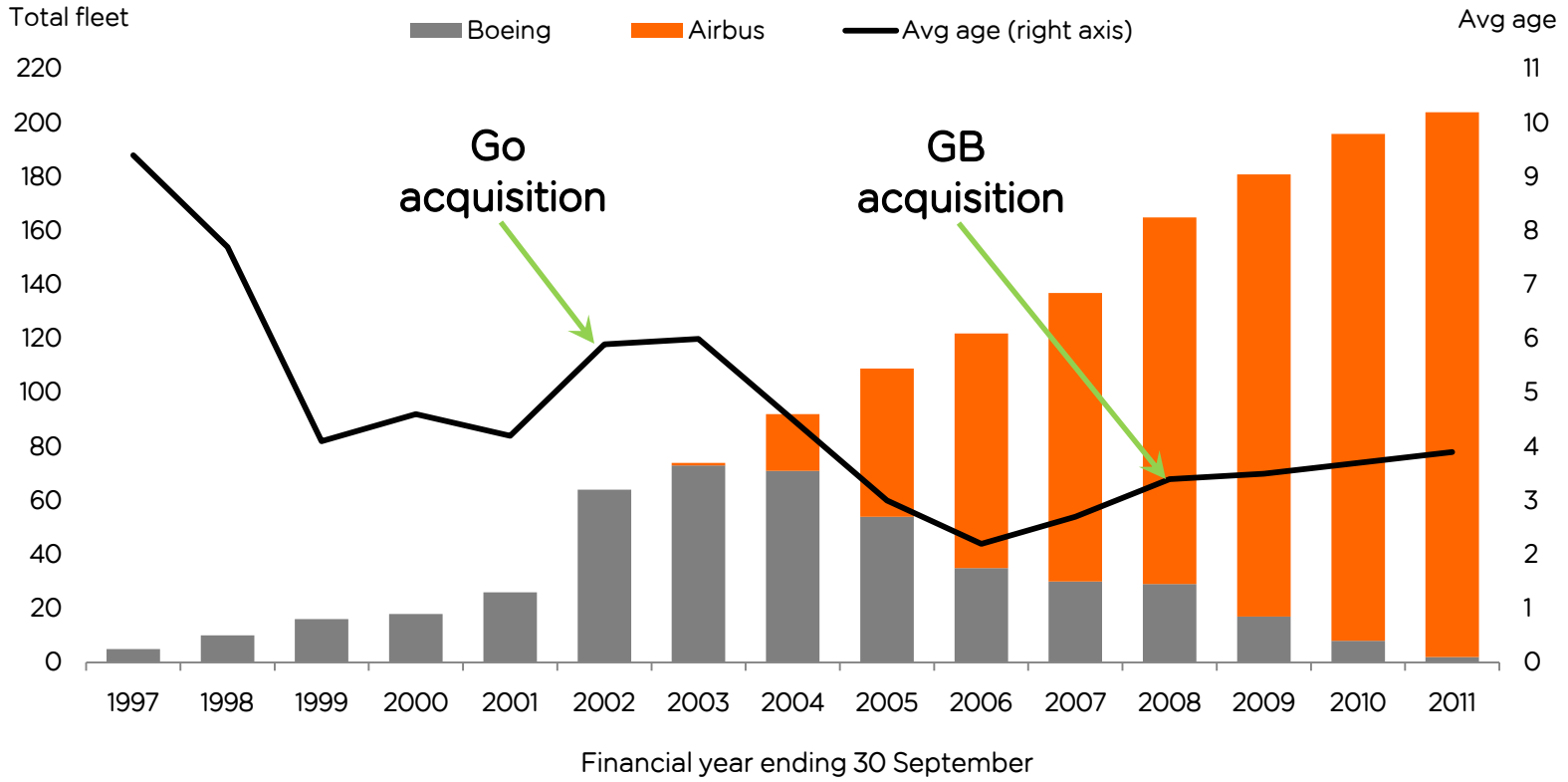
Rationale	Justification	easyJet example
1. Economic obsolescence	• end of useful economic life • new technology available e.g. • improved fuel efficiency	**Aug-98**: order for 15 B737-700s

2. Deliver profitable high growth opportunity	• reduce unit costs e.g.
	  • standardised equipment specification
	  • maintenance "honeymoon"
		Oct-02:
		order for 120 A320 family aircraft

3. New mission	• right sizing aircraft to market demand • different operational mission	**Feb-09**: first delivery of easyJet specification A320

A young fleet is an outcome of fleet evolution

No target fleet age: development of fleet has resulted in low average age currently c.4yrs



- We have experience in managing a major fleet transition

Source: easyJet management data

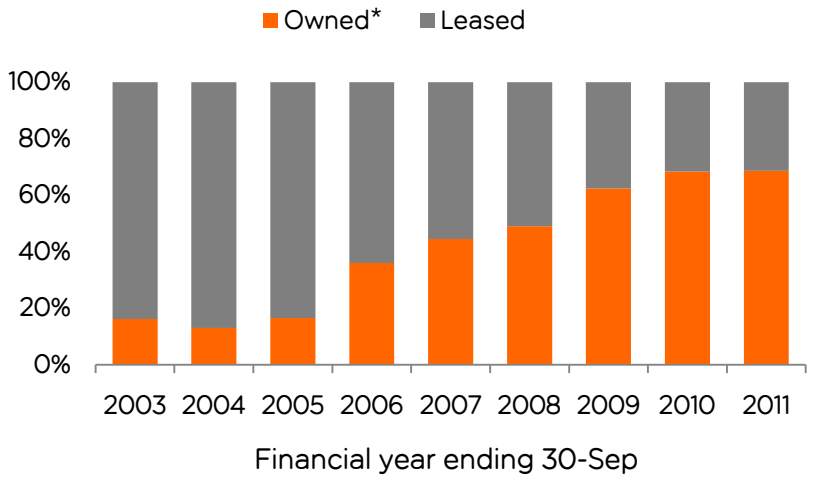
Fleet status

Fleet and financing strategies have created flexibility and a mix of types, ages and ownership profile

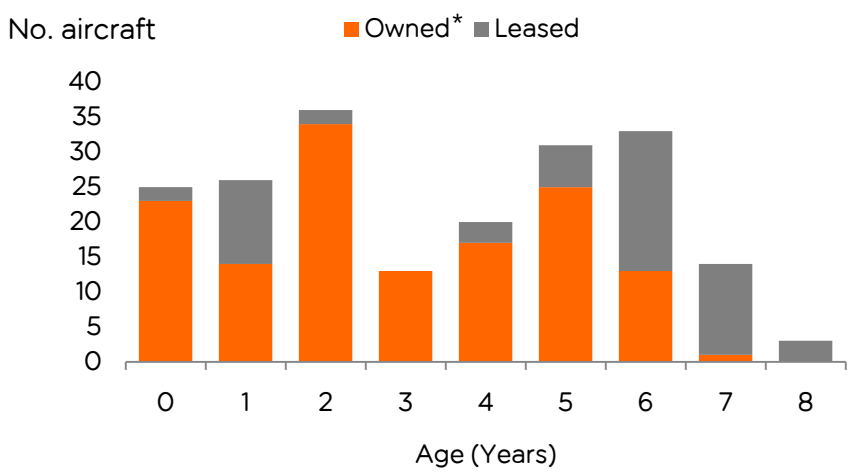
Fleet at 31-Dec-11	Owned*	Leased	Total
A319	111	56	167
A320	29	6	35
Total fleet	140	62	202

70 / 30 owned* / leased mix target

Ownership profile



Age profile



* Includes finance leases
Source: easyJet management data

Airbus contract

- Airbus contract announced in 2002 for deliveries until 2014*
- Provides strategic framework for A320 family pricing for up to 315 aircraft of which 242 have been ordered to date in five transactions
- Transaction in January 2011 for 15 aircraft
- 207 aircraft delivered by end 2011
- 35 further deliveries by September 2014
- 42 options + 31 purchase rights remaining
- Fleet type flexibility (A319/A320/A321)
- Contract provides substantial discounts to list price and easyJet continues to drive value



* Excludes 2 GB Airways contracted deliveries

New technology

	Airframe	First delivery / First firm airline order	Fuel saving*
	Airbus A320neo family	2015 / Virgin America	15%
	Boeing 737 MAX family	2017 / Southwest	16%
	Bombardier CSeries	2013 / Lufthansa (for Swiss)	20%

	Engine	Available on aircraft family
	P&W PurePower PW1000G	• Airbus A320neo • Bombardier CSeries
	CFM LEAP	• Airbus A320neo • Boeing 737 MAX

* Manufacturer's estimate; compared to current generation aircraft e.g. A320 family

Future fleet evaluation

Technical performance → Economic performance → Business case → Decision

Sep'11 - Jan'12	Feb'12 - Mar'12	Apr'12 – Jun'12	Q4 FY12
Ability to operate competitively on easyJet's network	Relative economics of new types compared to existing fleet	Phasing / speed of transition and flexibility	Enhances premium of ROCE over WACC?

Summary

- Fleet strategy based on key principles
- Inherent flexibility in fleet plan
- Fleet changes driven by business cases
- Low average age is an outcome of fleet strategy
- Airbus deal has provided competitive advantage
- Future fleet structure under evaluation

PANEL Q & A

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CUSTOMER

europe by easyJet

MARKETING

Peter Duffy
Marketing Director

europe by easyJet

Objectives

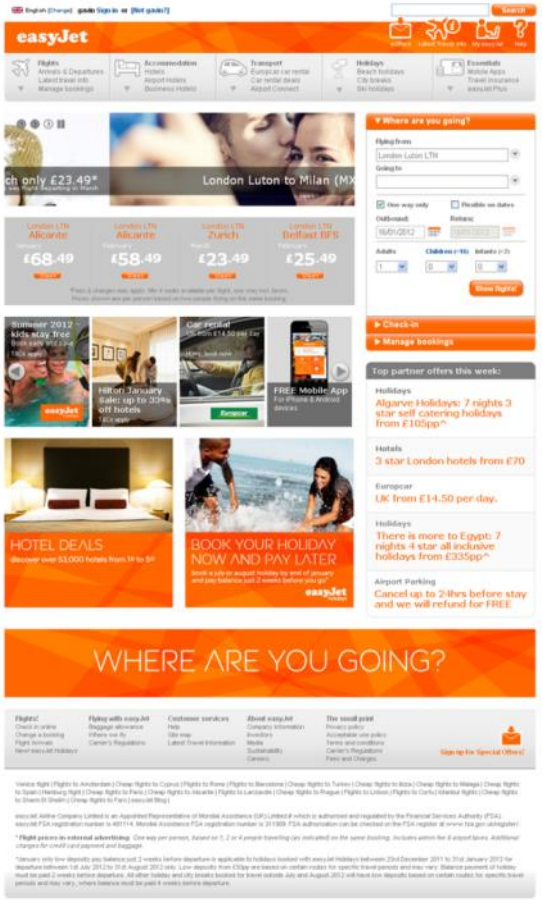
- Hit yield and volume targets
- Improve brand perception
- Increase marketing spend effectiveness
  - Marketing cost per seat from £0.84 (2011) to £0.81 (2012)

Web facts

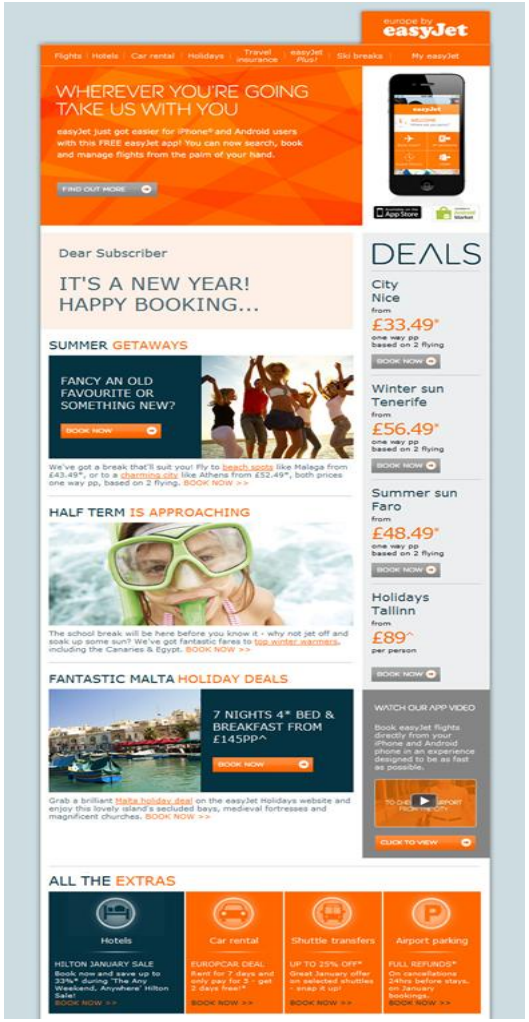
- easyJet is a leading search term for travel across Europe
- In 2011 easyJet.com had 364 million visits (+6.5% YoY) and 213 million unique visitors (+8.5% YoY)
- On the final day of the 2012 January sale, easyJet.com had 2.2 million visits
- easyJet supports 14 languages with their own website and has visits from over 221 countries
- In 6 months (Jun 2011 – Dec 2011) the 6 pages of the easyJet booking funnel were viewed over 259 million times (excluding the homepages)
- 46% of traffic to easyJet.com is direct – proving the strength of the brand. In the UK it's 54%
- In Dec 2011 mobile visits to easyJet.com accounted for 6.5% of all traffic. In Mar 2011 it was 3.2%

Personalised web environment

- Defaults to ‘flying’ airport
- Remembers last search
- Links to email for personalised experience
- Supports third party dynamic content
- Switches to ‘non-seat’ post purchase
- Deep link from Google search
- Raft of usability improvements to improve conversion rates



Personalised email environment



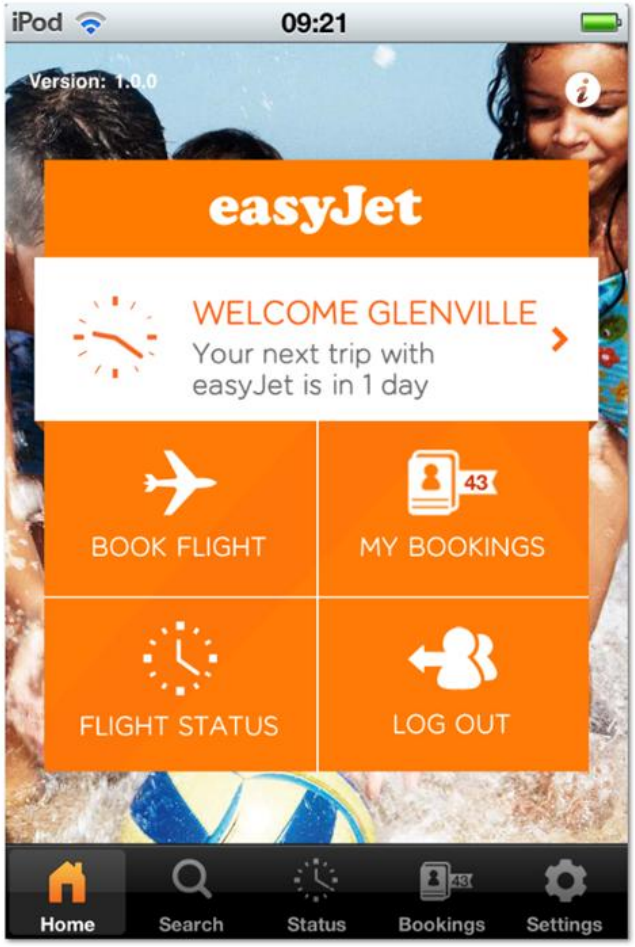
Repeat purchase by market

UK	FR	IT	G	ES	SW
38%	32%	38%	30%	30%	42%

- Increase sales from internal media
- Switch from campaign to trigger/journey based approach
  - Abandoned basket
  - Ancillary upsell
  - Flight minus days
  - Research and resale

Personalised mobile environment

- Sales and servicing platform
- Key source of customer contact during journey
- Disruption management including change flight/refund
- Mobile boarding
- Upsell capability core

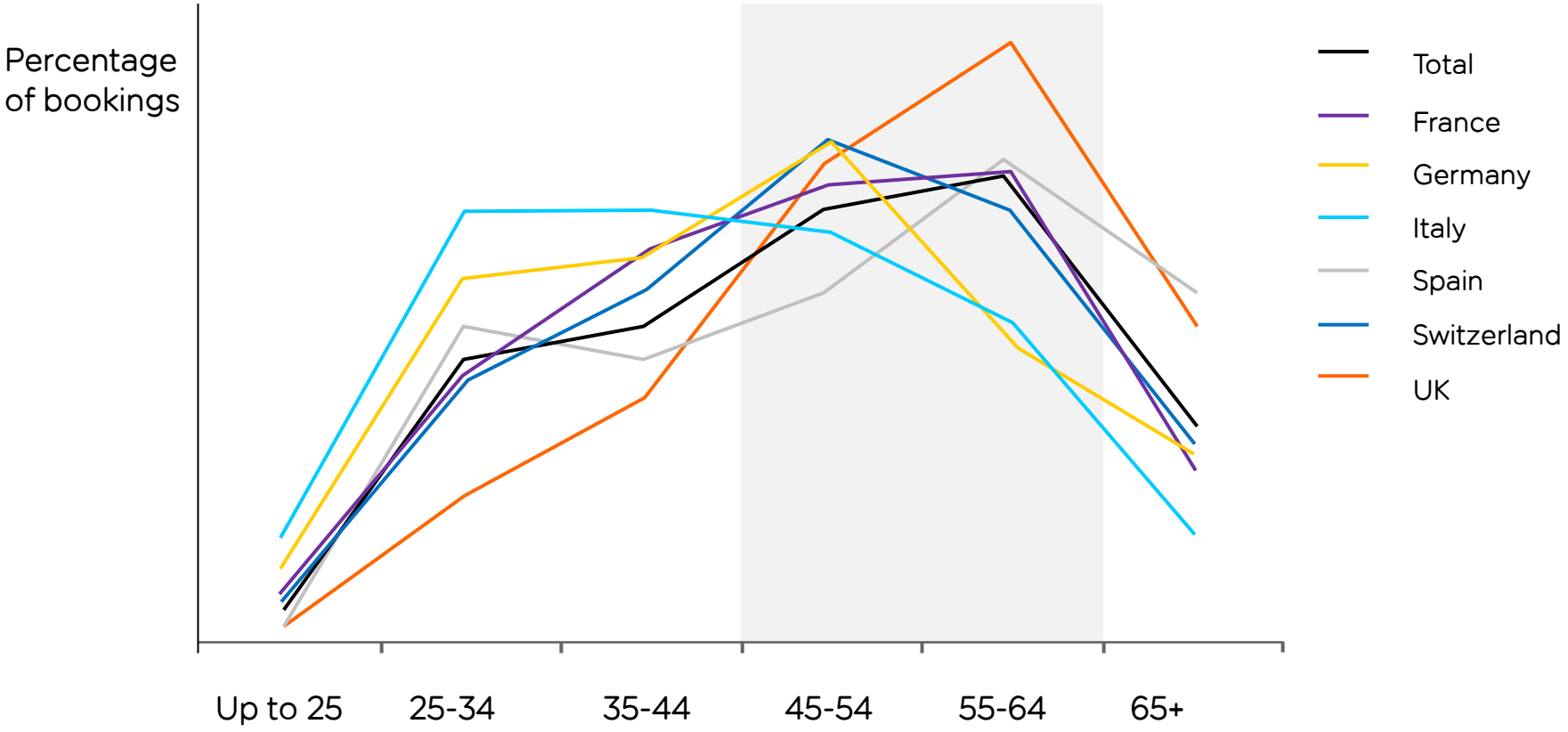


Brand

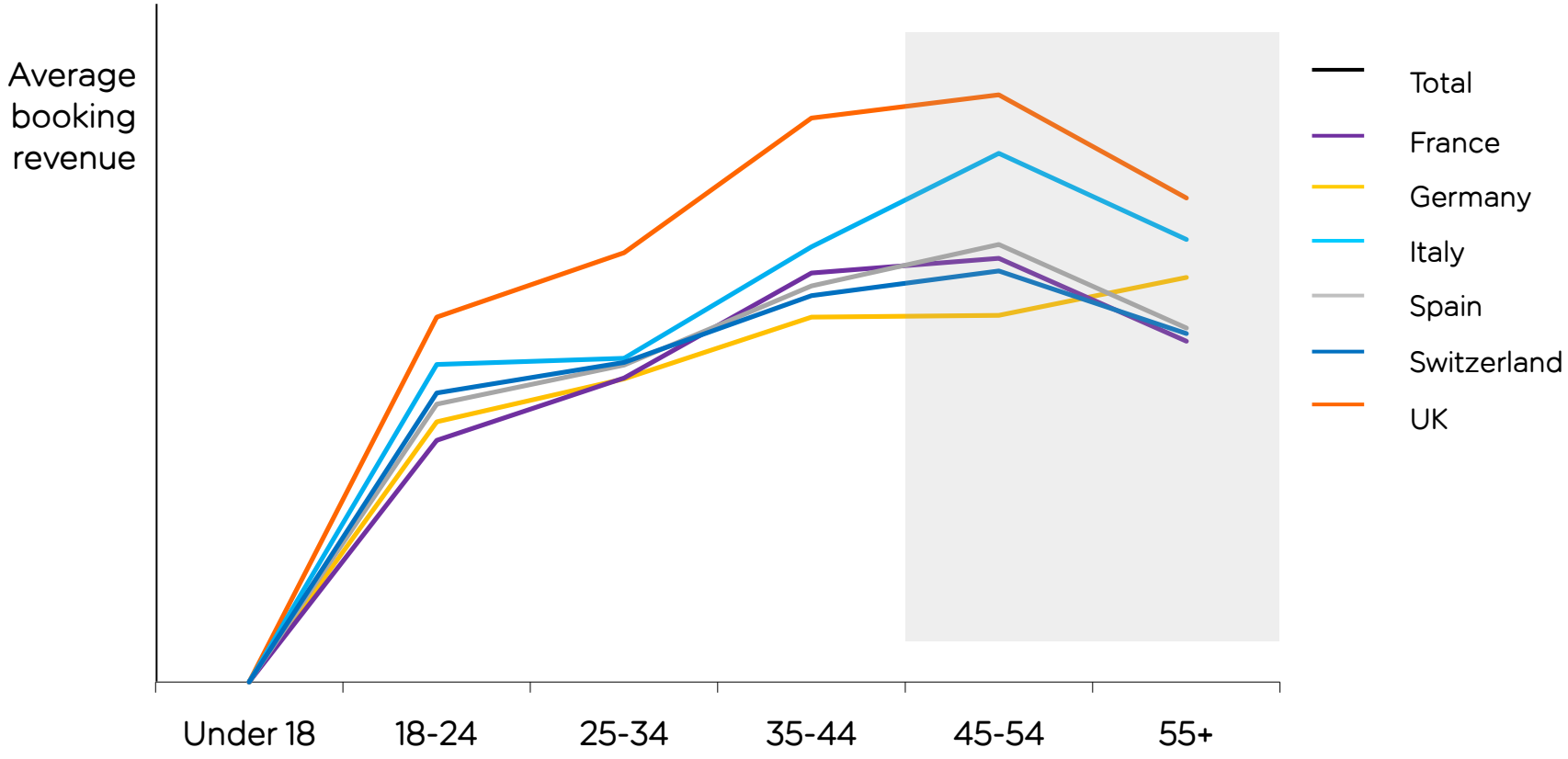
- Strong brand awareness across Europe
- Preference key to driving conversion
  - Maintain strategy for UK, France & Switzerland
  - Improve position for Italy, Spain and Germany

- Primarily known for price
- Limited understanding of destination range and choice

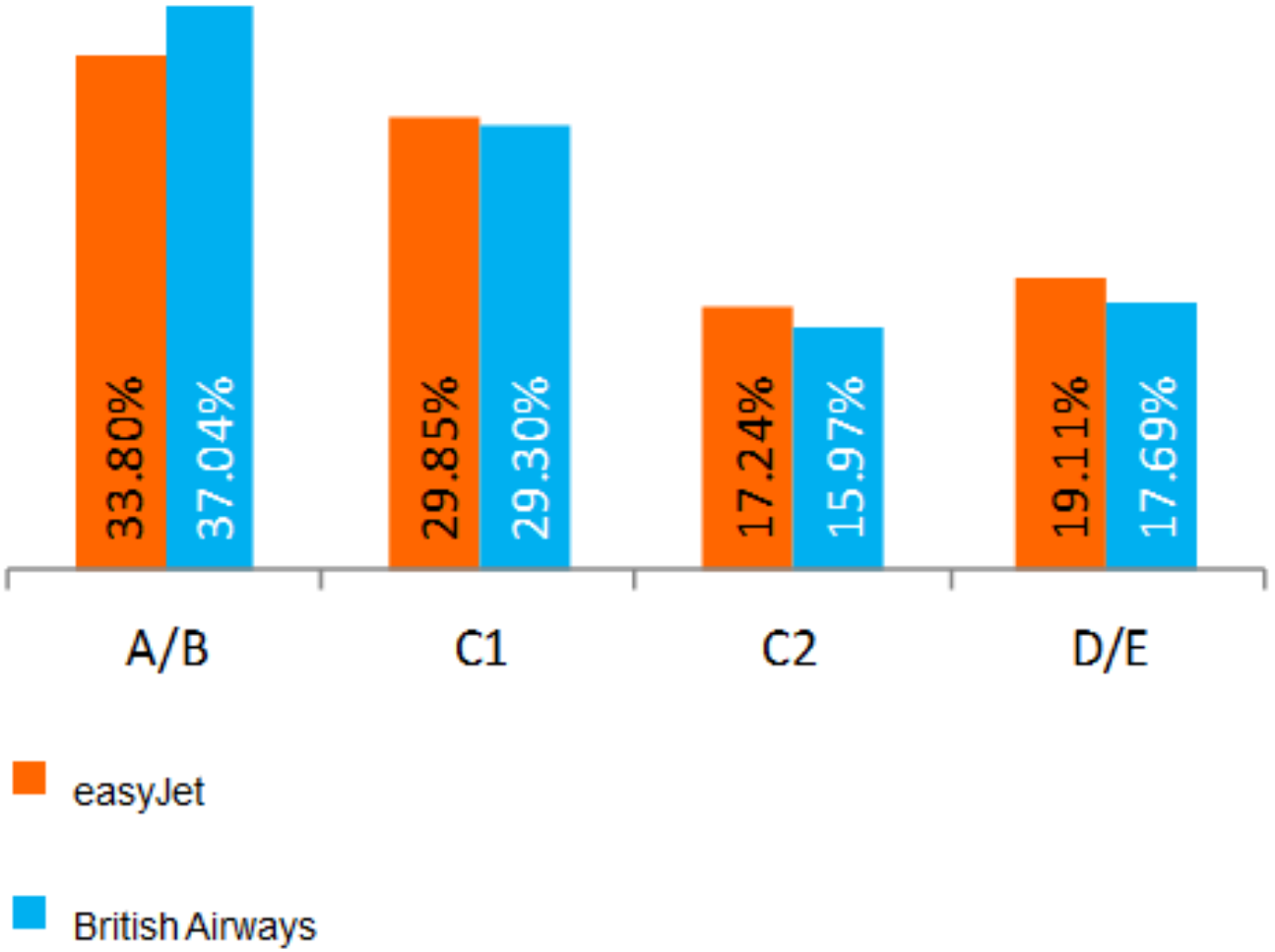
Demographics - customers age profile



Average booking value by age band



UK socio-economic profile



Connecting Europe

- Europe by easyJet positioning



Europe by easyJet

- Europe by easyJet positioning
- Price driven resonant advertising









Europe by easyJet

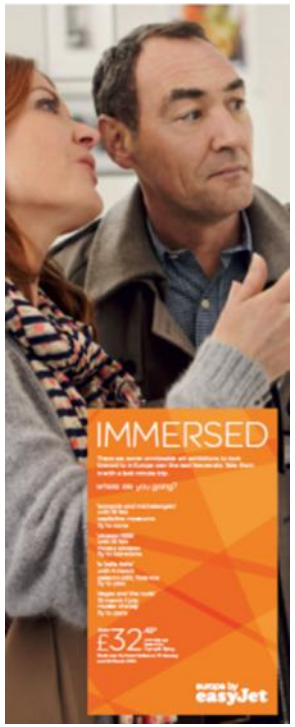
- Europe by easyJet positioning
- Price driven resonant advertising
- Transparent pricing





Europe by easyJet

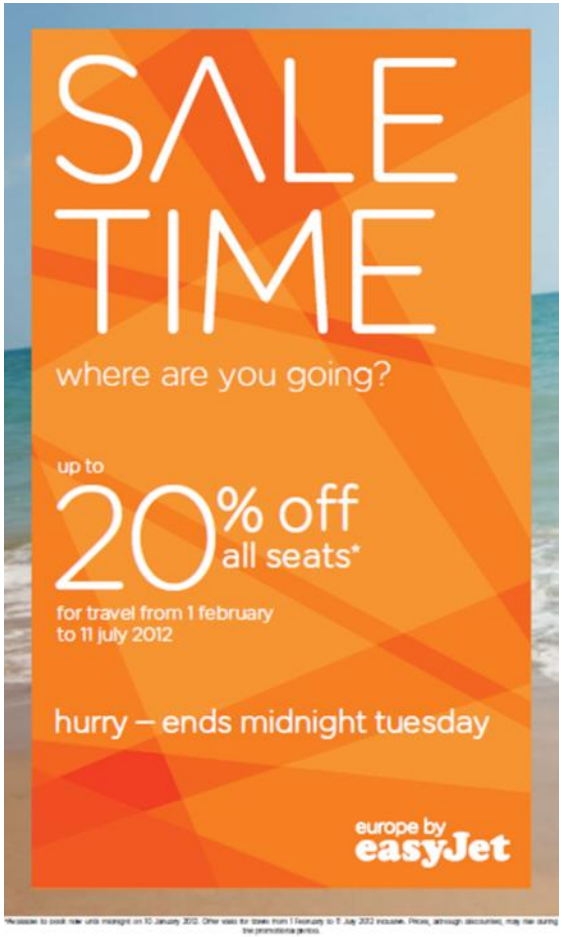
- Europe by easyJet positioning
- Price driven resonant advertising
- Transparent pricing
- Build understanding of range and choice





Europe by easyJet

- Europe by easyJet positioning
- Price driven resonant advertising
- Transparent pricing
- Build understanding of range and choice
- More focused use of tactical promotion

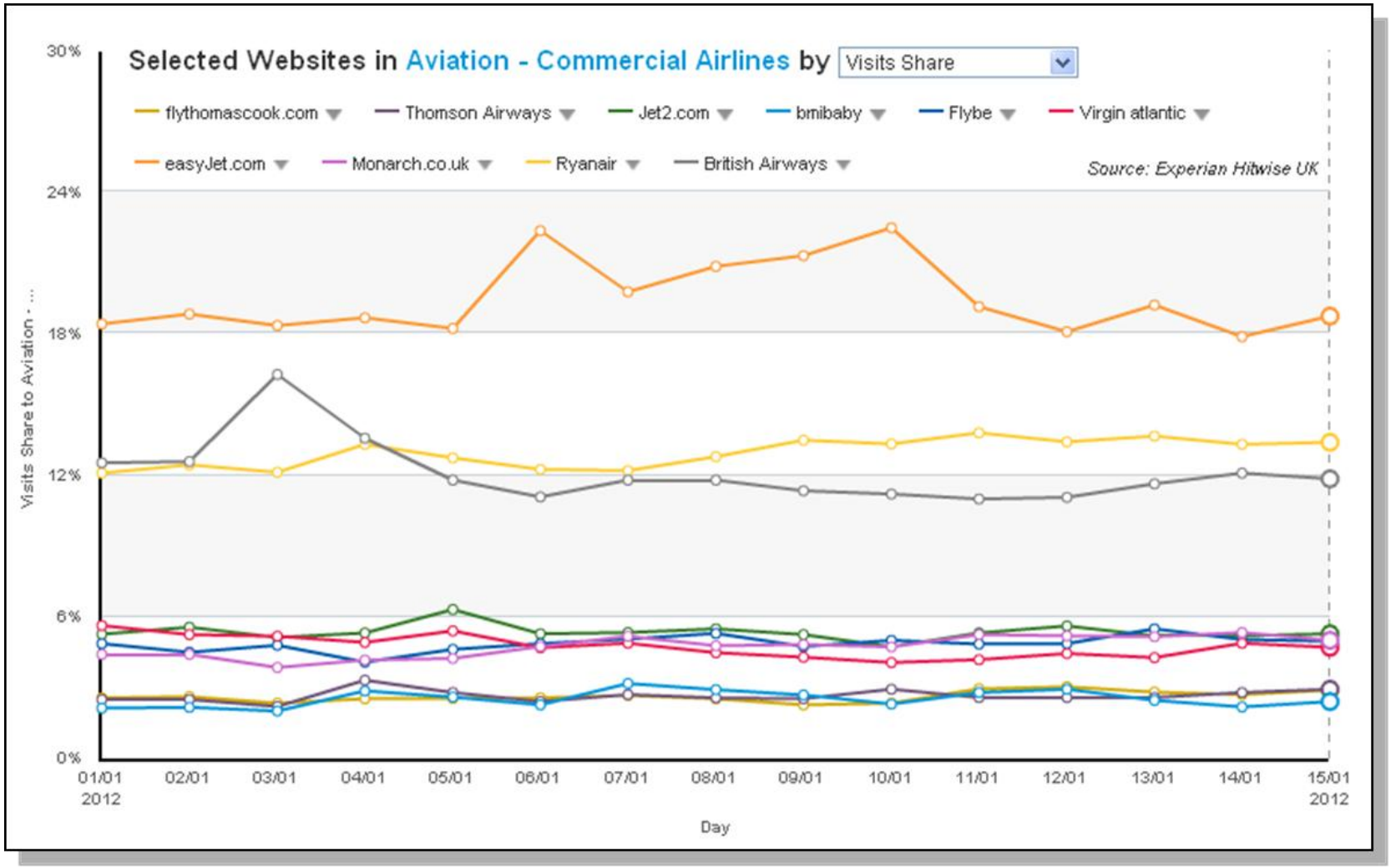


Europe by easyJet

- Europe by easyJet positioning
- Price driven resonant advertising
- Transparent pricing
- Build understanding of range and choice
- More focused use of tactical promotion
- Focus on business

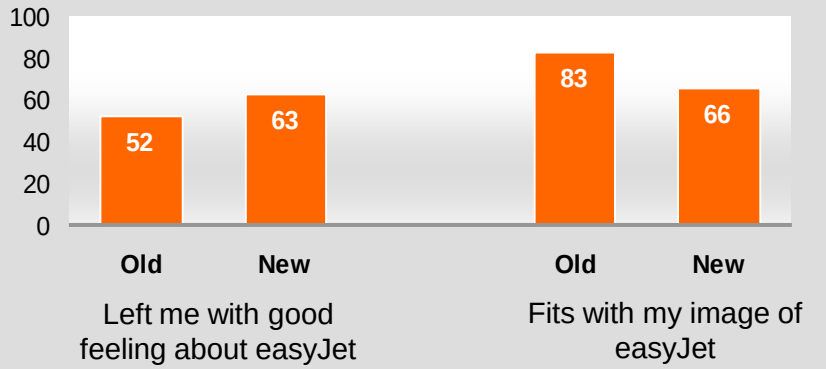


Web share for January

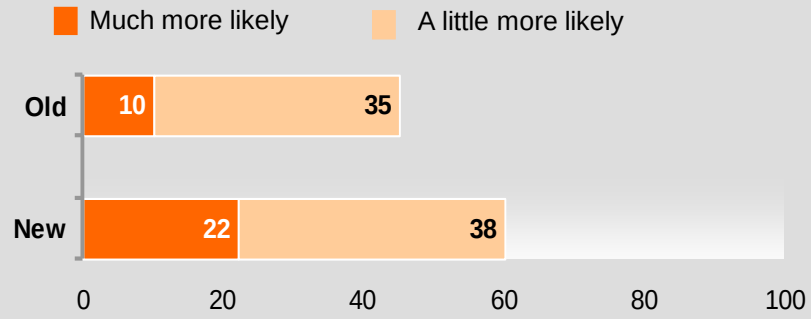


Brand research

Message take-out: positive but different



Call to action:
Impact of ad on likelihood to book with easyJet







Summary

- Focus on digital efficiency
- Maximise value of internal media
- Targeted use of third party media
- Overall increased Marketing spend effectiveness resulting in reducing YOY marketing cost per seat

CUSTOMER AND REVENUE: FOCUS ON LEISURE

Cath Lynn

Customer & Revenue Director

europe by easyJet

Customer and revenue team

Customer

Making travel easy and affordable

- **Customer Experience** - putting the customer at the heart of everything we do, whilst remaining low cost
- **Customer Operations** - driving service efficiency in our contact centre operations

Product proposition

- **Network and Schedule Development** – optimising the use of our aircraft assets: where you want to fly, when you want to fly
- **Business Passenger** - building the business passenger proposition and making it easy to book
- **Leisure Passenger** - delivering a winning leisure proposition

Revenue

- **Yield development and revenue management** – leading the industry in monetising every seat
  - seats, bags, speedy boarding
- **Non-seat** – increasing our share of wallet
  - In-flight , accommodation, cars, insurance, easyJet plus

Europe's preferred airline, delivering market leading returns

Building on our strength in Leisure

- Leisure is the foundation of our profitability
- Carried approximately 45million leisure passengers in FY11 ~ c. 80% of our business
- Recognised for offering a competitive leisure proposition
- We are winning share from charter carriers
- We know and understand our leisure business and customer
- By understanding our customers we are can maximise yields



Who are our Leisure customers?



Visiting friends and family, regular links across Europe



Our Groups normally travelling for occasions, for example hen & stag, golf or events



Our second home owners travel at least 2-3 times per year to their overseas property



Our Families travelling with children of all ages, at peak times



Our retired /elderly customers have the luxury of time and desire to travel



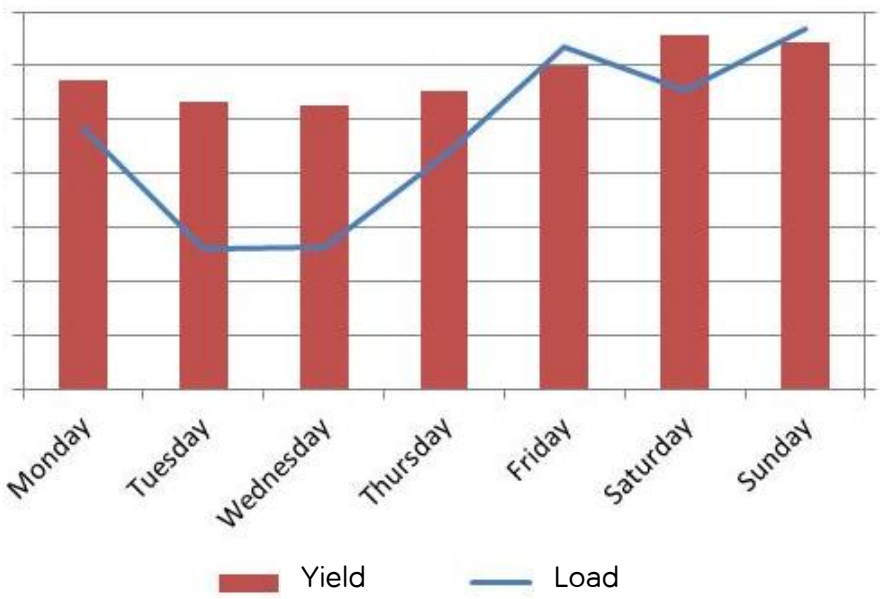
Our Student/backpackers are adventurous, travel light and take multiple trips annually



City Breaks or winter sun break in addition to main holiday
Ski as a second holiday once a year

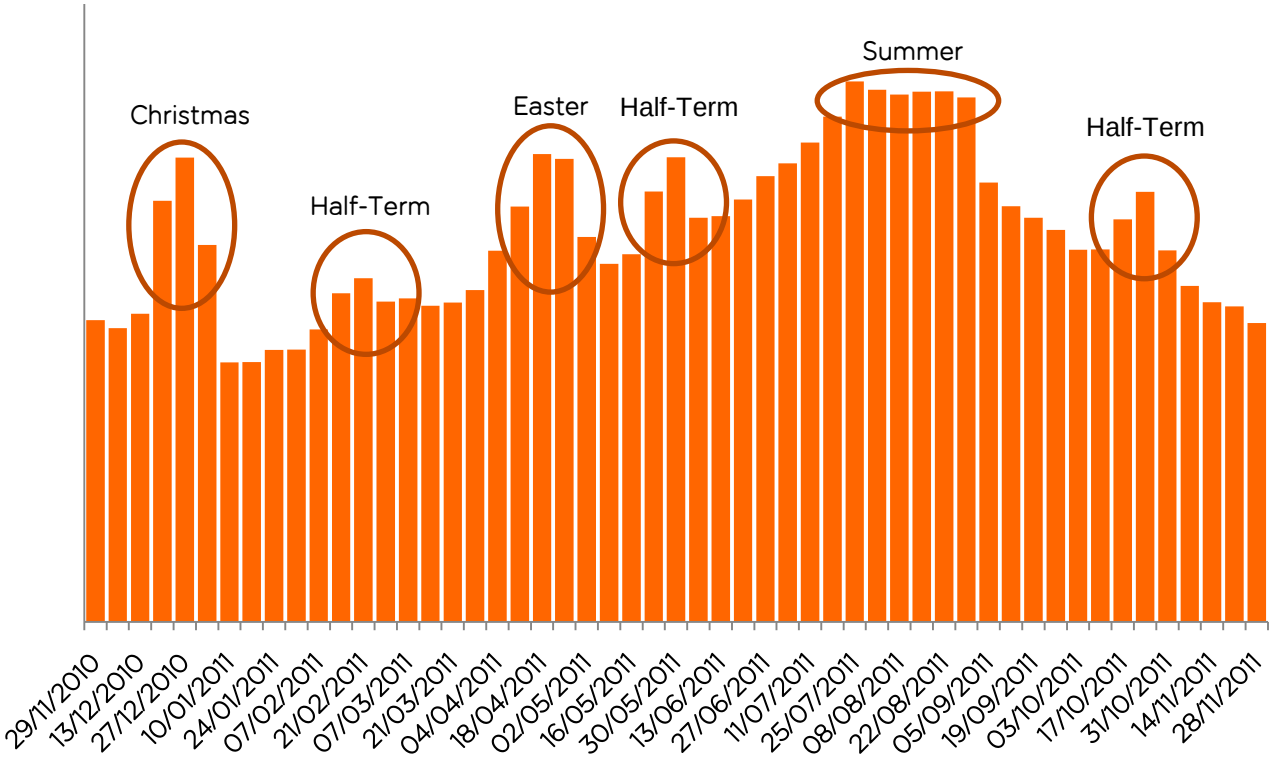
Leisure drives profitability

- Price sensitive leisure passengers travel off peak enabling us to fully utilise our aircraft assets
- Retired market is growing
- Higher yields and loads are obtained at the weekend where the demand for Leisure travel is high
- Leisure demand complements our drive on business



Leisure delivers premium yielding passengers

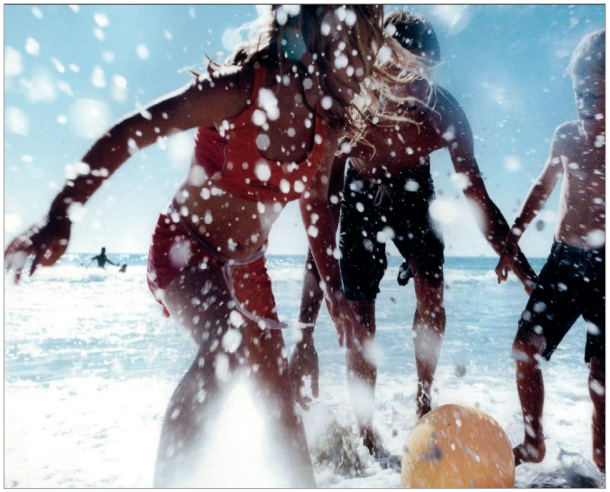
- Premiums from leisure passengers at peak are high
  - Weekend breaks
  - School Holidays
  - Bank/religious holidays
  - Ski
- Families travelling on beach routes at peak holiday periods



The easyJet leisure experience - making it easy

- Self help tools online helping prepare for travel and online check-in and manage your booking facility
- Trusted reliability and on time performance
- Welcoming and friendly in flight experience CSAT +90%
- New communication channels with real time information
  - online flight checker
  - easyJet APP
- Building on our network advantage
  - Customer lead network design
  - Growing mix of pan European leisure destinations
  - Convenient airports and timings





BUSINESS TRAVEL

Andy Hodges
Director of Sales, Distribution and Business

europe by easyJet

Our Goal

- Realise “fair share” of business travel market
- Translates to £100m incremental margin pa
- Delivery requires a behaviour change within mid to large corporates – so will take time
- But a value message has resonance in today’s market

KPI	FY11	FY15
Business passenger penetration as % of easyJet seats sold	18%	between 20% & 24%
RPS uplift from Business passengers	20%	between 25% & 30%
Incremental margin	£0m	£100m

How we get there

- Optimise our product & pricing
- Re-position our brand through targeted advertising
- Adapt our distribution channels to match our customers' needs
- Create a small but effective sales force to:
  - build partnerships with travel management companies
  - sustain relationships with mid-large corporates



A winning formula

#	Business Traveller Preference	Competitive advantage?
1	Network	✓
2	Punctuality	✓
3	Frequent flyer programme	✗
4	Offered lowest fare	✓
5	Airline reputation	✓
6	Best for my connecting flight	n/a
7	Value for money	✓
8	Airport convenience	✓
9	Quality of service	=
10	Safety standards	=

- Schedule
- OTP
- Value
- Reputation
- Flexibility

Enhancing our proposition: value

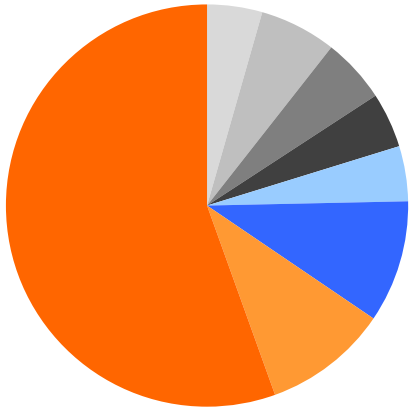
We are cheaper than our competitors*:

- standard fares - on 80% of occasions (by more than £100 on 55% of flights)
- flexible fares - on 92% of occasions (by more than £100 on 65% of flights)



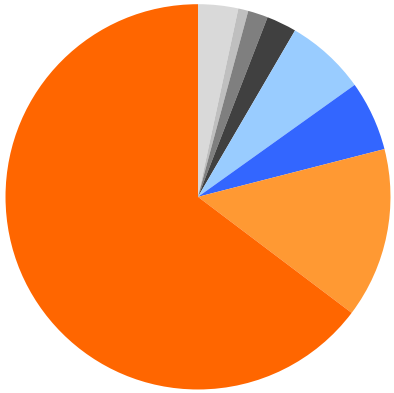


Standard fares



easyJet
- £100 more
- £ 50-100 more
- £ 20-50 more
- £ 0-20 more
- £ 0-20 cheaper
- £ 20-50 cheaper
- £ 50-100 cheaper
- £100+ cheaper

Flexible fares



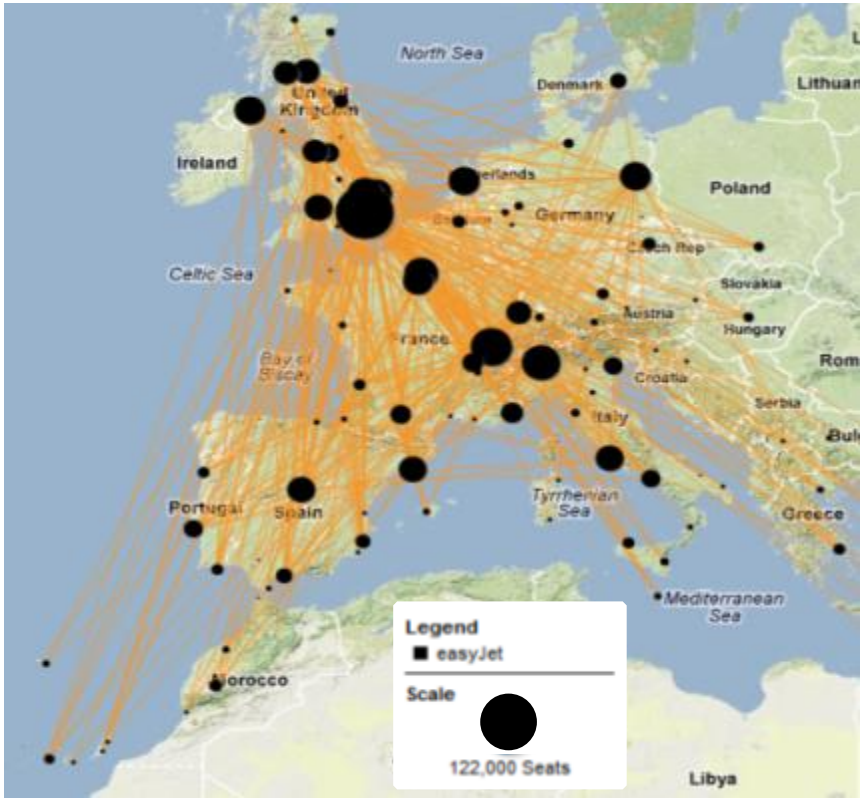
easyJet
- £100 more
- £ 50-100 more
- £ 20-50 more
- £ 0-20 more
- £ 0-20 cheaper
- £ 20-50 cheaper
- £ 50-100 cheaper
- £100+ cheaper

* Source: ITM survey

Enhancing our proposition: schedule

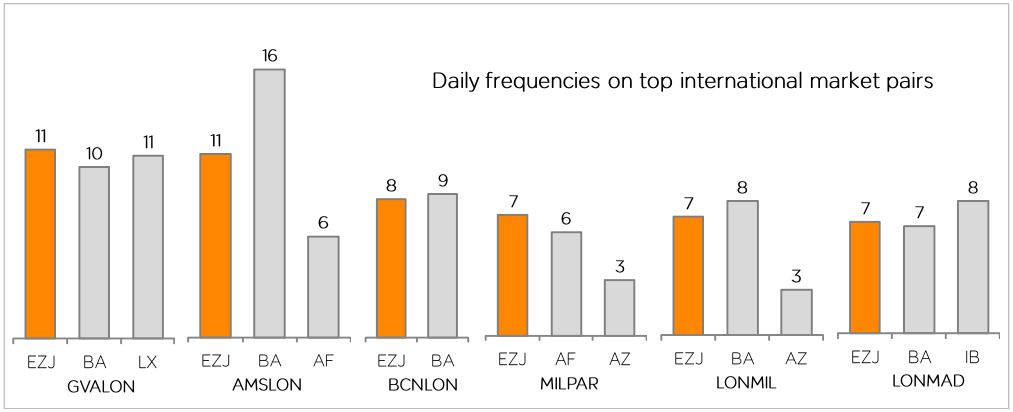
Europe's number 1 air travel network

Breadth

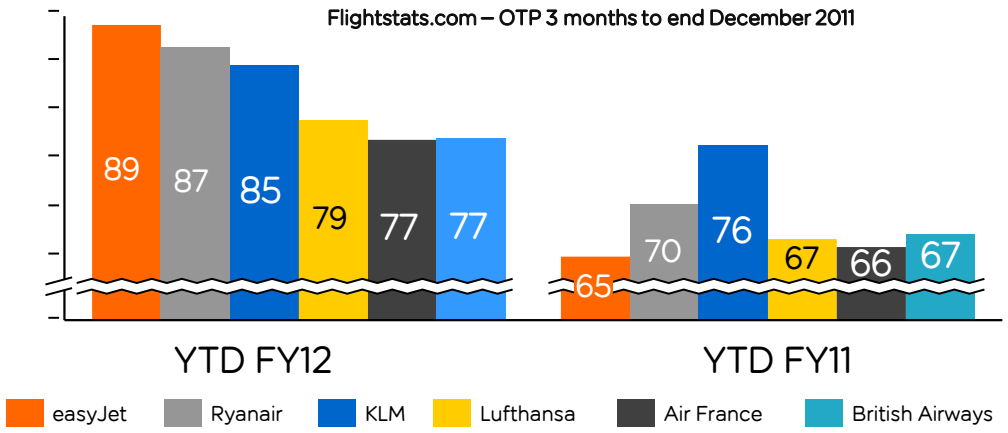


Source: Seabury Group

Depth



Delivery



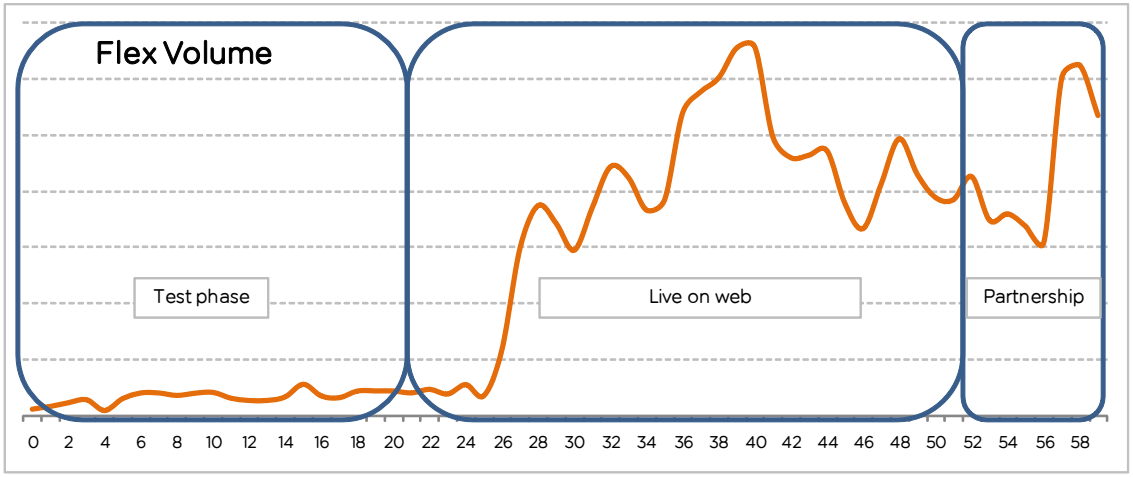
Enhancing our proposition: flexibility

EVERY BUSINESS NEEDS TO BE FLEXIBLE

With our flexible fares you get all the services you need – from just £100* one way, including taxes.

- Unlimited free date changes in a 4 week period – from 1 week before to 3 weeks after the original travel date
- 1 piece of hand luggage (unlimited weight)
- 1 piece of hold luggage (20kg max)
- Speedy Boarding
- No extra booking fees

You can book up to 120 days in advance. Terms and conditions apply »



Feature	eJ New Flex Fare	Legacy Flex Fare
Flexibility	Within 4 weeks	Any date
No. of changes	Unlimited	Unlimited
No extra fees	✓	✓
Refundable	x	✓
Free hold bag	✓	✓
Priority boarding / allocated seats	✓	✓
Points / miles	x	✓
Free lounge	x	✓
Sales support	✓	✓
Corporate deals	✓	✓
GDS distribution	✓	✓

15-MINUTE PROMISE

A free one way leisure flight if your business flexi flight arrives more than 15 minutes late. **

find out more »

Balanced distribution strategy

PUSH



TRAVEL MGT. COMPANIES

GDS

AMADEUS

Galileo

Worldspan

Sabre Travel Network

AGGREGATORS

travelfusion
The World's Best Travel Planner

PULL

easyJet

Google

easyJet.com

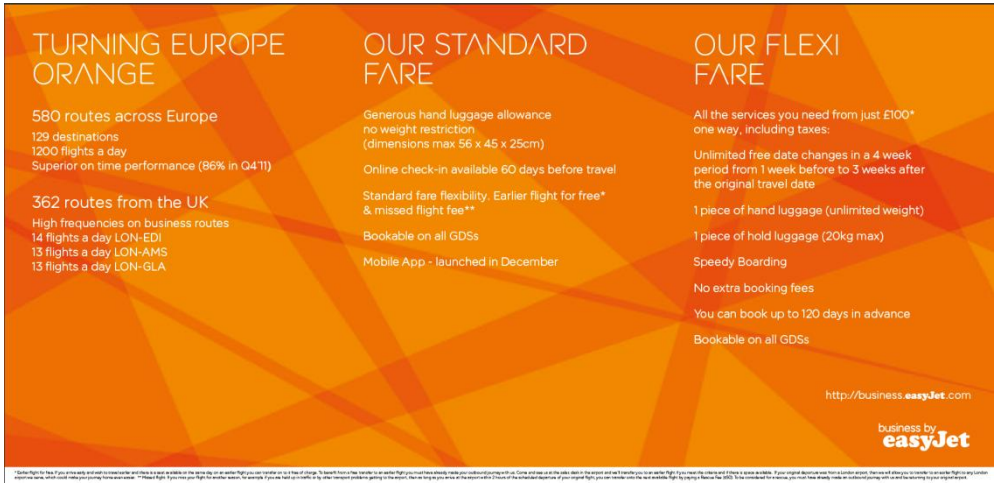
Push: Business Sense, not Business Class



advocates for **smart business** decisions in general



Promotions that challenge perceptions of easyJet: **any person with 'business sense' would never turn them down**



Push: stronger relationship with corporates

- Become short haul carrier of choice
- Multiple stakeholders:
  - Policy makers
  - Buyers
  - Bookers
  - Travellers
- Tailored messages through different media
- Clear targeting by market
- Range of products & channels to suit different needs

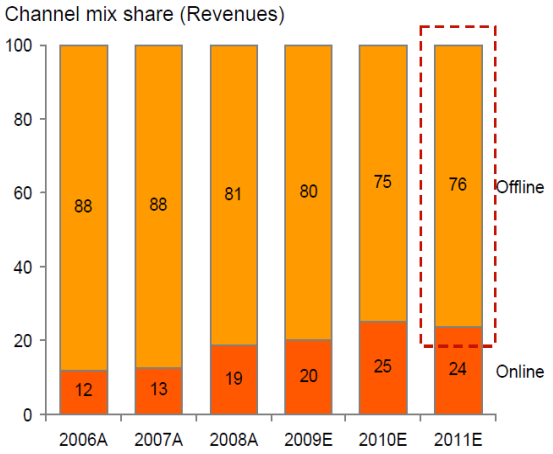


Driving the potential of indirect channels

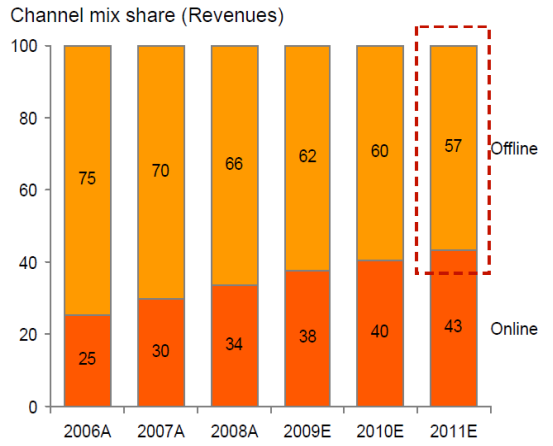
- Indirect channels drive margin for eJ (volume for legacies)
- Costs recovered through POS
- eJ.com always cheapest
- Better terms with the GDSs:
  - greater commercial freedom
  - improved technical performance



Business travellers



Leisure travellers



Source: PhocusWright

Pull: Partnerships with TMCs

- Targeted incentives that drive incremental yield, not volume
- Standard approach, tailored by market
- Supplemented with limited number of pan-European deals
- Managed by local sales teams
- Supplements direct corporate partnerships
- Simplified back-office payment



Summary

- Leverage network strength
- Enhance the product
- Deliver through the right channels
- Partner with corporates, TMCs & distributors – on our terms
- Target advertising & promotion
- Don't break the model..... retain great value

Business sense, not business class



PANEL Q & A

europe by easyJet

Agenda

Time	Content	Who	Page
10:00	• Welcome and introduction	Carolyn McCall	3
10:20	• Capital Allocation • Introduction • Network development and optimisation • Fleet strategy • Panel Q&A	 Chris Kennedy Alan McIntyre Chris Essex	 8 16 32
11:40	• Customer • Marketing • Customer and revenue: focus on leisure • Business travel • Panel Q&A	 Peter Duffy Cath Lynn Andy Hodges	 44 63 70
12:40	~ Lunch ~ Stalls covering Regulation & Environment, Slots & Website and Apps	 Chris Gadsden Richard Matthew Richard Levin	
13:40	**• Costs** **• easyJet lean: maintaining our cost advantage** **• Delivering cost advantage through an efficient operation** **• Case study: Engineering & Maintenance cost performance** **• Panel Q&A**	 **Chris Kennedy** **Warwick Brady** **Ian Davies**	 86 95 107
14:40	• Bringing it all together • Case studies: Switzerland & France	 Thomas Haagensen Francois Bacchetta Steve Azevedo Taverney	 116 124 130
15:25	• Final Q&A, wrap up • Close	Carolyn McCall	138

COSTS

europe by easyJet

EASYJET LEAN: MAINTAINING OUR COST ADVANTAGE

Chris Kennedy
Chief Financial Officer

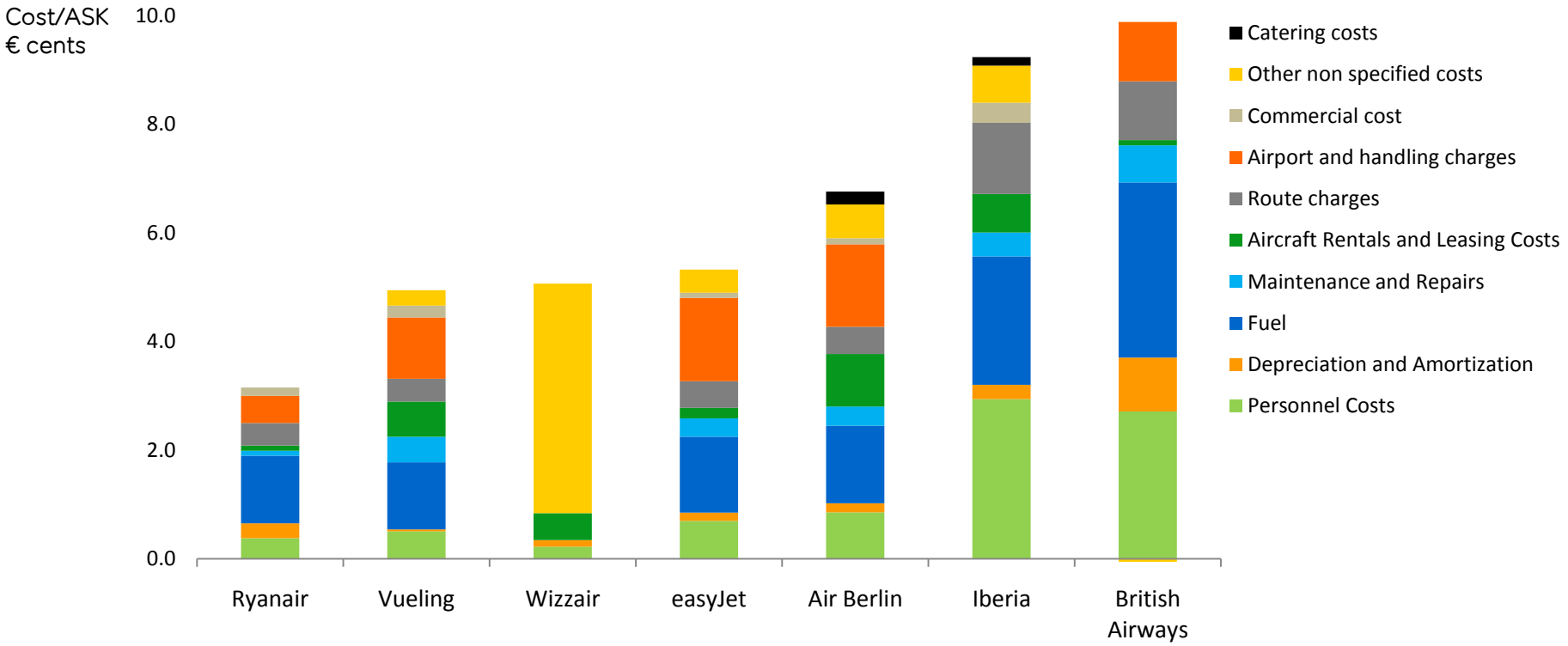
europe by easyJet

easyJet's low cost base a significant advantage

easyJet lean aims to protect and enhance this advantage

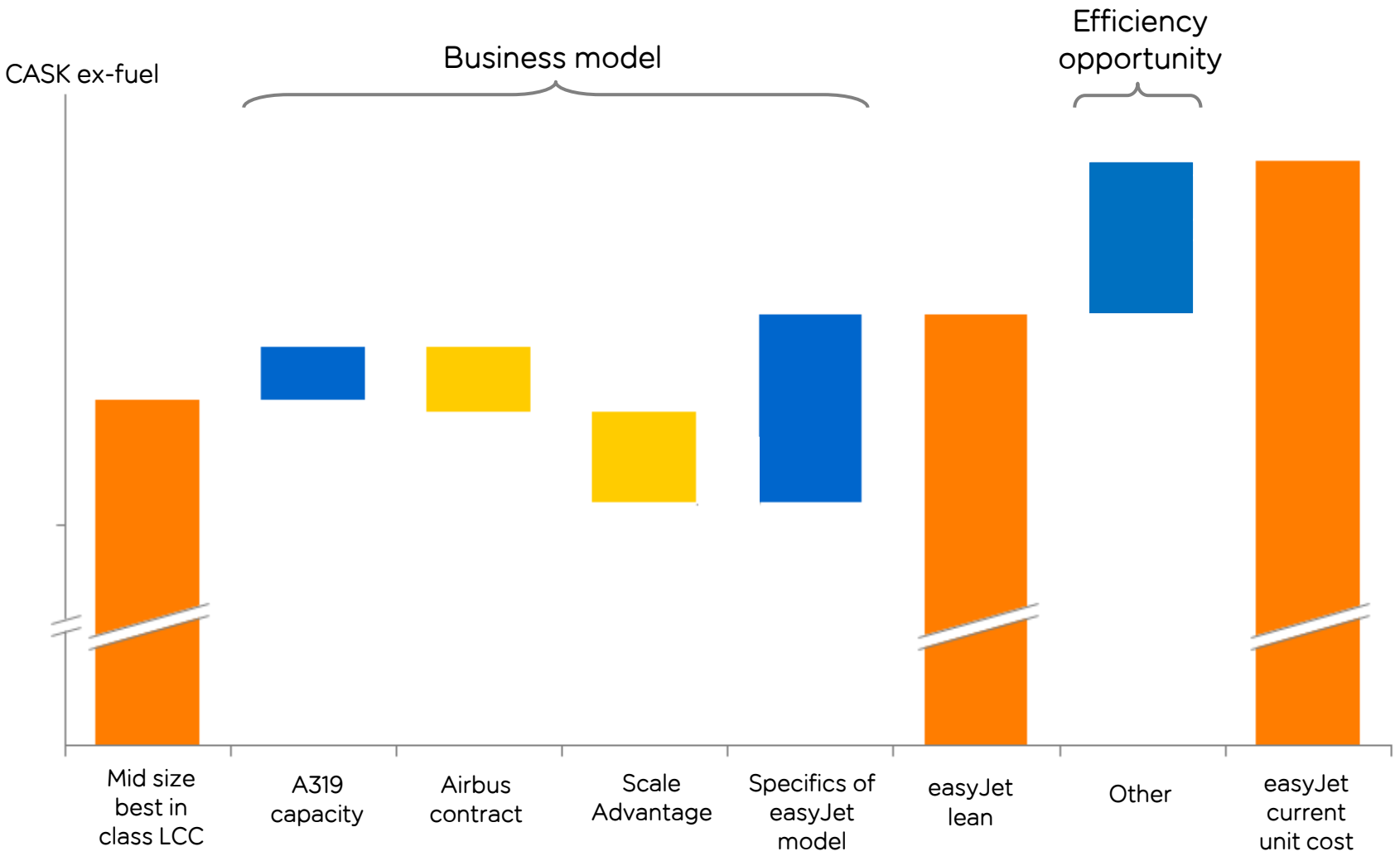
Key areas of focus:

- airports and ground handling
- crew



Source: 2010 anual reports except (Wizzair)
Wizz air source: Orbis database
Currency exchange: €1.00~$1.35~£0.82

easyJet lean targets supported by benchmarking

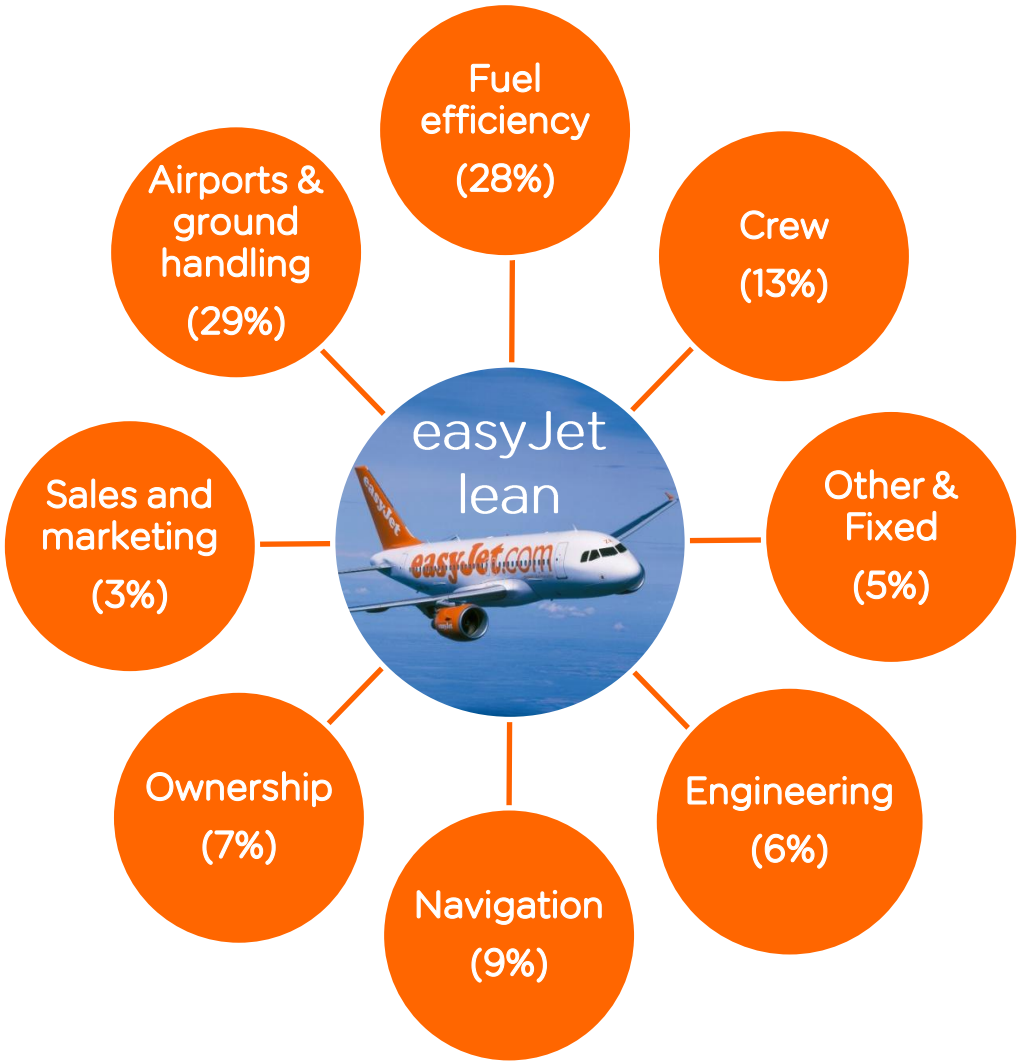


Inherent cost advantage in easyJet's model

Legacy A319	easyJet A319	easyJet A320
124 seats (source: Airbus)	156 seats	180 seats
70.1% load factor (source: AEA Europe figure Jan - Dec 2010)	87% load factor (2010)	87% load factor (2010)
84 passengers	136 passengers	156 passengers
Fewer passengers with higher costs	56% more passengers against legacy A319	15% more passengers against easyJet A319

easyJet lean – lowest cost for our network

- Programme with governance and milestones
- Aimed at both long term and short term
- Embedding a lean culture and continuous improvement
- Covers whole cost base
- Sustainable benefits, not one-off benefits



(%) percentage of overall cost base

Focus areas

- Airports and Ground Handling
  - Driving down margins
  - Working to develop a more appropriate and consumer friendly regulatory environment
  - Encouraging efficient airport capital expenditure
  - Encouraging pay per use charging structures
- Crew: increasing flexibility and robust management of the establishment
- Fleet: increasing mix of A320s in fleet to deliver reduced operating and capital cost per seat
- Fuel: FY11 £917m cost - small % savings can generate large cost reduction

easyJet lean governance and project plans

- Key easyJet lean statistics
- Programme Management Office to provide clear support and accountability
- Bimonthly AMB Programme Steering Group
- Eight main workstream programmes – bimonthly project boards
- Twenty five sub stream programmes
- Weekly and monthly financial performance tracking

Example of easyJet lean project tracking report

Project	PMO assessment of status	Agreed actions	Timeline status (weeks delayed)	Dec benefits status (£M variance)	YTD benefits status (£M variance)
P13—Engineering cost base to eJ Lean	Contract re-negotiation projects being run as BaU	Present detailed block maintenance business		x	+x.x
	Escalated e-checks implemented				
	Additional opportunity to extend to xxxhrs being explored				
	Budget revised and ~£x M gap to FY12 budget identified				
	Team working on additional initiatives				

On target to deliver £90m of savings in FY12

easyJet lean initiatives

- Minimising impact of controllable inflation
- Delivered £19m at the end of Q1
- 21% of FY12 target with plans fully developed to deliver full year

Engineering and Maintenance	FY12
Shop visit timing	In progress
Line maintenance contracts	Delivered
LLP pre-purchase	Delivered
Wheels & Brakes contract	Delivered
Crew	
FY12 pay deal	In progress
UK + Europe pilots	In progress
Establishment	In progress
Fuel	
Differential contracts	Delivered
Discretionary fuel	In progress
Delayed engine starts	Delivered
Weight reduction	Delivered
Airports & Ground Handling	
Leveraging growth at commercial airports	In progress
Regulatory	In progress
GH margins	In progress
Tourism funding	In progress
Contract compliance	In progress
Other / Fixed	In progress

Summary

- easyJet lean is fully embedded
- Programme plans are fully formed
- Clear targets and milestones have been set across the business
- FY12 is already delivering well and is set to meet plan of £90m

DELIVERING COST ADVANTAGE THROUGH AN EFFICIENT OPERATION

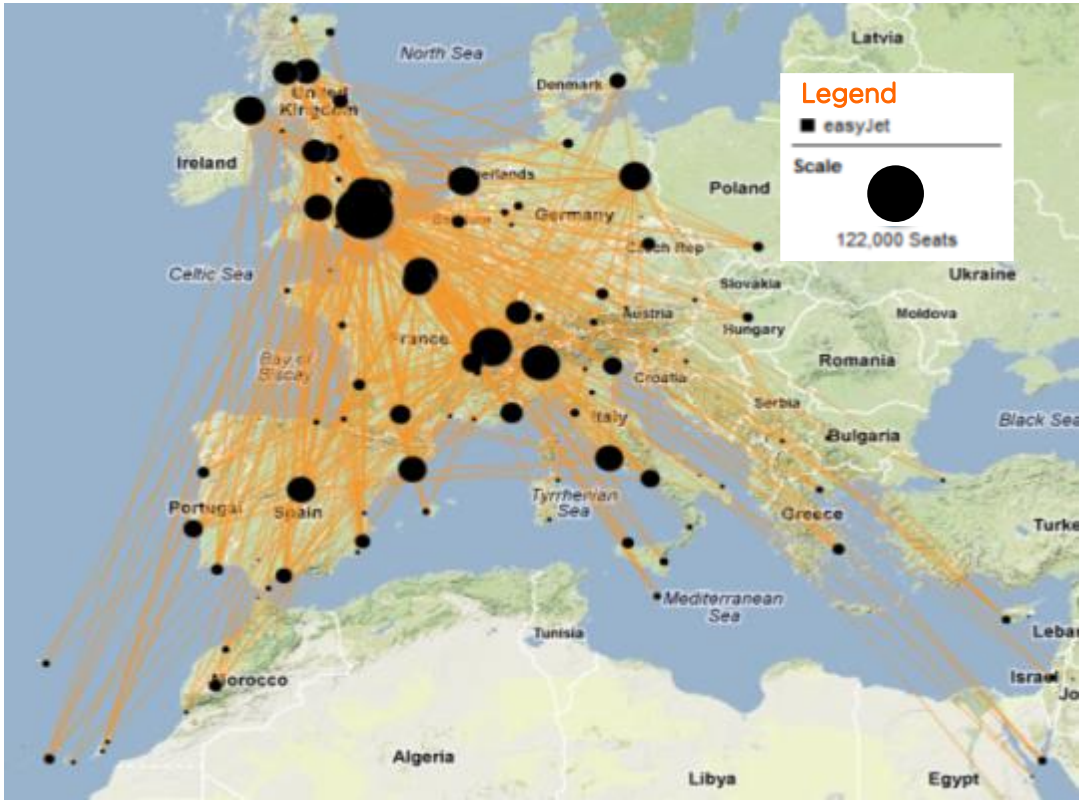
Warwick Brady
Chief Operations Officer

europe by easyJet

Operations at 49 of top 100 European airports

Turning Europe Orange

Our operation is large-scale and Pan-European



Source: Seabury Group

Flight Operations

- 1,900 Pilots

Cabin Services

- 4,300 Cabin Crew

Ground Operations

- 611 routes across 130 airports in 30 countries

Engineering & Maintenance

- 204 aircraft
- 5 maintenance bases,
- 22 line maintenance bases

Operations Control

- 23 aircraft/crew bases,
- c. 1,200 sectors/day

Efficient operation drives superior ROCE

Areas of focus

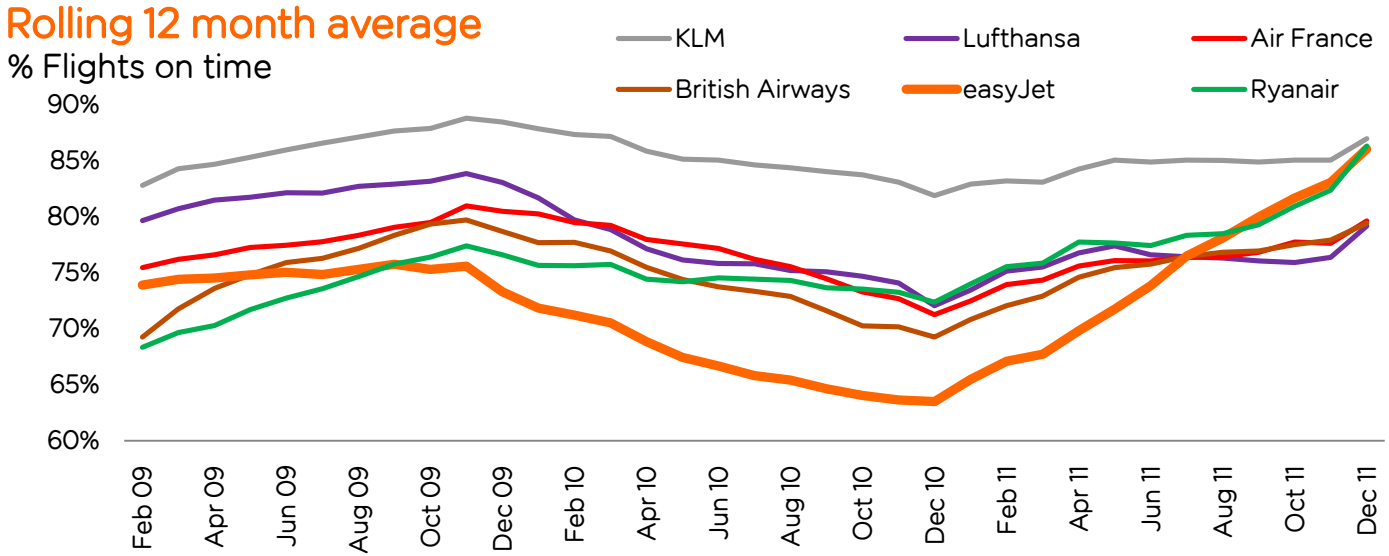
- Safety is our number one priority
- On time performance
- Smart cost management
- Simple schedule and operation
- Rigorous performance management
- Right people, right place
- Customer friendly
- Engaged team

Outcome: FY11 Operations KPIs

- On time performance up 13ppts
- Cost per seat (excl. fuel) down 1.6%
- Aircraft utilisation exemplary
- Turn compliance improving steadily
- Customer satisfaction up 6ppts

What gets measured gets done

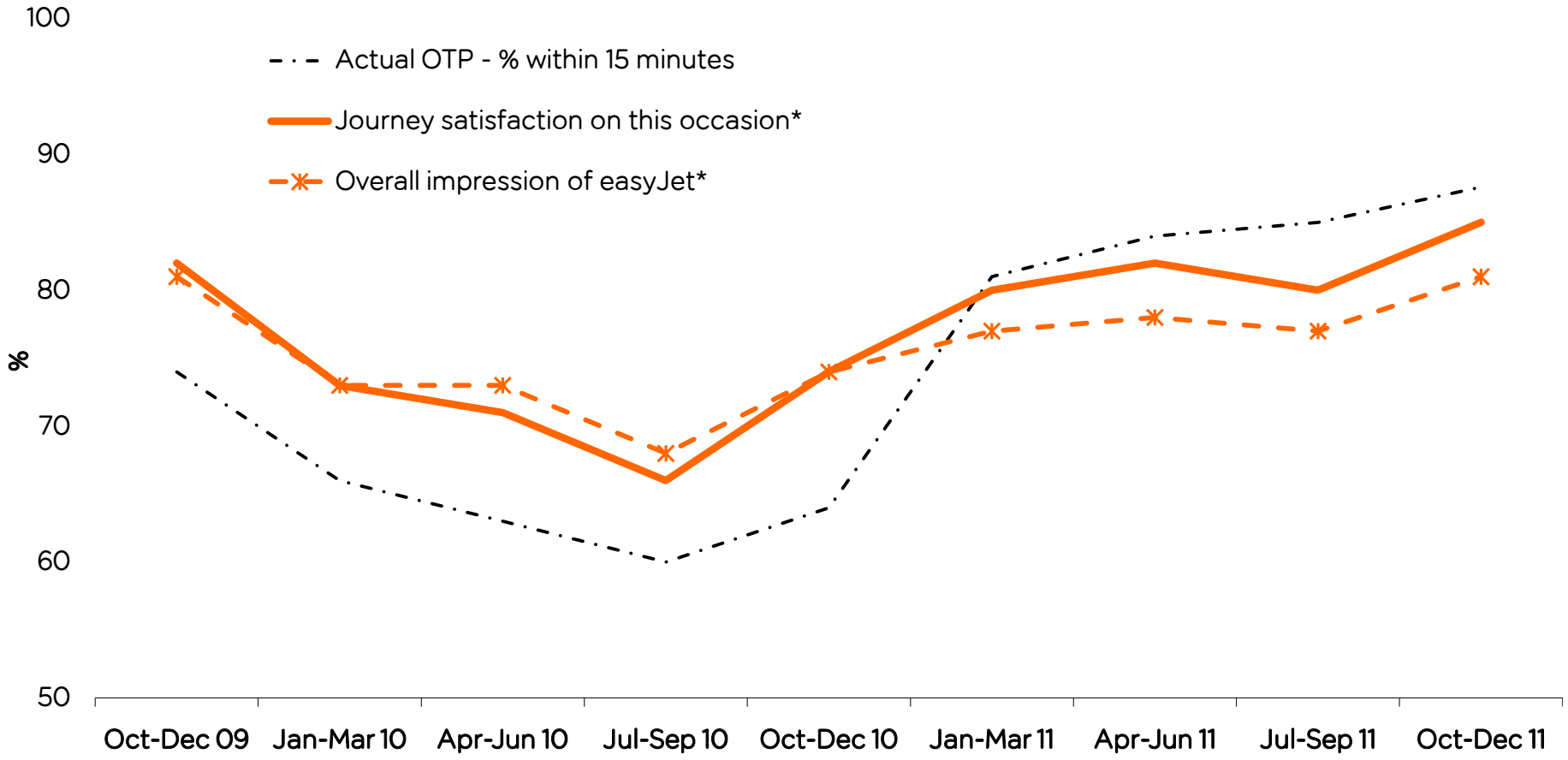
- 5 daily operations calls, (E&M, OCC, Ground Ops, IT, Executive) covering operational issues and successes
- Daily, weekly and monthly Operations reports
- Identifying trends, issues and problematic areas / bases
- Total clarity around financial objectives and KPIs



23ppts improvement in YoY rolling 12 month OTP scores

OTP integral to driving customer satisfaction

Improvement in OTP has helped push up customer satisfaction



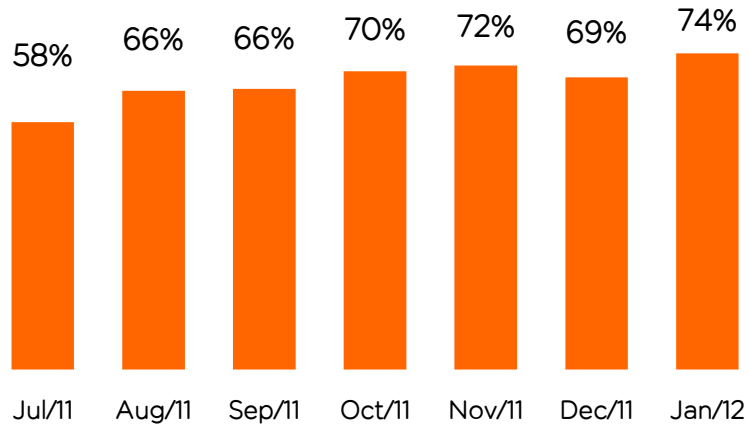
- Brand reputation takes longer to recover

* % completely / very / quite satisfied

Ground handling costs reducing

- Airports & Ground handling is 44% of cost base (excl. fuel costs)
- Costs down despite inflation (-0.5 FY09 to 5.2% FY11)
- Improved efficiency
- New world contract
- Focus on short shipped bags
- Increased internet check-in
- Allocated seating trial
- Simple baggage reconciliation systems
- Forced air de-icing & brushing
- Ensure the customer stays front of mind, every flight, every day

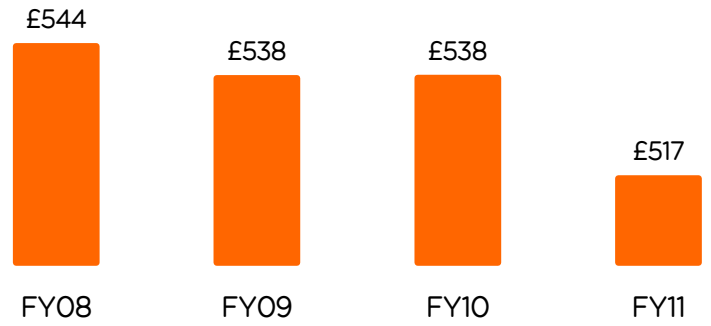
Turn time success



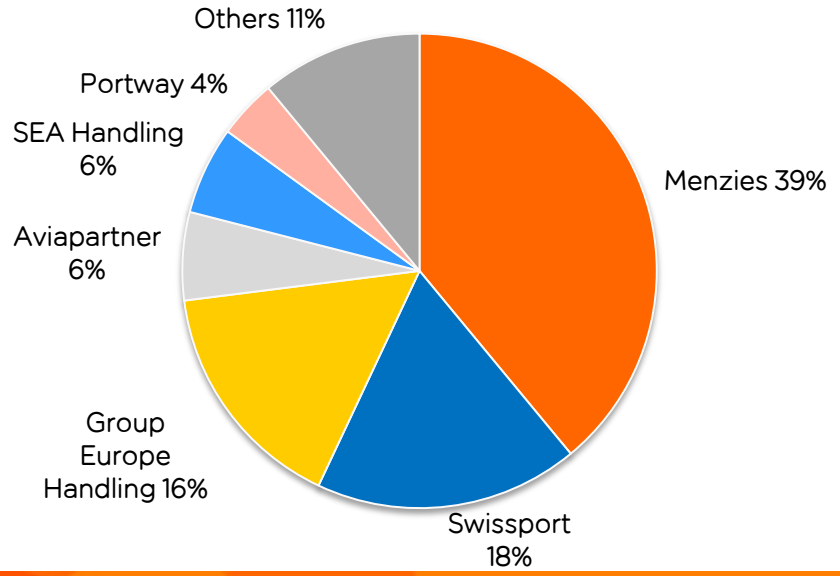
Driving ground handling efficiencies

- Strategy review
- Internal cost benchmarking
  - Identify opportunities
  - Support negotiations
  - Ensure robust plans developed for key negotiations
- Cost saving projects
  - Project Turnaround – define the ideal turn
  - Set up value engineering processes to drive out cost
  - 100% straight to security

Ground handling cost/turn



FY11 ground handling cost breakdown



Utilising technology to drive improvements

- Improve uptime and resilience of all systems
- Connecting crew
- Capturing and exploiting our operational data
- Drive down our fuel burn
- Safety net
- Analysis and optimisation technology
- Electronic flight bags (paperless, weight reduction)

Engineering & Maintenance cost per block hour





Sensible approach to crew costs

- Crew costs are 20% of cost base (excl. fuel)
- Recruiting a mix of experience levels in pilot community
- Improved flexibility
- Improved management of pay negotiations across business
- Competitive on cost
- Aim is to offer lifestyle choices - select between pay, time off or part time
- Reviewing regionalised pilot and cabin crew training

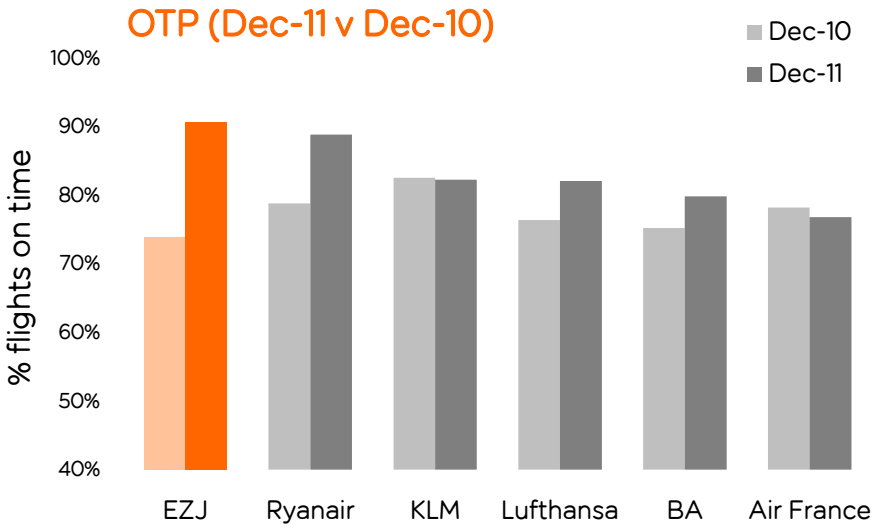


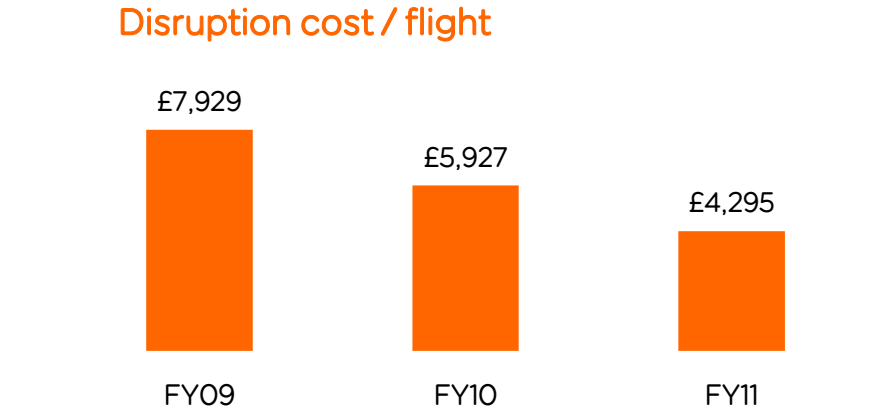


Operations control centre

Minimising risk, cost and impact of disruption

- Nerve centre of our day-to-day operations – drives our OTP
- Optimisation tools for network disruption management
- New Ops Control Centre
- Cost efficiencies in network operating costs and passenger disruption management
- Better platforms to communicate with the passengers
- Enhance communication with crew
- Disruption management has reduced our costs despite EU261





Range of fuel management initiatives

- One engine taxiing
- Delayed engine start
- Engine washing
- Fuel burn information shared with flight crew
- Review contingency fuel, taxi times
- Implementation of fuel burn analysis tools
- Investigating lightweight seats and trolleys
- Potable water policy

- Pilot engagement
- Continuous improvement together with manufacturers
- Cost management evident from flat cost rate FY09-11



Summary

- Strong improvement in operational performance over last 12 months
- Continued ability to deliver low cost & efficient operation in highly congested, high utilisation, slot constrained airports
- Pipeline of initiatives to deliver future ROCE
- Clear measurement framework in place to track performance

CASE STUDY: ENGINEERING & MAINTENANCE COST PERFORMANCE

Ian Davies

Head of Engineering & Maintenance

europe by easyJet

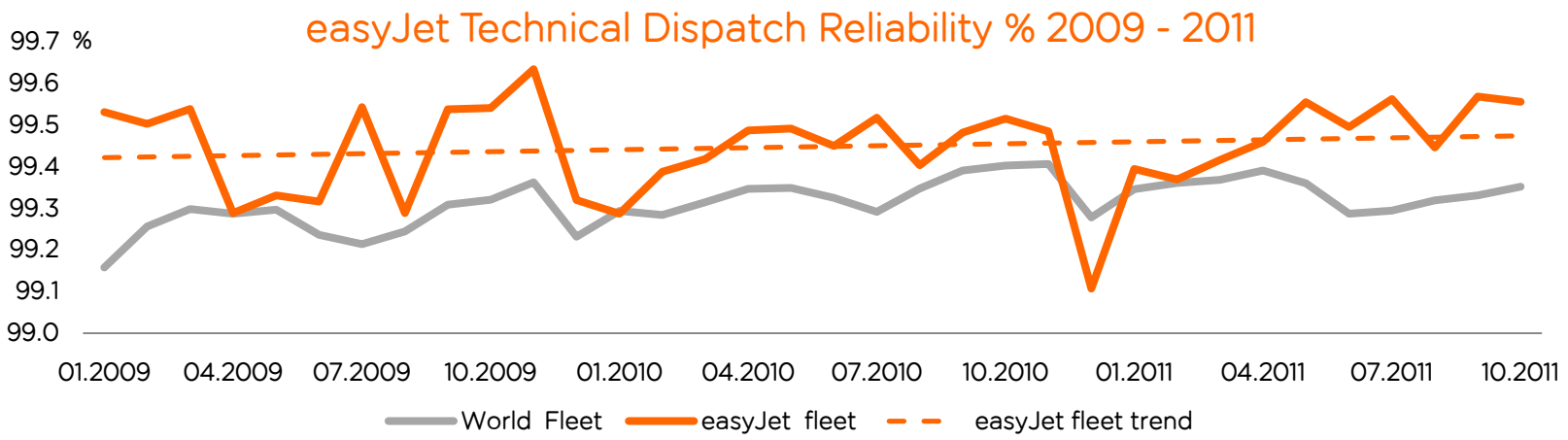
Engineering & Maintenance "Did we deliver?"

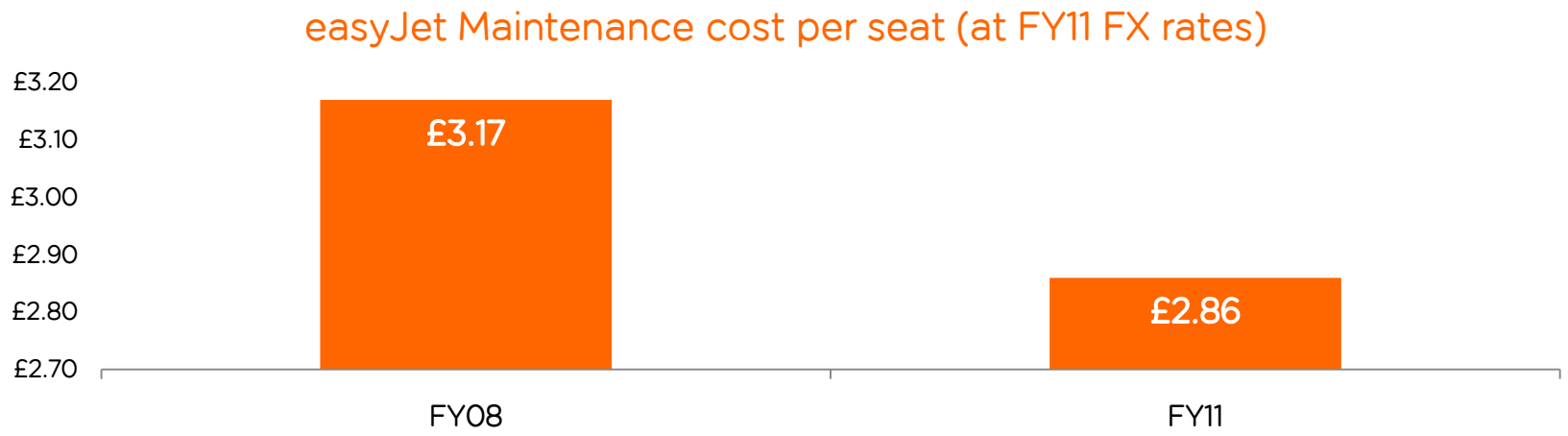
The promise in 2008 was...

- Highest standards of safety through SMS System
- High reliability of A319, A320 fleet & Boeing sub-fleet
- Continued focus on maintenance cost management
- Contract renegotiation using leveraged position
- In-source Fleet Technical Management to provide in-house maintenance support functions:
  - optimised maintenance cost
  - direct control over contract performance and SLAs
  - direct management of airworthiness certification
- £10m p.a. cost savings by FY11 (equates to £0.19 per seat)

Lowest cost of maintenance without compromising safety or operational performance

Maintaining reliability and reducing cost



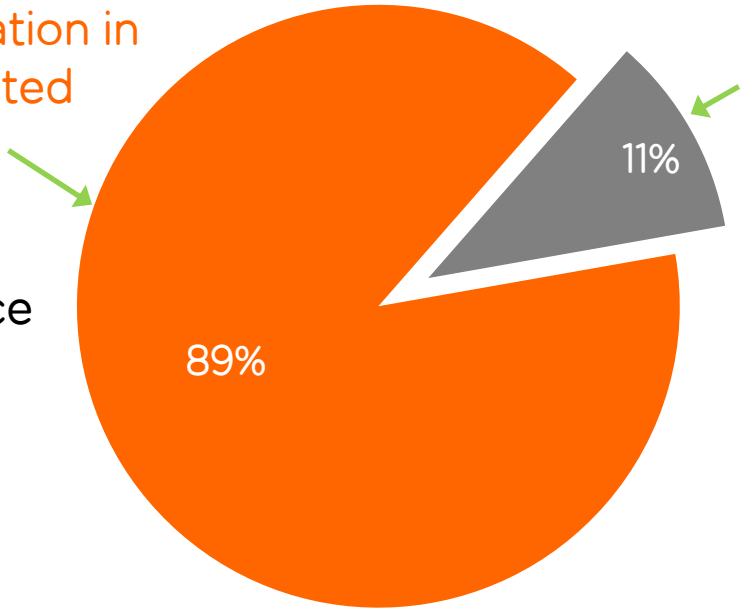


£0.31 per seat reduction from FY08 to FY11

Cost Distribution and Initiatives

Contract re-negotiation in progress or completed

- Reserves
- Components
- Line maintenance
- Consumables
- Logistics



Remaining cost base targeted for re-negotiation

- Wheels Brakes & Tyres
- Modifications
- Interiors
- Exteriors
- Line maintenance tenders

Key Initiatives have delivered annual savings of £26.5m

- SRT deal
- Tech services insourcing
- MOC insourcing
- Base maintenance

Did we deliver? Yes we did!

- Improved operational performance at lower cost
- Exceeded original CPS target by 63%
- Full control of maintenance services and activities
- In-sourced projects delivered on budget

Going forward…

- Engineering & Maintenance championing easyJet lean
- Training other areas in how to achieve effective change and cost savings
- One team dedicated to be the best

The future

- Operational restriction resolution with Airbus & vendors
- 2012 cost reductions remaining stations line maintenance
- Gatwick Maintenance Base Option in house
- Examine options for 2015 with SRT contract
- Spares and logistic control in-source
- No increase in overhead up to 250 aircraft to drive lower CPS
- Lean methodology at the core of all processes

The future is Lean and Kaizen in everything we do!

PANEL Q & A

europe by easyJet

Agenda

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14:40	**• Bringing it all together** **• Case studies: Switzerland & France**	**Thomas Haagensen** **Francois Bacchetta** **Steve Azevedo Taverney**	116 124 130
15:25	• Final Q&A, wrap up • Close	Carolyn McCall	138

BRINGING IT ALL TOGETHER

Case studies:
Switzerland and France

europe by easyJet

HOW WE SECURED A WINNING POSITION IN THE SWISS MARKET

Thomas Haagensen,
Country Director Switzerland & Germany

europe by easyJet

15 years in Switzerland

1997
Launch LON-GVA

1998
TEA acquisition in BSL

1999
From TEA to EZS, GVA based

2003
From B737 to A319

2005
BSL base opening



2012
2nd national airline

- 19 aircraft Switzerland (incl. 3 A320s)
- Number 1 in Geneva (35.8%) and Basel (47.6%)
- 7.8M passengers in 2011
- Positive customer perception vs. flag carriers
- One of our most profitable markets
- Strong in-flight through tailored ranges

55 routes from Geneva, 36 from Basel, 3 from Zurich

Swiss route network

GVA

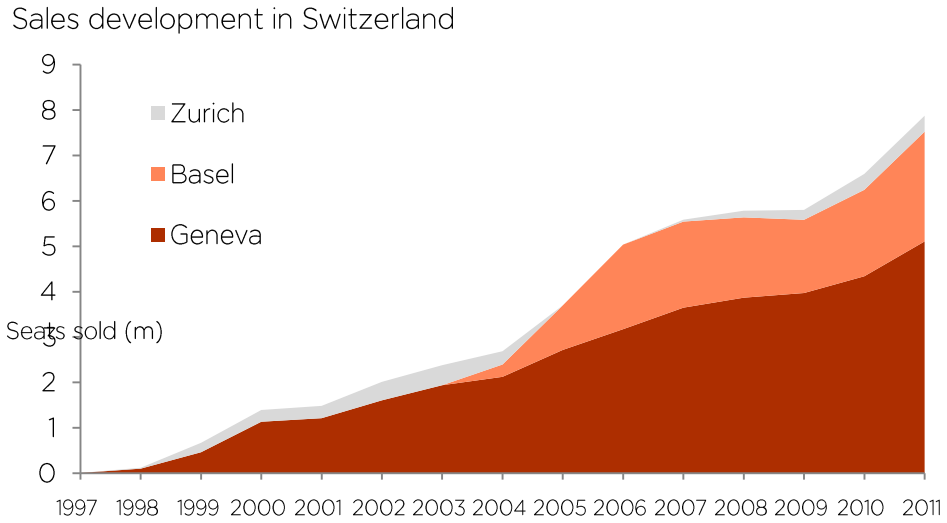


BSL

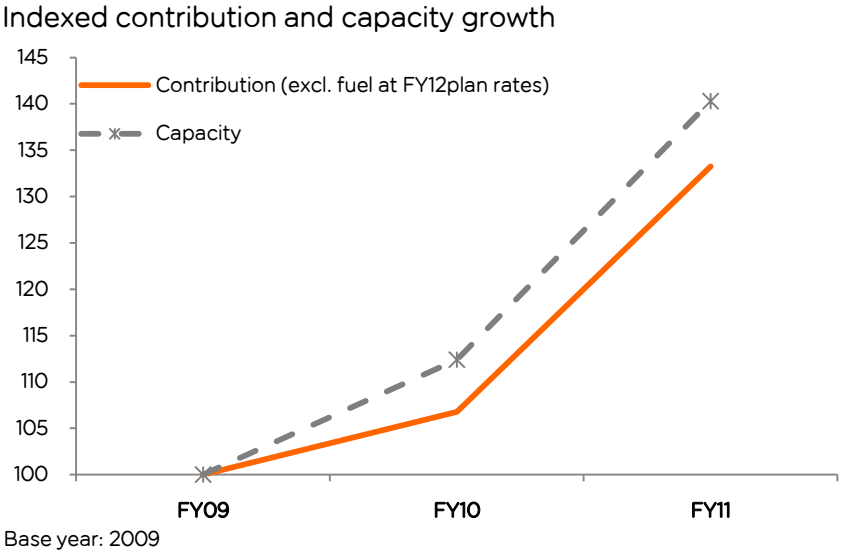


How we have achieved our winning position

Close to 8m passengers annually



Focus on profitable growth



- Costs – lowest unit costs in market
- Network – product segmentation ensures profitably
- Brand – high awareness, strong performance

Cost - LCC approach that delivers a quality product

- Ground handling
  - Initial self handling broke cartel
- Crewing
  - High flexibility
- Lower aircraft costs
  - Single type of aircraft concept
  - A320s mix enables short and mid-haul flights
  - High utilisation of each aircraft
- Operational efficiency
  - Short turn-around times
  - On time performance (85% in Q1)





Lowest costs in the Swiss market puts pressure on competition

Network - Successful regionalised approach

- Network mirrors the mobile, high earning, multinational customer base
  - French and German “domestics”
  - VFR routes to Italy, Kosovo, Portugal & Spain
  - Summer and Winter-sun leisure flights to counter seasonality
  - Business routes with high frequencies
- Can respond to market gaps and defend against 4 “domestic” competitors
- Utilising outbound as well as inbound potential through EU-network
- Swiss AOC enables network expansion beyond Europe

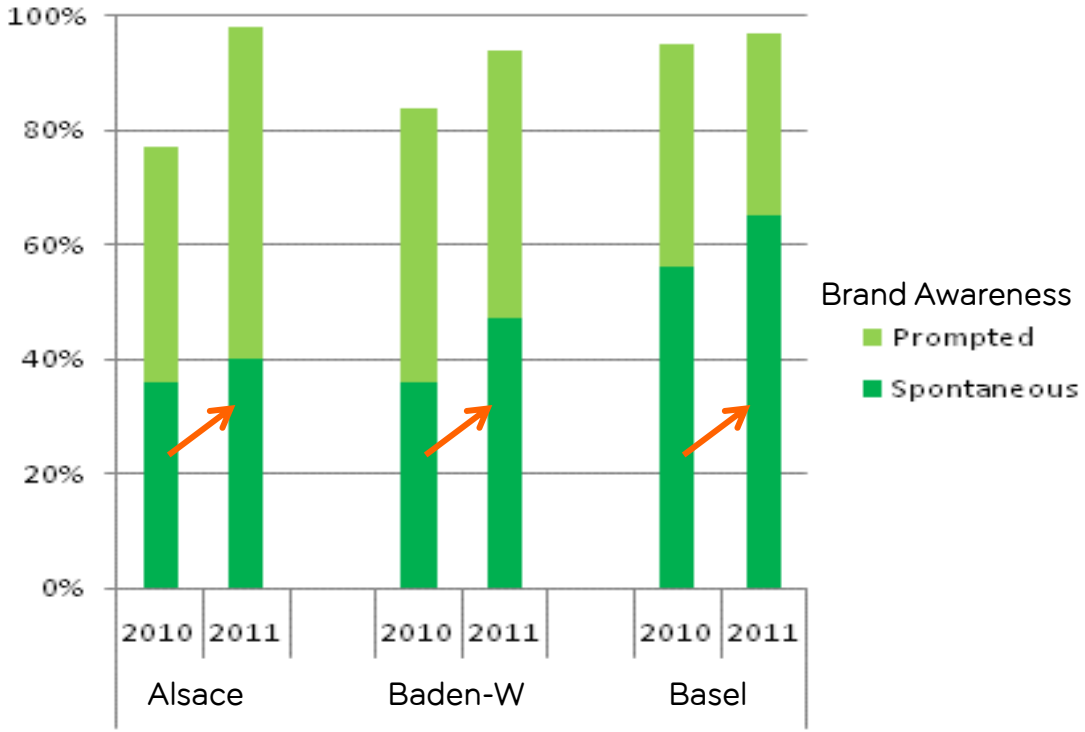


4 domestic competitors

Brand – strong recognition in Swiss market

Building on strong awareness and consideration in Switzerland

- Overall strong top of mind brand awareness (close to 100% including prompted)
- Fine tuning media mix to ensure continuous improvement in all regions
- Sales manager and business proposition



Brand - Continuing to grow and innovate





1997

Today

FRANCE'S LOW COST CARRIER

Francois Bacchetta, France Country Director

Steve Azevedo Taverney Taverney, Regional General Manager – Operations France

europe by easyJet

France: Land of opportunity!

Strong foundations

- Lowest cost operator at airports we operate from
- Low fare penetration in France is half of the EU average
- Average easyJet fare is 50% lower than Air France
- 2nd airline considered after Air France, before any other airline (source Gfk survey)
- easyJet is #2, and only alternative major player across the country, providing the only domestic network alternative (22 routes)
- 21% of our customers were business travellers in 2011
- Crew on local T&Cs - 800 employees in France
- Engagement – actively engage with government & regulators: our alternative views are welcome

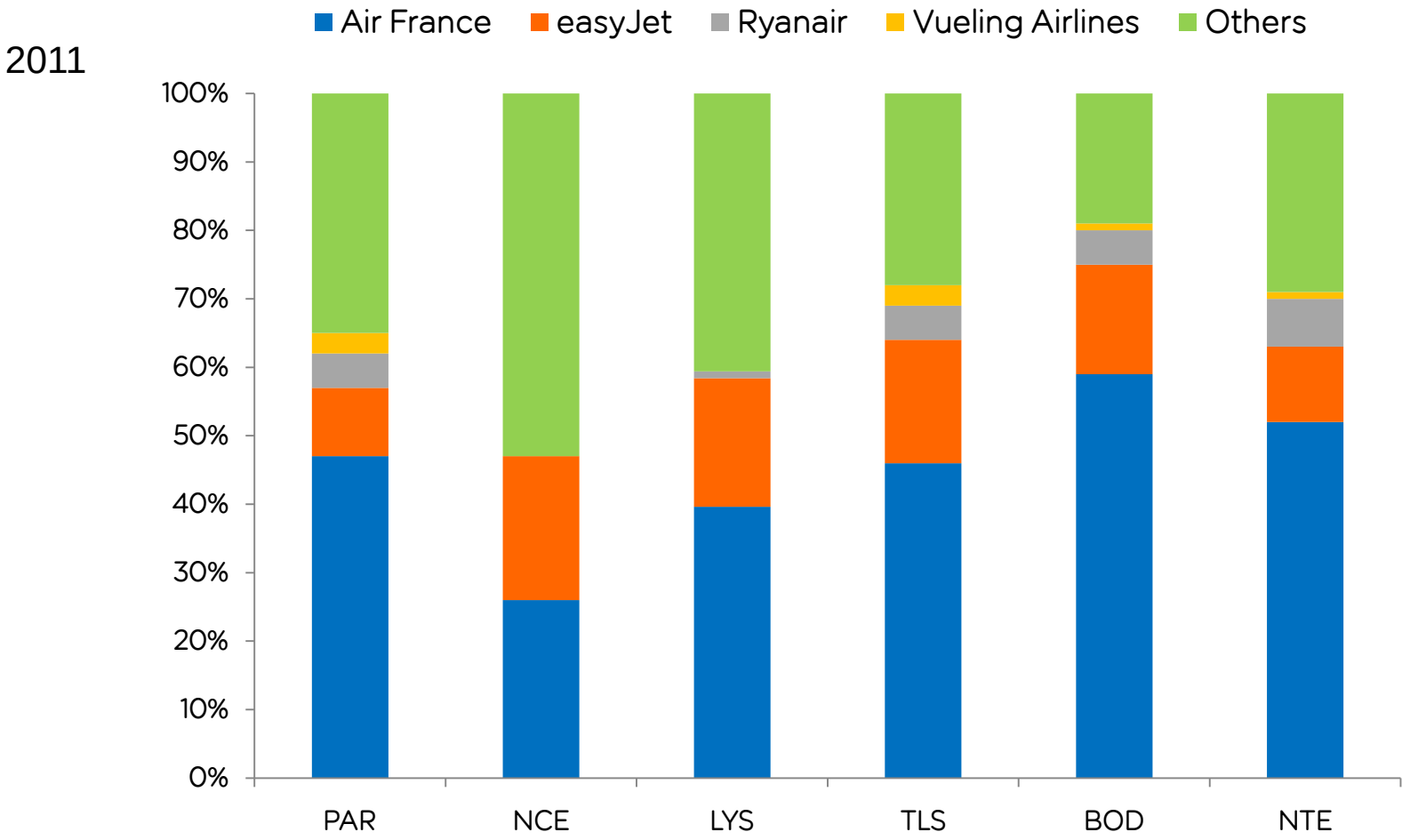
easyJet – "The alternative to Air France"

easyJet in France	2006	Now
Routes	53	157
Market share	5%	12%
Business travel	17%	21%
Routes with min. 2 dailies	6	17

- Steady profitable growth: traffic doubled since 2006
- Even growth across the country: number two in eight out of ten major French airports
- 12% market share overall, far ahead of followers

easyJet: only significant competitor to Air France

Major French markets



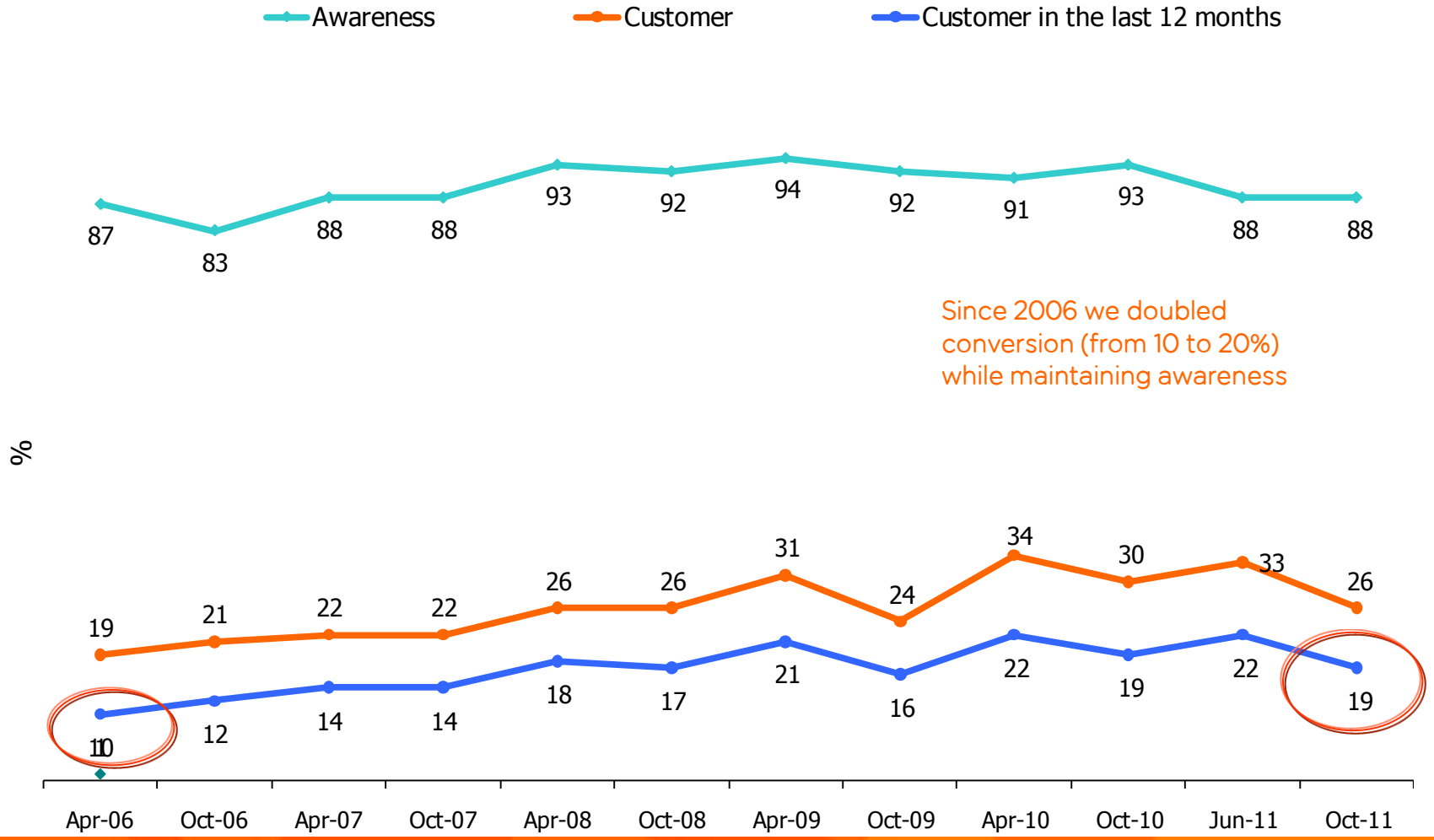
Source: OAG

We are number 2 in 8 out of 10 major French airports



In five years we have doubled customers

Since 2006 we have doubled conversion (from 10 to 20%) while maintaining awareness



WINNING IN PARIS

Steve Azevedo Taverney

Regional General Manager – Operations France

europe by easyJet

VIDEO:
EASYJET IN PARIS

LINK

europe by easyJet

Driving operational excellence in Paris

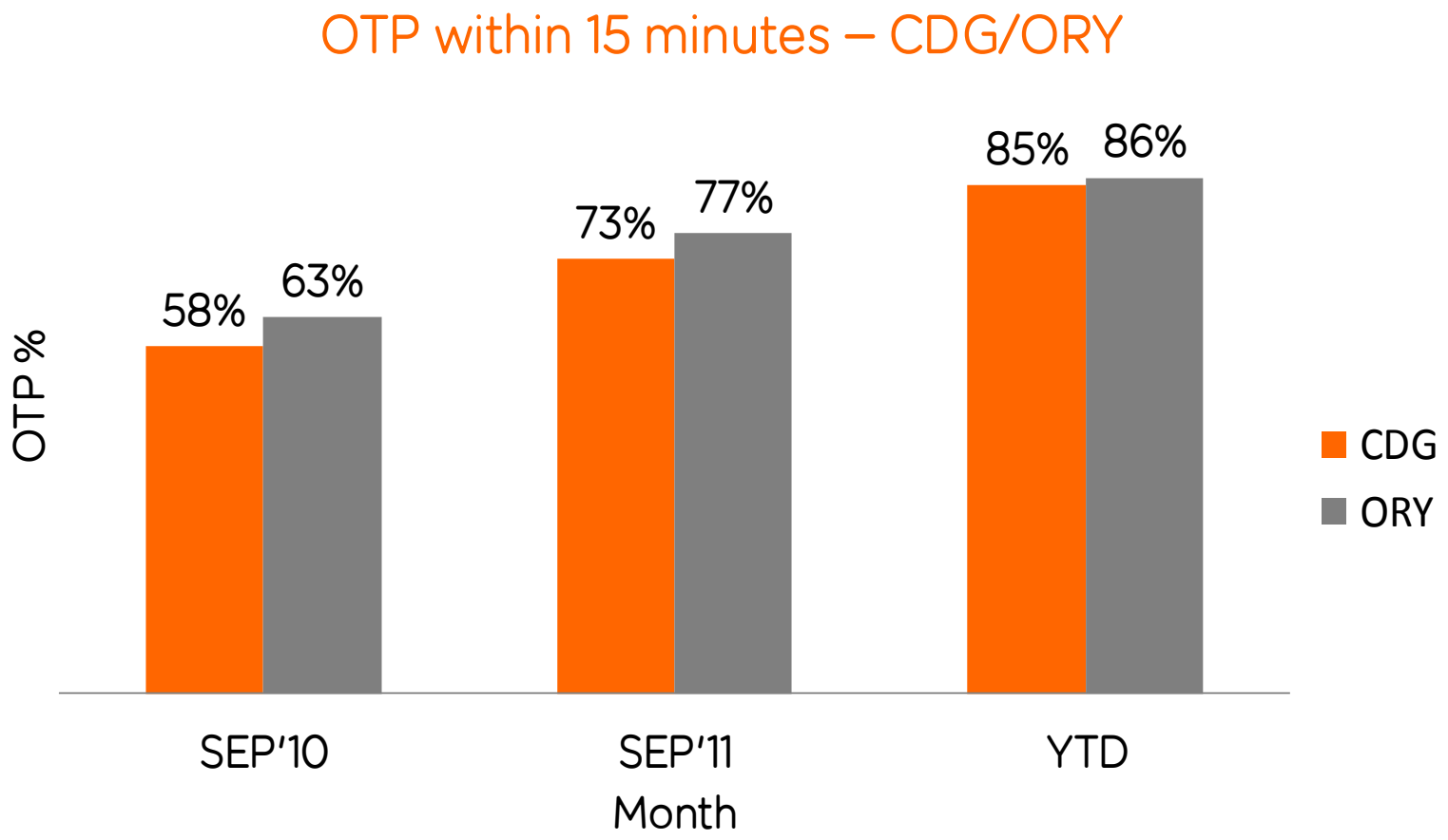
Operations in Paris – what we've done

- CDG/ORY - £3 million cost savings
- Move from Terminal 3 to 2B increased passenger numbers
- 4.8 million passengers (2010/2011)
- Using walk-in walk-out and steps (reducing air-bridges)

What we are going to do

- Full walk-in walk-out
- Move from Terminal 2B to 2D
- Create pre-boarding lounges

Improving customer experience



Summary

- Good relationship with Aeroport de Paris (AdP)
- First airline for walk-in walk-out
- First airline for Fast Track Speedy Boarding
- easyJet branded and dedicated check in area
- easyJet logo on AdP signage
- Improving customer service
- Make the handler walk in customer shoes

FRANCE:
MAKING THE MOST OF THE OPPORTUNITY

europe by easyJet

Taking easyJet to the next level

- First ever **national TV campaign** broadcasted in January 2012 on main media e.g. TF1
- New growth opportunities in **Nice** and **Toulouse** as of March 2012
- **Paris** is our **2nd largest network point**, but we have **only 10% market share**
- Business travel: **sales force in place**
- **We win over competition:**
  - **Air France retrenching,** taking out capacity
  - **Transavia** struggling in Orly
  - **Vueling** stops head to head routes in Toulouse

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WRAP UP & CLOSE

Carolyn McCall

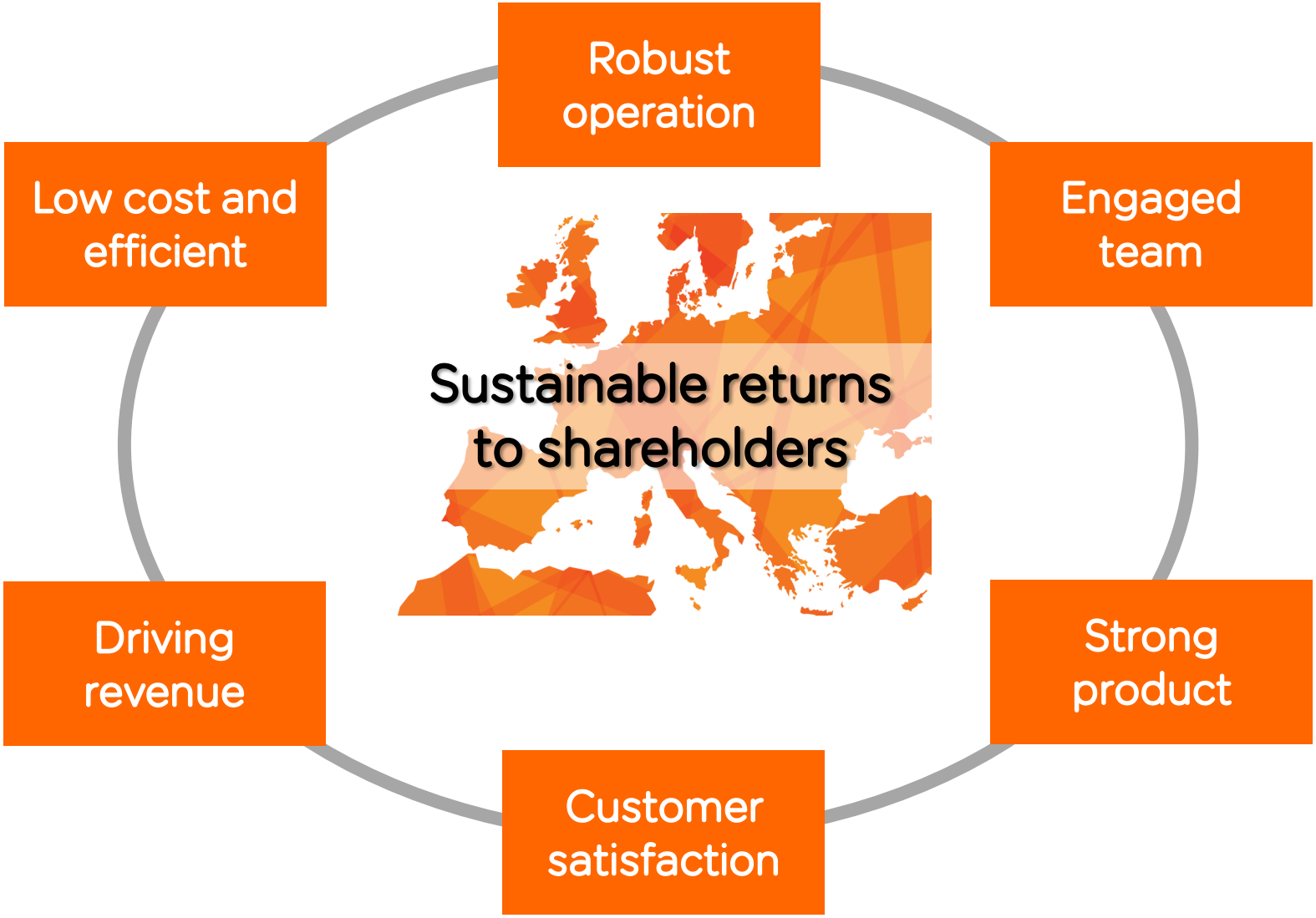
Chief Executive

europe by easyJet

Q & A

europe by easyJet

Conclusion


Robust operation
Engaged team
Strong product
Customer satisfaction
Driving revenue
Low cost and efficient
Sustainable returns to shareholders

PRESENTERS

europe by easyJet

Presenters

Carolyn McCall, OBE – Chief Executive

Carolyn McCall joined easyJet on 1 July 2010 as Chief executive. Carolyn previously was Chief Executive of Guardian Media Group plc. Carolyn was non-executive director of Lloyds TSB (from 2008–2009) and was a non-executive director of Tesco Plc (2005-2008), and of New Look plc (1999-2005). She was Chair of Opportunity Now and a former President of Women in Advertising and Communications London (WACL).

Carolyn was awarded the OBE for services to women in business in the Queen's Birthday Honours List in June 2008. In April 2008 she was named Veuve Clicquot Business Woman of the Year. She graduated from Kent University with a BA in History and Politics, and from London University with a Masters in Politics.

Chris Kennedy – Chief Financial Officer

Chris joined easyJet on 1 July 2010 in the position of Chief Financial Officer. Chris joined easyJet from EMI Music where he has had a successful career covering a range of international roles including Chief Financial Officer. Chris has considerable experience of working within a high profile international, fast changing consumer facing business, strong financial skills and a demonstrable track record of delivering operational improvement.

Alan McIntyre – Head of Network Development & Scheduling

Alan has been with easyJet since 2008 and is currently Head of Network Development & Scheduling. Prior to this he was with British Airways for seven years in marketing, sales, strategy and European Alliances Manager, three years at Singapore Airlines as Manager Worldwide Sales and Pricing and four years at GB Airways as Commercial Director.

Chris Essex – Head of Central & Fleet Procurement

Chris heads up Fleet and Central Procurement, having joined the airline in 2002 and has held a variety of roles in Strategy and Planning, Operations and Procurement. Prior to easyJet, he was at Air New Zealand for eight years where his last role was Vice President Fleet Strategy. Chris has also been responsible for easyJet's implementation of ETS. He was formerly the Chair of the European Low Fares Airline Association (ELFAA) Environmental Working Group and was a member of the European Commission's Aviation Working Group.

Presenters

Peter Duffy – Marketing Director

Peter joined easyJet in February 2011 as Marketing Director. He joined from Audi in the UK where he was Marketing Director and oversaw a period of rapid and profitable growth. Prior to that, Peter was Marketing Services Director at Barclays.

Cath Lynn – Customer & Revenue Director

Cath successfully carried out a number of senior management roles at easyJet including Head of Ground Operations, Head of Airport Development & Procurement and Head of Network Development before being appointed Customer and Revenue Director in April 2011.

Andy Hodges – Director of Sales, Distribution & Business

Andy has held a number of roles within easyJet during his six years in the business including Head of Commercial Finance and Planning. Previously he led many corporate transactions at British Airways as part of its corporate development team and spent the formative years of his career at Deloitte, first as an auditor and then within its Air Transport Consulting Practice.

Warwick Brady – Chief Operations Officer

Warwick joined easyJet on 5 May 2009 as Procurement Director, and later appointed Chief Operations Officer. Before joining easyJet, Warwick was Deputy Operations Director at Ryanair from 2002 to 2005, where he held various executive roles including Deputy CEO of Buzz, following its acquisition from KLM. He also spent two years as Chief Operations Officer of Air Deccan and was CEO at Mandala Airlines.

Ian Davies – Head of Engineering & Maintenance

Ian has been the Head of Engineering & Maintenance at easyJet for almost 4 years. Prior to this he was Director Of Engineering at bmi for seven years. He has over 35 years of experience in aviation of which 20 have been with long haul, short haul and commercial airlines.

Presenters

Thomas Haagensen – Country Director Switzerland & Germany

Thomas has been with easyJet since March 2008, based in Geneva. Prior to that he spent 12 years at Tetra Pak in various roles including production management, new business development, and marketing and sales responsibility for Lebanon and Syria.

Francois Bacchetta – Country Director France

Francois joined easyJet in May 2005. He started his career at L'Oréal where he held various marketing positions in France before leading the group's business development in emerging countries in Asia as Marketing Director Thailand, Country Director Indonesia and then Marketing Director for Eastern Europe back in Paris.

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