easyJet

COMMERCIAL SEMINAR

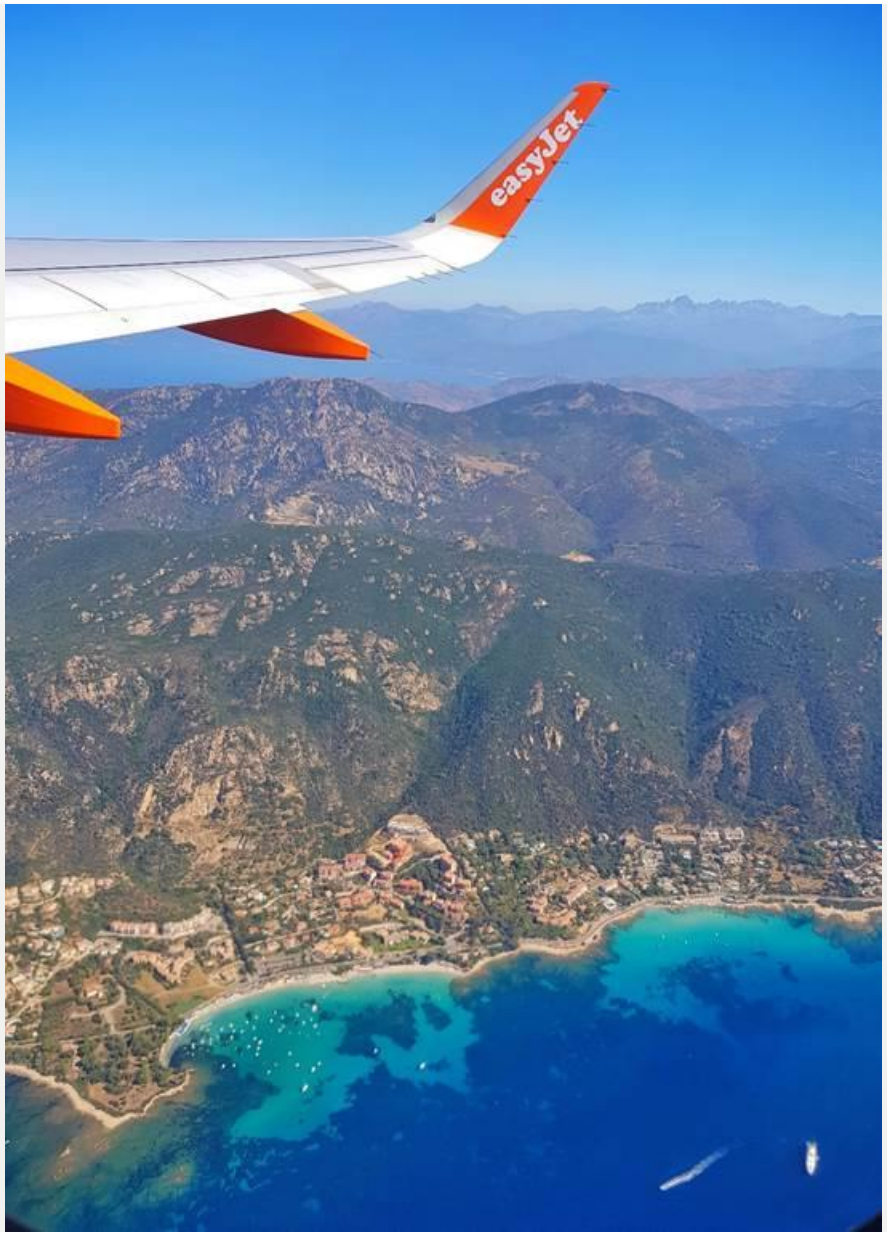
Sophie Dekkers

18 September 2023



AGENDA

- easyJet's primary airport network
- Self help actions delivering
- FY'24 capacity growth
- Upgauging
- Revenue management
- Q&A



EASYJET'S NETWORK – DRIVING HIGHER RETURNS

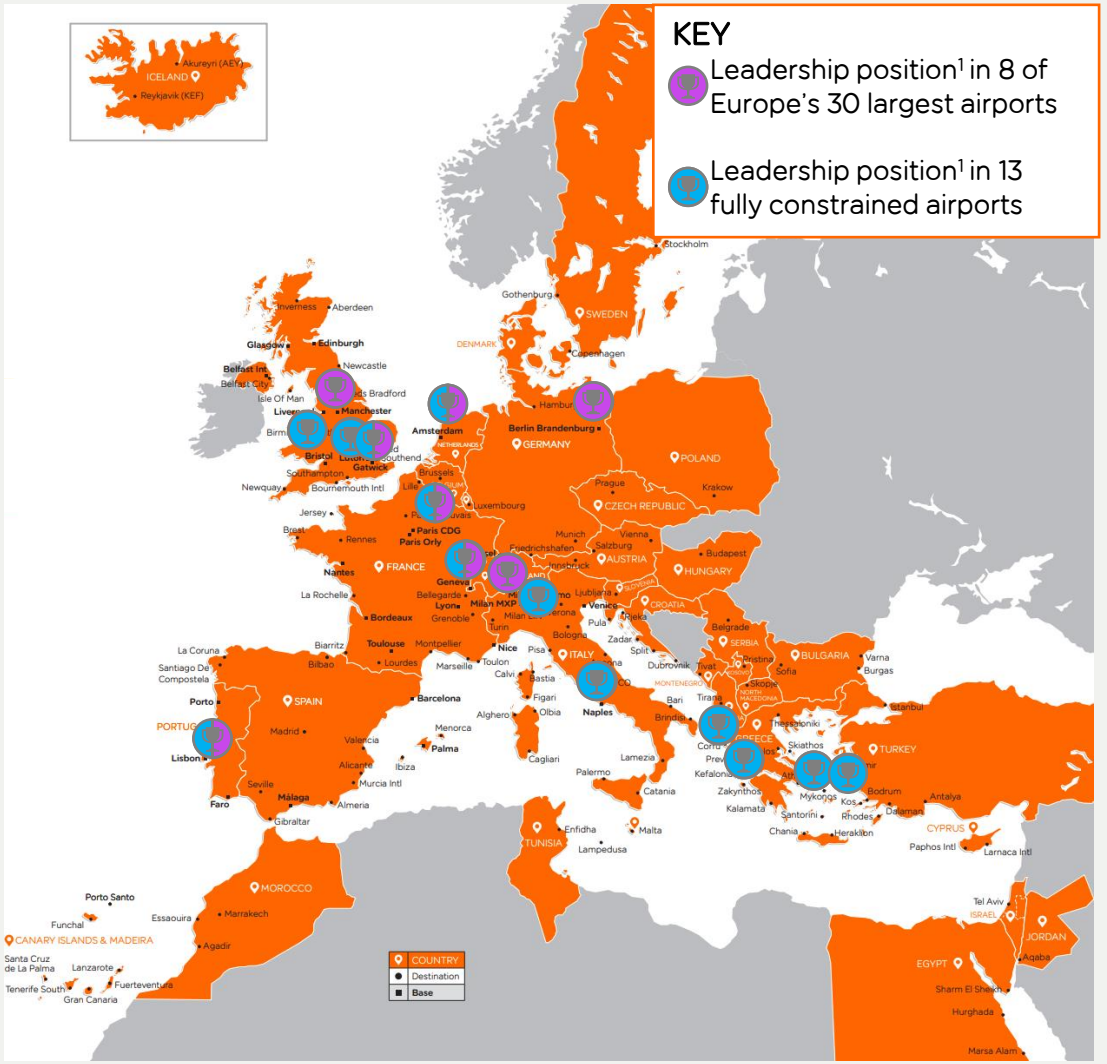
Europe's largest airline at primary airports

Unrivalled position in constrained airports

- Scale at sought after airports with Europe's large catchments
- Depth and breadth of destinations in these airports provides a best choice and value for customers vs peers
- Network strategy provides a competitive advantage

Increased concentration at highest returns airports

Capacity %[2]	2019	2023	Delta
L3 constrained	37%	42%	+5 ppts
L2 constrained	30%	39%	+9ppts
Other	33%	19%	-14ppts

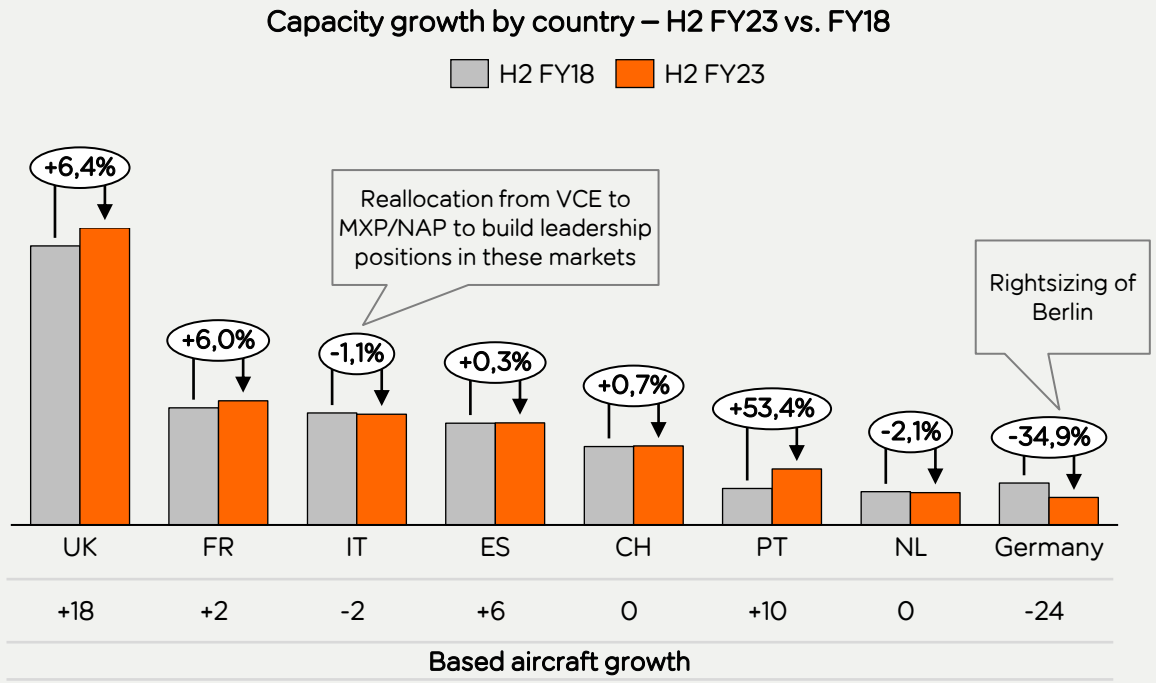


(1) Leadership position = #1 or #2. (2) Capacity (by calendar year) originating from constrained airports- IATA level 2 or level 3 definition

EASYJET'S PRIMARY AIRPORT NETWORK

Depth provides advantage in core markets

- Taking advantage of growth opportunities at constrained airports
  - UK growth at LGW, MAN & BRS
  - Portugal growth at OPO and LIS
- Consolidating positions
  - Focus on Milan and Naples
- New base openings
  - NTE and BOD driving growth in France
- AMS remains fully constrained



Leading positions in our core markets

EASYJET'S PRIMARY AIRPORT NETWORK

Depth drives advantage in core markets

Strengthened position throughout France

> After several years of growth in France, routes have now matured – driving profitability growth across all bases

> French domestics

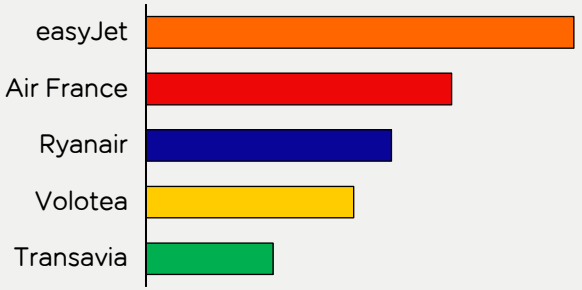
- Number one in regional domestic market
- Offering focussed on product offering – frequencies and times of flight

Revenue management

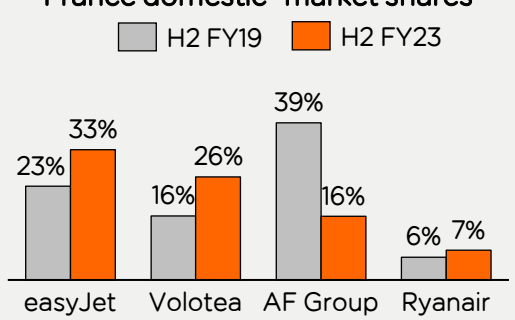
> Driving returns alongside network allocation

- Continuous evolution of pricing algorithms
- Focussed data analysis to understand customer profiles and trends
- Testing undertaken on sample of routes prior to full roll out
- Tangible evidence of delivery

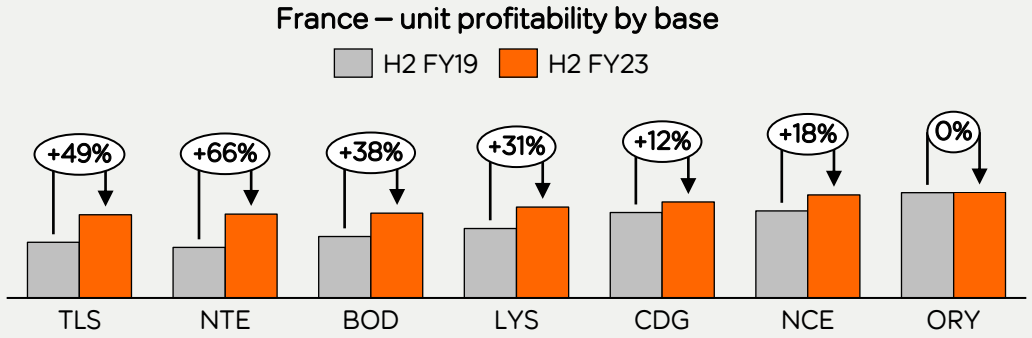
Domestic average daily frequencies[1]



France domestic[2] market shares



France – unit profitability by base



1) On easyJet head to head domestic routes 2) Excludes Paris-touching capacity

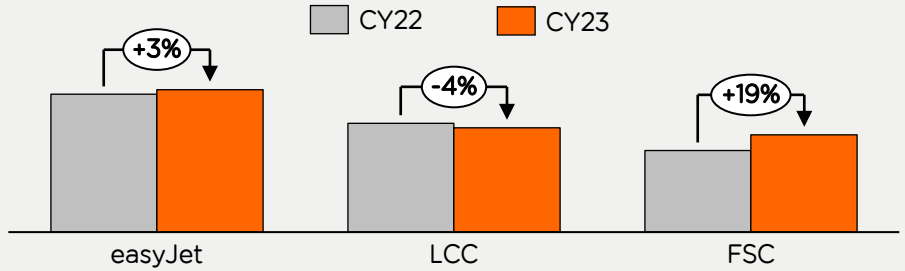
EASYJET'S PRIMARY AIRPORT NETWORK

Depth drives advantage in core markets

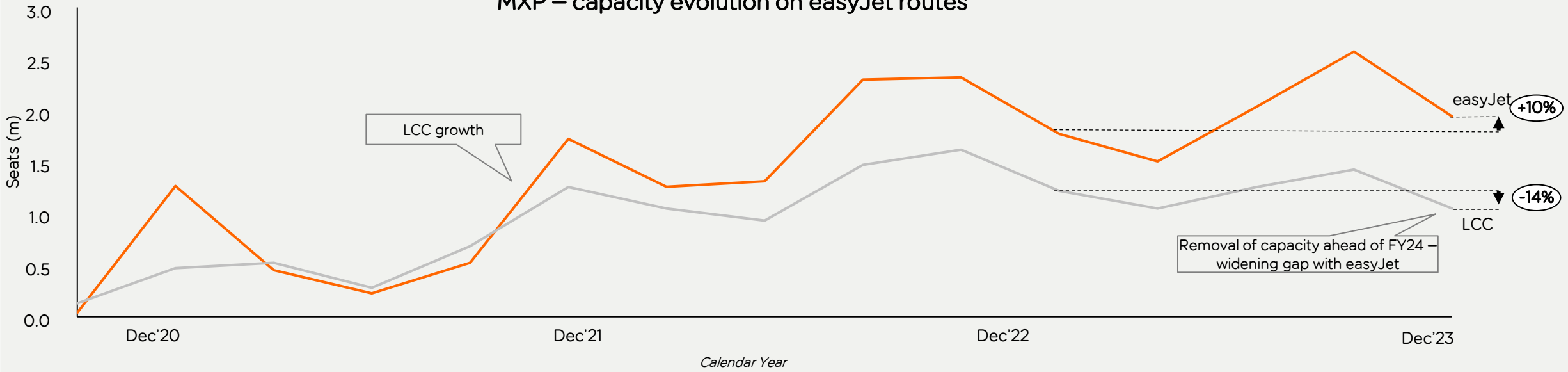
Reducing competition in Italy

- Capacity reducing with easyJet optimising its leading position in Malpensa
- Summer 23 profitability +64% YoY

MXP – seat capacity on easyJet routes



MXP – capacity evolution on easyJet routes



SELF HELP ACTIONS DELIVERING

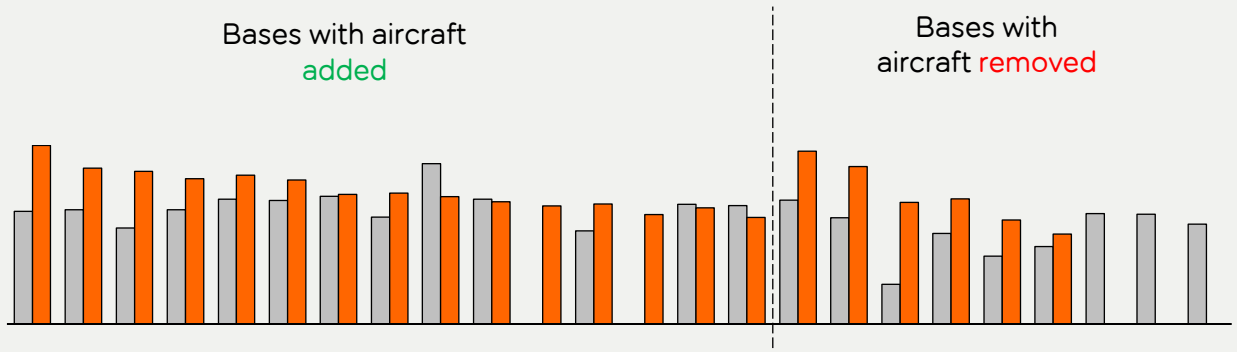
Reallocation of aircraft delivering

> Focus on driving profitability through allocating aircraft where demand is strongest

> 47 aircraft re allocated from summer 19 to 23

- Delivering stronger returns at bases where aircraft have been added and removed

H2 FY23 aircraft reallocation – profitability per aircraft improvement



Berlin rightsized

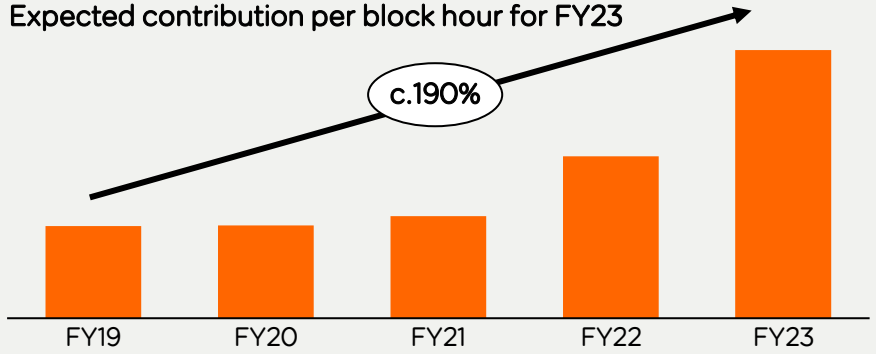
> 11 aircraft now based on Berlin (was 33);

- Remain focussed on key city pairs & leisure flows
- Removed German domestics
- Increased utilisation through longer sector length

> Berlin optimisation delivering higher returns

- Berlin performance in line with network average
- 22 aircraft reallocation from Berlin delivering

Expected contribution per block hour for FY23



Asset allocation driving stronger returns

FY'24 CAPACITY GROWTH

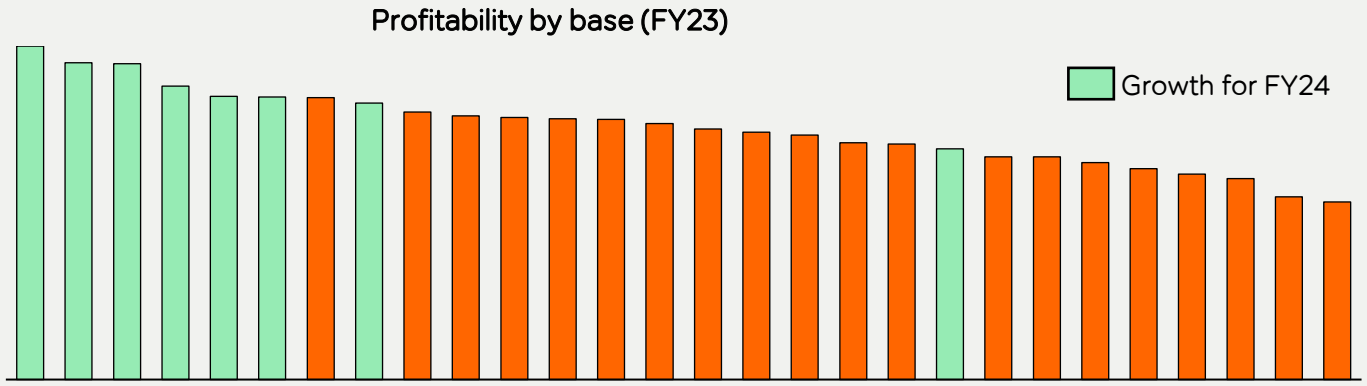
Expect capacity growth >10% year on year

Winter'24

> Growth focussed on most profitable flows;
  - 68% total growth across ten country flows

Summer'24

> Growth will be supported by news base openings
  - Birmingham: +3 Aircraft
  - Alicante: +3 Aircraft

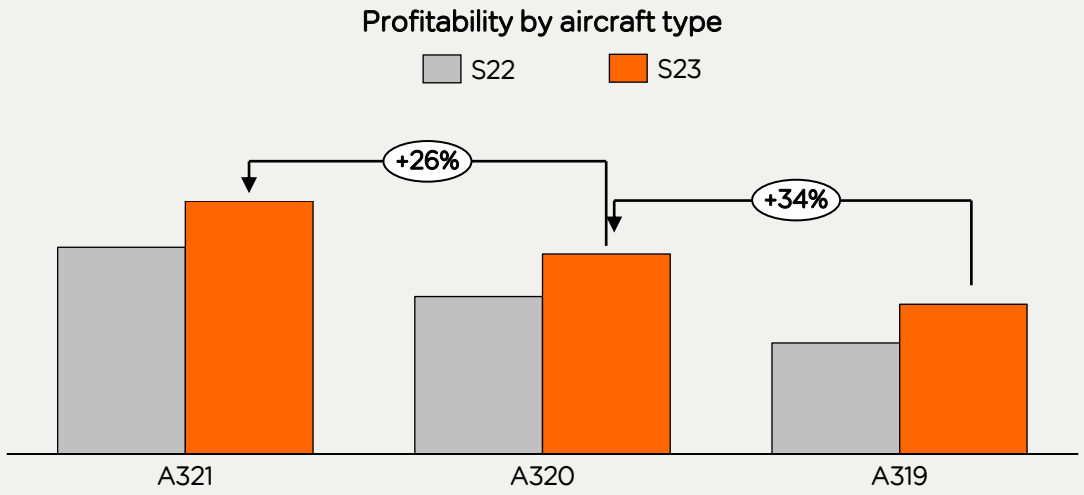




UPGAUGING

Unlocking value on easyJet's primary network

> Ability to add capacity into constrained markets without additional landing slots;
  - Allocation of higher gauge aircraft to where demand is strongest
  - Minimal margin impact from upgauging due to demand strength on these routes





REVENUE MANAGEMENT

Bespoke revenue management system

> Own design best meets easyJet's needs

> Dynamic & continuous pricing of both ticket and ancillaries

> Flexibility to prioritise development where will most benefit easyJet

Continuous improvement

> Data science team embedded into Revenue Management

> Use of external sources in pricing vs historical approach to yield curves

> Product testing & Development

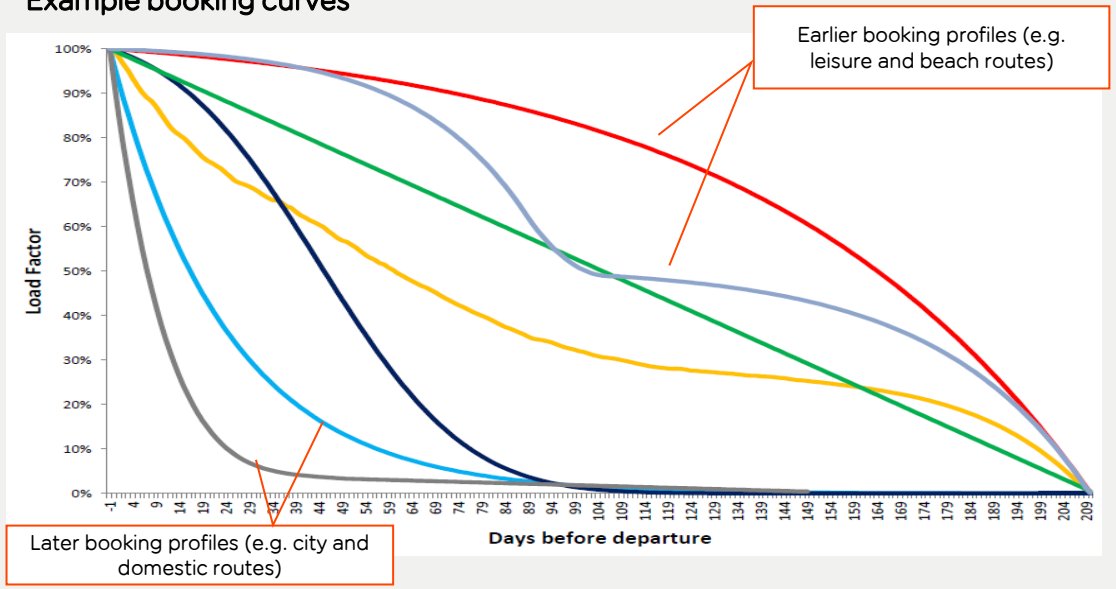
Highly automated pricing structure

> Initial pricing based on expected rate of sale

> 90%+ pricing decisions automated

> Continual testing to optimise returns

Example booking curves



Maximising returns on easyJet's primary network

REVENUE MANAGEMENT

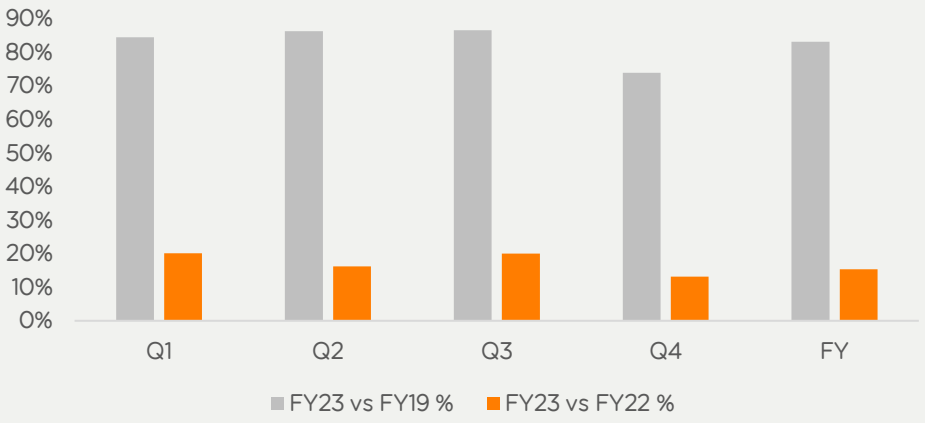
Ancillary revenue step change

> Increased product offering
  - Cabin Bags
  - Inflight retail

> Attachment rate uplift alongside average spend

> Dynamic pricing capturing willingness to pay

Ancillary revenue per seat sold growth



Incremental revenue generation

> Algorithms
  - Utilising data science
  - Projecting conversion for optimal pricing

> Manual trading
  - Continual review of utilisation and conversion across products
  - Testing performed across clusters of flights

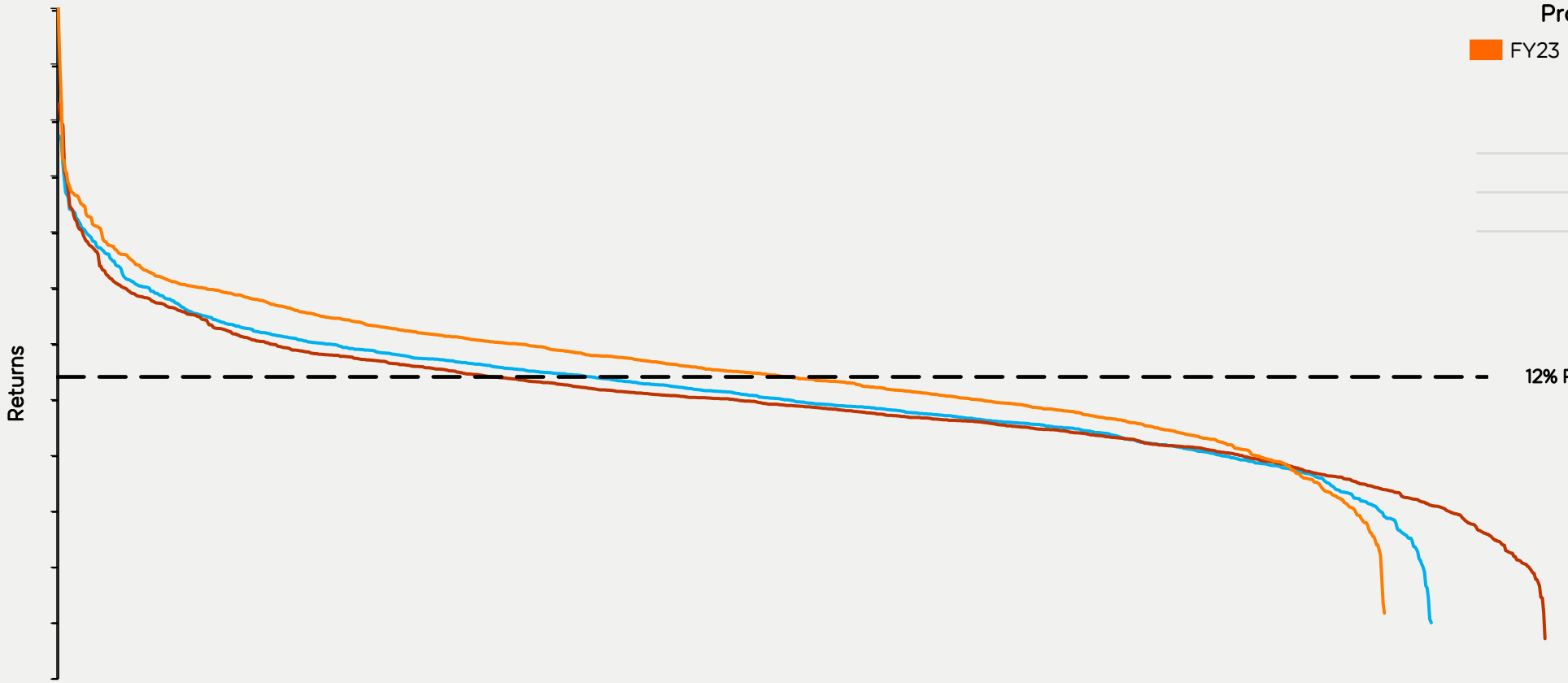
> Automated pricing rules

> Increasing integration of pricing

Sustainable ancillary revenue growth

FOCUS ON RETURNS

Network allocation & Revenue management delivering



	% of routes > ROCE target
FY19	46%
FY23	55%

Reallocating aircraft to deliver higher returns

easyJet

Q&A

