
Alitalia First Quarter 2008 results

May 13, 2008



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First Quarter 2008 results - Summary

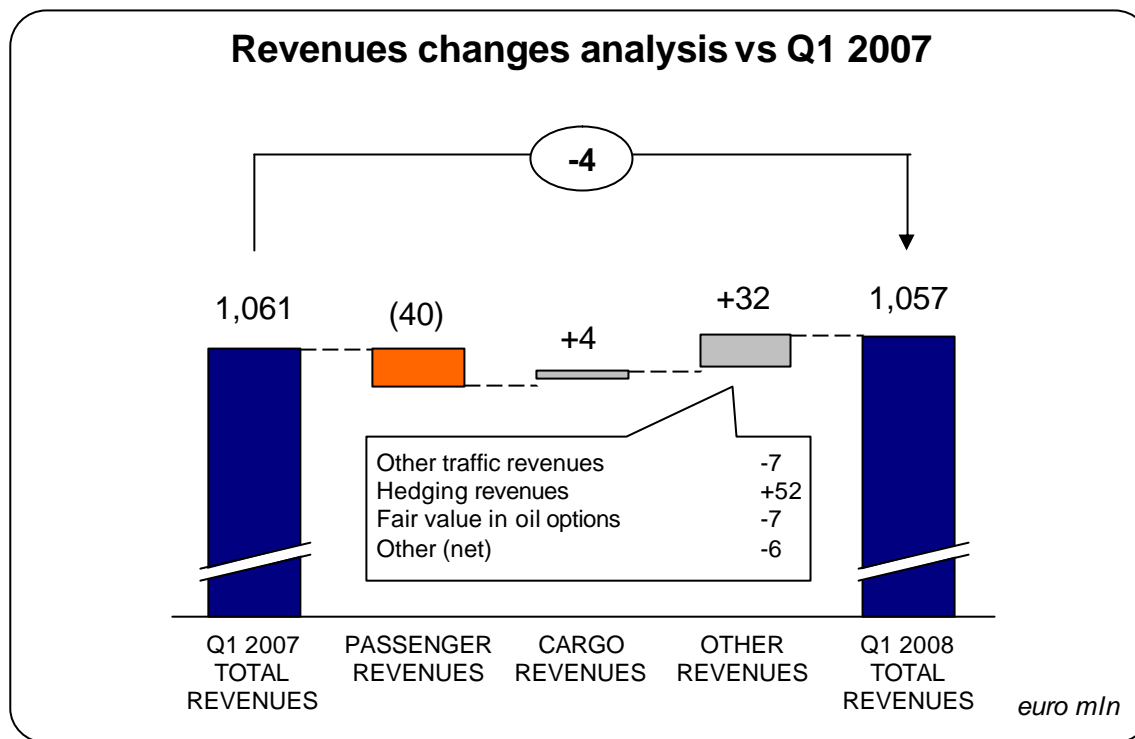
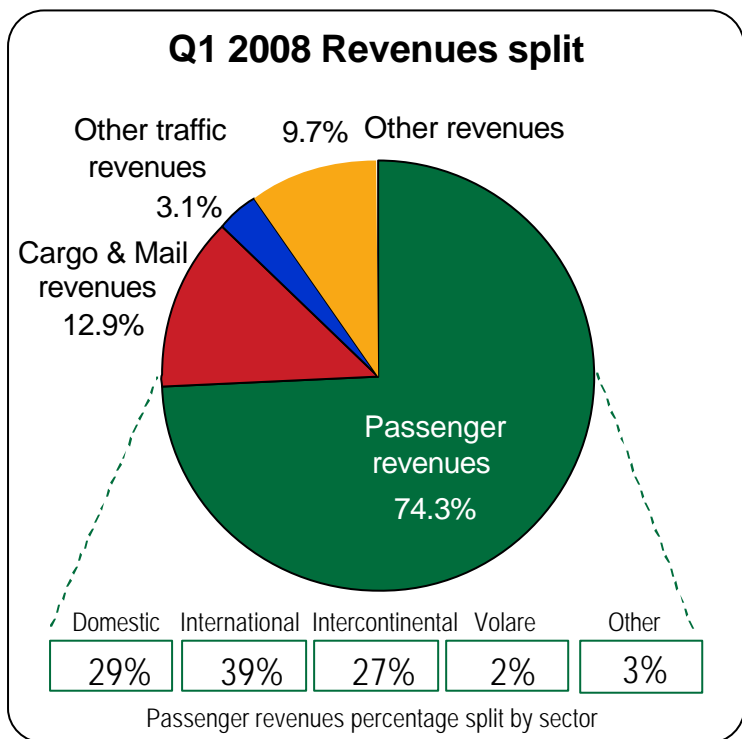
Main P&L items	Q1 2007	Q1 2008	% Change	Further details
● Total traffic revenues	997	954	(4.3%)	Page 6-11
● Other revenues	64	103	+61.5%	
● Fuel	(223)	(285)	(28.0%)	Page 13-17
● Other operating costs (including D&A)	(748)	(729)	+2.6%	
● Operating Result (% on total revenues)	(113) (10.7%)	(161) (15.2%)		To be noted that since EBITDAR margin is net of all the major accounting adjustments it can be considered the most useful figure to better quantify the delta vs 2007
● Profit Before Taxes (% on total revenues)	(152) (14.4%)	(215) (20.3%)		
● EBITDAR (% on total revenues)	(5) (0.5%)	(90) (8.9%)		
● Total capacity (ATKs mln)*	1,855	1,755	(5.3%)	Page 7-11

* Volare ATKs not included

**Focus on first quarter 2008
revenues**

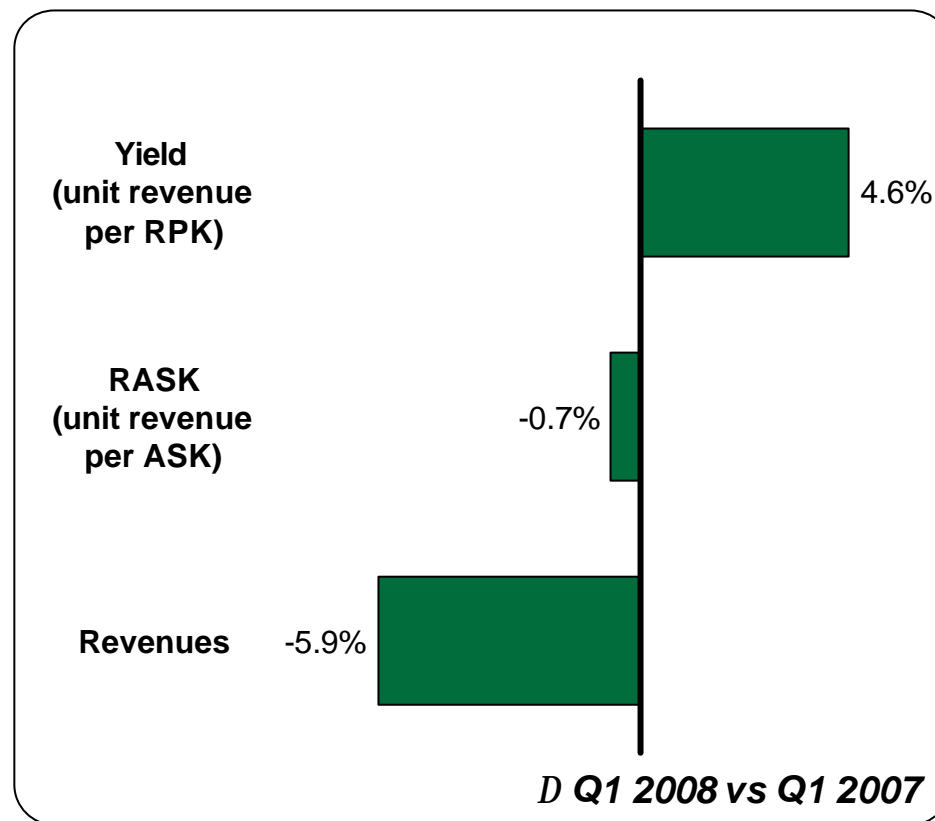
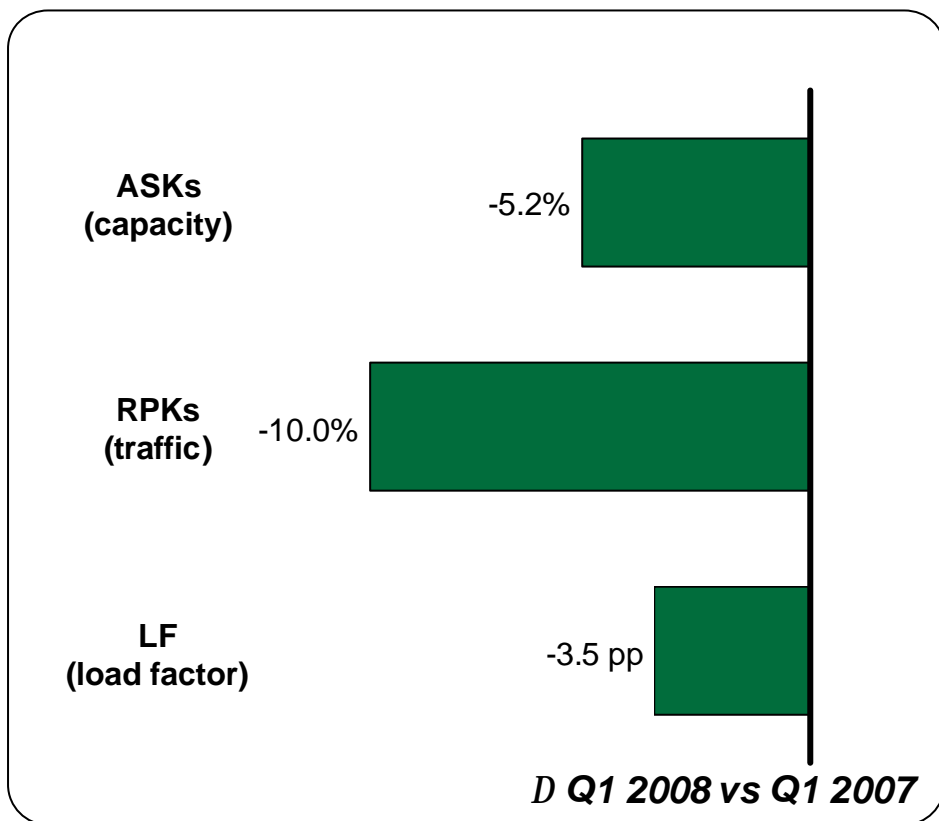


First Quarter 2008 - Consolidated revenues



First Quarter 2008 total revenues, compared to 2007, were positively affected by the increase of hedging revenues due to the cash-in of its position in January and negatively affected by a passenger traffic performance decrease mainly due to the capacity offered decrease, the negative forex effect and the effects of operative disruptions caused by unions unrest and strikes (18 millions).

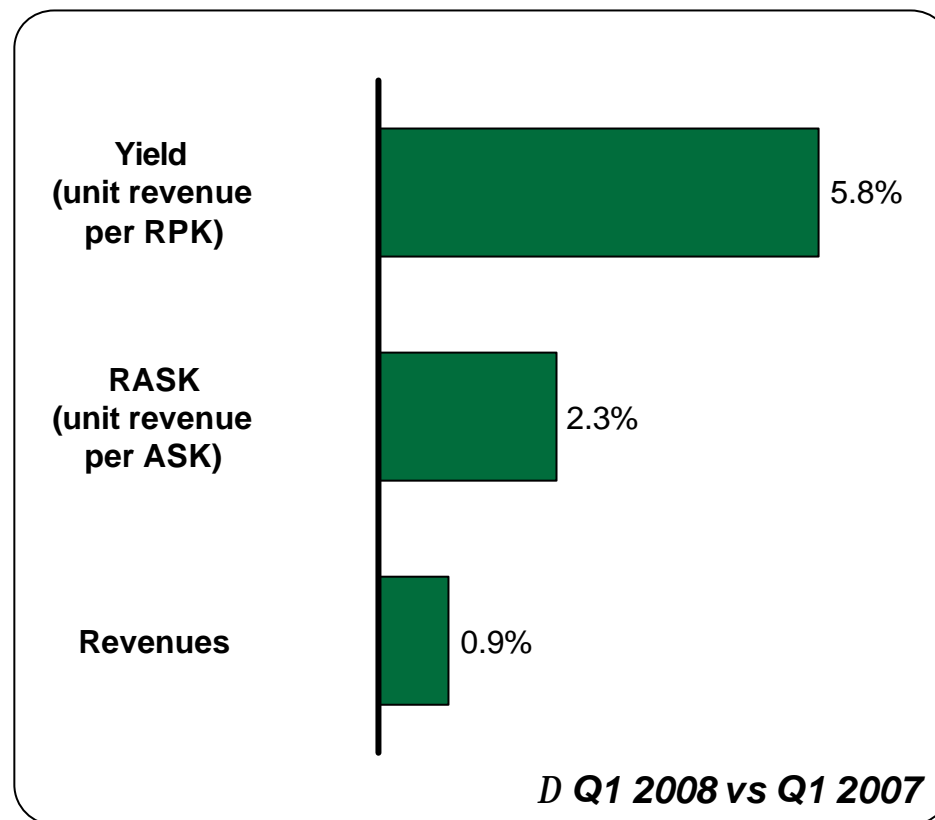
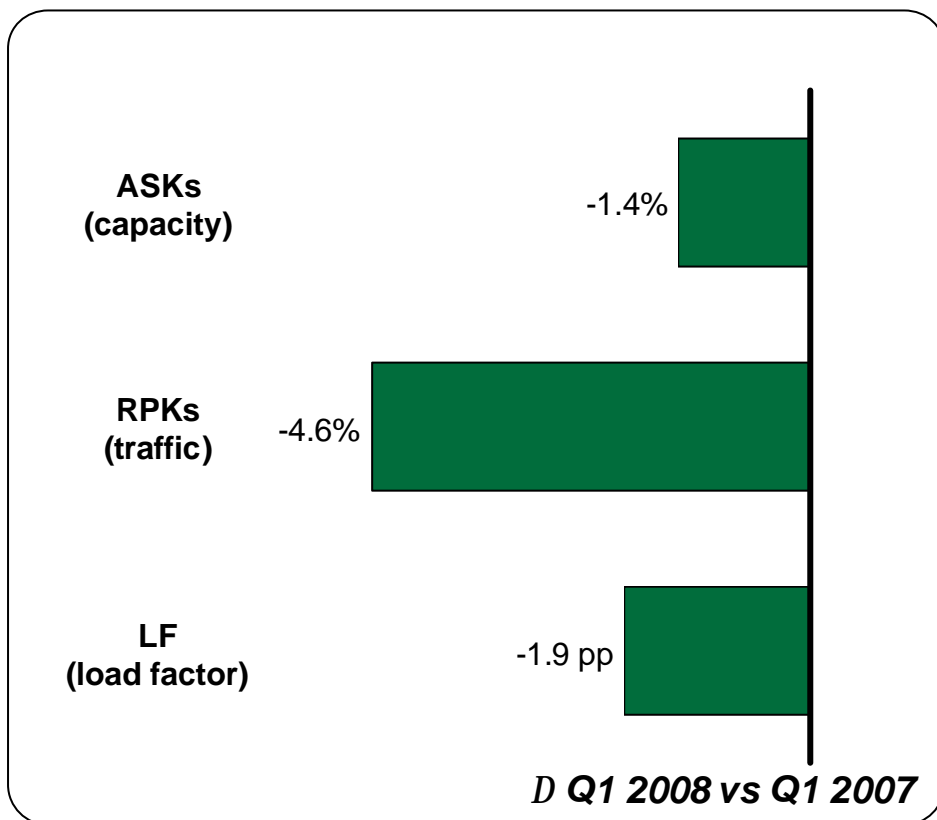
First Quarter 2008 results – Total passenger network*



First quarter 2008 total network passenger revenues, compared to first quarter 2007, showed a 5.9% decrease, with traffic and capacity offered down 10% and 5.2% and Yield up 4.6%, mainly due to the new marketing strategy which aims to increase profitability rather than preserve volumes. To be noted that revenues were negatively impacted by a negative forex effect and by operative disruptions caused by unions unrest and strikes valued about 18 million euros.

*Volare not included

First Quarter 2008 results – Domestic passenger network*

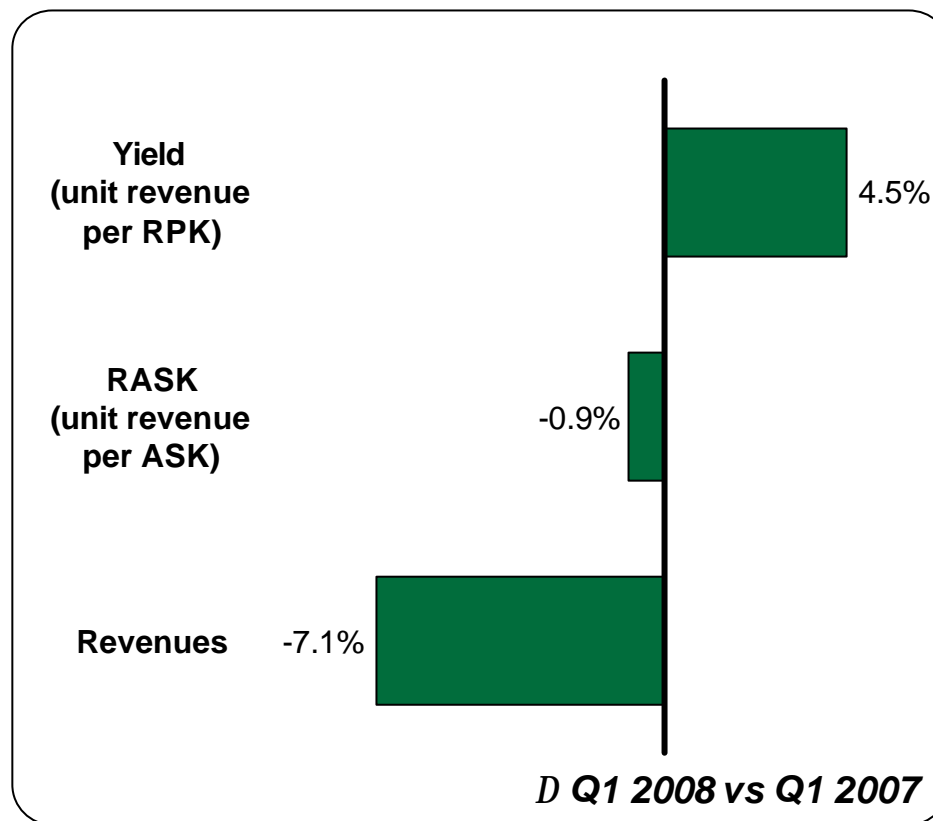
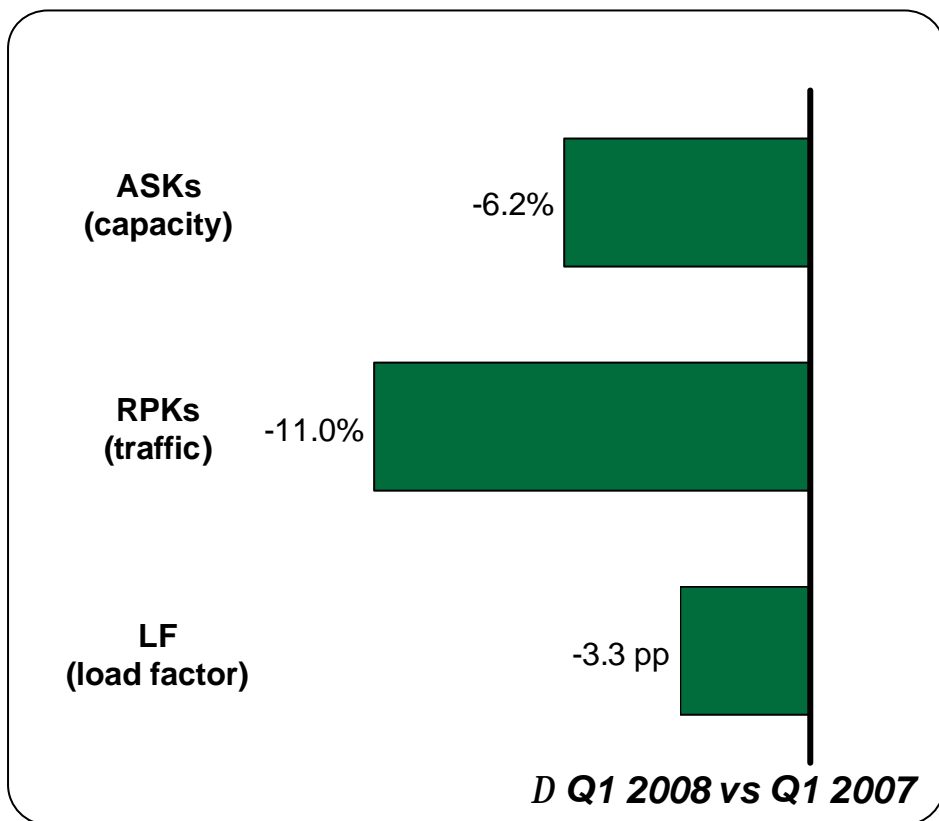


Despite capacity offered and traffic down 1.4% and 4.6%, first quarter 2008 domestic passenger network revenues, compared to 2007, showed a 0.9% increase mainly due to the effects of the new marketing strategy with Yield levels up 5.8%.

Alitalia domestic market share reached 40.8%, down 4.9 percentage points compared to the first quarter 2007.

*Volare not included

First Quarter 2008 results – International passenger network*

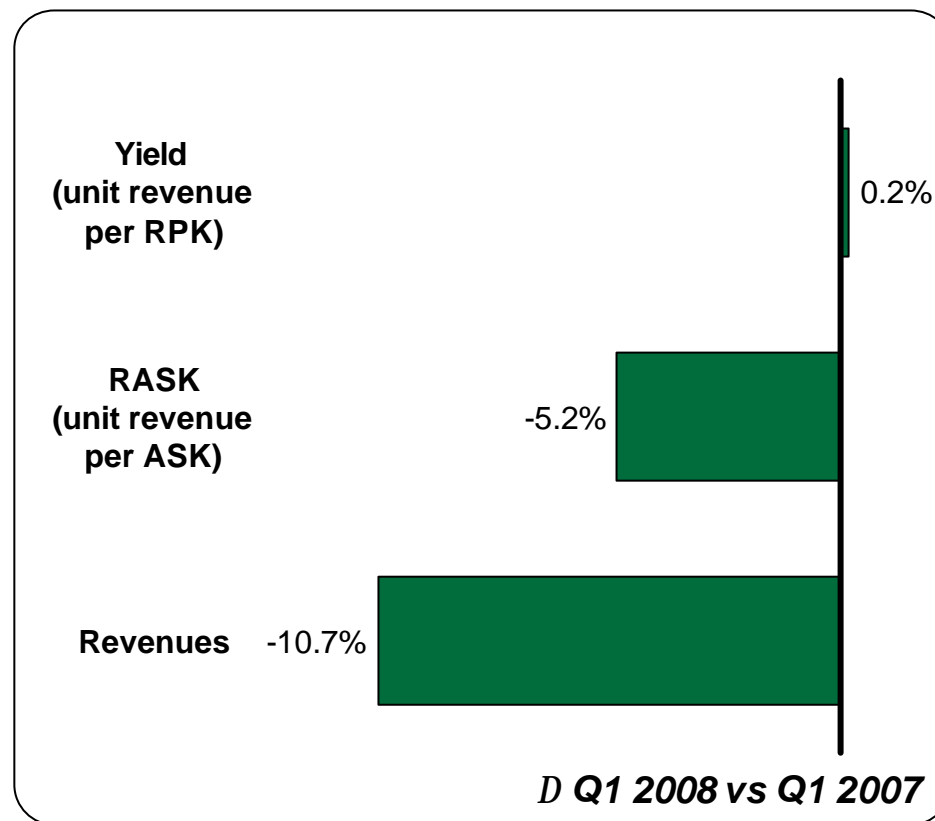
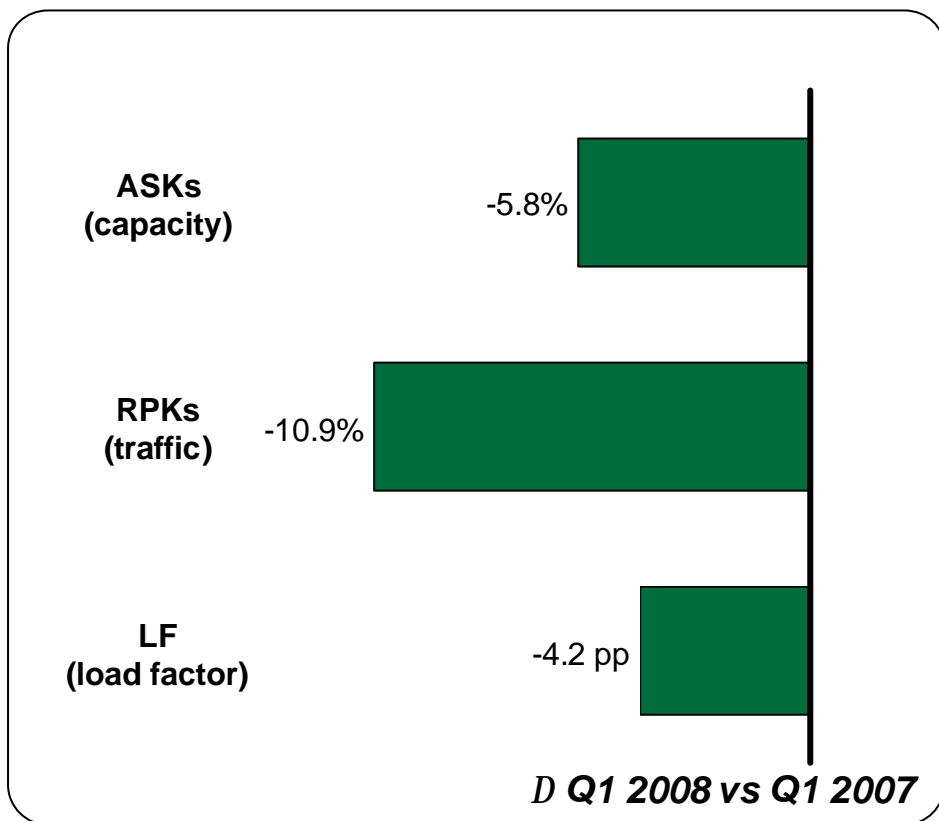


First quarter 2008 international passenger revenues, compared to first quarter 2007, showed a 7.1% decrease, with traffic and capacity offered down 11% and 6.2% and Yield up 4.5%.

To be noted that revenues were negatively impacted by the negative forex effect

*Volare not included

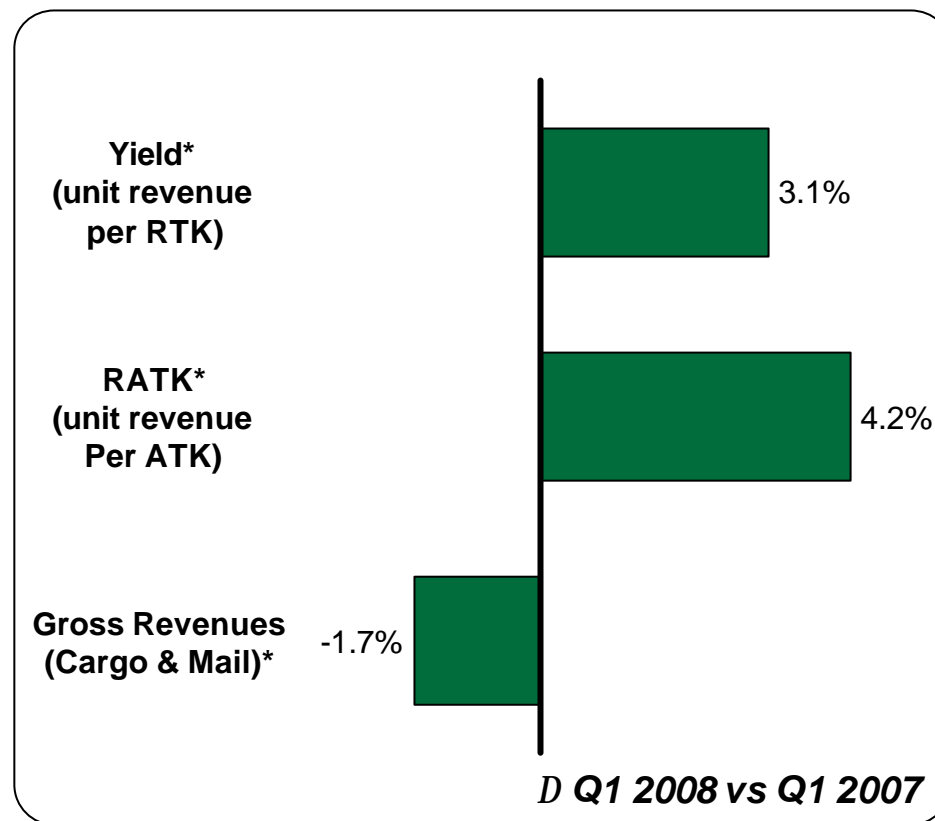
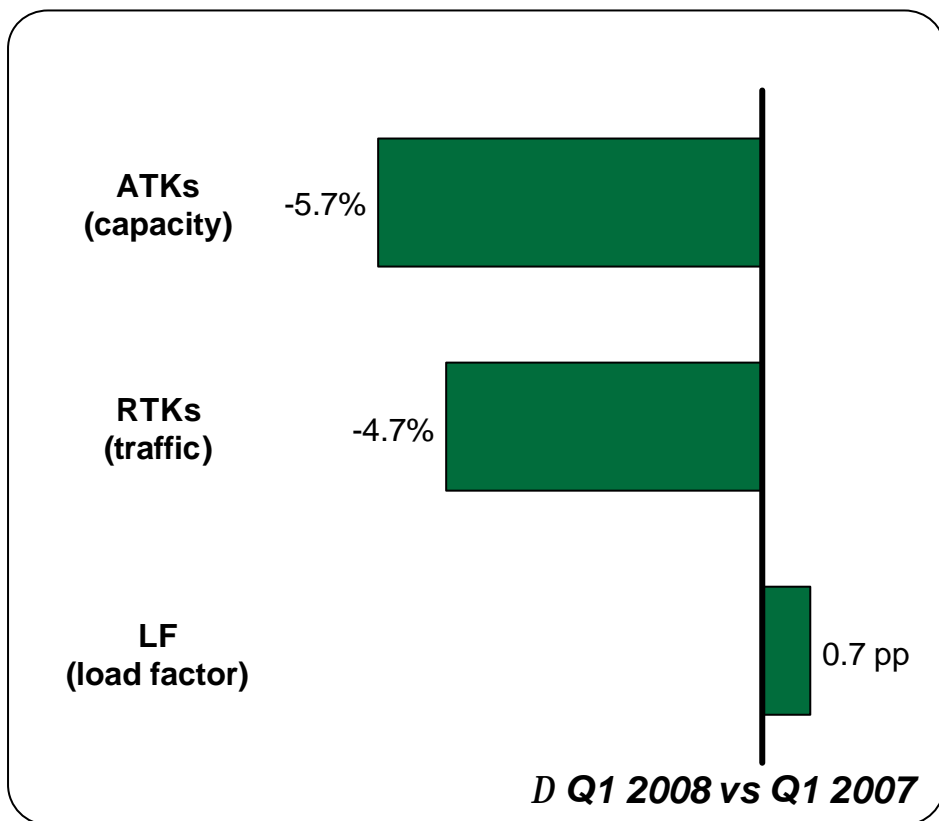
First Quarter 2008 results – Intercontinental passenger network*



First quarter 2008 intercontinental network passenger revenues showed a 10.7% decrease mainly due to a capacity offered reduction by 5.8% with traffic levels down 10.9% and the negative forex effect.

*Volare not included

First Quarter 2008 results – Total Cargo network*



First quarter 2008 cargo revenues showed a decrease by 1.7% mainly due to a capacity offered reduction by 5.7% with traffic down 4.7%. RATK levels showed an increase by 4.2% due to load factor increase by 0.7 percentage points and yield up 3.1%.

*Charter, Nightly mail, Surcharges included

**Focus on full first quarter 2008
operating costs**



First Quarter 2008 results – Total operating costs

Main P&L items	Q1 2007	Q1 2008	% Change	Further details
<i>Labour costs</i>	(203)	(204)	(0.5%)	<i>Page 14</i>
<i>Fuel Cost</i>	(223)	(285)	(28.0%)	<i>Page 15</i>
<i>Other operating costs*</i>	(748)	(729)	+2.6%	<i>Page 16-17</i>
<i>- of which D&A, Writedowns</i>	(66)	(66)	(1.1%)	
Total operating costs	(1,174)	(1,218)	(3.7%)	

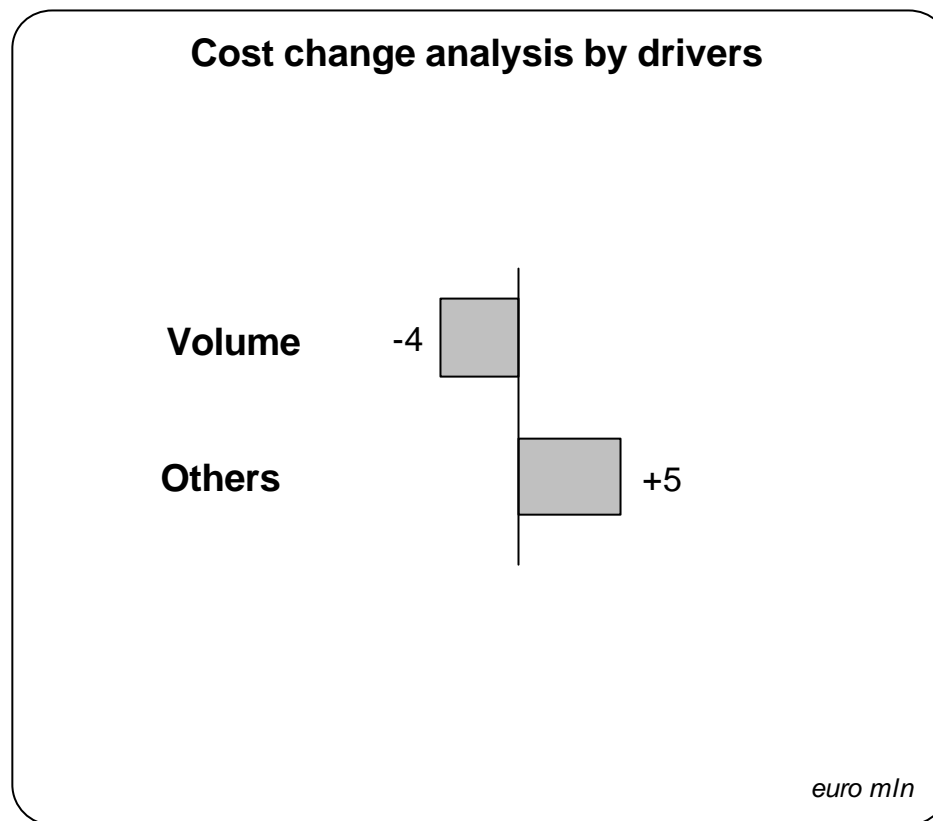
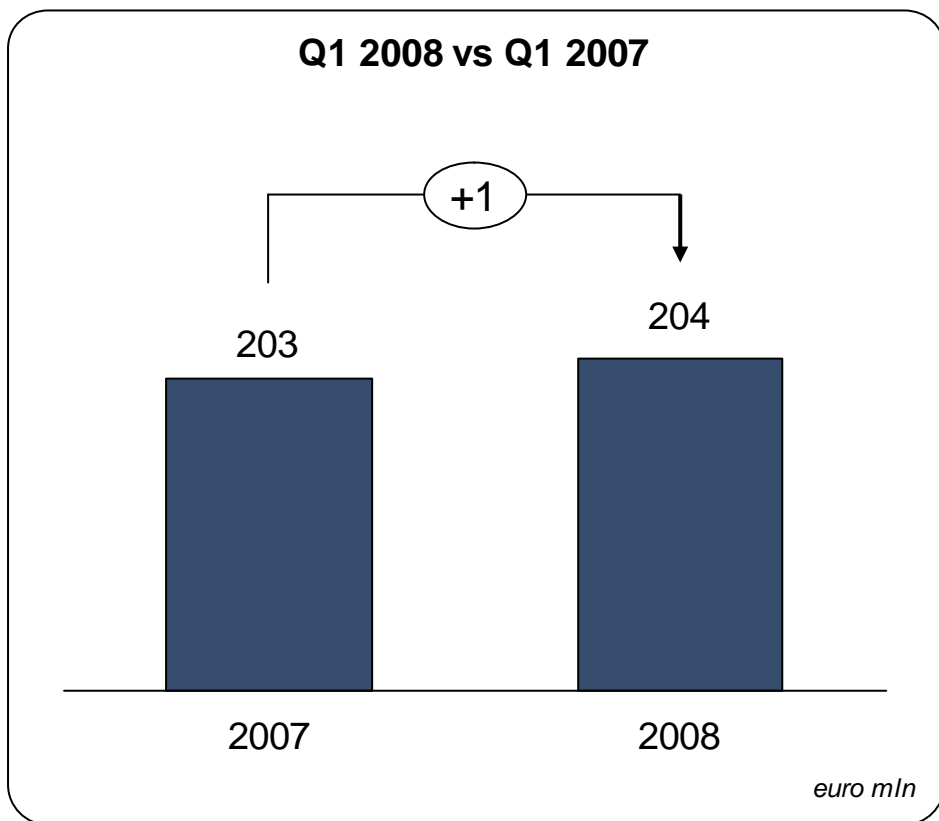
First Quarter 2008 total operating costs were down 44 million euros compared to 2007 with total capacity offered down 5.3% (Total ATKs Passenger** and Cargo).

Total costs were positively affected by forex levels, lower capacity offered and tariffs renegotiation and negatively affected by the strong increase of fuel price.

*Including D&A, Writedowns

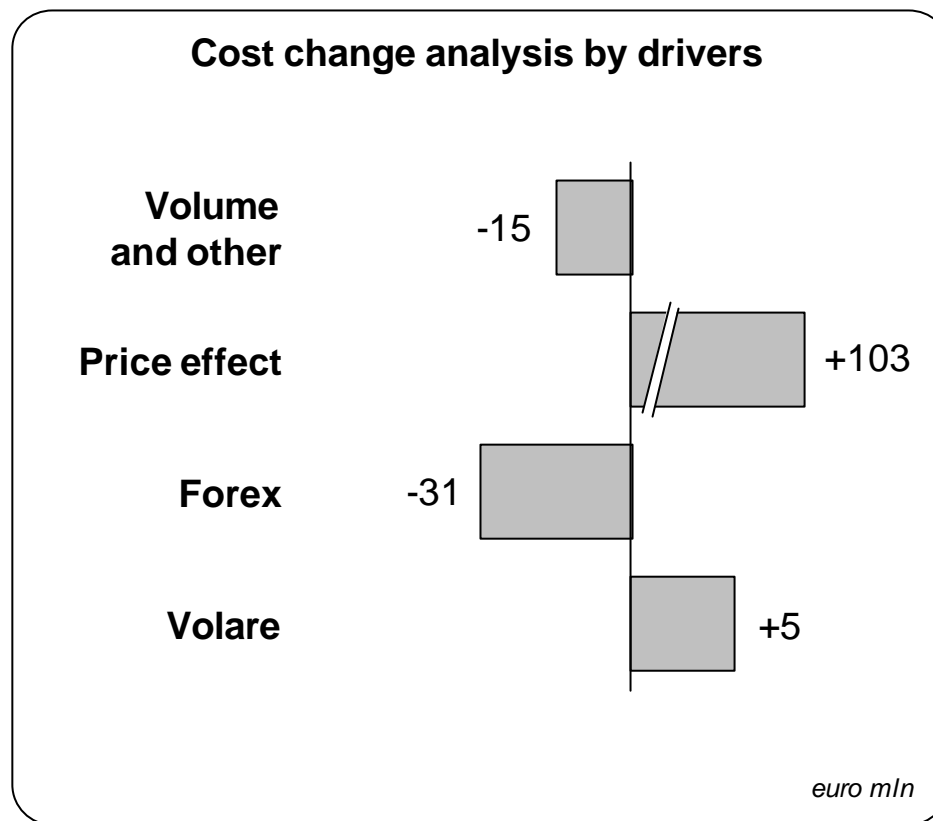
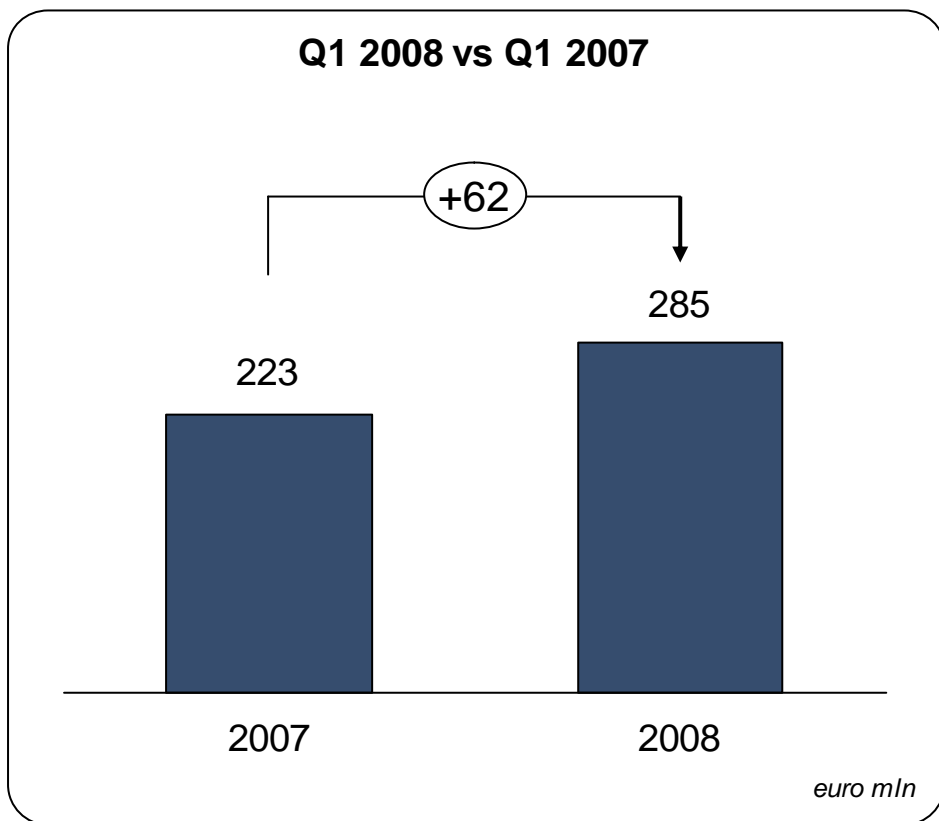
12 ** Volare ATKs not included

First Quarter 2008 labour costs



First quarter 2008 labour costs compared to first quarter 2007 showed an increase by 1 million euros due to the higher charges relating to integrative welfare contributions for flight staff, the higher charges for adjustments to employees' contract and lower costs for the capacity offered reduction.

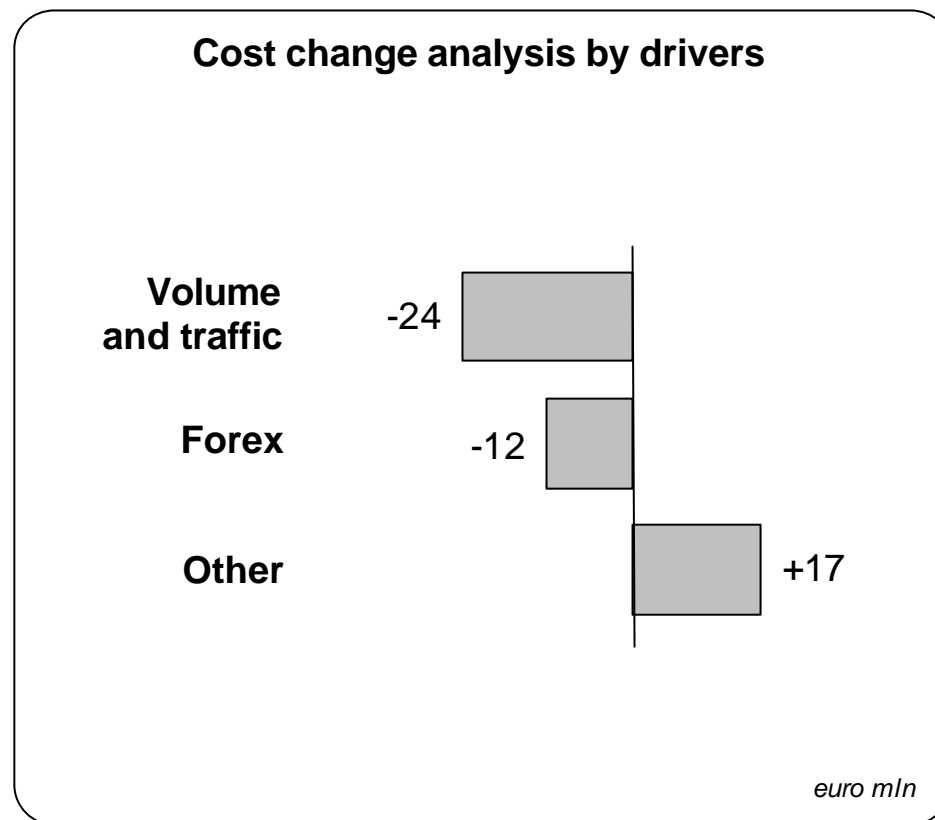
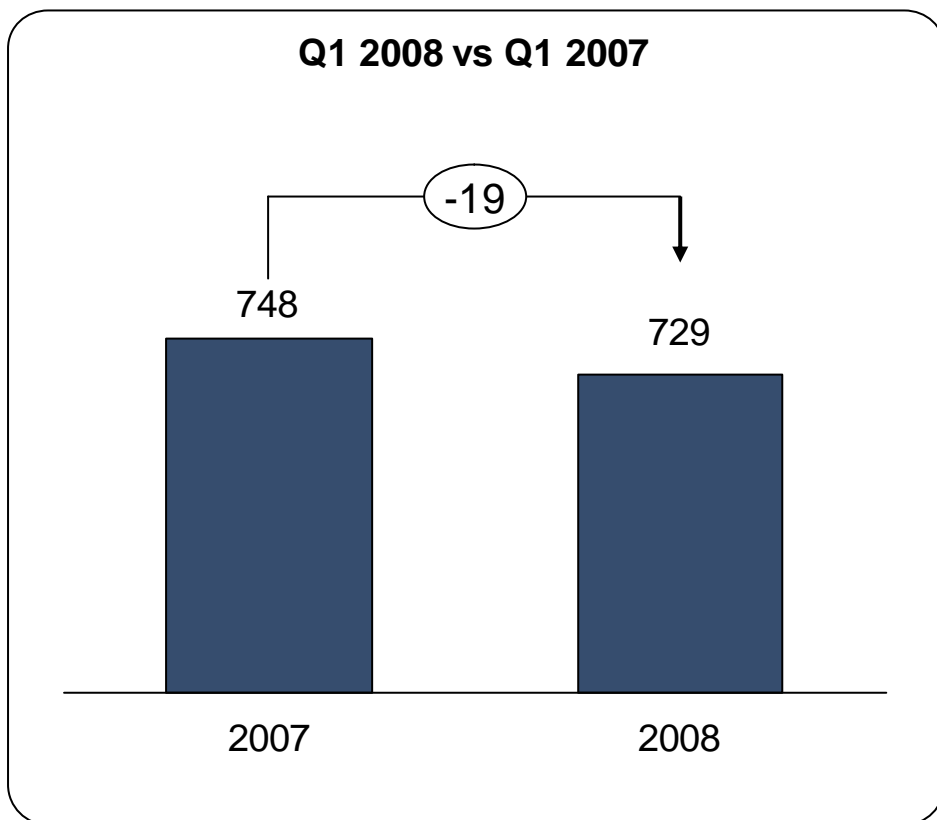
First Quarter 2008 fuel costs*



First quarter 2008 fuel costs compared to 2007 showed an increase by 62 million euros due to the increase of price partially traded off by the positive forex effect and the capacity offered reduction.

*Hedging not included

First Quarter 2008 other operating costs* (1/2)



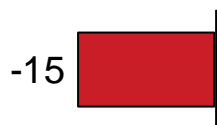
First quarter 2008 other operating costs, compared to 2007, showed a decrease by 19 millions mainly due to the capacity offered and traffic reduction and to the positive forex effect.

*Including D&A, Writedowns

First Quarter 2008 other operating costs (2/2)

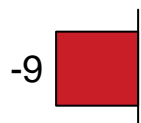
Main cost items* analysis Q1 2008 vs Q1 2007 figures Change in Euro mln

Rentals and others



- Forex positive effect
- Cancellation of wet leases for Cargo and charter flights
- Block spaces reduction
- Lower Volare costs

Maintenance



- Forex positive effect
- Volumes decrease
- Tariffs renegotiation

Airports & Traffic



- Forex positive effect
- Volumes decrease
- Tariffs renegotiation
- Higher Volare costs

Cost of sales



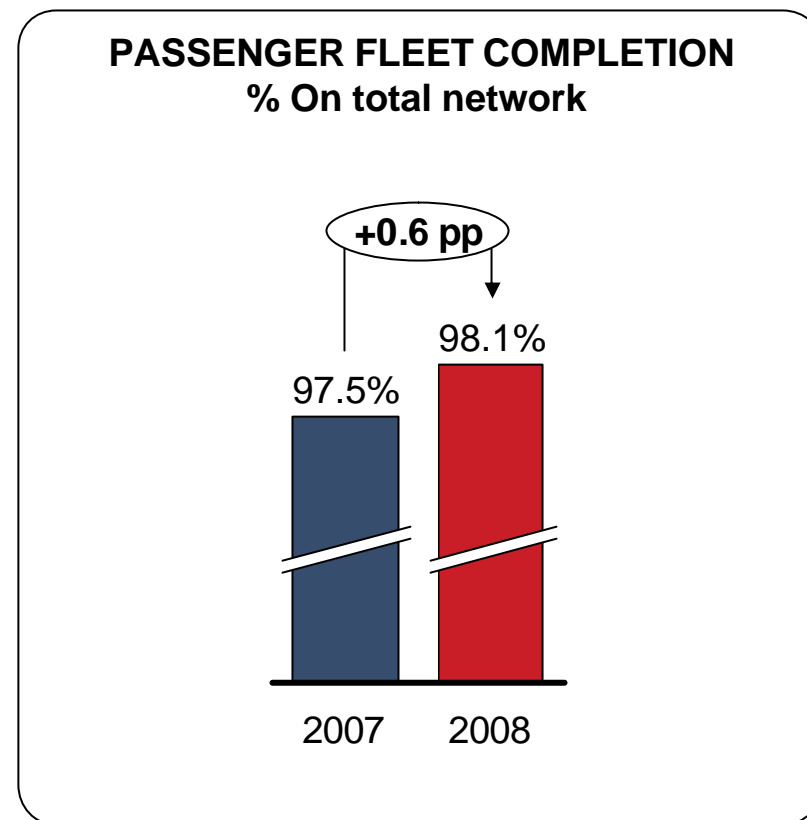
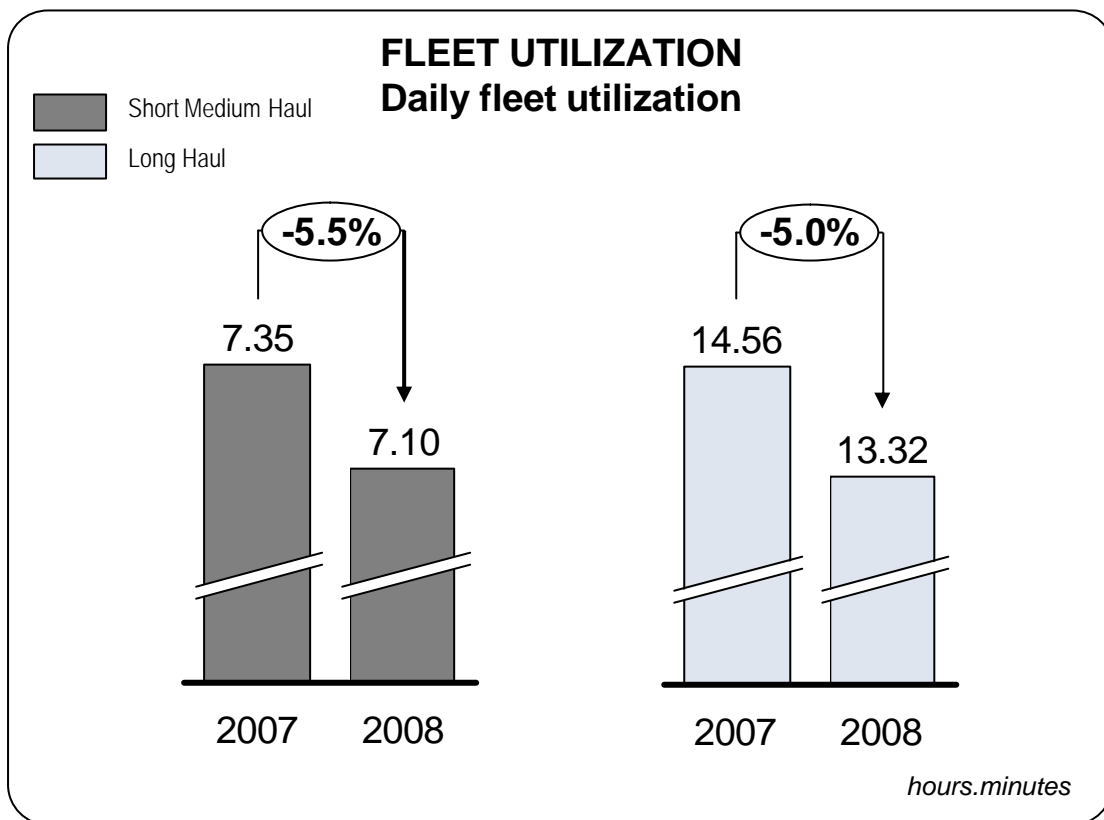
- Forex positive effect
- Volumes decrease
- Higher advertising and promotions costs

*D&A, Writedowns analysis non provided; other materials/services costs analysis non provided

**Focus on first quarter 2008
operational performance**



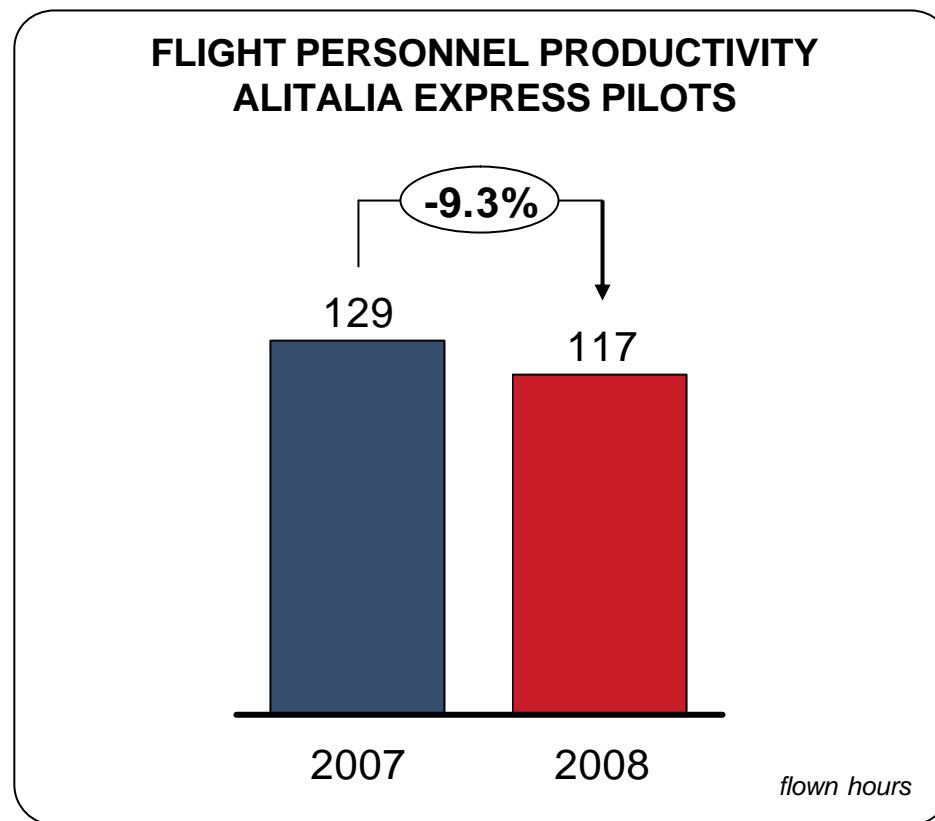
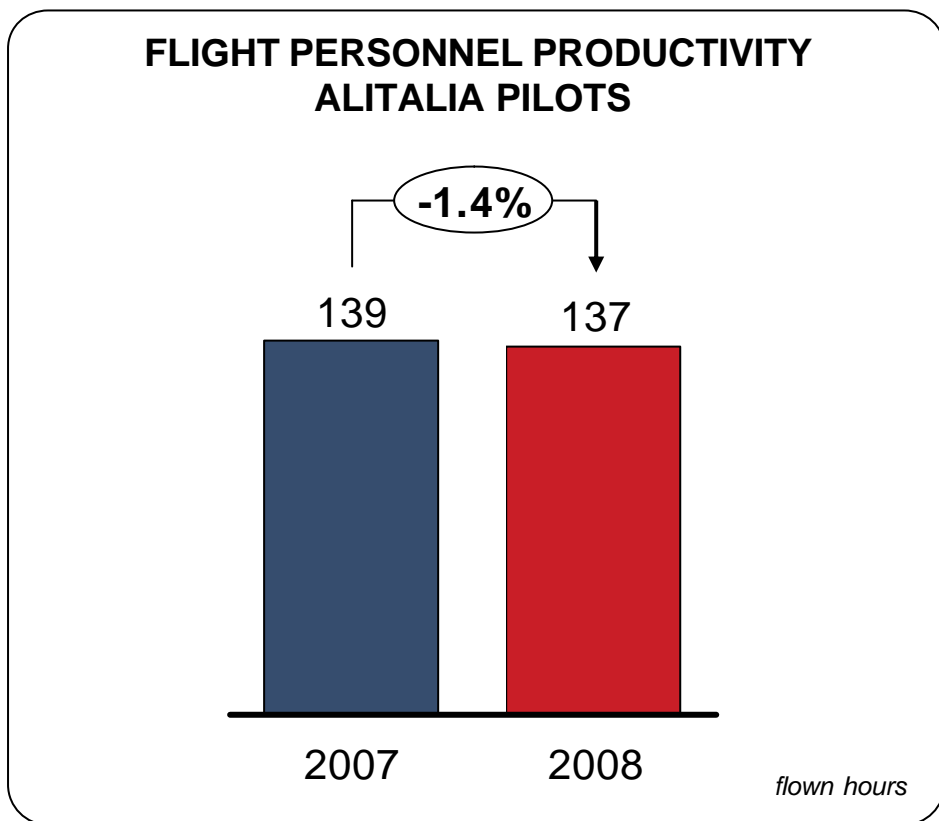
First Quarter 2008 operational performance



Fleet utilization in First Quarter 2008 showed a decrease in both short-medium haul and long haul compared with the same period 2007 due to the capacity offered reduction.

Passenger fleet completion factor was up 0.6 percentage points compared with the same period 2007.

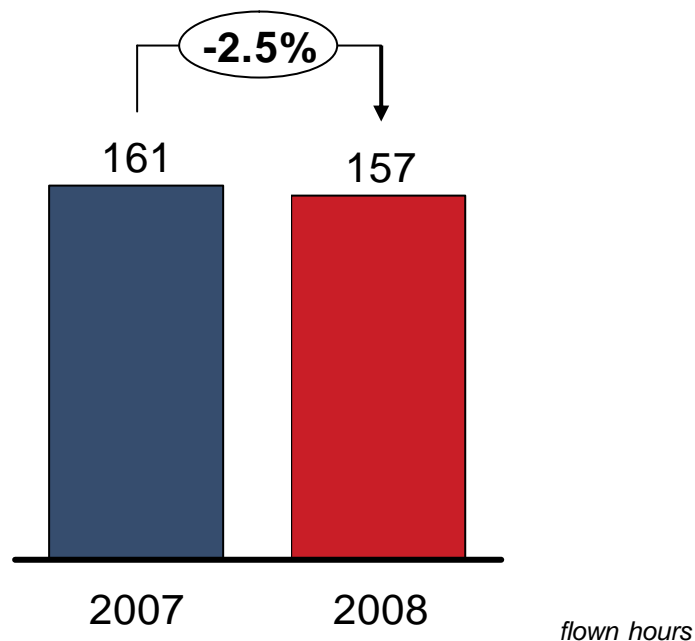
First Quarter 2008 operational performance



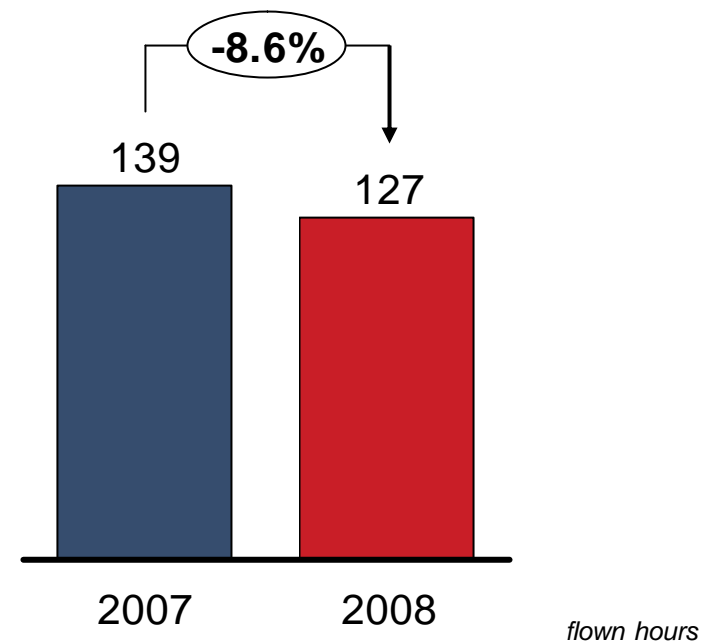
Alitalia and Alitalia Express pilots productivity in First Quarter 2008 decreased 1.4% and 9.3% compared with the same period 2007 due to the capacity offered reduction.

First Quarter 2008 operational performance

FLIGHT PERSONNEL PRODUCTIVITY
ALITALIA FLIGHT ATTENDANTS



FLIGHT PERSONNEL PRODUCTIVITY
ALITALIA EXPRESS FLIGHT ATTENDANTS



Alitalia and Alitalia Express flight attendants productivity in First Quarter 2008 decreased 1.4% and 9.3% compared with the same period 2007 due to the capacity offered reduction.

2008 Outlook



2008 Outlook – Forward looking statement

- The failure to reach agreement regarding the partnership project with the Air France-KLM group has led to a situation of increased uncertainty about the Company's future.
- From a strictly financial viewpoint, Legislative Decree no. 80 of 23 April 2008 has now made available a considerable amount of liquidity and, from the point of view of business continuity, this shows that the Government itself is confident about the possibility of re-launching the Company.
- Regarding the equity situation, however, it is important to reiterate the need for recapitalisation to be carried out as quickly as possible.
- The strongly negative impact of uncertainty, together with continual erosion of the Company's commercial credibility with marked repercussions on sales growth, the resulting critical aspects of implementing actions required by the budget, and the deterioration of the market scenario, heavily affected by continual and ever higher increases in fuel costs – all these factors lead to an equity situation which is no longer able to sustain the Company's forecast operations.
- Therefore, the Board of Directors, while evaluating the possibilities of resolving the above requirements, awaits the measures that the Government as main shareholder decides to take.

Appendix

Additional financial and traffic information



First Quarter 2008 consolidated results (IAS/IFRS)

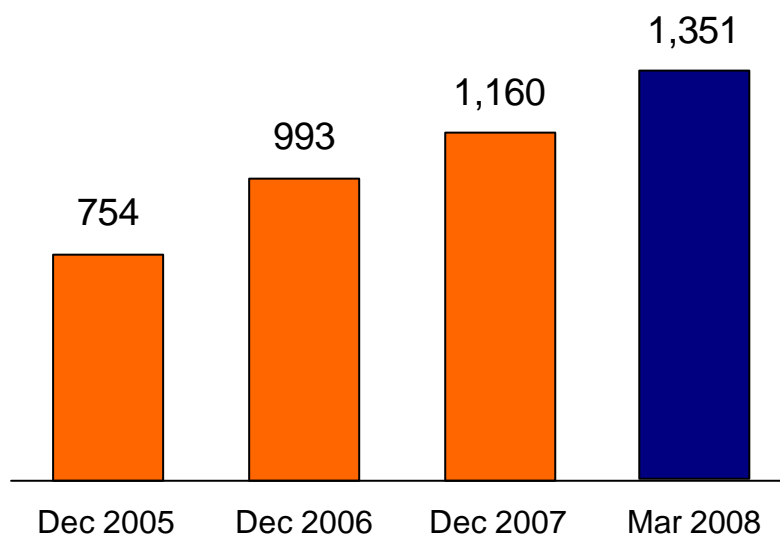
	First Quarter 2007	First Quarter 2008	Difference	%
TRAFFIC REVENUES				
Passengers	824.844.285	784.968.917	(39.875.368)	(4,8%)
Cargo	130.475.043	134.632.614	4.157.571	3,2%
Mail	2.121.329	2.178.724	57.395	2,7%
Other traffic revenues	39.774.270	32.570.818	(7.203.452)	(18,1%)
OTHER OPERATING REVENUES	63.663.161	102.795.159	39.131.998	61,5%
Total Consolidated Revenues	1.060.878.090	1.057.146.233	(3.731.857)	(0,4%)
OPERATING COSTS				
MATERIALS				
Fuel	(223.088.170)	(285.470.934)	(62.382.763)	(28,0%)
Others	(13.930.125)	(10.019.544)	3.910.581	28,1%
SERVICES				
Commercial	(139.537.037)	(140.471.473)	(934.436)	(0,7%)
Airports and Air Traffic	(230.962.366)	(229.567.582)	1.394.784	0,6%
Fleet Maintenance	(99.516.184)	(90.048.187)	9.467.997	9,5%
Other services	(91.897.124)	(85.380.770)	6.516.354	7,1%
Leases	(85.213.740)	(69.788.638)	15.425.102	18,1%
LABOUR	(202.852.167)	(203.842.873)	(990.705)	(0,5%)
OTHER OPERATING EXPENSES	(21.501.033)	(37.148.349)	(15.647.316)	(72,8%)
Total Operating Costs	(1.108.497.946)	(1.151.738.348)	(43.240.402)	(3,9%)
Depreciation & Amortization, Writedowns	(65.674.065)	(66.381.854)	(707.789)	(1,1%)
OPERATING PROFIT (LOSS)	(113.293.921)	(160.973.969)	(47.680.048)	(42,1%)
Income (losses) from equity method assessment (participations)	414.791	(10.704.050)	(11.118.841)	(2680,6%)
Gains from investment activity	0	0	0	
Financial Income (Charges)	(39.463.957)	(43.155.458)	(3.691.500)	(9,4%)
Other gains (Charges)	0	0	0	
Extraordinary gains	0	0	0	
PROFIT (LOSS) BEFORE TAXES	(152.343.087)	(214.833.477)	(62.490.389)	(41,0%)

EBITDAR Calculation on First Quarter 2008 results (IAS/IFRS)

EBITDAR MARGIN CALCULATION FIRST QUARTER 2008			
		Total Reported Leases	70
a) TOTAL CONSOLIDATED REVENUES	1.057	of which:	
		Block Spaces (not included)	19
b) OPERATING PROFIT (LOSS)	(161)	Not Fleet related leases (not included)	8
+		70% of Wet leases (not included)	3
c) DEPRECIATION, AMORTIZATION & WRITEDOWNS	66	30% of Wet leases (to be included)	1
+		Operating leases (to be included)	37
d) AIRCRAFT RENTALS	39 >>>>	Total aircraft rentals to be included	39
+			
e) OTHER MAJOR ACCOUNTING ADJUSTMENTS	(34) >>>>	Major accounting adjustments	(34)
=		which is:	
f) EBITDAR (b+c+d+e)	(90)	Hedging Revenues	(54)
		Fair Value in oil options	20
g) TOTAL CONSOLIDATED REVENUES ADJUSTED	1.003	Capital gains/loss	0
=			
h) EBITDAR MARGIN % (f / g)	(8,9%)		

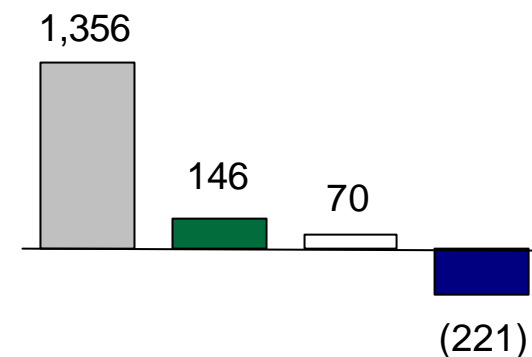
Net debt as of March 2008 (IAS/IFRS)

Net debt trend (December 2005 – March 2008)



euro mln

Net Debt as of March 2008



1,351 Euro mln

- M/L term financial debt
- Short term financial debt
- Derivatives
- Cash and Equivalents

euro mln

Alitalia Group* Operating fleet as of March 2008

	AS OF DEC 2007	AS OF MAR 2008	DELTA
OPERATING PASSENGER FLEET			
BOEING 777 (B777)	10	10	0
BOEING 767 (B767)	14	13	(1)
TOTAL LONG HAUL	24	23	(1)
AIRBUS 321 (A321)	23	23	0
AIRBUS 320 (A320)	15	15	0
AIRBUS 319 (319)	12	12	0
MAC DONNELL-DOUGLAS 80 (MD80)	76	73	(3)
ATR72	10	6	(4)
EMBRAER REGIONAL JET 145 (ERJ145)	14	9	(5)
EMBRAER REGIONAL JET 170 (ERJ170)	6	6	0
TOTAL SHORT MEDIUM HAUL	156	144	(12)
TOTAL OPERATING PASSENGER FLEET	180	167	(13)
OPERATING CARGO FLEET			
MAC DOUGLAS 11 ALL CARGO (MD11F)	5	5	0
A300 ALL CARGO	1	1	0
TOTAL OPERATING CARGO FLEET	6	6	0
TOTAL ALITALIA FLEET	186	173	(13)

*Including Volare