



SECTOR LEADERSHIP

VITALY SAVELIEV

Tom Campbell/Flight Airline Business

After recent turmoil in the Russian market, this has been a banner year for flag carrier Aeroflot and chief executive Vitaly Saveliev, who has led the airline strong positioning across a series of segments.

Aeroflot Group generated a 43% rise in full-year operating profit to Rb63.3 billion (\$1.1 billion) in 2016 under international accounting standards, and posted its first net profit since 2013. This was achieved on revenues up more than a fifth at nearly Rb496 billion – almost five times higher than in 2009 when Saveliev took the helm of the airline.

Passenger numbers rose 11% to more than 43 million, around two-thirds of which were carried by Aeroflot's mainline operation.

This provided a strong response to the challenges Russian carriers faced amid the economic and geopolitical issues in the country in 2015. The sharp depreciation in the Russian rouble in particular caused widespread difficulties for the country's carriers, with its associated impact on international

travel demand. This ultimately contributed to the collapse of the country's second biggest operator Transaero, leaving Aeroflot to take on routes rights and assets.

At the heart of Saveliev's strategy has been to establish a group structure with clear airline operations serving different market segments, in the process tidying up multiple brands that existed as a legacy of earlier consolidation in the Russian airline sector.

That is based around the mainline Aeroflot operation serving as its premium network carrier, supported by Rossiya as its mid-market charter brand while taking on former Transaero aircraft, Aurora as its regional operation and, its most recent addition, Pobeda serving the low-cost sector.

While Aeroflot has adopted this group structure to tackle different segments, key to Saveliev's mission has been revamping its product offering and branding position to global carrier standards.

"Six years ago, Aeroflot was not caring too much about service," Saveliev told FlightGlobal in 2015: "We were just carrying pas-

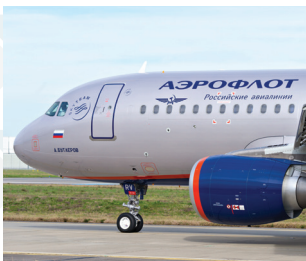
sengers from A to B.... We tried to change that and bring a new spirit to this long-established airline."

Fleet renewal has been central to this. Flight Fleets Analyzer shows the Russian carrier operates a fleet of 189 aircraft with an average age of four and a half years. That fleet, whittled down from 18 types in 2009, now comprises Boeing 777s, Airbus A330s, Airbus and Boeing narrowbodies and Sukhoi Superjets. Aeroflot will next year add the first of 14 Airbus A350s.

Likewise it has worked to improve the former image of the carrier, in part through major marketing initiatives, such as its tie-up with English Premier League football side Manchester United.

Graham Dunn

Editor's note: The Sector Leadership category replaces the previous Regional Leadership criteria and recognises the chief executive and management team demonstrating excellence in leading a passenger or cargo airline that provides strong transportation links within a market sector.



Fleet renewal has been a focus

"They've put in place a strategy across the board and it's shown through in performance"

PANEL JUDGE

PAST WINNERS*

2016 David Neeleman, Azul | 2015 Christoph Mueller, Aer Lingus | 2014 Mark Dunkerley, Hawaiian Airlines | 2013 Tewolde Gebremariam, Ethiopian Airlines | 2012 Pedro Heilbron, Copa Airlines | 2011 Bill Ayer, Alaska Air Group | 2010 Eftichios Vassilakis, Aegean Airlines | 2009 Bryan Bedford, Republic | 2008 Jim French, Flybe | 2007 Joe Leonard, AirTran Airways | 2006 Constantino de Oliveira Jr, Gol | 2005 Tony Fernandes, AirAsia | 2004 Phil Trenary, Pinnacle Airlines | 2003 Jim Ream, ExpressJet | 2002 Jerry Atkin, SkyWest Airlines

*Before 2017, this was the Regional Leadership category (see editor's note above).