

# EGYPTAIR HOLDING



Board of Directors



**Capt. Tawfik Assy**

*Chairman & CEO  
EGYPTAIR HOLDING*

**Dr. Farouk El Okdah**

*Governor  
Central Bank of Egypt*

**Dr. Safwat El-Nahas**

*Head of the Central Agency  
for Organization & Administration*

**Eng. Ibrahim Manaa**

*Chairman  
Egyptian Holding Company  
for Airports & Air Navigation*

**Eng. Hussein Hassan Ahmed Masoud**

*Vice Chairman  
EGYPTAIR HOLDING*

**Mrs. Manal Hussein Abdel Razik**

*Deputy Minister of Finance*

**Mr. Mahmoud Mohamed Abd Allah**

*Chairman  
Insurance Holding Company*

**Mr. Tarek Amer**

*Chairman  
National Bank of Egypt*

**Mr. Youssry Abdu Amir**

*Chief Financial Officer  
Ministry of Civil Aviation*

**Mr. Yahia Aly Kadry**

*Legal Counsel*

**Mr. Ismail Fahmy**

*Member of the Board of  
the Egyptian Workers Union*

Despite all challenges, I am proud to announce that EGYPTAIR has managed to strike the winning chord for the second year in a row, applying the best safety measures and the highest level of on-time performance. On behalf of the board, I would like to share some great achievements that EGYPTAIR experienced during the last year.

Offering our passengers only the best levels of service resulted in an increase of almost 2 million passengers, from 5.7 million in 2006/2007 to 7.6 million in 2007/2008.

In July 2008 EGYPTAIR joined STAR ALLIANCE, a leading international alliance that dominates 30% of world wide air traffic. This is considered a great leap forward for the company placing it among the leading international carriers. This membership has given EGYPTAIR the luxury to extend its network, increase its scheduled flights, and make the best out of the joint ventures and the cost-effective joint purchase. All alliance member flights, including EGYPTAIR will move to the new terminal 3, which is designed to serve as a hub for Africa and the Middle East.

On another note, a new building will be established for EGYPTAIR's MAINTENANCE & ENGINEERING Company, which has successfully acquired the European Union certificate EASA145 for its services. The company services EGYPTAIR flights as well as several foreign airlines through its hangars and engine workshops.

EGYPTAIR for TOURISM AND DUTY FREE has been working around-the-clock to bring about the finest designs for its showrooms at Cairo Airport's new terminal 3, and at Marsa Alam Airport. It is also in the process of renovating its fleet of buses.

Moreover, in collaboration with IATA, EGYPTAIR CARGO has embraced an exceptional project, following the steps of EGYPTAIR AIRLINES success in implementing a 100% electronic ticketing system across all its stations worldwide. The E-Freight project will have a major positive influence, drastically simplifying the customs procedures as well as other formalities and enhancing the overall EGYPTAIR CARGO performance and services.

EGYPTAIR EXPRESS started off its second year with a net profit of EGP 7.6 million, a testament to its premium role in being an active local carrier for both domestic and regional operations.

Adhering to the company's motto of continuous renovation and modernization, EGYPTAIR GROUND SERVICES is working closely with IATA to obtain the ISAGO certificate (IATA Safety Audit for Ground Operations). The IATA has also accredited seven auditors from the company to start helping other companies join the program. The company achieved EGP 210.7 million profits in 2007/2008.

EGYPTAIR SUPPLEMENTARY INDUSTRIES is playing an important role in supplying the Holding company and its subsidiaries with a variety of plastics and other products.

EGYPTAIR Group ended the year with a total net profit of EGP 695.1 million, an increase of EGP 116.2 million from last year.

On a final note, it is important to state that even though EGYPTAIR's outcomes last year were very promising and productive, we need to keep an open eye at the international markets that were hit hard by the global economic downturn. With this in mind, we have started to take strong measures that will allow us to cut down on our fuel consumption. Frequent modernization and looking closely for the most effective ways to utilize our fleet will enable us to reach the optimum performance levels and provide the best services to customers. With our new generation of environment-friendly and low fuel aircraft, we will continue to offer service excellence as well as operational efficiency.

Capt. Tawfik Assy  
Chairman & CEO  
EGYPTAIR HOLDING



## EGYPTAIR Profile

EGYPTAIR was established in May 1932, taking its place as the seventh airline in the world. Over more than 75 years of service, we have successfully extended our network to reach major destinations all over the world.

In July 2002, EGYPTAIR changed its structure to become a holding company with nine subsidiaries: (AIRLINES, MAINTENANCE & ENGINEERING, GROUND SERVICES, CARGO, IN-FLIGHT SERVICES, TOURISM & DUTY FREE, MEDICAL SERVICES, SUPPLEMENTARY INDUSTRIES AND EXPRESS). The nine subsidiaries play complementary roles in the service of Air Transport Industry.

Our fleet features 50 aircrafts including a range of long, medium, short haul, and cargo. In keeping with its policy to maintain a young fleet, the aircrafts stand at an average age of 8 years.

The fleet is comprised of the latest generation of aircrafts including (A330-200, A320-200, B777, and B737-800), and we are planning to reach 75 aircrafts by the end of the year 2013.

Safety and the continuous pursuit of operational excellence remain our top priorities as we continue to enforce the highest internationally recognized standards. This involves obtaining and maintaining certificates from international bodies such as (IOSA, EASA, HACCP, and ISO).

We plan to retain our international recognition by continuously upgrading our human capital and our systems.

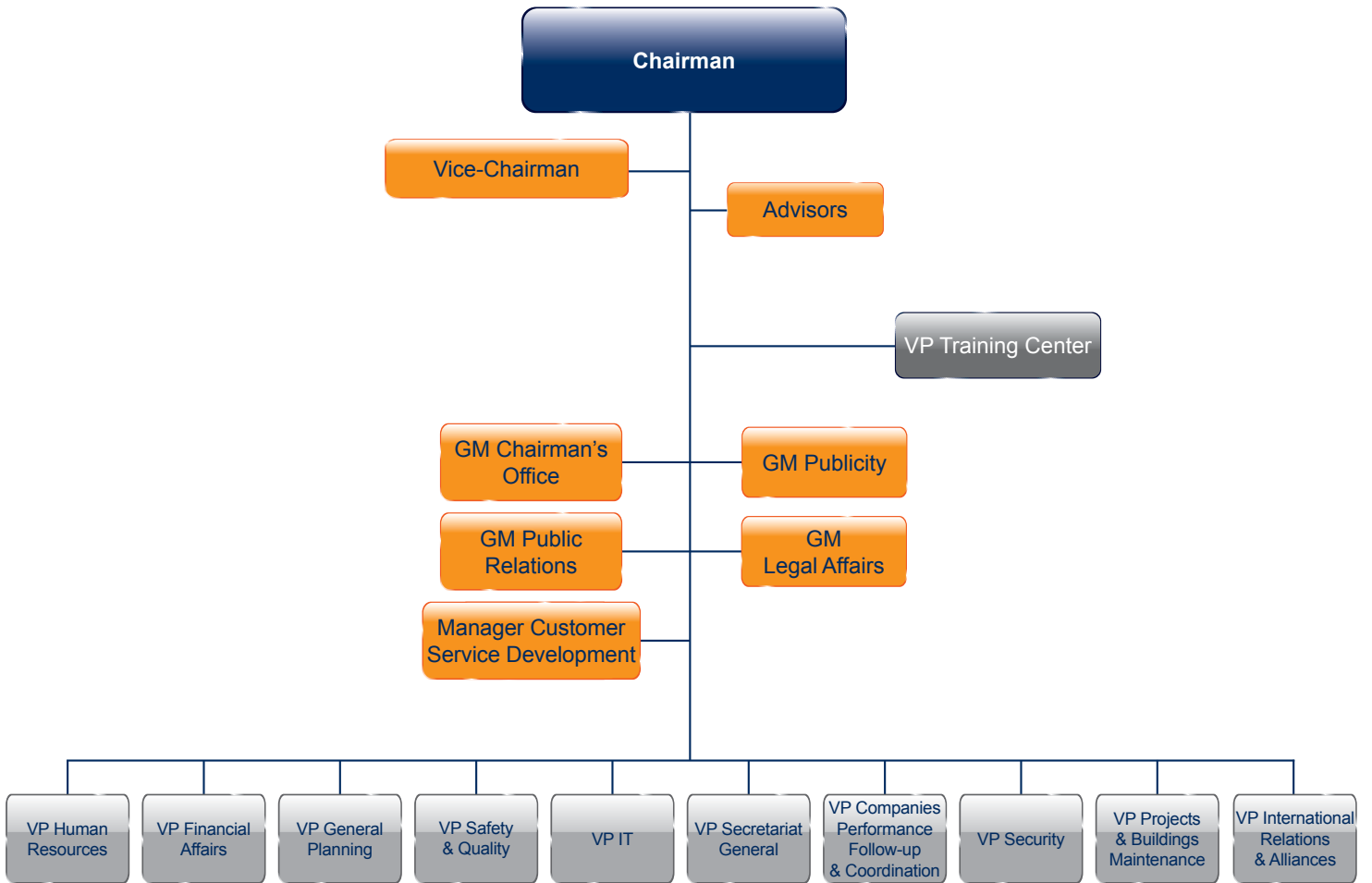
- **On the 11th of July 2008, EGYPTAIR officially became the 21st member of Star Alliance. EGYPTAIR is the nation's flag carrier and will strengthen the alliance network throughout Africa and the Middle East.**



## **EGYPTAIR HOLDING COMPANY**

- **EGYPTAIR AIRLINES**
- **EGYPTAIR CARGO**
- **EGYPTAIR MAINTENANCE & ENGINEERING**
  - **EGYPTAIR GROUND SERVICES**
  - **EGYPTAIR IN-FLIGHT SERVICES**
  - **EGYPTAIR TOURISM & DUTY FREE**
  - **EGYPTAIR MEDICAL SERVICES**
- **EGYPTAIR SUPPLEMENTARY INDUSTRIES**
  - **EGYPTAIR EXPRESS**

Organizational Chart



### EGYPTAIR HOLDING participates in a number of activities including:

- Providing strategic direction to all subsidiaries.
- Managing the business portfolio to maximize synergies.
- Aircraft acquisition, replacement and selling.
- Aircraft leasing.
- Providing the subsidiaries with a variety of services including planning, finance, human resources, safety & quality, training, IT, performance follow-up & coordination, projects & buildings maintenance and managing international relations & alliances.
- Investing in aviation and tourism-related projects.

### Our Vision

Deliver competitive customer service with true Egyptian spirit.

### Our Mission

Create value for our customers, employees, owners and stake-holders.

### Our Values

- Safety comes first
- Efficiency
- Teamwork
- Continuous learning
- Serving the Egyptian Economy



## EGYPTAIR Information Technology

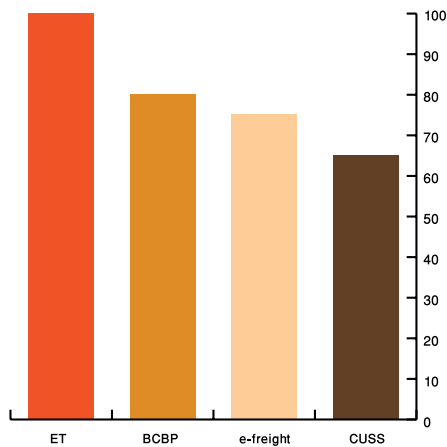
### Achievements

EGYPTAIR is continuing to implement its strategic plan for IT modernization. As part of this plan, the company implemented the following major projects.

#### 1. IATA Simplifying the Business «StB» 2008 Targets & EGYPTAIR Status:

IATA StB Targets of 2008 are defined as follows:

- Electronic Ticketing «ET»: 100% ET in IATA BSPs by June 1, 2008 – Achieved.
- Bar Coded Boarding Passes «BCBP»: 200 airlines to become BCBP capable by 2008, 100% BCBP usage by 2010.
- IATA e-freight: Implement e-freight pilots at 7 additional locations, (14 total) 100% e-freight where viable by 2010.
- Common Use Self Service «CUSS»: Ensure 130 airports offer CUSS facilities.
- Baggage Improvement Programme «BIP»: Launch the programme at 6 airlines and airports; Fast Travel: Conduct 2 pilots in each of the six areas of Fast Travel. EGYPTAIR status of achieved IATA StB is shown below.



#### 2. EGYPTAIR IT Star Alliance Asset Components Integration:

Before Star Alliance joining date, July 11th 2008, EGYPTAIR IT division has achieved successfully the different development and testing activities related to the compliance with IT technical standards of Star Alliance asset components integration in due time.

The required Star Alliance IT-related assets integration is summarized as follows:

- Premium Customer Benefits, including:
  - Priority Wait-listing.
  - Priority Standby.
  - Database.
  - Identification.



- Frequent Flyer Accrual and Redemption, including:
  - Mileage Accrual.
  - Partnership Accrual Interface.
  - Redemption Availability & Sell.
- Customer Handling, including:
  - Inter-line E-Ticket.
  - Print of Operating Carrier on Bag Tag.
  - Transmission and Processing of Passenger & Baggage Transfer Messages «PTM / BTM».
  - Data Transmission of Flight Operational Information «FLIFO».
  - Baggage Tracing & Claim Services.
- Commercial Relationship including: Code-Share Ability and Synchronization.
- Sales Strategy and Product including Global Distribution Systems «GDS» Availability Display.
- Business Support Tools including:
  - Starnet Data Network «SDN».
  - Booking Class Alignment.
  - Delivery of Data to Star Track.
  - Supply Own Reservation Ticketed Data to Airline Tariff Publishing Company «ATPCO».
  - Origin & Destination «O&D» Database.

The main critical business applications related to Star Alliance asset components integration are classified as follows:

- Reservation System.
- Departure Control System.
- Schedules Management System.
- FleetPlan & FleetWatch System.
- EGYPTAIR Plus Frequent Flyer System.
- Revenue Accounting System.
- Baggage Tracing and Claim Services System.
- Global Distribution Systems.

Starnet Data Network «SDN» and Message Queuing «MQ» servers have been implemented and tested to provide secured daily data transmission exchanged with related worldwide systems of Star Alliance airline members.

All tests of EGYPTAIR IT Star Alliance asset integration components were technically accepted by Star Alliance across different planned phases after being successfully accomplished.

### 3. EGYPTAIR Plus Frequent Flyer System Development based on Star Alliance Standards:

EGYPTAIR Plus Frequent Flyer system's main progress steps – related to the planned Star Alliance joining – include:

- Frequent Flyer agreements have been signed between EGYPTAIR and Star Alliance members.
- EGYPTAIR Plus system integration has been developed and tested to reflect the signed agreements planned to be activated on July 11, 2008 when joining Star Alliance.
- Daily exchanged data between inter-connected Star Alliance Frequent Flyer systems have been tested and planned to be effective July 11, 2008.
- The system has been tested to allow EGYPTAIR Plus members more earning points when travelling on any of the 21 Star Alliance airlines according to flight route and travel class.
- According to Star Alliance plan target of May 2009 for all airline members, the on-line points redemption on Star airlines is in EGYPTAIR IT preparation phase.
- Coordination with Star Alliance to implement Customer Satisfaction Survey project planned for January 2009 for all airline members.



### 4. EGYPTAIR Plus Frequent Flyer Website Implementation:

A new in-house built website for EGYPTAIR Plus Frequent Flyer was launched in February 2008 – [www.egyptairplus.com](http://www.egyptairplus.com) – complying Star Alliance standards and with improved user-friendly services for EGYPTAIR Frequent Flyer members.



### 5. Enhancement of EGYPTAIR Portal & Internet Booking Engine «IBE»:

Continuous improvement and Internet ticket sales market extensions have been developed since EGYPTAIR portal and IBE – [www.egyptair.com](http://www.egyptair.com) – was launched last year for enhancing customer satisfaction.

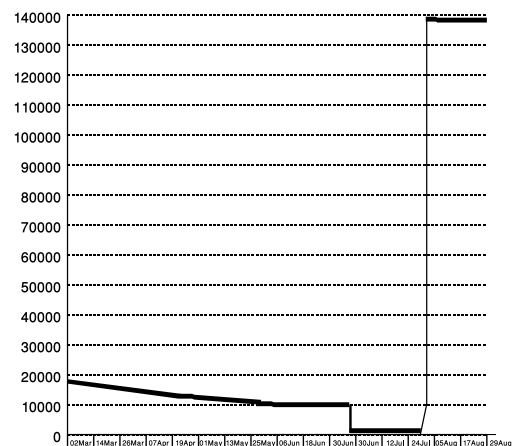
EGYPTAIR received a Certificate of Excellence from Pan Arab Web Awards Academy announcing that [www.egyptair.com](http://www.egyptair.com) has been honored the Silver Award winner under the Airlines Category for the regional competition of 2008.



### 6. Implementation of the First Phase of IT Network Management Systems:

The first phase of IT network management systems, based on BMC package has been implemented including the following management services:

- IT help desk incident & problem management system has been activated on February 21, 2008 offering 24/7 help service for IT customer complaints handled by recording, analyzing and managing all incident process flow database, for better improvement of IT performance and quality of service.
- IT infrastructure performance management system was activated on March 2, 2008 providing monitoring, alert notification, reporting, and historical trending for any EGYPTAIR customized production server from a centralized console, allowing the IT Network Engineers to proactively manage the health and performance of the critical business servers. An example of the reported BMC performance chart is shown below for the hard disk space availability of an IT server during 6 months.



## EGYPTAIR Training Center

### Vision & Mission

#### Vision

To be the Middle East & Africa's market leader in providing Aviation Training.

#### Mission

To provide the highest quality of training services delivered with the aim of promoting safety standards and exceeding customer expectations.

### Projects

#### Infrastructure

- The commissioning of the S-building will be during 2008.
- The Emergency Department building has been upgraded.

#### Equipment

- The supply of the B737-800 Full Flight Simulator.
- Ready for training in January 2009.
- Negotiating the supply of A320 Full Flight Simulator.
- Negotiating the supply of Embraer 170 Full Flight Simulator.

#### Certificates of Approval Granted

- ISO 9001/2000.
- ISO 14001/2004.
- OHSAS 18001/2007.

#### Certificates Renewal

- A320 full flight simulator approval certificate according to JAR STD-1A by DGAC and also according to Egyptian Civil Aviation Regulations.
- B777 full flight simulator approval certificate according to JAR STD-1A by DGAC and also according to Egyptian Civil Aviation Regulations.
- A330/340 full flight simulator approval certificate according to JAR STD-1A by Finnish Civil Aviation (FCA) and also according to Egyptian Civil Aviation Regulations.
- Cabin Emergency Evacuation Trainer «CEET» certificate according to Egyptian Civil Aviation Regulations.
- All training departments according to the Egyptian Civil Aviation Regulations.
- EASA Part 147 by DGAC for the Specific Technical Training Department.
- EGYPTAIR Training Center is maintaining its full membership in the ICAO/ TRAINAIR Program.

#### Regional Training

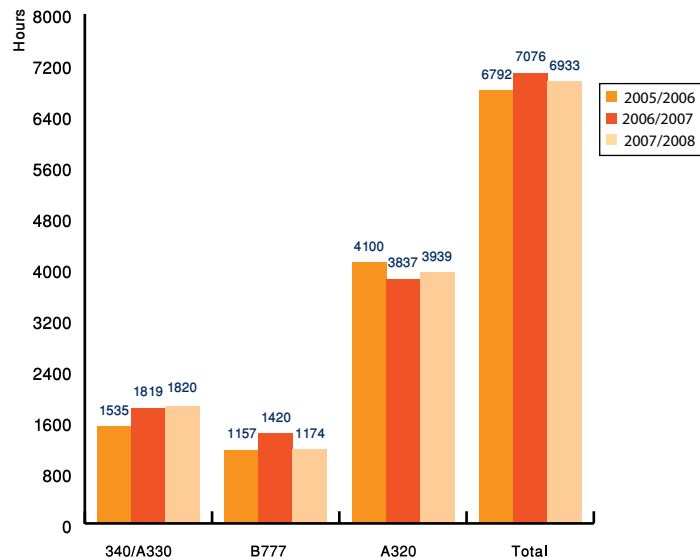
- Signing a training agreement with IATA to conduct 12 courses at EGYPTAIR Training Center.
- Signing a training agreement with AACO to launch a new branch for AACO Regional Training Center.

#### Conferences

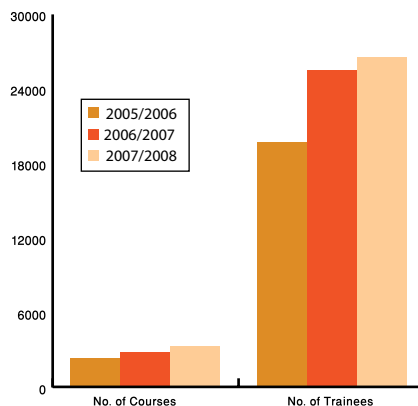
- Hosted the fourth Regional TRAINAIR Coordination Conference RTCC/4 in Cairo from 27-30 October 2008 . Around 50 participants from 25 countries attended this event to discuss different regional issues regarding the TRAINAIR program.

### Achievements

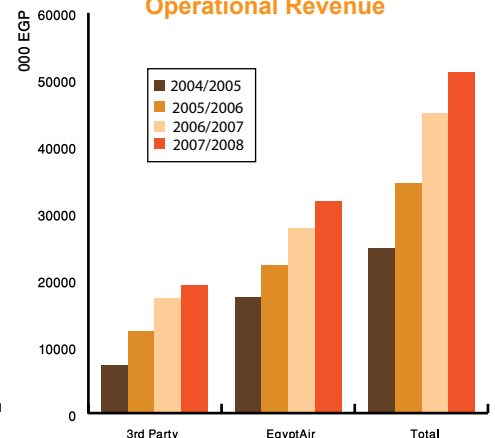
EGYPTAIR pilot's actual working hours on the Full Flight Simulators over the period 2007/2008 compared to 2005/2006 and 2006 /2007.



EGYPTAIR Training Center's total number of conducted courses & total number of trainees over the period 2007/2008 compared to 2005/2006 and 2006 /2007.



### Operational Revenue

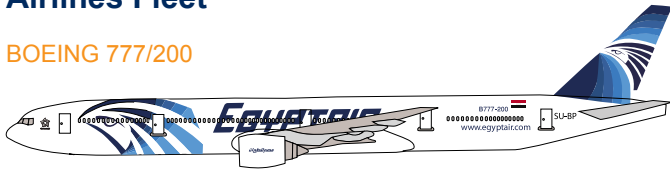


## EGYPTAIR Fleet

In 2007/2008 we received delivery of two Boeing 737-800, as well as three Embraer-170. We also signed a contract for six additional Embraer-170 to be delivered during 2008/2009.

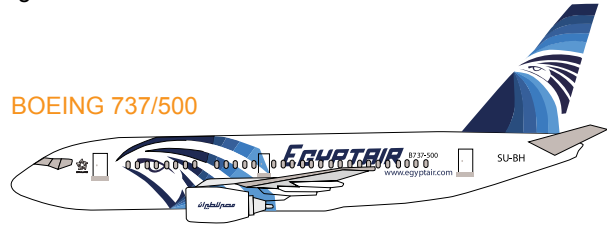
### Airlines Fleet

#### BOEING 777/200



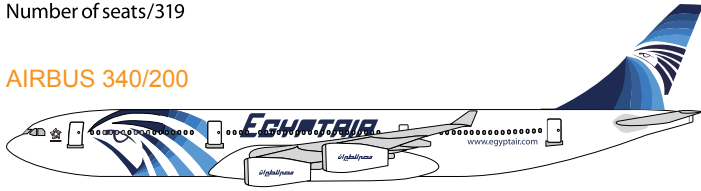
Aircraft/5  
Length/63.70 m  
Wing span/60.93 m  
Number of seats/319

#### BOEING 737/500



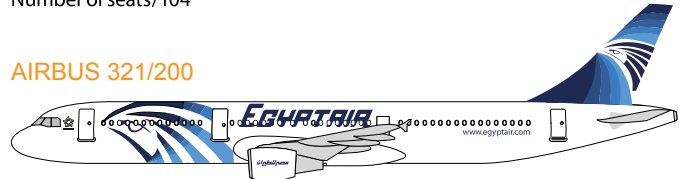
Aircraft/4  
Length/33.40 m  
Wing span/28.88 m  
Number of seats/104

#### AIRBUS 340/200



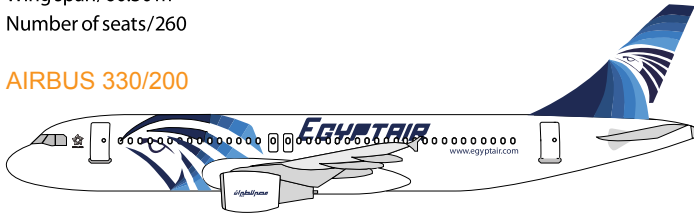
Aircraft/3  
Length/63.69 m  
Wing span/60.30 m  
Number of seats/260

#### AIRBUS 321/200



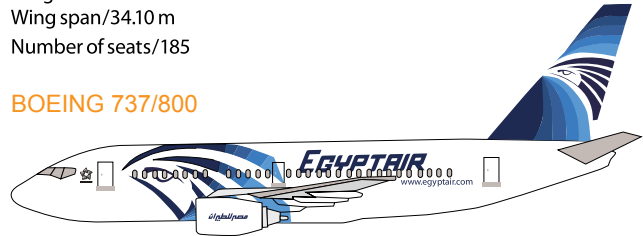
Aircraft/4  
Length/44.51 m  
Wing span/34.10 m  
Number of seats/185

#### AIRBUS 330/200



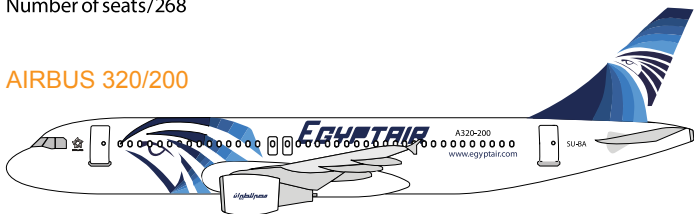
Aircraft/7  
Length/59.00 m  
Wing span/60.30 m  
Number of seats/268

#### BOEING 737/800



Aircraft/4  
Length/39.5 m  
Wing span/34.3 m  
Number of seats/160

#### AIRBUS 320/200



Aircraft/13  
Length/37.57 m  
Wing span/34.10 m  
Number of seats/145

### Express Fleet

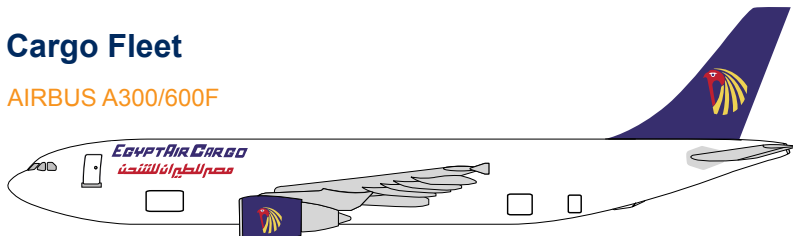
#### EMBRAER - 170

Aircraft/6  
Length/29.90 m  
Wing span/26 m  
Number of seats/76



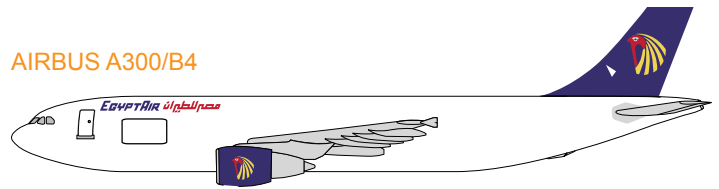
### Cargo Fleet

#### AIRBUS A300/600F



Aircraft/2  
Length/54.08 m  
Wing span/44.84 m  
Capacity/320 m<sup>3</sup>  
Commercial load/45 tons

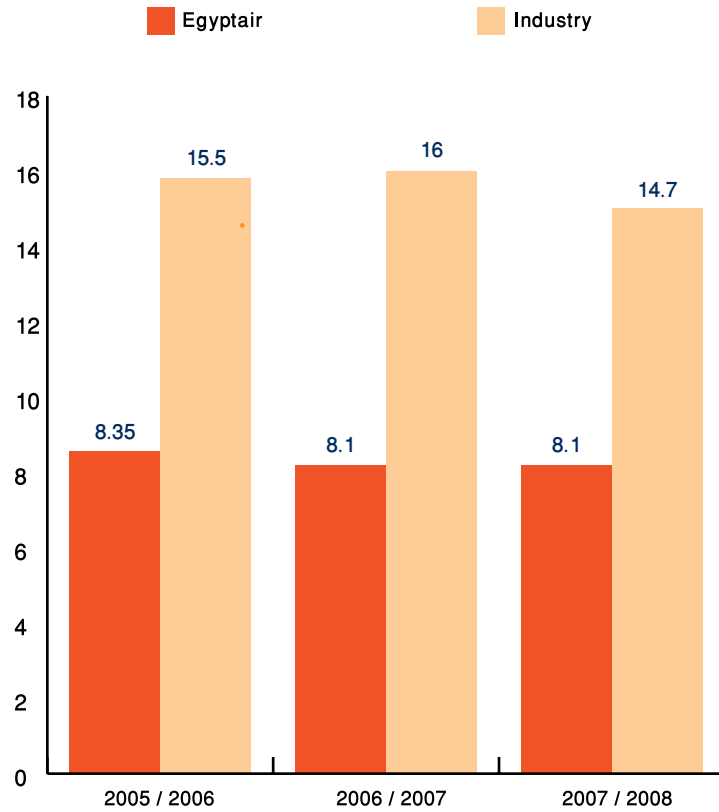
#### AIRBUS A300/B4



Aircraft/2  
Length/54.08 m  
Wing span/44.84 m  
Capacity/289 m<sup>3</sup>  
Commercial load/42 tons

## Fleet Development

### Average Fleet Age : EGYPTAIR and Industry



### Fleet Information 07/08

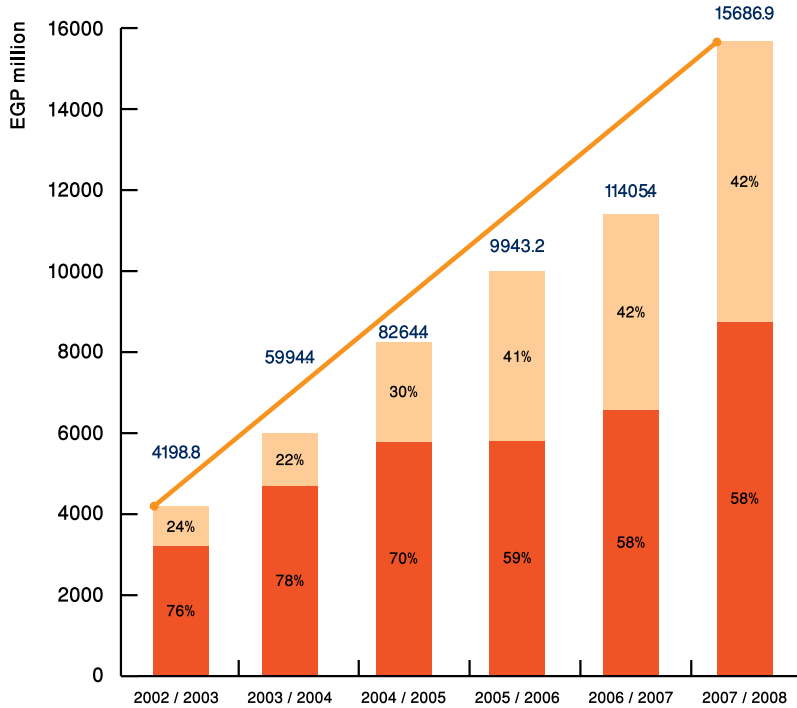
| Aircraft     | In Operation | On Firm Order |
|--------------|--------------|---------------|
| A320-200     | 13           |               |
| A321-231     | 4            |               |
| A330-200     | 7            |               |
| A340-212     | 3            |               |
| B777-266     | 5            |               |
| B737-566     | 4            |               |
| B737-800     | 4            | 8             |
| ERJ170       | 6            | 6             |
| A300B4-203   | 2            |               |
| A300B4-622R  | 2            |               |
| <b>Total</b> | <b>50</b>    | <b>14</b>     |

### Expected Fleet 08/09

| Aircraft     | In Operation | On Firm Order |
|--------------|--------------|---------------|
| A320-200     | 13           |               |
| A321-231     | 4            |               |
| A330-200     | 7            |               |
| A340-212     | 3            |               |
| B777-266     | 5            |               |
| B737-566     | 4            |               |
| B737-800     | 7            | 5             |
| ERJ170       | 12           |               |
| A300B4-203   | 2            |               |
| A300B4-622R  | 2            |               |
| <b>Total</b> | <b>59</b>    | <b>5</b>      |

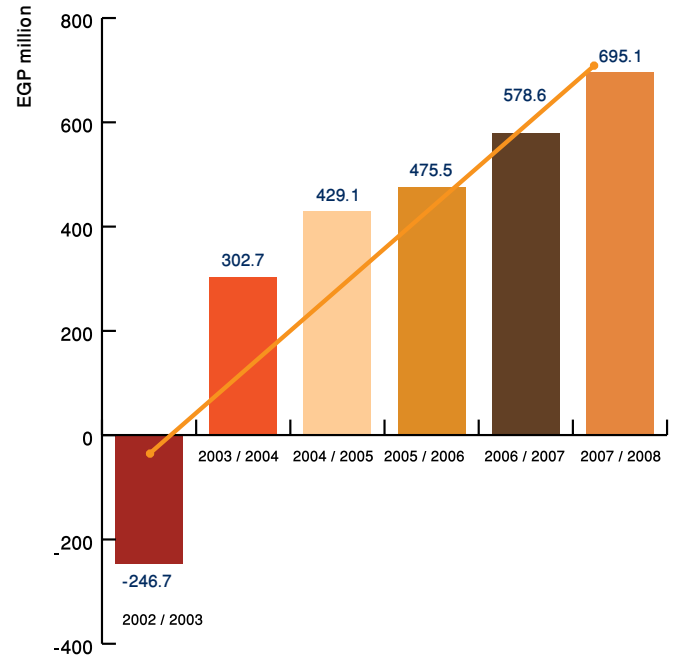
## Performance Highlights

### Revenue Trend



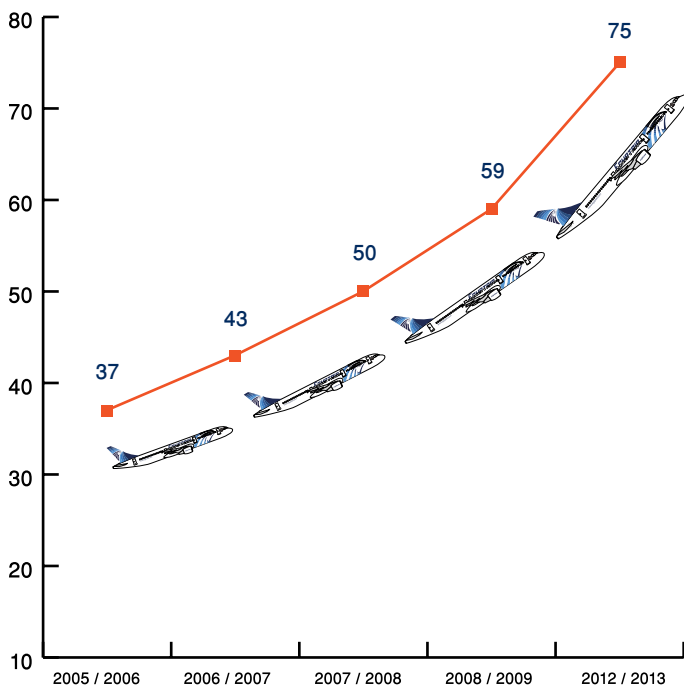
The revenues have increased significantly by 274% over the reporting period with the share of non airline revenues has increasing from 24% to 42%.

### Consolidated Profit Trend



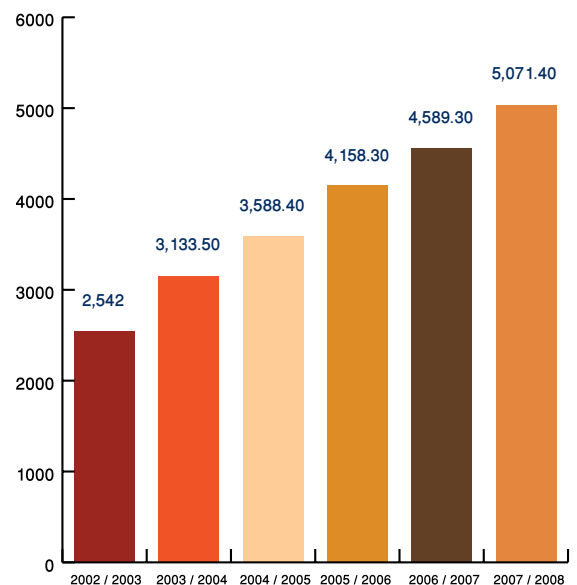
The growth of revenues was accompanied by an improvement in profitability from EGP 246.7 million in loss in 2002/2003 to EGP 695.1 million in profit in 2007/2008.

### Fleet Development Plan 2005-2013



EGYPTAIR's fleet has grown from 37 aircrafts in 2005/2006 to 50 aircrafts in 2007/2008. Under the ambitious fleet expansion plan, the fleet will reach 75 aircrafts in 2012 / 2013.

### Shareholders Equity Development



Shareholders Equity has doubled during the last six years.

## EGYPTAIR HOLDING Consolidated Statement of Financial Position at 30/6/2008 (000EGP)

| PARTICULARS                                     | 2006/2007         | 2007/2008         |
|---|-------------------|-------------------|
| <b><u>Long-Term Assets</u></b>                  |                   |                   |
| Fixed assets (net)                              | 11,283,935        | 11,893,384        |
| Projects in progress                            | 565,207           | 682,371           |
| Long-term investments                           | 723,816           | 748,888           |
| Long-term loans and debit balances              | 33,576            | 57,613            |
| <b>Total long-term assets (1)</b>               | <b>12,606,534</b> | <b>13,382,256</b> |
| <b><u>Current assets</u></b>                    |                   |                   |
| Stock   | 821,850           | 925,320           |
| Customers, notes receivables and debit accounts | 2,795,525         | 3,797,361         |
| Cash in banks and in hand                       | 768,883           | 1,044,074         |
| <b>Total current assets</b>                     | <b>4,386,258</b>  | <b>5,766,755</b>  |
| <b><u>Current liabilities</u></b>               |                   |                   |
| Provisions                                      | 244,395           | 281,241           |
| Creditor banks                                  | 782,873           | 988,612           |
| Suppliers, notes payable and credit accounts    | 2,998,737         | 4,097,716         |
| <b>Total current liabilities</b>                | <b>4,026,005</b>  | <b>5,367,569</b>  |
| <b>Working capital (2)</b>                      | <b>360,253</b>    | <b>399,186</b>    |
| <b>Total investment (1+2)</b>                   | <b>12,966,787</b> | <b>13,781,442</b> |
| Financed as follows:                            |                   |                   |
| Issued capital                                  | 2,518,243         | 2,628,743         |
| Paid up capital-reserves                        | 2,071,026         | 2,442,712         |
| <b>Total equity (3)</b>                         | <b>4,589,269</b>  | <b>5,071,455</b>  |
| <b>Long-Term liabilities(4)</b>                 | <b>8,377,518</b>  | <b>8,709,987</b>  |
| <b>Total financing of investment (3+4)</b>      | <b>12,966,787</b> | <b>13,781,442</b> |

## EGYPTAIR HOLDING Consolidated Profit and Loss Account (July 2007 - June 2008) 000EGP

### COSTS & EXPENDITURES

| PARTICULARS                                  | 2006/2007        | 2007/2008         |
|--|------------------|-------------------|
| Raw material, requisites, fuel & spare parts | 2,686,026        | 4,291,025         |
| Wages  | 1,002,805        | 1,101,267         |
| Expenditures                                 | 4,127,077        | 5,085,793         |
| Purchases of goods for sales                 | 281,170          | 390,910           |
| Burdens & losses                             | 283,686          | 597,149           |
| <b>Total cost and Expenditures</b>           | <b>8,380,764</b> | <b>11,466,144</b> |



### REVENUES

| PARTICULARS                    | 2006/2007        | 2007/2008         |
|--------------------------------|------------------|-------------------|
| Activity revenues              | 8,117,363        | 11,010,657        |
| Grants & donations             | 9,218            | 13,301            |
| Other revenues & profits       | 788,031          | 1,081,770         |
| Investments revenues & profits | 44,741           | 55,566            |
| <b>Total Revenues</b>          | <b>8,959,353</b> | <b>12,161,294</b> |
| <b>Surplus or Deficit</b>      | <b>578,589</b>   | <b>695,150</b>    |

