

Goals and Initiatives for Austrian Airlines in 2019

- **Increased focus on North America region including new Montreal – Vienna route**
- **Investment of more than EUR 200 million to expand Austrian’s Airbus fleet**
- **Expansion of Vienna flight hub and realignment of decentralized flight traffic**

Austrian Airlines is poised for an exciting year ahead. The airline managed a turnaround after a challenging restructuring period and now operates profitably. It is also headed towards positive operating earnings in 2018 following strong passenger growth of more than one million customers, comprising a year-on-year rise of 8.5 percent. The solid demand by passengers and increasing competition in Vienna has led the Austrian carrier to lay the strategic foundations for the future.

One aspect of Austrian Airline’s new strategy is realigning and enhancing its intercontinental route network, as well as increasing its focus on the North American region. On April 29, 2019, Austrian Airlines will introduce year-round flights to and from Montreal to Vienna. A Boeing 767 will service the daily route during the 2019 summer schedule and five times per week throughout the winter season. Additionally, service to U.S. destinations has been improved. Existing routes, such as those to New York and Chicago, have been increased to daily service and Austrian’s new Premium Economy booking class was recently introduced on all of the airline’s long-haul aircraft serving the U.S.

Further strategic measures occurring are the expansion of the airline’s Airbus fleet from its current 36 planes to a total of 46 aircraft over the next three years. Simultaneously, Austrian will phase out its 18 turboprop aircraft with 76 seats. To balance this out, flight offerings from Vienna will be expanded by more than ten percent, given that jets belonging to the Airbus A320 family are considerably larger than the turboprops. “We will invest more than EUR 200 million in the expansion of our continental fleet and thus be able to significantly strengthen our position in Vienna,” the new Austrian Airlines CEO, Alexis von Hoensbroech, announced. “At the same time, this should also be considered as a clear challenge to the increasingly tough competition in Vienna, and we are prepared to take further steps to defend our position at our flight hub in Vienna,” he added.

In April, Lufthansa Aviation Training (LAT) will begin construction on expanding the simulator training center at Vienna Airport in order to create sufficient space for two additional A320 flight simulators, to the already existing four simulators, for pilot training purposes.

Triggered by plans to phase out the Dash aircraft, Austrian Airlines intends to reorganize decentralized, bilateral flight traffic between Austria and Germany within the Lufthansa Group. Austrian Airlines considers decentralized flight traffic to encompass all of its flights which do not depart from Vienna Airport, for example on the Salzburg-Frankfurt or Linz-Düsseldorf routes. Flights between Vienna and the federal provinces of Austria will remain unaffected at the moment.

As already announced, the four aircraft currently deployed by the Group sister airline SWISS, in Switzerland, under a wet lease agreement, will be transferred to Vienna at the end of the winter flight schedule. In the course of this, Austrian Airlines will transfer all existing decentralized flight crew bases located in Altenrhein, Graz, Innsbruck, Klagenfurt, Linz and Salzburg to Vienna. The 200 impacted employees will be offered the opportunity to work in Vienna.

Fleet decision, network simplification and transfer of the decentralized crew bases are three main aspects of the 10-point program called #DriveTo25, which the Austrian Airlines Management Board presented to the general public today. The new strategy was already acknowledged and approved at the most recent meeting of the Supervisory Board of Austrian Airlines held at the end of November 2018.

“On the basis of our strategic program, we want to give a major boost to the modernization of Austrian Airlines. We will reduce complexity, more strongly focus on the core business and concentrate our hub business in Vienna in order to strengthen our ability to make investments,” CFO Wolfgang Jani concluded.

Media Relations

Deutsche Lufthansa AG
Corporate Communications, The Americas
Tal Muscal / Christina Semmel
Tel: +1 516-296-9474
americaspr@dlh.de
<http://www.lufthansagroup.com/media-relations-north-america>
<https://newsroom.lufthansagroup.com/english>
Follow us on Twitter: @lufthansaNews

Austrian Airlines

Austrian Airlines is Austria's leading airline. The once state-owned and still convincing red-white-red airline operates a route network of around 130 destinations. Thanks to its favourable geographical location and Austrian history as a melting pot of the former crown lands, its home airport Vienna Schwechat is still a hub between East and West today. About 120 of the 400 daily flights lead to Central and Eastern Europe. "AUA", as it is often abbreviated in Austria, transports around twelve million passengers a year and employs 7,000 staff from 58 nations. AUA has been part of the Lufthansa Group since 2009. Austrian Airlines is also a member of the Star Alliance, the first global alliance of international airlines. Austrian Airlines has been in the black since 2012. It celebrated its 60th anniversary in 2018.

Here you can find pretty nice photos of AUA and its charming crew: <https://www.flickr.com/photos/austrianairlines>

Owner. Editor. Reproducer: Austrian Airlines AG. Corporate Communications, media_relations@austrian.com. Please find further information concerning the disclosure according to §§ 24 and 25 Media Act on www.austrian.com

GDPR NOTE:

If you **no longer wish to receive further press releases** from Austrian Airlines in the future, please send an e-mail to: external.communications@austrian.com

An overview of the 10-Point Program #DriveTo25:

1. **“Operational Excellence”**: In spite of adverse conditions i.e. airspace congestion, Austrian Airlines succeeded in maintaining a level of punctuality and reliability above the European average in 2018. In 2019, the airline wants to improve its processes and once again achieve the world-class level of flight operations customers are used to with the help of digitalization and a closer cooperation with Vienna Airport.
2. Austrian Airlines also wants to review its administrative and operational **processes** and save EUR 20-30 million on the basis of simplification, digitalization and avoiding duplication. Savings, which are to the detriment of customers, are to be avoided.
3. Under the heading **“New Premium”**, Austrian Airline’s efforts should place a greater emphasis on the customer and his needs. Personalized product improvements should position Austrian Airlines as the first-choice carrier. This Lufthansa Group-wide product strategy is to be coordinated from Vienna.
4. With a catchment area of 11 million inhabitants and a transfer rate of about 50%, Austrian Airlines also plays the role of a hub carrier, and Vienna Airport serves as its flight hub. This function should be strengthened in the future on the basis of a stronger **orientation of the route network to Vienna**. In turn, there will be a realignment of decentralized flight traffic within the Lufthansa Group. Examples of decentralized routes are Innsbruck-Frankfurt and Linz-Düsseldorf. There is high demand on these routes, but they also generate a high level of complexity because the aircraft cannot be deployed productively due to the rotations for the crews as well as technical maintenance.
5. In order to avoid overly complicated crew rotations, the **decentralized crew bases** currently being stationed in Altenrhein, Graz, Innsbruck, Klagenfurt, Linz and Salzburg will be relocated to Vienna. The 200 employees will be given the opportunity of employment in Vienna.
6. **Technical Operations**: Austrian Airlines aims to place even greater priority on the technical maintenance of its own aircraft in the future. At present the airline is also strongly

involved in third-party business, which will be cut back. Third-party business means that maintenance and repair work is also carried out on aircraft operated by other airlines.

7. **Continental fleet:** Austrian Airlines will part ways with its turboprop aircraft earlier than planned and remove them from the fleet by 2021. At the same time, it will expand its medium-haul Airbus fleet to 46 aircraft. The airline currently operates 18 Dash 8-400 turboprops and 36 Airbus A320 jets. This step will eliminate complexity from the fleet structure by avoiding the need to operate and service one type of aircraft. A precise plan is being developed to determine when particular turboprop aircraft will be relinquished and when the A320 aircraft will be acquired. The restructuring of the fleet will comprise an improvement for the network and customers, as the routes deploying Dash jets will be served in the future by Embraer aircraft, and Airbus planes will be operated on routes currently served by the Embraer.

8. **Intercontinental fleet:** Austrian Airlines realigned its intercontinental network with the 2018/19 winter flight schedule. After a trial period, flight services on unprofitable routes such as Havana, Colombo and Hong Kong were cancelled and the offering to North America was expanded to the same extent. Frequencies on existing routes such as New York and Chicago were increased to daily flight service. Austrian Airlines will also remove the Seychelles from its flight offering after the winter season and cease flights there at the end of April. In contrast, Mauritius and the Maldives will remain in the flight offering as well-established “warm water destinations”.

The objective is to enhance profitability in order to modernize the long-haul fleet in a subsequent step. The six Boeing 767 aircraft with an average age of close to 23 years should be replaced by more modern aircraft at some point in time. In addition, the airline operates six younger Boeing 777 jets with an average age of close to 18 years. In contrast to normal passenger vehicles, aircraft can be deployed for 30 years or longer with the proper maintenance in light of the fact that airplane parts are continually subject to a complete overhaul.

9. **Stakeholder Roadmap:** Austrian Airlines to strengthen Vienna as an aviation hub in cooperation with its partners. This includes the recently launched “ZOVI” initiative (Zukunftsoffensive Verkehr & Infrastruktur - Future Transport and Infrastructure Program) launched by the Federal Ministry of Transport, Innovation and Technology, for example.

10. Finally, Austrian Airlines wants to **digitalize and modernize** itself, its workplaces and working equipment and not only its aircraft. For example, the entire cabin crew has been equipped with tablets, and in 2019 the Austrian Airlines Traffic Control Center at Vienna Airport will be refurbished.