

ETIHAD AIRWAYS' NET PROFIT JUMPS 200 PER CENT TO US\$42 MILLION

Top line results for 2012:

- Second year of net profit sees leap of 200 per cent from US\$14 million in 2011 to US\$42 million in 2012
- Success in building the first 'equity alliance', with investments in Air Seychelles (40 per cent), airberlin (29.21 per cent), Virgin Australia (9 per cent) and Aer Lingus (2.987 per cent)
- Boost in revenue from US\$4.1 to US\$4.8 billion, with partner airlines contributing 19 per cent of passenger revenue
- 16 per cent rise in EBITDAR (earnings before interest, tax, depreciation, amortisation and rentals) of US\$753 million (US\$648 million)
- Five per cent reduction in non-fuel costs per available seat kilometre
- Passenger numbers break 10 million for the first time
- Record seat factor of 78.2 per cent, a significant jump of 2.4 percentage points
- Revenue passenger kilometres up 23 per cent to 48 billion, continuing to grow ahead of available seat kilometres
- Crowned the World's Leading Airline for the fourth consecutive year by the World Travel Awards
- Fleet increased by six to 70 aircraft, enabling access to 86 Etihad Airways passenger and cargo destinations, and 248 codeshare destinations
- Cargo tonnage showed strong growth of 19 per cent to 367,837 tonnes

Key Indicators*	2012	2011	Variance
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Revenue (US\$ billion)	4.8	4.1	17%
Net profit (US\$ million)	42	14	200%
EBIT (US\$ million)	170	137	24%
EBITDAR (US\$ million)	753	648	16%
Passengers (million)	10.3	8.4	23%
Revenue passenger kilometres (billion)	48	39	23%
Available seat kilometres (billion)	61	51	20%
Seat factor	78.2%	75.8%	2.4 pts
Number of aircraft	70	64	6 aircraft
Number of employees	10,656	9,038	18%
Cargo tonnage (tonnes)	367,837	310,188	19%
Codeshare partners	41	29	12

* Etihad Airways' accounts are audited by KPMG

Etihad Airways, the national carrier of the United Arab Emirates, today reported net profit of US\$42 million in 2012, up 200 per cent on 2011

(US\$14 million) in a year which saw strong improvements in revenues, passengers numbers and cost control.

Revenue increased 17 per cent to US\$4.8 billion (US\$4.1 billion), on passenger numbers up 23 per cent to 10.3 million (8.4 million). These numbers were boosted significantly by Etihad Airways' equity partnerships and codeshares, which delivered more than US\$600 million in total revenue.

James Hogan, President and Chief Executive Officer of Etihad Airways, said: "This has been a game-changing year for Etihad Airways.

"We have delivered improved net profit, the second consecutive year we have been in the black, a remarkable achievement given the youth, ambitious growth and ongoing investment made by this airline in a challenging global economic environment.

"We have taken great strides in building the industry's first 'equity alliance', with our investments in airberlin, Air Seychelles, Virgin Australia and Aer Lingus, which are contributing significant value to our business.

"And we have met our mandate of contributing to the economic development of Abu Dhabi, growing its aviation sector and building trade and tourism connections across the globe."

Earnings before interest and tax (EBIT) rose 24 per cent to US\$170 million (US\$137 million), while EBITDAR (earnings before interest, tax, depreciation, amortisation and rentals) rose to US\$753 million (US\$648 million), a margin of 16 per cent on total revenue.

Since Mr Hogan joined Etihad Airways as President and Chief Executive Officer in 2006, the airline has grown from a US\$750 million business to one which now turns over nearly US\$5 billion a year.

Mr Hogan said Etihad Airways attracted further support from the global financial community in 2012. More than 50 institutions have now provided more than US\$6.8 billion in cumulative funding for the airline's ongoing expansion. "Our bankers understand and trust our business, our vision and our potential," he said.

During the year, growth in revenue passenger kilometres (RPKs) outpaced growth in available seat kilometres (ASKs) for the fourth year running. RPKs were up 23 per cent to 48 billion (39 billion), on ASKs up 20 per cent to 61 billion (51 billion), resulting in an impressive lift in seat factor of 2.4 points to 78.2 per cent (75.8 per cent).

Equity and codeshare partners delivered more than 1.2 million passengers onto the Etihad Airways network. airberlin, in which Etihad Airways holds a 29.21 per cent stake, made a very strong contribution, with more than 300,000 passengers shared between their networks, delivering more than US\$130 million in total to the two airlines.

Despite the increase in global oil prices during 2012, Etihad Airways minimised the impact through its rigorous fuel hedging policy. The airline hedged 80 per cent of fuel costs during the year, the same level as in 2011.

Careful cost management in all other areas of the business saw non-fuel costs per available seat kilometre (CASK) reduced by five per cent. Etihad Airways' costs were benchmarked as being in the lowest quartile against other major, full-service airlines by independent analysts, Seabury.

“We understand how to manage costs without compromising our innovative product and outstanding service experience,” Mr Hogan said.

During 2012, Etihad Airways:

- Benefited from the first full year of the strategic partnership with airberlin, in which Etihad Airways took an equity stake in December 2011. The relationship saw new services to Abu Dhabi from Berlin, ‘earn-and-burn’ on frequent flyer programs and a wide range of business synergies.
- Took a 40 per cent stake in Air Seychelles in January 2012 and was given a five-year management contract to run the airline. The two airlines have integrated route networks, frequent flier programs, training and maintenance programs, and Air Seychelles is expected to return to profit as a result of these initiatives.
- Began flying to six new destinations - Tripoli, Shanghai, Nairobi, Lagos, Ahmedabad and Basra. The airline has also announced new flights to Washington, Amsterdam, Sao Paulo and Ho Chi Minh City for 2013.
- Used biofuels on a delivery flight in January, the first in the Gulf, as part of the airline's commitment to environmental sustainability.
- Continued its role as a founding member and investor of the Masdar Institute-led ‘Sustainable Bioenergy Research Consortium’ which, together with the other founding members Boeing and UOP, is tasked to investigate the potential for alternative sustainable aviation fuels in this region.
- Began implementing the advanced SabreSonic platform in preparation for its launch in February 2013. The US\$1 billion ten-year deal with Sabre Airline Solutions will see Etihad Airways utilise the cutting edge, integrated platform across its reservations, inventory, marketing, planning, eCommerce, distribution and departure control operations.

- Increased frequency and capacity of services to six cities - Dusseldorf, Bangkok, Kuwait, Dammam, Istanbul and Cairo.
- Continued development of codeshare relationships, now up to 41 partner airlines, including a major new strategic relationship with Air France-KLM, signed in October.
- Invested in Aer Lingus and subsequently signed agreements for comprehensive code-sharing and joint commercial activities.
- Took an equity stake in Virgin Australia, the latest step in a highly successful, multi-tiered partnership that includes code-sharing, joint marketing initiatives and reciprocal 'earn-and-burn' on each other's frequent flier program.
- Launched its new "Etihad Wi-Fly" inflight high-speed, broadband internet and mobile phone connectivity service, powered by the Panasonic Avionics Global Communications Suite, on an A330-200 flight to Brussels in December. This is the first deployment of the technology that will flow from a US\$1 billion 10-year contract with Panasonic.
- Acquired a majority stake in a new entity incorporated to own airberlin's topbonus frequent flyer program. The entity forms part of a new global loyalty management company established by Etihad Airways to target the fast growing and highly profitable loyalty management market.
- Was named World's Leading Airline at the prestigious World Travel Awards, for the fourth consecutive year.

"The customer is at the heart of everything we do. In 2012, it was our commitment to consistently deliver best-in-class service and product, on the ground and in the air, which resulted in such strong passenger growth and financial performance," Mr Hogan said.

Etihad Airways continues to invest in its award-winning product across the network. In 2012, the airline unveiled plans for new lounges in Paris (opened in December 2012), Washington, Sydney and Melbourne.

It also opened its first European contact centre in Manchester to support customers. The call centre employs more than 190 staff and has answered almost half a million calls in 18 markets in nine languages since opening, bringing in more than US\$20 million in revenue.

Reflecting strong customer loyalty, the airline's frequent flyer program, Etihad Guest, passed the 1.8 million member mark during the year. The program was strengthened with the introduction of the PointsPay solution, allowing Etihad Guest members to redeem points for cash to purchase products in 30 million outlets around the world.

Mr Hogan said cargo continued to play an important part in Etihad Airways' success by delivering tonnage growth of 19 per cent on the back of a capacity increase of 14 per cent in available tonnage kilometres.

"Etihad Cargo is continuing to outperform the market," Mr Hogan said. "We are building strong momentum in international growth markets and through focused customer and product segmentation."

Planned fleet upgrades for 2013 include 14 aircraft, with 11 passenger aircraft deliveries and three freighter deliveries.

The orders are for nine wide bodied aircraft (6 x Boeing 777-300ER passenger, 2 x Boeing 777 freighter and 1 x Airbus 330 Freighter) and five narrow body aircraft (4 x Airbus 320 and 1 x Airbus 321). These will meet Etihad Airways' immediate growth requirements.

At the end of 2012, the company had 10,656 employees, 18 per cent up on 2011 (9,038), with more than 125 nationalities represented. The airline's Emiratisation program for cadet pilots, engineers and graduate

managers continues to be a success with 1,254 Emiratis now employed, representing 22 per cent of the core Head Office workforce.

“I am proud of our success and the enormous effort and achievements of every person working at Etihad Airways,” Mr Hogan said.

“I am excited about what the future holds and look forward to working with all our partners to maximise the return for our shareholder, enable the continued growth and evolution of Abu Dhabi, and create a remarkable experience for our passengers.”

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