

# ANNUAL REPORT 2015/16



**Ethiopian**  
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THE NEW SPIRIT OF AFRICA

A STAR ALLIANCE MEMBER 

# LEADING THE INTRODUCING THE TO A



20% less carbon emission  
wider seats  
more headroom

# THE WAY, AGAIN THE AIRBUS A350 - XWB AFRICA



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## Board Members 2015/16



*H.E. Ato Abadulla Gemeda  
Board Chairman.*



*H.E. Dr. Arkebe Oqubay  
Board V/Chairman*



*H.E. Ato Tolesa Shagi  
Board Member*



*H.E. Ato Ahmed Shide  
Board Member*



*H.E. Amb. Berhane Gebre-Christos  
Board Member*



*Lieutenant Gen. Adem Mohammed  
Board Member*



*Ato Mesfin Lemma  
Board Member*



*Dr. Hashim Tewfik  
Board Member*



*Ato Alemayehu Assefa  
Board Member*



*Ato Retta Melaku  
Board Member*



*Ato Tewodros Balcha  
Board Member*

# Meet the Winning Team

**Tewolde GebreMariam**

Group Chief Executive Officer



Mr. Tewolde GebreMariam is a titan of the aviation industry. As Group CEO of Ethiopian Airlines he presides over the fastest growing and most profitable airline in Africa. He began his career in the Cargo Traffic Handling department at the company when he joined thirty years ago and rose up the ranks through overseas management, Marketing and Sales to Chief Operating Officer before his appointment as CEO.

Mr. Tewolde is on the board of many of the major Ethiopian state-owned enterprises, he leads Pan-African aviation initiatives and sits, with UN Secretary-General on the High-Level Advisory Group on Sustainable Transport. His airline won 20 awards in 2015 and is recognized as one of the most dependable airlines in the world. His sense of corporate responsibility to society and the environment is impeccable. As part of EA's CSR programme, the airline is working with Greener Ethiopia to repopulate the country with trees.

Along with the plethora of awards Ethiopian has won, Mr. Tewolde himself has won African CEO of the Year, Best African Business Leader, The Airline

Strategy Award for Regional Leadership the 2015 International Grand Prix Special Award in Milan and the Most Gender Focused CEO Award 2015 by the Leading Women of Africa group.

He earned his B.A. Degree in Economics from the Addis Ababa University in Ethiopia and his Masters Degree in Business Administration from the Open University in the United Kingdom.

## Mesfin Tasew, Chief Operating Officer



Mr. Mesfin joined Ethiopian in 1984 as Associate Engineer and progressed through the ladder and served in supervisory and managerial positions in the technical areas. In 1997 and 1999 he was appointed as Director Operations & Technical Systems Support and Chief Information Officers respectively. In 2006, he was assigned as Vice President Maintenance and Engineering.

Currently, he is serving Ethiopian as Chief Operating Officer since Nov. 01, 2010.

He holds BSC and MSC degree in Electrical Engineering from Addis Ababa University. He also holds MSc. degree of Master of Business Administration from the Open University of UK.

## Busera Awel, Chief Commercial Officer

Mr. Busera joined Ethiopian in 1985 as a Space Control Agent and progressed through the ladder and has held a number of senior leadership positions including Director of Marketing and Sales Operations, Area Offices and Vice President of Commercial.

On Sep. 2009, Mr. Busera was appointed as Chief Executive Officer of ASKY Airlines, Ethiopian second hub in Lome' (Togo). On Sept. 2013, he was assigned Chief Commercial Officer, the position he currently holds.

He graduated from Addis Ababa University with a B.A. Degree in Economics.



## Genanaw Assefa, VP Legal Counsel & Corporate Secretariat



Mr. Genanaw began his career with Ethiopian in 2008 as Assistant General counsel position and progressed through the ladder to become VP Legal Counsel & Corporate Secretariat in September 2014.

He graduated from Addis Ababa University with a Bachelor of Laws. He earned his Master of Laws from Peking University.

## Wassu Zelelew, VP Internal Audit & Compliance



Mr. Wassu joined Ethiopian in 1978 as an accounting clerk in Finance and then promoted as junior Accountant. In 1982, he was promoted as an Internal Auditor in the Internal Audit Department and progressed through the ladder and has held a number of different managerial positions including; Senior Internal Auditor, Senior Analyst Management Audit, Mgr. Performance Audit, Mgr. Internal audit, Dir. Corp. & Operation Audit until he was appointed to work as Dir. Cost Saving in 2009. Currently he is serving Ethiopian as Vice President Internal Audit and Compliance since Nov. 1, 2011.

He holds a BA Degree in Management from Washington International University. He is also a Certified Fraud Examiner & member of Association of Certified Fraud Examiners & member of Association of Certified Fraud Examiners & Institute of Internal Auditors Association.

## Girma Shiferaw, A/VP Strategic Planning and Alliances

Mr. Girma joined Ethiopian as Jr. Aircraft Technician after he graduated from Ethiopian Aviation Academy in 1981. He has been serving in various Positions including Aircraft Maintenance, Marketing, Network Planning and Corporate Strategy Planning, Department Head Commercial Planning and Country Manager in Senegal and in Nigeria for six years and as Director Alliances & Network Planning. Currently, he is serving Ethiopian Airlines as A/VP Corporate Strategy and Alliances.

He is a holder of a BA degree in Business Management from Addis Ababa University and MSc in Air Transport Management from Cranfield University in the UK.



## Solomon Debebe, MD Ethiopian Aviation Academy



Mr. Solomon joined Ethiopian in 1979 as a Junior Aircraft Mechanic after graduating from Ethiopian Aviation Academy. He has been serving in various managerial positions including Manager Market Research & Analysis Area Manager – Uganda, Scandinavia, Kenya & Seychelles, and South Korea – Director Service Quality Management, and VP Customer Services.

Currently he is serving Ethiopian as Managing Director Ethiopian Aviation Academy since July 26, 2016.

He holds BA degree in Management and Public Administration from Addis Ababa University.



### Yinnesu Fekadeneh, VP Customer Services



Mr. Yinesu joined Ethiopian in 1995 as Marketing Clerk and held different positions in various divisions of the Airline; such as Sales & Services, and Marketing & Operations.

Currently he is serving Ethiopian as VP Customer Services.

He has M.Sc. degree in Air Transport Management from London City University of United Kingdom.

### Fitsum Abady, MD Ethiopian Cargo Services

Mr. Fitsum Abadi began his career with Ethiopian in 1995 as Transportation Agent and has held a number of leadership positions in a number of divisions in the Airline including; Ethiopian Cargo, Area Offices and Sales and Marketing.

Currently, he is serving Ethiopian as Managing Director Ethiopian Cargo Services since January 01, 2014.

He graduated from Addis Ababa University with a BSC Degree in Biology. He earned his Master's Degree in Business Administration from the ITM University in India.



### Meseret Bitew, A/Chief Financial Officer



Mr. Meseret joined Ethiopian as Senior Accountant in the Finance Division in 1986. He has been serving the airline in various managerial streams including Supervisor at Disbursement, Supervisor at General Accounting, Manager General Accounting, Director Financial Accounting, Director Management Accounting, Vice President Finance and as Acting Chief Financial Officer the position he is holding currently since August 2015.

He has also served as Director Finance and Strategic Planning for ASKY Airlines.

He holds a BA Degree in Accounting from Asmara University and Master of Business Administration from London Open University.

## Aziza Mohammed, VP Corporate HRM



Mrs. Aziza joined Ethiopian as Recruitment Officer in April 1998 and served the airline in various managerial positions. She was appointed Manager Employment in Oct. 2000 and Manager Organization & HR planning in Sept. 2004, then Director Organization & HR planning in Nov. 2008. She was appointed VP Human Resource Management in Oct. 01, 2013.

She is a holder of BA degree in Management & Public Administration, BSC Degree in Information technology and Degree of Master of Business Administration from the Open University in UK.

## Laeke Tadesse, Chief Information Officer

Mr. Laeke Tadesse has begun his career with Ethiopian in 1999 as Jr. Application Analyst and has served a number of positions as Senior Application Analyst, Mgr Galileo System Support, Head Galileo Ethiopia and Director Commercial Systems & Galileo. He became Chief Information Officer in Sept. 2015.

He graduated from Addis Ababa University with a B.Sc. Degree in Mathematics



## Esayas WoldeMariam, MD Ethiopian International Services



Mr. Esayas joined Ethiopian on July 1991 as Transit Agent in Marketing Division. He has been serving in various managerial positions including Manager Space Control & Yield Country Manager Greece, Nigeria and Germany.

On Nov. 2010, Mr. Esayas was also appointed as Vice President of Ethiopian Cargo to head all the cargo operation. On Jan. 2012, he was appointed as SVP Global Sales. Currently, he is serving Ethiopian as Managing Director Ethiopian International Services since Oct.01, 2013.

He holds BSc Degree in Mathematics from Addis Ababa University. He also earned degree of Master of Business administration from open University of UK.

## Hailemeleket Mamo, MD Ethiopian Regional Services



Mr. Hailemeleket joined Ethiopian in 1992 as a Space Control Agent and progressed through the ladder and has held a number of senior leadership positions including Country Manager, Director Customer Service Quality Management, Director Customer Loyalty Program and A/Vice President of Marketing.

Currently he is serving Ethiopian as Managing Director Ethiopian Regional Services since Oct. 01, 2013.

Mr. Hailemeleket graduated from Addis Ababa University with a Master in Business Administration (MBA) and Bachelor's Degree in Management and Public Administration.

## Rahel Assefa, VP Marketing

Mrs. Rahel Assefa joined Ethiopian Airlines in 1988 as a college trainee in the sales department after graduating from the Addis Ababa University in Management & Public Administration.

She worked in various Managerial positions within the Airline such as Sales, Commercial Planning, Revenue Management, as Regional representative (U.K) and currently she is serving Ethiopian as Vice President Marketing the position she is holding currently since Oct. 2013.

In Feb. 2015, she was named among the Worlds' 30 most Compelling Women in Travel by the U.S based Premier Travel Magazine.



## Teklehaymanot Gebreyohannes, A/MD Ethiopian Ground Services



Mr. Teklehaimanot began his career with Ethiopian in 1995 as Transportation Agent and has held a number of leadership positions in a number of divisions in the Airline including; Ethiopian Cargo, Area Offices and Ground Services. On June 2013, he was appointed as Director Addis Ababa HUB to head all the ground operation at Addis Ababa Airport. Currently he is serving Ethiopian as A/MD Ethiopian Ground Services.

He graduated from Addis Ababa University with a B.A. Degree in Economics & Marketing Management and earned his Master's Degree in Economic Development & Good Governance from the university of Paris and CERIS in Belgium.

## Zemene Nega, MD Ethiopian MRO Services



Mr. Zemene joined Ethiopian as an associate engineer in 1982 in Technical Services and has served the airline. He has been serving in various managerial positions including Supervisor Power Plant Engineering, Manager Power plant O'haul, Division Manager Engine Maintenance and Director Technical sales & Market Development. Currently he is serving as Managing Director Ethiopian MRO (Maintenance, Repair and Overhaul) Services of Ethiopian since Oct. 2010.

He is a holder of BSc Degree in Mechanical Engineering from Addis Ababa University.

## Capt. Yohannes HaileMariam, VP Flight Operations

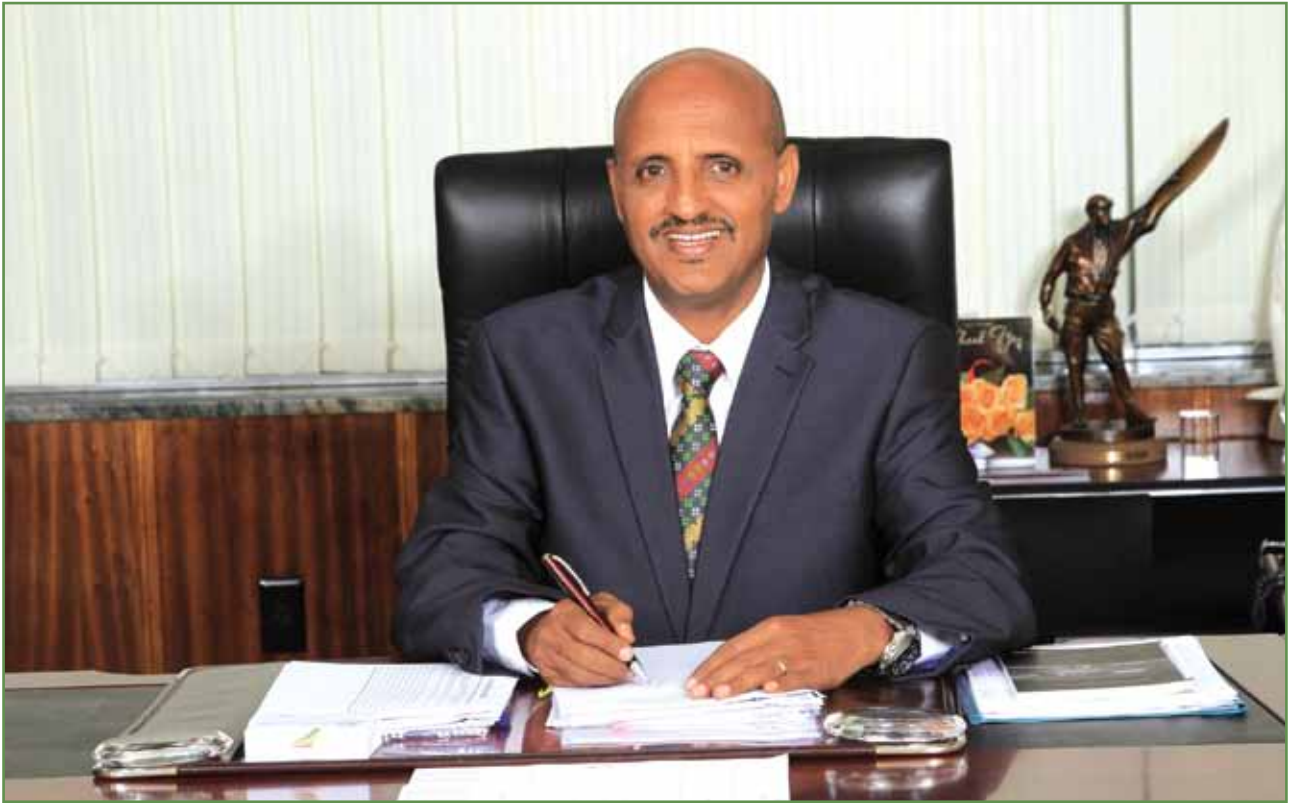
Capt. Yohannes joined Ethiopian as a pilot after he has graduated from Ethiopian Aviation Academy in 1984. He has been serving in various positions including Chief Pilot on 767/757 in 2004, Manager Training and Standard in 2005, Director Flying and Training in 2007 and Air Crew Program Manager in 2010. Currently he is serving as VP Flight Operations since May 2015.

He is a holder of a Diploma from Pilot Training School, diploma from Addis Ababa University and 2<sup>nd</sup> year complete in Electrical Engineering from Addis Ababa University.



# Group CEO's Message

2015/16 was a very challenging year. Economies of our major markets were hit by falling oil and raw material prices which significantly affected demand for air travel. Furthermore, economies that had plenty of cash reserve during the oil and material boom found themselves in uncharted territory when they became cash strapped, devalued their currencies and restricted repatriation of income.



Traditionally, when oil prices go down, airline cost declines with it and consumer confidence and spending ability increases thereby heralding improved profitability. This time around, declining oil prices became a double edged sword. Declining oil prices enabled us to trim our operating expense in most markets. However, declining oil and raw material prices have significantly affected oil and raw material exporting economies to such an extent that countries were forced to devalue their currencies. Not only that, some of them restricted earnings repatriation even on devalued terms. This has led to the erosion of disposable income and dealt a major blow to the fragile consumer confidence which led to the weakening of travel to and from these economies. To motivate demand in these economies, we decided to pass our cost savings to our customers and when that was matched by the rest of the industry it created a downward pressure on fares and profitability.

Although oil price are a third of what it used to be just a few years ago, aviation fuel price remains very high in some of our major markets. In fact in some countries it is still as high as it was three years ago.

Despite these unique challenges, I'm happy to report that we were able to register a 20% increase in passenger traffic accompanied by a 50% increase in profitability mainly because:

Modern aircraft and technology - over the years we've invested and continue to invest in modern aircraft that deliver superior customer comfort and improved efficiency making us one of the very few airlines with such a young fleet.

Focus on customer service, service delivery and customer loyalty – with the ever changing dynamic global environment, the only constant that enables us to continuously register industry leading growth rate is our focus on identifying trends in customer needs and satisfying them efficiently. This focus was handsomely rewarded not only by our financial performance but also by the various recognitions and awards we received during the report period. Global Growth Company of 2015 by the World Economic Forum, Passenger Choice Award for Best Airline in Africa for the third time in a row, CAPA Airline of the Year Award, Airline of the Year Award by the African Airlines Association (AFRAA) for the fourth year in a row, Most Gender Focused CEO Award 2015, and Best Cargo Airline of the year some of the accolades we received during the fiscal year.

Expanding route network – Durban, South Africa, Gaborone in Botswana, Goma, in the Democratic Republic of Congo, Moroni, Comoros and Windhoek, Capital of Namibia were new additions to our extensive route network in sub-Saharan Africa. Leveraging this unmatched route network in sub-Saharan Africa, we've introduced New York as our 4th gateway to the Americas.

Investing in Human Capital – our well qualified, professional and dedicated 12,000 employees are the main drivers of the airline's success. The recent opening of Africa's largest aviation academy with annual intake capacity of 4,000 trainees is a testament to our unwavering commitment to producing world class professionals for the 21st century.

Looking forward, the challenges facing the global economy, the airline industry and African aviation in particular show no sign of abetting. We will continue with our cost saving initiatives to improve our operational efficiency even more. We will continue to focus on service delivery by leveraging the skill and dedication of our employees. We will continue to invest in modern aircraft and will take more deliveries of the ultra-modern Airbus A350 and Boeing 787 Dreamliner aircraft. We will continue to expand our network in Africa, Europe and Asia. In line with our Vision 2025 we will continue to grow our earnings and profitability.

I humbly take this opportunity to recognize and thank our customers for their continued patronage, our employees for their dedication and commitment, the government of Ethiopia and the Board of Management of Ethiopian Airlines for their unreserved support and encouragement.

# MISSION STATEMENT

## Our Vision

### VISION 2025

To become the most competitive and leading aviation group in Africa by providing safe, market driven and customer focused passenger and cargo transport, aviation training, flight catering, MRO and ground services by 2025.

## Our Mission

- To become the leading Aviation group in Africa by providing safe and reliable passenger and cargo air transport, Aviation Training, Flight Catering, MRO and Ground Services whose quality and price “value proposition” is always better than its competitors,
- To ensure being an airline of choice to its customers, employer of choice to its employees and an investment of choice to its Owner,
- To contribute positively to socio economic development of Ethiopia in particular and the countries to which it operates in general by undertaking its corporate social responsibilities and providing vital global air connectivity,

## Our Values

- As an airline, safety is our first priority,
- Ethiopian is a high performance and learning organization with continuous improvements, innovation and knowledge-sharing. We accept change for the growth opportunity it brings and always seek for and apply the best ideas regardless of their source,
- We recognize and reward employees for their performance and demonstrate integrity, respect to others, candor and team work,
- Act in an open fashion and be result-oriented, creative and innovative,
- Adopt Zero tolerance to indifference, inefficiency and bureaucracy,
- Encourage 360° free flow and sharing of information,
- Treat our customers the same way we would like to be treated and always look for ways to make it easier for customers to do business with us,
- We are an equal opportunity employer



**Cargo Airline of the Year 2016**





Ethiopian   
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# NEWS HIGHLIGHTS

## AIRCRAFT DELIVERY

### Africa's First Airbus A350 XWB 'The Simien Mountains': Bringing the Extra Features Home

Ethiopian Airlines continued its aviation technology leadership with yet another first African Airbus A350 XWB. In its successful 70 years of history, Ethiopian has so many firsts in African aviation industry. The A-350 XWB will be the first airbus aircraft in Ethiopian fleet and the first of its kind in Africa.



All seats are fitted with the latest high-definition touchscreen personal monitors and a higher selection of movies, Television series and audio channels. Inflight Wi-Fi connection will be made available on this aircraft in the future. Passengers with smart devices can connect to the world while others can use the smart individual touch screens on their seats when the internet service goes operational.

The A350 XWB's innovative technology improves performance in operation. Its revolutionary airframe and simplified systems have optimized fuel burn, maintenance costs and reliability, and its engines

have the lowest carbon dioxide CO2 emissions of any in the wide body category.

The A350 XWB made maiden flights to many of the airline's African destinations heralding its pioneering role in African aviation. Ethiopian served Lagos, Entebbe, Nairobi, N'Djamena, Lusaka, Harare, Douala, Malabo, Kigali, Bujumbura, Yaoundé, and other points in the continent.

## Ethiopian Received its 14<sup>th</sup> Boeing 787

Ethiopian Airlines received its 14<sup>th</sup> B787 Dreamliner named "Colonel Robinson", leased from AWAS, on 01 July 2016 carrying humanitarian aid. Ethiopian, an aviation technology leader in Africa, was the first airline in the world outside Japan to receive and operate B787 Dreamliner; the most technologically advanced commercial aircraft back in August 2012.



## GRADUATION

### Ethiopian Aviation Academy Graduated over one thousand Aviation Professionals

In the just ended fiscal year, the Ethiopian Aviation Academy (EAA), a full ICAO TRAINAIR Plus member and IATA authorized global training center graduated 1144 aviation professionals in various aviation spheres that include other nationals from Eastern, Southern and Western African countries and China. The graduates are composed of 73 Pilots, 185 technicians, 565 cabin crew, 274 marketing and finance professionals, and the remaining 47 Ground Services Operators.





## COOPERATION AND PARTNERSHIP

### Ethiopian, Boeing and Seattle Alliance Outreach (NGO) Joined Together for Humanitarian Flight

Ethiopian joined with Boeing and Seattle Alliance Outreach (NGO) to deliver more than 630 kilograms of medical supplies and equipment to Kidney Failure Dialysis Charity Organization in Ethiopia. The delivery was made aboard the brand new Boeing 777 Freighter on 11 September, 2015.

Kidney Failure Dialysis Charity Organization runs a Public Dialysis Center on the premises of Zewditu Hospital helping to save the valuable lives of citizens living with kidney failure by providing affordable dialysis services for the public.

### Ethiopian and Airbus Conducted Test Flight

Airbus A350 XWB, made its East African debut to Addis Ababa Bole International Airport. Its visit was a precursor to the delivery of Ethiopian first A350-900 aircraft, making it the first A-350 service to the African continent. As part of its ongoing fleet expansion and modernization strategy, Ethiopian has ordered a fleet of 14 of the all-new mid-size long range A350-900, which marks the carrier's first ever Airbus purchase.

The visiting aircraft, wearing its striking "carbon" livery, was one of five A350 XWBs built and used by Airbus to perform comprehensive flight test and development trials ahead of its airworthiness certification and entry into commercial service.

### Ethiopian And Tap Started Codeshare Services between Lisbon and Addis Ababa

Ethiopian Airlines and TAP, Portugal's leading airline, both members of Star Alliance, started code-share services between Portugal and Ethiopia as of November 24, 2015. These flights are made available for bookings through both carriers own websites – at [www.flyethiopian.com](http://www.flyethiopian.com) and [www.flytap.com](http://www.flytap.com) - as well as via the worldwide reservations systems.

The code-share agreement includes services operated and marketed by both carriers via connecting flights to African and European destinations. With this agreement, the two airlines will combine the strength of their respective networks in Europe and in Africa to offer customers convenient and seamless connectivity options when travelling between Portugal and Ethiopia as well as access to Ethiopian and TAP's operated flights with diverse and improved service options. As Star Alliance carriers, frequent flyer program members of the two airlines are already earning and redeeming miles on each other's flights.

### Avianca Brazil and Ethiopian Entered into Code-share Agreement

Avianca Brazil and Ethiopian Airlines, both members of Star Alliance, signed a code-share agreement to introduce code-share services between Brazil, Ethiopia, and future points beyond Ethiopia.

Through this partnership Avianca Brazil will add its code (O6) to Addis Ababa, Ethiopia connecting Brazil (GRU) to Africa (ADD), with the possibility for expansion to China and other viable Asian destinations. On a reciprocal basis, the largest African carrier, Ethiopian, will be able to reach more destinations in Brazil through Avianca Brazil network under ET code. There are also code share agreements in progress with Thai Airways, Azul Brazilian Airlines, Saudi Arabian Airlines, Air Europa, Air Botswana, Air Seychelles and Air France.

## Ethiopian Airlines Partnered with IOCC Consulting

Ethiopian Airlines and IOCC Consulting have finalized concluding a long-term agreement between the two companies. The initial part of the agreement was signed on 14 January 2016 by Ethiopian Group CEO Mr. Tewolde GebreMariam (left) and IOCC Consulting's CEO Mr. Dustin Paul Wilden (right). The agreement will include a mutually beneficial business relationship regarding aviation simulators and training at Ethiopian Airlines headquarters in Addis Ababa, Ethiopia.



## Ethiopian Hosted Africa 787 Supplier Technical Summit

Ethiopian Airlines, in collaboration with the Boeing Company hosted 'Africa 787 Supplier Technical Summit' from 7-9 June 2016. The summit encompassed the entire African region including Ethiopian Airlines, Kenya Airways, Royal Air Maroc and others. Many of the B-787 aircraft component and part suppliers in the industry have participated in the conference. The aim of the summit was to ensure the supply chain is well-equipped, quickly resolves issues and fully supports the growing 787 fleet in the region.



## ING Closed Pre-Delivery Payment Financing for Ethiopian Airlines

ING Capital LLC announced that it closed a USD 107.5 million pre-delivery payment (PDP) financing for Ethiopian on May 12 in respect of Airbus A350-900 aircraft. The airline has utilized the PDP financing to finance a portion of the pre-delivery payments which it made to Airbus prior to the delivery of each aircraft. ING Capital is the sole lender and facility agent.

## Ethiopian Signed MoU with Aerosud Group

Ethiopian signed a Memorandum of Understanding (MoU) with Aerosud Holdings, a prominent South African Aerospace Manufacturing company, to establish Aerospace Manufacturing Industry in Ethiopia at a ceremony held at Ethiopian Headquarters on July 15, 2016.

The Manufacturing Industry is anticipated to manufacture and supply various aircraft parts to Boeing, Airbus and other Aerospace companies.



## Ethiopian Entered Agreement with Lufthansa Technik

Ethiopian has contracted with Lufthansa Technik to provide comprehensive component support for the airline's future Airbus A350 fleet. The corresponding Total Component Support TCS® agreement will run for a period of ten years and includes 14 aircraft. The contract comprises component maintenance, repair and overhaul as well as access to a pool of spares.

The contract underscores Lufthansa Technik's many years of collaboration with Ethiopian MRO in a number of different areas including an extensive Total Component Support for the carrier's Boeing 787 fleet as well as material support for Ethiopian's Bombardier Q400 regional aircraft fleet.



## AIRCRAFT RETROFIT

### Ethiopian MRO Successfully Retrofitted Passenger Seats

Ethiopian Maintenance, Repair and Overhaul (MRO) achieved another milestone with the successful completion of retro-fitting all Ethiopian Boeing 777 passenger aircraft with 180° business class full flat bed. The retro-fitting was completed and the aircraft have started operations with the new 180° business class full flat bed.



## SERVICE UPGRADING

### Ethiopian Launched New Website

Ethiopian launched its revamped brand-new website showcasing a customer focused online presence. The new website offers a more user-friendly way to book flights, manage bookings, check-in online, check flight status and schedule, login to ShebaMiles

account, access to the latest and important updates and check out localized flight offers on a single – home – page basis. Visitors of the revamped website experience streamlined menus with clean navigations allowing for an easy access to the essential information of their interest regarding all Ethiopian Airlines products and services. Online recruitment, procurement information like tenders and competitive bids, company information and much more renewed features are also included in the brand-new Ethiopian website located at [www.ethiopianairlines.com](http://www.ethiopianairlines.com).

### Bid for C-9 Upgrading

Ethiopian has introduced a new program that will give passengers the option to bid for an upgrade from Economy Class to Cloud Nine (Business class). Using “Upgrade to Cloud Nine”, customers who have a valid Ethiopian Economy class ticket can make an individual bid for an upgrade to Business Class. Passengers who win the bid will be able to enjoy the benefits of our Cloud Nine services on selected routes. And if our passengers aren’t successful in their bid, then they will retain their economy class ticket!



## AWARD NEWS

### Ethiopian Won CAPA Airline of the Year Award

Ethiopian won CAPA Airline of the Year Award, one of the top airline awards, at the 2015 CAPA Aviation Awards for Excellence, held on 7 October, 2015 in Helsinki as part of CAPA’s 2015 World Aviation Summit.





# WINNER OF

BEST AIRLINE IN AFRICA  
FOR THREE YEARS IN A ROW



**PRESTIGIOUS AWARDS**

CAPA - Centre for Aviation (formerly the Centre for Asia Pacific Aviation) is the leading provider of independent global expertise in aviation market intelligence, analysis and data services covering worldwide developments. The CAPA awards for Excellence are independently researched by CAPA and Heidrick & Struggles and selected by an independent International panel of judges.

### UN Secretary-General Nominated Mr. Tewolde GebreMariam to serve as a Member of his High-Level Advisory Group on Sustainable Transport

United Nations Secretary-General Ban Ki-moon nominated Ethiopian Group CEO, Mr Tewolde GebreMariam to serve as a member of his High-Level Advisory Group on Sustainable Transport (HLAG-ST).

The Advisory Group, which is expected to serve for a period of three years, provides policy recommendations and global messages on sustainable transport by working with governments, transport sector, businesses, financial institutions, civil society and other stakeholders. The Group will also promote the integration of sustainable transport in intergovernmental processes, including making recommendations on the initiation and implementation of the post-2015 development agenda.

Mr. Tewolde will be a member of the United Nations High-Level Advisory Group on Sustainable Transport which comprises of prominent individuals with diverse capabilities from civil society, private sector and government officials of member states.

The nomination is also an appreciation of the leading role being played by Ethiopian Airlines to foster sustainable air transport development in Africa through the continuous tailoring of appropriate strategies and adoption of latest technology and best work practices.

### Ethiopian Group CEO Won Most Gender Focused CEO Award

Ethiopian Group Chief Executive Officer Mr. Tewolde GebreMariam, won 'Most Gender Focused CEO Award 2015' from the Leading Women of Africa (LWA) at the continental Championship Men award ceremony held on 3rd December 2015 at Durban-South Africa.



Leading Women of Africa (LWA) is a Pan African Forum that continuously promotes efforts to position women's economic empowerment at the focal point of the 21st Century goals on sustainable development. The aim is to highlight the contribution of men who have played a significant role in unlocking the potential and the acknowledgment of women as equal partners and to honor them for their influential role in the socio-economic change in Africa through women empowerment.



### The World Economic Forum Awarded Ethiopian

Ethiopian received the 'Certificate of Global Growth Company of 2015' from the World Economic Forum on September 8, 2015 in Dalian, People's Republic of China.

Ethiopian is among the 132 of the world most dynamic and high-growth companies which were nominated based on their strength and potential to become global economic leaders. Ethiopian was chosen from a broad spectrum of sectors, including banking, energy and aviation that share a track record of exceeding industry standards in revenue, growth, promotion of innovative business practices and demonstration of leadership in corporate global citizenship. The Global Growth Companies Community currently consists of 400 companies around the World.





**Ethiopian Won the ‘Best International Airline of the Year’**

Ethiopian won the Best International Airline of the year Award by Business Executive Excellence Awards in Accra, Ghana for its best performance and great contribution to Ghana’s economy in general.



**Ethiopian Voted as the Best in Africa, Wins Passenger Choice Awards in the USA**

Ethiopian was voted and won the Passenger Choice Awards for “Best Airline in Africa” for the third time in a row at the APEX 2015 EXPO held on 27 September 2015 at the Oregon Convention Center in Portland.



The Airline Passenger Experience Association is a network of the world’s leading airlines, suppliers and related companies committed to elevating the level of the airline passenger experience. APEX encompasses the largest and most comprehensive survey of passengers in 13 languages. It is the most important award in the airline industry since it is the customers themselves who rate airlines based on their overall experience.

**Ethiopian won “The Rising Star Carrier of the Year Award”**

Ethiopian won “The Rising Star Carrier of the Year Award” on Payload Asia Awards 2015 on a gala dinner attended by more than 250 members of the air cargo fraternity from around the globe on October 15, 2015 at Crown Plaza Changi Airport, Singapore.

Payload Asia 2015 is aimed at Celebrating Excellence in the Air Cargo Industry and Ethiopian Airlines won on both Industry and Customer Choice Awards where over 76 companies were nominated with over 18,000 online votes cast for 22 awards in the Customer Choice Awards. All results, both on Customer and Industry Choice, were audited by independent auditing firm.

By 2025, Ethiopian Cargo plans to uplift over 820,000 tons per year by operating to 37 freighter destinations across 5 continents using 19 dedicated cargo aircraft.

## Ethiopian Received Honorable Certificate from Employers' Federation

The Ethiopian Employers' Federation (EEF) awarded an Honorable Certificate & Trophy to Ethiopian Airlines in recognition of its success in creating conducive employment relationship between its management and staff as well as its support for the Federation and the country's development goals.



The award acknowledges Ethiopian's efforts and valuable contribution to the fulfillment of the country's Growth and Transformation Plan, support for the domestic transportation sector, generation of foreign currency through its profitable services as well as the conducive environment created for labor-management relationship and the financial and technical support given for the efforts of the Federation to safeguard the rights and benefits of employers.

## Ethiopian Received Airline of the Year Award for the Fourth Year in a Row from AFRAA

Ethiopian was named for the fourth year in a row as the 'Airline of the Year' by the African Airlines Association (AFRAA) at its 47<sup>th</sup> Annual General Assembly held between 8 and 12 November 2015, in Brazzaville, Republic of Congo.

Ethiopian was awarded Airline of the Year for its outstanding financial performance in 2014 and its ever expanding intra-Africa network and sound growth plan, reiterating its consistent profitability, and sound strategy which has enabled Ethiopian to enhance partnerships with fellow African airlines showcasing ASKY and Malawian Airline as successful multiple hub operators for the continent.

## Ethiopian won Employer of Choice Award

Ethiopian won 'Employer of Choice 2015' award by Careers in Africa in an event held on Tuesday November 19, 2015 at Sandton Hilton hotel.

Ethiopian was crowned Employer of Choice 2015 in the categories of Local Attractiveness and Aviation, Logistics and Shipping. Winners are identified solely by the data from Careers in Africa Employer of Choice, making it a truly independent selection of those who make an impact that resonates across the global African talent pool.

## Ethiopian Won "Africa Best Employer Brand Awards" from Employer Branding Institute

Ethiopian won 'Africa Best Employer Brand Awards' from Employer Branding Institute on 8th December 2015 at Le Meridian, Mauritius.

The Africa Best Employer Brand Awards – 2nd Edition was hosted by Employer Branding Institute and Stars of the Industry Group with CHRO Asia as a Strategic Partner and Endorsed by Asian Confederation of Businesses.

Ethiopian was awarded Africa Best Employer Brand Awards for its consistent improvement in HR Policy, for being a social and equal opportunity employer and for developing and nurturing future leaders.

## Ethiopian Voted Best Airline to Africa, Best Airline in Africa by Premier Traveler Magazine Customer Survey

Ethiopian was recognized as “Best Airline to Africa”, for a second year in a row, and “Best Airline in Africa” by one of the most prominent travel magazines in the United States, Premier Traveler, at a ceremony held on 10 December 2015 in Los Angeles, California.



## Ethiopian Awarded ‘Best Airline in Nigeria’ by the National Association of Nigerian Travel Agents

Ethiopian Airlines was chosen as the Best Airline in Nigeria by the National Association of Nigerian Travel Agents (NANTA) on 17 March 2016. The ceremony took place at the Association’s 40<sup>th</sup> annual general meeting at Premier Hotel Ibadan.



## Ethiopian voted ‘Best African Cargo Airline of the Year Award’

Ethiopian was voted as the Best Cargo Airline of the Year from Africa at the ‘2016 Cargo Airline of the Year Air Cargo News Awards’ held at the Lancaster London Hotel, London on 23 April 2016.



Air Cargo News is the world’s leading air cargo publication which has produced the highest quality editorial content for the past 33 years.

The awards are based on the voting results of more than 18,000 supply chain professionals over a two month period. Shippers, the beneficial owners of the goods, and their logistics partners were asked to vote on the publication’s website for the airline that provided the best overall customer experience and for the best service provider in each region.

## ICAO Certified Ethiopian Aviation Academy

Ethiopian Aviation Academy (EAA) has been recognized as ICAO Regional Training Center of Excellence on May 11, 2016 at the ICAO’s Global Aviation Training and TRAINAIR PLUS symposium held at Conrad hotel in Seoul, Korea.

The Academy attained the recognition following a rigorous assessment of the Training organization, Training & Procedures Manuals, Facilities, Training Processes, Qualification of Staff and Quality System.

The recognition allows Ethiopian to develop and host ICAO Training Packages (ITPs) in addition to ICAO recognized Standardized Training Packages (STPs) of its own. Besides improving the quality of training by making it more of material dependent than instructor dependent, the ITPs and STPs can also be exchanged with all ICAO TRAINAIR PLUS members and generate revenue.



### Ethiopian Won African Airline of the Year 2016 Award

Ethiopian won the African Aviation ‘African Airline of the Year’ Award for 2016 during the 25<sup>th</sup> Anniversary African Aviation Air Finance Africa Conference & Exhibition and African Aviation Summit held on May 11, 2016 in Johannesburg, South Africa.

The award was presented to Ethiopian in recognition of its financial performance, fleet modernization, route network expansion, in-flight service, overall customer care and its outstanding contribution to aviation development in Africa.



### SOCIAL RESPONSIBILITY (CSR) NEWS

#### Ethiopian Signed MoU with Office of the First Lady and ‘Ye Enat Weg’ Charity Organization to feed School Children

Ethiopian Airlines and Office of the First Lady of Ethiopia and ‘Ye Enat Weg’ Charity Organization signed a Memorandum of Understanding (MoU) on November 13, 2015 to implement a school feeding program in selected primary schools in the Addis Ababa City Administration. The general purpose of this program is to augment the ongoing

education quality assurance initiatives by decreasing the drop-out rate and enhancing active participation of students in the teaching and learning process.



#### ET High Officials Visited School Feeding Program Beneficiaries

Ethiopian officials paid a visit to some of the schools that benefit from its school feeding program. As part of the airline’s commitment to corporate social responsibility, Ethiopian has been involved in a number of philanthropic activities focused on humanitarian and social programs, sports, education, health, as well as community and environment protection in Ethiopia with both local and international charitable organizations to support humanitarian causes in the region.



Ethiopian launched a school feeding program in various elementary and junior secondary schools in Addis Ababa in November. The program benefits students from less fortunate families. The beneficiaries were selected via recommendation made by their respective administrative offices.

**GE Global Growth and Operation:** Ethiopian joined hands with GE Global Growth and Operations to freely transport IT equipment,

which weighs 1,050 kg to be donated to Menilik II Preparatory School. Ethiopian has always been supporting its citizen to fill the gaps.



**MaryJoy Ethiopia:** Ethiopian supported Mary Joy Development Association to give care for forgotten elderly citizens and orphans who are living with HIV AIDS. Ethiopian has been standing by Mary Joy to support its worthy cause towards the betterment of the children and elderly.



**Ethiopian Supported Save a Child’s Heart:** Ethiopian has reached into agreement with Ethiopian Airlines and Save a Child’s Heart (SACH) towards saving the lives of Ethiopian cardiac patients by giving them free medical surgery to/from Israel. In support of this praiseworthy initiative, Ethiopian has offered discounted tickets from Addis Ababa to Israel for five cardiac patient children. Ethiopian strives to support its young citizen for a better life ahead.

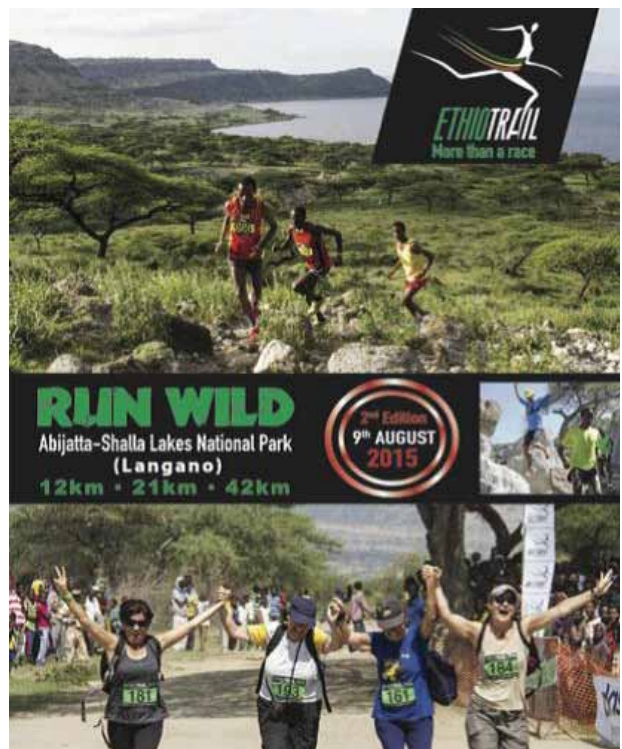


**ReachAnother Foundation:** Ethiopian supported ReachAnother Foundation, a foundation focusing primarily on Ethiopia, addressing family-related health issues that are deemed “fixable” through better access to quality healthcare. Working in tandem with its sister organization, ReachAnother Foundation-Nederland, the foundation supports the training of neurosurgeons at the University of Addis Ababa; facilitates and funds life-saving surgeries for babies with neural tube birth defects (such as spina

bifida and hydrocephalus) at the Zewditu Memorial Hospital; provides start-up funds to open schools for children with autism; and works with Ethiopian health officials to promote prenatal care through public education.



**The 2nd Edition of the International Trail/ Mountain Run in Abijatta-Shalla Lakes National Park:** Ethiopian sponsored RIA Ethiopia Tour and Travel Plc, a sport focused tour and event Management Company that is promoting trail / mountain and adventure tourism in Ethiopia. They organized the second edition of the international trail/mountain run in Abijatta-Shalla Lakes National Park on August 9, 2015 under the name “Ethiotrail”. The race covered three distances, 12km, 21km, and 42 km, including running the Abijatta and Shalla lakesides and two volcanic mountains. A total of 800 international and local elite and fun runners took part in the race. This event allocates 20% of the race registration fee for the protection of the park.



**Healing Hands of Joy:** Ethiopian sponsored 'Healing Hands of Joy', a community based, non-governmental, not-for-profit organization committed to improving the lives of women who have suffered from obstetric fistula and preventing more women from developing fistula. The organization's motto is "Fight Fistula – Deliver Safely" and its overall aim is to "Make Motherhood Safer in Ethiopia."

Since the inception of Safe Motherhood program in 2010, Healing Hands of Joy has trained over 300 fistula survivors. Their Safe Motherhood Ambassadors have educated over 10,000 women in their communities in safe delivery practices.



**Boeing and Seattle Alliance Outreach (NGO) for Humanitarian Flight:** Ethiopian Airlines joined with Boeing and Seattle Alliance Outreach (NGO) to deliver more than 630 kilograms of medical supplies and equipment to Kidney Failure Dialysis Charity Organization in Ethiopia. The delivery was made aboard the brand new Boeing 777 Freighter on 11 September, 2015.

Kidney Failure Dialysis Charity Organization runs a Public Dialysis Center on the premises of Zewditu Hospital helping to save the valuable lives of citizens living with kidney failure by providing affordable dialysis services for the public.

As one of the many airlines involved in Boeing's Humanitarian Delivery Flights program, this is Ethiopian's 21<sup>st</sup> free delivery flight, putting the airline amongst the carriers with the highest number of Humanitarian Delivery Flights.

**McGill University:** Infectious Diseases and Medical Microbiology, Canada, have been assisting the College of Health Sciences of Addis Ababa University, under the auspices of the Ministry of Education and the Ministry of Health, to develop specialized medical education to Ethiopian medical doctors. Ethiopian, The Ministry of Health and the directorate of Tikur Anbessa Hospital are in full support of this project.

**Vision for Generation:** Vision for Generation (VFG) is a local humanitarian, non-profit making, non-religious and non-governmental organization established in 2012 with the vision to empower the youth and create responsible and visionary citizens by focusing on the education sector. VFG is planning to conduct several campaigns to raise funds in countries like USA, Canada, Europe, Africa and Middle East to attain its vision 2020 of extending the number of children it supports from 700 to 10,000 and Ethiopian is helping this vision to become a reality.

**The Children Heart Fund of Ethiopia:** CHFE (The Children Heart Fund of Ethiopia) is a non-governmental, non-profit making humanitarian organization committed to helping children with heart disease. CHFE has been assisting children with heart disease get proper treatment both at home and abroad, it is also involved in promoting awareness among the public about heart disease in children for preventive purpose. Ethiopian has been supporting this worthwhile cause.



**African Mosaïque:** African Mosaïque is a pan-African annual fashion show featuring the continent's best designers that inspire and excite the international fashion community. Ethiopian is proud to help the less fortunate children that ECF supports.



**World Women Trade Fair – Africa:** Is a leading regional umbrella organization that presents Africa Women entrepreneurs. World Women Trade Fair – Africa has been working since May 2015 on the 2015 Champions Award by representing the leading Women of Africa and the organizing provincial government of KwaZulu-Natal on the Africans Head of Statues completion.



**Vision on Africa (VoA):** Vision on Africa (VoA) non-profit organization incorporated in the State of Virginia, and registered in Ethiopia serving the underprivileged in the Yeka Sub-city, Kotebe area which comprises of 40,000 households in six kebeles and three Farmers Associations. VoA has secured a facility and has opened a center in March 2005 and Ethiopian is backing the organization.



**St. Patrick's Day Charity Ball Committee:** The Irish Society of Ethiopia organizes a Charity Ball every year at the Sheraton Hotel. The main objective for the charity ball is to raise money for charities doing exceptional work with the disadvantaged.



**Supporting initiatives of its staff:** Ethiopian sponsored the printing cost of its staff, Binyam Mehari who has published his first English – Amharic dictionary entitled 'Phrasal Verbs dictionary'.

**Various Causes:** Ethiopian has offered free air tickets for 6 medical travelers to Delhi, Paris and Bangkok and 2 interns from Washington DC and London with a value that closely amount to ETB

133,257.00. Moreover, Ethiopian has offered free air tickets for 5 medical travelers & their caregivers to Washington DC, Delhi, Nairobi and China with a value that closely amount to ETB 107,392.00. Also academic books weighing about 250kg donated from the University of Toronto has been freely shipped to the University of Gondar. Ethiopian as a responsible corporate citizen will always strive to do its level best to support the less fortunate society.

**The Boeing Team:** has carved Colonel John Charles Robinson's Sculpture, to be presented to Ethiopian, with the sole purpose of passing his commendable contributions in Ethiopian Aviation for generations to come. The sculpture has been placed at the newly built Ethiopian Aviation Academy building. Ethiopian has freely shipped the statue.



**Ethiopian collaborated with Boeing for Humanitarian shipment:**

Ethiopian has joined with Boeing to deliver medical supplies donated from HANDS (Horn of Africa Neonatal Development Services) to Jimma University, Bahir Dar University, and Colleges of Public Health to support much needed medical supplies to neonatal units. Moreover, additional of 2500 higher-education books from the Ethiopian Historical Conservation Council has also been delivered to Axum University.

As one of the many airlines involved in Boeing's Humanitarian Delivery Flights program, Ethiopian is among the carriers with the highest number of Humanitarian Delivery Flights.



**Media Houses:** Ethiopian supported a staff of Walta Information Center to participate at the world peace and war cessation proclamation conference organized by HWPL (Heavenly culture World peace restoration of light) on March 14, 2016 at Seoul, Korea. Besides, Ethiopian sponsored a staff of The Reporter news paper.

**Ministry of Transport:** Ethiopian cooperated with the Ministry of Transport in producing a documentary about the overall transport sector including the air transport in the country highlighting Ethiopian's success in its strategic hub at Lome.

**Embassy of the Republic of Cameroon:** Ethiopian sponsored the shipment of food items and flight tickets of 2 performers to travel from Douala to Addis Ababa to celebrate Cameroon National Day in Addis Ababa in May 2016.

## SPECIAL EVENTS/INAUGURALS

President Obama visited Ethiopian first B787 Dreamliner, "Africa First"

US president H.E. President Barak H. Obama along with US Government Senators and House of Representatives paid a visit to Ethiopian Airlines, the largest Airline in Africa, during the president's three days official Visit to Ethiopia, 26 to 28 July 2015.



Prior to his departure at Bole International Airport, the president visited the first Ethiopian B787 Dreamliner dubbed "Africa First" and held brief discussion with Mr. Tewolde GebreMariam, CEO Ethiopian Airlines Group. President Barak Obama expressed his appreciation for the longstanding partnership between Ethiopian and the Boeing Company; recapitulating his visit at the Boeing assembly line, he has extended his pleasure to see the Boeing 787 Dreamliner in Ethiopian flag.

## ET Lucies Controlled the Skies

The daughters of Lucy controlled the skies flying an all women operated flight from Addis Ababa to Bangkok and Rwanda. These historic flights were aimed at crystallizing Ethiopian corporate conviction of "Women Empowerment for a Sustainable Growth" on the eve of our 70<sup>th</sup> year Anniversary.



ET Lucies operated the flight fully on ground and in the sky from flight deck crew members and Cabin Operations to Airport Operations; Flight Dispatcher; Load Controller; Ramp Operations; Baggage Handling; Flight Planning; Cargo Handling; On-board logistics; Aviation Safety and Security; Ticket Offices; Catering; Air Traffic Controllers and Global Call Center. Ethiopian senior female executives graced the event onboard the flight.

## Ethiopian inaugurated B-777 FFS and B-787 FFS; ensuring full self-sufficiency in Full Flight Simulator (FFS) Pilot training

Ethiopian Airlines inaugurated the installation of Boeing 777 Flight Simulator manufactured by CAE Inc. ahead of schedule making it available for training.

The new B777 Flight Simulator was the fifth full flight simulator acquired, following the B767/B757, B737 NG, Q400 and the latest B787 full flight simulators which had gone operational back in March.



The addition of this new B777 simulator is on par with the airlines vision to be an aviation leader in Africa and to equip its manpower with the latest and state-of-the-art technology the industry has to offer. Ethiopian was also the first in Africa and among the very few worldwide to acquire the B787 simulator.

### Ethiopian Inaugurated its new Aviation Academy

In line with its vision 2025 strategic road map, Ethiopian Airlines Group has invested USD 100 million in breakthrough expansion and upgrading its Aviation Academy. The scale and scope of the expansion seals the Academy’s position as the largest and the finest Aviation Academy in Africa with annual intake capacity of 4,000 students.



The new Ethiopian Aviation Academy has many classroom buildings. The Technical block is housing the Pilot Training School and the Aviation Maintenance Training School; while the Commercial and Leadership block accommodates the Inflight Services Training School, Commercial and Ground Services School and Leadership School. It also has separate Administration building, workshops, auditorium, students’ dormitory and large cafeteria. As an ATO (Authorized Training Organization), the B-777, B-787, B-737, B-767/757 and the Q-400 full flight simulators enable the academy to offer full type rating trainings for pilots.



The academy has the best aviation training technology like full range of fleet cabin emergency, evacuation and door trainers fitted with standard swimming pool for cabin crew ditching exercises and more than 20 pilot training aircraft, the finest expertise, dedicated and experienced instructors and a perfect environment for students.



Ethiopian Airlines has been continuously expanding rapidly in the development of most departments. The New Cargo Terminal, expected to be operational towards the end of 2016, will have an annual storage, for both dry and perishable goods, of 1.2 million tons with capacity to handle eight B747-800 freighters at any one time. Construction of just the first phase will cost about a total of US\$ 150 million.





A four star hotel construction is a further development taking place at Ethiopian Airlines. The hotel, to be built on 40,000sqm located in front of Millennium Hall on Bole Road, will be operational in 24 months.

The academy a full ICAO TRINNAIR PLUS member has been accredited by the International Air Transport Association (IATA) as Authorized Training Center (ATC) was also recognized as Airline Training Services Provider of the Year in 2014 by AFRAA. It is certified by the Ethiopian Civil Aviation Authority, the U.S Federal Aviation Administration, the European Aviation Safety Agency and IOSA (International Air Transport Association (IATA) safety Audit). The academy will be able to take 4000 students a year at the end of 2025.

### Ethiopian Recognized Long Serving Employees

Ethiopian marked Employees' Annual Service Anniversary and Retirees Day at an event held on February 13, 2016 at the newly built Aviation Academy Cafeteria. The event was graced by the Chairman of the Board of Directors, H.E. Ato Abadula Gemeda and other board members, the Executive Management team, Chairman of the Ethiopian Retirees Association, The President of the Ethiopian Airlines Employees Labor Union and other invited guests.

### Young and Strong Ethiopian Airlines at 70!

Starting April 8, 2016, Ethiopian is delighted to celebrate its 70 years of dedicated and highly successful air transport services to, from and within the continent of Africa.

With its strong mission of bringing Africa together and closer to the world, Ethiopian has expanded much needed air connectivity within Africa and with

the rest of the world in the last 70 years. Leading the way in the past, present and the future; Ethiopian has been an aviation technology leader in Africa and has introduced many new aircraft and systems to the continent.

The billions of dollars investment on modern fleet, aviation infrastructure, human resource development and operating systems are a testimony that shows Ethiopian is positioned in a solid foundation to scale up the growth in its Vision 2025. With the next generation advanced fleet of B-787 Dreamliners, Airbus A-350 and the B-737 MAX, Ethiopian is very excited to continue to lead the 21st century aviation development in the continent of Africa.

### Ethiopian Smashed Guinness World Record

Ethiopian has broken a Guinness World Record for making the largest ever human image of an Airplane on June 29, 2016.

The event was part of Africa's first Airbus A350 XWB delivery and 350 Ethiopian Employees have gathered at Ethiopian Maintenance hangar to create an image of the actual A350 aircraft which clearly represents an airplane consisting of a body, two wings, two engines and fins.





## Average Aircraft Age

Average Aircraft Age (2015/16)	
Aircraft Type	Average Age
A350-900	0.23
B-787-800	2.51
B-737-800	3.60
B-737-700	11.43
B-777-300	2.05
B-777-200	5.17
B-777-F	2.33
B-767-300	14.62
B-757-200	17.10
B-757-200F	25.82
Q-400	4.93
Fleet Average	5.80

# NEW DESTINATIONS

Durban

Yaounde

Goma

Hawassa



Manila



BOEING 757

ET-AJS

ET-ALZ

ET-ALN

## Customer Service Enhancement

- Efficient and refined onboard performance evaluation and assessment with clear deliverables was done
- Stakeholders participation in customer service improvement:
  - Two days workshop on customer service was given by Ethiopian Aviation Academy to Ethiopian Airport Enterprise, Police, NIIS, Ethiopian Customs Authority and Immigration.
- Premium Service Enhancement:
  - 400 dedicated crew members are selected by their performance and given C-9 service training.

## Improved Internal Processes

- During the period, 100% of the Achieving Competitive Environment (ACE) cells have achieved full silver.
- 36 ACE overview training conducted for managers and directors.
- 17 training were given on ET values, culture and induction.
- Major IT concerns of ACE cells have already been addressed towards bringing business results.

## Information, Communication and Technology

In line with Vision 2025 ICT strategy, the following main project tasks have been performed in this fiscal year:

- E-staff travel system implemented and in use
- Deployment and implementation of Airbus A-350 gate link and e-operation completed
- CCTV implementation on selected areas completed
- ACARS manager upgraded to handle A-350 MIAM based data transmission Crew Control and Movement Control upgraded
- Integration between MRO and SAP system enhanced and automated
- Security assessment framework completed and in use
- Major applications and infrastructure security & quality assessment conducted and solutions recommended
- Passengers Self-Service Kiosk Check-in is implemented at Lusaka, Sao Paulo, Tel-Aviv, Tokyo, Frankfurt & Los Angeles airports.

## Maintenance Capability Development

- Preparation for the introduction of A350 Aircraft – A350 Connectivity and Mobile Telephony activity,
- B787/B777 Internet Connectivity Installation Project

## Fleet and Equipment

### Fleet

- 5 commercial and 4 training aircraft phased-in in the period:
  - 1- 737-800
  - 1- B777-200LR freighter
  - 1 -B777-200LR freighter
  - 4 -new Cessna-172 training aircraft
  - 1- A350-900 airplane (the first in Africa)
  - 1- B787-8EB (The early build 787)

- Lease agreements signed
  - Agreement signed with AERCAP for the lease of one B737-800 airplane for ASKY
  - LOI signed with AERCAP for the lease of one B737-800 airplane for ET
  - LOI signed with AERCAP for the lease of two additional B787-9
- 4 aircraft phased-out in the period
  - Two B757-200 aircraft (ET-AMT and ET AMU)
  - One B737-700 aircraft was phased-out and exchanged for one B737-800 aircraft from Malawian Airlines
  - One B757-200 aircraft (ET-AMK) was phased out and redelivered in April 2016
- Simulators:
  - B777 Full Flight Simulator: Training device achieved ET-CAA certification and qualification and started training.
  - A350 -900 Full flight simulator is under evaluation
    - Evaluation for one Cessna 172 FFT is completed
- Cabin Mockup Trainer:
  - Narrow body trainer installation completed and acceptance completed
  - Wide body trainer factory acceptance conducted and ready for training.

## Infrastructure Projects

- On-going Facility Projects
  - Construction of Cargo Terminal No. 2: 68.5% of the work is completed.
  - ET 4 Star Hotel Construction Project: 27% of the work is completed.
  - Construction of Hangar No. 4 (new wide body hangar): 89% of the work is completed.
  - Relocation of Base Services and Parking:
    - o Motorized Workshop and Motor Pool: 85% of the work is completed.
  - Construction of new Catering Facility: Completed and will start operations in August 01, 2016.

# Safety, Corporate Quality Assurance and EMS



Ethiopian Airlines has been certified to ISO 14001:2004 (Environmental Management System) after successful completion of audits conducted. This key milestone is achieved on schedule following an extensive three-year Environmental Management Systems Certification process. The following are audited areas:

- Aircraft Maintenance
- Ground Support Equipment and Ground Transport
- Vehicle Maintenance
- Cargo Service
- In flight Catering
- Ethiopian Aviation Academy
- Flight Operations Simulator
- Head Quarter Office

## Human Capital Management

### Training and Development

- 16,602 recurrent trainings conducted
- 1,336 new trainees joined Basic Schools for Pilots, Technicians, Cabin Crew Marketing and Finance and GSE Operators
- 877 trainees graduated from Basic Schools (Pilot, Technician and Cabin Crew Schools)
- Career development courses were given to 449 employees,
- Leadership training for 2,538 third party trainees
- Team leaders training to 253 employees.
- Training was also given to 77 Young Professionals.
- 2,249 employees have been coached, out of this, 1,945 are assessed. 654 mentees selected their mentor and goal setting process was started by mentors

### Other Training Activities of Ethiopian Aviation Academy

- Partnership established with CAE Oxford Aviation Academy
- Implementation of e-learning course development
- Implemented Online Learning Management System (LMS) and Q-400 MPL program.



## Third Party Training

- Delighting the Customer Feelings for Professionals training conducted for 1017 employees of Commercial Bank of Ethiopia (CBE)
- Various Ground Operations Training (DGR, Safety, Weight and Balance) conducted to Gambia International employees on site at Banjul, Gambia
- Galileo training for 3rd party customers conducted
- IATA Foundation in Travel and Tourism conducted for 59 trainees
- DGR & SMS training conducted for 19 staff from Trans Nation Airways (TNA)
  
- Addressing good governance
  - 13 Consultation meeting was conducted between Corporate HRM and Basic Trade Union (BWTU) and Divisional management and Shop Stewards.
  - Training on work place ethics to 2977 employees;
  - 2500 shop stewards selected from various department and have been working regularly with the management on good governance;
  - Identified major employees concerns with their respective responsible sections, proposed potential solutions and closely following up their implementation.
  
- Housing Project
  - The employee housing construction project is underway with good pace with total project completion rate to 65%.

## Ethics and Anti-Corruption activities

- Ethiopian Airlines Ethics Liaison Unit undertook awareness creation, fraud and rent-seeking activities by:
  - Awareness creation: 18,159 Informational, educational and communication materials distributed;
  - Training given to 2,977 trainees on workplace ethics, anti-corruption laws, regulations and Ethiopian Code of Conduct.
  - Encouraging whistleblowing to fight mal-practices;



## TRAIN WITH US ACQUIRE COMPETENCE & REALIZE YOUR DREAMS

Ethiopian Aviation Academy trains Airline professionals in:

- Pilot Training
- Aircraft Maintenance Training
- Cabin Crew & Catering Training
- Commercial and Ground Operations Training
- Leadership and Career Development

**Ethiopian የኢትዮጵያ**  
**Aviation Academy**



PIONEER OF AVIATION EXCELLENCE

# Financial Report

## FINANCE

### Over view of Financial Results

Ethiopian continued to register profitable growth on all its operating parameters in the 2015-16 fiscal year as compared with last year, despite the challenging operating environment caused by slower global economic growth and weaker performance of Africa's major economies. It has also maintained its leadership position in the African Aviation industry.

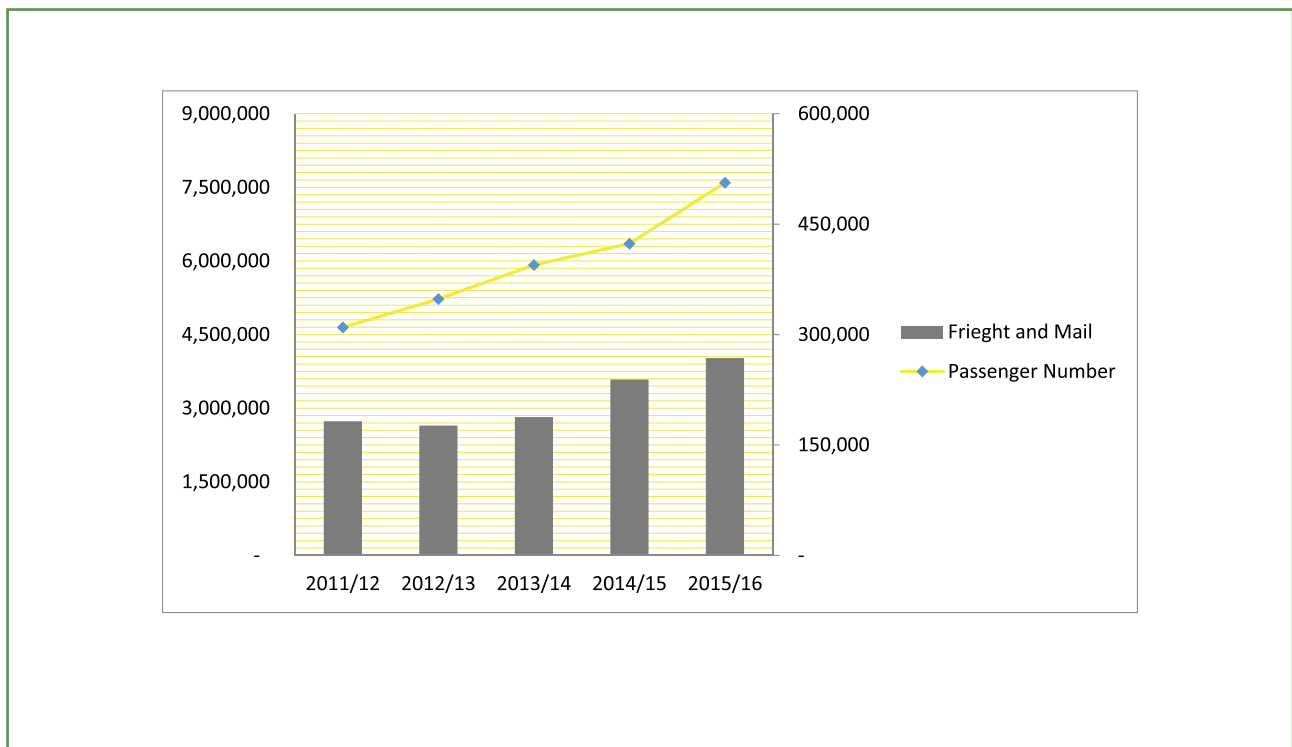
- ↪ Operating Revenue: 10% ↑
- ↪ Operating Expense: 6% ↑
- ↪ Available Seat Kilometer (ASK): 23% ↑
- ↪ Passenger Carried: 20% ↑
- ↪ Revenue Passenger Kilometer (RPK): 20% ↑
- ↪ Available Freight Ton Kilometer (AFTK): 19% ↑
- ↪ Block Hours: 20% ↑

### Ethiopian Growth Compared with Africa and Global Industry Average

	RPK Growth	ASK Growth	Passenger Load Factor	FTK	AFTK	FLF
<b>Ethiopian</b>	<b>20%</b>	<b>23%</b>	<b>68.5%</b>	<b>13%</b>	<b>19%</b>	<b>56.5%</b>
Africa Industry**	8.0%	6.9%	69.4%	-1.2%	16.0%	26.9%
Global**	6.5%	6.0%	80.0%	-0.01%	6.2%	42.9%

\*\*IATA: Jul 2015 – May 2016

## Trend of PASSENGER and CARGO Carried



**TOTAL OPERATING REVENUE** increased by 10% compared to the same period last year.

**TOTAL INTERNATIONAL PASSENGER REVENUE** increased by 11% compared to the same period last fiscal year. The growth is due to frequency increase and opening of new destinations.

**ETHIOPIAN EXPRESS PASSENGER REVENUE** increased by 30% compared to the same period last year.

**CARGO & MAIL REVENUE** increased by 5% compared to the same period of last fiscal year. Global air freight market has been severely hit by multiple factors such as weakness of global economic growth as per IATA reports.

**MRO CUSTOMER WORK** grew by 34% from last year.

**GROUND HANDLING REVENUE** grew by 12% from last year.

**CATERING THIRD PARTY REVENUE** increased by 20% from last year. Favorable performance was due to increased number of customers using our lounge.

**AVIATION TRAINING REVENUE** declined by 14% from last year.

## Revenue by segment for 2015-16



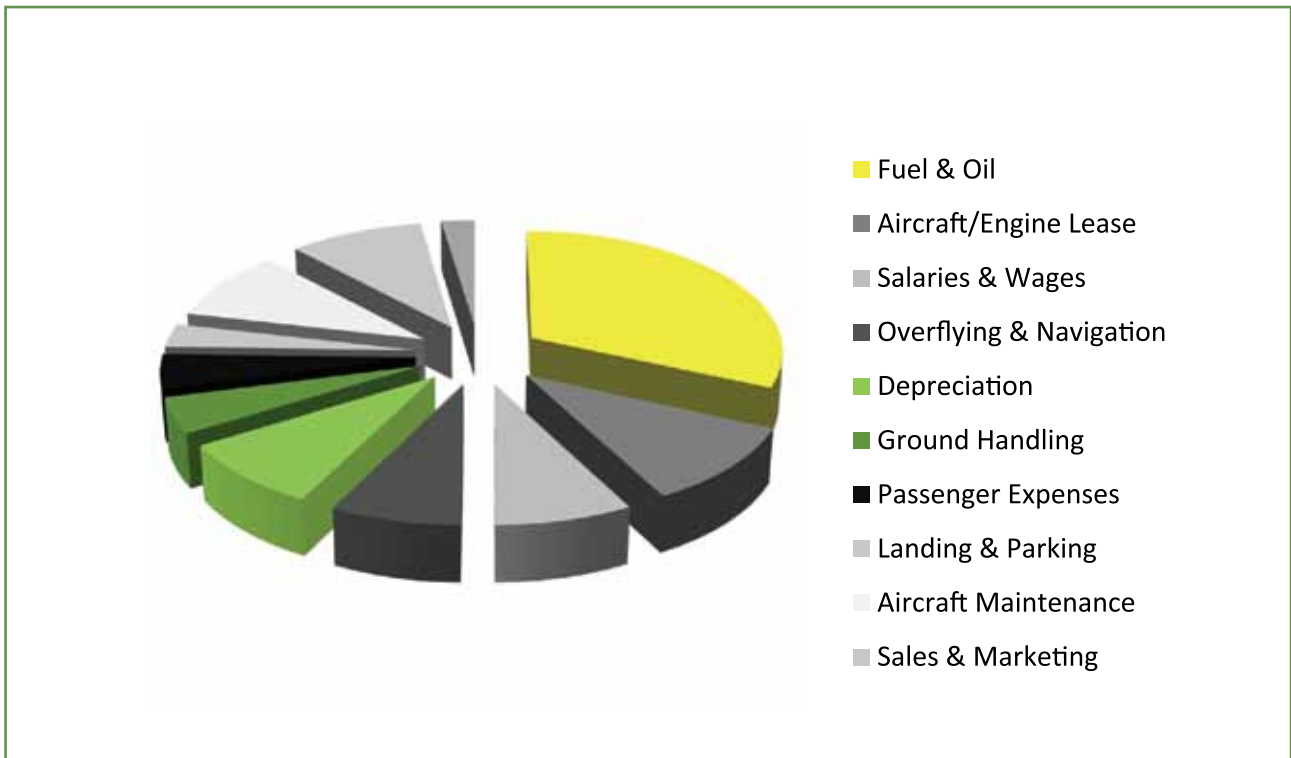
## OPERATING EXPENSES

Operating expenses of 2015-16 fiscal year increased by 6% from last year but lower than the rate of revenue growth.

The airline spent ETB 15 billion for fuel cost which is 32% of our total cost during the period and same has shown a decrease of ETB 2.6 billion (15%) compared to same period of last year due to fuel price decrease.

Overflying and Navigation, Foreign Overhaul and Landing charges have increased by ETB 1.3 billion compared to same period last year mainly because of increase in volume of operations, and exchange rate impact.

## Expenditures by Nature for 2015-16



## COST SAVING

Through the implementation of various structural and strategic costs saving initiatives, the airline has saved ETB 1.94 billion.

## PROFITABILITY

Ethiopian remained profitable with record operating profit and net profit in the fiscal year. However due to the continuous currency devaluation in many African countries and the associated problems of repatriation, we have incurred loss of ETB 430 million which has negatively affected the profitability of the airline.

# Risk management

Ethiopian airlines adopts a five-step risk management cycle adapted from best international practices and currently concentrates on a variety of financial risks, specifically risks associated with foreign currency, fuel price and interest rates. The currency & Financial risk management section of Ethiopian Airline's under Treasury Department is primarily responsible to identify measure, evaluate and mitigate these financial risks.

## Foreign currency risk

As an enterprise operating in many counties with its hub in Addis Ababa, Ethiopia, and with major operations in Africa, Ethiopian Airlines is exposed to huge foreign currency risk resulting from changes in foreign exchange rates, partially attributable to inability to repatriate its funds as a result of regulatory restrictions, adverse economic conditions or actions taken by the Governments in the respective countries.

In order to mitigate such risk, the airline uses mainly a natural hedge by effecting payments in the currency of sales and maintains a higher percentage of its reserve cash in relatively stable hard currencies such as USD, EUR and GBP. Recently, due to high fluctuation of most currencies against the US Dollar, as well as critical shortage of Fx in some of the major markers in Africa, the airline is closely working with IATA for possible ways of hedging of selected currency risks in major financial markets with selected banks.

## Fuel Price Risk

Jet fuel cost is the major expenditure for the airline. Because of this, the enterprise has a clear policy to manage this risk using various hedging strategies and instruments (swaps, caps & floors, zero cost collars, call options etc) for a maximum period of two years on a rolling basis; and up to 75% of its total annual requirements.

During the fiscal year, there was no hedging exercise. But, because of the world economic downturn and the supply & demand situations, the price of fuel is at its lower levels which calls for time to see the trend of the price fluctuation and consider the hedging exercise if found feasible.

## Interest Rate Risk

The airlines exposed to changes in interest rates mainly on the aircrafts acquired through finance lease. The current ratio of finance lease as compared to the total fleet of the airline is about 59%. Due to the prevailing low rates at the time of aircraft deliveries in the last five years, the enterprise opted to use fixed interest rate for the major portion of the loan. The risk exposure is minimal and only for junior loans. Ethiopian Airlines was also able to use the capital markets for its recent loans associated with the acquisition of the 787s and 777s which provided lower interest rates as compared to the other interest rate offers in the market.

Currently the enterprise is reviewing its hedging policies for jet fuel price, currency exchange rates and interest rate risks, in consideration of the various strategies. A dedicated section is established under Treasury and the risk mitigation exercises will be done in a more structured manner.

ETHIOPIAN AIRLINES ENTERPRISE  
SUMMARY OF FINANCIAL RATIOS  
FOR TWELVE MONTHS ENDED 30 JUNE 2016

Description	2015/16	2014/15
<b>1. Profitability Ratio</b>		
1.1 Operating Profit Margin	13.48	9.81
1.2 Net Profit Margin	11.26	7.14
1.3 Return on Capital Employed	10.16	7.34
1.4 Return on Total Asset	7.12	4.68
1.5 Return on Equity	24.09	18.76
1.6 Cost of Debt	2.78	2.92
<b>2. Liquidity Ratio</b>		
2.1 Current Ratio	1.08:1	1.11:1
2.2 Quick Ratio	0.87:1	0.88:1
<b>3. Leverage Ratio</b>		
3.1 Debt/Equity Ratio	1.84:1	2.51:1
3.2 Total Debt to Total Asset Ratio	0.70:1	0.76:1
3.3 Times Interest Coverage Ratio	5.61 times	3.98 times



# GLOSSARY

No.	Parameters	Definitions
1	Passenger Seat Factor	RPK divided by ASK.
2	Overall Load Factor	RTK divided by ATK.
3	Yield (cents per RTK)	Transport Revenue earned per RTK.
4	Unit Cost (cents per ATK)	Transport operating costs incurred per ATK.
5	Breakeven Load Factor	The load factor at which revenue will be equal to operating costs.
6	Operating Margin	Operating profit expressed as a percentage of operating revenue.
7	Net Profit Margin	Net profit divided by operating revenue.
8	Return on Capital Employed (ROCE)	Earnings before interest and taxes divided by equity plus long term loan.
9	Current ratio	Total current assets divided by total current liabilities.
10	Quick ratio	Total current assets minus inventory divided by total current liabilities.
11	Net Working Capital	Total current assets minus total current liabilities.
12	Total debt to total asset ratio	Total debt divided by total assets.
13	Debt/Equity ratio	Long term debt plus current maturity of long term debt divided by equity.
14	Times interest cover ratio	Net income before interest and tax divided by interest expense.
15	ATK (Available Ton Kilometers)	Overall capacity measured in tones available for carriage of passengers and cargo load multiplied by the distance flown.
16	RTK (Revenue Ton Kilometers)	Actual traffic load (passenger and cargo) carried in terms of tons multiplied by the distance flown.
17	ASK (Available Seat Kilometers)	Passenger seat capacity measured in seats available multiplied by distance flown.
18	RPK (Revenue Passenger Kilometers)	Number of revenue passengers carried multiplied by the distance flown.

# AUDITORS REPORT



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የሂሳብ ምርመራ አገልግሎት ኮርፖሬሽን

The Federal Democratic Republic of Ethiopia  
Audit Services Corporation

## INDEPENDENT AUDITOR'S REPORT TO THE SUPERVISING AUTHORITY OF ETHIOPIAN AIRLINES ENTERPRISE

We have audited the accompanying financial statements of Ethiopian Airlines Enterprise, which comprise the balance sheet as at 30 June 2016 and the profit and loss account, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

### *Responsibility for the Financial Statements*

The Enterprise's Chief Executive Officer is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Commercial Code of Ethiopia of 1960, and for such internal control as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

*Asc*

**INDEPENDENT AUDITOR'S REPORT  
ON THE FINANCIAL STATEMENTS OF  
ETHIOPIAN AIRLINES ENTERPRISE (continued)**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ethiopian Airlines Enterprise as at 30 June 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Commercial Code of Ethiopia of 1960.

Audit Services Corporation

14 December 2016

# ETHIOPIAN AIRLINES ENTERPRISE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Birr	2015 Birr
OPERATING REVENUE	2(c),3	54,441,953,612	49,457,597,561
OPERATING EXPENSES	4	<u>47,103,008,861</u>	<u>44,604,269,074</u>
GROSS OPERATING PROFIT		<u>7,338,944,751</u>	<u>4,853,328,487</u>
NON - OPERATING EXPENSE (INCOME)			
Provision for stock obsolescence		42,441,980	11,118,940
Provision for doubtful debts		163,726,831	724,051,838
Miscellaneous	5	(303,427,328)	(632,579,681)
Borrowing costs		<u>1,307,330,406</u>	<u>1,219,313,039</u>
		<u>1,210,071,889</u>	<u>1,321,904,136</u>
PROFIT FOR THE YEAR		<u>6,128,872,862</u>	<u>3,531,424,351</u>

The notes on pages 52 to 66 form an integral part of these financial statements.

# ETHIOPIAN AIRLINES ENTERPRISE

## BALANCE SHEET

### AS AT 30 JUNE 2016

	Notes	Birr	2015 Birr
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	2(f),7	63,718,823,082	59,232,641,620
Investments	2(g),8	519,864,182	519,991,513
Standing deposits	9	7,118,736,284	5,105,036,725
Deferred charges	2(h), 10	65,472,699	293,174,250
Treasury Bonds	11	823,614,295	-
		<u>72,246,510,542</u>	<u>65,150,844,108</u>
<b>CURRENT ASSETS</b>			
Stock	2(i), 12	2,648,775,689	1,872,332,115
Debtors and prepayments	13	8,596,852,920	11,009,411,362
Short term investments	14	1,471,206,667	926,874,116
Cash and bank balances	15	<u>3,850,244,825</u>	<u>4,269,947,702</u>
		<u>16,567,080,101</u>	<u>18,078,565,295</u>
<b>TOTAL ASSETS</b>		<u>88,813,590,643</u>	<u>83,229,409,403</u>
<b>EQUITY AND LIABILITIES CAPITAL</b>			
Authorized - <u>Birr 60,000,000,000</u>			
Paid up	16	24,362,728,184	18,233,855,322
Contributions	2(1), 17	<u>1,081,022,733</u>	<u>588,750,981</u>
<b>TOTAL EQUITY</b>		<u>25,443,750,918</u>	<u>18,822,606,303</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term loans	18	41,219,465,177	40,399,272,577
Provision for maintenance	19	854,429,408	953,473,416
Deferred and non-current liabilities	20	<u>340,328,981</u>	<u>553,929,592</u>
		<u>42,414,223,566</u>	<u>41,906,675,585</u>
<b>CURRENT LIABILITIES</b>			
Creditors and accruals	21	7,478,580,093	8,900,957,910
Unearned transportation	2(k)	7,900,893,615	6,714,151,959
Current maturity of long term loans	18	<u>5,576,142,452</u>	<u>6,885,017,646</u>
		<u>20,955,616,160</u>	<u>22,500,127,515</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>88,813,590,644</u>	<u>83,229,409,403</u>

The notes on pages 52 to 66 form an integral part of these financial statements,

# ETHIOPIAN AIRLINES ENTERPRISE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Paid up capital Birr	Contribution Birr	Profit Birr	Total Birr
Balance at 30 June 2014	14,702,430,971	591,710,264	-	15,294,141,235
Profit for the year		3,531,424,351	3,531,424,351	3,531,424,351
Transfer to capital	3,531,424,351	(3,531,424,351)	-	-
Addition and amortization (net)		(2,959,283)	(2,959,283)	(2,959,283)
Balance at 30 June 2015	18,233,855,322	588,750,981	-	18,822,606,303
Profit for the year		6,128,872,862	6,128,872,862	6,128,872,862
Transfer to capital	6,128,872,862	-	(6,128,872,862)	--
Addition and amortization (net)		492,271,752	-	492,271,753
Balance at 30 June 2016	24,362,728,184	1,081,022,733	-	25,443,750,918

The note on page 52 to 66 form an integral part of these financial statements.

# ETHIOPIAN AIRLINES ENTERPRISE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Birr	2015 Birr
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year		6,128,872,862	3,531,424,351
Adjustments for			
Interest expense		1,307,330,406	1,219,313,039
Interest income		(22,532,895)	(22,995,407)
Loss on currency fluctuation		-	(209,424,182)
Depreciation and amortization		4,965,472,747	4,236,179,117
Gain on disposal of property, plant and equipment		(45,435)	(9,932,862)
Provision for doubtful debts		163,726,831	724,051,838
Provision for stock obsolescence		42,441,980	11,118,940
Stock written-off		(4,409,039)	-
Deferred charges		34,027,056	-
Provision for maintenance		(99,044,008)	187,728,104
Write back of creditors		(275,861,379)	(368,889,561)
		12,239,979,126	9,298,573,377
Movements in working capital			
Increase in stock		(798,698,569)	(121,294,216)
Decrease/(Increase) in debtors and prepayments		533,824,416	(543,222,573)
Increase in standing deposits		(1,841,526,133)	(1,863,428,032)
Increase in creditors		568,333,382	1,509,420,215
Increase (Decrease) in unearned transportation		1,186,741,656	(334,130,884)
(Decrease)/Increase in deferred and non-current liabilities		(213,600,611)	5,963,310
<b>Cash generated from operations</b>		<b>11,675,053,267</b>	<b>7,951,881,197</b>
Interest paid		(1,315,479,700)	(1,180,537,981)
<b>Net cash generated by operating activities</b>		<b>10,359,573,567</b>	<b>6,771,343,216</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		22,532,895	22,995,407
Payments for Treasury Bond		(823,614,295)	-
Payments for property, plant and equipment		(6,640,874,804)	(15,672,333,712)
Proceeds from disposal of property, plant and equipment		45,435	93,216,579
Proceeds from matured investments		1,060,746	-
Payment for investments		(933,415)	(53,633,472)
Payment for deferred charges		(34,396,578)	(913,382,427)
<b>Net cash used in investing activities</b>		<b>(7,476,180,016)</b>	<b>(16,523,137,625)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net Increase (decrease) in contributions		492,271,752	(2,959,283)
Proceeds from borrowings		4,011,371,145	14,953,296,232
Repayment of borrowings		(7,262,406,774)	(5,693,769,716)
<b>Net cash (used by)/generated from financing activities</b>		<b>(2,758,763,877)</b>	<b>9,256,567,233</b>
<b>Increase/(Decrease) in cash and cash equivalents</b>	<b>21</b>	<b>124,629,674</b>	<b>(495,227,176)</b>
Cash and cash equivalents at the beginning of the year	21	5,196,821,818	5,692,048,996
<b>Cash and cash equivalents at the end of the year</b>	<b>21</b>	<b>5,321,451,492</b>	<b>5,196,821,820</b>
<b>Cash and cash equivalents comprise:-</b>			
Cash and bank balances		3,850,244,825	4,269,947,702
Short term investments which mature within three months		1,471,206,667	926,874,116
		<b>5,321,451,492</b>	<b>5,196,821,818</b>

The notes on pages 52 to 66 form an integral part of these financial statements.

# ETHIOPIAN AIR LINES ENTERPRISE

## NOTES TO THE FINANCIAL STATEMENTS

### 30 June 2016

#### 1. ENTERPRISE INFORMATION

Ethiopian Airlines was originally established in June 1945 and had its first scheduled flight in April 1946. It is the flag carrier of the country and serves 93 international and 20 domestic destinations.

The Enterprise was established as a public enterprise in Ethiopia in 1995 by Council of Ministers Regulations No. 216/1995, and is governed further by Council of Ministers Regulations No. 81/2003, 147/2008, 292/2013 and No. 389/2016

Its principal place of business is in Addis Ababa, Ethiopia, and it has area and station offices all over the world.

The Enterprise is wholly owned by the Government of the Federal Democratic Republic of Ethiopia.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and in the manner required by the Commercial Code of Ethiopia of 1960.

##### b) Basis of preparation

The financial statements have been prepared on a historical cost basis, except for the measurement of impaired assets at their recoverable amounts. The principal accounting policies are set out below.

##### c) Revenue

Revenue from services is recognized when the service is provided. Revenue is measured at the fair value of the consideration received or receivable.

##### d) Other income

###### (i) Finance revenue

Finance revenue comprises interest receivable from bank deposits. Finance revenue is recognized as it accrues in profit or loss, using the effective yield method.

###### (ii) Unclaimed sundry liabilities

Unclaimed sundry liabilities over one year old are absorbed to non-operating income.

###### (iii) Other operating income

Other income is recognized when significant risks and rewards of ownership are transferred to the recipient and the amounts of revenue can be measured reliably.



# ETHIOPIAN AIRLINES ENTERPRISE

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 30 June 2016

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### e) Taxation

The Enterprise is exempt from income tax, in accordance with a decision of the Council of Ministers.

##### f) Tangible assets

###### (i) Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation. Depreciation is recognized so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful residual values and depreciation method are reviewed at the end of each reporting period.

The useful lives of flight equipment are estimated at between 7 and 18 years, dependent on type of aircraft.

Other property is depreciated over between 4 and 20 years.

Assets costing less than between Birr 7,000 and Birr 33,500 each, depending on purpose, are expensed at the time of acquisition.

# ETHIOPIAN AIRLINES ENTERPRISE NOTES TO THE FINANCIAL STATEMENTS (continued) 30 June 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### f) Tangible assets (continued)

#### (ii) Major overhauls

##### 1. Own aircraft, including engines

Major overhaul expenditure is capitalized and amortized over the average expected life between major overhauls.

##### 2. Leased aircraft, including engines

A provision for maintenance is made to match aircraft maintenance costs with the generated revenues.

#### (iii) Capital work orders in progress

Capital work orders in progress are included under property, plant and equipment and comprise costs incurred on ongoing capital works. These costs include material, transport, interest and labour.

### g) Investments

Investments are stated at cost. Income is recognized only to the extent that distributions are received from net profits that have arisen subsequent to the date of acquisition.

### h) Deferred charges

Predelivery expenses in connection with the acquisition of new aircraft are held in this account until the associated aircraft are received and are then capitalized. Miscellaneous deferred charges are amortized over periods of between four and eight years.

### i) Stock

Stock is stated at weighted average cost, less provision for impairment through obsolescence or other reasons.

# ETHIOPIAN AIRLINES ENTERPRISE

## NOTES TO THE FINANCIAL STATEMENTS (continued)

30 June 2016

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### j) Financial instruments

Financial assets and financial liabilities are recognized when the Enterprise becomes a party to the contractual provisions of the instrument. They are initially measured at fair value.

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been affected.

#### k) Unearned transportation

Passenger ticket and cargo airway bill sales are recorded as current liabilities in the unearned transportation account until recognized as revenue when the transportation services are provided.

Because experience has shown that there are few and only minor claims after the expiry date of tickets, the value of unused tickets and miscellaneous charge orders over one year old are credited to revenue, when they are no longer valid.

#### l) Contributions

Contributions are purchase incentives given by suppliers. A contribution is amortized through profit or loss over the life of the aircraft for which it was received.

#### m) Borrowing costs

Borrowing costs incurred directly attributable to the acquisition, construction or production of qualifying assets, including aircraft, which are assets that necessarily take a substantial period of time to prepare or acquire for their intended use, are added to the cost of those assets, until such time as the assets are ready for their intended use.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

# ETHIOPIAN AIRLINES ENTERPRISE NOTES TO THE FINANCIAL STATEMENTS (continued) 30 June 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### n) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks in current and deposit accounts and short term, highly liquid investments with maturity periods of three months or less.

### o) Translation of foreign currencies

Transactions in foreign currencies during the year are translated into Ethiopian Birr at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rates ruling one month prior to the balance sheet date. Resultant exchange differences are recognized in profit or loss, except as discussed below.

Loans in foreign currencies are fully used to finance the acquisition of property, plant and equipment, mostly aircraft and accessories. The acquisition of these aircraft and other flight equipment are primarily made in United States dollars, which is the functional currency of the Enterprise. Their values are translated into Ethiopian Birr at the exchange rates prevailing at the time the loan is incurred and the assets are acquired. As at the balance sheet date such loan balances are translated at the exchange rates ruling at the beginning of the month. Resultant exchange differences are recognized as additional acquisition costs of the pertinent assets and not in profit or loss.

### p) Special purpose entities

The Enterprise has established special purpose entities for the purpose of selling and leasing back aircraft and accessories. Those latter are registered in the name of the entities and either the assets or the entities themselves serve as collateral for loans. No other material transactions have been carried out by the entities and all transactions are recognized in these financial statements.

ETHIOPIAN AIRLINES ENTERPRISE  
 NOTES TO THE FINANCIAL STATEMENTS (continued)  
 30 June 2016

3 OPERATING REVENUE

	Birr	2015 Birr
Passenger	40,561,376,200	36,006,778,449
Freight	8,106,714,233	7,549,719,461
Charter	1,606,847,389	2,163,759,784
Excess baggage	1,540,059,649	1,359,586,279
Customer services-work orders	845,338,935	618,945,143
Subsidiaries	594,394,068	542,868,404
Mail	182,568,640	139,019,236
Commission	24,782,048	22,099,826
Aircraft lease	431,891,409	539,437,826
Miscellaneous	547,981,041	515,383,153
	<u>54,441,953,612</u>	<u>49,457,597,561</u>

4 OPERATING EXPENSES

	Birr	2015 Birr
Salaries and related benefits	3,696,314,301	2,863,246,849
Aircraft fuel and oil	14,929,714,991	17,550,849,359
Rentals	5,052,813,963	3,455,532,593
Overflying and navigation	3,502,367,930	2,505,807,952
Depreciation of flying equipment	3,790,898,920	3,366,705,520
Passengers' expense	2,002,322,143	2,025,835,629
Handling	2,209,353,802	1,836,786,062
Commission and incentives	1,682,981,265	1,611,650,877
Foreign overhauls	861,120,765	1,071,589,255
Maintenance of leased aircraft	1,622,449,522	1,145,521,767
Landing and parking	1,463,801,208	1,268,118,991
Central reservation system charge	1,275,097,530	1,035,877,677
Aircraft materials	1,146,963,743	1,292,121,199
Travel	801,881,390	936,307,457
Service	771,652,473	679,947,185
	348,677,571	321,173,018
Depreciation of non-flying equipment	329,237,075	284,325,159
Insurance	339,148,602	279,059,918
Communications	17,152,443	28,300,087
Utilities	59,964,682	78,399,241
Taxes	63,334,093	72,512,394
Advertising and publishing	23,954,601	95,487,931
Training	825,896,256	548,300,579
Amortization	8,980,050	5,304,644
Entertainment	205,488,719	153,966,332
Supplies	71,438,823	91,541,399
Other	<u>47,103,008,861</u>	<u>44,604,269,074</u>

ETHIOPIAN AIRLINES ENTERPRISE  
 NOTES TO THE FINANCIAL STATEMENTS (continued)  
 30 June 2016

**Birr** **2015**  
**Birr**

**5 MISCELLANEOUS NON - OPERATING EXPENSE (INCOME)**

Credit card service charge	237,054,394	154,127,749
Bank charges	72,276,541	62,386,719
Loss on currency fluctuation	530,154,352	296,888,560
Write back of creditors accounts	(275,861,379)	(368,889,561)
Interest income	(22,532,895)	(22,995,407)
Gain on disposal of property, plant and equipment	(45,435)	(9,932,863)
Miscellaneous	<u>(844,472,906)</u>	<u>(744,164,877)</u>
	<b><u>(303,427,328)</u></b>	<b><u>(632,579,681)</u></b>

**6 STAFF COSTS**

	<b>Birr</b>	<b>2015</b>
		<b>Birr</b>
Salaries and related benefits	4,075,900,295	3,786,936,158
Pension costs - Company contribution	160,696,724	141,058,600
	<b><u>4,236,597,019</u></b>	<b><u>3,927,994,758</u></b>

# ETHIOPIAN AIRLINES ENTERPRISE NOTES TO THE FINANCIAL STATEMENTS (continued) 30 June 2016

## 7 PROPERTY, PLANT AND EQUIPMENT

	Balance at 30 June 2015 Birr	Additions Birr	Currency fluctuation adjustment Birr	Disposals/ Retirements Birr	Balance at 30 June 2016 Birr
<b>COST OR VALUATION</b>					
Flight equipment	66,926,115,200	2,410,292,034	2,654,186,242	(99,294)	71,990,494,182
Other property	3,283,767,149	372,643,164	-	(1,317,096)	3,655,093,217
Engine maintenance	999,441,796	1,149,408,697	-	-	2,148,850,493
	<b>71,209,324,145</b>	<b>3,932,343,895</b>	<b>2,654,186,242</b>	<b>(1,416,390)</b>	<b>77,794,437,892</b>
<b>DEPRECIATION /AMORTIZATION</b>					
Flight equipment	11,879,446,483	3,790,898,920	-	(99,294)	15,670,246,109
Other property	1,875,506,830	348,677,571	-	(1,317,096)	2,222,867,305
Engine maintenance	486,574,810	803,273,591	-	-	1,289,848,401
	<b>14,241,528,123</b>	<b>4,942,850,082</b>	<b>-</b>	<b>(1,416,390)</b>	<b>19,182,961,815</b>
<b>NET BOOK VALUE</b>					
Flight equipment	55,046,668,717				56,320,248,073
Other property	1,408,260,319				1,432,225,912
Engine maintenance	512,866,986				859,002,092
	<b>56,967,796,022</b>				<b>58,611,476,077</b>
Work orders in progress	2,259,678,910				5,098,982,370
Capital goods in transit	5,166,689				8,364,635
	<b>59,232,641,621</b>				<b>63,718,823,082</b>

### ASSETS PLEDGED AS SECURITY

Some of the Enterprise's flight equipment and all other property are held as collateral by various lending institutes.

# ETHIOPIAN AIRLINES ENTERPRISE

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 30 June 2016

	Birr	2015 Birr
<b>8 INVESTMENTS</b>		
ASKY Airlines		
(900,000 shares of US dollars 20 each par value)	309,231,000	309,231,000
Malawian Airlines	194,057,257	194,057,257
Other foreign investments	16,575,925	16,703,256
	<b><u>519,864,182</u></b>	<b><u>519,991,513</u></b>

### 9 STANDING DEPOSITS

These are deposits for security, aircraft lease, hotel, hospital and similar purposes. It also includes predelivery advances for aircraft purchase.

### 10 DEFERRED CHARGES

	Birr	2015 Birr
Star Alliance membership fee		
Cost, net of amortization	12,707,398	35,330,063
Administrative and transaction costs for purchase of new aircraft	32,774,437	188,048,320
Miscellaneous	19,990,865	69,795,867
	<b><u>65,472,699</u></b>	<b><u>293,174,250</u></b>

### 11 TREASURY BONDS

These are treasury bonds purchased from Embalem Indusry Trade Bank bearing interest at market rate semi annually. They mature on 1 March 2018.

### 12 STOCK

	Birr	2015 Birr
Aircraft parts	2,320,991,101	1,614,265,135
Supplies stock - customer work orders	20,742,675	19,336,729
Stock of stationery and other materials	475,794,196	369,449,592
	2,817,527,972	2,003,051,456
Less: Provision for stock obsolescence	168,752,283	130,719,341
	<b><u>2,648,775,689</u></b>	<b><u>1,872,332,115</u></b>



# ETHIOPIAN AIRLINES ENTERPRISE

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 30 June 2016

	Birr	2015 Birr
<b>13 DEBTORS AND PREPAYMENTS</b>		
Transportation - Others	2,130,968,241	2,440,575,675
Deposits and prepayments	2,550,845,270	4,894,084,566
Unverified deposits	2,260,130,766	1,716,479,490
Transportation - Airlines	257,881,415	432,518,189
Claims from aircraft lessor	142,220,956	510,489,120
Ethiopian Government	179,500,005	251,699,091
Value added tax and duties recoverable	435,310,692	164,434,257
Customer work orders	368,890,175	222,033,157
Purchase Incentives	183,925,844	166,160,314
Airmail	35,467,679	30,849,368
Miscellaneous	<u>1,305,957,810</u>	<u>1,270,607,236</u>
	9,851,098,853	12,099,930,463
Less: Provision for doubtful debts	<u>(1,254,245,933)</u>	<u>(1,090,519,101)</u>
	<b><u>8,596,852,920</u></b>	<b><u>11,009,411,362</u></b>

All provisions for impairment are specific.

### 14 SHORT TERM INVESTMENTS

	Birr	2015 Birr
Short term deposits	65,069,900	2,507,633
24 hours call account	<u>1,406,136,767</u>	<u>924,366,483</u>
	<b><u>1,471,206,667</u></b>	<b><u>926,874,116</u></b>

### 15 CASH AND BANK BALANCES

	Birr	2015 Birr
Cash with foreign banks	3,676,468,271	4,512,249,625
Less: Provision for accounts, difficult to transfer	<u>2,128,321</u>	<u>2,128,321</u>
	3,674,339,950	4,510,121,304
Cash with local banks	166,125,269	(318,185,128)
Cash on hand	<u>9,779,606</u>	<u>78,011,526</u>
	<b><u>3,850,244,825</u></b>	<b><u>4,269,947,702</u></b>

The Enterprise has an overdraft facility of Birr 350,000,000 with Commercial Bank of Ethiopia bearing interest at the rate of 9.5% per annum, and secured on all of the moveable and immoveable property of the Enterprise except for aircraft.

# ETHIOPIAN AIRLINES ENTERPRISE

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 30 June 2016

#### 16 CAPITAL

The Enterprise is wholly owned by the Government of the Federal Democratic Republic of Ethiopia. There are no shares and no par value. The Enterprise is authorized by the Council of Ministers to transfer the net profits to paid up capital.

#### 17 CONTRIBUTIONS

These represent the value of incentives given by suppliers, less amortization.

#### 18 LONG TERM LOANS

	Birr	2015 Birr
Balance at 30 June 2015	47,284,290,223	36,205,699,960
Additional loans	4,011,371,145	14,953,296,232
Foreign exchange fluctuation	<u>2,762,353,035</u>	<u>1,819,063,746</u>
	54,058,014,403	52,978,059,939
Less: Repayments	<u>7,262,406,774</u>	<u>5,693,769,716</u>
	<b>46,795,607,629</b>	<b>47,284,290,223</b>
Less: Amounts repayable within 12 months	<u>5,576,142,452</u>	<u>6,885,017,646</u>
	<b><u>41,219,465,177</u></b>	<b><u>40,399,272,577</u></b>

Loans from foreign lending institutions, secured on aircraft, bearing interest at rates of between 1.43% and 4.84% per annum, and repayable in quarterly installments

43,915,605,123

Secured and unsecured loans from local and foreign lending institutions and development agencies, bearing interest at rates of between 3.74% and 6.90% per annum, and repayable in, mainly, quarterly installments.

2,880,002,505  
**46,795,607,628**

ETHIOPIAN AIRLINES ENTERPRISE  
 NOTES TO THE FINANCIAL STATEMENTS (continued)  
 30 June 2016

	Birr	2015 Birr
<b>19 PROVISION FOR MAINTENANCE</b>		
Balance at 30 June 2015	953,473,416	765,745,312
Additional provision	182,951,999	352,520,849
Reduction arising from actual costs	<u>(281,996,007)</u>	<u>(164,792,746)</u>
	<b><u>854,429,408</u></b>	<b><u>953,473,416</u></b>

The provision for maintenance is made to match aircraft maintenance costs with the generated revenues.

**20 DEFERRED AND NON-CURRENT LIABILITIES**

	Birr	2015 Birr
<b>Deferred liabilities</b>		
Training of other airlines personnel	10,120,073	20,563,029
Management fee	<u>4,692,467</u>	<u>1,635,877</u>
	<u>14,812,540</u>	<u>22,198,906</u>
<b>Non - current liabilities</b>		
Security deposits	177,676,883	161,130,554
Foreign termination indemnity	85,052	21,339,480
Retentions payable	84,229,244	53,982,164
Boeing Training credit	10,306,032	18,408,818
Collection for maintenance of leased aircrafts	45,931,962	-
Miscellaneous	<u>7,287,268</u>	<u>276,869,669</u>
	<u>325,516,441</u>	<u>531,730,686</u>
	<b><u>340,328,981</u></b>	<b><u>553,929,592</u></b>

ETHIOPIAN AIRLINES ENTERPRISE  
 NOTES TO THE FINANCIAL STATEMENTS (continued)  
 30 June 2016

	Birr	2015 Birr
<b>21 CREDITORS AND ACCRUALS</b>		
Transportation tax and embarkation fees	977,969,838	761,151,901
Payable to oil companies	177,571,192	463,346,725
Goods received but not billed	312,534,560	339,782,713
Customers' advances for work orders	76,750,405	52,791,620
Accrued interest	185,040,216	184,882,841
Accruals for leasing and maintenance of aircraft		
maintenance of aircraft	(436,753)	7,461,986
Pool apportionment with other airlines	27,087,749	49,427,582
Services received but not billed	3,344,695,152	4,227,978,939
Other service providers	596,748,962	1,892,772,243
Others	<u>1,780,618,772</u>	<u>921,361,360</u>
	<b><u>7,478,580,093</u></b>	<b><u>8,900,957,910</u></b>

**22 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS**

	2016 Birr	2015 Birr	Change Birr	2,015 Change Birr
Cash and bank balances	<u>5,321,451,492</u>	<u>5,196,821,818</u>	<u>124,629,674</u>	<u>(495,227,178)</u>

**23 RETIREMENT BENEFIT OBLIGATIONS**

The Enterprise makes contributions to a statutory defined pension scheme. The employer and the employee make contributions of 11% and 7% of the employee's basic salary respectively, as determined by statute. For the year ended 30 June 2016 the Enterprise contributed Birr 160,696,724 (2015-Birr 141,058,600.) which has been charged to the profit and loss account.

**24 CASH FLOWS**

Increases and decreases in the balance sheet items without actual movement of cash are not considered in the cash flow statement. These are as follows:-

	Birr
An increase in property, plant and equipment by way of currency fluctuation adjustment to long term loans	2,762,353,035
An increase in property, plant and equipment	25,803,704
An increase in predelivery deposit (standing deposit)	172,173,426
An increase in Stock	<u>15,777,947</u>
by way of transfer from deferred charges	<u>213,755,077</u>
An increase in deferred charges by way of capitalization of interest on long term loans	8,306,669
Write back of creditors	275,861,380
A decrease in creditors by off-setting advance (Debtors)	1,715,007,194

# ETHIOPIAN AIRLINES ENTERPRISE

## NOTES TO THE FINANCIAL STATEMENTS (continued)

30 June 2016

### 25 RISKS

#### (a) CREDIT RISK

The Enterprise's maximum exposure to credit risk in relation to each class of recognized financial assets is the carrying amount of those assets as shown on the balance sheet.

The risk that counter-parties to trading instruments might default on their obligations is monitored on an on-going basis by the appropriate management organ.

#### (b) LIQUIDITY RISK

Liquidity risk arises in the general funding of the Enterprise's activities. It includes both the risk of being unable to fund liabilities at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate timeframe.

The Enterprise has access to a diverse funding base. This enhances funding flexibility and limits dependence on any one source of funds.

#### (c) INTEREST RATE RISK

Current borrowings are at fixed and floating rates averaging 2.79% p.a. Investments made by the Enterprise in various international banks generated interest income that covered the cost of borrowing by 1.72% in the year 2016 compared to 1.88% in the previous financial year.

#### (d) FOREIGN CURRENCY RISK

Over 90% of the monies earned by the Enterprise are in hard and convertible currencies.

### 26 COMMITMENTS

The Enterprise has commitments, not provided for in these financial statements, of - Birr 48,336,793,600. for the purchase of 32 aircrafts. The commitment for the purchase of 14 of these, amounting to Birr 22,346,881,600, is with the possibility of a sale and lease-back arrangement, which is to be decided in future. - Birr 3,346,254,762, for the construction of a maintenance hangar, cargo terminal 4 star hotel, satellite cafeteria and parking.

# ETHIOPIAN AIRLINES ENTERPRISE

## NOTES TO THE FINANCIAL STATEMENTS (continued)

30 June 2016

### 27 CONTINGENT LIABILITIES

The Enterprise has contingent liabilities, not provided for in these financial statements, of Birr 218,509,908.00 in respect of legal actions brought by different organisations and individuals, which are being contested by the Enterprise. It is not possible to determine the outcome of these cases.

### 28 INCORPORATION

The Enterprise is incorporated in Ethiopia under Public Enterprises Proclamation No. 25/ 1992 and is domiciled in Ethiopia.

### 29 FUNCTIONAL AND PRESENTATION CURRENCY

The functional currency of the Enterprise is the United States dollar. These financial statements are presented in Ethiopian Birr.

### 30 EMPLOYEES

The Enterprise employed 10,176 staff at 30 June 2016 (2015-10,514)

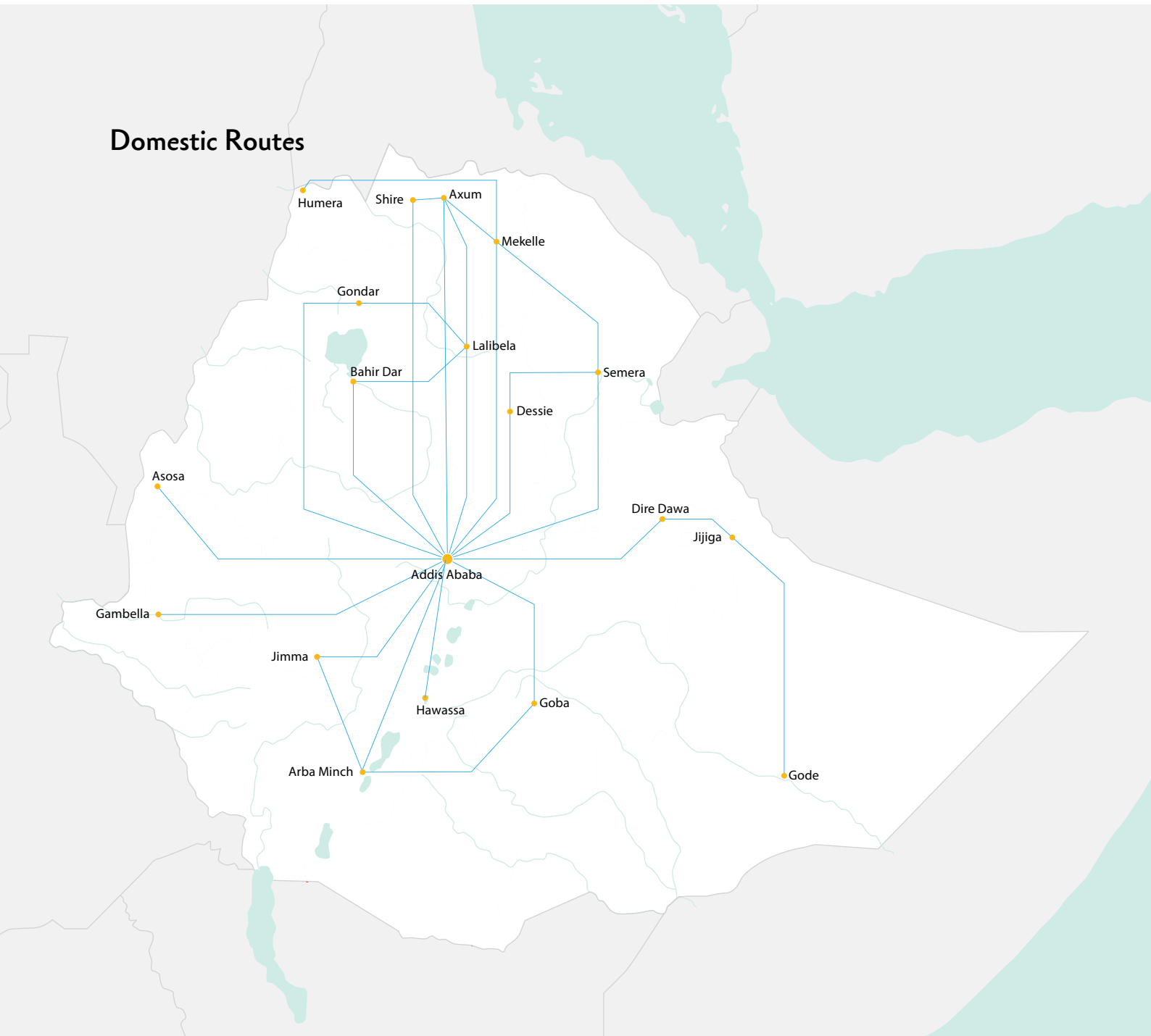
### 31 COMPARATIVE FIGURES

In order to facilitate comparison certain of the 2015 figures have been rearranged in these financial statements.

### 32 DATE OF AUTHORIZATION

The Chief Executive Officer of the Enterprise authorized the issue of these financial statements on 14 December 2016.

# Domestic Routes



**ADDIS ABABA**  
 Main City Ticket Office  
 Churchill Road  
 PO Box 1755  
 Tel: 251-11-5517000  
 Fax: 251-11-5513047/5513593

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 251-091-1255674 (CELL)

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 251-34-7753544 (APT)  
 251-91-1255682 (CELL)  
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 251 - 911 255437

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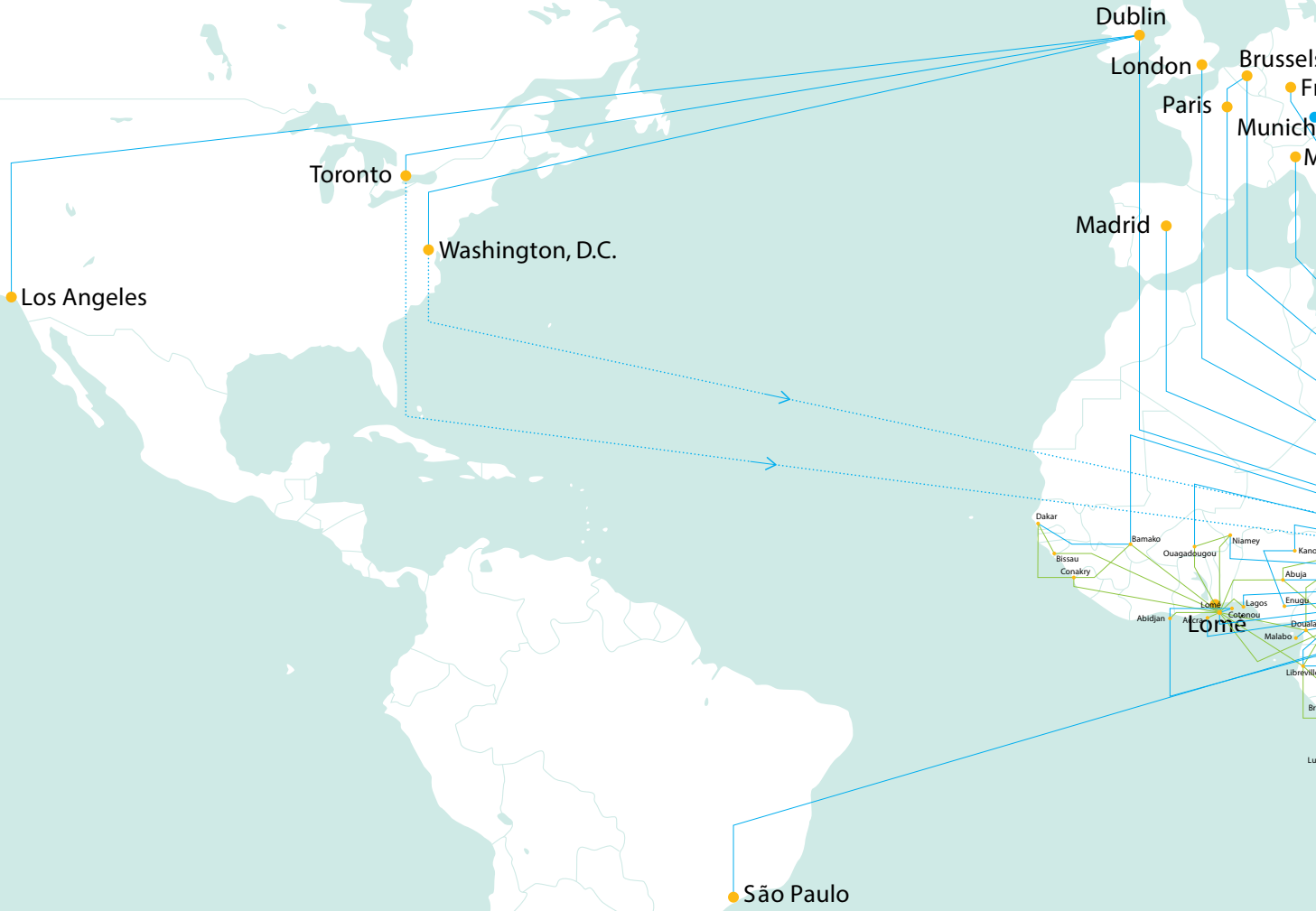
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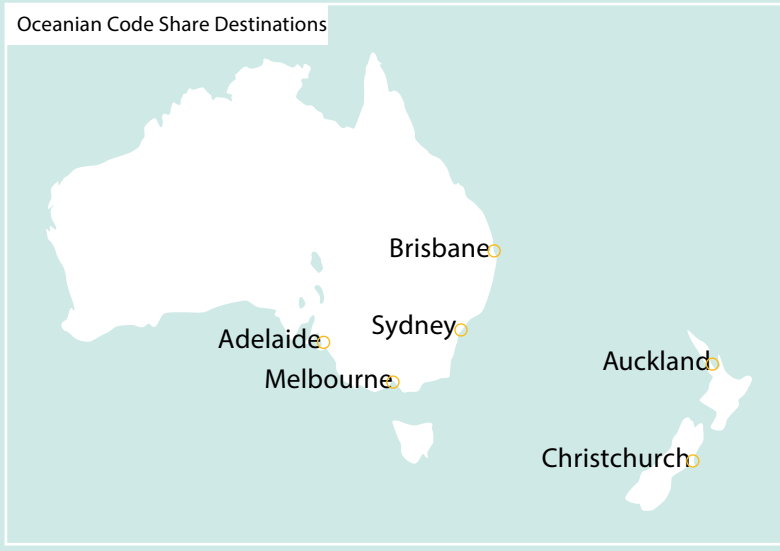
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- PW 2000/4000 Modular maintenance
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