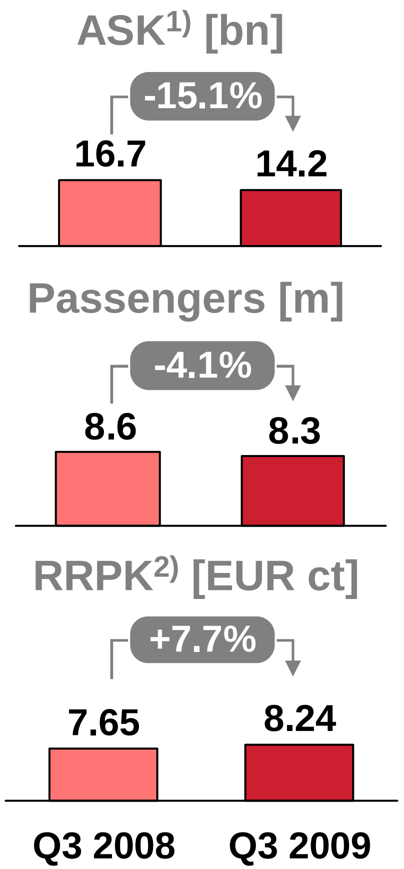
Quarterly report

July - September 2009

Berlin, November 19, 2009

Successful third quarter – Capacity adjustments have a positive impact on revenue per passenger kilometer

Performance Q3



CAPACITY

Continuation of selective **capacity adjustment actions** in **Intercont** and **Euro Schedule** segments

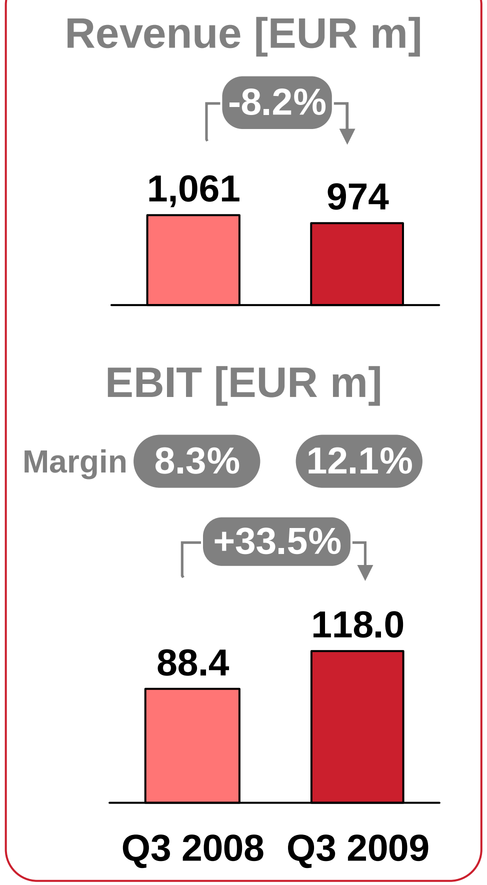
DEMAND

Capacity adjustments impact **passenger volumes** resulting in **slightly increased seat load factor**

YIELD

Capacity reduction and **increase in load factor** are having a positive impact on **revenue** per passenger kilometer

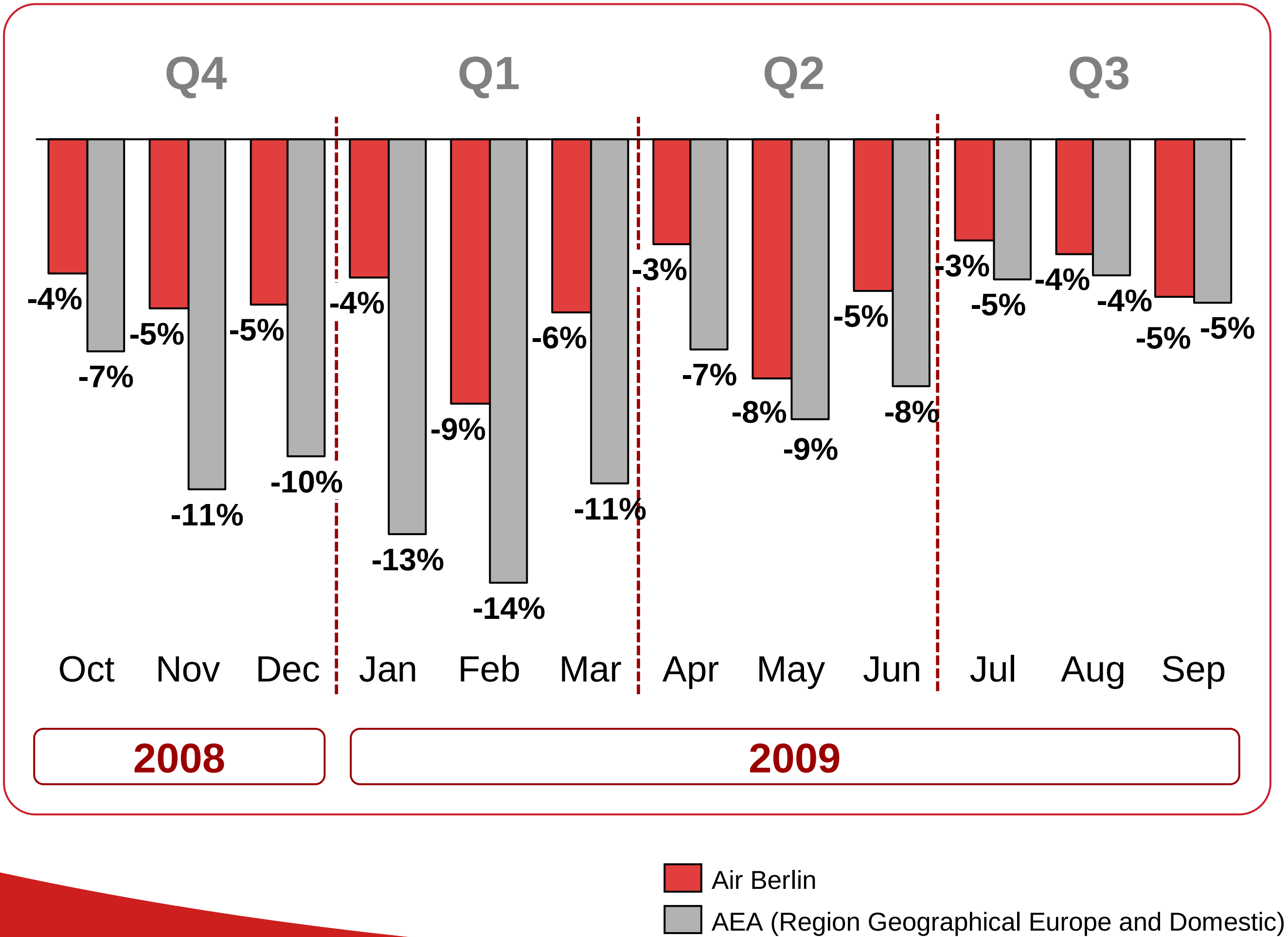
Result Q3



1) ASK: Available seat kilometer
2) RRPK: Revenue per passenger kilometer

The negative market development is slowing down – Overall, Air Berlin has outperformed the market

Passenger development across the industry year-on-year [%]



- Demand in pan-European travel continues to weaken, but this trend is slowing down
- Compared to the market, Air Berlin is experiencing less passenger decline and is actually gaining market share

Source: AEA

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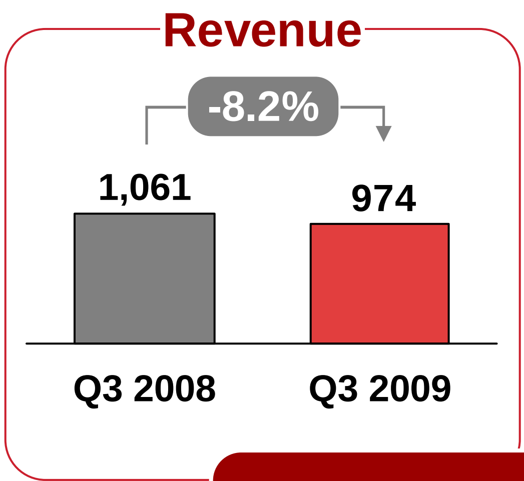
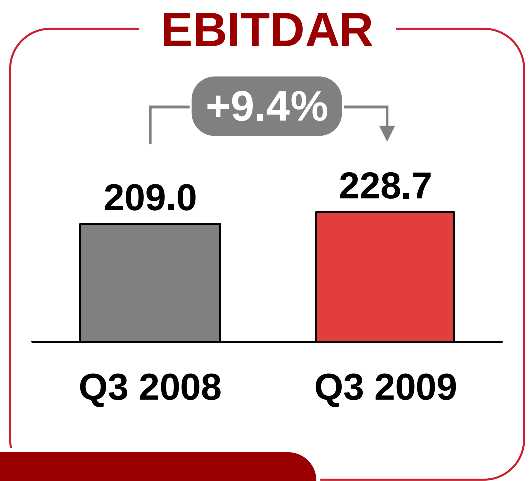
EBIT and earnings improved – Capacity adjustments lead to lower revenue

- Revenue decreased in Q3 due to declines in passenger volume caused by capacity reduction

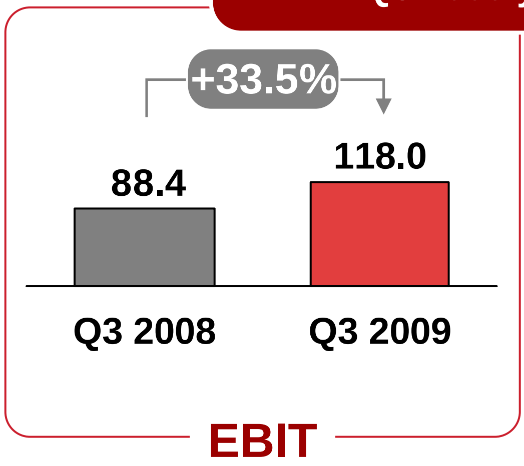


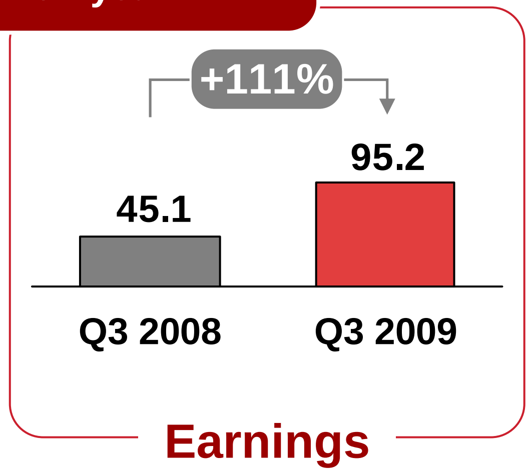


- EBITDAR rose by reducing operational costs, esp. fuel and catering

Q3 2009 year-on-year

- Cost effects plus lower leasing expenses lead to EBIT increase, even in light of slightly increased depreciations





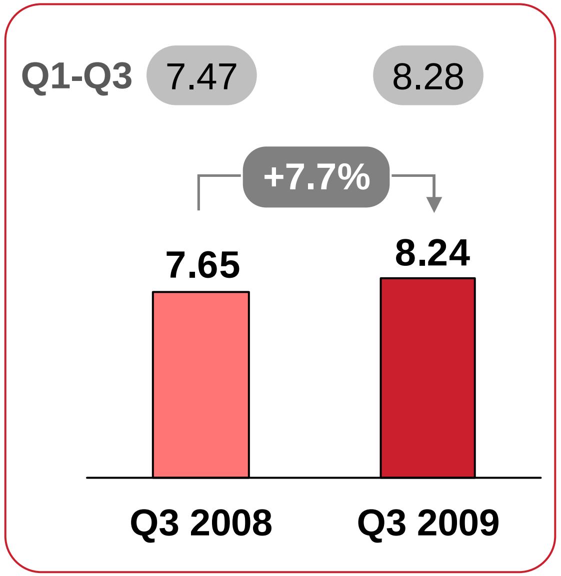
- Earnings increase due to cost-cutting and positive effect from bond redemption

All figures in EUR m

Load factor is up slightly – Capacity reduction allows revenue per passenger and seat kilometer to increase

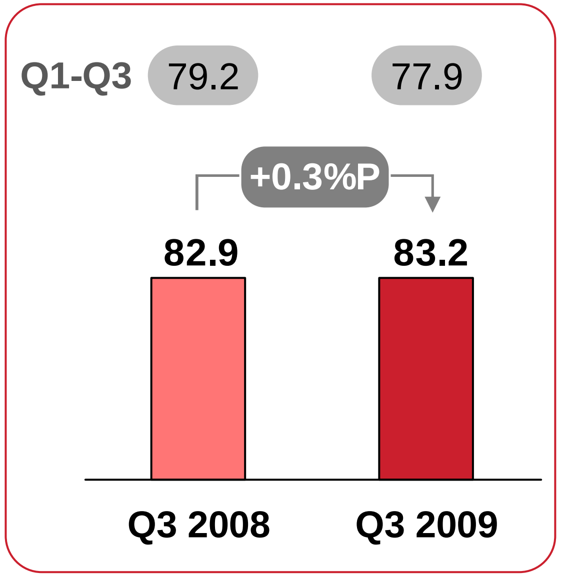
Development of operational KPIs

Revenue per passenger kilometer – RRPK[1] [EUR ct]



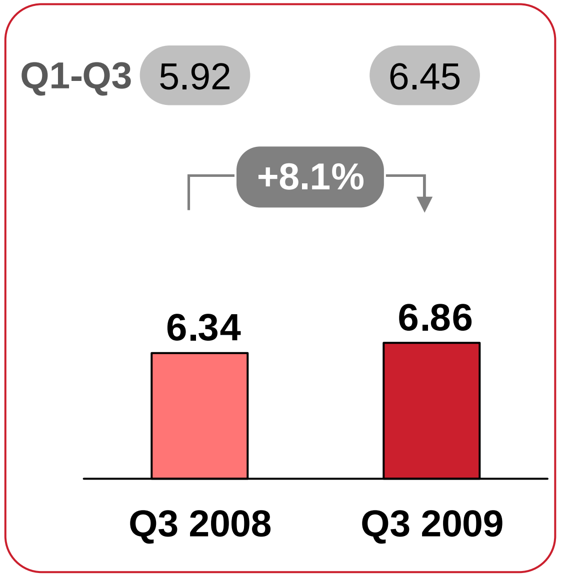
- Capacity reduction year-on-year has a positive impact on revenue per passenger kilometer

Seat load factor [%]



- Seat load factor slightly above previous year's level; negative develop-ment in Q1 and Q2 stopped

Revenue per seat kilometer – RASK [EUR ct]



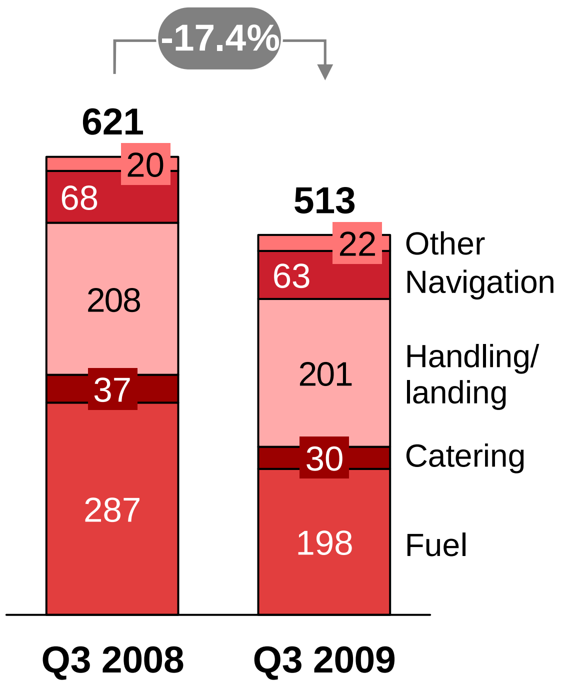
- Increase in revenue per seat kilometer due to structural effects and increased seat load factor

1) RRPK: Revenue per passenger kilometer

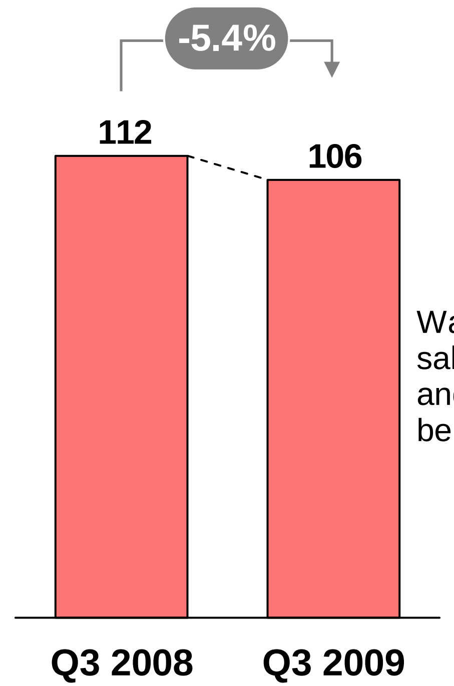
Positive development of fuel, catering and personnel expenses

Development of expenses, Q3 act. vs. prior year [EUR m]

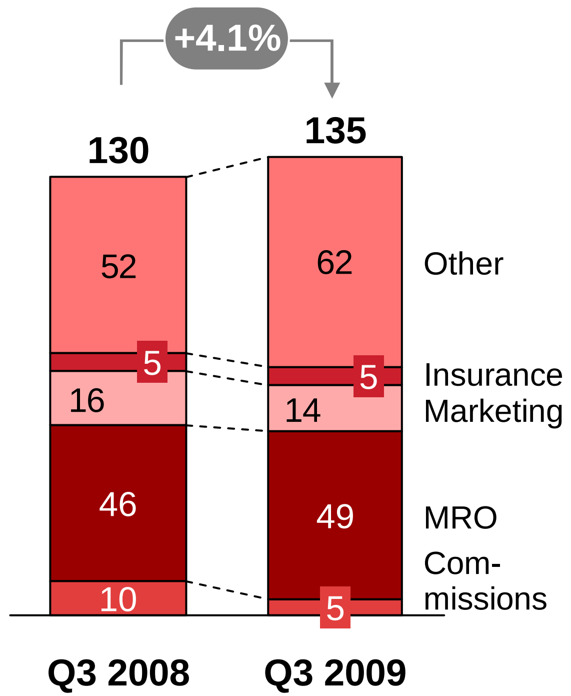
Direct operating costs[1)]



Personnel expenses



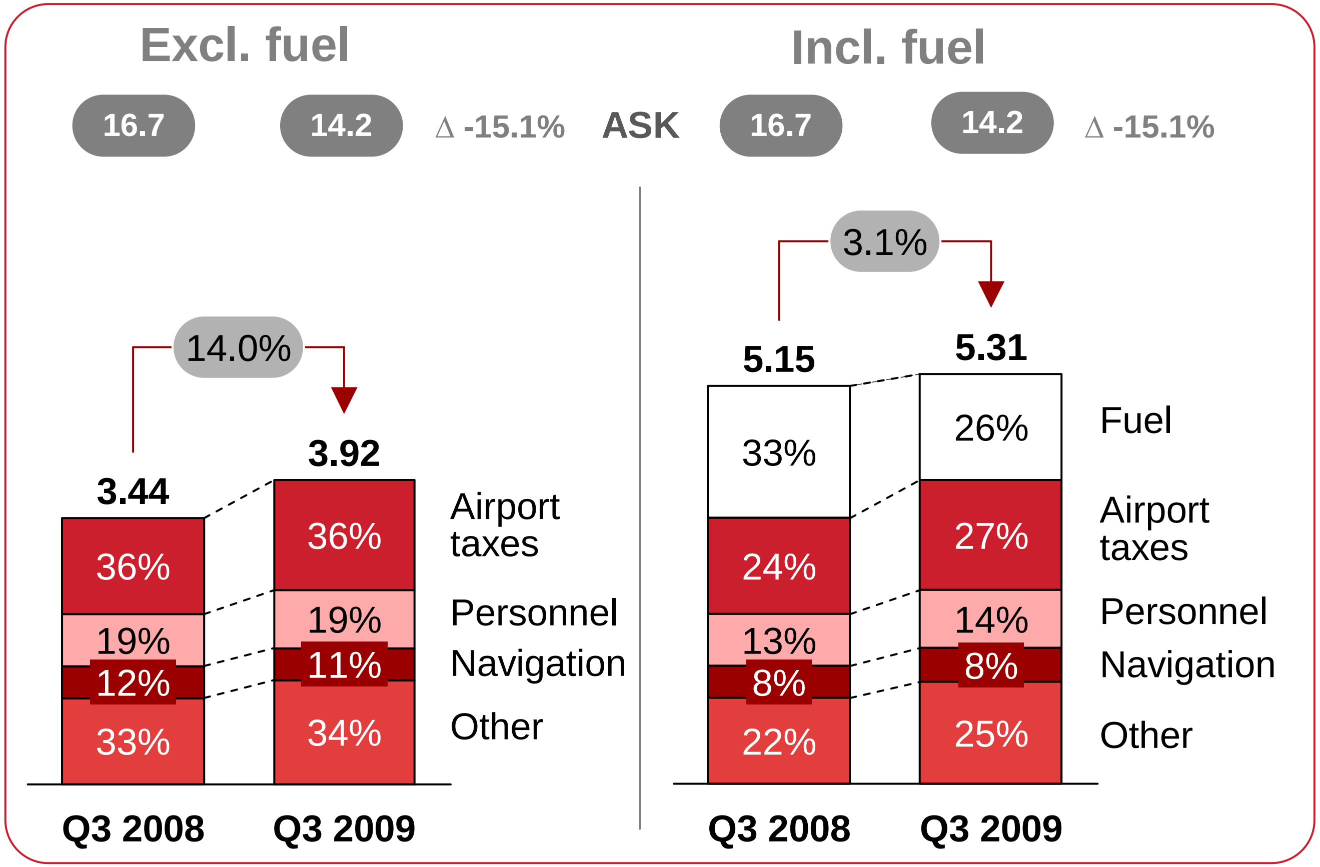
Other operating expenses



1) Excl. leasing and depreciations

Steep decline of fuel cost – CASK-increase driven by structural effects in scheduled flights

Development and breakdown of CASK[1)], Q3 act. vs. prior year [EUR ct]



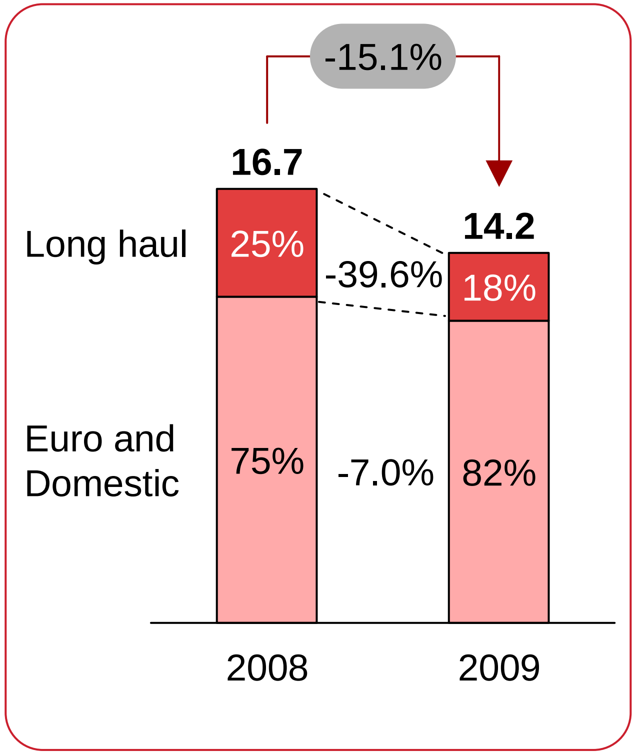
- CASK increased due to structural changes of flight schedule (lower share of long-haul routes)
- Fixed costs will continue to be scaled back
- Decline in fuel costs slowed the increase in CASK

1) CASK: costs per available seat kilometer (ASK)

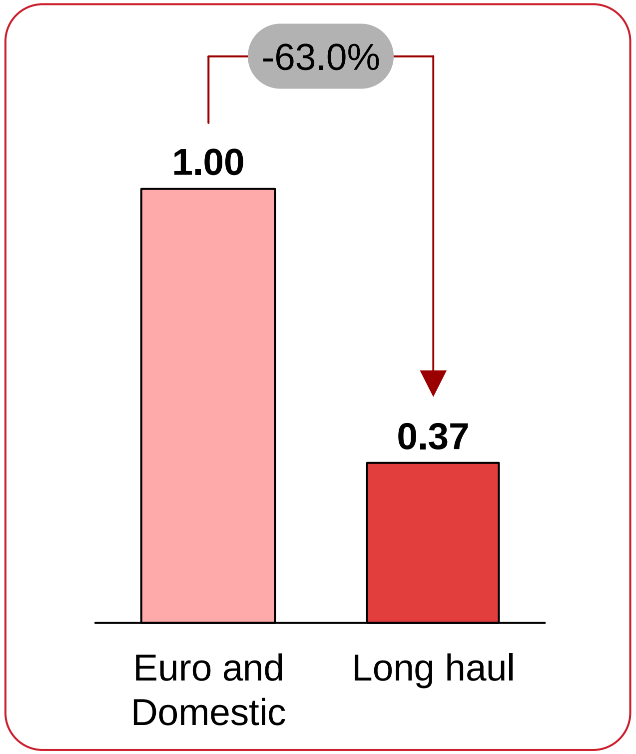
The long haul business tends to have low CASK – Cutting back on this segment causes a negative structural effect

Structural impact on CASK, Q3

Change in ASK [bn]



CASK by business segment (standardized)[1)]

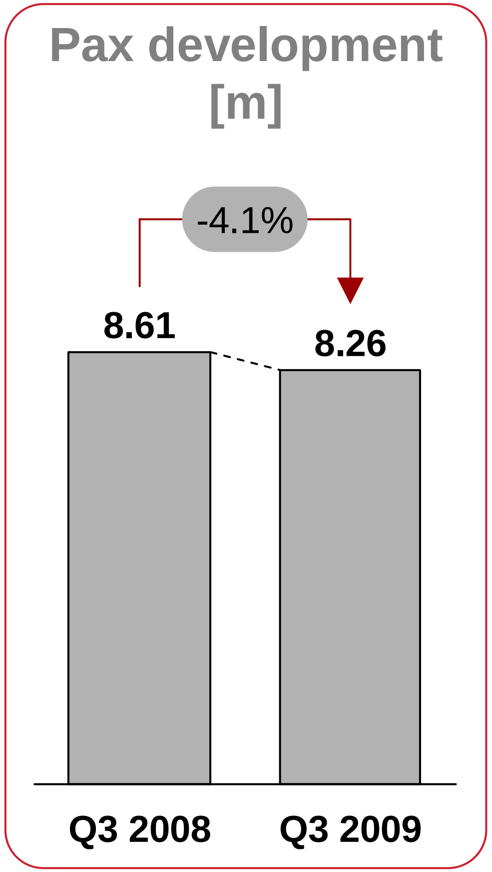


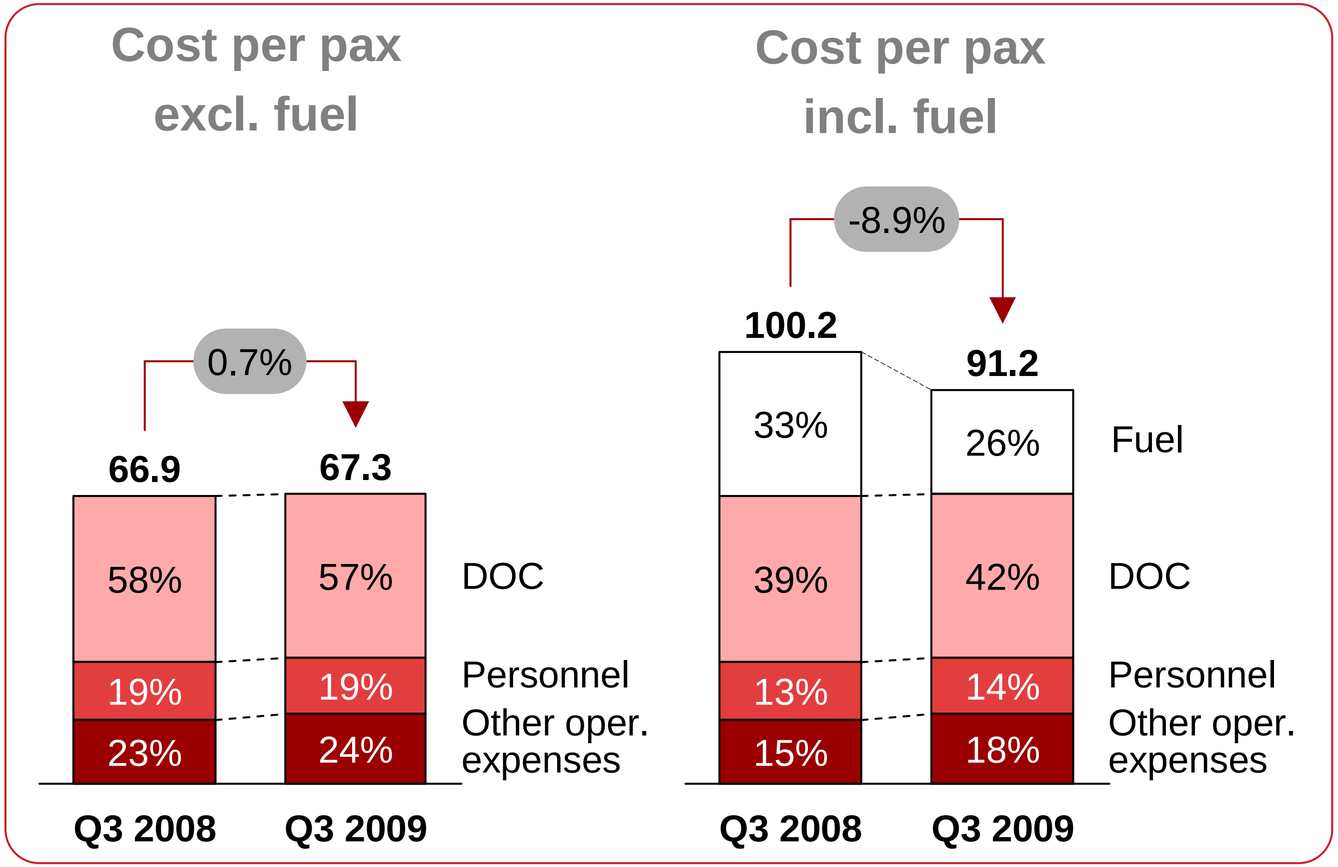
- Year-on-year, Air Berlin significantly scaled back its long haul business in Q3
- Costs per ASK on the long-haul routes are considerably lower, due to longer flight times with relatively fewer landings for example
- The structural effect has a negative impact on overall CASK

1) Euro and Domestic defined as 1.00

Good unit cost performance on a per pax basis – Positive effect from lower fuel price

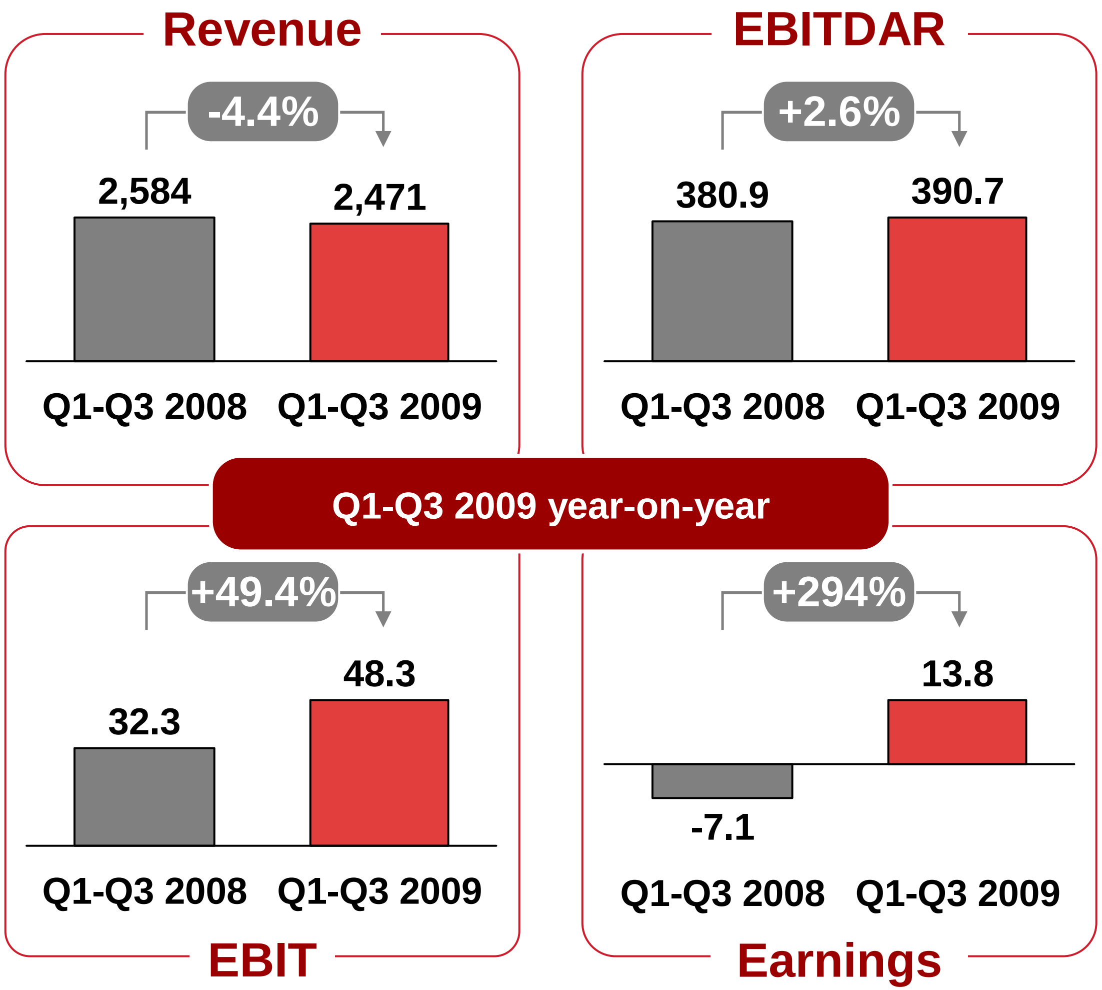
Development and breakdown cost per pax, Q3 act. vs. prior year [EUR]





Decreased revenue reflects capacity cuts – Increase in yield somewhat offsets revenue decline

- Supply and demand side influenced passenger decline leads to negative revenue development
- Lower leasing expenses mean an increase in EBIT

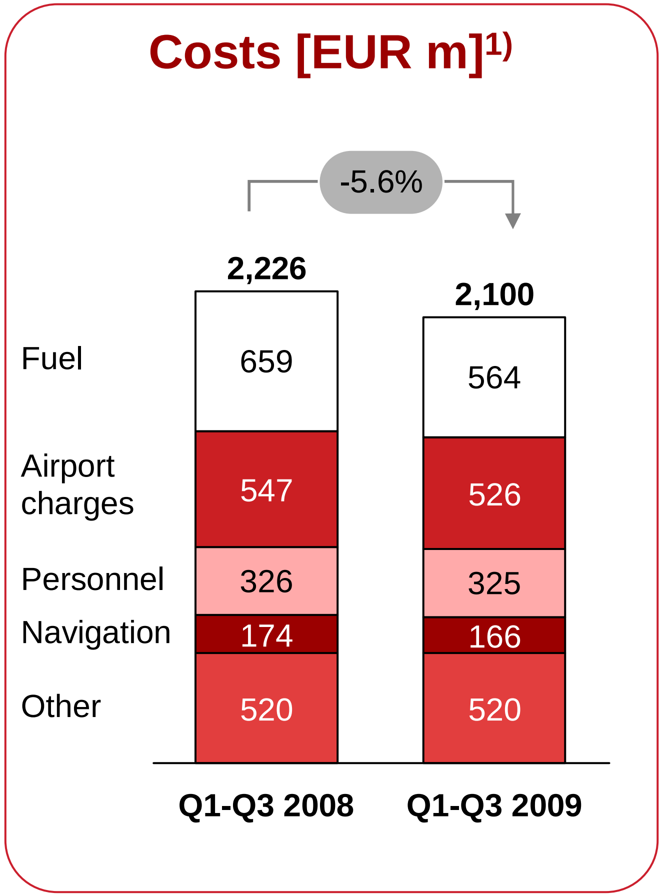


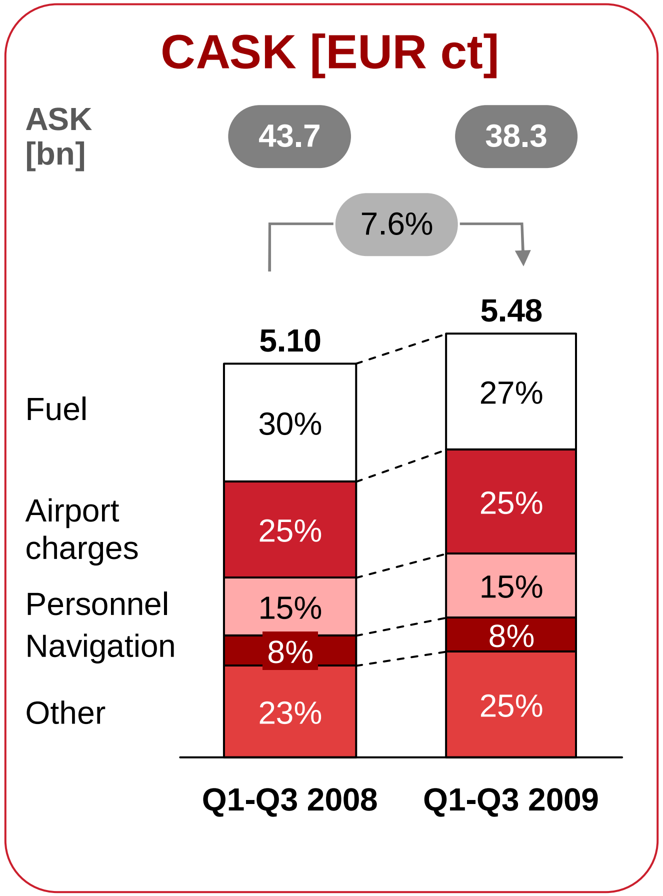
- Improvements in operational business, esp. from decline in fuel prices, have a positive effect on EBITDAR
- Earnings rose due to positive effect from redemption of bond in Q3

All figures in EUR m

Overall, CASK is rising due to structural effects – Decline in fuel price with first impacts in Q3

Operating costs, Q1-Q3 act. vs. prior year





- CASK reflects structural changes in scheduled flights (reduction of long-haul business)
- Actions to adjust fixed costs have been launched
- Decline in market fuel price will take effect starting in Q3, due to the hedges signed in 2008

1) Deviations in totals due to rounding

Wage negotiations with the crew were successfully finalized

Content and effect of crew pay settlements

Cockpit

Action	AB[1)]	LT[1)]
No pay increases in 2009		x
No pay increases in 2010	x	x
Block hours guarantee (2009/2010)	x	x
Jump to a higher pay grade for copilots	x	
Pension plan starting 2010	x	
Sector bonus		x

Cabin

Action	AB[2)]	LT[1)]
Inflation offset 2010	x[3)]	
Block hours guarantee (2009/2019)		x
Introducing new pay levels	x	
Making pursers more flexible[4)]		x
Pension plan starting 2011	x	
Sector bonus starting 2010		x

1) Completed Oct 2009 2) Completed March 2009 3) Negotiations underway to translate into block hours guarantee
4) Pursers can also work as flight attendants

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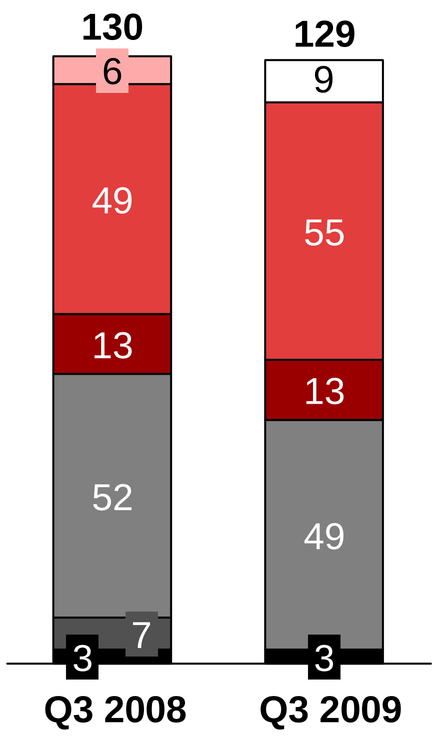
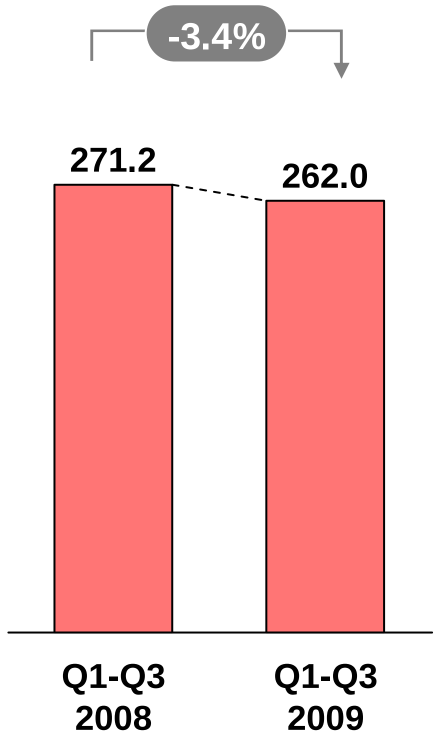
Air Berlin's fleet has been reduced slightly – Modernization plus phasing-in of Q400 largely completed

Fleet development [#] and leasing expenses [EUR m]

Fleet development[1)]



Leasing expenses



- As part of the fleet modernization, the fleet has been reduced slightly
- Nine Q400s have so far been put into service; one more to be added, for a total of ten
- Leasing costs reduced through special effects
- Early return of B767 agreed for January 2010

Q400 | F100 | A319-A321 | A330 | B737 NG | B737 Classic | B757/B767

1) As of September 30 of each year; excl. lease-outs

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Improvement of liquidity has a positive impact on the balance sheet – Reduction of net debt launched

Balance sheet structure, Sep 30, 2009 vs. Dec 31, 2008 [EUR m]

B/S as of Dec 31, 2008

∑ 2,409

Fixed assets 73%

Other current assets 16%

Liquid assets 11%

Equity 15%

Debt 85%

Net debt: 762

B/S as of Sep 30, 2009

∑ 2,544

Fixed assets 67%

Other current assets 15%

Liquid assets 18%

Equity 22%

Debt 78%

Net debt: 548

- Increase in liquid assets from operational business and capital actions
- Capital actions (raising capital, convertible bond) increase equity and reduce net debt
- TUI investment not included in equity yet – Equity-share of ca. 24%

Positive cashflow achieved through operational improvements and capital actions

Cashflow development [EUR m]

	Q1-Q3 2008	Q1-Q3 2009	Δ [%]
Net cashflow from operations	50.1	150.5	+200.4
Cashflow from investment activities	-82.6	-77.8	+5.8
Cashflow from financing activities	-124.5	107.0	+185.9
Net funds at start of period	468.6	267.8	-42.9
Net funds at end of period	317.0	446.4	+40.9

- Operational success considerably increases cashflow from business activities
- Investments scaled back by about 6%
- Capital actions achieve positive cashflow from financing activities

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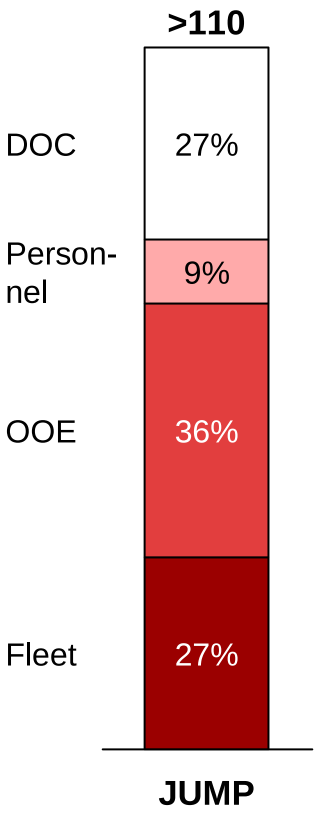
Operational performance program JUMP a success with an impact of over EUR 110 m

JUMP 2009[1] full year – Cost cutting measures[2] [EUR m]



Cutting direct operating costs

- Reducing fuel consumption through fuel efficiency training
- Optimizing airport costs
- Improving inflight product

EUR >30 m

Optimizing personnel costs

- Improving crew utilization
- Selective hiring freeze in overhead personnel

HR

EUR >10 m

Saving other operating expenses

- Reducing the cost of sales (e.g. call center)
- Realizing savings in overhead material costs
- Sales commissions reduced
- Marketing expenses cut

EUR >40 m

Reducing fleet

- Phase-out of expensive aircraft (e.g. Fokker 100)
- Lease-out of own aircraft
- Sale of aircraft

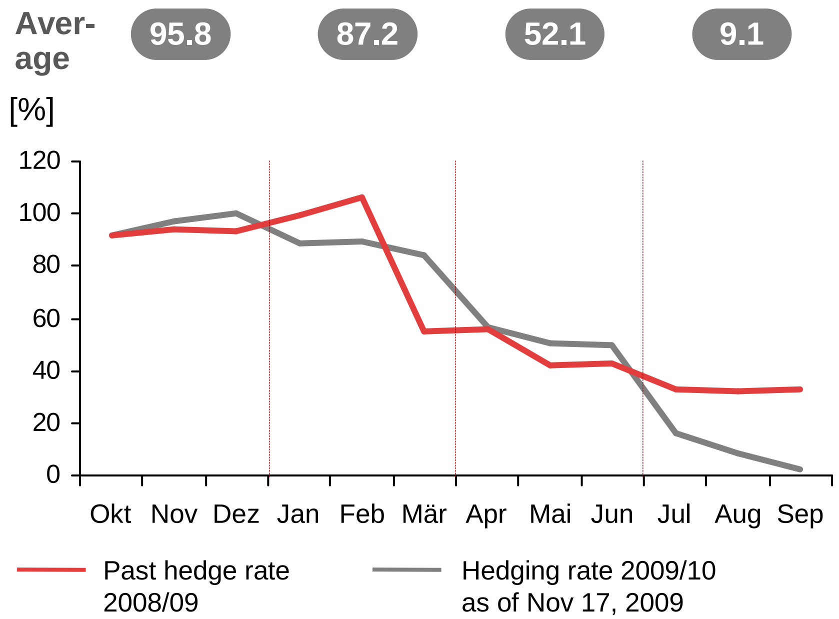
EUR >30 m

1) EBIT effects of 2009 and hangover of 2008 2) Excluding volume effect

Fuel largely secured at low market prices before end of Q1 2010 against an expected fuel price increase

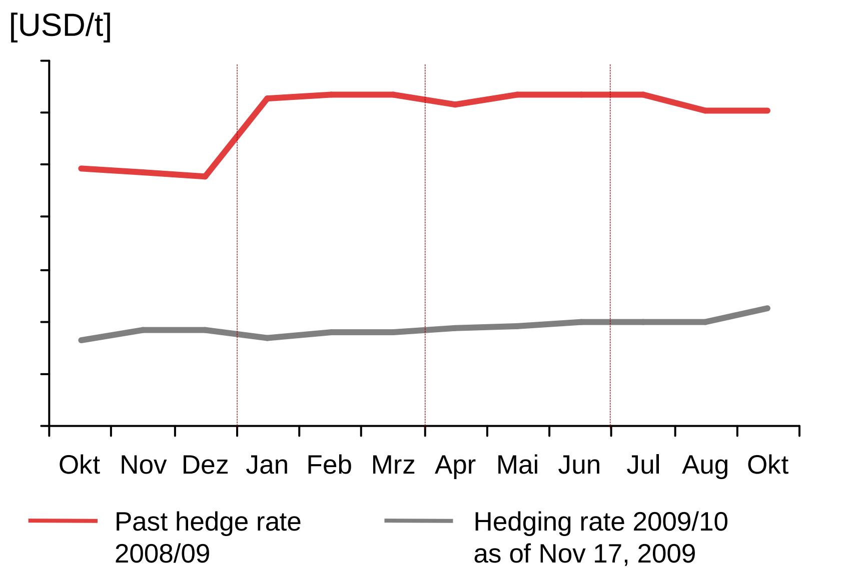
Fuel hedging profile and fuel price development, 2009/10 vs. 2008/09

Hedging profile



- High rate of hedging guarantees sufficient risk coverage against fuel price increase before end of Q1 2010

Hedging price



- Lower fuel market prices secured for next year as well

The successful business development up through Q3 will also be seen over the course of the entire year

Expectations for fiscal 2009

Operational performance

Capacity

- Capacity selectively adjusted in individual business segments
- TUIfly City business taken over as of October 25

Capacity utilization and income

- Stable load expected along with slightly declining yields

Earnings

H1

- Revenue and earnings according to plan

Q3

- Positive earnings develop-ment against previous year while revenues are declining

Q4

- Weaker yields and stable demand with impact on revenue
- Integration of TUIfly

Balance sheet

Assets

- Liquidity shored up in Q2 and Q3 through capital actions

Liabilities

- Equity was strengthened by capital actions and the TUIfly transaction in October
- At the same time reduction of net debt initiated
- Further actions planned for rest of Q4

Year-on-year improvement is expected to continue

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Performance overview (1/2)

Operational performance data of the Air Berlin Group

Service data	Q3 2008	Q3 2009	Delta	Q1-Q3 '08	Q1-Q3 '09	Delta
Destinations	130	127	-2.3%	130	127	-2.3%
Aircraft (end of period)	130	129	–	130	129	–
Flights ['000]	63	59	-7.1%	171	158	-7.7%
Block hours ['000]	136	120	-12.1%	356	319	-10.5%
Capacity [m seats]	10.4	9.9	-4.4%	27.9	26.9	-3.5%
ASK [bn]	16.7	14.2	-15.1%	43.7	38.3	-12.3%
Passengers [m]	8.6	8.3	-4.1%	22.1	21.0	-5.1%
RPK[1)] [bn]	13.9	11.8	-14.8%	34.6	29.9	-13.7%
Seat load factor [%]	82.9	83.2	+0.3%P	79.2	77.9	-1.3%P
Revenue[2)]/ASK [EUR ct]	6.34	6.86	+8.1%	5.92	6.45	+9.0%
Revenue[2)]/RPK [EUR ct]	7.65	8.24	+7.7%	7.47	8.28	+10.9%

1) Revenue passenger kilometer 2) Total revenue

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Performance overview (2/2)

Financial data of the Air Berlin Group [EUR m]

Financial data	Q3 2008	Q3 2009	Delta	Q1-Q3 '08	Q1-Q3 '09	Delta
Total revenue	1,061.4	974.0	-8.2%	2,583.8	2,470.9	-4.4%
Other income	10.2	8.4	-17.6%	22.6	19.6	-13.3%
Fuel	286.8	197.5	-31.3%	658.5	563.6	-14.4%
Airport taxes	207.9	201.0	-3.3%	547.4	526.2	-3.9%
Personnel	112.1	106.1	-5.4%	325.9	324.9	-0.3%
Navigation	68.4	62.6	-8.4%	174.1	165.6	-4.9%
Other expenses	187.4	186.5	-0.5%	519.6	519.5	-0.0%
EBITDAR	209.0	228.7	+9.4%	380.9	390.7	+2.6%
EBIT	88.4	118.0	+33.5%	32.3	48.3	+49.4%
Net income	45.1	95.2	+110.9%	-7.1	13.8	+193.6%

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