Q1 IMS ROADSHOW PRESENTATION

FEBRUARY 2013

europe by easyJet

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Q1 IMS

Progress against strategic objectives

1. Drive demand, conversion and yields across Europe

- Passenger numbers up by 6.2%
- Load factors increased by 1 percentage point
- Revenue per seat up by 8% (1)
- Operational roll-out of allocated seating successfully completed

2. Maintain cost advantage

- Cost per seat (excluding fuel) increase of less than 3%(1)
- easyJet Lean delivering sustainable savings

3. Build strong number 1 and 2 network positions

- Improving network returns
- New network points including Moscow, Luxembourg and Turin

4. Disciplined use of capital

- Sale and leaseback progressing

(1) At constant currency

Next Generation evaluation progressing well

Technical evaluation completed

- Clear cost advantage from moving to next generation and continuing to replace 156 seat aircraft with 180 seater aircraft

Commercial evaluation progressing well

- Engaging with Boeing, Airbus and Bombardier, Pratt and Whitney and CFM
- To achieve optimal commercial outcome, easyJet may convert 3 options from existing framework transaction to provide capacity for summer 2014

Proposal will be brought to shareholders to cover next generation and bridging period 2015 to 2017. The objective of any proposal will be to ensure that easyJet is able to:

1. Introduce more cost efficient 180 plus seater aircraft to replace the 156 seat A319s
2. Improve on its current cost advantage over competitors on its routes through the introduction of the next generation of more fuel efficient aircraft
3. Retain its leading market positions; as its existing fleet ages and older aircraft exit the fleet
4. Continue to benefit from the flexibility available in its fleet planning arrangement, ensuring that easyJet maintains the ability to phase timing of deliveries to reduce the risk of holding surplus capacity
5. Support the prudent planned capacity increases of 3-5%; in line with our current strategy of delivering sustainable growth and returns

Outlook

Capacity (seats flown)

- FY c.+3.5% (before disruption)
- H1 c.+3.5% (before disruption)

Revenue per seat (constant currency)

- H1 up 6-8% (assuming normal disruption levels)

Cost per seat ex fuel (constant currency)

- FY c.+3 to 4% (assuming normal disruption levels)
- H1 c.+3.5 to 4.5% (assuming normal disruption levels)

Headwinds:

- Unit fuel cost to be between £5 million to £25 million higher year on year (1)
- c.£35 million to £40 million adverse movement from foreign exchange rates (2)

First half result

- First half loss is expected to be between £50 million and £75 million loss (assuming normal disruption levels)

"Although the economic environment remains challenging, easyJet's strong customer proposition, combined with the actions that management is taking ensures that easyJet is well positioned going forward to deliver sustainable growth and returns."

(1) Assuming fuel remains between $1,000MT to $1,100/MT trading range
(2) based on spot rates:, US $ to £ sterling 1.58, euro to £ sterling 1.19 Jet cif $1,054 per metric tonnes as at noon on 23.1.13

STRATEGIC OVERVIEW

Strategic process

	2012				2013
	Pre - June	June	July	November	January -
Strategy	• Introduced tools to evaluate network ROCE and capital allocation • Reviewed network returns and decided to downsize Liverpool and close Madrid • Network effectiveness reviewed by 3rd party • Analysis of sources of easyJet's competitive advantage completed	• Board agreement to continue flexible growth of 3 – 5% per annum	• Decision to close Madrid announced	• Review of capital structure • Increase in ordinary dividend announced from 5x net income cover to 3x net income cover resulted in ordinary dividend increasing from 10.5p per share to 21.5p per share	
Fleet technical evaluation	• Suppliers visited • Key technical information and performance data collated • Maintenance cost data provided by suppliers	• Feedback on technical information, performance data and maintenance costs provided to suppliers	• Refinement of technical information, performance data and maintenance costs by suppliers	• Final technical data from suppliers • Final supplier queries addressed • Preparation of technical reports	• Technical reports and evaluation complete • Technical & performance guarantees being finalised
Fleet commercial evaluation	• Analysis of relative economics of new generation compared to existing fleet		• RFPs sent out to suppliers	• Commercial evaluation progressed	• Commercial evaluation is on-going

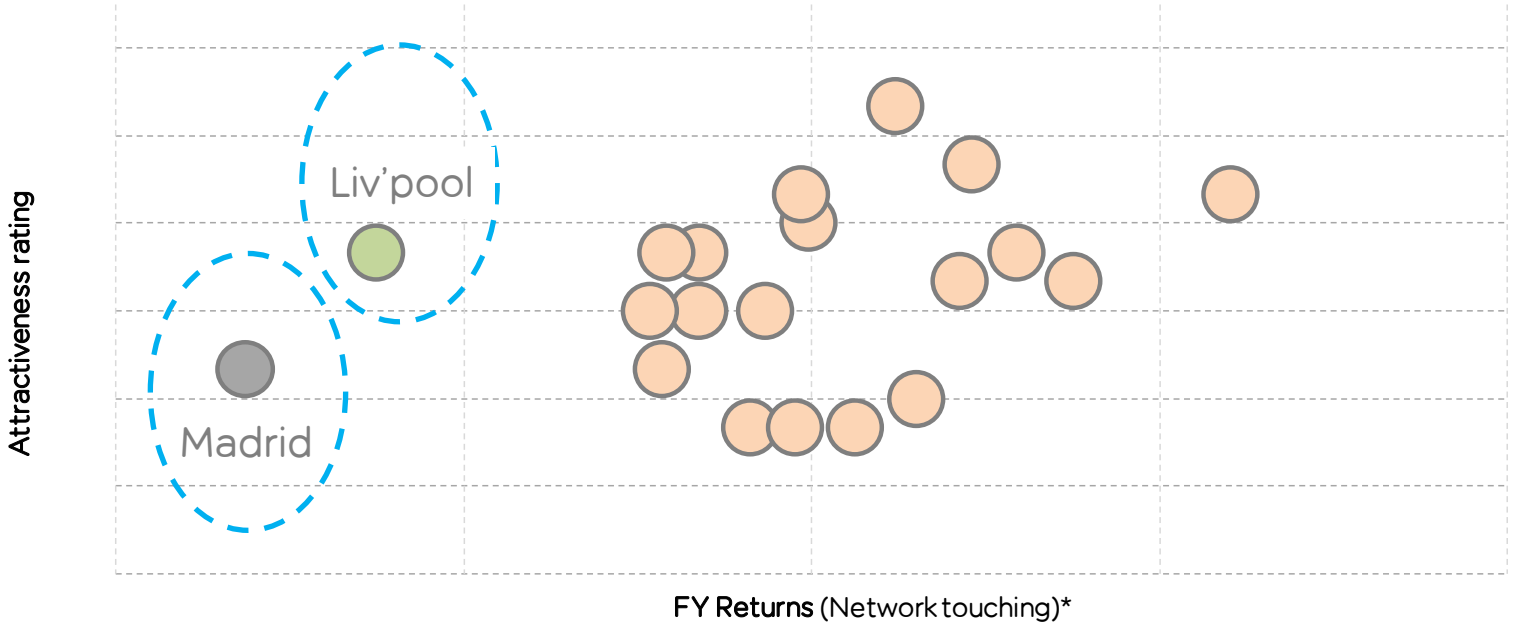
Maintain easyJet's sources of competitive advantage

easyJet is best placed to create value in European short-haul markets if it adheres to the following guiding principles:

- Be number 1 or 2 in the market with a significant market share
- Cost advantage against the competitor in a market
- High asset utilisation
- In addition, easyJet derives significant competitive advantages from:
  - low fares
  - brand
  - easyJet.com
  - overall financial strength

Investing in returns and growth

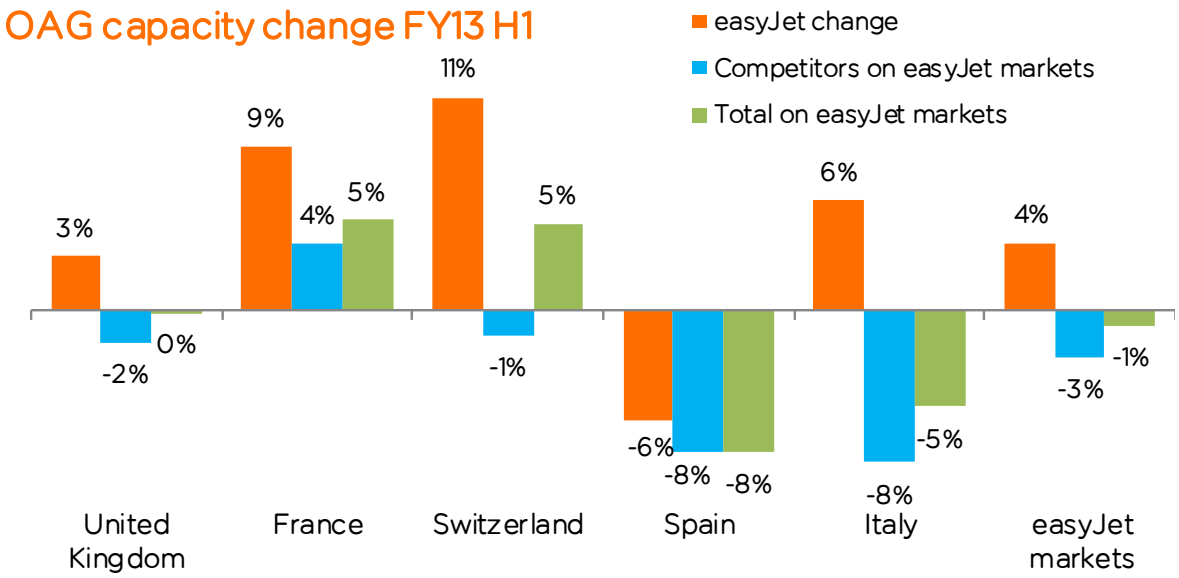
Relative attractiveness vs. returns of major network points



Framework for evaluating network

- Reallocated capacity to higher returns and growth opportunities e.g. France and Italy
- Network validated by leading aviation network consultancy
- Action taken to improve performance
  - Closure of Madrid base
  - 2 aircraft moved out of Liverpool

Structural change creating growth opportunities for easyJet



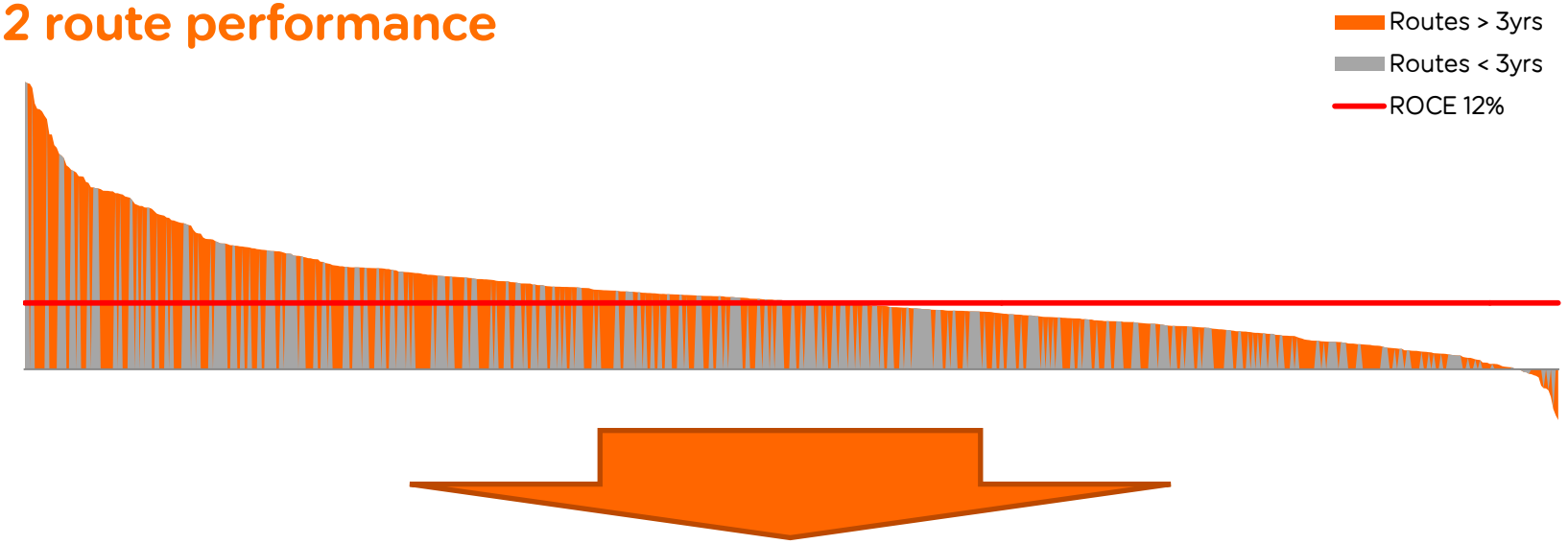
H1 capacity	YOY Chg Winter	Chg since Nov'12
Competitors on easyJet routes	-2.5%	*-0.7%*
easyJet	+3.6%	*No chg*
Market on easyJet routes	-0.8%	*No chg*
Competitors in total SH market	-4.5%	*-0.5%*

- Further competitor retrenchment in UK, Spain, Germany and Italy
- France: weak incumbent presents opportunities for easyJet to grow
- Switzerland: building presence in Geneva and Basel
- easyJet delivering strong yield performance with revenue per seat at constant currency up 8% in the 3 months to 31 December 2012

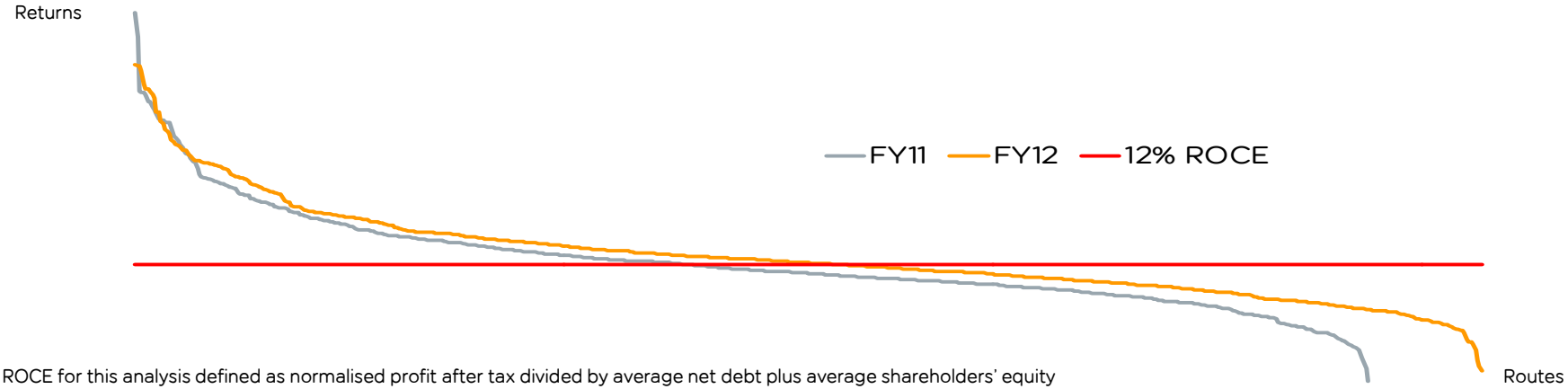
1) Source: OAG. 6 months to end of March'13 as per OAG December 2012; RYA estimated as not currently updated in OAG; based on easyJet city pairs

Modest growth consistent with increasing returns

FY12 route performance



Improved returns year on year



ROCE for this analysis defined as normalised profit after tax divided by average net debt plus average shareholders' equity

FLEET ORDER OBJECTIVES

easyJet's fleet strategy

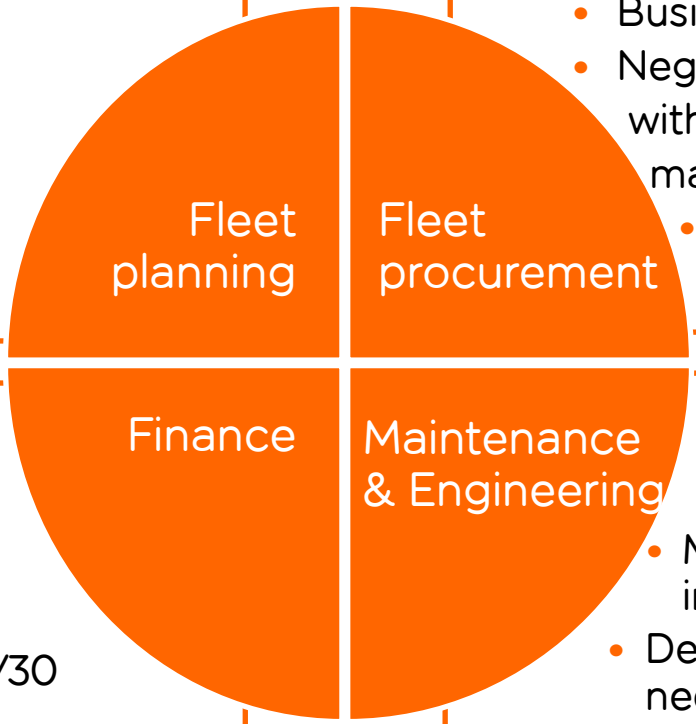
Integrated approach required to deliver lowest fleet cost across the lifecycle

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

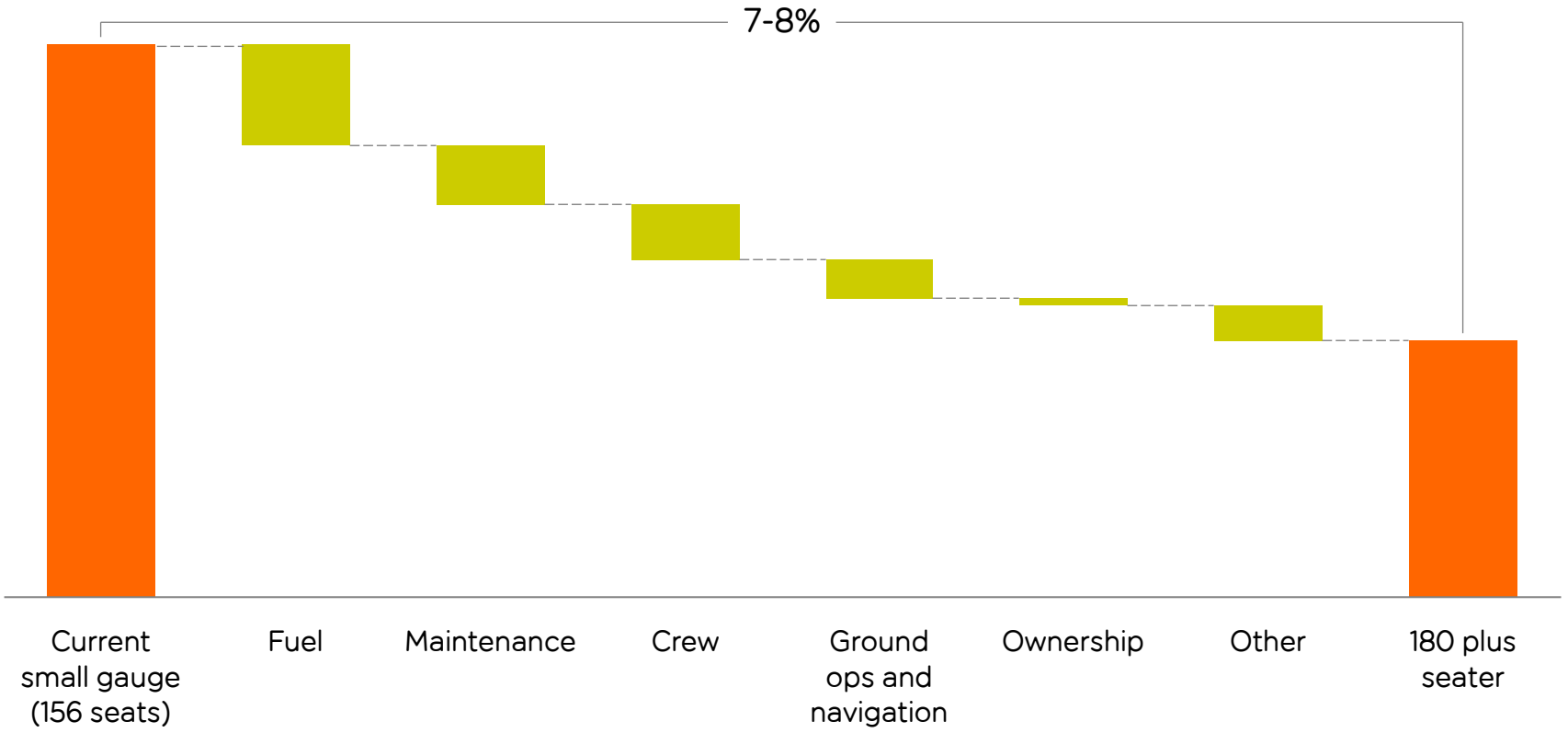
Fleet order objectives

The objective of any new fleet order will be to ensure that easyJet is able to:

1. Introduce more cost efficient 180 plus seater aircraft to replace the 156 seat A319s
2. Improve on its current cost advantage over competitors on its routes through the introduction of the next generation of more fuel efficient aircraft
3. Retain its leading market positions; as its existing fleet ages and older aircraft exit the fleet
4. Continue to benefit from the flexibility available in its fleet planning arrangement, ensuring that easyJet maintains the ability to phase timing of deliveries to reduce the risk of holding surplus capacity
5. Support the prudent planned capacity increases of 3-5%; in line with our current strategy of delivering sustainable growth and returns

Meaningful cost advantage

Move to '180 plus seater' aircraft enhances easyJet's cost per seat advantage

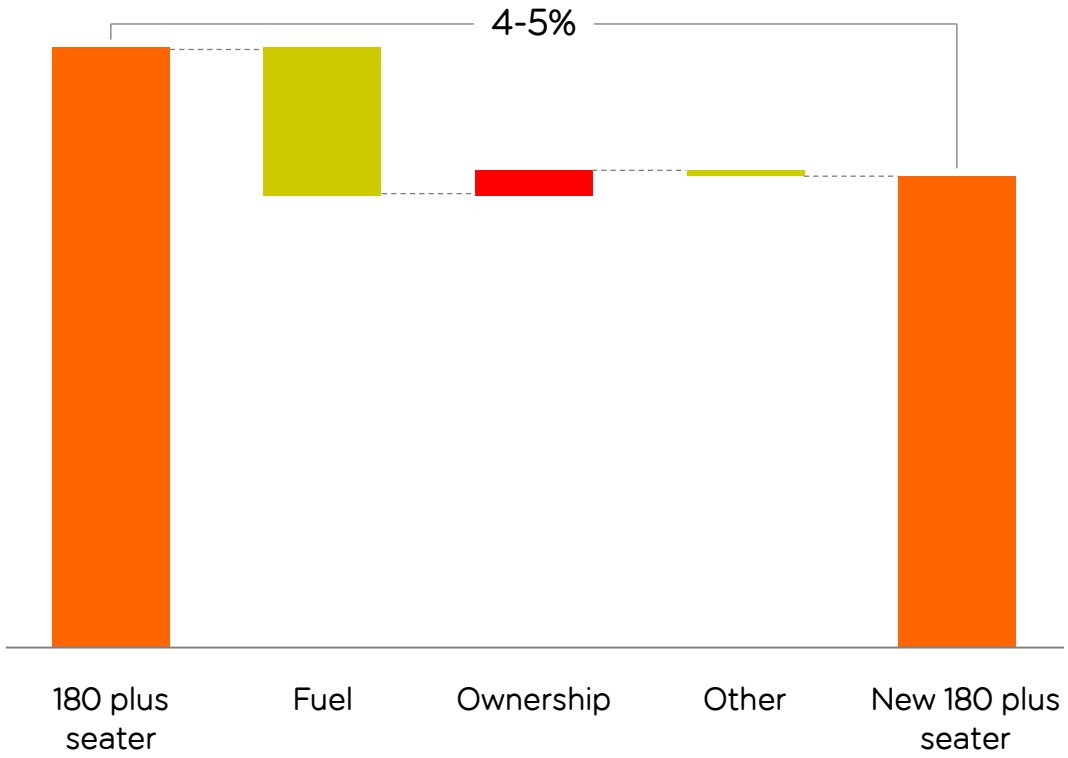


'180 plus seater' aircraft deliver meaningful cost advantage

Chart assumes fuel at $1,100/tonne

Introduce fuel efficient aircraft

Further move to new generation will allow easyJet to continue its cost advantage

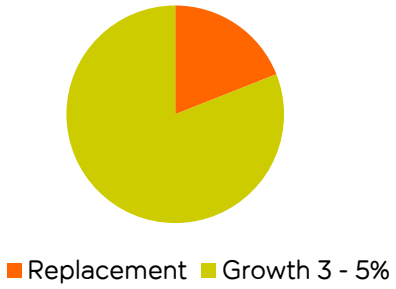


It is anticipated that from 2018 suppliers will only be producing new generation aircraft

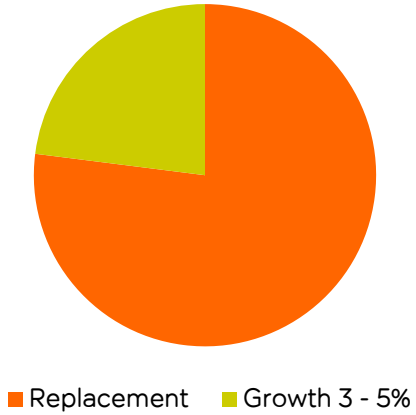
Chart assumes fuel at $1,100/tonne

Fleet replacement and growth

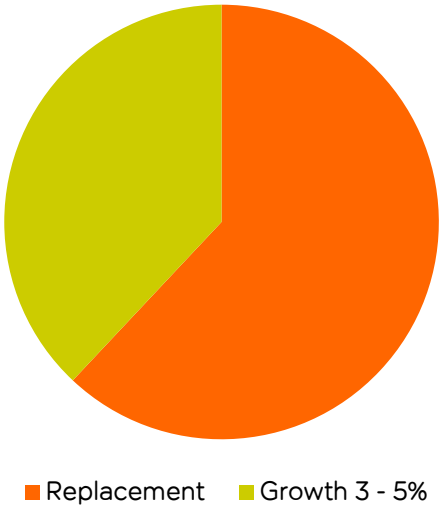
Bridge period 2015 – 2017



Next generation 2018 – 2022



Total 2015 -2022



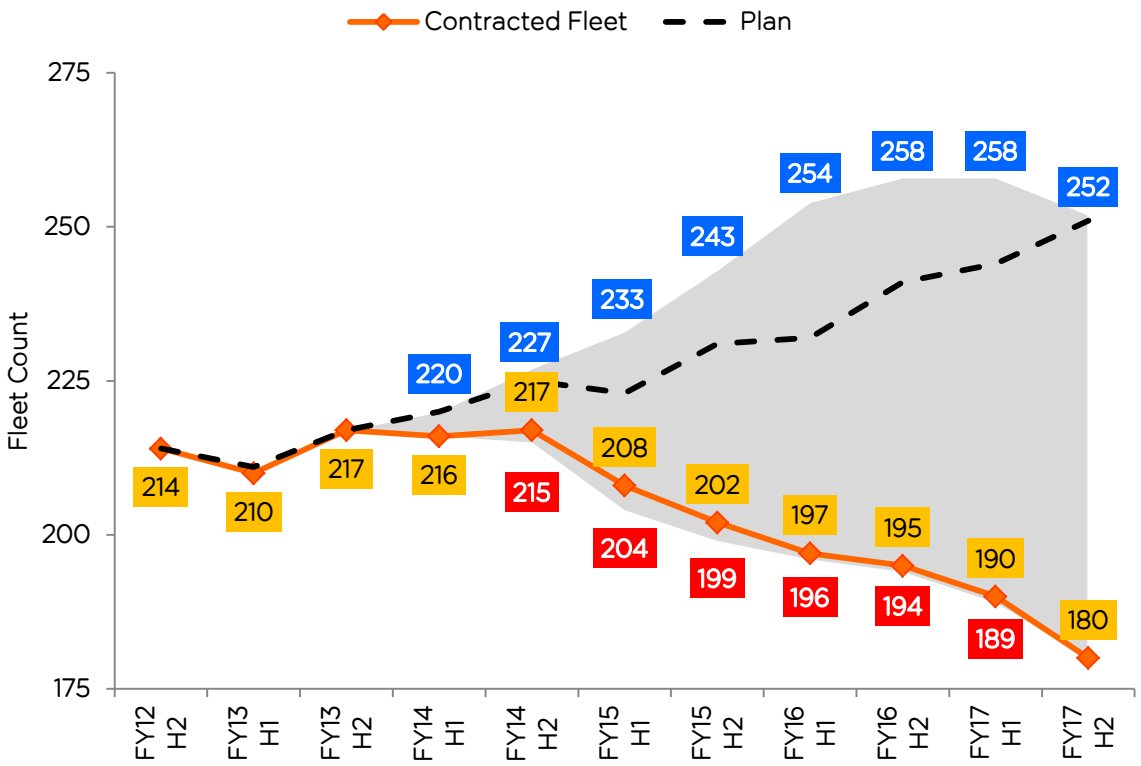
- Minimise expenditure in the bridge period on current generation aircraft in order to maximise cost benefit of new generation aircraft
- Replacement and growth assumptions reflect capacity growth of 3 – 5%

Majority of the new fleet order would be to replace aircraft exiting the fleet

Size of pie charts represent the number of aircraft delivered in each period

Flexibility in fleet plan

Current fleet flexibility



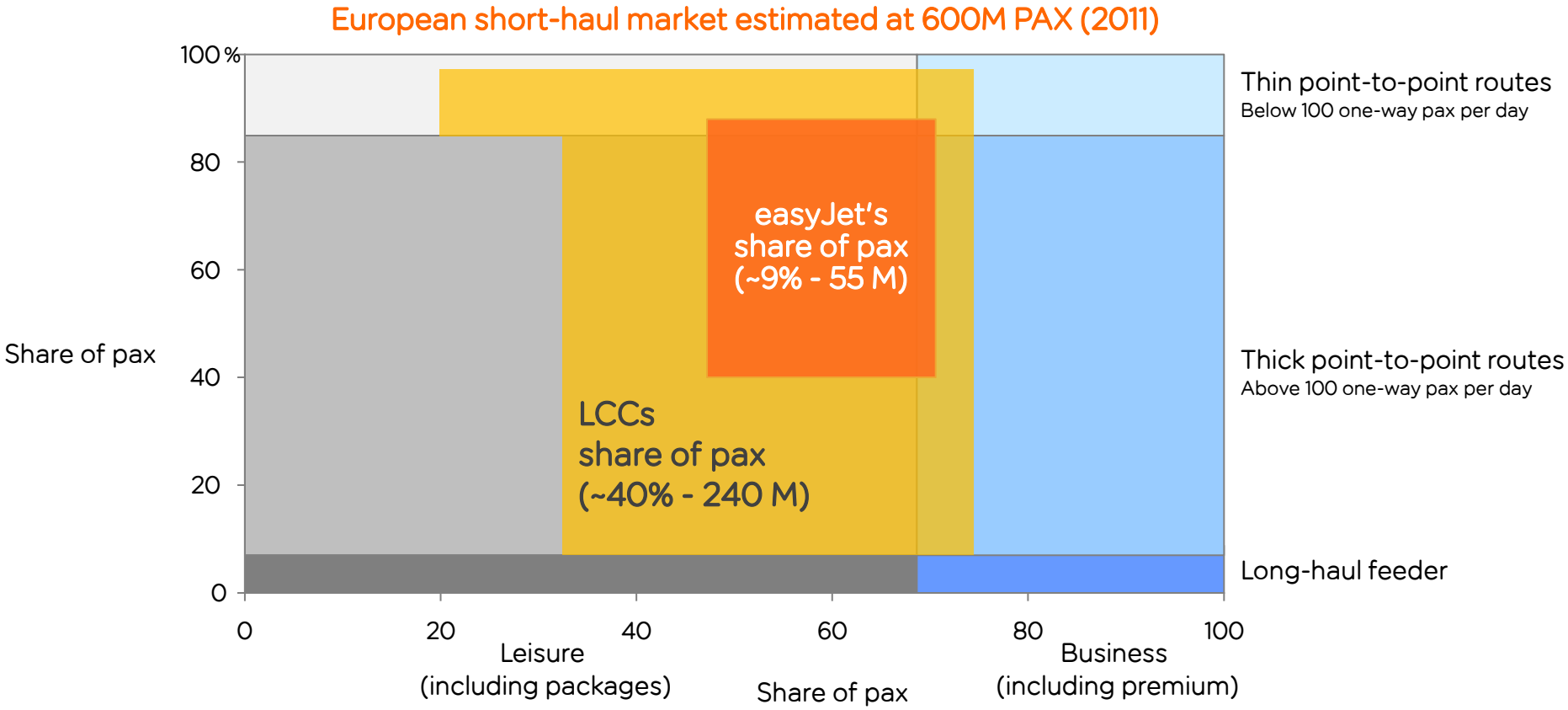
Maximum fleet - Lease extensions; options exercised
Minimum fleet - Early termination of leases; deferrals of existing orders

- Significant increase in age of fleet post 2018 without a new fleet order
- Key objective is to retain flexibility in new framework order

The addressable market for easyJet

High level overview of the European short haul market by pax numbers

(2011 estimated data)



easyJet carrying ~55 M pax in 2011 (Jan-Dec). Overall LCC figure estimated at 240 M pax (incl. easyJet)

Source: BCG, easyJet. Further details in Appendix on Page 25

Next steps



- Complete commercial evaluation
- Best and Final offers
- Determine whether / size of new generation fleet order
- Select supplier
- Fleet order announced
- Circular sent to shareholders
- General meeting to approve transaction

Fleet order is focused on cost saving and replacement while allowing but not obliging growth

Conclusion

- easyJet intends to generate returns in excess of the cost of capital
- easyJet intends to fund replacement, growth and maintenance capital expenditure and returns to shareholders from the cash generated by operations
- A framework order on the right terms would enable easyJet to maintain its cost advantage, provide flexibility to manage capacity and take advantage of profitable growth

APPENDIX

Fleet order is consistent with financial objectives

	Objectives	Measures	Progress
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*	✓ PBT improved by 84p to £4.81 ✓ ROCE of 14.5%(1) (11.3% on new basis)
Capital Structure & 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% • Minimum GBP 4m cash per aircraft	✓ Gearing 29% ✓ £4.1m cash per aircraft
Dividend Policy	• Target consistent and continuous payouts	• 5x cover, subject to meeting gearing and liquidity targets • Annual payment based on full year PAT; introduced for FY 11, payable 2012 • Consider returns over 5x cover to reduce excess capital	✓ Dividend: changed to 3x cover ✓ Increased dividend payment ✓ £150m special divi paid March 2012
Aircraft Ownership	• Maintain flexibility around fleet deployment and size	• Target of 70% owned aircraft, 30% leased aircraft	✓ 26% leased(2)
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	✓ In line with policy

Delivering on financial objectives

(1) ROCE shown on "old" basis – excluding capitalised leases
(2) Will be c.30% following conclusion of sale and leaseback

The addressable market for easyJet

Page 20 - Assumptions and methodology

- Number includes scheduled as well as charter passengers
- Total includes EU27 total traffic (domestic and intra EU 27), traffic to Norway, Switzerland, Russia, Morocco, Egypt, Tunisia and Turkey and the Norwegian and Swiss domestic markets
- Data excludes Turkish domestic market and flights between Europe, Middle East and former CIS countries

Source: OAG, ELFAA, Eurostat on European airport statistics; RDC; easyJet annual report; Ryanair, Norwegian, Vueling , Pegasus and Wizz traffic statistics; BCG analysis

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