



2009 First Half Results

27 August 2009

2009 H1 | Performance overview

- ✈ **Operating loss of €93m**
- ✈ **Total revenue down 12% to €555m**
- ✈ **Total passengers numbers increased 2%**
- ✈ **Average fare for the period declined by 17%**
- ✈ **Establishment of new international base at London Gatwick in April 2009**
- ✈ **Gross cash of €1,052m; net cash of €440m**

2009 H1 | Summary performance

€m	2009	2008 ¹	Change
Total revenue	555.0	631.8	(12.2%)
Operating costs (ex-fuel)	(458.4)	(482.8)	(5.1%)
Fuel costs	(189.6)	(172.4)	+10.0%
EBITDAR	(25.7)	34.9	NM
Operating loss (before exceptionals)	(93.0)	(23.4)	NM

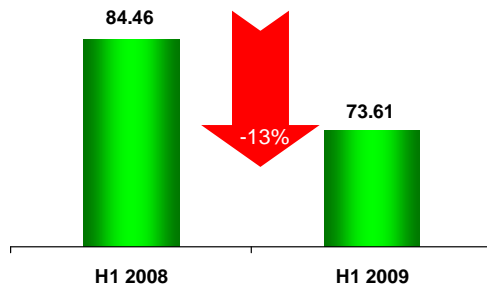
¹ Restated following the adoption of IFRIC 13

2009 H1 | Revenue

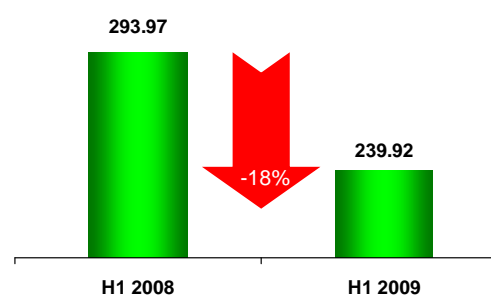
€m	2009	2008 ¹	Change
Passenger fare revenue	451.6	535.4	(15.7%)
Short haul	325.0	359.9	(9.7%)
Long haul	126.6	175.5	(27.9%)
Ancillary revenue	84.0	69.7	+20.5%
Cargo revenue	16.9	24.1	(29.9%)
Other revenue	2.5	2.6	(3.8%)
Total revenue	555.0	631.8	(12.2%)

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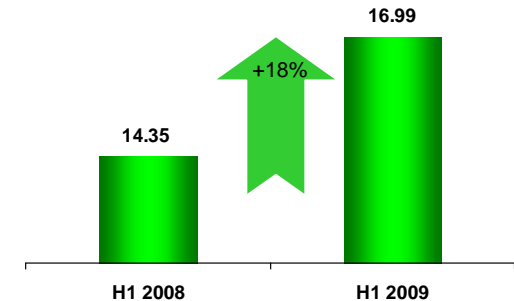
Short haul fare per passenger (€)



Long haul fare per passenger (€)



Ancillary revenue per passenger (€)



2009 H1 | Short haul performance

	2009	2008 ¹	Change
Passengers (000)	4,415	4,261	+3.6%
Revenue (€m)	325.0	359.9	(9.7%)
ASKs (m)	6,321	6,061	+4.3%
RPKs (m)	4,686	4,377	+7.1%
Load factor (%)	74.1	72.2	+1.9pts
Average fare (€)	73.61	84.46	(13.1%)
Revenue per RPK	6.94	8.22	(15.6%)
Utilisation (hrs)	10.2	10.6	(3.8%)

¹ Restated following the adoption of IFRIC 13

2009 H1 | Long haul performance

	2009	2008 ¹	Change
Passengers (000)	528	597	(11.6%)
Revenue (€m)	126.6	175.5	(27.8%)
ASKs (m)	4,120	5,031	(18.1%)
RPKs (m)	2,893	3,405	(15.0%)
Load Factor (%)	70.2	67.7	+2.5pts
Average Fare (€)	239.92	293.97	(18.4%)
Revenue per RPK	4.37	5.15	(15.1%)
Utilisation (hrs)	11.6	14.0	(17.1%)

¹ Restated following the adoption of IFRIC 13

2009 H1 | EBITDAR costs

€m	2009	2008	Change
Staff	152.1	167.3	(9.1%)
Airport charges	121.4	113.5	+7.0%
Other operating costs	46.9	50.0	(6.2%)
Maintenance expenses	37.2	32.4	+14.8%
En-route charges	28.1	28.9	(2.4%)
Distribution costs	26.1	27.6	(5.4%)
Other (gains)/losses	(20.7)	4.8	NM
Total EBITDAR costs (ex-fuel)	391.1	424.5	(7.8%)
Fuel	189.6	172.4	+10.0%
Total EBITDAR costs	580.7	596.9	(2.7%)

2009 H1 | Unit costs (per ASK)

EBITDAR CASK (€cents)	2009	2008	Change
Staff	1.46	1.51	(3.3%)
Airport charges	1.16	1.02	+13.7%
Other operating costs	0.45	0.45	Unch.
Maintenance expenses	0.36	0.29	+24.1%
En-route charges	0.27	0.26	+3.8%
Distribution costs	0.25	0.25	Unch.
Other (gains)/losses	(0.20)	0.04	NM
Total unit cost (ex-fuel)	3.75	3.82	(1.8%)
Fuel	1.82	1.55	+17.4%
Total unit cost	5.57	5.37	+3.7%

2009 H1 | Unit costs (per passenger)

Cost per passenger (€)	2009	2008	Change
Staff	30.77	34.44	(10.7%)
Airport charges	24.56	23.36	+5.1%
Other operating costs	9.48	10.29	(7.9%)
Maintenance expenses	7.53	6.66	+13.1%
En Route charges	5.70	5.95	(4.2%)
Distribution	5.27	5.68	(7.8%)
Other (gains)/losses	(4.19)	1.01	NM
Total cost per passenger (ex fuel)	79.12	87.39	(9.5%)
Fuel	38.35	35.49	8.1%
Total cost per passenger	117.48	122.88	(4.4%)

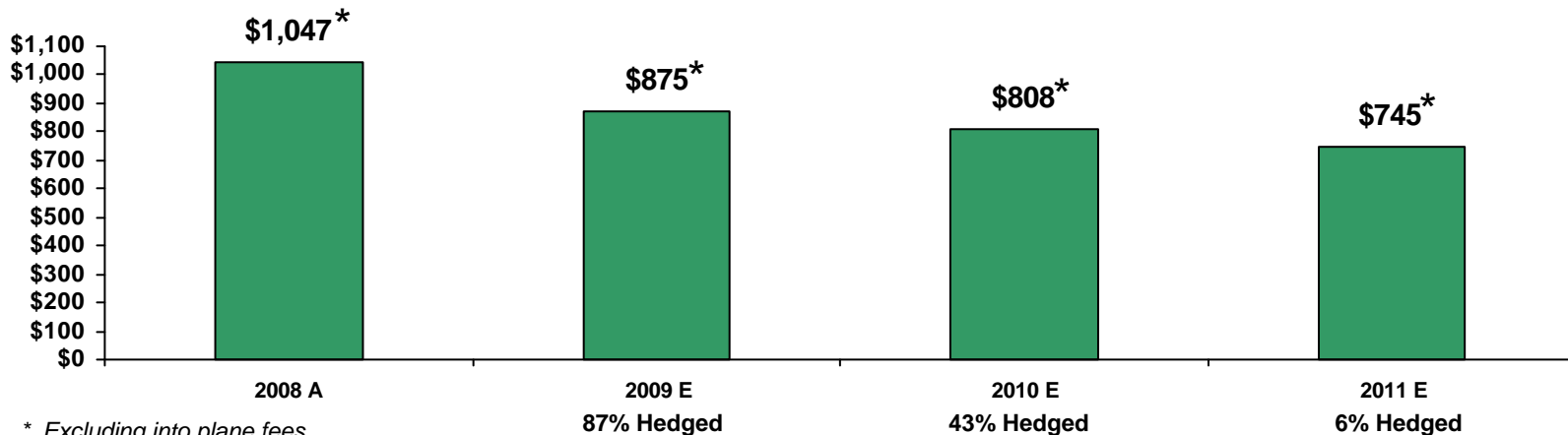
Uncompetitive operating cost base

- ✈ Aer Lingus cost base remains uncompetitive with its peers
- ✈ Limited control over largest cost (fuel)
- ✈ All costs, under the Group's control, have been reviewed in detail
- ✈ Programme to return the business to consistent profitability under development
- ✈ Long-term development plan will be announced in H2 under new CEO

Fuel and currency hedging

- ✈ Fuel costs increased 10% on H1 '08; partially offset by currency hedging
- ✈ 72% H2 '09 fuel hedged at US\$762 per tonne
- ✈ 2009 full year fuel bill of c. €338m, a 16% decline on €401m in 2008
- ✈ US\$ hedging: H2 '09 - 92% at €1=\$1.47
FY '10 - 72% at €1=\$1.48
FY '11 – 45% at €1=\$1.43
- ✈ Other gains/losses for 2009 FY to be net gain of c. €30.3m; up €21.5m on 2008

Average fuel costs per tonne



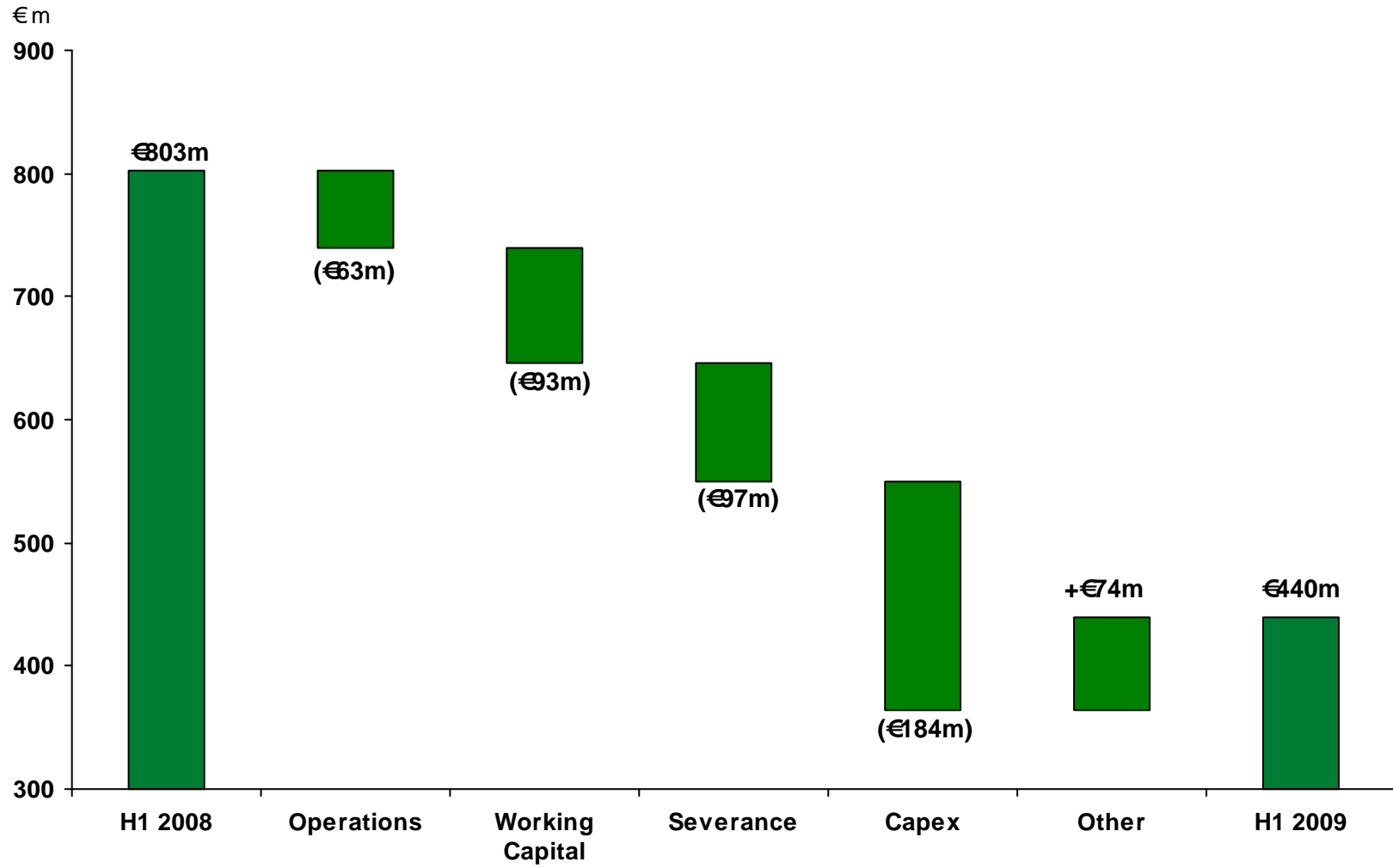
* Excluding into plane fees

2009 H1 | Balance sheet

€m	June 2009	June 2008 ¹
Aircraft and other equipment	820.4	710.7
Cash	1,051.7	1,328.4
Other assets	125.5	120.4
Total assets	1,997.6	2,159.5
Debt	612.1	525.8
Other liabilities	643.0	727.2
Equity	742.5	906.5
Total equity and liabilities	1,997.6	2,159.5
Net cash	439.6	802.6

¹ Restated following the adoption of IFRIC 13

Net cash movement June 08 – June 09



Revenue outlook challenging

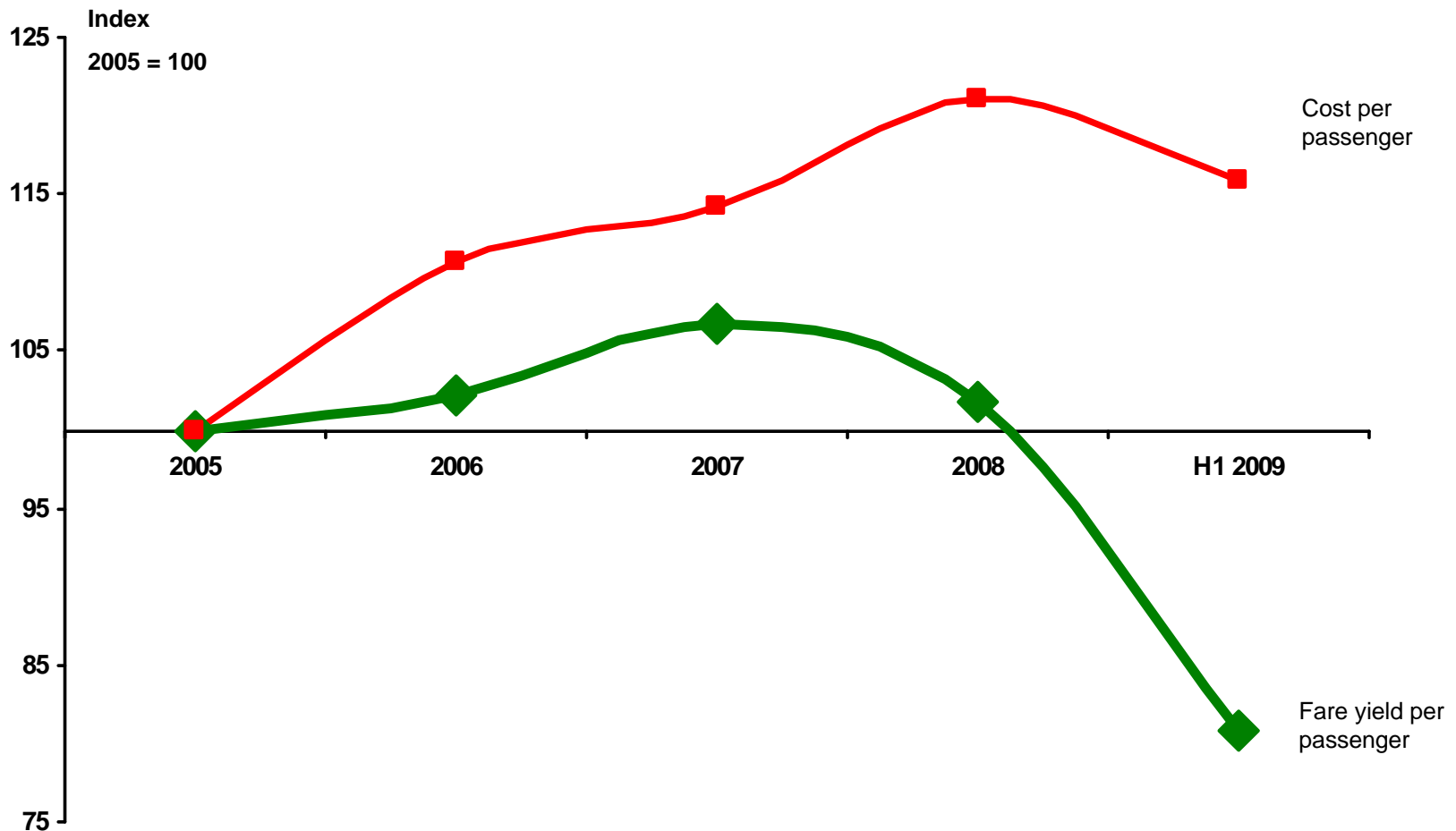
- ✈ Trading conditions continue to be very challenging across the industry**
- ✈ Continuation of the current market trends in Ireland and other key markets will lead to further sustained and significant fare pressure**
- ✈ While traffic volumes have stabilised, average fare yields continue to be significantly down year on year**
- ✈ Long haul premium traffic declined by over one third in first half; no visibility on recovering this traffic in medium-term**
- ✈ Forward visibility on revenue trends remains poor**



Business Update

Decline in yields not matched by costs

5 year yield and cost per passenger progression



Response to challenging market conditions

- ✈ **Active management of capacity deployed to meet changing environment**
 - Long haul ASKs reduced by 18.1%
 - Short haul ASKs increased by 4.3% (4.0% fall in Irish short haul ASKs)
 - Further reductions in capacity in Winter 09/10
 - Long haul seat capacity to fall by 24%
 - Irish short haul seat capacity to fall by 7% (fall of 14% on Dublin routes)

- ✈ **Management of route network to drive maximum returns**
 - seven routes cancelled in H1 '09 and capacity reduced on a further 24 routes

- ✈ **Cost reduction programme announced in December 2008 delivering saving of €65m for FY '09**

- ✈ **Agreement with Airbus on deferral of aircraft deliveries resulting in significant reduction in medium term capital commitments**

- ✈ **In-depth and comprehensive review of Aer Lingus' cost base and commercial strategy underway with a view to restoring profitability**

Fleet development & cash conservation

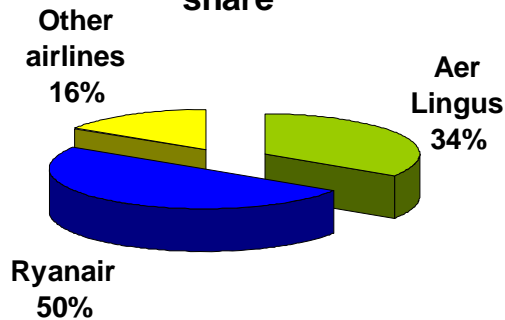
- ✈ Agreement with Airbus to defer delivery of long haul aircraft; stabilising fleet at eight aircraft until 2013
- ✈ Delivery of new A330 as planned, in April 2010. Deferral of delivery of following three A330s and two A350s (to 2013 to 2015 period)
- ✈ PDP schedule reflects revised delivery schedule - no additional costs incurred under agreement with Airbus
- ✈ Significantly reduces capital expenditure for the next three years and protects the Group's balance sheet
 - \$240m of capex deferred to 2013 and beyond
 - capex to 2015, under revised agreement, remains \$1bn
 - option to convert 3 A330s to A350s will significantly reduce pre-2015 capex
- ✈ Termination, ahead of schedule, of existing lease agreements on two A330s
- ✈ Maximum of seven aircraft are planned to operate AL long-haul services with one A330 available for JV with United Airlines operating between Washington & Madrid

Ireland performance on Aer Lingus cities

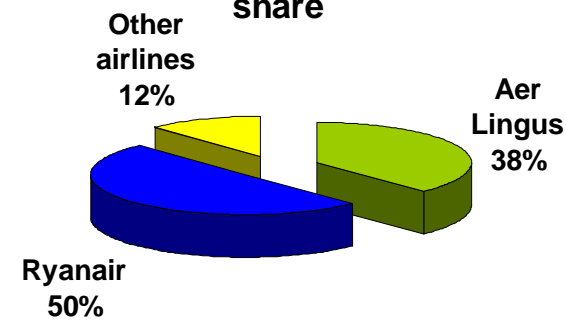
Load factor

	H1 08	H1 09
Ireland – London	71.4%	72.0%
Ireland – UK (excl. London)	62.6%	62.7%

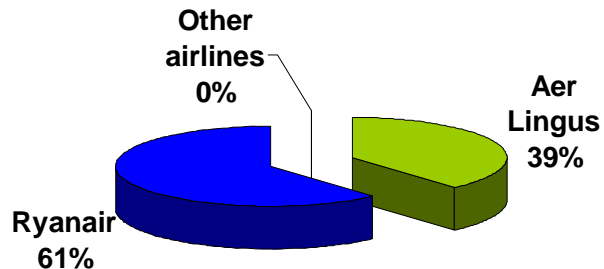
H1 08 Ireland - London market share



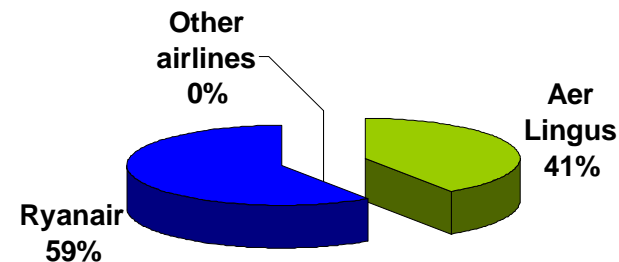
H1 09 Ireland - London market share



H1 08 Ireland - UK (excl. London) market share



H1 09 Ireland - UK (excl. London) market share

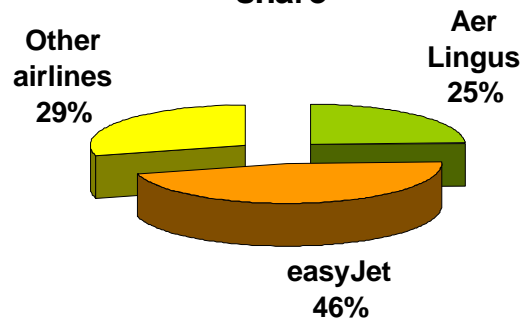


Source: UK Civil Aviation Authority

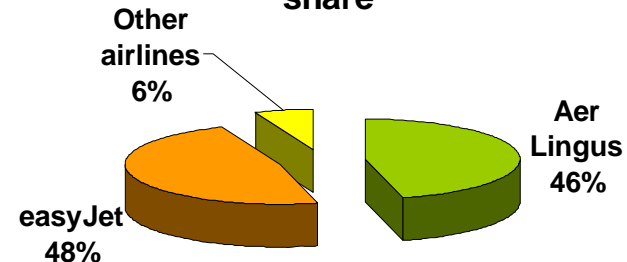
Belfast performance on Aer Lingus routes

	<u>Load factor</u>		<u>Market share</u>	
	<u>H1 08</u>	<u>H1 09</u>	<u>H1 08</u>	<u>H1 09</u>
Belfast – Heathrow	53.0%	66.5%	28.4%	32.6%
Belfast – Continent	44.0%	71.1%	32.3%	50.7%

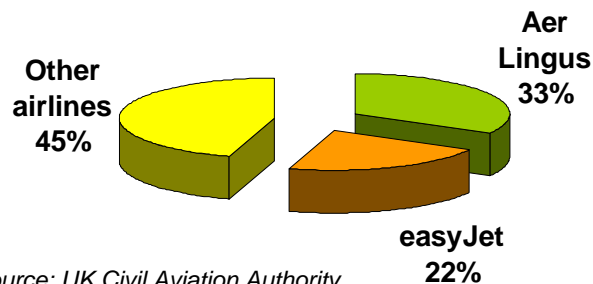
Jun 08 Belfast - Malaga market share



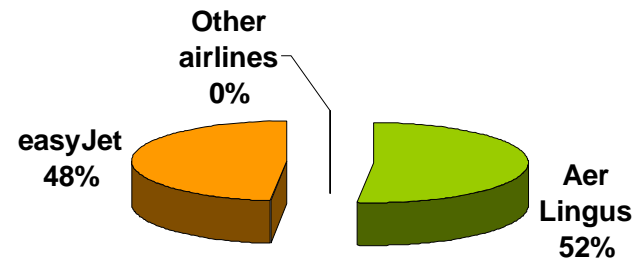
Jun 09 Belfast - Malaga market share



Jun 08 Belfast - Barcelona market share



Jun 09 Belfast - Barcelona market share

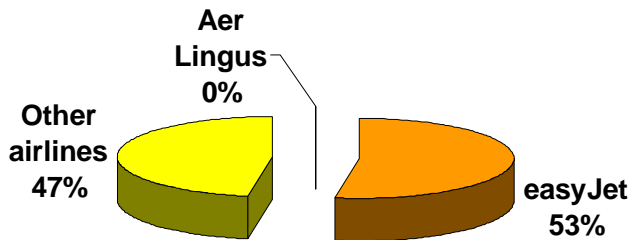


Source: UK Civil Aviation Authority

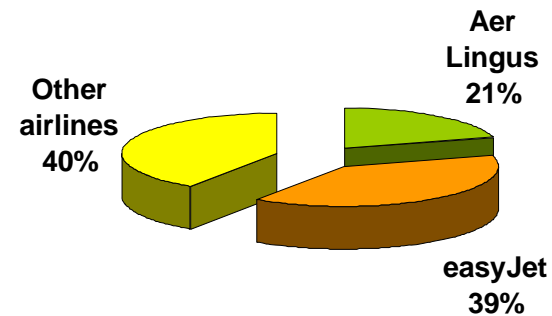
Gatwick performance on Aer Lingus routes

	<u>Traffic</u>	<u>Load factor</u>	<u>Market share</u>
Belfast (opened 12/07) – Jun 08	27,543	53%	33%
Gatwick (opened 04/09) – Jun 09	77,684	68%	24%

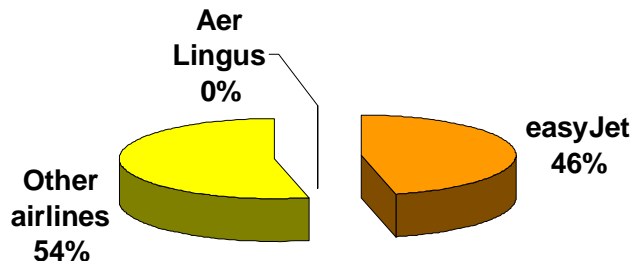
Jun 08 Gatwick - Malaga market share



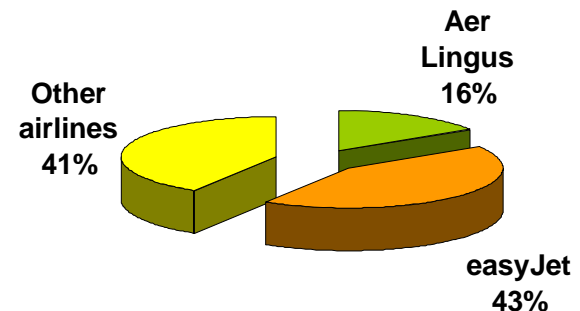
Jun 09 Gatwick - Malaga market share



Jun 08 Gatwick - Faro market share



Jun 09 Gatwick - Faro market share



Source: UK Civil Aviation Authority

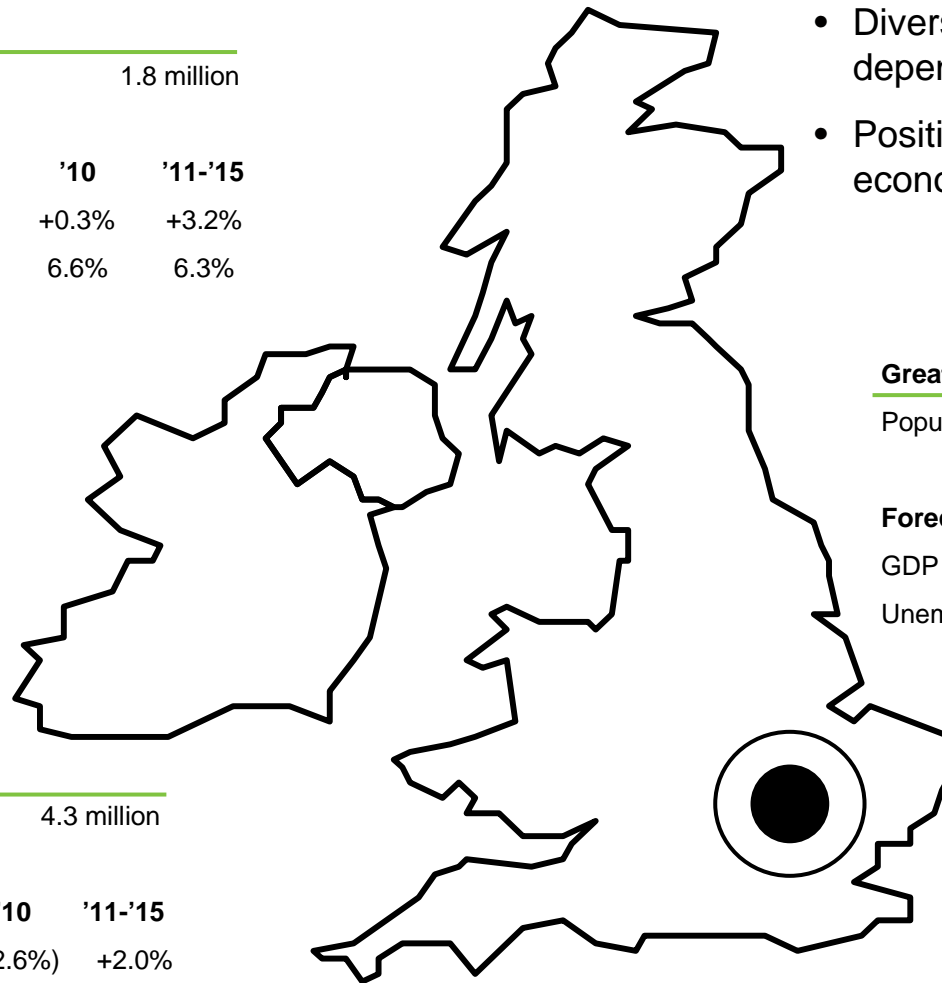
Capacity redeployment

Northern Ireland *

Population 1.8 million

Forecasts	'09	'10	'11-'15
GDP growth	(4.0%)	+0.3%	+3.2%
Unemployment	5.8%	6.6%	6.3%

- Diversifying risk and reducing dependency on Irish market
- Positioning capacity to match economic opportunity



Greater London & South East England *

Population c. 16 million

Forecasts	'09	'10	'11-'15
GDP growth	(4.6%)	+0.2%	+4.4%
Unemployment	4.7%	5.9%	5.2%

Republic of Ireland **

Population 4.3 million

Forecasts	'09	'10	'11-'15
GDP growth	(7.7%)	(2.6%)	+2.0%
Unemployment	13.8%	15.1%	13.7%

* Source: Oxford Economics

** Source: Economist Intelligence Unit

Summary & Outlook

- ✈ **Outlook for 2009 and 2010 extremely challenging**
- ✈ **Expectation that Irish economic recovery will be 2011 at the earliest**
- ✈ **Significant shift downward in air fares**
- ✈ **Fuel prices moderating but historically high**
- ✈ **Capacity under continuous review**
- ✈ **Significant cost review programme under development**
- ✈ **Capital expenditure deferred; focus on cash conservation**
- ✈ **Lack of visibility on demand and yields means it is not possible to provide meaningful guidance on 2009 financial outcome**

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