

**21 January 2010**

**EASYJET INTERIM MANAGEMENT STATEMENT FOR THE QUARTER ENDED  
31 DECEMBER 2009**

**Highlights:**

- Total revenue up by 10.5% to £607.5million.
- Total revenue per seat increased by 4.2% to £47.50, slightly ahead of expectations reflecting the strength of the easyJet network. At constant currency revenue per seat declined by 0.4%. Forward bookings are slightly ahead of the prior year.
- Passengers carried increased by 9.1% to 11.0million, with 54% of passengers originating outside the UK. Load factor increased by 2.4 percentage points to 85.8%.
- Operating cost per seat at constant currency, excluding fuel, was broadly flat (+0.1%) excluding the £8million of additional cost resulting from the unprecedented level of weather related disruption at European airports at the end of December 2009.
- Strong balance sheet with cash and money market deposits of £1,086million (excluding restricted cash) and un-drawn committed financing facilities at favourable rates of \$448million as at 31 December 2009.
- easyJet's position continued to strengthen with market share gains across Europe particularly London Gatwick, Paris Orly and CDG, Milan Malpensa and Madrid Barajas.

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

" easyJet was the best performing European airline during 2009 because we offer the lowest fares to the most convenient airports. easyJet has continued to deliver a superior performance into the first quarter of our new financial year. The strength of customer demand has allowed us to grow passengers flown by nearly 10% with virtually no yield deterioration, slightly ahead of our initial expectations.

Economic conditions remain challenging and we continue to expect a tough trading environment. However, the underlying performance of the business in the first quarter has been encouraging and easyJet remains on track to deliver substantial profit improvement during 2010."

**For further details please contact easyJet plc:**

Institutional investors and analysts:  
Rachel Kentleton, Investor Relations

+44 (0) 7961 754 468

Media:  
Oliver Aust  
Ben Foster / Tim Spratt (Financial Dynamics)

+44 (0)1582 525973  
+44(0) 207 831 3113

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[www.easyJet.com/investors](http://www.easyJet.com/investors)

Three months ended	31 Dec 2009	31 Dec 2008	Change %
Passengers (m) <sup>1</sup>	11.0	10.1	9.1
Seats (m)	12.8	12.1	6.0
Load factor (%) <sup>2</sup>	85.8	83.4	2.4ppt
Total revenue (£m) <sup>3</sup>	608	550	10.5
Passenger revenue (£m) <sup>3</sup>	481	445	8.1
Ancillary revenue (£m) <sup>3</sup>	127	105	20.9
Including checked bag charge			
Total revenue per seat (£)	47.50	45.57	4.2
Passenger revenue per seat (£)	37.60	36.90	1.9
Ancillary revenue per seat (£)	9.90	8.68	14.0
Including checked bag charge			
Total revenue per passenger (£)	55.38	54.66	1.3
Average number of owned / leased aircraft	185	167	10.3
Average operating aircraft	168	154	9.1
Average utilisation (hours per day)	10.1	10.3	(2.7)
ASKs (bn)	13.8	13.0	6.8
RPKs (bn)	12.1	11.0	10.1
Average sector length (km)	1,083	1,075	0.7

### First quarter revenue and network performance

In the first quarter, despite a weak consumer environment, easyJet continued to deliver a superior commercial performance. During December Europe experienced unprecedented levels of weather related disruption causing the closure of many airports. Despite this easyJet managed to fly nearly 90% of its programme.

Passenger numbers increased by 9.1% to 11.0million. The majority of the growth reflects the continued development of non-UK originating passengers which increased by 20% in the quarter and now 54% easyJet's passengers originate from outside of the UK.

Overall, easyJet's capacity in seats flown increased by 6.0% in the quarter as easyJet continued its strategy of carefully targeting growth in markets that ensure easyJet will be well positioned to benefit from economic recovery. easyJet grew capacity by 14% in mainland Europe; at Milan (+33%), Paris (+19%) and Madrid (+20%) and at its bases in Switzerland by 8%. In the UK, easyJet grew by 11% at Gatwick and by 60% at Manchester. However capacity was reduced at weaker performing bases such as Luton and we announced the closure of the base at East Midlands.

The load factor increased by 2.4ppt in the quarter to 85.8% and total revenue per seat improved by 4.2% to £47.50 in the quarter, (down 0.4% per seat on a constant currency basis); a resilient performance in challenging economic conditions principally driven by:

- Growth in easyJet's share of the business travel market with investments across the network in business focused routes particularly new network connections to Germany from Gatwick and Switzerland. The Institute of Travel and Meetings survey conducted in the quarter concluded that easyJet could provide companies with significant

savings on short-haul travel. Specifically, on a majority of occasions easyJet was found to save over £100 per return trip on a comparative basis\*.

(\*Negotiated corporate rates with traditional airlines were compared against easyJet's public fare plus its point of sale fees and Speedy Boarding charges).

- Withdrawal of weaker competitors from markets such as Basel and Belfast and a reduction in competitor activity at Malpensa. At London Gatwick easyJet has announced its intention of adding three additional aircraft following the retreat of Aer Lingus.
- Continued improvement in performance in Madrid despite increased capacity in the market.
- Improved mix as a result of growth in markets such as France, where A320 aircraft were introduced to enable easyJet to increase the available revenue opportunity in a highly slot constrained airport.

Ancillary revenues continued to improve in the period growing by 14% per seat to £9.90. This was driven by growth in the checked bag charge which increased by £0.42 to £4.39 per seat and an 18% per seat growth in ancillary revenues excluding the checked bag charge. In-flight revenue benefited from improvement in spend per head which reached £2.

### First quarter cost performance

Operating costs<sup>4</sup> for the quarter were in line with expectations. On a reported basis, operating costs per seat excluding fuel were up 10.3%. However at constant currency, adjusting for the strengthening of the euro and the dollar in relation to sterling, operating cost per seat ex fuel was broadly flat (+0.1%), before the £8million of additional cost resulting from the unprecedented level of weather related disruption at the end of December 2009. It is anticipated that a similar level of cost will be incurred in the second quarter for the weather related disruption in the first weeks of January.

As previously flagged, due to the sharp decline in interest rates last year, net interest income fell by £7million versus the prior year.

Importantly, easyJet made good progress towards its goal of reducing cost per seat by £1 by FY 12 through its £190million per annum cost reduction program, with the successful renegotiation of the maintenance contract with SR Technics. This will deliver savings of £175m million over the 11 year life of the contract. easyJet also continued its programme of returning of expensive leased Boeing aircraft to lessors.

### Fleet and financing

During the quarter, easyJet took delivery of nine A319s and three B737's were returned to lessors. The fleet stood at 187 aircraft as at 31 December 2009 (including four A321s held for sale). The number of non operational aircraft increased by four compared to the same period last year due to an increase in aircraft in maintenance as easyJet prepares aircraft for return to lessors.

Fleet plan	Total aircraft
At 30 September 2009	181
At 31 December 2009 <sup>1</sup>	187
At 30 September 2010	192
At 30 September 2011	196
At 30 September 2012	207

<sup>1</sup> Includes 4 A321 aircraft held for sale which are expected to be sold by 30 September 2010

easyJet is financially strong with £1,086million of cash and money market deposits at 31 December 2009. Additionally, easyJet has sufficient resources in place through a combination of un-drawn committed facilities and excess liquidity to fund future aircraft deliveries through until June 2011.

## Hedging

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

### Six months to 31 March 2010

- 65% of anticipated US\$ requirement for the six months to 31 March 2010 hedged using forwards at \$1.78
- 76% of anticipated Jet requirement for the six months to 31 March 2010 hedged using forwards at \$763/MT
- 87% of anticipated EURO surplus for the six months to 31 March 2010 hedged using forwards at €1.17

### Six months to 30 September 2010

- 60% of anticipated US\$ requirement for the six months to 30 September 2010 hedged using forwards at \$1.64
- 80% of anticipated Jet requirement for the six months to 30 September 2010 hedged using forwards at \$728/MT
- 76% of anticipated EURO surplus for the six months to 30 September 2010 hedged using forwards at €1.14

### Full year to 30 September 2010

- 62% of anticipated US\$ requirement for the full year to 30 September 2010 hedged using forwards at \$1.70
- 78% of anticipated Jet requirement for the full year to 30 September 2010 hedged using forwards at \$743/MT
- 80% of anticipated EURO surplus for the full year to 30 September 2010 hedged using forwards at €1.15

### Full Year to 30 September 2011

- 42% of anticipated US\$ requirement for the full year to 30 September 2011 hedged using forwards at \$1.62
- 29% of anticipated Jet requirement for the full year to 30 September 2011 hedged using forwards at \$733/MT
- 40% of anticipated EURO surplus for the full year to 30 September 2011 hedged using forwards at €1.08

## Outlook

Capacity, measured in seats flown, for both the first half and the full year is expected to increase by around 10% compared to the prior year as easyJet continues with its strategy of carefully targeted growth.

With over 65% of winter seats sold, first half revenue is performing better than initially forecast and we now expect total revenue per seat at constant currency to be only slightly down in the first half of the year compared to the prior period. Forward bookings are slightly ahead of the prior year.

The improvement in revenue performance is expected to offset the lost contribution and additional cost resulting from the unprecedented level of weather related disruption in the year to date. Excluding these disruption costs, total operating cost<sup>4</sup> per seat, excluding fuel, at constant currency are expected to be broadly flat for the full year and up low single digits in the first half of the year compared to the prior period. Improvements in maintenance, crew and overhead costs are expected to offset the mix impact of our continued growth in primary airports.

We expect a reduction in interest income of around £10million compared to the prior year due to continued lower interest rates, which will mainly impact the first half result.

easyJet's pre tax result in 2010 at current fuel prices and exchange rates<sup>5</sup> is expected to benefit by around £60million in the first half of the year and £100million for the full year from the positive contribution of lower dollar fuel prices as higher price fuel hedges roll off and a stronger euro, partially offset by the negative impact of a strengthening US dollar.

Yield performance and any future levels of weather related disruption are the key variables in determining easyJet's first half performance and consequently the first half pre tax result is expected to be a loss in the range of £80million to £95million delivering a significant improvement compared to the first half of the prior financial year.

Economic conditions remain challenging and we continue to expect a tough trading environment. However, the underlying performance of the business in the first quarter has been encouraging and easyJet remains on track to deliver substantial profit improvement during 2010.

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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).
4. Excludes interest income.
5. Jet cif NWE August 2010 \$733 per metric tonne, US \$ to £ sterling 1.63, euro to £ sterling 1.13.

