INVESTOR DAY

18 September 2014

europe by easyJet

Agenda

Time	Agenda item	Led by	Page
14.00	**Proven strategy, execution and returns**	Carolyn McCall	3
14.15	**A. Future profitable growth**		
	• Future growth opportunities	Cath Lynn	12
	• Bringing it all together - France	Francois Bacchetta	27
	• Panel Q&A		
14.45	**B. Industry leading return on capital employed and margins through revenue and cost initiatives**		
	Revenue initiatives		
	• How we sell	Peter Duffy	38
	• Business travel	Anthony Drury	49
	• Panel Q&A		
15:30	Break		
15:45	**Cost initiatives**		
	• Why low cost?	Chris Kennedy	60
	• Cost opportunities	Warwick Brady	63
	• Disruption management	Will Facey	76
	• Engineering & Maintenance	Gary Smith	80
	• Innovation driving cost reduction	Ian Davies	89
	• Panel Q&A		
16.45	**C. Cash returns for shareholders**		
16.45	• Capital discipline and returns	Chris Kennedy	97
	• Q&A		
17.10	**Wrap up and close**	Carolyn McCall	
17:15	**Stalls covering Regulation, Revenue Management and Digital**	Chris Gadsden, Jennifer Genevieve, Alberto Villaverde, James Millett	

PROVEN STRATEGY, EXECUTION AND RETURNS

Carolyn McCall

Chief Executive Officer

europe by easyJet

Continuing to deliver

1. easyJet has built the industry leading business model in European short-haul aviation

2. Team, processes and culture will ensure continued successful execution

3. easyJet will continue to deliver
   - A. Future profitable growth
   - B. Industry leading return on capital employed and margins through revenue and cost initiatives
   - C. Cash returns for shareholders

Proven strategy, execution and returns

Proven strategy and execution

2010 - 2014

Culture & people

Strengthened team, succession planning and developed pipeline of talent

Staff turnover declined from 7.6% in 2010 to 6.5% in 2013

Over 90% of easyJet people are now shareholders

Compelling network

Passengers grew by 12 million[1]

Profitably increased number of routes from c.500 to c.700

Opened 5 new bases including Nice and Toulouse

Continued to strengthen key bases

- Flybe slots at Gatwick

Customer & product

Introduced the Customer Charter

europe by easyJet & generation easyJet

Enhanced product

- Allocated seating
- Business passenger
- Digital

Load factor increased from 87% to 89%[1]

Customer satisfaction increased from 73% in 2010 to 83% in 2013

Cost advantage

easyJet lean delivered c.£170m of sustainable savings

OTP improved from 66% in 2010 to 87% in 2013

Capital discipline

Rigorous focus on return on capital introduced

- Madrid base closure

Regular dividend introduced and increased to 3x cover

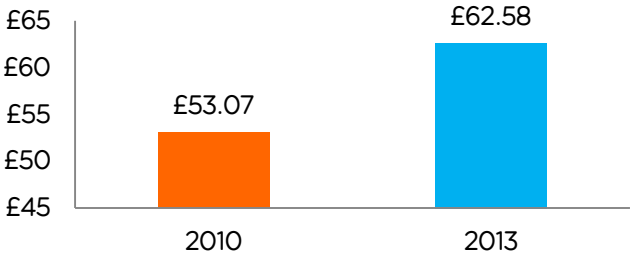
Total cash returns to shareholders of £589 million

Platform to deliver growth & sustain leading returns

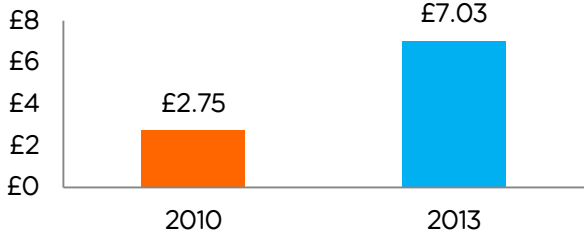
1. 30 September 2010 to 30 September 2013

easyJet has delivered on key financial metrics

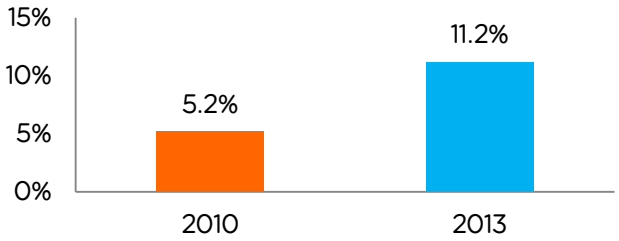
Revenue per seat



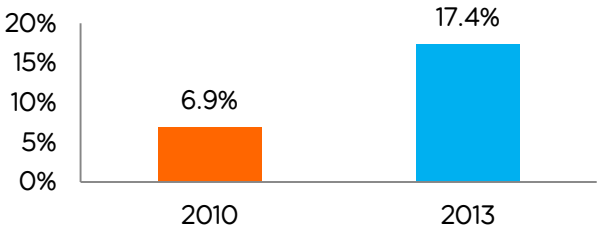
Profit per seat



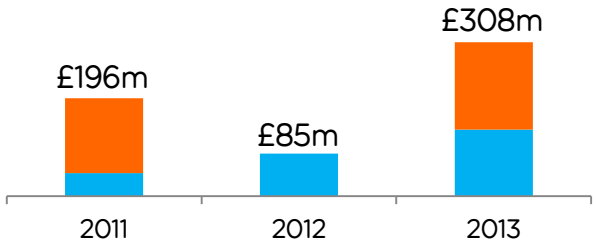
PBT Margin



ROCE



Dividends



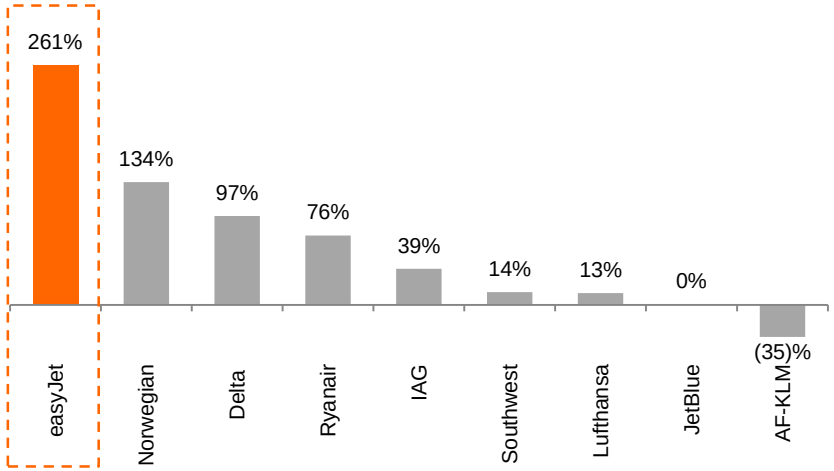
Ordinary dividend (million)

Special dividend (million)

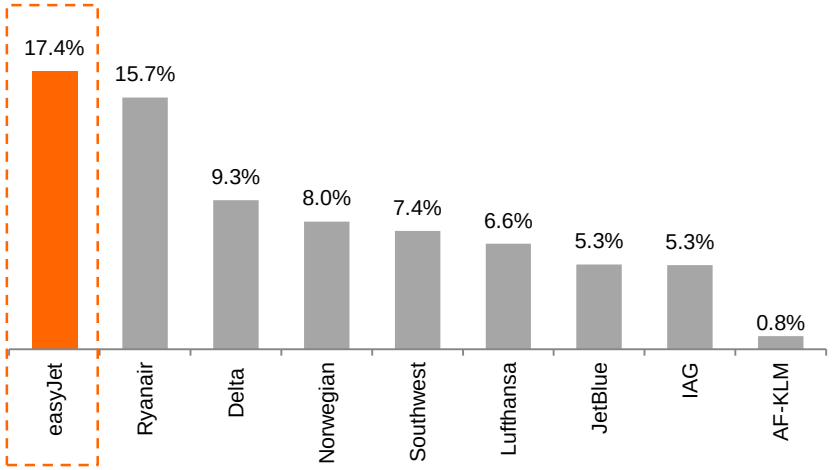
Data relates to easyJet Financial Years ended 30 September 2010 and 30 September 2013

Industry and market leading returns

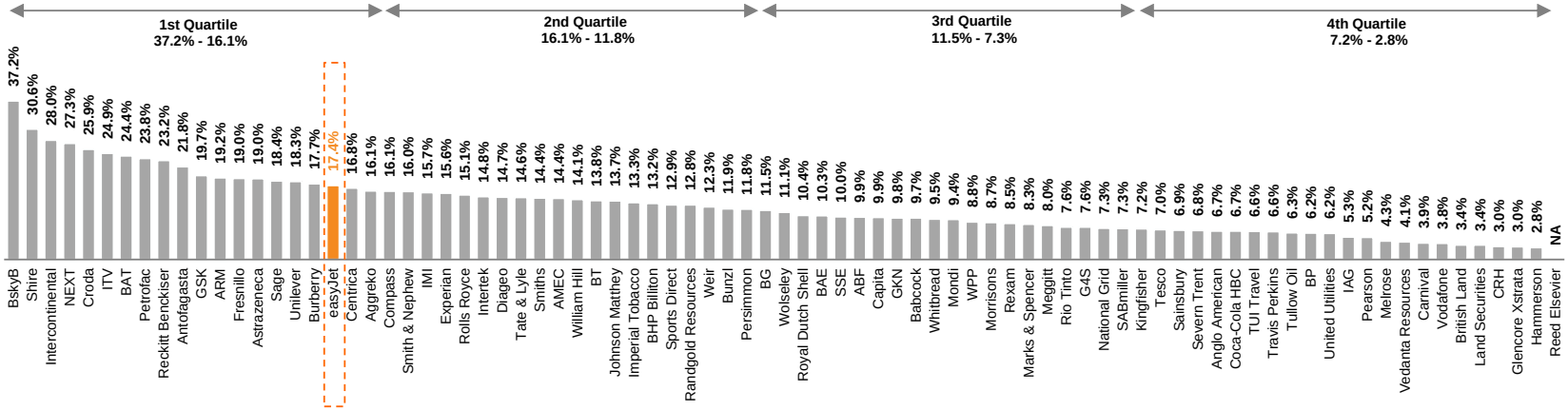
2010–2013 Total shareholder return[1]



2013 Return on Capital Employed[2]



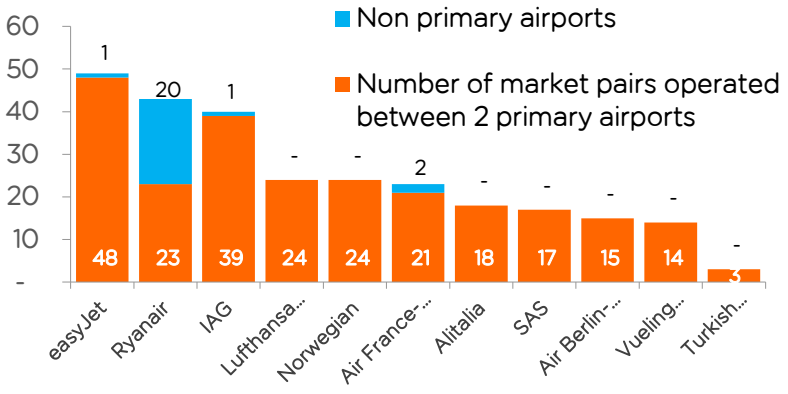
2013 FTSE 100 ROCE performance[2]



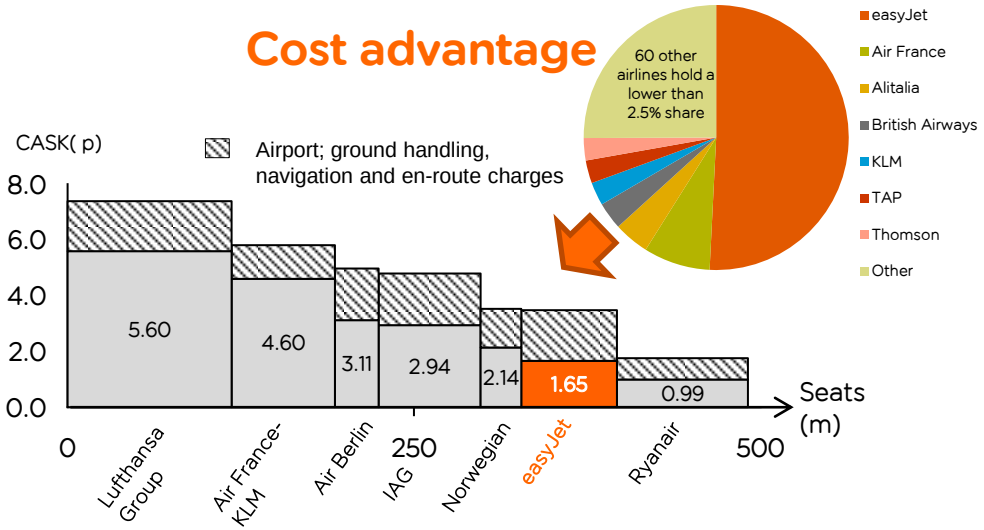
Source: Capital IQ and Datastream.
Note: Excludes financial institutions and insurance companies
(1) Source: Datastream. Total shareholder return for the period 1 October 2010 to 30 September 2013. Assumes dividends are reinvested.
(2) Source: Capital IQ, public filings. Represents ROCE for the LTM to Sep-2013. ROCE calculated as: LTM EBIT plus of 1/3 operating lease expense taxed at nominal tax rate divided by average capital employed (defined as financial net debt plus shareholders equity (including balance sheet value of minority interests) plus net pension deficit) adjusted for operating leases (capitalised at 7.0x).

Business model and brand to succeed in a dynamic environment

Valuable markets



Cost advantage

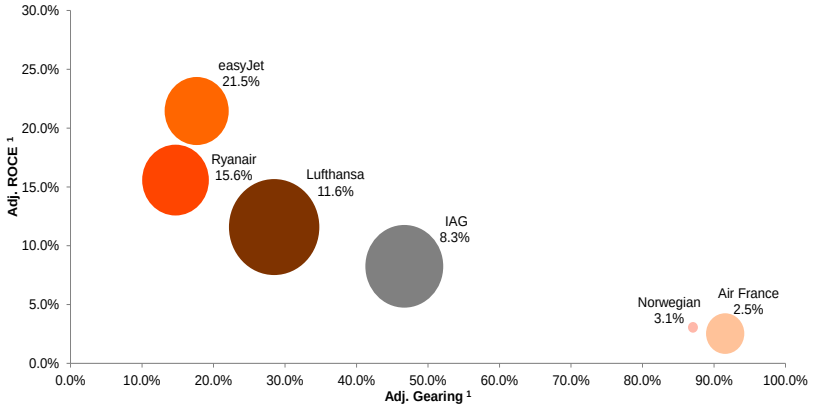


Brand and customer proposition

- Pan-European
- Strong and improving affinity and recognition scores
- Engaging communication
- Easy and affordable



Financial strength



Cost
- Source: Airline Analysts; OAG, Pie chart FY 2014 – easyJet airport pairs
- Data based on 12 month period ending 31 March 2014
- CASK converted using opening period fx rates

Strong balance sheet
- Data based on 12 month period ending 31 March 2014
- Includes capitalised leases capitalised at 7.0x
- Bubble represents size of EBIT

Team, processes and culture in place for continued execution

- Customer is in our DNA
- Engaged team working to deliver our cause
- Strong focus on ensuring easyJet has the necessary “bench strength”
- Talent development and succession planning
- Simple processes
- Material improvements in employee engagement survey results





Continuous pipeline of innovation

2015 onwards

Culture & people

Succession planning and talent development

Principles of easyJet lean and return on capital embedded throughout the organisation

Compelling network

Opening Amsterdam and Porto in 2015

Continued opportunities from industry restructuring

Opportunity to deepen existing traffic flows in core markets and develop new routes

Customer & product

New brand campaign

Personalisation and data mining

Product enhancements

Continue to develop

- Business passenger opportunity
- Dynamic packaging

Single terminal at Gatwick

Cost advantage

easyJet lean pipeline of initiatives

Fleet up-gauging

Engineering & Maintenance

Engine selection for A320neo from 2017

Single terminal at Gatwick efficiency

Airport deals

Innovation

Capital discipline

Ordinary dividend payout ratio from one third to 40% of profit after tax

Industry leading margins will deliver strong future cash flows

Platform to deliver growth & sustain leading returns

easyJet best positioned to deliver what consumers want

Most important factors for European consumers when choosing an airline



1. Price/value	1. Price/value	1. Price/value	1. Staff/service	1. Price/value
2. = Comfort	2. Safety	2. Reliability	2. Price/value	2. Staff friendliness /service
2. = Staff	3. Staff/service	3. Safety	3. Safety	3. Safety/security
4. Airport destination /convenience	4. Punctuality	4. Flight times	4. Comfort /cleanliness	4. Punctuality
5. Reliability/trust	5. Comfort	5. Airport destination / convenience	5. Punctuality	5. Flight availability /scheduling
6. Safety	6. Reliability	6. = Staff/service 6. = Comfort	6. Company reputation	6. Reputation
7. Punctuality	7. Flight times	6. = Punctuality	7. Reliability	

Source: Millward Brown Brand Tracker 2014

FUTURE GROWTH OPPORTUNITIES

Cath Lynn

Group Commercial Director: Markets, Network & Pricing

europe by easyJet

Agenda - future profitable growth opportunities

1. Quality of the network and how easyJet drives returns

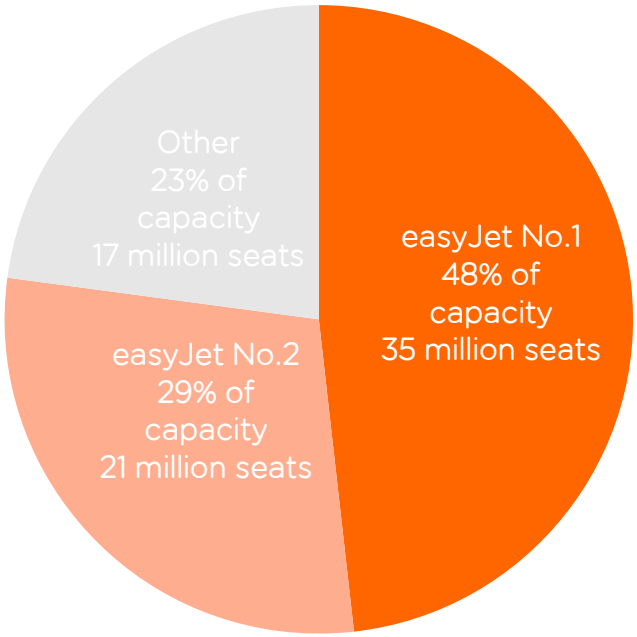
2. Opportunities available to easyJet

3. Case study - France



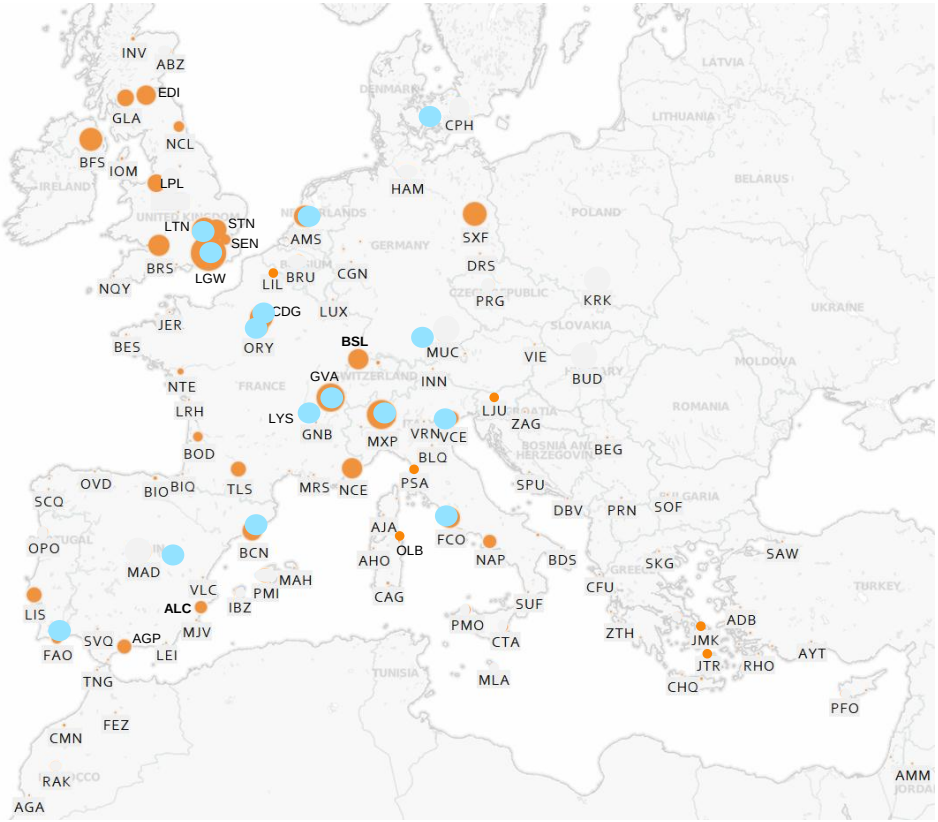
easyJet has leading positions across European airports

easyJet capacity



Majority of easyJet's capacity is in airports where it has leading positions many of which are slot constrained

easyJet's #1 and #2 positions



Slot constrained during peak times

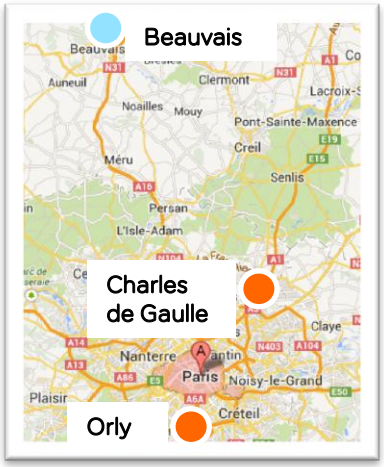
Source: OAG

Convenient airports

Large addressable market for easyJet

- Over 300 million people live 60 minutes, or less, travelling distance from an easyJet airport
- Leverage pan-European brand with a broad and inter-connected network to stimulate demand at both ends of routes
- Large, wealthy catchment areas which are under-supplied with low LCC penetration

Paris



Charles de Gaulle

- 4th largest airport in Europe, c.45m seats a year
- easyJet No.2 with 11% market share

Orly

- 13th largest airport in Europe, c.29m seats a year
- easyJet No.2 with 12% market share

Milan



Milan Malpensa

- c.18m seats a year
- easyJet No.1 with 40.5% market share

Source: OAG

Strong market share delivers value for customers

Great product

- Range of destinations for business and leisure

Great schedule

- Frequencies
- Choice of time of day

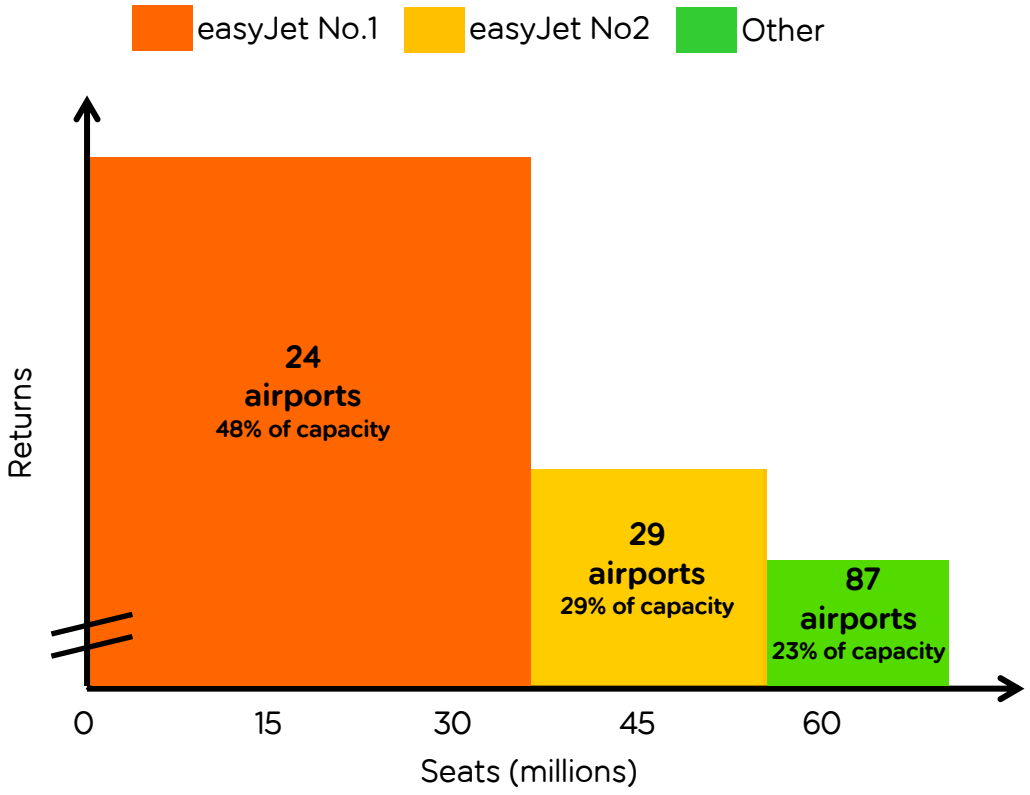


Strong market share delivers financial value

easyJet generates highest returns where it hold a No.1 or No.2 network position

- Strong correlation between market share and returns
- Scale at No.1 or No.2 positions delivers
  - Cost advantage
  - Procurement advantage
- Strong network focus on
  - Maintaining industry leading load factors
  - Sustaining high utilisation of assets

Returns vs. network position



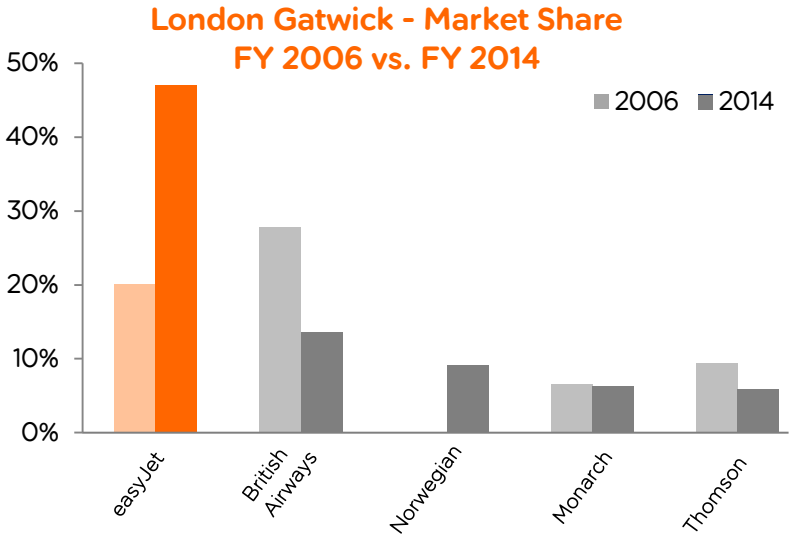
Network structure delivers flexibility

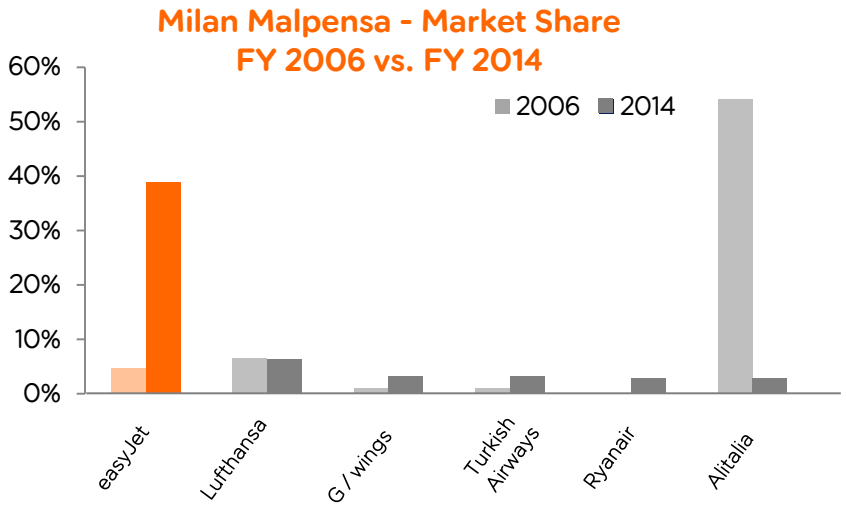
- Base to base flying
- Revenue optimisation
- No dead-legs
- High asset utilisation

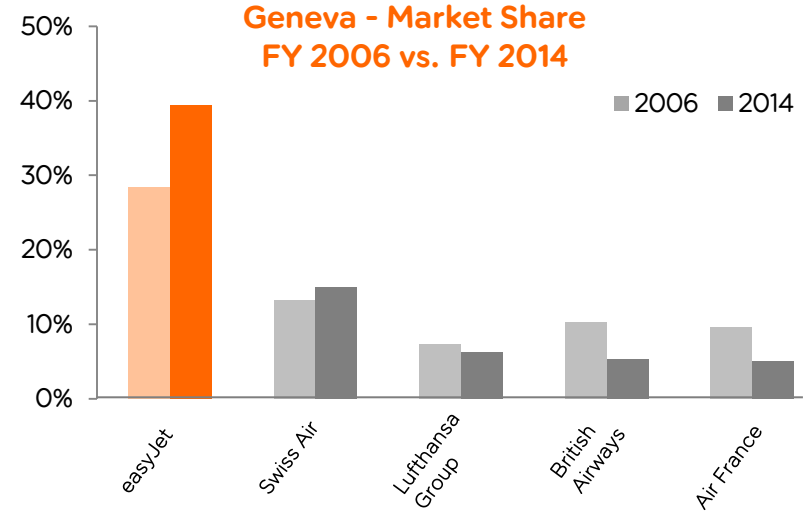


Compelling network positions take time to develop

- Constraints
  - Slot allocation
  - Timing of slots
  - Airport capacity
- London, Paris, Milan, Berlin, Geneva, Rome attractive both outbound and inbound
  - Maximise revenue potential
- Significant amount of time to build strong positions at primary airports





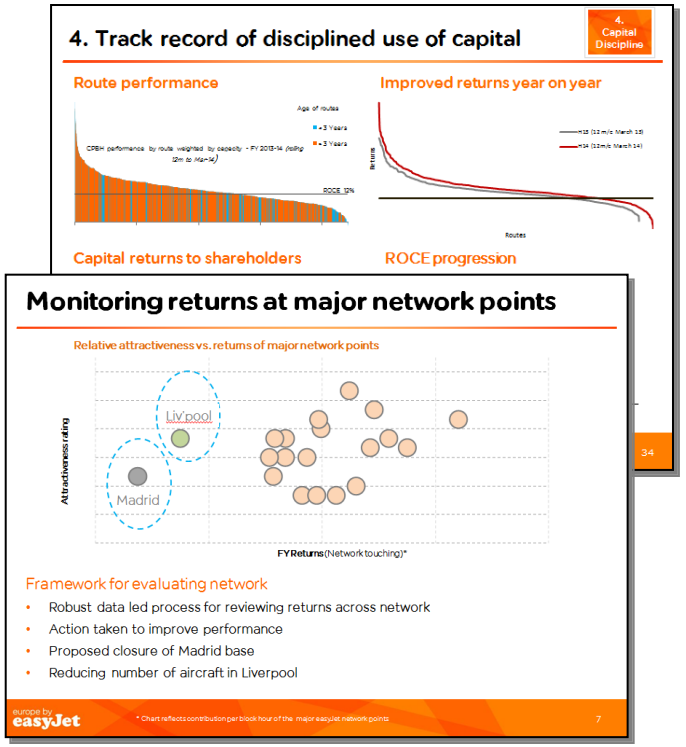


Source: OAG

Rigorous capital allocation framework

easyJet delivers superior returns by allocating assets in positions where it can leverage its sources of competitive advantage

- Reposition
  - Opportunity to increase returns by reallocating assets to more profitable network areas, or reposition to drive higher returns
- Invest
  - Invest in core high returning network positions
- Grow
  - Invest in high returning network area with low level of capacity investment

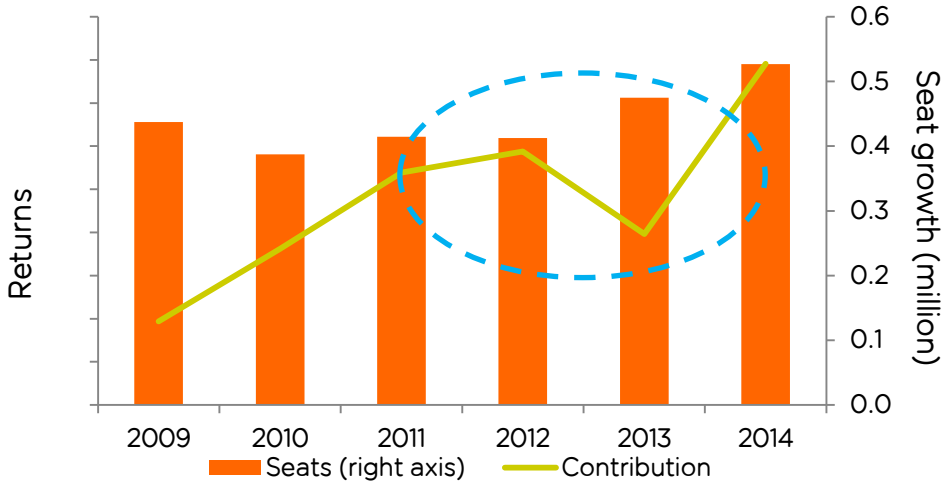


Decision process ensures capital is invested in most profitable parts of the network

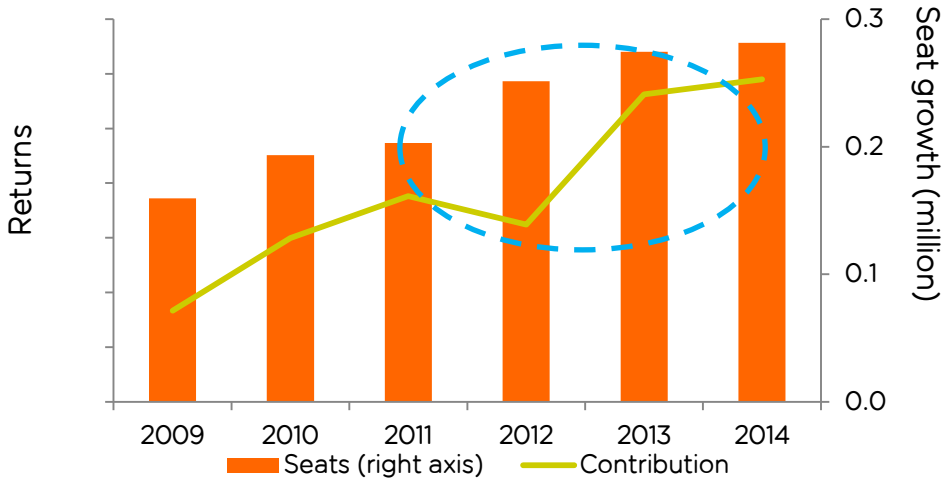
Granular approach to route planning

- Dedicated business plan for every route
- Detailed financial and operational analysis undertaken
- Approach to route evaluation
  - Measure
  - Monitor
  - Action
- Focused, granular decision making led by the Network Development Forum

easyJet capacity increase on an individual route

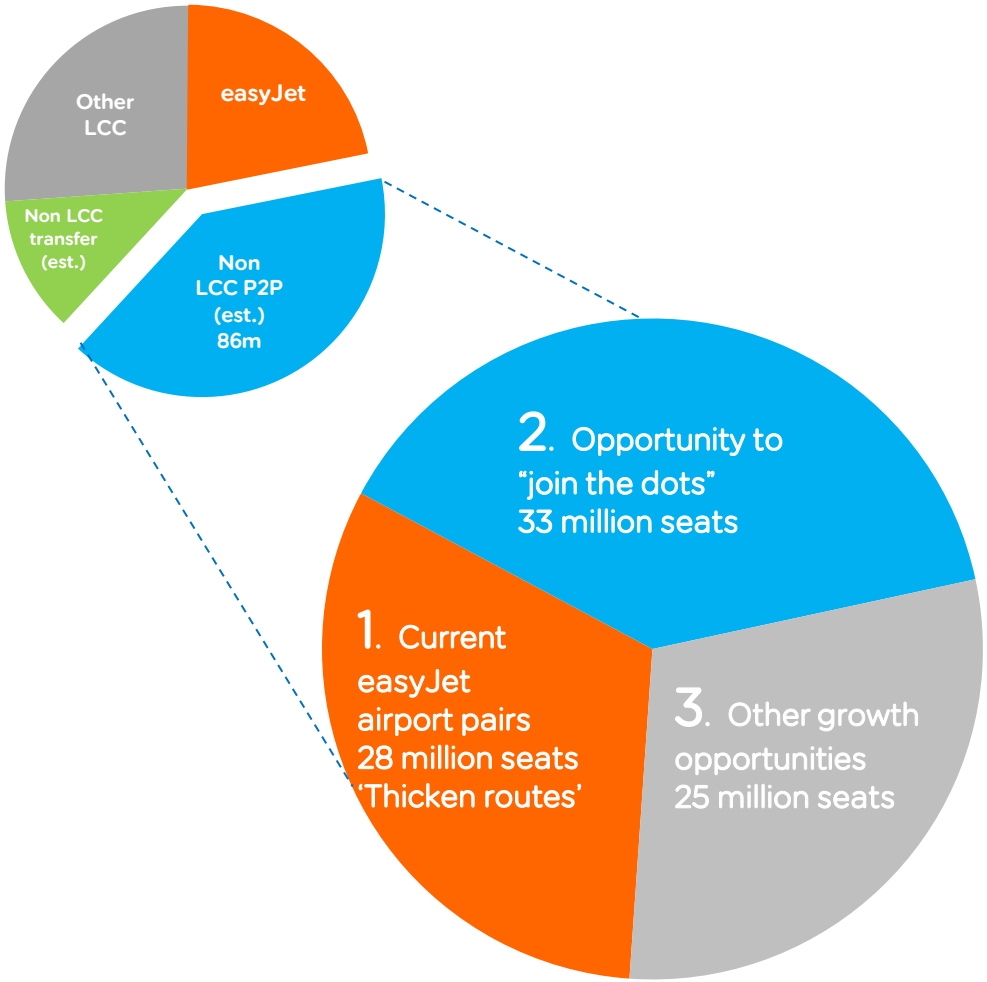


easyJet capacity increase on an individual route



Low risk opportunities within the current network footprint

Opportunity at easyJet's top 20 airports



1. **28 million** seats on existing easyJet airport pairs
   - Low risk opportunities to consolidate existing market positions by thickening routes

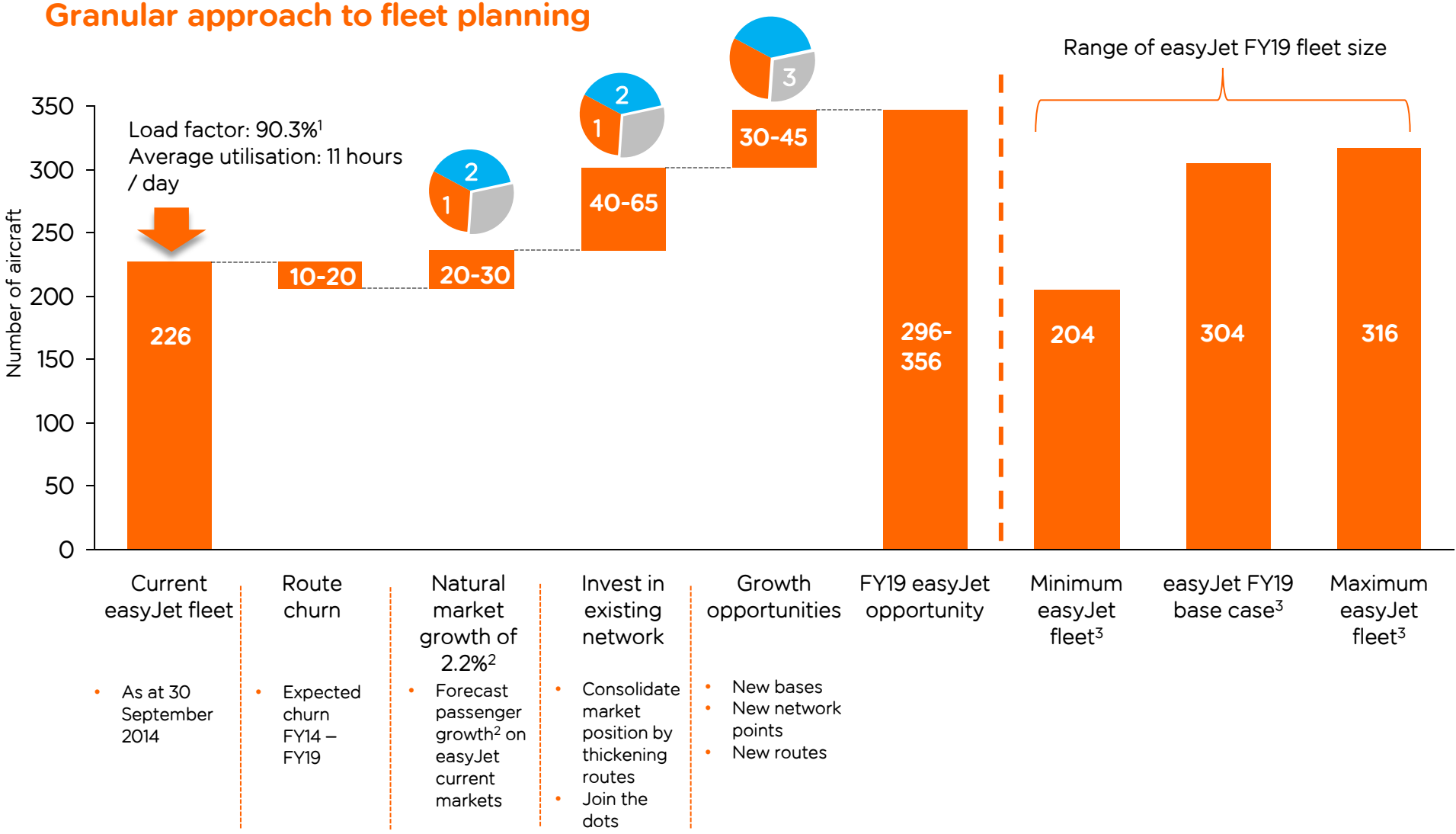
2. **33 million** seats represents opportunity to connect existing easyJet network points
   - Join the dots
   - Leverage pan-European network

3. **25 million** seats opportunity
   - Able to expand existing network footprint
     - New network points
     - New bases

Source: OAG scheduled data for the 12 months to 30 September 2014

Significant number of low risk opportunities for easyJet to pursue

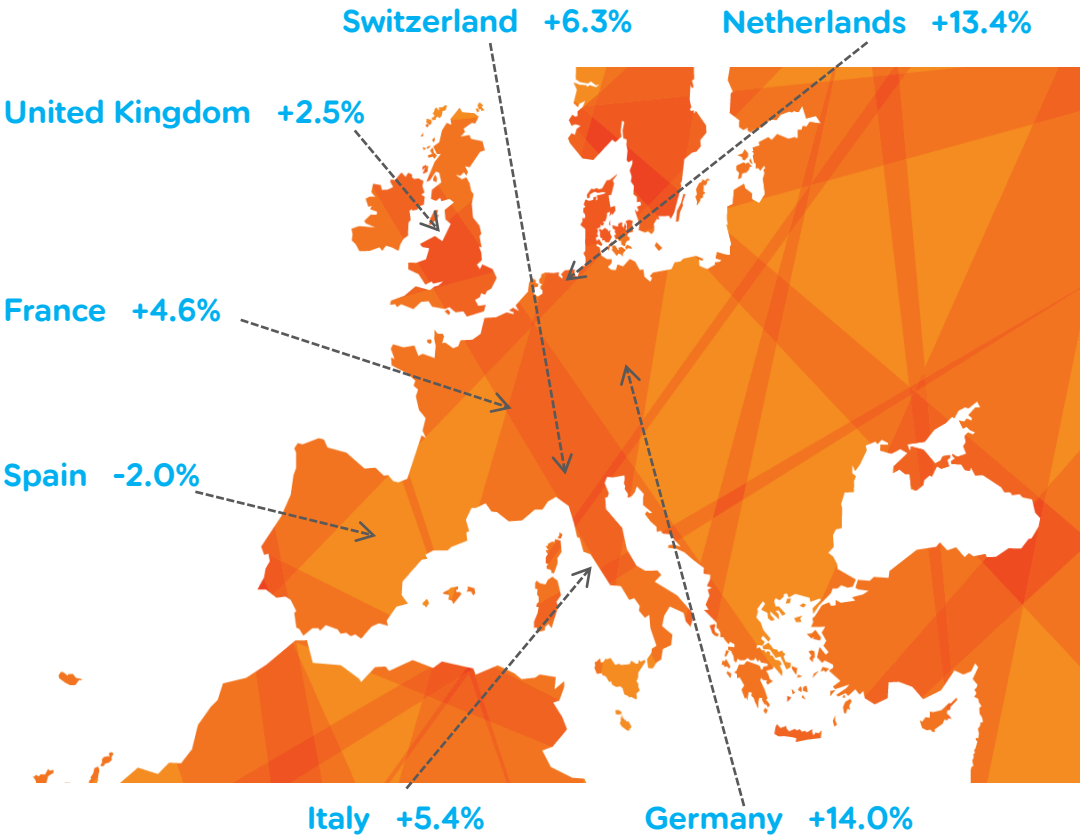
Granular approach to fleet planning



1. Rolling 12 months to 31 August 2014
2. IATA, Eurocontrol, assumes GDP growth of 1.5%
3. Current fleet plan as at 18 September 2014

Time sensitive opportunities

easyJet H1 2015 capacity growth



London Gatwick

- 9% capacity growth following purchase of Flybe slots
- Thickening routes such as Amsterdam, Inverness and Vienna

Amsterdam

- New base opening in Spring 2015
- New routes include Hamburg from November 2014

Hamburg

- New base opened in 2014
- Now connecting 23 points of the easyJet network

Strong market share gives easyJet relevance

- Local employment
- Relationships with government and regulators
- In-market management with good local knowledge
- Airports like to work with easyJet: quality of network and sustainable partner



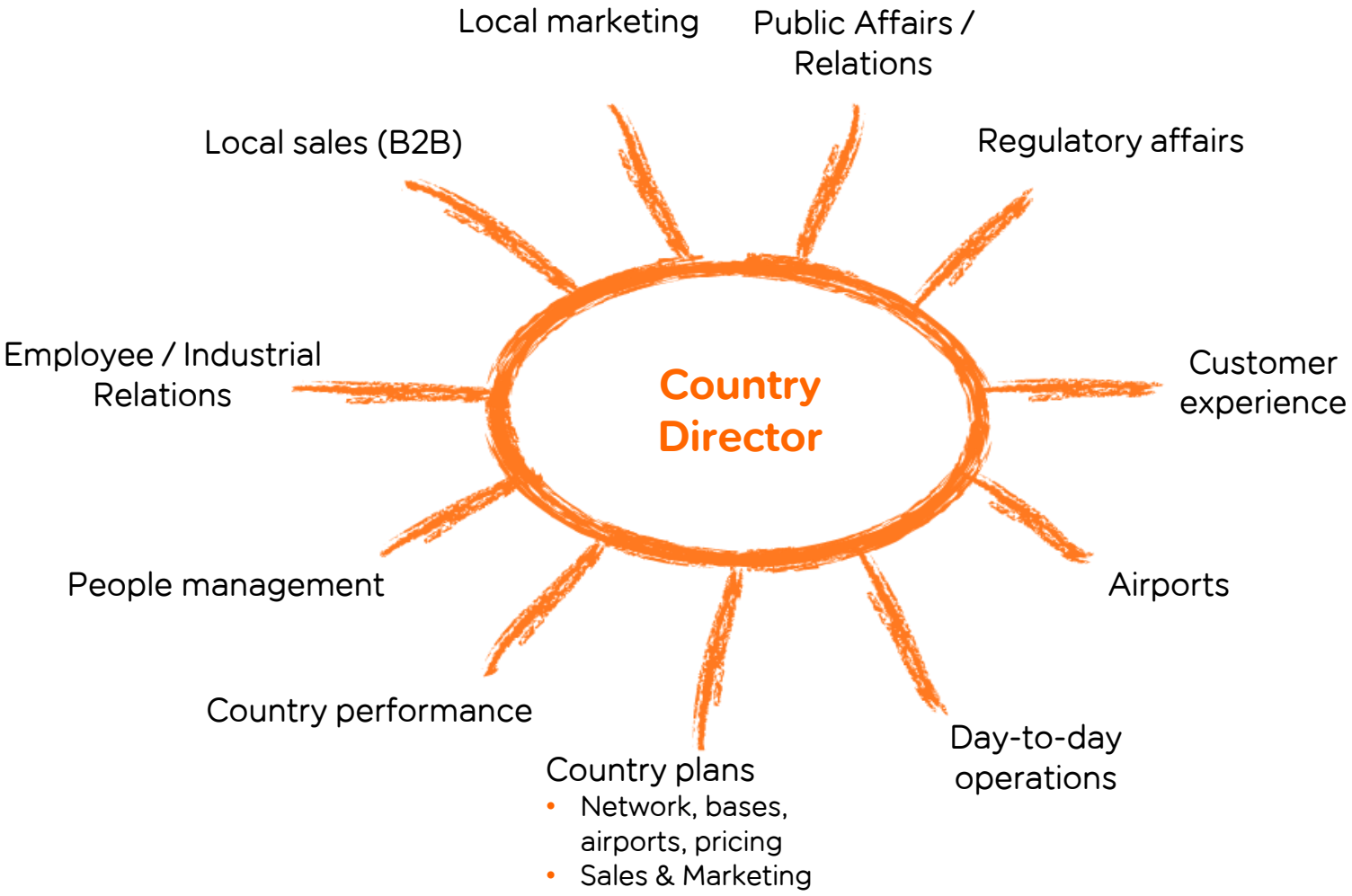




"easyJet is a loyal customer that flies to Schiphol since 1996. By opening a base, easyJet confirms this sustainable relationship that European destinations add to Schiphol[1]"

1. Schiphol CEO, Jos Nijhuis

Bringing it all together – easyJet Country Directors



BRINGING IT ALL TOGETHER FRANCE

Francois Bacchetta
Country Director - France

europe by easyJet

easyJet in France – strong progress

easyJet in France	2006	Jan 2012	2014
Routes	53	157	176
Market share	5%	12%	14%
Business travel	17%	21%	24%
Routes with min 2 dailies	6	17	24
Customer satisfaction[1]		# 2	# 2

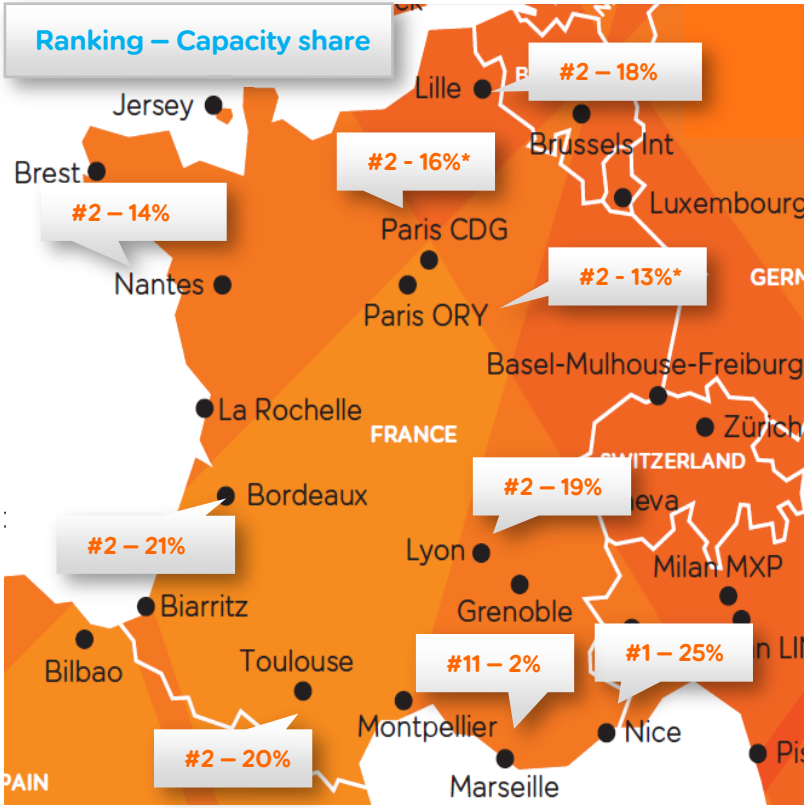
Since January 2012 investor day

- Steady profitable growth: capacity increase of 5%
- Business passenger continues to grow (up 3pp)
- 14% market share overall, clear number 2 position in the market

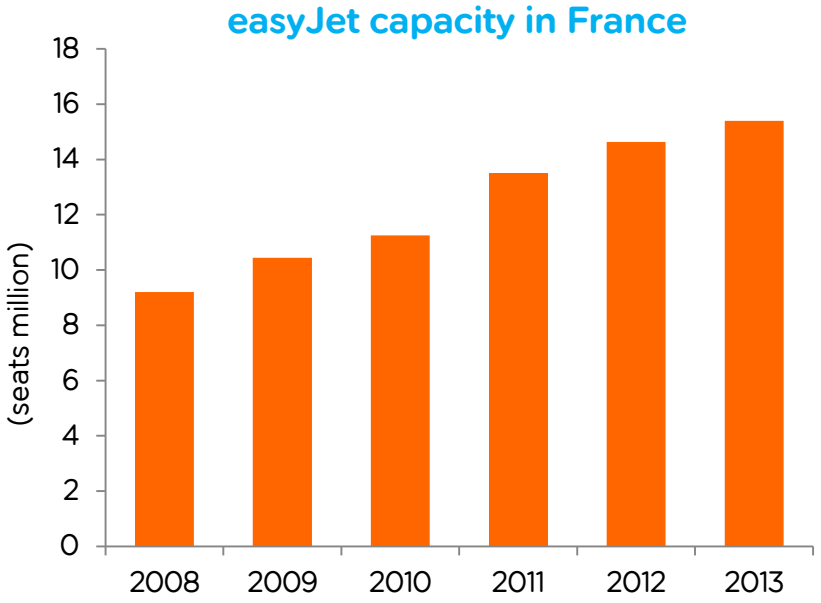
1. GSK, Millward Brown

easyJet has built a strong position in France

Network built on No1 and No2 positions.....



...delivering capacity growth and strong returns



Over the last 5 years

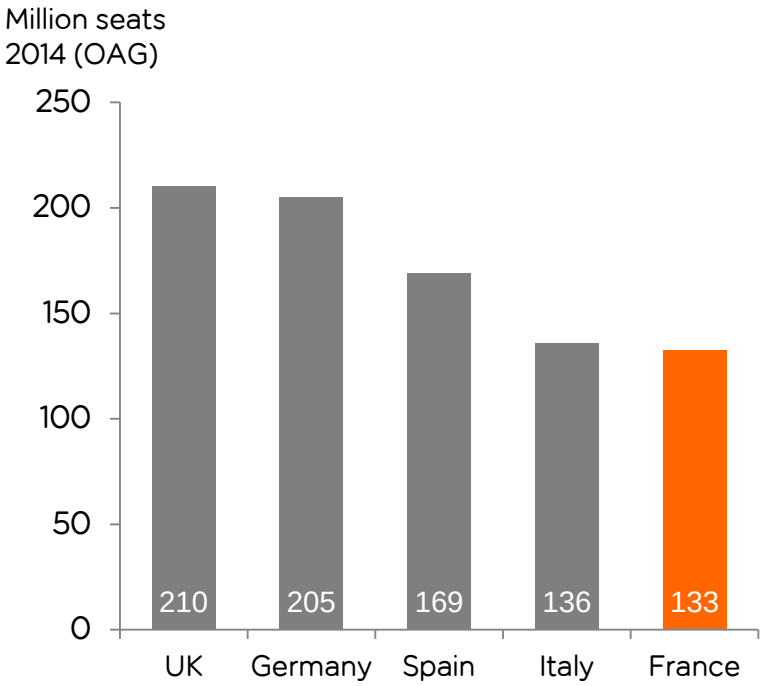
- Capacity has increased by a CAGR of 11%
- Returns have increased by a CAGR of 13%

easyJet has a number 1 or 2 position in 8 out of 10 major French airports

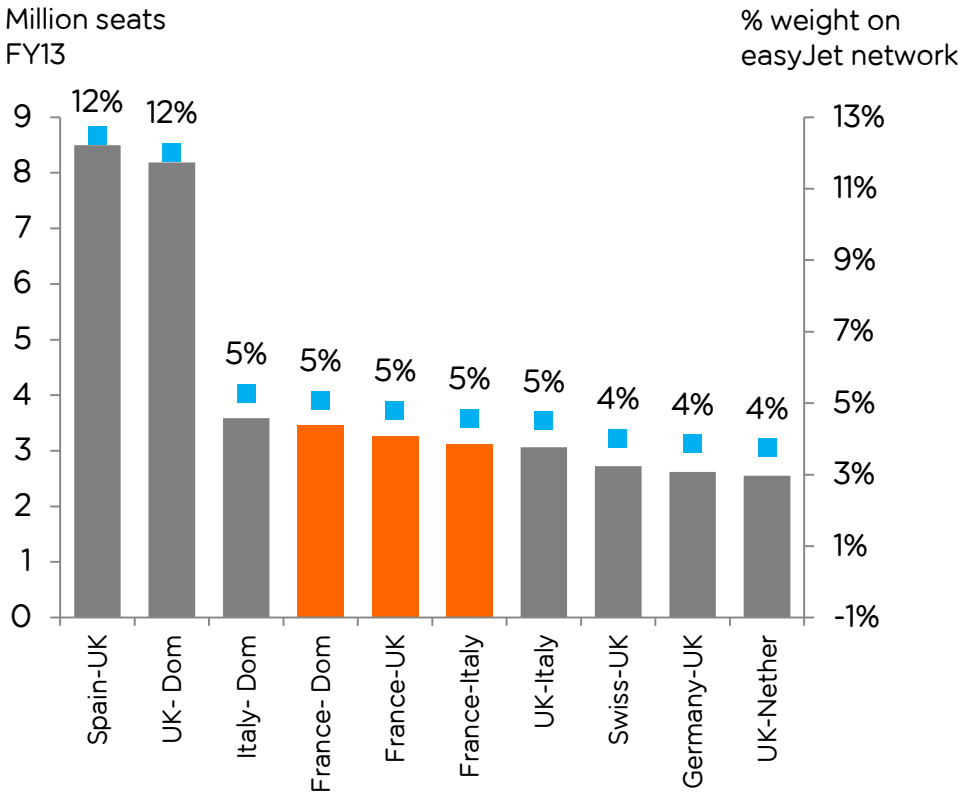
1. Paris Capacity shares are given for short-haul addressable market (excluding Non open skies) and excluding feeding traffic (30% in Charles De Gaule and 3% in Orly).

Significant market for easyJet

European market



easyJet network[1]



Balanced traffic between outbound, inbound and domestic flows respectively sustained by an affluent population, tourism and business traffic

1. Source: Top 10 capacity flows of easyJet – millions of seats

Where is the future opportunity for easyJet

"Be the challenger brand to Air France"

1. Take advantage of main competitor restructuring and limited presence of other low cost carriers
2. Profitably grow market share over time by offering affordable fares and reliable product
3. Use the easyJet network to increase travel into France
4. Focus on business passengers, leverage France tourism attractiveness and high income residents propensity to fly
5. Keep on building the brand and focus on customer experience

Respected in the French community

Employ over 1,000 people

- Under French pay system, paying French social service
- Social responsibility

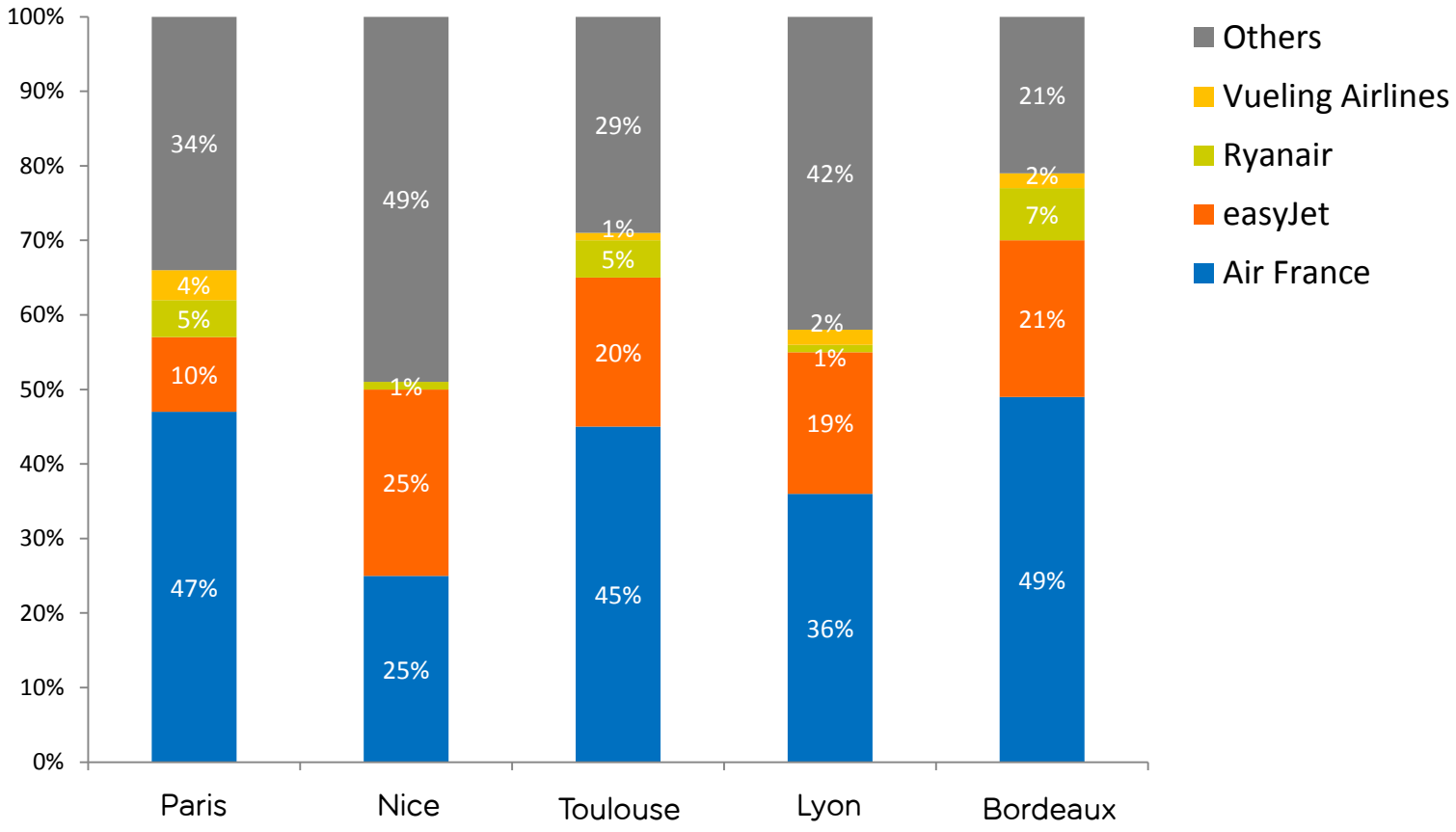
Development of regions

- Connecting France through the network



easyJet is the only significant competitor to Air France

Full year 2014 – French market share (in seats)[1]

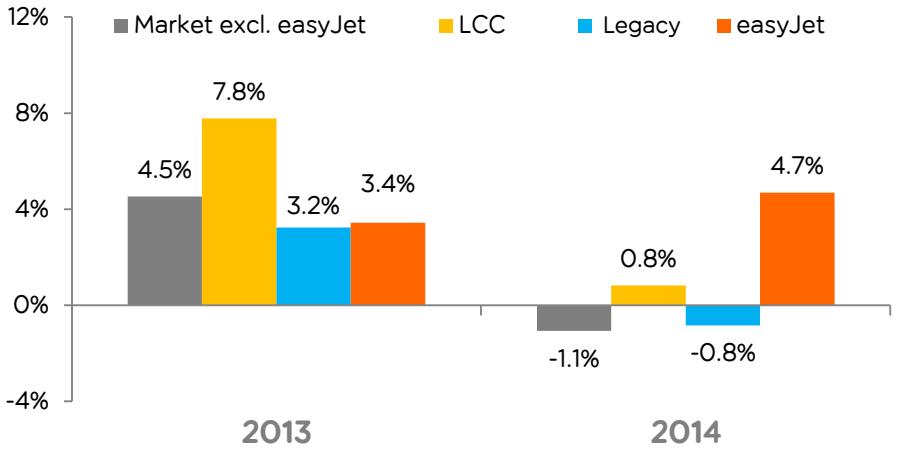


1 Time period: Oct 2013 – Sep 2014

Gaining market share

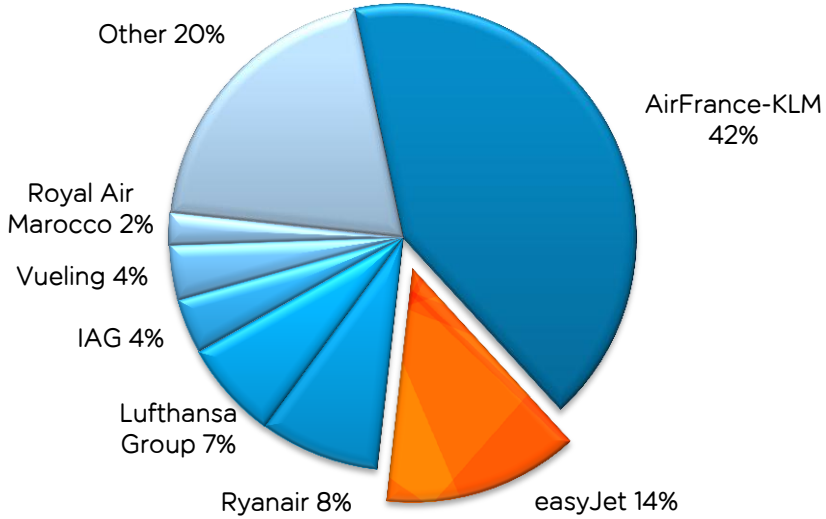
Capacity in France

- Market capacity flat in FY14 driven by Air France reduction
- LCC penetration in France lower than Europe average
  - Increase in 2014 driven by easyJet and other LCCs



easyJet progress

- Market share gain
- Build on successful start of Nice and Toulouse bases to establish strong regional network
- Strengthen operations in Paris to consolidate No 2 position



Source OAG: Oct 2013 – Sep 2014

World's leading tourist destination

France is the leading tourist destination in the world

- 85 million arrivals in 2013[1]:
  - 83% being from countries within easyJet network
- Paris is the number one city in terms of visitors, with 32 million arrivals in 2013
  - 38 easyJet network points connect with Charles de Gaulle
  - 19 easyJet network points connect with Orly
- The number of inbound arrivals in France is expected to increase at a CAGR of 2%, rising to 90 million in 2017



1 Source: Euromonitor, 2013

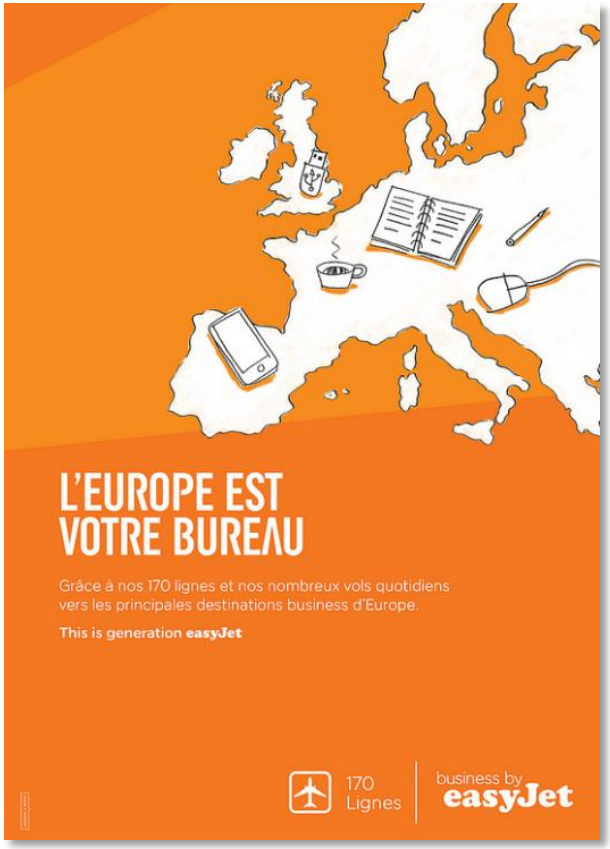
Business passenger opportunity in France

Most popular business

- Multiple frequencies to EU cities
- Domestics routes (Paris to regions and inter regional network)

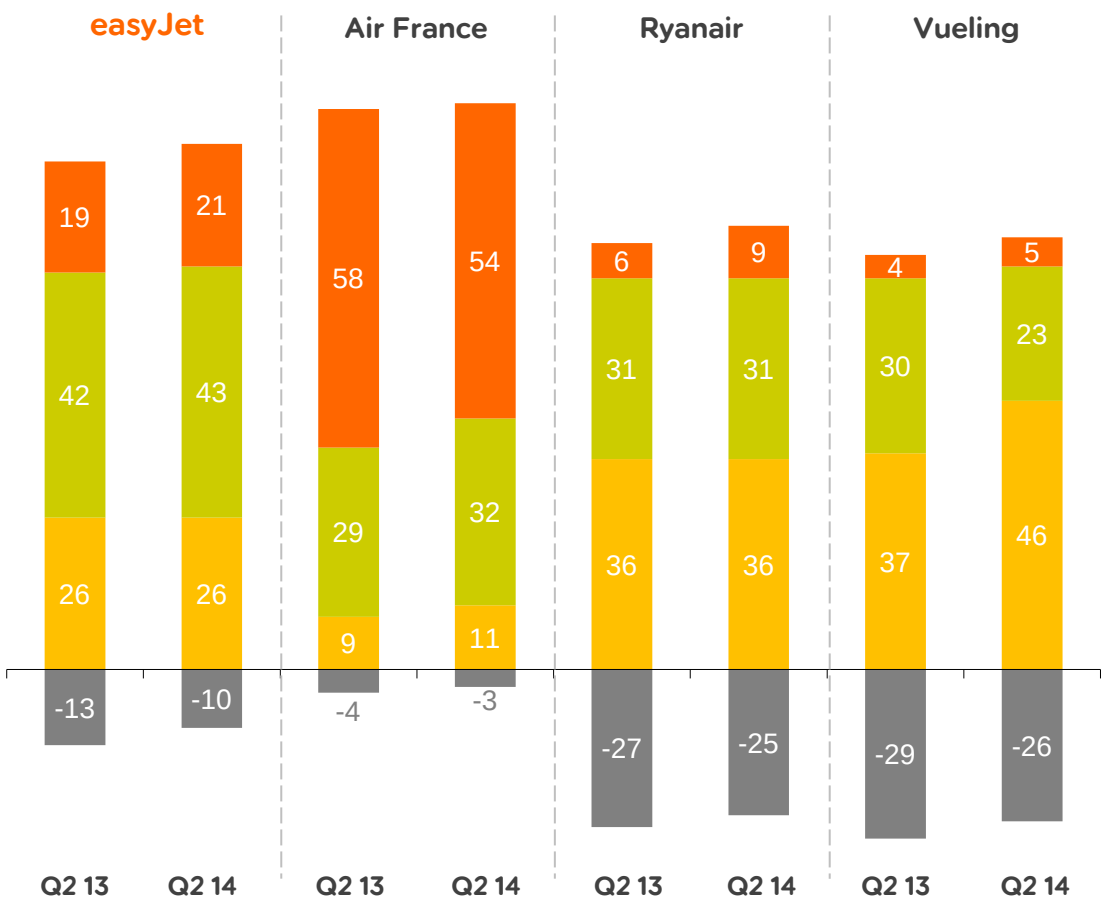
Continue to increase share of business / high yield passengers through

- Targeted deals with main TMCs and corporate accounts and develop GDS distribution
- Product optimisation vs. competition and continuous operational excellence



Brand awareness industry leading in France

Brand consideration closing gap with Air France and strengthening against competition



- Brand awareness recovered from a low level where education was needed to change people's mind-set about low-cost
- Consideration continues to build by giving confidence to customers as we continue to make travel easy and affordable

Source: Millward Brown

HOW WE SELL

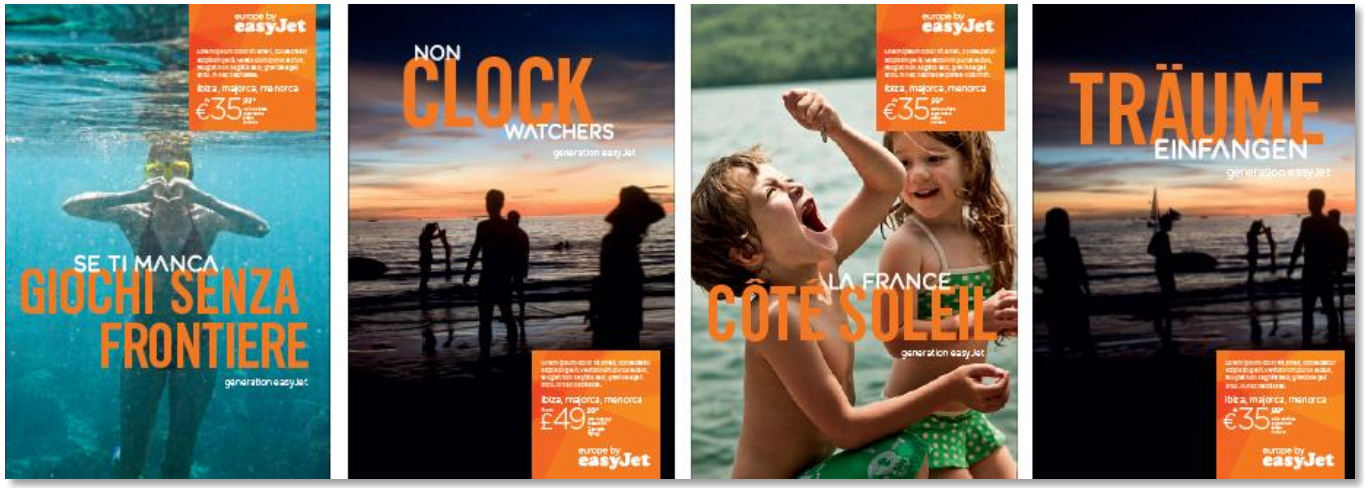
Peter Duffy

Group Commercial Director: Customer, Product & Marketing

europe by easyJet

Agenda

1. Driving demand through brand and communication investment
2. Digital conversion
3. Highly differentiated revenue management system
4. Examples of revenue initiatives
   - Non-seat revenue (easyJet Holidays, in-flight)
   - Business passenger



Universal brand awareness in our key markets

	Awareness 2014 (Q3)	Serious consideration 2014 (Q3)	Preference 2014 (Q3)
	98%	62%	15%
	98%	66%	19%
	91%	28%	5%
	97%	68%	22%
	100%	71%	40%

Source: easyJet Brand ranking study

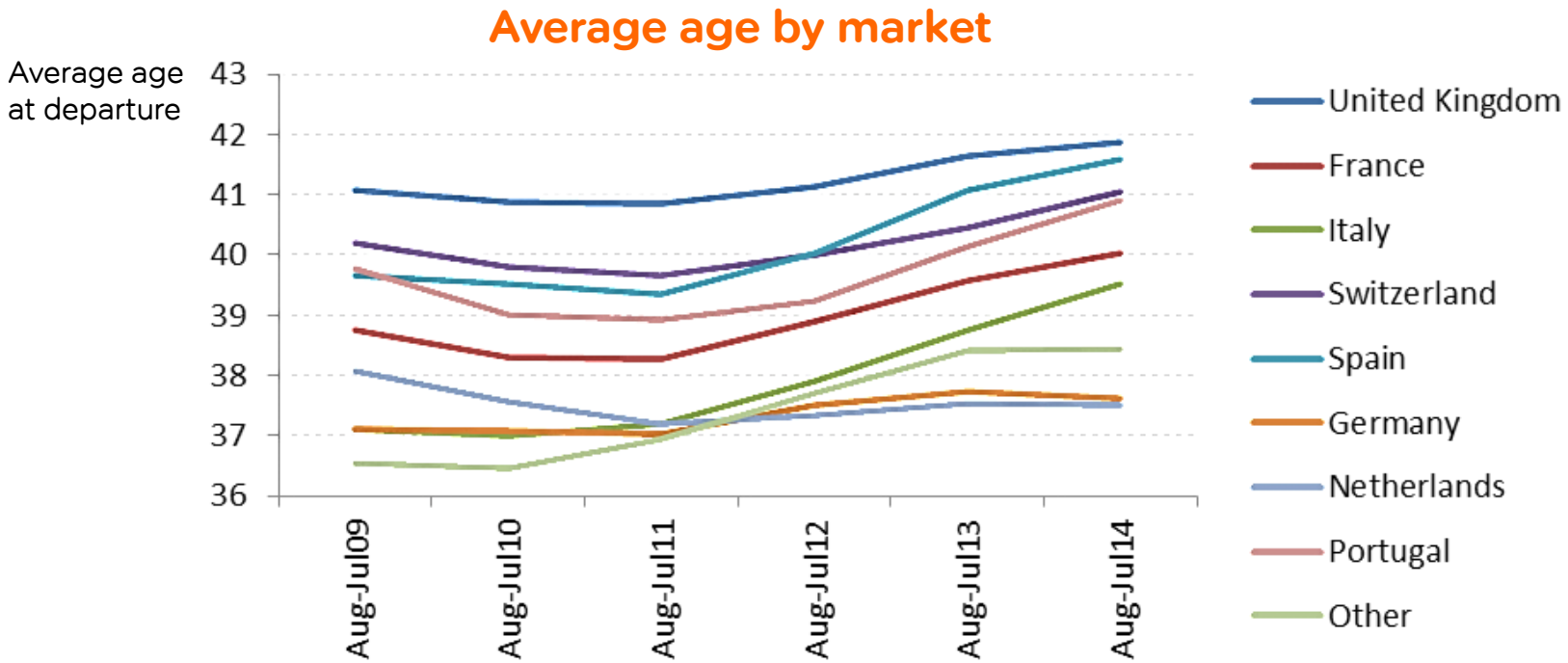
Strong brand awareness delivers sales

Passenger origination



Improving customer experience

- Customer satisfaction improved
- 56% of customers have now flown with us before
- Average age of customers increasing



Structured re-targeting

- 57 million customers on the database
  - 41% marketable
- Marketable customer base has increased three-fold since 2012
- Data driven creative approach
- Customers in the contact programme are 33% more valuable than those who are not
- Emailed customers book 24% more frequently than non-emailed customers



Digital strategy

- +500 million visits
- +26% - overall traffic increase (including mobile)
- c.15% - step 1 web conversion improvement
- 8.6% - mobile (% ecommerce bookings)



Pricing

- Low fares offered across the entire network – c.45% of passengers pay under £50 per flight
- Simple demand based system
- Every flight to deliver positive contribution
- Continued innovation
  - Allocated seating
  - Bag charges



Non-seat revenue

- £64 million[1]
- New deals with Europcar & Allianz
- Leverage CRM platform to deliver sales
- Significant Pan-European holiday options
  - Hotelopia – flight sales and holidays
  - Series seat sales
- In-flight



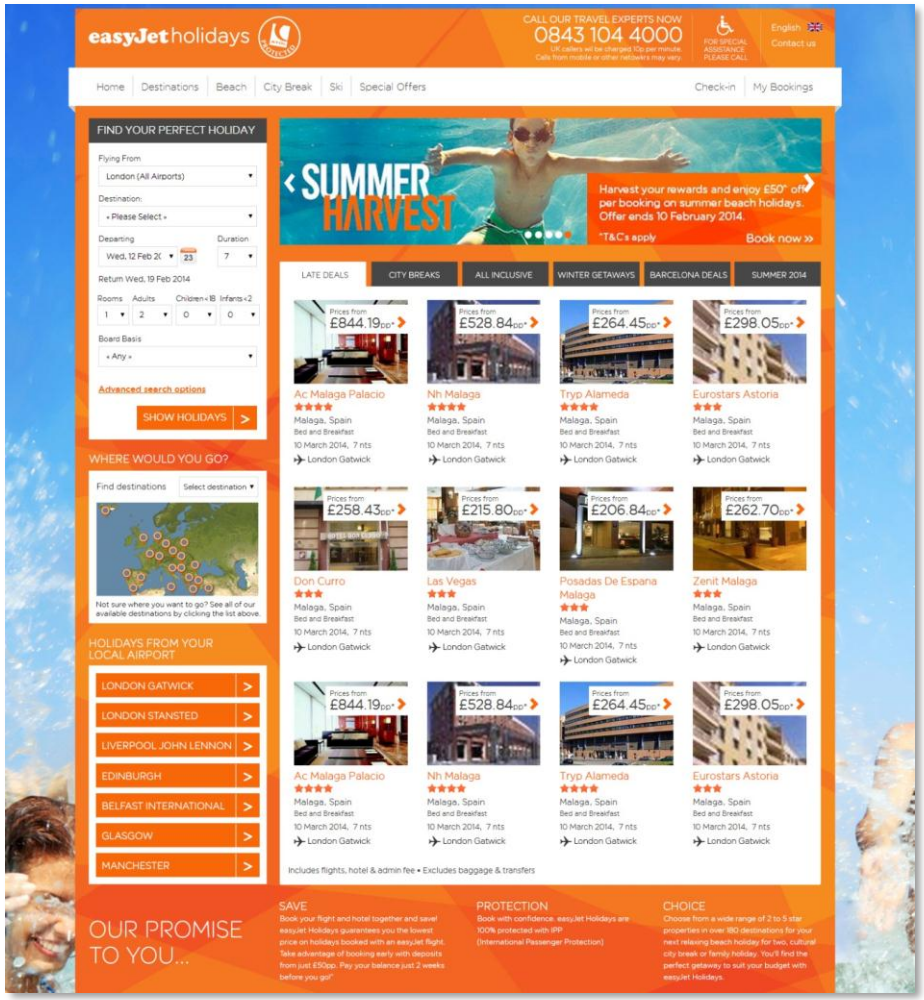
1. Year ended 30 September 2013

Quality revenue streams - easyJet Holidays

- Major opportunity for easyJet
- 10 million European flight package bookings in UK - significant market in Germany, Switzerland & across Europe
- New deal with Hotelopia

Proposition

- Package holidays as beach, city and ski - full European coverage
- Exclusive product range and prices Including branded 5 star properties
- Fully protected (ATOL in UK)
- Segmented product to cater for specialist requirements



Quality revenue streams - Inflight

- New differentiated award winning products
  - Best Airline - Inflight Retail and Food & Beverage
  - New products e.g. coffee sales up 17%
- Margin improvements – up 9%
- New brochure design from specialist consultant to Waitrose
- Stock loss, wastage and accuracy improvements

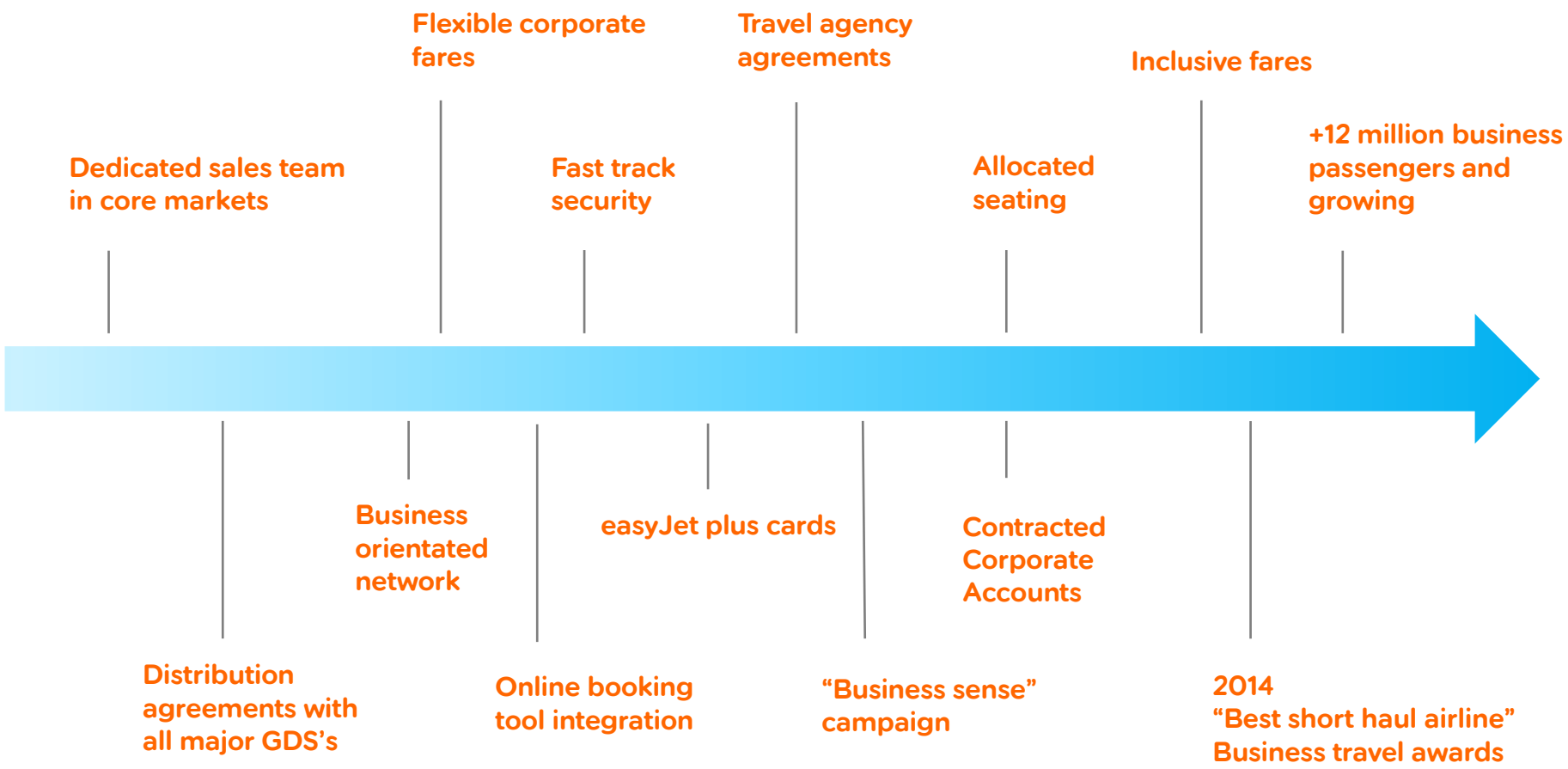


BUSINESS TRAVEL

Anthony Drury
Director, Head of Business

europe by easyJet

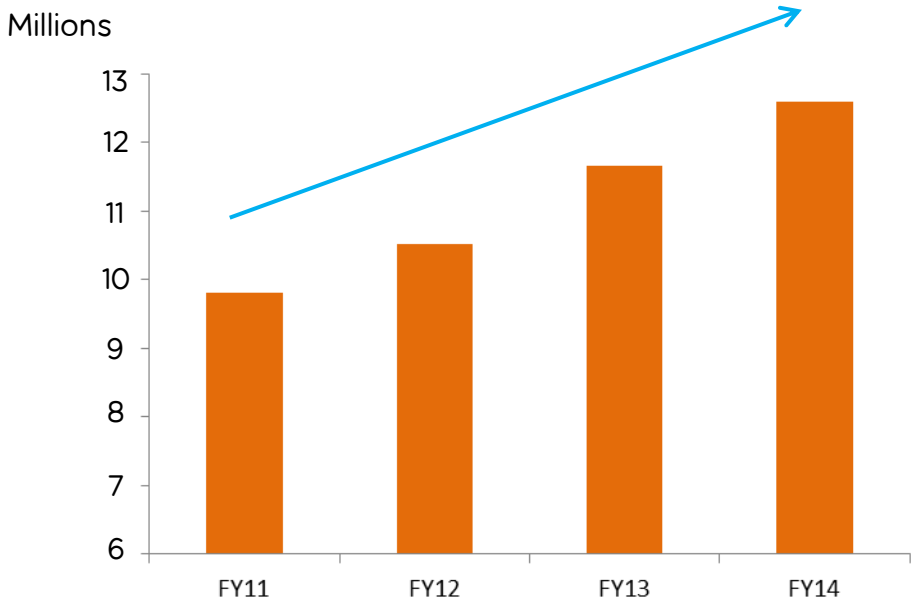
Business journey



Delivering expected results

- 12 million business passengers per annum
- 20% business passenger penetration
- +280 corporate agreements
- +80 travel management companies contracted
- Distribution agreements with all major GDS and self booking tools

YOY business passenger growth



What is the future opportunity

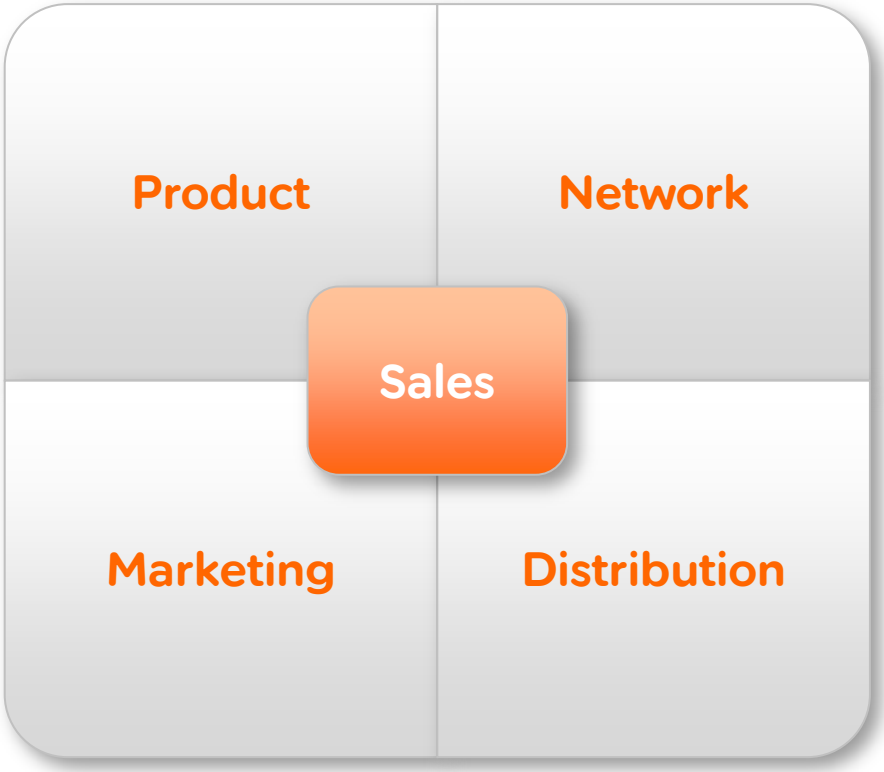
- EMEA short haul market opportunity is estimated at £20 billion pa (165 million seats)
- 35% of the short haul market is direct to airline websites
- 65% of the short haul market is through travel management companies
- easyJet overall market share is 8.3% across Europe
- "Direct Business" market share is currently 15% of the direct opportunity which is indexed above our overall market share
- "Managed Business" market share is currently 3% of the managed opportunity which is indexed well below our overall market share
- Opportunity exists across both segments with the "Managed Business" sector highlighting the most opportunity

European short haul market[1]



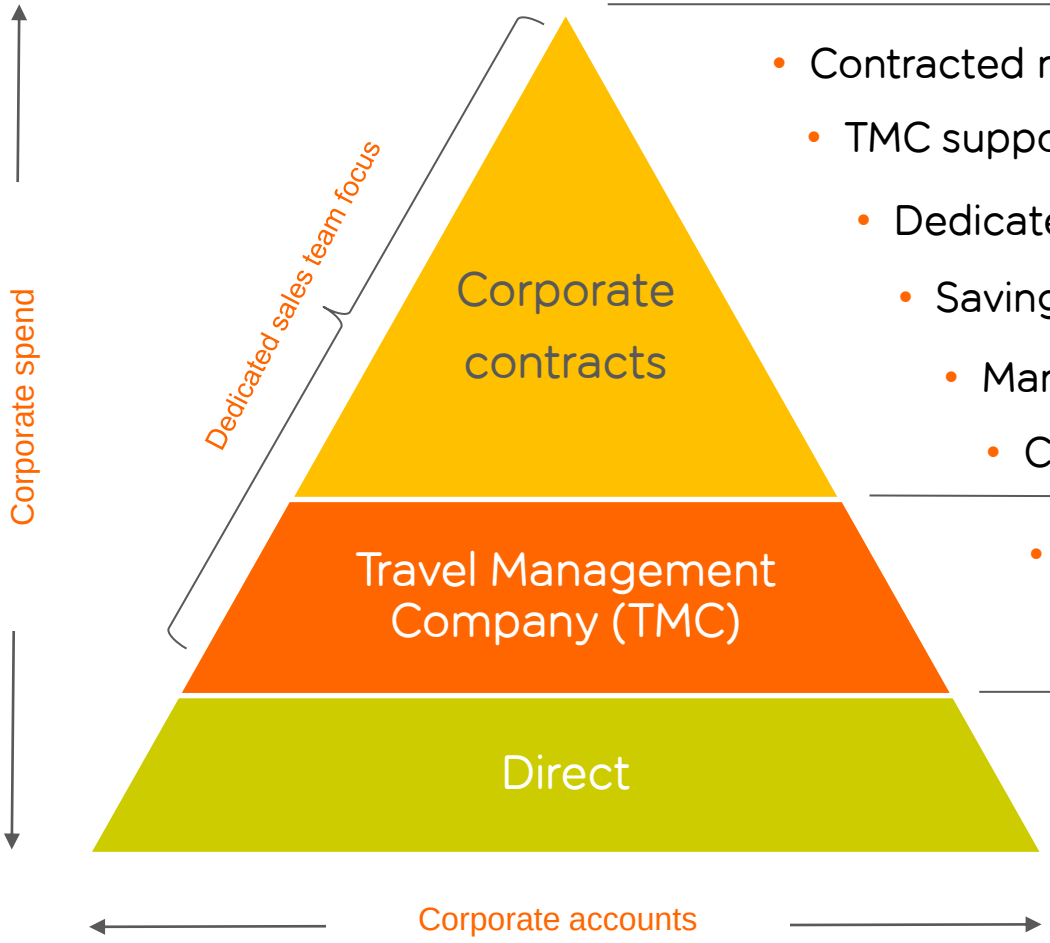
1. BCG analysis 2014

Seizing the opportunity



- Market share growth opportunity across all markets
- Focused strategy to capitalise on the opportunity across Europe through both the managed and direct channels
- Four strategic pillars supporting our sales approach

“Multi channel” sales approach



- Contracted relationships
- TMC supported (Online/Offline)
- Dedicated stakeholder management
- Savings / ROI value proposition
- Management reporting
- Corporate discounts

- Distribution channel
- Middle market growth

- SME channel
- www.easyjet.com

Seamless distribution through all channels

- GDS connectivity improvements across all channels
- Self Booking Tool integration with consistent display
- Flexibility to book direct
- Supporting the TMC's preferred booking channel across Europe



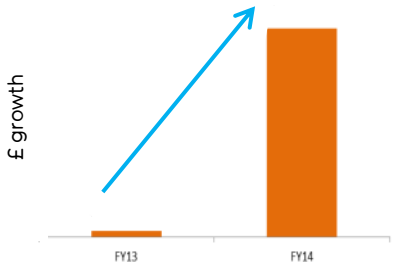


- 100% YOY GDS penetration improvements
- Displayed similar to all other carriers
- Leading the industry with flexible distribution standards

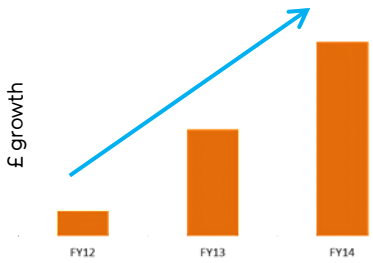
Delivering tailored business products



- Tailored fares and products for the corporate customer
- Fares distributed through the TMC's GDS systems
- Fares available online through all self booking tools
- Fast track for Flexi fares & easyJet plus at more than 35 airports



Inclusive Ticket Growth



Flexi Ticket Growth

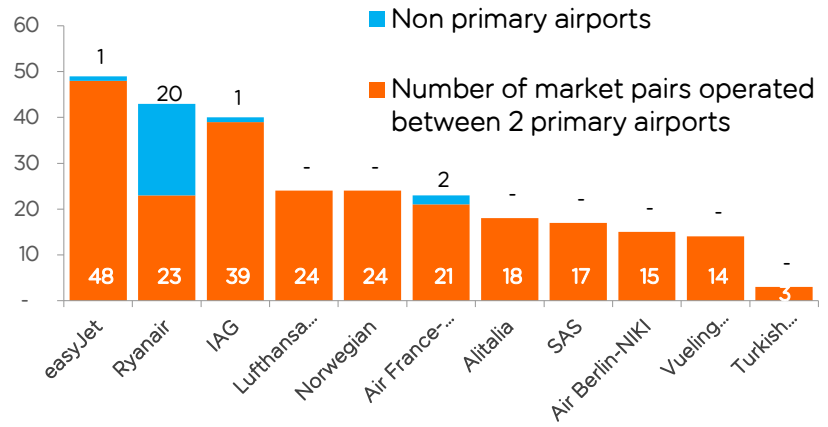




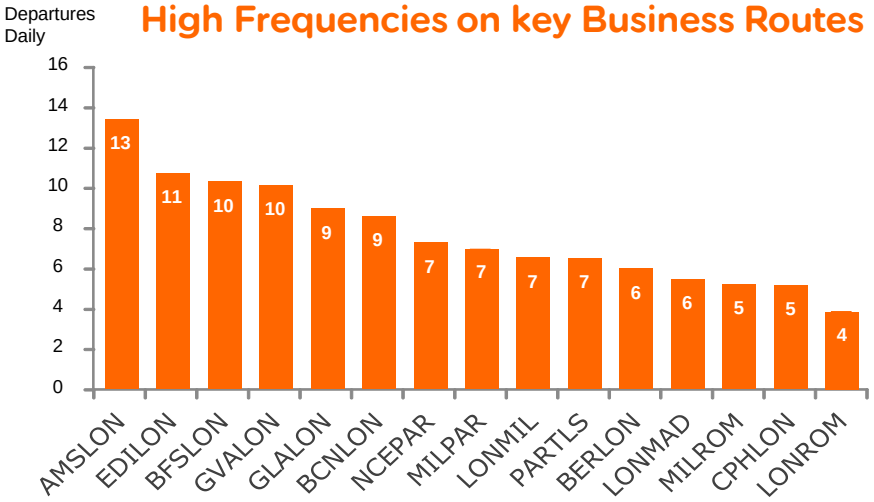


Building a stronger business network

Presence in top 100 market pairs

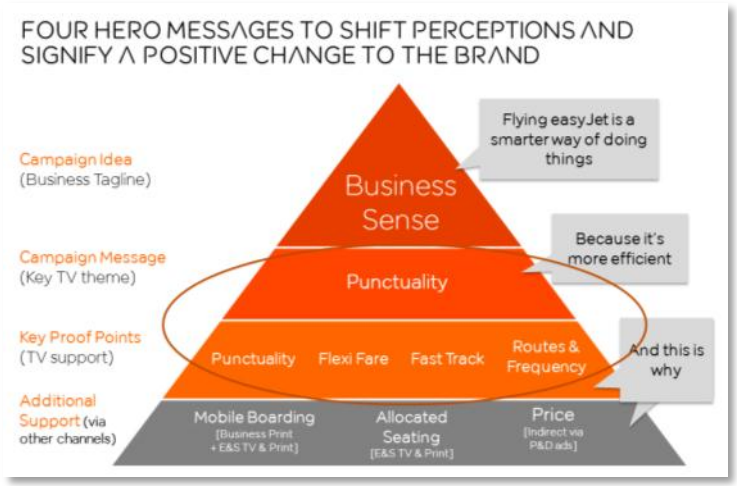


High Frequencies on key Business Routes



- Largest footprint in the largest European markets
- Flying to more business friendly primary airports
- Multiple frequencies on top Business routes
- Maximising time and efficiency through our business friendly schedule

Stakeholder focussed marketing campaigns



- Targeted stakeholder advertising
- Product re-enforcement
- Leverage all media channels
- Influencing behaviour
- Brand awareness and perception
- Educating the corporate traveller









Summary

- Opportunity to grow market share across both managed and direct segments in all markets
- Largest opportunity across the managed sector through TMC channel development
- Marketing investment to increase consideration
- On-going focus on evolving the suite of business products
- Continue to develop and support Industry partners
- Business is part of our DNA



LOW COST EVERYDAY

Chris Kennedy

Chief Financial Officer

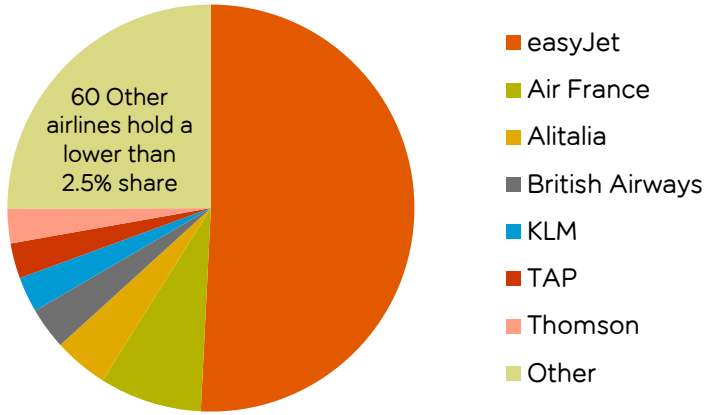
europe by easyJet

Low cost everyday

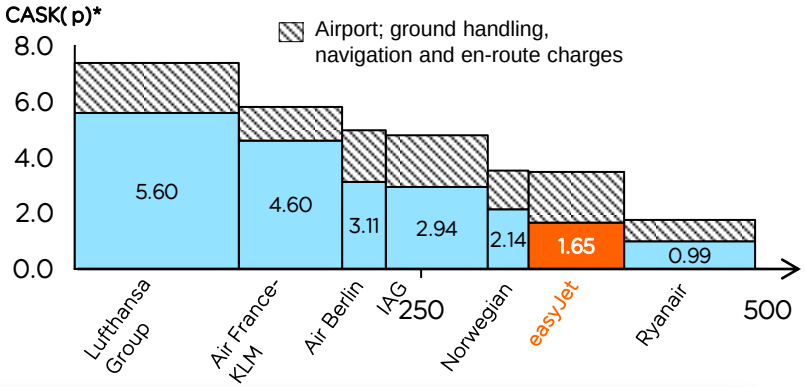
Low cost allows easyJet to:

- Offer affordable fares
- Continue to compete successfully
- Sustain and grow margins

Capacity deployed on easyJet network[1]



Cost base allows easyJet access to the opportunity



easyJet's low cost base provides the platform to make travel easy and affordable

1. OAG full year 2014 – easyJet airport pairs capacity

easyJet lean will deliver £30 million - £40 million in sustainable savings per annum over the next 5 years

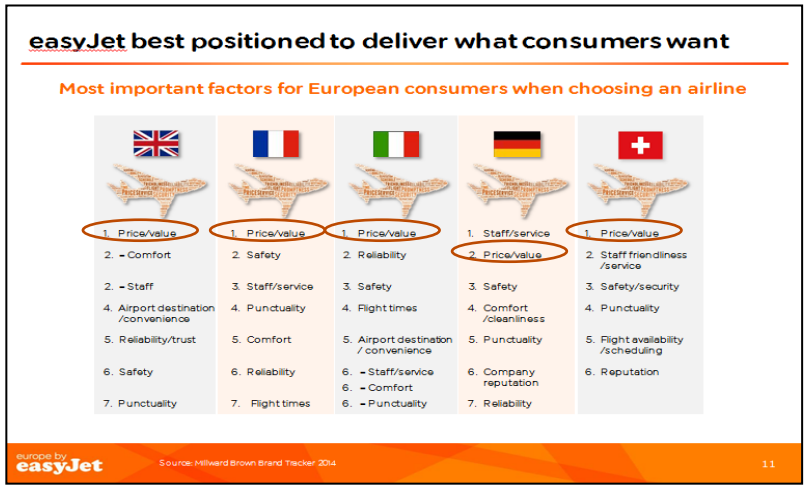
easyJet lean has delivered c.£170 million in sustainable cost savings

lean principles:

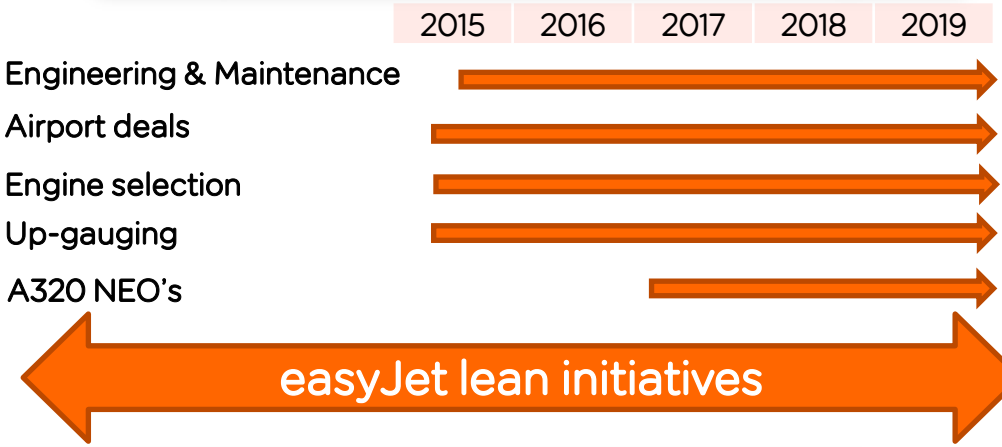
- Governance and milestones
- Covers the total cost base
- Long and short term savings
- Embedded throughout easyJet culture

Benchmarking process:

- Costs benchmarked against key competitors
- Revealed a further pipeline of saving initiatives



Pipeline of sustainable cost savings



easyJet lean will continue to deliver sustainable savings

COST OPPORTUNITIES

Warwick Brady
Chief Operations Officer

europe by easyJet

Our operation in 2014

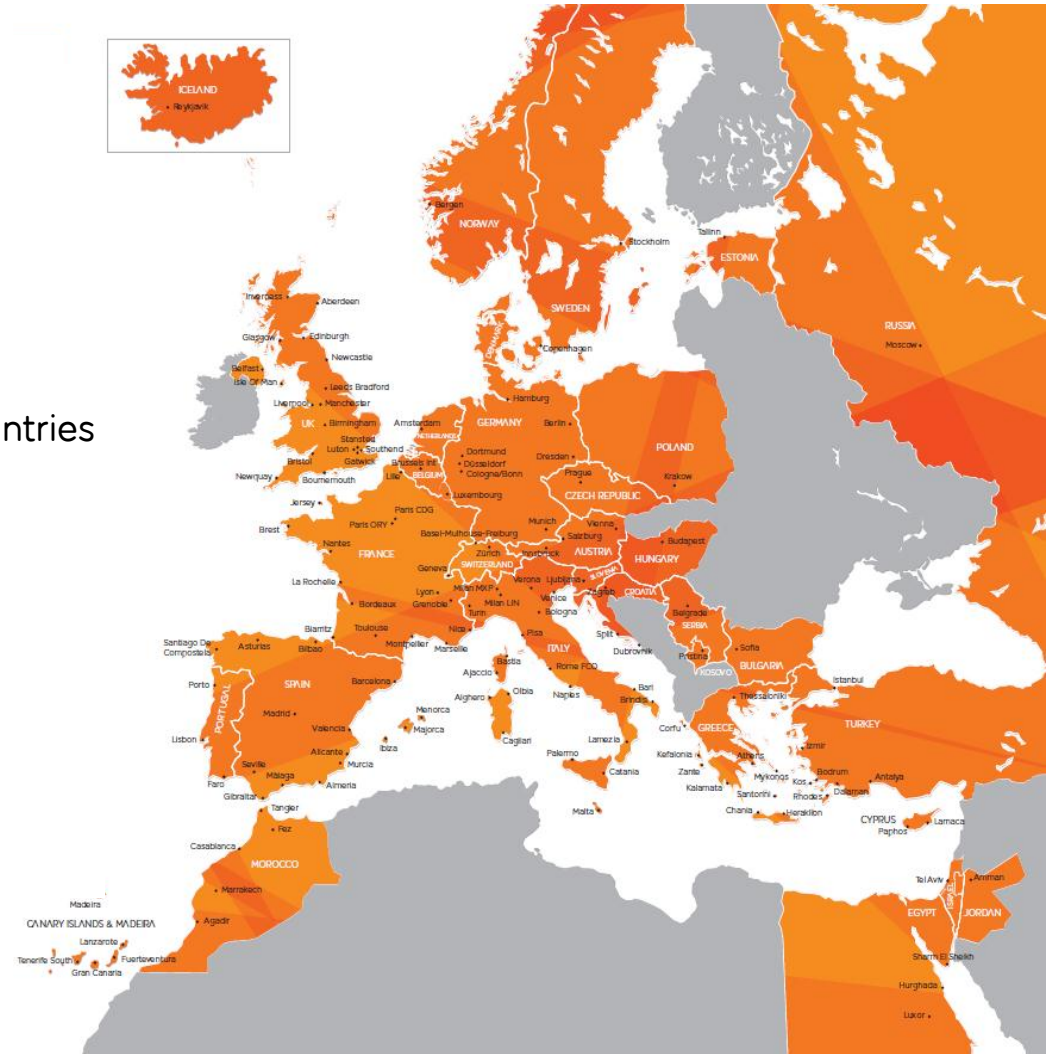
Flight Operations
- 2,440 Pilots

Cabin Services
- 5,221 Cabin Crew

Ground Operations
- 704 routes across 134 airports in 32 countries

Engineering & Maintenance
- 226 aircraft
- 6 maintenance bases
- 27 line maintenance bases

Operations Control
- 26 aircraft/crew bases
- c. 1,350 sectors/day

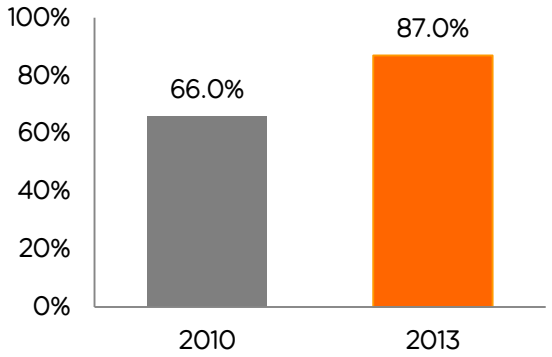


Leading asset utilisation

Operational efficiency

- Low overhead costs
- Highest load factor
- Uses its aircraft efficiently
- Maintains industry leading on-time performance

On Time Performance



Innovate to maintain cost advantage



90.3% Load factor[1]

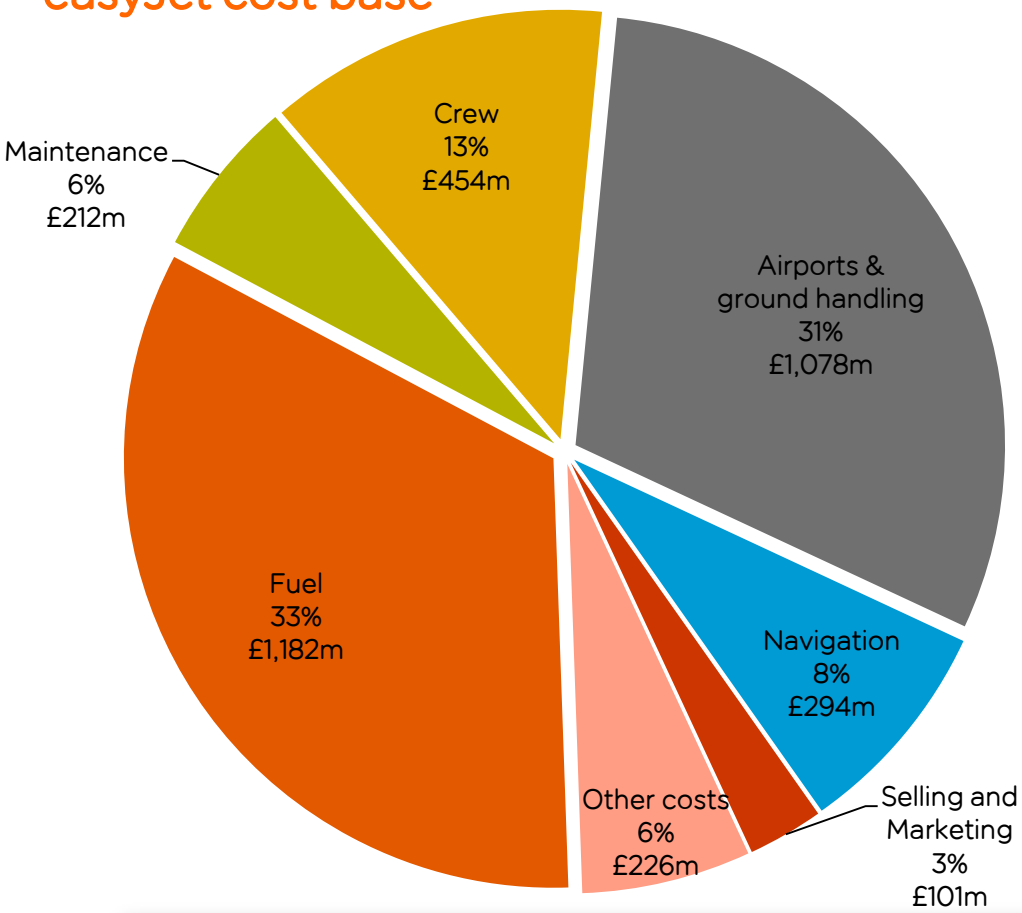


Industry leading asset utilisation

1. Rolling 12 months to 31st August 2014

Maintaining cost advantage

easyJet cost base[1]

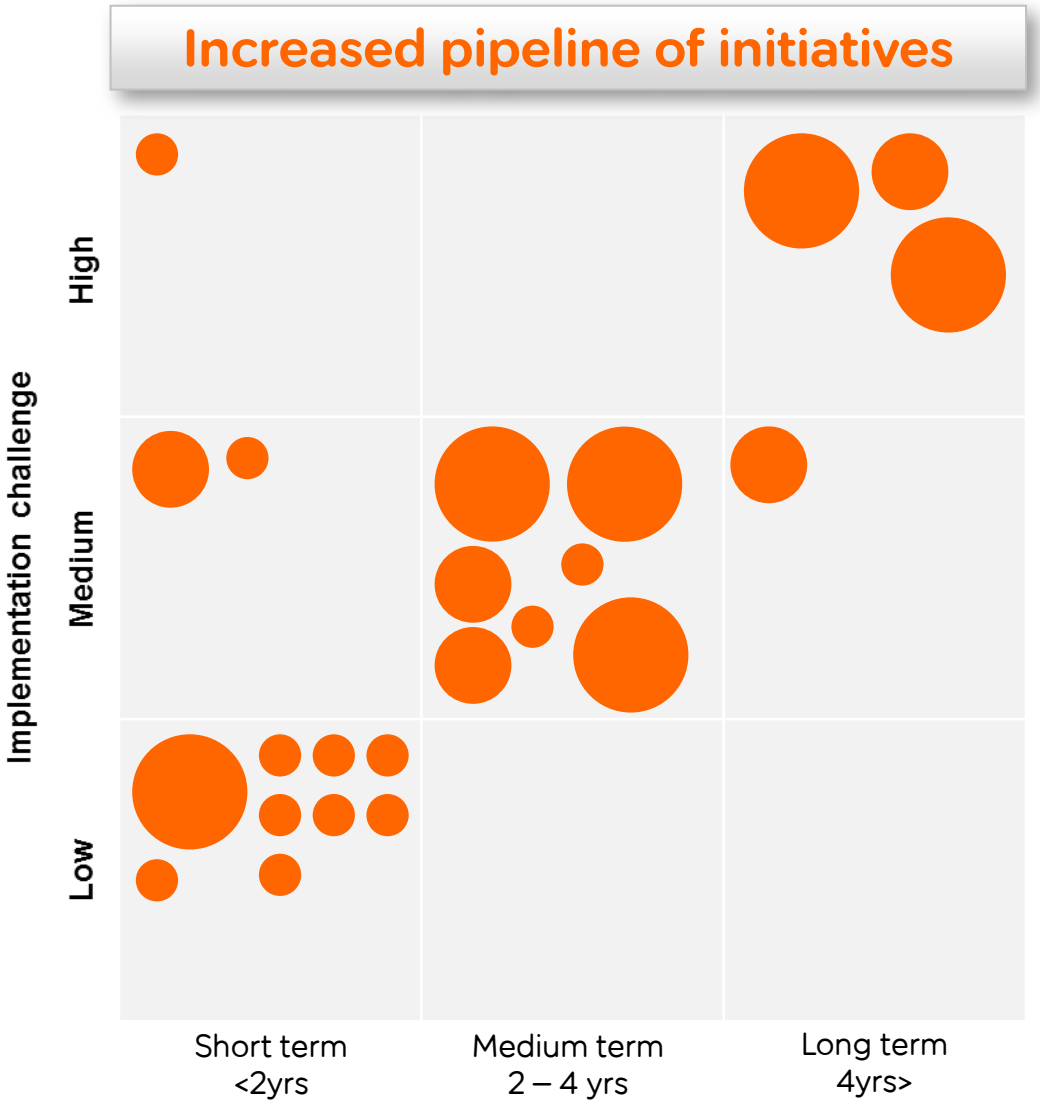


- Overall operational cost base of £3.5 billion
- Ex-fuel cost base of £2.4 billion
- Ex-fuel costs are 67% of the overall operational cost base
- easyJet has the ability to directly impact c.60% of the cost base

All based on single aircraft type which allows for scale and simplicity benefits in all cost and operational areas

1. Year end 30 September 2013

Pipeline of initiatives to maintain cost advantage

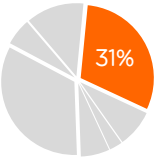


- easyJet lean continues to deliver and develop significant cost reductions
- Rolling 5 year plan to identify future initiatives across
  - Airport charges
  - Ground Handling
  - Navigation
  - Crew
- Engineering and maintenance contract re-tender in 2015
- Continued benefit of up-gauging

Size of savings per annum

(larger circle means bigger saving opportunity)

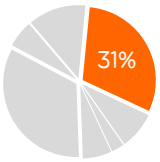
Airport costs: the facts



- 80% are regulated airports
- 20% are non-regulated
- Price deals:
  - London Gatwick price cap over 7 years
  - Luton 10 year growth deal allowing doubling of passengers
  - Spain 10 year price freeze (18 Airports)
  - Copenhagen price increase capped for 4 years, low-cost terminal discount protected
  - Long term airport deals across Europe



Airport costs: delivering savings



Airport deals

- Deals recently completed:
  - Gatwick
  - Luton
  - Bristol
- Develop relationships with airports to help deliver Airports of the future program
- Efficient use of capital
- Deals not reliant on regional subsidies or state aid

Regulated airports

- Participate in price regulation process in major airports
- Work with regulators to ensure a fair price setting process is developed and adhered to
- Push to have dual till pricing structures eliminated from the easyJet network

Structure of charges

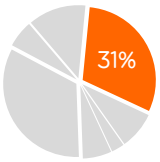
- Ensure airport charges fairly reflect the easyJet product
- Charges should reflect the underlying cost of services provided
  - Pay per use
  - Recognition of higher load factor
  - Recognition of fast turns & limited use of assets
  - Avoid funding infrastructure that we do not use

Culture change

- Avoid any remaining bias towards legacy carriers
- Develop relationships with regulators and work together to ensure fairness in cost structures
- Develop relationships with airports to ensure efficiency is rewarded and airports are customer friendly and efficient

Continual focus to minimise price increases to below inflation

Ground handling costs: the facts

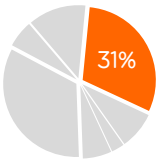


- Over 50 handling partners across our network
- Our top 10 partners handle c.80% of our turns
- Menzies Aviation & Swissport are our biggest partners
- 98% of our customers now use online Check-in
- Misrouted bag rate of 0.4 per 1000 bags, one of the lowest in the industry
- De-icing technologies reducing winter disruption
- Deals signed this year:
  - 6 UK airports
  - Copenhagen
  - Geneva
  - Schönefeld & Hamburg





Ground handling costs: delivering savings



To deliver an easy, efficient and friendly service at competitive prices

Evolving airport processes

- Online Check-in
- Carry on bags

Airports of the future

Making key airports customer friendly and efficient (e.g.: Gatwick single terminal consolidation)

Automation

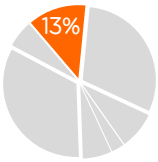
Auto bag drop and auto gates will drive efficiency across the airport experience

Competitive market

Leverage new contracts based on our volume

External benchmarking confirms easyJet as one of the industry leaders in ground handling costs

Crew: the facts



- 13% of cost base
- Are represented by 16 recognised unions
- Crew are rewarded on productivity and performance
- e-Learning and bespoke training programs are offered that continually develop our crew
- Our crew are a major reason why passengers enjoy flying and continue to fly with easyJet

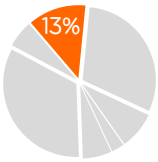


"I have no doubt in my mind that the quality and professionalism of the cabin crew is a major reason why I will continue to use easyJet."[1]



1. easyJet CSAT YTD July 2014

Crew: delivering a sustainable cost base



To deliver an easy, efficient and friendly service at competitive prices

IT systems

Optimisation software ensures our crew are as productive as possible

Industrial Relations

Specialised employee relations team regularly liaises with our 14 recognised unions

Lifestyle options

Offer choices to enhance lifestyle - select between pay, time off or part time

Pay deals

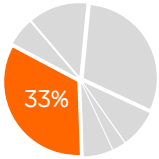
Variant pay deals which are competitive in each of our jurisdictions with rewards based on productivity and performance

Growing network

Improved flexibility through new entrant contracts & strategic flying from new bases (e.g.: Netherlands, Portugal)

Crew cost per block hour is in line with low cost competitors

Fuel costs: the facts



- 33% of the cost base
- easyJet's single largest cost line
- Since 2011 our baseline fuel initiatives have made savings of £22 million
- A $10 movement per metric tonne impacts the FY'14 fuel bill by +/-$1.0 million[1]

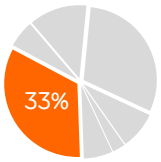






1. Q3 IMS, 24 July 2014

Fuel: delivering savings



What has been done so far

- Introduction of Sharklets for new deliveries since August 2013
- Retrofitted 6 additional Sharklet aircraft
- Aircraft weight reduction programme to remove unnecessary weight carriage
  - Lightweight seats and lightweight trolleys remove 600kg per aircraft
  - Engine washing programme maximising economy and minimising emissions
  - Lightweight Electronic Flight Bag (removed paper charts) saving 25kg per aircraft



Continuing to deliver savings

- Analysis tools to identify opportunities for cost savings
- Zonal drying trial
- Delayed engine start
- Engine washing



- Fuel burn information shared with flight crew
- One engine taxiing
- Continuous improvement together with manufacturers
- Flap 3 landing (requires less engine power during descent)

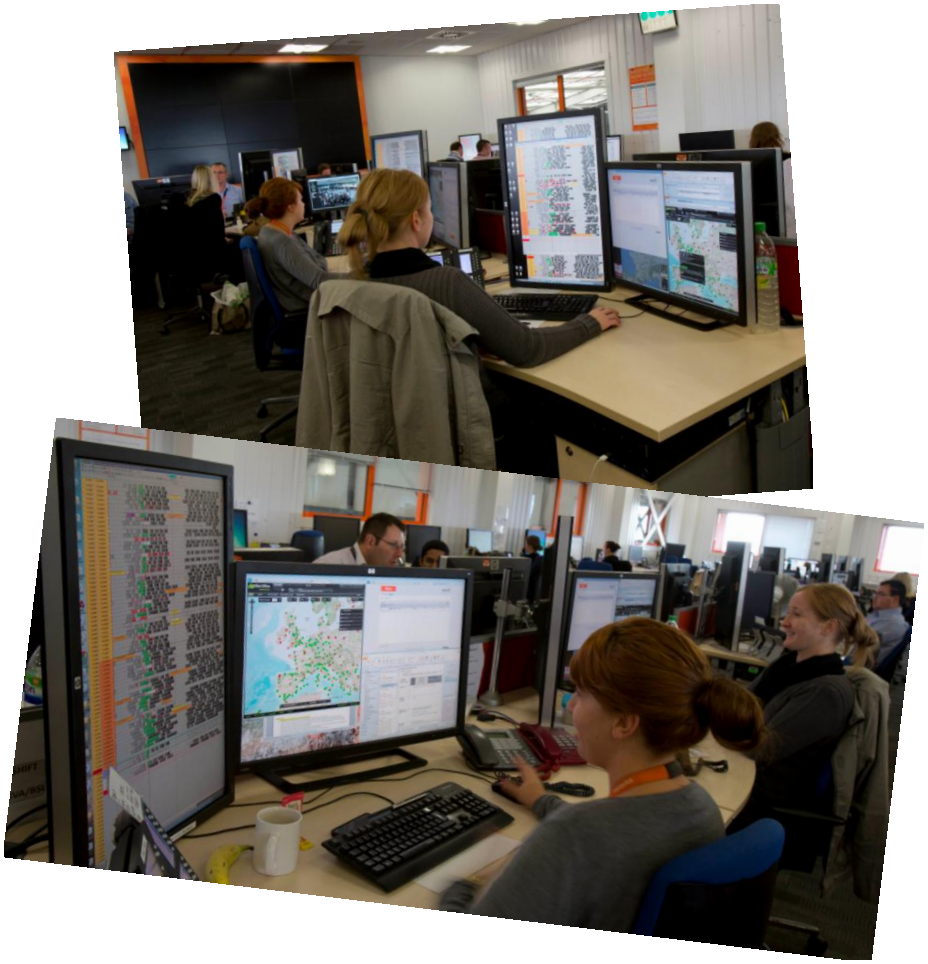
Pipeline of initiatives to continue to drive fuel efficiency savings

DISRUPTION MANAGEMENT

Will Facey
Head of Operations Control Centre

europe by easyJet

Role of the Operations Control Centre (OCC)



- Deliver the daily network
- Maintaining operational resilience
- Mitigation of operational risk
- Centralised network decision making
- Crew support & co-ordination
- Manage disruption
- Communication flows
- Crisis response

Being on the front foot – anticipating, mitigating and controlling execution

OCC in disruption – considerations & outcomes

OCC Role	Action / Process
Control	Operational routines Business disruption teams Legal liabilities
React to any situation	Realistic and pre-emptive decision making
Open communication	Be open and honest with passengers Flight tracker
Centralised procurement	E.g.: centralised hotel booking
Innovative technology	E.g.: pre loaded cash card refreshment vouchers

Disruption cost per cancelled flight decrease

2012 – £3,718 2013 – £3,551 2014 – £3,403

Outcome

Increased customer satisfaction

- Increased OTP and service completion rates
- High level of control and co ordination
- Balance between customer value and cost
- Consistent and pertinent communications
- '..Doing the right thing..' Higher propensity to fly with easyJet again

Increased cost control

- Lower disruption cost

Future cost initiatives / innovation

- Seeking disruption solution optimisation
- Hotel procurement / pax self help

Case study: disruption incident management

Bird strike



Decision process

Aircraft at LGW suffers bird strike

Initial assessment undertaken
(LGW / BSL flight delayed)

Decision made to ground aircraft

LGW / NCL rotation is cancelled as passengers not at airport yet

LGW / NCL passengers informed of cancellation
(majority informed prior to arrival at airport and placed on first flight next day)

Swiss passengers moved in both directions & NCL passengers put on next

Considerations

- Aircraft scheduled to travel too and return from BSL to LGW
- Quick decision required due to Basel curfew
- limited options to move passengers between UK / Switzerland in the coming days
- Operationally committed to move Swiss passengers
- Is there enough time to inform NCL passengers of cancellation and stop them from travelling to the airport?

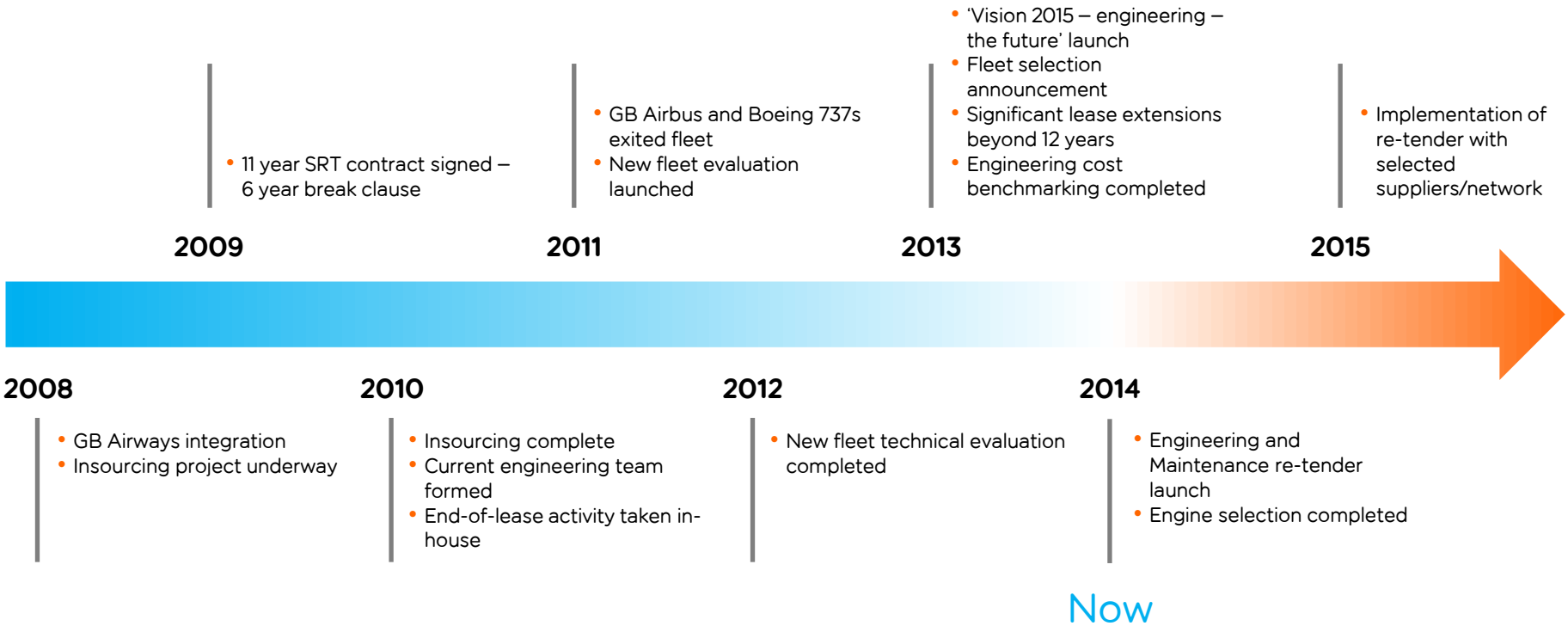
Recovering well is the key to retaining the passenger

ENGINEERING AND MAINTENANCE

Gary Smith
Head of Powerplant and Fleet Transition

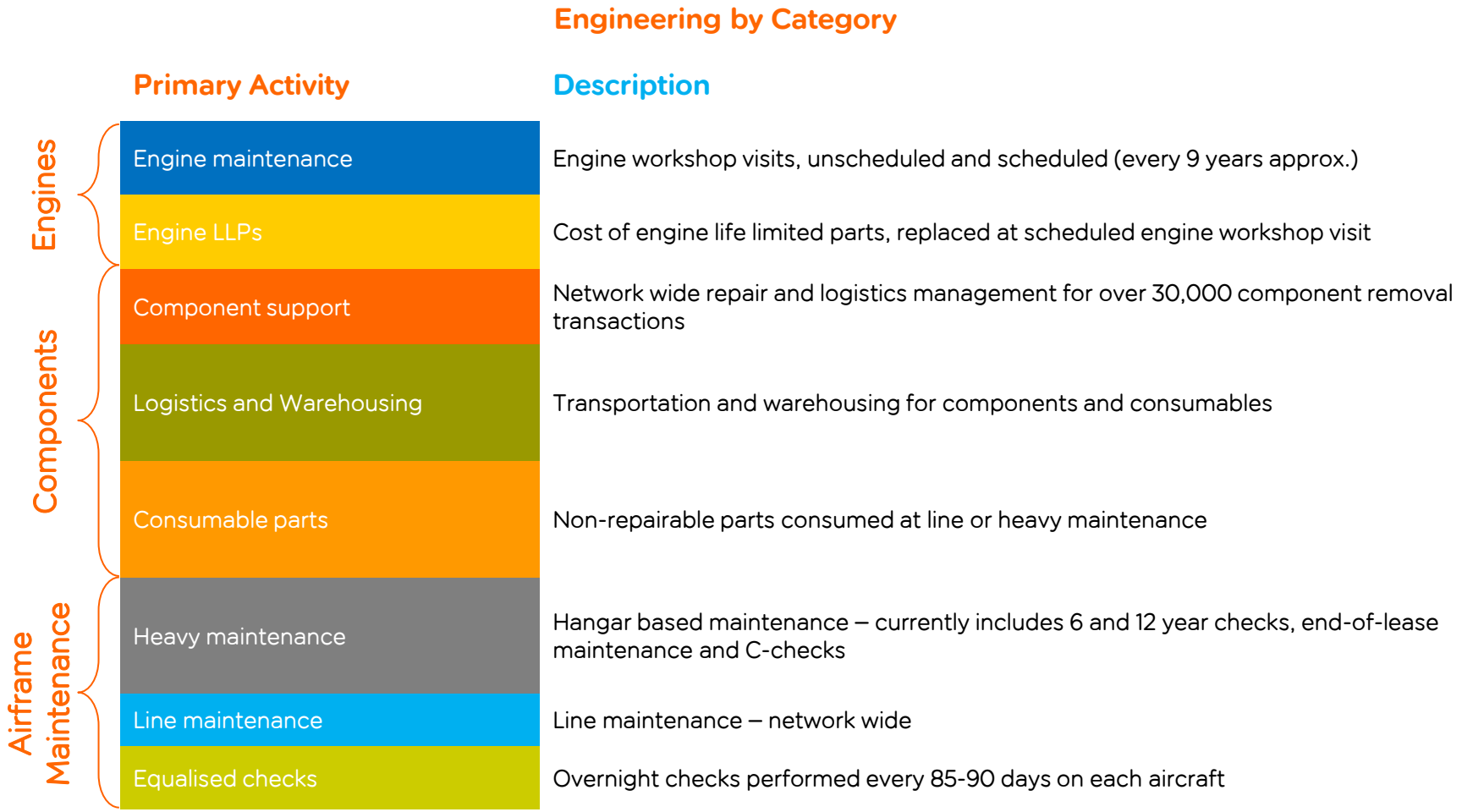
europe by easyJet

Background to E&M re-tender



How the E&M cost base breaks down

easyJet Engineering & Maintenance cost base

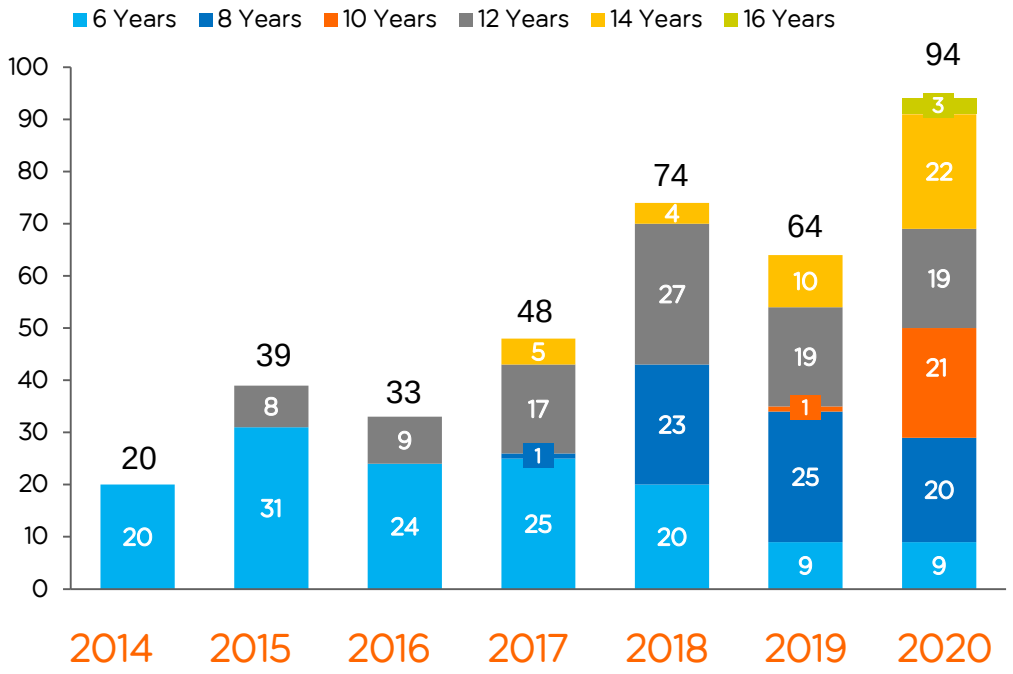


Implications of fleet transition on heavy maintenance

Increase in maintenance volume gives opportunity to leverage cost

- A320 family requires a heavy maintenance check at 6 and 12 years (14 and 21 days downtime respectively)
- Beyond 12 years, aircraft require a medium-maintenance check every 2 years, allowing opportunity to perform reliability modifications
- Increased maintenance and larger fleet provide significant leverage with maintenance providers
- Predictable volume of the same aircraft type offers opportunity to leverage 'lean principles' and technology to improve efficiency of maintena

Type of check



Average age of fleet[1]	5.8	6.2	6.7	7.1	7.2	7.5	8.0

1. Average age of fleet at end of respective financial year
Heavy maintenance demand forecast based on easyJet internal analysis: 2014-2020

Vision 2015

In spring 2013, easyJet engineering launched 'Vision2015'

- Cost benchmarking exercise carried out by independent experts
- Objective of delivering best-in-class engineering cost, reliability and safety
- Implementation to coincide with exit points from existing contracts

Outcome

- easyJet engineering costs were benchmarked on a CASK basis
- Considerable opportunities identified in:
  - Component repair, logistics and warehousing
  - Airframe heavy maintenance
- Further opportunity identified in engine maintenance
- Re-tender project was commenced to pursue the identified cost reduction opportunities within the engineering supply base
- Engine selection for A320neo would be leveraged to ensure best in class engine maintenance costs
- Intention to implement new arrangements during FY2016

Significant opportunities

Key areas of focus following the benchmarking exercise

Categories	Component support	Heavy maintenance	Current aircraft engine maintenance	Line maintenance
Strategy	• Re-tender • Investigate dis-aggregation of contract	• Re-tender • Review maintenance programme strategy	• Current maintenance contract in place until 2017 • New engine selection to drive cost reduction	• Continue current strategy of continuous re-tender • Gatwick configuration to be reviewed

Largest opportunities in component support and heavy maintenance

Engine selection

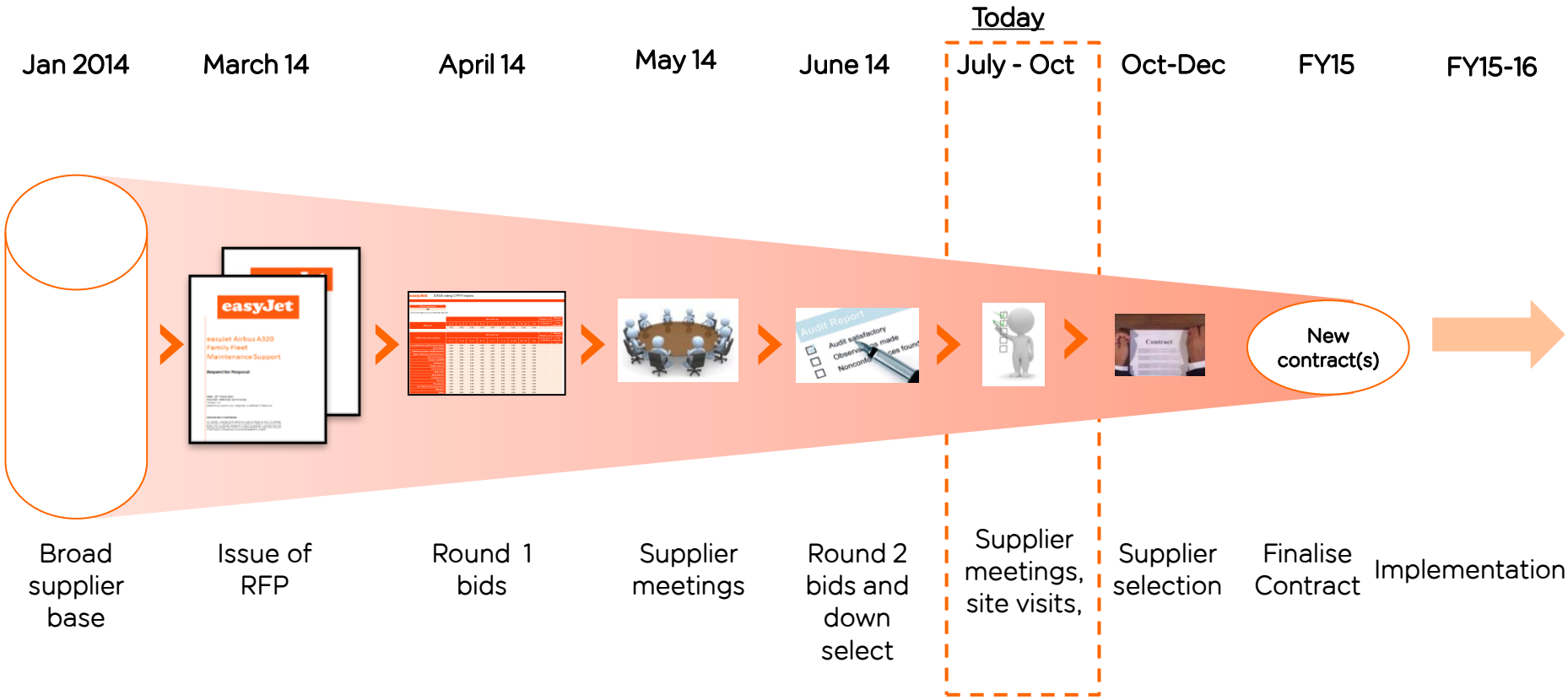
Rigorous, thorough and competitive process

- CFM International selected to provide 270 engines to power 35 current generation A320s and 100 A320neos
  - Will also supply engines for any future exercise of the 100 purchase rights over new generation aircraft
- The A320neos will be powered by the CFM LEAP-1A engines
  - expected improved aircraft fuel efficiency of 13-15%
  - reduce noise levels
- The current generation A320 aircraft will be powered by CFM56-5B engines
- Engine selection delivers easyJet's cost reduction target

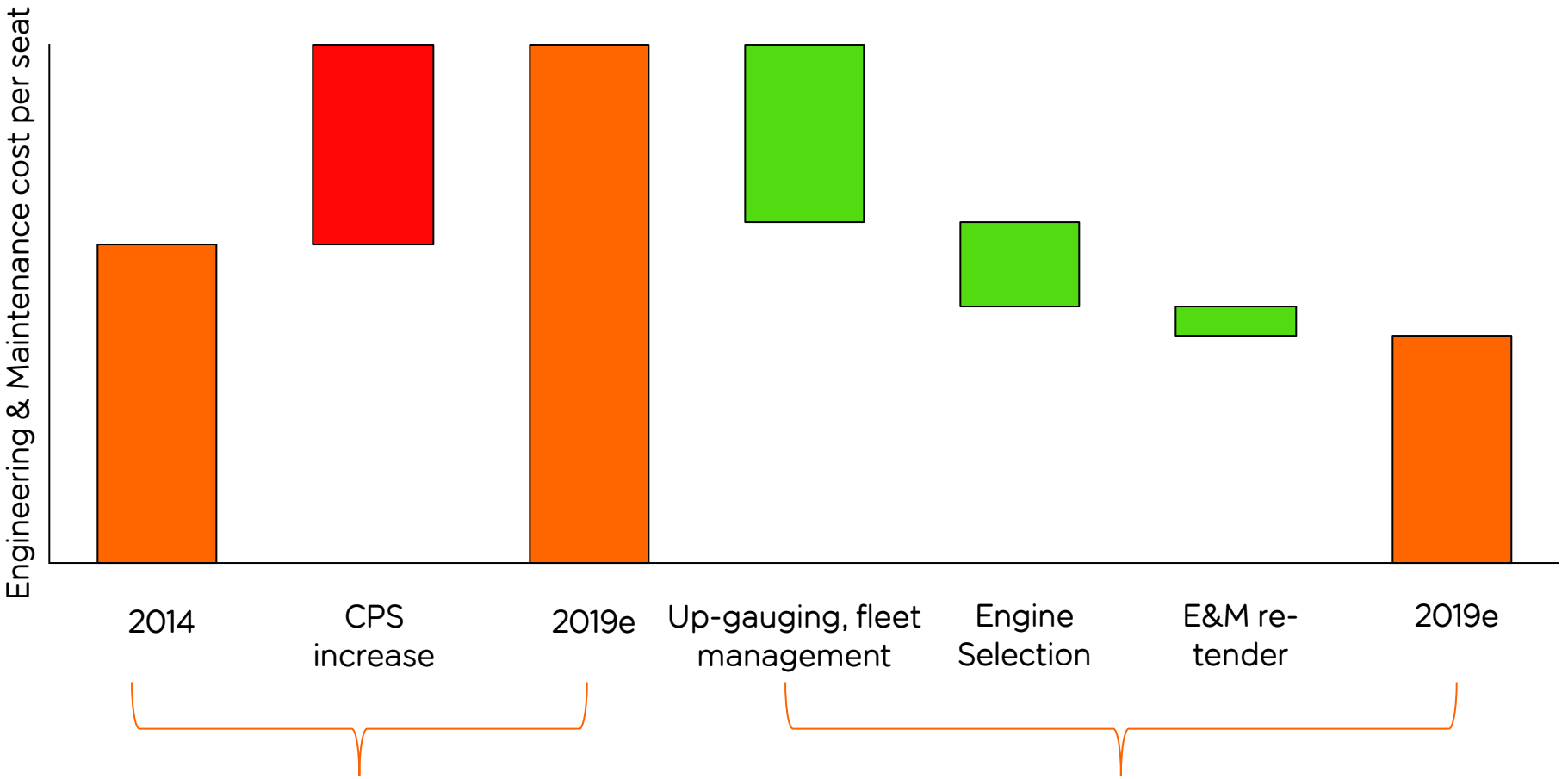


Engine selection delivers future cost certainty and a significant improvement on current arrangements

Next steps


Today
Jan 2014
March 14
April 14
May 14
June 14
July - Oct
Oct-Dec
FY15
FY15-16
easyJet
New contract(s)
Broad supplier base
Issue of RFP
Round 1 bids
Supplier meetings
Round 2 bids and down select
Supplier meetings, site visits,
Supplier selection
Finalise Contract
Implementation

Goal of benchmarking exercise



- No management action would result in material increase in E&M cost per seat by 2019
- Up-gauging, engine selection and contract re-tender will result in lower E&M cost per seat in 2019 than in 2014

INNOVATION DRIVING COST REDUCTION

Ian Davies
Head of Engineering

europe by easyJet

Continuous improvement by innovation

Objective

- Eliminate operational disruption due to aircraft technical defects by 2020
- Prevent events occurring by intelligent prediction
- Mitigate or resolve impact of technical issues by the application of technology

Outcome

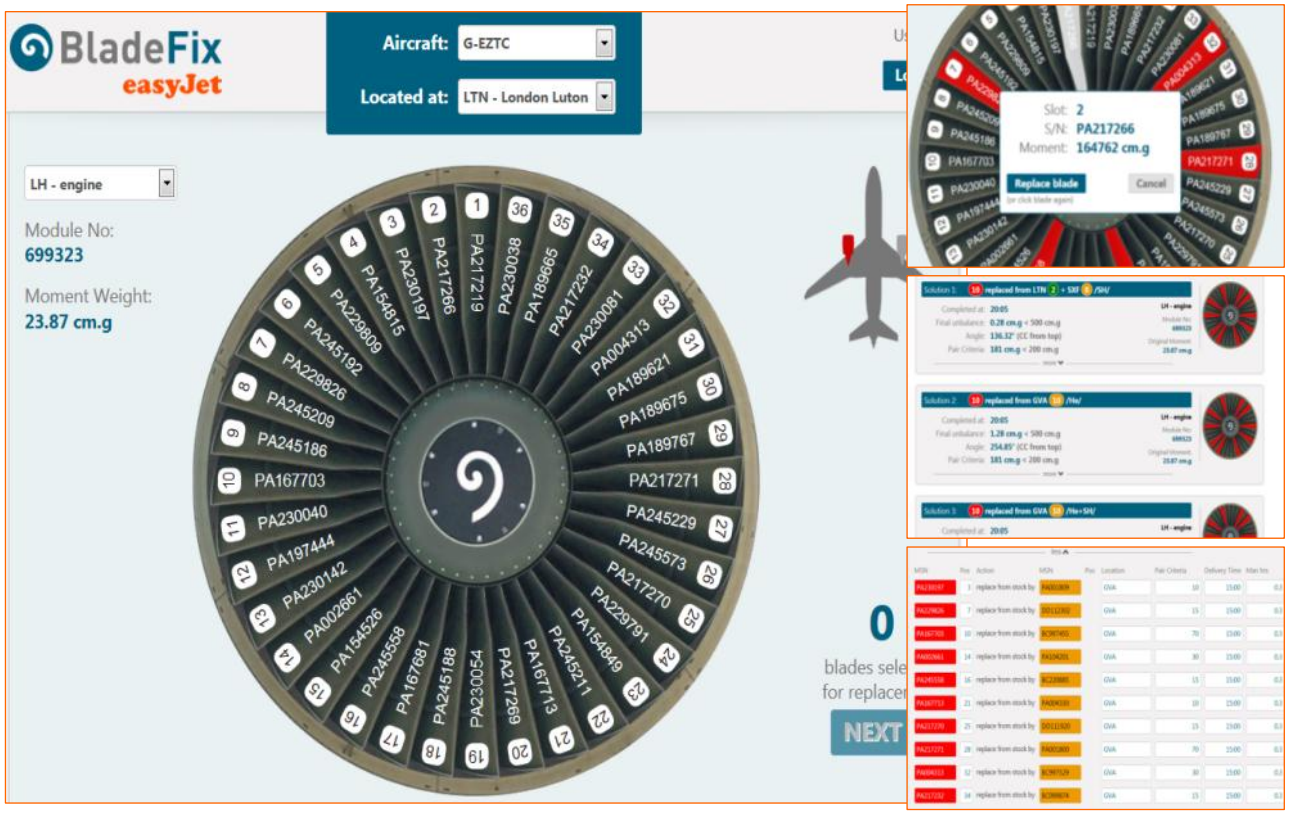
- Improved passenger experience and satisfaction
- Eliminate costs of technical disruption
- Implement a step-change in engineering efficiency
- Motivated and engaged engineering team

Identifying innovation

- Technological awareness – build an 'ecosystem' of innovation partners
- Academic relationships
- Industry partners & suppliers

Development of bespoke software to drive efficiencies

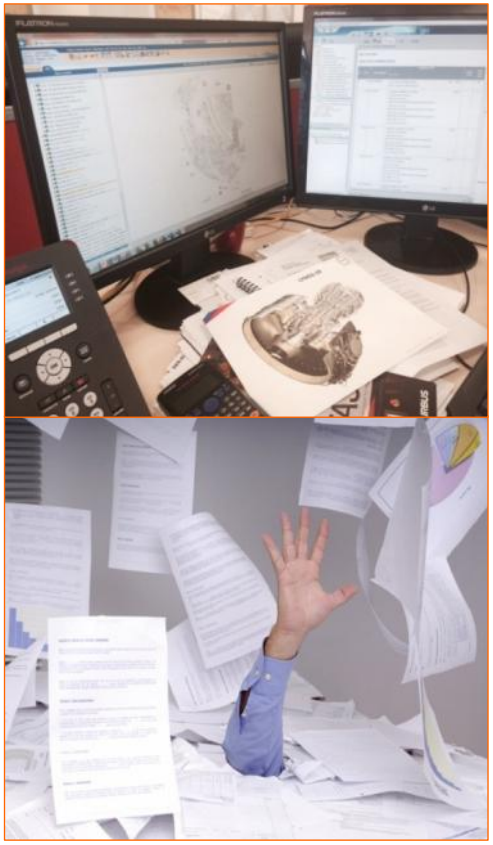
Rapid software change – Fan blades management



- Development of bespoke apps to optimise existing processes
- Fan blade management to help engineers replace damaged blades
  - More time efficient
  - Optimises selection of replacement blades reducing inventory
- Apps co-developed with aviation software specialists
- Software in use

Using technology to reduce delays

Front line support – real time video transmission

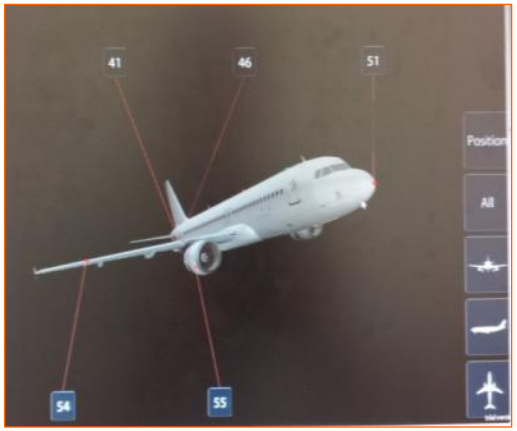




- Enable remote engineering teams to engage using virtual technology
- Allows engineers to hold live video calls with front line engineers, workshops and manufacturers
- easyJet flies to 138 airports
  - Problems at remote airports solved more quickly
- Technology to reduce long delays
- In development with Epson and Vuzix

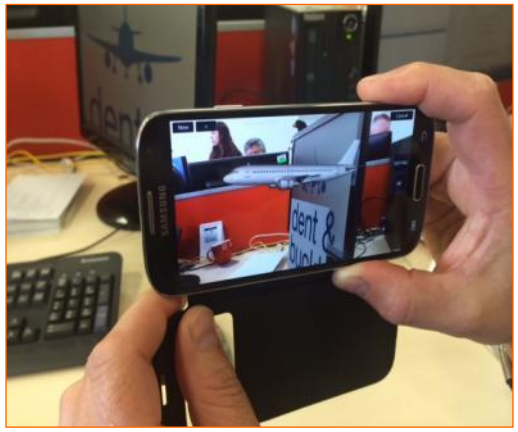
Damage assessment time minimised

Dent and buckle – augmented reality









- Aircraft damage causes multiple delays per day, complex assessment processes
- All damage has to be recorded and tracked for the life of the aircraft
- Augmented reality allows pilots and engineers to see previous damage super-imposed onto the aircraft, minimising time taken to assess new damage

Drone and robotic technology

Remote inspections - drones



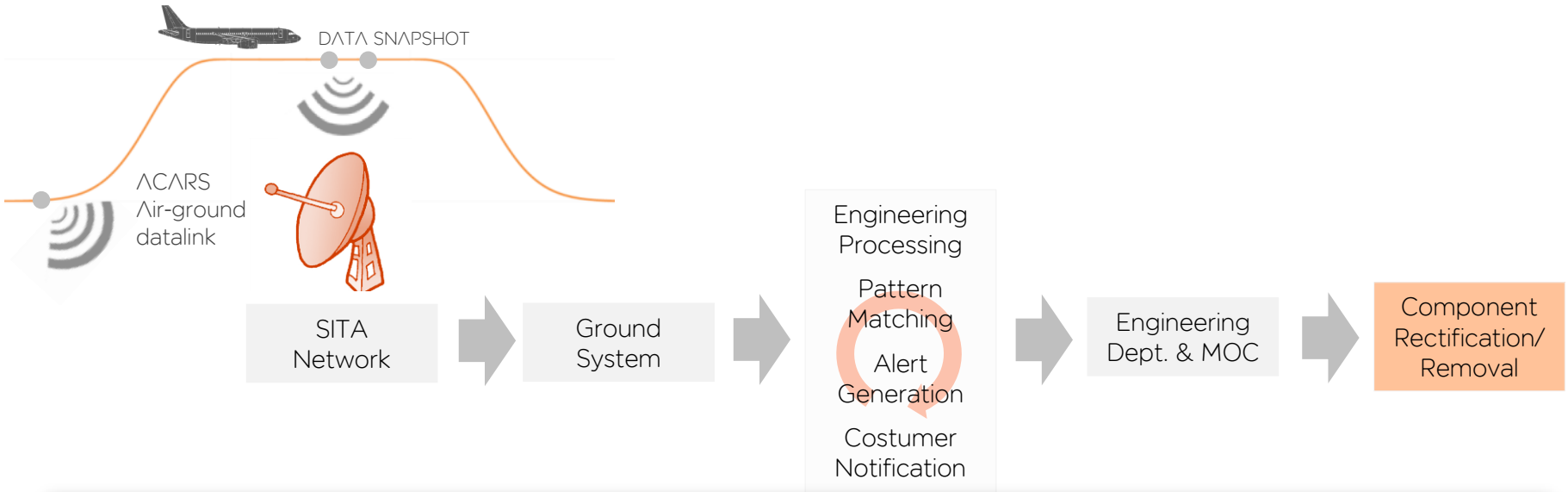


- Modify existing technology
- Drones programmed to scan and assess any damage
- Enhanced ability to undertake remote checks
  - More time efficient
  - Greater accuracy
- In development with Coptercraft, Measurement Solutions and Bristol Robotics Laboratory
- Trialling in coming months

What can prognosis do for us?

- Prognosis systems can be used to send real time data of components (e.g. time to open and close, temperature, pressure)
- Live data can be used to establish when a unit is about to fail
- Ability to monitor each individual unit and predict a failure before it actually happens

HOW IT WOULD WORK...



Goal of prognosis is to minimise aircraft on the ground, standby aircraft, delays and passenger compensation

Summary

- Innovation cost saving improvements in easyJet engineering is part of the Company's DNA
- Innovations are a mix of shorter term solutions which have already been implemented and longer term research projects
- A focus on efficiency allows easyJet to 'future-proof' easyJet's operation and leverage greater cost and efficiency savings as the fleet grows
- Key driver behind easyJet innovation is to drive sustainable cost out of the business and improve operational efficiency

CAPITAL DISCIPLINE AND RETURNS

Chris Kennedy
Chief Financial Officer

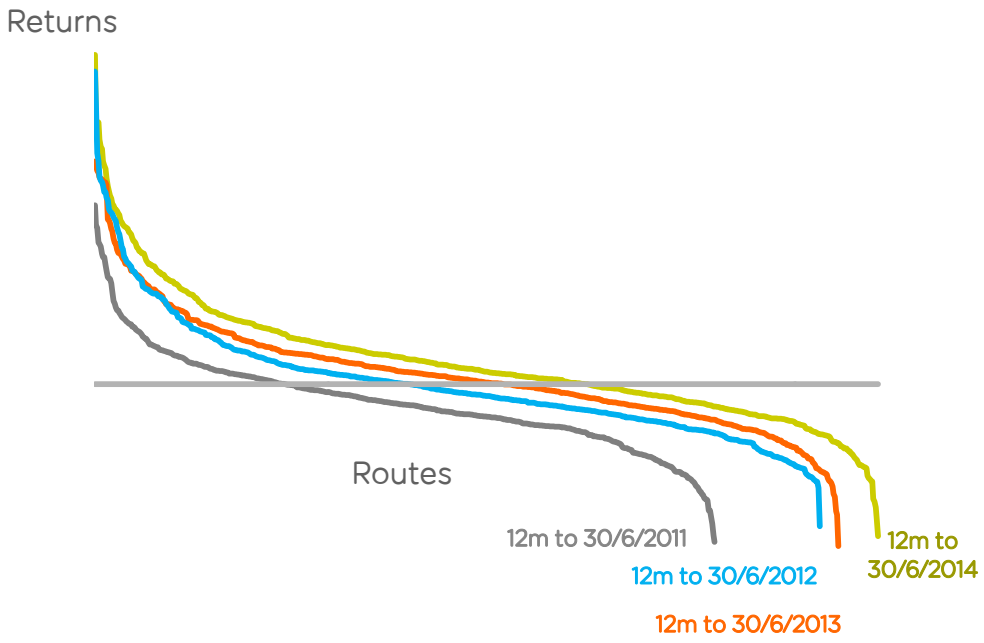
europe by easyJet

Agenda

1. Capital discipline has driven industry leading ROCE
2. Strong balance sheet, prudent levels of liquidity and fleet flexibility are sources of competitive advantage
3. Highly cash generative model delivers continuous and consistent dividends
4. Clear set of financial policies and metrics in place

1. Capital discipline has driven industry leading ROCE

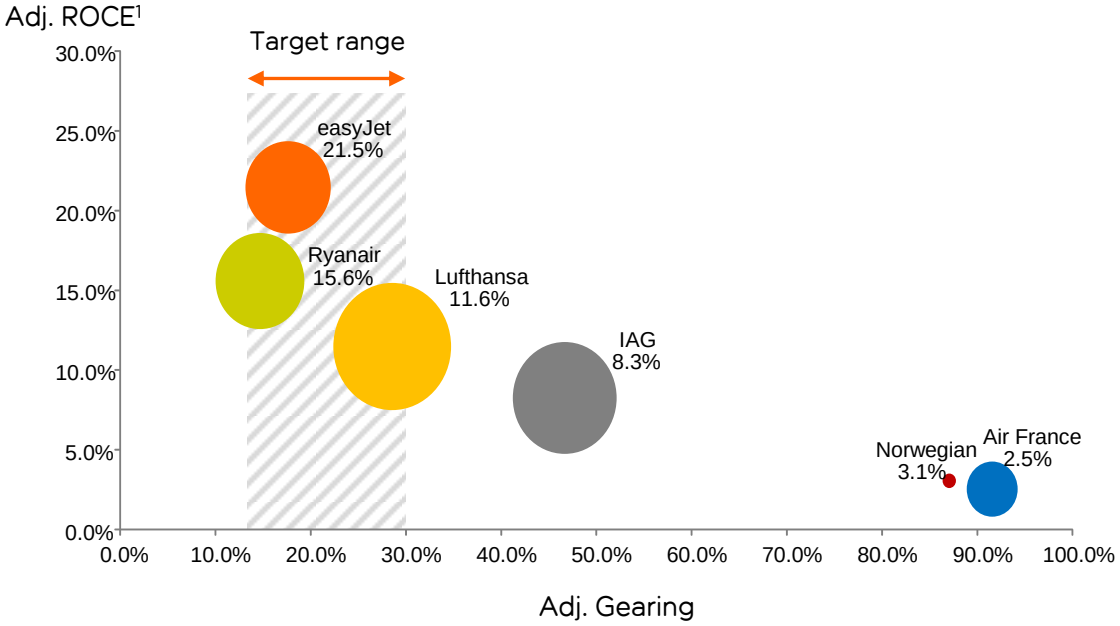
- Rigorous approach to allocation of capital
  - Network Development Forum
- ROCE is now embedded through the organisation
  - Network decisions
  - Route planning
  - Remuneration
- Continued improvement in ROCE year after year



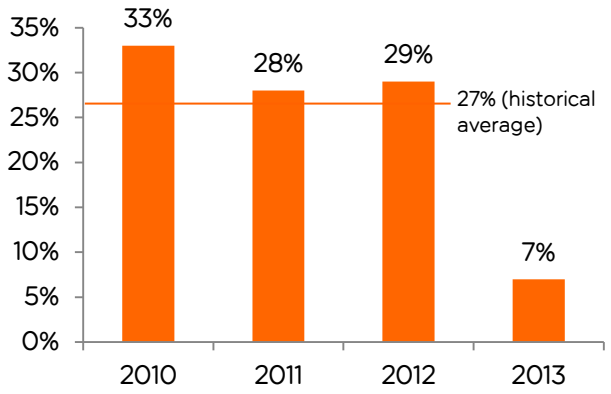
Focus on capital discipline to deliver sustainable growth and returns

2. Strong balance sheet provides competitive advantage

Between FY15-17, easyJet will target a gearing range of between 15% and 30%



easyJet historical gearing



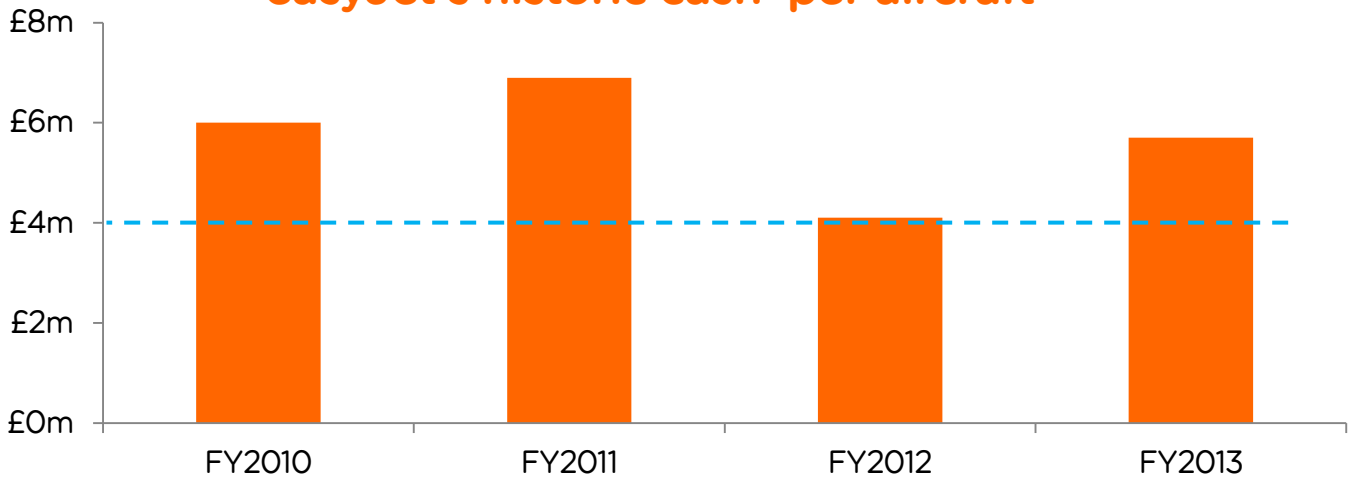
- Data based on 12 month period ending 31 March 2014
- Includes capitalised leases capitalised at 7.0x
- Bubble represents size of EBIT

2. Prudent levels of liquidity source of competitive advantage

Target of £4 million per aircraft

- Sufficient liquidity in the event of external shocks
- Target cash balance reflects the significant amount of unearned revenue held by easyJet from prepaid bookings

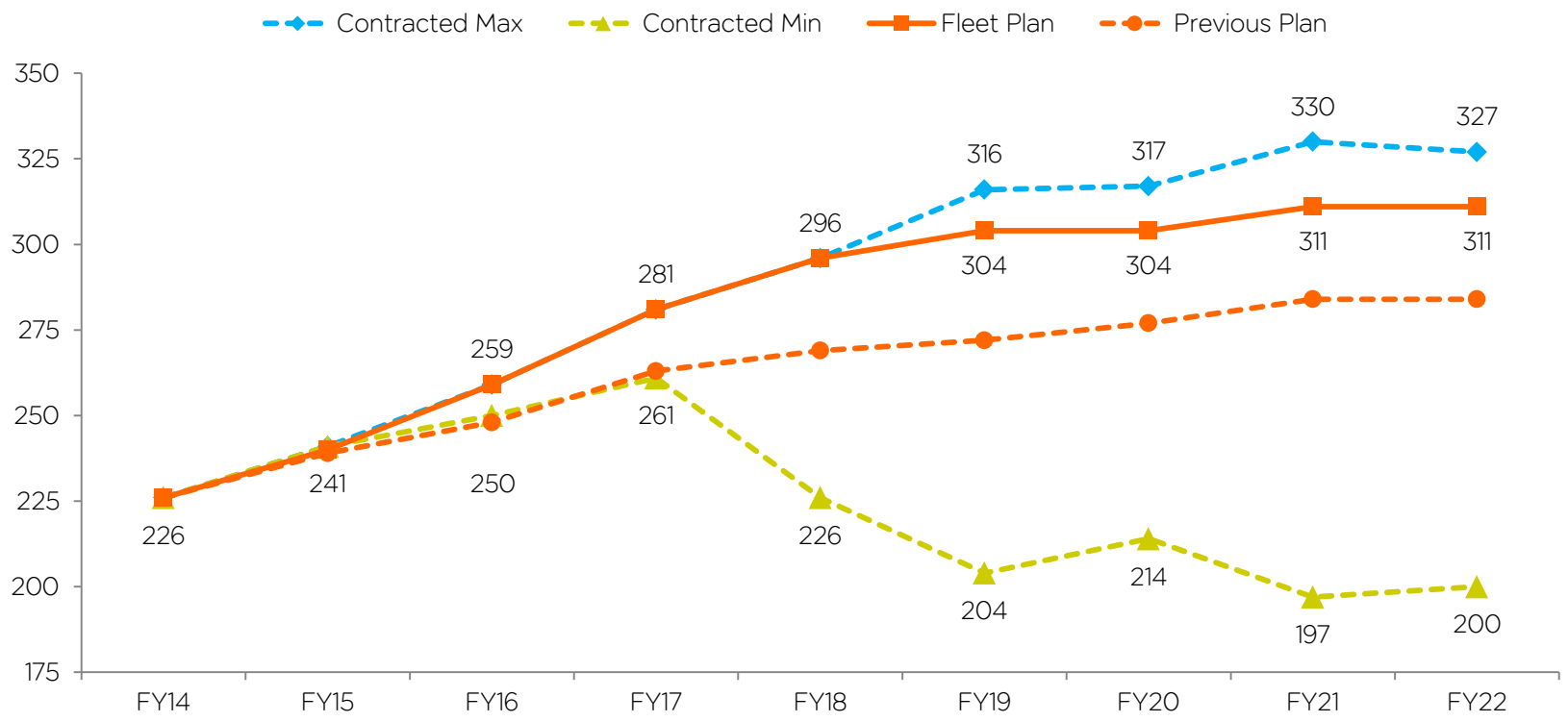
easyJet's historic cash[1] per aircraft



1. Cash & cash equivalents

2. Fleet flexibility is a source of competitive advantage

Maximum, minimum and base case fleet size following exercise of 27 purchase rights



Increased fleet flexibility to respond appropriately to market conditions

1. At the end of the relevant financial year
2. Based on the fleet plan – base case
3. Maximum fleet does not include the A320neo purchase rights

2. Additional aircraft to deliver flexibility

- easyJet has exercised its remaining 27 purchase rights over current generation aircraft
- Will further increase proportion of A320 aircraft in the fleet
- All A320 aircraft to be delivered with sharklets
- Provides easyJet with upside growth flexibility to support key strategic objectives

New Framework Arrangements

2015 - 2017 Bridge

- 35 A320 current generation with CFM engines for delivery between 2015 and 2017
- As at July 2013, 6 options and 29 purchase rights remained over A320 current generation
  - 6 options exercised October 2013
  - 2 purchase rights exercised February 2014
  - Remaining 27 purchase rights exercised September 2014

2017 - 2022

- 100 new generation A320neo aircraft with CFM LEAP-1A engines
- Aircraft for delivery from 2017 to 2022
- A further 100 purchase rights over A320 family aircraft

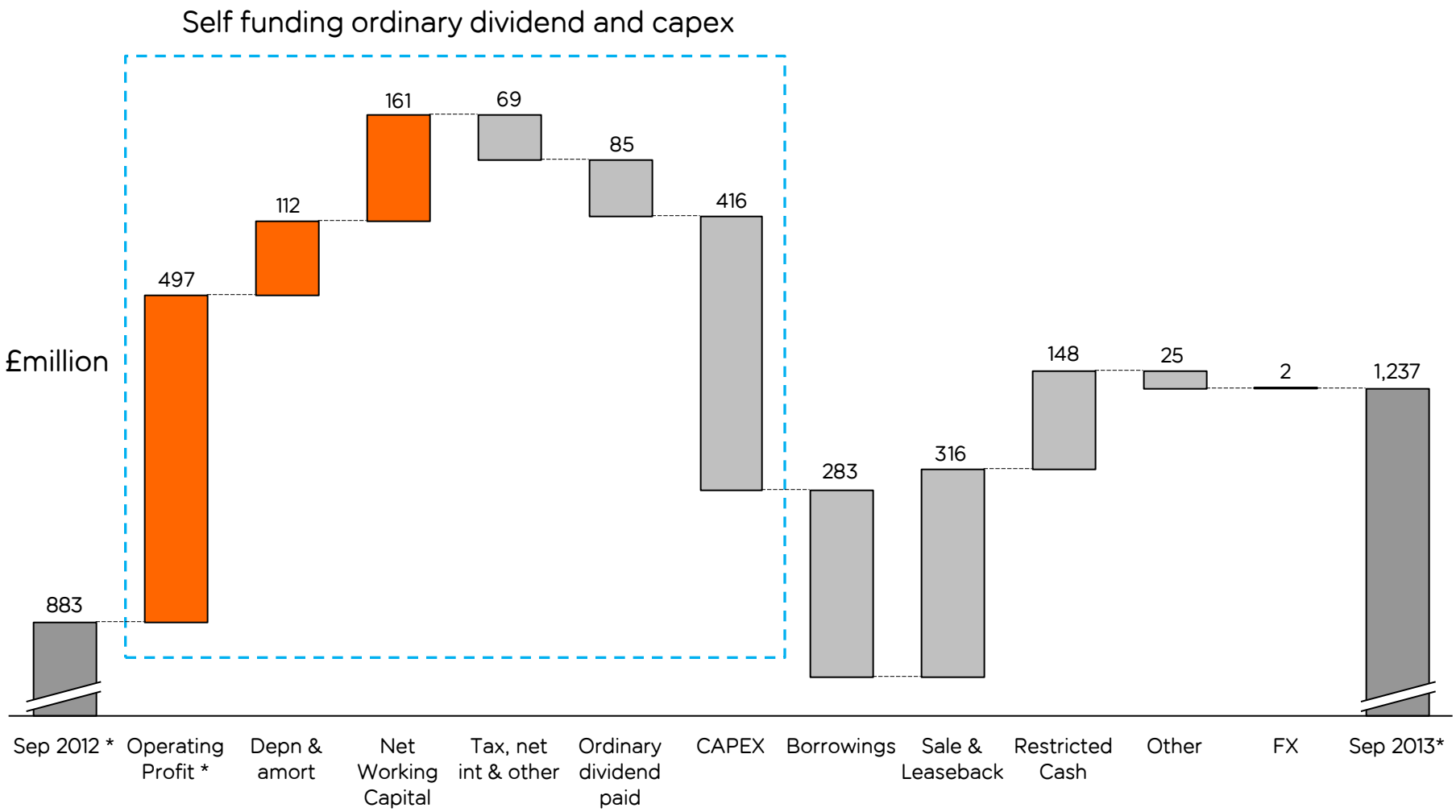
2. Fleet expenditure broadly in line with current levels

	2005-2012[1]	2013-14[2]	2015-2017[3]	2018-2022[3]
Additional aircraft	49%	52%	66%	26%
Replacement aircraft	42%	28%	9%	45%
Maintenance	9%	20%	25%	30%
Total	100%	100%	100%	100%
Total expected fleet acquisition and overhaul expenditure as a % of easyJet revenue	18%	9%	11%	10% - 12%

Fleet acquisition and overhauls will be funded through a combination of easyJet's internal resources, cashflow, sale and leaseback transactions and debt

1. Based on actual revenue for the 2005 – 2012 Financial Years
2. Based on actual and estimated revenue
3. Based on estimated revenue

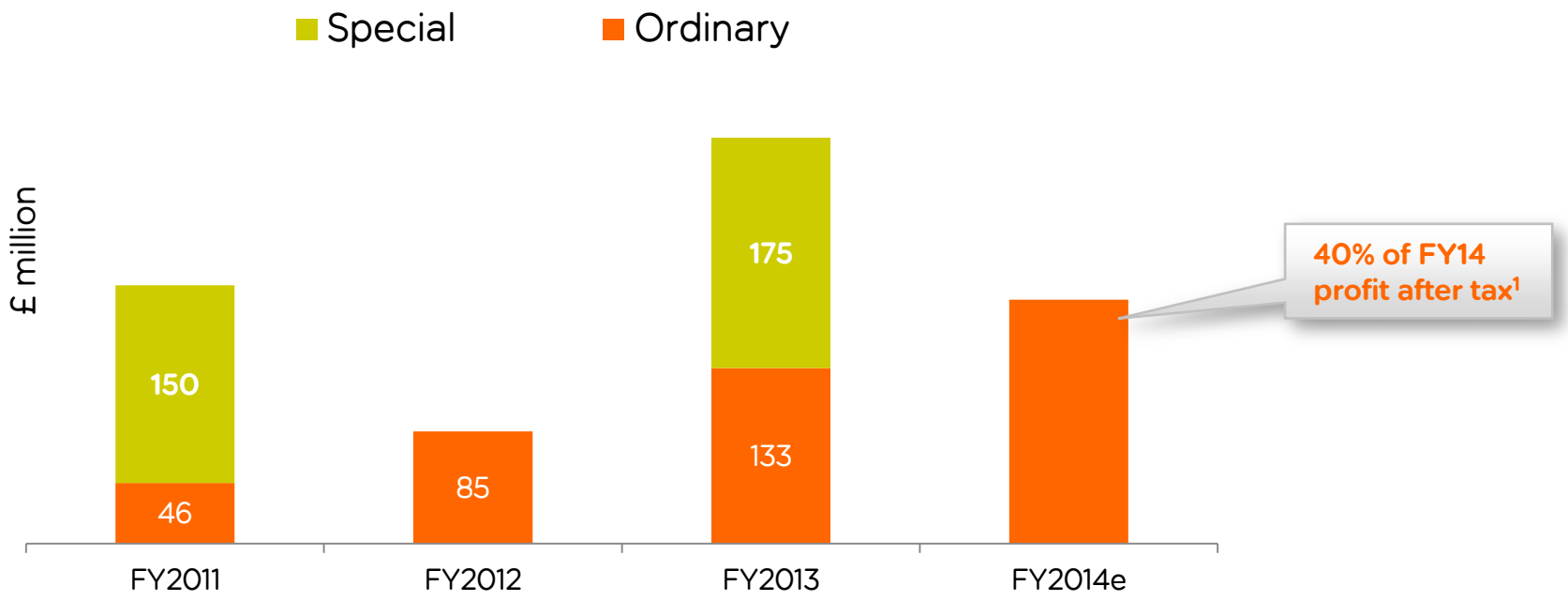
3. Highly cash generative model



* Includes money market deposits but excludes restricted cash

3. Consistent and continuous dividend payments

- easyJet will increase the ordinary dividend payout ratio from one third of profit after tax to 40% from the financial year ending 30 September 2014



1. FY2014 ordinary dividend is for illustrative purposes only and based on Bloomberg consensus forecast for FY2014 profit after tax as at 15 September 2014

4. Clear set of financial policies and metrics in place

	Objectives	Metric
Capital discipline	• High asset efficiency • Maintain high level of fleet flexibility	Fleet size flexibility of between 204 and 316 aircraft by 2019
+		
Capital structure	• Ensure robust capital structure • Retain ability to invest in profitable growth opportunities	Gearing: 15% to 30% Moving to 80:20 ratio on owned vs. leased aircraft
+		
Liquidity	• Maintain sufficient liquidity to manage through industry shocks	£4 million cash per aircraft
=		
Returns	• Maintain industry leading returns	Top quartile ROCE
+		
Dividend policy	• Target consistent and continuous payments • Return excess capital to shareholders	40% ordinary dividend payout ratio

Gearing defined as net debt (adjusted by adding seven times aircraft dry leasing payments for the year) dividend by the sum of shareholders' equity and adjusted net debt

Summary

1. Capital discipline has driven industry leading ROCE

2. Strong balance sheet, prudent levels of liquidity and fleet flexibility are sources of competitive advantage

3. Highly cash generative model delivers continuous and consistent dividends

4. Clear set of financial policies and metrics in place

SUMMARY

Carolyn McCall

Chief Executive Officer

europe by easyJet

Summary

1. easyJet has built the industry leading business model in European short-haul aviation

2. Team, processes and culture will ensure continued successful execution

3. easyJet will continue to deliver
   - A. Future profitable growth
   - B. Industry leading return on capital employed and margins through revenue and cost initiatives
   - C. Cash returns for shareholders

Proven strategy, execution and returns

PRESENTERS

europe by easyJet

Presenters

Carolyn McCall, OBE – Chief Executive

Carolyn joined easyJet on 1 July 2010 as Chief Executive and was appointed to the Board of easyJet. Prior to this, she was Chief Executive of Guardian Media Group. She was a Non-Executive Director of Lloyds TSB from 2008 to 2009, Non-Executive Director of Tesco PLC from 2005 to 2008 and Non-Executive Director of New Look from 1999 to 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 2008. In April 2008, she was named Veuve Clicquot Business Woman of the Year. Carolyn 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 and was appointed to the Board of easyJet. After graduating from Cambridge with a degree in Engineering, Chris worked in Audit and Consultancy before a two year stint as a venture capitalist and banker. In 1993 Chris joined EMI Music where he worked both in the UK and the US, covering a variety of roles including UK Chief Financial Officer, European Chief Operating Officer and International Chief Financial Officer. In early 2008 he joined the EMI Music Board as Chief Financial Officer and then Chief Investment Officer.

Cath Lynn – Group Commercial Director: Markets, Network & Pricing

Cath joined easyJet in 2002 following the merger with Go, in which she played an active role. Cath has carried out a number of senior leadership roles at easyJet including Head of Ground Operations, Head of Airport Development and Procurement and Head of Network Development. In April 2011, she was appointed as Customer and Revenue Director, and to Group Commercial Director in April 2012. Cath spent 12 years in retail for J Sainsbury before joining Go where she was part of the management buy-out team and headed up cabin services, ground operations and customer service. Cath graduated from the University of Leicester with a BA (Hons) in Geography.

Francois Bacchetta – Country Director, France

Francois joined easyJet in may 2005 as Country Manager for France and Benelux, then taking the responsibility of Italy and Spain as easyJet was expanding in Southern Europe. Since 2010, Francois , as Country Director for France, has taken the easyJet business in France to the next step after the opening of Charles de Gaulle and Lyon bases in 2008 and Nice and Toulouse in 2012. Before joining easyJet Francois held various senior position within L'Oreal Group in France, Asia and Eastern Europe as Marketing and Country Director. Francois graduated from HEC business school in France.

Presenters

Peter Duffy – Group Commercial Director: Customer, Product & Marketing

Peter joined easyJet in February 2011 as Marketing Director and leads on all aspects of easyJet's marketing, e-commerce, contact centre and customer programme across Europe. Before joining easyJet, he was Marketing Director for Audi in the UK. Prior to that, Peter was Marketing Services Director at Barclays. Peter has a degree in Economics and an MBA.

Anthony Drury – Director: Head of Business

Anthony joined easyJet in March 2014 as the Director, Head of Business and leads all aspects of easyJet's Business program across Europe.
Before joining easyJet Anthony held a number of senior leadership and board positions with American Express. Most recently Anthony was the Vice President and General Manager across northern Europe within the company's global business travel organisation. Anthony has a masters in eCommerce management and an MBA.

Warwick Brady – Chief Operations Officer

Warwick is currently Chief Operations Officer responsible for all of easyJet operations. He joined easyJet in May 2009 as the Procurement Director responsible for fleet management, airport, central procurement and regulation. In October 2010 he was appointed Director of Group Operations. Before joining easyJet Warwick was the CEO at Mandala Airlines in Asia. He also spent two years as Chief Operating Officer of Air Deccan/Kingfisher which, at the time, was India's second largest airline. Prior to this Warwick was Deputy Operations Director at Ryanair from 2002 to 2005, where he held various senior executive roles including Deputy CEO of Buzz, following its acquisition from KLM. Prior to this Warwick worked in private equity for 6 years as well as a number of years with Thomson Airways. He also holds an MBA.

Will Facey – Head of Network Operations / Operations Control Centre

Will joined easyJet In November 2008 into his current position and is responsible for the Day of Operations delivery of the flying program and ensuring that the expectations of the company and customers are delivered on a daily basis . Prior to joining easyJet, Will worked for 20 years with DHL Express in various countries and roles across Europe however always within Operations and Network logistics. Will has a degree in International Transport Management.

Presenters

Gary Smith – Head of Powerplant and Transition

Gary joined easyJet in 2009 as part of the engineering insourcing project as Head of Powerplant and Transition, responsible for all aspects of engine management, new aircraft delivery and fleet exit management. Prior to joining easyJet, Gary was General Manager – Component repair at Rolls-Royce and prior to that had worked in the airline / aircraft maintenance industry for 17 years. Gary has a degree in Aeronautical Engineering and an MBA from Cranfield University.

Ian Davies – Head of Engineering

Ian is the Technical Director and Head of Engineering at easyJet where he is responsible for the airworthiness of all easyJet's Airbus A320 family of aircraft. He runs a team of around 250 support managers and engineering staff all of whom ensure easyJet aircraft are always kept in a safe and highly maintained condition.

Ian is a Licensed Aircraft Engineer with over 35 years of experience in civil aviation and has worked for easyJet for six years. Prior to his appointment at easyJet Ian was Director of Engineering at BMI British Midland for seven years.

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