

# Aeroflot Group

## 6 Months 2014 Financial Results

Moscow

August 28, 2014

Speaker:

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# Table of Contents

- 1. Key Highlights**
2. Market Update
3. Operating Performance
4. Fleet Overview
5. Financial Performance
6. Capital Structure and Liquidity
7. Appendix

# Key Highlights



- Aeroflot Group continued to outperform the Russian market in passenger traffic, solidifying its leading position across domestic and international routes
- Revenue growth of 9.4% year-on-year supported primarily by stronger traffic, as positive FX effect was offset by lower fares in weaker economic environment
- Significant impact on cost base and profitability from:
  - Rouble decline against USD and EUR
  - Non-recurring events
- Aeroflot's strategy remains intact with increased focus on cost control and efficiency

# Table of Contents

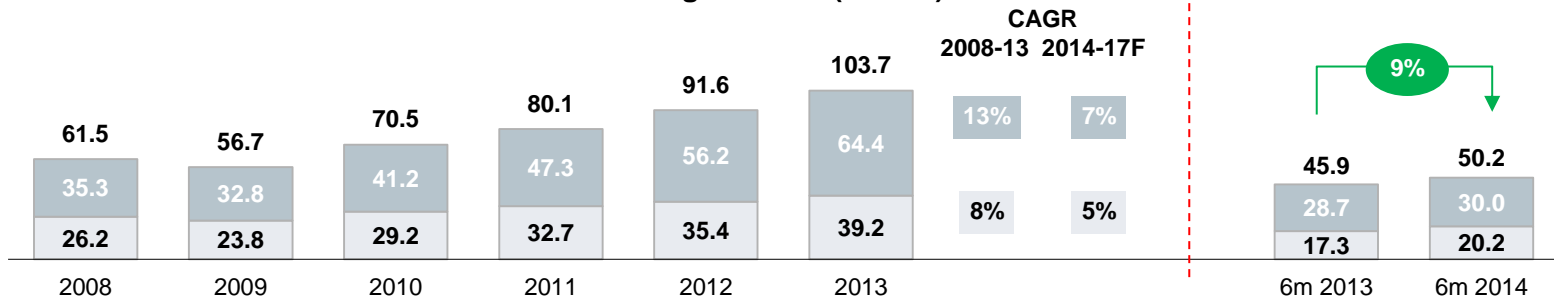


1. Key Highlights
- 2. Market Update**
3. Operating Performance
4. Fleet Overview
5. Financial Performance
6. Capital Structure and Liquidity
7. Appendix

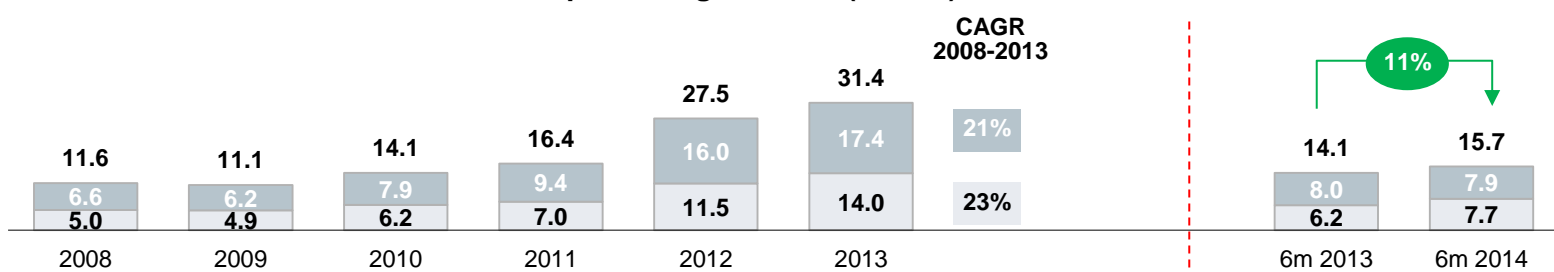
# Russian Air Transportation Market



Russian Total Passenger Traffic (m PAX)<sup>1</sup>



Aeroflot Group Passenger Traffic (m PAX)



Aeroflot Overall Market Share<sup>2</sup>

International<sup>2</sup>

Domestic<sup>2</sup>

2008	19%	19%	19%
2009	20%	19%	21%
2010	20%	19%	21%
2011	20%	20%	21%
2012	30%	28%	33%
2013	30%	27%	35%
6m 2013	31%	28%	36%
6m 2014	31%	26%	38%

□ Domestic Routes      ■ International Routes

- Russia remains high-growth air transportation market with an expected CAGR of 6% over the next 3 years
- Aeroflot continues to grow above market further improving its market share

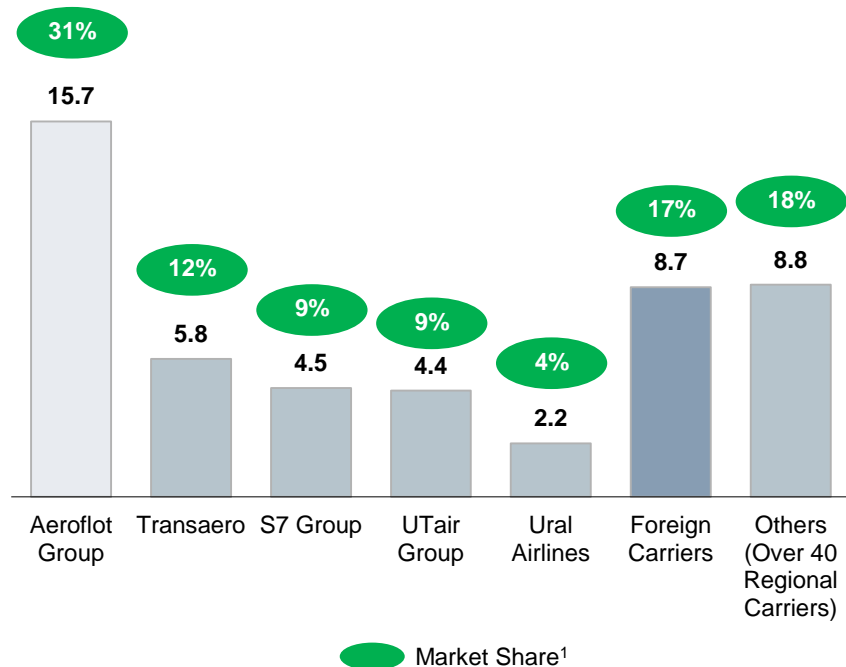
Source: TCH, Company estimates

<sup>1</sup> Incl. foreign carriers' traffic.

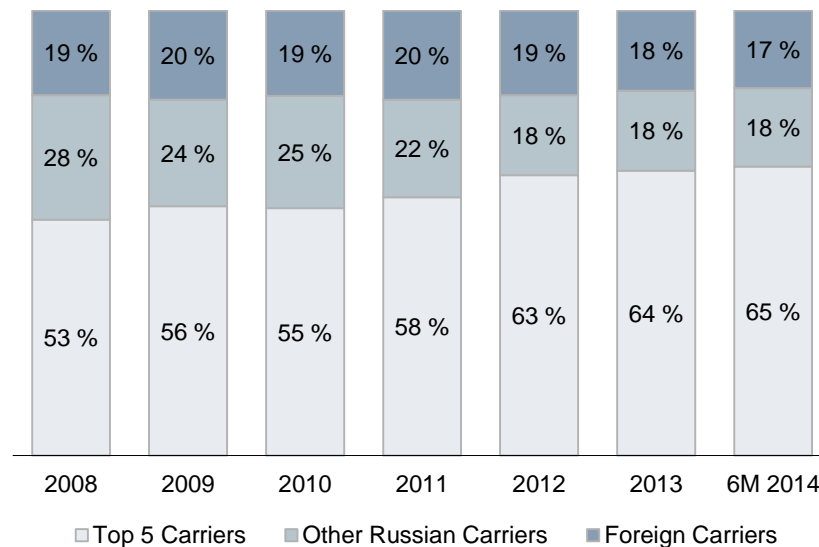
<sup>2</sup> Market based on passenger traffic of both domestic and foreign carriers.

# Aeroflot Group Market Position

Passenger Traffic (6 months 2014, m PAX)



Russian Passenger Traffic<sup>1</sup>



Continuing growth of market share controlled by top-5 leading domestic players led by Aeroflot

Source: TCH, Rosaviatsia, Company estimates

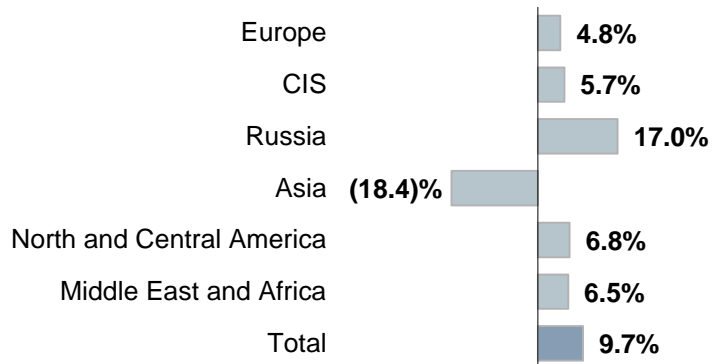
<sup>1</sup> Based on passenger traffic of both domestic and foreign carriers.

# Table of Contents

1. Key Highlights
2. Market Update
- 3. Operating Performance**
4. Fleet Overview
5. Financial Performance
6. Capital Structure and Liquidity
7. Appendix

# Networks Operated and Key Statistics

## # of Flights Dynamics of Aeroflot Group by Region (6M 2014 / 6M 2013)



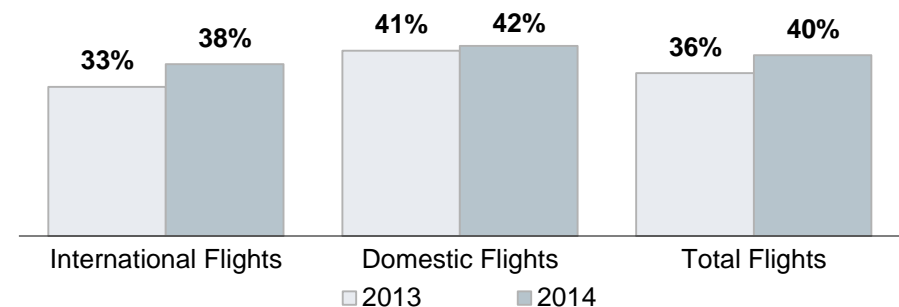
## Summer 2014 Season Overview

- In summer 2014 season (30-Mar to 25-Oct), Aeroflot Group is operating flights to 141 destinations in 54 countries
- Aeroflot and its partner airlines under code share agreements are operating 356 destinations to 66 countries
- New destinations in Russia (Novyi Urengoy) and CIS (Karaganda)
- Seasonal summer destinations: Gelendzhik, Iraklion, Thessaloniki, Dubrovnik, Split and Tivat

## Average Weekly Flight Frequency per Route of Aeroflot Group

	6M 2013	6M 2014	Change
Scheduled	8.0	9.0	12.5%
Charter	0.8	0.3	(62.5)%
International Scheduled	6.0	7.0	16.7%
Domestic Scheduled	10.0	11.0	10.0%
Medium-haul <sup>1</sup>	7.8	8.8	12.8%
Long-haul <sup>1</sup>	5.0	5.3	6.0%
<b>Overall<sup>2</sup></b>	<b>8.0</b>	<b>9.0</b>	<b>12.5%</b>

## Transit Passenger Traffic of Aeroflot Group in Sheremetyevo

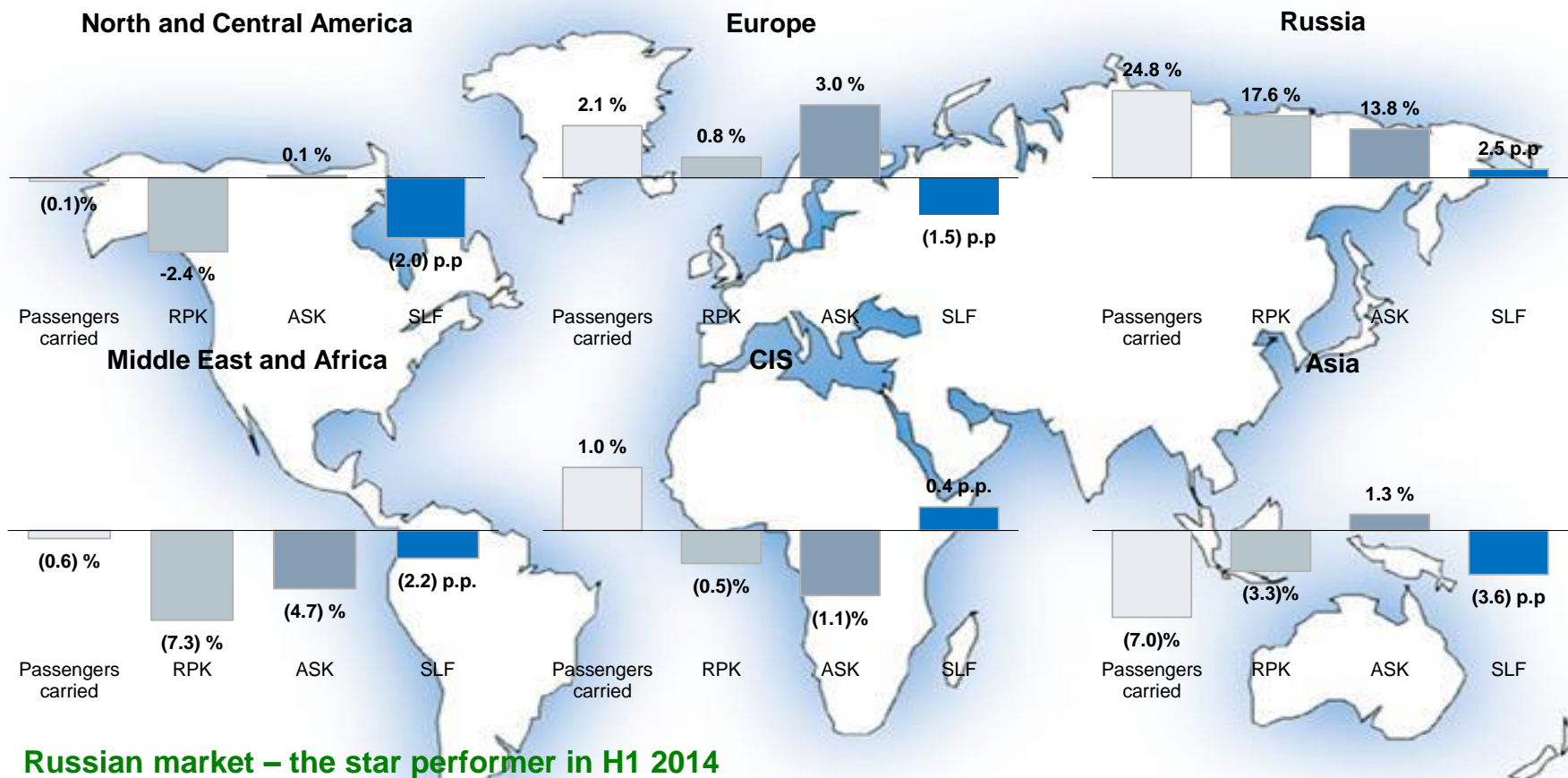


**Moderate growth of destinations without more significant increase in frequencies on scheduled routes, continuing downscale of charter operations**



# Traffic and Capacity Development by Regions

(%, 6M 2014 vs. 6M 2013)

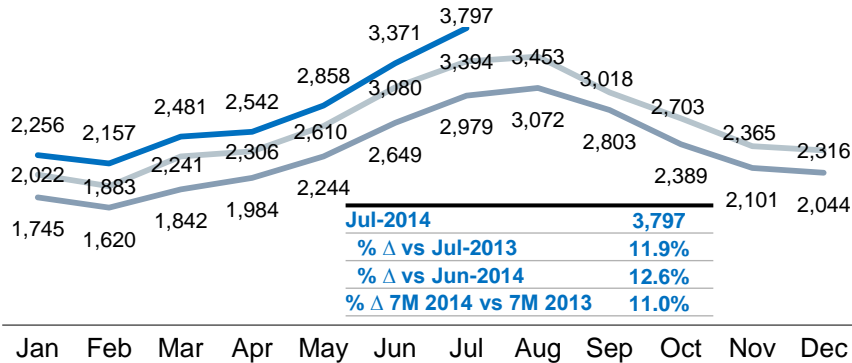


- Russian market – the star performer in H1 2014
- Weaker performance on European routes due to RUB depreciation vs EUR and overall cautious consumer sentiment
- Decline in PAX and RPK growth on Asian routes mostly as a result of charter network downscaling
- CIS region declined due to lower frequency of flights to Ukraine
- North American market was stable, while our Middle Eastern and African flights continued to be under pressure due to macroeconomic headwinds

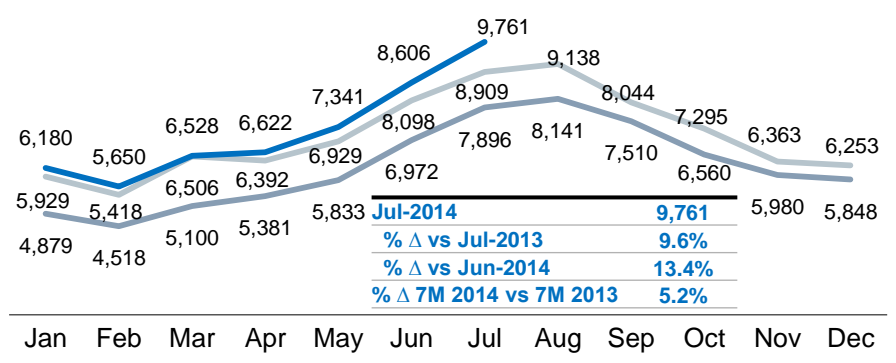
# Key Operating Indicators



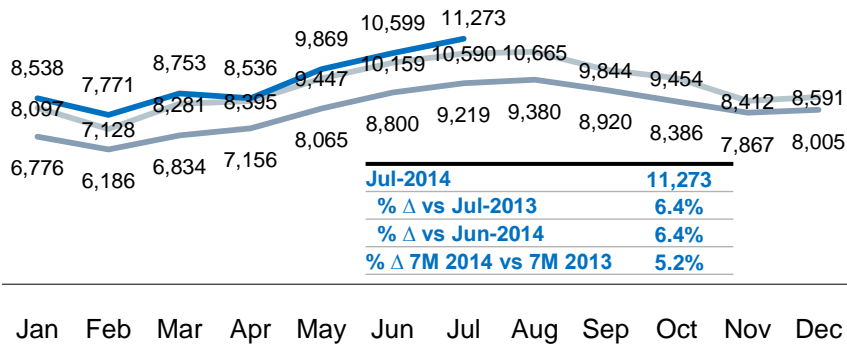
### Monthly Passenger Traffic ('000 PAX)



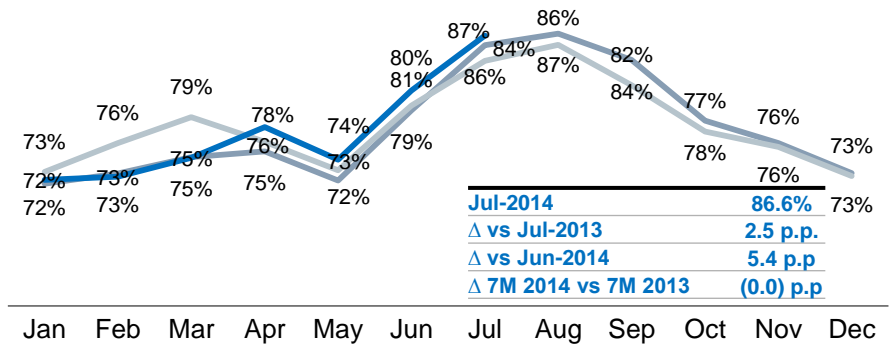
### Monthly Passenger Turnover (m pkm)



### Monthly ASK (m ask)



### Monthly Seat Load Factor (%)

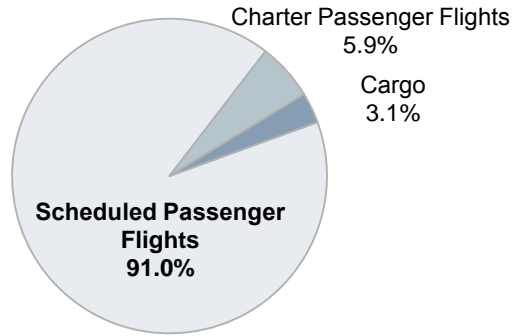


— 2012      — 2013      — 2014

- Strong PAX growth rate
- Moderate growth of ASK and RPK impacted by restructuring of fleet at subsidiaries level
- Gradually improving seat load factor

# Revenue Breakdown

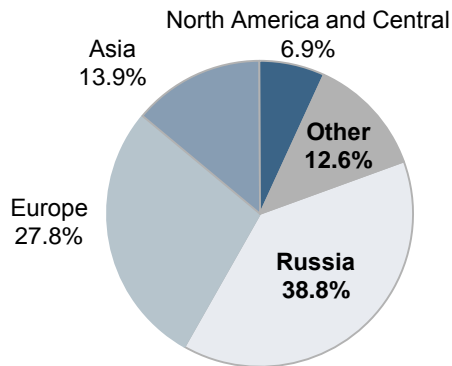
Traffic Revenue Breakdown by Type (H1 2014)



Revenue from Scheduled Passengers Carriages (RUBm)<sup>1</sup>

	6M 2013	6M 2014	Y-o-y Change
Russia	37,351	42,965	15.0%
Europe	28,415	30,855	8.6%
Asia	14,170	15,378	8.5%
North and Central America	6,580	7,665	16.5%
Other <sup>2</sup>	13,936	13,960	0.2%

Scheduled Traffic Revenue Breakdown by Region (H1 2014)



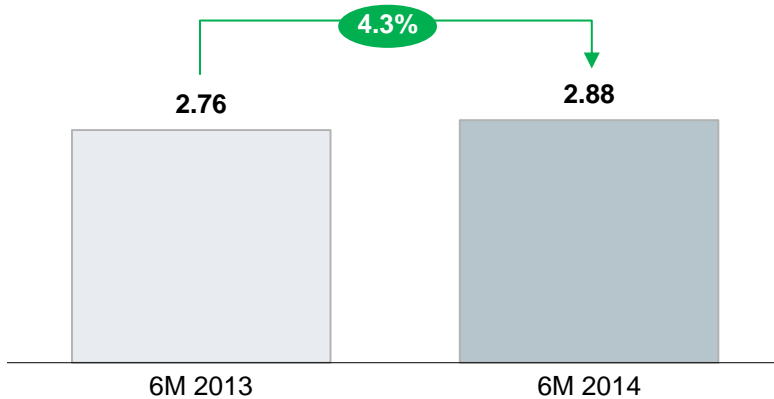
Revenue growth across all regions with most notable increases in Russia and North and Central America

<sup>1</sup> Data presented based on management accounting.

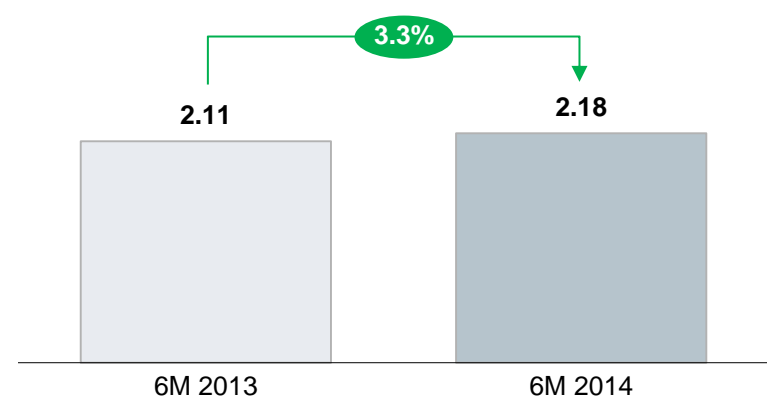
<sup>2</sup> Includes CIS, Middle East and Africa

# Revenue Units

**Yield: PAX Revenue / RPK  
(RUB / RPK)**



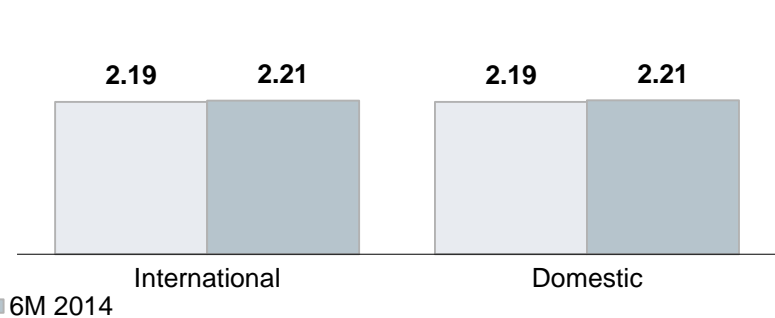
**RASK: PAX Revenue / ASK  
(RUB / ASK)**



**Yield (RUB / RPK)<sup>1,2</sup>**



**RASK (RUB / ASK)<sup>1,2</sup>**



- **Total yield increased by 4.3% in RUB terms, which was a combination of decreasing yields on domestic market and improving yields on international market**
- **Increased RASK by 3.3% in RUB terms as a result of improved commercial performance**

<sup>1</sup> For scheduled flights of Aeroflot Group (excluding charter flights)

<sup>2</sup> Data presented based on management accounting

# Table of Contents



1. Key Highlights
2. Market Update
3. Operating Performance
- 4. Fleet Overview**
5. Financial Performance
6. Capital Structure and Liquidity
7. Appendix

# Aeroflot Group Fleet in Operation

	Aeroflot	Subsidiaries	Total	Owned	Financial Lease	Operating Lease	Total	Change	
Type <sup>1</sup>	30-Jun-2014	30-Jun-2014	30-Jun-2014	30-Jun-2014	30-Jun-2014	30-Jun-2014	31-Dec-2013	31-Dec-2013	
Long-haul	Boeing B-767	2	3	5	-	-	5	8	(3)
	Airbus A-330	22	-	22	-	8	14	22	-
	Tu-204	-	2	2	-	2	-	6	(4)
	Boeing B-777	10	3	13	-	10	3	7	6
	Ilyushin Il-96-300 <sup>2</sup>	6	-	6	6	-	-	6	-
	McDonnell Douglas MD-11 <sup>2</sup>	3	-	3	-	-	3	3	-
	<b>Total</b>	<b>43</b>	<b>8</b>	<b>51</b>	<b>6</b>	<b>20</b>	<b>25</b>	<b>52</b>	<b>(1)</b>
Medium-haul	Airbus A-319	8	31	39	-	13	26	39	-
	Airbus A-320	64	13	77	-	1	76	67	10
	Airbus A-321	26	-	26	-	21	5	26	-
	Boeing B-737	5	30	35	-	2	33	30	5
	<b>Total</b>	<b>103</b>	<b>74</b>	<b>177</b>	<b>-</b>	<b>37</b>	<b>140</b>	<b>162</b>	<b>15</b>
Short-haul	DHC 8 Series 200	-	3	3	-	-	3	2	1
	DHC 8 Series 300	-	4	4	-	-	4	3	1
	Antonov An-148	-	6	6	-	6	-	6	-
	SSJ-100	9	1	10	-	-	10	10	-
	<b>Total</b>	<b>9</b>	<b>14</b>	<b>23</b>	<b>-</b>	<b>6</b>	<b>17</b>	<b>21</b>	<b>2</b>
<b>Total fleet<sup>3</sup></b>	<b>155</b>	<b>96</b>	<b>251</b>	<b>6</b>	<b>63</b>	<b>182</b>	<b>235</b>	<b>16</b>	

- Continued renewal of fleet, replacing old aircraft with modern fuel-efficient aircraft
- Average age of JSC Aeroflot's aircraft fleet in operation is 4.0 years, one of the youngest fleets in the industry
- Disciplined approach to adding new capacity to the market

<sup>1</sup> As of 30-Jun-2014.

<sup>2</sup> Aircraft not in operation – to be phased out in 2014.

<sup>3</sup> Excluding 4 Mi-8 helicopters and 1 An-24 aircraft.

# Aeroflot Group Fleet Order and Phase-Out Schedule



Total Aircraft Delivery Schedule in Accordance with Existing Contracts<sup>1</sup>

Type of Aircraft	Delivered as at 30-Jun-2014	2014	2015	2016	2017
<b>Long-haul<sup>2</sup></b>	<b>51</b>	<b>-</b>	<b>3</b>	<b>5</b>	<b>9</b>
A-330	22	-	-	-	-
B-767	5	-	-	-	-
B-777	13	-	3	3	-
B-787	-	-	-	2	9
<b>Medium-haul</b>	<b>177</b>	<b>11</b>	<b>13</b>	<b>31</b>	<b>26</b>
A-319	39	-	-	-	-
A-320	77	1	-	9	7
A-321	26	-	-	7	4
B-737	35	10	13	15	15
<b>Short-haul</b>	<b>23</b>	<b>8</b>	<b>12</b>	<b>-</b>	<b>-</b>
An-148	6	-	-	-	-
SSJ-100	10	8	12	-	-
DHC-8	7	-	-	-	-
<b>Total</b>	<b>251</b>	<b>19</b>	<b>28</b>	<b>36</b>	<b>35</b>

Aircraft Phase-Out Schedule in Accordance with Existing Contracts<sup>1</sup>

Type of Aircraft	Total Phase-Out: July 2014-2017	2014	2015	2016	2017
<b>Long-haul</b>	<b>14</b>	<b>8</b>	<b>-</b>	<b>4</b>	<b>2</b>
B-767	3	2	-	-	1
B-777	2	-	-	1	1
Ilyushin Il-96	6	6	-	-	-
MD-11	3	-	-	3	-
<b>Medium-haul</b>	<b>43</b>	<b>5</b>	<b>6</b>	<b>16</b>	<b>16</b>
A-319	7	-	4	-	3
A-320	15	4	1	7	3
A-321	3	-	-	3	-
B-737	18	1	1	6	10
<b>Short-haul</b>	<b>5</b>	<b>-</b>	<b>3</b>	<b>1</b>	<b>1</b>
DHC-8	5	-	3	1	1
<b>Total</b>	<b>62</b>	<b>13</b>	<b>9</b>	<b>21</b>	<b>19</b>

- Aeroflot has flexibility in terms of aircraft additions
- A320 family and SSJ aircraft can be financed via operating or finance lease and B737NG will be phased-in under operating lease
- By the end of 2014, Aeroflot plans to phase out all Il-96, two B-767, one B-737 and five A-320 family aircraft as result of expiring lease term

<sup>1</sup> Excluding 4 Mi-8 helicopters and 1 An-24 aircraft.

<sup>2</sup> Including six Il-96, two Tu-204 and three MD-11

# Table of Contents



1. Key Highlights
2. Market Update
3. Operating Performance
4. Fleet Overview
- 5. Financial Performance**
6. Capital Structure and Liquidity
7. Appendix



# Key Financial Results of Aeroflot Group



RUBm	6M 2013	6M 2014	6M 2014 (ex. non-recurring expenses <sup>3</sup> )
Revenue	128,180 –	140,281 <i>+9% growth</i>	140,281 <i>+9% growth</i>
EBITDAR <sup>1</sup>	19,967 <i>16% margin</i>	16,657 <i>12% margin</i>	18,754 <i>13% margin</i>
Net Income / (loss)	45 <i>0% margin</i>	(1,905) <i>neg. margin</i>	375 <i>0% margin</i>
Operating Free Cash Flow <sup>2</sup>	22,096 –	26,476 <i>+20% growth</i>	26,476 <i>+20% growth</i>

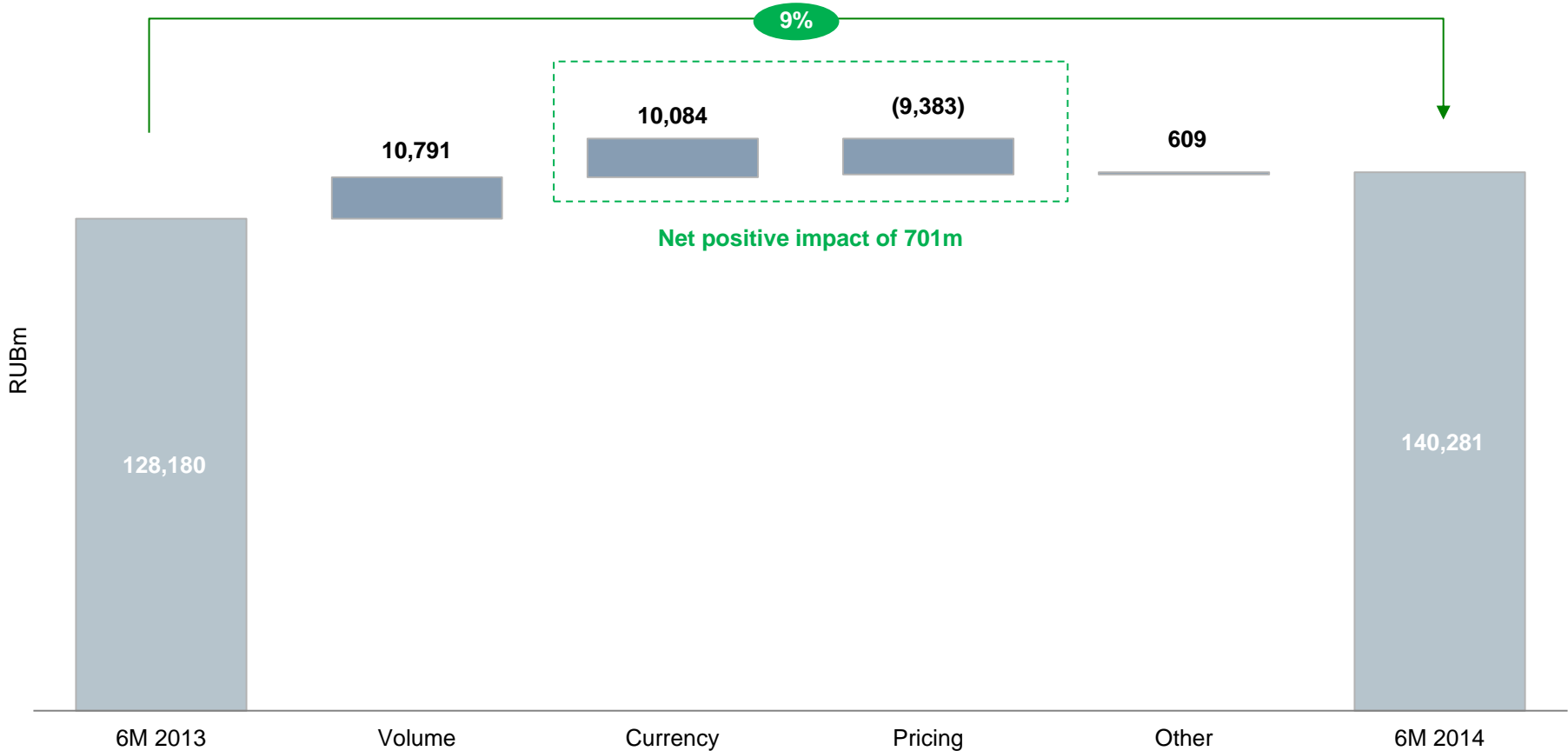
- Revenue growth driven by expanding passenger traffic
- Declining EBITDAR and net income as a result of RUB depreciation impact on costs and non-recurring expenses
- Higher cash flow generation due to growth of unrealized transportation revenue (cash sales)

<sup>1</sup> EBITDAR = EBITDA + operating lease expenses;

<sup>2</sup> Operating Free Cash Flow = net cash flow from operations - net capex on tangible and intangible assets + net pre-delivery payments for aircraft.









<sup>3</sup> Non-recurring expenses include provision on accounts receivable in relation to doubtful debtors (Ideal-tur and PGS) (RUB1,817m), provision for pre-term return of MD-11 (RUB874m), gain on pre-term return of TU-204 (RUB594m (RUB411m for Net Income))

# Revenue Analysis



Revenue growth was a result of traffic volume growth, as currency effect was offset by softer fares on the back of macroeconomic headwinds and intensified market competition

# Cost Analysis

6M 2014, RUBm	6M 2013	6M 2014 (excl. currency and non-recurring expenses) <sup>2,3</sup>	6M 2014	Y-o-y Change (excl. currency and non-recurring expenses)	Y-o-y Change
 28.4% <b>Fuel</b>	<b>36,942</b>	<b>39,256</b>	<b>40,236</b>	<b>6.3%</b>	<b>8.9%</b>
<b>Opex (ex. Fuel)</b>	<b>86,057</b>	<b>95,516</b>	<b>101,429</b>	<b>11.0%</b>	<b>17.9%</b>
 19.6% <i>Aircraft, Traffic and Passenger Servicing</i>	24,239	26,604	27,714	9.8%	14.3%
 17.2% <i>Staff</i>	21,357	24,304	24,304	13.8%	13.8%
 6.3% <i>SG&amp;A<sup>1</sup></i>	9,039	8,974	8,974	(0.7)%	(0.7)%
 6.5% <i>Maintenance</i>	8,675	8,582	9,268	(1.1)%	6.8%
 8.2% <i>Operating Lease</i>	9,053	10,313	11,627	13.9%	28.4%
 3.9% <i>D&amp;A and custom duties</i>	5,733	6,414	6,414	11.9%	11.9%
 9.9% <i>Other Expenses<sup>2</sup></i>	7,961	10,325	13,128	29.7%	64.9%
<b>Total Opex</b>	<b>122,999</b>	<b>134,772</b>	<b>141,665</b>	<b>9.6%</b>	<b>15.2%</b>

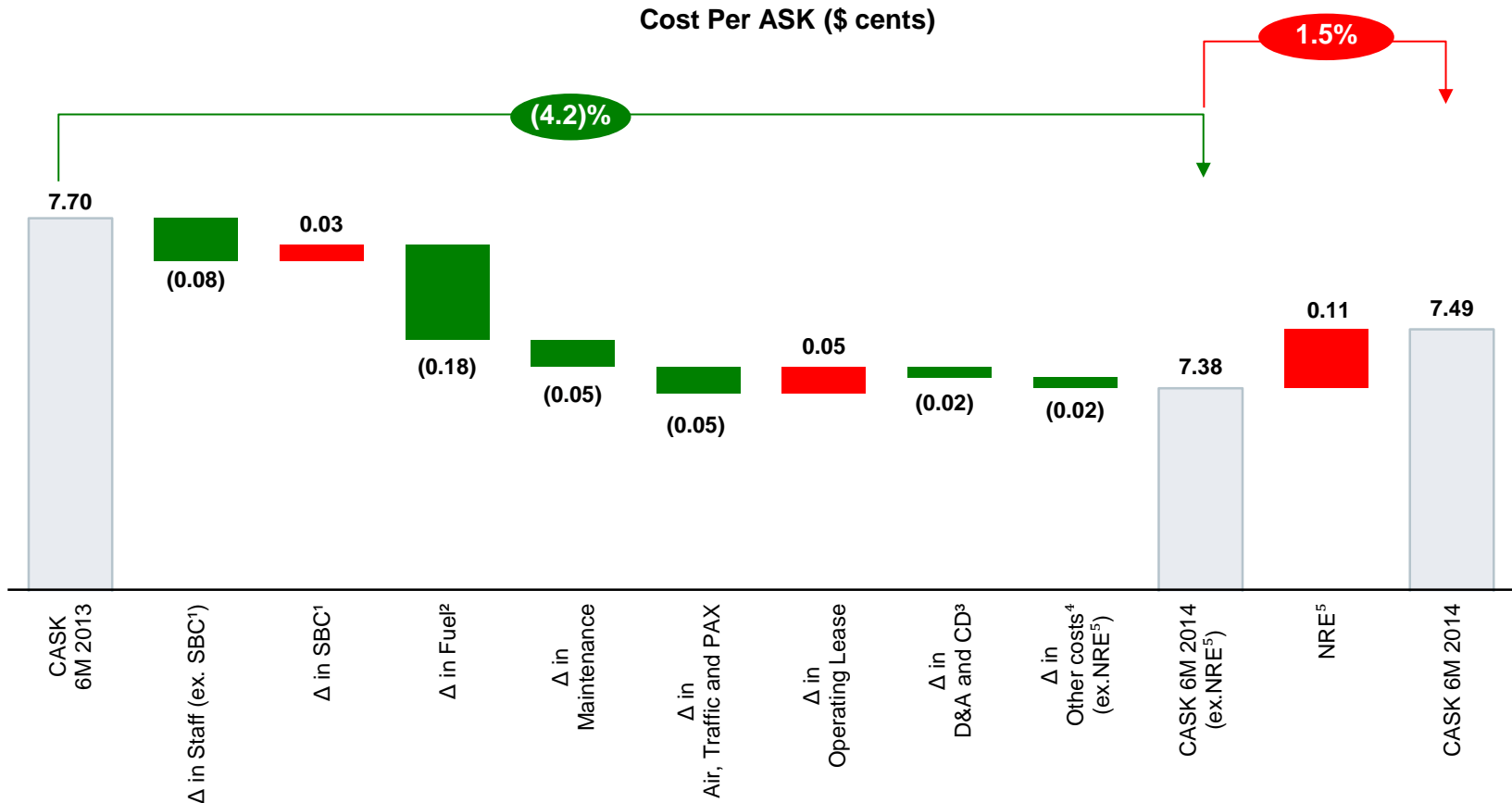
**Operating costs impacted by non-recurring events and rouble depreciation which mostly affected cost of operating lease, maintenance and aircraft, traffic and passenger servicing costs**

<sup>1</sup> Includes sales and marketing expenses and administration and general expenses.

<sup>2</sup> Non-recurring expenses include provision on accounts receivable in relation to doubtful debtors (Ideal-tur and PGS) (RUB1,817m), provision for pre-term return of MD-11 (RUB874m), gain on pre-term return of TU-204 (RUB594m)

<sup>3</sup> Currency impact on both fuel cost for operations and resale to third parties with latter accounted as other expenses

# Group Unit Costs



**Cost per ASK declined by 2.7% positively impacted by decline of staff, fuel, maintenance and air, traffic and PAX costs and negatively by introduction of share-based compensation programme, operating lease and non-recurring expenses, including provisions for doubtful accounts receivable from tour operators**

<sup>1</sup> Share-based compensation

<sup>2</sup> Refers to both fuel costs for operations and resale of fuel to third parties accounted as other expenses

<sup>3</sup> Customs duties

<sup>4</sup> Other costs include SG&A and other expenses

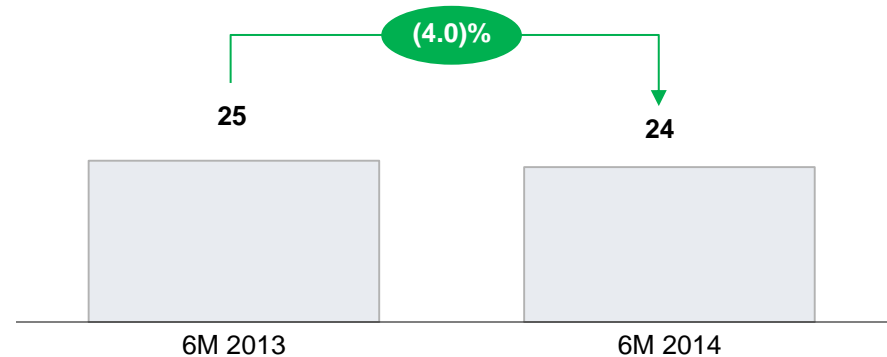
<sup>5</sup> Non-recurring expenses include provision on accounts receivable in relation to doubtful debtors (Ideal-tur and PGS), provision for pre-term return of MD-11 and gain on pre-term return of TU-204

Note: Costs and expenses converted at 31.02 and 34.98 RUB per \$ for H1 2013 and H1 2014 respectively

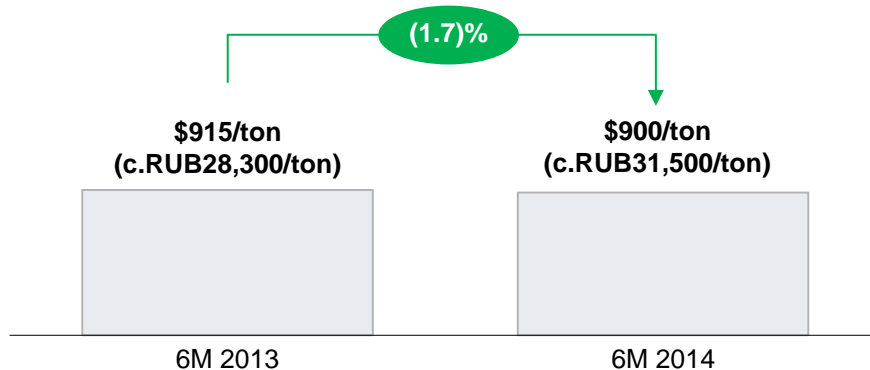
# Managing Fuel Costs

- **Continuous fuel supply optimisation**
  - 5-year supply contract at Sheremetyevo and 1-year supply contracts in 29 regional airports across Russia
- **Majority of fuel purchased in Russia (83%) and almost all fuel at international airports supplied at formula-linked price**
  - Jet fuel price = NW Europe (FOB Rotterdam) price x Discount x FX rate<sup>1</sup> x 1.18<sup>2</sup> + Storage/Fuelling/Supply fees (if any of these applicable)
- **Average fuel purchase price of \$900/ton (c.RUB31,500/ton<sup>3</sup>) in H1 2014 vs \$915/ton (RUB28,300/ton<sup>4</sup>) in H1 2013 (1.7% y-o-y decrease in USD terms)**

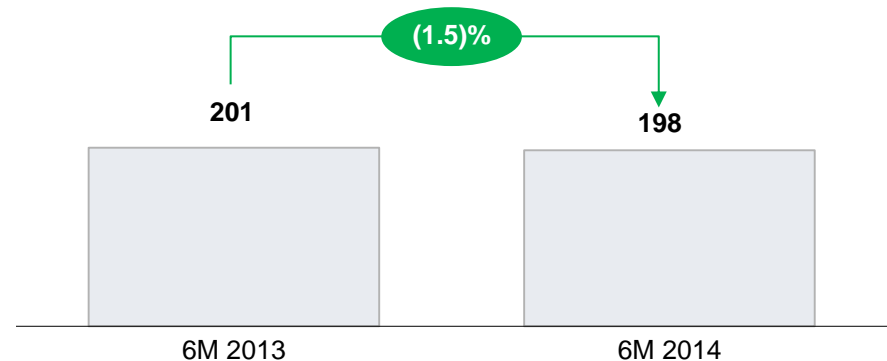
Fuel Consumption per ASK (gr/ASK)



Average Fuel Price (\$/ton)



Fuel Consumption per ATK (gr/ATK)



**Aeroflot is achieving efficiency gains in fuel costs as new aircraft are put into operation, while old and less fuel-efficient ones are in the process of phase out**

<sup>1</sup> USD/RUB exchange rate as per the Central Bank of Russia <sup>2</sup> Assuming 18% VAT rate <sup>3</sup> Based on average H1 2013 exchange rate of 31.02 RUB/USD <sup>4</sup> Based on average H1 2014 exchange rate of 34.98 RUB/USD

# Headcount Overview and Labour Productivity

## Headcount

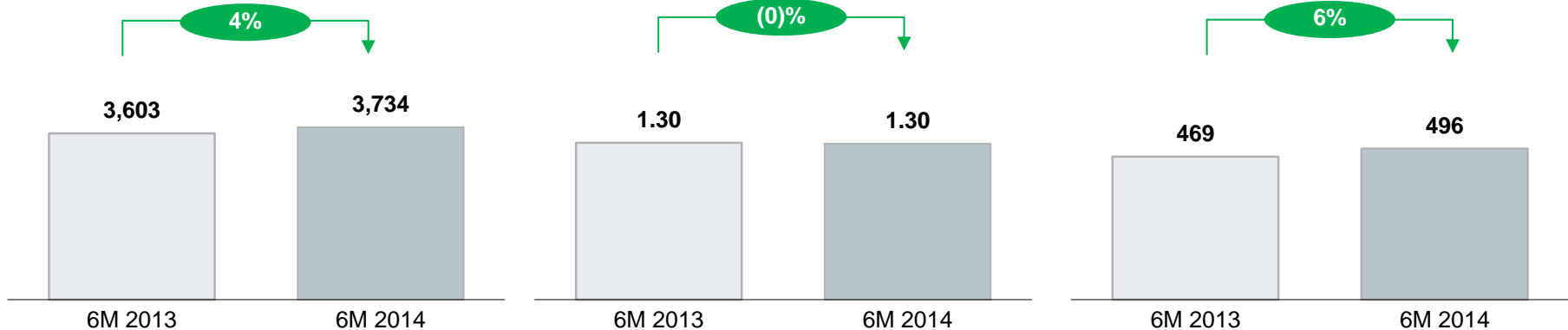
	H1 2013	H1 2014	Y-o-y Change
Aeroflot JSC	16,083	17,321	7.7%
Aeromar	2,865	3,225	12.6%
Subsidiary Airlines	8,742	8,677	(0.7)%
Other <sup>1</sup>	2,435	2,376	(2.4)%
<b>Total</b>	<b>30,125</b>	<b>31,599</b>	<b>4.9%</b>

## Airlines Labour Productivity<sup>2</sup>

Traffic Revenue / Avg. Headcount  
(RUB '000 per employee)

RPK / Avg. Headcount  
(m pkm per employee)

PAX Traffic / Avg. Headcount  
(passengers per employee)



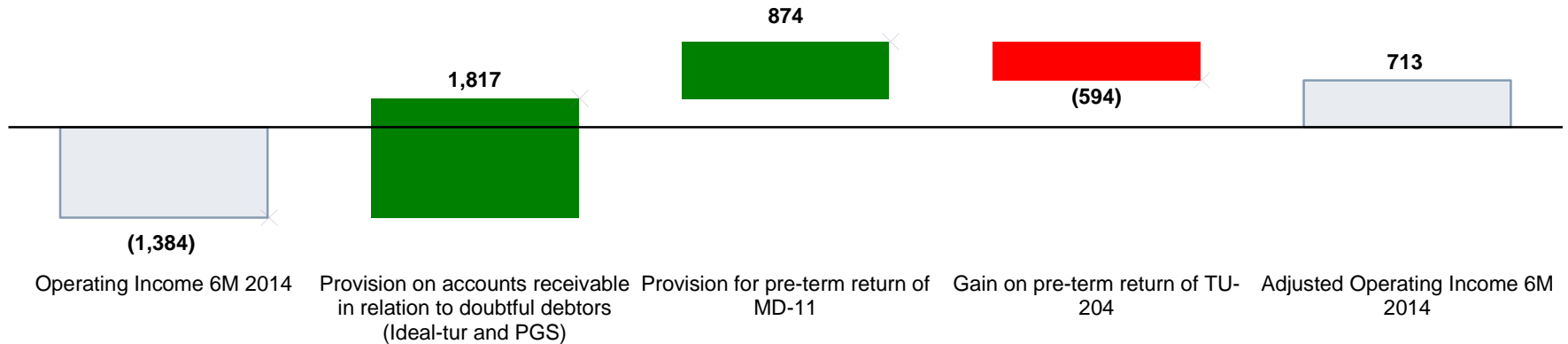
**Sizeable improvement in labour productivity has resulted in increasing traffic revenue and PAX traffic per employee**

<sup>1</sup> Other includes AeroMASH AB, Aeroflot Riga, Sherotel and Aeroflot-Finance.

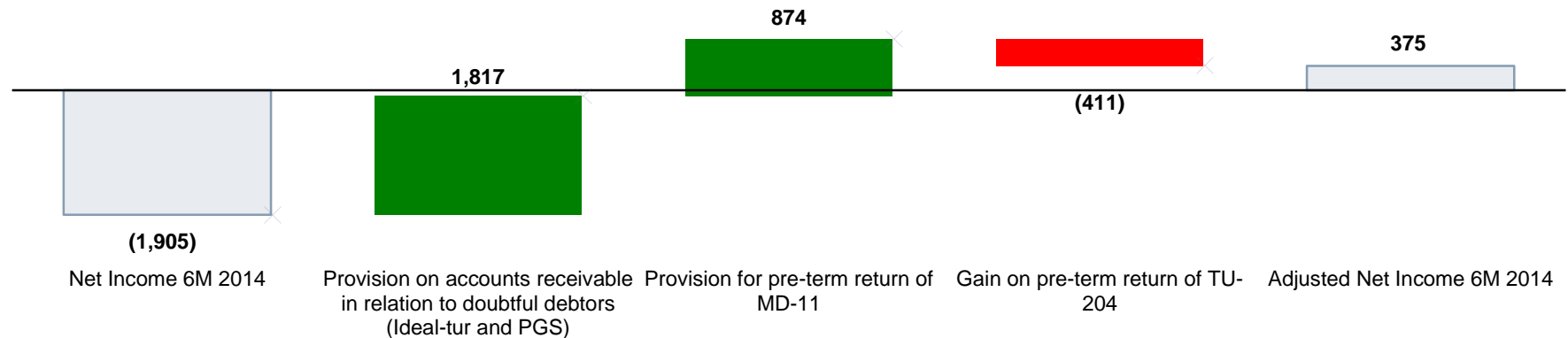
<sup>2</sup> Based on Aeroflot JSC and subsidiary airlines average headcount.

# Adjusted Operating and Net Income Analysis

## 6M Adjusted Operating Income Build-Up (RUBm)



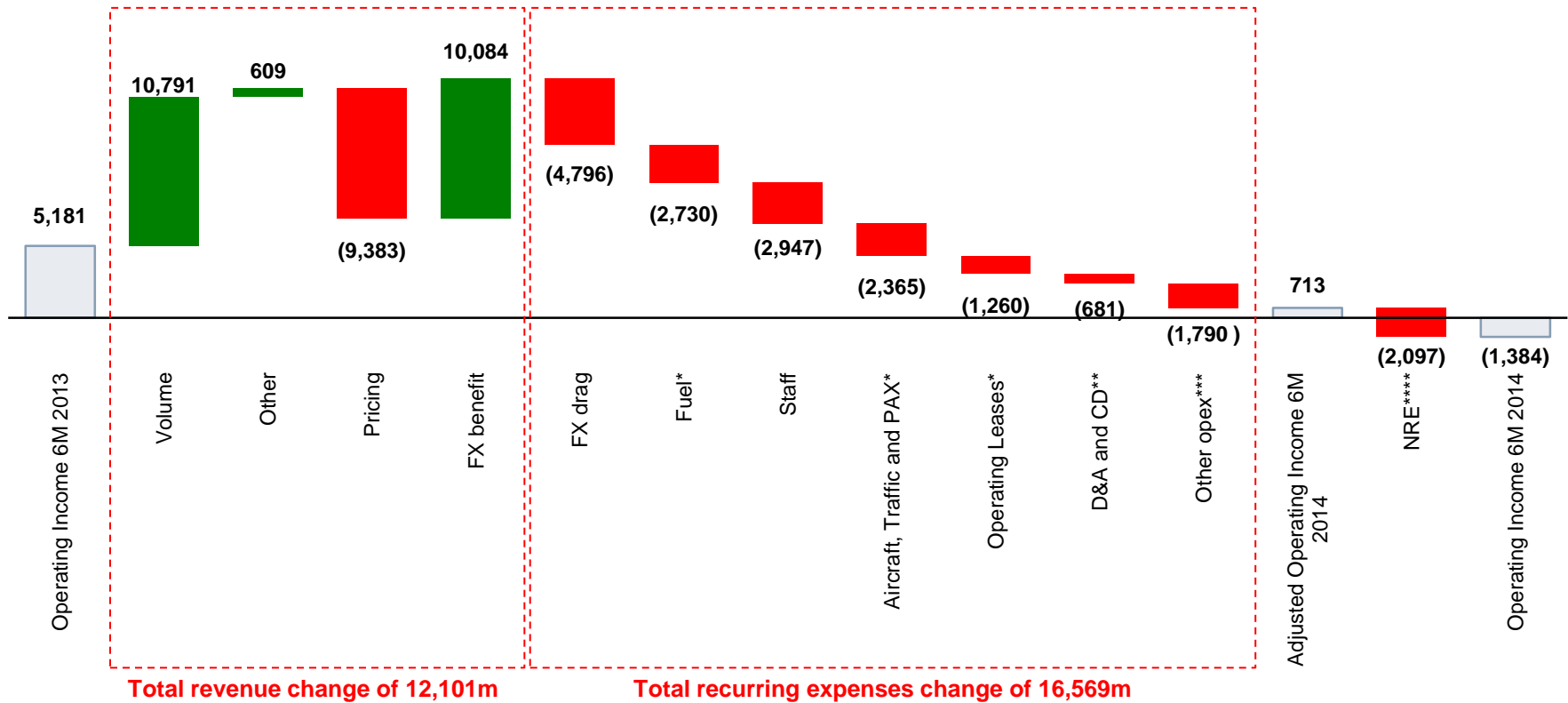
## 6M Adjusted Net Income Build-Up (RUBm)



**Aeroflot Group remained profitable on operating and net income basis adjusted for non-recurring provisions**

# Group Operating Income Analysis

6M Operating Income Evolution, y-o-y basis (RUBm)



**Revenue growth driven by higher passenger volumes offset by increased costs due to FX movement and non-recurring provisions**

\* Excluding currency impact

\*\* Custom Duties

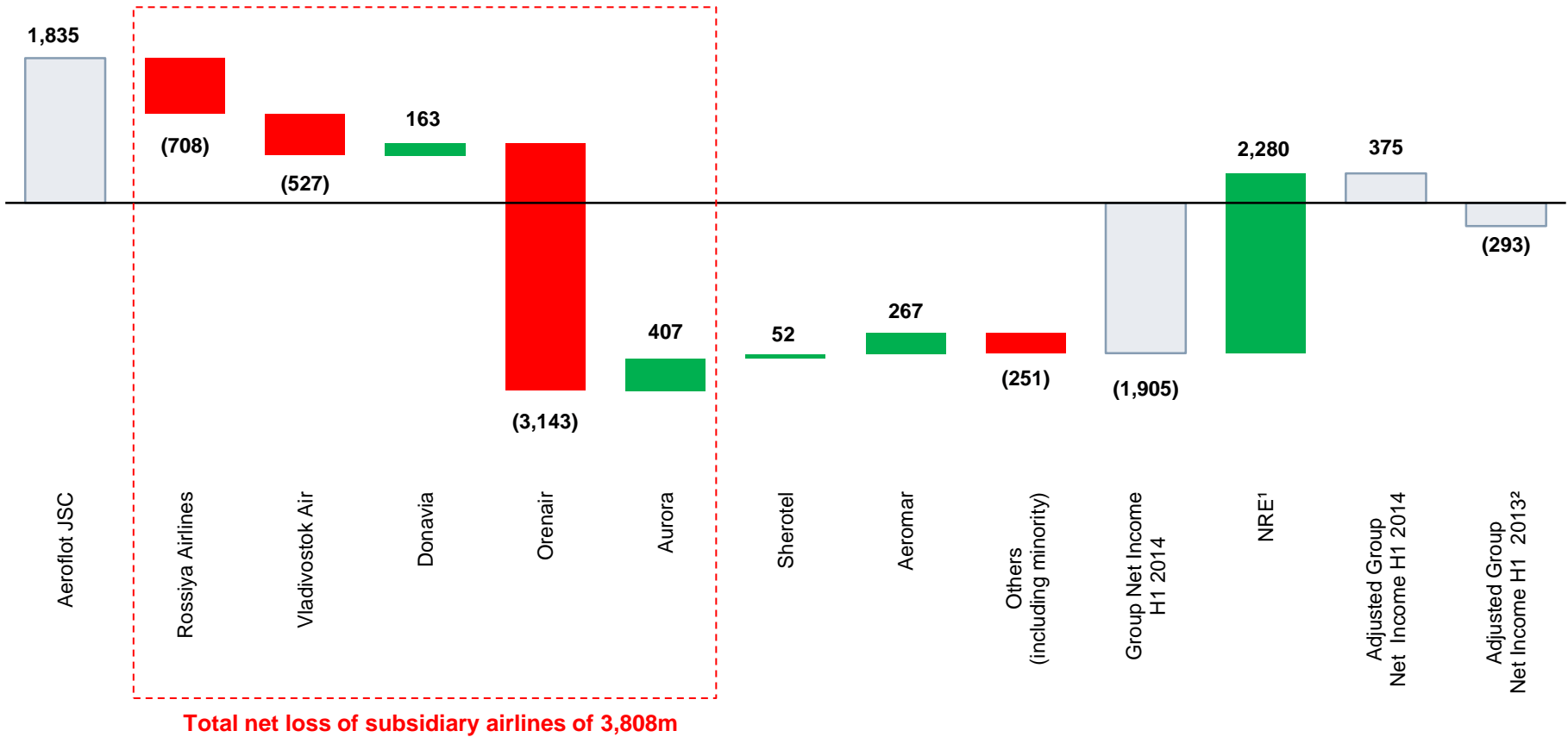
\*\*\* Other operating expenses include SG&A, maintenance costs, other operating expenses (excluding currency effect and non-recurring expenses; including leased aircraft return provision)

\*\*\*\* Non-recurring expenses include provision on accounts receivable in relation to doubtful debtors (Ideal-tur and PGS), provision for pre-term return of MD-11 and gain on pre-term return of TU-204



# Group Net Income

Aeroflot Group Net Income (RUBm)



**Continuing restructuring of subsidiaries combined with non-recurring expenses contributed to negative reported net income for the period**

<sup>1</sup> Non-recurring expenses include provision on accounts receivable in relation to doubtful debtors (Ideal-tur and PGS), provision for pre-term return of MD-11 and gain on pre-term return of TU-204

<sup>2</sup> Net income for 6M 2013 adjusted for non-recurring gain on disposal of Aerofirst (RUB338m)

# Table of Contents

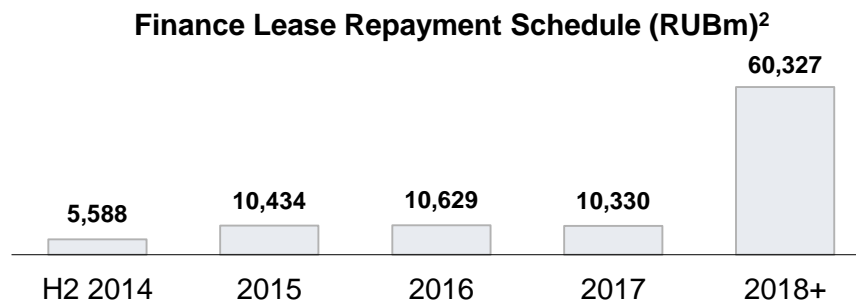
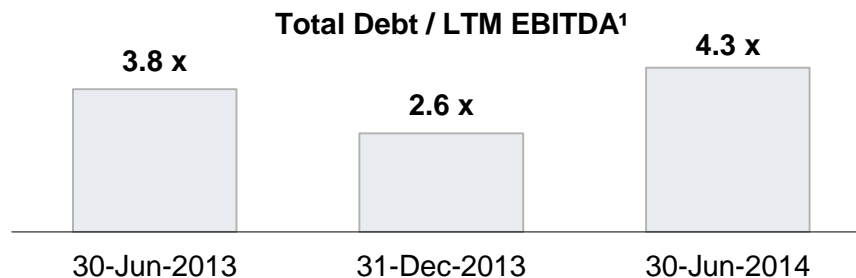


1. Key Highlights
2. Market Update
3. Operating Performance
4. Fleet Overview
5. Financial Performance
- 6. Capital Structure and Liquidity**
7. Appendix

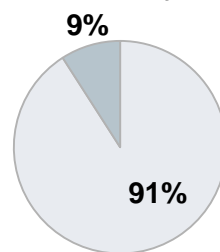
# Leverage and Liquidity

## Debt (RUBm)

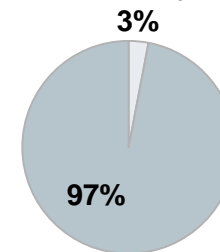
	30-Jun-2013	30-Jun-2014	Change
Borrowings	13,638	14,403	5.6%
Finance Lease Liabilities	76,389	97,308	27.4%
Pension Liabilities	722	735	1.8%
Customs Duties	402	300	(25.4)%
<b>Total Debt</b>	<b>91,151</b>	<b>112,746</b>	<b>23.7%</b>
Cash and Short Term Investments	23,464	36,817	56.9%
<b>Net Debt</b>	<b>67,687</b>	<b>75,929</b>	<b>12.2%</b>



### Borrowings Structure by Currency



### Finance Lease Structure by Currency



□ RUB    ■ USD

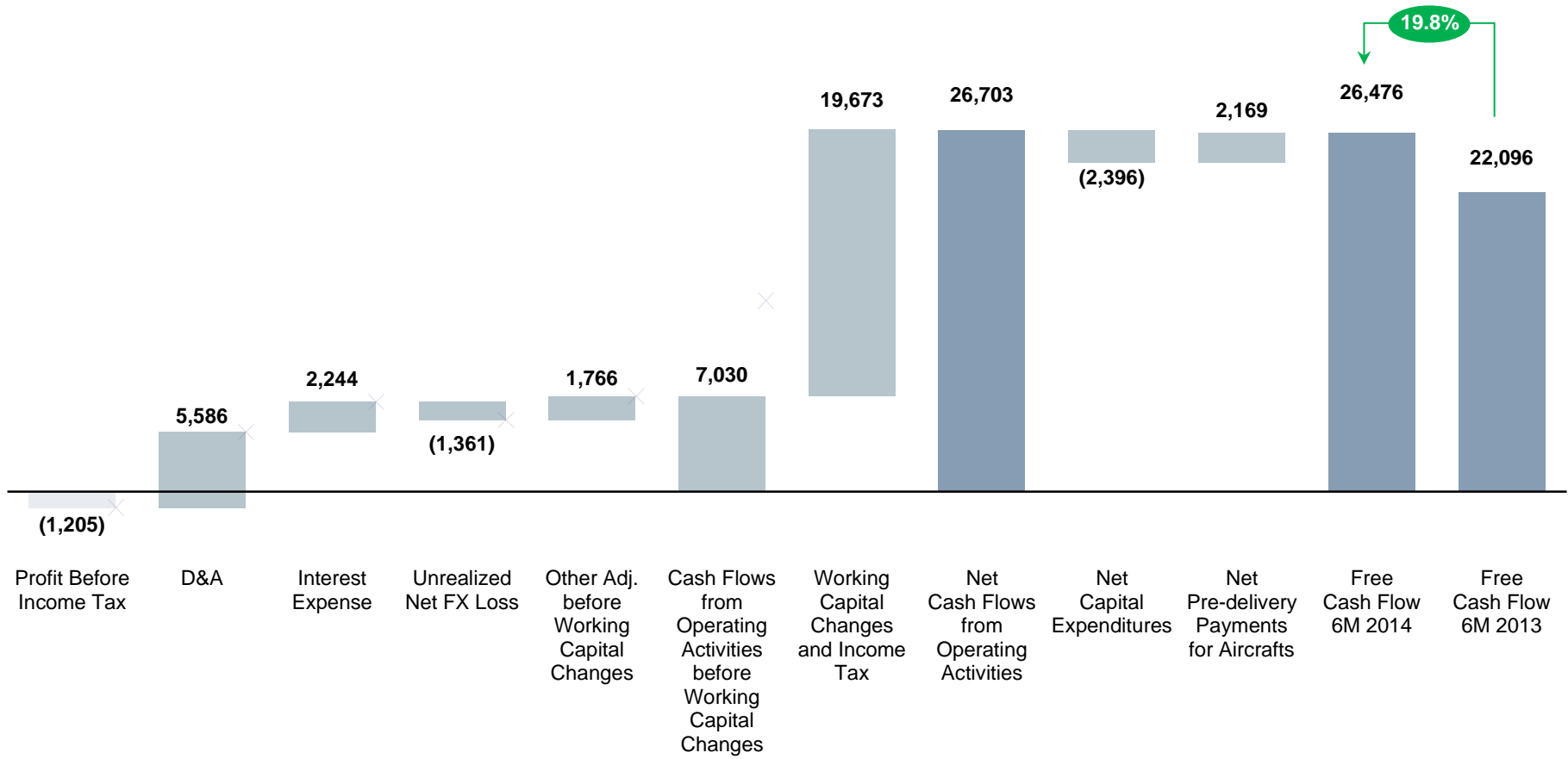
- **Manageable debt level**
- **Cash position of RUB 36,817m and undrawn credit lines of RUB19,817m**

<sup>1</sup> Total debt does not include capitalised operating lease expenses

<sup>2</sup> Future payments in dollars converted into roubles at exchange rate of 33.6306 RUB per USD

# Operating Free Cash Flow

6M 2014 Operating Free Cash Flow (RUBm)



Substantial cash flow generation over the last 6 months and ahead of summer season

# Table of Contents



1. Key Highlights
2. Market Update
3. Operating Performance
4. Fleet Overview
5. Financial Performance
6. Capital Structure and Liquidity
- 7. Appendix**

# Key Operating Data for JSC Aeroflot and Aeroflot Group



	Unit	JSC Aeroflot			Aeroflot Group		
		6M 2013	6M 2014	Change	6M 2013	6M 2014	Change
<b>Passenger Turnover</b>	<b>m pkm</b>	<b>27,774</b>	<b>31,171</b>	<b>12.2%</b>	<b>39,272</b>	<b>40,927</b>	<b>4.2%</b>
International Routes		19,064	20,205	6.0%	26,397	25,787	(2.3)%
Domestic Routes		8,711	10,966	25.9%	12,875	15,140	17.6%
<b>Passenger Capacity</b>	<b>m ASK</b>	<b>36,036</b>	<b>40,749</b>	<b>13.1%</b>	<b>51,508</b>	<b>54,066</b>	<b>5.0%</b>
International Routes		25,094	27,065	7.9%	34,373	34,560	0.5%
Domestic Routes		10,941	13,684	25.1%	17,136	19,507	13.8%
<b>Tonne-Kilometres</b>	<b>m tkm</b>	<b>3,013</b>	<b>3,113</b>	<b>3.3%</b>	<b>4,086</b>	<b>4,009</b>	<b>(1.9)%</b>
International Routes		2,115	2,003	(5.3)%	2,779	2,508	(9.8)%
Domestic Routes		898	1,111	23.7%	1,307	1,501	14.8%
<b>Passenger Traffic</b>	<b>'000 PAX</b>	<b>9,542</b>	<b>10,962</b>	<b>14.9%</b>	<b>14,142</b>	<b>15,666</b>	<b>10.8%</b>
International Routes		5,666	5,918	4.4%	7,957	7,948	(0.1)%
Domestic Routes		3,876	5,044	30.1%	6,185	7,717	24.8%
<b>Cargo and Mail Carried</b>	<b>tonnes</b>	<b>91,449</b>	<b>66,511</b>	<b>(27.3)%</b>	<b>105,338</b>	<b>75,993</b>	<b>(27.9)%</b>
International Routes		66,583	38,671	(41.9)%	68,552	40,058	(41.6)%
Domestic Routes		24,866	27,840	12.0%	36,786	35,935	(2.3)%
<b>Seat Load Factor</b>	<b>%</b>	<b>77.1 %</b>	<b>76.5 %</b>	<b>(0.6)p.p</b>	<b>76.2 %</b>	<b>75.7 %</b>	<b>(0.5)p.p</b>
International Routes		76.0 %	74.7 %	(1.3)p.p	76.8 %	74.6 %	(2.2)p.p
Domestic Routes		79.6 %	80.1 %	0.5p.p	75.1 %	77.6 %	2.5p.p
<b>Flight Hours</b>	<b>hours</b>	<b>243,526</b>	<b>266,194</b>	<b>9.3%</b>	<b>369,073</b>	<b>383,432</b>	<b>3.9%</b>
<b>Yield</b>	<b>RUB / pkm</b>	<b>286</b>	<b>298</b>	<b>4.2%</b>	<b>276</b>	<b>288</b>	<b>4.3%</b>
<b>RASK</b>	<b>RUB</b>	<b>220</b>	<b>228</b>	<b>3.6%</b>	<b>211</b>	<b>218</b>	<b>3.3%</b>

# Key Financial Data for JSC Aeroflot

RUBm, Unless Otherwise Stated	6M 2013	6M 2014	Change
Revenue	97,388	113,790	16.8%
RPK <sup>1</sup> (m pkm)	27,774	31,171	12.2%
Yield <sup>2</sup> (RUB/pkm)	2.9	3.0	3.4%
EBITDAR <sup>3</sup>	15,377	15,024	(2.3)%
Margin (%)	15.8%	13.2%	(2.6)p.p
EBITDA <sup>4</sup>	9,597	6,904	(28.1)%
Margin (%)	9.9%	6.1%	(3.8)p.p
Operating Income	4,963.0	1,578.0	(68.2)%
Margin (%)	5.1%	1.4%	(3.7)p.p
Net Income	2,035	1,835	(9.8)%
Margin (%)	2.1%	1.6%	(0.5)p.p
Net Debt <sup>5</sup>	43,671	57,086	30.7%

Note: Financial data as per IFRS before intercompany eliminations.

<sup>1</sup> RPK = revenue passenger kilometre.

<sup>2</sup> Yield = PAX Traffic Revenue / RPK.

<sup>3</sup> EBITDAR = EBITDA + operating lease expenses.

<sup>4</sup> EBITDA = operating income + depreciation & amortisation + customs duties.

<sup>5</sup> Net Debt = borrowings + finance lease liabilities + pension liabilities + custom duties – cash and short-term investments.

# Key Financial Data for Aeroflot Group



RUBm, Unless Otherwise Stated	6M 2013	6M 2014	Change
Revenue	128,180	140,281	9.4%
RPK <sup>1</sup> (m pkm)	39,272	40,927	4.2%
Yield <sup>2</sup> (RUB/pkm)	2.8	2.9	3.0%
EBITDAR <sup>3</sup>	19,967	16,657	(16.6)%
Margin (%)	15.6%	11.9%	(3.7)p.p
EBITDA <sup>4</sup>	10,914	5,030	(53.9)%
Margin (%)	8.5%	3.6%	(4.9)p.p
Operating Income / (loss)	5,181	(1,384)	NM
Margin (%)	4.0%	(1.0)%	(5.0)p.p
Net Income / (loss)	45	(1,905)	NM
Margin (%)	-	(1.4)%	(1.4)p.p
Net Debt <sup>5</sup>	67,687	75,929	12.2%

Note: Financial data as per IFRS before intercompany eliminations.

<sup>1</sup> RPK = revenue passenger kilometre.

<sup>2</sup> Yield = PAX Traffic Revenue / RPK.

<sup>3</sup> EBITDAR = EBITDA + operating lease expenses.

<sup>4</sup> EBITDA = operating income + depreciation & amortisation + customs duties.

<sup>5</sup> Net Debt = borrowings + finance lease liabilities + pension liabilities + custom duties – cash and short-term investments.



# Key Operating Data of Subsidiary Airlines

		Donavia	Rossiya Airlines	Orenair	Vladivostok Air	Aurora	Dobrolet	Total
Passenger Traffic ('000 PAX)	6M 2014	794	2,177	1,244	5	466	19	4,704
	6M 2013	576	1,930	1,430	546	119		4,601
	Change, %	37.8%	12.8%	(13.0)%	(99.1)%	291.6%		2.2%
Passenger Turnover (m pkm)	6M 2014	1,134	4,145	3,679	8	766	24	9,756
	6M 2013	840	3,922	5,360	1,263	112		11,497
	Change, %	35.0%	5.7%	(31.4)%	(99.4)%	583.9%		(15.1)%
Seat Load Factor, %	6M 2014	69.1 %	72.4 %	75.8 %	56.4 %	72.9 %	88.6 %	73.3 %
	6M 2013	64.5 %	73.0 %	80.5 %	64.9 %	56.5 %		74.3 %
	Change, p.p	4.6p.p	(0.6)p.p	(4.7)p.p	(8.5)p.p	16.4p.p		(1.0)p.p
Flight Hours, hours	6M 2014	16,602	54,810	32,483	122	12,970	251	117,238
	6M 2013	13,223	50,494	39,867	17,884	4,080		125,548
	Change, %	25.6%	8.5%	(18.5)%	(99.3)%	217.9%		(6.6)%
Revenue <sup>1</sup> , RUBm	6M 2014	4,847	14,660	8,474	138	4,911	77	33,107
Net Income <sup>1</sup> , RUBm	6M 2014	163	(708)	(3,143)	(527)	407	(188)	(3,996)

Aurora

# Summary Financial Tables

## Income Statement

	6 months 30-Jun-2013	6 months 30-Jun-2014
Traffic Revenue	113,667	121,796
Other Revenue	14,513	18,485
<b>Revenue</b>	<b>128,180</b>	<b>140,281</b>
Operating Costs	(96,600)	(109,009)
Staff Costs	(21,357)	(24,304)
Depreciation and Amortisation	(5,052)	(5,586)
Other (Expenses)/Income, Net	10	(2,766)
<b>Operating Costs</b>	<b>(122,999)</b>	<b>(141,665)</b>
<b>Operating Profit</b>	<b>5,181</b>	<b>(1,384)</b>
Finance Income	1,979	2,615
Finance Costs	(6,616)	(2,434)
Share of Results of Equity Accounted Investments	13	(2)
<b>Profit Before Income Tax</b>	<b>557</b>	<b>(1,205)</b>
Income Tax	(512)	(700)
<b>Profit for the Period</b>	<b>45</b>	<b>(1,905)</b>
Attributable to:		
Shareholders of the Company	151	(1,745)
Non-controlling Interest	(106)	(160)

# Summary Financial Tables

## Balance Sheet



	31-Dec-2013	30-Jun-2014
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	18,660	36,703
Short-term Investments	273	114
Accounts Receivable and Prepayments	55,690	51,942
Aircraft Lease Deposits	405	219
Income Tax Receivables	476	472
Expendable Spare Parts and Inventories	4,927	5,172
Derivative Financial Instruments	1,034	1,531
	81,465	96,153
<b>Non-current Assets</b>		
Equity Accounted Investments	123	106
Long-term Investments	6,099	6,098
Aircraft Lease Deposits	1,088	1,132
Deferred Tax Assets	2,174	3,214
Other Non-current Assets	5,955	5,024
Prepayments for Aircraft	12,318	15,398
Property, Plant and Equipment	88,777	119,152
Intangible Assets	3,350	3,096
Derivative Financial Instruments	1,175	1,844
Goodwill	6,660	6,660
	127,719	161,724
<b>Total Assets</b>	209,184	257,877

# Summary Financial Tables

## Balance Sheet (continued)



	31-Dec-2013	30-Jun-2014
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Liabilities	36,248	47,436
Unearned Transportation Revenue	16,334	29,730
Deferred Revenue Related to Frequent Flyer Programme	577	675
Provisions	881	2,100
Short-term Borrowings	5,029	6,155
Finance Lease Liabilities	8,688	10,911
Derivative Financial Instruments	214	463
	67,971	97,470
<b>Non-current Liabilities</b>		
Long-term Borrowings	8,377	8,248
Finance Lease Liabilities	63,348	86,397
Provisions	1,655	2,305
Deferred Tax Liabilities	1,647	1,874
Deferred Revenue Related to Frequent Flyer Programme	1,862	2,098
Derivative Financial Instruments	4,546	5,316
Other Non-current Liabilities	5,298	4,532
	86,733	110,770
<b>Equity</b>		
Share Capital	1,359	1,359
Treasury Stock	(3,573)	(3,571)
Accumulated Gain on Disposal of Treasury Shares	1,659	1,659
Investment Revaluation Reserve	(10)	(10)
Cumulative Translation Reserve	(28)	-
Hedge Reserve	(383)	(551)
Retained Earnings	61,122	59,185
<b>Equity Attributable to Shareholders of the Company</b>	60,146	58,071
Non-controlling Interest	(5,666)	(8,434)
<b>Total Equity</b>	54,480	49,637
<b>Total Liabilities and Equity</b>	209,184	257,877

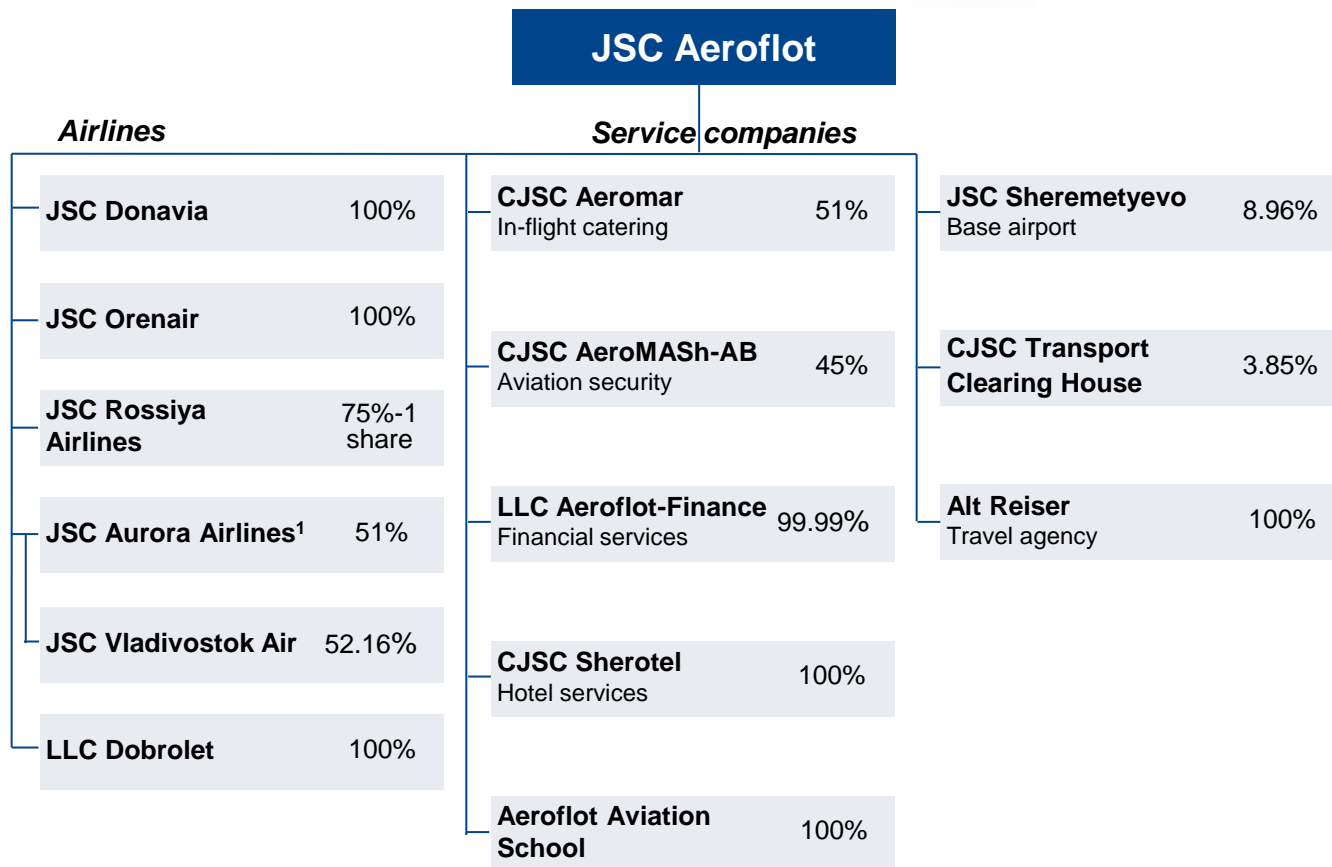
# Summary Financial Tables

## Condensed Cash Flow Statement



	<b>6 months 30-Jun-2013</b>	<b>6 months 30-Jun-2014</b>
Operating Cash Flow before Working Capital Changes	10,158	7,030
Net Cash Flows from Operating Activities	21,173	26,703
Net Cash Flows Used in Investing Activities	1,133	(28)
Net Cash Flows Used in Financing Activities	(13,936)	(8,632)
Net Increase/(Decrease) in Cash and Cash Equivalents	8,368	18,043
Cash and Cash Equivalents at the End of the Period	23,438	36,703

# Aeroflot Group Structure



## Ongoing subsidiary airline integration and streamlining of the corporate structure

Note: Aeroflot Group consolidates all entities: JSC Aeroflot and all subsidiaries.

<sup>1</sup> Previously was operating as SAT Airlines.