

# Quarter 3 2011 Interim Management Statement

22<sup>nd</sup> July 2011



# Good performance in the quarter

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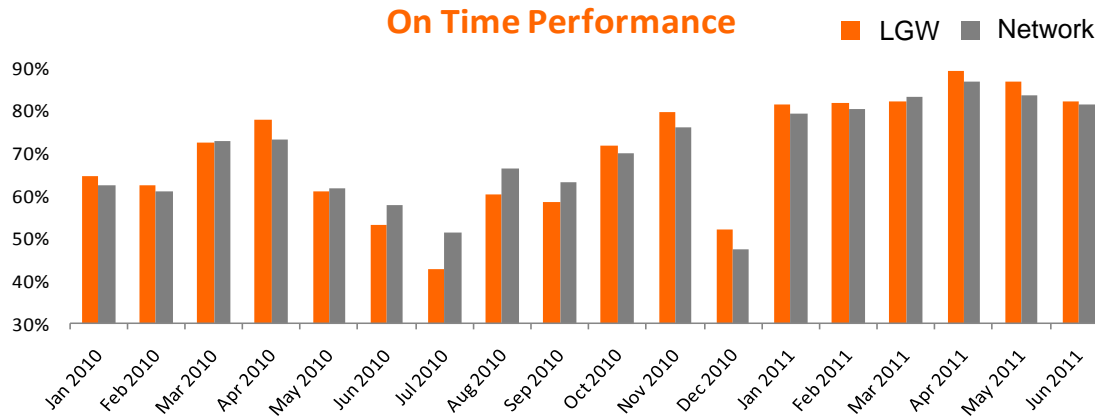


- Total revenue per seat up 5.2% (reported), 4.6% (constant currency)
  - Capacity investments maturing
  - Improvement in ancillary revenues following management action in Q2
- Cost per seat ex fuel up 2.7% (reported), 1.1% (constant currency)
- Improved On Time Performance – network average above 80%
- Continued successful implementation of the strategy
  - Flexi fare launched on easyJet.com
  - Discussion with BALPA re flexibility started
- easyJet expects to deliver pre-tax profits for the full year of between £200m and £230m and a ROCE which approximates to a range of between 10% and 12%

# Improved operational performance

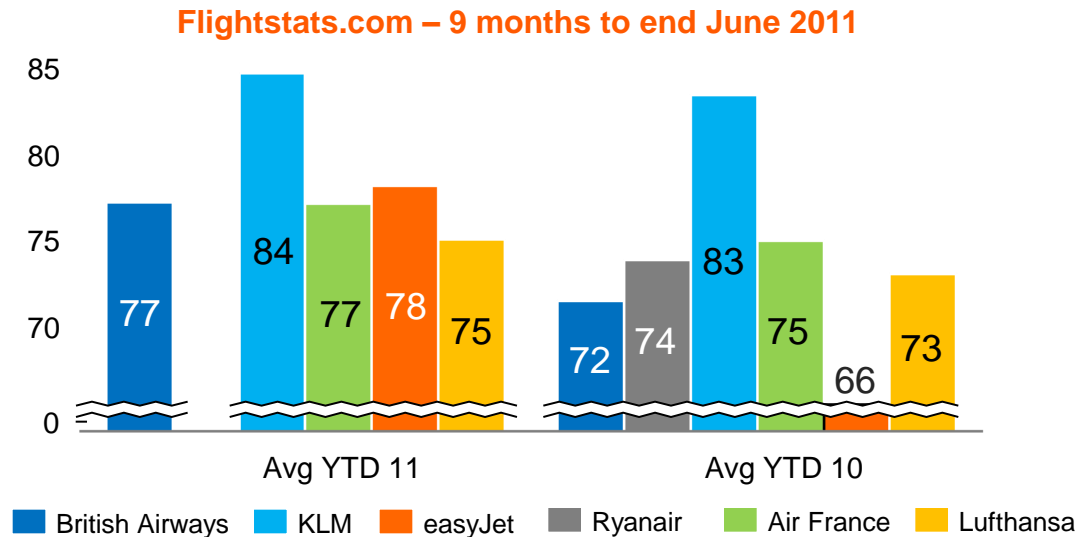


Improved On Time Performance across the network



Customer satisfaction up 5% to 78% in Q3

Gatwick OTP maintained above network average performance



OTP now moving ahead of our competitors

# Robust revenue performance



	Q3 '11	Q3 '10	Change
Passengers (m)	14.4	12.3	17.3%
Load factor (%)	86.3	86.1	0.2ppt
Seats (m)	16.7	14.3	17.1%
Sector length (km)	1,118	1,135	(1.6)%
Total revenue (£m)	935	759	23.2%
Total revenue per seat (£)	56.02	53.23	5.2%
@ constant currency (£)	55.66	53.23	4.6%

- Capacity investments made in F'10 and H1'11 maturing
- City to city routes robust
- Impact from introduction of €8 APD in Germany
- UK regions showing weakness due to public sector cutbacks

# Robust revenue performance



	Q3 '11	Q3 '10	Change
Passenger revenue (£m)	741	617	20.0%
per seat (£)	44.37	43.27	2.5%
Ancillary revenue (£m)	194	142	36.9%
per seat (£)	11.65	9.95	17.0%

- Improved ancillary revenue performance:
  - Improvement in fees and charges following management action taken in Q2
  - Bag charge per seat up 2.8% @ £4.73 per seat, expected improvement in Q4
  - Improvement in Speedy Boarding revenues

# Cautious approach to F'12 capacity



## FY12 – capacity

- Winter – flat
- Full Year – 3-4%

## Fleet

- Maximum of 204 aircraft for next 2 winters

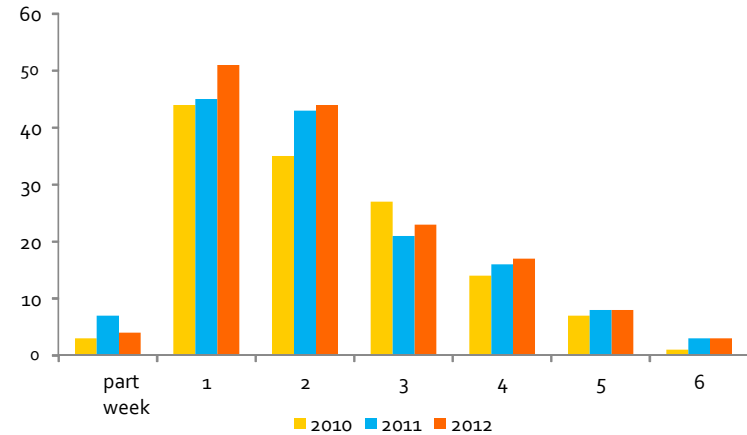
## Schedule quality

- Frequencies added and time of day improvements on key business routes

## Capacity re-allocation

- Focus on further growth in priority markets
- Closure of unprofitable routes e.g. Berlin - Gothenburg

Daily freq A/B routes June week (Mon – Fri)



\* A and B routes are those to locations suitable for passenger travelling on Business i.e. day or short trips.

# Finance strategy



	Objectives	Measures
Return Targets	<ul style="list-style-type: none"> <li>→ Earn returns in excess of cost of capital through the cycle</li> <li>→ Invest in growth opportunities where returns are attractive</li> </ul>	<ul style="list-style-type: none"> <li>→ Improve pbt per seat to GBP 5</li> <li>→ Post tax ROCE of 12% through the cycle</li> </ul>
Capital Structure And Liquidity	<ul style="list-style-type: none"> <li>→ Ensure robust capital structure</li> <li>→ Return excess capital to shareholders</li> <li>→ Maintain sufficient level of liquidity to manage through the cycle and industry shocks</li> </ul>	<ul style="list-style-type: none"> <li>→ Maximum gearing of 50%</li> <li>→ Cap of GBP 10m adjusted net debt per aircraft</li> <li>→ Minimum GBP 4m cash per aircraft</li> </ul>
Dividend Policy	<ul style="list-style-type: none"> <li>→ Targeting consistent and continuous dividend payout</li> </ul>	<ul style="list-style-type: none"> <li>→ 5x cover, subject to meeting gearing and liquidity targets</li> <li>→ Annual payment based on full year PAT; introduced for FY 2011, payable 2012</li> <li>→ Consider returns over 5x cover to reduce excess capital</li> </ul>
Aircraft Ownership	<ul style="list-style-type: none"> <li>→ Maintain flexibility around fleet deployment and size</li> </ul>	<ul style="list-style-type: none"> <li>→ Target of 70% owned aircraft, 30% leased aircraft</li> </ul>
Fuel Hedging	<ul style="list-style-type: none"> <li>→ Insulate short term operating performance against adverse movements in fuel price and exchange rates</li> </ul>	<ul style="list-style-type: none"> <li>→ 65%-85% of the next 12 months' anticipated requirements</li> <li>→ 45%-65% of the following 12 months' anticipated requirements</li> </ul>

# Hedging update



Percentage of anticipated requirement hedged	Fuel requirement	US Dollar requirement	Euro surplus sale
Three months ending 30 September 2011	75%	80%	80%
Rate	\$812/MT	\$1.60	€1.10
Full year ending 30 September 2011	74%	76%	70%
Rate	\$750/MT	\$1.60	€1.10
Full year ending 30 September 2012	54%	72%	61%
Rate	\$939/MT	\$1.59	€1.13

## Sensitivities:

- \$50 per tonne movement in the price of Jet fuel will impact the full year pre-tax result by +/- £7 million
- 5 cent movement in the £:\$ will impact the full year pre-tax result by +/-£1 million
- 1 euro cent movement will impact cost performance by +/-£2 million

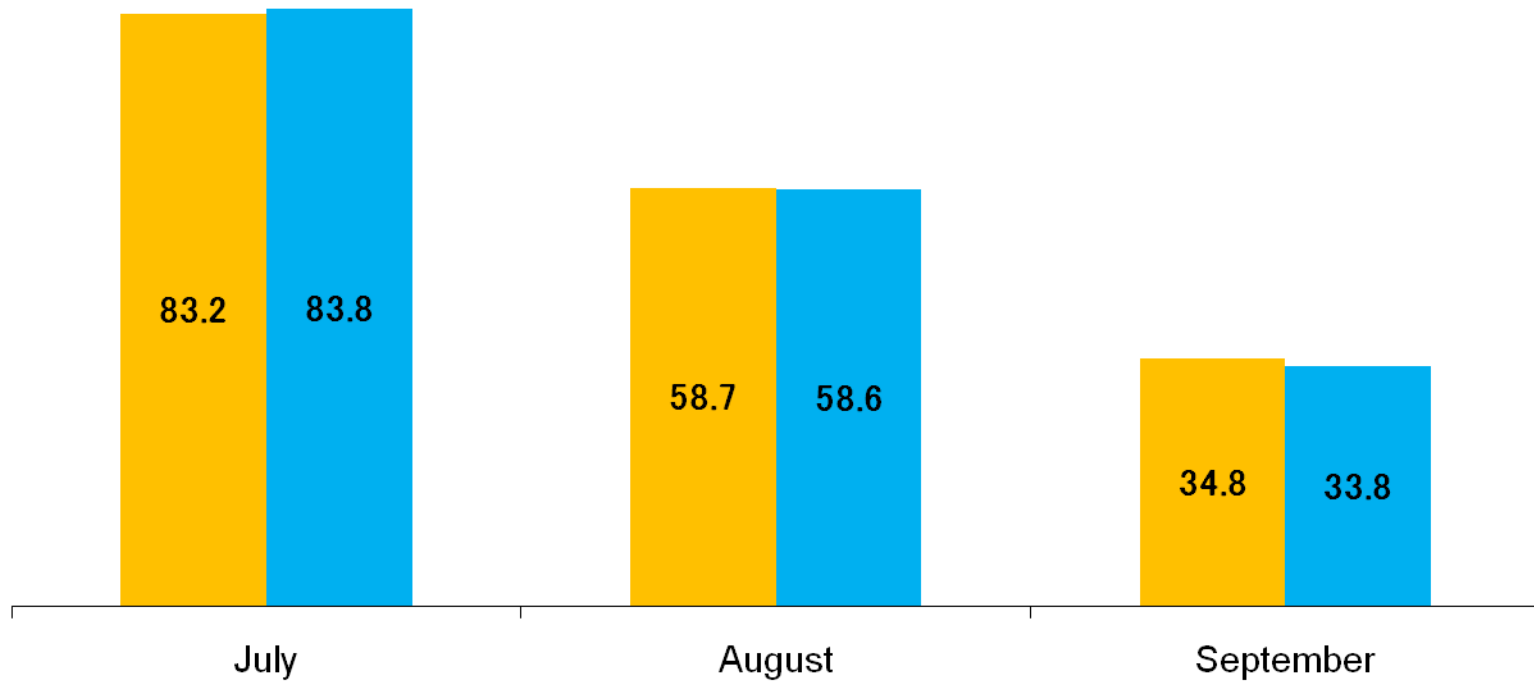


# Forward bookings



% Seats sold \*

■ TY ■ LY



**75% of H2 seats now sold**



## Capacity (seats flown)

- FY +11% reported, +9% ex volcano
- H2 +12% reported, +8% ex volcano

## Revenue per seat (constant currency)

- FY +2% to +3%
- H2 +5% to +6%

## Underlying cost per seat ex fuel (constant currency)

- FY down 1% to 2% (assuming normal disruption levels)

“August is the important trading month for easyJet but with over 75% of summer seats now sold we expect at current fuel and exchange rates<sup>4</sup> to deliver a pre-tax profit for the year ended 30 September 2011 of between £200 million and £230 million assuming normal conditions and a ROCE for the year of between 10% and 12%.”

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