

A close-up photograph of an aircraft's tail section and engine. The tail is painted in a dark blue color with a prominent yellow chevron graphic. The engine is white with a dark fan. The registration number 'VH-XWR' is visible on the engine casing, along with the Rolls-Royce logo. The background is a clear blue sky.

***Alliance***

Austrian Airlines  
Aircraft Acquisition  
Transaction Overview

25 November 2015

# Agenda



- 1 Acquisition Details
- 2 Strategic Rationale
- 3 Details of Placement
- 4 Overview of Austrian Airlines

# 1 Acquisition Details

- Alliance has contracted to purchase 15 Fokker 100 and 6 Fokker 70 aircraft from Austrian Airlines AG, a wholly owned subsidiary of Lufthansa AG
- US\$15 million total purchase price (subject to delivery condition)
  - US\$5.5 million payable in shares
  - US\$9.5 million payable in cash
- Delivered and purchased progressively over a 26 month period commencing December 2015
  - Share tranche to be issued to Austrian Airlines with cash payments not due until the second year of the delivery schedule
- Cash component to be funded from the sale and leasing of the acquired aircraft and parts (no additional debt required)
- Austrian Technik Bratislava, subsidiary of Austrian Airlines and Alliance's heavy maintenance provider, will store the aircraft and remove and store parts in Bratislava as the jets are delivered
- Acquisition price represents compelling value for Alliance and its shareholders

**15 x Fokker 100**



**6 x Fokker 70**



**Total Purchase Price\* = US\$15 million**

\* Subject to delivery condition. Refer full announcement dated [ ]

## 2 Strategic Rationale

Reduces future capital expenditure requirements by securing low cost parts and major components

Helps preserve the economic life of Alliance's Fokker fleet

Secures strong competitive cost advantage for Alliance's fleet for years to come

Provides opportunity for entering wet and dry leasing in Europe

Opportunity to lease and sell aircraft, engines and parts to other Fokker operators

Strengthens relationship with Austrian Airlines and ATB, key business partners of Alliance

### 3 Details of Placement

#### Placement Size

- US\$5.5 million placement to Austrian Airlines AG
- 14,565,174 new Alliance shares (“**New Shares**”) representing 12.04% of post issued capital

#### Issue Price

- Fixed price of A\$0.5249 per New Share, representing:
  - 0.9% discount to pre-announcement closing price of A\$0.53
  - 3 month average VWAP of A\$0.5249

#### Ranking

- New Shares issued under the Placement will rank equally with Alliance’s existing shares at the time of issue

#### Escrow Period

- Austrian Airlines AG will be subject to a 38 month escrow period during which time it cannot sell any of the new shares without consent from Alliance

#### Key Dates

- Binding contract with Austrian Airlines AG executed – 25 November 2015
- Allotment and normal trading of New Shares issued under Placement – advised to ASX 25 November 2015
- Estimated delivery of first aircraft – December 2015
- Estimated delivery of final aircraft –December 2017

## 4 Overview of Austrian Airlines Group

- Austrian Airlines AG is the flag carrier of Austria. The company operates scheduled services to over 130 destinations worldwide and is a member of the Star Alliance
- After this transaction Austrian Airlines will operate the following aircraft types:
  - 5 Boeing 777-200 ER
  - 6 Boeing 767-300 ER
  - 29 Airbus A321/A320/A319
  - 18 Bombardier Q400
  - 17 Embraer E195
- Austrian Airlines is a subsidiary of Deutsche Lufthansa AG, a global aviation group which employed an average of 119,000 staff and generated revenue of EUR 30 billion in 2014.



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