

# Q1/2017

**QUARTERLY STATEMENT**



# GROUP KEY FIGURES

## Q1

### FINANCIAL PERFORMANCE INDICATORS

	1/17-3/17	1/16-3/16
Revenue (in million euros)	<b>649.6</b>	737.1
thereof: flight revenue (in million euros)	<b>541.3</b>	630.3
EBITDAR (in million euros)	<b>-93.8</b>	7.7
EBIT (in million euros)	<b>-272.3</b>	-172.2
Consolidated profit/loss for the period (in million euros)	<b>-293.3</b>	-182.3
Earnings per share (basic / diluted; in euros)	<b>-2.57</b>	-1.62
Total assets (in million euros)	<b>1,391.4</b>	1,382.6*
Employees (as of 31 March)	<b>8,607</b>	8,708

\* 2016 financial year-end

### OPERATING PERFORMANCE INDICATORS

	1/17-3/17	1/16-3/16
Passengers (PAX)	<b>4,798,422</b>	5,416,618
Flight revenue per PAX (yield; in EUR)	<b>112.80</b>	116.36
Available / flown seat kilometres (in billions; ASK)	<b>10.41</b>	10.98
Total revenue per ASK (RASK; in EURct)	<b>6.24</b>	6.71
Total costs per ASK excl. OOR (CASK; in EURct)	<b>8.93</b>	8.31
Revenue passenger kilometres (in billions; RPK)	<b>8.38</b>	9.15
Load factor (in per cent; RPK/ASK)	<b>80.5</b>	83.4
Destinations (as of 31 March)	<b>85</b>	93
Aircraft at the end of reporting period (operational fleet)	<b>144</b>	148

#### PLEASE NOTE THE FOLLOWING INFORMATION:

In this report, Air Berlin PLC is also referred to as "the Company". References to "airberlin", "airberlin group", "we" or "our" refer to Air Berlin PLC or, depending on the context, Air Berlin PLC and/or its subsidiaries. This report uses the generic masculine form, which refers equally to both male and female persons.

#### DISCLAIMER – RESERVATION REGARDING FORWARD-LOOKING STATEMENTS

This quarterly statement contains forward-looking statements on the business and earnings performance of Air Berlin PLC and the airberlin group, which are based upon our current plans, estimates, forecasts, and expectations. The statements contain risks and uncertainties as there are a variety of factors which influence our business and to a great extent lie beyond our control. Actual results and developments may, therefore, vary considerably from our current assumptions. We undertake no obligation to revise our forward-looking statement in light of either new information or unexpected events.

# BUSINESS DEVELOPMENT

## Important events in the first quarter of 2017

30 January 2017: The German Federal Cartel Authority unconditionally approves the wet-lease agreement between airberlin and the Lufthansa Group.

22 February 2017: airberlin issues a new 8.5% convertible bond maturing in 2019 in the amount of EUR 125.0 million (ISIN: DE000A19DMC0) in exchange for the outstanding 6% convertible bond DE000A1HGM38. Holders of the 6% DE000A1HGM38 convertible bond made use of the exchange offer for a total principal amount of EUR 41.3 million. Outside of the exchange offer, airberlin issues new convertible bonds with a total principal amount of EUR 83.7 million. Holders of the 6% DE000A1HGM38 convertible bond exercise put options for a total of EUR 93.2 million of the nominal value effective 6 March 2017. The convertible bond's remaining amount outstanding as at 7 March 2017 was EUR 5.5 million.

1 March 2017: Götz Ahmelmann returns to airberlin as Chief Commercial Officer (CCO) and Julio Rodriguez becomes Chief Commercial Officer of NIKI.

3 April 2017: Neil Mills, Chief Strategy & Planning Officer at airberlin, takes up the new post of Chief Transformation Officer (CTO) with immediate effect and leads a newly created division which will work across the whole airline to strengthen the overall performance of the Company.

11 April 2017: Holders of the 1.5% DE000A0NQ9H6 convertible bond exercise their put options totalling EUR 4.6 million of the nominal value effective 11 April 2017. As at 12 April 2017, the remaining nominal value outstanding was EUR 0.2 million.

28 April 2017: Etihad Airways PJSC grants the Company a loan facility in the amount of EUR 350.0 million with a term until 31 December 2021. At the same time, Etihad Airways PJSC issues a letter to the Company undertaking that it will not directly or indirectly exercise the put option under the new 8.5% DE000A19DMC0 convertible bond with respect to the amounts held (total of EUR 93.7 million). Through a letter of support, Etihad also confirms its intention to provide the necessary support to the Company to enable it to meet its financial obligations for the foreseeable future and in any event for 18 months from 28 April 2017..

30 April 2017: Abu Dhabi Commercial Bank PJSC extends the loan of AED 726.425 million until 30 April 2019, and the National Bank of Abu Dhabi PJSC extends the loan of EUR 75.0 million until 24 April 2019.

18 May 2017: The Air Berlin PLC Board of Directors has appointed Messrs Henning zur Hausen, Kevin Knight, Dr Matthias Kloepper and Thilo Schmidt as new members. Messrs Dr Hans-Joachim Körber (Chairman), James Hogan (Vice Chairman), James Rigney and Johannes Zurnieden have left the Board of their own accord. Until a new Chairman is appointed, Mr Achim Hunold will act as Interim Chairman of the Board.

## Operating development

The new airberlin's strategic realignment aimed at becoming a focused network airline with 75 aircraft and its two hubs Berlin and Düsseldorf concentrating on the long-haul segment and German and European metropolitan airports, will primarily take place in the first half of 2017. It is to be expected that any changes made to the network during this transitional phase can result in some intermittent fluctuations in efficiency and utilisation. These fluctuations had a significant effect on the operating development in the reporting quarter.

As a result, the 2017 first quarter operating and financial results and key figures cannot be compared to the previous year's figures.

In addition to the factors mentioned, the operating performance in the reporting quarter was also affected by extreme weather patterns in January (ice rain), strike-related flight cancellations on other airlines affecting airberlin, as well as disturbances and delays at Berlin Tegel Airport due to capacity bottlenecks experienced by the new ground service provider. The latter, in particular, resulted in considerable shortfalls in performance.

The realignment of the airberlin business model led to a year-on-year reduction in capacity of 7.9 per cent to 6,484,995 seats in the first three months of the current financial year. The number of aircraft also declined by 6.7 per cent to 144, and the number of flights fell 8.2 per cent to 40,042. As a result, airberlin's fleet recorded 5.9 per cent fewer flight hours (75,140) than in the same quarter of the previous year. The number of passengers (PAX) was down by 11.4 per cent falling from a level of 5,416,618 in the same period of the previous year to 4,798,422, mainly due to the reasons mentioned above.

The reduction in capacity was accompanied by a drop in available seat kilometres (ASK), which declined by 5.2 per cent in the first quarter of 2017 compared to the same period of the previous year amounting to 10.41 billion. The decline in revenue passenger kilometres (RPK) of 8.4 per cent to 8.38 billion was lower than the fall in passenger volume in the reporting period due to slightly higher capacity per aircraft and a three per cent longer average flight distance (1,605 km). At 80.5 per cent, the load factor was 2.9 percentage points higher than in the previous year.

Flight revenue per PAX including taxes and security fees fell by 3.0 per cent to EUR 112.80 in the reporting quarter compared to EUR 116.36 in the same quarter of the previous year. Ancillary revenue per PAX fell by 0.7 per cent to EUR 9.11 (compared to EUR 9.18). Total revenue per ASK in the reporting quarter was 7.0 per cent lower (6.24 eurocents compared to 6.71 eurocents in the same quarter of the previous year), while the total revenue per RPK fell from 8.05 eurocents in the first quarter of the previous year to 7.74 eurocents. The sum of flight revenue and ancillary revenue per RPK amounted to 6.97 eurocents compared to 7.42 eurocents in the previous year's quarter. Operating expenses per ASK excluding other operating income were 8.93 eurocents in the reporting quarter compared to 8.31 eurocents in the same quarter of the previous year and were affected by burdens associated with the structural measures currently underway.

## **Report on net assets, financial position, capital expenditure and financing**

The group's total assets at the end of the first three months of the 2017 financial year were essentially unchanged at EUR 1,391.4 million on the 31 March 2017 reporting date compared to EUR 1,382.6 million at the end of the 2016 financial year. There were also only minor changes to the structure of the asset side of the balance sheet. Non-current assets rose by 1.3 per cent to EUR 464.4 million while current assets increased by 0.3 per cent to EUR 927.0 million. As a result of the pending regulatory approval for the sale of the touristic business to Etihad Airways, assets held for sale rose by EUR 84.8 million to EUR 255.3 million. Cash and cash equivalents amounted to EUR 141.4 million at the end of the quarter compared to EUR 220.3 million at the end of the 2016 financial year.

Equity declined from EUR -1,470.2 million as at 31 December 2016 to EUR -1,781.2 million as at 31 March 2017 due to the loss incurred in the quarter. In addition, the fair value measurement of hedging instruments after taxes fell to EUR 11.2 million compared to EUR 28.9 million at the end of the 2016 financial year. Equity-related capital measures were not carried out during the reporting period.

Non-current liabilities increased from EUR 1,343.6 million at the end of the 2016 financial year to EUR 1,527.3 million at the end of the first three months of 2017. This increase was mainly the result of higher non-current financial liabilities (EUR 1,344.4 million compared to EUR 1,161.0 million).

Current liabilities rose to EUR 1,645.3 million compared to EUR 1,509.2 million as at 31 December 2016. Financial liabilities declined significantly from EUR 234.8 million to EUR 20.7 million mainly as a result of the prolongation of loans. Current provisions fell from EUR 89.9 million at the end of the 2016 financial year to EUR 58.3 million as at 31 March 2017. Advance payments received increased from their level of EUR 465.2 million as at the end of the 2016 financial year to EUR 794.6 million as at the end of the reporting quarter. This increase was not only in line with seasonal patterns but also a result of the advance payments received from Etihad Airways for the sale of the touristic business. Liabilities held for sale also increased from EUR 107.7 million to EUR 192.5 million.

The sum of current and non-current financial liabilities amounted to EUR 1,365.1 million as at 31 March 2017 compared to EUR 1,395.8 million as at the end of the 2016 financial year. Total current and non-current liabilities rose from EUR 2,852.8 million at the end of 2016 to EUR 3,172.6 million at the end of the reporting quarter. Net debt as at 31 March 2017 was EUR 1,123.0 million compared to EUR 1,175.5 million at the year-end 2016 reporting date.

Net cash flows from operating activities after interest and taxes paid and received amounted to EUR –58.6 million at the end of the first three months of the current financial year (comparable prior-year period: EUR 6.4 million). This year-on-year decline was largely the result of the unfavourable earnings development and the higher cash outflows for interest payments and fees for guarantees. Investments and advanced payments related to non-current assets were EUR 34.7 million in the first quarter of 2017 (comparable prior-year period: EUR 14.9 million). Cash inflows from the disposal of assets totalled EUR 8.1 million, advance payments received for the sale of the touristic business amounted to EUR 95.0 million and dividends from equity investments were EUR 0.6 million. Cash flow from investing activities totalled EUR 68.9 million as at 31 March 2017 compared to EUR 10.3 million in the first quarter of the previous year. Cash flow from financing activities shows a cash outflow of EUR 11.2 million. Proceeds from the issue of convertible bonds net of transaction costs in the amount of EUR 82.6 million were offset by cash outflows for the redemption of convertible bonds totalling EUR 93.2 million. Repayments of financial liabilities totalled EUR 0.6 million. Cash flow from financing activities in the prior-year period of EUR 60.9 million included the net assumption of financial liabilities. At the end of the reporting period, net cash and cash equivalents amounted to EUR 241.9 million and included EUR 100.7 million of cash and cash equivalents allocated to assets held for sale. Accordingly, net cash and cash equivalents reported on the balance sheet amounted to EUR 141.4 million compared to EUR 238.8 million in the prior year.

## Results of operations

At EUR 649.6 million, group revenue in the reporting quarter was 11.9 per cent lower compared to the same quarter of the previous year (EUR 737.1 million) due to lower capacity during the implementation of the comprehensive restructuring programme and continued intense competitive pressures on ticket prices. Flight revenue declined by 14.1 per cent from EUR 630.3 million to EUR 541.3 million. Ancillary revenue fell accordingly to EUR 43.7 million compared to EUR 49.7 million in the same quarter of the previous year. Other revenue increased by 13.1 per cent to EUR 64.6 million compared to EUR 57.1 million. Other operating income was EUR 8.6 million in the reporting quarter compared to EUR 3.8 million in the same quarter of the previous year.

Operating expenses were 1.9 per cent higher in the reporting quarter amounting to EUR 930.5 million compared to EUR 913.1 million in the same quarter of the previous year. Expenses for materials and services fell by 4.8 per cent to EUR 575.4 million compared with EUR 604.4 million in the same quarter of the previous year. Fuel expenses fell by 7.6 per cent to EUR 128.4 million compared to EUR 138.9 million. Lease expenses declined slightly by 0.9 per cent to EUR 168.5 million compared to EUR 170.1 million. At EUR 22.1 million, expenses for catering and on-board sales were slightly lower than the prior-year figure (EUR 22.9 million). The combined expense items under "Others", in contrast, rose slightly to EUR 32.5 million compared to EUR 29.2 million in the same quarter of the previous year. Airport and handling fees, navigation expenses and air transportation taxes remained below prior-year levels due to lower passenger volumes.

Personnel expenses fell by 4.0 per cent to EUR 131.9 million compared to EUR 137.4 million. Depreciation and amortisation were at the previous year's level amounting to EUR 9.9 million compared to EUR 9.8 million. Other operating expenses rose by 32.0 per cent to EUR 213.2 million in the reporting compared to EUR 161.5 million in the same quarter of the previous year. Among these, expenses for repairs and maintenance of technical equipment rose to EUR 87.9 million compared to their level of EUR 59.5 million in the same quarter of the previous year. This increase mainly resulted from the transfer of aircraft under the wet-lease agreement with the Lufthansa Group, which were subject to the prior checks that are customary in such agreements.

Operating earnings before depreciation, amortisation and rent (EBITDAR) totalled EUR -93.8 million in the reporting quarter compared to EUR 7.7 million in the same quarter of the previous year. Operating earnings before depreciation and amortisation (EBITDA) were EUR -262.3 million compared to EUR -162.4 million in the same period of the previous year and operating earnings (EBIT) amounted to EUR -272.3 million compared to EUR -172.2 million.

Net financing costs stood at EUR -12.6 million compared to EUR -9.8 million. The result before tax amounted to EUR -284.4 million in the first quarter of 2017 compared to EUR -180.2 million in the same quarter of the previous year. After income taxes, the result for the period totalled EUR -293.3 million compared to EUR -182.3 million in the same quarter of the previous year. Excluding the result of EUR 6.8 million attributable to hybrid capital investors (previous year's comparable period: EUR 6.3 million), the result for the period attributable to Air Berlin PLC shareholders was EUR -300.1 million compared to EUR -188.6 million. Both basic and diluted earnings per share amounted to EUR -2.57 in the first quarter of 2017 compared to EUR -1.62 in the same period of the previous year.

# FINANCIAL STATEMENTS AND NOTES

Air Berlin PLC

## CONSOLIDATED INCOME STATEMENT (UNAUDITED)

for the period ended 31 March 2017

EURk	1/17–3/17	1/16–3/16
<b>Revenue</b>	<b>649,599</b>	737,098
<b>Other operating income</b>	<b>8,618</b>	3,786
Expenses for materials and services	(575,430)	(604,380)
Personnel expenses	(131,901)	(137,394)
Depreciation, amortisation and impairment losses	(9,973)	(9,783)
Other operating expenses	(213,237)	(161,532)
<b>Operating expenses</b>	<b>(930,541)</b>	(913,089)
<b>Result from operating activities</b>	<b>(272,324)</b>	(172,205)
Financial expenses	(30,515)	(23,008)
Financial income	335	256
Result on foreign exchange and derivatives, net	17,588	12,929
<b>Net financing costs</b>	<b>(12,592)</b>	(9,823)
Share of at equity investments, net of tax	564	1,823
<b>Result before tax</b>	<b>(284,352)</b>	(180,205)
Income tax result	(8,958)	(2,141)
<b>Result for the period</b>	<b>(293,310)</b>	(182,346)
of which: attributable to hybrid capital investors	6,826	6,292
of which: attributable to Air Berlin PLC shareholders	(300,136)	(188,638)
<b>Basic earnings per share in €</b>	<b>(2.57)</b>	(1.62)
<b>Diluted earnings per share in €</b>	<b>(2.57)</b>	(1.62)
<b>Consolidated Statement of other comprehensive income</b>	<b>1/17–3/17</b>	<b>1/16–3/16</b>
<b>Result for the period</b>	<b>(293,310)</b>	(182,346)
Foreign currency translation reserve	(34)	(264)
Effective portion of changes in fair value of hedging instruments	(9,870)	(15,558)
Net change in fair value of hedging instruments transferred from equity to profit or loss	(15,208)	26,411
Income tax on other comprehensive income	7,372	(159)
Other comprehensive income for the period, net of tax	(17,740)	10,430
<b>Total comprehensive income</b>	<b>(311,050)</b>	(171,916)
of which: attributable to hybrid capital investors	6,826	6,292
of which: attributable to Air Berlin PLC shareholders	(317,876)	(178,208)

Air Berlin PLC

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**

as of 31 March 2017

EURk	31/03/2017	31/12/2016
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets	206,227	208,985
Property, plant and equipment	123,377	119,104
Trade and other receivables	76,259	72,624
Positive market value of derivatives	0	3
Net defined benefit asset	263	263
Deferred expenses	56,129	55,343
At equity investments	2,106	2,106
<b>Non-current assets</b>	<b>464,361</b>	<b>458,428</b>
<b>Current assets</b>		
Inventories	54,079	54,637
Trade and other receivables	379,480	360,030
Positive market value of derivatives	24,212	51,716
Deferred expenses	72,502	66,842
Assets held for sale	255,348	170,583
Cash and cash equivalents	141,368	220,317
<b>Current assets</b>	<b>926,989</b>	<b>924,125</b>
<b>Total assets</b>	<b>1,391,350</b>	<b>1,382,553</b>



## Air Berlin PLC

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**

as of 31 March 2017

EURk	31/03/2017	31/12/2016
<b>Equity and liabilities</b>		
<b>Shareholders' equity</b>		
Share capital	29,273	29,273
Share premium	435,085	435,085
Equity component of convertible bonds	597	597
Other capital reserves	217,056	217,056
Retained earnings	(2,827,161)	(2,527,025)
Hedge accounting reserve, net of tax	11,205	28,911
Foreign currency translation reserve	5,840	5,874
Remeasurement of the net defined benefit obligation	(11,615)	(11,615)
<b>Equity attributable to shareholders of the Company</b>	<b>(2,139,720)</b>	<b>(1,821,844)</b>
<b>Equity attributable to the hybrid capital investors</b>	<b>358,476</b>	<b>351,650</b>
<b>Total equity</b>	<b>(1,781,244)</b>	<b>(1,470,194)</b>
<b>Non-current liabilities</b>		
Interest-bearing liabilities	1,344,382	1,161,016
Provisions	89,335	89,427
Trade and other payables	83,403	84,072
Deferred tax liabilities	10,167	9,046
<b>Non-current liabilities</b>	<b>1,527,287</b>	<b>1,343,561</b>
<b>Current liabilities</b>		
Interest-bearing liabilities	20,730	234,795
Tax liabilities	1,952	1,867
Provisions	58,280	89,866
Trade and other payables	526,215	560,225
Negative market value of derivatives	6,996	2,446
Deferred income	44,059	47,013
Advanced payments received	794,575	465,239
Liabilities held for sale	192,500	107,735
<b>Current liabilities</b>	<b>1,645,307</b>	<b>1,509,186</b>
<b>Total equity and liabilities</b>	<b>1,391,350</b>	<b>1,382,553</b>

## Air Berlin PLC

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

for the year ended 31 March 2017

TEUR	Share capital	Share premium	Equity component of convertible bonds	Other capital reserves	Retained earnings	Hedge accounting reserve, net of tax	Foreign currency translation reserve	Reasurement of the net defined benefit obligation	Equity attributable to the shareholders of the Company	Equity attributable to the hybrid-capital investors	Total equity
<b>Balances at 31 December 2015</b>	<b>29,273</b>	<b>435,085</b>	<b>597</b>	<b>217,056</b>	<b>(1,719,166)</b>	<b>(82,554)</b>	<b>5,088</b>	<b>(10,451)</b>	<b>(1,125,072)</b>	<b>325,686</b>	<b>(799,386)</b>
Loss for the period					(188,638)				(188,638)	6,292	(182,346)
Other comprehensive income						10,694	(264)		10,430		10,430
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(188,638)</b>	<b>10,694</b>	<b>(264)</b>	<b>0</b>	<b>(178,208)</b>	<b>6,292</b>	<b>(171,916)</b>
<b>Balances at 31 March 2016</b>	<b>29,273</b>	<b>435,085</b>	<b>597</b>	<b>217,056</b>	<b>(1,907,804)</b>	<b>(71,860)</b>	<b>4,824</b>	<b>(10,451)</b>	<b>(1,303,280)</b>	<b>331,978</b>	<b>(971,302)</b>
<b>Balances at 31 December 2016</b>	<b>29,273</b>	<b>435,085</b>	<b>597</b>	<b>217,056</b>	<b>(2,527,025)</b>	<b>28,911</b>	<b>5,874</b>	<b>(11,615)</b>	<b>(1,821,844)</b>	<b>351,650</b>	<b>(1,470,194)</b>
Loss for the period					(300,136)				(300,136)	6,826	(293,310)
Other comprehensive income						(17,706)	(34)		(17,740)		(17,740)
<b>Total comprehensive income</b>					<b>(300,136)</b>	<b>(17,706)</b>	<b>(34)</b>		<b>(317,876)</b>	<b>6,826</b>	<b>(311,050)</b>
<b>Balances at 31 March 2017</b>	<b>29,273</b>	<b>435,085</b>	<b>597</b>	<b>217,056</b>	<b>(2,827,161)</b>	<b>11,205</b>	<b>5,840</b>	<b>(11,615)</b>	<b>(2,139,720)</b>	<b>358,476</b>	<b>(1,781,244)</b>

**Air Berlin PLC**  
**CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
for the period ended 31 March 2017

EURk	31/03/2017	31/03/2016
Result for the period	<b>(293,310)</b>	(182,346)
<b>Adjustments to reconcile profit or loss to cash flows from operating activities:</b>		
Depreciation and amortisation of non-current assets	<b>9,973</b>	9,783
Gain on disposal of long-term assets	<b>(7,683)</b>	(1,589)
Decrease in inventories	<b>558</b>	1,329
Increase in trade accounts receivables	<b>(12,973)</b>	(52,391)
Increase in other assets and prepaid expenses	<b>(1,437)</b>	(31,073)
Deferred tax expense/(benefit)	<b>8,493</b>	(2,198)
Decrease in provisions	<b>(32,056)</b>	(7,353)
(Decrease)/Increase in trade accounts payable	<b>(30,076)</b>	12,165
Increase in other current liabilities	<b>311,318</b>	265,743
Result on foreign exchange and derivatives, net	<b>(17,588)</b>	(12,929)
Interest expense and guarantee fee	<b>30,249</b>	23,008
Interest income	<b>(334)</b>	(256)
Income tax expense	<b>465</b>	4,338
Share of profit of equity investments	<b>(564)</b>	(1,823)
Other non-cash changes	<b>(533)</b>	(2,324)
<b>Cash generated from operations</b>	<b>(35,498)</b>	22,084
Interest and guarantee fee paid	<b>(22,973)</b>	(15,339)
Interest received	<b>211</b>	178
Income taxes paid	<b>(294)</b>	(478)
<b>Net cash flows from operating activities</b>	<b>(58,554)</b>	6,445
(Purchases) Disposals of non-current assets	<b>(11,924)</b>	4,966
Net advanced payments for non-current items	<b>(22,816)</b>	(19,913)
Proceeds from sale of tangible and intangible assets	<b>8,116</b>	25,257
Dividends received from equity investments	<b>564</b>	0
Proceeds received in advance on sale of touristic business	<b>95,000</b>	0
<b>Cash flow from investing activities</b>	<b>68,940</b>	10,310
Principal payments on interest-bearing liabilities	<b>(602)</b>	(54,817)
Proceeds from issue of interest-bearing liabilities	<b>0</b>	115,700
Proceeds from issue of convertible bond	<b>83,700</b>	0
Redemption of convertible bond	<b>(93,200)</b>	0
Transaction costs related to issue of interest bearing liabilities	<b>(1,072)</b>	0
<b>Cash flow from financing activities</b>	<b>(11,174)</b>	60,883
<b>Change in cash and cash equivalents</b>	<b>(788)</b>	77,638
<b>Cash and cash equivalents at beginning of period</b>	<b>243,888</b>	165,210
Foreign exchange (gains)/losses on cash balances	<b>(1,195)</b>	(4,054)
<b>Cash and cash equivalents at end of period</b>	<b>241,905</b>	238,794
thereof bank overdrafts used for cash management purposes	<b>180</b>	28
thereof cash and cash equivalents allocated to assets held for sale	<b>(100,717)</b>	0
Cash and cash equivalents in the statement of financial position	<b>141,368</b>	238,822

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS AS OF 31 MARCH 2017

(EUR/USD/CHF in thousands, except share data)

## 1. Reporting entity

The consolidated interim financial statements of Air Berlin PLC for the three months ended 31 March 2017 comprise Air Berlin PLC (the “**Company**”) and its subsidiaries (together referred to as “**airberlin**” or the “**Group**”) and the Group’s interest in equity investments. Air Berlin PLC is a company incorporated in England and Wales with its registered office in London. The corporate headquarters of airberlin are located in Berlin. The Company’s ordinary shares are traded on the Frankfurt Stock Exchange.

The Group financial statements as at, and for, the year ended 31 December 2016 prepared in accordance with IFRSs as adopted by the EU and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, are available from the Company’s registered office and at [ir.airberlin.com](http://ir.airberlin.com).

Statutory accounts for 2016 have been delivered to the registrar of Companies in England and Wales. The auditors have reported on those accounts and their report (i) was unqualified, (ii) did include a reference to Going Concern to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 408 of the Companies act 2006.

## 2. Statement of compliance

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 “Interim Financial Reporting” as adopted by the EU. They have been neither reviewed nor audited and do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2016.

This condensed set of interim financial statements was approved by the Directors on 28 April 2017.

## 3. Accounting policies and changes in accounting

These interim financial statements up to 31 March 2017 have been drawn up in accordance with IAS 34 and in compliance with the standards and interpretations applicable from 1 January 2017 as adopted by the EU. The Group has used the same accounting and valuation methods as for the consolidated financial statements for the year ended 31 December 2016.

New standards and amendments to standards and interpretations are effective for financial years beginning on 1 January 2017 which have no material impact on the Group.

## 4. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of uncertainty related to estimates were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2016.

## 5. Seasonality

The aviation industry is subject to seasonal fluctuations. Due to holiday travellers, the summer months generally show the highest revenue from ticket sales. The Group attempts to minimise the impact of seasonality by expanding the number of business travellers. For the twelve months ended 31 March 2017 the Group had revenue of EUR 3,697,910 (prior year: EUR 4,025,163) and result for the period after tax of EUR -892,860 (prior year: EUR -418,910). Furthermore, for the twelve months ended 31 March 2017 the EBIT amounted to EUR -767,169 (prior year: EUR -319,253).

## 6. Non-current assets

During the three months ended 31 March 2017 the Group acquired fixed assets with a cost of EUR 11,924 (prior year: EUR 4,966). Assets with a carrying amount of EUR 436 (prior year: EUR 23,668) were disposed of during the three months ended 31 March 2017.

### ASSETS HELD FOR SALE

The Assets held for sale position primarily includes intangible assets of EUR 57,677 comprising goodwill of EUR 41,817, landing rights of EUR 7,360 and trademark of EUR 8,500 related to the carve out of touristic operation as well as trade receivables of EUR 87,401, security deposits of EUR 4,382, bank balances of EUR 89,230 and fixed-term deposits of EUR 11,487. The liabilities held for sale include advanced payments received for touristic flights sold that will be ultimately flown post the closing of the transaction in the amount of EUR 192,500.

The group has contracted to sell its touristic business. On 5 December 2016, Etihad Investment Holding Company LLC and the group entered into a forward sale agreement for the group to sell to Etihad Investment Holding Company for a consideration of EUR 30,000 certain identified landing slots and for a consideration of EUR 270,000 the shares in Gehuba Beteiligungsverwaltungs GmbH, the parent undertaking of NIKI Luftfahrt GmbH. At the date of sale all intercompany balances will be settled. As part of the sale the group will also contribute as part of a separate Contribution Agreement selected transportation agreements relating to certain touristic destinations in Southern Europe, North Africa and Turkey connected with the touristic business, prepayments connected with the selected transport agreements. 21 aircrafts will be subleased or the existing lease agreements novated. Other items such as relevant IT licenses and maintenance equipment will also be transferred. The Contribution Agreement has not yet been agreed.

The group is committed to selling and Etihad Investment Holding Company LLC is committed to purchasing the touristic business and though the transaction is still subject to regulatory approval it expects the deal to complete within 12 months.

As at 31 March 2017, the group has received the sales consideration of EUR 300,000 which has been classified within advance payments received. The sales price of EUR 300,000 exceeds the fair value of the goodwill, the landing rights and the trademark NIKI.

Management expect that the Contribution Agreement will primarily result in the transfer of cash in respect of the advance revenues collected by the group in respect of flights sold that will be ultimately flown post the closing of the transaction. These cash flows are expected to be transferred in the respective flight month. In addition the group will be able to reduce the aircraft deposits paid to the leasing company or reduce its restricted cash position.

## 7. Share capital

Of the Company's share capital, 116,800,508 ordinary shares of EUR 0.25 each and 50,000 A shares of GBP 1.00 each were issued and fully paid up. Included in this amount are 177,600 treasury shares held by the Company (through the Air Berlin Employee Share Trust).

## 8. Hybrid capital

On 27 April 2014 the Group issued perpetual bonds to its shareholder Etihad Airways PJSC in the total amount of EUR 300,000. The drawdown of the bonds was divided in three tranches of EUR 100,000 each and was paid out on 20 May 2014, 28 August 2014 and 23 October 2014. The perpetual bonds have no maturity and bear an interest coupon of 8.0 % per annum. Interest coupons can be deferred indefinitely at the discretion of the Group. Settlement of all arrears of interest is payable only in the event that the Group declares or pays dividend or repurchases its own shares. The perpetual bonds bear a conversion right to convert the bonds into ordinary shares at a conversion price of EUR 1.79 per ordinary share. Conversion to ordinary shares is at the discretion of the bond holder and can be exercised from the date of issue but is subject to the limitations imposed by the Company's Articles of Association that the Group must at all times be controlled or majority owned by nationals of the European Community or European Economic Area. As there is no obligation on the Group to repay the capital and the Group can indefinitely defer payments of interest until dividend is declared (which is at the discretion of the Group) the perpetual bonds constitute equity in the Group's consolidated statement of financial position according to IFRS. An amount of EUR 66,476 was transferred from retained earnings to hybrid capital to reflect the amount of interest payable in such an event, thereof EUR 6,826 in the reporting period (prior year: EUR 6,292).

## 9. Revenue

EURk	1/17-3/17	1/16-3/16
Flight revenue	<b>541,305</b>	630,292
Ancillary services	<b>43,708</b>	49,708
Other revenue	<b>64,586</b>	57,098
	<b>649,599</b>	737,098

airberlin recognises ticket sales as income at the time when the transportation is provided. When the fare is for a round-trip and the return flight has not yet been provided at the reporting date, the unearned revenue is deferred in the consolidated balance sheet under "Advanced payments received" until such time the transportation is provided.

## 10. Segment information

airberlin is managed by the Board of Directors as a single business unit in one geographical area and one service. The key figures and ratios presented to the Board of Directors in managing the company are: Result from operating activities, net debt, revenues, passengers, yield and block hours. The financial measures are IFRS measures and are shown in the primary statements. Resource allocation decisions are made based on the entire route network and the deployment of the entire fleet. Revenues derive nearly completely from the principal activity as an airline and include flights, commissions, in-flight and related sales that are generated in Europe. Since airberlin's fleet is employed across its scheduled destinations on an as needed basis all assets and liabilities are allocated to the one segment. The Board of Directors has also determined that there is no reasonable basis of allocating assets and related liabilities, income and expenses to geographical areas other than Europe or to individual groups of customers.

## 11. Other operating income

EURk	1/17-3/17	1/16-3/16
Gain on disposal of long-term assets, net	<b>7,683</b>	1,589
Income from insurance claims	<b>137</b>	805
Other	<b>798</b>	1,392
	<b>8,618</b>	3,786

## 12. Expenses for materials and services

EURk	1/17-3/17	1/16-3/16
Operating leases for aircraft and equipment	<b>168,536</b>	170,094
Airport and handling charges	<b>154,754</b>	164,176
Fuel for aircraft	<b>128,423</b>	138,850
Navigation charges	<b>41,558</b>	46,899
Air transportation tax	<b>27,509</b>	32,288
Catering costs and cost of materials for in-flight sales	<b>22,143</b>	22,874
Other	<b>32,507</b>	29,199
	<b>575,430</b>	604,380

The expenses for operating leases for aircraft and equipment include expenses of EUR 41,231 (prior year: EUR 35,210) that do not directly relate to the lease of assets.

## 13. Personnel expenses

EURk	1/17-3/17	1/16-3/16
Wages and salaries	<b>110,979</b>	113,179
Social security	<b>12,220</b>	15,583
Pension expense	<b>8,702</b>	8,632
	<b>131,901</b>	137,394

## 14. Other operating expenses

EURk	1/17-3/17	1/16-3/16
Repairs and maintenance of technical equipment	87,868	59,515
Sales and distribution expenses (incl. commissions)	30,777	27,281
Compensation payments	19,311	6,439
Advertising	12,561	14,902
Expenses for premises and vehicles	10,722	9,856
Travel expenses for cabin crews	7,947	6,657
Bank charges	5,556	7,442
Training and other personnel expenses	5,030	4,438
IT related expenses	4,786	4,338
Auditing and consulting fees	4,310	3,814
Insurance	3,849	2,572
Phone and postage	734	899
Allowances for receivables	69	291
Other	19,717	13,088
	<b>213,237</b>	<b>161,532</b>

## 15. Net financing costs

EURk	1/17-3/17	1/16-3/16
Interest expense on interest-bearing liabilities	(26,021)	(23,008)
Other financial expenses including guarantee fees	(4,494)	0
<b>Financial expenses</b>	<b>(30,515)</b>	<b>(23,008)</b>
Interest income on fixed deposits	116	74
Other financial income	219	182
<b>Financial income</b>	<b>335</b>	<b>256</b>
Result on foreign exchange and derivatives, net	17,588	12,929
<b>Net financing costs</b>	<b>(12,592)</b>	<b>(9,823)</b>

Foreign exchange gains or losses result from actual exchange rate differences at the settlement date (realised gains or losses), from the revaluation of interest-bearing liabilities, interest-bearing liabilities due to aircraft financing and other financial assets and liabilities which are to be settled in a foreign currency at the balance sheet date as well as from changes in the fair value of derivatives. Realised exchange rate gains or losses not arising from interest-bearing liabilities and other financing activities are reclassified to the various income and expense line items from which they arose within operating result.

## 16. Income tax and deferred tax

Result before tax is primarily attributable to Germany. The income tax result for the period is as follows:

EURk	1/17-3/17	1/16-3/16
Current income tax expense	(465)	(4,339)
Deferred income tax benefit	(8,493)	2,198
<b>Total income tax result</b>	<b>(8,958)</b>	<b>(2,141)</b>



## 17. Fair value hierarchy

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 March 2017.

EURk	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Derivatives classified held for trading	0	27	0	27
Derivatives classified hedge accounting	0	24,185	0	24,185
<b>Total assets</b>	0	24,212	0	24,212
<b>Liabilities</b>				
Derivatives classified held for trading	0	3	0	3
Derivatives classified hedge accounting	0	6,993	0	6,993
Interest bearing liabilities	0	0	0	0
<b>Total liabilities</b>	0	6,996	0	6,996

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2016:

EURk	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Derivatives classified held for trading	0	459	0	459
Derivatives classified hedge accounting	0	51,260	0	51,260
<b>Total assets</b>	0	51,719	0	51,719
<b>Liabilities</b>				
Derivatives classified held for trading	0	0	0	0
Derivatives classified hedge accounting	0	2,446	0	2,446
Interest bearing liabilities	0	8,765	0	8,765
<b>Total liabilities</b>	0	11,211	0	11,211

Level 2 derivatives comprise forward exchange, interest rate and fuel price derivatives which have been fair valued using option pricing models and the discounted cashflow method. Material input factors were forward exchange rates, forward interest rates and forward fuel rates that are quoted in an active market. Level 2 interest bearing liabilities relate to an embedded derivative of convertible bonds issued and have been valued using the volatility of the airberlin share, credit risk of airberlin and forward interest rates.

## 18. Fair value of financial instruments

The fair values of the financial assets and liabilities, the carrying amount disclosed and the relevant category as of 31 March 2017 are as follows:

EURk	Loans & receivables	Held for trading	Hedge-Accounting	Financial liabilities at amortised costs	Total carrying amount	Fair value at 31 Mar. 2017
Trade receivables and other assets	385,698	0	0	0	385,698	385,698
Derivatives classified as held for trading with positive market values	0	27	0	0	27	27
Derivatives classified as hedge accounting with positive market values	0	0	24,185	0	24,185	24,185
Cash and cash equivalents	242,085	0	0	0	242,085	242,085
	<b>627,783</b>	<b>27</b>	<b>24,185</b>	<b>0</b>	<b>651,995</b>	<b>651,995</b>
Derivatives classified as held for trading with negative market values	0	3	0	0	3	3
Derivatives classified as hedge accounting with negative market values	0	0	6,993	0	6,993	6,993
Financial liabilities at amortised costs	0	0	0	1,471,510	1,471,510	1,440,950
Finance lease liabilities	0	0	0	37,815	37,815	37,815
Bank overdrafts used for cash management purposes	0	0	0	180	180	180
	<b>0</b>	<b>3</b>	<b>6,993</b>	<b>1,509,505</b>	<b>1,516,501</b>	<b>1,485,941</b>

## 19. Cash flow statement

EURk	31/03/2017	31/03/2016
Cash	35	77
Bank balances	106,905	112,285
Fixed-term deposits	135,145	126,460
Cash and cash equivalents	242,085	238,822
Bank overdrafts used for cash management purposes	(180)	(28)
Cash and cash equivalents in the statement of cash flows	241,905	238,794

Cash and cash equivalents include restricted cash of EUR 124,191 as of 31 March 2017 (prior year: EUR 124,916).

## 20. Related party transactions

### TRANSACTIONS WITH DIRECTORS OF THE GROUP

Members of the Board of Directors personally control a voting share of 3.25% of the Company (prior year: 3.13%).

One of the non-executive directors, also a shareholder of the Company, is the controlling shareholder of Phoenix Reisen GmbH. The group had revenues from ticket sales with Phoenix Reisen GmbH of EUR 203 (prior year: EUR 341). At 31 March 2017, EUR 30 (prior year: EUR 80) are included in the trade receivables line and EUR 10 (prior year: EUR 0) in the trade payables line.

## TRANSACTIONS WITH MAJOR SHAREHOLDER AND RESPECTIVE RELATED PARTIES

During the three months ended 31 March 2017 respectively 2016 the Group had transactions with major shareholder and respective related parties as follows:

EURk	2017	2016
<b>Etihad Airways PJSC</b>		
Long-term loans including accrued interest	238,631	273,728
Interest expense	4,783	5,125
Guarantee fee	4,229	0
Commission expense from code-share-agreement	674	1,000
Commission income from code-share-agreement	592	521
Commission expense from other services	3,161	392
Commission income from other services	2,707	2,932
Other income	70	0
Trade and other accounts receivable	3,682	3,320
Trade and other accounts payable	65,250	47,712
Advances received	310,176	20,000
Guarantees	260,189	0
<b>Etihad Airways Engineering LLC</b>		
Repairs and maintenance of technical equipment	6,527	1,654
Trade and other accounts payable	2,961	0
<b>Etihad Airport Services - Catering LLC</b>		
Catering	1,511	1,035
Trade and other accounts payable	372	437
<b>Etihad Airport Services - Ground LLC</b>		
Handling expense	1,023	1,051
Trade and other accounts receivable	290	372
Trade and other accounts payable	0	6
<b>Etihad Airport Services - Cargo LLC</b>		
Revenue from other services	99	283
Other operating expense	6	3
Trade and other accounts receivable	3	60
Trade and other accounts payable	0	1
<b>EA Partners I B.V.</b>		
Long-term loans including accrued interest	118,510	114,792
Deposit	8,934	6,691
Interest expense	3,610	3,242
<b>EA Partners II B.V.</b>		
Long-term loans including accrued interest	92,214	0
Deposit	5,203	0
Interest expense	2,691	0
<b>Stichting EA Partners I</b>		
Long-term loans receivable including accrued interest	2,258	2,360
<b>Stichting EA Partners II</b>		
Long-term loans receivable including accrued interest	2,141	0
<b>Air Serbia A.D.</b>		
Commission income from code-share-agreement	45	15
Commission expense from code-share-agreement	26	15
<b>Air Seychelles Ltd.</b>		
Commission income from code-share-agreement	5	9
Commission expense from code-share-agreement	8	3

EURk	2017	2016
<b>Alitalia</b>		
Commission income from code-share-agreement	159	218
Commission expense from code-share-agreement	297	331
<b>Darwin Airline SA</b>		
Commission income from code-share-agreement	1	0
Commission expense from code-share-agreement	2	0
Operating leasing for aircraft	0	2,541
<b>Jet Airways Ltd</b>		
Commission income from code-share-agreement	1	22
Commission expense from code-share-agreement	23	19
<b>Virgin Australia</b>		
Commission income from code-share-agreement	11	10
Commission expense from code-share-agreement	11	13

## TRANSACTIONS WITH AT EQUITY INVESTMENTS

During the three months ended 31 March 2017 respectively 2016 the Group had transactions with at equity investments as follows:

EURk	2017	2016
<b>THBG BBI GmbH</b>		
Loans receivable from related parties	3,258	3,108
Interest Income	37	35
<b>airberlin holidays GmbH</b>		
Receivables from related parties	80	0
Payables to related parties	0	79
Revenues from ticket sales	1,992	3,055
Other operating expenses	0	10
Dividends	564	0
<b>Topbonus Ltd</b>		
Receivables from related parties	1,912	2,428
Payables to related parties	796	5,527
Revenues from ticket sales	1,190	776
Expenses for miles	1,566	5,692

Transactions with all related parties are priced on an arm's length basis.

## 21. Subsequent Events

11 April 2017: Holders of the 1.5% convertible bond DE000A0NQ9H6 exercised their bondholder put option with effect on 11 April 2017 with respect to EUR 4,600 of principal, resulting in an outstanding principal amount of EUR 200 as of 12 April 2017.

28 April 2017: Etihad Airways PJSC granted a loan facility to the Company in the amount of EUR 350,000 with a term until 31 December 2021.

28 April 2017: Etihad Airways PJSC issued a letter to the Company undertaking that it will not directly or indirectly exercise the put option on 29 December 2017 under the New Convertible Bonds with respect to the amount it holds (total of EUR 93,700).

28 April 2017: Etihad Airways PJSC confirmed via a letter of support its intention to provide the necessary support to the Company to enable it to meet its financial obligations as they fall due for payment for the foreseeable future and in any event for 18 months from 28 April 2017.

30 April 2017: Abu Dhabi Commercial Bank PJSC – extension of the AED 726,425 loan to 30 April 2019.

30 April 2017: National Bank of Abu Dhabi PJSC – extension of the EUR 75,000 loan to 24 April 2019.

18 May 2017: The Air Berlin PLC Board of Directors has appointed Messrs Henning zur Hausen, Kevin Knight, Dr Matthias Kloepper and Thilo Schmidt as new members. Messrs Dr Hans-Joachim Körber (Chairman), James Hogan (Vice Chairman), James Rigney and Johannes Zurnieden have left the Board of their own accord. Until a new Chairman is appointed, Mr Achim Hunold will act as Interim Chairman of the Board.

## 22. Executive Director

Thomas Winkelmann	Chief Executive Officer (since 1 February 2017)
Stefan Pichler	Chief Executive Officer (until 1 February 2017)

## 23. Management Board

Thomas Winkelmann	Chief Executive Officer (since 1 February 2017)
Stefan Pichler	Chief Executive Officer (until 1 February 2017)
Dimitri Courtelis	Chief Financial Officer
Götz Ahmelmann	Chief Commercial Officer (since 1 March 2017)
Julio Rodriguez	Chief Commercial Officer (until 1 March 2017)
Oliver Iffert	Chief Operations Officer
Neil Mills	Chief Strategy & Planning Officer (since 1 March 2016 until 2 April 2017) Chief Transformation Officer (since 3 April 2017)
Dr Martina Niemann	Chief Human Resources Officer (since 15 February 2012 until 2 April 2017) Chief People Officer (since 3 April 2017)

# COMPANY CALENDAR

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# 2017

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## REPORTING DATES

14 June 2017	Annual General Meeting (AGM) Air Berlin PLC, London Heathrow
August 2017	Publication of Interim Report as of 30 June 2017 (Q2)
November 2017	Publication of the Quarterly Statement as of 30 September 2017 (Q3)

## DATES TRAFFIC FIGURES

7 June 2017	Traffic figures May 2017
6 July 2017	Traffic figures June 2017
10 August 2017	Traffic figures July 2017
7 September 2017	Traffic figures August 2017
5 October 2017	Traffic figures September 2017
9 November 2017	Traffic figures October 2017
7 December 2017	Traffic figures November 2017

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