

# Leveraging the New Partnership

19 December 2011



الإتجاه  
**ETIHAD**  
AIRWAYS



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now you're better connected

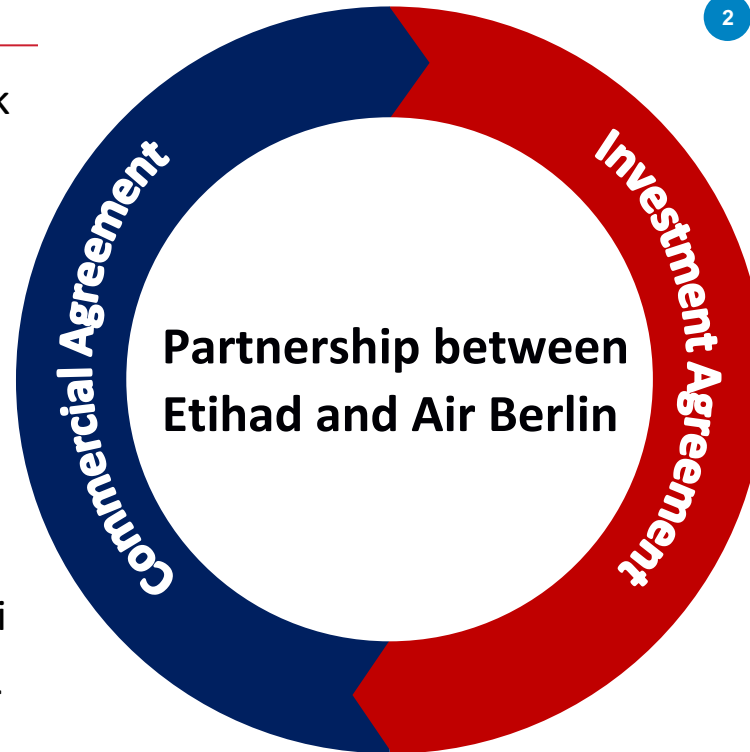
## Transaction Highlights

- airberlin and Etihad have today agreed on a comprehensive commercial agreement which is highly synergistic for both companies
  - Etihad's Abu Dhabi hub will be the gateway to Asia, the Middle East, the Indian subcontinent and Australia
  - airberlin's hubs in Berlin, Dusseldorf, Palma and Vienna will be the gateways to Europe, North America and the Caribbean
- This commercial agreement is further backed by a substantial financial investment by Etihad into airberlin, making Etihad the largest shareholder in airberlin
- CEO and CFO of Etihad will join the airberlin Board of Directors as non-executive directors, further ensuring alignment between the two partners and realization of synergies

# Transaction Rationale

## 1 Commercial Agreement

- Complementary network
- Exclusive/ preferred codeshare partnering
- Better connectivity via Abu Dhabi flights immediately
- airberlin to shift its Middle East operation from Dubai to Abu Dhabi
- Reciprocal frequent flyer participation and other joint/ reciprocal services

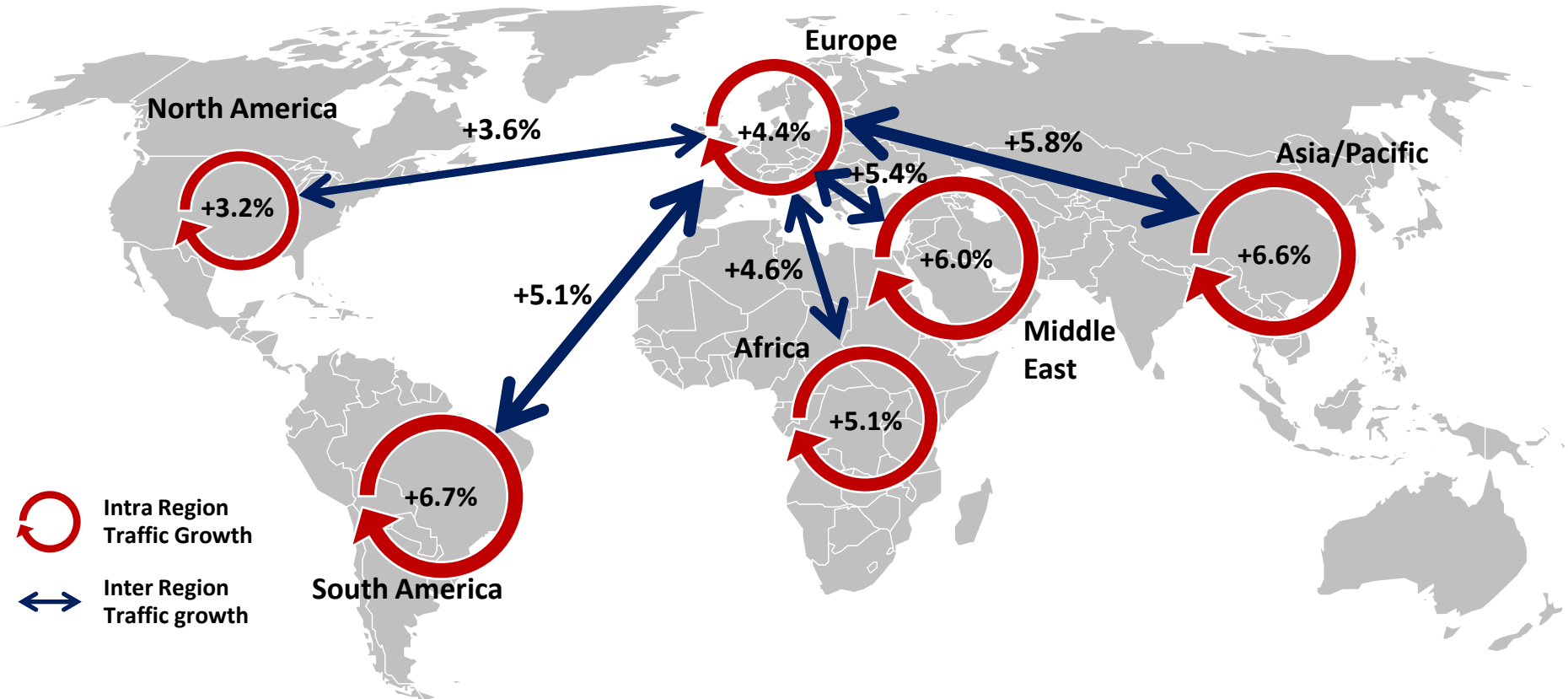


## 2 Investment Agreement

- Directed capital increase to Etihad of 27% post dilution (issuance of 31.57 MM shares)
- Proceeds from the capital increase of €72.9 MM based on Friday's closing share price of €2.31
- Total Etihad shareholding post transaction of 29.2%
- Additional financing from Etihad of up to US\$255 MM

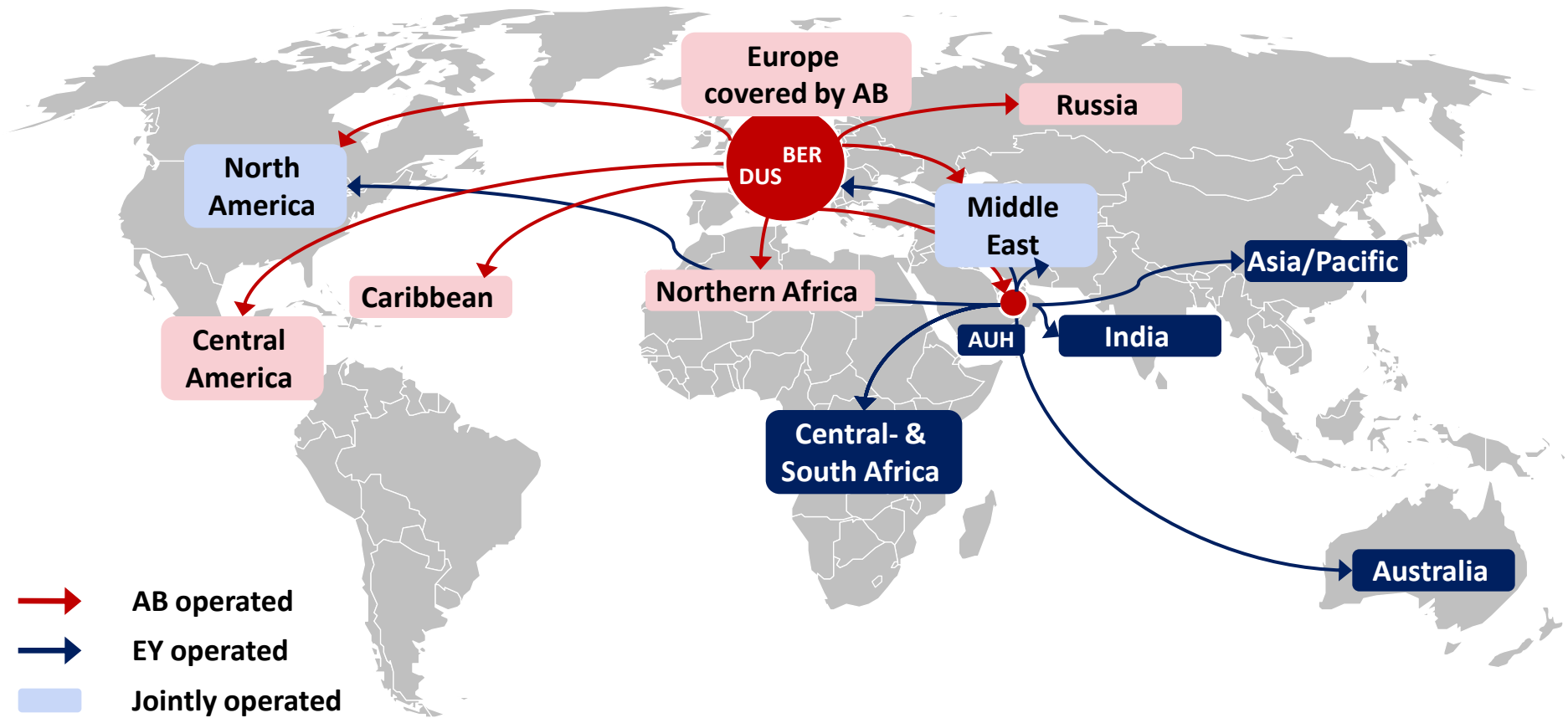
# 1 Introduction: Stellar Global Growth Opportunities for the Airline Industry Going Forward

*Annual intra and inter Traffic Growth per Region 2010-2020, p.a.*

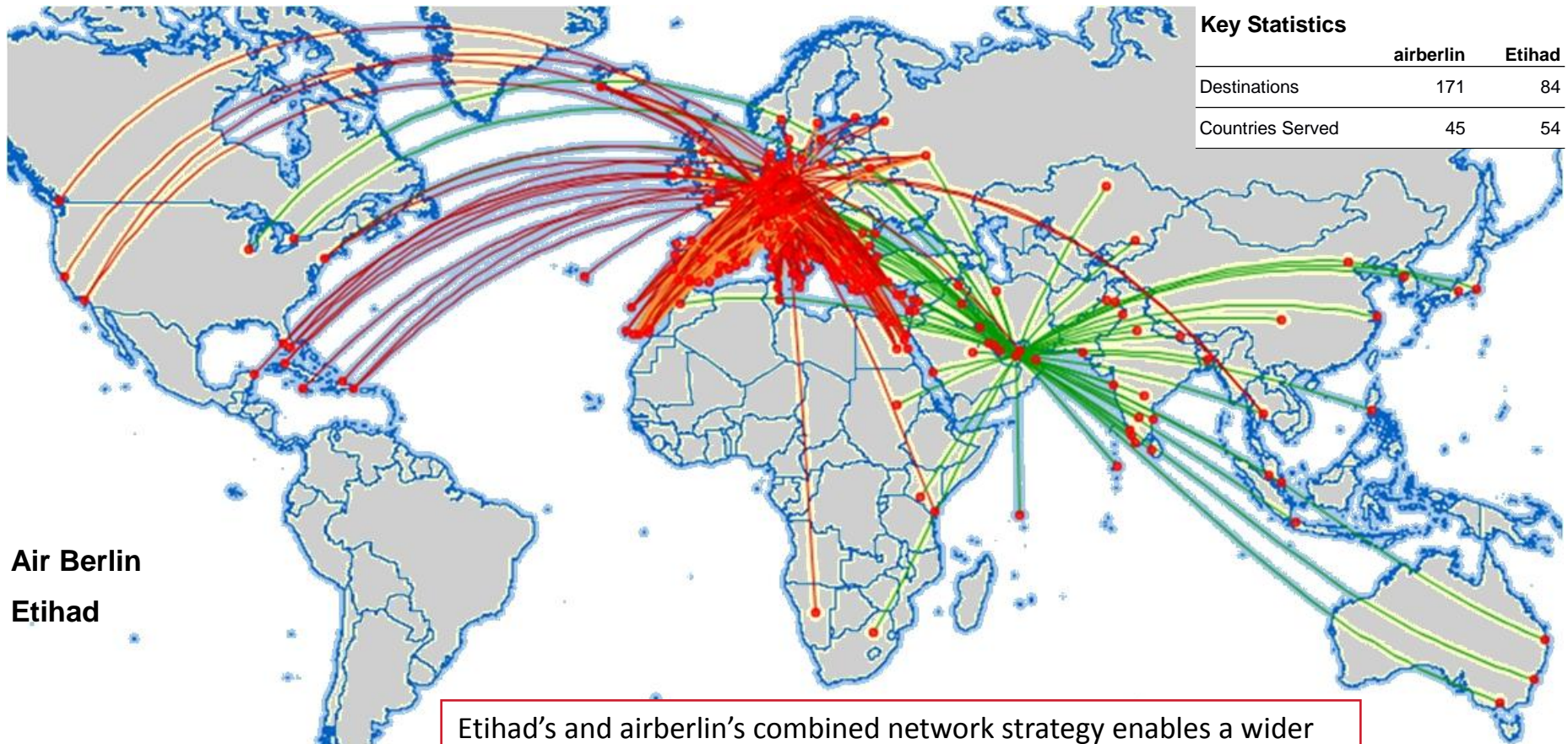


Source: Boeing Current Market Outlook 2011; based on RPK

# 1 Commercial Agreement: Clear Leadership for Individual Regions Assigned between Etihad and airberlin



# 1 Commercial Agreement: Two Complementary Networks now Combined



Etihad's and airberlin's combined network strategy enables a wider network reach and market growth

# 1 Synergies from the Partnership for airberlin

## Revenue Synergies

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### Network Synergies

- Joint network with aligning hub traffic
  - Etihad's Abu Dhabi hub will be the gateway to Asia, the Middle East, the Indian subcontinent and Australia
  - airberlin's hubs in Berlin, Dusseldorf, Palma and Vienna will be the gateways to Europe, North America and the Caribbean
- Feeder traffic
- Wider slots and traffic rights portfolio

### Commercial

- Attractive corporate contracts given better connectivity
  - Joint sales and distribution channels
  - Joint frequent flyer program
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## Cost Synergies

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### Financial Synergies

- Shared negotiations with lessors
- Improved leasing rates due to larger volume
- Credit line enhancements

### IT

- Leveraging existing investments in IT for oneworld
- Sharing of in house developed IT (e.g. catering planning)
- Implementation of new revenue system

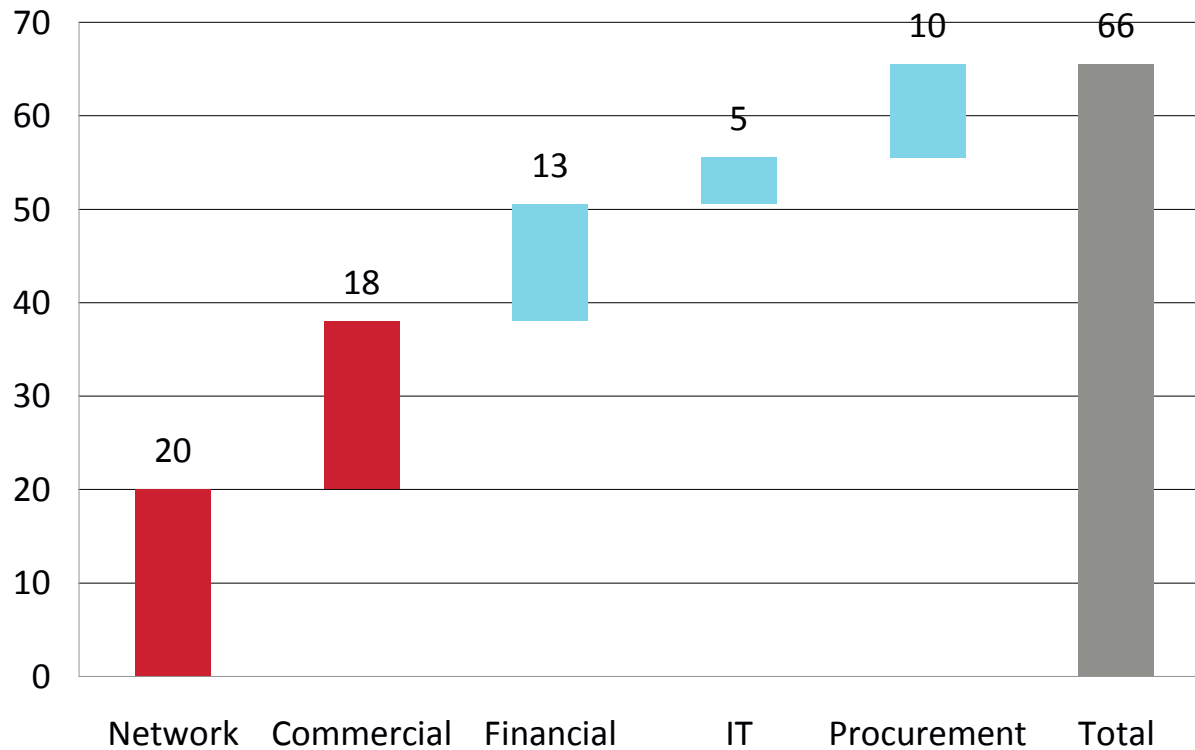
### Procurement

- MRO synergies (also handling)
  - Fuel
  - Catering and cabin interior
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# 1 Expected Full Swing Synergies from the Partnership for airberlin

## Expected EBIT Impact

€ MM



■ Revenue Synergies    ■ Cost Synergies

## Implementation Costs & Build-up

- No material implementation costs are expected
- Synergy potential will be assumed once flight schedules are to a high degree aligned as of winter 2012/2013; synergies for 2012 are expected to be in the €35-40 MM range
- Further upside from a closer alignment expected. Areas which will be analyzed in more detail over the next months are
  - Joint airport representation and handling
  - Joint technical handling
  - Seamless transfers and product innovation
  - Crew training



## 2 Investment Agreement

### Equity Financing

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- Directed capital increase of 31.57 MM shares (implies a fully diluted 27% shareholding)
  - Subscription price is the closing price on Friday, Dec 16, of €2.31 resulting in total proceeds from the capital increase of €72.9 MM
- Total Etihad shareholding post transaction of 29.2% given Etihad's pre transaction shareholding of 2.99%
  - Etihad is thus the largest shareholder of airberlin
- Shares will be listed within 360 days after closing
- In case of an additional offering, Etihad has the right to subscribe pro rata (provided that it holds at least 10%) but must not exceed 29.9%
- Ownership by non EU/ CH/ EWR domiciled investors increases to 42.9%

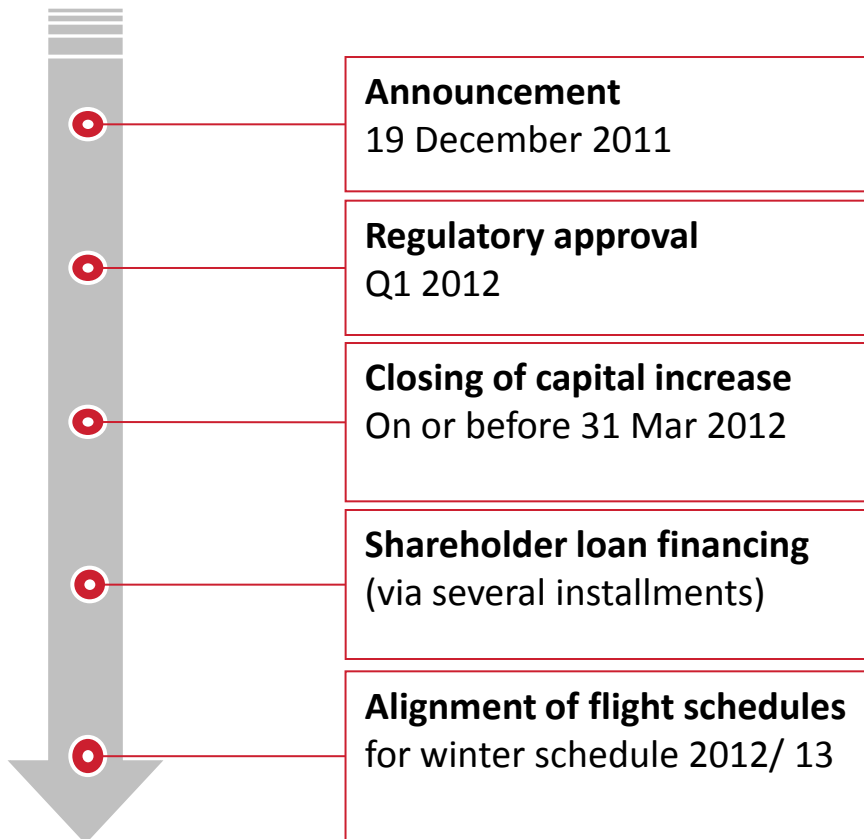
### Shareholder Loan Financing

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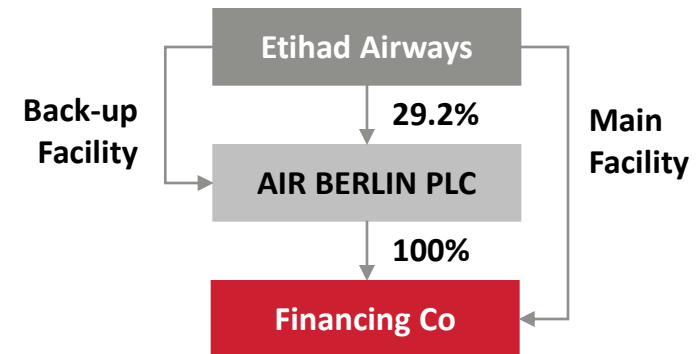
- **Main Facility**
  - Purpose: Re-finance aircraft pre-delivery payments to Airbus and Boeing
  - Lender: Etihad Airways PJSC
  - Borrower: Air Berlin Financing Co
  - Amount: Maximum of \$255 MM, detailed drawdown schedule
  - Maturity Date: 30 December 2016
  - Interest Rate: 7.5% (all in rate)
- **Back-up Facility**
  - Purpose: Back-up facility for main facility
  - Lender: Etihad Airways PJSC
  - Borrower: Air Berlin Plc
  - Amount: Maximum of \$50 MM, total under main and back-up facility cannot exceed \$255 MM
  - Maturity Date: 31 December 2016
  - Interest Rate: US LIBOR + 8.5%

# Indicative Timeline and Transaction Structure

## Timeline



## Partnership Overview



## Corporate Governance Rights

- Two non executive directors (CEO and CFO of Etihad) at the current shareholding and financing levels
- No veto rights
- List of standard “Board Reserved Matters”

## Outlook

- Since September 2011 airberlin is executing its Shape & Size program with an €200 MM earnings improvement target
- Shape & Size is well on track and airberlin is confident to reach its envisaged target
- airberlin will continue to work on achieving oneworld membership

**With the Etihad partnership, the Shape & Size program as well as the oneworld membership, airberlin is well positioned for 2012**