



# RUSSIA'S MAJOR AIR CARRIER PLANS TO PURCHASE 50 MC-21 AIRCRAFT

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Russia's flagship carrier Aeroflot is working on contract for the purchase of 50 MC-21 aircraft and 20 Sukhoi Superjet aircraft, Aeroflot CEO Vitaly Saveliev said at a meeting with Russian President Vladimir Putin.

"We are now on the stage of considering a contract for additional 20 Sukhoi Superjet aircraft and a contract for fifty MC-21 aircraft," he said.

He added that the company may receive twenty SSJ airliners already in 2017-2018, but this will depend on the capacities of the Sukhoi Civil Aircraft company.

The Irkut MC-21 is a series of twin-engine short-range and mid-range Russian jet airliners set to replace Soviet Tu-134 and Tu-154 aircraft and its Western analogues.

The first MC-21 plane is planned to take off this year. Serial production of airliners is planned to start after 2020.

The roll out ceremony of the MC-21 passenger airliner took place in Irkutsk in Russia's Siberia in

early June.

#### *Aeroflot plans to bring share of domestically built aircraft in its fleet to 40%*

Saveliev noted that the fleet of Aeroflot remains the youngest in the world and the average age of its aircraft is 4.3 years.

"Our fleet partially includes domestically built aircraft, we have 30 Sukhoi Superjet airliners and the fleet does not change radically that means that we have both long-range and short-range vehicles," he said.

"In the near future we want to ensure that our fleet has at least 40% of domestically produced aircraft cars of domestic production," he said.

Savelyev added that the company will continue with digitalization of its business processes, "because of Big Data, and everything which is related to big data, used for passenger traffic are on the doorstep."

According to him, Aeroflot plans to enter top 5 in terms of passenger traffic and top 20 of the global ranking. "We want our Pobeda company to become the third airline in Russia, we will strive towards this in the nearest future," Savelyev said.

He stressed that Aeroflot would like to receive the best airline status not only in Eastern Europe, but also across Europe.

"I think we have every reason today to fight for this status," the head of Aeroflot said.

#### *Pobeda project*

According to the official, the Pobeda airline has become a very successful project and is expected to bring 2 billion rubles (\$31.6 mln) of net profit this year.

"As for Pobeda, in fact, it is a very good low-budget project. Last year, the company transported 3.1 million passengers and this year we will carry more than four million passengers, the seat load is 86% and Pobeda will reach profitability earlier than it was expected: this year Pobeda will bring more than two billion rubles of net profit, which is essential for us, and it shows the effectiveness of the work," he said.

Savelyev paid special attention to the price of transportation.

"According to analysts, on all destinations where Pobeda begins to operate prices of our competitors fall by about 20%," he said.

He also said that last year of three million passengers carried by Pobeda, ten percent paid for a ticket only 999 rubles (\$15.8).

"This trend remains and Pobeda not only declares it but still sells (tickets) at very low prices," Savelyev said.

The CEO of Aeroflot also noted the effectiveness of Pobeda.

"If we compare Pobeda to American and European low-cost airlines, it does not get revenues either but it has a significant reduction in expenditure. Thus, Pobeda is working effectively and there is a possibility of bringing more than two billion of net profit in advance," he said.

"We want our Pobeda to become the third airline in Russia, we will strive towards this in the near future," Saveliev said.

#### *Aeroflot Group has been formed*

Saveliev said that Pobeda has become parts of the Aeroflot Group.

"The task to form the Aeroflot aviation group, which first appeared in Russia, has been completed," Saveliev told Putin.

"The group was formed of four airlines: Aeroflot remains in the premium segment, the Rossiya company, which was formed of two aviation companies, occupies the middle class niche. Pobeda and Avrora, a regional carrier on the Far East, are a very successful project that we started with your consent, and your support," he said.

"The group has been formed and it feels fine, it functions," Savelyev said.

#### *Capitalization of Aeroflot exceeds that of Air France-KLM*

According to Saveliev, Aeroflot capitalization has reached 116 bln rubles (\$1.8 bln), which exceeds the relevant indicator of Air France-KLM.

"For the first time, despite of the difficult situation on the market we reached historic high: today the capitalization of Aeroflot is 116 billion rubles. I would like to note that this capitalization in US dollars is more than that of Air France-KLM Group," he said.

"That means that we are growing and have overcome this historic high. Today Aeroflot costs 116 billion. I think that our owners, including the state, and our minority shareholders will be pleased with this fact," Saveliev said.

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