ETIHAD REDUCES LOSSES IN 2017

News / Airlines, Finance

- **22%, US$ 432 million, improvement in core operating performance, driven by improved revenues and reduced costs**
- **7.3% reduction in unit costs, despite US$ 337 million adverse effect from fuel prices**
- **18.6 million passengers and 552,000 tonnes of cargo carried**
- **Business transformation programme well underway**

Etihad Airways improved its core operating performance by 22% in 2017, despite facing challenges including significant fuel cost increases, the entry into administration of its equity partners Alitalia and airberlin, and initial investment in a comprehensive business transformation programme.

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The airline increased revenues from core operations by 1.9% to US$ 6.1 billion (2016: US$ 5.9 billion), while reducing losses in the core operations by US$ 432 million to US$ 1.52 billion (2016: loss of US$ 1.95 billion). Results published for 2017 are for core airline operations and exclude any extraordinary or one-off items; 2016 figures have been restated to show a like-for-like comparison.

Passenger and cargo yields improved as a result of capacity discipline, changes to the network with an increased focus on point-to-point traffic, leveraging of technology, and improving market conditions.

A strong focus on efficiency delivered a 7.3% reduction in unit costs, despite the adverse impact of US$ 337 million from higher fuel prices.

The airline reduced administration and general expenses by 14%, or US$ 162 million, over 2016.

Etihad Airways carried 18.6 million passengers at a 78.5% load factor. Available Seat Kilometres (ASKs) increased by 1% in 2017 reflecting a significant moderation of capacity growth, and contributing to an improvement in the quality of the airline's revenues.

Etihad Cargo reduced capacity by 6%; however, revenues declined only marginally, down 0.8%, driven by stronger load factors and yields. Etihad Cargo carried 552,000 tonnes of cargo in 2017.

H.E. Mohamed Mubarak Fadhel Al Mazrouei, Chairman of the Board of Etihad Aviation Group, said: "Our airline continues to be a key driver of Abu Dhabi's vision to develop its tourism sector, grow commerce and strengthen links to key regional and international markets.

"This was a pivotal year in Etihad's transformation journey. The Board, new executive leadership team and all our employees worked extremely hard to navigate the challenges we faced. We made significant progress in driving improved performance and we are on track in 2018."

Tony Douglas, Group Chief Executive Officer of Etihad Aviation Group, added: "We made good progress in improving the quality of our revenues, streamlining our cost base, improving our cash-flow and strengthening our balance sheet.

"These are solid first steps in an ongoing journey to transform this business into one that is positioned for financially sustainable growth over the long term. I would like to thank our people for their hard work and dedication in 2017.

"It is crucial that we maintain this momentum, retaining talent and attracting leading professionals from around the world to work alongside our highly-skilled UAE national workforce."

2017 Operational Highlights

Etihad Airways received twelve new aircraft in 2017, including two Airbus A380s, nine Boeing 787-9 Dreamliners, and an Airbus A330F. These aircraft replaced 16 older Airbus A340, A330, A319 passenger and A330F cargo aircraft, which exited operations, thereby reducing the average fleet age to just six years.

In 2017, the airline announced that it will cease operating to Dallas / Fort Worth, Entebbe, Jaipur, San Francisco, Tehran, and Venice. A new route between Abu Dhabi and Baku was launched in March 2018 and services to Barcelona will start on 21 November 2018.

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The global route network was further improved with the introduction of the Airbus A380 on one of Etihad Airways' two daily services to Paris Charles de Gaulle, and the Boeing 787-9 Dreamliner on services to Amsterdam, Athens, Amman, Madrid, Beijing, Seoul, Shanghai, Nagoya, and Melbourne.

Etihad Airways recorded network punctuality of 82% for flight departures and 86% for arrivals in 2017 – results that place the airline as one of the most reliable airlines in the world for 2017. OTP (on time performance) for departures at the airline's Abu Dhabi hub was 79%, and 89% for arrivals.

Since its inception, Etihad has placed a strong focus on developing young Emirati talent into world-class aviation professionals, and by the end of 2017 employed 2,729 Emirati staff, representing 11% of the total Etihad Aviation Group workforce.

Peter Baumgartner, Chief Executive Officer of Etihad Airways, said: "Our transformation process has delivered tangible results to date, with a significant improvement in performance for 2017.

"Passenger yields for the last quarter were up a very healthy 9% versus the same period a year before. On-time performance was at record levels and operationally we continue to drive down costs without compromising on safety or quality across all areas of the business.

"The major driver to becoming a more agile and efficient organisation, resilient in a very competitive landscape, is our continued investment in skilled professionals, technology and digital innovation, which is going to allow us to become smarter, faster and even more responsive to the ever-changing needs of our customers, making Etihad the airline of choice. These developments are at the heart of our transformation strategy."

2017 results	**2017**	**2016**
Passenger Revenue (US$ billion)	**5.0**	**4.9**
Cargo Revenue (US$ billion)	**0.9**	**0.9**
Total revenue (US$ billion)	**6.1**	**5.9**
Core airline profit (loss) (US$ billion)	**(1.52)**	**(1.95)**
Total passengers (million)	**18.6**	**18.5**
Available seat kilometres (billion)	**115.0**	**113.9**
Seat factor (**%**)	**78.5**	**78.6**

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Number of aircraft	**115**	**119**
Cargo tonnage (tonnes ‘000)	**552**	**596**

[Note] Results published for 2017 are for core operations only and exclude any extraordinary or one-off items; 2016 figures have been restated to show a like-for-like comparison.

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