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PRESS RELEASE

A NEW DAWN FOR SERBIA AS REVITALISED NATIONAL AIRLINE TAKES TO THE SKIES

- Launch of Air Serbia is 'good news for travellers, good news for the business and good news for Serbia'
- Proud day for new airline as first Air Serbia Airbus A319 enters fleet
- New route network, new aircraft and new partnerships to strengthen Serbia's national carrier

A new dawn broke for Serbia today, as the country's revitalised national airline took to the skies, with new aircraft, new routes and new partnerships setting Air Serbia on the way to its goal of becoming the region's leading carrier.

Air Serbia was officially launched by Deputy Prime Minister Aleksandar Vučić, at an event for senior Government figures and other VIPs, national and international media, and airline employees.

The carrier's first Airbus A319, in the new Air Serbia livery of red, blue and white, and boasting the new logo bearing a stylised Serbian national coat of arms designed by Serbian student Tamara Maksimovic, was unveiled by DPM Vučić at a glittering ceremony at Belgrade Airport.

The launch was welcomed by Air Serbia's Chief Executive Officer as 'good news for travellers, good news for the business and good news for Serbia'. Dane Kondić said that new investment in Air Serbia would deliver a customer-focused, commercial business which would attract trade and tourism into the nation.

From 26 October, Air Serbia will launch a new route from its hub at Belgrade's Nikola Tesla International Airport to Abu Dhabi in the United Arab Emirates, with routes to Banja Luka (Bosnia), Bucharest (Romania), Ljubljana (Slovenia) and Prague (Czech Republic) to be launched by the end of 2013. These new flights add to the 29 destinations previously served by the airline as part of its 2013 summer schedule.

Air Serbia also plans to launch another seven new routes between January and April 2014, in addition to rescheduling existing operations to optimise connections via its hub in Belgrade. By



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June 2014, it will have doubled frequencies and capacity, to serve 43 destinations in 30 countries, with 73,000 seats on more than 670 flights a week.

Eight Airbus A319 and two A320 aircraft have been leased, the first part of a two-phase fleet modernisation strategy which will give Air Serbia one of the most modern and efficient fleets in the region. The first of these A319 aircraft, unveiled today, has the new two-class configuration, with eight seats in Business Class and 120 in Economy. Five more Airbus A319s will be in service within the next two months, with another four in 2014.

As a member of Etihad Airways' 'equity alliance', which today includes another five partner airlines (airberlin, Air Seychelles, Aer Lingus, Virgin Australia and Jet Airways*, subject to regulatory approval), Air Serbia will also be able to leverage revenue and cost benefits including new codesharing opportunities, joint procurement, and shared training and staff development.

The Deputy Prime Minister of Serbia, Aleksandar Vučić, said: "The launch of Air Serbia marks an important new beginning for the airline industry in our country.

"Having a strong and successful airline is vital for Serbia's future economic development and growth. Air Serbia will deliver hundreds of millions of dollars a year into our economy.

"We have been able to attract external investment, in addition to our own Government commitment, to rebuild this airline into something special. We are bringing in the best technical skills, business know-how and expertise to ensure Air Serbia evolves into a successful airline.

"Our new partner, Etihad Airways, is an airline that has grown faster than any other full-service national airline in the last decade. Yet it has never lost sight of its commercial mandate, tripling its profits last year. We are looking forward to that rigor being applied to our national airline."

Air Serbia's first flight in its new livery will be from Belgrade to Abu Dhabi tomorrow (26 October).

Mr Vučić said the Government-initiated program to right-size the company was an important step in building a strong airline.



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“We have had to initiate short-term measures to improve the health of this business. Now, with new investment and with a strong business partner, we can be sure of a positive future.

“In the long-term, Air Serbia will provide exciting employment opportunities for many young and enthusiastic Serbs, with fresh skills and talents to take the new airline forward and contribute to strengthening our economy,” Mr Vučić said.

The airline has already held recruitment days for new cabin crew, attracting more than 600 applicants in Belgrade earlier in October.

Dane Kondić, Chief Executive Officer of Air Serbia, welcomed the launch.

“The new Air Serbia is good news for travellers, increasing route network choices regionally and across the globe. It is good news for the business, with new investment and a strict commercial mandate that will secure the airline’s long-term future. And it good news for the Serbian economy, helping to develop tourism and trade routes over the long term,” he said.

He said that work was already under way to implement changes which would improve the way the airline operated.

“We are going to be making changes to focus everything on the guest,” Mr Kondić said.

“That means better aircraft and a guest focused team. It also means a network that takes people where they want to go, with easy connections.

“While we are committed to retaining and preserving our Serbian national heritage, everything else must be reviewed in order to create a national carrier that is safe, efficient, reliable, and delivers what our guests want.

“I am very excited by the possibilities and challenges that this mandate presents and I look forward to working to create a prosperous future for Air Serbia,” he said.



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Mr Kondić also welcomed the positive opportunities for Belgrade to develop its cargo operation. “With a better route network, and better connections with international partners, this can become a regional hub for air freight,” he said.

In addition to members of the Government, and many other national and international VIPs, the launch event was attended by executives from Air Serbia’s minority shareholder and partner Etihad Airways.

Etihad Airways, the national airline of the United Arab Emirates, will make available a US\$ 40 million loan facility which will be converted into a 49 per cent equity stake in January 2014, subject to regulatory approval. This will be matched by an equal funding injection by the Government of Serbia.

Etihad Airways and the Government of Serbia will also each provide a shareholder loan of up to US\$ 60 million to meet working capital requirements and support network development for Air Serbia.

The President and Chief Executive Officer of Etihad Airways, James Hogan, said: “We look for partners who share our vision of best in class service, working to a commercial mandate and delivering trade and tourism into their national economies.

“The team at Air Serbia is professional, enthusiastic and committed. With the right focus, and working with Etihad and our many strong partners, we believe Air Serbia can become a force to be reckoned with in this region.”

- Ends -

About Air Serbia

Air Serbia launches on 26 October 2013 as the national airline of the Republic of Serbia. It serves more than 30 Euro-Mediterranean destinations directly from its hub at Belgrade’s Nicola Tesla International Airport with passenger and cargo services. It also offers long-haul and international destinations in Asia, Australia and the Americas through its codeshare partners and its future 49 per cent shareholding equity partner, Etihad Airways. The airline currently operates a fleet of 14 aircraft comprising 10 Boeing 737-300s and 4 ATR 72s. It will take delivery of six



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Airbus A319 aircraft by the end of 2013, with another four new aircraft in 2014. Air Serbia will be a key part of the nation's aviation infrastructure and will play a fundamental role in the development of Serbia's travel and tourism industry and the country's economic growth. For more information, please visit www.airserbia.com