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## **Business results of the Austrian Airlines Group 2009:**

### **Economic crisis and redimensioning costs impact earnings**

- **Net result for the period amounts to EUR -325.9 million**
- **Earnings burdened by extraordinary effects, primarily related to impairment losses on aircraft and restructuring costs, totalling EUR 200.1m**
- **Restructuring measures begin to take hold: significant improvement of adjusted EBIT in the second half of 2009**

The crisis of the international aviation industry and the costs for restructuring measures left their imprint on the earnings figures of the Austrian Airlines Group in the 2009 financial year. Austrian Airlines posted a net result for the period of EUR -325.9m, compared to EUR -429.5m in 2008. The business results contain major extraordinary non-cash items, i.e. impairment losses on aircraft totaling EUR -78.8m, and restructuring provisions for the planned reduction in the number of employees, amounting to EUR -145.1m. The adjusted operating result (EBIT) in 2009 was EUR -93.8m (2008: EUR -35.2m). Austrian Airlines posted an improvement in the second half of the year: the adjusted EBIT in the period July-December 2009 was EUR -5.4m, up from the prior-year level of EUR -13.0m.

"The results are anything but satisfactory", says the Austrian Airlines Management Board members Andreas Bierwirth and Peter Malanik. "They clearly show that we still have a lot of work ahead of us. One can see that the measures being implemented began to have a positive impact in the second half of 2009. However, we cannot rest on our laurels, but must determinedly move ahead with our restructuring program in 2010."

Austrian Airlines is implementing a comprehensive restructuring concept entitled "Austrian Next Generation" to reorient the company's business operations. The concept has three cornerstones:

1. The new brand strategy in European flight traffic: Austrian Airline will remain a quality airline, Austrian Airlines. We offer good food, first class service and a high level of reliability. We will increase quality when feasible, by increasing flight frequency and using larger aircraft on important routes featuring a high passenger volume. We will produce the necessary quality less expensively, and can thus offer flights at more attractive prices.
2. Cost reductions: We will increase our overall competitiveness by massively cutting costs. We will create new processes and streamline the company. The total workforce will be cut to about 6,000 full-time employees by the end of 2010. We will also reduce the prices charged by our suppliers. We are cutting personnel expenses, by implementing the measures agreed upon with the Works Council, and are negotiating reforms to the collective wage agreements in order to raise productivity.
3. Synergies with Lufthansa: We will systematically work with affiliated companies of the Lufthansa Group to exploit synergies. For example, we will merge our sales offices abroad with those of Lufthansa, and take advantage of Lufthansa's sales tools. In terms of procurement, we will exploit the market strength of the Lufthansa Group and increase our purchasing power.

Austrian Airlines aims to generate a positive cash flow in 2010, and achieve a positive result from operating activities (EBIT) in 2011.

## **Business results in the 2009 financial year**

### **Operating revenue**

The extremely weak demand in key markets and the pressure on unit revenue were reflected in the revenue development of Austrian Airlines: total revenue declined by 20.3 percent, to EUR 1,963.4m (2008: EUR 2,462.3m). Operating revenue fell 18.6 percent, to EUR 2,060.1m (2008: EUR 2,530.6m).

### **Operating expenses**

Austrian Airlines took consistent measures to counteract the crisis. We reduced production and thus adjusted it to weak demand, and initiated comprehensive cost cutting measures. As a result, operating expenses could be decreased by 17.2 percent, or almost EUR 500m, to EUR 2,354.0m (2008: EUR 2,842.7m).

### **Operating result**

The operating result (EBIT) amounted to EUR -293.9m (2008: EUR -312.1m). As mentioned, the result from operating activities includes significant extraordinary effects, particularly EUR 78.8m for impairment losses on aircraft, and EUR 145.1m for restructuring provisions to cover the planned employee cutbacks. Adjusted to exclude these extraordinary items, the adjusted EBIT gives a better indication of the operating performance of the company. The adjusted EBIT in the 2009 financial year amounted to EUR -93.8m (2008: EUR -35.2m). The second half of 2009 was perceptibly better. Whereas the adjusted EBIT totaled EUR -88.4m in the first six months, it considerably improved in the second half-year to EUR -5.4m.

## Annual results

Including the financial result of EUR -45.0m (2008: EUR -32.5m) and the results from the disposal of assets (EUR 10.6m), the net result for the year was EUR -325.9m, compared to EUR -429.5m in the year 2008.

## Consolidated income statement for the 2009 financial year

<i>EURm</i>	<b>2009</b>	<b>2008</b>	<b>+/-</b>	<b>+/- %</b>
Revenue	1,963.4	2,462.3	-498.9	-20.3
Operating revenue	2,060.1	2,530.6	-470.5	-18.6
Operating expenses	-2,354.0	-2,842.7	488.7	17.2
Result from operating activities (EBIT) before associates	-293.9	-312.1	18.2	5.8
Financial result	-45.0	-32.5	-12.5	-38.5
Result before tax	-338.2	-334.4	-3.8	-1.1
Result from continued operations	-336.5	-429.5	93.0	21.7
Result from the disposal of assets	<b>10.6</b>	-	<b>10.6</b>	-
<b>Net result for the year</b>	<b>-325.9</b>	<b>-429.5</b>	<b>103.6</b>	<b>24.1</b>

## Operating result in the first and second half of 2009

<i>EURm</i>	<b>1-6/2009</b>	<b>7-12/2009</b>	<b>1-12/2009</b>
Revenue	934.6	1,028.8	1,963.4
Operating revenue	969.3	1,090.8	2,060.1
Operating expenses	-1,130.9	-1,223.1	-2,354.0
Result from operating activities (EBIT) before associates	-161.6	-132.3	-293.9
Adjusted by extraordinary effects	73.2	126.9	200.1
<b>Adjusted EBIT 2009</b>	<b>-88.4</b>	<b>-5.4</b>	<b>-93.8</b>

## Traffic figures

In 2009, Austrian Airlines carried about 9.9m passengers, down 10.2 percent from the previous year. The passenger load factor was at 74.0 percent, only slightly down by 0.9 percentage points from the 2008 level. Austrian Airlines reduced capacity by 11.2 percent as measured by available seat kilometers (ASK), to 22.7bn. Revenue passenger kilometers fell by 12.3 percent, to 16.8bn.

Broken down on the basis of the individual traffic regions, the traffic results are as follows:

<b>OVERALL TRAFFIC PERFORMANCE</b>	<b>January - December 2009</b>	
		<b>+/- %</b>
<b>Revenue passenger km (RPK) m</b>	16,818.7	-12.3
Europe	6,173.5	-6.7
Intercontinental	8,802.9	-13.1
Charter	1,842.3	-24.2
<b>Available seat km (ASK) m</b>	22,717.4	-11.2
Europe	9,156.1	-8.0
Intercontinental	11,282.4	-10.7
Charter	2,279.0	-24.1
<b>Passenger load factor %</b>	74.0	-0.9P.
Europe	67.4	1.0P
Intercontinental	78.0	-2.2P.
Charter	80.8	-0.2P.
<b>Passengers carried 000</b>	9,944.8	-10.2
Europe	7,363.2	-8.1
Intercontinental	1,606.7	-10.5
Charter	974.9	-23.0
<b>Total revenue tonne (RTK) m</b>	2,083.7	-13.2
Europe	634.5	-6.6
Intercontinental	1,271.2	-14.5
Charter	178.0	-24.1
<b>Total available tonnes (ATK) m</b>	2,865.4	-11.4
Europe	972.5	-9.5
Intercontinental	1,658.7	-10.6
Charter	234.2	-23.4
<b>Overall load factor %</b>	72.7	-1.5P.
Europe	65.2	2.0P.
Intercontinental	76.6	-3.5P.
Charter	76.0	-0.7P.

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