

Q3 2016 UPDATE

July 2016

Q3 2016 – Trading

- **Challenging operating environment for all airlines**
 - Continuation of external events
 - Uncertain consumer environment
 - Increased exchange rate volatility
 - Yield deterioration through Q3
 - Low oil price sustaining inefficient capacity leading to weaker yields
- **easyJet is continuing to succeed**
 - Record number of passengers
 - Increased load factors
 - Business passengers at record levels
- **Strong focus on costs**
- **Brexit – taken control, contingency plans underway**

Third Quarter – Key Financial Information

	Q3 '16	Q3 '15	Change
Passengers (m)	20.2	19.1	5.8%
Load factor (%)	92.0%	91.7%	0.3ppt
Seats (m)	21.9	20.8	5.5%
Seat revenue (£m)	1,174	1,209	(2.8%)
Non-seat revenue (£m)	22	19	12.3%
Total revenue (£m)	1,196	1,228	(2.6%)
Total revenue per seat (£)	54.54	59.08	(7.7%)
@ constant currency (£)	54.17	59.08	(8.3%)
Total cost (£m)	(1,069)	(1,025)	(4.4%)
Total CPS (£)	(51.97)	(52.49)	1.0%
@ constant currency (£)	(50.50)	(52.51)	3.8%
Total CPS, ex-fuel @ constant currency (£)	(36.09)	(36.08)	(0.1%)

Third quarter - Significant impact from disruption

	April	May	June	Q3
Q3 Cancellations	196	173	852	1,221

Disruptive operating environment

- ATC strikes (14 days) and other general strikes across the network (Italy, France, Portugal) in the quarter
- Increase of 152 cancellations since 26 June, and c£3m additional impact
- Runway closures at Gatwick
- Severe weather conditions

- Impact from reallocated passengers on late booking yields
- Softness from Egyptair and Brussels

Profit impact

£31m

RPS impact

1.3%

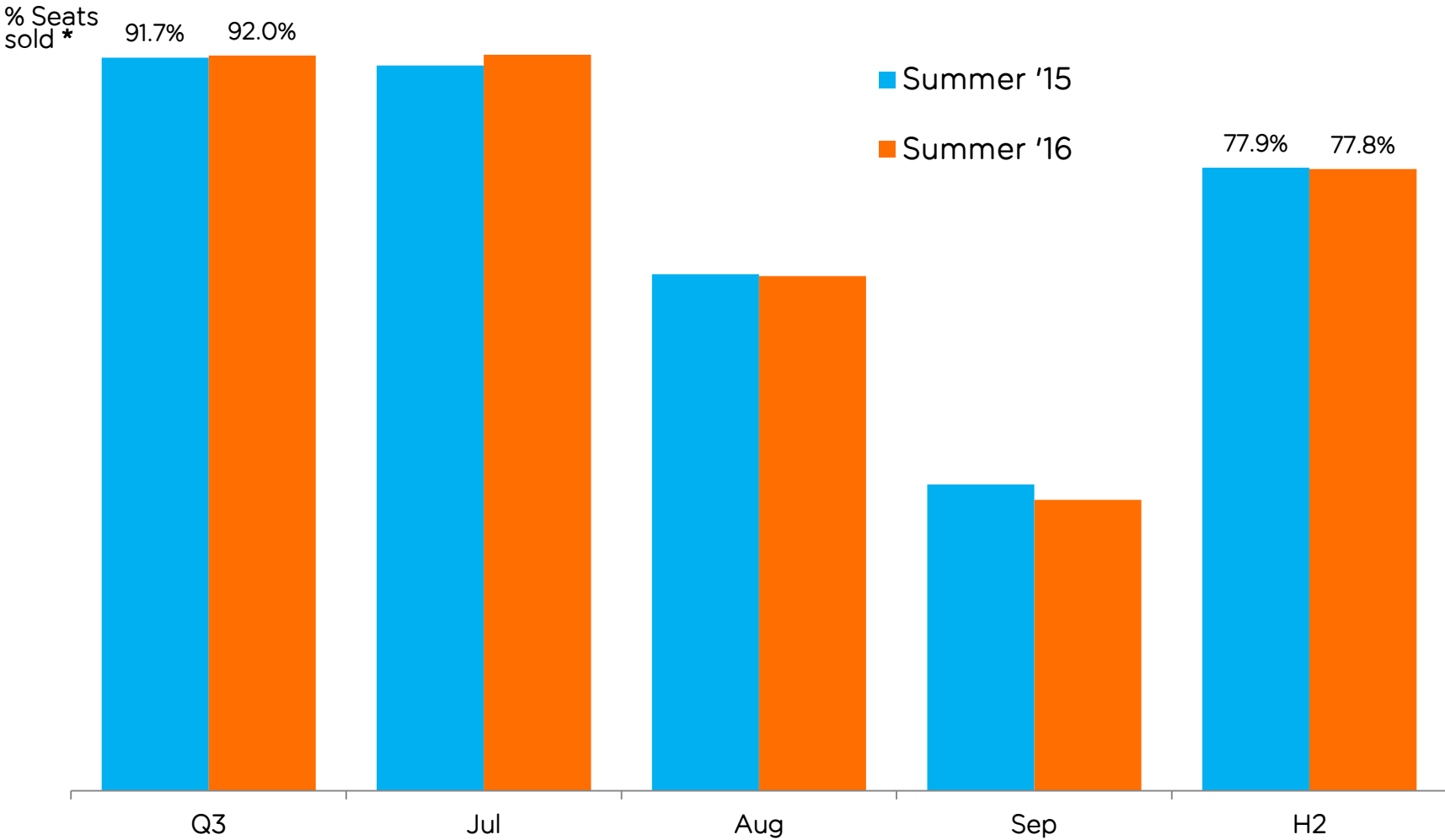
Severe impact from external events through the year

YTD Q3 profit before tax impact

Events	£m
Sharm El Sheikh (disruption, demand, cancelled flying)	30
Paris	50
Brussels / EgyptAir / wider network impact of post-terrorism events	25
Disruption (strikes, weather, runway closures)	20
Total PBT impact	125

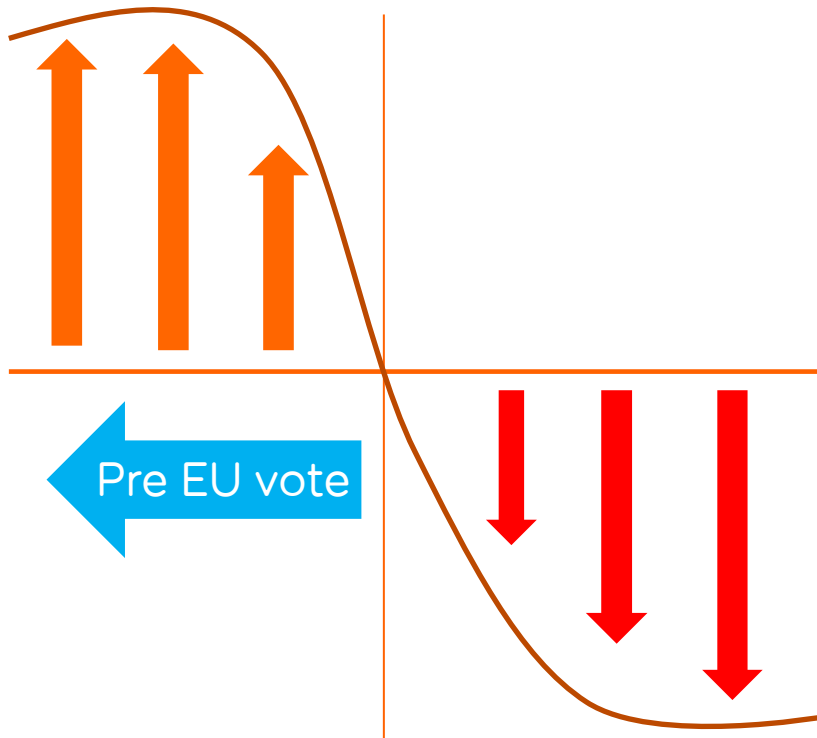
*easyJet is disproportionately impacted by French strikes and the Paris incident due to having 65% of our flights touching French airspace and being #2 carrier in France (by capacity)

65% of Q4 seats sold



Revenue trading profile

Q4 Booked Revenue vs. LY



- Until late June Q4 booked revenues were above the prior year
- Since then Q4 booked revenues have fallen behind despite increased capacity
- Historically easyJet has seen an uptick in yields in the final quarter through strong summer demand
- Fares are starting from a lower point. Q4 RPS trajectory remains uncertain.

easyJet response to current operating environment

Immediate actions

Cost

Fleet & Financial flexibility

Customer & Operation

Revenue

- Extra cost challenges implemented
- Ensure CPS ex fuel (@cc) decreases by 1% for FY '16 (despite abnormal impact from disruption in Q3)
- Strong focus on cash
- Fleet allocation planning
 - Sale and lease back RFP (significant interest)
- End to end disruption management
- Up-weighted marketing (stimulating demand)
- Holiday deposits

Driving our long term strategy

2017 / 18 actions

Fleet & Financial flexibility

Cost

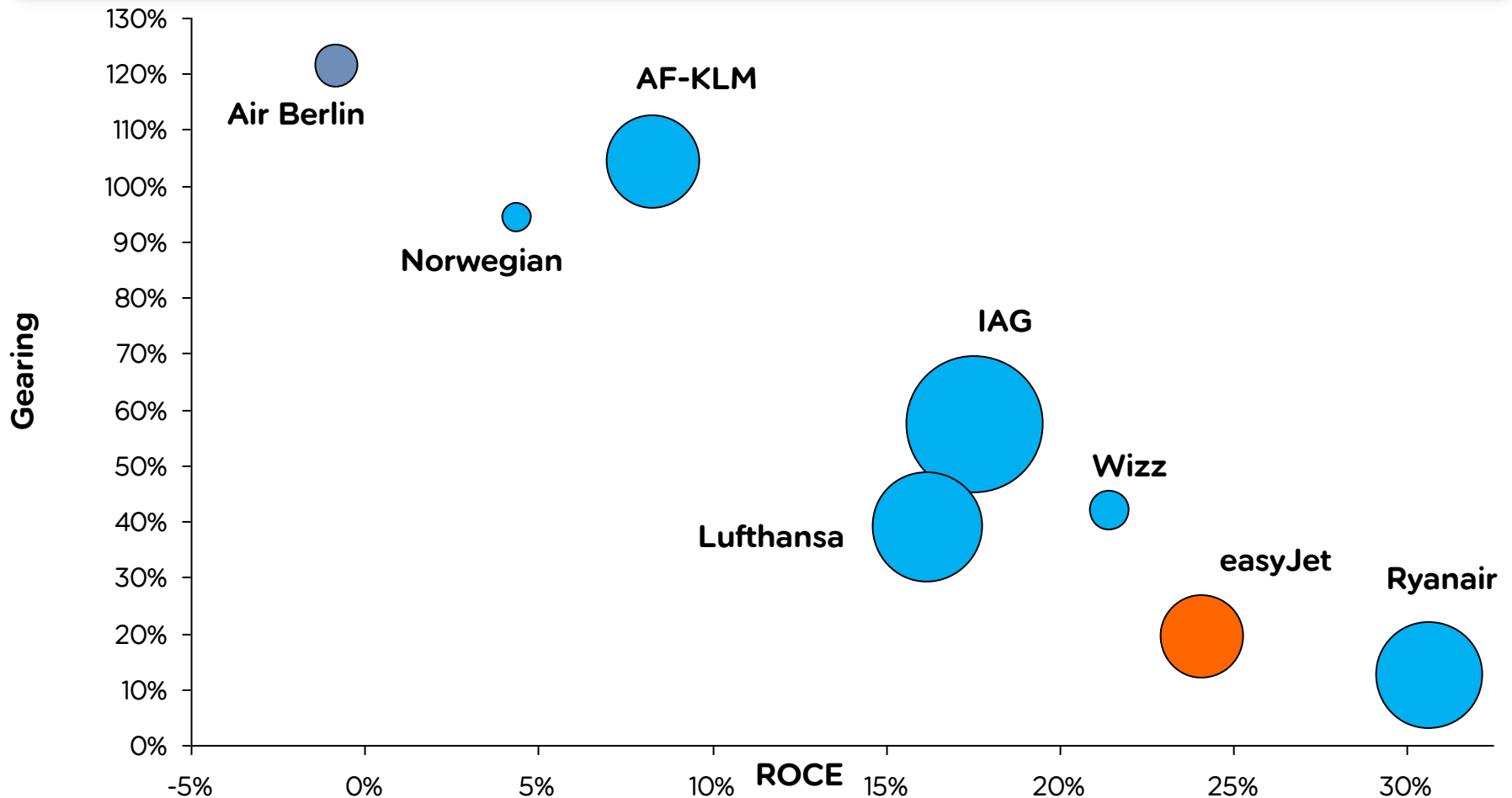
Customer & Operation

Revenue

- Strong focus on cash
- Fleet allocation planning
- Prioritise new A320 aircraft (12%-14% CPS saving)
- Flat CPS ex-fuel, 2019 vs. 2015
- Fleet up-gauging
- easyJet Lean
- Gatwick North Terminal
- Airports of the future
- CRM
- Digital Acceleration / new website
- Further IT platform changes

easyJet well positioned – Balance sheet strength

Balance sheet strength



Source: Airline Analyst. Bubble size represents LTM EBIT before non-operating items

Air Berlin EBIT is negative. IAG capital employed and gearing is at 31 December. Wizz ROCE calculated using EBIT for 12 months to Dec-15 and average of capital employed between Mar-15 and Sep-15. Gearing as at Sep-15

Fuel and foreign exchange hedging

	Fuel requirement	US dollar requirement	Euro surplus	CHF surplus
Three months ending 30 September 2016	88% at \$780/metric tonne	78% at \$1.60/£	85% at €1.26/£	80% at CHF1.46/£
Full year ending 30 September 2016	88% at \$811/metric tonne	84% at \$1.61/£	95% at €1.23/£	84% at CHF1.46/£
Full year ending 30 September 2017	79% at \$622 / metric tonne	71% at \$1.53/£	73% at €1.32/£	70% at CHF1.42/£

Sensitivities – FY16

- \$10 per tonne change in fuel price will impact the full year pre-tax result by +/- \$0.8 million
- One cent movement in the £/\$ will impact the full year pre-tax result by +/- £0.7 million
- One cent movement in the £/€ will impact the full year pre-tax result by +/- £0.2 million

Outlook in 2016

Capacity (seats flown)

- H2 c.+6.1% (before disruption)
- FY c.+6.6% (before disruption)

Revenue per seat at constant currency

- Q4: current run rate revenue per seat reduction of 7.5%
- Each 1ppt of Q4 RPS worth c£20m PBT
- Q4: RPS trajectory uncertain

Cost per seat at constant currency

- FY cost per seat excluding fuel: down c. 1% (assuming normal levels of disruption)

FX

- H2: c.£45million adverse movement from foreign exchange rates
- FY: c.£80 million adverse movement from foreign exchange rates

Fuel

- H2: unit fuel costs £75 million to £85 million favourable
- FY: unit fuel costs £160 million to £170 million favourable

Shareholder returns

- FY 2016 dividend payout ratio increased to 50%

Summary

- Q3 2016 has been a difficult operating environment
- easyJet responding - clear actions underway
- easyJet's model is robust
 - Fundamentals have not changed
 - Active focus on opportunities this environment provides
- Well positioned: network, advantaged balance sheet, cost control, financial and fleet flexibility

Q & A

Disclaimer

This communication is directed only at (i) persons having professional experience in matters relating to investments who fall within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001; or (ii) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001. Persons within the United Kingdom who receive this communication (other than those falling within (i) and (ii) above) should not rely on or act upon the contents of this communication. Nothing in this presentation is intended to constitute an invitation or inducement to engage in investment activity for the purposes of the prohibition on financial promotion contained in the Financial Services and Markets Act 2000.

This presentation has been furnished to you solely for information and may not be reproduced, redistributed or passed on to any other person, nor may it be published in whole or in part, for any other purpose.

This presentation does not constitute or form part of, and should not be construed as, an offer for sale or subscription of, or solicitation of any offer to buy or subscribe for, any securities of easyJet plc (“easyJet”) in any jurisdiction nor should it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever. This presentation does not constitute a recommendation regarding the securities of easyJet. Without limitation to the foregoing, these materials do not constitute an offer of securities for sale in the United States. Securities may not be offered or sold into the United States absent registration under the US Securities Act of 1933 or an exemption there from.

easyJet has not verified any of the information set out in this presentation. Without prejudice to the foregoing, neither easyJet nor its associates nor any officer, director, employee or representative of any of them accepts any liability whatsoever for any loss however arising, directly or indirectly, from any reliance on this presentation or its contents.

This presentation is not being issued, and is not for distribution in, the United States (with certain limited exceptions in accordance with the US Securities Act of 1933) or in any jurisdiction where such distribution is unlawful and is not for distribution to publications with a general circulation in the United States.

By attending or reading this presentation you agree to be bound by the foregoing limitations.