ETIHAD AIRWAYS POSTS THIRD CONSECUTIVE YEAR OF NET PROFIT, UP 48% TO US$62 MILLION

Key results for 2013

- Total revenue up 27 per cent to US$6.1 billion
- Alliance strategy performs strongly, with partnership revenues up 30 per cent to US$820 million, representing 21 per cent of passenger revenues
- EBITDAR (earnings before interest, tax, depreciation, amortisation and rentals) up 30 per cent to US$979 million
- EBIT (earnings before interest and tax) up 22 per cent to US$208 million
- Net profit up 48 per cent from US$42 million to US$62 million
- Revenue passenger numbers up 12 per cent to 11.5 million
- Revenue passenger kilometres (RPKs) up 16 per cent to 55.5 billion
- Available seat kilometres (ASKs) up 17 per cent to 71.1 billion
- Fleet increased from 70 to 89 aircraft
- US$67 billion order for up to 199 aircraft and 294 engines announced in November 2013
- 94 active passenger and cargo destinations, with new services to nine additional cities to commence in 2014

- ‘Equity alliance’ grows to seven airlines
- Codeshare partners increased from 40 to 47
- Through partnerships, “virtual network” increased to almost 400 destinations
- Etihad Cargo revenues up 30 per cent to US$928 million
- Etihad Airways “World’s Leading Airline” for fifth consecutive year at World Travel Awards

Key Indicators*	**2013**	**2012 reported**	**Varian**
Total revenue (US$ billion)	**6.1**	4.8	**27%**
Net profit (US$ million)	**62**	42	**48%**
EBIT (US$ million)	**208**	170	**22%**
EBITDAR (US$ million)	**979**	753	**30%**
Revenue passengers (million)	**11.5**	10.3	**12%**
Revenue passenger kilometres (billion)	**55.5**	47.7	**16%**
Available seat kilometres (billion)	**71.1**	61	**17%**
Seat factor	**78%**	78%	**-**
Number of aircraft	**89**	70	**+19**
Codeshare partners	**47**	40	**+7**
Partner revenue (US$ million)	**820**	629	**30%**
Cargo revenue (US$ million)	**928**	716	**30%**
Cargo tonnage (tonnes)	**486,753**	367,837	**32%**
Number of employees (core airline)	**13,535**	10,656	**27%**

* Etihad Airways' Annual Financial Statements are audited by KPMG

Etihad Airways, the national carrier of the United Arab Emirates, today announced record financial results for 2013, with net profit up 48 per cent to US$62 million on revenues up 27 per cent to US$6.1 billion.

The record performance also saw earnings before interest and tax (EBIT) up 22 per cent to US$208 million and earnings before interest, tax, depreciation, amortisation and rentals (EBITDAR) up 30 per cent to US$979 million, a margin of 16 per cent of total revenues.

This marked the third successive year of net profitability, in the airline's tenth year of operation.

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

"This is another important step forward in our journey as a growing, commercially successful business. We have hit every financial target for each of the last seven years, bringing sustainable profitability to a business which has grown from just US$300 million in revenues in 2005 to more than US$6 billion today.

"We have delivered that through our unique strategy, which has seen us combine industry-leading organic growth with wide-ranging partnerships and minority equity investments in strategically important carriers around the world.

"This journey has seen us evolve from a highly successful airline into a growing aviation and travel group, with the infrastructure and strategy to develop even further in our second decade.

"We are particularly pleased to deliver a return for our shareholder, while also playing a major role in the development of trade and tourism within the emirate of Abu Dhabi."

Revenue increased by 27 per cent to US$6.1 billion (2012: US$4.8 billion), on passenger numbers up 12 per cent 11.5 million (10.3 million).

Revenue Passenger Kilometres (RPKs) – measuring passenger journeys - increased by 16 per cent to 55.5 billion (47.7 billion), while Available Seat Kilometres (ASKs) – representing capacity - grew by 17 per cent to 71.1 billion (61 billion).

These figures reflected strong growth in passenger traffic volumes, in a year when Etihad Airways added six new destinations – Washington DC, Amsterdam, Sao Paulo, Belgrade, Ho Chi Minh City and Sana'a - and increased capacity on 18 existing routes. At year's end, the average network-wide seat load factor was 78 per cent, unchanged from 2012.

The airline has announced nine new destinations for 2014 – the US cities of Los Angeles and Dallas-Fort Worth, the European gateways of Rome and Zurich, Jaipur in India, Perth in Western Australia, Phuket in Thailand, Medina in Saudi Arabia and Yerevan in Armenia.

A key driver of Etihad Airways' growth in 2013 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 it the largest route network of any Middle Eastern carrier, reaching almost 400 destinations; boosted sales and marketing opportunities in key markets around the world; and allowed significant business synergies and cost savings.

This strategy delivered revenues of US$820 million in 2013, up 30 per cent (US$629 million), and represented 21 per cent of total passenger revenues for Etihad Airways.

Mr Hogan said: "Our codeshare partnerships have been an important part of our business performance for the last seven years. But it is our equity investments which are really taking off

now, allowing us to build integrated networks and schedules, develop common products and services and most importantly, identify business and cost synergies. These synergies are outstanding. Our joint purchasing taskforces are delivering real and significant savings across all equity alliance members, giving each of us real competitive advantage through lower unit costs."

In addition to its four existing equity partners – airberlin, Air Seychelles, Virgin Australia and Aer Lingus - Etihad Airways announced investments in three additional carriers in 2013.

Regulatory approval was received in November to acquire a 24 per cent stake in India's Jet Airways. At year's end, Etihad Airways was awaiting regulatory approval for two other investments, a 49 per cent stake in Serbia's national carrier, Air Serbia (formerly Jat Airways) and a 33.3 per cent shareholding in Darwin Airline, a regional carrier based in Switzerland.

In August, Etihad Airways formalised a five-year contract to manage Air Serbia. Then, in November, Etihad Airways announced the creation of a new sub-brand, Etihad Regional, which Darwin Airline would become the first to adopt.

Etihad Airways also increased its stake in Virgin Australia from nine per cent to 19.9 per cent through incremental on-market purchases, after receiving approval mid-year from Australia's Foreign Investment Review Board. Etihad Airways demonstrated further support for Virgin Australia by participating in its AUD$350 million capital raising.

Etihad Airways commenced seven new codeshare partnerships in 2013, entering agreements with South African Airways, Kenya Airways, Air Canada, Korean Air, Air Serbia, Belavia and Air Baltic, taking the portfolio total to 47. Together with the equity partner airlines, these deals increased the virtual network of Etihad Airways to almost 400 destinations.

Etihad Airways' cargo division delivered a standout performance

in a stagnant air freight market, with cargo revenues up 30 per cent to US$928 million (US$716 million) on volumes up from 367,837 to 486,753 tonnes.

“This shows what focused business strategy can deliver,” said Mr Hogan. “We have identified cargo as a major growth opportunity for Etihad Airways and its partners, and this will be a billion dollar business in 2014.”

In 2013, Etihad Airways also made important investments in its long term business infrastructure, diversifying its activities to ensure greater control over its own service standards and delivery.

In January, it acquired three subsidiaries of Abu Dhabi Airports Company (ADAC) – Abu Dhabi Cargo Company (ADCC), Abu Dhabi In-Flight Catering (ADIFC) and the ground handling business, Abu Dhabi Airport Services (ADAS). From this investment, Etihad Airways created a new wholly-owned subsidiary, Etihad Airport Services, which now operates Etihad-branded ground handling, cargo and in-flight catering services not only to support its own services, but those of other airlines at the Abu Dhabi hub. This transaction transferred more than 4,000 new employees to Etihad Airways.

In February, the airline concluded the implementation of the SabreSonic information technology system as a single platform for passenger services functions including websites, reservations, airport check-in and baggage dispatch and retrieval. The partnership with Dallas-based Sabre Airline Solutions represents a 10 year, US$1 billion commitment.

As well as improving the total product delivered by Etihad Airways and increasing revenue opportunities, the 2013 investments and partnerships, including codeshares, enabled the company to reduce costs and increase productivity.

In accordance with its shareholder mandate to operate as a fully

commercial entity, Etihad Airways continued to build its portfolio of financing partners, increasing from 60 in 2012 to more than 70 in 2013. The airline raised US$2.14 billion on the commercial markets in 2013, bringing its total to almost US$9 billion, primarily for fleet development.

Etihad Airways also continued to strengthen its risk management through active hedging against major variables including foreign exchange, interest rates, jet fuel prices and carbon emission pricing.

“These financial institutions invest in Etihad Airways because they understand our business model and the journey we are on. They recognise a business which grows organically and through acquisition, invests in long-term infrastructure and business development, and identifies and mitigates risk across all areas,” said Mr Hogan.

In 2013, the airline received 16 passenger jets, of which 11 were new aircraft – six wide-bodied Boeing 777-300ERs, four narrow-bodied Airbus A320-200s and the airline’s first Airbus A321.

There were also five wide-bodied Airbus A330-200s obtained from Jet Airways, three of them leased and two purchased.

Etihad Cargo added three new freighters – two Boeing 777-200Fs and one Airbus A330-200F. It also “wet leased” a Boeing 747-400ERF from KLM Royal Dutch Airlines, and a Boeing 747-8F from US operator Atlas Air to replace two older aircraft.

In November, 2013, coinciding with its tenth anniversary, Etihad Airways signalled its long-term growth intentions when it announced the largest fleet order in its history, for up to 199 aircraft and 294 engines, at a current list price of approximately US$67 billion.

Firm orders were announced for 87 Airbus and 56 Boeing aircraft, with 56 options and purchase rights to support additional growth opportunities, not only for Etihad Airways, but potentially for

members of its airline equity alliance. The new aircraft deals also include rights to defer deliveries if required.

Combined with existing orders, including 41 Boeing 787 Dreamliners, 10 Airbus A380 super jumbos and 12 Airbus A350XWB (extra wide body), the November fleet announcement increased the airline's pipeline of new aircraft on firm order to more than 220.

In 2014, Etihad Airways plans to introduce 18 new aircraft, including its first Boeing 787-9 Dreamliner and Airbus A380 super jumbo, both of which are scheduled for delivery in the fourth quarter. The airline also concluded late in December an agreement to acquire five Boeing 777-200LR jets from Air India to help accelerate network growth.

In addition to new aircraft to accommodate traffic growth, Etihad Airways continued to invest heavily in new product during 2013, with initiatives including luxurious new airport lounges in Washington DC and Paris, new Business Class and First Class lounges in Abu Dhabi, and the commencement of a program to introduce on-board Wi-Fi, mobile phone connectivity and live television on board.

The airline also launched its Flying Nanny service, introducing more than 750 cabin crew members who have been specially trained to assist families travelling with young children.

A further measure of the airline's growth was the increased membership of the Etihad Guest loyalty program. In 2013, membership numbers increased from 1.9 million to 2.3 million, up 21 per cent, representing an average increase of 1,100 new members per day.

At the close of 2013, Etihad Airways employed 13,535 employees in the core airline business, an increase of 27 per cent over the 10,656 in 2012. Including the new Etihad Airport Services subsidiary, the group employed a total of 17,603 people

from 142 nationalities.

Of this number, the core airline employs 1,468 UAE nationals, 17 per cent more than 2012. The Etihad Airways Emiratisation program includes schemes for cadet pilots, engineers and graduate managers, in sales and at airports.

“Against a difficult economic and geopolitical environment, and fierce competition in key markets including the Middle East, Europe, Asia, Australia and the Americas, the 2013 results mark an outstanding performance,” said Mr Hogan.

“The global market remains challenging in 2014 but the macroeconomic picture is improving in key economies around the world. We believe our new model, and the investments we have made in product, service and infrastructure, mean that Etihad Airways is positioned strongly for top-line growth and bottom-line delivery.”

HIGHLIGHTS OF 2013

- Largest aircraft order in Etihad Airways’ history, with orders, options and purchase rights for up to 199 Airbus and Boeing aircraft, valued at up to US$67 billion
- Acquired 24 per cent of India’s Jet Airways
- Secured five-year management contract with Air Serbia, and announced intended acquisition of 49 per cent shareholding, subject to regulatory approval
- Announced intended acquisition of 33.3 per cent shareholding in Swiss regional carrier, Darwin Airline, subject to regulatory approval
- Announced Etihad Regional brand
- Increased Virgin Australia equity from nine per cent to 19.9 per

cent, and participated in an AUD$350 million capital raising

- Integrated Air Seychelles and Air Serbia into Etihad Guest loyalty program
- Acquired three businesses from Abu Dhabi Airports Company and established Etihad Airport Services, with Etihad-branded catering, ground handling and cargo divisions
- Commenced new passenger routes to Washington DC, Amsterdam, Sao Paulo, Belgrade, Ho Chi Minh City and Sana'a
- Introduced additional flights to 18 existing destinations in the GCC, Middle East, Australia, Africa, Asia, India, Pakistan and Russia.
- Increased from 40 to 47 codeshare partnerships, adding South African Airways, Kenya Airways, Air Canada, Korean Air, Air Serbia, Belavia and Air Baltic
- Announced codeshares with Aegean Airlines and Darwin Airline from early 2014
- Achieved 32 per cent growth in Etihad Cargo freight volumes, a standout performance in a stagnant global air freight market
- Expanded Etihad Cargo operations, including new weekly round-the-world service with Boeing 747-8 freighter and flights to other new destinations
- Won 18 awards including, for the fifth consecutive year, title of "World's Leading Airline" at the World Travel Awards

About Etihad Airways

Etihad Airways, the national airline of the United Arab Emirates,

began operations in 2003, and in 2013 carried 11.5 million passengers. From its hub at Abu Dhabi International Airport, Etihad Airways offers flights to 103 - existing or announced passenger and cargo destinations in the Middle East, Africa, Europe, Asia, Australia and the Americas. The airline has a fleet of 91 Airbus and Boeing aircraft, and over 220 aircraft on firm order, including 71 Boeing 787s, 25 Boeing 777-X, 62 Airbus A350s and 10 Airbus A380s. Etihad Airways holds equity investments in airberlin, Air Seychelles, Virgin Australia, Aer Lingus, Air Serbia and Jet Airways, and is seeking regulatory approval to invest in Swiss-based regional carrier Darwin Airline. For more information, please visit: www.etihad.com