Etihad Airways, the national airline of the United Arab Emirates, was set up by Royal (Amiri) Decree in July 2003. Etihad Airways commenced operations in November 2003 and in nearly 10 years has become one of the fastest growing airlines in the history of commercial aviation.

The airline has received a range of awards that reflect its position as one of the world’s leading premium airline brands, including ‘World’s Leading Airline’ at the World Travel Awards for four consecutive years.

Its main business is the international air transportation of passengers. Etihad Airways also operates Etihad Cargo, Etihad Holidays, and a global contact centre organisation as part of its commercial group.

Our business

ETIHAD AIRWAYS POSTS RECORD RESULTS FOR SECOND QUARTER AND FIRST HALF OF 2013

Etihad Airways has announced its strongest second quarter and half-year financial performances on record, reflecting continued solid growth in its airline alliance strategy and global cargo operations.

The national carrier of the United Arab Emirates achieved an eight per cent increase in Q2 2013 passenger revenues, generating US $921 million (2012: US $855 million), while passenger revenues for the first half of 2013 reached US $1.8 billion (2012: $1.6 billion), up by 13 per cent.

Revenue generated by codeshare and equity alliance airline partners was US $184 million in Q2 2013. This was 25 per cent above the US $147 million turnover in the same period of 2012. Partnership revenue comprised 20 per cent of the airline’s total passenger revenue in both Q2 and the first half of 2013.

Etihad Cargo continued to achieve the strongest growth in the company, with 112,963 tons uplifted in Q2 2013 (2012: 89,470 tons) and 215,124 tons in the first half of 2013 (2012: 174,622 tons).

During Q2 Etihad Airways announced that, subject to regulatory approvals, it would acquire 24 per cent of India’s Jet Airways, enlarging the Etihad Airways equity alliance and group network.

In addition, Etihad Airways signed an Initial Memorandum of Understanding with the Government of Serbia to discuss potentially investing in JatAirways. Etihad Airways also secured Australian regulatory approval to increase its equity stake in Virgin Australia from 10 per cent to 19.9 per cent.

First half year 2013 and 2012 comparison:

<table>
<thead>
<tr>
<th>Key performance indicators</th>
<th>First half 2013</th>
<th>First half 2012</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger revenue (billion)</td>
<td>US $1.8</td>
<td>US $1.6</td>
<td>+13 per cent</td>
</tr>
<tr>
<td>Cargo revenue (million)</td>
<td>US $411</td>
<td>US $346</td>
<td>+19 per cent</td>
</tr>
<tr>
<td>Total revenue (billion)</td>
<td>US $2.5</td>
<td>US$2.2</td>
<td>+14 per cent</td>
</tr>
<tr>
<td>Rev passenger kilometers (billion)</td>
<td>26.1</td>
<td>22.7</td>
<td>+15 per cent</td>
</tr>
<tr>
<td>Available seat kilometers (billion)</td>
<td>33.1</td>
<td>29.5</td>
<td>+12 per cent</td>
</tr>
<tr>
<td>Seat factor</td>
<td>78.9 per cent</td>
<td>76.9 per cent</td>
<td>+2 percentage points</td>
</tr>
<tr>
<td>Cargo tonnage</td>
<td>215,124 tons</td>
<td>174,622 tons</td>
<td>+23 per cent</td>
</tr>
<tr>
<td>Aircraft</td>
<td>78</td>
<td>67</td>
<td>11</td>
</tr>
</tbody>
</table>

Our latest awards:

2013 Skytrax World Airline Awards:
- Best First Class
- Best First Class Seats
- Best First Class Catering

2013 Business Traveller Middle East Awards:
- Best First Class
- Best Frequent Flyer Programme

2013 Airfinance Journal:
- Middle East Deal of the Year

2013 Italian Association of Air Cargo Agents award (ANAMA):
- Best Overall Carrier

2013 Athens International Airport Airline Marketing Workshop:
- Fastest Growing Airline in the Middle East

2012 World Travel Awards:
- World’s Leading Airline
- World’s Leading First Class

2012 CAPA Annual Awards for Excellence:
- Aviation Executive of the Year - James Hogan, Etihad Airways President and Chief Executive Officer

2012 Aviation Business Awards:
- Airline of the Year
Our partners

**airberlin**

In December 2011 Etihad Airways increased its stake in airberlin – Europe’s sixth largest airline and Germany’s second biggest carrier – to 29.21 per cent, becoming airberlin’s single largest shareholder. Under the agreement, Etihad Airways has two seats on the Board of Directors of Air Berlin PLC.

The deal was Etihad Airways’ first equity investment in another airline. Under the partnership, airberlin operates daily flights from Berlin and Düsseldorf to Abu Dhabi, and additionally operates daily services from Abu Dhabi to Phuket in Thailand.

Etihad Airways codeshares on all airberlin flights to/from Abu Dhabi and beyond the four German hubs of Berlin, Düsseldorf, Frankfurt and Munich to a number of points in Europe and North America. Combined, these provide passengers with access to around 900 additional flights per week. Etihad Airways also codeshares on flyNiki flights beyond Frankfurt, Munich and Milan into Vienna.

Etihad Airways holds a 70 per cent stake in a new entity incorporated to own airberlin’s topbonus frequent flyer program, the first step in the establishment of a global loyalty platform. airberlin has the remaining 30 per cent.

**Air Seychelles**

In January 2012 Etihad Airways acquired a 40 per cent stake in Air Seychelles Ltd, as part of a strategic partnership. The agreement, the first of its kind in Africa, includes a five-year management contract for Etihad Airways to support the implementation of strategic measures guiding Air Seychelles’ long-term commercial growth.

The comprehensive codeshare agreement includes Etihad Airways-marketed flights across Air Seychelles’ network, providing Etihad Airways’ passengers with access to around 100 extra flights per week. Air Seychelles cooperates on Etihad Airways flights from the Seychelles to Abu Dhabi and beyond, to Etihad Airways’ destinations across Europe, the Middle East, the GCC, Asia and Australia.

**Aer Lingus**

Etihad Airways acquired a 2.987 per cent stake in Aer Lingus on May 1, 2012 with the intention of forging a commercial partnership with the Irish national carrier.

Building on this relationship, the carriers signed an historic interline and codeshare agreement in July 2012, enabling Etihad Airways to place its EY code on Aer Lingus flights from Dublin, Manchester and London Heathrow, to destinations in the United Kingdom, the Channel Islands, Portugal, and the Netherlands.

Additionally, following approval from the United States (US) Department of Transportation in April 2013, Etihad Airways can now put its EY flight code on Aer Lingus flights from Dublin to Boston, Chicago and New York, providing passengers with access to around 550 flights per week.

In return, Aer Lingus places its EI code on Etihad Airways flights between Abu Dhabi and Dublin, and has full access to flights across the network beyond Abu Dhabi to points including Australia, Asia Pacific, and the Middle East.
Our partners

Virgin Australia

Etihad Airways currently holds a 10 per cent equity stake in Virgin Australia and has received approval from the Foreign Investment Review Board to increase its shareholding to 19.9 per cent.

This equity investment in Virgin Australia’s domestic operations significantly strengthens the 10-year strategic partnership forged by the two carriers in August 2010 which makes provision for codesharing on flights, joint marketing initiatives and reciprocal ‘earn-and-burn’ on their respective frequent flyer programs.

Together, Etihad Airways (25) and Virgin Australia (3) operate 28 flights a week between Abu Dhabi and Australia. Etihad Airways codeshares on all Virgin Australia’s domestic Australian and trans-Tasman services, giving passengers access to over 3,000 additional flights per week.

Our fleet

Etihad Airways fleet is one of the youngest in the world and, as at June 30, 2013, comprises 78 passenger and cargo aircraft:

<table>
<thead>
<tr>
<th>Aircraft type</th>
<th>Current Fleet</th>
<th>Aircraft arrivals</th>
<th>Total Fleet 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Remainder of 2013</td>
<td>2014-2020</td>
</tr>
<tr>
<td>Airbus A320 family</td>
<td>19</td>
<td>5</td>
<td>11*</td>
</tr>
<tr>
<td>Airbus A330 family</td>
<td>22</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Airbus A340 family</td>
<td>12**</td>
<td>-1</td>
<td>-</td>
</tr>
<tr>
<td>Airbus A350</td>
<td>-</td>
<td>-</td>
<td>12</td>
</tr>
<tr>
<td>Airbus A380</td>
<td>-</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td>Boeing 787</td>
<td>-</td>
<td>-</td>
<td>41</td>
</tr>
<tr>
<td>Boeing 777-300ER</td>
<td>16</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Airbus 330-200F (Freighter)</td>
<td>3</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Boeing 777-200F (Freighter)</td>
<td>3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Boeing 747-F (Freighter)</td>
<td>3</td>
<td>-</td>
<td>-3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>78</td>
<td>6</td>
<td>159</td>
</tr>
</tbody>
</table>

*One A320 aircraft planned for retirement

** This includes a wetlease A340-300 aircraft that will be released later in 2013

Codeshares:

Talks on equity investment in JatAirways

Etihad Airways is to advance discussions with JatAirways about making an equity investment in the Serbian national carrier following the signing of an initial Memorandum of Understanding between Etihad Airways and the Government of Serbia in Belgrade.

An investment decision is dependent on successful completion of a comprehensive due diligence process and is also subject to all necessary regulatory and respective Board approvals.

Jakarta to Perth codeshare

Etihad Airways and Garuda Indonesia have started new codeshare flights between Jakarta and Perth, the capital of Western Australia. The daily non-stop flights, operated by the Indonesian flag carrier, add an extra 2,184 seats each week to the Jakarta-Perth route.

Air Seychelles codeshares to Australia

Air Seychelles has extended its codeshare agreement with Etihad Airways to include new connections to Melbourne and Sydney in Australia, operated via Abu Dhabi. The announcement follows the signing of a Memorandum of Understanding (MoU) for air services between the Republic of Seychelles and the Australian Government in January. The Australia codeshare brings Air Seychelles’ network to a total of 25 destinations across the globe.
Our network
Etihad Airways currently serves 94 destinations in 55 countries, including passenger routes to:

MAP KEY
- Etihad Destinations
- Codeshare Partner Destinations
- Etihad Future Destinations

New routes
- Sana’a - September 2013
- Ho Chi Minh City - October 2013
Our sales

Sales teams are based in every market in which the airline operates. Each market is managed by a General Manager who reports into one of six geographical regions, led by a regional Vice President. The regions include:

- the Americas;
- Europe;
- Africa and the Middle East;
- the UAE and Oman;
- Asia Pacific North and the Indian Subcontinent, and
- Asia Pacific South and Australasia.

Global Accounts: a dedicated global sales team manages the commercial relationships with the airline’s biggest customers across a wide variety of industry sectors. These key partners include: multinational corporate accounts, travel management companies, online travel agents, tour operators, marine and student agents and specialist consolidators.

Etihad Holidays: through our strong partnerships with our airline partners, tourism boards, international hotel chains and tourism service providers, Etihad Holidays offers a range of holiday packages, tours and excursions to over 140 destinations in 45 countries in Africa, Australia, Asia, Europe, the Middle East and the Americas.

Hala Abu Dhabi: is Etihad’s in-house destination management company (DMC) offering full event and leisure planning services, providing tailor made solutions, from visa processing, travel, accommodation and tours, to venue selection and conference facilities.

Essential Abu Dhabi: promotes awareness of Abu Dhabi, the capital of the UAE, as one of the world’s top business and tourist destinations. A detailed directory of the Emirate’s attractions and exclusive offers on a wide range of products and services, including hotel accommodation, dining, shopping and cultural activities in more than 35 venues in Abu Dhabi, is available on the dedicated website: www.essentialabudhabi.com

Global contact centres: Etihad Airways currently has four global contact centres located in Abu Dhabi, Al Ain, Mumbai and Manchester, employing over 600 people who service guests in 34 markets in 15 languages. The teams handle over 8,000 calls per day. Etihad Airways has set up an all-female call centre in Al Ain with a team of Emirati women the first of its kind – which is a key example of the airline’s Emiratisation program in action.

Etihad Cargo: operates a fleet of nine dedicated cargo aircraft that fly on scheduled services to 25 of the airline’s passenger destinations in Europe, the Middle East, Asia and Africa. The airline also operates cargo freighters to a further 13 freighter-only destinations that include: Benghazi, Eldoret, Guangzhou, Hong Kong, Houston, Kabul, Miami, Quito, Sharjah, Vienna, Viracopos, Tbilisi and Djibouti.

A further freighter is scheduled for delivery in 2014. Worldwide freighter charter services are also available, and further information is available at: www.etihadcargo.com

Etihad.com: is an integrated sales and marketing channel for the airline. The website is available in 15 languages – English, Arabic, French, German, Italian, Chinese, Japanese, Korean, Thai, Russian, Spanish (European), Portuguese (Brazilian), Greek, Turkish and Dutch. There are over 100 country-specific websites where customers can book flights, arrange car hire, chauffeur service and check-in and update and manage their bookings. Members of Etihad Guest program can also view their mileage transactions and claim retro miles.

Hala Travel Management: is a joint venture between Etihad Airways (80 per cent) and BCD Travel (20 per cent) providing various travel management services to the Government of Abu Dhabi and its clients and supporting the growing requirement for a comprehensive service for corporate and government clients, including global airline reservations, hotel accommodation, car rental and insurance.

Access Abu Dhabi: is an innovative joint initiative between Etihad Airways and Abu Dhabi Tourism and Culture Authority (TCA Abu Dhabi) that promotes the Emirate as a leading leisure destination, and provides international trade partners with ‘Preferred Incentive Packages’ that include dedicated sales and marketing support, joint roadshows and familiarisation programs.
Our services

**Sao Paulo services increase to daily**
Recently launched flights to Sao Paulo in Brazil will increase from three flights per week to a daily service on August 1, 2013. The daily service will increase the number of seats per week to 3,360 between Abu Dhabi and Sao Paulo. The airline will continue to operate an ultra-long range Airbus A340-500 aircraft on the route, seating 240 passengers.

**Etihad Airways launches new Belgrade service**
Etihad Airways has launched its new service to Belgrade, the capital of Serbia, with flight EY71 from Abu Dhabi, touching down on schedule at 12.15pm at the city's Nikola Tesla Airport on June 15. Etihad Airways now flies daily between Abu Dhabi and Belgrade, carrying the JU code of Serbian national carrier, JatAirways.

**Cooperation between Etihad Airways and JatAirways continues to grow**
and the two airlines will (subject to government and regulatory approval) add their code to more than 40 destinations across each other’s networks.

**Boeing 777 bound for Dublin**
Passengers flying to or from Dublin can now enjoy travelling aboard a Boeing 777 aircraft on this route. The two cabin aircraft, configured to carry 28 passengers in Pearl Business class and 384 in Coral Economy class, will operate six out of the 10 weekly return flights to the Irish capital, and increase Etihad Airways’ capacity on the route by 34 per cent.

**A busy summer**
Etihad Airways has expanded passenger check-in options in Abu Dhabi, Al Ain, and Dubai this summer. The check-in locations, available from 24 hours before flying and offering each passenger an additional 5kg baggage allowance, include Expo Check-in at ADNEC, Abu Dhabi City Terminal, Al Ain Airport, and the Etihad Travel Mall in Dubai.
Passengers using the facilities can drop their baggage and collect their boarding pass from 24 to six hours before flying.
Passengers travelling with only hand luggage can use Etihad Airways’ online check-in service up to 24 hours before flying.

**Double daily flights to Malaysia**
Etihad Airways is adding a new daily flight between Abu Dhabi and Kuala Lumpur to offer a double daily service from July 15. The new schedule provides an additional 1,400 new seats per week – an increase in capacity of approximately 23 per cent, and Etihad Airways’ current codeshare agreement with Malaysia Airlines will be extended to the extra daily service.

**Meet and Greet service**
Etihad Airways has launched a Meet and Greet service for passengers arriving at Abu Dhabi International Airport. The service can be booked up to 48 hours before travel and is designed to make it quick and easy to collect luggage and pass through Abu Dhabi immigration and customs. A Silver Package includes a personal welcome on arrival with one staff member for every one to five guests, immigration fast track, and assistance with baggage collection. The cost for the package is US $38 per person. A Gold Package includes all of the components of the Silver Package, but with one staff member for every guest as well as a complimentary personal porter to collect and transport baggage through the airport to curbside. The cost for this package is US $65 per person.

**Etihad Cargo global brand campaign**
Etihad Cargo has unveiled a new global advertising campaign, its first since rebranding from Etihad Crystal Cargo to Etihad Cargo more than a year ago. With the brand line ‘The world is our business. Let us take care of yours’, Etihad Cargo will run the major new brand campaign across 24 countries, supported by print and digital media advertising. The campaign celebrates Etihad Cargo’s key customers – freight forwarders – and reinforces the way in which the airline aligns its network, fleet, and service portfolio to support the seamless transportation of customer goods across the globe. The campaign will run until the end of the year in cargo trade press and online.

**Skytrax First class awards**
Etihad Airways has swept the Skytrax World Airline Awards’ First class category, receiving all three awards for the second year in a row. The airline won Best First Class for the fourth consecutive year, as well as awards for Best First Class Seats and Best First Class Catering.
Our community

Etihad Airways employs over 15,500 staff representing more than 138 nationalities. This diverse workforce is our most important asset, and their wellbeing is critical to our successful growth and sustainability. Our competitive employee package includes pay, benefits and rewards, staff travel benefits, long service awards and retail discounts. A recent global staff survey highlighted that employees were proud to be working at Etihad Airways, and we continue to invest in making this a great place to work.

In the local community and across our network, the airline continues to invest in its people – empowering and developing individuals to take up meaningful economic roles in their communities. This commitment is no better illustrated than at our home base in Abu Dhabi by Etihad Airways’ career development and nationalisation programs. Further afield, the airline supports a range of educational initiatives to develop both business skills and artistic talent in all disciplines.

As a natural consequence of living and working in a multinational, cosmopolitan city and by virtue of its own diverse workforce, Etihad Airways sees it as a priority to connect people and support projects and initiatives that facilitate ongoing dialogue and engagement to promote cultural awareness and understanding.

Etihad Airways continues to drive economic growth

According to the latest study by leading UK think tank, Oxford Economics, Etihad Airways and its partners continue to play a crucial role in supporting and driving economic growth in the UAE.

The airline’s growth and sustained commercial success are good for Abu Dhabi. The economic contributions are classified into four key areas: direct (within Etihad Airways), indirect (suppliers to Etihad Airways), induced (spending of direct and indirect employees) and catalytic (impacts on other industries).

The Etihad Airways group contributed a total of US$10.7 billion to Abu Dhabi’s GDP in 2012. This represents 10.5 per cent of the non-oil GDP of the Emirate. The Group supported 83,500 jobs in total.

**Direct economic contribution:**
The airline contributed US$2.3 billion to Abu Dhabi’s GDP in 2012.

**Indirect economic contribution:**
Etihad Airways made an indirect economic contribution of US$1.2 billion and supported an additional 16,695 jobs in 2012 through fuel purchases, maintenance and repair, airport rental and landing fees, marketing, advertising, IT ventures and communications.

**Induced economic contribution:**
An induced GDP contribution of US$1.1 billion and 15,434 additional jobs can be attributed to money spent during 2012 by employees of Etihad Airways and its suppliers.

**Catalytic economic contribution:**
Etihad Airways played an important role in improving air links between Abu Dhabi and the rest of the global economy, and the airline’s expanding network was a key factor in encouraging businesses to invest in the Emirate and the UAE. These activities provided a catalytic economic contribution of nearly US$6.1 billion, and supported nearly 41,540 jobs.

Etihad Airways was also a key contributor to the development and growth of tourism in the UAE, in 2012, carrying 10.3 million passengers through its hub in Abu Dhabi.

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**Al Ain Contact Centre wins Insights Middle East Award**

For the second consecutive year, Etihad Airways’ Al Ain Contact Centre received the award for “Best Facilities” at the INSIGHTS Middle East Call Centre Awards. Officially opened in March 2011, and staffed by 200 Emirati women, the Al Ain Contact Centre is open 12 hours a day, seven days a week, and handles 800,000 calls a year from the UAE and GCC in purpose-built premises on the campus of Abu Dhabi University.
Our environment

This section reports on the introduction of lighter cargo containers, the greening of our cargo fleet, the progress at ICAO in developing a global solution to emissions management and an update on our biofuels work.

Lightening the load

Following the transition in 2012 of nearly 3000 baggage and cargo containers to a lighter more durable type for our aircraft, there is now a replacement schedule for additional flight cargo units which will reduce the aircraft weight even further.

The original container replacements reduced the weight on a wide bodied aircraft by about 200kg, which amounted to savings of around 5,000 tonnes of carbon dioxide in a year. The new Jettainer cargo units will reduce weight by a further 116 kg per flight and the anticipated fuel saving for 2013 will be in the region of 340 tonnes, resulting in a carbon dioxide emission reduction of almost 1,100 tonnes. For 2014, with the full introduction and our fleet growth, the projected reductions are estimated to be 4,000 tonnes of carbon dioxide emissions.

Etihad Cargo’s greener fleet

Etihad Cargo has taken delivery of one Boeing 747-8F, one Boeing 777F, and one Airbus A330-200F, bringing the carrier’s expanding fleet to nine freighter aircraft.

The improved payload and efficiency of the new aircraft will mean a much more fuel efficient fleet with reduced carbon emissions.

In particular the following efficiency improvements will be realised through:

• replacement of the MD11 to the B777F results in a 19 per cent efficiency gain per tonne of payload carried.
• replacement of the A300F to the A330-200F results in a 40 per cent efficiency gain per tonne of payload carried.

Over the last two years fleet replacement within the cargo fleet has led to a commendable improvement in efficiency of 28 per cent. This will improve further with the introduction of these new aircraft.

International aviation emissions management

The 38th session of the ICAO Assembly in September 2013 will have climate change and emissions management as a key agenda item.

As a run up to this, and to look at means of implementing the industry’s ‘Carbon Neutral Growth 2020’ commitment, IATA has been working on industry options, which were used as a basis for a resolution on this at the IATA ATG in June.

Key points as follows:

• The ‘Resolution on the implementation of the aviation CNG2020 strategy’ was well received and approved and will be used as a basis for the industry position to the ICAO Assembly.
• The view of IATA is that many States are being more supportive of the global approach now with the main dissent remaining with China, India and a few others.
• There is potential risk of failure to get consensus at ICAO, and therefore it is important that the industry remains aligned in its position – reaffirming the four-pillar strategy and CNG2020 goal, and a commitment to a pathway towards a single market-based measure.
• It appears very unlikely that the EU will reenergize the full EU ETS. If nothing else there appears to be increasing opposition within Europe from those States that recognise the potential trade war implications.

Biofuels work

Etihad Airways is a founding member of the Sustainable Bioenergy Research Consortium (SBRC). The agenda for the SBRC includes:

• identifying potential biofuel feedstocks that are appropriate to the region;
• driving what are fundamentally revolutionary and transformative concepts, using saltwater tolerant plants and coupled with extensive research into maximising energy values;
• supporting and driving waste to fuel potential in Abu Dhabi, for municipal waste and ‘green’ waste; and
• investigating the potential for near term waste-derived biofuel flight through:
  o boosting the potential / buy in for green waste to fuel facility in Abu Dhabi with the waste regulators, and
  o showcasing the commitment of Etihad in supporting viable realistic and appropriate feedstocks in this region.