Key Goals of the Updated Strategy

130m PAX

Increase of Aeroflot Group’s PAX and population mobility

Pobeda

Improve air travel affordability by accelerated development of Pobeda (~30% lower average economy ticket price on domestic routes(1))

AEROFLOT

Stronger position of Aeroflot Airline in the premium segment as a result of Group transformation

(1) Not adjusted for inflation

Aeroflot Group updated its long-term goals.
Aeroflot Group’s Structure in 2028

**Premium carrier**
- with international recognition, developing transit
- **2019**: 37
- **2028**: 35-40
- • Optimization of the network according to routes yield
- • Best-in-class premium quality service

**Low-cost carrier, pobeda**
- one of the largest and one of the most cost efficient in the world\(^1\)
- **2019**: 10
- **2028**: 55-65
- • Supporting high population mobility
- • Stimulating demand through more affordable ticket prices

**Regional carrier, Rossiya**
- routes bypassing Moscow, fulfilling social function by connecting regions of Russia
- **2019**: 12
- **2028**: 20-30
- • Operating modern Russian-manufactured aircraft
- • Socially-important routes, inter-regional network

---

\(^1\) Based on CASK ex.-fuel benchmarking, calculated based on airlines' data.

Accelerated development in the low-cost segment will allow the Group to decrease an average ticket price for economy class on the domestic market by \(~30\%)
### The Group’s target network and fleet allocation

<table>
<thead>
<tr>
<th>Medium-haul flights</th>
<th>Long-haul flights</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Network</strong></td>
<td><strong>Fleet</strong></td>
</tr>
<tr>
<td>High-yield flights from Moscow</td>
<td>![Checkmark]</td>
</tr>
<tr>
<td>- Selected domestic flights</td>
<td></td>
</tr>
<tr>
<td>- Key premium international flights</td>
<td></td>
</tr>
<tr>
<td>Destinations with high demand</td>
<td>![Checkmark]</td>
</tr>
<tr>
<td>- All domestic and international flights</td>
<td></td>
</tr>
<tr>
<td>Routes bypassing Moscow + social fares</td>
<td>![Checkmark]</td>
</tr>
<tr>
<td>- New regional bases</td>
<td></td>
</tr>
<tr>
<td>- International and domestic flights from St. Petersburg</td>
<td></td>
</tr>
<tr>
<td>- Feeder traffic to Aeroflot’s flights to Moscow</td>
<td></td>
</tr>
<tr>
<td>- Tourist destinations</td>
<td></td>
</tr>
</tbody>
</table>

Transfer of medium-haul aircraft to Pobeda and Rossiya and Aeroflot’s focus on long-haul aircraft will allow to strengthen specialization of the airlines. The Group’s network will be reallocated in accordance with airline’s business models, while increasing cooperation between them.
Aeroflot Airline’s development

The network development (Sheremetyevo Airport)

Long-haul flights

- Growing market with premium product demand
- Launch of new routes

Medium-haul flights

- Transfer of low-yield destinations to Pobeda
- Focus on destinations with high demand for business class (e.g. London, Geneva, Zurich) and long-haul flights (e.g. Lisbon, Madrid)

Destinations with low premium product demand will be served by other carriers of the Group

Aeroflot Airline’s fleet development strategy

- Decrease in aircraft types by transferring of Russian-manufactured aircraft to Rossiya and B737-800 to Pobeda
- Development of narrow-body aircraft fleet by modern aircraft with higher capacity
- Further wide-body aircraft fleet development

By 2028, Aeroflot Airline’s fleet will comprise of only several aircraft types resulting in significant efficiency improvement

Global carrier with a 5-star Skytrax product

- Skytrax 5* product
- Europe - Asia transit
- Key premium international destinations
- High-yield domestic flights

Focus on target market segments

- Only markets with premium product demand
- High load-factor and yield of business and economy class by the withdrawal from low-yield markets

Optimized cost structure

- Fleet of several aircraft types
- Highly efficient aircraft of new generation
- Wide-body aircraft on most destinations

By 2028, Aeroflot will significantly increase efficiency by means of higher focus on premium segment and improved operations
Pobeda Airline’s development

Pobeda has become one of the most efficient low-cost carriers within only 5 years

- **16.1 hours** Global leader by aircraft utilization\(^{(1)}\)
- **19 %** Top-3 among global airlines by profitability\(^{(2)}\)
- **25 min** The fastest aircraft turnaround in Russia
- **6 700 PAX per employee** The best productivity on the Russian market\(^{(3)}\)
- **94 %** The highest load factor\(^{(4)}\)

Pobeda is the most efficient low-cost carrier in the world based on selected performance indicators

**Pobeda’s fleet development strategy**

1. **Transfer of Boeing 737-800** from the Group’s airlines to Pobeda
2. **Further fleet development** by using modern aircraft with higher capacity
3. **Balanced growth** of fleet size

Using modern aircraft with higher capacity will allow Pobeda to further decrease operating costs

**Pobeda in 2028**

- **High market share** c.30% market share in Russia with further growth potential
- **Efficient fleet** More capacious aircraft of new generations will increase efficiency and decrease costs
- **Affordable air travel** Average ticket prices reduction by 30% on the domestic market for economy class (not adjusted for inflation)

By 2028, Pobeda will significantly improve the Group’s efficiency and provide for more air travel affordability for the Russian population

Notes: (1) Flights in 3Q 2019, according to Boeing; (2) Operating profit margin in 2019, according to Skift; (3) Calculated based on airlines’ public data as of 2019; (4) In 2019, among non-charter carriers on the Russian market, based on public statistics
Rossiya Airline’s development

<table>
<thead>
<tr>
<th>The key goals of Rossiya Airline strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Network development bypassing Moscow</td>
</tr>
<tr>
<td>Establishing a center of competence for Russian-manufactured aircraft development</td>
</tr>
<tr>
<td>Fulfilling social functions of the Group</td>
</tr>
<tr>
<td>Feeder traffic for Aeroflot’s flights to Moscow</td>
</tr>
</tbody>
</table>

**Rossiya in 2028**

- The largest carrier in Russia on routes bypassing Moscow and Saint Petersburg
- Leading operator of Russian-manufactured aircraft
- Fulfilling Aeroflot Group’s social mission

- Servicing inter-regional flights from new regional bases
- Creating of a system of linear stations and hangar facilities for servicing Russian-manufactured aircraft (also in regions)
- Servicing socially significant routes

Rossiya will focus on the efficient development of flights bypassing Moscow as well as fulfilling the Group’s social mission.