AEROFLOT GROUP
CAPITAL MARKETS DAY 2017
Moscow, 21 December 2017
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<thead>
<tr>
<th>Time</th>
<th>Content</th>
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<tr>
<td>9.30 – 10.00</td>
<td>Registration and Coffee</td>
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<td>Management Presentations</td>
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</tr>
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<td>10.00 – 10.30</td>
<td>Market Update and Strategy Overview</td>
<td>Giorgio Callegari (Deputy CEO for Strategy and Alliances)</td>
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<td>10.30 – 10.50</td>
<td>Financial Overview</td>
<td>Shamil Kurmashov (Deputy CEO for Commerce and Finance)</td>
</tr>
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<td>10.50 – 11.00</td>
<td>Coffee Break</td>
<td></td>
</tr>
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<td>11.00 – 11.20</td>
<td>Rossiya Airline</td>
<td>Dmitry Saprykin (CEO of Rossiya Airlines)</td>
</tr>
<tr>
<td>11.20 – 11.40</td>
<td>Pobeda Airline</td>
<td>Andrey Kalmykov (CEO of Pobeda Airlines)</td>
</tr>
<tr>
<td>11.40 – 13.00</td>
<td>Q&amp;A Session</td>
<td></td>
</tr>
<tr>
<td>13.00 – 13.30</td>
<td>Lunch</td>
<td></td>
</tr>
</tbody>
</table>
AEROFLOT – INTRODUCTION
GIORGIO CALLEGARI
DEPUTY CEO FOR STRATEGY
AND ALLIANCES
In 2017, Aeroflot has continued improving its performance and operational efficiency.

¹ For Aeroflot airline. Average age of Aeroflot Group’s fleet decreased to 6.4 yrs in 2017 from 6.5 yrs in 2016.
² 2017 data for 9 months.
Recognized Level of Excellence

Aeroflot’s achievements are recognised globally by industry and passengers.
MARKET AND STRATEGY UPDATE
GIORGIO CALLEGARI
DEPUTY CEO FOR STRATEGY AND ALLIANCES
High growth of Russian air transportation market in 2017 is the consequence of:
- Low base effect after significant competitor left the market in October 2015.
- Materialization of deferred demand for tourist carriages amid macroeconomic stabilization in Russia.
- Competition for market share on the growing market.

Slower growth of Russian aviation market in 2018-2025 is the function of:
- Suspension of low base effect after market normalization.
- The need to grow fares in order to ensure economic efficiency of the sector.

Russian air transportation market has a significant potential to grow in the coming years: CAGR for the period of 2016-2025 is estimated at 4.2%, which is faster than the pace of global market expansion.

Note: The histogram depicts market of Russia, which excludes International-to-International transit traffic via Russian points and includes only domestic carriage by Russian-based companies and international carriage by Russian-based and foreign-based carriers.
### Russian Passenger Transportation Market Dynamics

**Air Transportation + Long-haul Rail**

#### Air and Rail Carriage Volumes Dynamics

*Based on passenger traffic, y-o-y comparison*

<table>
<thead>
<tr>
<th>Month</th>
<th>Air Traffic</th>
<th>Rail Traffic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun 2016</td>
<td>4%</td>
<td>(11%)</td>
</tr>
<tr>
<td>Jul 2016</td>
<td>10%</td>
<td>(9%)</td>
</tr>
<tr>
<td>Aug 2016</td>
<td>8%</td>
<td>(9%)</td>
</tr>
<tr>
<td>Sep 2016</td>
<td>6%</td>
<td>(2%)</td>
</tr>
<tr>
<td>Oct 2016</td>
<td>13%</td>
<td>1%</td>
</tr>
<tr>
<td>Nov 2016</td>
<td>18%</td>
<td>1%</td>
</tr>
<tr>
<td>Dec 2016</td>
<td>18%</td>
<td>1%</td>
</tr>
<tr>
<td>Jan 2017</td>
<td>18%</td>
<td>0%</td>
</tr>
<tr>
<td>Feb 2017</td>
<td>19%</td>
<td>4%</td>
</tr>
<tr>
<td>Mar 2017</td>
<td>24%</td>
<td>29%</td>
</tr>
<tr>
<td>Apr 2017</td>
<td>23%</td>
<td>23%</td>
</tr>
<tr>
<td>May 2017</td>
<td>19%</td>
<td>19%</td>
</tr>
<tr>
<td>Jun 2017</td>
<td>19%</td>
<td>19%</td>
</tr>
<tr>
<td>Jul 2017</td>
<td>19%</td>
<td>19%</td>
</tr>
<tr>
<td>Aug 2017</td>
<td>19%</td>
<td>19%</td>
</tr>
<tr>
<td>Sep 2017</td>
<td>19%</td>
<td>19%</td>
</tr>
</tbody>
</table>

**Market Shares of Air and Rail**


- **Air Traffic:** 54.6% (+4.8 p.p.)
- **Rail Traffic:** 45.4% (4.8 p.p.)

#### Contribution to Market Growth

*mln PAX (calculation includes only air transportation and long-haul rail markets)*

- **Air Traffic:** 158 (+11%)
- **Rail Traffic:** 0%
- **Air Transp.:** 175 (11%)

### Observations

- **Active expansion of passenger air transportation at the expense of long-haul rail segment.**
- **Share of air in total mix of passenger transportation exceeds 60% in September.**

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1. Market on this slide represents passenger air transportation and long-haul rail markets.
In 9M 2017 passenger air transportation market in Russia shows a clear trend for recovery amid growth across all market segments and majority of carriers.
Identifying Sources of Future Aeroflot Group’s Growth

**Aeroflot Group Traffic Growth**

<table>
<thead>
<tr>
<th>Year</th>
<th>PAX, mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016A</td>
<td>~43.4</td>
</tr>
<tr>
<td>2017E</td>
<td>~45.4</td>
</tr>
<tr>
<td>2018</td>
<td>~50.5</td>
</tr>
<tr>
<td>2019</td>
<td>~52.5</td>
</tr>
<tr>
<td>2020</td>
<td>~64.5</td>
</tr>
<tr>
<td>2021</td>
<td>~73.5</td>
</tr>
<tr>
<td>2022F</td>
<td>~74.5</td>
</tr>
</tbody>
</table>

- Russian market
- International transit traffic

**Projected Sources of Growth**

CAGR: 9.4%

+48%

**Contribution of Growth by Segment**

<table>
<thead>
<tr>
<th>Year</th>
<th>PAX, mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017E</td>
<td>10.0</td>
</tr>
<tr>
<td>International</td>
<td>14.0</td>
</tr>
<tr>
<td>Domestic</td>
<td>74.0</td>
</tr>
<tr>
<td>2022F</td>
<td>74.0</td>
</tr>
</tbody>
</table>

- **Aeroflot airline and Pobeda are expected to be the main drivers of Group’s growth in 2017-2022.**
- **Aeroflot Group’s market share** is not expected to exceed 50% by 2022.

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1 Including International-to-International transit traffic via Aeroflot airline hub in SVO.
2 Market share calculated excluding International-to-International transit traffic via Russian points.
**Multi-Brand Strategy**

### 2017 OFFERING:

<table>
<thead>
<tr>
<th>Positioning</th>
<th>Premium product</th>
<th>Mid-price regional / charter product</th>
<th>Low-cost product</th>
<th>Product for far east</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Positioning</strong></td>
<td><strong>Scheduled flights</strong></td>
<td><strong>Scheduled and charter flights</strong></td>
<td><strong>Scheduled flights</strong></td>
<td><strong>Scheduled flights</strong></td>
</tr>
<tr>
<td></td>
<td>Network carrier with premium level of service</td>
<td>Optimum relationship between quality and price</td>
<td>Low cost of carriage on modern aircraft</td>
<td>Regional carriage in the Far East</td>
</tr>
<tr>
<td><strong>Target group</strong></td>
<td>Business tourism</td>
<td>Visiting friends and relatives</td>
<td>Tourism</td>
<td>Visiting friends and relatives</td>
</tr>
<tr>
<td></td>
<td>Visiting friends and relatives</td>
<td>Tourism</td>
<td>Visiting friends and relatives</td>
<td>Tourism</td>
</tr>
<tr>
<td></td>
<td>Tourism</td>
<td>Business tourism</td>
<td>Business tourism</td>
<td>Business tourism</td>
</tr>
<tr>
<td><strong>Focus airport</strong></td>
<td>Moscow: Sheremetyevo</td>
<td>Moscow: Vnukovo / Sheremetyevo</td>
<td>Moscow: Vnukovo</td>
<td>Vladivoskok</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Saint-Petersburg: Pulkovo</td>
<td></td>
<td>Khabarovsk</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Yuzhno-Sakhalinsk</td>
</tr>
<tr>
<td><strong>Aircraft fleet</strong></td>
<td>Narrow-body aircraft</td>
<td>Narrow-body aircraft</td>
<td>Narrow-body aircraft</td>
<td>Narrow-body aircraft</td>
</tr>
<tr>
<td></td>
<td>Wide-body aircraft</td>
<td>Wide-body aircraft</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Expected PAX in 2022</strong></td>
<td>~45 mln PAX</td>
<td>~12 mln PAX</td>
<td>~16 mln PAX</td>
<td>~2 mln PAX</td>
</tr>
<tr>
<td></td>
<td>Growth of passenger traffic originating from Sheremetyevo airport in order to boost hub efficiency</td>
<td>Increase in operational efficiency</td>
<td>Satisfying the demand for LCC carriage (Moscow and Russian regions excl. the Far East</td>
<td>Medium-haul scheduled operating programs from the Far Eastern airports, social flights to local Far Eastern airports</td>
</tr>
<tr>
<td><strong>Strategic focus</strong></td>
<td></td>
<td>Development of Saint-Petersburg market</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Simplified multi-brand product offering to capture customers in every market segment: from premium to low-cost.
Strengthening Position in International Connecting Traffic

Key International Transit Markets

- **International Transit Traffic**
  - 2010: 1.2
  - 2011: 1.5
  - 2012: 1.9
  - 2013: 2.4
  - 2014: 2.7
  - 2015: 3.6
  - 2016: 3.7
  - 2022F: 7.9
  - CAGR: 13.5%

- **Key Examples of SVO Competitive Position**
  - London - Bangkok
  - Madrid - Shanghai
  - London - Hong Kong
  - New York - Delhi
  - Source: Great Circle Mapper, www.gcmap.com

- **Key International Transit Markets**
  - NEA
  - SWA
  - SEA
  - ME
  - WE
  - NA

- **International Transit Traffic (PAX mn)**

- **Share of International Transit in Aeroflot Airline PAX**

• Aeroflot gradually but consistently increases presence in key international markets.
### Fleet Strategy

<table>
<thead>
<tr>
<th>Manufacturer</th>
<th>PREMIUM PRODUCT</th>
<th>MID-PRICE REGIONAL / CHARTER PRODUCT</th>
<th>LOW-COST PRODUCT</th>
<th>PRODUCT FOR FAR EAST</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Manufacturer</strong></td>
<td><strong>AIRBUS</strong></td>
<td><strong>BOEING</strong></td>
<td><strong>ROSSIYA</strong></td>
<td><strong>BOEING</strong></td>
</tr>
<tr>
<td><strong>Number of types</strong></td>
<td>Five aircraft types</td>
<td>Four aircraft types</td>
<td>One aircraft type</td>
<td>Three aircraft types</td>
</tr>
</tbody>
</table>
| **Narrow-body** | • Airbus A320 (Family)  
• Boeing 737  
• SSJ 100 | • Airbus A320 (Family)  
• Boeing 737 | Boeing 737 | Airbus A319  
• DHC 8  
• DHC 6 |
| **Wide-body** | • Airbus A330  
• Boeing 777 | • Boeing 747  
• Boeing 777 |  |  |
| **Strategic focus in fleet expansion** | • Expansion of narrow-body fleet (>85% of new additions)  
• Strengthening wide-body segment by adding a new type (A350) | • Maintaining narrow-body aircraft number (substituting additions)  
• Expanding wide-body segment (addition of more Boeing 777) | • Accelerated growing of aircraft numbers  
• Higher efficiency and maintaining utilization of single-type fleet | • Optimization of 50-70 seater aircraft numbers  
• Higher utilization of existing fleet |

### Expected fleet expansion (annual average number of a/c¹)

<table>
<thead>
<tr>
<th></th>
<th>2017E</th>
<th>2022F</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fleet Strategy</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expansion of narrow-body fleet</td>
<td>202</td>
<td>276</td>
</tr>
<tr>
<td>Expansion of wide-body fleet</td>
<td>62</td>
<td>66</td>
</tr>
<tr>
<td>Expansion of regional fleet</td>
<td>13</td>
<td>45</td>
</tr>
<tr>
<td>Expansion of FAR East fleet</td>
<td>24</td>
<td>22</td>
</tr>
</tbody>
</table>

¹ Average calculated based on aircraft phase-in moment during the year

- Expansion of Aeroflot Group fleet in line with existing guidelines on network development and demand expectations to allow profitable growth of business.
Exploring Additional Revenue Opportunities

New Markets and Segments

- New routes in the markets of presence:
  - Domestic routes: Belgorod, Salekhard, Khanty-Mansiysk
  - International routes: Kostanay

- New markets: Portugal (Lisbon)

Aeroflot airline opened service to 5 new destinations

4 new destinations were opened in 2016 (Alicante, Valencia, Lyon, Syktyvkar)

New Products

- Pobeda addresses the LCC market segment that previously was underserved in Russia

Pobeda has generated new revenue streams for the Group by untapping new market segment

Ancillary Revenue

- Partners, including under frequent flyer programme

- Third-party refueling services, ground handling and MRO

- Catering services onboard and Duty Free sales

- Hotel revenue

- Baggage fees

- Seat upgrades (Space + business)

- Other partnerships – Europcar and DreamLines cruise operator

- LCC ancillary revenue in 9M 2017
  - RUB 1.3 bn

- 69.6% share of revenue from partners under frequent flyer programme in other (ancillary) revenue

- 2.4% ancillary revenue growth in 9M 2017 y-o-y

- Aeroflot Group strategy pursues opportunities for generating incremental revenue through new market and routes, as well as an ever-expanding range of value-added ancillary services.

1 Other revenue as reported in IFRS accounts (excluding the line with airline agreements, refuelling services and other revenue). This amount doesn't include income from various fees accounted as part of airline revenue.
Aeroflot airline ancillary revenues offered online

<table>
<thead>
<tr>
<th>Service</th>
<th>2018 Revenue (mn RUB)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flight insurance</td>
<td>875</td>
<td>+30%</td>
</tr>
<tr>
<td>Virtual Gift Certificate</td>
<td>127</td>
<td>+257%</td>
</tr>
<tr>
<td>Medical insurance</td>
<td>65</td>
<td>+258%</td>
</tr>
<tr>
<td>Hotels</td>
<td>45</td>
<td>+110%</td>
</tr>
<tr>
<td>Aeroexpress</td>
<td>20</td>
<td>+210%</td>
</tr>
<tr>
<td>Europecar</td>
<td>18</td>
<td>+11%</td>
</tr>
<tr>
<td>Guaranteed price</td>
<td>16</td>
<td>+67%</td>
</tr>
<tr>
<td>Cruises</td>
<td>10</td>
<td>+115%</td>
</tr>
<tr>
<td>Other</td>
<td>7</td>
<td>-</td>
</tr>
</tbody>
</table>

2018 plans

- **Excess baggage fees**
  - Opportunity to purchase on our web-site
- **A la carte menu**
  - Additional meals for economy class passengers
- **Seat selection**
  - Seat selection for extra fees for some fares
- **Insurance**
  - Selling insurance for foreign passengers

Note: virtual certificate sales calculated net of refunds

- Aeroflot airline has achieved significant progress in ancillary revenue generated via online channels.
- Next year we plan to increase profit from ancillary revenues offered via online channels by 60-70%
Sheremetyevo development program overview

- Sheremetyevo is set to become a prominent passenger and cargo hub and provide all necessary conditions for long-term cooperation with Aeroflot.
- For this purpose, Sheremetyevo developed a long-term modernization program with the most important stage being the preparation of the airport for the FIFA World Cup 2018.
- Modernization program includes construction of the third runway, introduction of new passenger and cargo terminals as well as reconstruction of existing premises.

Evolution of key operating indicators (max. theoretical capacity)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual pax</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>capacity³</td>
<td>34</td>
<td>66</td>
<td>80</td>
</tr>
<tr>
<td>Flights per</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>hour¹</td>
<td>50</td>
<td>70</td>
<td>90</td>
</tr>
<tr>
<td>Minimum</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>transfer time²</td>
<td>80</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Cargo volumes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>th. tons</td>
<td>230</td>
<td>380³</td>
<td>700</td>
</tr>
</tbody>
</table>

Sheremetyevo development plan

Key infrastructure objects to be launched in 2018

Source: Sheremetyevo press-center, aviation explorer, public sources
Note:¹ According to Airport Research Center; ² Data for 2017 is presented on the basis of official Aeroflot estimates for minimum transfer time between international inbound flight to terminal F and outbound local flight from terminal D, time for 2018/2026 is presented on the basis of Sheremetyevo airport estimates for minimal transfer time from terminal B through interterminal tunnel; ³ New cargo terminal with capacity of handling up to 380 th. tons per month was launched in September 2017.
Strengthening customer services with a focus on digitalisation and development of IT systems

**Business development priorities**

- Digitalization
- Airport services
- On-board services
- Service marketing
- HR and other

**Development of IT systems for production**

- Data management
- Cyber-defences
- Agile and new work methods
- NDC (New Distribution Capability) – direct distribution for agents
- Cloud-based technology – management via shared pool of resources
- Big Data and computer-aided training

**Development of commercial IT systems**

- Corporate website
- Mobile services for customers
- Mobile applications for staff
- Airport automation
- Efficiency of business processes

- Aeroflot Group continues to implement new technologies and approaches strengthening its customer services and brand in the global market
NETWORK OVERVIEW
GIORGIO CALLEGARI
DEPUTY CEO FOR STRATEGY AND ALLIANCES
Aeroflot Group Network Development Strategy

- Aeroflot Group continues to pursue a balanced approach to adding new destinations, with a focus on increasing frequencies on scheduled routes across all segments (international and domestic, long- and mid-haul) to improve network quality.

1 Average weekly frequency per route for Aeroflot Group excl. Pobeda.
**Aeroflot Airline Network – Plans for 2018**

**Increased Frequencies (per Week) on the Following Routes:**

<table>
<thead>
<tr>
<th>Region</th>
<th>Routes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia</td>
<td>Khanty-Mansiisk +7, Kaliningrad +4, Krasnoyarsk +7, Magnitogorsk +7, Novy Urengoy +7, Novosibirsk +7, Perm +5, Mineralnye Vody +7, Syktyvkar +7, Omsk +7</td>
</tr>
<tr>
<td>Europe</td>
<td>Athens +7, Barcelona +7, Budapest +7, Tenerife +1, Bologna +7</td>
</tr>
<tr>
<td>CIS</td>
<td>Astana +3</td>
</tr>
<tr>
<td>New routes:</td>
<td>3 new destinations with 7 flight frequency per each</td>
</tr>
<tr>
<td>Total: +50</td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>Bangkok +7, Male +1</td>
</tr>
<tr>
<td>Total: +79</td>
<td></td>
</tr>
<tr>
<td>Middle East</td>
<td>Dubai +7, Antalya +7</td>
</tr>
<tr>
<td>Total: +8</td>
<td></td>
</tr>
<tr>
<td>Total: +14</td>
<td></td>
</tr>
</tbody>
</table>

- **Operating Growth by Region**
  - *Europe*: 20.6%
  - *CIS*: 9.5%
  - *Asia*: 9.0%
  - *Americas*: 9.1%
  - *Russia*: 11.1%
  - *Middle East*: 4.2%

**Growth Contribution by Segment**

- **Share of PAX growth, y-o-y**
  - **Domestic**: 46%
  - **International**: 54%

- **Aeroflot will continue focusing on frequencies with a selective approach to adding new destinations (3-8 per year):**
  - In 2017, Aeroflot launched services to Lisbon, Kostanay, Belgorod, Salekhard, Khanty-Mansiysk (5 new destinations).
  - In 2018, Aeroflot plans to begin servicing Saransk (a World Cup host city) and up to 3 destinations in Europe and 1 in CIS (potential addition of Cairo).
- **Increase in frequencies on key underserved markets with high transit potential.**
World Cup Case Study: Brazil 2014 and Germany 2006

World Cup

12 June – 13 July 2014

12 cities

Air traffic evolution 1

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAX, million</td>
<td>95.6</td>
<td>100.4</td>
</tr>
</tbody>
</table>

+5%

Impact on economy

480k

of foreign World Cup guests

$13bn

injected in Brazil economy

$2.3bn

invested in airports

$400mm

of additional tourism revenue

50k

additional jobs created

$2.6bn

additional retail sales

Carriers’ operating data

LATAM AIRLINES

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAX, million</td>
<td>66.7</td>
<td>67.8</td>
<td>67.8</td>
</tr>
<tr>
<td>change, %</td>
<td>3.1%</td>
<td>1.7%</td>
<td>0.0%</td>
</tr>
<tr>
<td>PLF</td>
<td>80.8%</td>
<td>83.4%</td>
<td>83.1%</td>
</tr>
<tr>
<td>change, p.p.</td>
<td>2.2</td>
<td>2.6</td>
<td>(0.3)</td>
</tr>
</tbody>
</table>

GOL

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAX, million</td>
<td>36.6</td>
<td>40.1</td>
<td>38.0</td>
</tr>
<tr>
<td>change, %</td>
<td>n/a</td>
<td>9.5%</td>
<td>(2.0)%</td>
</tr>
<tr>
<td>PLF</td>
<td>69.9%</td>
<td>76.9%</td>
<td>77.2%</td>
</tr>
<tr>
<td>change, p.p.</td>
<td>(0.3)</td>
<td>7.0</td>
<td>0.3</td>
</tr>
</tbody>
</table>

Lufthansa Group

<table>
<thead>
<tr>
<th>Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAX, million</td>
<td>51.3</td>
<td>53.4</td>
<td>62.9</td>
</tr>
<tr>
<td>change, %</td>
<td>0.7%</td>
<td>4.2%</td>
<td>17.7%</td>
</tr>
<tr>
<td>PLF</td>
<td>75.0%</td>
<td>75.2%</td>
<td>77.4%</td>
</tr>
<tr>
<td>change, p.p.</td>
<td>1.0</td>
<td>0.2</td>
<td>2.2</td>
</tr>
</tbody>
</table>

• World Cup had mixed effect on airlines in the hosting markets, with short-term increase in demand, but without any changes in strategic trends and company-specific factors.

Source: World Bank, public sources, Economic Research Institute Foundation, Deutsche Welle
Note: 1 Passengers carried in the country by the means of air travel; data presented under “impact on economy” are estimations of the third-party sources.
Aeroflot and FIFA World Cup in Russia

**Routes to World Cup Locations**

- **Saint Petersburg**
  - (4.5mm from Moscow)
  - (380k from St. Pete)
- **Moscow**
  - (4.5mm from St. Peter)
  - (31k from St. Pete)
- **Kaliningrad**
  - (1.2mm from Moscova)
  - (300k from St. Pete)
- **Volgograd**
  - (830k from Moscow)
  - (31k from St. Pete)
- **Nizhny Novgorod**
  - (529k from Moscow)
  - (135k from St. Pete)
- **Samara**
  - (1.2mm from Moscow)
  - (225k from St. Pete)
- **Ekaterinburg**
  - (1.9mm from Moscow)
  - (270k from St. Pete)
- **Saratov**
  - (1.2mm from Moscova)
  - (135k from St. Pete)
- **Kazan**
  - (1.2mm from Moscova)
  - (175k from St. Pete)
- **Yekaterinburg**
  - (1.9mm from Moscova)
  - (270k from St. Pete)
- **Nizhny Novgorod**
  - (529k from Moscova)
  - (31k from St. Pete)
- **Sochi**
  - (3.6mm from Moscova)
  - (530k from St. Pete)
- **Rostov-on-Don**
  - (1.8mm from Moscova)
  - (255k from St. Pete)

**Aeroflot Efforts**

1. **General preparation**
   - Establishment of specially-dedicated working group to coordinate preparation process and day-to-day routes allocation for World Cup 2018

2. **Passengers**
   - Transportation of football fans, delegations and athletes

3. **Operations**
   - Reserve aircraft to be based in the main cities of the World Cup

4. **IT infrastructure**
   - Introduction of advanced IT solutions to automate processing of personal details of the World Cup guests

5. **Staff**
   - Additional training sessions for staff and increased headcount of English-speaking personnel in call centres and representative offices

6. **Spare parts**
   - Increased warehouse stock of replacement components to quickly repair aircraft and proceed with scheduled maintenance works if needed

7. **Other preparatory measures**

Note: Pobeda also operates services to some host cities, including intra-regional flights. For information on Pobeda's flights please refer to the respective section of the presentation.

**X** - weekly # of flights in 2017 summer schedule

(XXmm from …) - 2017E PAX (based on traffic flows on the leg, not a city-pair market)

• The 2018 World Championship is expected to result in traffic flow growth between city-pairs during the championship (mid-June – mid-July 2018) yet there is still risk of substitution effect (passengers travelling for holidays and fans). Also necessity to host the event at the highest level will incur additional expenses.
FINANCIAL OVERVIEW
SHAMIL KURMASHOV
DEPUTY CEO FOR COMMERCE AND FINANCE
### Aeroflot Group – operating targets 2017 and 2018

<table>
<thead>
<tr>
<th>Indicator</th>
<th>9M 2017 YTD</th>
<th>2017 Updated Targets</th>
<th>2018 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger Traffic (PAX)</td>
<td>+16.8%</td>
<td>+14%-15%</td>
<td>+11%-12%</td>
</tr>
<tr>
<td>Passenger Traffic (RPK)</td>
<td>+18.0%</td>
<td>+15%-16%</td>
<td>+9%-10%</td>
</tr>
<tr>
<td>Capacity (ASK)</td>
<td>+16.2%</td>
<td>+14%-15%</td>
<td>+9%-10%</td>
</tr>
<tr>
<td>Passenger Load Factor (%)</td>
<td>83.7%</td>
<td>&gt; 82.0%</td>
<td>82.0%+</td>
</tr>
</tbody>
</table>

### Aeroflot Group – financial targets

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Short-mid term</th>
<th>2019 and beyond</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue growth</td>
<td>• 2017: +7%+ yoy growth&lt;br&gt;• 2018: acceleration to 10-11%+ (ex FX), positive pricing effect</td>
<td>Growth in line with operating expansion, company will target to achieve positive impact from yields (ex FX)</td>
</tr>
<tr>
<td>Costs</td>
<td>• Pressure from fuel price, cockpit wage indexation&lt;br&gt;• Selective investment in product improvement</td>
<td>Introduction of IFRS 16 (all lease recognized on BS, Operating lease cost migrates to depreciation and Interest) = EBITDA margin affected. Currently we are selecting the most efficient approach to standard application and analysing PL effects.</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>• Normalized level of approx. 10% with possible up and down deviation based on the macro and market conditions</td>
<td></td>
</tr>
</tbody>
</table>
QUESTIONS AND ANSWERS SESSION
**Russia Airlines – Regional Product for Savvy Passengers**

### Business Highlights

1. **Focus on the mid-price segment** (optimal price & quality combination)

2. **Strong position in St. Petersburg** - second largest market in Russia

3. **Diversified operations with secondary base** at Moscow’s Vnukovo airport

4. **Focus on regional flights** with selective exposure to key international markets

5. **Strong positions in charter segment** – long-term partnership with Biblio Globus (Russia’s largest tour operator)

### Airport Hubs and Fleet

- **Based in LED**
  - A320 Family: 31 aircraft
  - B737: 15 aircraft
  - B777: 6 aircraft
  - B747: 9 aircraft

- **Based in VKO**
  - A320 Family: 31 aircraft
  - B737: 15 aircraft
  - B777: 6 aircraft
  - B747: 9 aircraft

---

- **Aeroflot Group’s regional business** was reorganised in 2016, when Rossiya Airlines merged with Donavia and Orenair.
- **Rossiya Airlines** helps the Group capture all market segments and secures presence in the second largest domestic market – St. Petersburg.
St. Petersburg – Second Largest Market in Russia

Pulkovo – Largest Regional Airport

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic</td>
<td>7.1</td>
<td>5.6</td>
<td>5.0</td>
<td>10.2</td>
<td>5.0</td>
</tr>
<tr>
<td>International</td>
<td>7.2</td>
<td>7.9</td>
<td>8.3</td>
<td>6.2</td>
<td>7.7</td>
</tr>
</tbody>
</table>

CAGR: (3.6%), +24.2%

High Market Seasonality

12M 2016, million PAX

Established Links to Cities in Russia and Abroad

9M 2017, by number of seats

- Foreign carriers: 24.8%
- Moscow: 35.6%
- Other domestic regions: 29.9%
- International: 34.5%

Russian carriers: 75.2%

Strong Market Position with Prospects for Growth

9M 2017, number of seats

- Rossiya: 31.7%
- Aeroflot: 24.8%
- S7 Group: 13.3%
- Ural airlines: 10.2%
- Utair: 7.7%
- Pobeda: 5.5%
- Other Russian carriers: 4.5%
- Foreign carriers: 2.3%

- St. Petersburg is Russia’s largest regional market, with a large tourist component in the international segment, particularly in the summer season, and significant number of business passengers on domestic routes.
- Rossiya is the leading airline in one of the country’s key markets.
Scheduled passenger throughput from St. Petersburg forms the majority of Rossiya’s traffic; the airline’s secondary base in Moscow contributes the same level of passenger numbers but with a higher proportion from the charter segment.
Operating Performance

### Passenger Traffic

**million PAX**

<table>
<thead>
<tr>
<th></th>
<th>9M 2016</th>
<th>9M 2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>6.8</td>
<td>9.0</td>
<td>+32.6%</td>
</tr>
<tr>
<td>International</td>
<td>2.0</td>
<td>3.3</td>
<td>+66.2%</td>
</tr>
<tr>
<td>Domestic</td>
<td>4.8</td>
<td>5.7</td>
<td>+18.5%</td>
</tr>
</tbody>
</table>

### Passenger Capacity

**billion ASK**

<table>
<thead>
<tr>
<th></th>
<th>9M 2016</th>
<th>9M 2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>18.5</td>
<td>26.6</td>
<td>+43.7%</td>
</tr>
<tr>
<td>International</td>
<td>7.2</td>
<td>11.9</td>
<td>+64.9%</td>
</tr>
<tr>
<td>Domestic</td>
<td>11.3</td>
<td>14.7</td>
<td>+30.2%</td>
</tr>
</tbody>
</table>

### Passenger Load Factor

<table>
<thead>
<tr>
<th></th>
<th>9M 2016</th>
<th>9M 2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>83.2%</td>
<td>92.0%</td>
<td>+5.9 p.p.</td>
</tr>
<tr>
<td>International</td>
<td>85.0%</td>
<td>86.1%</td>
<td>+1.9 p.p.</td>
</tr>
<tr>
<td>Domestic</td>
<td>81.3%</td>
<td>79.4%</td>
<td>(1.9 p.p.)</td>
</tr>
</tbody>
</table>

- In 2017 Rossiya significantly grew its operational volumes as capacity increased and demand for international flights revived.
- High demand and the development of the charter segment supported high passenger load factor.

*Note: 2016 data presented pro-forma (incl. operational results of Donavia and Orenair).*
Charter Segment

Highlights

Key partner
- Biblio-Globus

Network
- Popular international and Russian tourist routes

Fleet
- 8 Boeing 737-800 narrow-bodies
- 7 Boeing 747-400 wide-bodies

Results (9M 2017)
- PAX: 3.1 million (>2.8x y-o-y),
  - International + 73.1%
  - Domestic + 26.9%
- RPK: 10.1 billion pkm (>2.9x year-on-year)
- PLF: 96.2% (+3.3 p.p. year-on-year)

Contract terms
- Charter partner pays the cost of providing commercial capacity on the aircraft to carry passengers, luggage and cargo on each flight (aircraft capacity price), which includes:
  - direct costs of flight operation;
  - payment for flight hours based on number of flight hours for the flight and cost of flight hour for the aircraft type

Length
- Contract through 2018
- Plan to extend to 2022

Growing Volumes of Charter Segment...

<table>
<thead>
<tr>
<th></th>
<th>PAX growth, million</th>
<th>Revenue growth, RUB billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>9M 2016</td>
<td>1.1</td>
<td>8.2</td>
</tr>
<tr>
<td>9M 2017</td>
<td>3.1</td>
<td>21.7</td>
</tr>
</tbody>
</table>

… Leads to Structural Changes in Business Mix

- Chart has grown significantly, and has almost doubled its share of RPKs to 45%.
# Fleet Composition and 2018 Development Plan

## Rossiya Airline’s Fleet Breakdown

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Airbus A319-100</td>
<td>26</td>
<td>23</td>
<td>(3)</td>
</tr>
<tr>
<td>Airbus A320-200</td>
<td>5</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>Boeing 737-800</td>
<td>16</td>
<td>16</td>
<td>-</td>
</tr>
<tr>
<td>Narrow-body</td>
<td>47</td>
<td>45</td>
<td>(2)</td>
</tr>
<tr>
<td>Boeing 747-400</td>
<td>9</td>
<td>9</td>
<td>-</td>
</tr>
<tr>
<td>Boeing 777-300</td>
<td>5</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Wide-body</td>
<td>14</td>
<td>19</td>
<td>5</td>
</tr>
<tr>
<td>Total fleet</td>
<td>61</td>
<td>64</td>
<td>3</td>
</tr>
</tbody>
</table>

## Rossiya’s Fleet by Type of Aircraft

- **23.0%**: Narrow-body
- **77.0%**: Wide-body

## Rossiya’s Fleet by Type of Ownership

- **85.2%**: Operating lease
- **14.8%**: Finance lease

- Rossiya’s fleet consists of 61 airliners. The airline plans to add wide-bodies and take a number of narrow-bodies out of operation.

*Note: Excluding six An-148 aircraft which were subleased.*
Focus for Rossiya in 2018 and Beyond

1. Further development of the route network in the scheduled and tourist segments, with tactical adjustments:
   - Increase capacity on domestic routes
   - Optimisation of a number of flights in the international segment (reopening of Egypt provides opportunities)

2. Regular passenger flights on available routes to the Far East and South of Russia

3. Transfer of Boeing 777-300 wide-bodies used on flights to Far East to SVO (SU code) in late 2018-early 2019 depending on infrastructure availability to promote connecting synergies

4. Growth of the wide-body fleet, with five Boeing 777-300ERs added in 2018

5. Long-term targets:
   - Further increase of operational efficiency: increased flight time per aircraft, cost optimisation including by fleet renewal
   - Development of St. Petersburg base, including long-haul operations and European network
Thank you for your attention!
Aeroflot Group Capital Markets Day 2017
Low Cost Carrier - Pobeda

Andrey Kalmykov
Chief Executive Officer
Pobeda Airlines
Pobeda – Russia’s First Low-cost Carrier

Network Overview

- > 80 routes in total (2017)
- 47 routes in Winter Schedule 2017/2018
  - 33 domestic destinations
  - 14 international destinations
- 14 unique destinations (cities) for the Group

Fleet Overview

- 12 Boeing 737-800NG¹
- 4 Aircraft delivered in 2017
- <3y Average age of the fleet

Efficiency Metrics

- One of the Most fuel efficient LCCs among European airlines
- 25 minutes of airplane turnaround time
- 96.8% passenger load factor in 3Q 2017
- 6.0k PAX per employee²

Key Highlights (9M 2017)

- Top 7 largest airline in Russia
- 18.7k Flights
- 3.3mln PAX
- RUB 16.0bn in revenues
- RUB 6.7bn in EBITDAR

¹ As of 30 September 2017; ² Based on 30.09.2017 LTM passenger traffic and average headcount over the period
## Pobeda Recognized as One of the Most Efficient LCC in the Industry

<table>
<thead>
<tr>
<th></th>
<th>Pobeda</th>
<th>RYANAIR</th>
<th>easyJet</th>
<th>Wizz</th>
<th>PEGASUS</th>
<th><strong>airarabia.com</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASK (EUR cents)</strong></td>
<td>3.0</td>
<td>3.6¹</td>
<td>5.8²</td>
<td>3.1³</td>
<td>3.7</td>
<td>4.1⁴</td>
</tr>
<tr>
<td><strong>Single class</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Aircraft utilization rate (hours)</strong></td>
<td>13.1</td>
<td>10.4</td>
<td>10.9</td>
<td>13.5</td>
<td>12.1</td>
<td>up to 15.0</td>
</tr>
<tr>
<td><strong>Aircraft</strong></td>
<td>B737-800, A320 Neo, A321 Neo, B737-800</td>
<td>B737-800</td>
<td>A319, A320</td>
<td>A320, A321</td>
<td>B737-800, A320Neo, A321Neo</td>
<td>A320 Family</td>
</tr>
<tr>
<td><strong>Avg Age</strong></td>
<td>Avg Age: &lt;3.0</td>
<td>Avg Age: 6.5</td>
<td>Avg Age: 7.1</td>
<td>Avg Age: 4.5</td>
<td>Avg Age: 5.9</td>
<td>Avg Age: 3.0</td>
</tr>
<tr>
<td><strong>Ancillary revenue (EUR per PAX)</strong></td>
<td>5.9</td>
<td>14.0¹</td>
<td>13.5²</td>
<td>29.3³</td>
<td>10.1³</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Use of secondary airports</strong></td>
<td>All International Flights</td>
<td>Half of Airports are Secondary</td>
<td>Focused on Primary Airports</td>
<td>Majority of Flights</td>
<td>Majority of Flights</td>
<td>Majority of Flights</td>
</tr>
</tbody>
</table>

Source: Company data, public data

¹ For 12 month ended 31 March 2017; ² For 12 months ended 30 September 2017, financials are converted at GBP/ EUR exchange rate of 0.87; ³ For 6 months ended 30 September, 2017; ⁴ For 12 months ended 31 December 2016, financials are converted at AED / EUR exchange rate of 4.06.
Key Development Milestones

- First flight from Moscow to Volgograd in December
- Total fleet of 8 aircraft as of year-end

- Pobeda becomes Top-10 airline in Russia
- Seasonal flights to Sochi and Anapa are conducted from the regions
- Launch of international flight service
- Cumulative PAX of 3.1 mln
- Total fleet of 12 aircraft as of year-end

- PLF reaches historical high of 96.8% in Q3 2017
- Active development of intra-regional flights as well as international flights from the regions
- Addition of 4 aircraft in Q4 2017
- Cumulative PAX of c. 4.6 mln expected by the year-end

- Development of international network and intra-regional flights
- Pobeda enters St. Petersburg market
- Cumulative PAX exceeds 4 mln
Pobeda continuously focuses on increasing the number of flights of its fleet, driving capacity utilization and operational efficiency levels.

For 9M 2017, Pobeda’s seat load factor reached 95%, one of the highest levels in the Russian airline space.

Source: Company data
Key Operational Highlights (2/2)

- Significant increase in the flight hours due to opening of new routes and efficient utilization of the fleet

- For 9M 2017, daily utilization rate of Pobeda's fleet reached 13.1 hours (exceeding 15h during peaks) – one of the highest levels in the industry

Source: Company data

1 Average number of aircraft calculated as number of a/c at the beginning of the period plus number of a/c at the end of the period divided by two
Key Financial Highlights (1/3)

Revenue growth was primarily driven by volume and increase in PLF as number of aircraft remained flat in 9M 2017.

Growth in operating expenses was mainly attributed to growth of fuel costs, increase in maintenance expenses as well as aircraft and traffic servicing costs amid growing volumes of business.

Source: Company data

¹ Based on 30.09.2017 LTM passenger traffic and average headcount over the period
RASK growth was slightly impacted by increasing competition on domestic routes and promotions aimed at increasing brand awareness.

Pobeda has significant cost advantages over other Russian and Foreign carriers.

Increase in CASK was mainly driven by higher maintenance as average age of the fleet increased to 3 years and higher fuel price.

Source: Company data
Revenue growth was offset by the less favourable fuel cost environment, increased spending on maintenance and staff cost growing ahead of fleet expansion, resulting in pressures on margins compared to 9M 2016 results.

Source: Company data
Future Development Plans

Over the Next Years We Plan To Increase Our Fleet Size...

- Current Destinations
- • New Destinations

Which Will Allow Us To Expand Our Route Network

... Resulting in Strong PAX Growth Well Above the Market

Network Development Principles

- Low frequency (< 14 flights per week)
- Exploiting underserved and smaller markets, including inter-regional routes
- Expanding international flights to secondary airports

1 New destinations shown for 2018
# Pobeda’s Peer Group Overview

<table>
<thead>
<tr>
<th></th>
<th>pobeda</th>
<th>RYANAIR</th>
<th>easyJet</th>
<th>WIZ</th>
<th>PEGASUS</th>
<th>AIR ARABIA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LTM, 30.09.2017, in millions EUR (if not indicated otherwise)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Passenger traffic (million passengers, LTM, 30.09.2017)</strong></td>
<td>4.4</td>
<td>127.1</td>
<td>80.2</td>
<td>26.9</td>
<td>26.8</td>
<td>8.6</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>298</td>
<td>6,942</td>
<td>5,794</td>
<td>1,799</td>
<td>1,294</td>
<td>912</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>49</td>
<td>1,410</td>
<td>350</td>
<td>281</td>
<td>67</td>
<td>149</td>
</tr>
<tr>
<td><strong>Market Capitalization, millions EUR (14.12.2017)</strong></td>
<td>n/a</td>
<td>19,393</td>
<td>6,454</td>
<td>4,028</td>
<td>710</td>
<td>1,315</td>
</tr>
</tbody>
</table>

Source: Bloomberg, Company data, public data


- We aim at expansion of Pobeda's business, which will result in growing contribution of Company to the Group's operating and financial results and higher shareholder value.
Thank you for attention!