

**21 January 2020**

## **EASYJET TRADING STATEMENT FOR THE QUARTER ENDED 31 DECEMBER 2019**

### **Strong start to full year 2020 with continued positive momentum including an upgrade in H1 revenue per seat guidance**

#### **Summary**

easyJet has delivered a strong performance in the quarter. The delivery of self-help initiatives, robust customer demand and low levels of competitor capacity drove outperformance in both our passenger and ancillary revenue per seat leading to an upgrade to our H1 revenue guidance. Our cost performance was in line with expectations, while our Operational Resilience programme continued to be a driving force behind a robust operational performance.

easyJet expects to deliver a first half headline loss before tax better than H1 2019.

#### **Commenting, Johan Lundgren, easyJet Chief Executive said:**

*"I'm pleased that we have made a strong start to the year with continued positive momentum. The improvement in our revenue per seat has been driven by our self-help revenue initiatives combined with robust customer demand and a lower capacity growth market.*

*"Cost per seat is in line with expectations, helped by our Operational Resilience programme which has not only improved overall customer satisfaction in the quarter but also enabled us to manage our costs.*

*"easyJet holidays launched successfully with customers looking to benefit from our unrivalled flexibility, great value and handpicked hotels.*

*"Being an industry leader in sustainability is important to us, and since our announcement in November we have offset the carbon emissions from the fuel used for all our flights. This means nine million customers have flown net-zero carbon flights with us and our offsetting programme has been received very positively by customers, staff and other stakeholders.*

*"We, of course, recognise offsetting is only an interim measure and we continue to work on reducing our carbon footprint in the short term, coupled with long-term work to support the development of new technology, including hybrid and electric planes, to reinvent aviation for the long-term.*

*"And I am delighted to confirm that Peter Bellew has now joined easyJet as Chief Operating Officer."*

#### **Revenue**

Total group revenue for the quarter ending 31 December 2019 increased by 9.9% to £1,425 million. Passenger revenue increased by 9.7% to £1,124 million and ancillary revenue increased by 10.8% to £301 million.

Passenger<sup>1</sup> numbers in the quarter increased by 2.8% to 22.2 million, driven by an increase in capacity<sup>2</sup> of 1.0% to 24.3 million seats. Load factor<sup>3</sup> increased by 1.6 percentage points to 91.3%.

Total airline revenue per seat increased by 8.8% at constant currency, outperforming expectations. This has been driven by:

- A solid yield performance supported in particular by easyJet's focus on initiatives to optimise late yields as well as a strong performance in Berlin, reflecting the work we have done to optimise our German network;
- Robust demand as well as low capacity growth by easyJet, as planned and low growth by competitors on easyJet's markets;
- Continued growth in ancillary revenue per seat through better bag and allocated seating sales, as well as the introduction of a new car rental offering from our partner Car Trawler;
- Benefit from Thomas Cook administration in September 2019

## Cost

easyJet's underlying costs for the quarter were in line with expectations. Airline headline cost per seat excluding fuel at constant currency increased by 4.3% in the quarter reflecting:

- Cost per seat pressure from:
  - Lower capacity growth, as planned
  - Inflationary linked increases in ground handling costs, airport costs and maintenance
  - Ownership costs reflecting new aircraft deliveries
  - Annualisation of crew pay deals and better crew retention
  - French national strikes in December which drove 813 cancellations
- Partially offset by:
  - Continued focus on our cost initiatives, including the Operational Resilience programme
  - Up-gauging of fleet, as easyJet continues to move from A319s to A320s and A321s

## Customer and operational performance

easyJet has improved its On-Time Performance (OTP). Despite the air traffic environment remaining challenging, easyJet continues to focus on ensuring flight fulfilment and reducing severe delays for its customers. easyJet experienced 1,274 cancellations in the quarter, with 813 of those due to strikes in France in December, while delays of greater than 3 hours decreased by 21% compared to Q1 last year. This helped drive a strong Customer Satisfaction (CSAT) score of 77.4% for the quarter, an improvement of 0.5 percentage points (Q1 2019: 76.9%).

<b>OTP % arrivals within 15 minutes</b>	Oct	Nov	Dec	<b>Q1</b>
2020	77%	89%	75%	<b>80%</b>
2019	76%	86%	77%	<b>79%</b>

## Traffic statistics

Load factor increased in Q1 2020, as expected, with passenger growth in line with expectations.

	Oct	Nov	Dec	Q1
Passengers (million)	8.8	6.2	7.2	<b>22.2</b>
Passenger growth	2.4%	(0.3)%	6.0%	<b>2.8%</b>
Load factor	91.6%	90.8%	91.3%	<b>91.3%</b>

## easyJet holidays

On 28 November 2019 easyJet successfully launched its holidays business, with c.700 directly contracted hotels to over 100 destinations. 85% of customers cite great value, hotel choice and website ease of use as the primary driver of booking. This flexibility, through the leading easyJet European network, has been well received with around 50% of customers to date choosing holidays spanning other than the traditional 7 or 14 nights. Our direct contracts with hotels have performed well accounting for c.50% of the bookings.

## Sustainability

Our programme of carbon offsetting on behalf of our customers has been well received. We have seen a significant improvement in customer satisfaction as a result of this initiative, with a 7 percentage point increase from customers who are aware their flight was offset and with 11% more customers saying they will choose easyJet the next time they fly as a result of their flight being offset.

We have offset the carbon emissions from fuel used for all of our flights since 19th November. This represents 9 million easyJet customers who have taken net zero carbon flights already this year. This means that we have offset 800,000 tonnes of carbon so far.

## Sale and Leaseback

As planned, to further facilitate our fleet management strategy, easyJet completed a sale and leaseback of 10 A319 aircraft in the quarter, generating £114 million in cash. The transaction resulted in a small gain on disposal which will be disclosed as a non-headline item in the income statement in the first half.

## Outlook

For the year ending 30 September 2020 easyJet (excluding easyJet holidays) expects:

- Full Year capacity to grow by c.3%
  - H1 to grow c.1.5% - slightly lower than the previous expectation of c. 1.7%, primarily due to French air traffic control strikes
- H1 revenue per seat at constant currency to increase by mid to high single digits – compared to previous expectation of 'increase by low to mid single digits'
  - 75% of first half seats have now been booked, which is just over 1 percentage point ahead of the same time last year

- Full Year headline cost per seat excluding fuel at constant currency to be up low single digits assuming normal levels of disruption
  - H1 up mid single digits (includes an expected one-off maintenance charge)
- Full Year unit fuel bill to be between £110 million to £170 million adverse<sup>4</sup>. The total fuel bill to be c.£1.64 billion, which includes c.£25m investment in carbon offsetting
- Full year foreign exchange<sup>4</sup> movements to have a c.£70 million positive impact on headline profit before tax and c.£25m of this movement is part of the total fuel bill

easyJet holidays is expected to be at least breakeven for the financial year ending 30 September 2020.

easyJet expects to deliver a first half headline loss before tax better than H1 2019 (H1 2019: £275m loss).

easyJet remains focused on driving future returns, positive free cash flow over the longer term and maximising headline profit per seat as it continues to deliver value for customers and shareholders.

## KEY Q1 FINANCIALS

Three months ended	31 Dec 2019	31 Dec 2018	Change Fav./ (adv.)
Passengers (million) <sup>1</sup>	22.2	21.6	2.8%
Seats flown (million)	24.3	24.1	1.0%
Load factor (%) <sup>3</sup>	91.3%	89.7%	1.6ppts
Total revenue (£ million)	1,425	1,296	9.9%
Passenger revenue (£ million)	1,124	1,025	9.7%
Ancillary revenue (£ million)	301	271	10.8%
Total airline revenue per seat reported (£)	58.56	53.89	8.7%
Total airline revenue per seat constant currency (£)	58.63	53.89	8.8%
Total airline headline cost per seat reported (£)	(58.40)	(56.71)	(3.0%)
Total airline headline cost per seat at constant currency (£)	(59.41)	(56.71)	(2.6%)
Airline headline cost per seat excluding fuel at constant currency (£)	(45.29)	(43.42)	(4.3%)
ASKs (million)	26.9	26.0	3.6%
RPKs (million)	24.9	23.5	6.0%
Average sector length (km)	1,106	1,079	2.6%

**For further details please contact easyJet plc:**

Institutional investors and analysts:

Michael Barker	Investor Relations	+44 (0) 7985 890 939
Holly Grainger	Investor Relations	+44 (0) 7583 101913

Media:

Anna Knowles	Corporate Communications	+44 (0) 7985 873 313
Dorothy Burwell	Finsbury	+44 (0) 207 251 3801
		+44 (0) 7733 294 930

**Conference call details**

**Time:** 08.00 GMT

**Standard International Access:** +44 (0) 20 3003 2666

**UK Toll Free:** 0808 109 0700

**Password:** easyJet

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

**Notes:**

1. Represents the number of earned seats flown. Earned seats include seats that are flown whether or not the passenger turns up as 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. Capacity based on actual number of seats flown.
3. 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.
4. Based on fuel spot price range of \$600 to \$700. US \$ to £ sterling 1.33, Euro to £ sterling 1.18
5. <http://corporate.easyjet.com/investors/shareholder-services/eu-share-ownership>