

easyJet plc

Results for the six months ending 31 March 2018

*easyJet delivers a strong first half performance and one of its best winters ever;
unveils focus areas of investment to drive returns and profit per seat*

Strong first half performance

- The strength of easyJet's network and customer proposition helped to deliver strong performance in the first six months of the financial year. This was supported by:
 - A positive trading environment and higher load factors across easyJet routes
 - Capacity reductions by other airlines in easyJet markets
 - The partial movement of Easter into the first half from the second half in 2017
- Passenger numbers for the six months to 31 March 2018 increased by 3.0 million to 36.8 million, including 0.7 million from easyJet's new Berlin Tegel operations launched in January
- Capacity increased by 7.8% as easyJet grew its existing network by 4.6% and added an additional 1.2 million seats at Tegel. Load factor grew by 0.9 percentage points to 91.1% (91.9% excluding Tegel)
- Total revenue increased by 19.5% to £2,183 million (H1 2017: £1,827 million). Total revenue per seat increased by 10.9% to £54.10 (H1 2017: £48.80), with an increase of 8.3% at constant currency⁽¹⁾. Ex-Tegel flying revenue per seat increased by 12% to £54.64 and by 9.5% at constant currency, at the upper end of previous guidance
- easyJet's business model and strategy are underpinned by sector leading balance sheet strength, with a net cash position at 31 March 2018 of £665m (31 March 2017: £353m)
- Headline cost per seat excluding fuel increased by 2.2% to £43.11 (H1 2017: £42.18), and increased by 1.6% at constant currency (1.3% excluding Tegel), due to increased loads, inflationary costs and the impact of severe weather, offset by £66 million of cost savings
- Headline profit before tax *excluding* Tegel was £8 million, a £220 million improvement on H1 2017 (H1 2017 loss £212m). Total headline loss before tax was £18 million, an improvement of £194 million. Total loss before tax of £68 million for the six months ended 31 March 2018 (H1 2017 loss £236m) principally reflecting non-headline costs associated with the one-off integration of Tegel operations and the sale and leaseback of ten A319 aircraft

Investing in the future

- Following an update of its strategy, easyJet plans to invest in enhancing its propositions in holidays, business passengers, customer loyalty and data. This leverages easyJet's existing strong business model, network, brand, cost base and data leadership
- This, combined with easyJet's rigorous approach to underlying cost control and plans to address increasing disruption cost, is expected to drive significant profit per seat improvement
- As a result of its disciplined capital allocation and focus on maximising shareholder returns easyJet is also targeting to deliver increasing return on capital employed with a close focus on cash

Outlook

- easyJet continues to implement its strategy of profitable growth to secure leading positions at primary airports and drive returns over the long term
- Forward bookings are ahead of last year: at 80% for the third quarter and 57% for the second half

- easyJet's ex-Tegel capacity growth in the second half is forecast at circa 5% and revenue per seat at constant currency growth in the second half is expected to be slightly positive, reflecting more disciplined market capacity growth offsetting the negative impact of the partial movement of Easter into the first half
- Full year headline cost per seat excluding fuel at constant currency (assuming normal levels of disruption in H2) is expected to increase by c.2%. This includes the impact of severe disruption incurred in the first half and expected employee incentive payments due to our strong profit and operational improvement
- At Tegel we now expect to deliver a combined headline and non-headline impact that is within the £160 million previously guided. Headline loss before tax is expected to increase to between £75 million and £95 million, due to a higher fuel price, additional regulated security and noise tax charges and lower gauge wet lease aircraft than planned, as well as the potential risk of lower revenue from our finalised schedule. One-off non-headline costs are now expected to be significantly better than previously guided at around £60 million due primarily to savings in aircraft lease costs and better execution of crew and fleet transition
- easyJet currently expects headline profit before tax for the financial year to 30 September 2018, including the impact of the Headline loss from Tegel, to be in the range of £530 million to £580 million
- Capital expenditure for the financial year to 30 September 2018, including the investment in Tegel, is expected to remain in line with previous guidance at £1.2bn

	2018	2017	Change Favourable/(adverse)
Capacity (millions of seats)	40.4	37.5	7.8 %
Load factor (%)	91.1	90.2	+0.9 ppts
Passengers (millions)	36.8	33.8	8.8 %
Total revenue (£ million)	2,183	1,827	19.5 %
Headline profit before tax excluding Tegel (£ million)	8	(212)	£222 m
Headline loss before tax (£ million)	(18)	(212)	£194 m
Total loss before tax (£ million)	(68)	(236)	£168 m
Headline constant currency loss before tax (£ million)	(32)	(212)	180 m
Headline basic loss per share (pence)	(3.3)	(43.8)	40.5 pence
Constant currency revenue per seat (£)	52.86	48.80	8.3 %
Total headline constant currency cost per seat (£)	53.64	54.45	1.5 %

Commenting on the results, Johan Lundgren, easyJet Chief Executive said:

"easyJet has delivered an excellent performance reporting a profit of £8 million, one of our best results ever in the winter trading period (excluding the one-off impact of the start-up of our Tegel operation). Total revenue was above £2bn for the first time, up almost 20 per cent year on year. This was driven by a record number of passengers at 37 million and our highest ever ancillary sales due to giving passengers more options and lower prices on hold luggage along with our improved inflight bistro.

"Our performance was helped by the reductions in capacity from other airlines but was also driven by the strength of the easyJet brand which is now the most considered airline brand in the UK⁽²⁾, moving ahead of BA for the first time. We also reached the milestone of carrying 13 million business travellers a year - partly supported by the increase in city to city routes as we successfully started operations in Berlin Tegel.

"Turning to our strategy, I have today announced an increase in investment in easyJet Holidays to gain a greater share of that market, showcased a series of initiatives to increase the number of passengers travelling on business and revealed plans to introduce a new loyalty programme which will support and reinforce all of these initiatives and will further increase passenger loyalty to easyJet. I also outlined new investments to harness the power of our data to improve our customer proposition, reduce costs and increase revenue. All of these initiatives will provide higher profit per seat and higher returns for our shareholders.

"I am also pleased to announce a number of new appointments to the Airline Management Board with a mix of internal promotions and new hires to easyJet. This will give the airline the right balance of skills, experience and diversity to deliver our strategy and take easyJet from strength to strength."

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There will be an analyst presentation at 09:30 am GMT on 15 May 2018 at Nomura, One Angel Lane, London, EC4R 3AB

A live webcast of the presentation will be available at www.easyJet.com

Presentation begins at 9:30am London Time on 15 May 2018

A webcast of the presentation will be available both live and for replay

(please register on the following link):

<http://cache.merchantcantos.com/webcast/webcaster/4000/7464/16532/102990/Lobby/default.htm>

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Overview

During the six months to 31 March 2018 easyJet delivered strong revenue and profit growth. This is primarily due to the positive trading environment developed as a result of the strength of its network, brand and customer proposition. As the oil price continues to rise, we expect financial pressure to increase on less efficient airlines. easyJet will continue to manage its own capacity growth plans to drive long-term returns.

The airline's strategy will enable it to continue to be a structural winner within its chosen markets in the European short-haul market.

Revenue

Total revenue increased by 19.5% to £2,183 million (H1 2017: £1,827 million) and total revenue per seat grew by 10.9% to £54.10 (H1 2017: £48.80), reflecting a strong underlying revenue improvement as well as easyJet's acquisition of part of Air Berlin's operations at Berlin Tegel airport.

Excluding Tegel operations, revenue per seat increased by 12% to £54.64 and by 9.5% at constant currency to £53.45. This was driven by:

- easyJet's growth in capacity by 4.6%, focused on growth in the French regions, further consolidating positions in core UK airports and continuing to grow our number one positions in Basel and Venice
- An increase of 1.7 percentage points in load factor to 91.9%
- The benefit of lower market capacity, with the one-off events of bankruptcy at Monarch and Air Berlin and the winter withdrawal of Ryanair from the UK domestic market
- Seasonality – with the benefit of the partial movement of Easter to the second quarter of the financial year (an H1 impact of 1.6% on revenue per seat at constant currency)
- A strong performance on ancillary revenue per seat, increasing by 14.0% at constant currency, due mainly to further innovation and conversion uplift supported by digital acceleration. Specifically easyJet improved its bag proposition, introducing a new 15kg/23kg offering for our customers, smarter bag yield algorithms and further benefits from the Hands Free product
- A foreign currency revenue benefit from a stronger Euro against Sterling

Cost

Total headline cost per seat was broadly flat at £54.53 (H1 2017: £54.45) as the benefits of easyJet's cost focus and lower fuel price offset a negative foreign exchange impact. Headline cost per seat at constant currency improved by 1.5% to £53.64.

Excluding Tegel operations easyJet's headline cost per seat excluding fuel at constant currency increased by 1.3% to £42.74, higher than previously guided due to the impact of severe weather. This cost performance is driven by:

- Cost initiatives delivered £66 million in savings in the half, with the majority relating to airport charges, offsetting underlying inflation
- Lower navigation charges
- Up-gauging of fleet with the addition of 23 186-seat A320 aircraft since 31 March 2017

This has helped to offset:

- Disruption and de-icing costs that increased cost per seat by 0.5% at constant currency, due to prolonged severe weather throughout the period
- Inflationary cost pressures, including the impact of regulated airport charges, previously agreed crew pay deals and higher ground handling charges in a number of countries
- Additional ownership and financing costs that were anticipated following investment in the long-term growth of the airline and the A319 sale and leaseback transaction
- Costs associated with higher load factor

- Investment in resilience, including the hiring of ex-Monarch crew and the investment in the new ground handling contract at Gatwick

Tegel operations

On 15 December 2017 easyJet completed the partial acquisition of Air Berlin's operations at Berlin Tegel airport. Progress to date has been positive and in line with expectations.

easyJet's Tegel flying programme started on 5 January, operating a winter schedule with a fleet of mainly wet leased aircraft in order to retain its slot portfolio. As anticipated, in this start-up phase Tegel flying has resulted in lower than average load factors and revenue per seat due to the short lead times to sell flights and a mainly inherited schedule. Higher than normal cost per seat reflects the expensive nature of interim wet leasing arrangements whilst easyJet introduces its own fleet.

	H1 2018
Passengers	0.7m
Seats flown	1.2m
Load factor	63.4%
Revenue	£42m
Revenue per seat	£35.97
Headline cost excluding fuel	£48.02
Headline loss	-£26m
Non-headline cost	£24m

easyJet is also making good progress with its non-flying activities related to the transaction, mainly the recruitment and training of crew and the process of converting ex-Air Berlin aircraft into easyJet fleet. These costs are reported as non-headline and totalled £24 million in H1 2018. These costs are one-off in nature and no related costs are anticipated beyond this financial year.

Non-headline costs

easyJet has incurred £50 million in non-headline costs during the first half of FY 2018. These costs are separately disclosed as non-headline profit before tax items. The most significant items were as follows:

- £19 million non-cash charge as a result of the sale and leaseback of ten A319 aircraft in the first quarter (H1 2017: £16 million), which includes a £3 million adverse impact from foreign exchange movements
- £24 million charge associated with the integration costs of the Berlin Tegel operation (H1 2017: £nil), as noted above

Non-headline items are material non-recurring items or are items which do not reflect the trading performance of the business. Further detail can be found in the notes to the accounts.

Strategic progress

Building on a strong foundation

easyJet has a well-established business model that provides a strong foundation to drive profitable growth and long term shareholder returns. easyJet is delivering its strategy through:

1. A unique network
2. A structural cost advantage
3. Scale and a strong balance sheet
4. The best people
5. A strong brand
6. Data

A unique network

easyJet's strategy is focused on key airports, serving valuable catchment areas that represent Europe's top markets by GDP, driving both leisure and business travel.

During H1 2018 easyJet focused its growth on maintaining market share in the UK and Switzerland and growing in regional France. This included the opening of a new base in Bordeaux, where easyJet is now the number one airline. easyJet also invested capacity growth in its city strategy: in Venice to consolidate its number one position, and in Amsterdam where the airport is now at full capacity. Further capacity growth was deployed in easyJet's lean bases to increase their scale and leverage their cost advantage. In March we closed our Hamburg base, transferring 85% of the workforce to other bases. easyJet now has 29 bases across its network.

Building on this network easyJet has seen excellent results from Worldwide by easyJet, its partnership with airlines and airports. Bookings to date have included over 2,700 unique origin and destination routes with Jersey, Chicago and Los Angeles the most popular origin markets. Volume continues to grow steadily and is now starting to benefit from the availability of new connections such as in Venice. Partner connections make up c.55% of Worldwide bookings with the remainder representing easyJet to easyJet connections at its primary airports.

A structural cost advantage

easyJet is committed to maintaining its structural cost advantage in the markets where it operates, primarily against the legacy airlines. Through its cost focus easyJet continues to identify both short-term efficiencies and longer term structural cost savings, leveraging its increasing scale. These savings enable the airline to offset the effects of underlying inflation, keep fares low for our customers and address disruption costs.

easyJet achieves this through dedicated work streams covering areas such as process improvement, supplier relationship management, use of data, reducing bureaucracy and investment into future technology. These are combined with a number of strategic cost initiatives, such as the fleet investment programme including up-gauging and cost efficiency from A320 and A321 NEOs as well as our recent organisational review and predictive maintenance.

easyJet has achieved sustainable cost savings of over £450 million in the last seven years, with £66 million saved in H1 2018.

Scale and a strong balance sheet

easyJet has almost 300 aircraft and is set to carry over 90 million customers this year. As well as being a large airline it is a relatively simple one – with one aircraft type, one brand, and one main distribution channel. This means it can leverage scale across the company. As it grows, easyJet's strategy is to drive out complexity and keep its focus on simplicity and efficiency.

easyJet's total fleet as at 31 March 2018 comprised 298 aircraft (30 September 2017: 279 aircraft), which is principally due to the addition of ex-Air Berlin aircraft. The average age of the fleet decreased slightly to 7.0 years (30 September 2017: 7.1 years). In the first half easyJet's asset utilisation across the network reduced to an average 9.7 block hours per day when compared to H1 2017 (10.0 hours), partly impacted by the severe weather disruption in March.

Fleet as at 31 March 2018:

	Owned	Finance leases	Operating leases	Total	% of fleet	Changes since Sept 2017	Future deliveries	Unexercised purchase rights
A319	79	-	55	134	45%	(9)	-	-
A320 180 seat	46	1	28	75	25%	19	-	-
A320 186 seat	71	4	9	84	28%	6	9	-
A320 neo	5	-	-	5	2%	3	95	100
A321 neo	-	-	-	-	-	-	30	-
	201	5	92	298		19	134	100
	67%	2%	31%					

easyJet's business model and strategy are underpinned by sector leading balance sheet strength. easyJet is committed to its investment grade rating, with a BBB+ rating from Standard & Poor's and a Baa1 rating from Moody's.

Of the 206 aircraft on easyJet's balance sheet at 31 March 2018, 201 (98%) are unencumbered. At 31 March 2017 easyJet had 193 aircraft on its balance sheet of which 188 were unencumbered.

easyJet's funding position is strong with net cash at 31 March 2018 of £665m (31 March 2017: £353m). The year on year improvement is due to an increase in unearned revenue from the growth and timing of schedule releases, as well as improved supplier terms.

The best people

easyJet's customer-facing employees are the very best in the industry and contribute significantly to the positive experience that passengers enjoy, leading to increased loyalty and repeat business.

easyJet continues to recruit and promote internally to support its growth. easyJet has today announced the appointment a number of new Airline Management Board members. easyJet is pleased to announce the appointment of Garry Wilson as the head of easyJet Holidays, which is discussed in more detail below. Luca Zuccoli will join as Chief Data Officer, to lead and coordinate the management of data across the airline. Flic Howard-Allen has been appointed to the position of Group Communications Director to replace Paul Moore and Ella Bennett will become Group People Director, taking over from our Interim Group People Director Jo Ferris. Lis Blair has been promoted to become Chief Marketing Officer, a role that was created in the airline's restructure in

January. Finally, as part of that same restructure Thomas Haagensen has been appointed to the newly created role of Group Markets Director, providing a clear voice for Europe within the business.

easyJet will also continue to invest in its people in order to drive the brand differentiation that our customers value. We need to have the right people with the right skills and to provide them with an environment that supports productivity and efficiency.

The proof of this is delivered every day by easyJet's crew who prove that you can offer a differentiated service on short haul flights by caring about your customers. easyJet's crew are hugely engaged and committed – with only 6% crew turnover. Our customers feel this as well, as is demonstrated by their satisfaction with the friendliness and approachability of our crew at 86%. We will continue to invest in our people in the following ways:

- Performance management – easyJet will drive through the planned benefits of the new structure and ways of working in place following the recent organisational review which has delivered over £12 million of sustainable overhead saving
- Connected operations – easyJet will use technology to introduce further efficiency and improvements for our crew
- Productivity and efficiency – easyJet will invest in infrastructure and technology to improve productivity across the business

A strong brand

easyJet's brand is core to attracting customers in the European short-haul market and is based on its customer proposition of an attractive network, excellent service and market-leading digital tools.

For the first time easyJet is the most considered airline brand in the UK, moving ahead of British Airways and reaching our highest score to date. In H1 2018 we are ranked number one in terms of value for money perceptions, now 14 points ahead of BA and 19 points ahead of Ryanair. In Switzerland 4 in 10 consumers consider easyJet their first choice airline whilst in France and Italy more than 1 in 5 say the same. This was recently recognised in the Skyscanner Award for Best Value Airline for European short haul travel.

Data

easyJet sees data as a source of significant future advantage and is pleased to announce that Luca Zuccoli has today been appointed as easyJet's Chief Data Officer.

The airline has the potential to utilise better the billions of data points it generates each year. easyJet is already using machine learning and A.I., but only on a limited basis and with a small team of data scientists. The business will invest in this capability and platforms to unlock this potential, for example in its recent creation of an Analytics Data Hub that aggregates data from multiple sources across the business and provides the architecture to drive commercial, cost and customer value.

easyJet will focus on three areas to deliver significant benefits from data:

- Revenue – opportunities to leverage existing data-based initiatives, in particular focusing on enhancing the revenue management system, harnessing customer-related information and improving easyJet's network and scheduling processes
- Cost and operations – improving utilisation and productivity, fuel efficiency and resilience and minimising the impact of disruption.
- Customer – both on-board to complement existing demand and personalisation initiatives, such as food and beverage, and "off-board" where we will develop our capability to make the most efficient, effective decisions to the customer's benefit such as in managing disruption.

Future opportunities to drive margin and profit per seat

easyJet will continue to deliver its core strategy based on its strong, established business model. easyJet will also now focus on developing and investing in a number of opportunities where it can leverage its existing assets and expertise to secure further profitable growth and increased profit per seat.

This is an evolution of existing capabilities and will focus on investing in three revenue initiatives, which build on areas of core strength to drive revenue:

- Transforming our holidays business
- A more compelling business passengers proposition
- Driving easyJet loyalty

To unlock the significant value in these initiatives, easyJet expects to invest both capital and operational expenditure. The majority of this investment will occur in Financial Year 2019 and start to deliver increased profit per seat in FY 2020.

Transforming our holidays business

easyJet sees a significant opportunity to transform its holidays proposition, based on its existing network of destinations and frequencies, efficient low cost operations, its unique customer base and the ability to develop a proposition that is aligned with the easyJet brand. Currently only 500,000 passengers book a hotel with us out of an addressable market of 20 million. We see an opportunity to add significant value by forming a dedicated business unit offering a clear and attractive proposition, based on efficient technology and data.

easyJet has a clear vision to offer its customers quality, great value hotels based on its understanding of their needs. On the biggest and most attractive flows into the most popular destinations in Europe easyJet has a market share, a frequency and most importantly a cost position that no one else can match. easyJet has a cost advantage of at least 20% over the leading operators which allows us to offer great value to our customers.

easyJet will develop closer and strong relationships directly with selected hotel operators. By combining a quality, great value hotel offer with the flexibility of multiple frequencies to major European destinations, easyJet will deliver a better value proposition for our customers.

easyJet will use its data and digital capability to support the proposition, driving ancillary revenue through increasing conversion and attachment rates and the overall average booking value. easyJet will further develop its website and booking process and add data-driven customisation to maximise the attraction to passengers. By combining a quality, great value hotel offer with the flexibility of multiple frequencies to major European destinations, we will deliver a better value proposition for our customers.

We have today announced the appointment of Garry Wilson to lead easyJet Holidays and he will be a member of the Airline Management Board and will report directly to the Group CEO.

Compelling business passenger proposition

easyJet has a well-established and attractive business passengers proposition, based on its network of primary airports, slot portfolio and high frequency on Europe's major commercial routes. easyJet has built its business customer base from 10 million in 2012 to a record 13.7 million in the H1 2018. Whilst on certain routes almost 60% of easyJet's customers are business passengers, this community is under-represented in other markets. easyJet will now aim to increase its loyal business customer base and capturing more of the yield premium these individuals provide.

easyJet's business customers like to arrive last and leave first, with an additional on-board bag and an allocated seat. easyJet can deliver this and more, whilst maintaining its competitive "lowest fare on the day" that makes it attractive to corporate buyers. Further improvements to the schedule can add a business-bias on certain routes

and frequencies. easyJet also wants to make it easier for businesses to do business with us. This will mostly focus on capabilities such as building a new online portal to allow small and medium size businesses to book more easily with us, automating invoicing and more direct contracting with our corporate customers.

Driving easyJet Loyalty

easyJet continues to benefit from increasingly loyal customers. In H1 2018, 75% of its seats were booked by returning customers, representing 63 million passengers which is an increase of 6.7 million compared to H1 2017. easyJet's loyalty scheme Flight Club is also producing demonstrable revenue benefits, with Flight Club members increasing by 41% in H1 2018 compared to H1 2017, with over 8.4% of seats booked by Flight Club customers in H1 2018.

The development of innovative schemes in other industries shows that loyalty does not need to be the expensive, complex structure at other airlines. easyJet's current proposition to reward and encourage customers to continue to fly with us is delivered through the easyJet Plus and Flight Club schemes. Returning customers book twice as many flights a year as new customers and drive both passenger and ancillary revenue through increased demand, conversion and attachment rates. easyJet has increased its number of returning customers from 37 million in 2010 to over 60 million but presently 46% of customers only fly with us once a year. This represents a major opportunity to drive loyalty further and complement other initiatives in both leisure and business.

Through reward and recognition, easyJet will introduce an expanded offer to reach more of its customers, and continue to improve its existing offering. easyJet will deliver a rewards and recognition programme that will represent high value to our customers but remain true to the easyJet brand. easyJet is still in the early stages of how to develop its current proposition further and will update the market later in the year.

Disruption

Further to our structural cost programme initiatives where we leverage our scale, easyJet sees opportunities to address the rising cost of disruption, which will also drive better On Time Performance and customer satisfaction, as well as reduce overhead costs.

On Time Performance

In the six months to 31 March 2018, On Time Performance (OTP) was up one percentage point year on year to 81%. This is despite the severe weather and regular third party industrial relations activity during the period, which led to a 39% increase in cancellations and delays to 4,605 (H1 2017: 3,302). Reflecting the challenges of operating at scale in London airspace, OTP excluding the UK reached 84%.

OTP % arrivals within 15 minutes⁽³⁾	Q1	Q2	H1
2018 Network	81%	82%	81%
Network excluding UK	83%	84%	84%
2017 Network	79%	80%	80%
Network excluding UK	82%	82%	82%

UK AOC

On 14 May, the Civil Aviation Authority confirmed that easyJet had been awarded a new UK Air Operator Certificate (AOC). easyJet plans to transfer its UK-based fleet across to this AOC in June 2018 and our Luton-based Group Operations will continue to support all three standalone AOCs in Austria and Switzerland as well as the UK.

Targeting higher profit per seat and returns

Combining these opportunities with the strength of easyJet's core business model and an enhanced Data capability, easyJet's investment in these initiatives will drive higher profit per seat, increase the return on capital employed and deliver sustainable returns to shareholders through the dividend. As a result easyJet now expects cost per seat excluding fuel at constant currency (ex-Tegel) to be flat to marginally up in Financial Year 2019.

The focus on profit per seat will drive better decision making for the long term and ensure the business makes the right level of investment.

FY 2018 Outlook

easyJet is confident in its strategy and will continue its disciplined investment in reinforcing and expanding number one positions in its airports and on its routes, with significant opportunities in its core markets. Capacity ex-Tegel is planned to grow by around 5% in the second half of Financial Year 2018.

easyJet expects ex-Tegel revenue per seat at constant currency for the second half of the financial year to be slightly positive, reflecting on the one hand the negative impact of the move of Easter and on the other hand an improving yield and capacity environment, as well as the benefit of ongoing strikes at Air France. Forward bookings are currently ahead of last year at 79% for the quarter and 57% for the second half (H1 2017: 77% and 55% respectively).

easyJet expects the ex-Tegel headline cost per seat at constant currency excluding fuel to increase by c.2% for the full year (assuming normal levels of disruption in H2). This additional increase reflects the severe disruption seen in the first half of the year and expected higher employee incentive costs due to our strong profit and operational performance.

At Tegel we now expect to deliver a combined headline and non-headline one-off impact that is within the £160m previously guided. easyJet is now expecting an increase to the headline loss to between £75 million and £95 million. This reflects a £15 million adverse impact from the increase in the fuel price in the period, recent security charge increases in Germany, as well as a lower average gauge than planned on some of our wet leased aircraft. In addition this reflects uncertainty regarding summer revenue whilst easyJet flies the, now finalised, sub-optimal ex-Air Berlin schedule. This is anticipated to be offset by a combination of trading benefits from Schönefeld, which benefits from the improved Berlin customer proposition, and savings in the non-headline implementation costs which are now expected to be circa £60 million, primarily due to lower than expected lease costs. easyJet expects Tegel operations to be earnings enhancing in FY 2019.

It is estimated that at current exchange rates⁽⁴⁾ and with jet fuel remaining within a \$680 metric tonne to \$740 metric tonne trading range, easyJet's unit fuel⁽⁵⁾ bill excluding Tegel for the 12 months to 30 September 2018 is likely to decrease by between £60 million and £70 million compared to the 12 months to 30 September 2017. easyJet's total fuel cost excluding Tegel for the year to 30 September 2018 is currently estimated to be approximately £1,120 million.

In addition, exchange rate movements are likely to have around a £25 million positive impact on ex-Tegel headline profit before tax compared to the twelve months to 30 September 2017.

easyJet expects that its reported headline profit before tax for the 12 months to 30 September 2018 including Tegel will be £530 million to £580 million.

Capital expenditure for the financial year to 30 September 2018, including the investment in Tegel, is expected to remain in line with previous guidance at £1.2bn.

Hedging positions

Details of hedging arrangements as at 31 March 2018 are set out below, which now includes fuel related to our Tegel operations:

Percentage of anticipated requirement hedged	Fuel requirement	US Dollar requirement	Euro surplus	CHF surplus
Six months to 30 September 2018	73%	76%	88%	78%
Average rate	\$524 / metric tonne	\$1.36	€1.20	CHF 1.28
Full year ending 30 September 2018	76%	80%	71%	76%
Average rate	\$519 / metric tonne	\$1.36	€1.22	CHF 1.31
Full year ending 30 September 2019	56%	59%	65%	58%
Average rate	\$549 / metric tonne	\$1.33	€1.13	CHF 1.24

(1) Constant currency is calculated by comparing 2018 financial period performance translated at the 2017 financial period effective exchange rate to the 2017 financial period reported performance, excluding foreign exchange gains and losses on balance sheet revaluations

(2) Source: Millward Brown brand tracker

(3) On-time performance measured by internal easyJet system

(4) US \$ to £ sterling 1.38, euro to £ sterling 1.14. Currency, capital expenditure and fuel increases are shown net of hedging impact

(5) Unit fuel calculated as the difference between latest estimate of FY'18 fuel costs less FY'17 fuel cost per seat multiplied by FY'18 seat capacity

OUR FINANCIAL RESULTS

Total headline loss before tax decreased from £212 million for the six months ended 31 March 2017 to £18 million for the six months ended 31 March 2018. At constant currency, headline loss before tax for the six months ended 31 March 2018 would have been £32 million, giving a favourable foreign exchange impact of £14 million compared to last year. Total loss before tax decreased from £236 million for the six months ended 31 March 2017 to £68 million for the six months ended 31 March 2018.

On 15 December 2017 easyJet completed the acquisition of part of Air Berlin's operations at Berlin Tegel airport. Its flying programme started on 5 January 2018, operating a winter schedule with a fleet of mainly wet leased aircraft. As anticipated, Tegel flying resulted in a dilutive impact to overall load performance, revenue per seat and cost per seat whilst the operation is being established.

The impact of the Tegel operation has been split out in the Income Statement as it has a planned dilutive impact on the performance of the business in year one. Therefore, the presentation of ex-Tegel flying separately provides a more appropriate comparator to the prior year.

Tegel headline loss in the period relates to our flying activities in Tegel including the use of wet lease aircraft with initially lower loads and yields. Tegel non-headline costs represent the parallel ramp up of our dry lease operation, including fleet conversion and staff recruitment and training costs, as well as transaction costs.

The ex-Tegel result for the six months ended 31 March 2018 was a headline profit before tax of £8 million.

FINANCIAL OVERVIEW

£m (Reported)	H1 2018	H1 2017	H1 2018	H1 2018	H1 2017
	Ex-Tegel		Tegel	Total	
Revenue	2,141	1,827	42	2,183	1,827
Headline costs excluding fuel	(1,683)	(1,580)	(57)	(1,740)	(1,580)
Fuel	(450)	(459)	(11)	(461)	(459)
Headline profit/(loss) before tax	8	(212)	(26)	(18)	(212)
Headline tax (charge)/credit	(2)	40	7	5	40
Headline profit/(loss) after tax	6	(172)	(19)	(13)	(172)
Non-headline loss after tax	(22)	(20)	(19)	(41)	(20)
Total loss after tax	(16)	(192)	(38)	(54)	(192)

£ per seat (Reported)	H1 2018	H1 2017	H1 2018	H1 2018	H1 2017
	Ex-Tegel		Tegel	Total	
Revenue	54.64	48.80	35.97	54.10	48.80
Headline costs excluding fuel	(42.96)	(42.18)	(48.02)	(43.11)	(42.18)
Fuel	(11.48)	(12.27)	(9.45)	(11.42)	(12.27)
Headline profit/(loss) before tax	0.20	(5.65)	(21.50)	(0.43)	(5.65)
Headline tax (charge)/credit	(0.05)	1.06	5.95	0.11	1.06
Headline profit/(loss) after tax	0.15	(4.59)	(15.55)	(0.32)	(4.59)
Non-headline loss after tax	(0.54)	(0.51)	(16.73)	(1.02)	(0.51)
Total loss after tax	(0.39)	(5.10)	(32.28)	(1.34)	(5.10)

The total number of passengers carried increased by 8.8% to 36.8 million, driven by a growth in seats flown of 7.8% to 40.4 million seats and load factor increasing by 0.9 percentage points to 91.1%. Ex-Tegel number of passengers increased by 6.6%, seats flown increased by 4.6% and load factor increased by 1.7 percentage points.

Total revenue per seat grew by 10.9% to £54.10 (H1 2017: £48.80), and increased by 8.3% at constant currency. Ex-Tegel revenue per seat performance exceeded last year by 9.5% at constant currency. The increase in revenue per seat is a consequence of the positive trading environment based on the strength of our network and customer proposition, capacity reductions and lower growth in easyJet markets, in particular as a result of the

bankruptcies of Monarch, Air Berlin and Alitalia as well as the impact from Ryanair's flight cancellations. This was further aided by the partial movement of Easter into March. Tegel generated £42 million of revenue in the period; Tegel revenue per seat was £35.97 which had a dilutive impact on total revenue per seat.

Total headline cost per seat excluding fuel increased by 2.2% to £43.11, and increased by 1.6% at constant currency. Ex-Tegel headline cost per seat excluding fuel was £42.96, exceeding last year by 1.3% at constant currency. Crew costs were higher than last year due to agreed inflationary increases in pay. Disruption charges increased, mainly due to an increase in the number of events caused by severe weather and industrial action and the greater level of customer awareness of EU 261, along with additional de-icing costs due to the higher levels of adverse winter weather. These were partially offset by unit cost benefits as we deliver growth at our larger airports, the up-gauging of fleet to bigger and more efficient aircraft, savings obtained from airport lean initiatives and navigation price benefits. Tegel headline costs were £68 million in the period and headline cost per seat was £57.47, which had an impact on total cost per seat.

Fuel costs fell by 6.9% to £11.42 per seat (H1 2017: £12.27) and by 12.2% at constant currency. Increases in the market price of fuel were more than offset by the impact of the operation of easyJet's fuel and USD hedging policy.

A total non-headline cost before tax of £50 million was recognised in the period, consisting of a £19 million charge as a result of the sale and leaseback of ten A319 aircraft in the period, a £1 million charge associated with the organisational review, a £4 million charge for Brexit-related plans, a £24 million charge for the integration of the Berlin Tegel operation and a £2 million charge relating to fair value adjustments associated with the cross currency interest rate swaps in place for the Eurobonds issued on February 2016 and October 2016.

Corporate tax has been recognised at an effective rate of 19.8% (H1 2017: credited at 18.7%) based on rates substantively enacted as at 31 March 2018, resulting in a tax credit of £14 million during the period.

Loss per share and dividends per share

	H1 2018	H1 2017	Change
	pence per share	pence per share	pence per share
Basic headline loss per share	(3.3)	(43.8)	40.5
Basic total loss per share	(13.7)	(48.9)	35.2
Ordinary dividend per share paid during the period	40.9	53.8	(12.9)

Basic headline loss per share decreased by 40.5 pence as a consequence of the £159 million decrease in the headline loss after tax in the six months to 31 March 2018 compared to 31 March 2017.

In line with the stated dividend policy of a payout ratio of 50% of profit after tax, easyJet paid an ordinary dividend of 40.9 pence per share on 23 March 2018, with a record date of 2 March 2018.

EXCHANGE RATES

The proportion of revenue and costs denominated in currencies other than sterling remained broadly consistent year-on-year:

	Revenue		Costs	
	H1 2018	H1 2017	H1 2018	H1 2017
Sterling	44%	45%	32%	33%
Euro	44%	43%	39%	36%
US dollar	1%	1%	22%	23%
Other (principally Swiss franc)	11%	11%	7%	8%

Average exchange rates

	H1 2018	H1 2017
Euro - revenue	€1.15	€1.21
Euro - costs	€1.13	€1.16
US dollar	\$1.41	\$1.51
Swiss franc	CHF 1.28	CHF 1.78

The net favourable impact on profit due to the year-on-year changes in exchange rates was mainly driven by the weakening of Sterling against the Euro and Swiss Franc, partially offset by the adverse impact of the Sterling/US Dollar exchange rate movement on fuel costs:

Headline	Euro	Swiss franc	US dollar	Other	Total
Favourable/(adverse)	£ million	£ million	£ million	£ million	£ million
Total revenue	44	6	(1)	1	50
Fuel	-	-	(26)	-	(26)
Headline costs excluding fuel	(18)	8	1	(1)	(10)
Headline loss before tax	26	14	(26)	-	14

Non-headline	Euro	Swiss franc	US dollar	Other	Total
Favourable/(adverse)	£ million	£ million	£ million	£ million	£ million
Non-headline costs excluding prior year balance sheet revaluations	-	-	(7)	-	(7)
Prior year balance sheet revaluations	4	-	(4)	(1)	(1)
Non-headline loss before tax	4	-	(11)	(1)	(8)

FINANCIAL PERFORMANCE

Ex-Tegel revenue

	H1 2018		H1 2017	
	£ million	£ per seat	£ million	£ per seat
Passenger revenue	1,695	43.25	1,461	39.02
Ancillary revenue	446	11.39	366	9.78
Ex-Tegel total revenue	2,141	54.64	1,827	48.80

Ex-Tegel revenue per seat increased by 12.0% to £54.64 (H1 2017: £48.80). At constant currency, ex-Tegel revenue per seat increased by 9.5% to £53.45. Ex-Tegel load factor during the period increased by 1.7 percentage points to 91.9%.

The increase in ex-Tegel revenue and revenue per seat is a consequence of the positive trading environment based on the strength of easyJet's network and customer proposition, capacity reductions and lower growth in easyJet markets, in particular as a result of the bankruptcies of Monarch, Air Berlin and Alitalia as well as the impact from Ryanair's flight cancellations. The UK and Germany have been specifically impacted, where Monarch and Ryanair capacity reductions have created greater demand for our UK routes, and Germany has been helped by the exit of Air Berlin. This is further aided by the partial movement of Easter from April into March.

Ex-Tegel headline costs excluding fuel

	H1 2018		H1 2017	
	£ million	£ per seat	£ million	£ per seat
Operating costs				
Airports and ground handling	650	16.56	624	16.66
Crew	333	8.51	293	7.82
Navigation	163	4.17	159	4.25
Maintenance	138	3.52	127	3.39
Selling and marketing	62	1.59	59	1.57
Other costs	163	4.16	160	4.27
	1,509	38.51	1,422	37.96
Ownership costs				
Aircraft dry leasing	65	1.66	55	1.46
Depreciation	94	2.40	85	2.28
Amortisation	7	0.18	7	0.17
Net interest payable	8	0.21	11	0.31
	174	4.45	158	4.22
Ex-Tegel headline costs excluding fuel	1,683	42.96	1,580	42.18

Ex-Tegel headline cost per seat excluding fuel increased by 1.9% to £42.96, 1.3% at constant currency.

Ex-Tegel headline airports and ground handling cost per seat decreased by 0.6% and by 1.2% at constant currency. Unit cost benefits have impacted as we deliver growth at our larger airports, along with savings obtained from airport lean initiatives. These have been partially offset by additional de-icing costs, due to the prolonged adverse winter weather and inflationary increases in ground handling charges in the UK, Germany and Spain.

Ex-Tegel headline crew cost per seat increased by 8.9% to £8.51, 8.6% at constant currency. This was driven by agreed inflationary increases in crew and pilot pay. There has been a 12% growth in crew numbers, due to higher than expected retention over the winter. High levels of disruption have also contributed to higher crew costs per seat.

Ex-Tegel headline navigation cost per seat decreased by 2.1% to £4.17 and decreased by 3.6% at constant currency. This was driven by the annualisation of reduced charges primarily in France and Germany, and the impact of the change in fleet mix.

Ex-Tegel headline maintenance cost per seat increased by 3.7% to £3.52 and increased by 4.4% at constant currency. This was driven by higher programme costs from the increased level of lease returns and additional winter aircraft recovery resilience. These were somewhat offset by the up-gauging of the fleet and the impact of maintenance discounting.

Ex-Tegel headline other operating costs per seat decreased by 2.6% to £4.16 per seat, 2.7% at constant currency. There were a high number of disruption events in the period, mainly as a result of adverse weather conditions, and a greater level of customer awareness of EU 261. The disruption increase has been offset by other overhead savings as a result of the organisational review.

Ex-Tegel headline aircraft dry leasing cost per seat increased by 13.9% to £1.66, 9.9% at constant currency. The adverse variance was driven by the sale and leaseback of ten aircraft in December 2016 and ten in October to November 2017.

Ex-Tegel depreciation costs per seat have increased by 5.3% to £2.40, driven by the acquisition of 23 new aircraft last year and nine new aircraft this year. The average number of owned fleet increased by 7% year-on-year.

Ex-Tegel headline net interest costs decreased by 32.3% to £0.21, 29.0% at constant currency. The variance was driven by a dividend received in the period, along with higher interest receivable from higher cash balances and more favourable rates.

Ex-Tegel fuel costs

	H1 2018		H1 2017	
	£ million	£ per seat	£ million	£ per seat
Ex-Tegel fuel	450	11.48	459	12.27

Ex-Tegel fuel cost per seat decreased by 6.5% and by 11.7% at constant currency.

During the period the average market fuel price increased by 24% to \$620 per tonne from \$500 per tonne in the previous year. The operation of easyJet's fuel and US Dollar hedging policy meant that the average effective fuel price movement saw a decrease of 12.5% to £393 per tonne from £449 per tonne in the previous year.

Headline Tegel costs

Tegel headline costs excluding fuel for the period were £57 million, of which £23 million was airports and ground handling and £16 million related to wet leasing, which had an impact on total cost per seat excluding fuel (£48.02 total versus £42.96 for ex-Tegel flying) as the operation is being established.

Non-headline items

	H1 2018		H1 2017	
	£ million	£ per seat	£ million	£ per seat
Sale and leaseback charge	(19)	(0.47)	(16)	(0.42)
Organisational review	(1)	(0.04)	(2)	(0.09)
Brexit-related costs	(4)	(0.09)	(1)	(0.02)
Tegel integration	(24)	(0.60)	-	-
Balance sheet foreign exchange loss	-	-	(1)	(0.01)
Fair value adjustment	(2)	(0.05)	(4)	(0.09)
Non-headline charge before tax	(50)	(1.25)	(24)	(0.63)

Non-headline profit before tax items of £50 million comprise:

- an £11 million loss on disposal and an £8 million maintenance provision catch-up - both one-off charges as a result of the sale and leaseback of ten A319 aircraft in the period, arising due to the age of the selected aircraft and maintenance provision accounting;
- a £1 million charge associated with implementing the organisational review;
- a £4 million charge for our Brexit-related plans;
- a £24 million charge for the costs associated with the integration of the Tegel operation; and
- a £2 million charge relating to fair value adjustments associated with the cross currency interest rate swaps in place for the Eurobonds issued on February 2016 and October 2016.

NET CASH AND FINANCIAL POSITION

Summary net cash reconciliation

The table below presents cash flows on a net cash basis. This presentation has been adopted as it shows more clearly the capability of the business to generate net cash. This is different to the GAAP presentation of the statement of cash flows in the condensed financial information.

	Six months ended 31 March 2018	Six months ended 31 March 2017	Change
	£ million	£ million	£ million
Operating loss	(58)	(220)	162
Depreciation and amortisation	102	92	10
Unearned revenue movement	741	730	11
Other net working capital movement	11	(63)	74
Net tax paid	(48)	(28)	(20)
Net capital expenditure	(387)	(302)	(85)
Net proceeds from sale and operating leaseback of aircraft	106	115	(9)
Purchase of own shares for employee share schemes	(2)	(6)	4
Net decrease in restricted cash	1	-	1
Other (including the effect of exchange rates)	4	36	(32)
Ordinary dividend paid	(162)	(214)	52
Net increase in net cash	308	140	168
Net cash at beginning of period	357	213	144
Net cash at end of period	665	353	312

Net cash at 31 March 2018 was £665 million (31 March 2017: £353 million) and comprised cash and money market deposits of £1,624 million (31 March 2017: £1,308 million) and borrowings of £959 million (31 March 2017: £955 million). After allowing for the impact of aircraft operating leases (seven times operating lease costs incurred in the 12 months to 31 March 2018), adjusted net debt at 30 September 2017 of £413 million has decreased by £175 million to £238 million.

Net capital expenditure includes the acquisition of nine A320 aircraft (31 March 2017: nine aircraft), the purchase of life-limited parts used in engine restoration and pre-delivery payments relating to aircraft purchases. The number of scheduled aircraft operating in the fleet increased from 252 at 31 March 2017 to 265 at 31 March 2018.

easyJet made net corporation tax payments totalling £48 million during the period (2017: £28 million).

Summary consolidated statement of financial position

	31 March 2018	30 September 2017	Change
	£ million	£ million	£ million
Goodwill	365	365	-
Property, plant and equipment	3,648	3,525	123
Derivative financial instruments	106	92	14
Unearned revenue	(1,468)	(727)	(741)
Net working capital	(458)	(543)	85
Restricted cash	6	7	(1)
Net cash	665	357	308
Current and deferred taxation	(235)	(284)	49
Other non-current assets and liabilities	26	10	16
	2,655	2,802	(147)
Opening shareholders' equity	2,802	2,694	
(Loss)/profit for the period	(54)	305	
Ordinary dividend paid	(162)	(214)	
Change in hedging reserve	64	14	
Other movements	5	3	
	2,655	2,802	

Since 30 September 2017 net assets have decreased by £147 million, due to the payment of the ordinary dividend (£162 million) combined with the loss for the period, offset by the favourable movement of the hedging reserve. The movement of the hedging reserve was primarily due to a favourable mark-to-market movement on Jet fuel forward contracts.

The net book value of property, plant and equipment increased by £123 million driven principally by the acquisition of nine A320 family aircraft and pre-delivery payments relating to future aircraft purchases, offset by depreciation.

Unearned revenue increased by £741 million. Passengers pay for their flights in full when booking, and due to the seasonal nature of the industry this leads to significantly more unearned revenue at 31 March compared to 30 September each year. Unearned revenue is £170 million higher than at 31 March 2017 due to the increased revenue activity year-on-year, driven by the recent changes in trading conditions and the competitor landscape.

KEY STATISTICS

Operating measures	2018		2017	Increase/(decrease)	
	Ex-Tegel	Total		Ex-Tegel	Total
Seats flown (millions)	39.2	40.4	37.5	4.6%	7.8%
Passengers (millions)	36.0	36.8	33.8	6.6%	8.8%
Load factor	91.9%	91.1%	90.2%	1.7ppt	0.9ppt
Available seat kilometres (ASK) (millions)	42,300	43,215	39,635	6.7%	9.0%
Revenue passenger kilometres (RPK) (millions)	39,280	39,875	36,190	8.5%	10.2%
Average sector length (kilometres)	1,080	1,071	1,058	2.0%	1.2%
Sectors	231,184	238,359	225,052	2.7%	5.9%
Block hours	444,257	454,781	427,274	4.0%	6.4%
Number of aircraft owned/leased at end of period	279	298	266	4.9%	12.0%
Average number of aircraft owned/leased during period	278.7	285.8	260.9	6.8%	9.5%
Number of aircraft operated at end of period	262	265	252	4.0%	5.2%
Average number of aircraft operated during period	257.8	258.2	235.4	9.5%	9.7%
Operated aircraft utilisation (hours per day)	9.5	9.4	10.0	(5.0%)	(5.3%)
Owned aircraft utilisation (hours per day)	8.8	8.5	9.0	(2.2%)	(5.1%)
Number of routes operated at end of period	881	900	837	5.3%	7.5%
Number of airports served at end of period	149	148	135	10.4%	9.6%
Financial measures					
Total loss before tax per seat (£)	(0.46)	(1.68)	(6.28)	92.7%	73.3%
Headline profit/(loss) before tax per seat (£)	0.20	(0.43)	(5.65)	103.5%	92.3%
Total loss before tax per ASK (pence)	(0.04)	(0.16)	(0.59)	92.8%	73.6%
Headline profit/(loss) before tax per ASK (pence)	0.02	(0.04)	(0.53)	103.5%	92.4%
Revenue					
Revenue per seat (£)	54.64	54.10	48.80	12.0%	10.9%
Revenue per seat at constant currency (£)	53.45	52.86	48.80	9.5%	8.3%
Revenue per ASK (pence)	5.06	5.05	4.61	9.8%	9.6%
Revenue per ASK at constant currency (pence)	4.95	4.94	4.61	7.4%	7.1%
Costs					
Per seat measures					
Headline cost per seat (£)	54.44	54.53	54.45	0.0%	0.2%
Non-headline cost per seat (£)	0.66	1.25	0.63	2.2%	96.2%
Headline cost per seat excluding fuel (£)	42.96	43.11	42.18	1.9%	2.2%
Headline cost per seat excluding fuel at constant currency (£)	42.74	42.86	42.18	1.3%	1.6%
Headline operating cost per seat (£)	49.99	50.15	50.23	(0.5%)	(0.2%)
Headline operating cost per seat excluding fuel (£)	38.51	38.73	37.96	1.5%	2.0%
Headline operating cost per seat excluding fuel at constant currency (£)	38.34	38.53	37.96	1.0%	1.5%
Headline ownership cost per seat (£)	4.45	4.38	4.22	5.6%	4.0%
Per ASK measures					
Headline cost per ASK (pence)	5.04	5.09	5.14	(2.0%)	(1.0%)
Non-headline cost per ASK (pence)	0.06	0.12	0.06	2.2%	93.9%
Headline cost per ASK excluding fuel (pence)	3.98	4.02	3.98	(0.1%)	1.0%
Headline cost per ASK excluding fuel at constant currency (pence)	3.96	4.00	3.98	(0.7%)	0.5%
Headline operating cost per ASK (pence)	4.63	4.68	4.75	(2.4%)	(1.3%)
Headline operating cost per ASK excluding fuel (pence)	3.57	3.61	3.59	(0.5%)	0.8%
Headline operating cost per ASK excluding fuel at constant currency (pence)	3.55	3.60	3.59	(1.0%)	0.3%
Headline ownership cost per ASK (pence)	0.41	0.41	0.39	3.5%	2.8%

PRINCIPAL RISKS AND UNCERTAINTIES

The Group faces a number of risks which, if they arise, could affect its ability to achieve its strategic objectives. As with any business, risk assessment and the implementation of mitigating actions and controls are vital to successfully achieving the Group's strategy. The easyJet Board is responsible for determining the nature of these risks and ensuring appropriate mitigating actions are in place to manage them.

easyJet carries out a detailed risk management process to ensure that risks are identified and mitigated where possible. Whilst easyJet can monitor risks and prepare for adverse scenarios, the ability to affect the core drivers of many risks is not within the Group's control, for example adverse weather, pandemics, acts of terrorism, changes in government regulation and macroeconomic issues.

The principal risks and uncertainties faced by the Group remain those set out in our 2017 Annual report and accounts and include the following types of risks:

- Safety
- Commercial and Operational
- Financial
- Compliance and regulatory
- Reputational

The Directors consider that the principal risks and uncertainties which could have a material impact on the Group's performance in the second half of the financial year remain the same as those stated on pages 33 to 40 of our Annual report and accounts for the year to 30 September 2017, which are available on our website <http://corporate.easyjet.com>

CONDENSED FINANCIAL INFORMATION

Consolidated income statement (unaudited)

	Notes	Six months ended 31 March					2017 Total £ million
		2018	2018	2018	2017	2017	
		Headline £ million	Non- headline (note 3) £ million	Total £ million	Headline £ million	Non- headline (note 3) £ million	
Passenger revenue		1,729	-	1,729	1,461	-	1,461
Ancillary revenue		454	-	454	366	-	366
Total revenue		2,183	-	2,183	1,827	-	1,827
Fuel		(461)	-	(461)	(459)	-	(459)
Airports and ground handling		(673)	-	(673)	(624)	-	(624)
Crew		(337)	(1)	(338)	(293)	-	(293)
Navigation		(166)	-	(166)	(159)	-	(159)
Maintenance		(139)	(18)	(157)	(127)	(6)	(133)
Selling and marketing		(67)	-	(67)	(59)	-	(59)
Other costs		(181)	(22)	(203)	(160)	(13)	(173)
EBITDAR		159	(41)	118	(54)	(19)	(73)
Aircraft dry leasing		(67)	(7)	(74)	(55)	-	(55)
Depreciation	7	(95)	-	(95)	(85)	-	(85)
Amortisation of intangible assets		(7)	-	(7)	(7)	-	(7)
Operating loss		(10)	(48)	(58)	(201)	(19)	(220)
Interest receivable and other financing income		7	-	7	3	-	3
Interest payable and other financing charges		(15)	(2)	(17)	(14)	(5)	(19)
Net finance charges		(8)	(2)	(10)	(11)	(5)	(16)
Loss before tax		(18)	(50)	(68)	(212)	(24)	(236)
Tax credit	4	5	9	14	40	4	44
Loss for the period		(13)	(41)	(54)	(172)	(20)	(192)
Loss per share, pence							
Basic	5			(13.7)			(48.9)

Consolidated statement of comprehensive income (unaudited)

		Six months ended 31 March 2018	Six months ended 31 March 2017
	Notes	£ million	£ million
Loss for the period		(54)	(192)
Other comprehensive income/(expense)			
Cash flow hedges			
Fair value gains in the period		138	16
(Gains)/losses transferred to income statement		(46)	66
Gains transferred to property, plant and equipment		(14)	(23)
Related tax charge	4	(14)	(11)
		64	48
Total comprehensive income/(expense) for the period		10	(144)

For capital expenditure cash flow hedges, the accumulated gains and losses recognised in other comprehensive income will be transferred to the initial carrying amount of the asset acquired, within property, plant and equipment. All other items in other comprehensive income will be reclassified to the income statement.

Consolidated statement of financial position (unaudited)

		31 March 2018	30 September 2017
	Notes	£ million	£ million
Non-current assets			
Goodwill		365	365
Other intangible assets		224	179
Property, plant and equipment	7	3,648	3,525
Derivative financial instruments		113	87
Restricted cash		-	7
Other non-current assets		116	74
		4,466	4,237
Current assets			
Trade and other receivables		342	275
Derivative financial instruments		134	131
Current tax assets		11	-
Restricted cash		6	-
Money market deposits		684	617
Cash and cash equivalents		940	711
		2,117	1,734
Current liabilities			
Trade and other payables		(713)	(714)
Unearned revenue		(1,468)	(727)
Borrowings		(8)	(8)
Derivative financial instruments		(95)	(82)
Current tax payable		-	(35)
Provisions for liabilities and charges		(87)	(104)
		(2,371)	(1,670)
Net current liabilities		(254)	64
Non-current liabilities			
Borrowings		(951)	(963)
Derivative financial instruments		(46)	(44)
Non-current deferred income		(23)	(25)
Provisions for liabilities and charges		(291)	(218)
Deferred tax		(246)	(249)
		(1,557)	(1,499)
Net assets		2,655	2,802
Shareholders' equity			
Share capital		108	108
Share premium		659	659
Hedging reserve		102	38
Translation reserve		1	1
Retained earnings		1,785	1,996
		2,655	2,802

Consolidated statement of changes in equity (unaudited)

	Share capital £ million	Share premium £ million	Hedging reserve £ million	Translation reserve £ million	Retained earnings £ million	Total £ million
At 1 October 2017	108	659	38	1	1,996	2,802
Total comprehensive (expense)/income	-	-	64	-	(54)	10
Dividends paid (note 6)	-	-	-	-	(162)	(162)
Share incentive schemes						
Value of employee services	-	-	-	-	7	7
Purchase of own shares	-	-	-	-	(2)	(2)
At 31 March 2018	108	659	102	1	1,785	2,655

	Share capital £ million	Share premium £ million	Hedging reserve £ million	Translation reserve £ million	Retained earnings (restated) £ million	Total £ million
At 1 October 2016	108	659	24	1	1,920	2,712
Effect of change in accounting policy	-	-	-	-	(18)	(18)
Restated balance at 1 October 2016	108	659	24	1	1,902	2,694
Total comprehensive (expense)/income	-	-	48	-	(192)	(144)
Dividends paid (note 6)	-	-	-	-	(214)	(214)
Share incentive schemes						
Value of employee services	-	-	-	-	10	10
Purchase of own shares	-	-	-	-	(6)	(6)
At 31 March 2017	108	659	72	1	1,500	2,340

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments relating to highly probable transactions that are forecast to occur after the period end.

Details of the restatement made to the opening retained earnings as at 1 October 2016 can be found in the Annual Report and Accounts for the year ended 30 September 2017.

Consolidated statement of cash flows (unaudited)

		Six months ended 31 March 2018 £ million	Six months ended 31 March 2017 £ million
	Notes		
Cash flows from operating activities			
Cash generated from operations	8	814	560
Ordinary dividends paid	6	(162)	(214)
Interest and other financing charges paid		(17)	(27)
Interest and other financing income received		15	3
Net tax paid		(48)	(28)
Net cash generated from operating activities		602	294
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(335)	(279)
Purchase of intangible assets		(52)	(23)
Net increase in money market deposits	9	(69)	(379)
Net proceeds from sale and operating leaseback of aircraft		106	115
Net cash used by investing activities		(350)	(566)
Cash flows from financing activities			
Purchase of own shares for employee share schemes		(2)	(6)
Proceeds from Eurobond issue	9	-	451
Repayment of bank loans and other borrowings	9	-	(219)
Repayment of capital element of finance leases	9	(3)	(3)
Net decrease in restricted cash		1	-
Net cash generated from financing activities		(4)	223
Effect of exchange rate changes		(19)	8
Net increase/(decrease) in cash and cash equivalents		229	(41)
Cash and cash equivalents at beginning of period		711	714
Cash and cash equivalents at end of period	9	940	673

Notes to the condensed consolidated interim financial information (unaudited)

1. Significant accounting policies

Basis of preparation

The condensed consolidated interim financial information has been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and with International Accounting Standards 34 "Interim Financial Reporting" as adopted by the European Union. It should be read in conjunction with the Annual report and accounts for the year ended 30 September 2017, which were prepared in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union.

The interim financial information does not constitute statutory accounts within the meaning of sections 434 and 435 of the Companies Act 2006. Statutory accounts for the year ended 30 September 2017 were approved by the Board of Directors on 20 November 2017, and have been delivered to the Registrar of Companies. The report of the auditors was unqualified, and did not contain either an emphasis of matter paragraph or any statement made under section 498 of the Companies Act 2006.

In adopting the going concern basis for preparing this interim financial information, the Directors have considered easyJet's business activities, together with factors likely to affect its future development and performance, as well as easyJet's principal risks and uncertainties. Based on easyJet's cash flow forecasts and projections, the Board is satisfied that easyJet will be able to operate within the level of its available facilities and cash and deposits for the foreseeable future. For this reason easyJet continues to adopt the going concern basis.

A number of amended standards and interpretations became effective for the current reporting period. However, none of them had any material impact on the interim financial information.

The accounting policies adopted are consistent with those described in the Annual report and accounts for the year ended 30 September 2017.

Changes in disclosures and presentation of performance measures

Prior to 1 October 2017, easyJet categorised total revenue earned on the face of the income statement between seat and non-seat revenue. From 1 October 2017, total revenue is categorised between passenger and ancillary revenue. This change provides greater transparency of the ancillary element of revenue and brings easyJet in line with other airlines.

Ancillary revenue includes revenue from the provision of checked baggage, allocated seating and change fees, and also includes non-seat revenue which arises from commissions earned from services sold on behalf of partners and inflight sales.

New and revised standards and interpretations not applied

A number of new or revised standards and interpretations issued by the International Accounting Standards Board (IASB) have not been applied in preparing these interim financial statements as their effective dates fall in periods beginning on or after 1 October 2017. The Directors have particularly focused on the future adoption of the following standards and interpretations, which are due to be adopted in the year ended 30 September 2019:

IFRS 15 'Revenue from Contracts with Customers'

easyJet will adopt IFRS 15 on 1 October 2018 and anticipates applying the cumulative catch-up ("modified") transition method. Details of the requirements of IFRS 15 were laid out in our Annual Report and Accounts for the year ended 30 September 2017.

easyJet has identified three principal areas which will be impacted on adoption of IFRS 15:

- Revenue recognition from certain revenue streams, principally administration and change fees, will be delayed from the date of booking to the date of flight. This change is expected to result in a higher proportion of annual revenues being recognised in the second half of the financial year. The anticipated full year impact of this change is expected to be immaterial.
- As IFRS 15 will be applied using the cumulative catch-up method, a significant one-off adjustment increase to unearned revenues will be booked (in respect of bookings made in the year ended 30 September 2018, for flights in the following financial year). Under current accounting standards, these

revenues will be recognised in the year ended 30 September 2018 (on a booked basis); on adoption of IFRS 15 these fees are deferred in the statement of financial position, with a charge recognised in retained earnings, until the date of the flight at which point the revenues are recognised. The magnitude of the adjustment required will only be known at 30 September 2018 but will be disclosed within the Annual Report and Accounts for the year ended 30 September 2018.

- A proportion of compensation payments made to customers (in respect of flight delays), previously recorded wholly within expenses, will be offset against revenues. This presentational change will have no impact on the overall profit for the year.

IFRS 9 'Financial Instruments'

easyJet will adopt IFRS 9 on 1 October 2018 and anticipates applying the standard prospectively with no retrospective adjustments required. Details of the requirements of IFRS 9 were laid out in our Annual Report and Accounts for the year ended 30 September 2017. easyJet does not anticipate any material change in its consolidated financial statements in respect of the classification or measurement of its financial instruments or in its hedging activities on adoption of the standard.

IFRS 16 'Leases'

easyJet plans to early adopt IFRS 16 on 1 October 2018, bringing the timing of adoption in line with that of IFRS 9 and IFRS 15. easyJet anticipates applying the cumulative catch-up ("modified") transition method. Details of the changes to accounting for leases under IFRS 16 were laid out in our Annual Report and Accounts for the year ended 30 September 2017.

As disclosed in the Annual Report and Accounts for the year ended 30 September 2017, easyJet anticipates significant levels of right of use assets and lease liabilities being recognised on implementation of IFRS 16. During the period ending 31 March 2018, easyJet has updated its IFRS 16 impact assessment taking into account new leases entered into in the period resulting from the recent Air Berlin and sale and leaseback transactions. At 31 March 2018, easyJet anticipates that on adoption of IFRS 16 it will recognise circa £0.5 billion of right of use assets and £0.5 billion of lease liabilities. Annual operating lease expenses, which would have been recognised under existing accounting standards, will be replaced by anticipated similar levels of depreciation and interest expense such that no material impact on profit before tax is expected in the year of transition.

Retained earnings are expected to decrease on adoption of IFRS 16, reflecting the difference in carrying values between right of use assets and lease liabilities initially recognised. Key assumptions used to calculate the impacts outlined above:

- A USD/GBP foreign exchange rate of 1.40/1 throughout the year of initial application; and
- Based on current aircraft financing incremental borrowing rate estimates, calculations at the date of initial application use an average lease discount rate of 3.5 per cent.

2. Seasonality

The airline industry is highly seasonal and demand and yields are significantly higher during the summer. Accordingly revenue and profitability are higher in the second half of the financial year. Historically, easyJet has reported a loss/low profit for the first half of the financial year and a profit in the second half.

3. Headline profit measures

The Group seeks to present a measure of underlying performance which is not impacted by material non-recurring items or items which are not considered to be reflective of the trading performance of the business. This measure of profit is described as 'headline' and is used by the Directors to measure and monitor performance. The excluded items are referred to as 'non-headline' items.

Non-headline items may include impairments, amounts relating to acquisitions and disposals, expenditure on major restructuring programmes, litigation and insurance settlements, balance sheet exchange gains or losses, the income or expense resulting from the initial recognition of sale and leaseback transactions, fair value adjustments on financial instruments and other particularly significant or unusual non-recurring items. Items relating to the normal trading performance of the business will always be included within the headline performance.

An analysis of the amounts presented as 'non-headline' is given below:

	Six months ended 31 March 2018 £ million	Six months ended 31 March 2017 £ million
Sale and leaseback charge	19	16
Organisational review	1	2
Brexit-related costs	4	1
Tegel integration	24	-
Recognised in operating profit	48	19
Balance sheet foreign exchange loss	-	1
Fair value adjustment	2	4
Total non-headline charge before tax	50	24
Tax on non-headline items	(9)	(4)
Total non-headline charge after tax	41	20

Sale and leaseback charge

The sale and leaseback of the Group's ten oldest A319 aircraft resulted in a loss on disposal of the assets of £11 million, recognised within other costs in the income statement, and an £8 million maintenance provision catch up charged immediately to the income statement within maintenance costs.

Organisational review

The continuation of an organisational review has resulted in costs of £1 million for the six months ended 31 March 2018, which have been recognised in other costs within the income statement. This programme, which involves redundancy costs and associated third party advisor fees, is considered a material non-recurring item by virtue of the estimated size of the whole programme.

Brexit-related costs

Following the UK's referendum vote to leave the European Union ('EU'), the Group is in the process of establishing an AOC in Austria, an EU member state. For the six months ended 31 March 2018, the Group incurred £4 million in costs associated with the new AOC, principally due to the cost of re-registration of aircraft in Austria, which have been recognised in other costs within the income statement.

Tegel integration

The structure of the Air Berlin transaction (an acquisition of slots and the subsequent, separate integration of ex-Air Berlin aircraft and crew, as opposed to an 'all-in' business combination) resulted in £24m of one-off integration costs. These comprise £9m of engineering costs to align the technical specification of ex-Air Berlin aircraft with the rest of the easyJet fleet, £7m of dry lease rental costs incurred prior to these aircraft becoming operational, and £8m of other costs including consultancy and legal fees.

Balance sheet foreign exchange (gain)/loss

Foreign exchange gains or losses arising from the retranslation of monetary assets and liabilities held in the statement of financial position are recognised as non-headline items. For the six months ended 31 March 2018, the overall impact of balance sheet revaluations was trivial.

Fair value adjustment

The fair value adjustment arises from the ineffective portion of the cross currency interest rate swaps elected into hedge relationships with the Eurobonds issued in February 2016 and October 2016 (fair value and cash flow hedges respectively). This is not considered to be reflective of the trading performance of the business and causes temporary volatility in the income statement. The adjustment amounted to a £2 million charge for the period which is recognised within interest payable and other financing charges in the income statement.

4. Tax (credit)/charge

Tax on loss on ordinary activities

	Six months ended 31 March 2018 £ million	Six months ended 31 March 2017 £ million
Current tax	2	1
Deferred tax	(16)	(45)
	(14)	(44)
Effective tax rate	19.8%	18.7%

The forecast effective tax rate (using currently enacted rates) is higher than the standard rate of corporation tax in the United Kingdom (19%) principally due to current tax in Austria and Switzerland exceeding the UK rate.

Tax on items recognised directly in other comprehensive income

	Six months ended 31 March 2018 £ million	Six months ended 31 March 2017 £ million
Charge to other comprehensive income		
Deferred tax on fair value movements of cash flow hedges	(14)	(11)

There was no tax on items recognised directly in shareholders' equity in the period (2017: £nil).

5. Loss per share

	2018 £	2017 £ million
Headline loss for the period	(13)	(172)
Total loss for the period	(54)	(192)
	2018 million	2017 million
Weighted average number of ordinary shares used to calculate basic loss per share	394	393
	2018 pence	2017 pence
Basic loss per share		
Total	(13.7)	(48.9)
Adjustment for non-headline	10.4	5.1
Headline	(3.3)	(43.8)

Diluted earnings per share figures are not presented for either period as the impact of potential ordinary shares is anti-dilutive.

6. Dividends

The company paid an ordinary dividend of 40.9 pence per share, or £162 million (2017: 53.8 pence per share or £214 million). The dividend was paid on 23 March 2018, with a record date of 2 March 2018.

7. Property, plant and equipment

	2018 £ million	2017 £ million
At 1 October	3,525	3,252
Additions	335	279
Aircraft sold and leased back	(117)	(125)
Disposals	-	(1)
Transfer to maintenance provision	-	(6)
Depreciation	(95)	(85)
At 31 March	3,648	3,314

Net book value includes £317 million (2017: £293 million) relating to advance and option payments for future aircraft deliveries.

At 31 March 2018 easyJet was contractually committed to the acquisition of 134 (2017: 157) Airbus A320 family aircraft, with a total list price of US\$13.3 billion (2017: US\$14.1 billion) before escalations and discounts for delivery. This includes deliveries in the second half of FY'18 (23 aircraft), in 2019 (25 aircraft) and between 2020 and 2022 (86 aircraft). 125 are new generation aircraft.

8. Reconciliation of operating loss to cash generated from operations

	Six months ended 31 March 2018	Six months ended 31 March 2017
	£ million	£ million
Operating loss	(58)	(220)
Adjustments for non-cash items:		
Depreciation	95	85
Loss on disposal of property, plant and equipment	11	11
Amortisation of intangible assets	7	7
Share-based payments	7	10
Changes in working capital and other items of an operating nature:		
Increase in trade and other receivables	(72)	(31)
Increase / (decrease) in trade and other payables	-	(52)
Increase in unearned revenue	741	730
Increase in provisions	69	19
(Increase) / decrease in other non-current assets	(42)	2
Decrease in derivative financial instruments	58	5
Decrease in non-current deferred income	(2)	(6)
Cash generated from operations	814	560

9. Reconciliation of net cash flow to movement in net cash

	1 October 2017	Fair value and foreign exchange	Loan issue costs	Net cash flow	31 March 2018
	£ million	£ million	£ million	£ million	£ million
Cash and cash equivalents	711	(19)	-	248	940
Money market deposits	617	(2)	-	69	684
	1,328	(21)	-	317	1,624
Eurobonds	(870)	6	(1)	-	(865)
Finance lease obligations	(101)	4	-	3	(94)
	(971)	10	(1)	3	(959)
Net cash	357	(11)	(1)	320	665

On 7 January 2016, the UK Listing Authority approved a prospectus relating to the establishment of a £3,000 million Euro Medium Term Note programme issued by easyJet plc and guaranteed by easyJet Airline Company Ltd (subsequently updated on 7 October 2016 and 10 February 2017). Under this programme, on 9 February 2016, easyJet plc issued notes amounting to €500 million for a seven year term with a fixed annual coupon rate of 1.750%. At the same time the Group entered into cross currency interest rate swaps to convert the €500 million fixed rate Eurobond to a £379 million floating rate exposure. The Group designated the cross currency interest rate swaps as a fair value hedge of the interest rate and currency risks of the €500 million Eurobond. The €500 million Eurobond and the cross currency interest rate swaps are measured at fair value through the income statement.

On 11 October 2016 easyJet plc issued notes amounting to €500 million for a seven year term with a fixed annual coupon rate of 1.125% under the £3,000 million Euro Medium Term Note programme. The Group subsequently entered into cross currency interest rate swaps on 8 November 2016 to convert the €500 million fixed rate Eurobond to a £445 million fixed rate sterling exposure. The Group designated the cross currency interest rate swaps as a cash flow hedge of the currency risk of the €500 million Eurobond. The €500 million Eurobond is held at amortised cost and revalued at the balance sheet date with the spot GBP/EUR foreign exchange rate prevailing at the time, with movements being taken through the income statement. The cross currency interest rate swaps are measured at fair value with the effective portion taken through the statement of comprehensive income. The element of the fair value generated by the change in the spot rate is recycled to the income statement from the statement of comprehensive income to offset the revaluation of the Eurobond.

10. Fair value

The fair values of financial assets and liabilities, together with the carrying value at each reporting date, are as follows:

	31 March 2018	31 March 2018	30 September 2017	30 September 2017
	Carrying value	Fair value	Carrying value	Fair value
	£ million	£ million	£ million	£ million
Eurobonds	865	903	870	909
Finance lease obligations	94	96	101	105

The fair values of the Eurobonds are classified as level 1 in the IFRS 13 'Fair Value Measurement' hierarchy. The remaining financial instruments for which fair values are disclosed in the table above, and derivative financial instruments, are classified as level 2.

The €500 million Eurobond issued in February 2016 is held at fair value. The €500 million Eurobond issued in October 2016 and Finance lease obligations are held at amortised cost.

For all financial assets and financial liabilities not disclosed within the table above, the carrying value is a reasonable approximation to fair value.

The fair values of derivatives and financial instruments have been determined by referencing observable market prices where the instruments are traded, where available. Where market prices are not available, the fair value has been calculated by discounting expected future cash flows at prevailing interest rates.

11. Contingent liabilities

easyJet is involved in a number of disputes and litigation which arose in the normal course of business. The likely outcome of these disputes and litigation cannot be predicted, and in complex cases reliable estimates of any potential obligation may not be possible.

Having reviewed the information currently available, management considers that the ultimate resolution of these disputes and litigation is unlikely to have a material adverse effect on easyJet's results, cash flows or financial position.

12. Related party transactions

The Company licenses the easyJet brand from easyGroup Ltd ('easyGroup'), a wholly owned subsidiary of easyGroup Holdings Limited, an entity in which easyJet's founder, Sir Stelios Haji-Ioannou, holds a beneficial controlling interest. No changes to the Haji-Ioannou family concert party shareholding have been disclosed to easyJet in accordance with the Disclosure Guidance and Transparency Rules DTR 5, between 30 September 2017 and 31 March 2018.

Under the Amended Brand Licence signed in October 2010 and approved by the shareholders of easyJet plc in December 2010, an annual royalty of 0.25% of total revenue is payable by easyJet to easyGroup for a minimum term of 10 years. The full term of the agreement is 50 years.

easyJet and easyGroup established a fund to meet the annual costs of protecting the 'easy' (and related marks) and the 'easyJet' brands. easyJet contributes up to £1 million per annum to this fund and easyGroup contributes £100,000 per annum. Beyond the first £1.1 million of costs, easyJet can commit up to an aggregate £5.5 million annually to meet brand protection costs, with easyGroup continuing to meet its share of costs on a 10:1 ratio. easyJet must meet 100% of any brand protection costs it wishes to incur above this limit.

The amounts included in the income statement for these items were as follows:

	Six months ended 31 March 2018	Six months ended 31 March 2017
	£ million	£ million
Annual royalty	5.5	4.6
Brand protection (legal fees paid through easyGroup to third parties)	0.8	0.7
	6.3	5.3

At 31 March 2018, £0.9 million (2017: £1.6 million) of related party balances were held in trade and other receivables and payables (net receivable).

Statement of Directors' responsibilities

The Directors are responsible for preparing the interim report in accordance with applicable law and regulations. The Directors confirm that the condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34 ('Interim Financial Reporting') as adopted by the European Union.

The interim management report includes a fair review of the information required by the Disclosure and Transparency Rules paragraphs 4.2.7 and 4.2.8, namely:

- an indication of important events that have occurred during the six months ended 31 March 2018 and their impact on the condensed set of financial information, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions during the six months ended 31 March 2018 and any material changes in the related-party transactions described in the last Annual report and accounts 2017.

The Directors of easyJet plc are listed in the Annual report and accounts 2017. Since publication, Johan Lundgren replaced Carolyn McCall as Chief Executive Officer on 1 December 2017. Keith Hamill retired from the Board as Non-Executive Director on 31 December 2017. A list of current Directors is maintained on the easyJet plc website: <http://corporate.easyJet.com>.

The Directors are responsible for the maintenance and integrity of, amongst other things, the financial and corporate governance information as provided on the easyJet website (<http://corporate.easyJet.com>). Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

The interim report was approved by the Board of Directors and authorised for issue on 14 May 2018 and signed on its behalf by:

Johan Lundgren

Chief Executive

Andrew Findlay

Chief Financial Officer

Independent review report to easyJet plc

Report on the consolidated condensed financial statements

Our conclusion

We have reviewed easyJet plc's consolidated condensed financial statements (the "interim financial statements") in the interim report of easyJet plc for the 6 month period ended 31 March 2018. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the consolidated statement of financial position as at 31 March 2018;
- the consolidated income statement and consolidated statement of comprehensive income for the period then ended;
- the consolidated statement of cash flows for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the interim report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
14 May 2018