

EASYJET TRADING STATEMENT FOR THE QUARTER ENDED 31 DECEMBER 2014

A. HIGHLIGHTS:

Drive demand, conversion and yields across Europe

- Seats flown grew by 2.9% to 16.6 million. Passengers carried increased by 4.1% to 14.9 million, and the load factor increased by 1.0 percentage point to 89.7%.
- Total revenue grew by £34 million to £931 million and revenue per seat grew by 0.8% on a reported basis to £56.16 per seat or by 3.7% at constant currency. The growth in revenue per seat was driven by disciplined allocation of capital across the network, revenue management and digital initiatives and growth in business passenger revenue.

Maintain cost advantage

- Full year cost per seat is expected to be in line with the guidance given at the full year results and be up by 2% on a constant currency basis. As expected in the quarter cost per seat excluding fuel decreased by 0.2% on a reported basis and increased by 3.7% on a constant currency basis.
- The increase at constant currency was primarily driven by anticipated increases in charges at regulated airports, mainly in Germany and Italy, crew costs associated with building a resilient operation ahead of base openings, the phasing of marketing expenditure on the business traveller punctuality campaign and an increase in maintenance costs associated with the planned ageing of the fleet.
- Cost per seat including fuel decreased by 2.0% on a reported basis and increased by 1.6% on a constant currency basis.

Build strong number one and two network positions

- Continued to increase frequencies on routes, such as Geneva to London Gatwick, and connect existing network points, such as Amsterdam to Hamburg.

Disciplined use of capital

- Strong balance sheet with cash and money market deposits of £913 million as at 31 December 2014.

Outlook

With first half bookings in line with last year, easyJet expects to report a first half loss before tax of between £10 million and £30 million assuming normal levels of disruption compared to the £53 million loss reported in the first half of last year.

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

"easyJet has made a good start to the year by continuing to deliver its strategy of making travel easy and affordable for passengers. We enjoyed a strong October across the network - particularly on UK leisure flights to beach destinations and on French domestic routes where we continued to build passenger numbers after a busy September."

"We further strengthened our network in the quarter adding around 500,000 seats, the majority of which are from airports where easyJet has a number one or number two position. This combined with our new TV ads aimed at business travellers enabled easyJet to sell record numbers of seats to business travellers in the first quarter."

"easyJet is well positioned to continue to deliver returns and growth to shareholders."

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A copy of this Interim Management Statement is available at <http://corporate.easyjet.com/investors>

KEY FINANCIALS

Three months ended	31 Dec 2014	31 Dec 2013	Change %
Passengers (m) ⁽¹⁾	14.9	14.3	4.1%
Seats (m)	16.6	16.1	2.9%
Load factor (%) ⁽²⁾	89.7%	88.7%	1.0pp
Total revenue reported (£m)	931	897	3.8%
Seat revenue reported (£m)	916	883	3.8%
Non-seat revenue reported (£m)	15	14	4.2%
Total revenue per seat reported (£)	56.16	55.71	0.8%
Total revenue per seat constant currency (£)	57.76	55.71	3.7%
Seat revenue per seat reported (£)	55.27	54.83	0.8%
Non-seat revenue per seat reported (£)	0.89	0.88	1.2%
Total revenue per passenger reported (£)	62.64	62.82	-0.3%
Average number of owned / leased aircraft	226	217	3.9%
Average operating aircraft	211	204	3.3%
Average utilisation owned aircraft (hours per day)	9.3	9.5	-1.5%
Average utilisation operating aircraft (hours per day)	10.0	10.1	-0.9%
ASKs (bn)	18.0	17.5	2.9%
RPKs (bn)	16.4	15.7	4.4%
Average sector length (km)	1,089	1,089	0.0%

B. STRATEGIC PROGRESS

In order to execute against its strategy to drive sustainable growth and returns, easyJet is focused on four key objectives:

1. Drive demand, conversion and yields across Europe
2. Maintain cost advantage
3. Build strong number one and two network positions
4. Disciplined use of capital

1. Drive demand, conversion and yields across Europe**First quarter revenue and network performance**

Passenger numbers grew by 4.1% in the quarter to 14.9 million ⁽¹⁾. Capacity (seats flown) increased by 2.9% as load factor improved by 1.0 percentage point to 89.7%. Total revenue per seat grew by 0.8% to £56.16 on a reported basis and by 3.7% on a constant currency basis. The growth in revenue per seat was driven by the:

- Disciplined allocation of capital across the network;
- Business passenger initiative including our first business television advertisement which helped drive our strongest ever business passenger performance in October;
- Continued investment in digital and revenue management initiatives;
- Performance of allocated seating;
- Yield management of bags; and
- Strong October trading, particularly UK beach and domestic France routes.

At London Gatwick, easyJet grew capacity by around 10% in the first quarter including the first winter flying of the slots acquired from Flybe. As expected, this has resulted in short term yield pressure at the airport. There is a significant opportunity over the next two years to drive improvement in revenue performance as easyJet optimises the use of the slots and as the additional capacity matures.

2. Maintain cost advantage

First quarter cost performance

Cost per seat, on a constant currency basis and excluding fuel, is expected to increase by around 2.5% for the first half of the year and by around 2% for the full year in line with the guidance given at the full year results. This does not include an additional navigation charge from Eurocontrol of up to £12 million⁽³⁾ which easyJet is disputing.

As expected, in the quarter cost per seat excluding fuel decreased by 0.2% on a reported basis and increased by 3.7% on a constant currency basis. The main drivers included anticipated increases in charges at regulated airports mainly in Germany and Italy, the phasing of marketing expenditure on the business traveller punctuality campaign and maintenance costs associated with the planned ageing of the fleet. In addition, crew costs increased in the quarter as a result of the early recruitment of crew to build a resilient operation ahead of three new crew base openings.

Cost per seat including fuel decreased by 2.0% on a reported basis and increased by 1.6% on a constant currency basis.

In the three months to 31 December 2014 easyJet lean delivered around £8 million of savings in the period which includes the benefit from longer term airport deals and ground handling efficiencies. easyJet expects easyJet lean to deliver £30 million to £40 million of sustainable savings per annum over the next five years.

Operational performance

A strong operational performance is critical to easyJet maintaining its cost performance. Ensuring aircraft depart on time minimises the costs of disruption and is also a key driver of customer satisfaction and loyalty.

Total cancellations for the quarter were 468 compared to 360 in the same period last year. The majority of the cancellations took place in December mainly due to general strikes in Italy and Belgium, crew strikes in France and Italy as well as the impact of the runway closure at Gatwick airport due to the Virgin Atlantic emergency landing.

On-time performance was broadly in line with the same period last year despite the impact of adverse weather across northern Europe and the impact of the Gatwick runway closure.

OTP % arrivals within 15 minutes	October	November	December	Q1
2013	86%	93%	84%	87%
2014	85%	91%	82%	86%

Fleet

As at 31 December 2014 the fleet comprised of 226 aircraft; with 75 A320s and 151 A319s.

Aircraft utilisation fell in the quarter with the average utilisation for operated aircraft decreasing by 0.9% to 10.0 hours per day due to schedule optimisation over the winter period.

3. Build strong number one and two network positions

In the three months to 31 December 2014 easyJet secured an additional slot pair at Paris Orly and also gained approval to launch the route between Paris Charles de Gaulle and Tel Aviv. In addition, easyJet continued to increase frequencies on routes, such as Geneva to London Gatwick, and connect existing network points, such as Amsterdam to Hamburg.

4. Disciplined use of capital

As at 31 December 2014 easyJet had cash and money market deposits (excluding restricted cash) of £913 million and net cash of £353 million.

In the quarter easyJet announced that it intends to pay an ordinary dividend of 45.4 pence per share, or £180 million, to shareholders. The dividend is subject to shareholder approval at the Annual General Meeting on 12 February 2015 and will be payable on 20 March 2015 to shareholders on the register at the close of business on 27 February 2015.

LOOKING FORWARD

Hedging

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

Six months to 31 March 2015

84% of the anticipated US\$ requirement hedged using forwards at \$1.59
91% of the anticipated Jet requirement hedged using forwards at \$957 / metric tonne
93% of the anticipated Euro surplus hedged using forwards at €1.19
82% of the anticipated Swiss Franc surplus hedged using forwards at CHF1.47

12 months to 30 September 2015

83% of the anticipated US\$ requirement hedged using forwards at \$1.58
84% of the anticipated Jet requirement hedged using forwards at \$936 / metric tonne
84% of the anticipated Euro surplus hedged using forwards at €1.18
73% of the anticipated Swiss Franc surplus hedged using forwards at CHF1.47

Full Year to 30 September 2016

68% of the anticipated US\$ requirement hedged using forwards at \$1.64
63% of the anticipated Jet requirement hedged using forwards at \$908 / metric tonne
59% of the anticipated Euro surplus hedged using forwards at €1.21
53% of the anticipated Swiss Franc surplus hedged using forwards at CHF1.47

Outlook

easyJet still expects to grow capacity, measured in seats flown, by around 3.5% in the first half of the year and by around 5% for the full year. With first half bookings in line with last year, easyJet now expects first half revenue per seat at constant currency to increase by around 2% compared to the previous guidance of flat to very slightly up on the prior year.

easyJet still expects cost per seat (at constant currency and excluding fuel) to increase by around 2.5% for the first half of the year and by around 2% for the full year. This does not include an additional navigation charge from Eurocontrol of up to £12 million⁽³⁾ which easyJet is disputing. The cost per seat increase reflects the prior year's unusually benign winter weather and will primarily be driven by charges at regulated airports, particularly in Germany and Italy, increased navigation charges, and increased maintenance costs associated with the planned ageing of the fleet. In addition, the cost per seat increase reflects increased crew costs as a result of building a resilient operation and recruiting crew early ahead of three crew base openings.

It is estimated that at current exchange rates⁽⁴⁾ and with jet fuel remaining within a \$550 metric tonne to \$750 metric tonne trading range, easyJet's unit fuel bill⁽⁵⁾ for the first six months of the 2015 financial year is likely to decrease by between £30 million and £35 million compared to the six months to 31 March 2014. On a full year basis it is estimated that at current exchange rates and with jet fuel remaining within a \$550 metric tonne to \$750 metric tonne trading range, easyJet's unit fuel bill for the 12 months ending 30 September 2015 is likely to decrease by between £90 million and £130 million compared to the 12 months to 30 September 2014. easyJet expects that lower fuel costs will be beneficial for its customers as fares adjust.

In addition, exchange rate movements are likely to have around a £10 million favourable impact compared to the six months to 31 March 2014 and are likely to have around a £20 million adverse impact for the year to 30 September 2015.

easyJet expects its first half loss before tax to be in the range of £10 million to £30 million assuming normal levels of disruption. With around 15% of second half seats sold year to date, in line with this time last year, it is still too early to give guidance on second half revenue per seat or expected profits.

easyJet is successfully executing its strategy of offering its customers low fares to great destinations with friendly service so that it will continue to win in a more competitive market. This means easyJet is well placed to continue to deliver sustainable returns and growth for shareholders.

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. Relates to the impact to the 2015 Financial Year.
4. US \$ to £ sterling 1.5086, euro to £ sterling 1.3214 as at noon on 22.1.15.
5. Unit fuel calculated as the difference between latest estimate of FY'15 fuel costs less FY'14 fuel cost per seat multiplied by FY'15 seat capacity.