

22 January 2009

## EASYJET FIRST QUARTER INTERIM MANAGEMENT STATEMENT

### Highlights:

- Total revenue grew by 32% to £550 million with a strong performance across the network
- Total revenue per seat grew by 23% to £45.57, an increase per seat of 14% on a constant currency basis
- 10.1 million passengers carried, up 10.1% versus the last year, with a 20% growth in passengers originating in mainland Europe
- easyJet's position strengthened in the key markets of Gatwick, Milan, Paris and Madrid
- Strong balance sheet with cash and money market deposits of £801 million (excluding restricted cash) and un-drawn financing facilities of \$1 billion at favourable rates as at 31 December 2008

Three months ending	31 December 2008	31 December 2007	Change %
Passengers (m) <sup>1</sup>	10.1	9.1	10.1
Seats (m)	12.1	11.3	6.7
Load factor (%) <sup>2</sup>	83.4	80.8	2.6ppts
Total revenue (£m) <sup>3</sup>	550	418	31.5
Passenger revenue (£m) <sup>3</sup>	445	361	23.4
Ancillary revenue (£m) <sup>3</sup> Including checked bag charge	105	57	82.9
Total revenue per seat (£)	45.57	36.98	23.3
Passenger revenue per seat (£)	36.90	31.91	15.6
Ancillary revenue per seat (£) Including checked bag charge	8.68	5.06	71.4
Total revenue per passenger (£)	54.66	45.76	19.4
Average operating aircraft	163	131	24.4
Average utilisation (hours per day)	10.4	11.0	(5.5)
ASKs (bn)	13.0	11.1	16.4
RPKs (bn)	10.8	9.1	18.2
Average sector length (km)	1,075	986	9.1

Commenting on the results, Andy Harrison, easyJet Chief Executive said:

“This is a good performance, especially the 14% increase in our total revenue per seat at constant currency and the 20% growth in non UK originating passenger numbers. In the current economic climate there is a “flight to value” with European consumers choosing the benefits of easyJet’s great value network serving primary airports. In particular, we are seeing business travellers and long haul leisure travellers switching to easyJet in search of better value. This is more than compensating for some softness in discretionary travel and means easyJet continues to win market share.”

“easyJet revenues for the first half will be ahead of previous guidance, although the unit revenue outlook for the summer remains uncertain due to the difficult macro-economic environment and any potential impact from the strengthening of the euro against sterling. Consequently, easyJet reiterates guidance that for the full year at current fuel and exchange rates easyJet expects to be profitable.”

### First quarter revenue and network performance

Passenger numbers grew 10.1% in the quarter to 10.1million. The majority of the growth reflects the continued development of non-UK originating passengers which increased by 20% in the quarter. easyJet now has 51% of its customers originating from outside the UK compared to 43% in the first quarter of financial year 2007.

Overall, easyJet’s capacity in seats flown increased by 7% in the quarter with growth focused at Gatwick (+37%), Milan (+75%), Paris (+33%) and Madrid (+23%); markets in which easyJet’s business model will enable it to gain share during an economic downturn and where weaker competitors are exiting.

In the middle of the last financial year, easyJet decided to slow growth in F’09, due to the rising cost of fuel, by initiating aircraft sales and lowering aircraft utilisation rates for Winter 2008/2009. Consequently, flying at less profitable times has been thinned and some capacity was reallocated from weaker performing bases; for example capacity at Stansted was reduced by 17% in the past quarter and the base at Dortmund was closed in October 2008.

Underlying pricing and load performance were solid across the network with total revenue per seat up 23% to £45.57 for the quarter. Contributing factors to the growth in unit revenues were:

- An overall reduction in supply to the European short haul market of 4% expected over the Winter 2008/2009 season (7% by competitors on easyJet routes)
- The strength of the euro and Swiss franc and a 20% increase in non-UK originating passengers
- Strong pricing in key markets; for example at Madrid and Milan total revenue per seat showed strong double digit increases at constant currency and capacity grew by 23% and 75% respectively
- Sector length growth of 9% resulting from the acquisition of GB Airways in January 2008
- Continued benefit from ancillary revenues which grew by 71% per seat to £8.68. This was driven by an increase in the checked bag charge compared to same period last year. Additionally, there was better performance across a number of other ancillary products including in-flight which benefited from an improved menu and better conversion rates on cars and hotels following enhancements to easyJet.com.

Total revenue trends on a constant currency are shown in the table below:

<b>% change vs F’07</b>	<b>Q1 F’08</b>	<b>Q2 F ’08</b>	<b>Q3 F’08</b>	<b>Q4 F’08</b>	<b>Q1 F’09</b>
Total revenue per seat	1%	16%	12%	18%	23%
and at constant currency	-1%	9%	5%	13%	14%

## Fleet and financing

During the quarter 7 A319 aircraft were delivered and the fleet stood at 170 as at 31 December 2008 (including 7 A321s and 5 older A319s held for sale). The total fleet plan in the table below has no significant changes to that published on 17 November 2008:

	Total aircraft
At 30 September 2008	165
At 30 September 2009	172
At 30 September 2010	185
At 30 September 2011	197

Fleet plan to 30 September 2011 includes 42 lease returns, 86 additions and assumes 12 aircraft held for sale are sold in financial year 2009.

easyJet continues to focus on the sale of the non core A321s and we expect some of these to be sold around the half year. An agreement to sell two A321s was announced on 20 November 2008.

easyJet benefits from flexibility in its arrangements with Airbus and the Board will continue to monitor capital expenditure plans and fleet planning decisions quarterly.

easyJet is financially strong with £801 million of cash and money market deposits on the balance sheet as at the balance sheet date of 31 December 2008. Financing at favourable rates (less than 100 basis points above LIBOR) is already in place with a number of counterparties. Current un-drawn facilities are \$1bn.

## Hedging

To reduce short term earnings volatility easyJet has put the following fuel and currency hedging positions in place:

For the year to 30 September 2009:

- 73% fuel requirement hedged at \$1,094 per tonne
- 72% of anticipated 2009 US\$ requirement hedged with 68% forwards at \$1.95 and 4% with collars between \$1.75 and \$1.88
- 71% of anticipated 2009 euro surplus hedged at 1.24/£

For the year to 30 September 2010:

- 27% fuel requirement hedged at \$926 per tonne
- 25% of anticipated 2010 US\$ requirement hedged at \$1.81
- 38% of anticipated 2010 euro surplus hedged at €1.23/£

## Outlook

The economic outlook across Europe remains uncertain and we continue to monitor any potential impact on UK to Eurozone bookings following the sharp decline in the value of Sterling. Despite these concerns, forward bookings over the second and third quarters remain in line with last year.

easyJet's capacity, measured by available seats, for the first half is expected to be ahead of last year by low single digit percent. Revenue growth in the first quarter was ahead of expectations and we anticipate total revenue per flown seat for the second quarter to be slightly ahead of the prior year on a constant currency basis. This is despite the fact that Easter has moved into easyJet's third quarter of 2009 from easyJet's second quarter in 2008.

For the first half, costs per seat ex fuel remain in line with previous guidance, up mid to high single digits on a constant currency basis. As previously stated pre-tax margins in the first half will be impacted by higher fuel costs and will decline compared to the first half of last year. At current fuel prices, dollar rates and hedged cover we anticipate first half fuel costs to be around £3.60 per seat higher than last year. Second half unit fuel costs are expected to be broadly in line with last year

Additionally there is no change to full year guidance on unit operating costs and thus full year unit operating costs ex fuel are expected to increase by a low single digit percentage at constant currency. Naturally, the recent fall in interest rates will cause a reduction in net interest income.

Supply to the European short haul market by all airlines in general is expected to continue to contract over the summer by 4% to 5%, however easyJet's capacity is expected to grow in the second half by low single digit percent with continued focus on growth from market opportunities at Gatwick and in mainland Europe.

easyJet revenues for the first half will be ahead of previous guidance, although the unit revenue outlook for the summer remains uncertain due to the difficult macro-economic environment and any potential impact from the strengthening of the euro against sterling. Consequently, easyJet reiterates guidance that for the full year at current fuel and exchange rates easyJet expects to be profitable.

## **END**

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## **Notes:**

1. Represents the number of earned seats flown. Earned seats include seats that are flown whether or not the passenger turns up because easyJet is a no-refund airline, and once a flight has departed a no-show customer is generally not entitled to change flights or seek a refund. Earned seats also include seats provided for promotional purposes and to staff for business travel.
2. Represents the number of passengers as a proportion of the number of seats available for passengers. No weighting of the load factor is carried out to recognise the effect of varying flight (or "sector") lengths.
3. Represents statutory revenue (unaudited).