

Emirates Group Announces Record Profits

- **Group** records 28th consecutive year of profit, and new record profit of AED 8.2 billion (US\$ 2.2 billion);
 - Steady business growth in line with capacity increases, significant investment in the business at AED 17.3 billion (US\$ 4.7 billion)
 - Declares a dividend of AED 2.5 billion (US\$ 681 million) to the Investment Corporation of Dubai.
- **Emirates** makes highest profit ever with AED 7.1 billion (US\$ 1.9 billion)
 - Airline capacity crosses 56 billion ATKM with 29 new aircraft added to the fleet
 - Revenue decreases 4% to AED 85.0 billion (US\$ 23.2 billion), after AED 6.0 billion (US\$ 1.6 billion) hit due to unfavourable currency exchange
- **dnata** makes highest profit ever, crossing AED 1bn (US\$ 287 million) for the first time
 - Revenue of AED 10.6 billion (US\$ 2.9 billion) reflects further business expansion, with international business now accounting for over 64% of revenue

DUBAI, UAE, 10 May 2016 - The Emirates Group today announced its 28th consecutive year of profit and steady business expansion, ending the year with record profits, and in a strong position despite the global and operational challenges during this period.

During the 2015-16 financial year, both Emirates and dnata achieved new capacity and profit milestones, as the Group continued to expand its global footprint, and strengthen its business through strategic investments.

Released today in its [2015-16 Annual Report](#), the Emirates Group posted an AED 8.2 billion (US\$ 2.2 billion) profit for the financial year ending 31 March 2016, up 50% from last year. The Group's revenue reached AED 93 billion (US\$ 25.3 billion), a decrease of 3% over last year's results, and the Group's cash balance increased strongly to AED 23.5 billion (US\$ 6.4 billion).

His Highness (H.H.) Sheikh Ahmed bin Saeed Al Maktoum, Chairman and Chief Executive, Emirates Airline and Group, said: "Emirates and dnata delivered record profits, solid business results, and continued to grow throughout 2015-16. Against an unfavourable currency situation which eroded our revenues and profits, an uncertain global economic environment dogged by weak consumer and investor sentiment, as well as ongoing socio-political instability in many regions around the world, the Group's performance is testament to the success of our business model and strategies."

“Our ongoing investments to develop our people and to our enhance business performance, enable us to react with agility to the new challenges and opportunities that every year brings. In 2015-16, the Group collectively invested over AED 17.3 billion (US\$ 4.7 billion) in new aircraft and equipment, the acquisition of companies, modern facilities, the latest technologies, and staff initiatives. These will build on our strong foundations, extend our competitive edge, and accelerate our progress towards our long-term goals.”

The Group's employee base across its more than 80 subsidiaries and companies increased by 13% to over 95,000-strong representing over 160 different nationalities.

“Looking at the year ahead, we expect that the low oil prices will continue to be a double-edged sword – a boon for our operating costs, but a bane for global business and consumer confidence. The strong US dollar against major currencies will remain a challenge, as will the looming threat of protectionism in some countries. However, we enter the new financial year with confidence, backed by a robust balance sheet, solid track record, diverse global portfolio, and international talent pool. We will continue to evolve and grow our business profitably, and work even harder to meet and exceed our customers' expectations,” said Sheikh Ahmed.

In line with the overall profit, the Group declared a dividend of AED 2.5 billion (US\$ 681 million) to the Investment Corporation of Dubai.

Emirates performance

Emirates' total passenger and cargo capacity crossed the 56 billion mark, to 56.4 billion ATKMs at the end of 2015-16, cementing its position as the world's largest international airline. The airline increased capacity during the year by 5.5 billion Available Tonne Kilometres (ATKMs), or 11% over 2014-15.

Emirates received 29 new aircraft, its highest number during a financial year, including 16 A380s, 12 Boeing 777-300ERs and one Boeing 777F, bringing its total fleet count to 251 at the end of March. At the same time nine aircraft were phased out, taking the average fleet age down to 74 months or approximately half the industry average of 140 months. The airline remains the world's largest operator of the Boeing 777 and A380 – both aircraft being amongst the most modern and efficient wide-bodied jets in the sky today.

With the delivery of new aircraft, Emirates launched eight new passenger destinations: Bali, Bologna, Cebu, Clark, Istanbul (Sabiha Gökçen), Mashhad, Multan, Orlando; and two new additional freighter destinations: Columbus and Ciudad del Este. It also added services and capacity to 34 cities on its existing route network across Africa, Asia, Europe, the Middle East, and North America, offering customers even greater choice and connectivity.

With significant currency devaluations against the US dollar and fare adjustments following the reduction in fuel prices, Emirates revenue dropped 4% to AED 85 billion (US\$ 23.2 billion).

The relentless rise of the US dollar against currencies in most of Emirates' key markets had an AED 6.0 billion (US\$ 1.6 billion) impact on airline revenue, and an AED 4.2 billion (US\$ 1.1 billion) impact to the airline's bottom line.

However, total operating costs decreased by 8% over the 2014-15 financial year. The average price of jet fuel fell during the financial year, supporting Emirates' bottom line improvement. The airline's fuel bill decreased by 31% over last year to AED 19.7 billion (US\$ 5.4 billion). Fuel is now 26% of operating costs, compared to 35% in 2014-15, but it remained the biggest cost component for the airline.

The airline successfully managed increased competitive pressure across all markets to record a profit of AED 7.1 billion (US\$ 1.9 billion), an increase of 56% over last year's results, and a healthy profit margin of 8.4%, the strongest margin since 2010-11.

Carrying a record 51.9 million passengers (up 8%), Emirates crossed the 50 million passenger milestone, and achieved a Passenger Seat Factor of 76.5%. The decline in passenger seat factor compared to last year's 79.6%, is relative to the strong 13% increase in seat capacity by Available Seat Kilometres (ASKMs), and also in part due to lingering economic uncertainty and strong competition in many markets.

Overall passenger traffic growth continues to demonstrate the consumer desire to fly on Emirates' state-of-the-art aircraft, and via efficient routings through its Dubai hub. Premium and overall seat factor for Emirates' flagship [A380](#) aircraft outperformed the network, underscoring the popularity of Emirates' premium and A380 product amongst passengers. At

31 March 2016, Emirates had 75 A380 aircraft in its fleet, serving one out of every four destinations on its passenger network.

Under pressure from the weakening of all major currencies against the USD, passenger yield dropped to 26.7 fils (7.3 US cents) per Revenue Passenger Kilometre (RPKM).

To fund its fleet growth, Emirates raised a record of AED 26.9 billion (US\$ 7.3 billion), using a variety of financing structures.

Financing highlights include Emirates entering into a unique hybrid operating lease structure put together by combining German banks and institutional investors with Islamic debt in Murahaba format to fund an A380 aircraft.

In Asia, Emirates continued to tap on the Japanese market for the Japanese Operating Lease (JOL) structure, and Japanese Operating Lease with a Call Option (JOLCO) on A380 and Boeing 777-300ER aircraft delivered during the year. Emirates also closed the first ever operating lease on an A380 financed entirely by the Korean institutional market through private placements with a group of non-bank financial institutions.

These deals align with Emirates' strategy to seek diverse financing sources, and underscore its sound financials and the strong investor confidence in the airline's business model.

Emirates closed the financial year with a healthy and new record of AED 14.1 billion (US\$ 3.8 billion) cash flow from operating activities.

Revenue generated from across Emirates' six regions continues to be well balanced, with no region contributing more than 30% of overall revenues. Europe is the highest revenue contributing region with AED 24.0 billion (US\$ 6.5 billion), down 5% from 2014-15. East Asia and Australasia follows closely with AED 22.4 billion (US\$ 6.1 billion), down 9%. The Americas region recorded revenue growth at AED 12.0 billion (US\$ 3.3 billion), up 9%. Africa and Gulf and Middle East revenue decreased each by 3% to AED 9.1 billion (US\$ 2.5 billion) and AED 8.4 billion (US\$ 2.3 billion) respectively; and West Asia and Indian Ocean revenue decreased by 4% to AED 7.6 billion (US\$ 2.1 billion).

In line with its customer-focused proposition, Emirates invested over AED 80 million (US\$ 21.9 million) last year to install and operate inflight connectivity across its fleet, which is now 70% Wi-Fi enabled. The airline also launched revamped amenity kits for First and Business class customers, a new range of children's toys and activity packs onboard, unveiled an enhanced fully-flat Business class seat for its 777-300ER fleet, and launched its two-class configured A380 featuring the largest personal inflight entertainment screens in Economy Class. Emirates also opened new dedicated airport lounges in Tokyo Narita and Cape Town, taking the number of dedicated Emirates Lounges across the world to 39, having invested more than US\$ 352 million in its lounge programme since inception.

For 2016-17, Emirates has announced new routes to Yinchuan and Zhengzhou in China, Yangon in Myanmar and Hanoi in Vietnam, aside from capacity upgrades to existing destinations.

Emirates SkyCargo continues to play an integral role in the company's expanding operations, contributing 14% of the airline's total transport revenue.

Emirates' cargo division reported a revenue of AED 11.1 billion (US\$ 3.0 billion), a decline of 9% over last year, while tonnage increased by 6% to reach 2.5 million tonnes in an airfreight market that remained challenging with fast-changing demand patterns. This year, freight yield per Freight Tonne Kilometre (FTKM) decreased sharply by 16%, and was also impacted by the weakening of major currencies.

In addition to belly-hold capacity to Emirates' new passenger destinations, Emirates SkyCargo increased freighter operations to Mexico City, and launched new freighter services to Ho Chi Minh City (Vietnam), Ahmedabad (India), Columbus (USA), Algiers (Algeria), and Ciudad Del Este (Paraguay).

During 2015-16, Emirates SkyCargo officially inaugurated its purpose-built cargo terminal for freighter operations at Al Maktoum International airport (DWC), and received delivery of a Boeing 777F, rounding off its total freighter fleet to 15 aircraft: 13 Boeing 777Fs, and two Boeing 747-400Fs.

Emirates' **hotels** recorded revenue of AED 700 million (US\$ 191 million), an increase of 1% over last year.

dnata performance

In its 57 years of operation, 2015-16 has been dnata's most profitable yet, crossing AED 1 billion (US\$ 287 million) profit for the first time. Building on its strong results in the previous year, dnata's revenue grew to AED 10.6 billion (US\$ 2.9 billion). dnata's international business now accounts for more than 64% of its revenue.

This substantial revenue increase of 16% was achieved through organic growth, and bolstered by the first full year of Stella Group operations which dnata Travel acquired in October 2014 of the previous financial year, and airport operations in Australia which dnata fully acquired from its 50% joint venture partner Toll in March 2015.

Building on last year's record levels of investment, dnata continued to lay the foundations for future growth by investing AED 585 million (US\$ 159 million) into developing its people, facilities, technology and new acquisitions.

Highlights during the 2015-16 financial year include the acquisition of new international businesses: Aviapartner's cargo business at Amsterdam Airport Schiphol; Ground Handling SPA in two airports in Milan; and RM Ground Services in Brazil, extending dnata's global footprint to the Americas for the first time.

Revenue from **dnata's UAE Airport Operations**, including aircraft and cargo handling increased by 13% to reach AED 2.9 billion (US\$ 777 million). The strong revenue rise accounts for the effect of the 80-day runway closure at Dubai International airport (DXB) which dampened revenue growth in the previous year.

In line with revenue growth, the number of aircraft handled by dnata in the UAE increased 12% to 211,000, whereas Cargo handling dropped by 6% to 689,000 tonnes reflecting the cargo industry's ongoing malaise. Dubai World Central now accounts for 24% of dnata's cargo handling activities in Dubai. During the year, dnata began operations at DXB's new concourse D, with 3,000 staff trained to help customers transition to the new facilities.

dnata's International Airport Operations division grew revenue substantially by 32% to AED 2.1 billion (US\$ 571 million), on account of increasing business volumes and newly acquired businesses in the Netherlands and Brazil. The number of aircraft handled

increased significantly by 63% to 178,000, and Cargo noted a substantial growth of 46% to 1.4 million tonnes of handled goods. These results speak to the benefits reaped from the previous years' investments in new international cargo handling facilities particularly in the UK.

dnata's Catering business accounted for AED 1.9 billion (US\$ 514 million) of its total revenue, down 7% and mainly on account of a significant weakening of major currencies against the US dollar. The inflight catering business uplifted more than 57 million meals during the year, a marginal decline of 1% on account of lower volumes in Italy.

Revenue from **dnata's Travel Services** division has seen a strong rise of 34% to reach AED 3.3 billion (US\$ 901 million) and it now represents the largest business segment in dnata by revenue contribution. This is mainly attributed to business growth in the UK through the full year impact of Stella Group acquired October 2014, and the integration of the Group's Destination & Leisure Management activities in Dubai, and travel distribution unit Emquest. The underlying total transaction value (TTV) of travel services sold substantially increased by 20% to AED 11.7 billion (US\$ 3.2 billion).

In 2015-16, dnata's operating costs increased accordingly by 17% to AED 9.6 billion (US\$ 2.6 billion), reflecting the impact of integrating the newly acquired companies mainly across its international airport operations and travel businesses.

dnata's cash balance is at a record high of AED 3.5 billion (US\$ 944 million), having significantly grown over last year with its new acquisitions. The business delivered an AED 1.4 billion (US\$ 379 million) cash flow from operating activities in 2015-16, which is an increase of 31% from last year and also a new company record.

dnata's employee strength increased to over 34,000, a 24% growth which includes employees from its newly acquired companies. With the business' growing international footprint, dnata's staff ratio based in UAE has dropped to 48%.

The full 2015-16 Annual Report of the Emirates Group – comprising Emirates, dnata and their subsidiaries – is available at: www.theemiratesgroup.com/annualreport

-ENDS-

US\$ figures are converted at 1US\$ = 3.67AED and are based on the full AED figures before rounding.

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Consolidated Income Statement for the year ended 31 March 2016

	Note	2016 AED m	2015 AED m
Revenue	5	83,500	86,728
Other operating income	6	1,544	2,091
Operating costs	7	(76,714)	(82,926)
Operating profit		8,330	5,893
Finance income	8	220	175
Finance costs	8	(1,329)	(1,449)
Share of results of investments accounted for using the equity method	13	142	152
Profit before income tax		7,363	4,771
Income tax expense	9	(45)	(43)
Profit for the year		7,318	4,728
Profit attributable to non-controlling interests		193	173
Profit attributable to Emirates' Owner		7,125	4,555

Consolidated Statement of Comprehensive Income for the year ended 31 March 2016

Profit for the year		7,318	4,728
Items that will not be reclassified to the consolidated income statement			
Remeasurement of retirement benefit obligations	25	9	(142)
Items that are or may be reclassified subsequently to the consolidated income statement			
Currency translation differences	19	1	(45)
Cash flow hedges	19	(1,010)	511
Share of other comprehensive income of investments accounted for using the equity method	19	(2)	-
Other comprehensive income		(1,002)	324
Total comprehensive income for the year		6,316	5,052
Total comprehensive income attributable to non-controlling interests		193	173
Total comprehensive income attributable to Emirates' Owner		6,123	4,879

Notes 1 to 39 form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position as at 31 March 2016

	Note	2016 AED m	2015 AED m
ASSETS			
Non-current assets			
Property, plant and equipment	11	82,836	80,544
Intangible assets	12	1,317	975
Investments accounted for using the equity method	13	522	544
Advance lease rentals	14	2,580	920
Loans and other receivables	15	494	619
Derivative financial instruments	35	-	21
Deferred income tax asset	29	3	4
		87,752	83,627
Current assets			
Inventories	16	2,106	1,919
Trade and other receivables	17	9,321	8,589
Derivative financial instruments	35	12	342
Short term bank deposits	33	7,823	8,488
Cash and cash equivalents	33	12,165	8,397
		31,427	27,735
Total assets		119,179	111,362

	Note	2016 AED m	2015 AED m
EQUITY AND LIABILITIES			
Capital and reserves			
Capital	18	801	801
Other reserves	19	(1,179)	(168)
Retained earnings		32,287	27,253
Attributable to Emirates' Owner		31,909	27,886
Non-controlling interests		496	400
Total equity		32,405	28,286
Non-current liabilities			
Trade and other payables	30	513	202
Borrowings and lease liabilities	20	40,845	42,426
Deferred revenue	27	1,596	1,650
Deferred credits	28	1,090	207
Derivative financial instruments	35	440	521
Provisions	24	3,762	3,589
Deferred income tax liability	29	4	-
		48,250	48,595
Current liabilities			
Trade and other payables	30	27,037	27,770
Income tax liabilities		35	34
Borrowings and lease liabilities	20	9,260	5,382
Deferred revenue	27	1,316	1,244
Deferred credits	28	139	49
Derivative financial instruments	35	737	2
		38,524	34,481
Total liabilities		86,774	83,076
Total equity and liabilities		119,179	111,362

The consolidated financial statements were approved on 8 May 2016 and signed by:

Sheikh Ahmed bin Saeed Al-Maktoum
Chairman and Chief Executive

Timothy Clark
President

Notes 1 to 39 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity for the year ended 31 March 2016

	Note	Attributable to Emirates' Owner				Non- controlling interests	Total equity
		Capital	Other reserves	Retained earnings	Total		
		AED m	AED m	AED m	AED m	AED m	AED m
1 April 2014		801	(634)	25,009	25,176	295	25,471
Profit for the year		-	-	4,555	4,555	173	4,728
Other comprehensive income		-	466	(142)	324	-	324
Total comprehensive income		-	466	4,413	4,879	173	5,052
Dividends		-	-	(2,169)	(2,169)	(68)	(2,237)
Transactions with Owners		-	-	(2,169)	(2,169)	(68)	(2,237)
31 March 2015		801	(168)	27,253	27,886	400	28,286
Profit for the year		-	-	7,125	7,125	193	7,318
Other comprehensive income		-	(1,011)	9	(1,002)	-	(1,002)
Total comprehensive income		-	(1,011)	7,134	6,123	193	6,316
Non-controlling interest on acquisition of a subsidiary	13	-	-	-	-	21	21
Dividends		-	-	(2,100)	(2,100)	(118)	(2,218)
Transactions with Owners		-	-	(2,100)	(2,100)	(97)	(2,197)
31 March 2016		801	(1,179)	32,287	31,909	496	32,405

Notes 1 to 39 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows for the year ended 31 March 2016

	Note	2016 AED m	2015 AED m
Operating activities			
Profit before income tax		7,363	4,771
Adjustments for:			
Depreciation and amortisation	7	8,000	7,446
Finance costs - net		1,109	1,274
(Gain) / loss on sale of property, plant and equipment		(367)	(132)
Share of results of investments accounted for using the equity method	13	(142)	(152)
Net provision for impairment of trade receivables	17	21	32
Provision for employee benefits	7	733	669
Net movement on derivative financial instruments		(5)	(17)
Gain on sale of investments accounted for using the equity method		(12)	-
Employee benefit payments		(585)	(534)
Income tax paid		(62)	(68)
Change in inventories		(168)	(213)
Change in receivables and advance lease rentals		(2,234)	194
Change in provisions, payables, deferred credits and deferred revenue		454	(5)
Net cash generated from operating activities		14,105	13,265

	Note	2016 AED m	2015 AED m
Investing activities			
Proceeds from sale of property, plant and equipment		6,535	3,478
Additions to intangible assets	12	(374)	(157)
Additions to property, plant and equipment	34	(9,504)	(10,269)
Investments in associates and joint ventures	13	(19)	(12)
Acquisition of a subsidiary, net of cash acquired		(23)	-
Movement in short term bank deposits		665	266
Finance income		231	168
Dividends from investments accounted for using the equity method	13	128	115
Net cash used in investing activities		(2,361)	(6,411)
Financing activities			
Proceeds from loans	22	1,213	2,215
Repayment of bonds and loans		(1,703)	(622)
Aircraft finance lease costs		(918)	(951)
Other finance costs		(294)	(341)
Repayment of lease liabilities		(4,055)	(5,628)
Dividend paid to Emirates' Owner		(2,100)	(869)
Dividend paid to non-controlling interests		(118)	(68)
Net cash used in financing activities		(7,975)	(6,264)
Net change in cash and cash equivalents		3,769	590
Cash and cash equivalents at beginning of year		8,393	7,800
Effects of exchange rate changes		3	3
Cash and cash equivalents at end of year	33	12,165	8,393

Notes 1 to 39 form an integral part of these consolidated financial statements.

Consolidated income statement		2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Revenue and other operating income	AED m	85,044	88,819	82,636	73,113	62,287	54,231	43,455	43,266	38,810	29,173
Operating costs	AED m	76,714	82,926	78,376	70,274	60,474	48,788	39,890	40,988	34,359	25,834
- of which jet fuel	AED m	19,731	28,690	30,685	27,855	24,292	16,820	11,908	14,443	11,005	7,525
- of which employee costs	AED m	12,452	11,851	10,230	9,029	7,936	7,615	6,345	5,861	5,475	4,024
Operating profit	AED m	8,330	5,893	4,260	2,839	1,813	5,443	3,565	2,278	4,451	3,339
Profit attributable to the Owner	AED m	7,125	4,555	3,254	2,283	1,502	5,375	3,538	686	5,020	3,096
Consolidated statement of financial position											
Non-current assets	AED m	87,752	83,627	74,250	59,856	51,896	43,223	36,870	31,919	27,722	22,530
Current assets	AED m	31,427	27,735	27,354	34,947	25,190	21,867	18,677	15,530	18,790	15,428
- of which bank deposits and cash	AED m	19,988	16,885	16,561	24,572	15,587	13,973	10,511	7,168	10,360	9,123
Total assets	AED m	119,179	111,362	101,604	94,803	77,086	65,090	55,547	47,449	46,512	37,958
Total equity	AED m	32,405	28,286	25,471	23,032	21,466	20,813	17,475	15,571	16,843	13,170
- of which equity attributable to the Owner	AED m	31,909	27,886	25,176	22,762	21,224	20,606	17,274	15,412	16,687	13,040
Non-current liabilities	AED m	48,250	48,595	43,705	40,452	30,574	22,987	19,552	17,753	14,206	14,210
Current liabilities	AED m	38,524	34,481	32,428	31,319	25,046	21,290	18,520	14,125	15,463	10,578
Consolidated statement of cash flows											
Cash flow from operating activities	AED m	14,105	13,265	12,649	12,814	8,107	11,004	8,328	5,016	7,335	5,765
Cash flow from investing activities	AED m	(2,361)	(6,411)	(4,257)	(15,061)	(10,566)	(5,092)	(577)	1,896	(8,869)	(4,749)
Cash flow from financing activities	AED m	(7,975)	(6,264)	(7,107)	1,240	(201)	(5,046)	(2,982)	(5,085)	(3,820)	(198)
Net change in cash and cash equivalents	AED m	3,769	590	1,285	(1,007)	(2,660)	866	4,769	1,827	(5,354)	818
Other financial data											
Net change in cash and cash equivalents and short term bank deposits	AED m	3,103	324	(8,011)	8,985	1,614	3,462	3,343	(3,192)	1,237	(76)
EBITDAR	AED m	24,415	20,259	17,229	13,891	10,735	13,437	10,638	8,286	9,730	7,600
Borrowings and lease liabilities	AED m	50,105	47,808	42,431	40,525	30,880	23,230	19,605	16,512	13,717	13,338
Less: Cash assets	AED m	19,988	16,885	16,561	24,572	15,587	13,973	10,511	7,368	12,715	11,594
Net debt	AED m	30,117	30,923	25,870	15,953	15,293	9,257	9,094	9,144	1,002	1,744
Capital expenditure	AED m	16,723	19,873	21,142	13,378	13,644	12,238	8,053	10,178	9,058	5,388

Notes :

- 1.The ten-year overview has been extracted from the audited financial statements which have been drawn up in compliance with IFRS. New Standards and amendments to existing IFRS have been adopted on the effective dates applicable to Emirates.
- 2.Comparative figures are restated, where applicable, according to IFRS rules i.e. only the immediately preceding year's figures are restated and figures beyond that year have not been amended.