



**Annual
Report
2019**



AIR TAHITI NUI



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Editorial

Dear readers, in order to make it easier for you to read all of our company indicators this year, we have chosen to group them together in a single publication:

- Results of our activity
- Our financial data
- Our extra-financial performance and in particular CSR, which had until now been in the form of a separate biennial publication (with no change in regard to the compliance to the GRI G4 referential, situated on page 62 of this document).

Following the publication of the first two sustainable development reports of 2016 and 2018 which contributed to vulgarizing CSR in Polynesia, social responsibility policy of desired goals and those undertaken by our company can be read this year as a background to this consolidated report, thanks to indicators and key figures related to the 4 focus areas and 10 progress commitments that define it (ISO 26 000 standard):

FOCUS AREA 1:

Maintain responsible operations of our flights

- #1: Guarantee flight safety by complying with CORSIA environmental regulations
- #2: Maintain sustainable relations with our stakeholders

FOCUS AREA 2:

Reduce our environmental footprint

- #3: Reduce our emissions and participate in the fight against climate change
- #4: Mitigate the impact of our activity on the ground
- #5: Contribute to the preservation and biodiversity of Tahiti as a tourist destination

FOCUS AREA 3:

Be a responsible employer

- #6: Share a common vision and maintain trust-based relations
- #7: Ensure health, safety and well-being at work
- #8: Develop skills and support employee personal development

FOCUS AREA 4:

Accompany the development of French Polynesia

- #9: Integrate sustainable development into our activity and business culture
- #10: Support and promote social and economic development projects in the country

Air Tahiti Nui is one of the first Polynesian companies to have voluntarily reported its societal commitment to its stakeholders, with the intention of inciting more local businesses to commit to this virtuous cycle. As a local airline, it is a historical partner in the country's development; a role that it continues to uphold with conviction through, amongst other things, medical evacuations and transfers within the territory.

Its CSR policy, which has become a reference in Polynesia, was consolidated in 2019 thanks to the support given to a number of local events and the ongoing internal functioning of various committees that provide cross-functional support for the approach related to ethics, health and the environment (CSR Collective and Carbon Committee). ATN's pragmatic and sustainable environmental approach even took on an international dimension during the course of the year with the new CORSIA regulations.

Nevertheless, these fundamentals take on a different dimension in the light of the exceptional context in which we are finalizing this annual report.

In 2019 there was no shortage of structuring events for the years to come; we intend to demonstrate at the end of this unprecedented crisis that we have been experiencing since March 2020 that our choices have been relevant to ensuring the sustainability of Air Tahiti Nui.

With the progressive integration of our entire Boeing fleet, this transitional year has definitively marked a turning point in the modernization of our airline's equipment. It also saw the unfolding of the new Air Tahiti Nui product. This quality product is a subtle blend of Polynesian warmth and authenticity mixed with the delicacy and charm inspired by our islands.

Throughout the year, a number of awards also supported our choices and our service orientations prioritizing excellence, quality and safety. Among them, was the title of "Best Airline in the South Pacific" for the second year running, and a ranking as "Five Star Major Airline" in the prestigious APEX Official Airline Ratings.

It was with great pride that we wholeheartedly rose to the challenge when we accepted our aircraft manufacturer's request to make our Tahitian Dreamliner the star of the International Paris Air and Space Show at Le Bourget in June. The international media exposure has undoubtedly supported our company's reputation and our new fleet across different markets; a reputation which was also confirmed through active regional campaigns and the optimization of our presence on the web.

The work carried out by teams over the year also focused on the digitization of processes and tools, continuing to improve both client and employee experience whilst ensuring the security of infrastructures.

Safety, at the heart of our business, was also reinforced through the strengthening of the risk management strategy within our organization. The initiative was rewarded for these efforts, notably in June, on the occasion of the 7th renewal of IOSA certification with a compliance rate of nearly 98% obtained.

Without present visibility concerning the restarting of our flights and our schedule of activity for the months to come, our staff all remain mobilized and are maintaining a consented collective effort to safeguard our wonderful company. This is where the strength and the very essence of Air Tahiti Nui lie: its united humanity in the face of adversity.

We sincerely hope that you will soon have the pleasure of (re)discovering our uniqueness.

In the meantime, I hope you enjoy reading this report.

We look forward to welcoming you on our lines soon,

Michel MONVOISIN

Chairman of the Board of Directors and Chief Executive Officer, Air Tahiti Nui



Key figures & highlights

176
MILLION XPF
NET INCOME
(APPROX. 1.5 MILLION EUROS)

755
EMPLOYEES
ON 31ST DECEMBER 2019
(OF WHICH 383 FLIGHT CREW)
-3.2% FROM 2018

434 280
PASSENGERS
TRANSPORTED
-7.9% FROM 2018

72%
OCCUPANCY
RATE
-2% FROM 2018

2.1
BILLION XPF
OF OPERATING
CASH FLOW
(APPROX. 18 MILLION EUROS)

154 086
CLUB TIARE
MEMBERS
+7.5% FROM 2018

31.9
BILLION XPF
IN SALES REVENUE
(APPROX. 268 MILLION EUROS)

16 317
FLIGHT HOURS
FOR 1 480 COMMERCIAL FLIGHTS

17TH JAN.

Reception of the second B787-9 in the new Boeing fleet, the Tupaia (F-ONUJ)

14TH FEB.

Launch of the new application *Air Tahiti Nui Entertainment travel*

26TH MAR.

Discovery flight THT787 CDG-CDG aboard the Fakarava (F-OMUA)

20TH MAY

Reception ceremony of the 3rd B787-9, the Bora Bora (F-OVAA) in Seattle

12TH JUNE

Launch of the Customer Relationship Management tool "Hoani" implemented end of 2018

17TH & 18TH JUNE

The Tahitian Dreamliner, star of *Le Bourget* for the 53rd *Salon International de l'Aéronautique et de l'Espace*

10TH AUG.

Arrival of the fourth and final B787-9 of the new fleet, the Tetiaroa (F-OTOA)

24TH SEPT.

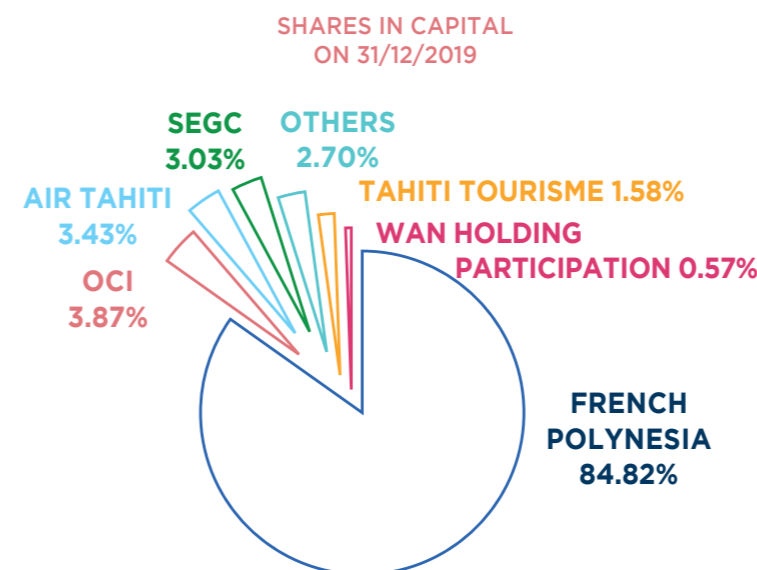
Farewell ceremony for the airline's Airbus with the departure of the Rangiroa (F-OSEA) and the Mangareva (F-OJGF), the last A340-300 to leave the Air Tahiti Nui fleet.

Legal status & capital

DISTRIBUTION OF CAPITAL

In September 2001, Air Tahiti Nui's legal status evolved from Public Limited Company to Local Mixed Economy Company (SAEML) 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 2019:



MEMBERS OF THE BOARD

As a local mixed economy company, Air Tahiti Nui has a **board of directors composed of 15 members**, distributed on 31st December 2019 as follows:

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 ROHRITSCH**, Vice-president, 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 SAEML 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'Etudes 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 (OCI)*;

- **Mr. James ESTALL**, Representative of *Air Tahiti* (replacing Mr. Joël Allain since November 2019);

- **Mr. Richard BAILEY**, Representative of *Tahiti Beachcomber Plc.*

STATUTORY AUDITOR

The statutory auditor for Air Tahiti Nui is SCP GOSSE-PARION-CHANGUES-MENARD-ALBERT, represented by **Mr. Christophe PARION** and the SARL (Limited Liability Company) KPMG represented by **Mr. Jean-Louis PELLOUX**.

Human Resources

COMPANY ORGANIZATION

EXECUTIVE VP COMMERCIAL, MARKETING & ALLIANCES
Christopher KORENKE

GENERAL MANAGEMENT

Michel MONVOISIN
Chairman Chief Executive Officer

Mathieu BECHONNET
Chief Operating Officer

SUPPORT MANAGEMENT

EXECUTIVE VP OPERATIONS
Raymond TOPIN - Accountable Manager

REGIONS

Director Americas
Nicholas PANZA

Director France Europe
Jean-Marc HASTINGS

Director Asia
Atsushi CHINO

Director Pacific
Daniel Eggenberger
(since November)

Market Manager Brazil
Thomas REBERGUE

Market Manager Polynesia
Béatrice BERNUT

Director of Sales & Business Development
Lolita LUTH WONG-YEN

Director of Revenue Management, Pricing, Interline & Scheduling
Raimana CHAMPS

Director of Direct Customer Services
Vaitea KOHLER

Director of Loyalty, Digital, Product & Communication
Torea COLAS

Director of Commercial Tools & Processes
Mihimana DAVID

Director of Administration & Finance
Pierre CHAMPION

Director of Human Resources & Legal Affairs
Julien FINCK

Director of Administration & Organization
Heifara MORIENNE

Director of information Systems
Laurent HUSSON

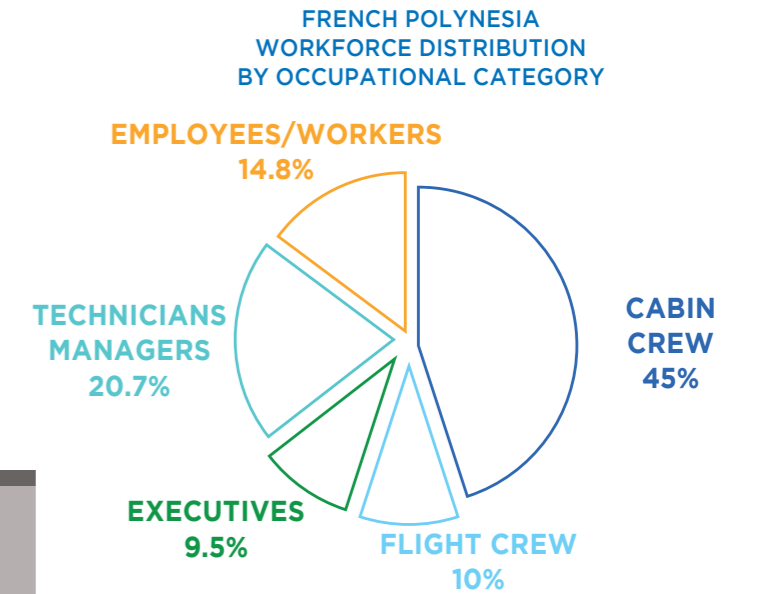
Director of Management Systems
Gilles BERNEDE

Director of Ground Operations, Stations & Freight
Céline CLAEYS

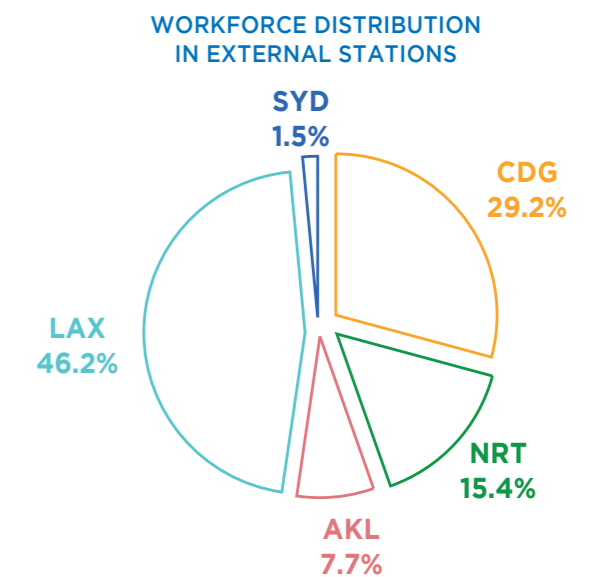
Technical Director
Yannick MERMET

Director of Air Operations
Stanley DESCAMPS

Commercial crew Manager
Éric DELCUVELLERIE



SOURCE: Social Audit 2019 ATN



SOURCE: DHR ATN

© Moana, Louis and ATN-Benjamin Lai, Ah-Che & Lorry-Chongque

755
EMPLOYEES
ON 31ST DECEMBER 2019

DISTRIBUTION OF HUMAN RESOURCES

On 31st December 2019, the Company workforce consisted of 755 employees (compared to 780 on 31st December 2018) divided into Tahiti ground personnel (312), flight crew (383; of which 310 cabin crew and 73 technical crew), and agents of overseas offices and stations (60).

Distribution of Air Tahiti Nui workforce by gender

Workforce	2017	Distribution 2017	2018	Distribution 2018	2019	Distribution 2019
Men	382	48.4 %	372	47.7 %	357	47.3 %
Women	408	51.6 %	408	52.3 %	398	52.7 %
Total	790	100 %	780	100 %	755	100 %

SOURCE: SOCIAL AUDITS ATN



Parity

With 52.7% of female employees, the number of women working for Air Tahiti Nui has once again increased over the year. In particular, there has been an increase in their representation on the executive committee and in management (from 41% in 2018 to 47% in 2019) following the reorganization of the sales department.

Diversity

Since December 2018, the company has also been contracting the services of a registered freelance disabled worker (THI), a collaboration that enables it to fulfil its obligations regarding disabled employees.

REORGANIZATION OF SALES

In response to the redefined competitive context in 2018 with the arrival of two new air operators in Polynesia, the sales, marketing and alliances department was reorganized on 1st July with the aim of providing the necessary means and resources to build on our strengths and in particular, assert our qualities and Polynesian identity to reinforce our market position.

Three new departments were created. The *Sales and Business Development* department leads, accompanies and contributes to the development and implementation of action plans in the regions, with whom it works closely, in order to maximize revenue with the best possible cost-effectiveness.

The *Commercial Tools & Processes* department ensures that Air Tahiti Nui and its frontline employees have the best tools, processes, procedures and policies available to them to generate budgeted revenue and serve clients in a consistent manner across all points of contact throughout the world and on ATN.com.

The overall management of our direct sales outlets in Polynesia was attached to the *Direct Customer Services* department with a strong functional link to the airport branches, the sales branch in Papeete and the call centres worldwide, as well as the customer services department.

The former marketing and communication department was renamed the *Loyalty, Digital, Product and Communication* department. It widened its scope to include customer loyalty management and the ground and flight product which coordinates the work of product committees across the board.

Finally, the former RMPPA Dpt. was renamed *Revenue Management, Pricing, Interline & Scheduling* department.

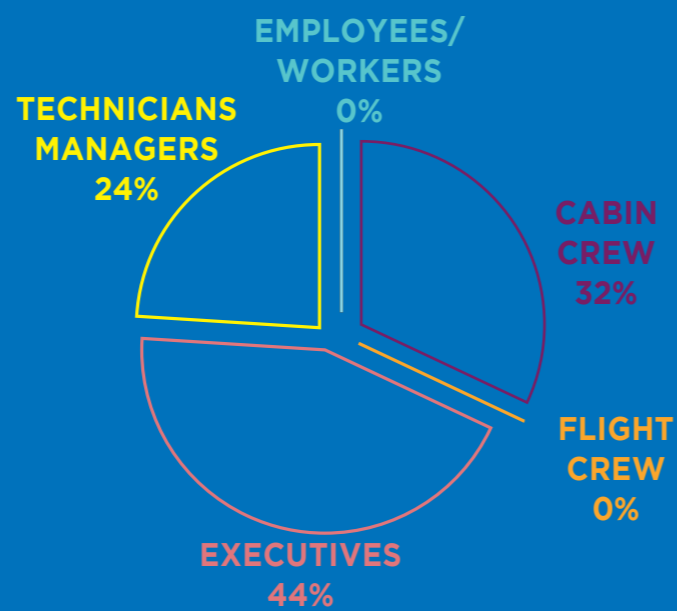


EVOLUTION OF WORKFORCE

2019 saw a decrease in workforce with 46 departures for 26 hired during the year company-wide (of which 9 were permanent contracts) in operations, sales and support functions.

17 temporary contract employees joined Air Tahiti Nui to reinforce sales teams and cabin crew during the high season only. The majority of employees recruited on fixed-term contracts were hired to continue the company's projects (digitization, CRM development, etc.)

NUMBER OF STAFF HIRED IN 2019 BY OCCUPATIONAL CATEGORY (PERMANENT & TEMPORARY CONTRACTS)



INDICATORS FOR POLYNESIA

EMPLOYMENT CONTRACTS:

46
DEPARTURES
(OF WHICH 5 RESIGNATIONS)

678
EMPLOYEES ON PERMANENT
CONTRACTS

17
EMPLOYEES ON TEMPORARY
CONTRACTS

156
EMPLOYEES PROMOTED

ABSENTEEISM:

33
WORKPLACE ACCIDENTS
(20 OF WHICH RESULTED IN MEDICAL LEAVE)

1105
DAYS OF MATERNITY LEAVE

TOTAL PAYROLL

Total payroll amounts to 7.263 billion XPF (of which 1.7 billion in employer's contributions) and an additional profit sharing of 14 million XPF.

PROFESSIONAL TRAINING

The HR Department continued training programs during 2019. 738 personnel were trained in administrative matters (professional efficiency and well-being, IT and administration, sales/ customer service, languages, management and health and safety), particularly in gestures and postures at work and harassment prevention (see CSR focus, pages 12 & 13) for a budget of 21 million XPF (compared to 23 MXPF in 2018, representing a decrease of 10%). 89 million XPF was also allocated to regulatory training of crews due to the Boeing transition which will be completed at the beginning of 2020.

In addition, IT Resources were devoted, in June, to the launch of the new online company training tool (see p.21). The development of the HRIS (human resources management information system) also made it possible, in addition to the dematerialization of leave requests and annual evaluation interviews, to reference all training programs, manage deadlines and for employees to be able to monitor their progress online (registration for new programs via the HRIS).





CSR FOCUS AREA 3

Commitment #6

Since 2016, in order to work alongside the deployment of the CSR approach and regulate how it is governed, the CSR has been leading an ethics committee chaired by the company CEO and comprising of eight permanent members.

ATN's values which were collectively defined by the executive committee, constitute the referential framework for Air Tahiti Nui's ethical approach, which was completed in 2017 with the drafting of a managers' charter signed by 70 senior managers.

In 2019 the committee strived towards strengthening the company's ethical culture and formalized a global charter (due to be distributed in 2020) to serve as a guide to reflection and ethical arbitration as well as a support material for raising awareness among company stakeholders. Furthermore, an awareness campaign for around thirty financial directorate employees was also held to guard against the risk of "Fake President Fraud" and a new session of harassment prevention training was held during the year for 59 executive managers. This training will continue throughout 2020.



AMOUNT ALLOCATED TO SPORTS AND NUTRITION AWARENESS ACTIVITIES (JOINTLY FINANCED WITH THE WORKS COUNCIL)

2018 : **4.6** MILLION XPF
2019 : **4.6** MILLION XPF



EVOLUTION OF WORKPLACE ACCIDENTS RESULTING IN MEDICAL LEAVE [G4-LA6]

2018 : **16** 2019 : **20**



Commitment #7

The human resources department is implementing an action plan which aims to limit the risk level of workplace accidents for employees.

In 2019 the number of musculoskeletal disorders among cabin crew rose compared to 2018, mainly due to the change in work environment (new Boeing cabin). A specific 'gestures and postures' training session involving 83 cabin crew was held again and rolled out more widely to address the issue.

To support the relocation of staff to the new company head office, the HR department also organized exercises and fire evacuation drills as well as refresher courses for guide and queuing training.

In line with its ongoing commitment to the 'company actively engaged in employee health' charter supported by the public health department, Air Tahiti Nui has continued initiatives undertaken in 2015 to promote healthy eating and regular exercise among staff.

Since the move into the new head office, which grouped together 77% of ground staff, the company has provided relaxation and refreshment areas on every floor, and notably a multi-purpose room designed for group lessons in dance, yoga, gentle exercise, etc., during lunch breaks.

The health committee, comprising of around ten volunteers, is responsible for leading this initiative and has also set up this year:

- a support program with a dietician for overweight employees;
- conferences, sports days and challenges, in addition to the activities promoted by the company's eight sports sections.



Commitment #8

As a service company, Air Tahiti Nui devotes a considerable annual budget to training its personnel: 0.91% of the workforce in Polynesia in 2019, excluding Boeing participation (-0.06 pts compared to 2018) [G4-10].

Participative innovation at Air Tahiti Nui

With such a diverse range of skills, inclinations and profiles at its fingertips, the company has also decided to form an idea management facility with the aim of collecting and implementing ideas, seen as suggestions for company improvement. As key ambassadors for our company, who better to suggest improvements than our own employees.

Initially launched during 2018 with simple 'idea notes', the concept was consolidated and relaunched early August in the form of a participative innovation challenge. The ideas put forward for the challenge must contribute to the strategic focus areas of the company, which are the following:

- Focusing our efforts on customer satisfaction;
- Lowering our operating costs;
- Optimizing our resources;
- Developing efficiency.

The internal Idea Committee studies the ideas suggested before arbitration by the executive committee. The Idea Committee's five representatives change with every new campaign, thus promoting a virtuous circle of valuing goodwill and diverse qualities within the company. The first challenge of the year registered 32 participations and four of the five top ideas voted for by the employees were validated and awarded by the executive committee.

They focused on developing the sale of TN articles, proposing a new ancillary service, creating new partnerships for the benefit of our clients and reducing the number of paper magazines aboard our aircraft.

Bulle d'Air

The air-conditioned company restaurant, with a seating capacity of 150 located on the ground floor of the Tua Rata building, opened its doors at the end of March. After a call for tenders, the chosen service provider had to adapt to precise specifications, responding in particular to CSR criteria focusing on raising awareness of a healthy and balanced diet.

"Bulle d'Air" (in English, the Air Bubble) offers two à la carte meal options (breakfast and lunch) as well as a self-service salad bar and a few entirely vegetarian dishes, all made from local, seasonal produce.

In line with the company's responsible employer initiative, waste sorting is standard practice in the restaurant. The service provider also allows the building's employees to bring their own container for take-away snacks and drinks. And to mitigate the use of disposable tableware, the restaurant lends out its own for a deposit of 500 XPF.

To avoid food waste, unsold items are also offered at a reduced price to employees every day before closing.





Governance, compliance and risk management

The organization's continuous improvement process covers all of the company's operational and legislative compliance risks. Since September 2017, a compliance and risks committee has internally grouped together the 3 pillars of Air Tahiti Nui's risk management which are the Management Systems Directorate, Internal Control and Information Systems Security. The decision to amalgamate them was due to their common interests, in particular: risk control in different domains (MSD: security of flights; ICS: financial security; ISS: security of information systems) and the potential consequences if these risks go uncontrolled (air crash, operational accidents, financial losses, impact on company image and reputation, legal impact, etc.). Reinforcing internal risk management culture has been a major challenge over the past year.

MANAGEMENT SYSTEMS DIRECTORATE (MSD)

The management system is a structured organization for managing security, uniting sectors including inflight and ground operations, maintenance, flight safety, security operations and Approved Training Organisation (ATO).

Reporting to the responsible manager of the company, the MSD has four divisions:

- **Security:** intended to establish the company's security programs in all countries served by the airline in accordance with the applicable regulations and directives, and to carry out security training for all personnel;
- **Emergency Response Plan (ERP):** whose mission is to establish an emergency plan in case of a company air disaster, allowing for a centralized, controlled and coordinated response to emergencies;
- **Safety:** aimed at identifying and analyzing the risks related to all areas of operations and implement appropriate corrective and preventive measures;



- **Compliance monitoring:** which must guarantee compliance with the applicable regulatory requirements in addition to any other further requirements.

The supervisory authorities (Directorate General of Civil Aviation (DGAC) State Civil Aviation Service (SEAC) and the Civil Aviation Safety Authority (OSAC) ensure through audits that Air Tahiti Nui complies with EASA (European Aviation Safety Agency) regulations.

Evolution of ATN management system performance from 2017 to 2019 (DGAC/SEAC)

2017 Rating	2019 Rating	Evolution	Criteria
B	A	✓	Safety culture
E	A	✓	Risk analysis
C	B	✓	SGS steering
E	A	✓	Implementation of corrective measures
D	A	✓	Continuous improvement and change management
B	A	✓	Interface management
B	A	✓	Documentation
C	A	✓	Training and communication
C	D	⚠	Compliance rate (numerous discrepancies following the Boeing integration, new processes (ETOPS*) control of SOP (Standard Operating Procedures))
D	A	✓	Capacity to obtain compliance

* Extended-range Twin-engine Operational Performance



CSR FOCUS AREA 1 Commitment #1

In October 2016, the plenary assembly of the International Civil Aviation Organization (ICAO) confirmed the global objective for carbon neutral growth from 2020 and in order to do so, the introduction of a global measure to compensate for CO₂ emissions above 2020 levels. This scheme is named CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation).

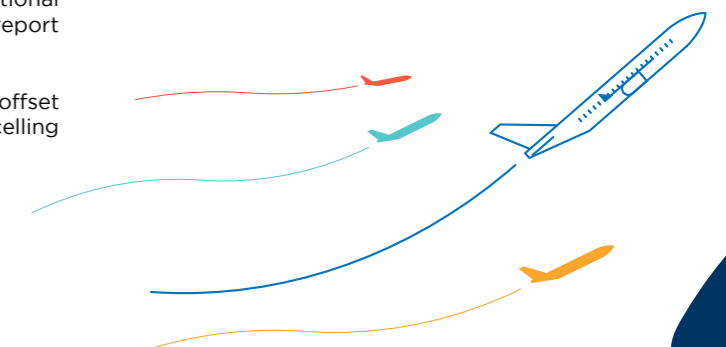


Since 1st January 2019, all ICAO aircraft operator members emitting over 10 000 tons of CO₂ on their international flights must collect their CO₂ emissions data and report them to the relevant authority.

From 2021, operators concerned will be required to offset a part of the CO₂ emissions by purchasing and cancelling emission units.

One of the issues of the year for Air Tahiti Nui was to comply with the requirements of this new regulation which fully implicates airline industry operators (whose CO₂ emissions represent 2.4% of global emissions) in the fight against global warming.

The airline's Emissions Monitoring Plan (EMP) was approved by the DGAC during the year. In accordance with this program, the company has committed to monitoring and reporting its annual emissions for the financial years 2019 and 2020. Based on these declarations, it may be subject to the obligation to offset its emissions (by purchasing credits generated by "low carbon" environmental projects).



INTERNAL CONTROL SYSTEM (ICS)

Internal control is as much aimed at continual improvement as the quality of company organization through the optimization of operational processes.

Attached to the Directorate General, this department's main functions are the following:

- To develop the internal control system, promote and monitor its implementation;
- To ensure the efficiency of the risk management and internal control systems by performing audits.

Since 2016, an internal control committee has ensured the consistency and efficiency of the company's internal control, the correct organization and completion of the permanent control of activities as well as the effectiveness of monitoring and risk control systems. The internal control committee meets regularly to review the audit reports, approve recommendations and ensure their implementation.

Internal audits allow for an assessment of the level of risks incurred, and check for compliance with procedures, as well as the efficacy and appropriateness of the systems in place. The internal auditor also verifies that company operations and internal procedures comply with legal and regulatory requirements in force and with professional standards and practices. It measures the adequacy as well as the effectiveness of risk assessment and management procedures and provides recommendations to improve, strengthen, secure and organize departments according to the risks to which they are exposed.

The recommendations provided in the reports, along with deadlines and level of risk, are validated when the control committee meets and become enforceable thereafter. The audited directorates are responsible for their implementation. These elements are registered by the internal audit department who periodically monitors and sends reminders to the departments concerned.

INFORMATION SYSTEMS SECURITY (ISS)

IT and communication systems are vital for the smooth running of Air Tahiti Nui's daily operations. The company uses hundreds of applications on a day-to-day basis, and the information they contain is increasingly under threat.

Cybercrime risk

As a responsible business, Air Tahiti Nui must protect the personal data of its clients, whether it includes credit card numbers or individual-related data. Strategic value data must also be protected. This informational heritage, which is, to a certain extent, the company's memory and anticipatory capacity, also needs to be safeguarded against any alteration or misappropriation by cybercriminals.

The risk of an IT system defect crucial to the continuity of operations



Information technology has become essential to the success of our activities and we are dependent on its proper functioning. A malfunction could lead to a flight delay and dissatisfied clients. The continuity of information systems operations must be ensured.



The risk of non-compliance and security breach

Airline authorities strongly recommend that airlines should take measures to secure all information systems. The arrival of new generation aircraft which are hyper-connected to their information systems has reinforced these requirements. Furthermore, the application of the General Data Protection Regulation (GDPR) and new guidelines such as the NIS directive (Network and Information System Security) have also imposed new provisions that Air Tahiti Nui must comply with.

In order to confront these risks and control them, four years ago the company initiated an approach to secure its information system through an action plan consisting of four interrelated focus areas: IS security governance, IS security audits, project security and raising employee awareness.

OBJECTIVES AND KEY ISS ACHIEVEMENTS OVER THE YEAR

	2019 Objectives	Key achievements of 2019
FOCUS 1 GOVERNANCE OF IS SECURITY 	<ul style="list-style-type: none"> • Update information system security policy (ISSP) and risk mapping • Set up permanent controls related to specific security measures 	<ul style="list-style-type: none"> • Develop a map of airmiles fraud risk and implement countermeasures • Implementation of security checklists and a weekly monitoring table • Continue efforts for compliance with General Data Protection Regulation (GDPR)
FOCUS 2 INFORMATION SYSTEM SECURITY AUDIT 	<ul style="list-style-type: none"> • Audit airtahitiniui.com web site • Audit mobile application 	<ul style="list-style-type: none"> • Full audit of web site by a business specialized in intrusion testing • Implement in-depth security testing throughout the development phase of the mobile application

	2019 Objectives	Key achievements of 2019
FOCUS 3 INFORMATION SECURITY IN PROJECTS 	<ul style="list-style-type: none"> • Integrate recommendations into all security-sensitive projects • Change methods of development and start production of applications to integrate security 	<ul style="list-style-type: none"> • Implication of the ISSM in all projects identified as having security-sensitive issues • Drafting of risk analyses and definition of countermeasures • Separation of development and production environments and usage of containerization technologies
FOCUS 4 RAISE EMPLOYEE AWARENESS 	<ul style="list-style-type: none"> • Create new awareness-raising materials • Raise awareness about good practice for password creation • Continue face-to-face outreach for awareness 	<ul style="list-style-type: none"> • Creation of an awareness-raising e-learning program in French and English composed of 7 modules; mandatory training should be completed before June 30th, 2020 • Awareness session regarding fake president scams, in particular for all Financial Directorate employees • E-learning module in English about the "Fake CEO" issue for overseas stations • Training in secure programming practice for all developers



Digitization:

a common improvement strategy for client and employee experience

A better way to improve the quality of life for employees and optimize client experience is through a common strategy. The company chose this method for its strategic approach between 2014 and 2019, to formalize an information system action plan and develop a certain number of collaborative tools, internal processes, new platforms and software in order to optimize working methods and, in short, to improve both the external and internal user experience.

CLIENT EXPERIENCE, OUR TOP PRIORITY

It is already well documented that digitization has a positive effect on the client. However, above and beyond the development of connectivity, the key aspects of the client's decision lie in speed of service, ease of access to information, trust in the brand and in the people they meet along the way, as well as another major element which is transparency.

Customer Relationship Management (CRM)

At the heart of the close interaction between client and employee experience which is equally favorable for both, the CRM solution based on Salesforce technology (a market-leading publisher) implemented at the end of 2018 and launched during the year, has made it possible to improve the management of professional client relations and interactions (with tour operators, travel agents etc.) and end clients (travelers and individual clients). The solution named "Hoani" by the Air Tahiti Nui teams (Clientele in Tahitian) is automatically updated with all the vital information for the preparation and fulfillment of our clients' travel arrangements, and encourages smooth, efficient and personal interactions in accordance with each passenger profile. Thus, thanks to a 360° all round vision of client requirements and information, this system allows us to provide a top quality, fast experience tailored to each client on an individual basis.

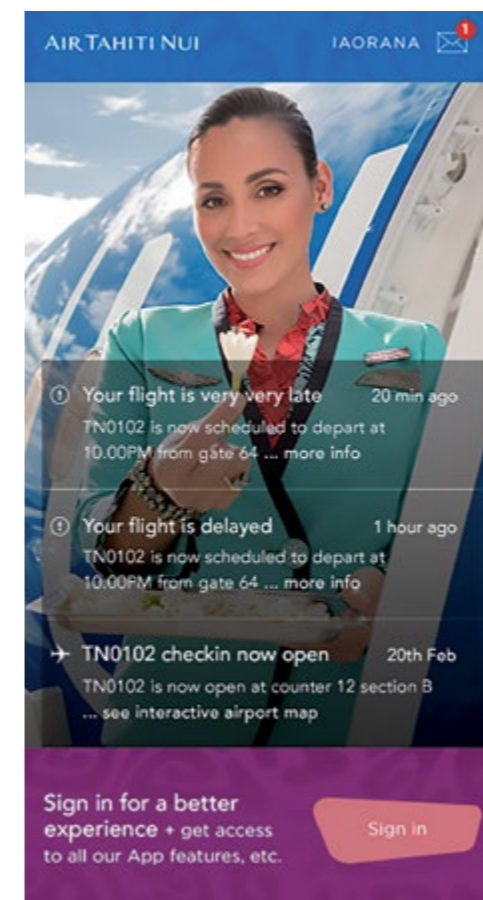
Furthermore, it enables agents to benefit from a unique data base which is shared between all regions: In Polynesia since June, Los Angeles in mid-September and in the French market since the beginning of November; deployment in New Zealand and Japan will take place at the beginning of 2020.

Alongside the implementation of Salesforce, a nested Marketing Cloud platform was developed in order to centrally manage marketing campaigns and offer a Journey Builder.

Thanks to the ability to synchronize all the data indexed in the Hoani CRM, the correct message will be automatically addressed at the right time via the correct channel of communication (social media, email, text, newsletter, push notification thanks to a mobile app...) enabling clearer communication with our clients and in 2020 to offer them an increasingly customized experience throughout their journey.

Air Tahiti Nui Entertainment, the companion app created by Panasonic

In order to offer the best of technology and an even more immersive experience aboard the Tahitian Dreamliner, the very first ATN companion app named "Air Tahiti Nui Entertainment" has been created by Panasonic. Available since the end of January 2019 in both English and French on Apple Store and Google Play, it allows passengers to create their own program of entertainment before departure via a personal space by entering the flight number. With a view to improving the in-flight entertainment experience of our passengers, the interface was designed to be used like a remote control to manage the screen and access flight information during the entire journey. Both practical and intuitive, when it was launched there was much talk about it in the specialized press.



Air Tahiti Nui mobile app

This future mobile app (developed for Apple IOS and Android), created this year by a multidisciplinary working group for all Air Tahiti Nui customers is an essential asset for airlines to attract customers. Once it goes online during the course of 2020, it will become a real travel assistant for our French and English-speaking clients enabling them to customize their experience with Air Tahiti Nui. In addition to the key functions which have become standard in the airline sector (ticket reservation, and additional services, online check-in, etc.), it will also offer our passengers quick and simple access to information as well as their Tiare loyalty account and air miles. The mobile app will also have a notifications system allowing travelers and their families to receive clear information about our flights and services in real time.

To tatou manureva / www.airtahitiniui.com



QUALITY EMPLOYEE EXPERIENCE: A STRONG BASE FOR SUCCESSFUL CUSTOMER EXPERIENCE

All these new-generation strategies and technological tools will be in vain if company employees have not also been placed at the heart of discussions and considerations before their implementation. The customer experience will be coherent and successful if the needs of professional users, in particular those who are implementing the strategies on the ground, are taken into consideration. This is Air Tahiti Nui's role: to provide its employees with a high-performance work environment with the aim of unifying and gathering a multitude of software and applications using a minimum of tools to produce a more efficient management of information.

Digitization of internal processes

Air Tahiti Nui has thus this year pursued its program to digitize internal processes in order to simplify and improve the flow of its teams at work. In this way the management of commercial gestures or expense accounts has notably been digitized. This has resulted in productivity gains and has made information more accessible and simpler to use for its agents, whether they are situated in head office or regional areas.

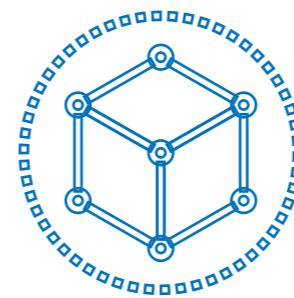


Limeflight: digitization of catering management

The management and implementation of materials and consumables in our aircraft cabins contribute directly to the quality of the service offered to our customers. This is why, in partnership with a software company, Air Tahiti Nui has designed and developed a digital solution destined to improve the setting up and distribution of loading plans according to the requirements of each flight.

A mobile app has also been created for flight attendants so they can quickly locate articles that have been loaded on board.

Information exchange between ourselves and our catering colleagues has also been digitized to facilitate and increase reliability of the preparation of meal trays at our various ports of call.



Collaborative tools

In 2019 the IDS finished a project to modernize and harmonize tools for collaborative work and messaging for Air Tahiti Nui agents. Thanks to new software solutions Exchange cloud and Microsoft 365 available in the cloud, the users at head office and from all other regions will from now on benefit from better performing digital tools, which facilitates the sharing of information, communication and collaboration from a distance, from a fixed workplace or for those travelling.



© Aturona Huck

Securing infrastructures



Following the move of the company to its new head office, the IDS completed several projects with the aim of securing its new technical infrastructure.

Thus, the creation of a terrestrial wireless network enabled secure links between the Tua Rata building and the technical teams in place at the airport in order to manage the departures and arrivals as well as maintenance of aircraft.

In addition to this, a secondary IT room has been installed in the town center to guarantee functional continuity of equipment in the event of the main IT room being unavailable.

Tāmau

During the month of June, the company began producing its new e-learning tool which made it possible to reference the provision and monitoring of professional training within the company and also to manage deadlines. More interactive, intuitive and versatile to use than the

previously available tools, above all it offers the opportunity for all our mobile staff to distance learn easily. This platform called "Tāmau" ("to learn" in Tahitian), in conjunction with the HRIS presents several advantages for co-workers and in-house trainers but also for managers ensuring the monitoring of training and results (monitoring of training by team and publishing of precise monitoring tables by co-workers for managers), which allows interaction with trainers and other platform users making the platform accessible offline and on mobile devices.

Cornerstone or (CSOD), the cloud solutions provider for learning and talent managing was chosen to configure and install the software





ATN'S active role in development of French Polynesia

Air Tahiti Nui was the second largest employer in Polynesia in 2019 and has been a historical partner in the country's development since its creation. Spearheading its principal economy, the airline with the Tiare flower distinguished itself this year despite a new competitive context that has totally reshaped the face of the transport network to the Islands of Tahiti.

With 20 years of experience of service to Polynesians, Air Tahiti Nui was able to take advantage of its change of fleet to redesign the contours of a product and service of excellence that constitutes its international reputation. The integral renewal of its aircraft is also a perfect illustration of the role that the company plays in sustainable development.

Customer satisfaction remains at the forefront of Air Tahiti Nui's concerns, demonstrated not only through an international award-winning onboard service, but also a multitude of new services; making it possible to offer a global and immersive experience from departure to arrival, consistent with the values and ethos of Air Tahiti Nui.

ACTIVE ROLE IN LOCAL DEVELOPMENT

As a leader in tourist and freight transport to Polynesia, Air Tahiti Nui actively participates in local economic activity and has contributed over the year to the following in particular:

- 755 direct jobs, 92% of which are based in Tahiti and 78% of senior executives are locals –Executive/Management Committees [G4-EC6] (from 75% in 2018), in addition to the capital for salaries and social charges paid to Social Security;
- Training for local youth with internships for 92 students (compared to 75 in 2018);
- The promotion of Polynesian talents with the "Ambassadors" program;



CSR FOCUS AREA 4 Commitment #10

- The promotion of Polynesian culture and landscapes through support provided to international audio-visual productions, which enabled the production of 12 documentaries and 2 TV and film dramas;
- The promotion of the destination with Tahiti Tourisme playing an active and historic role of Tahiti Tourisme (trade fairs such as IFTM Top Resa, ITB Berlin, ParauParau Tahiti...);
- Local economy with 21% of expenditure on local suppliers and service providers (compared to 23% in 2018); an involvement that is also reflected in the significant contribution to the country's dividends and taxes;
- Financial support of 16.8 million XPF towards social and charitable initiatives (eg: La Ligue Contre Le Cancer [Cancer Support], SOS Suicide, Telethon, la Saga Tahiti), compared to 18.7 million in 2018.

* ParauParau Tahiti is the 1st international tourism fair for the islands of Tahiti. It has replaced numerous workshops and Travel Marts organised by Tahiti Tourisme each year, in order to bring together tour operators from high potential international markets and local tourism professionals in Tahiti on one occasion for the year 2019. This event is the opportunity for a wider range of local partners to facilitate meeting with international professionals.



CSR FOCUS AREA 4 Commitment #9

A key societal role

In partnership with numerous heavily involved local organizations, Air Tahiti Nui and its staff have actively contributed to various initiatives promoting CSR and/or supporting charitable projects for vulnerable individuals.

Company flagship initiatives in 2019 include:

- Occupational integration initiatives (Job academy) and/or school dropout prevention (sponsor of the "TEKNIK" competition for sixty students from Aorai high school who invented and presented prototypes for eco-responsible transport) in partnership with the Face Polynesia3 association;
 - Events to inspire and share good CSR and sustainable development practices (Tahiti Women's Forum, "Polynesian Forum for Mobility", TEDx Papeete, "The Food and innovation Village");
 - Collective solidarity initiatives with the distribution of meals to homeless people in Papeete with the Order of Malta Polynesia, mobilization for "Pink October", collection of clothes and free freight for the association A tauturu ia na i Paris supporting sick Polynesians in France, etc.);
- Air Tahiti Nui also renewed its partnership in the districts of Papeete et Punaauia with "Util'bus", a charity offering transport as a means of social inclusion for associations and inhabitants of deprived neighborhoods.

ATN, a pioneer for transporting oxygen kits and incubators aboard the Dreamliners

As a Polynesian airline assigned the task of undertaking medical evacuations for sick Polynesians since its creation, (90% of the country's MEDEVAC flights are performed by the Tiare airline), Air Tahiti Nui had to acquire new authorizations following the renewal of its fleet. The transport of newborns in incubators and passengers on stretchers requiring specific oxygenation became possible aboard Air Tahiti Nui's Tahitian Dreamliners since September 2019 and is a world-first for the American aircraft manufacturer.



At the end of the year, in continuity with its endeavour of transparency and accountability towards its stakeholders, the company published its second sustainable development report, providing an overview of Air Tahiti Nui's contribution to the Fenua and its environment over the financial years 2017-18.



Loyalty program

The Club Tiare loyalty program plays an essential role in the Polynesian economic fabric by helping to enrich the local arts scene through support for cultural and musical productions.

This involvement has also made it possible to reward members for their loyalty and to offer them greater opportunities to earn and use their airmiles. In order to do so, the Club Tiare has regularly developed new partnerships over the past several years.



154 086

MEMBERS

+7.5% COMPARED TO 2018

In 2019, 244 million miles were exchanged for services proposed by the company such as tickets, upgrades, excess baggage, etc, tickets to events and shows (Laura Laune, Very Bad Potes; concerts—Jack Johnson, Kassav; Master class—Norbert Tarayre; plays and festivals...) and in vouchers for our partners (Millésime, Beauty Success, Jeff de Bruges, Vahinerii Tea House, Fauchon, Tahiti Nui Helicopters).

On 31st December, 2019, Club Tiare had a total of 154 086 members, representing an increase of 7.5% compared to 2018.



© Presidency of French Polynesia

ACTIVE ROLE IN THE DEVELOPMENT OF POLYNESIAN TOURISM

Air Tahiti Nui remains the major transporter of tourists to French Polynesia and maintained its promotional endeavors in 2019 by investing once again close to 1 billion XPF (8.38 million euros) across the entire promotional program supporting the growth of Polynesian tourism.

Other than the roll out of new branding across all bases and markets, the completion of our fleet renewal, with its new products and above all, its new Premium Class, was celebrated all over the world, thus promoting Air Tahiti Nui and also The Islands of Tahiti.

Throughout the year, company marketing and communication efforts were supported by an inspirational promotional policy to allow a great many visitors to come and discover or rediscover our islands.

Promotional policy & presence in markets

Polynesia starts with Air Tahiti Nui...



The Tahitian Dreamliner

Since October 2018, following the completion of the transition, the airline has provided passengers with a real evolution in onboard comfort and experience, with a superior level of product and service quality, in line with global industry standards and consistent across the entire regular network.

When its fleet of Airbus A340-300 was replaced by Boeing Dreamliner 787-9, Air Tahiti Nui chose the occasion to introduce a three-class cabin configuration with a state-of-the-art onboard entertainment system, including Wi-Fi access.

THE NEW THREE-CLASS PRODUCT ABOARD THE TAHITIAN DREAMLINER COMPRISES:

- a Business-class product, **POERAVA Business**, with a horizontal sleeper-seat, 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;
- a Premium Economy product, **MOANA Premium**, tailored to provide an intermediary option between Business and Economy with a total of 32 seats in a 7 forward-facing (2-3-2) configuration;
- an Economy class product, **MOANA Economy**, with a total of 232 seats over two cabins in a 9 forward-facing (3-3-3) configuration.

Each seat is equipped with a high definition touchscreen (30 to 40 cm diagonally according to class) offering a wide range of audio-visual content: choice of films, documentaries, TV programs, music and games, etc.



Air Tahiti Nui's new Moana Premium cabin.

Papeete :
ceremonies to celebrate the company aircraft

Strengthened by the attachment of its population to *To tatou Manureva* (The people's airline in Tahitian), Air Tahiti Nui wanted to involve the people of Polynesia in the welcome of its new fleet by organising a blessing ceremony to mark the arrival of each new aircraft. The ceremonies were relayed to the population through the local and international press, in the presence of the aircraft's honorary patrons. Therefore, following the example of the Fakarava arrival ceremony, the Tupaia, the second B787-9, was welcomed on 17th January 2019 by country officials, local media and part of the airline's staff. On 20th May 2019, a presidential delegation led by President Edouard Fritch and Air Tahiti Nui's general management traveled to the Boeing Delivery Center in Everett, Washington State, to receive delivery of the third Tahitian Dreamliner 787-9, named Bora Bora, Air Tahiti Nui's first company-owned aircraft. This was also the name of the very first aircraft of the company, whose operations began on 20th November 1998. Its welcoming ceremony was postponed until 24th July since the Bora Bora had

been chosen as a demonstration model by the American aircraft manufacturer for the 53rd International Paris Air Show in Le Bourget (see below).

On 14th August the blessing ceremony was finally held for the Tetiaroa, the fourth and final B787-9 of the new fleet to arrive in Tahiti on 10th August 2019.

In the same vein, Air Tahiti Nui organised commemorative festivities paying tribute to the A340s which had seen the birth of nearly a generation of Polynesians since the company's inception.

It was with great emotion that two farewell ceremonies took place on Tuesday 24th September to say goodbye to the Rangiroa and Mangareva, the last of the company Airbus, before they were ferried to Marana in Arizona to be handed over to their next owner. Some 150 Air Tahiti Nui employees posed that morning underneath the Mangareva for a final family photo. Mid-afternoon, officials, administrators, shareholders and "twentysomethings" of the company said their farewells to the Rangiroa.



© Presidency of French Polynesia

On January 17th, 2019, the arrival of the Tupaia was celebrated on the tarmac of Tahiti Faa'a airport in the presence of Mrs. Lana Tetuanui, Senator for French Polynesia and Mr. Jacques Wong, renowned outrigger canoe and paddle maker, both honorary patrons of the aircraft. Mrs. Tehani Maueau, President of the association *la vai ma noa Bora Bora*, was chosen to be the patron of the Bora Bora and Mr. Gaston Tong Sang, Mayor of the municipality it is named after. Tumi Brando is patron of the Tetiaroa, as a tribute to her grandfather, Marlon Brando, and Mr. Philip Schyle, Mayor of Arue, the municipality that the atoll is administratively attached to. Mrs. Edna Tepava, a leading figure in local tourism and the first Polynesian Miss France in 1974 and Mr. Tehotu Lévy, nephew of Mr. Nelson Lévy, founding father of Air Tahiti Nui, are the patrons of the Fakarava, the first Boeing of the new fleet delivered in October 2018.

France :
Three major events secure Air Tahiti Nui's reputation

The F-OVAA, first company-owned aircraft and 3rd in the new fleet, was chosen by Boeing to perform demonstration flights of its Dreamliner model 787-9 at the 53rd International Paris Air Show (SIAE) in Le Bourget, making it the American aircraft manufacturer's centrepiece during the event. Two demonstration flights took place on 17th and 18th June 2019, in front of thousands of spectators and television viewers worldwide. The Polynesian tattoo livery caught the eye of numerous international media, aircraft enthusiasts, photographers and other influencers who relayed the flight of the Tahitian Dreamliner over the web.

As the only in-service commercial aircraft to be presented by Boeing, the Bora Bora was the focus of a great deal of attention: its presentation at the Le Bourget Air show 2019 generated scores of digital media spin-offs throughout the world, thus contributing to further securing Air Tahiti Nui's reputation as an ambassador for Polynesia.



© ATN-Andres Tofalo



© ATN-Andres Tofalo

NEW UNIFORMS

Air Tahiti Nui wanted to incorporate new colours and patterns into its new fleet, in the immersive spirit surrounding their whole new brand and product. It was at the International Paris Air Show that the company publicly presented its new staff uniforms.

For the design of the new outfits, Air Tahiti Nui called on two Polynesian designers. Steeve Liu, known for the brand "Steeve L", is the creator of the new shirts and blouses, and Moerani Margrin, known for the label "Moya B", created the new Purotu (slim-fitting Polynesian dress) and *Mamaruau* (loose-fitting Polynesian dress) for Air Tahiti Nui's female flight attendants and sales staff.



On Tuesday 26th March 2019, a Paris CDG-CDG loop overflying France was organised for the company's partners, distributors, suppliers, and a number of French and European media aboard the Fakarava (F-OMUA).

Over 250 guests, including Miss France and Cerise Calixte (the French voice of Moana), were able to discover the new features and the comfort of the cabins in an unforgettable 3-hour tour of France. The immersive experience aboard

our Tahitian Dreamliner enchanted the passengers and enabled Air Tahiti Nui to assert its ambitions and objectives on an international level, due to a great deal of media coverage following the discovery flight : various media titles such as *AeroWeb*, *Flight Report*, *Le Quotidien du Tourisme*, *Tour Hebdo*, *Voyages D'Affaires*, *Outremers360°*—were among the many aeronautical or tourism industry specialists who wrote beautiful articles about us in their publica-



© SIPA PRESS-Benjamin Decoin

The preparation trip for 30 participants in the Miss France election 2020 was once again organised in Tahiti this year; in 2015 Vaimiti Teiefitu had already brought the 31 candidates for the title of Miss France 2016 to our islands in preparation for the competition. Once more Air Tahiti Nui had the honour of being the official transporter of the candidates.

Upon arrival in French Polynesia on 17th November the beauty queens had to follow a busy schedule, with multiple film and photo shoots organised around the theme of ecology and sustainable development, in particular one for the prime-time slot on the national TV channel TF1 on 14th December for the election of Miss France. The regional beauty queens stayed in Tahiti and Moorea until 26th November alongside Vaimalama Chaves, the Polynesian beauty elected Miss France 2019 who declared she was "(...) very proud to introduce them to Polynesia."

Pacific—New Zealand and Australia: Renewal and increased commitment

On 1st December, to mark its presence and the importance of the Pacific region, Air Tahiti Nui set up its own sales structure with its own sales staff for the first time since the airline has been operating flights to New Zealand, as sales and marketing activities of its Pacific branch had been previously conducted by a third party (General Sales Agent). New positions were opened, and the company outsourced all calls to a call center.

In line with the same objective of serving our New Zealand customers in a more efficient manner, more accessible and convivial new premises now welcome them in Auckland city center.

These refurbished premises were accompanied by a quicker and more efficient new digital policy for the region. This resulted in a change of public relations agency for both the New Zealand and Australian markets at the beginning of the year, and in the wake of this, the creative agency was also replaced, coinciding well

with the deployment of new company branding. These transformations were carried out with remarkable efficiency, regarding both the level of quality of service and its implementation, as well as the management of costs.

Promotional activities showcasing Polynesia were also opportunities to shine the spotlight on our company due to frequent requests for partnerships; for example, in New Zealand, Air Tahiti Nui partnered with the Documentary film festival Doc Edge. As official sponsor of Nicolas Brown's film "The Serengeti Rules", concerning the fragility of the planet and its biodiversity which reflects many of the values and virtues equally shared by Air Tahiti Nui, the company invited its Gold and Silver Club Tiare members to the festival and held a prize draw for entrance tickets on social networks.

Asia:

A difficult context requiring concerted efforts from all stakeholders

Together with all the Polynesian stakeholders (transporters, hotel keepers, guest house hosts, tourist office etc.) the country led a dialogue and an action plan to boost the Asian market (mainly Japan).

Air Tahiti Nui, for its part, adapted its flight schedules and fares to Japan for the winter season 2018-2019 in order to offer its Asian clients attractive rates and package deals in an effort to attract more clientele.

Despite this, these efforts have not yet paid off due to a limited hotel number issue in Tahiti and the islands, and the purchasing behavior of Japanese customers who are inclined to book very late whereas other markets which are larger in volume, tend to do so earlier.

Polynesia also faces strong competition from other more affordable, easier to sell destinations.

United States:

Long-standing cultural partnerships

On the American market, a new General Sales Agent (GSA) was appointed to represent the company in Mexico. With a population of 125 million and a gross domestic product of 1.3 billion dollars, Mexico is the most populated Spanish-speaking country in the world. Tahiti has an excellent reputation there and Tahitian dance (Ori Tahiti) is very popular; several Mexican dance groups in particular participate in events in French Polynesia. Air Tahiti Nui was incited to further develop this market in collaboration with Aviareps by the fact that knowledge of Tahiti has grown there over the years and the reputation of our islands makes them an attractive holiday destination.

Hollywood and the film industry both continued their love story with Air Tahiti Nui: for the 15th year running, Air Tahiti Nui had the pleasure and recognition of being a major backer and exclusive airline sponsor of the "COLCOA [City of Lights, City of Angels] French Film Festival", an annual French film festival held in Hollywood. Hosting over 20 000 Francophiles, cinephiles and movie industry professionals from Hollywood and France, COLCOA is



the most extensive yearly French cultural event in the United States, and the biggest festival devoted to French cinema and television in the world.

Air Tahiti Nui has also had the immense pleasure of supporting another cultural promoter for Polynesian culture, the "Heiva i San Diego" for nearly 20 years. This 3-day dance festival takes place in August, attracting thousands of

spectators every year and the best dance groups in southern California. It has become the leading Tahitian dance festival in the United States, sponsored by Air Tahiti Nui.

South America:

Working towards a better sales coverage

From now on, promotional and sales activities in South America are handled by our representatives in Los Angeles. Despite the geographical distance, this system allows for a better coverage of these markets thanks to our Spanish and Portuguese-speaking employees and an experienced and structured back office.

Web optimization:

Improvements to the company's websites continued during the year to offer the airline's customers new features, such as access to the most attractive rates at a given moment in just a few clicks, or online payment options with the implementation of sales support tools.

Split payments

Launched on 5th June, firstly on the French website designated as the pilot platform for the operation, the new split payment solution allows customers to opt to pay in 3 or 4 instalments when they book online for a total fare of less than 4000 euros, including travel insurance.

Thanks to this solution proposed in partnership with Franfinance, for every ticket bought online departing from mainland France (including all other points of departure from France with a TN code), the client can benefit from a 60 or 90-day payment plan with the first instalment on the day of purchase. French or Polynesian credit cards, Visa and MasterCard are accepted, with the option of paying for close relatives with the same card.



Shared payment

Subsequent to the deployment of the “Time to think” and “Hold my booking” options in 2018, our clientele was offered a new payment option during the course of the year: it enables customers to split the payment of a reservation over a number of payment cards (Visa, MasterCard, AMEX) or via several payers.

In a very simple way, the customer initiating the order adds a list of email addresses to his/her reservation and assigns an amount to each of them. Each participant receives an email with the details of the order and the amount to be paid. All payments must be received within a specified time so that the system can order the tickets to be issued; otherwise the reservation is cancelled.

In operation since November, the solution has the advantage, in addition to greater flexibility, (through group or multi-card payments,) of removing the cap on payments.



Customer satisfaction policy

As part of its continuous improvement plan, Air Tahiti Nui has been carrying out an on-going program of surveys aboard all flights since 2012 in order to measure customer satisfaction and better meet their expectations.

Over the first six months of the year, surveys were carried out on the two fleets (Airbus and Boeing) and the questionnaires were distributed indiscriminately between aircraft type. 1277 passengers were surveyed over the period between January and June 2019

	Appreciation of crew	Overall appreciation of cabin	Overall appreciation of check-in	Overall appreciation of food & beverages	Overall appreciation of inflight entertainment
SCORE (half-yearly average over the period 01/01/19 to 30/06/19)	98%	94%	88%	88%	86%

The appreciation of the cabin (+1%) and the entertainment system (+7%) increased notably compared with the same period in 2018, due to the introduction of the new Boeing aircraft during the year.

From July to September 2019, the global surveys were discontinued in order to concentrate on customer feedback regarding the new Moana Premium class, so as to gauge passenger satisfaction and confirm that the product provided corresponded to their expectations.

Between 1st July and 31st July 2019, 1081 passengers travelling in Moana Premium class were surveyed (43% Polynesian, 36% European, 18% American and 30% other nationalities), mainly on the LAX-CDG route.

Other than an overall satisfaction rate of 98%:

- 92% of passengers surveyed recommend this class,
- 93% are globally satisfied with its comfort,
- 93% are satisfied with the seats,
- 83% declare they are satisfied with the meals.

Over the last quarter of 2019, these surveys continued in the three Business, Premium and Eco cabins. 1 766 passengers were surveyed between 1st October and 31st December, 2019, exclusively on the fleet of B787-9. The results show clear improvements, notably in the cabins and above all, the entertainment system.

	Appreciation of crew	Overall appreciation of cabin	Overall appreciation of check-in	Overall appreciation of food & beverages	Overall appreciation of inflight entertainment
SCORE (quarterly average over the period 01/10/19 to 31/12/19)	99%	97%	93%	93%	91%
Vs 2018 (quarterly average over the period 01/10/18 to 31/12/18)	98%	94%	91%	90%	78%
Variation 18/19	+1%	+3%	+2%	+3%	+13%



CSR FOCUS AREA 1 Commitment #2 [G4-PR5]

Air Tahiti Nui pays particular attention to client satisfaction, their feedback and suggestions for improvement.

In order to maintain a relationship built on trust, and in the interests of transparency and centralization of data for greater efficiency, the company has centralized claims management through software named “Mahana” since 2017.

This platform provides a substantial gain in productivity for the teams in charge of customer relations, but also, and above all, better visibility for clients concerning the handling of their claims.

In 2019, the annual average of feedback recorded dropped by -7.7%, with 2510 claims received and 7 cases of passenger litigation (compared to 2720 claims and 5 cases of passenger litigation in 2018); a clear improvement also linked to the renewal of the fleet.

Awards in 2019

Contributing to the reputation and notoriety of air carriers for travelers across the world, awards showcase airlines in various fields.

The internationally acclaimed partnerships established during the year and the resulting media coverage together with the numerous awards received have collectively supported the work of Air Tahiti Nui's teams.

Appreciated for its authenticity, warmth of its welcome, excellence of inflight service and efforts made in digitization and customer service, Air Tahiti Nui received many distinctions in 2019. These include:

Client satisfaction

The title of “Five Star Major Airline” in the APEX Official Airline Ratings 2020, in the September issue, for the quality of service provided by the airline, which retains its place of leading airline to French Polynesia and the South Pacific;

The “APEX 2020 Regional Passenger Choice Award”, in November, for the most comfortable seats in the South Pacific region; The nomination in early December by the readers of Global Traveler for “Best Airline in the South Pacific”, for the second year running.



Gastronomy

Two medals (silver for the “Best Champagne in Business class and bronze for the “Best Rosé in Business class”), on the occasion of the prestigious “Cellars in the Sky 2019” ceremony, rewarding the quality of Air Tahiti Nui's on-board wine cellar among a selection of over 250 bottles served to passengers of 35 international airlines;

As well as prestigious rankings for its wines and champagnes (second place in “Top Champagnes International Business Class”, third place in “Top five White Wines International Business Class” and fifth position in the “Top International Business-Class Wines on the Wing”), during the “Wines on the Wing Contest 2019” of Global Traveler. In addition, and for the first time, one of our caterers, TFK Corporation, in Narita—was awarded the 3rd prize in the Asia zone during the “11th Annual QSAI Excellence Awards”. The Quality and Safety Alliance for Inflight services (QSAI) is an alliance of major passenger carriers of the world, who work with their caterers to promote excellence in the quality, safety and value of the food offered on board. Air Tahiti Nui has been a member of this alliance since May 2014.



Economy

Finally, the company also received the “Award for the financial transaction of the year 2019 for the Asia-Pacific region “during the Airline Economics ceremony 2019, held in Hong Kong on 5th November, for its unprecedented inter-

national financial package involving the Société Générale and the AFIC (Aircraft Finance Insurance Consortium) enabling the two direct-purchases of Boeing aircraft to benefit from tax-free financing.

Flight activity



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 31st March 2020;
- a certificate of approval of maintenance part 145 for the maintenance of aircraft FR 145.0423, 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.

IOSA

The IOSA certification (IATA Operational Safety Audit) is the audit program developed by the IATA (International Air Transport Administration), based on standards covering regulations such as ICAO (International Civil Aviation Organization), FAA (Federal Aviation Association), EASA (European Aviation Safety Agency), etc.

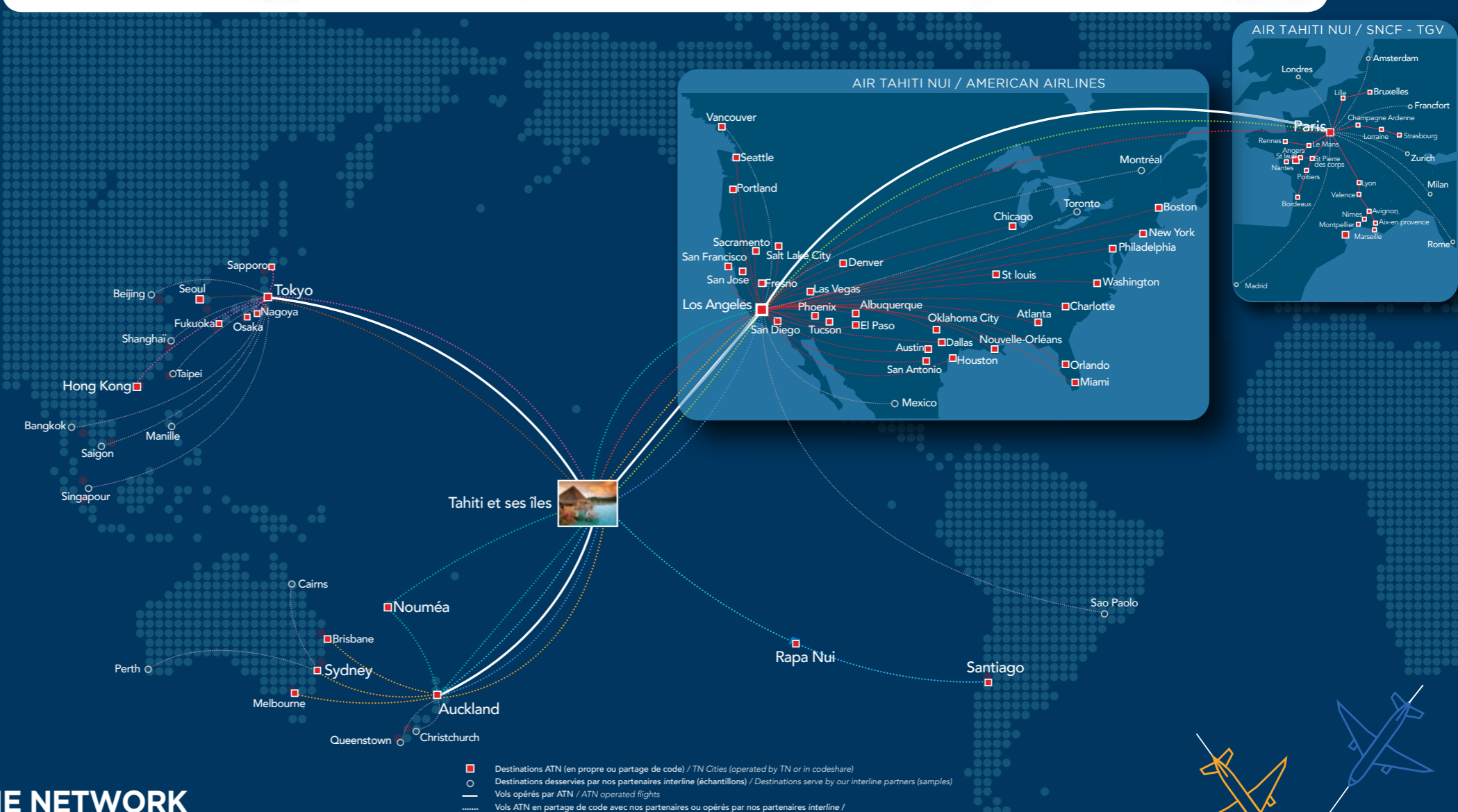
The IOSA certification is mandatory for all international air carriers who are members of IATA and is valid for two years from the audit start date. Only a few approved bodies worldwide can conduct the audit.

In June the company renewed its certificate for the seventh time with a compliance rate of nearly 98% (900 evaluated items with a discrepancy of 19, namely 2.1% nonconformity).

ETOPS 225

Since November Air Tahiti Nui has been operating within ETOPS 225 (first ETOPS 225 flight 28th November 2019 on the LAX-PPT section).

This approbation makes Air Tahiti Nui the 4th B787 operator (out of 57) to be approved for an ETOPS operation above 180 minutes, along with LATAM, Air New Zealand and Japan Airlines.



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 62 cities thanks to its code-share 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: Albuquerque (codeshare 2019), Atlanta, Austin (code-share 2019), Boston, Charlotte, Chicago, Dallas, Denver, El Paso (codeshare 2019), Fresno, Houston, Las Vegas, Miami, New York, Orlando, Philadelphia, Phoenix, Portland, Sacramento (code-share 2019), St. Louis, Salt Lake City, San Antonio (code-share 2019), San Diego, San Francisco, San Jose, Seattle, Tucson (code-share 2019), 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 and Sapporo in Japan and Hong Kong (JL) and Seoul (KE) in Asia.

- **LATAM Airlines** in South America depart to Easter Island and Santiago, Chile.

The codeshare with American Airlines was extended on the 27th June 2019 adding eight new destinations to the US.

At the same time, Air Tahiti Nui applies its company code on the Air New Zealand flights to increase the frequency of service between Tahiti and Auckland bringing the number to five return flights a week on this route and with Air France between Los Angeles and Paris to extend the Paris-Tahiti service to one return flight per week.

The following partners apply 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.



16 317
FLIGHT HOURS
 FOR 1 480 COMMERCIAL FLIGHTS

FLIGHT SCHEDULE

Frequency of service per route

	2018		2019	
	Low Season	High Season	Low Season	High Season
Papeete - Paris via LAX	2 to 5 flights/wk	5 to 7 flights/wk	2 to 5 flights/week	5 to 7 flights/wk
Papeete - Los Angeles	5 to 6 flights/wk	5 to 7 flights/wk	4 to 8 flights/wk	4 to 6 flights/wk
Papeete - Japon	2 to 3 flights/wk	2 flights/wk	2 flights/wk	2 flights/wk
Papeete - Auckland	3 flights/wk	3 flights/wk	3 flights/wk	2 to 3 flights/wk

Annual number of flights per route

	2017	2018	Variation 17-18	2019	Variation 18-19
Papeete - Paris via LAX	500	476	-5%	486	+2%
Papeete - Los Angeles	585	594	+2%	492	-17%
Papeete - Japon	233	217	-7%	207	-5%
Papeete - Auckland	313	307	-2%	295	-4%
TOTAL	1 631	1 594	-2%	1 480	-7%

Frequency of weekly services by code-share partner*

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 PPT - NOU - PPT	X2 per week X1 per week
LATAM Airlines (LA)	SLC-IPC-PPT-IPC-SCL	X1 per week
Japan Airlines (JL)	NRT-HKG NRT-ITM HND-ITM NRT-NGO HND-FUK HND-CTS	daily

* Except American Airlines and SNCF who operate daily links

PUNCTUALITY

In 2019 ATN's punctuality improved with 88.46% of flights leaving on time or within 15 mins of scheduled time (+2.4% compared with 2018).

PPT, CDG et LAX stopovers experienced an increase in performance with punctuality increasing to 80.86% (78.79% in 2018), 88.74% (78.71% in 2018) and 71.83% (64.44% in 2018) respectively. LAX airport mainly encounters delays due to immigration procedures which are not in line with new airport infrastructures.

Punctuality in Auckland decreased slightly in 2019 with

a score of 87.59% (89.61% in 2018), due to an increase in numbers of passengers using the airport creating congestion throughout the operational chain.

Departures in Narita fell to 86.27% (from 93.58% in 2018); with 50% of delays were due to inclement weather conditions which affected the region throughout the year.

END OF THE A340-B787-9 TRANSITION

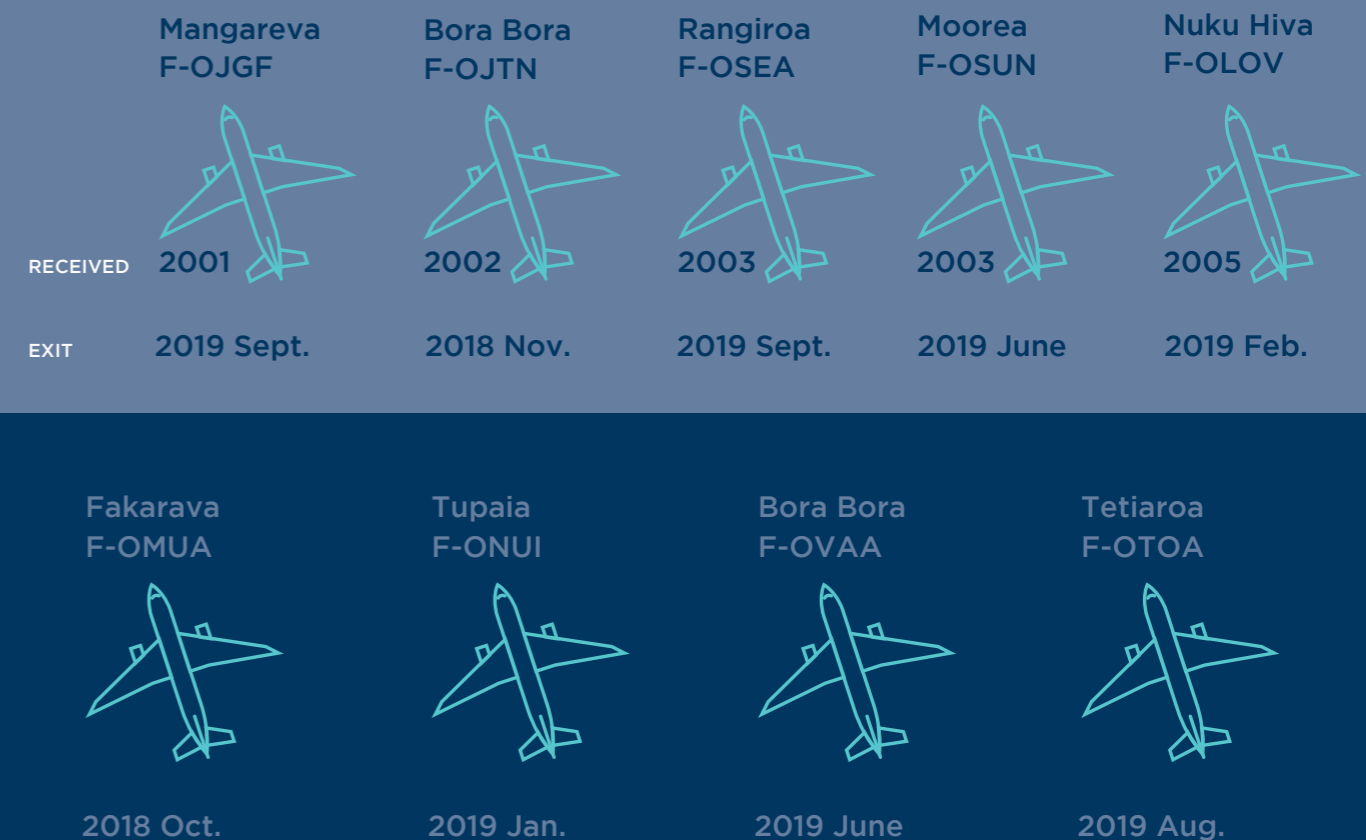
The year was marked by the exit of the A340 fleet (exit of the aircraft, stock of spare parts and tools, and refitting of the warehouse for a unique fleet) and the progressive introduction of the exclusive Dreamliner B787-9 fleet.

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Mangareva (F-OJGF), the Rangiroa (F-OSEA) and the Moorea (F-OSUN) were owned by Air Tahiti Nui, the Bora Bora (F-OJTN) rented to AerCap and the Nuku Hiva (F-OLOV) rented on lease with a purchase option. The last Airbus left the airline on 25th September 2019.

Initially, the company fleet consisted of 5 Airbus A340-300. Each aircraft was named after Polynesian islands: the

From Airbus to Boeing:





The last Airbus left the company on 25th September 2019. © Matthew Wolff

“The great warriors head forward in the canoe”

The renewal of the Air Tahiti Nui fleet began in October 2018 marked with the reception of the first of 4 Boeing Dreamliner 787-9s in the new fleet (2 leased from ALC and two purchased outright) and was finalised in August 2019 with the arrival of the last Tahitian Dreamliner.

As in the case of the previous fleet, the new aircraft were named and registered in the order they arrived: Fakarava (F-OMUA : F(France)-O(Overseas)+[MUA] for “forward”), Tupaia (F-ONUJ for “great”), Bora Bora (F-OVAA for “canoe”) and Tetiaroa (F-OTOA for “the warrior”) in tribute to the beauty of the Polynesian Islands and their first explorers.

One of the principal issues of the Airbus to Boeing transition was crew training, and air operations management, which has to reconcile regulatory constraints and operational requirements.

In accordance with the initial finishing target at the start of transition, it should all be completed by the end of February 2020.

For the technical teams, the main work has consisted in assimilating new navigation tracking and maintenance software (AMOS) and an increase in their level of skills for the new aircraft (different methodology and documentation).



TAHITI NUI HELICOPTERS SUBSIDIARY

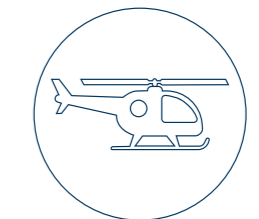
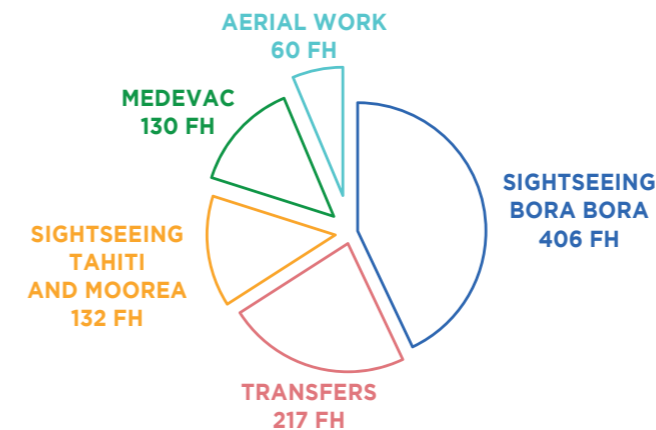
Tahiti Nui Helicopters, the first affiliate company of the Tiare airline, is an SAS owned 50% by Air Tahiti Nui and 50% by HBG, a French-Swiss helicopter transport group, one of the leading companies in France and within the top 5 in the European market.

The company operates using three aircraft: 2 Airbus Helicopters H135 (EC135T2) and 1 Airbus Helicopter H125 (AS350 B2). Two helicopters are based in Tahiti and also serve Moorea; the third is stationed in Bora Bora. The affiliate company began to operate commercially in July 2018, and has 4 main purposes:

- **On-demand passenger transport**, a no-wait direct transportation of clients from international flights or connecting international private jet flights, and in the last few years a growing number of;
- **Sightseeing** (in and around Tahiti, Moorea, and the Leeward Islands);
- **Helicopter operations** (pylon equipment etc.) and mountain rescue;
- **Medical evacuation or medical emergencies** from the islands.

Since it first started, Tahiti Nui Helicopters has carried out 945 flight hours:

TNH DIVISION/BREAKDOWN OF FLIGHT HOURS BETWEEN 20/07/2018 AND 31/12/2019



945
FLIGHT HOURS

Tahiti “Treasure hunt” in 2020

The TV production company Adventure Line visited in August to find suitable areas and camera angles for its show, and the filming of an episode of “Treasure Hunt” was organized for the first two weeks of November in Polynesia. The teams travelled aboard Air Tahiti Nui, the program’s exclusive partner, and three helicopters were hired from Tahiti Nui Helicopters.

The vast area included in the game will showcase a considerable part of the Society Islands so viewers can discover the charm, culture, and all that each island has to offer.

In terms of viewing figures, “Treasure Hunt”, presented by Cyril Féraud, attracts an average of 3 million viewers (mostly family viewing with an average audience aged between 10 and 24 years), making it the best performing program on the Wednesday 9pm slot, on France 3.

The program will be broadcast in spring 2020. This partnership will actively contribute to the visibility and promotion of our destination in mainland France, and statistics from French travel agencies have confirmed that this type of production boosts booking demand.

The website www.tahitinihelicopters.com/en presents the range of panoramic flights including in particular, our showcase 10-minute discovery flights departing from Tahiti or Bora Bora.

Partnership agreement with the CPS

In 2019 a partnership was formed with the CPS (French Polynesian social welfare system) for the provision of company crew and helicopters to ensure medical emergency evacuations under the best possible conditions. So far, they had been carried out on an on-demand basis. Following consultations with various helicopter operators, there will be a designated THN aircraft based in Tahiti on a permanent basis starting in 2020 for these specific flights during daytime (from 6:30am to 6:30pm). The agreement has been signed for a six-year period.

To tatou manureva / www.airtahitiniui.com



Environmental report

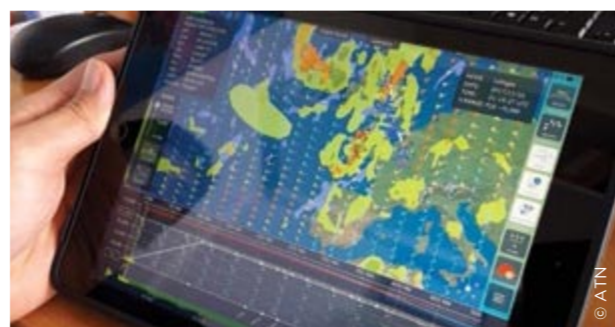
Since our company operates exclusively long-haul flights, Air Tahiti Nui's environmental impact is for the majority, due to greenhouse gas emissions (95% linked to flights according to the 2015 carbon assessment). The replacement of our entire fleet mid-2019 bore witness to ATN's firm commitment to reducing its carbon footprint. This major effort entailed other complementary measures which all count towards the overarching policy to reduce aviation activity impact (the implementation of which is accompanied by a dedicated internal "carbon committee") and consists of four components.



CSR FOCUS AREA 2 Commitment #3

I - OPTIMIZING THE CARBON EFFICIENCY OF OUR FLIGHTS

After a transitional phase with the two fleets (replacement of the new Boeing Dreamliner 787-9 from the beginning of 2018 and the exit of the 5 Airbus A340-300 at the end of the year), Air Tahiti Nui has been operating an exclusive fleet of four Tahitian Dreamliners, latest generation twin-engine aircraft enabling significant noise pollution reduction (below 85 decibels during take-off and landing) and greenhouse gas emissions (the aim of 20% carbon efficiency was reached with the replacement of the Boeing fleet).



The eWAS system allows to prevent meteorological flight risks.

GREENHOUSE GAS EMISSIONS (TONNES - CO₂) [G4-EN15]

2018 : 368 392 2019 : 305 020

In 2019, there was a notable reduction of -17.20% of greenhouse gas emissions compared with 2018, namely an accumulated reduction of 80,980 tonnes of CO₂ since 2015, the year of reference for the carbon assessment, thanks to the combination of aircraft type and flight schedules, equivalent to 110 Papeete-LAX-CDG returns or 530 Papeete-Los Angeles.

At the same time, Air Tahiti Nui incorporates and applies operational procedures aiming for daily fuel consumption optimization (such as adjusting routes and fuel loads, flight tracking and good piloting practice, maximized maintenance operations, etc...).

The flight operations directorate design office supervises the fuel consumption of our flights and CO₂ emissions

using SkyBreathe® Fuel Efficiency software which the company has implemented since 2016. Using synthetic or detailed dashboards (by route, airport, etc...) the company fuel management system aims to optimize aircraft fuel consumption in order to decide which adjustments are necessary for better economic and environmental performance.

The eWAS system (Enhanced Weather Awareness System) was also implemented by Air Tahiti Nui at the beginning of 2018 to prevent meteorological flight risks. By offering pilots this software, the company can improve its operations with a "concerted strategy for flight execution regarding weather conditions". This enhanced knowledge of the meteorological situation means pilots and control center operations agents (CCO) can optimize avoidance routes and improve flight energy efficiency as well as offering safer flights to customers thanks to the anticipation of turbulence and a better all-round understanding of significant phenomena which may be faced during flight.



CSR FOCUS AREA 2 Commitment #4

II - INVOLVING TN EMPLOYEES THROUGH AN INTERNAL ENVIRONMENTAL APPROACH

Many initiatives have been developed to help improve this reduction within activity on the ground, to promote energy efficiency in buildings, encourage employees to be more eco-friendly at work and promote eco-mobility.

At the Tua Rata head office where 77% of ground staff work, representing 63% of the company's energy consumption, a new central air-conditioning configuration using a continuously operating refrigerated water system was set up. It is the first energy consumption unit of its kind in a tropical area and was designed to reduce energy consumption within the building while optimizing staff comfort particularly during periods of intense heat. Renovation and insulation work has also been carried out on company premises especially in the technical department and will proceed until 2020.

ENERGY CONSUMPTION IN THE 4 BUILDINGS IN TAHITI (IN KW)

2018 : 773 739 2019 : 946 242

(NAMELY AN INCREASE OF +22% COMPARED
WITH 2018)

Tying in with our change of head office plan implemented in 2018, a mobility challenge was held in 2019 aimed at encouraging staff to be more aware of good eco-mobility practices. During European Mobility Week (EMW), sixty voluntary workers committed to choosing alternative ways of traveling (car-pooling, cycling, walking, public transport) to reduce their own impact on traveling to and from work every day.

During European Week for Waste Reduction (EWW) in November, Air Tahiti Nui launched a project to reuse old company uniforms aiming to provide support for innovative initiatives with associations in Polynesia. This was a very successful environmentally responsible initiative with over 18 projects submitted.

A "Zero waste" sensitization workshop together with Nana Sac plastique aimed to make employees more aware of selective recycling.

Throughout the year the company also organized and actively participated in circular economy initiatives such as the donation of consumables and IT materials in favour of FACE Polynésie et Te Torea.



CSR FOCUS AREA 2 Commitment #5

III - RAISING PASSENGER AWARENESS

In order to include our passengers in this environmentally friendly approach and particularly in terms of reducing waste, Air Tahiti Nui is gradually incorporating new solutions to reduce on-board plastic or to replace it with more sustainable alternatives.

Following on from wheat straw cutlery and eco-responsible comfort kits, in 2019 the company introduced new "heat resistant cups" made from recycled plastic (sturdier than cardboard) that passengers can keep for the duration of the journey if they wish.

The new Air Tahiti Nui "child kit" is also designed along similar lines, comprising of a smart metal case and an educational leaflet about preserving marine biodiversity created in partnership with the Te Mana O Te Moana association.



IV - OFFSETTING OUR EMISSIONS

Since its first carbon report in 2015 which allowed the company to measure its greenhouse gas emissions, Air Tahiti Nui is continuing to apply the ADEME recommendations to reduce these emissions as far as possible as a prerequisite for compensation.

The company has thus far been exempt from carbon tax and from regulatory obligation to compensate for its CO₂ emissions. In accordance with its environmental approach it also intends to contribute on a medium term voluntary basis by supporting local carbon reduction projects, ideally in Polynesia or in the Pacific area which is particularly exposed to the effects of global warming. With this in mind, at the end of the year Air Tahiti Nui launched a first market study which aims to give customers who are aware of this approach, the possibility of compensating for travel emissions via a compensation project platform.

Meanwhile the company continues to sponsor local associations and initiatives who are fully committed to preserving the environment and biodiversity of Polynesia, such as Te Mana O Te Moana, Mata Tohora, Nana sac plastique, Coral Gardeners, to the tune of 4.8 million XPF a year (compared with 12.6 million XPF in 2018).

Traffic and business results

TAHITI-BOUND TRAFFIC

In 2019, the total number of incoming and outgoing passengers to Polynesia was 713,062, namely a variation of +6.8% compared with 2018. It should be noted that seat availability numbers increased by 8.1% having a full year effect with the presence of French Bee and United Airlines.

Air Tahiti Nui transported 48.2% of international traffic in 2019, which is -9.7 points compared with 2018 due to the hugely increased capacity of two new operators in Tahiti.



48.2 %
OF INTERNATIONAL TRAFFIC
TRANSPORTED BY AIR TAHITI NUI

RESULTS & EVOLUTION OF ATN FARE-PAYING PASSENGERS BY ROUTE

Fare-paying passengers by route

	2018	2019	Variation n/n-1
Average passenger load factor	77%	75.3%	-2.6%
Revenue (in million XPF)	30 399	28 425	-6%

Source : Revenue Management - Air Tahiti Nui Financial Department

In 2019 Air Tahiti Nui transported 434 280 passengers, 7% fewer than in 2018, with reduced capacity (4% less than in 2018). From the second quarter of 2019, Air Tahiti Nui managed to regain its market shares on the Paris-Tahiti route, complemented by a good transatlantic sales performance supported by our partner American Airlines, whilst the Asian market continued to encounter problems accessing the list of hotels.

In 2019 the company generated passenger traffic revenue of 28.4 billion XPF.



CSR FOCUS AREA 2 Commitment #3

ENERGY EFFICIENCY AVERAGE CONSUMPTION OF FUEL PER PASSENGER/100KM

IN 2018 : 3.9 L
IN 2019 : 3.29 L (2.96 L FOR THE 787-9 AND 4.38 L FOR THE A340-300)

434 280
PASSENGERS TRANSPORTED
BY AIR TAHITI NUI IN 2019



TOURIST TRAFFIC

In 2019, 236 642 tourists visited The Islands of Tahiti, a 9.4% increase of 20 374 tourists compared with 2018.

Air Tahiti Nui transported over 114 000 tourists (48.3%), allowing the airline to continue its role as French Polynesia's principal tourism partner.

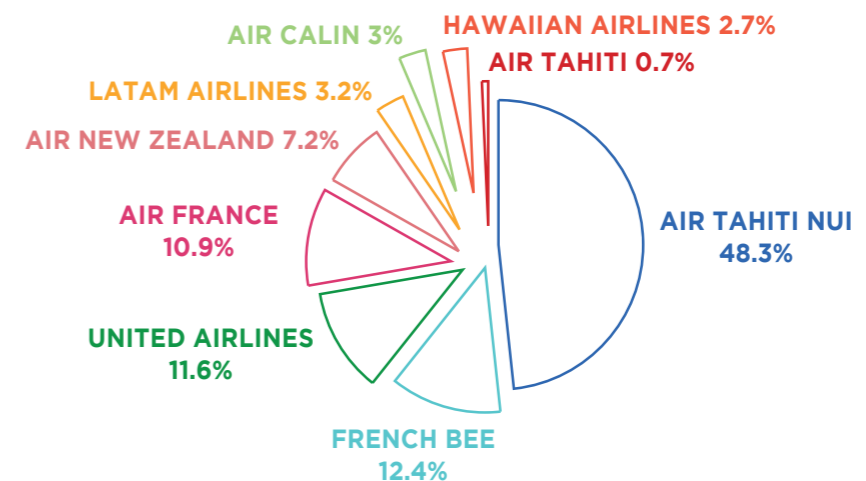
In 2019, The Islands of Tahiti saw a large increase of +9.4%



236 642
TOURISTS
VISITED THE ISLAND OF TAHITI IN 2019



Market share by airline Tourist traffic

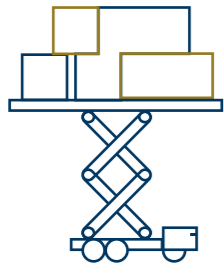


SOURCE : ISPF

in tourist numbers compared to the previous year.

The North American, French and European markets performed well increasing by +15.8%, +22.5% and +3.5% respectively.

The number of cruise ship passengers also experienced strong growth of +3.7% in comparison to 2018, whilst the number of land-based tourists showed an increase of +10.1%



8 922
TONNES OF FREIGHT
TRANSPORTED
 FOR 2.8 BILLION XPF IN REVENUE

FREIGHT REVENUE

Despite a difficult global context for airfreight which had its worst results since 2012, due to a reduction in demand teamed with an increase in capacity, Air Tahiti Nui fared very well over the year.

Comparative table of freight revenue & tonnage in 2018 and 2019

	2018	2019	Variation n/n-1	Variation %
REVENUE (in million XPF)	2 960	2 882	-78	-2.6%
WEIGHT IN TONNES	9 697	8 922	-775	-8.6%

Source : Fret - Service du contrôle de gestion d'Air Tahiti Nui

2019 marks the first fully operational year for our new competition and the first full year of operations for our B787-9. The reduction in flight schedules as well as a decrease in annual revenue had been budgeted for, thus allowing the company to finish the year exceeding its revenue forecasts. Nevertheless, the results still reveal an overall decrease of -2.6% in comparison to 2018.

The 2019 freight revenue over the whole Air Tahiti Nui network amounts to 2 882 million XPF for an overall tonnage of 8 922 tonnes.

Export from Papeete shows an increase of +11% compared to 2018 thanks to several shipments of fresh fish;

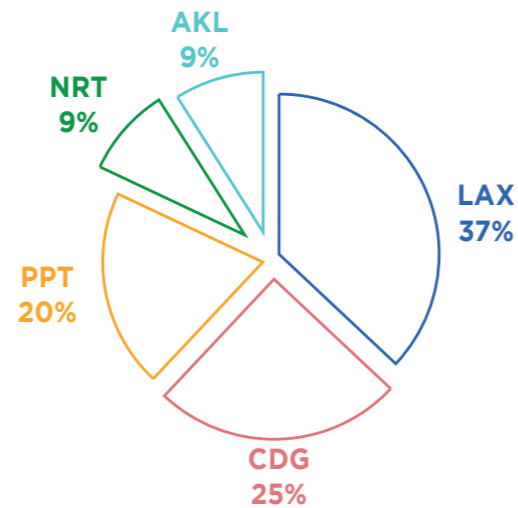
The New Zealand base results show an increase of +5% on traffic to Papeete but a fall in shipments to the United States due to new AKL-LAX direct flight competition by United Airlines and American Airlines;

The French market is showing strong resilience in the face of its competition with an increase of +3%;

The American market, however, is showing a reduction of -7% due to a significant decrease in travel to the United States;

The Japanese market fell -25% in comparison to 2018 due to a decrease in global export from Japan and an overcapacity to The United States.

DISTRIBUTION OF TONNAGE TRANSPORTED BY ORIGIN*



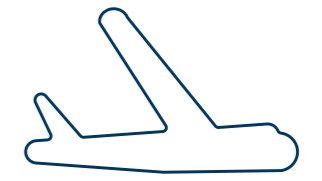
* Origin of freight departure

CHARTER ACTIVITY

During the year 114 hours of flights were conducted on behalf of various shippers (representing a decrease of 46% compared to 2018).

This activity generated 225 million XPF in revenue during the year (compared to 369 million XPF in 2018, representing a decrease of -39%).

In 2019 it was only thanks to its loyal customers who return year on year that full charter flights took place. There was no charter activity to China this year. A contract with the French Polynesian Olympic Committee was signed to provide the transport of athletes during the 2020 Pacific Games



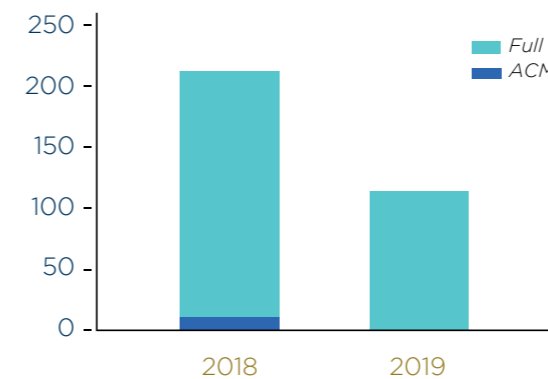
225
MILLION XPF
OF REVENUE GENERATED
BY CHARTER FLIGHTS
 (-39% COMPARED TO 2018)

Comparative table of charter activity in 2018 and 2019

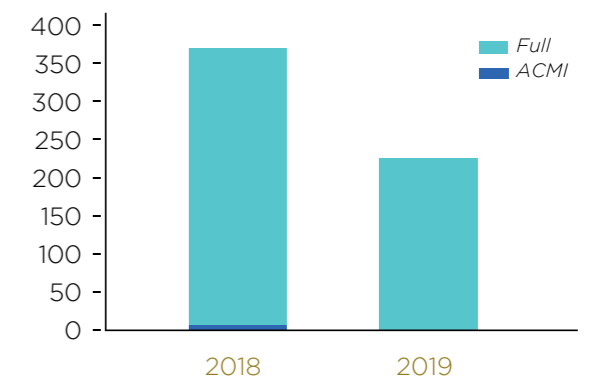
	2018	2019	Variation n/n-1
ACMI*	11	0	-100%
Full charter	201	114	-43%
Total Nb flight hours	212	114	-46%
ACMI	8	0	-100%
Full charter	361	225	-39%
Total revenue (million XPF)	369	225	-39%

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

Number of flight hours



Revenue (MXPF)





Financial statements

Summary

- 46** Assets balance sheet
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DISCLAIMER:
The English version of this report is a translation of the original in French for information purposes only.
In case of a discrepancy, the French original will prevail.

Assets balance sheet

Gross assets balance sheet

In XPF	GROSS	Amort. & prov.	Net 31/12/2019	Net 31/12/2018
LICENCES, PATENTS AND SIMILAR RIGHTS				
UNCALLED SUBSCRIBED CAPITAL INTANGIBLE FIXED ASSETS				
Start-up costs				
Development costs				
Licenses, patents and similar rights	580 320 314	280 482 283	299 838 031	302 582 887
Goodwill				
Other intangible fixed assets	16 454 850		16 454 850	7 006 933
Advance payments on intangible fixed assets				
TOTAL intangible fixed assets:	596 775 164	280 482 283	316 292 881	309 589 820
TANGIBLE FIXED ASSETS				
Sites/lands				
Buildings	1 651 599 072	71 350 109	1 580 248 963	1 533 886 457
Technical installations, industrial equipment & tools	4 899 150 811	1 812 732 768	3 086 418 043	4 557 224 335
Other tangible fixed assets	884 538 273	513 299 516	371 238 757	358 035 506
Fixed assets in progress				160 451 513
Advances and prepayments	966 500		966 500	6 949 938 898
TOTAL tangible fixed assets:	7 436 254 656	2 397 382 393	5 038 872 263	13 559 536 709
FINANCIAL FIXED ASSETS				
Investment valued using the equity method				
Other investments				
Receivables related to investments	417 500 000	417 500 000		
Other fixed equity	147 402 000	123 000 000	24 402 000	24 402 000
Loans	2 000 000		2 000 000	2 059 692
Other Financial fixed assets	2 083 648 849		2 083 648 849	1 457 525 903
TOTAL Financial fixed assets:	2 650 550 849	540 500 000	2 110 050 849	1 483 987 595
FIXED ASSETS	10 683 580 669	3 218 364 676	7 465 215 993	15 353 114 124
INVENTORIES & WORK IN PROGRESS				
Raw materials and supply	924 696 851	214 299 526	710 397 325	886 472 766
TOTAL inventories & work in progress:	924 696 851	214 299 526	710 397 325	886 472 766
RECEIVABLES				
Advances and prepayments on orders	11 859 915		11 859 915	104 330 182
Trade receivables and related accounts	1 741 086 191	87 201 425	1 653 884 766	1 541 706 464
Other receivables	32 322 717 180	2 608 126	32 320 109 054	475 523 757
Uncalled subscribed capital				
TOTAL receivables:	34 075 663 286	89 809 551	33 985 853 735	2 121 560 403
LIQUID ASSETS AND OTHER				
Liquid assets	16 105 896 774		16 105 896 774	13 984 565 858
Prepaid expenses	2 630 932 557		2 630 932 557	712 553 591
TOTAL liquid assets and other:	18 736 829 331		18 736 829 331	14 697 119 449
CURRENT ASSETS	53 737 189 468	304 109 077	53 433 080 391	17 705 152 618
Unrealized foreign exchange losses	176 294 669		176 294 669	41 107 206
GRAND TOTAL	64 597 064 806	3 522 473 753	61 074 591 053	33 099 373 948

Liabilities balance sheet

In XPF	Net 31/12/2019	Net 31/12/2018
NET FINANCIAL POSITION		
Social or individual capital of which paid	1 622 956 875	1 622 956 875
Issue, merger and contribution premiums	1 700 973 600	1 700 973 600
Legal reserve	162 295 688	162 295 688
Retained earnings	9 209 752 578	8 921 270 842
Annual result	175 790 862	288 481 736
TOTAL Net position:	12 871 769 603	12 695 978 741
INVESTMENT SUBSIDIES		143 830 642
REGULATED PROVISIONS		894 845 666
EQUITY	12 871 769 603	13 734 655 049
Provisions for contingencies	1 270 361 817	879 643 886
Provisions for charges	1 659 430 393	391 542 340
PROVISION FOR CONTINGENCIES AND CHARGES	2 929 792 210	1 271 186 226
FINANCIAL LIABILITIES		
Loans and liabilities from credit institutions	29 761 573 427	1 981 593 453
Miscellaneous financial loans and debts	59 688 311	381 717 611
TOTAL financial liabilities:	29 821 261 738	2 363 311 064
ADVANCES AND DEPOSITS RECEIVED ON CURRENT ORDERS	340 292 049	516 056 558
MISCELLANEOUS LIABILITIES		
Trade creditors and related accounts	2 461 250 436	2 958 973 896
Tax and social security liabilities	2 456 087 288	2 451 133 284
Liabilities on fixed assets and related accounts	37 528 461	262 364 000
Other liabilities	1 451 328 240	1 283 622 566
TOTAL Other liabilities:	6 406 194 425	6 956 093 746
DEFERRED REVENUE	8 673 545 231	8 200 046 835
LIABILITIES	45 241 293 443	18 035 508 203
Currency translation adjustment- liabilities	31 735 797	58 024 470
GRAND TOTAL	61 074 591 053	33 099 373 948

Income statement

In XPF	Net 31/12/2019	Net 31/12/2018
Sale of products-services	31 939 830 301	34 084 167 028
Net revenue	31 939 830 301	34 084 167 028
Operations subsidies	66 434 614	
Write-backs of provisions and transfers of expenditure	495 205 818	721 740 536
Other products	7 448 475	368 260 888
OPERATING INCOME	32 508 919 208	35 174 168 452
EXTERNAL EXPENSES		
Purchase of raw materials and other supplies	8 123 081 372	10 252 108 714
Inventory change [raw material and supply of provisions]	(2 322 024)	(114 529 217)
Other purchases and external charges	13 496 812 705	11 599 300 606
TOTAL external charges:	21 617 572 053	21 736 880 103
TAXES, DUTIES AND SIMILAR LEVIES	68 311 860	106 846 014
STAFF COSTS		
Salaries and wages	5 504 150 218	5 421 671 158
Social costs	2 342 340 761	2 341 099 654
TOTAL staff costs:	7 846 490 979	7 762 770 812
OPERATIONAL PROVISIONS		
Depreciation allowance for amortization on fixed assets	2 403 317 753	5 859 655 591
Provisions for fixed assets		
Provisions for current assets	61 467 952	199 358 211
Provisions for risks and expenses	1 825 769 060	255 572 437
TOTAL operating provisions:	4 290 554 765	6 314 586 239
OTHER OPERATING COSTS	942 952 439	1 107 614 092
OPERATING COSTS	34 765 882 096	37 028 697 260
OPERATING RESULT	(2 256 962 888)	(1 854 528 808)

In XPF	Net 31/12/2019	Net 31/12/2018
OPERATING RESULT	(2 256 962 888)	(1 854 528 808)
FINANCIAL INCOME		
Financial income from investments	2 074 000	2 488 800
Other interest receivable and similar income	116 239 965	143 601 936
Write-backs of provisions and transfer of expenditure		4 497 803
Exchange rate gains	1 080 864 268	1 480 620 527
Net income from sale of investment securities		
	1 199 178 233	1 631 209 066
FINANCIAL EXPENSES		
Financial allowance for depreciation and provisions	50 000 000	150 000 000
Interest and related expenses	338 320 488	18 977 485
Exchange rate losses	931 399 562	1 199 131 870
	1 319 720 050	1 368 109 355
FINANCIAL RESULT	(120 541 817)	263 099 711
INCOME BEFORE TAX	(2 377 504 705)	(1 591 429 097)
EXTRAORDINARY INCOME		
Extraordinary income from management operations	1 450 551 490	970 675 653
Extraordinary income from capital transactions	33 555 143 610	448 533 956
Write-back of provisions and transfer of expenditure	1 943 399 434	3 319 057 308
	36 949 094 534	4 738 266 917
EXTRAORDINARY EXPENSES		
Extraordinary management operations expenses	487 704 434	285 449 873
Extraordinary capital transaction expenses	33 201 909 056	693 741 420
Extraordinary amortization and provision allowance	125 654 305	638 623 118
	33 815 267 795	1 617 814 411
EXTRAORDINARY RESULT	3 133 826 739	3 120 452 506
Profit-sharing	14 063 269	23 078 539
Income tax payable	566 467 903	1 217 463 134
TOTAL REVENUE	70 657 191 975	41 543 644 435
TOTAL EXPENSES	70 481 401 113	41 255 162 699
PROFIT OR LOSS	175 790 862	288 481 736

Annex

of accounts

I – GENERAL

S.A.E.M.L. AIR TAHITI NUI, is a local semi-public limited company, formed 31st October 1996. The head office is established in French Polynesia and the fiscal year began 1st January and ended 31st December.

The purpose of the Company is the operation of a passenger and freight airline business and the provision of all services directly or indirectly linked to its corporate purpose.

II – PRESENTATION OF ANNUAL ACCOUNTS

Accounts presented for S.A.E.M.L. AIR TAHITI NUI were prepared in accordance with the provision of the chart of accounts 1999, made applicable in French Polynesia by the ruling n° 2011-13 APF of 5th May 2011.

The balance sheet as presented covers the period of 1st January to 31st December 2019, a period of 12 months. The previous year also covered a period of 12 months.

The accounts were established by applying the following general principles:

- Business continuity,
- Cut-off procedures,
- Prudence Concept,
- Consistent methods.

Note on Foreign currency transactions:

Income and expenses denominated in foreign currency are recorded as their equivalent value in XPF on the operation date. Debts, receivables and existing cash balances in foreign currency are converted at the exchange rate effective on 31st December. Any differences are carried over to the profit and loss account for cash balance and recorded on the balance sheet under “conversion differences” for debts and receivables. Unrealized losses are provided for.

III – KEY EVENTS

III - 1. Boeing Fleet

During 2019 the company received the 3 last Boeing aircraft replacing the Airbus fleet. The Boeing fleet was delivered as follows:

- F-ONUI on lease from ALC and put into service in February 2019
- F-OVAA purchased and put into service in June 2019
- F-OVAA purchased and put into service in August 2019

The two purchased Boeings were financed by company equity, bank loans and tax assistance for investment. The accounting treatment consisted of recording them as durable assets at purchase price and immediately divested cent for cent to portage vehicles. The company granted a vendor credit to the portage vehicles for the acquisition of the aircraft which were then leased to the company. Thus the rental invoices issued by the portage vehicles are recorded against the vendor credit.

III - 2. Airbus fleet

Following the contract signing with KPA Aviation in November 2018, the Airbus A340 were transferred as follows:

- F-OLOV “Nuku Hiva” in February 2019,
- F-OSUN “Moorea” in June 2019,
- F-OSEA “Rangiroa” and F-OJGF “Mangareva” in September 2019.

Proceeds for all the aircraft were registered at 1,173 MXPF.

Tax depreciation was fully written back to the sum of 980 MXPF, as well as the provision for the tax depreciation for a total of 963 MXPF, the two having been recorded as extraordinary income.

For the year 2019, amortizations to the sum of 1,857 MXPF were recorded.

III - 3. Maintenance provisions

Taking into consideration the different financing methods for the new fleet, it was considered that the component-based approach would not provide a true reflection of the financial situation regarding the maintenance obligations linked to aircraft airworthiness. Hence the entity decided to change the method of accounting them to multi-annual maintenance, thus leading to clearer financial information.

In the context of the fleet's replacement, the processing in relation to maintenance was reviewed. A consistent approach across the entire the fleet was selected.

Henceforth, maintenance related to engine servicing, APU, landing gear and airframes are recorded under risk provision based on the maintenance contract signed by the company or on the basis of an estimate of maintenance costs that Air Tahiti Nui will have to assume in these events.

For the financial year 2019, these provisions amount to 1,208 MXPF.

III - 4. Tax-exempted investment

On 27th December 2019, the company subscribed to a tax-exemption scheme with the SCP FINANCIERE BORA BORA PEARL BEACH as part of a renovation project for the BORA BORA PEARL BEACH hotel. The total amount for the whole project was 4.500 MXPF. As such the company made a capital contribution of 40.5 MXPF which allowed for a tax credit of 54 MXPF. This contribution which will be waived at the end of the operation, was subject to a 100% provision for depreciation on the financial year. The full amount of this subscription was used for the financial year.

IV – OUTLOOK AND CONTINUITY OF BUSINESS FOR 2020

The emergence and spread of the Corona virus at the start of 2020 affected economic and commercial activity world-wide. Decisions taken by different countries to limit or ban travel have had a significant impact on all international air transport including Air Tahiti Nui.

The company thus decided to temporarily suspend all flights during April and to revise its flight schedules for 2020 with a view to returning to normal activity during the course of the first half of 2021. Certain measures were taken in order to limit the impact of this crisis on the company's liquidity and profitability.

- The suspension or cancelling of all expenditure, projects and investments that are non-essential for our security, safety and operations;
- The suspension of all non-essential recruitment for operations;
- Freezing of salary rises and incentives;
- Paid and unpaid leave to be taken to reduce the payroll;
- The reduction or deferral of budgeted expenditures for 2020.

Consequently, all share values were reviewed (intangible and tangible fixed assets, trade receivables, stock), with no impact on accounts on 31st December 2019.

Finally the Assembly of French Polynesia voted, on 26th March 2020 in favour of a support program for the Polynesian economy. As it is a majority stakeholder, the country decided to provide financial support to Air Tahiti Nui. On 30th March 2020, liquid assets amount to 15.900 billion XPF and ensures the continuity of company operations.

Fleet composition

On 31st December 2019 the AIR TAHITI NUI fleet consisted of 4 aircraft:

- Aircraft B787-9 MSN F-OMUA on lease (“FAKARAVA”);
- Aircraft B787-9 MSN F-ONUI on lease (“TUPAIA”);
- Aircraft B787-9 MSN F-OVAA tax exempt (“BORA BORA”);
- Aircraft B787-9 MSN F-OTOA tax exempt (“TETIAROA”).

V – ACCOUNTING PRINCIPLES, RULES AND METHODS

Accounting methods applied

In accordance with current accounting and tax provisions, the principal methods used are as follows:

V – 1. Durable assets

V - 1.1. Intangible assets

The valuation method for intangible assets was based on historical cost. Gross intangible assets amount to 596.8 MXPF and cover the following durable assets:

Intangible assets	Gross total MXPF
Software	355.2
Image bank	132.6
Web platform	92
Assets under construction (primarily software)	16.4

Acquisitions for the year amount to 50.2 MXPF, corresponding to various software as well as the brand name and the image bank.

Intangible assets were amortized at 280.5 MXPF, and software at 171.2 MXPF.

V - 1.2. Tangible assets

The valuation method for tangible assets was based on historical cost. Gross tangible assets amount to 7,436.3 MXPF and are broken down as follows:

Tangible assets	Gross total MXPF
Technical installations, materials, ind. tools and constructions	6,550.7
Fixtures and fittings	499.5
Transport material	12.5
Office equipment	56.2
IT equipment	198.2
Furniture	118.1

Amortizations

The principal amortization rates applied are as follows	Rate	Duration
Industrial material	20 to 50 %	(2 to 5 years)
Buildings and fittings	2 % to 5 %	(20 to 50 years)
Fixtures and fittings	10 to 33.33 %	(3 to 10 years)
Transport material	20 to 100 %	(1 to 5 years)
Office equipment	10 to 50 %	(2 to 10 years)
IT equipment	20 to 50 %	(2 to 5 years)

Amortizations are applied according to the straight line method.

Acquisitions:

The year's acquisitions amount to 26,058.7 MXPF and principally concern the purchase of aircraft, rotables, tooling.

Sorties:

Sorties for the year are 56,149 MXPF and principally concern Airbus and Boeing sorties.

V - 1.3. Financial fixed assets

Principally this concerns deposits and guarantees made in currency (USD, EUR, JPY, XPF, NZD, CAD). These assets were evaluated during the closure of accounts on 31st December 2019. They figure on the balance sheet assets for a total gross sum of 2,650.6 MXPF.

Subsidiary and interests	Capital held (%)	Share of Capital 31/12/2019 (MXPF)	Amount of equity on au 31/12/2019 (MXPF)	Final year result on au 31/12/2019 (MXPF)
Tahiti Nui Helicopters	246	50%	-347	-593

In view of the company's situation at the end of December 2019, a recapitalization of the company is predicted in the next few months and notably an increase in capital. At the end of this operation, the holding percentage should increase to 68.2%. The end of December 2019 provision for re-financing the net negative situation was recorded in the Air Tahiti Nui accounts at 167.2 MXPF.

All receivables and current accounts were fully depreciated at reporting date.

Furthermore in the context of tax exemption operations (III-4), an input into the current account was observed in receivables linked to participations for a total of 40.5 MXPF and funded in its entirety as an exceptional result.

V - 2. Stocks

At the year end, stock valued as balance sheet assets for a gross total of 924.7 MXPF and break down principally as follows: Airbus and Boeing consumables stock for 464.9 MXPF, valued at weighted-average cost; Aircraft catering stock supplies for 316.1 MXPF, distributed across storage sites in Papeete and other stations and valued at last cost price.

Provision at the end of year closure of accounts is 214.3 MXPF and corresponds to the depreciation of Airbus spare parts and consumables and catering stock.

V - 3. Trade receivables

Receivables are recorded at their nominal value and amount to 1,741.1 MXPF on 31st December 2019.

Receivables presenting a non-recovery risk at the end of the financial year are funded for 100% of their gross value in the assessment. These doubtful accounts amount to 62.4MXPF on 31st December 2019 compared with 61.8 MXPF on 31st December 2018.

An allowance and recovery of the funding for doubtful accounts were recorded respectively for the financial year at 26.3 MXPF and 0.8 MXPF.

V -4. Other receivables

This entry increased from 475.5 MXPF in December 2018 to 32,320.1 MXPF in December 2019. The remaining receivables break down principally as follows:

Vendor credit granted to SNC Diderot Financement 30 and SNC OTOA	31,540.4 MXPF
Tax receivables (Home territory and other countries)	271.6 MXPF
Accounts linked to Unused flight tickets	232.7 MXPF
Accrued income	115.2 MXPF
Other	160.2 MXPF

V - 5. Liquid assets

On 31st December 2019 the amount of liquid assets is 16,105.9 MXPF.

Foreign currency bank balances have been valued according to foreign currency exchange rates on 31st December 2019.

V - 6. Prepaid expenses

These amount to 2,630.9 MXPF at the end of the financial year, compared to 712.6 MXPF in December 2018.

Prepaid expenses are principally divided as follows:

Rent ALC 2020	817 MXPF
Maintenance charges	844 MXPF
Insurance premiums	666 MXPF

V - 7. Equity

Capital stock composition

At the end of the financial year, capital stock is composed of 12,983,655 shares with a nominal value of 125 XPF.

Variations in equity

At the end of the financial year equity is 12,872 MXPF. The table below details the variations during the financial year of 2019:

In Thousands XPF	Equity 31/12/2018	Appropriation N-1 by AGO	Share investments	Tax depreciation	Financial year result	Equity 31/12/19
Capital stock	1 622 957					1 622 957
Issue premiums	1 700 974					1 700 974
Legal reserve	162 296					162 296
Retained earnings	8 921 271	288 482				9 209 753
Result	288 482	-288 482			175 791	175 791
Investment subsidies	143 831		-143 831			0
Tax depreciation	894 846			-894 846		0
Total equity	13 734 655	0	-143 831	-894 846	175 791	12 871 770

V – 8. Appropriation of profits

The legal reserve is 162.3 MXPF which represents 10% of the capital stock. The general meeting, having approved the end of year accounts for 2018, retained the appropriation for 288.5 MXPF.

V – 9. Investment subsidies

Reported result for the year end 2019 is 143,830,642 XPF. These subsidies have been fully amortized and no longer figure in the assessment, following the divestiture of the Airbus aircraft.

V – 10. Provisions for liabilities and expenses

The total figure for provisions for liabilities and expenses appears in the liabilities side of the balance sheet and amounts to 2,929.8 MXPF and breaks down as follows:

- . Provisions for litigations at 1,094.1 MXPF,
- . Provisions for foreign exchange risk at 176.3 MXPF,
- . Provisions for pension commitments 451 MXPF,
- . Provisions for maintenance 1,208.4 MXPF.

V – 10.1. Provision for litigation and foreign exchange risk

Provision for litigations amount to 1,094.1 MXPF and are a reflection of the exact sum of contested debt for litigations linked to transportation and suppliers.

The evaluation of these liabilities and receivables in foreign currency was conducted according to the closing price. The exchange rate differential was funded to the sum of 176.3 MXPF.

V – 10. 2. Provisions for retirement benefits

Since 2013 the company has applied the method recommended by The Association of Chartered Accountants (France), defined in accordance with the standard IAS 19 (International Accounting Standard 19).

It was selected as the reference salary for calculating of an average year's salary over the 12 final months. The selected discounting rate is the Bloomberg 15-year rate which is 0.85% at the end of December 2019.

Provision for Papeete employee retirement indemnities amounts to 416.4 MXPF at the end of the financial year 2019.

V – 10. 3. Provisions for maintenance

Maintenance provision (Engine, APU, landing gear and airframe) has risen to 1,208.5 MXPF, valued for the most part in USD and converted according to exchange rates. The method applied is consistent for the whole of the fleet. Engine parts and APU maintenance is based on maintenance contracts signed by the company. These costs take into consideration a contractual escalation and the number of hours and cycles estimated until the first inspection.

Provision for landing gear and airframes is valued from an estimate of cost of replacement.

Provisions for maintenance assigned to leasing contracts are recorded as prepaid expenses under liabilities. During maintenance work, reserve calls will be deducted from these prepaid expenses. Risk provision was recorded at the year end corresponding to the balance of paid provisions which cannot be recovered at the end of the contract.

V – 11. Loans and debts with Credit institutions

On 31st December 2019 loans and debts from credit institutions amounted to 29,761.6 MXPF of which 51.4 MXPF is accrued interest.

Statement of debt maturities from credit institutions (in XPF).

Denomination	Gross amount 31/12/19	At 1 year maximum	At over 1 year and less than 5 years	At over 5 years
Banque de Polynésie - 2015	104 374 997	69 583 334	34 791 663	
Banque de Polynésie - 2019	941 611 112	332 333 328	609 277 784	
AFD - 2015	108 709 510	72 144 249	36 565 261	
Société Générale - 2019	7 648 447 826	609 083 478	2 541 882 856	4 497 481 492
Pré-financement - 2019	5 750 880 657			5 750 880 657
Banque de Tahiti - 2018	1 554 666 151	70 613 601	371 072 907	1 112 979 643
Société Générale - 2019	7 683 167 284	526 152 642	2 326 281 225	4 830 733 417
Pré-financement - 2019	5 786 025 936			5 786 025 936
Grand Total	29 577 883 473	1 679 910 631	5 919 871 696	21 978 101 145

V – 12. Miscellaneous loans and financial debts

Miscellaneous loans and financial debts amount to 59.7 MXPF and principally concerns administrator fees and travel agency deposits.

V – 13. Operating liabilities

Liabilities are carried over onto the balance sheet at their nominal value after taking into consideration all accruals that may result from company contractual obligations and applicable fiscal and social legislation.

Suppliers liabilities amount to 2,461.3 MXPF on 31st December 2019 compared to 2,959 MXPF 31st December 2018.

Fiscal and social liabilities amount to 2,456.1 MXPF on 31st December and are broken down as follows:

- Social liabilities to the amount of 1,481.1 MXPF are divided as follows:

Provision for paid leave	652 MXPF
Social contributions	329.3 MXPF
Provision for social costs on paid leave	245.7 MXPF
Other	254 MXPF

- Tax liabilities to the sum of 975 MXPF are broken down as follows:

Collected passenger tax	886.3 MXPF
Other tax liabilities	88.7 MXPF

V – 14. Other liabilities

The entry "other liabilities" went from 1,283.6 MXPF on 31st December 2018 to 1,451.3 MXPF on 31st December 2019 and is divided as follows:

Loyalty points value for "Frequent flyer":	1,076 MXPF
Accruals:	329.3 MXPF
Other:	46 MXPF

The company offers a "Club Tiare" loyalty program which enables those who subscribe to collect air miles when they fly with Air Tahiti Nui or when they purchase their services via credit card company. Members can exchange these air miles for travel or other company services.

Loyalty point value is calculated based on the basis of the stock of miles in circulation at the end of year closure of accounts.

V – 15. Deferred revenue

Deferred revenue of 8,200 MXPF on 31st December 2018 amounts to 8,673.5 MXPF on 31st December 2019.

At the end of the financial year, deferred revenue is itemized as follows:

	MXPF
Unused flight tickets	7,126.4
Fuel surcharge	1,390.3
Deferred revenue tax credit	113.5
Insurance surcharge	43.3

Note on unused tickets:

In accordance with the principle usually applied by Airlines, sales revenue is recorded when passengers actually travel, and is based on the coupons received when they actually travel. When the ticket is issued the company records a deferred income which is discounted upon travel, exchange or refund of tickets.

Coupons received upon travel and issued by a third party airline are invoiced to the latter according to IATA rules or specific agreements.

The value of unused flight tickets at the end of the financial year 2019 appear in the liability section of the balance sheet. Taking into account that issued tickets are valid for a year, Air Tahiti Nui has made an exceptional accounting entry of 432.5 MXPF, which corresponds to the cancellation of all tickets issued and not used within 12 months.

Statutory auditors' report on the annual financial statements

V - 16. Auditor's fees

Year ending December 2019, auditor's fees figure in the end of year income statement, amounts to 14.3 MXPF.

V - 17. Workforce on 31st December 2019 (FTE - Full-time equivalent)

	31/12/2017	31/12/2018	31/12/2019
Executive managers	68	70	67.8
Supervisors	148.8	144.1	147
Manual workers & employees	102.4	106.3	93
Commercial flight crew	310	305	307
Technical flight crew	78.5	77	73
Total French Polynesia	707.7	702.4	687.8
Employees based abroad	64.2	64.1	58.7
Total workforce	771.9	766.5	746.5

V - 18. Consolidated accounts

Consolidated annual accounts were drawn up for the Air Tahiti Nui group from the financial year 2019.

V - 19. Information concerning receivables and liabilities with related parties

Related Party: Tahiti Nui Helicopters	Amount in XPF
Receivables	24,832,439
Suppliers	476,015

Opinion

In our capacity as statutory auditors entrusted to us by your annual general meeting, we conducted an audit on the annual accounts of S.A.E.M.L. AIR TAHITI NUI relating to the past financial year ending the 31st December 2019, as attached to this report. These accounts were examined by the board of directors on the 26th of May 2020 and based on the elements available at the time during which the Covid-19 crisis was evolving.

We certify that the annual accounts are, in accordance with French accounting rules and principles applicable in French Polynesia, a true and fair view of the financial position of the past fiscal year and also the company's financial situation and assets at the end of the financial year.

Basis of audit opinion

Audit terms

We have undertaken our audit according to the professional standards applicable in France. We believe that the elements we have collated are sufficient and appropriate to form an opinion.

Our responsibilities in accordance with these standards are indicated in the section "Auditor responsibilities relating to annual accounts audit" of this document.

Independence

We have carried out our audit respecting the independence rulings which apply from the 1st January 2019 up until the date of issue of our report, and we have not provided any services that are prohibited by the applicable professional standards.

Observation

Without qualifying our opinion, please refer to section IV of the annual accounts' annex which reveal business continuity prospects for 2020.

Assessment justification

By applying professional standards relative to assessment justification, we bring the following assessments to your attention which, we in our professional capacity, believe to be the most significant for the company annual accounts audit.

Your company makes provisions for requirements in maintaining airworthy aircraft as described in sections "III - 3" and "V - 10.3" of the annex. Our review consisted, notably, in verifying the account processing adopted for the translation of maintenance obligations, to assess the statistics and hypotheses on which estimates are based, to ensure they are reasonable, to review calculations performed by the company and verify that sections "III - 3" and "V - 10.3" of the annual account annex present appropriate information. These assessments were made within the context of annual account audits, taken as a whole, established under the conditions referred to earlier, and the formation of our previously expressed opinion. We do not express an opinion about individual items in these annual accounts.

Verification of management report and other documents addressed to stakeholders.

In accordance with French professional standards we have also conducted specific legally required verifications.

We have no comments to make concerning the fair presentation and consistency of the annual accounts, the information provided in your board of directors' management report and in documents addressed to stakeholders about the financial state of annual accounts.

Management informed us that with regard to events that occurred and to elements known subsequently to the end of year accounts linked to the Covid-19 crisis, they will communicate with the General meeting called to approve the accounts.

Responsibilities of management and those charged with corporate governance in relation to the annual accounts

It is the responsibility of Management to establish annual accounts that present a truthful view in accordance with the rules and principles of French Accounting applicable in French Polynesia, and also to implement internal control that it deems necessary to establish that the annual accounts contain no significant material misstatement, whether due to fraud or error.

When establishing annual accounts it is incumbent upon Management to evaluate the company's capacity to continue operations, and, if need be, present necessary information in the accounts relative to the continuation of operations and to apply the accounting policy for business continuity, unless the company is expected to go into liquidation or cease trading.

The annual accounts were approved by your Board of Directors.

Responsibility of auditors relating to the audit of annual accounts

Our task is to establish a report on annual accounts. Our aim is to obtain reasonable assurance that the annual accounts taken as a whole do not contain any material misstatement.

Reasonable assurance means an elevated level of assurance, without, however, the guarantee that an audit conducted in accordance with professional standards can consistently detect all material misstatement.

Misstatements can come from fraud or be a result of errors and are considered significant when it can be reasonably expected that they could, individually or cumulatively, influence economic decisions made by reliance on such information.

By applying professional standards applicable in France, our mission to certify accounts does not consist in guaranteeing the viability or the quality of management of your company.

A more detailed description of our responsibilities as auditors linked to annual account audits can be found in the annex to this document and is an integral part thereof.

Papeete,
5th June 2020.

For the SCP
GOSSE PARION CHANGUES MENARD ALBERT

For the SARL
KPMG

Christophe PARION
Statutory auditor

Jean-Louis PELLOUX
Statutory auditor

REPORT ANNEX AUDITOR RESPONSIBILITIES IN DETAIL

Within the framework of an audit conducted in accordance with the professional standards applicable in France, the auditor shall exercise professional judgement throughout.

In addition:

- They identify risks that the annual accounts may contain material misstatements, whether the latter come from fraud or are a result of errors, they define and put into practice audit procedures in the face of these risks, and gather together elements they feel are sufficient and appropriate on which to base their opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error because fraud may involve collusion, falsification, wilful omission, misrepresentation or circumvention of internal control;
- They take heed of relevant internal control for the audit to define the audit procedures that are appropriate under the circumstances, and not with the aim of expressing an opinion regarding the efficiency of internal control;
- They assess the appropriate character of the accounting methods selected and the reasonable accounting estimates made by management, as well as information provided about this in the annual accounts;
- They assess the appropriate nature of the management's application of the standard accounting policy and according to the information gathered, the existence or absence of existence of any significant uncertainty linked to events or circumstances that are susceptible of questioning the capacity of the company to continue its business. This assessment is backed up with elements collected up to the date of the report, always being aware that subsequent circumstances or events could jeopardise ongoing operations. If they reach the conclusion that there is a significant uncertainty, they draw the reader's attention to their report about the information provided in the annual accounts linked to this uncertainty or, if the information is not provided or relevant, they issue a certification with reservations or a refusal of certification;
- They assess all the annual accounts as a whole and evaluate if the annual accounts are a reflection of underlying operations and events in order to present a fair picture.

Outlook 2020



**'I fano na, e fano ā,
Thanks to you, the adventure will continue.**

At the start of 2020, the Covid-19 health crisis and its subsequent disastrous consequences on the worldwide economy, particularly for the aviation and tourism sector, put an abrupt halt to activity that had already been buffeted by the arrival of competition in 2019.

Fortunately, Air Tahiti Nui entered this crisis with good fundamentals (both liquid assets and capital) and above average ratios for the industry. However, this brutal pandemic has affected each and every company, and however robust they may be, even the strongest will need help from their government.

High levels of debt and the weakening of the market after the crisis will lead to a constant struggle in order to restore sustainable margins.

All airlines will have to undergo extensive changes in order to cope with this major upheaval based on a steep fall in demand and health restrictions, involving greater rationalization of cost structures and even reductions in workforce, as many leading airlines in the sector have already been obliged to do.

Air Tahiti Nui is no exception to the rule and although there was a concerted effort to reduce structural costs to make the company more competitive in 2019, these efforts must also be sustained next year.

Just like its fellow airlines, our own company will seek the necessary assistance to maintain it within a very degraded working environment.

Air Tahiti Nui's economic importance in French Polynesia and its essential role in territorial continuity and support for tourism, the country's primary industry, both reinforce its quality seal as a "strategic business".

Indeed, it represents much more than just an asset for tourist development and will play an undeniably fundamental part in the slow and gradual rebuilding of an industry already extensively shaken by the present crisis.

2019 saw the successful completion of the fleet transition that had begun five years earlier. Our company thus became owners of a new working tool enabling us to capitalize on the key success factors such as the excellence of its service and the immersive experience provided by our brand.

The introduction of the Tahitian Dreamliners finally occurred in an environment vastly different to the one in 2015, requiring the company to develop distinctive elements for the unveiling of its signature, assert its added value and thus stand out from its competitors.

In line with this continuous improvement philosophy, in 2020 the operational product committee will be refocusing on the methods formalized at the time of rebranding to strengthen Air Tahiti Nui service, giving rise to the development of service markers in particular.

As planned before the advent of the health crisis, the distribution, digitization and revenue components should also see their initiatives intensified during the course of the year as part of the 2020 business plan.

Today the challenge for airlines remains to secure the necessary cash flow in order to withstand the crisis and bounce back when it comes to an end. They will also have to quickly reinvent themselves in order to respond to the specificities of a post-Covid market and regain their place in an international airspace in the midst of a reconstruction;

Air Tahiti Nui will be part of that journey.

CSR Indicators

TABLE OF KEY INDICATORS AND GRI CORRESPONDENCES

The guiding principles and recommendations of the Global Reporting Initiative were taken into account in the drafting of this report.

		2017	2018	2019	Variation 2018/2019	Ref. GRI
SOCIAL						
Number of employees	unit	790	780	755	-3%	
Recruitment	unit	54	48	26	-46%	G4-LA1
Departures	unit	53	50	46	-8%	
Amount of total payroll	billion	7.44	7.25	7.26	0%	
Amount allocated to professional training	million XPF	78	65	110	69%	
Percentage of payroll devoted to training personnel	percentage	0.99	0.97	0.91	-6%	G4-10
Number of workplace accidents (resulting in medical leave)	unit	12	16	20	25%	G4-LA6
Parity (percentage of female employees - all positions included) *	percentage	51.6	52.3	52.8	1%	
Number of employees with a disability	unit	2	2	1	-50%	
ENVIRONMENT						
Number of flights operated (regular commercial flights—passengers and freight, charters, technical flights, <i>full cargo flights</i>)*	Unit in number of legs	2 170	2 129	1 994	-6%	
Number of flight hours *	Block unit hours (block to block)	19 108	18 607	17 314	-7%	
Direct CO₂ emissions*	equivalent tonnes CO ₂	379 070	368 655	305 020**	-17%	G4-EN15
Energy consumption (premises in PPT)	Kilowatt kW	706 810	773 739	946 242	22%	
SOCIETAL						
Sales revenue	billion XPF	35,4	34,1	31,9	-6%	G4-EC1
Number of passengers transported	unit	484 722	471 542	434 280	-8%	
Number of tourists transported	unit	137 772	132 456	114 061	-14%	
Market share of tourist traffic	percentage	69.20%	61.20%	48.30%	-21%	
Tourist revenue generated (indirect impact from Air Tahiti Nui activity)	billion XPF	35	39,6	na	na	
Tonnage of goods transported	tonnes	9 512	9 697	8 922	-8%	
Amount devoted to support of local associations (charities and environmental assoc.)	millions FPF	32.1	31.3	21.6	-31%	
SKATEHOLDER FEEDBACK						
Number of active Club Tiare members	unit	129 786	143 291	154 086	8%	
Rate of customer satisfaction	percentage	96%	96%	na ⁽¹⁾	na	G4-PR5
Number of customers surveyed	unit	6 604	4 326	4 124	-5%	G4-PR5

(1) Due to the introduction of the new Boeing aircraft during the course of the year, onboard surveys in 2019 were conducted in several waves: from January to June, they were carried out on the two fleets irrespective of aircraft type; from July to September, feedback was focused on the new Moana Premium in order to assess customer satisfaction more precisely regarding this new company product; over the last quarter, the surveys continued on an exclusively B787-9 fleet (see § Customer satisfaction policy on p.30 of this report).

* Certain data may have changed since the publication of the sustainable development report 2018 following the value adjustment and indicator update.

** According to CORSIA declaration and audit



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