Air Berlin PLC | Berlin, 15 August 2012 | Analysts and Investors conference call

2012 is the transition year – business transformation

Transition cost incur in 2012 due to the initiatives taken 2011

Measures taken to improve profitability

- Shape & Size
  - Topline
  - Network & Fleet
  - Costs
  - Maintenance
- Etihad Airways Partnership
- Oneworld
- New revenue management system and passenger service system
- Introduction of fare classes
- Organizational structure
- Guest experience

Initiatives with short term negative impacts in H1 2012

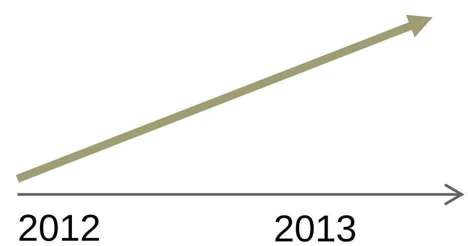
- Developing new Hubs
- Enhancing the long-haul product
- Lounge development
- Frequency reduction
- Route cancellation
- Investment in staff training
- Migration process in booking systems
- Temporally higher FTE needs

Selected improvements concluded already in H1/12

- R/ASK development
- Decrease C/ASK ex fuel
- Seat load factor increase
- Aircraft utilization

Effects

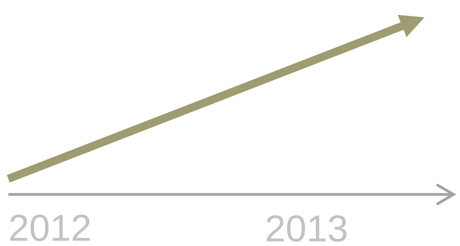
- Transition process comes along with investments and cost at first hand
- First improvements can be seen in H1/12
- Full positive impact of taken initiatives is projected for 2013 ff



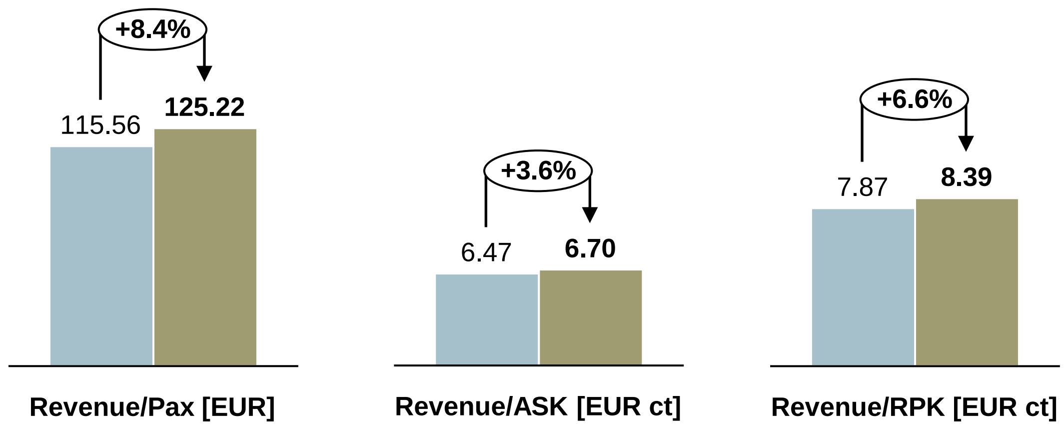
Performance improvement – H1 2012

Effects

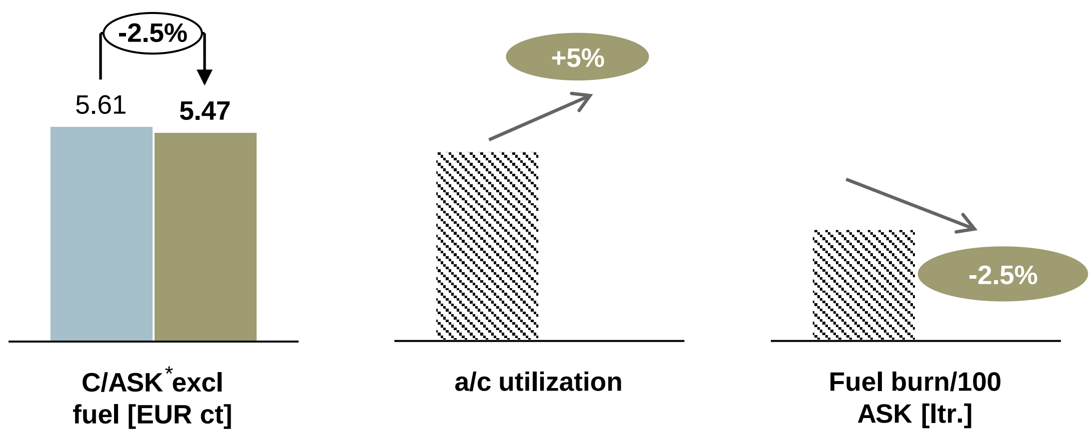
- Transition process comes along with investments and cost at first hand
- First improvements can be seen in H1/12
- Full positive impact of taken initiatives is projected for 2013 ff



Total revenue development



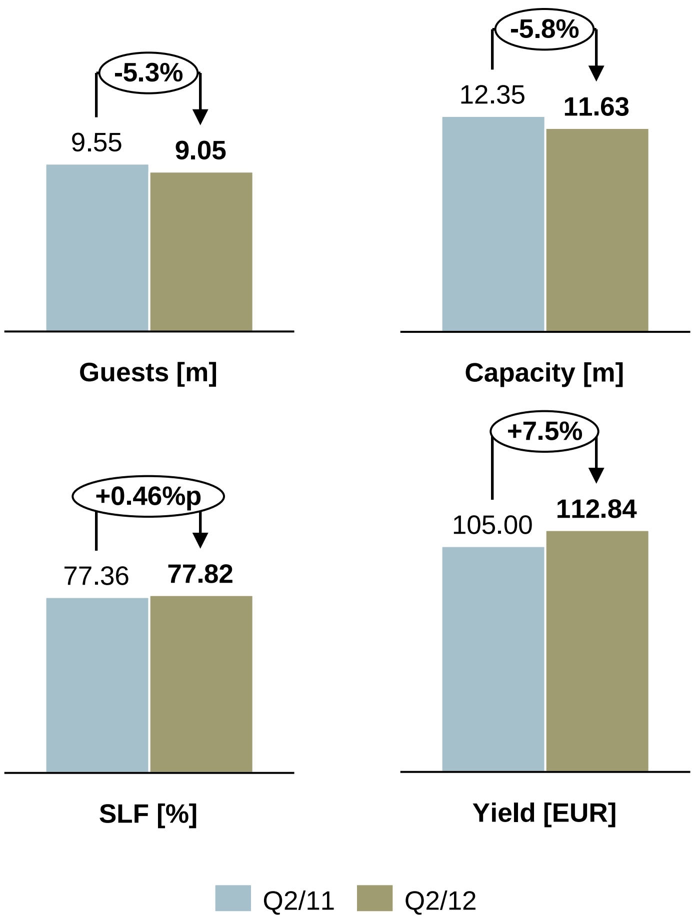
Operational KPIs



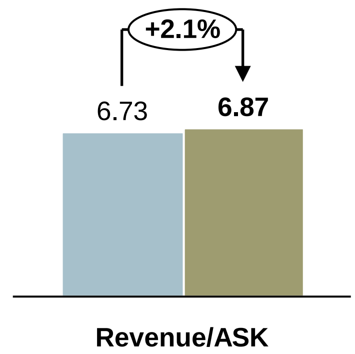
* Cost per ASK on EBIT level

Operational development – Topline Q2 2012

Guests, capacity, SLF & yield development



Revenue / ASK [EUR ct.]

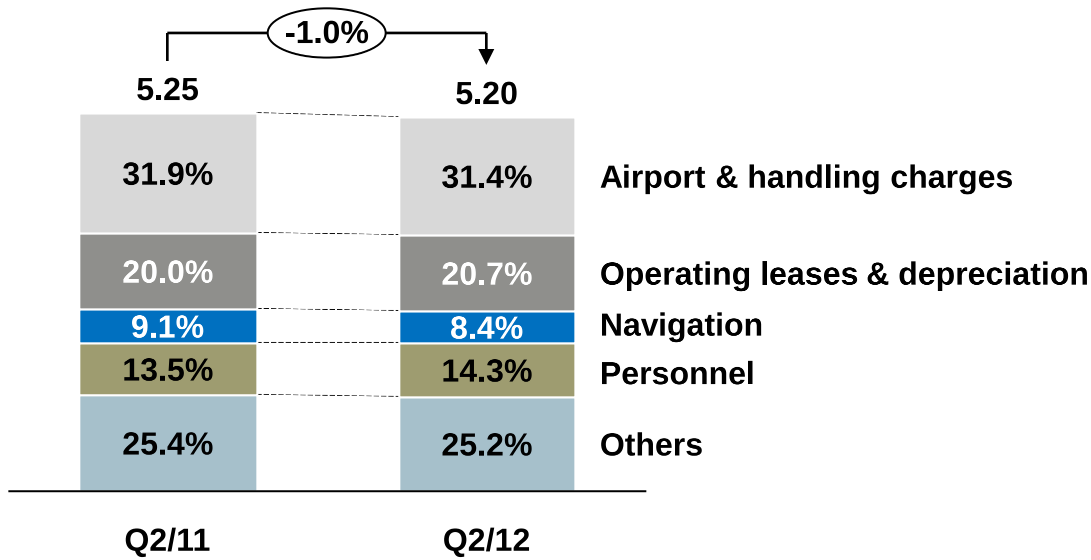


- On the operational side our efficiency programme shows first positive developments:
  - In line with the reduced more slowly in relation to the available seats offered compared to previous year, hence seat load factor improved overall
  - Yield improved strongly by 7.5%, also driven by structural effects

Cost per ASK development – Q2 2012

Cost[1) per ASK including fuel [EUR ct.]

Cost[1) per ASK excluding fuel [EUR ct.]



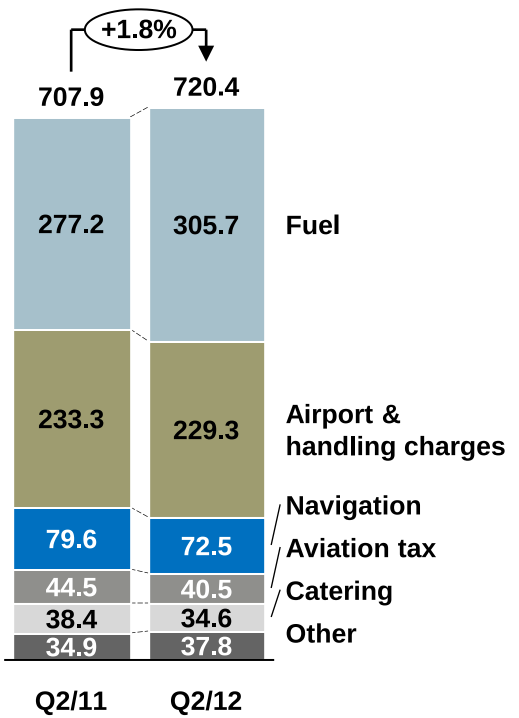
- The effects of the implementation of the ”Shape & Size“ programme can be seen in the development of cost

1) Cost on EBIT level

Development of Expenses [EUR m] – Q2 2012

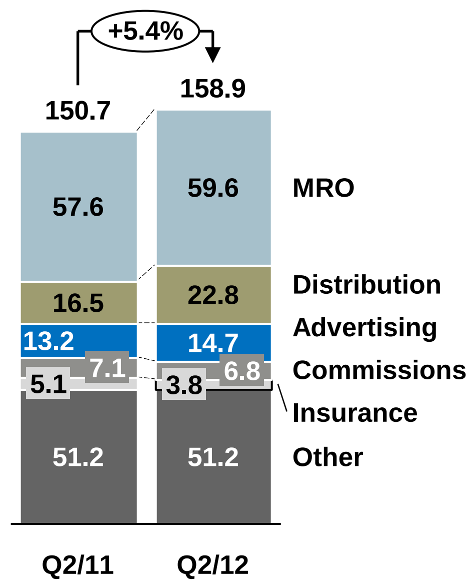
Direct operating expenses

Most of the direct operating cost decreased due to volume effects on Shape & Size initiatives. After Shape & Size the net increase in fuel amounts to EUR 30 m



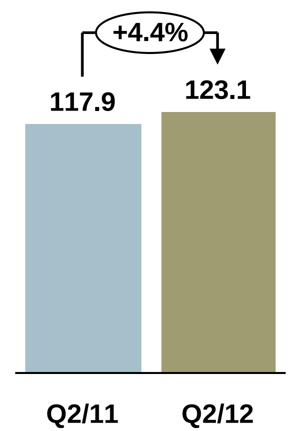
Other operating expenses

Main driver for increase in other operating cost is the growth in distribution cost following the switch to Amadeus



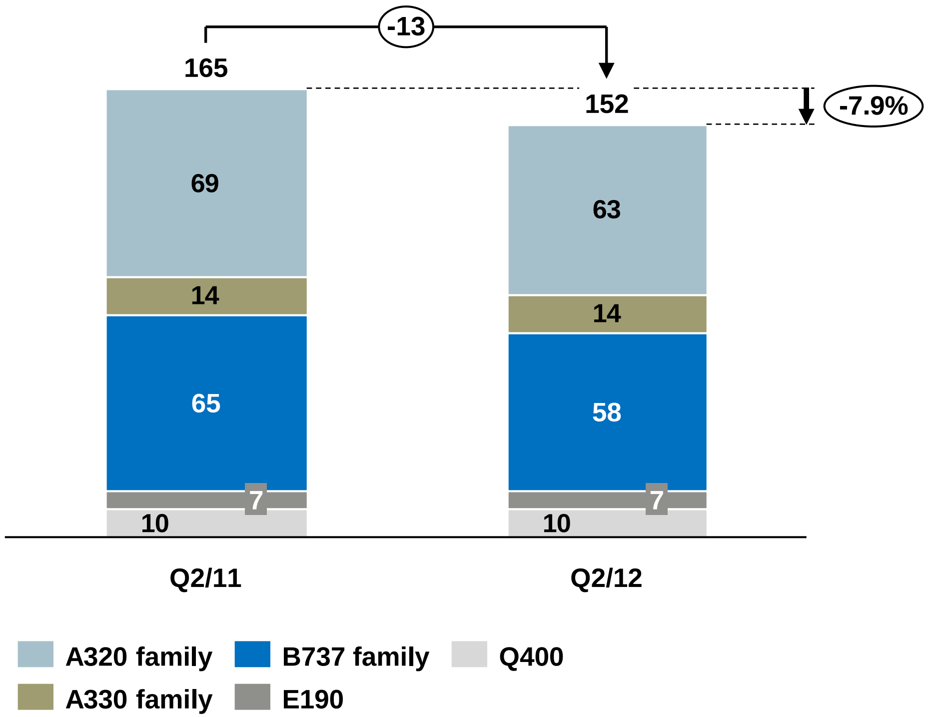
Personnel expenses

Higher than last year driven by FTE increase



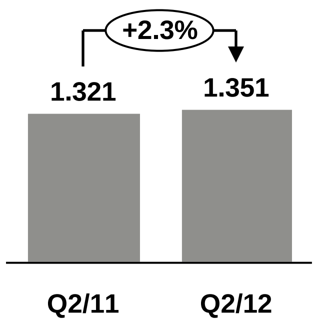
Cost of aircraft ownership – Q2 2012

Fleet development [number of aircraft]



Net cost of leases & depreciation [EUR m]

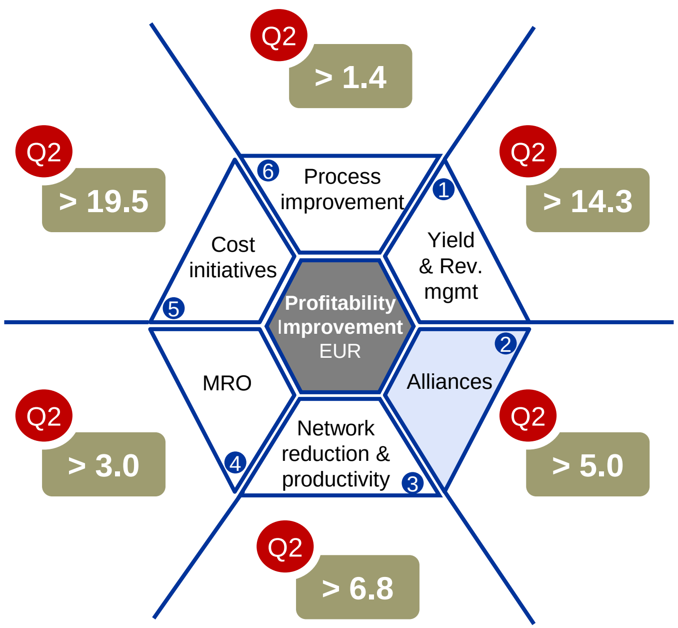
Effective dollar rate [EUR/USD]



Contribution to full year EBIT improvement of more than EUR 50 m in the second quarter of 2012

[EUR m]

Q2 2012 Shape & Size performance



SHAPE & SIZE

profitability improvement in Q2/12

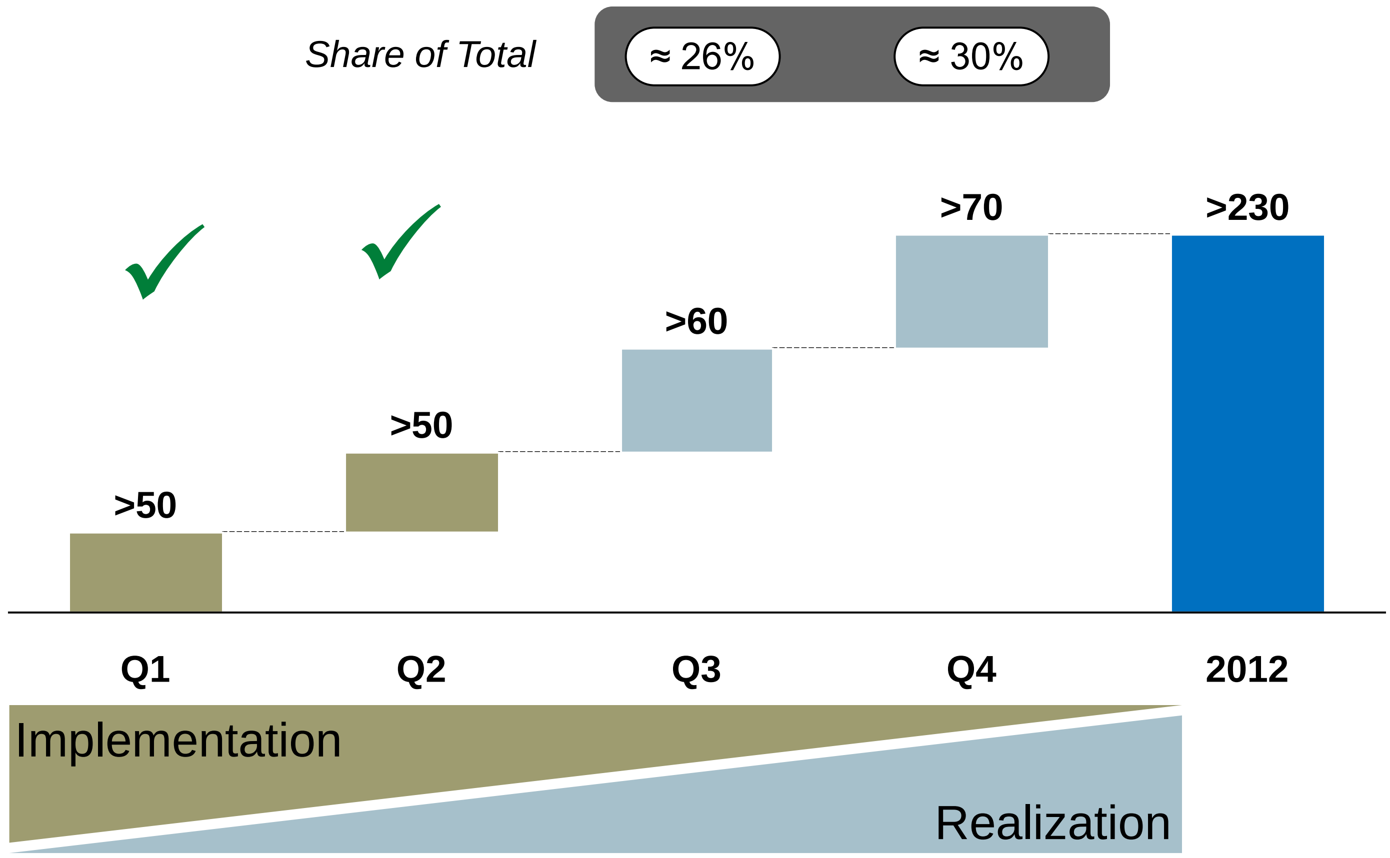
> EUR 50 m

1. Enhanced yield development
2. Codeshare effects from partnership with Etihad Airways and **one**world
3. Aircraft sourcing and improvement of network productivity
4. Reduction of maintenance cost
5. Several cost measures

EBIT values without effects from cost avoidance

EBIT improvement now > EUR 230 m in 2012 with increasing impact in the course of the year

[EUR m]



Financial Performance [EUR m] – Q2 2012

Revenue

Despite reduction in capacity, increase in revenue is achieved from higher seat load factor and yield

EBITDAR

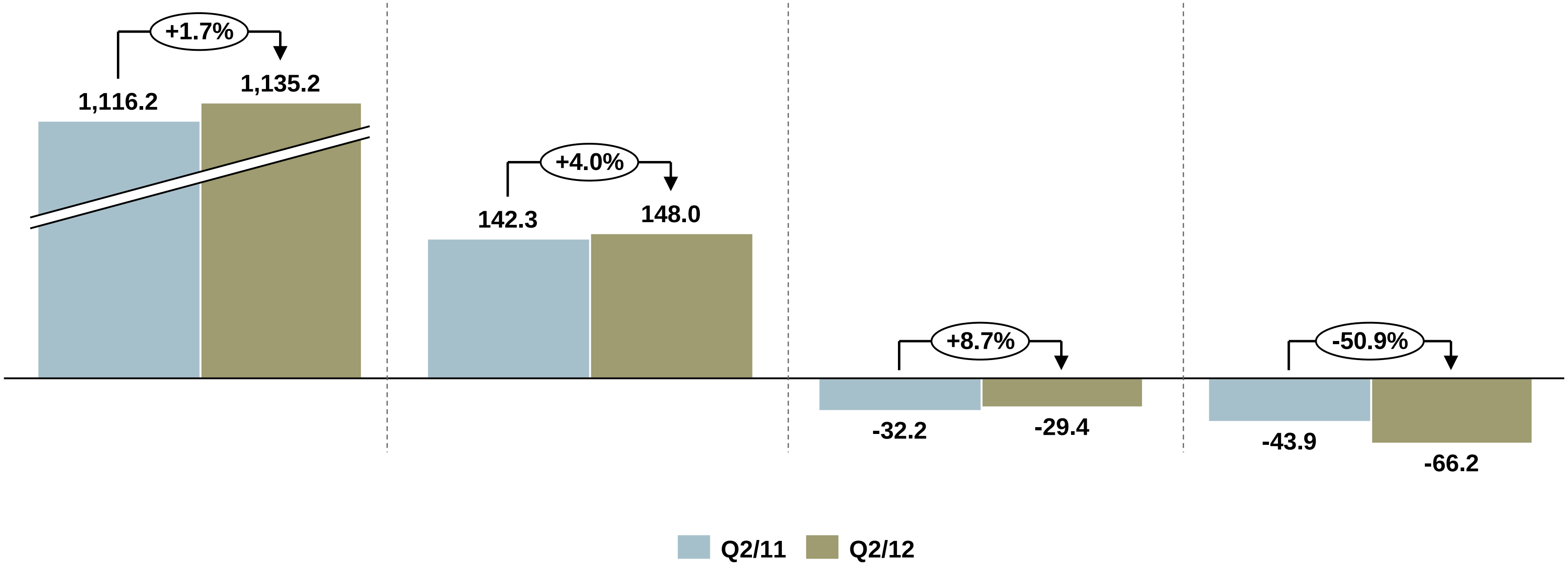
Revenue growth and cost initiatives helped to offset fuel cost and keep EBITDAR on last year’s level

EBIT

Slightly better cost of aircraft ownership contributed to EBIT

Net result

Due to lower deferred tax benefits net loss increased

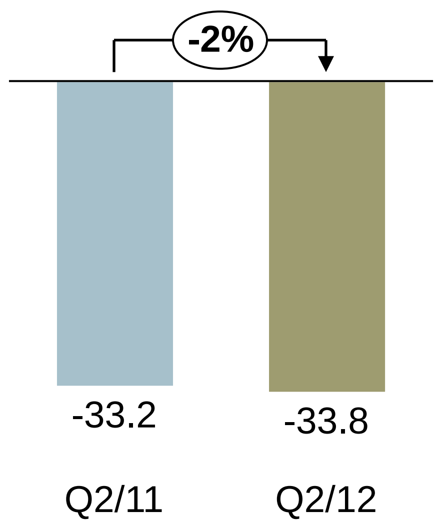


Financial result and income tax development [EUR m] – Q2 2012

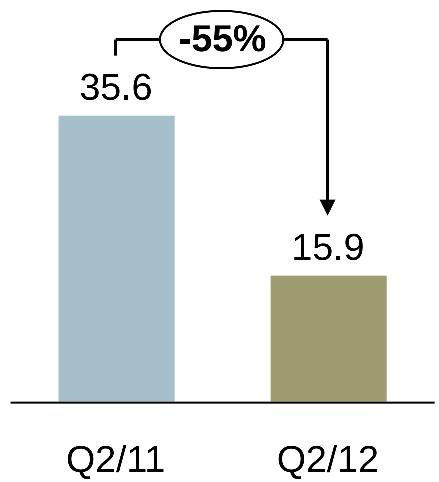
Breakdown of financial result

Net financial result

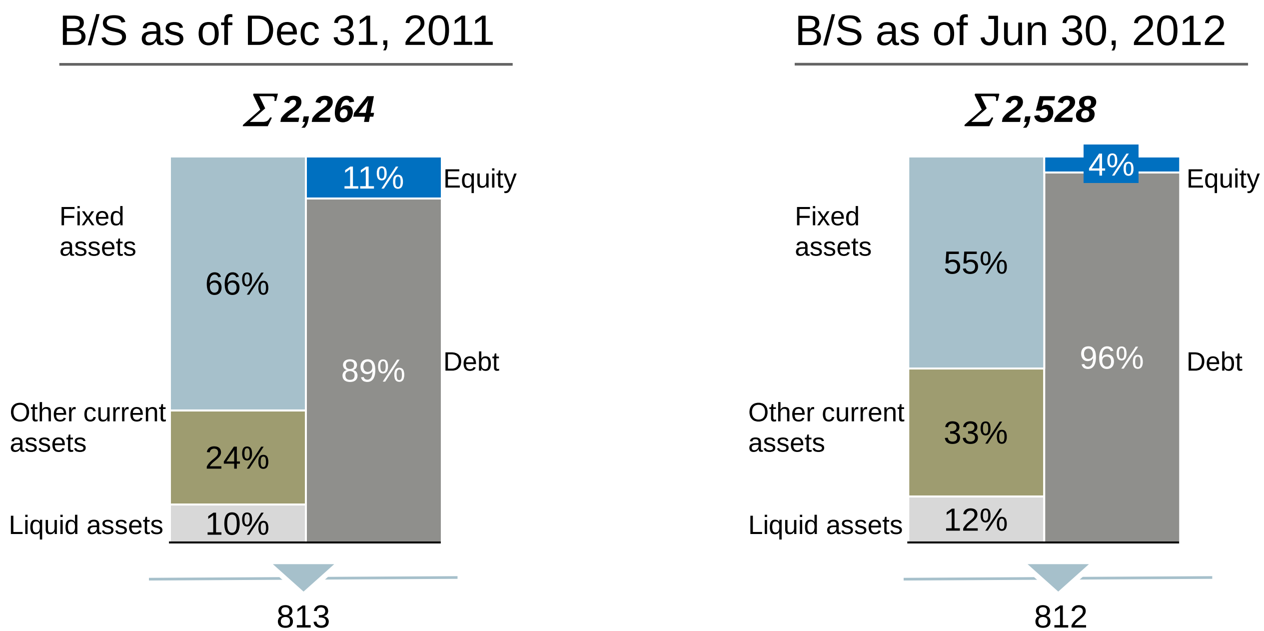
Currency & derivatives effects



Total income tax benefit



Balance sheet structure
[EUR m]

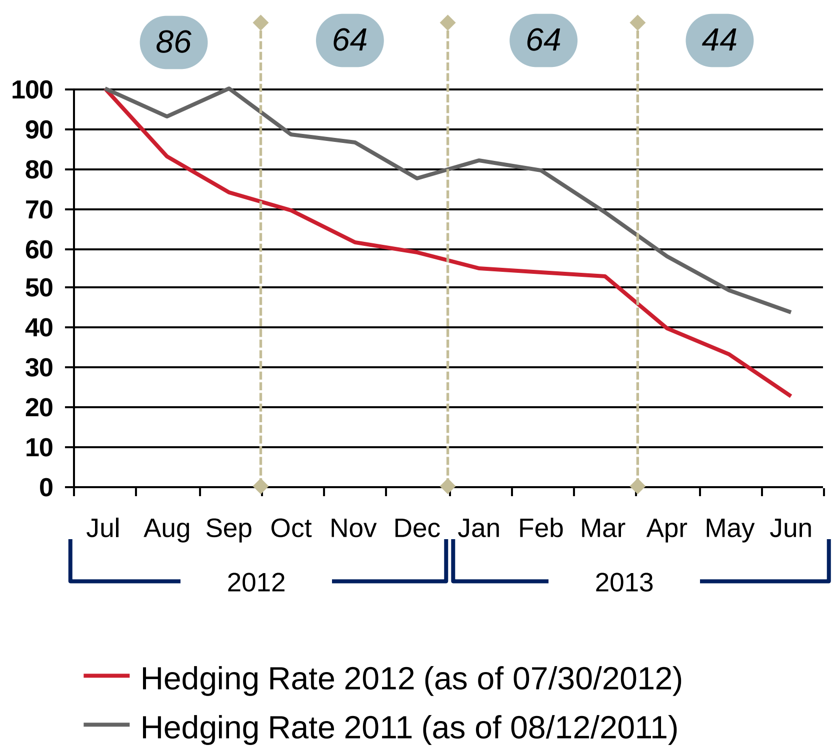


- Based on changes in market value from end of June to end of July additional EUR 60 m were accounted for in the adjusted view on equity EUR 320 m
- Balance negatively impacted by changes in market valuation
- Target is to achieve a better equity ratio at the end of the year 2012
- Net debt target is around EUR 500 m

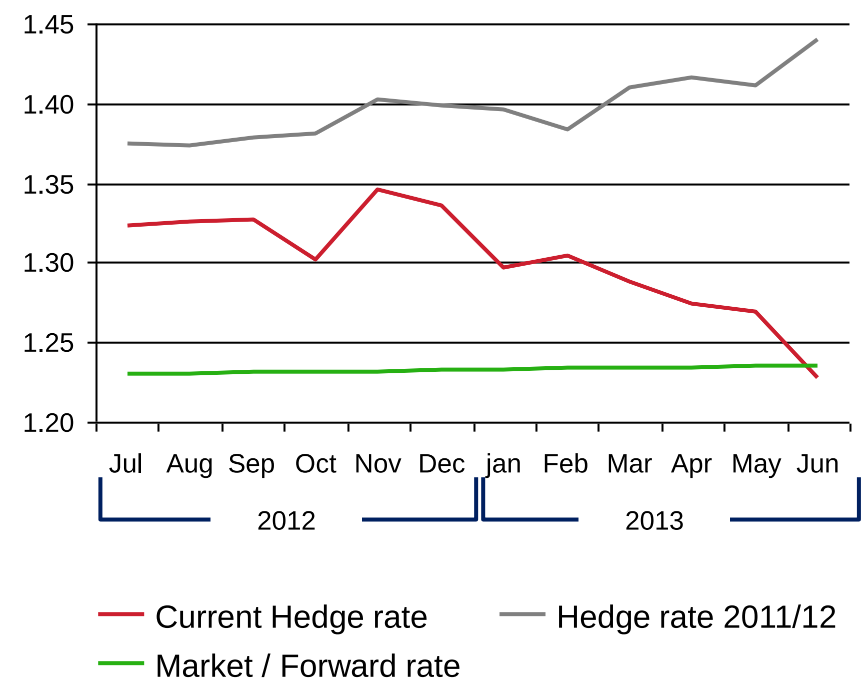
Dollar hedging 2012

Dollar hedging profile and FX rate development, 2012 vs. 2011

Hedging profile [%]



FX rate development *[USD/EUR]

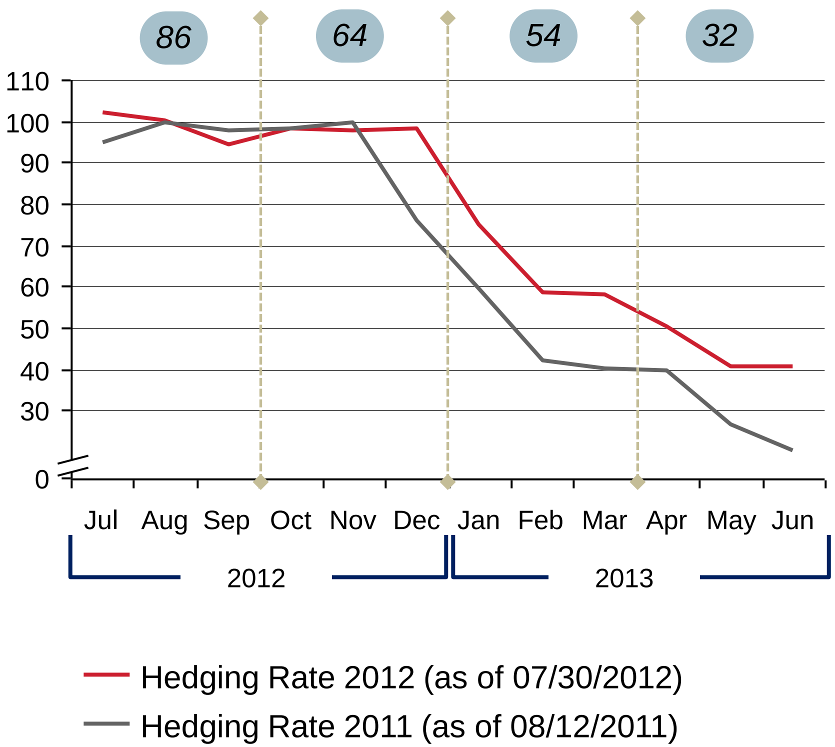


* as of 30 Jul 2012 / 12 Aug 2011

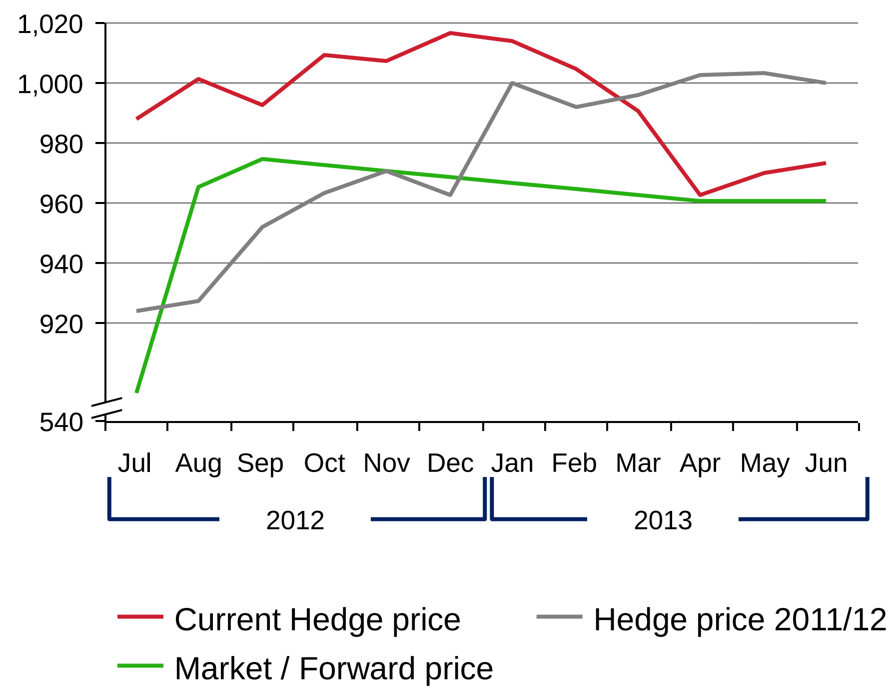
Fuel hedging 2012

Fuel hedging profile and fuel price development, 2012 vs. 2011

Hedging profile [%]



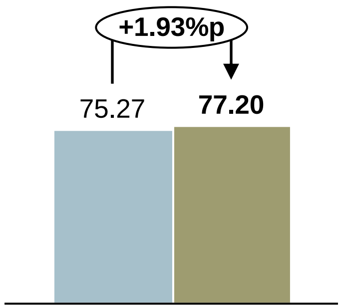
Price[1)] development *[USD/t]



* as of 30 Jul 2012 / 12 Aug 2011 // 1) excl. differentials

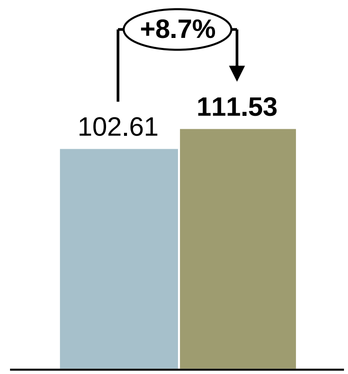
Summary and key highlights – H1 2012

Seat load factor



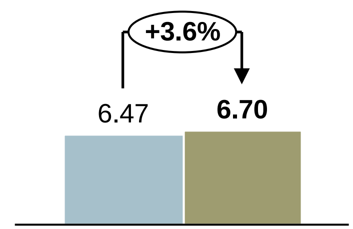
SLF [%]

Yield



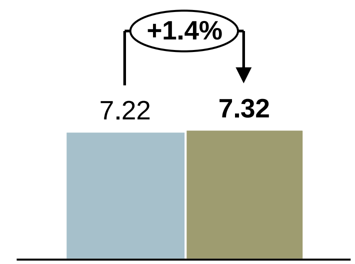
Yield [EUR]

Total revenue per ASK



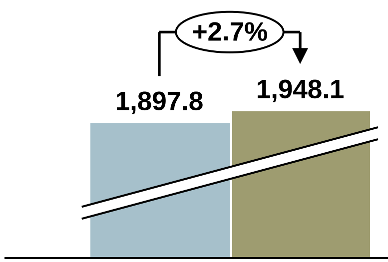
R/ASK [EUR ct.]

Cost 1) per ASK

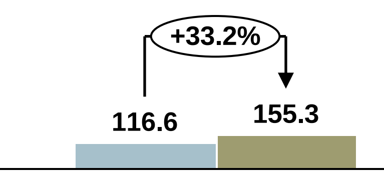


C/ASK incl fuel [EUR ct]

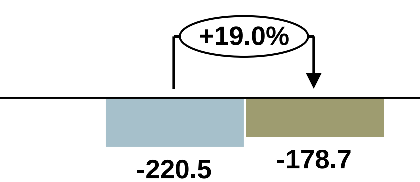
Revenue [EUR m]



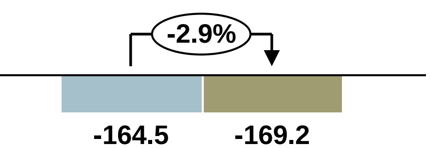
EBITDAR [EUR m]



EBIT [EUR m]



Net loss [EUR m]



H1/11 H1/12

1) Cost on EBIT level

Strong earning improvement envisaged

Target 2012

Operational performance

Capacity

- Moderate increase in long haul business

Capacity utilization and income

- Increasing load factor through network reduction, improved sales platform and partnerships

Result

Revenue

- Growth in revenue through yield and SLF growth expected

Expenses

- Cost per ASK excl. fuel will be kept stable; structural cost increases will be offset through Shape & Size

Result

- Improvement in profitability

Balance sheet

Balance sheet

- Equity and liquidity stabilized through Etihad investment
- Equity ratio to be better than previous year at the end of 2012
- Deleveraging is the key objective for 2012; initiatives are on the way
- Net debt target to be around EUR 500 m by the end of 2012

Strong earnings improvement targeted for 2012

B. Back up

- H1 2012 view

Financial Performance [EUR m] – H1 2012

Revenue

Good revenue performance especially in Q1 delivered good H1 rolling increase despite capacity reduction

EBITDAR

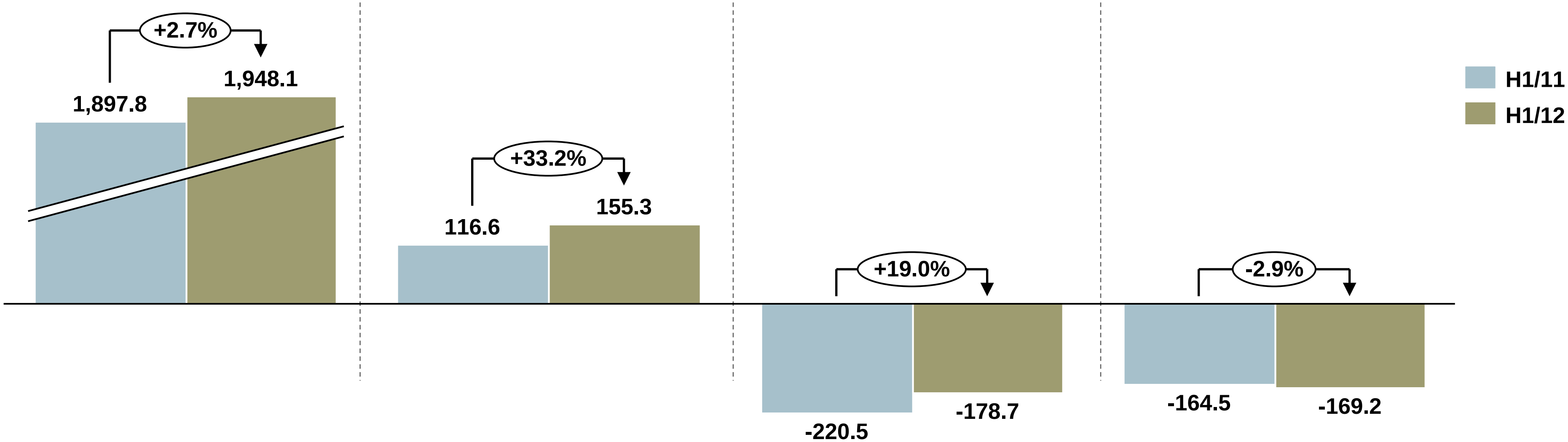
Revenue increase and cost control helped to offset fuel prices increase (EUR 70 m) and still achieve higher EBITDAR

EBIT

EBIT increase in line with EBITDAR development

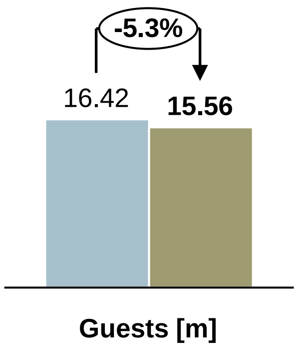
Net result

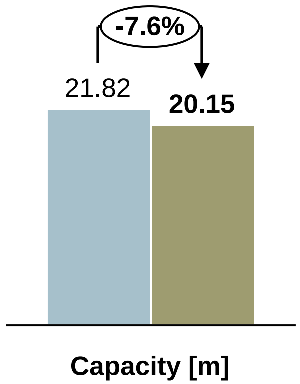
Higher non cash financial result increased net loss

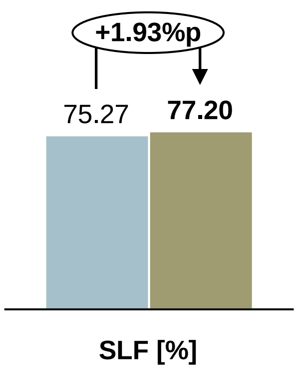


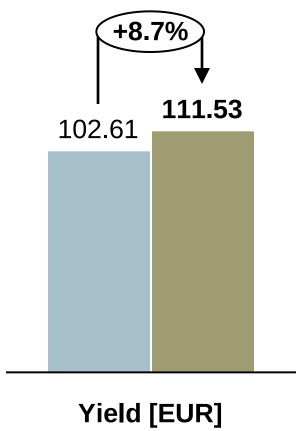
Operational development – H1 2012

Guests, Capacity, SLF & yield development

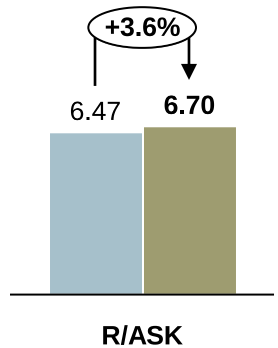






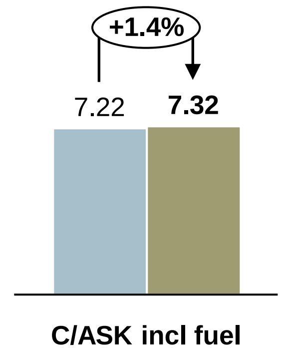


Total revenue per ASK [EUR ct.]

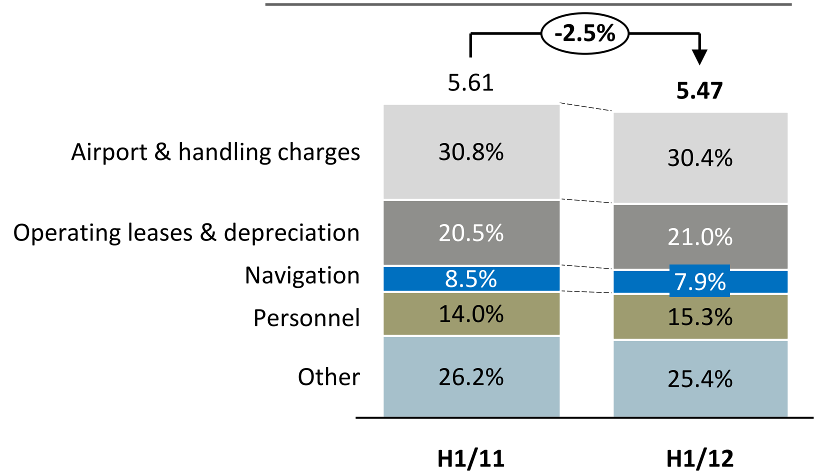


H1/11 H1/12

Cost[1)] per ASK incl. fuel [EUR ct.]



Cost[1)] per ASK excl. fuel [EUR ct.]

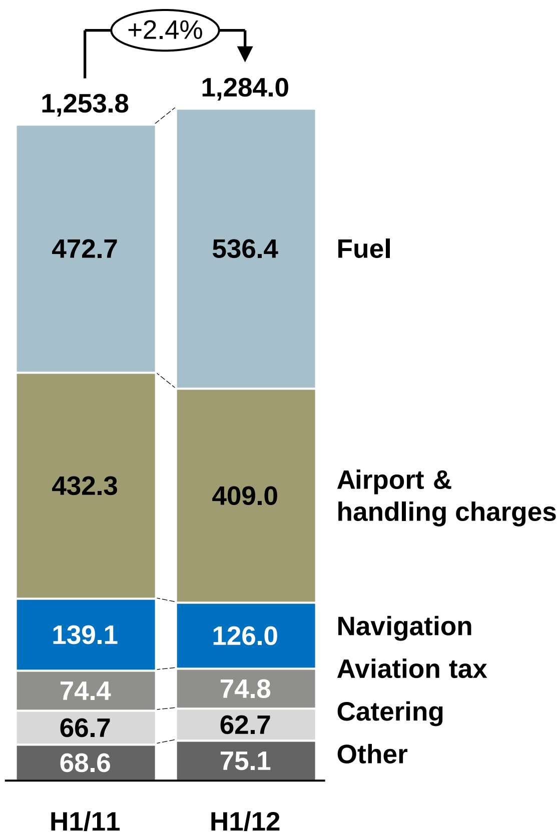


1) Cost on EBIT level

Development of Expenses [EUR m]

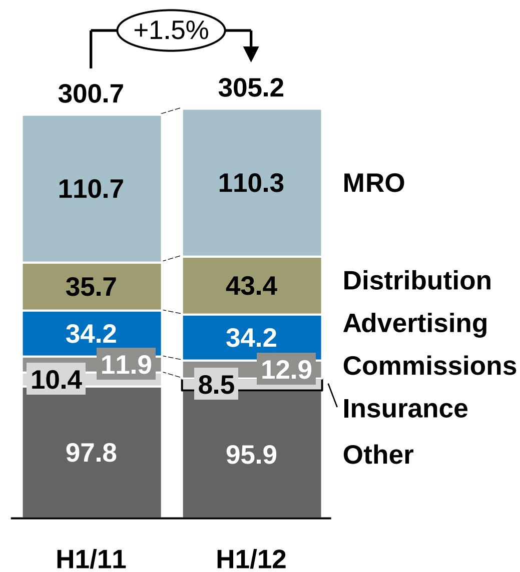
Direct operating expenses

Strong increase in fuel, whilst other direct operating cost decreased in line with capacity reduction



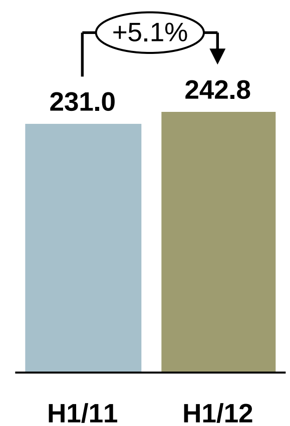
Other operating expenses

Increase in distribution cost reflects move to Amadeus and higher proportion of sales via indirect channels



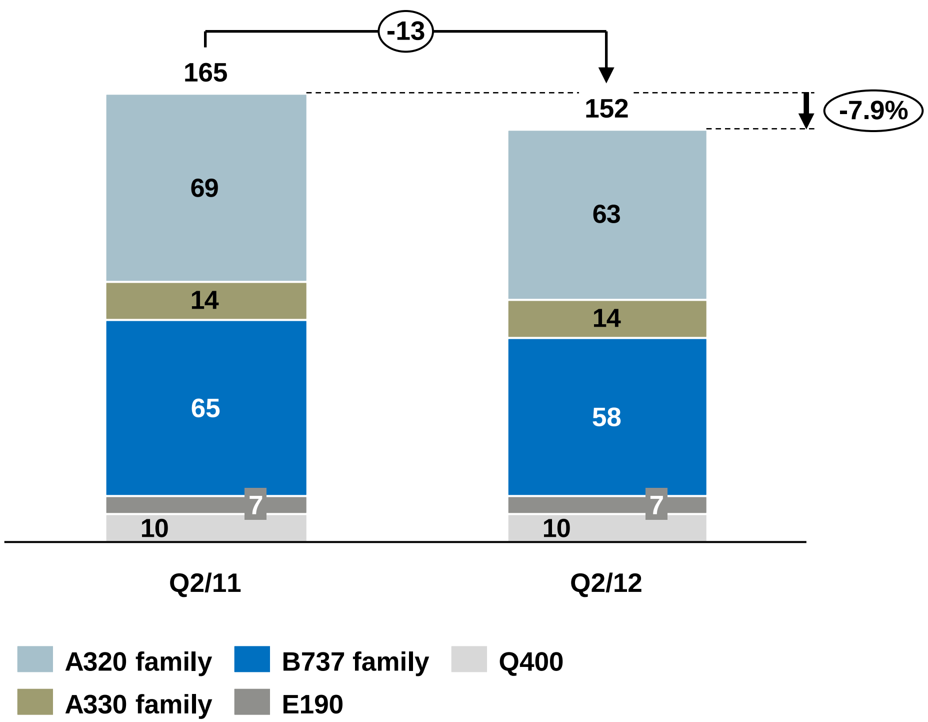
Personnel expenses

Higher than last year driven by FTE increase

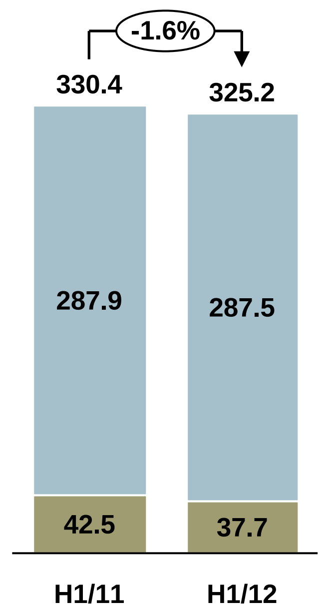


Cost of aircraft ownership – H1 2012

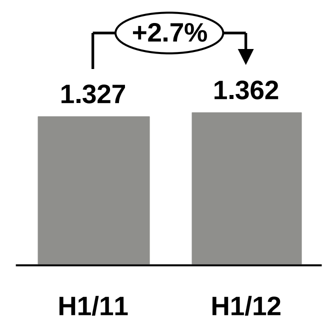
Fleet development [number of aircraft]



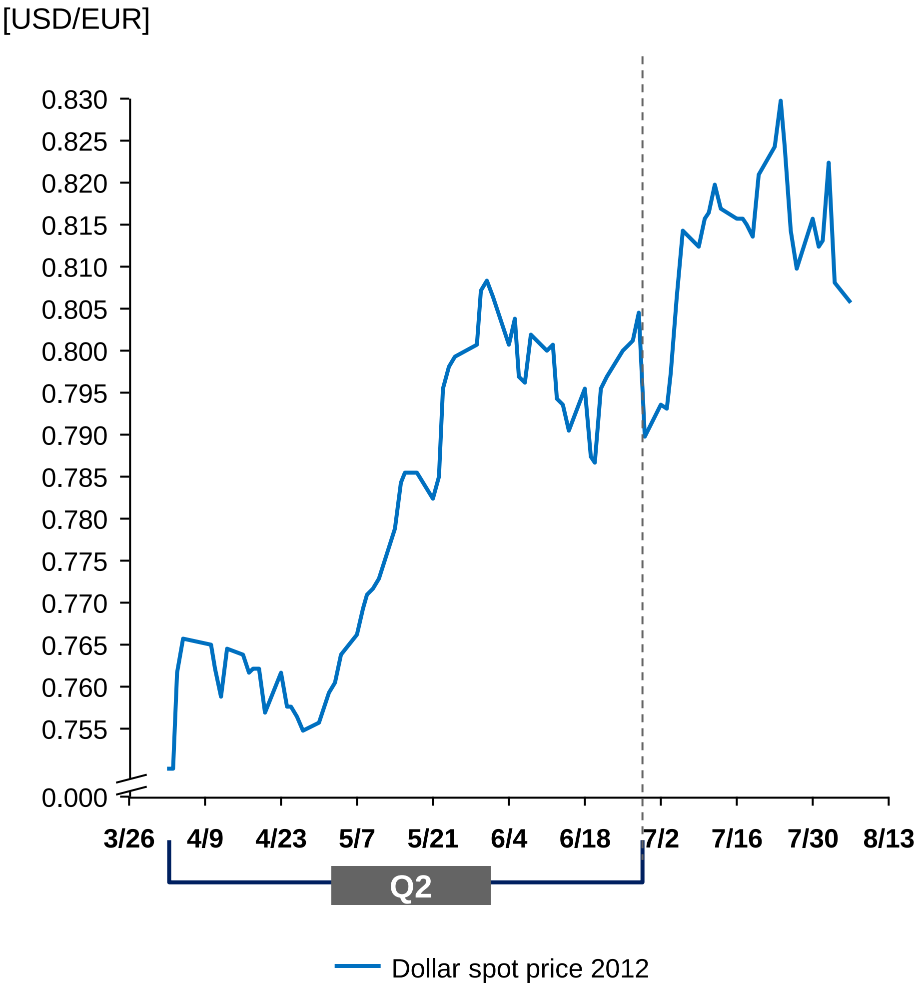
Net cost of leases & depreciation [EUR m]

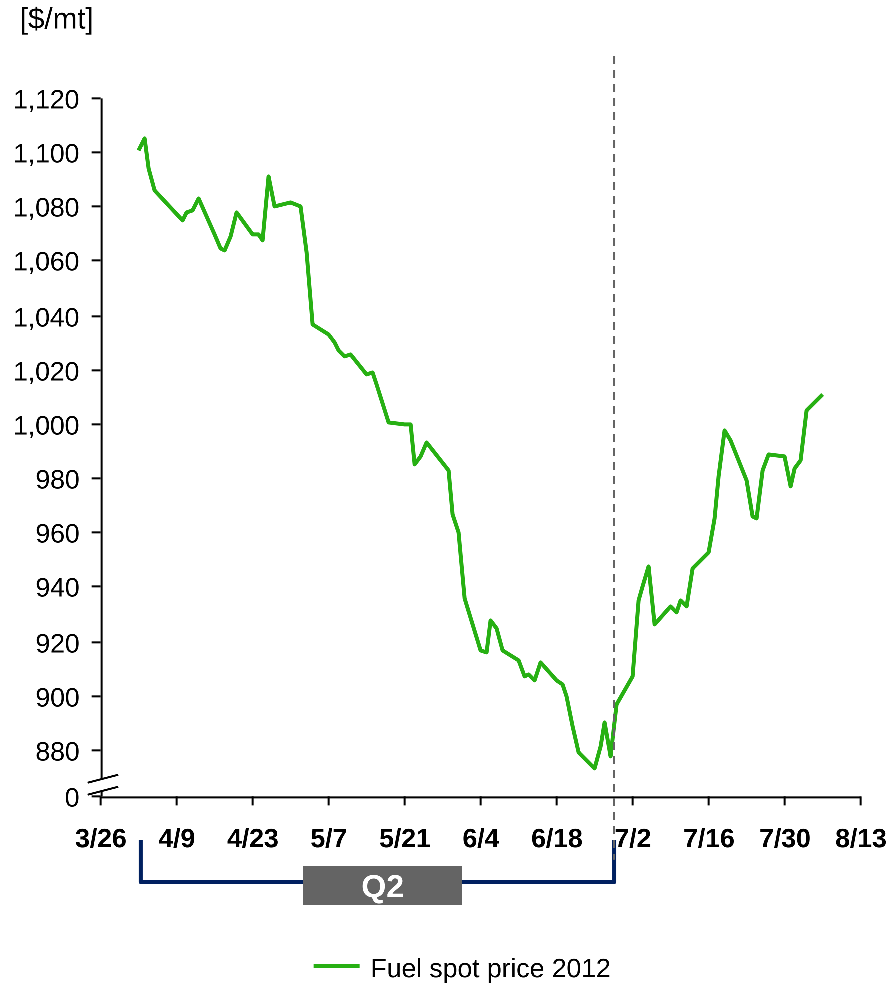


Effective dollar rate [EUR/USD]



Dollar and fuel spot price development





CIF NWE (Spot)