




# At the Height of Leadership

## About Company

In 2018, Aeroflot celebrated its 95th anniversary, making it one of the oldest airlines in the world – yet it operates one of the youngest and most modern fleets. Together with its subsidiaries Aeroflot is a market leader in Russia and ranks among top 20 global airlines.

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# Aeroflot Group Today

 <p><b>PASSENGERS</b></p> <p><b>55.7 million</b> Passengers carried</p> <p><b>+11.1%</b> Passenger traffic increase</p> <p><b>82.7%</b> Passenger load factor</p> <p><b>40.7%</b> Share of the Russian air transportation market</p>	 <p><b>ROUTE NETWORK AND AIRCRAFT FLEET</b></p> <table border="0"> <tr> <td><b>&gt;350</b> Scheduled routes</td> <td><b>57</b> Countries</td> <td><b>SkyTeam</b> Aeroflot is a member of the SkyTeam global alliance</td> </tr> <tr> <td><b>366</b> Aircraft in the fleet</td> <td><b>4.2</b> Average age of Aeroflot airline's fleet</td> <td><b>6.3</b> Average age of Aeroflot Group's fleet</td> </tr> </table>	<b>&gt;350</b> Scheduled routes	<b>57</b> Countries	<b>SkyTeam</b> Aeroflot is a member of the SkyTeam global alliance	<b>366</b> Aircraft in the fleet	<b>4.2</b> Average age of Aeroflot airline's fleet	<b>6.3</b> Average age of Aeroflot Group's fleet
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 <p><b>EMPLOYEES</b></p> <p>The largest employer in the industry</p> <p><b>41.1 thousand</b> People employed by the Group companies</p>							




**RECOGNITIONS AND AWARDS**

**4 stars**  
in the Skytrax rating

**Best Airline in Eastern Europe**  
Skytrax World Airline Awards 2011 and 2013–2018

**5 stars**  
in the APEX rating

**72%**  
Aeroflot airline's Net Promoter Score (NPS)




**FINANCIAL HIGHLIGHTS**

**RUB 611.6 billion**  
Revenue

**+14.8%**  
Revenue growth

**RUB 122.5 billion**  
EBITDAR, 20.0% EBITDAR margin


**RUB 5.7 billion**  
Net profit



**SHAREHOLDERS AND INVESTORS**


**RUB 14.2 billion**  
Paid in dividends in 2017


**40.9%**  
Free float



For more information about our performance please see Strategic Report section on pages 21–147


In 2018, Aeroflot turned 95. The anniversary year saw a number of milestone events highlighting the Group's rapid growth:

 <p><b>Strengthening position in Top 20 globally</b></p> <p>Group airlines carried 55.7 million passengers strengthening its position in the world's Top 20 largest players</p>	 <p><b>Accelerated low-cost carrier growth</b></p> <p>Low-cost carrier Pobeda grew at an accelerated rate with passenger passenger traffic up by 56.8% to 7.2 million passengers</p>	 <p><b>Updated Aeroflot Group Development Strategy 2023</b></p> <p>Updated Aeroflot Group Development Strategy 2023 was adopted</p>
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**Domestic flights moved to a new terminal**

Aeroflot airline's domestic flights were moved to Terminal B at Sheremetyevo airport



**Rossiya airline's scheduled flights moved from Vnukovo to Sheremetyevo airport**

Rossiya airline's scheduled flights operated from Moscow were moved from Vnukovo to Sheremetyevo airport



**Cost optimisation and operational excellence**

Following high growth in jet fuel prices, Aeroflot Group launched a major cost optimisation program



# Aeroflot Group Airlines

**64%**

Share of the Group's passenger traffic



**20%**

Share of the Group's passenger traffic



**13%**

Share of the Group's passenger traffic



**3%**

Share of the Group's passenger traffic



## AEROFLOT

Aeroflot is Russia's leading carrier and one of the oldest airlines in the world which celebrated its 95th anniversary in 2018. Airline is based at Moscow Sheremetyevo airport.

## ROSSIYA

Rossiya is one of Russia's largest carriers and the market leader in the North-West of the country. Based in Saint Petersburg, the company also operates flights from the Moscow air transport hub (Sheremetyevo and Vnukovo airports). In addition to its scheduled flights, Rossiya operates charter flights.

## POBEDA

Pobeda is the leading low-cost airline in Russia. The goal of the airline is to improve accessibility of the regions via more affordable fares. Airline is primarily based at Moscow Vnukovo Airport.

## AURORA

Aurora is the leading regional carrier in the Russian Far East. Airline is based at Vladivostok, Yuzhno-Sakhalinsk, and Khabarovsk airports and operates flights between the key population centres in the Far East and Siberia, as well as social flights to remote cities and villages of the region.

**35.8**  
Million PAX

**253**  
Aircraft

**11.1**  
Million PAX

**65**  
Aircraft

**7.2**  
Million PAX

**24**  
Aircraft

**1.6**  
Million PAX

**24**  
Aircraft

**80.5%**  
Passenger load factor

**98.0** billion RPK  
Passenger turnover

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**121.7** billion ASK  
Available seat-kilometres

**86.6%**  
Passenger load factor

**29.6** billion RPK  
Passenger turnover

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**34.2** billion ASK  
Available seat-kilometres

**94.1%**  
Passenger load factor

**13.1** billion RPK  
Passenger turnover

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**13.9** billion ASK  
Available seat-kilometres

**75.2%**  
Passenger load factor

**2.5** billion RPK  
Passenger turnover

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**3.3** billion ASK  
Available seat-kilometres

**163**  
Scheduled routes

domestic	63
international	100

**24.3**  
Thousand employees

**144**  
Scheduled routes

domestic	100
international	44

**7.4**  
Thousand employees

**103**  
Scheduled routes

domestic	62
international	41

**1.1**  
Thousand employees

**49**  
Scheduled routes

domestic	38
international	11

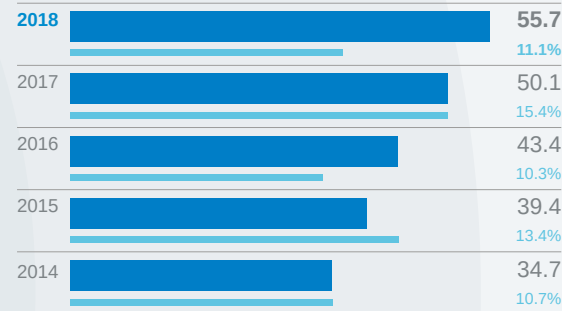
**2.2**  
Thousand employees

# Operating and Financial Highlights

## Operational Highlights

Passenger traffic (million PAX)

### 55.7



■ Passenger traffic  
■ Growth rate

Passenger load factor (%)

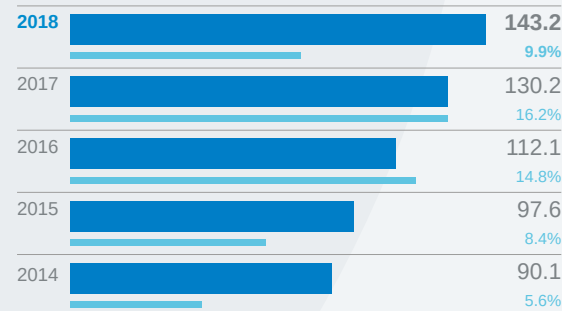
### 82.7



■ Passenger load factor  
■ Change

Passenger turnover (billion RPK)

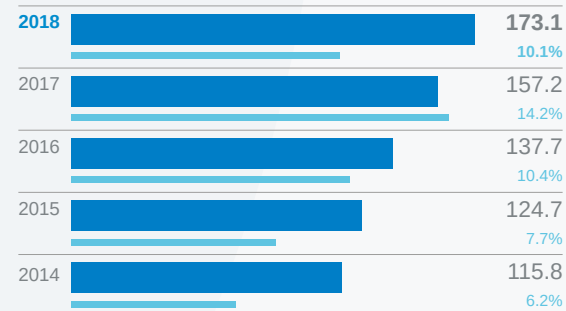
### 143.2



■ Passenger turnover  
■ Growth rate

Available seat-kilometres (billion ASK)

### 173.1

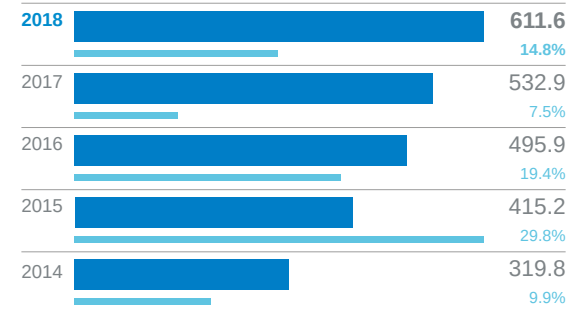


■ Available seat-kilometres  
■ Growth rate

## Financial Highlights

Revenue (RUB billion)

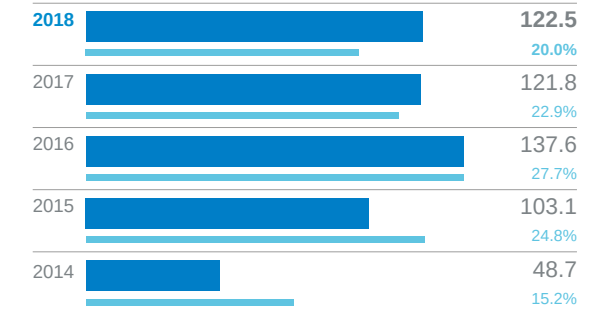
### 611.6



■ Revenue  
■ Growth rate

EBITDAR (RUB billion) and EBITDAR margin (%)

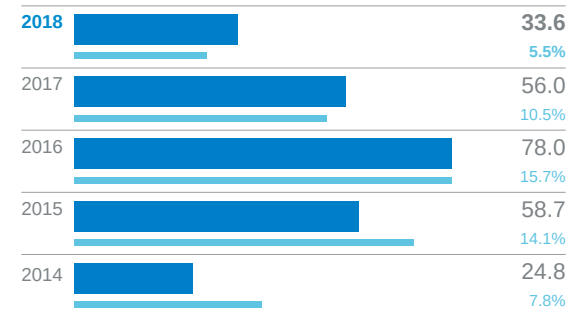
### 122.5



■ EBITDAR  
■ EBITDAR margin

EBITDA (RUB billion) and EBITDA margin (%)

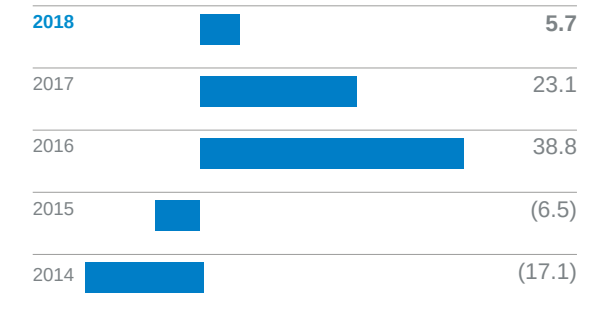
### 33.6



■ EBITDA  
■ EBITDA margin

Net profit / (loss) (RUB billion)

### 5.7



# Investment Case

## Market leader

- As a major European airline, Aeroflot Group ranks among the world's Top 20 air carriers by passenger traffic.
- Leadership in the Russian air transportation market in both domestic and international network flights.
- The Russian market is one of the world's largest air markets still in the process of growth and evolution.

## Balanced route network built around the hub at Moscow Sheremetyevo airport and one of the youngest aircraft fleets globally

- The high-quality network, ever increasing flight frequency, and new destinations unlock more potential for transfer traffic.
- Conveniently located at the intersection of transportation flows between Europe and Asia, Aeroflot is well-positioned to develop its international transit segment.
- A young and fuel-efficient fleet with highly standardised types of operated aircraft.

Aeroflot Group's share in the Russian market was 40.7% in 2018.

To improve flight connectivity, Rossiya airline moved its scheduled flights to Aeroflot's hub at Sheremetyevo. Aeroflot and Rossiya launched 20 new destinations with high potential of transfers from the base airport.

## Diversified multi-brand offering

- Group companies operate in all market segments providing a wide coverage of the market by product and geography.
- Pobeda, the Group's vibrant LCC extremely popular in Russia, is among the world's most efficient low-cost airlines.

## Standardised high-quality product

- Aeroflot's commitment to customer service excellence is recognised by both experts and passengers.
- A high customer satisfaction index (NPS).

The expansion of Pobeda's fleet accelerated its growth and added to the Group's operational and financial performance: 12.9% of all passengers and 17.5% of all domestic passengers of the Group are carried by Pobeda, an almost 4 p. p. increase year-on-year.

Aeroflot is certified with the 4 Star airline rating by British Skytrax. We are a seven-time winner of the Skytrax World Airline Awards as the Best Airline in Eastern Europe, and have also been recognised a Five Star Global Airline by APEX, a US-based airline passenger experience association.

### 90–100 million

Grow the number of passengers carried by Aeroflot Group

### 25–30 million

Grow the number of passengers carried by Pobeda

### 10–15 million

Ramp up our international transit passenger traffic

Set up an international hub in Krasnoyarsk and three regional bases in Sochi, Yekaterinburg, and Novosibirsk

Increase the fleet of the newest Russia-made aircraft

Drive digitalisation across Aeroflot Group airlines

## 2023 strategic goals

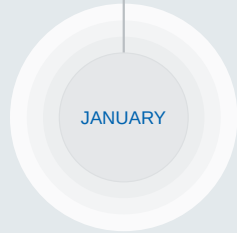
Aeroflot sees continued growth potential in both domestic and international transfer markets.

Our updated Strategy 2023 provides for the Group's growth to be focused on creating more shareholder value.

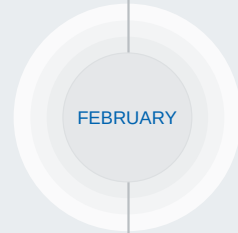


# Key Events

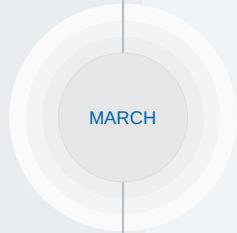
Aeroflot attained the highest (third) New Distribution Capability (NDC) certification level offered by the International Air Transport Association (IATA)



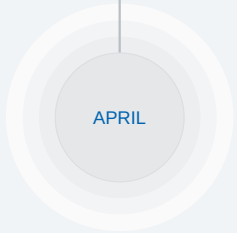
Aeroflot's CEO Vitaly Saveliev signed a landmark contract with CEO of Rostec Sergey Chemezov for 50 MC-21 aircraft



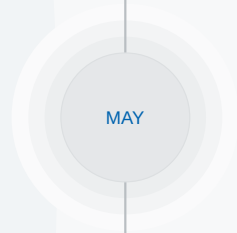
Aeroflot launched the summer schedule introducing six new routes from Moscow which include Saransk, Kyzylorda, Burgas, Naples, Verona and Cairo



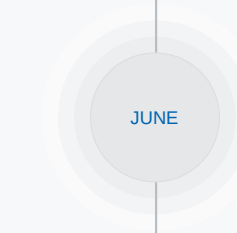
The State Kremlin Palace hosted a ceremony celebrating the 95th anniversary of Aeroflot



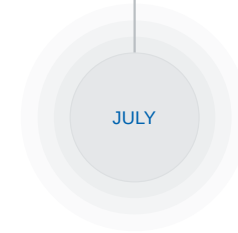
Aeroflot embarked on a gradual process to move its domestic flights to Terminal B of Sheremetyevo airport



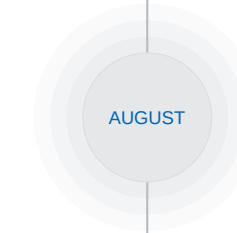
Vitaly Saveliev was awarded the Order of Alexander Nevsky, the fourth high-level award received by the Aeroflot CEO



Aeroflot airline was recognised as the Best Airline in Eastern Europe by Skytrax World Airline Awards for the seventh time. It also became the first-time winner of the Best Premium Economy Class Onboard Catering award



Vitaly Saveliev was re-elected as CEO of PJSC Aeroflot for a term of five years



Aeroflot and its subsidiary Aurora carried Russian Olympic athletes to South Korea for the XXIII Olympic Winter Games

The rating agency Fitch upgraded PJSC Aeroflot's credit rating to BB-, assigning a Stable outlook

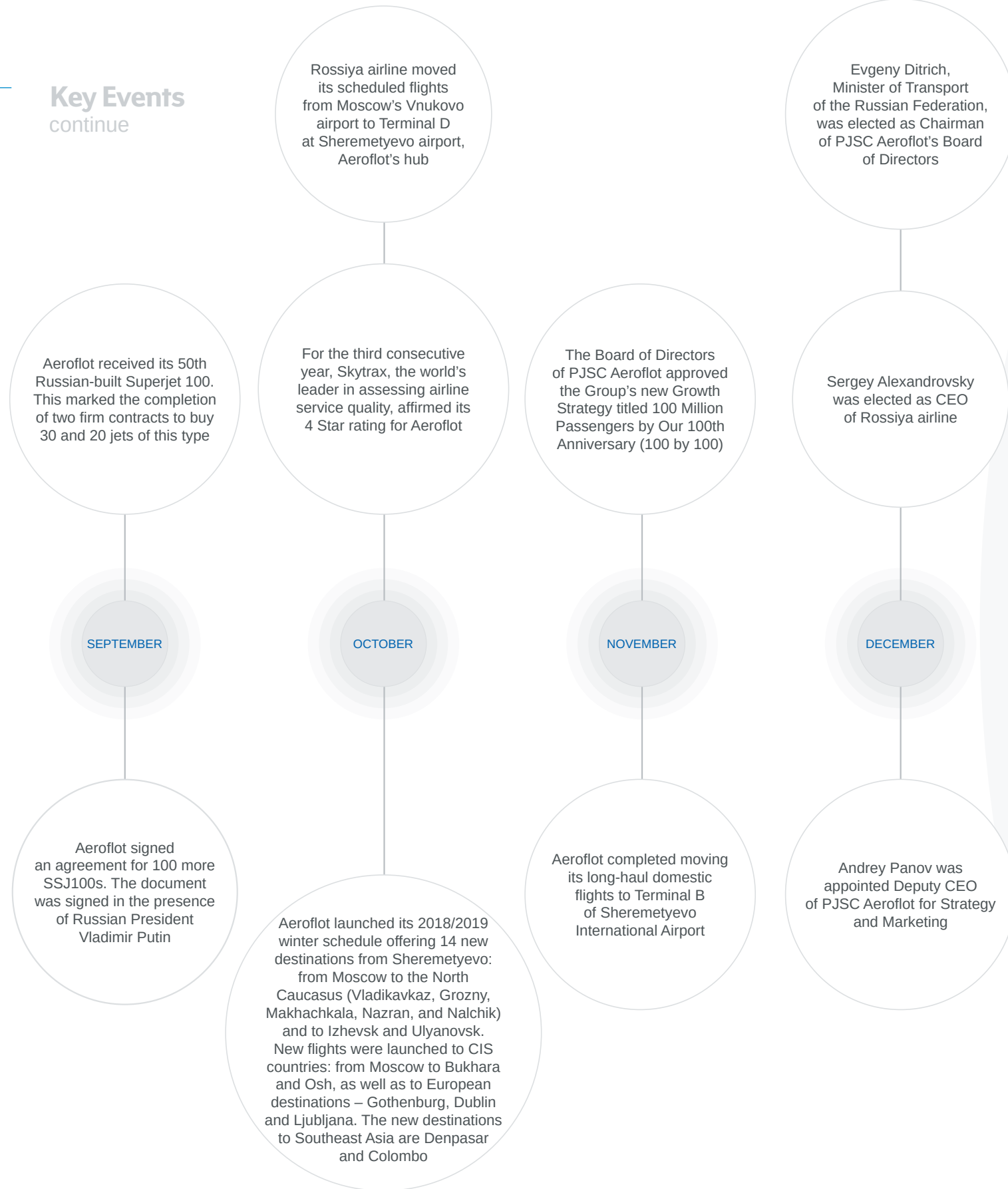
Aeroflot completed an audit of compliance with ISO 9001:2015 and ISO 14001:2015

The Board of Directors of PJSC Aeroflot recommended the 2017 dividend at RUB 12.81 per share, i.e. 50% of net profit under RAS, or RUB 14.2 billion

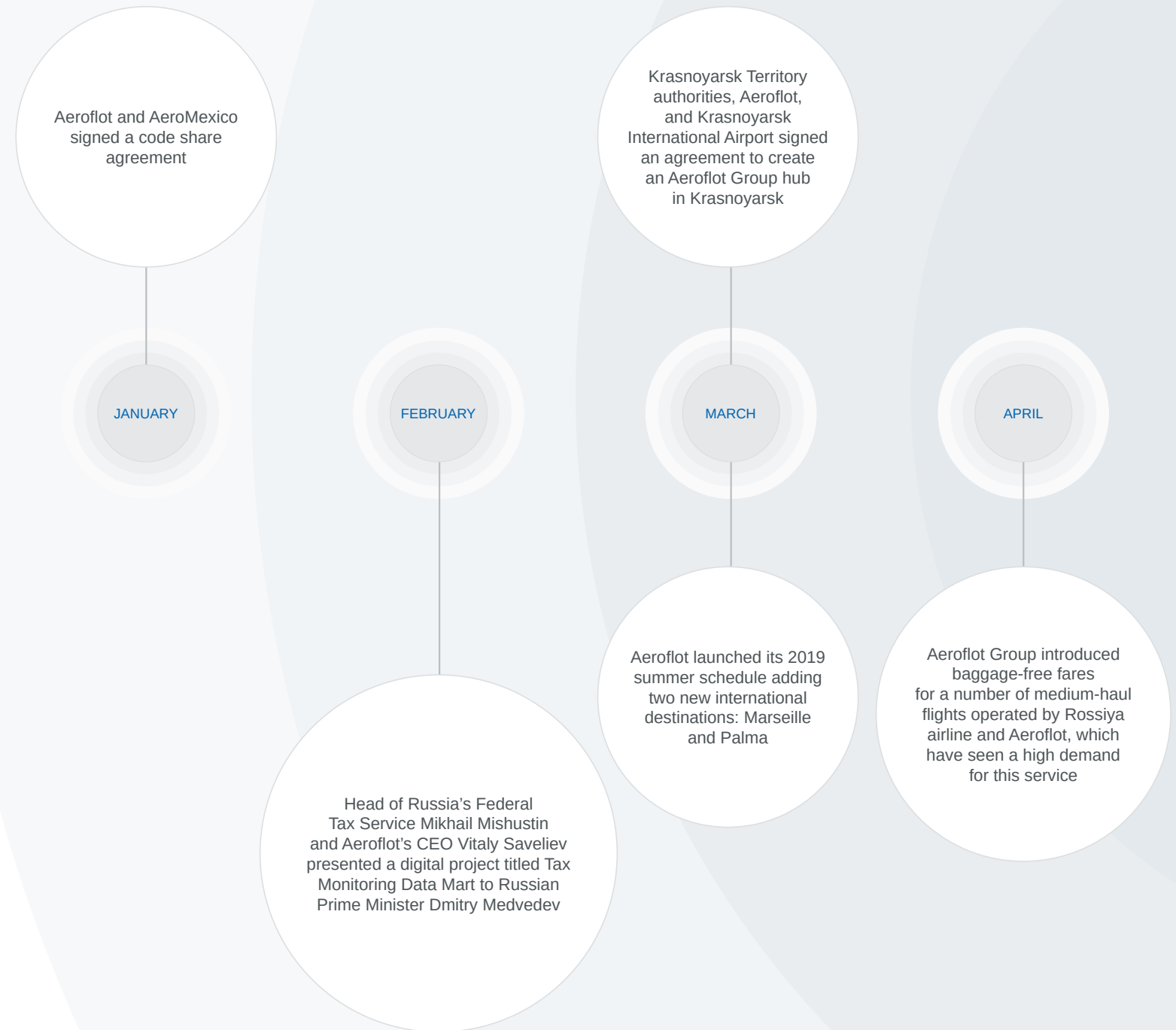
Aeroflot launched joint flights with Aerolineas Argentinas from Moscow to Buenos Aires under a code share agreement

Andrey Chikhanchin was appointed Deputy CEO of PJSC Aeroflot for Commerce and Finance

### Key Events continue



## 2019 Events after the reporting period



# Awards and Ratings



World's strongest airline brand according to Brand Finance



Flyer Award's Favourite International Airline in China



Five Star Global Airline in APEX's ratings  
APEX Passenger Choice Awards winner in the Best Global Airline in Europe and Best Seat Comfort in Europe categories



Best European Airline, Best Premium Economy in Europe, Best Business Class and Best Russian Airline at TripAdvisor Travellers' Choice Awards



4 Star rating by Skytrax



Best Airline in Eastern Europe at the 2018 Business Traveller Awards voted for by UK readers of the magazine



Best Airline in Eastern Europe at Skytrax World Airline Awards, for the sixth time in a row and for the seventh time in Aeroflot's history  
First-time winner of Best Premium Economy Class Airline Catering



World's Leading Aviation Brand and World's Leading Airline – Business Class at the World Travel Awards 2018  
Europe's Leading Airline Brand and Europe's Leading Airline – Business Class at the World Travel Awards for Europe  
First-time winner of Europe's Leading Airline to Asia



Aeroflot ranked second in Europe and fifth in the world in on-time excellence at FlightStats' Annual On-Time Performance Service Awards held by FlightGlobal in 2018

**Aeroflot was once again named one of the world's Top 20 air carriers by passenger traffic according to Air Transport World and Flight Airline Business.**

**Aeroflot placed fourth in Bain & Company's ranking of digitalisation of airlines.**

Aeroflot was named one of the world's ten leading full-service airlines by reputable global booking portal eDreams, based on passenger reviews.

Once again the airline was listed among Forbes Global 2000 companies – the biggest, most powerful and most valuable public companies in the world.

The frequent-flyer programme offered by Aeroflot won three categories at the 2018 Freddie Awards: Best Customer Service, Best Redemption Ability, and Best Elite Program. Aeroflot also won the 210 AWARD for the greatest growth potential.

Aeroflot's legal team was named among Russia's top corporate legal services by The Legal 500.

Aeroflot for the fourth time won Randstad Award as the most attractive Russian employer in the Transport category.

Aeroflot won the Skyway Service Award in four categories: Best Airline in Business Class (scheduled international and domestic flights), Best Airline in Economy Class (scheduled international flights), and Best Loyalty Program.

Aeroflot Group was named Airline of the Year at the Wings of Russia National Airline Award in the International Scheduled Passenger Carrier category, also winning the Russian Airline of the Year – People's Choice Prize, Airline of the Year – Domestic Passenger Carrier, Group 1, Airline of the Year – Domestic Passenger Carrier, Group 2 (Pobeda), and Domestic and Regional Passenger Carrier (Aurora).

Aeroflot won the Russian Business Travel & MICE Award as the Best Airline for Business Travellers.

Aeroflot's Annual Report received an award in the Best Annual Report of the Company with the Market Capitalisation of RUB 40 Billion to RUB 200 Billion category and the Best Annual Report in the Transport Sector of the Annual Report Competition hosted by the Moscow Exchange and the RCB Media Group.

Aeroflot became the first ever Russian company to win the Grand Prix and three more categories at IPRA Golden World Awards, the leading international PR awards.

Pobeda airline won a special award established by Boeing for record utilization of Boeing 737 NG aircraft at the 16th Wings of the Future forum.



# Company History: Key Milestones

Aeroflot's history represents an era rich in numerous events leading us to Aeroflot's 95th anniversary celebrated in 2018. Below are selected milestones that mark the path of Aeroflot's development.

## 1923–1940 Take-off

**17 March 1923**  
Joint Stock Company Dobrolet (the Russian Society for Voluntary Air Fleet) was established.

**15 July 1923**  
The first scheduled Moscow–Nizhny Novgorod route was launched. (Distance of 420 kilometres. Four passengers. Two flight crew members).

**26 March 1932**  
The abbreviated name, "Aeroflot", was adopted by the Soviet Civil Aviation Fleet, the crew uniform and insignias were introduced.

**1940**  
410 thousand passengers were carried.

## 1941–1945 Thunderstorm

**Since the start of the Great Patriotic War, the Soviet Government suspended all civil aviation flights and Aeroflot switched to supporting the Red Army, with many of its pilots participating in the war.**

Soviet aviators made daily flights to the besieged Leningrad, bringing people food and weapons. One of the hardest and most difficult tasks during the war was ferrying the crucial lend-lease military aircraft supplied by the United States to the USSR via the Alaska–Siberia–Urals route.

Over 1.5 million flights were made during the war. Over 20 thousand Aeroflot aviators were decorated with orders and medals. During the war, Aeroflot pilots carried 2.5 million wounded and paratroopers, as well as 300 thousand tonnes of military and strategic cargo. 15 Aeroflot employees were awarded the highest title of the Hero of the Soviet Union.

## 1946–1990 Reaching the flight level

**The post-war period saw the air transportation industry recover and grow stronger with Aeroflot becoming the national symbol of progress in aviation. The Company launched the world's longest routes, operating transatlantic and transcontinental flights, and became the global leader by passenger traffic.**

The world's first civilian jet air service using Tu-104 and, later, supersonic Tu 144 was launched. Aeroflot took on the new Soviet aircraft Il 12, Il 14, and Il 18 with higher-speed aircraft enabling flights to the USA, Canada, Cuba, Japan and other countries.

**1959**  
The new Sheremetyevo airport opens, with its ground service handling the first Aeroflot's Tu 104 flight from Leningrad to Moscow.

**1967**  
The Flight Attendant Service was established.

**1971**  
The Aeroflot Central Administration of International Air Traffic was set up.

**1980**  
Aeroflot was appointed the XXII Olympic Games general carrier, with the new Sheremetyevo 2 international air terminal inaugurated to support the event.

**1990**  
Aeroflot entered the Guinness Book of Records as the airline that carried 139 million passengers.



## 1991–2008 Turbulent times

**Following the collapse of the Soviet Union, the unified civil aviation fleet was split into several hundred airlines. However, the state stepped in to prevent unregulated industry fragmentation and saved Aeroflot as a national carrier.**

Cutting-edge foreign aircraft came into service: Airbus A310-300, Boeing 777 200, Boeing 737 400, and Boeing 767 300ER. The 2008–2009 global financial crisis left the Company in a challenging financial situation.

**1992**  
Joint Stock Company Aeroflot Russian International Airlines was established.

**1997**  
Aeroflot shares started trading on the RTS exchange (Moscow Exchange).

**1999**  
Launch of Aeroflot's website ([www.aeroflot.ru](http://www.aeroflot.ru)).

**2006**  
Aeroflot became a member of SkyTeam Airline Alliance.

## 2009–2018 Flying high

**A new management team took charge and implemented an anti-crisis action plan including massive fleet additions. Aeroflot launched business process digitisation projects and improved service standards. New services were launched to enhance passenger experience, including the use of mobile phones and Wi Fi access on-board.**

**2009**  
Vitaly Saveliev was appointed as CEO of Aeroflot by the Russian Government.

**2011**  
Aeroflot was awarded the prestigious Skytrax World Airline Award as the Best Airline in Eastern Europe for the first time and successfully lived up to this rating six more times.

The Russian Government transferred Rostec Corporation's carriers to Aeroflot, which prompted large-scale airline integration.

Adoption of Aeroflot Group Development Strategy 2025.

**2013**  
The Internet On-Board programme progressed to the next stage targeting phased rollout of Wi-Fi networks on board all Aeroflot's wide-body aircraft.

The Group established a unified carrier in the Russian Far East, Aurora airline, through consolidating regional Sakhalin Airways and Vladivostok Avia.

**2014**  
Launch of Pobeda airline – Group's low-cost carrier.



**2015**  
100% of Aeroflot's business processes were digitised.

**2016**  
Aeroflot was certified with the 4 Star airline rating by the global rating agency Skytrax for its high-quality service.

Big Data solutions were introduced as part of Aeroflot's effort to develop digital projects.

Aeroflot ranked 4th among its global peers by digitisation.

Aeroflot's subsidiaries were consolidated to create a new united carrier, Rossiya Airlines. The Group's multi-brand platform was finalised.

**2017**  
Aeroflot Group carried over 50 million passengers, ranking among the Top 20 largest global players for the first time in 30 years.

**2018**  
Adoption of updated Aeroflot Group Development Strategy 2023.