

Message from the Chief Executive Officer

Dear shareholders,

For Aeroflot, 2019 was marked by positive progress across all the key areas set out in our Strategy 2023.

Aeroflot Group increased passenger traffic by 9% to 60.7 million passengers, strengthening its position as one of the world's 20 largest carriers. Of this, Aeroflot airline accounted for 37.2 million passengers. The biggest contribution to the Group's growth came from our low-cost carrier, Pobeda. In a real leap forward, its traffic soared to 10.3 million passengers, while the passenger load factor approached 100%.

In 2019, Aeroflot once again secured the title of the world's most powerful airline brand, according to Brand Finance. Our quality is certified by over 50 prestigious international and national accolades, as well as high rankings in various league tables. In particular, Skytrax confirmed Aeroflot's 4-Star Airline Rating, and for the seventh consecutive year we were named Best Airline in Eastern Europe at the Skytrax World Airline Awards, known as the Oscars of the aviation world. Aeroflot was also certified with Five Star Global Airline status for the third time, the highest available ranking in APEX's Official Airline Ratings.

Based on its 2019 performance, Aeroflot was ranked the world's most punctual airline, according to Cirium's On-Time Performance Review. According to the review, 86.68% of Aeroflot's flights arrived on time, the best performance among the world's largest airlines.

We are the airline of choice for passengers from around the world. Aeroflot airline's net promoter score was up 1 p. p. to 73% in 2019. Reflecting the further improvement of our service, this growth has translated into real monetary value, and puts us ahead of some major global competitors. In 2019, preparations were under way to welcome our new fleet of wide-body Airbus A350-900 aircraft, which will support the expansion of our long-haul route network and offer our passengers a whole new level of comfort. Deliveries of Russian-built Superjet 100 (SSJ100) aircraft also continued.

An important area of focus for management was preparing for the launch of the new international hub in Krasnoyarsk. The city's convenient geographic location enables us to offer passengers direct flights to cities in the Urals, Siberia and the south of Russia, as well as international destinations. Sheremetyevo, our main hub, also continued to develop its infrastructure.

The opening of a third runway increased the airport's capacity, while terminal infrastructure saw a change in gear too: in addition to the modern Terminal B, where we have centralised our domestic flights, the airport finished construction of Terminal C. A number of our international flights started moving to the new terminal from early 2020.

Our efforts in driving business performance, cutting costs and fast-tracking innovation led to tangible results. Aeroflot Group recorded RUB 13.5 billion of IFRS net income in 2019. The Company continues to focus on developing digital technology while remaining a global industry leader in terms of execution. A hallmark project of the year was the Tax Monitoring Data Mart. This enables real-time monitoring for the tax authorities while driving business efficiency for the Company. By leveraging Big Data, we are seeing a lot of benefits for business process improvement and service development.

A key priority for Aeroflot Group is safety at every stage of air travel. We are extending our full cooperation to the investigation of the tragic accident that occurred on 5 May 2019. As ever, Aeroflot is committed to setting the highest standards of safety in aviation.

Both Aeroflot and the global aviation industry as a whole are facing a new external challenge in 2020. The COVID-19 pandemic has had a devastating effect on the global travel industry, leading to the suspension of international air travel and also having an effect on domestic air services. However, Aeroflot Group has significant potential and has demonstrated its resilience in times of crisis more than once. Our key task today is to preserve our unique workforce and maintain full operational readiness for the resumption of flights.

For almost a century, Aeroflot has consistently and successfully contributed to the development of Russia. It is particularly relevant to remember this as we mark the 75th anniversary of the country's victory in the Second World War, which is also an integral part of Aeroflot's history. Our efforts today are focused on the objectives set by President Putin to accelerate economic growth and improve quality of life for the people of Russia. Aviation has an important role to play in making this happen by making travel accessibility and supporting social mobility. In this way, we are continuing to make an important contribution to the nation's economic development.

Vitaly Saveliev
Chief Executive Officer
PJSC Aeroflot

