

AIR BERLIN PLC

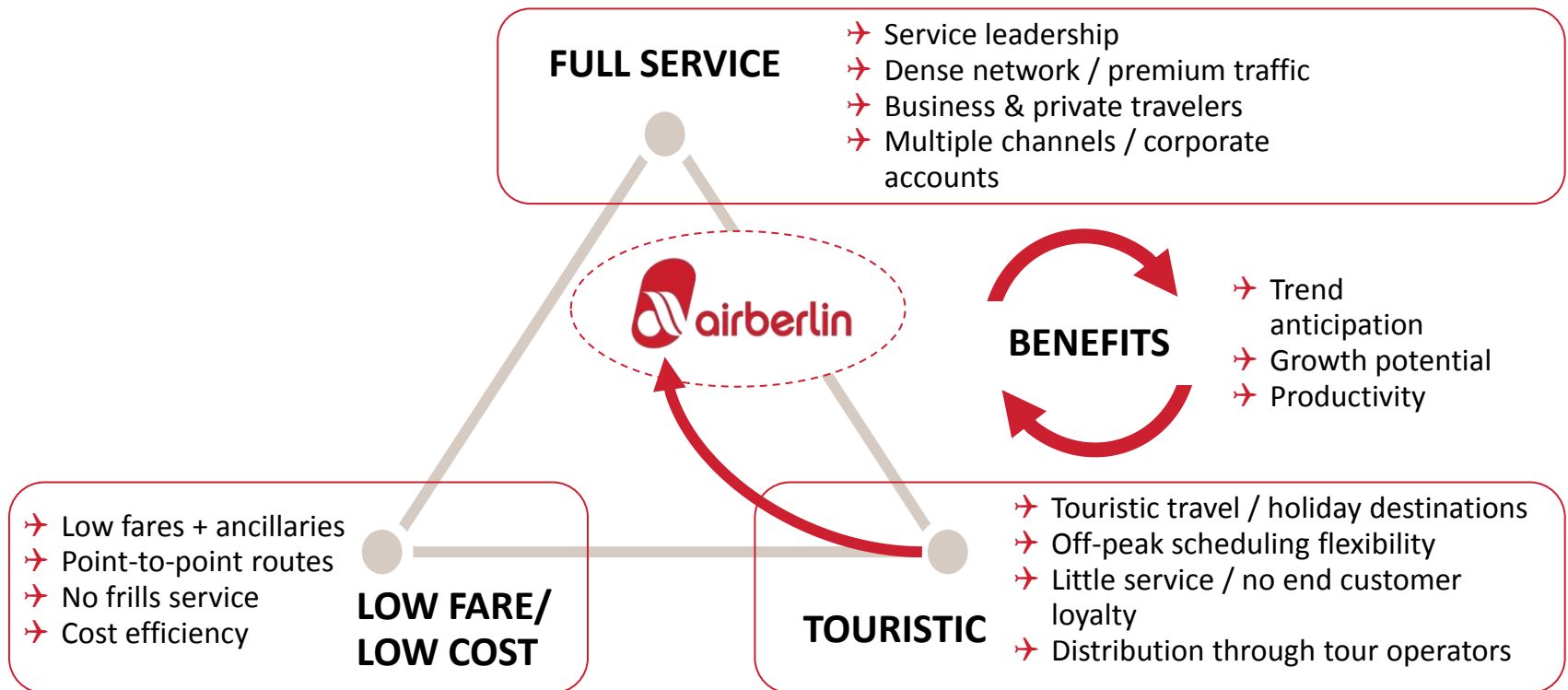
GERMAN INVESTMENT CONFERENCE 2011

Munich, 29 September 2011



Originally a pure touristic operator, airberlin has evolved into offering a combination of touristic & full-service scheduled traffic

Positioning with respect to generic business systems



Management summary – Shape & Size targets for EUR 200m earnings improvement

CURRENT CHALLENGES

- ❖ Weak performance in first half 2011 (EBIT – 220 m EUR vs. – 134 m in H1 2010) ; external factors played a role
- ❖ Overall economic development considerably affects the aviation industry
- ❖ Economic trend of cyclical imprecision calls for cautiousness
- ❖ Development of yield and bookings for 2011 is not encouraging; outlook statement difficult

AIRBERLIN'S WAY FORWARD

- ➔ airberlin continues its proven business model which spans a network mix of scheduled and leisure routes
- ➔ While consolidating airberlins' set up we established the project Shape & Size which targets to achieve earnings enhancement of EUR 200m
- ➔ The triggered measures will neither affect our safety, the customer service nor the quality of full service package
- ➔ Shape & Size is 1st priority for management and airberlin

Consolidation of airberlin's current setup

SHAPE & SIZE

- Capacity deployment
- Process efficiency
- Operational complexity
- Organizational alignment

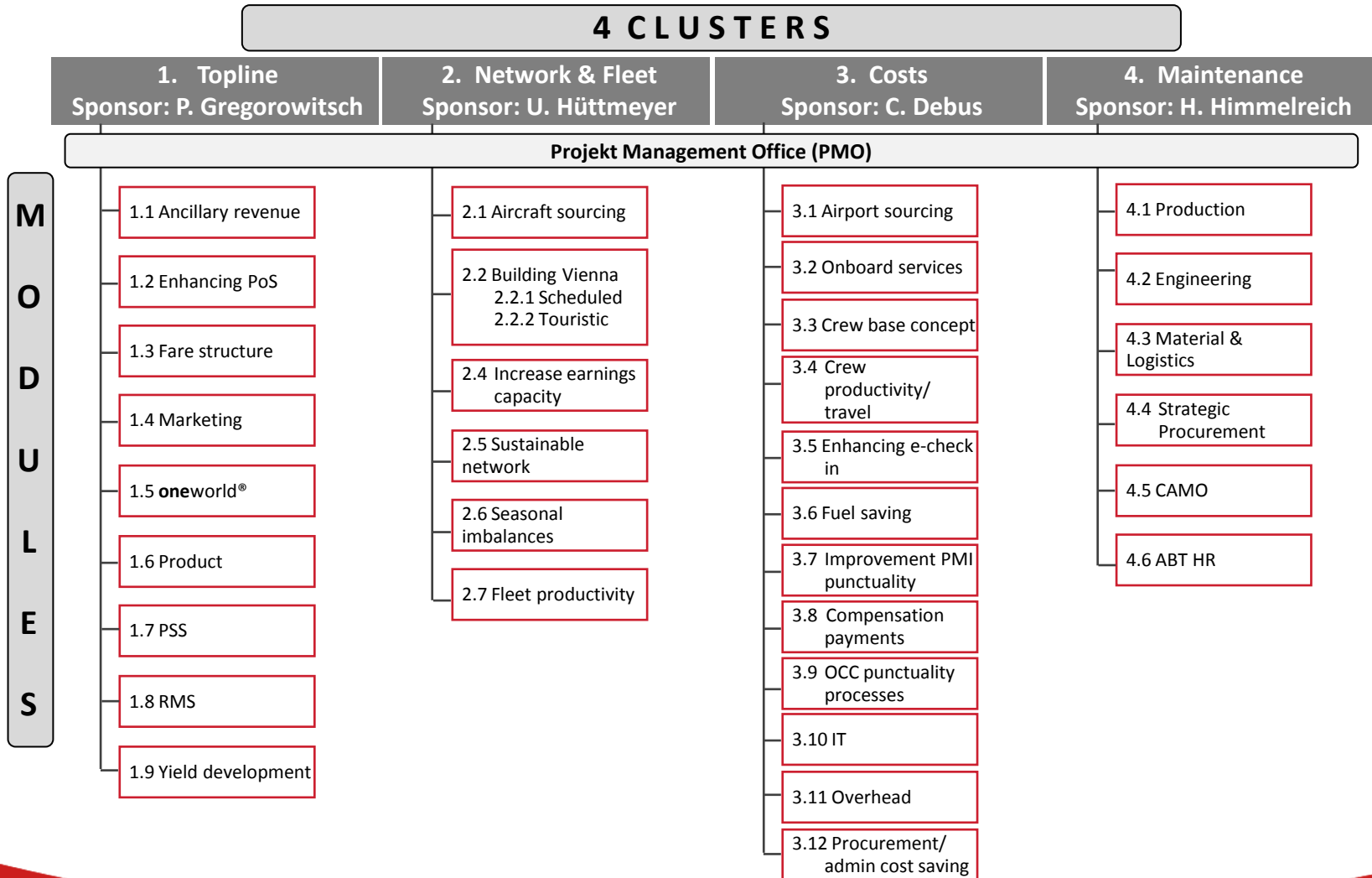
TOURISTIC

- Protection and foster
- Reduction of seasonal imbalances
- Redesign of sales channel strategy

FULL SERVICE

- Profitability improvement
- Selective growth with focus on market coverage
- Development of hubs and alliance cooperation

Shape & Size – Steering Board: H. Mehdorn and U. Hüttmeyer



Topline goals

Increase yield

Enhancement of average yield per sold ticket on certain route bundles

Increase Seat Load Factor

Enhancement of average load factor per sold ticket on certain route bundles

Increase toolbox

Expansions of business know-how especially with regard to IT progresses

for example...



- Increase of ancillary revenue from surcharges and other non-tariff components (e.g. piece concept)
- Maximizing positive network effects from partnerships
- Entering **oneworld**[®] alliance in spring 2012
- Increasing sales share in international markets



- Enhancing point of sale
- Entering **oneworld**[®] alliance in spring 2012 enables access to global network which encompasses an increased attractiveness, especially for business travelers
- Increasing load and controlling availabilities through the implementation of PSS



- Implement new passenger service system (PSS)
- State of the art sales platform to optimize existing sales channels and enable the alliance membership entry
- Implement new revenue management system (RMS)

Goals defined for improving airberlin's network & fleet structure

– Current focus on short-term improvements

Goals

- Reduction of total asset ownership cost by improving productivity of fleet
- Increase network sustainability
- Reduction of complexity

CURRENT FOCUS: Network efficiency

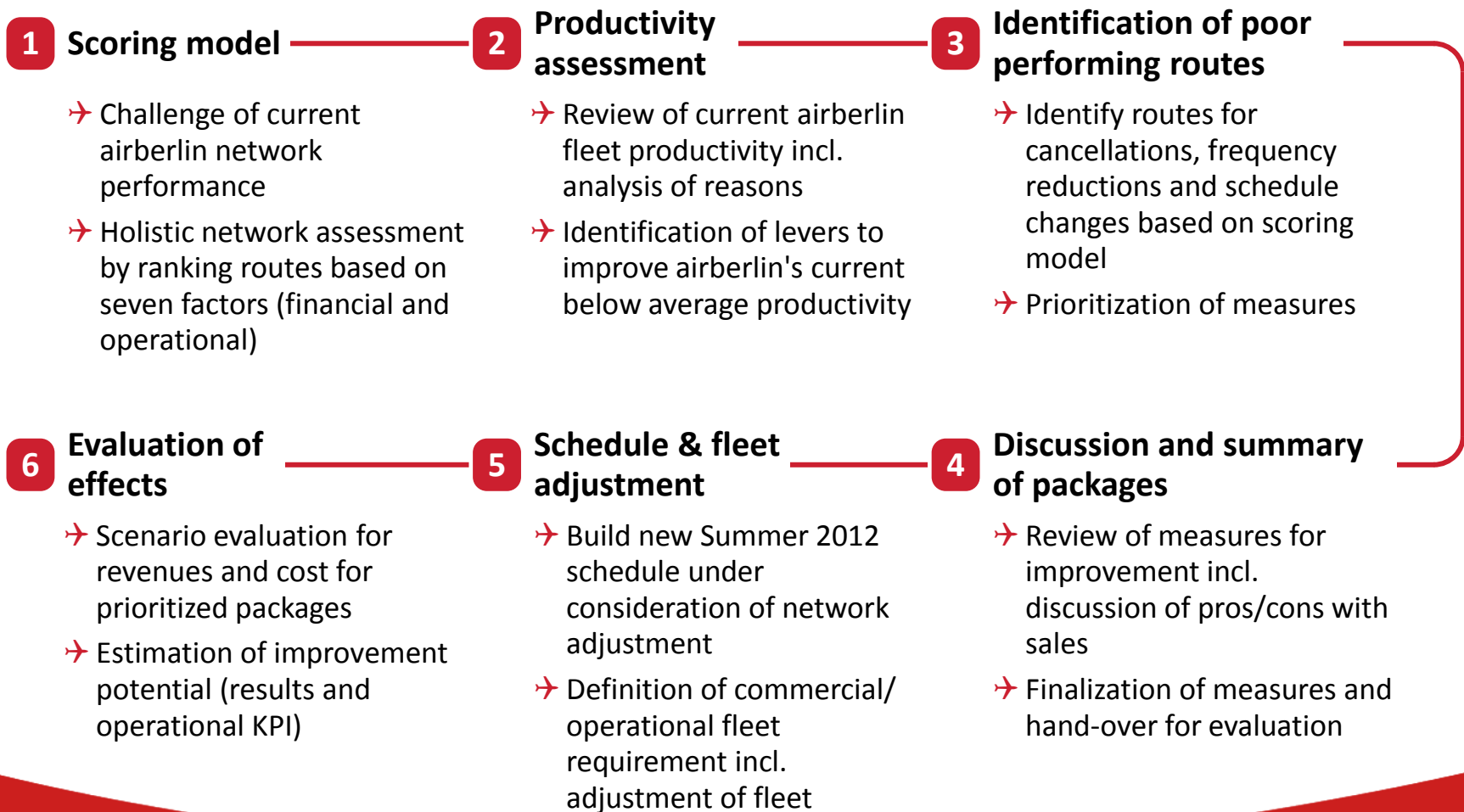
- Reduction of seasonal imbalances between Winter and Summer production
- Cancellation of network elements with poor result contribution and tied A/C resources and/or little strategic importance
- Improved schedule adjustments between business segments during Summer peak times

IN PROGRESS: Operational efficiency

- Adapted aircraft and crew station concept
- Improved utilization of crew/maintenance resources
- Efficient fleet structure

→ **Holistic network assessment by ranking routes based on seven factors (financial and operational)**

Network assessment in 6 steps

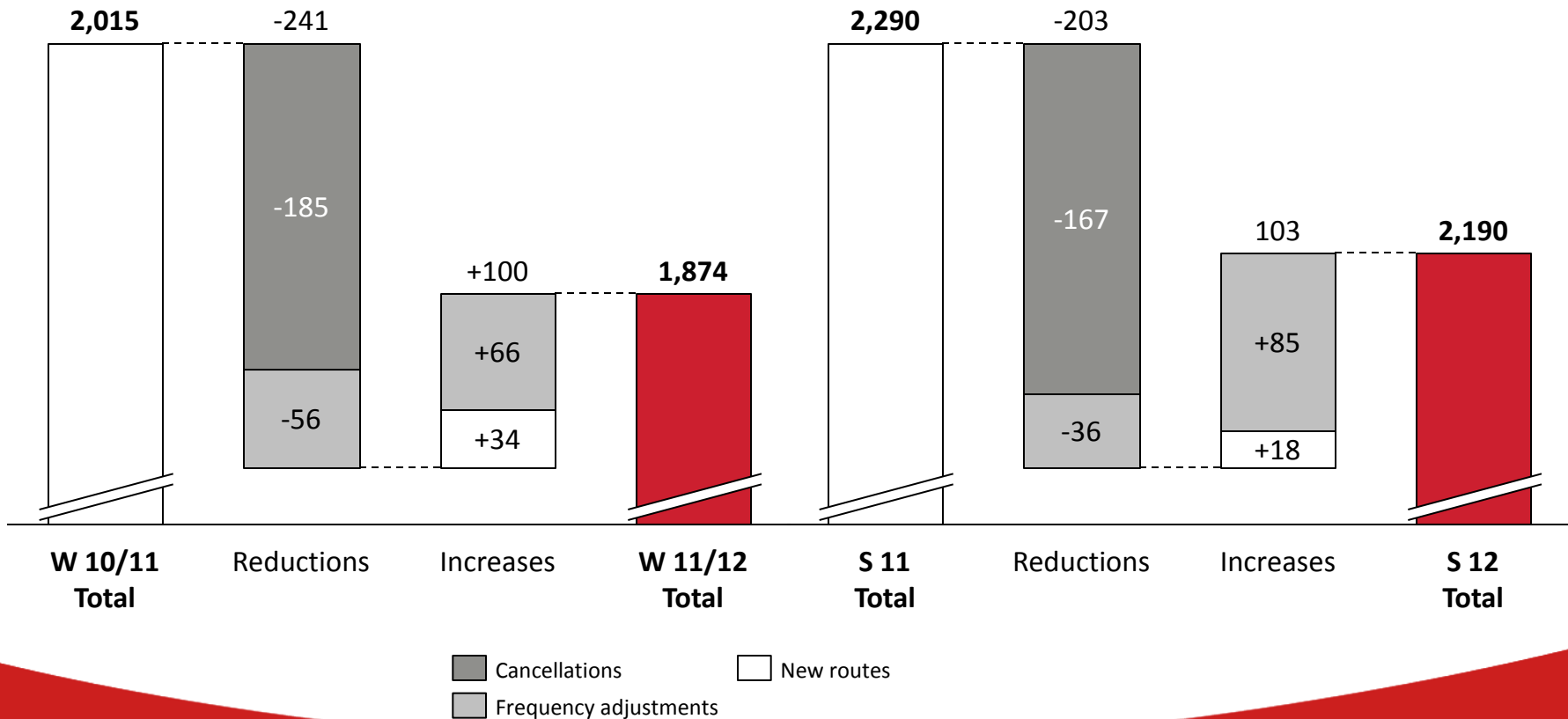


Net reduction of 141 weekly frequencies in winter schedule 2011 and of 100 weekly frequencies in summer schedule 2012

Average weekly frequency changes – airberlin group [weekly frequencies]

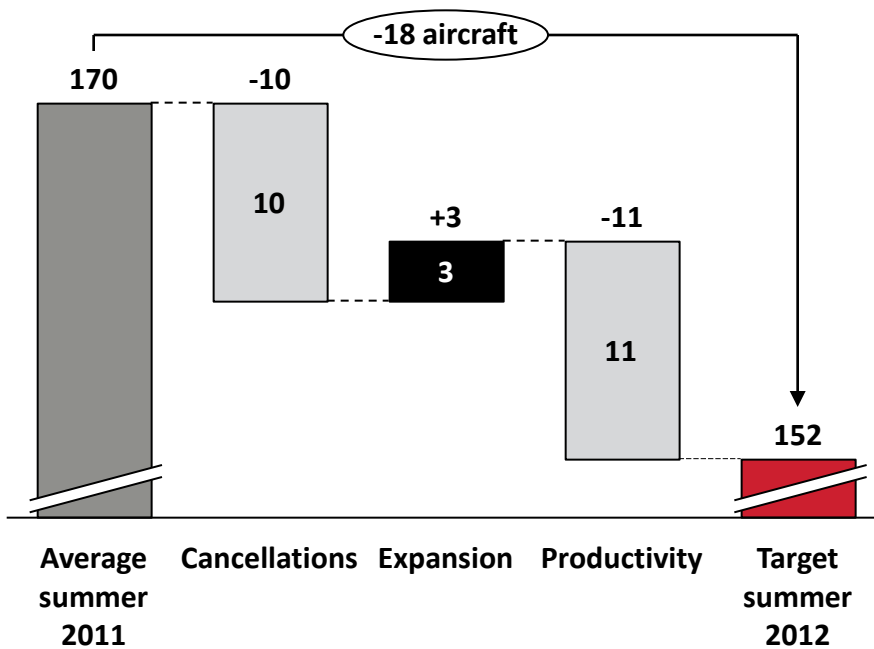
CHANGES WINTER 11/12 VS. 10/11

CHANGES SUMMER 12 VS. 11



airberlin's fleet will be reduced by 18 aircraft in 2012 – Target fleet now 152 aircraft

Total fleet airberlin group summer 2012 vs. summer 2011 [Bh '000]



	Base FY 2011	Target 2012
# Aircraft (Ø)	169.1	-10%
# Block hours	544,295	-4%
Ø Productivity BLH per A/C p.a.	≈3,250	>+ 7%
Ø Cost of asset owner-ship per block hour [€]	≈ 950	<- 9%

Cost goals – Reduction of cost in 2012 of about two digit million Euros compared to 2011

Lowering DOCs / admin costs

Important to reflect that no cost reductions will be made that could suffer the customer services

Optimizing processes

Increase efficiency and automatization of processes

Crew efficiency planning

Optimization of crew base concept in order to reduce proceeding cost

for example...



- Review and optimization of current supplier contracts, e.g. airports and service providers
- Best product at lowest cost possible – commitment to current concept
- Reducing fuel cost and ETS costs
- Achieving personnel level in line with market benchmark
- Streamlining and simplifying procurement



- Streamlining of processes while maintaining flexibility and motivation
- Introducing state of the art IT processes
- Enhancing e-check in; increasing self-service rate to more than 60% of all passenger selected stations
- Improve punctuality



- Reduction of seasonal program variations
- Increasing crew productivity and reducing operating cost by adjusting the base concept

Maintenance goals

Further cost cutting

Achieve net unit cost savings

Streamlining and automating processes

Improve efficiency throughout the organization

Increase of external customer share

Leverage own cost base

for example...



Line maintenance

→ Increase productivity of constant technical level

Base maintenance

→ Reduce of C-check waiting times & improve on-time performance

Strategic procurement

→ Improve supply chain and supplier management

→ Renegotiate contract terms (existing contracts)

→ Streamline overhead organization



Engineering

→ Optimization of maintenance programs and escalation of individual tasks

→ Improve adherence to processes and improve productivity through atomization



→ Expand 3rd party business especially for line maintenance

Thank you for your attention!

