12 May 2015

easyJet plc

Results for the six months ended 31 March 2015

Proven strategy delivers profitable first half result

	2015	2014	Change
Total revenue (£ million)	1,767	1,702	3.8 %
Profit / (loss) before tax (£ million)	7	(53)	112.9 %
Pre-tax margin (%)	0.4	(3.1)	+3.5 ppt
Basic earnings / (loss) per share (pence)	1.3	(10.4)	+11.7 pence

Strategic Progress:

Drive demand, conversion and yields across Europe

- Total revenue per seat increased by 2.6% year-on-year on a constant currency basis, and by 0.2% per seat on a reported basis, to £54.91 driven, in part, by the disciplined allocation of capacity, improvement in load factor, strong October trading, timing of Easter and performance of allocated seating.
- Average load factors increased by 0.7 percentage points to 89.7% whilst capacity grew by 3.6% to 32.2 million seats.

Maintain cost advantage

- Cost per seat excluding fuel grew by 2.9% on a constant currency basis and decreased by 1.4% on a reported basis to £38.66. The increase in cost per seat was driven by anticipated increases in charges at regulated airports mainly in Germany and Italy, increased disruption costs in the second quarter and costs associated with building a resilient operation ahead of new crew base openings.
- easyJet lean delivered £21 million of sustainable savings in the six months to 31 March 2015.
- From May 2016 all future deliveries of A320 aircraft to have 186 seats; existing A320 180 seat fleet to be retrofitted starting in winter 2016. 186 seat A320 expected to deliver a cost per seat saving of 2% vs. a 180 seat A320.
- Component support contract signed with AJW Group to drive savings in maintenance costs from October 2015.

Build strong number 1 and 2 network positions

- easyJet opened new bases in Amsterdam and Porto bringing the total number of bases to 26.

Disciplined use of capital

- In the six months to 31 March 2015, easyJet returned £180 million or 45.4 pence per share to shareholders through the payment of an ordinary dividend at an increased payout ratio of 40% of profit after tax for the year ended 30 September 2014.
- easyJet ended the first half of the financial year with cash and money market deposits of £976 million, a decrease of £93 million against last year. Net cash as at 31 March 2015 was £416 million compared to £449 million at 31 March 2014.

Commenting on the results, Carolyn McCall, easyJet Chief Executive said:

"easyJet has delivered a record performance in the first half of the year by continuing to deliver its strategy of making travel easy and affordable for passengers. The profit in the half reflects the delivery of our customer focused revenue initiatives and a strong finish to the ski season as well as the benefit we received from the lower fuel price and favourable foreign exchange movements.

As we enter the important summer season forward bookings are in line with last year and as we predicted passengers are benefitting as fares fall to reflect a more competitive operating environment and lower fuel costs. easyJet continues to be well positioned to grow revenue and profit this year, delivering sustainable returns to shareholders due to its compelling network, low cost base and strong balance sheet."

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There will be an analyst presentation at 9:30 am BST on 12 May 2015 at Nomura, One Angel Lane, London, EC4R 3AB

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

Live conference call (Listen only):

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A. INTRODUCTION

easyJet has delivered an improved first half financial performance driven by the disciplined allocation of capacity, a range of revenue initiatives and the lower jet fuel price. In addition the performance in the first half benefitted from an exchange rate gain of £18 million which is expected to more than reverse in the second half of the financial year.

In the six months to 31 March 2015, easyJet returned £180 million or 45.4 pence per share to shareholders through the payment of an ordinary dividend at an increased payout ratio of 40% of profit after tax. easyJet's balance sheet remains strong with gearing of 20%, net cash of £416 million and cash and money market deposits of £976 million at the end of the period.

B. MARKET OVERVIEW

Competitive landscape

The European short-haul market grew by 20.2 million seats or 5.2% year-on-year in the six months to 31 March 2015 and by 6.7 million seats or 6.8% in easyJet's markets [(2)]. easyJet's competitors increased capacity by 5.2 million seats or 7.7% in its markets in the six months to 31 March 2015 with particularly strong growth from legacy and low-cost carriers in the London market. In the same period, easyJet increased capacity by 1.1 million seats or 3.6%.

The growth in the European short-haul market looks set to continue for the six months to 30 September 2015 as a result of improved economic conditions and a lower oil price. easyJet expects the European short-haul market to grow by 27.5 million seats or 5.5% year-on-year in the six months to 30 September 2015 and by 8.6 million seats or 6.7% in its markets.

Regulatory environment

The regulatory environment has a significant impact on easyJet, in particular the legislative framework set out by the EU. The European Commission is working to set its future aviation strategy, and easyJet will play a full role in this process, in particular to ensure that a more protectionist regime is not put in place following concerns driven by the growth of the Gulf carriers across Europe; that the regulation of slots is reformed to allow secondary slot trading across Europe; and consumer regulation is reformed to ensure there is clarity for both consumers and airlines on consumer rights. Alongside this easyJet will focus on the need for reform of how airport charges are set across Europe. easyJet has commissioned work to show the economic benefit of tighter airport regulation across Europe, and we will be using this to push the Commission and governments across Europe to reform airport regulation. easyJet is continuing to work towards the reform of EU airspace, and has recently put forward new proposals for how the Single European Sky process could be reformed to make it more effective.

Within the UK easyJet has provided input to the Airports Commission on a potential new runway in London. easyJet supports a new runway at Heathrow, as this best meets the needs of consumers, will bring the competitive benefits of low-cost carriers to an airport with very little competition on short-haul routes, and will also support London's connectivity needs.

C. STRATEGIC PROGRESS

Progress against strategic objectives

easyJet improved its first half financial performance by continuing to focus on its key strategic objectives and has made good progress over the winter period:

1. Build strong number one and two network positions
2. Maintain cost advantage
3. Drive demand, conversion and yields across Europe
4. Disciplined use of capital

Progress against each of these objectives is summarised below.

1. Build strong number one and two network positions

easyJet has developed the leading pan-European network by building up a valuable portfolio of slots, held at primary airports over several years. easyJet connects more of the top European city-to-city market pairs than any other airline and its network is a clear competitive advantage. easyJet has number one or two market positions at primary airports including London Gatwick, Geneva, Paris Charles de Gaulle, Amsterdam and Milan Malpensa.

easyJet's network is designed to maximise asset utilisation and extract the maximum value from its assets. The Company constantly strives to balance the network by allocating aircraft to areas of the network which drive the highest returns depending on time of day or year.

Country overview [(2)]

UK

easyJet is the UK's largest short-haul airline with a 20% market share and it increased capacity by 3.0% in the six months to 31 March 2015. At London Gatwick easyJet increased capacity by around 10% in the period due to the purchase of slots from Flybe and by deploying larger aircraft at the airport. easyJet also launched 12 new routes in the UK such as Edinburgh to Funchal and Gatwick to Stuttgart; while continuing to increase frequencies on selected routes.

Switzerland

easyJet has a strong structural position in Switzerland and is the number one carrier in Geneva and Basel with a 40% and 53% market share respectively. In addition, easyJet has a number one or number two position on all routes touching Geneva and Basel. In the six months to 31 March 2015, easyJet increased capacity in Switzerland by 6.3%; growth was focused on increased capacity on existing routes and the introduction of new routes such as Basel to Lanzarote and Geneva to Vienna.

France

In the six months to 31 March 2015 easyJet continued to increase capacity and its market share in France. Capacity increased by 4.3% in the period and easyJet now has a 14% market share. Capacity growth was focused on increased frequencies on existing routes and new routes. easyJet is uniquely positioned as a low cost carrier with strong structural position at primary airports across France, holding a number one or two market position at all of its five base airports and continues to see attractive growth opportunities in the country.

Italy

easyJet increased capacity by 5.3% in the six months to 31 March 2015 and it now has a market share of 12% in Italy. Capacity growth was focused on increased frequencies on existing routes and new routes. easyJet has 26 aircraft based across Milan Malpensa, Rome Fiumicino and Naples and operates from 17 different airports in the country.

Germany

In the six months to 31 March 2015, easyJet's capacity in Germany increased by 15% and it now has a 4.1% market share. Capacity growth was driven by increasing frequencies to business destinations including London, Amsterdam and Basel. easyJet has 12 aircraft based across Berlin and Hamburg and launched 13 new routes during the period.

Portugal / Spain

Portugal is an important market for easyJet; it has a market share of around 12% and a number two position at Lisbon Portela airport. In March 2015 easyJet opened its second Portuguese base at Francisco de Sá Carneiro Airport Porto with 2 based aircraft. Six new routes to Luxembourg, Nantes, Stuttgart, Manchester, Bristol and London Luton from the new Porto base will be launched in the six months to 30 September 2015.

Spain is an important market for easyJet with around 18% of all easyJet passengers touching Spain in the six months to 31 March 2015. easyJet currently has an 8% market share in Spain and continues to see opportunities to allocate capacity to routes able to generate high returns.

Netherlands

In the six months to 31 March 2015, easyJet increased capacity in the Netherlands by over 13%. In March easyJet opened a new base at Schiphol Airport, Amsterdam with three based aircraft and will add a fourth based aircraft from October 2015. easyJet currently has a number two market share at the airport.

2. Maintain cost advantage

easyJet has developed an efficient, low-cost business model which enables it to offer the affordable fares its customers value. In the six months to 31 March 2015 cost per seat excluding fuel decreased by 1.4% on a reported basis but increased by 2.9% on a constant currency basis. The cost increase was driven by an increase in charges at regulated airports, increased crew costs associated with building a resilient operation ahead of base openings and by higher levels of de-icing and disruption in the second quarter compared to the prior year.

Robust operations

easyJet's strong operational and cost performance is built around ensuring aircraft depart and arrive on time. This both minimises the costs of disruption, and improves customer satisfaction and repeat purchases, which in turn increases revenue.

easyJet's on-time performance in the first half of the year remained high at 86%. The performance was slightly lower than the prior year primarily due to adverse weather across Europe and industrial action. The weather in the second quarter of the year was worse than the unusually benign prior year which resulted in an increase in the use of de-icing fluids. In addition there were increased diversions due to snow across Europe in February and strong winds. The second quarter also saw an increase in industrial action in Europe including two Italian Air Traffic Control strikes, firemen strikes at Paris Charles de Gaulle and Orly and two strikes by airport security staff in Germany. As a result easyJet cancelled 683 flights in the first half of 2015 compared to 520 in the first half of 2014.

OTP % arrivals within 15 minutes [3]	October	November	December	January	February	March	H1
FY'15	86%	91%	83%	85%	86%	86%	86%
FY'14	87%	93%	84%	90%	91%	91%	89%

easyJet lean

easyJet is committed to maintaining its structural cost advantage against the legacy, low-cost and charter operators who are its major competitors in the airports from which it operates. easyJet lean is a programme designed to ensure unit cost growth excluding fuel is kept below the prevailing market inflation.

In the first half of the financial year easyJet lean delivered sustainable savings of around £21 million which includes the benefit from longer term airport deals. In particular, the new contract with Gatwick Airport gives easyJet certainty on passenger charges over the next seven years. easyJet lean plans to deliver between £30 and £40 million per year in sustainable savings over the next five years.

easyJet has taken the decision to increase the number of seats on its A320 aircraft from 180 to 186. All new A320 aircraft delivered from May 2016 will be fitted with 186 seats and easyJet's existing fleet of 180 seat A320 aircraft will be retrofitted starting in winter 2016. The retrofit is expected to be completed by summer of 2018. Increasing the number of seats from 180 to 186 on an A320 aircraft is expected to deliver a cost per seat saving of around 2%.

As part of the easyJet lean programme the Company is in the process of evaluating the provision of its maintenance contracts. In March 2015 following a thorough and competitive tender process easyJet selected AJW Group to be the primary provider of its requirements for component maintenance and the provision, storage and distribution of spare parts. The new multi-year contract, will start in October 2015 and will cover easyJet's entire fleet of aircraft.

Fleet

easyJet has built flexibility into its fleet planning arrangements such that it can increase or decrease capacity deployed, subject to the opportunities available and prevailing economic conditions. easyJet also has the flexibility to move aircraft between routes and markets to improve returns.

easyJet's total fleet as at 31 March 2015 comprised 230 aircraft, split between 156 seat Airbus A319s and 180 seat Airbus A320s. In the six months to 31 March 2015, easyJet took delivery of eight A320 aircraft and there were four A319 exits in the period. In the six months to 30 September 2015, one aircraft will exit the fleet and a further 12 A320 deliveries are planned. As at 30 September 2015, the fleet will consist of 241 aircraft, with 148 A319's and 93 A320's.

Fleet as at 31 March 2015:

	Owned	Operating leases	Finance Leases	**Total**	Changes since Sep '14	Future committed deliveries[4]	Unexercised purchase rights[5]
A319	93	50	6	**149**	**-4**	-	-
A320 current generation	58	18	5	**81**	8	62	-
A320neo	-	-	-	**-**	-	100	100
	151	68	11	**230**	4	162	100

3. Drive demand, conversion and yields across Europe

A key part of easyJet's strategy is to drive revenues by optimising its network, improving brand awareness, developing its competitive advantage through its bespoke revenue management system, improving its customer relationship management capabilities, driving conversion through the 'generation easyJet' campaign and implementing its wider digital strategy.

Revenue per seat grew by 0.2% on a reported basis to £54.91 and by 2.6% on a constant currency basis. The performance in the half was driven by the:

- disciplined allocation of capital across the network;
- strong October trading, particularly UK beach and French domestic routes;
- load factor which increased by 0.7 percentage points to 89.7%;
- increased allocated seating conversion rates and the yield management of bags;
- the timing of Easter and a good finish to the ski season;
- business passenger initiative including easyJet's first business television advertisement; and
- continued investment in digital and revenue management initiatives.

Throughout the first half of the year easyJet has maintained its digital leadership and has continued to make travel easy and affordable for generation easyJet. It has developed a range of initiatives to make using mobile devices easier including innovative passport scanning, retrieving saved passport information through mobile and using Apple's touch ID technology. easyJet is one of the first airlines globally to design a bespoke app for the new Apple watch; this will provide customers with features such as flight status notifications and boarding passes. Following the end of the half year easyJet launched its 'mobile host' which provide customers with notifications at relevant points of their journey through the airport such as bag drop and gate information. The 'mobile host' integrates existing customer information and Google's indoor mapping technology.

easyJet continued to make good progress with its business passenger initiative in the first six months of the year and the growth in passengers was in line with expectations. Sales of business products performed well, including a 137% increase in the sale of inclusive fares when compared to the six months to 31 March 2014. Sales through Global Distribution Systems grew by 59% in the period as easyJet continued to leverage its relationships with the Travel Management Companies ("TMCs"). easyJet continues to see opportunities across Europe and recently strengthened its corporate focused sales team in France, Germany and the Netherlands whilst demonstrating commitment to TMCs through the launch of an industry focused channel.

4. Disciplined use of capital

easyJet maintains a strong balance sheet with low gearing and therefore derives a competitive advantage through access to funding at a lower cost. Over the cycle, easyJet is committed to earning returns in excess of its cost of capital, and intends to fund both aircraft purchases and dividends through a combination of internal resources, cashflow, sale and leaseback transactions and debt.

easyJet has the following targets to ensure its capital structure remains both robust and efficient:

	Objective	Metric	Progress
Capital discipline	High asset efficiency Maintain high level of fleet flexibility	Fleet size flexibility of between 204 and 316 aircraft by 2019	230 aircraft with 9.7 hours per day asset utilisation in the six months to 31 March 2015
Capital structure	Ensure robust capital structure Retain ability to invest in profitable growth opportunities	Gearing: 15% to 30% Moving to 80:20 ratio on owned vs. leased aircraft	Gearing 20% as at 31 March 2015 30% leased as at 31 March 2015
Liquidity	Maintain sufficient liquidity to manage through industry shocks	£4 million cash per aircraft	£4.2 million cash per aircraft as at 31 March 2015
Returns	Maintain industry-leading returns	Top quartile ROCE[(1)]	Financial Year 2014 ROCE of 20.5%
Dividend policy	Target consistent and continuous payments Return excess capital to shareholders	40% of profit after tax pay-out ratio for ordinary dividend	Ordinary dividend payment increased by 35.5% to 45.4 pence per share for Financial Year 2014

This framework allows easyJet to withstand external shocks such as an extended closure of airspace, significant fuel price increases or a sustained period of low yields whilst being in a position to drive growth and returns for shareholders.

At 31 March 2015, easyJet had cash and money market deposits (excluding restricted cash) of £976 million and net cash of £416 million. An ordinary dividend of £180 million (45.4 pence per share) in respect of the 2014 Financial Year was paid to shareholders on 20 March 2015. Adjusted net debt, including operating leases at seven times at 31 March 2015 was £438 million against £446 million at 30 September 2014.

D. LOOKING FORWARD

Hedging positions

easyJet operates under a clear set of treasury policies agreed by the Board. The aim of easyJet's hedging policy is to reduce short term earnings volatility. Therefore, easyJet hedges forward, on a rolling basis, between 65% and 85% of the next 12 months anticipated fuel and currency requirements and between 45% and 65% of the following 12 months anticipated requirements. Details of current hedging arrangements are set out below:

Percentage of anticipated requirement hedged	Fuel requirement	US Dollar requirement	Euro surplus	Swiss Franc surplus
Six months to 30 September 2015	84%	83%	82%	93%
Average rate	$905 / metric tonne	1.58	1.18	1.47
Full year ending 30 September 2015	87%	84%	85%	99%
Average rate	$929 / metric tonne	1.59	1.18	1.47
Full year ending 30 September 2016	74%	73%	67%	61%
Average rate	$862 / metric tonne	1.63	1.23	1.46

Sensitivities (6 / 7)

easyJet hedges cash flows and profitability can be impacted by year on year changes in the fuel price and exchange rates. The sensitivity of easyJet's second half profit to further movements in fuel and foreign exchanges rates is estimated below:

- A $10 movement in the fuel price per metric tonne impacts the FY'14 profit before tax by +/- $1.9 million.
- A one cent movement in £/$ exchange rate impacts the FY'14 profit before tax by +/- £0.9 million.
- A one cent movement in £/€ exchange rate impacts the FY'14 profit before tax by +/- £0.3 million.

Outlook

This summer easyJet will continue to invest in its network and plans to grow capacity(8) by 6.2%, whilst competitor capacity on its markets is forecast to increase by 6.7%. As expected the lower oil price has been beneficial for customers and easyJet will be able to offer its customers even better value fares this summer whilst continuing to grow revenue and profit. April has been a more difficult month due to increased disruption with over 600 cancellations, the majority of which were caused by the extended French Air Traffic Control strikes. April's disruption is expected to adversely impact pre-tax profit by around £25 million. Taking all this into account easyJet expects revenue per seat at constant currency for the second half of the financial year to decrease by low single digit percentage points. Third quarter revenue per seat at constant currency will be disproportionately impacted by the movement of Easter and significant disruption which together decrease revenue per seat by 3 percentage points. This combined with a one percentage point reduction in underlying trading means we expect third quarter revenue per seat at constant currency to be down around 4 percentage points.

easyJet still expects cost per seat at constant currency excluding fuel to increase by around 2% in the second half of the financial year and by up to 2.5% for the full year assuming normal levels of disruption. This does not include a possible additional navigation charge from Eurocontrol of up to £12 million which easyJet is currently disputing. As expected the second half cost per seat increase will primarily be driven by charges at regulated airports, particularly in Germany and Italy, increased crew costs and higher navigation charges. Cost per seat at constant currency including fuel is expected to decrease by around 1% for the full year.

It is estimated that at current exchange rates and with jet fuel remaining within a $550 metric tonne to $750 metric tonne trading range, easyJet's unit fuel bill for the second half of the financial year is likely to decrease by between £60 million and £85 million compared to the six months to 31 September 2014. On a full year basis it is estimated that at current exchange rates and with jet fuel remaining within a $550 metric tonne to $750 metric tonne trading range, easyJet's unit fuel bill for the 12 months ending 30 September 2015 is likely to decrease by between £95 million and £120 million compared to the 12 months to 30 September 2014.

In addition, exchange rate movements are likely to have around a £40 million adverse impact compared to the six months to 30 September 2014 and are likely to have around a £20 million adverse impact compared to the 12 months to 30 September 2014.

easyJet is successfully executing its strategy of offering its customers low fares to great destinations with friendly service so that it will continue to win in a more competitive market. With forward bookings in line with last year easyJet is well placed to grow revenue and profit this financial year and continue to deliver sustainable returns and growth for shareholders.

Footnotes

(1) ROCE shown on a lease adjusted basis with aircraft operating leases capitalised at seven times the annual lease rental.
(2) Market share data from OAG. Size of European market and easyJet routes based on internal easyJet definition. Historic data based on April download for the six months to 31 March 2015.
(3) easyJet generated on-time performance figures using internal systems.
(4) Future committed deliveries through to 2022.
(5) Purchase rights may be taken on any A320 family aircraft.
(6) Rates as at 12.00 8 May 2015: Euro to sterling 1.3693; US$ to sterling 1.5433; Jet fuel cif US$615 per metric tonne.
(7) Foreign exchange sensitivities shown relate to the impact of changes in the foreign exchange rate on the unhedged element of currency.
(8) Measured in seats flown.

E. FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2015

easyJet has delivered a profit before tax for the six months to 31 March 2015 of £7 million (profit of £0.21 per seat) an increase of £60 million from a loss of £53 million (loss of £1.70 per seat) last year. However, this includes a £35 million favourable unit fuel bill and the benefit of a temporary gain of £18 million from foreign exchange movements.

Financial overview

	£ million	**£ per seat**	**2015 Pence per ASK**	£ million	£ per seat	2014 Pence per ASK
Total revenue	**1,767**	**54.91**	**5.12**	1,702	54.80	5.10
Costs excluding fuel	**(1,244)**	**(38.66)**	**(3.60)**	(1,218)	(39.20)	(3.65)
Fuel	**(516)**	**(16.04)**	**(1.50)**	(537)	(17.30)	(1.61)
Profit/(loss) before tax	**7**	**0.21**	**0.02**	(53)	(1.70)	(0.16)
Tax (charge)/credit	**(2)**	**(0.04)**	**-**	12	0.37	0.04
Profit/(loss) after tax	**5**	**0.17**	**0.02**	(41)	(1.33)	(0.12)

Total revenue grew by 3.8% to £1,767 million with revenue per seat increasing by 0.2% to £54.91 and by 2.6% at constant currency.

Cost per seat excluding fuel decreased by 1.4% to £38.66, but increased by 2.9% at constant currency. Key drivers included inflationary increases of regulated airport charges, an increase in crew establishment costs and higher levels of de-icing and disruption costs in the second quarter. The cost does not include a possible additional navigation charge from Eurocontrol which easyJet is disputing.

Fuel cost per seat decreased by 7.3% to £16.04 and by 6.3% at constant currency. This has been driven by the significant reduction in market price. The market fuel price reductions have not been fully reflected in the effective (post-hedge) price due to the operation of easyJet's hedging policy.

Corporate tax has been charged at an effective rate of 20.4% (2014: credited at 21.6%) based on rates enacted as at 31 March 2015, resulting in a tax charge of £2 million.

Earnings per share, dividends per share and gearing

	2015	2014	Change
Basic earnings/(loss) per share	**1.3p**	(10.4p)	11.7p
Ordinary dividend per share	**45.4p**	33.5p	11.9p
Special dividend per share	**N/a**	44.1p	n/a
Gearing	**20%**	18%	+2.0ppt

Basic earnings per share increased by 11.7 pence as a consequence of the £46 million improvement in the half year result.

In March 2015, easyJet paid an ordinary dividend of 45.4 pence per share, an increase of 35% from the ordinary dividend of 33.5 pence per share paid in March 2014.

Gearing has increased to 20% (2014:18%) remaining within the target range of 15% to 30%.

Exchange rates

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

	Revenue		Costs	
	2015	2014	**2015**	2014
Sterling	**46%**	44%	**27%**	26%
Euro	**43%**	44%	**31%**	33%
US dollar	**1%**	1%	**35%**	35%
Other (principally Swiss franc)	**10%**	11%	**7%**	6%

Average exchange rates	**2015**	2014
Euro - revenue	**€1.24**	€1.19
Euro - costs	**€1.30**	€1.20
US dollar	**$1.60**	$1.58
Swiss franc	**CHF 1.50**	CHF 1.45

The effective Euro rate has weakened since the prior half year from € 1.19 to € 1.24 for revenue and from € 1.20 to € 1.30 for costs. This has resulted in a loss of £35 million on revenue generated in Euros and a gain of £50 million on costs excluding fuel incurred in Euros.

The effective US dollar rate has also weakened slightly since the prior half year from $1.58 to $1.60, which has resulted in an exchange rate gain of £6 million on the purchase of fuel.

Overall, the impact of exchange rate movements was a gain of £18 million as shown below:

Favourable / (adverse)	Euro	Swiss franc	US dollar	Other	Total
	£ million	£ million	£ million	£ million	£ million
Revenue	(35)	(4)	1	(3)	(41)
Fuel	(1)	-	6	-	5
Costs excluding fuel	50	-	2	2	54
Total	14	(4)	9	(1)	18

Although easyJet has a surplus of Euro costs over revenue, revenue cash inflows generally occur several months before cost cash outflows, which with the weakening of the Euro against Sterling, results in a short-term benefit to the income statement. It is expected that this will more than reverse during the second half, giving an adverse impact for the full year.

Financial performance

Revenue

	£ million	**£ per seat**	**2015 Pence per ASK**	£ million	£ per seat	2014 Pence per ASK
Seat revenue	**1,739**	**54.05**	**5.04**	1,674	53.88	5.01
Non-seat revenue	**28**	**0.86**	**0.08**	28	0.92	0.09
Total revenue	**1,767**	**54.91**	**5.12**	1,702	54.80	5.10

Revenue per seat performance was robust for the period with an increase of 0.2% to £54.91 and 2.6% at constant currency. However, revenue per seat growth deteriorated to 1.4% in the second quarter compared to 3.7% in the first quarter. This trend is attributable to the increasingly competitive capacity environment combined with the impact of lower oil prices.

Revenue per ASK has increased by 0.4% which is principally a result of an increase in load factor, which rose by 0.7 percentage points to 89.7%. Revenue per passenger was £61.21, down by 0.6% compared with 2014, but up by 1.8% at constant currency.

Costs excluding fuel

	£ million	**£ per seat**	**2015 Pence per ASK**	£ million	£ per seat	2014 Pence per ASK
Operating costs						
Airports and ground handling	**478**	**14.88**	**1.39**	472	15.20	1.42
Crew	**238**	**7.40**	**0.69**	231	7.43	0.70
Navigation	**129**	**3.99**	**0.37**	131	4.23	0.39
Maintenance	**104**	**3.22**	**0.30**	104	3.34	0.31
Selling and marketing	**51**	**1.58**	**0.14**	53	1.69	0.15
Other costs	**121**	**3.76**	**0.35**	110	3.56	0.33
	1,121	**34.83**	**3.24**	1,101	35.45	3.30
Ownership costs						
Aircraft dry leasing	**58**	**1.83**	**0.17**	60	1.93	0.18
Depreciation	**58**	**1.79**	**0.16**	51	1.65	0.15
Amortisation	**7**	**0.21**	**0.02**	6	0.20	0.02
Net interest payable	**4**	**0.13**	**0.02**	4	0.13	0.01
Net exchange (gains)/losses	**(4)**	**(0.13)**	**(0.01)**	(4)	(0.16)	(0.01)
	123	**3.83**	**0.36**	117	3.75	0.35
Total costs excluding fuel	**1,244**	**38.66**	**3.60**	1,218	39.20	3.65

Costs per seat excluding fuel decreased by 1.4% to £38.66 but increased by 2.9% per seat at constant currency.

Airports and ground handling cost per seat decreased by 2.2% but increased by 3.2% at constant currency. Charges at regulated airports increased as anticipated, primarily in Germany and Italy, however, this has been partially offset by savings from new airport and ground handling contracts, the most significant being from the new agreement with Gatwick. Higher levels of de-icing costs in the second quarter also contributed to the increase.

Crew cost per seat decreased by 0.4% but increased by 2.4% at constant currency. In addition to regular pay increases this was driven by the early recruitment of crew to build a resilient operation ahead of the three new crew base openings.

Navigation cost per seat decreased by 5.7% but increased by 2.6% at constant currency, driven by annual price increases.

Maintenance costs per seat have decreased by 3.6% and by 2.1% at constant currency. The increasing average age of the fleet, ahead of delivery of the new generation aircraft from 2017, has led to higher maintenance costs, however in the first half these have been offset by the benefit of the revised engine contract and the lower number of leased aircraft in the fleet.

Other operating costs per seat increased by 6.0% and by 6.8% at constant currency, with the majority of the increase being in disruption costs. The increase is the result of the UK court of appeal ruling that delays caused by technical faults should not be treated as extraordinary events under EU261 and an increase in the claim rate.

Aircraft dry leasing cost per seat decreased by 5.4% and by 3.2% at constant currency. Depreciation costs have increased by 8.2% on a per seat basis. The movements are principally driven by the acquisition of nine new aircraft last year and the decrease in the number of leased aircraft in the fleet. The average leased fleet decreased by 2.8% to 70 and the average owned fleet increased by 7.5% to 157 in line with the relevant costs.

Fuel

	£ million	**£ per seat**	**2015 Pence per ASK**	£ million	£ per seat	2014 Pence per ASK
Fuel	**516**	**16.04**	**1.50**	537	17.30	1.61

Fuel cost per seat decreased by 7.3% and by 6.3% at constant currency. During the period the average market fuel price fell by 28.9% to $707 per tonne from $994 in the previous year. The operation of easyJet's fuel hedging policy meant that the average effective fuel price movement only saw a decrease of 6.8% from $993 per tonne in the previous year to $925 per tonne.

Cash flows and financial position

Summary consolidated statement of cash flows

	Six months ended 31 March 2015 £ million	Six months ended 31 March 2014 £ million	Change £ million
Net cash generated from operating activities (excluding dividends)	**489**	431	58
Ordinary dividend paid	**(180)**	(133)	(47)
Special dividend paid	**-**	(175)	175
Net capital expenditure	**(270)**	(218)	(52)
Net loan and lease finance repayment	**(45)**	(43)	(2)
Net decrease in money market deposits	**408**	54	354
Decrease in restricted cash	**21**	2	19
Other including the effect of exchange rates	**(33)**	(26)	(7)
Net increase / (decrease) in cash and cash equivalents	**390**	(108)	498
Cash and cash equivalents at beginning of period	**424**	1,013	(589)
Cash and cash equivalents at end of period	**814**	905	(91)
Money market deposits at end of period	**162**	164	(2)
Cash and money market deposits at end of period	**976**	1,069	(93)

In line with prior periods, easyJet generated strong operating cash flow in the period principally driven by the growth in revenue per seat and forward bookings.

The majority of the net decrease in money market deposits in the six months to 31 March 2015 is due to more funds being held on-call and therefore treated as cash equivalents.

Net capital expenditure primarily comprises the acquisition of eight A320s, the purchase of life-limited parts for use in engine restoration and deposits on aircraft acquisition made in advance of delivery.

Summary consolidated statement of financial position

	31 March 2015 £ million	30 September 2014 £ million	Change £ million
Goodwill	**365**	365	-
Property, plant and equipment	**2,720**	2,542	178
Derivative financial instruments	**(281)**	(21)	(260)
Net working capital	**(1,412)**	(989)	(423)
Restricted cash	**12**	32	(20)
Net cash	**416**	422	(6)
Current and deferred taxation	**(133)**	(239)	106
Other non-current assets and liabilities	**52**	60	(8)
	1,739	2,172	(433)

Opening shareholders' equity	2,172	2,017
Profit for the period	5	450
Ordinary dividend paid	(180)	(133)
Special dividend paid	-	(175)
Change in hedging reserve	(209)	38
Other movements	(49)	(25)
	1,739	2,172

Shareholders' equity decreased by £433 million driven principally by the adverse movement in the hedging reserve combined with the payment of the ordinary dividends. The movement in the hedging reserve was due to the adverse mark-to-market movement on Jet fuel forward contracts (£498 million) offset to an extent by favourable movements on US dollar (£138 million) and Euro (£93 million) forward contracts.

The net book value of property plant and equipment increased by £178 million as a result of the acquisition of eight aircraft in the period as well as advance purchases of life-limited parts and payments made on aircraft pre-delivery.

Net working capital improved by £423 million to a net negative £1,412 million. Passengers pay for their flights in full when booking, therefore the key component of this balance is unearned revenue, which increased by £519 million from £572 million at 30 September 2014 to £1,091 million. The seasonal nature of the industry leads to significantly more unearned revenue at 31 March compared to 30 September each year. From the prior half year, unearned revenue has increased by 3.6% from £1,053 million. The increase in capacity offset the impact of exchange rate movements and increased yield pressure.

Reconciliation of net cash flow to movement in net funds

	Six months ended 31 March 2015	Six months ended 31 March 2014	Change
	£ million	£ million	£ million
Cash and cash equivalents	**814**	905	(91)
Money market deposits	**162**	164	(2)
	976	1,069	(93)
Bank loans	**(362)**	(435)	73
Finance lease obligations	**(198)**	(185)	(13)
	(560)	(620)	60
Net Cash	**416**	449	(33)

easyJet ended the period with £976 million in cash and money market deposits; this is equivalent to £4.2 million per aircraft which is above easyJet's liquidity objective of £4 million per aircraft. In addition during the period easyJet signed a five year $500 million revolving credit facility with a group of 12 relationship banks.

After allowing for the impact of aircraft operating leases, adjusted net debt at 30 September 2014 of £446 million has decreased by £8 million to a net adjusted debt position of £438 million.

F. KEY STATISTICS

Operational measures	**2015**	2014	Change
Seats flown (millions)	**32.2**	31.1	3.6%
Passengers (millions)	**28.9**	27.6	4.4%
Load factor	**89.7%**	89.0%	+0.7ppt
Available seat kilometres (ASK) (millions)	**34,499**	33,366	3.4%
Revenue passenger kilometres (RPK) (millions)	**31,564**	30,195	4.5%
Average sector length (kilometres)	**1,072**	1,074	(0.2%)
Sectors	**197,080**	191,376	3.0%
Block hours	**372,927**	361,957	3.0%
Number of aircraft owned/leased at end of period	**230**	220	4.5%
Average number of aircraft owned/leased during period	**226.5**	217.8	4.0%
Number of aircraft operated at end of period	**218**	212	2.8%
Average number of aircraft operated during period	**211.5**	203.3	4.0%
Operated aircraft utilisation (hours per day)	**9.7**	9.8	(1.0%)
Owned aircraft utilisation (hours per day)	**9.0**	9.1	(0.9%)
Number of routes operated at end of period	**699**	655	6.7%
Number of airports served at end of period	**135**	138	(2.2%)
Financial measures			
Return on capital employed	**0.9%**	(1.2%)	+2.1ppt
Gearing	**20%**	18%	+2ppt
Profit/loss before tax per seat (£)	**0.21**	(1.70)	1.91
Profit/loss before tax per ASK (pence)	**0.02**	(0.16)	0.18
Revenue			
Revenue per seat (£)	**54.91**	54.80	0.2%
Revenue per seat at constant currency (£)	**56.21**	54.80	2.6%
Revenue per ASK (pence)	**5.12**	5.10	0.4%
Revenue per ASK at constant currency (pence)	**5.24**	5.10	2.8%
Costs			
Per seat measures			
Total cost per seat (£)	**54.70**	56.50	(3.2%)
Total cost per seat excluding fuel (£)	**38.66**	39.20	(1.4%)
Total cost per seat excluding fuel at constant currency (£)	**40.33**	39.20	2.9%
Operational cost per seat (£)	**50.87**	52.75	(3.6%)
Operational cost per seat excluding fuel (£)	**34.83**	35.45	(1.7%)
Operational cost per seat excluding fuel at constant currency (£)	**36.35**	35.45	2.5%
Ownership cost per seat (£)	**3.83**	3.75	1.9%
Per ASK measures			
Total cost per ASK (pence)	**5.10**	5.26	(3.0%)
Total cost per ASK excluding fuel (pence)	**3.60**	3.65	(1.2%)
Total cost per ASK excluding fuel at constant currency (pence)	**3.76**	3.65	3.1%
Operational cost per ASK (pence)	**4.74**	4.91	(3.4%)
Operational cost per ASK excluding fuel (pence)	**3.24**	3.30	(1.6%)
Operational cost per ASK excluding fuel at constant currency (pence)	**3.39**	3.30	2.7%
Ownership cost per ASK (pence)	**0.36**	0.35	2.1%

G. 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. Many risks, however, remain outside easyJet's full 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 2014 Annual report and accounts and include:

- Safety
- Operational
- Asset utilisation
- Performance
- Liquidity, interest rate and other financing
- Reputation
- Competition
- Economic, political and regulatory

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 28 to 35 of our Annual report and accounts for the year to 30 September 2014, which are available on our website www.easyjet.com.

H. CONDENSED FINANCIAL INFORMATION

Consolidated income statement (unaudited)

	Notes	**Six months ended 31 March 2015** **£ million**	Six months ended 31 March 2014 £ million
Seat revenue		**1,739**	1,674
Non-seat revenue		**28**	28
Total revenue	9	**1,767**	1,702
Fuel		**(516)**	(537)
Airports and ground handling		**(478)**	(472)
Crew		**(238)**	(231)
Navigation		**(129)**	(131)
Maintenance		**(104)**	(104)
Selling and marketing		**(51)**	(53)
Other costs		**(121)**	(110)
EBITDAR		**130**	64
Aircraft dry leasing		**(58)**	(60)
Depreciation	6	**(58)**	(51)
Amortisation of intangible assets		**(7)**	(6)
Operating profit/(loss)		**7**	(53)
Interest receivable and other financing income		**5**	6
Interest payable and other financing charges		**(5)**	(6)
Net finance charges		**-**	-
Profit/(loss) before tax		**7**	(53)
Tax (charge)/credit	3	**(2)**	12
Profit/(loss) for the period		**5**	(41)
Earnings/(loss) per share, pence			
Basic	4	**1.3**	(10.4)
Diluted	4	**1.3**	-

Consolidated statement of comprehensive income (unaudited)

	Notes	**Six months ended 31 March 2015** **£million**	Six months ended 31 March 2014 £million
Profit/(loss) for the period		**5**	(41)
Other comprehensive (loss) / income			
Cash flow hedges			
Fair value losses in the period		**(330)**	(38)
Losses transferred to income statement		**69**	16
Related tax credit	3	**52**	4
		(209)	(18)
Total comprehensive loss for the period		**(204)**	(59)

All items in other comprehensive income will be re-classified to the income statement.

Consolidated statement of financial position (unaudited)

	Notes	**31 March 2015 £ million**	30 September 2014 £ million
Non-current assets			
Goodwill		**365**	365
Other intangible assets		**111**	113
Property, plant and equipment	6	**2,720**	2,542
Derivative financial instruments		**96**	36
Other non-current assets		**150**	165
		3,442	3,221
Current assets			
Trade and other receivables		**199**	200
Derivative financial instruments		**151**	53
Restricted cash		**6**	23
Money market deposits		**162**	561
Cash and cash equivalents		**814**	424
		1,332	1,261
Current liabilities			
Trade and other payables		**(1,551)**	(1,110)
Borrowings		**(156)**	(91)
Derivative financial instruments		**(361)**	(87)
Current tax payable		**(8)**	(53)
Maintenance provisions		**(60)**	(79)
		(2,136)	(1,420)
Net current liabilities		**(804)**	(159)
Non-current liabilities			
Borrowings		**(404)**	(472)
Derivative financial instruments		**(167)**	(23)
Non-current deferred income		**(53)**	(62)
Maintenance provisions		**(150)**	(147)
Deferred tax		**(125)**	(186)
		(899)	(890)
Net assets		**1,739**	2,172
Shareholders' equity			
Share capital		**108**	108
Share premium		**659**	658
Hedging reserve		**(226)**	(17)
Translation reserve		**1**	1
Retained earnings		**1,197**	1,422
		1,739	2,172

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 2014	108	658	(17)	1	1,422	2,172
Total comprehensive income/(loss)	-	-	(209)	-	5	(204)
Dividends paid	-	-	-	-	(180)	(180)
Share incentive schemes						
Proceeds from shares issued	-	1	-	-	-	1
Value of employee services	-	-	-	-	8	8
Related tax (note 3)	-	-	-	-	8	8
Purchase of own shares	-	-	-	-	(66)	(66)
At 31 March 2015	**108**	**659**	**(226)**	**1**	**1,197**	**1,739**

	Share capital £ million	Share premium £ million	Hedging reserve £ million	Translation reserve £ million	Retained earnings £ million	Total £ million
At 1 October 2013	108	657	(55)	1	1,306	2,017
Total comprehensive loss	-	-	(18)	-	(41)	(59)
Dividends paid	-	-	-	-	(308)	(308)
Share incentive schemes						
Proceeds from shares issued	-	1	-	-	-	1
Value of employee services	-	-	-	-	10	10
Related tax (note 3)	-	-	-	-	13	13
Purchase of own shares	-	-	-	-	(13)	(13)
At 31 March 2014	**108**	**658**	**(73)**	**1**	**967**	**1,661**

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.

Consolidated statement of cash flows (unaudited)

	Notes	**Six months ended 31 March 2015 £ million**	Six months ended 31 March 2014 £ million
Cash flows from operating activities			
Cash generated from operations (excluding dividends)	7	**539**	471
Ordinary dividends paid	5	**(180)**	(133)
Special dividends paid	5	**-**	(175)
Net interest and other financing income/charges (paid)/received		**(2)**	4
Tax paid		**(48)**	(44)
Net cash generated from operating activities		**309**	123
Cash flows from investing activities			
Purchase of property, plant and equipment		**(266)**	(202)
Purchase of other intangible assets		**(5)**	(16)
Redemption of loan notes		**1**	-
Net cash used by investing activities		**(270)**	(218)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		**1**	1
Purchase of own shares for employee share schemes		**(66)**	(13)
Repayment of bank loans	8	**(40)**	(38)
Repayment of capital elements of finance leases	8	**(5)**	(5)
Net decrease in money market deposits	8	**408**	54
Decrease in restricted cash		**21**	2
Net cash generated from financing activities		**319**	1
Effect of exchange rate changes		**32**	(14)
Net increase / (decrease) in cash and cash equivalents		**390**	(108)
Cash and cash equivalents at beginning of period		**424**	1,013
Cash and cash equivalents at end of period	8	**814**	905

Notes to the condensed consolidated interim financial information (unaudited)

1. 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 2014, 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 2014 were approved by the Board of Directors on 17 November 2014, 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.

The significant accounting policies adopted are consistent with those described in the Annual report and accounts for the year ended 30 September 2014.

A number of amended standards and interpretations are effective for the current financial year, but none of them has had any material impact on the interim financial information.

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 for the first half of the financial year and a profit in the second half.

3. Tax charge/(credit)

Tax on profit/(loss) on ordinary activities

	2015 £ million	2014 £ million
Current tax	**3**	3
Deferred tax	**(1)**	(15)
	2	(12)
Effective tax rate	20%	22%

The effective tax rate is lower than the standard rate of corporation tax in the United Kingdom (21%) principally due to deferred tax being provided at lower than the standard rate.

Tax on items recognised directly in other comprehensive income or shareholders' equity

	2015 £ million	2014 £ million
Credit to other comprehensive income		
Deferred tax on fair value movements of cash flow hedges	**52**	4
Credit to shareholders' equity		
Current tax on share-based payments	**-**	4
Deferred tax on share-based payments	**8**	9
	8	13

4. Earnings/(loss) per share

	2015	2014
	£ million	£ million
Profit/(loss) for the period	**5**	(41)

	2015	2014
	million	million
Weighted average number of ordinary shares used to calculate basic earnings per share	**394**	393
Weighted average number of dilutive share options	**3**	
Weighted average number of ordinary shares used to calculate diluted earnings per share	**397**	

Earnings/(loss) per share	**2015**	2014
	pence	pence
Basic	**1.3**	(10.4)
Diluted	**1.3**	-

Diluted earnings per share for the six months to 31 March 2014 is not presented as the impact of potential ordinary shares is anti-dilutive.

5. Dividends

The company paid an ordinary dividend of 45.4 pence per share (2014: 33.5 pence per share). No special dividend was paid (2014: 44.1 pence per share). A total dividend of £180 million was paid in the period (2014: £308 million).

6. Property, plant and equipment

	2015	2014
	£ million	£ million
At 1 October	**2,542**	2,280
Additions	**271**	209
Transfer to intangible assets	**(5)**	(7)
Transfer to maintenance provision	**(30)**	(15)
Depreciation	**(58)**	(51)
At 31 March	**2,720**	2,416

Net book value includes £303 million (2014: £252 million) relating to advance and options payments for future aircraft deliveries.

At 31 March 2015 easyJet is contractually committed to the acquisition of 167 Airbus A320 family aircraft, with a total list price of US$14.3 billion before escalations and discounts for delivery in 2015 (11 aircraft), 2016 to 2018 (50 aircraft) and 2017 to 2023 (100 new generation aircraft).

7. Reconciliation of operating profit/(loss) to cash generated from operations

	2015 £ million	2014 £ million
Operating profit/(loss)	**7**	(53)
Adjustments for non-cash items:		
Depreciation	**58**	51
Amortisation of intangible assets	**7**	6
Share-based payments	**8**	10
Changes in working capital and other items of an operating nature:		
Decrease in trade and other receivables	**13**	1
Increase in trade and other payables	**443**	422
Increase in provisions	**2**	17
Decrease in other non-current assets	**11**	25
Increase in derivative financial instruments	**(1)**	-
Decrease in non-current deferred income	**(9)**	(8)
	539	471

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

	1 October 2014 £ million	**Exchange differences £ million**	**Net cash flow £ million**	**31 March 2015 £ million**
Cash and cash equivalents	424	32	358	**814**
Money market deposits	561	9	(408)	**162**
	985	41	(50)	**976**
Bank loans	(377)	(25)	40	**(362)**
Finance lease obligations	(186)	(17)	5	**(198)**
	(563)	(42)	45	**(560)**
Net cash	422	(1)	(5)	**416**

9. Contingent liabilities

easyJet is involved in a number of claims, disputes and litigation which arose in the normal course of business. The likely outcome of these claims, 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 claims, disputes and litigation is unlikely to have a material adverse effect on easyJet's results, cash flows or financial position.

10. Related party transactions

The Company licenses the easyJet brand from easyGroup Ltd., previously known as easyGroup IP Licensing Limited, ('easyGroup'), a wholly owned subsidiary of easyGroup Holdings Limited, an entity in which easyJet's founder, Sir Stelios Haji-Ioannou, holds a beneficial interest. The Haji-Ioannou family concert party shareholding (being easyGroup Holdings Limited and Polys Holding Limited) holds, in total, 34.34% of the issued share capital of easyJet plc as at 31 March 2015.

Under the Amended Brand Licence signed in October 2010, an annual royalty of 0.25% of total revenue is payable for a minimum term of ten years. The full term of agreement is 50 years.

A new brand protection protocol was also agreed in 2010, under which easyJet contributes up to £1 million per annum to meet the costs of protecting the 'easy' and 'easyJet' brands 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.

A separate agreement has been entered with Sir Stelios ('the Comfort Letter'), dated 9 October 2010, under which, in return for certain non-compete obligations, easyJet makes payment of a fee of £300,000, adjusted annually per the UK Retail Price index,

each year for five years (or until the expiry of the longest subsisting restriction, whichever is later). Whilst certain of those obligations have since expired, remaining in force are the following:

- For five years from the date of the Comfort Letter, Sir Stelios shall not use his own name (or a derivative thereof) to brand an airline flying to or from any EEA country, or Switzerland.

The Amended Brand Licence and Comfort Letter were approved by the shareholders at a general meeting held on 10 December 2010. The amounts included in the income statement for the six months ended 31 March 2015 for these items were as follows:

	2015 £ million	2014 £ million
Annual royalty	**4.4**	4.3
Brand protection (legal fees paid through easyGroup to third parties)	**0.3**	0.5
Agreement with Sir Stelios Haji-Ioannou	**0.2**	0.2
	4.9	5.0

As at 31 March 2015, an amount of £2.3 million (2014: £1.9 million) was prepaid in relation of the Brand Licence and included in trade and other receivables.

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 2015 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 2015 and any material changes in the related-party transactions described in the last Annual report and accounts 2014.

The Directors of easyJet plc are listed in the Annual report and accounts 2014. There have been no changes since the date of publication. A list of current Directors is maintained on the easyJet plc website: www.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 (www.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 11 May 2015 and signed on its behalf by:

Carolyn McCall OBE	Chris Kennedy
Chief Executive	Chief Financial Officer

Independent review report to easyJet plc

Report on the condensed consolidated interim financial information

Our conclusion

We have reviewed the condensed consolidated interim financial information, defined below, in the interim report of easyJet plc for the six months ended 31 March 2015. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The condensed consolidated interim financial information, which is prepared by easyJet plc, comprises:

- the consolidated statement of financial position as at 31 March 2015;
- the consolidated income statement for the period then ended;
- the consolidated statement of comprehensive income for the period then ended;
- the consolidated statement of changes in equity for the period then ended;
- the consolidated statement of cash flows for the period then ended; and
- the explanatory notes to the condensed consolidated interim financial information.

As disclosed in note 1, 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.

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

What a review of condensed consolidated financial information 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 Ireland) 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 condensed consolidated interim financial information.

Responsibilities for the condensed consolidated interim financial information and the review

Our responsibilities and those of the Directors

The interim report, including the condensed consolidated interim financial information, 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 and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express to the company a conclusion on the condensed consolidated interim financial information 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 and Transparency Rules of the 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.

PricewaterhouseCoopers LLP
Chartered Accountants
London
11 May 2015