

## **EASYJET INTERIM MANAGEMENT STATEMENT FOR THE QUARTER ENDED 31 DECEMBER 2011**

### **Highlights:**

- Total revenue up by 16.7% to £763 million driven by strong improvement in unit revenues which were up 9.2% to £51.83 per seat; revenue per seat at constant currency grew by 7.7% as reported revenues benefited from the strength of the swiss franc. Both ticket and non ticket unit revenues showed good growth in the quarter; whilst average sector length declined slightly.
- Seats flown grew by 6.9% to 14.7 million mainly driven by the absence in the quarter of significant winter disruption. Excluding the impact of last year's disruption seats flown increased by 2.8%.
- Passengers carried increased by 8.1% to 12.9 million, and the load factor increased by 0.9 percentage points to 87.6%.
- easyJet's year on year cost performance benefited from the absence of the snow disruption experienced in the same quarter last year. Consequently, cost per seat excluding fuel reduced by 1.6% on a reported basis. Excluding the impact of the disruption, planned increases in airport charges and crew costs meant that cost per seat excluding fuel rose by 2.5% on a reported basis, well within the guidance given in November 2011 for a 4% increase in the first half of the year.
- Continued strong operational performance with On Time Performance up 23 percentage points to 88% and customer satisfaction up by 11 percentage points to 85%.
- Strong balance sheet with cash and money market deposits of £1,216 million (excluding restricted cash) as at 31 December 2011.
- With around 70% of the first half now booked, the percentage increase in revenue per seat at constant currency for the first half of the year is expected to be similar to the level seen in the first quarter. Consequently, assuming no significant disruption in the second quarter, easyJet expects to recover most of the £100 million increase in its first half fuel bill and contain first half losses to between £140 million and £160 million compared to the £153 million loss reported in the first half of last year.

### **Commenting on the results, Carolyn McCall, easyJet Chief Executive said:**

"easyJet has made a strong start to the year. This is due to firm control of costs, the strength of easyJet's network, tight capacity discipline and pricing actions taken in the second half of last financial year.

The good performance in the quarter has meant we are cautiously confident in our outlook for the business. Although the economic environment remains weak, easyJet's affordable fares and our focus on making it easy for our customers combined with the actions that management is taking ensures that easyJet is well positioned to continue to succeed."

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A copy of this Interim Management Statement is available at [www.easyJet.com/investors](http://www.easyJet.com/investors)

Three months ended	31 Dec 2011	31 Dec 2010	Change %
Passengers (m) <sup>1</sup>	12.9	11.9	8.1%
Seats (m)	14.7	13.8	6.9%
Load factor (%) <sup>2</sup>	87.6%	86.7%	0.9ppt
Total revenue (£m)	763	654	16.7%
Seat revenue (£m)	749	641	16.9%
Non seat revenue (£m)	14	13	6.4%
Total revenue per seat (£)	51.83	47.48	9.2%
Seat revenue per seat (£)	50.87	46.51	9.4%
Non seat revenue per seat (£)	0.96	0.97	(0.5)%
Total revenue per passenger (£)	59.17	54.78	8.0%
Average number of owned / leased aircraft	202.9	195.6	7.3
Average operating aircraft	190.7	180.4	10.3
Average utilisation (hours per day)	10.1	10.1	flat
ASKs (bn)	15.9	15.0	6.3%
RPKs (bn)	14.2	13.2	7.4%
Average sector length (km)	1,083	1,089	(0.5)%

### First quarter revenue and network performance

Passenger numbers grew by 8.1% in the quarter to 12.9 million. Seats flown, increased by 6.9% as load factor improved by 0.9 percentage points. Excluding the impact of last winter's snow disruption capacity increased by 2.8%. Capacity growth was focused on markets with the potential to generate higher yields such as South East England +3%, France +5% and Switzerland +4%.

Total revenue per seat grew by 9.2% to £51.83 on a reported basis and grew by 7.7% on a constant currency basis, as the reported revenue benefited from the strength of the swiss franc. This stronger than expected performance, against a background of falling consumer confidence, was spread broadly across markets and was driven by:

- passenger revenue per seat increased by 6.5% to £40.29 due to a strong performance on domestic and international city routes and beach routes from the UK as weaker competitors retrenched with scheduled competitor capacity on easyJet routes flat compared to the prior year and capacity investments made by easyJet in F'11 continued to mature;
- strong performance in 'ancillary revenues' with the first bag charge increasing by £0.68 to £4.70 per seat. Fees and charges increased by £1.24 to £5.88 per seat following firm pricing action taken to offset increased regulatory and administrative costs in the second quarter of last year;
- non seat revenue declined marginally as strong performance on in-flight was offset by the continued structural decline in the travel insurance market; and
- continued improvement in customer satisfaction. Overall satisfaction was up by 11 percentage points to 85% compared with the same period last year.

We continue to make steady progress in attracting business passengers, with 2.3m passengers choosing to fly with easyJet for business this quarter, an increase of 0.2m compared to the same period last year, despite a general decline in the business travel market in the quarter to 31<sup>st</sup> December 2011 (Source: Guild of Travel Management Companies, UK).

In January 2012, we changed the presentation of fees and charges on our website in order to address the concerns raised by consumer bodies and regulators across the EU, whilst retaining a simple, transparent and consistent booking process for all passengers regardless of nationality. The new presentation ensures there is even more transparency around our fees and charges, with credit card charges and the administration fee presented at the beginning of the booking process. We will continue to discuss this issue with regulators across Europe, and monitor changes in the law.

### Operational performance

Following an excellent summer performance last year easyJet continues to deliver robust On Time Performance.

<b>OTP % arrivals within 15 minutes</b>	October	November	December	Q1
2010	70%	76%	47%	65%
2011	88%	91%	86%	88%

The performance in the quarter has been particularly strengthened by the reduction in disruption year-on-year as a result of the mild winter.

On Time Performance is now embedded and easyJet is now consistently delivering in the upper quartile of airlines in Europe.

### First quarter cost performance

On a reported basis, cost per seat excluding fuel fell by 1.6% due to the absence of significant snow disruption in the quarter. Excluding the impact of disruption and fuel, planned increases in airport charges and crew costs meant that cost per seat rose by 2.5% on a reported basis, well within the guidance given in November 2011 for a 4% increase in the first half of the year.

The easyJet lean programme is making good progress in negotiating improved terms with airports and reducing ground handling costs as easyJet continues to optimise its processes.

### Fleet plan

There have been no significant changes to the fleet plan since it was published in November 2011 and there were no new deliveries in the period. The final two Boeing B737s were returned to their lessors in November and easyJet now operates a fully Airbus fleet. The fleet at 31<sup>st</sup> December comprised 202 aircraft and will be capped at 204 aircraft for this winter and next. No further decisions on fleet are required until the fourth quarter.

### Hedging

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

#### Six months to 31 March 2012

80% of anticipated US\$ requirement hedged using forwards at \$1.60  
 80% of anticipated Jet requirement hedged using forwards at \$950/MT  
 76% of anticipated EURO surplus hedged using forwards at €1.13

#### Six months to 30 September 2012

63% of the anticipated US\$ requirement hedged using forwards at \$1.59  
 67% of the anticipated Jet requirement hedged using forwards at \$962/MT  
 67% of the anticipated EURO surplus hedged using forwards at €1.14

**Full Year to 30 September 2012**

71% of the anticipated US\$ requirement hedged using forwards at \$1.59  
73% of the anticipated Jet requirement hedged using forwards at \$956/MT  
72% of the anticipated EURO surplus hedged using forwards at €1.13

**Full Year to 30 September 2013**

49% of the anticipated US\$ requirement hedged using forwards at \$1.60  
51% of the anticipated Jet requirement hedged using forwards at \$981/MT  
51% of the anticipated EURO surplus hedged using forwards at €1.14

**Outlook**

Capacity in the first half of the year was planned to be flat (adjusting for disruption in the first part of the prior year), with growth of around 4% for the full year. The absence of snow disruption in the first quarter means we are now expecting to grow seats flown by around 3% for the first half of the year and by around 5% for the full year (assuming no significant disruption in the remainder of the year).

With approximately 70% of the first half seats now booked the percentage increase in revenue per seat at constant currency for the first half of the year is expected to be similar to the level seen in the first quarter. However, in line with last year, less than 15% of second half available seats have been sold.

Cost per seat excluding fuel and currency impact is expected to grow by between 2% to 3% for the full year and by around 3% in the first half of the year driven by price increases at regulated airports and investments in new revenue streams.

Due to the strong revenue performance and assuming no significant disruption in the second quarter, easyJet expects to recover most of the £100 million increase in its first half fuel bill and contain first half losses to between £140 million and £160 million. This is compared to the £153 million loss reported in the first half of last year.

The good performance in the quarter has meant we are cautiously confident in our outlook for the business. Although the economic environment remains weak and easyJet is negatively impacted by the weakening of the euro, easyJet's affordable fares and our focus on making it easy for our customers combined with the actions that management is taking ensures that easyJet is well positioned to continue to succeed.

**END****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. Jet cif \$1,018 per metric tonne, US \$ to £ sterling 1.56, euro to £ sterling 1.20 as at noon on 25.1.12