



public report 2009/2010





Active in Europe

transavia.com is part of the Air France - KLM Group but operates independently.

We provide competitively priced air transport (scheduled services and charters) from the Dutch home bases of Amsterdam Airport Schiphol, Rotterdam The Hague Airport and Eindhoven Airport, from other Dutch regional airports (for charter flights only) and from the Danish home bases of Copenhagen and Billund. During the winter, transavia.com also operates charter and scheduled flights from Dutch, Belgian, German and Danish airports to the Alps.

In addition, among the services transavia.com offers via its website the opportunity to book a hotel, hire a car or take out insurance online. On-board its aircraft, transavia.com sells food and non-food products. transavia.com also operates ad hoc flights and leases aircraft capacity to other airlines, with or without crew and technical support.

This public report provides information regarding the business situation last year, and expected developments in 2010.

May 2010, transavia.com Executive Board

Michiel Meijer, Managing Director – Chairman

Willem Hondius, Managing Director - Commercial

Rob Melchiot, Executive Vice President Finance & ICT



The transavia.com Executive Board in May 2010. From left to right: Michiel Meijer, Rob Melchiot, Willem Hondius



A closing of a difficult year



Michiel Meijer

The financial year 2009/2010, which closed on 31 March this year, will be remembered as a difficult one. Turnover from all our activities came under pressure due to the economic crisis. Revenues from transavia.com fell by 8.5% to almost €639 million as a result. However, transavia.com managed to lose the year with a modest profit. This is largely due to the fact that costs fell significantly by 7.5% to €633 million as the result of falling fuel costs, the lower dollar exchange rate and the stringent cost controls we introduced. Intensive collaboration within the Air France - KLM Group also led to substantial cost benefits. However, we also suffered a blow in the form of damage caused by hailstones at the end of May 2009, which affected no fewer than 18 aircraft in the

transavia.com fleet. The flight tax introduced on 1 July 2008, and which was lifted on 1 July 2009, also had a negative impact on our results during the year covered by the report. This measure had a negative effect on seat sales for transavia.com, which is in fact at the forefront of 'clean' aircraft, primarily because passengers looked to foreign airports instead. Reimbursing the flight tax pre-paid by passengers also proved a time-consuming and costly activity.

"I am proud that, despite the difficult market conditions, we still reported a good end to the year. Our enthusiastic, committed and expert workforce played a very important role in this"

Overall, the result before contribution to corporate income tax was €5.3 million which is less than half the previous year but, given the difficult circumstances, nevertheless a satisfactory outcome.

5.2 million passengers carried

transavia.com differentiates itself by positioning its range of services as 'low cost, low fare with individual service'. If transavia.com is to further apply its 'low cost, low fare concept' successfully, it is important that the company continues to operate a modern, efficient fleet, and optimises new routes and flight frequencies.

In the summer season 2009, transavia.com had a permanent fleet of 30 Boeing 737-700 and 737-800 aircrafts. Of which three were used for flights operating out of Denmark. Four Boeing 737s were also leased for short periods. At the peak of the season, transavia.com flew with a total of 34 aircrafts. In the summer of 2009, there were 22 scheduled flight destinations, and transavia.com flew to 63 charter destinations. Customers were also able to make direct bookings at 43 charter destinations.

In total, transavia.com carried 5.2 million passengers last year, a decrease of almost 5% compared to the previous year. 93% of passengers booked via the internet last year. The load factor was 82%, and almost 76% of flights departed punctually (On Time Performance). This could be significantly higher if the authorities were successful in reducing congestion in European airspace by means of effective collaboration.



5.2 million passengers carried to around 80 destinations, with Istanbul and Biarritz newly added in 2010



Service rated highly



Willem Hondius

By providing charter flights, scheduled flights and additional products and services, transavia.com is responding to demand from tour operators and consumers. This means that we are continuously optimising destinations, flight frequencies to these destinations and the range of products offered on-board our aircraft and via the website, as well as developing new services. Last year, for example, this meant that one new scheduled flight destination was added (Ibiza), and transavia.com actively responded to the growing demand for scheduled services from a variety of European countries (Belgium, Denmark and Germany) to destinations in winter sports areas in France and Austria. We achieved this by increasing frequencies, and further expanding operations out of Innsbruck. As part of the range of services we provide, we have expanded our advance check-in options. Around 53% of passengers made use of this option last year. Since March 2009, scheduled flight passengers

have been able to pay to make a seat reservation when booking via the website. The payment is higher for a seat with extra legroom. The fact that this was used increasingly last year indicates that this transavia.com service is responding to customers' needs.

“We work hard to provide a service that our customers will value. Being nominated the best low-cost airline for the 6th time in a row is an achievement I am proud of”

According to research, the on-board service scores highly at 8.3. In 2009, the Dutch professional travel sector again crowned transavia.com the best charter airline. The travel sector also named transavia.com as the best low-cost airline for the sixth year in a row. In March 2010, transavia.com was voted the best web shop in the Netherlands in the flight tickets category of the National Home Shopping Awards Foundation.

Transavia France continues to grow

Transavia France is a 60%-40% joint collaboration between Air France and transavia.com. The company has been operating in the French market for low-cost scheduled services and charters under the transavia.com brand name and website since 2007. In the summer of 2009, Transavia France flew to 28 scheduled destinations plus a number of charter destinations from its home base at Paris-Orly (South).

During the reporting year, the company carried 1.3 million passengers, and reported revenues of €146.0 million. Two-thirds of this was generated from scheduled services.

Transavia France managed to continuously strengthen its market position and is thus further expanding its fleet despite the continued difficult market conditions. From the start of the summer season 2010, Transavia France will operate nine aircraft, and will also start flights from the regional airports of Lyon and Nantes in addition to operations from the home hub of Paris-Orly.



transavia.com France started up in May 2007 and has continued to grow. In 2009/10, around 1.3 million passengers were carried.



Operations from Denmark commenced



Sharp increase in advertising and name recognition

transavia.com has also been operating out of Denmark since the end of 2008. In 2009, these operations were structured as Transavia Denmark ApS, which is now in possession of its own Airline Operating Certificate (AOC). Transavia Denmark operates as transavia.com in the Danish market, and applies the same hybrid business model that has made transavia.com a success in the Dutch market to date (charters, scheduled services and a combination of the two).

Transavia Denmark is supported as far as possible by transavia.com, including in its commercial activities, crew planning and in all overhead functions. Last year, Transavia Denmark used three aircraft to operate charter flights from Copenhagen to 8 destinations, and scheduled services to 16 destinations. Opportunities for synergy within the Group were exploited last year, with transavia.com supplying aircraft and cockpit crew for the Danish operations, which was made possible by the fact that

KLM provided transavia.com with cockpit crew for operations out of the Netherlands in the summer.

The company has used advertising, which has significantly increased awareness of the name in the Danish market. Relationships have been developed with both tour operators and retailers, and these are expected to result in increased sales in the years ahead.

Ad hoc flights, sub-contracting and aircraft leasing

In addition to charter and scheduled services, transavia.com also operates ad hoc flights, including for organisations, (government) agencies and sports organisations. The company also operates flights for other airlines (subcontracting). For example, the company has operated flights for the Ministry of Defence and foreign governments in the past year in order to transport military personnel as part of their operations and exercises abroad.

During the winter season, transavia.com provides capacity for use, with or without crew, to airlines elsewhere in the world that require additional aircraft capacity in the wintertime in particular. The quality of our maintenance and our relatively new fleet make leasing aircraft from transavia.com an attractive proposition. The global recession did, however, mean that there was overcapacity in the air travel market last year, and therefore

virtually no need to lease additional aircraft. During the past winter season, transavia.com leased out two aircraft, one to its established partner Sun Country Airlines (US, Minneapolis) and one to Caribbean Airlines (Trinidad).

A transavia.com aircraft flying for Sun Country Airlines during its lease period





Customer care and compensation in the event of delays

transavia.com has for many years taken good care of its passengers in the event of delay. At the same time, it should be understood that the low-cost business model, which allows passengers to benefit from low prices, is based on tight planning and short turnaround times. As a result, delays (which are often outside our control) often continue to have an effect throughout the day. Clear and well-reasoned rules are therefore extremely important to transavia.com and its passengers.

The rule regarding compensation in the event of delay has been set under the European Denied Boarding Compensation (DBC)

regulation. Implementation of the DBC regulation has resulted in a lack of clarity in recent years following a judgement issued by the European Court. This lack of clarity relates in particular to the issue of blame, and an unfavourable interpretation of the Court's judgement could mean airlines facing considerable additional costs. The ruling has already seen the national courts in various countries reaching different interpretations of this 'grey area'. transavia.com is arguing for the rules to be clarified so that these different interpretations no longer exist, on the assumption that any compensation payable is in proportion to the service provided.



transavia.com wants clearer and reasonable rules for passengers



Fleet renewal commenced



Rob Melchiot

transavia.com has been operating a fleet of young, modern aircraft for many years, all of which are excellently maintained. To ensure that the fleet continues to be modern and efficient, in 2007 transavia.com opted for a fleet renewal programme which will see a large proportion of the permanent fleet replaced. The first stage of this was an order placed with the aircraft manufacturer Boeing for seven Boeing 737-800s, with an option on a further three aircraft. Three of these aircraft have now been delivered and commissioned.

“transavia.com distinguishes itself with a young fleet. Last year, we added 3 new Boeing 737-800s to our fleet”

One major reason for renewing the fleet is that a young, modern fleet is essential to low-cost operations in order to keep the turnaround time and operating costs manageable. The (engines of the) new aircraft also mean relatively low maintenance costs, relatively low fuel consumption and limited emissions of hazardous substances. Sophisticated navigation systems mean that our aircraft are already prepared for future situations where airports will optimise the approach to the runway in order to further restrict the noise nuisance around the airports. The first new aircraft as part of this fleet renewal programme, a 737-800, came into service in June 2009.

Group collaboration yields returns

During last year, transavia.com further exploited opportunities for synergy with the other Dutch divisions of the Air France - KLM Group. This mutual collaboration is based on each of the companies concerned retaining its own identity as a trading organisation, including their brand, house style and Airline Operating Certificates (AOCs),

their own Collective Labour Agreements and their own financial responsibility.

Last year, operational benefits were achieved from synergies with KLM in particular. These benefits related to the lease of aircraft (with or without crew), the exchange of flight crew and ground staff carrying out heavy maintenance checks at KLM, and

accommodating the transavia.com 'Twin Data Center' in the KLM data centre at Schiphol Rijk. The main cost benefit with Martinair is a sharing of accommodation. Martinair is to become a joint tenant at the new TransPort head office at Schiphol-East, which transavia.com moved into in May 2010.



Increasing group synergy, with KLM in particular



Proud of our new energy-saving head office



The new transavia.com corporate head office has already been awarded a BREEAM (Building Research Establishment Environmental Assessment Method) certificate

On 3 May 2010 transavia.com moved with around 400 members of staff to a new corporate head office known as TransPort at Schiphol-East. The building was developed by Schiphol Real Estate, and underpins transavia.com's image as a low-cost dotcom company. The building has a floor area of 11,000 m² of which transavia.com takes up approximately half. The other half is set to be leased by Martinair. Additional cost benefits will be derived from the joint use of various facilities, such as the corporate canteen. The design of TransPort facilitates a new way of working in accordance with the flex-combi concept. This means that staff always use the workspace that suits the type of work they are doing at the time. There are various different types of workspace available, including quiet areas as well as formal and informal meeting areas.

The new head office complies fully with transavia.com's views regarding the environment and sustainability. TransPort boasts a very high energy-saving rating thanks in part to the use of solar energy, underground heat storage and a thermally active concrete core, which alone counts for energy savings of around 30%. The building is the first in Europe to qualify for the Platinum LEED (Leadership in Energy and Environmental Design) certificate, and is also the first Dutch office building to earn the BREEAM certificate ('very good') for sustainability from the Dutch Green Building Council. BREEAM stands for Building Research Establishment Environmental Assessment Method.

People and the environment

Corporate social responsibility focuses primarily on guaranteeing the quality of business operations along with a responsible attitude towards employees and passengers, and minimising the impact on the environment. As well as good terms of employment and fringe benefits, transavia.com therefore also offers its staff every opportunity to develop through training courses and further education. There are codes of conduct for all transavia.com employees, which include guidelines concerning integrity, transparency, the ability to take responsibility, respect for one another and interacting properly with customers and other contacts. For social and financial reasons, transavia.com has found it important to reduce its negative impact on the environment to a minimum. Both the fleet and the corporate head office play a crucial role here. It is therefore hugely important that transavia.com:

- has a modern and young fleet which complies with the most stringent requirements in terms of reducing fuel consumption, emissions and noise
- maintains engines properly to ensure that fuel consumption, and therefore emissions, are minimised; deploys aircraft in such a way that the planes with the most economical engines fly the longest distances and the most hours relatively, and calculates the optimal volume of fuel required for each flight
- has had a head office with a very high energy-saving rating at Schiphol-East since May 2010.



transavia.com takes seriously its responsibility to its staff, passengers, the environment and profits (people, planet, profit)



Working at transavia.com



Motivated and professional employees at transavia.com

Every year, transavia.com offers work to thousands of people, with a peak in the summer season when we take on extra cabin attendants in particular. Given the difficult market conditions, average job opportunities last year were around 2% lower than in the previous year. The average number of employees is 1,871 full-time equivalents, made up of flight crew (1,150), technical and operational personnel (370) and office personnel (351). During last year, the Human Resources department devoted greater attention to:

- reorganisation of the Commercial department;
- rolling out the new review system for the ground organisation

- and linking this to a differentiated system of remuneration;
- successfully tightening the leave policy;
- structuring the training policy;
- investigating implementation of the Working Hours and Rest Periods Regulation for pilots, and adapting this regulation for ground staff on the basis of earlier research;
- introducing 3-year contracts for cabin attendants;
- designing specific (new) sections of the pension scheme and intensifying communications regarding pensions;
- updating the recruitment site.

transavia.com agrees separate Collective Labour Agreements for cockpit, cabin and ground staff. These three Collective Labour Agreements expired on 31 March 2010. Negotiations with the various employee organisations regarding the new Collective Labour Agreements will be held in the new reporting year.

The year ahead

Economic recovery, and with it the recovery of the airline industry, is expected to hit further difficulties in 2010. This will have repercussions on all of transavia.com's activities. In April 2010, transavia.com also suffered heavy losses when air traffic was suspended over an extended period due to the ash cloud that emerged following the eruption of a volcano in Iceland. We therefore expect transavia.com at best to report a modest increase in turnover. One consequence of this is that stringent cost management will remain a key factor if we

want to continue operating against low market costs, and thus remain competitive.

“transavia.com will continue to focus on profitable growth in existing and new European markets in accordance with the hybrid business model which has made transavia.com a success to date”

In the high season of 2010, the fleet in the Netherlands will consist of 32 aircraft, with a further three aircraft in Denmark. transavia.com will continue to focus on

profitable growth in existing and new European markets in accordance with the business model which has made transavia.com a success to date – i.e. we will offer charter and scheduled services using a single inventory. transavia.com management and employees will continue to do everything they can to align our products and service with customers' requirements as effectively as possible. This is the only way in which we can successfully exploit opportunities in the market.



The transavia.com Executive Board in May 2010. From left to right: Willem Hondius, Rob Melchiot, Michiel Meijer



Balance sheet

(x €1,000)

	as at 31 March 2010	as at 31 March 2009
Intangible assets	4,802	6,536
Tangible fixed assets	316,342	308,222
Investments in associated companies	8,695	9,065
Other investments	115,496	135,749
Total fixed assets	445,335	459,572
Inventories	6,288	6,287
Trade and other receivables	47,888	65,479
Cash and cash equivalents	159,563	218,281
Total current assets	213,739	290,047
Loans and borrowings	-/-69,114	-/-87,032
Other current liabilities	-/-136,805	-/-194,709
Total current liabilities	-/-205,919	-/-281,741
Total assets minus current liabilities	453,155	467,878
Subordinated loan	22,689	22,689
Aircraft loans	177,345	231,219
Other long-term liabilities	72,254	63,385
Employee benefits	52,928	55,405
Other provisions	199	304
Total long-term liabilities	325,415	373,002
Capital	127,740	94,876
Total capital and long-term liabilities	453,155	467,878



Income statement 2009-2010

(x €1,000)

	2009-2010	2008-2009
Revenue	638,511	697,566
Personnel expenses	-/-147,837	-/-143,584
Depreciation, amortisation and impairment losses	-/-27,583	-/-27,726
Other operating expenses	-/-455,793	-/-510,853
Total costs	-/-631,213	-/-682,163
Result from operating activities	7,298	15,403
Finance income	5,538	14,412
Finance expenses	-/-7,131	-/-14,939
Net financing expense	-/- 1,593	-/-527
Share of profit from associated companies	-/-370	-/-3,752
Result before contribution to corporate income tax	5,335	11,124
Contribution to corporate income tax	-/-1,575	-/-3,793
Profit for the period	3,760	7,331



Statement of cash flows

(x €1,000)

	2009-2010	2008-2009
Profit for the period	3,760	7,331
Depreciation, amortisation and impairment losses	27,583	27,726
Gain on sale of assets	-/-615	-/-154
Share of profit from associated companies	370	3,752
Movement in trade and other receivables	17,591	-/-20,719
Movement in inventories	-/-1	-/-434
Movement in current liabilities	-/-75,822	55,217
Movement in provisions	-/-2,582	-/-1,159
Movement in derivatives	32,104	4,445
Net cash from operating activities	2,388	76,005
Acquisition of intangible assets	-/-1,434	-/-4,219
Acquisition of tangible fixed assets	-/-63,722	-/-26,689
Investments in associated companies	-	-/-12,817
Acquisition of other investments	18,826	-/-7,765
Disposals	31,801	21,690
Net cash from investing activities	-/-14,529	-/-29,800
Withdrawn aircraft loans	5,599	6,172
Repayment of aircraft loans	-/-58,046	-/-70,388
Movement in other long-term liabilities	8,869	8,521
Capital repayment to partners	-/-2,999	-/-18,483
Net cash from financing activities	-/-46,577	-/-74,178
Net cash flow	-/-58,718	-/-27,973
Cash and cash equivalents at start of fiscal year	218,281	246,254
Cash and cash equivalents at end of fiscal year	159,563	218,281
Movement in cash and cash equivalents	-/-58,718	-/-27,973

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