

EASYJET INTERIM MANAGEMENT STATEMENT FOR THE QUARTER ENDED 31 DECEMBER 2013

A. HIGHLIGHTS:

Drive demand, conversion and yields across Europe

- Seats flown grew by 4.1% to 16.1 million. Passengers carried increased by 4.2% to 14.3 million, and the load factor increased by 0.1 percentage points to 88.7%.
- Revenue per seat grew as expected by 3.4% on a reported basis to £55.71 per seat or by 1.4% at constant currency despite strong prior year comparators from post-Olympic trading in the UK and a challenging competitive environment. The growth in revenue per seat was driven by careful management of capacity, combined with the performance of allocated seating and the management of fees and charges. Revenue per seat also benefited from longer average sector lengths in the quarter.

Maintain cost advantage

- Cost per seat excluding fuel increased by 3.0% on a reported basis and by 1.2% on a constant currency basis. This was driven by anticipated increases in charges at regulated airports and by increases in maintenance costs associated with the planned ageing of the fleet and increased proportion of leased aircraft.

Build strong number 1 and 2 network positions

- easyJet announced a new base in Naples which will be operational from Spring 2014 and the routes which will be flown from its new base in Hamburg.

Disciplined use of capital

- Continued strong balance sheet with cash and money market deposits of £1.1 billion as at 31 December 2013.

With first half bookings in line with last year, easyJet expects to report a first half loss before tax of between £70 million and £90 million assuming normal levels of disruption compared to the £61 million loss reported in the first half of last year. Last year Easter fell on 31 March resulting in £25 million additional revenue in the first half of 2013. In this financial year Easter will fall in April.

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

“easyJet has made a good start to the year. We have delivered revenue per seat growth in the quarter against a challenging competitive environment and the tough comparison with the prior year. The performance in the quarter demonstrates our continued focus on cost, progress against our strategic priorities and easyJet’s structural advantage in the European short-haul market against both the legacy and low-cost competition.

Our strategy of offering our customers low fares to great destinations with friendly service and a focus on cost control ensures that we can continue to deliver sustainable growth and returns for our shareholders.”

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

B. KEY FINANCIALS

Three months ended	31 Dec 2013	31 Dec 2012	Change %
Passengers (m) ¹	14.3	13.7	4.2%
Seats (m)	16.1	15.5	4.1%
Load factor (%) ²	88.7%	88.6%	0.1 ppt
Total revenue (£m)	897	833	7.7%
Seat revenue (£m)	883	821	7.6%
Non-seat revenue (£m)	14	12	14.4%
Total revenue per seat reported (£)	55.71	53.87	3.4%
Total revenue per seat constant currency (£)	54.63	53.87	1.4%
Seat revenue per seat reported (£)	54.83	53.07	3.3%
Non-seat revenue per seat reported (£)	0.88	0.80	9.9%
Total revenue per passenger (£)	62.82	60.80	3.3%
Average number of owned / leased aircraft	217	213.5	1.6%
Average operating aircraft	204.4	196.1	4.3%
Average utilisation owned aircraft (hours per day)	9.5	9.3	1.9%
Average utilisation operating aircraft (hours per day)	10.1	9.9	1.5%
ASKs (bn)	17.5	16.4	7.2%
RPKs (bn)	15.7	14.8	6.3%
Average sector length (km)	1,089	1,057	3.0%

C. STRATEGIC PROGRESS

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

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

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

Passenger numbers grew by 4.2% in the quarter to 14.3 million. Capacity (seats flown) increased by 4.1% as load factor improved by 0.1 percentage points to 88.7%. In line with our strategy, capacity growth was focused on markets with the potential to generate higher return on capital employed.

Total capacity on the overall short-haul market increased by 2% year on year in the quarter and by 0.5% on easyJet's routes. In the UK, capacity on the short-haul market grew by close to 4% and by 3% on easyJet's routes against a decline of 2% in the overall market in the first quarter of financial year 2013.

Total revenue per seat grew by 3.4% to £55.71 on a reported basis and grew by 1.4% on a constant currency basis. The revenue growth was, as expected, adversely impacted by: the challenging competitive environment; the strong prior year performance with the UK benefitting from strong post-

Olympics demand in 2013; and by a number of European countries imposing travel restrictions on flights to Egypt during 2013.

These headwinds were offset by:

- Improved allocation of capacity as we closed underperforming routes, such as Madrid to Bilbao and Barcelona to Lisbon, and as routes mature;
- Changes to fees and charges and the performance of allocated seating;
- On-going benefits from improvements to easyJet.com and the digital offering; the 'generation easyJet' campaign and improvements to the revenue management system;
- Increased non-seat revenue increased by 8 pence per seat to 88 pence per seat; and
- Average sector length which increased by 3% to 1,089km with an increase in capacity to longer destinations such as Moscow.

easyJet has continued to make good progress in attracting more business passengers to the airline. In the quarter business passengers grew by 8.9%³ which was ahead of overall passenger growth of 4.2%.

2. Maintain cost advantage

First quarter cost performance

Cost per seat excluding fuel increased by 3.0% on a reported basis and by 1.2% on a constant currency basis. The cost increase was driven by the anticipated slowing in the rate of increases in charges at regulated airports and by increased maintenance costs associated with the planned ageing of the fleet and an increased proportion of leased aircraft in the fleet year on year.

easyJet lean continues to deliver sustainable savings and further progress was made in Airports and Ground Handling including a ground handling agreement in Geneva and continued airport procurement benefits across the network.

Operational performance

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

On-time performance improved year on year despite the challenges associated with a number of high profile incidents. All airlines were impacted by events including the Italian Air Traffic Controllers strike in October, power outages at Gatwick in both October and on Christmas Eve, Air Traffic Control computer systems failure in the UK and the adverse weather conditions in December across Northern Europe. easyJet's strong operational process and teams ensured on-time performance still improved by 1.4 percentage points year on year.

OTP % arrivals within 15 minutes	October	November	December	Q1
2012	88%	89%	81%	86%
2013	86%	93%	84%	87%

Due to the events listed above, easyJet cancelled 360 flights in the quarter compared to 64 in the same quarter last year.

Fleet

As at 31 December 2013 the fleet comprised of 217 easyJet specification aircraft; with 64 A320s and 153 A319s.

Aircraft utilisation improved in the quarter with the average utilisation for operated aircraft increasing by 1.5% to 10.1 hours per day.

3. Build strong number 1 and 2 network positions

A significant source of easyJet's competitive advantage is its pan-European network which connects more of the top 100 city to city market pairs than any other airline in Europe. easyJet has built number 1 and number 2 market share positions in its bases and at key airports such as Gatwick, Paris Orly, Milan Malpensa, Amsterdam and Geneva.

easyJet's strategy is to continue to build positions of strength in its key markets to take advantage of competitor retrenchment and to reallocate aircraft to the routes and bases, which will deliver the highest return on capital employed.

In October easyJet announced a new base in Naples which will be its third in Italy and 24th in its European network. The base will be operational from spring 2014, two aircraft will be based in Naples offering five new routes to network points such as Hamburg and Brussels. In the quarter easyJet also announced the routes to which it will fly from the new Hamburg base and a number of new routes from Rome Fiumicino airport from spring 2014.

easyJet is also looking to connect more points on its network; for example, easyJet has announced an increase in the number of routes it offers to Tel Aviv including Gatwick and Milan.

4. Disciplined use of capital

easyJet has a strong balance sheet and low gearing and derives a competitive advantage through access to funding at a lower cost. As at 31 December 2013 easyJet had cash and money market deposits (excluding restricted cash) of £1,100 million and net cash of £456 million.

easyJet intends to self-fund both growth and the dividend from the cash flows of the business. In the quarter easyJet announced that it intends to pay an ordinary dividend of £133 million and a special dividend of £175 million to shareholders. The dividends, totalling 77.6 pence per share, are subject to shareholder approval at the AGM on 13 February 2014 and will be payable on 21 March 2014 to shareholders on the register on 28 February 2014.

easyJet continues to be committed to the following targets to ensure its capital structure remains both robust and efficient:

- gearing limited to a maximum of 50%;
- net debt limited to a maximum of £10m per aircraft; and
- minimum liquidity of £4 million per aircraft.

LOOKING FORWARD

Hedging

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

Six months to 31 March 2014

85% of anticipated US\$ requirement hedged using forwards at \$1.57
77% of anticipated Jet requirement hedged using forwards at \$991/MT
77% of anticipated EURO surplus hedged using forwards at €1.19

12 months to 30 September 2014

84% of the anticipated US\$ requirement hedged using forwards at \$1.58
74% of the anticipated Jet requirement hedged using forwards at \$982/MT
73% of the anticipated EURO surplus hedged using forwards at €1.20

Full Year to 30 September 2015

65% of the anticipated US\$ requirement hedged using forwards at \$1.57
60% of the anticipated Jet requirement hedged using forwards at \$951/MT
55% of the anticipated EURO surplus hedged using forwards at €1.17

Outlook

There have been no significant changes to capacity plans for the year with around 3.5% capacity growth planned for the first half of the financial year and 5% capacity growth for the full year, assuming normal levels of disruption.

With first half bookings in line with last year, easyJet still expects first half revenue per seat at constant currency to be very slightly up on the prior year after adjusting for a 1.5 percentage point adverse impact from the timing of Easter which falls in the second half of the financial year.

easyJet now expects first half cost per seat (at constant currency and excluding fuel) to increase by around 1.5% for the first half of the year and by 1.5% to 2% for the full year.

It is estimated that at current exchange rates⁴ and with fuel remaining within \$950 m/t to \$1,050 m/t trading range, easyJet's unit fuel bill for the 2014 financial year will be up to £40 million higher than the prior year and up to £15 million higher for the half year. In addition, it is estimated that exchange rate movements (including those related to fuel) will be broadly neutral in the 6 months to 31 March 2014 and in the 12 months to 30 September 2014.

easyJet expects its first half loss before tax to be in the range of £70 million to £90 million assuming normal levels of disruption. Last year Easter fell on 31 March resulting in £25 million additional revenue in the first half of 2013. In this financial year Easter will fall in April.

With around 15% of second half seats sold year to date, in line with this time last year, it is still too early to give guidance on second half yields or expected profits. easyJet's strong customer focus and tight cost control ensures that easyJet is well positioned to deliver sustainable growth and returns for our shareholders.

END

Notes:

1. Represents the number of earned seats flown. Earned seats include seats that are flown whether or not the passenger turns up because easyJet is a no-refund airline, and once a flight has departed a no-show customer is generally not entitled to change flights or seek a refund. Earned seats also include seats provided for promotional purposes and to staff for business travel.
2. Represents the number of passengers as a proportion of the number of seats available for passengers. No weighting of the load factor is carried out to recognise the effect of varying flight (or "sector") lengths.
3. Internal easyJet definition
4. Jet cif \$980 per metric tonne, US \$ to £ sterling 1.6553, euro to £ sterling 1.2211 as at noon on 22.1.14