

Air Arabia

Investor Presentation

2nd Quarter 2015



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Section 1
Air Arabia Story



Air Arabia Story

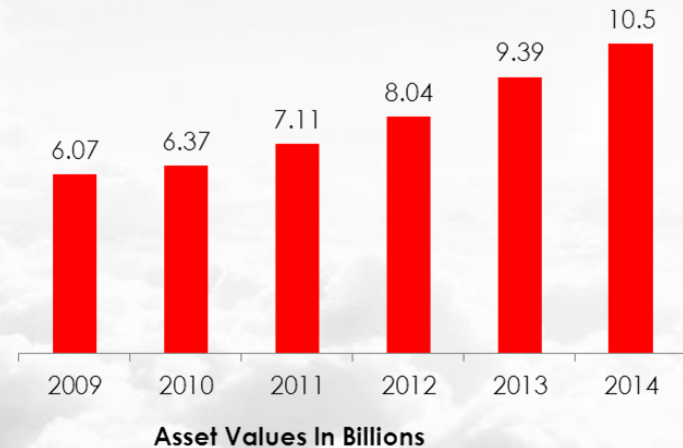
General Overview

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airarabia.com

Company Overview

- Launched in October 2003, Air Arabia is the first and largest low cost carrier in the Middle East and North Africa.
- Air Arabia has grown to become a leading low cost carrier operator across key Global emerging markets.
- Operating a total fleet of 42 (owned & leased) Airbus 320s.
- In 2015, Air Arabia announced its 5th Hub, in Amman, Jordan.
- Cargo operations continue to be a fast growing ancillary with revenues around AED100M.
- By end of Q2 2015 Air Arabia flew to 111 destinations spread across the Middle East, North Africa, Indian Subcontinent, Central Asia and Europe.
- In Q2 2015, 9 new destinations were added to the network such as Isfahan, Multan, Giza out of Sharjah; Naples out of Casablanca; Kuwait, Erbil, Sharm Al Sheikh out of Amman; Doha out of Alexandria.

Asset Evolution (2009 – 2014)



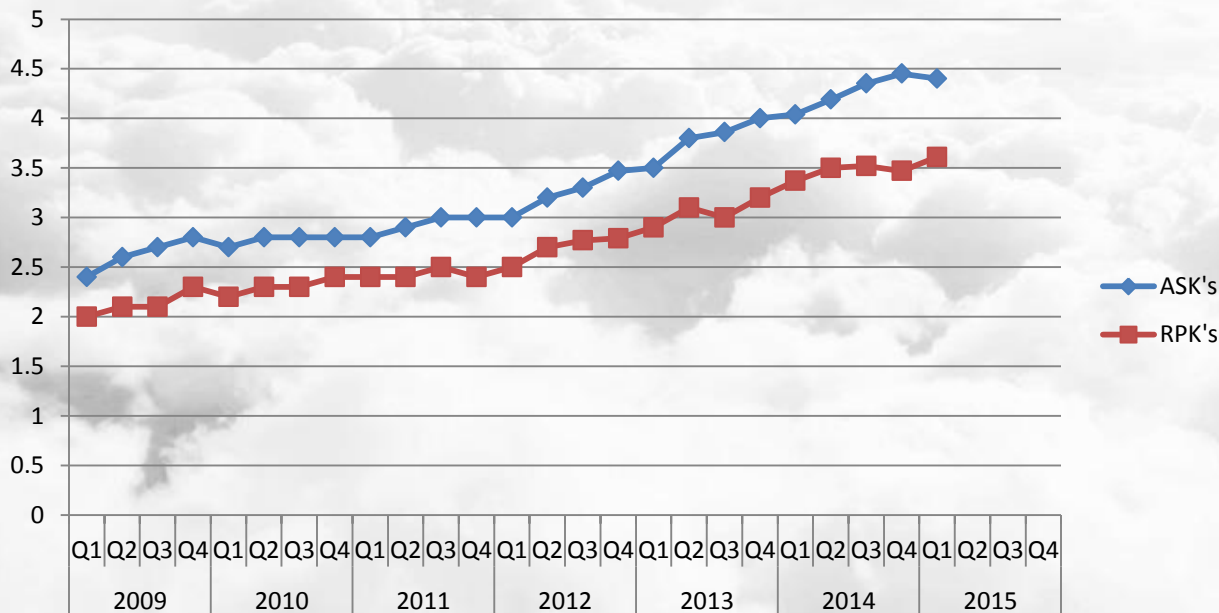
Air Arabia Story

General Overview

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- Air Arabia has been profitable since first year of operations.
- AED 13.8 billion RPK in 2014 – 11.4 % growth compared to 2013.
- Strong balance sheet with AED1.4 billion in cash.
- RAK Hub operated in 2014, and Jordan Hub operated in 2015

RPK ASK Evolution



2009 RPK: 8.5 billion
2009 ASK: 10.5 billion

2010 RPK: 9.2 billion
2010 ASK: 11.0 billion

2011 RPK: 9.6 billion
2011 ASK: 11.7 billion

2012 RPK: 10.77 billion
2012 ASK: 13 billion

2013 RPK: 12.4 billion
2013 ASK: 15.27 billion

2014 RPK: 13.8 billion
2014 ASK: 17 billion

Air Arabia Story

Map of Global Presence



Air Arabia Story

Group Portfolio

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Air Arabia (PJSC)- (DFM:AIRARABIA), consists of a group of airlines and companies offering travel and tourism services across the globe.

Industry	Companies	Ownership	Description
Airlines	 العربية للطيران airarabia.com	100%	First & Largest LCC in MENA region covering vast population spreading across Middle East and Indian Subcontinent and CIS region.
	 العربية للطيران airarabia.com المغرب maroc	41%	Morocco's leading LCC extensively covering Europe from various airports across the Kingdom with great potential to spread wings into Africa.
	 العربية للطيران airarabia.com مصر egypt	49%	Egypt's most innovative LCC, serving GCC the Middle East, Europe and Africa.
Ground Handling & MRO	 الخدمات الجوية Sharjah Aviation Services	50%	SAS is a JV with Sharjah Airport that delivers a comprehensive range of passenger, ramp and cargo handling for airline operators and airport customers.
	 العربية للطيران airarabia.com الهندسة engineering	100%	Maintenance Hangar designed to meet all MRO requirements for entire Air Arabia fleet while serving other airlines and aircraft.
Flight Operations	 العربية للطيران airarabia.com simulator	100%	Providing significant cost saving, this flight simulator facility helps Air Arabia provide world-class training for up to 400 pilots a year.
Hospitality	 CENTRO المنتجعات	100%	Both hotels perfectly situated in Sharjah and Dubai providing Air Arabia with a great expansion into hospitality.
	 alpha flight services	51%	
Tourism	 Radisson HOTELS & RESORTS	100%	JV company that supports and enhances the quality of on-board catering while servicing a niche market for catering and hospitality
	 ACTION HOSPITALITY	100%	
Tourism	 cozmo travel مقر العالم للسفرات	51%	Spread across GCC states, Cozmo Travel is a leading travel agency providing a wide range of individual and corporate travel solutions.
Technology	 ISA Pioneering Your Dreams	100%	ISA is a leading IT solutions provider. ISA unique creation is the leading reservations system 'AcelAero' that is now being used by many airlines across the world.

Section 2

Investment Highlights



Investment Highlights

General Overview

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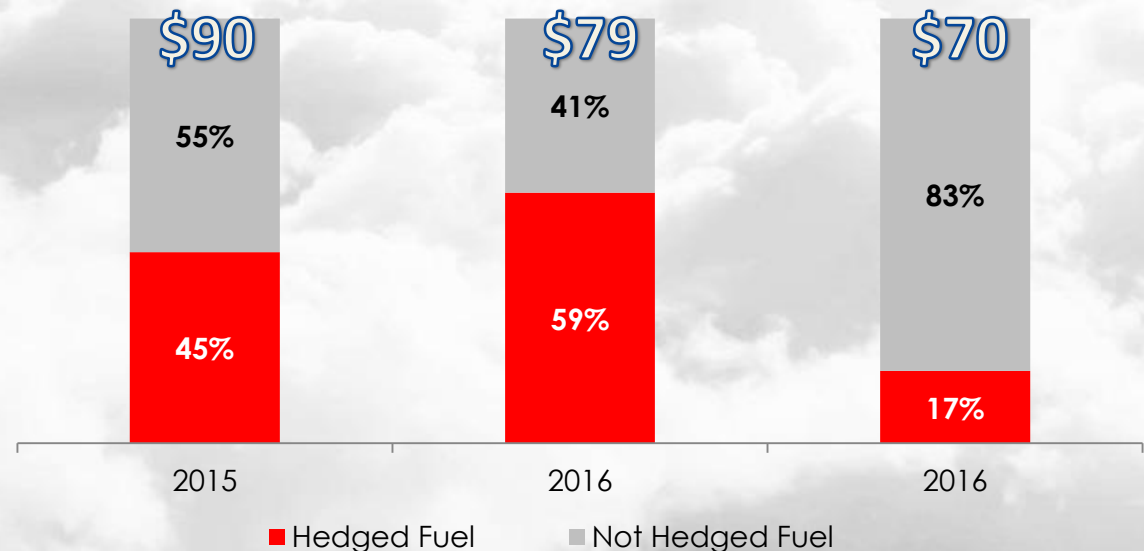
Leadership Advantage

- *First mover advantage* - capitalizing on the multi-hub model taking key emerging markets as basis to penetrating new regions and grow network.
- *The first Arab listed airline (DFM)* – providing the carrier an independent path to growth and profitability.
- *Brand Name* - as the name reflects, Air Arabia is set on becoming the only Pan Arab airline connecting the whole range of the Arab world with Europe, Asia and Africa.
- *Seat Factor* – continues to run at one of the industry's highest seat load factors.

Ancillary Revenues

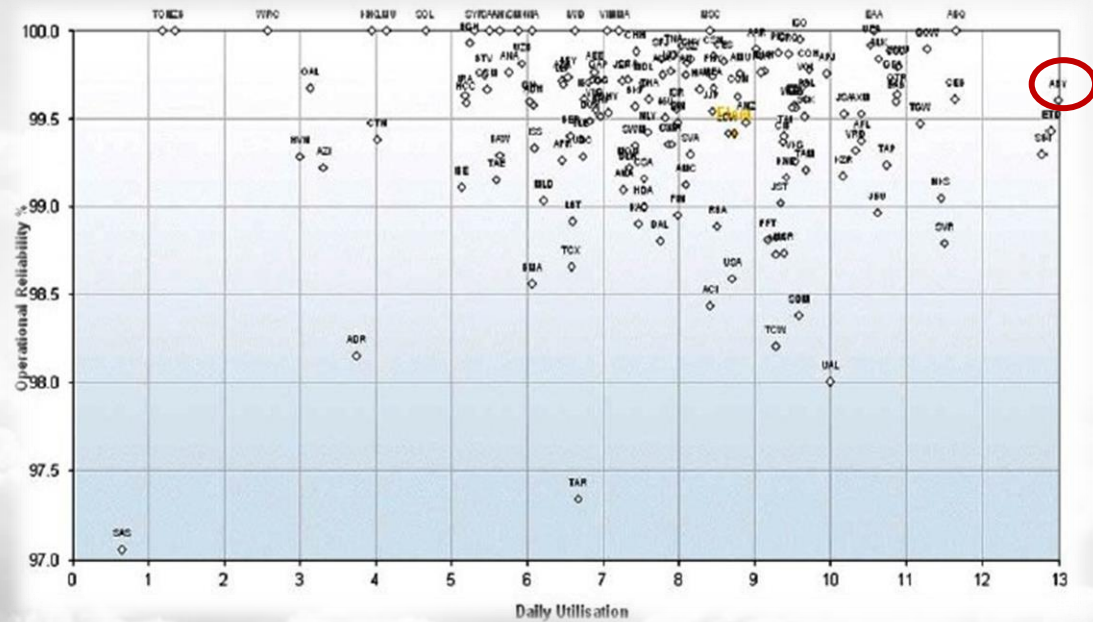
- Ancillary revenues are an integral part of the business, and management continue to focus on it and develop it as business opportunities arise.

Fuel Hedging (2015-2017)



- Amongst the world's top 5 lowest airline operational cost.
- The world's best operator of an Airbus A320 fleet; highest aircraft utilization and operational reliability. (see graph A1).
- Industry record for average head count number per aircraft: 49 employees / 1 Aircraft.
- Aircraft fixed costs are diluted by the industry leading aircraft utilization hours.
- In-House MRO, Simulator and Reservation system proving increased savings as the airline grow.

Operational Reliability VS Daily Utilization (A320)



Graph A1 – Source: Airbus

Independence, Quality and Control













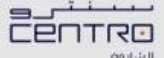








- Supporting businesses are individual success stories providing Air Arabia with excellent saving and quality control.
- Maintenance hangar & flight simulator provides Air Arabia with a unique competitive edge to operational excellence and growth.

Investment Highlights

Strong Subsidiaries

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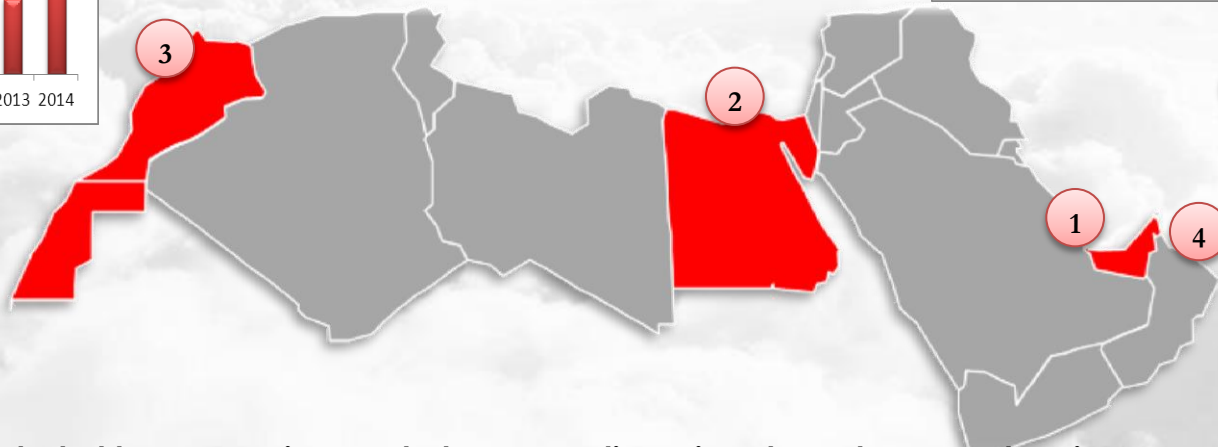
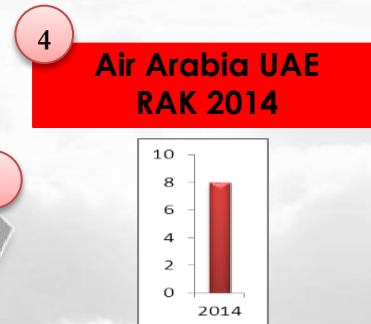
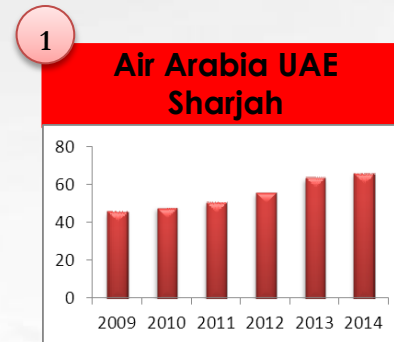
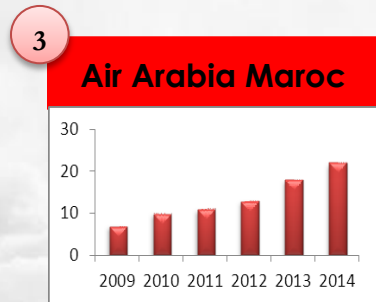
Air Arabia supporting businesses contribute positively to the Group's bottom-line

Air Arabia supporting businesses contribute positively to the Group's bottom-line		Stake	Revenue (AED MM)	
			FY 13	FY 14
		50%	80	 91
		51%	38.3	 42
		51%	25.6	 33.4
		100%	8.15	 15.2
		100%	30.2	 42.8
		100%	37.7	 38
		100%		 17.1

Investment Highlights

Multi-Continental Growth

Growth in number of destinations at each Hub



Strategic bases located at key emerging markets & spreading wings to under-served regions covering mass population of over 3 billion:

- ✓ Middle East
- ✓ Indian Subcontinent
- ✓ South and Central Asia

- ✓ Africa
- ✓ CIS Region
- ✓ Europe

5 year goals set when going public achieved

Key Indicators	Goals Set in (2007)	Accomplishments by 2012
Revenue	To expand the company and double the revenue streams.	In 2007 Total revenue was AED 1.3Billion. Group revenue touched AED 3Billion (2012).
Fleet Size	To grow the fleet size with a projection to reach 19 by 2010 and 34 planes by 2015	Current fleet size is 32 aircraft, far ahead of projection.
Fleet Ownership	To have at least half of fleet owned by 2012.	19 aircraft out of 32 fleet is owned today, that's 59%.
Dividend Distribution	To distribute at least 25% of the net profits generated as dividend to investors.	Distribution of 96.68% of the net profits generated since the IPO; that is equivalent to 41% of capital over the past 5 years.
Network	To have 50 destinations by 2010 and 85 by 2015.	84 destinations worldwide by far; without counting the repeated frequencies.
Subsidiaries & JV's	To grow our subsidiaries in a way that best complement our operations and strategic goals.	At the time we had 2 subsidiaries, today Air Arabia Group have 9 profitable ones.
Operational Growth	To seek strategic opportunities for growth.	In addition to the UAE, Air Arabia operates from Morocco and Egypt and fully own two hotels in the UAE.
Passengers Growth	To reach 4.5 Million passengers by 2010.	4.5 Million passenger in 2010 and 5.3 million in 2012.
Ancillary Revenues	To grow our ancillary revenues through expanding product offering.	Ancillary revenue grew from 1% of revenues at IPO stage, to 6% of revenues today.

Investment Highlights

Leadership

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Expert Teams

- Lead by its founder and Group Chief Executive Officer Adel A. Ali, who is well known for being at the forefront of the development of modern aviation.
- Home of some of the world's best aviation talents , together driving Air Arabia into new heights.

Few Industry Recognitions

- World Airline Award for best LCC in MENA region for five consecutive years – by Skytrax
- 2015 Best Low Cost Airline in the Middle East by skytrax awards
- Best Low Cost Carrier in 2015 by World Tourism Forum
- Airline Business Award by Airline Strategy Awards 2014
- Low Cost Airline of the Year by Aviation Business 2014
- CSR Award for best Social Responsibility practices 2012 – by Aviation Business
- World's second best performing airline in 2012 – by Aviation Week
- Award for excellence in Corporate Governance in 2010 – by ESCA
- The Best Managed Company in the Middle East Aviation sector 2010 - by Euromoney
- World's best LCC in 2009 – by Aviation Week
- World's most profitable airline for the year 2008 – by CAPA



Aviation Week's Top-Performing Airlines 2012		
Rank	Company	Total Score
1	AirAsia	81
2	Air Arabia	78
3	Ryanair Holdings	78
4	Hainan Airlines	77
5	Allegiant	77
6	TransAsia Airways	72
7	Vueling Airlines	72
8	Copa	71
9	Singapore Airlines	70
10	WestJet Airlines	69

Note: Performance category results will not sum to total score.
See the IATA Methodology (p. 40) for further explanation. Source: IATA Study



Section 3

Financials



Financials

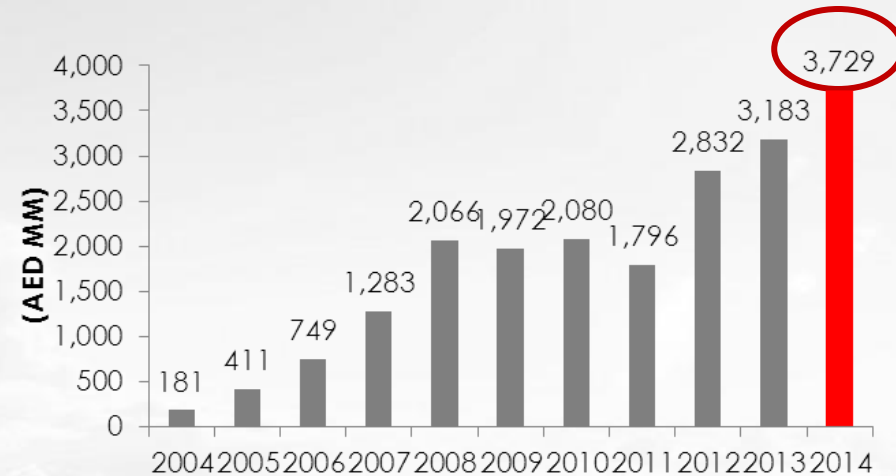
Q1 2015

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Quarterly Performance	Q2' 2014	Q2' 2015	% Change
Financial Highlights (AED Millions)			
TOTAL REVENUE	915	860	-6%
Operating Profit	77	117	52.5%
Operating Profit Margin	8.4%	13.7%	63%
NET PROFIT	172.7	151.5	-12.3%
Operational Highlights			
NUMBER OF PAX CARRIED (Millions)	3.3	3.6	6.9%
AVERAGE LOAD FACTOR	82%	79%	-3%

- Air Arabia added 7 new Airbus A320 aircraft to its fleet in 2014.
- Seat factor for the full year ending December 31, 2014 rose to 81.4%
- The number of passengers carried for the year 2014 increased by 11.6% compared to previous year with Air Arabia carrying 6.817 million passengers.
- Global network grew in 2014 to reach 101 routes from 4 hubs.
- Air Arabia distributed 9% cash dividends for the year 2014.
- Cargo traffic continued strong performance in 2014 with a registered growth of 30% YoY

Revenues (AED) 2004-2014

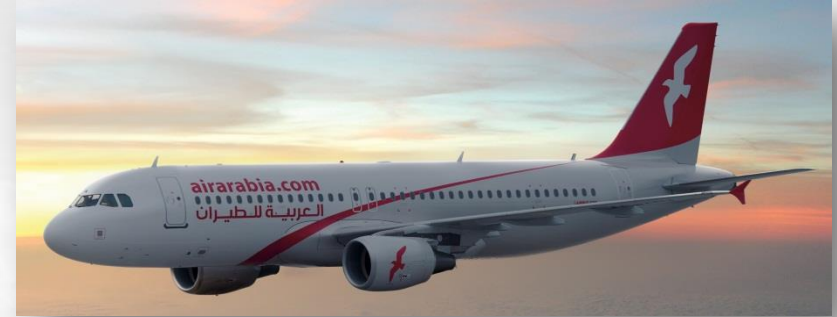


Net Profits (AED) 2005 -2014



Fleet Funding Plans

- Out of the first 21 deliveries of our 44 order, 12 have been achieved through finance supported by the European ECA's (at extremely competitive rates).
- It is anticipated that the remaining aircraft will be a mixture of ECA financing and, commercial finance..
- Air Arabia will capitalize on the current low interest rate environment to partially finance new aircraft purchases.
- The entire fleet consists of the Airbus A320 aircraft type.



- One of the world's youngest fleet with average age of 2.5 years
- All new deliveries are equipped with Airbus latest Sharklet technology (wingtip improving fuel efficiency and Aerodynamic of aircraft)

Section 4 Way Forward



Way Forward Group Strategy

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Air Arabia aims to strengthen its position as the leading low cost carrier operator across the Arab World:
Providing its customers with the most competitive fares; Greatest number of destinations; and Highest quality of service
– while maintaining the Highest return on investment to its shareholders.



Section 5

Governance & Community



- Corporate governance code implemented in 2007 is a combination of International and national (UAE) corporate standards.
- Two board committees with specific responsibility for Audit, nomination and remuneration as well as corporate ethics.
- Monthly budgeting process, management projection and management financial reports.
- Risk management framework embedded in the management structure.
- Fully pledged investor relations function.

Governance & Community

Corporate Social Responsibility

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Charity Cloud Program

Air Arabia's initiative for sustainable development in 2005 and currently runs schools and medical centres across: Sudan, Sri Lanka, India, Nepal, Yemen and Turkey – providing education and health care to thousands of under privileged members of communities across the Globe.

Air Arabia opened 2 clinic in Egypt and Bangladesh 2014

Air Arabia Sports Adventure

Community Initiative launched in 2007 to help individual and team athletes achieve their sports dreams.

- Air Arabia World Sailing Endurance Challenge 2007
- Bahrain Team Air Arabia –World Sailing Competition 2008
- Air Arabia Sailing Adventure 2010
- Air Arabia Para-Gliding Challenge 2011
- Team Air Arabia 2012 – World Cycling Challenge



Section 6 Appendix



Appendix

Operating Statistics

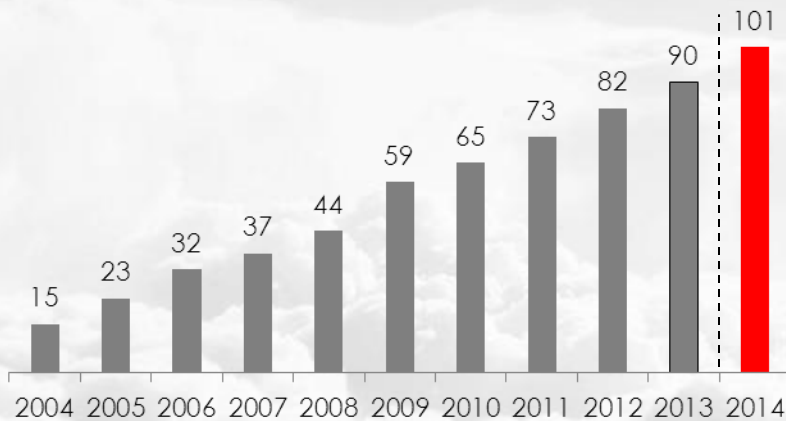
(Figures in AED)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Number of Aircrafts	3	5	8	11	16	21	25	29	33	34	39
Average Aircrafts	3.0	4.9	6.0	9.5	14.5	17.0	23.0	27.5	30.0	31.0	35.0
Destinations	15	23	32	37	44	45	65	69	82	90	101
Number of Pax (Millions)	0.5	1.1	1.8	2.7	3.6	4.1	4.5	4.7	5.3	6.1	6.8
RPK (Billions)	1.2	2.5	3.7	5.0	7.1	8.5	9.2	9.2	9.6	10.8	13.8
ASK (Billions)	1.8	3.2	4.7	5.8	8.3	10.5	11.0	11.7	13.0	15.2	17.0
Average Load Factor	68%	79%	80%	86%	85%	80%	83%	82%	82%	80%	81%

Appendix

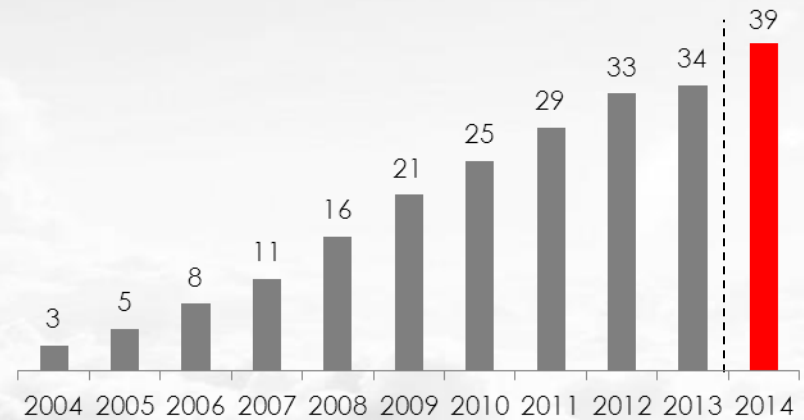
Operating Metrics

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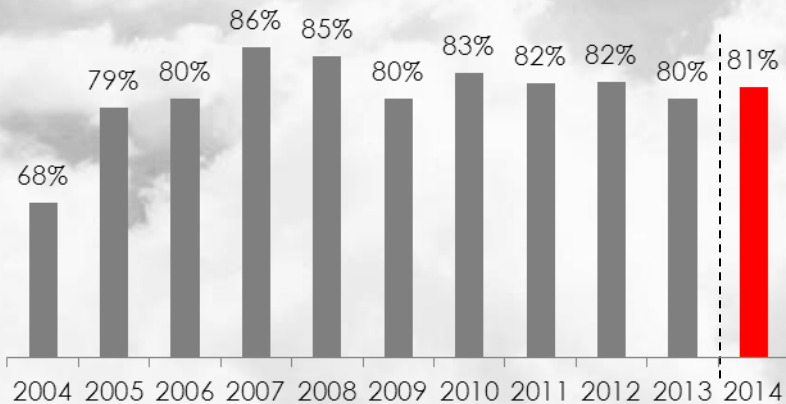
Destinations



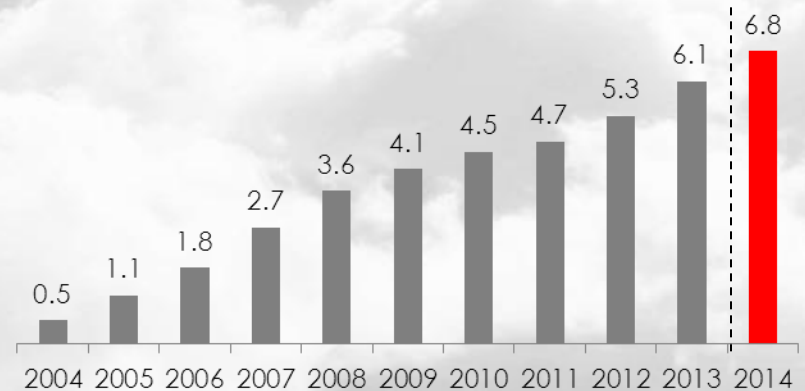
Fleet Size



Load Factor



Total Passengers (Million)

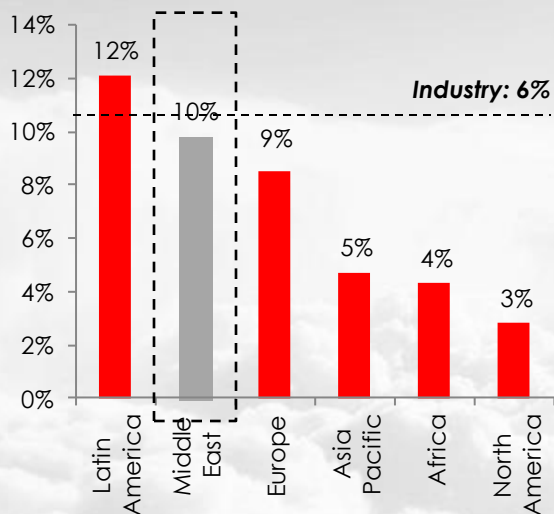


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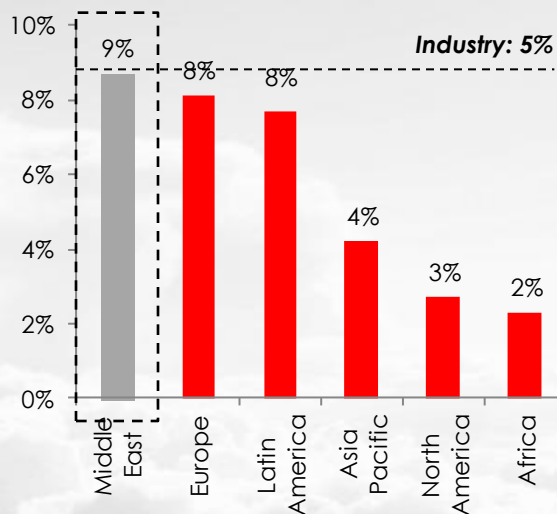
Arab Aviation Overview

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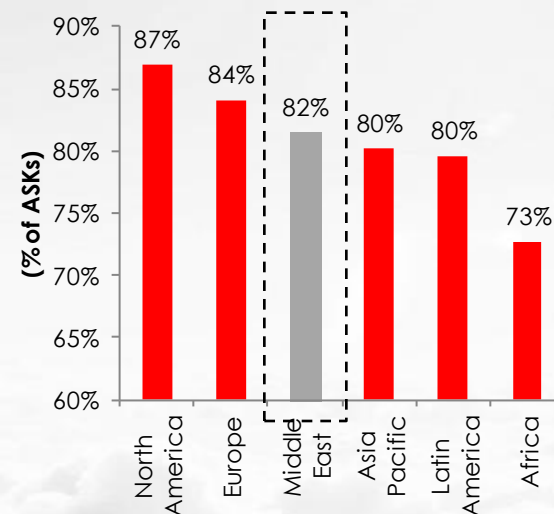
RPKs Growth (Y-o-Y)



ASKs Growth (Y-o-Y)



Total Passenger Load Factor



LCC Penetration - MENA Region (2007)



LCC Penetration - MENA Region (2014)



Note: Penetration is based on number of passengers
Source: IATA, SRS Analyzer, Airbus and AACO

Appendix Contact Us

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Thank You