

Aeroflot Group 12 Months 2017 Financial Results

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Aeroflot Group

- **Aeroflot Group carried 50.1 mln passengers in 2017** (up by 6.7 mln or +15.4% vs. 2016)
- **Passenger load factor** increased 1.4 p.p. to 82.8%
- **12M 2017 financials results:**
 - Total revenue of 532.9 bn RUB (up 7.5% y-o-y)
 - EBITDAR and EBITDA margins of 22.9% and 10.5%
 - Strong operating and free cash flow generation
 - Net income of 23.1 bn RUB
 - Further deleveraging from 1.4x Net Debt/EBITDA as at 31-Dec-2016 to 0.9x as at 31-Dec-2017 due to debt repayment ahead of schedule and positive lease revaluation



Macro and Aviation Market



- **Overall Russian aviation market showed continuing recovery, growing 20.3% in 2017 y-o-y**, as a result of improving macroeconomic environment and growth in demand.
- **Domestic traffic growth** of 10.9% y-o-y driven by positive macro and additional demand stemming from low-cost segment.
- **Traffic to international destinations grew** by 31.7% y-o-y as a result of improved consumer confidence, continuously appreciating RUB exchange rate and reopening of Turkish destinations for charter flights.
- **In 4Q 2017 growth of capacity additions across the industry slowed compared to the peak season of 3Q.** Foreign carriers added 14.6% of ASKs in 4Q 2017 (y-o-y), Russian carriers added 11.9% of seat capacity. Expansion of capacity is still strongly correlated with demand as load factors improving across the industry in 12M and 4Q 2017 y-o-y.

1. Market Update

2. Aeroflot Group Overview

3. Operating Performance

4. Revenue and Yield Management

5. Fleet Overview

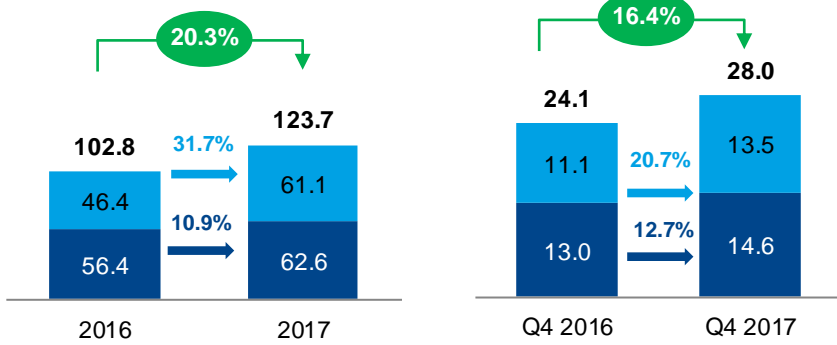
6. Financial Performance

7. Capital Structure and Liquidity

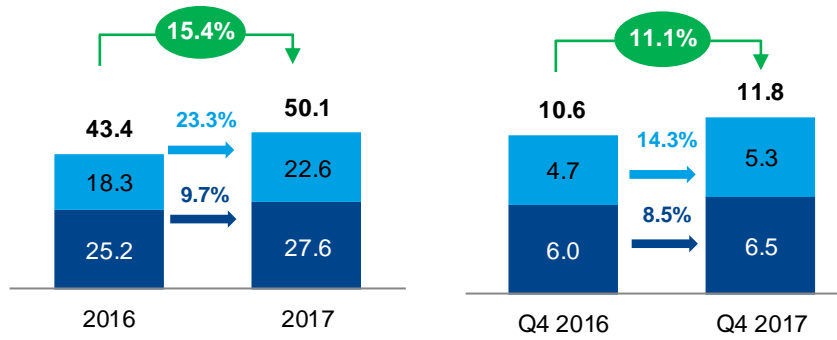
8. Appendix

Passenger Traffic: Market vs Aeroflot Group

Russian Air Transportation Market (million PAX)
inc. PAX of Russian and Foreign Carriers and int. transit PAX



Aeroflot Group (million PAX)

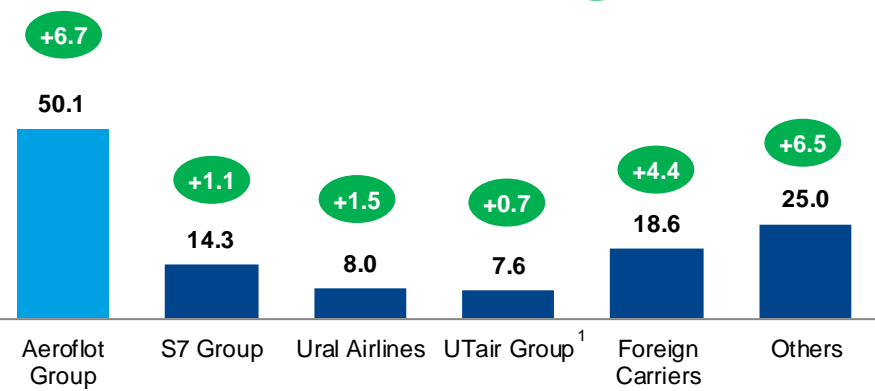


Market Dynamics Net of Aeroflot Group

23.9%	Total Market	20.5%
37.1%	International	25.3%
12.0%	Domestic	16.1%

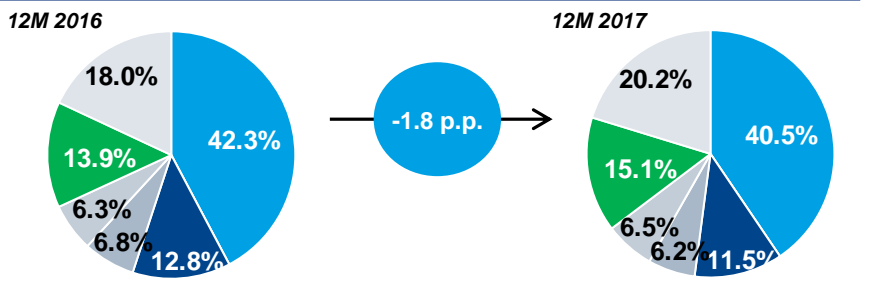
Change in Airlines' Passenger Numbers

mIn PAX, 12M 2017

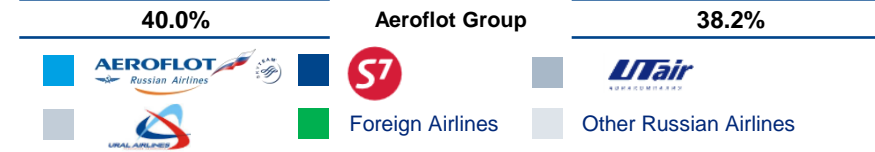


Source: TCH, Rosaviatsia, Company estimates / ¹ UTair Group includes UTair, Utair-Cargo and Turuhan

Market Share¹ (PAX)



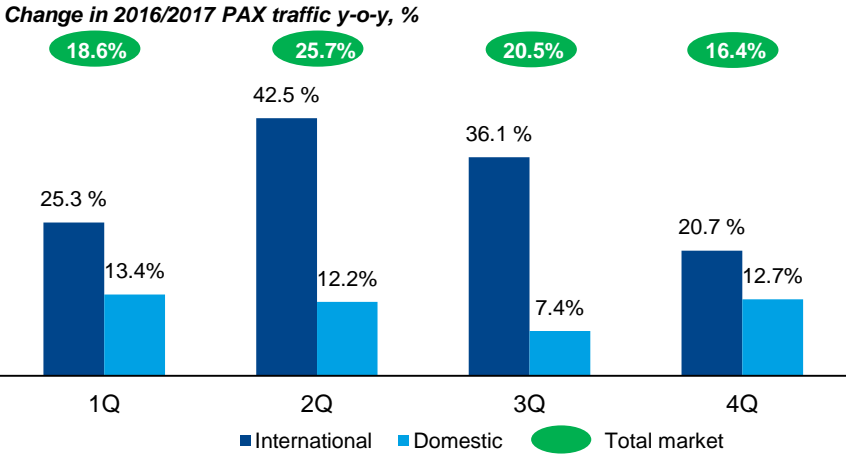
"Clean" Market Share of Aeroflot Group (Net of Intl.-Intl. Transit Traffic)



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

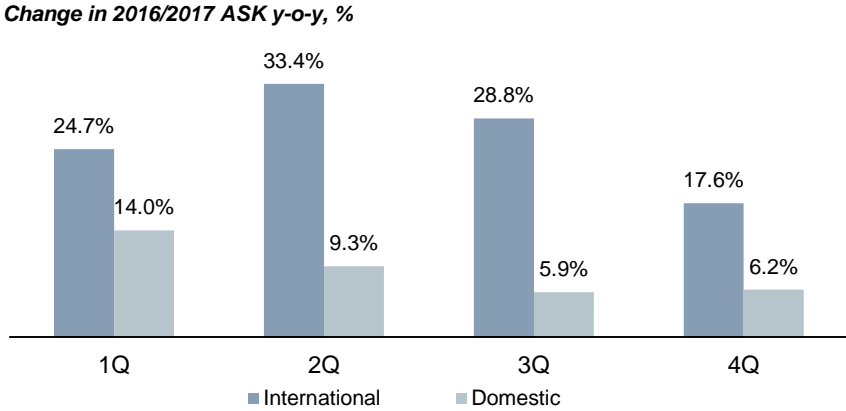
Aeroflot Group continued to deliver profitable growth on recovering market increasing PAX by 15.4% with acceleration on both domestic and international routes.

Passenger Traffic (Russian and Foreign Carriers)



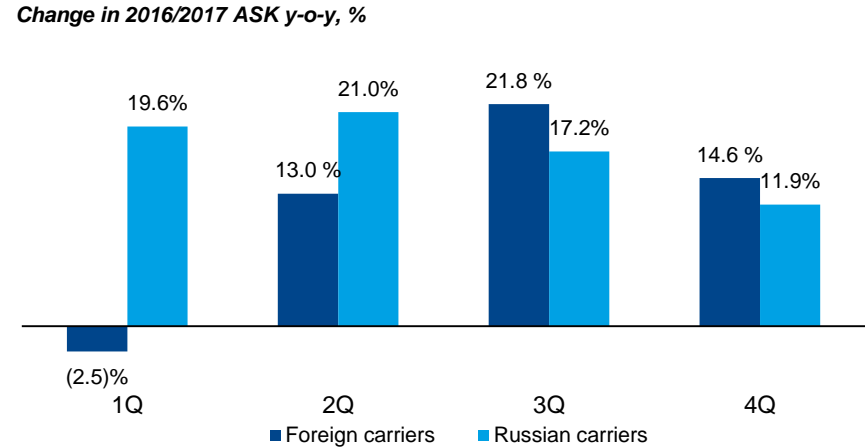
Source: TCH, Company calculations

Capacity (Russian Carriers)



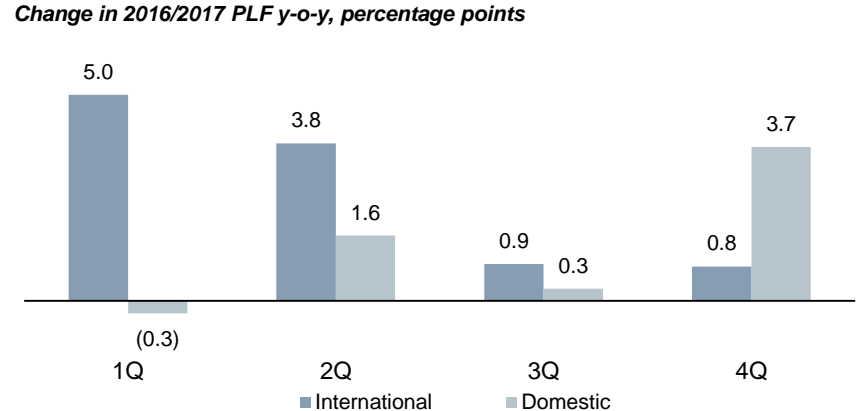
Source: Rosaviatsia, Company calculations
ASK is calculated based on published RPK and PLF data

Capacity (Russian and Foreign Carriers)



Source: SRS for foreign carriers, Rosaviatsia for domestic carriers, Company calculations
ASK is calculated based on published RPK and PLF data

Passenger Load Factor (Russian Carriers)



Source: Rosaviatsia, Company calculations
Quarterly PLF is calculated based on published RPK and PLF data

• 2017 is a year of strong yet reasonable market recovery on the back of higher demand in both international and domestic segments supporting growth in PLF.

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Aeroflot Group Multi-Brand Strategy



POSITIONING

PREMIUM PRODUCT

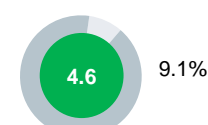
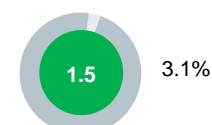
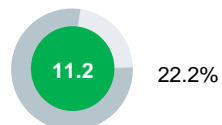
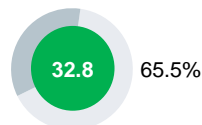
MID-PRICE REGIONAL / CHARTER PRODUCT

PRODUCT FOR FAR EAST

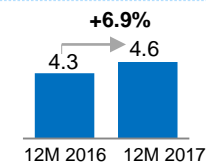
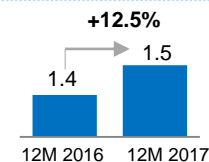
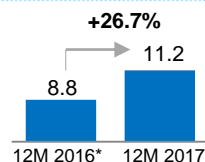
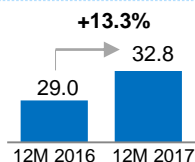
LOW-COST PRODUCT



Contribution to PAX, 12M 2017



PAX growth, y-o-y



Business model

- Flagship carrier
- Premium product
- High income and middle class
- Hub and spoke model

- Focus on domestic regional flights
- Interregional flights
- Selected international routes, mostly out of VKO airport in Moscow
- Natural connectivity in VKO and LED

- The Far East airline flying on short- and mid-haul direct international and domestic routes
- Regional flights to remote cities in the Far East

- Short and mid-haul flights
- Mostly domestic segment, selected international routes
- Point-to-point carriage



Focus airport

- **Moscow:** Sheremetyevo

- **Moscow:** Vnukovo
- **Saint-Petersburg:** Pulkovo

- Vladivostok
- Khabarovsk
- Yuzhno-Sakhalinsk

- **Moscow:** Vnukovo



Target group

- Business (comfort)
- Traveler (comfort)
- Vacationer (comfort)

- Business (value and price-sensitive)
- Practical (value)
- Vacationer (value)
- Charter

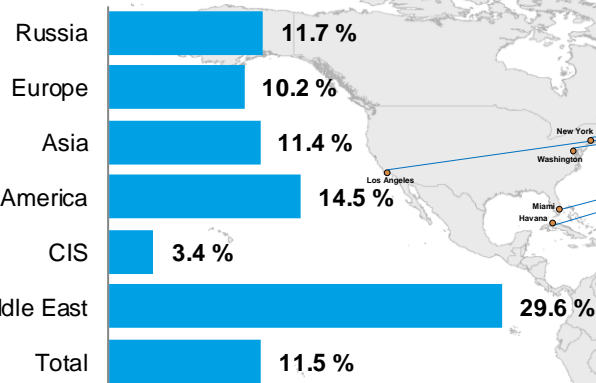
- Business (value and price-sensitive)
- Practical (value)

- Traveler (price-sensitive)
- People not traveling by air

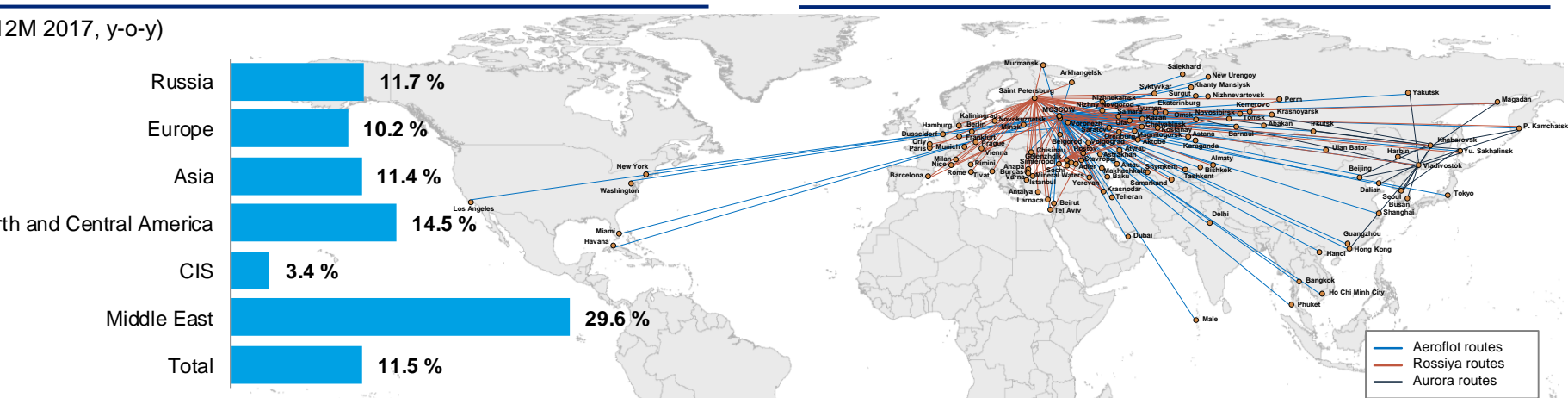
- Simplified multi-brand product offering to capture customers in every market segment: from premium to low-cost.
- Additional steps taken to simplify operational structure of regional companies targeting subsidiaries' efficiency enhancement.

of Flights Evolution by Region¹

(12M 2017, y-o-y)

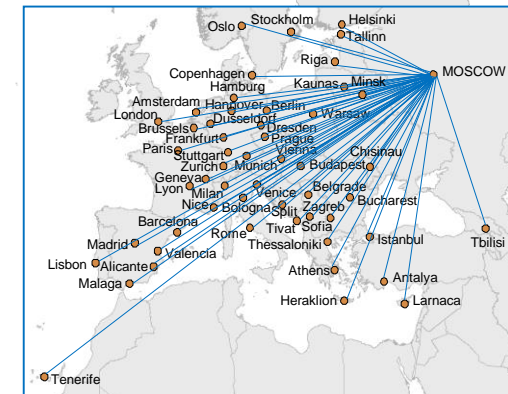
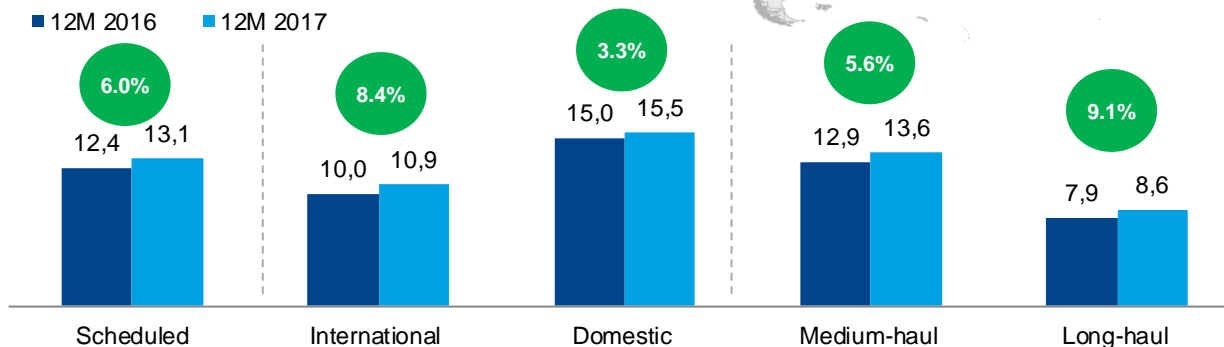


Geographic Network



Average Scheduled Flight Frequency per Route (Aeroflot Group ex-Pobeda)

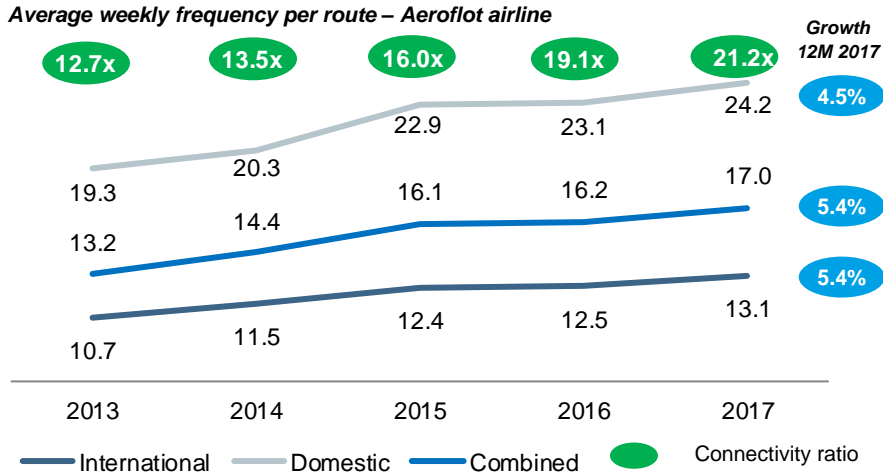
Increase in Group frequencies by 5.8% was supported by expansion of the number of frequencies in international segment (+8.6%), domestic segment (+3.3%) and in the sector of medium-haul routes (+5.6%).



- Moderate growth of destinations, focus on increase in frequencies on scheduled routes.
- Aeroflot Group operates flights to 153 unique destinations in 52 countries (in 2017-2018 winter schedule).
- In 2017 Aeroflot airline opened service to two international destinations (Lisbon and Kostanay) and three domestic destinations (Belgorod, Salekhard, Khanty-Mansiysk).

Note: ¹ Scheduled flights of Aeroflot Group (excluding Pobeda LCC)

Growing Connectivity of Aeroflot Airline's Flights¹ ...



Top-5 Transit Region Pairs by PAX Traffic

Region Pair	2017 PAX (million)	Growth y-o-y (%)
NE Asia - Western Europe	1.3	25%
CIS - Western Europe	0.6	30%
SE Asia - Western Europe	0.4	-3%
Eastern Europe - NE Asia	0.4	30%
CIS - North America	0.3	24%
Total top-5 transit region pairs	2.9	22%

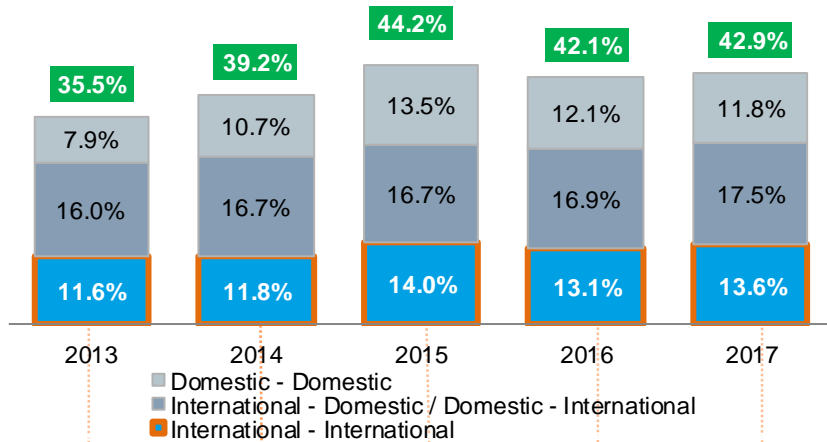
Source: Company data.

¹ Data for Aeroflot airline's own flights; Aeroflot adopted new frequency per route and connectivity ratio calculation methodology and previous periods were recalculated retrospectively

- 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.

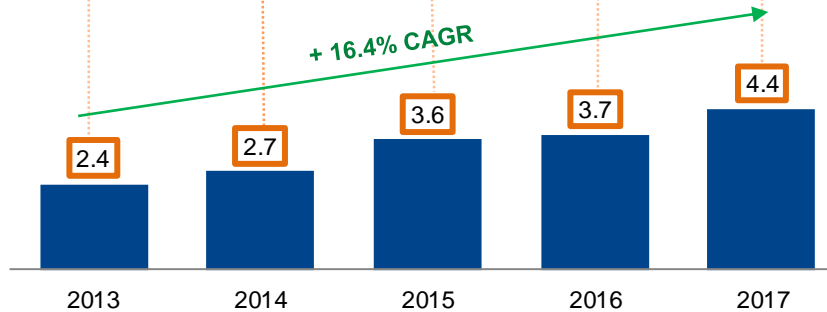
... Results into a Flexible Approach to Transit Flows

Considerable share of transit of Aeroflot airline in Sheremetyevo



Increase in International – International Traffic

Total Aeroflot airline int. – int. transit traffic, million PAX



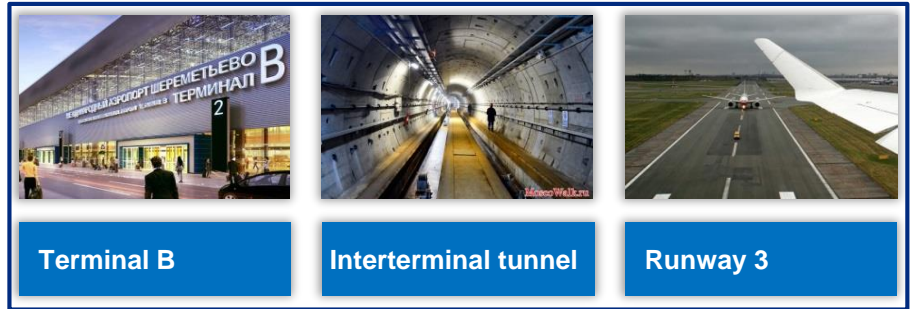
Pickup in point-to-point demand combined with expanding capacities resulting in growing international transfer volumes

Infrastructure Expansion to Support Future Growth

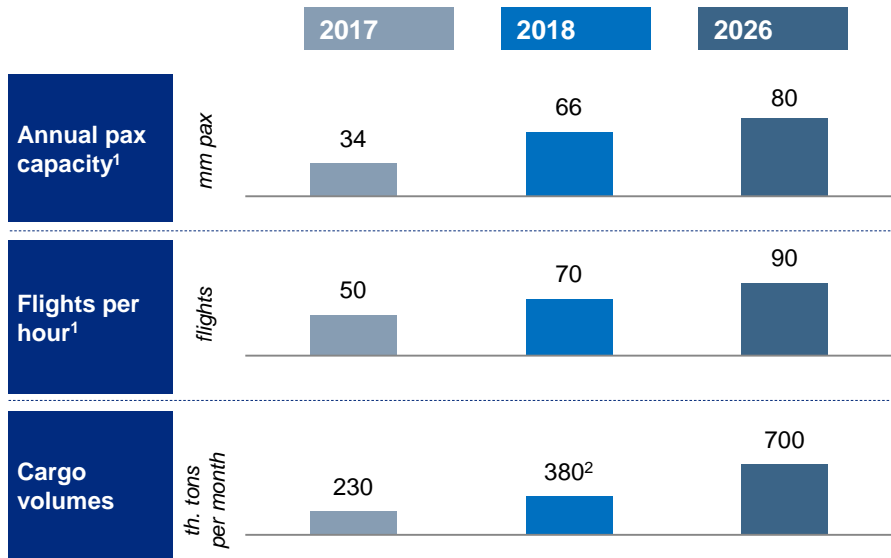
Sheremetyevo development program overview

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

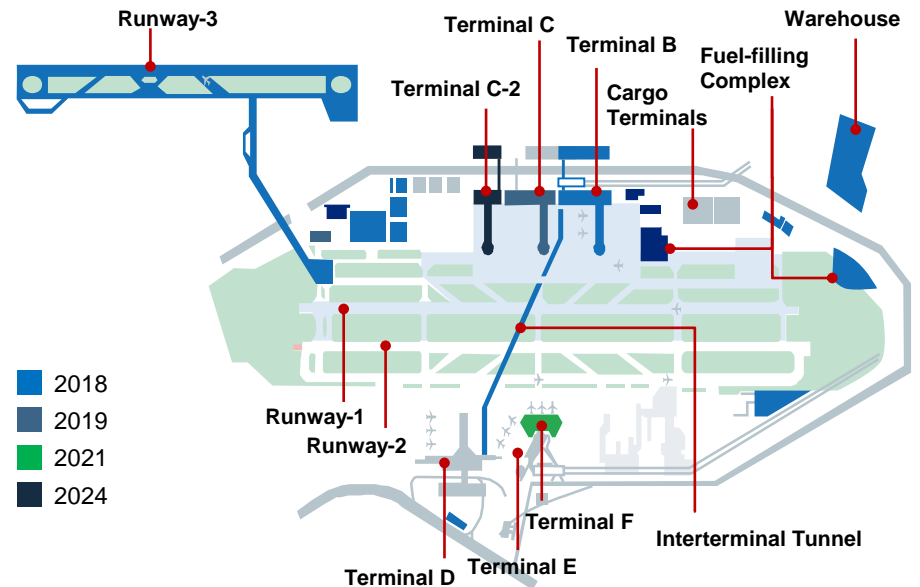
Key infrastructure objects to be launched in 2018



Evolution of key operating indicators (max. theoretical capacity)



Sheremetyevo development plan



Source: Sheremetyevo press-center, aviation explorer, public sources

Note:¹ According to Airport Research Center; ² New cargo terminal with capacity of handling up to 380 th. tons per month was launched in September 2017

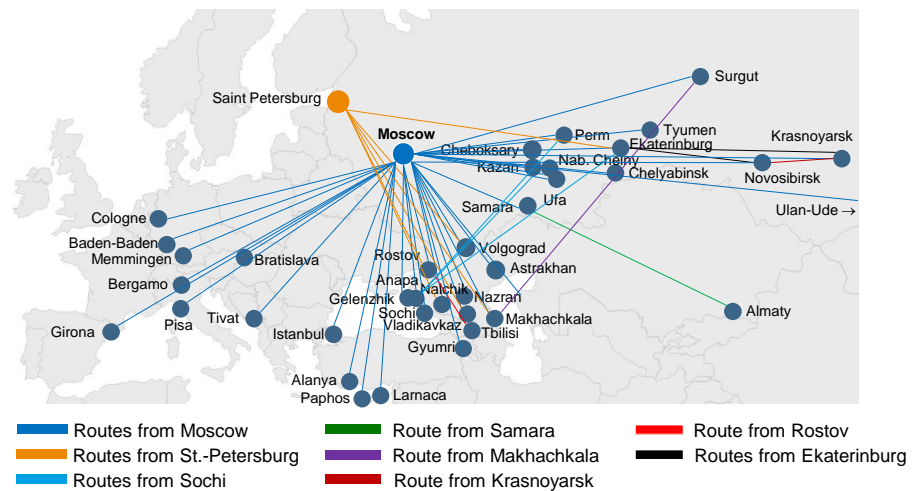
Pobeda Airline: Three Full Years of Successful Operations



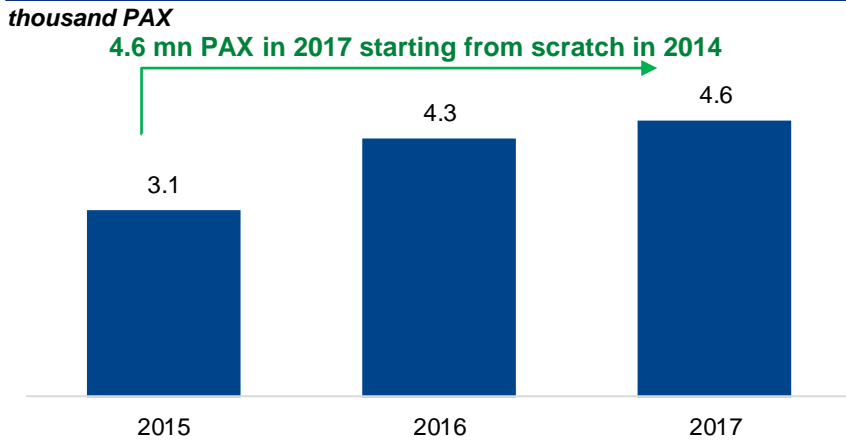
Overview of Pobeda

Network	<ul style="list-style-type: none"> Operating from Vnukovo airport (3rd Moscow airport by PAX) Network comprising 47 routes (27 unique for the Group) Additional expansion to international destinations (10 countries)
Fleet	<ul style="list-style-type: none"> 16 Boeing 737-800 NG (31.12.2017) Plans for 8 more aircraft to be delivered in 2018 Single class cabin 189 seats per plane
Key features and achievements - 2017	<ul style="list-style-type: none"> 4.6 mn PAX in 2017 Record high PLF of 94.2% (96.8% in Q3 2017) Utilization over 13 hours (15h+ in summer season) International PPK now is approximately 24% of total Pobeda traffic. Active development of intra-region flights, and international flights from the regions
2022 Goals	<ul style="list-style-type: none"> 45 aircraft c. 15-16 mn PAX

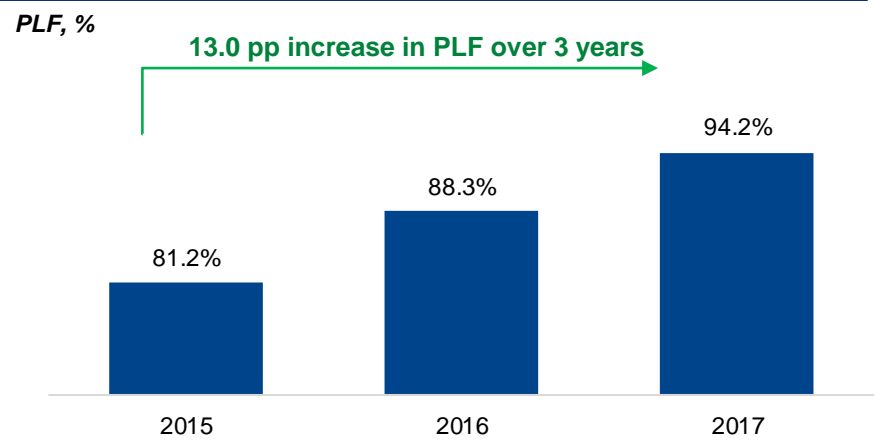
Pobeda's Network (Winter 17/18)



Growing Passenger Flows

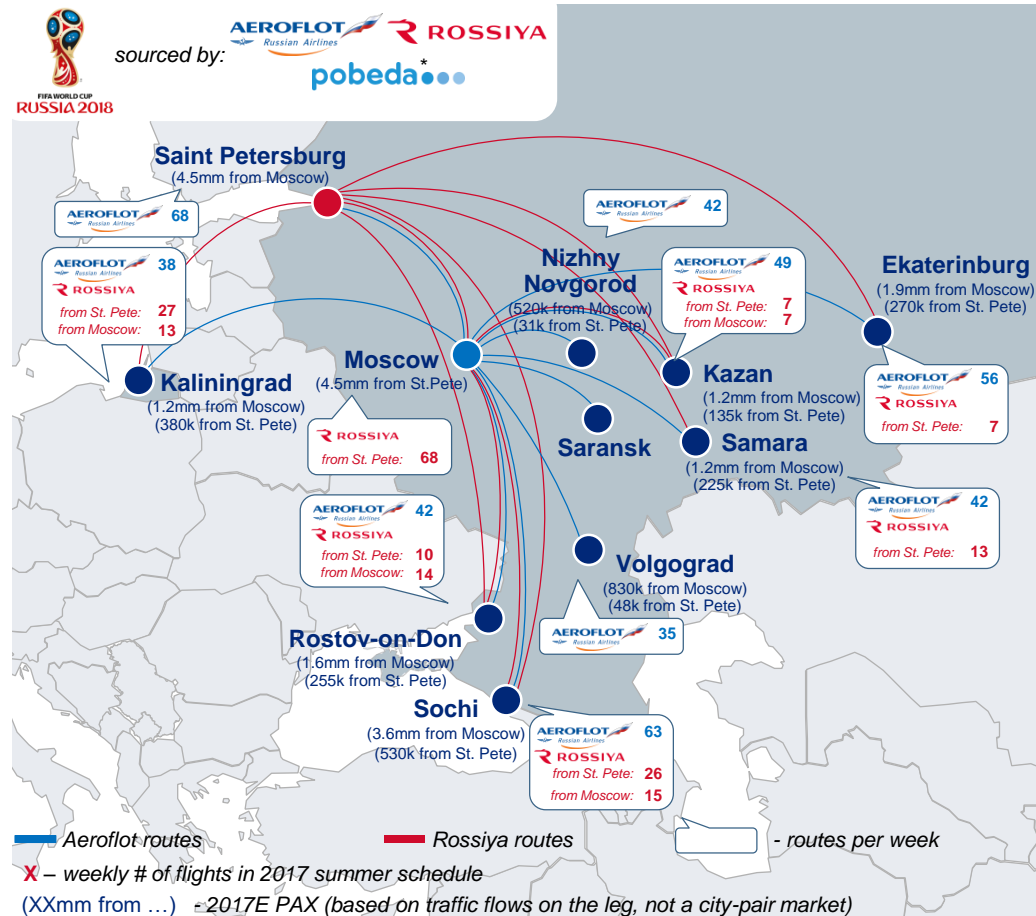


Improving Load Factor



• Pobeda, the only Russian LCC, is a timely value proposition to cost conscious passengers.

Routes to World Cup Locations



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

- **The 2018 World Championship is expected to result in traffic flow growth between city-pairs during the championship (mid-June – mid-July 2018) yet there is still risk of substitution effect (passengers travelling for holidays and fans). Also necessity to host the event at the highest level will incur additional expenses.**

Aeroflot Efforts

- General preparation**
 - 1 Establishment of specially-dedicated working group to coordinate preparation process and day-to-day routes allocation for World Cup 2018
- Passengers**
 - 2 Transportation of football fans, delegations and athletes
- Operations**
 - 3 Reserve aircraft to be based in the main cities of the World Cup
- IT infrastructure**
 - 4 Introduction of advanced IT solutions to automate processing of personal details of the World Cup guests
- Staff**
 - 5 Additional training sessions for staff and increased headcount of english-speaking personnel in call centres and representative offices
- Spare parts**
 - 6 Increased warehouse stock of replacement components to quickly repair aircraft and proceed with scheduled maintenance works if needed
- Other preparatory measures**
 - 7

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Operating Data – 4Q & 12M 2017

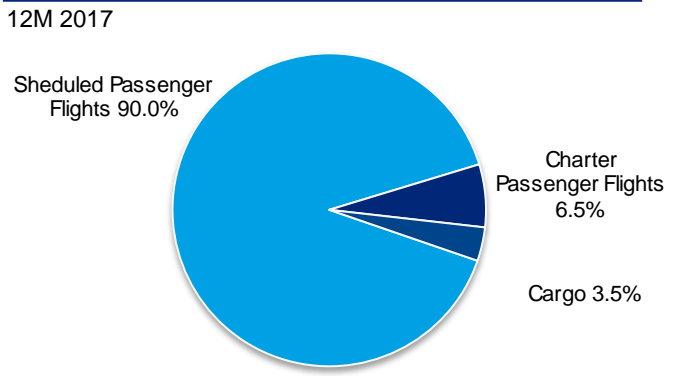


Indicator	Unit	Aeroflot airline						Aeroflot Group					
		4Q 2016	4Q 2017	Y-o-Y	12M 2016	12M 2017	Y-o-Y	4Q 2016	4Q 2017	Y-o-Y	12M 2016	12M 2017	Y-o-Y
Passenger Traffic	th PAX	7,268	8,056	10.8%	28,978	32,845	13.3%	10,615	11,789	11.1%	43,440	50,129	15.4%
International Routes	th PAX	3,815	4,197	10.0%	14,874	17,154	15.3%	4,663	5,329	14.3%	18,289	22,550	23.3%
Domestic Routes	th PAX	3,453	3,859	11.8%	14,104	15,691	11.3%	5,952	6,460	8.5%	25,151	27,579	9.7%
Passenger Turnover	mn pkm	20,702	22,637	9.3%	82,693	91,810	11.0%	27,882	30,841	10.6%	112,110	130,222	16.2%
International Routes	mn pkm	13,760	15,049	9.4%	53,339	60,669	13.7%	16,531	18,627	12.7%	63,433	77,034	21.4%
Domestic Routes	mn pkm	6,943	7,588	9.3%	29,354	31,141	6.1%	11,352	12,214	7.6%	48,678	53,188	9.3%
Passenger Capacity	mn ASK	26,205	28,690	9.5%	101,758	112,246	10.3%	35,417	38,457	8.6%	137,654	157,211	14.2%
International Routes	mn ASK	17,769	19,528	9.9%	67,387	75,316	11.8%	20,998	23,610	12.4%	79,334	93,429	17.8%
Domestic Routes	mn ASK	8,436	9,162	8.6%	34,371	36,930	7.4%	14,419	14,847	3.0%	58,320	63,781	9.4%
Passenger Load Factor	%	79.0%	78.9%	(0.1 p.p.)	81.3%	81.8%	0.5 p.p.	78.7%	80.2%	1.5 p.p.	81.4%	82.8%	1.4 p.p.
International Routes	%	77.4%	77.1%	(0.4 p.p.)	79.2%	80.6%	1.4 p.p.	78.7%	78.9%	0.2 p.p.	80.0%	82.5%	2.5 p.p.
Domestic Routes	%	82.3%	82.8%	0.5 p.p.	85.4%	84.3%	(1.1 p.p.)	78.7%	82.3%	3.5 p.p.	83.5%	83.4%	(0.1 p.p.)
Tonne-Kilometres	mn tkm	2,122	2,340	10.2%	8,253	9,317	12.9%	2,816	3,135	11.3%	11,008	12,951	17.7%
International Routes	mn tkm	1,410	1,572	11.5%	5,265	6,199	17.7%	1,660	1,902	14.6%	6,177	7,689	24.5%
Domestic Routes	mn tkm	712	767	7.7%	2,989	3,118	4.3%	1,156	1,232	6.6%	4,830	5,262	8.9%
Revenue Flights	flights	56,075	62,628	11.7%	218,734	243,317	11.2%	83,363	91,694	10.0%	331,853	368,473	11.0%
International Routes	flights	28,365	31,259	10.2%	110,149	121,003	9.9%	34,435	38,693	12.4%	135,900	153,425	12.9%
Domestic Routes	flights	27,710	31,369	13.2%	108,585	122,314	12.6%	48,928	53,001	8.3%	195,953	215,048	9.7%
Flight Hours	hours	164,127	182,141	11.0%	639,524	702,807	9.9%	230,162	252,803	9.8%	911,776	1,009,108	10.7%

- Strong operating results in 12M and Q4 2017: growing PAX flows and PLF on the back of balanced capacity expansion.

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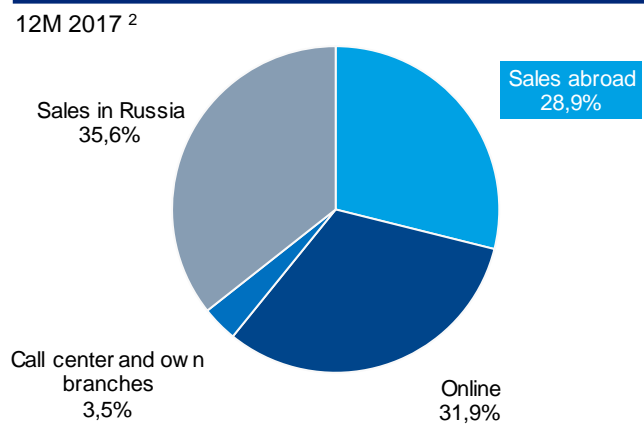
Traffic Revenue Breakdown by Type



Revenue from Scheduled Passengers (RUB mln)¹

4Q 2016	4Q 2017	Y-o-Y	Region	12M 2016	12M 2017	Y-o-Y	12M 2017, % of sch. revenue
34,422	38,767	12.6%	Russia	166,227	176,141	6.0%	41.2%
23,718	26,505	11.8%	Europe	106,599	114,656	7.6%	26.8%
15,971	17,169	7.5%	Asia	63,827	66,694	4.5%	15.6%
4,974	5,627	13.1%	CIS	21,281	22,356	5.1%	5.2%
6,072	6,034	(0.6)%	North and Central America	26,389	25,835	(2.1)%	6.0%
5,370	5,701	6.2%	Middle East	19,437	21,847	12.4%	5.1%
90,527	99,803	10.2%	Total	403,760	427,529	5.9%	100.0%

Scheduled Traffic Revenue by POS



Total Passenger Revenue (Scheduled + Charter, RUB mln)

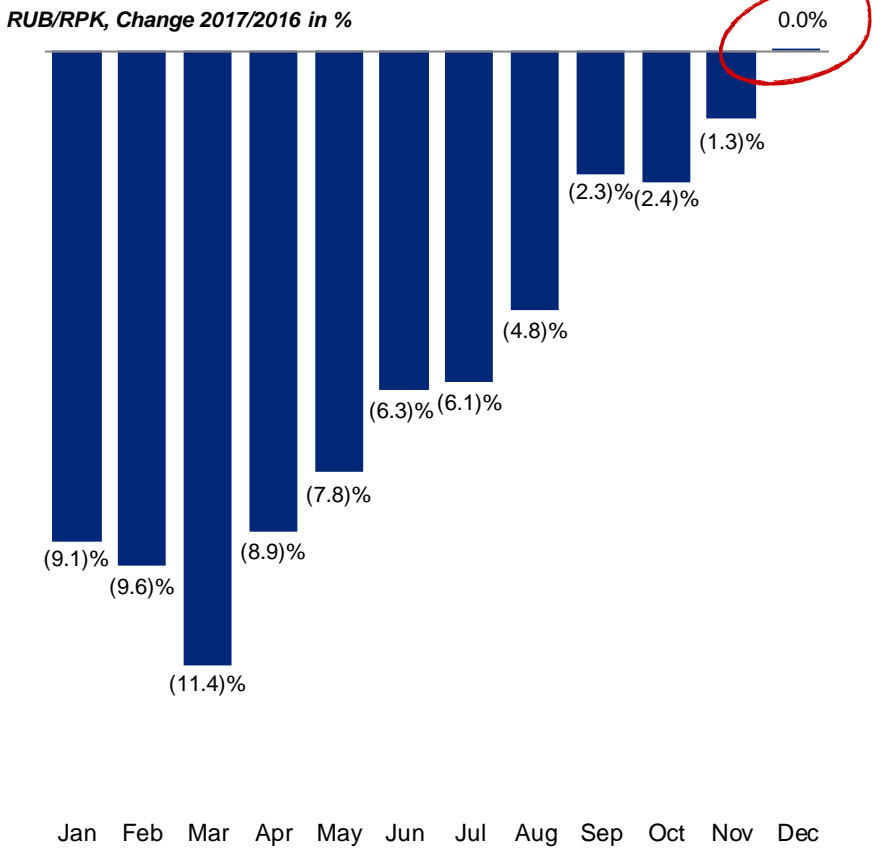
4Q 2016	4Q 2017	Y-o-Y	Segment	12M 2016	12M 2017	Y-o-Y	12M 2017, % of revenue
35,035	39,851	13.7%	Domestic	169,212	181,650	7.4%	39.6%
60,019	68,037	13.4%	International	252,166	276,739	9.7%	60.4%
95,054	107,888	13.5%	Total	421,377	458,390	8.8%	100.0%

- In 12M 2017 revenue from scheduled passengers grew by 5.9% mainly driven by revenue growth on Russian, European and Middle Eastern markets.

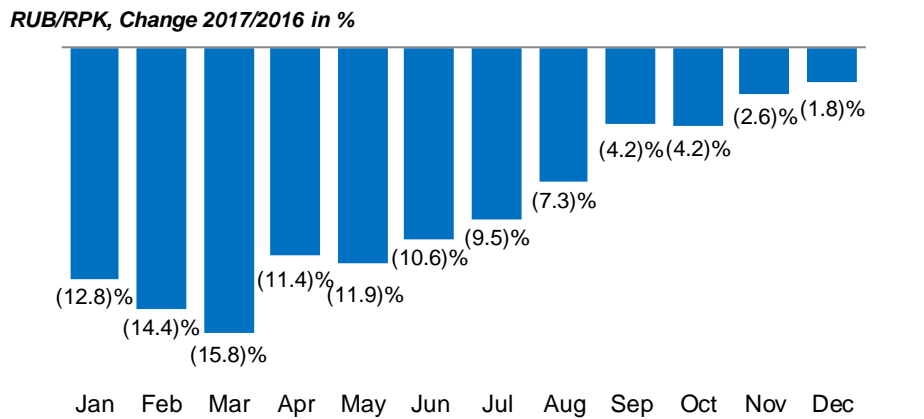
¹ Data presented based on management accounting

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

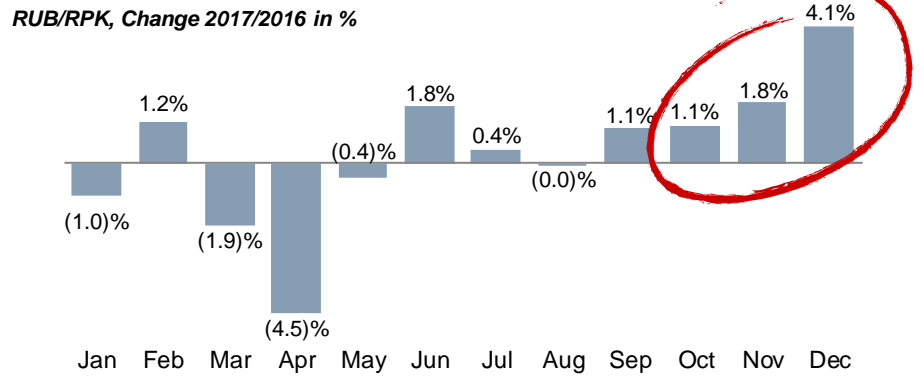
Aeroflot Airline Blended Total Yield



Aeroflot Airline International Yield



Aeroflot Airline Domestic Yield



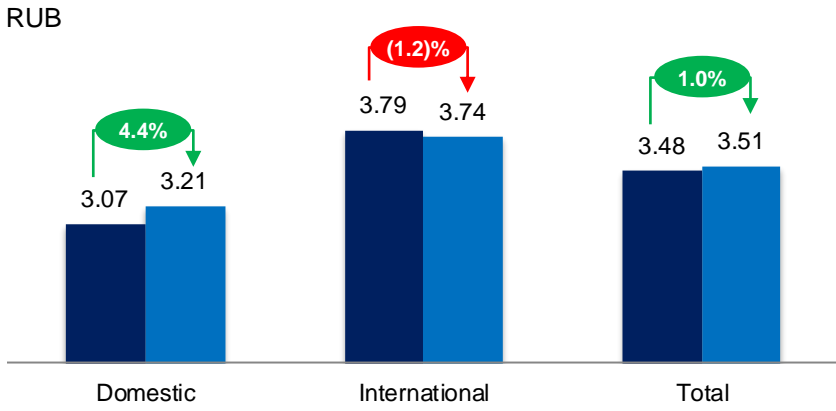
Source: Company calculations, data presented based on management accounting figures for Aeroflot airline standalone; immaterial deviations vs. historical data may occur due to adjustments in Revenue Management System (RMS)

- Aeroflot airline yields show improvement on a monthly basis throughout 2017 (y-o-y)
- Pressure on international yields is decreasing towards December, domestic yields are showing positive dynamics y-o-y in 4Q

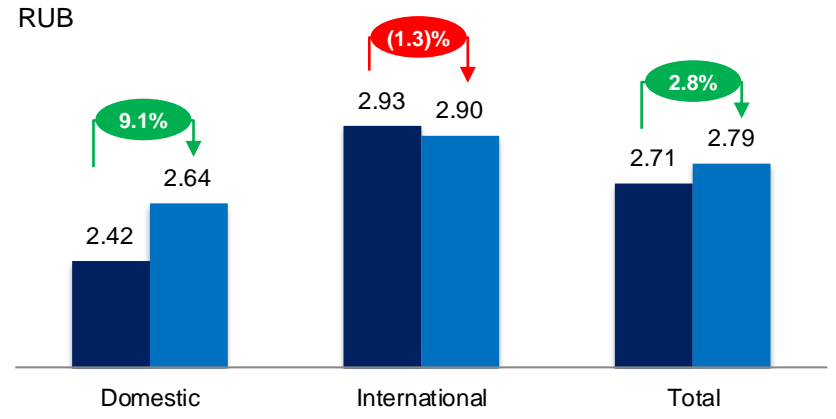
Scheduled Flights Revenue Units



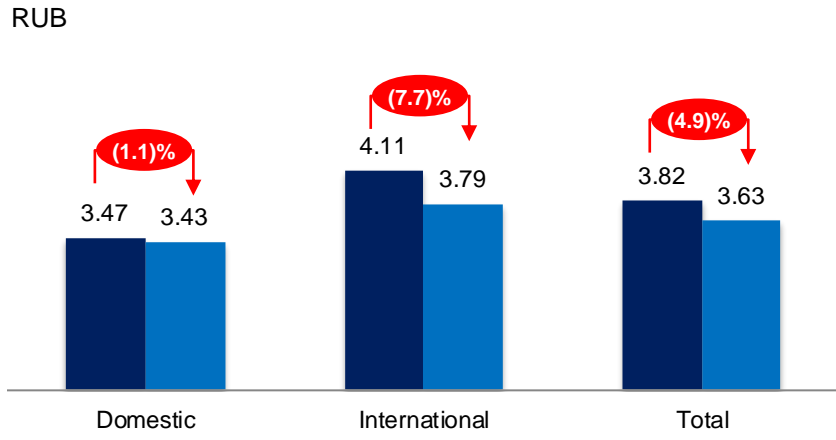
4Q Yield (PAX Revenue / RPK)



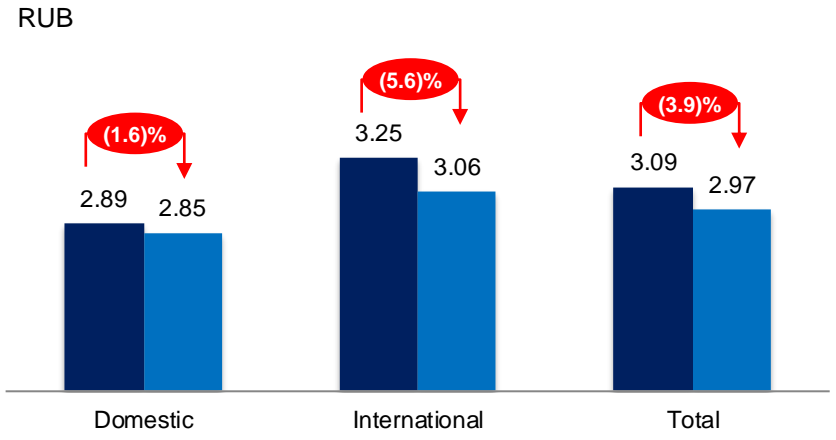
4Q RASK (PAX Revenue / ASK)



12M Yield (PAX Revenue / RPK)



12M RASK (PAX Revenue / ASK)



% Y-o-Y increase ■ 2016 ■ 2017

- RUB appreciation and changing mix of operations at subsidiaries' level affected RUB yields in 12M 2017.

Note: Data presented based on management accounting figures, scheduled flights revenue is used for calculations; 12M and 4Q 2016 yields have been recalculated retrospectively based on updated breakdown of passenger turnover between scheduled and charter flights to ensure consistency with the current period.

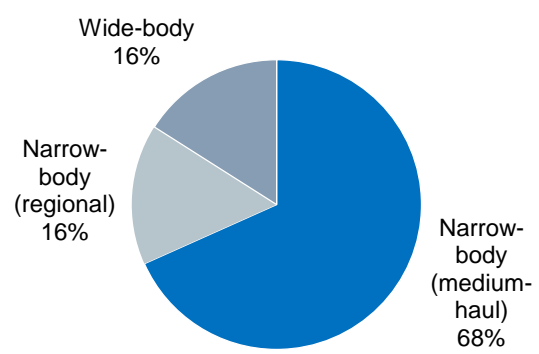
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Aeroflot Group Fleet Breakdown

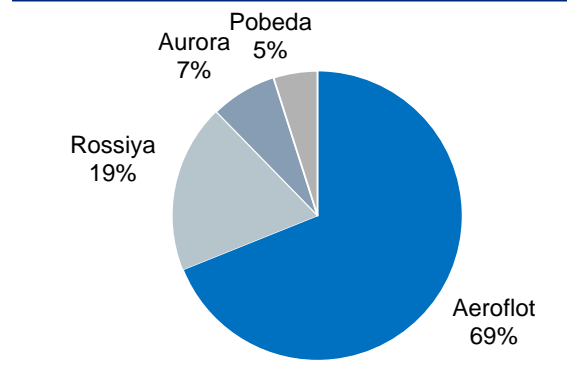


Aircraft Type	Operated by		Lease type ³			Total as of 31-Dec-17	Total as of 31-Dec-16	Change vs. 31-Dec-16
	Aeroflot	Subsidiaries	Finance	Operating	Owned			
Wide-body	38	14	18	34	-	52	50	2
Airbus A330	22	-	8	14	-	22	22	-
Boeing 777	16	5	10	11	-	21	21	-
Boeing 747	-	9	-	9	-	9	7	2
Narrow-body (medium-haul)	149	73	22	200	-	222	192	30
Airbus A319	-	36	9	27	-	36	36	-
Airbus A320	75	5	-	80	-	80	75	5
Airbus A321	38	-	13	25	-	38	32	6
Boeing 737	36	32	-	68	-	68	49	19
Narrow-body (regional)	37	20	6	45	6	57	49	8
DHC 8	-	11	-	5	6	11	11	-
DHC 6	-	3	-	3	-	3	2	1
An 148 ²	-	6	6	-	-	6	6	-
SSJ 100	37	-	-	37	-	37	30	7
Total fleet¹	224	107	46	279	6	331	291	40

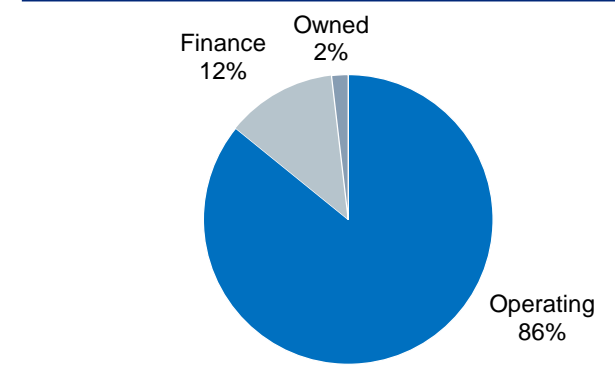
Breakdown by Aircraft Type⁴



Breakdown by Company⁴



Breakdown by Ownership Type⁴



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

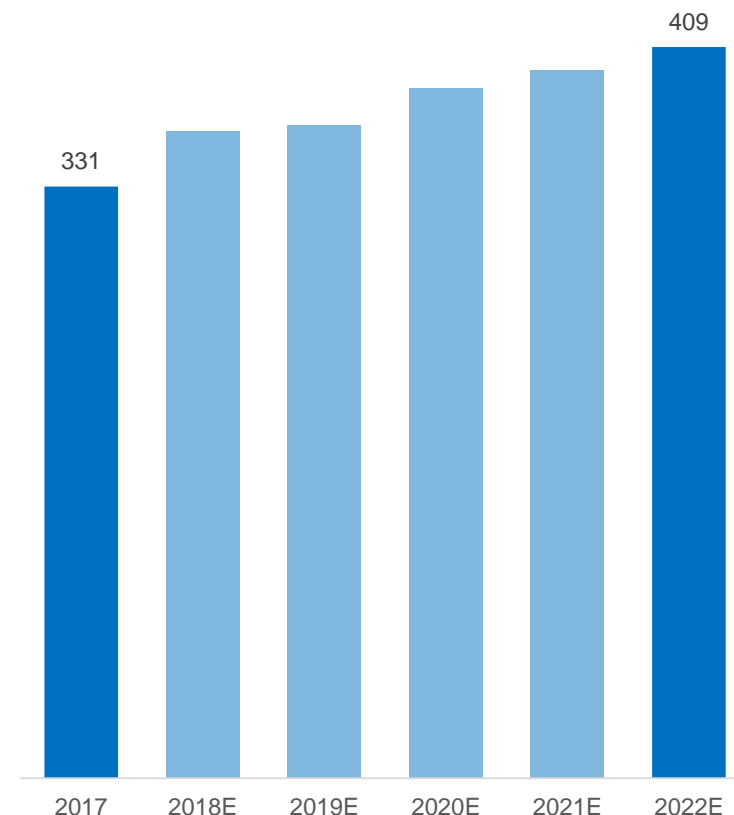
¹ Excluding 1 An-24.
² 6 An-148 were not operated by the airlines of the Group.
³ Lease type is determined according to IFRS requirements. In a number of exceptional cases IFRS lease type can differ from the actual lease type as per commercial terms of the contract.
⁴ Breakdown presented based on aircraft fleet operated by the companies of the Group (excluding 6 An-148 and 1 An-24).

Delivery/Phase-out Schedule

Type of aircraft	2017 (Actual)		Current fleet ⁽¹⁾	2018	
	Delivery	Phase out		Delivery	Phase out
Wide-body (long-haul)	3	(1)	52	6	-
A-330	-	-	22	-	-
B-777	1	(1)	21	6	-
B-747	2	-	9	-	-
A-350	-	-	-	-	-
Narrow-body (medium-haul)	43	(13)	222	36	(25)
A-319	-	-	36	-	(2)
A-320	11	(6)	80	11	(9)
A-321	8	(2)	38	5	(13)
B-737	24	(5)	68	20	(1)
MC-21	-	-	-	-	-
Narrow-body (regional)	8	-	57	15	(1)
SSJ-100	7	-	37	13	-
An-148 ⁽³⁾	-	-	6	-	-
DHC-8	-	-	11	-	(1)
DHC-6	1	-	3	2	-
TOTAL	54	(14)	331	57	(26)

Aeroflot Group Fleet as at Year-end⁴

Number of aircraft



Net additions⁽¹⁾

+ 40 aircraft

+ 31 aircraft

- Aeroflot Group continues to intelligently manage capacity additions and develop its fleet taking into account market trends and opportunities.
- The Group plans to actively expand its fleet over 2018-2022 with number of aircraft reaching 409 in 2022

Notes: (1) As of 31.12.2017; Not including 1 An-24

(2) Net addition after 2019 is not applicable

(3) Phased out via sublease

(4) As per current version of strategy; not including 1 An-24

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Financial Highlights: 12M and 4Q 2017



4Q 2016	4Q 2017	Change	RUB mn (where applicable)	12M 2016	12M 2017	Change
10,615	11,789	11.1%	Passenger Traffic (mn PAX)	43,440	50,129	15.4%
114,574	128,161	11.9%	Revenue	495,880	532,934	7.5%
95,054	107,888	13.5%	Traffic Revenue	421,378	458,389	8.8%
17,227	20,792	20.7%	EBITDAR ¹	137,567	121,808	(11.4)%
15.0%	16.2%	1.2 p.p.	EBITDAR ¹ margin	27.7%	22.9%	(4.8) p.p.
835	2,709	>3.2x	EBITDA	78,004	56,015	(28.2)%
0.7%	2.1%	1.4 p.p.	EBITDA margin	15.7%	10.5%	(5.2) p.p.
(4,973)	(4,090)	17.7%	Net income	38,826	23,060	(40.6)%
–	–	–	Net margin	7.8%	4.3%	(3.5) p.p.

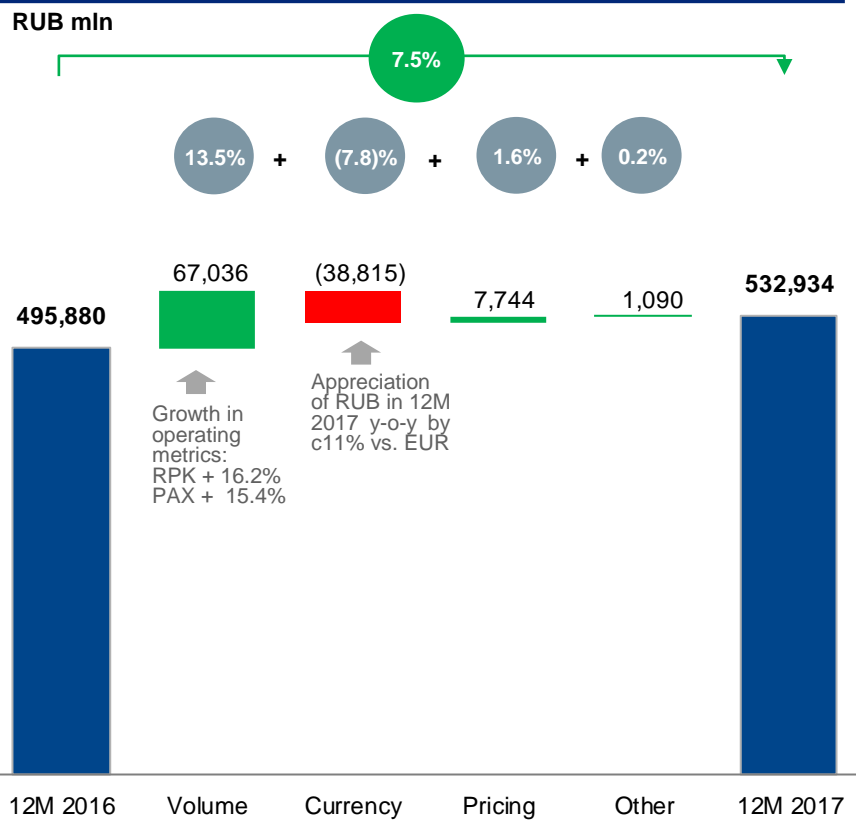
- Operating costs growing ahead of revenue resulted in pressure on margins, however improved debt profile supported net income in 12M 2017.

¹ EBITDAR = EBITDA + operating lease expenses.

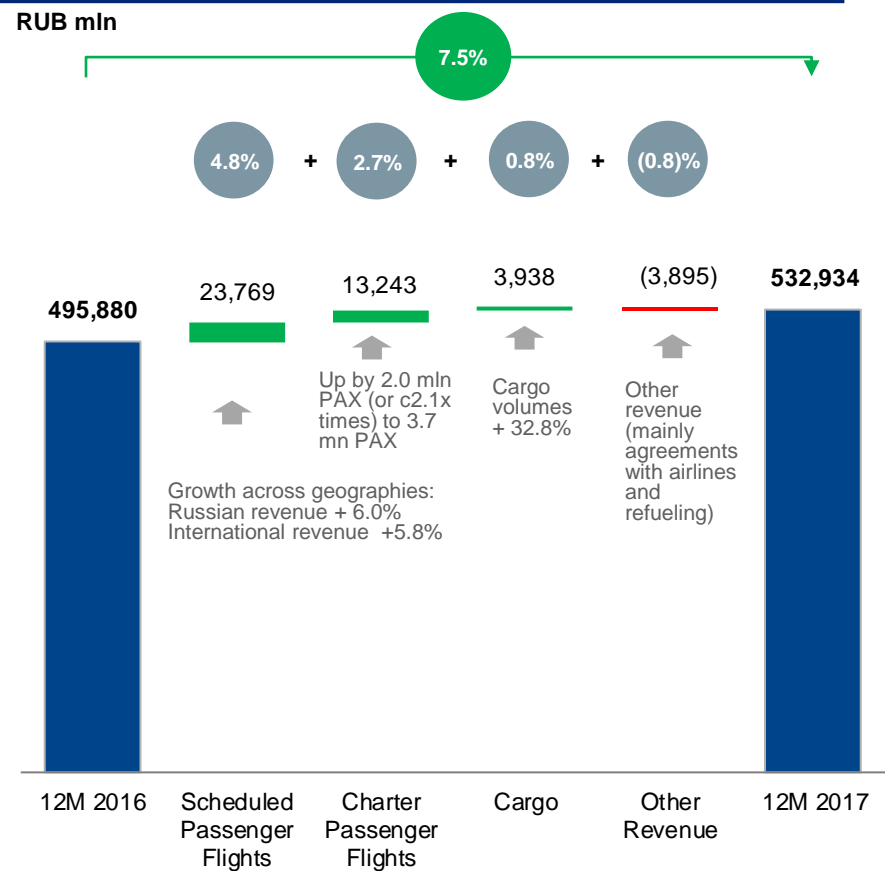
Revenue Growth Decomposition



Revenue by Key Factors












Revenue by Business Segments



- Positive contribution of volume and pressure from RUB appreciation were the main factors influencing revenue.
- Primary drivers of revenue growth were expansion of scheduled passenger flights and further development of the Group's charter programme.

Operating Costs

4Q 2016	4Q 2017	Change y-o-y	Change ex. FX & NRE	Operating Expense (RUB mln If not stated otherwise)	12M 2016	12M 2017	Change y-o-y	Change ex. FX & NRE	% of Total OpEx (12M 2017)
27,665	32,741	18.3%	19.8%	Fuel	101,582	122,685	20.8%	31.8%	 24.9%
90,581	96,871	6.9%	12.9%	Opex (ex. Fuel)	331,044	369,838	11.7%	17.3%	75.1%
22,452	21,712	(3.3)%	(1.8)%	Aircraft, traffic and passenger servicing	87,227	96,418	10.5%	15.9%	 19.6%
16,564	22,292	34.6%	25.1%	Staff	64,682	82,801	28.0%	21.7%	 16.8%
16,393	18,083	10.3%	20.1%	Operating lease	59,563	65,793	10.5%	24.9%	 13.4%
11,202	10,186	(9.1)%	(7.0)%	Maintenance	38,236	36,433	(4.7)%	6.1%	 7.4%
10,205	12,293	20.5%	23.1%	SG&A ¹	30,294	36,139	19.3%	25.3%	 7.3%
4,516	4,160	(7.9)%	(7.9)%	D&A and customs duties	14,750	15,604	5.8%	5.8%	 3.2%
9,249	8,145	(12.0)%	36.8%	Other expenses ²	36,292	36,650	1.0%	10.3%	 7.4%
118,246	129,612	9.6%	14.5%	Total Opex	432,626	492,523	13.8%	20.7%	 100.0%

- In 12M 2017 operating costs were significantly impacted by expansion of operations and RUB appreciation which mostly affected fuel, operating lease expense, maintenance and aircraft, traffic and passenger servicing costs.

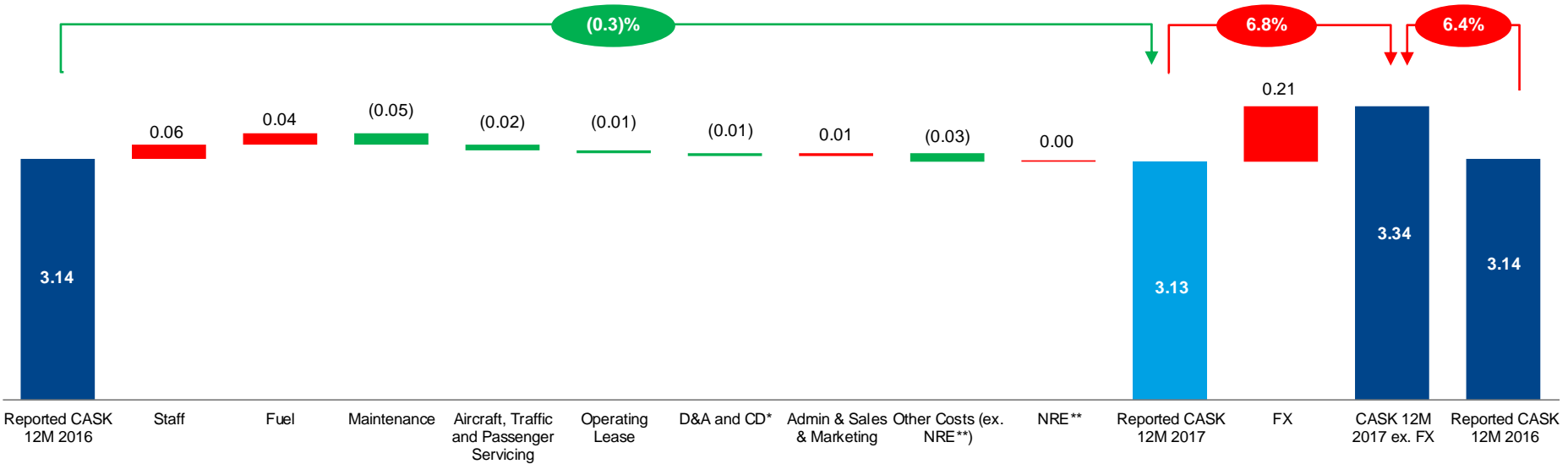
¹ Includes sales and marketing expenses and administration and general expenses.

² Other expenses include Global Distribution Systems cost, reserves accrual, catering expenses, banks' commissions.

Group Unit Costs



4Q 2016	4Q 2017	Change	Operating Expense per ASK (CASK), RUB	12M 2016	12M 2017	Change
0.78	0.85	9.0%	Fuel	0.74	0.78	5.8%
2.56	2.52	(1.5)%	Opex (ex. Fuel):	2.40	2.35	(2.2)%
0.63	0.56	(10.9)%	Aircraft, Traffic and Passenger Servicing	0.63	0.61	(3.2)%
0.47	0.58	23.9%	Staff	0.47	0.53	12.1%
0.46	0.47	1.6%	Operating Lease	0.43	0.42	(3.3)%
0.32	0.26	(16.3)%	Maintenance	0.28	0.23	(16.6)%
0.29	0.32	10.9%	SG&A	0.22	0.23	4.5%
0.13	0.11	(15.1)%	D&A and Customs Duties	0.11	0.10	(7.4)%
0.26	0.21	(19.0)%	Other Expenses	0.26	0.23	(11.6)%
3.34	3.37	0.9%	Total Opex	3.14	3.13	(0.3)%

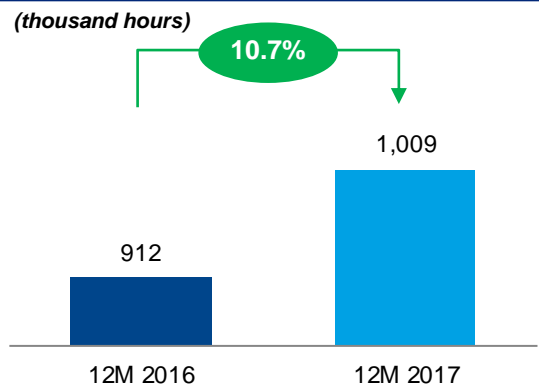


- **Cost per ASK decreased by 0.4% from RUB 3.14 in 12M 2016 to RUB 3.13 in 12M 2017 on the back of positive impact from RUB appreciation and continuous cost control initiatives.**

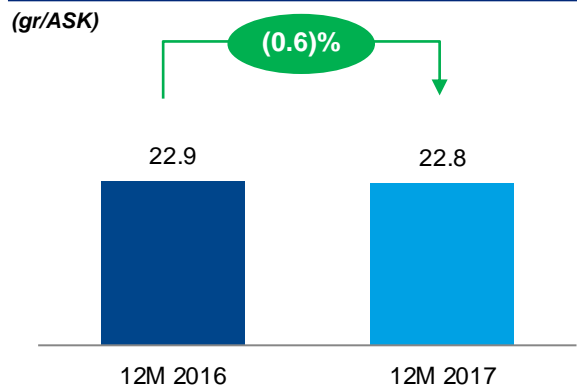
* Customs duties

** Non-recurring expenses include release of legal reserve, increase of reserve for social payments and vacation accrual

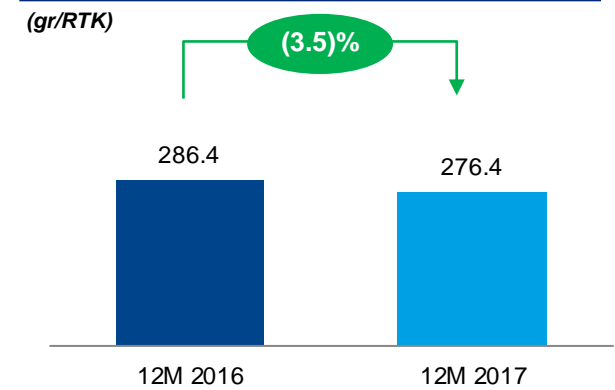
Flight Hours



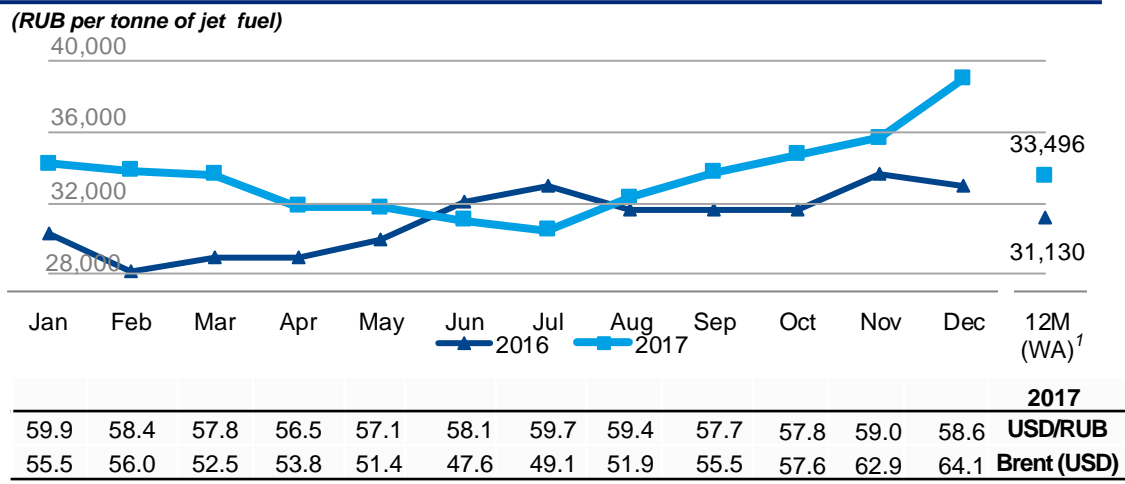
Fuel Consumption per ASK



Fuel Consumption per RTK



Aeroflot Airline Jet Fuel Price



Comments

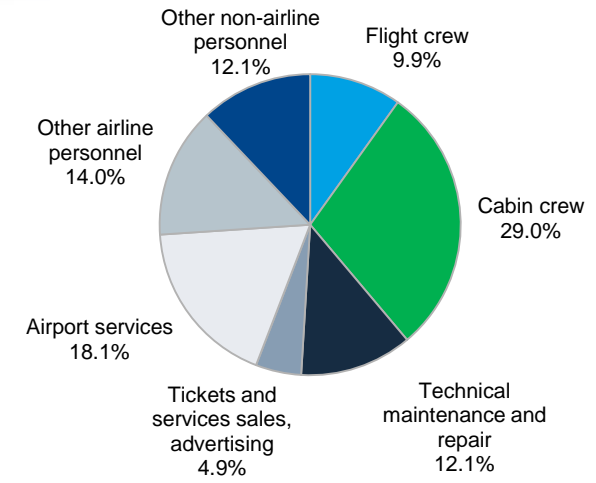
- **Efficient fuel procurement:** 1-year supply contracts in airports across Russia
- **Majority of fuel purchased in Russia and almost all fuel at international airports supplied at formula-linked price** - Jet fuel price_{Intl} = NW Europe (FOB Rotterdam) price x Discount x FX rate² x 1.18³ + Storage/Fuelling/Supply fees (if any of these applicable)
- **Increasing average fuel price.** Weighted average fuel purchase price of \$574/ton (RUB 33,496/ton) in 12M 2017 vs \$469/ton (RUB 31,130/ton) in 12M 2016 (7.6% y-o-y increase in RUB terms)

¹ Weighted average price for 12 months ² USD/RUB exchange rate as per the Central Bank of Russia
³ Assuming 18% VAT rate

- **Aeroflot is achieving efficiency gain in fuel costs as new aircraft are put into operation**
- **Oil price and RUB fluctuations led to upward pressure on jet fuel price in Q4 2017**

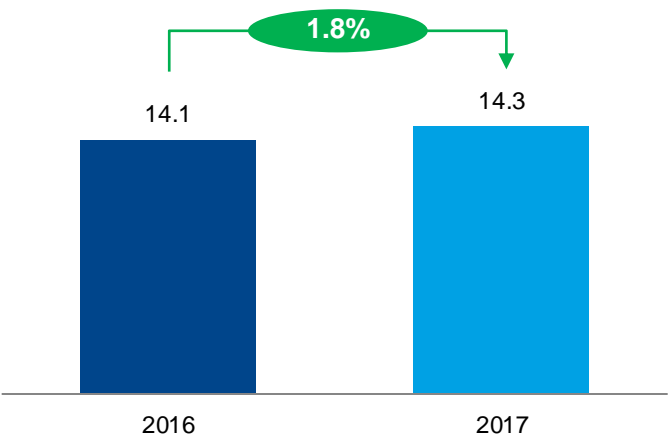
Aeroflot Group Headcount by Category

	31-Dec-2016	31-Dec-2017	Y-o-Y
Cabin crew	10,263	11,259	9.7%
Airport services	6,554	7,034	7.3%
Technical maintenance and repair	4,396	4,702	7.0%
Flight crew	3,741	3,846	2.8%
Tickets and services sales, advertising	1,803	1,903	5.5%
Other airline personnel (inc. airlines' head office)	5,417	5,430	0.2%
Other non-airline subsidiaries' personnel	4,382	4,696	7.2%
Total¹	36,556	38,870	6.3%



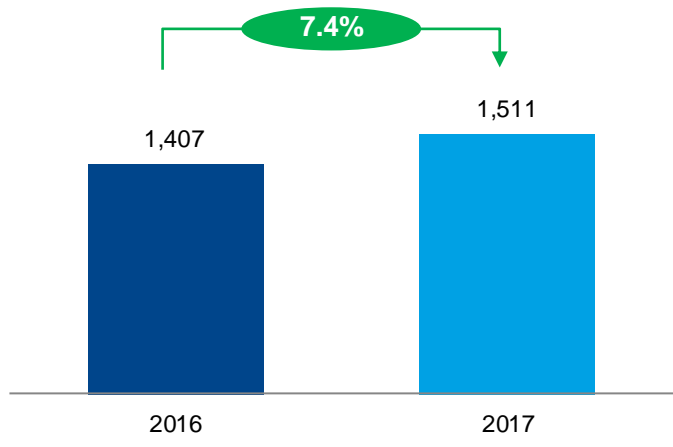
Traffic Revenue / Average Airlines' Headcount

(million RUB per employee)



PAX Traffic / Average Airlines' Headcount

(passengers per employee, annualized)



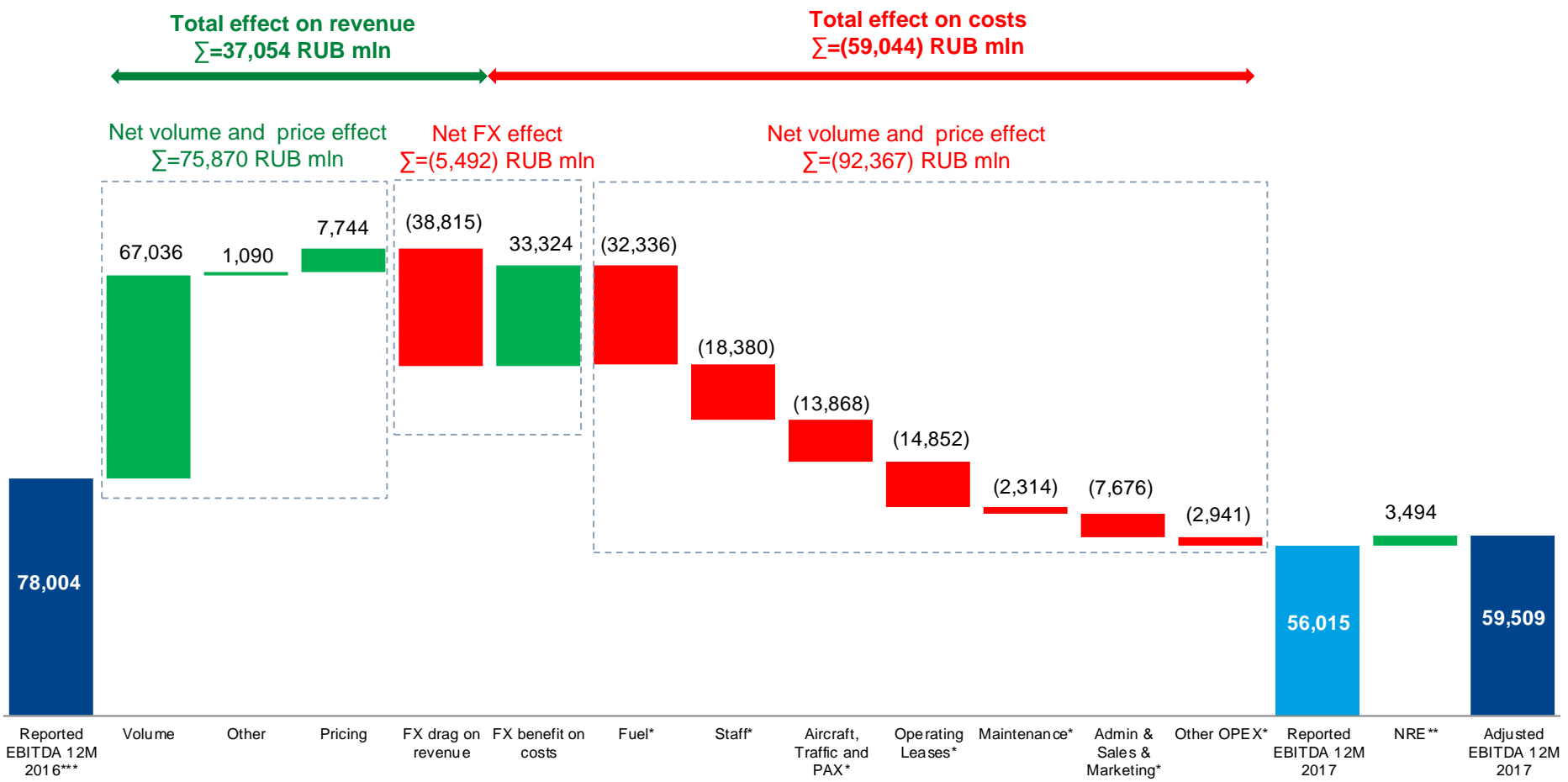
• Improvement in labour productivity has resulted in increase of key performance indicators in 2017.

¹ Aeroflot Group headcount table excludes Aeroflot Aviation School headcount amounting to 137 employees as at 31.12.2016 and 181 employees as at 31.12.2017.

EBITDA Evolution



(RUB mln)



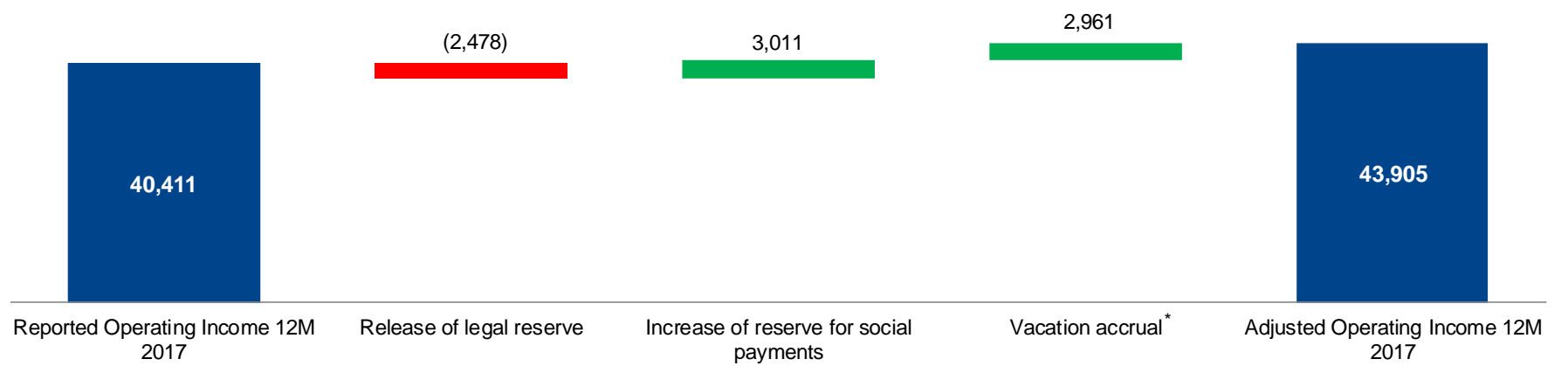
- **Positive FX impact on operating costs was offset by pressure on revenue produced by RUB appreciation.**
- **Key driver of EBITDA adjustment is the growth in size and scale of operations.**

* Excluding currency impact

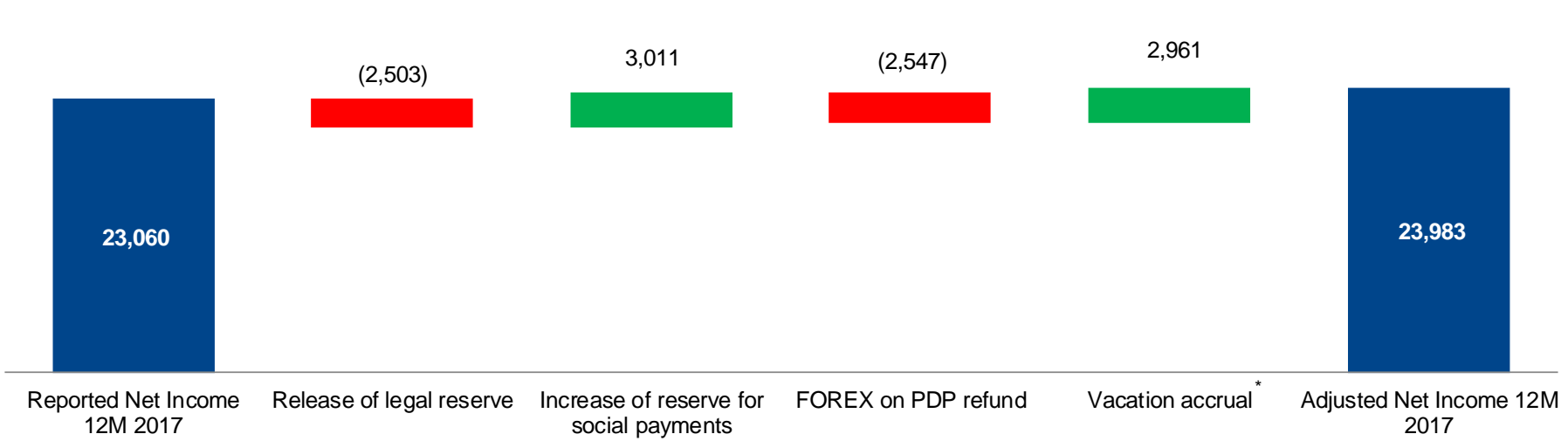
** Non-recurring expenses include release of legal reserve, increase of reserve for social payments and vacation accrual

*** Comparable period EBITDA was adjusted by 9 million RUB due to retrospective reclassification of costs between Operating and Financial parts of Consolidated Statement of Profit and Loss

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



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



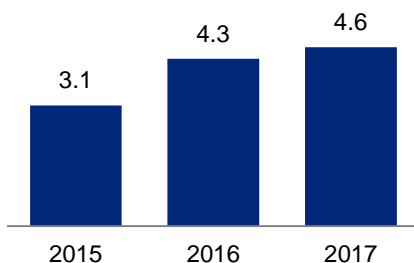
• One-off effects had limited influence on Aeroflot Group 12M 2017 financial results.

* Including increase of provision for the current period

Pobeda Financial Results

Increasing PAX Traffic

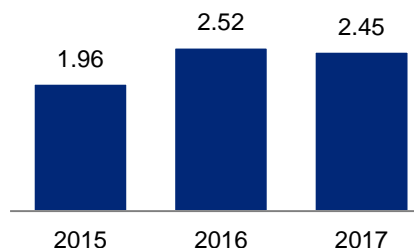
Million passengers



PAX up by 6.9% in 2017

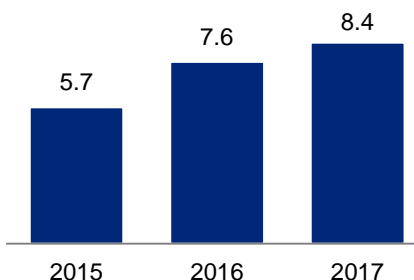
RASK dynamics

RUB



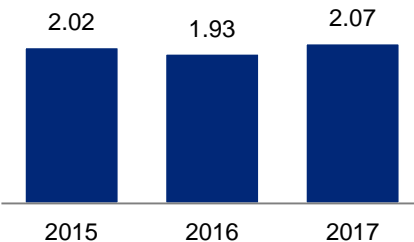
RASK down by 2.6% in 2017

Increasing ASK



ASK up by 10.7% in 2017

CASK dynamics



CASK up by 6.9% in 2017

Note: based on managerial accounts transformed under IFRS standards

Growing Revenues of LCC Segment

RUB mn	2015	2016	2017	Change (FY17/16)
Revenue	11,248	19,131	20,633	7.9%
EBITDAR ¹	2,587	8,122	6,727	(17.2)%
EBITDAR margin	23.0%	42.5%	32.6%	(9.9) p.p.
EBITDA	(328)	4,442	3,267	(26.5)%
EBITDA margin	–	23.2%	15.8%	(7.4) p.p.
Net income	(80)	3,747	2,834	(24.4)%
Net margin	–	19.6%	13.7%	(5.9) p.p.

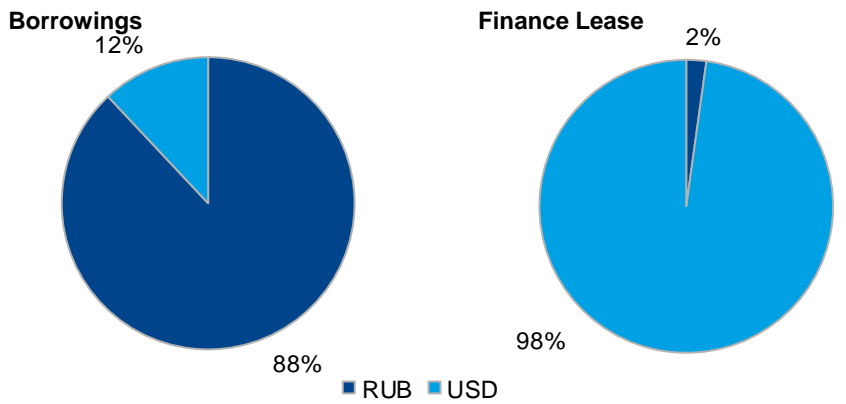
- **Pobeda has demonstrated solid results backed by growing demand and efficient cost management that allows LCC to generate extremely strong margins and make positive contribution to total Group's result.**

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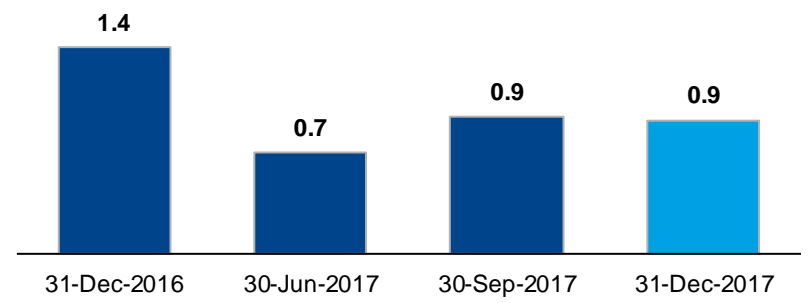
Debt Profile¹

RUB mln	31-Dec-2016	31-Dec-2017	Change
Borrowings	20,367	3,181	(84.4)%
Finance Lease Liabilities	122,736	100,689	(18.0)%
Pension Liabilities	805	922	14.5%
Total Debt	143,908	104,792	(27.2)%
Cash and Short Term Investments	37,795	54,909	45.3%
Net Debt	106,113	49,883	(53.0)%

Debt breakdown by currency

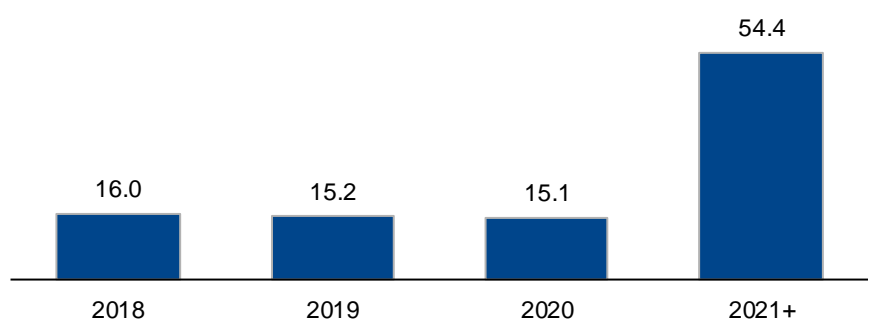


Net Debt / LTM EBITDA²



RUB mln	31-Dec-2016	30-Jun-2017	30-Sep-2017	31-Dec-2017
Net Debt ²	106,113	42,618	48,925	49,883
EBITDA ²	78,004	63,373	54,147	56,015

Finance Lease Repayment Schedule (RUB billion)³



- Net Debt decreased by 53.0% mainly due to decrease in borrowings and revaluation of finance lease obligations as well as accelerated growth in cash position.
- Cash position of RUB 54.9 billion and undrawn credit lines of RUB 103.2 billion

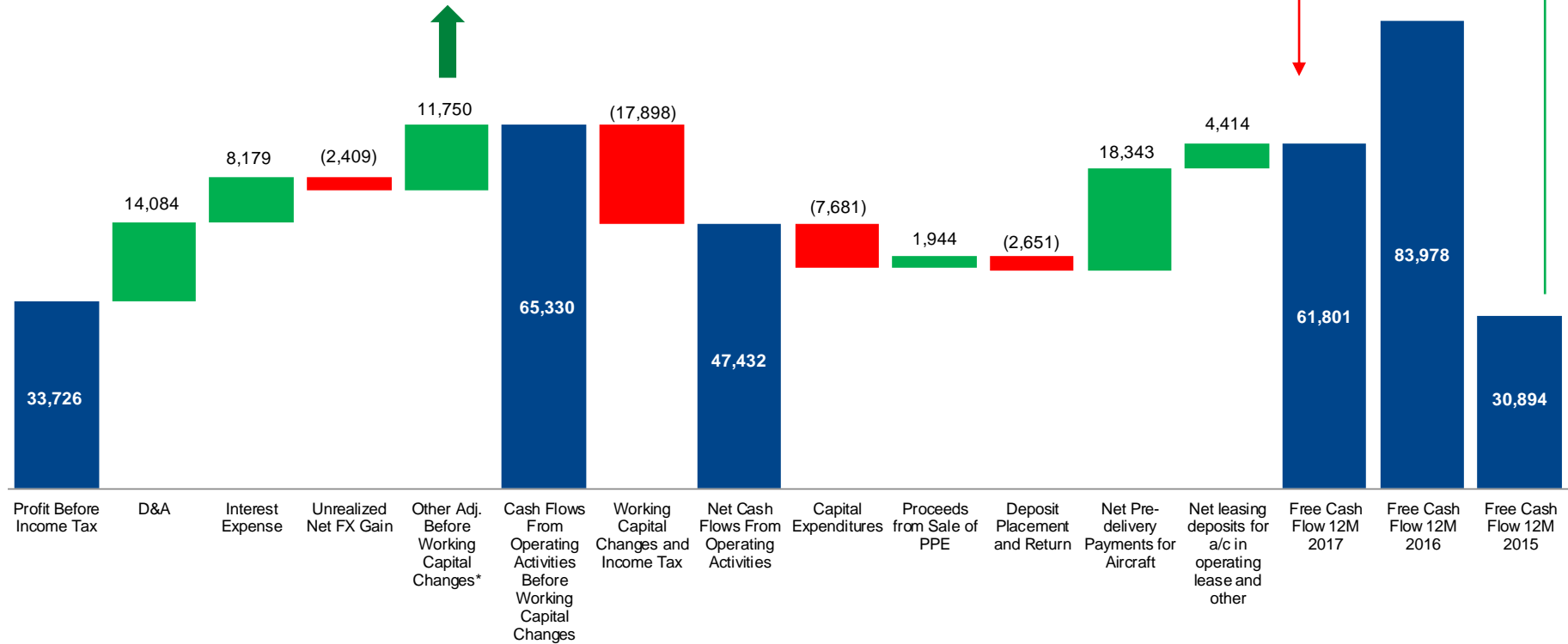
¹ 31-Dec-2016 exchange rate - 60.66 RUB per USD, 31-Dec-2017 exchange rate - 57.60 RUB per USD ² Net debt does not include capitalised operating lease expenses; based on annualized EBITDA ³ Not including interest; future payments in dollars converted into roubles at exchange rate of 57.60 RUB per USD

Operating and Free Cash Flows






(RUB mln)

	12M 2017
Other adjustments before working capital changes, incl.	11,750
Effect from revenue hedging (finance lease hedge accounting)	5,613
Loss on fixed assets disposal	852
Change in provisions ¹	10,852
Interest income	(4,718)
Other	(849)



- Strong Operating and Free Cash Flow in 12M 2017 on the back of growing business volumes and solid operating performance.
- Normalization vs. previous year is observed due to operating profit dynamics.

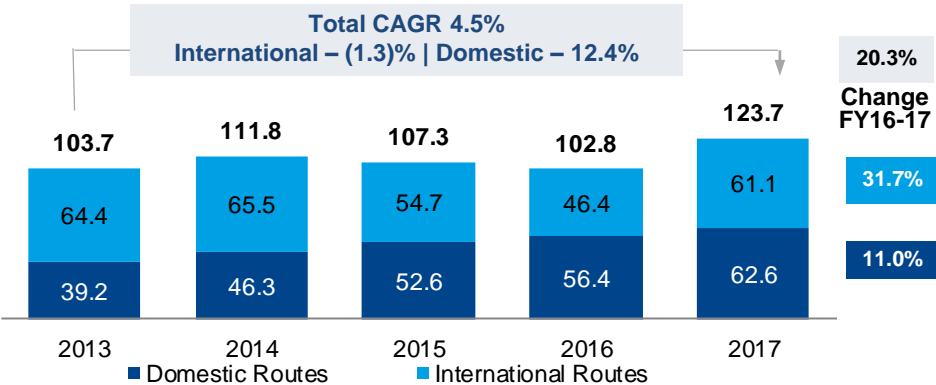
¹ Change in provisions line mainly consists of provision for regular repairs and maintenance, also includes decrease of provision for bad debt

Market			
Indicator	2017 Targets	Checklist	2018 Targets
Total Market (PAX)	Double digit growth	+20.3%	Double digit growth (10-14%)
International Segment (PAX)	Double digit growth	+31.7%	Key driver
Domestic Segment (PAX)	Single digit growth	+10.9%	Secondary driver
Aeroflot Group			
Passenger Traffic (PAX)	+14%-15%	+15.4% 	+11%-12%
Capacity (ASK)	+14%-15%	+14.2% 	+9%-10%
Passenger Load Factor (%)	Up to 82.0%	82.8% 	82.0%+
Revenue	-	-	Revenue growth of over 10% (10% volume + positive pricing)
Costs	-	-	Pressure from fuel price, cockpit wage indexation

- Aeroflot Group's long-term growth strategy is intact, with tactical adjustments to address current market environment**

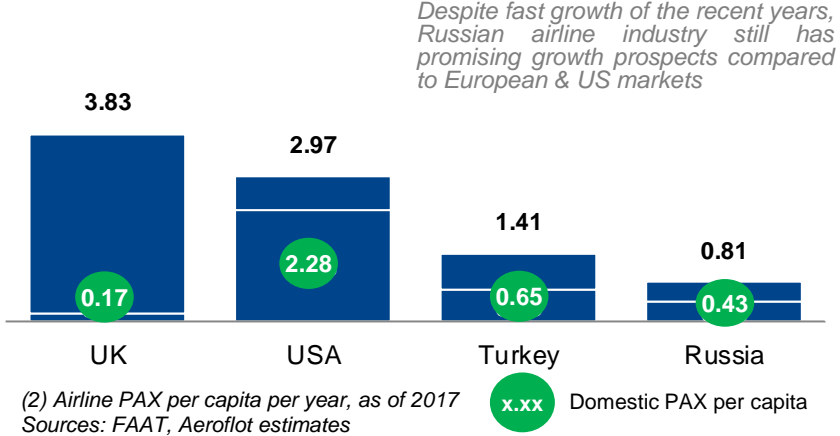
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Russian Total Passenger Traffic Growth, mln PAX⁽¹⁾



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

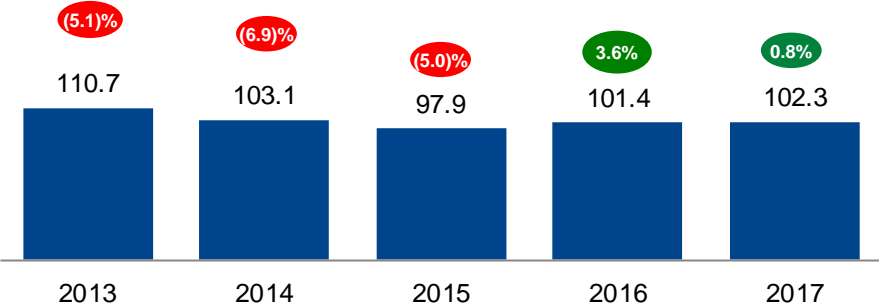
Trips per Capita⁽²⁾



(2) Airline PAX per capita per year, as of 2017
Sources: FAAT, Aeroflot estimates

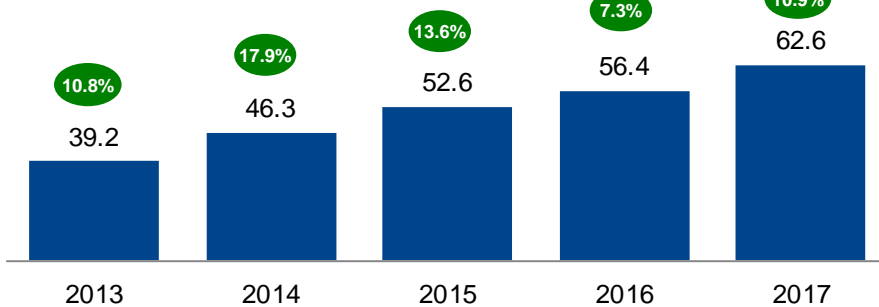
Railways facing increasing competition...

RZD long-haul rail traffic (mln PAX) Long-distance rail routes low over 10 mn PAX in the recent 5 years and over 30 mn PAX over a decade



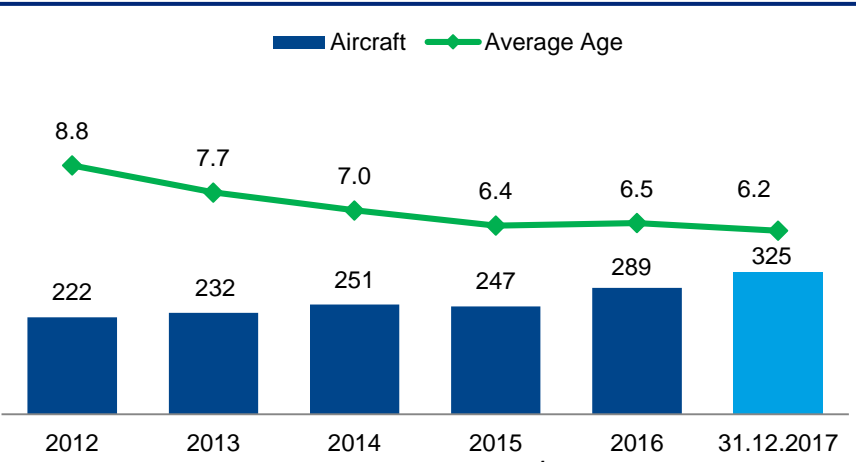
... from airlines on domestic routes

Domestic air traffic (mln PAX) Domestic air traffic growth at a much higher pace than other means of transportation

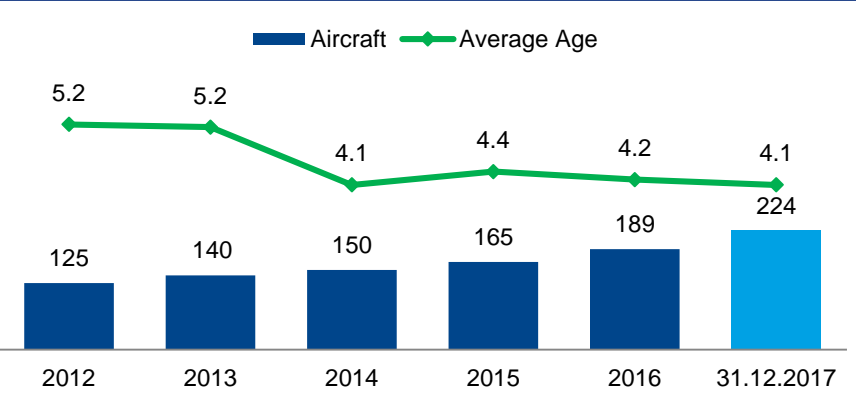


- Russian market is well positioned for long-term growth on the back of still low penetration, additional potential from ongoing structural changes and increasing propensity to travel by air as well as advantageous geographical location.

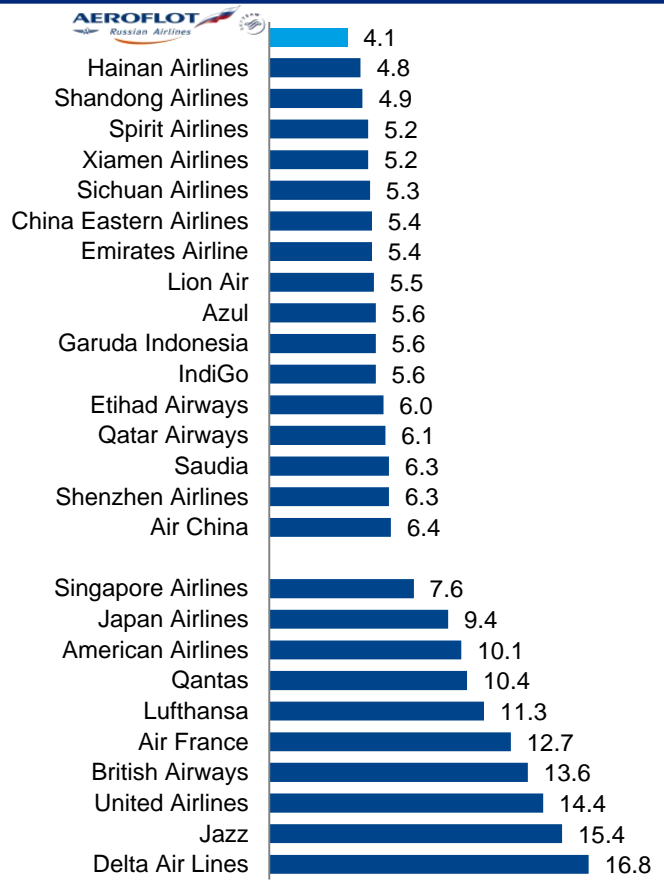
Aeroflot Group Fleet in Operation ¹



Aeroflot Airline Fleet in Operation ¹



Average Age of the Fleet ²



- Aeroflot operates the youngest fleet 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

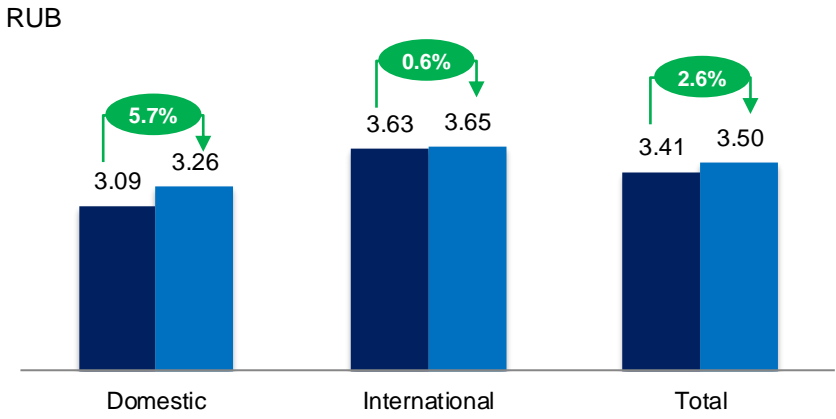
¹ Excludes planes out of operation

² Average Fleet Age of Selected Airlines with Active Fleet of 100+ Aircraft according to FlightGlobal data (as of December 2017) excluding planes out of operation

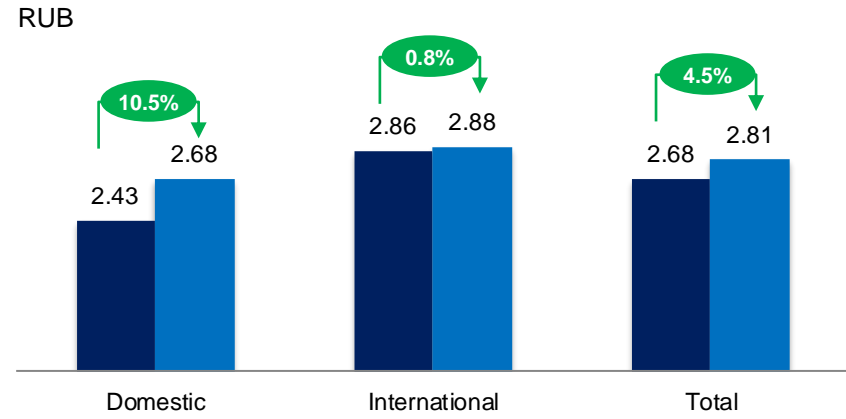
Blended Flights Revenue Units



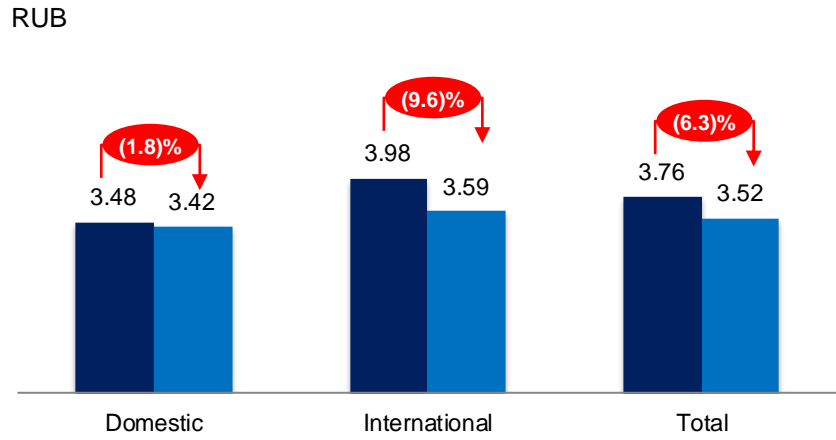
4Q Yield (Scheduled + Charter PAX Revenue / RPK)



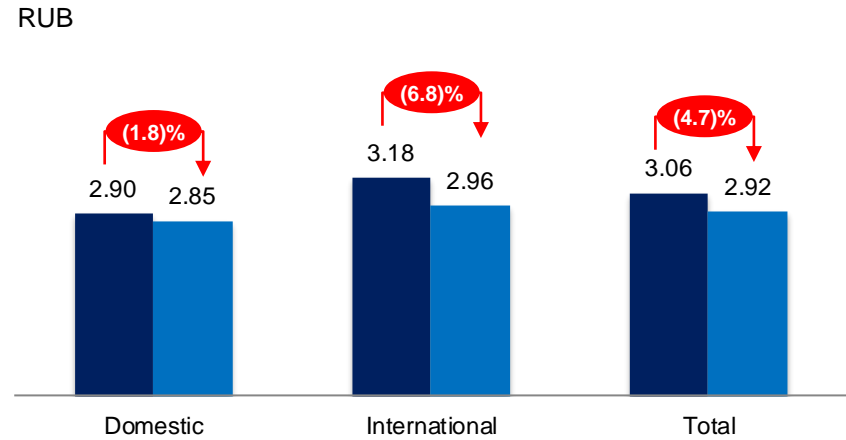
4Q RASK (Scheduled + Charter PAX Revenue / ASK)



12M Yield (Scheduled + Charter PAX Revenue / RPK)



12M RASK (Scheduled + Charter PAX Revenue / ASK)



% Y-o-Y increase ■ 2016 ■ 2017

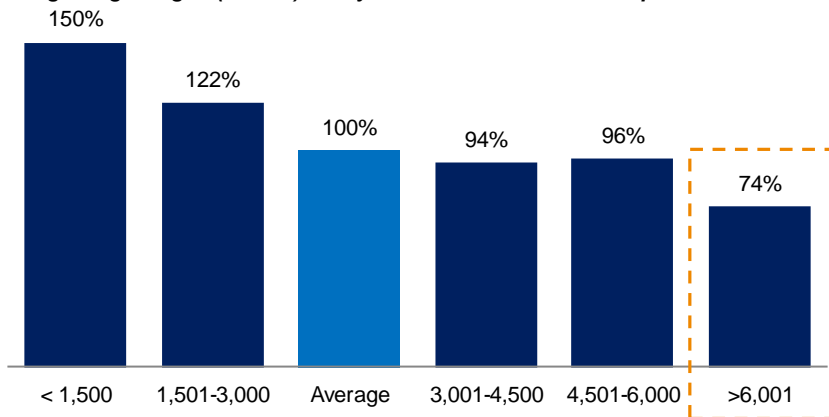
- RUB appreciation and changing mix of operations at subsidiaries' level affected RUB yields in 12M 2017.
- In 4Q 2017 active revenue management coupled with stable RUB vs. EUR supported positive dynamics in yields.

Note: Data presented based on management accounting figures, scheduled and charter flights revenue is used for calculations

Passenger Yields: Rossiya Airline

1 As Higher Stage Length and Share of Long Haul Operations Usually Implies Lower Yield...

Average stage length (thd km) and yield – Aeroflot airline example



3 ... And Changing Mix of Regional Operations (Growing Share of ASK to Asia, ME and Far East)...

Rossiya airline RPK breakdown by region

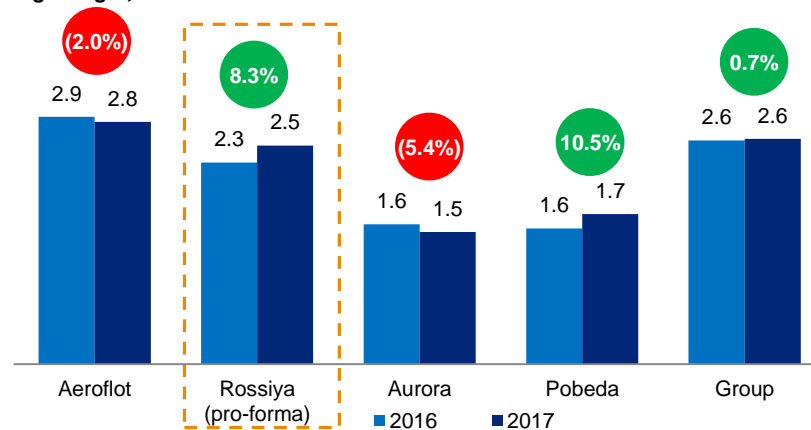
Region	Share in RPK			Stage length 2017
	2016	2017	Change	
Russia	58.2%	50.6%	(7.6 p.p.)	2.0 thd km
incl Far East	12.6%	14.0%	1.4 p.p.	6.7 thd km
Asia	8.9%	11.0%	2.1 p.p.	7.3 thd km
Middle East	11.5%	18.2%	6.8 p.p.	3.0 thd km
Europe	14.9%	14.7%	(0.2 p.p.)	2.4 thd km
Americas	3.1%	3.7%	0.6 p.p.	9.5 thd km
CIS	3.4%	1.8%	(1.7 p.p.)	3.1 thd km

Note: 12M 2016 figures are calculated as a pro-forma of three carriers, Rossiya, Donavia, Orenair ¹ Yields calculated based on scheduled and charter flights (blended)

- After receiving 14 wide-bodies in 2016-2017 Rossiya airlines increased it's share of long-haul operations (that have both lower yield and cask).
- Increased share of Rossiya's long-haul operations contributed to dilution of Aeroflot Group's yields.

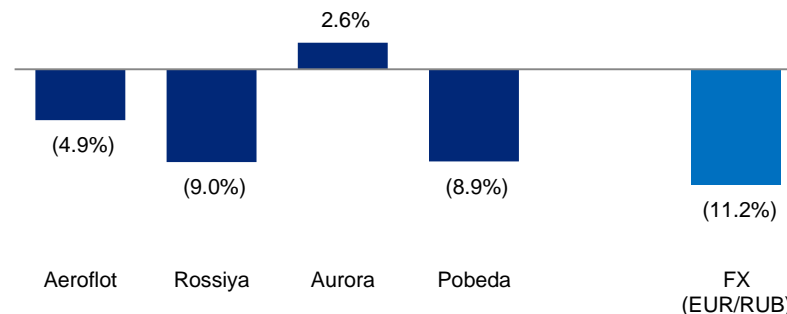
2 ... Increased Focus on Long-Haul Segment due to Arrival of Wide-bodies to Rossiya Airline's fleet...

Stage length, thousand km



4 ... Resulted into More Pronounced Yield¹ Decline vs Other Airlines' Results Primarily Affected by FX

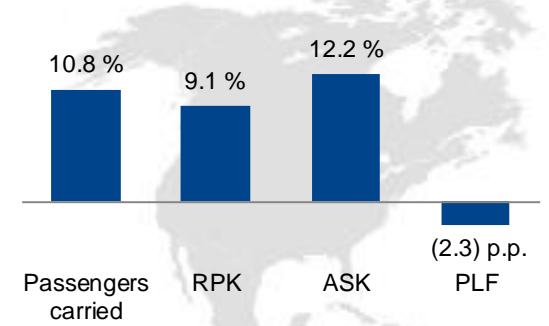
12M 2017 Yield (y-o-y change), scheduled and charter operations



12M 2017 Operating Data by Region (Scheduled Routes)

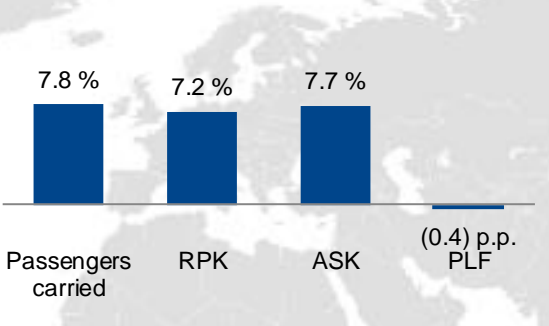


Americas



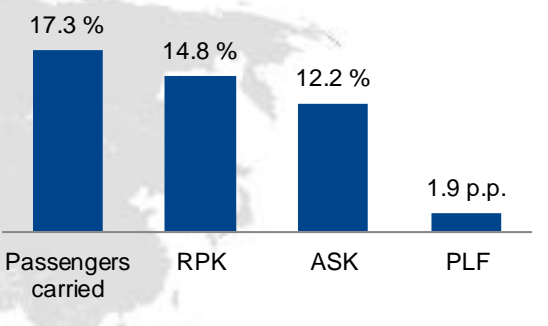
Performance of North and Central American market was supported by addition of 3rd frequency to NY and increased ASK to other destinations

Russia



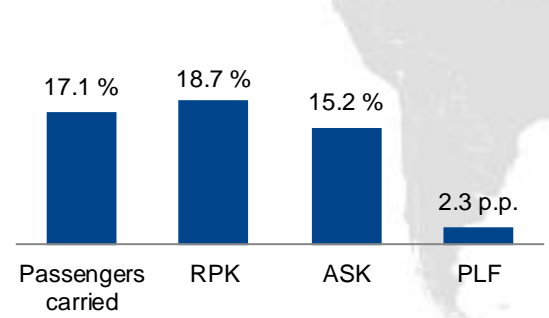
Russian market is growing for the fourth year in row with slight normalization of PLF attributed to high base of 2016 which was affected by capacity constraints.

CIS



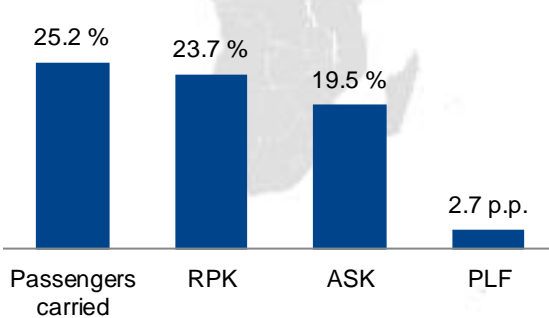
Operating indicators were supported by additional demand on Kazakhstan routes as well as expansion of frequencies to the regional destinations

Europe



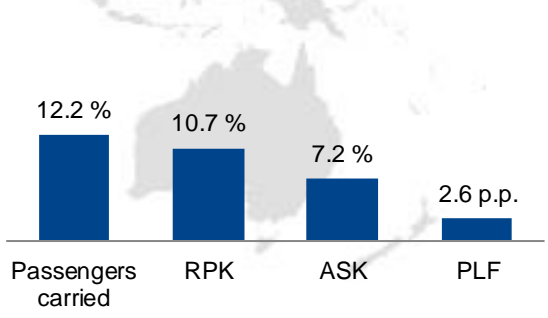
European market performance benefited from launching of additional frequencies to key destinations in the last 12 months, opening of new destinations as well as strong demand support from leisure traffic

Middle East



Significantly affected by increased frequencies to TLV in the previous periods, increasing frequencies to Istanbul and Antalya to historical levels backed by strong demand to the region

Asia



Strong performance of Asian market is attributed to more traffic on the key leisure destinations, increase in frequencies to Delhi as well as growth of transit flows on most popular routes.

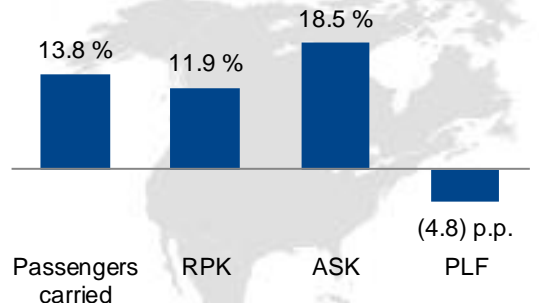
• Strong operating performance on the scheduled routes was partially offset by selective adjustments in network due to internal and external reasons

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

4Q 2017 Operating Data by Region (Scheduled Routes)

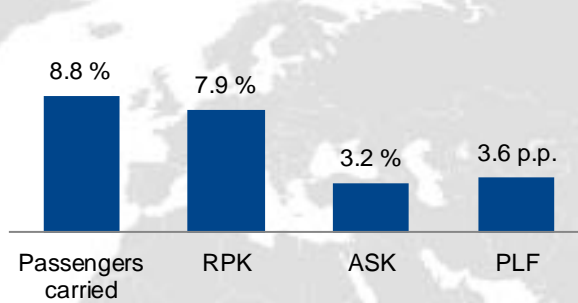


Americas



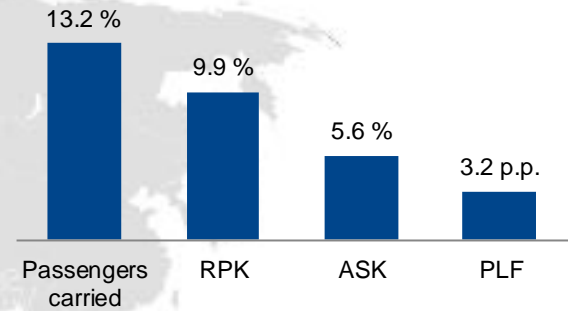
Performance of North and Central American market was supported by addition of 3rd frequency to NY and increased ASK to other destinations

Russia



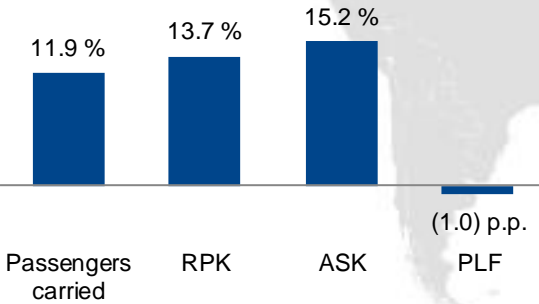
Russian market is growing for the fourth year in row despite high base of 2016 which was affected by capacity constraints.

CIS



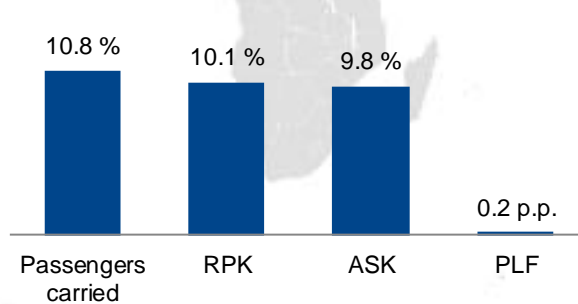
Operating indicators were supported by additional demand on Kazakhstan routes as well as expansion of frequencies to the regional destinations

Europe



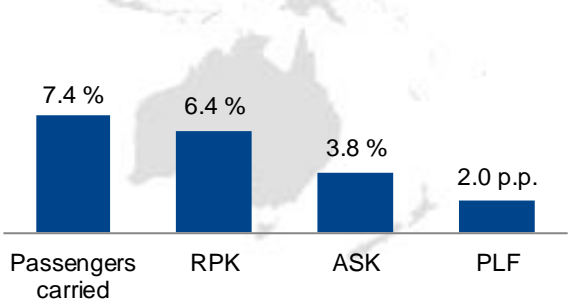
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Middle East



Significantly affected by increased frequencies to TLV in the previous periods, increasing frequencies to Istanbul and Antalya to historical levels backed by strong demand to the region

Asia



Strong performance of Asian market is attributed to more traffic on the key leisure destinations, increase in frequencies to Delhi as well as growth of transit flows on most popular routes.

- Strong operating performance on the scheduled routes in 4Q 2017 supported by stable RUB vs. EUR and improving macro environment

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

Key Operating Data of Subsidiary Airlines

Indicator	Unit	Rossiya Airline		Pobeda Airline		Aurora Airline	
		2017	Y-o-Y	2017	Y-o-Y	2017	Y-o-Y
Passenger Traffic	th PAX	11,153	26.7%	4,583	6.9%	1,548	12.5%
International Routes	th PAX	4,136	57.4%	875	84.8%	385	22.3%
Domestic Routes	th PAX	7,017	13.7%	3,708	(2.7%)	1,164	9.6%
Passenger Turnover	mn pkm	28,119	37.3%	7,930	18.1%	2,364	6.4%
International Routes	mn pkm	13,889	62.4%	1,914	82.2%	562	14.7%
Domestic Routes	mn pkm	14,230	19.3%	6,016	6.2%	1,802	4.0%
Passenger Capacity	mn ASK	33,301	31.9%	8,419	10.7%	3,245	6.6%
International Routes	mn ASK	15,248	54.1%	2,084	56.3%	781	8.3%
Domestic Routes	mn ASK	18,053	17.6%	6,335	1.0%	2,464	6.0%
Passenger Load Factor	%	84.4%	3.3 p.p.	94.2%	5.9 p.p.	72.8%	(0.1 p.p.)
International Routes	%	91.1%	4.6 p.p.	91.8%	13.1 p.p.	72.0%	4.0 p.p.
Domestic Routes	%	78.8%	1.1 p.p.	95.0%	4.7 p.p.	73.1%	(1.4 p.p.)
Flight Hours	hours	200,798	12.2%	59,831	11.0%	45,673	15.9%

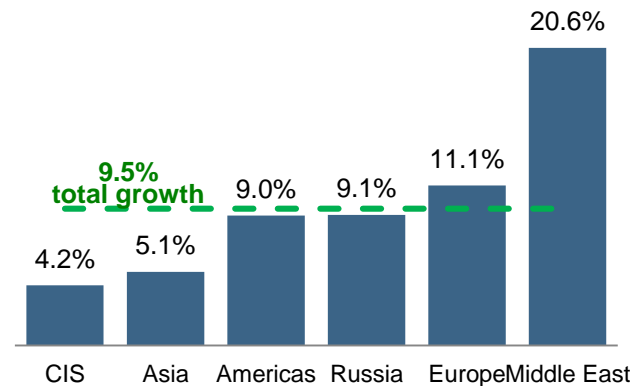
Y-o-y change of Rossiya airline's operating statistics is calculated on pro-forma basis (Orenair and Donavia prior to their integration into Rossiya airline).

Increased Frequencies (per Week) on the Following Routes:

Russia	Europe	CIS
Khanty-Mansiisk+7 Kaliningrad +4 Krasnoyarsk+7 Magnitogorsk +7 Novy Urengoy +7 Novosibirsk +7 Perm +5 Mineralnye Vody+7 Syktyvkar+7 Omsk +7	Athens +7 Barcelona +7 Budapest +7 Tenerife +1 Bologna +7 New routes: 3 new destinations with 7 flight frequency per each	Astana+3 New routes: Kyzylorda +4
	Total: +50	Total: +7
	Asia	Middle East
New routes: Saransk +14	Bangkok +7 Male +1	Dubai +7 Antalya+7
Total: +79	Total: +8	Total: +14

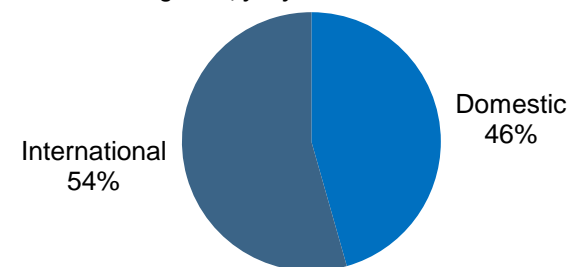
Operating Growth by Region

PAX growth, y-o-y – for Aeroflot airline



Growth Contribution by Segment

Share of PAX growth, y-o-y

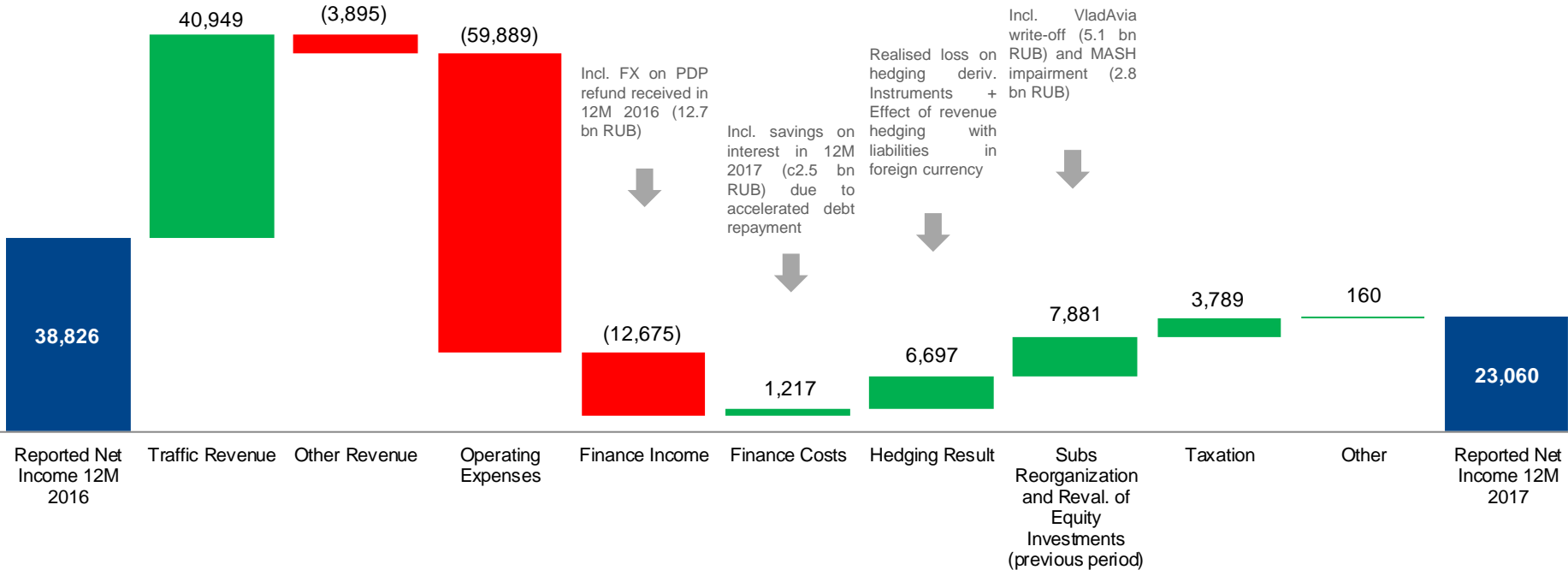


- **Aeroflot will continue focusing on frequencies with a selective approach to adding new destinations (3-8 per year):**
 - In 2017, Aeroflot launched services to Lisbon, Kostanay, Belgorod, Salekhard, Khanty-Mansiysk (5 new destinations).
 - In 2018, Aeroflot plans to begin servicing Saransk (a World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

Net Income Evolution

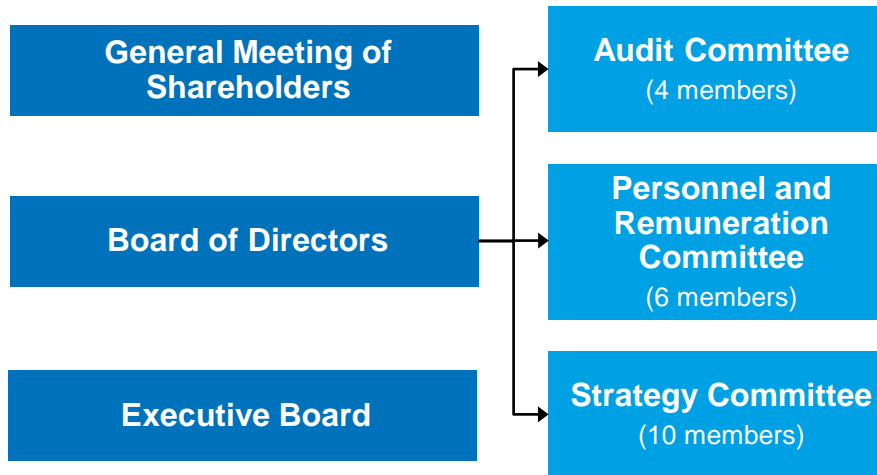


(RUB mln)



- Increase in revenue generated by growing volumes, but in a less favorable cost environment was supported by absence of a number of positive and negative one-off factors which resulted in adjustment of the bottom line.

Corporate Governance



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

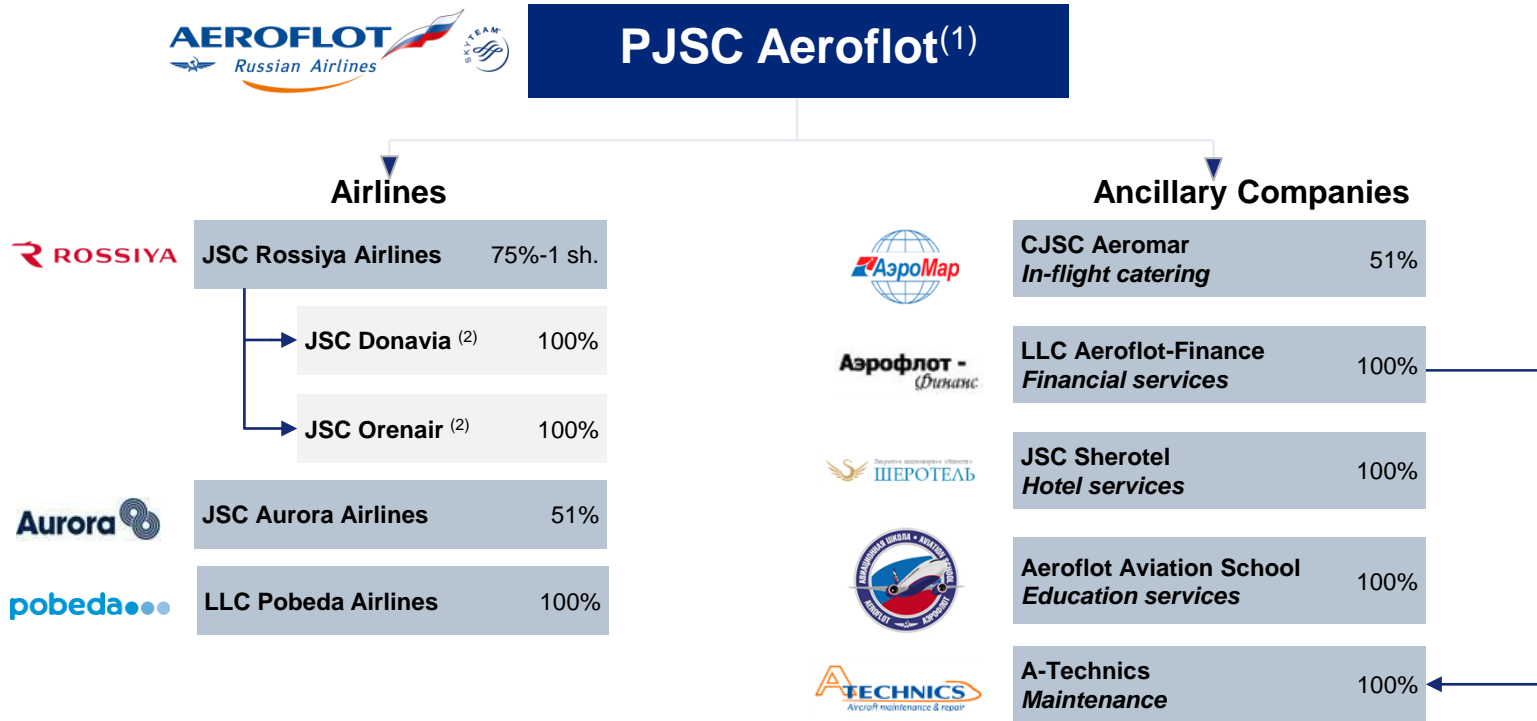
The Board of Directors is currently composed of 11 members. The Board's composition is well balanced from members' background perspective, number of independent, non-executive and executive directors

Board of Directors

	Name	Audit Committee	Personnel and Remuneration Committee	Strategy Committee
	Mikhail Poluboyarinov	Chairman of the Board of Directors		
	Vitaly Saveliev			
	Lars Erik Anders Bergstrom	Member	Member	
	Sergey Chemezov			
	Alexey Germanovich	Member	Chairman	Member
	Igor Kamenskoy	Member	Member	Chairman
	Dmitry Peskov		Member	Member
	Dmitry Saprykin			Member
	Vasily Sidorov	Chairman	Member	Member
	Yuri Slyusar			Member
	Mikhail Voevodin		Member	Member

 Independent director according to the Russian Corporate Governance Code

Aeroflot Group Structure



- 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), 2.43% of JSC Sheremetyevo International Airport (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, 2017; Aeroflot Group consolidates all entities: PJSC Aeroflot and all subsidiaries.
 (2) Non-operating entities

Statement of Comprehensive Income



RUB mn, unless otherwise stated	2013	2014	2015	2016	2017
Traffic revenue	257,546	277,354	359,205	433,966	474,916
Other revenue	33,410	42,417	55,968	61,914	58,018
Revenue	290,956	319,771	415,173	495,880	532,934
Operating costs	(271,161)	(308,503)	(371,066)	(432,626)	(492,523)
Operating profit	19,795	11,268	44,107	63,254	40,411
Sale and impairment of investments, net	-	-	(9,159)	(2,935)	(144)
Finance income	2,686	2,471	15,811	19,802	7,127
Finance costs	(8,814)	(28,399)	(28,556)	(9,443)	(8,225)
Hedging result	-	(1,723)	(23,746)	(12,310)	(5,613)
Share of results of associates	37	31	(17)	12	170
Result from disposal of subsidiaries	-	-	-	(5,099)	-
Profit before income tax	13,704	(16,352)	(1,560)	53,281	33,726
Income tax expense	(6,369)	(794)	(4,934)	(14,455)	(10,666)
Profit for the period	7,335	(17,146)	(6,494)	38,826	23,060
EBITDAR	51,026	48,673	103,118	137,567	121,808
EBITDA	31,849	24,839	58,703	78,004	56,015
Traffic revenue growth	16.4%	7.7%	29.5%	20.8%	9.4%
Revenue growth	15.0%	9.9%	29.8%	19.4%	7.5%
Operating profit margin	6.8%	3.5%	10.6%	12.8%	7.6%
EBITDAR margin	17.5%	15.2%	24.8%	27.7%	22.9%
EBITDA margin	10.9%	7.8%	14.1%	15.7%	10.5%

Condensed Statement of Financial Position



Assets (RUB mn)	2013	2014	2015	2016	2017
Cash and cash equivalents	18,660	26,547	30,693	31,476	45,978
Short-term financial investments	272	961	5,917	6,319	8,931
Accounts receivable and prepayments	55,691	56,769	76,317	78,172	92,932
Expendable spare parts and inventories	4,927	6,516	7,447	10,040	12,811
Property, plant and equipment	88,777	116,044	104,494	104,897	97,932
Prepayments for aircraft	12,318	29,241	35,291	27,830	13,089
Deferred tax assets	2,174	18,540	21,632	12,252	10,396
Goodwill	6,660	6,660	6,660	6,660	6,660
Other assets	19,705	16,440	26,743	21,661	34,601
Total Assets	209,184	277,718	315,194	299,307	323,330
Liabilities (RUB mn)					
Accounts payable and accrued liabilities	36,249	48,952	54,751	49,868	67,953
Unearned traffic revenue	16,334	22,469	28,691	39,044	43,695
Short-term loans and borrowings	5,029	17,343	54,085	9,309	-
Long-term loans and borrowings	8,377	6,860	14,375	11,058	3,181
Finance lease liabilities	63,348	132,366	145,020	107,143	84,674
Provisions for liabilities	1,655	4,845	6,917	10,791	16,949
Other liabilities	23,712	58,388	47,475	31,325	39,579
Total Liabilities	154,704	291,223	351,314	258,538	256,031
Hedge reserve	(383)	(48,657)	(64,720)	(34,187)	(25,159)
Retained earnings	61,122	45,584	39,755	77,198	81,476
Total Equity	54,480	(13,505)	(36,120)	40,769	67,299
Total Liabilities and Equity	209,184	277,718	315,194	299,307	323,330

Statement of Cash Flows



RUB mn, unless otherwise stated	2013	2014	2015	2016	2017
Operating cash flows before working capital changes	32,944	31,603	64,269	81,994	65,330
Change in accounts receivable and prepayments	(3,014)	4,658	(2,251)	(6,191)	(27,816)
Change in expendable spare parts and inventories	(1,019)	(1,831)	(1,216)	(2,809)	(2,672)
Change in accounts payable and accrued liabilities	4,345	8,452	14,705	13,387	24,964
Operating cash flows after working capital changes	33,256	42,882	75,507	86,381	59,806
Income tax paid	(4,260)	(6,863)	(6,041)	(13,943)	(13,019)
Net cash flows from operating activities	28,945	35,977	69,664	73,647	47,432
Cash flows from investing activities:					
Purchases of PPE and intangible assets	(4,410)	(6,160)	(9,196)	(10,222)	(7,681)
Prepayments for aircraft	(7,154)	(21,361)	(22,708)	(18,806)	(7,931)
Return of prepayments for aircraft	7,783	9,620	7,828	29,362	26,274
Net cash flows from/(used in) investing activities	(3,599)	(18,492)	(38,770)	10,331	14,369
Cash flows from financing activities:					
Repayment of loans and borrowings	(14,579)	(9,870)	(36,267)	(72,991)	(17,417)
Repayment of finance lease principal	(9,795)	(15,629)	(19,455)	(27,024)	(15,513)
Net cash used in financing activities	(21,782)	(14,673)	(28,075)	80,495	46,821
Net increase in cash and cash equivalents	3,590	7,887	4,146	783	14,502
Cash and cash equivalents at the end of the period	18,660	26,547	30,693	31,476	45,978

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