



Aeroflot announces H1 and Q2 2021 IFRS financial results

Moscow, 30 August 2021 – Aeroflot Group (“the Group”, Moscow Exchange ticker: AFLT) today publishes its condensed consolidated interim financial statements in accordance with International Financial Reporting Standards for the three months and six months ended 30 June 2021 (Q2 and H1 2021).

Key financial highlights for Q2 and H1 2021

Q2 2021	H1 2021
Revenue was RUB 119,650 million, up 4.7x year-on-year	Revenue increased by 30.7% year-on-year to RUB 195,148 million
EBITDA totalled RUB 33,875 million	EBITDA amounted to RUB 41,583 million
The net loss reduced substantially to RUB 2,594 million	The net loss decreased substantially to RUB 27,737 million

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

“In the second quarter of 2021, Aeroflot Group took full advantage of opportunities in the domestic market and of the gradual resumption of international flights to improve its financial results. Given the COVID restrictions that are still in place, as well as the scale of Aeroflot Group’s operations and fleet, macro volatility including factors affecting on fuel costs, the impact of the pandemic on demand, and a decrease in forward bookings, the severalfold reduction in our quarterly net loss to RUB 2.6 billion is a significant improvement. The net loss for the same quarter of 2020 was RUB 35.8 billion, and this the closest that the Group has come to a positive result since the onset of the pandemic, including the summer season of 2020.

“Demand for domestic flights, including the effect of substituting international travel with flights within Russia, enabled Aeroflot Group in Q2 2021 to increase passenger traffic on domestic routes by 13.7% compared with Q2 2019. While international flights were once again down on 2019, by 77.7% for Q2, the rate of recovery is showing a positive trend. For example, international passenger traffic in Q1 2021 decreased by 84.2% from Q1 2019, but by June the decrease was already 75.4% compared with the same month of 2019, and the recovery was continuing at the start of the third quarter. However, despite pressure on yields, it was the domestic market that was the driving force behind our improved results and the severalfold reduction in losses.

“This recovery in flights drove an increase in revenue to RUB 119.7 billion in Q2 2021. EBITDA, which turned positive in Q1 2021, also continued to recover, totalling RUB 33.9 billion in Q2 2021, lower than in same period of 2019 but ahead of the RUB 20.1 billion we reported in the seasonally strong Q3 2020. At the same time, the EBITDA margin in the second quarter was 28.3%, ahead of the 27.1% recorded in Q2 2019.

“We remain focused on liquidity. As of the end of June 2021, cash and short-term financial investments had increased from the end of 2020 and totalled RUB 113.2 billion, which exceeded our debt, excluding leasing obligations. Liquidity was supported to a significant degree by an increase in bookings ahead of the high season. Moreover, to create an additional liquidity cushion, in June we issued five-year rouble-denominated bonds, which, in addition to enabling drawdown of a number of long-term lines of credit, helped us improve our debt structure by reducing the share of short-term liabilities in favour of long-term ones.

“The pandemic and its consequences continue to affect the Group’s results, which is why we continue to develop by taking advantage of the potential of the domestic market and what opportunities are available in the international market; we have launched and are planning to launch new routes both domestically and internationally. The considerable acceleration of vaccination rates in Russia – much needed for the transport industry – is already having a positive impact on flights and is boosting our confidence in the ongoing recovery in the aviation sector.”

Key operating highlights

Indicator	Q2 2021	Q2 2020	Change	H1 2021	H1 2020	Change
Passengers carried, thousand PAX	11,187	1,731	6.5x	18,557	12,927	43.6%
- international	1,548	52	29.7x	2,453	4,567	(46.3%)
- domestic	9,638	1,679	5.7x	16,104	8,361	92.6%
Revenue Passenger Kilometres, million	23,747	3,681	6.5x	38,990	32,719	19.2%
- international	5,270	264	20.0x	8,342	16,845	(50.5%)
- domestic	18,477	3,417	5.4x	30,648	15,874	93.1%
Available Seat Kilometres, million	30,417	7,079	4.3x	49,452	47,871	3.3%
- international	7,231	487	14.8x	11,659	23,871	(51.2%)
- domestic	23,186	6,592	3.5x	37,793	24,000	57.5%
Passenger load factor, %	78.1%	52.0%	26.1 p.p.	78.8%	68.3%	10.5 p.p.
- international	72.9%	54.1%	18.8 p.p.	71.6%	70.6%	1.0 p.p.
- domestic	79.7%	51.8%	27.9 p.p.	81.1%	66.1%	15.0 p.p.

In the first half of 2021, Aeroflot Group carried 18.6 million passengers, up 43.6% year-on-year. Domestic flights continued to recover during the period, as did the partial recovery of international air traffic, which continues to face significant restrictions.

Key financial highlights

<i>RUB million unless stated otherwise</i>	Q2 2021	Q2 2020	Change	H1 2021	H1 2020	Change
Revenue	119,650	25,458	4.7x	195,148	149,352	30.7%
EBITDA	33,875	(1,962)	–	41,583	11,092	3.7x
EBITDA margin	28.3%	–	–	21.3%	7.4%	13.9 p.p.
Loss for the period	(2,594)	(35,786)	(92.8%)	(27,737)	(58,270)	(52.4%)

Revenue

<i>RUB million unless stated otherwise</i>	Q2 2021	Q2 2020	Change	H1 2021	H1 2020	Change
Passenger traffic revenue	104,749	12,983	8.1x	165,056	119,591	38.0%
scheduled passenger flights	99,477	12,364	8.0x	158,438	114,503	38.4%
charter passenger flights	5,272	619	8.5x	6,618	5,088	30.1%
Cargo flight revenue	6,422	7,478	(14.1%)	14,381	12,282	17.1%
Other revenue	8,479	4,997	69.7%	15,711	17,479	(10.1%)
Total revenue	119,650	25,458	4.7x	195,148	149,352	30.7%

In H1 2021, Aeroflot Group's revenue increased by 30.7% year-on-year to RUB 195,148 million.

Revenue from scheduled passenger flights increased by 38.4% year-on-year to RUB 158,438 million due to a partial recovery in passenger traffic and a 10.5 p.p. increase in the passenger load factor to 78.8%.

Cargo revenue increased by 17.1% year-on-year to RUB 14,381 million year-on-year on the back of an almost 19.5% increase in cargo and mail volumes. At the same time, the decrease in freight traffic in Q2 2021 was associated with a decrease in the number of direct cargo flights, which were operated specially during the lockdown period in Q2 2020.

Other revenue decreased by 10.1% year-on-year to RUB 15,711 million.

Operating costs

<i>RUB million unless stated otherwise</i>	Q2 2021	Q2 2020	Change	H1 2021	H1 2020	Change
Depreciation, amortisation and customs duties	28,585	31,001	(7.8%)	56,965	57,211	(0.4%)
Aircraft servicing and passenger services	21,067	5,493	3.8x	36,633	32,937	11.2%
Staff costs	16,375	13,496	21.3%	31,136	34,620	(10.1%)
Aircraft maintenance	7,685	4,244	81.1%	13,140	13,469	(2.4%)
Selling, general and administrative expenses	4,929	4,291	14.9%	9,137	10,479	(12.8%)
Other net expenses	7,524	(5,429)	–	18,508	2,826	6.5x
Operating costs less aircraft fuel	86,165	53,096	62.3%	165,519	151,542	9.2%
Aircraft fuel	28,195	5,325	5.3x	45,011	43,929	2.5%
Total operating costs	114,360	58,421	95.8%	210,530	195,471	7.7%

In H1 2021, operating costs increased by 7.7% to RUB 210,530 million, due to the partial recovery in operational volumes – carrying capacity increased by 3.3% year-on-year.

Aircraft fuel costs increased by 2.5% year-on-year to RUB 45,011 million as flight volumes and flying time increased.

Excluding fuel costs, operating costs increased by 9.2% year-on-year to RUB 165,519 million, primarily due to increased operational volumes.

- Expenses related to aircraft servicing and passenger service increased by 11.2% year-on-year to RUB 36,633 million. At the same time, due to an increased focus on passenger safety and countering the spread of coronavirus, the Group continued to perform additional procedures for pre-flight preparation, aircraft disinfection, and provided passengers with personal protective equipment.
- Staff costs decreased by 10.1% year-on-year to RUB 31,136 million.
- Aircraft maintenance costs decreased by 2.4% year-on-year to RUB 13,140 million.

Selling, general and administrative expenses decreased by 12.8% year-on-year to RUB 9,137 million, due to extensive measures to optimise general business, consulting and marketing expenses.

Other expenses (net) increased 6.5x year-on-year to RUB 18,508 million, due to the disposal of Aurora while continuing cooperation under a code-share agreement (i.e., costs attributable to the code-share agreement, previously recorded in the operating expenses of the Group as fuel costs, staff costs, aircraft maintenance and others are now reflected as a single sum in other expenses). In addition, the Group's results for H1 2020 included a subsidy of RUB 7.9 billion from the Government of the Russian Federation.

Amortisation and customs duties, the largest expense item that is generally independent from operating volumes, remained essentially flat at RUB 56,965 million.

As a result of the above factors, EBITDA totalled RUB 41,583 million.

Non-operating gains and losses

<i>RUB million unless stated otherwise</i>	Q2 2021	Q2 2020	Change	H1 2021	H1 2020	Change
Operating (loss) / profit	5,290	(32,963)	–	(15,382)	(46,119)	(66.6%)
(Loss) / profit from investments, net	(237)	303	–	(342)	(309)	10.7%
Finance income	3,164	1,035	3.1x	5,817	2,164	2.7x
Finance costs	(10,004)	(12,115)	(17.4%)	(19,832)	(23,189)	(14.5%)
Realised hedging results	(1,437)	(197)	7.3x	(3,851)	(7,557)	(49.0%)
Share of financial results of associates	36	(183)	–	(40)	(180)	(77.8%)

In H1 2021, finance income increased 2.7x year-on-year to RUB 5,817 million, primarily due to growth in interest income on deposits as a result of higher average cash balances in bank accounts year-on-year.

Finance costs decreased by 14.5% year-on-year to RUB 19,832 million, primarily due to a decrease in leasing-related interest expense as a result of lower interest rates.

The realised loss from hedging (the line that reflects accounting movements on FX-denominated lease liabilities) amounted to RUB 3,851 million. This metric was RUB 7,557 million in H1 2020 and included a portion of the revaluation of lease liabilities in the amount of RUB 6,710 million, which was recognised in profit or loss in accordance with applicable accounting principles as a result of a decrease in revenue received by the Group in foreign currencies.

Aeroflot Group's net loss for H1 2021 amounted to RUB 27,737 million, only RUB 2,594 million of which falls under the Group's Q2 financial results.

Debt and liquidity

<i>RUB million unless stated otherwise</i>	30.06.2021	31.12.2020	Change
Loans and borrowings	107,110	88,635	20.8%
Lease liabilities	674,643	662,507	1.8%
Pension liabilities	747	792	(5.7%)
Total debt	782,500	751,934	4.1%
Cash and short-term investments	113,152	93,775	20.7%
Net debt	669,348	658,159	1.7%

As of 30 June 2021, total debt had increased by 4.1% to RUB 782,500 million. Cash and short-term financial investments had increased by 20.7% from 31 December 2020 to RUB 113,152 million. The increase in cash was due to the issuance of five-year bonds in June 2021, as well as an increase in cash inflows from bookings for the summer season as a result of both the ongoing capacity recovery and seasonal factors.

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