

EASYJET

BALANCE SHEET

2 April 2020

P1/3

SUB / 2 APRIL 20
AIRCRAFT

CREDIT SUISSE

Figure 98: easyJet balance sheet

easyJet Balance Sheet Year to September (£m)	2016A FY	2017A FY	2018A FY	2019A FY	2020E FY	2021E FY	2022E FY	2023E FY	2024E FY
Non-current assets									
Property plant & equipment	3,164	3,437	3,857	4,379	5,040	5,148	5,473	5,864	6,119
Right of use assets				498	498	498	498	498	498
Advance payments on aircraft	88	88	283	286	286	286	286	286	286
Intangible assets	517	544	546	561	550	540	529	519	508
Available for sale financial assets	0	0	0	0	0	0	0	0	0
Derivative financial instruments	154	87	175	126	126	126	126	126	126
Deferred tax	0	0	0	0	0	0	0	0	0
Restricted cash	7	7	11	4	4	4	4	4	4
Other financial assets	0	0	0	48	48	48	48	48	48
Other non-current assets	121	74	122	142	142	142	142	142	142
Total non-current assets	4,051	4,237	4,994	6,044	6,694	6,792	7,106	7,487	7,731
Current assets									
Assets held for sale	0	0	0	0	0	0	0	0	0
Other assets	0	0	0	0	0	0	0	0	0
Trade receivables	217	275	408	372	380	388	396	404	412
Deferred tax	0	0	0	24	24	24	24	24	24
Derivative financial instruments	268	131	220	147	147	147	147	147	147
Restricted cash	0	0	0	0	0	0	0	0	0
Financial assets: cash > 3 month	255	617	348	291	291	291	291	291	291
Cash and cash equivalents	714	711	1,025	1,285	-164	330	686	1,053	1,705
Total current assets	1,454	1,734	2,001	2,119	678	1,180	1,544	1,919	2,579
Total assets	5,505	5,971	6,995	8,163	7,372	7,972	8,650	9,405	10,310
Current liabilities									
Trade payables	564	714	1,023	1,050	877	1,067	1,187	1,258	1,338
Accrued expenses and other liab	568	727	877	1,069	953	1,082	1,287	1,536	1,835
Current maturities of debt	92	8	9	0	0	0	0	0	0
Lease liabilities			0	219	219	219	219	219	219
Derivative financial instruments	275	82	24	138	138	138	138	138	138
Current tax	21	35	9	0	5	94	138	191	256
Provisions	53	104	118	192	192	192	192	192	192
Total current liabilities	1,573	1,670	2,060	2,668	2,383	2,793	3,161	3,535	3,978
Non-current liabilities									
Provisions	235	218	335	444	444	444	444	444	444
Derivative financial instruments	49	44	7	72	72	72	72	72	72
Deferred income tax liability	237	249	348	305	205	205	205	205	205
Other creditors	35	25	18	6	6	6	6	6	6
Non-current maturities of debt	664	963	968	1,324	1,324	1,324	1,324	1,324	1,324
Lease liabilities			0	359	359	359	359	359	359
Total non-current liabilities	1,220	1,499	1,676	2,510	2,410	2,410	2,410	2,410	2,410
Shareholders' equity									
Issued share capital	108	108	108	108	108	108	108	108	108
Share premium account	659	659	659	659	659	659	659	659	659
Treasury shares	0	0	0	0	0	0	0	0	0
Retailed earnings	1,920	1,996	2,192	2,215	1,809	1,999	2,309	2,691	3,152
Other reserves	25	39	300	3	3	3	3	3	3
Shareholders' equity	2,712	2,802	3,259	2,985	2,579	2,769	3,079	3,461	3,922
Total liabilities and shareholder	5,505	5,971	6,995	8,163	7,372	7,972	8,650	9,405	10,310

CASH
negative

TOO LOW

BONDS

NO REPAYMENT OF BONDS

Source: Company data, Credit Suisse estimates

EASYJET P+L

2 April 2020

2 APR 20

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CREDIT SUISSE

EasyJet (EZJ.L)

Price (27 Mar 2020): **594.80p** Target Price: (from 1555.00p) **945.00**

REVENUE FY20 54% of FY19

Analyst: Neil Glynn
Rating: **Outperform**

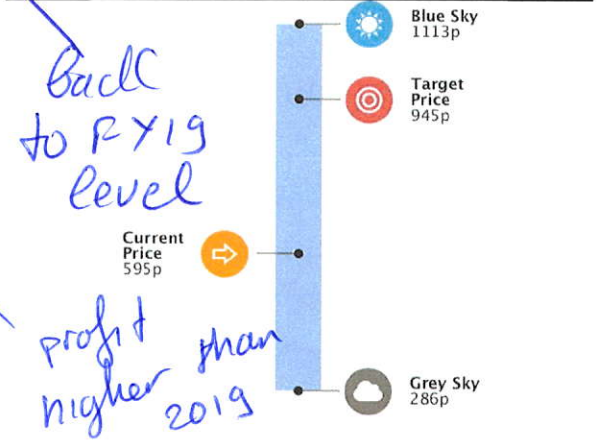
Income statement (£ m)	9/19A	9/20E	9/21E	9/22E
Revenue	6,385	3,544	6,321	6,628
EBITDA	965	(74)	1,047	1,376
Depr. & amort.	(499)	(386)	(535)	(568)
EBIT	466	(460)	512	808
Net interest exp.	(36)	(42)	(42)	(42)
Associates	-	-	-	-
PBT	430	(502)	470	766
Income taxes	(81)	95	(89)	(146)
Profit after tax	349	(406)	381	620
Minorities	-	-	-	-
Preferred dividends	-	-	-	-
Associates & other	0	0	0	0
Net profit	349	(406)	381	620
Other NPAT adjustments	0	0	0	0
Reported net income	349	(406)	381	620
Cash flow (£ m)	9/19A	9/20E	9/21E	9/22E
EBIT	466	(460)	512	808
Net interest	(46)	(50)	(50)	(50)
Cash taxes paid	(58)	0	0	(102)
Change in working capital	118	(116)	130	205
Other cash and non-cash items	514	386	535	568
Cash flow from operations	994	(240)	1,126	1,429
CAPEX	(1,158)	(1,150)	(750)	(1,000)
Free cashflow to the firm	(43)	(1,276)	494	546
Acquisitions	0	0	0	0
Divestments	121	114	118	118
Other investment/(outflows)	0	0	0	0
Cash flow from investments	(1,037)	(1,036)	(632)	(882)
Net share issue/(repurchase)	(16)	0	0	0
Dividends paid	(233)	(173)	0	(190)
Issuance (retirement) of debt	-	-	-	-
Other financing	0	0	0	0
Cashflow from financing	(249)	(173)	0	(190)
Changes in net cash/debt	(722)	(1,449)	494	356
Net debt at start	(396)	326	1,775	1,281
Change in net debt	722	1,449	(494)	(356)
Net debt at end	326	1,775	1,281	925
Balance sheet (£ m)	9/19A	9/20E	9/21E	9/22E
Assets				
Total current assets	2,119	678	1,180	1,544
Total assets	8,163	7,372	7,972	8,650
Liabilities				
Total current liabilities	2,668	2,383	2,793	3,161
Total liabilities	5,178	4,793	5,203	5,571
Total equity and liabilities	8,163	7,372	7,972	8,650
Per share	9/19A	9/20E	9/21E	9/22E
No. of shares (wtd avg.) (mn)	397	397	397	397
CS EPS (adj.) (p)	87.91	(102.39)	95.94	156.28
Prev. EPS (p)	-	68.24	118.26	171.77
Dividend (p)	43.90	0.00	48.33	78.74
Free cash flow per share (p)	(10.83)	(321.51)	124.45	137.61
Key ratios and valuation	9/19A	9/20E	9/21E	9/22E
Growth/Margin (%)				
Sales growth (%)	8.3	(44.5)	78.4	4.9
EBIT growth (%)	(21.3)	(198.7)	211.4	57.7
Net income growth (%)	(25.1)	(216.5)	193.7	62.9
EPS growth (%)	(25.1)	(216.5)	193.7	62.9
EBITDA margin (%)	15.1	(2.1)	16.6	20.8
EBIT margin (%)	7.3	(13.0)	8.1	12.2
Pretax profit margin (%)	6.7	(14.2)	7.4	11.6
Net income margin (%)	5.5	(11.5)	6.0	9.4
Valuation				
EV/Sales (x)	0.4	1.2	0.6	0.5
EV/EBITDA (x)	2.8	(55.9)	3.5	2.4
EV/EBIT (x)	5.8	(9.0)	7.1	4.1
Dividend yield (%)	7.38	0.00	8.13	13.24
P/E (x)	6.8	(5.8)	6.2	3.8
Credit ratios (%)				
Net debt/equity (%)	10.9	68.9	46.3	30.1
Net debt to EBITDA (x)	0.3	(24.0)	1.2	0.7
Interest coverage ratio (x)	12.9	(10.9)	12.2	19.2

£500m loss for FY20

Company Background

EasyJet plc is an airline carrier operating principally in Europe. The principal activities of its subsidiaries include airline operation and aircraft trading and leasing.

Blue/Grey Sky Scenario



Our Blue Sky Scenario (p) (from 1754.00) **1113.00**

Our Blue Sky fair value of 1,113p is based on a DCF model with a long term 11% EBIT margin, and £900m capex in line with FY18.

Our Grey Sky Scenario (p) (from 631.00) **286.00**

Our Grey Sky fair value of 286p is based on a DCF model with a long term 7% EBIT margin, and £1bn capex in line with FY18.

Share price performance



The price relative chart measures performance against the FTSE ALL SHARE INDEX which closed at 3021.9 on 27/03/20
On 27/03/20 the spot exchange rate was £.89/Eu 1.- Eu.9/US\$1

NB. Loss for first half c £200m

Source: FTI, Company data, Refinitiv, Credit Suisse Securities (EUROPE) LTD. Estimates

so loss of months

EASYJET P3/3

CASH FLOW

2 April 2020



Figure 97: easyJet cash flow statement

easyJet Cash Flow Statement Year to September (£m)	2016A FY	2017A FY	2018A FY	2019A FY	2020E FY	2021E FY	2022E FY	2023E FY	2024E FY
Operating profit	498	428	592	466	-460	512	937	1,043	1,162
Depreciation	169	195	214	499	386	535	568	602	638
Working capital	35	325	449	118	-116	130	237	264	294
Other	22	1	(40)	15	0	0	0	0	0
Operating cash flow	724	949	1,215	1,098	-190	1,176	1,742	1,910	2,094
Interest received	0	9	11	12	10	10	10	10	10
Interest paid	(19)	(30)	(29)	(58)	(60)	(60)	(60)	(60)	(60)
Tax paid	(99)	(51)	(74)	(58)	0	0	(119)	(133)	(149)
Capex	(586)	(630)	(1,012)	(1,158)	(1,150)	(750)	(1,000)	(1,100)	(1,000)
Disposals	0	115	106	121	114	118	118	118	118
Other	0	0	0	0	0	0	0	0	0
Free cash flow	20	362	217	(43)	(1,276)	494	691	744	1,013
Equity issued	0	0	0	0	0	0	0	0	0
Share repurchase	(22)	(10)	(17)	(16)	0	0	0	0	0
Acquisitions	0	0	0	0	0	0	0	0	0
Dividends	(219)	(214)	(162)	(233)	(173)	0	(190)	(363)	(406)
Other	(7)	6	1	193	0	0	0	0	0
Net cash inflow/outflow	(228)	144	39	(99)	(1,449)	494	501	382	608
Opening net cash (debt)	441	213	357	(227)	(326)	(1,775)	(1,281)	(781)	(399)
Closing net cash (debt)	213	357	396	(326)	(1,775)	(1,281)	(781)	(399)	208

AIRBUS

NO NEW EQUITY

zero div

CASH FLOW

Source: Company data, Credit Suisse estimates