



# Equity Valuation of easyJet PLC

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## **Abstract**

This dissertation analyses the equity valuation of easyJet plc, a low-cost airline operating in the European market. The airline industry is characterised by strong competition, significant fixed costs and high exposure to economic cycles, which makes valuation particularly challenging. The objective of this study is to estimate the intrinsic value of easyJet and to compare it with the company's market price.

The analysis is based on a review of the company's business model, operations and recent financial performance. Based on this analysis, financial projections are developed for the period from FY2026 to FY2030. These projections are used to value the company through a discounted cash flow model based on free cash flow to the firm. To support the results, the adjusted present value method and a relative valuation based on market multiples are also applied. The valuation also considers the company's current investment programme, particularly fleet renewal, as well as relevant risk factors such as fuel prices, exchange rates and changes in demand.

The discounted cash flow model estimates an equity value of £7.21 per share, which is higher than the market price observed at the valuation date. Overall, the results indicate that easyJet's shares are undervalued.

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**Title:** Equity Valuation of easyJet PLC

**Keywords:** discounted cash flow, airline industry, intrinsic value, adjusted present value

## **Resumo**

Esta dissertação analisa a valorização das ações da easyJet plc, uma companhia aérea de baixo custo que opera no mercado europeu. O setor da aviação caracteriza-se por elevada concorrência, custos fixos significativos e forte exposição aos ciclos económicos, o que torna a avaliação particularmente exigente. O objetivo deste trabalho é estimar o valor intrínseco da easyJet e compará-lo com o seu preço de mercado.

A análise baseia-se no estudo do modelo de negócio da empresa, das suas operações e do desempenho financeiro recente. Com base nesta análise, são desenvolvidas projeções financeiras para o período entre FY2026 e FY2030. Estas projeções são utilizadas para avaliar a empresa através de um modelo de discounted cash flow baseado no free cash flow to the firm. Para apoiar os resultados, são também aplicados o método do adjusted present value e uma avaliação relativa baseada em múltiplos de mercado. A avaliação considera ainda o atual programa de investimento da empresa, nomeadamente a renovação da frota, bem como fatores de risco relevantes, como os preços do combustível, as taxas de câmbio e a evolução da procura.

O modelo de discounted cash flow estima um valor do capital próprio de £7,21 por ação, superior ao preço de mercado observado na data da avaliação. No seu conjunto, os resultados indicam que as ações da easyJet se encontram subavaliadas.

**Autor:** Giorgia Panzeri

**Título:** Equity Valuation of easyJet PLC

**Palavras-chave:** discounted cash flow, setor da aviação, valor intrínseco, adjusted present value

# Table of Contents

- List of Figure**..... vi
- List of Table** ..... vii
- List of Formulas** ..... viii
  
- 1. Introduction** ..... 1
- 2 Literature Review** ..... 2
  - 2.1 Intrinsic Valuation Models (DCF-based approach)..... 2
    - 2.1.1 FCFE - Free Cash Flow to the Firm..... 3
    - 2.1.2 FCFE – Free Cash Flow to Equity model ..... 3
    - 2.1.3 APV - Adjusted Present Value Model ..... 6
    - 2.1.4 DDM - Dividend Discount Model ..... 7
  - 2.2 Relative Valuation Models (Multiple-based Approach) ..... 8
    - 2.2.1 Enterprise Multiples..... 9
    - 2.2.2 Equity Multiples..... 10
  - 2.3 Comparison of Valuation Approaches and Model Selection ..... 11
    - 2.3.1 Comparison of Valuation Approaches..... 11
    - 2.3.2 Model used for easyJet’s Valuation ..... 11
- 3. Company Analysis**..... 13
  - 3.1 Company Overview and History ..... 13
  - 3.2 Operational Structure & Brexit..... 14
  - 3.3 Ownership Structure ..... 14
  - 3.4 Share Price development ..... 15
  - 3.5 Main Business segments..... 16
    - 3.5.1 Airline Operations..... 16
    - 3.5.2 easyJet Holidays..... 17
  - 3.6 Fleet Analysis & Orderbook..... 18
- 4. Industry and Market Analysis** ..... 20
  - 4.1 European Aviation Market Overview..... 20
  - 4.2 European Air Passenger Market ..... 21
  - 4.3 Market Segmentation: Low-cost vs. Legacy Carriers ..... 23
  - 4.4 easyJet’s Position within the Industry ..... 23

4.5 Key Macroeconomic Risks for the Airline Industry .....	24
4.5.1 Jet Fuel Risk.....	24
4.5.2 Exchange Rate Risk .....	25
4.5.3 Macroeconomic Demand Risk (GDP, Consumer Confidence, Tourism Cycle) .....	26
4.6 Outlook .....	27
<b>5. Financial Analysis and Forecasting .....</b>	<b>29</b>
5.1 Key Drivers of the Historical and Forecast Analysis .....	29
5.2 Income Statement .....	30
5.2.1 Revenue.....	30
5.2.2 Operating Costs.....	32
5.2.3 Depreciation & Amortization .....	33
5.2.4 Interest Expenses, Interest Income, Other Financial Items and Tax Expenses .....	34
5.2.5 Profitability Analysis .....	34
5.3 Balance Sheet .....	36
5.3.1 Net Working Capital (NWC).....	36
5.3.2 Net Debt.....	37
<b>6. Valuation of easyJet PLC .....</b>	<b>40</b>
6.1 Weighted Average Cost of Capital (WACC) .....	40
6.2 Unlevered Cost of Capital .....	43
6.3 FCFF .....	44
6.4 Intrinsic Valuation of easyJet plc: DCF Approach.....	45
6.5 Intrinsic Valuation of easyJet plc: APV Approach .....	46
6.6 Sensitivity Analysis: DCF and APV .....	47
6.7 Relative Valuation approach .....	48
<b>7. My Recommendation vs J.P. Morgan Cazenove Report .....</b>	<b>50</b>
<b>References .....</b>	<b>52</b>
<b>Appendix .....</b>	<b>54</b>
<b>List of Abbreviations.....</b>	<b>62</b>

**List of Figure**

Figure 1: easyJet Shareholding Structure (October 2025) ..... 15

Figure 2: Relative Performance of easyJet and FTSE 100 and easyJet Daily Trading Volume (2020-2025)..... 16

Figure 3: Revenue by Business Segment (FY 2025) ..... 17

Figure 4: easyJet Revenue by Segment (2014–2025) ..... 17

Figure 5: Revenue of easyJet’s segments by Region in FY 2025 ..... 18

Figure 6: Evolution of easyJet’s revenue split by region (FY 2014 – FY 2025) ..... 18

Figure 7: Evolution of easyJet’s fleet size (FY 2014 – FY 2025)..... 19

Figure 8: Monthly Average Flights in Europe – Comparison of 2019, 2020, 2023, 2024 and 2025 ..... 21

Figure 9: Recovery of Average Daily Flights in Europe: 2019 vs 2023, 2024 and Oct 2025 . 21

Figure 10: Distribution of Airline Passenger Traffic in September 2025 by Region, based on RPK ..... 22

Figure 11: Air Transport Passengers in Europe (2013–2024)..... 22

Figure 12: Average Daily Flights by Market Segment in Europe..... 23

Figure 13: top 10 aircraft operators in Europe - 2024 average daily flights (Eurocontrol, 2024) ..... 24

Figure 14: Jet Fuel CIF Northwest Europe Spot Price (USD per Metric Tonne), 2020–2025 24

Figure 15: GBP/USD Exchange Rate (2015–2025)..... 26

Figure 16: Real GDP Growth (%) in the European Union and the United Kingdom (2000–2024) ..... 27

Figure 17: Revenue Composition and Forecast by Business Segment (FY 2014 – FY 2030F) ..... 32

Figure 18: Historical and Forecasted Revenue and Operating Costs (FY2014–FY2030E) .... 33

Figure 19: Historical and Forecasted Profitability Metrics (FY2014–FY2030F)..... 36

Figure 20: 10-Year UK Gilt Yield and 12-Month Moving Average ..... 41

## List of Table

Table 1: Geographic Distribution of easyJet's Shareholders (October 2025) .....	15
Table 2: easyJet Operational Performance (FY2023-FY2025).....	16
Table 3: fleet composition of easyJet as of 30 September 2025 .....	19
Table 4:PPE, D&A and Capex - Historical Data and Forecast Assumptions (FY2014 - FY2030) .....	30
Table 5: Historical Revenue (FY2014-FY2025).....	31
Table 6: Forecasted Revenue (FY 2026-FY2030) .....	32
Table 7: Historical and Forecasted operating costs (FY 2014 – FY 2025).....	33
Table 8: Historical and Forecasted PPE and D&A (FY2018-FY2030F).....	34
Table 9: Historical Tax Expenses & Fluctuation of the effective tax rate (FY 2014-FY2025).....	34
Table 10: Forecasted tax Expenses (FY 2026 – FY 2030) .....	34
Table 11: Historical and forecasted NWC (FY2014-FY2030) .....	37
Table 12: Historical and Forecasted Net Debt (FY 2014-FY2030) .....	38
Table 13: Minimum Cash Requirement vs. Actual Cash and Cash Investments (FY2018– FY2030F) .....	39
Table 14: Inputs used for the WACC Calculation .....	40
Table 15: Cost of Equity Computation using CAPM .....	42
Table 16: Cost of Debt Computation .....	42
Table 17: Estimation of Equity and Debt Market Values .....	43
Table 18: Unlevered Cost of Capital of easyJet PLC.....	43
Table 19: Historical FCFF (FY2014-FY2025) .....	44
Table 20: Forecasted FCFF (FY 2026 – FY 2030) .....	45
Table 21: Key Valuation Parameters used for the DCF and APV model .....	45
Table 22: FCFF-Based Intrinsic Valuation Using the DCF Approach .....	46
Table 23: PV of ITS .....	46
Table 24: FCFF-Based Intrinsic Valuation Using the APV Approach .....	47
Table 25: DCF - Sensitivity Analysis: WACC vs growth rate .....	48
Table 26: APV - Sensitivity Analysis: Unlevered Cost of Capital vs growth rate .....	48
Table 27: Selected Peer Group for easyJet.....	49
Table 28: Relative Valuation Results for easyJet.....	49
Table 29: Valuation Results and Final Recommendation.....	50

Table 30: Valuation comparison with J.P. Morgan Cazenove report ..... 51

Table 31: Operating Forecast Comparison with J.P. Morgan Cazenove ..... 51

**List of Formulas**

Formula 1: Discounted Cash Flow (DCF) Enterprise Value Equation.....2

Formula 2: Free Cash Flow to the Firm (FCFF) Formula.....3

Formula 3: Terminal Value Using the Perpetual Growth Model.....4

Formula 4: Weighted Average Cost of Capital (WACC) Formula.....4

Formula 5: Capital Asset Pricing Model (CAPM) for the Cost of Equity.....5

Formula 6: Beta Estimation via Covariance Method.....5

Formula 7: Beta Estimation via Linear Regression (OLS).....5

Formula 8: Adjusted Present Value (APV) Formula.....7

Formula 9: General Dividend Discount Model (DDM).....7

Formula 10: Zero-Growth Dividend Discount Model.....8

Formula 11: Gordon Growth Dividend Discount Model.....8

Formula 12: Corporate Tax Computation Formula.....34

Formula 13: Damodaran Adjustment for Beta Mean Reversion.....41

Formula 14: Unlevered Cost of Capital Using CAPM.....43

Formula 15: Hamada Equation for Unlevering Beta.....43

Formula 16: Interest Tax Shield (ITS) Computation.....46

## 1. Introduction

“Equity valuation is one of the core activities in the investment profession” (*Equity Asset Valuation*, Stowe et al., CFA Institute). In practice, investors and analysts are always trying to answer the same question: “what is the value of an asset?”. Valuation matters because it helps understand whether a market price is supported by fundamentals, either by looking at future cash flows or by comparing similar securities.

That said, valuation is never exact. Even when solid models are used, results depend on assumptions about growth, discount rates and market conditions. As pointed out in the CFA framework, prices can diverge from intrinsic value due to sentiment, behavioural factors or temporary shocks. For this reason, valuation should be interpreted as a structured way to read financial information and support decisions, rather than as a precise forecast.

The choice to focus on the aviation sector is linked to my professional experience as a credit risk analyst in asset-intensive industries. Aviation is cyclical, capital-intensive and highly exposed to external factors, which makes it particularly interesting from a valuation perspective. Within this context, easyJet was selected as a case study because of its clear low cost business model and the strategic targets announced for FY2028, which involve significant capital expenditure and a higher share of owned aircraft. In addition, the publication of the FY2025 financial statements in November 2025 provides a complete and up to date starting point for the analysis.

The thesis combines theory and application. After reviewing the main valuation principles discussed in *Equity Asset Valuation*, it analyses easyJet’s business, competitive environment and historical financial performance. A forecast for FY2026–FY2030 is then developed and used to estimate equity value through three approaches: a Discounted Cash Flow model as the main method, an Adjusted Present Value analysis, and a relative valuation based on European airline peers. The final section compares these results with market prices and analyst benchmarks to derive an investment recommendation.

## 2 Literature Review

### 2.1 Intrinsic Valuation Models (DCF-based approach)

“The discounted cash flow method has been used for years in the financial and banking sectors and is becoming increasingly important in financial management.” It is considered one of the most reliable valuation approaches, as it provides a conceptually realistic estimate of market value, incorporates the time value of money, and imposes fewer limitations than alternative valuation metrics (Reynolds, 1959).

As discussed by P. Fernández (2007), “the purpose of the discounted cash flow method is to determine the company’s value by estimating future cash flows and then discounting them at a rate that reflects the firm's actual risk”. As the focus is on evaluating the firm using its cash flows, the company is viewed as a cash flow generator, and its intrinsic value is obtained by discounting the present value of the flows using a suitable discount rate.

The input data for the model consists of accounting data published by the reference company, i.e. income statements and historical financial statements, used to derive key financial indicators and make forecasts for future years (Jennergren, 2011).

DCF is using the following formula to calculate the Enterprise Value of the Firm:

$$EV = \sum_{t=1}^{t=n} \frac{\text{Expected } FCF_t}{(1 + R_c)^t} + \frac{TV_n}{(1 + R_c)^n} \quad (1)$$

Where:

EV= Enterprise Value

FCF= Future Cash Flows

R<sub>c</sub>= Cost of Capital, appropriate discount rate for the cash flow’s risk.

TV= Terminal Value

The following sub-sections explain the components of the DCF formula, including free cash flows, terminal value, and the computation of the cost of capital, as well as the main DCF valuation approaches (FCFF, FCFE, APV and DDM).

### 2.1.1 FCFF - Free Cash Flow to the Firm

Free cash flow to the firm (FCFF) represents the cash flow generated by a company's core activities, which is available to all capital providers, both debt and equity holders.

“Since FCFF is completely independent of the company's capital structure, it is discounted at the weighted average cost of capital (WACC) to estimate the total value of the company”. The FCFF calculation formula is shown below, where it is clear that FCFF is not influenced by the company's financial decisions, as it is calculated before interest payments but after operating costs, taxes, capital expenditure (CapEx) and working capital investments (Damodaran, 2012). The WACC will also be analyzed below:

$$FCFF = EBIT (1 - \tau) + Depreciation - CapEx - \Delta NWC \quad (2)$$

Where:

FCFF= Free Cash Flow to Firm

EBIT= Earnings Before Interest and Taxes

$\tau$  = tax rate

CapEx= Capital Expenditure

NWC= Net Working Capital

### 2.1.2 FCFE – Free Cash Flow to Equity model

On the other hand, Free Cash Flow to Equity (FCFE) takes into account the company's capital structure and therefore represents the cash flow that a company can distribute exclusively to its shareholders. Unlike FCFF, which reflects the cash available to both debt and equity holders, FCFE captures only the residual liquidity available to shareholders after meeting all financial obligations to debt providers.

FCFE can be calculated by taking net operating cash flow and subtracting capital expenditure and changes in working capital, while adjusting it for net debt financing (new debt issued minus debt repayments). In this case, the cash flows only reflect return to equity holders, and so they are discounted at the cost of equity ( $R_e$ ) rather than the WACC, which incorporate both equity and debt risk.

### **TV- Terminal Value**

The terminal value (TV) is the value of the company beyond the explicit forecast period and therefore assumes that the company is a going concern and generates stable and perpetual free cash flows Damodaran (2012). The terminal value provides a snapshot of the company today based on a forecast of future cash flows after the last year of the forecast.

As noted by Damodaran (2012), the Gordon Growth Model assumes constant growth of FCFFs and the terminal value is calculated as follows:

$$TV = \frac{FCF_n \times (1+g)}{r-g} \quad (3)$$

Where:

TV= Terminal Value

FCF<sub>n</sub>= last free cash flow projected

g= Perpetual growth Rate

r= Discount Rate

### **WACC – Weighted Average Cost of Capital**

The WACC is a weighted average of a cost and a required return that is used primarily for discounting Free cash flow to the firm. As is shown in the formula below, WACC is represented as the weighted average of two different weights: the cost of debt and the return of equity, with respect to the company's financial structure. (P. Fernández, 2007)

$$WACC = \frac{D}{E+D} \times R_d(1 - \tau) + \frac{E}{D+E} \times R_e \quad (4)$$

Where:

WACC= Weighted Average Cost of Capital

D= Market Value of Debt

E= Market Value of Equity

$\tau$  = tax rate

R<sub>d</sub>= discount rate of return for debt holders

R<sub>e</sub>= discount rate of return for shareholders

### **R<sub>e</sub> – Cost of equity**

The return on equity (or cost of equity) is the expected return that shareholders require to invest in a company's equity. It therefore reflects the compensation investors receive for the risk they take when investing in the company's shares, compared to risk-free shares. In valuations, this return is calculated using the Capital Asset Pricing Model (CAPM), expressed as formula 5.

$$R_e = R_f + \beta(R_m - R_f) \quad (5)$$

Where:

R<sub>e</sub>= discount rate of return for shareholders (Cost of Equity)

R<sub>f</sub>= risk free rate

(R<sub>m</sub>-R<sub>f</sub>)= market risk premium

$\beta$  = systematic risk of the company relative to the overall market returns

One of the assumptions of CAPM is that investors should only be compensated for non-diversifiable (systematic) risk.

The beta factor represents how much a stock is moving relative to the overall market and is estimated by running a linear regression of the excess returns of the stock against the market's excess returns. If the beta is greater than one, stock is more volatile than the market; if it is less than one, it is less volatile; and if it is equal to one, it means the stock moves in line with the market.

$$\beta = \frac{cov(R_i, R_m)}{var(R_m)} \quad (6)$$

Where:

$cov(R_i, R_m)$  = covariance between the stock's returns and market returns,

$var(R_m)$  = variance of the market returns.

$$(R_i - R_f) = \alpha + \beta(R_m - R_f) + \varepsilon \quad (7)$$

It can happen that the company is not publicly traded or it has limited historical data. In those cases, beta can be estimated using the average beta of similar companies within the same industry (Damodaran, 2012).

## **R<sub>d</sub> – Cost of Debt**

On the other hand, the cost of debt can be observed in the markets, using risk-free rates and corporate bond spreads, without the use of standard models like CAPM. The formula combine the risk-free country rate with a risk premium which adequately reflects the risk of the firm's outstanding bonds. "When a company has a published credit rating from Standard & Poor's, financial analysts can simply add the country specific risk-free rate to the rating-implied default spread to calculate the cost of debt" (Viebig, Poddig, & Varmaz, 2008).

However, this approach is used only when no market-traded debt exists or when the firm's bonds do not have reliable or observable prices. In the case of easyJet, the company has actively traded bonds with observable market yields. For that reason, in the following analysis the cost of debt is estimated using the yield to maturity of the firm's outstanding bonds. These bonds represent the only interest-bearing liabilities for which market prices and yields are directly observable. Other debt components, such as bank facilities and lease liabilities, are excluded from the estimation, as they are either undrawn, not traded, or based on accounting measures rather than market pricing.

Although this approach does not capture all balance-sheet debt items, it is preferred because it reflects the actual cost at which easyJet raises debt capital in the market, rather than relying on simulated spreads or peer based assumptions and therefore provides a more market consistent measure of the firm's effective borrowing cost (Damodaran, 2015).

### **2.1.3 APV - Adjusted Present Value Model**

The Adjusted present Value approach is a variant of the discounted cash flow (DCF). It was introduced for the first time in 1963, by Modigliani and Miller, who demonstrated that debt financing creates value to the firm through the tax deductibility of interest payments, leading to a tax shield. Subsequently, Myers (1974) proposed the current form of the adjusted present value methods (Viebig, Poddig, & Varmaz, 2008).

As described by Viebig, Poddig and Varmax (2008), "the APV method consists of calculating first the value of the firm as it is unlevered and then adding the debt". The value of the unlevered firm is obtained by discounted free cash flow using the rate that would be applicable to the company if it were considered to have no debt (unlevered rate or required return on assets). On

the other hand, debt is added by discounting the tax shield, calculated as the annual savings obtained by multiplying the interest payable on the debt by the tax rate (P. Fernández, 2007) . In general, using debt to fund a firm's operations generates tax benefits, but simultaneously increases the probability of financial distress, which may reduce firm value if leverage becomes excessive. For that reason, APV captures these trades off explicitly and the general formula is:

$$V_L = V_U + PV(ITS) - PV(FDC) \quad (8)$$

Where:

$V_L$ = value of the levered firm

$V_U$ = value of the firm with 100% equity financing (unlevered firm)

$PV(ITS)$ = Present Value of Interest Tax Shield

$PV(FDC)$ = Present Value of Financial Distress Cost

Although the APV framework allows for the explicit inclusion of expected bankruptcy costs, these are often omitted in practice when the probability of financial distress is considered low or when such costs are difficult to estimate reliably (Brealey et al., 2020)

#### 2.1.4 DDM - Dividend Discount Model

Dividends are payments made by a company to its shareholders, usually distributed from profits or retained earnings. They represent the return received by investors for holding the company's shares.

According to dividend discount models (DDM), the value of a common stock corresponds to the present value of all expected future dividends, under the assumption of a firm with perpetual life. However, since forecasting dividends to infinity is not practically feasible, several alternative versions of the DDM have been developed (Damodaran, 2012).

The general form of the DDM states that the current price of a stock is equal to the present value of expected future dividends:

$$P_0 = \sum_{t=1}^{\infty} \frac{E(DPS_t)}{(1+R_e)^t} \quad (9)$$

Where:

$P_0$ = current price of stock

$E(DPS_t)$  = Expected dividend per share at time  $t$

$R_e$  = cost of Equity.

### **Zero-Growth Model**

If dividends are expected to remain constant over time, equity value can be calculated as perpetuity:

$$P_0 = \frac{E(DPS_1)}{R_e} \quad (10)$$

Where:

$E(DPS_1)$  = next year dividend per share

### **Constant Growth Model (Gordon Growth Model)**

If dividends are expected to grow at a constant rate  $g$  indefinitely, the model becomes:

$$P_0 = \frac{DPS_1}{R_e - g} = \frac{DPS_0 \times (1+g)}{R_e - g} \quad (11)$$

Where:

$DPS_0$  = dividend per share paid in the most recent year

$DPS_1 = DPS_0 \times (1+g)$  = expected dividend next year

$g$  = constant growth rate of dividends

This version applies only to stable and mature companies. For firms with volatile, cyclical, or high-growth dividend patterns, multi-stage dividend models are required (Farrell, 1985).

In addition, empirical research suggests that firms distributing high dividends do not always experience higher share price appreciation, as reinvesting earnings into profitable projects may generate greater long-term growth than distributing them to shareholders (Viebig, Poddig, & Varmaz, 2008).

## **2.2 Relative Valuation Models (Multiple-based Approach)**

The objective of relative valuation is to estimate the value of an asset by comparing it to similar assets that are currently traded in the market. Saying that, enterprise value can be derived by applying valuation multiples based on comparable companies. According to Lukanima (2023), “comparable firms are those operating within the same industry and business environment,

where market perceptions drive value. These firms, often referred to as peers, provide a benchmark against which the target company can be valued using key performance indicators”. Relative valuation is particularly practical for publicly traded firms, as their market values are observable. However, private firms may also be valued by identifying appropriate publicly traded comparables. Once the relevant multiple is calculated, a company is considered undervalued if its multiple is below the peer benchmark and overvalued if it is above (Lukanima, 2023).

Relative valuation models refer to equity multiples and enterprise value multiples. The discussion of the following valuation multiples is based on UBS Warburg (2001), “*Valuation Multiples: A Primer.*”

### **2.2.1 Enterprise Multiples**

An enterprise value is the total value of the company, as it includes all components of its capital structure such as equity and debt. For this reason, enterprise value multiples are relevant to both equity and debt holders, and they allow for a direct comparison of different firms regardless of capital structure differences. These multiples are based on unlevered value drivers such as sales, earnings before taxes, depreciation and amortization, earnings before interest and taxes and free cash flow to the firm (Lukanima, 2023).

There are many enterprise multiples, but the most important one is shown below. One thing they all have in common is that they use enterprise value as the denominator.

**EV/EBITDA multiple.** As per the formula, this multiple relates the value of the company to EBITDA (earnings before interest, taxes, depreciation and amortization). It is the most used multiple and represents a proxy for operating cash flow. Among its advantages are that it is independent of depreciation policies, and therefore less influenced by accounting differences between companies, independent of financial structure as it considers the entire value of the company (but this, like all enterprise multiples) and allows direct comparisons between companies in the same sector with the same level of financial leverage or depreciation policies.

**EV/EBIT multiple.** This multiple is useful for comparing companies with similar levels of capital intensity and comparable depreciation policies. It provides a measure that is closer to operating cash flow after maintenance investments and considers the impact of depreciation. It

is sensitive to accounting policies related to depreciation and is therefore preferable when the differences among comparable companies are limited.

**EV/Sales multiple.** This multiple is a valuation indicator that compares a company's value with its turnover. It is particularly useful when there are significant accounting differences between comparable companies, as it is less affected by such differences; when profits and cash flows are not representative or are negative; and when analyzing unprofitable or cyclical companies for which it is difficult to estimate a reliable level of profit or cash flow.

**EV/FCFF multiple.** The multiple relates the value of the enterprise to the free cash flow to the firm. It therefore measures how much investors are paying for each unit of cash flow generated by the company. It is considered a comprehensive multiple, as it is based on actual cash flows rather than accounting measures such as EBIT or EBITDA. It is useful for comparing mature and stable companies with predictable cash flows.

### 2.2.2 Equity Multiples

On the other hand, the equity multiple models consider just the equity-financed portion of the firm, and so, relative valuation multiples are related to levered value drivers such as earnings available to common equity holders, free cash flow to equity, and book value of equity (Lukanima, 2023).

**P/E multiple.** The Price to Earnings Ratio (P/E) is the most common multiple between the equity multiples. This multiple relates the current market capitalization to the net income attributable to common shareholders. It can also be expressed as price per share divided by earnings per share. It is widely used because the required data are easily available and often publicly accessible. It is useful for comparing companies or sectors with similar accounting policies and financial structures. On the other hand, it does not take into account the level of investment required to sustain future growth, the degree of leverage, or the balance sheet risk (which is implicitly incorporated into the cost of equity).

**P/BV multiple.** The price-to-book value multiple compares a company's market capitalization with its book value of equity. It can also be expressed as the share price divided by the book value per share. It is often used when tangible assets represent the main source of value creation

and is closely linked to the return on equity (ROE). However, its use requires caution, as the book value of assets is generally based on historical cost and may not accurately reflect their true economic value. It is useful for valuing companies whose value is derived from tangible assets and is a key indicator in the valuation of financial institutions.

## **2.3 Comparison of Valuation Approaches and Model Selection**

### **2.3.1 Comparison of Valuation Approaches**

Intrinsic valuation models, such as DCF and its variants, aim to estimate the value of a company based on its ability to generate future cash flows, thus providing an estimated intrinsic value, independent of market conditions. On the other hand, relative valuation methods estimate the relative value of the company, mainly based on the comparison with comparable firms and on market valuations (UBS Warburg, 2001; Koller et al., 2020).

“The DCF approach is considered the most theoretically sound method”, because it incorporates the time value of money and considers the specific risk of the company through the discount rate (Damodaran, 2012). However, it requires a lot of assumptions (growth rate, WACC, terminal value), and the estimates can be qualitatively compromised.

In contrast, multiples represent a more practical and market-oriented approach, as they are based on observable data and reflect current investor expectations. Nevertheless, they do not provide an estimate of intrinsic value and can be distorted by accounting differences among comparable companies (UBS Warburg, 2001).

To sum up, DCF models are more suitable for valuing mature and stable companies, while multiples are more often used for market comparisons and complementary analyses. Surely, a combined approach ensures a more comprehensive and consistent valuation, balancing the theoretical rigor of intrinsic methods with the market perspective of relative models (Damodaran, 2012; Koller et al., 2020).

### **2.3.2 Model used for easyJet’s Valuation**

At this point, the valuation of easyJet, which is discussed in detail in the following chapters, has been conducted using three methodologies: a DCF valuation based on FCFF, the APV approach, and a relative valuation framework using market multiples. The use of these methods

reflects the specific characteristics of both easyJet and the airline industry and aims to provide a more comprehensive and robust assessment.

easyJet operates as a mature company, with relatively stable and predictable long-term demand, high fixed costs, and recurring fleet investments. For this reason, the DCF approach based on FCFE serves as the primary valuation method in this thesis, as it enables an estimation of the firm's intrinsic value by focusing on its long-term cash-generating capacity. At the same time, because easyJet employs a significant amount of debt to finance its fleet renewal, the APV model is particularly useful, as it separates the value of the unlevered business from the tax benefits associated with leverage.

Finally, relative valuation using market multiples (EV/EBITDA, EV/Sales and P/E) provides a complementary market-based perspective, rather than one solely grounded in historical fundamentals. This method makes it possible to assess whether the valuation outcomes are consistent with market expectations, by comparing easyJet with its main peers and reducing the risk of bias in forecasting assumptions.

To achieve an even more complete perspective, the results from the three valuation approaches were compared also with one equity research report prepared by professional analyst.

### **3. Company Analysis**

The objective of this chapter is to provide a comprehensive overview of easyJet, offering a detailed description of its ownership structure, its share price performance over recent years, its business model and its fleet composition. Furthermore, this chapter examines the evolution of easyJet's revenues, both at consolidated level and across its main business segments, in order to better understand the company's operating profile and the relative contribution of each activity to overall performance.

#### **3.1 Company Overview and History**

easyJet PLC is a United Kingdom-based holding company engaged in providing flights and package holidays, principally in Europe. It is leading low-cost airline based in the UK, which operates circa 900 routes across 150 destinations focused on short-haul European routes.

The company was founded in 1995 by Sir Stelios Haji-Ioannou, and it started as a private carrier and had since emerged as the UK's leading carrier and as Europe the second low-cost airlines in terms of passengers' traffic. From that moment on, the company is focused on the low-fare model in Europe, focusing more on cost efficiency, high aircraft utilization and direct online sales. After the company was founded, it rapidly increases its network across Europe, benefiting from the liberalization of the European aviation market in the late 1990s. The first inaugural flights take off in November 1995 flying from Luton to Glasgow and Edinburgh, using a leased Boeing 737 aircraft. In 1999 easyJet was voted as the best low-cost airline for the first time and on year 2000 went public, listed on the London Stock Exchange at an offer price of £310p valuing the company at £777m and raises significant capital for further expansion. After the acquisition of Go Fly from British Airways in 2002 and the integration of GB Airways in 2008, easyJet increase rapidly its capacity at strategic airports such as London Gatwick and Geneva.

Since then, the company continued to growth in an organic and strategic way, enhancing its network, modernizing its fleet and launching easyJet Holdings to diversify its offering. Today, it remains one of Europe's most competitive low-cost carriers with a strong brand, extensive route network and commitment to affordable travel.

### **3.2 Operational Structure & Brexit**

easyJet operates under a single commercial brand (easyJet), but its flight operations are conducted through three legally distinct airline operators, each holding its own Air Operator Certificate (AOC): easyJet Airline Company Ltd. (UK), easyJet Europe GmbH (Austria) and easyJet Switzerland SA.

easyJet Europe GmbH was established in 2017, directly because of the Brexit referendum, as EU legislation requires airline operating within the European market to be majority EU-owned and to hold an EU issue AOC. Before Brexit, easyJet operated solely under a UK license, but to maintain full traffic rights and intra-European operations, part of the fleet and crew were reallocated to the Austrian entity. The Group still functions as one integrated airline commercially, sharing the same fleet, brand, booking platform and business model across all operators.

### **3.3 Ownership Structure**

As of October 2025, easyJet's ownership structure is primarily institutional. To be more specific, the company is held at 74.35% by institutional investors, representing around 558.28m common stock equivalents. Individual and insider investors account for roughly 15.5% of ownership (approximately 116.3m shares), while public and other shareholders represent around 6.31% (approximately 47.4m shares). The remaining shares are distributed between corporations (public and private), ESOPs (which stands for Employee Share Ownership Plans) and State-Owned Entities, each holding less than 3% stakes.

The top holders include Stelios Haji-Ioannou (the founder), who holds 71.5 million shares, followed by Polys Haji-Ioannou with 44.3 million shares. Among institutional investors, major holders are Hargreaves Lansdown Asset Management Ltd (37.4 million shares outstanding), UBS Asset Management AG (36.7m shares outstanding) and BlackRock Inc (31 million shares outstanding).

In terms of geographic split, the total ownership is divided as follow: approximately 31% of easyJet's shares are held by investors based in the United Kingdom, followed by the United States with around 23% and Switzerland with about 6%. While France and Spain's investors are holding a smaller proportion of the company's equity.

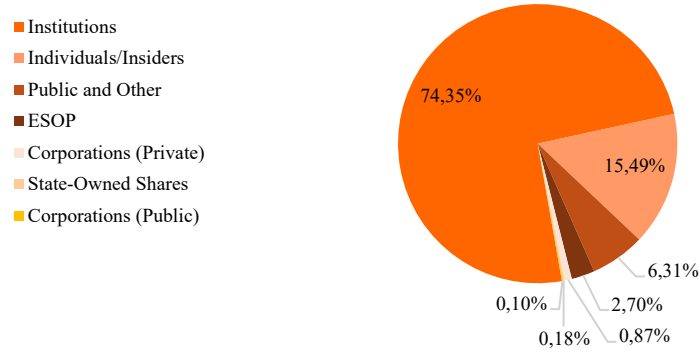


Figure 1: easyJet Shareholding Structure (October 2025)

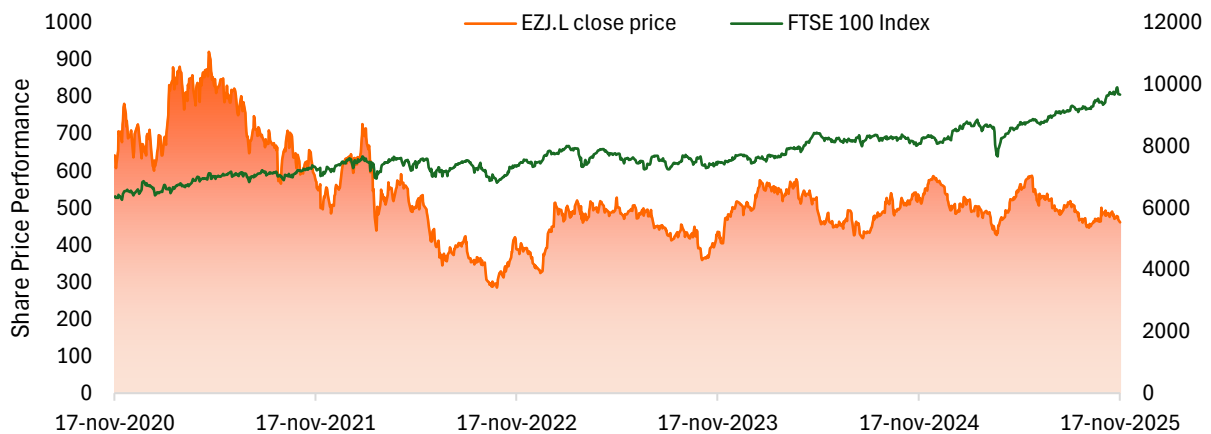
Country/Region	Number of Holders	Common Stock Equivalent held	% of Common Share Outstanding
UK	72	230.383.334,00	30,68%
USA	76	172.141.024,00	22,93%
Switzerland	16	45.166.624,00	6,01%
France	12	19.902.208,00	2,65%
Spain	8	18.610.540,00	2,48%

Table 1: Geographic Distribution of easyJet's Shareholders (October 2025)

### 3.4 Share Price development

easyJet plc (EZJ)'s shares are listed and traded on the London Stock Exchange, denominated in GBP. The company is also part of the FTSE 250 Index, which includes the 250 leading mid-cap companies in the United Kingdom. It was previously included in the FTSE 100 Index but was removed following a decline in market capitalization during COVID-2019 pandemic.

As of October 2025, easyJet plc was trading at £4.9 per share, with a daily trading volume of 2,977,601 shares.



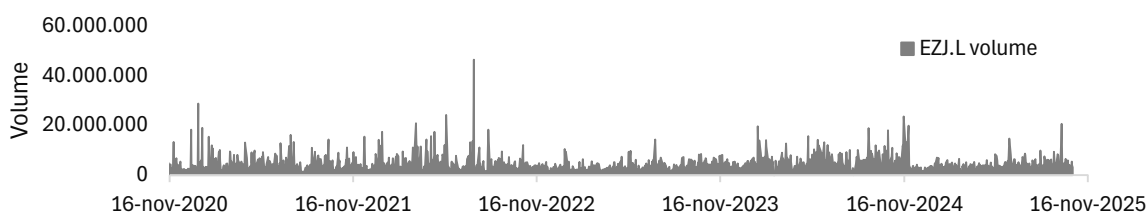


Figure 2: Relative Performance of easyJet and FTSE 100 and easyJet Daily Trading Volume (2020-2025)

### 3.5 Main Business segments

This subchapter will analyze the two main segments of easyJet in greater detail: Airline business, which operates easyJet’s route network and the Holidays business, which sells holidays packages.

#### 3.5.1 Airline Operations

The core business of easyJet is the Airline segment. At the end of FY 2025 the airline generated £6.07 billion in passenger revenues, which represents approximately 60% of the group Total Revenue, remaining the company’s primary source of revenue and profit. In addition to passenger revenue, the Airline segment also includes ancillary revenues (baggage fees, seat selection, priority services and in-flight retail), amounting to £2.6 billion in FY 2025. Together, passengers and ancillary revenues reached a total of around £8.7 billion, representing 86% of the group’s Total Revenue.

Additionally, as reported by the annual report of FY 2025 by the company, passenger numbers increase by 4% year-on-year to 93 million, supported by a capacity increase to 104 million seats and a load factor of 89.9%. Moreover, revenue per seat improved slightly reaching £83.33 (+2.4% compared to FY 2024), reflecting easyJet’s focus on optimizing yields at primary airports and strengthening its position in key leisure and city routes. This segment operates across 38 countries, covering more than 1,200 routes and 164 airports with a fleet of 356 aircraft, which we are going into more detail in the next subchapter.

	FY 2023	FY 2024	July 2025	Aug 2025	Sept 2025	FY 2025
Number of flights	519.000	558.960	56.415,00	57.631,00	54.860,00	575.691
Passengers (Thousand)	82.800	89.684	9.471,00	9.702,00	8.909,00	93.436
Seats flown (Thousand)	92.600	100.448	101.257,00	10.371,00	9.870,00	104.007
Load Factor	89,30%	89,30%	93,20%	93,50%	90,30%	89,80%

Table 2: easyJet Operational Performance (FY2023-FY2025)

### 3.5.2 easyJet Holidays

In 2019, easyJet introduced easyJet Holidays in its business. Since then, this division has rapidly become a key growth driver, reaching in FY 2025 £1.4 billion of revenue, a 27% increased from FY 2024 (£ 1.1 billion), representing around 14% of Total Group Revenue, highlighting the importance of this segment in the business strategy. Additionally, customer numbers of this segment rose by 20% to 3.1 million in FY 2025, expanding easyJet’s UK market share from 5% to 7%. The growth was driven primarily by strong customer satisfaction and high rebooking intentions (81% of customers expressed willingness to rebook, up from FY2024).

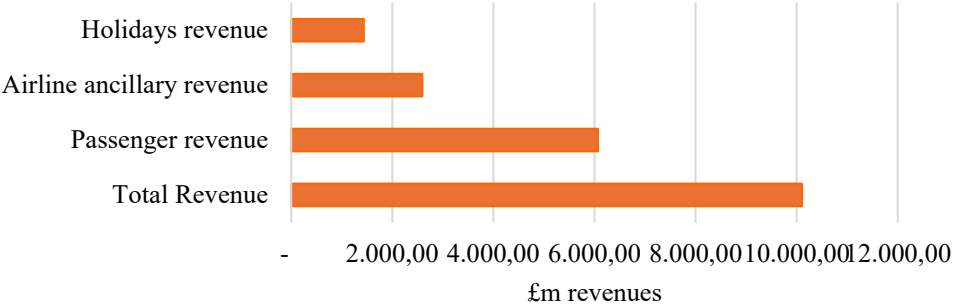


Figure 3: Revenue by Business Segment (FY 2025)

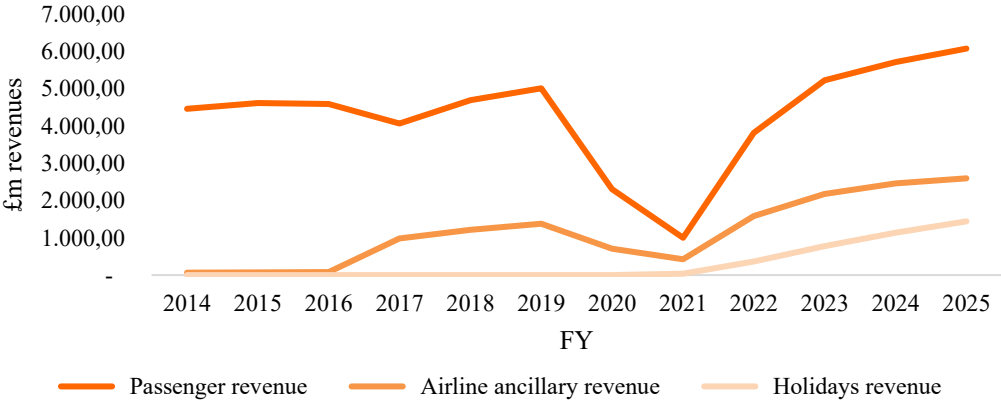


Figure 4: easyJet Revenue by Segment (2014–2025)

Regarding the regional distribution of traffic revenues across both business segments, the UK accounts for the biggest share of 55%, followed by Southern Europe (18%), France (10%), Switzerland (9%) and Northern Europe (7%).

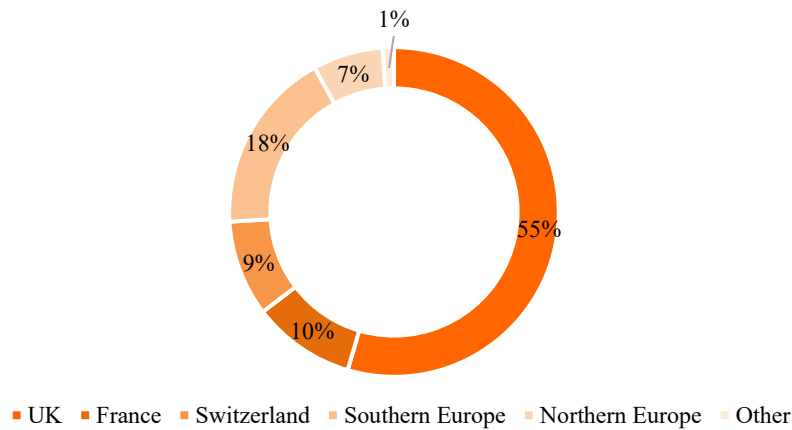


Figure 5: Revenue of easyJet's segments by Region in FY 2025

Looking at the data over time, the composition of easyJet's revenues changes across regions. Southern European routes gradually gain importance, while the share of the UK and Northern Europe fluctuates more, especially around the pandemic years, reflecting shifts in travel demand and route allocation.

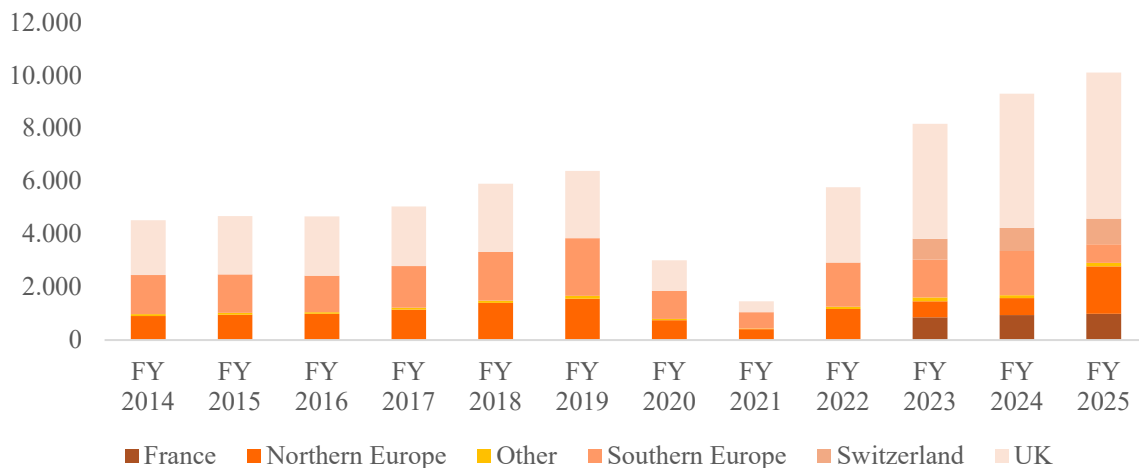


Figure 6: Evolution of easyJet's revenue split by region (FY 2014 – FY 2025)

### 3.6 Fleet Analysis & Orderbook

Despite the ongoing supply chain issues, easyJet continues to renew its fleet, completing the fleet replacement program of A319 aircraft and replacing approximately half of the older A320ceo aircraft. In fact in recent years, fleet growth has resumed, reflecting both capacity expansion and the gradual renewal of the aircraft fleet. Its goal is to create a younger and more technologically advanced fleet, delivering substantial fuel and carbo efficiencies, helping the company to align with the latest ESG requirements and drive into improved profitability.

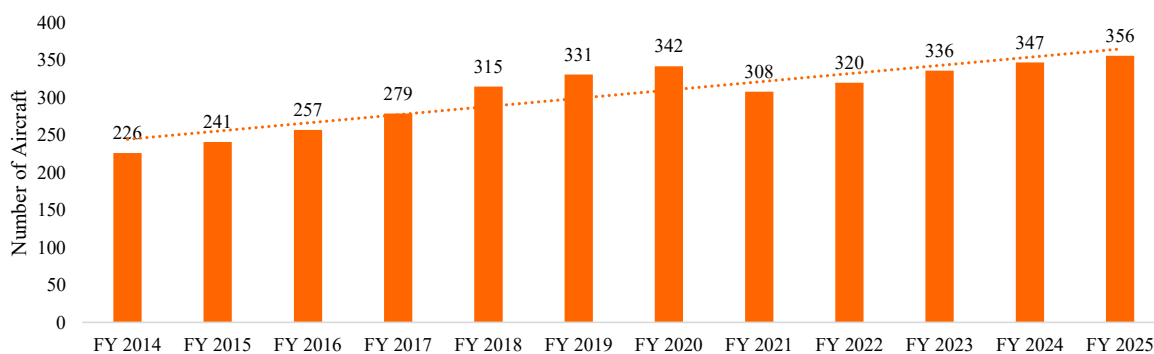


Figure 7: Evolution of easyJet's fleet size (FY 2014 – FY 2025)

As of September 2025, easyJet's total fleet is made up of 4 aircraft types, with the two most numerous types being A320 (180x aircraft) and A319 (82x aircraft), followed by 75x A320neo and 19x A321, totaling 356x aircraft in the fleet. Compared to last fiscal year, ended in September 2024, easyJet change the composition of its fleet, confirming its position on renewing the fleet. The aircraft are split between the Group's brands: easyJet Europe Airline GmbH, easyJet Switzerland S.A. and easyJet UK Limited. In addition, the fleet is split between 58% owned aircraft and 42% leased aircraft, with an average age of the owned one of 10.9 years (vs FY 2024: 10.2 years).

Types	Owned	Leased	Total
A320	107	73	180
A319	18	64	82
A320neo	70	5	75
A321	10	9	19
	<b>205</b>	<b>151</b>	<b>356</b>

Table 3: fleet composition of easyJet as of 30 September 2025

## **4. Industry and Market Analysis**

This chapter focuses on a more macroeconomic analysis of the aviation sector, which is completing its post-pandemic recovery. The chapter provides an overview of the market structure, passenger demand, competitive segments, and easyJet's position in this context. The focus is on the European market, where easyJet operates, one of the largest and most segmented aviation markets in the world, with both low-cost carriers and legacy carriers coexisting. The main macroeconomic risks, their impact on European airlines, and the outlook for this market will then be analyzed. Understanding macroeconomic trends and their main risks serves as basis for better understand of easyJet's current performance and its prospective valuation.

### **4.1 European Aviation Market Overview**

According to Eurocontrol (2024), in 2024 the European aviation sector continue its post-pandemic recovery. Despite a slow start in terms of flight number, the sector reported 10.7 million flights during the year, representing an increase of 5% compared to 2023 and reaching 96% of pre-COVID levels in 2019. According to the most recent data published by Eurocontrol (October 2025), European traffic has also further improved: year to date flights volumes have reached 99.7% of 2019 levels and are 4.2% higher than in 2024, confirming the sector is close to a full recovery. The peak in flights was reached in the first six months of the year (18 July 2025), with 37.034 daily flight. This growth is mainly due to strong demand for intra-European travel and the expansion of low-cost carriers, which we will analyze in more detail in the next paragraph. Strong tourist flows have enabled southern European countries (Spain, Italy, Greece and Turkey) to exceed 2019 traffic levels, while northern and central European countries remain below pre-pandemic levels due to a lower proportion of business travel and air restrictions caused by the Russian Ukrainian conflict.

Analyzing the various markets, the United Kingdom once again reported the highest number of daily flights, with an average of 5,488 per day, reporting a 4% increase compared to 2023, followed by Spain (4.984 flights/day) and Germany (4.711 flights/day).

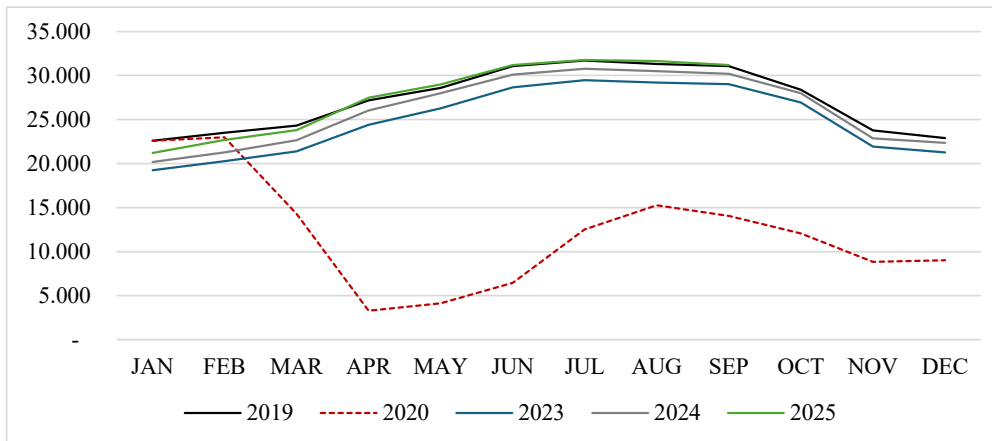


Figure 8: Monthly Average Flights in Europe – Comparison of 2019, 2020, 2023, 2024 and 2025  
 Source: EUROCONTROL PRU Data, Monthly Flights (2019–2024)

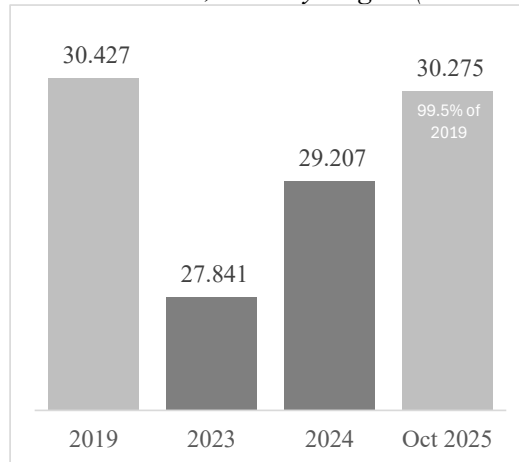


Figure 9: Recovery of Average Daily Flights in Europe: 2019 vs 2023, 2024 and Oct 2025  
 Source: EUROCONTROL, European Aviation Overview (2025)

#### 4.2 European Air Passenger Market

According to IATA’s latest Air Passenger Market Analysis (September 2025), the global RPK increased by 3.6% year-on-year on a, while the global load factor remains high at 83.4%. The demand is increasing, but at a slower rhythm compared to early 2025.

The strongest growth was recorded by Asia-Pacific airlines, that reaches 33.5% market share of the global Revenue Passenger Kilometers (RPK), mainly driven by a rebound in long-haul routes and intra-Asian demand. Second place goes to European airlines, with a market share of 26.7%, followed by North America with 22.9%, Middle East with 9.4%, Latin America with 5.3% and Africa with 2.2%. Europe airlines are still expanding but show a more moderate increase in passenger traffic (+2.9%), remaining below the global average. This slower pace is partly due to geopolitical risks in Eastern Europe and weaker recovery in business travel.

Nevertheless, Europe maintains the highest load factor worldwide (85.6%), reflecting resilient demand and high seat utilization (conditions that particularly benefit low-cost carriers). (IATA, September 2025)

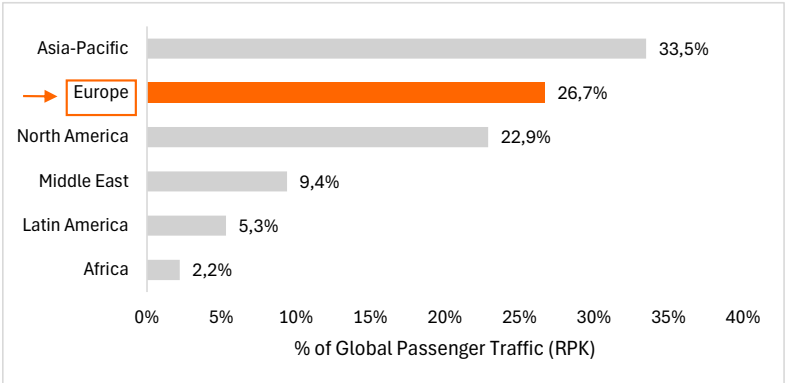


Figure 10: Distribution of Airline Passenger Traffic in September 2025 by Region, based on RPK

To be more specific, passenger traffic in the European airport network continued to grow in the first nine months of 2025, but at a slower pace than in previous years of post-pandemic recovery. In July 2025, passenger volume was 5% higher than pre-pandemic levels (compared to July 2019) and there was a +3.1% increase compared to July 2024. This overall increase, albeit slower, shows that the European passenger market has fully recovered, slightly exceeding 2019 figures. (ACI Europe, 2025)

The growth is mainly due to an increase in international passenger traffic (+3.7%), while domestic traffic remained virtually unchanged (+0.7%), highlighting the strong role of intra-European tourism and leisure-related demand. Here too, the recovery varies from region to region: in southern and eastern Europe, passenger numbers were above average, supported by tourist flows, particularly in Spain, Italy, Greece and Turkey. Meanwhile, Northern and Central Europe (including Germany, France and the United Kingdom) are experiencing lower demand for business travel, which, together with airspace restrictions due to the Russia-Ukraine conflict, is causing slower growth.

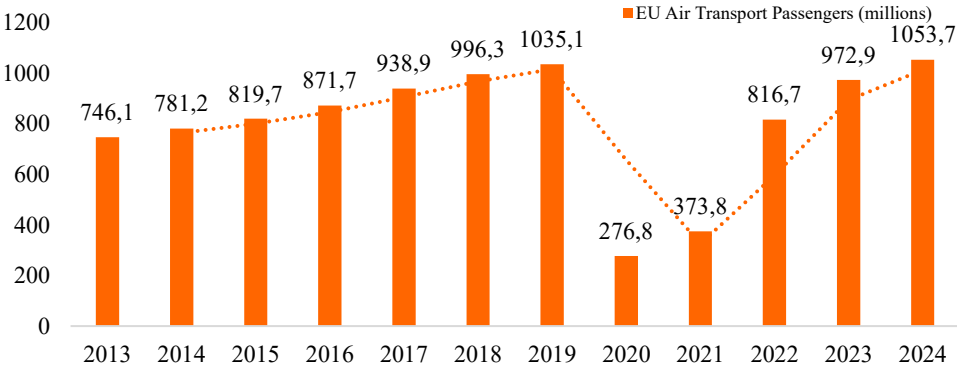


Figure 11: Air Transport Passengers in Europe (2013–2024)

### 4.3 Market Segmentation: Low-cost vs. Legacy Carriers

The European airline industry is typically divided into two major strategic segments: Low-Cost Carriers (LCCs) and Legacy (or Mainline) Carriers.

Low-cost carrier segment has become a dominant business model in European aviation, both in terms of market share and post-pandemic growth. According to Eurocontrol (2025), LCCs represent the largest market segment in Europe, accounting for 36% of the total European flights, followed closely by Mainline carriers with 11,158 daily flights. Regional aviation records 3,894 flights, while business aviation 2,074 and all-cargo just 1,040. On the opposite side, Legacy airlines retained the largest market segment at 36%, but remaining 6% below 2019 levels.

The competitive advantage of LCCs lies in their operational flexibility, rapid capacity deployment, and strong exposure to leisure travel demand, which recovered much faster than corporate and long-haul business travel.

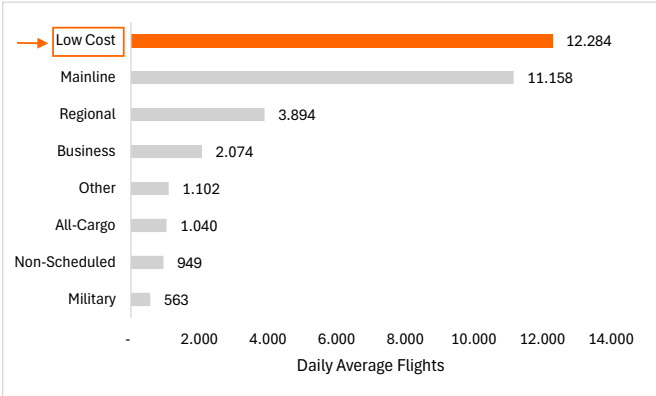


Figure 12: Average Daily Flights by Market Segment in Europe

### 4.4 easyJet’s Position within the Industry

Among all European airlines Ryanair is the leader, but easyJet reached the second position, with an average of 1,553 daily flights in 2024, ahead of full-service carriers such as Turkish Airlines (1,435), Lufthansa (1,144), Air France (999) and British Airways (827) (Eurocontrol, 2024). In addition, easyJet carried 89.7m passengers in 2024, positioning itself as the second largest low cost carrier and the second largest airline across all segments in Europe.

Despite this strong position, EUROCONTROL reports that easyJet's traffic remains 7% below pre-pandemic (2019) levels, unlike Ryanair (+31%) and Wizz Air (+42%). However, easyJet

still maintains strategic leadership at major European airports, such as London Gatwick, Milan Malpensa, Amsterdam Schiphol and Geneva, where it ranks first or second in terms of market share and slot allocation, as highlighted in its 2024 annual report.

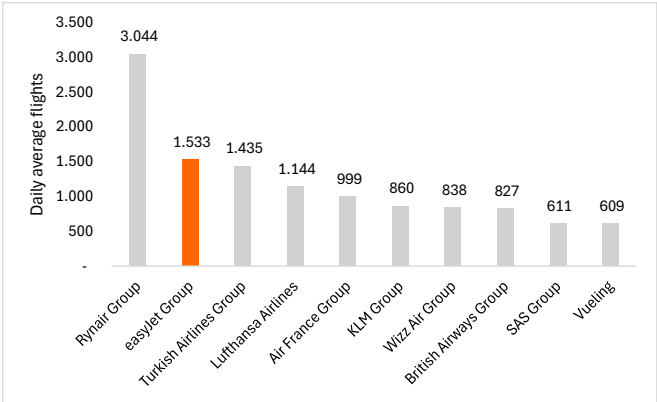


Figure 13: top 10 aircraft operators in Europe - 2024 average daily flights (Eurocontrol, 2024)

**4.5 Key Macroeconomic Risks for the Airline Industry**

The following section analyses the key factors and trends that primarily influence the European airline industry, and in particular easyJet, as reported in the company’s 2024 annual report (easyJet Annual Report, 2024).

**4.5.1 Jet Fuel Risk**

The most significant cost incurred by airlines is fuel (usually 20-30% of airlines’ operating costs, according to IATA), which is also one of the most volatile costs. The spot price of jet fuel fluctuated between \$672 and \$1,010 per metric tonne during the financial year, with a significant decline in the fourth quarter. As of 3 December 2025, the price reached £723 per metric tonne, approximately 2% higher than in December 2024.

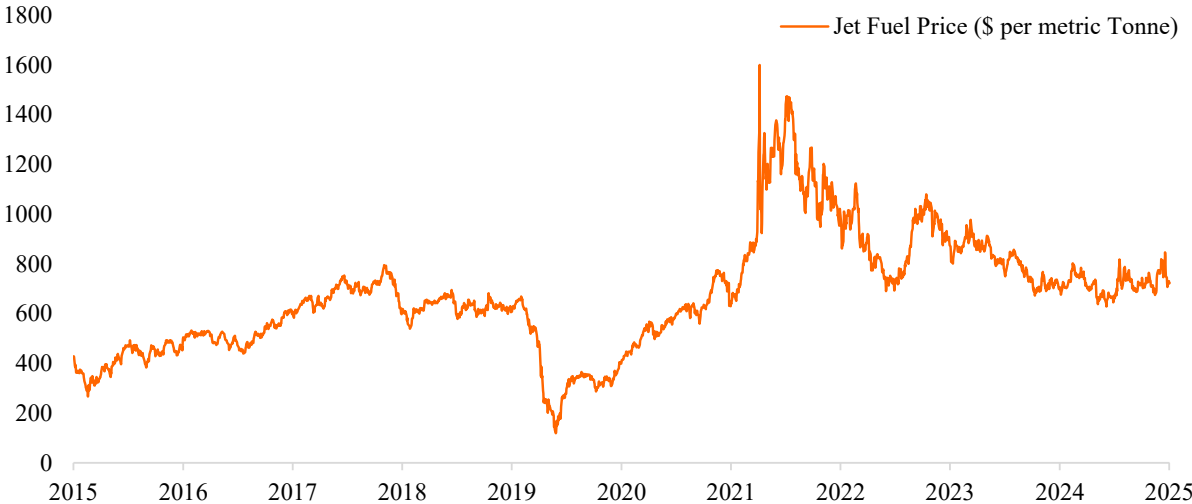


Figure 14: Jet Fuel CIF Northwest Europe Spot Price (USD per Metric Tonne), 2020–2025

To try to mitigate the risk of volatility in jet fuel costs, airlines commonly use hedging strategies. One of the main strategies that airlines commonly used to mitigate their exposure to this risk is jet fuel hedging. The strategy is implemented fixing future fuel prices through financial instruments such as forward contracts, options or swaps. Sudden price increases can significantly change an airline's margins, so hedging is essential given the percentage of fuel costs in total operating costs. However, hedging does not eliminate all risk. In fact, if oil prices fall unexpectedly, hedged airlines could end up paying more than spot prices, as was the case during the 2020 pandemic. (IATA, 2024)

#### **4.5.2 Exchange Rate Risk**

One of the main macroeconomic risks for the aviation sector is exchange rate risk. As the sector is highly internationalized, airlines compete directly on global routes, exposing themselves to the exchange rates of various countries. The result is a currency mismatch between revenues, which are collected in local currency, and operating costs, which are incurred in foreign currencies such as the US dollar or, for some European airlines, also in Swiss francs. Foreign currency costs include aircraft fuel, fleet purchases and leases, spare parts and maintenance. In such cases, an appreciation of the domestic currency reduces costs expressed in local currency but worsens the operator's international competitiveness compared to foreign competitors, whose costs fall relatively more (Forsyth & Dwyer, 2010).

However, exchange rate fluctuations can also affect the value of assets purchased abroad, demand conditions and firms' financial positions, making financial management more complex. Exposure to this risk can be mitigated through strategies such as currency hedging, diversification of revenue sources and price adjustments, but these do not eliminate the underlying exposure to exchange rate risk.

As of December 3, 2025, the exchange rate stands at 1.30 GBP/USD, showing a recovery from the end of 2022 but still below pre-Brexit levels, implying that USD-denominated costs remain structurally higher for UK airlines.

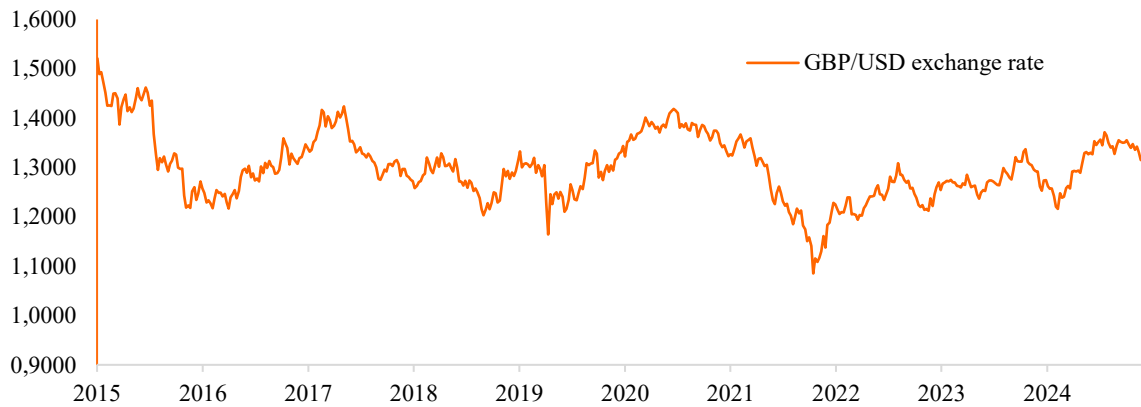


Figure 15: GBP/USD Exchange Rate (2015–2025)

#### 4.5.3 Macroeconomic Demand Risk (GDP, Consumer Confidence, Tourism Cycle)

Macroeconomic demand is another risk factor for airlines. It reacts strongly to changes in income, employment conditions, and consumer confidence. Empirical research shows that demand for air travel is highly elastic in relation to economic activity and GDP trends, meaning that even small changes in GDP can generate disproportionately large changes in passenger volumes (Oum, Fu & Zhang, 2010).

The tourism cycle further reinforces this cyclicity: when households experience an increase in real income and greater confidence, they increase their spending on leisure travel, while in times of economic crisis, households tend to postpone travel and are more price sensitive. For airlines operating in competitive markets, particularly those focused on leisure segments, such as easyJet, macroeconomic conditions directly affect revenues, route profitability, and capacity decisions. Consequently, GDP growth, demand, and the tourism cycle in general are some of the most important macroeconomic factors determining the financial performance of the aviation industry.

As shown in the figure below, between 2000 and 2024 there was a strong cyclicity in economic activity. It is possible to see the decline in GDP during the 2008-2009 crisis, the decline due to the COVID crisis and the subsequent recovery in 2021. In recent years, a recovery can be seen, showing a return to moderate growth rates. This fluctuation in GDP shows the changes observed in European air transport demand during the same periods, showing how the performance of this sector is highly exposed to macroeconomic cycles and passenger behavior.

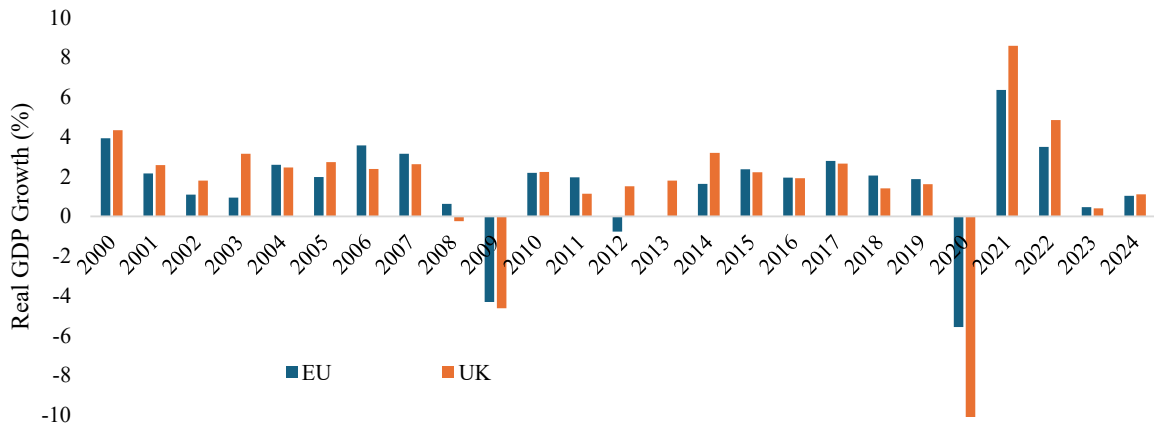


Figure 16: Real GDP Growth (%) in the European Union and the United Kingdom (2000–2024)

#### 4.6 Outlook

Moving on to a forward-looking perspective, a positive trend is expected for the aviation sector, with growth that will be moderate, slower, and more volatile compared to the period immediately following the pandemic. According to EUROCONTROL, European air traffic is still expected to increase steadily and exceed 2019 levels by the end of 2025. This growth will be driven mainly by an increase in leisure travel demand and an increase in tourism (EUROCONTROL, 2024). Nevertheless, growth varies depending on the markets to which the sector is exposed and remains subject to the macroeconomic conditions mentioned above (inflation, real income, GDP growth), which continue to influence passenger behavior.

Demand is also set to change. According to IATA, passenger volumes have reached pre-pandemic levels, but the way passengers' book has changed. Customers are more price-sensitive and tend to book at the last minute, reflecting increased uncertainty for airlines. (IATA, 2024). In general, however, leisure travel remains the strongest driver of demand, while business travel continues to stabilize at a structurally lower level.

On the other hand (on the supply side), an increase is expected, mainly due to low-cost airlines. At the same time, however, fuel costs are expected to rise, the US dollar is expected to remain strong, and environmental compliance costs related to the EU Emissions Trading System and the Refuel EU Aviation program are expected to increase. In fact, the OECD argues that these decarbonization policies will increase operating costs in the medium term and require accelerated fleet renewal (OECD, 2024).

To sum up, therefore, we can expect stable demand for the next few years, and greater operational constraints linked to the general increase in operating costs. For this reason, low-cost airlines, with strong operational cost efficiency, will have more flexible management. Even those with modern and fuel-efficient fleets are in the best position to take advantage of the expected growth, while mitigating increasing regulatory and environmental pressures.

## 5. Financial Analysis and Forecasting

Before proceeding with this chapter, I would like to introduce some general premises useful for understanding the choices made in the historical analysis and in the forecasting of the company. First of all, all historical statements are reported in *Appendix 1* (balance sheet) and *Appendix 2* (income statement). The forecasted figures used in the analysis are reported in *Appendix 3* (balance sheet) and *Appendix 4* (income statement). The historical analysis covers the period from FY2014 to FY2025, while the forecasting horizon includes FY2026 to FY2030. FY2025 is fully included, as easyJet's fiscal year ends every year on 30 September. A five-year forecast period was chosen because it reflects easyJet's strategic objectives for 2028 (which will be analyzed in detail later), which include unusually high capex and PPE targets linked to a major fleet renewal and the acquisition of a large number of owned aircraft. Ending the forecast in 2028 would have implied assuming that the company concludes exactly at the peak of these exceptional investment goals. Two additional years were therefore included to stabilize the model at the end of the investment cycle and to capture a more normalized growth path.

Regarding the forecasting assumptions, only the years from FY2018 to FY2025 were considered, excluding FY2014-FY2017. There are two reasons for this choice: first, easyJet is in a growth phase, and including the years 2014-2017 would have introduced lower values that are not representative of the company's current scale; and second, two pre-Covid years (2018-2019) were included to preserve the pre-pandemic trend, while the pandemic years were not considered in the derivation of medians and other normalization techniques due to their exceptional and temporary nature.

### 5.1 Key Drivers of the Historical and Forecast Analysis

This section introduces the main elements on which the historical and forecast analysis of easyJet is based. Among the components of the balance sheet and the income statement, capital expenditure and property, plant and equipment represent the most strategically relevant items for understanding the company's financial dynamics, long-term positioning and valuation outlook. I therefore begin with the analysis of the evolution of Capex and PPE, as they provide essential information.

In recent years, easyJet has announced clear objectives, including a significant expansion of owned aircraft and a sizeable fleet renewal program, with a stated PPE target of £7.5bn for FY2028 and gross Capex of £3.3bn by the same year. These commitments have a strong impact on depreciation, cash-flow generation, leverage and profitability, and they represent the primary driver behind my projection of the company's future financial performance.

For both items, I set the FY2028 target indicated by easyJet, calculated the CAGR between FY2025 and FY2028, and used it to forecast FY2026 and FY2027 so that the company gradually and coherently reaches its stated targets. As communicated by easyJet, 75% of gross CapEx is expected to be owned, therefore, net CapEx corresponds to 75% of total gross CapEx.

For FY2029 and FY2030, PPE was kept equal to its FY2028 level, assuming that the company enters a steady-state phase in which no further structural expansion of the fleet takes place. On the opposite side, CapEx in these years was set at a maintenance level rather than at the extraordinary investment levels observed up to FY2028. In particular, steady-state CapEx was defined as approximately 15% above D&A (analyzed in Section 5.2.3), reflecting industry practice for modern airline fleets, where maintenance investment typically exceeds accounting depreciation to ensure continuous aircraft renewal, safety compliance and alignment with environmental standards. This approach results in a Capex level that is consistent with a mature and stabilised operating environment, without implying additional growth of the asset base.

value in £m	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
<b>PPE</b>	<b>2,542</b>	<b>2,877</b>	<b>3,252</b>	<b>3,525</b>	<b>4,140</b>	<b>4,665</b>	<b>4,409</b>	<b>3,639</b>	<b>3,682</b>	<b>3,936</b>	<b>4,285</b>	<b>4,791</b>	<b>5,563</b>	<b>6,459</b>	<b>7,500</b>	<b>7,500</b>	<b>7,500</b>
ToY change (%)		13%	13%	8%	17%	13%	-5%	-17%	1%	7%	9%	12%	16%	16%	16%	0%	0%
<b>Depreciation &amp; Amortization</b>	<b>242</b>	<b>252</b>	<b>260</b>	<b>305</b>	<b>376</b>	<b>504</b>	<b>541</b>	<b>485</b>	<b>566</b>	<b>673</b>	<b>770</b>	<b>743</b>	<b>863</b>	<b>1,002</b>	<b>1,163</b>	<b>1,163</b>	<b>1,163</b>
ToY change (%)		4%	3%	17%	23%	34%	7%	-10%	17%	19%	14%	-4%	16%	16%	16%	0%	0%
Gross CapEx													1,700	2,300	3,300		
% Ownership													75%	75%	75%		
<b>Net CapEx</b>	<b>449</b>	<b>536</b>	<b>586</b>	<b>630</b>	<b>1,012</b>	<b>984</b>	<b>695</b>	<b>149</b>	<b>530</b>	<b>754</b>	<b>806</b>	<b>1,001</b>	<b>1,275</b>	<b>1,725</b>	<b>2,475</b>	<b>1,338</b>	<b>1,338</b>
ToY change (%)		19%	9%	8%	61%	-3%	-29%	-79%	256%	42%	7%	24%	27%	35%	43%	-46%	0%

Table 4: PPE, D&A and Capex - Historical Data and Forecast Assumptions (FY2014 - FY2030)

## 5.2 Income Statement

### 5.2.1 Revenue

easyJet plc's total revenues have consistently grown on average, with a negative growth peak of 53% during the pandemic period and very strong growth in 2022, which enabled the company to recover +296% in revenues compared to the previous year. The continued growth in revenue is mainly due to easyJet's expansion-oriented strategy, based on increasing capacity, strengthening its presence in major European airports, and developing its leisure offering. As

already mentioned in Section 3.5, most of the revenue comes from the passenger segment and, considering that airline ancillary revenue is included in this segment, together they account for an average of 90% of easyJet’s revenue. Since 2021, easyJet’s accounts have also included the Holidays revenue segment, which is currently the company’s fastest-growing sector and the main strategic driver of expansion for the Group. Reflecting the company’s operational expansion, revenue growth was supported by an increase in both ASK and RPK, which at the end of 2025 stood at 134,451 million (vs. 83,846 million in FY2015) and 122,021 million (vs. 77,619 million in FY2015), respectively. These two operating metrics also declined during the COVID period. The load factor has remained consistently high in recent years, with a median of 89.8%, indicating efficient capacity utilization and helping to strengthen the relationship between increased capacity offered and actual demand absorbed.

CONDENSED INCOME STATEMENT (£m)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenue	4.527	4.686	4.669	5.047	5.898	6.385	3.009	1.458	5.769	8.171	9.309	10.106
Passenger revenue	4.462	4.616	4.587	4.061	4.688	5.009	2.303	1.000	3.816	5.221	5.715	6.072
Airline ancillary revenue	65	70	82	986	1.210	1.376	706	424	1.585	2.174	2.457	2.594
Holidays revenue	-	-	-	-	-	-	-	34	368	776	1.137	1.440

Table 5: Historical Revenue (FY2014-FY2025)

According to easyJet’s FY25 Corporate Presentation, the company expects seat capacity to increase by approximately 3% in FY2026, while the load factor is anticipated to remain broadly stable at around 90%. Furthermore, management indicates a slight improvement in revenue quality driven by route maturity and network optimization. Based on these projections, I assumed that passenger revenues will grow by 3% in 2026, in line with the expected increase in seat capacity. For the period 2027–2030, passenger revenues were forecast using the CAGR observed between 2018 and 2026, which results in an annual growth rate of 3%. This approach reflects a return to a long-term structural growth trajectory once the post-pandemic rebound has normalized. Regarding airline ancillary revenues, I assumed they would generally grow in line with passenger revenues. However, because ancillary revenue has historically grown at a faster rate, I applied an additional 5% premium, calculated as the average difference in growth rates between ancillary and passenger revenues over the last three years. This results in a total expected ancillary revenue growth rate of approximately 8% per year from 2026 onward.

Finally, for the Holidays segment, easyJet’s FY25 Results indicate an expected customer growth of up to 15% in 2026, which I adopted as the revenue growth assumption for that year. For the period 2027–2030, I calculated a CAGR based on the last three years of data plus the 2026 forecast, excluding FY2022 and FY2023 due to the segment still being in its early start-

up phase. This results in a medium-term annual growth assumption of 21%, reflecting the strong momentum of the Holidays business and its strategic importance for the Group.

CONDENSED INCOME STATEMENT (£m)	FY 2026E	FY 2027F	FY 2028F	FY 2029F	FY 2030F
Revenue	10.712	11.483	12.350	13.328	14.438
YoY change (%)	6%	7%	8%	8%	8%
Passenger revenue	6.254	6.458	6.668	6.885	7.109
YoY change (%)	3%	3%	3%	3%	3%
Airline ancillary revenue	2.802	3.027	3.270	3.533	3.816
YoY change (%)	8%	8%	8%	8%	8%
Holidays revenue	1.656	1.999	2.412	2.911	3.513
YoY change (%)	15%	21%	21%	21%	21%

Table 6: Forecasted Revenue (FY 2026-FY2030)

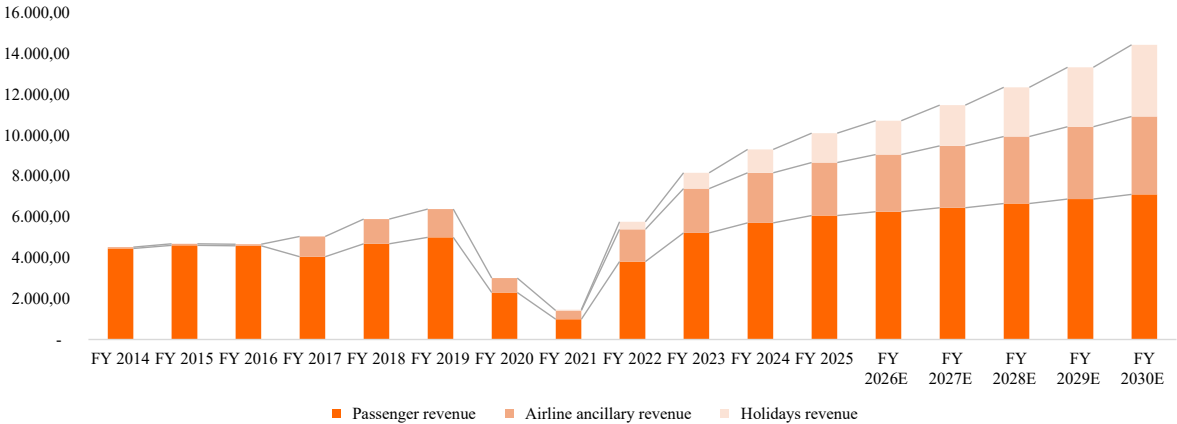


Figure 17: Revenue Composition and Forecast by Business Segment (FY 2014-FY 2030)

### 5.2.2 Operating Costs

The historical easyJet's operating costs remained stable and constant as a percentage of revenue and it represents approximately 86% of total revenue on average during the period considered. This clearly indicates that, despite fluctuations in market conditions, the company has largely maintained a proportional relationship between operating expenses and revenue generation. A more detailed breakdown of the forecasted operating cash flows is shown in *Table 7*. Each cost item is projected by taking its median weight on revenues over the last eight years and applying it to the revenue forecasts. The use of the median aims to reduce the influence of extreme observations, such as the COVID-19 period and the subsequent inflation surge represent exceptional and non-recurring shocks that would otherwise distort average values.

In any case, post-COVID operating costs have grown significantly, exceeding 2019 levels by approximately 60% in FY 2025. This increase is mainly due to higher revenue, as well as oil price volatility and inflation. According to easyJet's FY25 financial results, the company

expects a 3% increase in seat capacity in FY2026 and anticipates that cask will experience modest cost inflation in the future. At this point, my forecast was based on a proportional increase to the median of 86% of the total revenue forecast.

OPERATING COSTS (£m)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
Operating costs	3,704	3,746	3,899	4,338	5,062	5,415	3,367	1,883	5,230	7,045	7,950	8,667	9,215	9,878	10,624	11,465	12,420
YoY change (%)		1%	4%	11%	17%	7%	-38%	-44%	178%	33%	13%	9%	6%	7%	8%	8%	8%
% of total revenue	82%	80%	84%	86%	86%	85%	112%	129%	91%	86%	85%	86%	86%	86%	86%	86%	86%
Fuel	1,251	1,199	1,114	1,062	1,184	1,416	721	371	1,279	2,033	2,223	2,253	2,357	2,526	2,717	2,932	3,176
YoY change (%)		-4%	-7%	-5%	11%	20%	-49%	-49%	245%	59%	9%	1%	5%	7%	8%	8%	8%
% of total revenue	28%	26%	24%	21%	20%	22%	24%	23%	22%	25%	24%	22%	22%	22%	22%	22%	22%
Airports and ground handling	1,107	1,122	1,267	1,465	1,649	1,845	938	446	1,716	1,800	1,989	2,161	2,250	2,412	2,594	2,799	3,032
YoY change (%)		1%	13%	16%	13%	12%	-49%	-52%	285%	5%	11%	9%	4%	7%	8%	8%	8%
% of total revenue	24%	24%	27%	29%	28%	29%	31%	31%	30%	22%	21%	21%	21%	21%	21%	21%	21%
Crew	479	505	542	645	761	859	629	495	767	941	1,074	1,198	1,313	1,407	1,513	1,633	1,769
YoY change (%)		5%	7%	19%	18%	13%	-27%	-21%	55%	23%	14%	12%	10%	7%	8%	8%	8%
% of total revenue	11%	11%	12%	13%	13%	13%	21%	34%	13%	12%	12%	12%	12%	12%	12%	12%	12%
Navigation	307	313	336	381	400	409	206	102	339	422	463	533	565	606	651	703	761
YoY change (%)		2%	7%	13%	5%	2%	-50%	-50%	232%	24%	10%	15%	6%	7%	8%	8%	8%
% of total revenue	7%	7%	7%	8%	7%	7%	7%	7%	6%	5%	5%	5%	5%	5%	5%	5%	5%
Maintenance	212	229	237	274	335	302	278	222	301	341	390	451	536	574	618	666	722
YoY change (%)		8%	3%	16%	22%	-10%	-8%	-20%	36%	13%	14%	16%	19%	7%	8%	8%	8%
% of total revenue	5%	5%	5%	5%	6%	5%	9%	13%	5%	4%	4%	4%	5%	5%	5%	5%	5%
easyJet holidays direct operating costs	0	0	0	0	0	0	0	0	0	582	840	1,072	1,136	1,218	1,310	1,414	1,532
YoY change (%)													44%	28%	8%	8%	8%
% of total revenue										7%	7%	11%	11%	11%	11%	11%	11%
Selling and Marketing	103	102	107	122	143	157	107	60	173	232	257	273	289	310	334	360	390
YoY change (%)		-1%	5%	14%	17%	10%	-32%	-44%	188%	34%	11%	6%	6%	7%	8%	8%	8%
% of total revenue	2%	2%	2%	2%	2%	2%	4%	4%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Other costs	245	276	296	389	590	427	488	187	655	694	714	726	770	825	887	957	1,037
YoY change (%)		13%	7%	31%	52%	-28%	14%	-62%	250%	6%	3%	2%	6%	7%	8%	8%	8%
% of total revenue	5%	6%	6%	8%	10%	7%	16%	13%	11%	8%	8%	7%	7%	7%	7%	7%	7%

Table 7: Historical and Forecasted operating costs (FY 2014 – FY 2025)

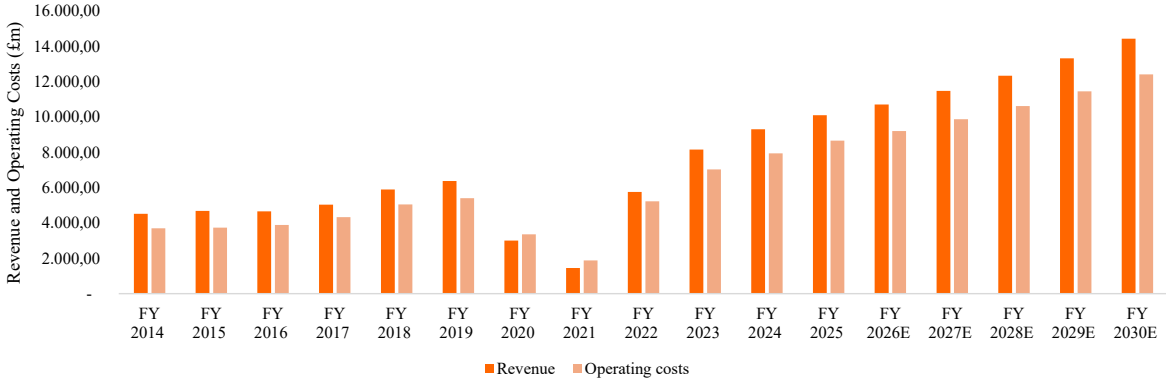


Figure 18: Historical and Forecasted Revenue and Operating Costs (FY2014–FY2030E)

### 5.2.3 Depreciation & Amortization

As can be seen in Table 8, D&A grew from £376 million in fiscal year 2018 to £743 million in fiscal year 2025, doubling in value over the period. The largest increase occurred in 2019 (a 34% increase over the previous year) and in fiscal year 2023-2024, reflecting the expansion of the owned fleet and the reactivation of previously grounded aircraft. In contrast, D&A fell sharply in 2021, given the temporary reduction in asset utilization due to the pandemic. There is therefore a strong correlation between PPE and D&A, since aircraft represent the majority of easyJet's depreciable assets. For this reason, D&A follows the growth rates calculated for PPE, which were analyzed in more detail in Section 5.1.

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026E	FY 2027F	FY 2028F	FY 2029F	FY 2030F
<b>PPE</b>	4.140	4.665	4.409	3.639	3.682	3.936	4.285	4.791	5.563	6.459	7.500	7.500	7.500
YoY change (%)	17%	13%	-5%	-17%	1%	7%	9%	12%	16%	16%	16%	0%	0%
<b>Depreciation &amp; Amortization</b>	376	504	541	485	566	673	770	743	863	1.002	1.163	1.163	1.163
YoY change (%)	23%	34%	7%	-10%	17%	19%	14%	-4%	16%	16%	16%	0%	0%

Table 8: Historical and Forecasted PPE and D&A (FY2018-FY2030F)

## 5.2.4 Interest Expenses, Interest Income, Other Financial Items and Tax Expenses

Historically, interest expenses have remained limited, reaching –£156m in FY2025. Interest income has also increased in recent years, driven by higher interest rates and the strengthening of the company’s cash position. In general, however, the impact that net interest has on the company’s net income and financial income is minimal; therefore, interest expenses and interest income were kept equal to their FY2025 values for the five forecasted years.

The item “other financial items” mainly includes foreign exchange effects related to flows in USD (fuel), EUR (revenues) and CHF. Its impact is historically volatile, not material, and difficult to predict; therefore, it was considered equal to zero in the forecast years.

Finally, tax expense follows the trend of EBT and experienced significant volatility during the COVID period due to tax losses and the subsequent post-pandemic recovery. The effective tax rate fluctuates over the years, being influenced by temporary differences, but in the forecast the statutory UK tax rate of 25% was used. Tax expense for FY2026-FY2030 was calculated as follows:

$$\text{Tax Expense}_t = \text{EBT}_t \times 25\% \quad (12)$$

TAX EXPENSES (£m)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Tax Expense	131	138	70	80	87	81	-194	-178	39	108	150	164
YoY change (%)		5%	-49%	14%	9%	-7%	-340%	-8%	-78%	-377%	39%	9%
Tax Rate		20%	14%	21%	20%	19%	15%	17%	19%	25%	25%	25%

Table 9: Historical Tax Expenses & Fluctuation of the effective tax rate (FY 2014-FY2025)

TAX EXPENSES (£m)	FY 2026E	FY 2027F	FY 2028F	FY 2029F	FY 2030F
Tax Expense	153	145	135	170	208
YoY change (%)	-7%	-5%	-7%	25%	23%
Tax Rate	25%	25%	25%	25%	25%

Table 10: Forecasted tax Expenses (FY 2026 – FY 2030)

## 5.2.5 Profitability Analysis

The evolution of easyJet’s profitability shows three different phases: the pre-Covid period (2014–2019), which displays a steady performance, the Covid period (2020-2021),

characterized by a temporary deterioration of margins, and the post-Covid phase (2022-2025), marked by recovery and clear improvement. The main profit indicators all followed these phases in parallel.

After the Covid period, the company rapidly restored profitability as traffic levels normalized and operational efficiency improved, and consequently EBITDA also recovered, reaching £1,439m in 2025 (almost 50% higher compared to 2019). Accordingly, the EBITDA margin followed this trend, reflecting gradual improvements and reaching a value similar to pre-pandemic levels.

EBIT also showed a similar pattern, but since aircraft represent the majority of easyJet's asset base, this metric is strongly influenced by the trend in D&A, which made EBIT more volatile compared to EBITDA.

EBT, instead, remained closely aligned with operating profit, given the limited contribution of interest expenses and interest income. It reached £658m in FY2025, confirming the company's solid return to profitability.

Also, net income follows the same trajectory, with tax effects adding some year-to-year variability. After returning to positive territory in FY2022, net profit continued to grow steadily and reached £494m in FY2025. This reflects the progressive normalization of the business and the company's perspective of future growth.

Looking forward, the forecast does not show a linear improvement in profitability, as EBITDA, EBIT and EBT temporarily decrease between 2026 and 2028. This is mainly due to the significant investments announced by easyJet, including the company's high capex and PPE targets for 2028. Such a large increase in PPE leads to higher depreciation charges and once the target level is reached, PPE remains at its intended level and profitability stabilizes.

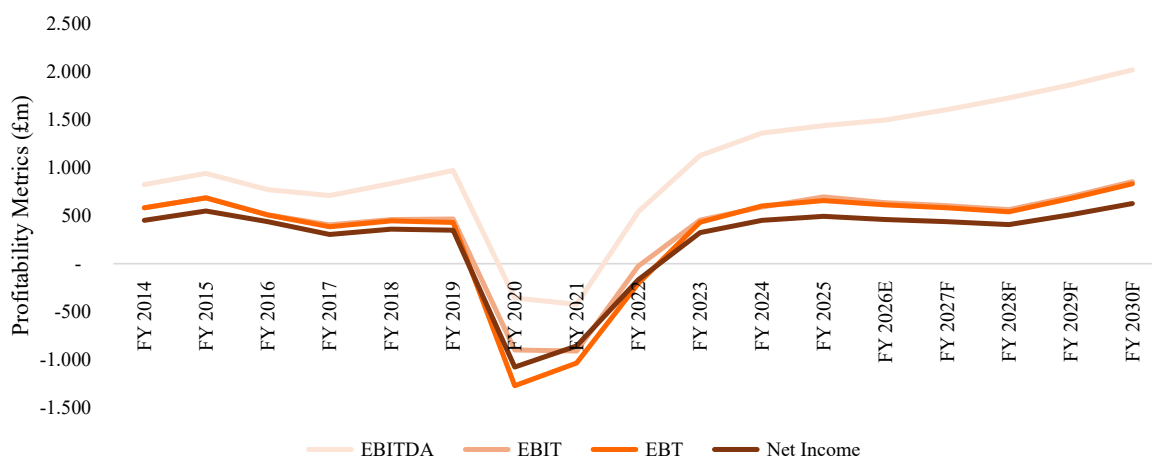


Figure 19: Historical and Forecasted Profitability Metrics (FY2014–FY2030F)

### 5.3 Balance Sheet

This chapter will focus on the analysis of the main balance sheet items, namely Net Working Capital and its components, and Net Debt and its components.

The choice to analyze these components rather than the full set of balance sheet items is due to the fact that they are the most relevant for understanding easyJet’s financial position and the key drivers behind its strategic decisions. Other items not discussed in detail were used solely to complete the forecast and were generally kept at their FY2025 levels, as they are either difficult to predict or not particularly meaningful in the context of this analysis. For example, deferred tax liabilities were kept constant at FY2025 levels due to their volatility and limited relevance for the valuation results. As already mentioned, the full historical and forecast balance sheet can nevertheless be found in *Appendix 1* and *Appendix 3*.

#### 5.3.1 Net Working Capital (NWC)

First of all, Net Working Capital was calculated as the difference between operating current assets, given by the sum of trade & other receivable and other current assets, and current operating liabilities, given by the sum of unearned revenue and operating current liabilities. As can be seen in *Table 11*, easyJet’s NWC is consistently negative, due to a structural characteristic of the airline industry, in which business models rely heavily on advance payments from passengers (unearned revenue), who pay for the service before it is provided.

Unearned revenue is indeed the dominant and driving component in the calculation of NWC: it increases during periods of expansion and decreases during periods of crisis (such as the Covid period), reflecting lower levels of advance bookings.

Unearned revenue, operating current liabilities and trade & other receivable all follow the growth of the business. For this reason, each item was expressed as a percentage of total revenue, and the median percentage over the period FY2018–FY2025 was calculated. Each line item was then forecasted by applying its respective median percentage to total revenue.

However, for both unearned revenue and operating current liabilities, the FY2030 values were kept equal to FY2029. This assumption reflects the idea that, once easyJet enters a steady-state phase after the completion of its investment cycle, the proportions of advance bookings and short-term operating liabilities stabilize relative to revenue.

Regarding other current assets, I followed the trend for the last few years. This item is highly volatile and has been equal to zero in the most recent three years, making it difficult to predict and, in any case, its impact on the calculation of Net Working Capital is minimal.

As a result, the forecasted Net Working Capital is consistent with easyJet’s structural business model, remaining negative and evolving proportionally to revenue. Its behavior reflects the patterns observed in the historical data and is fully coherent with a stable post-2028 operating environment.

Net Working Capital (€m)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026f	FY 2027f	FY 2028f	FY 2029f	FY 2030f
Trade & Other receivable	200	206	205	275	406	372	193	291	367	343	483	530	653	700	753	812	880
% Revenue	4%	4%	4%	5%	7%	6%	6%	20%	6%	4%	5%	5%	5%	5%	5%	5%	5%
YoY change (%)		3%	0%	34%	48%	-8%	-48%	51%	26%	-7%	41%	10%	23%	7%	8%	8%	8%
Other current Assets	23,00	6,00	-	-	-	24	21	13	4	-	-	-	-	-	-	-	-
% Revenue	1%	0%	0%	0%	0%	0%	1%	1%	0%	-	-	-	-	-	-	-	-
YoY change (%)		-74%	-100%				-13%	-38%	-69%								
<b>Current operating Assets</b>	<b>223,00</b>	<b>212,00</b>	<b>205,00</b>	<b>275,00</b>	<b>406</b>	<b>396</b>	<b>214</b>	<b>304</b>	<b>371</b>	<b>343</b>	<b>483</b>	<b>530</b>	<b>653</b>	<b>700</b>	<b>753</b>	<b>812</b>	<b>880</b>
% Revenue	5%	5%	4%	5%	7%	6%	7%	21%	6%	4%	5%	5%	5%	5%	5%	5%	5%
YoY change (%)		-5%	-3%	34%	48%	-2%	-46%	42%	22%	-8%	41%	10%	23%	7%	8%	8%	8%
Unearned Revenue	572	619	568	727	877	1.069	614	844	1.042	1.498	1.737	1.945	1.928	2.067	2.223	2.399	2.399
% Revenue	13%	13%	12%	14%	15%	17%	20%	58%	18%	18%	19%	19%	20%	20%	20%	20%	17%
YoY change (%)		8%	-8%	28%	21%	22%	-43%	37%	23%	44%	16%	12%	-1%	7%	8%	8%	0%
Operating Current Liabilities	670	599	634	853	1.150	1.242	1.649	1.313	1.866	1.942	1.821	1.850	1.821	1.952	2.100	2.266	2.266
% Revenue	15%	13%	14%	17%	19%	19%	55%	90%	32%	24%	20%	18%	17%	17%	17%	17%	16%
YoY change (%)		-11%	6%	35%	35%	8%	33%	-20%	42%	4%	-6%	2%	-2%	7%	8%	8%	0%
<b>Current Operating Liabilities</b>	<b>1.242</b>	<b>1.218</b>	<b>1.202</b>	<b>1.580</b>	<b>2.027</b>	<b>2.311</b>	<b>2.263</b>	<b>2.157</b>	<b>2.908</b>	<b>3.440</b>	<b>3.558</b>	<b>3.795</b>	<b>3.749</b>	<b>4.019</b>	<b>4.323</b>	<b>4.665</b>	<b>4.665</b>
% Revenue	27%	26%	26%	31%	34%	36%	75%	148%	50%	42%	38%	38%	35%	35%	35%	35%	32%
YoY change (%)		-2%	-1%	31%	28%	14%	-2%	-5%	35%	18%	3%	7%	-1%	7%	8%	8%	0%
<b>NWC</b>	<b>- 1.019</b>	<b>- 1.006</b>	<b>- 997</b>	<b>- 1.305</b>	<b>- 1.621</b>	<b>- 1.915</b>	<b>- 2.049</b>	<b>- 1.853</b>	<b>- 2.537</b>	<b>- 3.097</b>	<b>- 3.075</b>	<b>- 3.265</b>	<b>- 3.097</b>	<b>- 3.319</b>	<b>- 3.570</b>	<b>- 3.853</b>	<b>- 3.785</b>
YoY change (%)		-1%	-1%	31%	24%	18%	7%	-10%	37%	22%	-1%	6%	-5%	7%	8%	8%	-2%

Table 11: Historical and forecasted NWC (FY2014-FY2030)

### 5.3.2 Net Debt

Net Debt (Cash) was calculated as the sum of short-term debt, long-term financial debt and lease liabilities, minus cash and other cash investments, in line with IFRS 16.

As it is visible in *Table 12*, historically easyJet’s net debt has fluctuated between net cash and net debt positions depending on operating performance, capex levels and liquidity needs. The forecasted profile remains consistent with the company’s capital-intensive model: net debt rises temporarily between FY2026 and FY2028 due to the peak investment cycle and then decreases again in FY2029–FY2030 as operations and cash generation stabilise.

Net Debt (£m)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Short Term Debt	91	182	92	8	9	219	1,211	489	684	650	643	257	257	257	257	257	257
YoY change (%)		100%	-49%	-91%	13%	2333%	453%	-60%	40%	-3%	-1%	-60%	0%	0%	0%	0%	0%
Long-term financial debt	299	228	664	870	879	1,324	1,744	3,067	2,760	1,462	1,690	1,875	1,875	1,875	2,012	1,875	1,875
YoY change (%)		-24%	191%	31%	1%	51%	32%	76%	-10%	-47%	16%	11%	0%	0%	7%	-7%	0%
Lease liabilities	173	94	0	93	89	359	486	890	866	772	947	794	794	744	744	744	694
YoY change (%)		-46%	-100%	-4%	303%	35%	83%	-3%	-11%	23%	-16%	0%	0%	-6%	0%	0%	-7%
Cash and Other Cash Investme	985	939	969	1,328	1,373	1,576	2,316	3,536	3,640	2,925	3,461	3,528	3,423	3,376	2,723	3,220	3,619
YoY change (%)		-5%	3%	37%	3%	15%	47%	53%	3%	-20%	18%	2%	-3%	-1%	-19%	18%	12%
<b>NET DEBT (CASH)</b>	<b>- 422</b>	<b>- 435</b>	<b>- 213</b>	<b>- 357</b>	<b>- 396</b>	<b>326</b>	<b>1,125</b>	<b>910</b>	<b>670</b>	<b>- 41</b>	<b>- 181</b>	<b>- 602</b>	<b>- 497</b>	<b>- 500</b>	<b>290</b>	<b>- 344</b>	<b>- 793</b>
YoY change (%)		3%	-31%	68%	11%	-182%	245%	-19%	-26%	-106%	341%	233%	-17%	0%	-158%	-218%	131%

*Table 12: Historical and Forecasted Net Debt (FY 2014-FY2030)*

Short-term debt has historically been marginal and relatively stable; therefore, in the absence of guidance regarding future refinancing, it was kept constant at the FY2025 value. Long-term debt was projected in line with the maturity schedule in the FY2025 Results Presentation (*Appendix 5*). No repayments occur in FY2026-FY2027, while the £1.2bn bond maturing in FY2028 was assumed to be fully repaid. Since no new issuances were announced, a refinancing of the same amount (£1.033bn) was included in FY2028, to reflect to reflect the company’s need to refinance itself during a period characterized by exceptionally high capex levels. The Revolving Credit Facility (RCF) was excluded as it remains undrawn.

Lease liabilities were forecasted following the reductions indicated in the same *Appendix 5*, decreasing by approximately £50m in FY2027 and again in FY2030. No new lease liabilities were added, consistent with easyJet’s stated intention to increase the proportion of owned aircraft and with the absence of any disclosure regarding future lease expansions.

Cash and other cash investments include cash and cash equivalents as well as other short-term financial investments. These were forecasted as the previous year’s cash balance plus the Free Cash Flow generated in each period (see Chapter 6.3 for the calculation). This threshold was met in all projected years except FY2028 (see *Table 13*). In that year, peak capex and working-capital absorption would have reduced cash below the required level. To ensure compliance, cash for FY2028 was set equal to the minimum requirement (£2,723m), and the resulting shortfall (£137.24m) was treated as an additional funding need alongside the refinancing of the maturing bond.

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026E	FY 2027E	FY 2028E	FY 2029F	FY 2030F
unearned revenue	877.00	1,069.00	614.00	844.00	1,042.00	1,498.00	1,737.00	1,945.00	1,928.23	2,067.02	2,223.00	2,399.12	2,399.12
+£500	500	500	500	500	500	500	500	500	500	500	500	500	500
<b>min cash = unearned revenue + £500m</b>	<b>1,377.00</b>	<b>1,569.00</b>	<b>1,114.00</b>	<b>1,344.00</b>	<b>1,542.00</b>	<b>1,998.00</b>	<b>2,237.00</b>	<b>2,445.00</b>	<b>2,428.23</b>	<b>2,567.02</b>	<b>2,723.00</b>	<b>2,899.12</b>	<b>2,899.12</b>
	≤	≤	≤	≤	≤	≤	≤	≤	≤	≤	≥	≤	≤
<b>cash &amp; other cash investments</b>	<b>1,373.00</b>	<b>1,576.00</b>	<b>2,316.00</b>	<b>3,536.00</b>	<b>3,640.00</b>	<b>2,925.00</b>	<b>3,461.00</b>	<b>3,528.00</b>	<b>3,423.20</b>	<b>3,375.32</b>	<b>2,585.76</b>	<b>3,219.00</b>	<b>3,618.12</b>
<i>min requirement respected?</i>	<i>NO</i>	<i>YES</i>	<i>YES</i>	<i>YES</i>	<i>YES</i>	<i>YES</i>	<i>YES</i>	<i>YES</i>	<i>YES</i>	<i>YES</i>	<i>- 137.24</i>	<i>NO</i>	<i>YES</i>

*Table 13: Minimum Cash Requirement vs. Actual Cash and Cash Investments (FY2018–FY2030F)*

Overall, the forecasted Net Debt (Cash), reflects easyJet’s capital-intensive model and its 2028 investment cycle. The rise in net debt between FY2026 and FY2028 is driven by peak Capex and the liquidity required to meet the minimum cash buffer. From FY2029 onward, net debt decreases as Capex returns to maintenance levels and cash generation normalises after the completion of the investment programme.

## 6. Valuation of easyJet PLC

This chapter illustrates the calculation process used in the analysis for the valuation of easyJet plc. It describes the entire process used to estimate the enterprise value and the implied price per share of the company. The description will go into detail on the calculations, starting with the WACC and its respective components and continuing with the different types of valuation in the analysis, including DCF, APV, relative valuation, and sensitivity analysis. All valuation results are computed as of November 20<sup>th</sup>, 2025, which represents the valuation date adopted throughout the analysis. For that reason, the FY2026 cash flow is discounted using a partial-year factor (0.85), as the fiscal year is already in progress at the valuation date.

### 6.1 Weighted Average Cost of Capital (WACC)

The WACC was computed following the methodology described in section 2.1.2, *formula 4*. As mentioned above, it reflects the average return expected by both equity holders and debt holders and therefore represents the firm’s cost of capital. In this valuation, WACC is applied as the discount rate for the Free Cash Flow to Firm used in the DCF method.

*Table 14* shows the inputs used for the calculation of the WACC and reports a resulting WACC of 7.32%.

Re	9,68%
Rd	5,25%
MV of Equity (£m)	3.736,99
MV of Debt (£m)	2.594,71
Statutory Tax rate	25%
<b>WACC</b>	<b>7,32%</b>

*Table 14: Inputs used for the WACC Calculation*

The first component analyzed is risk-free rate. The risk-free rate was estimated using the yield on 10-year UK government bonds observed at the valuation date and obtained from Refinitiv. This rate represents the standard benchmark for long term risk-free returns in the UK market and corresponds to the currency and maturity profile of the cash flows being valued. This results in a risk-free rate of 4.56%

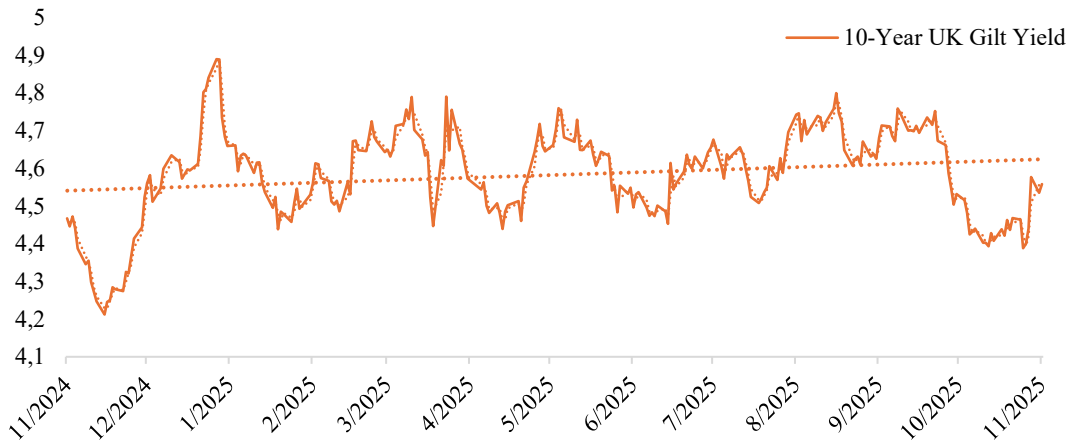


Figure 20: 10-Year UK Gilt Yield and 12-Month Moving Average

Subsequently, beta was estimated using daily returns over the last three-year period (from November 2022 to November 2025), in order to exclude the extraordinary distortions caused by the COVID-19 period. Within this time frame, easyJet’s daily returns were regressed against the daily returns of the FTSE 100 Index, an index in which easyJet is included and which represents the broad UK equity market, comprising the main large-capitalization companies traded on the London Stock Exchange. Using the domestic market index ensures consistency in terms of currency, investor base and risk factors relevant for a UK-listed stock.

As shown in *Appendix 6*, two equivalent approaches were applied to calculate the beta, in order to eliminate potential computation biases. First, beta was computed as the ratio between the covariance of easyJet’s returns and the market returns, and the variance of the market returns. Second, a standard OLS regression of easyJet’s daily excess returns on FTSE 100 excess returns was performed. Both methods yield nearly identical results, with a raw beta of 1.005.

Finally, since raw betas tend to be affected by firm-specific noise and mean-revert towards 1 over time, the beta was adjusted using Damodaran’s adjustment formula:

$$\beta_{adj} = \frac{2}{3} \beta_{raw} + \frac{1}{3} \times 1 \quad (13)$$

The adjusted beta is therefore 1.003 and is used in the CAPM to compute the cost of equity. The expected market return was estimated using the same time window adopted for the beta calculation. Daily returns of the FTSE 100 Index were downloaded, and the average return over the last three years was computed and then annualized by multiplying by 252 trading days. The difference between the annualized market return and the previously calculated risk-free rate

represents the market risk premium, which is used as the equity risk premium in the CAPM. The cost of equity was then obtained using the standard CAPM formula shown in *Formula 5* and discussed in Section 2.1. Based on these inputs, the estimated cost of equity amounts to 9.68%.

R(rM) - daily	0,038%
R(rM) - annual	9,66%
Rf	4,56%
<b>MRP</b>	<b>5,10%</b>
Adjusted beta levered	1,003043
<b>Re - Cost of Equity</b>	<b>9,68%</b>

Table 15: Cost of Equity Computation using CAPM

On the other hand, the cost of debt was estimated using the yield-to-maturity of easyJet’s outstanding bonds, obtained from Refinitiv. As shown in *Appendix 7*, the company currently has two fixed-coupon Eurobonds maturing in 2028 and 2031. The pre-tax cost of debt was calculated as the weighted average of the yields, using the market values of the outstanding bonds as weights. This results in a pre-tax cost of debt of approximately 5.25%.

YTM_2028	4,98%
YTM_2031	5,61%
MV- 2028 Bond (£m)	1.038
MV - 2031 Bond (£m)	763
<b>Rd</b>	<b>5,25%</b>

Table 16: Cost of Debt Computation

At the valuation date, easyJet’s equity value is obtained by combining the number of shares outstanding with the market share price. On 20 November 2025, this corresponds to about 758 million shares and a price of £4.93 per share, giving an equity market value of £3,737 million. The value of debt is derived from the two bonds currently outstanding and from lease liabilities. The market value of bond debt is calculated by adjusting the nominal amounts using observed bond prices, resulting in a value of approximately £1,800 million. Lease liabilities are included in the capital structure in line with IFRS 16 and are measured at book value, which is used as proxy for their economic value due to the absence of observable market prices. Together, these components define the debt value used in the WACC calculation, which results in a value of £2,595m.

Although easyJet holds excess cash relative to debt, excess cash is treated as a non-operating asset and is therefore excluded from the capital structure when computing the WACC. Its value is instead accounted for separately in the equity value bridge.

Price per Share (20/11/2025)	4,93
Shares outstanding (m)	758,01
<b>Equity MV</b>	<b>3.736,99</b>
MV- 2028 Bond (£m)	1.037,71
MV - 2031 Bond (£m)	763,00
BV Lease Liabilities - FY 2025 (£m)	794,00
<b>Debt MV</b>	<b>2.594,71</b>

Table 17: Estimation of Equity and Debt Market Values

Finally, the WACC was calculated by applying a tax rate of 25%, corresponding to the statutory UK corporate tax rate.

## 6.2 Unlevered Cost of Capital

To compute the discount rate used in the APV valuation (the unlevered cost of capital), the standard CAPM formulation for an unlevered firm was applied:

$$R_u = R_f + \beta_u \times MRP \quad (14)$$

Where  $\beta_u$  is the unlevered beta and was obtained by unlevering the adjusted levered beta through the Hamada equation:

$$\beta_u = \frac{\beta_{adj}}{1 + (1 - t_c) \frac{D}{E}} \quad (15)$$

This resulted in an unlevered beta of 0.66. Substituting the risk-free rate (4.56%) and the market risk premium (5.10%) yields an unlevered cost of capital of 7.93%, which is used as the discount rate in the APV analysis.

Adjusted Beta levered	1,00304
Beta unlevered	0,66
Market Risk Premium (MRP)	5,10%
Rf	4,56%
<b>Unlevered cost of capital</b>	<b>7,93%</b>

Table 18: Unlevered Cost of Capital of easyJet PLC

### 6.3 FCFF

Free Cash Flow to the Firm was computed according to the method described in Section 2.1.1. The historical values used in the analysis are reported in *Table 19*. Historically, FCFF shows considerable variability: the pre-Covid period (FY2014-FY2018) is characterized by positive and stable cash generation, while FY2020-FY2021 display large negative values due to the collapse in operations, high fixed costs and significant working capital adjustments.

Consolidated FCFF (£m)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Total Revenue	4,527	4,686	4,669	5,047	5,898	6,385	3,009	1,458	5,769	8,171	9,309	10,106
YoY change (%)		4%	0%	8%	17%	8%	-53%	-52%	296%	42%	14%	9%
EBIT	581	688	510	404	460	466	899	910	27	453	589	696
YoY change (%)		18%	-26%	-21%	14%	1%	-293%	1%	-97%	1578%	30%	18%
tax rate (%)	22,55%	20,12%	13,81%	20,78%	19,55%	18,84%	15,24%	17,18%	18,75%	25,00%	24,92%	24,92%
<b>NOPAT</b>	<b>450</b>	<b>550</b>	<b>440</b>	<b>320</b>	<b>370</b>	<b>378</b>	<b>-762</b>	<b>-754</b>	<b>22</b>	<b>340</b>	<b>442</b>	<b>523</b>
(+) D&A	242	252	260	305	376	504	541	485	566	673	770	743
(-) CAPEX	449	536	586	630	1,012	984	695	149	530	754	806	1,001
(-) $\Delta$ NWC		13	9	308	316	294	134	196	684	560	22	190
<b>FCFF</b>	<b>253</b>	<b>105</b>	<b>303</b>	<b>50</b>	<b>192</b>	<b>-782</b>	<b>-614</b>	<b>698</b>	<b>819</b>	<b>384</b>	<b>455</b>	

*Table 19: Historical FCFF (FY2014-FY2025)*

The change in Net Working Capital ( $\Delta$ NWC) was calculated as the annual variation in NWC, following the definition provided earlier in this chapter. Increases in NWC represent cash outflows, while decreases contribute positively to FCFF.

Forecasted FCFF for FY2026-FY2030 shown in *Table 20*, reflect the assumptions outlined in the previous sections. FY2026 and FY2027 display negative free cash flows, driven primarily by the peak investment phase associated with easyJet's 2028 PPE target and by temporary working-capital absorption. FCFF turns strongly positive again from FY2028 onwards, supported by the normalization of working-capital dynamics, the gradual completion of the investment cycle and the return of Capex to maintenance levels. As a result, cash generation improves markedly in FY2029 and FY2030.

These FCFF values form the basis for the intrinsic valuation of easyJet. They were used both in the DCF model and in the APV framework to derive the intrinsic enterprise value and the corresponding intrinsic equity value.

Consolidated FCFF (£m)	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
Total Revenue	10.106	10.712	11.483	12.350	13.328	14.438
YoY change (%)	9%	6%	7%	8%	8%	8%
EBIT	696	635	604	563	700	855
YoY change (%)	18%	-9%	-5%	-7%	24%	22%
tax rate (%)	24,92%	25,00%	25,00%	25,00%	25,00%	25,00%
<b>NOPAT</b>	<b>523</b>	<b>476</b>	<b>453</b>	<b>422</b>	<b>525</b>	<b>641</b>
(+) D&A	743	863	1.002	1.163	1.163	1.163
(-) CAPEX	1.001	1.275	1.725	2.475	1.338	1.338
(-) ΔNWC	- 190	168	- 223	- 100	- 283	68
<b>FCFF</b>	<b>455</b>	<b>- 105</b>	<b>- 48</b>	<b>- 789</b>	<b>633</b>	<b>399</b>

Table 20: Forecasted FCFF (FY 2026 – FY 2030)

#### 6.4 Intrinsic Valuation of easyJet plc: DCF Approach

Before presenting the results of the intrinsic valuation, *Table 21* summarizes the main assumptions and parameters used in the DCF model, including the WACC, the unlevered and levered cost of equity, the cost of debt, and the perpetual growth rate adopted for the terminal value.

Key Valuation Parameters	
Perpetual Growth Rate	1,50%
WACC	7,32%
Re	9,68%
Ru	7,93%
Rd	5,25%
D/E	69%
Tax Rate	25%

Table 21: Key Valuation Parameters used for the DCF and APV model

The perpetual growth rate was set at 1.50%, a conservative assumption consistent with long-term inflation expectations in the UK and the Eurozone and with the notion of easyJet converging to a steady-state mature growth profile after the completion of its investment cycle. The intrinsic valuation was then carried out by discounting the forecasted Free Cash Flows to the Firm for the period FY2026-FY2030, considering the partial year discount factor for FY2026. Each annual FCFF was discounted using the WACC, resulting in the present values shown in *Table 22*. The terminal value was computed using the Gordon Growth formula, reflecting the company's steady-state operating conditions from FY2030 onwards.

Summing, the present value of the explicit FCFFs and the present value of the terminal value bring to an Enterprise Value of £4,865 million. Then, to obtain the intrinsic equity value, Net Debt (Cash) from FY2025 was deducted, in line with standard DCF practice. The resulting

equity value amounts to £5,467 million. Finally, dividing this amount by the 758 million shares outstanding leads to an intrinsic value per share of £7.21.

FCFF Valuation (£m)	FY 2026E	FY 2027F	FY 2028F	FY 2029F	FY 2030F	TV
FCFF	- 105	- 48	- 789	633	399	405
Terminal Value						6.958
Discount Factor (WACC)	0,94	0,87	0,81	0,75	0,70	
PV FCFF	- 99	- 41	- 639	477	280	
PV Terminal Value						4.886
<b>Enterprise Value</b>						<b>4.865</b>
(-) Net Debt (Cash)						- 602
<b>Equity Value</b>						<b>5.467</b>
N. Shares Outstanding (m)						758
<b>Equity Value per Share</b>						<b>7,21</b>

Table 22: FCFF-Based Intrinsic Valuation Using the DCF Approach

### 6.5 Intrinsic Valuation of easyJet plc: APV Approach

In addition to the standard DCF valuation, an Adjusted Present Value (APV) approach was applied, as it is well suited for capital-intensive businesses like airlines, where leverage and investment cycles fluctuate over time. The first step consisted of calculating the Interest Tax Shield (ITS) using forecasted gross debt (short-term plus long-term financial debt). The tax shield was computed as:

$$ITS_t = \text{Gross Debt} \times R_d \times t_c \quad (16)$$

and each annual ITS was discounted at the unlevered cost of capital ( $R_u$ ), since the benefit of the tax shield carries the same risk as the underlying operating cash flows. The resulting present value, shown in Table 23, amounts to £114m. Any interest earned on excess cash does not affect the tax shield in the APV framework. Excess cash is treated as a non-operating asset and added separately to the operating value.

Interest Tax Shield (£m)	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	
Gross Debt	2.132	2.132	2.269	2.132	2.132	
Interest	112	112	119	112	112	
<b>ITS</b>	<b>28</b>	<b>28</b>	<b>30</b>	<b>28</b>	<b>28</b>	
<b>PV</b>	<b>26</b>	<b>24</b>	<b>24</b>	<b>21</b>	<b>19</b>	
<b>PV (ITS)</b>						<b>114</b>

Table 23: PV of ITS

To be noted that expected bankruptcy costs are not explicitly included in the APV. According to S&P, easyJet long term credit rating is BBB+ (with a stable outlook), which falls within the investment-grade category. This suggest that the probability of financial distress is considered

low and such costs are difficult to estimate reliably. Additionally, the effects of derivative financial instruments are implicitly incorporated in the forecast through revenues and operating costs and are therefore not taken directly into account in the valuation analysis.

The unlevered firm value was obtained by discounting FCFF and the terminal value using the unlevered cost of capital. This produced a value of £4,280m. Adding the present value of the tax shield yields a levered value of £4,394m. After subtracting Net Debt (Cash) of FY 2025, the intrinsic equity value amounts to £4,996m, corresponding to £6.59 per share.

FCFF Valuation (£m)	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	TV
FCF	-105	-48	-789	633	399	405
Terminal Value						6,308
FCF +TV	-105	-48	-789	633	399	
Discount factor (Ru)	0,94	0,86	0,80	0,74	0,68	
PV FCF	-98	-41	-628	467	273	
PV Terminal Value						4,308
<b>Value Unlevered</b>						<b>4,280</b>
(+) PV (ITS)						<b>114</b>
<b>Value Levered</b>						<b>4,394</b>
(-) Net Debt (Cash)						- 602
<b>Equity Value</b>						<b>4,996</b>
N. Shares Outstanding (m)						758,01
<b>Equity Value per Share</b>						<b>6,59</b>

Table 24: FCFF-Based Intrinsic Valuation Using the APV Approach

The APV estimate is slightly lower than the DCF result, mainly because cash flows are discounted at the higher unlevered cost of capital and financing benefits are added separately, leading to a more conservative valuation.

## 6.6 Sensitivity Analysis: DCF and APV

To assess the robustness of the intrinsic valuation, a two-way sensitivity analysis was performed on both the DCF and APV approaches. The analysis varies the two key long-term assumptions that most influence the valuation: the discount rate (WACC in the DCF, unlevered cost of capital in the APV) and the perpetual growth rate, which affects the terminal value component. For the DCF valuation, the base-case equity value per share (£7.21) proves particularly sensitive to changes in the WACC. A lower WACC significantly increases the valuation, while a higher WACC reduces it to approximately £6.3 per share. The valuation is also affected by the perpetual growth rate, with values ranging from £6 to over £9 depending on the assumption set.

		WACC						
		6,6%	6,8%	7,1%	7,3%	7,6%	7,8%	8,1%
g rate	7,21							
	0,75%	7,406528203	7,05587437	6,7336968	6,436738599	6,162220217	5,907755093	5,6712826
	1,00%	7,720904497	7,34168303	6,99446074	6,675434239	6,381378745	6,109542119	5,85756134
	1,25%	8,06480205	7,65312672	7,2776095	6,933776987	6,617863223	6,326675157	6,05748772
	1,50%	8,442583974	7,99381628	7,58615469	7,214296696	6,873812807	6,560974017	6,27261862
	1,75%	8,859517736	8,36807413	7,92367359	7,519977044	7,151733916	6,814558085	6,50475705
	2,00%	9,322022266	8,7811186	8,29444836	7,854362064	7,454582586	7,089910614	6,75600287
	2,25%	9,838000786	9,23930873	8,70364877	8,221694182	7,785870023	7,389960321	7,02881642

Table 25: DCF – Sensitivity Analysis: WACC vs growth rate

The APV sensitivity displays a similar pattern. Because operating cash flows are discounted at the higher unlevered cost of capital, the APV valuation (£6.59 in the base case) reacts even more strongly to variations in the discount rate. Lower discount rates push the valuation above £7 per share, while higher rates bring it below £6. Perpetual growth assumptions also influence the results, though again less significantly than the discount rate.

		Unlevered Cost of Capital						
		7,2%	7,4%	7,7%	7,9%	8,2%	8,4%	8,7%
g rate	6,59							
	0,75%	6,76399902	6,47535332	6,20815617	5,960159038	5,72941632	5,514235967	5,3131395
	1,00%	7,01556629	6,70591781	6,42009365	6,155506817	5,90993097	5,681439685	5,4683576
	1,25%	7,28836281	6,95515144	6,64852428	6,365487359	6,10347915	5,860295208	5,6340281
	1,50%	7,58519422	7,22541741	6,89545128	6,591808767	6,31152529	6,052064464	5,8112435
	1,75%	7,9093833	7,5194953	7,16321596	6,836455757	6,53576176	6,258198431	6,0012542
	2,00%	8,26489492	7,84067708	7,45457219	7,101748017	6,778155	6,480373919	6,2054979
	2,25%	8,656499	8,19289084	7,77278146	7,390413992	7,04100331	6,720539288	6,425636

Table 26: APV – Sensitivity Analysis: Unlevered Cost of Capital vs growth rate

Overall, both methodologies highlight that easyJet’s intrinsic value is most sensitive to the discount rate rather than to long-term growth assumptions. Despite these variations, the central estimates obtained through DCF and APV remain broadly consistent, with a reasonable valuation range concentrated between £6 and £9 per share.

## 6.7 Relative Valuation approach

For the relative valuation, I selected a group of airlines that I found to be the most reasonable comparison for easyJet. As shown in *Table 27*, the peers include both low-cost carriers (Ryanair, Wizz Air and Jet2) and some of the larger European network airlines such as IAG, Lufthansa and Air France-KLM. The choice was mainly made because of their operating and financial figures, that are close enough to easyJet’s, and this makes the comparison more meaningful. In particular, the selected peers show broadly comparable profitability and growth profiles, as reflected in similar EBITDA and operating margins as well as revenue CAGR figures, supporting the use of this peer group for relative valuation purposes.

easyJet & Peers	EV (£m)	Revenues (£m)	EBITDA (£m)	EBITDA margin (%)	Operating margin (%)	Revenue CAGR last 3y (%)	Passengers carried (m)	Fleet Size	CASK	Load Factor
easyJet PLC	3.760,65	10.106	1.439	14,24%	6,89%	7%	93.436	356	4,46	89,80%
Ryanair Holdings PLC	19.328,43	11.601	2.693	23,21%	6,18%	42%	200.200	618	4,61	94,00%
Wizz Air Holdings PLC	6.281,59	4.378	1.030	23,52%	9,23%	46%	63.403	231	4,33	91,20%
International Consolidated Airlines Group SA	20.902,56	27.175	5.642	20,76%	6,18%	11%	122.047	601	0,08	86,50%
Deutsche Lufthansa AG	10.920,60	31.816	3.243	10,19%	6,19%	6%	131.300	735	2,39	83,10%
Air France KLM SA	10.908,96	26.633	3.625	13,61%	6,18%	6%	97.955	574	8,24	87,80%
Jet2 PLC	1.367,50	6.255	677	10,82%	6,18%	72%	6.908	135	11,62	85,69%

Table 27: Selected Peer Group for easyJet

For the relative valuation, I focused on the multiples that are most commonly used in the airline industry, namely EV/Sales and EV/EBITDA, as they tend to capture both the scale of the business and its operating performance. As an additional reference point, I also included the P/E ratio, mainly to have a view based on earnings rather than enterprise value.

After collecting the data for each peer, I computed the corresponding multiples and used the median in order to limit the effect of any extreme value. Each median multiple was then applied to easyJet's own figures: revenues for EV/Sales, EBITDA for EV/EBITDA, and EPS for the P/E ratio. This allowed me to obtain the implied firm value in each case, shown in Table 28. I added then the market value of debt and deducted excess cash to arrive at the implied equity value, and finally divided by the number of shares outstanding to determine the value per share. As expected, the three approaches lead to slightly different results, but they remain within a relatively narrow range. Taking the average of the three, the relative valuation indicates an implied share price for easyJet of £6.44.

easyJet & Peers	EV	Revenues (£m)	EBITDA	P	EPS	EV/Sales	EV/EBITDA	P/E
easyJet PLC	3.761	10.106	1.439	4,93	0,66	0,37	2,61	7,47
Ryanair Holdings PLC	19.328	11.601	2.693	17,98	0,58	1,67	7,18	31,00
Wizz Air Holdings PLC	6.282	4.378	1.030	21,46	3,15	1,43	6,10	6,81
International Consolidated Airlines Group SA	20.903	27.175	5.642	3,02	0,94	0,77	3,70	3,21
Deutsche Lufthansa AG	10.921	31.816	3.243	5,11	0,98	0,34	3,37	5,21
Air France KLM SA	10.909	26.633	3.625	6,72	0,79	0,41	3,01	8,51
Jet2 PLC	1.368	6.255	677	14,42	1,70	0,22	9,24	8,48
<b>Median Multiple</b>						<b>0,59</b>	<b>4,90</b>	<b>7,65</b>

EV/SALES		EV/EBITDA		P/EPS	
median Multiple	0,59	median Multiple	4,90	average Multiple	7,65
sales easyJet	10.106,00	EBITDA easyJet	1.439,00	EPS easyJet	0,66
<b>Implied Firm Value (£m)</b>	<b>5.956,37</b>	<b>Implied Firm Value (£m)</b>	<b>7.054,71</b>	<b>Value per Share</b>	<b>5,05</b>
(+) MV Debt (£m)	2.594,71	(+) MV Debt (£m)	2.594,71		
(-) Excess Cash (£m)	1.504,00	(-) Excess Cash (£m)	1.504,00		
<b>Implied Equity Value (£m)</b>	<b>4.865,66</b>	<b>Implied Equity Value (£m)</b>	<b>5.964,00</b>		
Share Outstanding	758,01	Share Outstanding	758,01		
<b>Value per Share (£)</b>	<b>6,42</b>	<b>Value per Share (£)</b>	<b>7,87</b>		

<b>Average Value per Share</b>	<b>6,44</b>
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Table 28: Relative Valuation Results for easyJet

## 7. My Recommendation vs J.P. Morgan Cazenove Report

Based on the assumptions and valuation work developed in this thesis, easyJet’s intrinsic value is estimated at £7.21 per share, as derived from the DCF model. The DCF approach was selected as the primary valuation method, since it best captures the company’s multi-year investment cycle, the 2028 fleet-related targets and the expected 50normalization in profitability and cash generation once the peak capex phase is completed.

The APV (£6.59) and the relative valuation (£6.44) were used as cross-checks, and both fall reasonably close to the DCF estimate. The APV gives a more conservative view due to its explicit treatment of leverage, while the relative valuation highlights that easyJet trades at a discount to several peers based on standard industry multiples.

At the time of the valuation, the market price of easyJet’s shares was £4.93, significantly below the intrinsic value estimated in this thesis. Based on this gap, and on the consistency across the three valuation approaches, easyJet appears undervalued.

Therefore, the resulting investment recommendation of this thesis is BUY.

DCF (base case)	£	7,21
APV	£	6,59
Relative Valuation	£	6,44
Valuation Range		£6,44 - 7,21
Market Price at Valuation Date	£	4,93
<b>FINAL RECOMMENDATION</b>		<b>BUY</b>

Table 29: Valuation Results and Final Recommendation

The equity research selected for comparison is the report published by J.P. Morgan Cazenove analysts on 15<sup>th</sup> October, 2025. Their valuation implies a target price of £5.00 per share, which is below the intrinsic value estimated in this thesis. A detailed comparison between the two approaches is reported in Table 30 and Table 31.

The difference in valuation outcomes is mainly driven by methodology and time horizon. While J.P. Morgan relies on relative valuation based on trading multiples, this thesis adopts a DCF approach as the primary valuation method, supported by APV and multiples as cross-checks. In addition, the two valuations are based on different information sets: the analysis in this thesis

incorporates easyJet's FY2025 financial statements, whereas J.P. Morgan's estimates were based on Q3 FY2025 results and assumptions for Q4. This timing difference may further explain the divergence in target prices.

	<b>This Thesis</b>	<b>J.P. Morgan Cazenove</b>
Valuation Date	01/05/2026	15/10/2025
Valuation Approach	DCF APV Relative Valuation	Relative Valuation
Multiple Used	EV/Sales EV/Ebitda P/E	EV/Ebit EV/Ebitda P/E
Peer Group	Ryanair Holdings PLC Wizz Air Holdings PLC International Consolidated Airlines Group SA Deutsche Lufthansa AG Air France KLM SA Jet2 PLC	Ryanair Holdings PLC Wizz Air Holdings PLC International Consolidated Airlines Group SA Deutsche Lufthansa AG Air France KLM SA Jet2 PLC
Target Price	£7,21	£5,00
Recommendation	BUY	HOLD

Table 30: Valuation comparison with J.P. Morgan Cazenove report

<b>Key Metrics (£m)</b>		<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026E</b>	<b>FY 2027F</b>
Revenues	My thesis	9.309	10.106	10.712	11.483
	J.P. Morgan Cazenove	9.309	10.076	10.715	11.244
Revenues growth	My thesis	13,93%	8,56%	6,00%	7,20%
	J.P. Morgan Cazenove	13,93%	8,20%	6,30%	4,90%
EBIT	My thesis	589	696	635	604
	J.P. Morgan Cazenove	589	663	681	731
EBIT margin	My thesis	6,33%	6,89%	5,93%	5,26%
	J.P. Morgan Cazenove	6,33%	6,60%	6,40%	6,50%

Table 31: Operating Forecast Comparison with J.P. Morgan Cazenove

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## **Appendix**

Appendix 1: Historical Balance Sheets (FY2014–FY2025)

Appendix 2: Historical Income Statements (FY2014–FY2025)

Appendix 3: Historical and Forecasted Balance Sheets (FY2026–FY2030)

Appendix 4: Forecasted Income Statements (FY2026–FY2030)

Appendix 5: easyJet Debt Maturity Profile (FY2026–FY32+).

Source: easyJet FY2025 Results Presentation

Appendix 6: Estimation of easyJet's Equity Beta (Daily Data, FTSE 100 Benchmark)

Appendix 7: Outstanding Eurobonds of easyJet plc and Yield-to-Maturity Data

## Appendix 1: Historical Balance Sheets (FY2014–FY2025)

CONDENSED BALANCE SHEET (£m)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
<b>Current Assets</b>												
Trade & Other receivable	200	206	205	275	406	372	193	291	367	343	483	530
Current Intangible Assets	-	-	-	-	-	-	12	140	495	676	572	518
Derivative financial Instruments - ST	53	128	268	131	220	147	21	185	423	186	29	49
Other investments	561	289	255	617	348	291	32	-	126	-	2,118	2,024
Cash and cash equivalents	424	650	714	711	1,025	1,285	2,284	3,536	3,514	2,925	1,343	1,504
Other current Assets	23	6	-	-	-	24	21	13	4	-	-	-
<b>Total Current Assets</b>	<b>1,261</b>	<b>1,279</b>	<b>1,442</b>	<b>1,734</b>	<b>1,999</b>	<b>2,119</b>	<b>2,563</b>	<b>4,165</b>	<b>4,929</b>	<b>4,130</b>	<b>4,545</b>	<b>4,625</b>
<b>Non-current assets</b>												
Goodwill	365	365	365	365	365	365	365	365	365	365	387	387
Other intangible assets	117	127	152	179	181	196	232	217	217	276	406	384
Property, plant and equipment	2,542	2,877	3,252	3,525	4,140	4,665	4,409	3,639	3,682	3,936	4,285	4,791
Right-of-use assets	-	-	-	-	-	498	644	1,096	947	928	1,190	1,015
Derivative financial instruments - LT	36	44	154	87	175	126	89	86	127	35	2	63
Equity investments - LT	-	-	-	-	-	48	33	30	31	31	51	64
Other non-current assets	161	136	119	81	133	146	138	175	156	140	169	178
<b>Total Non-current assets</b>	<b>3,221</b>	<b>3,549</b>	<b>4,042</b>	<b>4,237</b>	<b>4,994</b>	<b>6,044</b>	<b>5,910</b>	<b>5,608</b>	<b>5,525</b>	<b>5,711</b>	<b>6,490</b>	<b>6,882</b>
<b>Total Assets</b>	<b>4,482</b>	<b>4,828</b>	<b>5,484</b>	<b>5,971</b>	<b>6,993</b>	<b>8,163</b>	<b>8,473</b>	<b>9,773</b>	<b>10,454</b>	<b>9,841</b>	<b>11,035</b>	<b>11,507</b>
<b>Current Liabilities</b>												
Operating current liabilities	670	599	634	853	1,150	1,242	1,649	1,313	1,866	1,942	1,821	1,850
Unearned revenue	572	619	568	727	877	1,069	614	844	1,042	1,498	1,737	1,945
Short Term Debt	91	182	92	8	9	219	1,211	489	684	650	643	257
Derivatives Liabilities - ST	87	368	275	82	24	138	352	31	86	54	270	100
<b>Total Current liabilities</b>	<b>1,420</b>	<b>1,768</b>	<b>1,569</b>	<b>1,670</b>	<b>2,060</b>	<b>2,668</b>	<b>3,826</b>	<b>2,677</b>	<b>3,678</b>	<b>4,144</b>	<b>4,471</b>	<b>4,152</b>
<b>Non-current liabilities</b>												
Long-term financial debt	299	228	664	870	879	1,324	1,744	3,067	2,760	1,462	1,690	1,875
Lease liabilities	173	94	-	93	89	359	486	890	866	772	947	794
Deferred revenue	62	47	36	25	18	6	5	6	5	7	10	23
Derivatives liabilities - LT	23	101	49	44	7	72	85	37	22	14	51	58
Deferred tax liabilities	186	176	237	249	343	305	51	-	-	22	70	258
Other non-current liabilities	147	165	235	218	364	444	377	457	590	633	823	849
<b>Total Non-current liabilities</b>	<b>890</b>	<b>811</b>	<b>1,221</b>	<b>1,499</b>	<b>1,700</b>	<b>2,510</b>	<b>2,748</b>	<b>4,457</b>	<b>4,243</b>	<b>2,910</b>	<b>3,591</b>	<b>3,857</b>
<b>Total Liabilities</b>	<b>2,310</b>	<b>2,579</b>	<b>2,790</b>	<b>3,169</b>	<b>3,760</b>	<b>5,178</b>	<b>6,574</b>	<b>7,134</b>	<b>7,921</b>	<b>7,054</b>	<b>8,062</b>	<b>8,009</b>
<b>Common shareholders' equity</b>	<b>2,172</b>	<b>2,249</b>	<b>2,694</b>	<b>2,802</b>	<b>3,233</b>	<b>2,985</b>	<b>1,899</b>	<b>2,639</b>	<b>2,533</b>	<b>2,787</b>	<b>2,973</b>	<b>3,498</b>
<b>Total Liabilities and Equity</b>	<b>4,482</b>	<b>4,828</b>	<b>5,484</b>	<b>5,971</b>	<b>6,993</b>	<b>8,163</b>	<b>8,473</b>	<b>9,773</b>	<b>10,454</b>	<b>9,841</b>	<b>11,035</b>	<b>11,507</b>

## Appendix 2: Historical Income Statements (FY2014–FY2025)

CONDENSED INCOME STATEMENT (£m)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025												
<b>Operating items</b>																								
Revenue	4.527	4.686	4.669	5.047	5.898	6.385	3.009	1.458	5.769	8.171	9.309	10.106												
<i>Passenger revenue</i>	4.462	4.616	4.587	4.061	4.688	5.009	2.303	1.000	3.816	5.221	5.715	6.072												
<i>Airline ancillary revenue</i>	65	70	82	986	1.210	1.376	706	424	1.585	2.174	2.457	2.594												
<i>Holidays revenue</i>	-	-	-	-	-	-	-	34	368	776	1.137	1.440												
Operating costs	3.704	3.746	3.899	4.338	5.062	5.415	3.367	1.883	5.230	7.045	7.950	8.667												
<i>Fuel</i>	1.251	1.199	1.114	1.062	1.184	1.416	721	371	1.279	2.033	2.223	2.253												
<i>Airports and ground handling</i>	1.107	1.122	1.267	1.465	1.649	1.845	938	446	1.716	1.800	1.989	2.161												
<i>Crew</i>	479	505	542	645	761	859	629	495	767	941	1.074	1.198												
<i>Navigation</i>	307	313	336	381	400	409	206	102	339	422	463	533												
<i>Maintenance</i>	212	229	237	274	335	302	278	222	301	341	390	451												
<i>easyjet holidays direct operating costs</i>	-	-	-	-	-	-	-	-	-	582	840	1.072												
<i>Selling and Marketing</i>	103	102	107	122	143	157	107	60	173	232	257	273												
<i>Other costs</i>	245	276	296	389	590	427	488	187	655	694	714	726												
<b>EBITDA</b>	<b>823</b>	<b>940</b>	<b>770</b>	<b>709</b>	<b>836</b>	<b>970</b>	<b>-</b>	<b>358</b>	<b>-</b>	<b>425</b>	<b>539</b>	<b>1.126</b>	<b>1.359</b>	<b>1.439</b>										
Depreciation & Amortization	242	252	260	305	376	504	541	485	566	673	770	743												
<b>EBIT</b>	<b>581</b>	<b>688</b>	<b>510</b>	<b>404</b>	<b>460</b>	<b>466</b>	<b>-</b>	<b>899</b>	<b>-</b>	<b>910</b>	<b>-</b>	<b>27</b>	<b>453</b>	<b>589</b>	<b>696</b>									
Interest Expenses	-	11	-	11	-	13	-	29	-	30	-	60	-	491	-	209	-	143	-	180	-	132	-	156
Interest Income	11	9	10	10	15	24	117	83	26	132	141	130												
Other Financial Items (FX)	-	-	-	-	-	-	-	-	64	27	4	12												
<b>EBT</b>	<b>581</b>	<b>686</b>	<b>507</b>	<b>385</b>	<b>445</b>	<b>430</b>	<b>-</b>	<b>1.273</b>	<b>-</b>	<b>1.036</b>	<b>-</b>	<b>208</b>	<b>432</b>	<b>602</b>	<b>658</b>									
Tax Expense	131	138	70	80	87	81	-	194	-	178	-	39	108	150	164									
<b>Net Income</b>	<b>450</b>	<b>548</b>	<b>437</b>	<b>305</b>	<b>358</b>	<b>349</b>	<b>-</b>	<b>1.079</b>	<b>-</b>	<b>858</b>	<b>-</b>	<b>169</b>	<b>324</b>	<b>452</b>	<b>494</b>									

### Appendix 3: Historical and Forecasted Balance Sheets (FY2014–FY2030)

CONDENSED BALANCE SHEET (£)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026E	FY 2027F	FY 2028F	FY 2029F	FY 2030F
<b>Current Assets</b>																	
Trade & Other receivable	200	206	205	275	406	372	193	291	367	343	483	530	653	700	753	812	880
YoY change (%)						-8%	-48%	51%	26%	-7%	41%	10%	23%	7%	8%	8%	8%
% of total revenue																	
Current Intangible Assets	-	-	-	-	-	-	12	140	495	676	572	518	507	507	507	507	507
YoY change (%)								1067%	254%	37%	-15%	-9%	-2%	0%	0%	0%	0%
Derivative financial Instruments - ST	53	128	268	131	220	147	21	185	423	186	29	49	49	49	49	49	49
YoY change (%)						-33%	-86%	781%	129%	-56%	-84%	69%	0%	0%	0%	0%	0%
Cash and Other Investments	985	939	969	1,328	1,373	1,576	2,316	3,536	3,640	2,925	3,461	3,528	3,423	3,376	2,723	3,220	3,619
YoY change (%)						15%	47%	53%	3%	-20%	18%	2%	-3%	-1%	-19%	18%	12%
Other current Assets	23	6	-	-	-	24	21	13	4	-	-	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>1,261</b>	<b>1,279</b>	<b>1,442</b>	<b>1,734</b>	<b>1,999</b>	<b>2,119</b>	<b>2,563</b>	<b>4,165</b>	<b>4,929</b>	<b>4,130</b>	<b>4,545</b>	<b>4,625</b>	<b>4,632</b>	<b>4,631</b>	<b>4,031</b>	<b>4,587</b>	<b>5,054</b>
						6%	21%	63%	18%	-16%	10%	2%	0,14%	-0,02%	-13%	14%	10%
<b>Non-current assets</b>																	
Goodwill	365	365	365	365	365	365	365	365	365	365	387	387	387	387	387	387	387
YoY change (%)						0%	0%	0%	0%	0%	6%	0%	0%	0%	0%	0%	0%
Other intangible assets	117	127	152	179	181	196	232	217	217	276	406	384	388	450	522	522	522
YoY change (%)						8%	18%	-6%	0%	27%	47%	-5%	1%	16%	16%	0%	0%
% of PPE						4%	5%	6%	6%	7%	9%	8%	7%	7%	7%	7%	7%
Property, plant and equipment	2,542	2,877	3,252	3,525	4,140	4,665	4,409	3,639	3,682	3,936	4,285	4,791	5,563	6,459	7,500	7,500	7,500
YoY change (%)						13%	-5%	-17%	1%	7%	9%	12%	16%	16%	16%	0%	0%
Right-of-use assets	-	-	-	-	-	498	644	1,096	947	928	1,190	1,015	1,044	1,044	1,044	1,044	1,044
YoY change (%)							29%	70%	-14%	-2%	28%	-15%	3%	0%	0%	0%	0%
Derivative financial instruments - LT	36	44	154	87	175	126	89	86	127	35	2	63	33	33	33	33	33
YoY change (%)						-28%	-29%	-3%	48%	-72%	-94%	3050%	-47%	0%	0%	0%	0%
Equity investments - LT	-	-	-	-	-	48	33	30	31	31	51	64	33	33	33	33	33
YoY change (%)							-31%	-9%	3%	0%	65%	25%	-48%	0%	0%	0%	0%
Other non-current assets	161	136	119	81	133	146	138	175	156	140	169	178	178	178	178	178	178
YoY change (%)						10%	-5%	27%	-11%	-10%	21%	5%	0%	0%	0%	0%	0%
<b>Total Non-current assets</b>	<b>3,221</b>	<b>3,549</b>	<b>4,042</b>	<b>4,237</b>	<b>4,994</b>	<b>6,044</b>	<b>5,910</b>	<b>5,608</b>	<b>5,525</b>	<b>5,711</b>	<b>6,490</b>	<b>6,882</b>	<b>7,626</b>	<b>8,585</b>	<b>9,698</b>	<b>9,698</b>	<b>9,698</b>
YoY change (%)																	
<b>Total Assets</b>	<b>4,482</b>	<b>4,828</b>	<b>5,484</b>	<b>5,971</b>	<b>6,993</b>	<b>8,163</b>	<b>8,473</b>	<b>9,773</b>	<b>10,454</b>	<b>9,841</b>	<b>11,035</b>	<b>11,507</b>	<b>12,258</b>	<b>13,216</b>	<b>13,729</b>	<b>14,285</b>	<b>14,752</b>
YoY change (%)						17%	4%	15%	7%	-6%	12%	4%	7%	8%	4%	4%	3%

CONDENSED BALANCE SHEET (£	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026E	FY 2027F	FY 2028F	FY 2029F	FY 2030F
<b>Current Liabilities</b>																	
Operating current liabilities	670	599	634	853	1.150	1.242	1.649	1.313	1.866	1.942	1.821	1.850	1.821	1.952	2.100	2.266	2.454
YoY change (%)						8%	33%	-20%	42%	4%	-6%	2%	-2%	7%	8%	8%	8%
% of total revenue						19%	19%	55%	90%	32%	24%	20%	18%	17%	17%	17%	17%
Unearned revenue	572	619	568	727	877	1.069	614	844	1.042	1.498	1.737	1.945	1.928	2.067	2.223	2.399	2.399
YoY change (%)						22%	-43%	37%	23%	44%	16%	12%	-1%	7%	8%	8%	0%
% of total revenue						15%	17%	20%	58%	18%	18%	19%	19%	18%	18%	18%	18%
Short Term Debt	91	182	92	8	9	219	1.211	489	684	650	643	257	257	257	257	257	257
YoY change (%)						2333%	453%	-60%	40%	-5%	-1%	-60%	0%	0%	0%	0%	0%
Derivatives Liabilities - ST	87	368	275	82	24	138	352	31	86	54	270	100	141	141	141	141	141
YoY change (%)						475%	155%	-91%	177%	-37%	400%	-63%	41%	0%	0%	0%	0%
<b>Total Current liabilities</b>	<b>1.420</b>	<b>1.768</b>	<b>1.569</b>	<b>1.670</b>	<b>2.060</b>	<b>2.668</b>	<b>3.826</b>	<b>2.677</b>	<b>3.678</b>	<b>4.144</b>	<b>4.471</b>	<b>4.152</b>	<b>4.148</b>	<b>4.418</b>	<b>4.721</b>	<b>5.063</b>	<b>5.252</b>
YoY change (%)						30%	43%	-30%	37%	13%	8%	-7%	0%	7%	7%	7%	4%
<b>Non-current liabilities</b>																	
Long-term financial debt	299	228	664	870	879	1.324	1.744	3.067	2.760	1.462	1.690	1.875	1.875	1.875	1.875	1.875	1.875
YoY change (%)						51%	32%	76%	-10%	-47%	16%	11%	0%	0%	0%	0%	0%
Lease liabilities	173	94	-	93	89	359	486	890	866	772	947	794	794	744	744	744	694
YoY change (%)						303%	35%	83%	-3%	-11%	23%	-16%	0%	-6%	0%	0%	-7%
Deferred revenue	62	47	36	25	18	6	5	6	5	7	10	23	13	13	13	13	13
YoY change (%)						-67%	-17%	20%	-17%	40%	43%	130%	-42%	0%	0%	0%	0%
Derivatives liabilities - LT	23	101	49	44	7	72	85	37	22	14	51	58	1.391	1.615	1.875	1.875	1.875
YoY change (%)						929%	18%	-56%	-41%	-36%	264%	14%	2298%	16%	16%	0%	0%
Deferred tax liabilities	186	176	237	249	343	305	51	-	-	22	70	258	258	258	258	258	258
YoY change (%)						-11%	-83%	-100%	-	-	218%	269%	0%	0%	0%	0%	0%
Other non-current liabilities	147	165	235	218	364	444	377	457	590	633	823	849	281	335	212	156	164
YoY change (%)						22%	-15%	21%	29%	7%	30%	3%	-67%	19%	-37%	-26%	5%
<b>Total Non-current liabilities</b>	<b>890</b>	<b>811</b>	<b>1.221</b>	<b>1.499</b>	<b>1.700</b>	<b>2.510</b>	<b>2.748</b>	<b>4.457</b>	<b>4.243</b>	<b>2.910</b>	<b>3.591</b>	<b>3.857</b>	<b>4.612</b>	<b>4.840</b>	<b>4.977</b>	<b>4.921</b>	<b>4.879</b>
YoY change (%)						48%	9%	62%	-5%	-31%	23%	7%	20%	5%	3%	-1%	-1%
<b>Total Liabilities</b>	<b>2.310</b>	<b>2.579</b>	<b>2.790</b>	<b>3.169</b>	<b>3.760</b>	<b>5.178</b>	<b>6.574</b>	<b>7.134</b>	<b>7.921</b>	<b>7.054</b>	<b>8.062</b>	<b>8.009</b>	<b>8.760</b>	<b>9.258</b>	<b>9.698</b>	<b>9.985</b>	<b>10.131</b>
YoY change (%)						38%	27%	9%	11%	-11%	14%	-1%	9%	6%	5%	3%	1%
<b>Common shareholders' equity</b>	<b>2.172</b>	<b>2.249</b>	<b>2.694</b>	<b>2.802</b>	<b>3.233</b>	<b>2.985</b>	<b>1.899</b>	<b>2.639</b>	<b>2.533</b>	<b>2.787</b>	<b>2.973</b>	<b>3.498</b>	<b>3.498</b>	<b>3.958</b>	<b>4.031</b>	<b>4.300</b>	<b>4.621</b>
<b>Total Liabilities and Equity</b>	<b>4.482</b>	<b>4.828</b>	<b>5.484</b>	<b>5.971</b>	<b>6.993</b>	<b>8.163</b>	<b>8.473</b>	<b>9.773</b>	<b>10.454</b>	<b>9.841</b>	<b>11.035</b>	<b>11.507</b>	<b>12.258</b>	<b>13.215</b>	<b>13.729</b>	<b>14.285</b>	<b>14.752</b>
YoY change (%)						17%	4%	15%	7%	-6%	12%	4%	7%	8%	4%	4%	3%

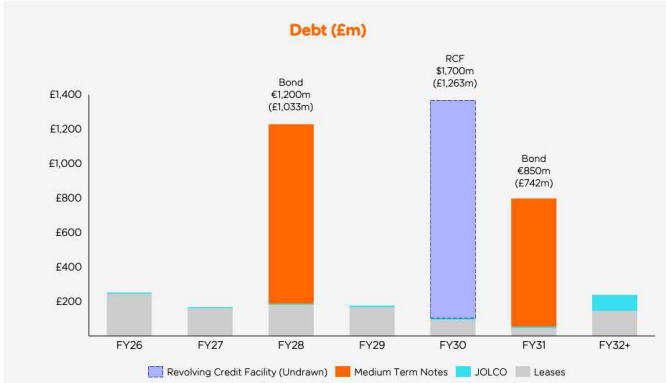
## Appendix 4: Forecasted Income Statements (FY2026–FY2030)

CONDENSED INCOME STATEMENT (£m)	FY 2026E	FY 2027F	FY 2028F	FY 2029F	FY 2030F
<b>Revenue</b>	10.712	11.483	12.350	13.328	14.438
<i>YoY change (%)</i>	6%	7%	8%	8%	8%
<b>Passenger revenue</b>	6.254	6.458	6.668	6.885	7.109
<i>YoY change (%)</i>	3%	3%	3%	3%	3%
<b>Airline ancillary revenue</b>	2.802	3.027	3.270	3.533	3.816
<i>YoY change (%)</i>	8%	8%	8%	8%	8%
<b>Holidays revenue</b>	1.656	1.999	2.412	2.911	3.513
<i>YoY change (%)</i>	15%	21%	21%	21%	21%
<b>Operating costs</b>	9.215	9.878	10.624	11.465	12.420
<i>YoY change (%)</i>	6%	7%	8%	8%	8%
<i>% of total revenue</i>	86%	86%	86%	86%	86%
<b>Fuel</b>	2357	2526	2717	2932	3176
<i>YoY change (%)</i>	5%	7%	8%	8%	8%
<i>% of total revenue</i>	22%	22%	22%	22%	22%
<b>Airports and ground handling</b>	2250	2412	2594	2799	3032
<i>YoY change (%)</i>	4%	7%	8%	8%	8%
<i>% of total revenue</i>	21%	21%	21%	21%	21%
<b>Crew</b>	1313	1407	1513	1633	1769
<i>YoY change (%)</i>	10%	7%	8%	8%	8%
<i>% of total revenue</i>	12%	12%	12%	12%	12%
<b>Navigation</b>	565	606	651	703	761
<i>YoY change (%)</i>	6%	7%	8%	8%	8%
<i>% of total revenue</i>	5%	5%	5%	5%	5%
<b>Maintenance</b>	536	574	618	666	722
<i>YoY change (%)</i>	19%	7%	8%	8%	8%
<i>% of total revenue</i>	5%	5%	5%	5%	5%
<b>easyjet holidays direct operating costs</b>	1136	1218	1310	1414	1532
<i>YoY change (%)</i>	6%	7%	8%	8%	8%
<i>% of total revenue</i>	11%	11%	11%	11%	11%
<b>Selling and Marketing</b>	289	310	334	360	390
<i>YoY change (%)</i>	6%	7%	8%	8%	8%
<i>% of total revenue</i>	3%	3%	3%	3%	3%
<b>Other costs</b>	770	825	887	957	1037
<i>YoY change (%)</i>	6%	7%	8%	8%	8%
<i>% of total revenue</i>	7%	7%	7%	7%	7%
<b>EBITDA</b>	1.497	1.605	1.726	1.863	2.018
<i>YoY change (%)</i>	4%	7%	8%	8%	8%
<i>EBITDA margin</i>	14%	14%	14%	14%	14%
<b>Depreciation &amp; Amortization</b>	863	1.002	1.163	1.163	1.163
<i>YoY change (%)</i>	16%	16%	16%	0%	0%
<b>EBIT</b>	635	604	563	700	855
<i>YoY change (%)</i>	-9%	-5%	-7%	24%	22%
<i>EBIT margin</i>	6%	5%	5%	5%	6%
<b>Interest Expenses</b>	156	156	156	156	156
<b>Interest Income</b>	134	134	134	134	134
<b>Other Financial Items (FX)</b>	-	-	-	-	-
<b>EBT</b>	613	582	542	678	833
<i>YoY change (%)</i>	-7%	-5%	-7%	25%	23%
<b>Tax Expense</b>	153	145	135	170	208
<i>YoY change (%)</i>	-7%	-5%	-7%	25%	23%
<i>Tax Rate</i>	25%	25%	25%	25%	25%
<b>Net Income</b>	460	436	406	509	625
<i>YoY change (%)</i>	-7%	-5%	-7%	25%	23%
<i>Net Profit margin</i>	4%	4%	3%	4%	4%

**Appendix 5: easyJet Debt Maturity Profile (FY2026–FY32+).**

Source: easyJet FY2025 Results Presentation

**DEBT MATURITY PROFILE**



## Appendix 6: Estimation of easyJet's Equity Beta (Daily Data, FTSE 100 Benchmark)

<b>Row Beta</b>	1,004565207
<b>Adjusted Beta</b>	1,003043471

1st method

	Annual	Daily
<b>Covariance</b>	0,012304	0,000049
<b>Variance</b>	0,012248	0,000049
<b>Beta</b>	1,004565	1,004565

2nd method SUMMARY OUTPUT

<i>Regression Statistics</i>	
Multiple R	0,339054934
R Square	0,114958248
Adjusted R Square	0,113789104
Standard Error	0,019444732
Observations	759

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	0,037177157	0,0371772	98,32687952	7,13612E-22
Residual	757	0,286219882	0,0003781		
Total	758	0,323397039			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95,0%</i>	<i>Upper 95,0%</i>
Intercept	-2,96286E-05	0,000706867	-0,041915	0,966577217	-0,001417282	0,001358024	-0,001417282	0,001358024
X Variable 1	1,004565207	0,101307595	9,9159911	7,13612E-22	0,805687995	1,203442419	0,805687995	1,203442419

## Appendix 7: Outstanding Eurobonds of easyJet plc and Yield-to-Maturity Data

Description	Maturity Date	Amount Outstanding	Issued Amount	Coupon	Coupon Class	Yield	Yield Date	Last Price
ESYJF 1.875 03-Mar-2028 '27 MTN	03-mar-2028	1.057.240.593	1.057.240.593	1,875	Fixed Coupon	5,001%	03-mar-2028	98,153
EZJ 3.750 20-Mar-2031 '30 MTN	20-mar-2031	748.878.753	748.878.753	3,75	Fixed Coupon	5,637%	20-mar-2031	101,885

## List of Abbreviations

ACI - Airports Council International

AOC - Air Operator Certificate

APV - Adjusted Present Value

ASK - Available Seat Kilometres

$\beta$  (Beta) - Measure of systematic risk relative to the market

BV - Book Value

CAGR - Compound Annual Growth Rate

CAPEX - Capital Expenditure

CAPM - Capital Asset Pricing Model

CASK - Cost per Available Seat Kilometre

COVID-19 - Coronavirus Disease 2019

DCF - Discounted Cash Flow

DDM - Dividend Discount Model

D&A - Depreciation and Amortization

EBIT - Earnings Before Interest and Taxes

EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortization

EBT - Earnings Before Taxes

ESG - Environmental, Social and Governance

EU - European Union

EV - Enterprise Value

FCF - Free Cash Flow

FCFE - Free Cash Flow to Equity

FCFF - Free Cash Flow to the Firm

FTSE 100 - Financial Times Stock Exchange 100 Index

FY - Fiscal Year

GDP - Gross Domestic Product

IATA - International Air Transport Association

IFRS - International Financial Reporting Standards

ITS - Interest Tax Shield

LCC - Low-Cost Carrier

NWC - Net Working Capital

OECD - Organisation for Economic Co-operation and Development

OLS - Ordinary Least Squares

P/BV - Price to Book Value

P/E - Price to Earnings

PLC - Public Limited Company

PPE - Property, Plant and Equipment

RCF - Revolving Credit Facility

Re - Cost of Equity

Rd - Cost of Debt

Rf - Risk-Free Rate

RPK - Revenue Passenger Kilometres

TV - Terminal Value

UK - United Kingdom

USD / GBP / EUR / CHF - United States Dollar / British Pound / Euro / Swiss Franc

WACC - Weighted Average Cost of Capital

YTM - Yield to Maturity