

006 The Emirates Group

Chairman & Chief Executive,  
Emirates Airline & Group

45.4 billion dirhams  
Group revenue

4.2 billion dirhams  
Group profit

9.1% profit margin

Our toughest year: an outstanding result.

Against a background of the worst global recession in generations, large-scale economic uncertainty and unforgiving markets, the Emirates Group faced arguably its sternest test. We came through these difficult times with flying colours.

Despite the harsh economic climate, the Emirates Group made a net profit of AED 4.2 billion (US\$1.1 billion), compared to AED 1.2 billion (US\$325 million) in 2008-2009. Emirates AED 3,538 million (US\$964 million). Dnata AED 613 million (US\$167 million).

These are excellent results and they did not happen by chance.

We in the Emirates Group take great pride in our ability to shape not only our own world, but also the wider worlds of aviation and travel. From the creation of Dnata 50 years ago and Emirates 25 years ago, we have always demonstrated, and are known for, our pioneering spirit.

That powerful spirit has enabled us to flourish not only in the good times but also in times of adversity, including regional conflict, the effects of 9/11 on our industry, the SARS epidemic and the Asian economic collapse of the late 1990s. Looking back at the past year, we should be under no illusions that our operating conditions were as tough as any we have ever faced.

His Highness Sheikh Ahmed bin Saeed Al Makroum

# 12.5bn

dirhams cash funds

At the start of the financial year, the global recession had a severe impact on the travel and aviation sectors, with a significant reduction in traveller numbers and a marked reduction in passengers booking in the premium cabins. According to the International Air Transport Association (IATA), airlines' financial losses worldwide for 2009 reached US\$9.4 billion (AED 34.5 billion), after the US\$15.9 billion (AED 58.4 billion) loss incurred in 2008. IATA was clear that this was the most difficult situation ever faced by the industry.

The dramatic contraction of international money markets led to a reluctance among financial institutions to lend to businesses across the world. Dubai was also not immune to the crisis, with the property sector being particularly affected.

To do business in a world of economic meltdown, where the atmosphere was at times apocalyptic, required cool heads and steady nerves. Our experience of handling global crises left us well-equipped to tackle the challenges and maintain a "business as usual" approach. For the Emirates Group, the essence of "business as usual" is to remain true to our core pioneering values and to continue to pursue a strategy of product and service excellence in all areas; the foundations of our sustainable growth.

In the lifetime of the Emirates Group our world and our lives have been re-shaped by globalisation. Both Dubai and the Emirates Group were quick to

recognise the opportunities that the shift of global economic power would create and acted accordingly, positioning ourselves to take advantage of emerging market leaders.

The close relationship between the Emirates Group and Dubai has enabled both to flourish. Dnata, working within the UAE's Open Skies policy, helped create the infrastructure that has enabled Dubai to lead the development of the region as a centre of world aviation. Emirates Airline delivered that message around the globe. With our spirit of innovation, aligned with a long-term strategy and deep knowledge of our industry, we are reaping the benefits. It is a world-winning combination.

Since we were founded upon pioneering and innovative ideals, the challenge of the past year has been to maintain these values in the most challenging of economic circumstances. I am pleased to say we have succeeded.

Our determination to stand by our tradition of innovation to continue to shape our world in our own way, was one of two important highlights of the year. The other was to retain our talented staff. We gave a commitment to our people that we would safeguard jobs in the interests of individuals, as well as the Group. Like all businesses, cost-containment was imperative in such circumstances but we had to balance this against the premium we put on the talented people that have enabled us to grow and

thrive, and who will realise our growth strategy in the future.

We chose to freeze recruitment in non-essential areas, we redeployed staff and brought in a programme of voluntary unpaid leave. This was an effective package and enabled us to contain costs and retain our talent. It was also an opportunity for staff to further develop their skills, pursue other interests or just to take time out. In the most difficult of economic circumstances, this partnership ethos between management and staff resulted in a win-win situation and further helps position us to fulfill our long-term goals.

While the businesses grappled with the grim economic realities of the last year, they continued to demonstrate the distinctive and forward-thinking culture that has always characterised the Emirates Group. Internal restructuring was carried out in many businesses but



Dubai International Airport saw passenger growth of 9.2% during 2009.

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they never lost sight of the imperative to innovate in the cause of product excellence, to explore new market opportunities and to pursue growth.

While Dnata continued its overseas expansion strategy through acquisition of assets, Emirates added 15 new aircraft to its fleet to grow the network to 102 cities worldwide. As Dnata Cargo launched the Calogi portal with ambitions to make it an industry standard, Emirates rolled out new lounges across the network. Where Dnata launched a programme of enhanced customer service across its ground handling businesses, Emirates rolled out a new uniform for staff.

The globalised world of the 21st century demands pioneers. In that spirit, Emirates took the Airbus A380, the flagship of 21st century travel, to several new airports, including Seoul, Bangkok and Jeddah, the first regional deployment. In addition, Dnata is preparing to deploy its expertise and staff to the Al Maktoum International Airport. This colossal project is the next phase of aviation development in the UAE and the wider region, a landmark of this new century.

Unlike many competitors who pursued cost containment strategies that adversely impacted service levels, Emirates continued to invest in the product by refurbishing the interiors of older aircraft. While some competitors imposed new restrictions on passenger luggage, we significantly raised luggage allowances in all classes. These are the hallmarks of the Emirates Group's forward thinking approach and it is with

special pride that we continue in that tradition. We have invested heavily in the Emirates and Dnata brands over the years, resulting in strong customer loyalty. Our ability to leverage that brand strength in this most difficult of years is reflected in our results.

The Emirates Group and Dubai's unique partnership came to the fore in the past year as our home base struggled for a time with falling visitor numbers. During the year, we took the lead in rolling out the 'Keep discovering Dubai' global marketing campaign, bringing 2,500 travel agents, tour operators and journalists to Dubai on three-day familiarisation trips.

Across the Emirates Group, we were also able to harness our vast collective experience of the travel and aviation industries to mitigate the worst of the economic storm, and to pursue new opportunities.

Our subsidiary companies are engaged in everything from hotels and inflight catering to security and IT software. Among the achievements from these businesses in the past year was the roll-out of several Premier Inns, outstanding value hotels meeting a growing need in Dubai and the GCC. In Australia, we opened Wolgan Valley Resort and Spa, creating one of the world's leading sustainable hotels – it is the world's first officially-recognised carbon neutral hotel - and takes hospitality in the country to new levels. In addition, a number of food and beverage brands developed within the Emirates Group have been exported, reversing the traditional model whereby

The Burj Khalifa, the tallest man-made structure ever built, was inaugurated on 4 January 2010.

# 50,000

employees worldwide

established brands are imported into the region. Our commitment to overseas expansion saw The Noodle House brand launch in Melbourne, Australia in November 2009. Already a popular choice for diners in the GCC region, a licence agreement between Jumeirah Restaurants, a division of the Jumeirah Group, and Emirates Leisure Retail successfully took this franchise to the southern hemisphere. There is considerable scope to develop our international portfolio further and I am confident the trend can be continued.

The adverse economic landscape did not slow our resolve to advance our sustainability agenda. Indeed, most "green" initiatives make sound business sense. We already operate one of the most fuel-efficient aircraft fleets in the world, which translates into significantly reduced emissions. In the pursuit of eco-efficiency we have pioneered a number of operational fuel-saving techniques. Amongst others, single-engine taxiing and flying more direct routes have contributed to saving millions of litres of fuel, hundreds of hours of flight time and thousands of tonnes of CO<sub>2</sub>. On the ground, Dnata Cargo's FreightGate-5, the UAE's first carbon neutral warehouse, became a model for sustainability for all warehouse developments across Dubai. Other initiatives have seen a substantial reduction of paper and therefore weight onboard our aircraft leading to more cost and emissions reductions.

I have already referred to the pride we shared in retaining our staff, and I would like to pay tribute to

the people who have worked tirelessly across the businesses to help deliver this year's results. Our ability to shape our world rests in the hands of the 50,000 staff from over 150 countries whose experience, professionalism, creativity, commitment and drive means that we are, to a significant extent, the masters of our own destiny.

This year's Chairman's Awards for Excellence once again demonstrated the terrific calibre of our people and, through the Chairman's Najm Awards, I had the privilege of meeting extraordinary individuals who were recognised for everything from saving the company money to saving lives.

The economic recovery is underway, but it is not uniform in all markets and there remain deep uncertainties. We will continue to monitor the situation closely and deploy our resources to best meet the needs of the market. In key areas we have begun hiring again so that we can take full advantage of a return to market growth and to fulfill our ambitions. Needless to say, our development plans for all areas of the business remain on track. Indeed, one of the lessons of this past year is that our business model is highly robust.

In addressing and managing the issues of the past year, I believe we have created a stronger and more flexible organisation, perfectly capable of leading in improved trading conditions and even better able to face and surmount the next challenges.



The introduction of the Airbus A380 means that Emirates operates one of the most fuel-efficient aircraft fleets in the world.

It has been a memorable year, not least because of the prevailing pioneering spirit among the employees of the Emirates Group. I hope that each and every member of staff has shared in the satisfaction of having shaped our world, as well as the excitement of having helped the Emirates Group shape Dubai and the worlds of aviation and travel.

I extend my heartfelt thanks to all of my colleagues at The Emirates Group.

A handwritten signature in black ink, appearing to read 'GWT' followed by a stylized flourish.

Ahmed bin Saeed Al Maktoum