



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



# Management summary – Key highlights of the third quarter 2012

## Positive development of key performance indicators and Shape & Size

### airberlin improved operating and net result

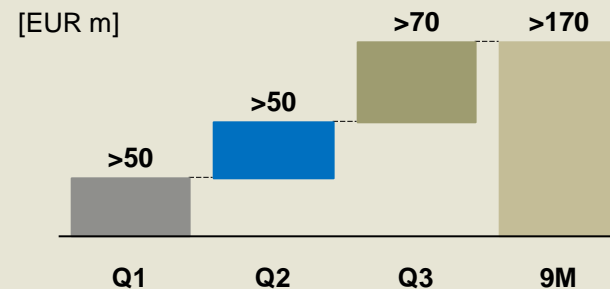
- ➔ EBIT in the third quarter improved by 4.5% from EUR 97 m in Q3/11 to EUR 101 m in Q3/12
- ➔ Profit for the period stood at EUR 66.6 m in the reporting quarter after a profit of EUR 30.2 million in the prior year's quarter

### Positive codeshare development

- ➔ Positive effects from codeshare agreements with our strategic partner Etihad Airways and also through the cooperation within the **oneworld**<sup>®</sup>
- ➔ Similar success is expected with the strategic partnership between Air France-KLM Group

### Continuously positive Shape & Size achievements

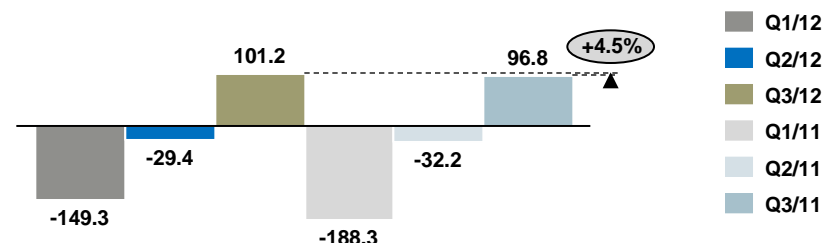
- ➔ Successful performance in Q3 2012 mainly due to positive results from the initiatives of Shape & Size, which accounted for over EUR 170 m in the first nine months
- ➔ Severe increasing fuel price of 11% compared to Q3/11 and 12% over the last nine months compared to 9M/11, could be compensated by cost reduction measures out of Shape & Size



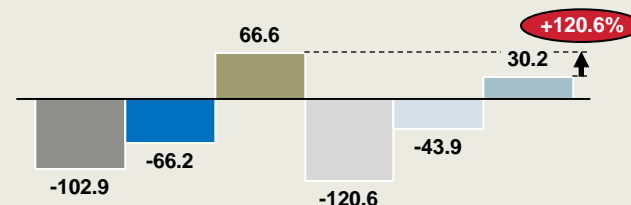
# Management summary cont`d – Key messages



Steady increase of **EBIT** across the quarters



**Net result** more than doubled compared to Q3 2011



Monetizing of frequent flyer program **topbonus** in 2012 to strengthen earnings and balance sheet ratios



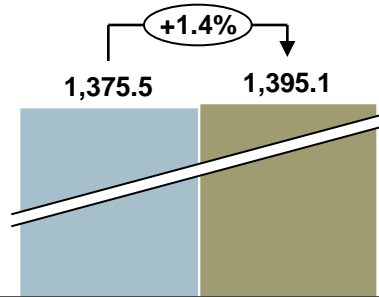
Launch of turnaround program **Turbine 2013** to improve profitability for 2013

## A. Q3 2012 results

# Financial Performance [EUR m] – Q3 2012 & 9M 2012

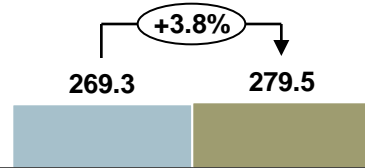
## Revenue

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



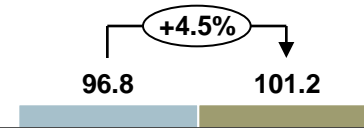
## EBITDAR

Revenue growth and cost initiatives help to improve EBITDAR performance despite higher fuel cost of EUR 35 m in Q3 and EUR 99 m in the first 9 months



## EBIT

Due to higher leasing cost, EBIT proportionally does not develop in line with EBITDAR

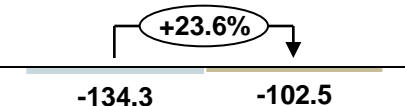
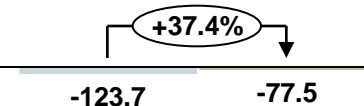
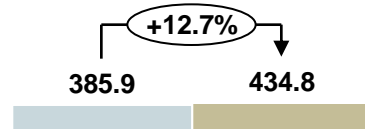
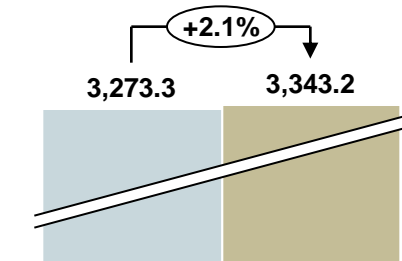


## Net result

Net result more than doubled compared to the previous year quarter and increases by 23.6% for the first 9 months



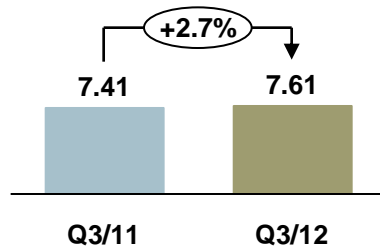
Q3/11  
Q3/12



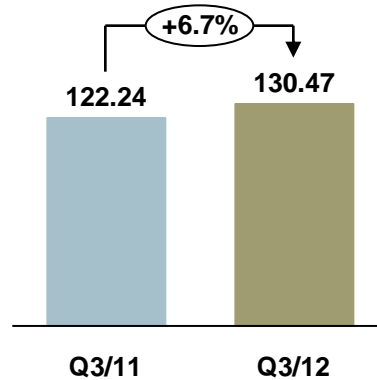
9M/11  
9M/12

# Topline development – Q3 2012 & 9M 2012

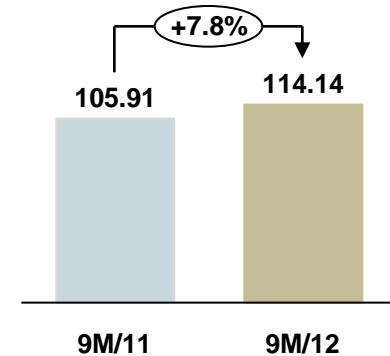
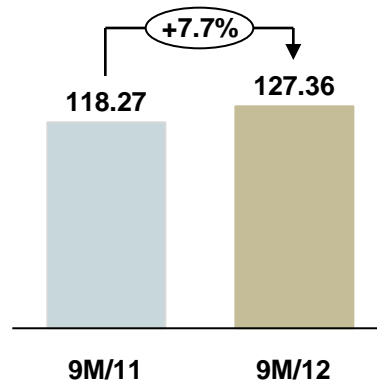
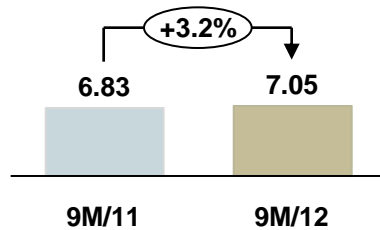
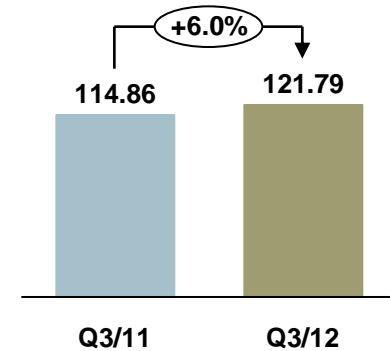
Revenue<sup>1)</sup> per ASK  
[EUR ct.]



Revenue<sup>1)</sup> per Guest  
[EUR]



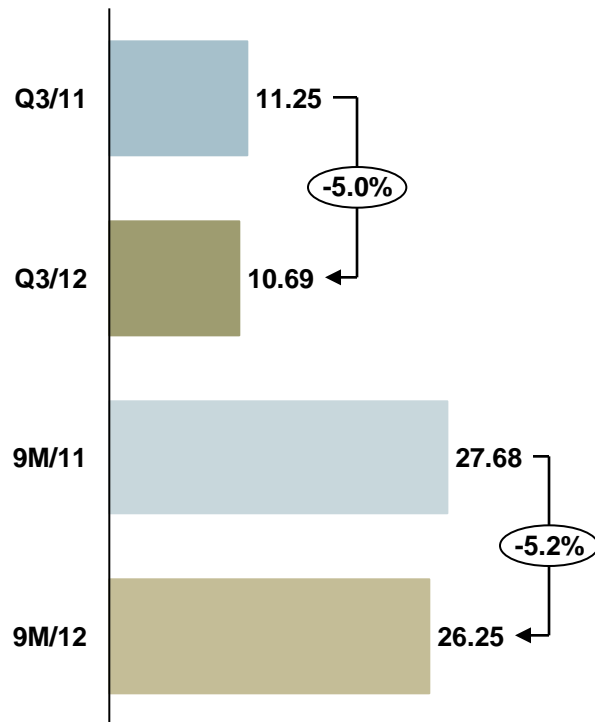
Yield  
[EUR]



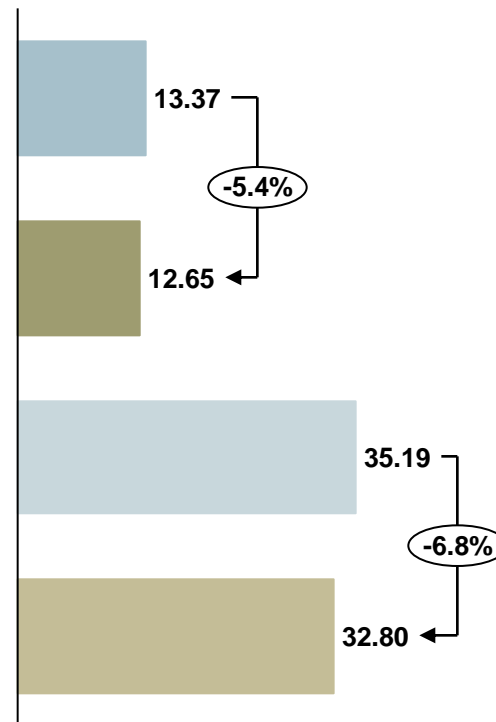
1) Total revenue

# Operational development – Q3 2012 & 9M 2012

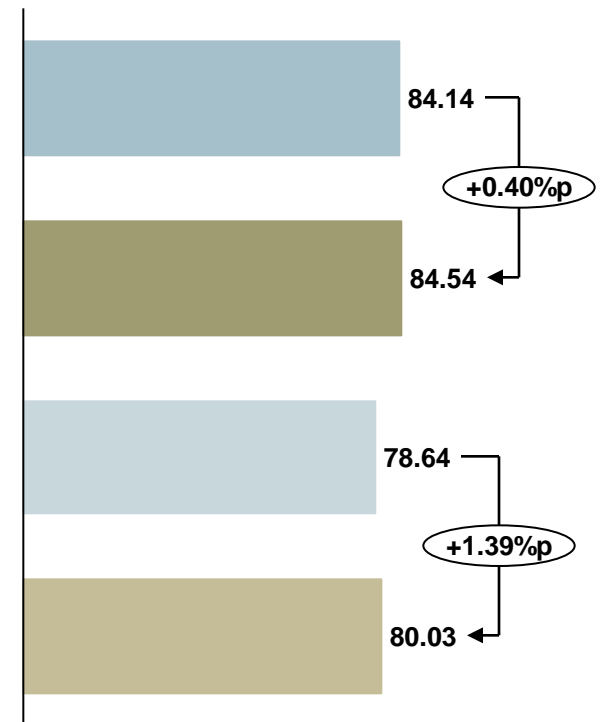
Guests [m]



Capacity [m]



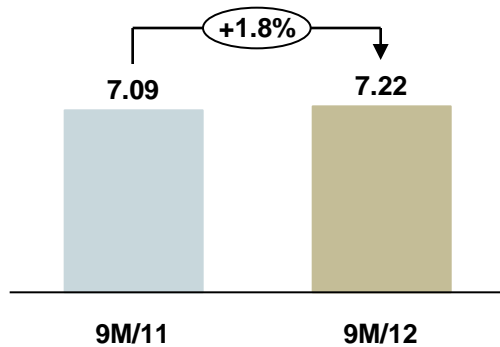
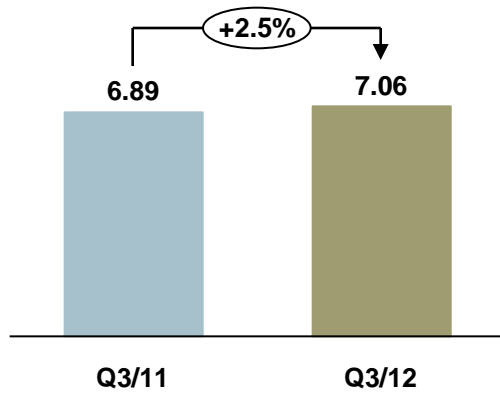
SLF [%]



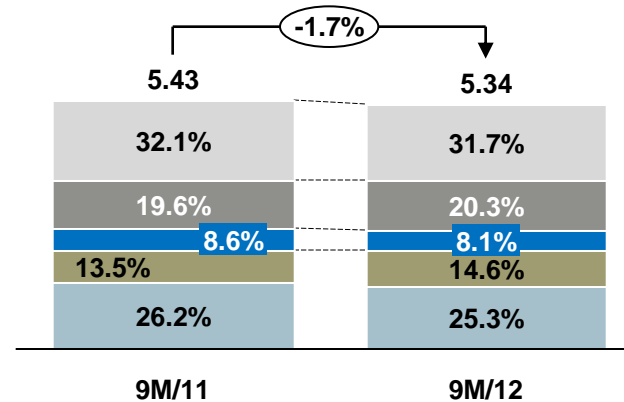
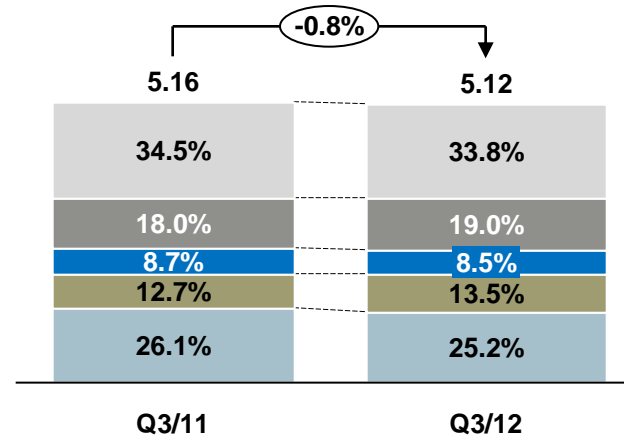
1) Total revenue

# Cost per ASK development – Q3 2012 & 9M 2012

Cost<sup>1)</sup>  
per ASK including fuel [EUR ct.]



Cost<sup>1)</sup>  
per ASK excluding fuel [EUR ct.]



- Airport & handling charges
- Operating leases & depreciation
- Navigation
- Personnel
- Other

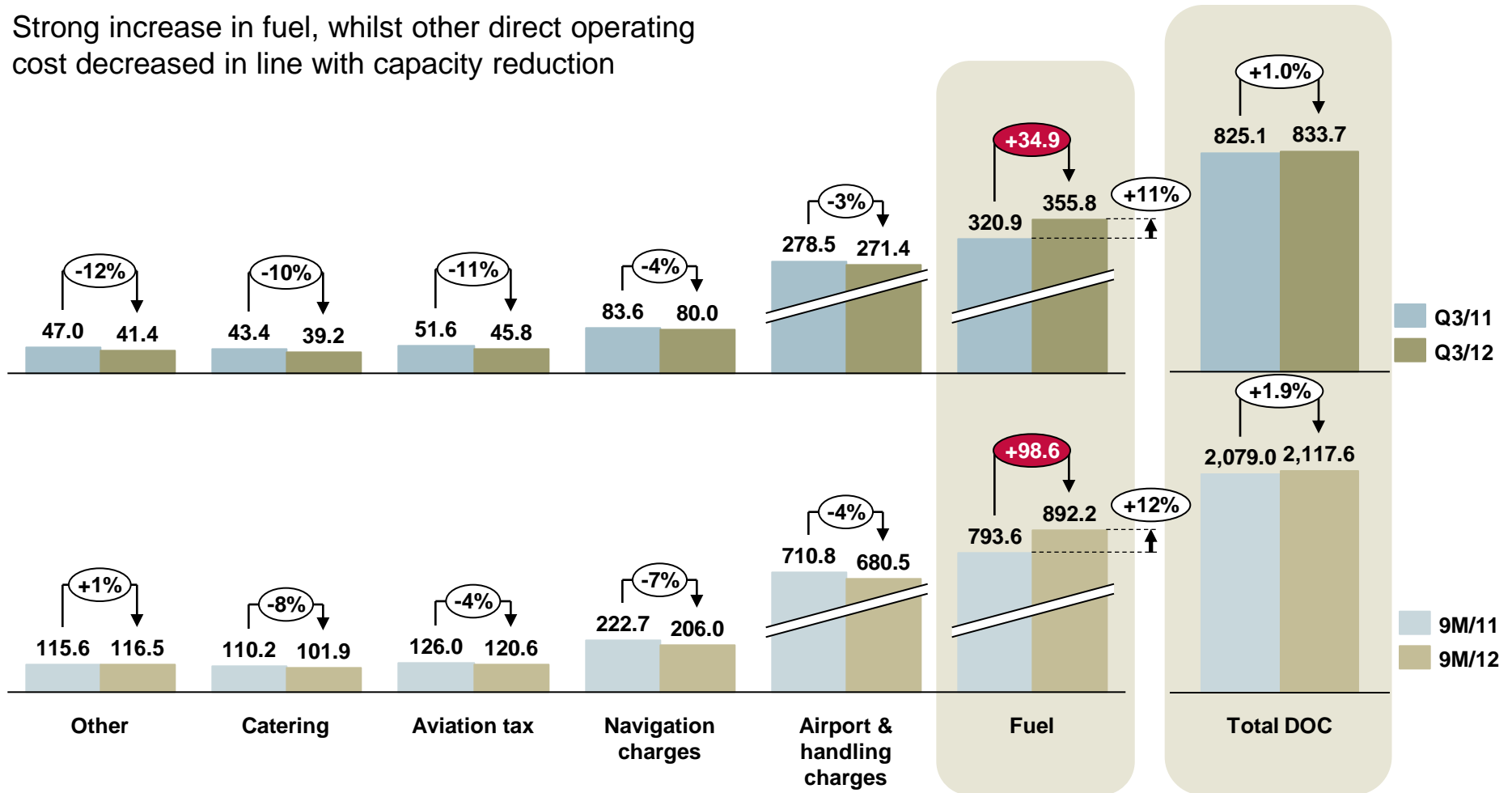
1) Cost on EBIT level



# Development of Expenses [EUR m]

## Direct operating expenses

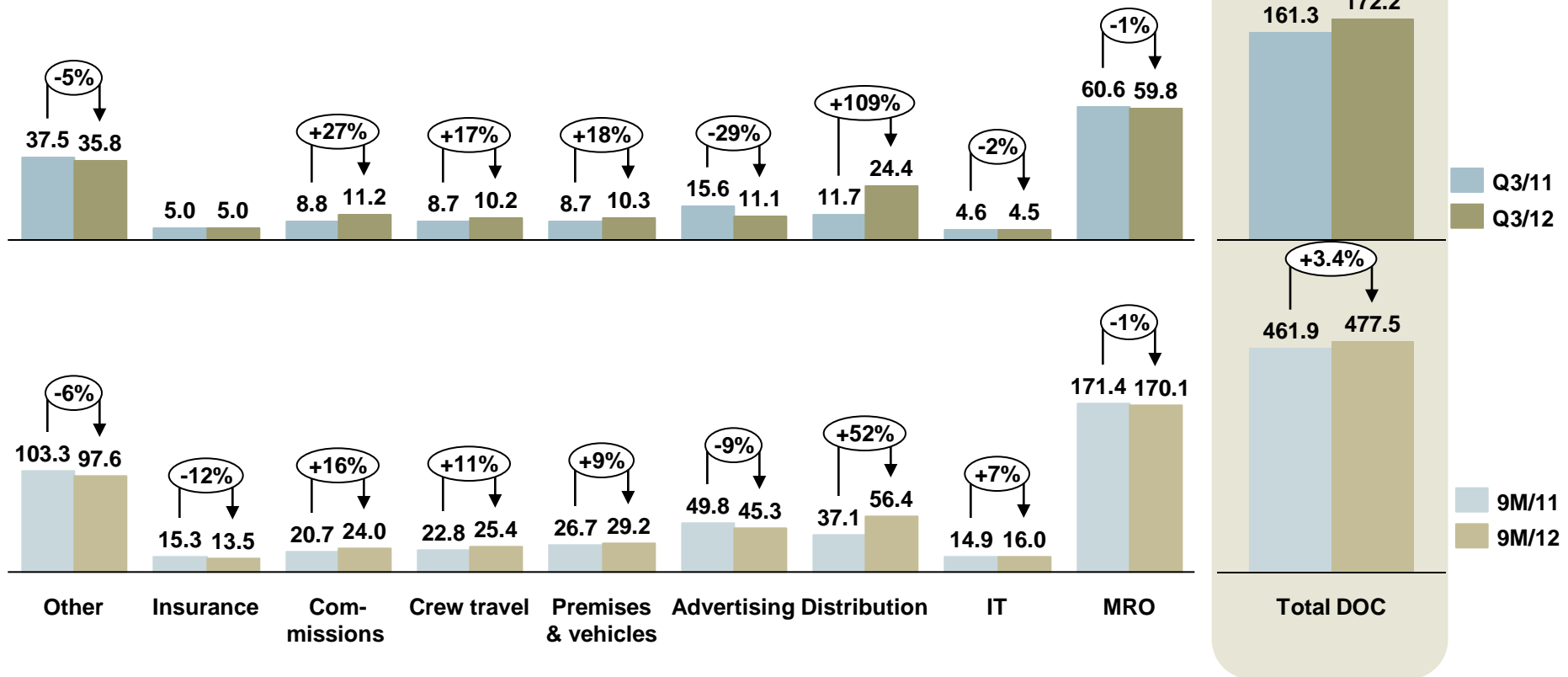
Strong increase in fuel, whilst other direct operating cost decreased in line with capacity reduction



# Development of Expenses [EUR m]

## Other operating expenses

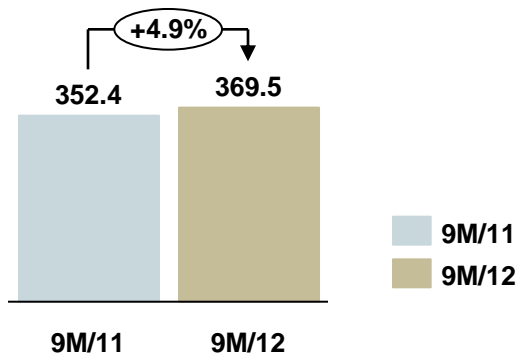
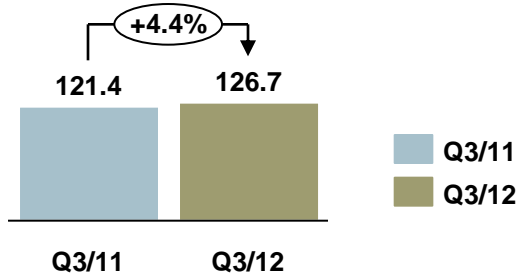
Main driver for increase in other operating cost in Q3/12 is the growth in distribution cost following the switch to Amadeus



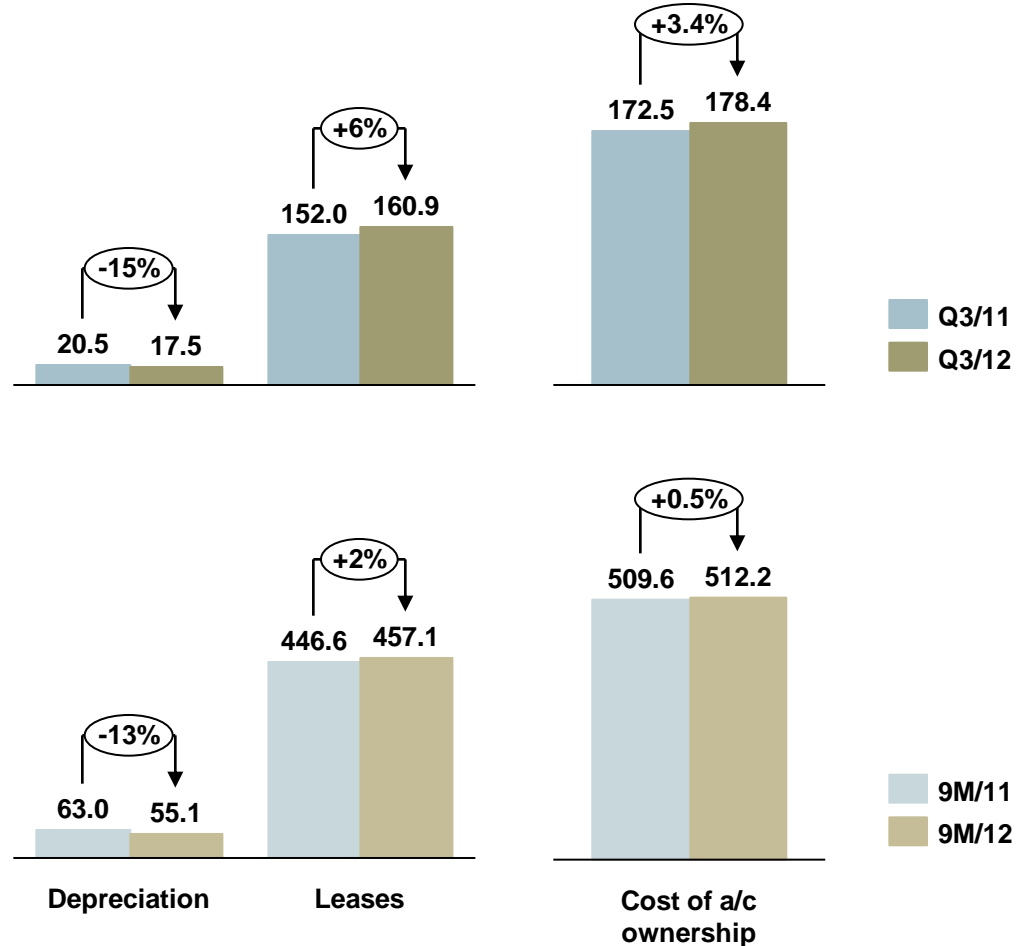
# Development of Expenses [EUR m] – Q3 2012

## Personnel expenses

Higher than last year driven by FTE increase

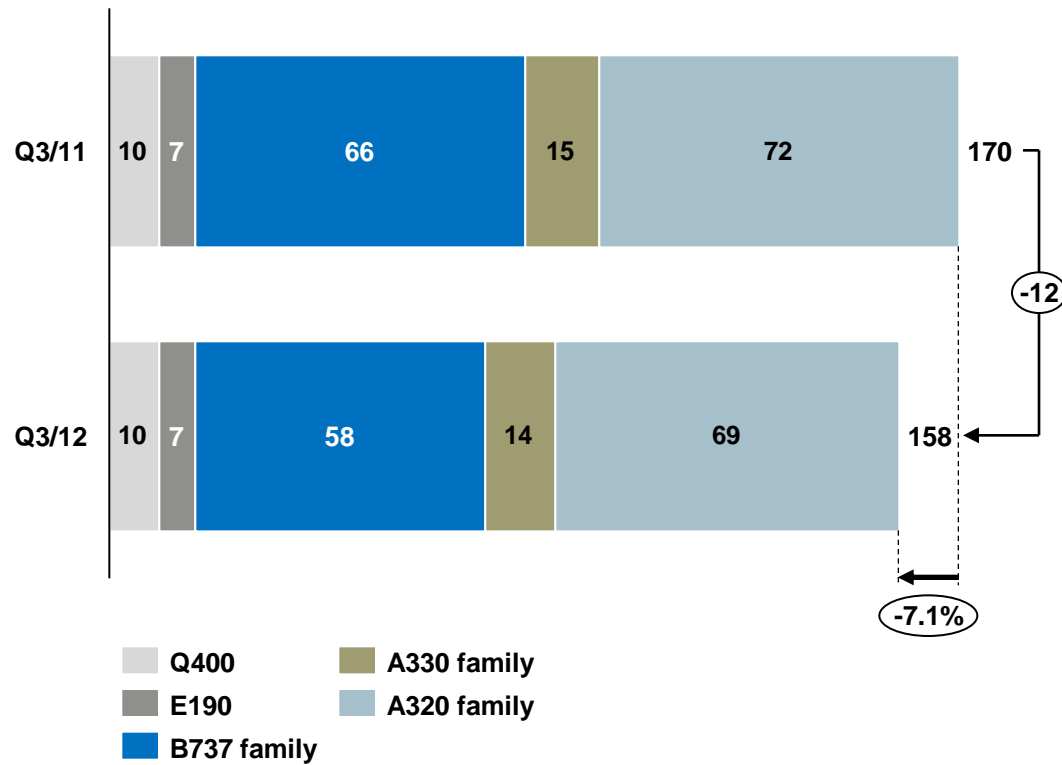


## Net cost of leases & depreciation [EUR m]



# airberlin fleet – as of September 30<sup>th</sup> 2011/2012

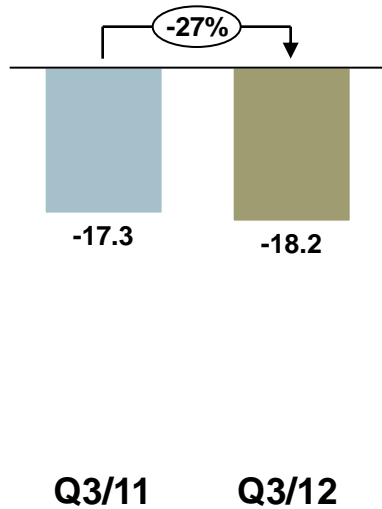
## Fleet development [number of aircraft]



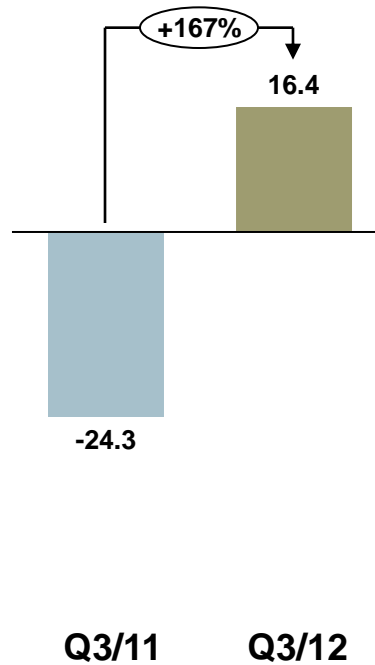
# Financial result and income tax development [EUR m] – Q3 2012

## Breakdown of financial result

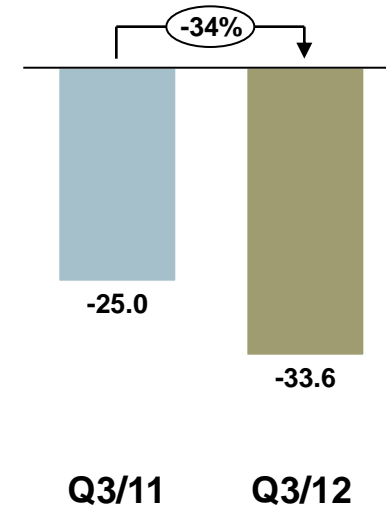
Net interest result



Currency & derivatives effects

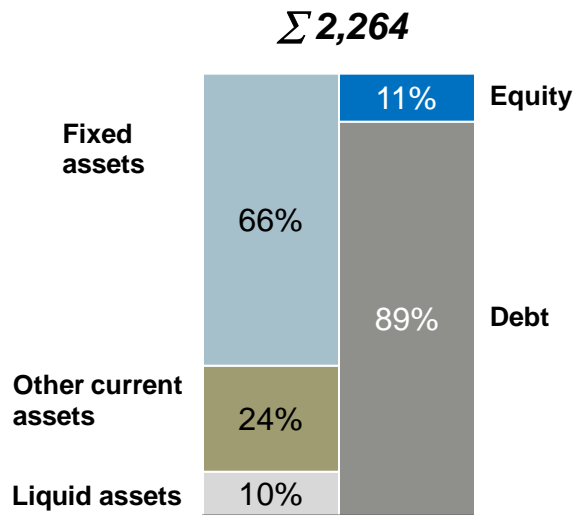


Total income tax expense



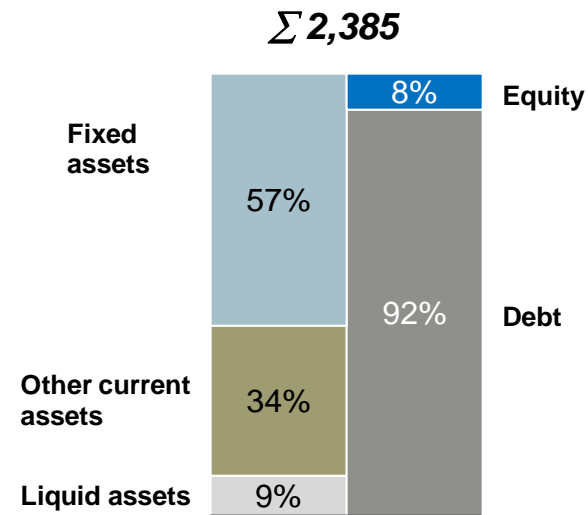
# Balance sheet structure [EUR m]

B/S as of Dec 31, 2011



Net debt: 813

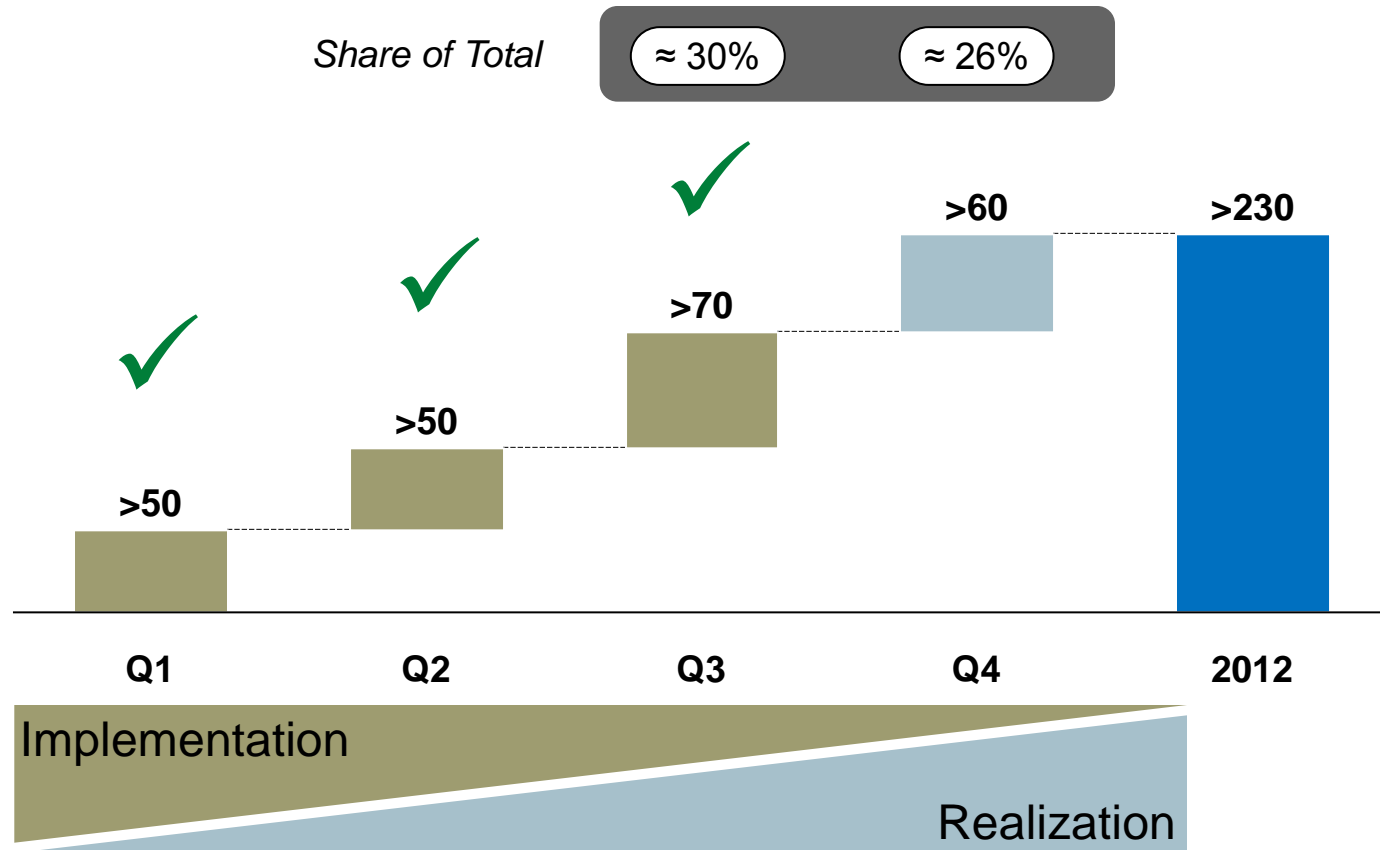
B/S as of Sep 30, 2012



Net debt: 853

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

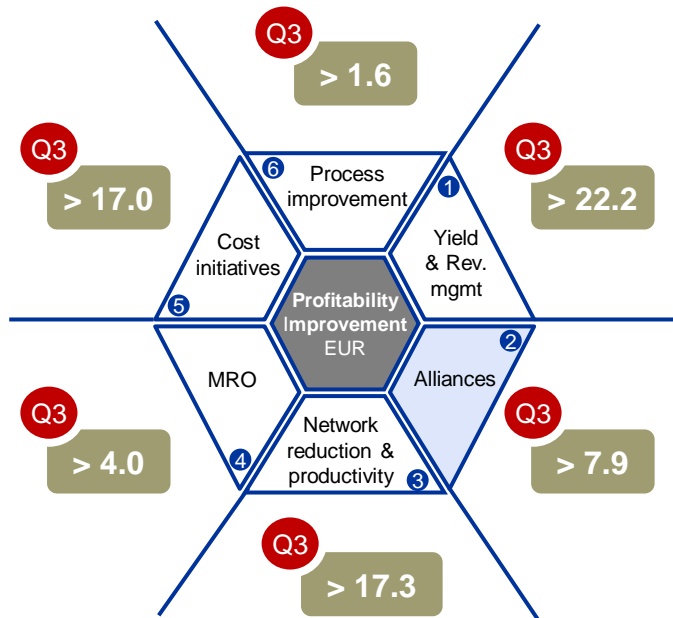
[EUR m]



# Contribution to full year EBIT improvement of more than EUR 70 m in the third quarter of 2012

[EUR m]

## Q3 2012 Shape & Size performance



**SHAPE & SIZE**  
*profitability improvement in Q3/12*  
**> EUR 70 m**

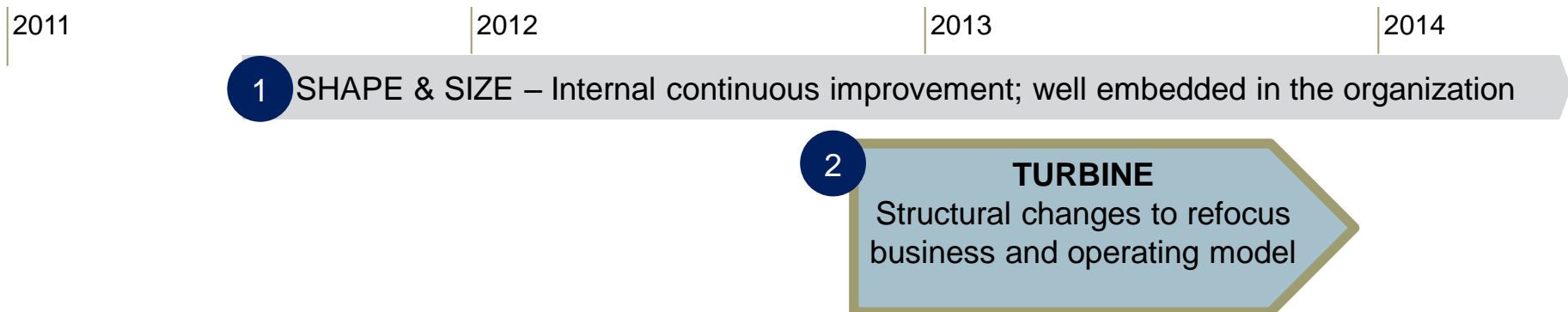
- 1 Enhanced yield development
- 2 Codeshare effects from partnership with Etihad Airways and oneworld
- 3 Aircraft sourcing and improvement of network productivity
- 4 Reduction of maintenance cost
- 5 Several cost measures

EBIT values without effects from cost avoidance



# Turnaround program Turbine is set to achieve our goal for 2013 to reach a positive net result

- The efficiency program Shape & Size has accounted to operational improvement with more than EUR 170 m and could offset rising fuel prices
- Though the constantly worsening economic environment as well as other external factors such as aviation tax, fuel price, BER opening delays and changing consumer behavior, claims for the implementation of turnaround
- Shape & Size is a continuously moving forward successful efficiency program, but it cannot compensate for all negative influences which the airline will be facing in 2013
- Turbine challenges status quo business assumptions and adapt business model to “lean and smart” principles



# airberlin requires structural changes towards a business model with less fragmentation, more efficient operations and a lower cost base

## Turbine for long-term sustainability

### TURBINE 2013

#### Structural change *to regain competitiveness*

- Challenge status quo business assumptions and adapt business model to “lean and smart” principles
- Significantly lift operating performance (RASK / CASK)
- Develop Master Turnaround Plan by the end of 2012
- Building upon airberlin`s core brand attributes (value for money, innovativeness, service with heart)
- Turbine sharpens our customer offering, especially for high-value customers
- Implement changes throughout 2013

### Process & levers

- The program is addressing all elements of the operation, e.g.:
  - Where airberlin flies
  - Number and types of aircraft in the fleet
  - How airberlin routes aircraft and crew around its network
  - Ground processes supporting flights
  - Organizational setup and responsibilities
  - IT and systems supporting the head office
  - Commercial steering model (scheduled / tour operator)

**Turbine`s major objective is to reduce costs and apply efficient operational principles while maintaining core brand attributes**

## **B.** Development of topbonus

## topbonus facts and figures

### topbonus is the highly attractive Frequent Flyer Program (FFP) of airberlin



- 1 >3 million members with steady growth and significant development potential
- 2 Germany's second largest FFP
- 3 Strong and growing partner network with more than 120 partners
- 4 Expansion of earn and burn partners and categories envisaged
- 5 Over 1,000 new members per day in 2012

# topbonus partner network

topbonus has a reputable and significant partner network with more than 120 partners

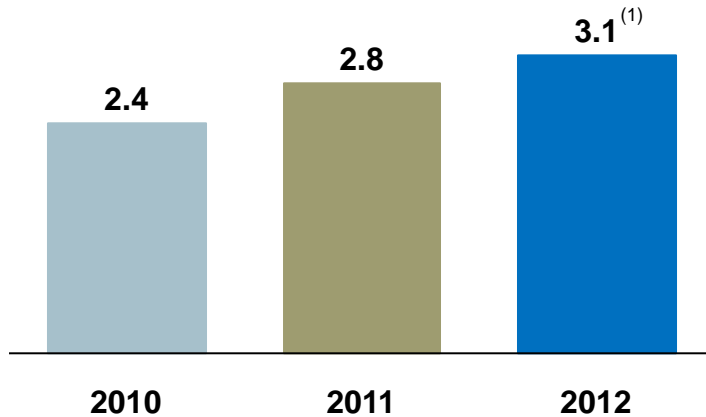
Earn + burn	Selected earn partners			
<p><b>Air travel</b></p> <p><b>oneworld alliance</b></p>	<p><b>Hotels</b></p>	<p><b>Car rental</b></p>	<p><b>Finance &amp; insurance</b></p> <p><b>Newspapers</b></p>	<p><b>Co-branded credit cards</b></p> <p><b>Other partners</b></p>

(1) Expected new oneworld alliance members  
 (2) Denotes coalition partner

# topbonus member base

## topbonus has a growing and attractive member base

Number of members (in Mio.)



- ➔ Member base expected to grow to 3.1m members by year end 2012
- ➔ Strong historical growth rates with a CAGR of 14% from 2010 to 2012

Status levels of members



- ➔ Differentiation of members in standard, silver, gold and platinum
- ➔ Status levels attractive for members
- ➔ Higher revenue generated with premium members

## airberlin intends to monetize topbonus

(1) 2012 data based on extrapolation from figures related to the period between 1 January and 31 August 2012.

## Transaction rationale

### Transaction benefits for airberlin and topbonus



- ✓ Fully consistent with strategy of enhancing attractiveness of topbonus
- ✓ Monetization of topbonus
- ✓ Creating visibility of value contributed by topbonus
- ✓ Strengthening of equity and reduction of financial leverage
- ✓ Ability to participate in future development of topbonus



- ✓ Highly compelling strategic logic evidences by precedent transactions
- ✓ Separation as enabling event for topbonus to develop its full potential

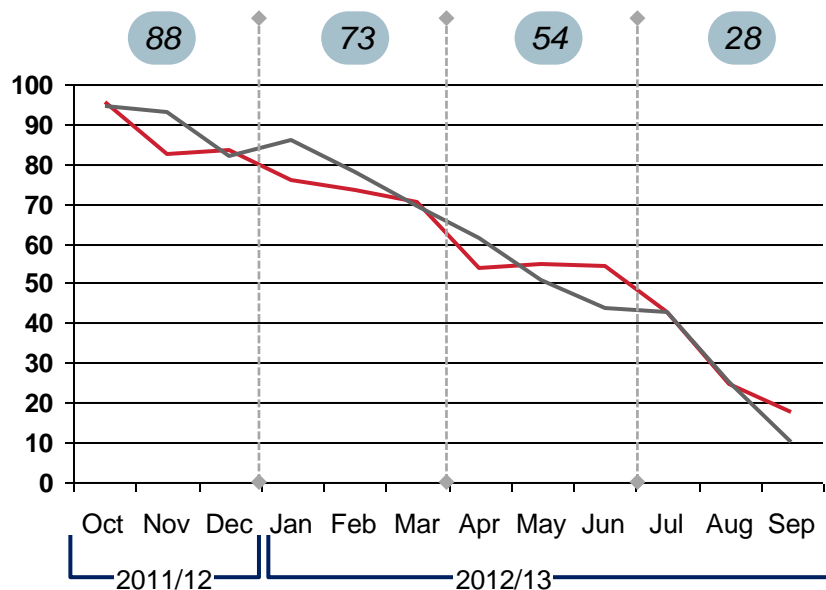
## C. Back up



# Dollar hedging 2012/13

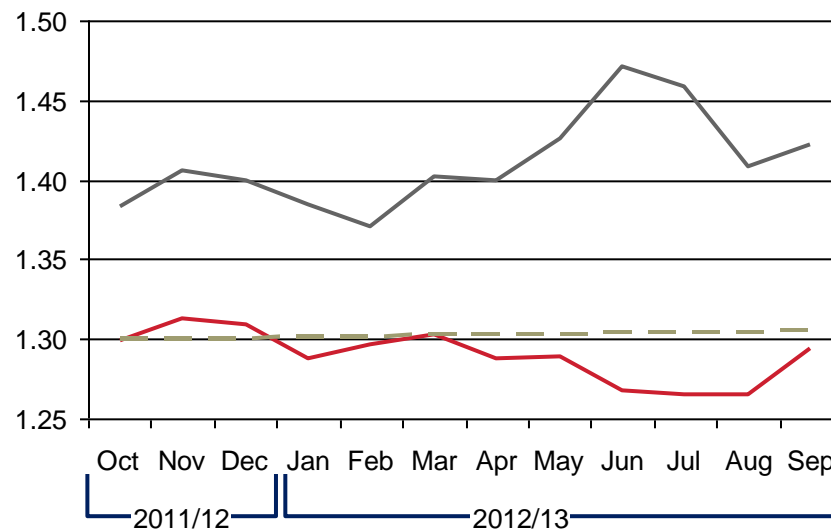
## Dollar hedging profile and FX rate development, 2012/13 vs. 2011/12

Hedging profile [%]



— Hedging rate 2012 (as of 09/28/2012)  
 — Hedging rate 2011 (as of 09/30/2011)

FX rate development \*[USD/EUR]



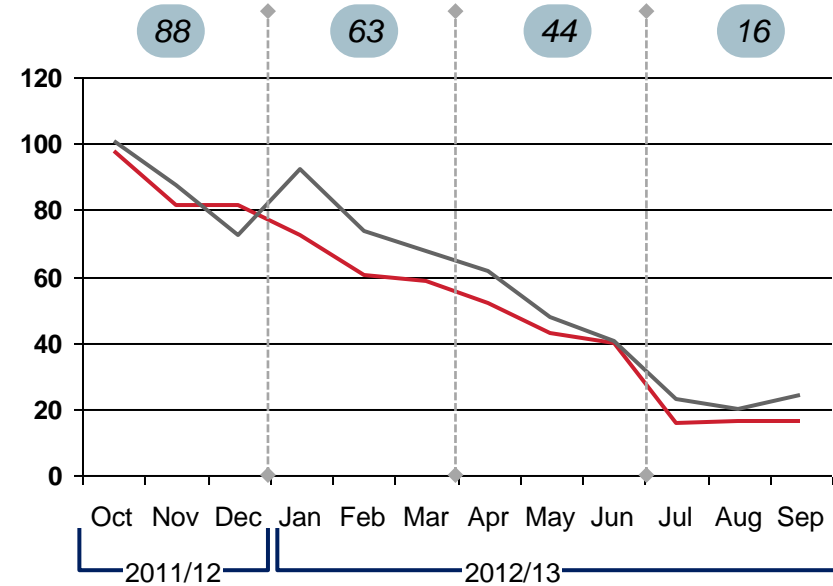
— Current Hedge rate    — Hedge rate 2011  
 - - - Market / Forward rate

\* as of 28 Sep 2012 / 30 Sep 2011

# Fuel hedging 2012/13

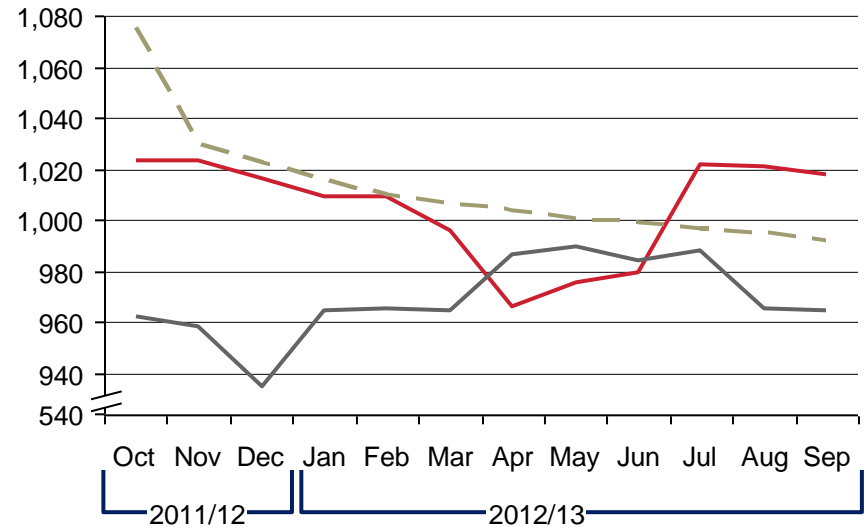
## Fuel hedging profile and fuel price development, 2012/13 vs. 2011/12

Hedging profile [%]



— Hedging rate 2012 (as of 09/28/2012)  
 — Hedging rate 2011 (as of 09/30/2011)

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



— Current Hedge price    — Hedge price 2011  
 - - - Market / Forward price

\* as of 28 Aug 2012 / 30 Sep 2011 // 1) excl. differentials