

EANS-Adhoc: Austrian Airlines AG / Third-Quarter 2009 Business Results of the Austrian Airlines Group: Economic Crisis Negatively Impacts Earnings

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- Net result for the period amounts to EUR - 242.3m

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- Earnings burdened by impairment losses on aircraft and restructuring provisions totaling EUR 191.6m
- Adjusted EBIT of EUR 24m generated in the third quarter, outperforming previous year for the first time
- Restructuring measures begin to take hold, but much work remains to be done

The crisis of the international aviation industry has left its imprint on the

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earnings figures of the Austrian Airlines Group in 2009. In the first three quarters of the year, Austrian Airlines posted a net result for the period of EUR - 242.3m, compared to EUR -42 m in the first nine months of 2008. The business results contain extraordinary items with a major impact on earnings, i.e. impairment losses on aircraft totaling EUR -76.1m, and restructuring provisions of EUR -115.5m. The adjusted result from operating activities (EBIT) during the period January-September 2009 amounted to EUR -64.4m, down from EUR -22.5m in the comparable period of the previous year. However, Austrian Airlines posted an improvement in the third quarter, generating an adjusted EBIT of EUR 24m, outperforming Q3 2008 (EBIT of EUR -0.3m) and achieving the first positive operating results in the current financial year.

"The measures being implemented are beginning to take hold. Our performance figures for the third quarter improved when adjusted for the extraordinary items," according to the Austrian Airlines Management Board members Peter Malanik and Andreas Bierwirth: "However, we should not fool ourselves. The crisis is brutally manifesting itself. The earnings figures relentlessly show

our weaknesses. They demonstrate that we still have a lot of work ahead of us in order to be able to successfully restructure the company and make it profitable."

Austrian Airlines is implementing a comprehensive restructuring concept entitled "Austrian Next Generation." The concept has three cornerstones:

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1. New market and fleet strategy: Austrian Airlines will remain a network carrier and maintain its strong position in Eastern Europe. We will continue to serve our niche markets in Eastern Europe, but will concentrate more on expanding service to volume markets with high passenger traffic. We want to gain additional market share in these volume markets in Western and Eastern Europe by offering high quality service at attractive prices. In order to achieve this, it will be essential to significantly reduce our unit costs. This will be achieved by deploying larger aircraft, making adjustments to our route network and increasing the number of seats in our aircraft.
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 from 7,500 full-time employees down to a level approaching 6,000 people by the end of 2010. We will also reduce prices charged by our suppliers. We are implementing the EUR 150m package of measures as the basis for pruning personnel expenses. Moreover, we will negotiate with the Works Council to reform collective wage agreements in order to raise productivity.
3. Synergies with Lufthansa: We will work with affiliated companies of the Lufthansa Group to exploit synergies. For example, we will merge our sales offices abroad with those of Lufthansa. We are also developing a similar concept for our ground operations. We will take advantage of Lufthansa's sales tool and work closely with its procurement teams to increase our purchasing power.

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Austrian Airlines aims to achieve a positive cash flow in 2010. In the upcoming years we also want to generate a positive EBIT and thus be in a position to earn the funds required to finance our capital expenditures.

"Developments over the past few months demonstrate that we are on the right path, but we must continue to work determinedly. We have a good chance to achieve our goals if we consistently implement our concept," say Management Board members Bierwirth and Malanik.

Earnings figures at a glance:

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EURm	1-9/2009	1-9/2008	+/- %	7-9/2009	7-9/2008	+/- %
Revenue	1,492.30	1,891.90	-21.1	557.7	697.2	-20
Operating revenue	1,573.40	1,941.00	-18.9	604.1	714.8	-15.5
Operating expenses	1,798.80	1,983.00	-9.3	667.9	726.9	-8.1
EBITDAR ^{1 2}	56.4	204.8	-72.5	6.5	71.2	-
EBITDAR ^{1 2} adjusted ³	141.3	224.3	-37	92.5	83	11.4
Result from operating activities (EBIT) ²	-225.4	-42	-	-63.8	-12.1	-
Result from operating activities (EBIT) ² adjusted ³	-64.4	-22.5	-	24	-0.3	-
Financial result	-30	-24.9	-20.5	-15.4	-6.1	-
Result before tax	-254.6	-56.7	-	-77.4	-16.4	-
Net result for the period	-242.3	-65.1	-	-75.7	-16.4	-

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1 Results from operating activities (EBIT) before associates, depreciation and rentals.

2 The expected income from plan assets was reclassified from personnel expenses to financial expenses.

3 Adjusted by the result from the disposal of assets, other costs related to the transfer of aircraft, foreign currency valuations at the reporting date as well as impairment losses on the value of aircraft.

The detailed Austrian Airlines Group quarterly report (January-September 2009) is available on our Website at:

<http://www.austrianairlines.co.at/eng/Investor/reports/default.htm>

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