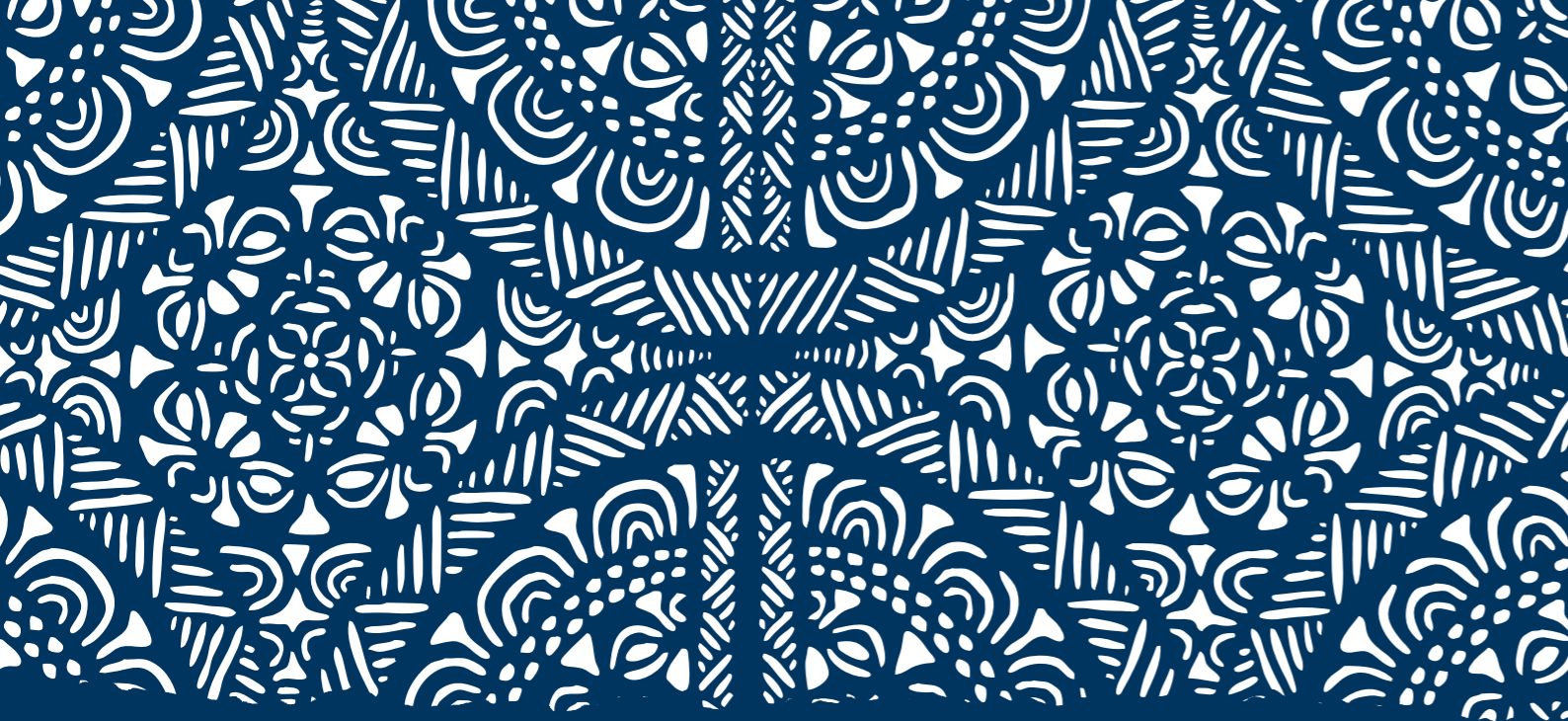




AIR TAHITI NUI



ANNUAL REPORT
2018



Summary

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Editorial

In accordance with the timeline defined two years ago, 2018 was the year Air Tahiti Nui completed its transformation, thus meeting key challenges for our strategic orientations in the years ahead. Among the most significant projects to have a structural impact on our company were the rebranding and redesign of the Air Tahiti Nui universe, the arrival of the first aircraft in our new Boeing 787-9 fleet, the creation of the airline's first subsidiary, the move into our new head office close to the heart of our activity, and finally the celebrations for our 20th anniversary in service. This was the year they all became reality.

Parallel to these changes that mark a true turning point in Air Tahiti Nui's history, the Tiare airline had to simultaneously adapt to an aeronautical environment in the midst of change due to the arrival of multifaceted competition from two new operators on our route to equalization.

This new, out of the ordinary competitive context (+40% extra capacity over the full year) sparked an inevitable price war, generating a significant strain on unit revenues. The situation was amplified by a sharp increase in fuel costs that was not absorbed by ticket fares.

Despite this, as a well-established airline both with visitors and Polynesians, Air Tahiti Nui managed to hold its own rather admirably by maintaining its status as the undisputed leader of the market with 57.8% of international traffic transported over the year. It remains the national reference airline offering the best capacity and the most wonderful immersive experience to and from French Polynesia.

The enhancement of opportunities provided by the implementation of the Amadeus passenger management system in late 2016 have already intensified with the development of new products and services. This made it possible to enrich the Air Tahiti Nui travel experience, whilst preserving its uniqueness and authenticity, and at the same time ensuring that the company now complies with the standards of the major international airlines.

The digital transformation also accelerated with the dual objectives of improving both customer experience throughout the journey and overall employee experience. The impact will be felt through its unique approach and new development projects on which the company has set out to capitalize for the benefit of our customers.

2018 was essentially unique in that it prepared for the year of transition in 2019, particularly on an operational level. The entry into service of our first Tahitian Dreamliner at the end of the year foreshadowed the full extent of the profits generated from the operation of our lines, with an optimal objective of 20% energy efficiency expected with the full integration of the Boeing fleet by the end of 2019.

These new-generation twin-engine aircraft will boost a product that is already recognized for its quality, in perfect harmony with our customers' expectations. It will allow Air Tahiti Nui to fully assume its role as the country's leading airline and major tool for development, rendering Polynesia accessible to the rest of the world.

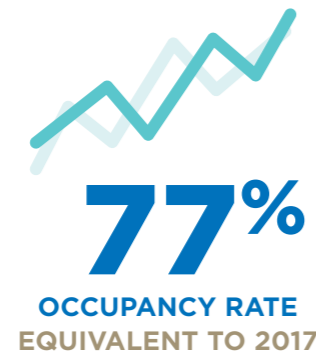
The modernization of equipment and working methods is shaping a new future for Air Tahiti Nui as of today.

'I fano na, e fano ā, the journey continues.

Michel MONVOISIN

Chairman of the Board of Directors and Chief Executive Officer

Key figures and highlights of 2018



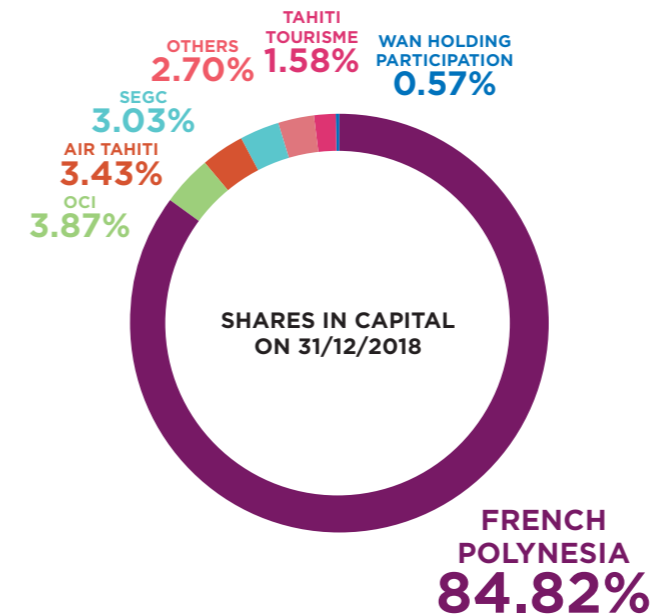
- 11th Dec.**
Official inauguration of Air Tahiti Nui's new head office 'Tua Rata'
- 20th Nov.**
Air Tahiti Nui 20th anniversary celebrations
- 7th Nov.**
Operations begin for Air Tahiti Nui's B787-9 with first commercial flight of the Fakarava to Auckland
- 14th Oct.**
Reception of the first Tahitian Dreamliner registered F-OMUA at Tahiti Faa'a airport
- 25th Apr.**
Unveiling of the Airline's new look brand image
- 12th Feb.**
Signature ceremony for the creation of Tahiti Nui Helicopters, the first subsidiary of Air Tahiti Nui

Legal status and capital

DISTRIBUTION OF CAPITAL

In September 2001, Air Tahiti Nui's legal status evolved from Public Limited Company to Local Mixed Economy Company in order to meet statutory rules when French Polynesia became the majority equity holder in the company.

Since 22nd November 2011, capital amounts to 1 622 956 875 XPF and is distributed as follows on 31st December 2018:



MEMBERS OF THE BOARD

As a Local Mixed Economy Company (LMEC), Air Tahiti Nui has a **Board of Directors composed of 15 members**, distributed as follows on 31st December 2018:

Public administrators representing French Polynesia, appointed by the Council of Ministers

- **Mr. Edouard FRITCH**, President of the Government of French Polynesia, in charge of territorial equality and international relations;

- **Mr. Teva ROHFRITSCH**, Vice-President of the Government of French Polynesia, Minister for Economy and Finance, in charge of major investment projects and blue economy;

- **Mrs. Nicole BOUTEAU**, Minister of Tourism and Labor, in charge of institutional relations;

- **Mr. Jean-Christophe BOUISSOU**, Minister for Housing, Development and Urbanization, in charge of inter-island transport;

- **Mr. Michel BULLARD**, Representative of the Assembly of French Polynesia;

- **Mr. Antonio PEREZ**, Representative of the Assembly of French Polynesia;

- **Mr. Daniel PALACZ**, Administrator of LMEC Air Tahiti Nui;

- **Mr. Michel MONVOISIN**, Chairman of the Board of Directors and Air Tahiti Nui CEO;

- **Mr. Rodrigue CHAN**, Air Tahiti Nui Staff Representative.

Private administrators representing the private sector

- **Mr. Vincent LAW**, 1st Vice-President of ATN Board of Directors, Representative of *la Société d'études et de gestion commerciale*;

- **Mr. Jean-Pierre FOURCADE**, Representative of *la Financière hôtelière polynésienne*;

- **Mr. Bruno WAN**, Manager of Civil Society Wan Holding Participation;

- **Mr. Matahiarii BROTHERS**, President of *SAS Océanienne de capital investissement*;

- **Mr. Joël ALLAIN**, Representative of Air Tahiti;

- **Mr. Richard BAILEY**, Representative of Tahiti Beach-comber Plc.

STATUTORY AUDITOR

The statutory auditor for Air Tahiti Nui is SCP GOSSE-PARION-CHANGUES-MENARD-ALBERT, represented by **Mr. Christophe PARION** and the LLC 'KPMG' represented by **Mr. Jean-Louis PELLOUX**.

Human resources

COMPANY ORGANIZATION



MANAGING DIRECTOR SALES
Christopher KORENKE

REGIONAL MANAGEMENT



Director Americas
Nicholas PANZA



Director France - Europe
Jean-Marc HASTINGS



Director Asia
Atsushi CHINO



Director Pacific
Daniel EGGENBERGER
(since 1st November)



Market Manager Polynesia
Béatrice BERNUT



Market Manager Brazil
Thomas REBERGUE



Sales Director
Christopher KORENKE
(interim)



Marketing and Communication Director
Torea COLAS



Customer Services Director
Vaitea KOHLER



Director of Revenue Management, Pricing, Program, Charter and Alliances
Christophe LE GALL

GENERAL MANAGEMENT



Michel MONVOISIN
Chairman Chief Executive Officer



Mathieu BECHONNET
Chief Operating Officer

SUPPORT MANAGEMENT



Administrative and Financial Director
Pierre CHAMPION



Human Resources and Legal Affairs Director
Julien FINCK



Administration and Organization Director
Heifara MORIENNE



Information Systems Director
Laurent HUSSON



MANAGING DIRECTOR OF OPERATIONS
Raymond TOPIN - Executive Manager



Management Systems Director
Gilles BERNEDE



Technical Director
Yannick MERMET



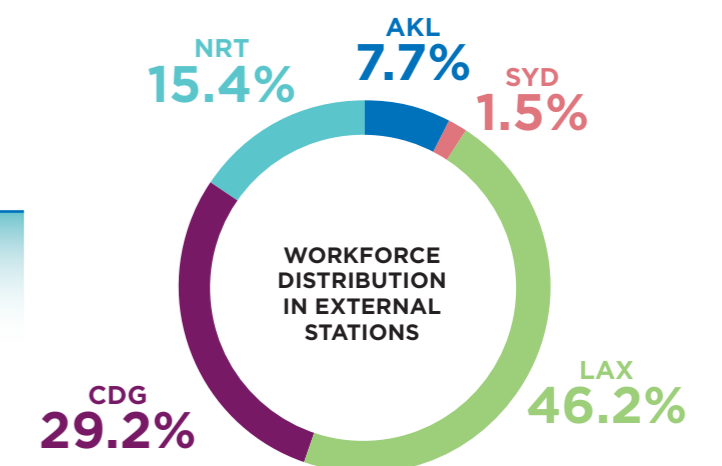
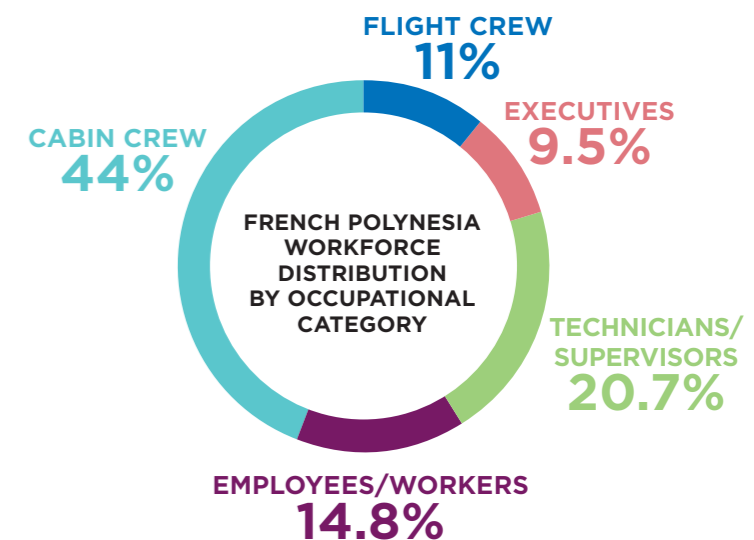
Director of Ground Operations - Stations - Freight
Céline CLAEYS



Flight Operations Director
Lionel CARRIÈRE



Commercial Crew Manager
Éric DELCUVELLERIE



Source: ATN social audit 2018

780
EMPLOYEES
ON 31ST DECEMBER 2018

DISTRIBUTION OF HUMAN RESOURCES

On 31st December 2018, the company workforce consisted of **780 employees** (compared to 790 on 31st December 2017) divided into Tahiti ground personnel (323), flight crew (393 of which 316 cabin crew and 77 technical crew), and agents of overseas offices and stations (64).

Distribution of Air Tahiti Nui workforce by gender

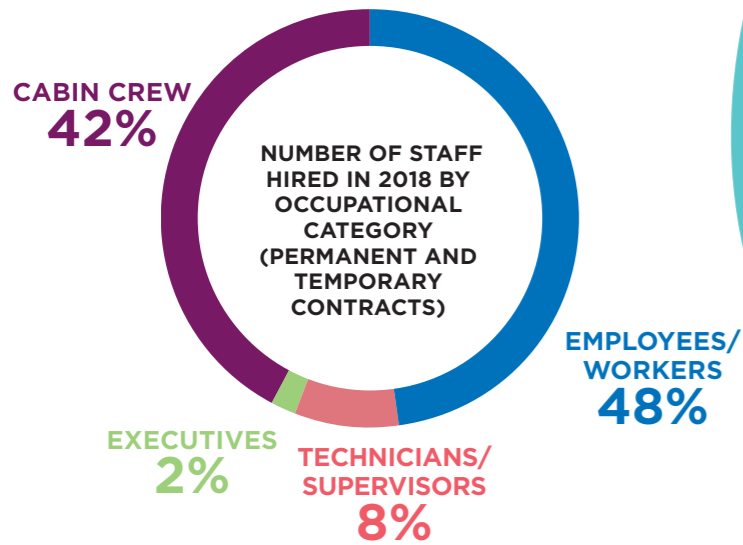
	2016	Distribution 2016	2017	Distribution 2017	2018	Distribution 2018
Men	379	48.3%	382	48.4%	372	47.7%
Women	405	51.7%	408	51.6%	408	52.3%
Total	784	100%	790	100%	780	100%

EVOLUTION OF WORKFORCE

The year 2018 saw an increase in workforce thanks to the recruitment of 48 external employees (4 of which for permanent positions) throughout the company (operations, sales and support functions).

24 temporary contract employees joined Air Tahiti Nui; the majority of whom to reinforce crews for the implementation of projects and to prepare for the Boeing transition. An additional 20 seasonal cabin crew members were hired to respond to increased activity in high season and operational needs throughout the year.

Gender parity continues to be respected throughout the company.



INDICATORS FOR POLYNESIA

Employment contracts:

- 50 departures
- 696 employees on permanent contracts
- 44 employees on temporary contracts
- 353 employees promoted

Absenteeism:

- 38 workplace accidents (16 with medical leave)
- 1 944 days of maternity leave



65
MILLION XPF
DEVOTED
TO TRAINING

TOTAL PAYROLL

Payroll amounts to a total of **7.257 billion XPF** (of which 1.828 billion XPF in social contributions), to which profit sharing of **23 million XPF** must be added.

PROFESSIONAL TRAINING

The Human Resources Department continued training programs during 2018. **297 personnel were trained in administrative matters** (professional efficiency and well-being, IT and administration, sales/customer service, languages, management and health and safety) **for a budget of 26 million XPF** (compared to 27.2 M XPF in 2017, representing a decrease of 4.6%).

39 million XPF were allocated to training ground staff in the context of the **Boeing transition**.

Next year these budgets should be reduced by 5% in order to consider the economic constraints of the company.



The executive seminar was organized in May in a new format and presented in two-phases. Firstly, a morning entitled "Executive meeting" was devoted to a review of the previous year and future projects. This was followed by a day of "à la Carte" workshops during which members of staff could select the themes of their choice.

The supervision of regulatory training intensified with the management of training deadlines and the implementation of a new e-learning tool in continuity with the digitalization of the employee experience. This will be deployed in early 2019.

PROJECTS

In 2018, the company acquired a HRIS* tool, which came into operation on 22nd November. This made it possible, as a first step, to reference all training, career and time management of employees in Papeete. During the first month of operation in December, around 372 leave requests were processed without the use of a single piece of paper.

The tool will be used to conduct all yearly assessment interviews in 2019.

For the company, the HRIS will play a part in the process towards the dematerialization of HR functions in line with Air Tahiti Nui's CSR policy.

* A Human Resources Information System consists of several modules that simplify, automate and centralize human resources and management tasks.

Quality approach of the organisation

The move into Air Tahiti Nui's new head office in 2018 made it possible to improve the working environment and collaboration between teams for increased productivity. At the same time, the airline pursued its development agenda with the consolidation of collaborative tools and the digitization of user experience. Company CSR policy supported the implementation of the action plan to respect the 10 progress objectives which were set to reduce its environmental impact and reinforce positive contributions to societal activity. The organization was also brought into line with the new general data protection regulation, which entered into force in May.

TUA RATA

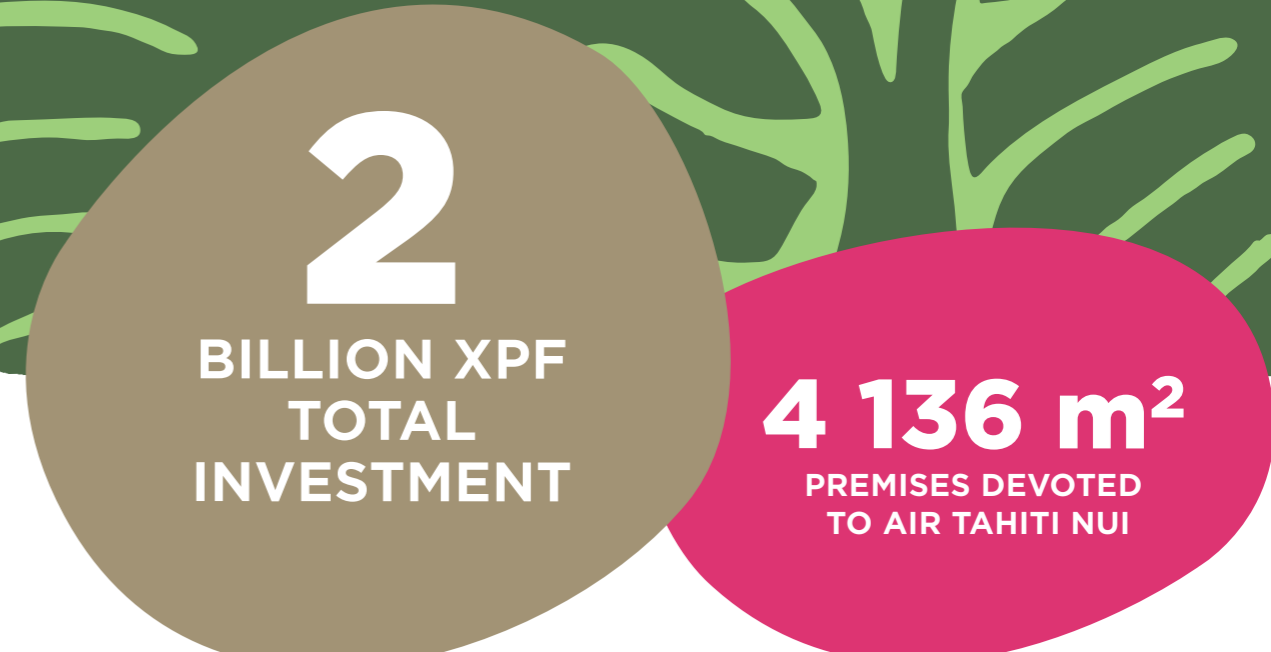
In October, Air Tahiti Nui personnel moved into the new company head office. The construction work on the building, which is a partnership with the Post and Telecommunications Office, began on 16th November 2015 when the foundation stone was laid. Previously scattered across 6 different locations in Tahiti, 250 employees from 13 directorates and 45 departments, making up over 80% of the workforce on the ground in Polynesia, were thus brought together.

Human resources were at the heart of the conception process for this modern building. The airline paid particular attention to the quality of infrastructures and the optimization of its employees' working environment. Organization was designed in accordance with new trends in working methods, meaning flexible, evolving, moveable, shared or multi-task workspaces. From now on, Air Tahiti Nui employees operate in a 'multi-dimensional' building and have seven different types of workspace available for use according to their needs.

Air Tahiti Nui wanted its head office to reflect its identity and that of French Polynesia. Each floor of the building was given a theme: the ocean (*Moana*), the earth (*Fenua*), the sky (*Ra'i*) and spiritual strength (*Mana*).

The new premises are intended to showcase the company's societal commitment and are fully in line with the eco-responsible philosophy shared by all employees. A number of specific installations such as presence detectors in shared spaces (staircases, parking areas, etc.), sun breakers on the main facade, solar panels to supply common areas, a system to collect rainwater for watering green spaces and an air-filtering system will all make it possible to save energy and electricity.

The airline chose to focus on certain criteria during the conception of spaces in the Tua Rata building. These included integrating nature into the decor, particularly through the installation of vegetated facades and the choice of natural materials (wood), creating visual identity inspired by the new company charter (in window art and graphic elements...), the use of ergonomic furniture and a large number of lightweight interior partitions and bay windows to promote natural light. In addition to this are travel-themed atmospheres with coffee areas inspired by Air Tahiti Nui destination cities to reduce sedentary behavior by promoting relaxing break times, modular lounges throughout the different floors, two patios with views over the ocean and the airport runways, as well as temperature control and appropriate use of soundproofing to minimize noise pollution from outside.



Collaboration and decompartmentalization were key words in the conception of Air Tahiti Nui's new head office. Construction of the Tua Rata building was led by the operations department of the company IP² and BEAUDET-REGAUD project management. The Parisian company Tertiam was responsible for space layout and the agency Intérieur Design Tahiti for interior design. Digitization of the user experience was also enhanced with the installation of connected meeting rooms and a Wi-Fi network accessible throughout the building.

DIGITIZATION OF CLIENT AND EMPLOYEE EXPERIENCE

The construction of the new Tua Rata head office was also an opportunity to set up high-performance and secure IT and telecom infrastructures corresponding to the needs and challenges of the airline. As well as providing new workspaces and grouping teams together, tools were set up to increase the efficiency of face-to-face or distance meetings in particular.

The new Boeing 787-9 fleet enters into service

The start of operations for the new fleet of Tahitian Dreamliners required the installation of software solutions suitable for these new generation aircraft. Therefore, a new maintenance management tool adapted to the technology onboard the Boeing 787-9s was deployed for the technicians and engineers who ensure the operational maintenance of Air Tahiti Nui's new fleet. Moreover, catering and onboard sales activities were also digitized for the benefit of crews responsible for stocking the aircraft with drinks, food and duty-free products.

Finally, technical equipment was also deployed in order to maintain permanent, secure data exchanges on the ground and in the air between the Tahitian Dreamliners and the various teams in charge of ensuring operations and maintenance.

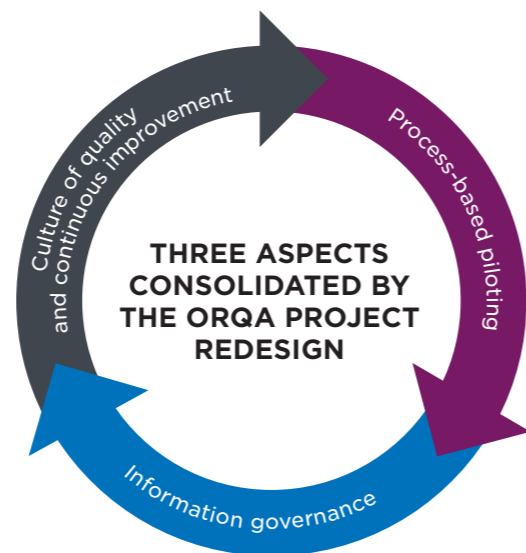
Capitalizing on collaboration

During the year, Air Tahiti Nui overhauled its ORQA project (ORganisationQuAlity) initiated in 2015 by maintaining the Quality Management System (QMS) promoted by the ISO 9001:2015 standard and by favoring piloting principles through processes (BPM - Business Process Management) and collaboration.

In order to do so, three specific aspects were consolidated:

1. Implementation of management through processes in accordance with the QMS method: transversal piloting and strengthening of the interdepartmental or inter-divisional interfaces;

2. Promotion of quality and continual improvement culture through the BPM, and also risk and opportunity management (principles, training and communication);
3. Establishment of information governance (upgrading document quality, homogenization of practice, exchange and capitalization of knowledge, improvement of access to operational data).



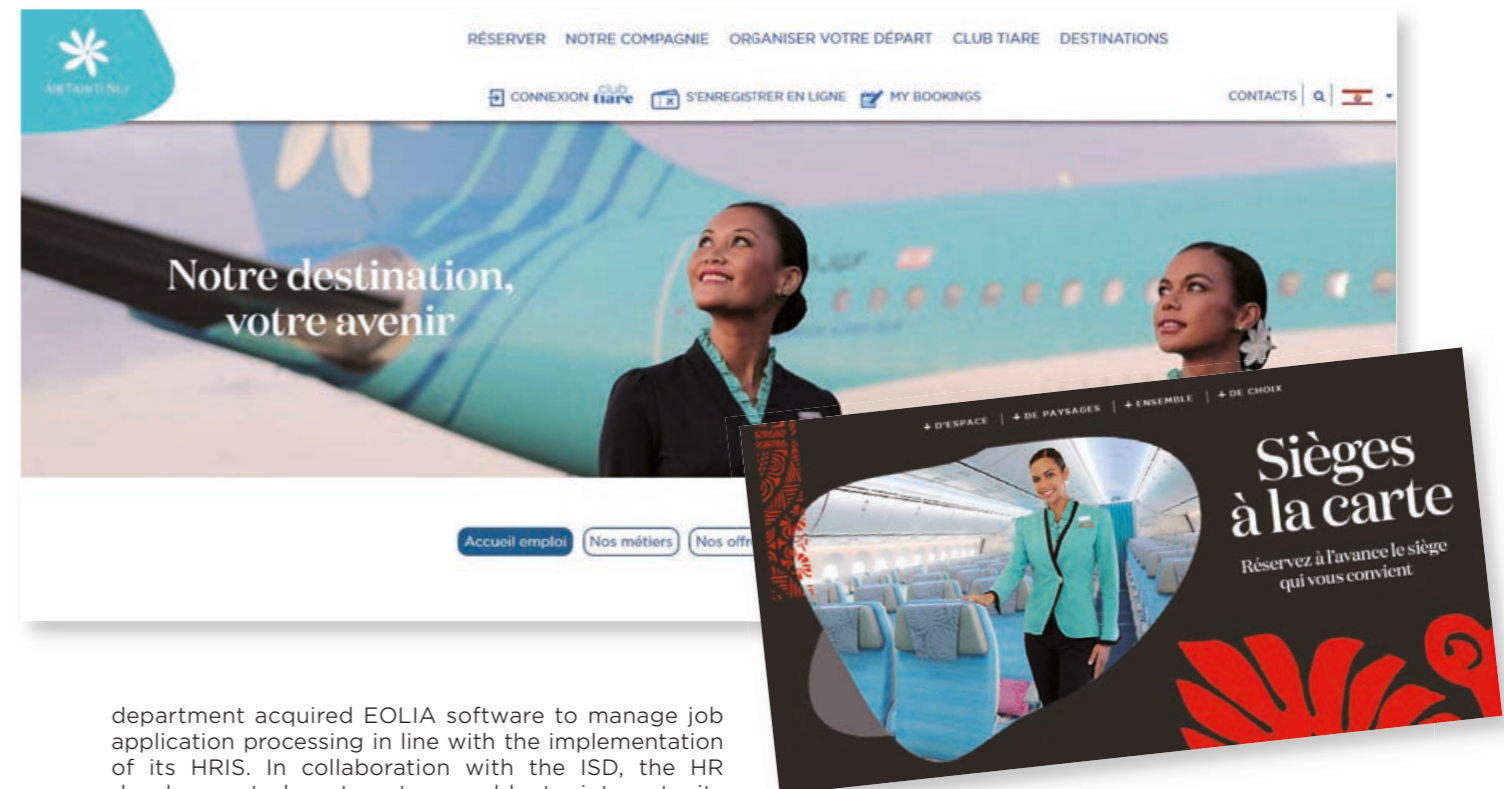
The ORQA project, a prerequisite for the implementation of digital collaborative tools.

The System Organization and Quality unit (SOQ) worked to consolidate the development of the collaborative platform for electronic management of information and company documents implemented in late 2015. 'Mārama' equips the project to set up information governance within the company through knowledge sharing and facilitating access to operational data especially.

The platform, whose last major version was set up at the end of the year, is more than just a collaborative DMS. It has a common referential, an official media library and contract library system with specific access, 45 hierarchized sections for departments and services, 50 project sections and an additional 50 cross-functional subject areas.

100 guest accounts are also listed (partners, suppliers and service providers).

In order to bridge the gap between employee and external-user experiences, the Human Resources



department acquired EOLIA software to manage job application processing in line with the implementation of its HRIS. In collaboration with the ISD, the HR development department was able to integrate its 'recruitment' site into the external company website. Since August it has allowed applicants to learn about the different professions within the company and to apply for positions online (spontaneous applications, responding to job offers, internship applications, etc.) thus limiting the use of paper documents, in accordance with Air Tahiti Nui's CSR commitments and improving the quality of application processing by enabling them to be tracked. All candidates are now invited to apply via the portal job.airtahitinui.com to register their application.

New online features

As for our customers, the first aircraft in the new fleet entering into service at the end of the year accelerated the development of new options to enhance passengers' end-to-end travel experience to support our product upgrade. The modernization of the Amadeus solutions passenger management system set up in 2016 provided Air Tahiti Nui with the opportunity to offer new services to passengers.

Consequently, the website www.airtahitinui.com has been enhanced with new features. Some of them are:

- the 'Award Shopper', especially reserved for Club Tiare members, allowing them to book tickets online with air miles since 12th June. By automating the availability of these reward tickets on each date and flight, the tool improves the workflow of call centers and booking agencies. These tickets can also be purchased by using the purchase or mileage sharing option with another family member;
- from 1st October, the new 'à la carte' seating option available for bookings across the ATN network on flights operating with our Boeing 787-9s allows customers to book their choice of seat in advance and up to 5 hours before departure. 'Extra comfort' seats, offering more legroom are located in the first rows of Moana Economy cabins or next to emergency exits and 'Preference' seats offer the choice of window, direct aisle access, or simply guarantee the passenger a seat next to a friend or loved-one;
- the possibility of online modifications to bookings.



The new Moana Premium comfort kit is made from recycled materials, the Poerava Business kit includes local cosmetic products and articles in recyclable materials (organic cotton mask, bamboo fiber and organic cotton socks, toothbrush made of corn starch). For this initiative, Air Tahiti Nui has been awarded the 2018 Gold Award for Business Class (Asia/Australasia) in the TravelPlus Airline Amenity Awards.

COMPANY SOCIAL RESPONSIBILITY

Air Tahiti Nui's CSR policy, which was formalized in 2015, is structured around 4 main focus areas: responsible operations, environmental footprint, committed employer and vector for local development.

Committed to environmental policy

Since the first greenhouse gas assessment in 2015, Air Tahiti Nui has continued to implement its greenhouse gas reduction policy through the carbon committee that is in charge of ensuring its deployment and monitoring.

At the end of 2018, Air Tahiti Nui took delivery of its first of four Boeing Dreamliner 787-9s, which will gradually replace the five Airbus A340-300s in the fleet.

By investing in four new-generation more fuel-efficient twin-engine aircraft, the company aims to make an improvement of up to 20% in energy and environmental performance (fuel optimization and reduction of GHG emissions).

In addition, the arrival of the new Tahitian Dreamliner was the perfect occasion for the company to raise awareness about its approach by offering new eco-responsible products, making it possible to reduce the use of plastic and weight loaded onboard. Thus the tableware in Moana Premium and Moana Economy is made of reusable plastic, covers are now reconditioned, the comfort kit in Premium class is made from recycled



materials, the Business class kit includes accessories made from recycled materials and local cosmetic products, and finally the dematerialization of passenger satisfaction surveys has begun, since they are now accessible via the IFEC system...

In parallel, Air Tahiti Nui continues to raise ground staff awareness (energy saving in buildings, work related travel plan, selective recycling of office waste...).



Scan this QR code to find the sustainable development report online.

Pursuing a collective dynamic for health

Since adhering to the 'Company actively engaged in employee health' charter in 2015, Air Tahiti Nui has continued to lead an action plan destined to raise awareness amongst employees, promoting a balanced diet combined with physical activity.

In 2018, it organized a traditional Polynesian sports day (bringing together some 220 participants) and set a number of different fun challenges (walking and vegetarian food).

Developing solidarity

Beyond its contribution to the economic and social development of Polynesia, Air Tahiti Nui continues to support numerous associations' local initiatives for a total sum of 31.3 million XPF in 2018 (compared to 32.1 million XPF in 2017).

The arrival of its first Tahitian Dreamliner was also an opportunity for the airline to offer a first flight to 1 300 young people from high-priority neighborhoods.

Alongside this, the company also succeeded in mobilizing staff through two key initiatives:

- A company tour and discovery of aeronautical professions for the young people of Hotuarea district in Faa'a during the 6th Job Academy organized by the FACE Club Polynesia;
- A solidarity meal to support Papeete's homeless people in partnership with the *Ordre de Malte Tahiti*.

COMPLIANCE

The company's compliance project was initiated during the year in order to pursue ongoing improvement and comply with the new General Data Protection Regulations (GDPR) implemented at European level from 25th May 2018.

The GDPR, an addition to the French Data Protection Act to protect personal data, is intended for application by all businesses handling the personal data of European citizens.

The purposes for collecting this data must now be specified as well as the notion of sharing with third parties where appropriate, and companies are required to obtain the user's consent.

Thanks to the GDPR, the user now has the right to access, rectify, remove, oppose or limit the use of personal data.

As in the case of all businesses collecting personal data, Air Tahiti Nui has therefore updated its [security and privacy policy](#) to conform to new provisions imposed by the GDPR.

The company has also confirmed the compliance of its European websites by providing a data access request form online, a revised cookie management policy and a new format cookie management banner meeting regulatory requirements.

One of the other obligations linked to the application of the GDPR, is the appointment of a Data Protection Officer or Data Protection Delegate, abbreviated to DPO or DPD, which is a person in charge of data protection within an organization and who has the responsibility of ensuring the organization is compliant with the GDPR on a European level.

Their main missions are to inform, advise and control the application of legal texts and internal regulations concerning personal data. They act as a contact point with the national supervisory authorities (such as CNIL, the French Data Protection Authority).

The company DPO was appointed in October.

Flight activity

43
INTERLINE
AGREEMENTS

CERTIFICATES AND LICENSES

To operate as a French international air carrier, Air Tahiti Nui holds:

- an air carrier license, December 2006 (Decree 1389 CM);
- an air carrier certificate (CTA) n°FR.AOC.OO83, 15th October 2018;
- a certificate of approval from the Continuing Airworthiness Management Organization FR.MG.0061, 4th October 2018;
- a certificate of approval of maintenance part 145 for the maintenance of aircraft FR 145.423, 4th October 2018.

The different authorizations include the Boeing 787-9 and list all specific operational approvals in relation to this new type of aircraft.

ETOPS

Since the acquisition of the Boeing 787-9 Dreamliners, all Air Tahiti Nui operations are carried out according to ETOPS 180 minutes regulations. The challenge of this situation was to include the Airbus A340-300 and thereby transpose rules established for twin-engines to aircraft with four engines. This was a first in Europe.

THE NETWORK

Air Tahiti Nui is positioned as the main airline serving French Polynesia with daily flights to the destination. The company operates over four continents, offering flights from Papeete to Los Angeles, Tokyo, Auckland and Paris (via Los Angeles).

Air Tahiti Nui offers routes to a total of 54 cities thanks to its codeshare partners:

- **SNCF trains with the TGV Air program in France and Europe** departing daily from CDG to: Aix-en-Provence, Angers, Avignon, Bordeaux, Le Mans, Lille, Lyon, Marseille, Metz, Montpellier, Nantes, Nîmes, Poitiers, Reims, Rennes, Strasbourg, Tours, Valence and Brussels.

- **American Airlines in North America** departing daily from Los Angeles to: Atlanta, Boston, Charlotte, Chicago, Dallas, Denver, Fresno, Houston, Las Vegas, Miami, New York, Orlando, Philadelphia, Phoenix, Portland, St. Louis, Salt Lake City, San Diego, San Francisco, San Jose, Seattle, Vancouver and Washington.
- **Qantas and Air Calin** complete the Air Tahiti Nui offer in the South Pacific to Sydney, Melbourne, Brisbane, Perth and Nouméa.
- **Japan Airlines and Korean Air** depart to Osaka, Fukuoka, Nagoya, Sapporo in Japan and Hong Kong and Seoul in Asia.
- **LATAM Airlines** in South America depart to Easter Island and Santiago, Chile.

The latter launched a codeshare with LATAM Airlines in August 2018.

The partnership with Japan Airlines was renegotiated during the course of the year allowing for a reciprocal codeshare, meaning that Air Tahiti Nui now applies its code to JAL flights.

In parallel to this offer, Air Tahiti Nui applies its company code on Air New Zealand flights to increase the frequency of service between Tahiti and Auckland, bringing the number to 5 return flights a week on this route, and with Air France between Los Angeles and Paris in order to extend the Paris-Tahiti service to one return flight per week.

The following partners use their company codes on flights operated by Air Tahiti Nui:

- American Airlines: PPT - LAX / PPT - AKL and LAX - CDG
- Qantas: PPT - AKL / PPT - LAX
- Air New Zealand: PPT - AKL / PPT - LAX
- Air Calin: PPT - AKL / PPT - LAX
- Japan Airlines: PPT - NRT
- Korean Air: PPT - NRT
- Air France: PPT - LAX
- LATAM Airlines: PPT - AKL

In addition, as part of the airline's development within its markets, **43 interline agreements** have been made with other transporters to date, in order to offer clients a wider choice of destinations (new agreements with LATAM Airlines Brasil and Virgin Australia in 2018).



1 594
COMMERCIAL FLIGHTS
IN 2018
FOR 17 479 FLIGHT HOURS

FLIGHT SCHEDULE

Frequency of service per route

	2017		2018	
	Low season	High season	Low season	High season
Papeete - Paris via LAX	2 to 5 flights/wk.	4 to 8 flights/wk.	2 to 5 flights/wk.	5 to 7 flights/wk.
Papeete - Los Angeles	4 to 7 flights/wk.	4 to 8 flights/wk.	5 to 6 flights/wk.	5 to 7 flights/wk.
Papeete - Japan	2 to 3 flights/wk.	2 flights/wk.	2 to 3 flights/wk.	2 flights/wk.
Papeete - Auckland	3 flights/wk.	3 flights/wk.	3 flights/wk.	3 flights/wk.

Annual number of flights per route

	2016	2017	Variation 16/17	2018	Variation 17/18
Papeete - Paris via LAX	503	500	-1%	476	-5%
Papeete - Los Angeles	597	585	-2%	594	+2%
Papeete - Japan	210	233	+11%	217	-7%
Papeete - Auckland	313	313	0%	307	-2%
TOTAL	1 623	1 631	+0.5%	1 594	-2%

Frequency of weekly services by code share partners*

Air New Zealand (NZ)	PPT - AKL - PPT	X2 per week
Air France (AF)	LAX - CDG - LAX	X1 per week
Qantas (QF)	AKL - SYD / MEL / BNE - AKL	Daily
Korean Air (KE)	NRT - ICN - NRT	X2 per week
Air Calin (SB)	AKL - NOU - AKL	X2 per week
	PPT - NOU - PPT	X1 per week
LATAM Airlines (LA)	SLC - IPC - PPT - IPC - SCL	X1 per week (since 28 th August 2018)
Japan Airlines (JL)	NRT - HKG	Daily (since 28 th October 2018)
	NRT - ITM	
	NRT - NGO	
	HND - FUK	
	HND - CTS	

* Except American Airlines and SNCF who operate daily links.



TRANSITION FROM AIRBUS TO BOEING

In early 2015, the company Board of Directors made the decision to replace the fleet of Airbus 340-300 by Boeing 787-9s. In March and April, contracts were signed for the lease of two B787-9 and the purchase of two others.

Following the year 2017, which was primarily devoted to the configuration of our new aircraft, 2018 was spent preparing for their entry into service. This phase named Service Ready Plan (SRP) co-managed by Boeing and Air Tahiti Nui was to prepare for the operational use of the Boeing aircraft by training crews and obtaining the various operating authorizations for the B787.

The technical department's premises were refitted in order to manage the mixed fleet. The storage spaces and warehouse were redesigned and expanded to accommodate and store the tools for the 787 and the spare parts specific to the Dreamliner from the Boeing fleet. Working methods were adapted and new procedures were included to increase the performance of the Maintenance Control Centre (MCC) and Support.

In the same vein, staff training was intensified to meet regulatory requirements and also to adapt to new maintenance and airworthiness monitoring software specific to the B787-9 fleet.

The engines

On 20th March, 2017, the company Board of Directors validated the choice of the GE9X engine by General Electric to equip the Boeing Dreamliner of the new Air Tahiti Nui fleet (the two B787-9 leased from Air Lease Corp. as well as the two aircraft owned by Air Tahiti Nui will be fitted with these engines). Their main characteristics are a dual-body design with a wide use of composite materials (fan blades and fan casing) and a lower fuel consumption over the Air Tahiti Nui network than its competitor's: the Rolls Royce Trent 1000.

The first Tahitian Dreamliner, named *Fakarava* (registration F-OMUA), was commercialized from March for a first commercial flight at the end of the year. It joined the company on 8th October 2018, thus initiating the effective transition period for the entry and departure of the aircraft in the fleet.

On 7th November, on the dawn of the airline's 20th anniversary, it made its maiden commercial flight to Auckland and on 16th November the first Airbus A340-300 *Bora Bora* registered F-OJTN, permanently left the ranks of Air Tahiti Nui.

The delivery of the three other Boeing aircraft will be staggered over 2019 between the months of January and August, before the A340-300s permanently leave the airline by September 2019.

The training of flight deck crews started at the beginning of the year for four of our instructor-examiners and two pilots in charge of technical documentation to obtain approvals.

Eight cockpit crews (16 pilots) were qualified on the B787 between August and December, including three new instructors at the end of the year. The training for technical crews will continue until November 2019. Since dual qualification is not possible for cockpit crews under the regulations, it will be necessary to wait until the last Airbus leaves the company to train the remaining crews. Cabin crew training began in September (cabin crew instructors were trained in February and August) and will continue until May 2019. Over 700 hours of regulatory training were provided between September and December 2018 (including initial Boeing safety training — machine qualification — and commercial training).



Grégoire Le Bacon, photographer, designer and painter, designed the visual identity (logo and livery) of Air Tahiti Nui's first helicopter transport subsidiary.

TNH

On 12th February Air Tahiti Nui officially launched its first helicopter transport subsidiary during a signature ceremony at the Presidency of French Polynesia.

Tahiti Nui Helicopters is a simplified joint-stock company 50% owned by Air Tahiti Nui and 50% by HBG, a Franco-Swiss group that is the French leader in helicopter transport.

This new business will allow Air Tahiti Nui to strengthen its societal involvement and support for the Polynesian economy. As the first subsidiary of the Tiare flower airline, TNH will also make it possible to upgrade the level of service, thus responding to development strategy, whilst reinforcing its standards of excellence.

This activity enables Air Tahiti Nui to diversify its offer around 4 principal missions:

- on-demand transport of passengers, to provide direct transfer without delay when clients arrive on an international flight or to make connecting flights with private jets, whose numbers have risen significantly over the past few years;
- sightseeing (Tahiti, Moorea, Leeward Islands);
- work at a height (pylon installation, etc.) and mountain rescue;
- medical evacuation or medical emergency flights from the islands.

The company operates with three aircraft: 2 Airbus Helicopters H135 (EC135T2) and 1 Airbus Helicopter H125 (AS350 B2). Two helicopters are based in Tahiti and fly to Moorea; the third is stationed in Bora Bora. The subsidiary began commercial activity in July.

With the creation of the company, HBG extended its Air Transport Certificate (ATC) and therefore deals mainly with the operational side of business.

For Air Tahiti Nui, the focus is on exercising its expertise and knowledge as a Polynesian tourism professional, particularly regarding marketing and business development aspects, in addition to its command of distribution channels.

A dedicated team and a supervisory committee manage the simplified joint-stock company autonomously.

The website www.tnh.pf/en presents the various panoramic flights on offer and in particular the leading flagship product, the 10-minute discovery flights available from Tahiti or Bora Bora.

HBG, the French n°1 in helicopter transport

HBG is 38 year-old family-run Franco-Swiss group, the current leader in helicopter transport in France and featured in the European market TOP 5, particularly through its subsidiaries *Mont Blanc Helicopters* and *Hélicoptères de France*.

The group has a fleet of around 80 helicopters in operation (owning 56, managing over 20 and 140 in maintenance) and has 33 bases situated on three continents: Europe, Africa and South America.

HBG employs 300 people, has 150 pilots, and generated revenue of over 8 billion XPF in 2016.

Traffic and business results

TAHITI-BOUND TRAFFIC

In 2018, the total number of passengers departing from and bound for French Polynesia was **667 902**, representing an increase of **+10.5%** compared to 2017. It should be noted that the **number of seats on offer increased by 11.1%** following the consecutive arrival of two new airlines, French Bee and United Airlines.

Air Tahiti Nui transported **57.8%** of international traffic in 2018, a decline of -7.7 points in comparison with 2017, reflecting the mechanical impact of the significant increase in the international offer to and from Tahiti.

57.8%
OF INTERNATIONAL TRAFFIC TRANSPORTED BY AIR TAHITI NUI

RESULTS AND EVOLUTION OF ATN FARE PAYING PASSENGERS BY ROUTE

Fare-paying passenger activity by route

Average passenger load factor			Revenue (in million XPF)		
2017	2018	VAR n/n-1	2017	2018	VAR n/n-1
77%	77%	0%	31 638	30 399	-4%

Source: Revenue Management - Air Tahiti Nui Financial Direction

In 2018, **Air Tahiti Nui transported 471 542 passengers**, a slight decrease (-2.7%) compared to 2017, in line with the decrease in Air Tahiti Nui seat offer. Considering the massive increase in competitor capacity between the USA, France and Tahiti (+40% seats over a full year), this was a satisfactory sales performance and beyond initial expectations.

In 2018, the airline generated **sales revenue of 30.3 billion XPF** from passenger traffic.

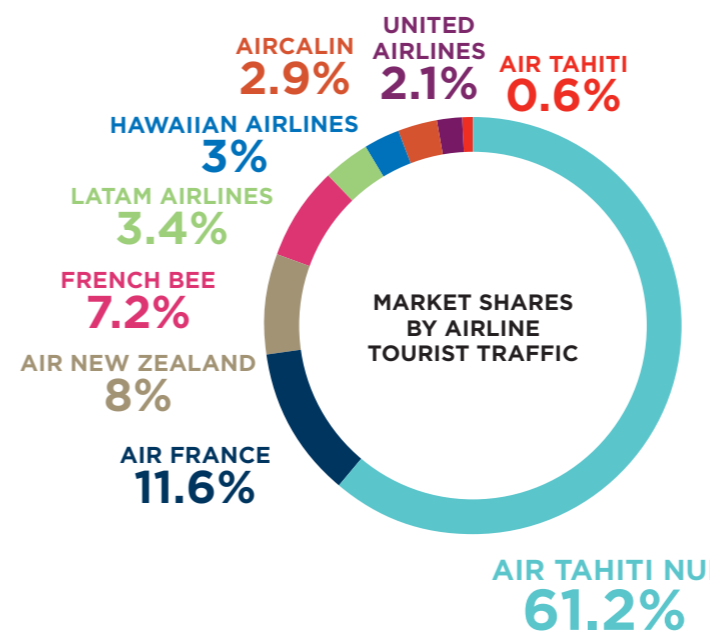
471 542
PASSENGERS TRANSPORTED IN 2018



TOURIST TRAFFIC

In 2018, 216 268 tourists visited The Islands of Tahiti, with an increase of 17 309 tourists. Over 132 000 tourists were transported by Air Tahiti Nui (61.2%). The joint promotional efforts of the company and its tourism partners have thus borne fruit and benefitted the whole sector.

132 456
TOURISTS TRANSPORTED BY AIR TAHITI NUI IN 2018



Source: ISPF

In 2018, visitor numbers to the Islands of Tahiti **rose sharply by +8.7%** in comparison to last year.

The **North American, French and European markets performed well**, increasing respectively by +12%, +18.2% and +16%.

The number of **cruise ship passengers also experienced strong growth of +29.7%** in comparison to 2017, whilst the number of land-based tourists showed an increase of **+4.4%**.



9 697
TONNES OF
FREIGHT
TRANSPORTED
 FOR 2.9 BILLION XPF
 IN REVENUE

369
MILLION XPF
IN REVENUE
GENERATED FROM
CHARTER FLIGHTS

FREIGHT REVENUE

Comparative table of freight revenue and tonnage 2017 and 2018

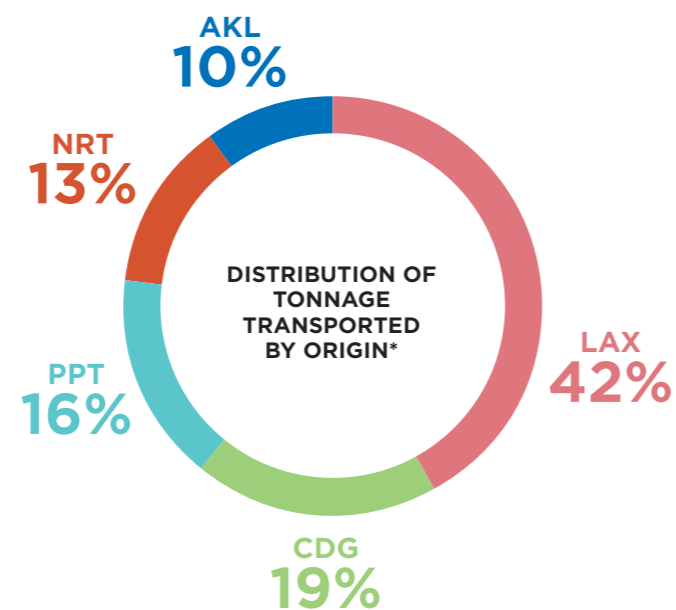
	2017	2018	Variation n/n-1	Variation %
Revenue (in million XPF)	2 891	2 960	+69	+2.4%
Weight in tonnes	9 512	9 697	+185	+1.9%

Source: ATN Freight & Management Control Department

Despite the arrival of competitors, the volumes and revenue generated by cargo activity in 2018 show a clear increase. The freight revenue over the entire Air Tahiti Nui network for the year amounts to **2 960 million XPF**, for a **total tonnage of 9 697 tonnes**.

The favorable economic environment was reflected in several areas:

- Export from Papeete experienced an increase particularly due to the number of shipments of fresh fish to the United States but also thanks to dynamic sales support to encourage exportation in the form of partnership initiatives (Ono'u Festival, Va'a World Championship, Best Exporter competition, Tahiti Export Event etc.);
- Despite the arrival of competitors on the French and American markets, market shares of the airline have been maintained in them and tonnage has increased;
- The high demand in the American market also allowed the airline to transport a large influx of passengers from Japan or New Zealand, where markets both grew in 2018.



* Origin of freight departure.

CHARTER ACTIVITY

During the year, 212 flight hours were conducted on behalf of various shippers (representing a decrease of 20%, in comparison with 2017).

This activity generated 369 million XPF in revenue over the year (compared to 414 million XPF in 2017, representing a decrease of -11%).

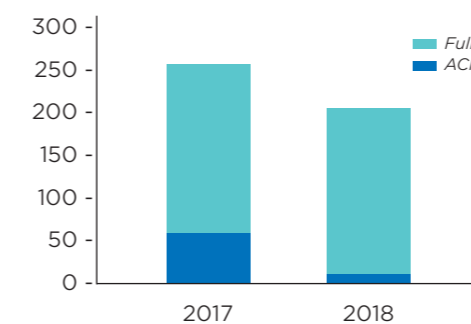
Full charter activity remains stable, thanks to the renewal of contracts from one year to the next (charters for Las Vegas, China, Easter Island and Lourdes). In contrast, the ACMI* activity dropped significantly due to the fact that in 2018 there were no charter flights for Air Calin as in previous years.

Comparative table of charter activity in 2017 and 2018

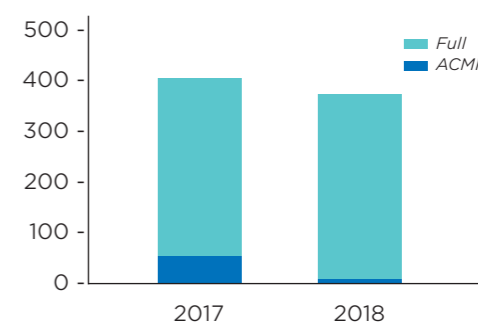
	2017	2018	Variation n/n-1
ACMI*	65	11	-83%
Full charter	200	201	0%
Total Nb Flight Hours	265	212	-20%
ACMI	46	8	-84%
Full charter	368	361	-2%
Total revenue (million XPF)	414	369	-11%

* ACMI (Aircraft Crew Maintenance and Insurance): flights chartered on behalf of other airlines for which the aircraft, crew, maintenance and insurance costs are included in the price of the charter; unlike full charter which also includes costs related to handling, catering and fuel.

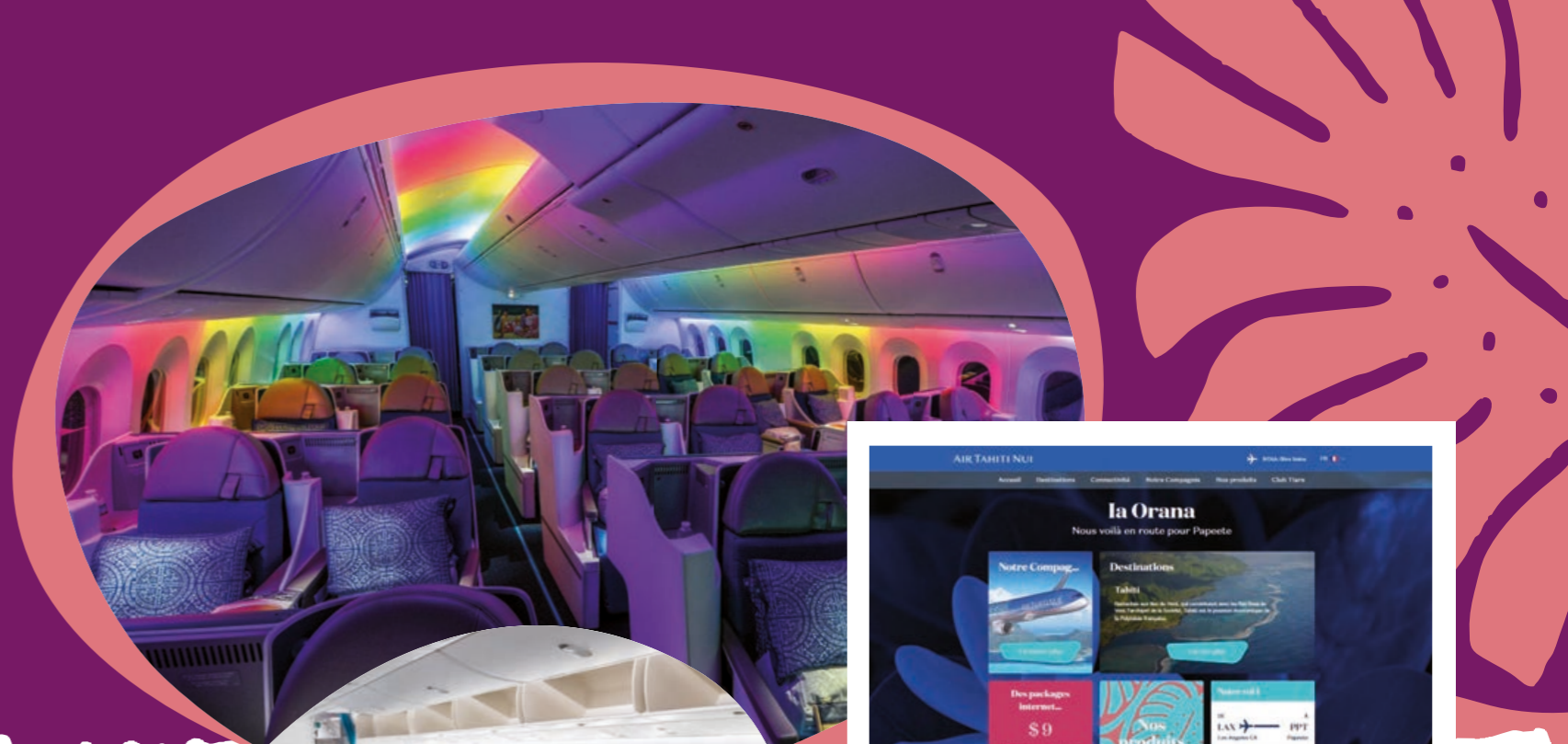
Number of flight hours



Revenue (M XPF)



Atn's active role in the development of Polynesian tourism



On 20th November 2018, Air Tahiti Nui celebrated its 20th anniversary after having received delivery in October of the first Dreamliner B787-9 of an exclusive fleet that will ultimately include four aircraft.

These twin-engine aircraft prefigure a new era for the airline, which is nonetheless part of the continuation of a mission initiated in 1998 to serve French Polynesia, the people of Polynesia and its primary economy: tourism. How can we continue to uphold the promise to support this vital industry in such a competitive sector for the next 20 years? The Boeing 787-9 was chosen by Air Tahiti Nui for its excellence; a choice that required intensive preparation, ambitious decisions and constant commitment.

THE NEW ATN IDENTITY

The new company brand image

By choosing to renew its fleet of Airbus A340-300 by Boeing Dreamliner 787-9s, Air Tahiti Nui reached a turning point in the standard of product available to its clientele. To accompany this quality upgrade, the company took the decision to modernize its image; not only by updating its brand image, whose most visible element remains the iconic flower logo of our islands, the emblematic Tiare, but also by reaffirming the fundamental elements of its mission, positioning, values and personality, in short, the DNA that ATN is made of.

However, this undertaking was more about evolution than revolution, since it was important to combine preserving the capital created 20 years ago whilst managing to project the company into the future.

The rebranding project, which is certainly the biggest communications challenge in the life of a company, began at the end of 2015 and ended in April 2018, coming to fruition in time for the eve of the company's 20th anniversary.

On the evening of 25th April, Air Tahiti Nui revealed its new image to its closest clients and partners in Tahiti Faa'a airport lounge. This key moment in the life of

our company was celebrated in style with a reception featuring Olivier Poussier, World's Best Sommelier in 2000, Chief sommelier of the *Maison Lenôtre* and endorser of our airline's onboard wine list.

Formalizing Air Tahiti Nui's signature values, the brand's visual identity was built on a powerful promise to provide "The world's most immersive travel experience". The Tiare flower company icon was kept to evolve towards a more symbolic representation. The two elements in the new Air Tahiti Nui logo, its symbol and brand name, were carefully modernized. They are asso-



ciated with an array of colors inspired by the contrasts in our islands, and patterns that illustrate the 'Nui' universe of the brand, around which the new design was created, accentuating all the aspects that contribute to making our company and the destination *The Islands of Tahiti* so distinctive, authentic and unique.

The new product on board Air Tahiti Nui

The end of 2018 could not have been a better time to put the first aircraft of our new fleet into service. Just weeks away from two new operators launching operations in the Polynesian skies, Air Tahiti Nui was able to match them with a new aircraft aligned with the technical standards of its competitors'.

The market studies combined with customer and sales personnel surveys conducted from 2015 to 2017 resulted in the decision last year to offer a **three-class product** comprising:

- **POERAVA Business**, a Business-class product, offering a horizontal sleeper-seat, the 'Parallel Diamond' produced by Rockwell Collins, convertible into a 180° bed (full flat) length 198 cm, in a 6 forward-facing (2-2-2) configuration over 5 rows, providing a 100% couple offer adapted to our tourist clientele;
- **MOANA Premium**, a Premium Economy product, tailored to provide an intermediary offer between Business and Economy with a total of 32 seats (the Z535 by ZODIAC Aerospace) in a 7 forward-facing (2-3-2) configuration;
- **MOANA Economy**, an Economy class product, offering a total of 232 seats (the Z300 by ZODIAC Aerospace) over two cabins in a 9 forward-facing (3-3-3) configuration.



Panasonic Avionics Corporation solutions were chosen for the new fleet's entertainment and connectivity systems. The platform of the number one supplier of IFEC (In-Flight Entertainment and Connectivity systems) now provides travelers with state-of-the-art technology on a high-definition touch screen.

The Panasonic eX3 entertainment system is the most advanced of its generation, offering high definition individual touch screens facing each seat, providing access to a large selection of on-demand content. These intuitive screens are very simple to use for the comfort and pleasure of travellers.

Poerava Business class passengers will be seated in front of a 40cm screen with a touch screen remote control incorporated into their seat. Passengers in Moana Premium will enjoy the definition of a 33cm screen, while travelers in Moana economy will have a 30cm screen at their disposal, which is the biggest screen ever to be used in this type of seat to date.

Each individual screen will allow users to find information about their flight in real time, as well as a wide range of recent movies and cinema classics which are regularly renewed to ensure that each journey onboard Air Tahiti Nui is a unique experience. There are also series and documentaries, numerous video games and a wide selection of music. To heighten the onboard immersive experience, a channel dedicated to the Islands of Tahiti named *Tiare TV* allows travelers to get a first glimpse of what awaits them in Polynesia: history, culture and discovery of our islands' secrets.

Most of our content is available in French, English and Japanese.

During the flight it is also now possible to benefit from the high-speed Internet on board thanks to Wi-Fi provided by a satellite connection. The eXConnect Panasonic Wi-Fi system is accessible to all passengers via their personal portable devices: smartphones, tablets or laptops.



The very first Air Tahiti Nui 'safety video' also accompanied the launch of our first Boeing's operations. It was filmed in June in Tahiti and Moorea and features a number of natural sites, thus allowing visitors to get a sneak peak of the unrivalled natural beauty of our landscapes. The video is intended to be immersive, incorporating the obligatory onboard safety instructions of our Tahitian Dreamliner into the scenery of our island paradise.

During the second edition of the *Trophées du Tourisme* (Tourism Awards) held in Tahiti on Saturday 1st December 2018, the first onboard safety announcement video was attributed '**Best tourist video**' of the year ahead of three other competitors, by the jury composed of the Ministry of Tourism, the Ministry of Culture, Tahiti Tourism, The Board of Tourism, the Association for Authentic Tourism and Polynesian Travel Agents Union.

The blue bird carrying dreams

With its new livery featuring Polynesian motifs and the original iconic Tiare flower proudly displayed on the tail (paying tribute to the company's pioneers), the Tahitian Dreamliner attracts the attention of travelers worldwide. The tattoo designs decorating the back section of the new aircraft depict the history of our company in resonance with our islands.

A manta ray, a whale, an albatross, a *tiki*, waves and fishing hooks are just some of the succession of motifs, symbolically representing wisdom, protection and elegance, strength, pride and the capacity to reach for the sky, the home of our ancestors, life and continuity, prosperity, abundance and luck.

With its striking shades of blue, evoking the Polynesian ocean, lagoon and sky, our new plane caught the eye of professionals in the sector. It was awarded the '**Best New Livery of the Year**' prize at TheDesignAir Awards 2018, hailed by Jonny Clark as the "embodiment of a design



that reflects the roots and culture of the airline's origins." The founder of *TheDesignAir*, an international reference for aeronautical design, also ensured that "With a bright, colorful design and iconic ornate pattern filled with symbolism, Air Tahiti Nui's 787s will certainly capture the imagination of travellers across the globe, acting as an ambassador for Tahiti in all the international ports the aircraft will fly to (...)."

December was indeed the month of crowning moments. Air Tahiti Nui was attributed the title '**Best airline in the South Pacific**' by the magazine *Global Traveler*, which awards its distinctions following one of the most renowned annual surveys in the sector among frequent luxury and business class flyers.

It is the fourth time in six years that Air Tahiti Nui has won a place on the coveted awards list recognized by the world's major airlines.

This is a wonderful acknowledgement for our company as we continue to demonstrate commitment to providing our clients with exceptional service and authentic experiences aboard our flights.



Footage of the first Air Tahiti Nui Tahitian Dreamliner delivery ceremony in Charleston in October 2018 travelled the world, relaying the videos of the *Aparima* performed by our stewardesses for the occasion.

PROMOTIONAL AND ADVERTIZING POLICY

As Air Tahiti Nui remains the major tourist transporter to French Polynesia, the company invested in 2018 close to 1 billion XPF (8.38 million euros) across the entire promotional program in order to support the growth of Polynesian tourism. The distinctions obtained during the year were the opportunity to encourage the work of the airline's teams in a pivotal moment in the life of the company: the celebration of its 20th anniversary and the arrival of a new fleet.

Both locally and regionally, the year was particularly marked by events regarding the launch and arrival of the new fleet, the 20th anniversary of Air Tahiti Nui, and associated promotional campaigns. A number of communication media were published especially to accompany these milestone events.

media on board, thus providing a wide ranging media coverage for the occasion of its entry into service.

The magazine *Air&Cosmos* devoted its October cover photo and 7 pages to our Tahitian Dreamliner. *The Points Guy* and *USA Today* were also among the media guests present on the inaugural flight and both provided a great promotion of their onboard experience, which was shared widely across numerous international blogs.

In Tahiti, the welcoming ceremony for the Fakarava, the 1st aircraft in the new fleet, was held on the tarmac of Tahiti Faa'a airport on Sunday 14th October, in the presence of local officials, media and Air Tahiti Nui employees, thus marking the beginning of the festivities related to this historic moment.

Unveiling the Tahitian Dreamliner

After an official delegation of members of the government of French Polynesia went to Charleston in South Carolina early October to take delivery of the first aircraft in the new company fleet, the inaugural flight of the Tahitian Dreamliner took place with numerous national and international





To allow the public to discover its new planes, the airline increased its participation in trade fairs such as the Digital Festival Tahiti 2018 held in Papeete from 24th-27th October, for which it was partner. The event dedicated to positive innovations in the digital revolution was an opportunity for the company to showcase the innovations of the Tahitian Dreamliner and especially Moana premium Economy class. A competition was run for the occasion on social networks, leading to numerous site visits and a considerable following on Facebook, thus giving the new travel class greater exposure.

As a sneak preview of the first commercial flight aboard the Tahitian Dreamliner, Air Tahiti Nui also organized in October, in addition to several charity flights, a series of discovery flights for local institutions, VIP clients, local partners of the company, media or even certain works councils.

Meanwhile, Air Tahiti Nui clients could participate in a grand prize competition #iaoratahitiandreamliner on Facebook and Instagram to try and win two tickets for the discovery flights (200 tickets available).

Air Tahiti Nui also showcased its new product via the tahitiandreamliner.airtahitinui.com platform thanks to the immersive multimedia 'Living Brand Experience'. Sound, video, virtual reality and photos were carefully compiled to allow internet users to explore the brand's immersive universe, the new aircraft (with virtual tours of the cabins) and more generally Polynesian culture and authenticity, particularly through 360° videos.

To finalize the 'discovery' component, numerous means of communication accompanied the entry into service of the Fakarava, explaining the company inspiration behind the conception of its new fleet and brand imagery.

20 years of operation



The crowning moment of this defining year for the future of the company was the 20th anniversary of ATN's operation on 20th November 2018, which led to a series of communication events taking place throughout the year to mark this tremendous event. The anniversary campaign was launched in February with the unveiling of Air Tahiti Nui's official 20th anniversary logo.

For this symbolic occasion, a grand prize competition called 'Mon plus beau voyage avec Air Tahiti Nui!' (*My most amazing trip with Air Tahiti Nui!*) was launched on 1st March on social media, inviting travelers to share their travel experiences (#loveairtahitinui) to win one of the 20 free tickets for a destination on our regular network.

The inflight magazine *Reva Tahiti* also devoted a special edition to the 20-year anniversary of Air Tahiti Nui. It looks back at the ambitions of its founders, for whom the idea of an international Polynesian airline made perfect sense in the development of the country. It also covers the evolution of the company after 20 years operating with Airbus and its ambitious choice dictated by a collective interest to shift to the Boeing 787-9. The desire was to pass on the torch to those who would continue the adventure in the coming years, providing them with the most effective working tool possible. The spotlight is of course on the Tahitian Dreamliner, the finest ambassador for the *fenua*, showcased in the special edition alongside all that has inspired Air Tahiti Nui in the design process of its new working tool: the beauty and riches of our islands, the *mana* of Polynesia.

Finally, as part of a partnership with OPT (the Post and Telecommunications Office), photos will illustrate the 20th anniversary of Air Tahiti Nui in the stamp collection calendar 2019, and to celebrate this very special anniversary in style at home and abroad, Air Tahiti Nui has also published a special 20th anniversary pre-paid postcard.

Regional campaigns, strategic corporate communication media



In French Polynesia, a wide scale publicity campaign covered the arrival of the new fleet and the 20th anniversary of the company throughout the year. It was divided into two major stages, with a press campaign and posters around Tahiti and at the airport, followed by a TV and cinema campaign. The first stage made it possible to cope with the arrival of competitors from the month of May and consolidate our position as leader of the local market with a stronger, resolutely client-

oriented voice, presenting a powerful symbol for travel, the outrigger canoe, in four cities that our airline serves on our regular network. The video '*Air Tahiti Nui, notre réussite!*' (*Air Tahiti Nui, our success!*) traced the company's growth and values since its creation. The second stage, deployed in the second half of the year, was intended to be more immersive by highlighting Air Tahiti Nui's history through the identification of its travelers and by promoting loyalty. The film 'Generation Air Tahiti Nui' also recalled the rise of a generation, and the Club Tiare loyalty program was promoted in a second poster campaign. At the same time, dynamic positioning of the communication tools on the web provided an opportunity to boost company notoriety, reiterate its top-of-the-range positioning and enhance customer travel experience. In order to do so, the campaign was programmed to air every two weeks via social networks and newsletters.

Promotional activities in the regions during the year also focused specifically on the unveiling of the new Tahitian Dreamliner, especially the new Premium class integration and the 20-year anniversary of ATN.

In France, focus was on the launch of the updated brand image and the new three-class Dreamliner to fight the competition from new transatlantic and Pacific operators with reinforced regional communication and an increase in promotional fares, product offers and additional services: lounge access, priority boarding etc. Another point worthy of note is the rise in number of B2B (travel agents and tour operators) and B2C (advertising campaigns on social networks) initiatives particularly targeting digital media. A partnership with Cdiscount from 16th to 24th October was identified as the "Best Facebook post performance of the week" by the blog Webmarketing & co'm. The post, which was an invitation to win a trip for two to Tahiti for the company's 20th anniversary, generated an incredible result, reaching over 872 000 people.

In Europe, demand towards the Pacific was particularly stimulated by reinforced digital communication and the acceleration of omni-channel marketing. The French and European websites that represent the regional directorate's largest budgetary investments are progressing. Beyond being the showcase for products and airline news, they are also the priority objectives for achieving sales growth.

On the Brazilian market, the second awareness campaign in line with marketing initiated in 2017 was launched during the second semester, targeting the new brand and the Tahitian Dreamliner. It was a 100% online campaign similar to the previous year (using social networks, promoting the airtahitinui.com.br website, google adwords, etc.). The video posted on YouTube was viewed 68 000 times, thus becoming the most viewed video since the creation of the company YouTube channel.

Despite this, the South American market results fell slightly over the year with a decrease of -5% in coupons and -11% in revenue following the economic crisis strongly affecting Argentina.

In Japan, 2018 was a difficult year due to the competition of new destinations on the market. In November, Air Tahiti Nui, Tahiti Tourism and several local hoteliers traveled there accompanied by the Minister of Tourism and Labor in order to meet Japanese tour operators. The aim of this trip and the various workshops organized in different cities in Japan was to reflect together on the best ways to boost the market, which is suffering in particular from hotel capacity limits in our islands. After a few initial flights in January and February, the Tahitian Dreamliner will be welcomed there in September 2019.

In New Zealand and Australia, the arrival of a new General Manager in early November made it possible to redefine regional objectives, leveraging action by reinforcing our sales presence in the area, increasing direct sales via the website and developing the sale of alternative accommodation such as Airbnb in conjunction with ATN.

The highlight of the year was the arrival of the Tahitian Dreamliner in Auckland on 8th November 2018 for its first commercial flight from Papeete. The President of French Polynesia, New Zealand ministers and dignitaries, and the CEO of Air Tahiti Nui were present for a welcoming ceremony worthy of the event.

In the United States, the first B787-9 flight in November was also an occasion for celebrations. An event was organized at the Flight Path Museum in Los Angeles airport to mark the official launch of the Tahitian Dreamliner in the presence of Edwin 'Buzz' Aldrin, the second man to walk on the moon, along with 150 other guests, clients, partners and American tour operators. After a more difficult year in 2017, the cruise ship passenger market to Tahiti showed significant growth in 2018.

The collaboration with American Airlines (Air Tahiti Nui's first partner airline) has continued to make a major contribution. AA enables us to access 23 cities in the States and Canada with our TN code and actively sells our Paris-Los Angeles flights in addition to its own flights between France and the United States.





Among other significant actions unrelated to the launch of the new fleet and the 20th anniversary celebrations, a new mobile Internet service was set up in association with the start up company Tahiti Wi-Fi. The mobile Wi-Fi box (or pocket Wi-Fi) can be reserved in advance via the website www.tahitiwifi.com and Air Tahiti Nui websites, and the visitor collects it on arrival at Tahiti airport. In this way, clients can connect, navigate and share content with their loved-ones only minutes after arriving in Polynesia, thus becoming a vehicle for the 'live' promotion of our islands and the greatest benefit of our destination. With an optimal coverage of 65 islands and high-speed connection, visitors can easily share their most memorable travel moments freely, whether they are out on the water or on dry land. Packages offer up to 20 GB of data and the possibility of simultaneously connecting up to 10 devices.

The 'Tahiti Stickers' application was also updated to include the latest Air Tahiti Nui logos and imagery (new plane, new company logo, special 20-year anniversary logo) and thus allow Air Tahiti Nui fans to decorate their selfies with the company colors thanks to six stickers available on most tablets and iOS or Android smartphones. As a new means of communication, the stickers have seen a growing success in instant messaging and on social networks. The free application is 100% Tahitian and available in all our markets.



Promotional activities showcasing Polynesia are equally an opportunity to spotlight our company in other regions, since we are often called upon for partnerships. As was the case last year for the release of the Disney

animation movie *Moana* (or *Vaiana* in French), *Blue* – released on 28th March, was the occasion for a special evening reception in Paris. The premiere for the new Disney documentary about the oceans took place during a private screening on 23rd March at the movie theatre Drugstore Publicis on the Champs Élysées. Over 200 guests including Tahiti Tourism attended the event in the presence of Jean-François Camilleri, President of Disney Studios France and Founding President of Disneynature.

Optimization of web presence

2018 saw the update of all the www.airtahitiniui.com websites following the arrival of the new Boeing fleet and the rebranding of the company. As a result of this, all content was improved to come into line with the new positioning strategy and associated marketing initiatives.

In October, the Brazilian version of the website was also launched, enabling the company to have a global web presence by covering the South American zone. In 2018 the total number of online sales across the network of company sites increased by 12.23%.

Widening the range of ancillary products and services sold online (*à la carte* seating, lounge access, priority pass, treats and champagne, etc.) also had a positive impact on Air Tahiti Nui's visibility on the web.

The airline has a large community on the social networks, with approximately 400 000 followers on Facebook, Instagram, Twitter, LinkedIn and YouTube. Content shared on these channels cover latest news, new developments and promotions.

Throughout the year, our priority was to focus on video material in order to generate viral content, mainly to spotlight our new brand image, new aircraft, new products and services.

Our visibility was also enhanced by the increase in number of UGC games (User Generated Content), inciting users to promote our brand over their own social networks, thus allowing us to generate views on our own webpages.

From June, the 'chatbot' now offers step-by-step assistance and individualized support to Internet users. The tool, which is integrated via Messenger on our Facebook pages and Polynesian and French websites, accompanies and assists clients with their travel arrangements via a virtual robot.

Finally, the CRM project launched at the end of the year will provide the means in 2019 to improve productivity, by offering "360°" vision for sales staff in contact with clients. The objective is to create individualized marketing relationships with our clients, through multiple channels, in order to build customer loyalty.

The tool should be implemented on the Polynesian market in June, before being deployed mid-September in the United States then France, and in December 2019 in New Zealand and Japan.

LOYALTY PROGRAM



For several years now, Club Tiare has been developing new partnerships in order to provide its members with additional opportunities to gain and use miles.

A total of **267 million miles** were exchanged for **services offered by the company** (tickets, upgrades, additional baggage allowance, etc.) **in tickets to events** (Messmer and Jovany shows, BlackM, Julien Doré concerts, theatre and festivals) **and in gift vouchers** for purchases with our partners (Millésime, Le Coco's, Beauty Success, Jeff de Bruges, Vahinerii Tea House, L'Occitane, K.rol Nail and Tiki Park).

New online services

Thanks to the development of new functions on the Amadeus platform during the year, Club Tiare members can now book a flight online and use miles for an award ticket in one of our three cabins: Moana Economy, Moana Premium* or Poerava Business.

The use of miles to purchase an upgrade (in Moana Premium* or Poerava Business cabins) or additional luggage is still available directly from our booking services.

* Available exclusively on our Tahitian Dreamliner flights.

Since 12th June, our loyalty club members are also able to buy additional miles or transfer their miles to a person of their choice by connecting directly to their Club Tiare account and carrying out transactions independently. These purchase and transfer services are now available exclusively online since 1st July, in response to the growing demand for immediacy of services.

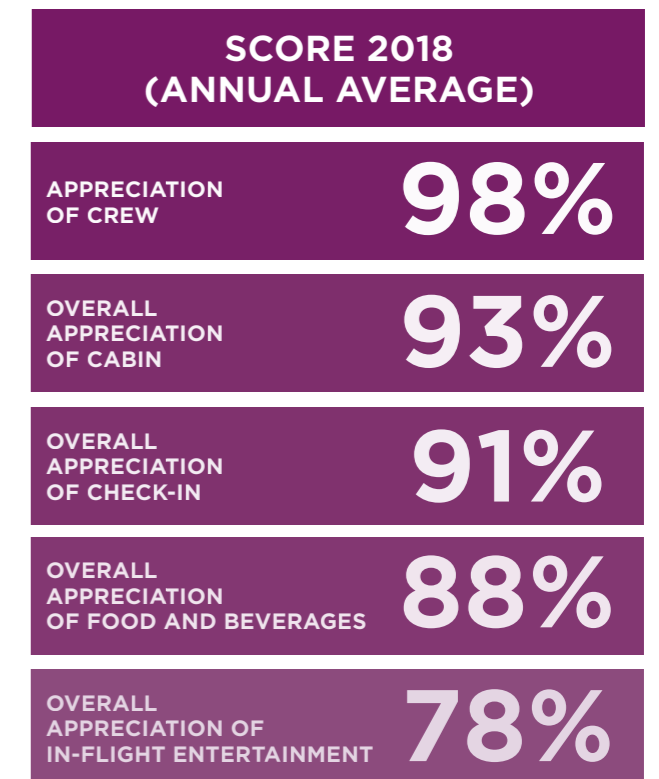
On 31st December 2018, the Club Tiare had a total of **143 291 members**, representing an increase of 10.40% from 2017.

CUSTOMER SATISFACTION POLICY

As part of its continuous improvement plan, Air Tahiti Nui has been carrying out an **on-going program of customer satisfaction surveys onboard** all flights in order to better meet their expectations.

For **96% overall satisfaction (the score has remained the same since 2016)**, 93% of our clients claimed they would recommend our airline, which is 1 point more than in 2017.

Strengths identified by our customers



Thanks to the modernization of the IFEC on the Boeing 787-9, client feedback is becoming digitized, allowing the company to remain on track with its CSR strategy. Clients aboard the Tahitian Dreamliner are now invited to give their opinion on their personal interface, either freely on topics concerning comfort, meals, etc., or when asked by cabin crew to answer more general feedback questionnaires.

Financial results

ASSETS BALANCE SHEET

Fixed assets

The principal movements of the financial year 2018 were:

For tangible and intangible fixed assets:

- Intangible assets (+90 M XPF): company image bank and AMOS maintenance software;
- Tangible assets (+2.4 B XPF): purchase of spare General Electric engine, Tua Rata, Boeing advances, Boeing rotables.

For financial fixed assets:

- Mainly guarantee deposits to ALC for the lease of the B787-9s;
- Participation in the Tahiti Nui Helicopters subsidiary.

Current assets

The principle movements of the financial year 2018 were:

- **Stocks** (+178 M XPF): entry into stock of Boeing parts and consumables;
- **Clients** (-611 M XPF): decrease in outstandings explained by the decline in activity in the last quarter of 2018 in comparison with 2017 and the repayment of AerCap in 2018 for an engine shop built in 2017;
- **Cash flow** (-966 M XPF): 5 months of turnover, in line with 2017.

Assets balance sheet in million XPF and million euros

Asset	Gross	Reserve	Net 2018	Net 2017	Var°.	Var°. %
Intangible fixed assets	527	-218	310	219	90	41%
Tangible fixed assets	37 541	-23 982	13 560	11 189	2 370	21%
Financial fixed assets	1 934	-450	1 484	1 221	263	22%
Total fixed assets	40 003	-24 650	15 353	12 630	2 723	22%
In million €	335	-207	129	106	23	
Inventory	1 085	-199	886	709	178	25%
Accounts receivable	1 603	-62	1 542	2 153	-611	-28%
Other receivables	580		580	326	253	78%
Liquid assets	13 985		13 985	14 950	-966	-6%
Prepaid expenses	713		713	864	-151	-17%
Total current assets	17 966	-260	17 705	19 002	-1 297	-7%
In million €	151	-2	148	159	-11	
Conversion losses	41		41	75	-34	-45%
Grand total	58 009	-24 910	33 099	31 707	1 392	4%
In million €	486	-209	277	266	12	

NON-CURRENT LIABILITIES

Equity and provisions

The principal movements of the financial year 2018 were:

- **Equity** (-54 M XPF): the appropriation of retained profits for 2017 carried forward (+2 B XPF), amortization of investment grant and adjustment of regulated provisions following the change in residual value of aircraft.

Liabilities

The principal movements of the financial year 2018 were:

- **Financial liabilities** (+1.8 B XPF): loan for funding of the Tua Rata head office, security deposit for KP Aviation;
- **Other liabilities** (+145 M XPF): increase in accounts payable due to the Boeing activity offset by the reduction in corporate income tax payable and incentive payments;
- **Deferred income** (-625 M XPF): return of product in relation to maintenance events carried out on the O-JTN as part of its return to AerCap and the reduction in 'BENUS' (tickets issued but not used for over one year) connected to the decline in commitments recorded in 2019 in comparison with 2018.

Non-current liabilities in million XPF and million euros

Liabilities	2018	2017	Var°.	Var°. %
Capital / Reserves / Retained earnings	12 407	10 394	2 013	19%
Result	288	2 013	-1 725	-86%
Investment subsidies	144	361	-217	-60%
Statutory provisions	895	1 020	-125	-12%
Equity	13 734	13 788	-54	0%
In million €	115	116		
Provisions for contingencies and losses	1 271	1 151	121	10%
In million €	11	10	1	
Financial liabilities	2 363	583	1 781	306%
Other liabilities	7 472	7 327	145	2%
Deferred income	8 200	8 825	-625	-7%
Total liabilities	18 036	16 734	1 301	8%
In million €	151	140	11	
Exchange rate differential liabilities	58	34	24	70%
Grand total	33 099	31 707	1 392	4%
In million €	277	266	12	

INCOME STATEMENT

Income statement in million XPF and million euros

Income statement	2018	2017	Var°.	Var°. %
Revenue	34 084	35 388	-1 304	-4%
Depreciation and provision reversals	722	399	323	80%
Other income	368	159	209	132%
Total operating income	35 174	35 946	-772	-2%
In million €	295	301	-6	
External expenses	21 737	19 769	1 968	10%
Duties and taxes	107	131	-24	-18%
Personnel costs	7 763	7 449	314	4%
Depreciation, amortization and provisions	5 860	4 217	1 643	39%
Provisions for current asset	199	12	187	1496%
Provisions for risks and expenses	256	271	-15	-6%
Other expenses	1 108	1 079	29	3%
Total operating expenses	37 029	32 927	4 102	12%
In million €	310	276	34	
Operating income	-1 854	3 019	-4 873	-161%
Financial income	263	-7	270	4114%
Exceptional income	3 120	966	2 154	223%
Incentive payments	23	141	-118	-84%
Tax	1 217	1 825	-607	-33%
Net income	288	2 013	-1 725	-86%
In million €	2	17	-14	

- Revenue (-1 304 M XPF): decline in the number of passengers transported and unit earnings as a consequence of the arrival of new competitors;
- External expenses (+1 968 M XPF): rise in fuel costs, lease and reserve payments for the ALC F-OMUA;
- Personnel costs (+314 M XPF): promotion and seniority, increase in overtime and paid leave provision related to the B787-9 transition;
- Other expenses: over flight and landing fees, and French Civil Aviation Authority (DGAC) oceanic service charges;
- Depreciation, amortization and provisions (+1 643M XPF): increase in depreciation charges for 1st and 2nd categories;
- Financial income (+270 M XPF): favorable exchange rate variation;
- Exceptional income (+2 154 M XPF): increase in the reversal of provisions on the value of aircraft and proceeds from the sale of two engines.

Outlook 2019

Marked by the departure of the A340 fleet and the gradual entry into service of the exclusive fleet of Dreamliner B787-9, 2019 will seal the final phase of transition that began last year after many months of symbolic events in the construction of our airline's future. It will be a more difficult pivotal year during which we will have to demonstrate our ability to create added value for our clients in order to establish our difference.

In terms of accounting, the financial year will be marked by a change in method (provision for significant repairs in the new fleet) and impacts related to the release schedule of the A340. The decrease in variable expenses will partially offset the effects of the dual fleet of A340/B787. A major effort will be made to reduce structural costs to face rival airlines and make the company even more competitive.

Our sales policy will therefore be dynamic: flight schedules will be adjusted to maximize seat load factor and unit revenue, fares will be adapted to be as competitive as possible, sales will be strengthened in favor of our own distribution channels (particularly the company website) and distribution costs will be optimized.

The company will concentrate efforts on the development of products and services to better respond to customer expectations: for example, ancillary products (such as lounge access, priority boarding, special seats and meals), Club Tiare offers and the development of various partnerships.

As a result, our communications strategy will focus on the new fleet, and most importantly on the introduction of Moana Premium class, which will be integrated into our interline agreements during the year. We will also be intensifying communication about our alliances with the promotion of our partnerships and implementation of new codeshares.

The immersive aspect of the new Air Tahiti Nui brand image will be completed with new uniforms for cabin crews and sales staff.

In the background, Air Tahiti Nui's digital transformation will also pursue its progress for the benefit of our customers, partners and employees. A unified management solution for customer relations will therefore be implemented covering all Air Tahiti Nui markets. The CRM tool deployed at the end of 2018 will allow us to learn more about our clients' expectations and answer their needs in an appropriate and personalized way.

Our company websites will continue to improve in order to offer new services in just a few clicks, such as real time access to the lowest fares or payment in several installments. A mobile application will also be launched to accompany Air Tahiti Nui clients throughout their trip, enabling them to personalize their flight experience and receive travel information about their journey.

The company will continue to upgrade the quality of its documentation throughout the year in accordance with the Boeing transition.

Finally, in order to ensure optimal appropriation of the new company head office, a staff restaurant and multi-purpose/rest area will complete the fitting-out of the new premises.

Sales, communication, digitization, environment and the improvement of work processes, it is on these different aspects that we will concentrate our full effort, to ensure the resilience of our unit revenue through a targeted sales strategy.

We look forward to welcoming you aboard our flights soon.

By your side, the journey continues.



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