

AEROFLOT ANNOUNCES FINANCIAL RESULTS FOR 12 MONTHS 2013 IN ACCORDANCE WITH IFRS

Moscow, 12 March 2014 – JSC Aeroflot (MOEX: AFLT) today announced the consolidated IFRS financial results of Aeroflot Group (the “Group”) for the twelve months ending 31 December 2013.

Key financial highlights:

- Full year 2013 net income increased 41.9% y-o-y to RUB 7,334.7 mln (USD 230.3 mln);
- Full year 2013 revenue increased 15.0% y-o-y to RUB 290,955.8 mln (USD 9,135.7 mln);
- Full year 2013 traffic revenue increased 16.4% y-o-y to RUB 257,545.7 mln (USD 8,086.7 mln);
- Fuel costs for 2013 rose 11.2% y-o-y to RUB 79,127.8 mln (USD 2,484.5 mln);
- Operating costs excluding aircraft fuel, staff costs and depreciation and amortization for full year 2013 increased 9.9% y-o-y to RUB 133,354.0 mln (USD 4,187.2 mln);
- Full year 2013 basic and diluted earnings per share (EPS) were both RUB 7.6 (US cents 23.9), which is 15.2% higher than basic EPS in 2012 and 16.9% higher than diluted EPS in 2012.

“Aeroflot is the dominant leader in the Russian aviation market. In 2013 Aeroflot Group grew faster than the industry overall, posting a 14.3% rise in passenger traffic. Revenue and net income also increased. This was driven primarily by an improved cost structure including improving fuel costs as new fuel efficient aircraft were phased in, strong labour productivity and continued successful integration of subsidiary airlines,” said Vitaly Saveliev, Chief Executive Officer of Aeroflot.

<i>RUB mln, unless otherwise stated</i>	FY 2013	FY 2012	Change
Revenue	290,955.8	253,039.0	15.0%
EBITDAR ¹	51,026.2	38,504.0	32.5%
<i>Margin</i>	17.5%	15.2%	
EBITDA ²	31,849.1	20,873.6	52.6%
<i>Margin</i>	10.9%	8.2%	
Operating Income	19,794.8	11,118.4	78.0%
<i>Margin</i>	6.8%	4.4%	
Net Income	7,334.7	5,169.5	41.9%
<i>Margin</i>	2.5%	2.0%	

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

Financial performance

Aeroflot Group's 15.0% y-o-y increase in revenue in 2013 to RUB 290,955.8 mln was driven primarily by an 18.0% rise in passenger revenue. The passenger revenue growth was partially offset by a 13.5% decline in cargo revenue following Aeroflot's decision to discontinue its dedicated cargo fleet. Other revenue increased 5.4% y-o-y to RUB 33,410.1 mln.

Fuel costs rose 11.2% on the year to RUB 79,127.8 mln as a result of the significant increase in passenger traffic, a bigger fleet and new destinations. Nonetheless, fuel costs grew slower than traffic revenue (16.4%) and passenger traffic (14.3%).

Operating costs excluding aircraft fuel, staff costs and depreciation and amortization grew 9.9% y-o-y to RUB 133,354.0 mln due to expansion of our business, predominantly costs related to servicing more planes and

passengers (17.1% growth to RUB 52,829.2 mln). Staff costs increased 17.4% to RUB 45,348.5 mln.

Operating income rose 78.0% y-o-y in 2013 to RUB 19,794.8 mln, implying a 6.8% operating income margin in 2013 vs 4.4% in 2012.

Net income for 2013 was RUB 7,334.7 mln, a 41.9% increase over 2012.

Other 2013 highlights

Aeroflot became the official carrier of the football club Manchester United in 3Q 2013. The long-term sponsorship agreement helps position Aeroflot as a premium global brand.

In October 2013 Aeroflot announced plans to launch Russia's first national low-cost carrier under the brand Dobrolet. The airline will operate as a 100%-owned subsidiary of Aeroflot. Since the October announcement Aeroflot has worked closely with relevant government authorities to ensure that necessary legislation and regulations are in place to allow for the LCC model to succeed in Russia. Aeroflot views the LCC market as a significant source of future growth and an opportunity to expand its business with negligible cannibalisation. The Group plans to launch Dobrolet this year.

In November 2013 Aeroflot introduced Aurora Airlines, a unified Russian Far East subsidiary based on the legacy assets of Vladivostok Avia and Sakhalin Aviatrassy (SAT). The roll-out of Aurora Airlines presents a strong opportunity to capture market share in the Far East, a region with few transport alternatives. The Group expects that Aurora will fly 2.4 mln passengers a year by 2018. The creation of Aurora contributes to the consolidation and restructuring of Aeroflot's legacy subsidiaries.

In December 2013 JSC Aeroflot was granted permission by the Central Bank of Russia to introduce a depositary receipt programme. The following month Aeroflot launched a Level 1 American Depositary Receipt (ADR) programme.

Conference call and webcast

Aeroflot will hold a conference call to discuss its financial results today, 12 March 2014 at 18:00 Moscow time (14:00 London time, 10:00 New York time). On the call Aeroflot's CFO Shamil Kurmashov will present the FY 2013 IFRS financial results, followed by a question and answer session with analysts and investors.

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

The dial-in and online viewing details are as follows:

Toll numbers:

+ 44-20-7190-1596 – UK

+7-495-662-57-93 – Russia

+1-480-629-9822 – USA

Toll free numbers:

0800-358-5263 – UK

+1-800-358-5263 – USA



Webcast link:

<http://www.audio-webcast.com/cgi-bin/visitors.ssp?fn=visitor&id=2191>

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