

**Air Arabia**

# **Investor Presentation**

**Sharjah, UAE: 3<sup>rd</sup> Quarter 2014**



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- Air Arabia Story
- Investment Highlights
- Financials
- Way Forward
- Governance & Community
- Appendix

**Section 1**  
**Air Arabia Story**



# Air Arabia Story

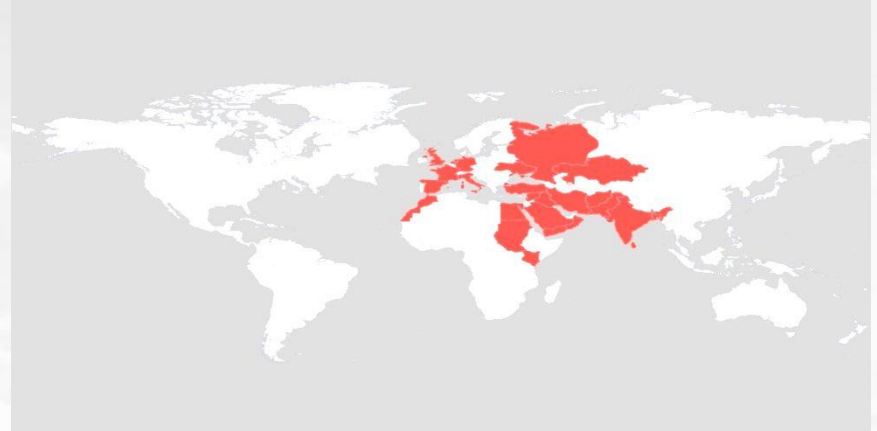
## General Overview

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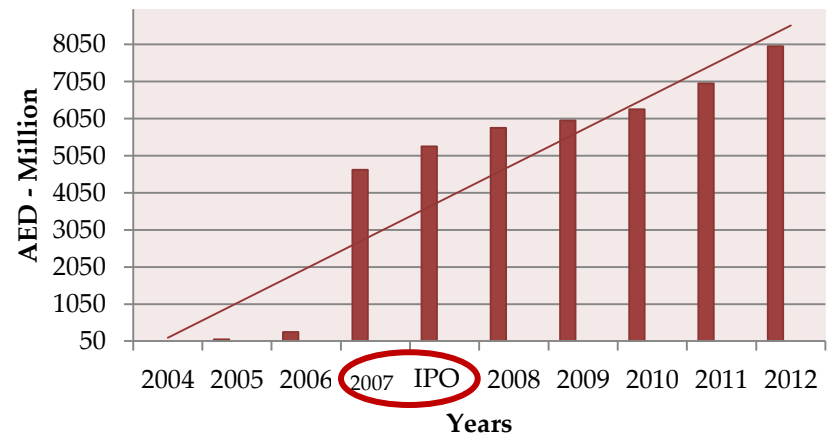
### Company Overview

- Launched in October 2003, Air Arabia is the first and largest low cost carrier in the Middle East and North Africa.
- Following 10 successful years of operations, Air Arabia has grown to become a leading low cost carrier operator across key Global emerging markets.
- Currently operates to 100 destinations spread across the Middle East, North Africa, Indian Subcontinent, Central Asia and Europe.
- Earlier in 2014, Ras Al Khaima Hub was introduced.
- Took full ownership of ISA during the year.
- Added Al Jof, Abadan, Samara and Tbilisi were recently added to the network
- Air Arabia operates from 4 main hubs in the Sharjah, RAK, Morocco and Egypt.
- Air Arabia's fleet consists of 39 owned and leased Airbus A320s.

### Global Presence (2013)



### Asset Value Evolution





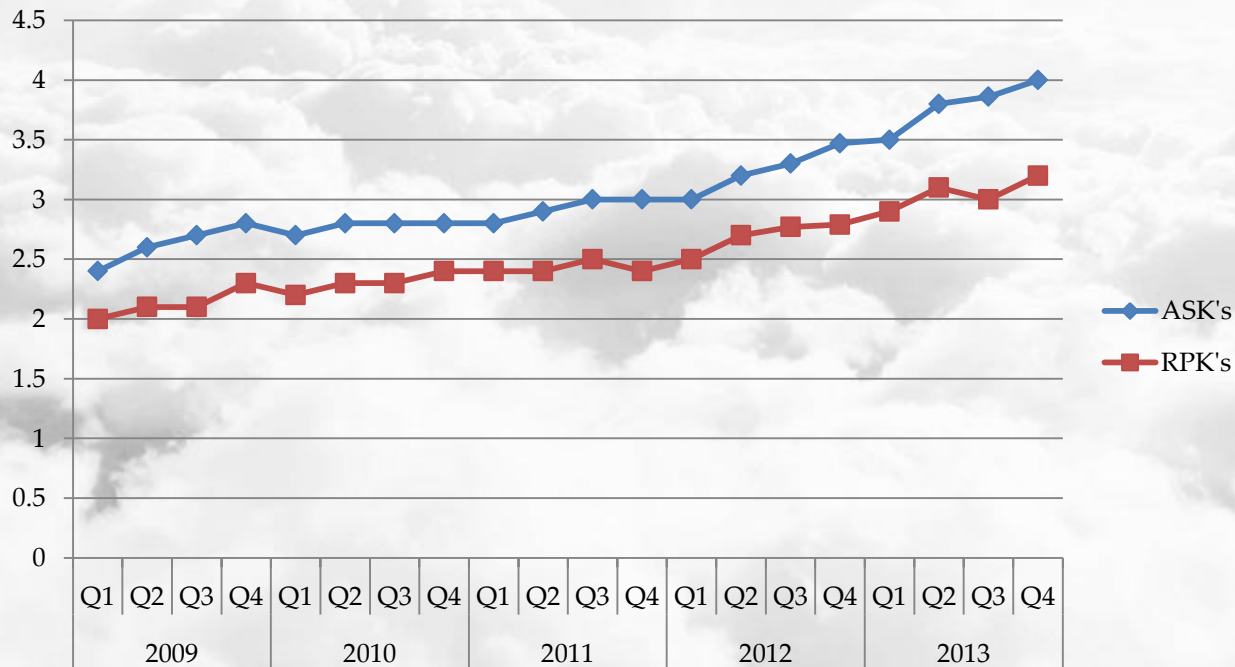
# Air Arabia Story

## General Overview

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- Air Arabia has been profitable since first year of operations.
- AED12.38 billion RPK in 2013 – 15 % growth compared to 2012.
- Strong balance sheet with AED1.4 billion in cash.
- A new hub, RAK, is added to the operations in 2014.

### 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

# 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.  JV company that supports and enhances the quality of on-board catering while servicing a niche market for catering and hospitality
	 alpha flight services	51%	
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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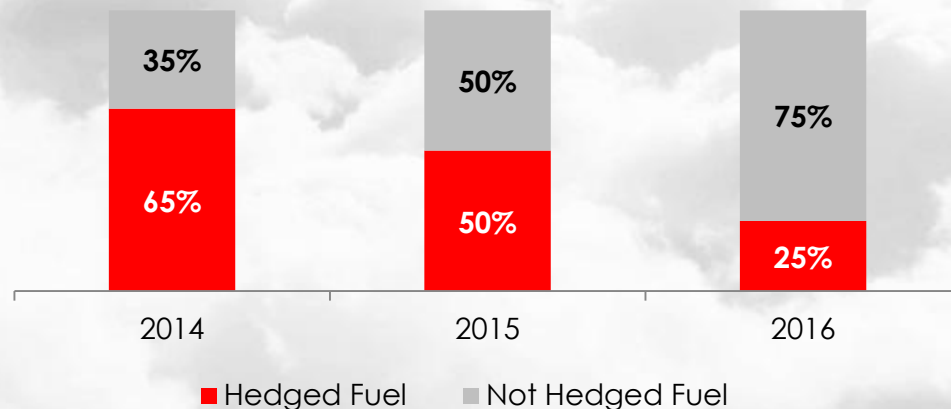
### Leadership Advantage

- *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, 80% registered in 2013.

### Ancillary Revenues

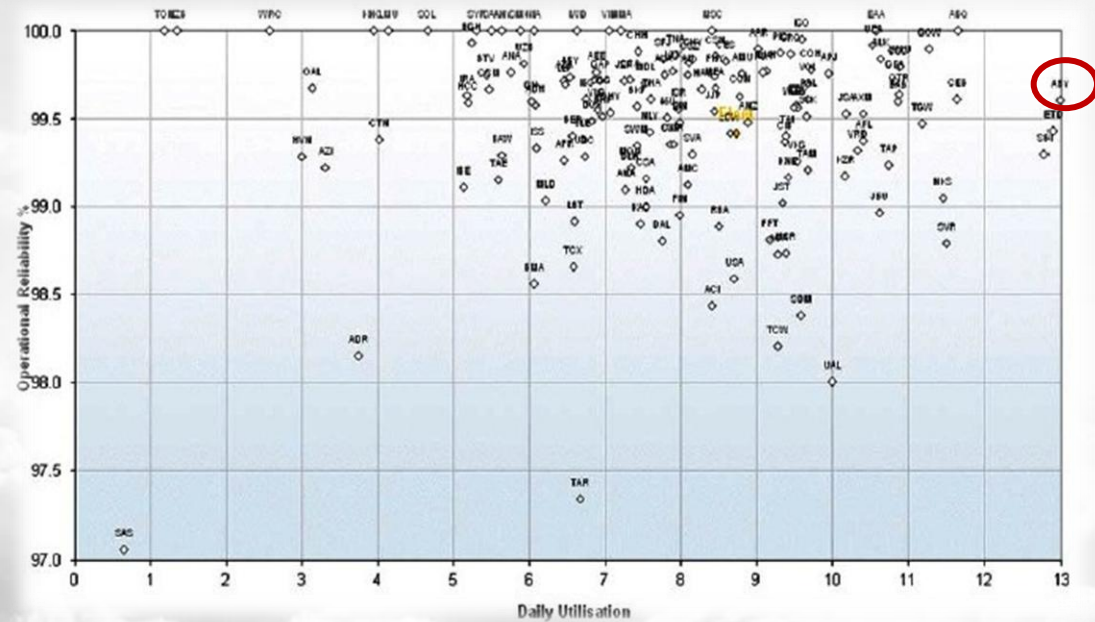
- Ancillary revenues are an integral part of the business, and management continue to focus on it and develop it as business opportunities arise

Fuel Hedging (2014-2016)



- 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: 44 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










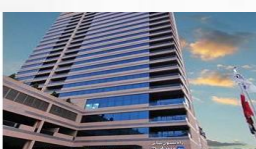
- Supporting businesses are individual success stories providing Air Arabia with excellent saving and quality control.
- Maintenance hangar & flight simulator provides Air Arabia with a unique competitive edge to operational excellence and growth.

# Investment Highlights

## Strong Subsidiaries

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

	Stake	Revenue (AED MM)	
		FY 12	FY 13
 	50%	87.6	80
 	51%	37.6	38.3
 	51%	29.5	51.2
 	100%	7.4	8.15
 	100%	23.8	30.2
 	100%	33.5	37.7

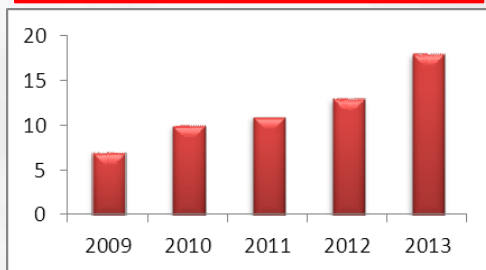


# Investment Highlights

## Multi-Continental Growth

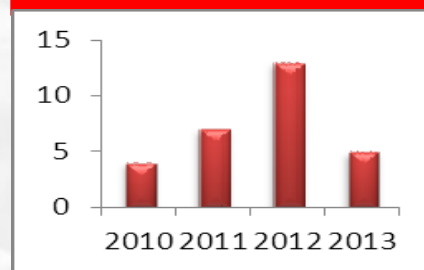
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### Air Arabia Maroc



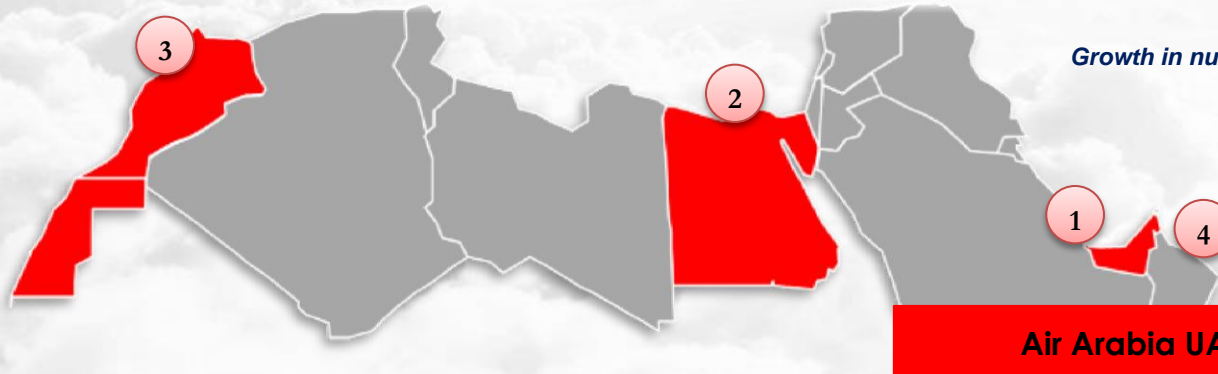
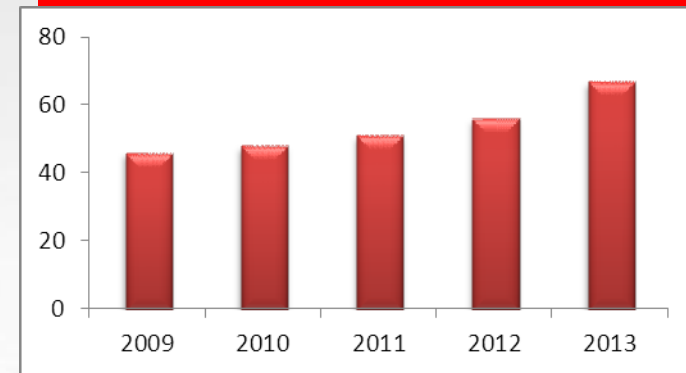
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### Air Arabia Egypt



1

### Air Arabia UAE



### Air Arabia UAE (RAK 2014)

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
<b>Revenue</b>	To expand the company and double the revenue streams.	In 2007 Total revenue was AED 1.3Billion. Group revenue touched AED 3Billion (2012).
<b>Fleet Size</b>	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.
<b>Fleet Ownership</b>	To have at least half of fleet owned by 2012.	19 aircraft out of 32 fleet is owned today, that's 59%.
<b>Dividend Distribution</b>	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.
<b>Network</b>	To have 50 destinations by 2010 and 85 by 2015.	84 destinations worldwide by far; without counting the repeated frequencies.
<b>Subsidiaries &amp; JV's</b>	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.
<b>Operational Growth</b>	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.
<b>Passengers Growth</b>	To reach 4.5 Million passengers by 2010.	4.5 Million passenger in 2010 and 5.3 million in 2012.
<b>Ancillary Revenues</b>	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

- “Middle East's Leading Low-Cost Airline” at the World Travel Awards 2014
- “Airline Business Award” at the Airline Strategy Awards 2014
- Named among the World Economic Forum's prestigious Global Growth Companies (GGCs) for 2014, during the World Economic Forum Special Meeting on Unlocking Resources for Regional Development held in Istanbul, Turkey on September 28
- World Airline Award for best LCC in MENA region for five consecutive years – by Skytrax
- World's most profitable airline for the year 2008 – by CAPA
- Award for excellence in Corporate Governance in 2010 – by ESCA
- CSR Award for best Social Responsibility practices 2012 – by Aviation Business
- World's second best performing airline in 2012 – by Aviation Week



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 TRN Methodology (p. 40) for further explanation. Source: TRN Study



## Section 3

# Financials





# Financials

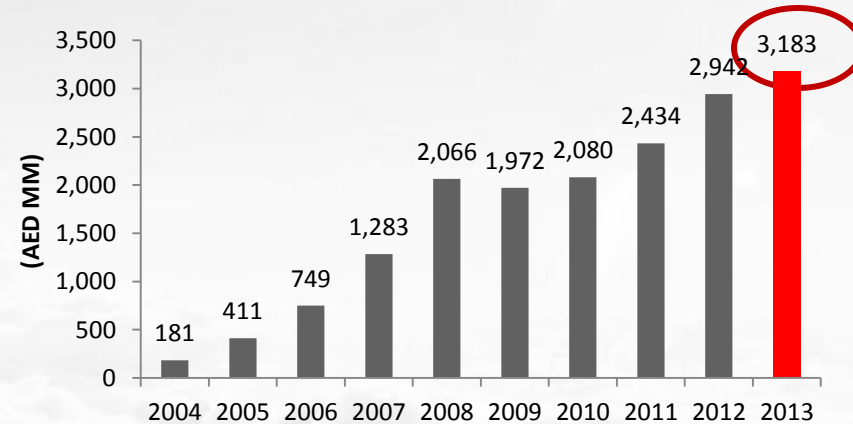
## Q3 2014

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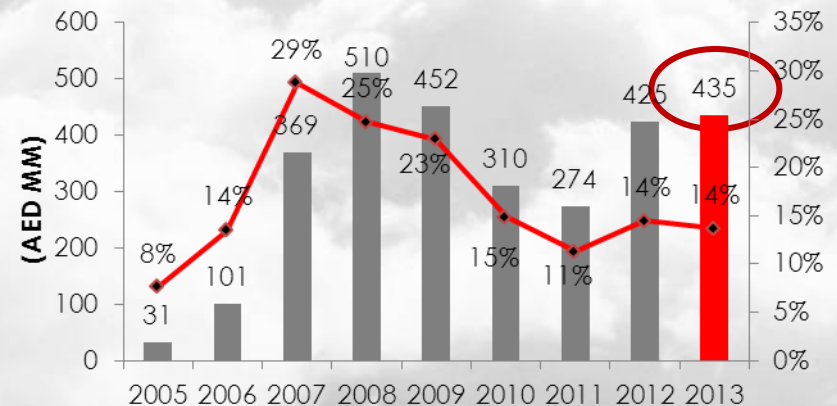
Quarterly Performance	Q3' 2013	Q3' 2014	% Change
Financial Highlights (AED Millions)			
TOTAL REVENUE	854	1,063	24%
NET PROFIT	206	251	21.8%
Operational Highlights			
NUMBER OF PAX CARRIED (Millions)	1.522	1.753	15.1%
RPK (Billions)	2.997	3.521	17.48%
ASK (Billions)	3.860	4.349	12.66%
AVERAGE LOAD FACTOR	78%	81%	3%

- Air Arabia added 7 new Airbus A320 aircraft to its fleet in 2013.
- Seat factor for the full year ending December 31, 2013 stood at 80%.
- The number of passengers carried for the year 2013 increased by 15% compared to previous year with Air Arabia carrying 6.1 million passenger.
- Total of 21 new routes in 2013 (9 from Sharjah and 12 from Morocco). Global network in 2013 reached 90 routes from three hubs.
- Air Arabia distributed 7% cash dividend for the year 2012 and 7.25 for the year 2013.
- Cargo traffic continued strong performance in 2013 with a registered growth of 30% YoY

## Revenues (AED) 2004-2013



## Net Profits (AED) 2005 -2013

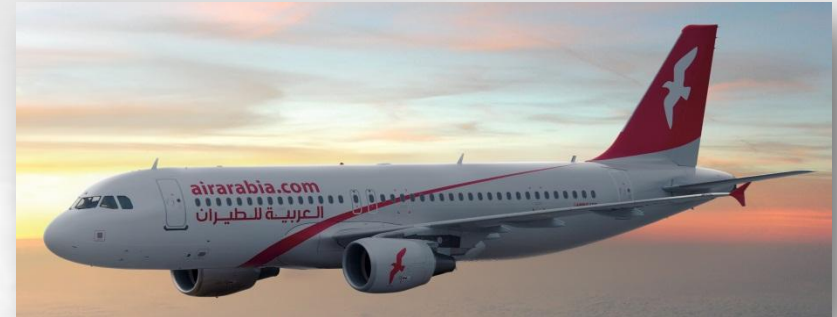


## Financials

# Fleet Funding Plans

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- 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, commercial finance and sale and lease back options.
- 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*
- *Ordered 44 A320 aircraft in 2007. The delivery will be completed in 2016, in which the carrier fleet will exceed 50 aircraft.*
- *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 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

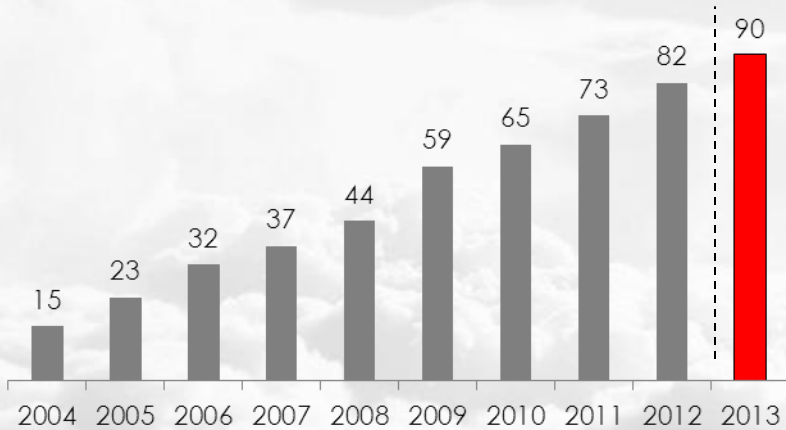
<b>(Figures in AED)</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Number of Aircrafts	3	5	8	11	16	21	25	29	33	34
Average Aircrafts	3	4.9	6	9.5	14.5	17	23	27.5	30	31
Destinations	15	23	32	37	44	45	65	69	82	90
Number of Pax (Millions)	0.5	1.1	1.8	2.7	3.6	4.1	4.5	4.7	5.3	6.1
RPK (Billions)	1.2	2.5	3.7	5	7.1	8.5	9.2	9.6	10.8	12.4
ASK (Billions)	1.8	3.2	4.7	5.8	8.3	10.5	11	11.7	13	15.2
Average Load Factor	68%	79%	80%	86%	85%	80%	83%	82%	82%	80%

# Appendix

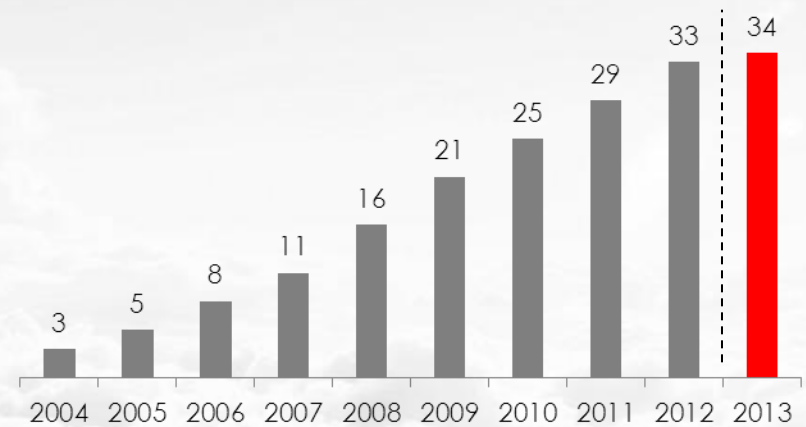
## Operating Metrics

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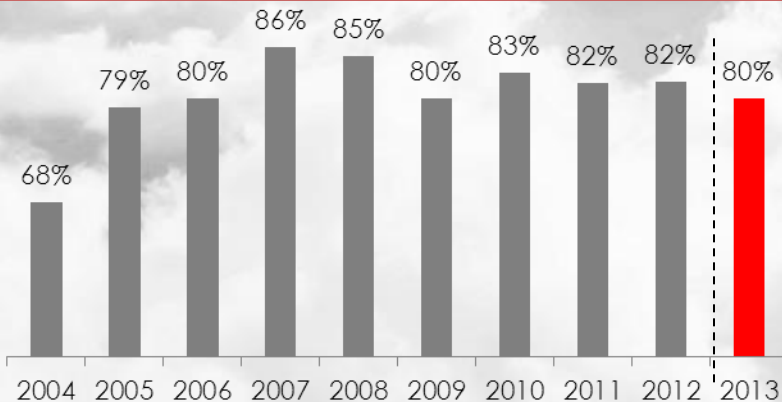
### Destinations



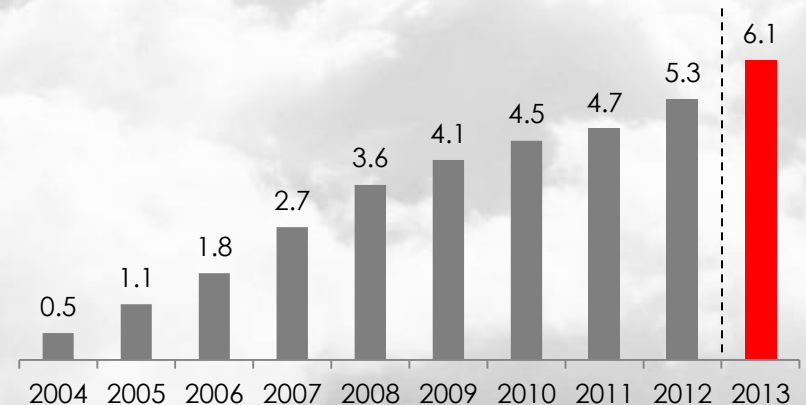
### Fleet Size



### Load Factor



### Total Passengers (Million)

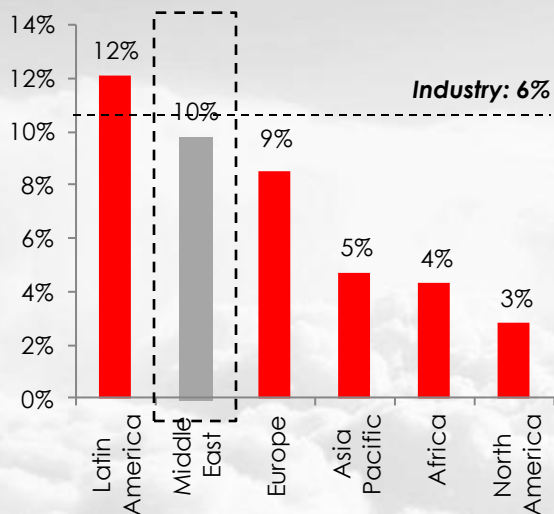


# Appendix

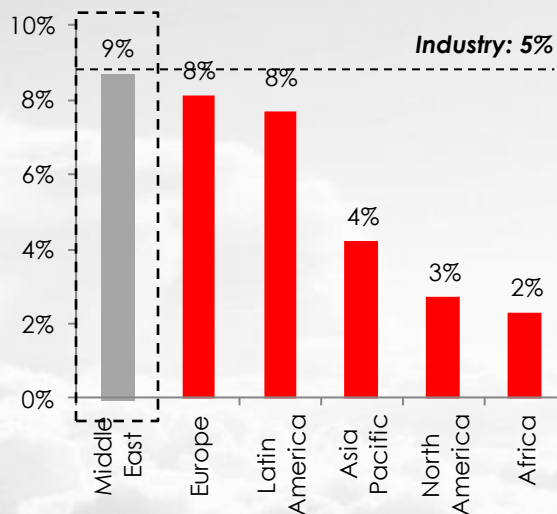
## Arab Aviation Overview

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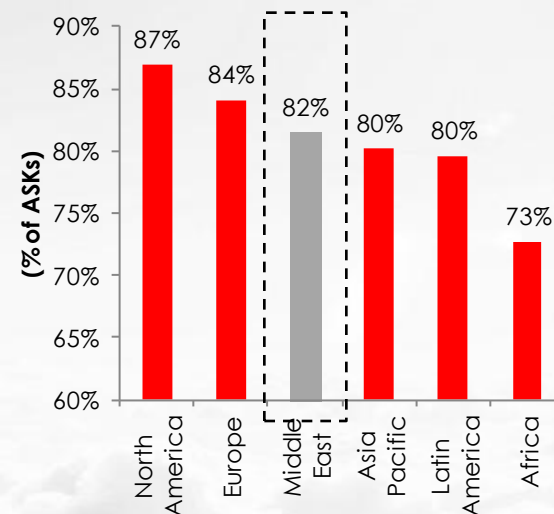
### RPKs Growth (Y-o-Y)



### ASKs Growth (Y-o-Y)



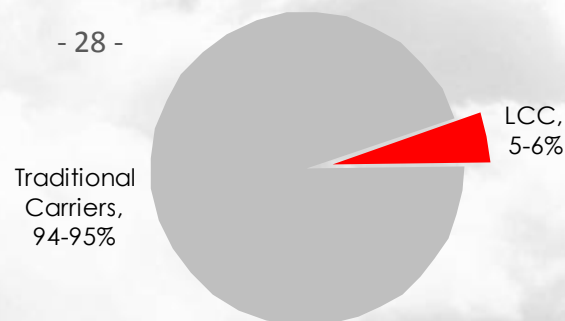
### Total Passenger Load Factor



### LCC Penetration - MENA Region (2007)



### LCC Penetration - MENA Region (2012)



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



## Appendix Contact Us

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For full financials and further information:

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Thank You