

# AIR BERLIN PLC

## Q3 AND CUMULATED 9 MONTH RESULTS 2011

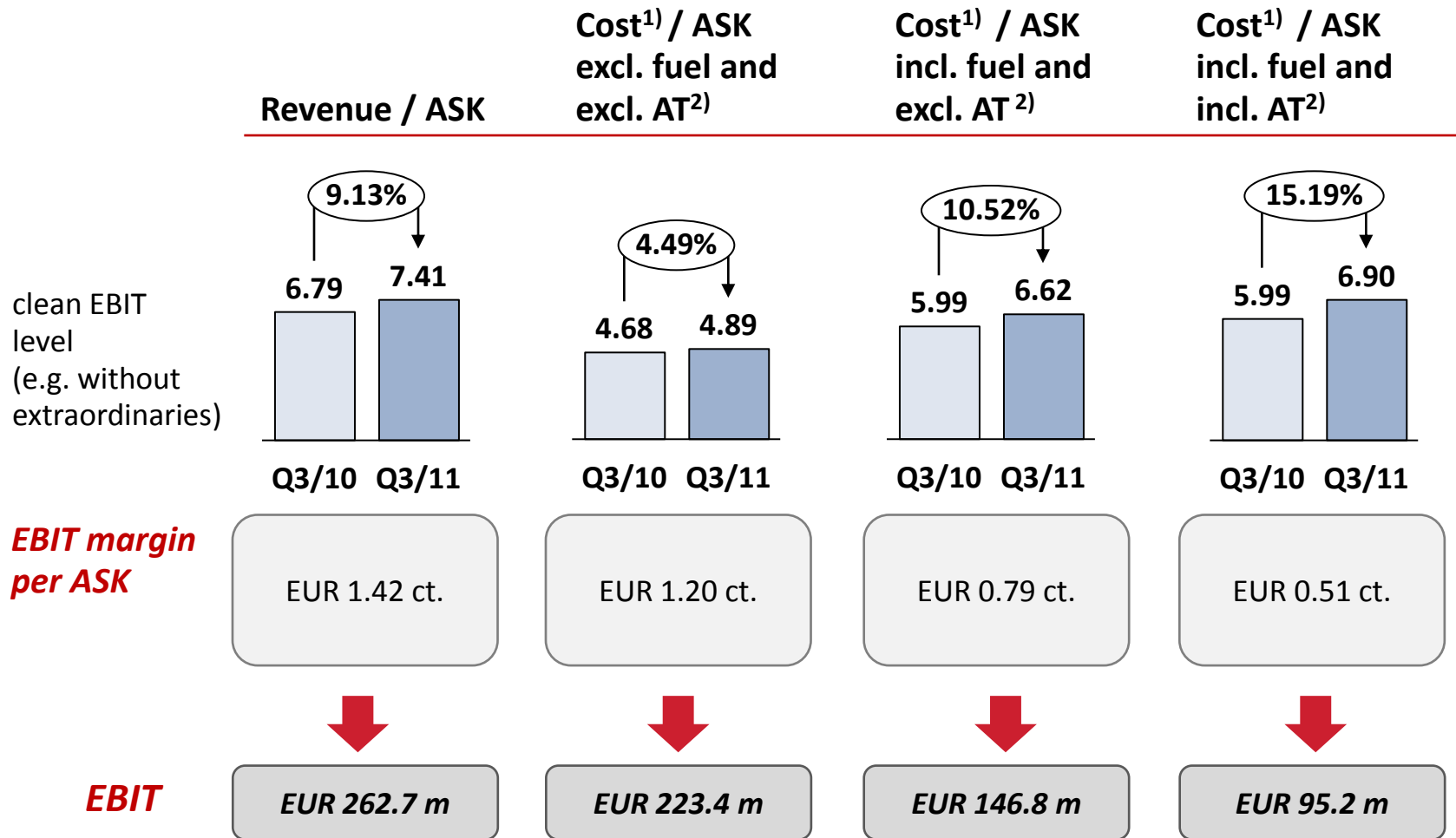


Berlin, 17 November 2011

# Management Summary (1) – Q3 2011 results

- Q3 EBIT with EUR 97 m clearly behind last year`s clean EBIT of EUR 145 m (without extraordinary items)
- Topline development with RASK increase of more than 9% clearly strong
- Without aviation tax this would have been sufficient to cover increase in fuel cost and still deliver EBIT margin higher than 10%
- Passing on the aviation tax was not possible
- Within Q4, October was not as strong in terms of RASK performance, capacity cuts for winter schedule show modestly positive results so far, November and December capacity cuts work
- Given the uncertainty in economic development and continuous erratic bookings a range of last year`s EBIT could not be matched at current assessment
- For 2012 the Shape & Size program is making good progress, at current status an EBIT impact of the program of EUR 200m in 2012 is possible
- Agreement with manufactures brings relief on capacity development and capex

# Management Summary (2) – Illustrative EBIT development



1) EBIT level  
2) Aviation tax

# Management Summary (3) – European airlines face fundamental challenges

External factors put a lot of pressure on the airline industry and jeopardize profitable growth



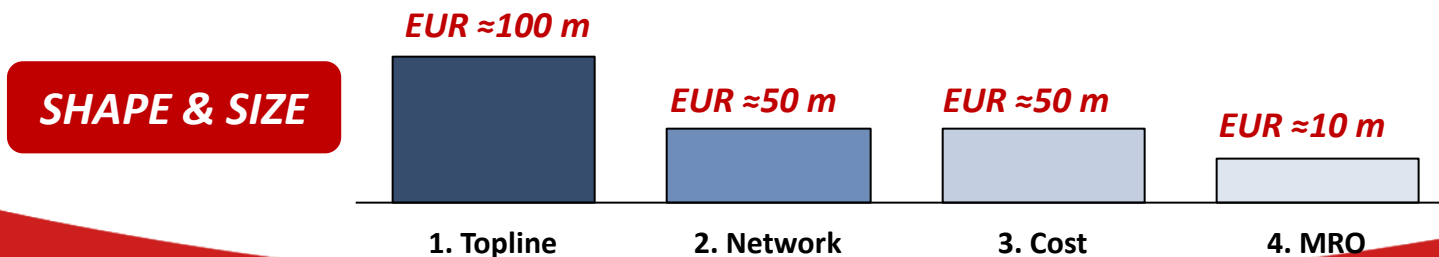
# Management Summary (4) – airberlin reacts with its efficiency program which targets for an EUR 200 m earnings improvement

## CURRENT CHALLENGES

- ❖ Weak performance of 9 months 2011 results due to aviation tax and North Africa crisis
- ❖ Overall economic development considerably affects the aviation industry
- ❖ Economic trend of cyclical imprecision calls for cautiousness

## AIRBERLIN'S WAY FORWARD

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

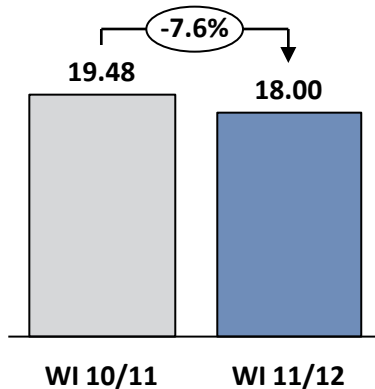


# Update Shape & Size with reference to available seats in Winter and Summer season 2012

Development of capacity after Shape & Size measures

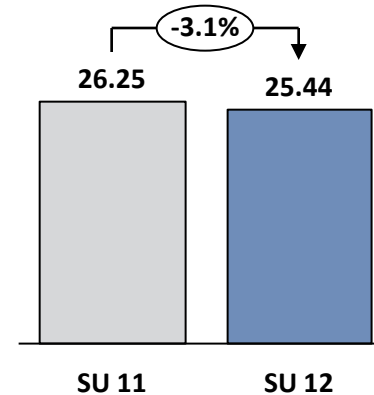
**Capacity Winter 2010/2011 vs. Winter 2011/2012 [m]**

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**Capacity Summer 2011 vs. Summer 2012[m]**

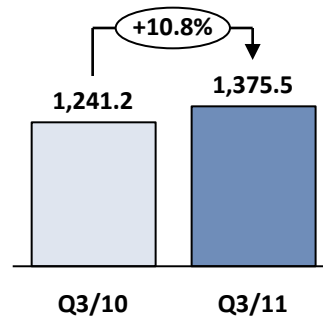
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# Result of airberlin [in EURm] – Q3 2010 vs. Q3 2011

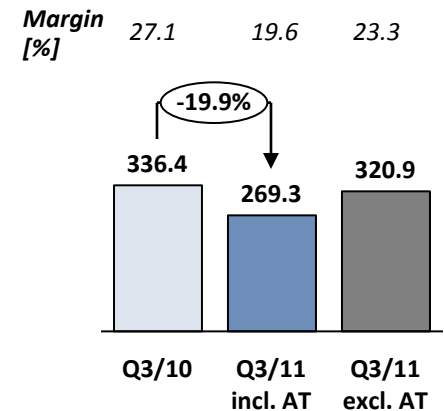
## Total Revenue

Good revenue improvement due to good yield performance



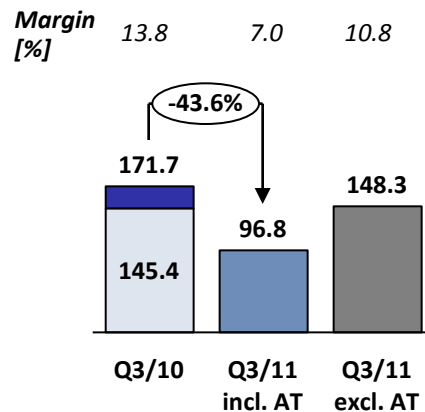
## EBITDAR

Drop due to higher expenses of materials and services, predominantly due to aviation tax and also due to one-offs in Q3 2010



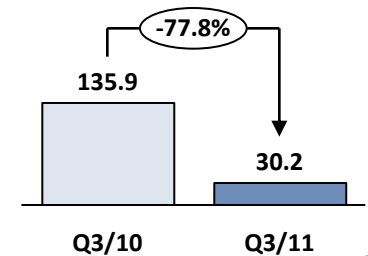
## EBIT

EBIT drop in line with EBITDAR decline; EBIT 2010 was positively influenced by EUR 26.3 m extraordinary items



## Net Profit

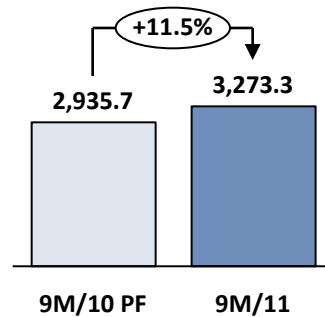
Consequently net profit suffered severely and also due to better financial result in 2010



# Result of airberlin [in EURm] – 9 months 2010 PF vs. 2011

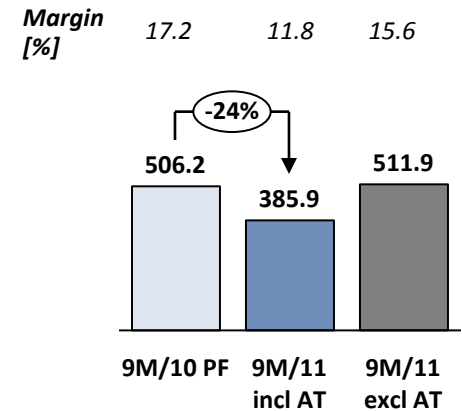
## Total Revenue

Revenue growth in Q3 mirrors year to date overall revenue performance



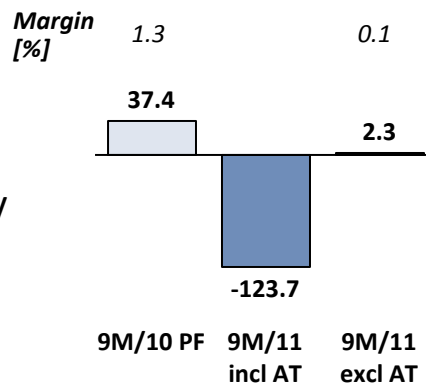
## EBITDAR

Continuing worse cost profile, especially fuel and aviation tax which could not be passed on to the passenger, let EBITDAR drop



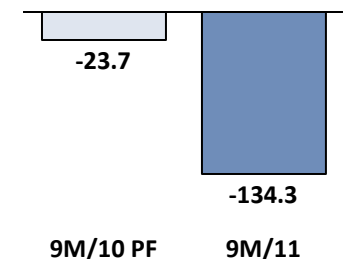
## EBIT

EBIT development in line with EBITDAR drop. Aircraft deals and NIKI step up contributed positively in 2010



## Net Profit

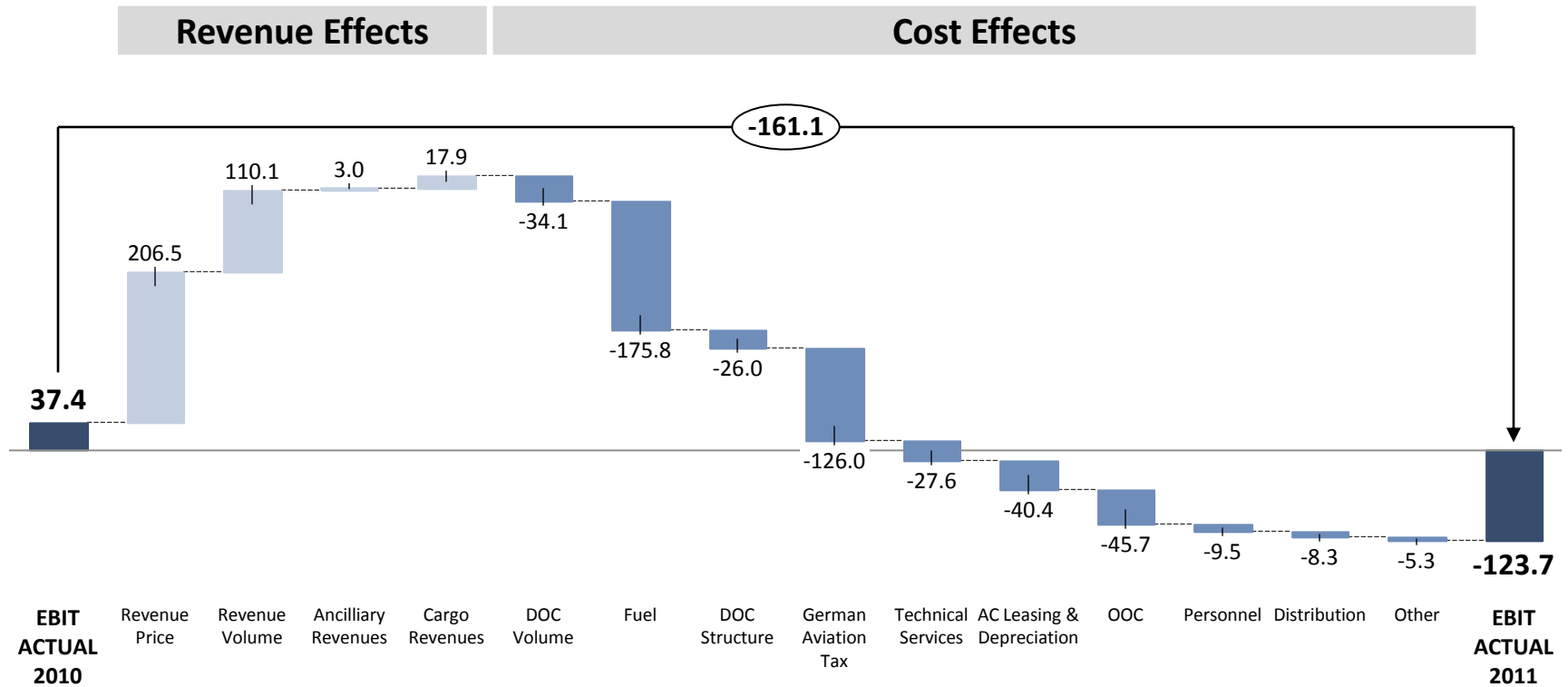
With nearly stable financial result net profit dropped in line with EBIT





# EBIT bridge – cum. 09/11 actual vs. cum. 09/10 actual

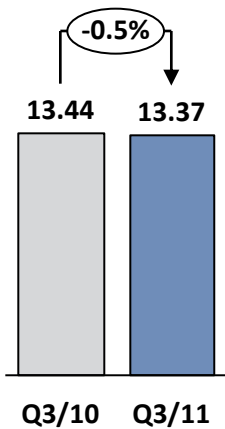
in EUR m



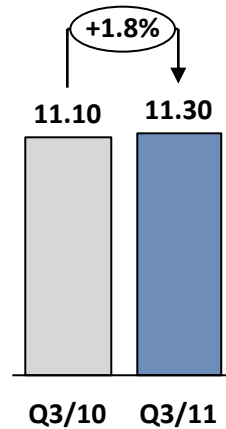
# Capacity, passengers, seat load factor and yield development

Development of operational KPIs

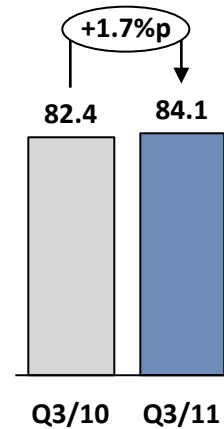
## Capacity [m]



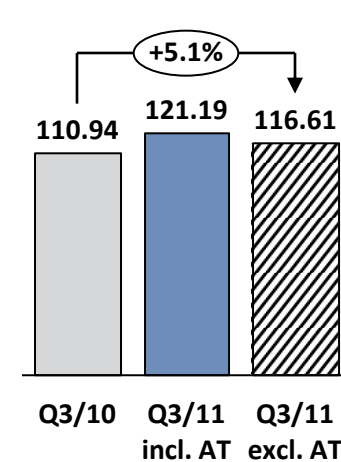
## Passengers [m]



## SLF [%]



## Yield<sup>1)</sup> [EUR]

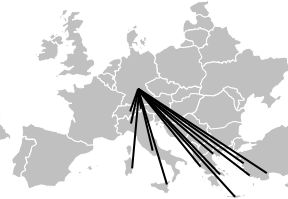
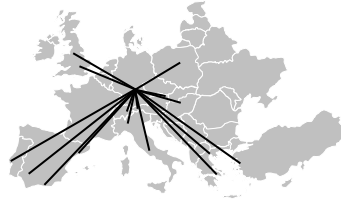
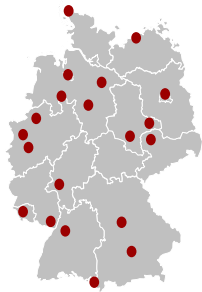


- Capacity around 70,000 seats lower than previous year and improved seat load
- Passenger number up as compared to previous year`s quarter
- Yields above previous year, also without the aviation tax

1) based on flight revenue

# Operational development in business segments

Operational performance by business segment – Q3 2010 vs. Q3 2011

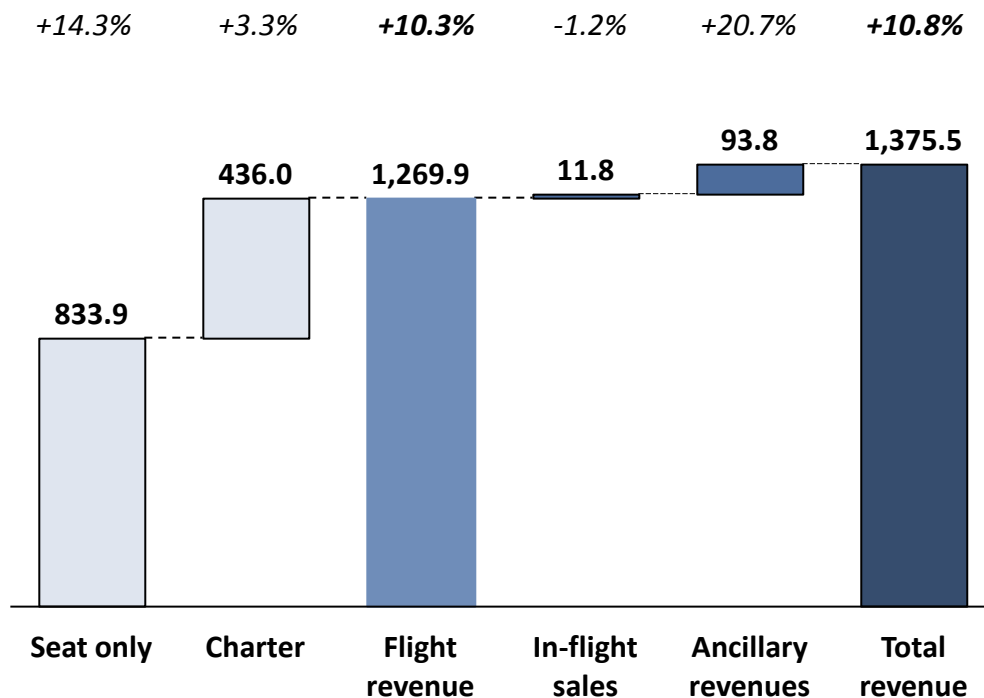


	<b>DOMESTIC</b>			<b>EURO SCHEDULE</b>			<b>EURO CHARTER</b>			<b>INTERCONT</b>			<b>TOTAL</b>		
	Q3/10	Q3/11	Δ	Q3/10	Q3/11	Δ	Q3/10	Q3/11	Δ	Q3/10	Q3/11	Δ	Q3/10	Q3/11	Δ
<b>Demand</b>															
Pax	2.04	1.95	-4.16%	6.30	6.57	4.32%	2.41	2.32	-3.53%	0.32	0.38	19.35%	11.08	11.25	1.56%
SLF	71.9	72.7	1.10%	81.9	84.4	3.05%	94.5	95.0	0.56%	92.2	91.3	-0.96%	82.4	84.1	2.08%
<b>Supply</b>															
Seats	2.83	2.69	-5.21%	7.69	7.78	1.29%	2.55	2.44	-4.07%	0.35	0.42	20.50%	13.44	13.37	-0.52%
ASK	1.34	1.26	-6.19%	8.54	8.76	2.53%	5.63	5.37	-4.64%	2.69	3.12	15.99%	18.28	18.56	1.55%

# airberlin's revenue increased by 11% in Q3/11 as compared to previous year

Revenue split [EUR m]

*Change  
from Q3 2010*

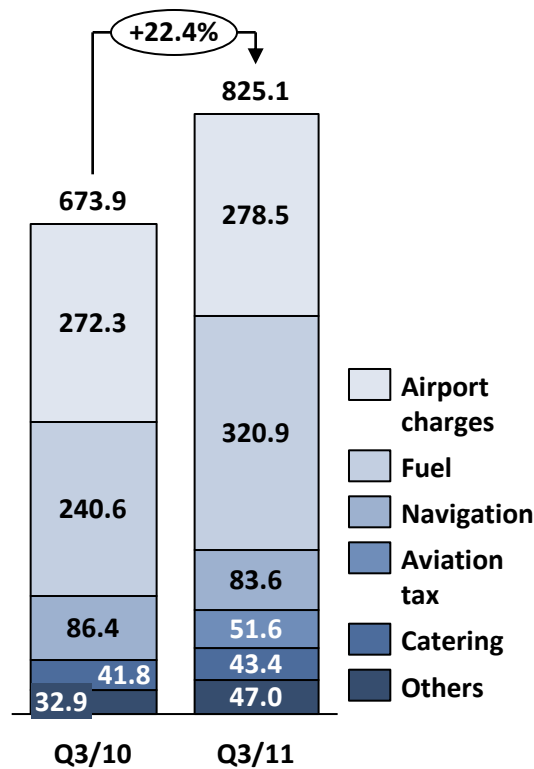


- ✈ Charter revenue not really recovered yet due to EU debt crisis which influences negatively the holiday travel behaviour
- ✈ Recovery in cargo business drove other revenue

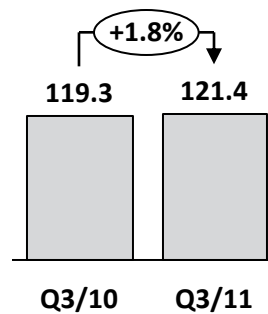
# Overview of operating expenses – Q3 2010 vs. Q3 2011

Development of expenses [EUR m]

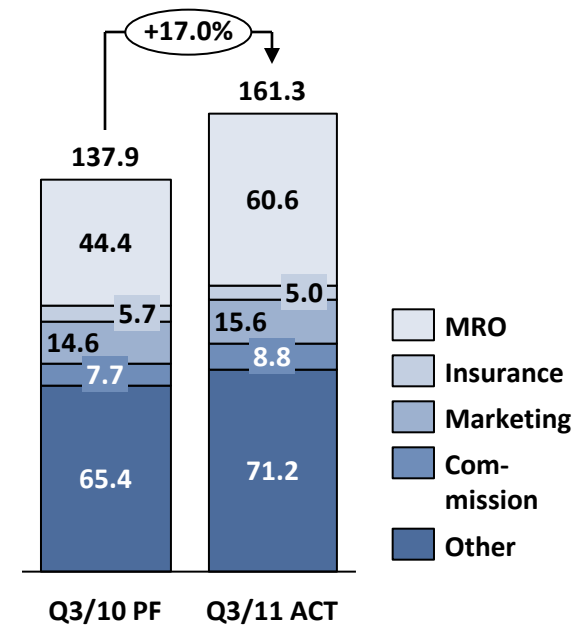
## Expenses for materials & services <sup>1)</sup>



## Personnel expenses



## Other operating expenses

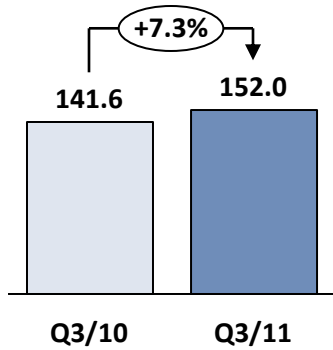


1) excl. leases and depreciation

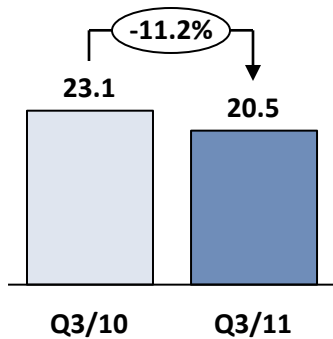
# Cost of aircraft ownership & airberlin fleet

Average number of aircraft remained almost unchanged compared to previous quarter

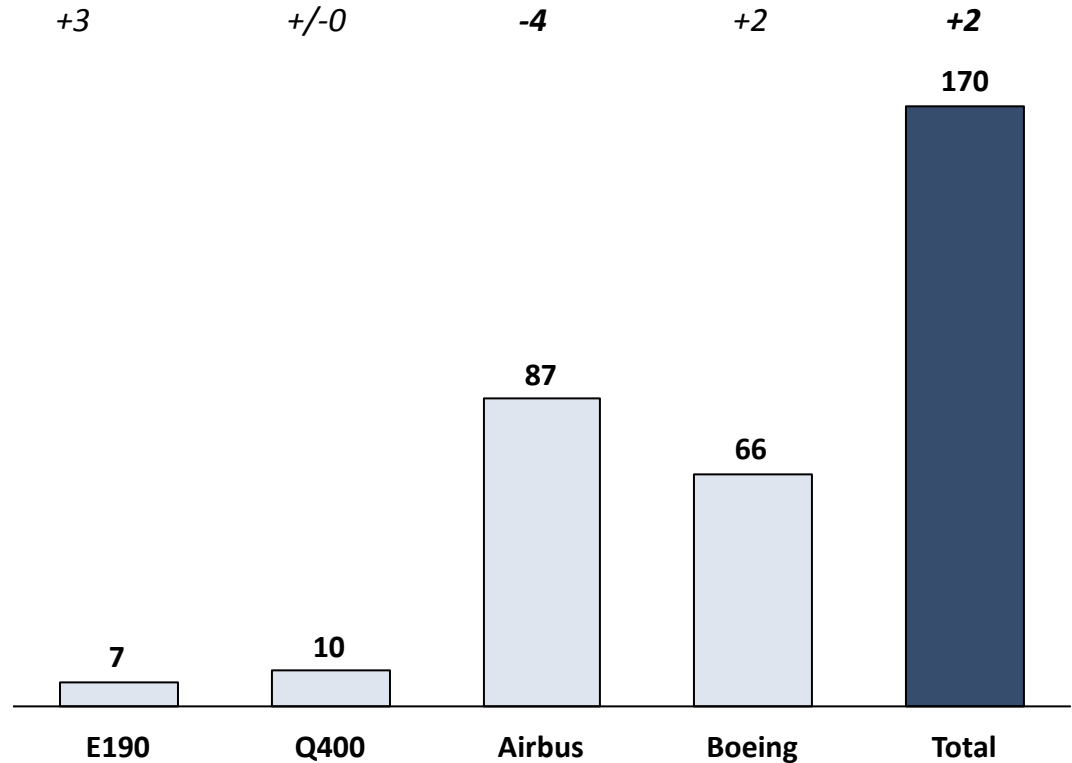
## Leases [EUR m]



## Depreciation [EUR m]

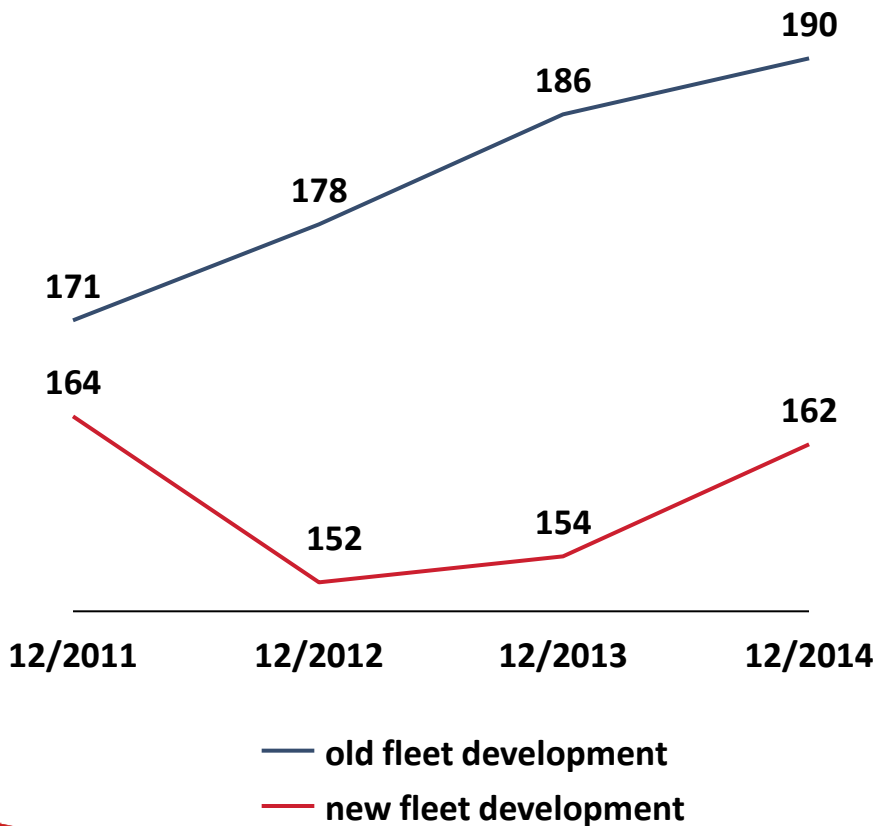


## Change from Q3 2010



# airberlin fleet development – aircraft deliveries adjusted to operational requirements

## Fleet development 2011-2014

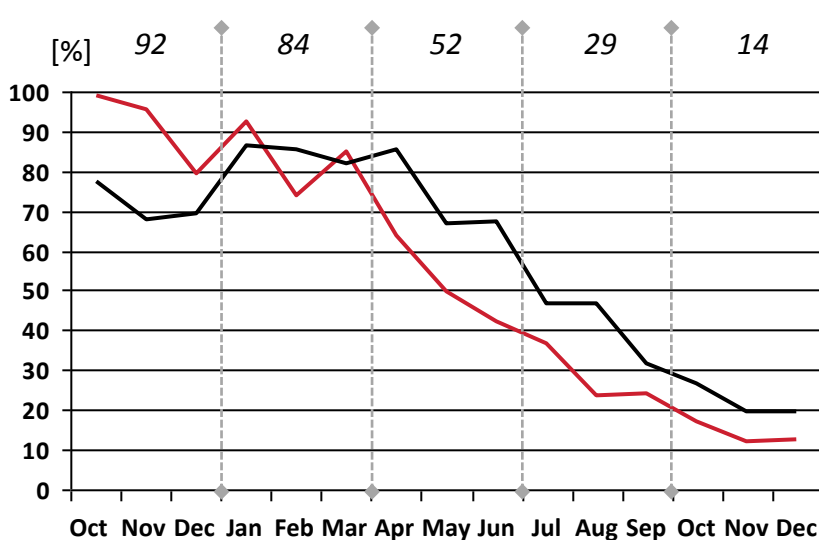


- The agreements stipulate that deliveries of new aircraft originally scheduled for 2012 and 2013 will be partly postponed until 2015 and 2016, to adapt airberlin's capacity growth to its 'Shape & Size' earnings-improvement program
- The agreements relate to Boeing 737 family and Airbus A320 family aircraft for 2012 and 2013
- 31 aircraft will be delivered to airberlin, whereas the delivery of 19 aircraft will be postponed
- Through this optimization of its order books, airberlin's capacity stream is eased, in particular for the years 2012 through 2014

# Fuel hedging 2011 and 2012

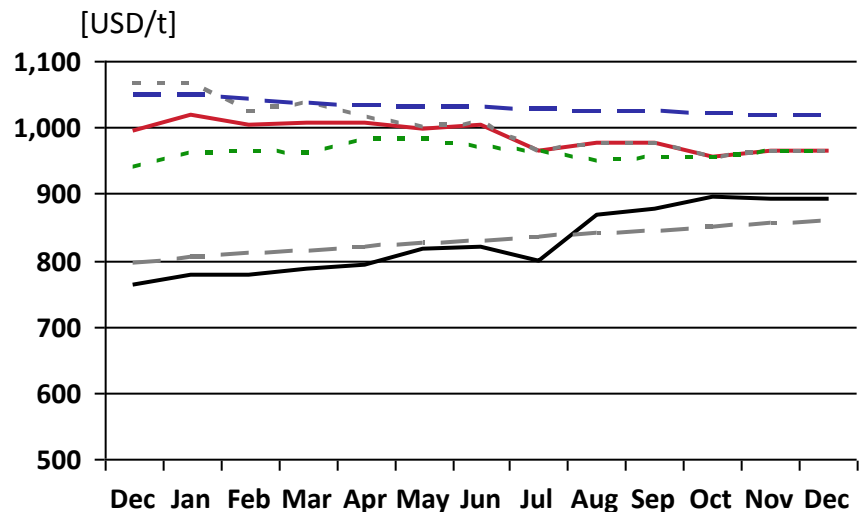
Fuel hedging profile and fuel price development, 2010 vs. 2011

## Hedging profile [%]



— Hedge rate 2011/2012 (as of 11/11/11)  
 — Hedge rate 2010/2011 (as of 11/10/10)

## Price<sup>1)</sup> development [USD/t]



— Current hedge price      — Effective price 2010  
 - - - Best case hedge price      - - - Market / Forward price 11/11/11  
 - - - Worst case hedge price      - - - Market / Forward price 11/10/10

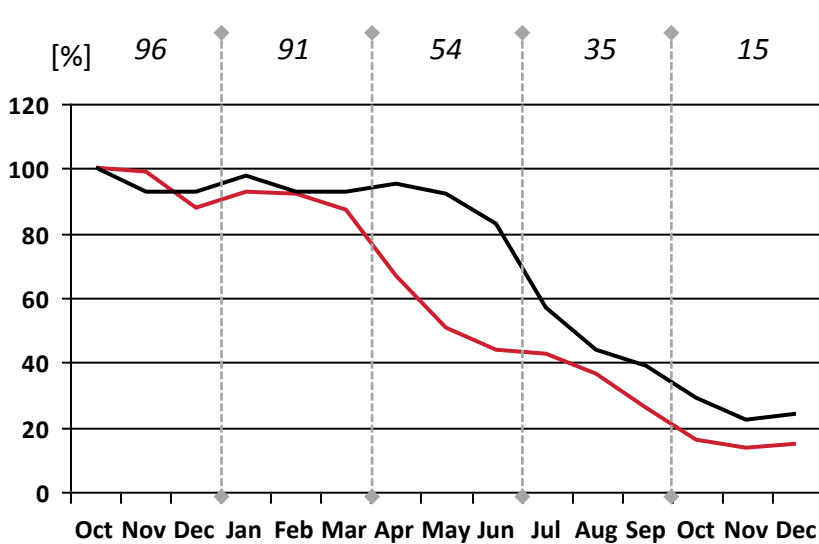
1) excl. differentials  
 as of November 11<sup>th</sup> 2011 / November 10<sup>th</sup> 2010



# Dollar hedging 2011 and 2012

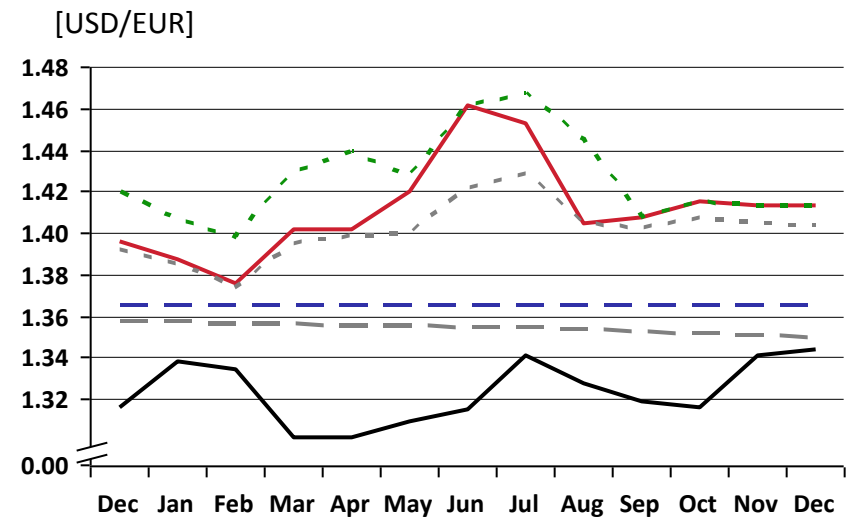
Dollar hedging profile and FX rate development, 2010 vs. 2011

## Hedging profile [%]



— Hedge rate 2011 (as of 11/11/11)  
 — Hedge rate 2010 (as of 11/10/10)

## FX rate development [USD/EUR]

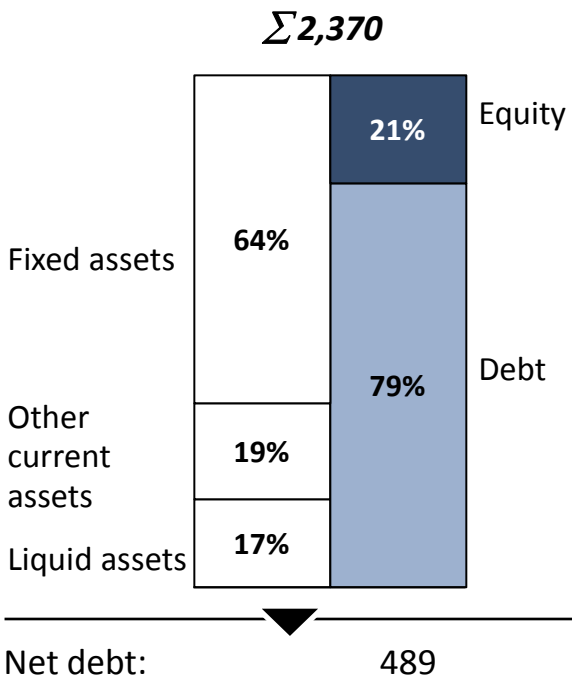


— Current hedge price      — Effective price 2010  
 - - - Best case hedge price      - - - Market / Forward price 11/11/11  
 - - - Worst case hedge price      - - - Market / Forward price 11/10/10

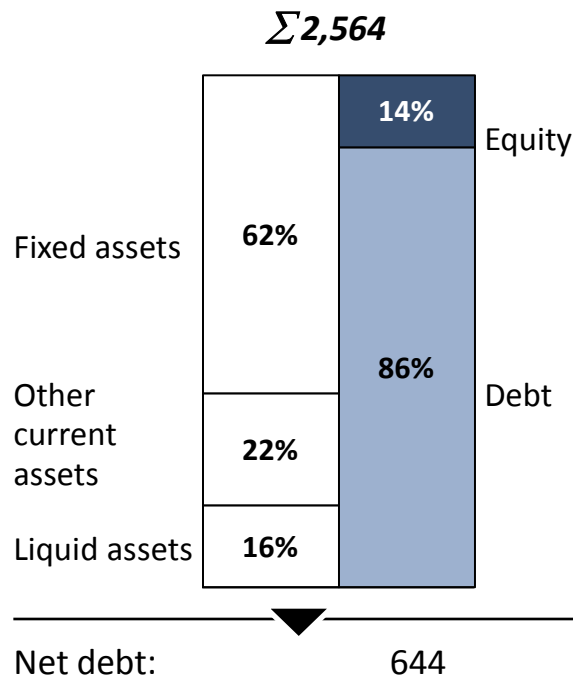
# Balance sheet ratios in the third quarter 2011

Balance sheet structure, Dec 31, 2010 vs. September 30, 2011 [EUR m]

*B/S as of December 31, 2010*



*B/S as of September 30, 2011*

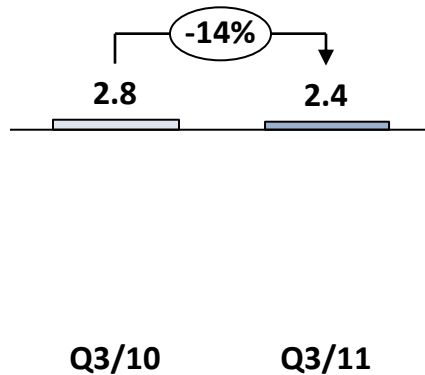


- Decrease in equity due to 9 month results
- Net debt increase due to financing of on balance aircraft

# Financial result Q3 2010 vs. Q3 2011

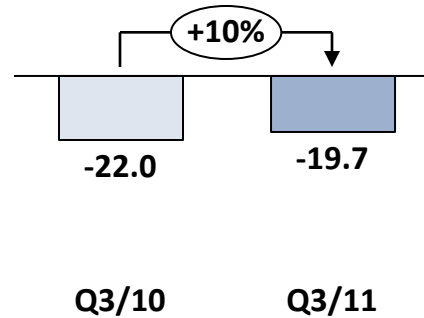
Breakdown of financial result [EUR m]

## Income



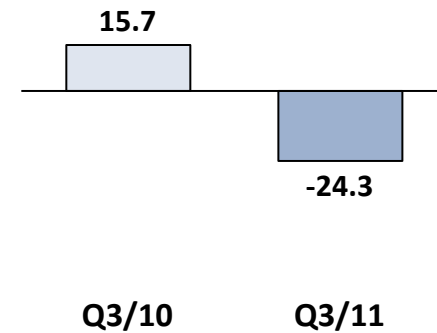
➔ Interest income decreases due to market interest rates

## Expenses



➔ Interest expenses decreased due to sale of aircraft in 2010

## Currency & derivatives effects

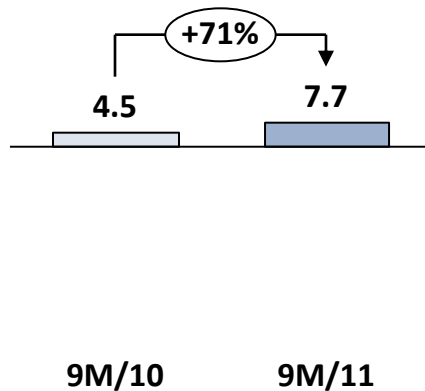


➔ Due to portfolio (MTM valuation) and development of USD (valuation of USD liabilities)

# Financial result 9M 2010 vs. 9M 2011

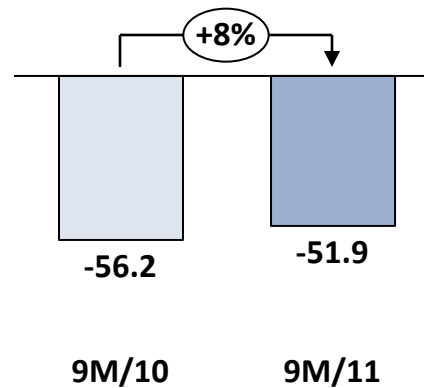
Breakdown of financial result [EUR m]

## Income



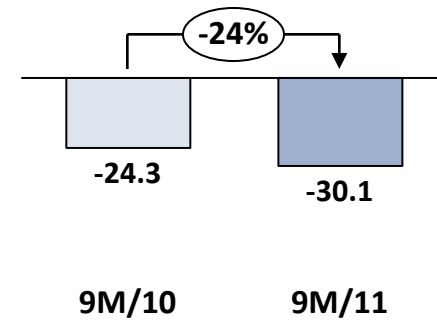
➔ Interest income increases due to loan to PS Lauda

## Expenses



➔ Interest expenses decreased due to sale of aircraft in 2010

## Currency & derivatives effects



➔ Due to USD rate development

**Thank you for your attention.**

