

ETIHAD AIRWAYS ANNOUNCES NET PROFIT OF US\$ 103 MILLION FOR 2015

Fifth consecutive year of net profitability demonstrates airline's successful growth strategy

- Net profit of US\$ 103 million for 2015
- Total revenue of US\$ 9.02 billion on back of increased passenger and cargo volumes
- Passenger volume continues to grow faster than capacity, outpacing regional growth
- Equity strategy delivers success in network, revenue growth and economies of scale
- Partnership revenues up to US\$ 1.4 billion, delivering five million passengers onto Etihad Airways network
- Growth across group's business streams, including cargo, MRO, catering and ground handling, and frequent flier programme

2015 PERFORMANCE HIGHLIGHTS OF ETIHAD AIRWAYS

Key Indicators	2015 *	2014 **
Revenue (US\$ billion)	9.02	7.55
EBIT (US\$ million)	259	257
EBITDAR (US\$ billion)	1.4	1.1
Net profit (US\$ million)	103	73
Total passengers (million)	17.6	14.8
Revenue passenger kilometres (billion)	83.2	68.6
Available seat kilometres (billion)	104.8	86.6
Seat factor	79.4%	79.2%
Number of aircraft	121	110
Codeshare partners	49	49
Partner revenue (US\$ million)	1,379	1,129
Cargo tonnage (tonnes '000)	591	569
Number of employees	26,566	24,206

* 2015 figures shown above represent Etihad Airways' consolidated financial statements

** 2014 figures shown above represent the stand alone airline business

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Etihad Airways, the national airline of the United Arab Emirates, today announced its strongest annual financial results to date, with a net profit of US\$ 103 million on total revenues of US\$ 9.02 billion.

The performance, which marked the airline's fifth consecutive year of net profitability, also saw earnings before interest and tax (EBIT) of US\$ 259 million, and earnings before interest, tax, depreciation, amortisation and rentals (EBITDAR) of US\$ 1.4 billion, representing 16 per cent of total revenues.

James Hogan, Etihad Airways President and Chief Executive Officer, said:

“Our mandate is to build a sustainably profitable airline. A fifth year of net profits, with our best annual financial performance to date, shows that we are delivering against that goal.

“Our profitability clearly demonstrates the success of our business strategy, based on organic growth boosted by our partnerships.

“As well as operating profitability, we are building enterprise value across the airline and its many additional business streams.”

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

Strong operational performance saw improved load factor, as passenger volumes outpaced capacity increases

Etihad Airways carried a total of 17.6 million passengers in 2015, an increase of 18.9 per cent year-on-year. The growth in passenger volume continued to exceed Etihad Airways' capacity increase and outperformed regional market growth, which has seen a decline in load factors since mid-2014.*¹ Revenue Passenger Kilometres (RPKs), which measure passenger journeys, increased 21.3 per cent to 83.2 billion, while Available Seat Kilometres (ASKs), which represent capacity, grew by 21.0 per cent to 104.8 billion.

¹ CAPA report on growth of Gulf airlines

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In total, the airline operated 97,400 flights covering 467 million kilometres. The average network-wide seat load factor was 79.4 per cent for 2015, compared with 79.2 per cent in 2014.

Six new destinations were added to Etihad Airways' global network – Kolkata, Madrid, Hong Kong, Entebbe, Edinburgh and Dar es Salaam – and capacity increased on 16 existing routes with bigger aircraft, more frequency and improved seat occupancy.

Etihad Airways' fleet increased by 11 aircraft to a total of 121 at year end. With an average age of 5.8 years, Etihad Airways' fleet is one of the youngest and most environmentally friendly in the industry. The additions included four A380-800 and four Boeing 787-9 Dreamliner aircraft, while further leased capacity was also added. The A380 was rolled out on the Sydney and New York routes, and inducted on a second daily flight to London Heathrow, while the 787 began commercial operations between Abu Dhabi and Zurich, Brisbane, Washington DC and Singapore.

Partnership strategy delivered five million passengers and \$1.4 billion in direct revenues, as well as significant cost synergies

Etihad Airways' partnership strategy, based on almost 50 codeshare agreements and its strategic minority investments in selected airlines, remained a key driver of its growth in 2015.

A new codeshare agreement was introduced in 2015 with Pakistan International Airlines (PIA), while Etihad Airways' existing codeshares with Air Serbia, American Airlines, flynas, Jet Airways, Korean Air, NIKI and S7 Airlines were significantly expanded. As a result, Etihad Airways now offers a combined passenger and cargo network of nearly 600 destinations through its 197 interline and 49 codeshare partnerships.

Etihad Regional was the latest addition to Etihad Airways' equity partner network, which also includes airberlin, Air Seychelles, Jet Airways, Air Serbia, Alitalia and Virgin Australia. Etihad Airways' stake in the latter increased to 25.1 per cent in 2015. Combined, the equity partners comprise the seventh largest global grouping of airlines, together flying more than 100 million guests worldwide.

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The strategy has contributed to a large increase in sales across Etihad Airways' global network, delivering revenues of US\$ 1.4 billion – an increase of 22.1 per cent on 2014 figures – and more than five million passengers onto Etihad Airways' flights. In addition, the airline and its equity partners have been able to identify and develop significant business synergies and cost savings.

Mr Hogan said the airline's return on its equity investments into the seven airlines was many times more than the money it had spent.

“For an investment smaller than the cost of three new aircraft, we have been able to build our global network, attract five million new customers and \$1.4 billion of revenues, and share massive cost synergies. That's smart business.

“This is a two-pronged approach. From a strategic level, we are looking for the equity partners to bring network connectivity, generate additional revenues and create economies of scale. All our partners are delivering on this level.

“Each partner then has a P&L goal, which is the responsibility of its own management and Boards of Directors. Many of these, such as Air Serbia, Air Seychelles, Jet Airways and Virgin Australia, are now delivering on this level too.

“Even with an investment such as airberlin, where it has taken longer than expected for the airline to reach sustainable profitability, we are seeing incredibly strong returns directly into our business, far in excess of our original expectations. We have already received more than US\$ 500 million in direct revenues to Etihad Airways and airberlin today delivers more than US\$ 150 million a year in direct revenues, as well as wide-ranging cost synergies which have already reached more than US\$ 100 million. In addition, the airberlin relationship is delivering a contribution of more than US\$ 630 million a year to the Abu Dhabi economy. This is why we remain committed to the restructuring of that business as it moves forward.”

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Global financial community continued to recognise success of Etihad Airways' strategy

During the year, Etihad Airways was instrumental in securing a US\$ 700 million financing transaction to fund expansion for the airline, its subsidiary Etihad Airport Services and five of its seven airline equity partners within Etihad Airways Partners (EAP).

Mr Hogan added: "This ground-breaking transaction was the first of its kind in the airline industry, and its success highlights the high level of confidence and support from institutional investors for our unique business strategy. It was a vote of confidence not just in Etihad Airways but in our partners too."

In 2015, Etihad Airways was assigned the rating of 'A' with a Stable Outlook, by Fitch Ratings. Fitch Ratings, one of the world's largest credit ratings agencies, issued the Long-term Issuer Default Rating (IDR) following a detailed independent analysis of Etihad Airways' business, its commercial performance and its equity alliance strategy.

Growth continued across group's business streams, including cargo, MRO, catering and ground handling, and frequent flier programme

In 2015, Etihad Airways' strategy of diversifying from a single airline entity into a travel and aviation group delivered strong results. All major business streams, including cargo, MRO, catering and ground handling, and frequent flier programme, as well as the core airline, experienced growth.

Etihad Airways' cargo division continued to perform well in 2015. Cargo freight and mail volumes rose four per cent to 591,000 tonnes, making it one of the world's most successful air freight operations.

Accounting for 88 per cent of air cargo imports, exports and transfers at Abu Dhabi International Airport last year, Etihad Cargo enhanced its global reach by offering bellyhold capacity on the six new passenger routes, bringing to 96 the total number of passenger destinations on which freight was flown. Etihad Cargo also expanded its freighter services to several new markets including Dakar, Nouakchott and Douala in Africa, taking the number of freighter-only destinations operated to 20.

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A further measure of Etihad Airways' growth was the increased membership of its Etihad Guest loyalty programme. Membership numbers increased from 2.9 million to 3.75 million, representing an average of 70,000 new members each month during 2015.

Airline continued to be a driving force in the nation's Emiratisation programme

By the end of 2015, Etihad Airways employed 26,566 people worldwide from more than 144 nationalities, representing a 9.7 per cent increase on the previous year. Emiratis remain the single largest nationality grouping in the airline. In 2015, the airline welcomed more than 1,200 UAE nationals to its global workforce, bringing the total number of Emirati employees to more than 3,000 – 29 per cent of core staff at the national airline.

Since its inception in 2003, Etihad Airways has been a driving force in the nation's Emiratisation programme, investing in the development of the national workforce and promoting the role of Emiratis in the aviation sector and empowering them for leadership.

Airline recognised by industry awards throughout the year

Etihad Airways was named '2016 Airline of the Year' by Air Transport World, in recognition of its outstanding growth model and commercial focus as it continued to define the landscape of modern air travel. For the seventh year running, Etihad Airways was declared the World's Leading Airline at the World Travel Awards.

Etihad Airways Partners' (EAP) US\$ 700 million landmark finance transaction was recognised as Innovative Deal of the Year by Airfinance Journal; as Emerging Europe Middle East and Africa Bond of the Year by the market intelligence organisation International Financing Review (IFR); and as Debt Financing Deal of the Year Middle East by Global Transport Finance.

- Ends -

About Etihad Airways

Etihad Airways began operations in 2003, and in 2015 carried 17.6 million passengers. From its Abu Dhabi base, Etihad Airways flies to, or has announced plans to serve, 117 passenger and cargo destinations in the Middle East, Africa, Europe, Asia, Australia and the Americas. The airline has a fleet of 122 Airbus and Boeing aircraft, with 204 aircraft on firm order, including 71 Boeing 787s, 25 Boeing 777Xs, 62 Airbus A350s and 10 Airbus A380s.

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