

AIR SEYCHELLES REGISTERS SOLID PERFORMANCE FOR SECOND QUARTER AND FIRST HALF OF 2013

HALF YEAR HIGHLIGHTS

- On track for second year of profitability
- Introduction of second Airbus A330-200
- Launch of services to Hong Kong
- Significant expansion of other international services
- 146,980 passengers on domestic and international networks
- New codeshare partnerships with airberlin, South African Airways, Czech Airlines
- Expansion of codeshare agreement with equity partner Etihad Airways
- Significant advancement in Skytrax rankings

Air Seychelles today announced a strong second quarter and half-year financial performance, reflecting continued solid growth and success in its turnaround strategy.

In Q2, the national carrier of the Republic of Seychelles posted total revenues of US \$26.03 million (up from \$10.87 million in 2012), a significant increase of 139 per cent. Total revenues for the first half of 2013 reached US \$42.05 million (2012: US \$18.76 million), up by 124 per cent.

Q2 passenger revenues came in at US \$17.5 million (up from \$7.1 million in 2012), a significant increase of 146 per cent. Passenger revenues for the first half of 2013 reached US \$27.97 million (2012: US \$14.0 million), up by 99 per cent.

Passenger numbers on the airline's domestic and international services in Q2 2013 grew 56 per cent, rising to 82,893 from 53,066. In the first half of 2013, passenger numbers grew by 44 per cent to 146,980 (2012: 101,977).

Air Seychelles' Chief Executive Officer, Cramer Ball, attributed the Q2 and half-year results to the airline's ongoing turnaround strategy, which included significant expansion of international services following the addition of a second Airbus A330-200, and greater revenue contributions from its equity partner Etihad Airways and codeshare partners.

“We achieved triple digit growth in the second quarter of 2013 -- a tremendous result and further evidence of the success of our strategy,” said Mr Ball. “At the beginning of the year, we committed to the further development of our network through organic growth and partnerships and we have delivered on that promise. Today, thanks to our new codeshare partnerships and the expansion of our codeshare agreement with Etihad Airways, Air Seychelles now proudly flies to four continents. We are realising significant returns on these relationships, with a 34 per cent contribution to our total revenue in the second quarter. We are creating a solid foundation for the future of our airline, Seychelles tourism and our home economy, and we are on track for a second year of profitability.”

The airline expanded its codeshare agreement with Etihad Airways to include Dublin, Melbourne and Sydney, bringing to 23 the number of codeshare destinations served by the airlines. Air Seychelles also signed codeshare agreements with airberlin, South African Airways and Czech Airlines, adding Berlin, Düsseldorf, Johannesburg and Prague to its codeshare network.

Air Seychelles’ Available Seat Kilometres (ASKs) – reflecting network seat capacity – rose by 140 per cent to 335.7 million in Q2 2013 (2012: 139.8 million). Revenue Passenger Kilometres (RPKs) – reflecting traffic – increased by 207 per cent to 187.1 million (2012: 60.9 million).

Increased services to Johannesburg, Mauritius and Abu Dhabi, and the launch of services to Hong Kong further reflect the airline’s growth, effectively doubling weekly international services from eight in 2012 to the current 16. The new international schedule was made possible by the entry into service of the airline’s second Airbus A330-200 passenger aircraft.

Joël Morgan, Seychelles’ Minister for Home Affairs and Transport, and Chairman of Air Seychelles, said: “The half-year performance of our national airline has exceeded expectations. As a result of its equity partnership with Etihad Airways and the codeshare agreements with other airlines, Air Seychelles has increased its global presence, resulting in record growth for Seychelles tourism. Tourist arrivals on Air Seychelles have more than doubled, increasing by 131 per cent from a year ago, and the excellent feedback we have received from our guests’ experiences confirms that we are on track to achieving the goal of becoming the best airline in the region.

“Since December last year, we have modernised and signed 15 Air Service Agreements, including Hong Kong, Australia, the Czech Republic, Kuwait, South Africa, and just last week, Vietnam. Dozens more agreements are in the pipeline and these will provide greater air access and codeshare opportunities for Air Seychelles going forward, fulfilling our Ministry’s mission to continually improve air access to Seychelles.”

In addition to passenger growth, Air Seychelles cargo performed impressively in the second quarter of 2013 with 1.6 million tons carried, up by 283 per cent over the 423,706 achieved a year ago. Cargo revenue for Q2 was US \$3.68 million (2012: US \$968,967), an increase of 279 per cent. Air Seychelles cargo also showed a strong first half with 2.37 million tons carried (2012: 746,897 tons), an increase of 217 per cent, while cargo revenues were US \$5.32 million (2012: US \$1.75 million), an increase of 204 per cent.

The increase in cargo volume was attributable to the boost in under-floor freight capacity provided by the second Airbus A330, the airline’s new through-service that connects Hong Kong to Johannesburg via Abu Dhabi, and developing markets in Paris and Milan. The airline also introduced a domestic cargo product in May, providing a convenient new option for sending packages within the archipelago.

Air Seychelles has also seen active growth in the domestic market. Passenger numbers rose 20 per cent to 38,397 (2012: 31,998) in Q2. The airline carried 16,891 Seychellois residents on its domestic services in Q2, up 22.1 per cent from a year ago (2012: 13,832). Residents comprised 40.7 per cent of the passengers carried, a reflection of the carrier’s enduring popularity with the local population.

In Q2 2013, ASKs on the domestic service grew by 16.2 per cent to 3.04 million (2012: 2.62 million) and RPKs increased by 20.1 per cent to 1.97 million (2012: 1.64 million).

Mr. Ball said, “I’m encouraged by the improved performance of our domestic operations. Our enhanced domestic schedule, with its increased capacity at peak travel times, has successfully catered to the increasing demand for inter-island travel, as reflected by the 18 per cent growth in visitor traffic in the second quarter. We provide a reliable and efficient service for our residents, who have likewise rewarded us with an increase in traffic. We see opportunities for additional revenue and growth in our



domestic operations, and we have an exciting investment plan to ensure we continue to provide the best possible experience for our guests on the domestic routes.”

The airline’s international guest experience now includes a higher quality product onboard. The inflight entertainment system was expanded in Q2 and now includes 40 movies, 60 TV programmes, seven radio channels, 50 CDs and 20 games. The company’s investment in product and service enhancements, as well as the extensive and ongoing training of staff and crew at Etihad Airways’ Training Academy in Abu Dhabi, have resulted in the airline’s best ever Skytrax ranking, with Air Seychelles now ranked as the No. 2 airline in Africa, No. 3 for Best Airline Staff in Africa (a category in which the airline had no ranking in 2012), and fourth in the Most Improved category.

“This has been a transformative year for Air Seychelles,” said Mr Ball. “Our recent Skytrax ranking is a testament to the hard work and dedication of our team. The new rankings have served as a catalyst to progress further in our mission to be the best airline in the Indian Ocean. We are aiming higher now – for a four-star Skytrax rating – which will put Air Seychelles on the same level as some of the world’s most renowned airlines.”

Q2 2012 and Q2 2013 comparison:

Key indicators	Q2 2013	Q2 2012	Variance
Total revenue	US \$26.03 million	US \$10.87 million	+ 139 per cent
Passenger revenue	US \$17.5 million	US \$7.1 million	+ 146 per cent
Cargo revenue	US \$3.68 million	US \$968,967	+ 279 per cent
Cargo tons	1,623,991	423,706	+ 283 per cent
Passengers	82,893	53,066	+ 56 per cent
Revenue Passenger Kilometres	187.1 million	60.9 million	+ 207 per cent
Available Seat Kilometres	335.7 million	139.8 million	+ 140 per cent

First Half Year 2012 and 2013 comparison:

Key indicators	H1 2013	H1 2012	Variance
Total revenue	US \$42.05 million	US \$18.76 million	+ 124 per cent
Passenger revenue	US \$27.97 million	US \$14.0 million	+ 99 per cent
Cargo revenue	US \$5.32 million	US \$1.75 million	+ 204 per cent
Cargo tons	2,374,062	746,897	+ 217 per cent
Passengers	146,980	101,977	+ 44 per cent
Revenue Passenger Kilometres	282 million	127.9 million	+ 120 per cent
Available Seat Kilometres	496.7 million	244.7million	+ 102 per cent

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About Air Seychelles

Air Seychelles was established in 1978 and began long-haul service in 1983. The airline currently offers international flights to Abu Dhabi, Hong Kong, Johannesburg and Mauritius. Air Seychelles also offers more than 200 domestic scheduled flights a week throughout the archipelago, as well as domestic charter services. As the national airline of the Republic of Seychelles, Air Seychelles is a pillar of tourism, the island nation's strongest and growing economic sector. The airline maintains a strategic partnership with Etihad Airways, the national airline of the United Arab Emirates and 40 per cent stakeholder. For more information, please visit: www.airseychelles.com.