Emirates Group Announces 25th Consecutive Year of Profit

Thursday 16 May, 2013

• Group records AED 3.1 billion (US$ 845 million) net profit

• Largest capacity increase in airline's history adding 34 new aircraft and

10 new destinations

• Emirates passes 39 million passenger milestone

• Emirates profit of AED 2.3 billion (US$ 622 million)

• dnata profit of AED 819 million (US$ 223 million)

DUBAI, UAE - 9th May 2013 - The Emirates Group has today announced it 25th consecutive year of profit and company-wide growth ending the year in a strong position despite continuing high fuel prices and a weak global economic environment. The financial year also ended with some very positive newly reached capacity milestones throughout the business.

Released today in the Group's 2012-13 Annual Report, the company posted an AED 3.1 billion (US$ 845 million) net profit, up 34 per cent from last year. Even with external challenges, the Group's revenue reached AED 77.5 billion (US$ 21.1 billion) an increase of 17 per cent over last year's results. The Group's cash balance grew by 53 per cent reaching a solid AED 27.0 billion (US$ 7.3 billion).

"Achieving our 25th consecutive year of profit in a financial year with our largest ever increase in capacity across the network is an achievement that speaks to the strength of our brands and our leadership," said His Highness (H.H) Sheikh Ahmed bin Saeed Al Maktoum, Chairman and Chief Executive, Emirates Airline and Group.

"Throughout the 2012-13 financial year the Group has collectively invested over AED 13.8 billion (US$ 3.8 billion) in new aircraft, products, services and handling facilities as well as the newly opened JW Marriott Marquis Hotel in Dubai. This investment has resulted in an increased customer base and a rise in global brand awareness. Every dirham that we earn is strategically placed back into our business and it is this tenacious approach that has allowed the Group to maintain such strong and consistent profitability under challenging circumstances."

Despite a difficult operating environment, the Group continued to invest in and expand on its employee base, increasing its overall staff count by 12 per cent to 68,000.

Emiratescontinued with its growth plan and during the financial year saw the largest increase in capacity in the airline's history receiving a staggering 34 new aircraft, the highest in any single year and an unprecedented achievement. These aircraft were funded by raising more than US$ 7.8 billion, also a first, through a variety of financing structures. Overall capacity measured in Available Tonne Kilometres (ATKMs) increased by 5.5 billion tonne-kilometres. Other significant capacity increases include launching 10 new destinations across six continents, shipping more than 2 million tonnes of cargo for the first time and carrying an additional 5.4 million passengers over last year, the highest increase in a financial year.

In the 2012-13 financial year Emirates' fuel bill increased by 15 per cent over last year to reach AED 27.9 billion (US$ 7.6 billion). With total operating costs increasing by 16 per cent compared to a revenue increase of 17 per cent over last year.

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"Managing volatile exchange rates, coupled with a persistently high fuel bill accounting for 40 per cent of our total expenditures, has required continued strong resolve," added Sheikh Ahmed. "Even with these lingering challenges we continue to grow and remain profitable despite the industry norms because we continue to rely on our proven business model and understanding of the marketplace."

"Staying the course, our strategy for growth has reaped high benefits this past financial year, which has been our strongest ever in relationship to capacity growth," said Sheikh Ahmed. "Emirates seat load factor over the last three years has been 80 per cent despite our increase in capacity by 44 per cent during the same period, showing the continued global demand for our product. In addition our capacity measured in terms of Available Tonne Kilometres (ATKMs), which includes passenger and cargo capacity, crossed the 40 billion tonne-kilometres mark, another first for Emirates."

Highlighting its sound financials and investor confidence, Emirates raised more than AED 28.6 billion (US$ 7.8 billion) in new funding mainly to secure its on-going fleet expansion, a record amount for the airline. This impressive total included US$ 587.5 million financing for additional A380's with a bond that used the debt capital market in the U.S., a first for a non-U.S. airline in years. Emirates also issued a 10-year amortised Sukuk for US$ 1 billion and raised US$ 750 million with a 12-year amortised bond matched to the payment cycle for the aircraft. It further includes more than AED 20 billion (US$5.4 billion) raised through finance and operating leases.

"We move into the new financial year with confidence and a clear vision of where we are headed. We understand that succeeding in this industry requires determination and we are unapologetic about our drive to be the best," added Sheikh Ahmed. "We strive to provide superior customer experiences and as our customers' expectations increase so do the expectations we set for ourselves. With the help of our 68,000 strong multicultural work force we have no doubt that the year ahead will again be more profitable than the last."

Emirates revenue reached a record high of AED 73.1 billion (US$ 19.9 billion) growing by 17 per cent when compared to the 2011-12 financial year. Although the average price of jet fuel did not increase over last year, it remains high and has impacted Emirates' bottom line with the airline's profit at AED 2.3 billion (US$ 622 million) representing an increase of 52 per cent over last year's results.

Carrying a record 39.4 million passengers, an increase of 16 per cent, Emirates logged a robust Passenger Seat Factor, at 80 per cent, remaining consistent with last year's results. With an increase in seat capacity-Available Seat Kilometres (ASKMs) of 18 per cent the result highlights a strong consumer desire to fly on Emirates' state-of-the-art aircraft.

Passenger yield remained steady with 30.5 fils (8.3 US cents) per Revenue Passenger Kilometre (RPKM).

Revenue generated from across Emirates' six regions continues to be well balanced, with no region contributing more than 30 per cent of overall revenues. East Asia and Australasia remained the highest revenue contributing region with AED 20.9 billion (US$ 5.7 billion) up 15 per cent from 2011-12. Europe, up 18 per cent to AED 20.1billion (US$ 5.5 billion) and the Americas up 24 per cent to AED 8.3 billion (US$ 2.3 billion) saw the most 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 13 per cent to AED 8.0 billion (US$ 2.2 billion), Gulf/Middle East up 13 per cent to AED 7.1 billion (US$ 1.9 billion) and Africa with AED 6.7 billion (US$1.8 billion) in revenue, up 10 per cent.

Emirates premium seat factor remained strong despite the global financial uncertainty. Premium and overall seat factor for the airline's flagship A380aircraft outperformed the network, highlighting the continued demand for the product from passengers.

With a further 198 aircraft on order worth over US$ 71 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 34 new wide-body aircraft during the year including 20 Boeing 777-300ERs, 10 Airbus A380s and 4 Boeing 777LRFs compared with last year's 22 aircraft. With an increased fleet, Emirates launched 10 new destinations in 2012-13 including Ho Chi Minh City, Barcelona, Lisbon, Erbil, Washington, DC, Adelaide, Lyon, Phuket, Warsaw and Algiers.

Looking forward to 2013-14, Emirates has to date announced four new routes; Haneda, Clark in the Philippines, Stockholm and Milan to New York.

New A380 destinations for the airline in 2012-13 included; Amsterdam, Melbourne, Singapore and Moscow. Bringing the total number of A380 destinations to 21. In addition, a second A380 was deployed on the existing Paris and New York routes, making both now a double daily A380 service. Two of our aircraft to London Heathrow were also upgraded to A380s, making all five daily flights now A380s.

Focusing on our customer touch points, Emirates opened three new dedicated airport lounges during the year including Milan and the new First Class and Business Class Concourse A

facilities at Dubai Airport, which are among the largest in the world, bringing the total number of Emirates lounges to 35. The existing Business Class lounge in Dubai Airport's Concourse C was also refurbished to provide passengers with an enhanced experience.

Defying the industry trend, the 2012-13 financial year has been a strong one for Emirates SkyCargo who for the first time reported a revenue over AED 10 billion reaching AED 10.3 billion (US$ 2.8 billion) mark, an 8 per cent increase over last year.

Emirates SkyCargo's tonnage increased 16 per cent reaching a remarkable 2.1 million tonnes in a shrinking airfreight market, highlighting its ability to grow revenues against the industry norm. This year, freight yield per Freight Tonne Kilometre (FTKM) decreased by 6 per cent.

Contributing 15 per cent 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 totalled 10 aircraft - eight on operating lease and two on wet lease.

Emirates' Destination and Leisure Management including hotels saw revenue of AED 460 million (US$ 125 million), an increase of 15 per cent over last year. The positive development was supported by the opening of the JW Marriott Marquis Hotel in Dubai, the world's tallest hotel, at the end of 2012.

In the 53 years of dnata, 2012-13 has been its most successful yet, coming on the back of very strong results in 2011-12. With an increase of 15 per cent over last year, dnata grew its revenue to AED 6.6 billion (US$ 1.8 billion). Overall dnatawas able to outperform last year's record to AED 819 million (US$ 223 million). More than 46 per cent of this revenue comes from dnata's growing international business. This year's figures take into account the full year results of Travel Republic and newly set-up catering related Alpha LSG Joint Venture (JV) in the UK between dnata and LSG Skychefs. The JV is only reported at equity accounting levels and last year's figures have been adjusted for comparative purposes

accordingly.

dnata's international growth continued with the addition of several new companies in its portfolio including the acquisition of En Route International Ltd, a supplier for bakery and packaged food solutions, a partnership with inflight caterer the Newrest Group and Mentor Africa, and the development of an expansive 20-acre cargo logistics centre named 'dnata City' at London Heathrow Airport to improve cargo services.

Revenue from dnata's airport operations increased by 7 per cent reaching AED 2.5 billion (US$ 674 million) making it the largest revenue stream. The positive development is primarily driven by strong volume growth in Dubai and in a number of dnata's other global operations.

Revenue from dnata's inflight catering, accounted for AED 1.4 billion (US$ 383 million) of its total revenue up 16 per cent, uplifting nearly 29 million meals during the year.

dnata's cargo handling division also witnessed growth with revenue increasing by 7 per cent to AED 1.1 billion (US$ 293 million) on account of rapidly increasing business volumes at Dubai World Central Airport and by expanding handling activities at Dubai International Airport.

For the year, dnata's operating costs increased by 17 per cent to AED 5.8 billion (US$ 1.6 billion). This growth is also influenced by the first full year integration of Travel Republic.

As of 31st March 2013, the Group employed 68,000 staff across more than 80 companies, representing over 160 different nationalities. The full 2012-13 Annual Report of the Emirates Group - comprising Emirates, dnata and their subsidiaries - is available at: www.theemiratesgroup.com/annualreport

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Photo Captions:

1) His Highness (H.H) Sheikh Ahmed bin Saeed Al Maktoum, Chairman and Chief Executive, Emirates Airline and Group

2) Concourse A, home of the Emirates A380, is the world first dedicated A380 hub

3) Concourse A, home of the Emirates A380, at sunset with the iconic Dubai skyline in the background

4) dnata's ground handling experts at Dubai International Airport, part of a 20,000-employee strong global workforce

5) dnata's 20,000 employees in 38 countries worldwide unite around a common theme of 'delighting customers'

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