ETIHAD AIRWAYS TRANSFORMATION CONTINUES TO DELIVER RESULTS WITH 41% IMPROVEMENT ON PRE-COVID PERFORMANCE

News / Airlines

Etihad Airways announced its business results for 2021, recording a strong recovery in passenger operations along with a significant improvement in financial performance, posting a much-reduced loss of US$ 476 million for 2021 (2020: US$ 1.70 billion).The airline carried 3.5 million passengers in 2021, with an average seat load factor of 39.6%. Passenger loads doubled in the second half of the year, reaching 70.1% in December as travel demand peaked during the winter holiday period. The airline recorded a particularly strong surge in passenger volumes in Q4 following the September relaxation of mandatory quarantine periods in Abu Dhabi.

Network capacity came in at 37.21 billion ASKs for the year, with the airline connecting Abu Dhabi to 71 passenger and cargo destinations across 47 countries. The airline launched or restarted operations to 13 destinations in 2021, most notably introducing scheduled services to Tel Aviv following the normalisation of relations between the UAE and Israel. Etihad Airways posted passenger revenues of US$ 1.07 billion in 2021, down by 14% year-on-year. While ongoing travel restrictions and new variants of the virus dampened demand, the airline saw passenger revenues bounce back in the last quarter of the year, recovering

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to 50% of 2019 levels in December.

Cargo operations meanwhile continued to outperform expectations, with a 27% year-on-year increase in freight carried in 2021 (729,200 tonnes) coupled with a rise in cargo revenues of 49% to US$ 1.73 billion, the highest figure in the history of the airline.

Tony Douglas, Group Chief Executive Officer, commented: "In another year of global uncertainty, Etihad Airways has continued to move forward, strengthen its business, and build on its world-class travel proposition. As always, this has been thanks to our remarkable people who have gone above and beyond to make the most of every opportunity. Despite the slowdown caused by Omicron, we are confident that the spring and summer season will continue to see a resurgence in travel as more people return to the skies.

“We look forward to our guests being able to experience our state-of-the-art Airbus A350s when they debut later this year, taking pride of place alongside our Boeing 787s. With one of the most fuel-efficient fleets in the world and with sustainability at the very top of our agenda, we will continue to pave the way for more sustainable flying in 2022 and beyond.”

As operations progressively ramped up throughout 2021, Etihad maintained an absolute focus on cost control, decreasing operating costs by a further US$ 110 million, despite a US$ 197 million increase in fuel costs driven by rallying oil prices. Fixed overhead costs and finance costs also recorded a significant reduction, decreasing by 14% (or US$ 110 million) and 20% (or US$ 90 million) respectively. As a result, the airline managed to maintain strong liquidity in 2021.

Overall, Etihad recorded a core operating loss of US$ 476 million for fiscal year 2021, representing a 72% improvement compared to 2020 (US$ 1.70 billion) and a 41% improvement against pre-pandemic results in 2019 (US$ 802 million). EBITDA improved by more than US$ 1 billion, turning to positive US$ 408 million from a negative US$ 651 million in 2020.

Adam Boukadida, Chief Financial Officer, said: "Despite Covid-19 suppressing global travel demand for a second year running, we have continued to transform Etihad Airways into a more efficient business, delivering additional line-by-line savings and further optimising our cost base. Our record cargo operations have provided much-needed uplift, helping to more than double monthly operating revenue between January and December.

“Pushing the frontiers of sustainable financing, we issued the first-ever sustainability-linked ESG loan in aviation, while at the same time reducing our outstanding debt by more than 20%. All these factors combined resulted in a strong year-end liquidity position, aligned to our pre-pandemic levels, and in a steadfast 'A with a stable outlook' credit rating reaffirmed by Fitch."

Key figures

	2021	**2020**
Passenger revenue (US$ billion)	1.07	1.24
Cargo revenue (US$ billion)	1.73	1.16

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Operating revenue (US$ billion)	3.14	2.66
EBITDA (US$ billion)	0.41	(0.65)
Core operating result (US$ billion)	(0.48)	(1.70)
Total passengers (million)	3.46	4.15
Available seat kilometres (billion)	37.21	37.45
Seat load factor (**%**)	39.6%	52.9%
Number of aircraft	67	103*
Cargo tonnage (leg tonnes ‘000)	729.20	575.70

** Part of the airline’s fleet was grounded in 2020 as a result of Covid-19.*

Highlights from 2021

Strategy

Etihad Airways announced a proposed transaction in December 2021 to divest a number of subsidiary businesses to ADQ, one of the region's largest holding companies, and to ADNEC.

The transaction is set to be completed in 2022 and will support the continued development of Abu Dhabi's civil aviation sector as well as enable Etihad Airways to further sharpen its focus on its core airline business, accelerating its transformation.

Our joint-venture airline, Air Arabia Abu Dhabi, the first low-cost carrier in Abu Dhabi, continued to grow in 2021 with the launch of seven new destinations, expanding its network to 15 cities by the end of the year.

Fleet and network

Etihad Airways has a strong network spanning major cities in Asia, Australia, Europe, the Middle East and North America, which has continued to grow in a measured way in 2021 as destinations have reopened and travel demand has returned.

- The number of passenger destinations grew by 28% in 2021, from 50 up to a high of 64 during the summer peak, as Etihad Airways rebuilt air connectivity to the vibrant capital of Abu Dhabi and tapped pent-up travel demand.
- Etihad's total fleet at the end of 2021 comprised 67 aircraft including five freighters, with an average age of 5.7 years.
- The backbone of the carrier's fleet is the highly fuel-efficient B787 Dreamliner. Etihad

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Airways is one of the largest operators of this aircraft type in the world, with 39 B787-9 and B787-10s in the fleet.
- Etihad Airways is currently preparing to enter new Airbus A350 aircraft into service, with the first one set to take off in Q2 2022.
- As well as launching year-round flights to Tel Aviv and Vienna, Etihad Airways introduced seasonal routes to capture leisure summer and winter demand, including new services to Malaga, Mykonos and Santorini.
- The airline continued to build on its codeshare network in 2021 by strengthening existing agreements with key partners such as Gulf Air, and forging a new partnership with El Al. At the end of the year, Etihad had 50 active codeshare partnerships, expanding its network reach to more than 400 cities worldwide.

Product and service

In 2021, Etihad Airways continued to invest in developing a thoughtful and digitally enabled travel experience inspired by Emirati hospitality, with health and wellness assured at every stage of the customer journey.

- Etihad Airways was one of the first airlines globally to trial and implement the IATA Travel Pass as a solution to simplify the storage of verified Covid-19 tests and certifications.
- For added convenience, Etihad Airways launched a new Home Check In facility, allowing customers to check in their bags, choose their seats and collect their boarding passes and luggage tags from their home, skipping queues at the airport.
- To simplify the process of travelling during the global health crisis, Etihad Airways introduced a Verified to Fly service that allows guests to upload their tests, passenger locator forms, vaccination certificates, and other necessary paperwork in advance of their flight to confirm their eligibility for travel.
- The airline continued its industry-leading Etihad Wellness programme, a key service differentiator which was developed at the outbreak of the pandemic to ensure passenger health and wellbeing at every touchpoint and provide peace of mind when travelling.
- The Etihad Wellness programme has continued to be championed by trained Wellness Ambassadors who provide guests with care and essential travel health information on the ground and onboard flights, as well as initiatives to maintain the highest standards of cleanliness and sanitisation, with complimentary wellness kits, and Covid-19 insurance cover for passengers.

People

While Covid remained a dominant force, the airline’s workforce focus for 2021 was two-fold: to continue protecting the health and wellbeing of employees while driving employee engagement.

- In 2021, Etihad Airways became the first airline in the world with 100% of operating onboard crew vaccinated to help curb the spread of the coronavirus.
- As one of the first businesses in the UAE to offer employees access to a Covid-19 vaccine, Etihad Airways has now reached a vaccination rate of 95% across UAE-based staff.
- To minimise risk to employees, the airline implemented a rigorous workforce PCR testing programme for all staff coupled with robust workplace safety measures, including deep cleaning and sanitisation initiatives.
- Organisational health continued to improve in 2021, rising from 73% to 76%, as the airline invested in initiatives to raise staff engagement and motivation.
- A salary reduction, carried over from 2020, supported the business in navigating unprecedented challenges from the pandemic and was brought to an end in October.

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- In a time of need, Etihad Airways was a leader in providing humanitarian aid both locally and globally. The airline ran more than 30 initiatives around the world, reaching almost 230,000 individuals from minority groups to refugees to communities impacted by natural disasters.
- At the end of 2021, the total workforce stood at 12,533 employees.

Cargo

Etihad Airways achieved a new milestone in 2021 by recording the highest cargo revenues in 18 years of operations.

- Etihad Airways is a founding member of the HOPE Consortium, an Abu Dhabi coalition formed to create a complete supply chain solution to distribute Covid-19 vaccines worldwide, which has to date handled more than 250 million vaccine doses to over 40 countries in the Middle East, Africa, Europe, Asia and South America.
- Pharmaceutical shipments using the airline's specialised PharmaLife product increased by 85% year-on-year in 2021. The airline was the first carrier in the Middle East to be awarded IATA's CEIV certification for pharmaceutical logistics and launched the first fully compliant origin-to-destination pharma air corridor, between Abu Dhabi and Brussels.
- In a move to boost cargo capacity, Etihad Airways has temporarily modified five Boeing B777 aircraft to support cabin loaded cargo, operating over 800 charter and scheduled cargo flights in the new configuration in 2021.
- The cargo booking portal on etihadcargo.com was revamped in 2021 to streamline the booking process to less than 45 seconds, increasing web bookings by 36% within three months of launch.
- Etihad Cargo maintained an on-time-performance and delivered-as-promised rating of 85% during 2021, despite operational challenges posed by global restrictions.

Sustainability

Etihad Airways is committed to achieving net zero carbon emissions by 2050 and pioneering sustainable air travel.

- As a result of a wide range of sustainability initiatives and the introduction of new operational efficiencies, Etihad Airways achieved a 5.6% reduction in the emissions intensity of its passenger fleet in 2021.
- In 2021, Etihad Airways united key industry OEMs to form the most comprehensive, cross-organisational initiative ever undertaken to reduce CO2 emissions in aviation. The airline's sustainability programme, previously focused on its fleet of GEnX-powered Boeing aircraft under the "Greenliner Programme", was expanded in 2021 by a similar initiative focused on Rolls Royce XWB-powered Airbus A350s under a programme called "Sustainability50". Both programmes are aimed at researching and developing new technologies and methods of flying to aid decarbonisation efforts and enhance operational efficiencies.
- Etihad Airways operated its most sustainable flight ever in 2021, from London Heathrow to Abu Dhabi. The flight leveraged two years of learnings to reduce emissions by 39,000kg, or by 72% in absolute terms compared to an equivalent flight in 2019, using a combination of a high blend of SAF, contrail reduction, efficient airport handling processes using electric tractors, a highly optimised flight routing and more.
- The airline committed to adopting 400 mangroves, one for each passenger onboard its most sustainable flight, and has bolstered this commitment by forming a new partnership with Jubail Island in 2022 to plant a further 182,000 mangrove trees over the next five years in Abu Dhabi.
- The carbon emissions of the airline's signature Etihad Greenliner aircraft were completely

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offset for the entirety of 2021, totalling 79.4 tonnes of CO_2 emissions across 834 flights, as part of the first carbon offset programme in the region.

- Etihad Airways announced the world's first green loyalty programme in 2021, called Conscious Choices, which rewards members of Etihad Guest for making sustainable choices in their day-to-day lives to reduce their carbon footprint.
- In 2021, Etihad Airways raised US$1.2 billion in the first sustainability-linked loan (SLL) tied to environmental, social and governance (ESG) targets in global aviation, making it the largest sustainable financing deal in the airline's history and the third innovative financial deal in three consecutive years, following a first-of-a-kind sustainability-linked transition sukuk in 2020 and a loan tied to the UN Sustainable Development Goals in 2019.
- Nearly 30% of the airline's global supply chain is driven by UAE-based businesses, and Etihad Airways is actively growing and accelerating its local spend through a programme called Al Watani to support the development and sustainability of local businesses and communities in the UAE.

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