

Valuation & Research Specialists (VRS)
Equity Research Team
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Share Price (5/11/2013) € 6.31

# of Shares (,000)	71,417
Market Cap (in € mn)	450.64
A.D. Volume (p)	21,955
Beta Co-efficient	0.40

Statistical Data

Max 52 week	6.48 €
Min 52 week	1.53 €
1-M Rtn	43.08%
6-M Rtn	131.99%
12-M Rtn	294.38%

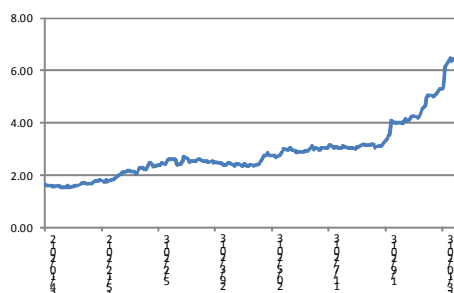
Shareholders' Structure

As of October 18, 2013.

Theodoros Vasilakis	38.69%
Siana Enterprises Company Ltd	9.48%
Alinesco Enterprises Com. Ltd	9.48%
Achileas Konstantakopoulos	6.39%
Other Investros & Free Float	35.96%

Source: VRS Calculations, Athens Exchange.

Stock Price Performance (1 year, in €)



AEGEAN AIRLINES S.A.

[Bloomberg Ticker: AEGN:GA, Reuters Ticker: AGNr.AT]

Business Sector: Airlines

Business Profile – Growth Drivers – Investment & Valuation Considerations

- Aegean Airlines (or the Company) is a Greece based airline providing air transport services domestically and abroad. The Company owned a fleet of 30 aircrafts and employed 1,574 persons as of end June 2013. During the 2nd quarter of 2013, Aegean Airlines operated from 8 bases in Greece an aggregate number of 158 international routes. During the first half of 2013, the Company added 32 new routes and 11 new destinations internationally. During the same period, 1.6 million passengers traveled via the Company's international routes.
- Aegean Airlines' growth strategy focuses on the following axes: (1) Domestic network restructuring; (2) International network expansion; (3) Effective cost management; (4) Strong customer relationship; (5) Synergies generation; (6) Creation of additional revenue per customer.
- According to the management, the positive performance of the international network and the effective cost management that counterbalanced the weak domestic demand were the major drivers of the 1st half 2013 results. Full year's performance will also depend on fuel prices and the broader macroeconomic conditions in Greece and Europe. The management had announced in early 2013 that they were anticipating the current financial year to be profitable versus the three previous loss making financial years.
- On October 9, 2013, the European Commission announced its decision to approve the merger between Aegean Airlines and Olympic Air, Greece's local airlines. The concept of the decision related to the need of both airlines to generate synergies and ensure sustainable growth in the domestic market. Each airline was to utilize its own company name and brand as well as to operate its own flight schedule via its fleet. On October 23, 2013, Aegean Airlines announced the acquisition of 100% of Olympic Air's share capital from its previous owner Marfin Investment Group (MIG – listed on Athens Exchange, ticker symbols: MIG:GA, MRFr.AT). The total consideration of this transaction amounted to EUR 72 million of which EUR 20 million had been paid in advance on October 22, 2012. The remaining amount was agreed to be paid in 5 installments (the first one was paid in October 2013).
- On October 25, 2013, the Company announced that Autohellas (listed on Athens Exchange, ticker symbols: OTOEL:GA, AUTr.AT) held 10.78% of Aegean Airlines' voting rights.

First Half 2013 Financial Results

	(€ million)	H1 2013	%	H1 2012
Revenues		278.6	22%	228.9
EBT		15.9	-133%	-48.0
EAT		16.5	-143%	-38.5

Source: IFRS Consolidated Financial Statements.

Important Note:

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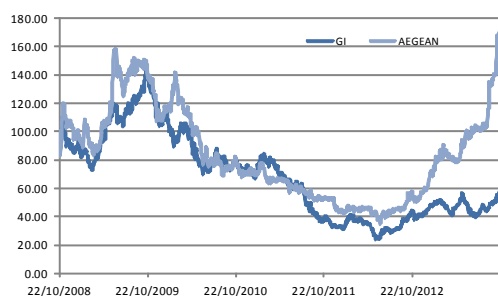
BASIC FINANCIAL INDICATORS

(in € mn)	Sales	EBITDA	EBT	EATAM	P/E (x)	P/BV (x)	EV / EBITDA (x)	(DEBT + LEASING) / EQUITY (x)	ROE %
2009	622.7	31.5	32.5	23.0	19.6	2.0	10.3	0.4	10%
2010	591.0	1.0	-18.7	-23.3	-19.3	2.2	362.9	0.5	-12%
2011	668.2	-17.7	-31.2	-27.2	-16.6	2.7	-21.6	0.6	-16%
2012	653.4	2.9	-12.6	-10.5	-42.9	2.9	130.3	0.5	-7%

Notes: (1) EATAM and equity are calculated excluding minorities. (2) P/E, P/BV and EV/EBITDA are based on current share price. n/c stands for non calculable.

Source: Official Consolidated Financial Statements (based on IFRS), VRS Calculations.

Stock Versus General Index (Last 5 Years)



Major Cost Items

% on total revenue	2011	2012
Personnel expenses	13%	11%
Aircraft fuel	28%	28%
Maintenance	7%	7%
Eurocontrol charges	6%	6%
Handling charges	4%	5%
Airport charges	19%	18%
Catering costs	4%	3%
Distribution costs	6%	6%
Marketing costs	1%	1%
Aircraft leasing	12%	11%
Inventories' consumption	0%	0%
Other operating expense	6%	5%
Depreciation	2%	2%

Source: Company.

Working Capital Ratios

in EUR million	2009	2010	2011	2012
Sales	€ mn 622.71	591.00	668.22	653.39
Cost of Sales (net of depreciation)	€ mn 498.65	501.20	597.18	573.80
Gross Profit Margin	% 19.92%	15.19%	10.63%	12.18%
Net Income / Profit	€ mn 23.04	-23.29	-27.18	-10.50
Net Profit Margin	% 3.7%	-3.9%	-4.1%	-1.6%
Cash & Cash Equivalents	€ mn 208.22	184.27	166.80	149.30

Stock Days

Days	7	4	4	3
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Stock Inventory

€ mn	9.23	5.99	5.98	5.33
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Debtors Days

Days	39	42	29	26
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Debtors - Receivables

€ mn	66.23	67.48	52.43	47.09
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Creditors Days

Days	30	30	25	31
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Creditors - Suppliers

€ mn	41.18	40.83	41.19	48.47
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Operating Cycle (Days)

Days	46	46	32	30
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Cash Cycle (Days)

Days	15	16	7	-1
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Source: Official Consolidated Financial Statements, VRS Calculations. Gross profit is calculated by deducting cost of sales (net of depreciation) from revenues.

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Aegean Airlines' Flight Network



Source: Company.

Historic Revenue Breakdown

% of total revenue	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenue from scheduled flights	77%	77%	75%	77%	77%	75%	72%	71%	71%
Revenue from charter flights	11%	11%	12%	10%	10%	9%	10%	11%	10%
Airport passenger charges	8%	8%	8%	9%	9%	11%	13%	13%	14%
Other operating income	4%	4%	5%	4%	4%	5%	5%	5%	5%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Company.

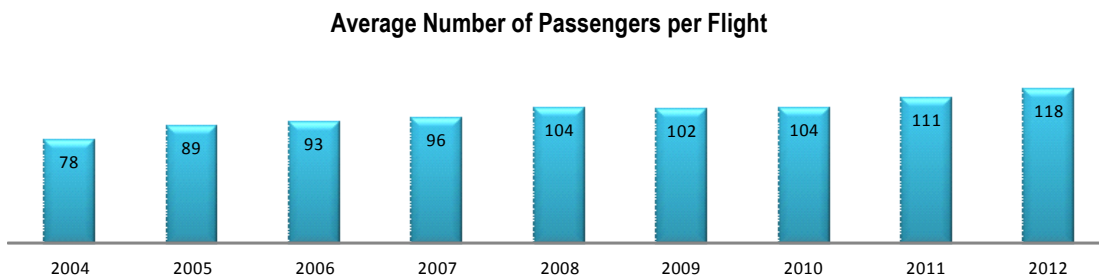
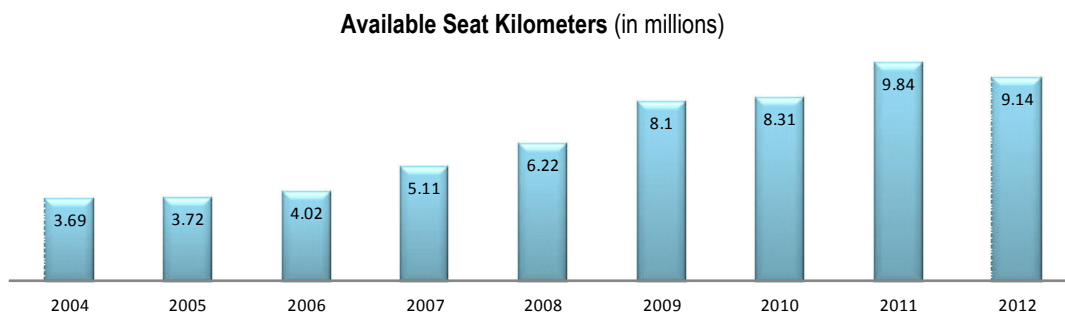
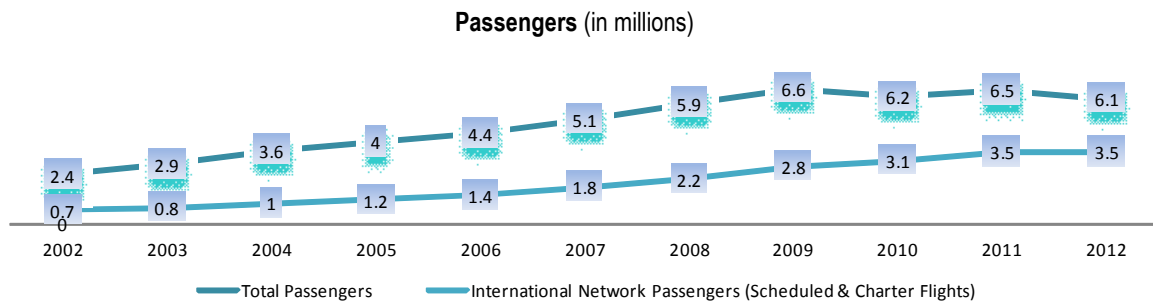
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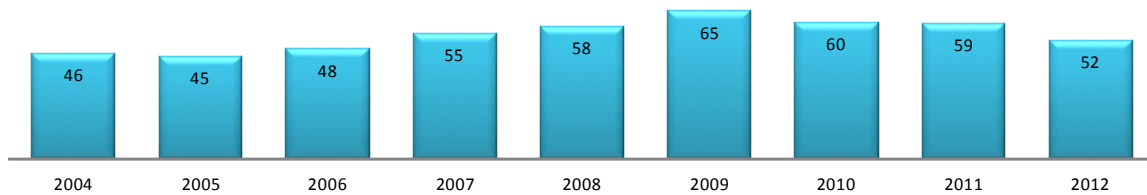
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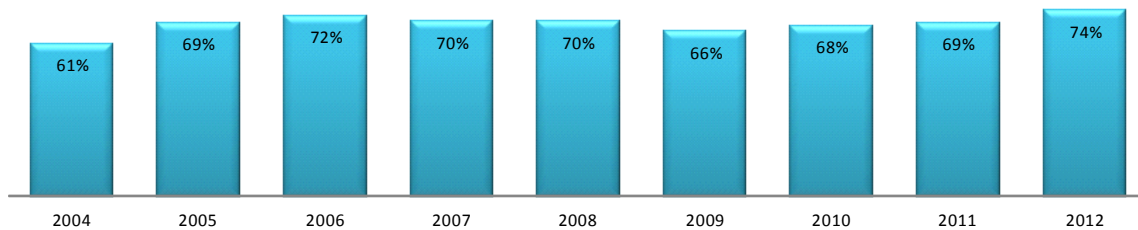
Business Sector: Airlines

Flights (in thous.)



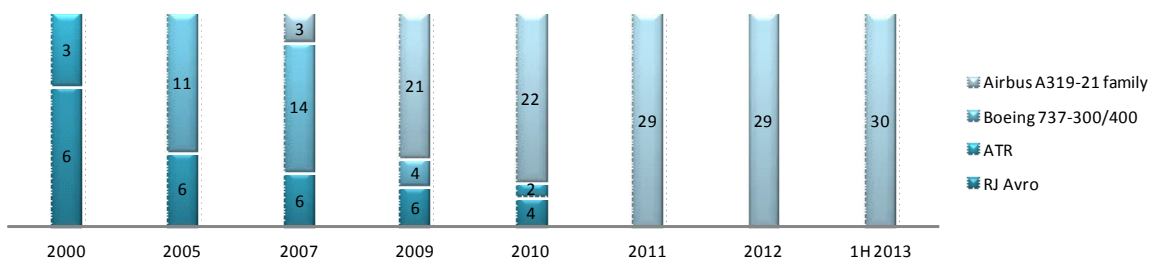
Note: Total scheduled and charter flights excluding non-revenue flights.

Load Factor (Scheduled Flights)



Note: Load factor = Revenue Passenger Kilometers / Available Seat Kilometers.

Aegean Airlines Fleet



Source: Company.

Important Note:

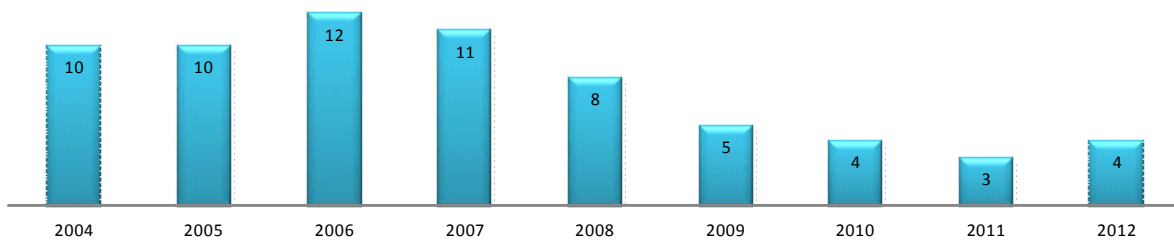
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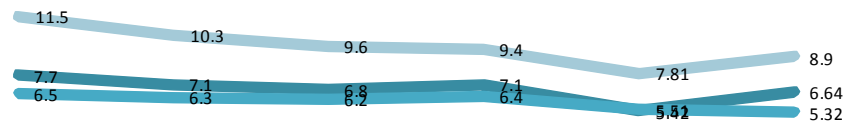
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Business Sector: Airlines

Average Fleet (years)



Aviation Economics Performance Indicators (in cents of EUR)



	2009	2010	2011	2012	H1 2012	H1 2013
RASK	7.7	7.1	6.8	7.1	5.42	6.64
CASK	6.5	6.3	6.2	6.4	5.51	5.32
Passenger yield	11.5	10.3	9.6	9.4	7.81	8.9

Note:

RASK (Revenue per Available Seat Kilometer): The ratio divides the total revenue to total seats available for sale multiplied by the total mileage.

CASK (Cost per Available Seat Kilometer): The ratio divides the total operating expenses excluding lease costs to total seats available for sale multiplied by the total mileage.

Passenger yield: The ratio divides the total revenue from passenger transport to all the passengers multiplied by the total number of kilometers traveled.

Source: Company.

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DISCLOSURE CHECKLIST

Covered Company	Bloomberg	Reuters	Stock Price	Date	Disclosure
AEGEAN AIRLINES S.A.	AEGN:GA	AGNr.AT	€ 6.31	November 5, 2013	2, 3

1. VRS has acted as financial consultant for the covered company within the past 24 months.
2. VRS has sent the research report to the covered company, prior to publication or dissemination, for factual verification.
3. VRS has changed the contents of the initially sent report, with respect to: factual changes have been made.
4. VRS has received compensation from the covered company for the preparation of this research report.
5. VRS produces research reports for this company on systematic basis.
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