

Results for the six months ended 31 March 2016

Resilient business model delivers robust performance and increased dividend payout

Resilient performance

- easyJet delivered a robust performance in line with expectations
- Total revenue increased to £1,771 million. Passengers grew to 31 million, driven by disciplined capacity growth with stable load factor

Strong cost control

- Profit before tax and margin broadly flat at constant currency delivered through strong cost control
- Targeting flat cost per seat excluding fuel at constant currency from FY 2015 to FY 2019 at normal levels of disruption
- Cost control underpinned by short term action and structural initiatives

Capital structure and capital allocation

- Maintaining a strong balance sheet, targeting current credit rating
- Proposed increase in ordinary annual dividend to 50% payout of post-tax income

Outlook

- Forward bookings in line with last year. easyJet is well placed to grow revenue and profit this financial year and deliver sustainable returns and growth for shareholders

	2016	2015	Change Favourable/(adverse)
Total revenue (£ million)	1,771	1,767	0.3 %
(Loss) / profit before tax (£ million)	(24)	7	
Constant currency profit before tax (£ million)	5	7 ⁽¹⁾	
Basic (loss) / earnings per share (pence)	(5.1)	1.3	(6.4) pence
Constant currency revenue per seat (£)	52.62	54.91	(4.2) %
Constant currency cost per seat including fuel (£)	52.46	54.83	4.3 %
Capacity (millions of seats)	34.5	32.2	7.4 %
Load factor (%)	89.7	89.7	-
Passengers (millions)	31.0	28.9	7.4 %

- Revenue per seat decreased by 4.2% year-on-year on a constant currency basis, and by 6.6% per seat on a reported basis to £51.29
- Disciplined allocation of capacity, stable load factor and strong October trading were offset by the impact from external shocks to demand from terrorism events relating to Sharm el-Sheikh, Paris and Brussels
- Cost per seat excluding fuel grew by 0.5% and decreased by 4.3% including fuel, on a constant currency basis. Total cost per seat decreased by 5.0% on a reported basis to £51.98
- Constant currency profit before tax of £5 million (H1 2015: £7 million⁽¹⁾), maintaining broadly flat margins. Adverse foreign exchange impact of £33 million, including £4 million relating to balance sheet revaluations
- The decrease in cost per seat was primarily driven by lower fuel costs. Increased disruption costs mainly due to terrorism events were offset by benefits from fleet up-gauging and easyJet lean initiatives

- New bases opened in Venice and Barcelona. easyJet exited the Fiumicino base ahead of plan, redistributing aircraft to secure better returns. The first seasonal base in Palma de Mallorca will open in Summer 2017
- Sector leading credit ratings secured and successful bond issued in February, raising €500 million. easyJet ended the first half with cash and money market deposits of £1,057 million, an increase of £81 million year-on-year
- In the six months to 31 March 2016, easyJet returned £219 million (or 55.2 pence per share) to shareholders via ordinary dividends at a payout ratio of 40% for the year ended 30 September 2015

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

"easyJet has delivered a robust financial performance during the half year despite the well-publicised external events.

"Underlying consumer demand has been strong with UK beach traffic providing a healthy start to the half and easyJet's biggest-ever ski season helping to deliver increased passenger numbers and higher revenue during H1.

"Consumers have enjoyed lower fares, which have decreased by 6% year-on-year, the second successive year of falling fares, as the benefits of lower fuel costs are passed on to passengers. Active cost control by the airline has helped maintain margins.

"This performance is a clear demonstration of the strengths of easyJet's unique combination of Europe's leading network coupled with friendly service, low fares, and digital and data leadership.

"We are confident that over the full year we will again grow passenger numbers, revenue and profit. As a result of easyJet balance sheet and the Boards confidence in the future success of the business, the annual dividend payout ratio will increase by a quarter to 50% subject to AGM approval."

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There will be an analyst presentation at 9:30 am BST on 10 May 2016 at Nomura, One Angel Lane, London, EC4R 3AB

A live webcast of the presentation will be available at <http://corporate.easyJet.com>

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A. Overview

easyJet has delivered a solid result for the first six months, through disciplined capacity growth, deepening easyJet's strong market positions in high GDP markets. easyJet has maintained broadly flat profit before tax and margin on a constant currency basis and reported a loss before tax of £24 million after an adverse foreign exchange impact of £33 million, including £4 million relating to balance sheet revaluations.

Revenue per seat decreased by 6.6% to £51.29 and declined by 4.2% to £52.62 at constant currency. There was an adverse foreign exchange impact of £46 million. This performance was driven by:

- capacity increases across the network in a low fuel price environment leading to a slight decline in underlying revenue per seat, as guided at 2015 full year results;
- positive consumer demand driving a flat load factor at 89.7%;
- strong October trading, particularly UK beach routes;
- the benefit of Easter timing and a good finish to the ski season;
- 34% increase in inflight revenue from a higher quality range of products;
- benefits of continued investment in digital, business and revenue initiatives; offsetting
- impact of cancelled flying to Sharm el-Sheikh from 4 November 2015 (-1.3% impact on RPS);
- fall in demand subsequent to the terrorism events in Paris (-2.7% impact on RPS).

Cost per seat decreased by 5.0% to £51.98 with the reduction driven primarily by the benefit of a lower fuel price and foreign exchange benefit of £9 million. Fuel savings fully offset the reduction in revenue per seat at constant currency limiting the impact upon overall profitability. Cost per seat at constant currency decreased by 4.3%. This performance was driven by:

- total fuel cost decrease of £50 million;
- airport volume incentives partially offsetting price increases at regulated airports in the UK, Switzerland and Italy;
- new or renegotiated ground handling arrangements in the UK, Portugal and Italy;
- maintenance savings generated since the AJ Walters contract commenced in October;
- crew cost savings from fleet up-gauging and improved productivity and scheduling;
- average sector length decreased by 1.7% due to cancelled Sharm el-Sheikh schedule;
- overhead efficiencies in headcount; and
- an increase in disruption charges and underlying airport cost inflation.

B. MARKET OVERVIEW

Competitive landscape

Demand for European short-haul travel remains strong, with the market growing by 26.0 million seats or 6.4% year-on-year in the six months to 31 March 2016 and by 7.9 million seats or 7.5% in easyJet's markets ⁽²⁾.

The growth in the European short-haul market looks set to continue as a result of improved economic conditions and a lower oil price. Consumers remain resilient and demand for air travel continues to grow, despite recent disruptive events. easyJet expects the European short-haul market to grow by 28.2 million seats or 5.3% year-on-year in the six months to 30 September 2016 and by 10.5 million seats or 7.7% in its markets.

easyJet's competitors increased capacity by 5.1 million seats or 6.9% in its markets in the six months to 31 March 2016 with particularly strong growth from low-cost carriers. In the same period, easyJet increased capacity by 2.3 million seats or 7.4%, accounting for approximately 31% of the total growth in these markets.

easyJet has driven good revenue growth in the first half in selected slot constrained airports where it has significant market positions and offers high levels of frequency, such as UK Beach routes from Gatwick and ski traffic through Geneva. More broadly, the lower oil price environment has continued to encourage capacity increases, with customers benefiting from lower ticket prices. We expect this more competitive trading environment to continue for the medium term.

Regulatory environment

easyJet has put significant effort in the first half year to addressing regulated costs. The Company has continued to work with the Scottish government on its plans to halve passenger tax and easyJet is campaigning against the recent €2.50 increase in taxes in Italy. easyJet's primary focus on airport charges has been in Spain, where charges for the next five years are being set and the company expects there to be no increase in charges; and in Switzerland where the leading consumer body has made recommendations that are now being considered by the government. easyJet is also pursuing a coordinated airline agenda at EU level, as a founding member of the Airlines for Europe association which represents Europe's main airlines. This was launched in January with the objective to reduce costs in the airline supply chain, in particular charges at monopoly airports, passenger taxes, airspace charges and the impact of Air Traffic Control ("ATC") strikes on consumers.

easyJet has made its position clear about the European Union ("EU") referendum in the UK on 23 June 2016. European deregulation and being able to fly without restriction across Europe has resulted in positive consumer benefit.

C. STRATEGIC PROGRESS

Progress against strategic objectives

easyJet has refreshed its strategic framework as it continues to innovate and focus on cost, customer and operational excellence, as well as driving longer term revenue generation. easyJet is confident that its strategy will deliver long term sustainable earnings growth and returns to shareholders:

1. Build strong number one and two network positions at leading airports
2. A lean cost advantage
3. Customer and operational excellence
4. Data and digital
5. Grow revenue
6. The best people

Progress against each of these objectives is summarised below.

1. Build strong number one and two network positions at leading airports

Over the past 20 years easyJet has developed the leading European network by building up a valuable portfolio of slots at slot-constrained primary airports. easyJet connects more of the top European city-to-city market pairs than any other airline and its network is a clear competitive advantage. easyJet has number one or two market positions at primary airports including London Gatwick, Geneva, Paris Charles de Gaulle, Amsterdam Schiphol and Milan Malpensa.

easyJet's network is designed to maximise asset utilisation and extract the optimal value from its assets. The Company constantly strives to balance its network by allocating aircraft to areas with the highest returns.

In addition, we continue to invest in the network to provide longer term profit growth through opening new bases, adding new routes, increasing frequencies and allocating capital to the higher returning markets. These initiatives incur investment in terms of start-up costs and softer initial yields and it takes time for routes and bases to mature. Our objective remains to achieve number one or two positions in our key markets as this delivers sustainable long term profit growth and returns.

Country overview ⁽²⁾

UK

easyJet has strong market positions in most of the UK's busiest airports, including 49% share of London Gatwick. At 31 March 2015, 132 aircraft were based in the UK, with 83 at four London airports. easyJet increased its capacity in the UK in the first half by 9%, investing in core routes and markets such as London to Scotland, increasing its share of the total UK regional market to 20% and maintaining its share of the total London market at 21% with particularly strong growth at Luton. On its own markets easyJet has 51% share of UK Regional and 29% of the London market, respectively.

France

easyJet has a number one or two position in Paris, Nice, Lyon, Toulouse, Nantes and Bordeaux. At 31 March, 27 aircraft were based in France. easyJet increased capacity by 6.5%, almost double the rate of growth in the overall market, to consolidate its presence in Paris and the regions. This was partly driven by up-gauging of the fleet from A319s to A320s. The terrorist attacks in Paris significantly impacted trading, particularly on City-to-City travel. easyJet will operate 30 new routes during the summer and is adding two new aircraft in Lyon, as well as a night stop in Bordeaux.

Switzerland

easyJet has a strong structural position in Switzerland and is number one in both Geneva and Basel with 40% and 55% market share, respectively. At 31 March, 22 aircraft were based in Switzerland. easyJet increased capacity by 8% with a significant benefit from ski traffic, against overall market growth of 5%.

Italy

easyJet is the largest operator at Milan Malpensa, Naples and Venice. At 31 March, easyJet had 27 aircraft based in the country. A new base was opened in February in Venice, with four aircraft to serve the region's large business community and major inbound market. easyJet also added major business flights from Milan Linate to London, Amsterdam and Paris. Whilst easyJet still expects to fly over two million passengers this year to Rome, the aircraft previously based at Fiumicino have now been successfully transferred to Venice, Naples and Milan.

Germany

In Germany, easyJet is focused on its two bases at Berlin Schoenefeld, where it has a strong number one position, and Hamburg, a new base in 2014. At 31 March, easyJet had 13 aircraft based in Germany. easyJet increased capacity by 7% in Germany during the period, against competitor capacity increases of 5%, maintaining load factor and consolidating its position in both airports. New routes were added to reinforce a strong city network and brand awareness continues to increase.

Portugal / Spain

easyJet operates out of all five major airports and offers three domestic routes in Portugal. At 31 March 7 aircraft were based in Portugal, with 4 in Lisbon and 3 in Oporto. easyJet increased capacity by 21% in the first half as it continued to establish the Oporto base.

easyJet operates at 18 airports in Spain and serves over 150 routes. In February, easyJet opened a new base in Barcelona, a major business and leisure destination: over three million passengers will fly to and from Barcelona this year on easyJet. Three aircraft were based there as at 31 March 2016. Another new base was also recently announced for 2017 at Palma de Mallorca, which will be easyJet's first seasonal base, capturing demand at a busy time of year.

Netherlands

easyJet has a number two position at Amsterdam Schiphol airport. At 31 March, the Netherlands had 5 based aircraft and a further 2 are to be added in the summer. easyJet increased capacity significantly in the period by 27%, focusing on adding frequencies to existing destinations and capturing first wave demand from business passengers.

2. A lean cost advantage

easyJet has developed an efficient, low-cost business model which enables it to offer the affordable fares its customers value.

easyJet lean

easyJet is committed to maintaining its structural cost advantage against the legacy, low-cost and charter operators who are its major competitors in its markets. easyJet has carried out an in-depth review of its cost base to identify both short term efficiencies and longer term structural cost savings, to enable us to offset the effects of underlying inflation. As a result, easyJet has set a target of flat unit cost performance between FY 2015 and FY 2019, at constant currency and before the effect of fuel and at normal levels of disruption. There will be some fluctuation in the short term, as we establish longer term cost initiatives to address the larger inflexible cost drivers such as airports and ground handling contracts across the network. These savings will be delivered in the following areas:

Airports and ground handling

- Utilise our expertise and scale in primary airports to drive further efficiency, using the successful North Terminal consolidation project at Gatwick as a template: "ownership" of infrastructure, auto bag drop, working with our suppliers to drive airport and ground handling efficiencies, crew productivity, volume-related pricing

Maintenance and engineering

- Maximise the operational benefits from our new contract for maintenance and the provision of spare parts
- Continue to drive innovation in predictive maintenance to drive further efficiency, including the use of data

Up-gauging and fleet

- Moving from 156 seats on an A319 to 186 on an A320 NEO aircraft is expected to deliver a cost per seat saving of around 13%-14%⁽³⁾:
 - Increasing the proportion of higher gauge A320 aircraft in the fleet
 - New A320 deliveries will be fitted with 186 seats, with first delivery in May 2016
 - Retrofitting the existing fleet of 180 seat A320s from winter 2016, to be completed by summer 2018
 - The introduction of the 186 seat A320 NEO from June 2017

Crew

- Continue to invest in cost effective and seasonal bases
- Continued improvements to schedule efficiency to save cost and maximise contribution

Overhead and IT

- Investment in our core commercial systems to make them simpler and more future-proofed
- More cost-effective hosting strategy and network provision
- Investment into back office systems to deliver greater scalability
- Increasing use of Artificial Intelligence and Big Data to optimise processes and drive efficiency
- Implementation of leading Supplier Relationship Management processes to drive efficiency
- End to end review of our supplier base
- Optimising our core business structures and re-engineering our systems and processes (e.g. Customer Contact Centres)

Fleet

easyJet continuously looks at its fleet arrangements in order to minimise unit, operating and ownership costs and to maintain flexibility so that it can increase or decrease capacity deployed, subject to the opportunities available and prevailing economic conditions. easyJet also has the flexibility to move aircraft between routes and markets to improve returns.

easyJet's total fleet as at 31 March 2016 comprised 247 aircraft, split between 156 seat Airbus A319s and 180 seat Airbus A320s. In the six months to 31 March 2016, easyJet took delivery of ten A320 aircraft and there were four A319 exits in the period. In the six months to 30 September 2016, no aircraft will exit the fleet and a further ten A320 deliveries are planned. As at 30 September 2016, the fleet will consist of 257 aircraft, with 144 A319s and 113 A320s.

Fleet as at 31 March 2016:

	Owned	Operating leases	Finance leases	Total	Changes since Sep '15	Future committed deliveries ⁽⁴⁾	Unexercised purchase rights ⁽⁵⁾
A319	97	45	2	144	(4)	-	-
A320 current generation	80	18	5	103	10	46	-
A320neo	-	-	-	-	-	130	100
	177	63	7	247	6	176	100

Of the 177 owned aircraft, 128 are unencumbered at 31 March 2016.

3. Customer and operational excellence

easyJet's strong operational and cost performance is built around ensuring aircraft depart and arrive on time. This minimises the costs of disruption and improves customer satisfaction and loyalty.

On Time Performance for the period was 82%, a solid performance despite the negative impact of French Air Traffic Control strikes, capacity restrictions from Brest ATC and on-going congestion at London Gatwick which has a major knock-on impact on the rest of the network. This was in addition to cancellations and delays due to terrorism-related events at Sharm el-Sheikh and Brussels. During the period easyJet cancelled 1,374 flights compared to 683 flights in the first half of 2015.

OTP % arrivals within 15 minutes ⁽⁶⁾	October	November	December	January	February	March	H1
FY'16	82%	84%	79%	84%	83%	79%	82%
FY'15	86%	91%	83%	85%	86%	86%	86%

easyJet is putting in place a number of initiatives in order to secure resilient On Time Performance for the future and enable easyJet to leverage its increasing scale and expertise in working at busy, capacity-constrained primary airports:

- Roll out of Auto-Bag drop: Gatwick's auto-bag drop area is now the biggest in the world, with average transaction times of 70 seconds and 95% of our customers now wait less than five minutes
- Working with Tower and Air Traffic to better manage ground and airborne congestion
- Dedicated easyJet stands that improve ground handling efficiency and customer perception of boarding
- Infrastructure improvements at Gatwick that include a new crew room and a centralised operations room
- Increased investment in maintenance and engineering resilience
- Resolved baggage handling arrangements with our Gatwick supplier

4. Data and digital

A key part of easyJet's strategy to support its network, customer focus and operational excellence is through leveraging its customer relationship management capabilities, driving revenue by increasing customer loyalty and implementing its wider digital strategy. easyJet's increasingly sophisticated use of data will enable it make travel easy and affordable in the longer term.

Loyalty driving repeat bookings

easyJet continues to benefit from increasing customer loyalty. In the twelve months to 31 March 2016, 74% of our seats were booked by returning customers, which is a six percentage point increase from 2011. All of easyJet's core markets have seen an increase in customer loyalty, with France showing the biggest increase with around 30% since 2011.

Launch of Flight Club to secure higher satisfaction and sales

easyJet has started to roll out its customer loyalty programme, Flight Club, which targets easyJet's highest value customers. Listening to our customers, we have offered them benefits that they most value, such as a dedicated call centre and flexibility to change names and flights for free. Our focus on this highly important segment has demonstrably increased customer satisfaction, retention and seats purchased.

Sector-leading digital platform

easyJet's award-winning digital platform continues to be a major enabler of revenue and customer satisfaction. easyJet's app has been downloaded 15.9 million times and as it becomes more established it is driving increasing contribution to revenue. Mobile revenue grew by 30% year-on-year and conversion rates on easyJet.com are increasing significantly due to on-going optimisation. easyJet's commitment to innovation and digital leadership continues: adding Apple Pay capability that enables customers to pay using just their thumbprint; prepay vouchers for inflight purchases; and increasing amounts of digital self-service capability such as our disruption portal and mobile host rollout, which is now available at 14 airports.

Investing in Data for the future

easyJet expects its Data Science capability to be a key enabler in the future and has recruited further talent in the last six months. The team has contributed to improving the algorithms in easyJet's market-leading revenue management system, which now has added flexibility and a better ability to manage external shocks to demand. Further projects are examining network disruption and demand for inflight products.

5. Grow revenue

easyJet has driven its leading customer and digital proposition through constant innovation and by listening to its passengers, focusing on market demand and offering value.

Business passengers

easyJet continued to make good progress with its higher-yielding business passenger initiative in the first six months of the year. Business passengers grew at 6%, ahead of business capacity growth of 4%, with a disproportionate affect from disruption. We have seen good momentum as we develop our capability further and sales of our dedicated business fares increased by 10% year-on-year. easyJet signed new three-year distribution agreements with Sabre and Travelport to continue to leverage sales through Global Distribution Systems and its relationships with the Travel Management Companies ("TMCs"). easyJet's newly strengthened corporate sales teams continue to drive engagement, with 58 new corporate agreements signed in the period and our first local German TMC agreement now finalised. easyJet was pleased to win the Best Low Cost Airline by Business Traveller for the 10th successive year.

Network serving key passenger segments

easyJet's strong network of primary airports at leading European cities and beach destinations is driving revenue growth in key segments of its core target passenger market. Since adding a dedicated Group booking capability, giving flexibility for bookings up to 40 passengers, revenue from this segment has increased by 163%. Additionally 33% of those booking group travel were doing so for business reasons.

New revenue streams

easyJet is constantly looking to examine and develop new revenue streams, with a recent example being the successful launch of the easyJet Holidays website in 2015. Some potential opportunities include exploring new distribution channels, partner agreements and structures such as connectivity with other airlines and easyJet will update on developments at the full year results.

6. The best people

easyJet is passionate about its people and we believe that it is what sets us apart. We believe that our customer-facing employees are the best in the industry and contribute significantly to the positive experience that our passengers enjoy, which in turn drives their loyalty and repeat business.

It is our people who continue to deliver the strategy for the business and will drive future success. Internally, we continue to focus on recruiting the right people, helping them to understand our values and their role, and then giving them the tools to develop a high-performance culture.

easyJet launched a recruitment process in April that aims to recruit 450 pilots in line with its growth strategy. This ranges from cadet pilots just starting their career through to experienced Direct Entry Captains. easyJet also launched its Amy Johnson Flying Initiative in November to help encourage more women to train for a career as a commercial pilot.

Capital structure

easyJet maintains a strong balance sheet with low gearing and therefore derives a competitive advantage through access to low cost funding. easyJet is committed to earning returns in excess of its cost of capital, which will fund distributions to shareholders through the payment of an annual ordinary dividend. Aircraft purchases and other capital investments will be funded by a combination of operational cash flows, sale and leaseback transactions and debt.

During the period easyJet has conducted a thorough review of the balance sheet and its capital structure policies:

	Current Position	Updated Position
Liquidity buffer	<ul style="list-style-type: none"> Cash position of £4 million per aircraft 	<ul style="list-style-type: none"> Liquidity buffer including cash and revolving credit facility Cover peak unearned revenue; with a minimum position of £2.6 million per 100 seats
Funding	<ul style="list-style-type: none"> Mortgage funding secured on aircraft 	<ul style="list-style-type: none"> Unsecured funding via EMTN programme Mortgage funding secured on aircraft Revolving credit facility to support liquidity
Gearing	<ul style="list-style-type: none"> Target gearing between 15% and 30% 	<ul style="list-style-type: none"> No specific gearing target Intend to maintain current credit rating (subject to events outside easyJet's control)
Residual Value	<ul style="list-style-type: none"> Downside flexibility through leasing arrangements Move from 70/30 owned vs leased split to 80/20 to reduce ownership costs 	<ul style="list-style-type: none"> Rolling sale and leaseback programme on A319 fleet No material change to 80/20 fleet mix outcome Downside flexibility maintained
Hedging	<ul style="list-style-type: none"> Semi-active fuel and foreign exchange hedging Simple forward contracts 	<ul style="list-style-type: none"> No change
Dividend	<ul style="list-style-type: none"> 40% payout ratio of post-tax income 	<ul style="list-style-type: none"> Increase in payout ratio to 50% of post-tax income Board to keep Balance sheet under review

D. LOOKING FORWARD

Hedging positions

easyJet operates under a clear set of treasury policies agreed by the Board. The aim of easyJet's hedging policy is to reduce short term earnings volatility. Therefore, easyJet hedges forward, on a rolling basis, between 65% and 85% of the next 12 months anticipated fuel and currency requirements and between 45% and 65% of the following 12 months anticipated requirements. Details of current hedging arrangements are set out below:

Percentage of anticipated requirement hedged	Fuel requirement	US Dollar requirement	Euro surplus	Swiss Franc surplus
Six months to 30 September 2016	87%	76%	79%	73%
Average rate	\$793 / metric tonne	1.61	1.25	1.46
Full year ending 30 September 2016	87%	80%	86%	81%
Average rate	\$814 / metric tonne	1.62	1.23	1.46
Full year ending 30 September 2017	76%	70%	71%	68%
Average rate	\$626 / metric tonne	1.53	1.32	1.42

Sensitivities ^(7 / 8)

easyJet hedges cash flows and profitability, which can be impacted by year-on-year changes in the fuel price and exchange rates. The sensitivity of easyJet's second half profit to further movements in fuel and foreign exchanges rates is estimated below:

- A \$10 movement in the fuel price per metric tonne impacts the FY'16 profit before tax by +/- \$1.5 million.
- A one cent movement in £/\$ exchange rate impacts the FY'16 profit before tax by +/- £1.3 million.
- A one cent movement in £/€ exchange rate impacts the FY'16 profit before tax by +/- £0.6 million.
- A one Swiss Franc cent movement in £/CHF rate impacts the FY'16 profit before tax by +/- £0.2 million.

Outlook

This summer easyJet will continue to invest in its network and to maintain capital discipline. Capacity⁽⁹⁾ is planned to grow by 6.5%. As expected the lower oil price has been beneficial for customers and easyJet will be able to offer its customers even better value fares this summer.

Taking into account the timing of Easter and the effects of terrorism in Brussels, easyJet expects third quarter revenue per seat to decline by around seven percentage points. easyJet expects revenue per seat at constant currency for the second half of the financial year to decrease by low to mid-single digit percentage points. Bookings are currently in line with prior year.

easyJet expects cost per seat at constant currency excluding fuel to decrease by around 1% for the full year assuming normal levels of disruption. The expected second half cost per seat decrease will primarily be driven by easyJet lean savings, in particular in airport contracts and Engineering and Maintenance. Cost per seat at constant currency including fuel is expected to decrease by around 5% for the full year.

It is estimated that at current exchange rates and with jet fuel remaining within a \$350 metric tonne to \$450 metric tonne trading range, easyJet's unit fuel bill for the second half of the financial year is likely to decrease by between £85 million and £90 million compared to the six months to 31 September 2015. On a full year basis it is estimated that at current exchange rates and with jet fuel remaining within a \$350 metric tonne to \$450 metric tonne trading range, easyJet's unit fuel bill for the 12 months ending 30 September 2016 is likely to decrease by between £170 million and £180 million compared to the 12 months to 30 September 2015. easyJet's total fuel cost for the year to 30 September 2016 is currently estimated to be approximately £1,120 million.

In addition, exchange rate movements are likely⁽⁷⁾ to have around a £20 million adverse impact compared to the six months to 30 September 2015 and are likely to have around a £55 million adverse impact compared to the 12 months to 30 September 2015.

In an environment where demand remains strong, 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. With forward bookings in line with last year easyJet is well placed to grow revenue and profit this financial year and continue to deliver sustainable returns and growth for shareholders. For the year ending 30 September 2016 easyJet will propose an annual dividend based on its new payout ratio of 50% of post-tax earnings. The Board expectations for profit before tax for the year to 30 September 2016, taking into account the current market environment, remain in line with market expectations⁽¹⁰⁾.

Footnotes

- (1) Profit before tax at constant currency after balance sheet revaluations
- (2) Market share data from OAG. Size of European market and easyJet routes based on internal easyJet definition. Historic data based on April download for the six months to 31 March 2016.
- (3) Based on fuel price quoted in original plan
- (4) Future committed deliveries through to 2022.
- (5) Purchase rights may be taken on any A320 family aircraft.
- (6) easyJet generated on-time performance figures using internal systems.
- (7) Rates as at 9 May 2016: Euro to sterling 1.2635; US\$ to sterling 1.4390; Jet fuel of US\$429 per metric tonne.
- (8) Foreign exchange sensitivities shown relate to the impact of changes in the foreign exchange rate on the unhedged element of currency.
- (9) Measured in seats flown
- (10) Company-compiled consensus profit before tax for the 12 months to 30 September 2016 is £721 million as at 9 May 2016.

E. FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2016

easyJet has delivered a loss before tax for the six months to 31 March 2016 of £24 million (loss of £0.69 per seat) a decrease of £31 million from a profit of £7 million (profit of £0.21 per seat) last year. The 2016 result includes an unfavourable £33 million movement from foreign exchange (which includes £4m of foreign exchange losses on balance sheet revaluations). At constant currency easyJet delivered a profit of £5m during the period.

Financial overview

	£ million	£ per seat	2016 Pence per ASK	£ million	£ per seat	2015 Pence per ASK
Total revenue	1,771	51.29	4.87	1,767	54.91	5.12
Costs excluding fuel	(1,333)	(38.61)	(3.67)	(1,244)	(38.66)	(3.60)
Fuel	(462)	(13.37)	(1.27)	(516)	(16.04)	(1.50)
(Loss)/profit before tax	(24)	(0.69)	(0.07)	7	0.21	0.02
Tax credit/(charge)	4	0.12	0.02	(2)	(0.04)	-
(Loss)/profit after tax	(20)	(0.57)	(0.05)	5	0.17	0.02
Operating (loss)/profit*	(23)	(0.68)	(0.07)	7	0.21	0.03

*Operating (loss)/profit represents (loss)/profit before interest and tax

Seats flown grew by 7.4%. Total revenue per seat fell by 6.6% to £51.29 and by 4.2% at constant currency. The decrease is attributable to the events in Egypt, Paris and Brussels resulting in lower demand and yield, and the increasingly competitive capacity environment associated with lower oil prices.

Excluding fuel, cost per seat decreased by 0.1% to £38.61, but increased by 0.5% at constant currency. This increase includes higher disruption costs following the events in Egypt, Paris and Brussels, combined with industrial strike action in France and adverse weather conditions. Disruption events impacted the cost per seat by £0.65. There were also additional costs due to increased airport charges. These were largely offset by volume deals on airport contracts, savings as a result of re-negotiated airport and ground handling contracts and a new maintenance contract, together with unit cost savings arising from the up-gauging of the fleet.

Fuel costs decreased by £54 million, and from £16.04 to £13.37 per seat, primarily driven by the significant reduction in market price.

Total cost per seat fell by 5.0% to £51.98, and by 4.3% at constant currency.

Corporate tax has been credited at an effective rate of 18.1% (31 March 2015: charged at 20.4%) based on rates substantively enacted as at 31 March 2016, resulting in a tax credit of £4 million during the period.

(Loss)/earnings per share and dividends per share

	2016	2015	Change
Basic (loss)/earnings per share	(5.1p)	1.3p	(6.4p)
Ordinary dividend per share	55.2p	45.4p	9.8p

Basic earnings per share decreased by 6.4 pence as a consequence of the £25 million decrease in the half year result after tax.

In March 2016, easyJet paid an ordinary dividend of 55.2 pence per share, an increase of 22% from the ordinary dividend of 45.4 pence per share paid in March 2015.

Exchange rates

The proportion of revenue and costs denominated in currencies other than Sterling remained broadly consistent year-on-year:

	Revenue		Costs	
	2016	2015	2016	2015
Sterling	47%	46%	29%	27%
Euro	41%	43%	33%	31%
US dollar	1%	1%	32%	35%
Other (principally Swiss Franc)	11%	10%	6%	7%

Average exchange rates	2016	2015
Euro - revenue	€1.32	€1.24
Euro - costs	€1.34	€1.30
US dollar	\$1.60	\$1.60
Swiss Franc	CHF 1.52	CHF 1.50

The net adverse impact on the result due to the changes in exchange rates was mainly driven by the weaker average Euro rate:

Favourable / (adverse)	Euro	Swiss franc	US dollar	Other	Total
	£ million	£ million	£ million	£ million	£ million
Revenue	(47)	2	1	(2)	(46)
Fuel	-	-	4	-	4
Prior year balance sheet revaluations	(3)	1	(2)	-	(4)
Costs excluding fuel and prior year balance sheet revaluations	18	(2)	(2)	(1)	13
Total	(32)	1	1	(3)	(33)

Financial performance

Revenue

	£ million	£ per seat	2016 Pence per ASK	£ million	£ per seat	2015 Pence per ASK
Seat revenue	1,740	50.39	4.78	1,739	54.05	5.04
Non-seat revenue	31	0.90	0.09	28	0.86	0.08
Total revenue	1,771	51.29	4.87	1,767	54.91	5.12

Revenue per seat decreased by 6.6% to £51.29, impacted by the weak Euro, with a decrease of 4.2% at constant currency. The decrease is attributable to the events in Egypt, Paris and Brussels resulting in lower demand and yield, and the increasingly competitive capacity environment associated with the lower oil prices. These one-off events impacted revenue per seat at constant currency by 4%.

Load factor remained consistent with last year at 89.7%.

Revenue per ASK decreased by 5.0% (2.5% decrease at constant currency), impacted by a 6.6% decrease in revenue per seat, partially offset by a 1.7% decrease in the average sector length, mainly from reduced flying to Egypt.

Costs excluding fuel

	£ million	£ per seat	2016 Pence per ASK	£ million	£ per seat	2015 Pence per ASK
<i>Operating costs</i>						
Airports and ground handling	514	14.88	1.42	478	14.88	1.39
Crew	250	7.25	0.69	238	7.40	0.69
Navigation	135	3.91	0.37	129	3.99	0.37
Maintenance	111	3.22	0.31	104	3.22	0.30
Selling and marketing	51	1.48	0.14	51	1.58	0.14
Other costs	137	3.98	0.37	121	3.76	0.35
	1,198	34.72	3.30	1,121	34.83	3.24
<i>Ownership costs</i>						
Aircraft dry leasing	54	1.56	0.15	58	1.83	0.17
Depreciation	74	2.15	0.20	58	1.79	0.16
Amortisation	6	0.17	0.02	7	0.21	0.02
Net interest payable	3	0.08	0.01	4	0.13	0.02
Net exchange gains	(2)	(0.07)	(0.01)	(4)	(0.13)	(0.01)
	135	3.89	0.37	123	3.83	0.36
Total costs excluding fuel	1,333	38.61	3.67	1,244	38.66	3.60

Costs per seat excluding fuel decreased by 0.1% to £38.61 but increased by 0.5% at constant currency.

Airports and ground handling cost per seat remained at £14.88 but increased by 1.3% at constant currency. Charges at regulated airports increased as anticipated, primarily in Italy, combined with an increase in airport and ground handling costs at Gatwick. However, these were partially offset by volume deals, combined with savings from renegotiated airport and ground handling contracts.

Crew cost per seat decreased by 2.1% (1.6% at constant currency), driven by efficiencies obtained from the up-gauging of our fleet, combined with a 1.7% decrease in average sector length and improved crew scheduling. This was partially offset by pay increases.

Navigation cost per seat decreased by 2.0% and decreased by 0.4% at constant currency, driven by a 1.7% decrease in average sector length, partially offset by annual price increases.

Maintenance costs per seat remained at £3.22 and decreased by 0.6% at constant currency. A reduction in the number of leased aircraft resulted in reduced maintenance costs, combined with savings obtained from a new maintenance contract.

Other operating costs per seat increased by 6.0% (6.2% at constant currency), with the majority of the increase being disruption costs as a result of the events in Egypt, Paris and Brussels, combined with industrial action and adverse weather conditions.

Aircraft dry leasing cost per seat decreased by 14.7% and by 14.8% at constant currency. Depreciation costs have increased by 20.3% on a per seat basis. The movements are principally driven by the acquisition of twenty new aircraft last year and a decrease in the number of leased aircraft in the fleet. The average leased fleet decreased by 7.1% to 65 and the average owned fleet increased by 13.3% to 179.

Fuel						
	£ million	£ per seat	2016 Pence per ASK	£ million	£ per seat	2015 Pence per ASK
Fuel	462	13.37	1.27	516	16.04	1.50

Fuel cost per seat decreased by 16.6% and by 15.9% at constant currency.

The average market fuel price in the period fell by 42% to \$409 per tonne from \$707 in the previous year. The operation of easyJet's fuel hedging policy meant that the average effective fuel price movement only saw a decrease of 15.0% from \$925 per tonne in the previous year to \$786 per tonne.

Net cash and financial position

Summary net cash reconciliation

	Six months ended 31 March 2016 £ million	Six months ended 31 March 2015 £ million	Change £ million
Operating (loss)/profit	(23)	7	(30)
Depreciation and amortisation	80	65	15
Net working capital movement	392	459	(67)
Net tax paid	(45)	(48)	3
Net capital expenditure	(314)	(270)	(44)
Purchase of own shares for employee share schemes	(11)	(66)	55
Decrease in restricted cash	1	21	(20)
Other (including the effect of exchange rates)	-	6	(6)
Ordinary dividend paid	(219)	(180)	(39)
Decrease in net cash	(139)	(6)	(133)
Net cash at beginning of period	435	422	13
Net cash at end of period	296	416	(120)
Net borrowings	761	560	201
Cash and cash equivalents & money market deposits at the end of the period	1,057	976	81

Net cash at 31 March 2016 was £296 million (31 March 2015: £416 million) and comprised cash and money market deposits of £1,057 million (31 March 2015: £976 million) and borrowings of £761 million (31 March 2015: £560 million). After allowing for the impact of aircraft operating leases (seven times operating lease costs incurred in the 12 months to 31 March, adjusted net debt at 30 September 2015 of £363m has increased by £111 million to £474 million).

The net working capital movement for the six months ended 31 March 2016 of £392m is £67m less than the working capital movement for the six months ended 31 March 2015 primarily due to unearned revenue. This variance arises due to differences in the timing of flight schedule releases and the Easter school holidays.

Restricted cash decreased by £21m in the six months ended 31 March 2015 due to a reclassification made in FY 2015.

Net capital expenditure includes the acquisition of ten aircraft (31 March 2015: eight aircraft), the purchase of life-limited parts used in engine restoration and pre-delivery payments relating to aircraft purchases. The number of aircraft operating in the fleet increased from 233 at 30 September 2015 to 236 at 31 March 2016.

easyJet made net corporation tax payments totalling £45 million during the period (31 March 2015: £48 million).

Cash and money market deposits as at 31 March 2016 were £1,057 million, an increase of £81million from 31 March 2015.

Net borrowings as at 31 March 2016 was £761m, an increase of £201m from 31 March 2015. During the period easyJet secured credit ratings from Moodys (Baa1 Stable) and Standard & Poors (BBB+ Stable) and announced a £3 billion Euro Medium Term Note Programme. Under this programme, easyJet plc issued notes amounting to €500 million for a seven year term with a fixed annual coupon rate of 1.750%. This increase in borrowings was offset by the repayment of four finance leases and early repayment of five loans.

In FY 2015 easyJet signed a \$500 million revolving credit facility with a minimum five-year term.

Summary consolidated statement of financial position

	31 March 2016	30 September 2015	Change
	£ million	£ million	£ million
Goodwill	365	365	-
Property, plant and equipment	3,089	2,877	212
Derivative financial instruments	(338)	(297)	(41)
Unearned revenue	(1,080)	(619)	(461)
Net working capital	(259)	(350)	91
Restricted cash	12	12	-
Net Cash	296	435	(139)
Current and deferred taxation	(162)	(219)	57
Other non-current assets and liabilities	29	45	(16)
	1,952	2,249	(297)
Opening shareholders' equity	2,249	2,172	
(Loss) / profit for the period	(20)	548	
Ordinary dividend paid	(219)	(180)	
Change in hedging reserve	(55)	(222)	
Other movements	(3)	(69)	
	1,952	2,249	

Since 30 September 2015 net assets decreased by £297 million, due to the payment of the ordinary dividend (£219 million) combined with the adverse movement on the hedging reserve and the loss generated for the period. The movement on the hedging reserve was mainly due to the adverse mark-to-market movement on Jet fuel forward contracts offset to an extent by favourable movements on cross currency interest rate contracts.

Unearned revenue increased by £461 million. Passengers pay for their flights in full when booking, and due to the seasonal nature of the industry this leads to significantly more unearned revenue at 31 March compared to 30 September each year. From the prior half year, unearned revenue has decreased by £11 million from £1,091 million. The impact of exchange rate movements and increased yield pressure has offset the increase in capacity.

The net book value of property, plant and equipment increased by £212 million, driven principally by the acquisition of ten A320 aircraft, and pre-delivery payments relating to other aircraft purchases.

F. KEY STATISTICS

Operational measures	2016	2015	Increase/ (decrease)
Seats flown (millions)	34.5	32.2	7.4%
Passengers (millions)	31.0	28.9	7.4%
Load factor	89.7%	89.7%	-
Available seat kilometres (ASK) (millions)	36,393	34,499	5.5%
Revenue passenger kilometres (RPK) (millions)	33,179	31,564	5.1%
Average sector length (kilometres)	1,054	1,072	(1.7%)
Sectors	208,901	197,080	6.0%
Block hours	394,743	372,927	5.9%
Number of aircraft owned/leased at end of period	247	230	7.4%
Average number of aircraft owned/leased during period	244.5	226.5	7.9%
Number of aircraft operated at end of period	236	218	8.3%
Average number of aircraft operated during period	224.9	211.5	6.3%
Operated aircraft utilisation (hours per day)	9.6	9.7	(1.0%)
Owned aircraft utilisation (hours per day)	8.8	9.0	(2.5%)
Number of routes operated at end of period	753	699	7.7%
Number of airports served at end of period	133	135	(1.5%)
Financial measures			
(Loss) /profit before tax per seat (£)	(0.69)	0.21	(0.90)
(Loss) /profit before tax per ASK (pence)	(0.07)	0.02	(0.09)
Revenue			
Revenue per seat (£)	51.29	54.91	(6.6%)
Revenue per seat at constant currency (£)	52.62	54.91	(4.2%)
Revenue per ASK (pence)	4.87	5.12	(5.0%)
Revenue per ASK at constant currency (pence)	4.99	5.12	(2.5%)
Costs			
<i>Per seat measures</i>			
Total cost per seat (£)	51.98	54.70	(5.0%)
Total cost per seat at constant currency (£) *	52.46	54.83	(4.3%)
Total cost per seat excluding fuel (£)	38.61	38.66	(0.1%)
Total cost per seat excluding fuel at constant currency (£) *	38.97	38.79	0.5%
Operational cost per seat (£)	48.09	50.87	(5.5%)
Operational cost per seat excluding fuel (£)	34.72	34.83	(0.4%)
Operational cost per seat excluding fuel at constant currency (£)	35.02	34.83	0.5%
Ownership cost per seat (£)	3.89	3.83	1.8%
<i>Per ASK measures</i>			
Total cost per ASK (pence)	4.94	5.10	(3.3%)
Total cost per ASK excluding fuel (pence)	3.67	3.60	1.6%
Total cost per ASK excluding fuel at constant currency (pence) *	3.70	3.61	2.3%
Operational cost per ASK (pence)	4.57	4.74	(3.8%)
Operational cost per ASK excluding fuel (pence)	3.30	3.24	1.4%
Operational cost per ASK excluding fuel at constant currency (pence)	3.32	3.24	2.3%
Ownership cost per ASK (pence)	0.37	0.36	3.6%

* Comparators exclude foreign exchange gains and losses on balance sheet revaluations

G. PRINCIPAL RISKS AND UNCERTAINTIES

The Group faces a number of risks which, if they arise, could affect its ability to achieve its strategic objectives. As with any business, risk assessment and the implementation of mitigating actions and controls are vital to successfully achieving the Group's strategy. The easyJet Board is responsible for determining the nature of these risks and ensuring appropriate mitigating actions are in place to manage them.

easyJet carries out a detailed risk management process to ensure that risks are identified and mitigated where possible. Whilst easyJet can monitor risks and prepare for adverse scenarios, the ability to affect the core drivers of many risks is not within the Group's control, for example adverse weather, pandemics, acts of terrorism, changes in government regulation and macroeconomic issues.

The principal risks and uncertainties faced by the Group remain those set out in our 2015 Annual report and accounts and include:

- Safety
- Operational
- Performance
- Financial
- Reputation
- Competition
- Economic, political and regulatory

A key regulatory change that may or may not occur is the outcome of the EU referendum on 23 June 2016. Dependent on the outcome of the referendum there could be significant implications for easyJet. The Company has put in place a mitigation plan in the event of a vote to leave the EU.

The Directors consider that the principal risks and uncertainties which could have a material impact on the Group's performance in the second half of the financial year remain the same as those stated on pages 24 to 29 of our Annual report and accounts for the year to 30 September 2015, which are available on our website <http://corporate.easyjet.com>

H. CONDENSED FINANCIAL INFORMATION

Consolidated income statement (unaudited)

	Notes	Six months ended 31 March 2016 £ million	Six months ended 31 March 2015 £ million
Seat revenue		1,740	1,739
Non-seat revenue		31	28
Total revenue		1,771	1,767
Fuel		(462)	(516)
Airports and ground handling		(514)	(478)
Crew		(250)	(238)
Navigation		(135)	(129)
Maintenance		(111)	(104)
Selling and marketing		(51)	(51)
Other costs		(137)	(121)
EBITDAR		111	130
Aircraft dry leasing		(54)	(58)
Depreciation	6	(74)	(58)
Amortisation of intangible assets		(6)	(7)
Operating (loss)/profit		(23)	7
Interest receivable and other financing income		5	5
Interest payable and other financing charges		(6)	(5)
Net finance charges		(1)	-
(Loss)/profit before tax		(24)	7
Tax credit/(charge)	3	4	(2)
(Loss)/profit for the period		(20)	5
(Loss)/earnings per share, pence			
Basic	4	(5.1)	1.3
Diluted	4	-	1.3

Consolidated statement of comprehensive income (unaudited)

	Notes	Six months ended 31 March 2016	Six months ended 31 March 2015
		£million	£million
(Loss)/profit for the period		(20)	5
Other comprehensive income/(loss)			
Cash flow hedges			
Fair value losses in the period		(222)	(330)
Losses transferred to income statement		161	69
Gains transferred to property, plant and equipment		(3)	-
Related tax credit	3	9	52
		(55)	(209)
Total comprehensive loss for the period		(75)	(204)

For capital expenditure cash-flow hedges, the accumulated gains and losses recognised in other comprehensive income will be transferred to the initial carrying amount of the asset acquired, within property, plant and equipment. All other items in other comprehensive income will be re-classified to the income statement.

Consolidated statement of financial position (unaudited)

	Notes	31 March 2016 £ million	30 September 2015 £ million
Non-current assets			
Goodwill		365	365
Other intangible assets		136	127
Property, plant and equipment	6	3,089	2,877
Derivative financial instruments		97	44
Restricted cash		6	6
Other non-current assets		122	130
		3,815	3,549
Current assets			
Trade and other receivables		233	206
Derivative financial instruments		144	128
Restricted cash		6	6
Money market deposits		422	289
Cash and cash equivalents		635	650
		1,440	1,279
Current liabilities			
Trade and other payables		(438)	(495)
Unearned revenue		(1,080)	(619)
Borrowings		(114)	(182)
Derivative financial instruments		(443)	(368)
Current tax payable		-	(43)
Provisions for liabilities and charges		(54)	(61)
		(2,129)	(1,768)
Net current liabilities		(689)	(489)
Non-current liabilities			
Borrowings		(647)	(322)
Derivative financial instruments		(136)	(101)
Non-current deferred income		(41)	(47)
Provisions for liabilities and charges		(187)	(165)
Deferred tax		(163)	(176)
		(1,174)	(811)
Net assets		1,952	2,249
Shareholders' equity			
Share capital		108	108
Share premium		659	659
Hedging reserve		(294)	(239)
Translation reserve		1	1
Retained earnings		1,478	1,720
		1,952	2,249

Consolidated statement of changes in equity (unaudited)

	Share capital £ million	Share premium £ million	Hedging reserve £ million	Translation reserve £ million	Retained earnings £ million	Total £ million
At 1 October 2015	108	659	(239)	1	1,720	2,249
Total comprehensive loss	-	-	(55)	-	(20)	(75)
Dividends paid (note 5)	-	-	-	-	(219)	(219)
Share incentive schemes						
Value of employee services	-	-	-	-	10	10
Related tax (note 3)	-	-	-	-	(2)	(2)
Purchase of own shares	-	-	-	-	(11)	(11)
At 31 March 2016	108	659	(294)	1	1,478	1,952

	Share capital £ million	Share premium £ million	Hedging reserve £ million	Translation reserve £ million	Retained earnings £ million	Total £ million
At 1 October 2014	108	658	(17)	1	1,422	2,172
Total comprehensive income/(loss)	-	-	(209)	-	5	(204)
Dividends paid (note 5)	-	-	-	-	(180)	(180)
Share incentive schemes						
Proceeds from shares issued	-	1	-	-	-	1
Value of employee services	-	-	-	-	8	8
Related tax (note 3)	-	-	-	-	8	8
Purchase of own shares	-	-	-	-	(66)	(66)
At 31 March 2015	108	659	(226)	1	1,197	1,739

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments relating to highly probable transactions that are forecast to occur after the period end.

Consolidated statement of cash flows (unaudited)

	Notes	Six months ended 31 March 2016 £ million	Six months ended 31 March 2015 £ million
Cash flows from operating activities			
Cash generated from operations (excluding dividends)	7	461	539
Ordinary dividends paid	5	(219)	(180)
Net interest and other financing income/charges paid		(11)	(2)
Tax paid		(45)	(48)
Net cash generated from operating activities		186	309
Cash flows from investing activities			
Purchase of property, plant and equipment		(299)	(266)
Purchase of other intangible assets		(15)	(5)
Redemption of loan notes		-	1
Net cash used by investing activities		(314)	(270)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		-	1
Purchase of own shares for employee share schemes		(11)	(66)
Proceeds from drawdown of bank loans and other borrowings	8	379	-
Repayment of bank loans and other borrowings	8	(99)	(40)
Repayment of capital elements of finance leases	8	(65)	(5)
Net (increase)/decrease in money market deposits	8	(129)	408
Decrease in restricted cash		1	21
Net cash generated from financing activities		76	319
Effect of exchange rate changes		37	32
Net (decrease)/increase in cash and cash equivalents		(15)	390
Cash and cash equivalents at beginning of period		650	424
Cash and cash equivalents at end of period	8	635	814

Notes to the condensed consolidated interim financial information (unaudited)

1. Basis of preparation

The condensed consolidated interim financial information has been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and with International Accounting Standards 34 "Interim Financial Reporting" as adopted by the European Union. It should be read in conjunction with the Annual report and accounts for the year ended 30 September 2015, which were prepared in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union.

The interim financial information does not constitute statutory accounts within the meaning of sections 434 and 435 of the Companies Act 2006. Statutory accounts for the year ended 30 September 2015 were approved by the Board of Directors on 16 November 2015, and have been delivered to the Registrar of Companies. The report of the auditors was unqualified, and did not contain either an emphasis of matter paragraph or any statement made under section 498 of the Companies Act 2006.

In adopting the going concern basis for preparing this interim financial information, the Directors have considered easyJet's business activities, together with factors likely to affect its future development and performance, as well as easyJet's principal risks and uncertainties. Based on this, the directors considered it appropriate to adopt the going concern basis of accounting in preparing the interim financial information.

The significant accounting policies adopted are consistent with those described in the Annual report and accounts for the year ended 30 September 2015.

A number of amended accounting standards and interpretations are effective for the current financial year, but none of them has had any material impact on the interim financial information.

2. Seasonality

The airline industry is highly seasonal and demand and yields are significantly higher during the summer. Accordingly revenue and profitability are higher in the second half of the financial year. Historically, easyJet has reported a loss/low profit for the first half of the financial year and a profit in the second half.

3. Tax (credit)/charge

Tax on (loss)/profit on ordinary activities

	2016	2015
	£ million	£ million
Current tax	3	3
Deferred tax	(7)	(1)
	(4)	2
Effective tax rate	18.1%	20.4%

The effective tax rate is lower than the standard rate of corporation tax in the United Kingdom (20%) principally due to deferred tax being provided at lower than the standard rate.

Tax on items recognised directly in other comprehensive income or shareholders' equity

	2016	2015
	£ million	£ million
Credit to other comprehensive income		
Deferred tax on fair value movements of cash flow hedges	9	52
Credit/(charge) to shareholders' equity		
Current tax on share-based payments	1	-
Deferred tax on share-based payments	(3)	8
	(2)	8

4. (Loss)/earnings per share

	2016 £ million	2015 £ million
(Loss)/profit for the period	(20)	5

	2016 million	2015 million
Weighted average number of ordinary shares used to calculate basic earnings per share	394	394
Weighted average number of dilutive share options		3
Weighted average number of ordinary shares used to calculate diluted earnings per share		397

(Loss)/earnings per share	2016 pence	2015 pence
Basic	(5.1)	1.3
Diluted	-	1.3

Diluted earnings per share for the six months to 31 March 2016 is not presented as the impact of potential ordinary shares is anti-dilutive.

5. Dividends

The company paid an ordinary dividend of 55.2 pence per share or £219 million (2015: 45.4 pence per share or £180 million).

6. Property, plant and equipment

	2016 £ million	2015 £ million
At 1 October	2,877	2,542
Additions	314	271
Transfer to intangible assets	(15)	(5)
Disposals	(2)	-
Transfer to maintenance provision	(11)	(30)
Depreciation	(74)	(58)
At 31 March	3,089	2,720

Net book value includes £293 million (2015: £303 million) relating to advance and options payments for future aircraft deliveries.

At 31 March 2016 easyJet is contractually committed to the acquisition of 176 (2015: 167) Airbus A320 family aircraft, with a total list price of US\$15.5 billion before escalations and discounts for delivery in 2016 (10 aircraft), between 2017 to 2018 (36 aircraft) and between 2017 to 2022 (130 new generation aircraft).

7. Reconciliation of operating (loss)/profit to cash generated from operations

	2016	2015
	£ million	£ million
Operating (loss)/profit	(23)	7
Adjustments for non-cash items:		
Depreciation	74	58
Loss on disposal of property, plant and equipment	2	-
Amortisation of intangible assets	6	7
Share-based payments	10	8
Changes in working capital and other items of an operating nature:		
(Increase) / decrease in trade and other receivables	(20)	13
Decrease in trade and other payables	(64)	(76)
Increase in unearned revenue	461	519
Increase in provisions	16	2
Decrease in other non-current assets	8	11
Increase in derivative financial instruments	(3)	(1)
Decrease in non-current deferred income	(6)	(9)
	461	539

8. Reconciliation of net cash flow to movement in net cash

	1 October	Fair value	Net	31 March
	2015	and foreign	cash flow	2016
	£ million	exchange	£ million	£ million
		£ million		
Cash and cash equivalents	650	37	(52)	635
Money market deposits	289	4	129	422
	939	41	77	1,057
Eurobond	-	(20)	(379)	(399)
Bank loans	(316)	(12)	99	(229)
Finance lease obligations	(188)	(10)	65	(133)
	(504)	(42)	(215)	(761)
Net cash	435	(1)	(138)	296

On 7 January 2016, the UK Listing Authority approved a prospectus relating to the establishment of a £3,000 million Euro Medium Term Note Programme of easyJet plc. Under this programme, on 9 February 2016 easyJet plc issued notes amounting to €500 million for a seven year term with a fixed annual coupon rate of 1.750%.

To mitigate the foreign currency exposure on the Eurobond easyJet entered into cross-currency swap contracts, which are designated as fair value hedges. Changes in the fair values of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair values of the hedged assets or liabilities that are attributable to the hedged risk.

9. Fair value

The fair values of financial assets and liabilities, together with the carrying value at each reporting date, are as follows:

	2016 Carrying value £ million	2016 Fair value £ million	2015 Carrying value £ million	2015 Fair value £ million
Eurobond	399	412	-	-
Bank loans	229	229	316	316
Finance lease obligations	133	139	188	194

The fair value of the Eurobond is classified as level 1 of the IFRS 13 'Fair Value Measurement' fair value hierarchy. The remaining financial instruments for which fair value is disclosed in the table above, and derivative financial instruments, are classified as level 2.

For all financial assets and financial liabilities not disclosed within the table above, the carrying value is a reasonable approximation to fair value.

The fair values of derivatives and financial instruments have been determined by reference to observable market prices where the instruments are traded, where available. Where market prices are not available, the fair value has been calculated by discounting expected future cash flows at prevailing interest rates.

10. Contingent liabilities

easyJet is involved in a number of disputes and litigation which arose in the normal course of business. The likely outcome of these disputes and litigation cannot be predicted, and in complex cases reliable estimates of any potential obligation may not be possible.

Having reviewed the information currently available, the directors consider that the ultimate resolution of these disputes and litigation is unlikely to have a material adverse effect on easyJet's results, cash flows or financial position.

11. Related party transactions

The Company licenses the easyJet brand from easyGroup Limited ('easyGroup'), a wholly owned subsidiary of easyGroup Holdings Limited, an entity in which easyJet's founder, Sir Stelios Haji-Ioannou, holds a beneficial controlling interest. No changes to the Haji-Ioannou family concert party shareholding have been disclosed to easyJet in accordance with the Disclosure and Transparency Rules DTR 5, between 30 September 2015 and 30 March 2016.

Under the Amended Brand Licence signed in October 2010 and approved by the shareholders of easyJet plc in December 2010, an annual royalty of 0.25% of total revenue is payable by easyJet to easyGroup for a minimum term of 10 years. The full term of agreement is 50 years.

easyJet and easyGroup established a fund to meet the annual costs of protecting the 'easy' (and related marks) and the 'easyJet' brands. easyJet contributes up to £1 million per annum to this fund and easyGroup contributes up to £100,000 per annum. Beyond the first £1.1 million of costs, easyJet can commit up to an aggregate £5.5 million annually to meet brand protection costs, with easyGroup continuing to meet its share of costs on a 10:1 ratio. easyJet must meet 100% of any brand protection costs it wishes to incur above this limit.

A separate agreement was entered with Sir Stelios ('the Comfort Letter'), dated 9 October 2010, under which, in return for certain non-compete obligations, easyJet paid a fee of £300,000, adjusted annually per the UK Retail Price index, each year for five years (or until the expiry of the longest subsisting restriction, whichever is later). All of the obligations in the Comfort Letter have now expired and no further payments will be made under it.

The amounts included in the income statement for these items were as follows:

	2016 £ million	2015 £ million
Annual royalty	4.4	4.4
Brand protection (legal fees paid through easyGroup to third parties)	0.1	0.3
Comfort letter agreement with Sir Stelios Haji-Ioannou	-	0.2
	4.5	4.9

As at 31 March 2016, an amount of £2.3 million (2015: £2.3 million) of the above aggregate amount was included in trade and other payables.

Statement of Directors' responsibilities

The Directors are responsible for preparing the interim report in accordance with applicable law and regulations. The Directors confirm that the condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34 ('Interim Financial Reporting') as adopted by the European Union.

The interim management report includes a fair review of the information required by the Disclosure and Transparency Rules paragraphs 4.2.7 and 4.2.8, namely:

- an indication of important events that have occurred during the six months ended 31 March 2016 and their impact on the condensed set of financial information, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions during the six months ended 31 March 2016 and any material changes in the related-party transactions described in the last Annual report and accounts 2015.

The Directors of easyJet plc are listed in the Annual report and accounts 2015. There have been no changes since the date of publication. A list of current Directors is maintained on the easyJet plc website: <http://corporate.easyJet.com>.

The Directors are responsible for the maintenance and integrity of, amongst other things, the financial and corporate governance information as provided on the easyJet website (<http://corporate.easyJet.com>). Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

The interim report was approved by the Board of Directors and authorised for issue on 9 May 2016 and signed on its behalf by:

Carolyn McCall OBE
Chief Executive

Andrew Findlay
Chief Financial Officer

Independent review report to easyJet plc

Report on the consolidated interim financial statements

Our conclusion

We have reviewed easyJet plc's consolidated interim financial statements (the "interim financial statements"), in the interim report of easyJet plc for the six month period ended 31 March 2016. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the consolidated interim statement of financial position as at 31 March 2016;
- the consolidated interim income statement and the consolidated statement of comprehensive income for the period then ended;
- the consolidated interim statement of cash flows for the period then ended;
- the consolidated interim statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the interim report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
9 May 2016