

# Aegean Airlines First Half 2008 Results

Analysts Conference Call  
August 27, 2008

## Key Highlights

- Turnover increased 26% to €262.7m from €209m
- Total passengers served reached 2.6m, +13% above 2007 (+24% international, +8% domestic y-o-y growth).
- Scheduled services load factor at 67%, 0.5 percentage point higher vs prior year with 7% larger average capacity per aircraft flown
- RASK increased 6%, despite 7% increase in average stage length, reflecting efficient revenue management, gradual maturity of routes opened in previous years and fuel surcharges
- CASK (excluding fuel) down by 1%, including fuel 7% above prior year
- Fuel costs rose 64%, burdening profits by extra €26m
- EBITDAR at €29.6m from €29.1m, reflecting fuel, maintenance cost and USD hedge impact largely offsetting achieved revenue improvements.
- Pre-tax earnings 3% lower at €7.7m - Net earnings for the period at €5.5m from €6.4m (-13% y-o-y)
- USD and fuel hedges net negative impact of €9m versus negative €1.7m in 2007.
- Sale and lease back of 2 Aircraft net negative impact of €1.9m (reported in Q1:08)
- Cash and cash equivalents at €159.8m

## Traffic development

- Passengers 13% higher, driven by international network
- Domestic passengers 8% higher on 1% less flights – new fleet opportunity to add seats and rationalize frequencies
- Load factor higher on route maturity and easier comps (1H 2007 impact from new route openings- London and Tirana impact not yet evident in 1H 2008)
- Outperforming market growth at our main base: AIA total traffic +2% in 1H08, international traffic +3% - AEGEAN's market share in AIA rises to 28% from 25%

(,000)	1H 2007	1H 2008	08 vs 07
Domestic passengers	1,557	1,680	8%
International passengers	781	967	24%
<b>Total passengers</b>	<b>2,339</b>	<b>2,647</b>	<b>13%</b>
Total available seats	3,477	3,896	12%
Total flights	25,628	26,743	4%
<b>Pax / Flight</b>	<b>91</b>	<b>99</b>	<b>8%</b>
Load factor (RPK/ASK)	66.5%	67.0%	
Load factor (Pax/Avs)	67.1%	68.0%	

## Network Development

- ✈ 34 year-round scheduled routes and 6 seasonal operated as of end June 2008
- ✈ Athens-London and Athens-Tirana opened in May 2008
- ✈ Athens-Limnos opened in March 2008, Athens-Kefalonia in May 2008
- ✈ Capacity increases in Sofia and Bucharest relative to last year

### 2008 Summer Schedule      Routes      Destinations

<b>International Network</b>	17	12	<b>New W. European route: Athens-London</b>
			<b>New regional route: Athens-Tirana</b>
<b>Domestic Network</b>	23	17	<b>2 new destinations: Limnos, Kefalonia, now covering 98% of potential demand</b>
<b>Total</b>	<b>40</b>	<b>29</b>	

## Competitive Update (January - June 2008)

➤ Improving market position in the majority of international routes

Route		AEGEAN Start	y-t-d AEGEAN market rank	# Operators	Market share Trend
ATH	FRANKFURT	2007	2	3	↑
	MUNICH	2007	2	4	↑
	ROME	2001	2	4	—
	MILANO	2003	1	5	↑
	LARNACA	2004	2	3	↑
	CAIRO	2006	3	3	↑
	BUCHAREST	2006	1	3	↑
	SOFIA	2006	1	3	↑
SKG	FRANKFURT	2001	1	4	↑
	MUNICH	2001	1	3	—
	DUSSELDORF/ COLOGNE/DORTMUND	2001	1	6	↑
	STUTTGART	2001	1	4	↑
	LARNACA	2004	2	2	—

Excludes seasonal routes and Athens-London, Athens-Tirana opened in May 2008

## P&L highlights

<b>Euro (million)</b>	<b>1H 2007</b>	<b>1H 2008</b>	<b>08 vs 07</b>
Revenue	209.0	262.7	26%
EBITDAR	29.1	29.6	2%
EBITDAR margin	13.9%	11.3%	-2.6pp
EBT	8.0	7.7	-3%
Net income	6.4	5.5	-13%

<b>Euro (million)</b>	<b>2Q 2007</b>	<b>2Q 2008</b>	<b>08 vs 07</b>
Revenue	128.7	163.9	27%
EBITDAR	23.3	25.4	9%
EBITDAR margin	18.1%	15.5%	-2.6pp
EBT	11.7	13.5	15%
Net income	8.9	10.0	12%

## Hedging impact and one-offs in H1 2008

- ➔ USD hedging burdens result by €11m against €2.4m in 2007, allocated in fuel, maintenance, distribution, leases and financials
- ➔ Fuel hedging improves result by €2m against €0.7m in 2007
- ➔ One offs: Sale and lease back negative impact of €1.9m in 2008

In € millions (Cons)	1H 2007	Comments	1H 2008	Comments
<b>Sales</b>	<b>209.0</b>		<b>262.7</b>	
Other operating income	1.8		4.2	€3.8m BFEs*
Employee benefits	(31.0)		(35.6)	
Aircraft fuel	(40.7)	€2.6m USD hedge loss, €0.7m fuel hedge gain	(66.8)	€8.1m USD hedge loss, €2.0m fuel hedge gain
Aircraft maintenance	(26.0)		(30.9)	€0.8m USD hedge loss
Overflight expenses	(8.8)		(9.8)	
Ground handling expenses	(6.4)		(7.2)	
Airport charges	(29.8)		(36.2)	
Catering expenses	(6.2)		(6.5)	
Distribution expenses	(17.6)		(20.5)	€0.1m USD hedge loss
Marketing and advertising	(1.7)		(3.5)	
Inventories consumption	(0.4)		(0.3)	
Other operating expenses	(13.2)		(19.9)	€3.8m BFEs*
<b>EBITDAR</b>	<b>29.1</b>		<b>29.6</b>	
Aircraft leases	(16.7)		(20.9)	€0.9m USD hedge loss
<b>EBITDA</b>	<b>12.4</b>		<b>8.7</b>	
Depreciation	(2.0)		(2.7)	
<b>EBIT</b>	<b>10.4</b>		<b>6.0</b>	
Interest and other financial income	1.7	€0.1m USD forward gain	11.4	
Interest and other financial expense	(4.2)		(11.0)	€1m USD forwards loss, €3.2m FX loss from sale and lease back
Other extraordinary	-		1.4	€1.4m capital gain from sale and lease back
<b>EBT</b>	<b>8.0</b>		<b>7.7</b>	

\* Buyer Furnished Equipment

## Key Performance Indicators

	H1:2007	H1:2008	08 vs 07
Load Factor (RPK/ASK) – Scheduled	66.5%	67.0%	+0.5pp
Load Factor (Pax/AVS) – Scheduled	67.1%	68.0%	+1pp
Avg Pax/flight	91	99	+8 pax
Yield (€ cents)	13.6	14.4	6%
RASK (€ cents)	9.1	9.7	6%
CASK - EBITDAR level (€ cents)	7.9	8.6	9%
CASK - EBITDAR level (excl fuel € cents)	6.1	6.1	1%
CASK - EBT level (€ cents)	8.8	9.4	7%
CASK - EBT level (excl. fuel € cents)	7.0	6.9	-1%
Average segment length (km)	616	658	7%

## CASK breakdown

€ cents	1H 2007	1H 2008	Y-o-y %
<b>CASK -reported</b>	8.78	9.38	7%
Hedges	0.08	0.33	
Sale and lease back of 2 A/C	0.00	0.07	-
<b>CASK before hedges and one-offs</b>	8.70	8.98	3%
Aircraft fuel	1.69	2.23	32%
<b>CASK before hedges, fuel and one-offs, of which:</b>	7.01	6.75	-4%
Airport charges	1.30	1.33	3%
Employee benefits	1.35	1.31	-3%
Aircraft maintenance	1.13	1.10	-3%
Distribution expenses	0.77	0.75	-2%
Aircraft leases	0.73	0.74	1%
Other (incl marketing)	0.59	0.72	21%
Overflight expenses	0.38	0.36	-6%
Ground handling expenses	0.28	0.26	-5%
Catering expenses	0.27	0.24	-12%
Depreciation	0.09	0.10	15%
Financials	0.11	-0.17	-

## Closing remarks

### Our Challenges

- Fuel the biggest challenge
  - Revenue and cost initiatives, fuel surcharges, increased fleet dedicated to charter activity, accelerate fleet renewal, take advantage of recent weakness to increase hedging levels
- European economic slowdown
- 2008 impact on profitability from fleet transition
- New international routes execution risk

### Our strengths / Opportunities

- Strengthening of AEGEAN's competitive positioning y-t-d – Capacity 'discipline' in most routes flown
- Maturing revenue management efforts
- Fleet investment benefits in full by end Q2 2009
- Positive profitability trends on international routes opened in the past 2 years

# Appendix

## Profit & Loss – First Half / Second Quarter 2008

amounts in m euros, % y-o-y change	2007 Q2	2008 Q2	%	2007 1H	2008 1H	%
Scheduled Services	96.1	123.7	29%	163.2	205.5	26%
Charter	15.7	20.2	29%	17.9	23.6	32%
Other (cargo, service ch., ex.aviation)	5.1	5.8	13%	9.5	10.2	8%
Airport charges	11.8	14.3	21%	18.5	23.4	26%
<b>Sales</b>	<b>128.7</b>	<b>163.9</b>	<b>27%</b>	<b>209.0</b>	<b>262.7</b>	<b>26%</b>
Other operating income	1.6	0.8	-48%	1.8	4.2	137%
Employee benefits	(16.4)	(18.4)	13%	(31.0)	(35.6)	15%
Aircraft fuel	(25.1)	(42.4)	69%	(40.7)	(66.8)	64%
Aircraft maintenance	(15.5)	(17.4)	12%	(26.0)	(30.9)	19%
Overflight expenses	(5.6)	(6.0)	6%	(8.8)	(9.8)	12%
Ground handling expenses	(4.1)	(4.2)	2%	(6.4)	(7.2)	13%
Airport charges	(18.5)	(22.8)	23%	(29.8)	(36.2)	22%
Catering expenses	(3.7)	(3.9)	5%	(6.2)	(6.5)	4%
Distribution expenses	(9.6)	(11.3)	18%	(17.6)	(20.5)	16%
Marketing and advertising expenses	(0.7)	(2.1)	184%	(1.7)	(3.5)	103%
Inventories consumption	(0.2)	(0.2)	-27%	(0.4)	(0.3)	-14%
Other operating expenses	(7.4)	(10.5)	43%	(13.2)	(19.9)	51%
<b>EBITDAR</b>	<b>23.3</b>	<b>25.4</b>	<b>9%</b>	<b>29.1</b>	<b>29.6</b>	<b>2%</b>
<b>EBITDAR margin</b>	18.1%	15.5%		13.9%	11.3%	
Aircraft leases	(9.3)	(11.8)	26%	(16.7)	(20.9)	25%
<b>EBITDA</b>	<b>14.0</b>	<b>13.6</b>	<b>-3%</b>	<b>12.4</b>	<b>8.7</b>	<b>-30%</b>
Depreciation	(1.0)	(1.6)	53%	(2.0)	(2.7)	36%
<b>EBIT</b>	<b>13.0</b>	<b>12.0</b>	<b>-7%</b>	<b>10.4</b>	<b>6.0</b>	<b>-42%</b>
EBIT margin	10.1%	7.3%		5.0%	2.3%	
Interest and other financial income	0.7	6.5		1.7	11.4	
Interest and other financial expense	(2.0)	(5.1)		(4.2)	(11.0)	
Other extraordinary	-	-	-	-	1.4	-
<b>EBT</b>	<b>11.7</b>	<b>13.5</b>	<b>15%</b>	<b>8.0</b>	<b>7.7</b>	<b>-3%</b>
EBT margin	9.1%	8.2%		3.8%	2.9%	
Income Tax	(2.8)	(3.5)		(1.6)	(2.2)	
<b>Net earnings after tax and minority</b>	<b>8.9</b>	<b>10.0</b>	<b>12%</b>	<b>6.4</b>	<b>5.5</b>	<b>-13%</b>

## Balance Sheet

amounts in thousand euros	31/06/2008	31/12/07
<b>ASSETS</b>		
<b>Fixed assets</b>		
Intangible assets	515.6	301.3
Tangible assets	78,410.0	27,413.8
Down payments for tangible assets acquisition	72,344.4	77,820.9
Deferred tax assets	18,206.7	12,885.5
Other long term assets	8,200.7	5,922.3
<b>Total fixed assets</b>	<b>177,677.3</b>	<b>124,343.8</b>
<b>Current assets</b>		
Inventories	8,023.2	7,468.9
Customers and other trade receivables	77,966.6	60,113.5
Down payments	5,625.8	2,945.3
Cash and cash equivalents	159,830.1	158,309.6
<b>Total current assets</b>	<b>251,445.7</b>	<b>228,837.3</b>
<b>TOTAL ASSETS</b>	<b>429,123.0</b>	<b>353,181.1</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Parent company shareholders equity</b>		
Share capital	46,421.1	107,125.7
Share premium account	144,774.4	144,774.4
Other reserves	(33,430.4)	(22,856.7)
Retained earnings	4,682.7	(61,551.7)
<b>Parent company shareholders equity</b>	<b>162,447.9</b>	<b>167,491.7</b>
Minority interest		
<b>Total equity</b>	<b>162,447.9</b>	<b>167,491.7</b>
<b>Liabilities</b>		
<b>Long term liabilities</b>		
Long term loan liabilities	20,000.0	30,814.9
Finance lease contracts liabilities	39,220.7	
Long term derivative instruments liabilities	24,465.7	13,592.4
Provisions for retirement benefits obligations	4,425.2	4,054.5
<b>Total long term liabilities</b>	<b>88,111.6</b>	<b>48,461.9</b>
<b>Short term liabilities</b>		
Suppliers and other liabilities	50,578.5	45,800.9
Long term loan liabilities payable next year	22,176.1	26,727.3
Short term loan liabilities	6.6	
Long term finance lease contracts liabilities payable next year	3,221.3	
Other short term liabilities	7,211.7	5,307.0
Liabilities from tickets sold but not flown	41,396.4	19,640.6
Accrued expenses	13,861.2	11,716.3
Derivative instruments liabilities	20,886.7	17,661.8
Current tax liabilities	18,924.9	10,373.8
Provisions	300.0	
Short term loan liabilities payable next year		
<b>Total short term liabilities</b>	<b>178,563.4</b>	<b>137,227.5</b>
<b>Total liabilities</b>	<b>266,675.0</b>	<b>185,689.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>429,123.0</b>	<b>353,181.1</b>

## Cashflow Statements

amounts in thousand euros	30/06/08	30/06/07
<b>Cash flows from operating activities</b>		
<b>Profit of the period</b>	<b>7,727.7</b>	<b>7,968.55</b>
<b>Adjustments for:</b>		
Depreciation of fixed assets	2,727.9	2,002.0
Results from sale of fixed assets	0.3	200.1
Profits from sale of subsidiaries	-	(5.0)
Interest and other financial income	(3,612.3)	(181.8)
Interest and other financial expenses	1,600.9	831.7
Loss /(profit) from financial derivatives	-	(113.5)
Provisions for retirement benefits obligations	548.2	421.2
<b>Cash flows from operating activities before changes in working capital</b>	<b>8,992.8</b>	<b>11,123.3</b>
<b>Changes in working capital</b>		
(Increase) / decrease in inventories	(554.3)	(531.9)
(Increase) / decrease in trade & other receivable	(22,802.4)	(28,074.7)
Increase / (decrease) in payables	37,056.4	33,942.3
Increase /(Decrease) in financial derivatives liabilities	3,524.5	(338.8)
Other changes in working capital	(1,044.7)	(2,821.9)
<b>Total changes in working capital</b>	<b>16,179.5</b>	<b>2,175.1</b>
Interest expenses paid	(1,709.5)	(831.7)
Income taxes paid	(1,794.2)	
<b>Net cash flows from operating activities</b>	<b>21,668.6</b>	<b>12,466.7</b>
<b>Cash flows from investment activities</b>		
Purchases of fixed assets	(2,178.8)	(3,529.9)
Purchases of intangible assets	(296.9)	(161.2)
Sales of fixed assets	-	25,813.3
Advances for acquisition of fixed assets	5,476.5	(23,095.7)
Sale of affiliates/subsidiaries	-	2,694.6
Interest and other financial income received	2,356.6	181.8
<b>Net cash flows from investment activities</b>	<b>5,357.4</b>	<b>1,902.9</b>
<b>Cash flows from financing activities</b>		
Loans drawn / (repaid)	(15,250.9)	8,819.1
Share capital increase expenses	-	(1,058.3)
Changes in financial lease capital	(10,254.6)	(16,361.1)
<b>Net cash flows from financing activities</b>	<b>(25,505.5)</b>	<b>(8,600.3)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>1,520.5</b>	<b>5,769.3</b>
Cash and cash equivalents at the beginning of the period	158,309.6	24,355.1
<b>Cash and cash equivalents at the end of the period</b>	<b>159,830.1</b>	<b>30,124.4</b>

## Forward Looking Statements

*Except for historical information, the statements made or information contained in this presentation are forward-looking in nature and, as such, are subject to certain risks and uncertainties, many of which are beyond the Company's control, which could cause the actual results to differ materially from those referenced, projected or contemplated herein by any forward-looking statement, including but not limited to the following: overall passenger traffic; the airline ticket pricing environment; the international expansion of our route network; seasonal fluctuations in passenger travel; aviation fuel prices; landing and navigation fee changes; changes in aircraft acquisition, leasing and other operating expenses; developments in government regulations and labour relations; the cost of our ground handling operations; the future development of AIA; foreign currency fluctuations, in particular between the euro and the U.S. dollar; the progress of our code-shared and interline arrangements; our ability to finance our planned acquisition of aircraft and to discharge any resulting debt service obligations; the availability of additional slots or landing rights at existing airports and the availability of new airports for expansion; interest rate fluctuations; extraordinary events, such as accidents, terrorist attacks or threats of terrorist attacks, natural disasters and outbreaks of contagious diseases; the rates of taxes payable; and general economic conditions in Greece and the European Union. Additional risks are discussed in the Offering Memorandum and the Company's filings with the Capital Markets Commission and the Athens Exchange.*

*Although the Company believes the expectations reflected in such forward-looking statements are based on reasonable assumptions, it can give no assurance that its expectations will be attained. The forward-looking statements are made as of the date of this presentation, and we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.*