

ETIHAD AIRWAYS POSTS FOURTH CONSECUTIVE YEAR OF NET PROFIT, UP 52 PER CENT TO US\$ 73 MILLION

- Revenue soars to US\$ 7.6 billion on back of record passenger and cargo volumes
- Passenger demand and revenue growth continues to outperform capacity intake
- EBITDAR (earnings before interest, tax, depreciation, amortisation and rentals) and EBIT (earnings before interest and tax) up 16.2 per cent and 32.5 per cent respectively
- Partnership strategy delivers strong performance, with partnership revenues up 37.7 per cent to US\$ 1.1 billion, representing 24 per cent of passenger revenues
- Etihad Cargo exceeds ambitious financial target to become a billion dollar company in 2014, with annual freight and mail volumes rising from 487,000 to 569,000 tonnes

2014 PERFORMANCE SUMMARY OF ETIHAD AIRWAYS

Key Indicators	2014	2013*	Variance
Total revenue (US\$ billion)	7.6	6.0	26.7%
Net profit (US\$ million)	73	48	52.1%
EBIT (US\$ million)	257	194	32.5%
EBITDAR (US\$ million)	1,139	980	16.2%
Total passengers (million)	14.8	12.1	22.3%
Revenue passenger kilometres (billion)	68.6	55.5	23.6%
Available seat kilometres (billion)	86.6	71.1	21.8%
Seat factor	79.2%	78.0%	+1.2 percentage points
Number of aircraft	110	89	+21
Codeshare partners	49	47	+2
Partner revenue (US\$ million)	1,129	820	37.7%
Cargo revenue (US\$ million)	1,106	928	19.2%
Cargo tonnage (tonnes '000)	569	487	16.8%
Number of employees	24,206	17,603	37.5%

*The above results represent the standalone airline business within the newly formed Etihad Aviation Group. 2013 key indicators and financial performance has been adjusted to reflect a like for like comparison.

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Etihad Airways, the national airline of the United Arab Emirates, achieved its strongest financial results to date in 2014, posting a net profit of US\$ 73 million on total revenues of US\$ 7.6 billion, up 52.1 per cent and 26.7 per cent respectively over the previous year.

The record performance, which marked the airline's fourth consecutive year of net profitability, also saw earnings before interest and tax (EBIT) up 32.5 per cent to US\$ 257 million. Earnings before interest, tax, depreciation, amortisation and rentals (EBITDAR) were up 16.2 per cent to US\$ 1.1 billion, representing a 15 per cent margin on total revenues.

Etihad Airways' financial statements are audited by KPMG and are in accordance with International Financial Reporting Standards (IFRS).

James Hogan, President and Chief Executive Officer of Etihad Airways, said: "Our shareholder has set a clear commercial mandate for this business and we continue to deliver against that mandate. Our focus is on sustainable profitability and our fourth year of net profits, at a time when we continue to invest in the new routes, new aircraft, new product and new infrastructure needed to compete effectively, shows we are serious about that goal.

"Our performance in 2014 has cemented Etihad Airways' position as a best-in-class, profitable and self-sustaining international airline. We have continued to grow, not just in size, reputation and performance, but also in maturity, evolving from an airline to a diverse global aviation and tourism group. This has been achieved through a unique strategy that combines industry-leading organic growth with wide-ranging partnerships and minority equity investments in other airlines around the world."

Etihad Airways carried a total of 14.8 million passengers in 2014, an increase of 22.3 per cent year-on-year. Revenue Passenger Kilometres (RPKs) – measuring passenger journeys - increased by 23.6 per cent to 68.6 billion (55.5 billion), while Available Seat Kilometres (ASKs) – representing capacity - grew by 21.8 per cent to 86.6 billion (71.1 billion). The growth in passenger demand and revenue over the 12-month period continued to outstrip Etihad Airways' capacity increase, highlighting the strength of its long-term growth strategy.

Passenger numbers were strengthened by the continued enhancement of Etihad Airways' global network last year. The airline launched services to 10 new destinations in eight

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countries - Los Angeles, Dallas, San Francisco, Rome, Zurich, Medina, Yerevan, Jaipur, Phuket and Perth - and increased capacity on 23 existing routes. By the end of the year, the average network-wide seat load factor was 79.2 per cent, compared to 78.0 per cent in 2013.

A key driver of Etihad Airways' growth in 2014 was its partnership strategy, based on wide-ranging codeshares and its unique approach of minority equity investments in strategically important airlines. This has accelerated network growth, giving Etihad Airways the largest route network of any Middle Eastern carrier, reaching more than 500 destinations. It has boosted sales and marketing opportunities in key markets, as well as allowing significant business synergies and cost savings.

This strategy delivered revenues of US\$ 1.1 billion in 2014, an increase of 37.7 per cent (US\$ 820 million), and represented 24 per cent of Etihad Airways' total passenger revenues.

In 2014, Etihad Airways received final approval for its 49 per cent investment in Air Serbia. It also invested €560 million to acquire a 49 per cent shareholding in New Alitalia, a 75 per cent interest in Alitalia Loyalty, which operates the MilleMiglia frequent flier program, and the future purchase of five pairs of London Heathrow Airport slots for lease back to Alitalia. The transaction became effective on 31 December 2014, after receiving European Commission merger clearance.

Air Serbia and Alitalia are the latest additions to Etihad Airways' equity partner network. Etihad Airways also owns minority stakes in airberlin, Air Seychelles, Aer Lingus (stake increased to 4.99 per cent in 2014), Jet Airways and Virgin Australia (stake increased to 22.9 per cent in 2014). An investment in Swiss-based Etihad Regional, operated by Darwin Airline, has now been formalised after Swiss Government approval earlier this year.

Etihad Airways launched new codeshare agreements with Air Europa, jetBlue, Philippine Airlines, GOL, SAS, Hong Kong Airlines and Aerolineas Argentinas, while Etihad Airways' existing codeshares with South African Airways, Alitalia and Jet Airways were significantly expanded.

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In addition, Etihad Airways Partners was unveiled last year, using a partnership cooperation model to offer passengers more choice through improved networks and schedules, plus enhanced frequent flyer benefits. The partnership also builds greater synergies for participating airlines, which currently include airberlin, Air Serbia, Air Seychelles, Alitalia, Etihad Airways, Etihad Regional, Jet Airways and NIKI.

A further measure of Etihad Airways' growth was the increased membership of the Etihad Guest loyalty program. In 2014, membership numbers increased from 2.3 million to 2.9 million, up 26.1 per cent, representing an average increase of 50,000 new members each month. Etihad Guest has entered its next phase of growth after becoming a separate legal entity in 2014. This supports its development as a leading customer loyalty and marketing services organisation, and will improve member engagement and returns for the program partners.

Etihad Airways' cargo division also delivered a standout performance in 2014, becoming a billion dollar company one year ahead of schedule. Cargo revenues were up 19.2 per cent to US\$ 1.1 billion, with freight and mail volumes rising from 487,000 to 569,000 tonnes.

"Etihad Cargo has consistently outperformed the global market. Its impressive 17 per cent growth in freight tonne kilometres in 2014 is four times the industry average," said Mr Hogan. "Today, Etihad Cargo is one of the largest cargo operators in the world. We are forecasting significant growth for 2015, driven by key initiatives to expand its capacity and scope, and to leverage equity and other partnerships."

Etihad Airways also made important investments in its long-term business infrastructure, diversifying its activities to ensure greater control over its service standards and delivery.

In 2014, the fixed wing division of Horizon International Flight Academy was acquired from Mubadala, leading to the establishment of Etihad Flight College, which trains up to 200 cadets annually and provides a source of trained pilots to Etihad Airways. The non-engine divisions of Abu Dhabi Aircraft Technologies (ADAT) were also acquired from Mubadala and rebranded as Etihad Airways Engineering. The investment includes hangars, workshops and paint facilities in Abu Dhabi, plus specialist maintenance and engineering capabilities. These

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investments have enhanced Etihad Airways' capability to undertake airframe and component maintenance on its aircraft, as well as supporting equity partners and third party customers.

Etihad Airways continued to diversify its portfolio of global funding sources and expanded its range of borrowing relationships to 75 lenders, investors and lessors. During the year, Etihad Airways secured US\$ 3.5 billion of debt funding in the financial markets.

Also, Etihad Airways together with its equity partners, Alitalia, airberlin, Air Serbia, Air Seychelles and Jet Airways, are structuring a global funding platform that will enable each entity to have the appropriate funds in the near future through a comprehensive financing solution.

Etihad Airways' fleet consisted of 110 aircraft at the end of 2014 (up 23.6 per cent year-on-year), with an average age of 5.5 years, one of the youngest in the sky. The airline took delivery of its first Airbus A380 and its first Boeing 787-9 in December, with both state-of-the-art aircraft offering new industry leading standards in cabin interiors, together with considerable fuel efficiency and environmental improvements.

An additional nine Airbus aircraft (two A330-200s, three A321s, three A320s and one A330-200F) and six Boeing aircraft (one 777-300ER, five 777-200LRs) were received in 2014, while further leased capacity was also added to enhance the airline's rapid growth.

More than 200 aircraft are currently on firm order, together with options and purchase rights for 66 additional aircraft. In 2015, Etihad Airways plans to introduce 16 aircraft into its fleet, including nine wide-bodies (one Boeing 777-300ER, four Boeing 787 Dreamliners and four Airbus A380s) and seven narrow-body Airbus A320 family aircraft (six A321s and one A320).

Mr Hogan added: "Our ability to provide guests with the best possible service was strengthened by a number of important developments last year, including the arrival of our first Airbus A380 and Boeing 787 aircraft, the introduction of our 'Facets of Abu Dhabi' livery, the launch of The Residence by Etihad™ and our next-generation First, Business and Economy products, and a sophisticated new uniform, as showcased to the world last year."

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The launch of the airline's first Airbus A380 and first Boeing 787, along with its new cabin crew uniform, received an overwhelming response from the public and led to a major increase in online brand awareness. On social media alone, the Etihad Airways brand garnered more than 145 million impressions throughout the world in a two-week period after the launch.

Other product and service developments in 2014 included the opening of premium class lounges in Sydney and Abu Dhabi, as well as Etihad Airways' first arrivals lounge, also located in Abu Dhabi. The airline launched a major program to improve the sleep experience of guests during flight, introduced limited edition Emirati designed amenity kits in collaboration with Sougha, welcomed its 1,000th 'flying nanny' to provide onboard support for children, completed the installation of inflight Wi-Fi on all of its liveried aircraft, and progressed the introduction of live TV and mobile phone connectivity on wide-body jets.

One of the most important goals of Etihad Airways is to help develop a sustainable and commercially-viable biofuels industry in Abu Dhabi, in collaboration with international partners such as the Masdar Institute, Boeing, GE, Total, Takreer and others. In January 2014, the airline conducted a milestone demonstration flight with a Boeing 777-300ER aircraft, powered in part by the first UAE-produced aviation biofuel.

Mr Hogan said: "Although our growth continued strictly to plan in 2014, we are currently faced with unprecedented external challenges. Of particular concern has been the rise in aggressive protectionist sentiment in Europe and the US, where both Etihad Airways and its partner airlines are being targeted. These attempts to limit competition are detrimental to consumer choice. They threaten to damage the significant progress that our airline has made in offering improved travel connections, product and service standards, and value for money.

"Despite these hurdles, Etihad Airways will continue to grow as planned in 2015, working with our equity and codeshare partners around the world to serve the destinations that our guests want to visit and at the times they want to travel."

Etihad Airways won more than 55 awards in 2014, including being named World's Leading Airline for the sixth straight year at the World Travel Awards (WTA).

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Etihad Airways employed 24,206 people from 144 nationalities by the end of 2014, an increase of 37.5 per cent compared to the previous year.

Emiratis remain the number one nationality group amongst total employees based in the UAE, as well as amongst employees at manager level, executive level and within Etihad Airways' pilot community. The number of Emirati employees increased by more than 37 per cent to 2,017 by the end of 2014, following a record year for hiring UAE nationals.

Etihad Airways has received widespread praise for its UAE national development strategy, aimed at building airline specific capability for the future with more than 20 specialised programs across the business for graduate managers, including sales and airport operations managers, cadet pilots, technical engineers, and guest services and contact centre agents. The airline has announced its long-term commitment to employ an additional 6,000 Emiratis by 2020.

“Etihad Airways is one of the world’s most popular new employers of the 21st century, ranked by LinkedIn as one of the 100 most in-demand places to work. We strive to attract the top talent in the industry and it is working. We create jobs in every market in which we operate and our workforce today includes more than 140 nationalities,” said Mr Hogan. “Last year, we had 57 times more applications than we had total job openings, which included 1,700 crew positions and approximately 500 pilot openings.”

- Ends -

About Etihad Airways

Etihad Airways began operations in 2003, and in 2014 carried 14.8 million passengers. From its Abu Dhabi base, Etihad Airways flies to 110 existing or announced passenger and cargo destinations in the Middle East, Africa, Europe, Asia, Australia and the Americas. The airline has a fleet of 116 Airbus and Boeing aircraft, and more than 200 aircraft on firm order, including 69 Boeing 787s, 25 Boeing 777-X, 62 Airbus A350s and eight Airbus A380s.

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Etihad Airways holds equity investments in airberlin, Air Serbia, Air Seychelles, Aer Lingus, Alitalia, Jet Airways, Virgin Australia, and Swiss-based Etihad Regional, operated by Darwin Airline. Etihad Airways, along with airberlin, Air Serbia, Air Seychelles, Alitalia, Etihad Regional, Jet Airways and NIKI, also participate in Etihad Airways Partners, a new brand that brings together like-minded airlines to offer customers more choice through improved networks and schedules and enhanced frequent flyer benefits. For more information, please visit: www.etihad.com