

Aeroflot Group 12 Months 2015 Financial Results

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1 March 2016

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Aeroflot Group



- **Aeroflot Group carried 4.7 million more passengers in 12M 2015** compared to 12M 2014 (+13.4% passenger traffic; growing seat load factor of 78.3%).
- Expansion in the number of customers resulted in **market share increase by 5.6 p.p.** from 31.1% in 12M 2014 to 36.7% in 12M 2015.
- **Strong 12M 2015 financials results:**
 - Total revenue up 29.8% y-o-y
 - Strong yield performance on scheduled flights (+18.0%) exceeding CASK evolution (+11.7%)
 - Solid operating profit (44.1 bn RUB) and cash flow
 - EBITDAR and EBITDA margins of 24.8% and 14.1%
 - Successful operational management of Transaero demise

Macro and Aviation Market



- **Russian aviation market is showing some remarkable resilience** having demonstrated a traffic decline of only 4.1% y-o-y in 12M 2015 despite tough economic environment:
 - Depreciation of Russian Rouble vs. US Dollar in 2015 by ~60%
 - 4.0% decline in real disposable income and 9.5% decline in real wages in 12M 2015;
 - 10.0% decline in retail sales (and 9.2% decline in food sales) in 12M 2015.
- **Domestic flights traffic growth** of 13.6% y-o-y driven by a continuous switch from rail to airlines and growing popularity of domestic tourism.
- **Traffic in international segment declined** by 16.6% y-o-y as a result of RUB depreciation and respective weakening of consumer confidence.
- **Foreign and domestic carriers further optimizing capacity** either by suspending flights, or reducing frequencies and seating capacities.

1. Market Update

2. Aeroflot Group Overview

3. Operating Performance

4. Revenue and Yield Management

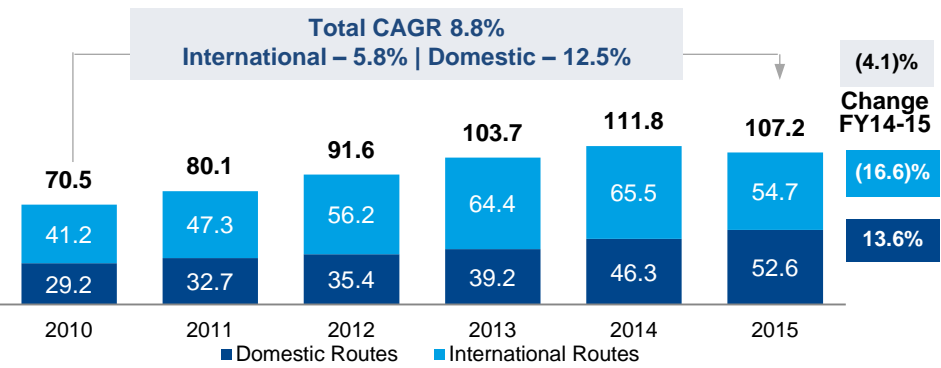
5. Fleet Overview

6. Financial Performance

7. Capital Structure and Liquidity

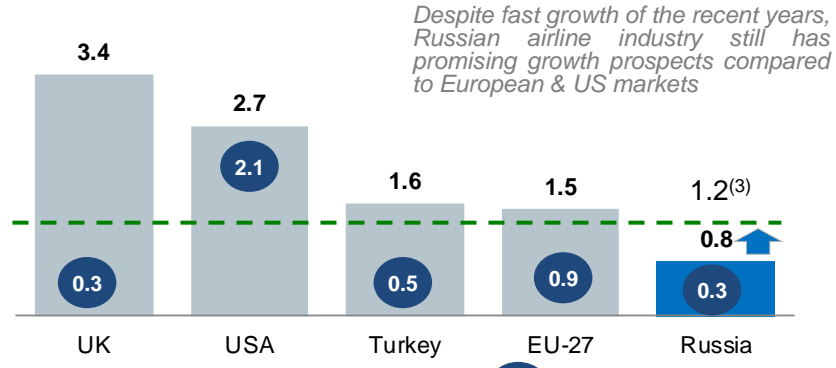
8. Appendix

Russian Total Passenger Traffic Growth, mn PAX⁽¹⁾



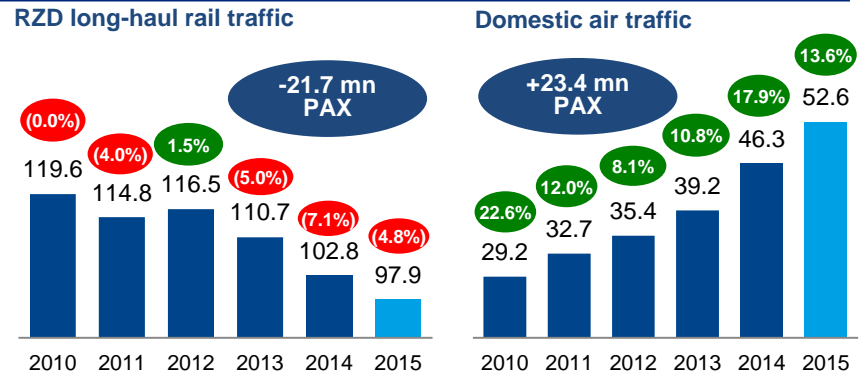
Notes: (1) Total local and foreign carriers' traffic
Sources: FAAT, Aeroflot estimates

Trips per Capita ⁽²⁾



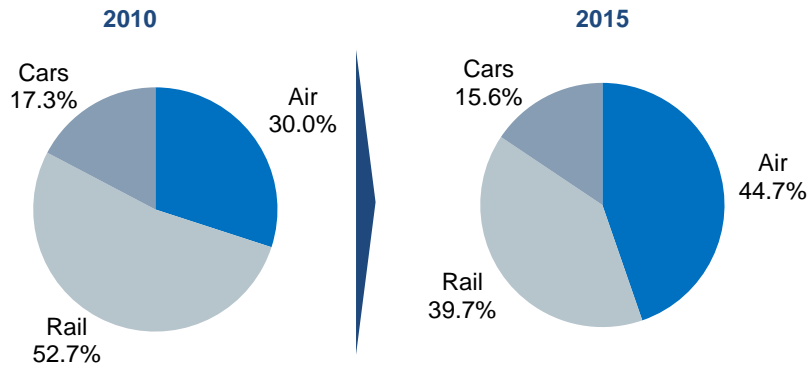
(2) Airline PAX per capita per year, as of 2014
(3) 2025E

Continuing Switch from Rail to Air (mn PAX)



Growth in the number of domestic air passengers was supported by huge decline of Russian Railways' long-distance traffic (mostly domestic) in the recent years as air transportation becomes more affordable

Changing Mix of the Transportation Industry



- Russian market is well positioned for long-term growth on the back of still low penetration, additional potential from ongoing structural changes and increasing propensity to travel by air as well as advantageous geographical location.

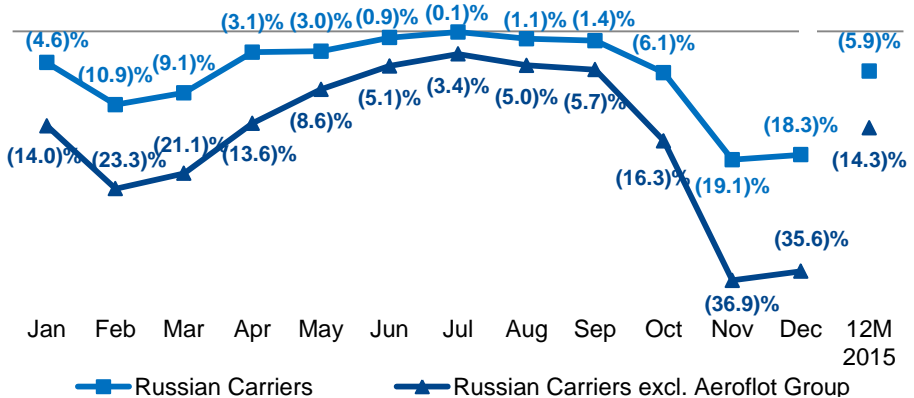
*In the charts, tables and text of this presentation, immaterial deviations in calculation of % change, subtotals and totals are due to rounding

Capacity Optimization by Russian and Foreign Airlines



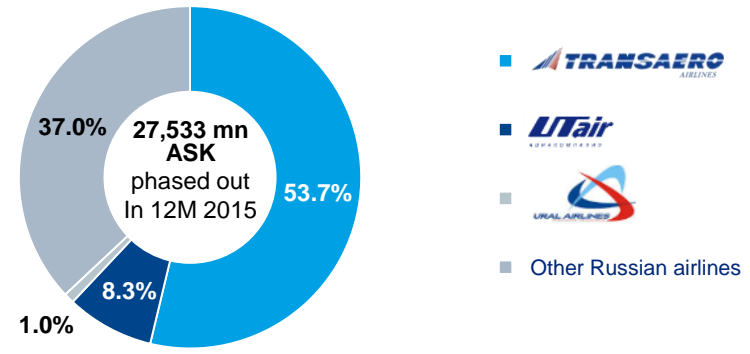
Russian Carriers Capacity Dynamics¹ (ASK)

Change, y-o-y



Russian Peers Capacity Optimization (ASK phase out)

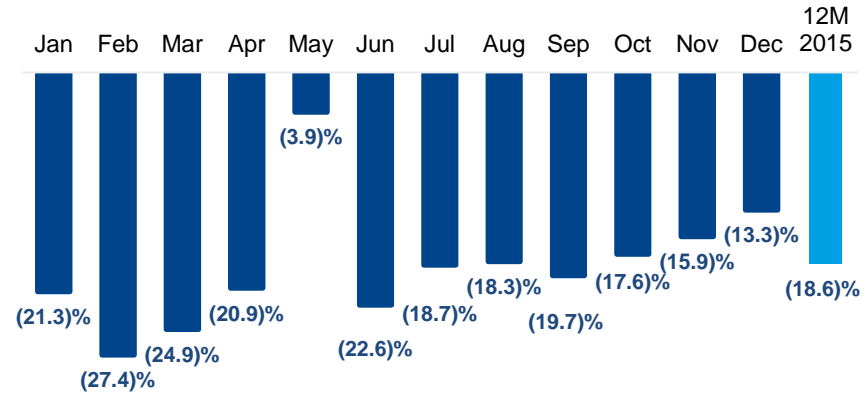
12M 2015 vs. 12M 2014



Foreign Carriers Capacity Optimization (to Russia)

Airline	Comment
TAROM	Suspension of Bucharest – Moscow service from Mar 2016
easyJet	Suspension of London – Moscow flights from Mar 2016
germanwings	Downscaling to 1 daily flight from Berlin to Moscow from Nov 2015
Lufthansa	Regional flights suspension; consolidation of flights in DME
FINNAIR	Cancellation of flights to Russian regions
airberlin	Complete cessation of flights to Russian destinations from Jan 2016
CATHAY PACIFIC	Flights from Hong Kong to Moscow suspended from Jul 2015
THAI	Flights from Bangkok to Moscow suspended from Mar 2015
DELTA	New York – Moscow flight suspended from Sep 2015
Scandinavian Airlines	Flight frequency reduction to Russian destinations

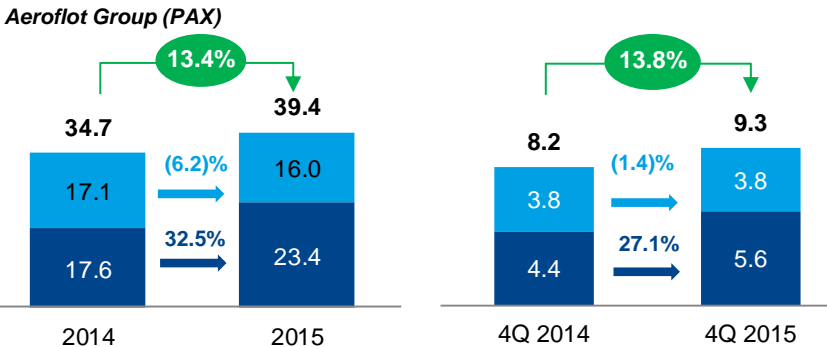
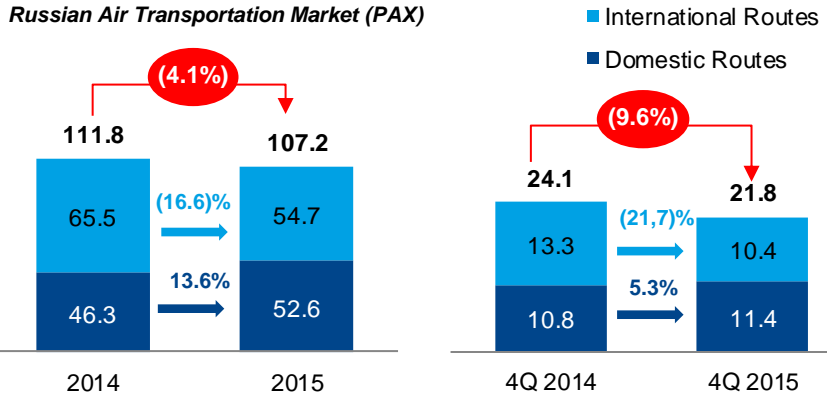
...Results in Foreign Carriers' Traffic Decline (PAX)



• Capacity optimization by key major domestic and foreign players on the back of macroeconomic instability led to a decline in Russian air transportation market in 12M 2015

Source: TCH, Rosaviatsia, Company estimates; ¹ Based on data for domestic carriers only.

Passenger Traffic: Market vs Aeroflot Group

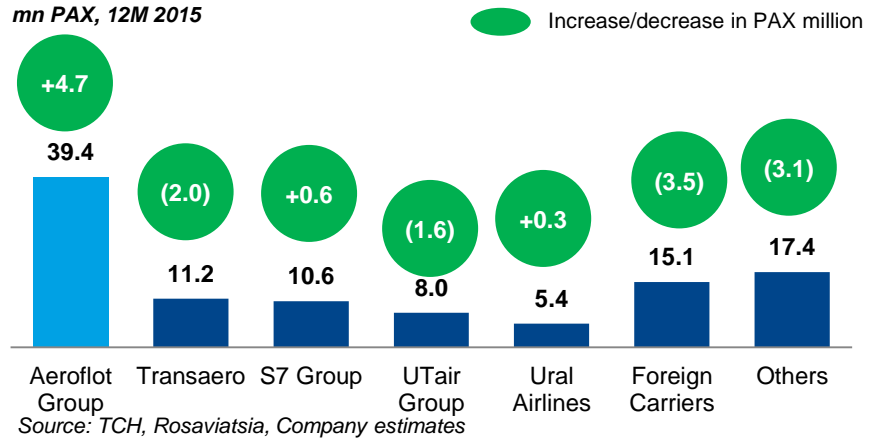


Market Dynamics Net of Aeroflot

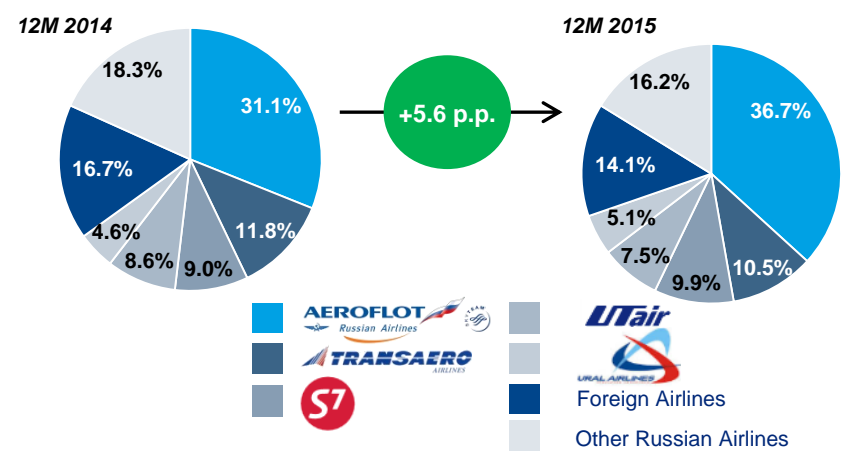
(12.0%)	Total Market	(21.7%)
(20.2%)	International	(29.8%)
2.0%	Domestic	(9.6%)

Source: TCH, Company estimates
Note: 1. Incl. foreign carriers' traffic.

Change in Airlines' Passenger Numbers



Increasing Market Share¹ (PAX)



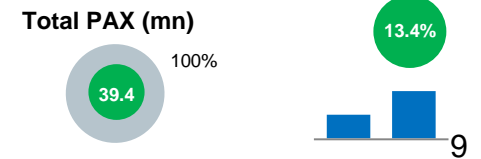
Aeroflot Group succeeded to convert market instability and competitors' weakness into an advantage and outperformed Russian market in 12M 2015 growing PAX by 13.4% with significant acceleration on domestic routes as well as a slowdown on international routes mainly driven by reshaping of the charter subsidiary.

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Multi-Brand Strategy: 2015

	Brand	Business Model	Focus Airport	PAX Contribution ¹	PAX Growth
Premium		<ul style="list-style-type: none"> Flagship carrier Premium product High income and middle class Hub and spoke model 	<ul style="list-style-type: none"> Moscow (Sheremetyevo) 	12M 2015 	12M 2015 y-o-y
Regional		<ul style="list-style-type: none"> Focus on direct and transit routes via St. Petersburg Selected international routes 	<ul style="list-style-type: none"> Saint-Petersburg (Pulkovo) 		
		<ul style="list-style-type: none"> Predominantly regional domestic flights Reduced exposure to leisure segment 	<ul style="list-style-type: none"> Orenburg, Moscow (Domodedovo, Vnukovo) 		
		<ul style="list-style-type: none"> Regional domestic routes originating in the South of Russia Selected international routes, mostly to CIS 	<ul style="list-style-type: none"> Rostov-on-Don, Krasnodar, Sochi, Mineralnye Vody 		
Regional / Far-East		<ul style="list-style-type: none"> The Far East airline flying on short- and mid-haul direct international and domestic routes Regional flights to remote cities 	<ul style="list-style-type: none"> Vladivostok, Khabarovsk, Yuzhno-Sakhalinsk 		
Low Cost		<ul style="list-style-type: none"> Short and mid-haul Point-to-point budget passenger carrier 	<ul style="list-style-type: none"> Moscow (Vnukovo) 		

• Multi-brand offering to capture customers in every market segment from premium to low-budget. Additional steps to be taken to simplify operational structure of regional companies – merger of “Rossiya”, “Donavia” and “Orenair” airlines.



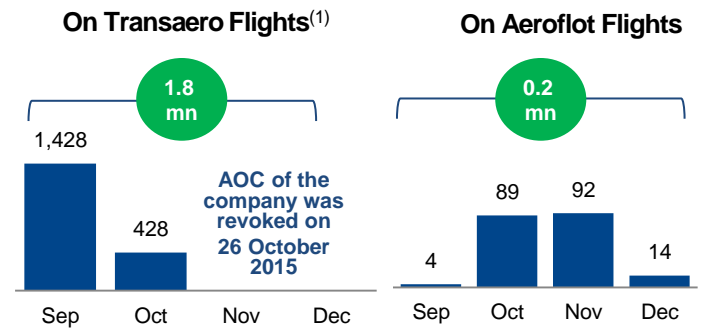
Source: Company data
¹ PAX contribution as of 12M 2015. Absolute number of passengers in million in green circle

Timeline of the Situation (Sep'15-Dec'15)

September	<p>Phase I – Aeroflot Groups takes obligations to buy Transaero airline</p> <ul style="list-style-type: none"> 1 Sep: A government commission backed the restructuring of Transaero 3 Sep: The Russian Federation Government's directive to acquire 75% plus 1 share 3 Sep: A tender offer from Transaero shareholders was received by Aeroflot 3 Sep: Aeroflot's BoD approves the tender offer from Transaero shareholders 7 Sep: Dmitry Saprykin was appointed as CEO of Transaero; financial support initiated 28 Sep: Expiration of the tender offer to purchase Transaero shares by Aeroflot
October	<p>Phase II – Change of the plan –Transaero goes bankrupt</p> <ul style="list-style-type: none"> 1 Oct: BoD doesn't extend the tender offer as <u>shareolders don't not submit 75% + 1 share</u> 1 Oct: Suspension of ticket sales by Transaero 2 Oct: Aeroflot confirms that all Transaero tickets will be honored through 15 December 2015 16 Oct: First bankruptcy lawsuits against Transaero were filed by banks 20 Oct: S7 Group announces intention to purchase at least 51% of Transaero shares 21 Oct: FAVT decides to cancel air operator certificate of Transaero from October 26 26 Oct: Air operation certificate of Transaero is cancelled
November	<ul style="list-style-type: none"> 2 Nov: S7 dropped the plans to acquire Transaero shares 12 Nov: Aeroflot coordination centre completes reassignment of all Transaero
December	<ul style="list-style-type: none"> 16 Dec: <u>The court started the procedure of Transaero bankruptcy</u>

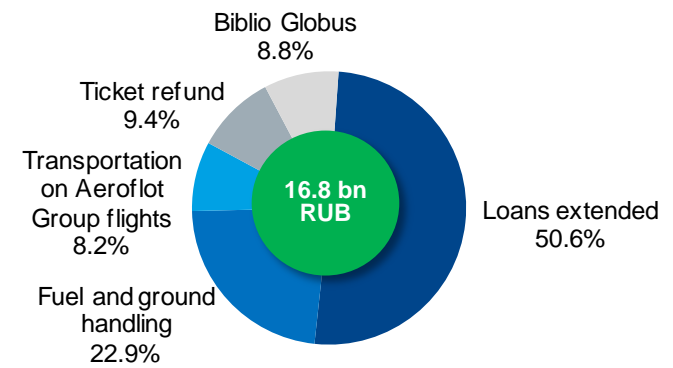
Source: Company data, press releases

Transportation of Transaero Passengers (thd PAX)



(1) Transaero passenger traffic according to FAVT (Rosaviatsia); Aeroflot provided financial support for Transaero flights execution starting from 3 September, 2015

Costs Associated with Transaero



- Successful resolution of Transaero crisis allowed to mitigate negative economic and social consequences
- Aeroflot Group was able to minimize costs of maintaining operations of the struggled airline in the transition period

1
New routes...

- New slots and designations for **56 routes** out of 141 international routes serviced by Transaero previously (until November 2016 with prolongation option)
 - New markets (Kazakhstan)
 - Increased flight frequencies to congested European and Asian airports
- New opportunities are being exploited in line with market features (seasonality) and fleet availability
- Meanwhile Aeroflot increases frequencies and capacities on non-regulated domestic market and adds new routes (Magadan)



2
... require additional fleet to service enlarged network...

- Aeroflot Group is planning take up to 34 aircraft from Transaero fleet
- Changes from the previous plans relate to alignment of commitments with Group's fleet strategy
- Aircraft to be taken include 10 B737 and 6 A321 from the order-booked and will be delivered in the coming years
- Aircraft from order book will join Aeroflot airline fleet and aircraft that were exploited by Transaero to be operated by "Rossiya"



3
... and provide with ability to hire more employees

- Aeroflot Group plans to employ **~6,000** former Transaero personnel, including:
 - ~2,800 cabin crew and 700 cockpit crew
 - ~1,000 engineers
 - ~1,200 ground handling personnel
 - ~ 300 administrative employees
- Based on the potential increase in PAX we expect to maintain current levels of labor productivity of the Group
- The majority of the staff will be employed by Rossiya airline

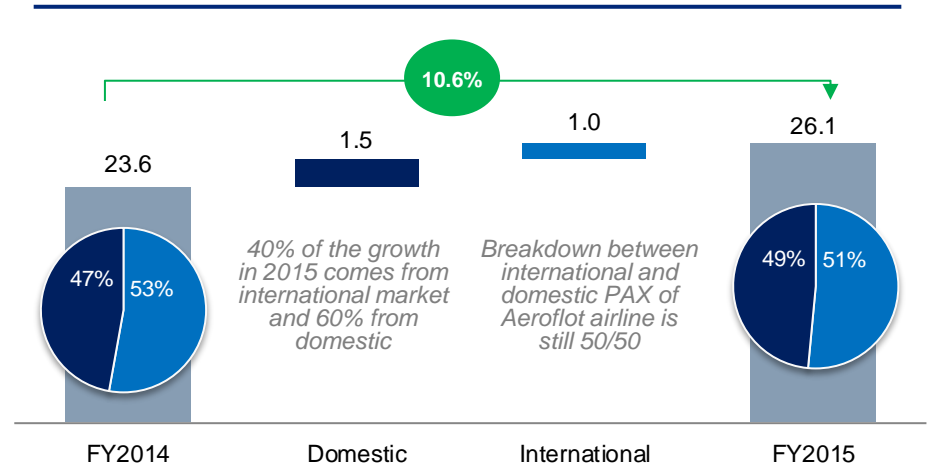


- **Aeroflot Group has provided financial and operational support for transportation of Transaero passengers during the September – December 2015 and committed to take portion of Transaero fleet and employees in order to secure smooth transition and mitigate negative industry-wide effects from Transaero bankruptcy**
- **Currently Aeroflot Group has completed strategic assessment and is implementing the integration plan**

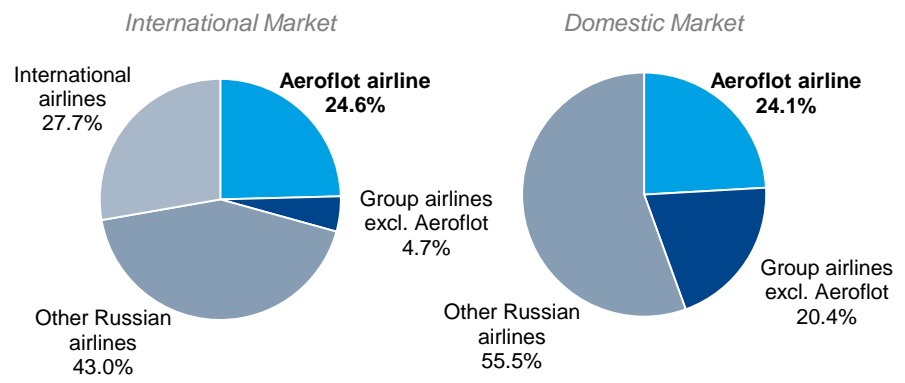
Aeroflot Snapshot

Description	<ul style="list-style-type: none"> Premium airline with young fleet and high service standards Based in SVO in Moscow Hub and spoke model
Network	<ul style="list-style-type: none"> Current network comprises 125 destinations both domestic and international Highly efficient hub in the base airport New routes (from Transaero, etc.) to be added to the network
Fleet	<ul style="list-style-type: none"> Current fleet in operation consists of 167 aircraft 21% wide-body, 79% narrow-body aircraft (incl. 14% regional) One of the youngest fleets in the industry globally, average age – 4.4 years

PAX Growth Decomposition

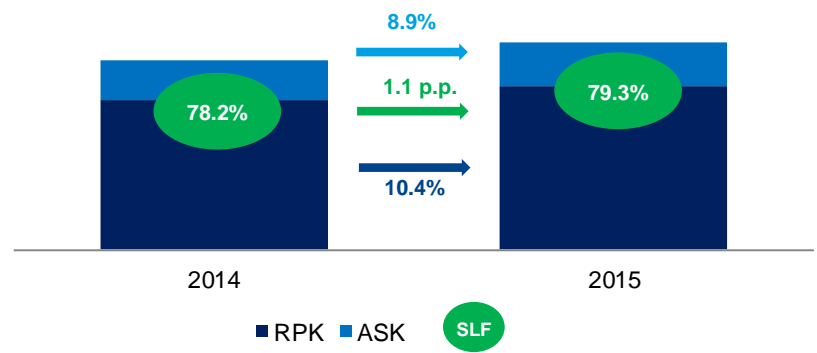


Undisputable Leader on the Market



Operating Indicators Dynamics

Intelligent capacity growth and pro-active approach on international routes helped Aeroflot airline to increase SLF by 1.1 p.p.



Aeroflot airline is an important contributor to the Groups operational and financial growth

(1) Current fleet refers to current fleet in operation

Overview of the Initiative

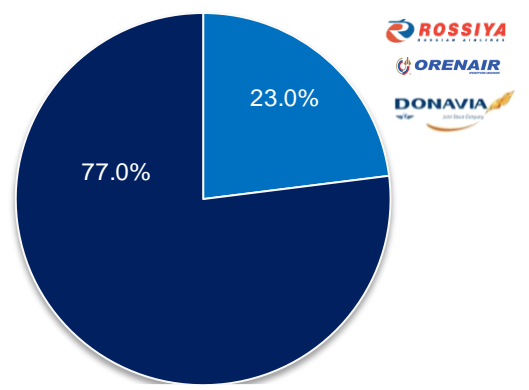
Description	<ul style="list-style-type: none"> Unite Rossiya, Donavia and Orenair under one brand-name Focus on regional operations in the middle price segment with selective exposure to international routes
Network	<ul style="list-style-type: none"> Current combined network comprises ~90 destinations both domestic and international New routes (from Transaero, etc.) to be added to the network Operations will originate from Vnukovo, Pulkovo and other regional airports
Fleet	<ul style="list-style-type: none"> Current fleet in operation consists of 52 aircraft 5.8% wide-body, 94.2% narrow-body aircraft Additional long-haul fleet to be taken from Transaero's lessors
Status	<ul style="list-style-type: none"> Strategy approved Integration approved and underway

Current and Target Consolidated Fleet Structure

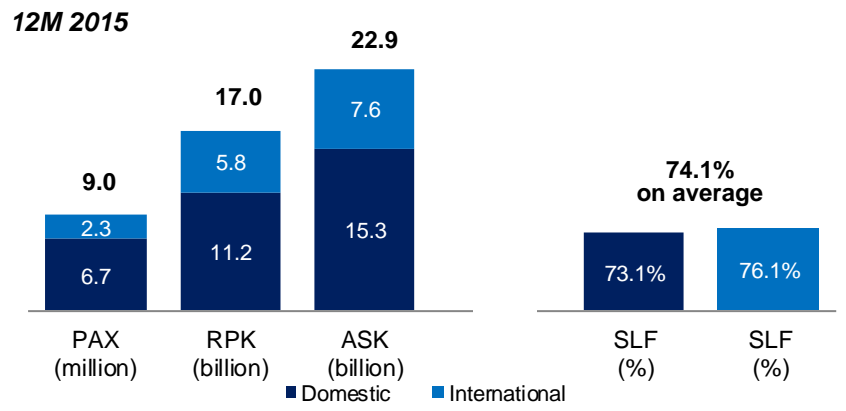
Aircraft	Aircraft type	As of YE2015	Target
An-148	Narrow-body	6	✗
SSJ-100	Narrow-body	-	✓
Airbus A319	Narrow-body	26	✓
Airbus A320	Narrow-body	7	✓
Boeing 737	Narrow-body	16	✓
Boeing 767	Wide-body	1	✗
Boeing 777	Wide-body	3	✓
Current total fleet		59	
Transaero Fleet			~19
Boeing 777	Wide-body		5 (TBC)
Boeing 747	Wide-body		14 (TBC)

Consolidated Share of Rossiya, Orenair and Donavia

% of Aeroflot Group's PAX, 12M 2015



Consolidated Results of Rossiya, Orenair and Donavia



• New Rossiya airline to crystalize the Group's proposition in the middle-price market segment

(1) Current fleet refers to current fleet in operation

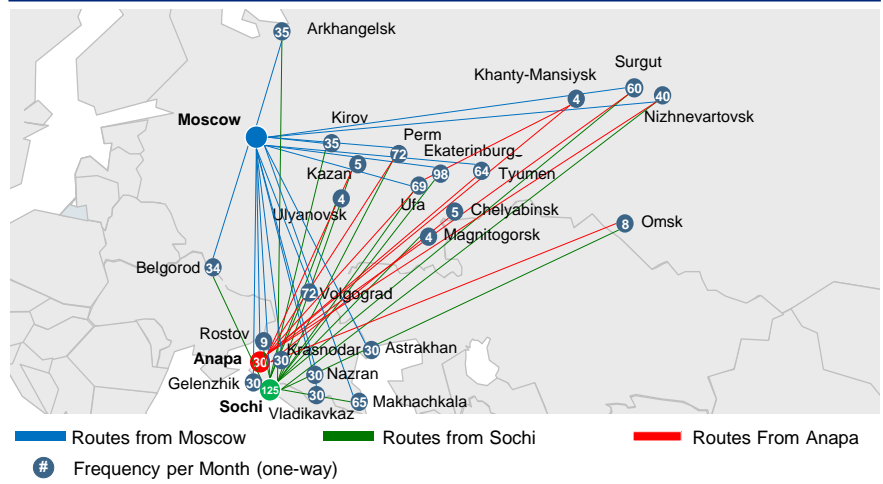
Pobeda Airline: Group's Low Cost Carrier



Overview of Pobeda

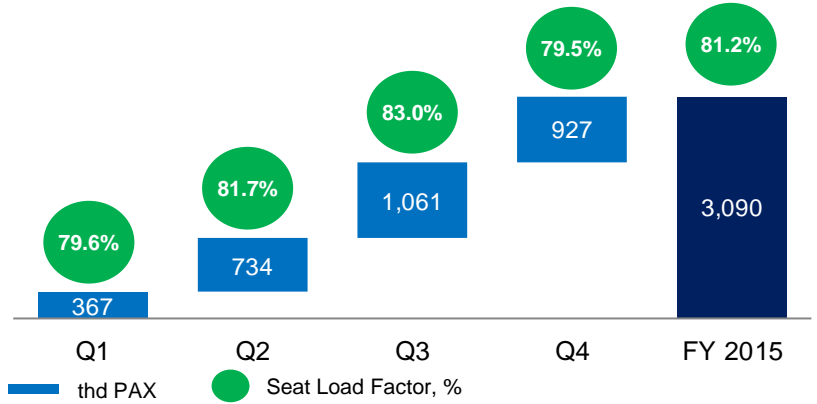
Network	<ul style="list-style-type: none"> Operating from Vnukovo airport (3rd Moscow airport by PAX) Network comprising 24 unique destinations or 30 routes (as of Dec) In addition to scheduled destinations Pobeda serviced regional flights from Russian cities to Sochi and Anapa sea resorts (mostly in summer season)
Fleet	<ul style="list-style-type: none"> 12 Boeing 737-800 NG Single class cabin 189 seats per plane
Key milestones	<p>2014</p> <ul style="list-style-type: none"> December - First flight performed from Moscow to Volgograd <p>2015</p> <ul style="list-style-type: none"> March - Seasonal summer route announcement April - Pobeda becomes Top-10 airline in Russia June - Cumulated PAX reached 1 mn December - Launch of international flights December - Cumulated PAX reached 3 mn

Pobeda's Network

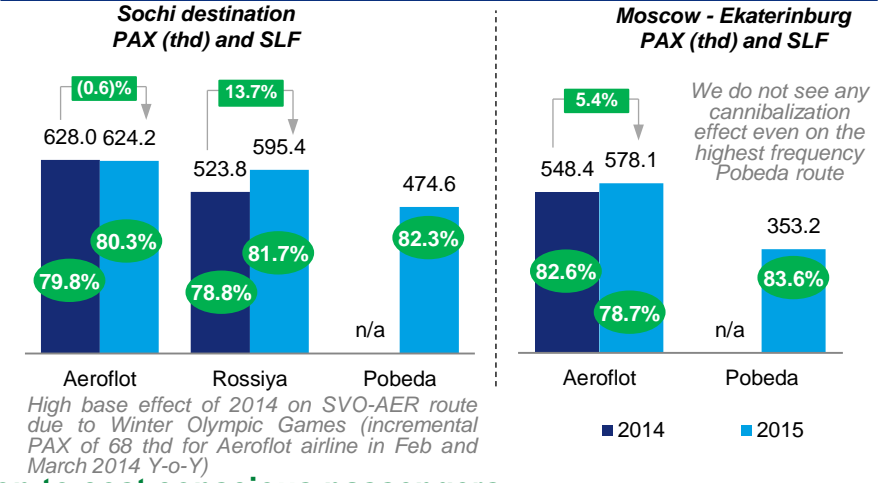


2015 Quarterly Operating Results

Pobeda's seat load factor exceeds the one of Aeroflot Group on domestic routes (79.4%) that contributes to the efficiency of LCC



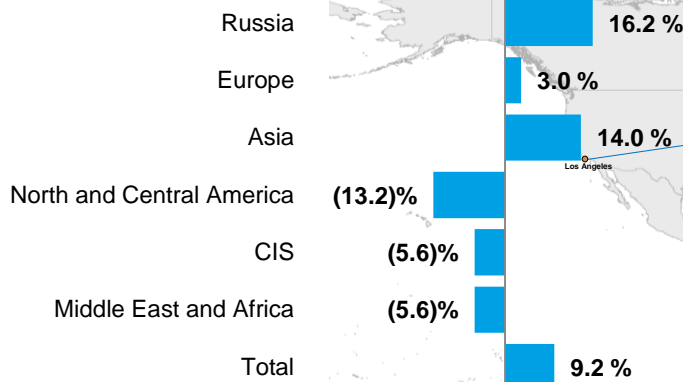
Effective Market Segmentation



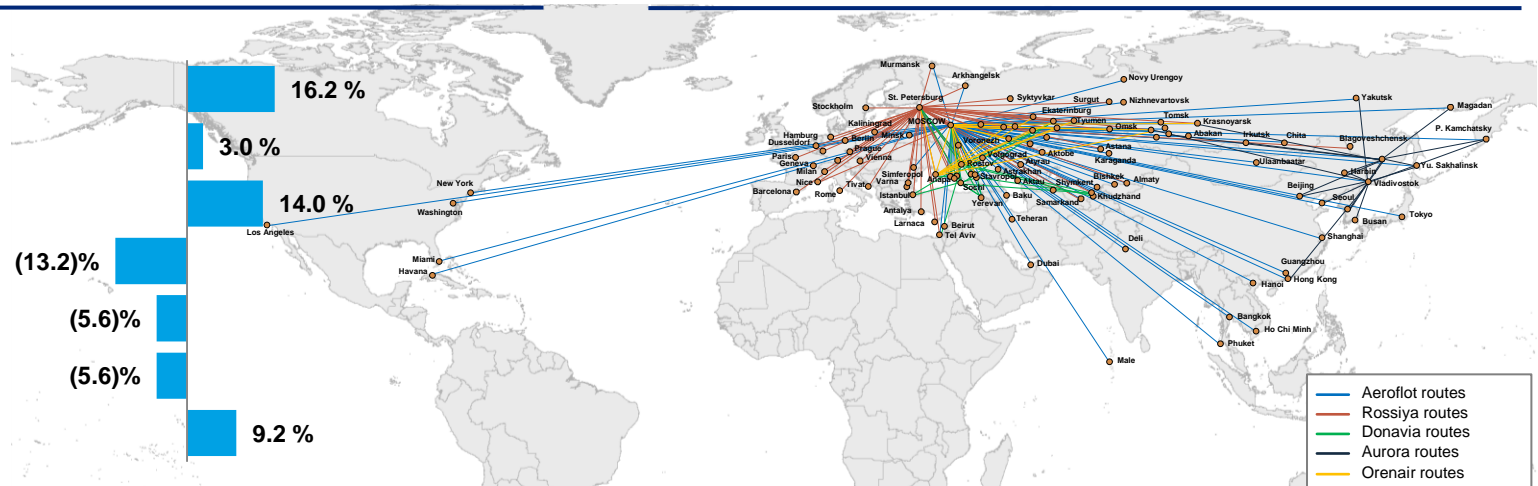
- **Pobeda, the only Russian LCC, is a timely value proposition to cost conscious passengers.**
- **Launched in the very end of 2014, the company has been demonstrating solid growth and attracting substantial customer attention during the first year of operations.**

of Flights Evolution by Region¹

(12M 2015, y-o-y)

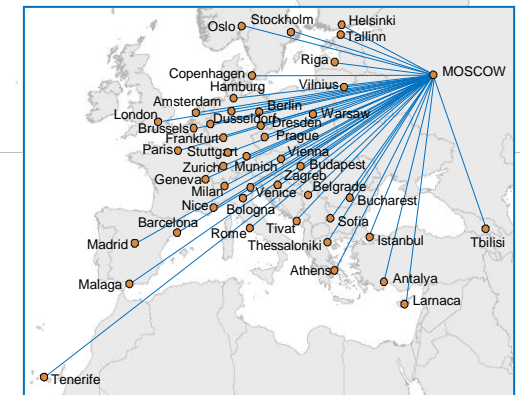
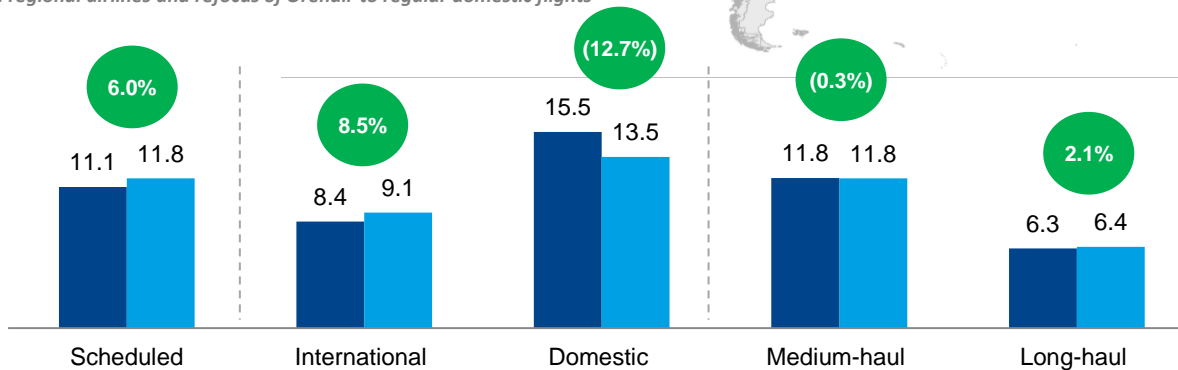


Geographic Network – 2015-2016 Winter Schedule



Average Scheduled Flight Frequency per Route²

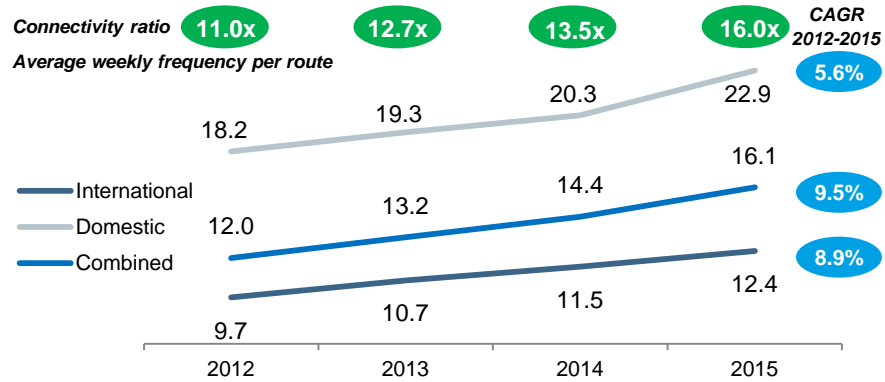
Increase in frequencies of Aeroflot airline by 11.5% was offset by optimization in regional airlines and refocus of Orenair to regular domestic flights



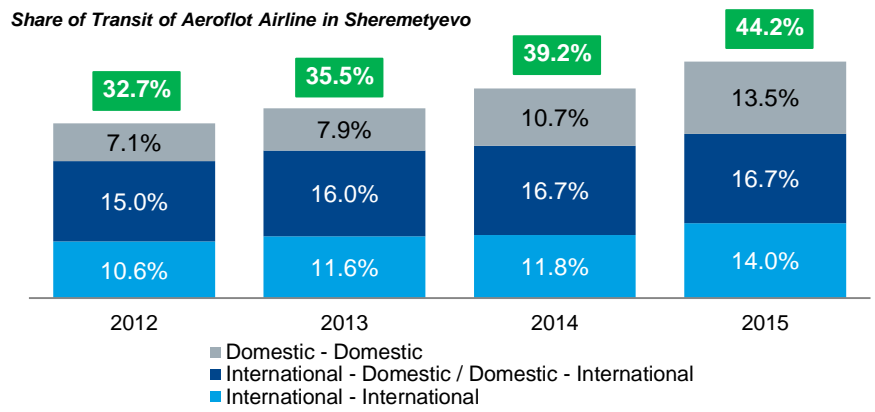
- Moderate growth of destinations, focus on increase in frequencies on scheduled routes
- Aeroflot Group operates flights to 137 unique destinations in 51 countries (in 2015-2016 winter schedule)
- In 2015 Aeroflot airline added flights to six cities in Kazakhstan and one destination and domestic flights (Voronezh, Magadan).

Note: ¹ Scheduled flights of Aeroflot Group (excluding Pobeda LCC); ² Average weekly frequency per route (excluding Pobeda LCC)

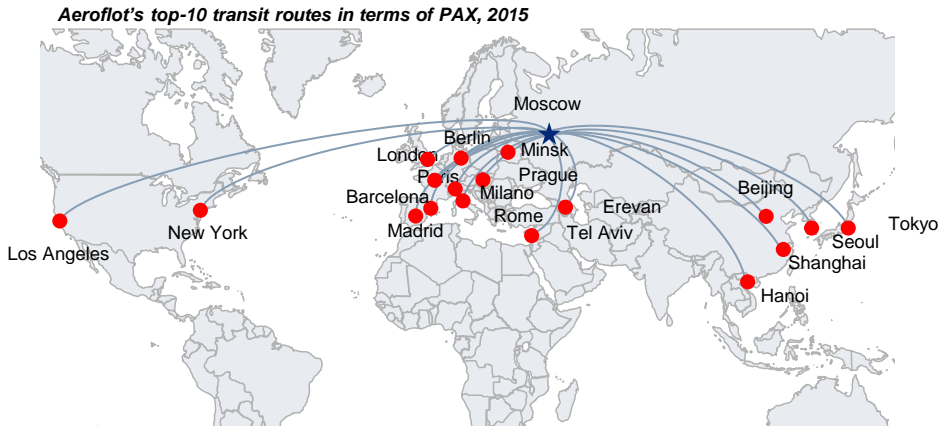
Connectivity and Frequency of Flights¹



Aeroflot's Transit Traffic Growth in Sheremetyevo

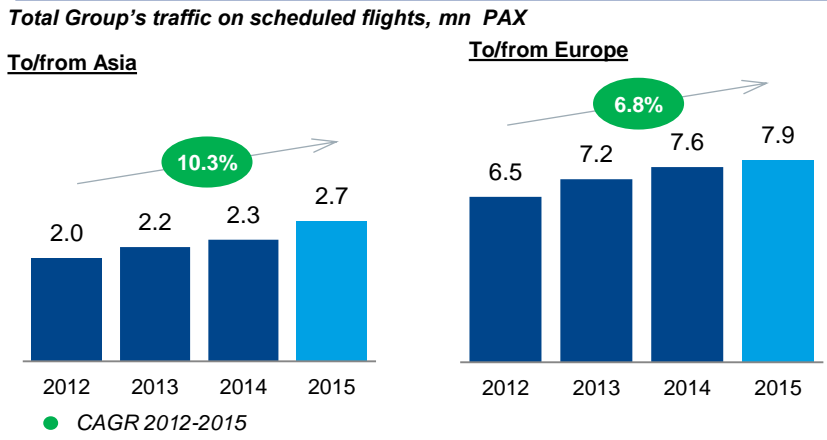


Key International Transit Routes



Source: Company data, IMF, Eurostat, RITA, Russian State Statistics Service, Rosaviatsia
¹ Data for Aeroflot airline's own flights

Increase in Traffic Turnover with Key Destinations

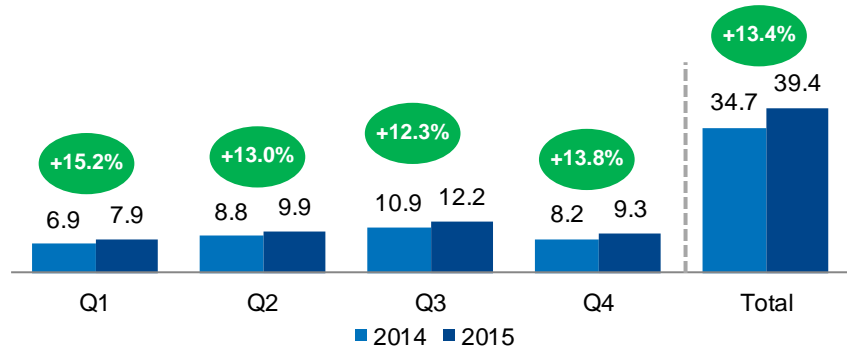


- Increasing flight frequency improves connectivity and supports Aeroflot's traffic growth in Sheremetyevo airport
- Advantageous geographical positions and Group's efforts support traffic growth on key European and Asian destinations

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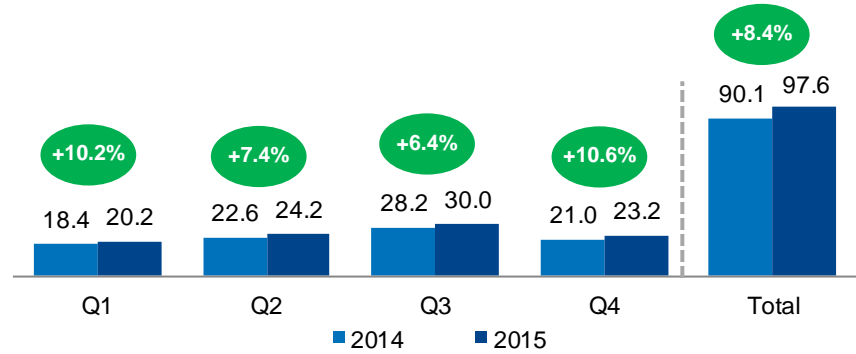
Passenger Traffic, thd PAX

Aeroflot Group passenger traffic reached a record **39.4 mn** in 2015 representing **13.4% YoY growth**. Aeroflot airline traffic increased by **10.6% up to 26.1 mn**.



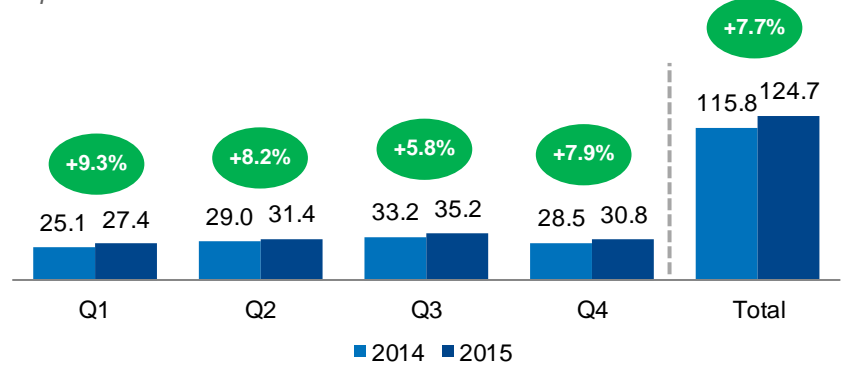
Passenger Turnover, mn RPK

Group's RPK growth supported by Aeroflot airline revenue passenger kilometers y-o-y growth of **10.4% up to 74.1 bn**.



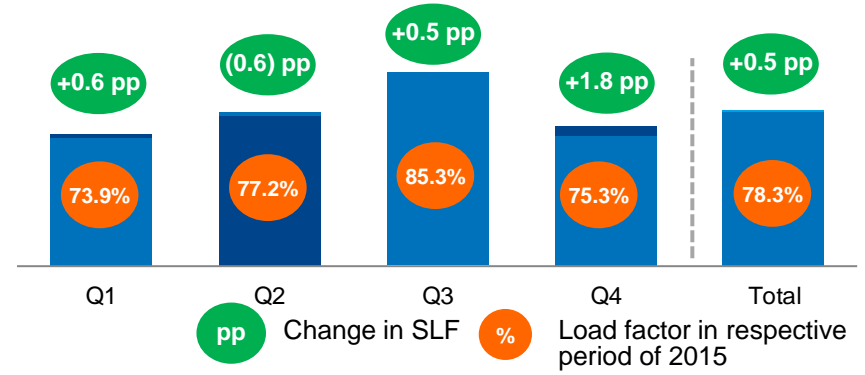
Passenger Capacity, mn ASK

Increase in available seat kilometers (**7.7% for the Group and 8.9% for Aeroflot standalone**) on the back of the fleet enlargement and increased frequencies.



Seat Load Factor, %

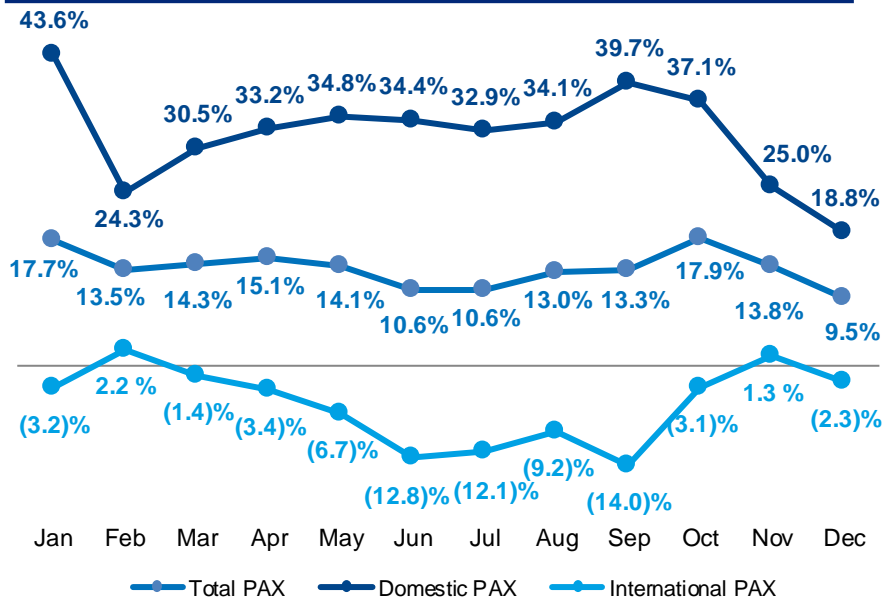
An increase in the load factor in FY2015 was mainly driven by international routes operating dynamics that posted SLF growth of **1.0 p.p.** on the back of strengthened Aeroflot airline's market positions in the segment.



• Strong operating performance in 2015 on the back of the strong growth in domestic market and solid market positions on international routes.



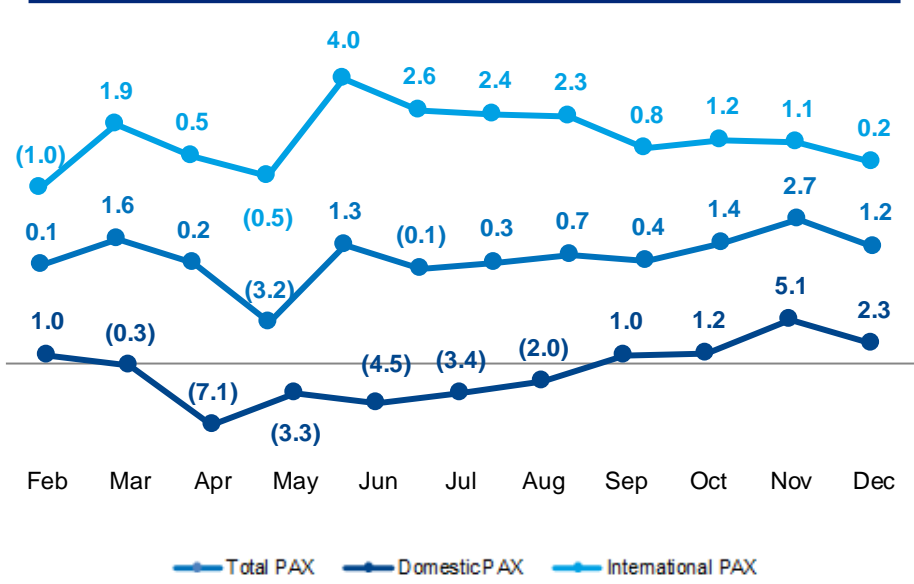
Passenger Traffic, thd PAX



Despite negative international traffic trends for the Group (mainly attributed to optimizations in Orenair and Rossiya airlines), Aeroflot airline, key Group's asset and profitability engine posted very strong performance on international routes.

FY 2015	Aeroflot Group	Aeroflot Airline	Market
Total PAX	+ 13.4%	+ 10.6%	- 1.2%
Domestic PAX	+ 32.5%	+ 13.7%	+ 13.6%
International PAX	- 6.2%	+ 7.8%	- 15.8%

Seat Load Factor Change (SLF₂₀₁₅ – SLF₂₀₁₄ for respective month)



Aeroflot Group succeeded not only to maintain high load factors but also increase SLF ahead of the market's numbers which are in their turn affected by significant capacity optimizations.

FY 2015	Aeroflot Group	Aeroflot Airline	Market
Total SLF	+ 0.5 p.p.	+ 1.1 p.p.	- 0.1 p.p.
Domestic SLF	- 0.8 p.p.	- 0.3 p.p.	+ 0.2 p.p.
International SLF	+1.0 p.p.	+1.8 p.p.	+0.3 p.p.

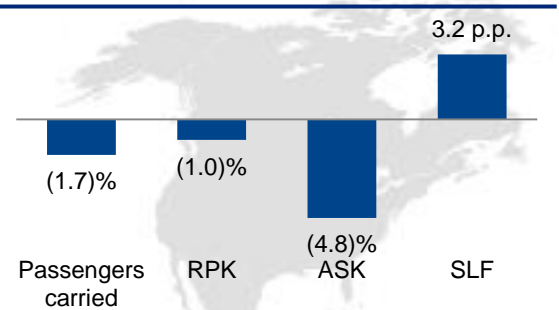
Note: Numbers on this slide are presented only for Russian carriers (for comparison purposes between PAX and SLF for the market)
Source: Rosstat, TCH, Aeroflot estimates

- Strong double digit PAX Growth on the back of solid domestic market numbers. Slight deceleration growth pace in Q4 is attributed to high base effect of 2014.
- Mostly positive SLF numbers throughout the year on the back of international routes SLF dynamics. Domestic SLF is affected by high base effect of 2014 (particularly in Q2) and reallocation of capacities to domestic routes by key airlines as well as Group's capacity increase in the segment.

12M 2015 Operating Data by Region

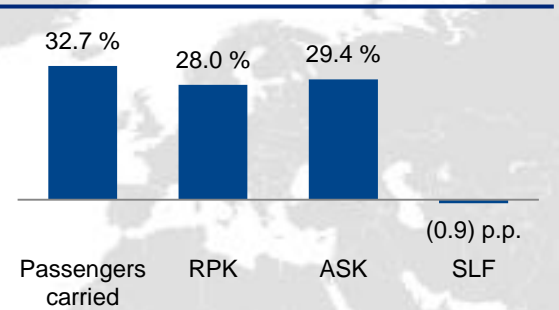


Americas



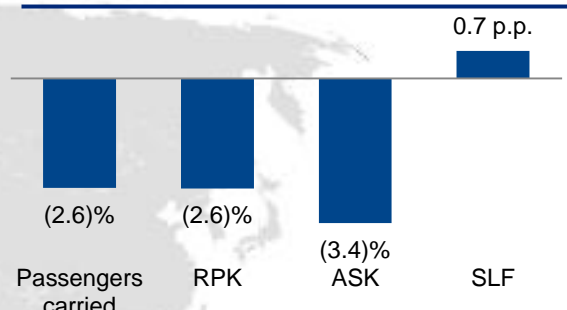
SLF improvement results from network optimizations and closure of commercially inefficient flights to the region

Russia



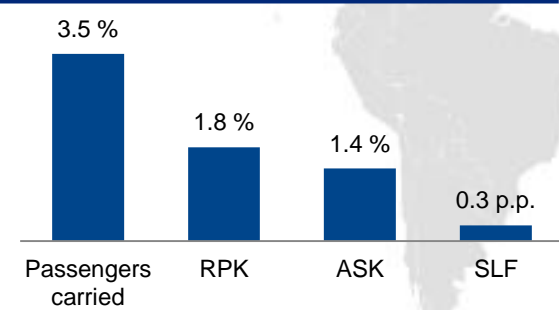
Russian market is a star performer for the second year in row, despite high base of previous year

CIS



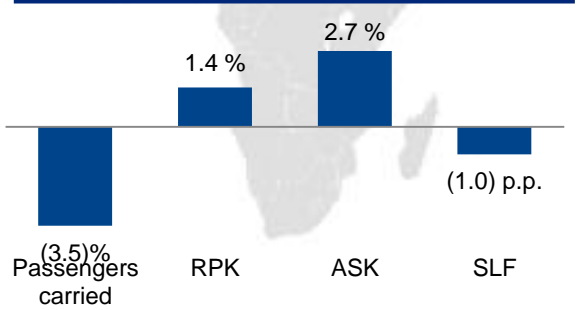
CIS' operating metrics were under pressure in 4Q due to suspension of flights to Ukraine

Europe



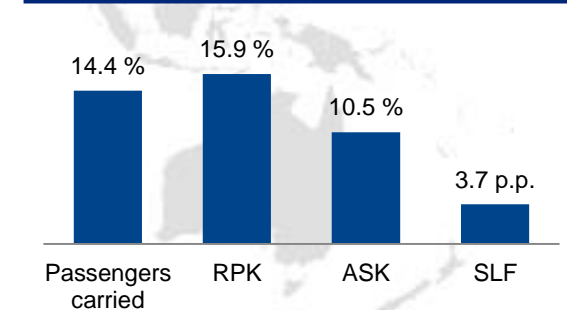
Softening of competitive landscape and intelligent capacity management on European routes

Middle East



Middle East market performance affected by frequencies and destination optimization by Aeroflot subsidiaries (incl. suspension of flights to Egypt)

Asia



Asian market indicators increase was sustained due to capacity expansion on selected routes, less competition as well as increased international transit via Aeroflot hub in Sheremetyevo

- Strong operating performance on the schedule routes on key routes was partially offset by selective adjustments in network due to internal and external reasons

Source: Data presented based on management accounting for scheduled flights of Aeroflot Group (excluding charter flights)

Competitive Strengths	Description	12M'15 Results Checklist
1 Balanced global network and strategic partnerships based on the hub in Sheremetyevo	<ul style="list-style-type: none"> Diversified network balanced between the regions with different demand drivers The only Russian airline to capture selected profitable transit flows on key global routes via hub in Sheremetyevo Partnerships and JVs with international airlines, membership in SkyTeam 	<ul style="list-style-type: none"> ✓ Improved network convenience (frequencies up by 6.0%) ✓ Increased number of international transit passengers supporting load factors and contributing to Group's revenue growth
2 High quality service and reliable operations	<ul style="list-style-type: none"> Extremely efficient fleet strategy: five major aircraft types for the Group working in different market segments is unmatched anywhere in the world. Young western-built fleet easily transferable from one route to another High quality service recognized by numerous international awards and reliable operations support customer retention Tourists switch to self-booking and to regular airlines after turmoil in the tour operators industry 	<ul style="list-style-type: none"> ✓ Aeroflot - Best Airline in Eastern Europe 2015 (by Skytrax for the 4th time) ✓ Continued phase-out of outdated aircraft in the fleet
3 Diversified product offering	<ul style="list-style-type: none"> Group's offering covers various price segments from up-scale to low budget economy Pobeda, the only domestic LCC currently in Russia, is a timely value proposition to cost conscious passengers - recently launched, the company has been demonstrating solid growth and attracting substantial customer attention 	<ul style="list-style-type: none"> ✓ Strong PAX growth of Aeroflot domestically and internationally ✓ Pobeda enters Top-10 airlines in Russia
4 Efficient operating model underpinned by thorough cost management	<ul style="list-style-type: none"> Substantial savings in fuel and maintenance costs as a result of young fleet Cost control programs targeting higher fuel efficiency High labour productivity 	<ul style="list-style-type: none"> ✓ Strong double-digit growth of yields and RASK in 12M 2015 (exceeding CASK) ✓ Manageable growth of the operating costs despite high pressure from the FX in 12M 2015

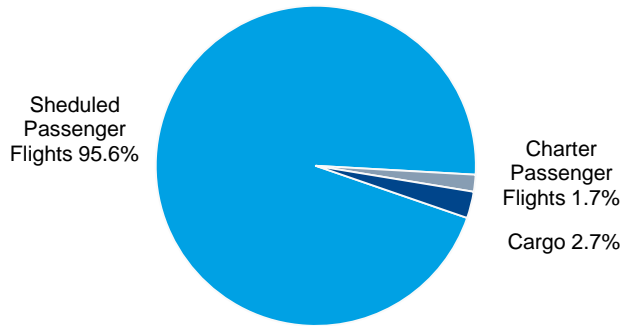
Increased market share both on domestic and international routes

In 2015 Aeroflot was able to transform complicated environment into growth factor and significantly increased market share on the back of loss-making domestic operators reducing capacities and leaving the market and international peers reducing the frequency of flights from/to Russia.

1. Market Update
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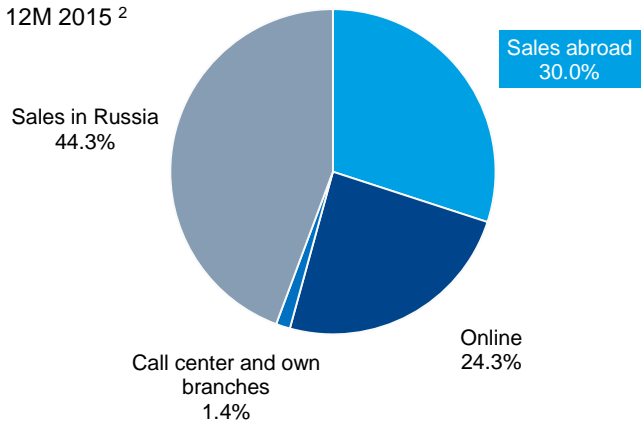
Traffic Revenue Breakdown by Type

12M 2015



Scheduled Traffic Revenue by POS

12M 2015 ²



Revenue from Scheduled Passengers (RUB mn)¹

4Q 2014	4Q 2015	Y-o-Y	Region	12M 2014	12M 2015	Y-o-Y	12M 2015, % of total scheduled revenue
25,467	34,888	37.0%	Russia	104,008	145,378	39.8%	42.3%
16,673	20,949	25.7%	Europe	67,982	85,178	25.3%	24.8%
10,298	14,332	39.2%	Asia	35,540	55,095	55.0%	16.0%
4,892	4,745	(3.0)%	CIS	16,066	19,578	21.9%	5.7%
3,728	5,364	43.9%	Americas	15,855	19,841	25.1%	5.8%
3,722	4,932	32.5%	Middle East	14,161	18,358	29.6%	5.3%
64,779	85,209	31.5%	Total	253,613	343,428	35.4%	100.0%

- In 12M 2015 revenue from scheduled passengers grew by 35.4% on the back of revenue growth across all regions
- Key drivers of revenue growth are Russian, European and Asian markets

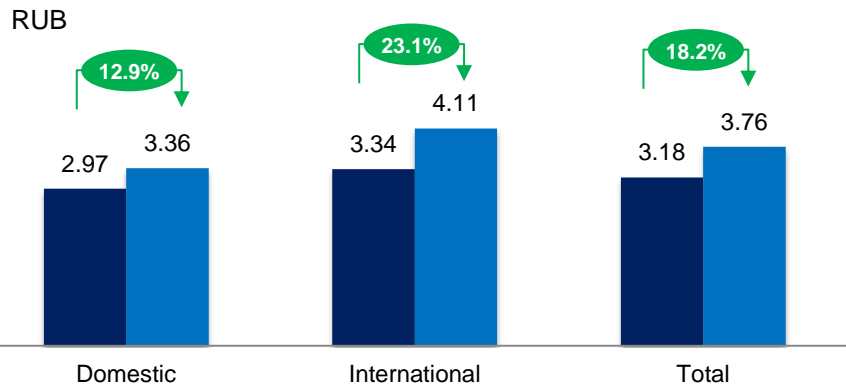
¹ Data presented based on management accounting

² Data presented based on management accounting for Aeroflot airline and routes of subsidiary airlines under commercial management of Aeroflot

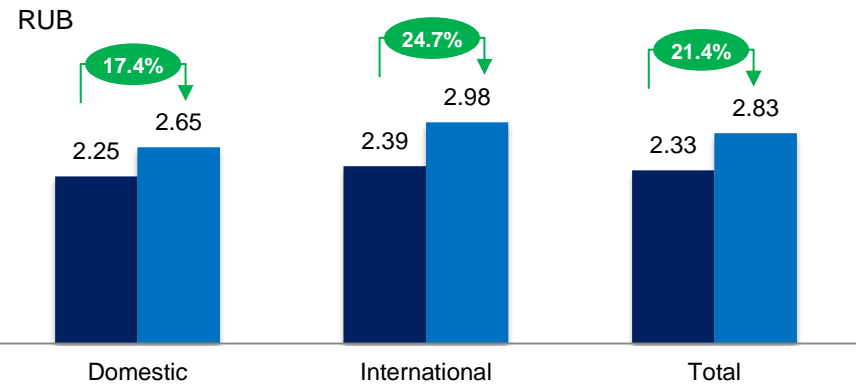
Scheduled Flights Revenue Units



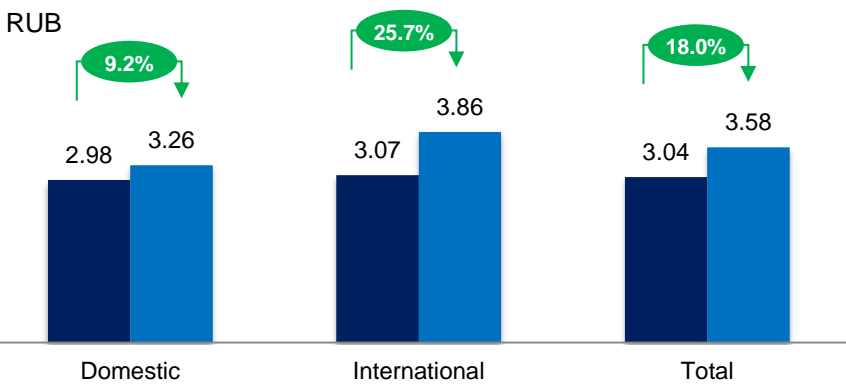
4Q 2015 Yield (PAX Revenue / RPK)



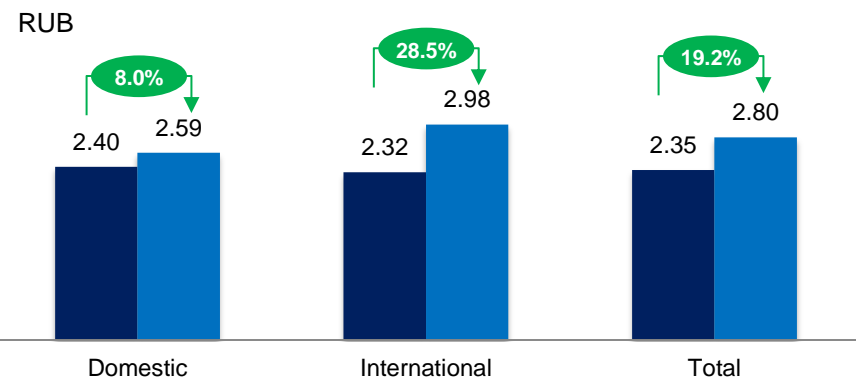
4Q 2015 RASK (PAX Revenue / ASK)



12M 2015 Yield (PAX Revenue / RPK)



12M 2015 RASK (PAX Revenue / ASK)



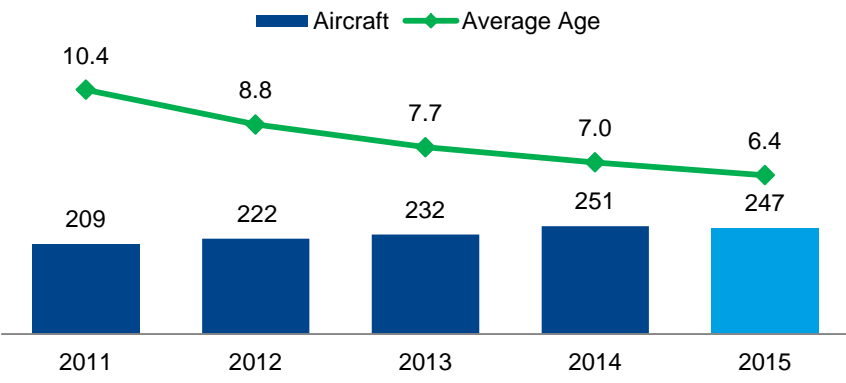
% Y-o-Y increase ■ 2014 ■ 2015

- Active revenue management strategy translates into gradual increase in yields
- Positive impact of RUB devaluation and subsequent increase in RUB yields for inbound and transit routes
- Effective yield management during high summer season

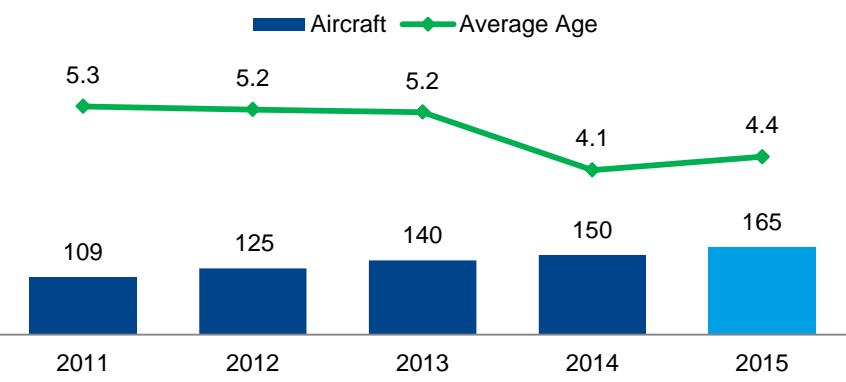
Note: Data presented based on management accounting

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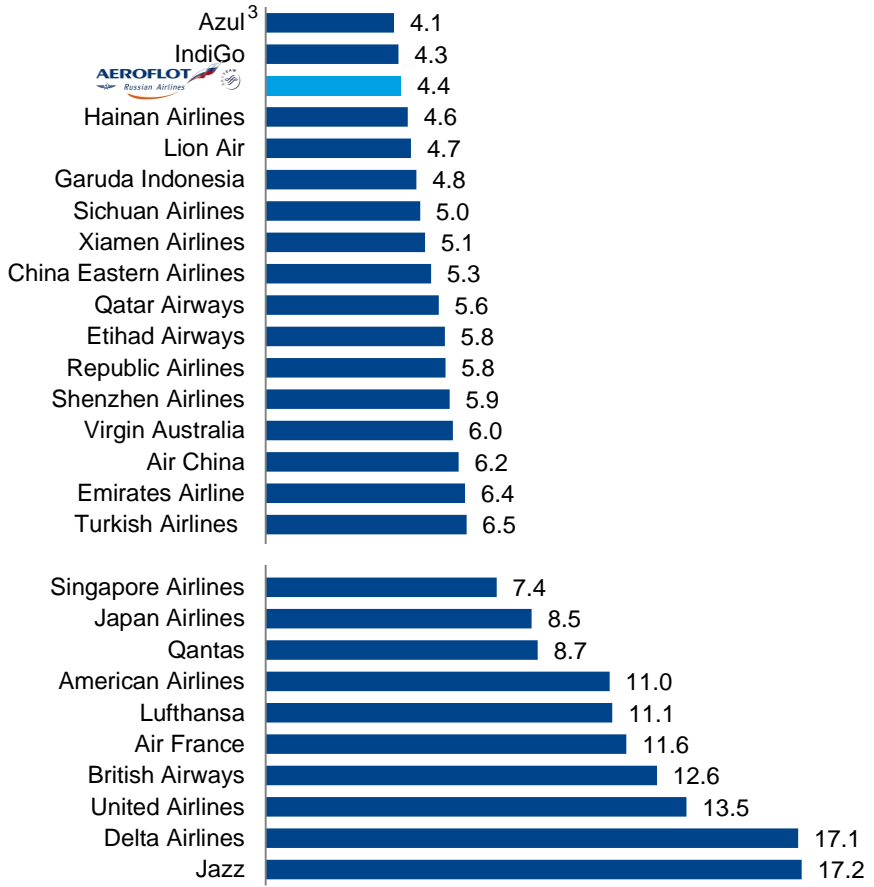
Aeroflot Group Fleet in Operation ¹



Aeroflot Airline Fleet in Operation ¹



Average Age of the Fleet ²



- Aeroflot operates one of the youngest fleets in the industry among airlines with active fleet of 100+ aircraft
- Aeroflot achieved significant progress in fleet renewal both for Aeroflot airline and for the Group

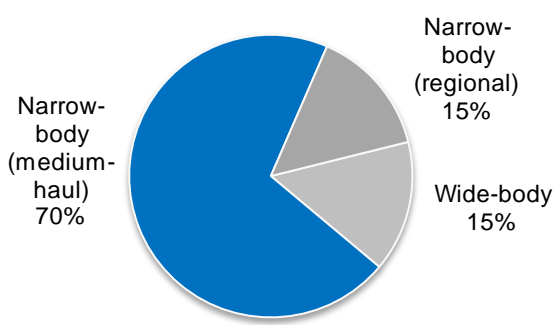
¹ Excludes planes out of operation
² Average Fleet Age of Selected Airlines with Active Fleet of 100+ Aircraft According to ACAS Statistics Excluding Aeroflot (as of January 2016) excluding planes out of operation
³ Predominantly regional aircraft

Aeroflot Group Fleet Breakdown

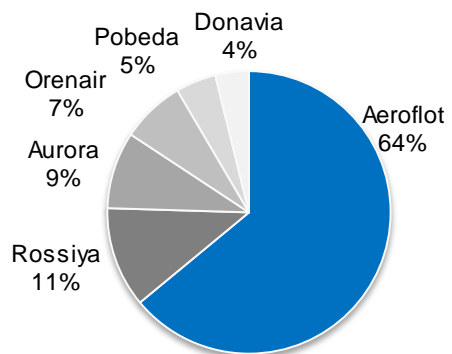


Aircraft Type	Operated by		Lease type		Total as of 31-Dec-2015	Total as of 31-Dec-2014	Change vs. 31-Dec-2014
	Aeroflot	Subsidiaries	Finance	Operating			
Wide-body	35	4	18	21	39	43	(4)
Boeing 767	-	1	-	1	1	3	(2)
Airbus A330	22	-	8	14	22	22	-
Boeing 777	13	3	10	6	16	13	3
Il-96	-	-	-	-	-	5	(5)
Narrow-body (medium-haul)	108	73	33	148	181	183	(2)
Airbus A319	5	35	11	29	40	39	1
Airbus A320	63	7	1	69	70	75	(5)
Airbus A321	26	-	21	5	26	26	-
Boeing 737	14	31	-	45	45	43	2
Narrow-body (regional)	24	14	6	32	38	31	7
DHC 8	-	6	-	6 ²	6	7	(1)
DHC 6	-	2	-	2	2	2	-
An 148	-	6	6	-	6	6	-
SSJ 100	24	-	-	24	24	16	8
Total fleet¹	167	91	57	201	258	257	1

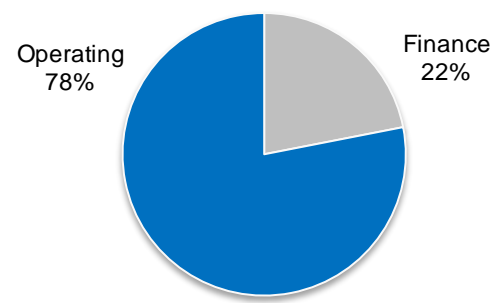
Breakdown by Aircraft Type



Breakdown by Company



Breakdown by Lease Type



• Well-balanced fleet structure in line with Group's strategy

¹ Excluding 1 An-24 aircraft, 3 DHC8-400Q (as of 31 December 2015 these aircraft were in the process of commissioning). 3 Mi-8 helicopters that were owned as of December 31 2014 were sold in 2015
² Includes 1 DHC8 that was bought-out by Aurora airline in the end of December 2015

Delivery/Phase-out Schedule in Accordance with Existing Contracts

Type of aircraft	2015 (Actual)		Current fleet ⁽¹⁾	2016		2017		2018		2019		2020 and beyond	
	Delivery	Phase out		Delivery	Phase out	Delivery	Phase out	Delivery	Phase out	Delivery	Phase out	Delivery	Phase out
Wide-body (long-haul)	3	(7)	39	21	(2)	1	(1)	5	(1)	3	(3)	14	(76)
A-330	0	0	22	0	0	0	0	0	0	0	(3)	0	(19)
B-767	0	(2)	1	0	(1)	0	0	0	0	0	0	0	0
B-777	3	0	16	7	(1)	1	(1)	0	(1)	0	0	0	(21)
B-747	0	0	0	14	0	0	0	0	0	0	0	0	(14)
A-350	0	0	0	0	0	0	0	5	0	3	0	14	(22)
Il96-300	0	(5)	0	0	0	0	0	0	0	0	0	0	0
Narrow-body (medium-haul)	16	(18)	181	32	(19)	38	(17)	26	(27)	0	(22)	0	(194)
A-319	3	(2)	40	1	(2)	0	(6)	0	(7)	0	(8)	0	(18)
A-320	0	(5)	70	9	(6)	11	(7)	10	(15)	0	(10)	0	(62)
A-321	0	0	26	13	(3)	8	0	4	(4)	0	(3)	0	(41)
B-737	13	(11)	45	9	(8)	19	(4)	12	(1)	0	(1)	0	(73)
Narrow-body (regional)	8	(1)	38	9	(3)	10	(1)	10	(1)	0	(1)	0	(56)
SSJ-100	8	0	24	6	0	10	0	10	0	0	0	0	(50)
An-148	0	0	6	0	0	0	0	0	0	0	0	0	(6)
DHC-8	0	(1)	6	3	(3)	0	(1)	0	(1)	0	(1)	0	0
DHC-6	0	0	2	0	0	0	0	0	0	0	0	0	0
TOTAL	27	(26)	258	62	(24)	49	(19)	41	(29)	3	(26)	14	(326)

Net additions ⁽¹⁾

+ 1 aircraft

+ 38 aircraft

+ 30 aircraft

+ 12 aircraft

n/a ⁽²⁾

n/a ⁽²⁾

Aeroflot Group has managed to successfully reschedule deliveries of a number of aircraft and launched remarketing initiative in order to be ready to respond to changes in market environment, but since the market presents Aeroflot Group with new opportunities we are planning to continue expansion of our fleet in 2016.

Notes: (1) As of 31.12.2015; Not including 1 An-24 aircraft and 3 DHC-8 that were in the process of commissioning

(2) Net addition after 2019 is not applicable

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RUB mn (where applicable)	4Q 2014	4Q 2015	Change	12M 2014	12M 2015	Change
Revenue	83,073	105,663	27.2 %	319,771	415,173	29.8 %
EBITDAR¹	8,494	23,932	>2x	48,674	103,118	>2x
<i>EBITDAR¹ margin</i>	<i>10.2 %</i>	<i>22.6 %</i>	<i>12.4 p.p.</i>	<i>15.2 %</i>	<i>24.8 %</i>	<i>9.6 p.p.</i>
EBITDA	1,282	10,857	>8x	24,840	58,703	>2x
<i>EBITDA margin</i>	<i>1.5 %</i>	<i>10.3 %</i>	<i>8.8 p.p.</i>	<i>7.8 %</i>	<i>14.1 %</i>	<i>6.3 p.p.</i>
Operating profit	(2,394)	7,298	<i>n/a</i>	11,268	44,107	>3x
<i>Operating margin</i>	<i>neg. margin</i>	<i>6.9 %</i>	<i>n/a</i>	<i>3.5 %</i>	<i>10.6 %</i>	<i>7.1 p.p.</i>
Net (loss)/income	(13,583)	(8,320)	<i>n/a</i>	(17,146)	(6,494)	<i>n/a</i>
<i>Net margin</i>	<i>neg. margin</i>	<i>neg. margin</i>	<i>n/a</i>	<i>neg. margin</i>	<i>neg. margin</i>	<i>n/a</i>

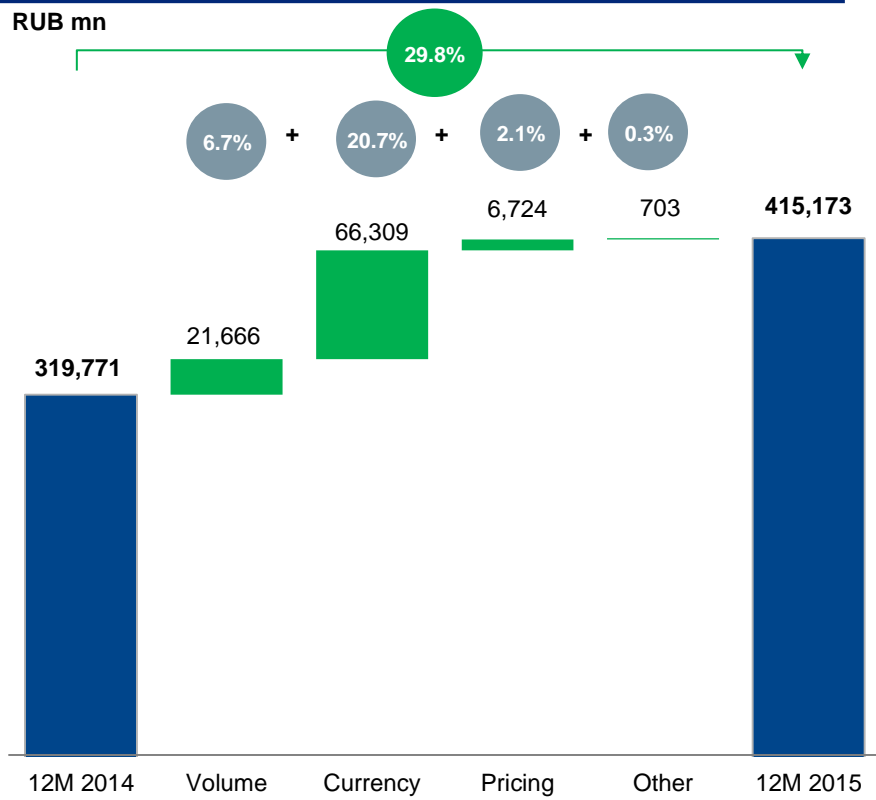
- Revenue growth driven by expanding passenger traffic, active revenue management and positive impact from currency devaluation.
- Increase in EBITDAR and EBITDA margins in 12M 2015 y-o-y on the back of revenue growth and strict effective cost control.

¹ EBITDAR = EBITDA + operating lease expenses;

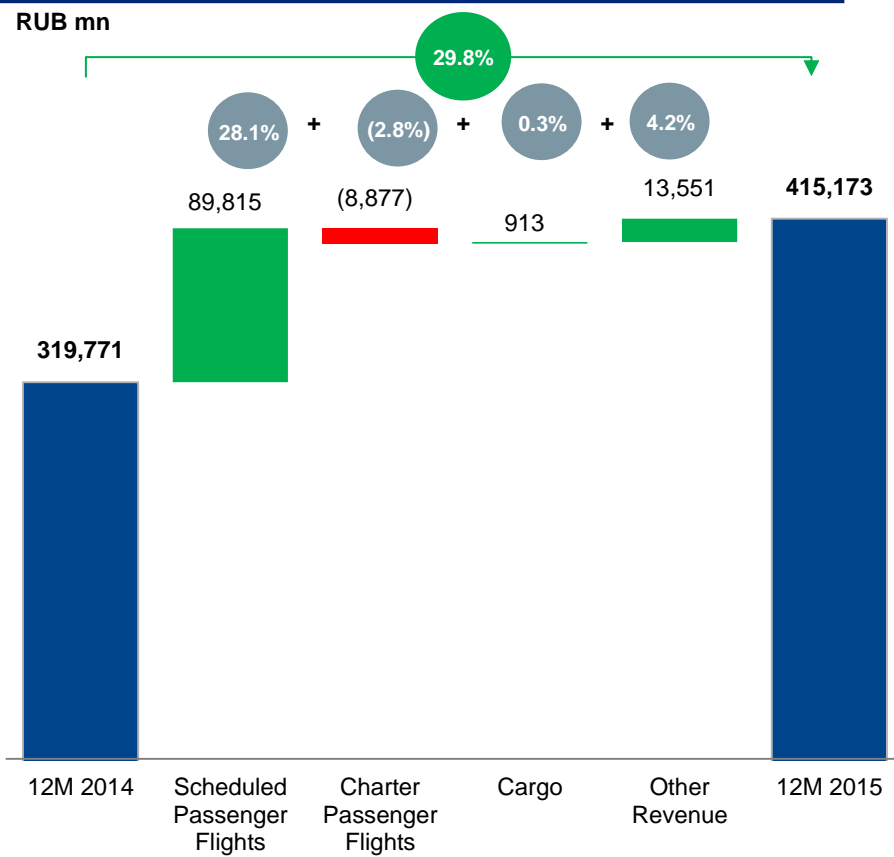
Revenue Growth Decomposition



Revenue by Key Factors












Revenue by Business Segments



- Positive contribution of volume and RUB devaluation to revenue growth was reinforced by stronger fare policy in hard currency terms notwithstanding the volatile macro environment
- Primary driver of revenue growth was expansion of scheduled passenger flights

Operating Costs

4Q 2014	4Q 2015	Change y-o-y	Change ex. FX & NRE	Operating Expense (RUB mn If not stated otherwise)	12M 2014	12M 2015	Change y-o-y	Change ex. FX & NRE	% of total operating expense (12M 2015)
22,461	23,381	4.1 %	(17.1)%	Fuel	87,199	94,382	8.2 %	(18.8)%	 25.4%
63,005	74,984	19.0 %	6.1 %	Opex (ex. Fuel)	221,303	276,684	25.0 %	4.5 %	74.6%
15,709	18,853	20.0 %	12.3 %	Aircraft, Traffic and Passenger Servicing	61,070	75,186	23.1 %	8.4 %	 20.3%
13,923	14,976	7.6 %	8.7 %	Staff	52,148	55,619	6.7 %	5.4 %	 15.0%
7,213	13,074	81.3 %	73.9 %	Operating Lease	23,834	44,415	86.4 %	31.1 %	 12.0%
2,794	10,233	>3x	83.2 %	Maintenance	19,224	32,042	66.7 %	12.0 %	 8.6%
7,908	8,294	5.0 %	(17.8)%	SG&A¹	22,206	26,084	17.5 %	4.6 %	 7.0%
3,674	3,558	(3.2)%	(3.2)%	D&A and Customs Duties	13,571	14,596	7.6 %	7.6 %	 3.9%
11,789	5,994	(49.2)%	(46.2)%	Other Expenses²	29,250	28,741	(1.7)%	(33.1)%	 7.7%
85,467	98,365	15.1 %	(0.0)%	Total Opex	308,503	371,067	20.3 %	(2.0)%	 100.0%

- In 12M 2015 operating costs were significantly impacted by expansion of operations and RUB depreciation which mostly affected fuel expenses, operating lease expense, maintenance and aircraft, traffic and passenger servicing costs

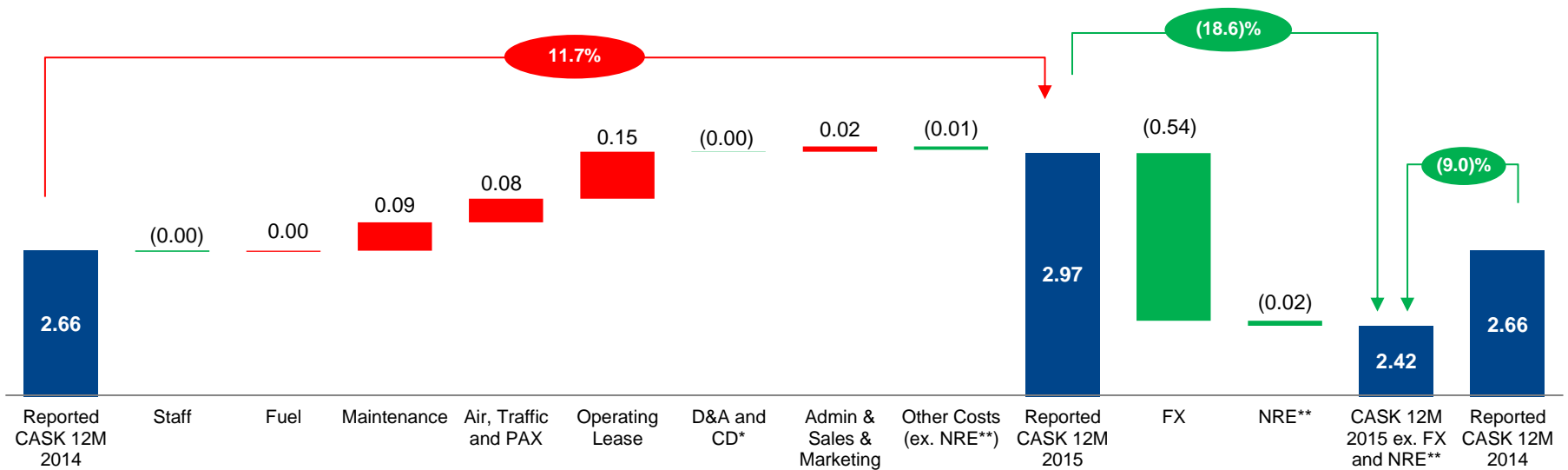
¹ Includes sales and marketing expenses and administration and general expenses

² Other expenses include effect of excise reimbursement that was offset by inflation of Global Distribution Systems cost

Group Unit Costs



4Q 2014	4Q 2015	Change	Operating Expense per ASK (CASK), RUB	12M 2014	12M 2015	Change
0.79	0.76	(3.6)%	Fuel	0.75	0.76	0.5 %
2.21	2.43	10.3 %	Opex (ex. Fuel):	1.91	2.22	16.1 %
0.55	0.61	11.2 %	Aircraft, Traffic and Passenger Servicing	0.53	0.60	14.3 %
0.49	0.49	(0.3)%	Staff	0.45	0.45	(1.0)%
0.25	0.42	68.0 %	Operating Lease	0.21	0.36	73.0 %
0.10	0.33	>3x	Maintenance	0.17	0.26	54.8 %
0.28	0.27	(2.8)%	SG&A	0.19	0.21	9.1 %
0.13	0.12	(10.3)%	D&A and Customs Duties	0.12	0.12	(0.1)%
0.41	0.19	(52.9)%	Other Expenses	0.25	0.23	(8.8)%
3.00	3.19	6.6 %	Total Opex	2.66	2.97	11.7 %

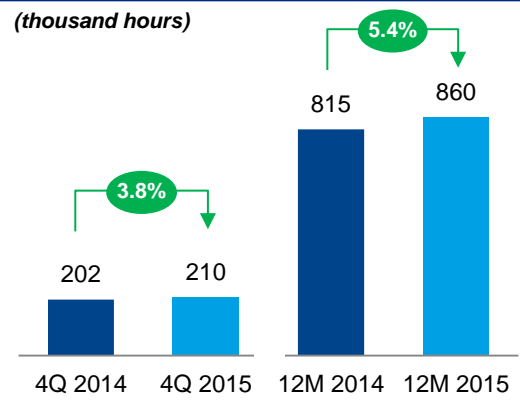


- **Cost per ASK increased by 11.7% from RUB 2.66 in 12M 2014 to RUB 2.97 in 12M 2015 on the back of operating expenses increase due to negative FX effects**
- **Efficient CASK management during the reporting period (net of FX)**

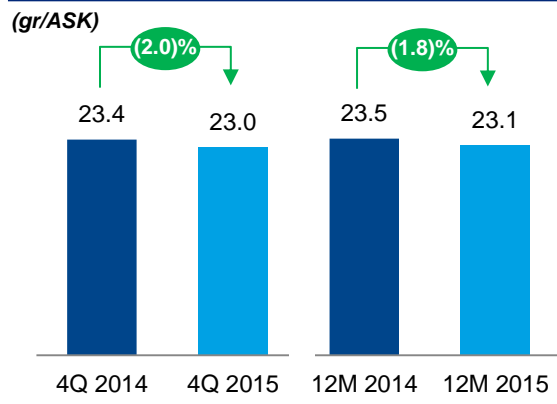
* Customs duties

** Non-recurring expenses include pre-term return of aircraft at Rossiya airlines, fixed assets write off at Vladavia, Transaero accounts receivable write-off, income from VAT refund (code-sharing)

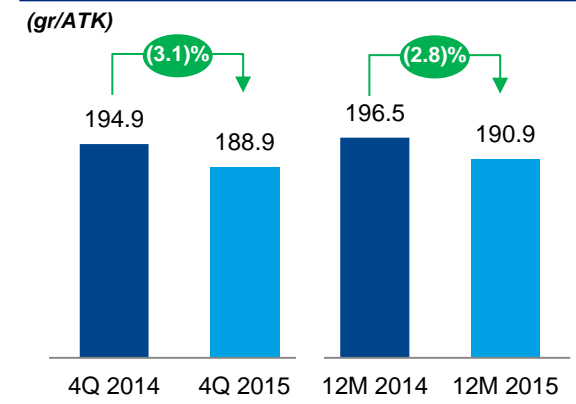
Flight Hours



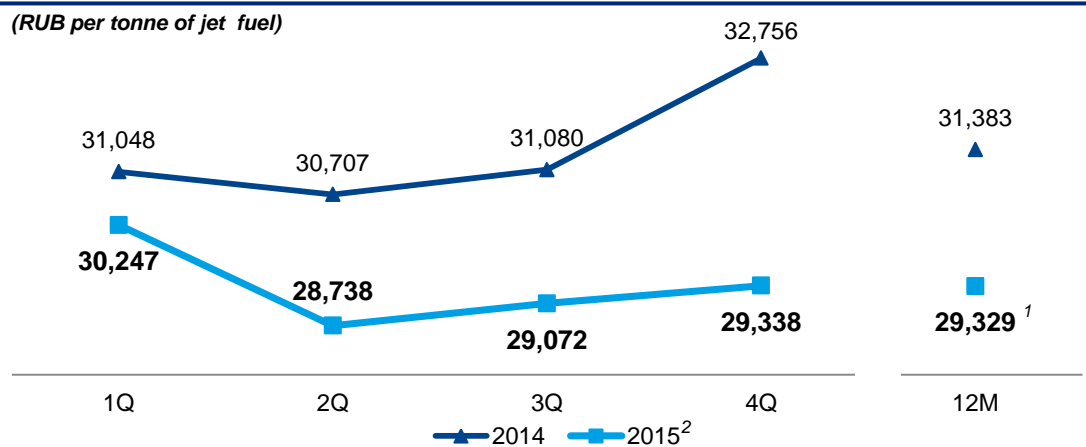
Fuel Consumption per ASK



Fuel Consumption per ATK



Aeroflot Airline Jet Fuel Price



¹ Weighted average price for 12 months ² Factual jet fuel price including excise reimbursement ³ USD/RUB exchange rate as per the Central Bank of Russia ⁴ Assuming 18% VAT rate

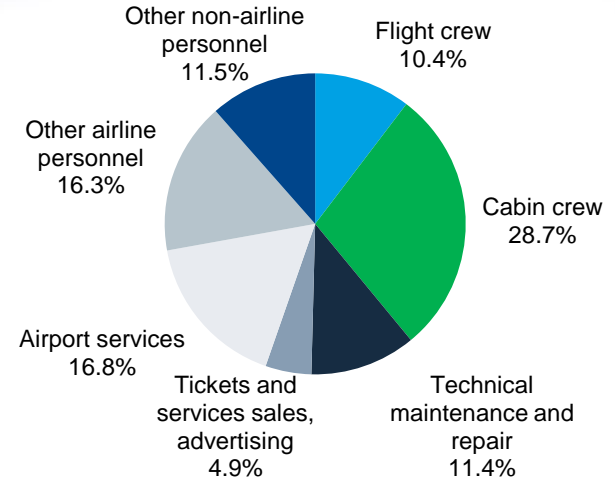
Comments

- **Continuous fuel supply optimization**
5-year supply contract at Sheremetyevo and 1-year supply contracts in regional airports across Russia
- **Majority of fuel purchased in Russia and almost all fuel at international airports supplied at formula-linked price**
Jet fuel price = NW Europe (FOB Rotterdam) price x Discount x FX rate³ x 1.18⁴ + Storage/Fuelling/Supply fees (if any of these applicable)
- **Decreasing average fuel price.**
Average fuel purchase price of \$485/ton (c.RUB29,329/ton) in 12M 2015 vs \$831/ton (RUB31,383/ton) in 12M 2014 (6.5% y-o-y decrease in RUB terms)

- **Aeroflot is achieving efficiency gains in fuel costs as new aircraft are put into operation, while old and less fuel-efficient ones are in the process of phase out**
- **Oil price, RUB fluctuations and changes in taxation of oil and gas sector led to a decrease in jet fuel price for Aeroflot**

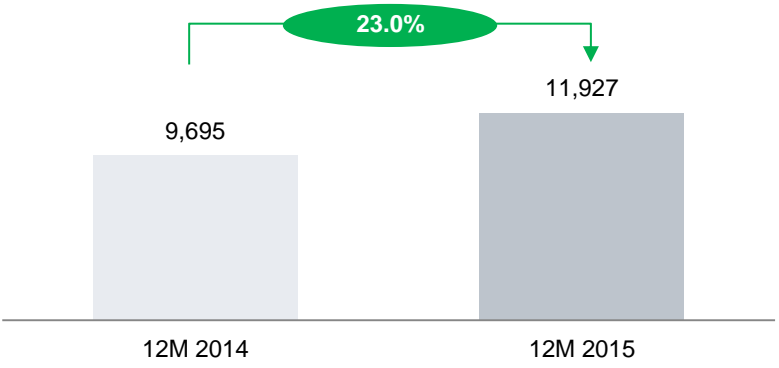
Aeroflot Group Headcount by Category

	31-Dec-2014	31-Dec-2015	Y-o-Y
Flight crew	3,257	3,524	8.2%
Cabin crew	8,594	9,758	13.5%
Technical maintenance and repair	4,109	3,871	(5.8)%
Tickets and services sales, advertising	1,792	1,680	(6.3)%
Airport services	5,351	5,726	7.0%
Other airline personnel (including airlines' head office)	5,506	5,557	0.9%
Other non-airline subsidiaries' personnel	3,613	3,915	8.4%
Total	32,222	34,031	5.6%



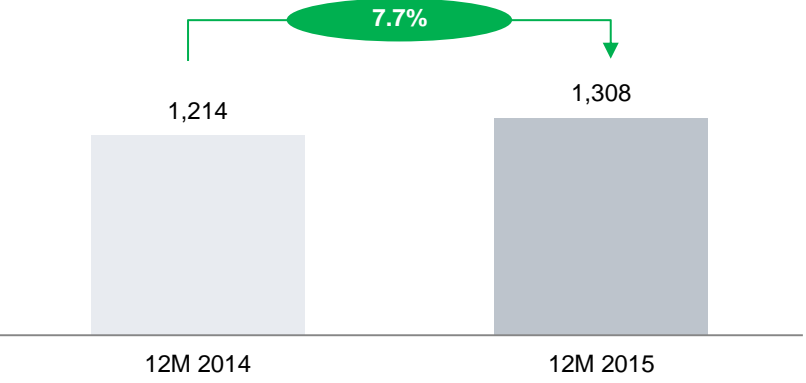
Traffic Revenue / Airlines' Headcount

(RUB '000 per employee)



PAX Traffic / Airlines' Headcount

(passengers per employee)

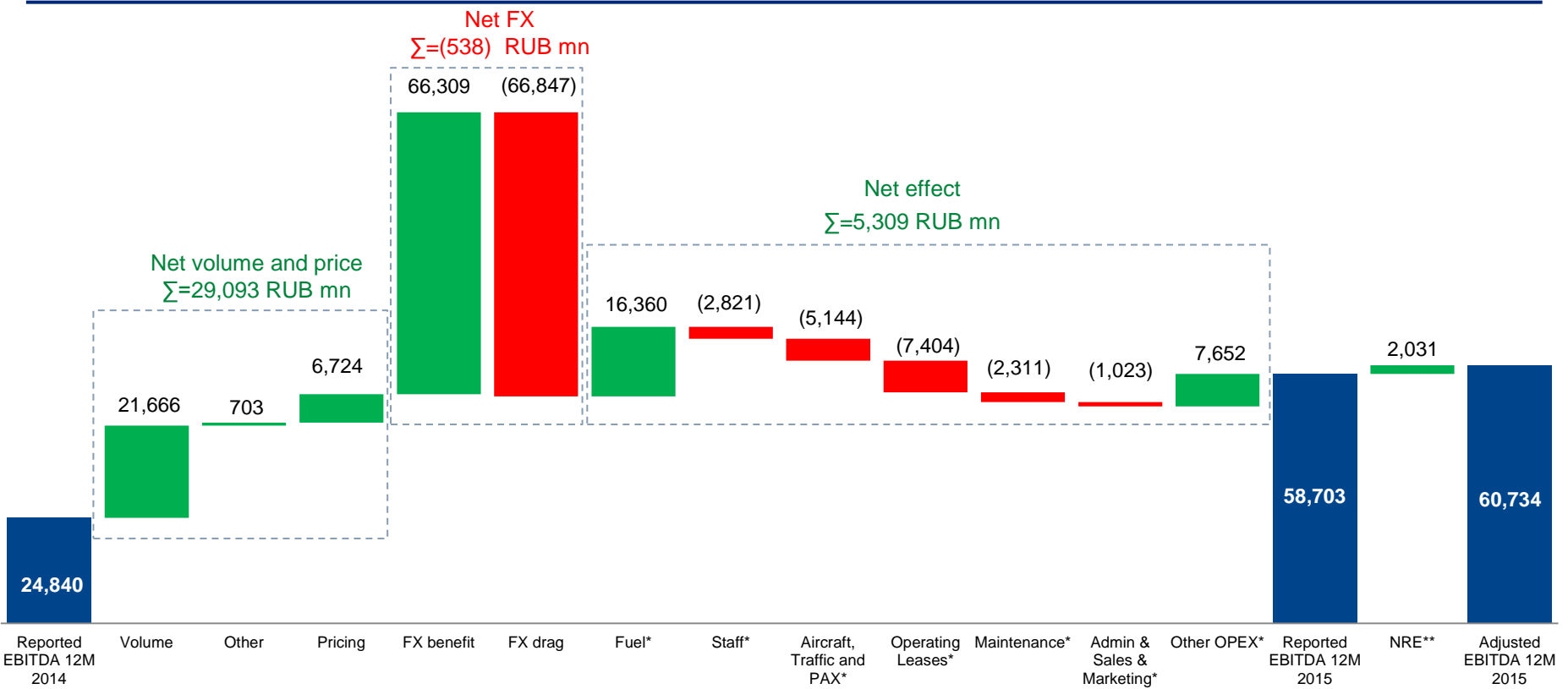


• Significant improvement in labour productivity has resulted in increasing PAX traffic per employee

EBITDA Evolution



(RUB mn)



- FX impact on operating costs was almost offset by positive contribution of FX change to revenue
- Net of FX effect decrease in fuel price fully offset the increase in key operating costs
- Key driver of EBITDA increase is the growth in size and scale of operations

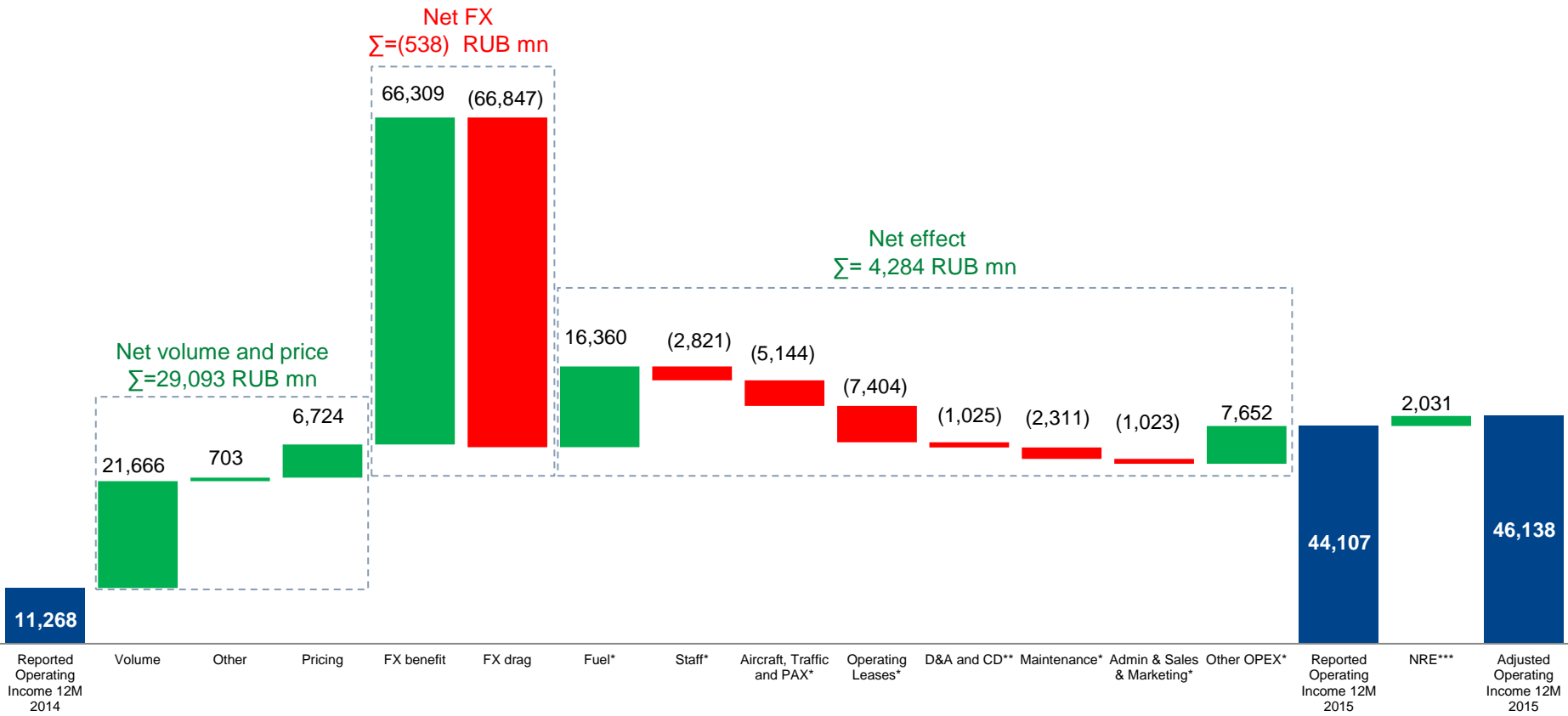
* Excluding currency impact

** Non-recurring expenses include pre-term return of aircraft at Rossiya airlines, fixed assets write off at Vladavia, Transaero accounts receivable write-off, income from VAT refund (code-sharing)

Operating Income Evolution



(RUB mn)



- FX impact on operating costs was almost offset by positive contribution of FX change to revenue
- Net of FX effect decrease in fuel price almost offset the increase in key operating costs
- Key driver of operating income increase is the growth in size and scale of operation and other operating income

* Excluding currency impact

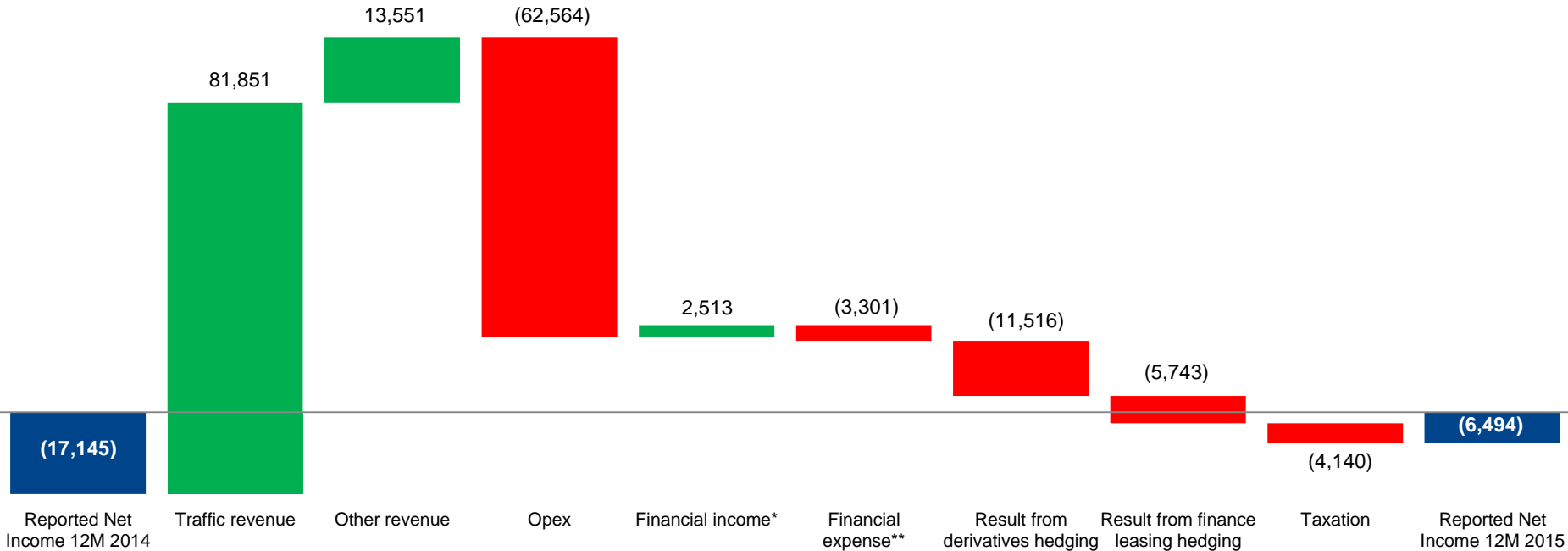
** Customs Duties

*** Non-recurring expenses include pre-term return of aircraft at Rossiya airlines, fixed assets write off at Vladavia, Transaero accounts receivable write-off, income from VAT refund (code-sharing)

Net Income Evolution



(RUB mn)



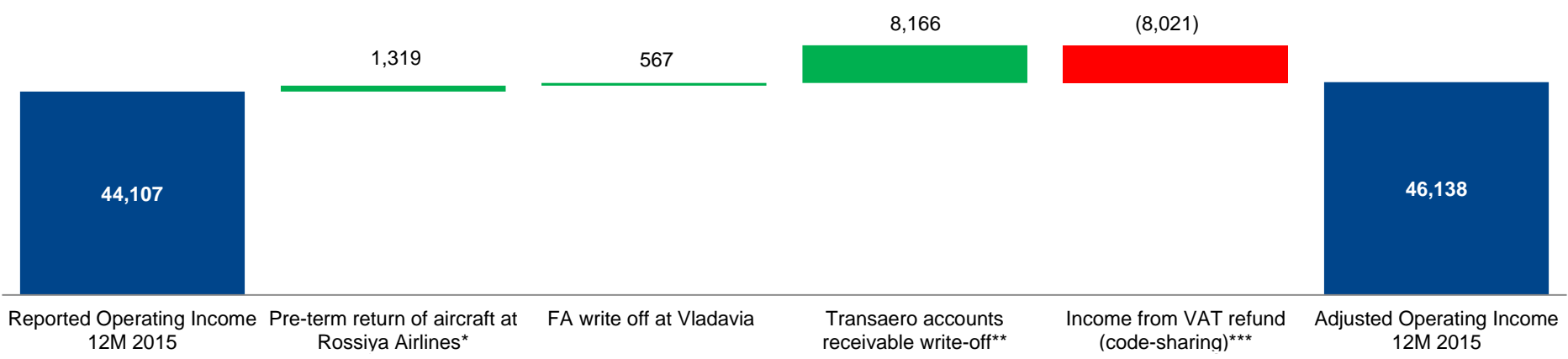
• Strong results at operating level ensured improvement of the bottom line

* Excluding financial income associated with derivatives
 ** Excluding financial expenses associated with derivatives

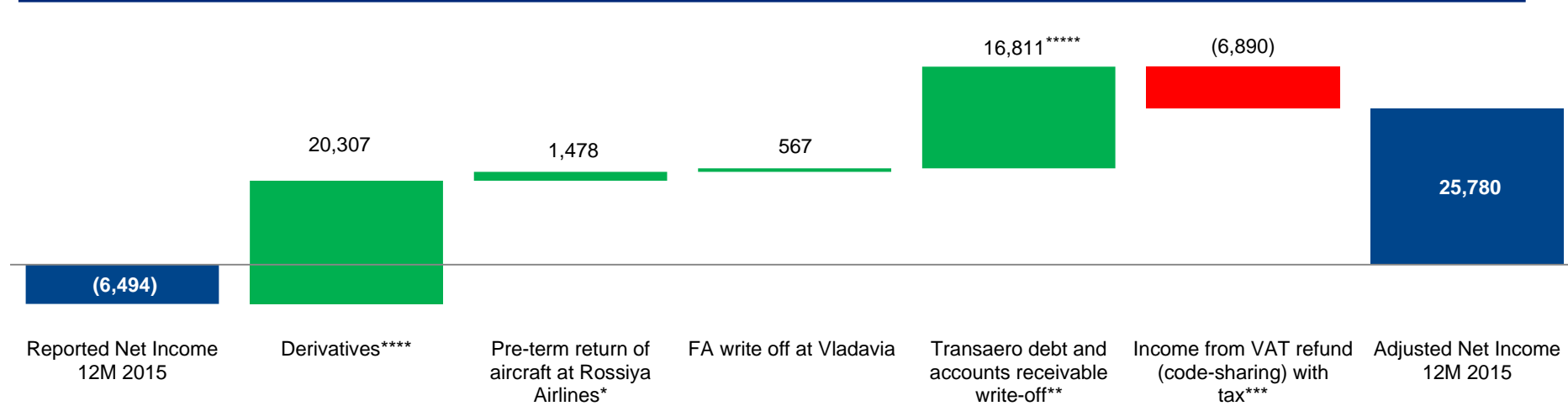
Reported and Adjusted Operating and Net Income Analysis



12M Adjusted Operating Income Build-Up (RUB mn)



12M Adjusted Net Income Build-Up (RUB mn)



• **Aeroflot Group delivered strong results despite significant impact of one-off effects in 12M 2015**

* Actual cost and legal reserve
 ** Transaero debt and accounts receivable write-off and actual cost
 *** Accrued and expected to be recovered income from VAT on code-sharing flights
 **** With tax
 ***** RUB 8.2 bn is included in other operating expense, RUB 8.6 bn is accounted for in finance costs

Hedge Accounting and Finance Income/Costs

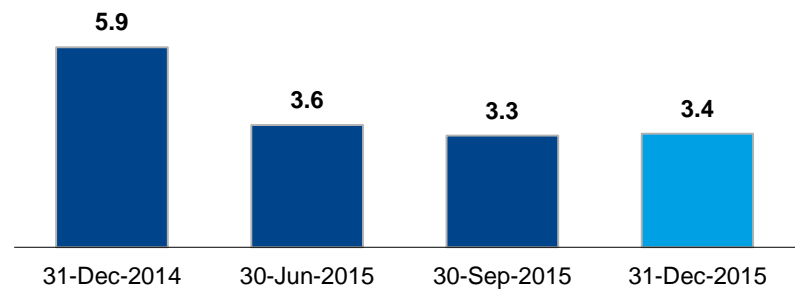
RUB mn	12M 2015	Instrument	P/L			Other Comprehensive Profit
			Change in Fair Value	Ineffective Portion	Actual Cost	
Statement of Profit or Loss		Currency options	1,343	-	-	-
Financial income	15,811	Fuel options	10,542	1,187	(38,457)	12,763
Gain on change in fair value of derivatives	11,885	Swap	-	-	-	47
Interest income on bank deposits	3,723	Lease			(6,279)	(32,911)
Other finance income	203	Total	11,885	1,187	(44,736)	(20,101)
Financial cost	(37,715)					
Foreign exchange loss	(849)					
Interest expenses	(7,737)					
Loss on sales and impairment of investments, net	(9,159)					
Realised loss on derivatives	(19,803)					
Other finance costs	(167)					
Hedging result	(23,746)					
Realised loss on derivatives	(18,654)					
Ineffective portion of fuel hedging	1,187					
Effect from finance lease liabilities hedging	(6,279)					
Other Comprehensive Profit						
Profit on change in fair value of derivatives	12,810					
Effect from finance lease liabilities hedging	(32,911)					

1. Market Update
2. Aeroflot Group Overview
3. Operating Performance
4. Revenue and Yield Management
5. Fleet Overview
6. Financial Performance
- 7. Capital Structure and Liquidity**
8. Appendix

Debt Profile

RUB mn	31-Dec-2014	31-Dec-2015	Change
Borrowings	24,203	68,460	>2x
Finance Lease Liabilities	149,278	164,524	10.2%
Pension Liabilities	659	745	13.2%
Customs Duties	169	-	n/a
Total Debt	174,309	233,729	34.1%
Cash and Short Term Investments	27,508	36,610	33.1%
Net Debt	146,801	197,119	34.3%

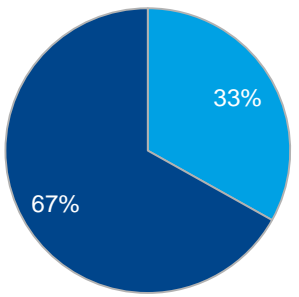
Net Debt / LTM EBITDA¹



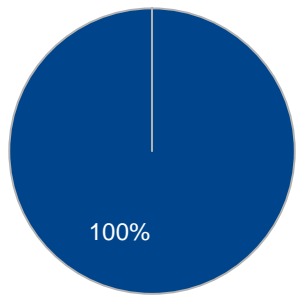
RUB mn	31-Dec-2014	30-Jun-2015	30-Sep-2015	31-Dec-2015
Net Debt	146,801	119,649	161,880	197,119
EBITDA ¹	24,840	33,122	49,127	58,703

Debt breakdown by currency

Borrowings

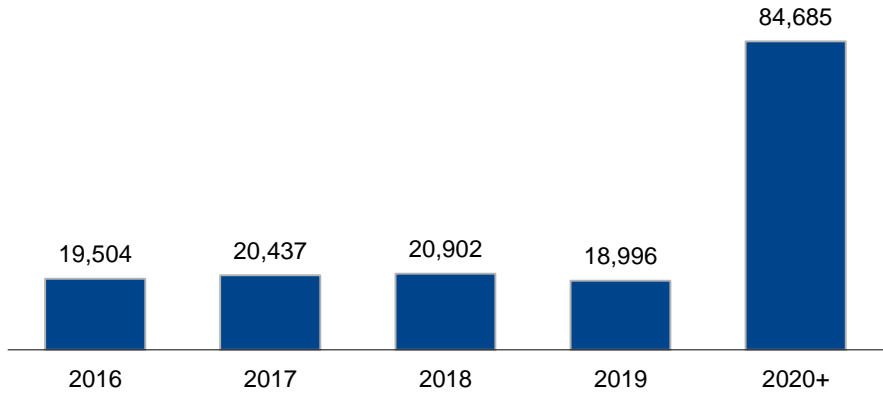


Finance Lease



■ RUB ■ USD

Finance Lease Repayment Schedule (RUB mn)²



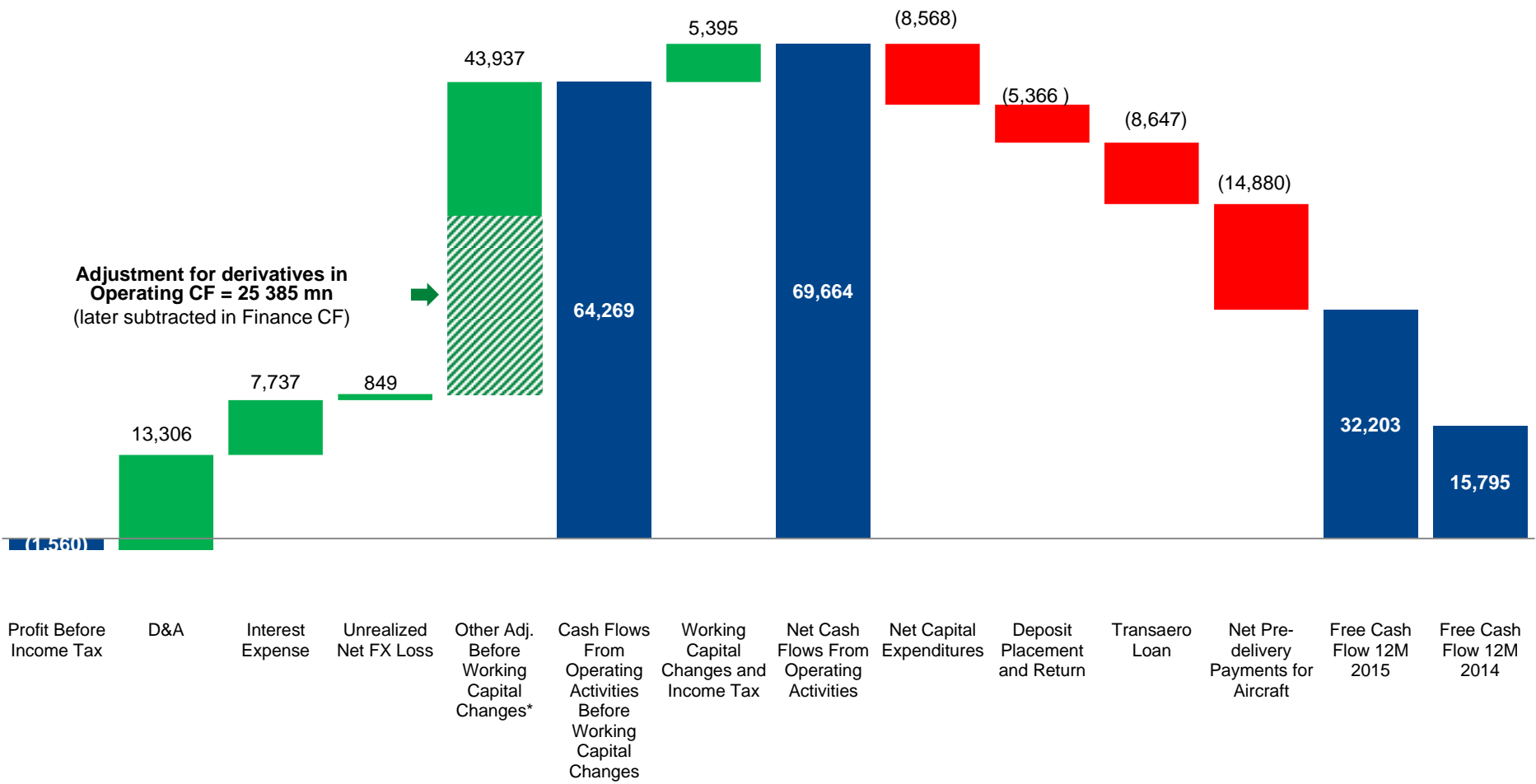
- Total Debt increased by 34.1% mainly due to increase in borrowings and revaluation of finance lease obligations
- Cash position of RUB 36.6 billion and undrawn credit lines of RUB 36.8 billion

¹ Net debt does not include capitalised operating lease expenses, based on annualized EBITDA
² Not including interest; future payments in dollars converted into roubles at exchange rate of 72.8827 RUB per USD

Operating Free Cash Flow



(RUB mn)



• Strong Operating and Free Cash Flow in 12M 2015

* other adjustments include adjustments for derivatives and for Transaero later deducted in finance CF

1. Market Update
2. Monthly Traffic Statistics
3. Operating Performance
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- 8. Appendix**

Operating Data – 4Q & 12M 2015

Indicator	Unit	Aeroflot airline						Aeroflot Group					
		4Q 2014	4Q 2015	Y-o-Y	12M 2014	12M 2015	Y-o-Y	4Q 2014	4Q 2015	Y-o-Y	12M 2014	12M 2015	Y-o-Y
Passenger Traffic	th PAX	5,777	6,443	11.5%	23,610	26,112	10.6%	8,204	9,340	13.8%	34,735	39,393	13.4%
International Routes	th PAX	3,056	3,253	6.4%	12,468	13,445	7.8%	3,809	3,754	(1.4%)	17,096	16,028	(6.2%)
Domestic Routes	th PAX	2,721	3,190	17.2%	11,142	12,666	13.7%	4,396	5,586	27.1%	17,640	23,365	32.5%
Passenger Turnover	mn pkm	16,393	18,245	11.3%	67,122	74,116	10.4%	20,966	23,183	10.6%	90,075	97,636	8.4%
International Routes	mn pkm	10,489	11,473	9.4%	42,677	46,774	9.6%	12,375	12,769	3.2%	55,107	52,953	(3.9%)
Domestic Routes	mn pkm	5,904	6,772	14.7%	24,445	27,342	11.8%	8,591	10,414	21.2%	34,968	44,683	27.8%
Passenger Capacity	mn ASK	21,979	23,821	8.4%	85,822	93,471	8.9%	28,536	30,800	7.9%	115,834	124,741	7.7%
International Routes	mn ASK	14,559	15,707	7.9%	56,207	60,209	7.1%	17,182	17,556	2.2%	72,219	68,490	(5.2%)
Domestic Routes	mn ASK	7,420	8,115	9.4%	29,615	33,262	12.3%	11,355	13,245	16.6%	43,615	56,252	29.0%
Seat Load Factor	%	74.6%	76.6%	2.0 p.p.	78.2%	79.3%	1.1 p.p.	73.5%	75.3%	1.8 p.p.	77.8%	78.3%	0.5 p.p.
International Routes	%	72.0%	73.0%	1.0 p.p.	75.9%	77.7%	1.8 p.p.	72.0%	72.7%	0.7 p.p.	76.3%	77.3%	1.0 p.p.
Domestic Routes	%	79.6%	83.5%	3.9 p.p.	82.5%	82.2%	(0.3 p.p.)	75.7%	78.6%	3.0 p.p.	80.2%	79.4%	(0.8 p.p.)
Tonne-Kilometres	mn tkm	1,681	1,826	8.6%	6,723	7,291	8.5%	2,105	2,282	8.4%	8,831	9,450	7.0%
International Routes	mn tkm	1,063	1,129	6.1%	4,237	4,571	7.9%	1,235	1,247	1.0%	5,362	5,133	(4.3%)
Domestic Routes	mn tkm	618	697	12.9%	2,486	2,720	9.4%	871	1,035	18.9%	3,468	4,317	24.5%
Flight Hours	hours	141,862	151,305	6.7%	554,659	594,863	7.2%	202,053	209,714	3.8%	815,377	859,605	5.4%

- Strong double-digit PAX growth on domestic market throughout the year on the back of increasing capacity
- Relatively stable seat-load factor despite softer demand for international travel as a result of intelligent capacity management
- Stronger performance of Aeroflot airline compared to Aeroflot Group on international markets

Key Operating Data of Subsidiary Airlines



		Rossiya	Orenair	Donavia	Aurora	Vladavia	Pobeda	Total
Passenger Traffic, thousand PAX	12M 2015	4,752	2,840	1,475	1,125	-	3,090	13,282
	12M 2014	5,192	3,035	1,736	1,051	5	107	11,125
	Y-o-Y	(8.5)%	(6.4)%	(15.0)%	7.1%	-	-	19.4%
Passenger Turnover, million pkm	12M 2015	8,695	6,349	1,938	1,870	-	4,668	23,520
	12M 2014	10,147	8,471	2,448	1,745	8	134	22,954
	Y-o-Y	(14.3)%	(25.1)%	(20.8)%	7.1%	-	-	2.5%
Seat Load Factor, %	12M 2015	75.7%	72.9%	71.3%	71.6%	-	81.2%	75.2%
	12M 2014	75.6%	78.6%	73.9%	75.1%	56.4%	78.0%	76.5%
	Y-o-Y	0.1	(5.7)	(2.6)	(3.5)	-	-	(1.3)
Flight Hours, hours	12M 2015	107,904	54,926	27,616	33,281	-	41,017	264,744
	12M 2014	124,927	71,872	33,748	28,573	122	1,476	260,719
	Y-o-Y	(13.6)%	(23.6)%	(18.2)%	16.5%	-	-	1.5%
Revenue¹, RUB mn	12M 2015	38,771	21,855	11,087	14,177	139	11,248	415,173²
Net Income/(Loss)¹, RUB mn	12M 2015	(3,312)	(1,529)	(398)	137	(511)	(80)	(6,494)²

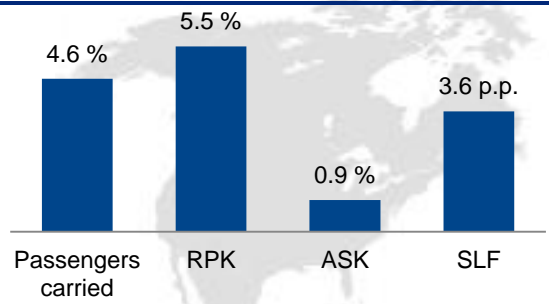
¹ According to IFRS, before intercompany eliminations

² Aeroflot Group consolidated data according to IFRS

4Q 2015 Operating Data by Region

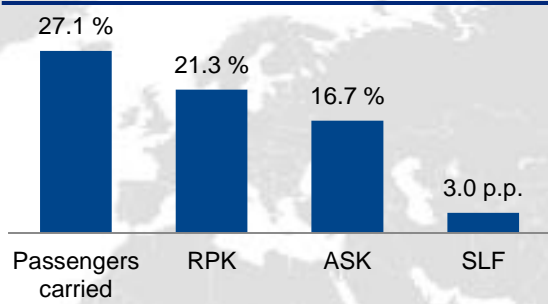


Americas



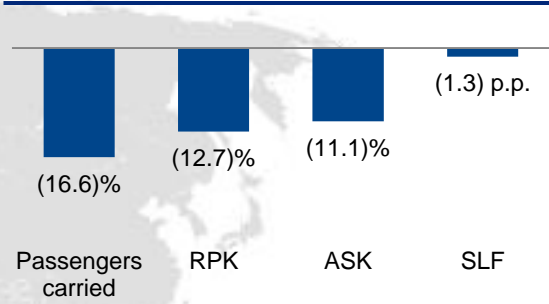
Americas: performance improvement results from previous network optimizations and closure of commercially inefficient flights

Russia



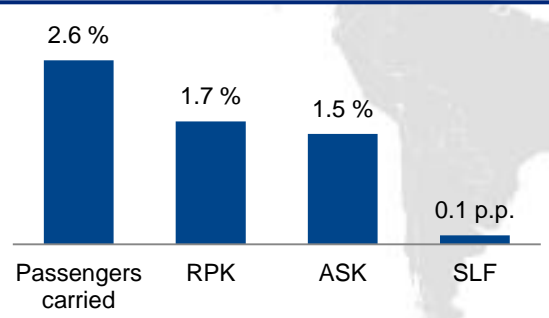
Russia: star performer for the second year in row, despite high base of previous year

CIS



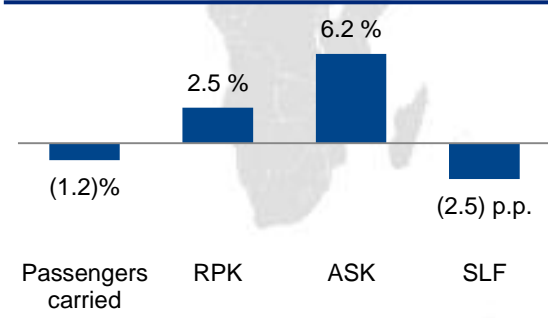
CIS: operating metrics were under pressure in 4Q due to suspension of flights to Ukraine

Europe



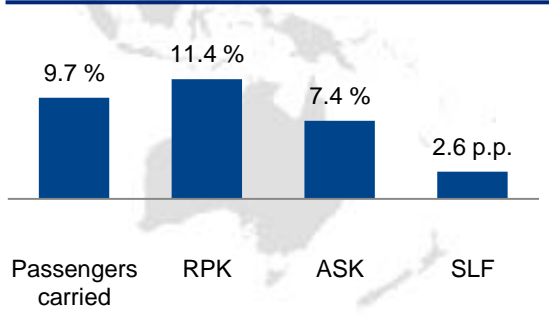
Europe: softening competitive landscape and intelligent capacity management

Middle East



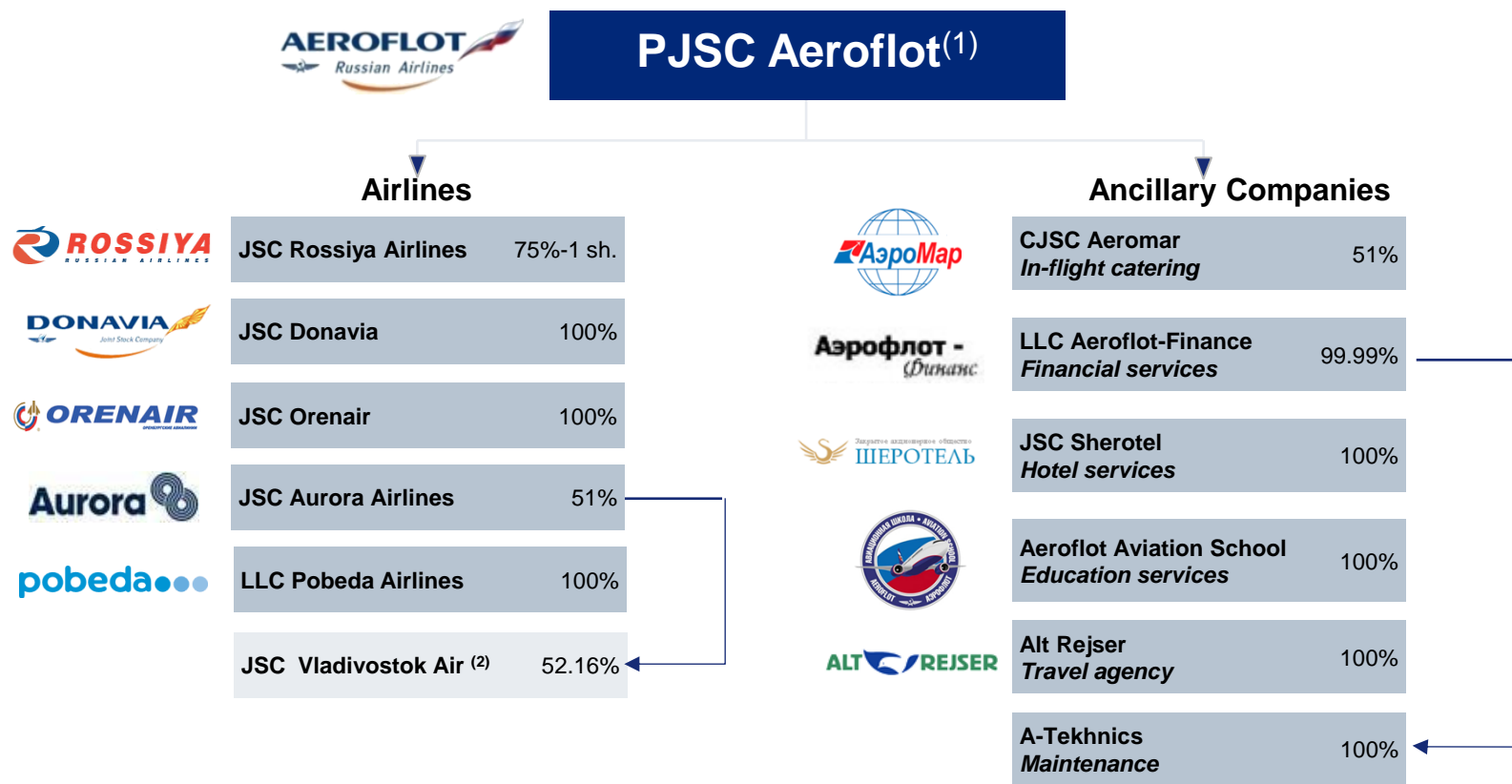
Middle East: market performance affected by frequencies and destination optimization by Aeroflot subsidiaries (incl. suspension of flights to Egypt)

Asia



Asia: market indicators increase was sustained due to capacity expansion on selected routes, less competition as well as increased international transit via Aeroflot hub in Sheremetyevo

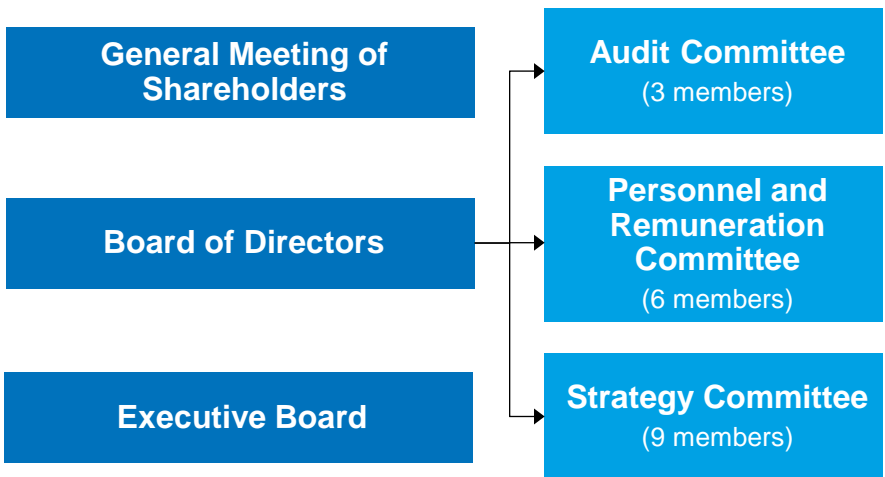
Source: Data presented based on management accounting for scheduled flights of Aeroflot Group (excluding charter flights)



- Over the past years the Group structure was refined with a focus on aviation assets and disposal of non-core assets, which is in compliance with the Group's strategy to streamline the core business
- PJSC Aeroflot also owns 45.0% of JSC AeroMASH-AB (Aviation security), 8.96% of JSC Sheremetyevo (base airport), 3.85% of PJSC Transport Clearing House (mutual settlements between agencies and airlines) and 49.0% of LLC Transnautic Aero (cargo sales, in liquidation)

Notes:
 (1) The Group as of December 31, 2015; Aeroflot Group consolidates all entities: PJSC Aeroflot and all subsidiaries.
 (2) Non-operating entity of Vladivostok Airline.












Corporate Governance




Incorporated in Russia, PJSC Aeroflot is subject to Russian corporate governance regulations and follows Russian Corporate Governance Code

The Board of Directors is currently composed of 11 members. The Board's composition is well balanced from members' background perspective, number of independent, non-executive and executive directors

Board of Directors

	Name	Audit Committee	Personnel and Remuneration Committee	Strategy Committee
	Kirill Androsov	Chairman of the Board of Directors		
	Vitaly Saveliev			
	Dmitriy Saprykin			Member
	Mikhail Alekseev		Member	Member
	Igor Kamenskoy	Member	Chairman	
	Yuri Slyusar			Member
	Marlen Manasov		Member	Member
	Roman Pakhomov	Member	Member	Chairman
	Dmitry Peskov		Member	Member
	Vasiliy Sidorov	Chairman	Member	Member
	Sergey Chemezov			

 Independent director according to the Russian Corporate Governance Code

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Website: www.aeroflot.ru