easyJet

FY23 TRADING AND BUSINESS UPDATE

12 October 2023

KEY MESSAGES

Executing our plan

Current medium term targets delivered

- ✓ Low to mid teen ROCE
- ✓ Mid teen EBITDAR Margin
- ✓ easyJet holidays delivers >£100m PBT

Today's business update:

- > FY23 Trading update
- > Ambitious new targets
- > Proposed aircraft order
- > Capital allocation framework

FY23 FINANCIAL SUMMARY

2023 Financial year[1]

> PBT to be between £440 - £460 million

> Holidays delivers around £120 million PBT

> Q4 Record PBT delivered: £650 - £670 million

- Q4 RPS +9% YoY – guidance c.10%
- Q4 CPS ex fuel flat YoY

> H2 Record PBT delivered: £850 - £870 million

- H2 RPS +15% YoY
- H2 CPS ex fuel reduced 1.3% YoY – guidance broadly flat

> New shareholder returns policy, commencing with FY23 results, payable early 2024

Outlook

> Q1'24

- Capacity c.15% YoY
- Yields ahead YoY and load factor in line
- Headline cost ex fuel expected to slightly reduce YoY

1) FY23 numbers are circa and rounded to the middle of the guidance range and remain subject to audit

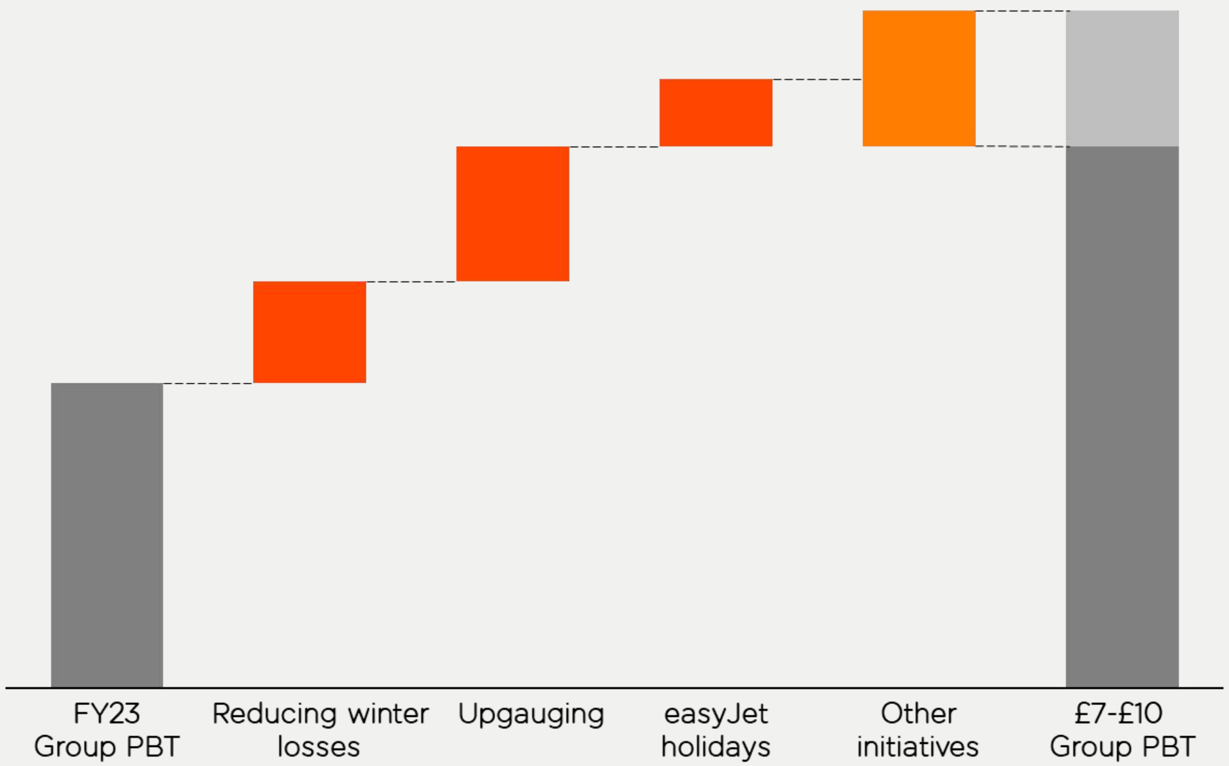
BUSINESS UPDATE

MEDIUM TERM TARGETS

Group PBT[1] per seat of £7-£10	High teen ROCE[2]	Holidays PBT[1] to >£250m	Disciplined capacity growth c.5% CAGR[3]

Targeting high teen Airline EBITDAR Margins

- Reducing winter losses
  - Profitable restoration of winter capacity driving productivity and utilisation gains
- Upgauging
  - >£3 per seat cost saving from A319s leaving the fleet
- easyJet holidays
  - Continuing profitable growth adding to market share in the package holiday market
- Other
  - Continued monetisation of easyJet's primary airport network
  - Cost discipline
  - Inflight retail & other ancillary revenue growth
  - External factors: Inflation, fuel & demand environment



Ambition to deliver >£1bn PBT

1) Headline result before non-headline items 2) ROCE is calculated by taking headline profit/loss before interest and tax, applying tax at the prevailing UK corporation tax rate at the end of the financial year, and dividing by the average capital employed. Capital employed is shareholders equity, excluding the hedging and cost of hedging reserves, plus net debt 3) Capacity growth between 2023 and 2028.

MAKING LOW-COST TRAVEL EASY

Building Europe's best network

- Increased positions at constrained airports where returns are best
- Profitable capacity growth in winter to reduce winter losses
- Disciplined capacity growth of c.5% CAGR to 2028

Transforming revenue

- Continual revenue management enhancements
- Ancillary offering delivering strong conversion
- easyJet holidays growth to continue

Delivering ease and reliability

- Ease – customer experience focus
- Reliability – OTP focus
- Operational efficiency

Driving our low-cost model

- Upgauging to deliver >£3 cost saving
- Winter utilisation & productivity
- H1'24 CPS ex fuel to be broadly flat YoY

Medium term targets

Group PBT per seat of £7-£10

High teen ROCE

Holidays >£250m PBT contribution

Capacity growth c.5% CAGR[1]

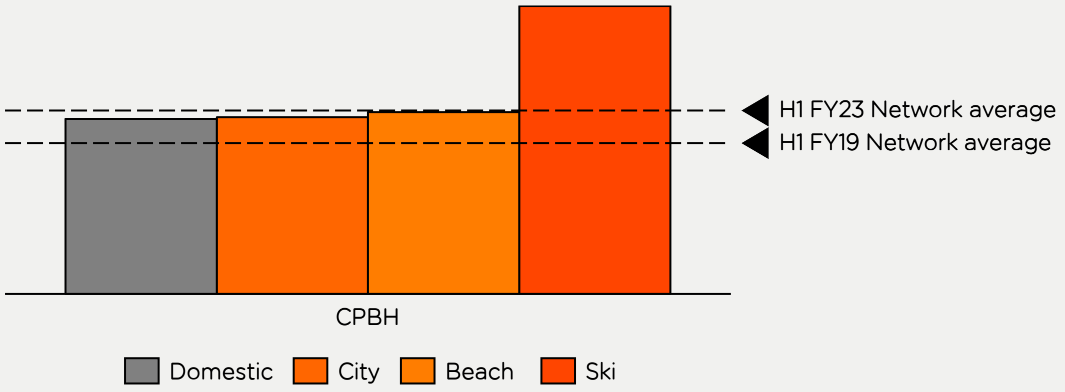
Strategic priorities that will create value for our shareholders

1) Capacity growth between 2023 and 2028

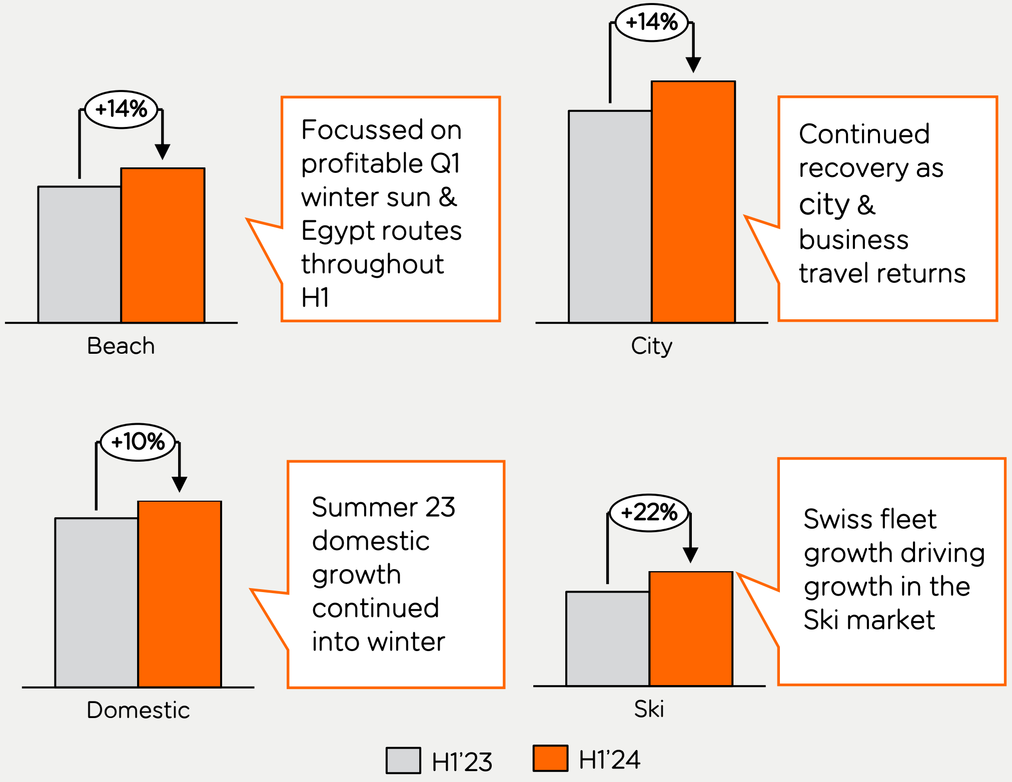
BUILDING EUROPE'S BEST NETWORK

Reducing winter losses

- H1'23 contribution higher than historical levels
- Post covid lack of volume drove winter losses
- c.13% capacity growth this winter
  - Focused growth on strongest country flows
  - c.70% growth across ten largest flows
  - Unlocking productivity gains for pilots, cabin crew and aircraft



H1'24 capacity growth



Our asset allocation driving higher returns

BUILDING EUROPE'S BEST NETWORK

Increased concentration at highest returns airports

Capacity %[1]	2019	2023	Delta
Fully constrained (IATA L3)	37%	42%	+5 ppts
Constrained at peak times (IATA L2)	30%	39%	+9ppts
Other	33%	19%	-14ppts

Capacity growth c.5% CAGR[1]

- Upgauging
  - To deliver >6% capacity growth to 2028
  - Densifying core slot constrained markets
- Growth opportunities identified within existing markets
  - Building out core markets where there is capacity to grow
  - Destination base growth
- Ready for opportunistic growth
  - Taking slots at our most in demand airports when become available
  - Opportunity to grow if demand patterns change
- New source markets

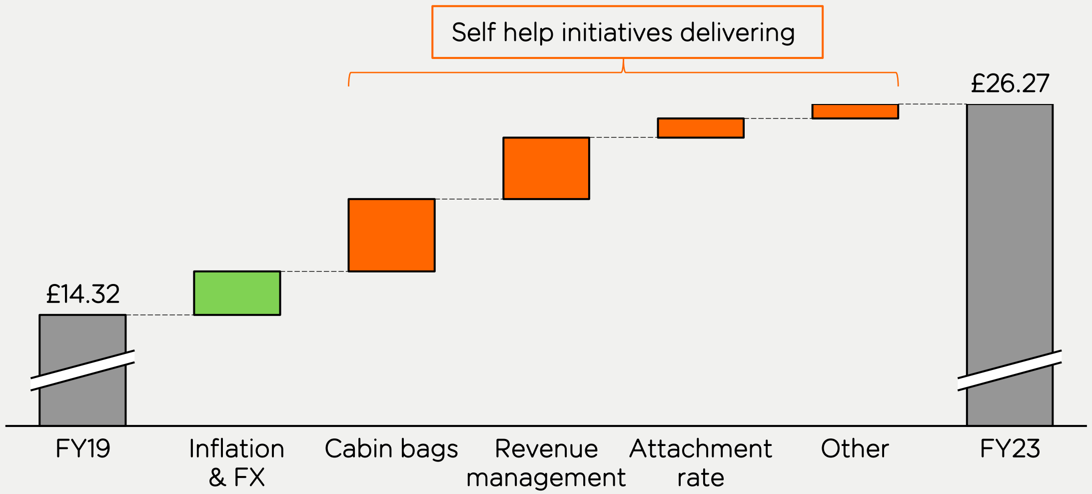
Identified opportunities for growth

1) Capacity (by calendar year) originating from constrained airports- IATA level 2 or level 3 definition

TRANSFORMING REVENUE

c.£1bn of additional revenue already generated

Airline ancillary revenue per seat sold



Revenue management enhancements

> Improved merchandising – benefits realised from FY24

> Algorithm enhancements

In-flight retail

> Delivered profit improvement – more growth to come

	FY23	Previous model	FY23
Conversion	20%	20%	-
Spend per seat	£2.12	£1.85	+17%
Profit per seat	£0.60	£0.42	+42%

> Plan to deliver £1 PBT per seat over the medium term

Sustainable ancillary revenue growth

easyJet holidays

Fastest growing, lowest cost, highest margin travel business in the UK

- Around £120 million PBT delivered for FY23
- 77% YoY customer growth
  - 5% UK market share – doubled year on year
  - 83% customer satisfaction
- Maintained leading cost position
- Competitive pricing underpins growth – Customer bookings to date are cheaper c.70% of the time
- Unlocked new source markets on web platform

Executing the next phase of our plan

- Further grow market share in the UK to >10%
  - Continue Leisure and City Break growth
  - New products
- New source markets profit generation
- Ancillary offering
- Growth not constrained by inventory

To deliver >£250m PBT in the medium term

DELIVERING EASE AND RELIABILITY

Industry leading customer perception - #1LCC[1]

	UK	FR	CH
Delivering on value	#1	#1	#1
Brand awareness	#1LCC	#1LCC	#1LCC
Delivering on network	#1LCC	#1LCC	#1LCC
Delivering on reliability	#1LCC	#1LCC	#1LCC
Making travel easy	#1LCC	#1LCC	#1LCC

Source: Delineate Brand Tracker (Aug 23)

Proactive operational action taken

> Executed recruitment plan

> Mitigated supply chain challenges through spare parts pool

> Managed a difficult macro environment through
  - Flight consolidation at London Gatwick
  - Managing flight plans to mitigate French ATC strikes & congested airspace
  - Added terminal & fleet manager roles at our largest base

> No 1/2 OTP performance in our top ten airports

1) Core markets of UK, France and Switzerland where a carrier has >10% market share.

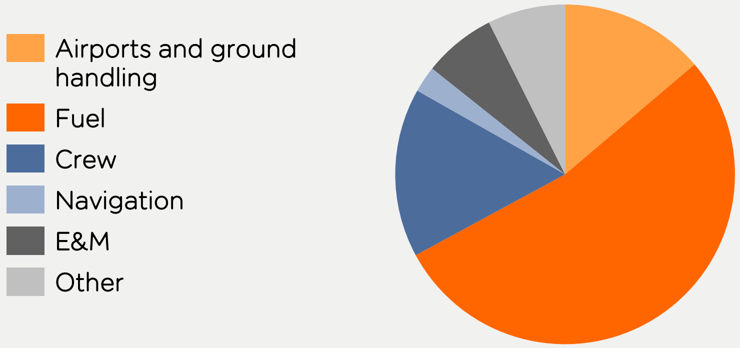
DRIVING OUR LOW-COST MODEL

Upgauging the fleet

> Current average gauge of 179 to grow to:
  - Low 190s by FY'28
  - Low 200s by FY'34

> >£3 cost per seat saving from upgauging to FY28.
  - Additional benefit unlocked from the conversion of 35 A320neo into A321neo aircraft deliveries
  - Further upgauging journey from proposed aircraft order

Upgauging cost saving by cost line



	A319	A320ceo	A320neo	A321neo
Number of seats	156	180/186	186	235
Current fleet	95	172	54	15
Average age (years)	15	10	4	4
Deliveries to FY29	-	-	90	68
Proposed aircraft purchase to FY34	-	-	56	101

Productivity & utilisation focus

> Winter capacity restoration in FY24 expected to drive productivity and utilisation gains
  - Aircraft utilisation +10% YoY
  - Pilot productivity +6% YoY
  - Crew productivity +3% YoY

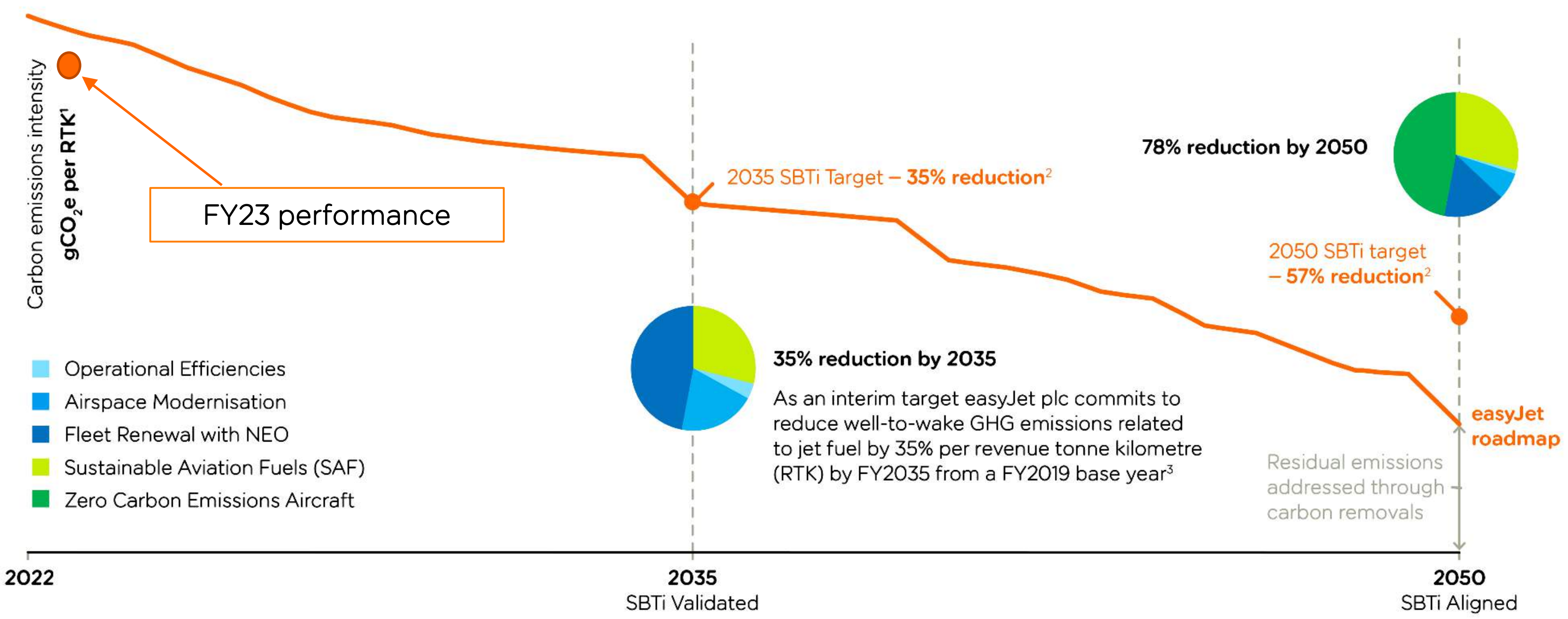
> Driving efficiency through Data and AI

H1 2024 CPS ex fuel to be broadly flat YoY

PIONEERING SUSTAINABLE TRAVEL

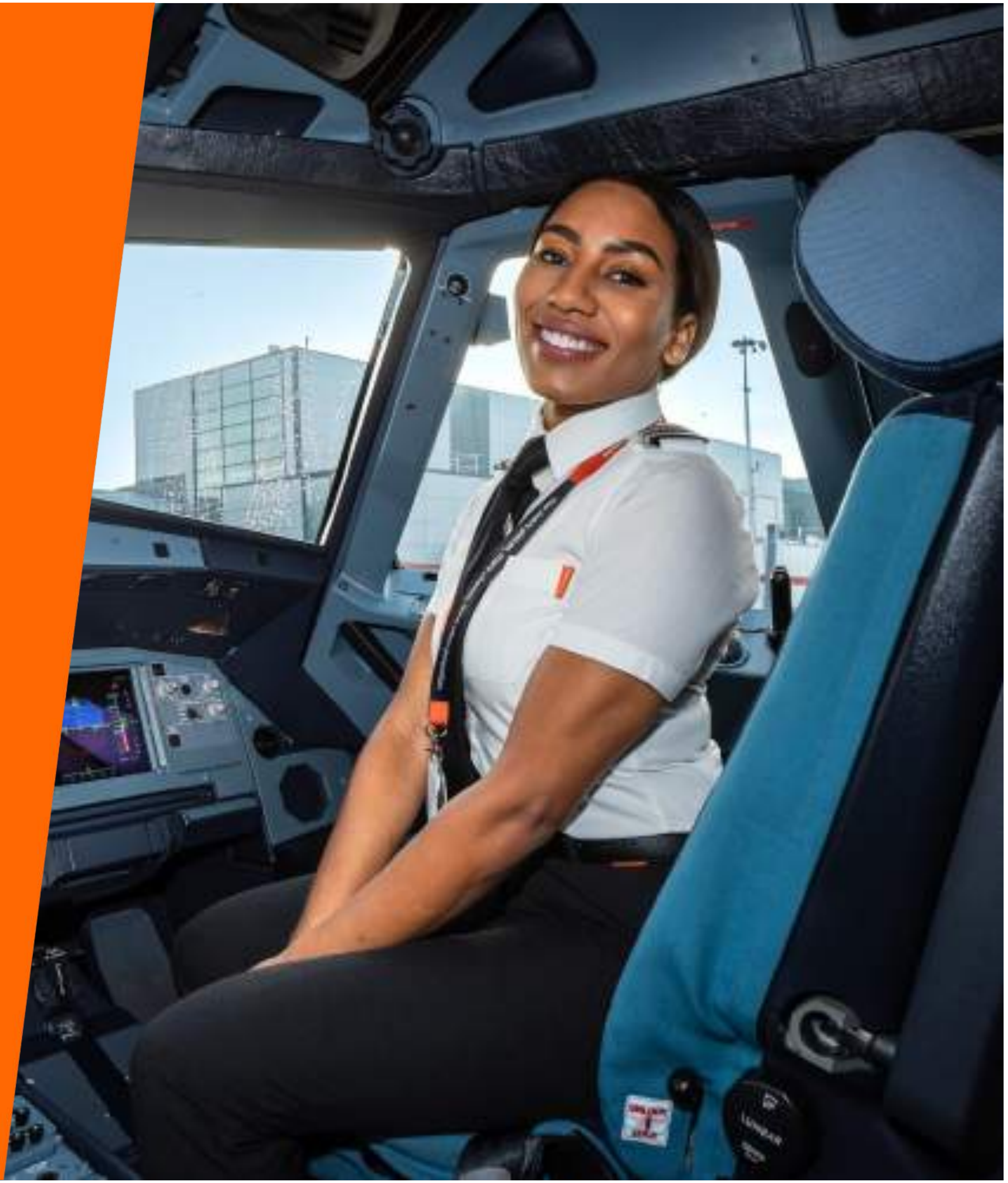
Net zero roadmap - development

- Tracking ahead of plan
- Aircraft order to provide significant emission intensity improvements
- SAF supply agreement in place
- DACCS Agreement



1) RTK = Revenue Tonne Kilometres. 2) Based on SBTi aviation sectoral decarbonisation pathway for well below 2°C scenario. Targets versus FY 2019 baseline as the last normal operating year. 3) The target boundary includes biogenic emissions and removals from bioenergy feedstocks (SAF).

AIRCRAFT ORDER



AIRCRAFT ORDER KEY MESSAGES

Proposed aircraft order:

> FY29 to FY34 delivery window

> Secures scarce order book positions

> Consistent renewal necessary to replace aging aircraft and meet net zero pathway

> Drives profitability due to substantial fuel and carbon efficiencies & upgauging

> Excellent commercial terms negotiated

AIRCRAFT ORDER BOOK OVERVIEW

Existing arrangements with Airbus

- 69 A320neo family aircraft already delivered
- 158 firm orders due by 2028
  - 90 A320neo aircraft
  - 68 A321neo aircraft (was 33 prior to conversion agreement as part of proposed aircraft purchase)

→

- Replace A319 and some A320ceo Aircraft currently in the fleet
- Move the average gauge from 179 seats to low 190s
- Provide capacity growth to deliver c.5% CAGR to FY28

Proposed aircraft purchase

- Aircraft for delivery between FY29 & FY34
  - 157 firm orders (56 A320neo & 101 A321neo)
  - 100 purchase rights
- Targeting shareholder approval this calendar year

→

- Replace approximately half of the A320ceo Aircraft in the fleet
- Move the average gauge from low 190s to low 200s
- Provide growth from firm orders and 100 purchase rights

315 aircraft on order and 100 purchase rights to FY34

HIGHLY COMPETITIVE PROCESS

Process timeline

- December 2022: RFP issued to OEMs
- February 2023: First submissions received from OEMs
- February – June 2023: Negotiations
- July/August 2023: Best and final offer process - airframe & engine
- October 2023: Board recommendation

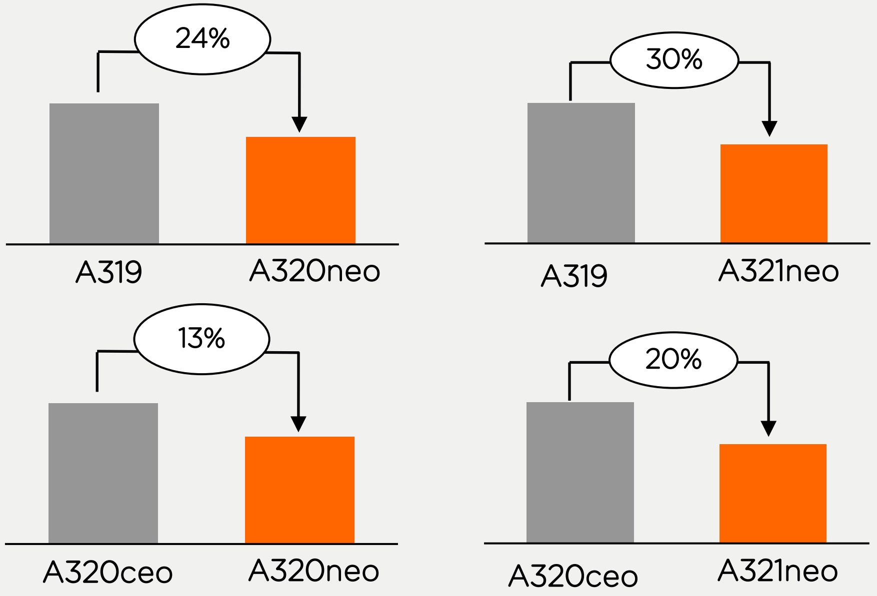
Selection decision

- All manufacturers demonstrated ability to meet easyJet's performance requirements
- Airbus selected on superior economics
- easyJet has secured favourable delivery dates and upgauging from Airbus within the existing agreement to 2028
- Entered into exclusive negotiations with CFM for the supply of engines

Fleet modernisation

- Replacement of A319 Aircraft and c.50% A320ceo aircraft
- Delivering lower fuel burn, $CO2$ emissions and operating costs

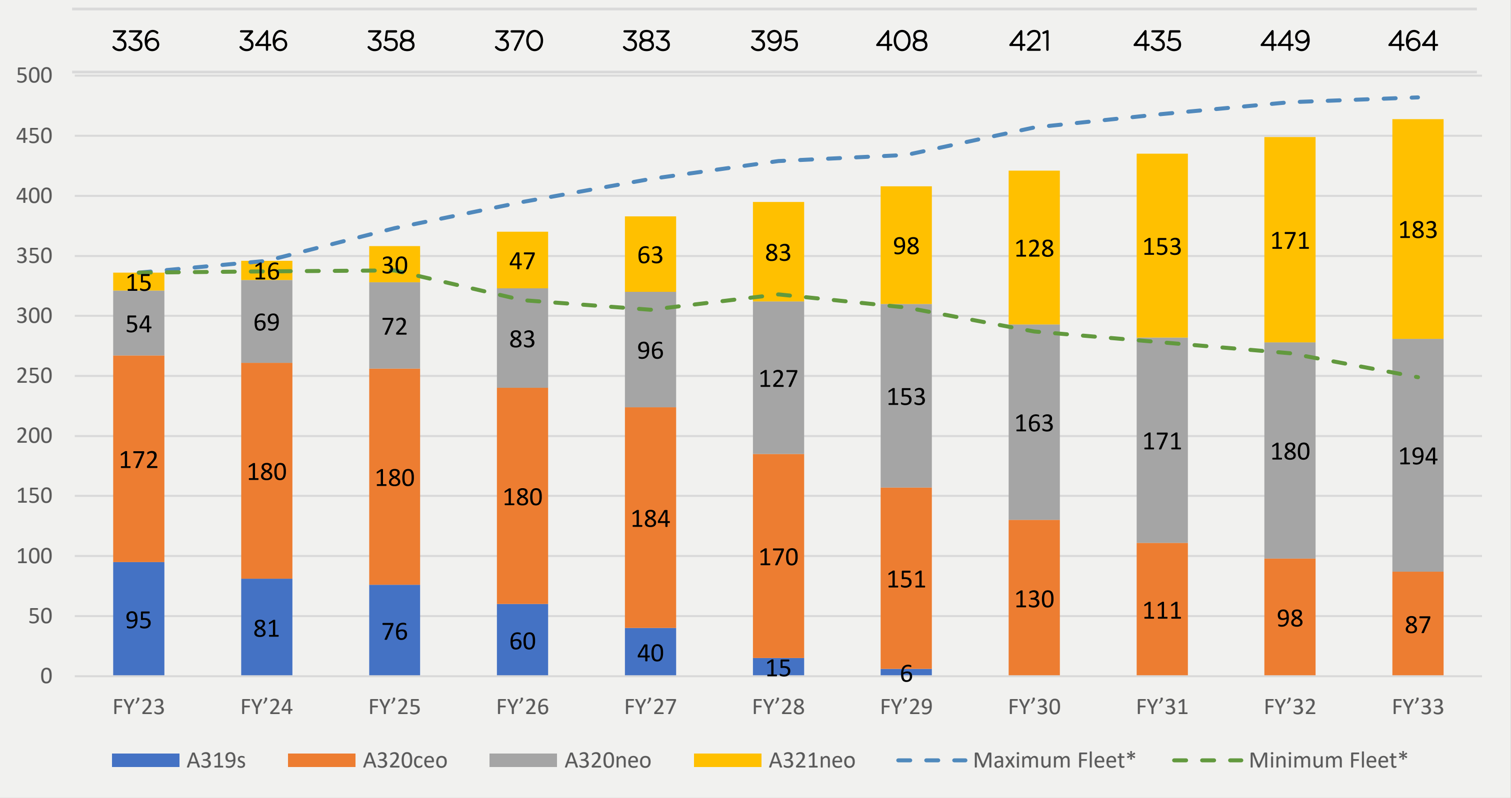
Fuel burn per seat saving[1]



1) CEO fuel efficiency improved as a result of the Descent profile optimisation software implementation

FLEET GROWTH & MODERNISATION

Current base fleet plan to FY33



*Minimum and maximum fleet plan excludes 100 aircraft purchase rights

- **>** Upgauging
  - Low 190s by FY28
  - Low 200s by FY33
- **>** Fleet modernisation
  - A319s retired by FY30
  - >80% fleet to be NEO aircraft by FY33
- **>** Proposed order funded through
  - Internal resources
  - Cash flow
  - Sale and leaseback transactions
  - Debt

Proposed fleet order – improved economics on commercial terms and fleet mix

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DRIVING SHAREHOLDER VALUE

CAPITAL ALLOCATION FRAMEWORK

	Objective	Metrics	FY23 Progress
Capital discipline	> High asset efficiency	> Aircraft utilisation >10 hours a day	> 9.1 hours asset utilisation, +15% YoY
	> Maintain fleet flexibility	> Capacity growth c.5% CAGR[1]	> 14% capacity growth from 5% fleet growth to 336 aircraft
+	> Maintain robust Balance Sheet	> Strong investment grade credit profile	> BBB/Baa3 positive outlook credit rating
Capital Structure	> Retain ability to invest in profitable growth opportunities	> >75% of NEO fleet in ownership	> 74% NEO aircraft in ownership
	> Maintain sufficient liquidity to manage through industry shocks	> Maintain liquidity of unearned revenue +£500m	> £4.7 bn liquidity, £2.6 bn above liquidity policy
=	> Capital investment	> Growth & Aircraft ownership	> 74% NEO aircraft in ownership & 14% capacity growth YoY
Shareholder Returns	> Deliver industry leading returns	> £7-10 PBT per seat & High teen ROCE	> Building blocks to deliver medium term targets set out
	> Return excess capital to shareholders	> 10% headline PAT dividend in FY23 rising to 20% in FY24	> Ordinary dividend reinstated

Platform to create strong value for our shareholders

1) Capacity growth between 2023 and 2028

OUR PRIORITIES – DELIVERING SHAREHOLDER VALUE

Building Europe's Best Network

Transforming revenue

Delivering ease and reliability

Driving our low-cost model

+

Capital allocation and capacity growth discipline

Supported by

Strong balance sheet

=

Dividends restarted & attractive long term shareholder value

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Q&A