

AEROFLOT ANNOUNCES FINANCIAL RESULTS FOR 9 MONTHS 2013 IN ACCORDANCE WITH IFRS

Moscow, 2 December 2013 – OJSC Aeroflot today announced the consolidated IFRS financial results of Aeroflot Group (the “Group”, Moscow Exchange ticker: AFLT) for the nine months ending 30 September 2013.

Key financial highlights:

- Net income for the nine month period of USD 545.2 million, an increase of 84.1% versus 9M 2012
- Revenue for the nine month period was up 16.8% year-on-year to USD 7,032.7 million
- Traffic revenue for the nine month period grew 17.8% year-on-year to USD 6,259.0 million
- Fuel costs for the nine-month period rose 11.4% year-on-year to USD 1,877.5 million (9M 2012: USD 1,685.0 million)
- Non-fuel operating costs for the nine-month period increased 10.1% year-on-year to USD 4,305.4 million
- 9M 2013 basic and diluted earnings per share of USD 0.500 and 0.499, up 63.4% and 64.7%, respectively, from 9M 2012

Operational highlights:

- Aeroflot Group passenger traffic grew 14.7% year-on-year in 9M 2013 to 24.0 million people, while revenue passenger kilometres (RPK) rose 16.2% to 65,363.0 million
- Aeroflot standalone capacity rose 18.3% year-on-year in the period, while Aeroflot Group capacity was up 15.8% compared to 9M 2012
- Aeroflot suspended operations of its cargo plane fleet in 2013, switching to belly cargo operations. This was the main factor driving the 8.6% decline in tonnes of cargo carried in 9M 2013 vs. 9M 2012

“Aeroflot Group’s strong financial results were driven by three factors. First, we offer clients a premium product at an attractive price. Second, we are managing costs effectively. Third, we are optimising the operations of our subsidiaries that are being integrated into the Group,” said Vitaly Saveliev, Aeroflot’s chief executive officer. “We are on track this year to serve the most customers in Russia’s modern history. At the same time we maintain our relentless focus on safety. This is bolstered by our aircraft fleet, which is the best in Russia and one of the youngest in Europe.”

<i>USD mln, unless Otherwise Stated</i>	3Q 2013	3Q 2012	Change	9M 2013	9M 2012	Change
Revenue	2,900.1	2,406.1	20.5%	7,032.7	6,020.7	16.8%
EBITDAR ¹	931.6	552.6	68.6%	1,575.4	1,068.9	47.4%
<i>Margin (%)</i>	32.1%	23.0%	9.1 p.p.	22.4%	17.8%	4.6 p.p.
EBITDA ²	779.3	407.1	91.4%	1,131.1	654.5	72.8%
<i>Margin (%)</i>	26.9%	16.9%	10.0 p.p.	16.1%	10.9%	5.2 p.p.
Operating Income	682.8	327.0	108.8%	849.8	425.1	99.9%
<i>Margin (%)</i>	23.5%	13.6%	9.9 p.p.	12.1%	7.1%	5.0 p.p.
Net Income	543.7	289.1	88.1%	545.2	296.2	84.1%
<i>Margin (%)</i>	18.7%	12.0%	6.7 p.p.	7.8%	4.9%	2.9 p.p.

(1) EBITDAR = EBITDA + operating lease expenses; (2) EBITDA = operating income + depreciation & amortization + customs duties

Operational Performance

Aeroflot Group reported strong traffic revenue in the first nine months of 2013 of USD 6,259.0 million, representing a 17.8% increase over the same period in 2012. Group passenger traffic rose 14.7% to 24.0 million people, while revenue passenger kilometres (RPK) was up 16.2% to 65,363.0 million. Aeroflot Group's seat load factor was relatively flat at 79.1%.

Financial Performance

Aeroflot Group revenue in 9M 2013 increased by 16.8% year-on-year to USD 7,032.7 million, primarily due to strong growth of 19.3% in the passenger segment, which was balanced by a decline in cargo revenue of 10.9% after Aeroflot suspended its cargo fleet operations. Other revenue increased by 9.0% year-on-year to USD 773.7 million.

Fuel costs for the nine-month period increased 11.4% year-on-year to USD 1,877.5 million, driven by the significant growth in passenger traffic and the addition of new routes.

Non-fuel operating costs for the nine months of 2013 also increased in line with the growth in the Group's operations, up 10.1% to USD 4,305.4 million, primarily due to year-on-year increases in aircraft and traffic servicing costs (up 17.9% to USD 1,252.7 million). Staff costs increased 11.7% year-on-year to USD 1,003.9 million.

Aeroflot Group operating income for 9M 2013 nearly doubled year-on-year to USD 849.8 million, representing a margin of 12.1%, compared to an operating margin of 7.1% for 9M 2012.

The group's net income in 9M 2013 was USD 545.2 million, up 84.1% from the first nine months of 2012.

Other 2013 Highlights

In the beginning of 3Q, Aeroflot was unveiled as the Official Carrier of Manchester United Football Club. The multi-year sponsorship positions Aeroflot as a premium international brand by aligning it with a global symbol of excellence.

In October 2013 Aeroflot presented plans to launch Russia's first national low-cost carrier (LCC), a new 100% subsidiary to be known as "Dobrolet". Ticket prices are expected to be on average 40% lower than mainstream carriers, thus attracting a new customer segment to air travel. Aeroflot views the LCC market as a sizeable growth opportunity and a chance to diversify its business without the risk of cannibalization. Dobrolet is targeting the start of operations in 2014.

In November 2013 Aeroflot announced the roll-out of Aurora Airlines, a new subsidiary focused on the Russian Far East that has been created from Group subsidiaries Vladivostok Avia and Sakhalin Airlines. The launch of Aurora represents a unique opportunity to achieve significant market share in the Far East where there are few alternatives to air travel. Aurora has an annual traffic target of 2.4 million passengers by 2018. The creation of Aurora is part of the process of consolidation and restructuring of subsidiary assets.

Conference call and webcast

Aeroflot will conduct a conference call to discuss its financial results today, 2 December 2013, at 18:00 Moscow time (14:00 London; 09:00 New York).

On the call Aeroflot Group's CFO Shamil Kurmashov will present the 9M 2013 IFRS financial results, followed by a question and answer session for participants.

A transcript of the conference call will be posted on the Group's website.



The dial-in and online viewing details are below:

Webcast link: <http://w.on24.com/r.htm?e=728201&s=1&k=C5327658A0FB9A5B4C447ED2A2B9E050>

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+1 480-629-9673 – New York

Toll free numbers:

810-8002-1984011 – Russia
0800-358-0886 – UK
1-877-941-1469 – USA

Conference Call Password: Aeroflot

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