

Air Arabia Q1 2017 Investors' Presentation



The Development of Air Arabia

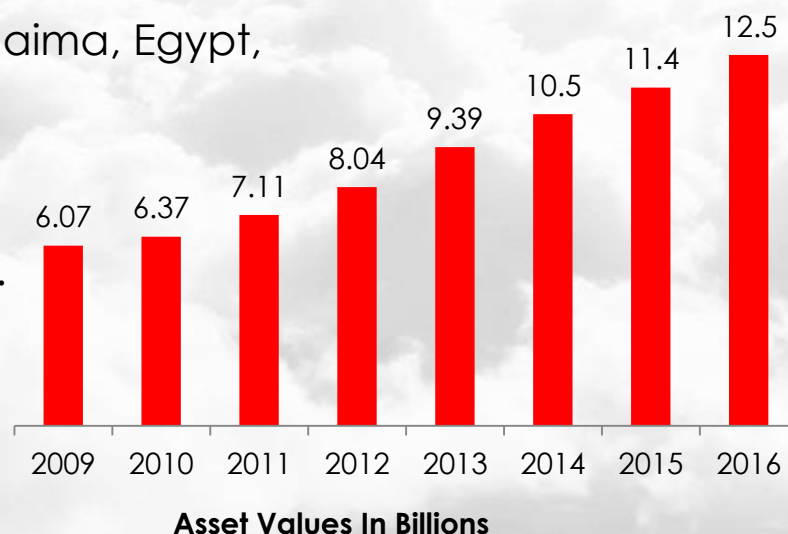


Air Arabia - General Overview

Company Overview

- Launched in October 2003, Air Arabia was the first and is the largest low cost carrier in the Middle East and North Africa.
- 14 years of consistent growth.
- 14 year of consistent profitability.
- Initial Public offering was successfully completed in 2007.
- Operating a total fleet of 47 Airbus 320 aircraft.
- Operates out of 5 locations: Sharjah, Ras Al Khaima, Egypt, Morocco, and Jordan.
- More than 126 routes served from 5 hubs.
- Financially stable with a strong balance sheet.

Asset Evolution (2009 – 2016)



Business model

Leadership

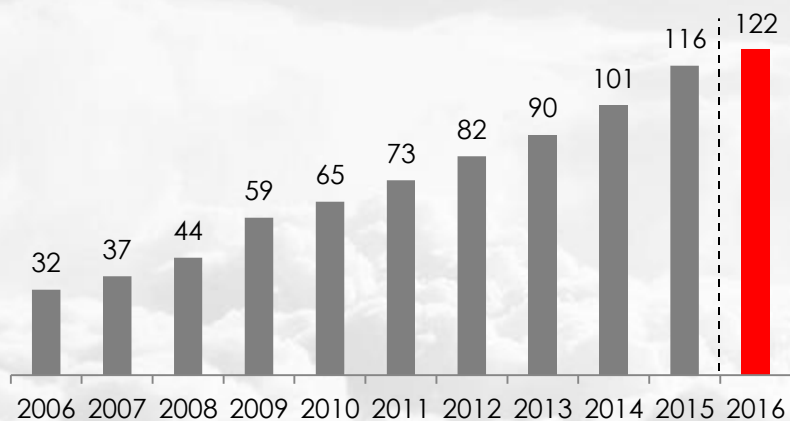
- **First mover advantage** – The first Low cost on MENA, and first listed airline in the Arab world (DFM).
- **Truly Independent** – In Management and Strategic development.
- **Strong support at our home base** – Air Arabia is by far the largest operator in Sharjah Airport, providing commercially competitive advantages.
- **Brand Name** - one of the most recognised brand names in the MENA region.

Powerful business model

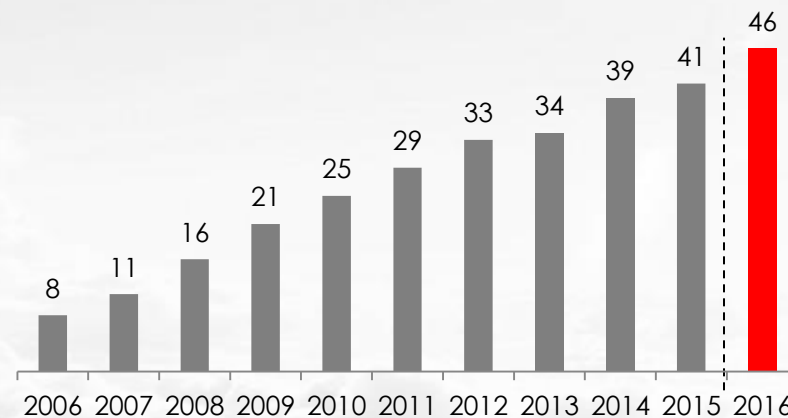
- **High Aircraft utilization** – around 15hrs a day, one of the best in the world (A 320).
- **80%+ Seat factor year round.**
- **Low cost principals** – Constantly driving our costs lower to industry leading levels.
- **Safety** – The highest operational standards.
- **Young fleet** – average age around 3 years.
- **Excellent on time performance.** Above industry average and improving
- **Best seat pitch in class** – Comfortable 32 inches.
- **Strong group support** – JV's and subsidiaries helping to drive economies of scale and profitability.

Consistent Growth

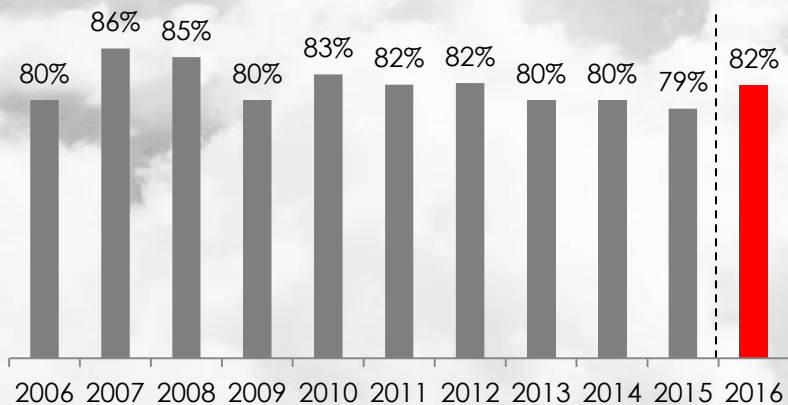
Destinations



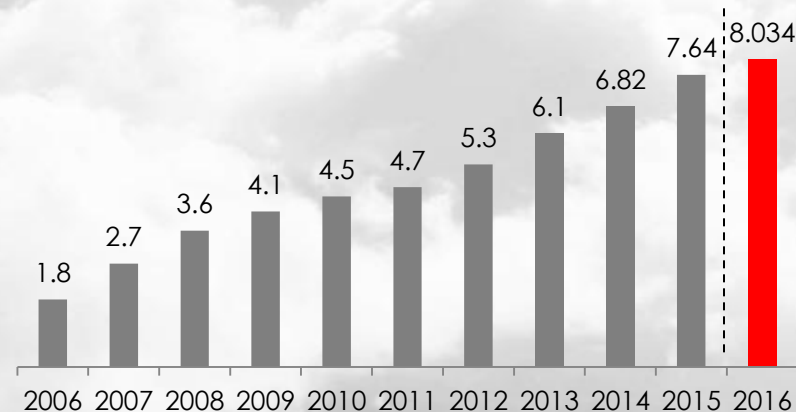
Fleet Size



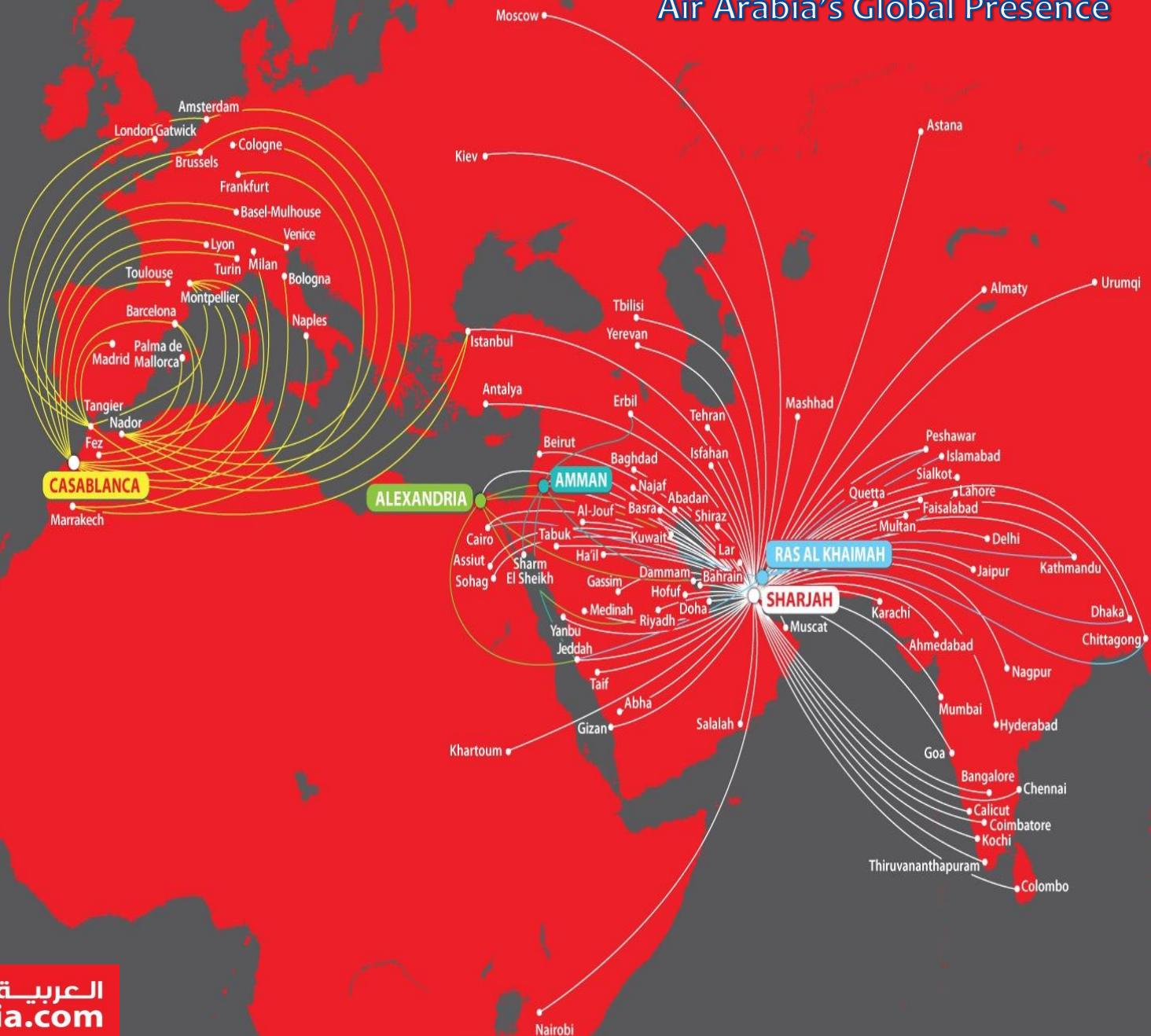
Load Factor



Total Passengers (Million)
















Air Arabia's Global Presence

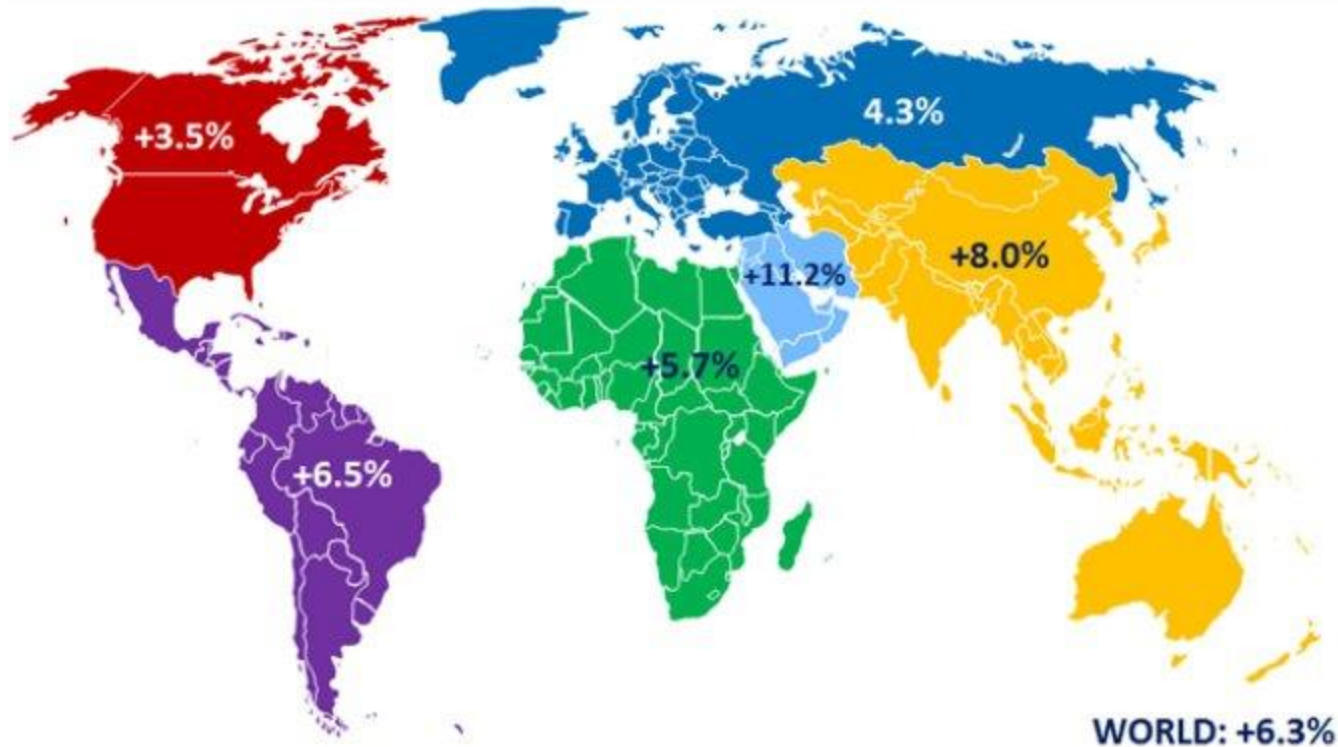


Group companies

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.
	 العربية للطيران airarabia.com الأردن jordan	49%	The latest addition to the low cost carriers industry in Jordan, with a HUB in Queen Alia International Airport and operations to the GCC, Levant, and MENA generally.
Ground Handling & MRO	 الخدمات الجوية لشارjah 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 المنتزه	100%	Both hotels perfectly situated in Sharjah and Dubai providing Air Arabia with a great expansion into hospitality.
	 alpha flight services	51%	
	 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 Feedback Your Choice	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.

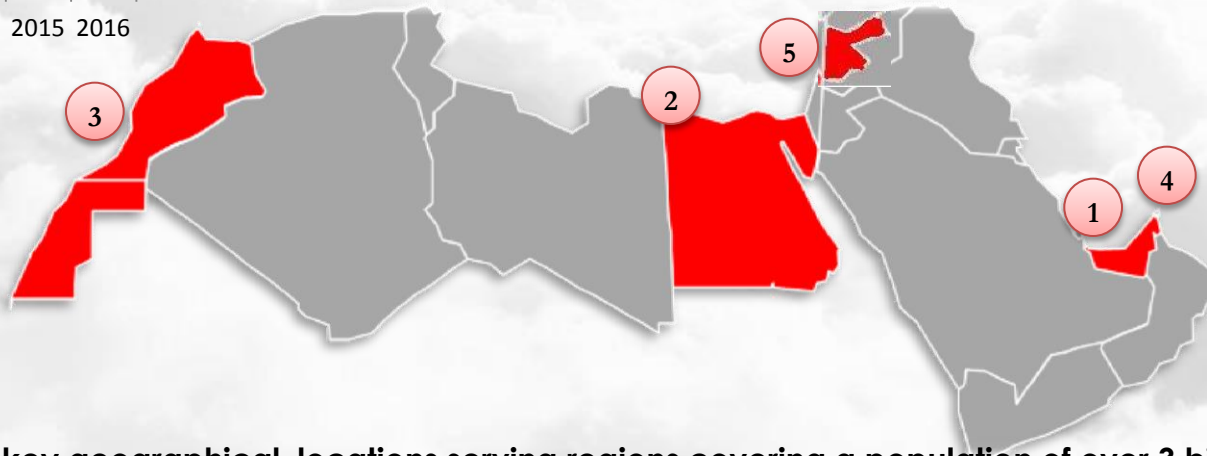
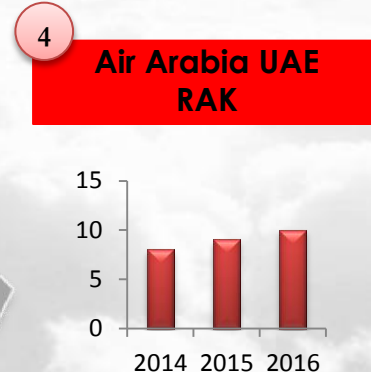
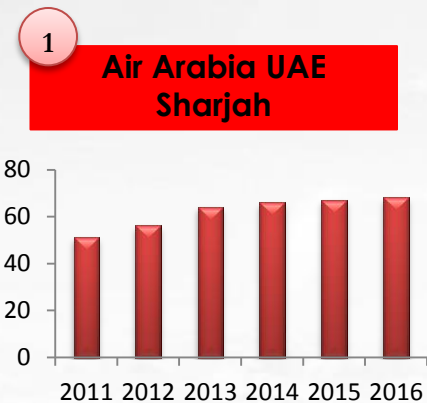
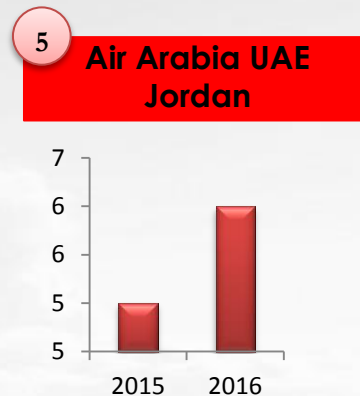
MENA Region Still maintains highest growth levels...



Source: IATA Annual report 2016.

Airline Companies

Growth in number of destinations at each Hub
























Strategic bases in key geographical locations serving regions covering a population of over 3 billion:

- ✓ Middle East
- ✓ Indian Subcontinent
- ✓ South and Central Asia
- ✓ Africa
- ✓ CIS Region
- ✓ Europe

Strong JV's and Subsidiaries

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

Strong JV's and subsidiaries		Stake	Revenue (AED MM)	
			FY 15	FY 16
		50%	157	 147
		51%	85	 88
		51%	100	 107
		100%	20	 23
		100%	48	 40.5
		100%	35	 33
		100%	26.4	 20

Financial Performance

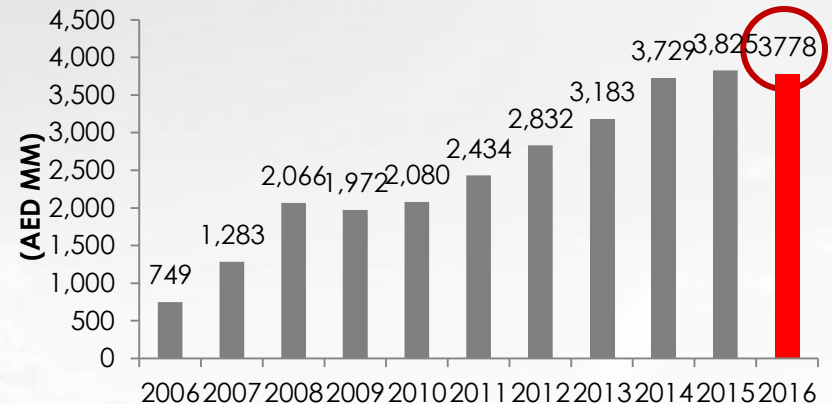


Quarterly Performance	FY' 2015	FY' 2016	% Change
Financial Highlights (AED Millions)			
TOTAL REVENUE	3,826	3,778	-1.3%
Operating Profit	564	365	-35%
Operating Profit Margin	15%	9.6%	-5.4pts
NET PROFIT	531	509	-4%
Operational Highlights			
NUMBER OF PAX CARRIED (Millions)	7.58	8.46	11.6
AVERAGE LOAD FACTOR	78.6%	79.2%	+0.6pts

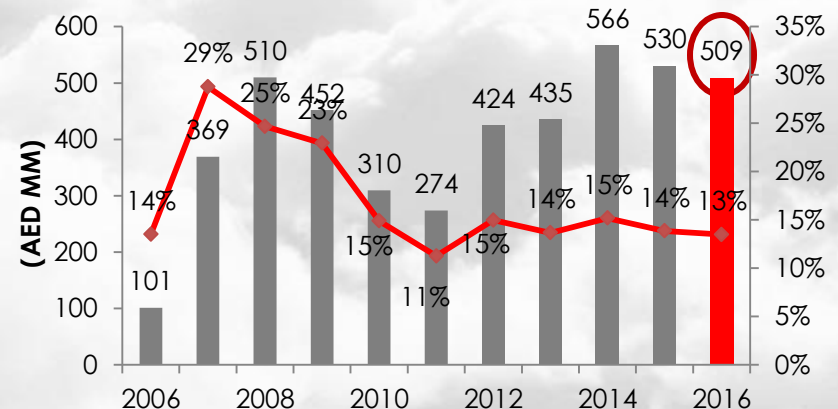
FY 2016

- 2016 was a very tough year on aviation industry generally.
- Pressure on yields continue to exist and comes from various sources.
- Despite that, 2016 witnessed the delivery of 6 new A320s to the fleet.
- The number of passengers carried for the year 2016 increased by 10.7% compared to previous year with Air Arabia carrying 8.46 million passengers.
- Global network grew in 2016 to reach 122 routes from 5 hubs.
- Air Arabia distributed 9% cash dividends for the year 2015.
- Operational performance and operational margins continue to reflect healthy and efficient management.

Revenues (AED) 2004-2015



Net Profits (AED) 2005 -2015

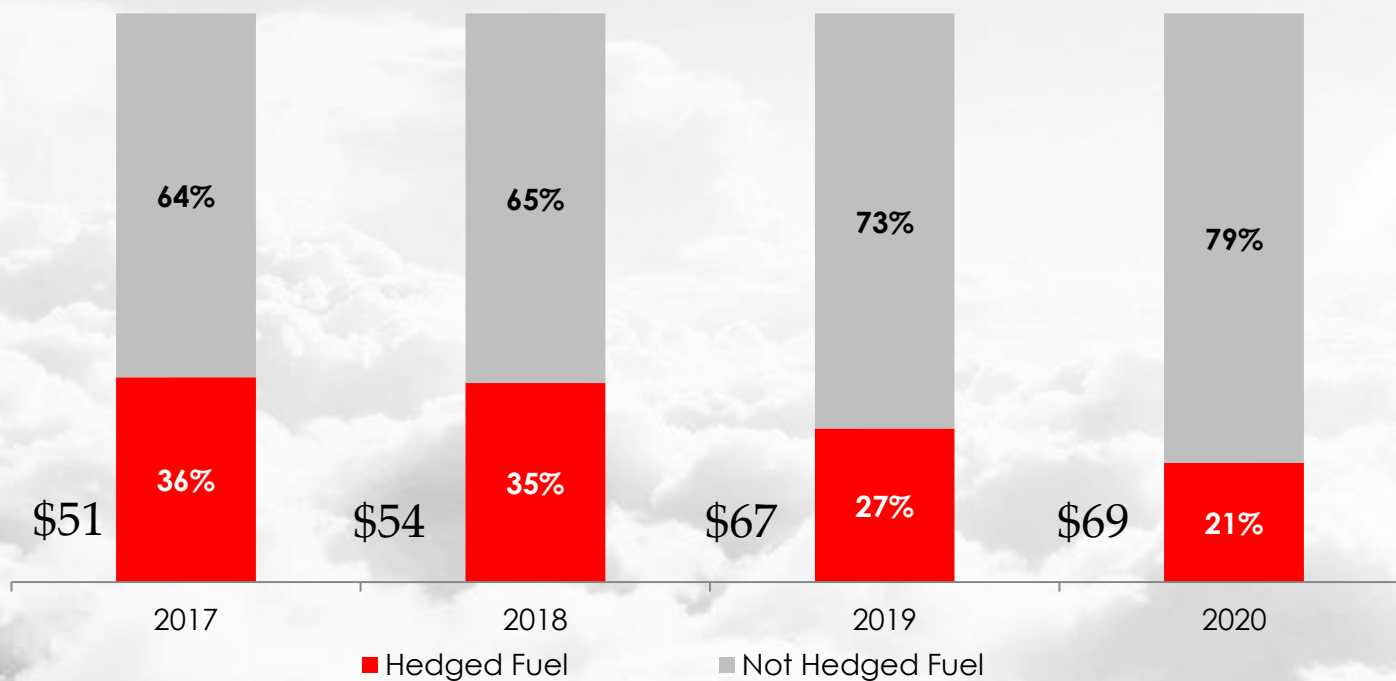


Quarterly Performance	Q1' 2016	Q1' 2017	% Change
Financial Highlights (AED Millions)			
TOTAL REVENUE	945	810	-14%
Operating Profit	130	71	-45%
Operating Profit Margin	13.7%	8.7%	-5pts
NET PROFIT	114	103	-10%
Operational Highlights			
NUMBER OF PAX CARRIED (Millions)	2.08	2.10	1%
AVERAGE LOAD FACTOR	82.6%	81.2%	-1.4pts

Annual Operating Statistics

<i>(Figures in AED)</i>	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Number of Aircrafts	8	11	16	21	25	29	33	34	39	41	46
Average Aircraft	6.0	9.5	14.5	17.0	23.0	27.5	30.0	31.0	35.0	40.0	43.0
Destinations	32	37	44	45	65	69	82	90	100	116	122
Number of Pax (Millions)	1.8	2.7	3.6	4.1	4.5	4.7	5.3	6.1	6.8	7.6	8.4
RPK (Billions)	3.7	5.0	7.1	8.5	9.2	9.2	9.6	10.8	13.8	15.2	16.6
ASK (Billions)	4.7	5.8	8.3	10.5	11.0	11.7	13.0	15.2	17.0	18.8	20.5
Average Load Factor	80%	86%	85%	80%	83%	82%	82%	80%	81%	79%	81%

Fuel Hedging positions



Corporate Social Responsibility

Air Arabia has always give CSR very high consideration, and has been the passion of very member of Air Arabia.

Charity Cloud Program

Air Arabia's initiative for sustainable development started in 2005 and currently runs schools and medical centres across: Sudan, Sri Lanka, India, Nepal, Yemen, Turkey, Egypt and Bangladesh – providing education and health care to thousands.

Activities During the year:

Staff visit and donation by Air Arabia Maroc staff to the SOS Children village
New children's clinic
New rehabilitation centre for woman
New dialysis center
Educational training Center
Children's Garden renovation project in Sarajevo
Buying new fishing boats
Assisting widowed women by distributing necessities in Nador
New charity cloud children's school in Sohag
Staff participation in an awareness marathon for the 57357 children cancer hospital.
Water system renovation
Medical awareness campaign
School bags distribution

Morocco
Bangladesh
Sri Lanka
Egypt
Bangladesh
Bosnia and Herzegovina
Sudan
Morocco
Egypt
Egypt
Bosnia and Herzegovina
Sudan
Sultanate of Oman



3rd on Top 50 Airlines 2016 according to Air Finance Journal

Basic Info					Financial Rating			Financial Rating - LTM							
Rank	Airline	Most recent 12 month Latest Twelve Months (LTM)	LTM Revenues [USDm]	Average age of fleet (years) Source: AeroTransport Data Bank	EBITDAR (Earnings before Interest, Tax, Depreciation, Amortization and Rents)/Total Revenues (%)	Fixed Charge Cover: EBITDAR/Net Interest plus Rent (x)	Liquidity as % of Revenue	Adjusted Net Debt/EBITDAR (x)	Average age of fleet score	EBITDAR Margin score	Fixed Charge Cover score	Liquidity score	Leverage score	Score for most recent 12 month (LTM) period	Movement in last twelve months
1	Ryanair	31-Mar-16	\$7,287	6.7	30.6%	11.9	66.1%	0.3	6	6	8	8	8	7.4	🔽
2	Spirit Airlines	31-Mar-16	\$2,186	5.1	36.9%	3.7	41.3%	1.9	7	7	7	8	7	7.2	➡
3	Air Arabia	31-Mar-16	\$1,086	2.3	26.9%	22.2	48.0%	1.9	8	5	8	8	7	7.1	➡
4	Alaska Air Group	31-Mar-16	\$5,676	9.0	32.1%	19.0	27.6%	0.0	5	6	8	6	8	6.8	➡
5	Allegiant Travel Company	31-Mar-16	\$1,282	22.2	37.8%	18.3	26.8%	0.7	1	7	8	6	8	6.8	🔽
6	WestJet	31-Mar-16	\$3,074	6.6	24.1%	4.7	35.4%	1.5	6	4	8	8	7	6.7	🔽
7	Japan Airlines	31-Mar-16	\$12,474	9.1	24.0%	13.6	31.5%	-0.4	5	4	8	7	8	6.6	🔽
8	Air New Zealand	31-Dec-15	\$3,627	8.0	26.8%	6.1	26.8%	1.9	6	5	8	6	7	6.5	➡
9	Hawaiian Airlines	31-Mar-16	\$2,328	9.9	28.0%	4.0	28.7%	1.5	5	5	8	6	7	6.4	⬆
10	Wizz Air	31-Mar-16	\$1,592	3.9	30.8%	2.4	45.2%	1.8	7	6	4	8	7	6.3	🔽
11	Icelandair	31-Mar-16	\$1,164	20.9	21.0%	9.0	25.9%	-0.2	2	4	8	6	8	6.1	🔽
12	Southwest Airlines	31-Mar-16	\$20,060	12.0	26.0%	17.0	17.9%	0.3	4	5	8	4	8	6.1	🔽
13	easyJet	31-Mar-16	\$6,799	6.2	19.7%	7.7	22.5%	0.6	6	3	8	5	8	6.0	🔽

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