

# Air Arabia Investor Presentation Q3 2016



# The Development of Air Arabia



# Air Arabia - General Overview

## Company Overview

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- Launched in October 2003, Air Arabia was the first and is the largest low cost carrier in the Middle East and North Africa.
- 13 years of consistent growth.
- 13 year of consistent profitability.
- Initial Public offering was successfully completed in 2007.
- Operating a total fleet of 45 Airbus 320 aircraft.
- Operates out of 5 locations: Sharjah, Ras Al Khaima, Egypt, Morocco, and Jordan.
- More than 120 routes served from 5 hubs.
- Financially stable with a strong balance sheet.

# Business model

## Leadership

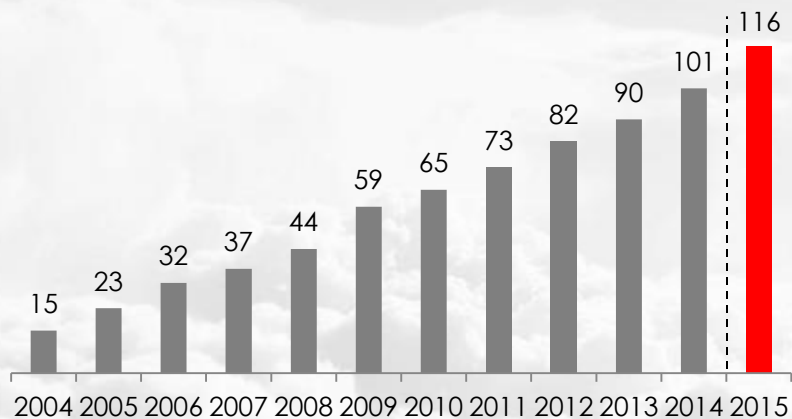
- **First mover advantage** – The first listed airline in the Arab world (DFM).
- **Truly Independent** – In Management and Strategic development.
- **Strong support at our home base** – Air Arabia is by far the largest operated in Sharjah Airport, providing commercially competitive advantages.
- **Brand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

## Powerful business model

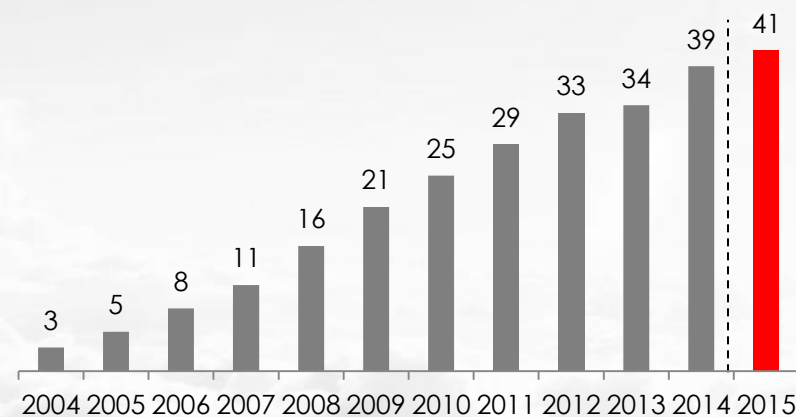
- **High Aircraft utilization** – around 15hrs a day, one of the best in the world (A 320).
- **80%+ Seat factor year round.**
- **Low cost principals** – Constantly driving our costs lower to industry leading levels.
- **Safety** – The highest operational standards.
- **Young fleet** – average age around 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

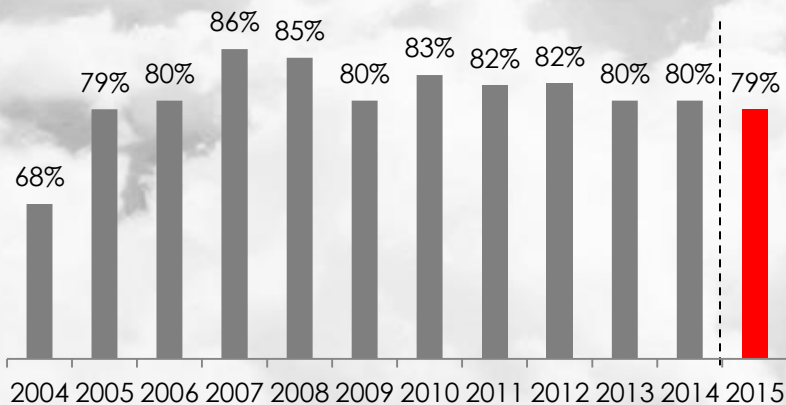
## Destinations



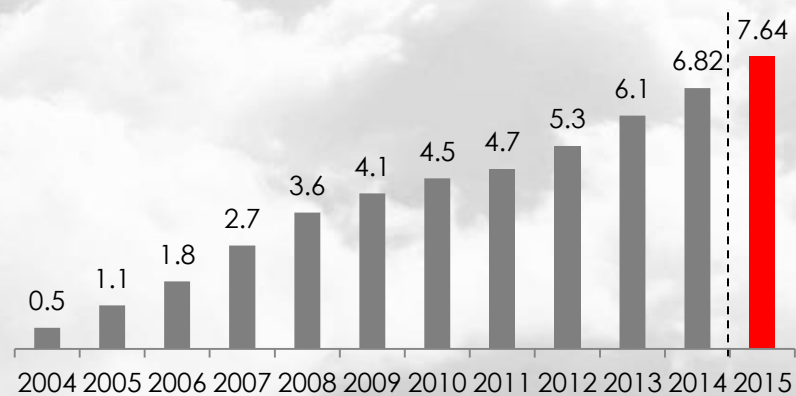
## Fleet Size



## Load Factor

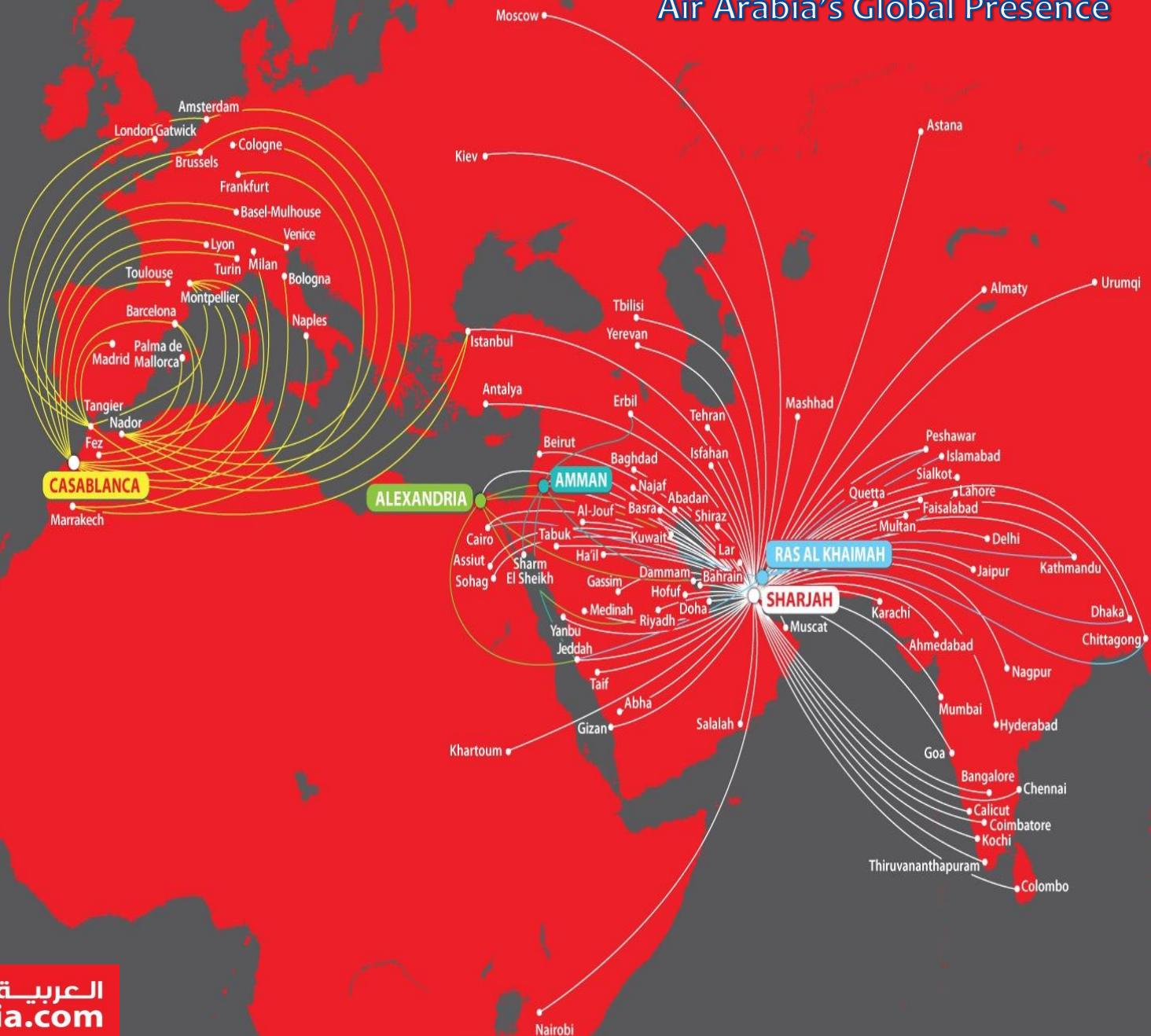


## Total Passengers (Million)










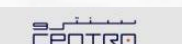







# Air Arabia's Global Presence



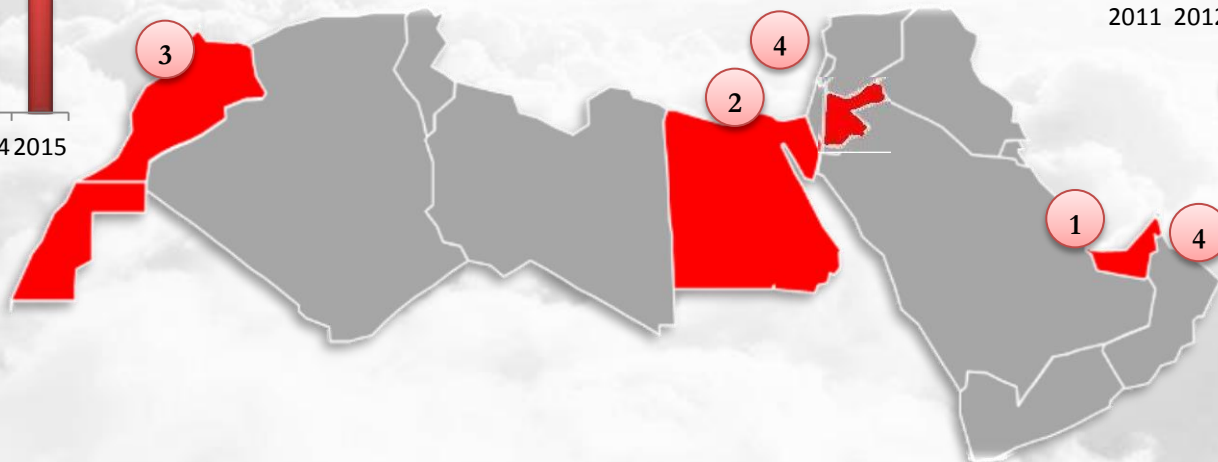
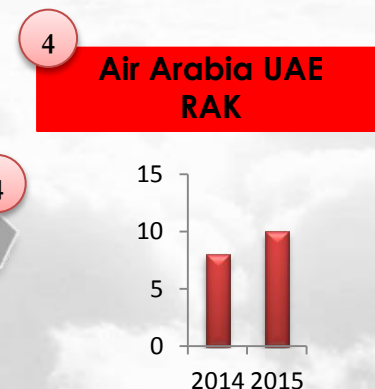
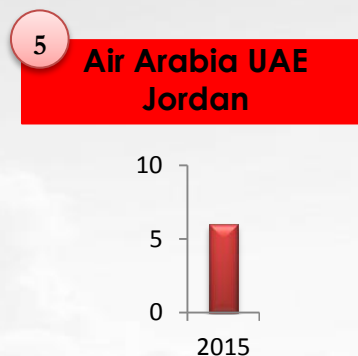
# Group companies

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	 <b>العربية للطيران</b> airarabia.com	100%	First & Largest LCC in MENA region covering vast population spreading across Middle East and Indian Subcontinent and CIS region.
	 <b>العربية للطيران</b> 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.
	 <b>العربية للطيران</b> airarabia.com مصر egypt	49%	Egypt's most innovative LCC, serving GCC the Middle East, Europe and Africa.
	 <b>العربية للطيران</b> 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	 <b>الخدمات الجوية لشارjah</b> 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.
	 <b>العربية للطيران</b> 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	 <b>العربية للطيران</b> 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	 <b>CENTRO</b> المنتزه	100%	Both hotels perfectly situated in Sharjah and Dubai providing Air Arabia with a great expansion into hospitality.
	 <b>alpha flight services</b>	51%	
	 <b>Radisson</b> HOTELS & RESORTS	100%	JV company that supports and enhances the quality of on-board catering while servicing a niche market for catering and hospitality
	 <b>ACTION</b> HOSPITALITY	100%	
Tourism	 <b>cozmo travel</b> 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	 <b>ISA</b> Accelerate Your Growth	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.

# 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

Air Arabia supporting businesses contribute strongly to the Group's bottom-line		Stake	Revenue (AED MM)	
			FY 14	FY 15
		50%	182	 157
		51%	84	 85
		51%	66	 100
		100%	15.2	 20
		100%	42.8	 48
		100%	38	 35
		100%	17.1	 26.4

# Financial Performance

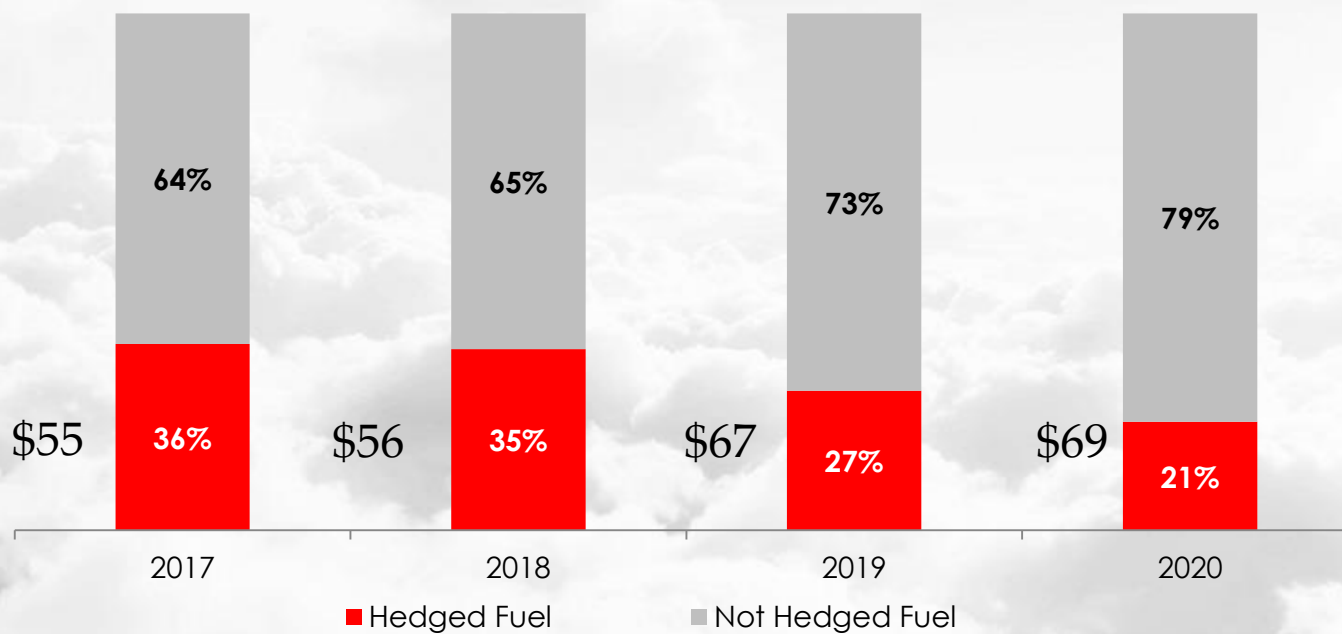


# Q3 2016

العربية للطيران  
airarabia.com

Quarterly Performance	Q3' 2015	Q3' 2016	% Change
Financial Highlights (AED Millions)			
TOTAL REVENUE	1,123	1,124	~
Operating Profit	244	226	-7%
Operating Profit Margin	21.7%	20.1%	-7.3 pts
NET PROFIT	235	296.5	26%
Operational Highlights			
NUMBER OF PAX CARRIED (Millions)	2.06	2.28	10.6%
AVERAGE LOAD FACTOR	80%	81.6%	+1.6 pts

# Fuel Hedging positions

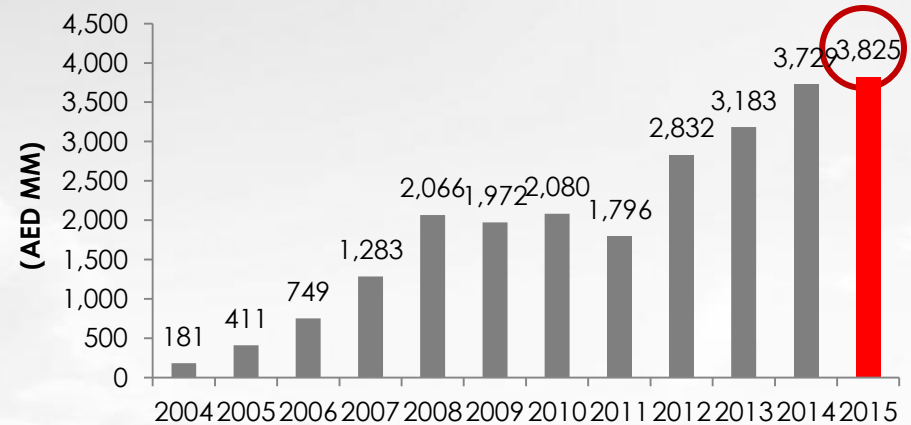




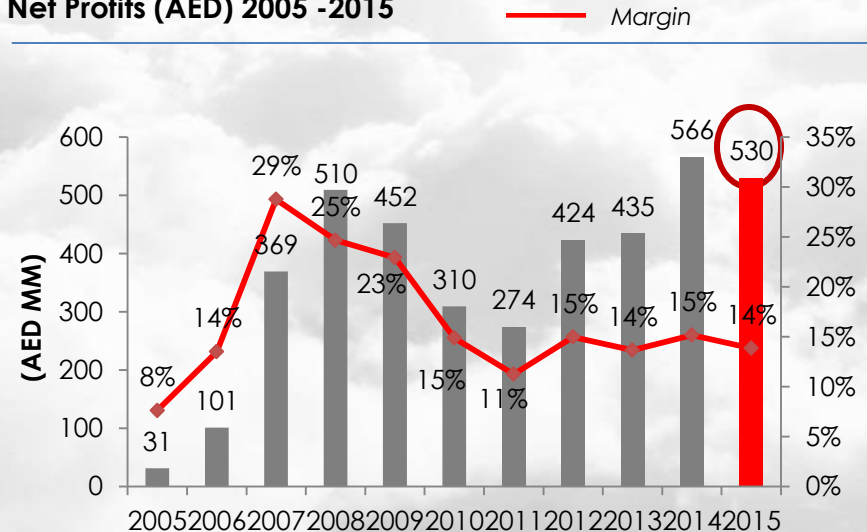
# FY 2015

- 2015 saw the addition of 6 new A320s added to the fleet
- The number of passengers carried for the year 2015 increased by 12% compared to previous year with Air Arabia carrying 7.64 million passengers.
- Global network grew in 2015 to reach 121 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



# Annual Operating Statistics

(Figures in AED)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Number of Aircrafts	3	5	8	11	16	21	25	29	33	34	39	41
Average Aircrafts	3.0	4.9	6.0	9.5	14.5	17.0	23.0	27.5	30.0	31.0	35.0	40.0
Destinations	15	23	32	37	44	45	65	69	82	90	100	116
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	7.6
RPK (Billions)	1.2	2.5	3.7	5.0	7.1	8.5	9.2	9.2	9.6	10.8	13.8	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	17.0
Average Load Factor	68%	79%	80%	86%	85%	80%	83%	82%	82%	80%	81%	79%

# Corporate Social Responsibility

العربية للطيران  
airarabia.com

## 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.



## Air Arabia Sports Adventure

Community Initiative launched in 2007 to help sporting individuals and teams to achieve their sporting dreams, these included:

- 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



# 3<sup>rd</sup> 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					Score for most recent 12 month (LTM) period	Movement in last twelve months
									EBITDAR Margin score	Fixed Charge Cover score	Liquidity score	Leverage score			
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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