**A QUARTERLY UPDATE ON ETIHAD AIRWAYS’ BUSINESS PERFORMANCE**

**ON TRACK FOR 2012 PROFITABILITY**

Despite the challenging market conditions, Etihad Airways remains on track for a successful full year performance. The tough operating environment for airlines has been highlighted by the International Air Transport Association (IATA), which said the fall in oil prices had been “offset by the continued and deepening European sovereign debt crisis which had led markets to expect a further deterioration and damage to economic growth.”

Etihad Airways, however, has announced it recorded a 31 per cent increase in its Q2 2012 revenues to US$1.25 billion (2011: US$957 million), contributing to first half revenues up 30 per cent to US$2.24 billion (US$1.73 billion). Passenger numbers also leapt to 2.55 million in Q2, up 34 per cent, and to 4.89 million in the half year, thanks to increased overall capacity and improved seat factors.

The results are an endorsement of Etihad Airways’ long-term strategy, which saw the airline focus on ambitious organic growth in its first seven years. This included network development and one of the largest aircraft orders in commercial aviation history.

The airline’s strategic business plan, in addition to its continued organic growth, now includes widening and deepening its partnerships to achieve competitive scale. During the quarter, Etihad Airways took minority equity stakes in Aer Lingus and in Virgin Australia, adding to its minority shareholdings in airberlin and Air Seychelles.

Together these five airlines carried over 72 million passengers on 379 aircraft in 2011, generating combined revenues of more than US$14 billion.

**ETIHAD AIRWAYS WELCOMES FIRB DECISION**

Etihad Airways has welcomed the decision by the Foreign Investment Review Board (FIRB), announced on 19 July, to allow the airline to increase its equity stake in Virgin Australia Holdings to a maximum of 10 per cent.

Etihad Airways has a 4.99 per cent stake, which it acquired earlier in 2012, and had applied to the Foreign Investment Review Board (FIRB) to raise the level of its investment. The purchase was made following the development of a highly successful multi-tiered partnership between the two airlines that includes codesharing on flights, joint marketing initiatives, and reciprocal earn-and-burn on their respective frequent flyer programs.

Together, Etihad Airways and Virgin Australia currently operate 24 flights per week between Australia and Abu Dhabi, offering Australian travellers and visitors to Australia greater choice and access to a combined network of more than 285 global destinations.

**NEW CODESHARE PARTNERSHIP ANNOUNCED WITH AER LINGUS**

Etihad Airways has signed a new interline and codeshare agreement with Aer Lingus. The partnership follows the airline’s recent 2.987 per cent equity purchase in the Irish flag carrier. Etihad Airways and Aer Lingus will now codeshare on flights to more than 40 destinations across their respective global networks.

**RECORD DAY OF SALES**

Etihad Airways achieved a new milestone on Monday 11 June when more than 65,500 flight bookings were made. The figure was the highest number of bookings ever made in a single day with Etihad Airways and exceeded the previous record, on Monday 9 January, by 13 per cent. In addition, passenger bookings for Thursday 14 June to Sunday 17 June were the highest of any four days previously experienced by Etihad Airways. The most popular overall destinations for travel over this period were: Bangkok, Manila, London, Riyadh and Jeddah. Top premium travel destinations included Paris, Sydney and Frankfurt.
Etihad Airways’ business strategy is based heavily on partnerships – working together with like-minded airlines and businesses to improve its customer offer, to boost its commercial performance and to deliver operational and cost synergies.

Our combined equity partnerships:

- **Fleet**: 379 aircraft
- **Destinations**: 384
- **Passengers**: Over 72 million
- **FFP members**: Over 9.5 million (not including Aer Lingus FFP)
- **Combined Revenues**: US$14 billion

### Etihad Airways’ partnership levels include:

- **Strategic partnerships in which we jointly market our routes, FFP, etc**

### Codehare:

- Extending our network
- 36 codehare partners, providing 322 destinations

### Immune Commerical Agreement:

- Strategic partnerships in which we jointly market our routes, FFP, etc
- e.g. our 10-year partnership with Virgin Australia

**EQUITY INVESTMENT**

- Taking our relationship to the next level
- Identifying shares in other airlines
- Committing long-term relationships
- Banking on future success

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**During H1 2012, codeshare and strategic partnerships contributed US$281 million**

Etihad Airways currently has over 100 Special Prorate Agreement (SPA) relationships and a further 36 codeshare partnerships in place with:

- **Aer Lingus**
- **Virgin Australia**
- **Air Berlin**
- **Air Aestoria**
- **Air Malta**
- **Air New Zealand**
- **Air Seychelles**
- **Air Baltic**
- **American Airlines**
- **ANA**
- **Air China**
- **Bangkok Airways**
- **Iriqa**
- **Bosass Air**
- **Cyrus Airways**
- **Czech Airlines**
- **Flybe**
- **French Railways (SNCF)**
- **Hainan Airlines**
- **Jet Airways**
- **Kunai Airways**
- **Kuwait Airways**
- **Malaysian Airlines**
- **Maldivian Airlines**
- **Niki**
- **Olympic Airlines**
- **Philippine Airlines**
- **Royal Air Maroc**
- **Saf Airways**
- **Saudi Arabian Airlines**
- **Siberian Airlines**
- **Sri Lankan Airlines**
- **TAP Portugal**
- **Turkish Airlines**
- **Ukraine International Airlines**
- **Virgin Australia**
- **Vietnam Airlines**
- **Yemenia**

**CODESHARE**

- Extending our network
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**INTERLINE**

- VALING TO ETIHAD AIRWAYS

**IMMUNISED COMMERCIAL AGREEMENT**

- Strategic partnerships in which we jointly market our routes, FFP, etc
- e.g. our 10-year partnership with Virgin Australia

### Etihad Airways’ business strategy is based heavily on partnerships – working together with like-minded airlines and businesses to improve its customer offer, to boost its commercial performance and to deliver operational and cost synergies.

Etihad Airways, with its codeshare partners, serves 322 destinations, more than any other Gulf carrier.

**Added in 2012:**

- Tripped (three per week)
- Narnia (daily)
- Shanghai (daily)
- Buenos Aires (four per week)
- Lago (one per week)

**Announced:**

- Washington DC, US (March, 2013)
- Sao Paulo, Brazil (June, 2013)
- Ho Chi Minh City, Vietnam (October, 2013)
GLOBAL CAMPAIGN LAUNCHED

Etihad Airways has launched a major new global marketing campaign to tap into key markets and continue to drive revenues in Q3 and Q4. The campaign includes international above-the-line and online display campaigns, including development of creative for brand, product and service communications, tactical promotions and new route launches.

Etihad Airways’ new commercial, which was supported by a digital media campaign, has been viewed over three million times since starting on 1 June.

IATA OUTLOOK

In June, the International Air Transport Association (IATA) released its revised industry outlook for 2012, saying global industry profits are expected to be US$3.0 billion. The Middle East carriers are expected to post profits of US$400 million, which is less than half the profits made last year. IATA said the weakness of European-originating traffic will damage long-haul markets, but Middle East airlines continue to lead the industry on growth. Overall, capacity by the region’s carriers is expected to expand by 13.3 per cent, behind the 14.1 per cent growth in demand.

CODESHARES AND PARTNERSHIPS DELIVER CONTINUED GROWTH

Etihad Airways’ record results in Q2 were boosted by the airline’s growing network of codeshares and strategic partnerships, which together fed 800,000 passengers into the airline’s network in the last six months, contributing US$281 million.

James Hogan, Etihad Airways President and Chief Executive Officer, said the airline’s strategies allow it to drive quality revenue that will keep it on track to deliver profitability for the full year, for the second year running.

Etihad Airways beat its break even target in 2011 to record the airline’s first ever profit. The airline has committed to delivering its objective of sustained profitability and improving the result in 2012.

OUTLOOK

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Full year performance - 2011

<table>
<thead>
<tr>
<th>Key Indicators</th>
<th>2011</th>
<th>2010</th>
<th>Variance</th>
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<tbody>
<tr>
<td>Passenger revenue</td>
<td>US$ 2.96b</td>
<td>US$ 2.39b</td>
<td>+24%</td>
</tr>
<tr>
<td>Cargo revenue</td>
<td>US$ 651m</td>
<td>US$ 518m</td>
<td>+26%</td>
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<tr>
<td>Total revenue</td>
<td>US$ 4.1b</td>
<td>US$ 2.98b</td>
<td>+37%</td>
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<tr>
<td>Passengers</td>
<td>8.3m</td>
<td>7.1m</td>
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<tr>
<td>Revenue passenger kilometres</td>
<td>38.7b</td>
<td>33.4b</td>
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<tr>
<td>Available seat kilometres</td>
<td>51.0b</td>
<td>45.2b</td>
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<tr>
<td>Seat factor</td>
<td>75.8%</td>
<td>74%</td>
<td>+1.8 percentage points</td>
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<tr>
<td>Number of aircraft</td>
<td>64</td>
<td>57</td>
<td>+7 Aircraft</td>
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<tr>
<td>Number of employees</td>
<td>9,038</td>
<td>7,855</td>
<td>+15%</td>
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</tbody>
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COMING UP

Route launches:
- Addis Ababa, Ethiopia (November, 2012)
- Ahmedabad, India (November, 2012)
- Washington DC, US (March, 2013)
- Sao Paulo, Brazil (June, 2013)
- Ho Chi Minh City, Vietnam (October, 2013)

Aircraft deliveries:
- Two Airbus A320s: October and December, 2012
- One Boeing B777: December, 2012

Events:
- IATA World Passenger Symposium, Abu Dhabi: 16-18 October, 2012 (sponsored by Etihad Airways)
- Formula 1 Etihad Airways Abu Dhabi Grand Prix: 2-4 November, 2012