CAPITAL MARKETS DAY

27th September 2017

easyJet

AGENDA

Time	Agenda item	Led by
11.00	Introduction	Carolyn McCall
11.05	1. Market / Network	
	> Airline industry trends	Robert Carey
	> A winning network strategy	Andrew Hodges
	> Q&A	
11.45	2. Driving Revenue	
		Peter Duffy James Millett Andrew Middleton Lis Blair
12:30	LUNCH	
13.30	3. easyJet cost control & a strong balance sheet	
	easyJet's cost position	
	> easyJet LEAN	Andrew Findlay
	> Airports and ground handling	Paul Ablin
	> Strong balance sheet	Simon Cox
	> Q&A	Mike Hirst

Time	Agenda item	Led by
14:15	TEA & COFFEE BREAK	
14.30	4. Making travel easy & affordable	
	> The easyJet operation / avoiding disruption	Chris Browne Gary Smith
	> Digital operations	Chris Hope
	> Gatwick Airport	
	> Q&A	
15.15	Wrap up and close	Carolyn McCall
15:30	Gatwick North Terminal tour / Innovation presentation	Chris Hope
17:30	End of day	

INTRODUCTION

Carolyn McCall

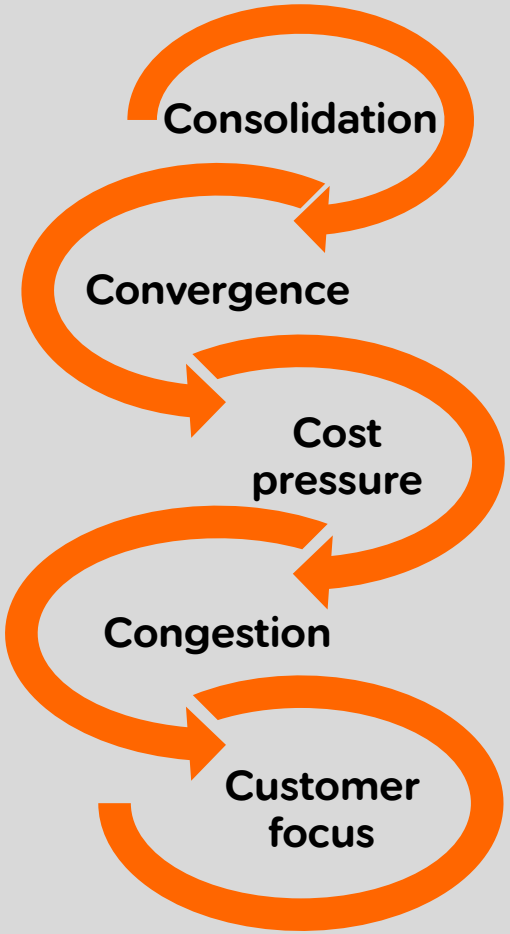
easyJet

EUROPEAN AVIATION

Robert Carey – Director Strategy & Network

easyJet

EUROPE FACES A CHALLENGING LANDSCAPE AHEAD



Fragmented Europe appears to be arriving at an inflection point

Full service carriers (FSCs) are now offering identical products to low costs (LCCs)

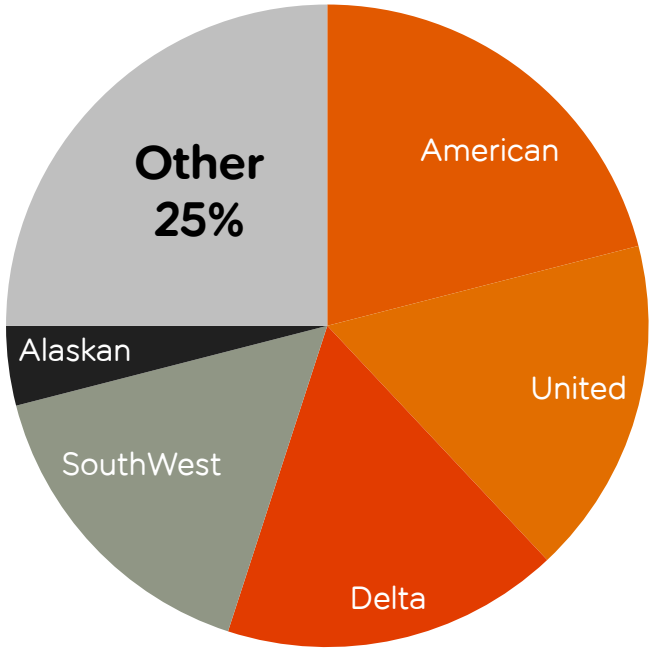
Factor cost inputs continue to rise

Passenger numbers will double in 20 years and infrastructure is strained

Introduction of digital and rapid innovation making this the next battleground

EUROPEAN CONSOLIDATION IS FINALLY STARTING

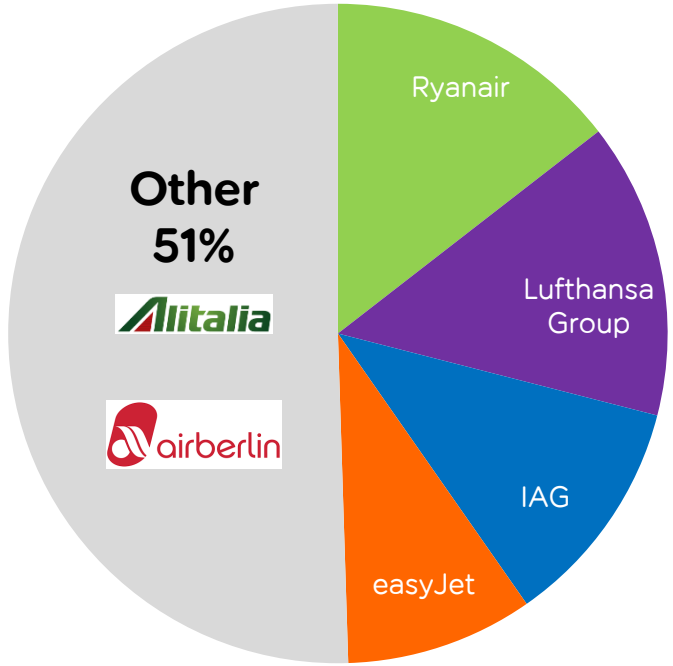
North American airline market



Top 4 airlines
70% of market

Further consolidation to come

European airline market



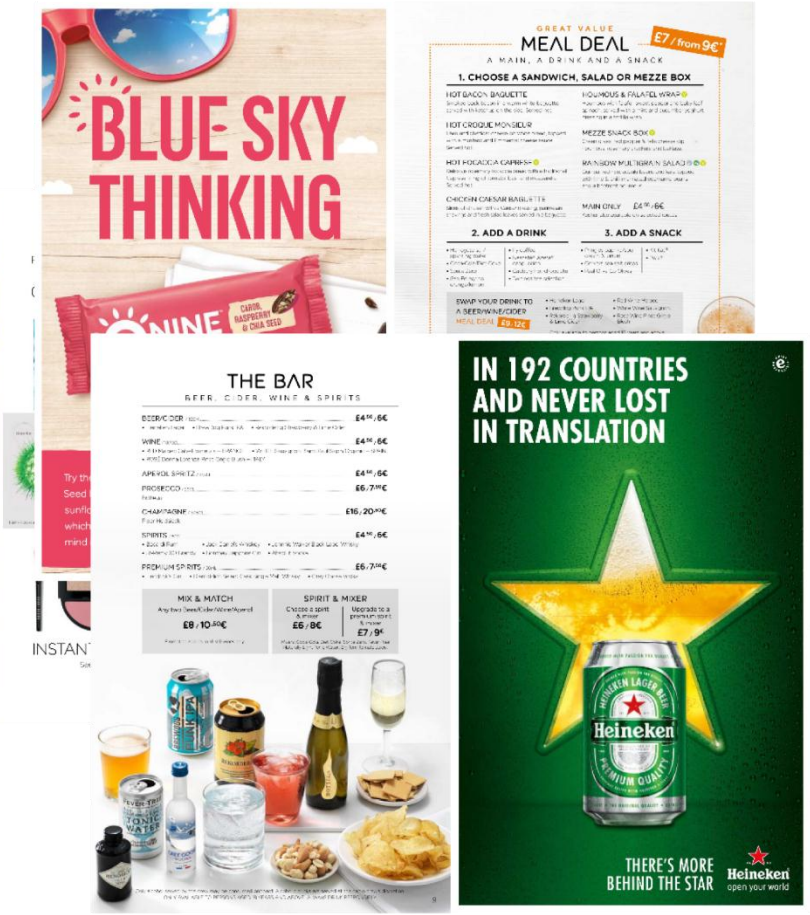
Top 4 airlines
49% of market

AIRLINE BUSINESS MODELS ARE CONVERGING

BRITISH AIRWAYS	Charge for reserved seating	Charge for on-board food offering	Charge for hold baggage	Flexi fares
Prior offering	✖	✖	✖	✓
Current offering	✓	✓	✓	✓

easyJet	Charge for reserved seating	Charge for on-board food offering	Charge for hold baggage	Flexi fares
Prior offering	✓	✓	✓	✖
Current offering	✓	✓	✓	✓





TRADITIONAL ADVANTAGES OF A HUB FEEDER MODEL ARE ERODING

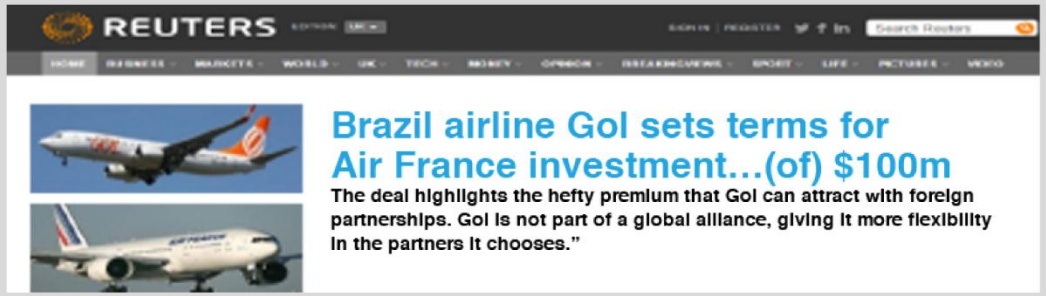

THE BUSINESS TIMES

Scoot, Tigerair deepen cooperation

"It's great to see significant early benefits such as the rise in connecting passenger volumes"


INDEPENDENT News Voices Culture Lifestyle Tech Sport

Gatwick unveils flight connection guarantee to eliminate financial risk of 'self-connecting'


REUTERS

Brazil airline Gol sets terms for Air France investment...(of) $100m

The deal highlights the hefty premium that Gol can attract with foreign partnerships. Gol is not part of a global alliance, giving it more flexibility in the partners it chooses."


Il Sole 24 ORE

Record di chiusure al Nord: soffre l'Italia produttiva

Margini stretti per investire

Emirates, allenza con easyJet in Europa

La cinese Shuanghui rileva Smithfield, big Usa della carne


DIE WELT

Bienen lieben New York

Imkerei ist das angesagte Hobby in der Metropole *Seite 24*

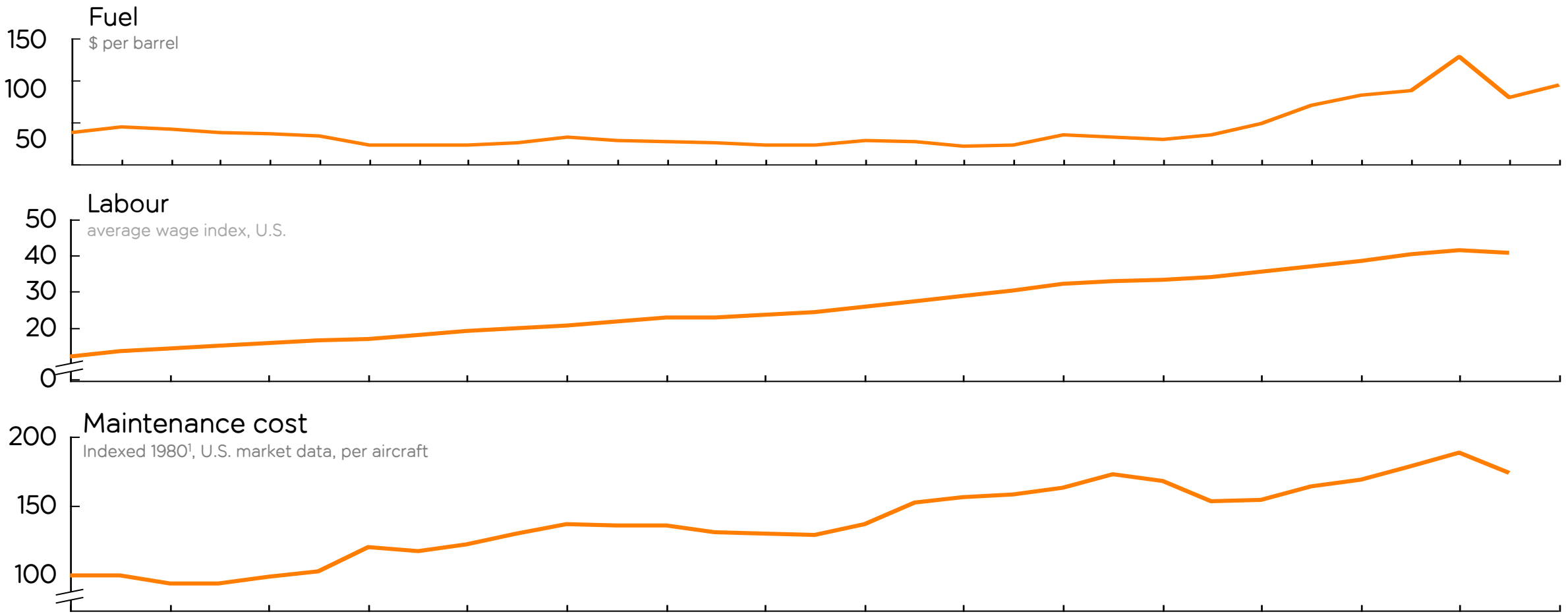
Gertrud Höhler über die wahren Waffen der Frau *Seite 7*

Lufthansa erwägt Allianz mit Billigflieger Easyjet


EasyJet to connect with other airlines' long-haul flights for first time

Scheme allows budget carrier's passengers to book long-haul flights with other airlines to North and South America and far east

FACTOR COST PRESSURES CONTINUE TO RISE



Sources: Form 41 via OAG Aviation Solutions; MRO development team; Office of the Chief Actuary; Air Transport Association

1 1980 values: 429.24bn ASM, 4.69mn flight cycles, 7.53 mn A/C hours, $3.27bn maintenance spend, 2265 active A/C, average fleet age 9.38 years

PASSENGER VOLUMES AND ASSOCIATED CONGESTION IS GROWING

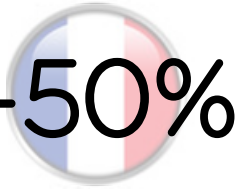
7,200,000,000

Number of passengers predicted by 2035, ~2x today's volume

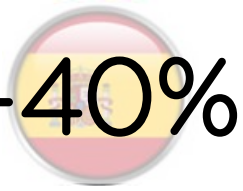
LOOKING AT EASYJET MARKETS BY 2035...



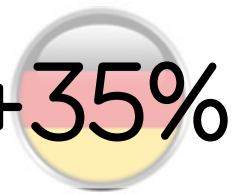
+50% Growth in the UK



+50% Growth in France



+40% Growth in Spain



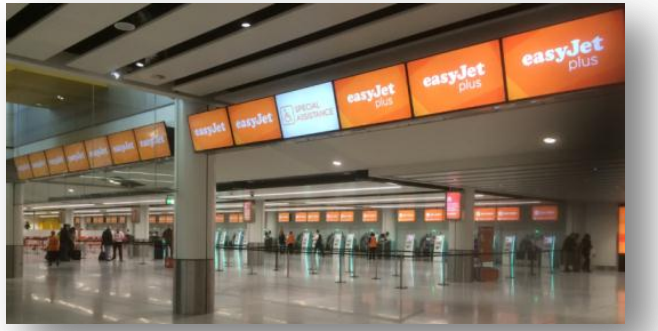
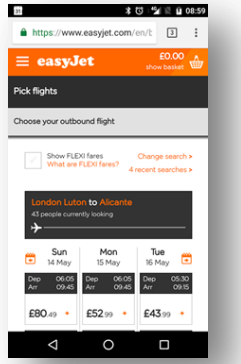
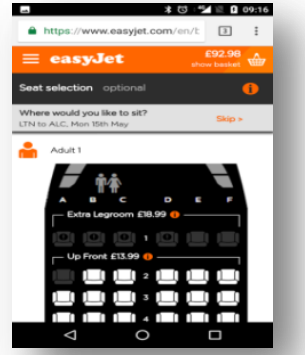
+35% Growth in Germany



+30% Growth in Italy

Source: IATA 20 year passenger forecast

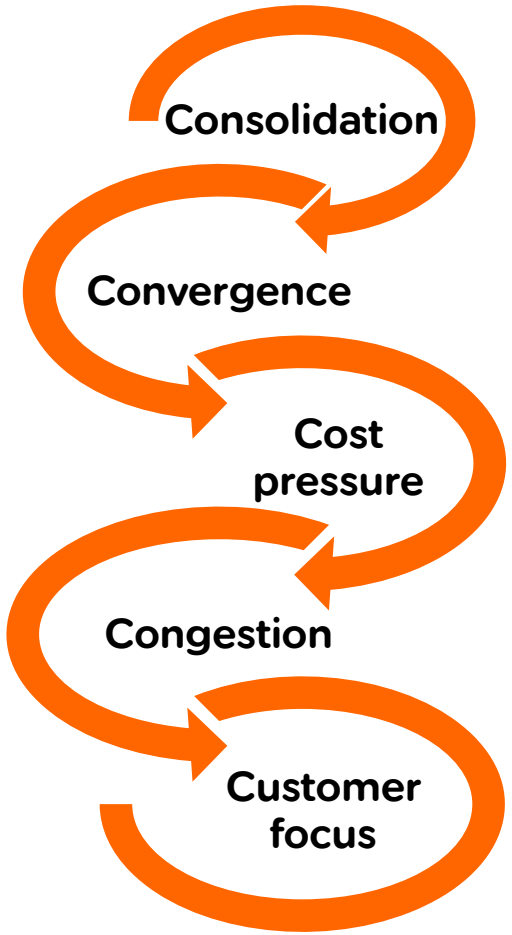
DATA AND DIGITAL ARE DRIVING A NEW FOCUS ON CUSTOMER

	LOYALTY	EXPLORE	BOOK	PRE-DEPARTURE	AIRPORT	IN-FLIGHT	ARRIVAL
INDUSTRY	Emirates UNITED Integrated loyalty and data with hotel, shared ride	WESTJET Creates buzz around its brand during holidays and special occasions	Optiontown™ Enjoy unique travel options™ Opaque pricing model that creates bundles of multiple trips	DELTA Self-serve mobile rebooking in case of delays/ cancellations	QANTAS AIR NEW ZEALAND Redesigned airport experience (e.g. pre order coffee pickup)	Virgin america Allows passengers order food and drinks through its IFE	DELTA Allows customers to track the status and location of baggage in real
easyJet							

IMPLICATION: VERY DIFFERENT GROWTH REALITY BY AIRLINE

Category	Yearly growth expectation	Rationale
Pure LCCs	High	> Cost position to succeed > Long term profitable growth through organic demand and market share gain > Can continue grow through the cycle to achieve long term ambition
Legacy full service carriers	Low	> Multiple challenges: uncompetitive costs, labour, Middle East/LCC long haul impact > Recent low fuel and benign conditions have provided temporary respite > Longer term, growth will rely on power of constrained hub airports
LCC subsidiaries	Medium	> Mitigate lack of competitive legacy cost base > Initially used defensively, taking over capacity no longer flown by mainline > Currently critical for FSC strategies and therefore likely to endure
Restructuring	Negative to zero	> Weak high-cost (legacy) airlines without sustainable competitive advantages > Received cash injections from shareholders and government support > Current yield environment is forcing restructuring to warrant cash injections

CURRENT TRENDS SUPPORT THE easyJet MODEL



Strong network and balance sheet allow it to take advantage of market consolidation

Structural lower cost is an advantage versus FSC competitors, as well as innovative ancillary offerings

LEAN approach and relentless cost focus keep cost pressure down

Smart builds to account for disruption, as well as leveraging digital/innovation to minimise impact on the customer

End to end thinking, including airport of the future, leveraging pioneer position in advanced data and digital position to create industry leading offer

THE easyJet NETWORK

Andrew Hodges – Head of Network & Scheduling

easyJet

WINNING NETWORK STRATEGY

Purposeful investment

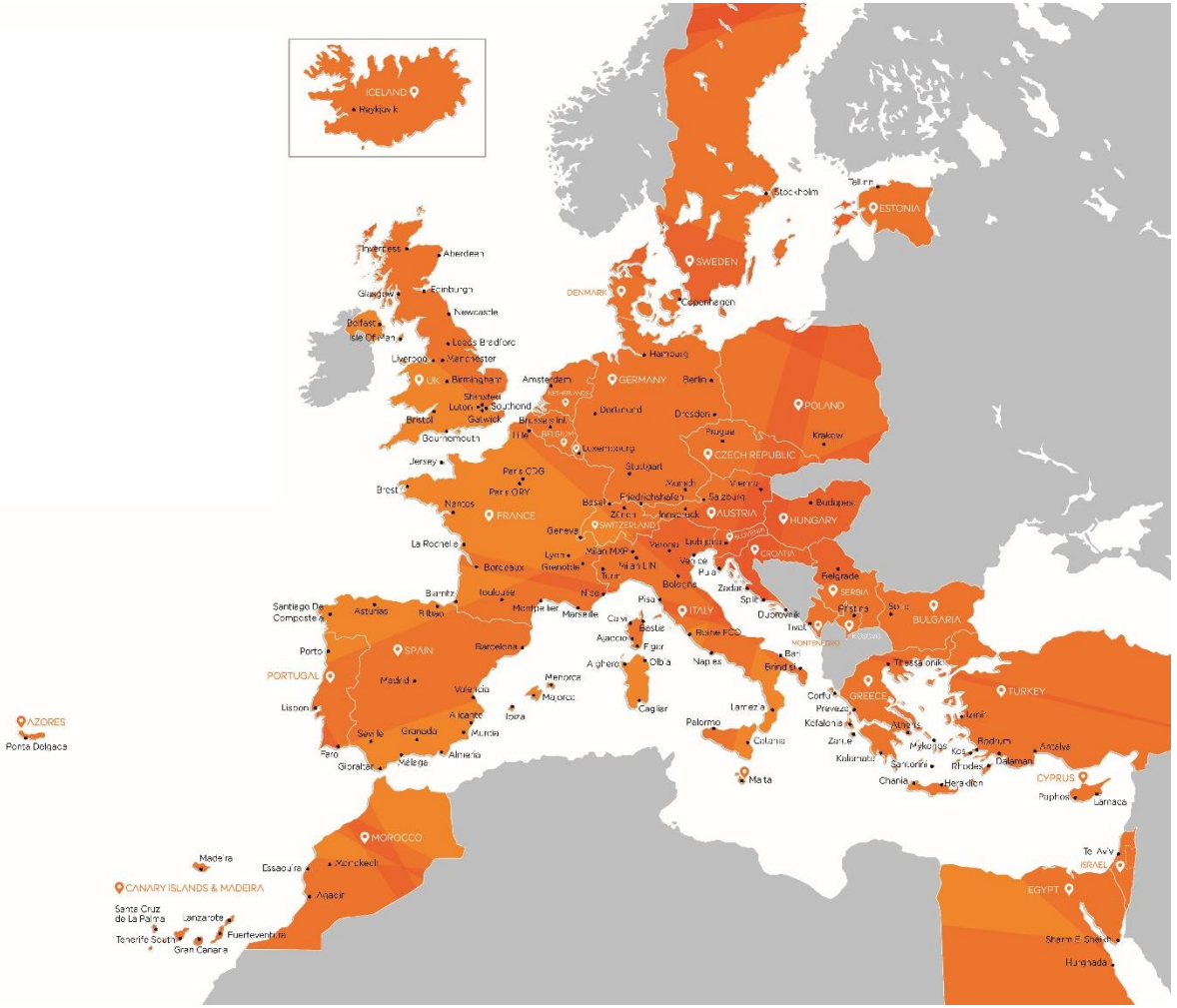
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Disciplined use of capital

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Well positioned in an evolving market

- Protect the profitable core
- Capture the national opportunity in France
- Target investment in key cities
- Efficient basing



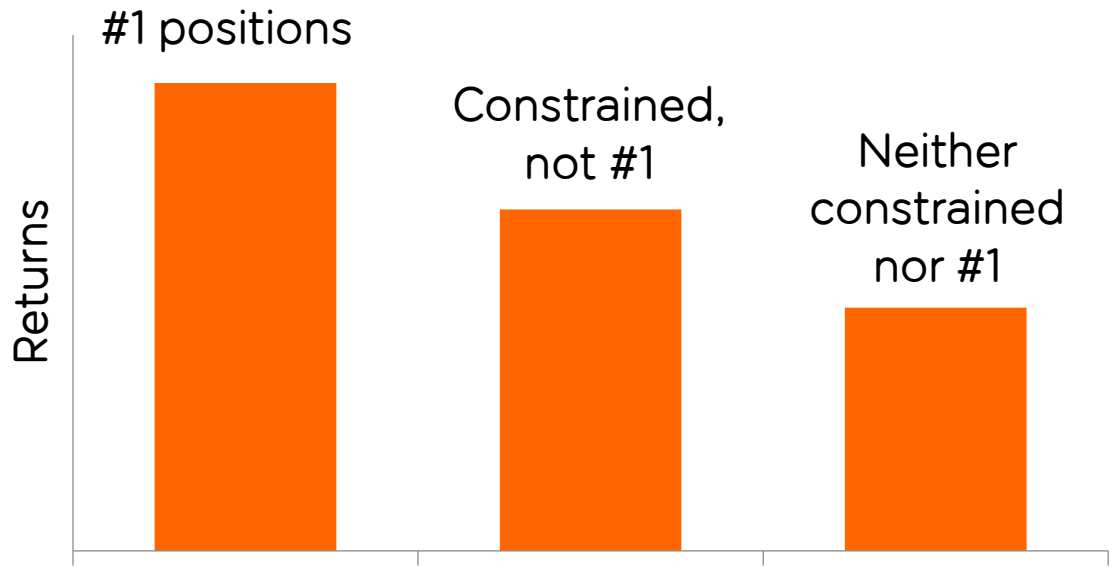
#1 POSITIONS DELIVER SUSTAINABLE RETURNS

Being number 1 delivers returns

Superior product
> widest range of routes
> best frequencies / times
> strongest brand awareness

Cost advantage
> negotiated airport fees
> procurement of ground handling
> economies of scale from media spend

Operational advantage
> improved crew productivity
> more flexible scheduling (larger slot portfolio)



> Strong correlation between strong performance and #1 positions and constrained airports

> We have a targeted plan to build more airports into #1 positions and to secure slots at constrained airports

STRONG PROGRESS OVER LAST FIVE YEARS

138 airports europe

28 bases

FY17 31 countries

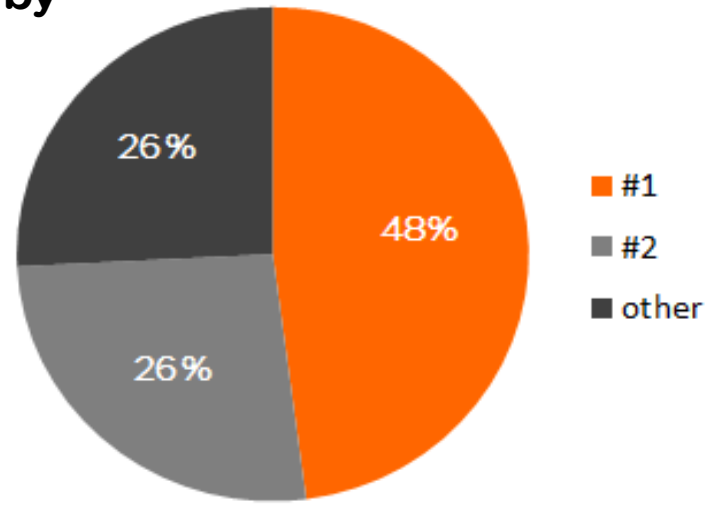
874 routes

279 aircraft

over 86 m seats p.a.

easyJet capacity split by airport position, FY17

98% of seats are on routes that touch a #1 or #2 position



	2013	2017
Airports in #1/2 positions	44	47
Market share at #1/2 positions	24%	26%
Capacity at #1/2 positions (m)	52.5	64.5

DELIVERING SUPERIOR MARKET POSITIONS

Share of 2017 capacity	Airport position			Total
	#1	#2	Other	
Level 3 constrained	32%	20%	21%	**72%**
Level 2 constrained	12%	2%	3%	**16%**
Other	5%	5%	2%	**12%**
Total	**48%**	**26%**	**26%**	**100%**

IATA definition

Level 3 – demand significantly exceeds airports capacity

Level 2 – potential for congestion at some times of day, week or season

Level 1 – infrastructure generally adequate to meet demands at all times

Primary Sources of Competitive Advantage	LCCs	Legacies
	> Customer focus > Advantaged network	> Sustainably lower unit cost

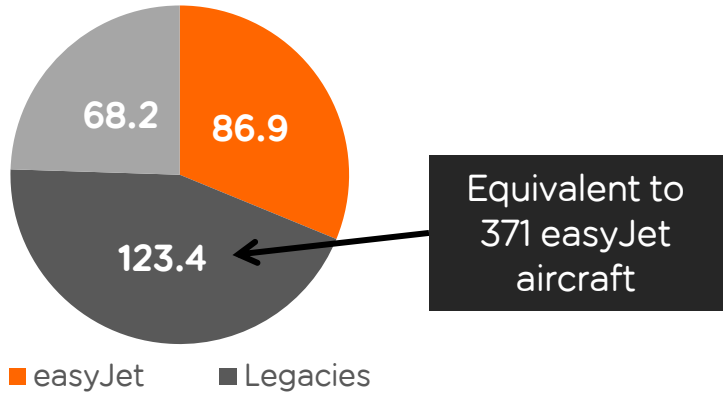
> Over time we can drive superior yield performance

> Larger gauge aircraft leverage ongoing value from these positions

SIGNIFICANT SCOPE FOR FURTHER PROFITABLE GROWTH

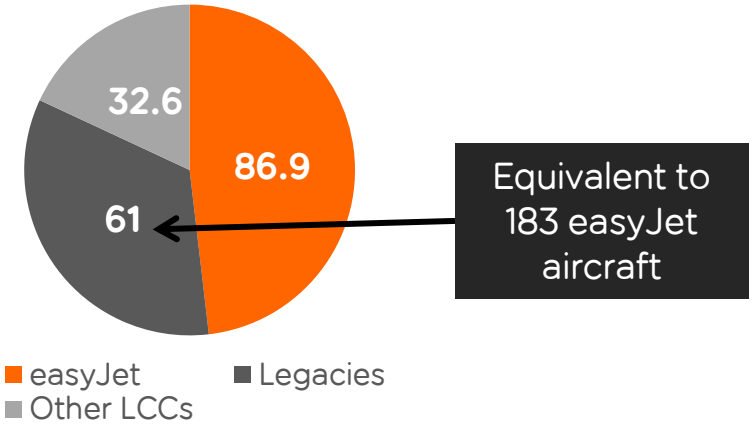
CITY-PAIR

easyJet Routes
FY17 capacity (m)



AIRPORT-PAIR

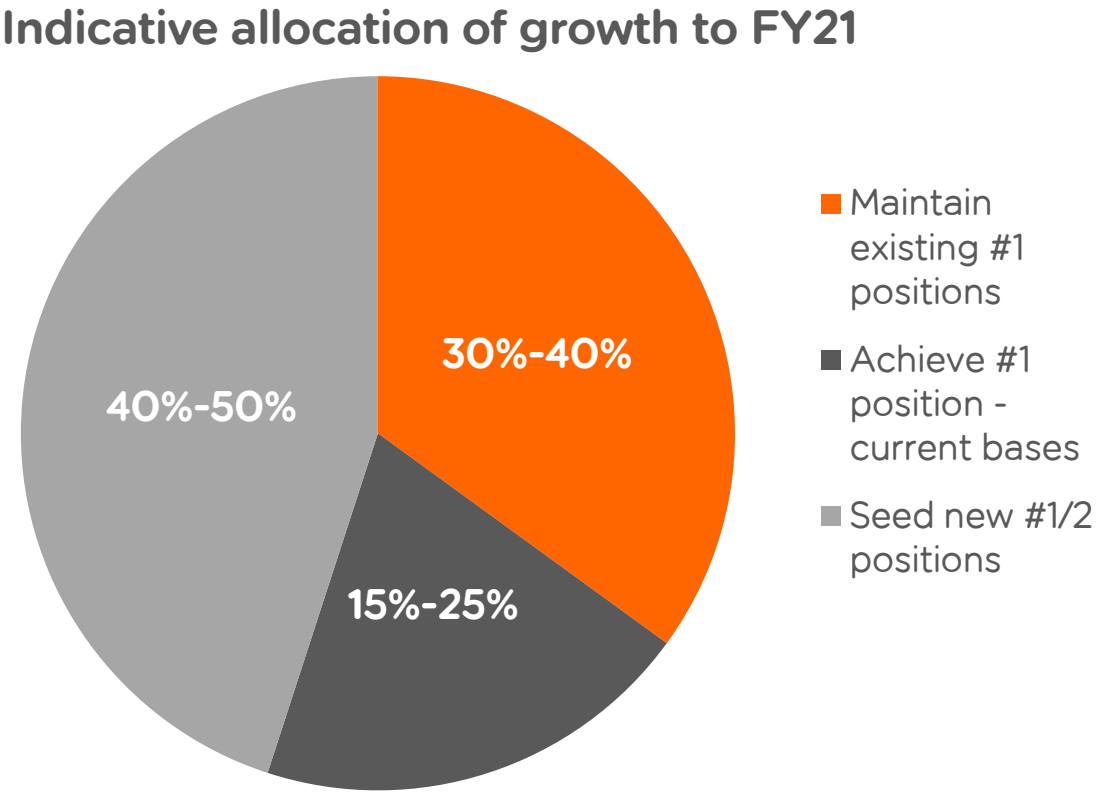
easyJet Routes
FY17 capacity (m)



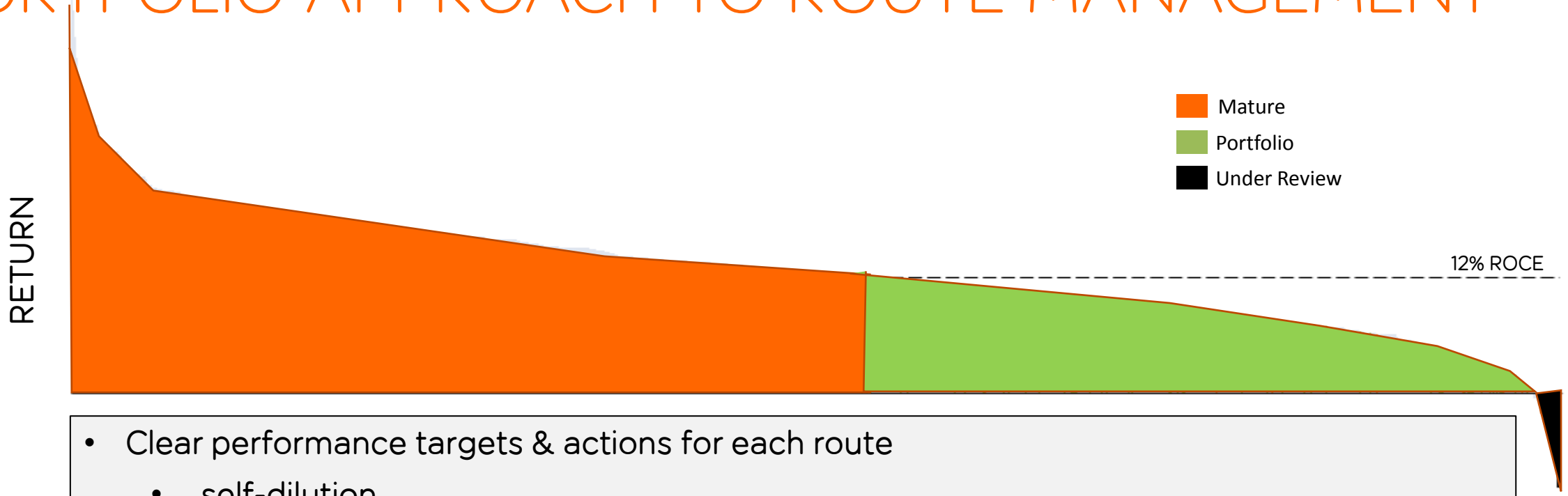
- Over the next 3 years our fleet will grow by around 40 aircraft
- On existing routes alone there remains significant scope to grow through:
  - natural market growth
  - stimulating new demand
  - winning share from inefficient legacy carriers
- We have a c.9% share of the total European market - new route opportunities support further significant profitable growth

TARGETED INVESTMENT TO CREATE WINNING COMPETITIVE POSITIONS

- Growth balanced between strengthening current positions and seeding new opportunities
- This will create 5 - 10 additional #1 positions
- We will continue to take share and grow market positions by competing with inefficient legacy carriers



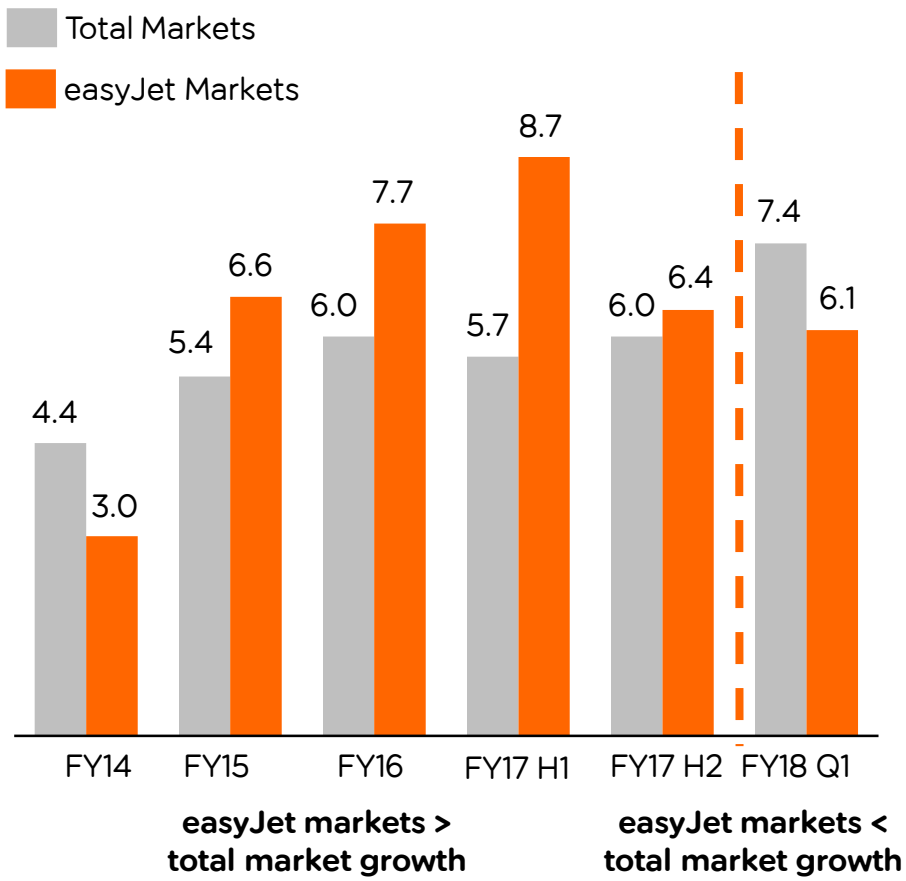
PORTFOLIO APPROACH TO ROUTE MANAGEMENT



- Clear performance targets & actions for each route
  - self-dilution
  - fix
  - churn
  - invest for strategic position
- Re-allocation of aircraft into advantaged positions
- Strong and resilient portfolio – allows consolidation of position for long term returns

WEAKER COMPETITORS ARE RETREATING

European short haul capacity growth YOY %



Capacity reduction / routes dropped	**Norwegian:** LGW-FCO/SXF & CPH-SXF from S17 **eurowings:** MXPSTR from S17 **Monarch**: LGW-VRN from S17 **Ryanair**: GLA-STN from S17 **Alitalia**: LIN-TXL, VCE-TXL and MXP-FCO **Air Berlin**: NAP-ZRH and VCE-STR from FY17 **Swiss:** GVA-ARN and GVA-FCO from S17 **Meridiana**: CTA-NAP from S17, MXP-TFS, MXP-ACE ,MIL-CAT, from W17 **Vueling**: LTN-ZRH and AMS-NAP from S17 7 ORY-CTA from W17

WINNING NETWORK STRATEGY

Purposeful investment

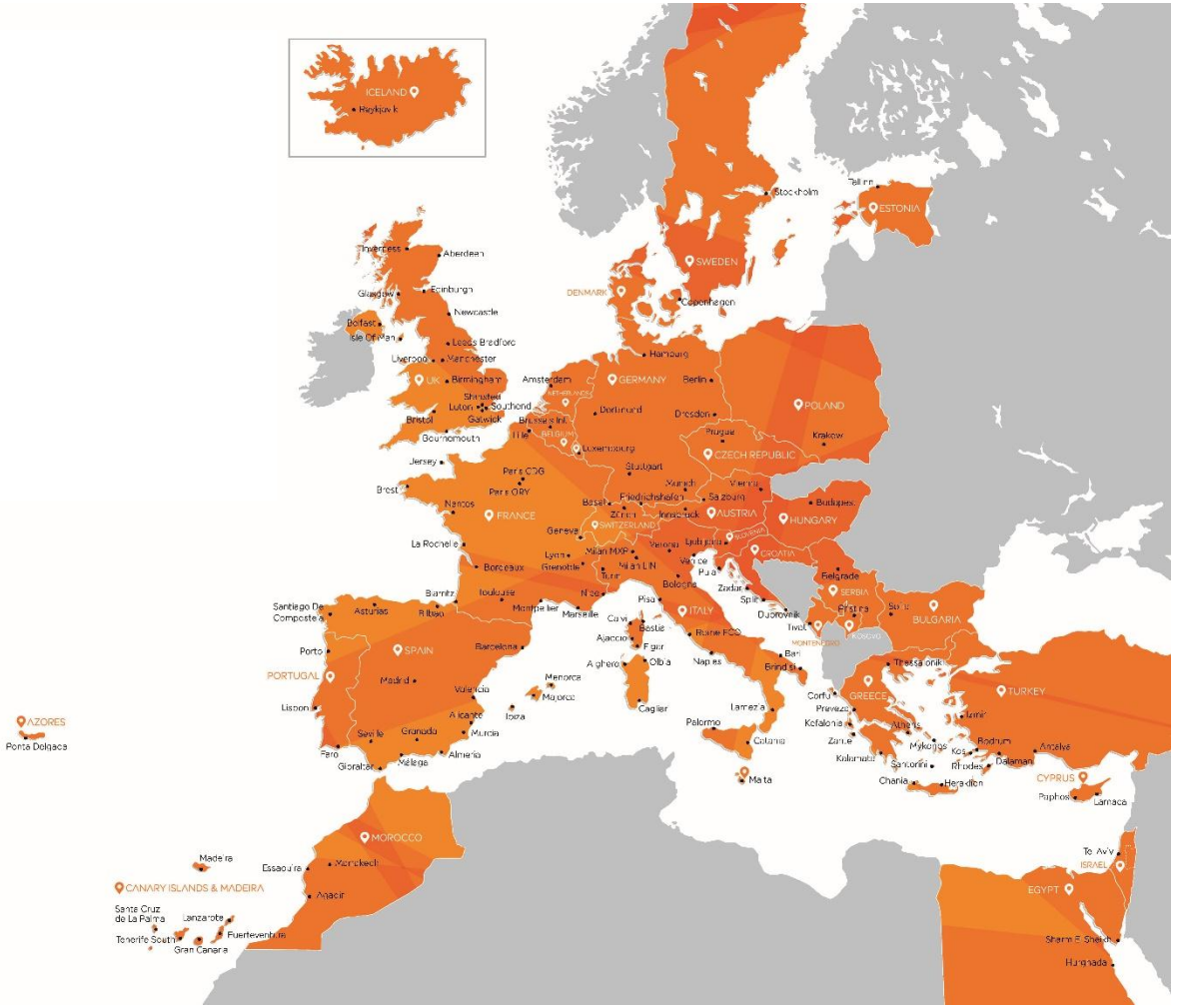
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DRIVING REVENUE

Peter Duffy – Chief Commercial Officer

easyJet

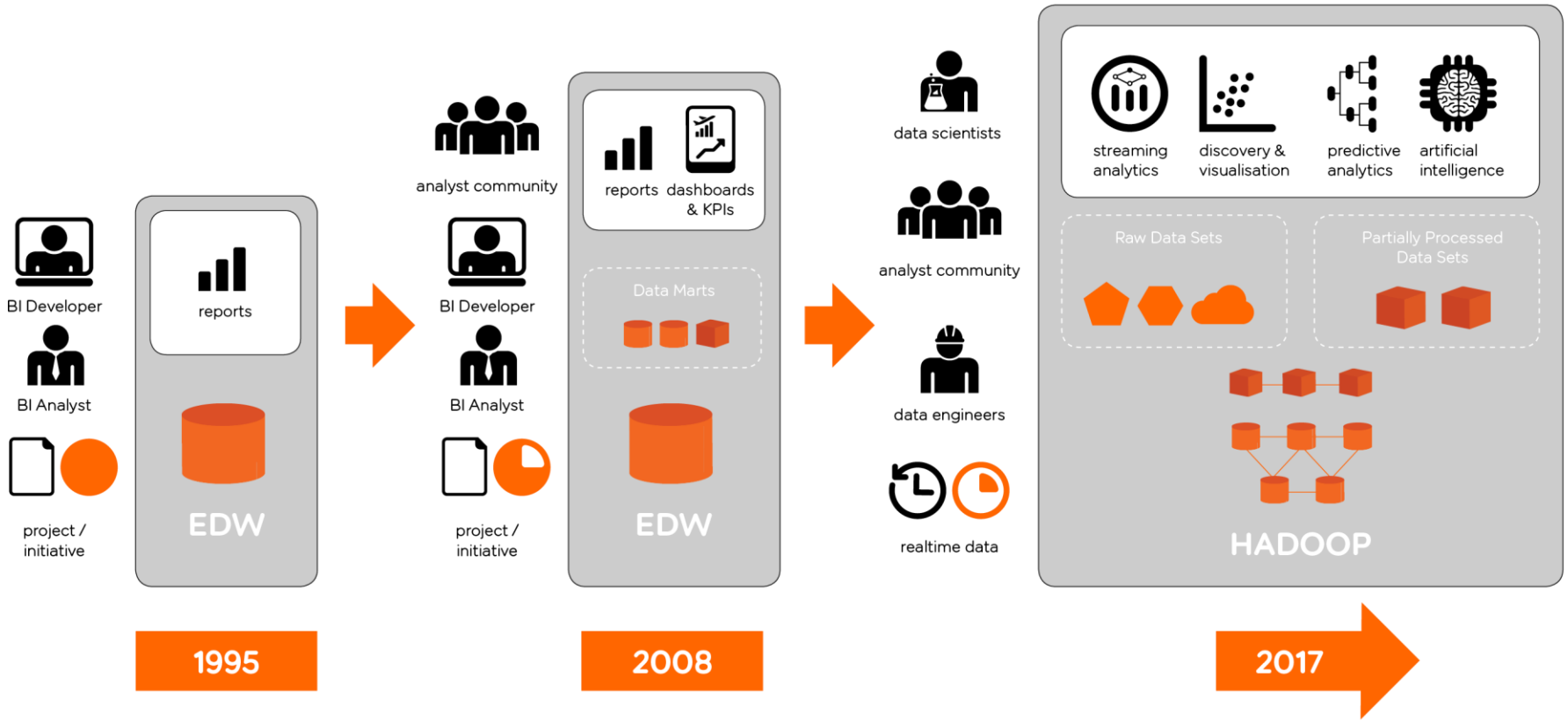
STRONG FOUNDATIONS FOR REVENUE GROWTH

- Strong network
- Responsible and stable social model
- Resonant customer proposition
- Affluent and loyal passengers
- Compelling and trusted brand




THANK
YOU

DATA FOUNDATIONS

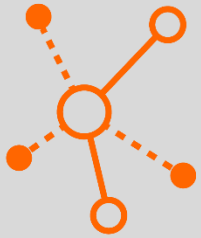




During the past two years, the world generated a zettabyte of data - more information than in all of history.

With a growing array of data available the key to unlocking its value is through focus and simplicity.

DATA APPLICATIONS



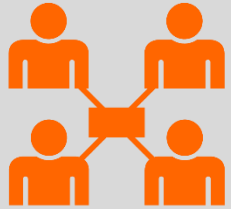
Advanced pricing



Real time personalisation



Revenue optimisation

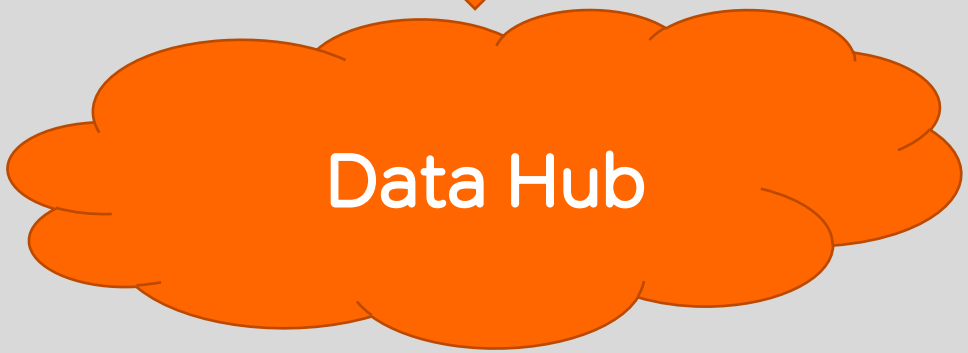


Advanced rostering



Predictive maintenance





CRM CASE STUDY

Marketing cost per seat

-25%

Marketing CPS

Customer value

+30%

booking propensity

+50%

higher flight revenue

+47%

higher ancillary revenue





Constant currency; FY17 projected

NEW DEFINITION FOR ANCILLARY REVENUE

Seat

Low fares – right times, right places

Partner

Extending across the travel value chain

Inflight

World class retail offer with brands you love

Product

Curated choice aligned to customer needs

Tariff

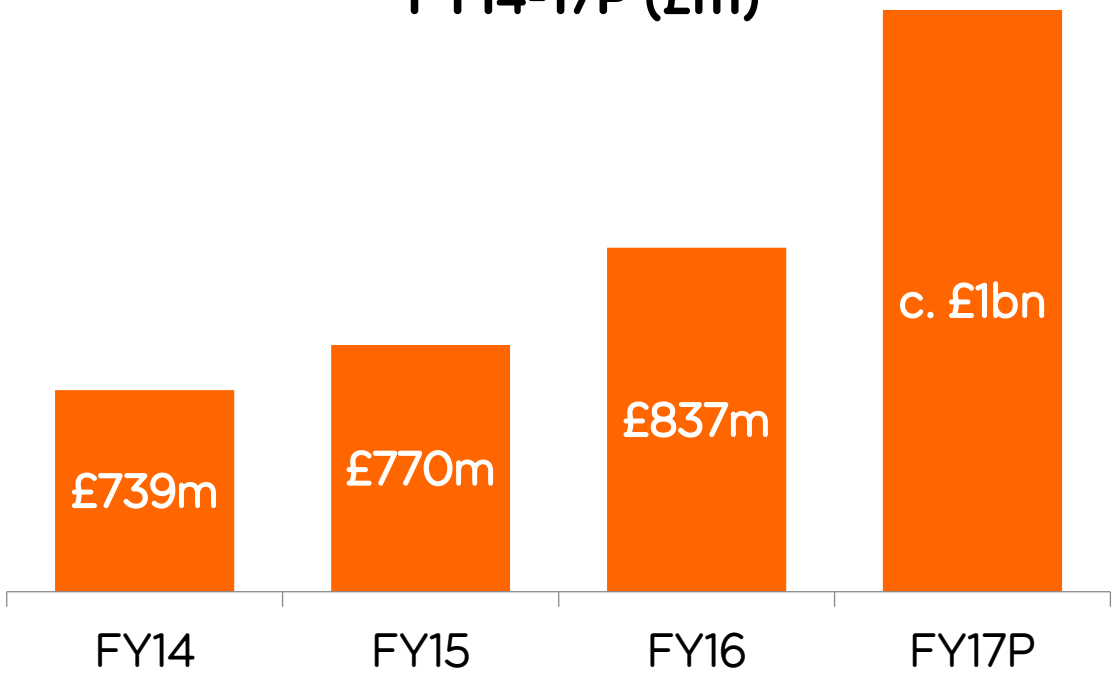
A fair tariff if plans change and no surprises

Old "non-seat" definition

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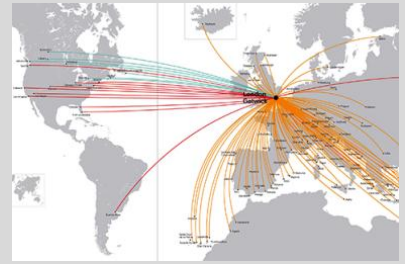
Extended "ancillary revenue" definition

Ancillary revenue performance FY14-17P (£m)[1]



[1]Reported currency; FY17 projected

DELIVERING IN DATA AND DIGITAL

PERSONALISED BUYING EXPERIENCE	COMMERCIALISED CUSTOMER JOURNEY	PERSONALISED PRODUCT AND OFFERS	CONNECTED PEOPLE	DIGITAL INFLIGHT EXPERIENCE
Recognising customer history, profile and propensity to tailor destinations displayed and messages shown	Use mobile to improve the customer experience and commercialise the different moments in the journey	Optimising cross and upsell through targeted and personalised offers e.g. 'try me' bundles	Empowering our people with consistent view of customer including relevant offers.	Using innovative digital platforms to reinvent traditional airline delivery models
				

WORLD LEADING PRICING SYSTEM

90%

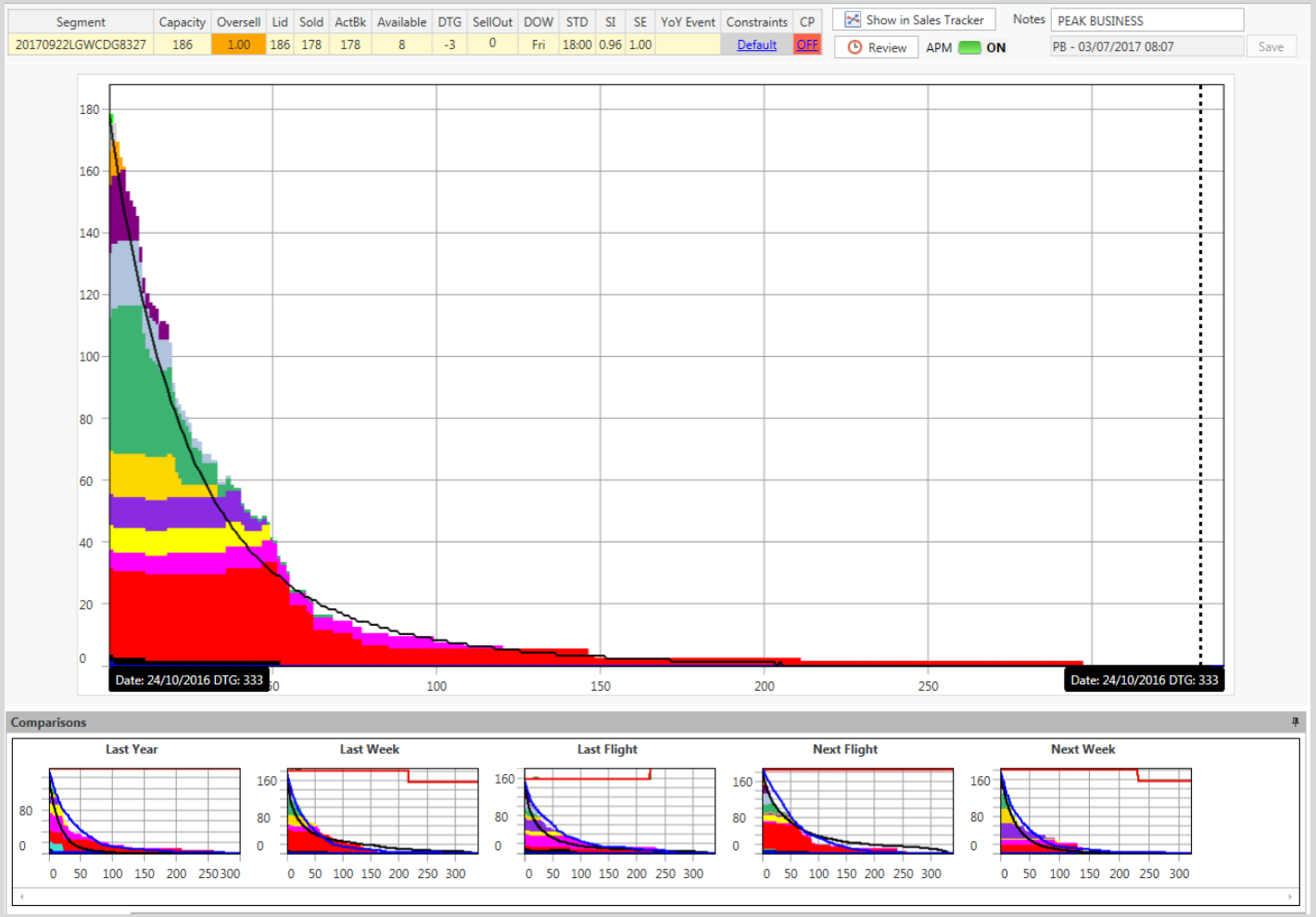
of flight pricing interventions are automated

c.30,000

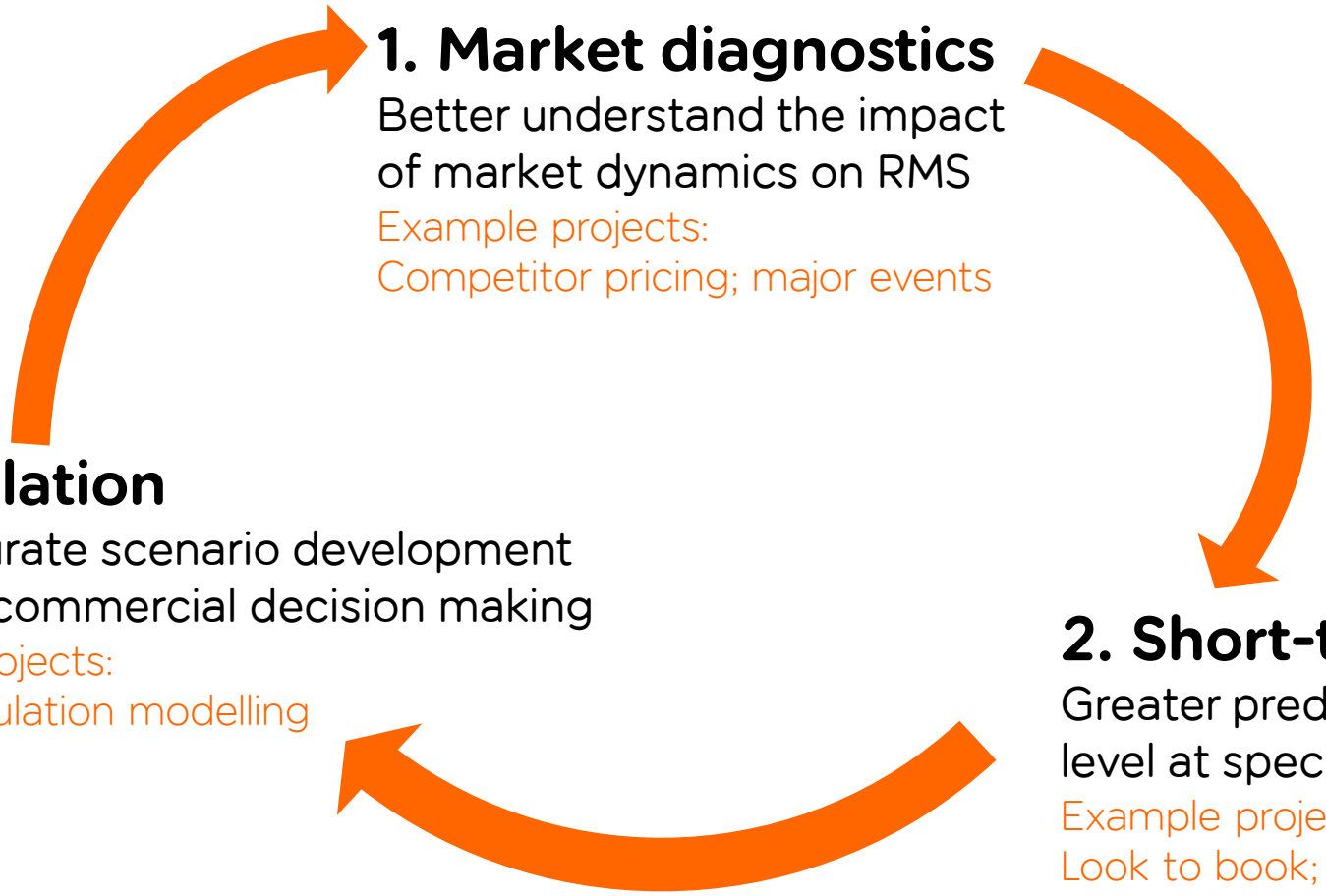
daily inventory adjustments

100%

automation of bag and allocated seat pricing adjustments



AI INITIATIVES CONTINUING TO DRIVE SEAT REVENUE



1. Market diagnostics

Better understand the impact of market dynamics on RMS

Example projects:
Competitor pricing; major events

2. Short-term forecasting

Greater predictive certainty at flight level at specific points in time

Example projects:
Look to book; Aircraft swapping

3. Simulation

More accurate scenario development to inform commercial decision making

Example projects:
Market simulation modelling

USING MOBILE TO COMMERCIALISE THE CUSTOMER JOURNEY

- Europe's most loved airline app
  - 24% of customers using mobile boarding passes[1]
  - 15.6m personalised push notifications sent[2]
  - App opened over 600,000 times each day[2]
- 21m + downloads since launch
- Apple Pay 12% of all transactions[1]
- 62% increase in post booking ancillary revenue[3]
- 250% growth for in destination purchases[3]





Pay

Get Your Guide

holiday extras

HolidayTaxis
the smarter way to arrive

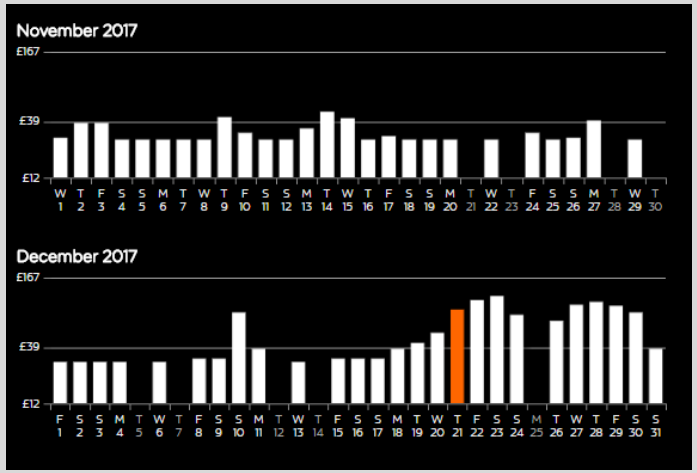
FAST TRACK

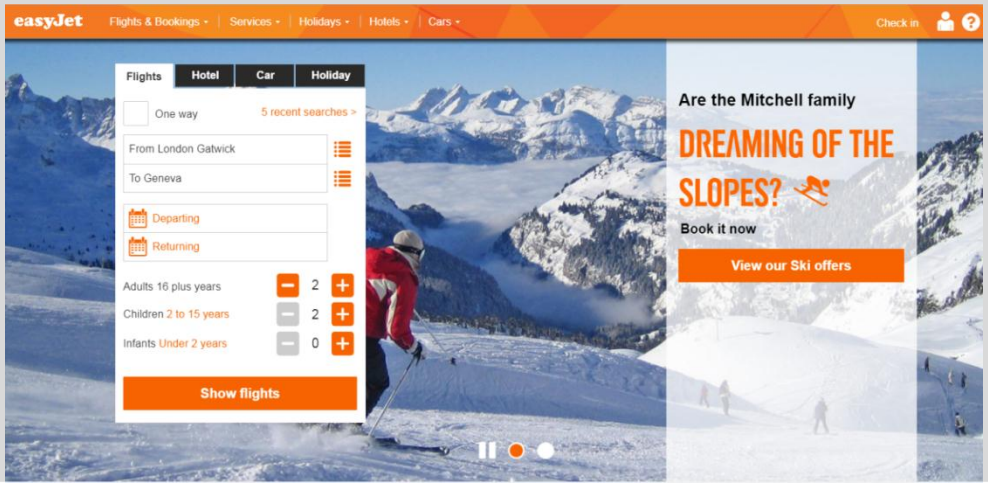
FLIO

PERSONALISED PRODUCT AND OFFERS

- Allocated seat conversion +6 ppt since launch of new website
- Focus on broadening product choice & personalised merchandising
  - Brand aligned partners
  - Helping customers in destination, eg GetyourGuide
  - Extending across the value chain to target customer groups
- Building momentum through 2017
  - 300k+ hands free bags sold since May
  - Launch of pre-order for inflight retail
  - New insurance provider live on Monday
  - Car parking & further integrations through 2018







CONNECTED PEOPLE

- Empowering our people to better serve using digital tools and relevant data
- Creates new revenue platform 18,000 people strong

IN AIRPORT



- Flight information updates
- Digitised processes
- Greater customer engagement

- Upsell unsold inventory
- Trials 2018, roll-out 2019 & '20 across priority airports

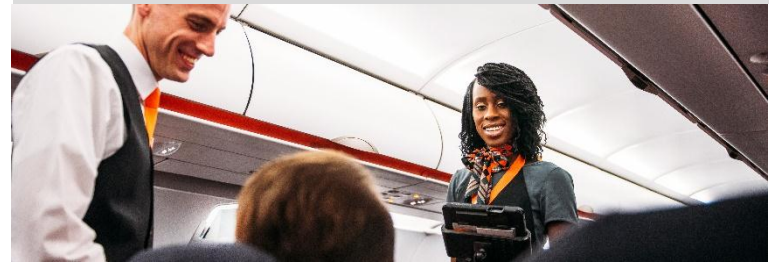
IN CONTACT CENTRE



- Cross Channel case management
- Access to purchase History
- Purchase through Chat & IVR

- Single Customer View
- Targeted upsell with clear next best action
- Launch summer 2018

ON BOARD



- New EPOS
- Customer profiles
- Fast track escalation

- Single customer view
- Targeted customer & route offerings
- Trial live now, roll-out H2 2018/H1 '19

DIGITAL DISRUPTING INFLIGHT RETAIL

Right product and crew tools (FY16/17)

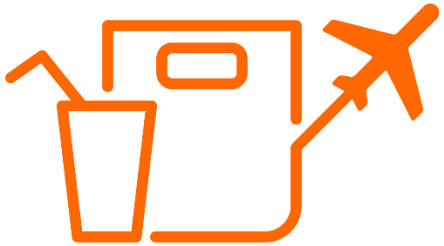


Kiehl's SINCE 1851

Ray-Ban

- Premiumisation of product to match customer base
- Increased appetite from premium brands to be listed with easyJet onboard
- Commercial performance
  - 22% increase in profit per head

Disruptive ecommerce platform (FY17/18)





- Enhanced customer proposition
- Improved service efficiency
- Commercial performance
  - 190k eCommerce inflight retail transactions in FY17 (pre-order only live in July 2017)

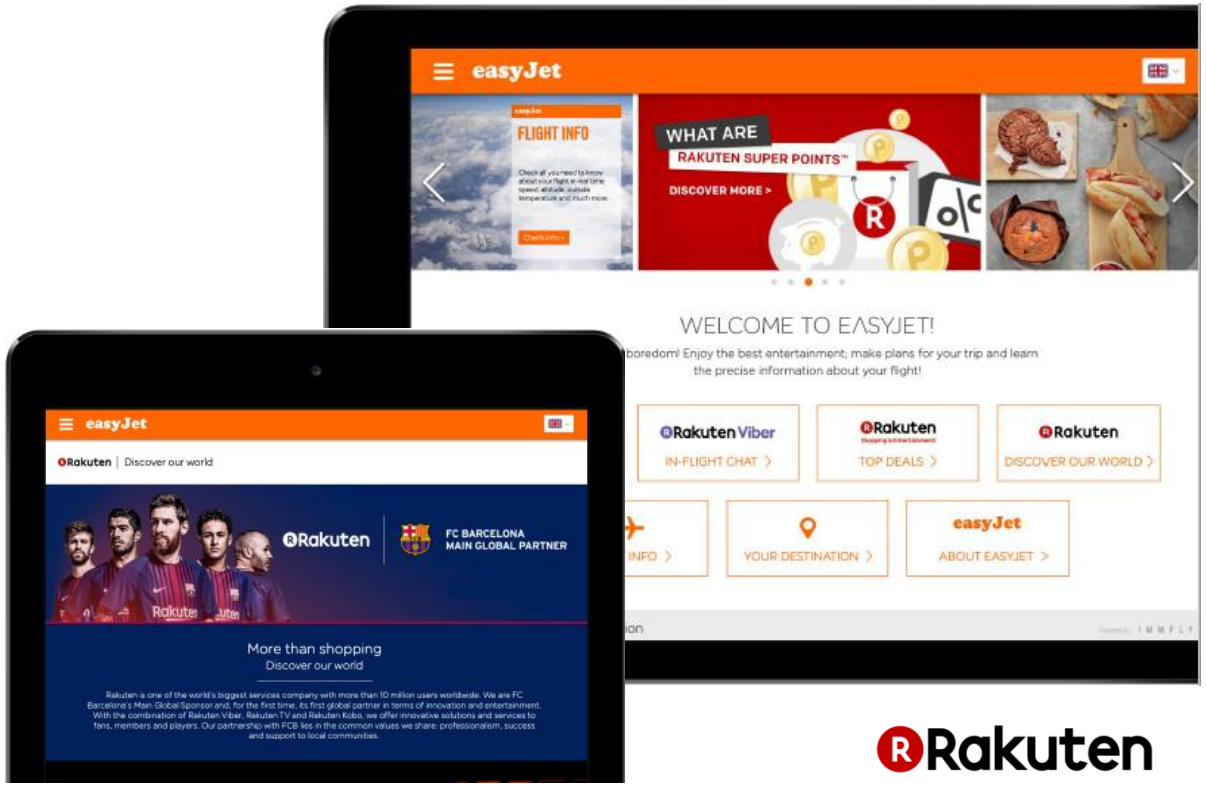
DIGITAL DISRUPTING ONBOARD

The opportunity



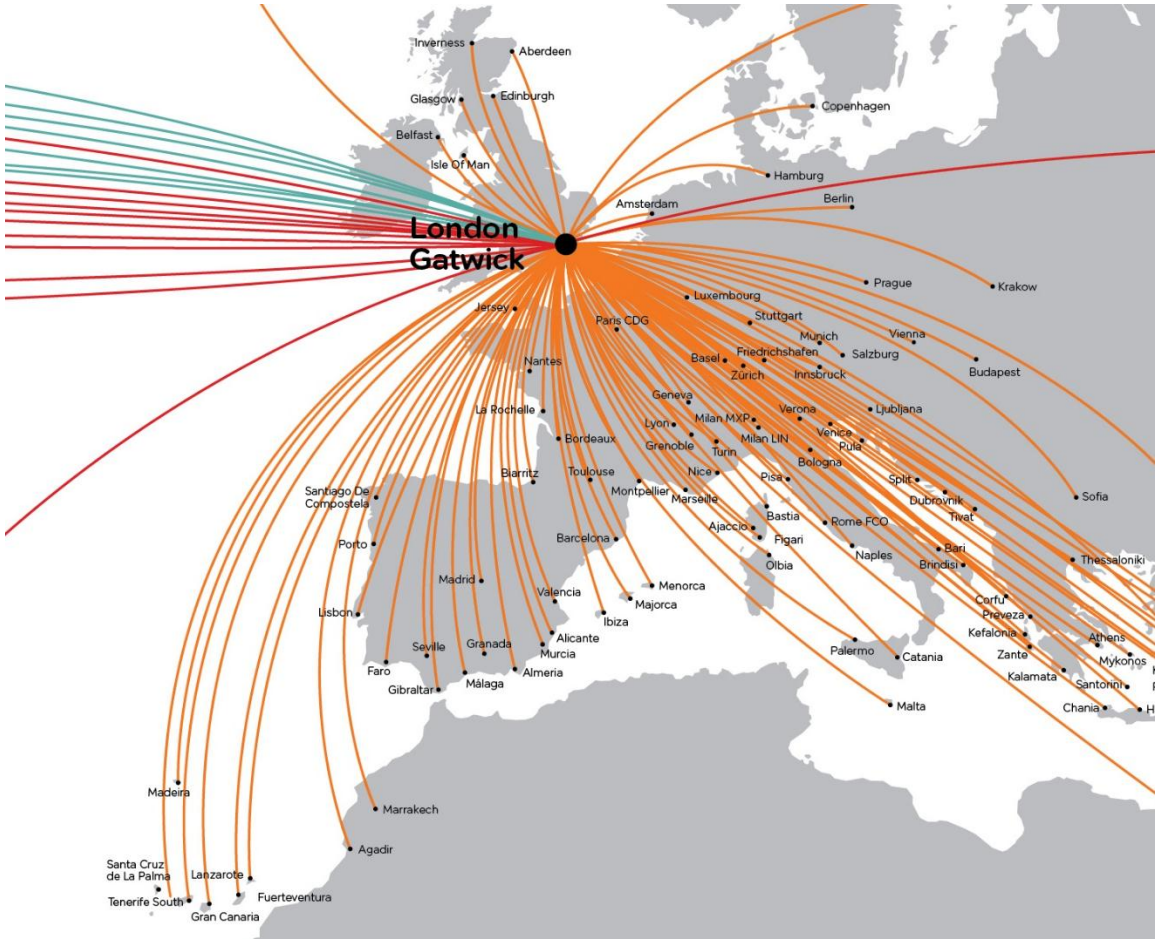
- Captive audience of 80m customers
- Average elapsed time on board c.110 mins

Launching a new digital entertainment platform onboard in partnership with Rakuten



Rakuten

DIGITAL DISRUPTING AIRLINE PARTNERSHIP MODELS



LAUNCH PARTNERS

norwegian

WESTJET

LOGANAIR
SCOTLAND'S AIRLINE

Gatwick CONNECTS
Your flight connection service

TODAY'S NEW PARTNERS

aurigny
Channel Islands

CORSAIR

neos

LA COMPAGNIE

SUMMING UP

- Data and digital enabling brand new commercial platforms and structural cost reduction
- Constant innovation
- Customer centricity
- Clear vision and programme of delivery
- Sustainable revenue growth model



easyJet

COST CONTROL & STRONG BALANCE SHEET

Andrew Findlay – Chief Financial Officer

easyJet

OUR RELATIVE COST POSITION

CASK ex fuel (GBP pence)*



We are the cost winner in the airports we operate

- easyJet operates in desirable primary (many slot constrained) airports - the home of legacy airlines
- easyJet's strong cost control and reduced complexity means it continues to operate with a significant cost advantage across its Network.

easyJet's (demand driven) strategy is not 'ultra low cost'

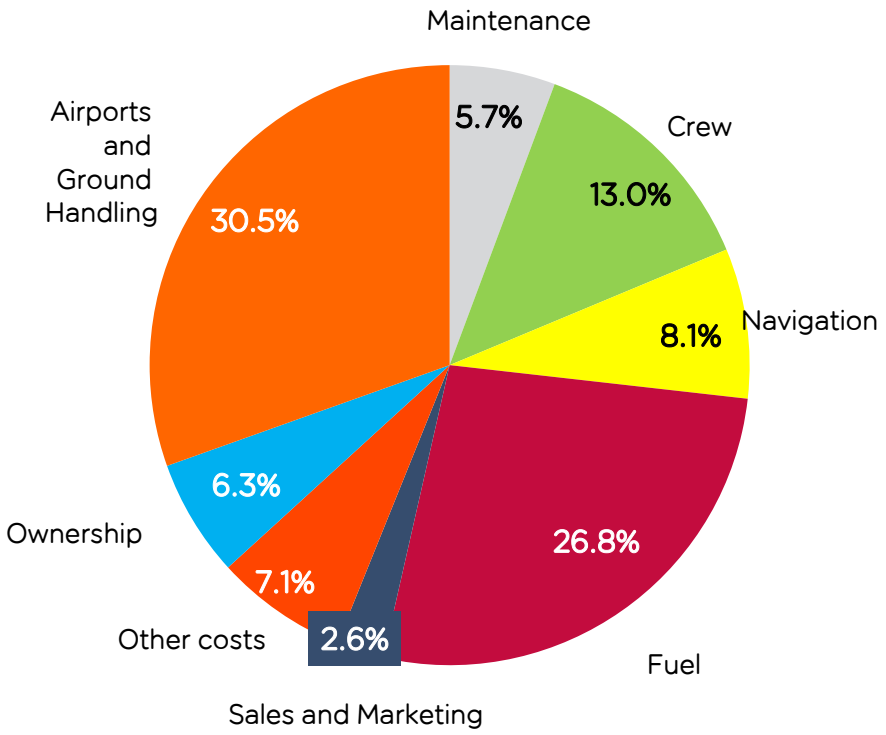
- Our focus on desirable primary airports instead of cheaper less desirable secondary airports
- Our stance to employ our people using local contracts, which is a sustainable model that helps market entry and supports long term growth in our key markets

*Note: Unit cost stage length adjusted to 1,000 KM; 1 EUR = 0.87 GBP (2011) / 0.74 GBP (2016);Source: Reported company financials; ECB FX rates; Bain analysiss
Source: Airline Analyst. : CASK covers last 12 months to 30 June 2016 for peers (unless otherwise noted) & FY16 for easyJet. Peer cask translated to pence using average rate for FY16

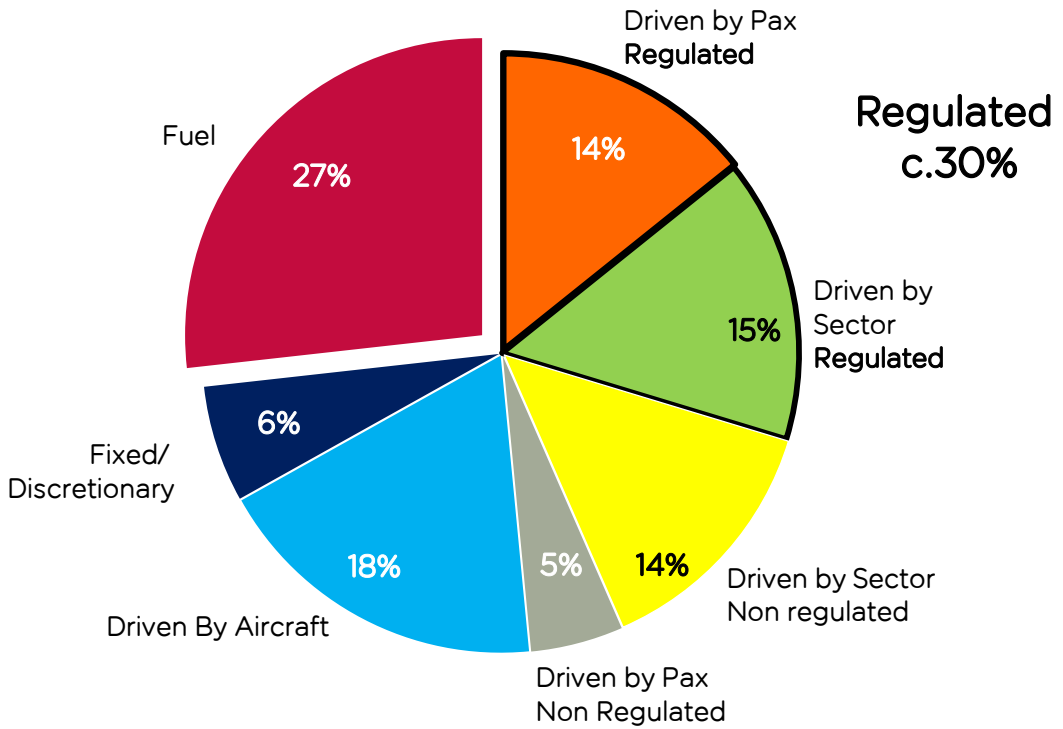
OUR COST BASE

Due to our Strategic focus on Primary airports, c.40% of our non-Fuel costs is regulated in some way:

P&L Split (FY16)



Cost by Driver

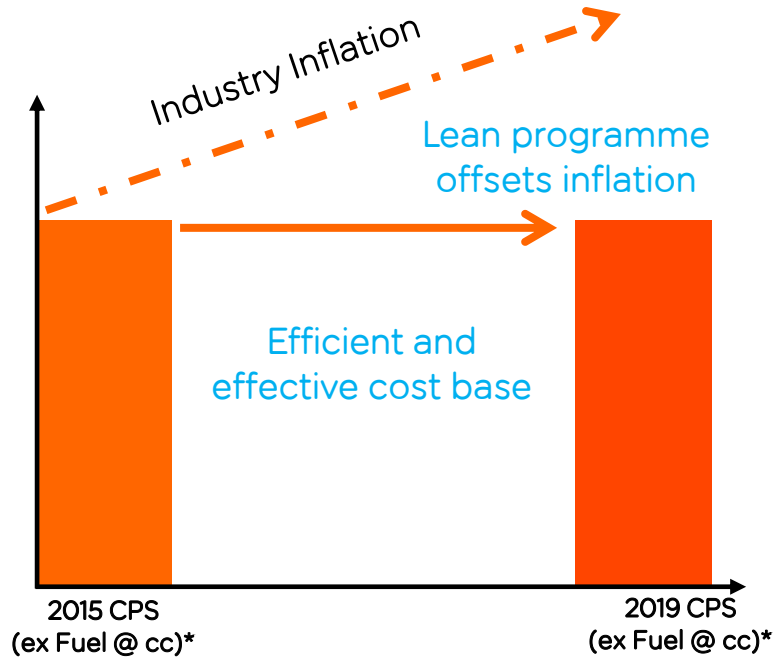


Other costs including crew, and ground handling are also exposed to inflationary pressures

EASYJET LEAN CONTINUES TO DELIVER

After a few years of increasing CPS ex fuel (at CC);
Constant currency headline cost per seat ex fuel in FY17 will be marginally down on FY15....

CPS ex fuel target: flat 2015 vs 2019*



This is despite our investment in operational resilience and an operating environment which has driven increased disruption and increasing EU261 claims rates across the industry.

*excludes hedging

Excluding disruption costs and at current guidance, FY17 Headline CPS (ex Fuel) at CC would be down vs FY15

KEY PRINCIPLES OF LEAN AND COST IN EASYJET

(A) Cost efficiency compared to our peers in the markets we operate

Drive our relative cost competitive position against peers to ensure that we can continue to offer our customers competitive prices vs peers

(B) Long term forensic focus

Have relentless focus on long term sustainable cost reduction, we will leverage our strong balance sheet to focus on cost saving that will be in the best long term interest of easyJet

(C) Flexible to absorb shocks

Maintain cost flexibility to ensure that we are able to make tactical cost decisions to adapt to short/medium profit shocks to limit the impact on our margin

(D) A strong pipeline

Develop and maintain an ongoing pipeline of cost initiatives

(E) Cost culture embedded

Embed cost focus and discipline and focus throughout the entire organisation, everyone will be forensic in our analysis of spend



HOW WE DELIVER OUR COST FOCUS

easyJet Lean is our programme to drive both long term sustainable and short term efficiencies and cost savings

Lean (embedded) work streams
Forensic focus and delivery of work streams in each main cost drivers

+

Cost Strategic Initiatives
Our portfolio of strategic projects biased toward cost control

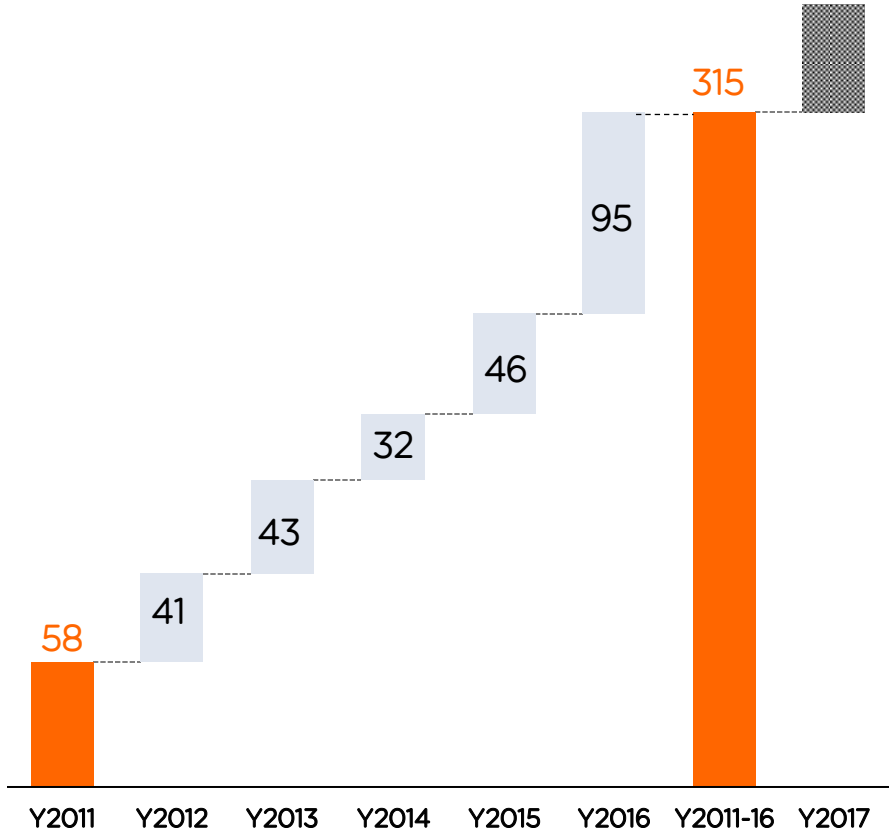
+

Lean Cost Culture & Process Efficiency
Communication, Training and Process efficiency focus

=

Competitive Cost Advantage

Lean delivers sustainable savings*



*Lean savings in £m

AIRPORTS AND GROUND HANDLING

CPS: £15.86 (▲ 1.5% at CC from FY15)
easyJet operates in high demand regulated airports (80% of outbound airports).
This differs to a low cost, less congested secondary airport, supply driven model.



Context

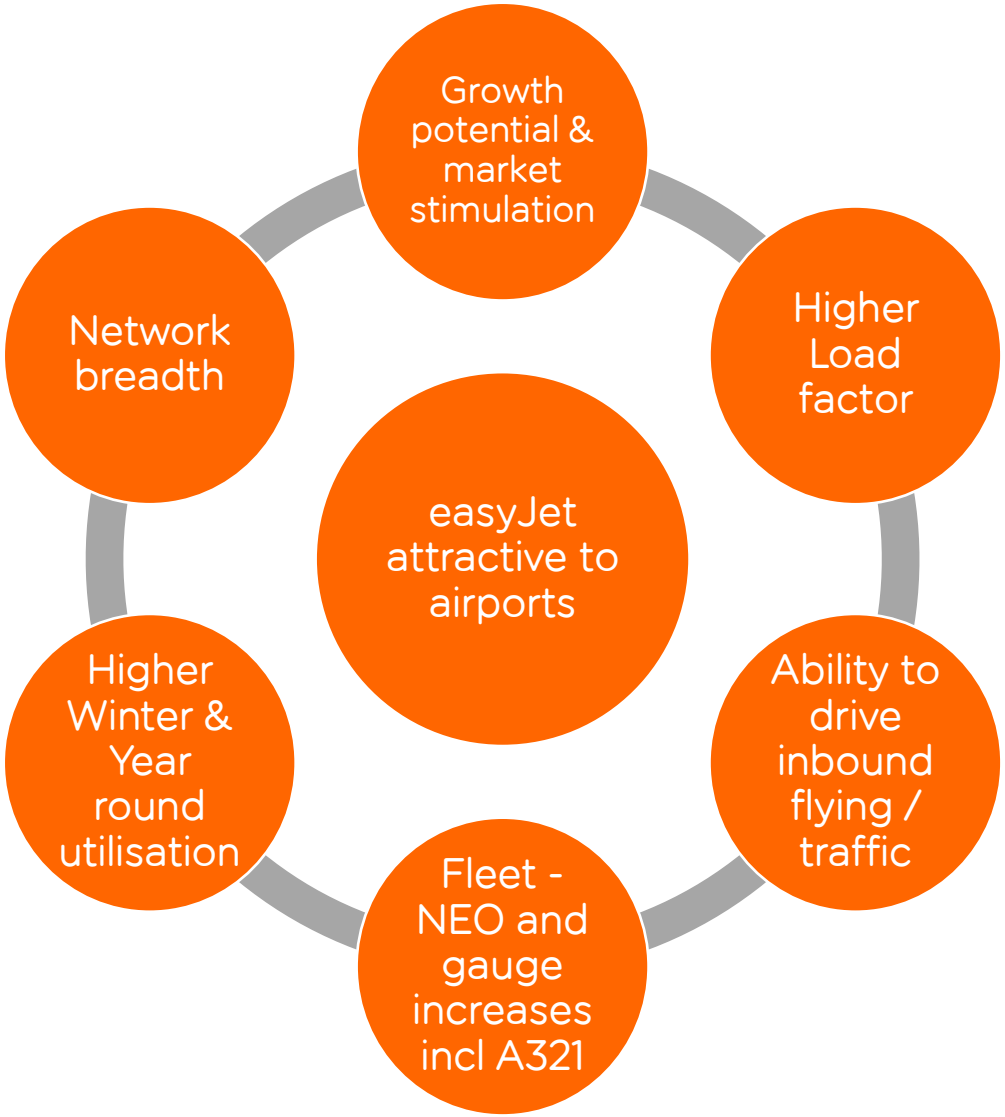
- Regulatory airports with less ability to influence price (70% of passengers departing through regulated airports)
- Increasing capacity (demand) putting pressure on the limited supply
- Reduced competition in Ground Handling suppliers, limiting choice and driving price

Key Lean Initiatives

- Long term growth deals at key (constrained) airports
- Leveraging growth and ability to drive efficient use of infrastructure
- Relationship management programme: focus on long term strategic relationships, e.g. LGW.
- Prioritising airports for growth based on incentive. We will grow significantly in airports where discounts or tourism board support is available.
- Airports of Future: increasing the level of automation in the airport (such as network wide roll out of Auto Bag Drop) to lower cost of operation
- Robust challenge on regulated airports including structure of charges using A4E and bi lateral challenge

Lean programme driving sustainable savings in a constrained environment

EASYJET - HIGHLY ATTRACTIVE PROPOSITION TO AIRPORTS



Airports case study: France

- Increasingly commercial airports, supported by part privatisation trend
- Ability to conduct bilaterals and long term deals
- Low cost infrastructure charges related to lower capex requirement
- Willingness to support automation agenda
- Leverage our strong presence on domestic, city and leisure routes
- Higher growth prospects than legacy incumbent

CREW



CPS: £6.78 (▼ 2.2% at CC from FY15)

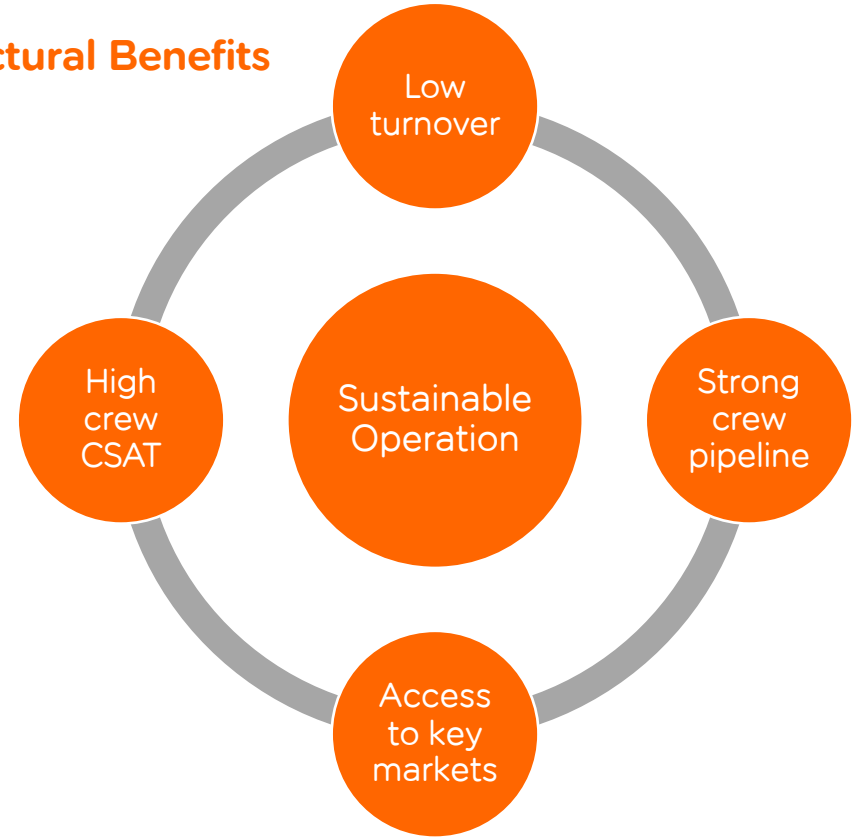
Context

- Average salary inflation and union agreements 2.1% (FY17)
- Managing crew productivity
- Congested primary airports add complexity
- Employing crew in eight separate jurisdictions

Key Lean Initiatives

- Investment into positive Employee Relations programme
- Roster and scheduling programme to:
  - improve fatigue management
  - Improve crew lifestyles
  - Increase ability to recruit and retain future talent
- Frontline empowerment initiatives
- Reducing bureaucracy
- Continue to invest in efficient and seasonal bases e.g. Palma

Structural Benefits



Striking the right balance between crew engagement and cost

ENGINEERING & MAINTENANCE



CPS: £2.97 (▼ 5.3% at CC from FY15)

Context

- Increasing average age of fleet (easyJet 6.7yrs) leads to higher maintenance costs
- Regulatory requirements, e.g. service bulletins requiring modification
- Significant proportion of maintenance work in winter at higher MRO cost to reduce impact key summer schedule

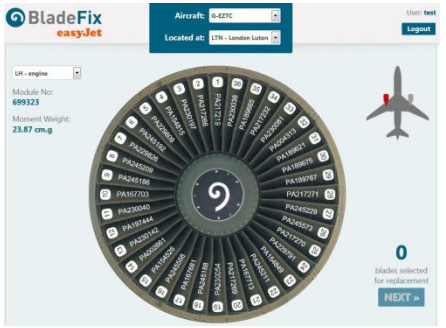
Key Lean Initiatives

- Strong supplier relationships
  - Heavy maintenance and supply chain
- Move to block check maintenance programme at 6 years
- Predictive Maintenance
- Marketing of spare parts
- Investment in development of innovative future technology

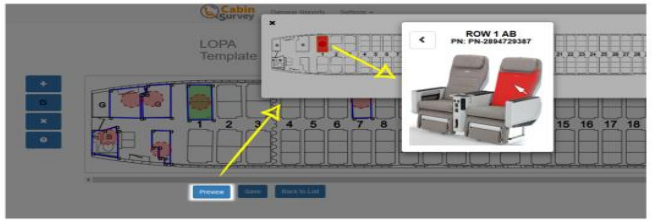
Engineering & Maintenance Innovation

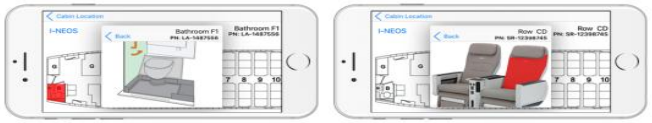


Toughpad



Bladefix

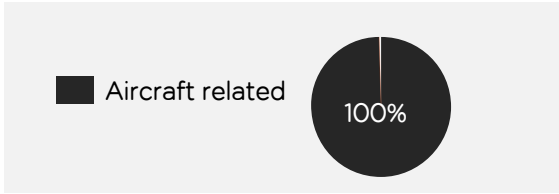




Cabin Damage

Market leading innovation helping to reduce cost

OWNERSHIP & FLEET MANAGEMENT



CPS: £3.45 (▲ 0.8% at CC from FY15)

Context

- Fleet ownership mix – residual value management on A319 fleet
- Heavy maintenance event increases (ageing A319 fleet)
- Retrofitting existing fleet of 180 seat A320s from winter 2016, to be completed by summer 2019
- Cost of funding

Key Lean Initiatives

- Lease re-negotiations
- A320 NEO deliveries from June 2017
- Up gauging of fleet to A321 from July 2018
- Financing options for new aircraft – significant proportion of unencumbered aircraft due to bond issue

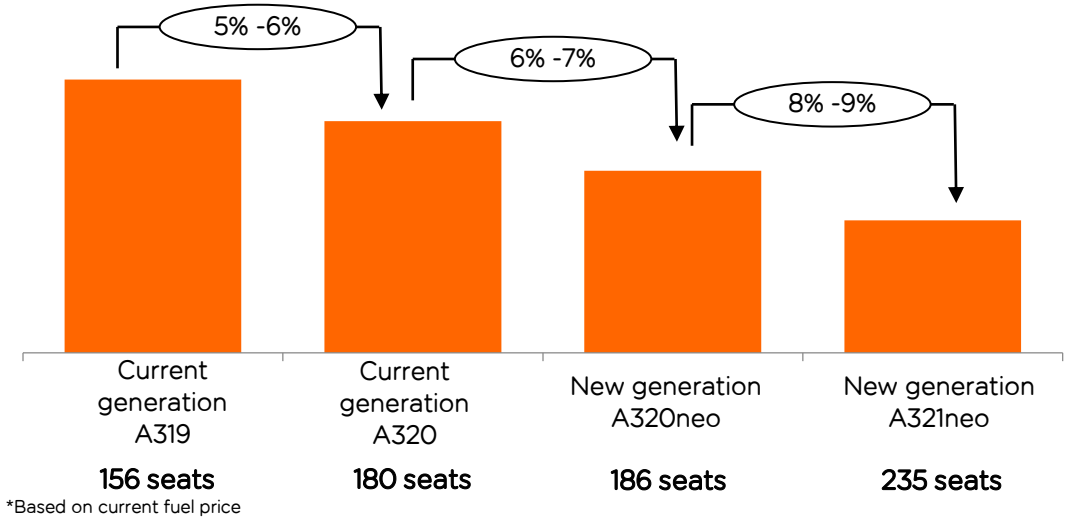




A low cost approach to a growing airline

CASE STUDY: UPGAUGING

Up-gauging: A structural advantage



*Based on current fuel price

30 A321 NEO's added to fleet plan

- Provides further structural advantage
- Maximises constrained high value, peak-day flying
- Will deliver an 8-9%* cost per seat benefit and incremental contribution per annum compared with A320 NEOs operating on easyJet's network
- Maintains a neutral capex commitment via increased flexibility within the contract

Our planned fleet up-gauging will give easyJet the opportunity to add capacity where others can't. The move from an A319 to a 186-seat A320 represents a capacity increase of 32% and the move from the A320 to an A321 another 26%



A319 CEO – 156 seats



A320 CEO – 186 seats



A320 NEO – 186 seats



A321 NEO – 235 seats

OVERHEADS



CPS: £3.71 (▼ 1.9% at CC from FY15)

Context

- Staff – cost of attracting and retaining high quality staff
- Contact Centre – continued drive to increase quality of service
- IT – investment to support an increasingly systems and data-focused business
- Competitive environment for card fees- speak to Lex
- Increased disruption costs (see next slide)

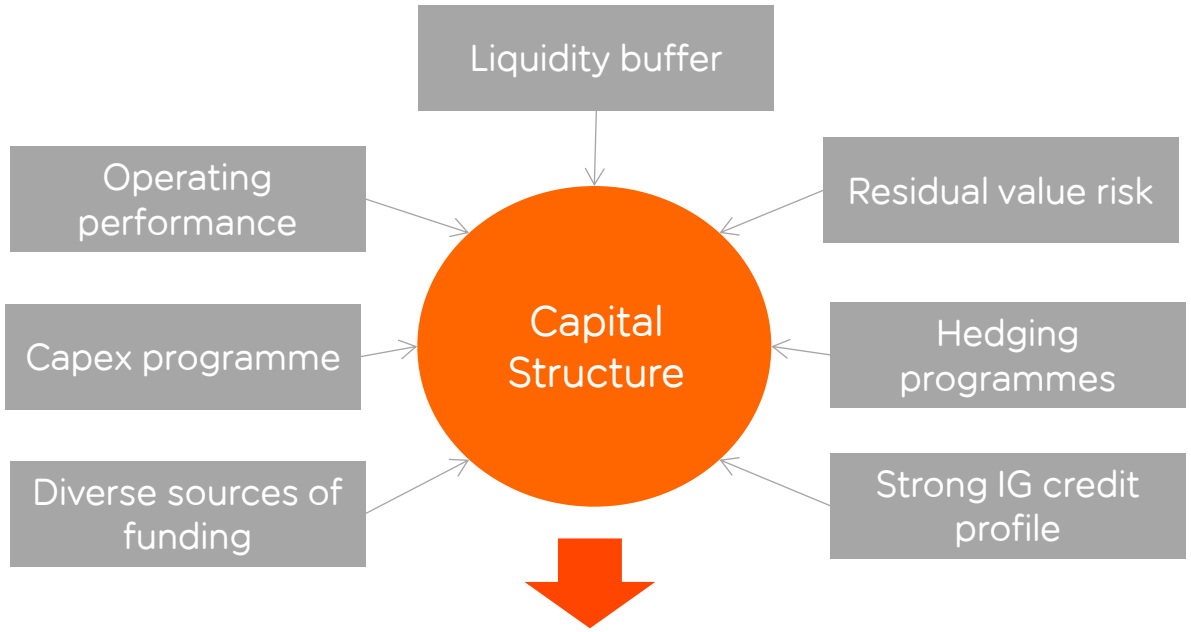
Key Lean Initiatives

- Contact Centre - additional savings from further automation of EU261 process & deployment of chat and Q&A bots
- LGW North Terminal – consolidation and operational benefits (e.g. c£300k p.a. facilities savings)
- NextGen organisational review to deliver c.£15m annualised savings
- General lean overhead savings

Strong focus on controlling overheads

CAPITAL STRUCTURE UNDERPINNED BY FINANCIAL STRENGTH

Key elements of easyJet's capital structure



Liquidity buffer maintained to cover a short term shock event

Residual value risk managed by a rolling programme of oldest A319 SLB's

Intention to maintain investment grade credit ratings

Dividend payout ratio moved to 50% of net income

97% of on-balance sheet aircraft unencumbered*

	A319	A320	A320 NEO	Total	Owned/ Leased
Unencumbered	89	111	2	202	74%
Finance Lease	0	5	0	5	
Total Balance Sheet	89	116	2	207	
Operating Lease	54	18	0	72	26%
Total	143	134	2	279	

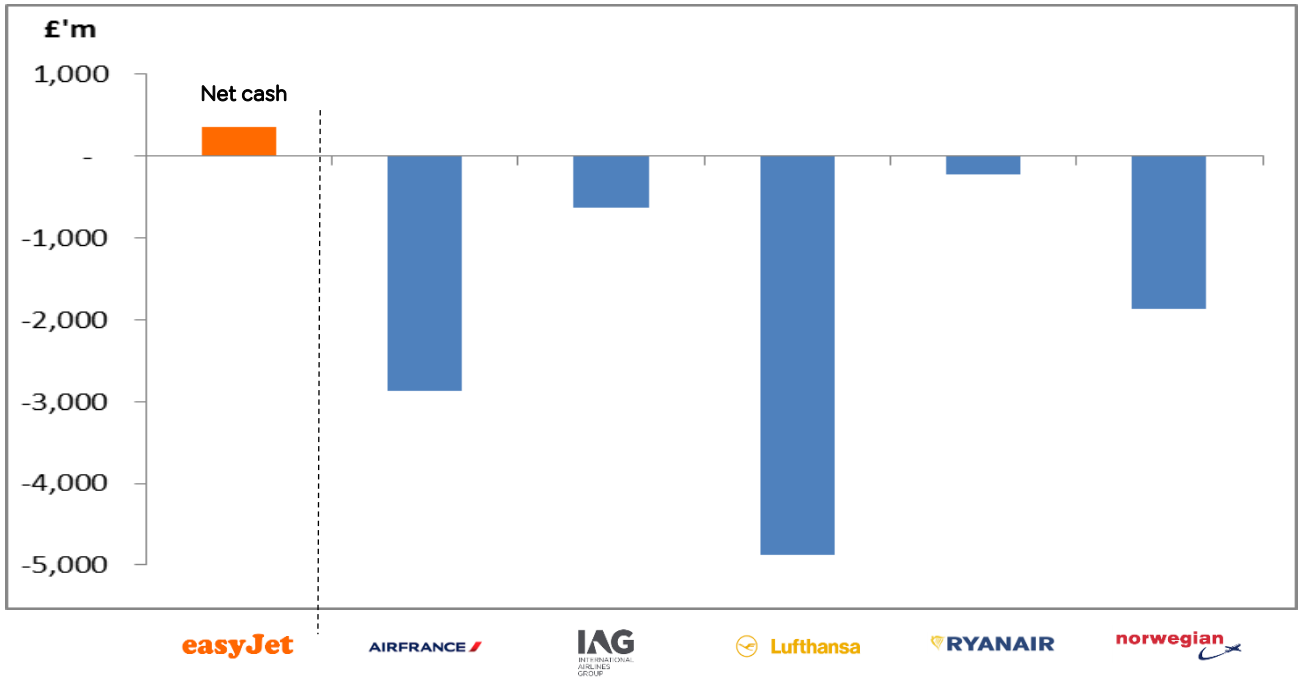
Committed to Investment Grade Rating*

	Company	S&P	Moody's	Fitch
Investment Grade	easyJet	BBB+	Baa1	
	Ryanair	BBB+		BBB+
	Lufthansa	BBB-	Baa3	
Sub - Investment Grade	British Airways	BB+	Baa3	BBB-
	SAS	B	B2	

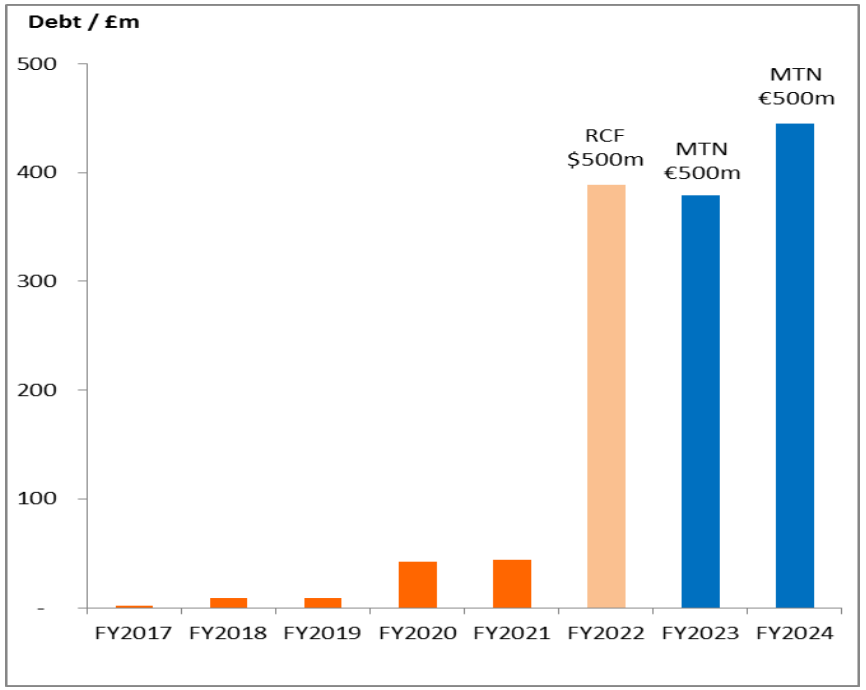
* As at 31/8/2017

A STRONG BALANCE SHEET TO FUND GROWTH

Strong net debt/cash position*



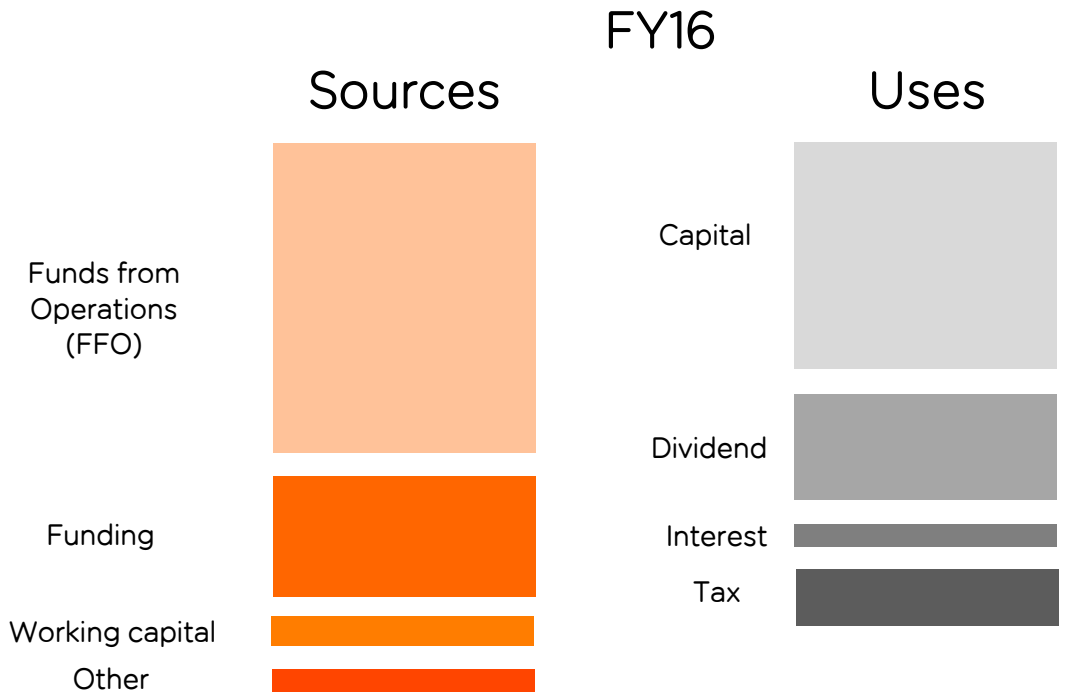
Long term funding profile**



Strong opening balance sheet and long term funding profile create flexibility to support FY17 to FY20 plans

* On balance sheet net debt as at 31/03/2017 (excluding pension liabilities and capitalised leases)
** As at 31/3/2017

SOURCES & USES OF CASH IN FY16 AND BEYOND



Increase in cash by £64m to end FY16 with a cash balance of £714m

Outlook - FY17 & FY18

- Significant Funds from Operations
- Access to diverse sources of funding
- Ability to maximise working capital

- Retain investment grade credit ratings
- Support capex ramp up
- Maintains 50% dividend policy

Diverse sources of funding and working capital improvements will help to support FY17 & FY18 plans

FUEL AND HEDGING



CPS: £13.95 (▼ 13% from FY15)

Fuel Lean

- Successful execution of initiatives to reduce fuel burn
- Collaboration with suppliers to achieve ongoing cost efficiencies
- Improved tankering through continued price negotiations
- Implementing initiatives to reduce fuel logistics costs
- Data analysis and automation improvements

Fuel Hedging

- FY18 and FY19 hedged rates in line with key competitors
- Leveraging our strong credit rating, easyJet has the capability to hedge to a longer tenor and to higher level than most competitors
- Achieved greater cash flow certainty for FY18 and FY19 than competitors in volatile Jet Fuel and FX markets



Pipeline of initiatives to continue to drive fuel savings, hedging removes cash flow volatility

SUMMARY

- 40% of our non-fuel cost is regulated
- easyJet lean is working: FY17 CPS (ex fuel) @ CC < FY15
- Opportunities to leverage our scale, growth and supplier relationships
- Fleet up-gauging provides an underpin and competitive advantage
- Committed to deliver FY19 vs FY15 flat CPS @ CC at normal levels of disruption
- Balance sheet strength remains industry leading

MAKING TRAVEL EASY & AFFORDABLE

Chris Browne – Chief Operating Officer

easyJet

OUR OPERATION - SEPTEMBER 2017

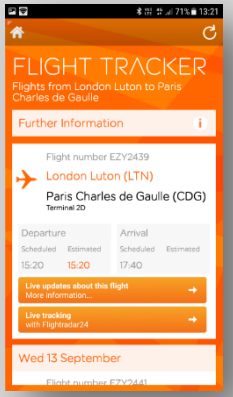
	2007	2017	Change
Passengers	37m	78m	+ 110%
Aircraft	137	279	+ 104%
Routes	289	874	+ 202%
Airports	77	138	+ 79%
Countries	21	31	+ 48%
Bases	19	28	+ 47%
Crew	5, 074	10, 340	+ 104%
Head office staff	500	700	+ 40%

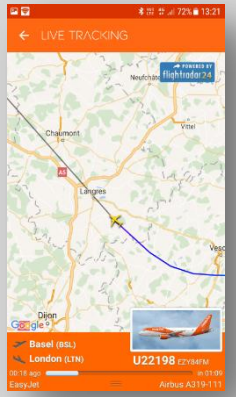
easyJet network



MAKING TRAVEL EASIER AND MORE AFFORDABLE









Airport of the future

Transforming the way you travel



THE OPERATIONAL ENVIRONMENT HAS DRAMATICALLY CHANGED

The Market is Growing	100m more short haul seats in Europe in 2 years – 15m in London
	72% of easyJet capacity touches slot constrained airports
Airports are More Congested	LGW has 57 days with 900+ movements (5 days in 2014)
	Delays due London TMA capacity tripled from 2015 to 2016
Airspace is More Congested	Introduction of new technology in ATC building capacity long term but causing short term restrictions

AVOIDING CUSTOMER DISRUPTION

Prevent disruption & stay on schedule

Schedule	> Re-examine building blocks > Enhanced Ops Parameters > Systems implementation
Equipment & Assets	> Predictive maintenance > Optimise maintenance schedule > Protect standby aircraft / buffer on deliveries
Crew	> Optimise standby levels > Improve green light boarding > Smarter use of standby
Airports & GH	> LGW one terminal > DHL ground handling > First wave focus
Environment & airspace	> Include delay risk in routing choice > Lobby & collaborate on airspace issues

Minimise Impact to the Customer

Disruption Event

Customer Disruption programme

Minimise

- 2 x Recovery aircraft
- Optimised spares positioning
- Invest in additional spare parts inventory
- Tech AOG recovery team
- Optimised standby aircraft levels

Manage

- Streamlined & automated EU261 claims process
- Traveller timeline - step-by-step app assistance during disruption
- Operations recovery tool to accelerate operational decision making
- Single source of data / end-to-end disruption data

Monitor

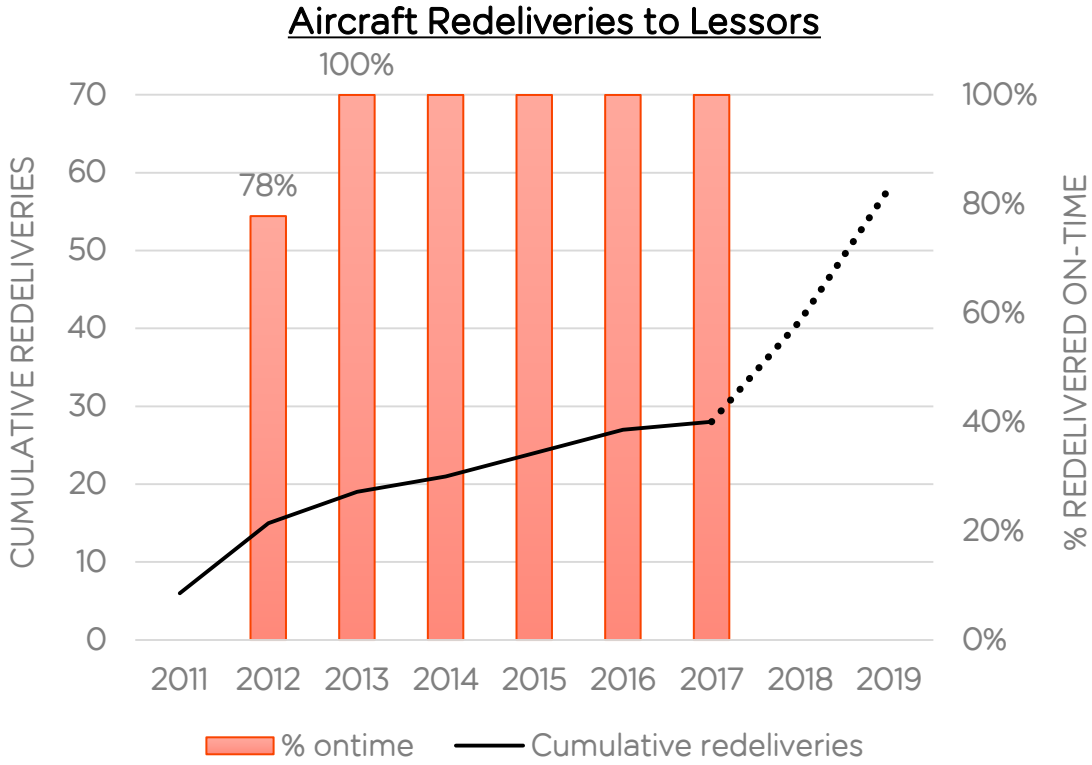
- Lobbying
- Financial reporting – gathering full and complete disruption costs including legal
- New disruption CSAT and improvement plans created on the back of the results

SUCCESSFUL EXECUTION OF OUR FLEET PROGRAMMES

Fleet introductions and upgrades

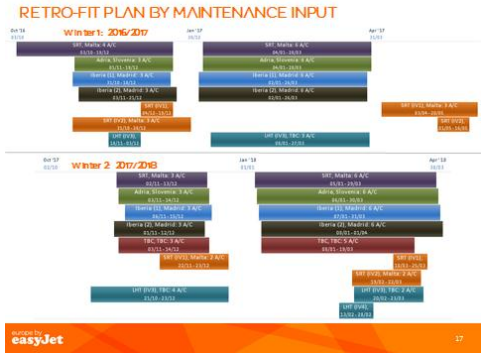


Fleet exits

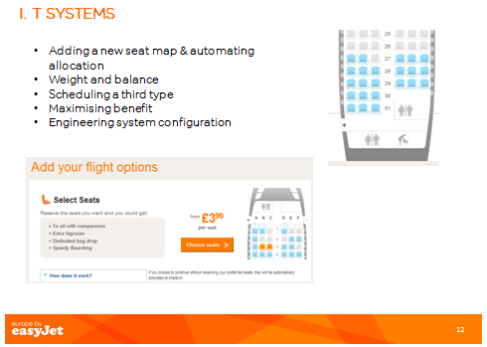


Since 2013 all aircraft have been redelivered on time

CASE STUDY: 186 SEAT CONVERSION



49 aircraft in one winter; 5 concurrent inputs in 4 locations, downtime reduced from 21-11 days

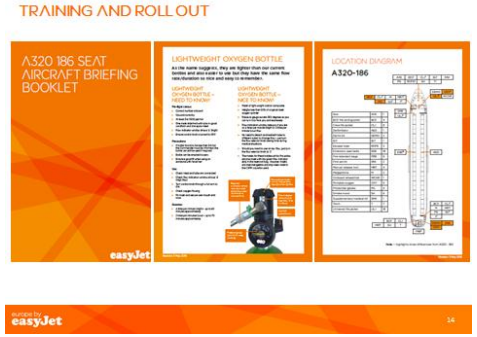


Seating systems and IT system changes

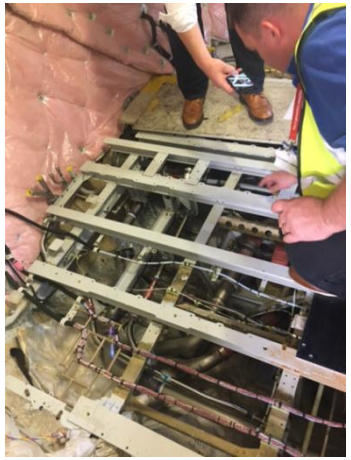




Worldwide logistics network, dedicated kitting warehouse



Crew feedback and training programme



Full strip out of every aircraft, extensive underfloor structural work



Extensive interior refurbishment and upgrade

OUR JOURNEY TO MINIMISE CPS

2003

'03
A319 baseline CPS



2009

'09
A320 **with Tech Insertion Engines**
24 more seats
more efficient engines
-8%





2013

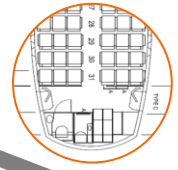
'13
A320 **with Sharklets and lightweight seats**
better aerodynamics
less weight
-3%





2016

'16
A320 configuration upgrade to 186 seats
6 more seats
-2.5%



2017

'17
A320 neo **with new LEAP engine**
more efficient engines
-9%



2018

'18
A321 neo with
235 seats
49 more seats
-9%



CEO fuel burn

(-15%)

NEO fuel burn

Note: All CPS figures are inclusive of fuel

DIGITAL OPERATIONS – COMPONENTS OF THE TRANSFORMATION

Connected People



Connected Cabin



Connected Aircraft



Connected Flight Deck



Connected Engineering



Connected Ground Ops



DIGITAL OPERATIONS – KEY DRIVERS FOR ADOPTION

End-to-end customer engagement

Efficiency in an integrated operation

Economy of scale – growth without cost

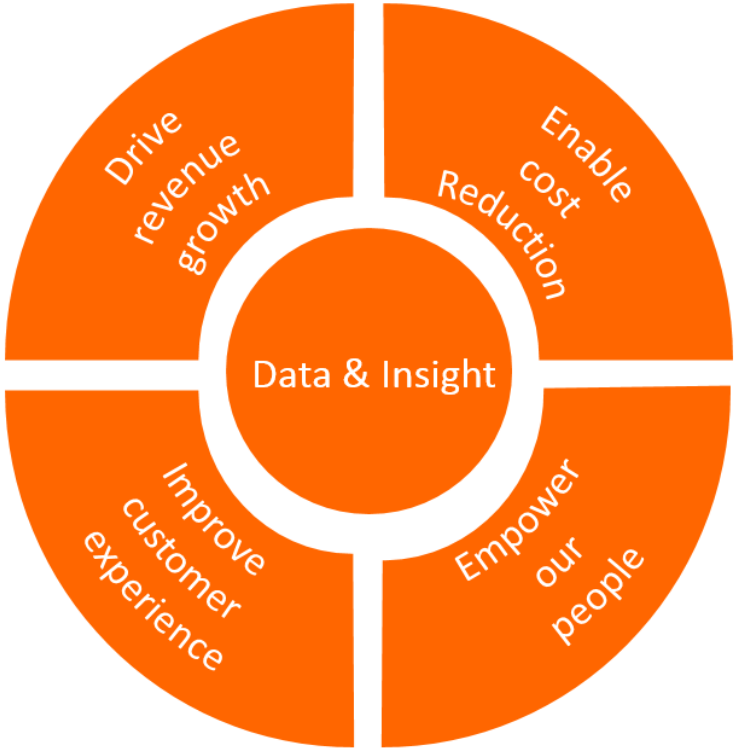
Automation – speed & accuracy

Leverage the operation-wide data

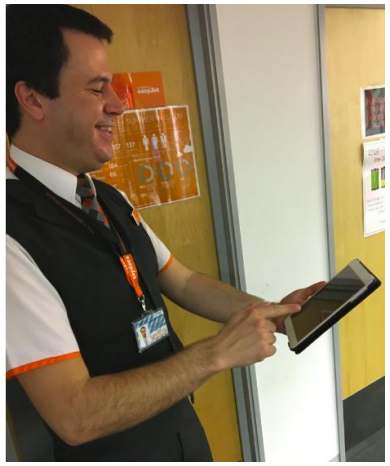
Single version of the truth

CASE STUDY - PALMA

- In March the airline opened its first seasonal base in Palma de Majorca.
- Palma-based pilots and cabin managers have been issued with iPads, which allow them to complete their pre-flight briefing digitally and more efficiently.
- iPads are used across the industry extensively, but this an example of how we have innovatively used them to reduce cost, improve efficiency and crew communication.









AIRCRAFT NOSE-TO-TAIL CONNECTIVITY ENABLES A CONNECTED OPERATION

Connected Flight Deck
EFB & e-Techlog



Connected Cabin
Digital Content on Board



Connected People
Flight Crew & Cabin Crew



Connected Ground Ops
Airport of the Future, FCP

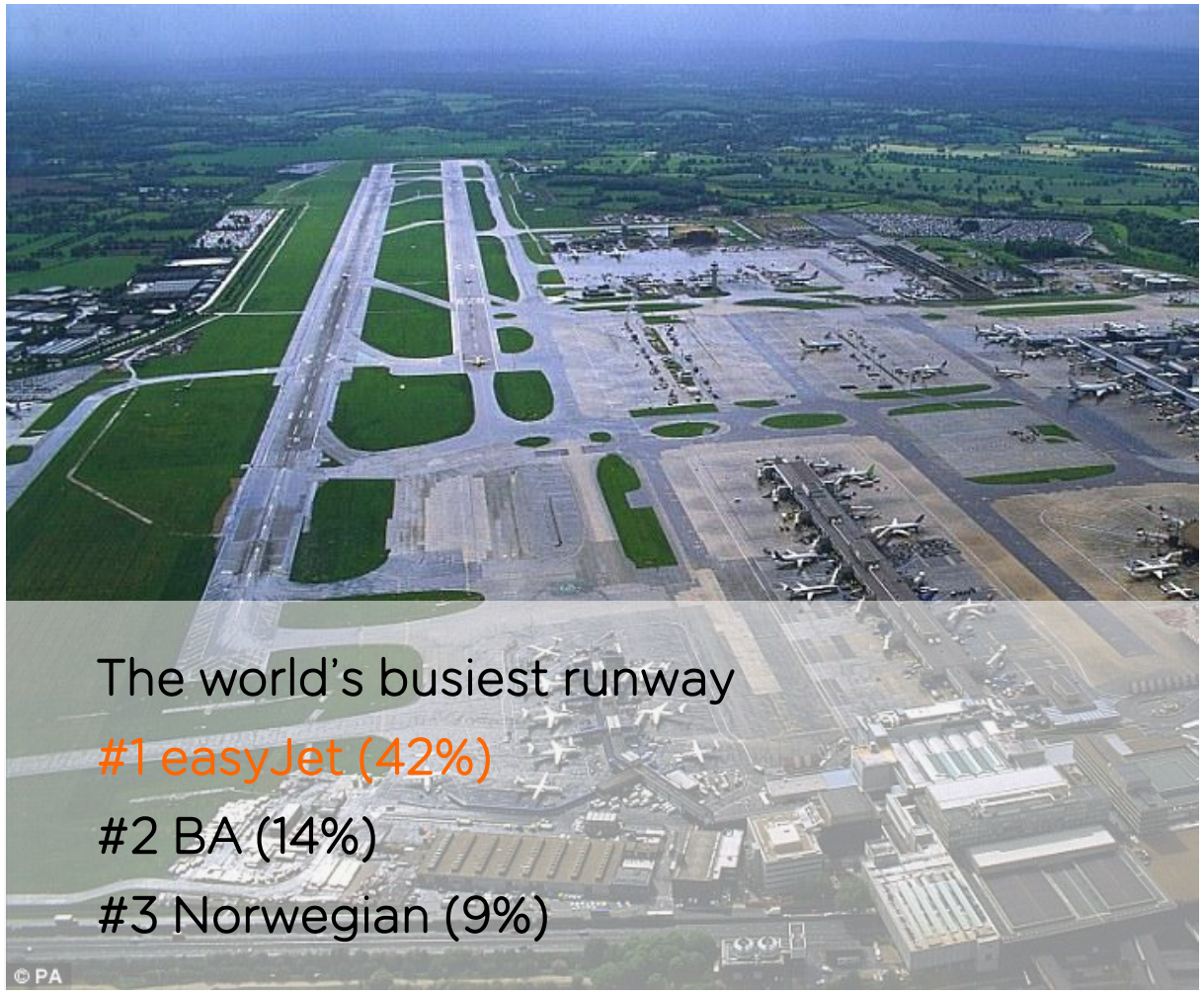


Data Hub

Connected Engineering
Inc. Hangar & Line



LGW LANDSCAPE



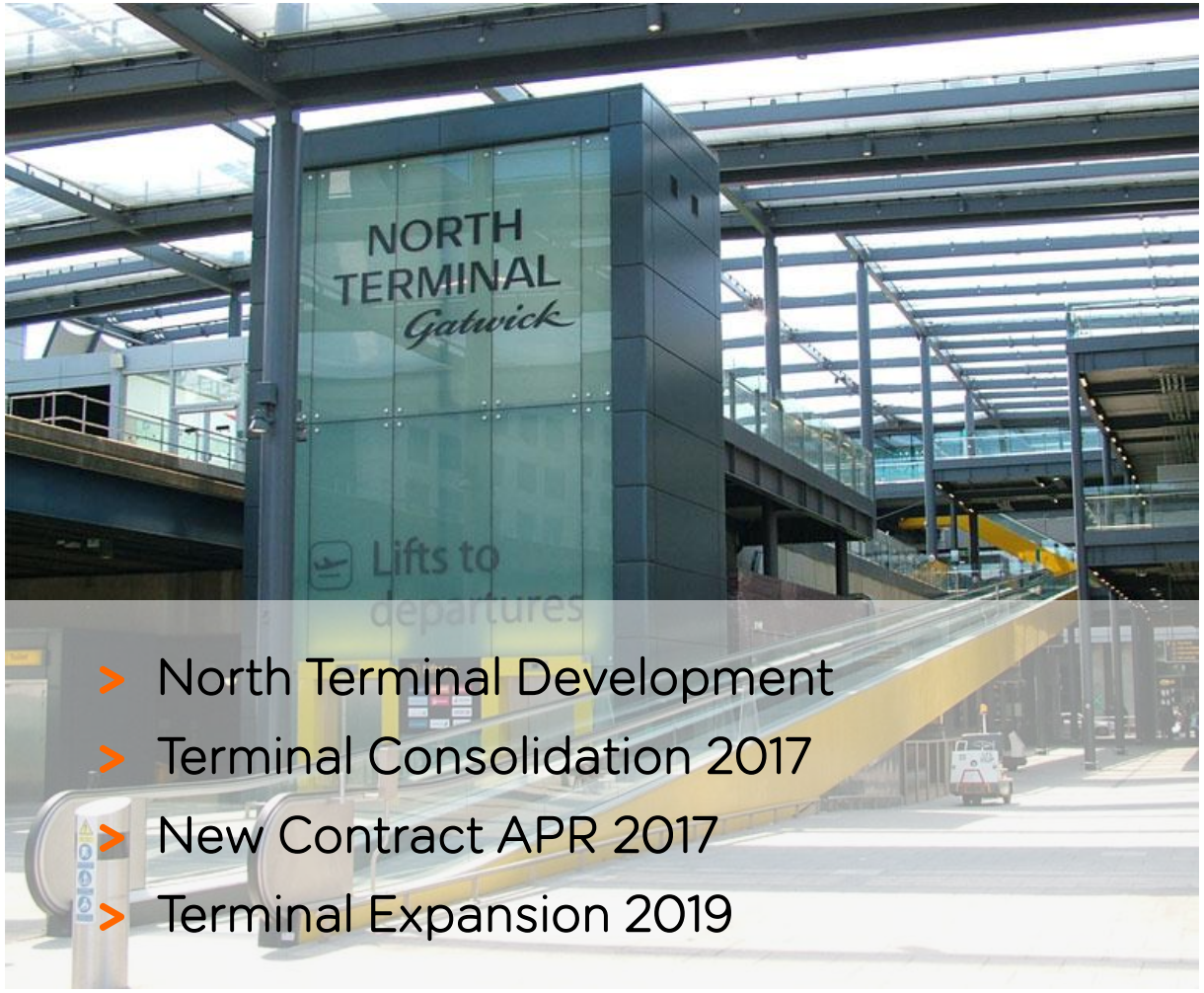
The world's busiest runway

#1 easyJet (42%)

#2 BA (14%)

#3 Norwegian (9%)

© PA



- North Terminal Development
- Terminal Consolidation 2017
- New Contract APR 2017
- Terminal Expansion 2019

GATWICK OPERATIONAL PERFORMANCE

JULY 2017 v JULY 2016

- 7% increase OTP
- 13% less late inbound aircraft delays
- 99.2% Flights <3 hr delay
- 15% reduction in average delay

- Investment in schedule is delivering OTP benefits
- OTP improved year on year every month of Summer
- OTP and Turn compare favourably to other LCCs
- EZY would need 15-20 more aircraft to fly schedule using BA parameters

Over 90% flights arrive within 60 mins of schedule

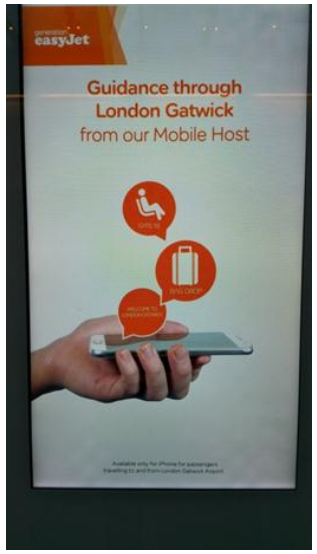
GATWICK – easyJet AIRPORT OF THE FUTURE

5.5m
Mobile Host Users

90%
Pax wait <5 mins at Bag Drop

3x
Increase in Processing rate in Security

10, 000
Crew Trained in Gatwick Academy

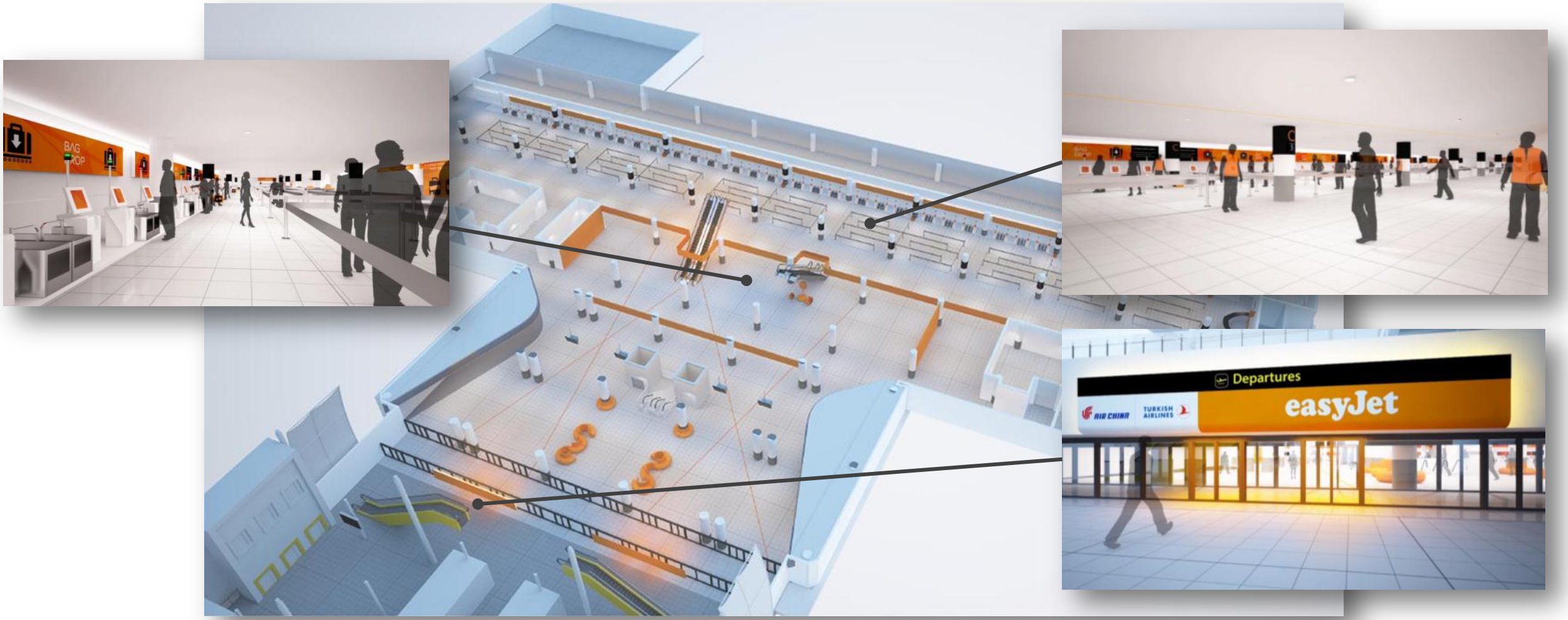








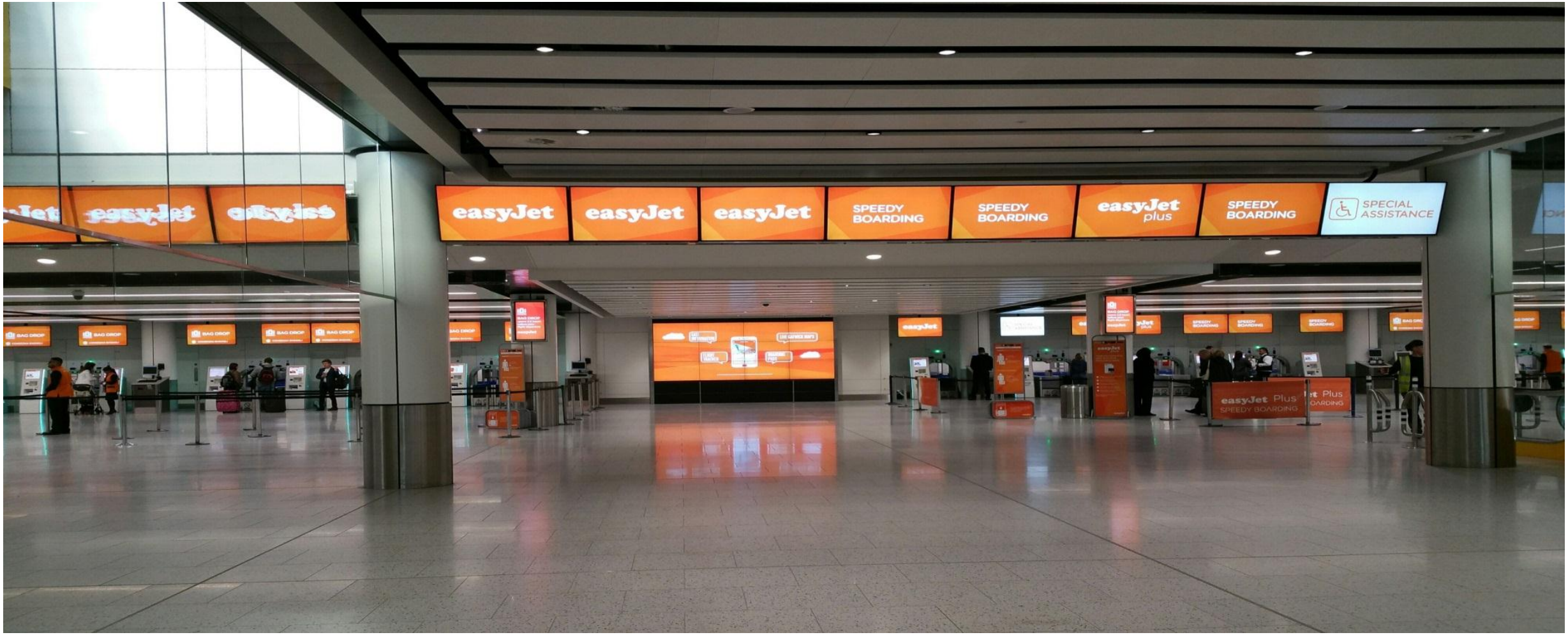
NORTH TERMINAL – VISION 2014



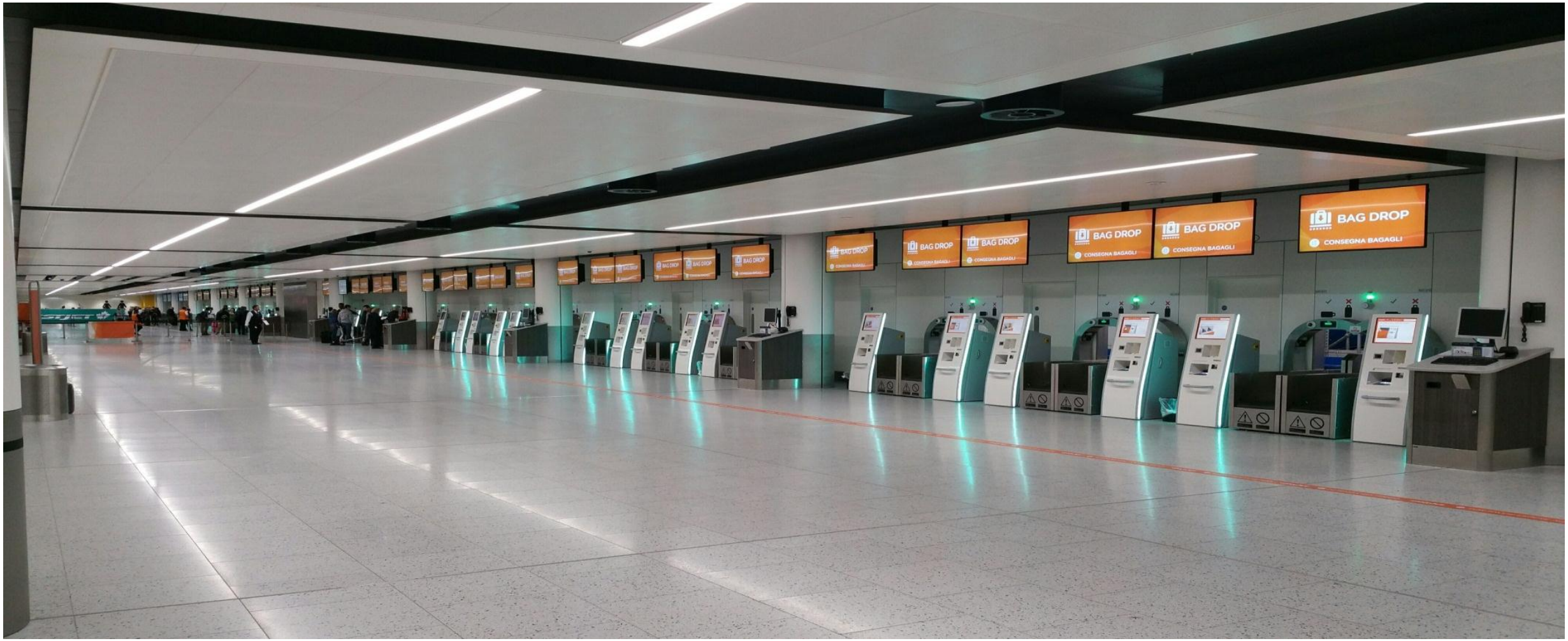
NORTH TERMINAL LEVEL 10 PRIOR TO UPGRADE



NORTH TERMINAL LEVEL 10 TODAY



WORLD'S LARGEST AUTO BAG DROP

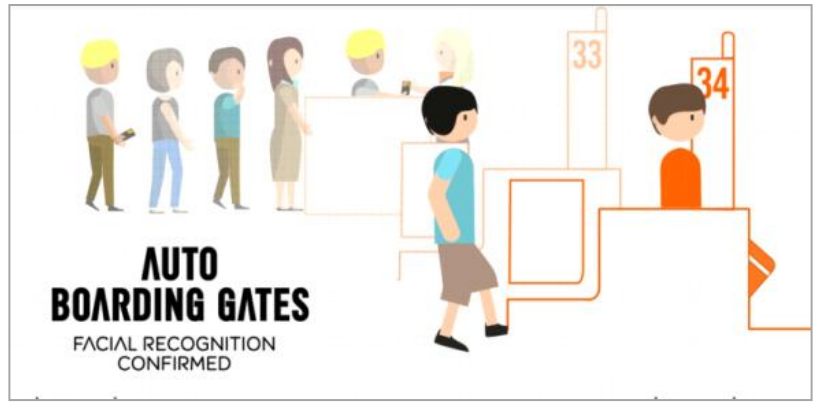


FUTURE TRANSFORMATION

Airport of the Future







Next Generation Ground Handling

- Strategic Partnership with DHL
- Commences NOV 2017
- Applying logistics capability
- Innovation to drive performance

CONCLUSION

Carolyn McCall

easyJet

APPENDIX

PRESENTERS

Carolyn McCall, DBE
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. Prior to joining easyJet, Carolyn was Chief Executive of Guardian Media Group plc. Carolyn is on the Board of the French Chamber of Commerce in Great Britain, having joined the board in November 2012. She chairs the Royal Academy Corporate Advisory Group and is also a Trustee. And in September 2014 she joined the Burberry Board as non-executive director. She was also was non-executive director of Lloyds TSB (from 2008–2009), a non-executive director of Tesco Plc (2005-2008) and of New Look plc (1999-2005). She was Chair of Opportunity Now (2005-2009) and a former President of Women in Advertising and Communications London (WACL). Carolyn was awarded a Damehood in the New Year's Honour List in 2016 for services to the aviation industry, as well as being awarded the OBE for services to women in business in the Queen's Birthday Honours List in June 2008. In April 2008 she was named Veuve Clicquot Business Woman of the Year. Carolyn graduated from Kent University with a BA in History and Politics and from London University with a Masters in Politics.

Robert Carey
Director of Strategy and Network

Robert joined easyJet in September 2017 from McKinsey & Company where he was a leader in the Airline practice. Over the last 11 years, Robert assisted 20+ airline clients around the world on a range of strategic, revenue/commercial, and operations issues. This included designing growth plans, market entry strategies, mergers/integrations/JVs, as well as diagnostics / building specific capabilities and performance improvement in commercial functions. Robert has also authored multiple articles and spoken widely about the airline industry and was a keynote speaker at Google's Travel Forum, Terrapinn Aviation Festival, Google's Think Travel, Virtuoso's Symposium, and The Beat's Annual Conference. Prior to McKinsey, Robert worked for Delta Air Lines and America West Airlines in a variety of roles across revenue and operations functions. He has his private pilot's license. Robert holds a MBA from Harvard Business School and a BSc in Industrial Engineering from Arizona State University

Andy Hodges
Head of Network and Schedule Development

Andy joined easyJet in 2006 and has lead teams in Commercial Finance, Group Financial Planning, Business Sales & Distribution and Network. Prior to joining easyJet Andy spent 5 years in a corporate development role at British Airways and 6 years at Deloitte, initially in an audit role and latterly in an aviation consulting team. Andy is an ACA with a BEng in Aeronautics and Astronautics. With four children there remains just enough time for weekend road cycling and playing trumpet and French horn..

PRESENTERS

Andrew Findlay
Chief Financial Officer

Andrew Findlay joined easyJet on 2 October 2015 as Chief Financial Officer. Andrew has held a Non-Executive directorship at Rightmove plc since 1 June 2017. Before joining easyJet, Andrew was Chief Financial Officer of Halfords plc, with responsibility for Finance, Investor Relations, Legal, Company Secretarial, IT, Non-Merchandise Procurement and Logistics. In addition to this he temporarily lead the Halfords Autocentres business for 8 months in 2014. Prior to Halfords, Andrew was Director of Finance, Tax and Treasury at Marks and Spencer, and held senior finance roles at the London Stock Exchange and at Cable and Wireless, both in the UK and US. Andrew qualified as a chartered accountant with Coopers & Lybrand.

Paul Ablin
Finance Director

Paul joined easyJet in Summer 2010 as the Head of Risk and Assurance and then became the Group Financial Controller. Alongside his wide financial remit, Paul leads our Lean programme and has been heavily involved in our key strategic projects including FCP, Scheduling and NextGen. Paul is a Chartered Accountant (FCA) and has worked for a variety of blue chip organisations in a number of financial roles, including SABMiller, Marks and Spencer and KPMG .

Simon Cox
Head of Airport Development and Central Procurement

Simon joined easyJet in 2014 ago with over 15 years of aviation experience gained in a variety of Procurement, Supply Chain and Business delivery roles as well as working for the UK slot coordinator. Simon has a wide knowledge of Procurement as well as delivery of Supply Chain projects having previously been responsible for delivery of Worldwide catering proposition at British Airways. Simon is now responsible for the largest single spend in the easyJet business and also leads the Procurement team with significant support in the delivery of LEAN initiatives. He has a post graduate degree in Transport Planning and holds the MCILT qualification

PRESENTERS

Mike Hirst
Director of Treasury and Tax

Mike joined easyJet in March 2014. He is currently responsible for Treasury, Tax, Fuel Procurement, Insurance and Customer Payments. Mike was previously Head of Treasury & Pension Strategy at UK Power Networks and Wales & West Utilities (2011 – 2014). Prior to this, Mike was Vice President of Treasury, Tax & Risk at Lonmin plc (2008 – 2011). He has also held a number of Treasury roles at Tesco plc, the most recent being Deputy Treasurer. Mike is an FCA and is FCT qualified

Peter Duffy
Chief Commercial Officer

Peter is currently Chief Commercial Officer, and is responsible for the revenue, customer, marketing and digital activities at the airline. Peter originally joined easyJet in February 2011 as Marketing Director. 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

James Millett
Director of Digital, Marketing and Brand

James joined easyJet in September 2011 as Head of Digital, subsequently adding responsibility for Ancillary Revenue in 2014. His current role has accountability for our brand development & marketing programmes across Europe and strategic development of our digital channels. Previously at Domino's James ran media & marketing planning, CRM, trading activity and e-commerce responsible for launching their first mobile application and re-orientating the brand around mobile. Prior to that at Audi James had a variety of roles across Product Management. James has a passion for travel & exploring new destinations with his young family - James also took part in Harvard University's global development programme in 2016.

PRESENTERS

Ian Cairns
Customer Director

After 13 years in the advertising industry, Ian moved to easyJet in 2013 as Head of Brand & Marketing Services, responsible for all easyJet advertising, media budget and brand activity. In 2015 he added the In-Flight Retail operation to his portfolio. In January 2017 Ian was promoted to Customer Director and now leads 4 main areas; Customer Experience, Customer Services, B2B sales and 3rd Party Distribution.

Lis Blair
CRM and Insight Director

Lis originally joined easyJet in 2012 as Head of CRM. In her current role she is responsible for our data strategy, customer relationship marketing, and customer and commercial insight. Prior to joining EasyJet, Lis spent four years as an independent marketing consultant working for clients including the VW Group, Barclaycard, Belu and Rapier London. She began her career at Barclays, ultimately holding senior roles in brand and advertising, marketing research and CRM. Lis holds an MA in Natural Sciences from the University of Cambridge.

Andrew Middleton
Ancillary Revenue Director

Andrew has been with easyJet since 2014, initially as Strategy Manager before joining the Commercial team in 2016. He is accountable for the commercial performance of easyJet's products, inflight retail, ancillary partners and tariff. During his time in role, Andrew has overseen the launch of new propositions such as Worldwide by easyJet and Hands Free bags, as well as the introduction of new ancillary partners, such as GetYourGuide and Signature Elite lounges. Prior to joining easyJet, Andrew was a Strategy Consultant, working across industries and geographies for 6 years. Andrew holds an MA in History from the University of Cambridge.

PRESENTERS

Chris Browne
Chief Operations Officer

Chris joined the Executive Management Team as Chief Operating Officer on 1 October 2016 and is responsible for all of the easyJet operation. Prior to this, Chris had been appointed as a Non-Executive Director on the Board of easyJet on 1 January 2016. She is also a Non-Executive Director of Bovis Homes plc. Chris has particularly strong operational and strategic expertise having previously held several senior leadership positions within aviation including Chief Operating Officer, Aviation, of TUI Travel plc (2014-2015), Managing Director, Thomson Airways (2007-2014) and Managing Director, First Choice Airways (2002-2007). She also has over 25 years' commercial and general management experience in a consumer facing industry with previous roles at Carlson Worldwide and Iberia Airways. Chris was awarded a Doctorate of Science (Honorary) for Leadership in Management (2011), an OBE for Services to Aviation (2013), membership into the British Travel Industry Hall of Fame (2014), a Travel Trade Gazette Outstanding Achievement award (2014) and a Doctorate of Science (Honorary) for Outstanding Services to Aviation (2015).

Gary Smith
Head of Engineering

Gary joined easyJet in 2000 as head of Powerplant, responsible for the management of our fleet of engines. Shortly after this he added the responsibility for managing fleet transition and the end-of-lease function. Since then, Gary has project managed the aircraft selection project that resulted in selection of the A320NEO and the CFM LEAP engine, and then was business lead for the 186-seat cabin introduction and retrofit; and the NEO entry-into-service. Gary became Head of Engineering in April 2017. Gary has a degree in Aeronautical engineering and an MBA from Cranfield University, and likes to compete in Ironman Triathlons in his spare time!

Chris Hope
Head of Gatwick

Chris joined easyJet in 2007 and has now worked in the airline industry for over 30 years, starting life as a pilot. At easyJet he has been Head of Flight Operations and Head of Operations Strategy prior to his current role. Before joining easyJet he was with Britannia Airways/Thomson for 19 years holding a number of management roles within Flight Operations, ultimately as Head of Flight Operations. He holds an MBA from Lancaster University and am currently a Non-Executive Director for NATS

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