

HALF YEAR RESULTS ANALYST AND INVESTOR PRESENTATION

Wednesday 9th May 2012

europe by
easyJet

INTRODUCTION

Carolyn McCall
Chief Executive

europe by
easyJet

Strong operational and financial performance

Highlights:

- Results ahead of guidance issued November 2011 and January 2012
- Pre tax loss reduced by £41m to £112m despite £87m increase in unit fuel
- Continued strong operational performance and improved customer satisfaction
- £196m distributed to shareholders

Drivers of the results - market:

- Higher fuel prices
- Exceptionally low levels of disruption
- Capacity constraint across the market and weaker airlines retrenching and closing
- Delays in airport charge increases in Italy and Spain

Drivers of the results - easyJet strategy delivery:

- Targeting capacity towards highest contribution markets
- Improvements in yield management, easyJet.com and success of the 'europe by easyJet' campaign
- Fee changes in spring / summer 2011
- easyJet lean delivering
- European structure driving benefits

FINANCE REVIEW

Chris Kennedy
Chief Financial Officer

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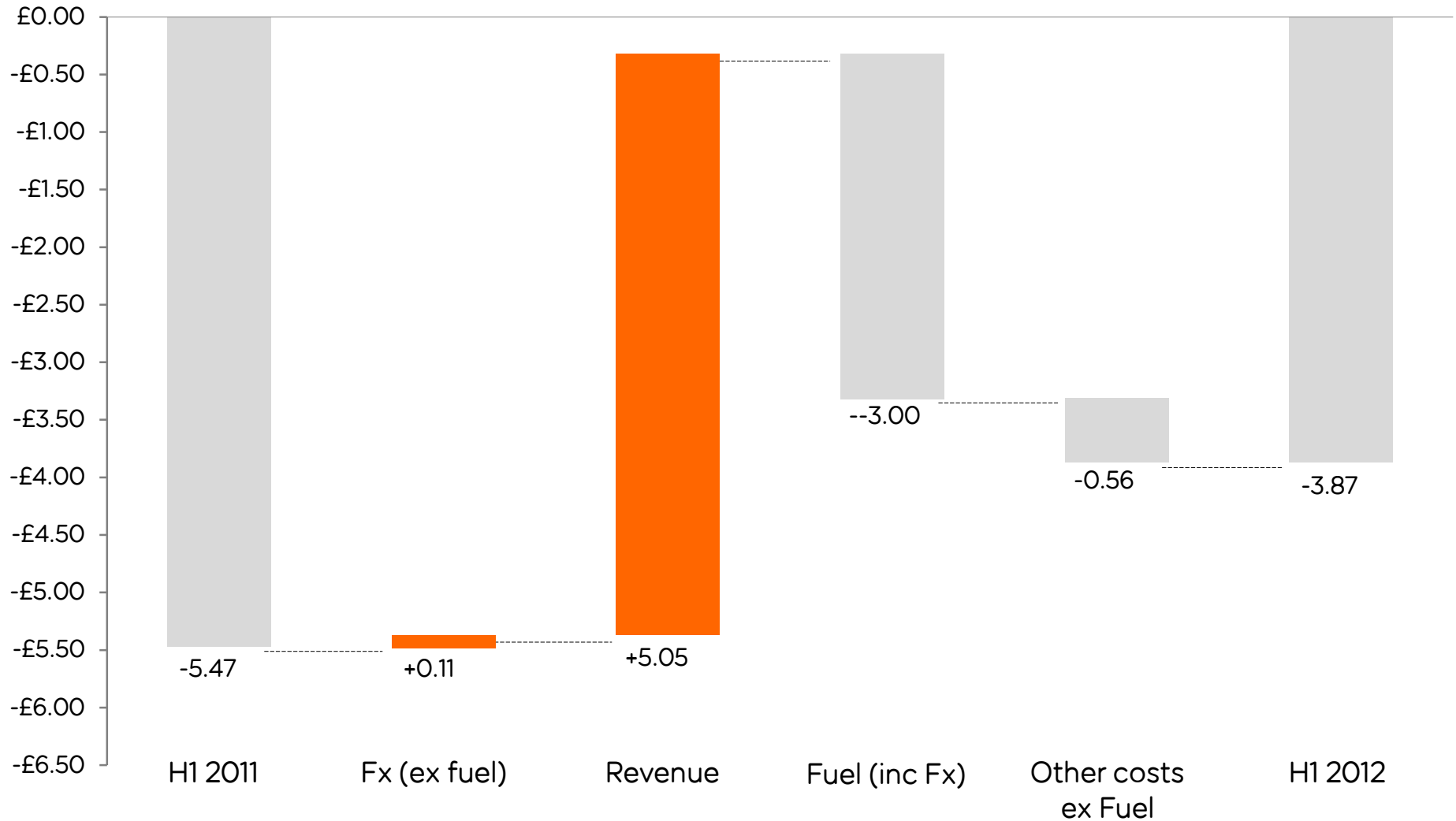
Financial Results

£m	H1'12	H1'11	Change B/(W)
Total revenue	1,465	1,266	15.7%
Fuel	(483)	(383)	(26.1)%
Operating costs excluding fuel	(982)	(928)	(5.8)%
EBITDAR	0	(45)	-
Ownership costs	(112)	(108)	(3.7)%
Loss before tax	(112)	(153)	26.8%
EBITDAR margin	0.0%	(3.6)%	3.6ppt
Loss before tax margin	(7.6)%	(12.1)%	4.5ppt
Seats (millions)	29.0	28.1	3.5%
Total revenue per seat	50.47	45.11	11.9%
Total cost per seat excluding fuel	(37.70)	(36.94)	(2.1)%
Fuel cost per seat	(16.64)	(13.64)	(22.0)%
Loss before tax per seat	(3.87)	(5.47)	29.3%

Financial Results

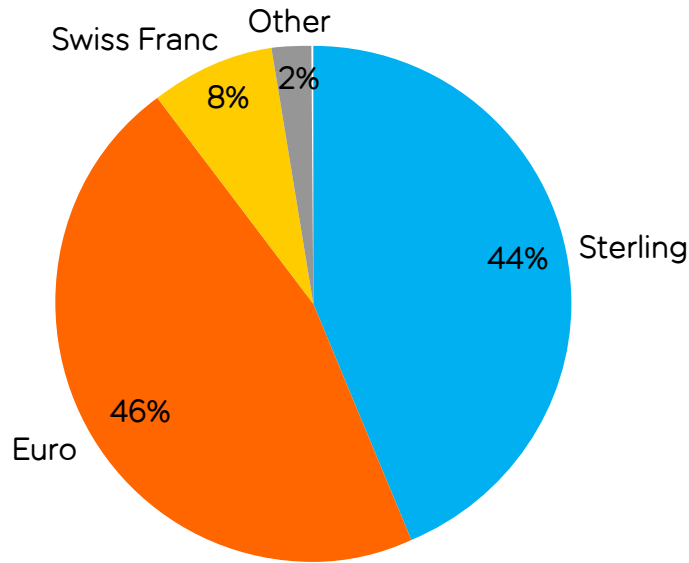
£m	H1'12	H1'11	Change B/(W)
Loss before tax	(112)	(153)	26.8%
Tax credit	22	39	(43.6)%
Loss after tax	(90)	(114)	21.1%
Loss per share	21.2 pence	26.6 pence	20.3%
Return on capital employed			
- Reported	(5.0)%	(7.5)%	2.5ppt
- Lease Adjusted Multiple*	(2.8)%	(4.3)%	1.5ppt
- Lease Adjusted NPV	(3.3)%	(5.2)%	1.9ppt

Unit revenue more than offsetting fuel costs

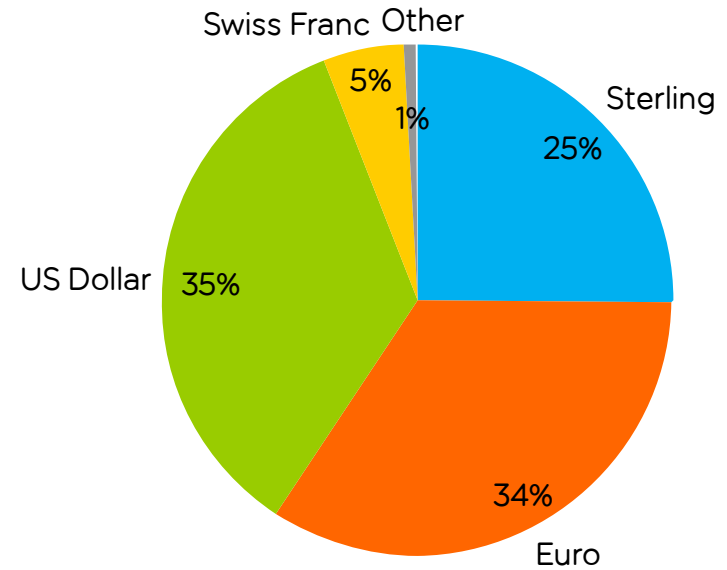


Currency impact

Currency split - Total Revenue



Currency split - Total Costs



H1 2012 Currency Impact Favourable / (Adverse)

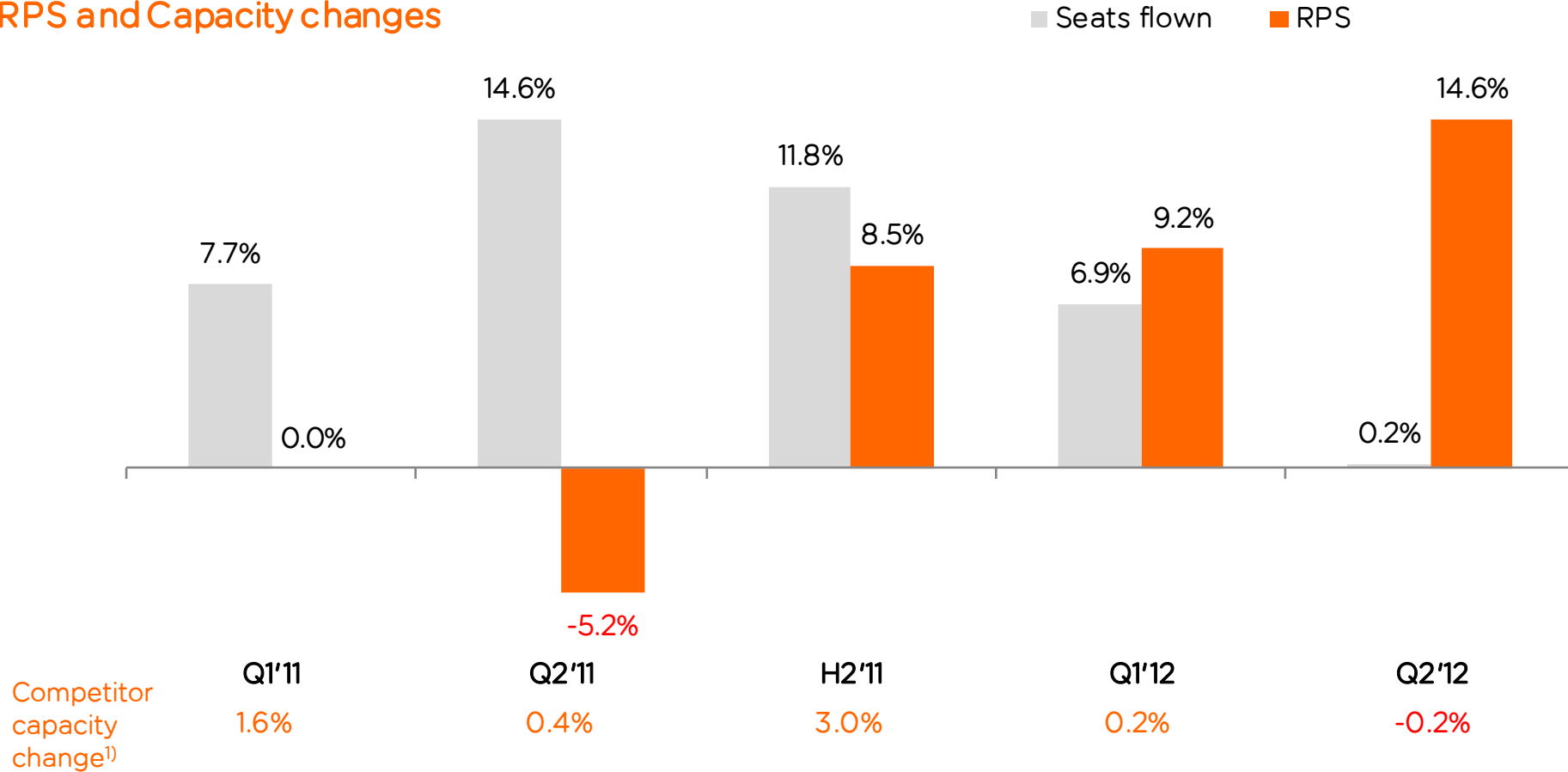
	EUR	USD	CHF
Revenue	-	-	10
Fuel	1	-	-
Costs excluding fuel	4	(5)	(5)
Totals	5	(5)	5

Strong passenger and revenue per seat growth

	H1'12	H1'11	Change
Passengers (m)	25.2	23.9	5.4%
Load factor (%)	86.9%	85.4%	1.5 ppt
Seats (m)	29.0	28.1	3.5%
Sector length (km)	1,061	1,069	(0.8%)
Total revenue (£m)	1,465	1,266	15.7%
Total revenue per seat (£)	50.47	45.11	11.9%
@ constant currency (£)	50.16	45.11	11.2%
Seat revenue (£m)	1,438	1,238	16.2%
Per seat (£)	49.53	44.11	12.3%
Non-seat revenue (£m)	27	28	(3.6%)
Per seat (£)	0.94	1.00	(6.0%)

Strong recovery in H1 revenue per seat

RPS and Capacity changes



Impact of fuel

	H1'12	H1'11	Change B/(W)
Fuel \$ per metric tonne			
market price	1,028	850	(178)
effective price	972	769	(203)
US dollar rate			
market rate	1.59	1.59	-
effective rate	1.60	1.60	-
Actual cost of fuel £ per metric tonne	608	481	(127)

- £127 per metric tonne increase equal to £87m cost,
- Volume impact is additional £13m
- Fuel burn flat despite increased proportion of A320s in fleet

Cost per seat – key drivers H1 12 vs H1 11

Favourable/ (Adverse)	£ cost per seat ex fuel	£ var at Constant Currency	% var at Constant Currency	Drivers
Ground Operations	14.23	0.16	1.1%	<ul style="list-style-type: none"> Renegotiation of ground handling contracts De-icing benefits from mild winter Impact of higher load factor on airport costs
Crew	7.11	(0.52)	(7.9%)	<ul style="list-style-type: none"> Pay increase averaging 2% Impact of thinning winter schedules Increase in standby crew
Navigation	4.23	0.01	0.2%	<ul style="list-style-type: none"> Increase in regulated charge per km Impact of greater proportion of A320 flying Small decline in average sector length
Maintenance	3.29	(0.25)	(8.3%)	<ul style="list-style-type: none"> One off adjustment to leased engine maintenance provision
Overhead	4.87	(0.11)	(2.3%)	<ul style="list-style-type: none"> Investment in driving revenue Benefit from much lower EU261 payments
Brand Licence	0.09	(0.02)	(28.6%)	<ul style="list-style-type: none"> Royalty fee increased from £3.95m to £4.95m per annum in line with contract
Ownership Costs	3.88	0.17	4.4%	<ul style="list-style-type: none"> Final leased Boeing 737 returned Depreciation increase from higher owned aircraft percentage Continuing benefit from low interest rates
Total cost (ex fuel)	37.70	(0.56)	(1.5%)	

Fuel and foreign exchange hedging

	Fuel requirement	US dollar requirement	Euro surplus
Six months ending 30 September 2012	77% @ \$976/tonne	79% @ \$1.59/£	76% @ €1.15/£
Full year ending 30 September 2012	78% @ \$964/tonne	80% @ \$1.59/£	76% @ €1.14/£
Full year ending 30 September 2013	63% @ \$995/tonne	71% @ \$1.60/£	57% @ €1.17/£

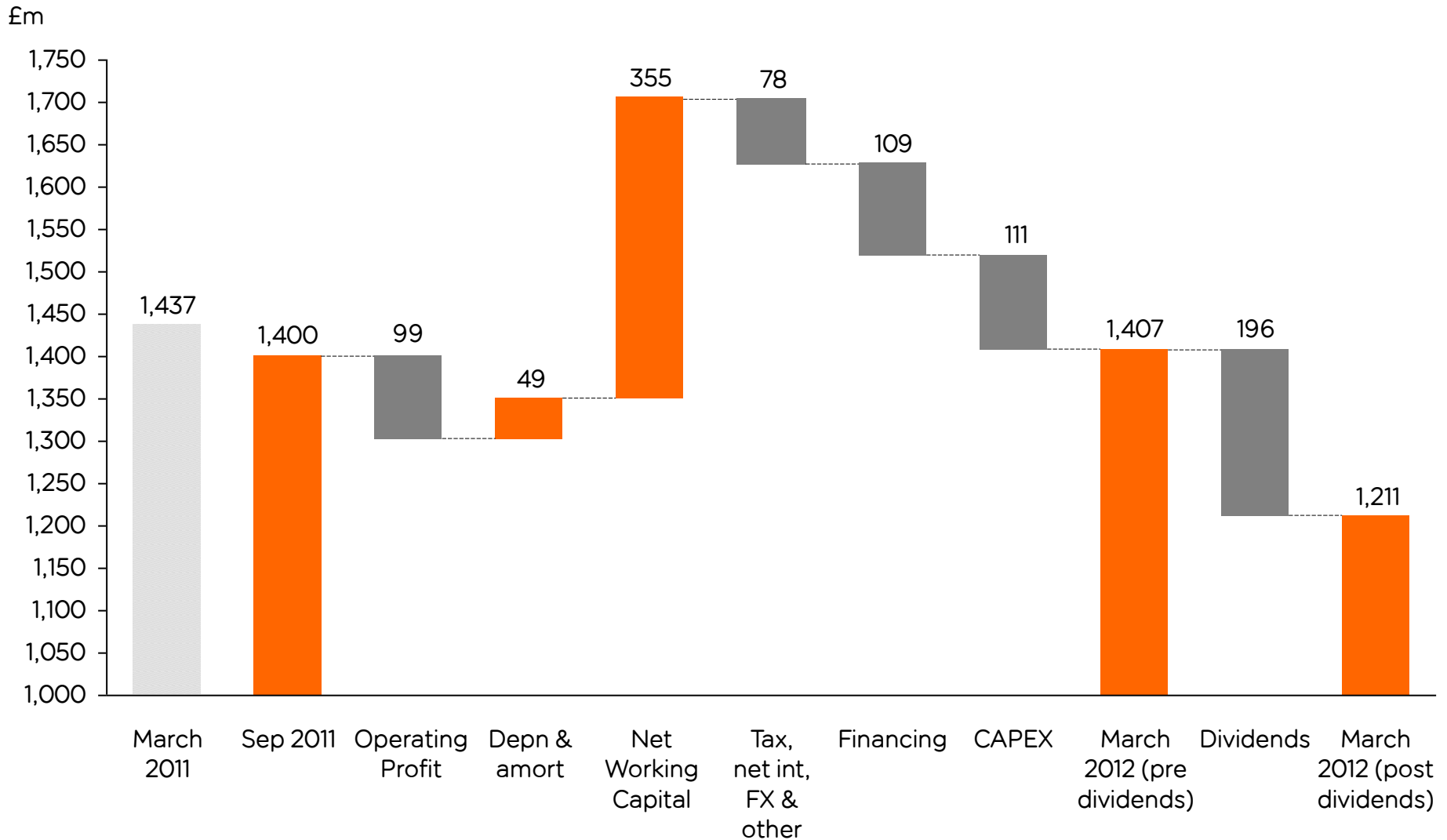
Sensitivities

- \$10 per tonne change in fuel price will impact the second half pre-tax result by +/- \$2.6 million
- 1 cent movement in the £:\$ will impact the second half pre-tax result by +/- £0.9 million
- 1 euro cent movement will impact the second half pre-tax result by +/- £0.4 million

Fleet

	Mar '12	Sep '11	Change
A319 (operating lease)	55	56	(1)
A319 (finance lease)	6	6	-
A319 (owned)	105	105	-
A320 (operating lease)	6	6	-
A320 (finance lease)	5	5	-
A320 (owned)	27	24	3
Main fleet	204	202	2
Boeing 737	0	2	(2)
Total fleet	204	204	-
Owned or finance lease	70%	69%	1ppt
Operating lease	30%	31%	(1ppt)

Cash returns to shareholders



Prudent yet flexible balance sheet management

£m	H1'12	H1'11
Property, plant and equipment	2,193	1,932
Goodwill and other intangible assets	452	451
Other assets	591	568
Liabilities (excluding debt)	(1,772)	(1,662)
Capital employed	1,464	1,289
Debt	1,169	1,217
Cash and money market deposits	(1,211)	(1,437)
Net cash	(42)	(220)
Shareholders' equity	1,506	1,509
Capital employed	1,464	1,289
Gearing	31%	26%

BUSINESS REVIEW

Carolyn McCall
Chief Executive

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Strategy delivering

1

Deliver strong foundations

- Operational resilience
- Customer satisfaction

2

Deliver returns to shareholder

- Dividend policy
- Optimising network returns through framework for capital allocation
- Improve returns through driving revenue and easyJet lean

3

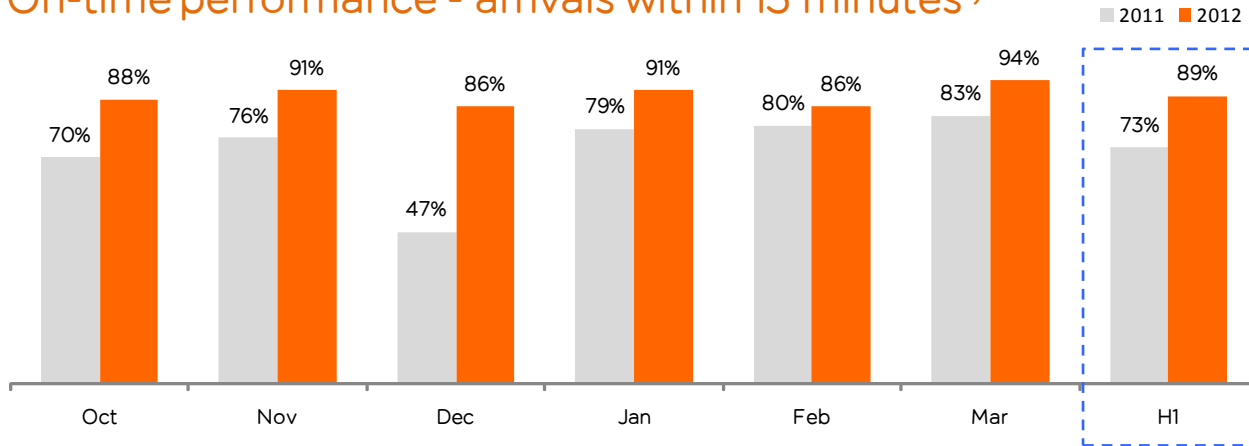
Deliver sustainable returns and growth

- Ensuring easyJet retains its competitive advantage

Operational resilience

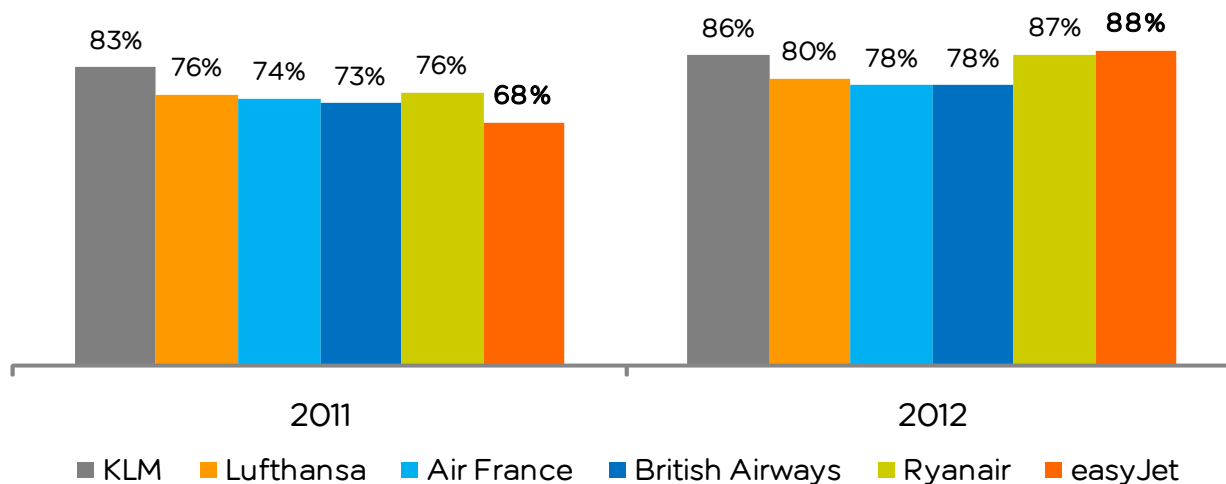
Strong foundations

On-time performance - arrivals within 15 minutes¹⁾



- Further improvement in OTP in the first half

OTP - rolling 12 months flights stats.com²⁾



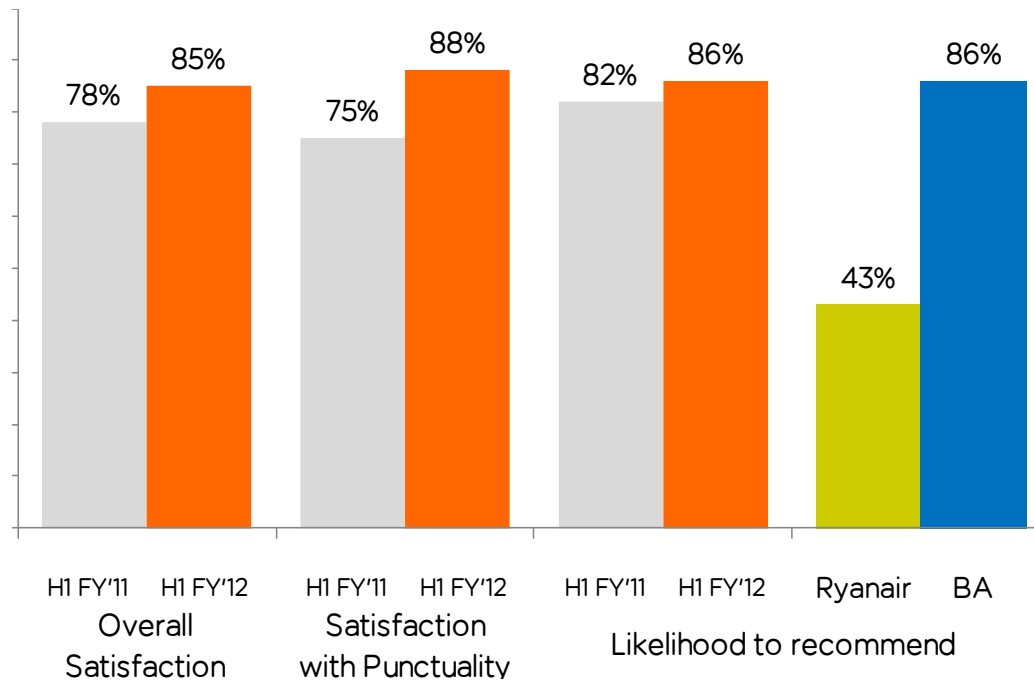
- Best in class on-time performance

Customer satisfaction

Winter 2011/12 vs Winter 2010/11

- Overall satisfaction for the half has improved by 7 ppt to 85%
- Likelihood to recommend is comparable to BA and double that of Ryanair

Customer satisfaction scores



Operational resilience underpinning increased customer satisfaction

Absolute focus on driving network returns

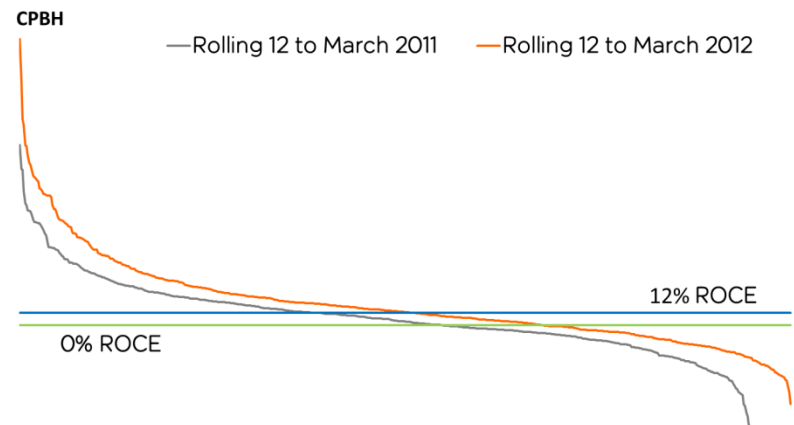
Deliver
returns

Overall rolling 12 months network ROCE improving despite higher fuel costs

Key principles:

- Routes below 12% must perform a role in the portfolio:
 - Support corporate strategy and provide product range
 - Competitive battles
 - Retain strategic slots or achieve volume deals at high performing airports
 - Complete high performing line of flying
- easyJet has put in place a target to thin or drop 5% to 10% of capacity every year
 - Reduced frequency
 - Routes dropped e.g Berlin – Gothenberg, Madrid – Bucharest, Madrid - Casablanca dropped

Improved Returns



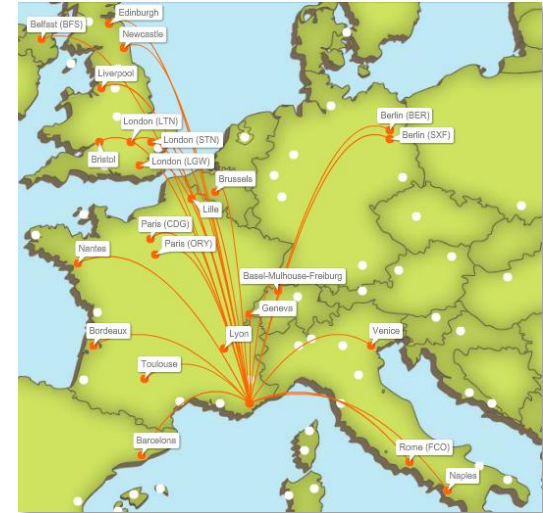
Building our business in France

- Regional bases in Nice and Toulouse opened in March 2012
- Attractive markets – good inbound/outbound
- easyJet has built a cost and network advantage

	Nice	Toulouse
Operation launch	1996	2003
No. Routes	23	17
Mkt. share / rank	21% / 2 nd	19% / 2 nd
% of bus. pax	21%	29%

easyJet well positioned for profitable growth in French regions

Nice routes



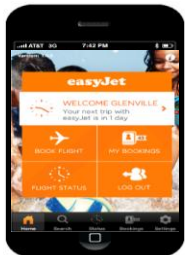
Toulouse routes



Driving unit revenue

1 Drive website visits

- Introduced “Europe by easyJet” campaign:
- Improved volumes
- Likelihood to purchase scores rose
- 1.3m downloads of mobile app launched Dec’11



2 Improve conversion

- easyJet.com improvements
- Digital strategy rolled out
- Conversion rates up across all markets



3 Maximise yield

- Demand driven pricing model
- Development of continuous pricing
- Using the latest artificial intelligence techniques in pricing optimisation
- Introduced yield management to hold bags



Building on our strength in leisure

Improving demand

- Strong year on year ski performance
- More choice - leisure routes added including Iceland
- Strong demand returning to Egypt and North Africa

Improving for customers

- Making it easy for families – a pre-travel checklist and information
- Allocated seating trial
- Improved hotel offer with our new hotels provider booking.com



Progress on business traveller proposition

Deliver
returns

GDS in place

- deals signed with all GDS providers

TMCs and corporate deals being added

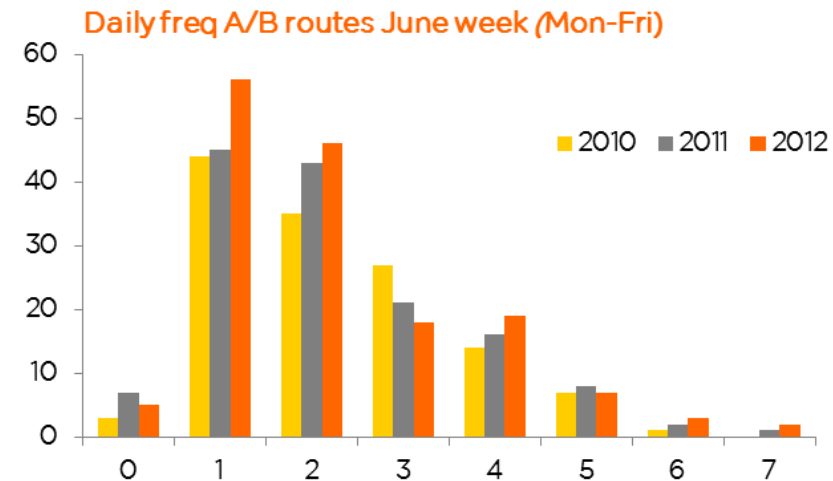
- vNett programme launched making payment easier for TMCs
- TMCs signed include: Amex (pan-European), FCM, Hillgate, Portman Travel, OVP, 3Mundi, Amplitudes, Frequent Flyer Travel Paris, El Corte Ingles, Viajes Eroski, Globalia

Product improvements

- Extended fast track security offering

Frequency increases to improve business schedule

- London to Amsterdam: up to 13 times daily
- London to Milan: up to 9 times daily
- Paris to Milan: up to 9 times daily



easyJet lean: crew

Pilots

- Progress made with flexibility in new Lisbon base
- Beginning to roll out lifestyle and pay proposals to European pilots
- UK four year lifestyle and pay deal recommended by BALPA but rejected by pilots

Cabin crew

- 39 month deal agreed with UK cabin crew
- Increased flexibility in UK and French contracts
- Increased utilisation of permanent crew
- Management of contract crew
- Scheduling improvements



easyJet lean: airports and ground handling

Ground handling:

- Renegotiating a third of Ground Handling contracts, Focus on:
 - the supply base to drive operational efficiencies
 - simplifying our product
 - introducing competition to remaining markets
- Deals concluded across France, UK, Spain and Switzerland
- Typical year on year reductions of between 5 and 15%.

Airports:

- Key growth deals in place to support asset growth
- Working with regulators to ensure airports target CAPEX towards the services passengers value
- Pay per use model

Airports and ground handling savings to mitigate regulated airport costs

easyJet turn driving savings

To improve OTP; easyJet turn was launched in November

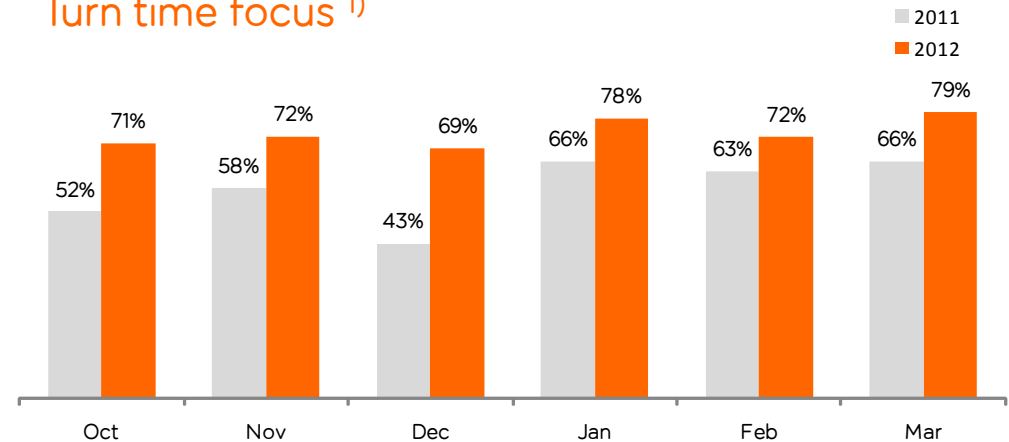
Aims

- Remove inefficiencies in handling whilst improving safety, OTP and the customer experience
- Deliver a model against which all turns will be measured
- Convert the efficiencies obtained into financial savings

Results

- Network OTP & programme stability has significantly improved
- Improved turn times leading to Industry leading OTP

Turn time focus ¹⁾



Deliver sustainable returns and growth

Deliver sustainable
returns and growth

- Clear strategy to maximise returns by market: maintain, invest or reduce
- Efficiency review of current aircraft deployment
- Ensure continued flexibility in fleet planning
- Maintain competitive advantage
 - Low cost operating model
 - Customer
 - People
 - Efficient processes
 - Revenue management
 - Strong balance sheet

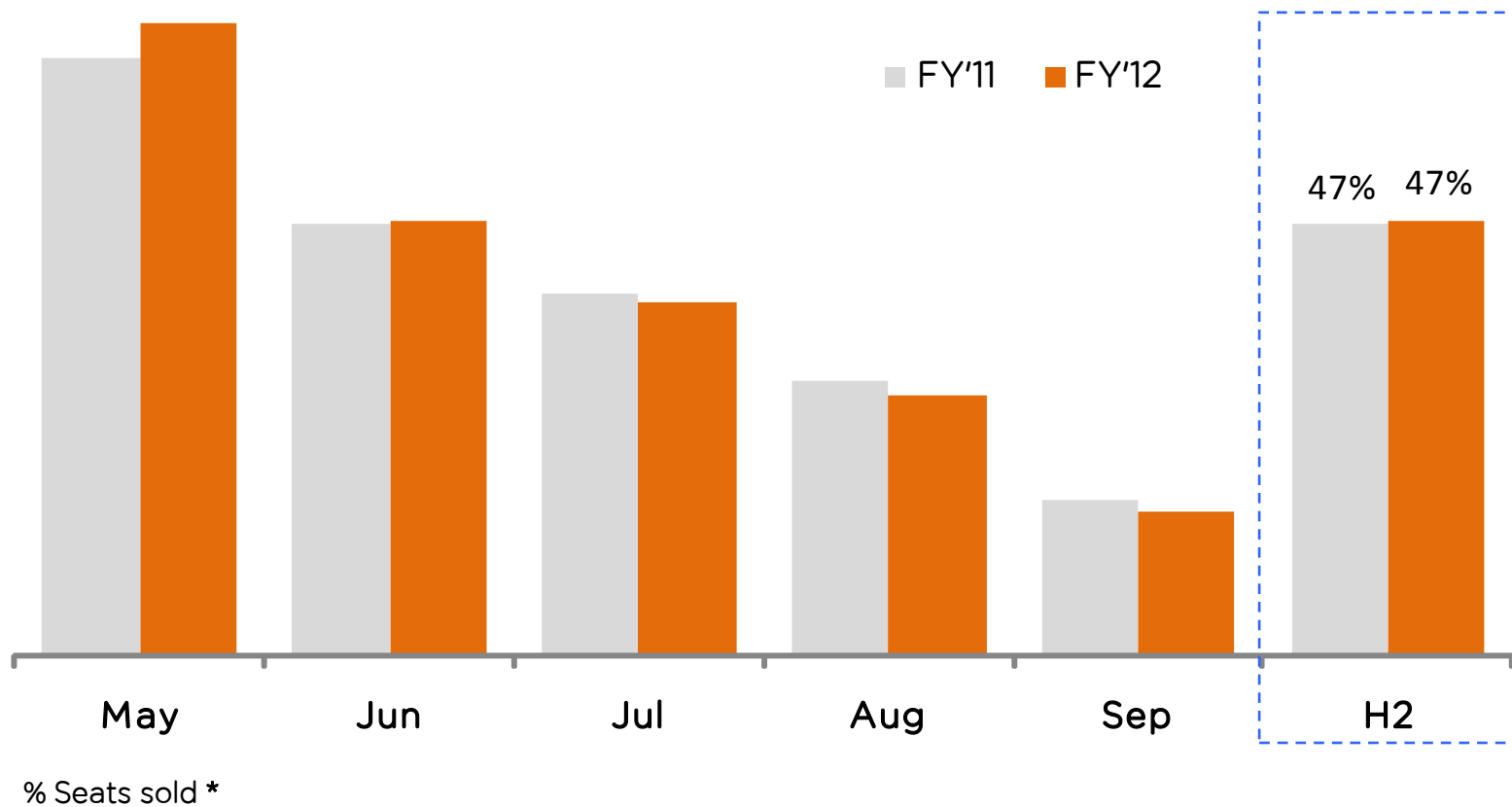


OUTLOOK

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Forward bookings in line with last year

Forward bookings as at 6 May '12



Outlook

Capacity (seats flown)

- H2: +7% (assuming no disruption)
- FY: +5% (assuming no disruption)

Revenue per seat (constant currency)

- H2: low to mid single digit

Underlying cost per seat ex fuel (constant currency)

- H2: up 2% (assuming no disruption)
- FY: up 2% (assuming no disruption)

Second half result

- H2: £145m impact from additional fuel and fx movements vs. prior year

**Performance of the business continues as outlined in the 26th March
2012 pre-close trading update**

Summary

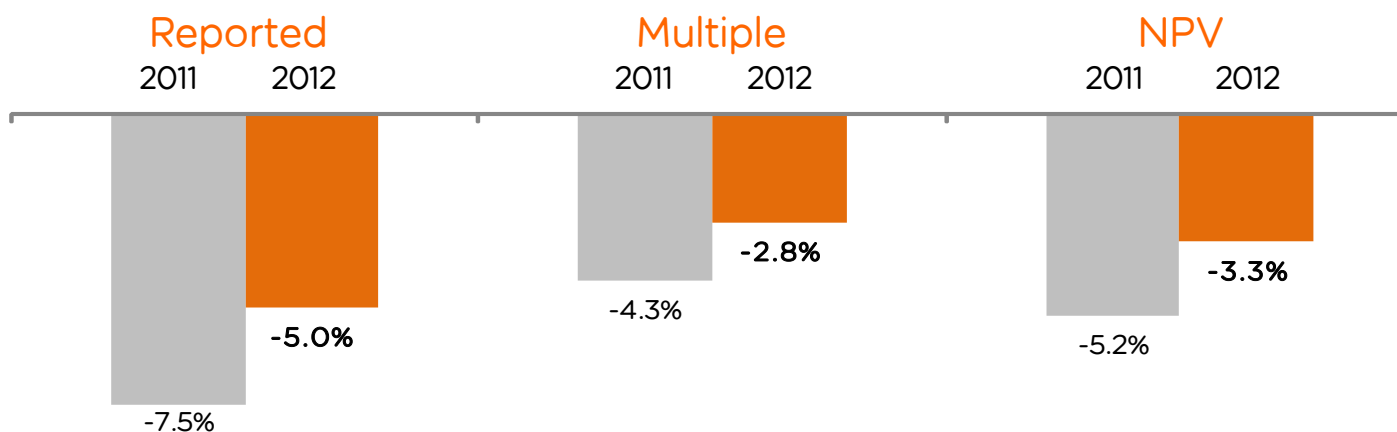
- **Strong results against backdrop of uncertain economic conditions**
 - Exceptionally low levels of disruption
 - Capacity discipline
- **Strong foundations**
 - Market leading OTP
 - Improved customer satisfaction
- **Delivering returns and growth**
 - £196m distributed to shareholders
 - Programme to drive revenue
 - easyJet lean driving out cost
 - A returns focussed capital allocation policy

Levers in place to deliver sustainable returns and growth
easyJet is a structural winner

APPENDIX

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ROCE



ROCE calculations (£m)	Reported		Multiple ⁽¹⁾		NPV ⁽²⁾	
	Mar'11	Mar '12	Mar'11	Mar '12	Mar'11	Mar '12
EBIT– reported	-144	-99	-144	-99	-144	-99
Interest element of operating lease payments			18	17	18	17
Adjusted EBIT	-144	-99	-126	-82	-126	-82
NOPAT	-107	-75	-93	-62	-93	-62
Average shareholders' equity – reported	1,505	1,606	1,505	1,606	1,505	1,606
Average net cash – reported	-90	-71	-90	-71	-90	-71
Average capitalised leases			745	738	377	360
Average capital employed	1,415	1,535	2,160	2,273	1,792	1,895
Return on capital employed	-7.5%	-5.0%	-4.3%	-2.8%	-5.2%	-3.3%

⁽¹⁾ Leases capitalised at 7 times annual rentals

⁽²⁾ Leases capitalised using using estimated Net Present Value of Cash Outflows

RASK and CASK

£	H1'12	H1'11	Change B/(W)
Total revenue per seat	50.47	45.11	11.9%
at constant currency	50.16	45.11	11.2%
RASK at constant currency (pence)	4.73	4.22	12.1%
Total cost per seat ex fuel	(37.70)	(36.94)	(2.1)%
at constant currency	(37.50)	(36.94)	(1.5)%
CASK ex fuel at constant currency (pence)	(3.54)	(3.45)	(2.6)%

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