

Aeroflot Group Consolidated financials (IFRS) 9M'2010

Moscow

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Finance and investments

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1. Market position of the Group

2. Performance indicators

3. Financials

4. Development plans

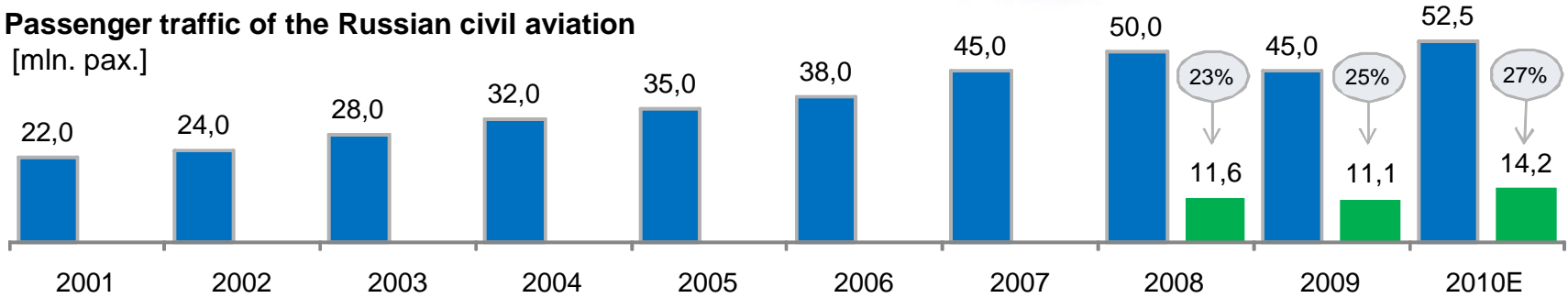
5. Conclusions

Appendix

Russian air transportation market



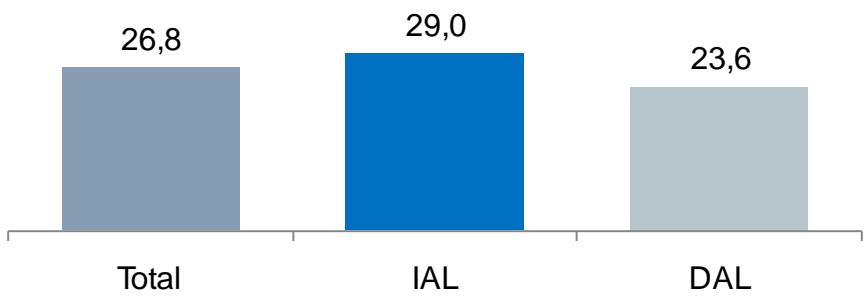
Passenger traffic of the Russian civil aviation
[mln. pax.]



Source: TCH, forecast of Ministry of Transportation

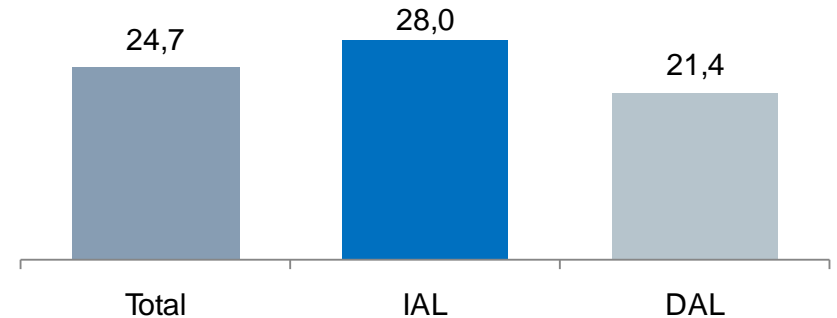
■ RCA
■ Aeroflot Group
 Group's share in the RCA

Market share of the Group for 9M'2010
[% of the passenger turnover]



Source: TCH

Market share of the Group for 9M'2010
[% of the passenger traffic]



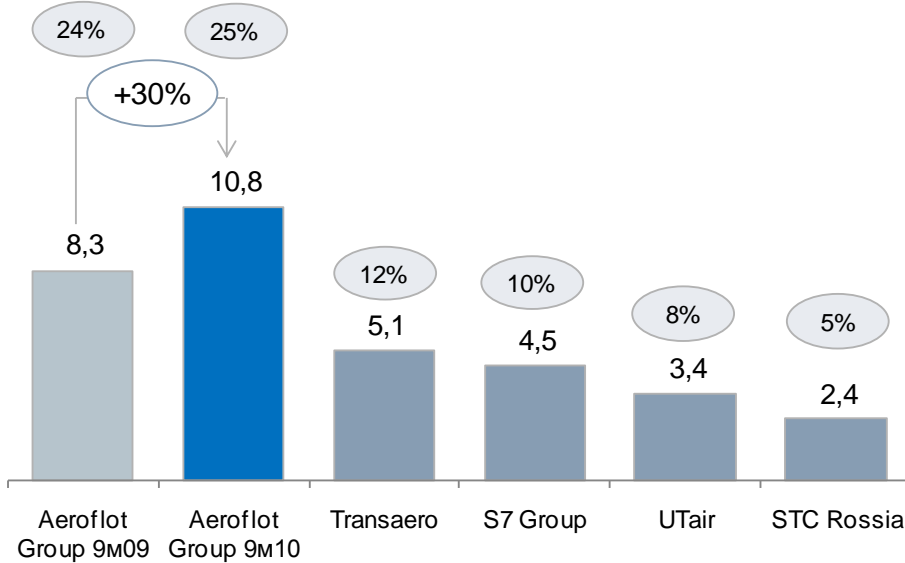
Source: TCH

- Passenger traffic of the RCA is expected to increase by 17% in 2010
- Further improving of macro economic indicators will boost demand for services of the Group

Market position of the Aeroflot Group on the Russian air transportation market for 9M'2010

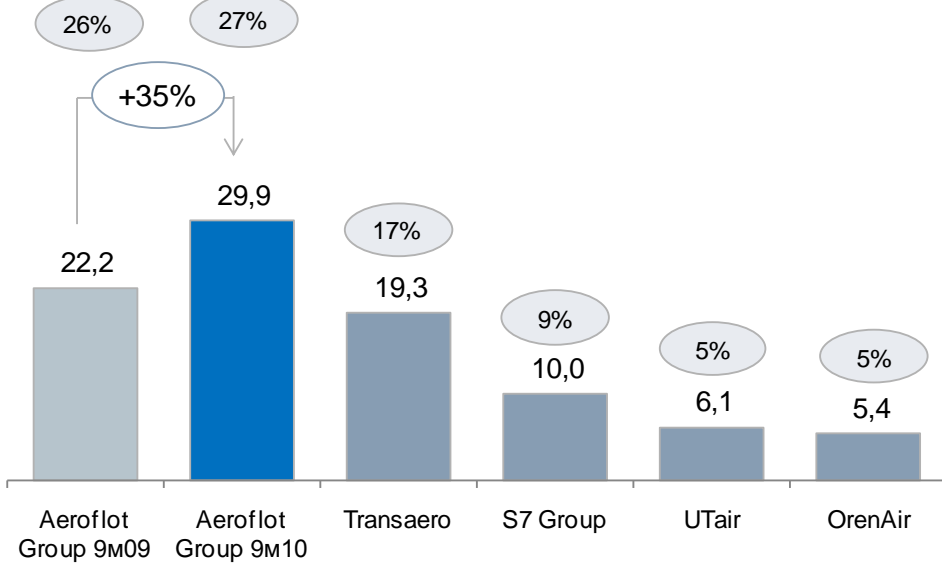


Passenger traffic
[mln. pax]



Source: TCH

Passenger turnover
[bln. rpk]



Source: TCH

○ Share in RCA

- Aeroflot is a backbone company and a recognized leader among national airlines.
- Aeroflot is going to increase the passenger turnover and the passenger traffic by 23% and 27.7% respectively in 2011.

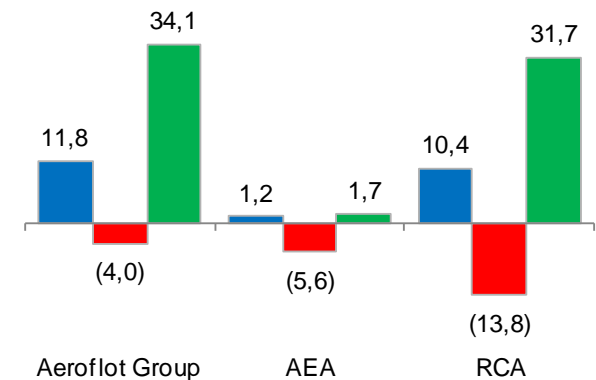
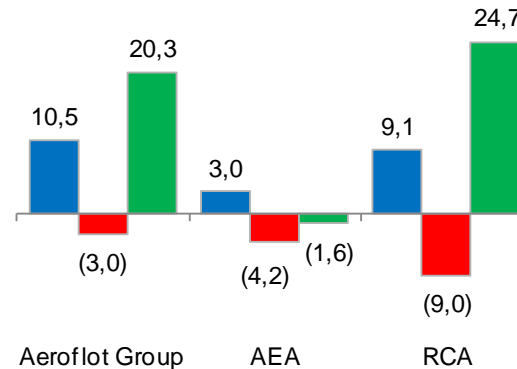
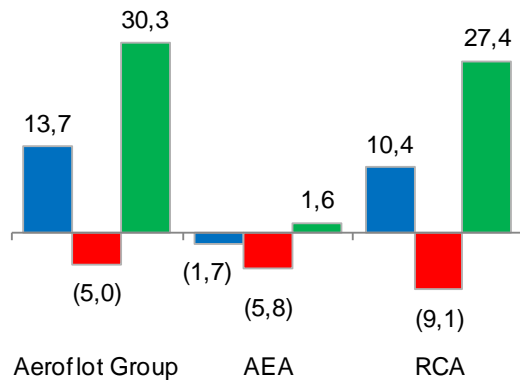
Aeroflot Group compared to AEA* and RCA**

Percent change of the main operating indicators [%]

Passenger traffic [% of change]

Available seat kilometers [% of change]

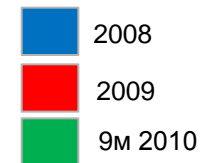
Passenger turnover (rpk) [% of change]



Source: AEA, Aeroflot estimates

* Association of European Airlines

** Russian Civil Aviation



- In 2010 the Group's growth rates of the passenger flow and the passenger turnover outrun those of the AEA and the RCA
- Aeroflot increases ASK at a slower pace than the RCA as a whole. European airlines continue to reduce ASK
- With a more restrained increase of ASK, Aeroflot passenger turnover grows in excess of the industry average

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Performance indicators

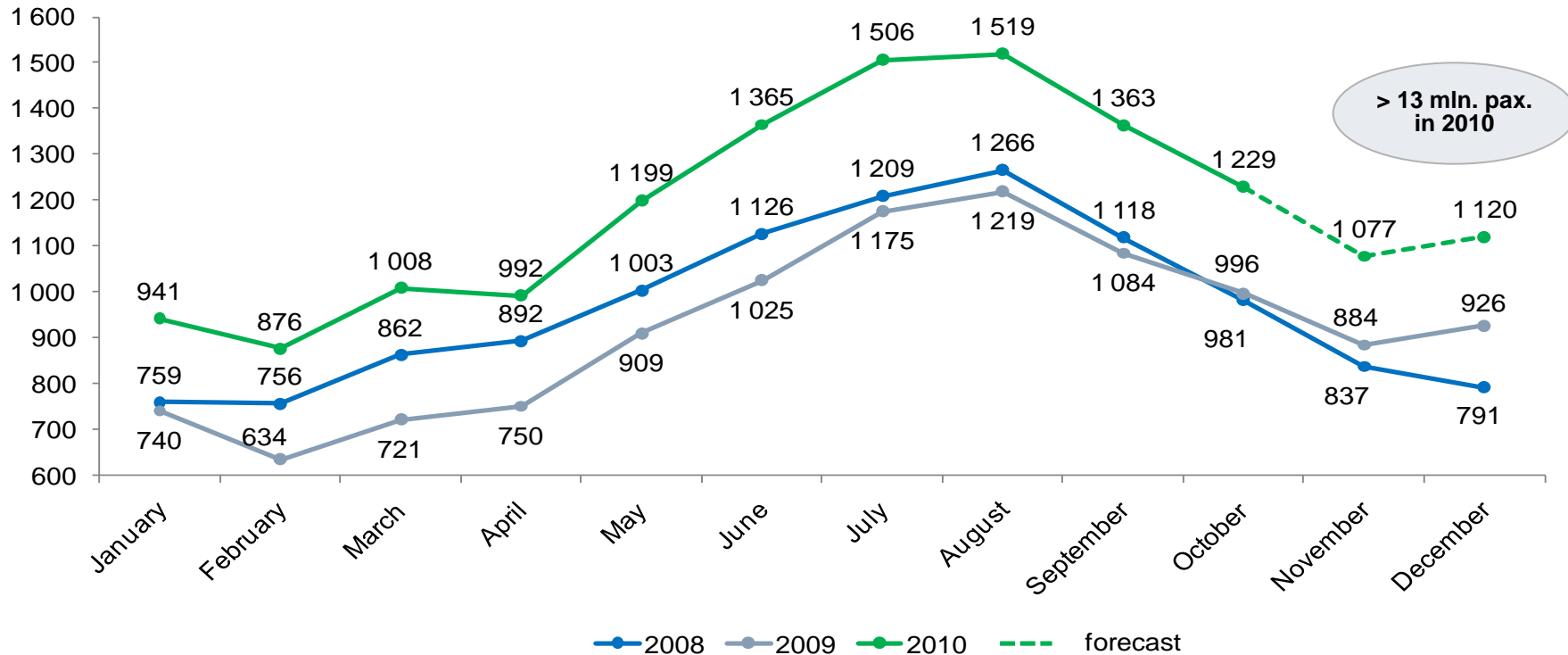
Operating indicators	unit	Group			Aeroflot		
		9m2009	9m2010	% change	9m2009	9m2010	% change
Passenger turnover	mln pkm	22 243	29 833	34%	19 214	26 251	37%
IAL		14 200	19 042	34%	12 762	17 732	39%
DAL		8 043	10 791	34%	6 452	8 520	32%
Available seat kilometers	mln kkm	31 818	38 271	20%	27 863	33 659	21%
IAL		20 853	24 593	18%	19 197	23 073	20%
DAL		10 965	13 678	25%	8 666	10 586	22%
Tonne-kilometer	mln tkm	2 557	3 379	32%	1 995	3 049	53%
IAL		1 720	2 249	31%	1 307	2 130	63%
DAL		837	1 130	35%	688	919	34%
Passenger traffic	ths pax	8 261	10 768	30%	6 500	8 533	31%
IAL		4 656	6 005	29%	4 015	5 379	34%
DAL		3 605	4 763	32%	2 485	3 153	27%
Cargo and postal traffic	tn	99 625	123 586	24%	58 476	118 345	102%
IAL		72 246	88 608	23%	35 312	88 321	150%
DAL		27 379	34 979	28%	23 164	30 024	30%
Passenger load factor	%	70%	78%	12%	69%	78%	13%
IAL		68%	77%	14%	66%	77%	16%
DAL		73%	79%	8%	74%	80%	8%
Flight hours	hr	271 240	299 997	11%	213 693	243 774	14%

Source: Aeroflot

In 9M'2010 the performance indicators increased significantly compared to 9M'2009

Recovery of demand: Traffic volume

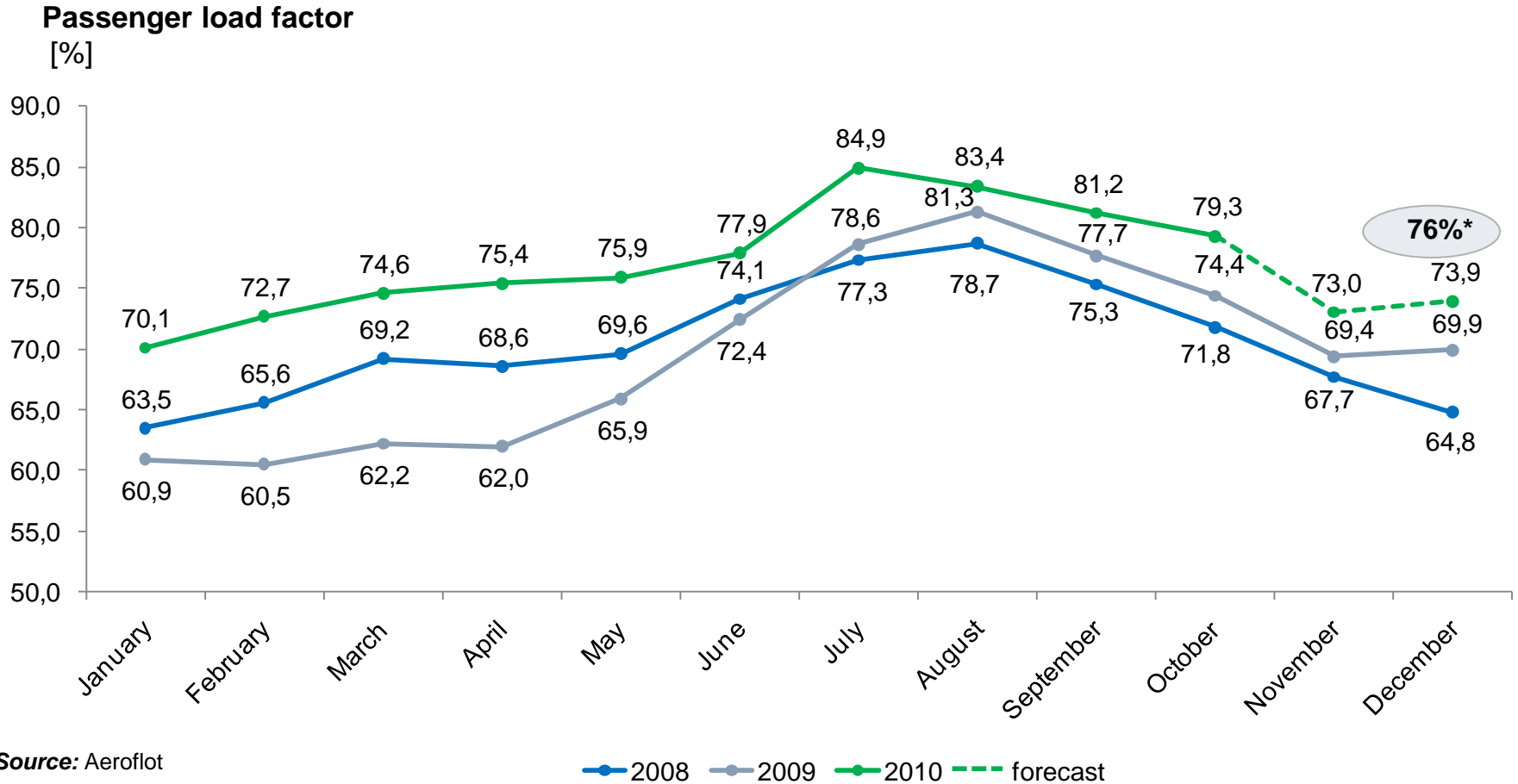
Traffic volume of the Group
[ths.pax.]



Source: Aeroflot

- Traffic volume started to increase in October 2009
- During 2010 the demand recovery has accelerated and has reached a record monthly volume of 1.5 mln. PAX during July - August 2010
- 2010 results will put the passenger traffic of OJSC Aeroflot in excess of 11 mln PAX which is a record for the company since its founding in 1994

Recovery of demand: Passenger load factor



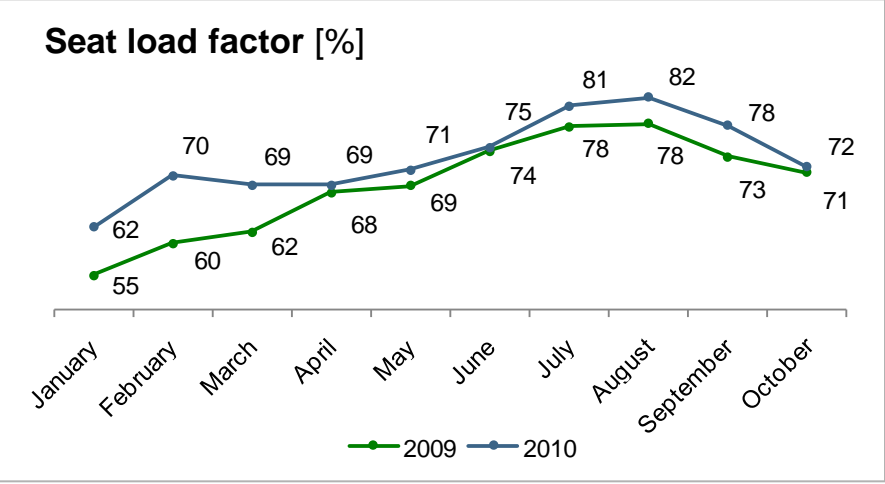
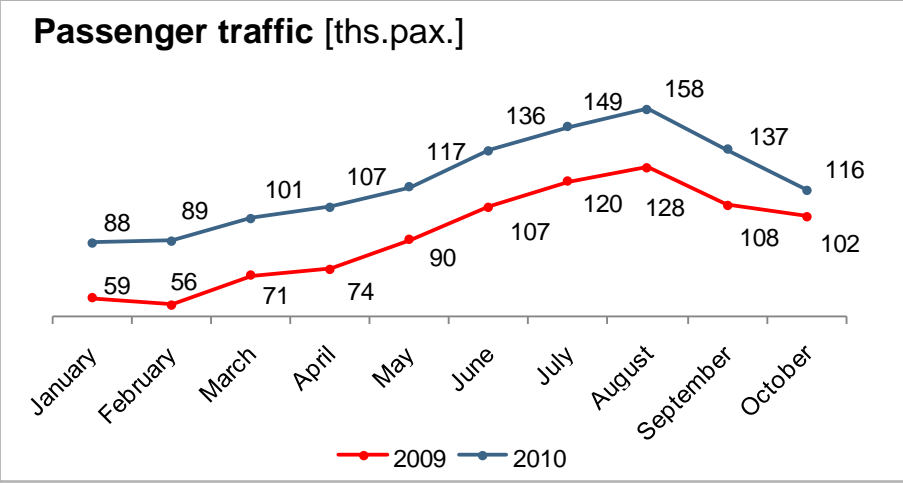
* Average passenger load factor in 2010

- Seat load factor for 10M'2010 demonstrates the achievement of historical highs
- Target average seat load factor for 2010 is 75%

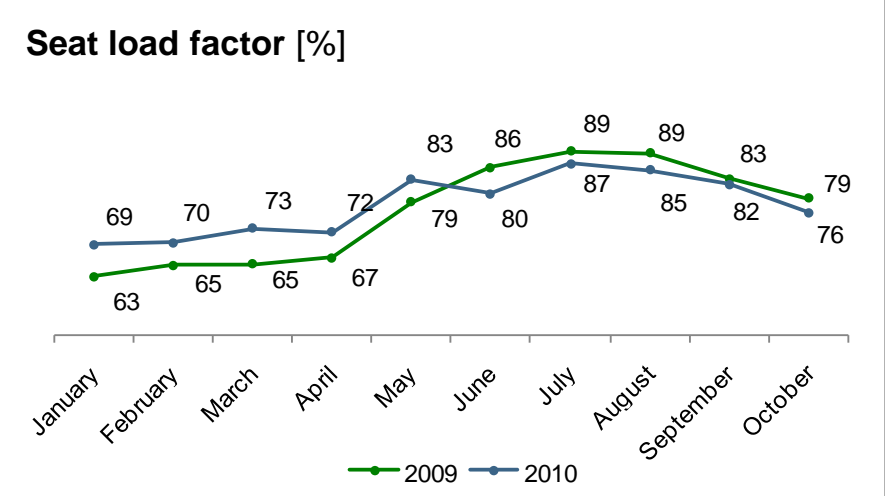
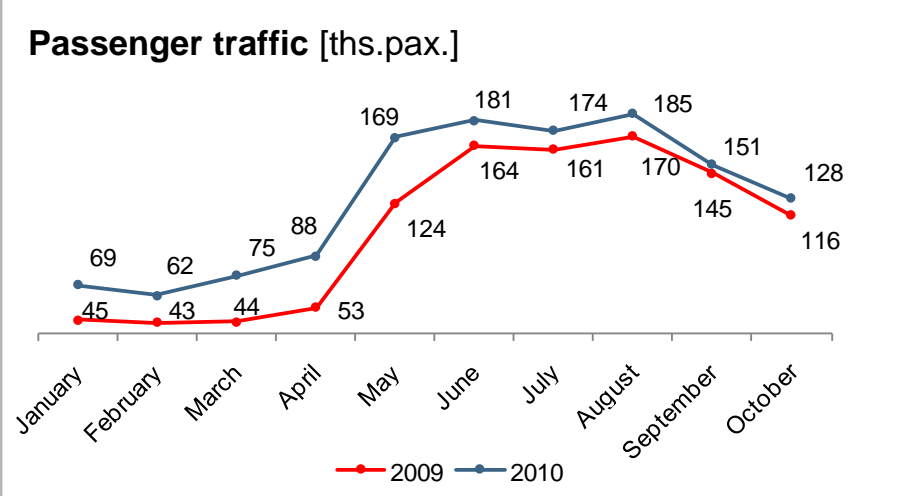
Dynamics of operating factors: Regions



Nordavia

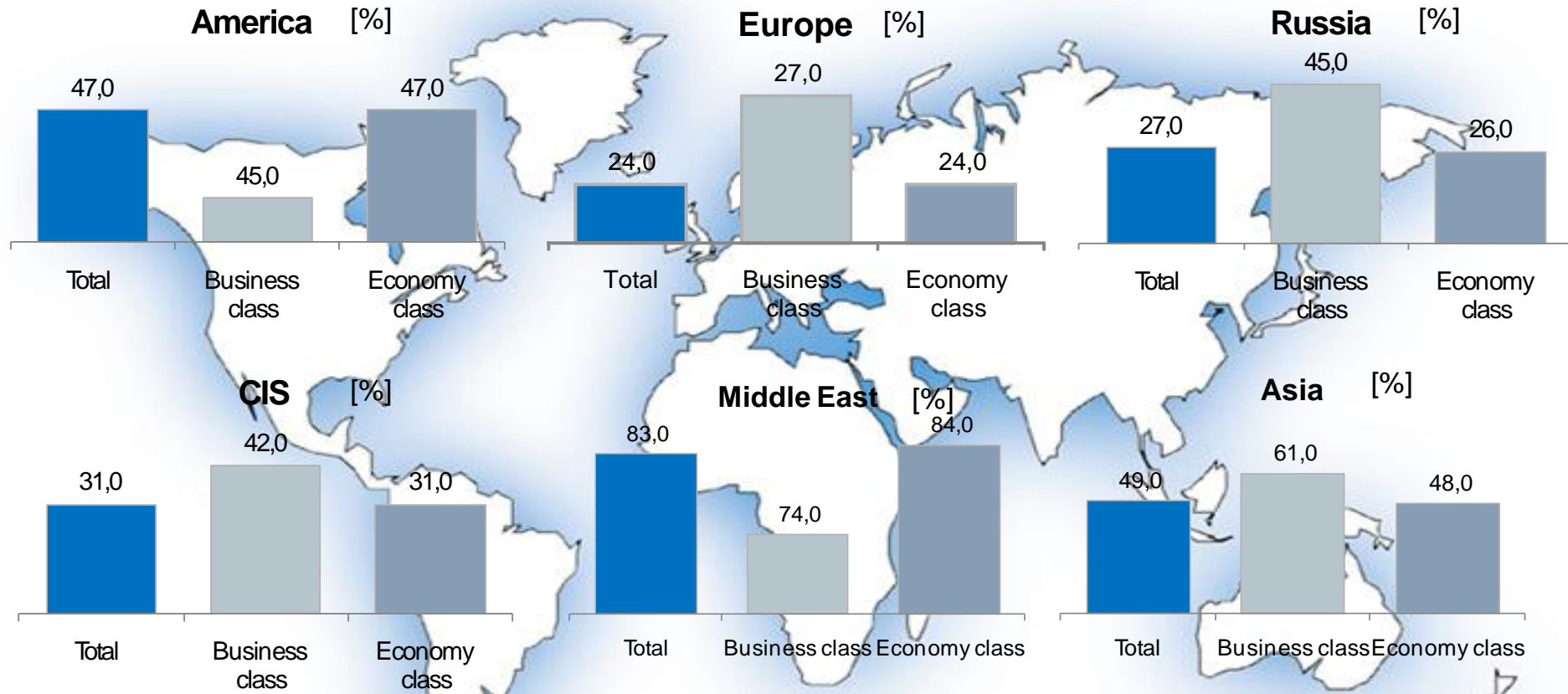


Donavia



- All production indicators of Donavia and Nordavia have grown according to the results of 10M'2010
- Comparatively lower level of the seat load factor of Donavia was caused by yields' growth

Passenger traffic dynamics of Aeroflot 9M'2010 compared to 9M'2009



- Highest growth of the passenger traffic in economy class is detected in America, the Middle East, Africa and Asia
- Growth rates of the passenger traffic in business class in Europe, Russia, the CIS and Asia prevails the growth rates of the passenger traffic in economy class
- Absolute growth leaders are the Middle East, Africa, Asia and America

Fleet of the Group as of 30.09.2010

Aircraft Type	Aeroflot	Donavia	Nordavia	Total
Owned				
Antonov 24			2	2
Ilyushin 86	2*			2
Ilyushin 96-300	6			6
Tupolev 134			8*	8
Tupolev 154	4*	4		8
Total owned	12	4	10	26
Under financial leasing				
Airbus 319	4			4
Airbus 320	1			1
Airbus 321	16			16
Boeing 737		5	2	7
Total under financial leasing	21	5	2	28
Under operating leasing				
Airbus 319	11			11
Airbus 320	32			32
Airbus 330	10			10
Antonov 24			3	3
Antonov 26			1	1
Boeing 737		5	13	18
Boeing 767-300ER	11			11
Ilyushin 86		1		1
McDonnell Douglas 11	3			3
Total under operating leasing	67	6	17	90
Total	100	15	29	144

* Operation of this aircrafts is terminated

Current fleet primarily consists of modern and fuel efficient aircrafts under operating and financial lease. As of the end of the reporting period 63% of the fleet is under operating leasing, 17% - under financial leasing.

Current structure of Aeroflot's fleet (as of 01.11.2010)

Aircraft Type	Fin. lease	Oper. lease	Owned	Total	Average age [years]
A-319	4	11	-	15	4,7
A-320	1	33	-	34	3,3
A-321	17	-	-	17	3,1
A-330	-	10	-	10	1,2
B-767	-	11	-	11	13,3
MD-11F	-	3	-	3	17,8
II-86*	-	-	2	2	19,2
II-96	-	-	6	6	16,4
Tu-154*	-	-	4	4	20,0
Total	22	68	12	102	5,2**

88% (A-319, A-320, A-321, A-330, B-767, MD-11F)
12% (II-86, II-96, Tu-154)

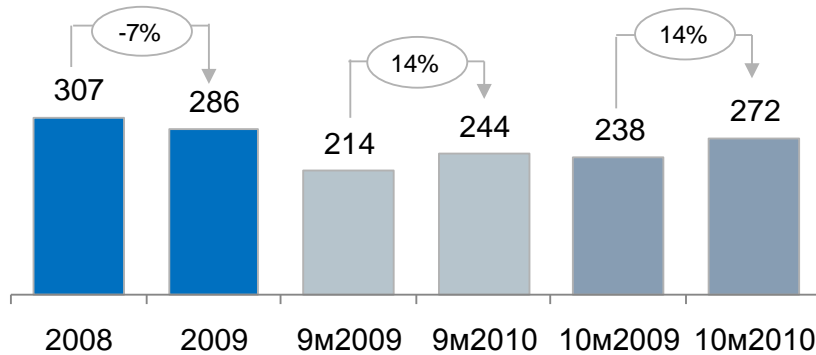
* Operation of this aircraft was terminated

** Average age of aircraft in use

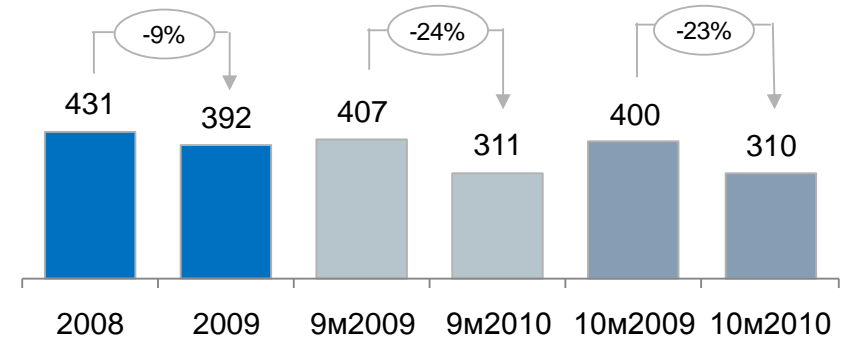
- Company operates one of the modest and youngest fleets in Europe
- Average age of aircrafts in operation is about 5 years
- Aeroflot adheres to the highest ecological, safety and noise level standards

Aeroflot's fleet efficiency

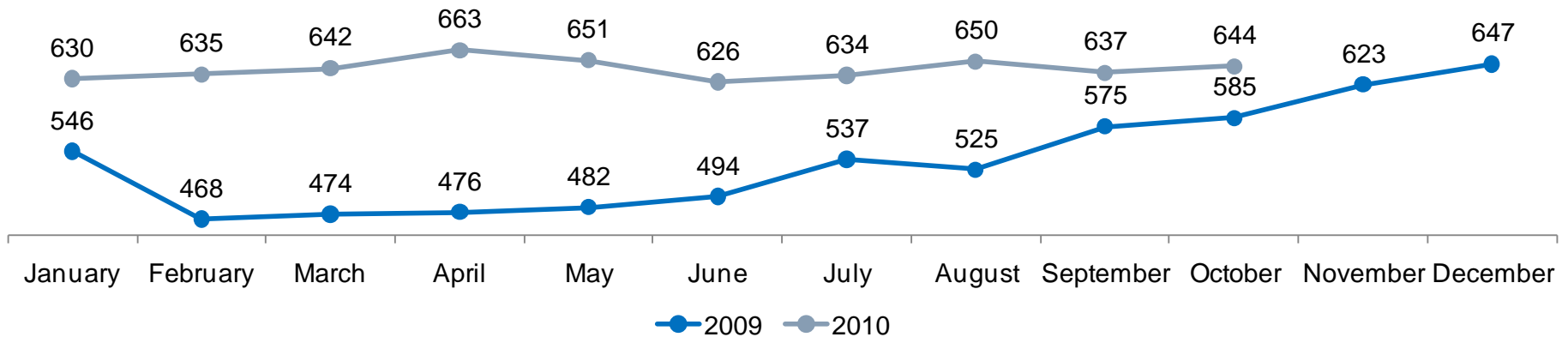
Flight hours [hr]



Specific fuel consumption [gr/tnkm]



Weighted average fuel price [\$/tn]



- During 2010 the specific fuel consumption sharply declines due to use of more fuel efficient aircrafts
- After 10M'2010 the fuel consumption for 1 tnkm is 310 grams compared to 400 grams last year

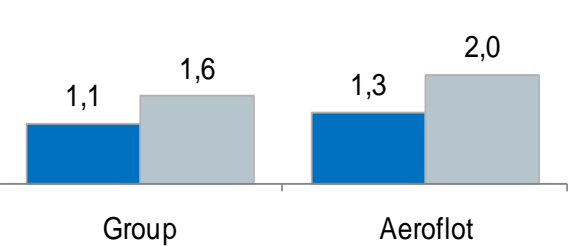
Headcount



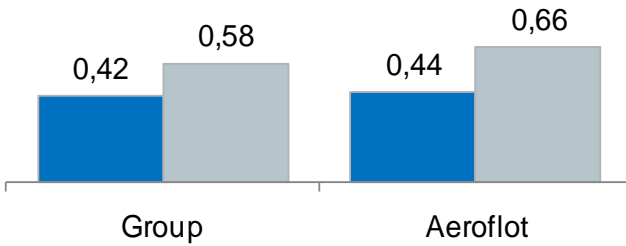
Companies of the Aeroflot Group	30.09.09	30.09.10
OJSC Aeroflot	14 261	14 001
OJSC Donavia	1 507	1 470
CJSC Nordavia	1 605	1 344
CJSC Aeroflot Plus	76	89
CJSC Aeromar	1 853	2 082
OJSC Terminal	329	721
CJSC Sharotel	283	298
OJSC Moskva Insurance company	33	28
LLC Aeroflot-Finance	-	2
Total	19 947	20 035

Working efficiency

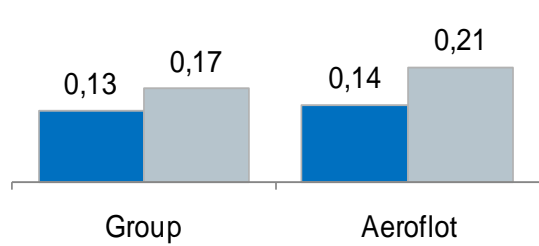
Passenger turnover/Average headcount
[mln pkm/per.]



Passenger traffic/Average headcount
[ths pax/per.]



Revenue/Average headcount
[mln \$/per.]



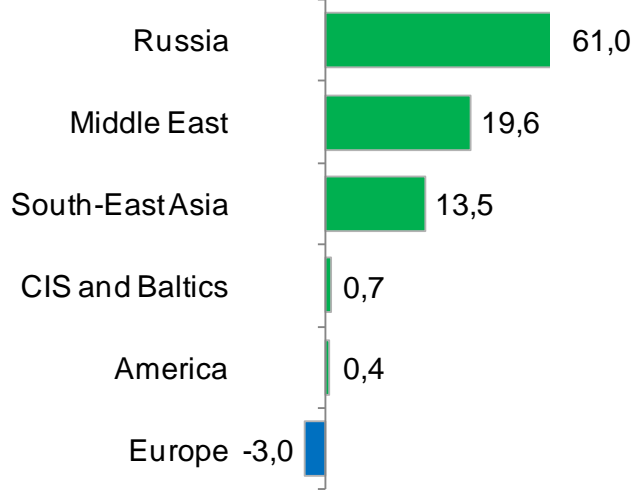
■ 9m 2009 ■ 9m 2010

- Headcount of the Aeroflot Group as of 30.09.2010 has increased by 0.4% compared to the number as of 30.09.2009 mainly due to the commissioning of Terminal D and growing amount of work with Aeromar
- Indicators of labor productivity have increased for Aeroflot and the Group respectively

- According to the winter schedule 2010/2011, Aeroflot flies to 103 destinations in 46 countries with an average rate of 9.6 flights per week for the route;
- Compared to the winter schedule 2009/2010, this year winter season offers 11 new destinations: Kazan, Anapa, Gelendzhik, Chelyabinsk, Surgut, Chambery, Punta Cana, Denpasar, Male, Phuket and Tel-Aviv;
- Scheduled flights account for more than 99% of all flights;
- Aeroflot operates codeshare agreements with 28 companies.

Flight type	Number of routes	Frequency of flights
DAL	27	15
IAL	76	7,7
Longhaul	23	5
Mediumhaul	80	11

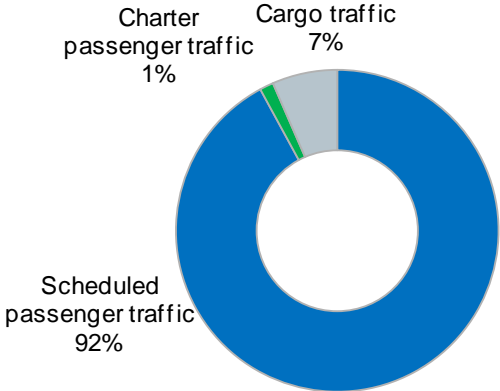
Amended number of flights per week according to the winter schedule 2010/2011 [+/-]



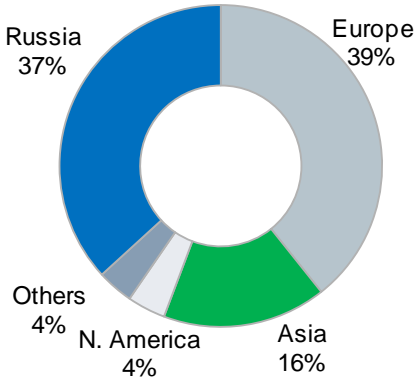
- Winter timetable comes into effect from October and includes more flights to almost all regions
- Company significantly increases the number of flights in Russia, to the Middle East and Asia
- Less flights to Europe comes from flights suspension to Bratislava and Turin, as well as from smaller number of flights to Berlin and Bucharest

Structure of the operating revenue

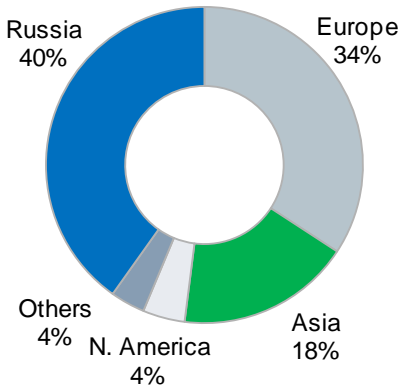
Group's operating revenue structure [%]



Group's operating revenue structured by regions 9M'2009 [%]



Group's operating revenue structured by regions 9M'2010 [%]



- Russia and Europe remain key markets for the Group
- Scheduled passenger traffic accounts for 92% of all transportation
- Results in 9M'2010 show highest earnings' growth in the Middle East, Africa, America and Asia

1. Market position of the Group

2. Performance indicators

3. Financials

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Appendix

Key financials of the Group

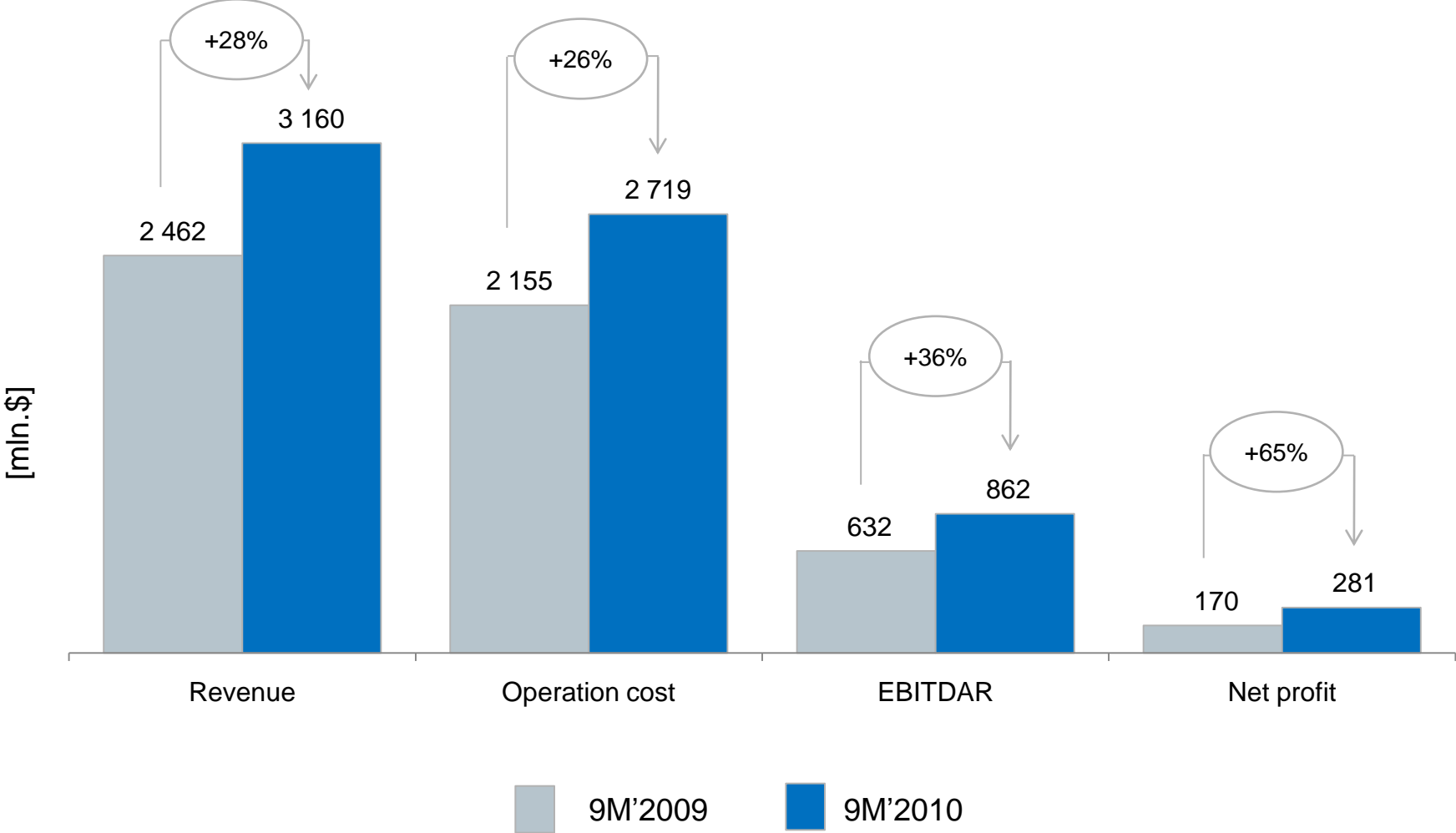
Indicators	unit	Aeroflot			Group		
		9m2010	9m2009	% change	9m2010	9m2009	% change
Revenue	mln.\$	2 793	2 113	32%	3 160	2 462	28%
Operating costs	mln.\$	2 345	1 766	33%	2 719	2 155	26%
EBITDAR*	mln.\$	799	615	30%	862	632	36%
EBITDA**	mln.\$	576	450	28%	614	430	43%
Operating profit (loss)	mln.\$	449	347	29%	441	307	44%
Net profit	mln.\$	350	259	35%	281	170	65%
EBITDA* margin	%	21%	21%		19%	17%	
EBITDAR** margin	%	29%	29%		27%	26%	

* EBITDAR = EBITDA + Finance lease costs

** EBITDA = Operating profit + Amortization + Custom duties

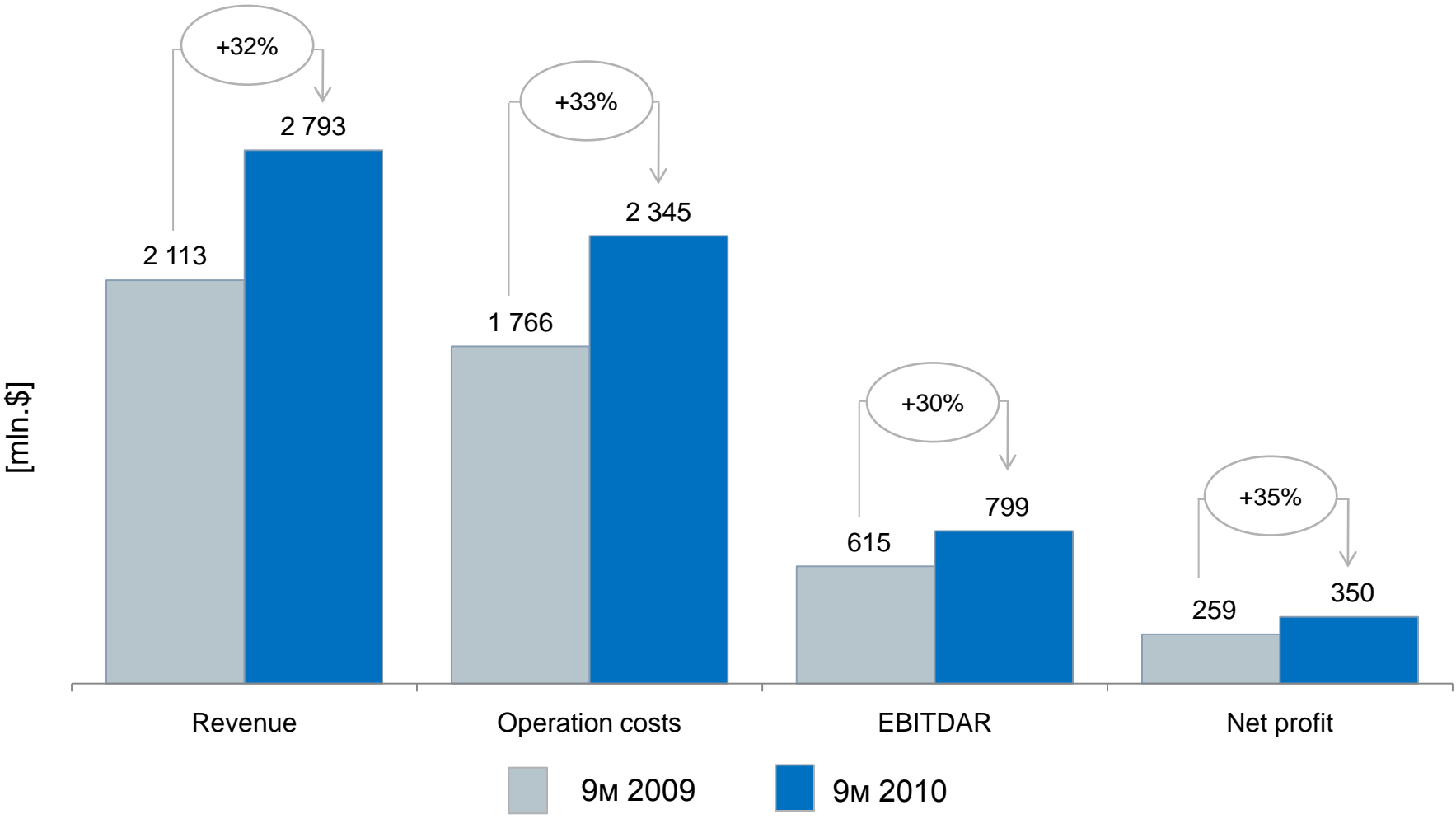
- In 9M'2010 the net profit of Aeroflot and of the Group has increased by 35%/ 65% respectively
- EBITDA profitability (the Aeroflot Group) shows an increase from 17% in 9 months of 2009 to 19% in 9 months of 2010, and remains consistently high for Aeroflot - 21%, which confirms the effectiveness of the management activities to optimize operations of the Group

Key financials of the Group



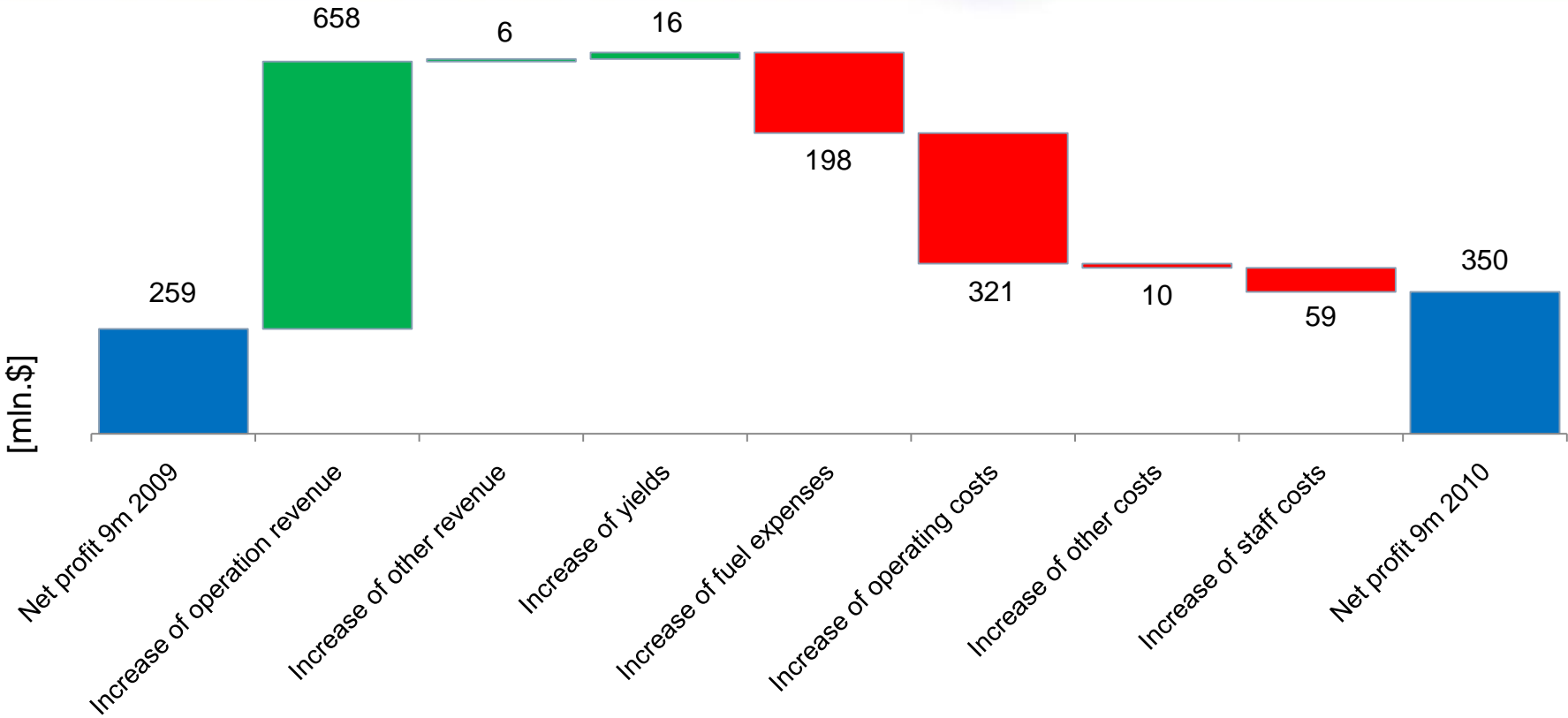
EBITDAR increased by 36%, net profit increased by 65%

Key financials of Aeroflot



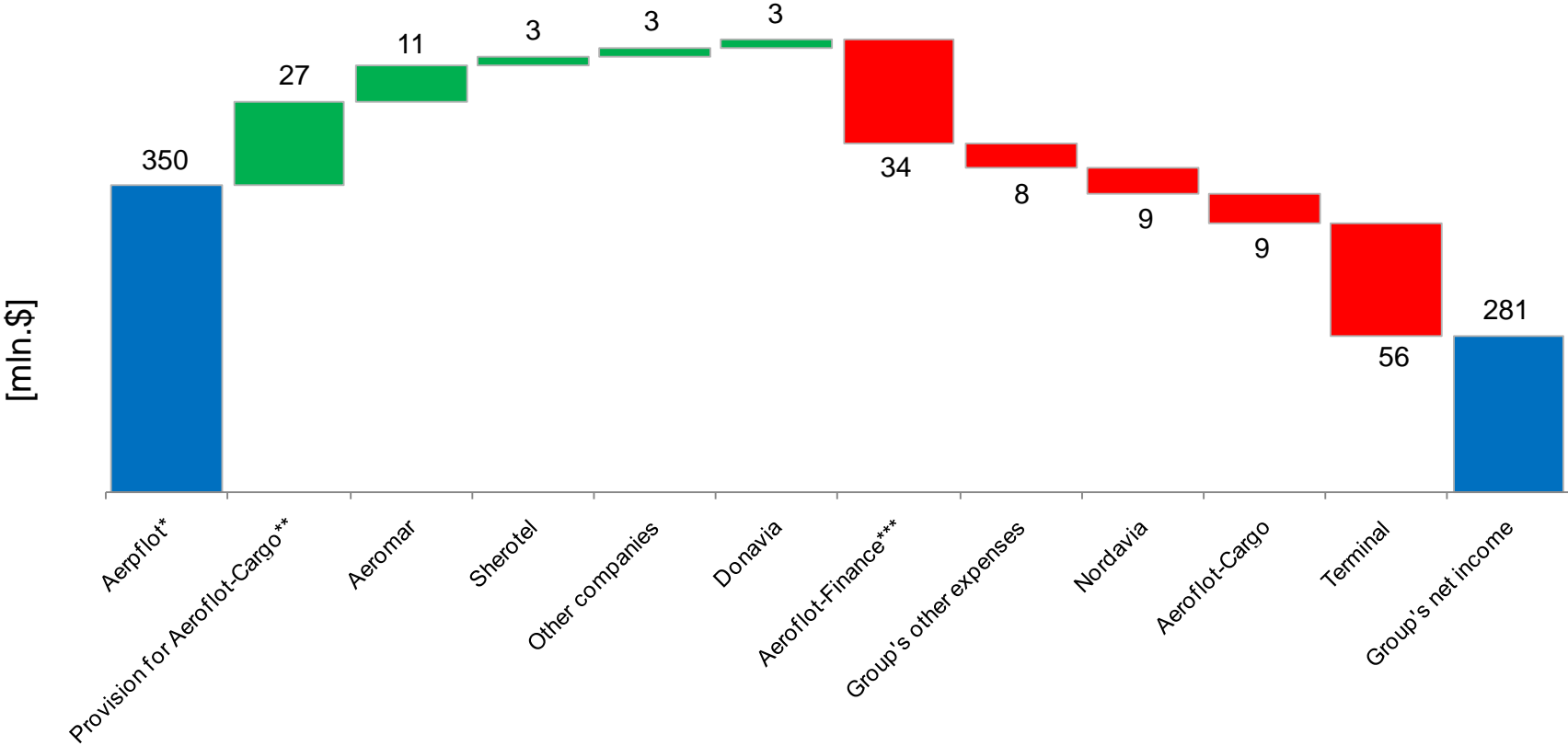
EBITDAR increased by 30%, net profit increased by 35%

Structural analysis of Aeroflot's net profit



Net profit of Aeroflot in 9 months 2010 has increased by 35%
Revenue rise due to greater traffic volume has exceeded the increase in operating expenses, including fuel expenses

Net profit structure of the Group



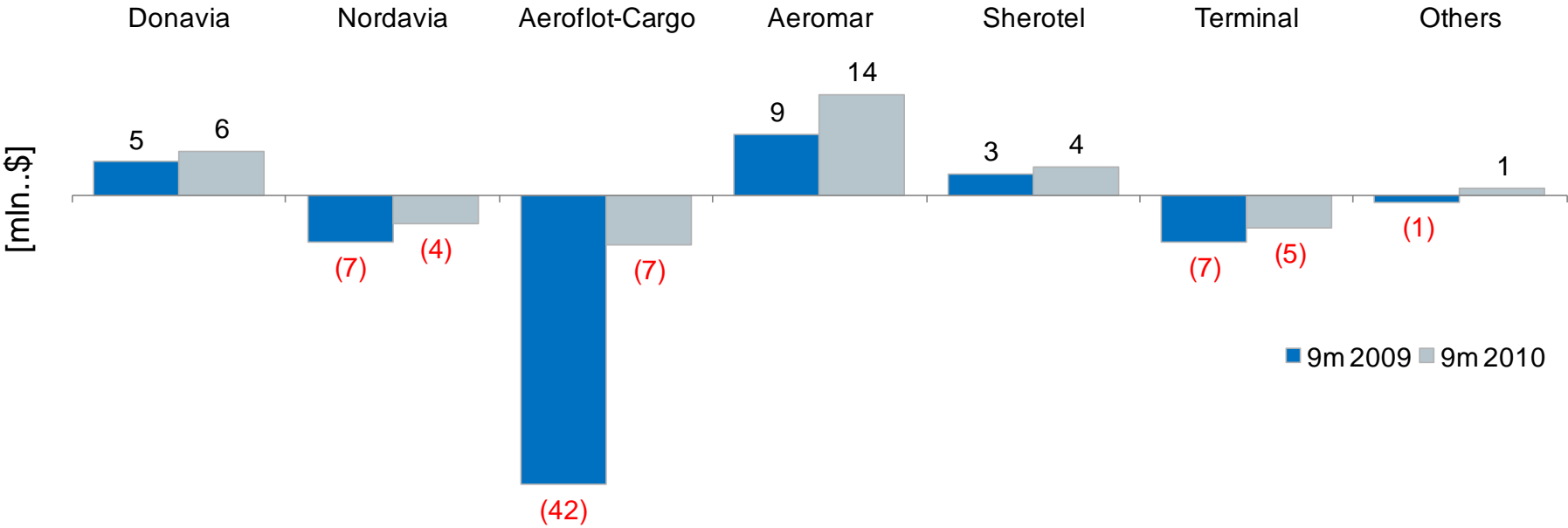
* Aeroflot's net profit includes provision for Aeroflot-Cargo.

** Renewal of provision for Aeroflot-Cargo.

*** Including interest expenses for USD25mln for the Aeroflot's loan to the sum of \$ 25 mln., which are eliminated on the group level.

Major impact on the net profit of the Group from operating loss of the subsidiary OJSC Terminal

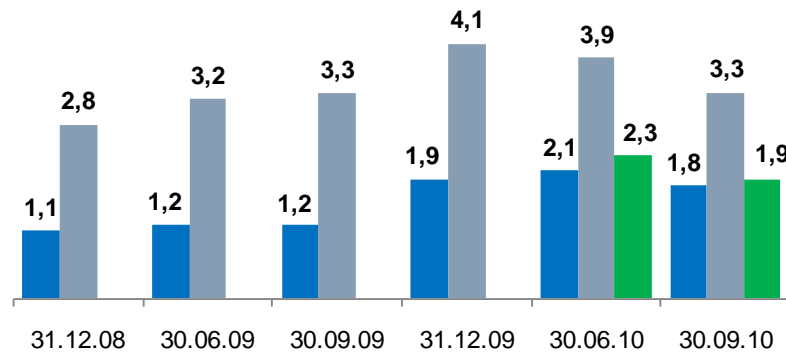
Operation profit of subsidiaries



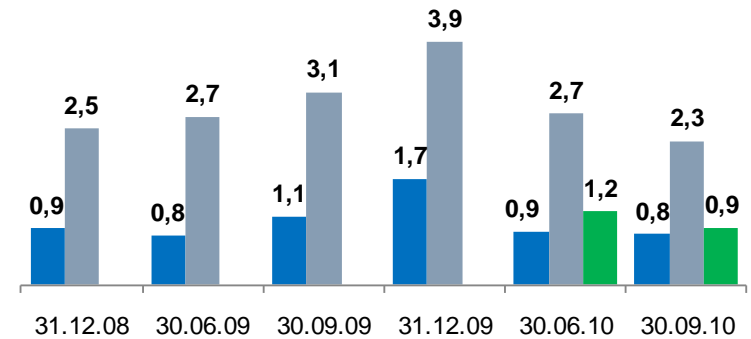
9M'2010 witnessed considerable improvement in operational loses of Aeroflot-Cargo, Nordavia and OJSC Terminal. The operation profit increased with Donavia, Aeromar and Sherotel

Indicator	unit	Aeroflot			Group		
		30.09.2010	31.12.2009	% change	30.09.2010	31.12.2009	% change
Borrowings	млн.\$	409	82	399%	1 351	976	38%
Financial lease	млн.\$	626	702	-11%	650	735	-12%
Pension liabilities	млн.\$	13	9	43%	13	9	43%
Custom duties	млн.\$	114	179	-36%	121	187	-35%
Total debt	млн.\$	1 162	972	20%	2 136	1 907	12%
Cash and short term investments	млн.\$	640	95	570%	645	132	389%
Net debt	млн.\$	522	876	-40%	1 490	1 775	-16%

Total Debt / EBITDA*



Net Debt / EBITDA*



■ Aeroflot
 ■ Aeroflot Group
 ■ Aeroflot Group, excluding Terminal's debt

* EBITDA annualized = Operation profit + amortization + custom duties expenses

Aeroflot's net debt decreased by 40%. Net debt of the Aeroflot Group decreased by 16%

Comparison with main competitors



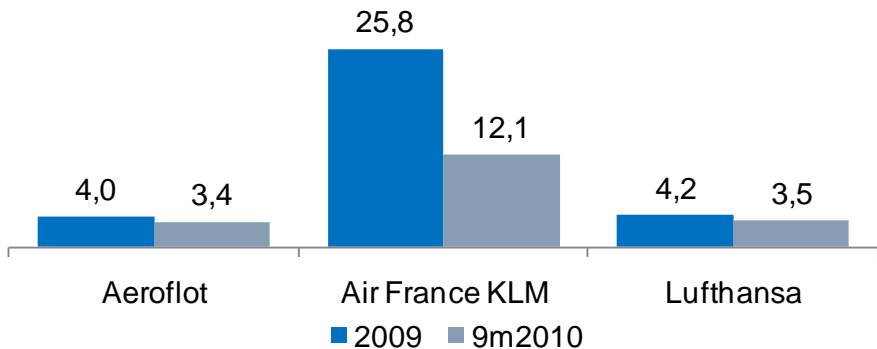
	Unit	9m2010	9m2009	% change	9m2010	9m2009	% change	9m2010	9m2009	% change
Financials										
Revenue	mln.\$	3,160	2,462	28%	26,495	22,139	20%	22,828	21,609	6%
Net profit	mln.\$	281	170	65%	646	50	1,187%	356*	-1,450	125%
EBITDA**	mln.\$	578	403	43%	2,703	2,193	23%	984	193	409%
Total Debt***	mln.\$	2,002	1,389	44%	10,053	10,268	-2%	14,870	15,008	-1%
Operation profit	mln.\$	441	307	44%	1,087	453	140%	-111	-1,492	93%
Operation indicators										
Passenger Load Factor	%	78.0%	69.9%	12%	79.7%	78%	2%	81.8%	79.7%	3%
Passenger turnover (RPK)	bln.	29.8	22.2	34%	138.4	118.3	17%	152.4	152.8	0%
Available seat-kilometers	bln.	38.3	31.8	20%	173.8	151.6	15%	186.2	191.7	-3%

* Including revaluation of WAM (ex Amadeus) shares to the sum of 750 mln. euro

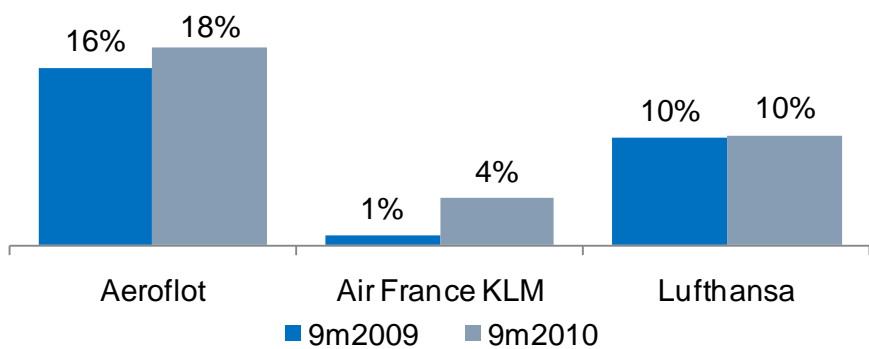
** EBITDA (annualized) = Operational profit + Amortization

*** Including borrowings and financial lease

Total debt* / EBITDA****



EBITDA margin [%]



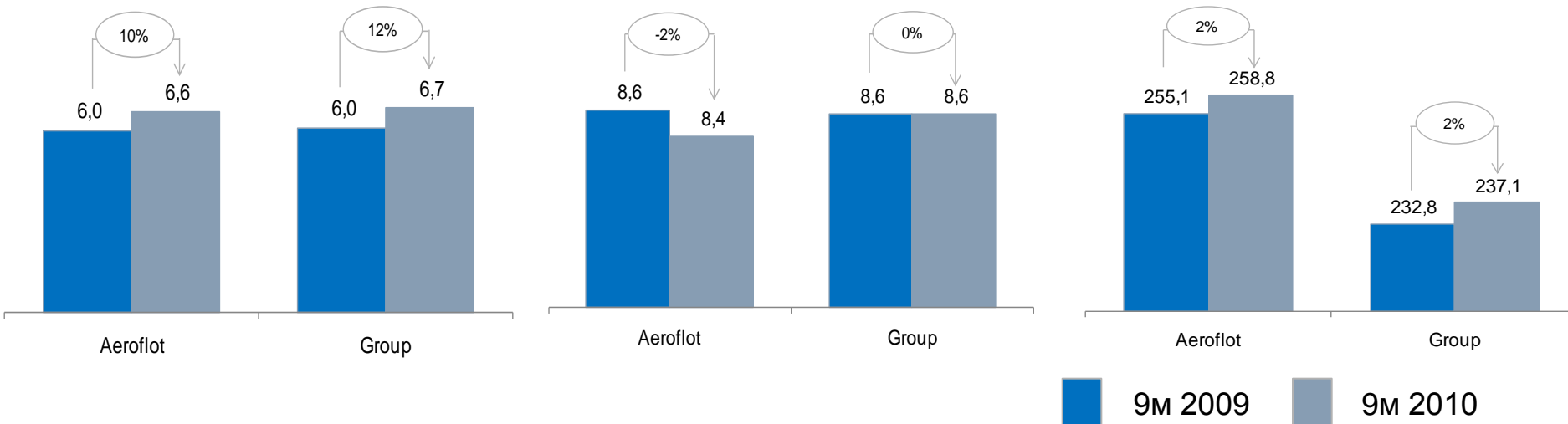
Aeroflot's EBITDA margin is a way better compared to main competitors

Total debt / EBITDA continues to display low levels

RASK PAX revenue / ASK [UScents]

Yield PAX revenue / RPK [UScents]

Passenger yield PAX revenue / PAX [USD]



- RASK growth by 10% for Aeroflot and by 12% for the Group is caused by a significant increase in transportation profitability due to increasing seat load factor
- Increase of the average flight distance by 3% for the Group and by 4% for Aeroflot resulted in a slight reduction of Yield for the Group (long haul flights always have a lower yield)

1. Market position of the Group

2. Performance indicators

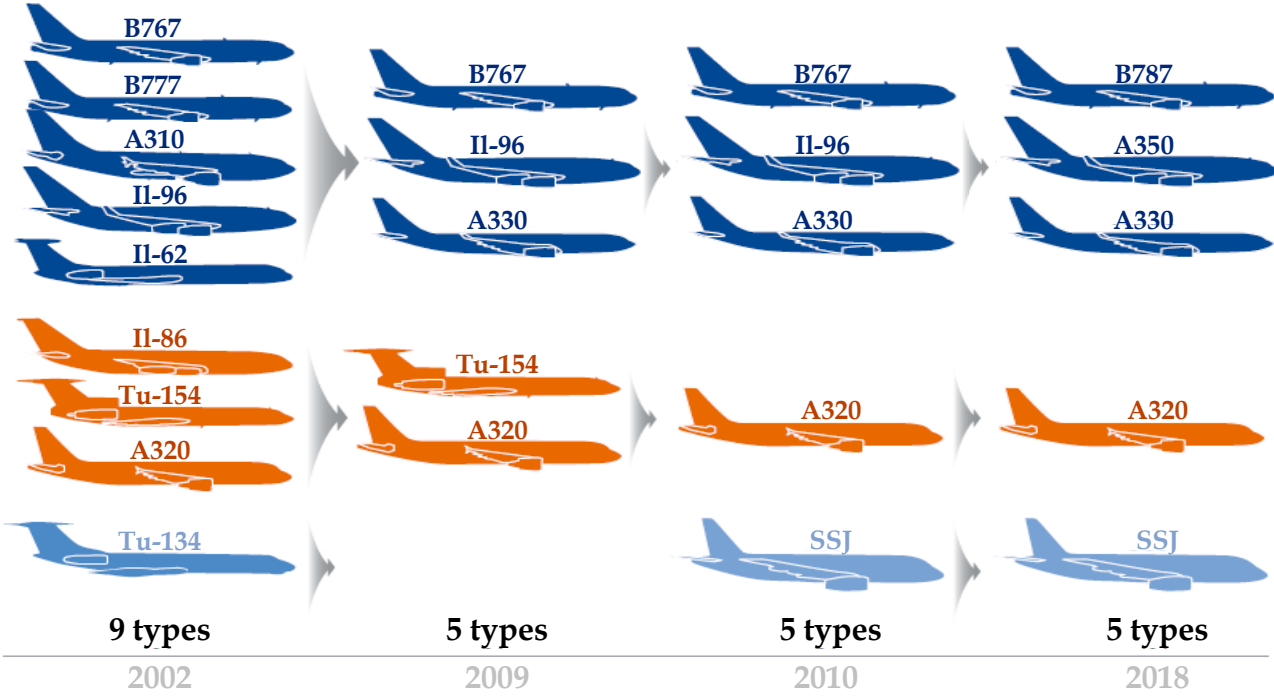
3. Financial results

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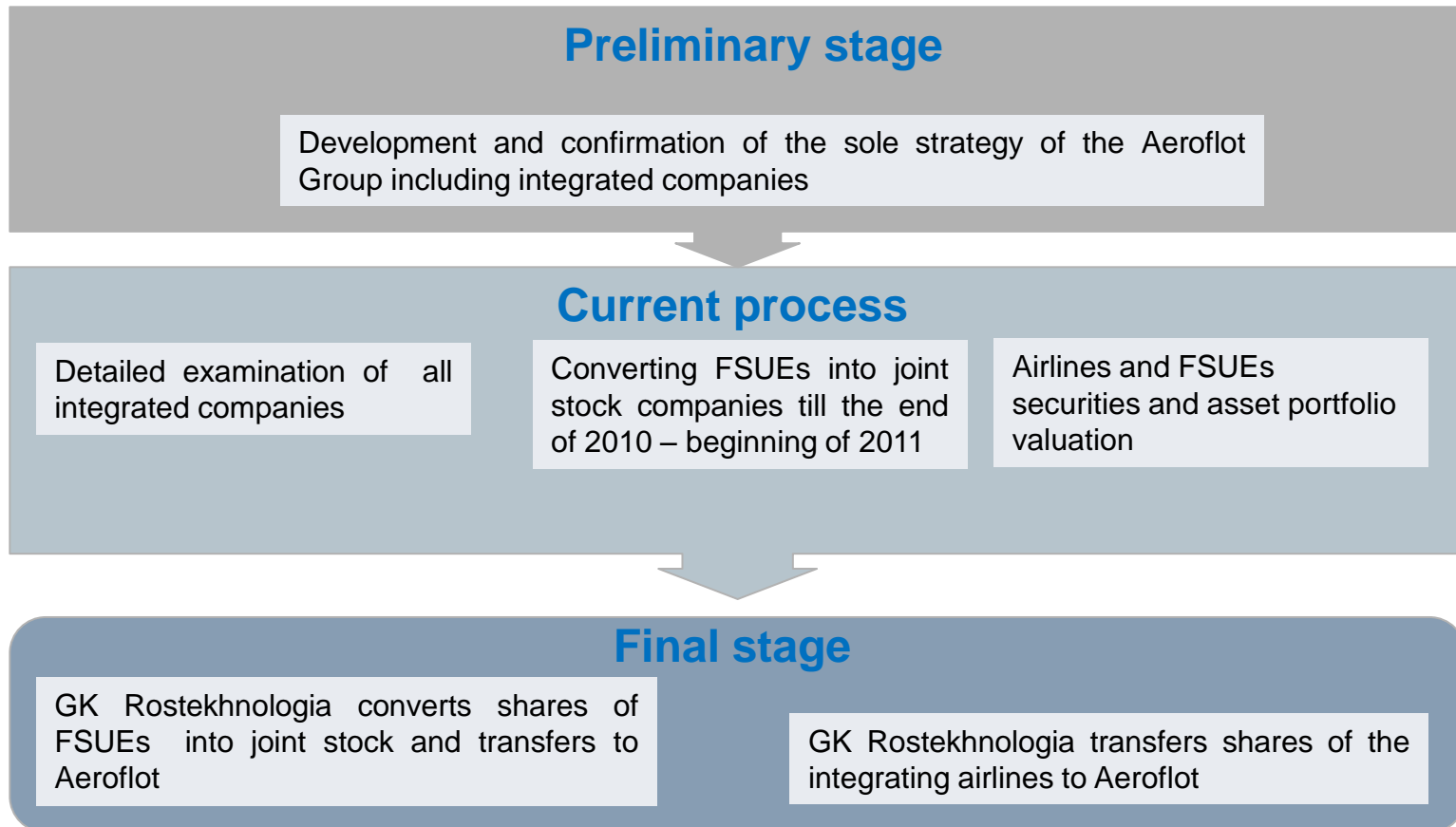
Appendix

Aeroflot's fleet modernization plans



By the end of 2010 next aircrafts are expected to be received:

- A 320 – one unit
- A 321 – one unit
- SSJ 100 – two units



Process duration: till the end of 2011

1. Market position of the Group
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1. Revenue of Aeroflot and the Aeroflot Group increased by 32% and 28% respectively. EBITDA has increased by 28% for Aeroflot and by 43% for the Group. The net profit of the Aeroflot Group incremented by 65%
2. Net debt of Aeroflot and the Aeroflot Group decreased by 40% and 16% respectively
3. 9 months of 2010 saw an increase in all performance indicators. Measures taken to optimize the route network and expert management of yields helped to spur growth of operating and financial performance in 3Q'2010. The key indicator of operating performance – the seat load factor – shows historic highs to have been reached.

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Operation income

Operation income - mln.\$	Aeroflot			Group		
	9m 2010	9m 2009	% change	9m 2010	9m 2009	% change
Scheduled passenger flights	2,185	1,635	34%	2,515	1,846	36%
Cargo traffic	174	50	250%	178	133	34%
Charter passenger traffic	24	23	3%	38	78	-51%
Total traffic revenue:	2,382	1,708	39%	2,732	2,056	33%
Airline agreements revenue	285	302	-6%	285	302	-6%
Ground handling and maintenance	12	15	-22%	10	13	-26%
Catering services	-	-	-	9	9	0%
Hotel revenue	-	-	-	12	11	12%
Fueling services	56	40	38%	22	22	2%
Other revenue	58	47	24%	89	49	84%
Total other revenue:	411	405	2%	428	406	5%
Total revenue:	2,793	2,113	32%	3,160	2,462	28%
Aircraft fuel	616	418	47%	697	518	35%
Aircraft and traffic servicing	392	279	40%	416	360	16%
Maintenance	165	142	16%	202	190	6%
Sales and marketing expenses	119	88	35%	127	97	31%
Operating lease expenses	223	165	35%	248	202	22%
Administrative and general expenses	62	57	9%	102	80	28%
Taxes, excluding profit tax	7	6	28%	21	7	201%
Passenger services	116	88	31%	108	79	36%
Communication expenses	60	42	43%	64	45	42%
Fines and penalties	1	1	3%	4	1	216%
Custom duties	31	22	41%	36	26	39%
Other expenses	82	60	36%	79	54	47%
Total staff costs	374	314	19%	477	396	20%
Amortization	96	81	19%	137	96	42%
Profit (loss) on disposal of PPE, net	1	1	8%	2	1	9%
Reserve for fixed assets impairment	(0)	2	-114%	(0)	2	-112%
Total operating costs:	2,345	1,766	33%	2,719	2,155	26%
Operational profit	449	347	29%	441	307	43%

Statement of income



Statement of income - mln.\$	Aeroflot			Group		
	9M'2010	9M'2009	% change	9M'2010	9M'2009	% change
Traffic income	2,382	1,708	39%	2,732	2,056	33%
Other income	411	405	2%	428	406	5%
Total income	2,793	2,113	32%	3,160	2,462	28%
Operational expenses	(1,875)	(1,370)	37%	(2,105)	(1,663)	27%
Staff costs	(374)	(314)	19%	(477)	(396)	20%
Amortization	(96)	(81)	19%	(137)	(96)	42%
Total operational expenses	(2,345)	(1,766)	33%	(2,719)	(2,155)	26%
Operational profit	449	347	29%	441	307	43%
Interest income	28	1	2,220%	8	2	342%
Interest costs	(45)	(22)	104%	(108)	(33)	223%
FX gain (loss), net	(9)	12	-177%	(10)	13	-174%
Share of participation in affiliated companies	-	-	-	10	6	54%
Other income (loss), net	15	15	-3%	32	(20)	-260%
Profit before tax	438	353	24%	374	275	36%
Profit tax	(88)	(95)	-7%	(93)	(105)	-11%
Net profit	350	259	35%	281	170	65%

Cash Flows Statement



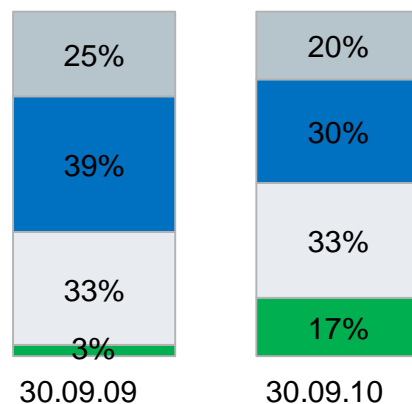
Cash flows statement- mln.\$	9M'2010	9M'2009
Profit before profit tax	374	275
Non-cash adjustments	253	112
Operational profit before changes in working capital	626	387
Changes in working capital	(46)	(136)
Net cash flow from operating activities	580	251
Proceeds from sales of fixed assets	9	4
Return of aircraft advances	-	-
Dividends received	3	2
Lease prepayments, changes in lease deposits	(66)	0
Sale/purchase of investments(net)	9	(2)
Purchases of fixed assets	(98)	(326)
Net cash flow from investment activities	(143)	(321)
Proceeds from borrowings	1 064	426
Repayments of borrowings	(700)	(243)
Interest paid	(97)	(82)
Dividends paid	(16)	(4)
Repayment of the principal element of finance lease liabilities	(83)	(59)
Sale (purchases) of treasury stock	(96)	14
Net cash flow from financial activities	74	52
FX effect	0	(2)
Net cash flow from all activities	511	(20)

Statement of financial position - Assets

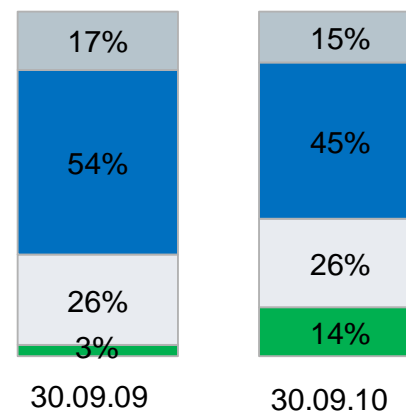
Assets - mln.\$	Aeroflot			Group		
	30.09.10	31.12.09	% change	30.09.10	31.12.09	% change
Cash and cash equivalents	300	91	230%	632	121	422%
Short-term investments	340	4	8,101%	13	10	25%
Aircraft lease security deposits	0	0	0%	5	0	100%
Assets for disposal	13	25	-47%	15	27	-46%
Accounts receivable and advances paid (net)	1,164	921	26%	1,083	944	15%
Inventory	58	55	5%	75	70	8%
Total current assets	1,875	1,096	71%	1,823	1,173	55%
Long-term investments	175	190	-8%	33	40	-17%
Other long-term assets	528	543	-3%	618	620	-0%
Fixed assets (net)	1,121	1,193	-6%	2,088	2,168	-4%
Intangible assets	27	16	72%	32	21	53%
Total long-term assets	1,852	1,943	-5%	2,771	2,848	-3%
Total assets	3,726	3,039	23%	4,594	4,021	14%

Aeroflot's assets structure [%]

- Other non-current assets
- Property, plant and equipment
- Other current assets
- Cash and cash equivalents



Group's assets structure [%]



Statement of financial position – Liabilities

Liabilities and Equity - mln.\$	Aeroflot			Group		
	30.09.10	31.12.09	% change	30.09.10	31.12.09	% change
Accounts payable and accrued liabilities	721	536	35%	853	675	26%
Deferred revenue	208	181	15%	208	186	12%
Short-term borrowings	15	82	-82%	88	156	-43%
Accrued provisions	0	0	0%	1	1	-0%
Finance lease liabilities	84	100	-16%	95	111	-14%
Deferred revenue related to frequent flyer programme	10	9	15%	10	9	15%
Total current liabilities	1,038	908	14%	1,256	1,138	10%
Financial instrument	30	0	-	30	0	-
Long-term borrowings	395	0	-	1,263	820	54%
Finance lease liabilities	543	602	-10%	555	624	-11%
Provisions	0	2	-75%	0	2	-75%
Deferred tax liabilities	64	47	35%	125	86	46%
Pension program liabilities (long-term part)	13	9	43%	13	9	43%
Other long-term liabilities	165	294	-44%	175	307	-43%
Deferred revenue related to frequent flyer programme	35	31	13%	35	31	13%
Total long-term liabilities	1,244	984	26%	2,196	1,877	17%
Minority interest	0	0		22	43	-50%
Equity	1,445	1,147	26%	1,120	963	16%
Total liabilities and equity	3,726	3,039	23%	4,594	4,021	14%

Aeroflot's liabilities structure [%]



Group's liabilities structure [%]

