



**Analysts and Investors conference call
Q2 2014 results
21 August 2014**



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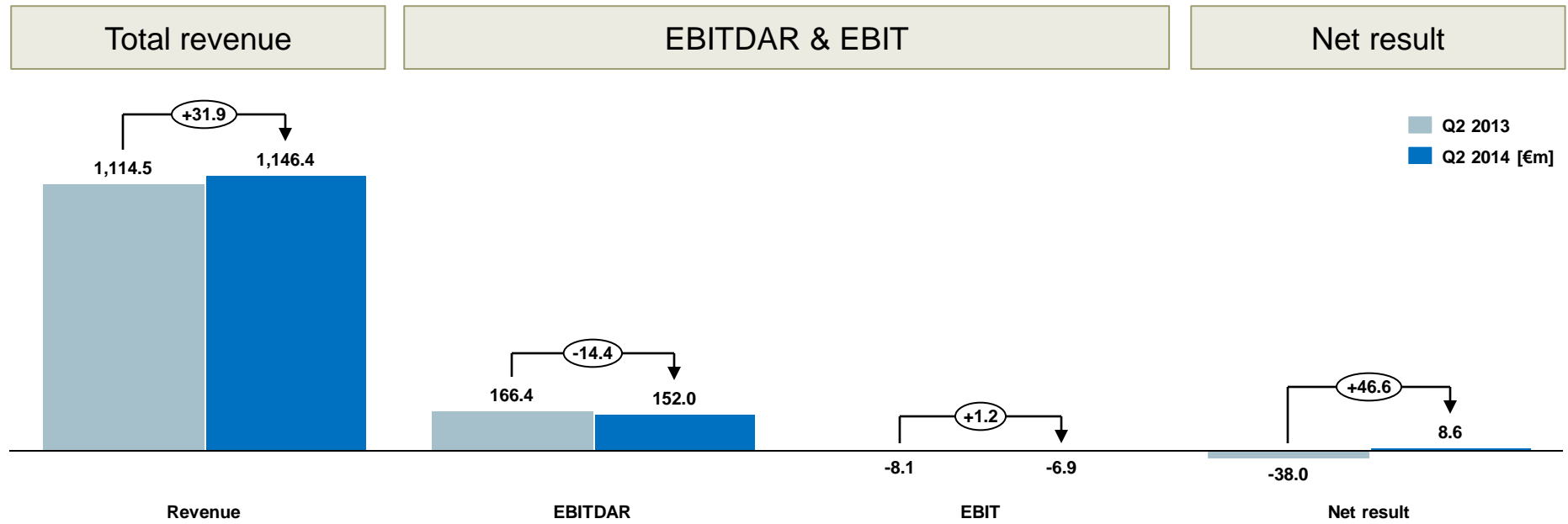
Executive summary

Key highlights Q2 2014

- airberlin achieves positive net result in the second quarter
- Year-on-year operating result (EBIT) slightly improved
- Increased turnover due to a stable number of guests and increased yield
- Cost reduction initiatives are showing results
- Sufficient liquidity for restructuring and deal with upcoming bond maturities

A. airberlin Q2 2014 results

2nd quarter 2014: financial result



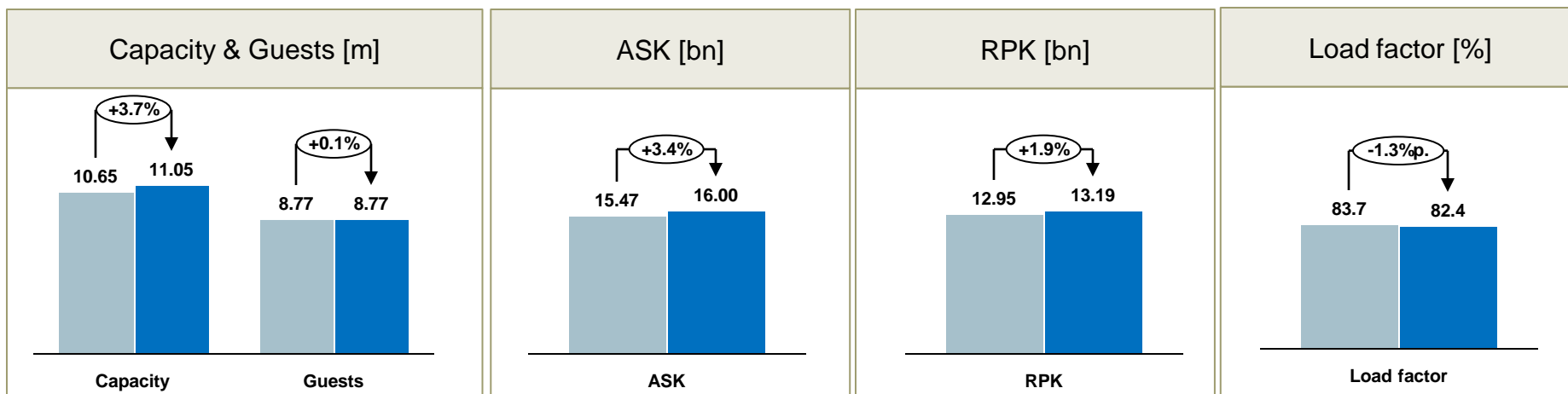
→ Revenue increase due to a stable number of guests and increase in yield

→ Increase in personnel expenses drives lower EBITDAR
 → Turbine measures on “cost on aircraft ownership” helped to improve EBIT

→ Improved financial result supported positive development on net result level

2nd quarter 2014: operational development vs. 2nd quarter 2013

■ Q2 2013 ■ Q2 2014 [€m]

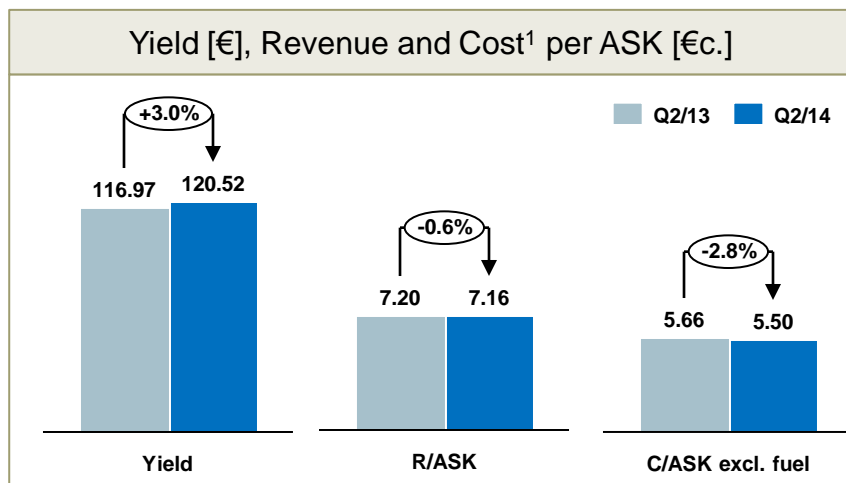


REMARKS

- Despite fleet reduction by 3 aircraft airberlin was able to increase capacity through an increase in productivity at lower fixed cost.
- Hence the available seat kilometers could be increased by +3.4% compared to the previous years quarter
- Revenue per seat kilometer increased by 1.9% at a load factor of 82.4%

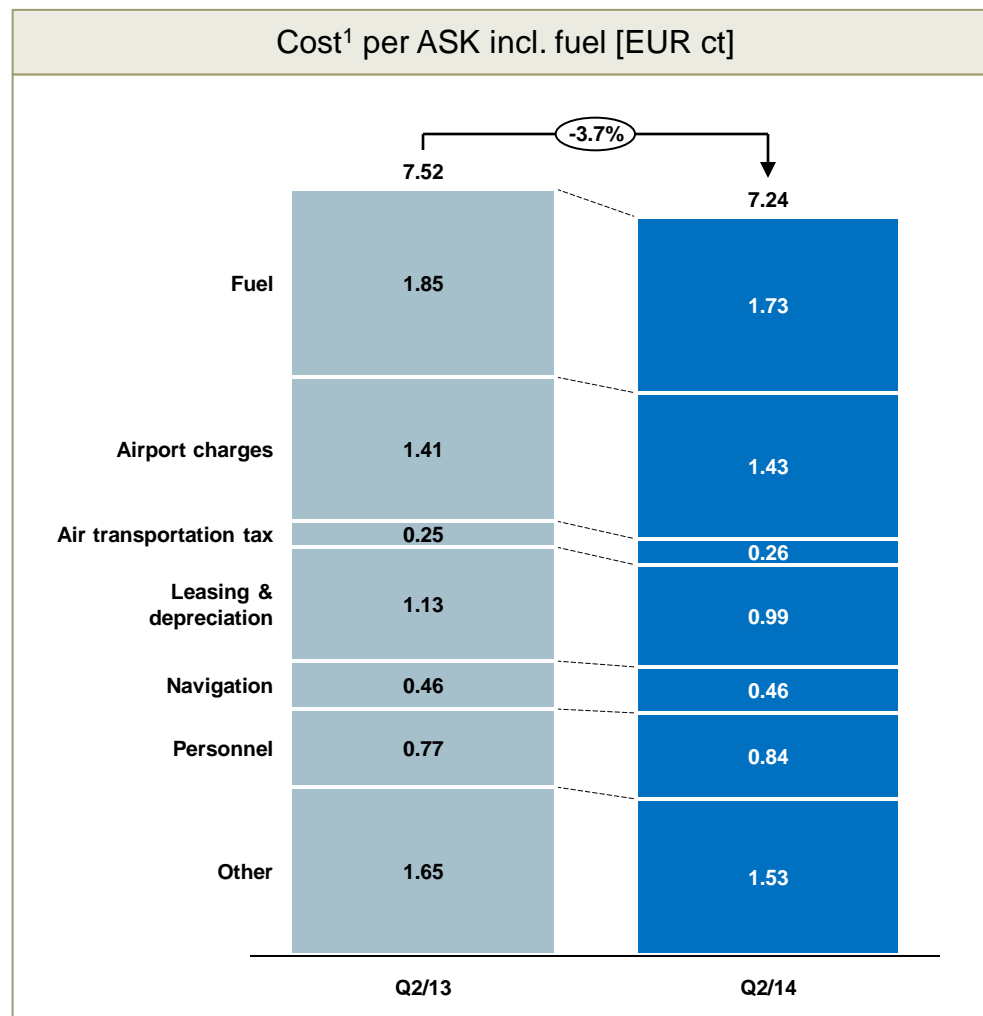
(1) Cost on EBIT level excluding other operating result

2nd quarter 2014: operational development vs. 2nd quarter 2013



Remarks

- ➔ Although price pressure in the current market environment is challenging, yield has been increased by 3%.
- ➔ Overall RASK is nearly stable.
- ➔ CASK excluding fuel could be lowered by 2.8% mainly due to the successful implementation of Turbine initiatives & CASK including fuel also shows good development with -3.7% decline compared to Q2 2013.



(1) Cost on EBIT level excluding other operating result

Development of expenses – good achievement on controllable costs

	Q2 2013	Q2 2014	Δ Q2/14 vs Q2/13	
	[€ thds.]	[€ thds.]	[€ thds.]	[%]
Expenses for materials and services excl. Leasing	695,069	697,111	2,042	0.3%
Fuel	286,211	277,409	-8,802	-3.1%
A/P and handling charges	218,319	228,138	9,819	4.5%
Navigation	71,725	73,335	1,610	2.2%
Air transportation tax	37,921	41,083	3,162	8.3%
Catering costs	34,314	36,009	1,695	4.9%
Other	46,579	41,137	-5,442	-11.7%
Personnel expenses	118,546	135,063	16,517	13.9%
Other operation expenses	173,660	167,109	-6,551	-3.8%
Technical cost	60,402	56,399	-4,003	-6.6%
IT	4,450	3,874	-576	-12.9%
Advertising	11,610	10,983	-627	-5.4%
Sales & distribution	32,963	28,057	-4,906	-14.9%
Insurance	4,522	3,262	-1,260	-27.9%
Other	59,713	64,534	4,821	8.1%
Cost of aircraft ownership	174,478	158,815	-15,663	-9.0%
TOTAL OPERATING EXPENSES	1,161,753	1,158,098	-3,655	-0.3%

- Due to Turbine effects the costs show further positive development although capacity has been increased by 3.7%
- Fuel cost benefit from better hedging
- Main cost drivers have been airport charges and navigation due to the increase in frequencies on existing routes. This also led to an increase on air transportation tax growing by 8.3% compared to the previous year quarter.

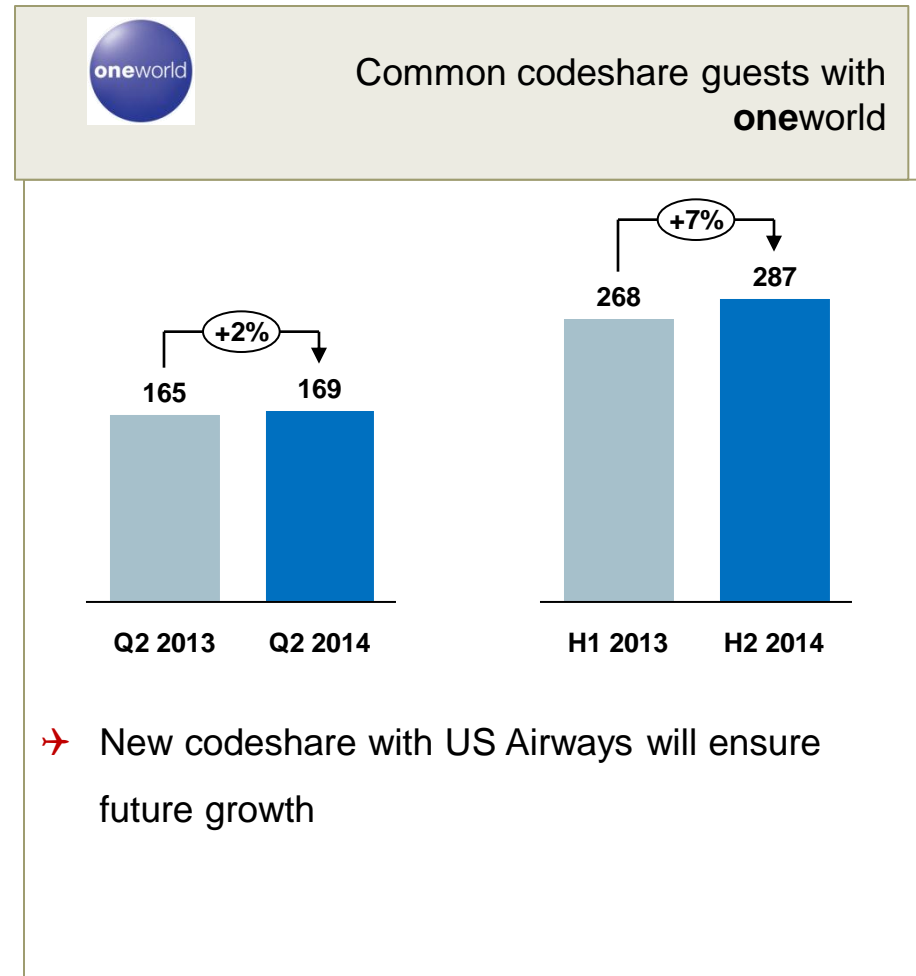
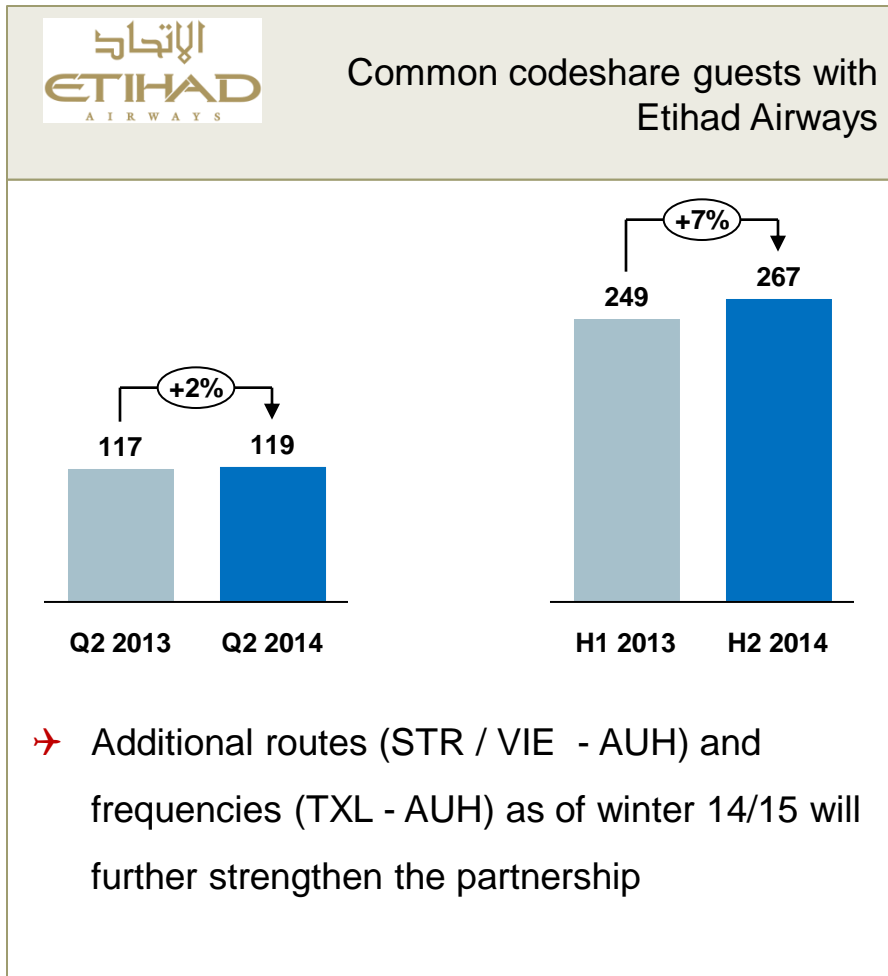
- Personnel expenses increased due to collective wage increases and restructuring cost

- Other operating expenses in total could be reduced by 3.8%.
- Controllable cost items such as technical cost, IT and sales & distribution show satisfactory decreases

- Cost of aircraft ownership fell by 9% primarily due to less number of owned aircraft and following good achievements with Turbine.

Strategic partnership with Etihad Airways and codeshare performance with oneworld[®] are well on track

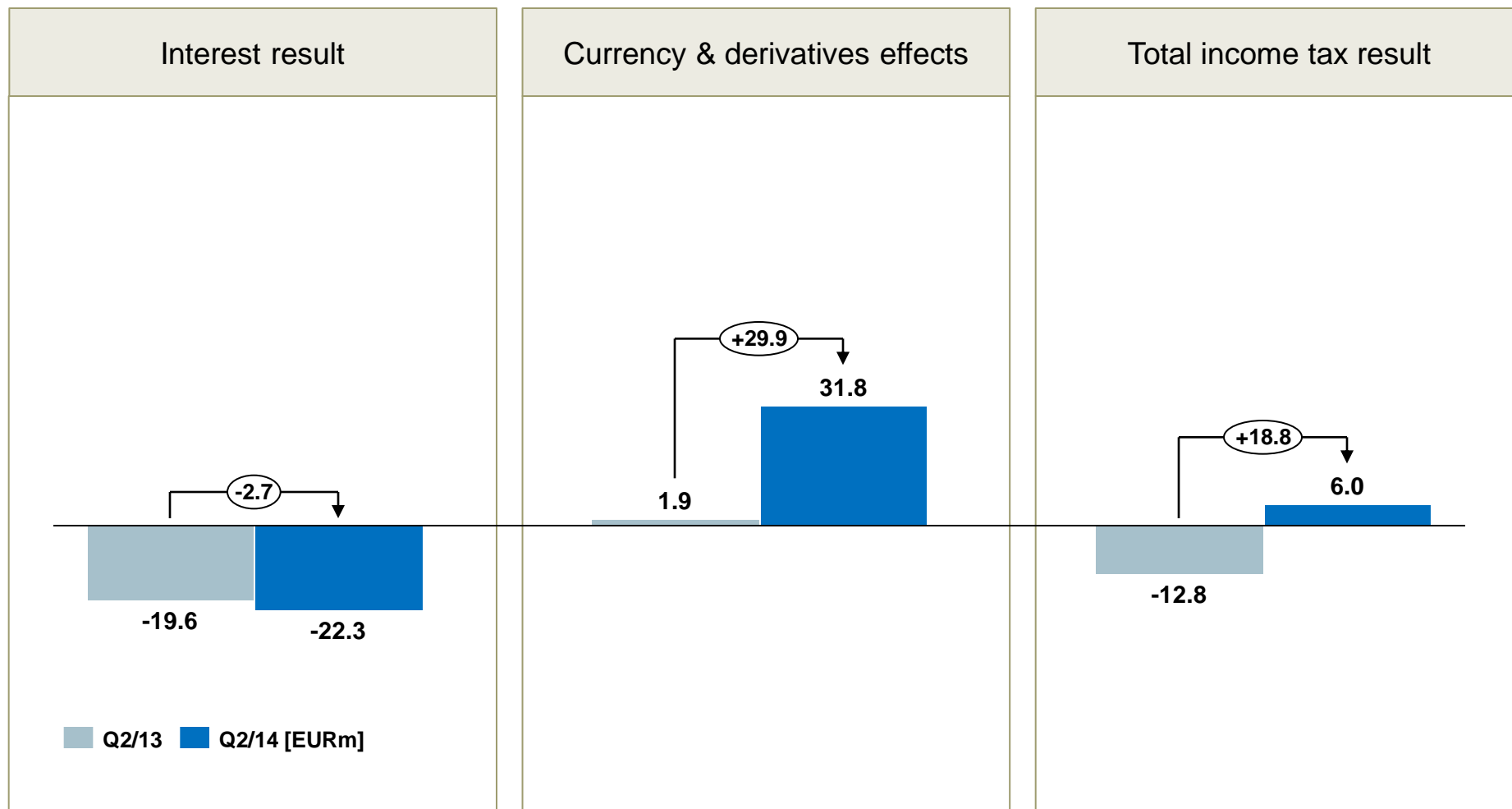
Development of codeshare guests [in thds.]



Source: AB Partnership Reporting

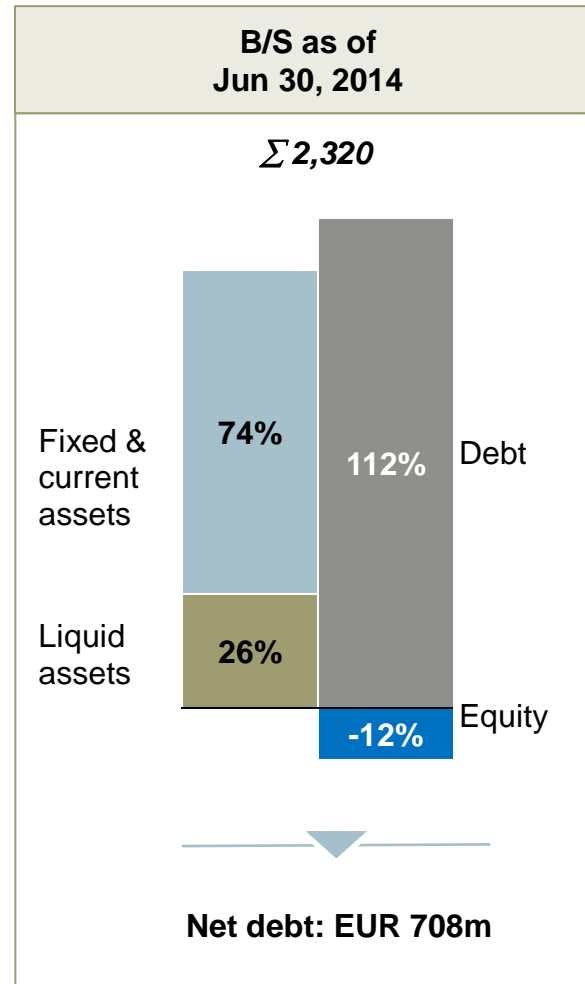
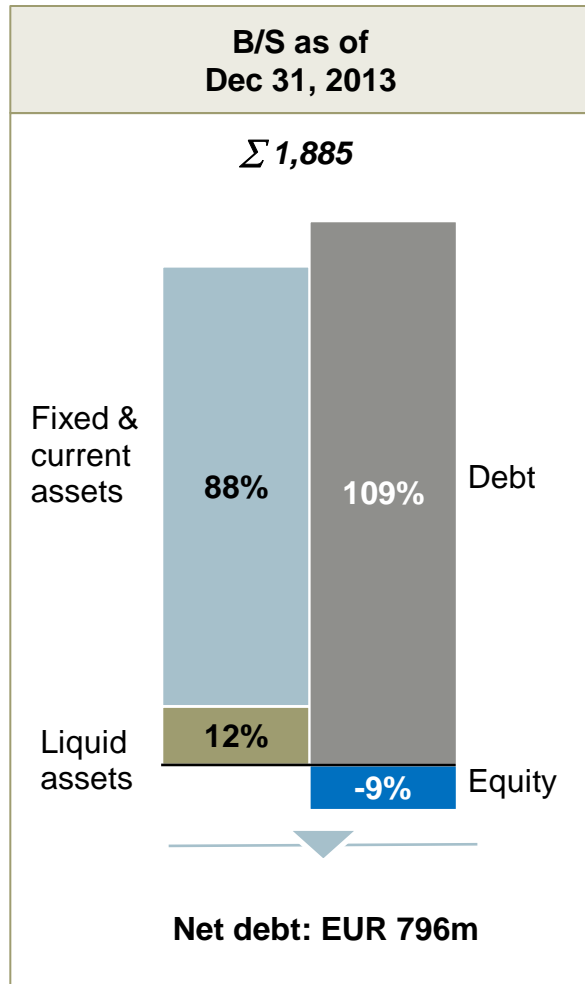
Financial result and income tax development – Q2 2014

Breakdown of financial result



Balance sheet structure

[EUR m]



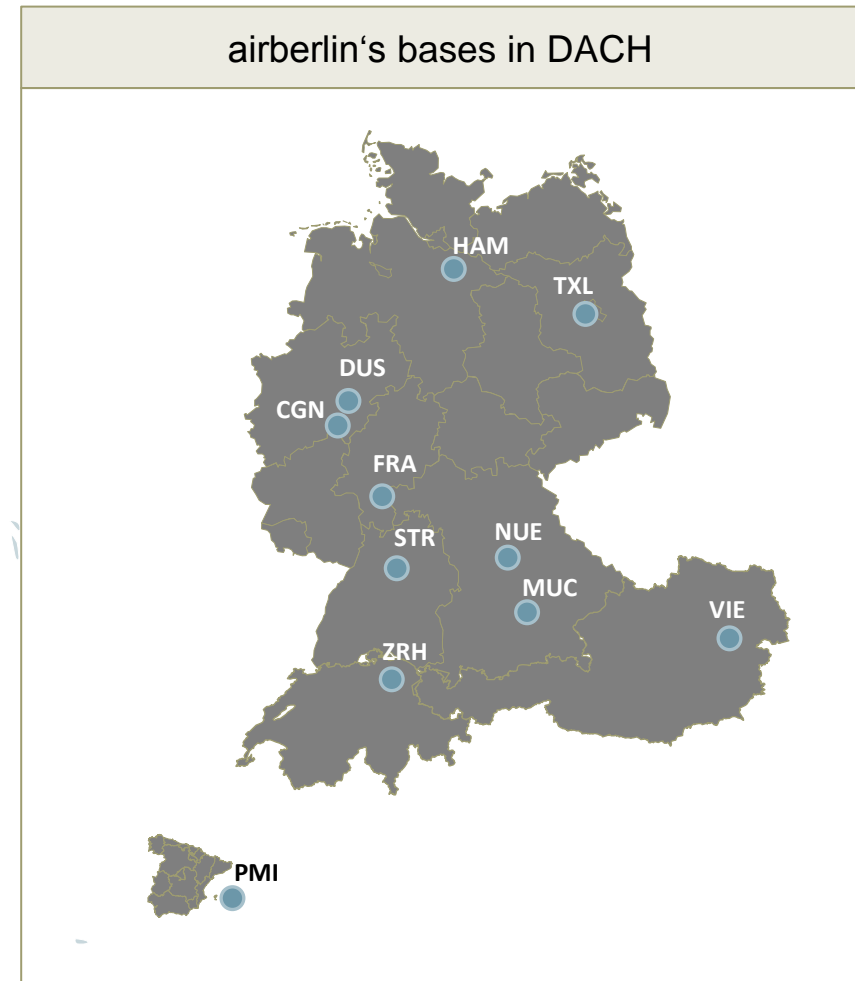
→ **Following the successful recapitalisation airberlin shows good improvement in liquidity**

B. First elements of restructuring program

I. Focused European network (1/2)

Concentration on top 10 markets in DACH with sustainable positioning

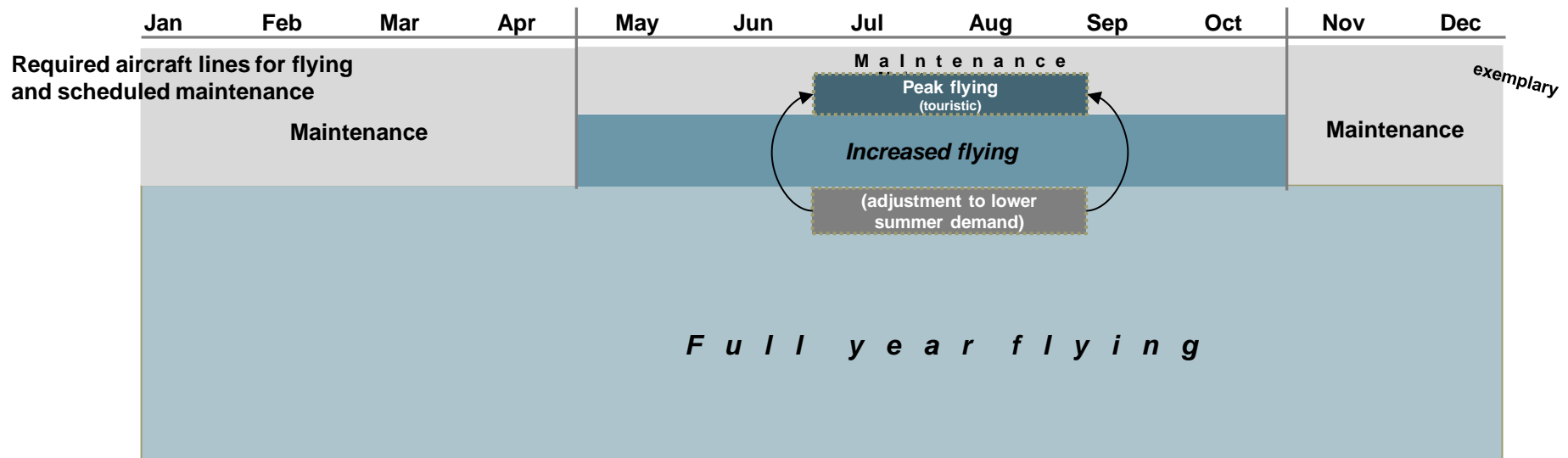
- ➔ Focus on the largest travel markets in the DACH region (Germany, Austria, Switzerland)
- ➔ Connect high volume routes with high frequencies in point-to-point patterns
- ➔ airberlin catchment areas cover the majority of DACH region enabling high frequency services and connectivity to key European markets
- ➔ Palma de Mallorca: high frequency connectivity to focus markets - continued service from smaller markets
- ➔ Sustainable market leadership in Berlin, Dusseldorf and Palma de Mallorca



I. Focused European network (2/2)

Optimized network profile in terms of reduced seasonality

- The new network is designed to create a block of full year flying lines without any seasonality effects
- The traditional summer peak flying in touristic will be enabled through:
 - Focus of heavy maintenance activities in winter
 - Adjustments of business routes to lower summer demand
- Thus creating a more stable operation throughout the year and reducing the effects of seasonality
- Base concept eliminates complex rotations and improves aircraft and crew productivity
- The more focused network will result into a capacity reduction of around 10% and a significantly more efficient operation



II. Closer cooperation in Europe and globally

Building our stronghold in southern European

- Italy to be built up as further stronghold in partnership
- DACH-Italy one of the strongest European markets
- Framework for a closer Alitalia cooperation being worked out
- airberlin/Alitalia having the scale as viable competitor in this market

Focused long-haul network based on cooperation

- Berlin and Dusseldorf as long haul hubs with focus on North America and Abu Dhabi (Gateway to Asia-Pacific)
- Serving American Airlines hubs in North America (JFK, MIA, ORD, LAX)
- Increase service to Abu Dhabi from Berlin and new: Vienna and Stuttgart
- airberlin to operate 35 frequencies a week connecting daily to 43 destinations via Abu Dhabi – Comprehensive connectivity to India with Etihad Airways and Etihad network partner Jet Airways



III. Streamlining operating platforms

airberlin streamlines and restructures its operational platform

- airberlin group operates and uses the following AOC's



- The platforms are under scrutiny in terms of effectiveness
- airberlin group will be supported by one commercial / IT system
- Maintenance will be focused on core competence

IV. Increased operational efficiency through (i) close down of crew stations (ii) narrow body jet fleet harmonisation

Close down of pilot crew stations

- Agreement has been reached with personnel representatives on closing 5 stations after successful “balance of interest” negotiation
- No aircraft will be stationed in these bases anymore
- Overall approx. 100 pilots will move to Berlin and Dusseldorf (Move starting Nov. 14)
- Relocation will enable increased productivity and substantially lower proceeding cost
- The closure of bases does not mean that airberlin discontinues to serve these markets



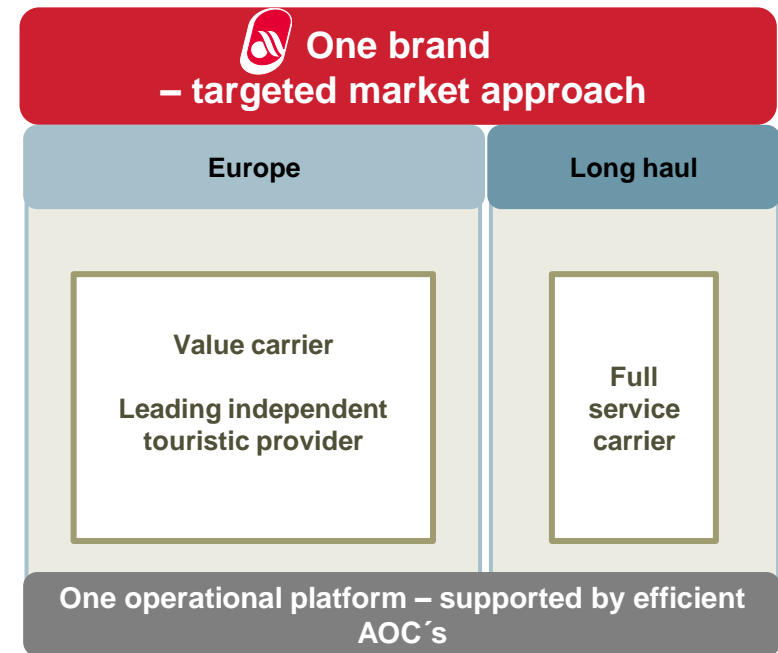
Narrow body fleet harmonisation

- In order to achieve a more efficient operation airberlin will strive for narrow body jet fleet harmonisation
- airberlin has already allocated in all stations either A320 or B737, with exception of TXL, DUS, MUC

V. Enhanced commercial capabilities

airberlin builds on customer confidence in the business segments it serves

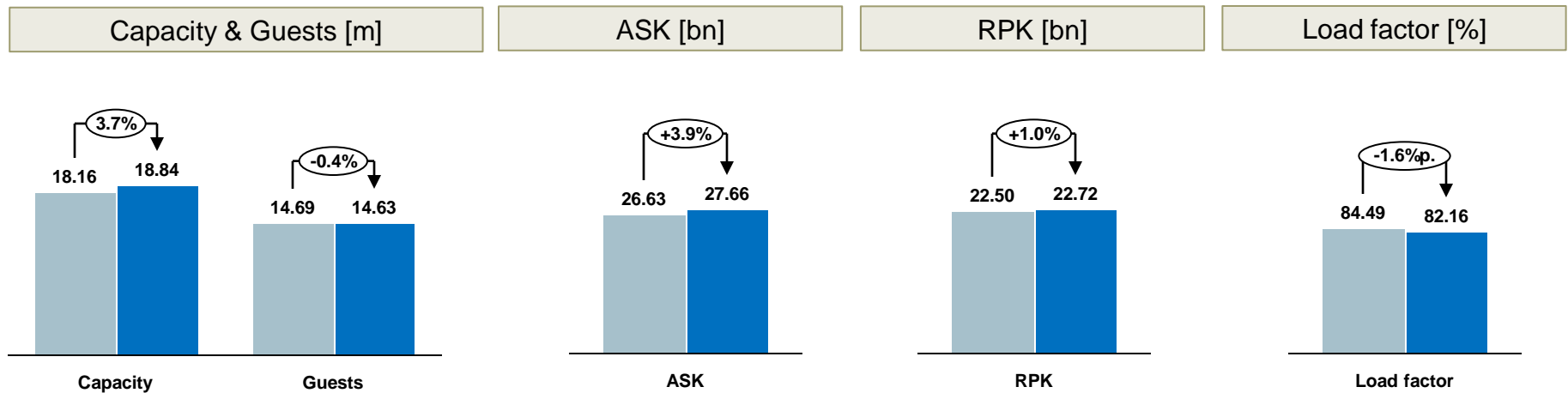
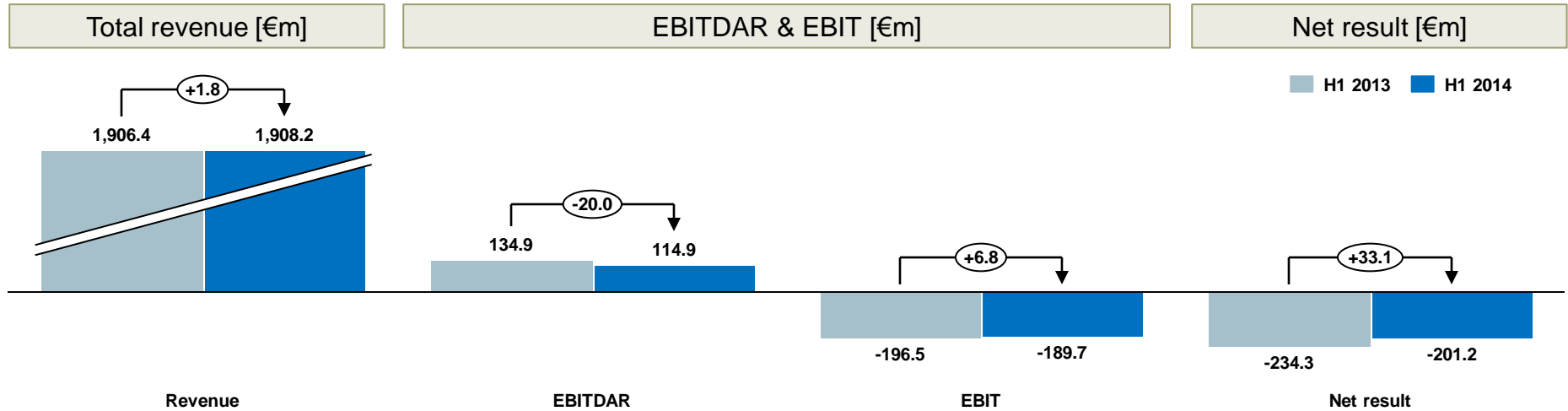
- ➔ airberlin will continue to serve the segments Europe, touristic and long-haul
- ➔ Increased state of the art system capabilities
 - New revenue management system
 - SABRE / PSS* migration
- ➔ Take advantage of paradigm change in distribution
 - B2C – state of the art web capability
 - B2B – direct connect
 - TOP – Build on traditional relationship – enhanced new technology (e.g. Dynamic packaging)
- ➔ Functional support for all segments
 - Network management
 - Sales strategy
 - Steering model



* Passenger service systems

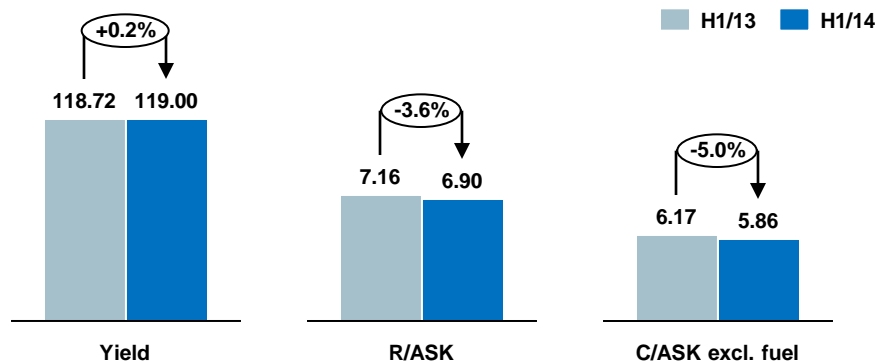
C. Appendix

1st half 2014: financial & operational performance

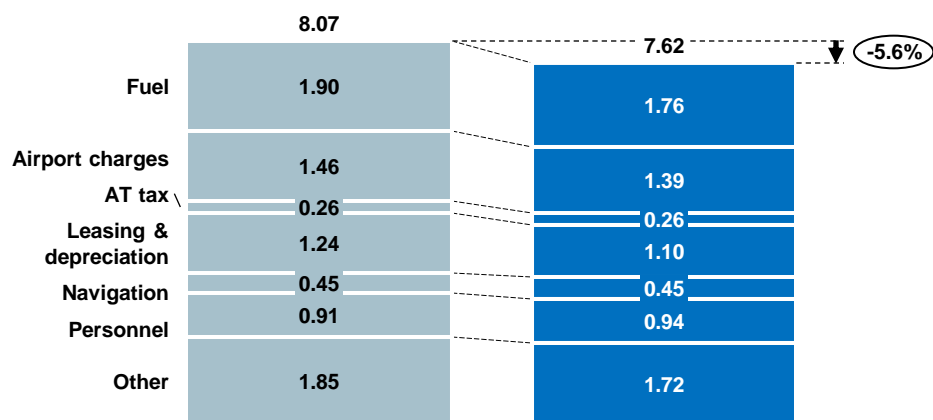


1st half 2014: operational development

Yield [€], Revenue and Cost¹ per ASK [€c.]



Cost¹ per ASK incl. fuel [EUR ct]



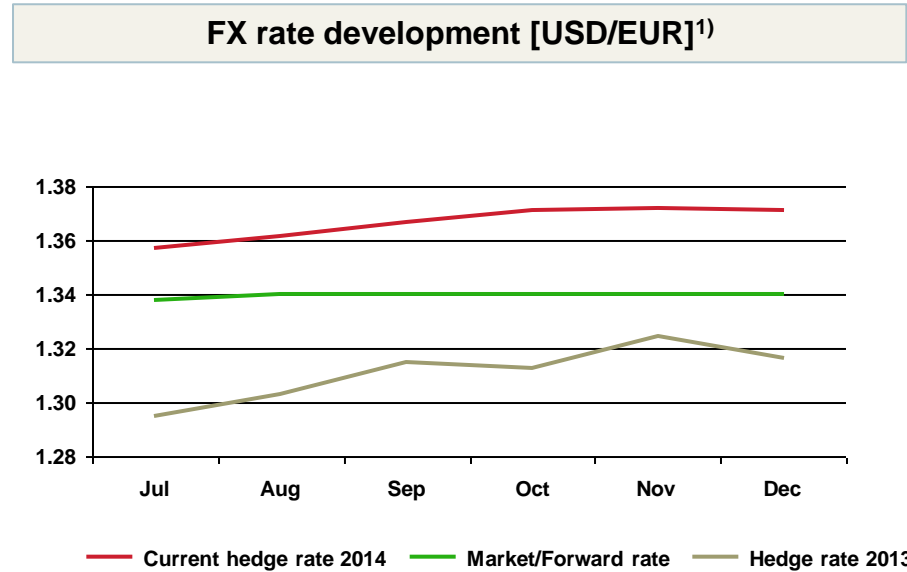
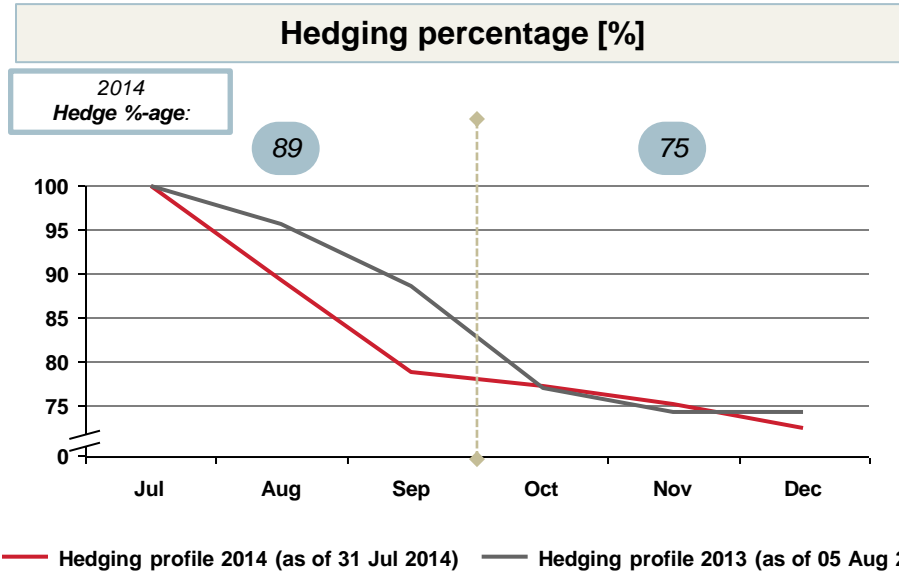
Development of expenses

	H1 2013	H1 2014	Δ H1/14 vs H1/13	
	[€ thds.]	[€ thds.]	[€ thds.]	[%]
Expenses for materials and services	1,238,014	1,202,226	-35,788	-2.9%
Fuel	506,202	485,466	-20,736	-4.1%
A/P and handling charges	389,575	385,084	-4,491	-1.2%
Navigation	120,758	123,678	2,920	2.4%
Air transportation tax	68,466	71,927	3,461	5.1%
Catering costs	60,643	56,311	-4,332	-7.1%
Other	92,370	79,760	-12,610	-13.7%
Personnel expenses	241,026	260,501	19,475	8.1%
Other operation expenses	339,375	338,447	-928	-0.3%
Technical cost	119,370	116,751	-2,619	-2.2%
IT	8,297	8,310	13	0.2%
Advertising	25,646	28,899	3,253	12.7%
Sales & distribution	59,725	54,243	-5,482	-9.2%
Insurance	9,510	6,984	-2,526	-26.6%
Other	116,827	123,260	6,433	5.5%
Cost of aircraft ownership	331,429	304,632	-26,797	-8.1%
TOTAL OPERATING EXPENSES	2,149,844	2,105,806	-44,038	-2.0%

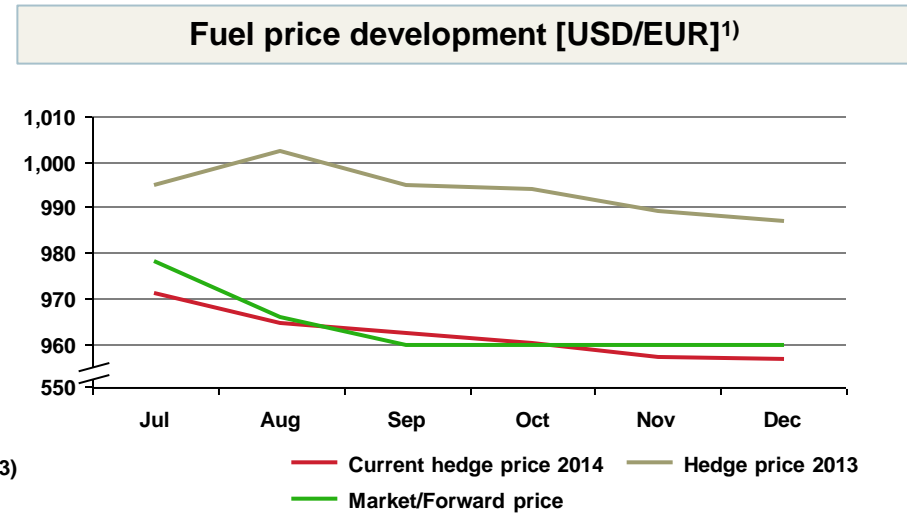
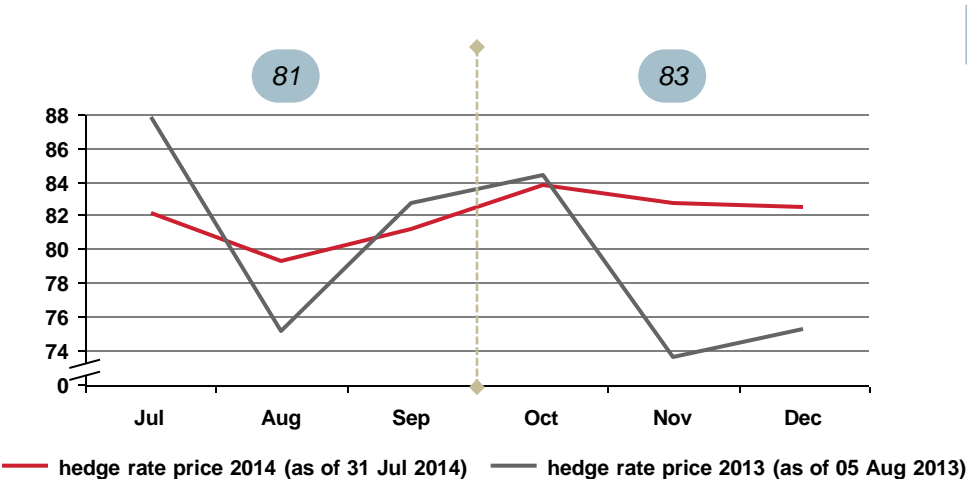
(1) Cost on EBIT level excluding other operating result

Hedging

DOLLAR



FUEL



1) as of 02 May 2014 | as of 24 Apr 2013; excl. differentials