

## **Cimber Sterling publishes information about its financial situation**

*In advance of further announcements to be made, Cimber Sterling confirms its guidance for the financial year 2010/11, notifies the market of certain non-public information about the financial situation of the company which has been disclosed in discussions to third parties, subject to confidentiality, in the context of potentially acquiring a majority stake in the company as well as issues guidance for the financial year 2011/12.*

### **Background**

As communicated in its announcement no. 40-2010/11 Cimber Sterling has initiated a process of attracting new capital to strengthen its capital base and strategic market position, which led to the signing of a non-binding term sheet with Mansvell Enterprises Ltd ("Mansvell") as stated in announcement no. 6-2011/12.

The process of strengthening the company's capital base was initiated on the basis of developments in Cimber Sterling's financial situation, and its budget for 2011/12. On this basis the Board of Directors has resolved that Cimber Sterling's capital base is insufficient. Therefore, Cimber Sterling should seek to develop its business and such strategy together with a financial or industrial partner.

In the company's pursuit of strengthening its capital base, Cimber Sterling has been in discussions with third parties (including Mansvell) concerning a takeover of or a directed share issue in the Company. In the course of these discussions, Cimber Sterling has made certain non-public information available to such third parties, who have been subject to confidentiality obligations, for the purpose of them confirming their commercial and valuation assessment of the company. By way of this announcement, Cimber Sterling confirms its guidance for the financial year 2010/11 with an EBIT loss before special items of DKK 190-200 million, discloses information about the financial situation of the company and issues guidance for the financial year 2011/12.

Extraordinary winter costs, higher fuel prices and additional cash tied up with e.g. the Danish Travel Guarantee Fund and Cimber Sterling's credit card acquirer have put an adverse squeeze on Cimber Sterling's cash resources and has left Cimber Sterling very vulnerable to tightened credit and payment terms and increased guarantee obligations. Simultaneously, Cimber has been requested to repay a seasonal extension of its credit line of DKK 10 million.

In preparation of the annual report for the financial year 2010/11, it has become evident that the equity in the company is lost. As a result of, among other reasons, contractual limitations, the facility established with GEM Global Yield Fund Limited in March 2011 is deemed insufficient to provide Cimber Sterling with the necessary cash resources. Moreover, it is not likely that Cimber Sterling in the short term will be able to obtain additional credit facilities with existing bankers or alternative sources of finance.

Given the continued tremendous pressure and unrelenting challenges in the airline industry as well as tightened credit conditions and guarantee obligations, the Board of Directors has resolved that Cimber Sterling will not be able to operate on a stand-alone basis but needs new equity and cash resources to service its creditors, of which a significant part is due, as well as to secure its continued operations and ensure a long-term strengthening of its capital base.

Cimber Sterling is therefore in need of a capital injection. It is expected that an announcement of a binding subscription agreement with Mansvell on an equity capital injection of DKK 165 million will be published immediately after the publication of this company announcement.

It is expected that a substantial part of any proceeds from the issuance of new shares will be used to service Cimber Sterling's existing, overdue creditors.

**Guidance for the financial year 2011/12**

For the financial year 2011/12 Cimber Sterling guides revenue around DKK 2.1 billion and an EBIT loss of approximately DKK 20 million to 60 million which is provided on an "as is" basis after capitalisation of DKK 165 million but disregarding any effects that the new equity and a new majority ownership could have on Cimber Sterling's operations and/or strategy. The result is extremely sensitive to fluctuations in the DKK/USD exchange rate, fuel costs, passenger numbers and the yield.

**For further information, please contact:**

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*In the event of any discrepancy between the Danish Announcement and the English version, the Danish Announcement shall prevail.*

*Cimber Sterling is a Danish-based airline with more than 850 employees, offices at five Danish airports and a fleet of 26 large and small aircraft. Cimber Sterling operates more than 1,000 flights per week and carries some 2.5 million leisure and business passengers per year. In addition to flights to domestic and holiday destinations and to a number of selected European destinations, Cimber Sterling is engaged in aircraft maintenance, development and sale of software for logistics relating to aircraft maintenance, and leasing of aircraft on wet and dry leases. For more information, go to [cimber.com](http://cimber.com).*