

# AN OVERVIEW FROM OUR MANAGEMENT



In 2015, Volga-Dnepr Group celebrated its 25th anniversary. We celebrated this remarkable milestone with dignity. Despite the difficult situation in the world economy, which inevitably affected the air freight market, all key businesses of the Group showed a positive financial result for the year. This was contributed to by the willingness to respond adequately and swiftly to emerging challenges and constant striving for development, allowing us not only to meet the needs of our customers, but to also anticipate them.

Since the establishment of Volga-Dnepr, we have focused on harmonious and sustainable development. Knowing how to plan for the future has helped us build a strong, stable structure for 25 years. It brings together businesses in the area of charter and scheduled cargo transportation, represented, respectively, by Volga-Dnepr and AirBridgeCargo, ground logistics, aircraft maintenance and repair facilities, and supporting businesses. Our diversification is reflected in the concept of the cargo supermarket whereby we offer a set of effective solutions for our customers to promptly and profitably deliver any complex cargo from door-to-door.

We are always mindful of our mission to build reliable air bridges that enable people around the world to share the results of their work. In our work, we are guided by a core set of human values: work for the benefit of society, care of employees' health and development, honesty to our customers and partners.

The strategic goal of our group remains unchanged: to become one of the three largest freight companies in the world by 2030. In 2015, the Group's total cargo turnover grew by 25.2%,

to 4,341.4 million tonne-kilometres. At the same time, the overall slowdown of the world economy had a negative impact on the changes in financial indicators of Volga-Dnepr. The most significant factor was low oil prices and, consequently, aviation fuel, resulting in the widespread decline in airfares. In 2015, the Group's sales totalled USD 1,447.6 million.

The main growth driver was scheduled transportation. This segment revenue reached USD 967.4 million. The charter segment, on the contrary, decreased by 19.8% to USD 468.1 million, which is associated with a decrease in demand for unique transportation amid the unfavourable macroeconomic situation.

Volga-Dnepr Airlines remains the recognised leader in the global market of cargo charter transportation. Its AN-124-100 Ruslan aircraft, unique in dimensions and lifting capacity, and upgraded IL-76TD-90VD aircraft, as well as the enormous technological experience gained by our staff over a quarter of a century, enables it to perform non-standard transportation of virtually any super-heavy and oversized cargoes to all

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## 1,447.6

USD million  
total volume of sales

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## 238.8

USD million  
EBITDA

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## 16.5%

EBITDA  
profitability

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# 200 flights

to 11 countries weekly –  
AirBridgeCargo

regions of the world. For example, in 2015, its aircraft delivered cargo to Antarctica for the first time.

AirBridgeCargo, in its turn, is the largest cargo airline in Russia and one of the fastest growing airlines in the world. In 2015, its cargo turnover increased by 27.3% and amounted to 4,135.2 million tonne-kilometres, whereas the whole industry grew by only 2.7%. Positive changes are due to the existence of a thought-out route network linking major aviation hubs in Europe, Asia and North America (31 destinations in 14 countries around the world). Last year, the airline launched flights to Singapore, Hanoi, and Helsinki, and also introduced scheduled transpacific flights to the United States, adding such destinations as Anchorage, Los Angeles and Atlanta to its route network in North America. According to an independent report by the C2K system, today AirBridgeCargo is one of the most punctual airlines in the world. Its fleet is considered to be one of the youngest and most efficient in the industry and features 15 modern Boeing 747 aircraft. Two of these were commissioned in autumn 2015 as part of the strategic agreement with Boeing Corporation, which provides for the supply of 20 new aircraft. This active fleet expansion demonstrates the confidence of the Group in holding its position in the market today and in the future.

In 2015, we also continued to develop the area of aircraft maintenance and repair. In Krasnodar Pashkovsky Airport we opened a facility intended for line maintenance of aircraft from the Boeing 737 and Airbus A320 families. Thus, today Volga-Dnepr Technics combines MRO bases in the territory of 10 airports in Moscow, Ulyanovsk, Krasnoyarsk and Krasnodar (Russia),

# 25.2%

Group turnover growth,  
to 4,341.4 million tonne-  
kilometres

Sharjah and Fujairah (UAE), and Leipzig and Frankfurt am Main (Germany). Our own capacity for fleet maintenance definitely improves the quality of our services.

We pay very close attention to security issues. After the tragedy that occurred in the capital of Mali, Bamako, last autumn, when six employees of the company perished in a terrorist attack, we decided to make further improvements in our security system that is based on respecting the highest international standards. Unfortunately, in today's world, we cannot completely rule out the possibility of terrorist threats, however, our direct responsibility is to minimise the risks and formulate a clear algorithm of actions for such situations.

We are deeply interested in the sustainable development of our staff and promotion of various social initiatives. Volga-Dnepr has traditionally been a partner and sponsor of many social projects and organisations. The Group successfully operates its Corporate University and Aviation Training Centre, where every year hundreds of people have the opportunity to improve their professional and personal skills. We have developed and implemented our Code of Work Ethics, which must be observed by not only our employees but also by our suppliers and partners. It is intended to create the most transparent, ethical and harmonious relations in the team, and between the company and society.

We are pleased that our efforts continue to be recognised by our customers all over the world. In 2015, the Group won the World Air Cargo Awards in the Air Cargo Industry Achievement Award category. In the Payload Asia Awards, Volga-Dnepr was named the 'Charter

# 27.3%

turnover growth in the scheduled  
transportation segment,  
to 4,135.2 million tonne-  
kilometres

Airline of the Year', and AirBridgeCargo was named the airline of the year. In addition, AirBridgeCargo was named the Best Airline in the World, according to the results of an open vote of industry professionals, including customers and partners. This award is organised by the leading industry publication, Air Cargo News.

Such widespread recognition inspires us to achieve even greater results. This commitment is our main strength. We serve hundreds of customers on all continents and try to make our service offering even better every year. The clear proof of this is 2015; a difficult but successful year.