Investor Day

March 9, 2006

BRITISH AIRWAYS

Health warning

Certain information included in this statement is forward-looking and involves risks and uncertainties that could cause actual results to differ materially from those expressed or implied by the forward looking statements.

Forward-looking statements include, without limitation, projections relating to results of operations and financial conditions and the Company's plans and objectives for future operations, including, without limitation, discussions of the Company's 'Future Size and Shape' programme, expected future revenues, financing plans and expected expenditures and divestments. All forward-looking statements in this report are based upon information known to the Company on the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

It is not reasonably possible to itemise all of the many factors and specific events that could cause the Company's forward looking statements to be incorrect or that could otherwise have a material adverse effect on the future operations or results of an airline operating in the global economy. Information on some factors which could result in material difference to the results is available in the Company's SEC filings, including, without limitation the Company's Report on Form 20-F for the year ended March 2005.

George Stinnes

Group Treasurer &
Head of Investor Relations

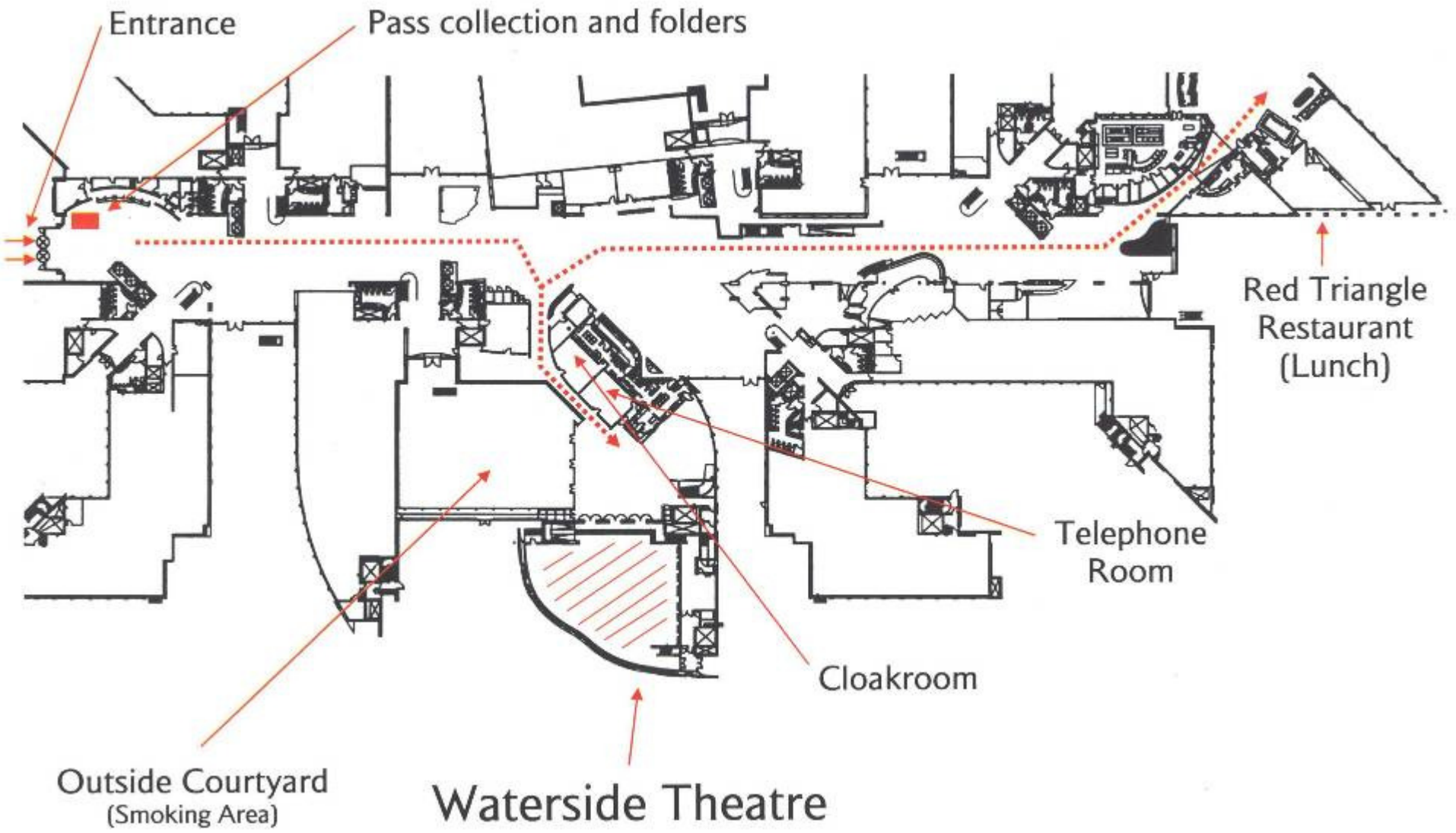
Fire Health and Safety

- Fire alarm
  - continuous alarm: evacuate building
  - assembly point: courtyard Americas house
  - do not use lifts, do not stop to collect belongings
- Accidents
  - first-aider at reception
  - advise emergency services by calling 9-999 at reception
- No smoking
  - Smoking area in Americas courtyard

PLEASE TURN OFF ALL MOBILE PHONES

BRITISH AIRWAYS

Waterside plan



BRITISH AIRWAYS

Feedback

BRITISH AIRWAYS
INVESTOR DAY MARCH 2006
FEEDBACK FORM

We hope that you enjoyed your day with us here at Waterside and that you found it informative and helpful in assessing British Airways.

In order to improve ourselves we would value feedback. Would you please list for us the two biggest concerns that you have about an investment in British Airways at this time and also rate each of the sessions that you had today as well as your overall impression of the day.

Please indicate if you are:

Buy Side	☐
Sell Side	☐
Debt Analyst/Investor	☐
Other	☐

INVESTMENT CONCERNS:

My biggest two concerns about an investment in British Airways at this time are:

1

2

OVERALL EVALUATION:

	Poor	Fair	Good	V. Good	Excellent
Overall value of the day					
Breadth of topics					
Consistency					
Organisation					
Conference facilities					
Audio visual quality					
Handouts					

Comments:

1

BRITISH AIRWAYS

Agenda

Introduction	George Stinnes
Opening remarks	Martin Broughton
Major change in BA Engineering	Alan McDonald
Commercial developments	Martin George
Managing revenue	Andrew Crawley
Coffee break	
Financials and outlook	Keith Williams
Wrap up and Q&A	Willie Walsh
Lunch	
Cargo	Gareth Kirkwood

Buses depart for Cargo tour

Martin Broughton

Chairman

Alan McDonald

Director of Engineering

Major change in BA Engineering

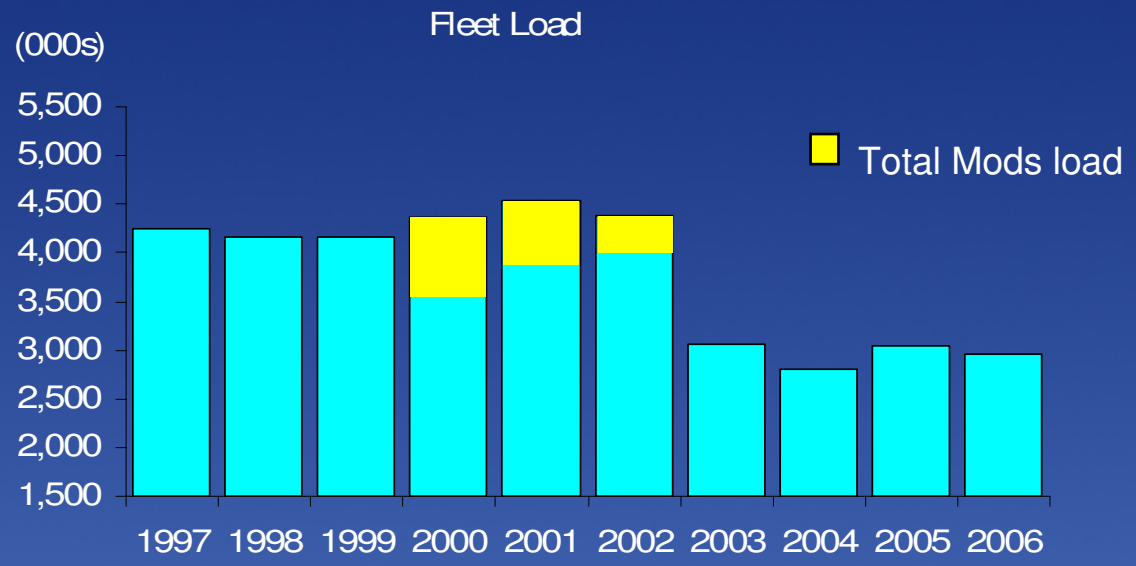
Engineering has reduced size and improved efficiency

- Reduced staff from 9,000 to 6,000 since 1997
- Released 2 longhaul and 3 shorthaul aircraft to the operation
- Simplified base locations
- Reduced inventory value from £630 million to £340 million

How have we done this?

- Our workload has reduced
  - Smaller simplified fleet
  - Newer, modern technology aircraft
  - Eliminated unprofitable 3rd party work
- We have improved our facilities
- We have improved processes, systems and skills
  - Using industry standard processes
  - Improving our systems
  - Trained and qualified our staff to most modern standards (EASA Part 66)

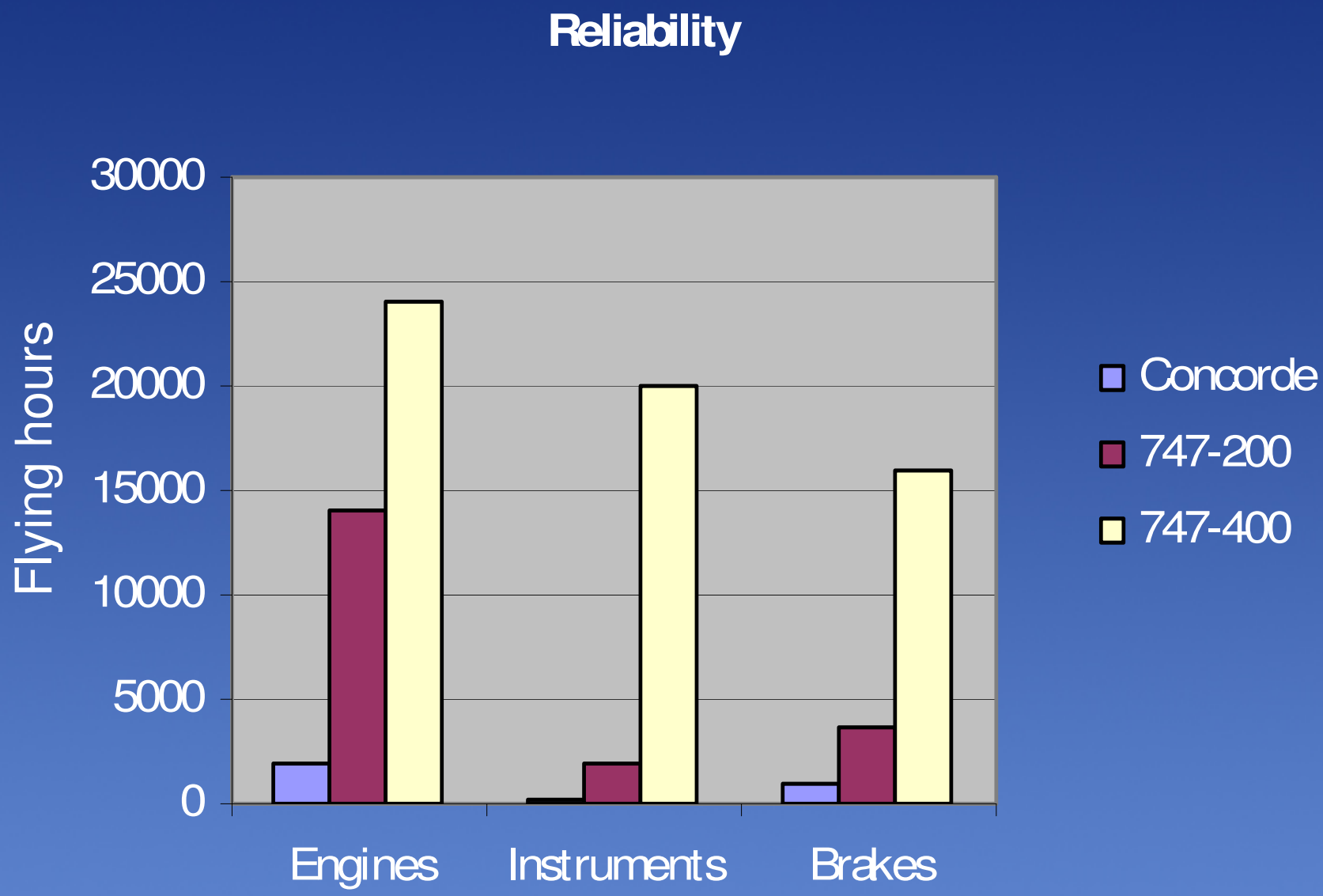
Load reduction due to aircraft replacement and Mods



Departure of older aircraft

- 1998 - TriStar
- 1999 - DC10
- 2000 - B737 Classic
- 2001 - B747 Classic
- 2002 - B757/C37
- 2003 - RJ100 and ATR
- 2003 - Concorde

Modern aircraft are much more reliable

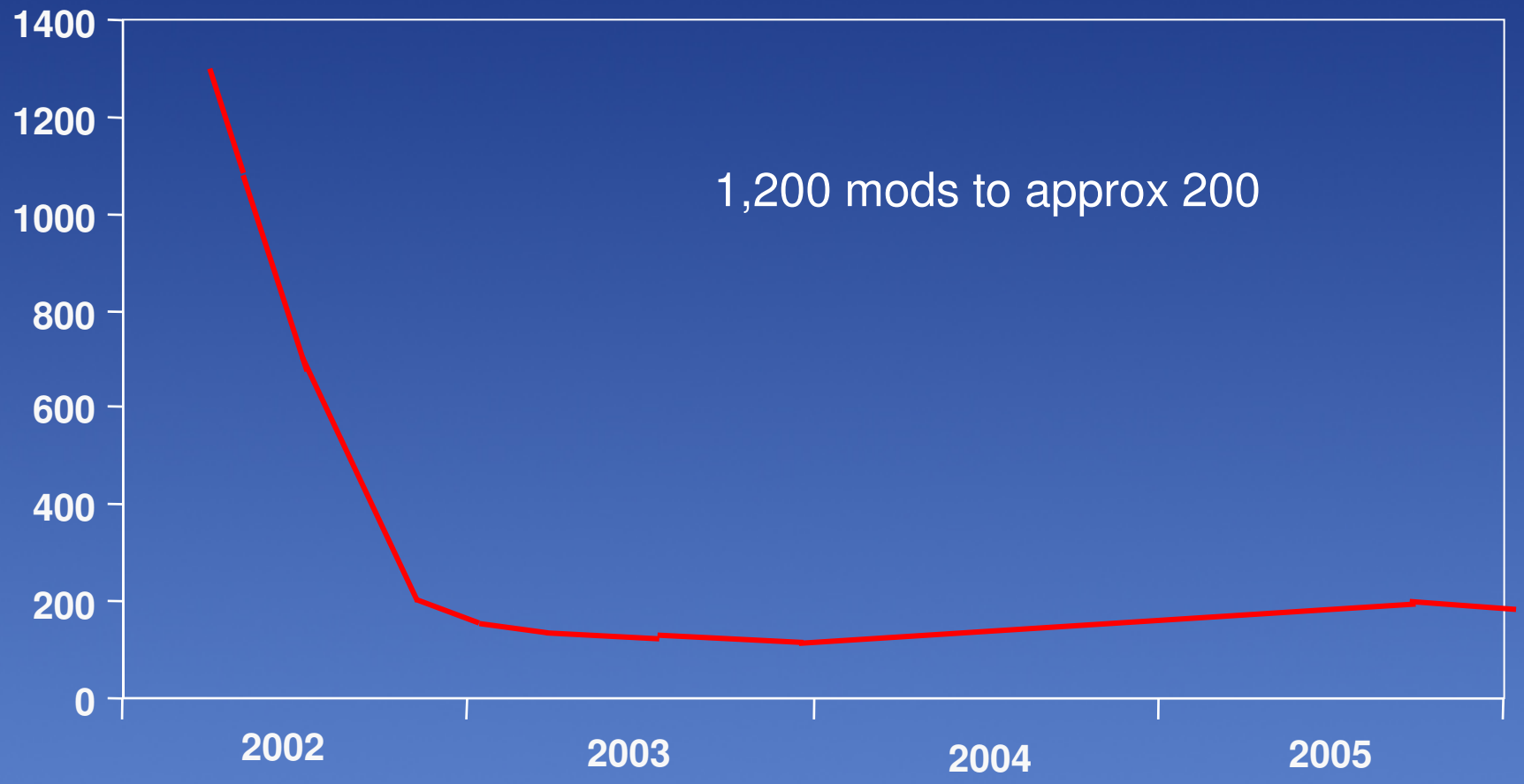


Our operation is simpler

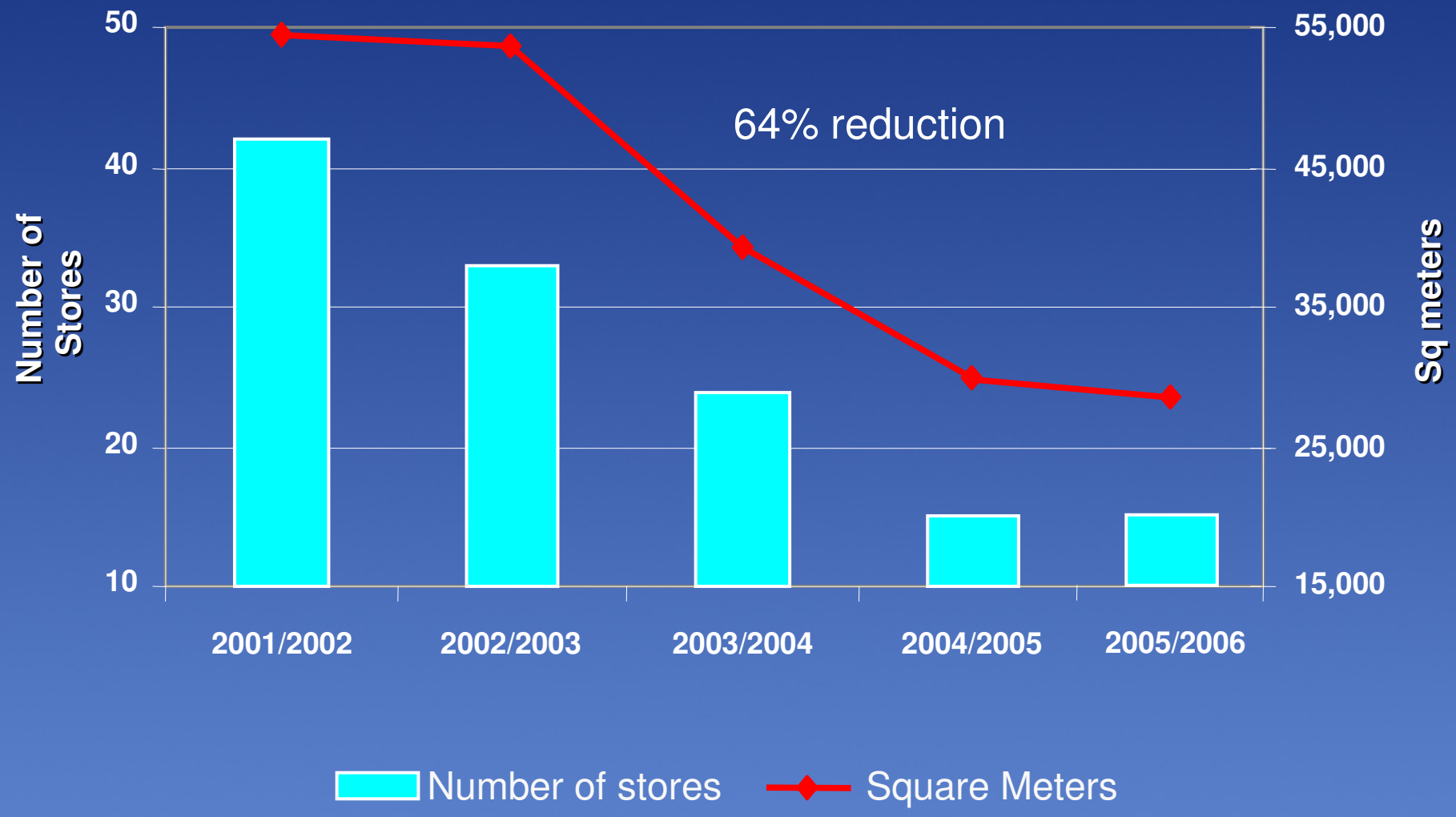
- Fleet simplified to six basic types
- Hangar bays reduced from 54 to 26
- 1,200 modification programs to around 200
- Stores locations from 42 to 14

London Heathrow hangars reduced by 26 bays

We are doing fewer modifications



Inventory reduction benefits



Moving to industry standards

- Standard fleet, standard approach
  - Use the manufacturers maintenance recommendations (MPD)
  - Maintain our fleet as aircraft rather than a collection of separate components
  - Use manufacturers standard tools and techniques
  - Minimize aircraft downtime

Improving our skills and working practices

- Multi-skilled workforce, licensed to latest EASA standards
- Flexible work patterns enable improved efficiency
  - e.g. ‘Fly by day, fix by night’ for shorthaul aircraft
- Modern, efficient hangars and workshops

BAAE

TBJ/K

BACE

BAIE

Modern, efficient, well equipped facilities

BAMC

BAMG

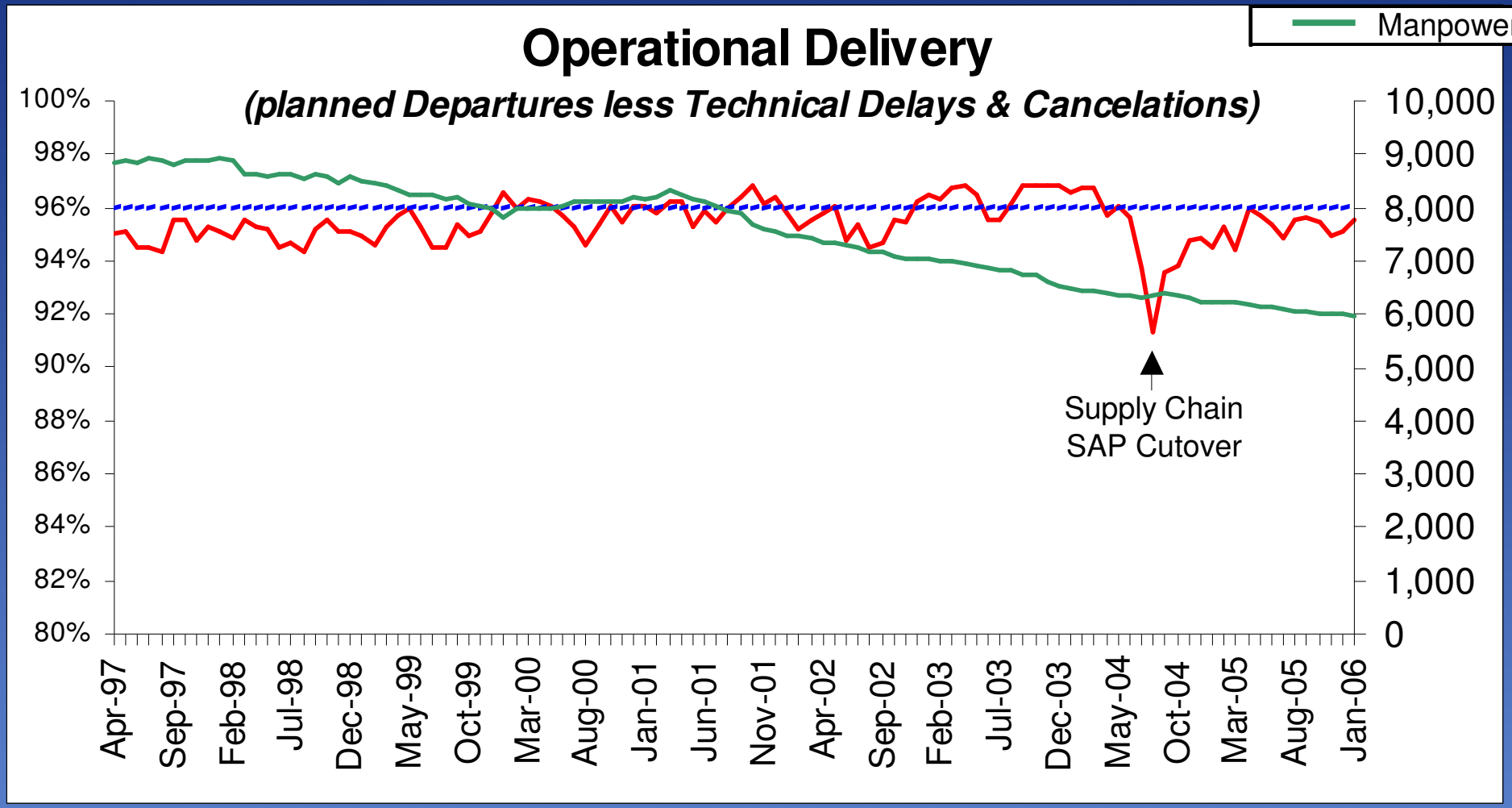
BADC

TBC

Investing in our systems

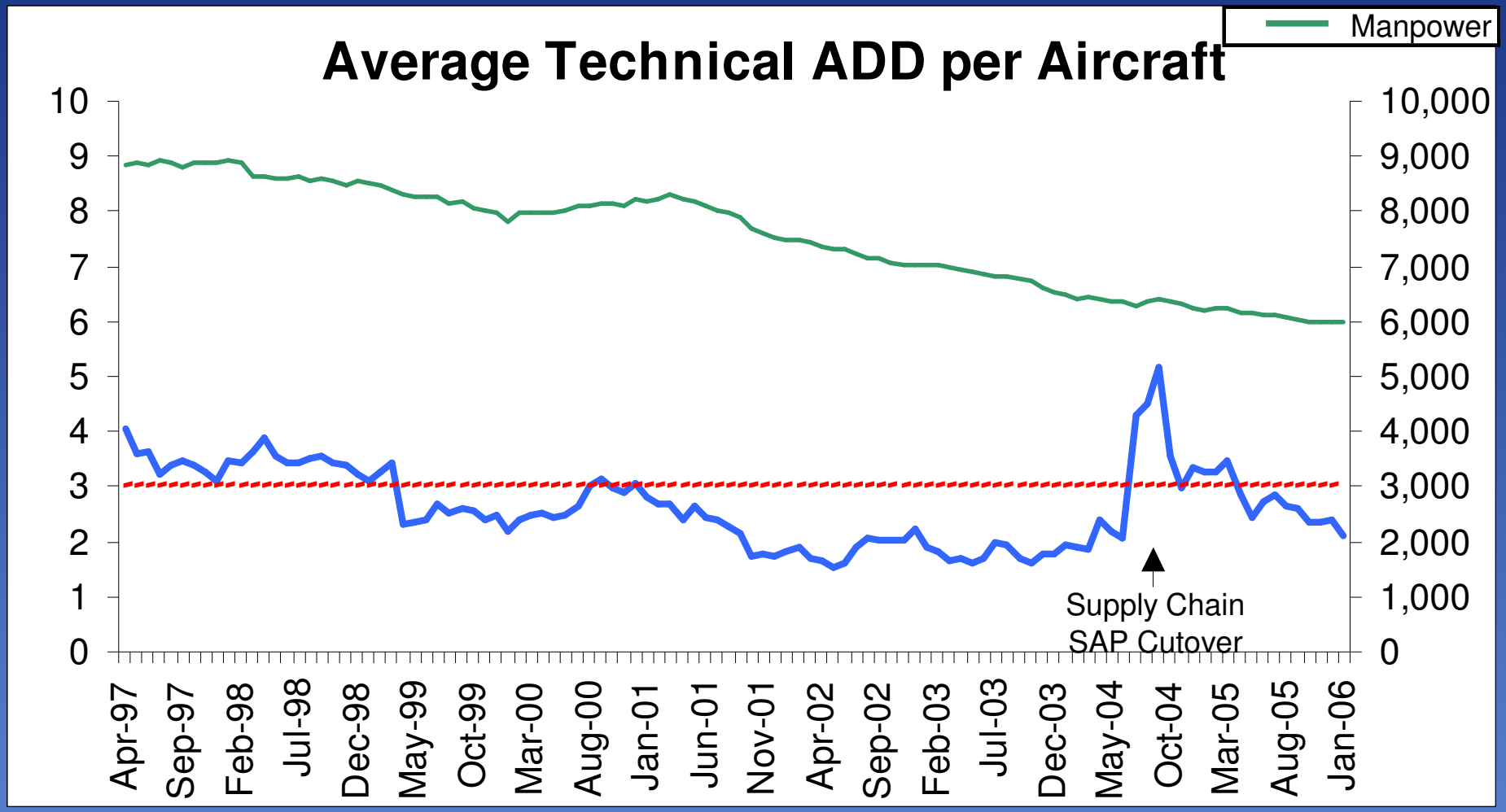
- Investing in fully integrated system SAP
  - Managing and distributing all technical documents electronically
  - SAP replacing 150 old, unsupportable systems
  - 95% of SAP functionality up and running
    - All of materials and workshop control
    - Design and technical documentation
    - Staff authorizations and administration

Performance has remained stable



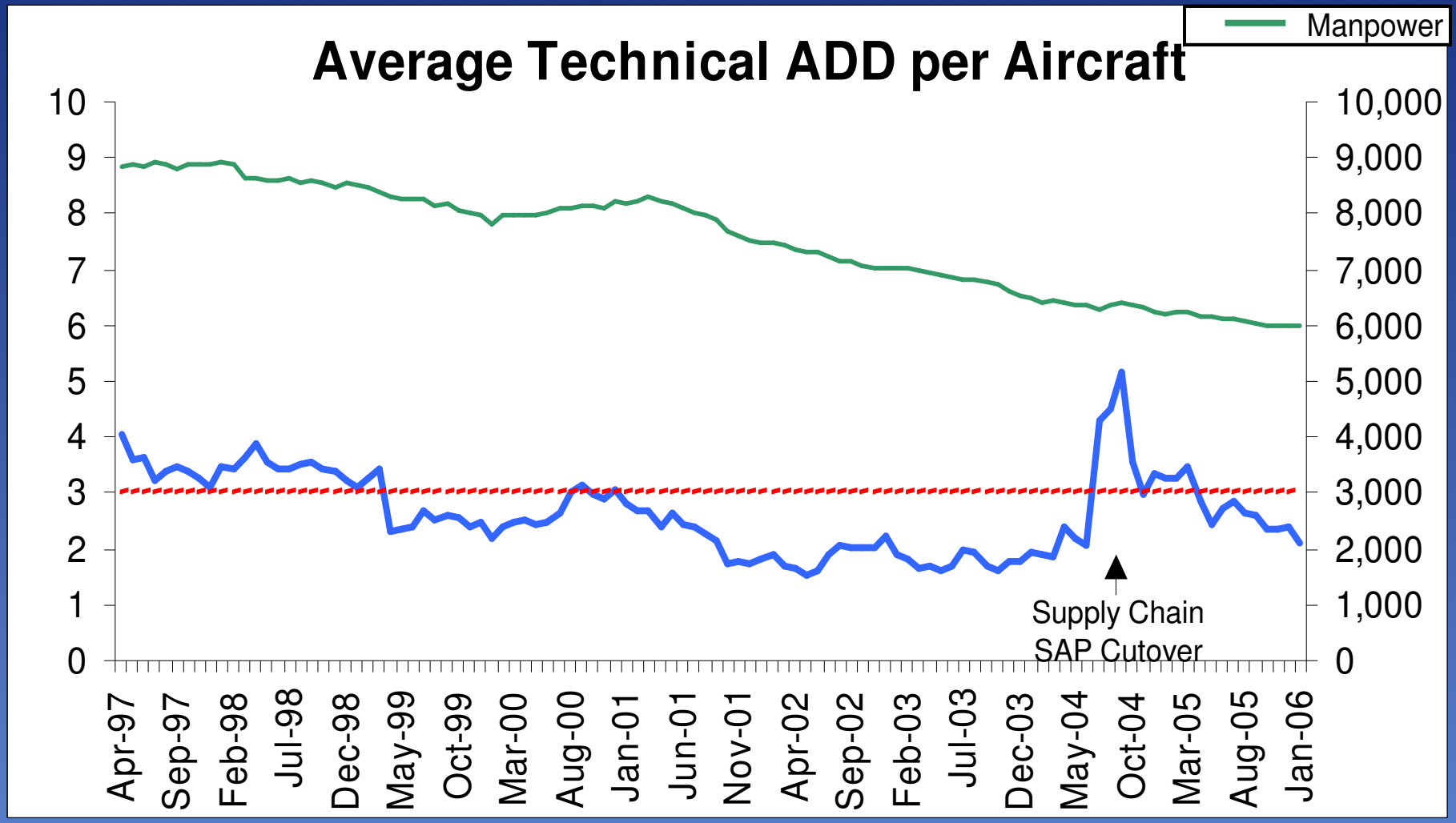
Acceptable aircraft defects (ADDs)

(Defects acceptable for flight in accordance with strict controls)

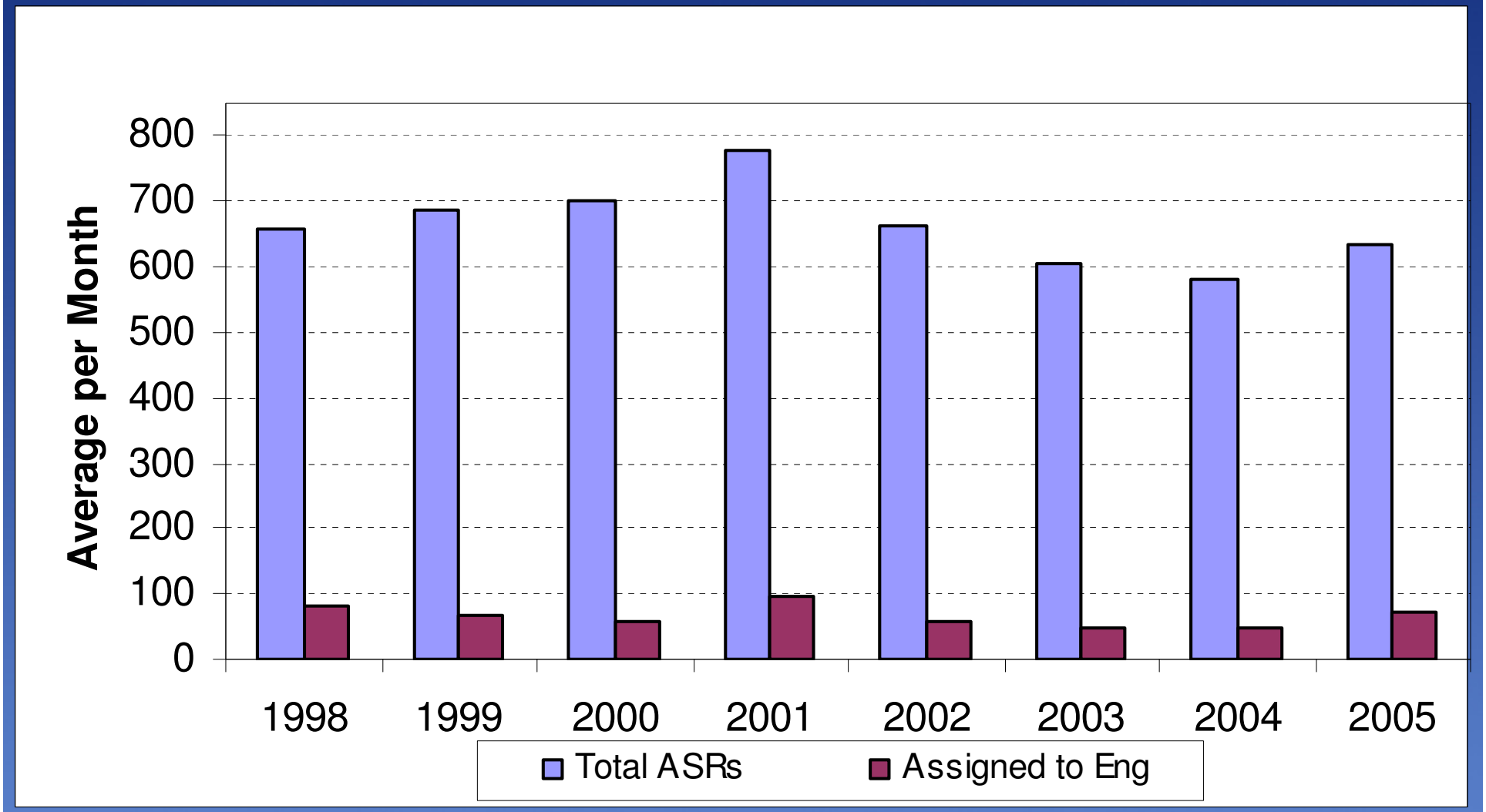


Acceptable cabin defects

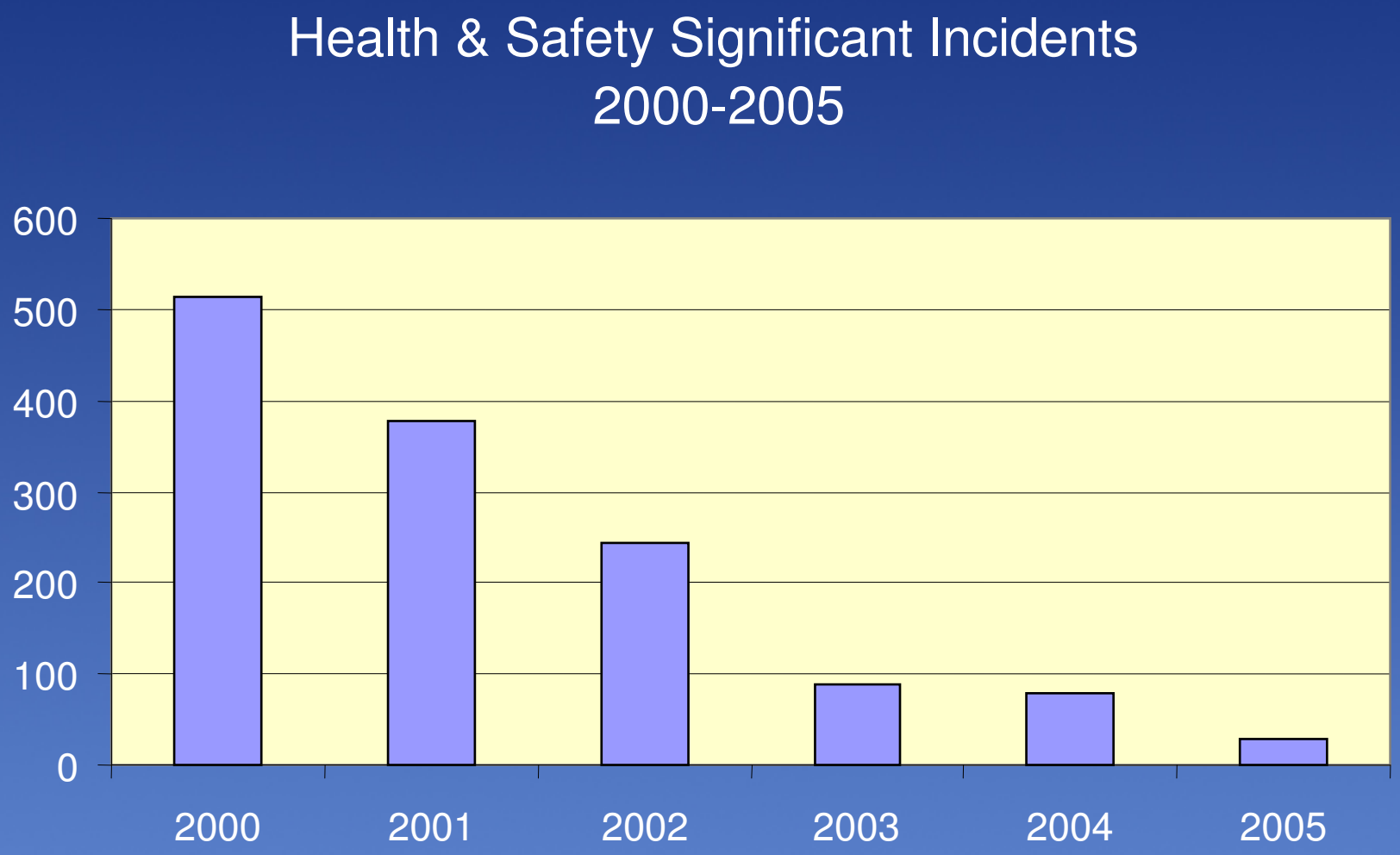
(Defects acceptable for flight in accordance with strict controls)



Air safety reports



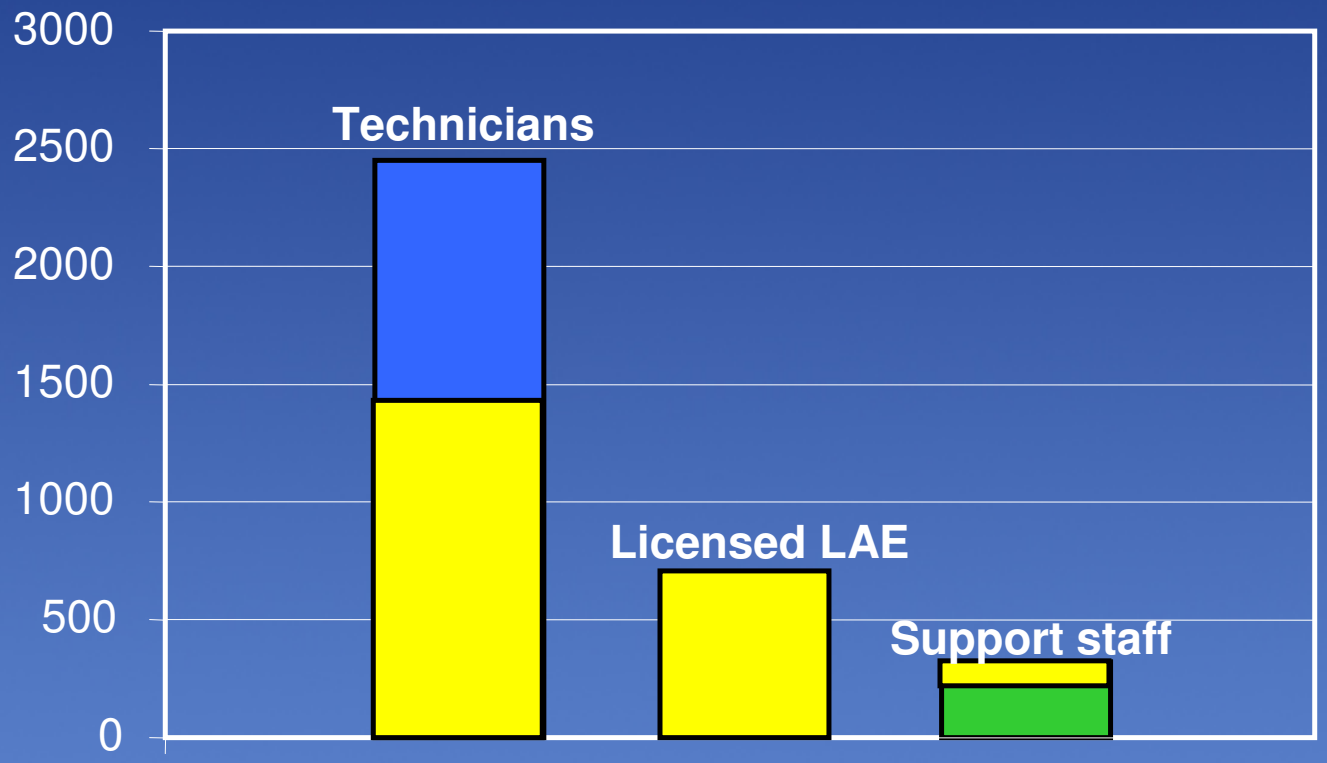
Health and safety of our people has also shown a steady improvement



Licensed staff

Engineering Staff on A/C = 3,480

Licensed/CRS Staff = 64%



Summary

- Engineering has made significant improvements in efficiency based on:
  - Simplification
  - Modern technology
  - Industry standard practices
  - Multi skilled qualified staff
- Performance is stable or improved

Martin George

Commercial Director

Commercial developments

Agenda

- Progress over recent years
- Business Plan (2006-2008)

Our success formula: The BA Way

The best UK based network **X** Understand our customers better than competitors **X** A powerful brand that people know and trust **X** A competitive cost base **X** Work together as one team

= Service that matters for people who value how they fly

Recent history

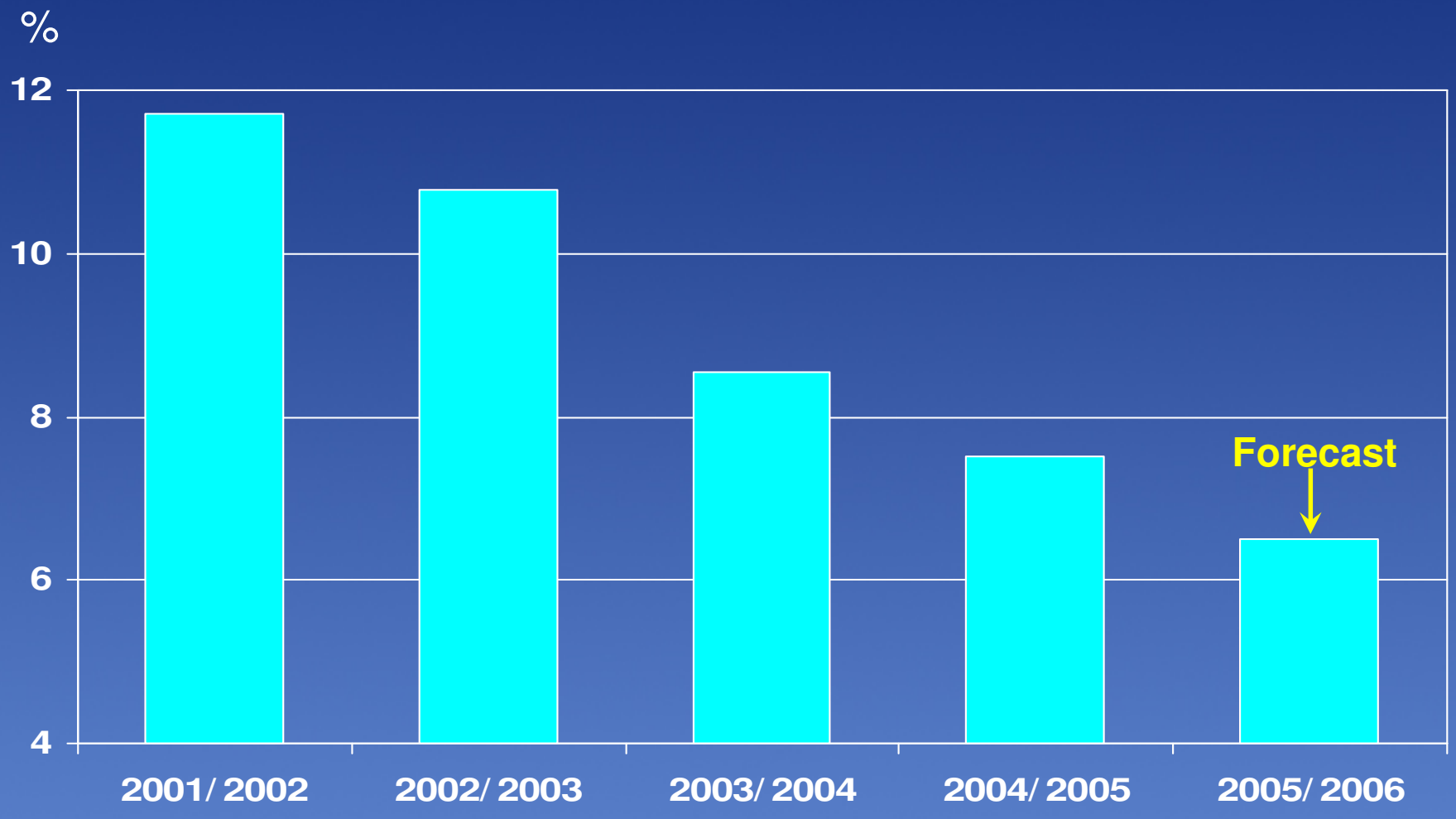
1. Market leading products/services
2. Significant reduction in cost of sale
3. Significant spend re-allocation
4. Major channel shift

CLUB WORLD

CLUB EUROPE

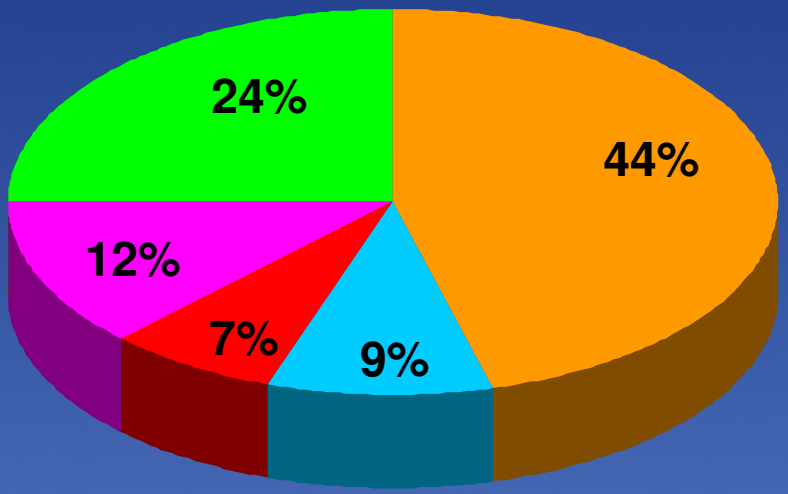
WORLD TRAVELLER PLUS

Selling cost/passenger revenue

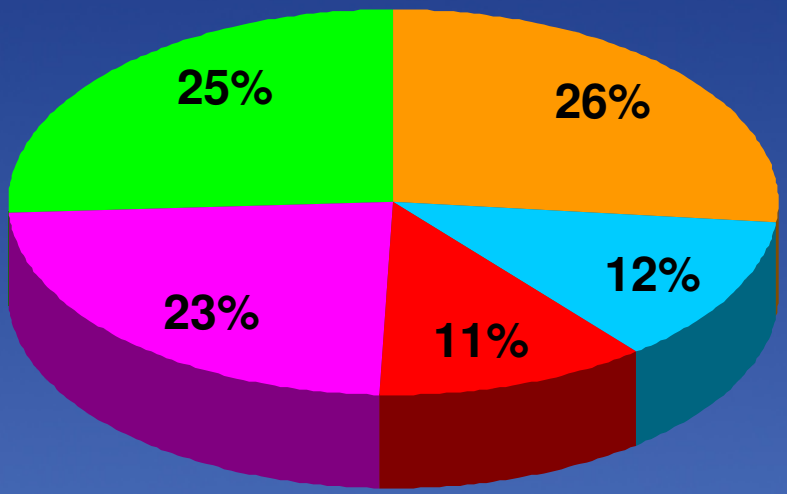


Cost of sale

2001/2002

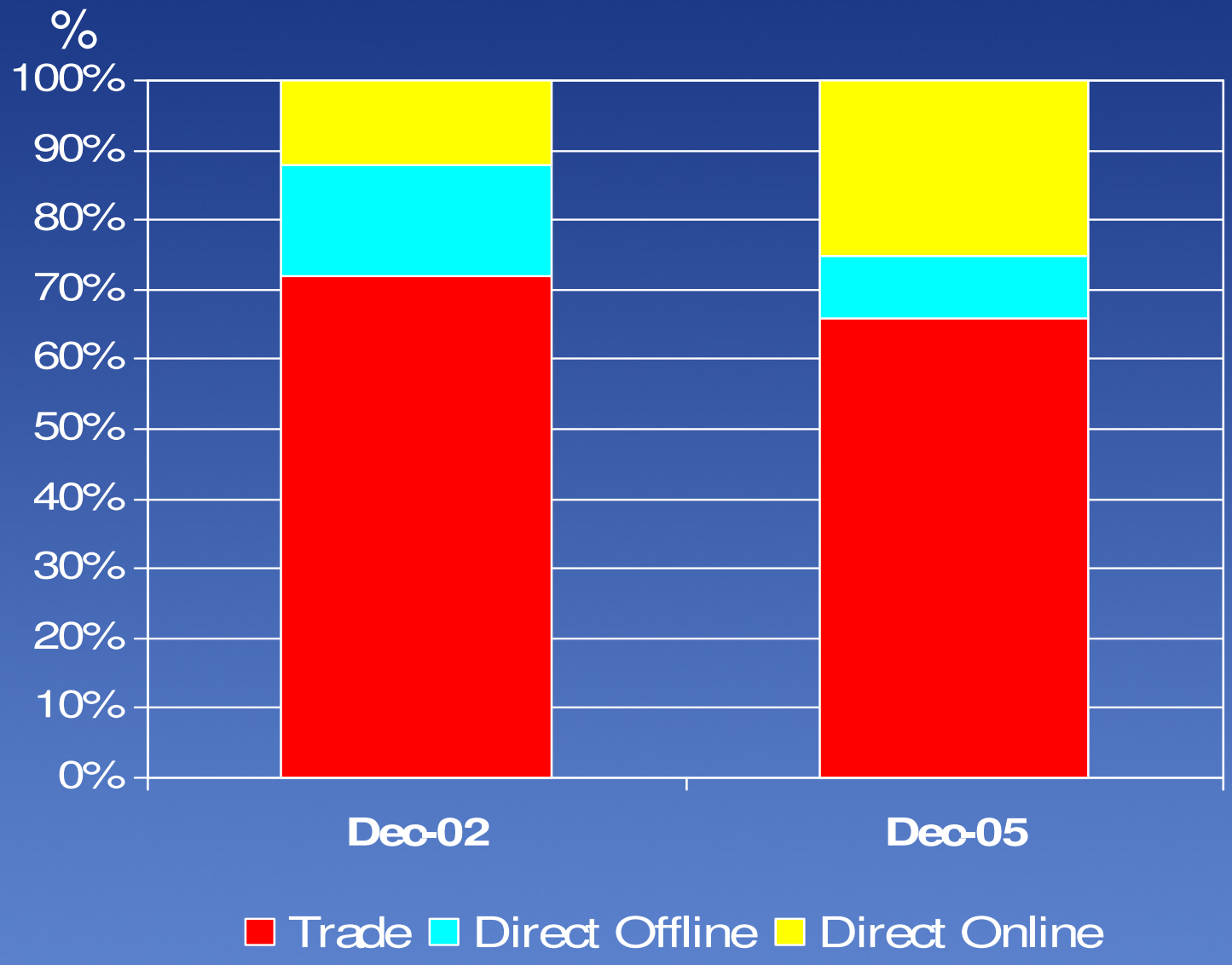


2005/2006

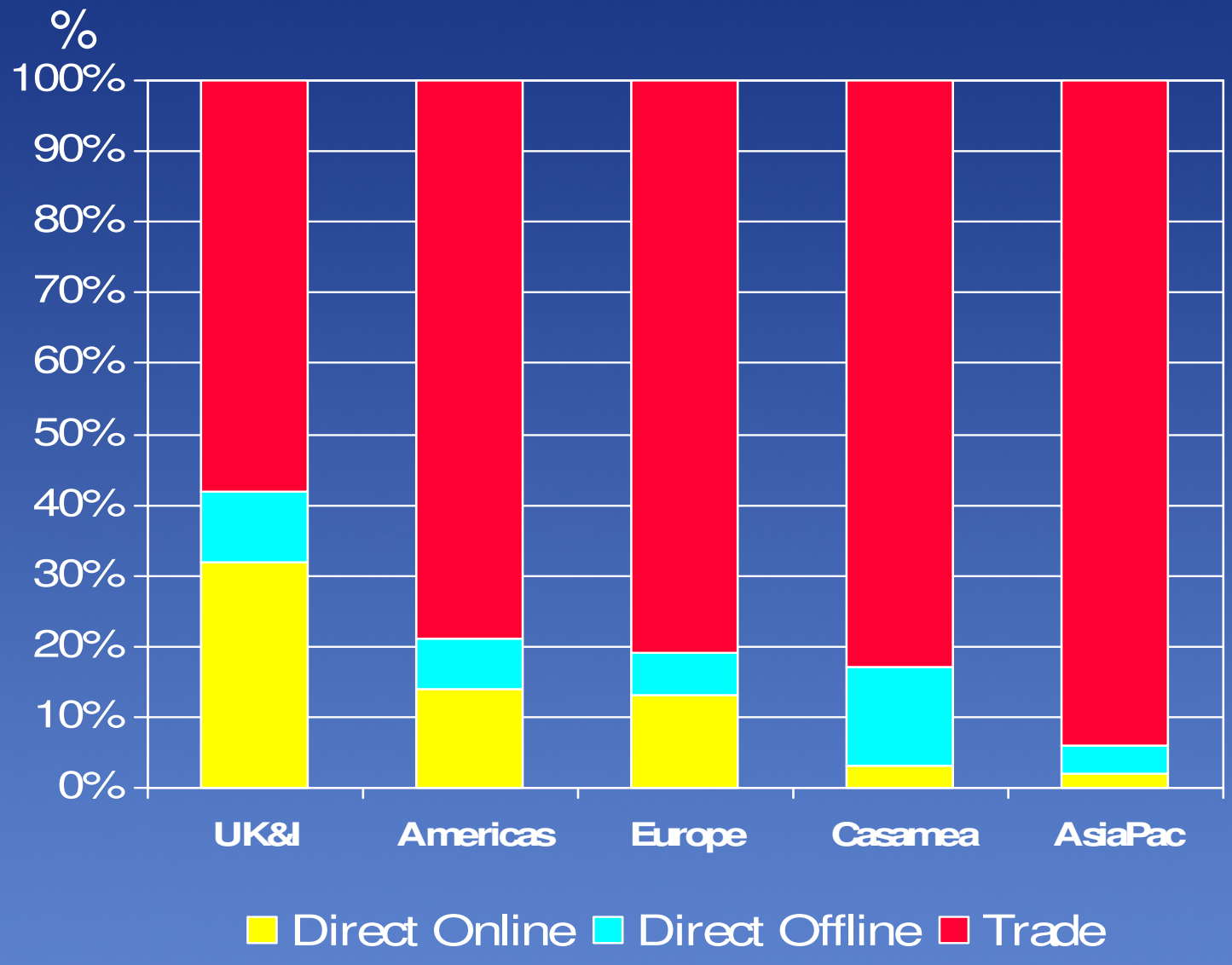


- Commission
- GDS
- Credit cards
- Marketing
- Contact centres & sales force

Booking by channel



Channel mix by region



Why channel shift?

- Cost of sale
- Customer details
- Ancillary sales
- Online servicing
- Process simplification

ba.com

Servicing

- Passengers e-mail capture
- Passengers SMS capture
- APIS online
- Manage my booking
- Online check-in/online boarding pass

Worldwide e-ticket

- 83% of total PSJ's
- 96% of possible PSJ's

Business Plan (2006-2008)

- Competitive cost base
- Service that matters
- Fit for 5
- Fit for growth

Competitive cost base

New sales and marketing model

New sales and marketing model

- Channel shift
- Database marketing
- Refocus account management
- Simplify pricing and inventory
- Reduce contact centre costs
- Reduce payment costs
- Increase recoveries

Service that matters

1. Consistently deliver customer promise
2. World class customer service
3. **Leading edge ba.com**
4. **Leadership in longhaul premium**
5. **Profitable shorthaul**
6. **Redefine airport experience**

Our use of ba.com is changing

Deliverables – past and future

2005/2006

- Product attributes and upsell
- Discounted rates to closed user groups
- Foreign billed credit cards
- Credit card surcharge
- Change booking
- Shopping basket
- New servicing portal
- Trade servicing
- On business online

2006/2007

- Sales
- Servicing

Product attributes/upsell

Total Price £62.10

Check your itinerary details

	Flight Number	From	To	Class	Depart	Arrive
Outbound	BA2820	Gatwick (London), United Kingdom	Charles de Gaulle (Paris), France	Economy (Traveller)	Thursday, 13 May 2004, 07:00	Thursday, 13 May 2004, 09:35
Inbound	BA2817	Charles de Gaulle (Paris), France	Gatwick (London), United Kingdom	Economy (Traveller)	Monday, 17 May 2004, 07:00	Monday, 17 May 2004, 07:05

Price breakdown

	Fare per person	plus taxes, fees, charges and surcharges* per person	Total
1 Adult	£31.00	£31.10	£62.10

* Your ticket includes a security and insurance surcharge per flight levied by the carrier. For detail, please click here.

Total price - £62.10

Included in your fare

	Outbound	Inbound
Fare conditions	**Changes:** not permitted **Refunds:** not permitted	**Changes:** permitted for a fee of £25. **Refunds:** permitted before day of departure.
Included in your fare	• Operated by British Airways • Departs from terminal 4 • Online, self service checkin and fast bag drop for hold baggage • Choice of hot or cold meals and complimentary drinks • Handbaggage, 1 piece weighing up to 6 kg • Choice of newspapers • Tier Points (pop up info) = 20 • Potential BA Miles (pop up info) earned (assumes Blue tier membership) = 250	• Operated by British Airways • Departs from terminal 4 • Online, self service checkin and fast bag drop for hold baggage • Choice of hot or cold meals and complimentary drinks • Handbaggage, 1 piece weighing up to 6 kg • Choice of newspapers • Tier Points (pop up info) = 20 • Potential BA Miles (pop up info) earned (assumes Blue tier membership) = 250

Whilst BA will make every reasonable effort to provide you with the products listed above, for operational reasons, we may not be able to provide all of them.

Why not upgrade and enjoy the extra comforts of Club Europe

Enjoy an altogether smoother experience in Club Europe. By having access to our terrace lounges, a separate cabin and extra baggage allowance, you have all the reassurance you need, that your trip will go according to plan.

- ○ **Upgrade on outbound journey £130 per person**
- ○ **Upgrade on inbound journey £130 per person**
- ○ **Upgrade on both £260 per person**

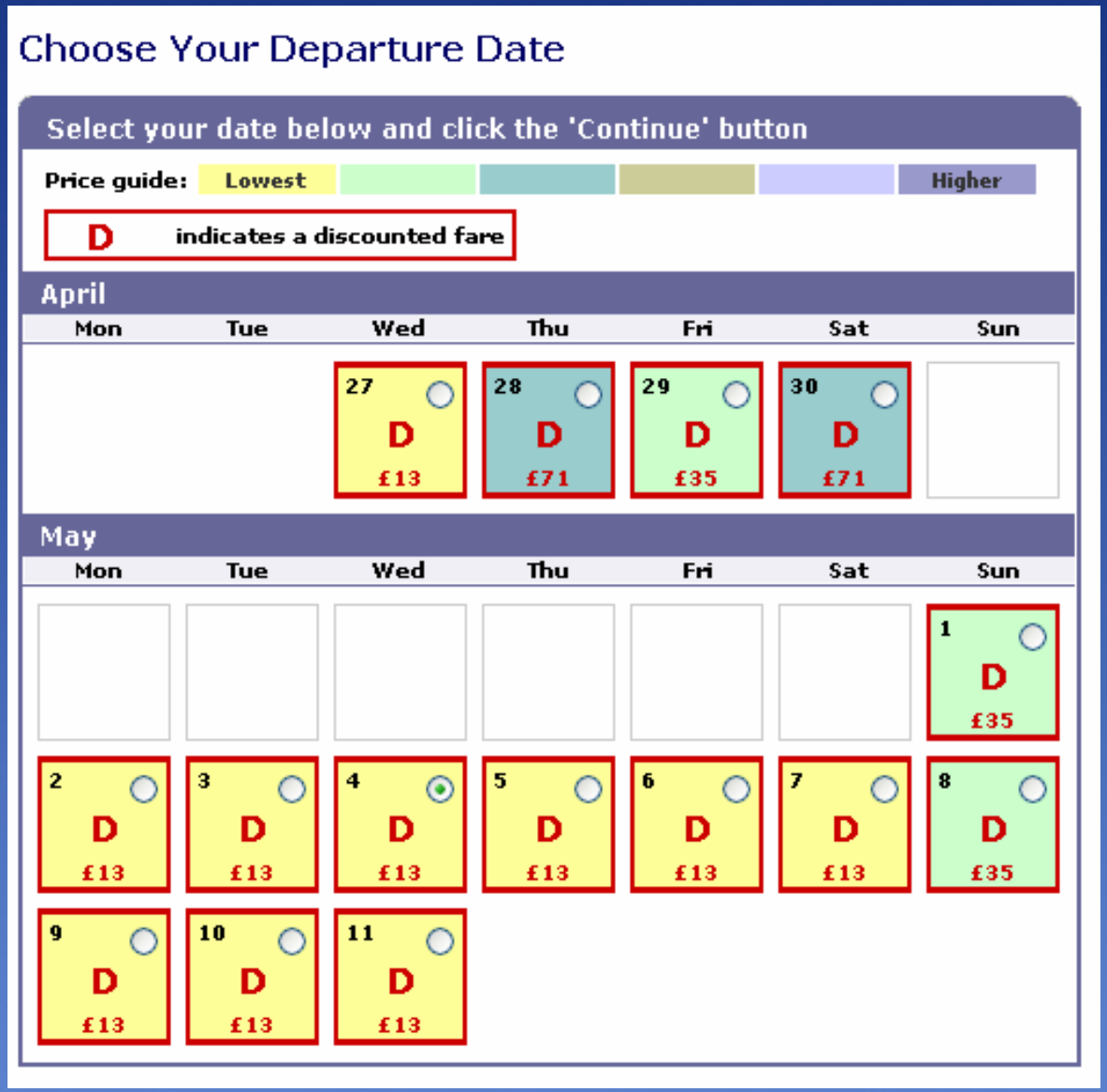
Upgrade class ▶

Why not increase flexibility for ticket changes from £150 return

Changes for a fee (and any difference in fare). None permitted on day of departure. Refunds not permitted

Increase flexibility ▶

Discounted rates to CUG



Change booking

Select changes

United Kingdom

1 **Select changes** | 2 Select flights | 3 Price | 4 Payment | 5 Confirmation

Outbound

Flight	From	To	Depart	Arrive	Status
BA0107	Heathrow (London)	Dubai	Monday 18 April 2005 12:40	Monday 18 April 2005 22:35	Confirmed

- ○ I do not wish to change this flight
- ◉ I want to change the time of this flight on Monday, 18 April 2005
- ○ I want to change the date of this flight to Day | Month | Year

Inbound

Flight	From	To	Depart	Arrive	Status
BA0104	Dubai	Heathrow (London)	Thursday 5 May 2005 08:40	Thursday 5 May 2005 13:40	Confirmed

- ○ I do not wish to change this flight
- ○ I want to change the time of this flight on Thursday, 5 May 2005
- ◉ I want to change the date of this flight to 8 | May | 2005

Shopping basket

Why not upgrade and enjoy the extra comforts of Club Europe

Enjoy an altogether smoother experience in Club Europe with access to our lounges, segregated check-in and priority disembarkation, a separate, quieter cabin and extra hand baggage allowance.
Click here for more information

Upgrade on outbound flight from £133 per person — Upgrade class ►

Upgrade on inbound flight from £133 per person — Upgrade class ►

Upgrade on both outbound and inbound flights from £262 per person — Upgrade class ►

Why not increase the flexibility of your ticket from £ 200 return, per person

Outbound
Changes : Permitted at any time before each flight departure for a change fee of £ 30 or an upgrade fee of £ 30 plus any difference in fare.
Refunds : If you cancel the fare is not refundable.

Inbound
Changes : Permitted at any time before each flight departure for a change fee of £ 30 or an upgrade fee of £ 30 plus any difference in fare.
Refunds : If you cancel the fare is not refundable.

Increase flexibility ►

Add to your flight

For flexible car hire or hotels which offer BA Miles to Executive Club members, please click on the Avis or Business Hotels link when you receive your booking reference following payment.

- Special deals for British Airways' customers
- Hand-picked hotels in central locations
- All taxes included
- Breakfast often included

View Hotels ►

- Special rates for British Airways' customers
- All major cities, towns and airports
- Unlimited mileage

View Cars ►

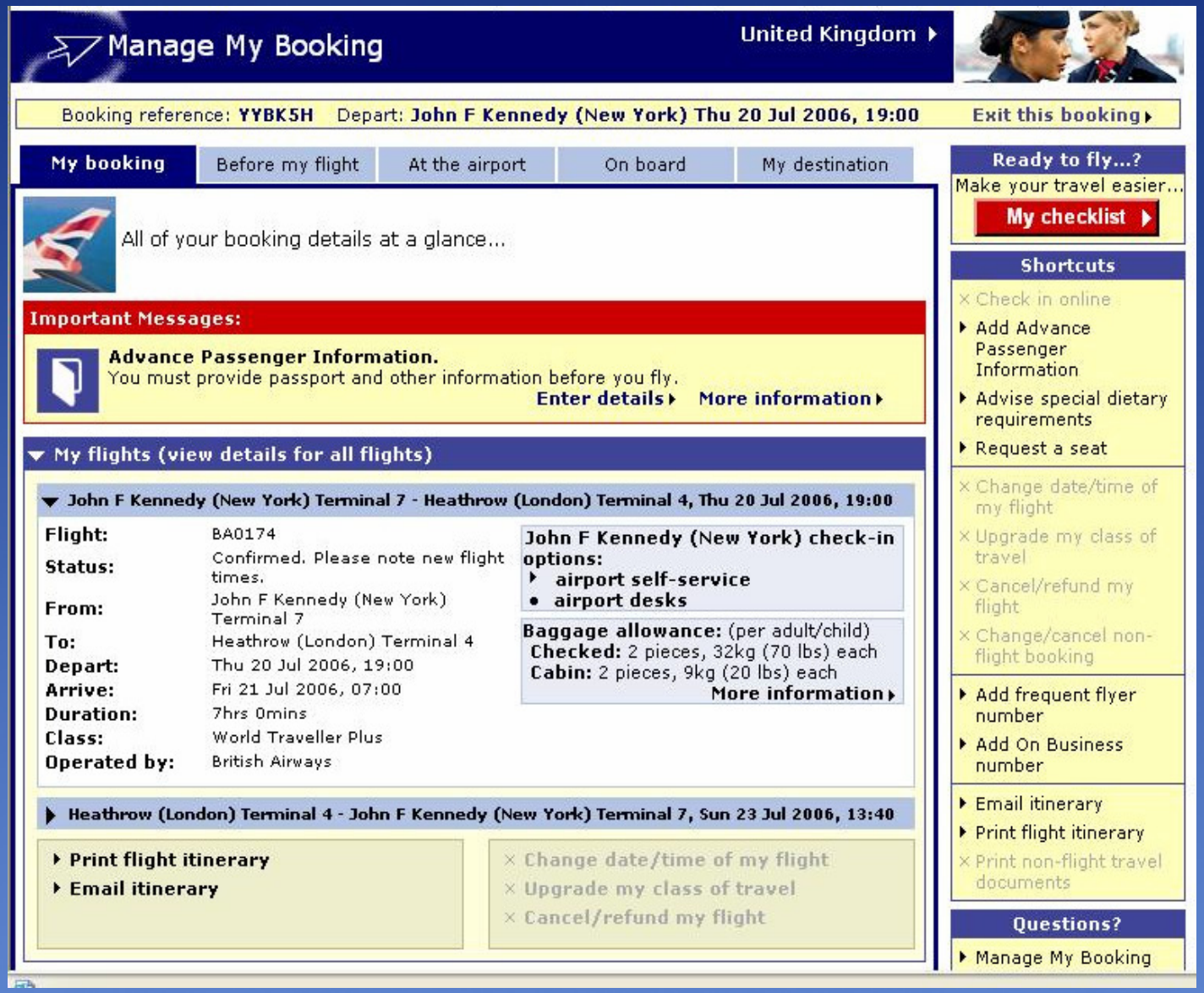
- Day tours and attractions
- Theatre tickets

View Sightseeing ►

- Airport and hotel transfers
- Private vehicles

View Transfers ►

New servicing portal



On business online

Welcome Mr Jackson, Performance Exhausts Ltd.

Has your email address changed?

Preferred email: robjackson@hotmail.com ▶ Update email

On Business account summary

Member since:	15 Mar 1999
Points available:	750
Last tracked flight:	10 Oct 2004
Points expiring(what is this?):	
31st December 2005	100
31st December 2005	2000
31st December 2005	50
British Airways account manager:	Mrs Gereeta Dalwalliwal

Quick links

- ▶ Your transactions
- ▶ Management information
- ▶ Update details
- ▶ Claim missing points
- ▶ View missing points claim
- ▶ Change password

Redeem your Points

Book a flight | Book and upgrade | Hotels

◯ Return ◯ One-way

Leaving From(city or airport)

Going to(city or airport)

Departing in January

Returning in January

Adults (12+ yrs)	Children (2-11 yrs)	Infants (under 2 yrs)	Type of Flight / Class
1	0	0	Economy (lowest price)

(Booking to arrive at one city/country and return from another?)

Continue ▶

View recent transcations

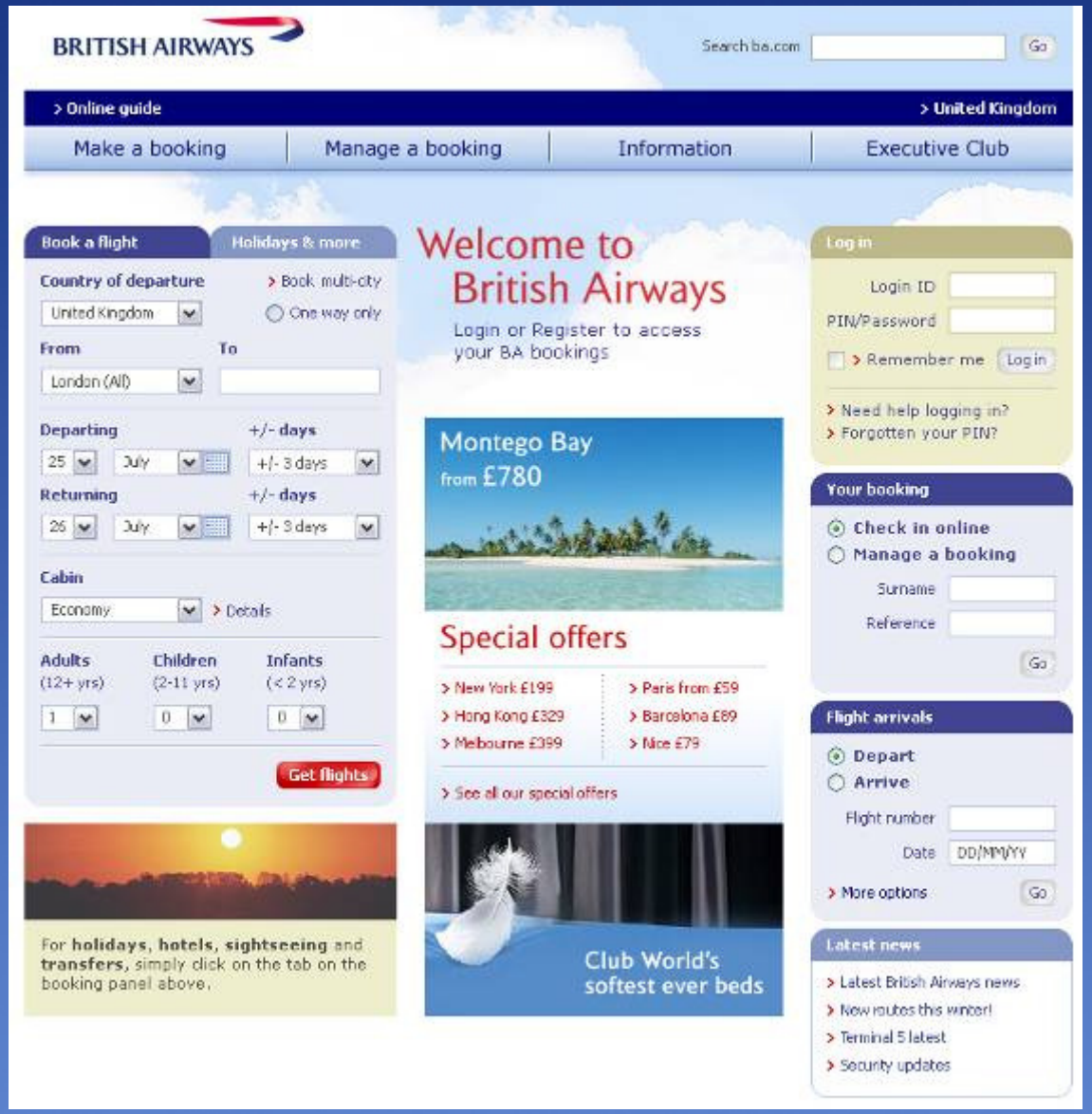
Date	Type	Description	Booked class	Points
20-MAR-2004	Adjustment	Adjustment		10,000
27-MAR-2004	Flight	125-1234567890, London Heathrow - Sydney	A	-12,000
05-APR-2004	Adjustment	Adjustment		30,000
17-APR-2004	Adjustment	Adjustment		2,500
29-APR-2004	Adjustment	Adjustment		5,000
16-MAY-2004	Adjustment	Adjustment		7,000
28-MAY-2004	Adjustment	Adjustment		1,000
02-JUN-2004	Adjustment	Adjustment		1,000
07-JUN-2004	Adjustment	Adjustment		-15,000
19-JUN-2004		125-1234567890, London Heathrow - New York JFK	J	7,000
28-AUG-2004	Adjustment	Adjustment		8,000
05-SEP-2004	Flight	125-1234567890, London Heathrow - Bangkok	F	-6,000
09-SEP-2004		125-1234567890, London Heathrow - Newcastle up..	Y	500
16-SEP-2004		125-1234567890, Newcastle upon Tyne - London H..	Y	500
09-OCT-2004	Adjustment	Adjustment		7,000
28-OCT-2004	Adjustment	Adjustment		2,500
13-NOV-2004	Adjustment	Adjustment		-8,000
15-NOV-2004	Adjustment	Adjustment		-500
19-NOV-2004		125-1234567890, London Gatwick - Malaga	Y	3,000
10-DEC-2004		125-1234567890, Malaga - London Gatwick	Y	3,000

Printer-friendly version ▶

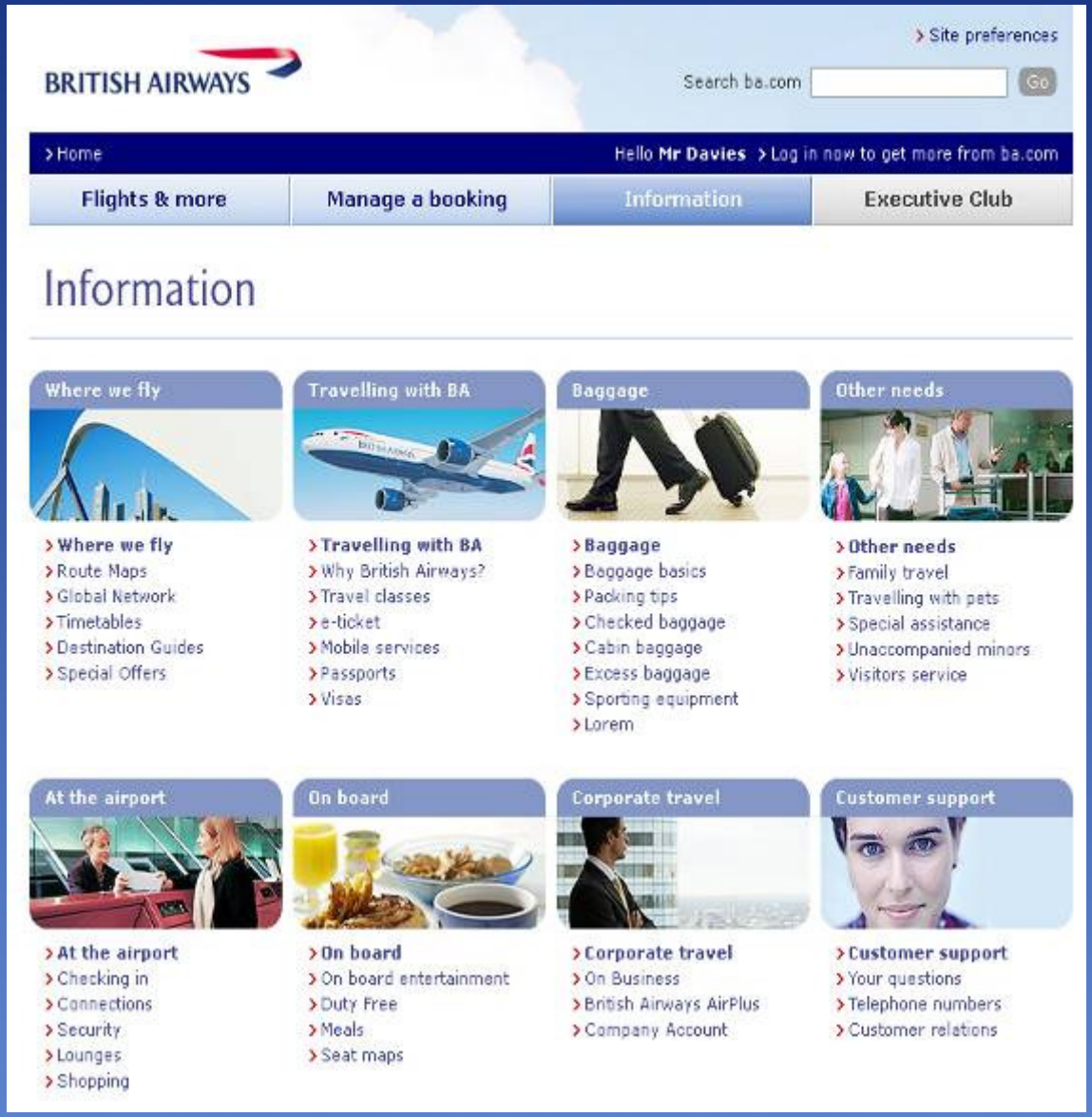
Booking classes that earn points

Cabin	Eligible classes	Ineligible classes
First	F, A	Z
Club	J, C, D, I	U
World traveller Plus	W, T	P
Full fare economy	Y	X
Discounted economy	B, H, G, K, L, M, N, O, Q, R, S, V	X

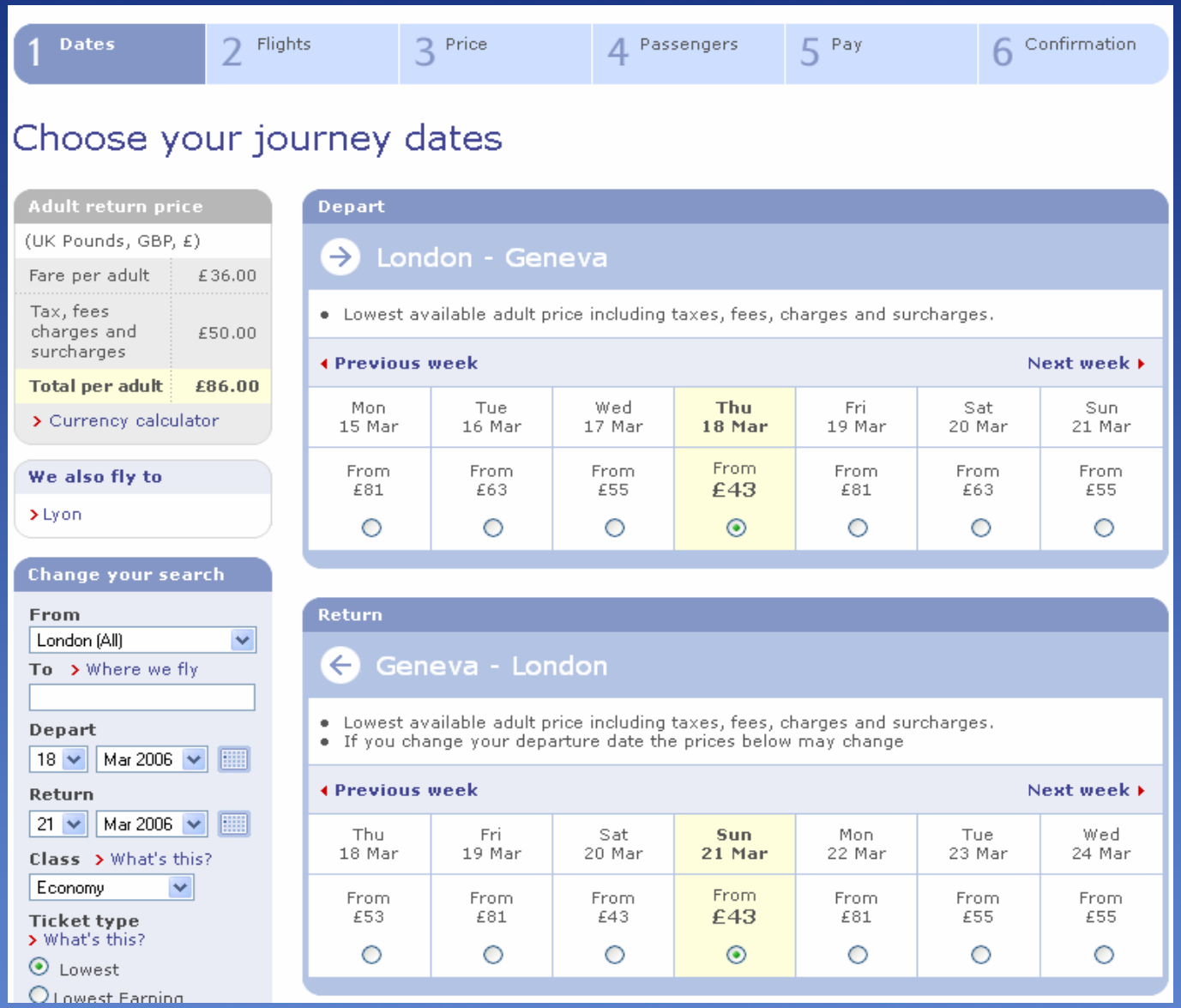
Next generation design for ba.com



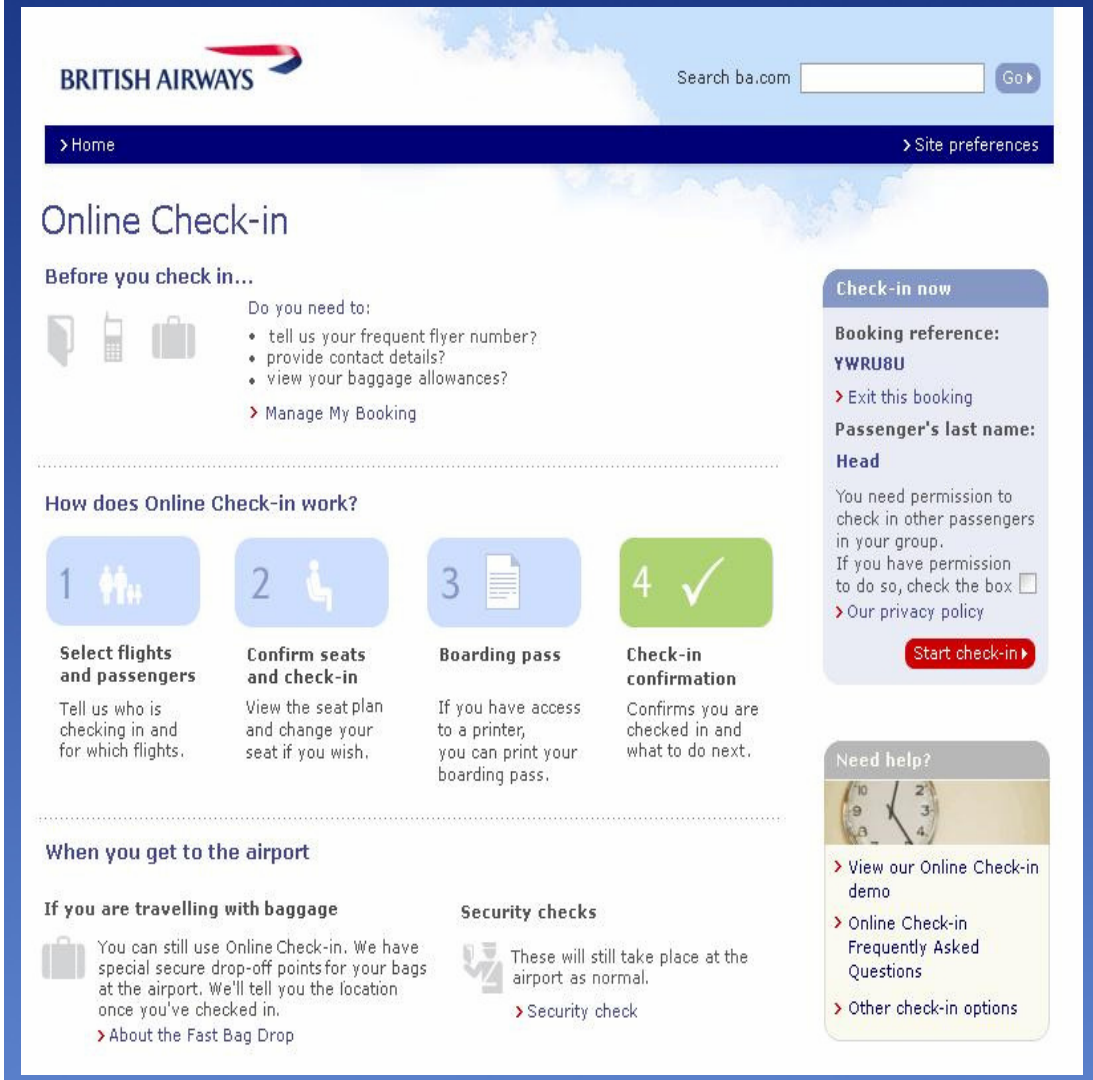
Next generation design for ba.com



Next generation/6th freedom selling



New OLCI and boarding pass



Pre paid excess baggage

Excess Baggage summary

Heathrow (London) - New York (JFK)

Passenger	Your hold allowance	Your amount of excess baggage	Your total allowance	Cost
Mr Peter Maitland	x2	x1	x3	£80
Mrs Eleanor Maitland	x2	x0	x2	£0

Amount prepaid for Excess Baggage: **£80**

New York (JFK) - Heathrow (London)

Passenger	Your hold allowance	Your amount of excess baggage	Your total allowance	Cost
Mr Peter Maitland	x2	x2	x4	£160
Mrs Eleanor Maitland	x2	x0	x2	£0

Amount prepaid for Excess Baggage: **£160**

Cabin allowance

you can take 1 small bag
weight: must not exceed 6kg
outside dimension: 58x40x23cm

You can not buy excess cabin baggage allowances.

Hold allowance

any number of bags
weight: must not exceed 23kg

› More Information

You can buy up to 6 excess standard 23kg baggage allowances per journey.

Service that matters

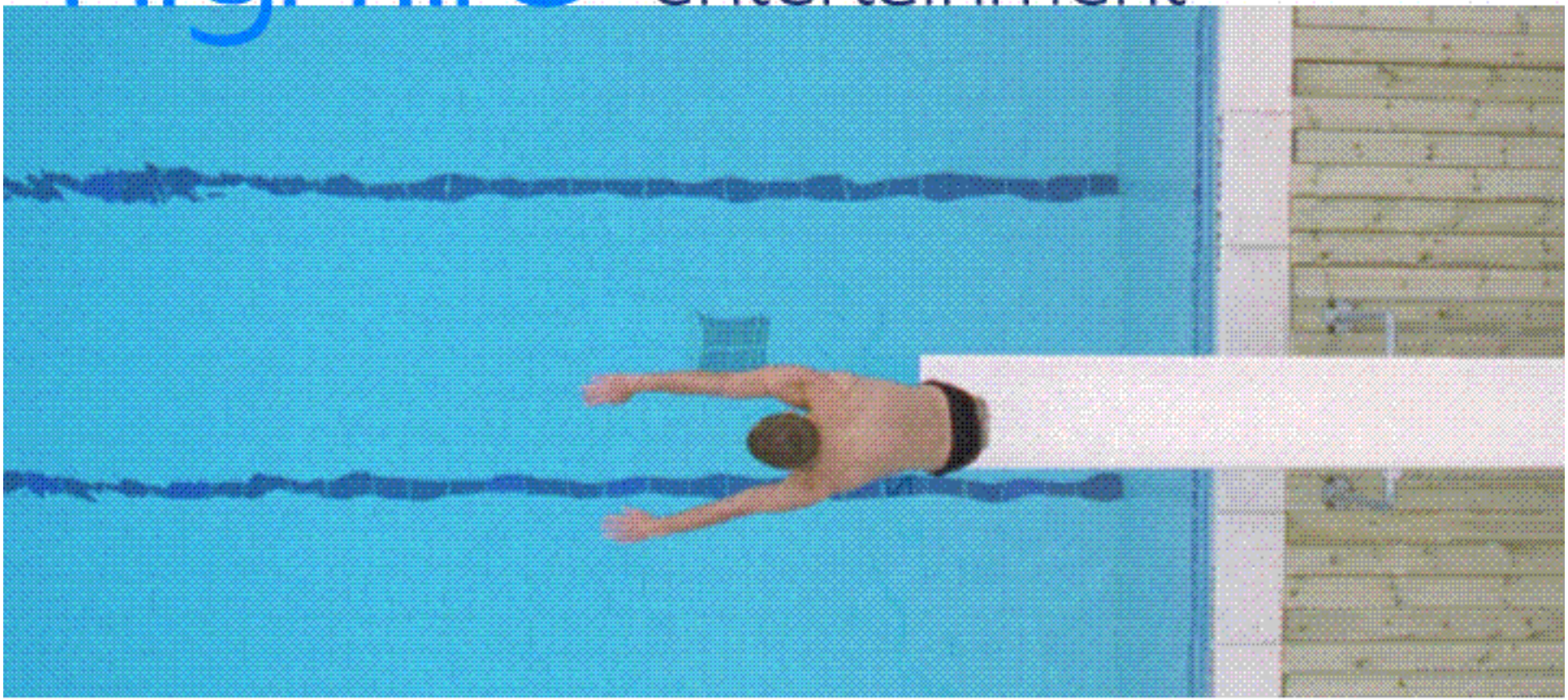
1. Consistently deliver customer promise
2. World class customer service
3. Leading edge ba.com
4. **Leadership in longhaul premium**
5. Profitable shorthaul
6. Redefine airport experience

CLUB WORLD

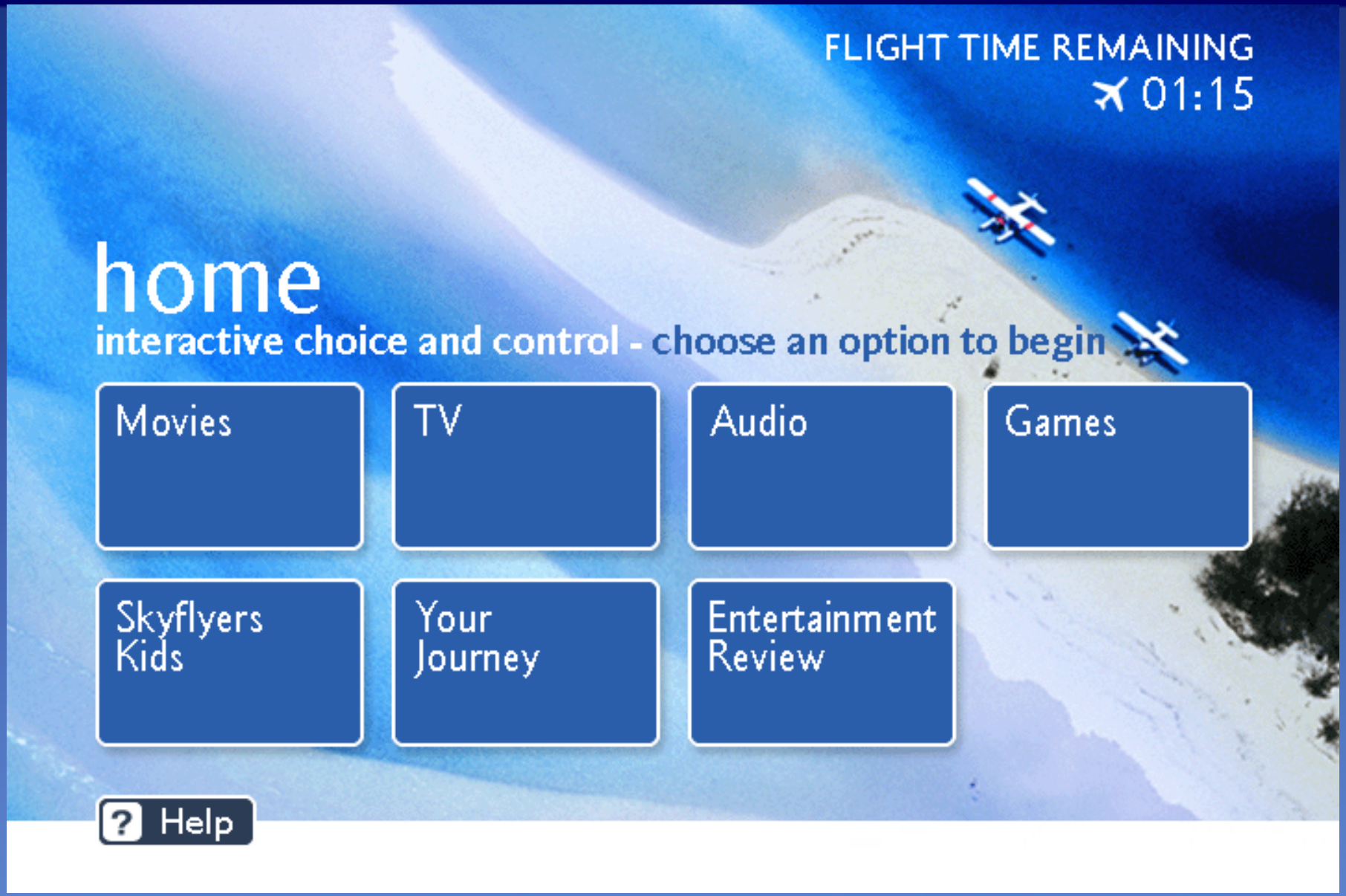
FIRST

BRITISH AIRWAYS

high life entertainment



touch the screen anywhere to begin...


FLIGHT TIME REMAINING
01:15
home
interactive choice and control - choose an option to begin
Movies
TV
Audio
Games
Skyflyers Kids
Your Journey
Entertainment Review
Help

Service that matters

1. Consistently deliver customer promise
2. World class customer service
3. Leading edge ba.com
4. Leadership in longhaul premium
5. **Profitable shorthaul**
6. Redefine airport experience

Shorthaul

- Heathrow
- Gatwick
- BA Connect

Heathrow

- Club Europe
- Premium leisure
- New pricing approach
- Extra capacity
- New advertising

Shorthaul space saver seats

Gatwick

- Product changes
- New pricing approach
- Property reductions
- Overhead/productivity improvements
- £40 million profit improvement target

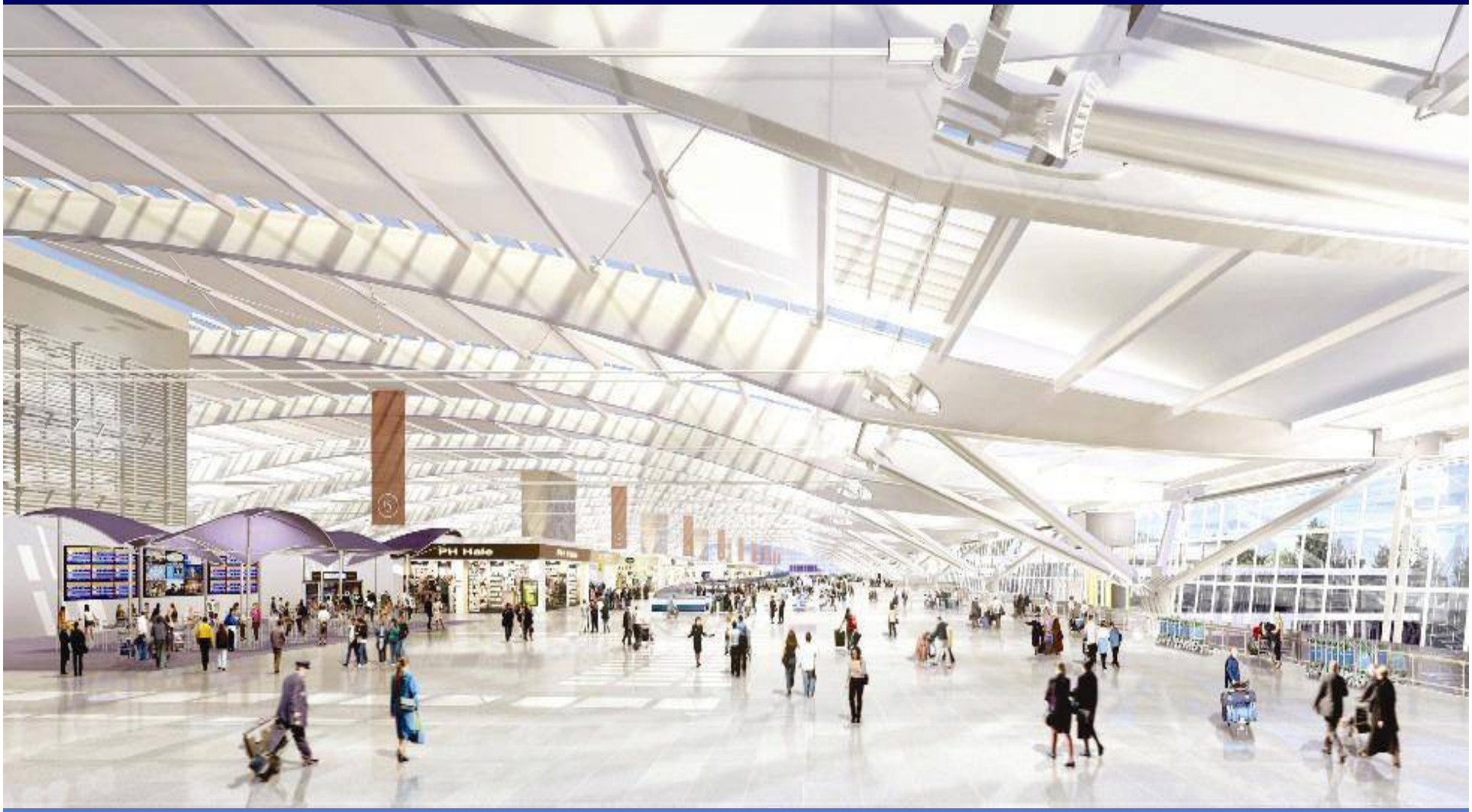
BA Connect

BA Connect

- Launched January 10, 2006
- Selling started February 1, 2006
- Services start March 26, 2006
- New routes from Birmingham launched

Service that matters

1. Consistently deliver customer promise
2. World class customer service
3. Leading edge ba.com
4. Leadership in longhaul premium
5. Profitable shorthaul
6. **Redefine airport experience**


PH Halo

Club World lounge

First lounge

Simplification

- Baggage policy
- Seating policy
- Management overhead

Summary

This year

- Strong revenue performance
- Ongoing cost of sale reduction

Business Plan

- Investment programme ahead
- Further cost reduction planned

‘Service that matters’ will deliver profitable revenue growth

Andrew Crawley

Head of Sales

Managing revenue

What is revenue management ?

Point to Point

Leisure

Business

Network

It’s quite complex

870 flights

X

16 prices

X

4 markets

X

355 days

Twenty million decisions

We have leading edge systems to help

Business rules

Cancellation forecast

No-shows forecast

Capacity

Yield forecast

Demand forecast
- Volume
- Rate
- Special events

Optimiser

Errors

Exceptions

Altea plan

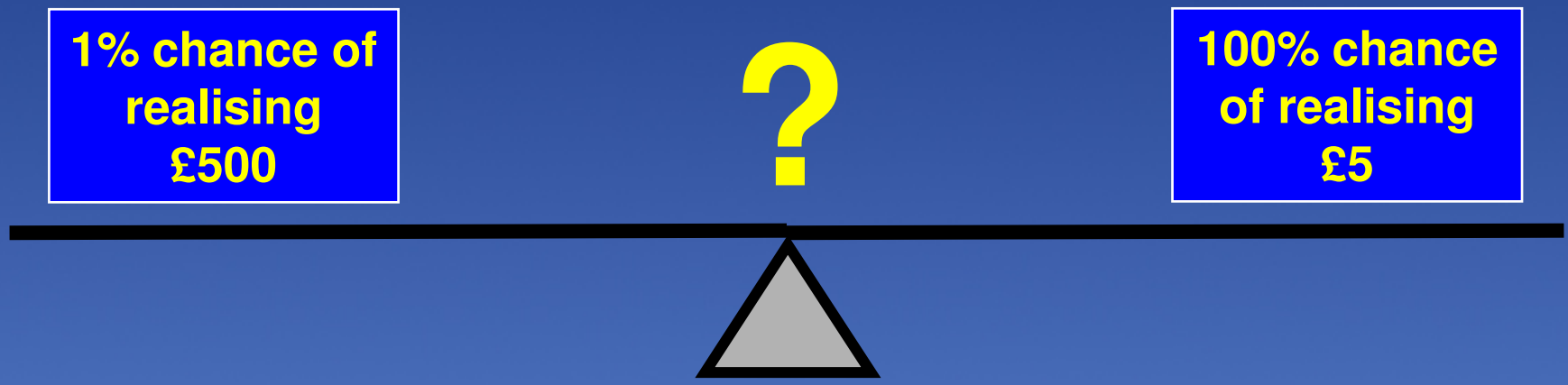
GDS
BA.com

Fare

What is a customer?

Price	x	Probability	=	Expected marginal seat revenue
£159		73%		£116.07

Which business do you take?



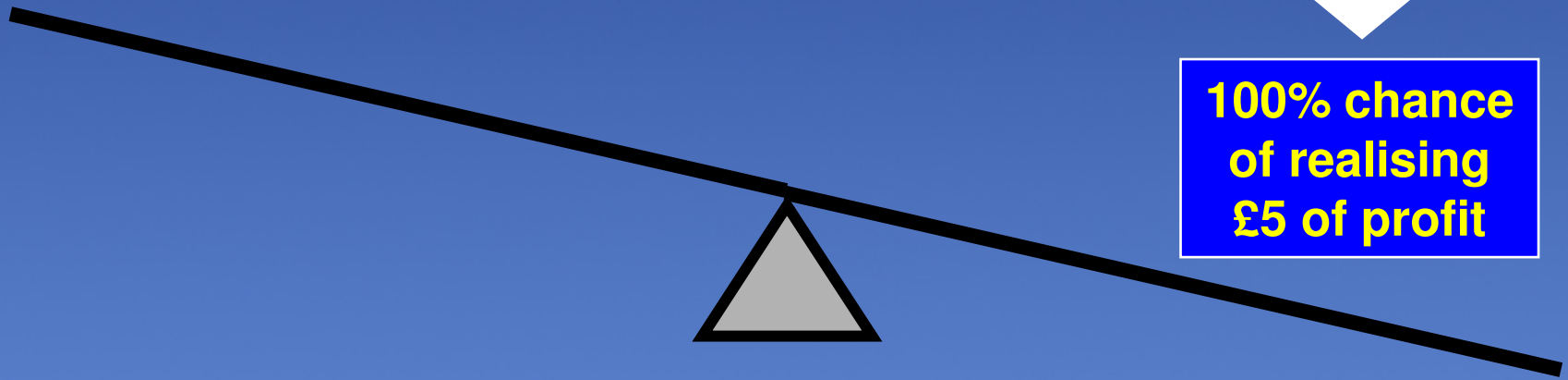
The real value of a customer

Probability doesn't consider:

- Customer proposition
- Market relevance
- Other income

1% chance of realising £500 of profit

100% chance of realising £5 of profit



No frill carriers filled the gap

No frills carriers

Point to Point

Leisure

Business

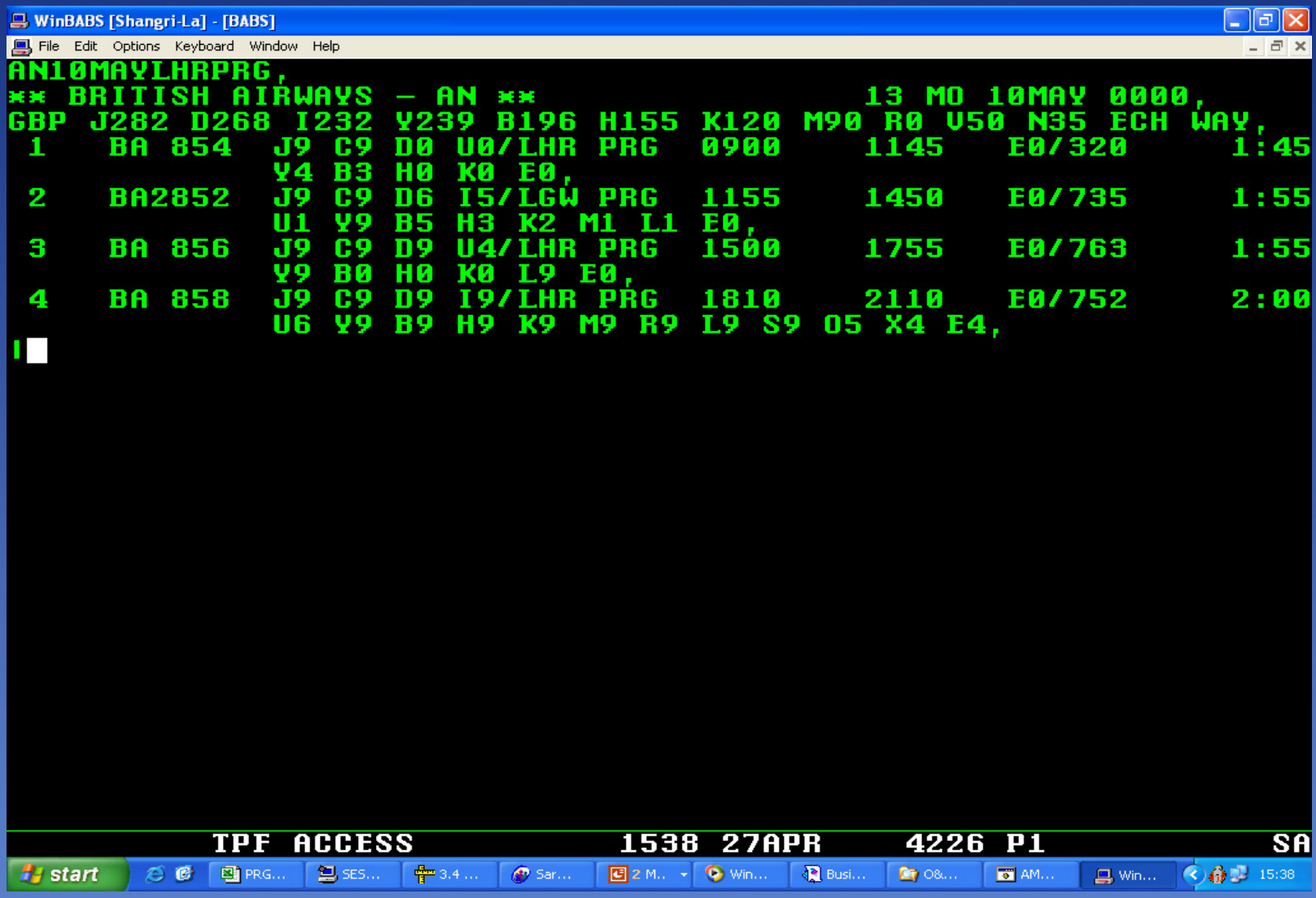
Network

Market dynamics

Powerful distributors
Pricing fences
Full service competition
Confused customer proposition
Brand advertising

Online purchase
Simpler fare rules
Highly competitive
Direct customer relationship
Aggressive price advertising

Agent in control



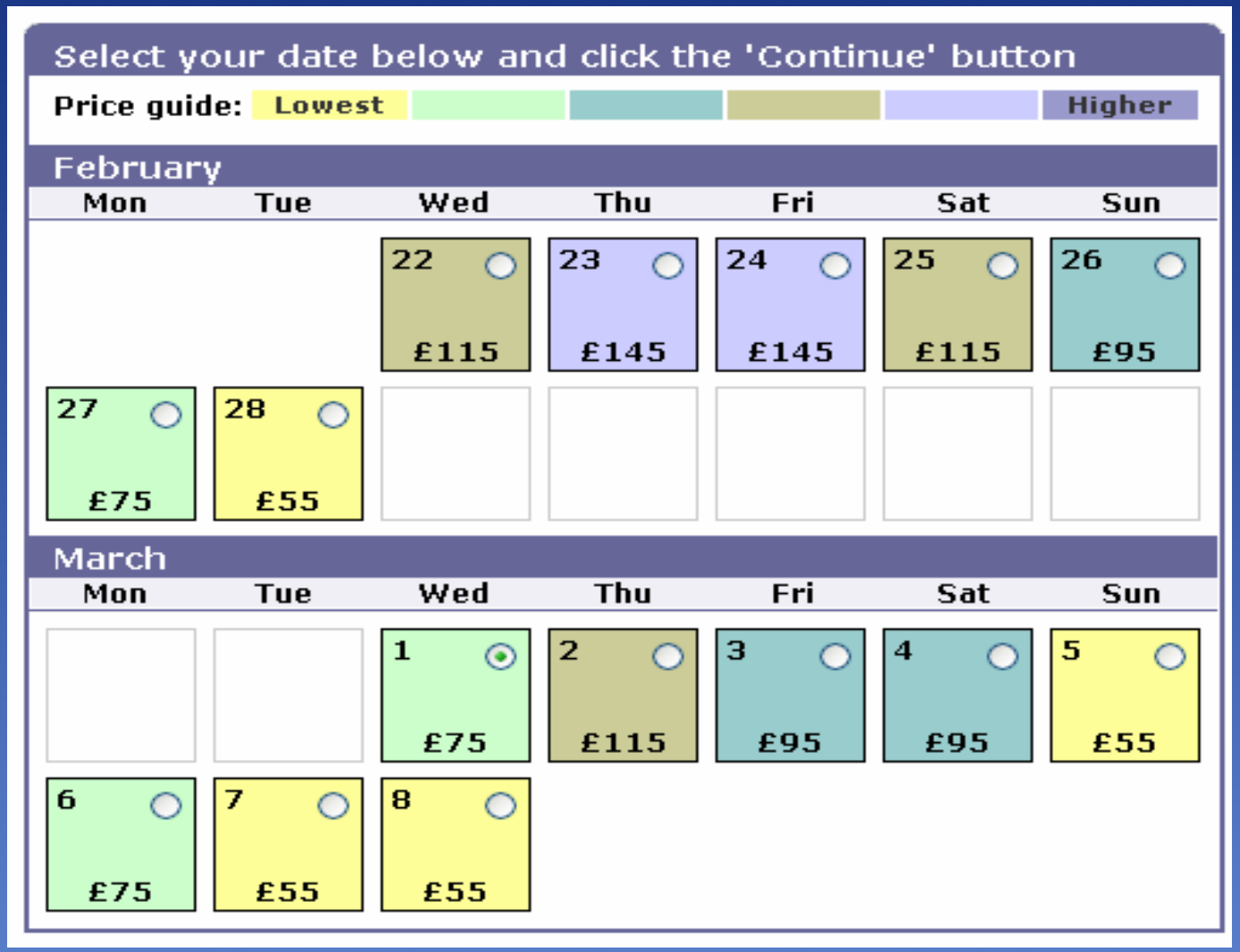
Transparency required simplification

Fully Flex
Changes allowed/ full refunds

Semi Flex
Change for a fee / no refunds

Restricted
No changes / no refunds

Customer in control



Customer in control

Price guide: Lowest Higher

Wed 23 Jun 2004 from London to Prague

Price	Time		Airport	Flight	Operated By
○ £ 65	08:50 11:45	Depart Arrive	Heathrow (London) Prague	BA0854	British Airways
○ £ 50	11:55 14:50	Depart Arrive	Gatwick (London) Prague	BA2852	British Airways
○ £ 32	15:00 17:55	Depart Arrive	Heathrow (London) Prague	BA0856	British Airways
○ £ 32	18:10 21:10	Depart Arrive	Heathrow (London) Prague	BA0858	British Airways

* Next day arrival ** Arrival two days later

Ready to meet new competitive challenges

No frills carriers

Point to Point

Business only products

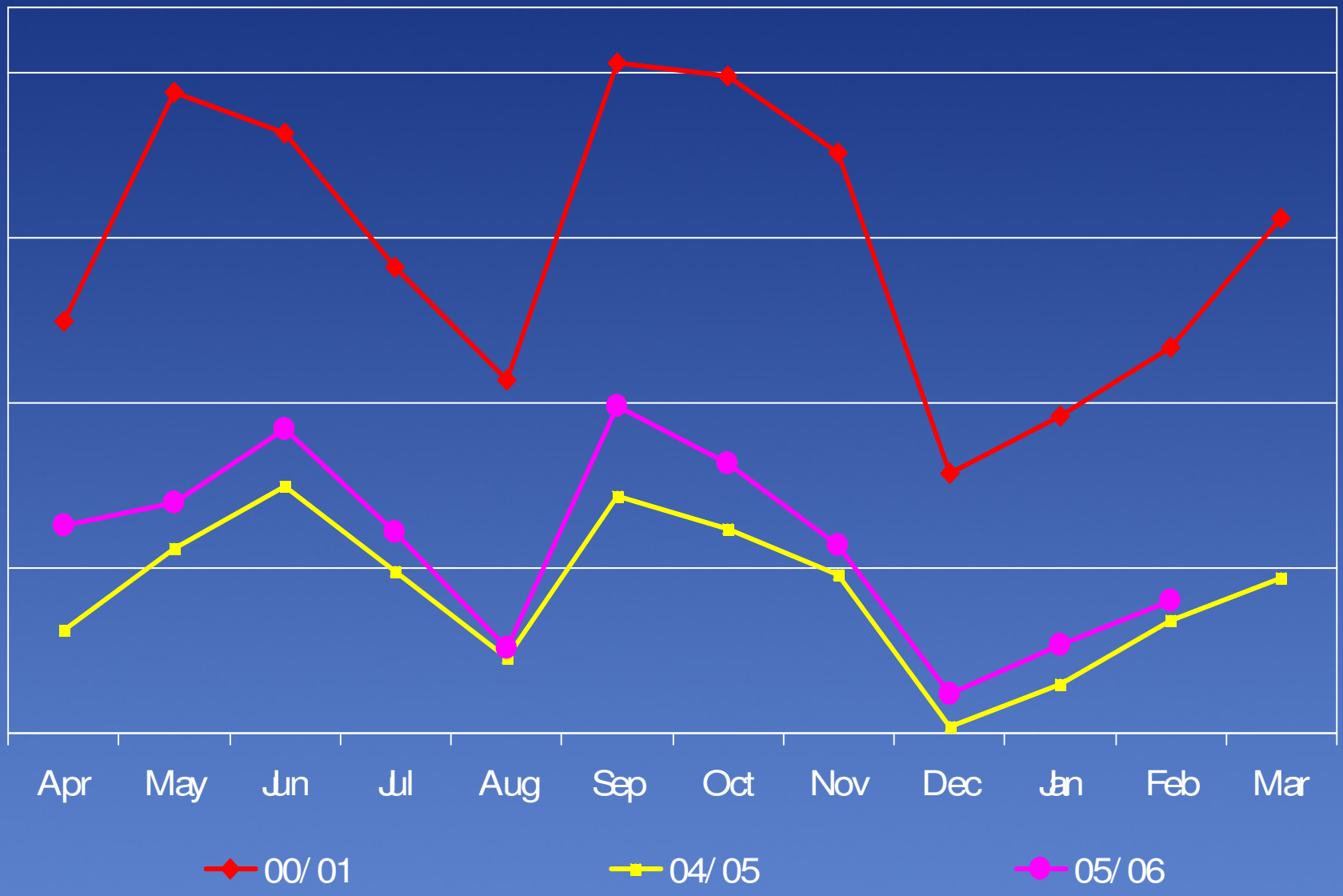
Leisure

Business

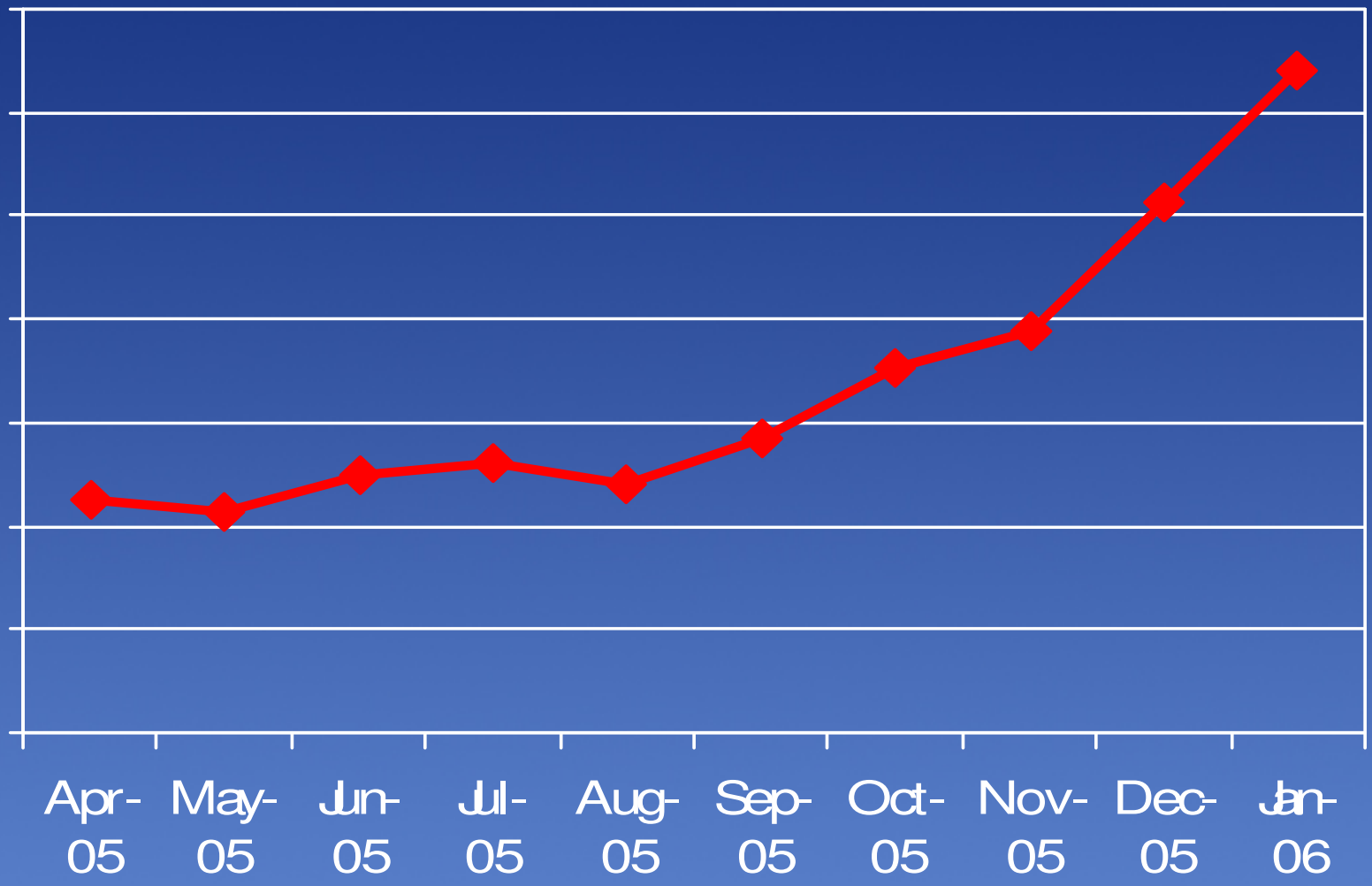
Traditional network carriers

Network

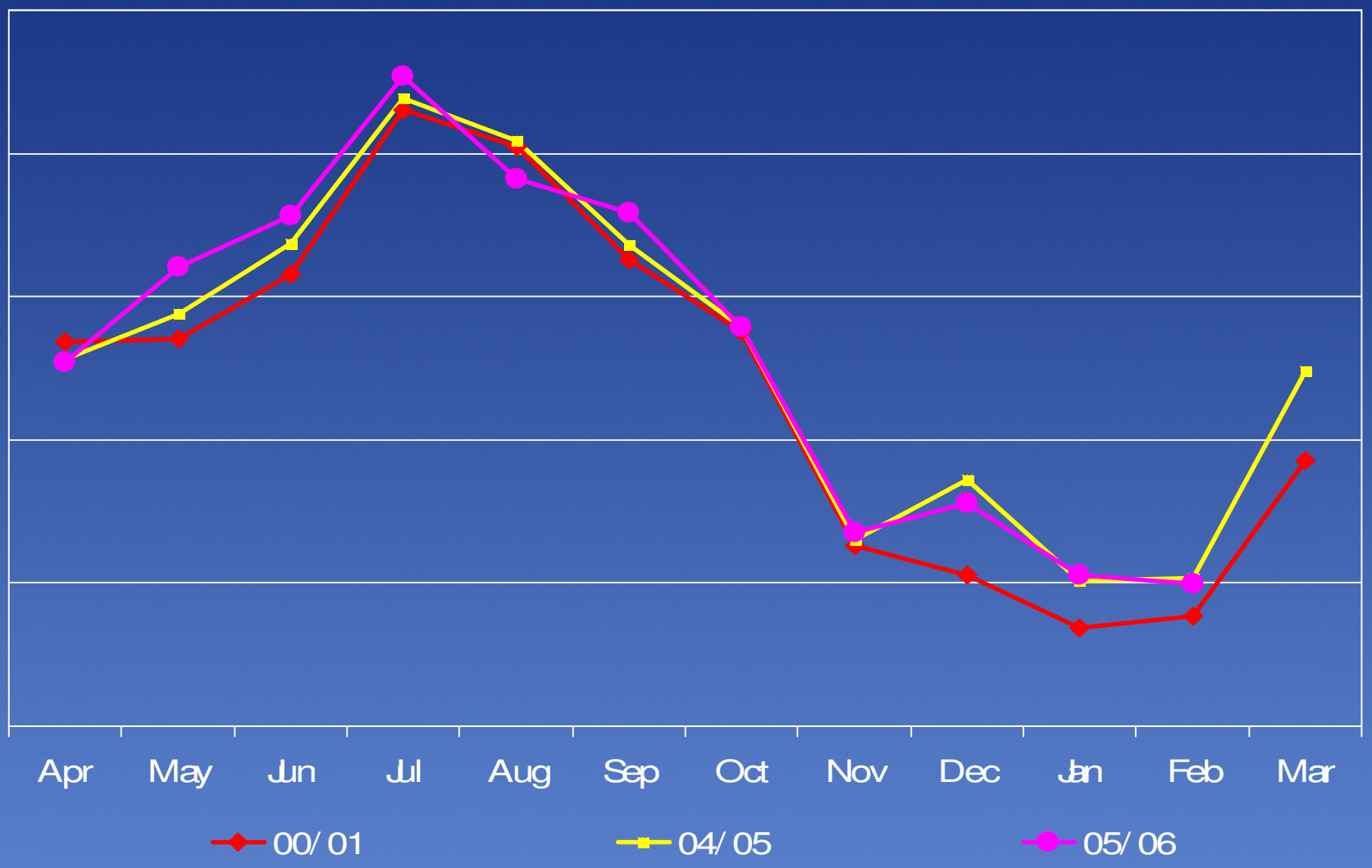
Shorthaul premium RPKs



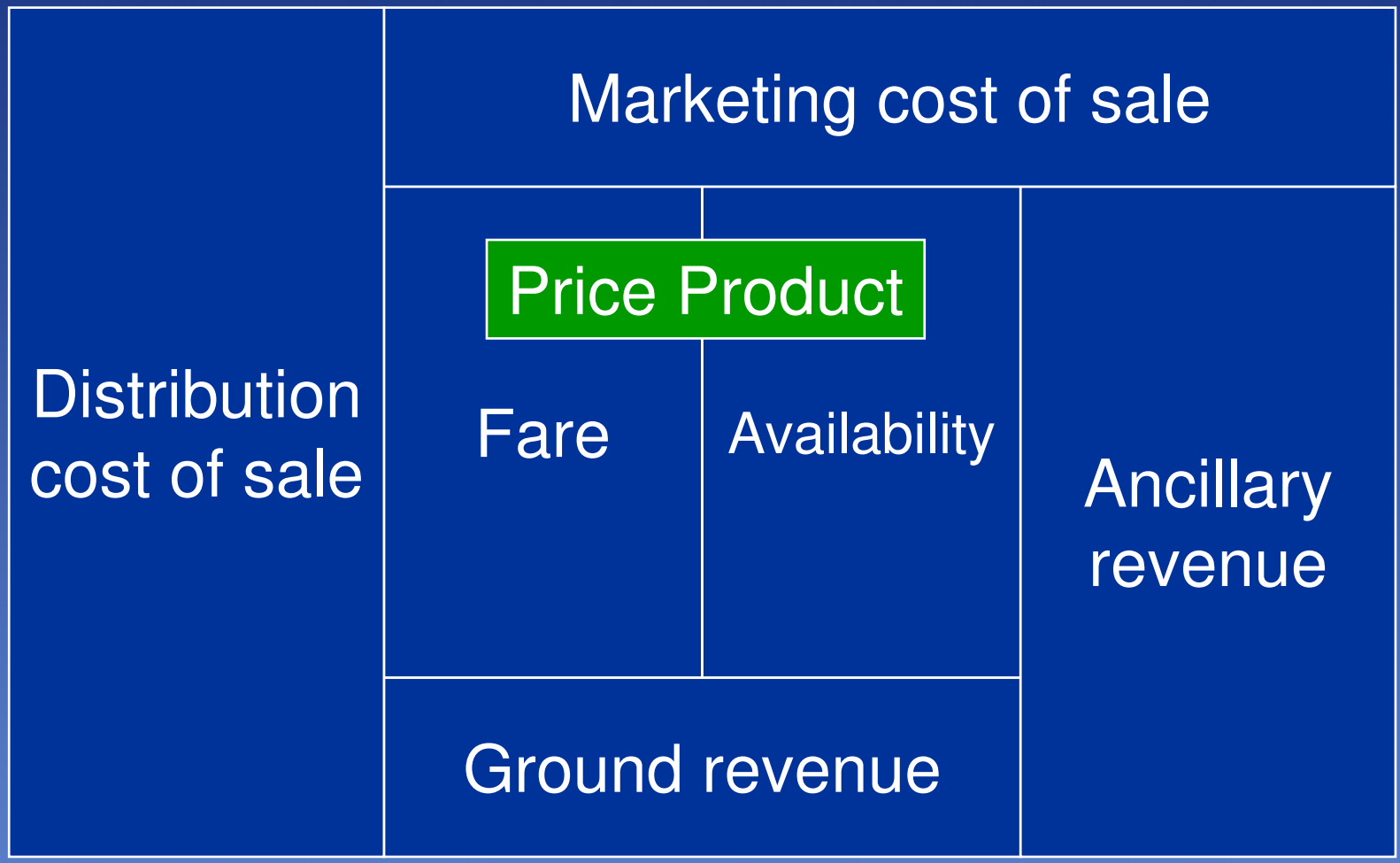
Club Europe premium leisure
rolling 12 months



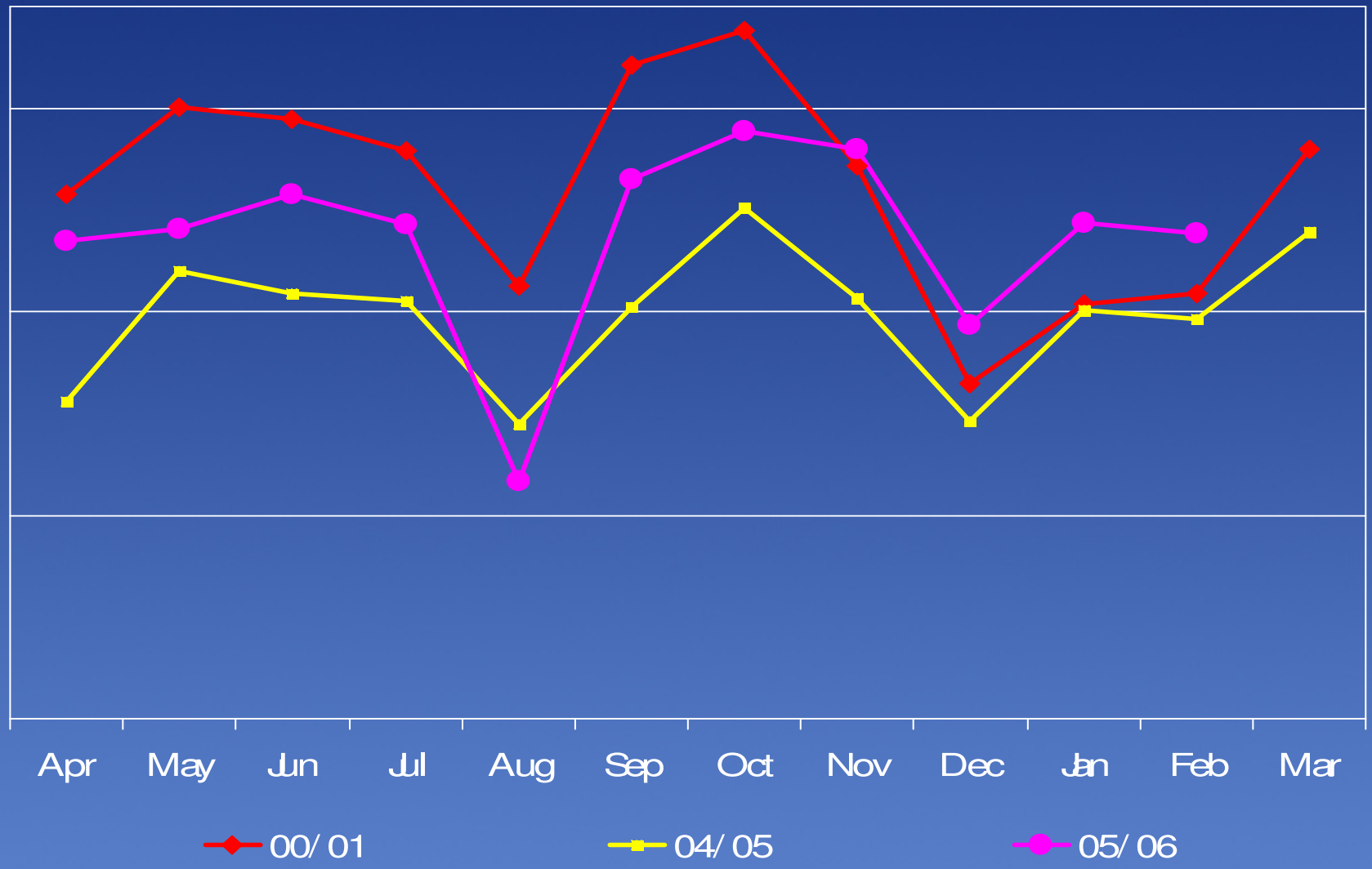
Shorthaul non-premium RPKs



Total margin management

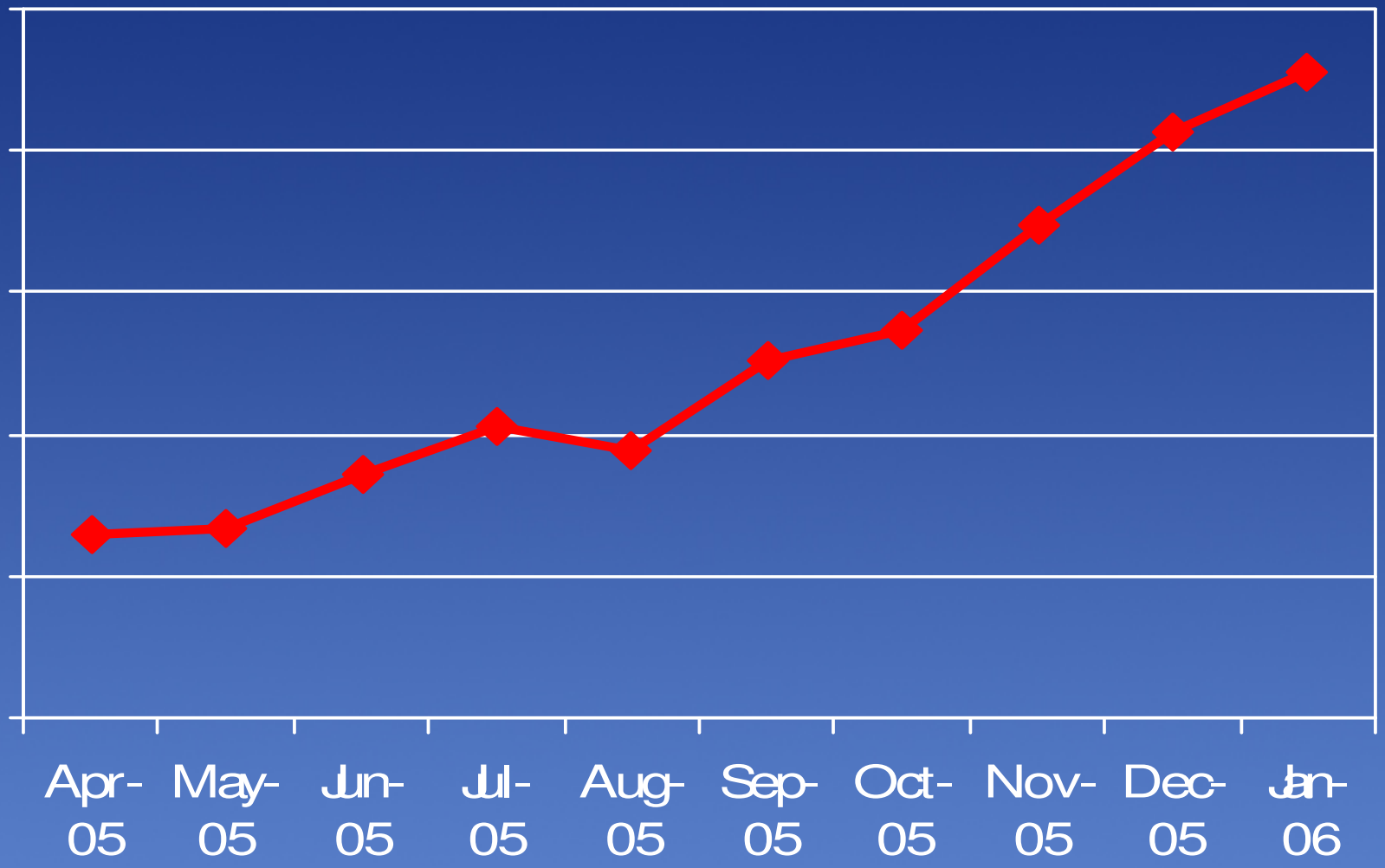


Longhaul premium RPKs



Club World business

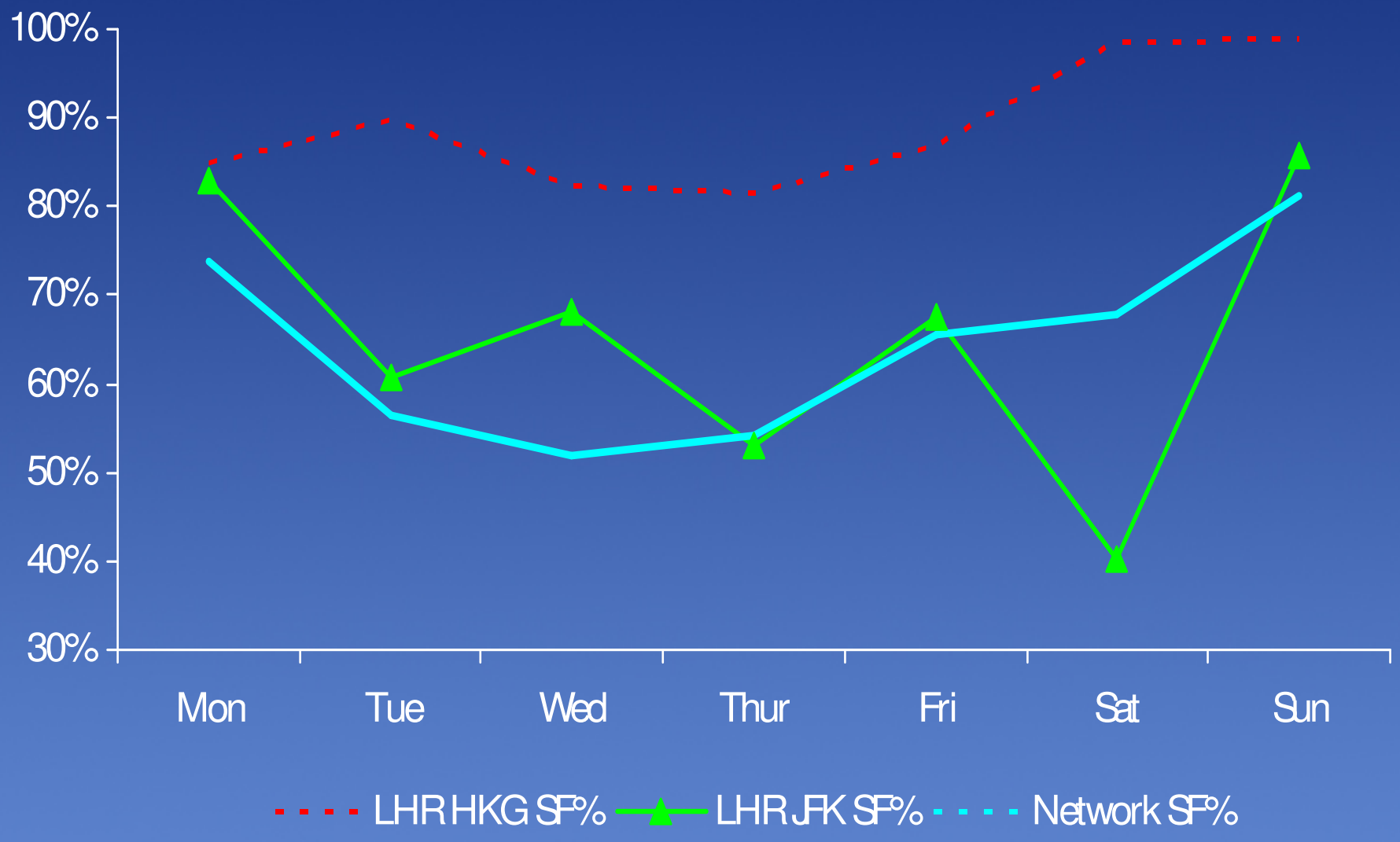
rolling 12 months



Multi tiered dealing

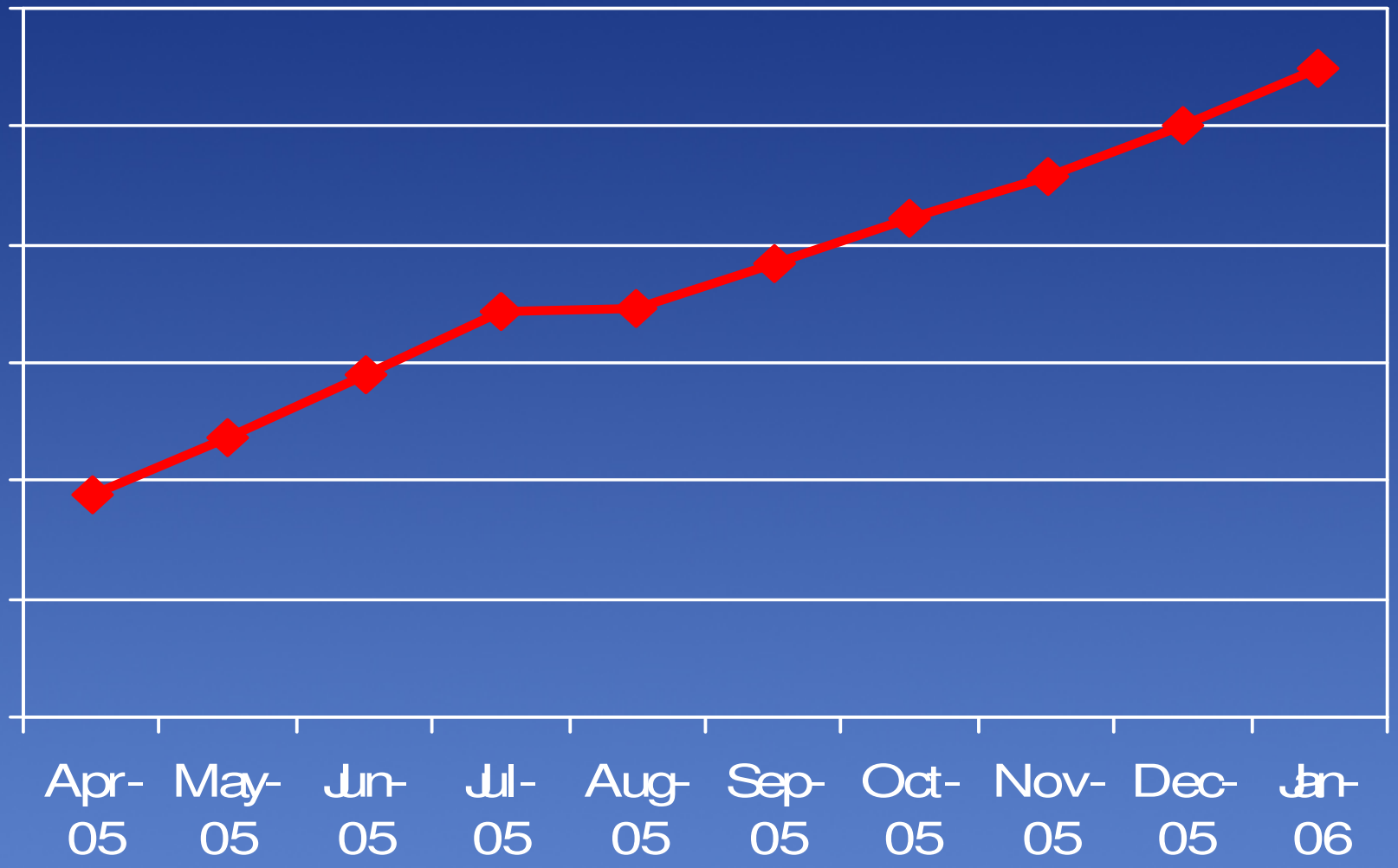
illustration

Seat factor by day

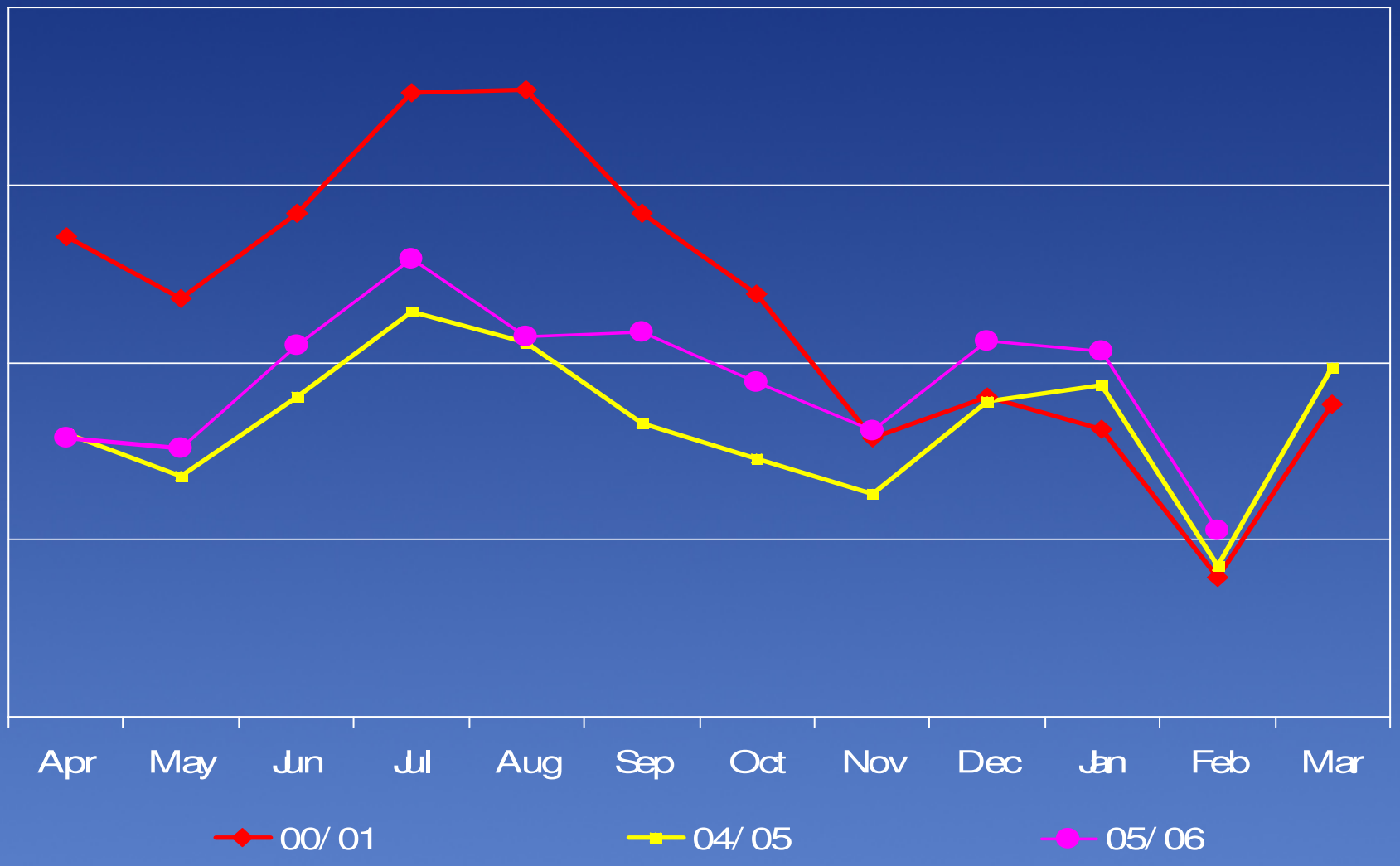


Club World premium leisure

rolling 12 Months

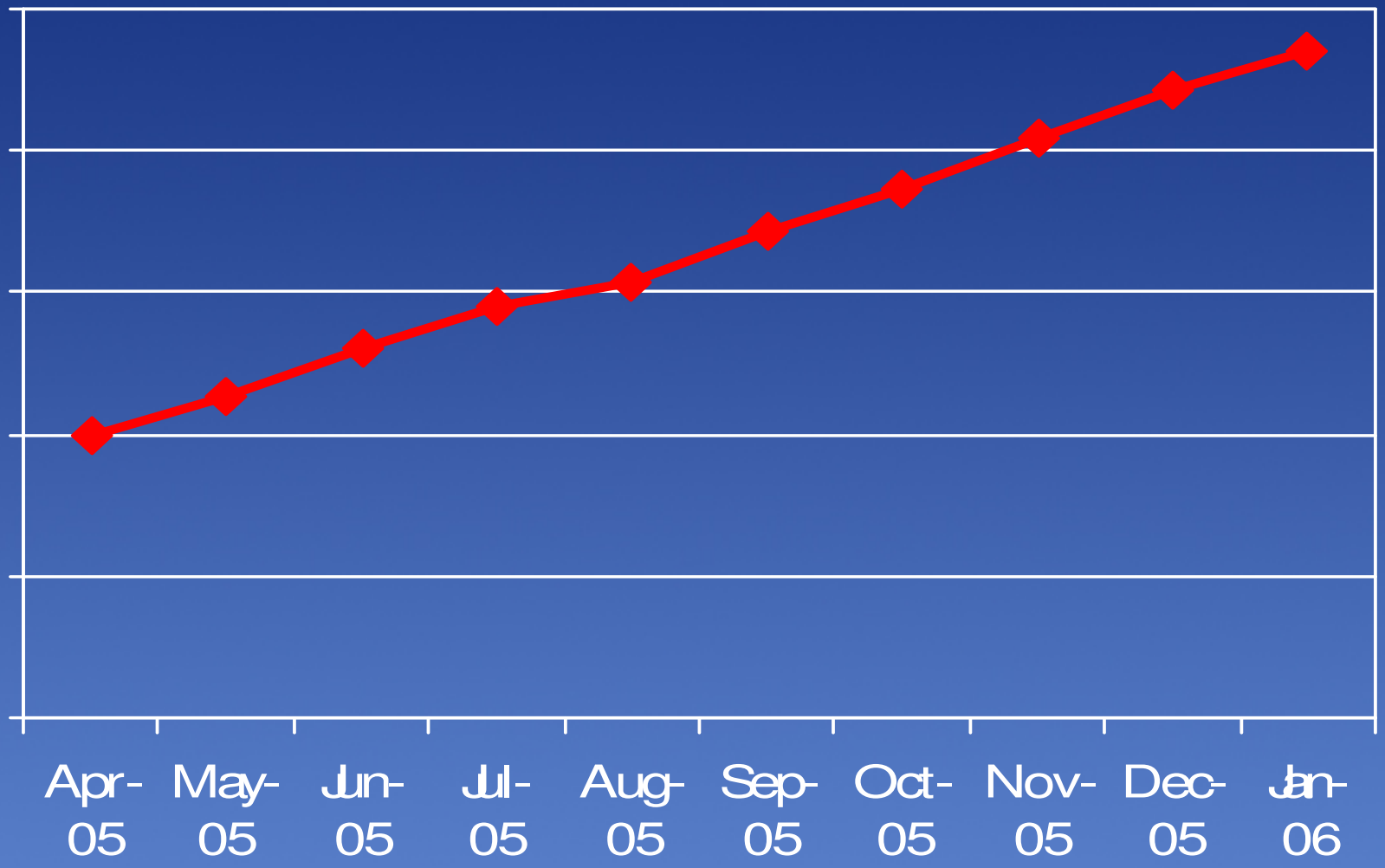


Longhaul non-premium RPKs

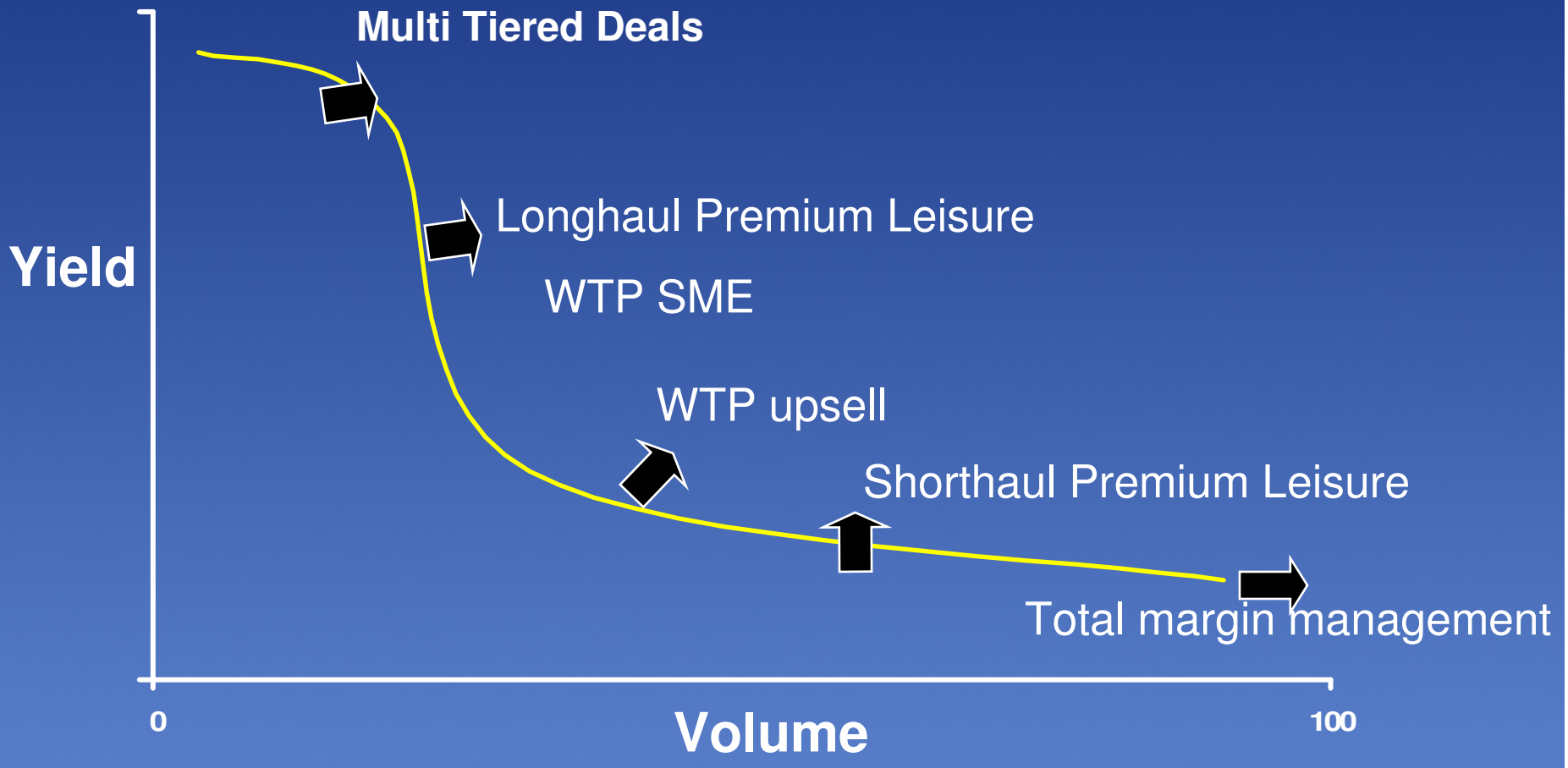


World Traveller Plus

rolling 12 months



Customer focused price products



Keith Williams

Chief Financial Officer

Overview of 9 months to December

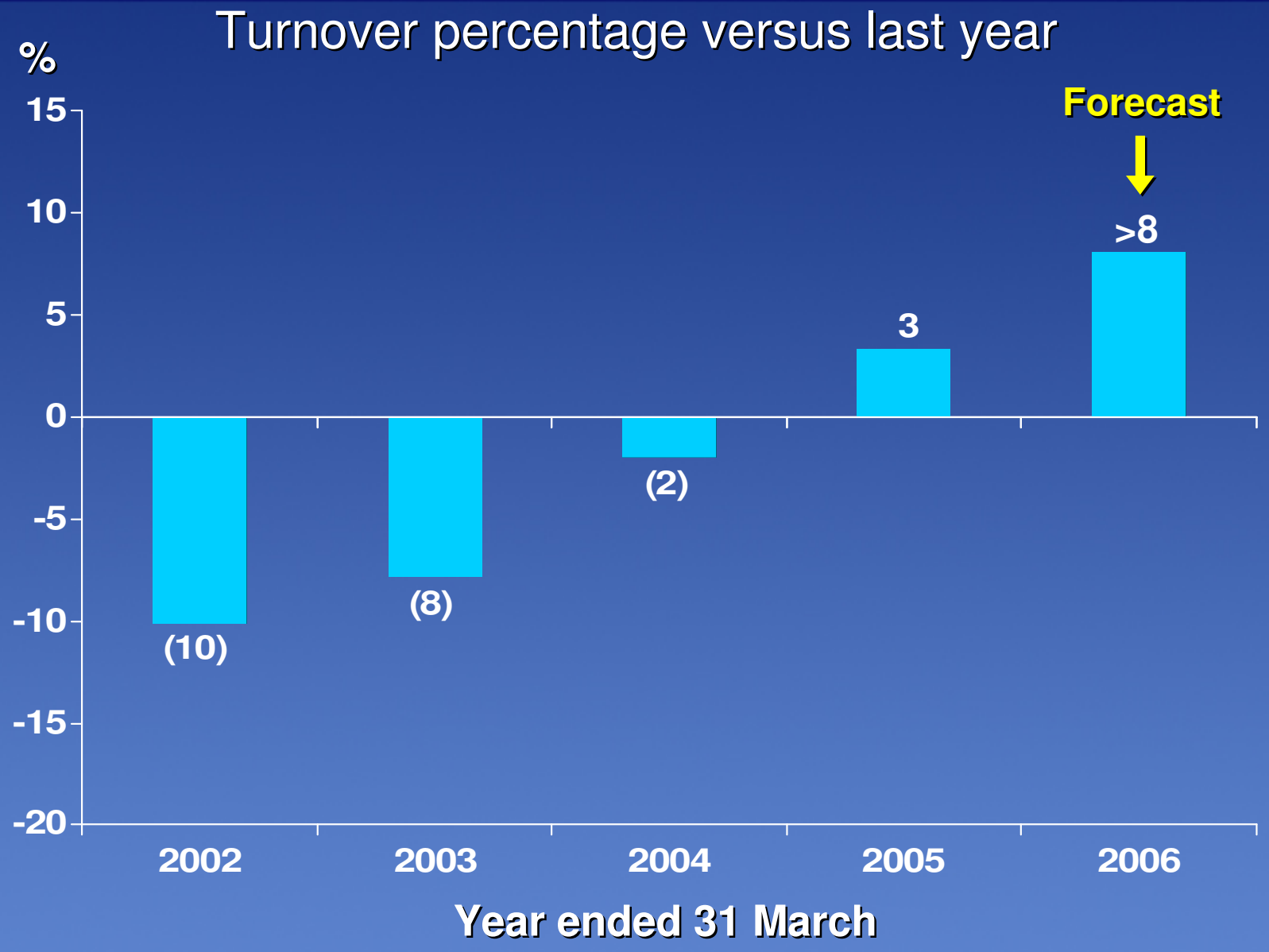
Revenue up 8.4%

- Strong volumes especially in premium
- Promotional activity required to drive seat factors
- Yield continues weak
- Surcharges sticking

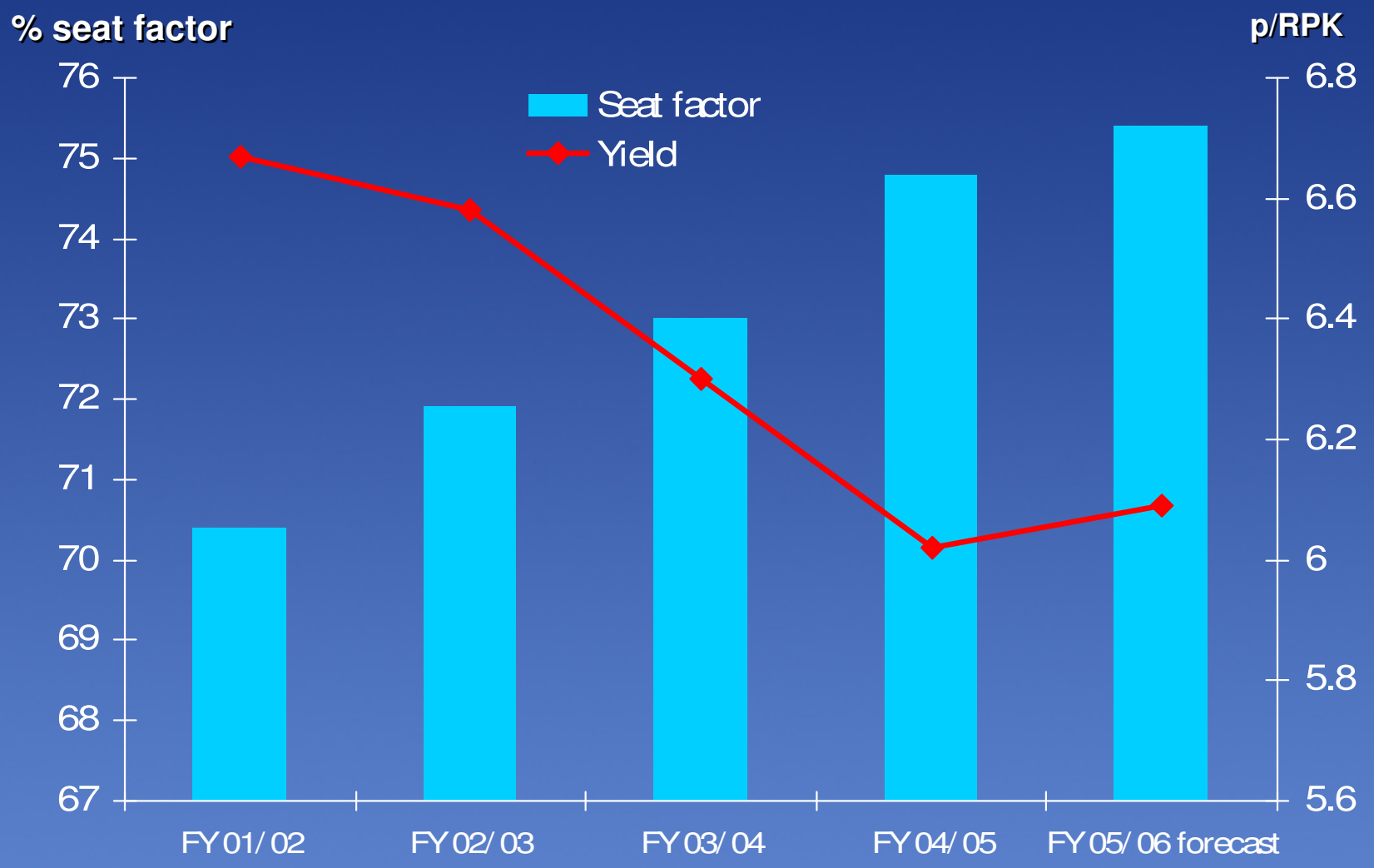
Costs under pressure

- Fuel price at record high
- Employee costs up driven by pensions and wages
- Unit costs flat
- New initiatives announced to re-energise cost efforts

2005/2006 revenue outlook



Full year seat factor and yield



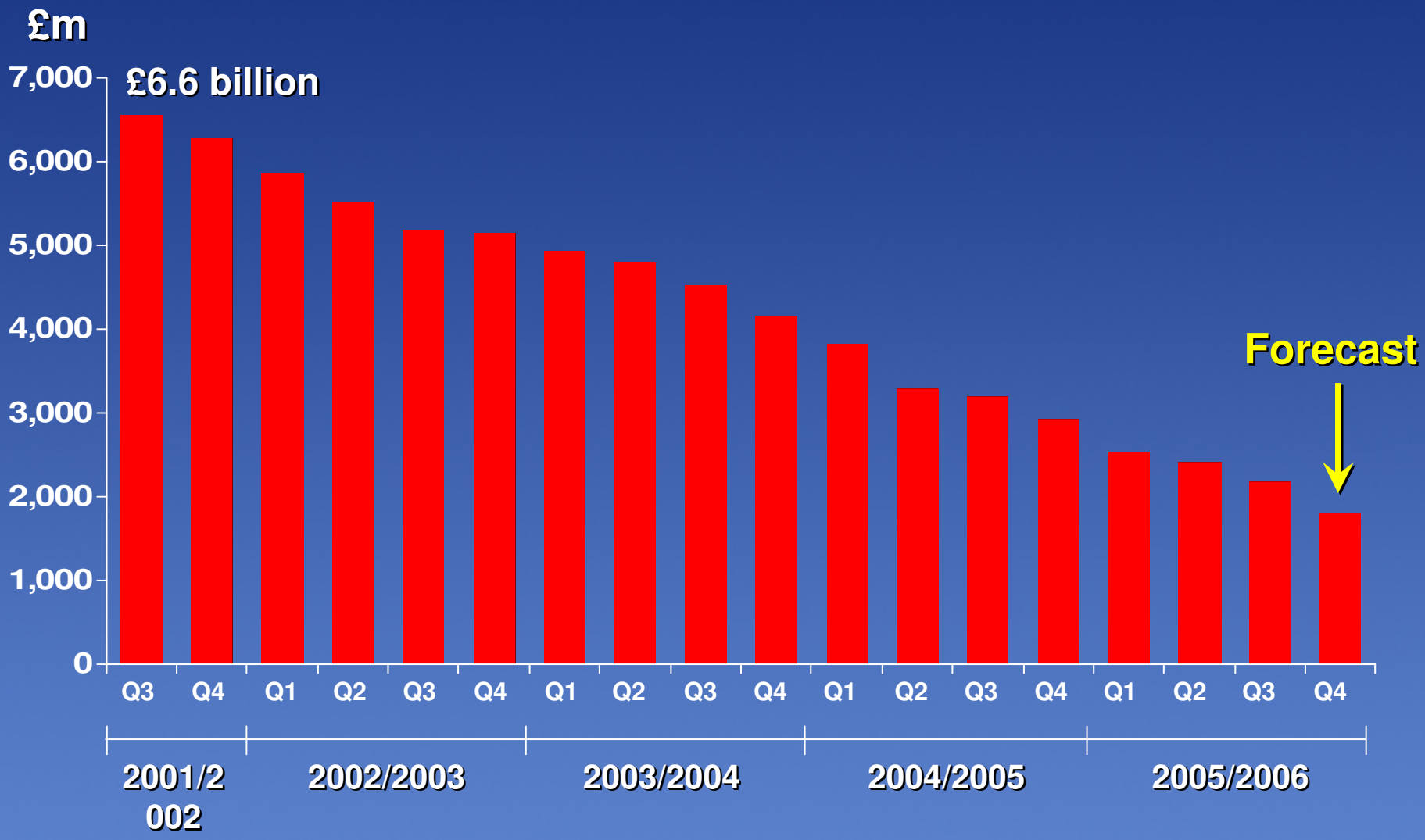
2005/2006 cost & other outlook

- Fuel: up £500 million - £515 million versus last year
- Costs excluding fuel: up 1% versus last year
- Capex: £310 million
- Net debt: down to <£2 billion
- Greater financial flexibility

Employee reward plan

- One bonus arrangement for all BA employees
- Everyone focused on same target – operating margin
- 2004/2005 – 6% trigger
- 2005/2006 – 8% trigger (after cost of scheme)

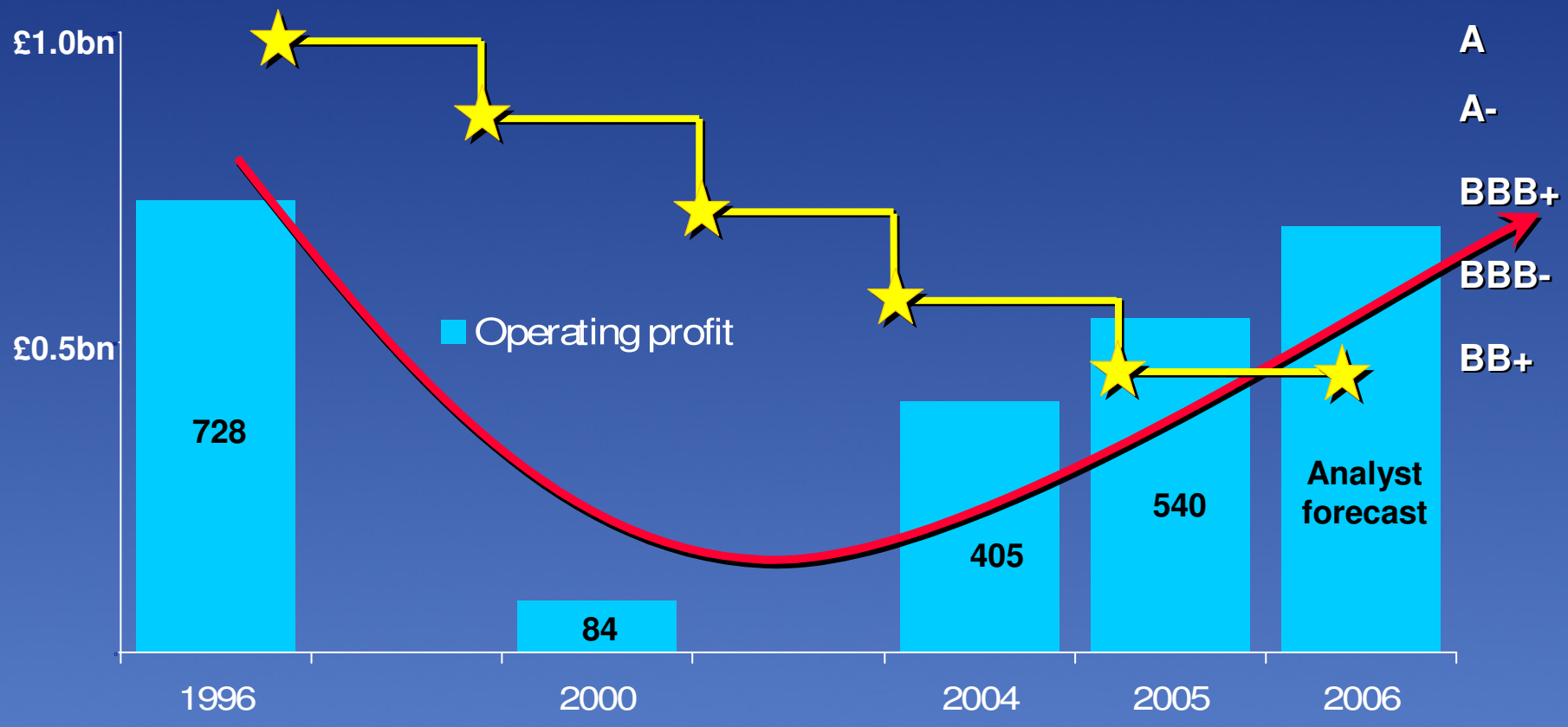
Net debt down



Increasing our flexibility

Aircraft	31 March 2004	31 March 2005	31 December 2005	March forecast 2006
Unencumbered	40	70	73	77
Financed	162	136	134	130
Operating Leased	89	84	82	82
Total	**291**	**290**	**289**	**289**

Our credit rating is unchanged



Net debt	£3.7bn	£5.9bn	£4.2bn	£2.9bn	<£2.0bn

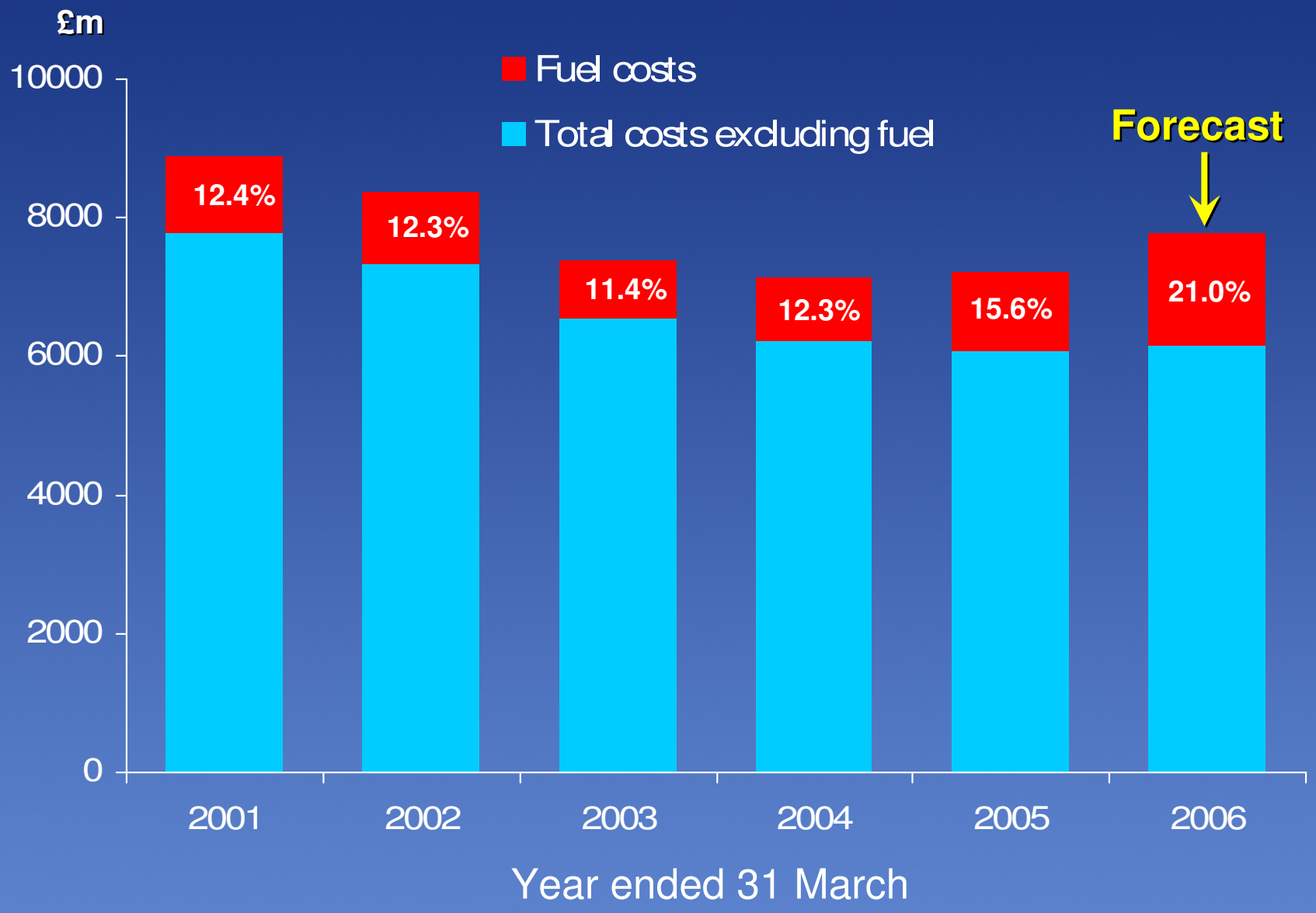
Business Plan (2006-2008)

- Competitive cost base
- Service that matters
- Fit for 5
- Fit for growth

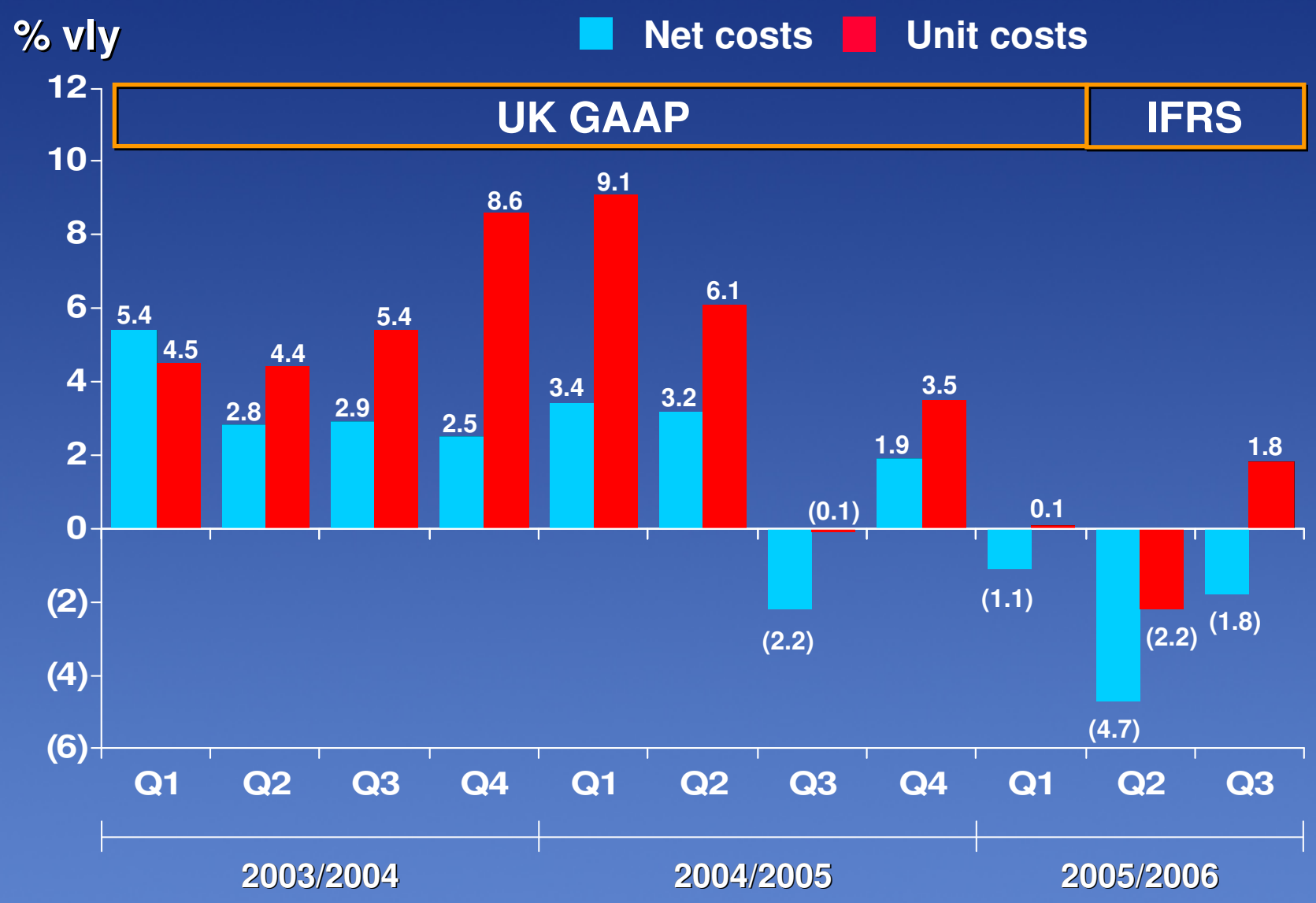
Business Plan 2008 financial goals

- Regaining initiative on controllable costs
- Moving to 10% operating margin
- Targeted investment
- Continued improvement on asset turns
- Movement back to investment grade metrics

Total costs


£m
10000
8000
6000
4000
2000
0
Fuel costs
Total costs excluding fuel
Forecast
12.4%
12.3%
11.4%
12.3%
15.6%
21.0%
2001
2002
2003
2004
2005
2006
Year ended 31 March

Cost performance



Fuel price remains high

Business Plan cost targets

2006/2007

- £225 million savings across non-fuel costs
- Satisfactory outcome on pensions and pay round

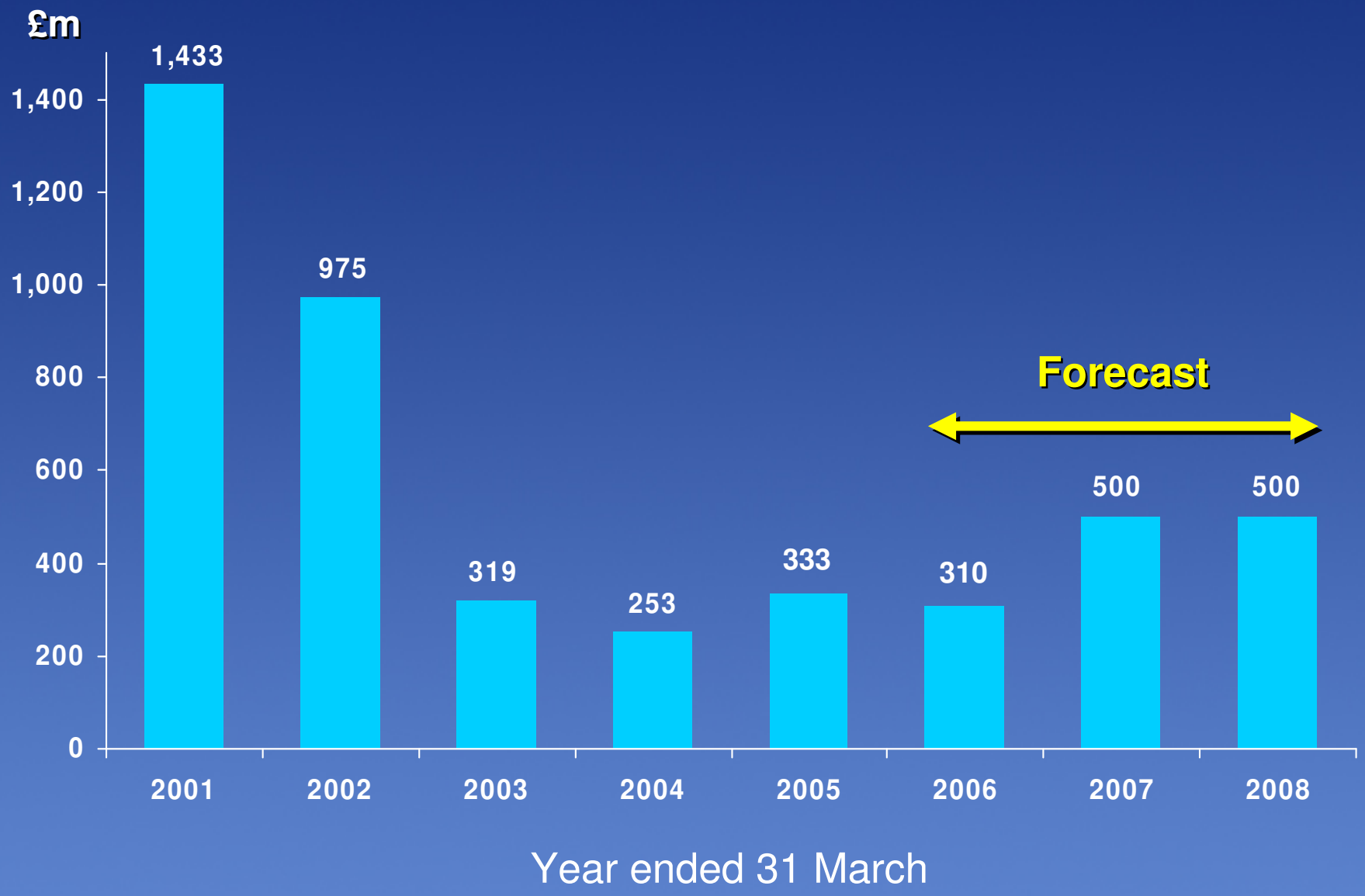
2007/2008

- £450 million over 2 years

Solving the pension issue

- Phase one of campaign completed
- Solution phase starts March 2006
- Actuarial review starts March 2006
  – expect report in Autumn

Capital expenditure



Capex focused on service that matters

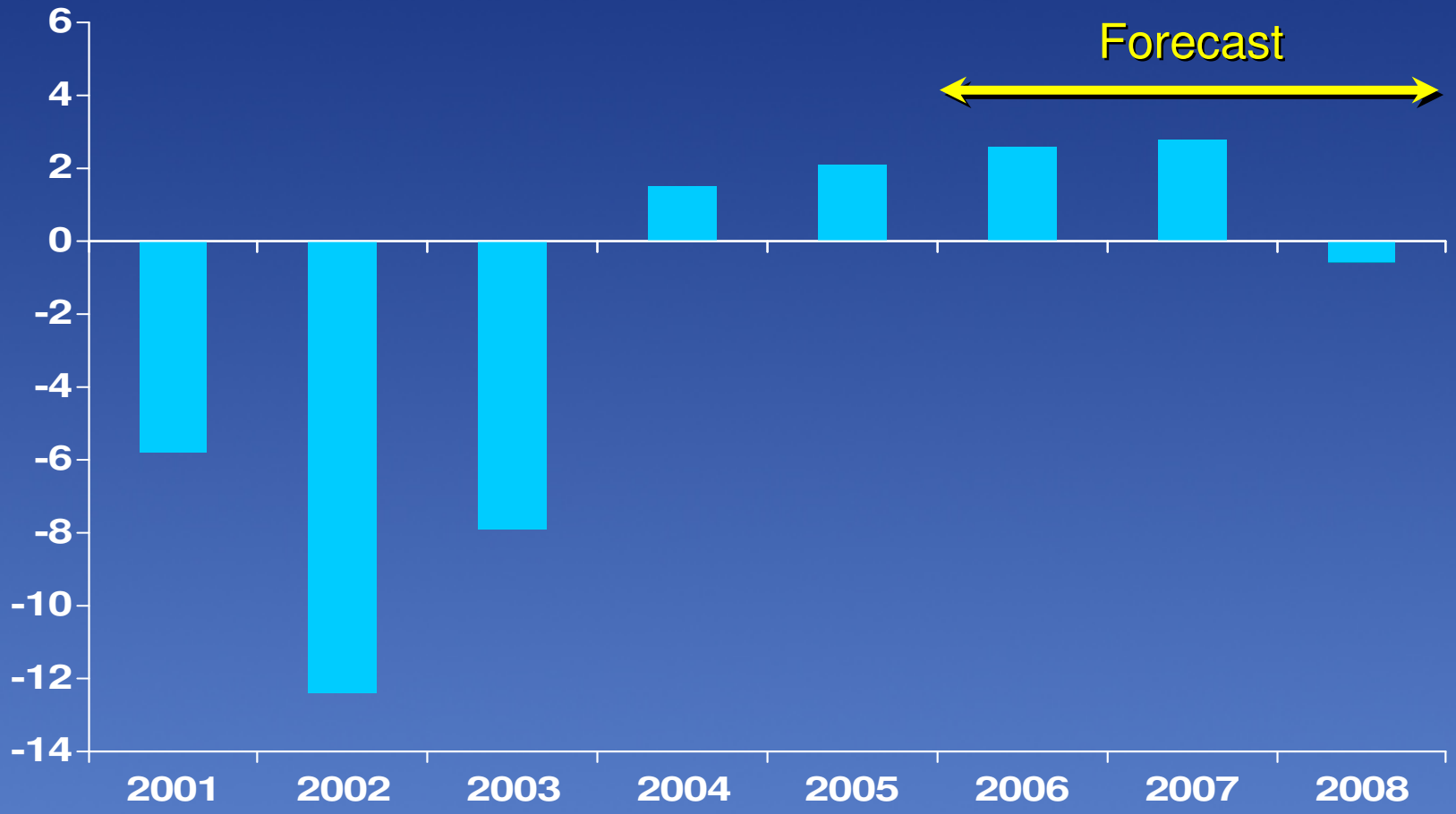
- £200 million product investment
- £200 million on T5
- Overall £500 million per annum for next 2 years

Fit for 5

- Construction on track
- Progress on operational readiness continues
- Schedule overspill agreed for T3
- Operational performance targets set

Capacity growth

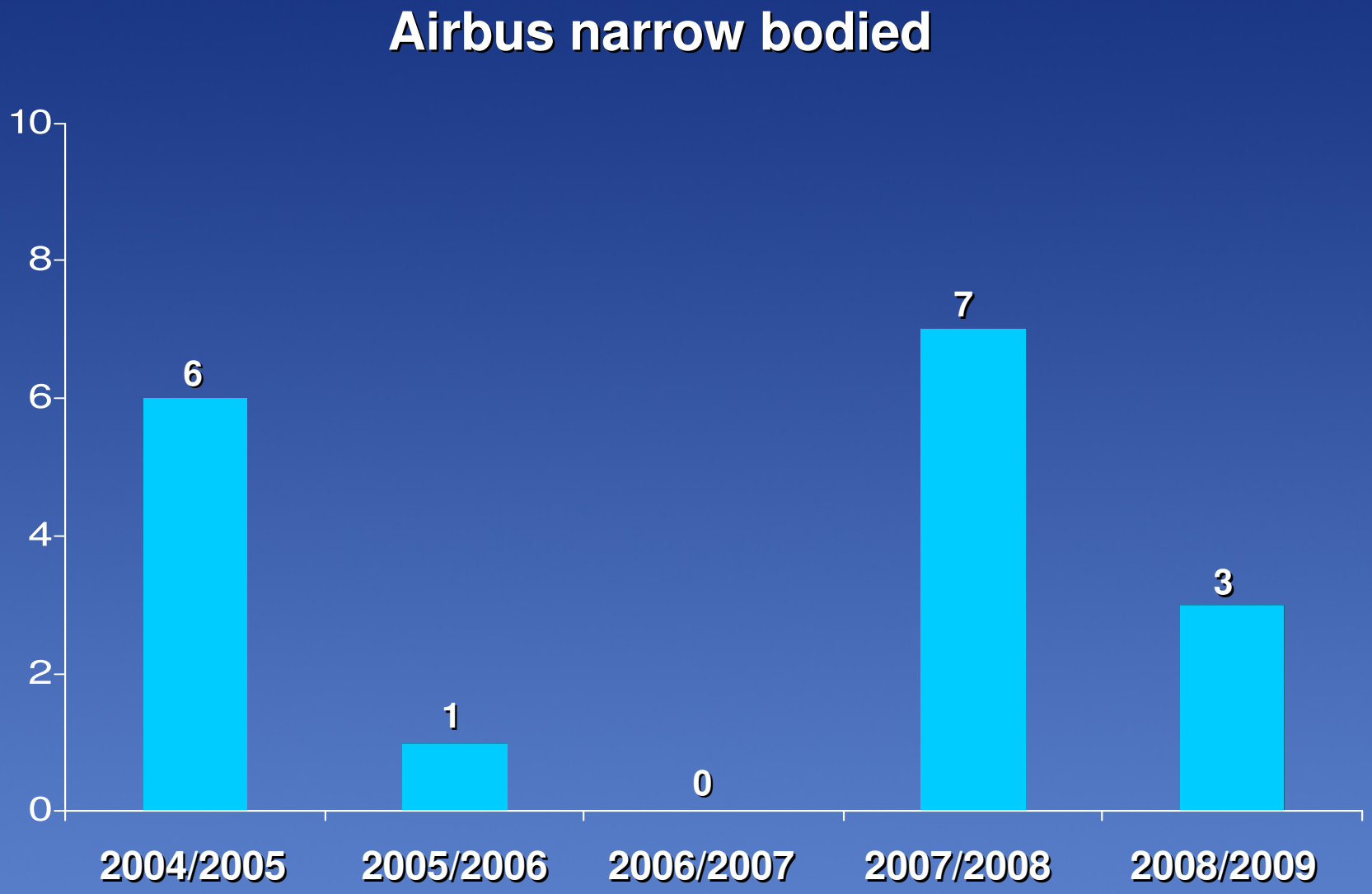
ASKs percentage versus last year



	2001	2002	2003	2004	2005	2006	2007	2008
End of year fleet size	338	360	330	291	290	284	284	284

Year ended 31 March

Aircraft deliveries are all replacements



Fit for growth

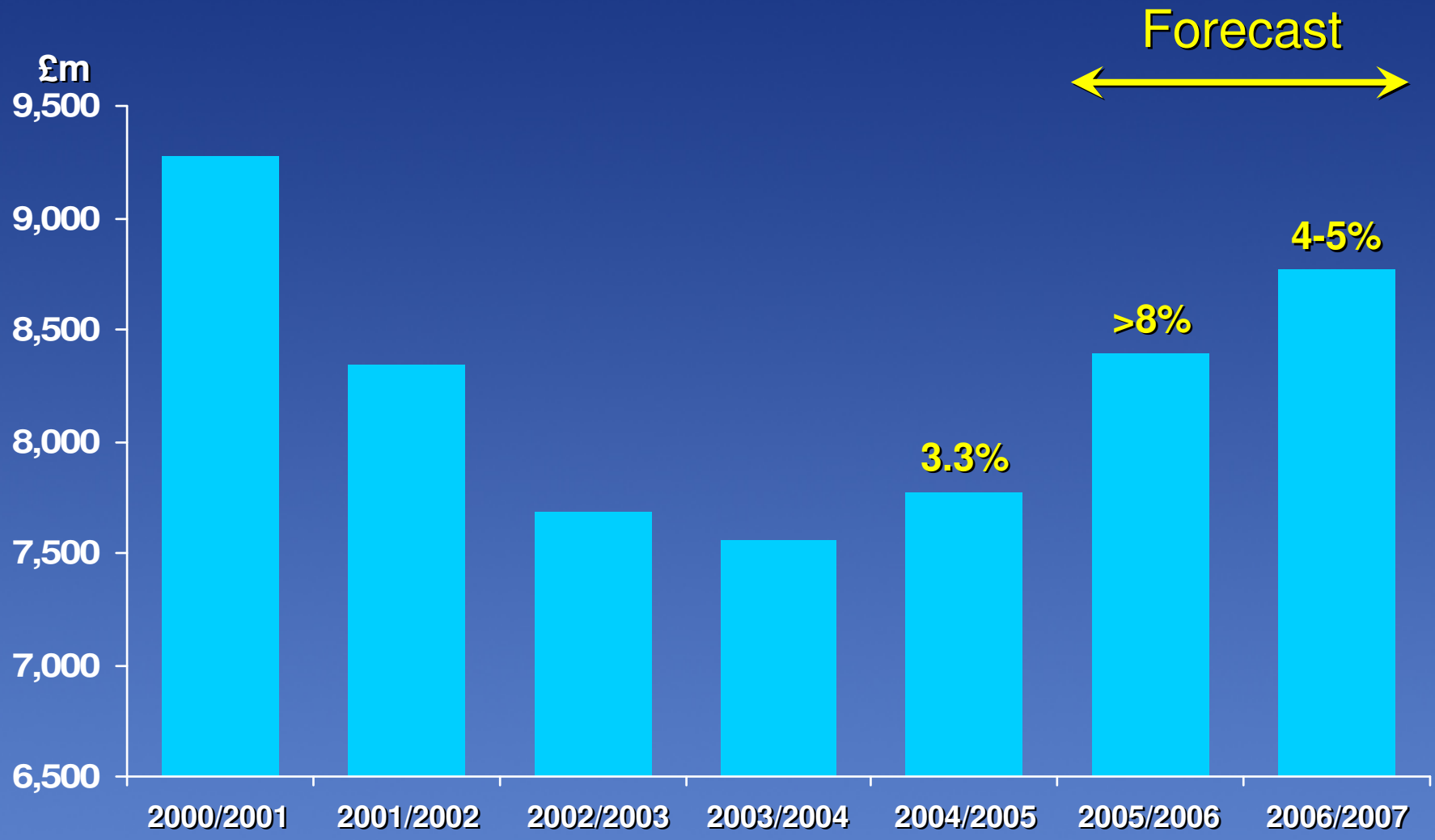
- No new longhaul aircraft will enter the fleet pre T5
- Need time to plan for fleet replacement and to allow competition between suppliers
- Modest growth in line with market growth
- Need to ensure business plan is delivered

2006/2007 outlook

Revenue outlook

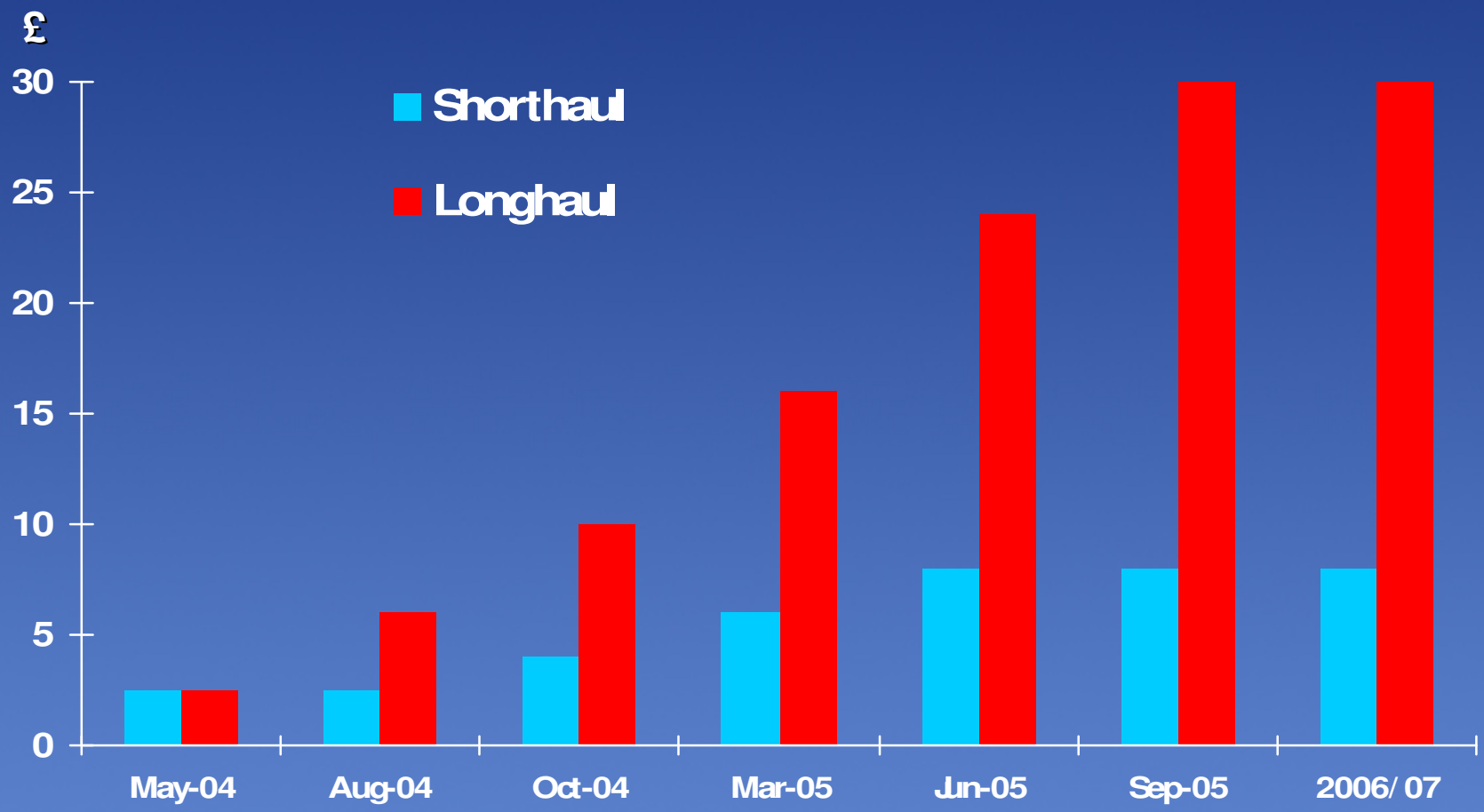
- Capacity
- Volume
- Revenue
- Yield

Gradual turnover recovery



Fuel surcharges

Fuel price assumption $60 p/barrel for 2006/2007
= fuel surcharge forecast at current levels



Why is revenue growth less next year?

2005/2006 >8% growth

2006/2007 4-5% growth

Passenger revenue

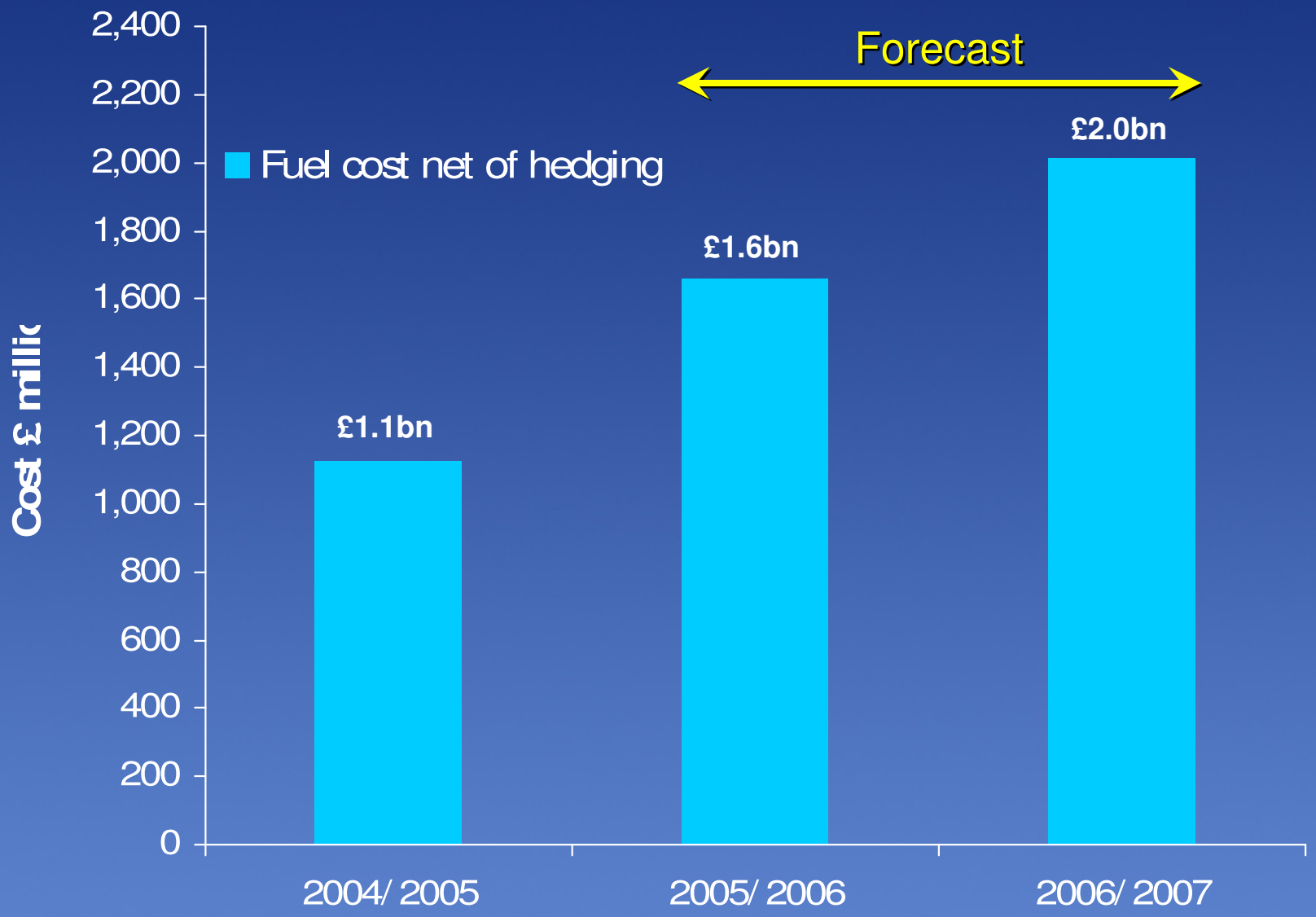
Cargo revenue

Other revenue including cargo & passenger fuel surcharges

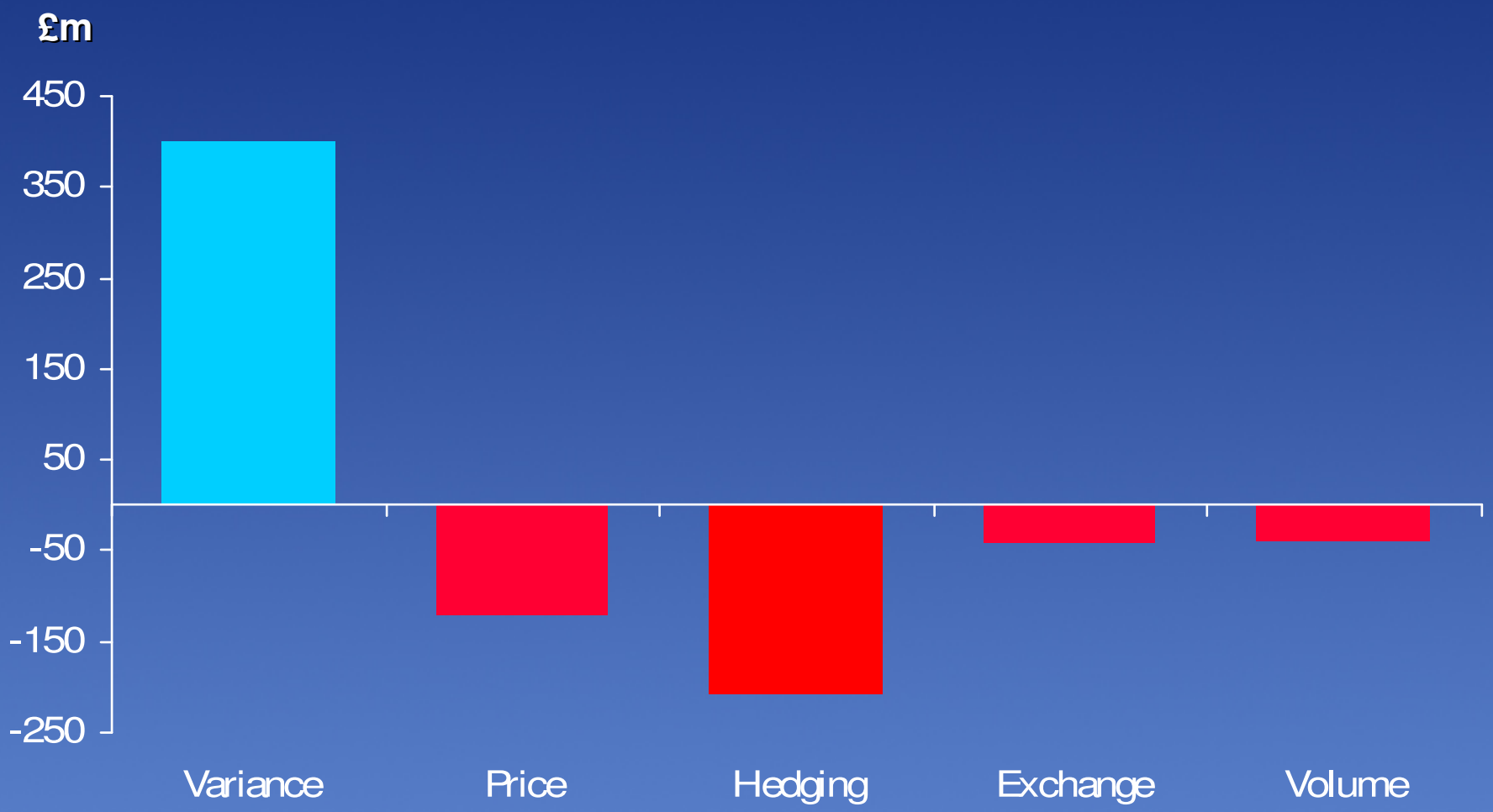
Cost headwinds

- Fuel
- Pay
- Volume related costs

Fuel costs up £400 million in 2006/2007



Why fuel is +£400 million



Fuel hedging position

	Hedging cover	Average cap (Brent equivalent)
Now – March 2006	80%	48
April – June 2006	65%	55
July – September 2006	55%	57
October – December 2006	57%	57
January – March 2007	42%	60
April – December 2007	24%	63

Total costs excluding fuel flat

Delivery of cost efficiencies sufficient to offset:

- Volume related increases
- 2006 pay deal
- T5 related expenditure

Assumes:

- Pension solution delivered

Summary

- 2006/2007 revenue growth 4-5%
- Fuel cost up £400 million
- £225 million savings across all costs
- Total costs excluding fuel flat
- Plan to achieve 10% operating margin in 2007/2008

Gareth Kirkwood

Managing Director World Cargo

Cargo Airline of the Year 2005

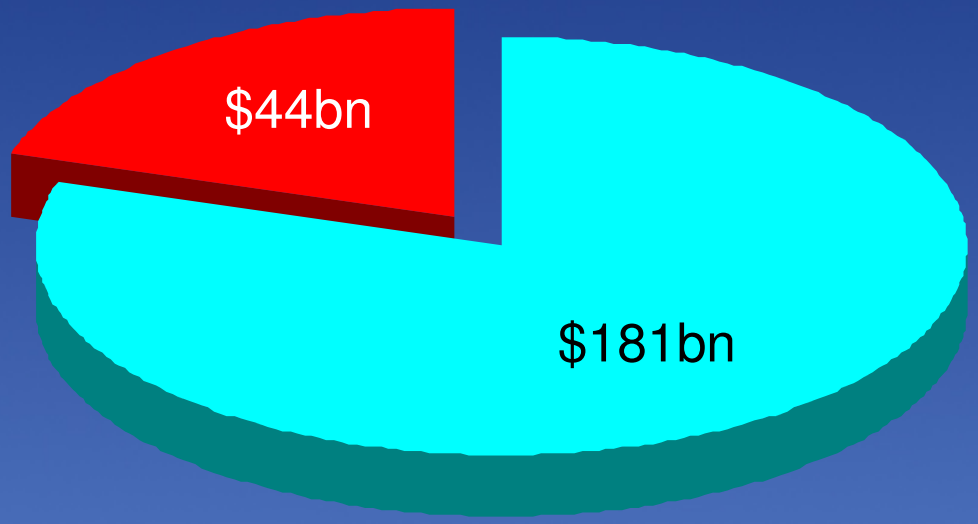
BRITISH AIRWAYS
WORLD CARGO

- Industry overview
- BA World Cargo in 2006
- Business strategy

Industry overview

World air cargo is a $44 billion business

Air transport only ~ 20%

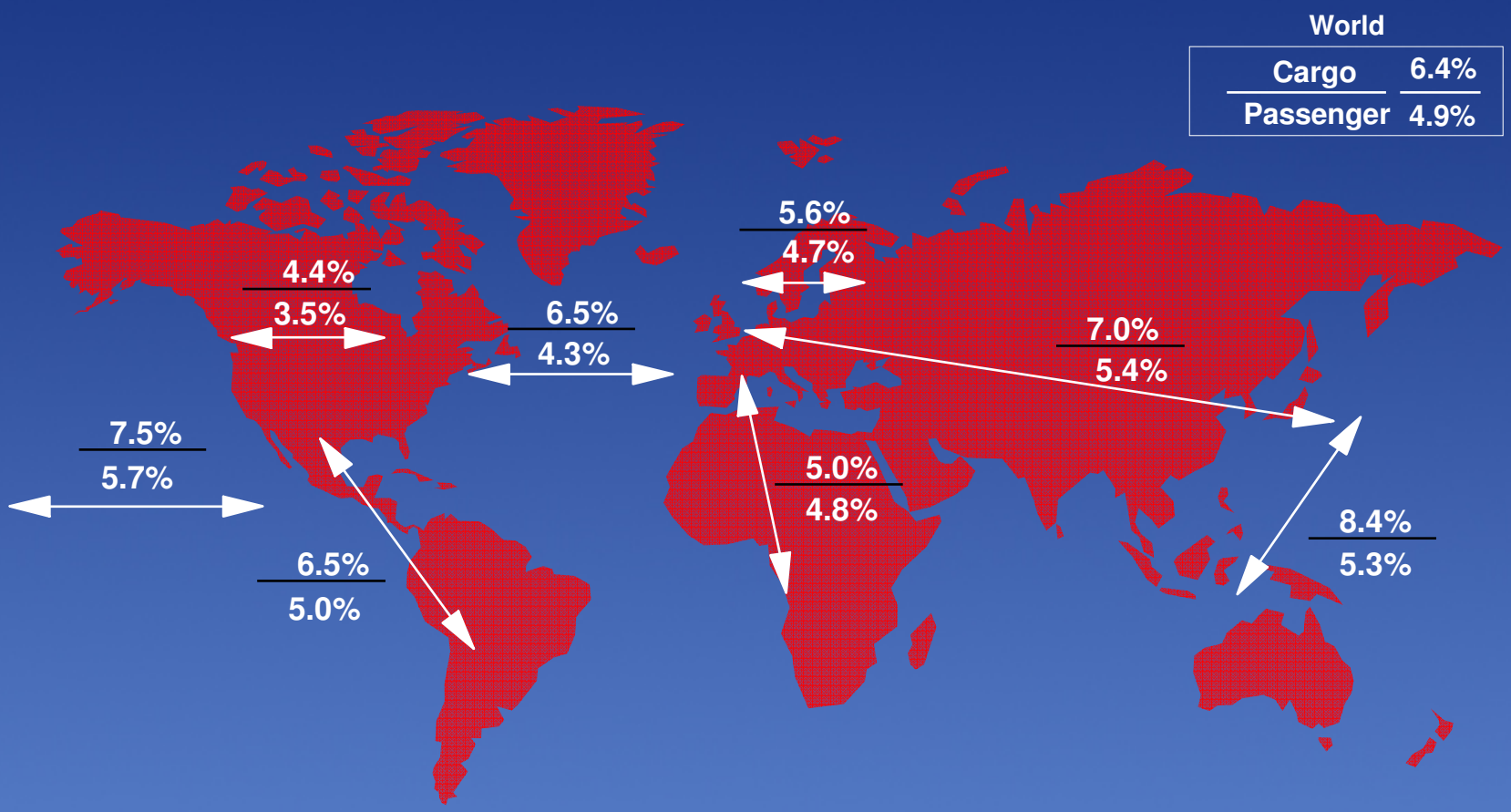


Remaining distribution logistics ~ 80%

Air logistics total - $225 billion

Source: Boeing 2004

Cargo growth will outpace passenger growth in all major markets

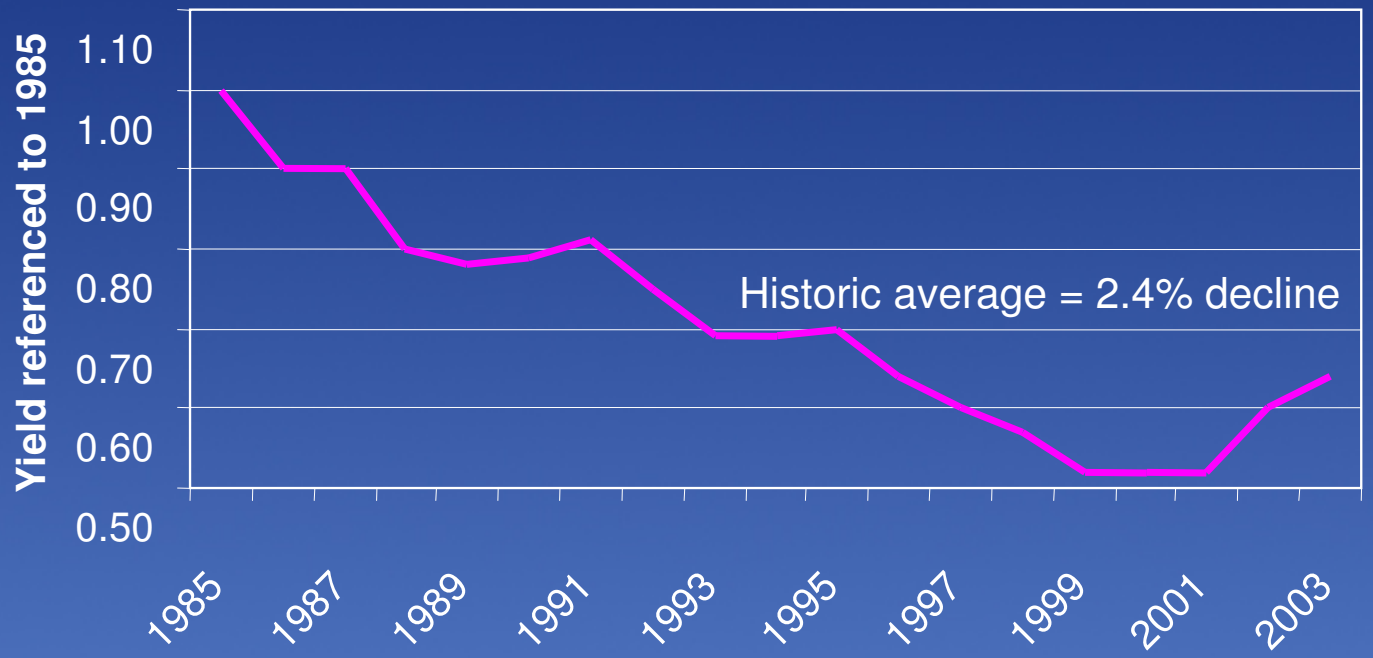


Forecast average annual traffic growth rate 2001-2021

Source: Boeing

Market yield decline is consistent

Historic yield decline (%) 1985 - 2003

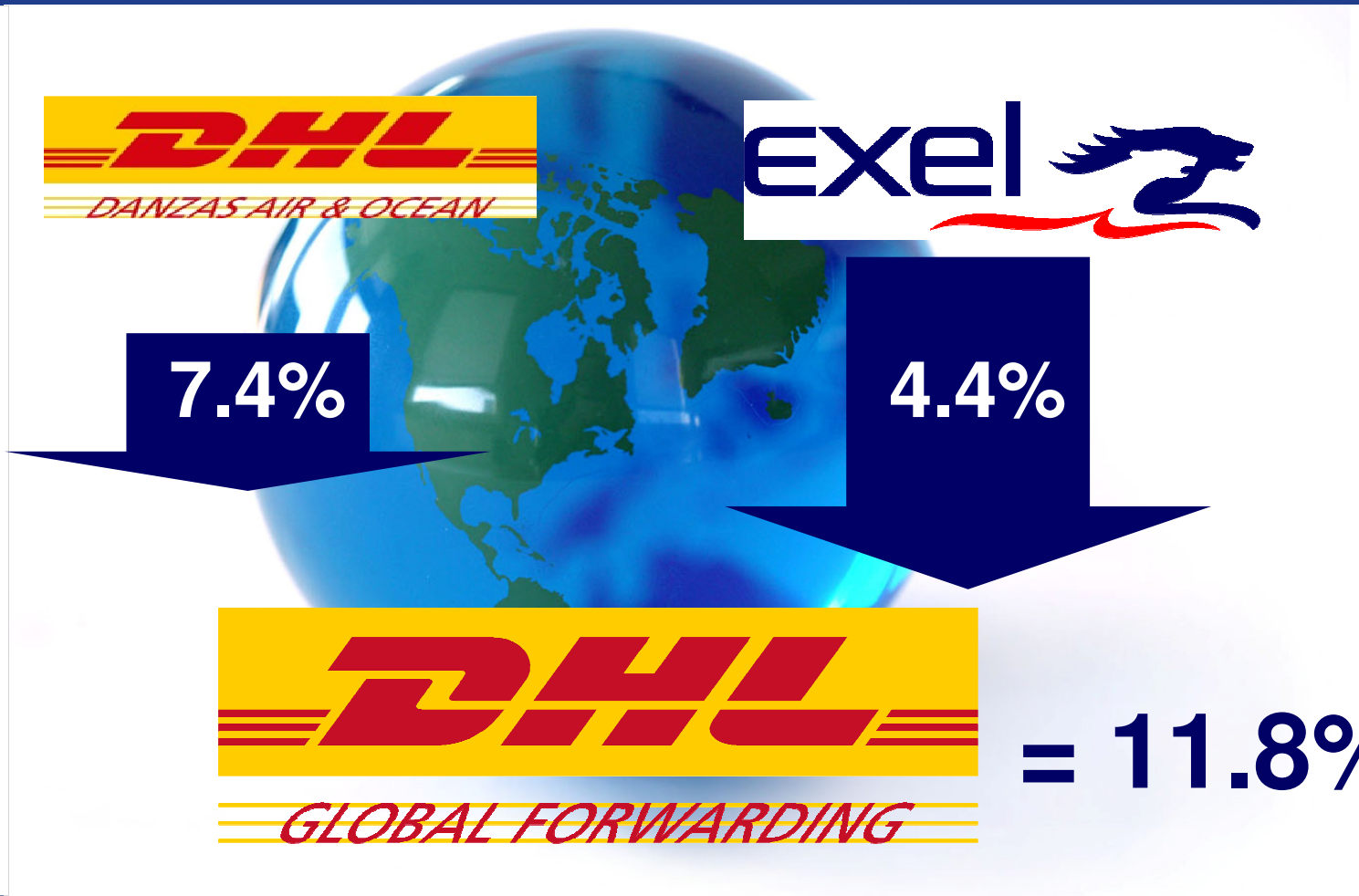


2003 one-off spike in yield due to west coast port strike & SARS influencing the trans Pacific market, outside of BAWC's network.

The BAWC addressable market has experienced consistent yield decline

Source: Boeing

Global customer share



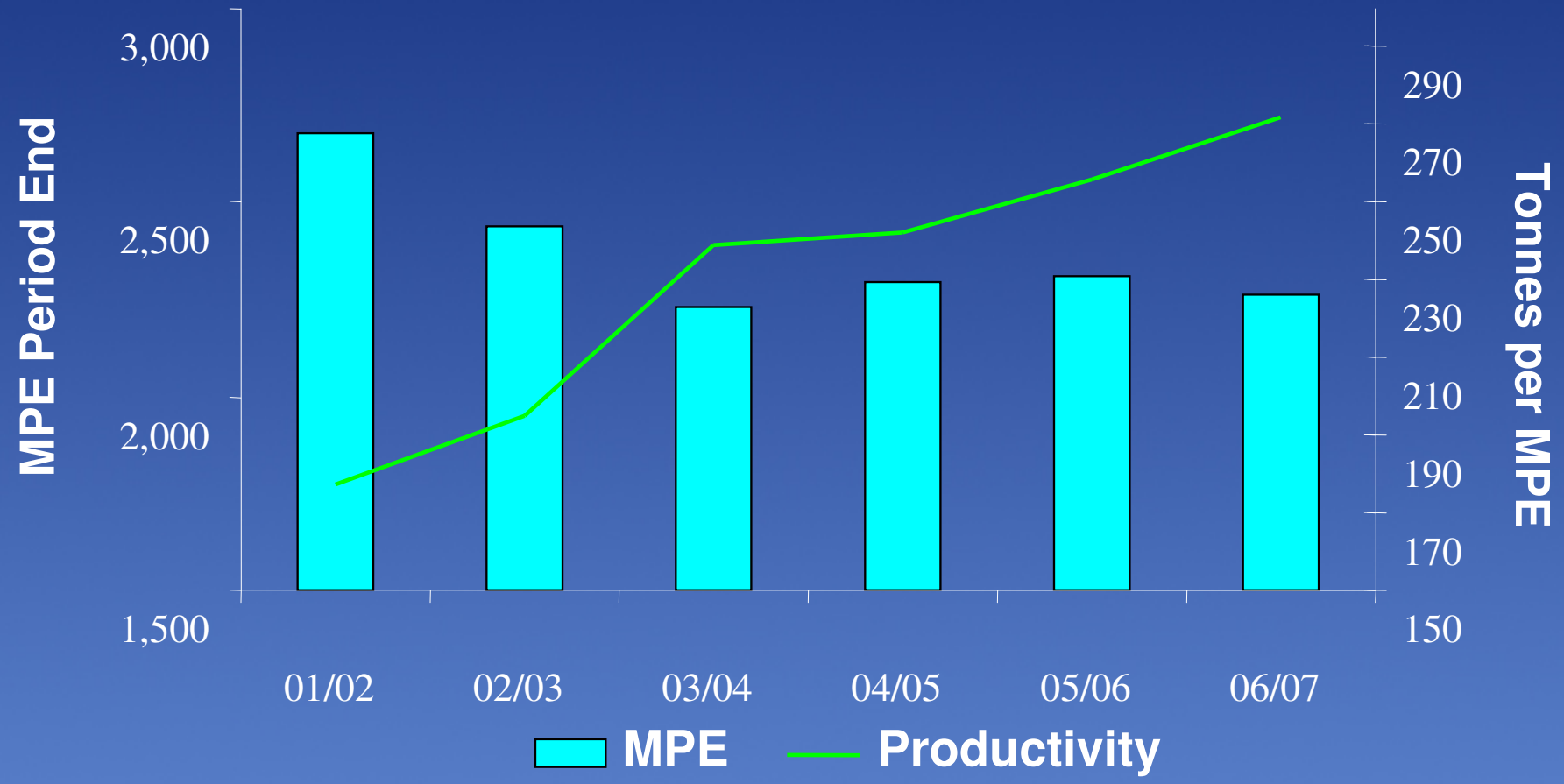
BA World Cargo in 2006

British Airways World Cargo

- More than 200 destinations in over 80 countries
- 500,000 tonnes of freight handled through Ascentis every year
- More than £450 million in flown revenue every year
- First direct freighter service by a UK airline between Shanghai and London
- Voted Cargo Airline of the Year in 2005
- 1,900 people worldwide

Revenue and yield

Manpower and productivity



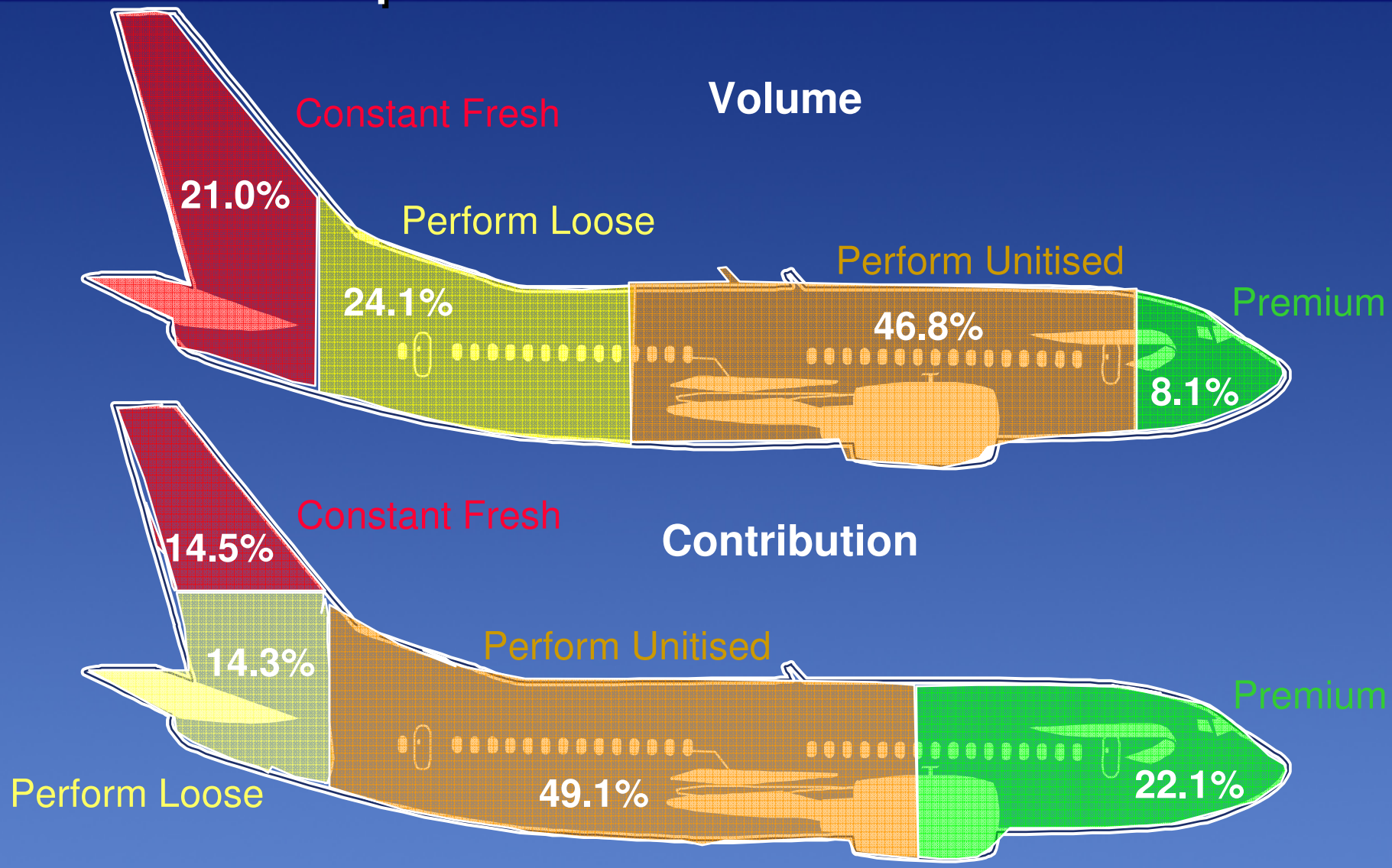
Business strategy

Business strategy

- Sell the most profitable product mix
- Develop a profitable and truly global network
- Deliver a world class customer service performance
- Focus on relentless cost reduction

Sell the most profitable product mix

Sell the most profitable product mix: product contribution



Sell the most profitable product mix: New premium facility

Sell the most profitable product mix: New products

Sell the most profitable product mix: investment in technology

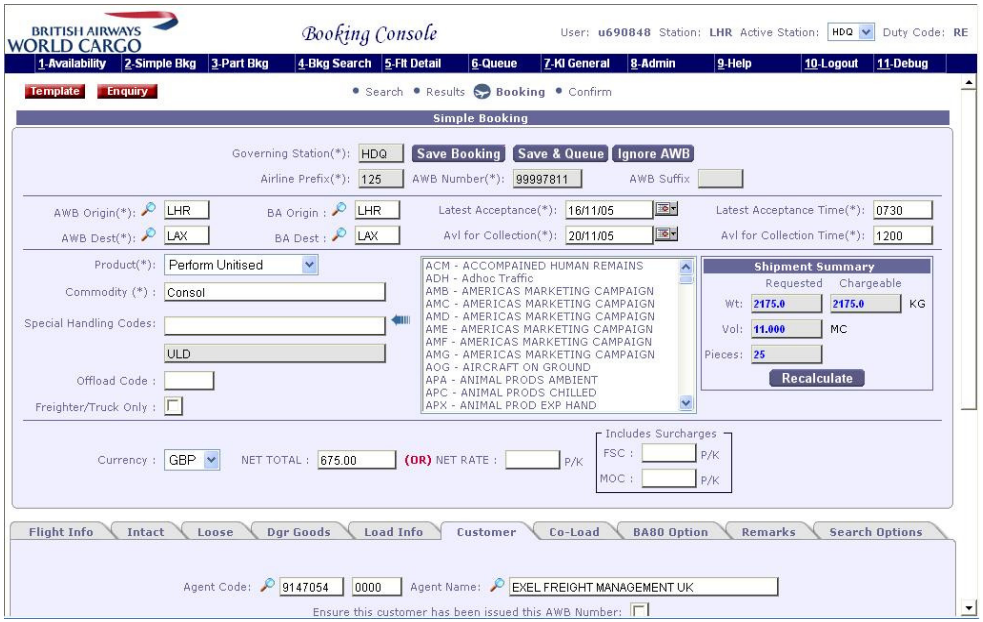
- Investment to maximise profit

  -new Revenue Management system

  -new Global Pricing system

- Investment of over £10 million

- Profit improvement in 2006/07 expected to be over £14 million

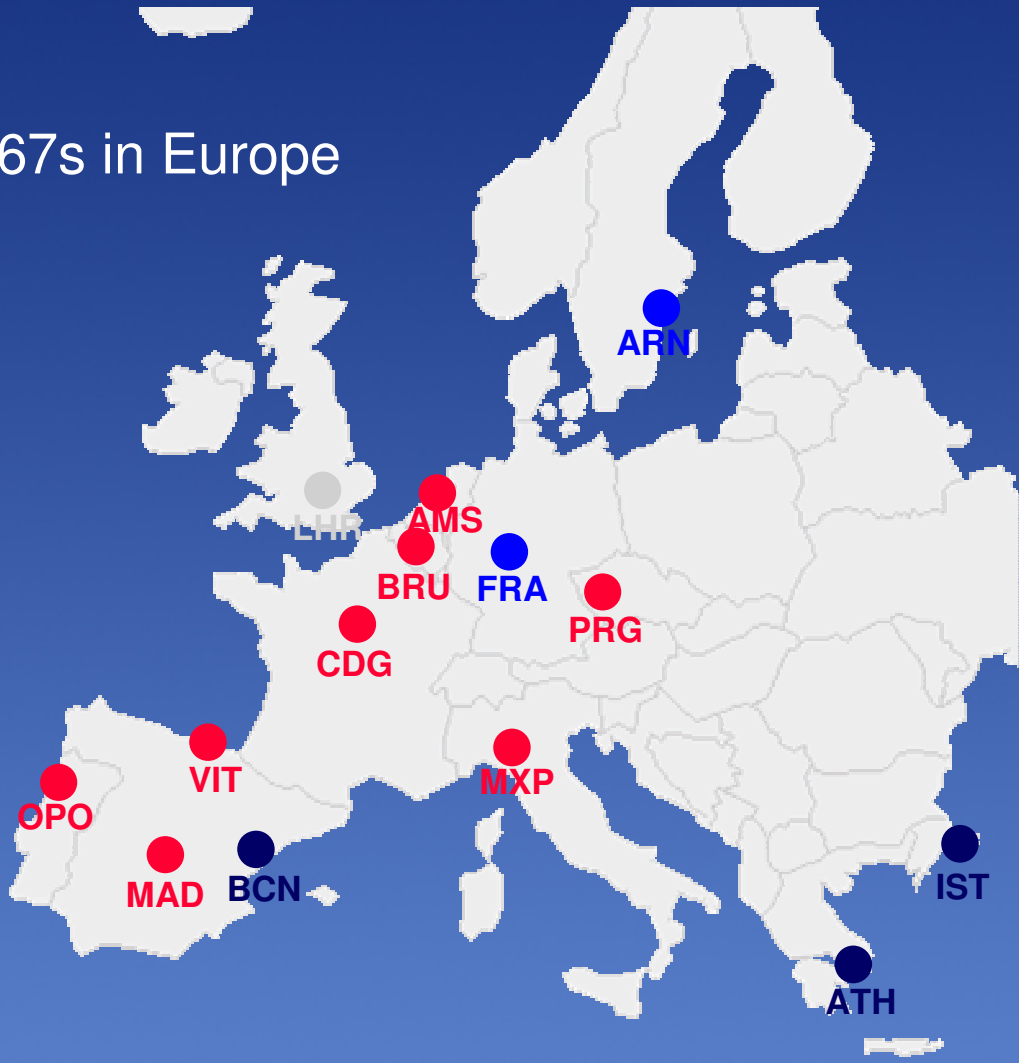


Develop a profitable and truly global network

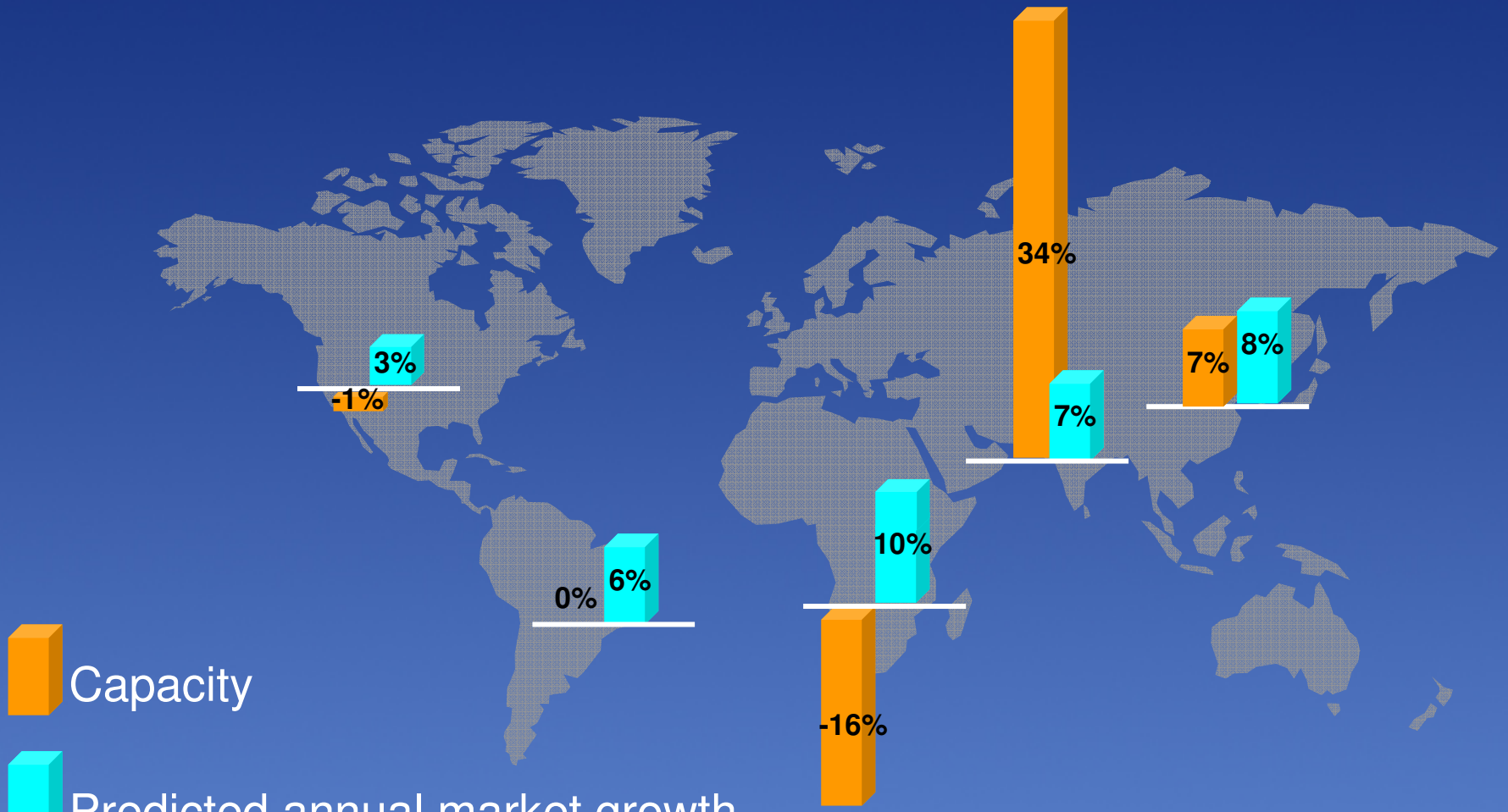
Develop a profitable and truly global network: Shorthaul network

Shorthaul freighter complements 767s in Europe

- Shorthaul freighters
- 767s
- Shorthaul freighters & 767s



Develop a profitable and truly global network: longhaul network summer 06



Deliver a world class customer service performance

Deliver a world class customer service performance

cargo 2000
improving the quality of air cargo

- **World class service**
- **Is it necessary to invest in world class performance?**
- **"Business Transformation" change programme**
- **Publish performance standards externally**

Focus on relentless cost reduction

Focus on relentless cost reduction

- Unit cost improvement of 3.3%
- Step change improvement in operational productivity of 6.8%
- Time lost due to sickness reduced to average of 3.75%
- Drive GF-X sales to get best value from participation
  - Explore other portals to give access to BAWC capacity to SME forwarder community
  - 2005/06 GF-X bookings 78.5% higher than 2004/05 and 21% higher than expected
  - 2006/07 target - 38% increase

Summary

- Sell the most profitable product mix
  - Product contribution
  - New premium facility
  - New products
  - Investment in technology
- Develop a profitable and truly global network
  - Shorthaul network
  - Longhaul network
- Deliver a world class customer service performance
- Focus on relentless cost reduction