

**Operating lease
of 50 new MC-21-300 aircraft**

The image shows an Aeroflot MC-21-300 aircraft in flight, viewed from a low angle. The aircraft is white with blue and red accents. The name "AEROFLOT" is visible on the fuselage. The background is a dramatic sky with a sunset or sunrise, featuring a gradient of colors from orange to blue, and a layer of clouds below the aircraft.

Annual General Meeting of Shareholders
Moscow
25 June 2018

Disclaimer



This document has been prepared by PJSC "Aeroflot" (the "Company"). By attending the meeting where the presentation is made, or by reading the presentation slides, you agree to the following.

This document does not constitute or form part of any advertisement of securities, any offer or invitation to sell or issue or any solicitation of any offer to purchase or subscribe for, any securities of the Company in any jurisdiction, nor shall it or any part of it nor the fact of its presentation or distribution form the basis of, or be relied on in connection with, any contract or investment decision.

No reliance may be placed for any purpose whatsoever on the information contained in this document or on assumptions made as to its completeness. No representation or warranty, express or implied, is given by the Company, its subsidiaries or any of their respective advisers, officers, employees or agents, as to the accuracy of the information or opinions or for any loss howsoever arising, directly or indirectly, from any use of this presentation or its contents.

This document may include forward-looking statements. These forward-looking statements include matters that are not historical facts or statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, the Company's results of operations, financial condition, liquidity, prospects, growth, strategies, and the market in which the Company operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Company cautions you that forward-looking statements are not guarantees of future performance and that the Company's actual results of operations, financial condition and liquidity and the development of the market in which the Company operates may differ materially from those made in or suggested by the forward-looking statements contained in this document. The Company does not undertake any obligation to review or confirm expectations or estimates or to update any forward-looking statements to reflect events that occur or circumstances that arise after the date of this presentation.

1. Preparations and Key Dates of the Deal

2. Comparative Analysis
3. Terms and Guarantees
4. Implications for Aeroflot Group
5. Summary
6. Appendix

Key Milestones of the Deal



17 August 2011



PJSC Aeroflot and LLC Aviacapital-Service signed a cooperation agreement regarding operating lease of 50 MC-21 aircraft.

1 April 2015



PJSC Aeroflot and LLC Aviacapital-Service signed a memorandum of understanding regarding lease of 50 MC-21 aircraft.

22 December 2017



PJSC Aeroflot received commercial proposals for the leasing of 50 MC-21 aircraft for review.

1 February 2018



PJSC Aeroflot and LLC Aviacapital-Service signed an operating lease agreement for 50 MC-21-300 aircraft (effective only after corporate approval).

29 May 2018



Board of Directors of PJSC Aeroflot reviewed the terms of the transaction and recommended them to the AGM for approval.

Terms of operating lease agreement for 50 MC-21-300 aircraft have been reviewed by the Board of Directors and recommended for the AGM approval.

1. Preparations and Key Dates of the Deal

2. Comparative Analysis

3. Terms and Guarantees

4. Implications for Aeroflot Group

5. Summary

6. Appendix

MC-21 vs Other Aircraft: Technical Specifications

Specification	A320ceo	737-800	A320neo	737 MAX 8	MC-21-300
MTOW, tonnes	77.0	79.0	79.0	82.2	79.3
Cabin configuration, seats	158	158	160	169	169
Average hourly fuel consumption on max. range, kg/h	2,520	2,513	2,130	2,411	2,360
Fuel consumption, grams per ASK	21.8	21.2	17.9	19.1	17.4

Source: data provided by Irkut company.

- Based on a number of parameters supplied by the manufacturer, the MC-21 should be regarded as a next-generation aircraft (like A320neo and 737 MAX 8).
- Fuel consumption of MC-21 is estimated to be below that of its peers.

MC-21 vs Other Aircraft: Lease Rates

Lease rate analysis

Aircraft	Monthly lease rate
MC-21	USD 437* thousand (or USD 370 thousand, adjusted for the terms of memorandum signed for 3 years, i.e. "launching customer terms")
Airbus A320neo**	USD 395 thousand
Boeing 737 MAX 8**	USD 429 thousand
Airbus A321neo**	USD 452 thousand

* Base rate according to the agreement with PJSC Aeroflot, January 2018 price.

** Lease rate – data from Ascend + cost of Aeroflot's current configuration.

Comments

- Lease rate for MC-21 already includes Aeroflot's configuration (excluding IFE).
- Lease rates for foreign aircraft are market estimates of monthly payments for the configuration used by Aeroflot (Aeroflot configuration increases the base rate by approximately USD 40 thousand).
- Lease rate for MC-21 is comparable to that of foreign peers (although none of the foreign aircraft are 100% similar to MC-21).

- **Credit memorandum provided by the manufacturer implies discount on lease payments during three years (the average rate is thus reduced from USD 437 thousand to USD 370 thousand).**
- **Effective lease rate is lower than the average rate for similar Airbus and Boeing aircraft.**

1. Preparations and Key Dates of the Deal
2. Comparative Analysis
- 3. Terms and Guarantees**
4. Implications for Aeroflot Group
5. Summary
6. Appendix

Key Terms of the Leasing Deal



Parties of the contract	<ul style="list-style-type: none">• Lessor: LLC Aviakapital Service as the Lessor• Lessee: PJSC Aeroflot• Manufacturer: PJSC Irkut Corporation
Subject	<ul style="list-style-type: none">• Operating lease (leasing) between the Lessor and the Lessee in respect of 50 new Aircraft with two PurePower® PW1400G high-bypass geared turbofan engines installed on each Aircraft
Delivery period	<ul style="list-style-type: none">• From 1Q 2020 to 3Q 2026• Option to postpone/extend delivery period
Lease period	<ul style="list-style-type: none">• 12 years in respect of each aircraft with up to three two-year extension options
Base lease rate	<ul style="list-style-type: none">• Fixed, not to exceed USD 437,282 (net of VAT) per aircraft per month• In the case of additional equipment installation and additional equipment financing by the Lessor, the Base Rent shall increase by USD 1,000 per each USD 100,000 of additional equipment cost• The rates are based on January 2018 prices and will be escalated in accordance with the formula provided by PJSC Irkut Corporation in respect of each Aircraft at the time of delivery, but not more than 2.6 percent a year

Deliveries of MC-21 are scheduled from 2020 till 2026.

Deal Size Limit

Parameters	Amount
Price of the lease of 50 MC-21-300 aircraft, including	USD 5.3 billion
- lease payments	USD 3.6 billion
- provisions for maintenance	USD 1.7 billion
- insurance	USD 35 million
Lease payment (at January 2018 prices)*	USD 437 thousand

* Excluding the early customer discount.

A corporate transaction of USD 5.3 billion was approved, which includes lease payments (USD 3.6 billion) and provisions for maintenance (USD 1.7 billion) which Aeroflot plans to substitute for a bank guarantee.

Key Warranties from the Manufacturer

Flight time

- Applicable three-year period of achieving global average guaranteed flight hours:
 - First year of operation – 2,100 flight hours
 - Second year of operation – 2,900 flight hours
 - Third year of operation – 3,750 flight hours

Dispatch reliability warranty

- Applicable guaranteed dispatch reliability levels:
 - First year of operation – 96%
 - Second year of operation – 97%
 - Third year of operation – 98.5%

Aircraft performance

- Aircraft carrying designed payload on a 3,240-km flight, with a tail wind of 26 kmh, will consume no more than 9,865 kg of fuel

The lease of MC-21-300 aircraft provides for the cession of rights by LLC Aviacapital-Service in favour of PJSC Aeroflot to receive standard and special warranty from PJSC Irkut Corporation.

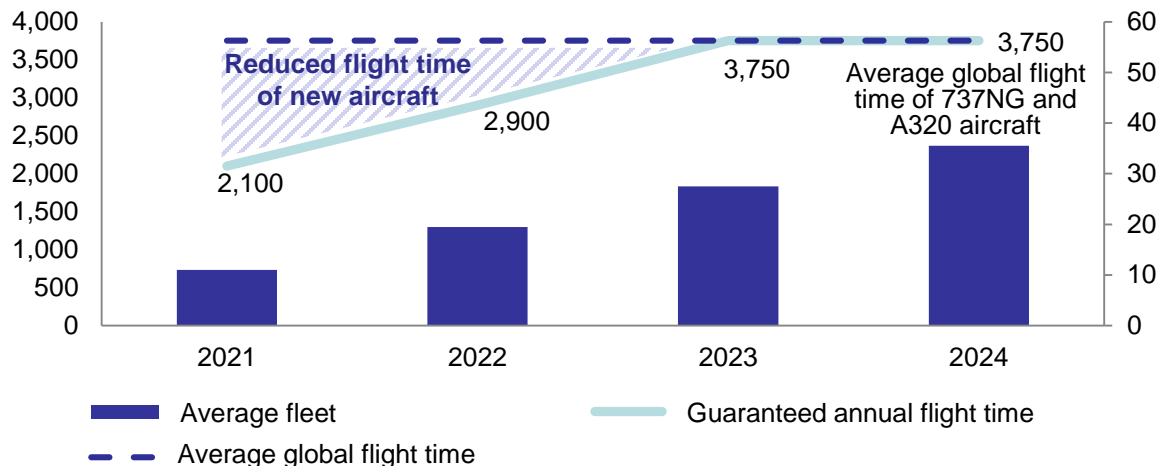
Special Terms: Launch Customer Package



- To compensate the Lessee for the reduced guaranteed flight time of the first 20 Aircraft during the first three years of their operation, the Manufacturer undertakes to provide compensation of a total amount of USD 45,143,000.
- The amount of such compensation shall be calculated in respect of each Aircraft depending on the actual flight time in a year. The amount is indicated in 1Q 2018 prices and will be escalated in accordance with the manufacturer's formula, but not more than by 2.6 percent a year.
- The compensation shall be provided to finance payments for the Manufacturer's services, as well as payments for purchased or rented additional optional equipment, ground support equipment, to build a stock of replacement parts and to provide training to the Lessee's personnel.
- If the Manufacturer assures longer Aircraft flight time than is envisaged by the flight time warranty (i.e. 2,100, 2,900, 3,750 flight hours), the compensation amount shall be reduced proportionately. Actual compensation amounts shall be calculated based on actual flight time following each year of operation.

Special Terms: Launch Customer Package (continued)

Compensation for reduced flight time and average MC-21 fleet



2021	2022	2023	Average
10.3	18.2	26.5	MC - 21
390.3	408.8	<i>Under Review</i>	Group fleet

Source: Aeroflot Group 2022 Strategy. Data for 2023 is to be determined along with actualisation of the 2023 Strategy. Further expansion of the fleet is expected.

Commentaries

- The Group expects to see reduced flight time of new aircraft during the first years of operation, as aircraft will need some time to achieve maximum utilisation.
- A credit memorandum totalling USD 45.1 million is provided to compensate for the reduced flight time (first three years of operation).
- Compensation is provided for services under service agreements, as well as for the installation of additional equipment, provision of spare parts, ground support facilities and staff training. Aeroflot will have to purchase these services in any case.
- Aircraft deliveries are spread out (starting from 2020 and ending in 2026). Until 2023 the total number of MC aircraft will be limited to 5% of the Group's fleet.

Launch customer package, which amounts to USD 45.1 million in goods and services provided by the manufacturer of the MC-21, is equivalent to a 16% discount on lease payments during the reduced flight time period of the first 20 aircraft.

1. Preparations and Key Dates of the Deal
2. Comparative Analysis
3. Terms and Guarantees
- 4. Implications for Aeroflot Group**
5. Summary
6. Appendix

- The MC-21-300 is an innovative narrow-body aircraft that brings together cutting-edge technologies and the latest developments in global aviation and engine manufacturing. The MC-21, manufactured by PJSC Irkut Corporation, complies with the highest international standards and boasts a number of unique innovative solutions.
- The aircraft will operate in the largest segment of the commercial aviation market, the medium-haul narrow-body segment.
- This major leasing transaction is part of Aeroflot's comprehensive fleet expansion programme and is in line with the Group's Strategy 2022.
- New aircraft will be delivered in accordance with the terms of the operating lease (leasing) agreement. All aircraft to be delivered are brand new, ensuring Aeroflot maintains the average age of its fleet at existing levels.
- The delivery of the MC-21s will meet Aeroflot's needs for modern medium-haul aircraft and the requirements of the Aeroflot operating programme, and will help the company grow revenues.

1. Preparations and Key Dates of the Deal
2. Comparative Analysis
3. Terms and Guarantees
4. Implications for Aeroflot Group
- 5. Summary**
6. Appendix

1. Transaction regarding operating lease (leasing) of 50 new MC-21-300 aircraft was reviewed by the Board of Directors of PJSC Aeroflot, which recommended that the AGM approve the transaction.
2. Based on a number of parameters supplied by the manufacturer, the MC-21 is similar to A320neo and 737 MAX 8. MC-21 is said to be a more fuel-efficient aircraft than its peers.
3. Effective lease rate bearing in mind that the loan memorandum is substantially lower than the average rate for similar foreign-made aircraft.
4. The transaction provides for the delivery of 50 MC-21-300 aircraft in the period from 1Q 2020 to 3Q 2026.
5. Transaction regarding operating lease (leasing) of 50 new MC-21-300 aircraft is in line with the interests of PJSC Aeroflot.
6. The total price of the transaction amounts to USD 5.3 billion, including lease payments (USD 3.6 billion) and provisions for maintenance (USD 1.7 billion) which Aeroflot plans to substitute for a bank guarantee.
7. Launch customer package, which amounts to USD 45.1 million in goods and services provided by the manufacturer of the MC-21, is equivalent to a 16% discount on lease payments during the reduced flight time period of the first 20 aircraft.
8. The lease of MC-21-300 aircraft provides for the cession of rights by LLC Aviacapital-Service in favour of PJSC Aeroflot to receive standard and special warranty from PJSC Irkut Corporation.

1. Preparations and Key Dates of the Deal
2. Comparative Analysis
3. Terms and Guarantees
4. Implications for Aeroflot Group
5. Summary
- 6. Appendix**

Additional Information



Additional information on the deal terms is available in material fact dated May 30, 2018 at Aeroflot IR website in the Statutory Disclosure Section (<http://ir.aeroflot.com/en/disclosure-of-information/material-facts/>).