Modern, dynamically developing European airline

- *Eurolot S.A. began its business activity in 1996 (wet lease operations for LOT Polish Airlines)*

- *Eurolot is a joint stock company, owned by the State Treasury (62.1%) and TFSilesia (37.9%)*

- *Our fleet consists of 11 modern turboprop Bombardier Q400 NextGen, 3 ATR 72-200 and 3 Embraer 175 (2 opereate for Republic of Poland)*

- *Current fleet projects: 3 ATR 72-200 sale, 3 Q400 on order and other projects*

- *IOSA cert, own Part 145 Organisation and Flight Training Organisation*

- *Out staff currently is 350 employees incl. 25 contracted pilots and cabin crew members*

- Areas of business activity: ACMI, K2 - own network, charters and ad-hoc operations (**within 2 hours from order**) We are looking for n*ew opportunities* ☺

- *Own network started in 2011 with web-only distribution, now 4 GDS systems, 3 interline agreements*

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Eastern Europe

Opportunities :

- Eastern Europe markets growing faster even than Poland or EU (ie. Ukraine, Russia)
- markets greatly underserved

Challenges:

- old bilateral agreements limiting the possibilities of development
- protective market approach (eg. designation necessary to operate flights, limited number of carriers allowed to operate, predesigned entry points etc.)
- different distribution model (limited internet access, low credit card penetration, high percentage of agency bookings)

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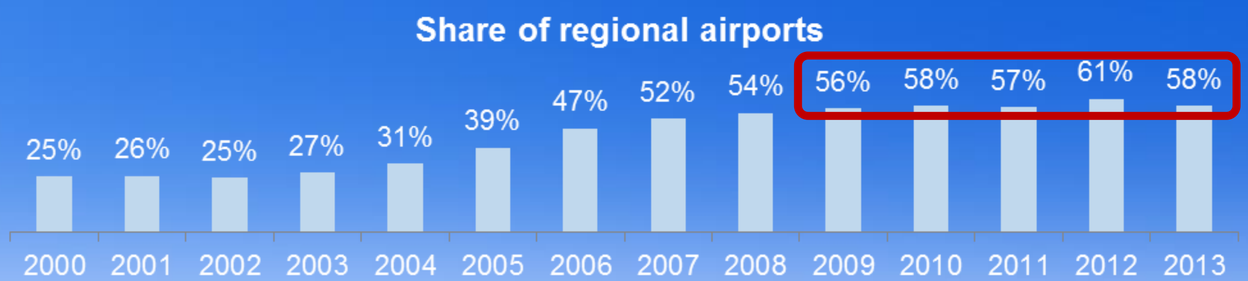
Polish regional market – potential…

High growth potential, low market maturity:
- growth rate in Poland - 3% (2013 vs. 2012)
- increasing importance of regional markets (60% of all traffic from Polish airports)

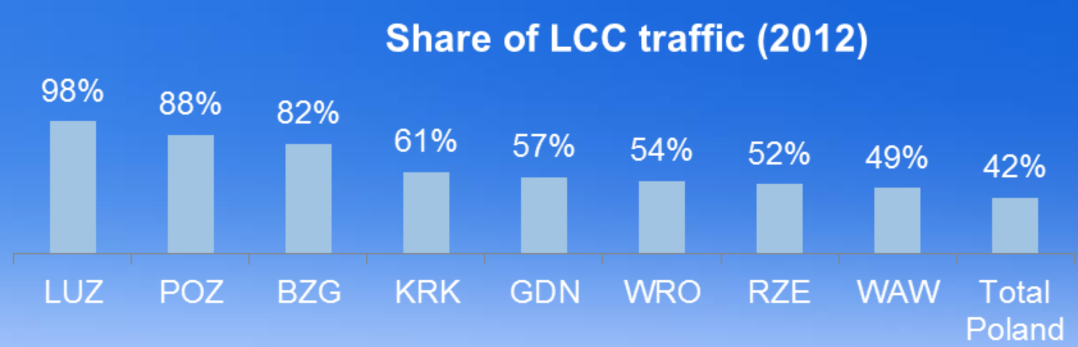


…and challenges:

- growing competion – legacy carriers, LCCs and ground transportation
- high seasonality of demand
- high LCC penetration (over 50% traffic at regional airports)

↓

- high price sensitivity of demand
- dilution of potential (airports wanting both LCC and legacy traffic on similar routes)
- taking over of developed regional routes by LCC



<u>…and more inhouse challenges:</u>

- new aircraft – cost that needs maximal utilization
- low brand awareness, especially internationally
- high marketing and distribution costs (low volume)
- limited choice of high quality and reasonably priced inventory and RM systems

<u>Our solution is to grow while minimizing unit costs</u>

How to cope with the challenges?

- maximize summer operations
(up to 280 BH / aircraft in summer season on own network)

- using high-revenue opportunities outside of Poland
(cooperation with tour operators and tourism organizations – Usedom Island, Czech Republic)

- constant improvement of performance

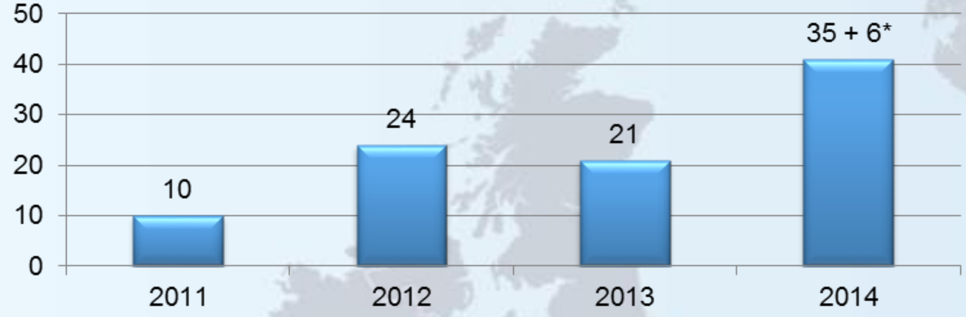
- high quality of in-flight service, but keeping the cost under control

- use the benefits of brand-new aircraft

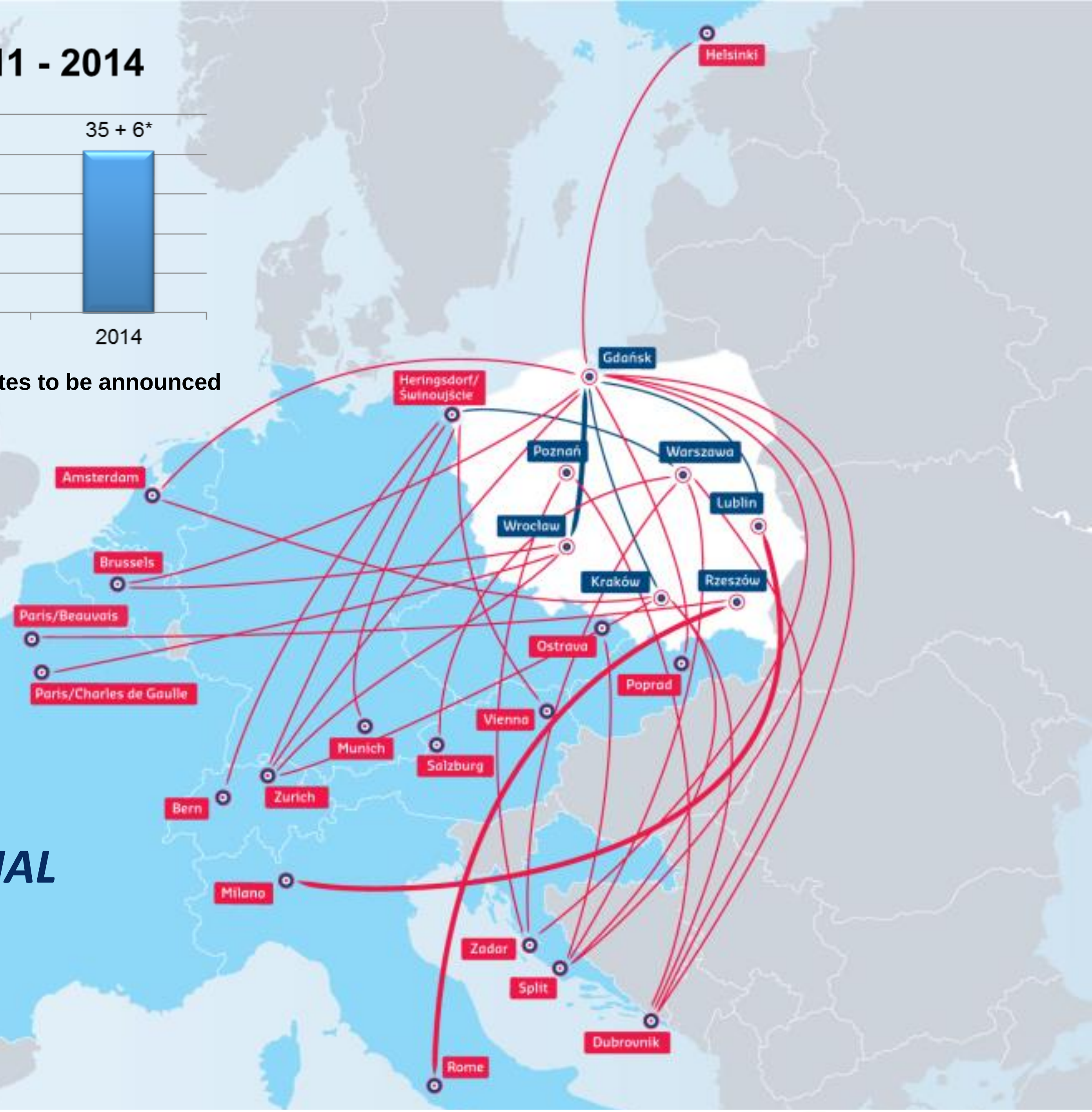
Eurolot presence at Polish regional airports:

- 3 main regional bases (GDN, KRK, WRO)
- 3 secondary airports (POZ, RZE, LUZ)
- high demand for point-to-point connections to primary airports
- need for a regional operator, especially for business traffic
- several niche routes (low to medium capacity) with moderate demand, not attractive enough for LCC or legacy carriers

Routes operated 2011 - 2014



*6 routes to be announced



MAIN FOCUS ON REGIONAL AIRPORTS:

GDANSK (GDN)
KRAKOW (KRK)
WROCLAW (WRO)

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Flexibility is key!

- ability to react quickly to market changes
- lean organization with low cost base

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Eurolot in figures

50.000 passengers served in 2011

180.000 passengers served in 2012

220.000 passengers served in 2013

440.000 passegers in 2014 (forecast)

800.000 to 1 mln passengers annually on ACMI flights

35.000 movements annually

8 deliveries in 2012 3 deliveries in 2013

10 ATR 72-200/42-500 sold in 2012/2013

2 redelivered ATR 42-500 to Lessor in 2013

21 routes served (summer 2013, no PSO routes in PL)

One of the youngest fleet in Europe

NO 1 airline from Poland to Croatia.

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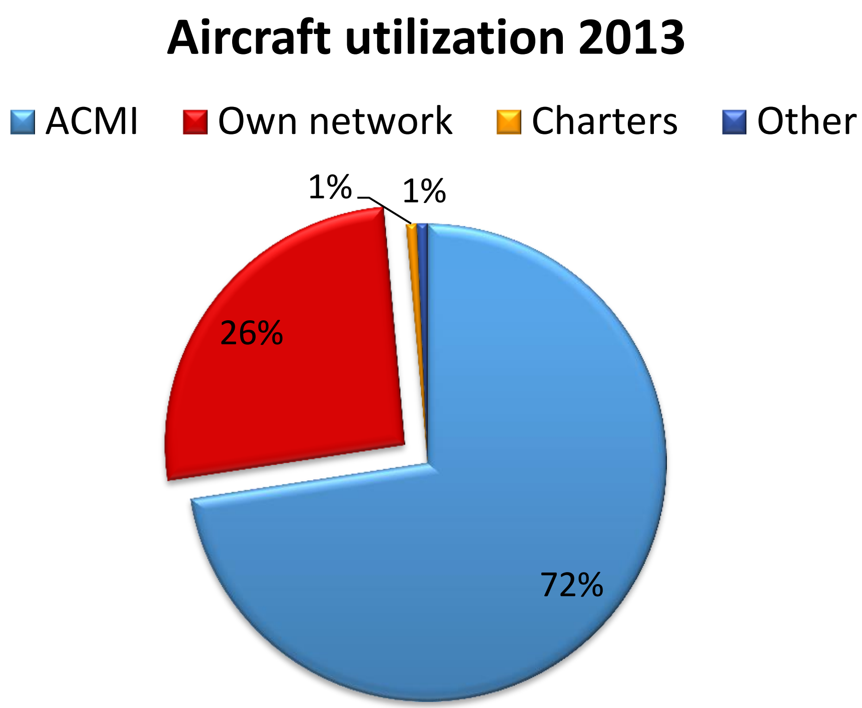
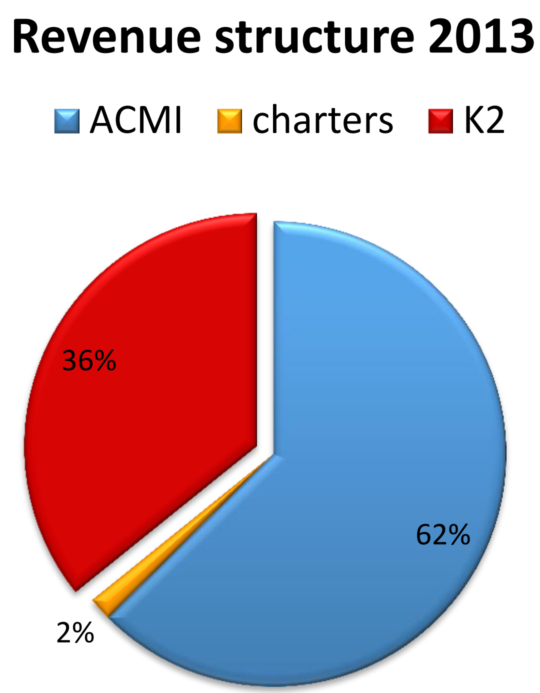
Essential to know and learn the local market:

-thorough research of the local demand
- replying to the needs of local business and stakeholders

- close cooperation with regional airports
(act as additional sales and marketing department, often have more access to local stakeholders)


Aircraft utilization 2013
ACMI
Own network
Charters
Other
1%
1%
26%
72%


Revenue structure 2013
ACMI
charters
K2
36%
62%
2%

Regularity and punctuality
JAN 2013 - FEB 2014

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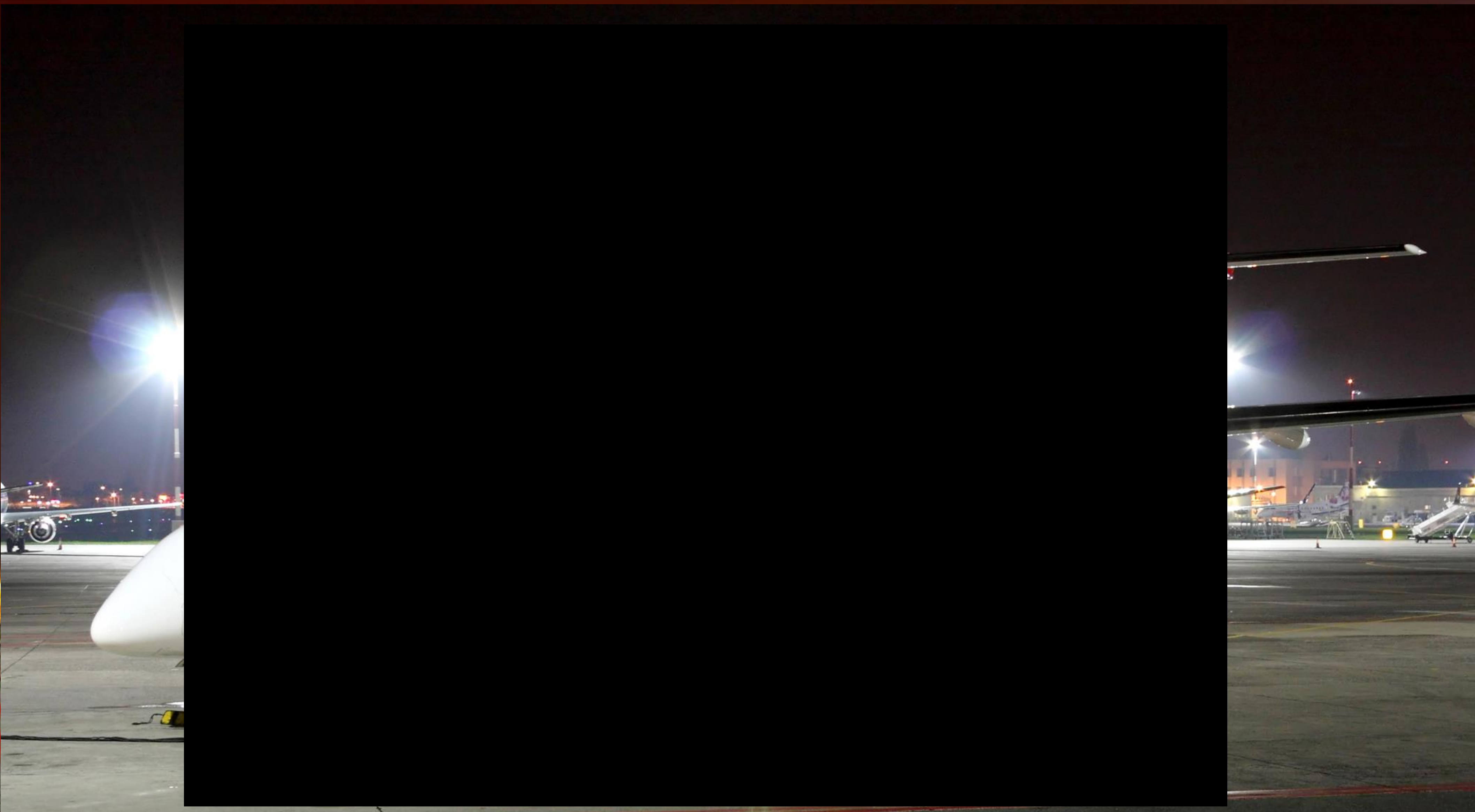

Thank you for your attention

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