

## AEROFLOT ANNOUNCES FINANCIAL RESULTS FOR 9 MONTHS 2015 IN ACCORDANCE WITH IFRS

**Moscow, 30 November 2015** – Aeroflot Group (“the Group”, Moscow Exchange ticker: AFLT) today published its consolidated interim financial statements for the nine months ended 30 September 2015, in accordance with International Financial Reporting Standards.

### 9M 2015 Operating and Financial Highlights for Aeroflot Group:

- Group passenger traffic increased by 13.3% year-on-year, with 34.2% year-on-year growth in the domestic segment;
- Aeroflot Group increased its market share<sup>1</sup> by 5.0 percentage points (p.p.) year-on-year to 35.2%;
- Revenue reached RUB 309,510 million, up 30.8% year-on-year;
- EBITDAR<sup>2</sup> margin was up 8.6 p.p. year-on-year to 25.6%;
- EBITDA<sup>2</sup> margin was up 5.5 p.p. year-on-year to 15.5%;
- Operating profit more than doubled year-on-year to RUB 36,808 million;
- Net profit amounted to RUB 1,826 million as compared to net loss of RUB 3,563 million in 9M 2014.

Shamil Kurmashov, PJSC Aeroflot Deputy CEO for Finance and Network and Revenue Management, commented:

“Aeroflot Group’s 9M 2015 results reflect the successful implementation of our initiatives to increase efficiency in challenging economic conditions. Against the backdrop of a general decline in passenger traffic in Russia, Aeroflot Group carried 13.3% more passengers year-on-year during the first nine months of 2015 and increased its market share.

“The Group’s revenue grew by 30.8% year-on-year in 9M 2015, driven by strong operational results. At the same time, our fleet optimisation and cost-cutting initiatives have enabled us to limit the growth of operating costs, despite significant exchange rate fluctuations. As a result, EBITDA and EBITDAR margins increased by 5.5 and 8.6 percentage points to 15.5% and 25.6%, respectively. Furthermore, in the third quarter and nine months of 2015, the Group earned net profit of RUB 5.4 billion and RUB 1.8 billion, respectively.

“Between September and November 2015, the Group successfully implemented the task set out by the Russian Government of transporting Transaero passengers, thus preventing a major disruption in the air transportation market. The successful execution of this crisis management project will support passenger traffic dynamics, expansion of our network, and the Group’s profitability doing forward.”

### Key operating highlights

	9M 2015	9M 2014	Change
Passengers carried, thousand PAX	30,053.5	26,530.8	13.3%
- international	12,274.3	13,286.8	(7.6%)
- domestic	17,779.2	13,244.0	34.2%
Revenue Passenger Kilometres, mln	74,453.4	69,108.8	7.7%
- international	40,183.8	42,732.0	(6.0%)
- domestic	34,269.6	26,376.8	29.9%
Available Seat Kilometres, mln	93,940.6	87,297.5	7.6%
- international	50,933.7	55,037.3	(7.5%)
- domestic	43,006.9	32,260.2	33.3%

<sup>1</sup> Including foreign carriers traffic.

<sup>2</sup> EBITDAR = EBITDA before operating lease expenses. EBITDA = operating income + depreciation & amortization + customs duties.

Passenger load factor, %	79.3%	79.2%	0.1 p.p.
- international	78.9%	77.6%	1.3 p.p.
- domestic	79.7%	81.8%	(2.1 p.p.)

Overall passenger traffic for Aeroflot Group in 9M 2015 was 30.1 million, up 13.3% year-on-year.

### Key financial highlights

<i>RUB million, unless stated otherwise</i>	9M 2015	9M 2014	Change
Revenue	<b>309,510</b>	<b>236,698</b>	<b>30.8%</b>
EBITDAR <sup>1</sup>	<b>79,187</b>	<b>40,180</b>	<b>97.1%</b>
<i>EBITDAR margin</i>	25.6%	17.0%	8.6 p.p.
EBITDA <sup>3</sup>	47,846	23,559	103.1%
<i>EBITDA margin</i>	15.5%	10.0%	5.5 p.p.
Operating profit	36,808	13,662	169.4%
<i>Operating profit margin</i>	11.9%	5.8%	6.1 p.p.
Profit/(loss) for the period	1,826	(3,563)	-

### Revenue

<i>RUB million, unless stated otherwise</i>	9M 2015	9M 2014	Change
Passenger traffic revenue	<b>262,080</b>	<b>202,174</b>	<b>29.6%</b>
- scheduled passenger flights	258,219	188,834	36.7%
- charter passenger flights	3,861	13,340	(71.1%)
Cargo flight revenue	6,482	5,968	8.6%
Other revenue	40,948	28,556	43.4%
<b>Total revenue</b>	<b>309,510</b>	<b>236,698</b>	<b>30.8%</b>

In 9M 2015, Aeroflot Group's revenue increased by 30.8% year-on-year to RUB 309,510 million, primarily as a result of increases in revenue from scheduled passenger flights and other revenue.

Revenue from scheduled passenger flights in 9M 2015 increased by 36.7% year-on-year to RUB 258,219 million due to 13.3% year-on-year growth in passenger traffic. Revenue from charter flights decreased by 71.1% to RUB 3,861 million, due to the Group's strategy to decrease its presence in this market segment, as well as overall leisure market performance.

Despite a 4.6% year-on-year decrease in the volume of cargo and mail carried in 9M 2015, cargo revenue increased by 8.6% year-on-year on the back of stronger yields in the segment.

Other revenue increased by 43.4% year-on-year to RUB 40,948 million, mainly driven by an increase in FX-denominated revenue from airline agreements following changes in the exchange rate.

<sup>3</sup> EBITDAR = EBITDA before operating lease expenses. EBITDA = operating income + depreciation & amortization + customs duties.

## Operating costs

<i>RUB million, unless stated otherwise</i>	<b>9M 2015</b>	<b>9M 2014</b>	<b>Change</b>
Aircraft servicing and passenger service	56,333	45,361	24.2%
Staff costs	40,643	38,225	6.3%
Operating lease expenses	31,341	16,621	88.6%
Aircraft maintenance	21,809	16,430	32.7%
Sales and marketing, administration and general expenses	17,790	14,303	24.4%
Depreciation, amortisation and custom duties	11,038	9,897	11.5%
Other net expenses	22,747	17,461	30.3%
<b>Operating costs less aircraft fuel</b>	<b>201,701</b>	<b>158,298</b>	<b>27.4%</b>
Aircraft fuel	71,001	64,738	9.7%
<b>Total operating costs</b>	<b>272,702</b>	<b>223,036</b>	<b>22.3%</b>

In 9M 2015, aircraft fuel costs increased by 9.7% year-on-year to RUB 71,001 million, due to the ruble weakening and increased traffic volume. Excluding the FX rate effect, aircraft fuel costs decreased by 19.3% due to a decline in oil price and the Group's initiatives to improve fuel efficiency.

Operating costs less aircraft fuel grew by 27.4% year-on-year to RUB 201,701 million.

Aircraft servicing and passenger services costs amounted to RUB 56,333 million, up 24.2% year-on-year. This increase was mainly due to the changes in the ruble exchange rate versus foreign currencies. Excluding the FX rate effect, these costs increased by 7.1%, primarily due to expanded scale of operations and traffic volume, as well as changes in service rates.

Staff costs increased by 6.3% year-on-year to RUB 40,643 million, mainly due to increases in the ruble equivalent of salaries for employees based outside Russia and additional motivational compensation for cabin crew.

Operating lease expenses amounted to RUB 31,341 million, up by 88.6% year-on-year, mostly due to the change in the ruble exchange rate (nearly all of these expenses are denominated in foreign currencies). Other growth factors included expansion of the Group's fleet (net increase of 17 aircraft under operating lease, up by 9.3% compared to 30 September 2014), and an increase in the LIBOR rate during the reporting period.

Aircraft maintenance costs increased by 32.7% year-on-year to RUB 21,809 million, mainly due to the change in the ruble exchange rate. Excluding the FX rate effect, these costs were up by just 10.4% year-on-year.

Sales and marketing, administration and general expenses increased by 24.4% year-on-year to RUB 17,790 million. This growth was due to an increase in sales and marketing expenses denominated in foreign currencies.

Depreciation, amortisation and custom duties increased by 11.5% year-on-year to RUB 11,038 million, which was driven by the addition of six new Boeing 777-300ER aircraft under finance lease contracts during 2014.

Other net expenses increased by 30.3% year-on-year to RUB 22,747 million, primarily due to increased costs for GDS, as well as costs associated with inflight duty free sales. Refunds of fuel excise duties as a result of changes in the Russian legislation had a positive impact on other net expenses.

As a result of the above-mentioned factors, the Group's operating profit in 9M 2015 amounted to RUB 36,808 million (11.9% of revenue). EBITDAR reached RUB 79,187 million and EBITDAR margin increased by 8.6 p.p. to 25.6%. EBITDA reached RUB 47,846 million and EBITDAR margin increased by 5.5 p.p. to 15.5%.

### Non-operating gains and losses

<i>RUB million, unless stated otherwise</i>	<b>9M 2015</b>	<b>9M 2014</b>	<b>Change</b>
<b>Operating profit</b>	<b>36,808</b>	<b>13,662</b>	<b>169.4%</b>
Finance income	7,987	1,684	374.3%
Finance costs	(21,116)	(18,609)	13.5%
Hedging result	(15,731)	-	-
Share of results of associates	(28)	22	-
<b>Profit/(loss) before tax</b>	<b>7,920</b>	<b>(3,241)</b>	<b>-</b>
Income tax	(6,094)	(322)	-
<b>Profit/(loss) for the period</b>	<b>1,826</b>	<b>(3,563)</b>	<b>-</b>

Finance income for 9M 2015 more than quadrupled year-on-year to RUB 7,987 million, mainly due to foreign exchange gains from PDP refunds, interest income earned on bank deposits, as well as the positive effect from revaluation of derivative financial instruments not subject to hedge accounting.

The increase in finance costs to RUB 21,116 million for 9M 2015 was mainly due the impairment of the Group's loan to Transaero, as well as to an increase in interest expenses and realised losses on derivative financial instruments not subject to hedge accounting.

The realised loss from hedging of RUB 15,731 million is attributable to settlements under derivative instruments recognized in equity, as well as to the effect of revenue hedging with liabilities in foreign currency (finance lease).

As a result of the above-mentioned factors, the Group's net profit for 9M 2015 amounted to RUB 1,826 million.

### Debt

<i>RUB million, unless stated otherwise</i>	<b>30 Sep 2015</b>	<b>31 Dec 2014</b>	<b>Change</b>
Loans and borrowings	40,311	24,203	66.6%
Finance lease liabilities	154,986	149,278	3.8%
Pension liabilities	734	659	11.4%
Customs duties	-	169	-
<b>Total debt</b>	<b>196,031</b>	<b>174,309</b>	<b>12.5%</b>
Cash and short-term investments	34,151	27,508	24.1%
<b>Net debt</b>	<b>161,880</b>	<b>146,801</b>	<b>10.3%</b>
<b>Net debt/EBITDA</b>	<b>3.3x</b>	<b>5.9x</b>	<b>-</b>

Total debt as of 30 September 2015 increased by 12.5% year-to-date to RUB 196,031 million, mainly driven by the increase in loans and borrowing, as well as by the revaluation of the Group's finance lease liabilities.



As of 30 September 2015 undrawn lines available to Aeroflot Group from major Russian and international banks amounted to RUB 22.8 billion.

**Investor enquiries**

*Aeroflot Investor Relations*

+7 (495) 258-06-86

[ir@aeroflot.ru](mailto:ir@aeroflot.ru)

**Media enquiries**

*Aeroflot Press Service*

+7 (495) 752-90-71

+7 (499) 500-73-87

+7 (495) 753-86-39

[presscentr@aeroflot.ru](mailto:presscentr@aeroflot.ru)