19 November 2013 **easyJet plc**

Results for the year ended 30 September 2013

51% rise in full year profits; 17.4% return on capital employed

	2013	2012	Change
Total revenue (£ million)	**4,258**	3,854	+10.5%
Profit before tax (£ million)	**478**	317	+50.9%
Pre-tax margin (%)	**11.2%**	8.2%	+3.0ppt
Basic earnings per share (pence)	**101.3**	62.5	+62.1%
Proposed dividend – ordinary (pence per share)	**33.5**	21.5	+55.8%
Proposed dividend – special (pence per share)	**44.1**	-	-
Return on Capital Employed (%) (1)	**17.4%**	11.3%	+6.1ppt

easyJet has continued to deliver sustainable returns and growth for shareholders delivering record profit in the year. easyJet has built a platform for future success including securing its future fleet requirements with Airbus through to 2022 and beyond.

Strategic progress

Drive demand, conversion and yields across Europe

- Total revenue per seat grew by 7.0% to £62.58 driven by a benign capacity environment and positive management action including allocated seating, improvements to easyJet.com and the 'europe by easyJet' campaign.
- Seats flown grew by 3.3% to 68.0 million as a result of easyJet's disciplined approach to capacity, load factors increased by 0.6 percentage points to 89.3% and passenger numbers rose by 4.0% to 60.8 million.

Maintain cost advantage

- Cost per seat excluding fuel increased 3.9% at constant currency for the full year (5.3% on a reported basis). 2.0 percentage points of the cost increase was driven by increased charges at regulated airports in Spain and Italy and a further 0.8 percentage point relates to increased disruption and de-icing costs. Inflationary pressures were largely offset by the continued success of the easyJet lean programme.

Build strong number 1 and 2 network positions

- easyJet has consolidated its presence in key airports with over a 40% share of short haul in key airports such as Gatwick, Milan Malpensa and Basel (2) and has built up its share of French regional flying and grown strongly in Italy.
- easyJet announced new base openings in Hamburg and in Naples. This was enabled in part by easyJet's returns focused decision to close the Madrid base.

Disciplined use of capital

- easyJet ended the financial year with £1,237 million of cash, an increase of £354 million against the position at 30 September 2012. easyJet had adjusted net debt of £156 million.
- The Board is recommending a return to shareholders of £175 million which will be in the form of a special dividend of 44.1 pence a share and is subject to shareholder approval at the Company's AGM on 13 February 2014. This is in addition to the regular ordinary dividend of £133 million or 33.5 pence a share based on its existing policy of paying out one third of annual profit after tax.
- Following the acquisition of Flybe's slots at Gatwick, easyJet exercised the six remaining aircraft options under the current generation Airbus agreement on 31 October 2013 for delivery in spring 2015.

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

"easyJet has delivered a strong full year performance and made significant progress against executing its strategic priorities. The results reflect easyJet's continued structural advantage in the European short-haul market against both the legacy and low cost competition.

Our disciplined approach to capacity allocation has resulted in a meaningful growth in earnings, profit margin and return on capital employed and we have ended the year with a strong balance sheet and a low level of gearing. As evidence of our continued confidence in the future prospects of the business the Board has recommended to return £308 million to shareholders through the combination of an ordinary and special dividend.

We will continue to deliver our strategy of offering our customers low fares to great destinations with friendly service so that we can continue to win in a more competitive market. This means we are well placed to continue to deliver sustainable returns and growth for our shareholders."

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There will be an analyst presentation at 9:30 am on 19 November 2013 at Nomura, One Angel Lane, London, EC4R 3AB.

A live webcast of the presentation will be available at www.easyJet.com

Live conference call (Listen only):

- UK & International Number +44 (0) 20 3426 2845
- UK Toll-Free Number: 0808 237 0033
- US Toll Number: +1 347 329 1282
- US Toll-Free Number: +1 866 928 6048

Audio Playback Numbers (available for 7 days):

- UK & International +44 (0) 20 3426 2807
- UK Toll-Free Number: 0808 237 0026
- Playback Pin Code 1 866 535 8030
- PIN: 643216#

The replay service will be available up until 26 November 2013.

A. INTRODUCTION

Financial performance

easyJet delivered record profit before tax of £478 million up by £161 million from 2012 with a profit before tax margin of 11.2%. Profit before tax per seat rose by £2.22 year on year to £7.03.

Return on capital employed grew by 6.1 percentage points to 17.4% and total shareholder return grew by 143.8%. easyJet generated operating cash of £616 million in the year. In light of the continued strong financial performance, cash generation and the robustness of the easyJet balance sheet, the Board has decided, in addition to the regular ordinary dividend of 33.5 pence per share, to recommend a special dividend of 44.1 pence per share, equivalent to £175 million.

The strong performance in the year was driven by:

- a benign capacity environment in many key markets;
- strong revenue performance across the UK, Switzerland, Germany, France, Italy and Portugal;
- the successful introduction of allocated seating across the easyJet network which drove incremental revenue without impacting on time performance or unit costs;
- returns focused changes to the easyJet network including reallocating the eight Madrid based aircraft to bases and routes with the potential to drive higher returns including Edinburgh, Manchester, London Gatwick, Geneva, Lisbon and Lyon;
- routes and bases introduced in previous financial years maturing and driving up overall returns; and
- a focus on maintaining easyJet's cost advantage driven by both the easyJet lean programme and the scale advantages from increasing the proportion of the larger A320 aircraft in the fleet.

B. MARKET OVERVIEW

Competitive landscape

Around half of capacity in the European short-haul market is flown by the five largest carriers: the three largest legacy airlines Air France-KLM, Lufthansa and IAG; and the two largest low cost carriers easyJet and Ryanair. In general, most of the profits generated in the European short-haul market come from the low-cost carriers, with the large legacy carriers' profitability being created predominantly through premium long-haul traffic. There are a few regional low-cost carriers, including Norwegian and Wizz Air, with aggressive growth plans, whilst the other, smaller network carriers tend to be loss making, restructuring and seeking external sources of finance (e.g. Alitalia).

In order to stem their short-haul losses, the larger legacy carriers have been seeking to restructure their cost bases to become more competitive. In addition, larger legacy carriers have been seeking to transfer traffic to their lower cost subsidiary airlines. Air France-KLM is transferring regional traffic towards HOP! and Transavia; Lufthansa is using Germanwings and IAG launched Iberia Express and has recently acquired the remaining stake in Vueling. The majority of these initiatives are at the early stages of development with lower levels of customer awareness of the new low cost brands.

As these transformations progress, there is a trend towards the products converging: easyJet has introduced allocated seating which has broadened its customer appeal, whilst the legacies have started disaggregating charges with bag fees being imposed and new lower fare bands being introduced on a limited range of seats to try and improve their price perception.

There is evidence that the smaller legacy, regional and charter operator models are under significant pressure and this has led to new sources of funding and restructuring. For example, Etihad has continued its investment in Europe by acquiring airberlin's frequent flyer programme and a stake in JAT / Air Serbia; and Korean Air has purchased a stake in CSA Czech Airlines. In addition, Flybe has cut costs, restructured and sold its slots at Gatwick to easyJet, Thomas Cook has restructured its airline division, Alitalia is seeking investment and Aegean and Olympic are in the process of merging their businesses. Further consolidation cannot be ruled out.

The smaller, emerging low cost carriers have placed large fleet orders and have started to expand from their traditional bases; for example Norwegian has started to expand out of Scandinavia and Vueling out of Barcelona. easyJet has a competitive advantage from its network driven by its portfolio of scarce early slots at congested primary airports, which has taken a number of years to build up and cannot be readily replicated. In addition, easyJet's pan-European brand enables it to fill the aircraft at both origin and destination airports whilst other brands have lower levels of cross-European recognition and advocacy.

easyJet expects that legacy carriers will continue to cut capacity from their unprofitable short-haul operations but that there will be increased competition from the new low-cost carriers looking to expand. Whilst the benign capacity environment is unlikely to continue in the short term, there will continue to be retrenchment by less efficient airlines and therefore opportunities for easyJet to continue to take profitable share in its core markets.

Regulatory environment

The regulatory environment continues to have a significant impact on easyJet, with progress made in certain areas, but with continued unsustainable and uneconomic increases in prices by some monopoly infrastructure providers.

easyJet has worked with national and European regulatory authorities to increase competition and to provide easy and affordable travel for passengers on restricted routes. During the year easyJet acquired the right to fly between Moscow and London, won the right to fly between Rome and Tel Aviv as part of the Italian - Israeli bilateral agreement and easyJet also acquired slots at Milan Linate airport to fly to Rome after winning approval from the Italian regulator.

There has been progress towards more efficient airspace costs, with the EU's independent advisors recommending cost targets for Europe's airspace providers that will lead to reduction in airspace charges. The final targets will not be set for another 12 months, and easyJet will continue to place pressure on both the European Commission and key Member States to ensure that airspace becomes more cost efficient.

easyJet remains concerned with the continual increase in taxes on aviation across Europe, which is undermining European growth and ultimately jobs. easyJet has undertaken work to demonstrate to governments that these taxes are not in their interest or those of consumers or people working within the sector. easyJet is disappointed that the scope of aviation's role in the European Union's Environmental Trading Scheme (EU ETS) has been reduced, and will continue to push for a scheme that incorporates as much of aviation's emissions as possible.

The reform of the European regulations that govern passenger rights, EU 261, is continuing, with a new set of rules expected next year. easyJet believes in the importance of providing passengers with the right level of protection, but also the protection passengers value and want to pay for.

The airports easyJet flies to are central to its business model. easyJet's network focuses on primary airports where people want to fly to and this provides easyJet with access to important catchments and drives up unit revenues. Primary airports tend to have pricing power and could engage in monopolistic behaviour if they are not regulated.

Where airports are monopolies, regulation is the only effective answer. Only in this way will passengers be protected from excessive airport charges and poor service. easyJet has focused on ensuring that there is effective regulation where it is needed, but also that regulators understand the needs of point-to-point airlines and their passengers. easyJet continues to work with regulators and governments to show where increases are unjustified, and while this work has led to airports having to reduce their demands we have seen unreasonable increases in Spain. easyJet will continue to focus on providing technical input into regulatory reviews, and ensuring that easyJet is properly represented in discussions with regulators and governments.

At non-regulated airports, easyJet has worked where possible to put in place long-term contracts that mitigate the risk of future cost increases and ensure that easyJet can build on a long-term sustainable platform.

C. STRATEGIC PROGRESS

easyJet flies to airports people want to fly to; its principal competitors at these primary airports are the legacy carriers and charter airlines. easyJet has a significant cost advantage relative to these airlines allowing it to offer customers more affordable fares. This cost advantage is driven through a combination of factors including aircraft configuration with easyJet carrying a higher number of seats per aircraft; easyJet's higher load factors and higher aircraft utilisation driven by its point-to-point model; its younger fleet and advantaged fleet deal reducing ownership and maintenance costs and easyJet's leaner overhead costs.

easyJet is confident that its strategy of building on its competitive advantages of a strong network and market positions, efficient low-cost model, pan-European brand and strong balance sheet will position it to deliver sustainable returns and growth for shareholders.

In order to deliver on its strategy, easyJet has four key objectives:

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

For shareholders, this will deliver: sustainable and flexible growth; industry leading returns and tangible and regular cash returns via ordinary dividends paid out at a third of post-tax profit; and, in addition, a policy of distributing excess cash to shareholders.

easyJet undertook a highly competitive, rigorous and thorough process to secure the necessary fleet arrangements to deliver this sustainable and flexible growth. In July 2013, following an 18 month process, easyJet's shareholders approved new fleet arrangements with Airbus which provide the platform to deliver this growth until 2022. easyJet secured the delivery of 35 current generation A320 aircraft and 100 new generation A320neo aircraft between 2015 and 2022 with options over a further 100 A320neo family aircraft. Of the 135 aircraft to be delivered, 85 aircraft will be for the planned replacement of the existing fleet as it ages. easyJet negotiated a significant amount of flexibility in the fleet order to provide protection in the event of negative changes in the external environment with the ability to reduce the fleet size to 171 by 2022 compared to the current fleet size of 217. There is also flexibility to increase the fleet size to 298 by 2022. Importantly, the new fleet arrangements are expected to be funded through a combination of easyJet's internal resources, cashflow, sale and leaseback transactions and debt and easyJet expects the ability to deliver cash returns to shareholders to be enhanced.

1. Build strong number 1 and 2 network positions

easyJet has developed the leading pan-European network by building up a valuable portfolio of slots, held at slot constrained, primary airports over several years. 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 slot constrained airports including London Gatwick, Geneva, Paris Orly and Milan Malpensa.

easyJet regularly reviews its route portfolio and re-orientates its network to optimise returns. Significant changes to the network this year include the closure of the Madrid base.

easyJet has a market share of around 8%[(2)] in the total intra-European market and around 31% share in easyJet's markets [(2)]. An overview of the developments in each of easyJet's key markets is shown below.

Country review

UK

easyJet is the largest short-haul carrier in the UK with a market share of around 20%[(2)]. easyJet saw growth at Gatwick, Manchester and Edinburgh.

In March, easyJet introduced flights to Moscow from Gatwick, having won the right to fly from London as part of a bilateral agreement with Russia. easyJet has also launched flights from Manchester to Moscow. Other significant new routes from the UK include Luxembourg from Gatwick and Tel Aviv from Manchester. In addition, during the year capacity was increased on business routes such as Copenhagen from Gatwick.

In May, easyJet announced the purchase of 25 slot pairs at Gatwick from Flybe for a total consideration of £20 million. These slots will transfer at the start of the summer 2014 season and be used to further build the route portfolio at Gatwick and depth on existing routes such as Inverness and Amsterdam.

easyJet holds leading positions in nine out of eleven UK easyJet bases with the total number of UK based aircraft at 126.

Switzerland

Switzerland continues to be a focus market for easyJet, with the number of aircraft at its Swiss bases in Geneva and Basel increasing to 21. With 13% capacity growth, easyJet has consolidated its leadership position in both Geneva with around 40% market share and Basel with 50% market share [(2)].

easyJet benefited from a strong ski season with favourable snow conditions and an early Easter which drove a strong winter performance in Geneva. In addition, easyJet successfully led opposition to French plans to increase civil aviation taxes at Basel airport which were eventually abandoned.

France

easyJet is the largest low-cost airline in France with over 13% market share,[(2)] having grown capacity in France by 5% in the year and now has 25 aircraft based there. Capacity growth was focused on the French regions driven from the easyJet bases in Lyon, Nice and Toulouse. easyJet is now the largest short-haul carrier in Nice.

A key part of easyJet's strategy in France is to address regional demand for both domestic and international flights and to become the alternative carrier to Air France. easyJet will continue to look for opportunities as Air France restructures, retrenches and transfers capacity to HOP! and Transavia.

Italy

easyJet grew by 6% in Italy over the last 12 months and is the third largest carrier in Italy, with a market share of 12%.[(2)] easyJet has 25 aircraft based in Italy with a number one share[(2)] in its Milan Malpensa base and a strong number two presence in Rome Fiumicino. In addition, easyJet established a number one share in Venice and Naples this year.

In March, easyJet started flying the Milan Linate to Rome Fiumicino route having won approval from the Italian regulator and thereby breaking the Alitalia monopoly. easyJet has recently launched flights to Tel Aviv from Rome and to Sharm el-Sheik from Milan as part of Italian bilateral agreements.

easyJet is continuing to grow profitable share in Italy as Alitalia looks to retrench to stem its losses. easyJet's third base in Italy will open in Naples in spring 2014. Brand consideration and preference scores have significantly improved in the year creating the platform for easyJet to become the preferred short-haul airline in Italy.

Germany

easyJet's focus has been on Berlin with eight aircraft and a 50% market share in Berlin Schönefeld (2). easyJet has performed well in Berlin taking share from Lufthansa as it retrenches and transfers traffic to Germanwings. easyJet is in a strong position to drive returns when the new Berlin airport eventually opens.

From March 2014, easyJet will open its 23rd base in Hamburg and by basing aircraft in the two largest German cities will further grow and secure its position in the country.

Portugal / Spain

easyJet is the third largest carrier in Portugal carrying approximately 4 million passengers with a market share of around 13%, and is the second largest carrier in Lisbon Portela with 4 aircraft based at the airport and a 13% market share (2).

Despite closing its Madrid base in December 2012, Spain is an important inbound destination for easyJet with 13% of its flights touching Spain and an 8%(2) share of the Spanish short-haul market.

2. Maintain cost advantage

easyJet has a cost advantage over its competitors in the airports that it operates from, allowing it to offer competitive and affordable fares. Its key competitors in the primary airports it operates from tend to be legacy carriers with older, less efficient aircraft, lower asset utilisation, lower seat densities and load factors and higher levels of fixed costs. easyJet's lower cost base enables it to offer the affordable fares its customers value.

easyJet's asset utilisation of 11 block hours per day for operated aircraft is amongst the highest in the industry and has remained constant year-on-year as easyJet successfully introduced allocated seating across its network.

Robust operations

easyJet's strong operational and cost performance is built around ensuring aircraft depart and arrive on time. This both minimises the costs of disruption, and improves customer satisfaction and repeat purchases, which in turn increases revenue.

The first half of the financial year saw a return to more typical winter weather with increased incidents of frost and snowfalls compared to the prior year. The long cold spell meant easyJet was still de-icing at some airports into May and June 2013. The snow and ice impacted all airlines and explains the year-on-year decline in on-time performance in the first half of the financial year (3).

To maintain asset utilisation and punctuality during the roll-out of allocated seating, the 'easyJet turn' programme was introduced. This involved working with pilots, cabin crew and ground handling partners to review all policies and procedures associated with turning round an aircraft and unnecessary processes were removed and operations streamlined.

As a consequence, easyJet maintained its industry leading levels of on-time performance (4).

OTP % arrivals within 15 minutes(3)	Q1	Q2	Q3	Q4	Full year
2012	88%	90%	87%	88%	88%
2013	86%	86%	89%	88%	87%

easyJet lean

easyJet is committed to maintaining its structural cost advantage against the legacy and charter operators who are its major competitors in the airports it operates from. Under the sponsorship of the Chief Financial Officer, easyJet lean is a programme designed to ensure unit cost growth excluding fuel is kept below the prevailing market inflation. The focus is on both reducing existing costs and initiatives designed to keep cost out, with targets set through to 2015 and beyond.

easyJet lean delivered a cumulative £143 million of sustainable savings by the end of September 2013, with £43 million delivered in the financial year. Incremental savings delivered in financial year 2013 focused on ground handling contracts and agreements with non-regulated airports. Further significant savings were extracted from engineering initiatives and fuel burn projects including the introduction of lightweight trolleys across the fleet and one-engine taxiing.

easyJet will be looking to progress initiatives designed to deliver savings in the longer term. Areas of focus include engineering and maintenance with 95% of annual contracts up for re-tender by 2015 and navigation where easyJet is lobbying and working with relevant authorities to optimise European airspace charges.

New Fleet arrangements

In July 2013 easyJet's shareholders approved new framework arrangements with Airbus, under which Airbus will supply 35 current generation A320 aircraft for delivery between 2015 and 2017 and 100 new generation A320neo aircraft which are planned for delivery from 2017 to 2022. Airbus also granted easyJet additional purchase rights to acquire up to 100 further new generation A320neo family aircraft. The 180 seat new generation A320neo aircraft is expected to deliver a cost per seat saving of around 11% to 12% compared to the 156 current generation A319 aircraft, comprising the 7% to 8% saving from up-gauging from the A319 aircraft to the A320 aircraft and a further 4% to 5% from moving from a current generation A320 aircraft to a new generation A320neo aircraft.

easyJet targets an owned: leased split of aircraft of 70:30 but expects the mix to fluctuate as it takes delivery of aircraft under the new framework arrangements.

Fleet

easyJet has built flexibility into its fleet planning arrangements such 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 30 September 2013 comprised 217 aircraft, split between 156 seat Airbus A319s and 180 seat A320s. During the year, easyJet took delivery of ten A320 aircraft under the terms of the current generation Airbus agreement and seven A319 aircraft exited the fleet.

The larger A320 aircraft have been introduced over the last few years with minimal reduction in yields, and they deliver a per seat cost saving of approximately 7% to 8% over the A319 aircraft through economies of scale, efficiencies in crew, ownership, fuel and maintenance. The modest increase in the proportion of A320s this year delivered a 31 pence per seat cost saving in 2013.

Fleet as at 30 September 2013:

	Owned	Operating leases	Finance leases	**Total**	% of fleet	Changes in year	Future committed deliveries (5)	Unexercised purchase rights and options (6)
easyJet A319	93	54	6	**153**	71%	-7	-	-
easyJet A320	41	18	5	**64**	29%	10	144	135
	134	**72**	**11**	**217**		3	144	135

Following on from the acquisition of Flybe's slots at Gatwick airport easyJet exercised the six remaining aircraft options under the current generation Airbus agreement on 31 October 2013. These aircraft will be delivered in spring 2015.

easyJet's latest fleet plan:

	2014 Financial Year	**2015 Financial Year**	**2016 Financial Year**	**2017 Financial Year**	**2018 Financial Year**	**2019 Financial Year**
Maximum fleet (7)	226	237	247	262	279	300
Minimum fleet (7)	226	220	220	229	187	173
Fleet plan—base case(7)	226	237	247	262	267	270

3. Drive demand, conversion and yields across Europe

Over the course of the year, easyJet has progressed a number of initiatives to drive demand and improve unit revenue. Average revenue per seat was £62.58, increasing by 7.1% year-on-year on a constant currency basis.

Core to the improvement in unit revenues is a strong understanding of easyJet's customers and their needs and preferences. easyJet balances a low-cost base with strong customer experience to optimise customer satisfaction and loyalty. Low fares remain the primary focus for passengers, but the ability to fly to primary airports in a family environment is increasingly important. easyJet is a **pan-European airline** with 56% of easyJet's passengers originating from outside of the UK. easyJet is attracting more affluent **older passengers**, with the average age of customers on the easyJet database increasing by 1.2 years since 2009 to 41.5.

easyJet has also adapted its network, schedules and offer, including allocated seating, to become increasingly relevant to **business travellers**.

The '**europe by easyJet'** campaign has established a resonant brand positioning that is effective across all key markets and has continued to drive visits to **easyJet.com**. During the year, easyJet targeted consumers through a range of channels and successfully used television advertising whilst reducing marketing cost per seat. The "**generation easyJet**" campaign was launched in September and was well received in all markets. These actions have driven universally strong **brand awareness** scores in all of the core markets and easyJet is the preferred airline for more than 20% of consumers in the UK, France, Italy, Switzerland, Portugal and Spain [(8)].

easyJet is the third most searched for airline globally [(9)] generating over 370 million annual visits to **easyJet.com,** which accounts for 85% of sales. The site has a high proportion **of personalised content** based on browsing history and a rigorous **multi-variant testing** programme ensures new features are trialled with up to 20% of the customer base before going live.

The easyJet **mobile app** was launched in December 2011, has been downloaded by over six million people and now accounts for 5% of overall sales. **Mobile boarding cards** are now available via the app and makes travel easier for customers. Similarly, we have automated our disrupted flight handling as a way of improving the passenger experience and reducing contact centre costs.

easyJet has a bespoke **revenue management system** which has been developed over a number of years to optimise revenue per aircraft. Each flight has its own specific selling profile and individual fare bands based on multiple variables and pricing is altered according to demand, with pricing increasing closer to departure as load factors increase with the aim of selling the last seat the day before departure.

Allocated seating was rolled out across the easyJet network in November 2012 and has been a strong success. Research conducted by easyJet suggested that certain customer groups including business travellers and affluent retired people were put off flying with easyJet due to the boarding experience[(9)] associated with free seating. Allocated seating drove a 5 percentage point improvement in customer satisfaction with the boarding experience[(9)] and has contributed 0.9 percentage points of the 7.1% constant currency increase in revenue per seat without adversely impacting turn times. From November 2013 easyJet will be yield managing allocated seating, altering prices on certain routes depending on levels of demand.

Another important revenue driver has been the **business traveller initiative**. There has been good progress enhancing the products available including offering fast track security for **flexi-fare** customers at 26 airports and a new **inclusive fare,** which is available only through indirect channels. easyJet has in excess of ten million business[(10)] passengers travelling on a rolling 12 month basis and has increased its share of the business travel market by 4%[(11)].

4. Disciplined use of capital

easyJet allocates its aircraft and capacity to optimise the returns across its network. easyJet discontinued 41 routes during the financial year including Liverpool to Brussels, Amsterdam to Barcelona and Brest to Paris Charles de Gaulle. The Madrid base closure was implemented efficiently and the withdrawn capacity was allocated to routes which have the potential to drive higher returns.

easyJet maintains a strong balance sheet and low gearing and derives a competitive advantage through access to funding at a lower cost. Over the cycle, easyJet is committed to earning returns in excess of its cost of capital, and intends to fund both aircraft purchases and dividends from the cash generated from the business.

easyJet has the following targets to ensure its capital structure remains both robust and efficient:

- a maximum gearing of 50%, giving investors and finance providers assurance that easyJet will not over-leverage;
- a limit of £10 million net debt per aircraft; and
- a target of £4 million liquidity per aircraft.

These measures allow easyJet to withstand external shocks such as an extended closure of airspace, significant fuel price increases or a sustained period of low yields whilst being in a position to drive growth and returns for shareholders.

As at 30 September 2013, easyJet had cash and money market deposits of £1,237 million, an increase of £354 million on 30 September 2012 and net cash of £558 million against net debt of £74 million at the same period last year. Adjusted net debt, including leases at seven times at 30 September 2013 was £156 million against £739 million at 30 September 2012.

easyJet is focused on driving returns for shareholders and, consistent with this focus, the Board considers returns in addition to its ordinary dividend based on three times cover to reduce excess capital.

easyJet finished the year with a strong balance sheet and a low level of gearing and therefore the Board is recommending a return to shareholders of £308 million or 77.6 pence a share which will be in the form of a special dividend of £175 million or 44.1 pence a share and the regular ordinary dividend paid at three times cover of £133 million or 33.5 pence a share. The ordinary and the special dividend are subject to shareholder approval at the Company's AGM on 13 February 2014. The ordinary and special dividends will be paid on 21 March 2014 to shareholders on the register at close of business on 28 February 2014.

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
Six months to 31 March 2014	76%	82%	76%
Average rate	$991 m/t	$1.57	€1.19
Full year ending 30 September 2014	72%	79%	73%
Average rate	$982 m/t	$1.57	€1.20
Full year ending 30 September 2015	56%	58%	54%
Average rate	$950 m/t	$1.56	€1.17

Sensitivities

- A $10 movement per metric tonne impacts the FY'14 fuel bill by $4.8 million.
- A one cent movement in £/$ impacts the FY'14 profit before tax by £1.2 million.
- A one cent movement in £/€ impacts the FY'14 profit before tax by £1.4 million.

Outlook

easyJet expects to grow capacity, measured in seats flown, by around 3.5% in the first half of the year and by 5% for the full year. Forward bookings for the first half of the 2014 financial year are in line with the prior year. The first quarter will be impacted by the tough comparison with the prior year due to strong post-Olympics demand in the UK in October 2012 and by a number of European governments imposing travel restrictions to Egypt. The situation in Egypt will reduce first half revenue per seat growth at constant currency by 0.7 percentage points, and the movement of Easter into the second half of the year will reduce first half revenue per seat growth at constant currency by a further 1.5 percentage points. easyJet therefore expects revenue per seat at constant currency for the first half of the financial year to be very slightly up on the prior year.

easyJet expects cost per seat (excluding fuel and currency) to increase by around 2% for the first half of the year and by 2% for the full year. The cost per seat increase will principally be driven by charges at regulated airports and the increased maintenance costs associated with the fleet ageing in the transition to the new generation of Airbus aircraft arriving in the fleet.

The levels of disruption are expected to be higher than the same period last year as the impact of ATC strikes and issues such as the power outage at Gatwick have already led to a year-on-year increase of 152 cancelled flights in the month of October.

It is estimated that at current exchange rates and with fuel remaining within its $950 m/t to $1,050 m/t trading range, easyJet's unit fuel bill for the 2014 financial year will be up to £20 million adverse in the 6 months to 31 March 2014 and up to £50 million adverse in the 12 months to 30 September 2014. Using current rates and hedging positions, it is estimated that year-on-year exchange rate movements (including those related to fuel) will have an adverse impact of up to £10 million in the 6 months to 31 March 2014 and be broadly neutral over the 12 months to 30 September 2014.

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

Footnotes:

(1) Return on capital employed shown adjusted for leases with leases capitalised at 7 times.
(2) Source: Market share figures from OAG. Size of European market based on internal easyJet definition. Historical data based on 12 month period from October 2012 to September 2013.
(3) Source: on-time performance as measured by internal easyJet system.
(4) Source: on-time performance as measured by flightstats.com (external definition).
(5) Future committed deliveries through to 2022 including 9 aircraft ordered before July 2013.
(6) Purchase rights and options may be taken on any A320 family aircraft and are valid until 2022. 35 of these relate to prior years. 6 options were exercised on 31 October 2013.
(7) Maximum, minimum and base fleet show the fleet position at the end of the relevant financial year. Base case reflects exercise of 6 options.
(8) Source: customer satisfaction from Millward Brown and GfK.
(9) Source: google analytics.
(10) Source: internal easyJet definition based on booking algorithm.
(11) Source: Business travel market share from PhoCusWright report.

E. FINANCIAL RESULTS

Key performance indicators

easyJet grew revenue by 10.5% from £3,854 million to £4,258 million. Whilst the economic environment remained tough, the combination of a benign competitor capacity environment and easyJet's efficient management of its network in targeting markets with the highest returns has driven improved yields and load factor. Capacity increased by 3.3% as easyJet flew over 60 million passengers for the first time this year.

easyJet's profit before tax grew by 50.9% to £478 million, resulting in profit before tax per seat of £7.03 (2012: £4.81). Profit after tax was £398 million, an increase of 56.1% from £255 million last year.

Financial performance per seat

	£ million	**£ per seat**	**2013 Pence per ASK**	£ million	£ per seat	2012 Pence per ASK
Total revenue	**4,258**	**62.58**	**5.74**	3,854	58.51	5.34
Costs excluding fuel	**(2,598)**	**(38.17)**	**(3.51)**	(2,388)	(36.25)	(3.31)
Fuel	**(1,182)**	**(17.38)**	**(1.59)**	(1,149)	(17.45)	(1.59)
Profit before tax	**478**	**7.03**	**0.64**	317	4.81	0.44
Tax charge	**(80)**	**(1.18)**	**(0.10)**	(62)	(0.94)	(0.09)
Profit after tax	**398**	**5.85**	**0.54**	255	3.87	0.35

Total revenue per seat grew by 7.0% to £62.58 and by 7.1% at constant currency. As competitors have reduced their capacity on easyJet routes, easyJet has increased capacity by 3.3%. The Company's strategy of targeting capacity with the highest returns generated strong yields in the year. Further improvements in yields were driven by the maturity of routes introduced in prior years, and revenue initiatives, including the introduction of allocated seating.

Excluding fuel, cost per seat grew by 5.3% to £38.17, and by 3.9% at constant currency; of this increase, 2.6% was due to increases in charges at regulated airports. A further 0.4% of the increase was due to the increased need for de-icing following one of the longest periods of adverse weather experienced across the network in the last few years. The increased proportion of A320 aircraft in the fleet delivered a cost per seat reduction of 0.9%.

Fuel costs decreased slightly on a per seat basis, due to the increased proportion of A320 aircraft and a slightly shorter average sector length. Our effective fuel price of $980 per tonne was in line with last year.

Profit before tax increased by £161 million (£2.22 per seat) to £478 million (£7.03 per seat).

Tax charge for the year was £80 million. The significant majority of profits are subject to UK corporation tax at 23.5%; the remainder being subject to Swiss corporate tax at 24.1%. The lower effective tax rate of 17% is a consequence of legislation being enacted in the year reducing the UK corporation tax rate to 20% from 1 April 2015, which resulted in a reduction of the deferred tax element of the tax liability.

Earnings per share and dividends per share

	2013 Pence per share	2012 Pence per share	Change
Basic earnings per share	**101.3**	62.5	62.1%
Proposed ordinary dividend	**33.5**	21.5	55.8%
Proposed special dividend	**44.1**	-	-

Basic earnings per share increased by 62.1% to 101.3 pence driven by the 56.1% increase in profit after tax from £255 million to £398 million, and a 3.7% reduction in the weighted average number of ordinary shares.

The ordinary dividend grew by 55.8% to 33.5 pence per share. After taking into consideration the level of liquidity in the business at the end of the financial year, the Board is additionally proposing to pay a special dividend of £175 million (44.1 pence per share). The ordinary and special dividends are subject to shareholder approval at the Company's Annual General Meeting on 13 February 2014.

Return on capital employed and capital structure

	2013	2012	Change
ROCE	**17.4%**	11.3%	6.1ppt
Gearing	**7%**	29%	(22ppt)

ROCE for the year was 17.4%, an improvement of 6.1 percentage points from the prior year driven by the increase in profit as average adjusted capital employed remained broadly in line with the prior year. Total shareholder return for the year was 143.8% driven mainly by the increase in share price from £5.81 to £12.78.

Gearing decreased significantly to 7% (2012: 29%). This was a result of the significantly improved cash flow performance, proceeds from sale and leasebacks and the release of restricted cash in the period.

Exchange rates

The proportion of revenue and costs denominated in currencies other than sterling was little changed year on year. The slight reduction in revenues denominated in euros was the result of improved yields earned across the UK.

	Revenue		Costs	
	2013	2012	**2013**	2012
Sterling	**48%**	47%	**25%**	24%
Euro	**41%**	43%	**35%**	35%
US dollar	**1%**	1%	**34%**	35%
Other (principally Swiss franc)	**10%**	9%	**6%**	6%

Average exchange rates	2013	2012	Change
Euro – revenue	**€1.19**	€1.19	0.2%
Euro – costs	**€1.19**	€1.22	(2.0%)
US Dollar	**$1.59**	$1.60	(0.5%)
Swiss Franc	**CHF 1.45**	CHF 1.46	(0.7%)

Exchange rates were again volatile, with the euro fluctuating between €1.14 and €1.25 to the pound and the US dollar between $1.49 and $1.63. However over the year as a whole, movements in average effective rates were relatively small.

In financial year 2012 easyJet saw a difference of €0.03 between average exchange rates for euro revenue and costs due to sterling strengthening during the second half of the year. In financial year 2013 the average rates were the same, driven by sterling weakness in the early part of 2013 followed by a gradual recovery during the second half of the year.

The total negative impact on profit for the year of changes in exchange rates was as follows:

Favourable / (adverse)	Euro	Swiss franc	US dollar	Other	Total
	£ million	£ million	£ million	£ million	£ million
Revenue	(5)	(3)	1	1	(6)
Fuel	1	-	(5)	-	(4)
Costs excluding fuel	(33)	(2)	-	1	(34)
Total	(37)	(5)	(4)	2	(44)

Financial performance

Revenue

	2013			2012		
	£ million	**£ per seat**	**Pence per ASK**	£ million	£ per seat	Pence per ASK
Seat revenue	**4,194**	**61.64**	**5.65**	3,794	57.61	5.26
Non-seat revenue	**64**	**0.94**	**0.09**	60	0.90	0.08
Total revenue	**4,258**	**62.58**	**5.74**	3,854	58.51	5.34

Revenue per seat improved by 7.0% to £62.58 in comparison to the prior year, with seat revenue contributing to almost all of this increase. The primary driver for revenue per seat increase was the improved yield, as easyJet took advantage of competitor capacity reduction on its routes and made changes to its network, including the closure of the Madrid base, in order to drive capacity to markets which deliver the highest returns. Load factor increased by 0.6 percentage points to 89.3%.

Revenue initiatives further drove the increase in revenue per seat, in particular the introduction of allocated seating in November 2012 contributed £0.51 of this increase.

Non-seat revenue per seat performance stabilised after falling last year. Commissions earned from travel insurance continued to decline however this was offset by improved in-flight sales.

Operating costs excluding fuel

	2013			2012		
	£ million	**£ per seat**	**Pence per ASK**	£ million	£ per seat	Pence per ASK
Airports and ground handling	**1,078**	**15.84**	**1.45**	955	14.49	1.32
Crew	**454**	**6.68**	**0.61**	432	6.55	0.60
Navigation	**294**	**4.33**	**0.40**	280	4.25	0.39
Maintenance	**212**	**3.11**	**0.29**	203	3.08	0.28
Selling and marketing	**101**	**1.49**	**0.14**	104	1.58	0.14
Other costs	**226**	**3.31**	**0.30**	200	3.05	0.28
	2,365	**34.76**	**3.19**	2,174	33.00	3.01

Operating costs per seat excluding fuel increased by 5.3% to £34.76 and by 4.1% at constant currency.

Airports and ground handling cost per seat increased by 9.4% (7.9% at constant currency), primarily driven by increases in charges at regulated airports, with significant increases in Spain and Italy. The increases in Spain by AENA were a factor in the decision to close easyJet's Madrid base earlier in the year. Italian increases were driven by the implementation of the 'contratto di programma' programme, with further costs as a result of the quadrupling of the terminal Navaid charges. Airports and ground handling costs were also impacted by the higher load factor as well as the prolonged winter weather resulting in a significant increase in de-icing costs.

Crew cost per seat increased by 1.9% (1.1% at constant currency), with an average pay increase of 1.7% partially mitigated by the increased proportion of A320 aircraft in the fleet.

Navigation costs were broadly in line with the prior year at constant currency, as higher rates were offset by the benefit of the increased mix of A320 aircraft in the fleet and the reduced average sector length.

Maintenance costs were flat at constant currency. As expected, the one-off items incurred last year did not recur, however there were cost increases as a consequence of an increase in the average fleet age to 5.1 years and a net 17 additional leased aircraft. The average age of the fleet is expected to gradually rise in the next few years as a result of easyJet's decision to minimise expenditure on the current generation aircraft ahead of the fleet order to acquire new generation A320neo aircraft, due for delivery from 2017.

Other costs have increased by 8.5% to £3.31 per seat, mainly as a result of an increase in those performance-related employee costs which are based on either return on capital employed or total shareholder return. Disruptions costs also increased with higher levels of compensation claims made in the year as more flights were cancelled due to the adverse weather. Other costs also include brand licence royalties, which doubled to £10.6 million following the transition from fixed fees in 2011 and 2012 to 0.25% of total revenue as set out in the Brand Licence Agreement.

Fuel

	£ million	**£ per seat**	**2013 Pence per ASK**	£ million	£ per seat	2012 Pence per ASK
Fuel	**1,182**	**17.38**	**1.59**	1,149	17.45	1.59

The market price for jet fuel traded between $900 and $1,100 per tonne during the year, and easyJet's average market price paid was $992. After taking account of hedging, easyJet's average effective fuel price was $980, in line with last year. This, together with the increased proportion of A320 aircraft in the fleet and a small reduction in average sector length, resulted in a small decline in fuel cost per seat.

For much of the year future fuel prices were below spot price and we have purchased forward 1.4 million tonnes of fuel for 2014 and 2015 at an average price of $948 per tonne. As a result, the hedged percentages are 72% for 2014 at $982 per tonne and 56% for 2015 at $950 per tonne.

Ownership costs

	£ million	**£ per seat**	**2013 Pence per ASK**	£ million	£ per seat	2012 Pence per ASK
Aircraft dry leasing	**102**	**1.49**	**0.14**	95	1.44	0.13
Depreciation	**102**	**1.50**	**0.15**	97	1.47	0.14
Amortisation	**10**	**0.15**	**0.01**	8	0.12	0.01
Interest receivable	**(5)**	**(0.07)**	**(0.01)**	(10)	(0.14)	(0.01)
Interest payable and other financing charges	**16**	**0.23**	**0.02**	25	0.38	0.03
Net exchange losses / (gains)	**8**	**0.11**	**0.01**	(1)	(0.02)	-
	233	**3.41**	**0.32**	214	3.25	0.30

Ownership costs per seat increased by 5.1% from the prior year, and 1.4% at constant currency.

Aircraft leasing costs per seat increased by 3.7% driven by the sale and leaseback of 12 new A320 aircraft and 12 mid-life A319 aircraft. Seven A319 aircraft were returned to lessors, so overall the number of leased aircraft increased by 17 to 72. Leased aircraft represent 33% of the fleet at year end, which allows easyJet to eliminate their future residual value risk and provide fleet flexibility over and above that provided by the new framework arrangements. easyJet expects the owned / leased mix to fluctuate in advance of the delivery of new generation A320neo aircraft from 2017.

Interest payable and finance charges decreased by £0.15 per seat to £0.23 as easyJet repaid early £186 million of relatively high-coupon debt in the year, partly offset by reduced interest rates earned on cash and money market deposits.

Net exchange losses arise from changes in the value of monetary assets and liabilities denominated in currencies other than sterling. Fluctuations of the size seen in the last few years are within the range of expectations given the size of the related foreign currency cash flows.

Cash flows and financial position

Summary consolidated statement of cash flows

	2013	2012	Change
	£ million	£ million	£ million
Net cash generated from operating activities (excluding dividends)	**701**	457	244
Ordinary dividend paid	**(85)**	(46)	(39)
Special dividend paid	**-**	(150)	150
Net capital expenditure	**(416)**	(389)	(27)
Net loan and lease finance drawdown / (repayment)	**33**	(314)	347
Net decrease in money market deposits	**41**	55	(14)
Net decrease / (increase) in restricted cash	**148**	(37)	185
Other including the effect of exchange rates	**(54)**	(31)	(23)
Net increase / (decrease) in cash and cash equivalents	**368**	(455)	823
Cash and cash equivalents at beginning of year	**645**	1,100	(455)
Cash and cash equivalents at end of year	**1,013**	645	368
Money market deposits at end of year	**224**	238	(14)
Cash and money market deposits at end of year	**1,237**	883	354

easyJet generated strong operating cash flow in the year principally driven by growth in revenue per seat and forward bookings.

Net capital expenditure includes the acquisition of 10 A320 aircraft (2012: 19 A320 aircraft), the purchase of life-limited parts used in engine restoration and the pre-delivery payments made on aircraft purchases.

Net loan and finance repayment comprises £316 million proceeds received on 24 aircraft sale and leaseback transactions entered into in the year, offset by £283 million debt repayment. £186 million of this related to loans repaid early as part of easyJet's liquidity management strategy.

Movement in restricted cash relates to the recalling of £130 million of previously held restricted cash to free cash as easyJet made changes in card acquiring service providers, reducing the requirement to hold cash on deposit.

At the year end, the amount of customer payments in advance ("unearned revenue") was £547 million compared with £496 million last year.

Summary consolidated statement of financial position

	2013	2012	Change
	£ million	£ million	£ million
Goodwill	**365**	365	-
Property, plant and equipment	**2,280**	2,395	(115)
Derivative financial instruments	**(71)**	44	(115)
Net working capital	**(980)**	(841)	(139)
Restricted cash	**12**	159	(147)
Net cash / (debt)	**558**	(74)	632
Current and deferred taxation	**(202)**	(227)	25
Other non-current assets and liabilities	**55**	(27)	82
	2,017	1,794	223

Opening shareholders' equity	**1,794**	1,705
Profit for the year	**398**	255
Ordinary dividend paid	**(85)**	(46)
Special dividend paid	**-**	(150)
Change in hedging reserve	**(97)**	28
Other movements	**7**	2
	2,017	1,794

Net assets increased by £223 million driven by the profit for the year offset by dividends paid and the adverse movement in the hedging reserve. The movement in the hedging reserve was due to the mark-to-market movement on the US dollar and jet fuel forward contracts, partly offset by the favourable movements on the Swiss franc and euro forward contracts.

The net book value of property plant and equipment decreased by £115 million. Movement in property plant and equipment is driven by the acquisition of ten aircraft, pre-delivery payments on aircraft orders, offset by the sale and operating leaseback of 24 aircraft.

Net working capital improved from the prior year, partly driven by the greater number of seats on sale, and partly by the decrease in credit card receivables at the year-end as easyJet made changes to its contract with providers, improving settlement terms.

Reconciliation of net cash flow to movement in net cash / (debt)

	2013	2012	Change
	£ million	£ million	£ million
Cash and cash equivalents	**1,013**	645	368
Money market deposits	**224**	238	(14)
	1,237	883	354
Bank loans	**(484)**	(752)	268
Finance lease obligations	**(195)**	(205)	10
	(679)	(957)	278
Net cash / (debt)	**558**	(74)	632

easyJet ended the year with £1,237 million in cash and money market deposits; an increase of £354 million compared with 30 September 2012. Borrowings decreased by £278 million as easyJet repaid a number of relatively high-coupon rate loans in the year as part of its liquidity management strategy.

Net cash at 30 September 2013 was £558 million compared with net debt of £74 million at 30 September 2012 driven by the increased cash generated from operations, proceeds received on the sale and leaseback transactions in the year and the release of restricted cash in the year. Adjusted net debt decreased by £583 million to £156 million. As a result, gearing reduced significantly from 29% at the prior year end to 7% at the end of 30 September 2013.

F. KEY STATISTICS

Operational measures	**2013**	2012	Change
Seats flown (millions)	**68.0**	65.9	3.3%
Passengers (millions)	**60.8**	58.4	4.0%
Load factor	**89.3%**	88.7%	+0.6ppt
Available seat kilometres (ASK) (millions)	**74,223**	72,182	2.8%
Revenue passenger kilometres (RPK) (millions)	**67,573**	65,227	3.6%
Average sector length (kilometres)	**1,091**	1,096	(0.5%)
Sectors	**420,311**	411,008	2.3%
Block hours	**799,480**	786,854	1.6%
Number of aircraft owned/leased at end of year	**217**	214	1.4%
Average number of aircraft owned/leased during year	**212.6**	206.6	2.9%
Number of aircraft operated at end of year	**209**	203	3.0%
Average number of aircraft operated during year	**199.8**	195.7	2.1%
Operated aircraft utilisation (hours per day)	**11.0**	11.0	(0.2%)
Owned aircraft utilisation (hours per day)	**10.3**	10.4	(1.0%)
Number of routes operated at end of year	**633**	605	4.6%
Number of airports served at end of year	**138**	133	3.8%

Financial measures			
Return on capital employed	**17.4%**	11.3%	+6.1ppt
Gearing	**7%**	29%	-22ppt
Profit before tax per seat (£)	**7.03**	4.81	46.0%
Profit before tax per ASK (pence)	**0.64**	0.44	46.7%
Revenue			
Revenue per seat (£)	**62.58**	58.51	7.0%
Revenue per seat at constant currency (£)	**62.65**	58.51	7.1%
Revenue per ASK (pence)	**5.74**	5.34	7.4%
Revenue per ASK at constant currency (pence)	**5.74**	5.34	7.6%
Costs			
Per seat measures			
Total cost per seat (£)	**55.55**	53.70	3.5%
Total cost per seat excluding fuel (£)	**38.17**	36.25	5.3%
Total cost per seat excluding fuel at constant currency (£)	**37.66**	36.25	3.9%
Operational cost per seat (£)	**52.14**	50.45	3.4%
Operational cost per seat excluding fuel (£)	**34.76**	33.00	5.3%
Operational cost per seat excluding fuel at constant currency (£)	**34.36**	33.00	4.1%
Ownership cost per seat (£)	**3.41**	3.25	5.1%
Per ASK measures			
Total cost per ASK (pence)	**5.10**	4.90	3.9%
Total cost per ASK excluding fuel (pence)	**3.51**	3.31	5.8%
Total cost per ASK excluding fuel at constant currency (pence)	**3.45**	3.31	4.4%
Operational cost per ASK (pence)	**4.78**	4.60	3.8%
Operational cost per ASK excluding fuel (pence)	**3.19**	3.01	5.8%
Operational cost per ASK excluding fuel at constant currency (pence)	**3.14**	3.01	4.6%
Ownership cost per ASK (pence)	**0.32**	0.30	5.6%

G. CONDENSED FINANCIAL INFORMATION

Consolidated Income Statement

	Notes	**Year ended 30 September 2013 £ million**	Year ended 30 September 2012 £ million
Seat revenue		**4,194**	3,794
Non-seat revenue		**64**	60
Total revenue		**4,258**	3,854
Fuel		**(1,182)**	(1,149)
Airports and ground handling		**(1,078)**	(955)
Crew		**(454)**	(432)
Navigation		**(294)**	(280)
Maintenance		**(212)**	(203)
Selling and marketing		**(101)**	(104)
Other costs		**(226)**	(200)
EBITDAR		**711**	531
Aircraft dry leasing		**(102)**	(95)
Depreciation	6	**(102)**	(97)
Amortisation of intangible assets		**(10)**	(8)
Operating profit		**497**	331
Interest receivable and other financing income		**5**	11
Interest payable and other financing charges		**(24)**	(25)
Net finance charges	3	**(19)**	(14)
Profit before tax		**478**	317
Tax charge	4	**(80)**	(62)
Profit for the year		**398**	255
Earnings per share, pence			
Basic	5	**101.3**	62.5
Diluted	5	**100.0**	61.7

Consolidated Statement of Comprehensive Income

	Notes	**Year ended 30 September 2013 £million**	Year ended 30 September 2012 £million
Profit for the year		**398**	255
Other comprehensive income			
Cash flow hedges			
Fair value gains in the year		**(82)**	109
Gains transferred to income statement		**(42)**	(74)
Related tax	4	**27**	(7)
		(97)	28
Total comprehensive income for the year		**301**	283

All items in other comprehensive income will be re-classified to the income statement.

Consolidated Statement of Financial Position

	Notes	**30 September 2013 £ million**	30 September 2012 £ million
Non-current assets			
Goodwill		**365**	365
Other intangible assets		**102**	91
Property, plant and equipment	6	**2,280**	2,395
Derivative financial instruments		**13**	21
Loan notes		**7**	10
Restricted cash		**12**	29
Other non-current assets		**185**	57
		2,964	2,968
Current assets			
Trade and other receivables		**194**	241
Derivative financial instruments		**17**	73
Restricted cash		**-**	130
Money market deposits		**224**	238
Cash and cash equivalents		**1,013**	645
		1,448	1,327
Current liabilities			
Trade and other payables		**(1,093)**	(1,021)
Borrowings		**(87)**	(129)
Derivative financial instruments		**(60)**	(26)
Current tax liabilities	4	**(58)**	(29)
Maintenance provisions		**(81)**	(59)
		(1,379)	(1,264)
Net current assets		**69**	63
Non-current liabilities			
Borrowings		**(592)**	(828)
Derivative financial instruments		**(41)**	(24)
Non-current deferred income		**(68)**	(46)
Maintenance provisions		**(171)**	(141)
Deferred tax liabilities	4	**(144)**	(198)
		(1,016)	(1,237)
Net assets		**2,017**	1,794
Shareholders' equity			
Share capital		**108**	108
Share premium		**657**	656
Hedging reserve		**(55)**	42
Translation reserve		**1**	1
Retained earnings		**1,306**	987
		2,017	1,794

Consolidated Statement of Changes in Equity

	Share capital £ million	**Share premium £ million**	**Hedging reserve £ million**	**Translation reserve £ million**	**Retained earnings £ million**	**Total £ million**
At 1 October 2012	**108**	**656**	**42**	**1**	**987**	**1,794**
Total comprehensive income	**-**	**-**	**(97)**	**-**	**398**	**301**
Dividends paid	**-**	**-**	**-**	**-**	**(85)**	**(85)**
Share incentive schemes						
Proceeds from shares issued	**-**	**1**	**-**	**-**	**-**	**1**
Value of employee services	**-**	**-**	**-**	**-**	**18**	**18**
Related tax (note 4)	**-**	**-**	**-**	**-**	**14**	**14**
Purchase of own shares	**-**	**-**	**-**	**-**	**(26)**	**(26)**
At 30 September 2013	**108**	**657**	**(55)**	**1**	**1,306**	**2,017**

	Share capital £ million	Share premium £ million	Hedging reserve £ million	Translation reserve £ million	Retained earnings £ million	Total £ million
At 1 October 2011	108	654	14	1	928	1,705
Total comprehensive income	-	-	28	-	255	283
Dividends paid	-	-	-	-	(196)	(196)
Share incentive schemes						
Proceeds from shares issued	-	2	-	-	-	2
Value of employee services	-	-	-	-	12	12
Related tax (note 4)	-	-	-	-	3	3
Purchase of own shares	-	-	-	-	(15)	(15)
At 30 September 2012	108	656	42	1	987	1,794

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 year end.

Consolidated Statement of Cash Flows

	Notes	**Year ended 30 September 2013 £ million**	Year ended 30 September 2012 £ million
Cash flows from operating activities			
Cash generated from operations	7	**788**	494
Ordinary dividends paid		**(85)**	(46)
Special dividends paid		**-**	(150)
Net interest and other financing charges paid		**(22)**	(9)
Tax paid		**(65)**	(28)
Net cash generated from operating activities		**616**	261
Cash flows from investing activities			
Purchase of property, plant and equipment		**(400)**	(379)
Proceeds from sale of property, plant and equipment		**1**	1
Purchase of intangible assets		**(21)**	(13)
Redemption of loan notes		**4**	2
Net cash used by investing activities		**(416)**	(389)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		**1**	2
Purchase of own shares for employee share schemes		**(26)**	(15)
Repayment of bank loans		**(273)**	(305)
Repayment of capital elements of finance leases		**(10)**	(9)
Net proceeds from sale and operating leaseback of aircraft		**316**	-
Net decrease in money market deposits		**41**	55
Decrease / (increase) in restricted cash		**148**	(37)
Net cash generated from / (used by) financing activities		**197**	(309)
Effect of exchange rate changes		**(29)**	(18)
Net increase / (decrease) in cash and cash equivalents		**368**	(455)
Cash and cash equivalents at beginning of year		**645**	1,100
Cash and cash equivalents at end of year		**1,013**	645

Notes to the Accounts

1. Basis of Preparation

This consolidated financial information has been prepared in accordance with the Listing Rules of the Financial Conduct Authority.

The financial information set out in this document does not constitute statutory accounts for easyJet plc for the two years ended 30 September 2013 but is extracted from the 2013 Annual report and accounts.

The Annual report and accounts for 2012 have been delivered to the Registrar of Companies.

The Annual report and accounts for 2013 will be delivered to the Registrar of Companies in due course. The auditors' report on those accounts was unqualified and neither drew attention to any matters by way of emphasis nor contained a statement under either section 498(2) of Companies Act 2006 (accounting records or returns inadequate or accounts not agreeing with records and returns), or section 498(3) of Companies Act 2006 (failure to obtain necessary information and explanations).

2. Significant judgements, estimates and critical accounting policies

The preparation of accounts in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the accounts and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, events or actions may mean that actual results ultimately differ from those estimates, and these differences may be material. The estimates and the underlying assumptions are reviewed regularly.

The following two accounting policies are considered critical accounting policies as they require a significant amount of management judgment and the results are material to easyJet's accounts.

Goodwill and landing rights

Goodwill and landing rights are tested for impairment at least annually. easyJet has one cash-generating unit, being its route network. In making this assessment, easyJet has considered the manner in which the business is managed including the centralised nature of its operations and the ability to open or close routes and redeploy aircraft and crew across the whole route network.

The value in use of the cash-generating unit is determined by discounting future cashflows to their present value. When applying this method, easyJet relies on a number of estimates including its strategic plans, fuel prices, exchange rates, long term economic growth rates for the principal countries in which it operates and its pre-tax weighted average cost of capital.

Aircraft maintenance provisions

easyJet incurs liabilities for maintenance costs in respect of aircraft leased under operating leases during the term of the lease. These arise from legal and constructive contractual obligations relating to the condition of the aircraft when it is returned to the lessor. To discharge these obligations, easyJet will also normally need to carry out one heavy maintenance check on each of the engines and the airframe during the lease term.

A charge is made in the income statement based on hours or cycles flown to provide for the cost of these obligations. Estimates required include the likely utilisation of the aircraft, the expected cost of the heavy maintenance check at the time it is expected to occur, the condition of the aircraft and the lifespan of life-limited parts.

The bases of all estimates are reviewed annually, and also when information becomes available that is capable of causing a material change to an estimate, such as renegotiation of end of lease return conditions, increased or decreased utilisation, or changes in the cost of heavy maintenance services.

3. Net finance charges

	2013 £ million	2012 £ million
Interest receivable and other financing income		
Interest income	**(5)**	(10)
Net exchange gains on monetary assets and liabilities	**-**	(1)
	(5)	(11)
Interest payable and other financing charges		
Interest payable on bank loans	**9**	20
Interest payable on finance lease obligations	**5**	5
Other interest payable	**2**	-
Net exchange losses on monetary assets and liabilities	**8**	-
	24	25
	19	14

4. Tax charge

Tax on profit on ordinary activities

	2013 £ million	2012 £ million
Current tax		
United Kingdom corporation tax	**103**	37
Foreign tax	**4**	11
Prior year adjustments	**(11)**	-
Total current tax charge	**96**	48
Deferred tax		
Temporary differences relating to property, plant and equipment	**15**	42
Other temporary differences	**(9)**	(8)
Prior year adjustments	**6**	(2)
Change in tax rate	**(28)**	(18)
Total deferred tax (credit) / charge	**(16)**	14
	80	62
Effective tax rate	17%	20%

Current tax liabilities at 30 September 2013 amounted to £58 million (2012: £29 million). £50 million of this relates to tax payable in the UK, the remaining amount of £8 million is in respect of tax due in other European countries.

During the year ended 30 September 2013, net cash tax paid amounted to £65 million (2012: £28 million). As a consequence of legislation being enacted in the year reducing the UK corporation tax rate to 20% from 1 April 2015, deferred tax in the year has been provided at 20% (2012: 23%). The consequent reduction in deferred tax liabilities of £28 million (2012: £18 million) is a credit to the income statement tax charge, so lowering the overall effective tax rate to 17% (2012:20%).

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

	2013 £ million	2012 £ million
Credit / (charge) to other comprehensive income		
Deferred tax on fair value movements of cash flow hedges	**27**	(7)
Credit to shareholders' equity		
Current tax on share-based payments	**3**	1
Deferred tax on share-based payments	**11**	2
	14	3

5. Earnings per share

Basic earnings per share has been calculated by dividing the profit for the year by the weighted average number of shares in issue during the year after adjusting for shares held in employee benefit trusts.

To calculate diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential shares. Share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year are considered to be dilutive potential shares. Where share options are exercisable based on performance criteria and those performance criteria have been met during the year, these options are included in the calculation of dilutive potential shares.

Earnings per share is based on:

	2013 £ million	2012 £ million
Profit for the year	**398**	255

	2013 million	2012 million
Weighted average number of ordinary shares used to calculate basic earnings per share	**393**	408
Weighted average number of dilutive share options	**5**	5
Weighted average number of ordinary shares used to calculate diluted earnings per share	**398**	413

Earnings per share	2013 pence	2012 pence
Basic	**101.3**	62.5
Diluted	**100.0**	61.7

An ordinary dividend in respect of the year ended 30 September 2013 of 33.5 pence per share or £133 million (2012: 21.5 pence per share or £85 million) and a special dividend of 44.1 pence per share or £175 million is to be proposed at the forthcoming Annual General Meeting. These accounts do not reflect these dividends payable.

6. Property, plant and equipment

	Aircraft and spares £ million	Other £ million	Total £ million
Cost			
At 1 October 2012	**2,745**	**29**	**2,774**
Additions	**395**	**19**	**414**
Aircraft sold and leased back	**(421)**	**-**	**(421)**
Transfer to intangible assets	**-**	**(14)**	**(14)**
Transfer to maintenance provision	**(43)**	**-**	**(43)**
Disposals	**(2)**	**(3)**	**(5)**
At 30 September 2013	**2,674**	**31**	**2,705**
Depreciation			

At 1 October 2012	**368**	**11**	**379**
Charge for the year	**100**	**2**	**102**
Aircraft sold and leased back	**(52)**	**-**	**(52)**
Disposals	**(1)**	**(3)**	**(4)**
At 30 September 2013	**415**	**10**	**425**
Net book value			
At 30 September 2013	**2,259**	**21**	**2,280**
At 1 October 2012	2,377	18	2,395

The net book value of aircraft includes £196 million (2012: £88 million) relating to advance and option payments for future deliveries. This amount is not depreciated.

Aircraft with a net book value of £664 million (2012: £990 million) are mortgaged to lenders as loan security.

Aircraft with a net book value of £147 million (2012: £154 million) are held under finance leases.

easyJet is contractually committed to the acquisition of 144 (2012: 18) Airbus A320 family aircraft, with a total list price of US$12.4 billion (2012: US$1.0 billion) before escalations and discounts for delivery in 2014 (nine aircraft), 2015-2017 (35 aircraft) and 2017-2022 (100 new generation aircraft).

Subsequent to the year end, easyJet has exercised options for the acquisition of six aircraft for delivery in 2015, with a total list price of $458 million.

7. Reconciliation of operating profit to cash generated from operations

	2013 £ million	2012 £ million
Operating profit	**497**	331
Adjustments for non-cash items:		
Depreciation	**102**	97
Loss on disposal of property, plant and equipment	**-**	1
Amortisation of intangible assets	**10**	8
Share-based payments	**18**	12
Changes in working capital and other items of an operating nature:		
Decrease / (increase) in trade and other receivables	**74**	(44)
Increase in trade and other payables	**64**	74
Increase in provisions	**29**	18
Decrease in other non-current assets	**8**	6
Increase in derivative financial instruments	**-**	4
Decrease in non-current deferred income	**(14)**	(13)
	788	494

8. Reconciliation of net cash flow to movement in net (debt) / funds

	1 October 2012 £ million	**Exchange differences £ million**	**Loan issue costs £ million**	**Net cash flow £ million**	**30 September 2013 £ million**
Cash and cash equivalents	645	(29)	-	397	**1,013**
Money market deposits	238	27	-	(41)	**224**
	883	(2)	-	356	**1,237**
Bank loans	(752)	(2)	(3)	273	**(484)**
Finance lease obligations	(205)	-	-	10	**(195)**

	(957)	(2)	(3)	283	**(679)**
Net (debt) / funds	(74)	(4)	(3)	639	**558**

9. Related party transactions

The Company licenses the easyJet brand from easyGroup IP Licensing Limited ('easyGroup'), a wholly owned subsidiary of easyGroup Holdings Limited, an entity in which easyJet's founder, Sir Stelios Haji-Ioannou, holds a beneficial interest and which holds 25.91% of the issued share capital of the Company.

Under the Amended Brand Licence signed in October 2010, an annual royalty of 0.25% of total revenue is payable for a minimum term of ten years. The full term of agreement is 50 years.

A new brand protection protocol was also agreed, under which easyJet will contribute up to £1 million per annum to meet the costs to protect the 'easy' and 'easyJet' brands and to which easyGroup will contribute up to £100,000 per annum pro rata. 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 has been entered with Sir Stelios ('the Comfort Letter'), dated 9 October 2010, under which, in return for certain non-compete obligations, easyJet makes payment of a fee of £300,000, adjusted annually in line with the UK Retail Price index, each year for five years (or until the expiry of the longest subsisting restriction, whichever is later). Whilst certain of those obligations have since expired, remaining in force as at 30 September 2013 are the following:

- For three years from the date of the Comfort Letter (up to 8 October 2013), to not sell the easyJet brand or the shares in easyGroup IP Holdings Limited to any airline licensed in any EEA country, or Switzerland, or the owner or indirect owner of such airline.
- For five years from the date of the Comfort Letter, Sir Stelios shall not use his own name (or a derivative thereof) to brand an airline flying to or from any EEA country, or Switzerland.

The Amended Brand Licence and Comfort Letter were approved by the shareholders at a general meeting held on 10 December 2010. The amounts included in the income statement for the year ended 30 September 2013 for these items were as follows:

	2013 £ million	2012 £ million
Annual royalty	**10.6**	5.0
Brand protection (legal fees paid through easyGroup to third parties)	**0.5**	1.2
Agreement with Sir Stelios Haji-Ioannou	**0.3**	0.3
	11.4	6.5

For the year ended 30 September 2013, the annual royalty is based on 0.25% of total revenue. In the prior year, the royalty was based on a fixed fee as per the Amended Brand Licence.

At 30 September 2013, £1.1 million (2012: £0.2 million) of the above aggregate amount was included in trade and other payables.