



Air Berlin PLC | 16<sup>th</sup> November, 2016  
Third Quarter Results, 2016



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# Overview

## Unprecedented market softness during summer peak

- Overcapacity in traditionally core summer markets for airberlin, led to significantly depressed fare levels during peak summer travel months

## Load factor was maintained in the face of aggressive competition and market softness

## Successful launch of key elements of our expanded customer proposition

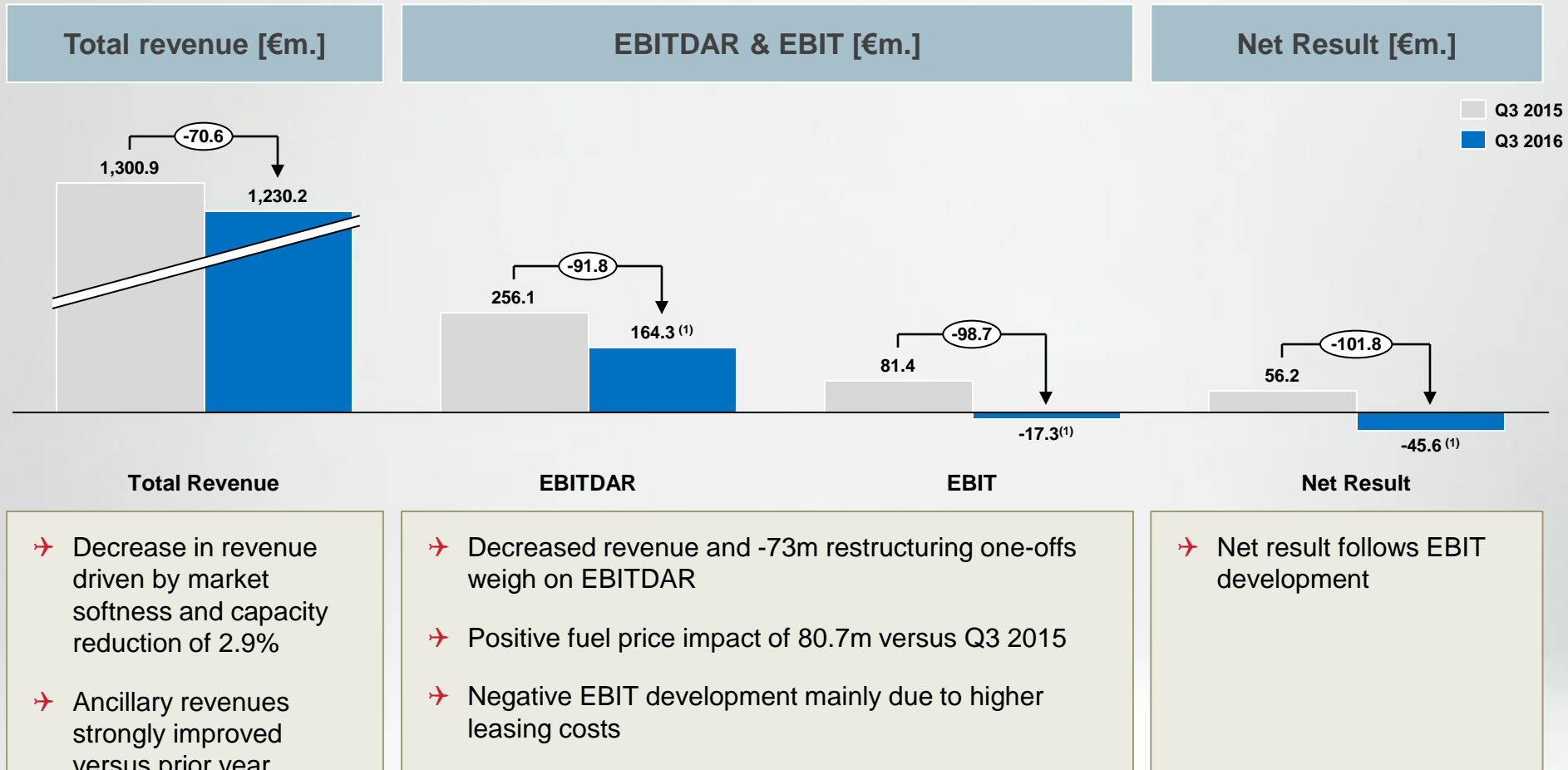
- Implementation of buy on board in mid September to further enhance ancillary revenue stream
- New short and medium haul business class product launched on sale to focus on higher yielding traffic and create a premium one stop product – 20,000+ seats sold in the first month of sales

## Continued cost discipline with CASK @ constant FX down by 1.7%

- Single narrow body fleet now achieved with the final B737 flight performed 28th October
- Consistent in-flight product now in place with a common dual class long haul and single narrow body fleet implemented

## A. 3rd Quarter 2016

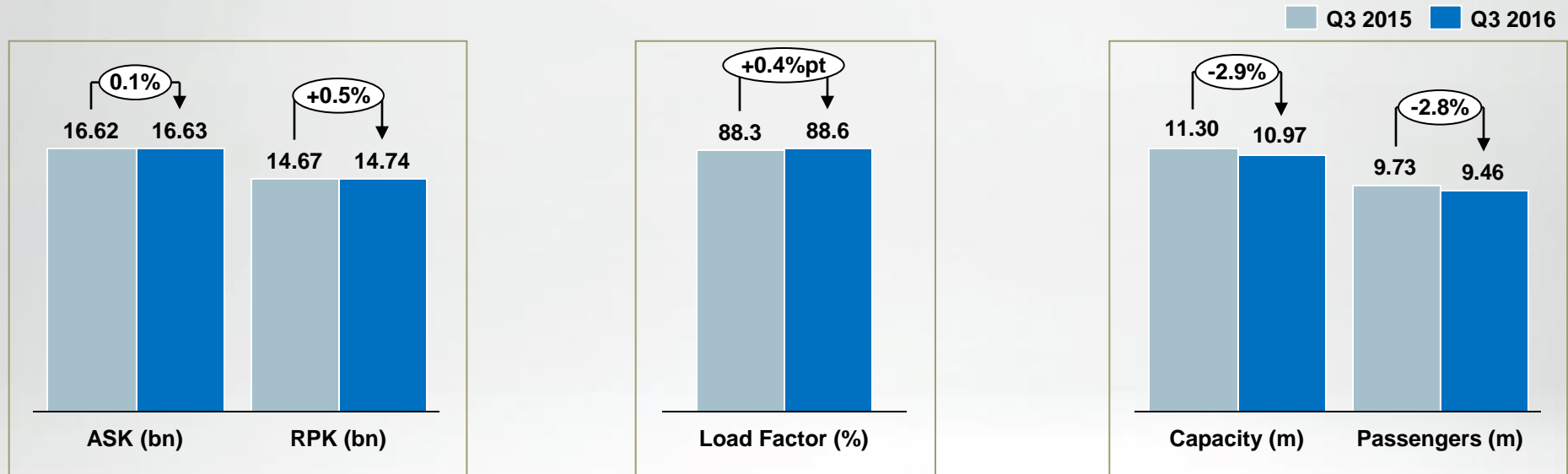
# Continued market softness and restructuring one-offs led to a weaker result



(1) incl. 73EURm one-off restructuring cost due to fleet adjustment and accruals for headcount restructuring and consulting

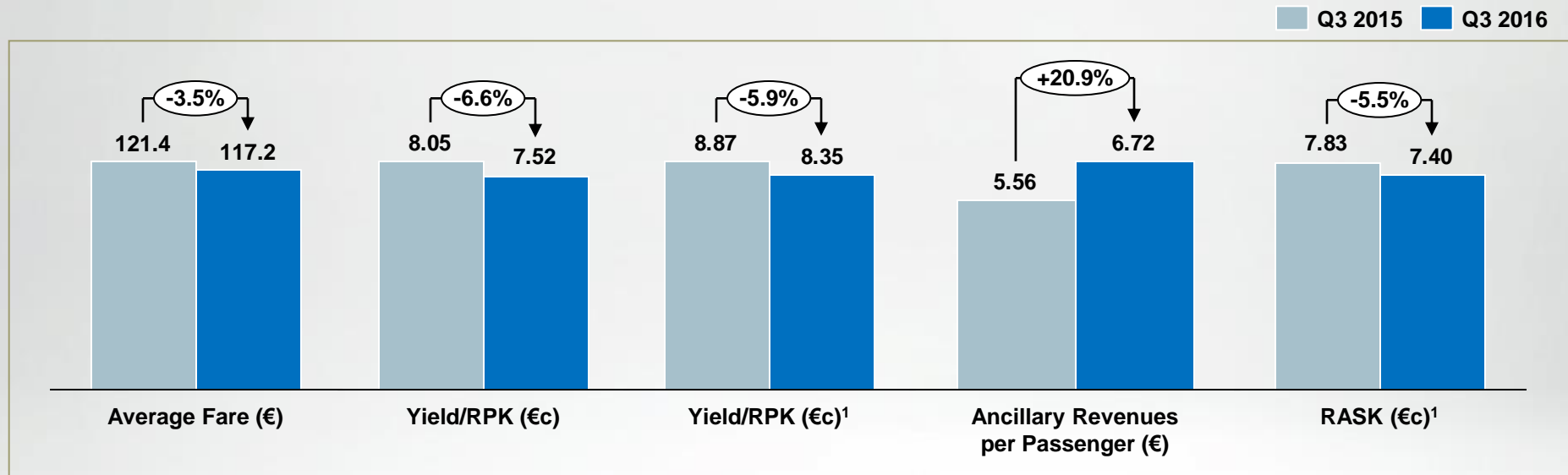
# Load factor improvement achieved through network optimisation

- ➔ Network strategy led to a deviation from planned operational capacity
- ➔ Small positive load factor development maintained despite significant increase in capacity from competitors



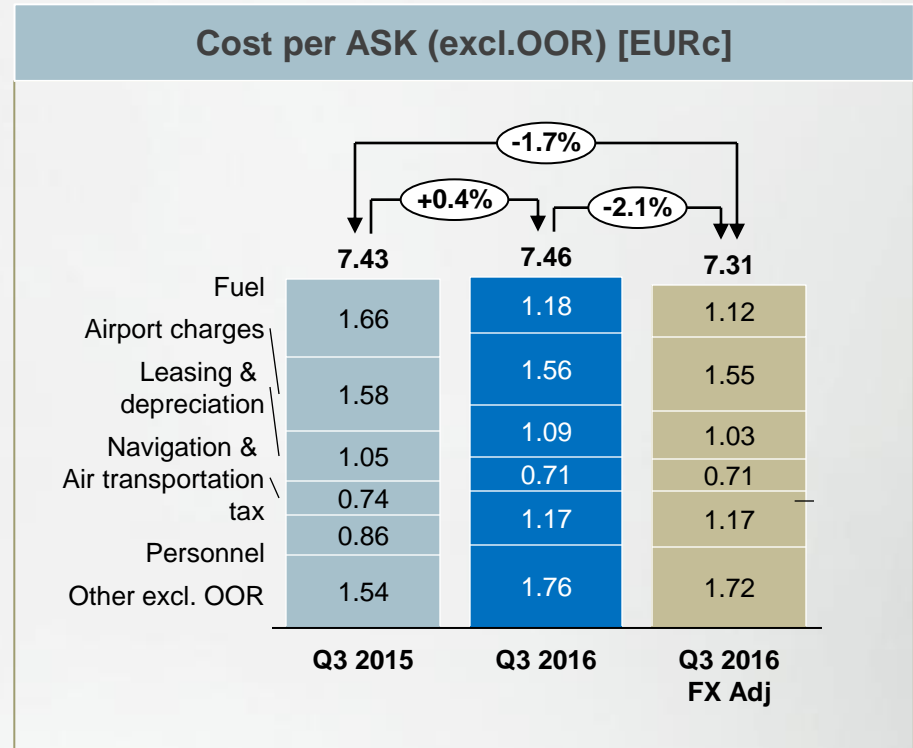
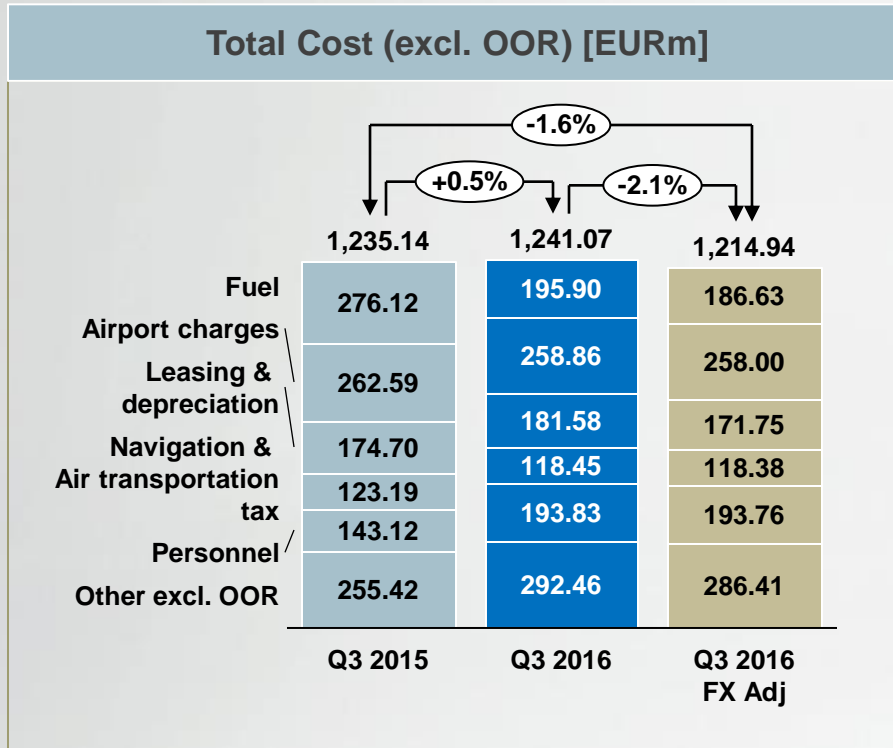
## Market revenue and pricing development under pressure, whilst ancillary revenue continues to exceed expectations

- Significant overcapacity in traditionally strong seasonal touristic markets led to market softness driving down average fares and leading to both yield and RASK development being below prior year
- Strong evolution of Ancillary Revenue partly offsets yield shortfall in a declining yield environment



(1) Based on total revenue

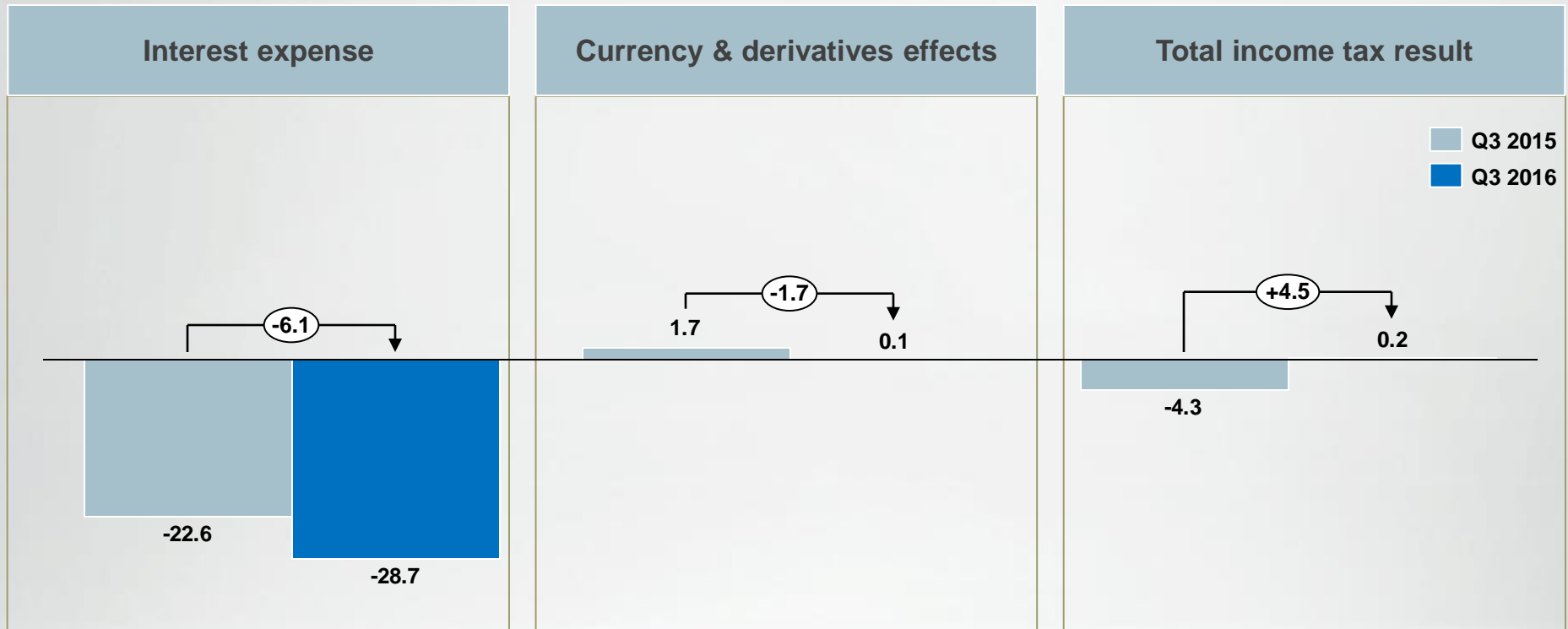
# CASK at constant FX down by 1.7%



- Total costs are down by 1.6% on constant FX, with CASK @ constant FX down by 1.7%
- Increase in leasing & depreciation is primarily driven by the increase of leased versus owned aircraft
- Higher technical cost offset by decreased fuel
- Higher personnel cost driven by restructuring one-offs



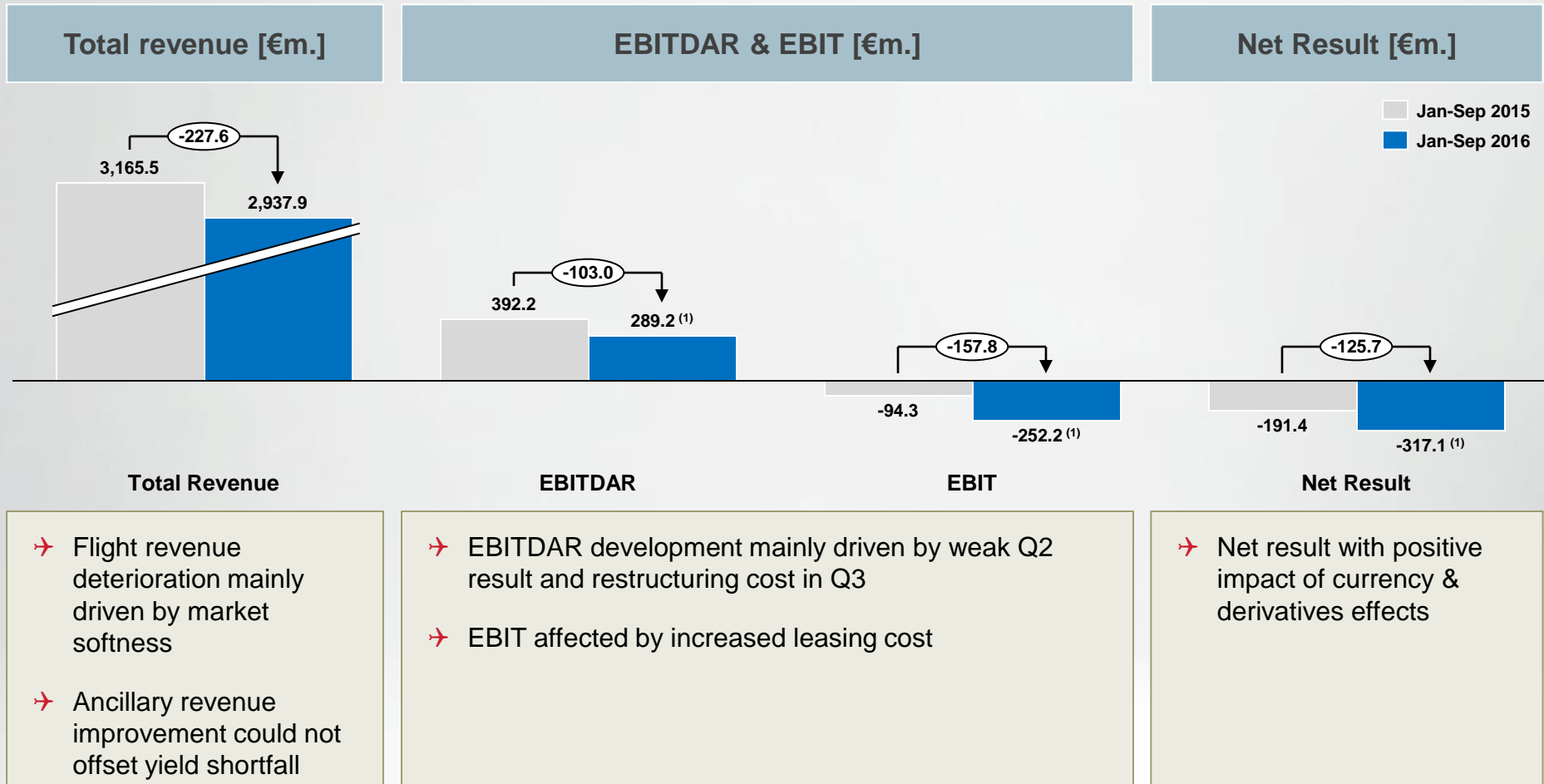
# Financial result and income tax development – Q3 2016 vs Q3 2015



Breakdown of financial result EURm

## **B.** January to September 2016

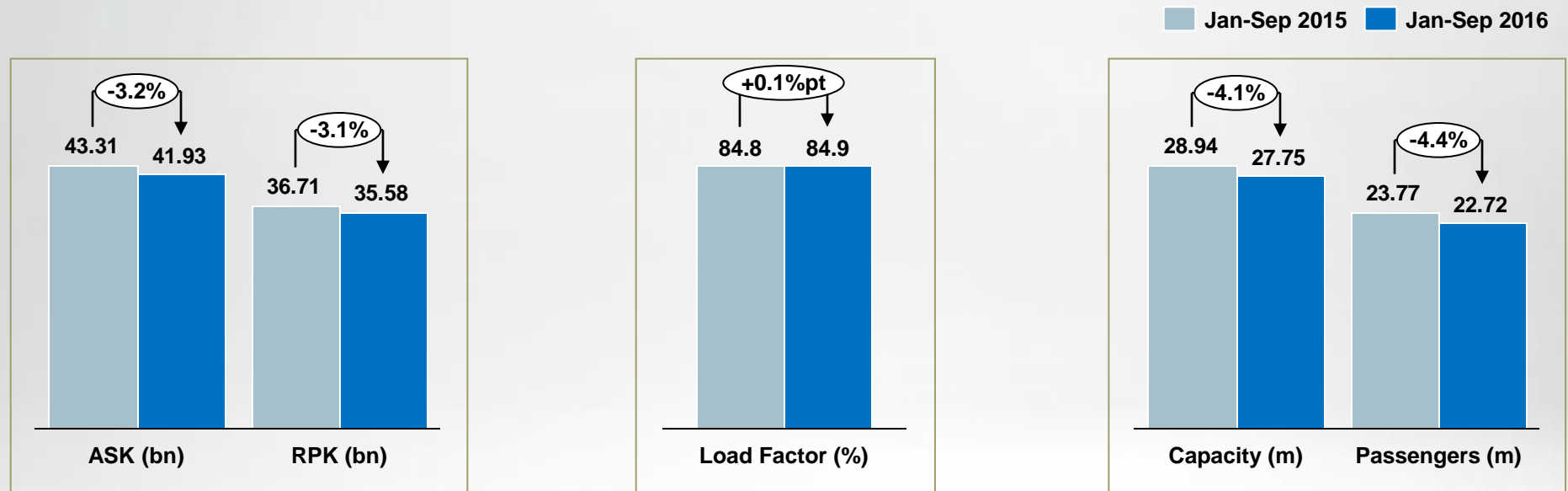
# Operational result affected by challenging market conditions and restructuring one-offs



(1) incl. 73EURm one-off restructuring cost due to fleet adjustment and accruals for headcount restructuring and consulting

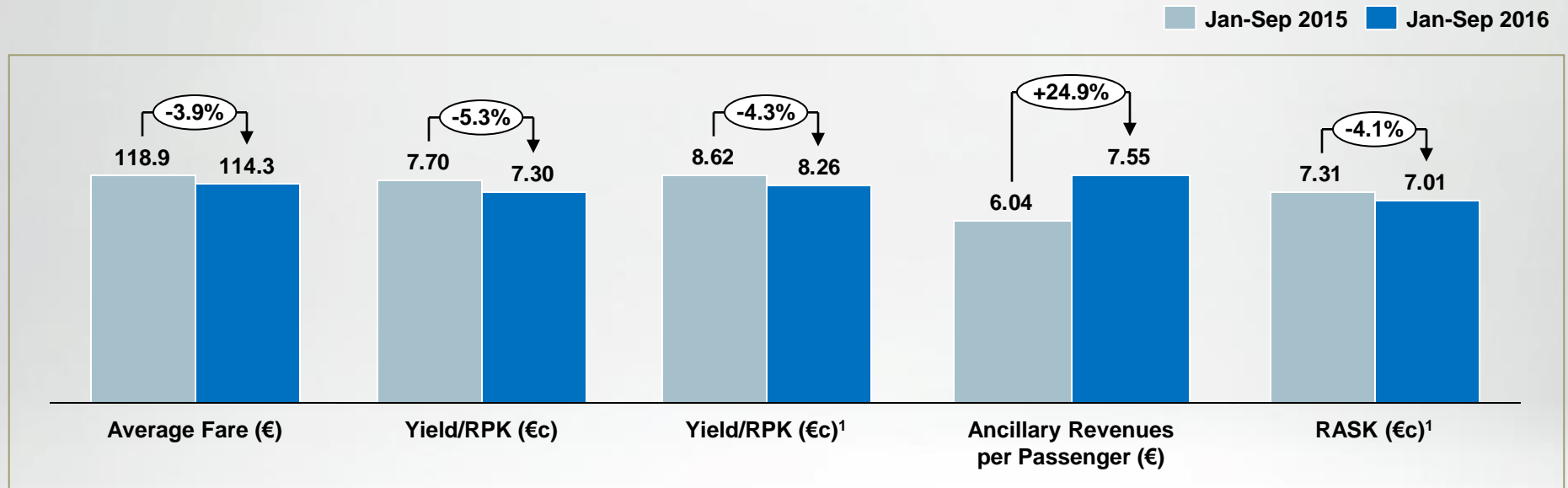
## YTD September 2016 load factor remained stable

- ➔ Ongoing network improvements and tactical capacity adjustments results in overall capacity reduction
- ➔ Passenger numbers decrease slightly stronger than capacity



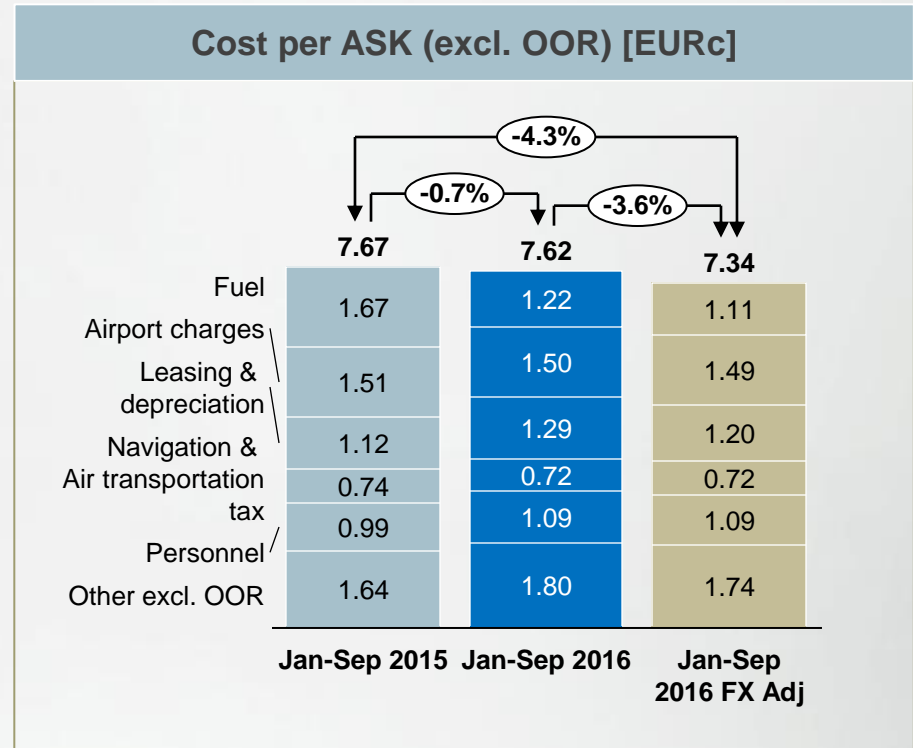
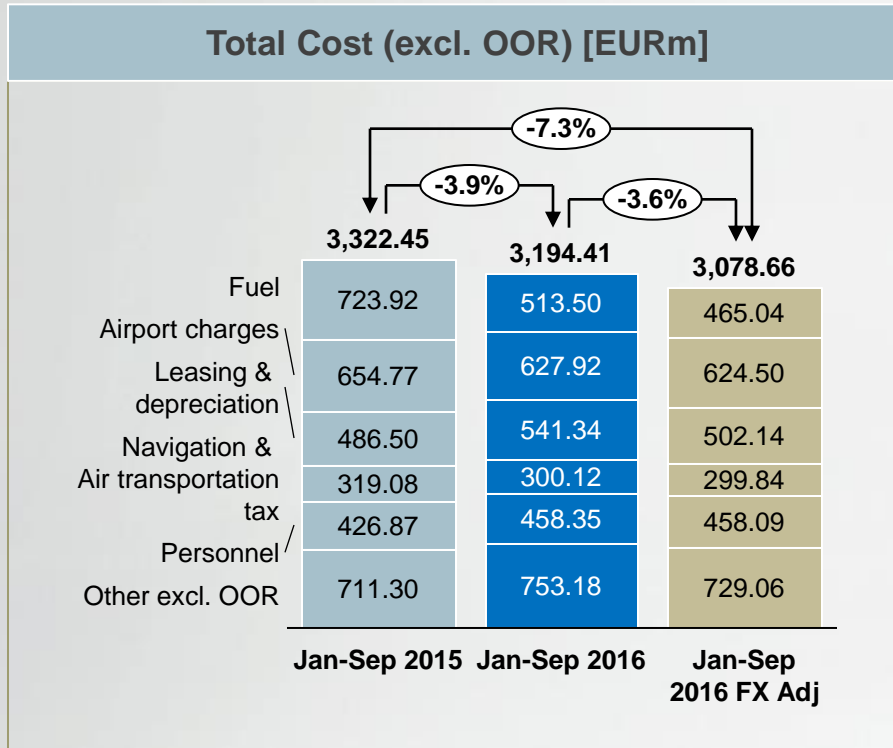
## Ancillary Revenue improved by 25 percent versus prior year

- ➔ Continued focus on expanding customer choice and new Buy-on-Board concept drives growth in ancillary revenues
- ➔ Market softness from overcapacity and geopolitical events led to negative impact on yield development and decrease in average fare compared to prior year



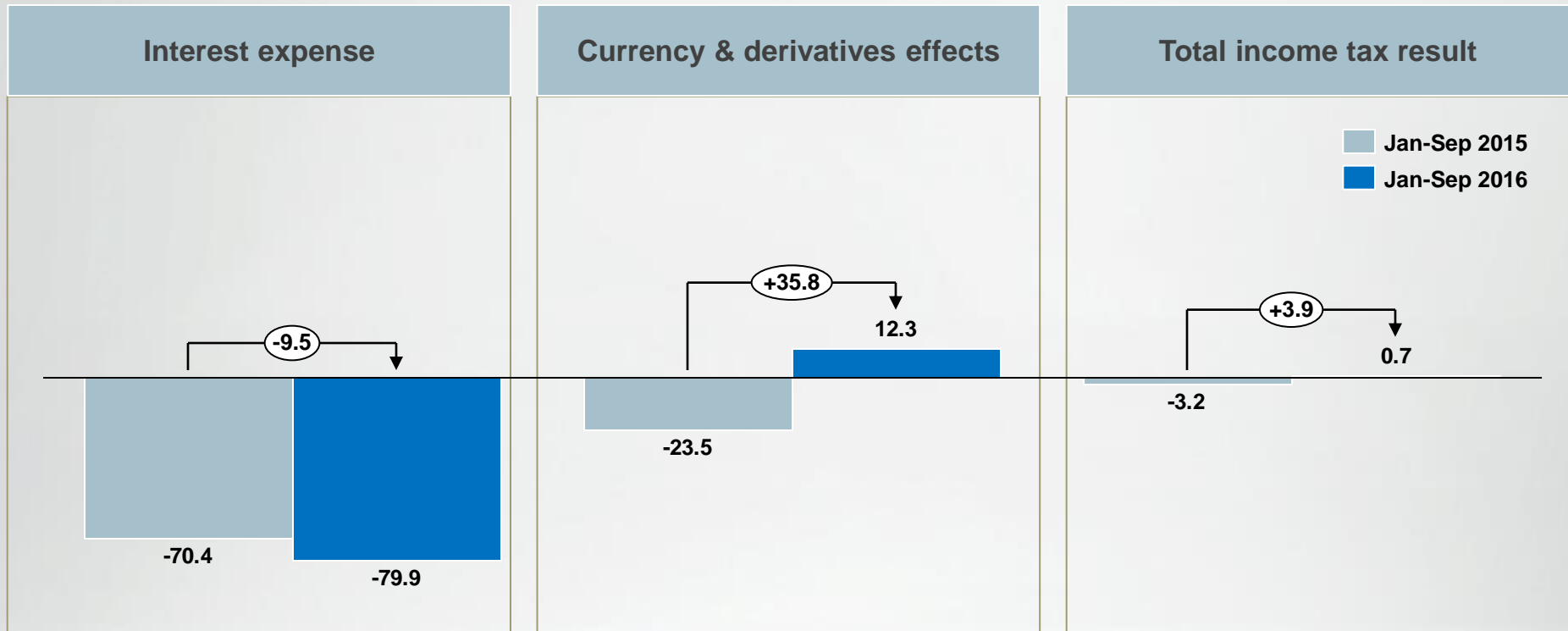
(1) Based on total revenue

# C/ASK reduction due to favorable fuel price



- Total costs are down by 3.9% or 7.3% on constant FX, while CASK @ constant FX is down by 4.3%
- Higher technical and leasing cost offset by decreased fuel
- Higher personnel cost mainly due to restructuring one-offs

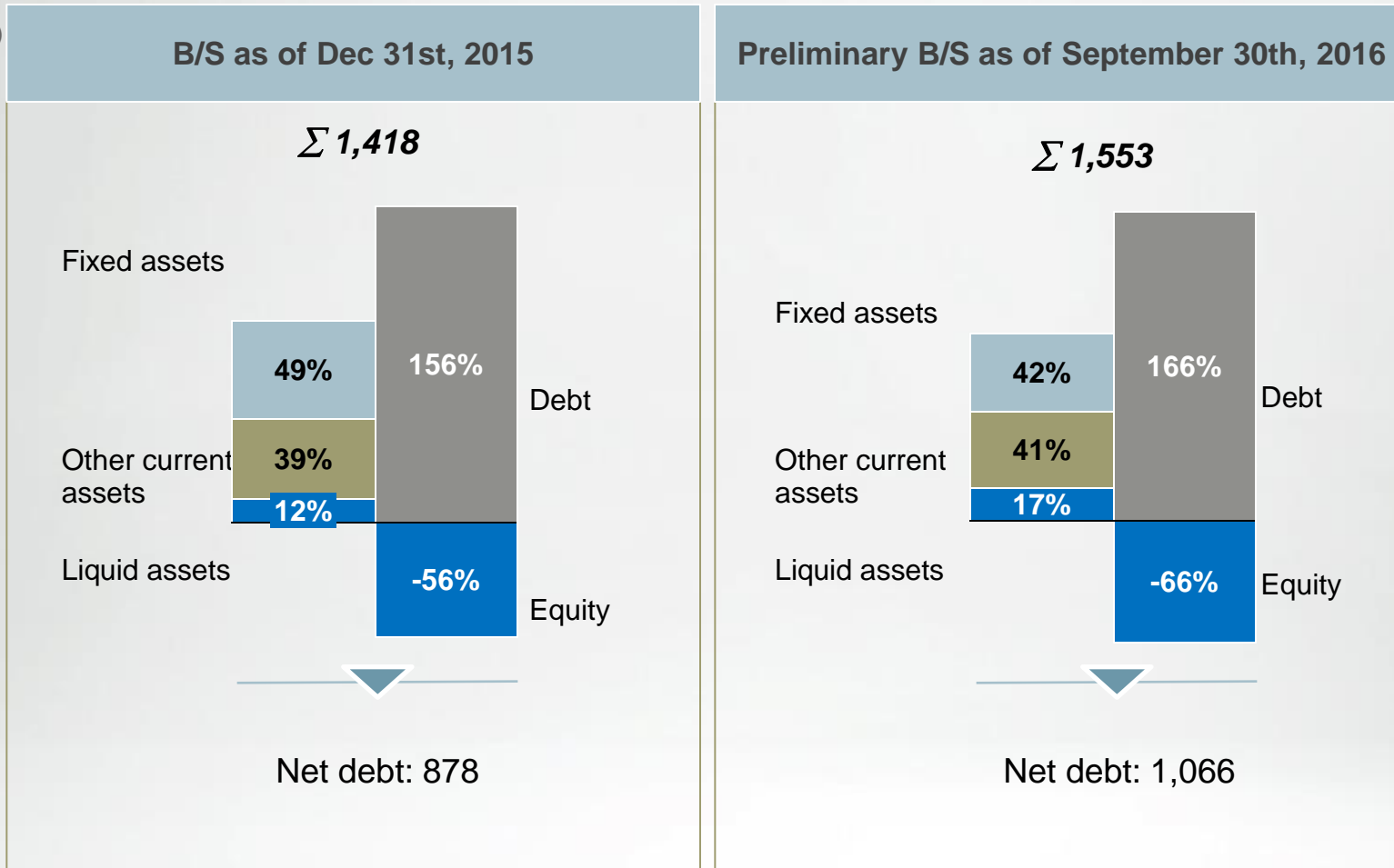
# Financial result and income tax development – YTD September 2016 vs 2015



Breakdown of financial result EURm

# Consolidated balance sheet structure 2016

(in EUR m)



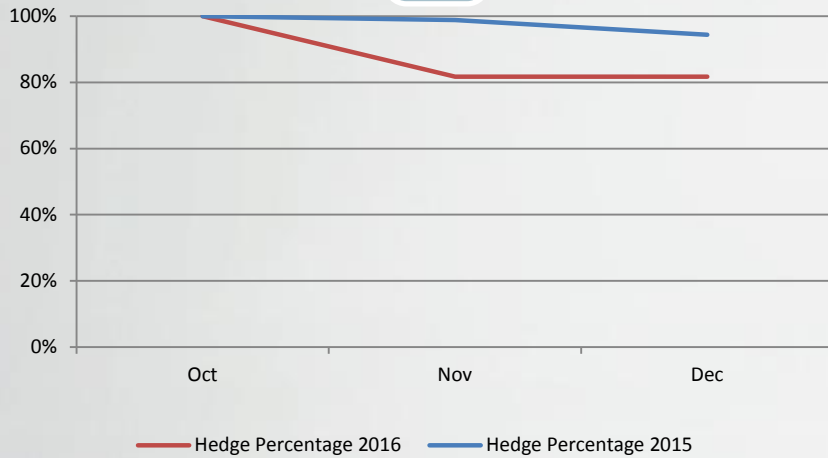


# Hedging overview Q4/17 / Fuel and EUR/USD

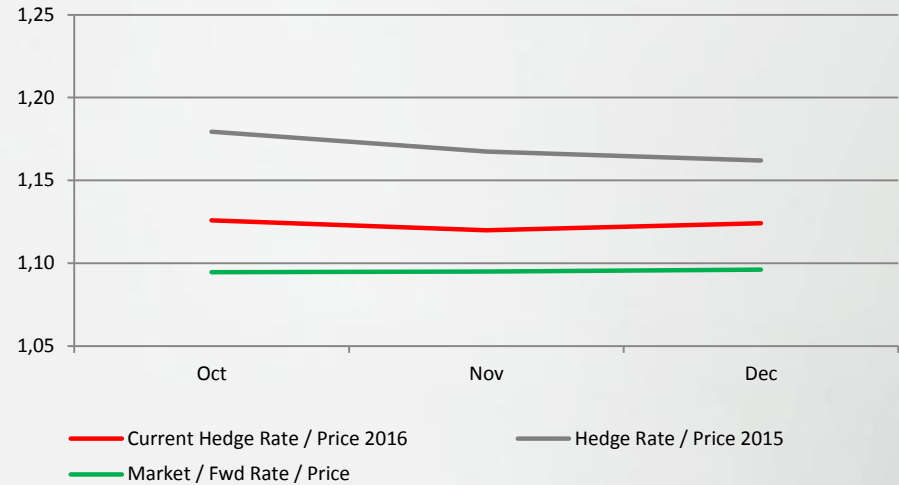
Hedging profile [%] <sup>1)</sup>

DOLLAR

90

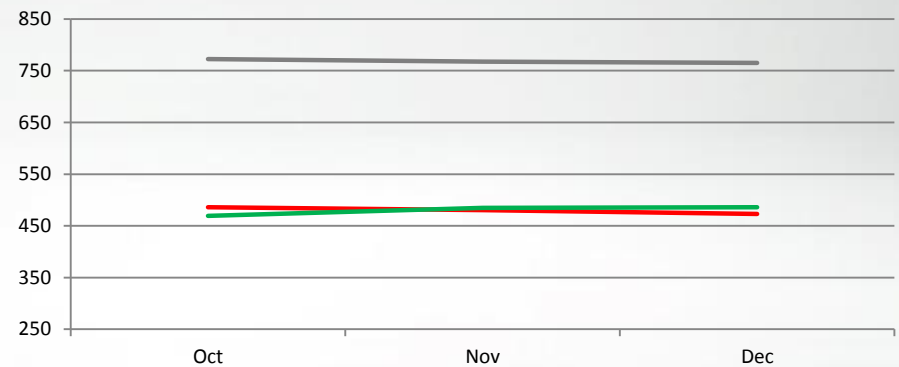
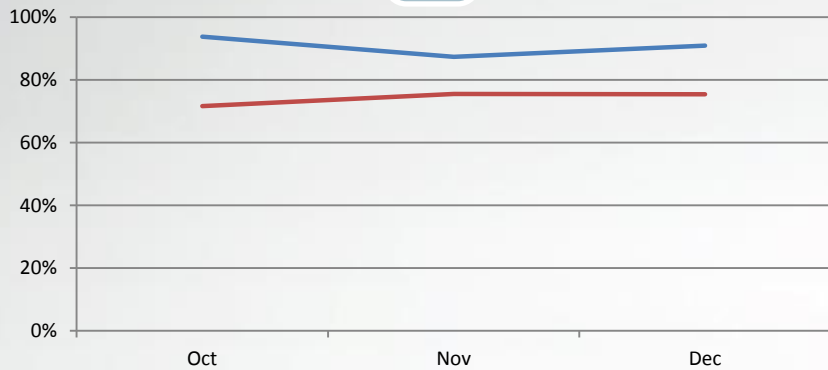


Rate / Price development [EUR/USD]<sup>1)</sup> / [USD/t]<sup>1) 2)</sup>



FUEL

75



1) as of 01 Nov 2016 | Hedge Rate / Price 2015 as of 03 Nov 2015 2) excl. differentials

## C. Outlook

## Guidance for FY2016

**Weak trading and market conditions expected to continue.**

### **Announcement of the “new airberlin” business model**

- Shift towards a focused platform strategy
- New airberlin will be a leaner, restructured business focused on “core” operations
- The new airberlin will be a sustainable and profitable business as restructuring addresses the root causes not addressed previously
- Dual-hub approach building on #1 market positions in Berlin and Düsseldorf
- Renewed focused network carrier with attractive long-haul destinations and a strong short- and medium-haul network focused on key city routes

# The restructuring will enable new airberlin to be a lean and focused network carrier with low seasonality and a profitable business model

