

## Aeroflot announces FY 2020 IFRS financial results

**Moscow, 10 March 2021** – Aeroflot Group (“the Group”, Moscow Exchange ticker: AFLT) today publishes its consolidated financial statements for the year ended 31 December 2020, in accordance with International Financial Reporting Standards.

Key financial highlights:

- Revenue decreased by 55.4% year-on-year to RUB 302,182 million;
- EBITDA amounted to RUB 26,989 million;
- The net loss totalled RUB 123,208 million;
- Adjusted net loss totalled RUB 113,135 million.

Andrey Chikhanchin, PJSC Aeroflot Deputy CEO for Commerce and Finance, said:

“In Q4 2020 Aeroflot Group carried 7.1 million passengers, including 6.3 million passengers on domestic routes. This is slightly below the level achieved in Q3, which reflects the adjustment of Group’s capacity on the back of seasonal decrease in demand and the impact of second wave of the pandemic. Thanks to positive dynamics and scale of the domestic market, Aeroflot Group in the second half of the year was able to recover about half of the capacity, which ranks as the best result among European airlines, according to a study by CAPA analytical agency. However, the persistence of large-scale restrictions on international flights and closed borders due to the pandemic are significant negative factors that continue to have a decisive impact on the aviation industry in general and on Aeroflot Group in particular.

“Revenue in Q4 2020 amounted to RUB 68.0 billion, 55.8% less year-on-year. Revenue management efforts as well as maintaining an emphasis on cargo transportation helped to slightly slow down decrease of revenue compared to Q3 when it amounted to 60.1% year-on-year. We continued to cut costs, with all key cost lines showing reductions, which helped to contain mounting losses.

“As anticipated net loss in Q4 2020 increased and amounted to RUB 43.8 billion. This reflects the specifics of supply-demand balance in the low season, and consequently lower yields, as well as a number of one-off adjustments, including Rossiya airline goodwill write-off due to a decrease in forecasts on the back of the pandemic. Excluding these adjustments, the net loss amounted to RUB 32.9 billion. Despite the loss, taking into account current operational and economic challenges of air transportation sector and executed flight program, operations of Q4 are financially efficient.

“Outstanding achievements of Pobeda airline are noteworthy at it increased passenger traffic by 7.6% in second half of the year. Despite complete suspension of operations in April and May, as well as decrease in average fares aimed at stimulating demand, the company was profitable on annual accounts. Pobeda is already a large company, there were 34 aircraft in its fleet at the end of 2020. Given the scale of the crisis, when the global industry incurred losses in the amount of USD 118 billion, this result is extremely strong.

“In 2020, Aeroflot Group secured necessary liquidity resources, including funds from secondary public offering in the amount of RUB 80 billion and credit lines in the amount of RUB 70 billion secured by state guarantees, which made it possible to regularly fulfill Group’s obligations.

“The low winter season of the first quarter continues. There are some minor improvements in operating performance, load factors and bookings, but overall the situation remains difficult. In this regard, we maintain a conservative approach to capacity deployment in addition to its seasonal decline.

We continue to look to the future while implementing anti-crisis measures. The transformation of Aeroflot Group has begun: work is underway on intra-group transfer of the fleet, subsidiaries are opening flights on new routes. In the summer season, Pobeda Airlines starts flights from our main hub – Moscow Sheremetyevo Airport. All these changes are aimed at long-term improvement of the efficiency of Aeroflot Group, but we are confident that these steps will have a positive impact on the performance of the current year as well.”

## Key operating highlights

	Q4 2020	Q4 2019	Change	12M 2020	12M 2019	Change
<b>Passengers carried, thousand PAX</b>	<b>7,100</b>	<b>13,990</b>	<b>(49.2%)</b>	<b>30,157</b>	<b>60,719</b>	<b>(50.3%)</b>
- international	799	6,161	(87.0%)	5,984	27,118	(77.9%)
- domestic	6,301	7,830	(19.5%)	24,172	33,601	(28.1%)
<b>Revenue Passenger Kilometres, million</b>	<b>14,282</b>	<b>35,985</b>	<b>(60.3%)</b>	<b>68,014</b>	<b>156,253</b>	<b>(56.5%)</b>
- international	2,520	21,191	(88.1%)	21,150	91,401	(76.9%)
- domestic	11,762	14,793	(20.5%)	46,863	64,852	(27.7%)
<b>Available Seat Kilometres, million</b>	<b>19,140</b>	<b>45,476</b>	<b>(57.9%)</b>	<b>92,402</b>	<b>190,856</b>	<b>(51.6%)</b>
- international	3,701	27,433	(86.5%)	30,039	113,766	(73.6%)
- domestic	15,438	18,042	(14.4%)	62,363	77,089	(19.1%)
<b>Passenger load factor, %</b>	<b>74.6%</b>	<b>79.1%</b>	<b>(4.5 p.p.)</b>	<b>73.6%</b>	<b>81.9%</b>	<b>(8.3 p.p.)</b>
- international	68.1%	77.2%	(9.2 p.p.)	70.4%	80.3%	(9.9 p.p.)
- domestic	76.2%	82.0%	(5.8 p.p.)	75.1%	84.1%	(9.0 p.p.)

In 12M 2020, Aeroflot Group carried 30.2 million passengers, 50.3% down year-on-year. The operating results of 12M of 2020 were affected by the dynamics of demand and significant flight restrictions imposed amid the spread of the novel coronavirus infection. The international segment was hit hardest, following the shutdown of international air travel in March. Suspension of scheduled international flights and quarantine restrictions in Russia influenced the decline in traffic indicators. In Q3 and Q4, domestic traffic showed a significant recovery, and in the international segment flights were resumed to a number of destinations, however, in general, international traffic remained significantly limited. In Q4 the impact of the pandemic on airlines complemented the seasonal decline in demand.

## Key financial highlights

<i>RUB million unless stated otherwise</i>	Q4 2020	Q4 2019	Change	12M 2020	12M 2019	Change
Revenue	67,969	153,898	(55.8%)	302,182	677,881	(55.4%)
EBITDA	(4,191)	27,249	–	26,989	168,924	(84.0%)
<i>EBITDA margin</i>	–	17.7%	–	8.9%	24.9%	(16.0 p.p.)
(Loss) / profit for the period	(43,802)	(6,793)	6.4x	(123,208)	13,512	–
Adjusted (loss) / profit for the period <sup>1</sup>	(32,856)	(8,348)	3.9x	(113,135)	11,957	–

## Revenue

<i>RUB million unless stated otherwise</i>	Q4 2020	Q4 2019	Change	12M 2020	12M 2019	Change
Passenger traffic revenue	50,133	132,536	(62.2%)	243,708	594,570	(59.0%)
- scheduled passenger flights	46,398	125,951	(63.2%)	225,753	557,132	(59.5%)
- charter passenger flights	3,735	6,585	(43.3%)	17,955	37,438	(52.0%)
Cargo flight revenue	9,635	5,669	70.0%	26,768	19,282	38.8%
Other revenue	8,201	15,693	(47.7%)	31,706	64,029	(50.5%)
<b>Total revenue</b>	<b>67,969</b>	<b>153,898</b>	<b>(55.8%)</b>	<b>302,182</b>	<b>677,881</b>	<b>(55.4%)</b>

<sup>1</sup> Adjusted (loss) / profit for the period does not include Rossiya airline goodwill write-off, financial result from disposal of subsidiaries, other one-off effects.

In 12M 2020, Aeroflot Group's revenue decreased by 55.4% year-on-year to RUB 302,182 million.

Revenue from scheduled passenger flights decreased by 59.5% year-on-year to RUB 225,753 million, due to a decrease in passenger traffic as a result of the COVID-19 pandemic.

Cargo revenue rose by 38.8%, to RUB 26,768 million year-on-year as the Company reoriented some of its wide-body aircraft to carry cargo and mail in the baggage compartment as well as in the cabin.

Other revenue decreased by 50.5% year-on-year to RUB 31,706 million.

### Operating costs

<i>RUB million unless stated otherwise</i>	<b>Q4 2020</b>	<b>Q4 2019</b>	<b>Change</b>	<b>12M 2020</b>	<b>12M 2019</b>	<b>Change</b>
Depreciation, amortisation and customs duties	31,207	28,281	10.3%	119,142	108,261	10.1%
Staff costs	15,091	25,554	(40.9%)	65,445	92,413	(29.2%)
Aircraft servicing and passenger services	14,783	30,347	(51.3%)	63,623	127,240	(50.0%)
Aircraft maintenance	8,809	6,624	33.0%	29,056	30,566	(4.9%)
Selling, general and administrative expenses	5,423	8,926	(39.2%)	20,578	31,407	(34.5%)
Other net expenses	12,603	9,891	27.4%	19,034	36,455	(47.8%)
<b>Operating costs less aircraft fuel</b>	<b>87,916</b>	<b>109,623</b>	<b>(19.8%)</b>	<b>316,878</b>	<b>426,342</b>	<b>(25.7%)</b>
Aircraft fuel	15,451	45,307	(65.9%)	77,457	190,876	(59.4%)
<b>Total operating costs</b>	<b>103,367</b>	<b>154,930</b>	<b>(33.3%)</b>	<b>394,335</b>	<b>617,218</b>	<b>(36.1%)</b>

In 12M 2020, operating costs decreased by 36.1% to RUB 394,335 million, primarily due to a reduction in operational volumes (capacities decreased by 51.6% year-on-year), as well as due to the implementation of measures aimed at reducing fixed and quasi-fixed costs.

Aircraft fuel costs decreased by 59.4% year-on-year to RUB 77,457 million as flight volumes and flying time decreased and average jet fuel prices were lower.

Excluding fuel costs, operating costs decreased by 25.7% year-on-year to RUB 316,878 million, primarily due to reduced operational volumes and the almost complete suspension of flights in April and May 2020.

- Staff costs decreased by 29.2% year-on-year to RUB 65,445 million.
- Expenses related to aircraft servicing and passenger service decreased by 50.0% year-on-year to RUB 63,623 million. At the same time, given our increased focus on passenger safety to prevent the further spread of the virus, the Group introduced additional pre-flight measures and aircraft disinfection.
- Aircraft maintenance costs decreased by 4.9% year-on-year to RUB 29,056 million, due to lower volume of maintenance works related to flight hours amid reduced operating volumes, which was partly offset by higher one-time payments upon aircraft return to the lessors as well as pre-redelivery engine maintenance expenses primarily in Q1 and Q4 as well as RUB devaluation. At the same time, in Q2 and Q3 2020, aircraft maintenance costs decreased by 45.7% and 31.9% respectively also due to a decrease in the variable component associated with flying time, while expenses on keeping the grounded fleet airworthy continued.

Selling, general and administrative expenses decreased by 34.5% year-on-year to RUB 20,578 million, due to additional measures to optimise general business, consulting and marketing expenses.

Other expenses (net) decreased by 47.8% year-on-year to RUB 19,034 million, due to a decrease in expenses associated with the booking system and flight catering amid lower flight volumes. This line also includes a subsidy from the Russian government. In Q4 growth in other expenses is explained by Rossiya airline goodwill write-off.

Amortisation and customs duties, the largest expense item that is generally independent from operating volumes, increased by 10.1% year-on-year to RUB 119,142 million, primarily due to revaluation of reserves for aircraft maintenance required before return to the lessor following the year-on-year appreciation of the US dollar in 12M 2020.

As a result of these factors, EBITDA totalled RUB 26,989 million.

### Non-operating gains and losses

<i>RUB million unless stated otherwise</i>	Q4 2020	Q4 2019	Change	12M 2020	12M 2019	Change
<b>Operating (loss) / profit</b>	<b>(35,398)</b>	<b>(1,032)</b>	–	<b>(92,153)</b>	<b>60,663</b>	–
(Loss) / profit from investments, net	(200)	(1)	–	(557)	357	–
Finance income	2,062	1,012	2.0x	4,938	5,486	(10.0%)
Finance costs	(11,210)	(11,225)	(0.1%)	(47,252)	(52,050)	(9.2%)
Realised hedging results	(2,922)	(66)	–	(13,254)	(2,368)	5.6x
Other	(5,109)	1,490	–	(5,209)	1,715	–

In 12M 2020, finance income reduced by 10.0% year-on-year to RUB 4,938 million, primarily due to a decrease in interest income on deposits as a result of lower interest rates.

Finance costs decreased by 9.2% year-on-year to RUB 47,252 million, primarily due to a decrease in leasing interest expenses as a result of lower interest rates, and also due to a decrease in lease liabilities in their respective payment currencies.

The realised loss from hedging amounted to RUB 13,254 million and includes portion of revaluation of lease liabilities of RUB 7,237 million. The depreciation of the rouble during the reporting period led to a revaluation of our debt portfolio. Following the decrease in FX-denominated revenue in accordance with applicable accounting standards, the revaluation is reflected in the Company's profit and loss account.

Aeroflot Group's net loss for 12M 2020 amounted to RUB 123,208 million.

### Debt and liquidity

<i>RUB million unless stated otherwise</i>	31.12.2020	31.12.2019	Change
Loans and borrowings	88,635	15,792	5.6x
Lease liabilities	662,507	557,124	18.9%
Pension liabilities	792	784	1.0%
<b>Total debt</b>	<b>751,934</b>	<b>573,700</b>	<b>31.1%</b>
Cash and short-term investments	93,775	25,861	3.6x
<b>Net debt</b>	<b>658,159</b>	<b>547,839</b>	<b>20.1%</b>

As of 31 December 2020, total debt increased by 31.1% compared to 31 December 2019, to RUB 751,934 million. The increase was due to the revaluation of lease liabilities as of 2020 year-end following the depreciation of the rouble by 19.3% since the beginning of the year, as well as due to increased leverage to boost liquidity and to finance current operations amid a significant decrease in expected and actual revenues. Successful placement of shares among wide range of investors in October 2020, which contributed RUB 80 billion, was the key driver behind the increase in cash, which amounted to RUB 93.8 billion as of 31 December 2020.



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