

Preliminary results

18 November 2008



easyJet plc

Introduction

Andy Harrison

Chief Executive Officer



easyJet plc

Highlights



- Full year profit before tax of £123million*; equivalent to £2.37 per seat
- Good second half performance in challenging market
 - Revenue up 15.2% per seat partially offset £5.61 per seat increase in fuel resulting in second half pre tax profits decrease of 18% or £2.63 pr seat
- GB Airways successfully integrated:
 - Cost synergies delivered; opportunities for further savings
 - Develops the network; exciting new destinations and peak time slots increased by 50%
- Passenger numbers up 17% to 43.7 million, load factor improved to 84.1% from 83.7%
- Improved network quality:
 - Strengthened position at Gatwick, Malpensa, Paris, Madrid
 - Mainland European capacity grew by 31%
- First quarter bookings and total revenue per seat currently slightly ahead of the prior year

Managing in tough and uncertain times



- Proactive risk management
 - Hedging policy; fuel and currency
 - Reduced capacity growth in F'09
 - 12 aircraft held for sale
 - Deferred 4 aircraft from delivery in 2010
 - Rigorous performance management of the network
 - Clear targets for cost reduction – £125m per annum by F'11
- Financially resilient
 - Strong liquidity; £863million of cash*
 - Un-drawn facilities of \$1.135 billion available until 2011
- Robust business model
 - Low cost, financially strong and highly efficient
 - Europe's No 1 air transport network
 - Strong customer proposition

Finance review

Jeff Carr

Group Finance Director



easyJet plc

Underlying profit performance

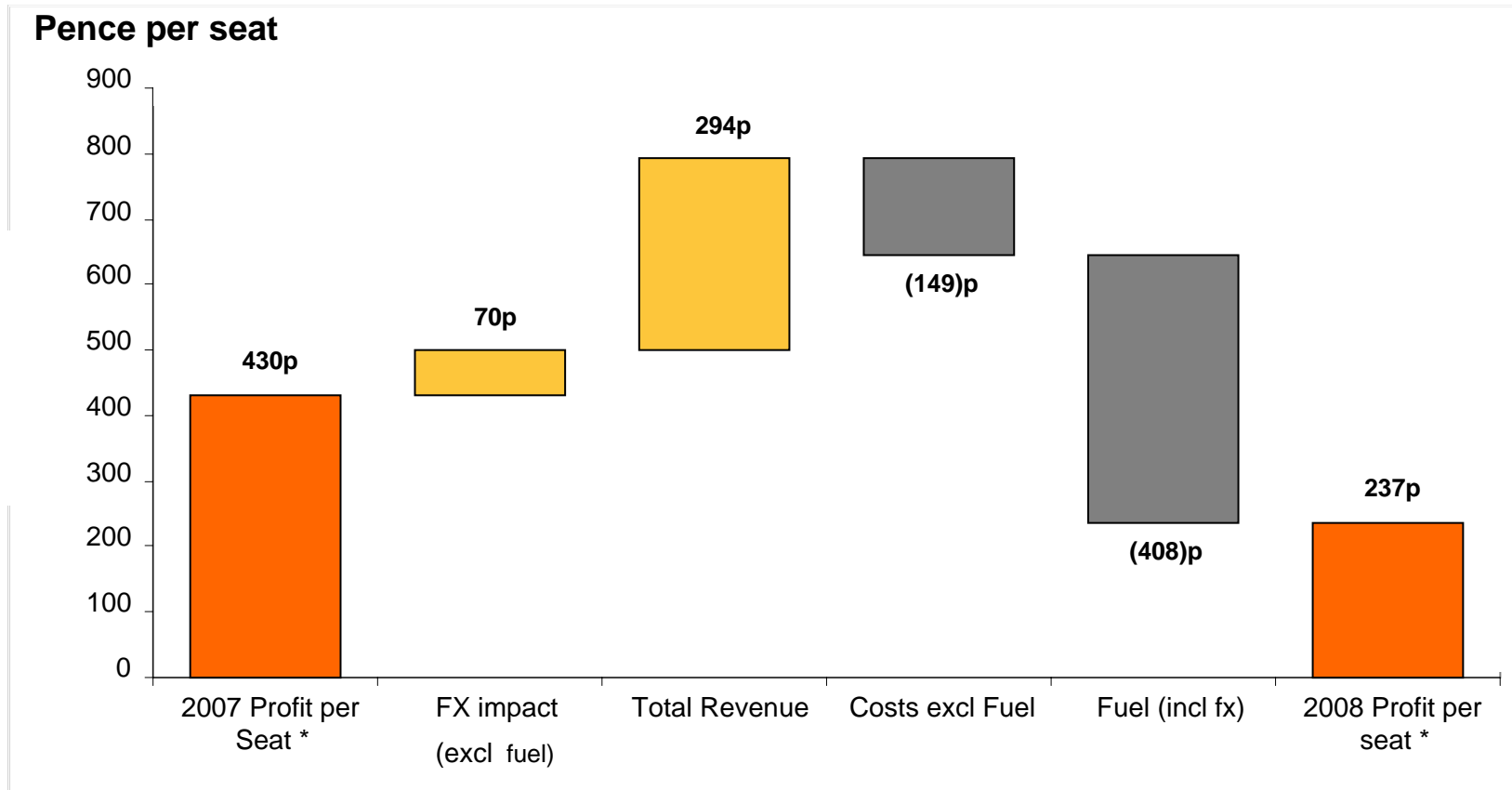


£m	F '08	F '07	Change
Total revenue	2,363	1,797	32%
Fuel	(709)	(426)	(67)%
Operating costs ex fuel*	(1,392)	(1,073)	(30)%
EBITDAR*	262	298	(12)%
Finance and ownership*	(139)	(107)	(30)%
Pre-tax profit*	123	191	(36)%
Margin*	5.2%	10.6%	(5.4)ppts

Fuel cost per seat - £	13.65	9.57	(4.08)
Pre-tax profit per seat * - £	2.37	4.30	(1.93)

Strong revenue growth offsets 50% of the fuel cost increase

Change in pre tax profit per seat build up



Sector length grew by 10% in the year, (4% excluding GB Airways)

Good second half revenue performance



£m	H2 '08	H2 '07	Change
Total revenue	1,471	1,078	36%
Fuel	(445)	(240)	(85)%
Operating costs*	(775)	(579)	(34)%
EBITDAR*	251	259	(3)%
Finance and ownership*	(80)	(51)	(57)%
Pre-tax profit*	171	208	(18)%
Margin *	11.7%	19.3%	(7.6)ppts

Fuel cost per seat - £	15.50	9.89	(5.61)
Pre-tax profit per seat* - £	5.98	8.61	(2.63)

- ➔ Higher fuel costs had a more significant impact in H2'08 vs H1'08, trend will continue into H1'09
- ➔ Total revenue per seat grew by 15.2%. RoE* fell by only 4.3ppts to 10.5%
- ➔ Non fuel costs impacted by inclusion of GB fleet and maintenance costs but firm plans in place to drive savings by F'11

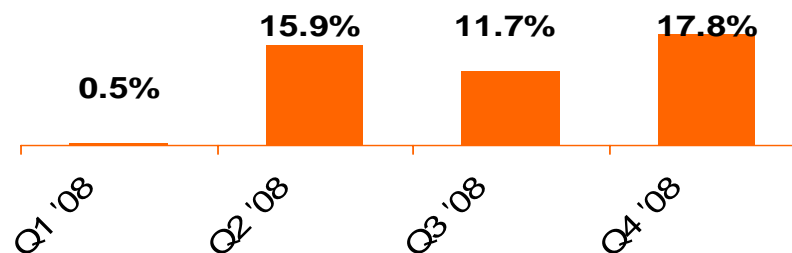
Growth in total revenue per seat



	F '08	F '07	Change
Passengers (m)	43.7	37.2	17.3%
Load factor (%)	84.1%	83.7%	+0.4ppts
Seats (m)	51.9	44.5	16.8%
Total revenue (£m)	2,363	1,797	31.5%

Total revenue per seat	£45.51	£40.42	12.6%
@ constant exchange	£43.36	£40.42	7.3%

Total revenue per seat quarterly trend



Passenger and ancillary revenues



	F '08	F '07	Change
Passenger revenue (£m)	1,996	1,626	23%
per seat	£38.44	£36.57	5%
Ancillary revenue (£m)	367	171	115%
per seat	£7.07	£3.85	84%

Change per seat	vs 2007
Baggage / sporting goods	412%
Speedy boarding and other discretionary charges	25%
Card fees	13%
Partner revenues	7%
Inflight	18%



Cost per seat performance



	F '08	F '07	Change
Total cost per seat*	£43.14	£36.12	(19.4)%
Cost per seat ex fuel*	£29.49	£26.55	(11.1)%
At constant currency			(5.6)%
Excluding impact of GB Airways fleet			(4.3)%
Cost per ASK ex fuel (constant currency)			3.7%

Sector length mostly impacts crew and navigation

Cost per seat – key drivers at constant currency

	F'08	change	Drivers
Overheads	£3.40	8%	Continue to leverage scale
Airports / handling	£11.74	(4)%	Airport price increases e.g. Gatwick Additional charges e.g. PRM Capacity expansion at more expensive airports
Navigation	£3.77	(4)%	Longer sector lengths (cost per ask down 5%)
Crew	£5.07	(8)%	Over crewing issue from last summer now resolved Crew pay deals Increased sector length (per ask down 2%)
Maintenance	£2.84	(26)%	Impact of including GB Airways fleet Ongoing in-sourcing initiative driving up costs in the near term (will drive future savings)
Ownership	£2.67	(13)%	Mix impact of more expensive GB Airways fleet
Total (ex fuel) *		(6)%	
Cost per ASK ex fuel	2.75 pence	4%	

GB Airways gives significant benefits

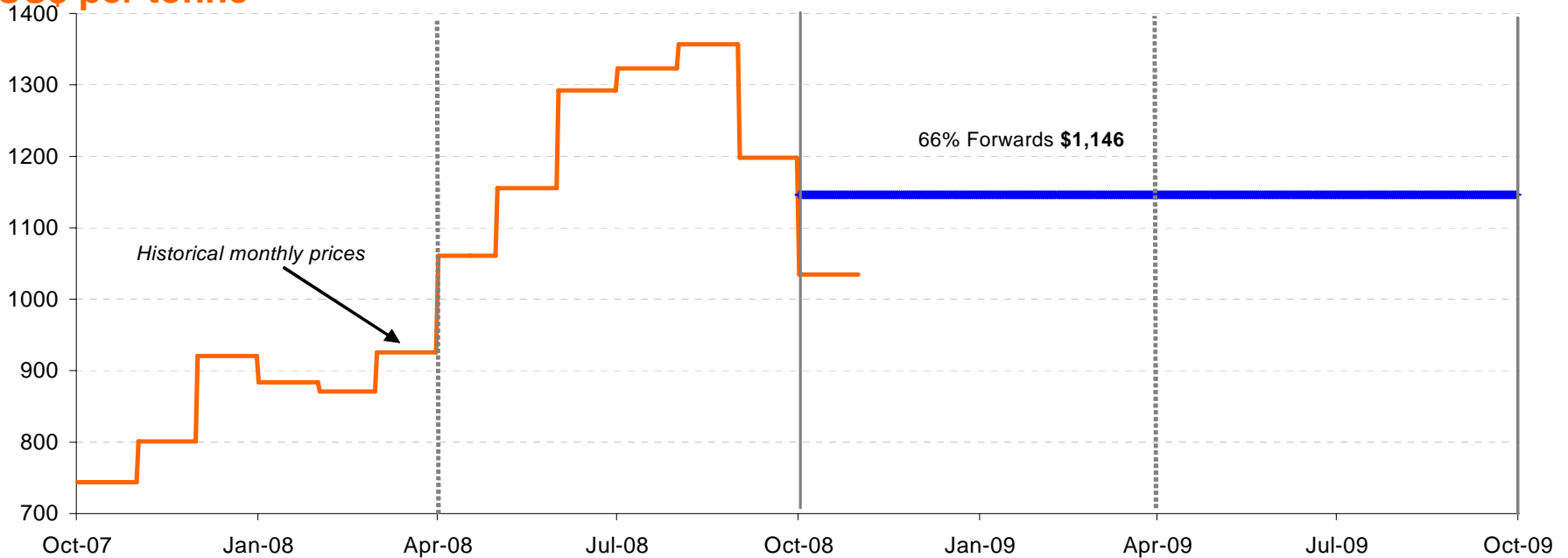


- easyJet now the leading airline at Gatwick
 - Higher revenues and loads at LGW compared to the easyJet average
- F'08 – savings of over £25m achieved on an annualised basis
 - Elimination of BA franchise fee c.£10m
 - Reduction of ground handling costs
 - Gatwick move to Menzies contract (saving c.£350 per turn)
 - Malaga savings of c.€900 per turn
 - Move to easyJet insurance rates, approximately 20% cheaper
 - GB Head Office closure c.£10m per annum
- F'09 onwards
 - Alignment of crew contracts (95% of crew now on easyJet terms)
 - Move engineering maintenance onto easyJet contracts
 - Reduction in aircraft ownership costs

Jet hedging position for F'09



US\$ per tonne

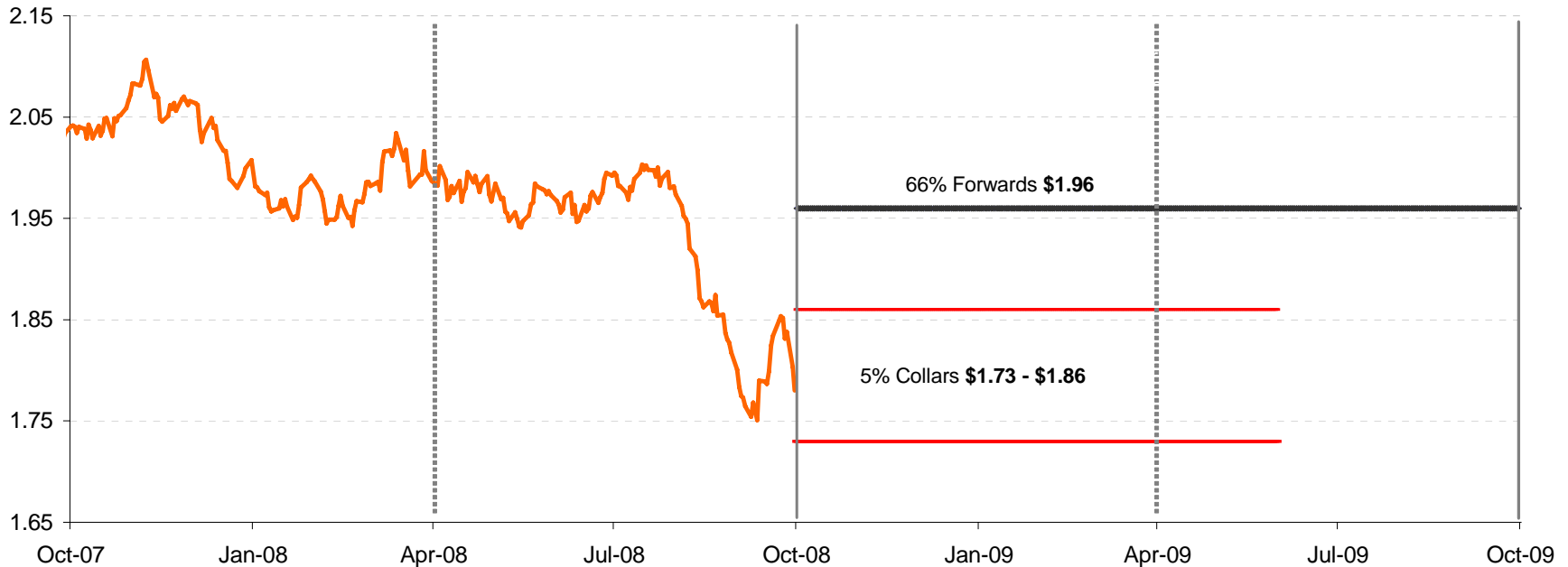


- ✈ Average effective fuel cost per metric tonne for F'08 was \$948 compared to \$688 in F'07
- ✈ F'09 cover: 66% at \$1,146 per metric tonne;
- ✈ Sensitivity: \$10 per tonne movement impacts un-hedged fuel cost by \$4.6m

US\$ hedging position for F'09



US\$:£

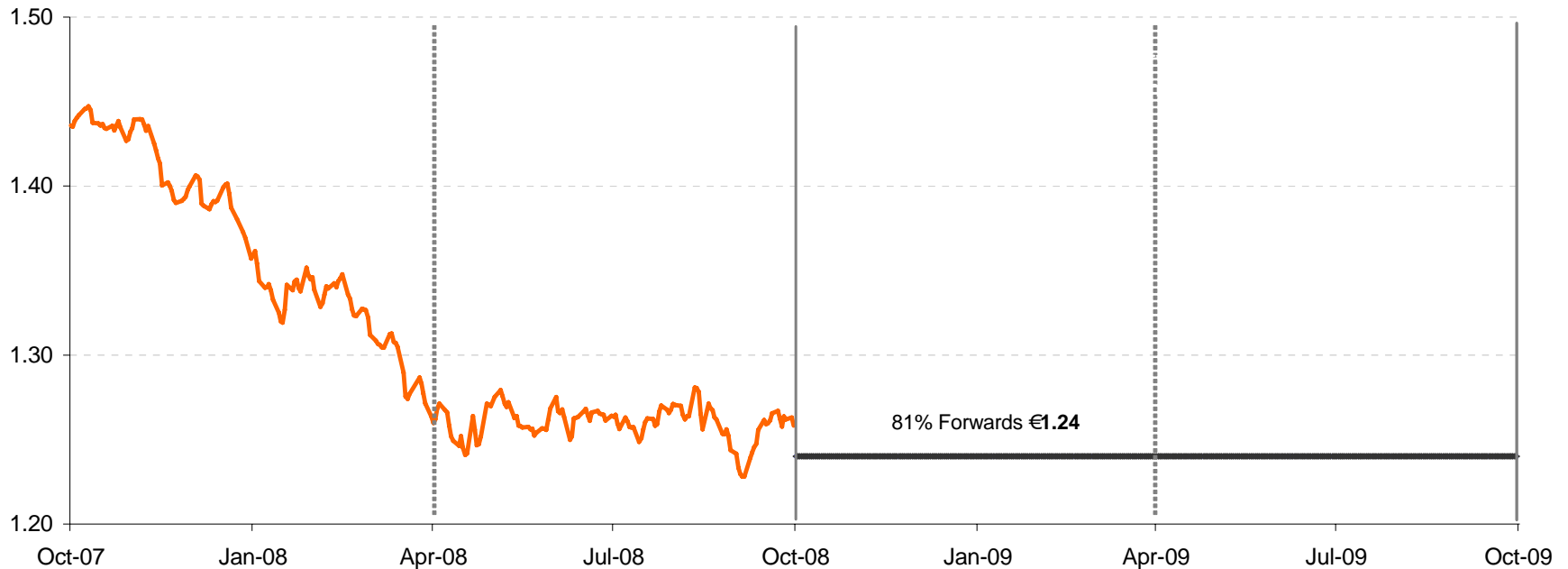


- Average effective USD rate was \$1.96 in F'08; up from \$1.89 in F'07
- F'09 cover of requirement; 71% with 66% forwards at \$1.96 and 5% collars between \$1.73 and \$1.86
- Sensitivity for F'09: \$1c movement impacts un-hedged cost by £1.9m

Euro hedging position for F'09



€£



- Average Euro rate was €1.32 in FY '08; down from €1.48 in FY '07
- FY '09 cover of anticipated surplus 81% with forwards at €1.24
- Sensitivity for FY09: €1c movement impacts profit by £0.4m

Net income, EPS, ROE



£m	F '08	F'07	Change
Pre-tax loss profit (underlying)	123	191	(36)%
One-off acquisition costs	(13)	-	-
Airline Group reversal of impairment	-	11	-
Pre-tax profit (reported)	110	202	(46)%
Tax	(27)	(50)	(46)%
Net profit	83	152	(45)%
EPS (basic) underlying	19.8p	36.6p	(46)%
ROE underlying	7.6%	13.6%	(6.0)ppts

Full year effective tax rate planned at 24.5% for 2009

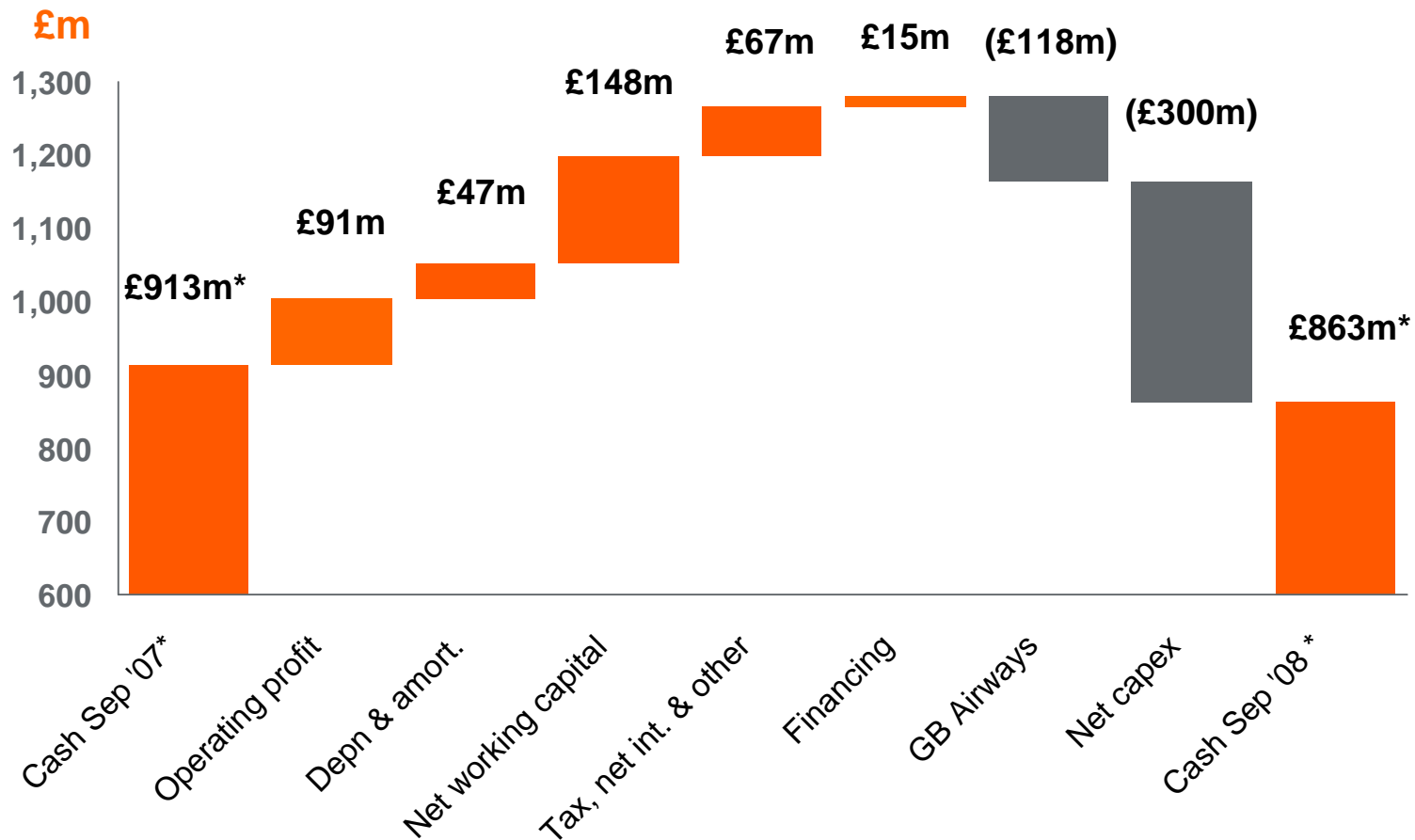
Modern, fuel efficient fleet



	Sep '08	Sep '07	Change
B 737-700 (operating lease)	29	30	(1)
A 319 (operating lease)	46	46	-
A 319 (finance lease)	6	6	-
A 319 (owned)	68	55	13
	120	107	13
GB Airways A320 (operating lease)	9	-	9
GB A321 (owned)	7	-	7
	16	-	16
Total fleet	165	137	28
Owned or finance lease	49%	45%	4ppts
Operating lease	51%	55%	(4)ppts

12 aircraft held for sale; 7 x A321 and 5 x A319

Good cash generation



F'09 capex c.\$1,000m with 56% hedged at \$1.97

Strong balance sheet



£m	Sep '08	Sep '07
Fixed assets	1,103	936
Cash and money market deposits	863	913
Goodwill and other intangible assets	440	311
Other assets	690	356
Total assets	3,096	2,516
Debt	627	519
Other liabilities	1,191	845
Shareholders' funds	1,278	1,152
Total equity and liabilities	3,096	2,516
Gearing*	29%	20%

Financially resilient



- Cash and money market deposits of £863m*
- Significant financing available at excellent rates (<100bp's above LIBOR) broadly spread amongst counterparties
 - 2006 standby facility \$250m
 - December 2007 un-drawn facilities \$885m
 - No MAC or financial covenants
 - Facilities available until F'11
- Flexibility of 23 cash purchased aircraft owned outright on balance sheet
- Proceeds from sale of 7 A321's and 5 A319's

Business review

Andy Harrison

Chief Executive Officer



easyJet plc

Continued focus on the key value drivers



- European network development
 - Convenient airports
 - Focus on growing in key markets
 - Broad customer base both geographic and customer type gives resilience
- Fleet
 - Flexible fleet plan; underpinned by financial resilience
- Focus on margins
 - Reduce costs
 - Maximise revenue; network, yields, ancillaries



Europe's No 1 Air transport network



→ Leading presence on the top 100 routes

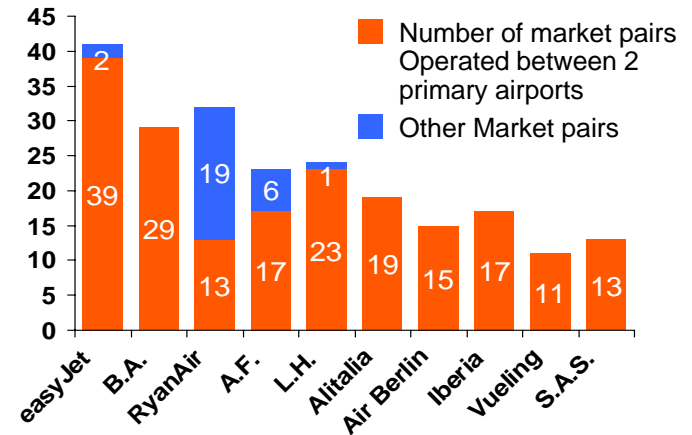
- Gatwick No.1
- Milan No.1
- Geneva No.1
- Paris No.2

→ No.1 consumer reach

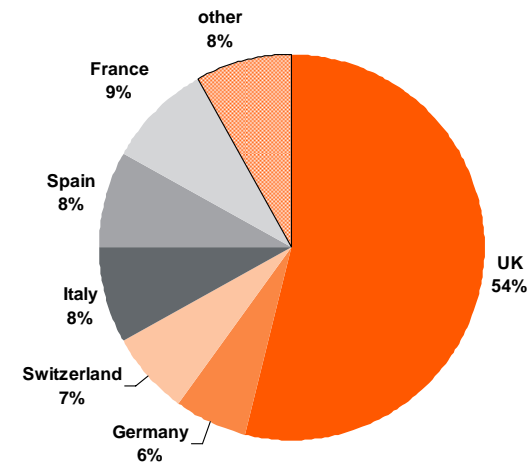
- Over 289 million passengers within one hours drive

→ Broad appeal across geographies and customer types

- Balanced revenue drives resilience



Presence on the top 100 routes



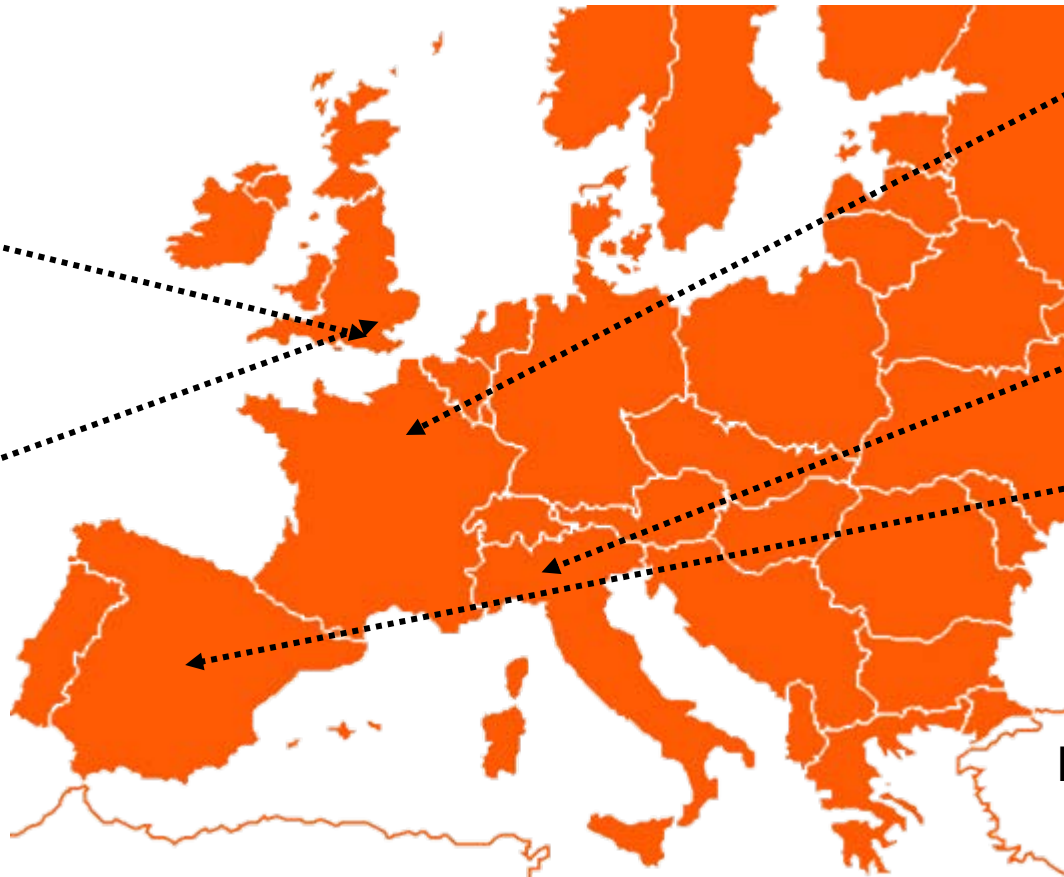
Departing passengers by country of origin F'08

Network – winter growth focused on key markets

Rest of UK
- 14%

Gatwick
+20%

Stansted
-23%



Paris
+28%

Milan
+91%

Madrid
+17%

Mainland Europe
+ 19%

Capacity winter 2009, similar to winter 2008

Italy – strong opportunity



- easyJet is the largest airline at Malpensa
 - 15 based aircraft
 - 3.2 million passengers
- Expanding network
 - Milan to Stockholm, Majorca, Mykonos
- Opportunity in Rome
 - Inbound from Gatwick moved from Ciampino to Fiumicino
 - Rome Milan with 4 dailies
 - Domestic flights launched to Bari, Palermo

Top easyJet routes from Milan	easyJet load factor Average Jan – Aug '08	Competing airline* load factor Average Jan – Aug '08
Paris CDG	88%	56%
London	86%	65%
Naples	94%	70%
Catania	94%	70%
Palermo	92%	61%



Spain – market improving at Madrid



- Capacity reducing minus 13% vs Winter '09
 - Spanair, Iberia reductions
 - Consolidation evident; Vueling, clickair
- Improvement in easyJet load factor and revenue per seat
 - easyJet load factors above all competitors on Madrid airport
- Schedule improving
 - e.g. Madrid-Rome moved from 6:20am to 7:00am

	Load factor (6 mth average Mar – Aug '08)
easyJet	83%
Iberia	80%
Ryanair	78%
Spanair	71%
Vueling	68%



France – continued progress



→ Growth in Paris

- 28% growth in passengers (Summer 2008 vs Summer 2007)
- 10 based aircraft
- 11 new routes: 9 leisure and 2 business
- Increased frequency on 4 routes (business)
- Gained new slots at Orly (Budapest)

→ Investing in Lyon for the longer term

- Wealthy catchment area
- Two based aircraft
- New routes launched to: Venice, Toulouse, Lisbon
- Growing the domestic market – traffic up 45% to Bordeaux and Toulouse since easyJet entry
- In-bound routes from Gatwick

Top easyJet routes from Lyon	easyJet load factor	Competing airline* load factor
	Average Apr– Oct '08	Average Apr– Oct '08
Bordeaux	67%	55%
Toulouse	57%	56%
London	86%	78%



UK – focusing growth in key markets.



- Growing at Gatwick plus 20%
 - Building on market leadership
 - Growing to 36 based aircraft
 - 4 new business routes this winter
 - Helsinki, Lyon, Istanbul, Basel
- Contraction at Stansted minus 23%
 - Cuts focused on specific flights on weakest days
- UK regions
 - Belfast – Aer Lingus dropped Geneva, Nice and reducing AMS. Ryanair reducing Stansted. Jet 2 dropped Barcelona & Malaga
 - Newcastle - Jet 2 cut capacity
 - BA axed base at Glasgow

Top easyJet routes from Belfast	easyJet load factor (6 mth average Apr – Aug '08)	Competing airline load factor (6 mth average Apr – Aug '08)
London ¹	69%	61%
Liverpool ¹	65%	58%
Glasgow ¹	69%	54%

London ²	69%	60%
Barcelona ²	79%	66%
Malaga ²	87%	69%



Flexible fleet plan



- Current plan is for 77 deliveries over the next three years
 - 50% are replacement for expensive aircraft exiting the fleet
 - Sale of seven A321 and five A319 progressing but financing market difficult
- Growth flexible beyond F'09
 - Up to 50% of orders can be deferred for 2 years with 18 months notice
 - Regular review by Board of fleet plan; decision taken to defer four aircraft

	F'08	F'09	F'10	F'11
A321 (GB spec)	7	0	0	0
A320 (GB spec)	9	5	0	0
A320 (easyJet spec)	0	15	25	25
A319	120	135	154	172
A320 family	136	155	179	197
B737	29	17	8	0
Total	165	172	187	197

Focus on margins – reduce costs



- ➔ Headwinds from airport charges, wage inflation and GB ownership costs
- ➔ Aggressive approach to cost management to drive savings of £125million p.a

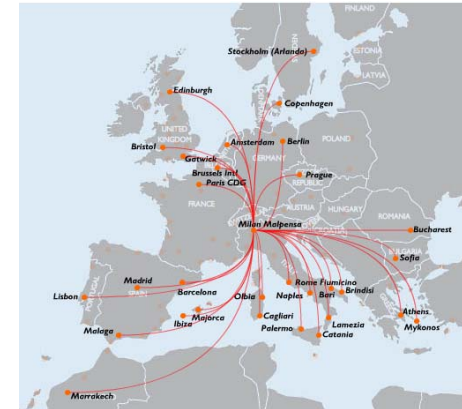
Ownership	<ul style="list-style-type: none">➔ Higher cost aircraft exit➔ Target £40m p.a. by F'11
Maintenance	<ul style="list-style-type: none">➔ In sourcing programme to drive savings➔ Target £10m p.a. by F'11
Overheads	<ul style="list-style-type: none">➔ Continue to leverage scale➔ Head office redundancies, 60 heads➔ Target £6m p.a. by F'09
Airports & Handling	<ul style="list-style-type: none">➔ 'Share the pain' with suppliers➔ Target £9m by F'09
Crew	<ul style="list-style-type: none">➔ 10% efficiency programme➔ Target £30m by F'11
Fuel	<ul style="list-style-type: none">➔ Fuel burn efficiency, 3% improvement➔ Target £30m by F'11

Focus on margins – maximise revenue



Performance manage the network - limit downside; capture opportunities

- 24 routes added (4 new network points)
 - 8 Italian routes from Milan and Rome
 - 5 Paris including Orly to Budapest
 - 5 Scandinavian routes added
- 24 non-performing routes culled
 - 6 Dortmund routes dropped
- Schedule and frequency optimisation
 - Capacity consolidation on beach routes
 - Improved peak timings on business routes
 - Investments at Milan, Gatwick and Paris



Focus on margins – maximise revenue

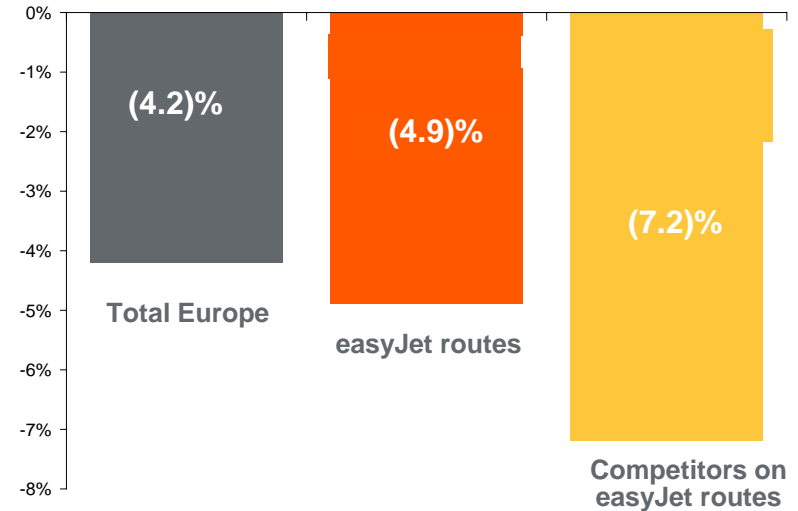


→ Winter capacity continues to reduce:

- Air France minus 3.6%
- Alitalia minus 21.9%
- BA minus 7.3%
- Clickair minus 25.1%
- easyJet – flat overall (some winter months negative)
- Iberia minus 10.4%
- Jet 2 minus 50.4%
- Ryanair plus 12%
- Sky Europe minus 20.7%
- Spanair minus 26.9%
- Tui Fly minus 18.9%
- Vueling minus 26.4%

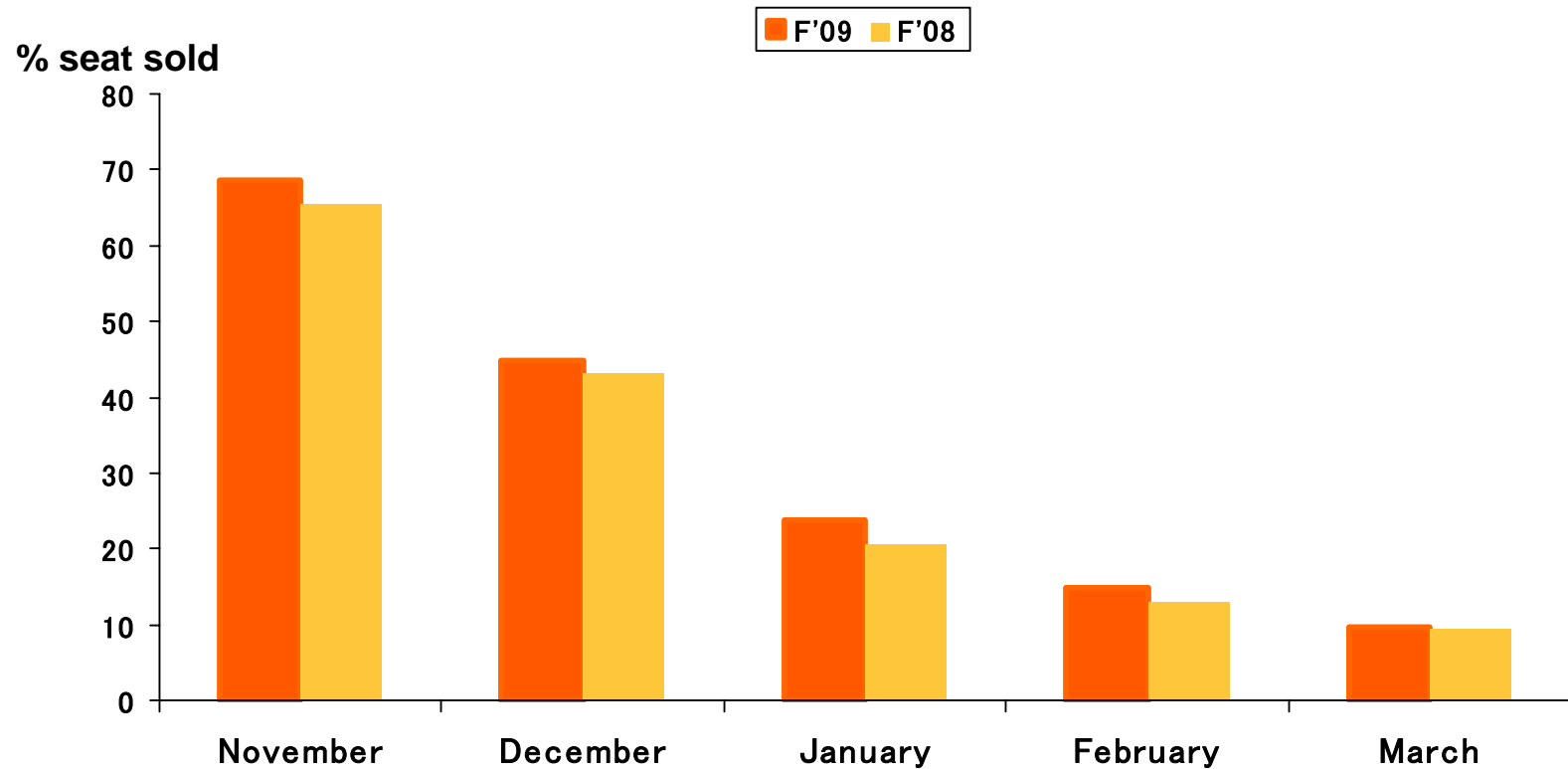
→ Especially in key easyJet markets:

- UK minus 7.6%
- London minus 6.3%
- France minus 3.4%
- Paris minus 4.2%
- Milan minus 15.6%
- Madrid minus 12.6%



Winter 2008/09 capacity
November 2008 OAG

Forward bookings currently ahead of prior year



Total revenue per seat currently slight ahead of prior year

Outlook



- In order to limit margin dilution over the winter from the impact of higher fuel costs easyJet has withdrawn lower yielding flights, and as a result aircraft utilisation this winter will fall to an average 9 hours a day from 11.6 hours in the previous winter.
- easyJet's capacity for the winter, measured in seats flown, will be broadly flat with last year but we expect competitor capacity on easyJet routes to fall by 7% in the same period.
- easyJet's total revenue per flown seat for the first half of the year is expected to be slightly ahead of last year on a constant currency basis.
- Non fuel costs per seat for the winter are expected to increase mid to high single digits at constant currency in the first half. The impact of higher fuel costs will be felt most sharply in the first half of 2009 and thus pre-tax margins will decline in the first half compared to the prior year.
- The outlook for summer 2009 is uncertain due to the difficult macro-economic environment and yields will depend on the extent of the fall in consumer expenditure in Europe and the level of competitor capacity reduction in the market. We expect to see further downsizing and consolidation of many weak competitors.
- In the second half, easyJet expects to make progress on costs through negotiations with suppliers, reductions in overheads and improved crew efficiency which means that in total non fuel unit costs per seat for the full year are expected to increase by low single digits before the impact of currency.
- For the full year at current fuel and exchange rates easyJet expects to be profitable.

Summary



- 2009 will be tough and uncertain
 - Very weak consumer environment
 - Uncertainty over scale and timing of competitor reductions
 - Volatility of fuel and US dollar
- easyJet strongly positioned
 - Strong, low cost highly efficient organisation with scale benefits
 - Europe's No.1 air transport network
 - Great customer proposition
 - Financial resilience
- Prudent approach to growth
- Management of cash, cost and revenue



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Questions and answers



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Appendices



Cost per seat analysis



£ per seat	F '08	Change vs F'07	
		Reported	Constant currency
Overheads	3.40	10%	8%
Airports / handling	11.74	(13)%	(4)%
Navigation	3.77	(18)%	(4)%
Crew	5.07	(10)%	(8)%
Maintenance	2.84	(29)%	(26)%
Ownership	2.67	(11)%	(13)%
Fuel	13.65	(43)%	(41)%
Total *	43.14	(19)%	(15)%
Total (ex fuel)	29.49	(11)%	(6)%
Total (ex fuel) per ASK (pence)	2.75	(1)%	4%

Key measures per ASK



pence	F '08	F '07	Change	
			Reported	Constant currency
Total revenue	4.24	4.13	3%	(2)%
Fuel	(1.27)	(0.98)	(30)%	(28)%
Costs ex fuel*	(2.75)	(2.71)	(1)%	4%
Profit	0.22	0.44	(50)%	(58)%

Average sector length (km)	1,073	978	9.6%
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