

Message from the Chairman of the Board of Directors

Dear shareholders,

2019 was the first full year in which Aeroflot Group's operations were guided by the ambitious Strategy 2023 approved by our Board of Directors in late 2018.

Looking back at 2019, we can confidently say that Aeroflot once again reaffirmed its reputation as one of the most efficient and resilient Russian businesses outside the commodities sector, and as a service and technology company that is highly regarded both at home in Russia and around the world.

In 2019 Aeroflot Group grew traffic by 9% year-on-year, almost double the global industry average. Our low-cost carrier, Pobeda, maintained the strong growth momentum that it has delivered for a number of years. Established to make air travel more affordable for the people of Russia, our low-cost carrier celebrated its fifth anniversary in 2019 with a fleet of 30 aircraft, and carried more than 10 million passengers during the year. Already one of the largest airlines in Russia, Pobeda delivered phenomenal growth of 43.2% in 2019.

Increasing the convenience and accessibility of air travel for the people of Russia remains our unwavering priority. Alongside strong growth of commercial flights, we continued to offer socially oriented flat fares, which are vital for those who live in remote regions. More than 2.3 million people took advantage of flat fares offered by Aeroflot and its subsidiary, Rossiya, in 2019.

For our shareholders, who include the Russian government, the main outcome of 2019 is that it was a year of undeniable financial success. Aeroflot Group recorded a significant increase in net income for the year, despite significant pressure on the operating cost side, a challenging external environment and the considerable demands of its social obligations. This is testimony to the efficiency of Aeroflot's management team.

Our corporate governance standards receive consistently high recognition both from the Russian business community and from international experts.

The Russian Institute of Directors awarded Aeroflot a corporate governance rating of 7++, which corresponds to "Advanced Corporate Management Practices" on the National Corporate Governance Rating scale. International credit rating agency Fitch Ratings raised PJSC Aeroflot's rating from "BB-" to "BB" with a Stable Outlook as part of its annual review process.

Aeroflot remains a global industry leader in quality of service. We are actively adopting digital solutions that are important not just for aviation, but for the Russian economy as a whole. Major infrastructural developments at airports have significantly improved conditions at Aeroflot's Moscow hub at Sheremetyevo, both in terms of operational processes and the service that we offer to our passengers on the ground. We are working hard to strengthen our position in both international and domestic transit, and also to further develop inter-regional flights bypassing Moscow, in line with the Presidential directive.

In 2020 the aviation industry faces an unprecedented challenge with the halting of international flights due to the COVID-19 pandemic and as a consequence a sharp fall in passenger numbers. In response, Aeroflot has optimised its flight schedules and also rapidly redeployed part of its fleet to cargo operations. I am confident that we will emerge stronger from this global crisis thanks to Aeroflot's historical experience and the best qualities of everyone who works at the airline – their outstanding qualifications and sense of purpose in everything we do.

I hope that you will continue to be part of the growth story of Aeroflot, an essential asset for the social and economic development of Russia and its aviation sector.

Evgeny Ditrch
Chairman of the Board of Directors
PJSC Aeroflot

