



million dirhams revenue **3,160**
million dirhams operating profit **613**
profit margin **19.4%**

18

countries worldwide where
Dnata operates

Managing a world-class business and pursuing a long-term growth strategy in the face of the unprecedented global economic recession posed some unique challenges for Dnata over the past year. There were opportunities to be seized too.

The year began with Dnata celebrating its 50th anniversary, a milestone which allowed us to reflect back on the creation of the business and how it has shaped our destiny. Launched as the platform on which Dubai could realise its ambition of becoming a global player in travel and aviation, the operation is stronger than ever. The pioneering spirit, a passion to be master of our own destiny, to be the very best at what we do - the cornerstone philosophy of Dnata - has been adapted by the entire Emirates Group.

The year also began with Dnata having to navigate one of the worst recessions on record. A tough regime of cost-containment was implemented, with every business subject to intense scrutiny and where necessary restructured. In addition, a freeze was imposed on new staff hires. An internal auditing strategy embracing new tools and approaches to help in the Group-wide cost reduction drive were implemented. Usage of automated data mining tools like CONTACT (continuous testing and analysis of critical transactions) resulted in significantly improved audit coverage without requiring additional resources. Departments acted to identify strategic risks and facilitate risk management.

Implementation of these measures enabled us to safeguard the jobs of our people, while our long-established focus on quality and growth was maintained and strengthened.

In line with the Emirates Group ethos, both businesses and support functions were able to play to their twin strengths of proven experience and flexibility. Moving rapidly to make the necessary changes internally, businesses were then able to adapt and deliver a "business as usual" approach. We retained our talent and remained strongly focussed on the long-term, with continued investment in acquisitions, training and systems.

The commitment to a long-term vision was perfectly embodied by **Dnata Airport Operations**, which is the ground handling company at Dubai International Airport and employer of more than 6,100 people.

The division was well-positioned to fight off the impact of the recession thanks to decisions made two years ago. Following record Emirates Group profits at that time, Airport Operations refused to sit on its laurels. It had the foresight to initiate a complete restructure, moving from a location-based organisation to a function based organisation. Roles and responsibilities were redefined as necessary.

These were defining initiatives conducted from a position of strength and implemented at the start of the 2009/2010 financial year. With the global

recession deepening, the timing was perfect. Airport Operations was able to grow at Dubai International Airport with existing resources improving both productivity and profitability. Importantly this was achieved with an even higher service level being delivered to our customers.

The difficult market forced Dnata's airline customers at Dubai International Airport to change their schedules and aircraft types to match demand. Despite the pressures faced by the aviation industry the number of airline customers serving Dubai grew to 135. Among the new clients were Kingfisher, Air Berlin and the new low cost carrier flydubai.

The financial year also saw the first full year of operations at Emirates Terminal 3 which is setting new standards of excellence for airport operations.



Dnata staff delivered outstanding results whilst facing the worst recession on record.



Marhaba is the hallmark of Dubai International Airport's meet and greet services.

Part of the package of airport excellence is the Marhaba passenger services operation. Established in 1991, the Marhaba team offers a personalised meet and greet service tailored to the passenger's specific needs at Dubai International Airport. Marhaba enjoyed another busy year and, given the recognised strength of the brand and its service, plans are now well-advanced to expand internationally. An announcement is expected soon about the introduction of Marhaba services at new destinations worldwide.

In parallel to the operational work at Dubai International Airport, a team from Dnata Airport Operations and Dnata Cargo prepared to begin work at the new Al Maktoum International Airport scheduled to open in June 2010. Destined to become the world's biggest airport, it lies at the heart of the Dubai World Central complex, a 140 square kilometre, multi-phase development embracing Aviation City, Dubai Logistics City, Residential City, Commercial City and Golf City. Ultimately, 945,000 people will live and work within the borders of the US\$33 billion (AED 121 billion) project.

Despite the increase in capacity at Dubai International Airport with the opening of Emirates Terminal 3 and Concourse 3 scheduled to open in 2012, passenger growth continues at nearly ten percent a year meaning Dubai International Airport will reach capacity in a few years. The Al Maktoum International Airport, with a planned capacity of 175 million

passengers a year, is the long-term solution. In the first phase of operations, Al Maktoum International will handle cargo traffic to be followed shortly thereafter with the introduction of passenger services.

Dnata's goal is to be the best ground handling operator in the world. Al Maktoum International will offer the perfect showcase for the fulfilment of that ambition.

Being the best in the business means a commitment to constant quality improvement driven by a highly motivated team who are prepared to go that 'extra mile'. Supported by better focussed recruitment techniques, enhanced customer service training and clarity of career progression with a clear focus on rewarding performance, we have successfully raised the bar, yet again.

The emphasis on the "soft", but incredibly important, drivers of the Dnata business was complemented by a decision to maintain prices at the previous year's levels in Dubai with Dnata absorbing additional costs that were not passed on to our customers. This was in line with the Emirates Group's commitment to support the wider interests of Dubai. The initiative helped Dubai International Airport deliver impressive figures for the year. Despite the global recession and some negative press about Dubai, Dubai International Airport recorded passenger growth of 9.2% during 2009, with aircraft movements up 3%.

Given Dubai's undertaking to be the most

192,100

aircraft handled worldwide

competitive centre for aviation and logistics Dnata has to strike the right balance between delivering excellent service and suitable pricing. Its performance is constantly benchmarked against operators at other airports around the world. The most recent exercise revealed Dubai's charges remain extremely competitive at around half that of India's airports and as much as five times more affordable than at many European destinations.

But it is not only about offering competitive services. A range of performance indicators shows improvements over the previous year, including on-time performance and baggage services in both Terminals 1 and 3. These gains were achieved amid a 15.6% increase in the number of bags handled – hitting 37.2 million. To further enable growth, a new baggage hub control office is being developed to house all baggage stakeholders and further improve communication and efficiency.

The continuous drive to improve efficiency led to the Technical Support and Aircraft Appearance teams being integrated to become the Ramp Services Department. At the same time, technology was harnessed in a drive towards "paperless" turnarounds of aircraft. Handheld terminals for scanning bulk baggage on Emirates flights were introduced as were Personal Digital Assistants for Cargo Logistics to enable real-time tracking of cargo units.

Being the best and the commitment to long-term

growth came together in two businesses – not only Dnata but MMI too with both companies securing significant geographical expansion over the course of the year.

Dnata pulled off the only major transaction in the global ground handling sector in 2009 with an acquisition that saw it enter the market in the United Kingdom. Dnata spent AED 59 million (US\$16.1 million) acquiring two of the UK's leading airport operations – Plane Handling which provides ramp and cargo handling services at Heathrow Airport as well as cargo handling services at Manchester Airport, and Aviance which provides passenger and ramp handling operations at Heathrow's Terminals 3 and 4. With these acquisitions Dnata's international operations (i.e. those outside its home base, Dubai) now handle as many aircraft turns and as much cargo volume as Dubai – a significant milestone since Dnata's first foray overseas into Pakistan in 1993.

Continuing its expansion abroad on the 12th March 2010 Dnata commenced ground handling services at Erbil International Airport, Iraq, making a breakthrough in Dnata's international ambitions to export its expertise to other airports in the Middle East.

With London, Manchester and Erbil added to its portfolio Dnata now operates at 20 airports in nine countries, including Australia, Switzerland, China and Singapore. These new operations have



Dnata's expansion continued with an entry into the UK's ground handling market.

increased Dnata's ground handling activities by 45%, changed the dynamics of the business, and further raised Dnata's international profile. It also sends out a powerful message that Dnata is moving forward with its growth strategy, seeking new opportunities and acquisition targets – but always with the caveat - provided they meet the criteria required of a high calibre operation.

The **MMI** beverage business also extended its reach overseas. A string of valuable niche deals enabled a move into the Indian Ocean, and saw the opening of retail outlets in Zanzibar, the Seychelles and the Maldives, extending its own supply chain and meeting the needs of smaller territories in the region.

In 2009, the same pioneering spirit saw **Dnata Travel Services (DTS)** open an office in Kabul to tap into the growing need for travel services in Afghanistan.



Dnata Airport Operations airline customers grew to 135 during the year.

The joint venture is making steady headway, in spite of security challenges, thanks to the team of remarkably motivated and dedicated staff.

The travel services industry was hit particularly hard with people simply not travelling or those travelling trading down from premium offerings. There were serious ramifications for travel agents. Faced with profound uncertainty, DTS tightened its belt and examined everything from "paperclips to people." While the year saw bright spots of trading – including Saudi Arabia and Abu Dhabi – it proved an incredibly tough year for DTS but the severity of the recession and the challenges it brought did not prevent DTS from being recognised for its contribution to the industry; and among the awards won during the year was "World's Leading Travel Management Company" at the 2009 World Travel Awards.

Once again the Dnata team proved their mettle, the DTS business weathered the worst of the recession, and continued to win accolades thanks to its strong profile as the travel market's leading "one stop shop" and a loyal and diverse network of corporate clients. The strategic relationship with its global corporate travel partner, Hogg Robinson Group, flourished as many struggled and DTS continues its quest to look at new opportunities such as India and Iraq.

From travel needs to leading world events, the business' travel arm continues to cater to all. MMI

1,121

thousand tonnes of cargo handled worldwide

Travel further consolidated its position as the sports travel industry leader in the Middle East through its involvement in major sporting events ranging from the 2010 FIFA World Cup™ in South Africa, to the 2010 ICC World Twenty20 in the West Indies and the 2010 Singapore Grand Prix. Destination management company, Gulf Ventures, strengthened its tourism offer in response to a fast-changing inbound travel market joining forces with Dnata's World of Events to offer a wide-array of exciting and innovative new products to people visiting Dubai. Linking these many varied but closely related activities the travel division launched its own client magazine, Voyage, designed to support the DTS marketing strategy by adding value to its relationship with customers.

But DTS was not the only Dnata business developing its interests in Afghanistan. Moving quickly where less pioneering-minded competitors were reluctant to tread, **Dnata Cargo** also found a very lucrative market in the country.

A year of formidable challenges faced the business this year, with the local air freight market badly hit by a downturn in cargo volumes. However, with a combination of stringent cost reduction, process reengineering (freight movements at all 140 loading bays were reorganised), and smarter ways of working a growth of 6.3% was achieved. No small feat considering the pounding that air cargo experienced across the globe.

However the innovative highlight of the year and the embodiment of the smarter working ethos was manifest in Calogi, an internally-created cargo industry IT portal that links the entire air freight supply chain. Not only did the system play a central role in enabling Dnata Cargo to cut costs, it has the potential to become an industry standard product. Some 65% of Dnata Cargo's business migrated to Calogi during the financial year, simplifying transactions, saving customers' time and reducing costs for the division. The paperless system is expected to be launched internationally in future, with the potential of becoming the "Google of the air freight industry."

The unrelenting drive for quality in all things and a strategy of keeping critical functions in-house are hallmarks of the Emirates Group, both exemplified during the year by two businesses – **Emirates Group IT (EG-IT)** and Emirates Flight Catering (EKFC).

From an early stage, the Emirates Group identified control of communications, data and systems a key strategic principle and resolved, where necessary, to develop and manage proprietary systems in these critical areas. Thus EG-IT serves all Group functions and business units. It also houses the Mercator product range, a fast-growing profit centre providing services and systems to the aviation industry.

No part of the Emirates Group was immune from the consequences of the global financial crisis and



Dnata Travel Services won "World's Leading Travel Management Company" at the 2009 World Travel Awards.

EG-IT carried out a radical review of the Group-wide IT function, activating a successful cost-reduction programme that delivered more than AED 100 million (US\$27.2 million) in savings during the year. The initiative leveraged the intellect and creativity of staff across all businesses of the Emirates Group. The result was a wealth of cost-saving ideas. As well as renegotiating contracts with suppliers, EG-IT lowered the capital and operating costs of IT services through focussing on standardisation and automation. The standardisation of infrastructure and processes drove down labour costs by decreasing complexity, reducing errors and avoiding re-work.

In line with the Group's commitment to support Dubai, EG-IT signed a Memorandum of Understanding with the Computer Emergency Response Team of the UAE Telecommunications Regulatory Authority aimed at helping create a safe



The Dnata Operations Control Centre serves all airlines operating at Dubai International Airport.

cyberspace for the UAE - just one of many examples of the Emirates Group's business units working for the greater benefit of Dubai. In addition, graduates of the Emirates Group IT-sponsored National School Leavers Scheme joined the workforce as software engineers - making them the first generation of home-grown UAE national software engineers in Group history. Another plus was increasing the return of work outsourced overseas back to the UAE adding support to the local economy.

While EG-IT delivered the pioneering and dual industry award-winning Calogi web-based cargo portal for Dnata Cargo, Mercator expanded into new areas and landed significant new deals.

Mercator thrived in an environment where airlines were urgently seeking cost-effective solutions to mounting efficiency and productivity issues. Major agreements were signed with a number of airlines, particularly in the Americas, where the company inked its biggest contract to date. The year saw an increase in profitability, as well as the launch of Mercator Business Technology to provide systems for industries beyond the aviation sector.

Emirates Flight Catering (EKFC) is another example of how an important part of the Group strategy is to retain key functions in-house as a guarantee of quality and delivery.

Significant growth of flight and passenger

movements at Dubai International Airport presented increasing challenges for EKFC to surmount. Serving 125 airlines operating at Dubai International Airport, a total of 32 million meals were produced in 2009, including 110,345 on July 31st - a world record for a single airline catering facility.

Food Point, the food processing arm of EKFC, continued its growth strategy. Having successfully moved into the casual dining sector, it now exports products to eight countries in the region. Food Point aims to continue that growth in the coming year, driving production from 17.5 million meals to 20 million over the next fiscal year.

Advanced security is a fundamental requirement for any airline group, and **Emirates Group Security** is another area deemed crucial to retain in-house in order to guarantee the highest quality. As a result, Group Security continues to win recognition for its work including winning the highest Transported Assets Protection Association (TAPA) certification for its Dubai-based cargo operations. The Australian government recognised its achievements in thwarting the illegal travel of passengers through stringent documentation checks saving airlines using Dubai International Airport tens of millions of Dirhams in potential fines last year.

New security measures were introduced, including the installation of security cameras in the holds of Emirates aircraft to guard against interference with

32million

meals prepared by
Emirates Flight Catering serving
125 airlines in Dubai

passenger baggage.

In response to the recession, **Transguard**, the Emirates Group entity providing security and cash management services, sought to diversify its activities, securing a number of contracts for the protection of high-end valuables.

The Centre of Aviation Security Studies, the educational wing of the Group's security business, matriculated its 750th graduate during the year. It also won the business to train security personnel for the Presidential Fleet of Nigeria.

The products and services put forth by Dnata and the many associated companies and business units in the Emirates Group, emblems of innovation, excellence and growth, are not without an environmental dimension. Our growth strategy is based on the principles of sustainability, and no business or function is untouched by this. It is part of Dnata's business strategy, dovetailing with the broader Emirates Group strategy of working to further the wider interests of Dubai.

A range of measures across Dnata businesses have been implemented to deliver operations that are more environmentally-friendly. At offices there are car pooling schemes and recycling projects, while Dnata Airport Operations vehicles are being powered by gas-to-liquids fuels in a trial which aims to deliver cleaner transportation.

Both Dnata's sustainability strategy and its policy of working attuned to the interests of Dubai are embodied in a showcase project from Dnata Cargo that is destined to become a model for environmental integrity across the Emirate. Dnata Cargo teamed up with the Department of Economic Development and logistics provider DHL to develop carbon neutral warehouses in the FreightGate-5 cargo complex using them to develop standards for all future warehousing in Dubai.

In the first phase, these energy-saving measures will result in savings to the equivalent of 129 tonnes of carbon dioxide a year. FreightGate-5 will become a template for future green warehousing in Dubai. On current projections for warehousing needed in the emirate, some 1.9 million tonnes of carbon dioxide emissions a year will be saved by 2020.

Protecting our planet is about taking a long-term view, being pragmatic and realistic but also being truly committed. This is a value shared across all areas of Dnata and the greater Emirates Group.

At the conclusion of what was a turbulent financial year, we can look back with satisfaction and pride at not just tackling the difficult decisions of restructuring, but on holding to our watchwords of growth, excellence and innovation. In the 50th anniversary year of Dnata, it was confirmation that even in the toughest of times we remain firmly focussed on the future.



Dnata Cargo opened FreightGate-5, a carbon neutral warehouse setting standards for the future of warehousing.