Emirates Group Announces 24th Consecutive Year of Profit

- Group records AED 2.3 billion (US$ 629 million) net profit
- Emirates reaches 34 million passenger milestone
- 11 new destinations and 22 new aircraft added to Emirates operations
- dnata achieves record profit of AED 808 million (US$ 220 million)

DUBAI, U.A.E – 10th May 2012 – The Emirates Group has today announced its 24th consecutive year of profit and companywide growth amidst unprecedented economic pressure and record high fuel prices.

Released today in the Group's 2011-12 Annual Report the company posted a AED 2.3 billion (US$ 629 million) net profit, with dnata marking its highest ever profit in 52 years of operation. Despite fundamental challenges, the Group's revenue reached a record high, climbing to AED 67.4 billion (US$ 18.4 billion) an increase of 17.8 percent on last year's results. The Group's cash balance grew by 9.5 percent reaching a strong AED 17.6 billion (US$ 4.8 billion).

"Achieving our 24th consecutive year of profit and maintaining an upward growth trajectory is an achievement that belies the industry norm,' said His Highness (H.H) Sheikh Ahmed bin Saeed Al Maktoum, Chairman and Chief Executive, Emirates Airline and Group.

"Throughout the 2011-12 financial year the Group has collectively invested close to AED 14 billion (US$ 3.8 billion) in new products. This investment has garnered new customers and increased our international presence. Successful business growth is not a matter of luck, it is the result of sustained and calculated investment. Every dirham that we earn is strategically ploughed back into our business and it is this foresight that has allowed the Group to maintain such strong and consistent profitability."

Despite a difficult operating environment, the Group continued to invest in and expand on its employee base, increasing its overall staff count by more than 10 percent.

During the year Emirates received a staggering 22 new aircraft, its highest in any single year, funded by a wide variety of financing structures. With an increased fleet, Emirates further invested in its network by adding 11 new destinations and increasing capacity to 34 cities, a record for the airline.

“Managing volatile exchange rates, coupled with our highest ever fuel bill has required immense tenacity. Retaining growth and remaining profitable in these challenging economic times shows our profound understanding of the markets that we do business in,” added Sheikh Ahmed.

Reaching a record profit, dnata stayed true to its proven acquisition strategy, gaining a majority stake in online travel agency, Travel Republic Ltd and a 50 percent interest in Wings Inflight Services in South Africa. Importantly the results for 2011-12 highlight that 55 percent of dnata’s revenue is derived from its international operations, an increase of 17 percentage points over last year

In the 2011-12 financial year Emirates’ fuel bill increased by 44.4 percent over last year to reach AED 24.3 billion (US$ 6.6 billion). With operating costs increasing by 24 percent compared to a revenue increase of 16.2 percent over last year, Emirates bore the brunt of the crippling cost of fuel for nearly one year, before reluctantly introducing a fuel surcharge on all tickets.

In addition to the cost of fuel Emirates had an operationally challenging year with the political unrest across the Middle East and North Africa affecting flight schedules. By keeping a tight focus on operations and modifying capacity and schedules Emirates was able to maintain profitability.

“In the last five years, Emirates’ capacity measured in Available Seat Kilometres, has increased by almost 100 percent facilitating new trade links and creating a new flow of passenger traffic. Being the first to capitalise on these new opportunities has allowed us to gain a distinct competitive advantage, one that we intend to maintain,” said Sheikh Ahmed.

Highlighting its sound financials, Emirates launched its highly successful US$ 1 billion bond in June last year and despite many traditional financing partners suffering from the Eurozone debt crisis, the bond was well received by global investors reflecting confidence in the Emirates business model. In addition to this, Emirates repaid a Singapore Dollar 250 million bond in full that matured in June 2011. The bond, listed on the Singapore Stock Exchange, was originally issued in 2006 with a five year term.

“We move into the new financial year with cautious optimism, navigating our way through the difficult economic climate with a clear vision for our continued success. We understand that succeeding in this industry requires determination and we are unapologetic about our drive to be the best.”

“We are never complacent, always striving for perfection and always acutely aware that things can be done better. Customers’ expectations only get higher and it is up to us to ensure that we move upwards with them. With the help of our 63,000 strong multicultural workforce we have no doubt that the years ahead will again be more profitable than the last,” added Sheikh Ahmed.

Emirates revenue reached a record high of AED 62.3 billion (US$ 17 billion) growing by 14.9 percent when compared to the 2010-11 financial year. Despite this strong revenue growth, the stifling cost of jet fuel impacted Emirates’ bottom line with the airline’s profit sitting significantly lower than the previous year at AED 1.5 billion (US$ 409 million) representing a decrease of 72.1 percent over last year’s record results.

Carrying a record 34 million passengers, an increase of 8 percent, Emirates logged a robust Passenger Seat Factor, at 80.0 percent, remaining consistent with last year’s results. With an increase in seat capacity - Available Seat Kilometres (ASKMs) of 9.8 percent the result highlights a strong consumer desire to fly on Emirates’ state-of-the-art aircraft.

Passenger yield increased by 7.8 percent to 30.5 fils (8.3 US cents) per Revenue Passenger Kilometre (RPKM), up from 28.3 fils (7.7 US cents) in 2010-11.

Revenue generated from across Emirates' six regions continues to be well balanced, with no region contributing more than 30 percent of overall revenues. East Asia and Australasia remained the highest revenue contributing region with AED 18.2 billion (US$ 5.0 billion) up 17.6 percent from 2010-11. Europe, up 18.2 percent to AED 17.1 billion (US$ 4.6 billion) and the Americas up 21.3 percent to AED 6.7 billion (US$ 1.8 billion) also saw significant growth, reflecting new destinations as well as increased frequency and capacity to these regions.

Across the rest of the globe Emirates saw strong revenue increases from West Asia and the Indian Ocean up 10.6 percent to AED 7.1 billion (US$ 1.9 billion), Gulf, Middle East and Iran up 15.1 percent to AED 6.3 billion (US$ 1.7 billion) and Africa with AED 6.1 billion (US$ 1.7 billion) in revenue, up 9.5 percent.

In contrast to the global economic environment Emirates witnessed an upward trend in its premium class seat factor for a second year, up 1.9 percentage points from 2010-11. Premium and overall seat factor for the airline's flagship A380 aircraft sat even higher, highlighting a continued demand in the product from passengers.

Outside of the UAE, Emirates has continued to invest in the markets that it serves, playing a pivotal role in job creation within the US and Europe through its significant aircraft orders. At the Dubai Airshow Emirates announced an order for an additional 50 Boeing 777-300 ER aircraft, and 20 777-300 ER options valued at US$ 26 billion (AED 95.4 billion). This recent order, in addition to engine orders for American-made GE90 engines, is expected to support over 100,000 skilled American jobs, injecting billions into the local US economy.

With a further 232 aircraft on order worth over US$ 84 billion, combined with the airline's increasing worldwide passenger traffic, Emirates' is set to continue to drive considerable economic growth in the countries that it serves.

Forging ahead with its intricately planned expansion, Emirates received 22 new aircraft during the year including 14 Boeing 777-300ERs, two Boeing 777Fs and six A380s from Airbus, the highest number of aircraft received in a single year of operation.

With an increased fleet, Emirates launched 11 new destinations in 2011-12 including a strong focus on North America and South America in the final quarter with Rio de Janeiro, Buenos Aires, Seattle and Dallas-Fort Worth all launching between January and March 2012.

In addition to these new destinations Emirates added much needed capacity to 34 cities including; Manchester, Hamburg, Frankfurt, Hong Kong, Khartoum, Lahore and Tunis. Looking forward to 2012-13, Emirates has to date announced four new routes including Ho Chi Minh City, Barcelona, Lisbon and Washington D.C.

New A380 destinations for the airline in 2011-12 included; Munich, Rome, Shanghai, Kuala Lumpur and Johannesburg bringing the total number of A380 destinations to 17. In the coming financial year Emirates will launch a further three A380 destinations including: Melbourne, Tokyo and Amsterdam. A total of 20 of Emirates A380's have also now been equipped with on-board Wi-Fi to allow continuous connectivity for passengers.

To further improve on-board communication for our passengers Emirates has enabled its fleet of Airbus A330 and A340 aircraft and over 50 Boeing 777s with the AeroMobile phone service, permitting passengers to make phone calls during their flight.

Continuing its customer focus Emirates opened four new dedicated airport lounges during the year including; San Francisco, Istanbul, Colombo and a fourth new lounge in Dubai, bringing the total number of Emirates lounges to 32. Globally Emirates extended its lauded Chauffeur-drive service to a number of new cities such as Chennai and Bangkok, in addition to enhancing its existing Chauffeur-drive product in the UAE by introducing 46 Mercedes E200 cars for its First Class passengers.

Bucking the industry trend, the 2011-12 financial year has been a strong one for **Emirates SkyCargo** with revenues of AED 9.5 billion (US$ 2.6 billion) an 8.4 percent increase on last year on account of an increase in freight tonnage and freight yield per Freight Tonne Kilometre (FTKM) which rose by 5.4 percent.

With the bulk of the cargo industry reporting downward tonnage, Emirates SkyCargo's tonnage increase of 1.7 percent reaching

1,796 thousand tonnes showcases its persistence to grow revenues against the industry norm.

Contributing 16.2 percent of Emirates' total transport revenue Emirate SkyCargo continues to play an integral role in the company's expanding operations.

At the end of the financial year, Emirates SkyCargo freighter fleet was eight – two on wet lease and six on operating lease.

Emirates' **Destination and Leisure Management (D&LM)** division saw revenue of AED 245 million (US$ 66.8 million) during the year, an increase of 8.4 percent over last year.

In the 52 years of **dnata**, 2011-12 has been its most successful yet. With an increase of 58.9 percent over last year, dnata grew its revenue to AED 7 billion (US$ 1.9 billion). Overall profit for dnata also reached its highest ever point at AED 808 million (US$ 220 million).

During the year, dnata's operating costs increased by 58.9 percent to AED 6.2 billion (US$ 1.7 billion), primarily triggered by the first full integration of Alpha Group.

For the first time, dnata's largest revenue stream has come from in-flight catering, accounting for AED 2.5 billion (US$ 668 million) of its total revenue. The single largest factor in this revenue shift is the full year inclusion of Alpha Flight Group who uplifted over 48 million meals during the year.

Revenue from dnata's airport operations increased by 17.2 percent reaching AED 2.3 billion (US$ 632 million) to make the second largest revenue stream behind inflight catering. The increase is due primarily to increased volumes at Dubai and Singapore airports.

dnata's cargo handling division also witnessed upward growth with revenues increasing by 12.6 percent to AED 993 million (US$ 271 million) on account of increased tonnage at Dubai International Airport and Singapore Changi Airport. Increased cargo volumes at Dubai International Airport and Dubai World Central saw dnata handle 3.3 percent more cargo.

Complementing its growth and expansion, dnata underwent a comprehensive brand refresh throughout the year, incorporating the different businesses of dnata under the unifying 'One dnata' umbrella. With staff across 39 countries, the 'One dnata' message has been fully embraced by its 20,000 strong workforce.

As of 31st March 2012, the Group and its subsidiaries employed 63,000 staff, representing over 160 different nationalities. The full 2011-12 Annual Report of the Emirates Group – comprising Emirates, dnata and their subsidiary companies – is available on: www.theemiratesgroup.com/annualresults

- ENDS -