BRINGING IT ALL TOGETHER IN THE MARKET

GATWICK SITE VISIT

23rd May 2013

europe by easyJet

Key messages

- Strong commercial and operational delivery is the key to the strategy
- Gatwick is an example of what is happening across the network everyday
- Robust operational processes have delivered cost agenda and customer proposition
- Customer focussed approach to product development

Standard processes, local knowledge and implementation

Visit Itinerary

09.00	Arrival and issue of passes
09.30	Welcome & presentations
11.00	Travel to security
11.30	Ramp & Airside Tour
13.00	Lunch
13.30	Close

WELCOME

Jason Holt

Head of Gatwick

europe by easyJet

Agenda

Introduction	**Jason Holt** Head of Gatwick
Operations at Gatwick	**Thomas Doogan** Regional general manager, Gatwick
Gatwick and the Q6 process	**Chris Gadsden** Head of regulation
Gatwick strategy	**Paul Simmons** UK Country director **Patrick Johnson** Senior UK Route Manager

101 routes from LGW

1997 Launch LON-GVA

2002 1st based LGW aircraft

2004 LGW 10th aircraft

2008 Acquisition of GB airways
20-34 aircraft overnight

2013 54 based aircraft



No.1 carrier in LGW

- 54 aircraft (incl. 20 A320s)
- No.1 in LGW (41% share)
- 14M passengers in 2012
- Positive customer perception vs. flag carriers
- Largest easyJet base

- 85M passengers to date
- 320 flights/day
- 45,000 passengers/day
- Over 2,200 Pilots and Crew

EASYJET OPERATIONS AT GATWICK

Thomas Doogan

europe by easyJet

Operations at Gatwick

Maintain cost advantage

- **On-time performance** – maintaining industry leading OTP at LGW
- **Ground handling relationships** –sub-contract ground services building tight relationships with suppliers
- **Airport charges** – working to evolve pricing structure: pay per use
- **Crew** – close liaison with crew management; review performance and build new initiatives.

Operational challenges

Cost advantage

- Busiest single runway airport in the world
- Full slot utilisation up until lunch time
- More ground delays at peak than Heathrow
- Badly designed – typical BAA ‘add-on’ architecture
- On-going programme of refurbishment
- easyJet is spread across both terminals and all 6 piers

Operational Challenges: complex infrastructure

Cost advantage



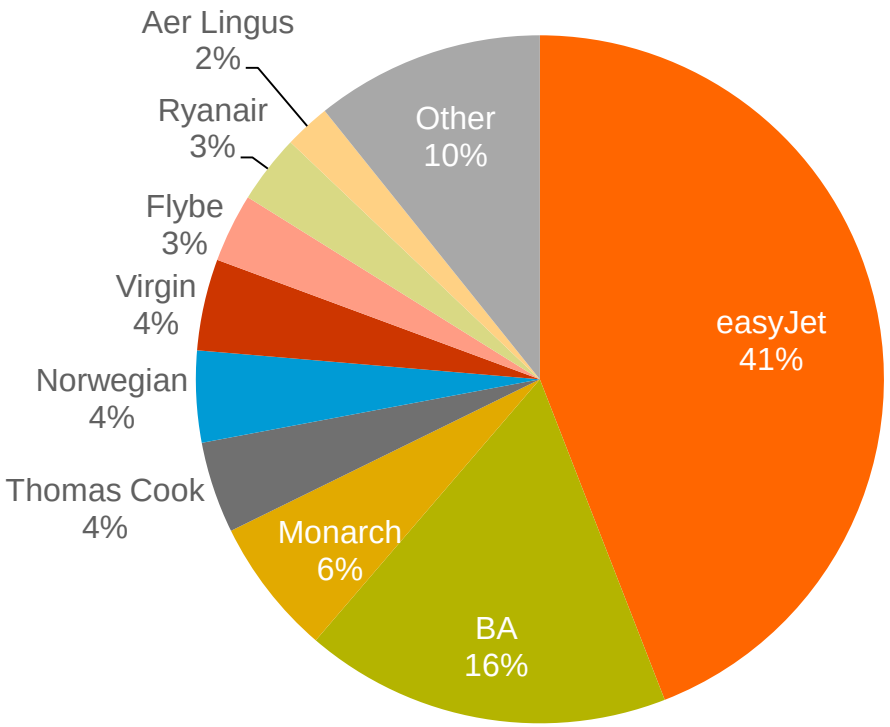
Efficient Operations driving cost advantage

Cost advantage

Areas of focus		Outcome
Safety is our number one priority – No compromises		
On time performance	-	Current on time performance of 90%
Customer friendly	-	Customer charter launch and CSAT survey
Smart cost management	-	Working with GAL on charges that promote growth
Simple schedule and operation	-	Turn compliance improving steadily with exemplary aircraft utilisation
Rigorous performance management	-	Daily performance review to resolve issues
Right people, right place	-	Platform for growth
Engaged team		

Scale at Gatwick

Cost advantage



We are the largest airline at Gatwick – carrying 41% of all Gatwick passengers

What Gets Measured Gets Done - OTP

Cost advantage

	Ranking in April & (Yearly)	April 2013	YoY%	FYTD Totals
easyJet	4 (2)	85.6%	6.6%	80.7%
Aer Lingus	6 (3)	83.9%	5.1%	80.2%
British Airways	8 (8)	81.0%	2.8%	72.2%
Monarch Airlines	3 (9)	88.1%	13.8%	70.0%
Thomas Cook Airlines	1 (7)	89.1%	6.5%	72.7%
Thomson Airways	5 (5)	84.3%	2.4%	79.5%
Virgin Atlantic Airways	10 (10)	73.4%	4.4%	69.0%
Flybe	2 (1)	88.3%	2.9%	83.1%
Norwegian Air Shuttle	9 (6)	79.9%	-2.5%	76.4%
Ryanair	7 (4)	83.7%	15.4%	79.7%
Gatwick Average – top ten airlines		84.3%	6.3%	76.2%

Source: Gatwick Airport Limited

OTP Integral To Driving Customer Satisfaction

Demand

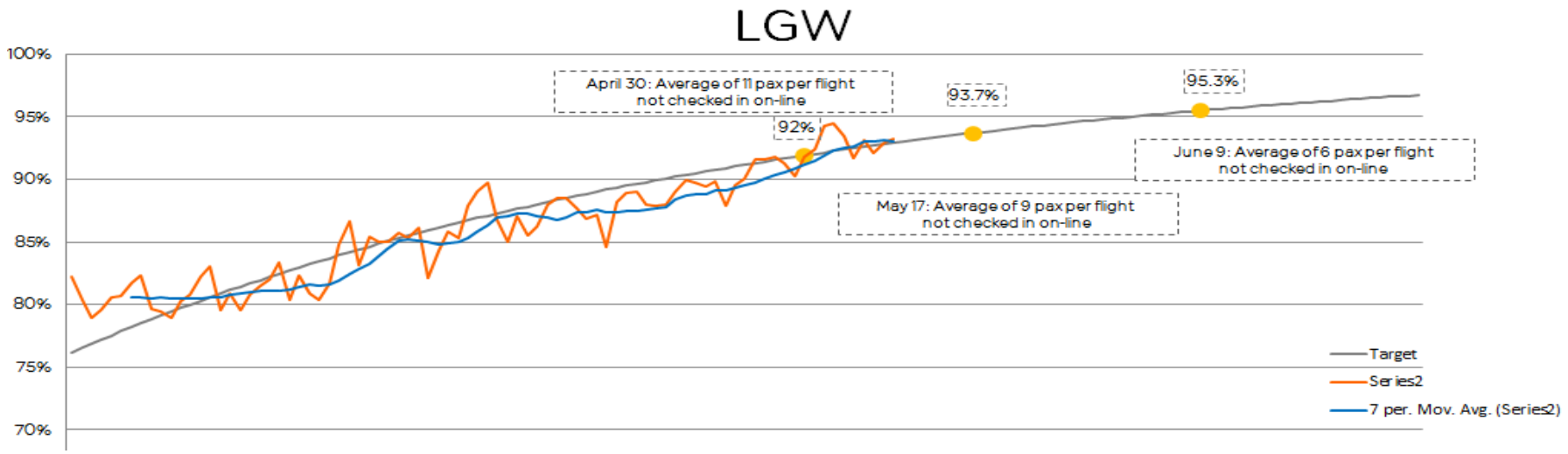
Improvement in OTP pushes up customer satisfaction

	April 2013	!	YoY%	Rolling Twelve Monthly Average
Overall Satisfaction	87%	●	2%	85%
Efficiency of Check in Staff	72%	●	-2%	75%
Control of Boarding Process	89%	●	1%	88%
Cleanliness & Tidiness of Aircraft	91%	●	4%	92%
Welcome from Cabin Crew	88%	●	3%	89%
Pilot Announcements	88%	●	2%	87%
Friendliness & Approachability of Cabin Crew	84%	●	3%	83%
Punctuality of Flight	87%	●	2%	88%

Source: easyJet

100% Online Check-in

Demand



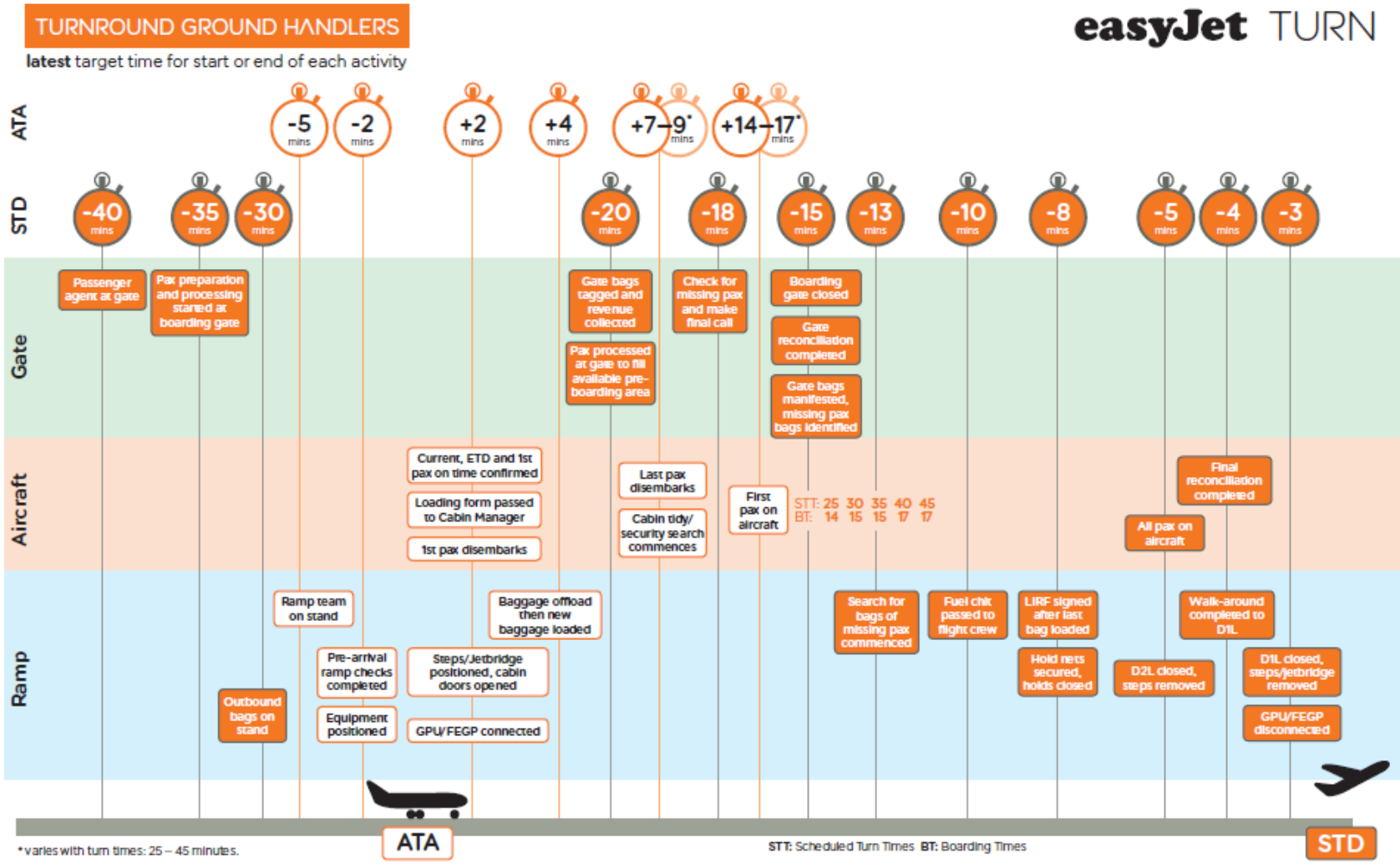
- Changing the behaviour of our customers to reduce costs and increase efficiency in our airport environment
- Differentiated pricing in airport charges
- Less requirement for passenger service staff

- Next step – Mobile Boarding Passes



easyJet Turn

Cost advantage



Summary

Cost advantage

- Significant challenges of operating at Gatwick – requires strong local team.
- easyJet's cost advantage at Gatwick underpinned by robust operational performance.
- On-time performance is critical to maintaining cost advantage and customer satisfaction.
- Initiatives in place to maintain easyJet's low cost base.

Standard processes, local knowledge and implementation

GATWICK AIRPORT REGULATION

Chris Gadsden
Regulatory Affairs Manager

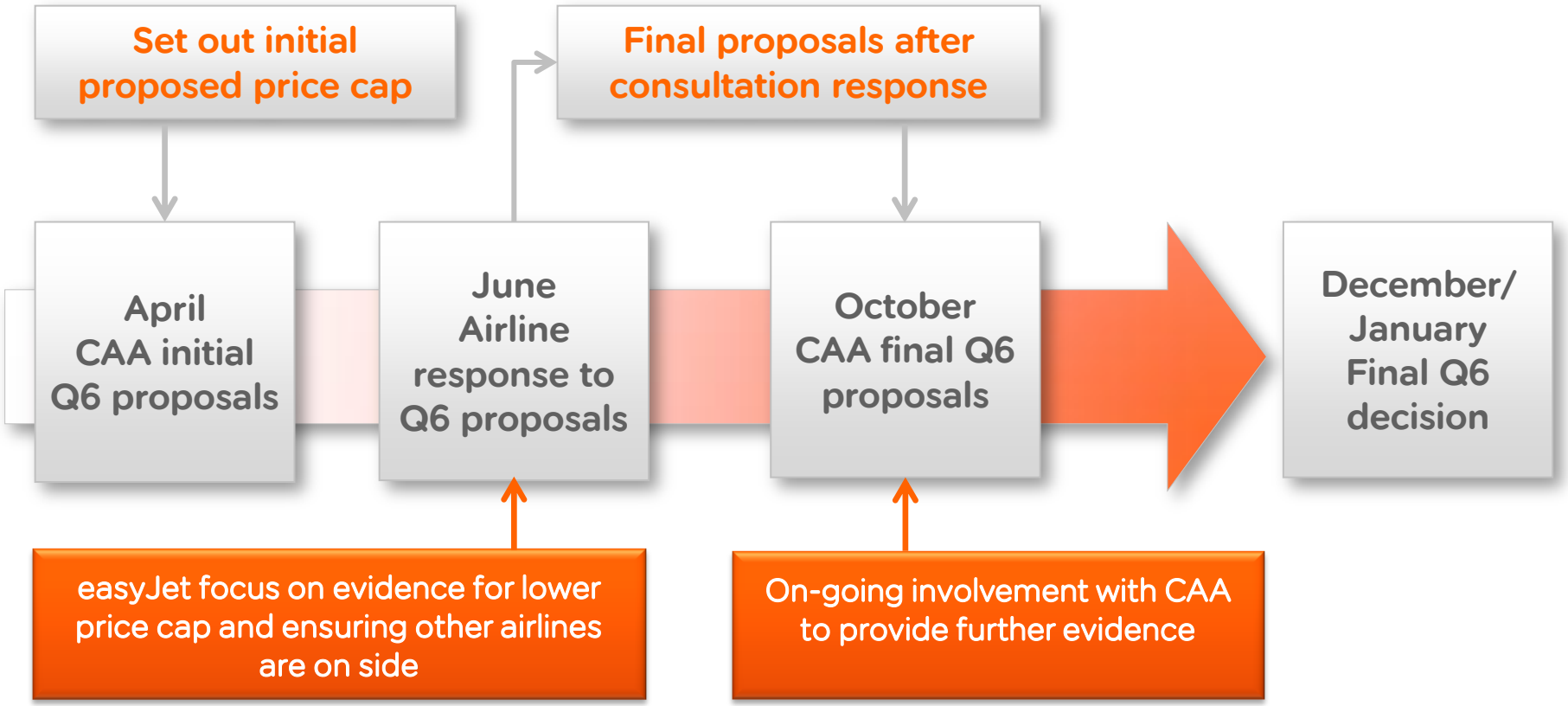
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What does being a regulated airport mean

- Gatwick is price regulated by the Civil Aviation Authority (CAA)
- The CAA determines:
  - The price Gatwick can charge
  - The capital expenditure it will allow Gatwick to charge for
  - The operating costs it allows Gatwick to charge for
  - The service quality levels Gatwick should deliver
- There has been significant debate about changing the regulatory structure at Gatwick - but currently it looks like nothing will change from the list above

Airport regulation is central to easyJet's outcomes at Gatwick

The Q6 process



Detailed work between now and Autumn focussed on evidence to support a lower price cap

Q6 – what the CAA has proposed

- Price cap of RPI+1
  - Compared to the airport's request for RPI+7.1
- Consultation close end-June
- We believe we have credible arguments that CAA should move to a lower price cap:
  - Cost of capital (5.65%) – does not fully reflect lower overall market returns and debt costs
  - Gatwick has more room to increase commercial revenue
  - Some capital projects are unnecessary
  - Potential for tighter operating cost outcome

GATWICK STRATEGY

Paul Simmons, UK Country Director
Patrick Johnson, Senior UK Route manager

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Commercial strategy at Gatwick

Network

Build no1. or 2 network positions

- ~50% market share of short-haul from Gatwick
- Built up over 10+ years
- Range of early slots

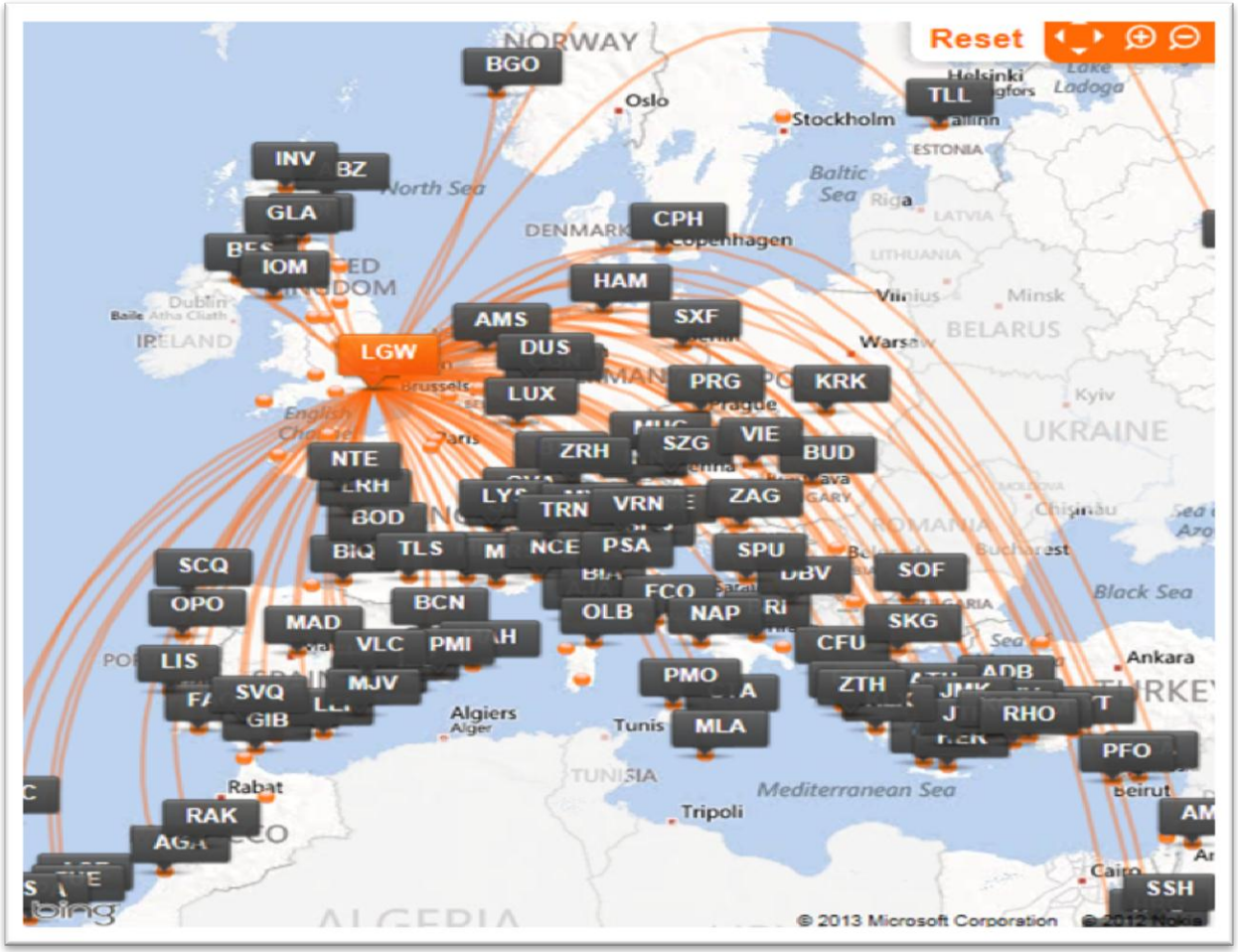
Drive demand

- London strategy
- Targeted marketing
- Business travel
- Allocated seating

Disciplined use of capital

- Route churn
- Growing returns
- Responding to competition

Network: 101 routes from LGW



Network: routes to appeal to customers

Route	Started	Frequency
Luxor	Nov-10	Year-round
Zagreb	Feb-11	Year-round
Amman	Mar-11	Year-round
Seville	Apr-11	Year-round
Izmir	May-11	Summer only
Catania	Jun-11	Year-round
Verona	Jun-11	Year-round
Aberdeen	Jun-11	Year-round
Fuerteventura	Mar-12	Year-round
Kefalonia	Apr-12	Summer only
Luxembourg	Oct-12	Year-round
Isle of Man	Oct-12	Year-round
Tallinn	Oct-12	Year-round
Turin	Dec-12	Winter only
Moscow	Mar-13	Year-round
Bergen	May-13	Year-round
Santiago	Jun-13	Year-round
Kalamata	Jul-13	Summer only

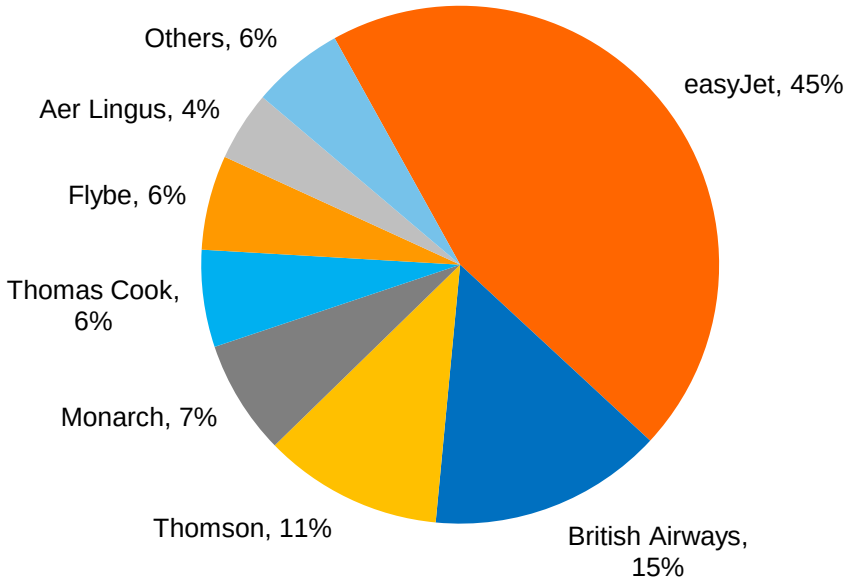
Broad mix of new routes over the last three years:

- Summer only routes to Greece and Turkey
- New year-round destinations, e.g. Amman and Luxor
- Business routes, e.g. Aberdeen, Luxembourg, Moscow

High success rate of new routes

Network: Strong slot position at Gatwick

Summer 12 Gatwick departures 0600-0855



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

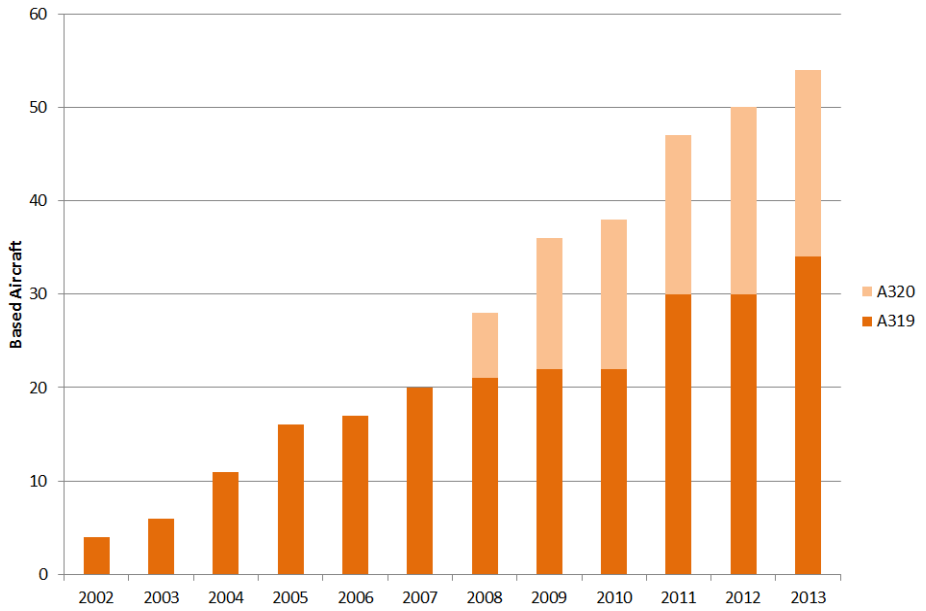
London Gatwick (LGW) - Up to 53 total slots per hour

- Up to 32 of which can be departures
- Hourly 'spread' is achieved through 15 minute limits, 13-14 slots in each

Acquiring slots

- Seasonal applications
- Slot purchase e.g. GB
- Baby sitting – eg. LT deals with Virgin / Delta
- Released e.g. Aer Lingus, Cimber

Network: How we have achieved our winning position

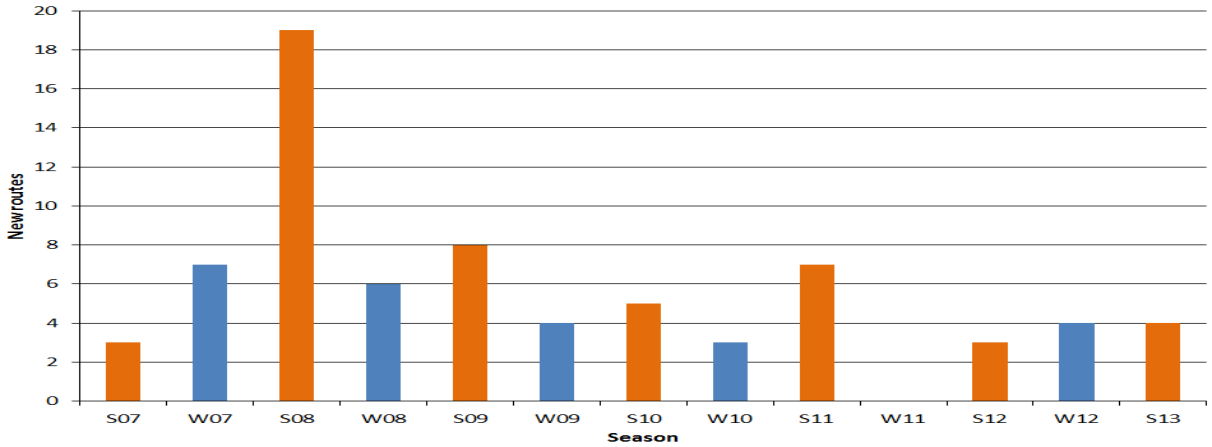


...0-54 aircraft in 10 years

- Structured & continuous growth, initially leisure focused
- Acquisition of GB airways in 2008 saw an increase from 20-34 aircraft over night & new medium haul markets
- Focus on the business passenger- frequency, timing and price all leading to continued profitable growth
- Route portfolio and **network flexibility** ensures **broad appeal** across consumer types

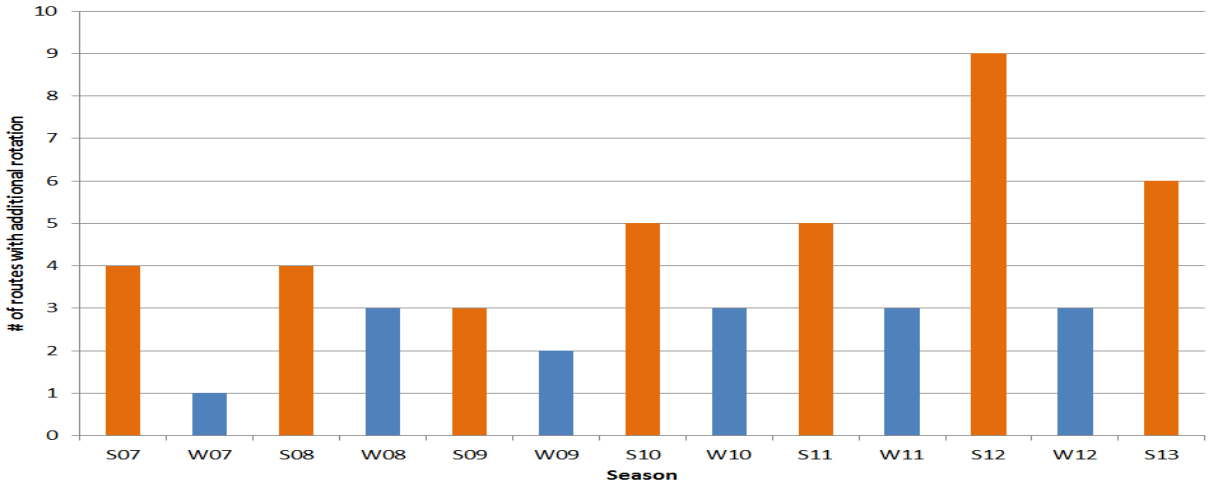
Network: New routes and frequencies

New routes



- S08 – GB Airways
- S09 – Aer Lingus H2Hs
- Steady growth thereafter

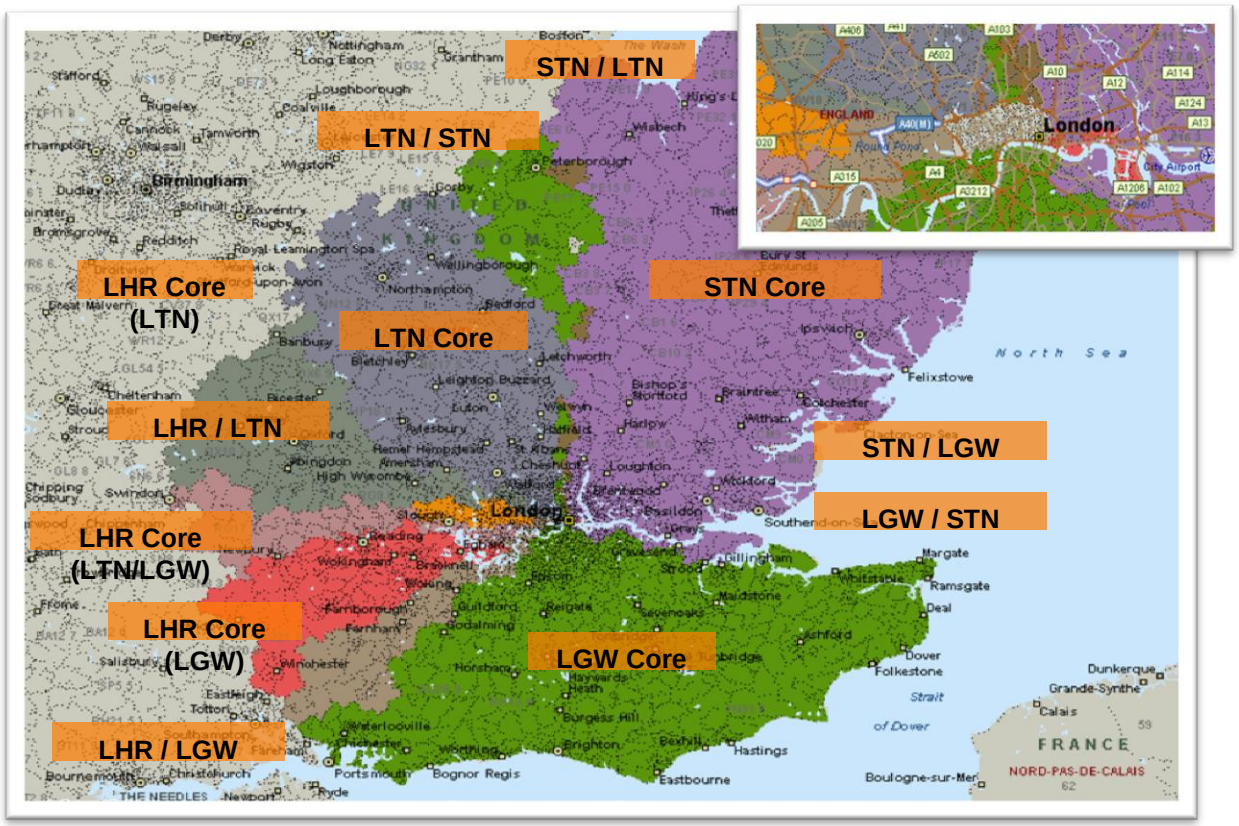
Frequency increases



S13 with targeted business pax growth

- Amsterdam – 5 to 6 daily
- Belfast – 4 to 5 daily
- Copenhagen – 3 to 4 daily
- Edinburgh – 4 to 5 daily
- Milan MXP – 5 to 6 daily
- Nice – 4 to 5 daily

Demand: Gatwick, a valuable catchment area



12.7 Million pax catchment

- Large and affluent core catchment area and significant overlap with Heathrow
- Gatwick serve's both the leisure and the business market's

Source: easyJet, number of households in London catchment for each airport.

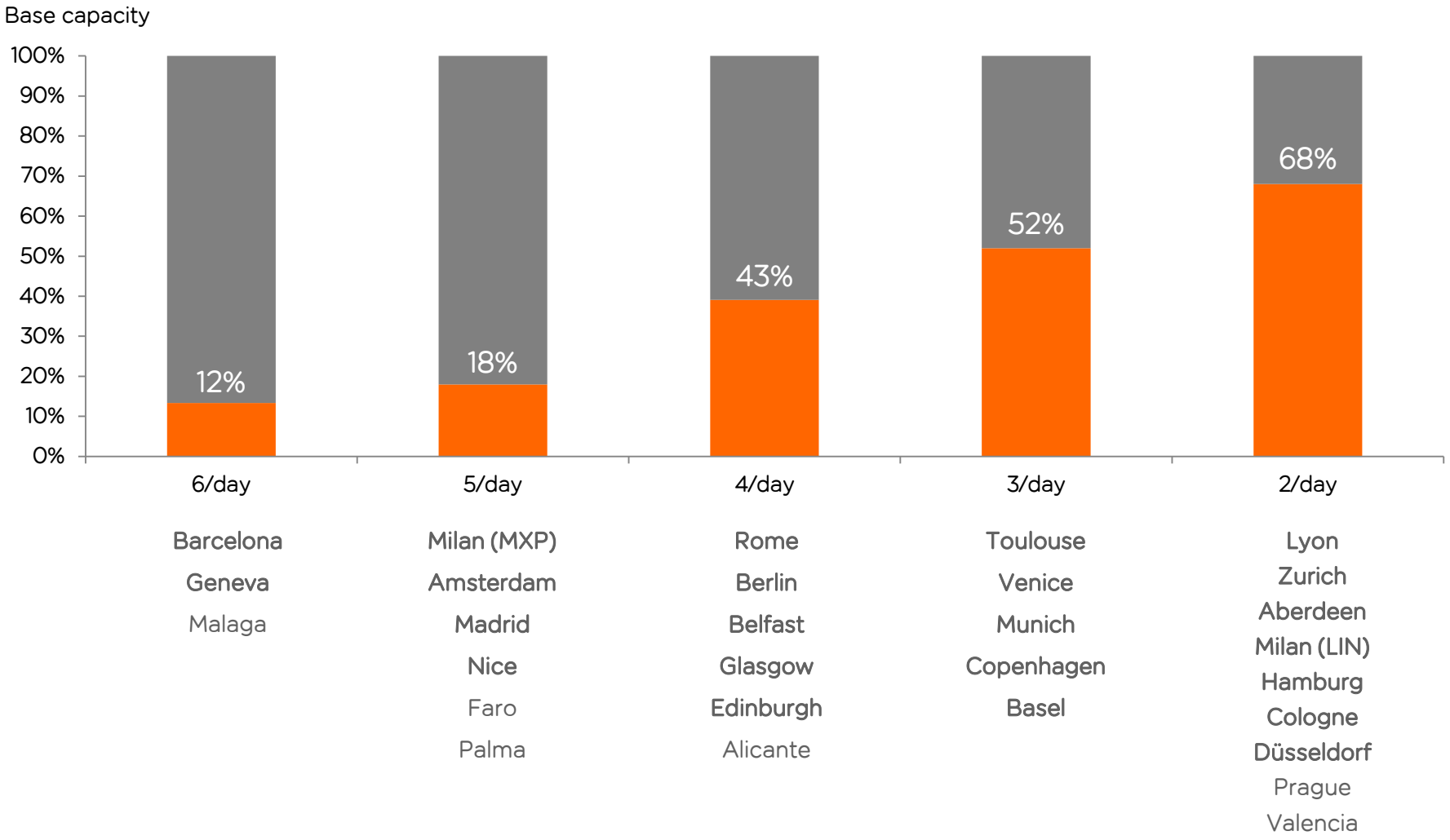
Demand: Our business proposition



- Fast track security
- Access to pier 5
- Flexi-fares
- + other developments

Demand: Business routes

Demand



Winning Results

- Gatwick a leading part of the easyJet network
- PwC Gatwick diamond business of the year



THANK YOU

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