



Market Overview¹

In 2016, domestic passenger traffic increased by 4.7%, while international passenger traffic declined by 4.8%

Macroeconomic environment

KEY ECONOMIC GROWTH INDICATORS, % YEAR-ON-YEAR

Indicator	2016
Gross Domestic Product	99.8
Consumer Price Index	107.1
Investment in fixed assets (9M 2016)	97.7
Real household disposable income	94.1
Real wages	100.6
Change in the number of unemployed	99.5
Retail turnover	94.8
Paid retail services	99.7

Source: Rosstat.

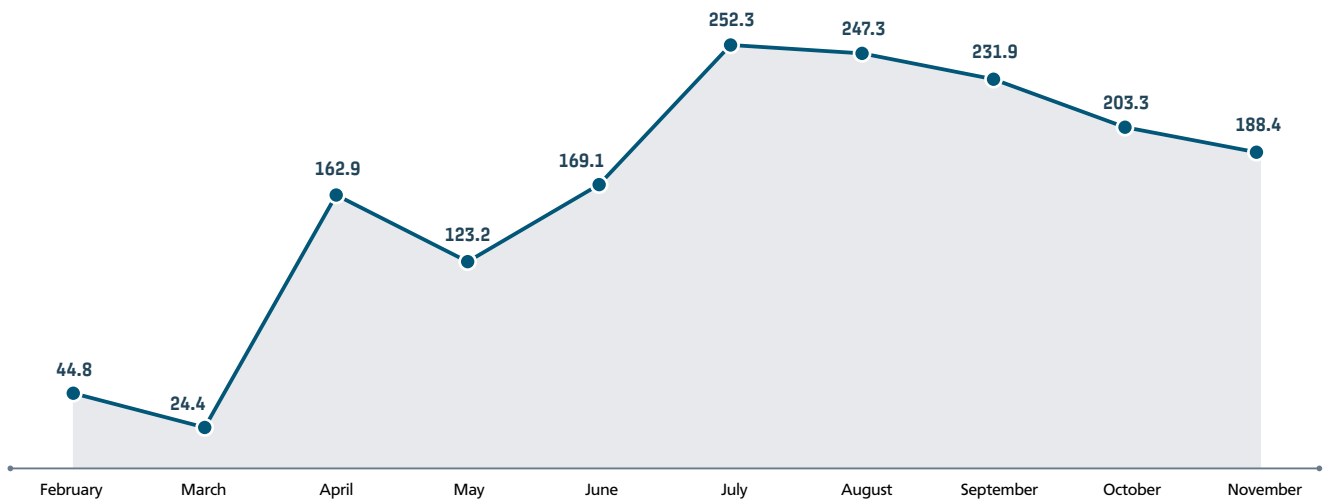
In 2016, consumer price inflation declined to 7.1%. In the previous year, inflation was 15.5%. Consumer demand depends on, among other factors, the two most critical parameters: actual take-home pay, which remained flat year-on-year, and the number of unemployed, which decreased by 0.5%.

The period from February to July 2016 saw an active accumulation of income in cash. By July, the positive balance of household income and expenditure amounted to RUB 252.3 billion (according to Rosstat). In August–September household consumption was on the rise; accumulated income in cash started to decline driving an

increase in transport mobility (due to pent-up demand).

¹ This section is based on data of the Federal State Statistics Service (Rosstat): <http://www.gks.ru>.

Cash income and expenditure balance (on an accrual basis for the period from February to November 2016), RUB billion



Source: Rosstat.

Pent-up demand along with certain improvements in the macroeconomic environment boosted population mobility in Q3 2016 and helped increase the overall passenger turnover in 2016.

8.4%
decline in inflation in 2016