

25 January 2023

easyJet plc
('easyJet')

easyJet Trading Update for the quarter ended 31 December 2022

Strong bookings see easyJet improve its first quarter performance by £80 million year on year, driven by its transformed network and much improved revenue capability with momentum continuing into Q2

- **Q1 headline loss before tax £133 million (Q1 22 £213 million loss)**
 - Passenger growth +47% YoY
 - RPS +36% YoY
 - Load factor +10 ppts YoY
 - Ticket yield +21% YoY
 - Ancillaries continue to grow with yield increasing 20% YoY (+85% vs Q1 FY19)
 - easyJet holidays delivers £13 million profit (Q1 22 £1 million loss)
- **Strong booking momentum:**
 - Q2 RPS expected to continue year on year trend from Q1
 - Airline and easyJet holidays deliver record revenue booking days in January
 - Bookings strength continues across Q2 and into summer 2023
 - easyJet holidays upgrades expectations from >30% to c.50% customer growth YoY
 - Strong UK demand: 11 new routes just released to popular holiday destinations
- **Expect H1 loss before tax to be significantly better vs H1 22**
- **H2 ticket yields continuing the trend from H1, although load factors behind FY19 levels as later booking pattern continues**
- **Whilst we remain mindful of the uncertain macroeconomic outlook across the globe, based on current high levels of demand and strong bookings, easyJet anticipates beating the current market profit expectations¹ for FY23**

Summary

easyJet's first quarter financial performance was ahead of expectations as yields strengthened, with revenue per seat increasing 36% year on year. Airline ancillary revenue continued to perform well, at £20.12 per seat, also increasing 36% year on year. easyJet holidays remains the UK's fastest growing major holiday company, with a 161% increase year on year in customers as demand for travel in the UK remains strong.

Moving into the second quarter of this financial year, easyJet expects RPS growth year on year to continue the trend experienced in Q1. This is driven by yield and load factor growth alongside the continued delivery of ancillary products. easyJet holidays will continue to see customer growth through the quarter, alongside investment into marketing and advertising as part of the turn of year sale campaign.

easyJet's leading low-cost proposition at primary airports provides a key differentiator for customers making it easy to travel, whilst offering great value. Demand for our network is strong demonstrated through record turn of year bookings. Easter, which sits in Q3, is currently trading very well with sold ticket yields +24% vs FY19, noting the later booking window. With strong UK demand, easyJet holidays is now over 60% sold for this summer, based on the previously guided 30% growth year on year. With the holidays business not constrained and considering current levels of demand, we now expect to see growth of circa 50% on FY22.

Johan Lundgren, CEO of easyJet, said:

"We have seen strong and sustained demand for travel over the first quarter, carrying almost 50% more customers compared with last year. Many returned to make bookings during the traditional turn of year sale where we filled five aircraft every minute in the peak hours, which culminated in three record-breaking weekends for sales revenue this month.

"This strong booking performance, aided by the airline's step changed revenue capability, has driven an £80m year on year boost in the first quarter with continued momentum as customers prioritise spending on holidays for the year ahead. easyJet holidays, the fastest growing holidays company in the UK, is upgrading its ambitious growth plans for the year given the strong demand.

"In summary, we expect to see our winter loss reduce significantly over the first half compared to last year. This will set us firmly on the path to delivering a full year profit, where we anticipate beating the current market expectation enabling us to create value for customers, investors and the economies we serve."

Capacity

During Q1 easyJet flew 20.2 million seats, in line with guidance, a significant increase on the same period last year when easyJet flew 15.5 million seats. Load factor was 87% (Q1 FY22: 77%), due to increased customer demand coupled with restriction-free travel.

Passenger³ numbers in the quarter increased to 17.5 million (Q1 FY22: 11.9 million).

	October 2022	November 2022	December 2022	Q1 FY23	Q1 FY22
Number of flights	49,071	28,907	34,914	112,892	85,618

Peak operating aircraft	313	254	261	313	251
Passengers ³ (thousand)	7,505	4,543	5,433	17,481	11,891
Seats flown (thousand)	8,732	5,178	6,250	20,159	15,471
Load factor ⁴	86%	88%	87%	87%	77%

Sustainability

During the quarter, easyJet's CO2 emissions per RPK reduced 11% year on year. Alongside this, our partnership with Rolls-Royce set a new aviation milestone with the world's first run of a modern aeroplane engine fuelled by green hydrogen. To further underpin the commitment to achieving our net zero roadmap, easyJet announced a partnership with Airbus, Bristol Airport and EDF Hynamics, with the objective of turning Bristol Airport into a hydrogen hub.

Revenue, Cost and Liquidity

Revenue continued to benefit from strong demand for easyJet's leading network, the continued outperformance of ancillary products and easyJet holidays. Significant fuel price increases year on year and the strengthened USD have resulted in fuel cost per seat being 76% (£8.44) more than the same period last year. One-off costs were incurred during the quarter as 15 wet leased aircraft utilised in summer 22 left the fleet at the end of October.

Financing costs benefitted from the strengthening of sterling versus the USD over the quarter which has driven a non-operating, non-cash FX gain of £13 million (Q1 FY22: £15 million gain) from balance sheet revaluations.

	Q1'23	Q1'22	Variance
Passenger revenue (£'m)	975	547	78%
Airline ancillary revenue (£'m)	406	230	77%
Holidays revenue ² (£'m)	93	28	232%
Group revenue (£'m)	1,474	805	83%
Fuel costs (£'m)	(393)	(171)	(130)%
Airline headline EBITDAR costs (£'m)	(959)	(647)	(48)%
Holidays EBITDAR costs ² (£'m)	(80)	(29)	(176)%
Group headline EBITDAR costs (£'m)	(1,432)	(847)	(69)%
Group headline EBITDAR (£'m)	42	(42)	200%
Group depreciation & amortisation (£'m)	(164)	(153)	(7)%
Group LBIT (£'m)	(122)	(195)	37%
Financing costs excluding balance sheet revaluations (£'m)	(24)	(33)	27%
Balance sheet revaluations (£'m)	13	15	(13)%
Group headline LBT (£'m)	(133)	(213)	38%
Airline passenger revenue per seat (£)	48.35	35.37	37%
Airline ancillary revenue per seat (£)	20.12	14.84	36%
Total airline revenue per seat (£)	68.47	50.21	36%
Airline headline cost per seat ex fuel (£)	(56.21)	(52.90)	(6)%
Airline fuel cost per seat (£)	(19.50)	(11.06)	(76)%
Airline headline total cost per seat (£)	(75.71)	(63.96)	(18)%
Cash and money market deposits (£'bn)	3.0	2.9	3%
Net debt (£'bn)	1.1	1.2	8%

Capacity outlook

- H1 c.38m seats, c.25% increase YoY
- H2 c.56m seats, c.9% increase YoY
- Q4 capacity around pre-pandemic levels

Fuel & FX Hedging

Jet Fuel	H1'23	H2'23	USD	H1'23	H2'23
Hedged position	78%	59%	Hedged position	75%	62%
Average hedged rate (\$/MT)	\$819	\$900	Average hedged rate (USD/GBP)	1.29	1.24
Current spot (\$/MT) at 24.01.23	c. \$1,110		Current spot (USD/GBP) at 24.01.23	c. 1.23	

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

- 1) Current market profit expectations for FY23 is a £126 million profit before tax for FY23.
- 2) easyJet holidays numbers include elimination of intercompany airline transactions
- 3) Represents the number of earned seats flown. Earned seats include seats which 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.
- 4) 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.

This announcement may contain statements which constitute 'forward-looking statements'. Although easyJet believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

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