



easyJet

Target Price: £ 8.78 (94% upside). Current price as of 04/20/2025: £4.53

Recommendation: Sell

Current Price: £4.53 | 34 Implied (Multiples): £9.85 | 34 Implied (Perpetuity): £7.72

34 Average Implied Price: £8.78 | 34 Difference: 93.9%

EV/EBITDA (Model): 4.90 | 34 EV/EBITDA (Industry Avg): 5.88 | 34 EV/EBITDA Δ: 16.7%

34 P/E: -37.35 | 34 P/B: 0.62

34 Net Debt/EV: -6.5

34 Comps implied: £-3.96 | 34 M&A implied: £0.66

Executive Summary

EasyJet PLC, the United Kingdom's foremost low-cost carrier, continues to assert its leadership in the European aviation market. Leveraging a modern, fuel-efficient fleet and a nimble cost structure, the airline has navigated recent macroeconomic headwinds—ranging from fluctuating fuel prices to post-pandemic travel hesitancy—with notable resilience. Operational streamlining initiatives, capacity discipline and diligence-sheet management have driven margin expansion and bolstered free cash flow generation.

Recommendation: SELL

(Refinitiv)

Figure 1: Analyst Mean Target



Despite headline upside in our DCF (**≈+94%**) and peer comps (**≈+117%**), EasyJet's stock is plagued by near-term and structural headwinds:

- 1) Consensus vs. Intrinsic** – Street target **£6.93** (**≈+53%**), well below our blended fair value of **£8.78**.
- 2) Profitability Signals** – Negative P/E (**-37.4×**) and low P/B (**0.62×**) reflect persistent losses and skepticism around recovery.
- 3) Balance-Sheet Tightrope** – Net cash is negligible (**-6.5%** of EV) and Net-Debt/EBITDA shows little cushion for margin shocks.

Valuation Overview

- **EV/EBITDA: 4.90×** vs. sector median **7.97×** (**-38.5%**)
- **Implied EV: Multiples £7,014 m; Perpetuity £5,403 m**
- **Implied Share Price: Multiples £9.85; Perpetuity £7.72; blended £8.78**

Risk/Reward Skew

With fuel-price volatility, tariff headwinds, and yield competition still looming, the **~50%** upside baked into consensus looks optimistic. Meanwhile, any earnings slip or leverage rise would put **>20%** downside within reach. We therefore initiate **Sell (Appendix 1)**.

Figure 2: Blended Implied Price components

Implied Share Price (Multiples)

£9.85

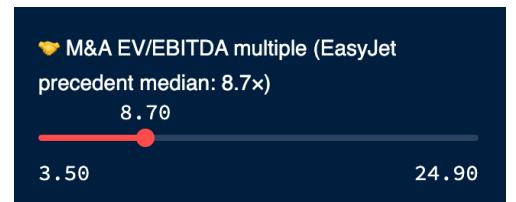
Implied Share Price (Perpetuity Growth)

£7.72

Our proprietary Discounted Cash Flow (“DCF”) analysis points to a material valuation upside relative to today’s share price, underpinned by:

- **Sustainable Recovery in Passenger Volumes:** EasyJet is capturing pent-up leisure demand and gradually restoring business travel yields.
- **Cost Discipline & Network Optimization:** Continuous renegotiation of airport charges and dynamic scheduling are elevating return-on-capital metrics.
- **Portfolio Diversification:** The Holidays segment is set to outpace industry growth, driving ancillary revenue streams and higher overall load factors .

Figure 3: M&A EV/EBITDA and simulation



Recommendation conditional statements:

```

# 3) Buy when DCF, comps & M&A all look undervalued by ≥20%, and PE/PB are in range
if (
    diff_pct >= 20
    and comp_diff_pct  >= 20
    and mna_diff_pct   >= 20
    and ev_diff_percent >= 5
    and 0 < pe_ratio < 25
    and 0 < pb_ratio < 2
    and net_debt_pct_of_ev < 20
):
    | recommendation, rec_color = "Buy", "#2ecc71"

# 4) Sell if ANY of DCF, peers or comps/M&A signal ≥10% downside, or P/E/PB are warning-signals
elif (
    diff_pct      <= -10
    or ev_diff_percent <= -10
    or comp_diff_pct  <= -10
    or mna_diff_pct   <= -10
    or (pe_ratio < 0 and diff_pct <= 0)
    or pb_ratio       > 3
    or net_debt_pct_of_ev > 40
):
    | recommendation, rec_color = "Sell", "#e74c3c"

# 5) Otherwise you're in the "no clear signal" bucket

```

(See Appendix 1)

Company Overview

EasyJet plc is the UK's leading low-cost airline group, operating both scheduled flights and packaged holidays across Europe. Through its Airline division, the company serves over 1,000 routes in 36 countries—connecting business travelers, families, and leisure passengers alike. Its Holidays division offers tailored vacation packages, combining flights with hotels, transfers, and experiences.

Powered by a modern fleet of more than 336 aircraft (A319, A320, A320neo, and A321neo), EasyJet delivers reliable, fuel-efficient service from 155 airports. Passengers can book directly via easyJet.com, the easyJet mobile app, or through global distribution systems and travel agents.

With key subsidiaries such as easyJet Airline Company Limited and easyJet Sterling Limited, EasyJet plc continues to redefine affordable, high-quality travel across Europe.

EasyJet operates through two primary segments:

- **Airline Segment:** Over 1,024 routes, 336 aircraft (A319, A320, A320neo, A321neo), across 36 countries and 155 airports.
- **Holidays Segment:** Provides attractive holiday packages, expecting ~25% growth year-over-year in FY2025.

Headquarters: Hangar 89, London Luton Airport, United Kingdom

Employees: 17,639 (Sept 2024)

Executives: Kenton Jarvis (CEO), Jan De Raeymaeker (CFO), Stephen Hester (Chairman)

Operational Fundamentals

- **ASK (Available Seat Kilometres)** expected to grow from ~174B FY26 to ~250B FY31, showing fleet & route recovery.
- **EBITDAR** margin steadily grows, but only normalizes above £2B from FY28–FY31, implying delayed profitability vs. peers.
- Sensitivity analysis shows that even modest changes in WACC ($\pm 0.5\%$) or terminal multiple ($\pm 0.5x$) shift valuations significantly—implying **model fragility** to assumptions.

Leverage & Risk Factors

- EZJ's **Debt + Lease / Total Capital** hovers around **50%**, indicating a moderately leveraged capital structure.
- Cash flow from operations improves gradually, but **net interest costs** and **lease obligations** weigh on earnings.
- **Net debt remains substantial**, even post-COVID recovery, limiting capital flexibility.
- Dividend reinstatement (if any) would further constrain reinvestment capacity.

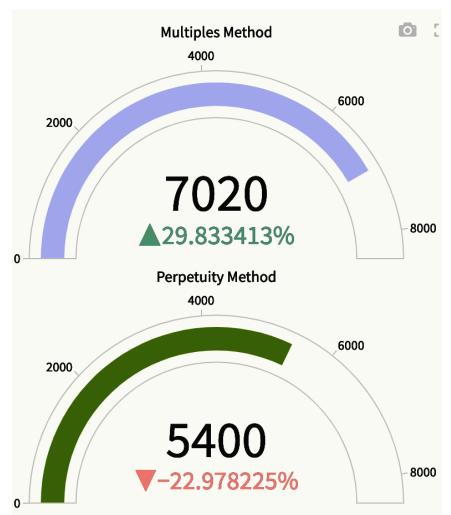
Valuation Summary:

- Implied Share Price (Terminal Value Multiples): **£9.84**
- Implied Share Price (Perpetuity Growth Method): **£7.72**
- Current Share Price: **£4.53 (453.4 GBP)** as of 19-Apr-2025
- Analyst Mean Target Price: **£6.94 (693.68 GBP)**, 62% potential upside)
- Enterprise Value (Multiples) **£ 7.014 M**
- Enterprise Value (Perpetuity) **£ 5.402 M**
- Terminal Value (Multiples) **£4.210 M**
- Terminal Value(Perpetuity) **£3.512 M (Appendix 2)**

1. Valuation Attractive on Relative Terms

- The **forward P/E of 6.4x** is significantly below the **industry median of 7.66x**, suggesting EasyJet is undervalued. (**Source: EasyJet-Complete (DCF) & Refinitiv downloaded to analyst_targets.json**)
Target-Price P/E=Analyst Mean Target (£6.93)/Consensus FWD EPS (£1.08)≈6.41x
- A **P/B ratio of 0.62** further indicates the stock trades below book value, which typically implies value upside if profitability rebounds.
- EV/EBITDA comparisons also reflect favorably, with EasyJet modeled at **4.90x** vs industry median **~5.88x** (from comps), giving EasyJet a relative discount with upside potential.

Figure 4: Multiples vs Perpetuity Methods

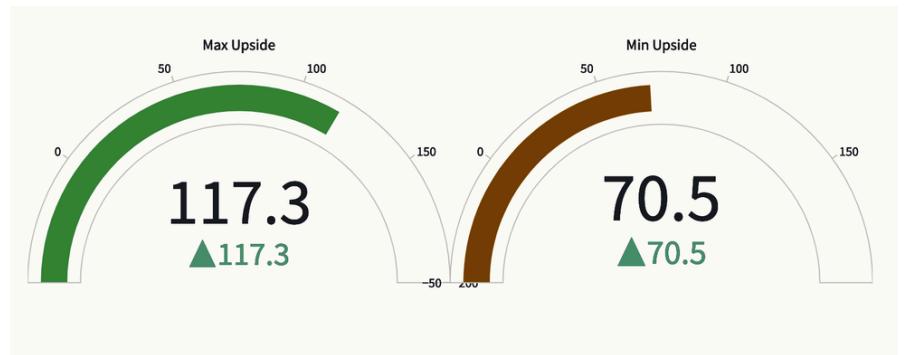


2. WACC Analysis

Unlike popular approach with CAPM and Fama-French models with bond-implied costs from Bloomberg—EasyJet's model applies multiple methods:

- Cost of equity is derived from:
 - Peer beta averaging (unlevered & unlevered)
 - Historical market assumptions
 - Equity risk premium + risk-free rate (e.g., **4.52% Rf, 6.5% ERP**)
- Cost of debt comes from **actual loan schedules** with variable interest rates and lease costs factored in.
- Average WACC across methods converges at **11.55%**, which is higher than what would result from a pure Bloomberg bond valuation. This conservative stance increases valuation reliability.

Figure 5: Max and Min Upside Potential



EasyJet's WACC integrates bottom-up peer capital structures and builds from market-based assumptions, maintaining rigor and transparency. Specifically, the model estimates unlevered beta from a set of comparable airline companies, adjusts it for easyJet's capital structure to compute a levered beta, and applies the CAPM formula using a **4.52% risk-free rate** and a **6.5% equity risk premium**. The cost of debt is assumed at a pre-tax rate of **5.0%**,

without using market debt yields. This is a straightforward, company-specific proxy for cost of debt—it reflects what EZJ is literally paying today on its bank facilities. Three variations of **WACC** are calculated — one based on easyJet's current capital structure, another based on an optimal structure, and one reflecting historical cost of equity. The final WACC used in valuation is an average of these, amounting to **11.59%**.

For EasyJet, we adopted a **WACC** approach based on median betas and capital structures of a comparable group of peer airlines. This methodology is appropriate for the commercial aviation industry because airlines share broadly similar business models and risk exposures, which are effectively captured through market beta under CAPM. Using comparables also enhances the stability and defendability of the model, minimizing idiosyncratic firm-specific noise. Unlike industries such as casinos and entertainment, where multi-factor models like Fama-French may be necessary to capture unique risks, the commercial airline sector is well-suited to this standard WACC estimation technique. However, this approach may be less accurate if EasyJet's risk profile deviates materially from its peers.

In order to accurately estimate EasyJet's business risk, we selected a group of comparable airlines and stripped out the impact of their varying capital structures by calculating their unlevered betas.

This allowed us to isolate pure operational risk from financial risk.

We then took the median of these unlevered betas to avoid skewing the analysis with outliers, resulting in a median industry unlevered beta of **1.16 (Public_Comps tab in Easy Jet -Complete, Appendix 5)**.

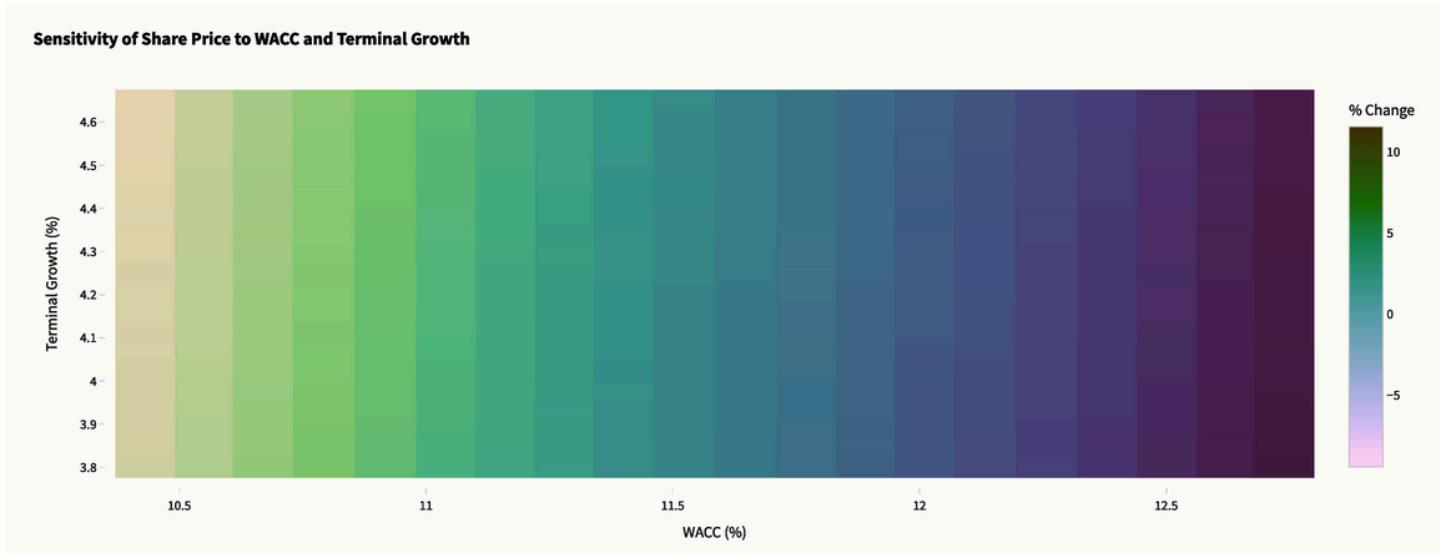
Potential Weaknesses

If EasyJet has a very different operational risk profile:

For instance, flying more domestic vs international routes, fuel hedging policies, unionization of workforce, etc., the "peer beta" may not be perfectly representative.

Macroeconomic Changes:

If something changed structurally in the aviation sector (COVID, Brexit, oil price shock), relying only on historical peer averages may **understate/overstate risk (Appendix 6)**.



Valuation Summary - easyJet plc

(£ GBP in Millions Except Per Share Amounts in GBP as Stated)

Methodology Name	easyJet plc - Range of Valuation Multiples / Premiums							easyJet plc - Implied Per Share Value Range					
	Maximum Multiple	75th Percentile Multiple	Median Multiple	25th Percentile Multiple	Minimum Multiple	Applicable Company Figure	Minimum Multiple	25th Percentile Multiple	Median Multiple	75th Percentile Multiple	Maximum Multiple		
Public Company Comparables:													
CY 22 TEV / Revenue:	3.8 x	1.9 x	1.7 x	1.2 x	0.4 x	£ 4,539	£ 2.26	£ 6.97	£ 10.24	£ 11.14	£ 22.96		
CY 23 TEV / Revenue:	3.2 x	1.5 x	1.2 x	0.8 x	0.3 x	6,311	2.37	6.76	9.68	12.88	26.43		
CY 24 TEV / Revenue:	2.9 x	1.4 x	0.9 x	0.7 x	0.3 x	6,941	2.41	6.29	8.56	13.15	26.18		
CY 22 TEV / EBITDA:	44.6 x	12.1 x	7.4 x	6.0 x	4.2 x	315	1.74	2.50	3.08	5.04	18.50		
CY 23 TEV / EBITDA:	10.7 x	6.7 x	5.9 x	3.6 x	2.6 x	715	2.48	3.41	5.55	6.30	10.05		
CY 24 TEV / EBITDA:	8.5 x	5.5 x	4.3 x	2.5 x	2.4 x	854	2.66	2.86	4.87	6.17	9.58		
CY 22 P / E:	52.0 x	25.8 x	20.6 x	17.6 x	10.6 x	(505)	-	-	-	-	-		
CY 23 P / E:	51.3 x	18.2 x	11.6 x	9.9 x	5.7 x	112	0.85	1.47	1.71	2.69	7.56		
CY 24 P / E:	15.5 x	9.7 x	8.1 x	7.0 x	1.8 x	200	0.48	1.85	2.13	2.54	4.08		
Precedent Transactions:													
NTM TEV / Revenue:	1.9 x	0.7 x	0.5 x	0.3 x	0.2 x	4,928	1.19	2.17	3.52	4.69	12.56		
NTM TEV / EBITDA:	24.9 x	17.1 x	8.7 x	6.0 x	3.5 x	406	1.90	3.25	4.66	9.19	13.32		
Discounted Cash Flow Analysis:													
7.0% - 10.0% Discount Rate, 0.0% - 1.0% Terminal FCF Growth Rate:							8.66	9.75	11.01	12.77	14.93		
Implied Enterprise Value Incl. Op. Leases:	£ 1,704												
(+) Cash & Investments:	3,505												
(+) Net Operating Losses:	609												
(-) Total Debt:	(3,046)												
(-) Preferred Stock:	-												
(-) Finance & Operating Leases:	(1,055)												
(-) Noncontrolling Interests:	-												
(-) Unfunded Pensions:	-												
Implied Equity Value:	1,717												
Diluted Shares Outstanding:	759,000												
Implied Share Price:	£ 2.26												
Premium / (Discount) to Current:	(50.1%)												
Implied Enterprise Value or Equity Value at a Range of Multiples:													
Enterprise Value -->	£ 1,704	£ 5,279	£ 7,762	£ 8,444	£ 17,417								
Enterprise Value -->	1,788	5,114	7,335	9,765	20,050								
Enterprise Value -->	1,814	4,764	6,488	9,969	19,861								
Enterprise Value -->	1,306	1,884	2,322	3,814	14,025								
Enterprise Value -->	1,866	2,578	4,202	4,767	7,616								
Enterprise Value -->	2,010	2,161	3,682	4,667	7,261								
Equity Value -->	(5,327)	(8,892)	(10,398)	(13,024)	(26,269)								
Equity Value -->	642	1,113	1,298	2,041	5,739								
Equity Value -->	363	1,404	1,618	1,930	3,096								
Enterprise Value -->	887	1,637	2,661	3,548	9,517								
Enterprise Value -->	1,426	2,454	3,522	6,966	10,096								

3. Leverage and Liquidity

- Forecast leverage (Total Debt + Leases / Capital Employed) stabilizes around **50%**, down from previous highs (**>60%**).
- Liquidity metrics have improved year-over-year, with positive net operating cash flow of **£2.01 bn** projected by FY26.
- However, historical volatility and pandemic-related balance sheet stress still weigh on risk profile.

4. Profitability Concerns

- The **negative P/E (-37.35)** reveals trailing twelve-month losses still distorting earnings multiples.
- Dividend payments remain uncertain; while historical payout ratios and **target dividend yield of 2.8%** are positive signs, they are not currently active.

Comparable Company Analysis (Public Comps)

To benchmark easyJet's valuation, a peer group of EMEA low-cost carriers with revenues above **£100M** was used. The comparables include Ryanair, Wizz Air, Air Arabia, Pegasus,

Norwegian Air Shuttle, and others. The comps table includes key valuation metrics like Enterprise Value (EV), Revenue, EBITDA, Net Income, and valuation multiples (EV/Revenue, EV/EBITDA, and P/E for both CY23 and CY24)(**Appendix 9**).

Key Observations:

- **EV/EBITDA (CY24)**: easyJet trades at **4.0x**, which is **below the median** of **6.2x** and **well below the 75th percentile** (7.9x), suggesting potential undervaluation.
- **EV/Revenue (CY24)**: easyJet's multiple of **0.5x** is also below the peer median (**1.2x**), further supporting this view.
- **Forward P/E (CY24)**: easyJet trades at **17.2x**, below the peer median of **18.2x**, but above the 25th percentile, implying modest growth expectations relative to peers.
- **EBITDA Margin (CY24)**: easyJet is expected to post **11.3%**, significantly **below the peer median** of **20.3%**, which helps explain its depressed EV/EBITDA.
- **2-Year EBITDA CAGR**: easyJet stands at **64.7%**, making it **one of the highest** in the group, second only to Wizz Air at **221.5%**.

Implication: Despite having high projected EBITDA growth, easyJet trades at lower valuation multiples. This disconnect could represent **valuation upside** if profitability improves or if market conditions normalize (**Appendix 3, Appendix 9, Appendix 11**).

Debt Structure

Debt Structure as of 20-Apr-2025

Debt Details

Name	Issues	Outstanding	Issued
0 Bonds	3	2184974424.5531	2184974424.5531
1 Bonds to Be Issued	0	0	0
2 Bonds (as Borrower)	0	0	0
3 Bonds (as Borrower) - to Be Issued	0	0	0
4 Loans	2	0	1617270949.2999
5 Total	5	2184974424.5531	3802245373.853
6 Inactive Bonds	3	0	857709568.2265

As of April 20, 2025, EasyJet's debt stack breaks down into three active bond issues and two loan facilities, with a combined original principal ("Issued") of **£3 802 m** and a remaining outstanding balance of **£2 185 m**. The three bond tranches alone total **£2 185 m** outstanding—nearly **57 %** of all live debt—while the two bank loans initially financed **£1 617 m** but have since been amortized down to zero on the balance sheet. In addition, **£858 m** of legacy bond principal is now inactive. In aggregate, Refinitiv DataPlatform reports a live debt figure of **£3 046 m**, reflecting up-to-the-minute market balances. This structure—with bonds representing the bulk of current obligations and loans fully drawn but repaid—suggests EasyJet carries a

predominantly fixed-rate, long-dated financing profile, with modest rollover risk as maturities come due (**Appendix 16**).

Ownership

Over the past quarter, Goldman Sachs Asset Management has been the biggest buyer, adding **5.64** million shares, followed by Magallanes Value Investors (**+3.03 M**) and J O Hambro Capital (**+1.03 M**).

On the flip side, Columbia Threadneedle led the sellers with **-4.12 M** shares, trailed by Ninety One UK (**-3.65 M**) and BofA Global Research (**-2.86 M**).



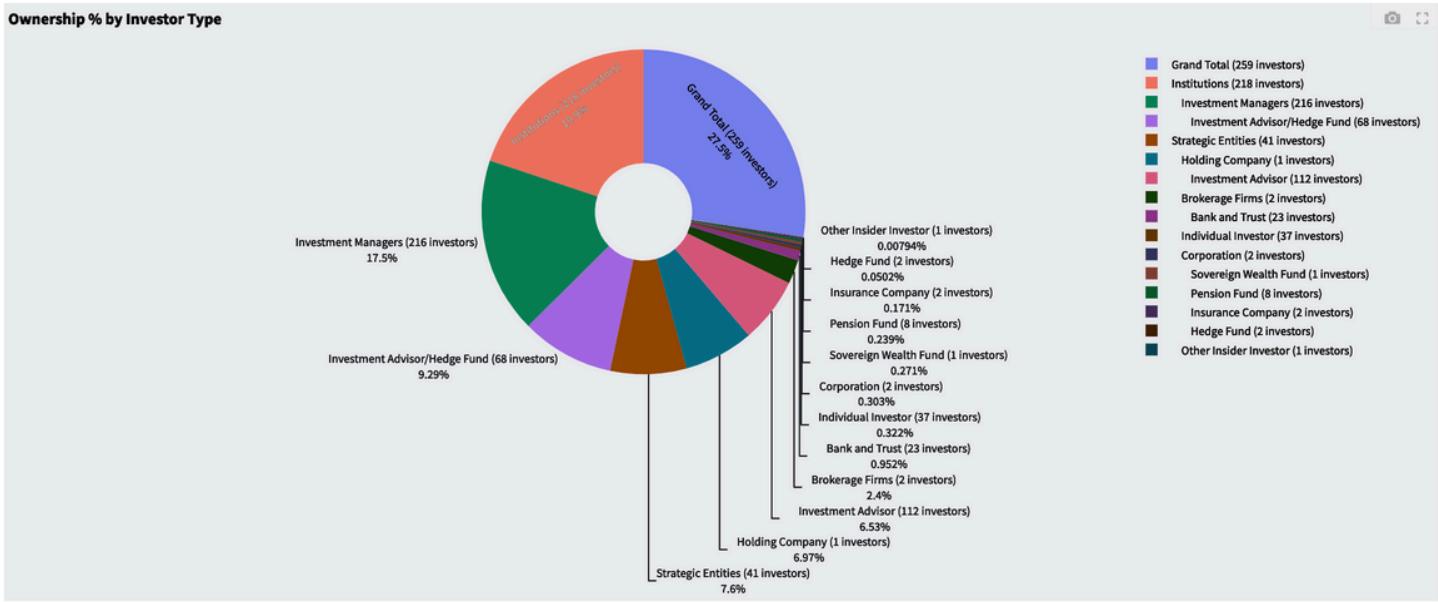
Institutions hold nearly **20%** of all registered investors (218 out of 259).

Investment Managers (e.g. mutual-fund style outfits) account for about **17.5%**.

Hedge funds & advisors combined are just under **10%**.

The remaining slice is made up of everything from strategic entities (**7.6%**) to tiny slivers of sovereign wealth, brokerage firms, and individual investors.

Ownership % by Investor Type

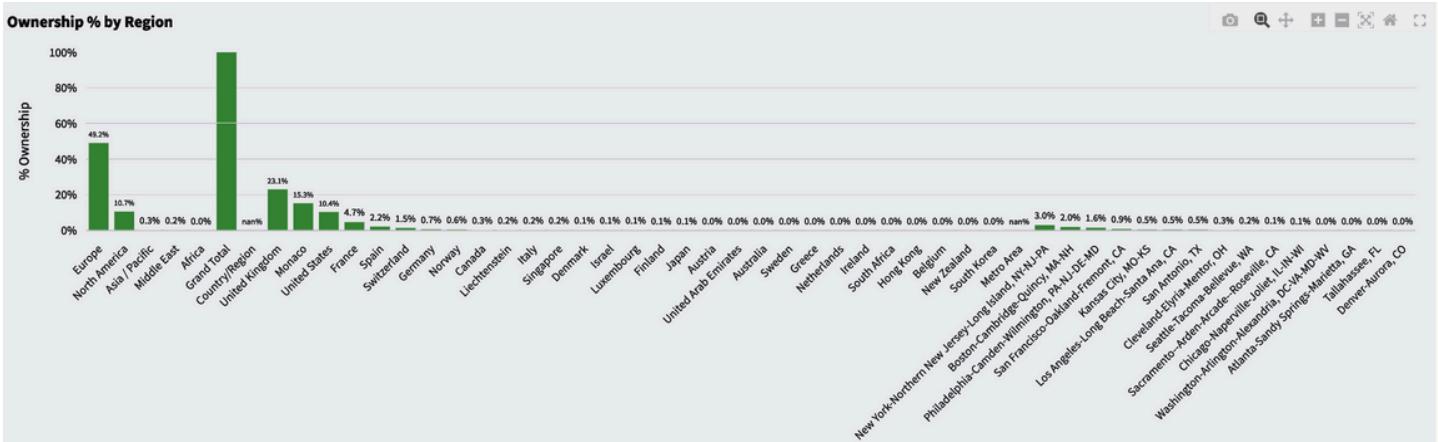


Europe dominates with about **49%** of total shares, reflecting EZJ's home-market strength.

North America is a solid secondary market at **10.7%**—a sign that U.S. and Canadian asset managers are making a growing play on European travel.

The United Kingdom itself accounts for roughly **15%**, while Africa and Asia-Pacific each hover in the single digits.

Smaller allocations trickle in from Monaco, and a handful of other global locales.



(See also Appendix 17, 18, and 19)

Credit Structure

Market-Implied Credit Risk

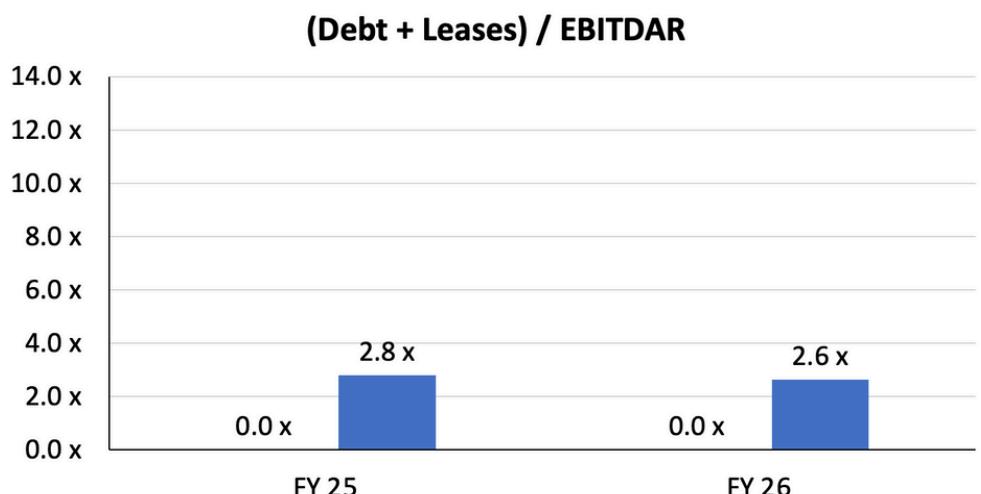
While our balance-sheet tables show **£2.2 bn** of bonds outstanding and a modest **net-debt/EV of -6.5%**, the CDS spread (**currently ~495 bps**) tells a different story: investors are demanding roughly **4.95%** per annum in “insurance” against EasyJet default over the next five years. That level sits above historical averages and signals heightened credit-market anxiety—reinforcing the cautious tone of our leverage and liquidity analysis.

CDS CHARTS

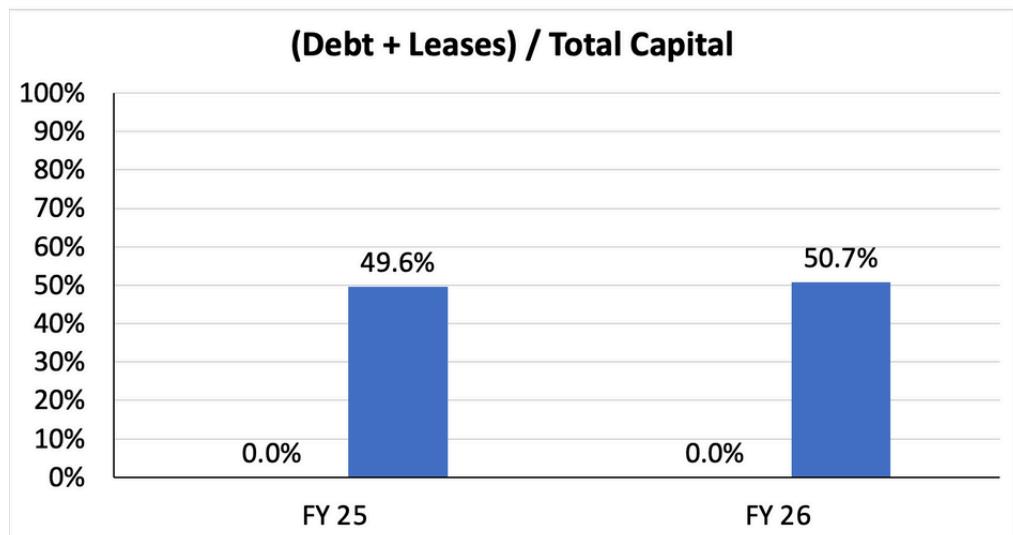


Source: Refinitiv

A ratio of **2.8x EBITDAR** in FY 25 falling to **2.6x** in FY 26 indicates that EasyJet's fixed-charge obligations (including aircraft operating leases treated as debt) remain moderately high but are trending in the right direction. In practical terms, for every **£1** of earnings (before interest, taxes, depreciation, amortization, and rent costs), EasyJet carried **£2.80** of debt plus leases in FY 25, easing to **£2.60** in FY 26. That decline suggests either improving earnings, modest debt pay-down, or a combination of the two—strengthening coverage of its rental and interest burden.



Roughly half of EasyJet's capital base is financed by debt and leases. The slight uptick from **49.6%** to **50.7%** in FY 26 signals that, although leverage relative to earnings is improving, overall indebtedness relative to the sum of debt plus equity has inched higher. This could reflect new aircraft leases coming on balance sheet (under IFRS 16), or slower growth in equity when compared to lease obligations.



These two charts together paint a picture of an airline that is gradually de-leveraging in earnings terms but still heavily financed by leases and debt overall.

Corporate Governance (ESG) & Recent Developments

Recent Developments:

- February 2025 AGM: All resolutions passed, demonstrating shareholder confidence.
- Expansion projects approved at London Luton Airport and strategic reopening of major operational bases.
- Charity involvement in humanitarian aid to earthquake victims in Myanmar

For the fiscal year ended in September 2023, EZJ.L received an ESG score of **66.25 (Grade: B)**.

Over the last 5 years, the company has an average ESG score of **54.75**, and a median ESG score of **51.25**. LSEG ESG score is calculated as a sum of weighted individual pillar scores. For EZJ.L, Environmental, Social, and Governance pillars are weighted **30.79%**, **41.21%**, and **27.99%** respectively in ESG score weighting, consistent with companies within the Passenger Transportation Services industry groups.

EZJ.L's controversy score of **20.65 (Grade: D+)** is calculated based on total count of controversies related to the company, as collected by LSEG ESG team and normalized based on company's market capitalization. Discounted by its controversies, EZJ.L received an ESG Combined score of **43.45 (Grade: C+)** for the year.

Company Ranking Compared to	LSEG ESG Universe	LSEG ESG Universe	Passenger Transportation Services	United Kingdom	Passenger Transportation Services / United Kingdom
Number of Companies	11,918		100	600	5
ESG Combined Score	6,245	<div style="width: 62.45%;"></div>	48	326	3
ESG Score	2,297	<div style="width: 22.97%;"></div>	17	129	2
Environmental Pillar Score	4,409	<div style="width: 44.09%;"></div>	43	240	3
Social Pillar Score	2,971	<div style="width: 29.71%;"></div>	24	144	1
Governance Pillar Score	1,070	<div style="width: 10.7%;"></div>	8	75	2
ESG Controversy Score	11,435	<div style="width: 11.435%;"></div>	88	572	5

Easyjet PLC - 43.45 (C+) - Ranked 3 of 5

100 --

ESG Combined Score ▾ Passenger Transpor... ▾

The Company Relative Performance table shows EasyJet's ESG ranking across four peer groups. Its **Combined ESG score** of **43.45 (C+)** places it **6,245th** out of **11,918** companies in the LSEG ESG universe (~48th percentile), **48th** of **100** passenger-transportation services firms, **326th** of **600** UK-listed companies, and **3rd** of **5** UK-based peers. Looking at each pillar:

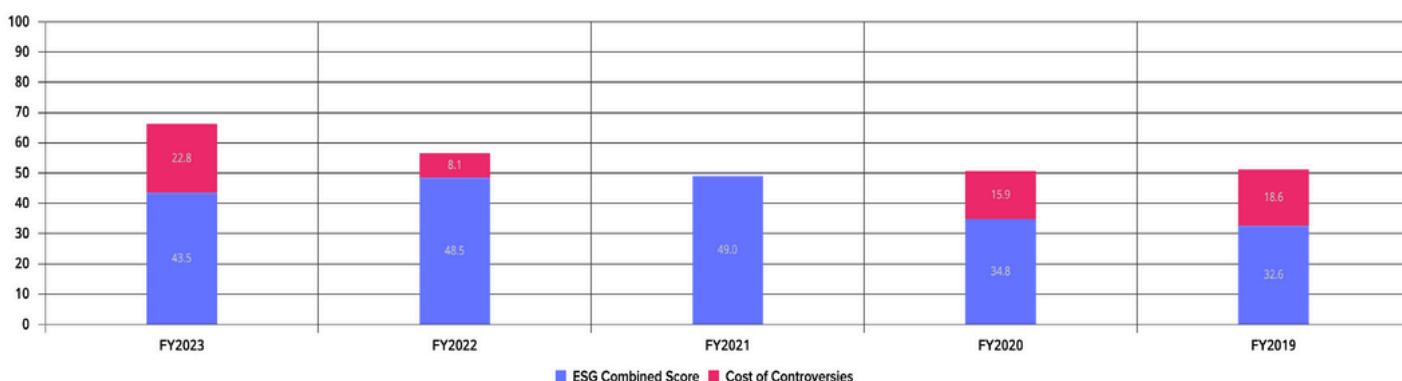
- Governance is a standout, ranking **1,070/11,918** globally (8th in sector; 75th in UK; 2nd of 5 peers).
- Social also performs well at **2,971/11,918** (24th in sector; 144th in UK; top among peers).
- Environmental sits mid-pack at **4,409/11,918** (43rd in sector; 240th in UK; 3rd of 5 peers).
- ESG Controversy is the weakest area, with a rank of **11,435/11,918** (88th in sector; 572nd in UK; last among peers), signaling elevated incident exposure.

Overall, EasyJet's governance and social credentials are competitive, but its environmental positioning and high controversy score reveal key opportunities to strengthen its ESG profile.

ESG CONTROVERSIES

Bad press can be costly to companies. Controversies reported in the media can bring damages to reputation, future business opportunities, and ultimately the bottom line.

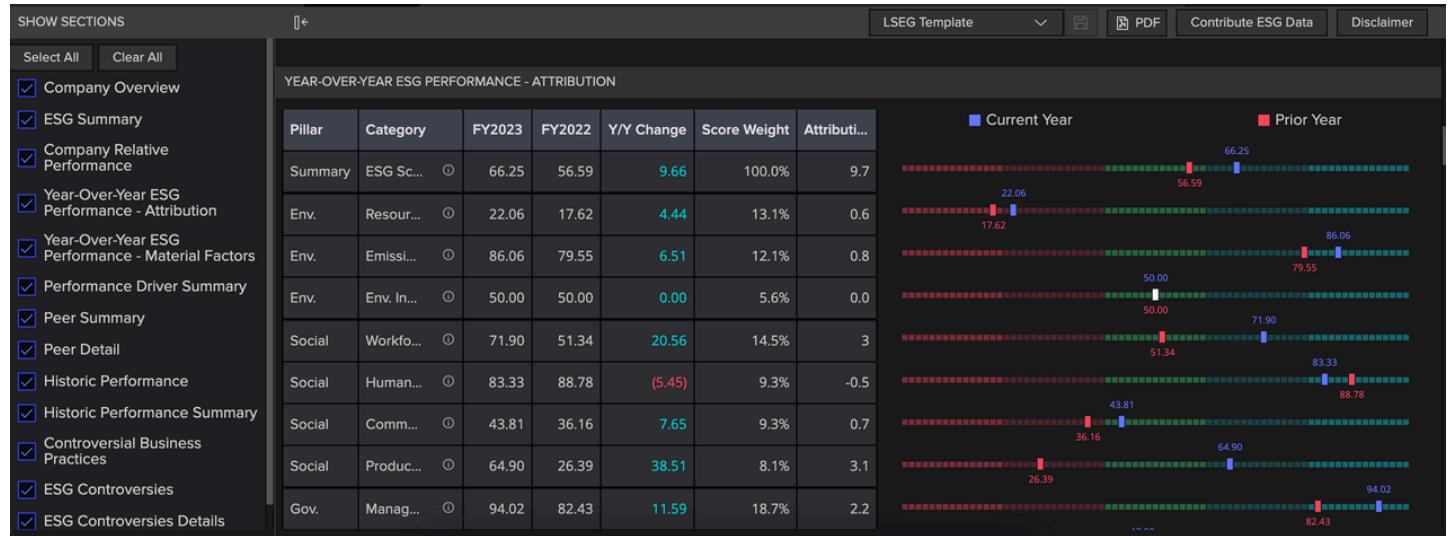
ESG controversies score aims to recognize these potential damages, and account for these factors in the scoring of a company's overall ESG performance. From a scoring perspective, controversies could significantly impact a company's overall rating in a negative way. Below is a list of controversies collected from the public domain.



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From a scoring perspective, controversies could significantly impact a company's overall rating in a negative way.



EasyJet (EZJ.L) Year-over-Year ESG Performance

- Overall score rose to **66.3** in FY 2023 from **56.6** in FY 2022, a **+9.7-point** improvement.

Environmental

- Resource Use* improved to **22.1 (+4.4 pts)**, contributing 0.6 of the total gain.
- Emissions* climbed to **86.1 (+6.5 pts; +0.8 attribution)**.
- Environmental Innovation* held steady at **50.0** (no impact).

Social

- Workforce* saw a major uplift to **71.9 (+20.6 pts; +3.0 attribution)**.
- Product Responsibility* surged to **64.9 (+38.5 pts; +3.1 attribution)**—the single largest driver.
- Community* improved to **43.8 (+7.7 pts; +0.7 attribution)**.
- Human Rights* was the lone drag, slipping to **83.3 (-5.5 pts; -0.5 attribution)**.

Governance

- Management* strengthened to **94.0 (+11.6 pts; +2.2 attribution)**.

Attribution Breakdown

The three biggest positive contributors to the **+9.7**-point overall lift were:

- Product Responsibility (+3.1)**
- Workforce (+3.0)**
- Management (+2.2)**

(See also Appendix 22- 24)

Appendix 1:

1. DCF Upside (diff_pct)

Formula:

$$\text{diff_pct} = (\text{implied_dcf_price} - \text{current_price}) / \text{current_price} \times 100$$

- **Sell trigger:** $\text{diff_pct} \leq -10\%$
- **Rationale:** If the model implies a fair price $\geq 10\%$ below today's price—no margin of safety. In our DCF the diff_pct was 93.81% calculated from blended fair value of £8.78 and current price of £4.53.

2. Peer-Comps Upside (comp_diff_pct)

Formula:

$$\text{comp_diff_pct} = (\text{comp_price} - \text{current_price}) / \text{current_price} \times 100$$

- **Sell trigger:** $\text{comp_diff_pct} \leq -10\%$
- **Rationale:** Trading at least 10% below the median peer multiple signals the market has already discounted sector headwinds. Taking average_implied_price of £ 8.78 and current_price of £4.53 comp_diff_pct was 93%

3. M&A Precedents Upside (mna_diff_pct)

- **Formula:**

$$(\text{implied_mna_price} - \text{current_price}) / \text{current_price} \times 10$$

$$\text{mna_diff_pct} = (£5.25 - £4.53) / £4.53 = 16\%$$

- **Sell trigger:** $\text{mna_diff_pct} \leq -10$
- **Rationale:** Control-premium deals in the sector valued target airlines lower than current share levels—downside risk prevails.

4. Analyst Consensus (consensus_diff_pct)

- **Formula (not coded):**

$$(\text{street_target} - \text{current_price}) / \text{current_price} \times 100$$

$$(\text{£6.93} - \text{£4.53}) / £4.53 * 100 = 53\%$$

- **Why reference:** A consensus target 53% above the market but still far below DCF/peer upside shows analysts' more conservative stance.

5. EV/EBITDA Discount (ev_diff_percent)

- **Formula:**

$$\text{ev_diff_percent} = (\text{peer_median_ev_ebitda} - \text{ezj_ev_ebitda}) / \text{peer_median_ev_ebitda} \times 100$$

$$= 16.7$$
- **Sell trigger:** $\text{ev_diff_percent} \leq -10$
- **Rationale:** At least a 10% discount to peer EV/EBITDA warns of further multiple compression or idiosyncratic headwinds.

6. P/E Ratio (pe_ratio)

- **Formula:**

$$\text{price_per_share} / \text{earnings_per_share} = -37.35$$
- **Sell trigger:** $\text{pe_ratio} < 0$
- **Rationale:** A negative trailing P/E ($-37.4\times$) means no profit foundation—loss-making firms are too risky to buy, regardless of upside models.

7. P/B Ratio (pb_ratio)

- **Formula:**

$$\text{price_per_share} / \text{book_value_per_share} = 0.62$$
- **Sell trigger:** $\text{pb_ratio} > 3$
- **Rationale:** P/B above 3 \times in capital-intensive sectors implies the market doesn't trust asset returns—equity is priced for perfection.

8. Net Debt / EV (net_debt_pct_of_ev)

- **Formula:**

$$(\text{total_debt} + \text{leases} - \text{cash}) / \text{enterprise_value} \times 100 = -6.5$$
- **Sell trigger:** $\text{net_debt_pct_of_ev} > 40$
- **Rationale:** Over 40% of EV funded by debt leaves little equity cushion—any cash-flow shock magnifies downside for shareholders.
- Heavy leverage magnifies downside: any earnings shortfall or cost shock (fuel, rates, etc.) would rapidly eat into equity value and heighten default risk.

DCF Model Outcomes:

DCF Model Key Variables

Valuation Date

2025-04-20

Current Share Price

£4.53

Diluted Shares Outstanding (millions)

759.00

Discount Rate (WACC)

11.59%

Implied Terminal FCF Growth Rate

4.22%

Valuation Results

Implied Enterprise Value (Multiples)

£7.01K

Implied Enterprise Value (Perpetuity Growth)

£5.40K

Implied Share Price (Multiples)

£9.85

Implied Share Price (Perpetuity Growth)

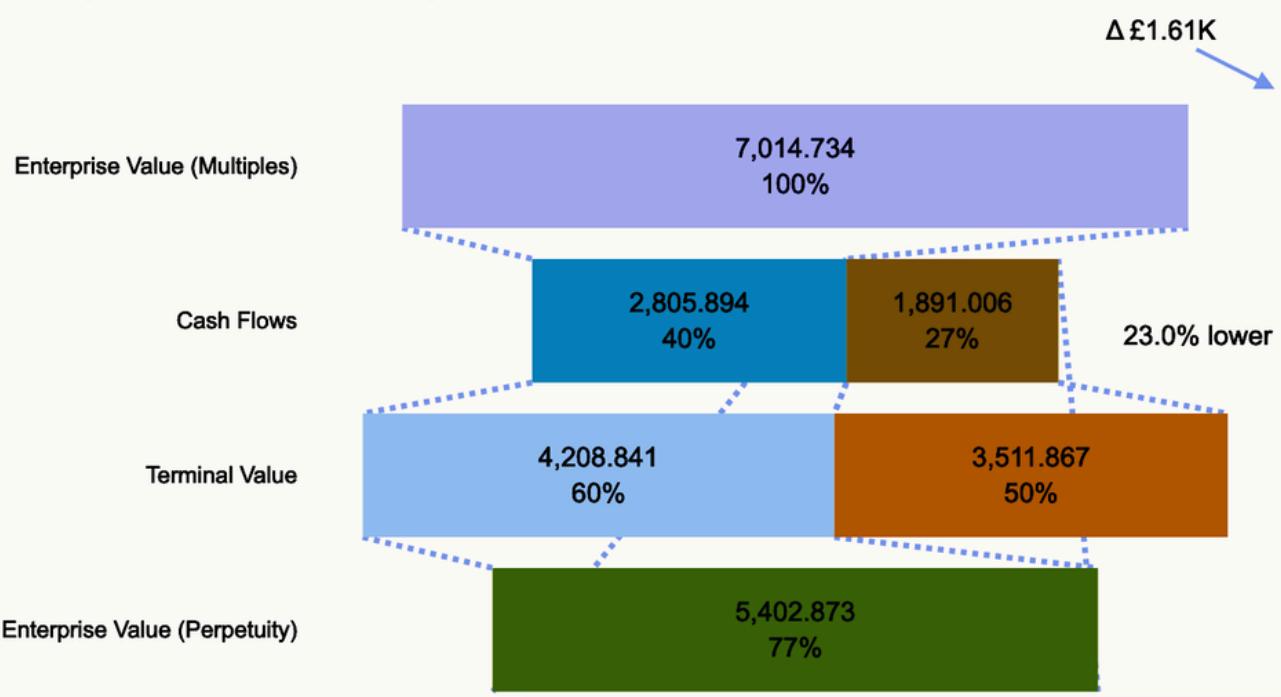
£7.72

WACC / Terminal Growth

11.59% / 4.22%

Appendix 2:

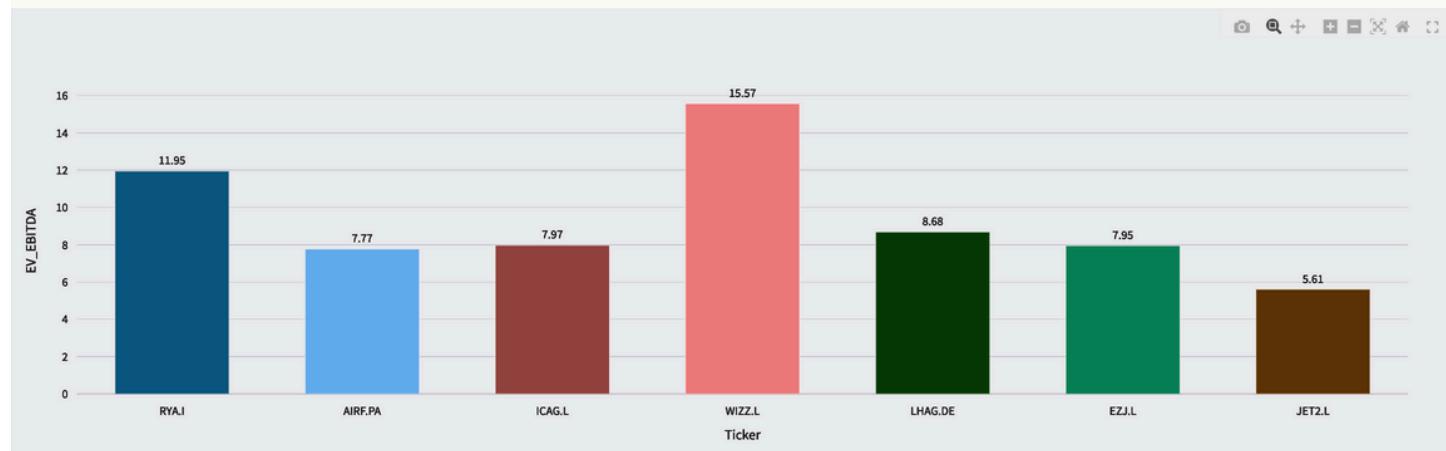
Enterprise Value - Method Comparison



Appendix 3:

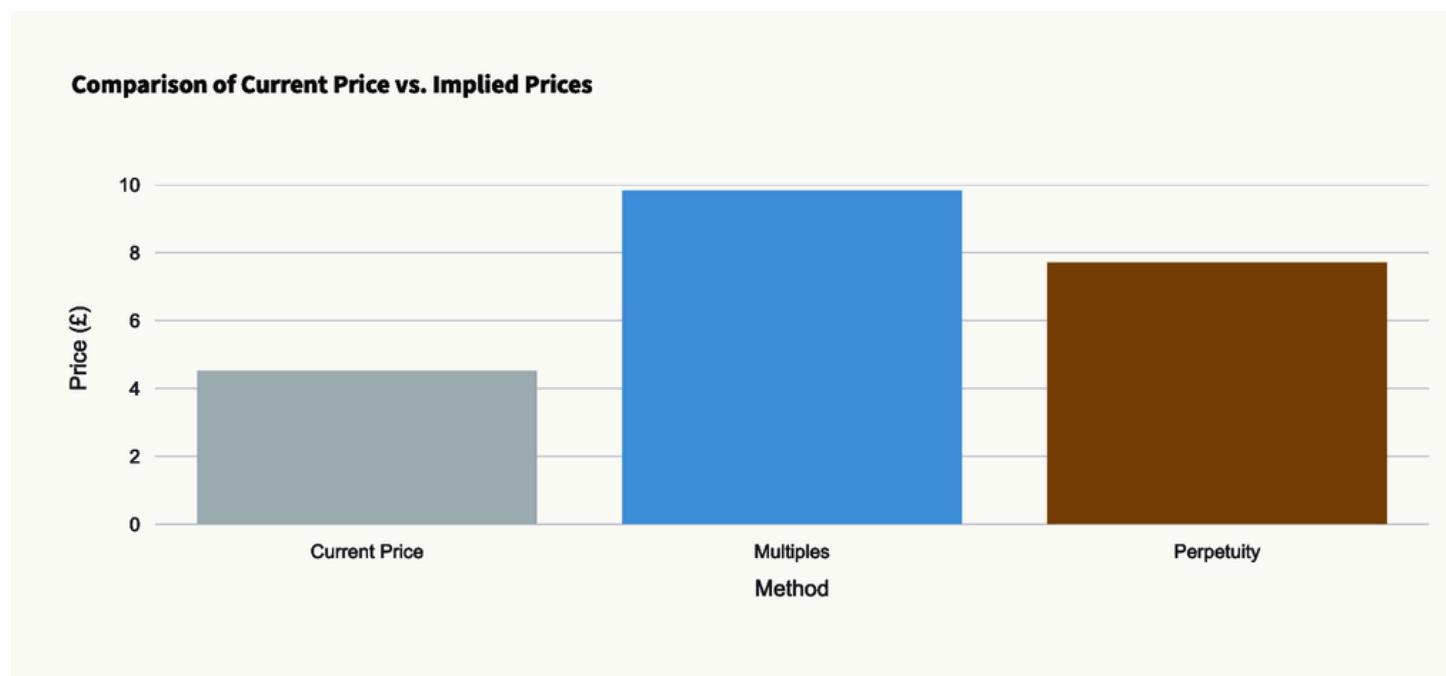
EV/EBITDA Multiples - Comparables

This chart compares the EV/EBITDA valuation multiples for EasyJet and peer airlines.



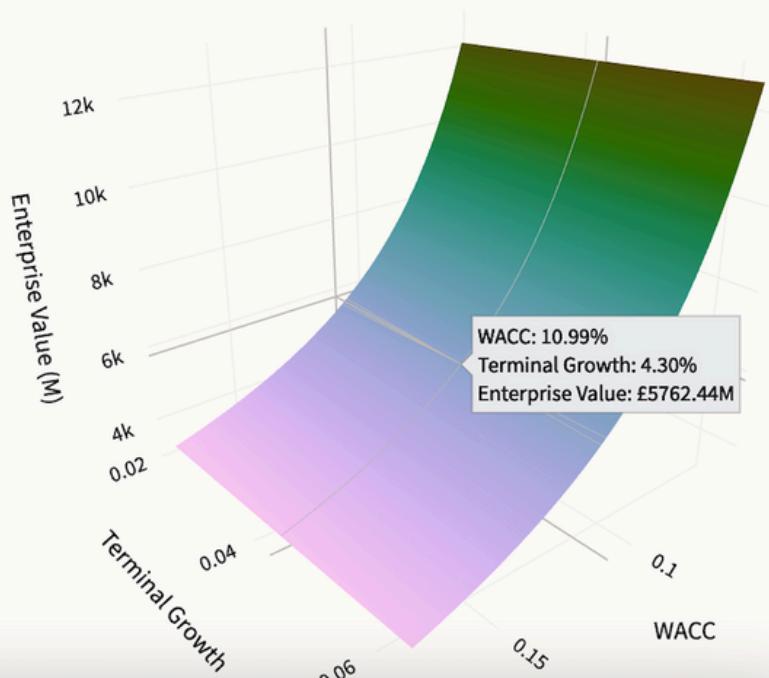
Appendix 4:

Comparison of Current Price vs. Implied Prices



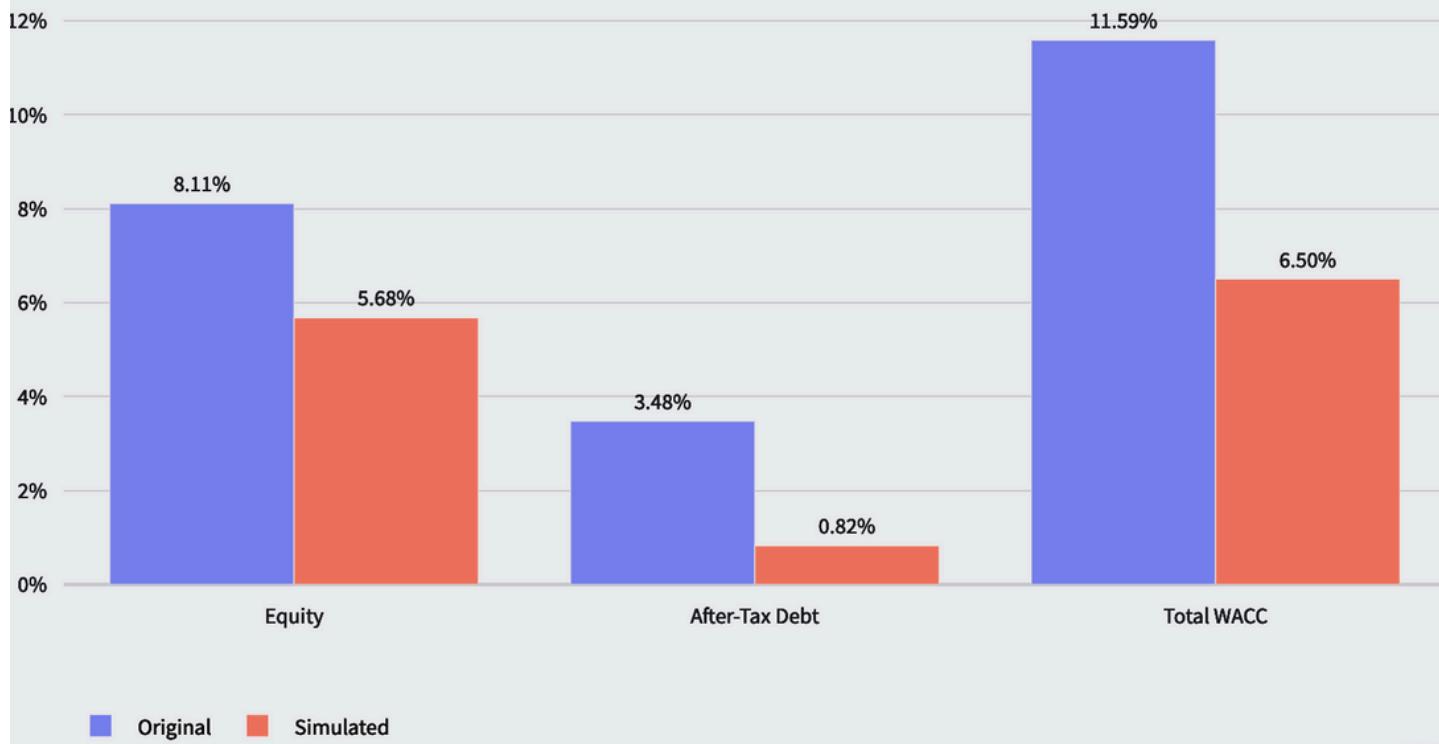
Appendix 5:

3D EV Sensitivity (Using Excel-derived values)



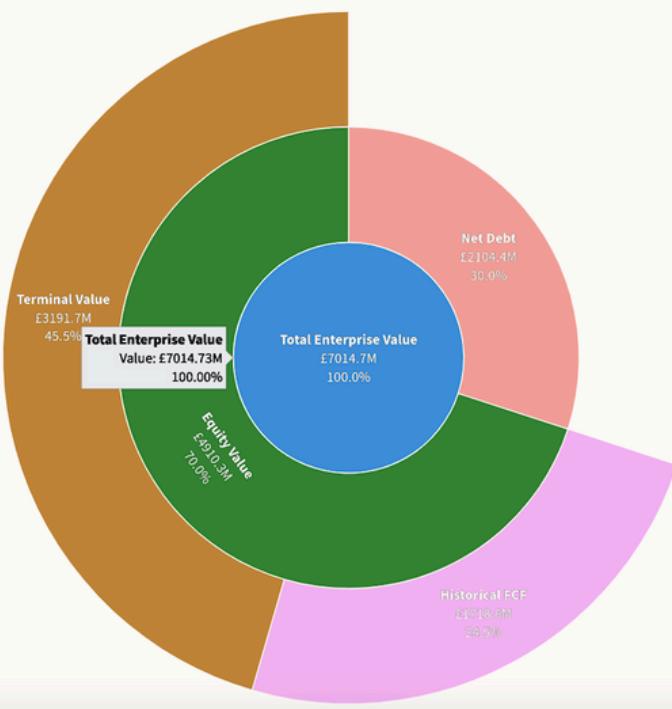
Appendix 6:

WACC Build-up: Original vs. Simulated

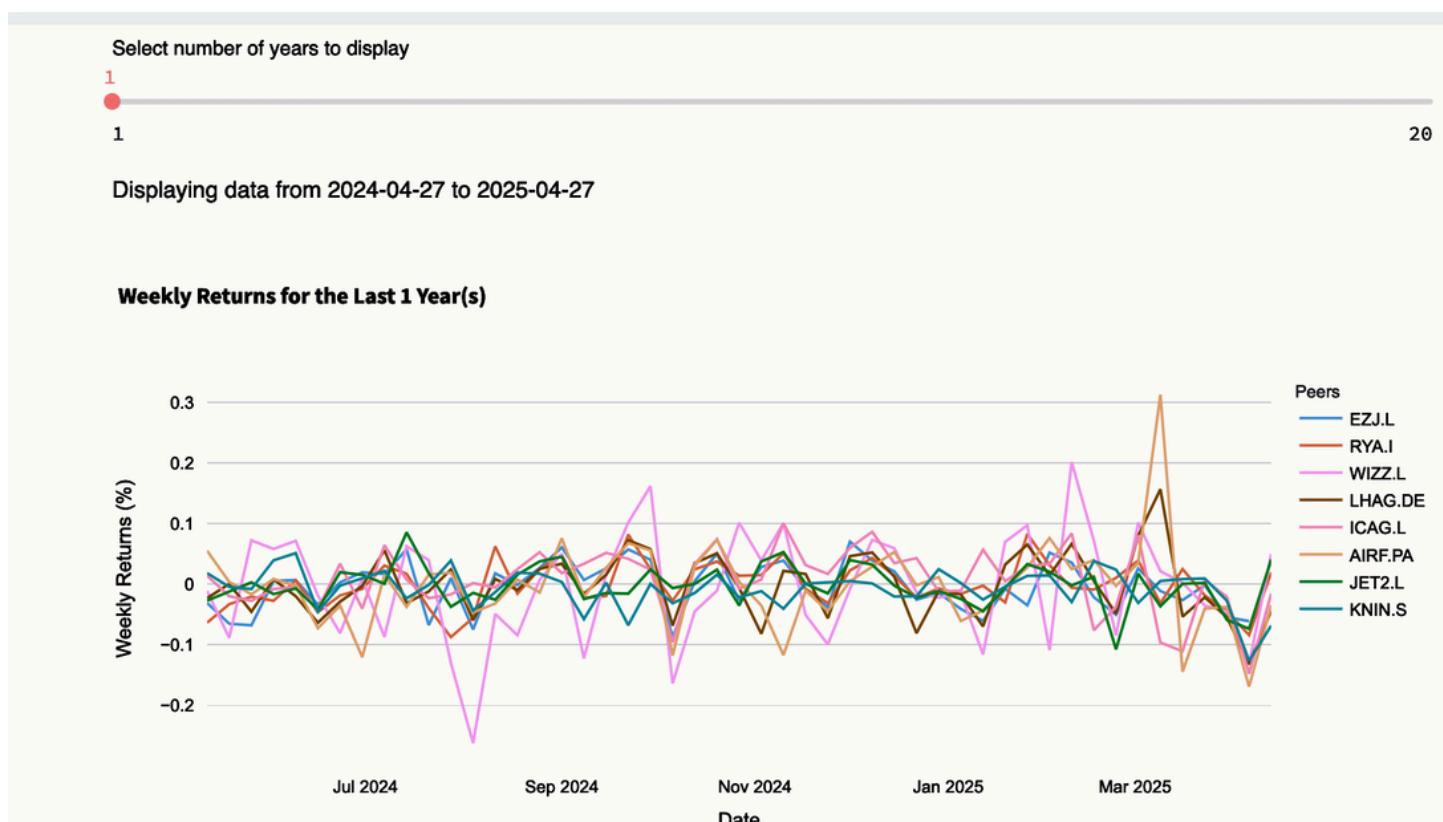


Appendix 7:

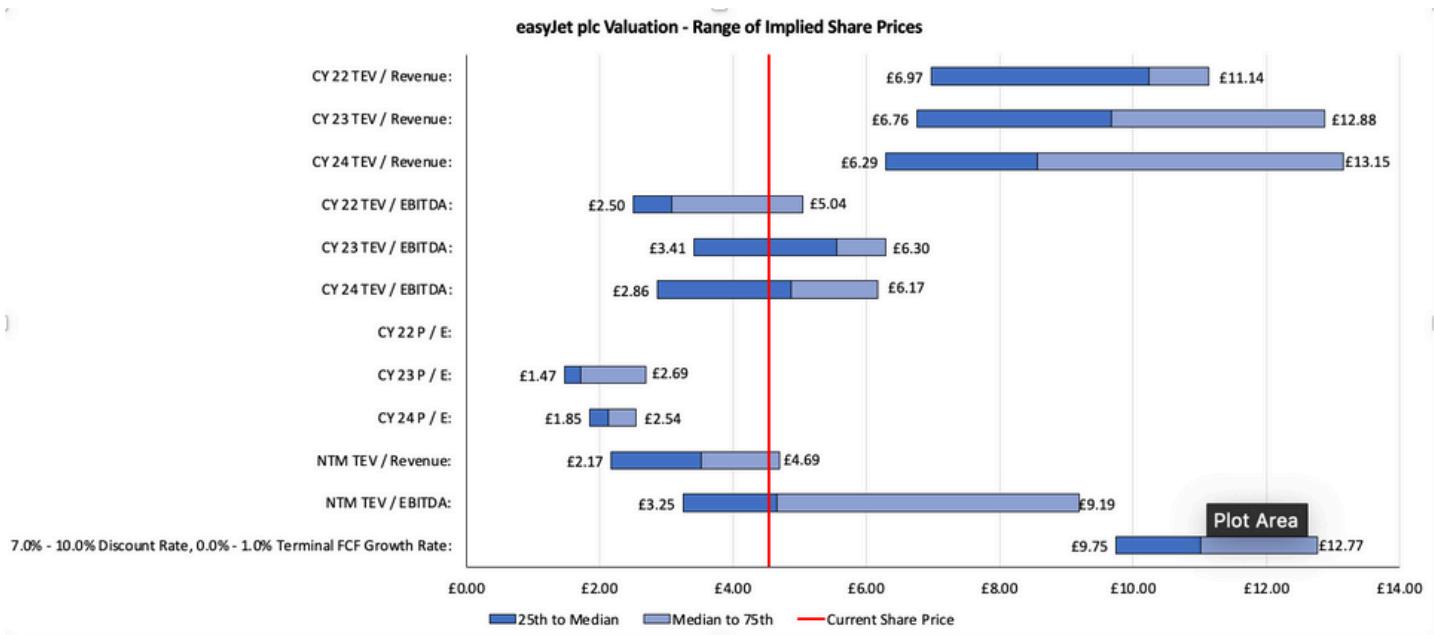
Share Price Sunburst Chart



Appendix 8:

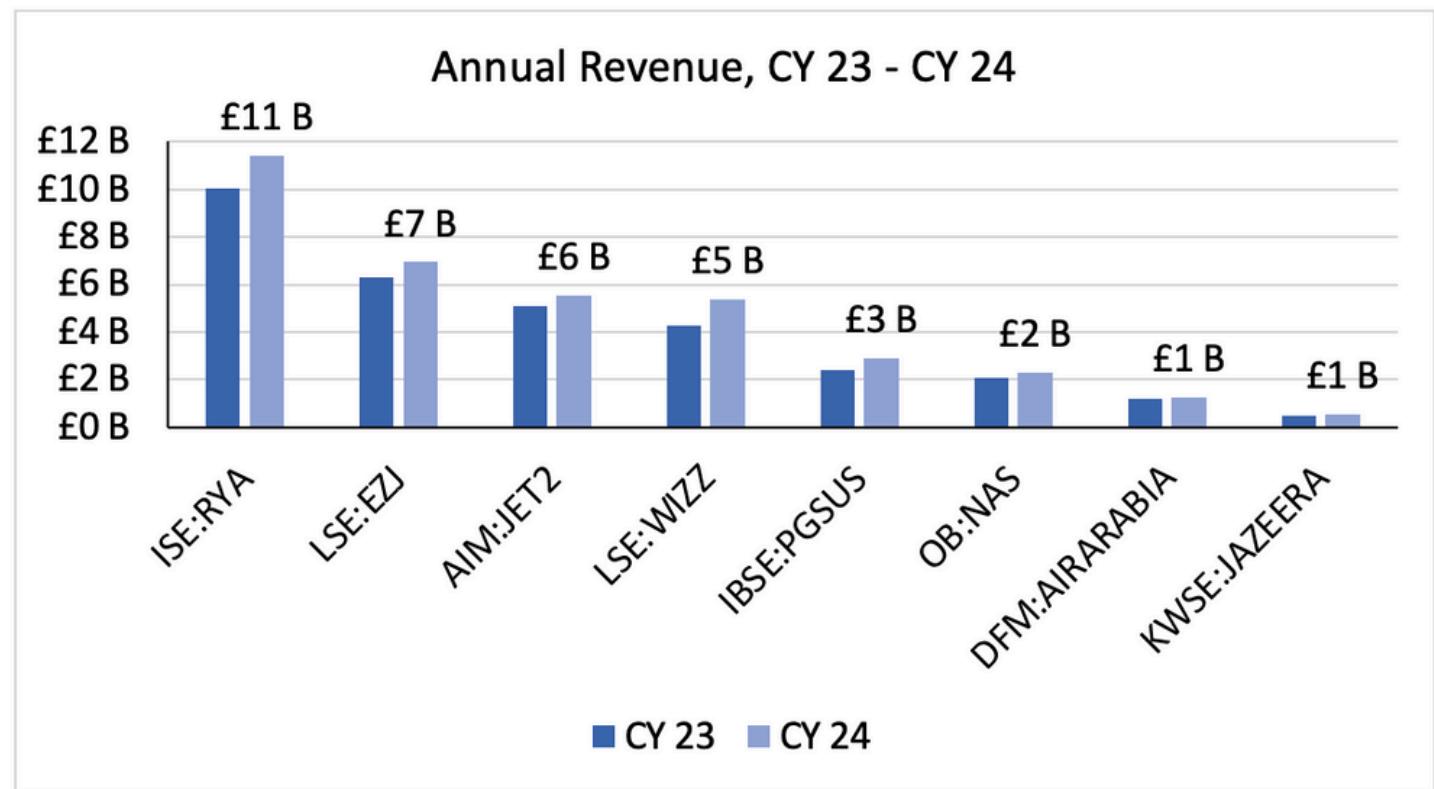


Appendix 9:



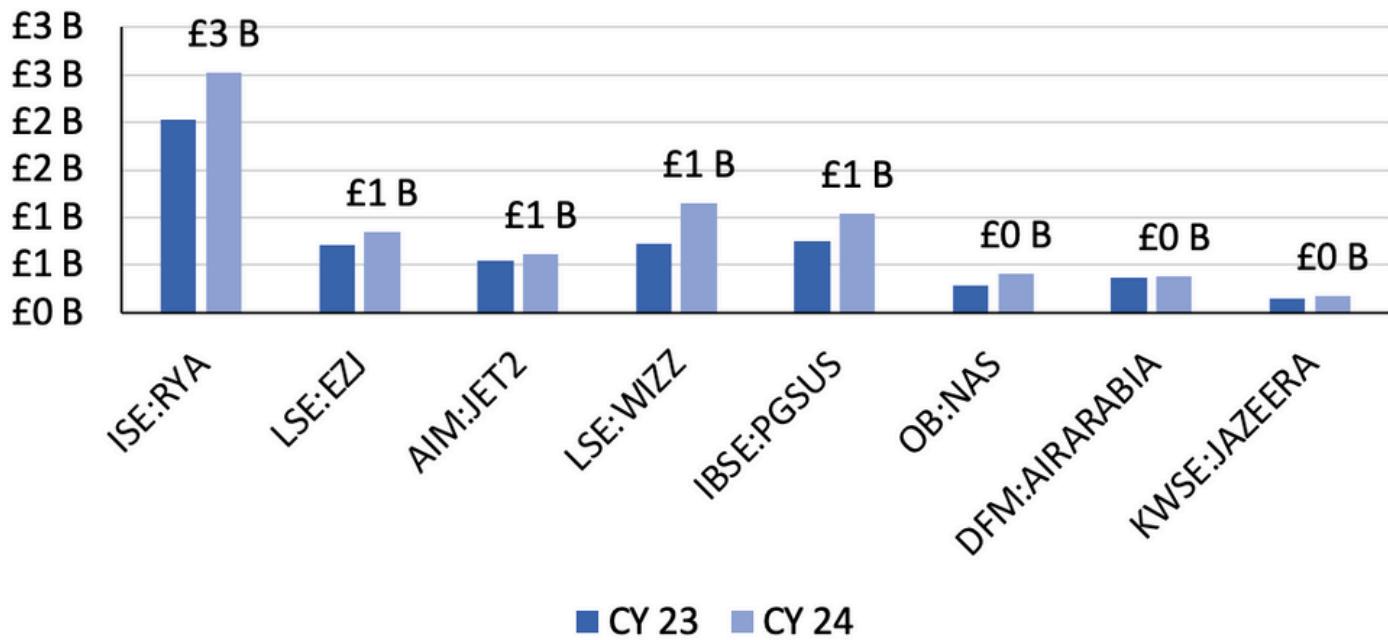
Appendix 10:

easyJet plc - Valuation Graphs and Analysis



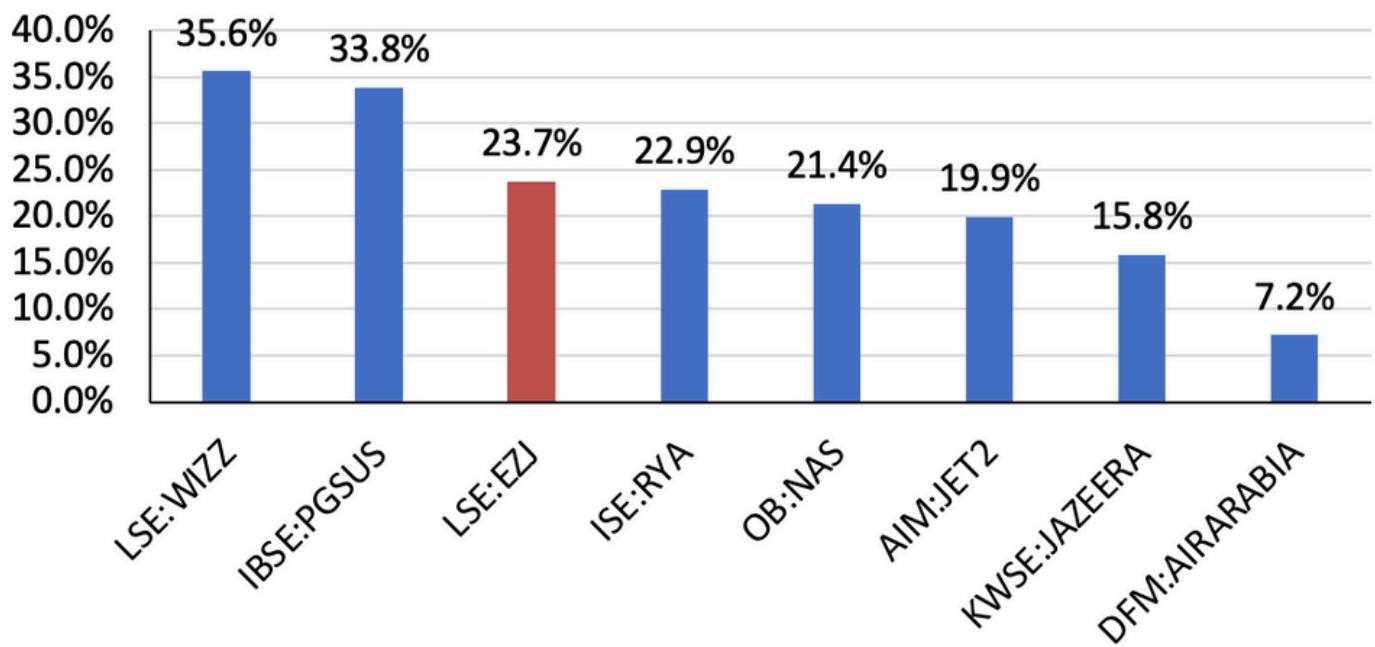
Appendix 11:

Annual EBITDA, CY 23 - CY 24



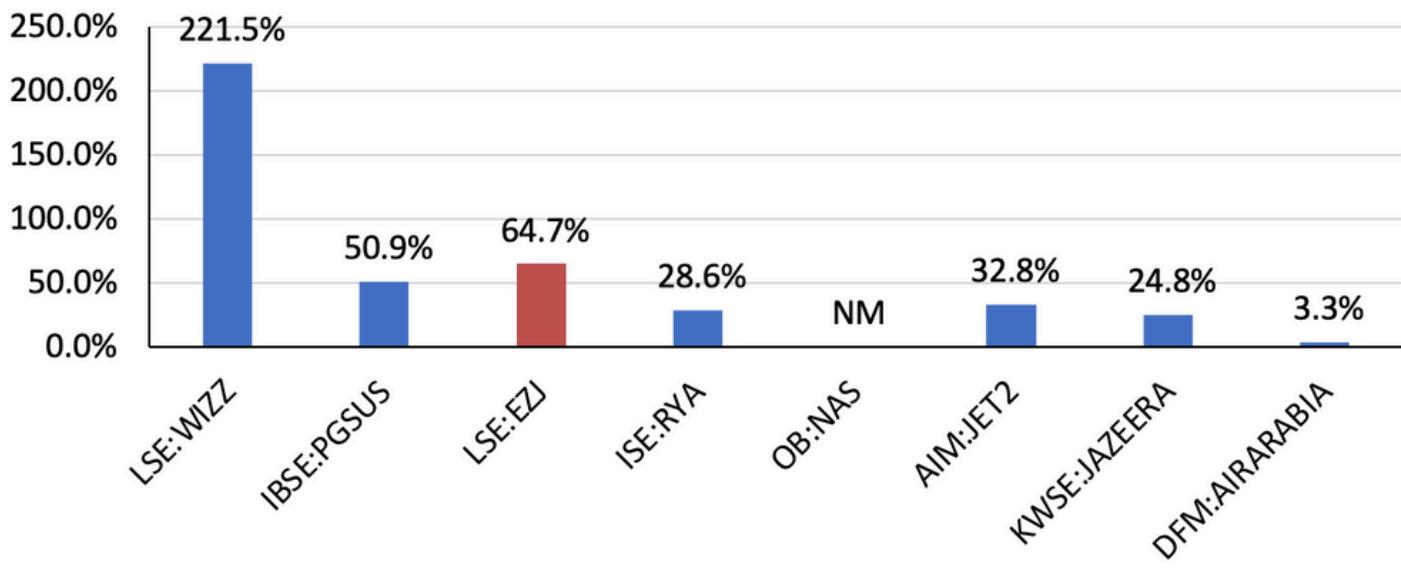
Appendix 12:

2-Year Revenue CAGR, CY 22 - CY 24



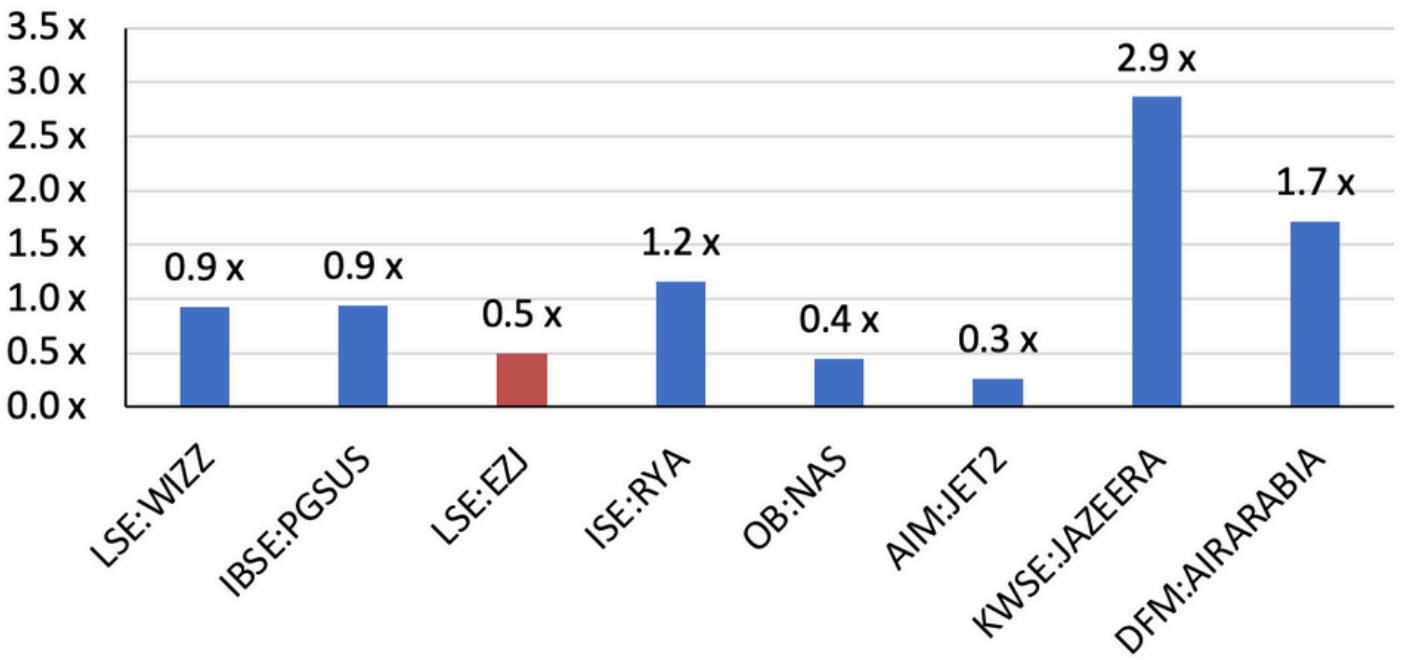
Appendix 13:

2-Year EBITDA CAGR, CY 22 - CY 24



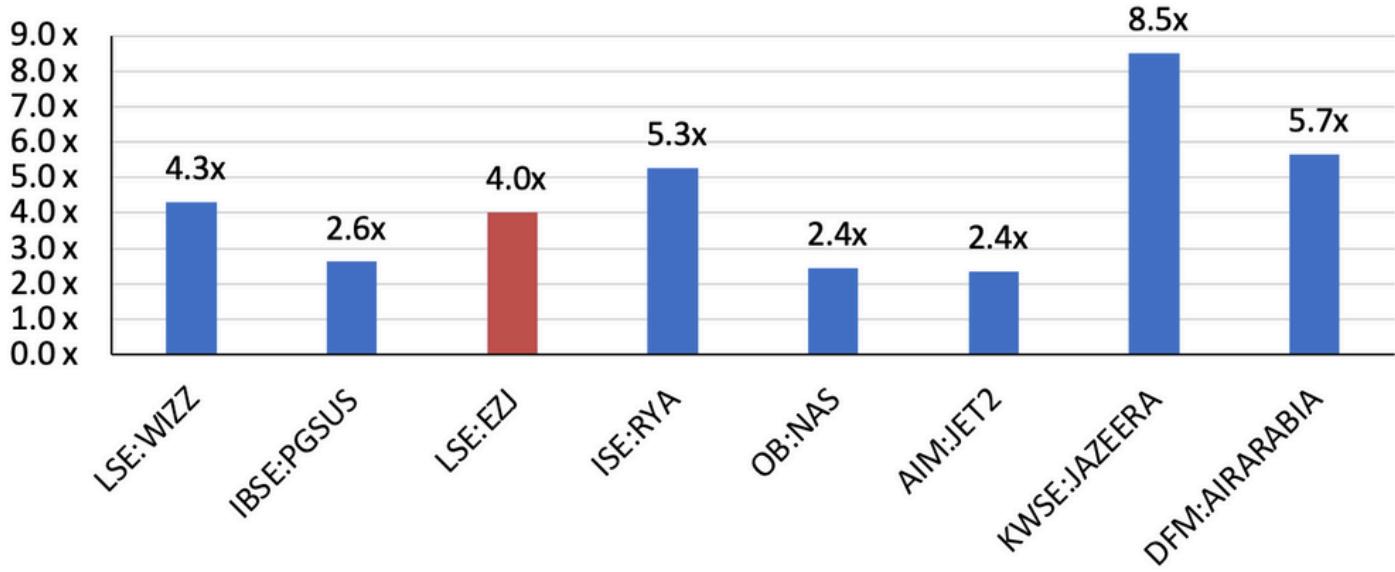
Appendix 14:

CY 24 Revenue Multiples

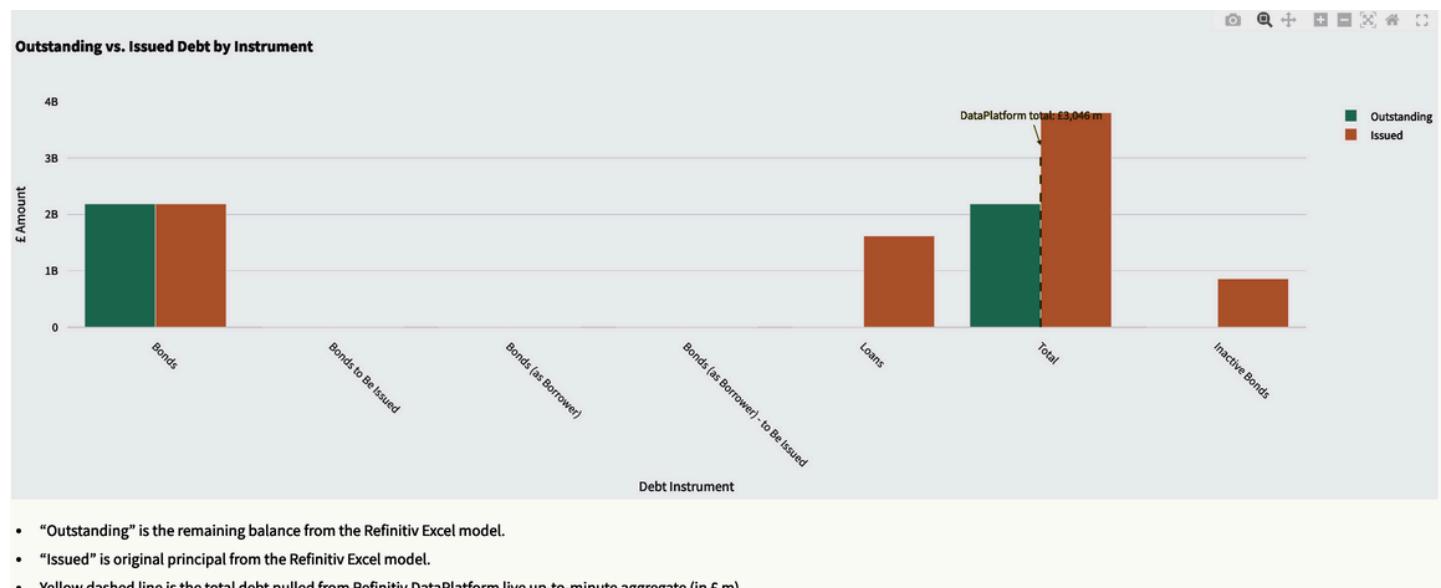


Appendix 15:

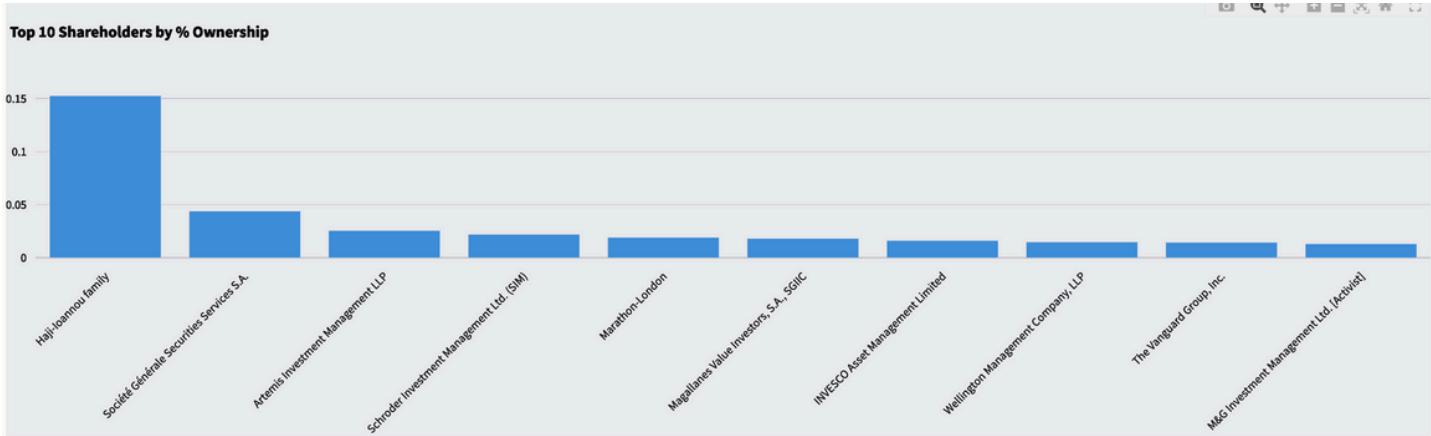
CY 24 EBITDA Multiples



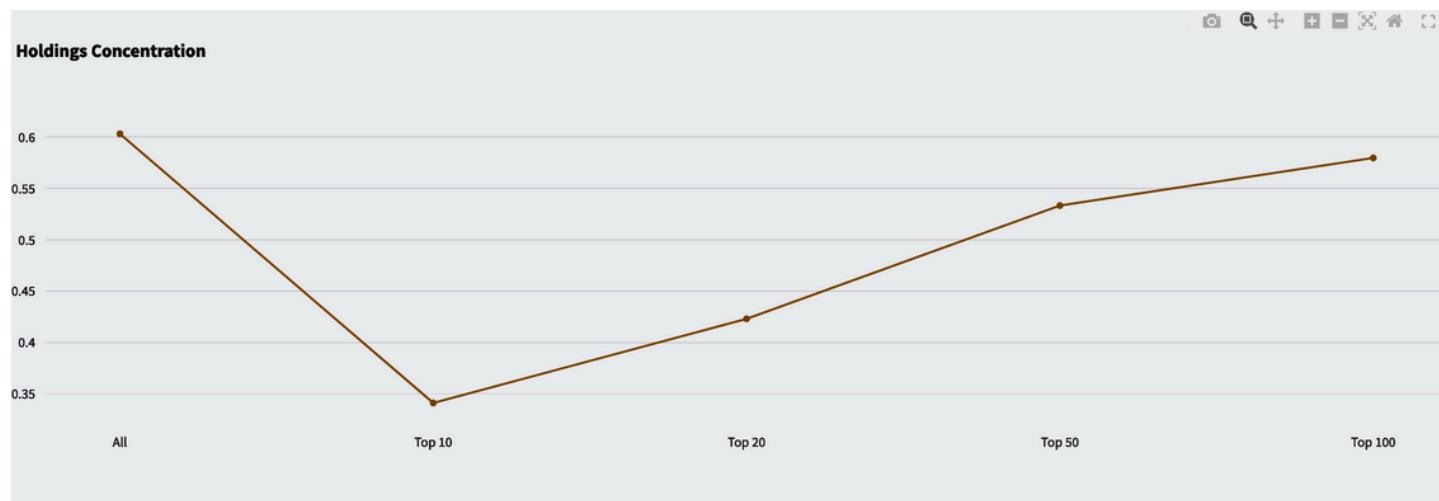
Appendix 16:



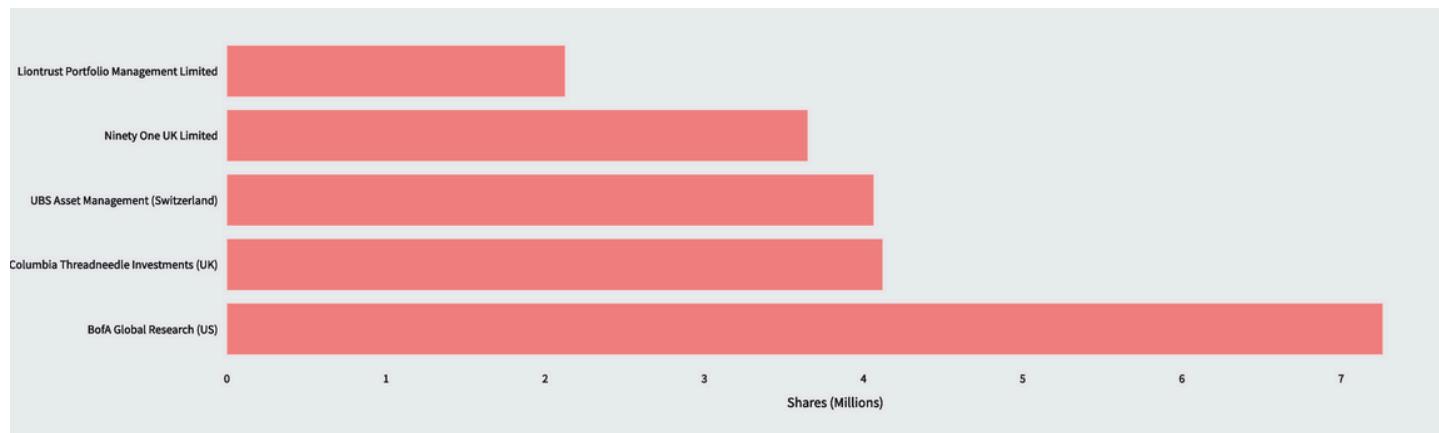
Appendix 17:



Appendix 18:



Appendix 19:



Appendix 20:

Mean Final Price: £4.46

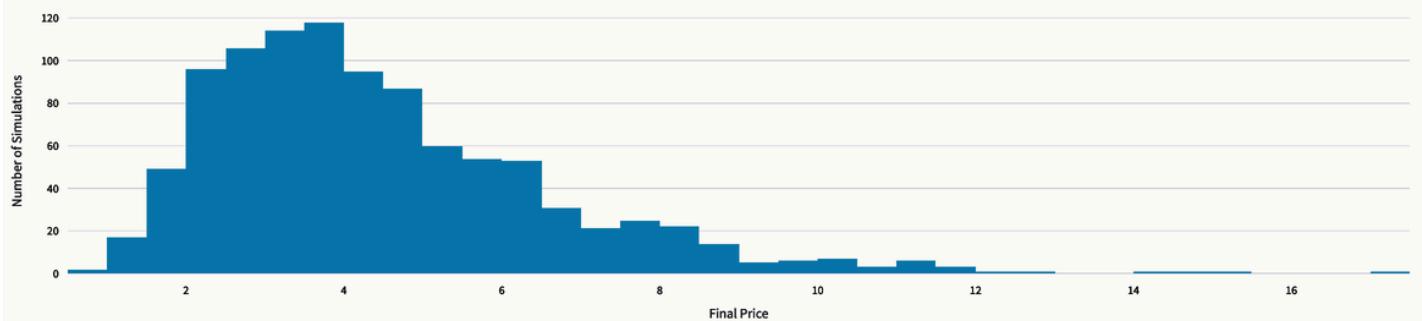
Median Final Price: £3.99

Max Final Price: £17.41

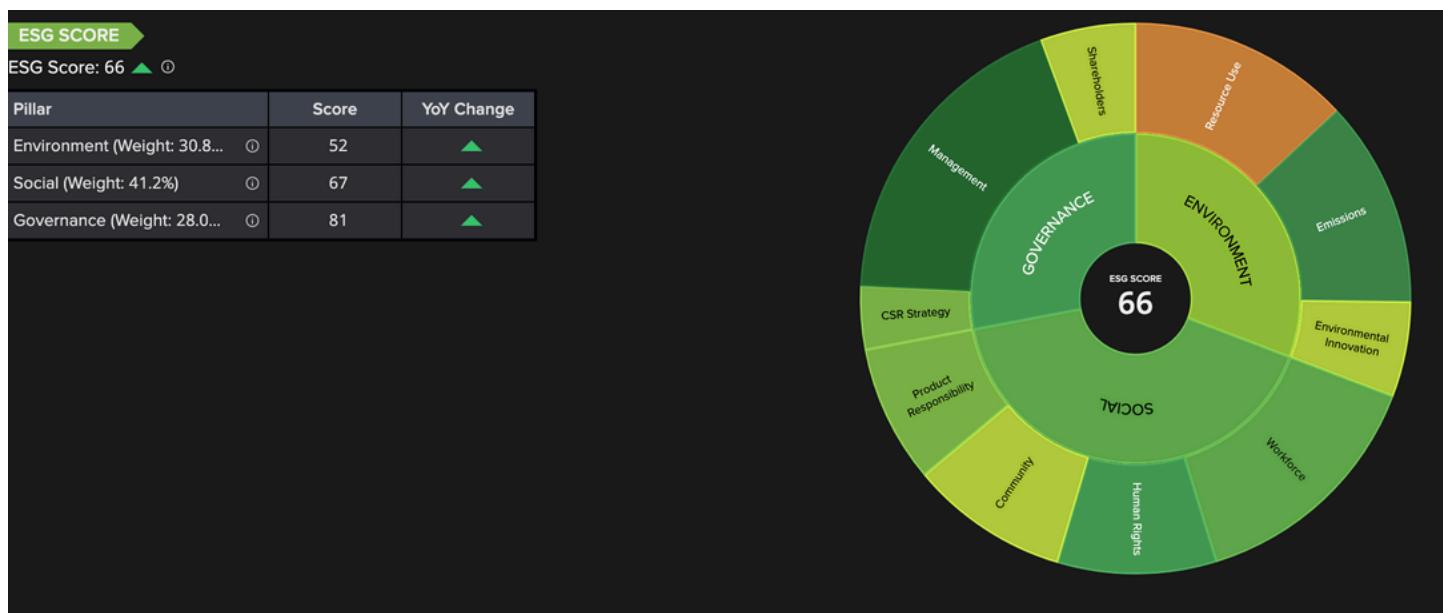
Min Final Price: £0.86



Distribution of Final Simulated Prices

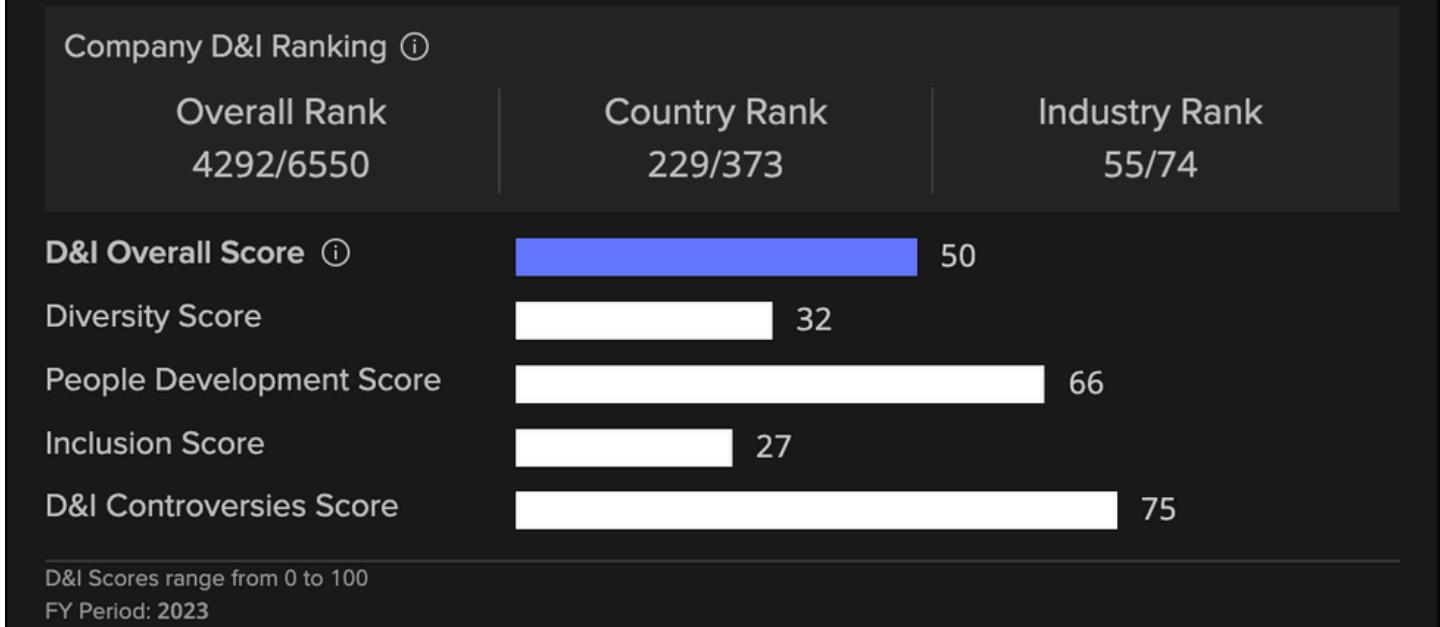


Appendix 21:

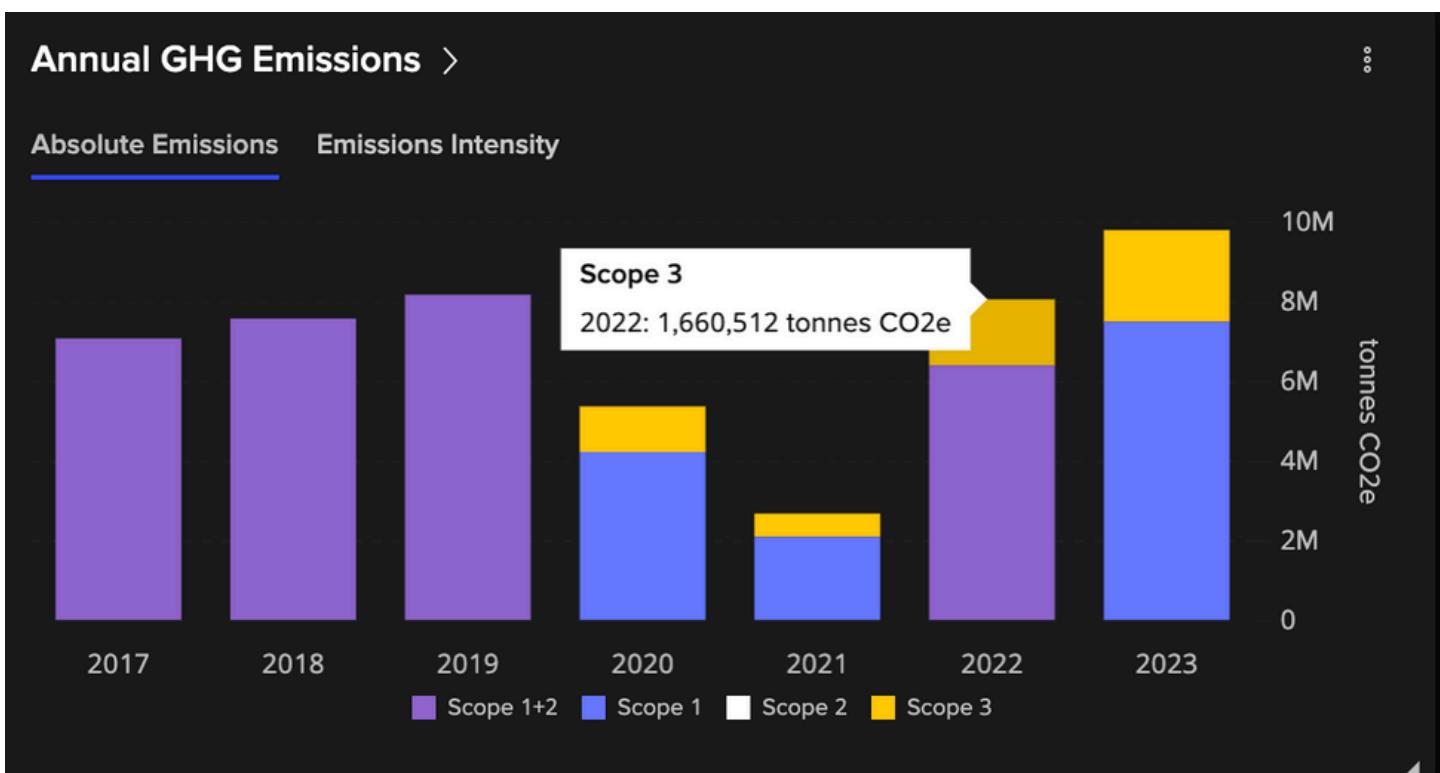


Appendix 22:

Diversity and Inclusion >



Appendix 23:



Appendix 24: References

Refinitiv

Easy Jet Financial Reports

GitHub repo:

GitHub - tomektomeknyc/easyJetDCFRep

<https://easyjetdcfreport.streamlit.app>