



Sales and Distribution

Aeroflot sells tickets both in Russia and abroad through a variety of channels, including its website and mobile app.



aeroflot.ru/ru-en



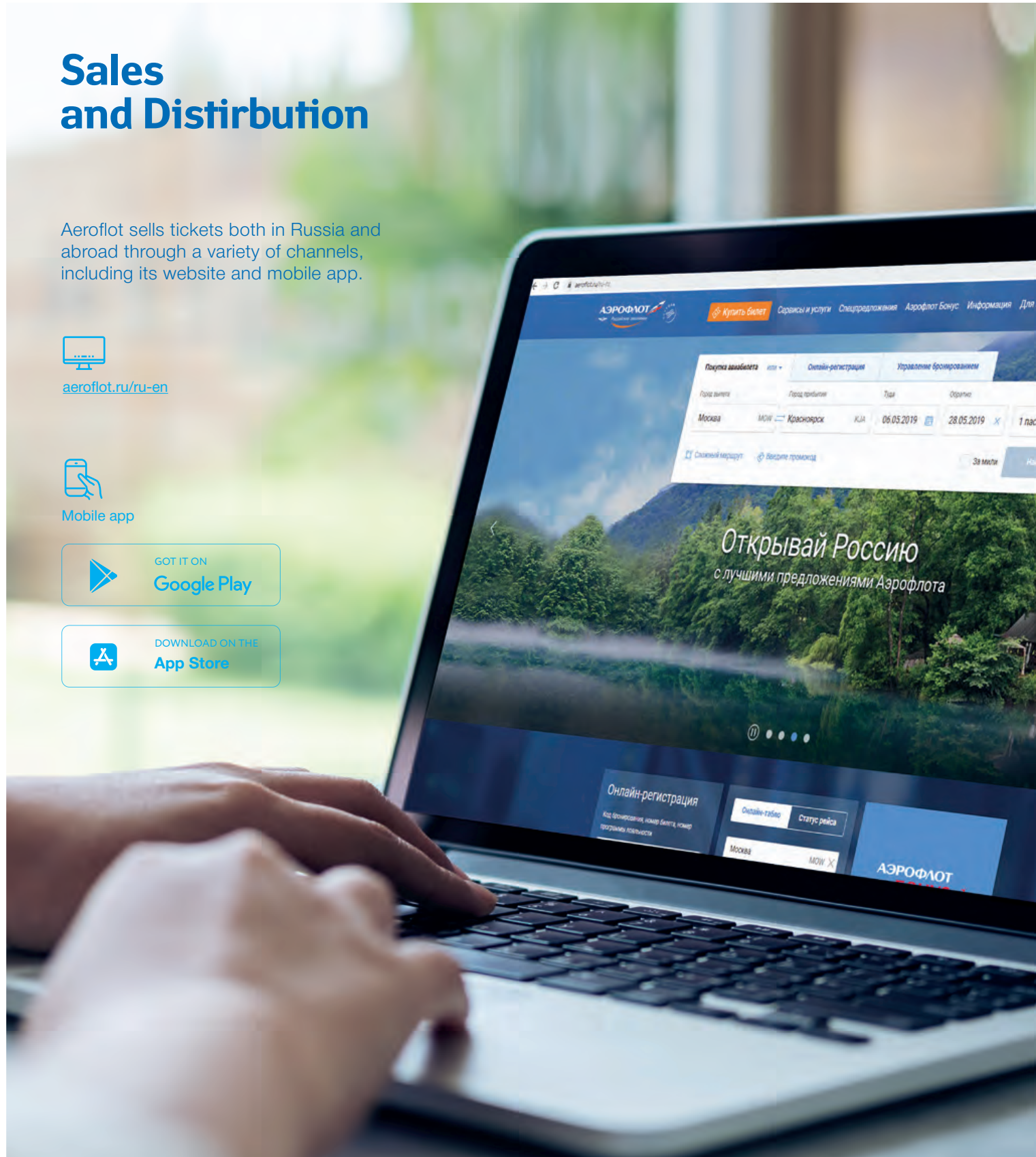
Mobile app



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The website offers tickets for flights operated both by Aeroflot airlines as well as its subsidiaries, Rossiya and Aurora, under Aeroflot's common airline code. Tickets are also sold through Aeroflot's agents operating under direct agency agreements, agents participating in independent systems (BSP, ARC, Transport Clearing House (TCH)), own sales offices and the call centre. In addition to tickets, customers can use the Aeroflot's website to purchase value-added services, such as medical insurance, transfer from an airport and other services. Pobeda airline sells tickets independently through its own website and mobile app, as well as online agencies.

Management of services operated by subsidiary airlines under codeshare agreements enables PJSC Aeroflot to centralise administration of sales, revenue, route network and fleet planning across the Group.

A common trend in air ticket sales is the development of online sales channels. The share of online and call centre sales grew by 1.5 p. p. to 36.2% in 2019 (vs 34.7% in 2018). Channel-wise, agents remain the biggest contributor to sales with 58.5%. Own sales offices accounted for 5.3% of total sales, flat year-on-year.

The share of online and call centre sales in 2019

36.2%

Sustained growth of online channel sales is expected to continue in the medium term. The share of online and call centre sales may reach

40%

within the next three-year period as the internet becomes increasingly accessible and the number of smartphones grows.



Operational Review
continued

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STRATEGIC REPORT

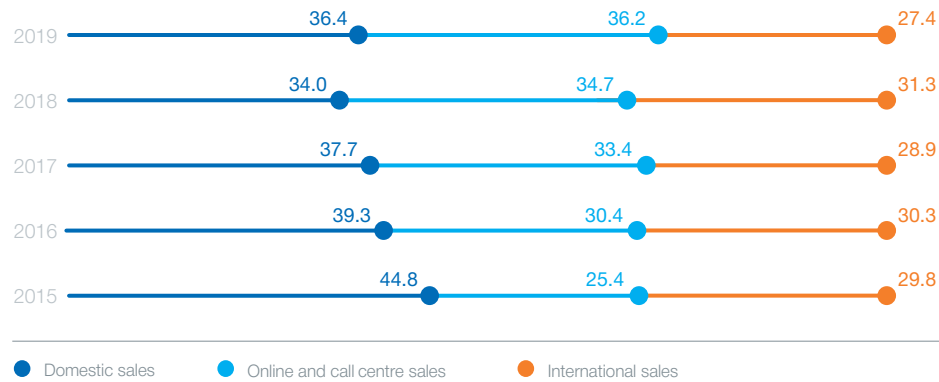
Aeroflot held meetings with major agents, including in the regions, and circulated information bulletins to its agent network to provide updates on its new routes. Marketing campaigns were held, targeting potential customers.

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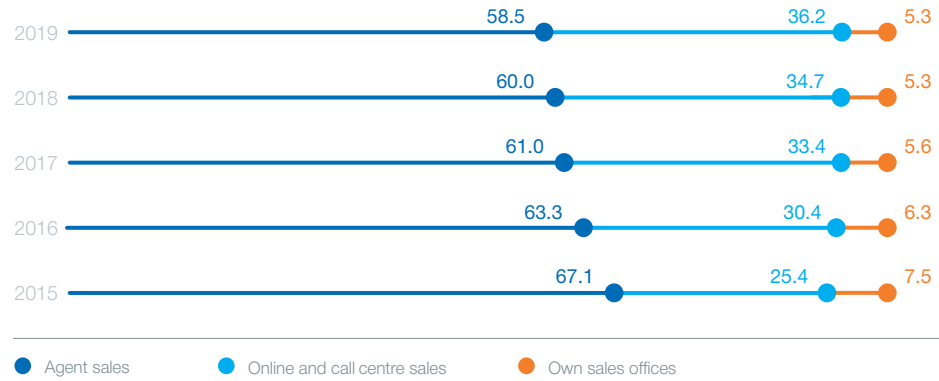
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Special exclusive rates and reward programmes such as an additional distribution fee for agents in Russia and an additional incentive programme for international agents are used to incentivise agents with a potential to boost sales for new and high-capacity routes.

Breakdown of Aeroflot's sales revenue, %



Aeroflot's sales by channel, %



Note. Online sales and sales via the call centre are made both in Russia and abroad.

Sales in Russia

The largest share of PJSC Aeroflot's 2019 total sales in Russia came from Moscow (66.7%), with Saint Petersburg (23.2%) and Russian Far East cities also making a significant contribution.

The share of agent sales in Russia was down year-on-year due to growing online sales. The share of agent sales through independent settlement systems totalled 72.4%, while sales through agents operating under direct agency agreements were 16.5%, and sales through own sales offices remained flat at 11.2%.

Aeroflot's domestic sales by channel in 2019, %



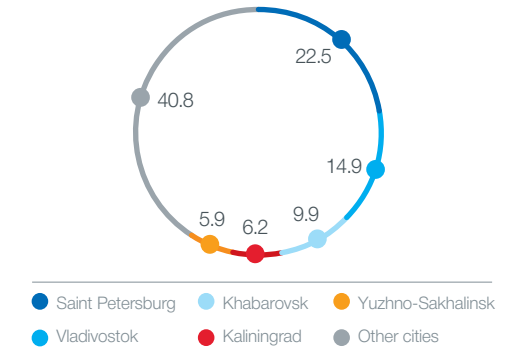
Geographical split of Aeroflot's domestic sales revenue in 2019, %



The largest share of PJSC Aeroflot's 2019 total sales in Russia came from Moscow

66.7%

Top 5 cities (excluding Moscow) by contribution to Aeroflot's domestic sales revenue in 2019, %



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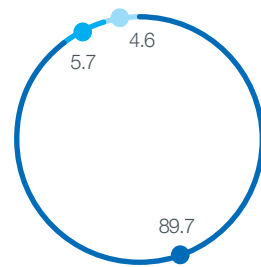
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International sales

Agent sales through independent settlement systems (BSP, ARC, and TCH) comprise the bulk (89.7%) of PJSC Aeroflot's international sales revenue. Sales through agents under direct agency agreements totalled 5.7%, and sales via own offices contributed 4.6%.

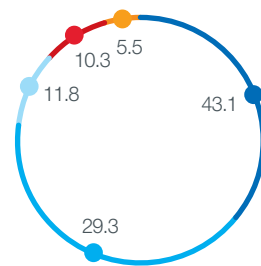
Split by region, Aeroflot's 2019 total international sales had the biggest contribution from Europe (43.8%), followed by Asia (29.3%), the Americas (11.8%), the CIS (8.6%) and the Middle East (6.5%).

Aeroflot's international sales by channel in 2019, %



- Agent sales via independent settlement systems
- Agent sales under direct agency agreements
- Own sales offices

Geographical split of Aeroflot's international sales revenue in 2019, %



- Europe
- Asia
- Americas
- CIS
- Middle East

Key priorities in international markets

- Ramping up ticket sales on international transit routes between Europe and Asia (especially on routes from China, India and Kazakhstan), as well from the USA to Israel
- Developing corporate sales (targeting major foreign companies with assets in Russia or using Moscow as a transit point for business trips between Europe and Asia or between Europe and the CIS)
- Signing incentive fee agreements with major agents in the relevant markets to drive sales of tickets for Aeroflot's flights
- Further optimisation of service distribution costs

Corporate sales

Aeroflot's corporate customers include a variety of oil and gas, finance, pharmaceutical, retail, food, construction, and other companies.

PJSC Aeroflot offers a variety of cooperation options:

- **Corporate Loyalty Programme** – a reward programme for SMEs (excluding travel companies)
- **Direct agreement with PJSC Aeroflot** for servicing corporate customers in Aeroflot's sales offices in Moscow and other Russian cities
- **Corporate agreement** involving an agent for servicing corporate customers in one or more specialist travel agencies

In 2019, the Company made a decision to change its corporate sales policy. The new approach aims at more active targeting of international corporate clients. Protecting PJSC Aeroflot's revenue on routes where the Group companies historically enjoy a high share and low competition will remain an important objective. The new programmes are underpinned by a streamlined approach across all markets and transparency of practice.

Building a shared airline retailing environment under the NDC programme

In early 2020, Aeroflot was granted IATA's Level 4 NDC certification.

The New Distribution Capability (NDC) programme is aimed at transforming the way air travel products are distributed and customising them to each customer's specific budget and preferences. NDC enables customers to access all Aeroflot's value-added services and fare families directly via metasearch engines and agents that can connect to Aeroflot's NDC gateway. The implementation of NDC will help boost revenue through higher sales of value-added services and lower selling costs.

As at the end of 2019, the NDC solution had already been implemented with metasearch engines for selected services, and integration with a pilot agent group was in the final testing stage.