

His Highness Sheikh  
**KHALIFA BIN ZAYED AL NAHYAN**  
President of the United Arab Emirates



His Highness Sheikh Dr.

**SULTAN BIN MOHAMMAD AL QASIMI**

Member of the Supreme Council Ruler of Sharjah





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# OUR VISION

**“To be one of the world’s leading budget airlines”**

**In terms of:**

- Profit Margin
- Innovation
- Reputation
- Operational Excellence

# OUR MISSION

**“To revolutionise air travel in the region through an innovative business approach offering superb value for money and a safe, reliable operation”**

To achieve this we will:

- Be known for our low fares
- Grow our business profitably
- Build motivated multi-functional teams
- Demonstrate the highest operational standards
- Manage our costs ruthlessly





# CHAIRMAN & GROUP CEO LETTER

Dear Shareholders,

Air Arabia operational and financial performance in 2019 remained fundamentally strong and was driven by the carrier's network expansion strategy, cost control measures and the appealing customer demand to our services reflecting once again a record year of profitability and continued growth.

None-the-less, the year 2019 was a challenging year for the aviation industry worldwide. The global economy endured a slowdown in key international markets including the eurozone while escalating geo-political pressures continued to impact the trading environment. Over seventeen airlines worldwide filed for bankruptcy in 2019 and oil price volatility continued throughout the year. Despite all of that, we are proud that Air Arabia managed to deliver a track record in 2019.

Turnover for the full year 2019 exceeded AED 4.75 billion, an increase of 15 per cent compared to the turnover registered in the full year 2018. The strong full year financial results were backed by solid growth in passenger demand with Air Arabia serving more than 12 million passengers from its four hubs in the UAE, Morocco and Egypt, an increase of 10 per cent compared to the 11 million passengers carried last year. The average seat load factor for the full year increased 2% at an impressive 83 per cent.

We are glad to also highlight that Air Arabia managed in its sixteen years of young history to cross, for the first time, the AED 1 Billion

mark in profitability in 2019. The remarkable net profit represented an increase of 80 per cent compared to the net profit registered in 2018 (Excluding the impairment accounting treatment that Air Arabia took in 2018). There are various market factors that complemented the profitability in 2019 such as lower fuel price in the last quarter as well as a less volatile currency movement compared to last year. However, those factors were also supported by higher customer demand, stronger yield margins and was combined with higher fleet utilization and solid cost control measures. The strong performance in 2019 is a testament to the strength of the business model we operate and the carrier's management team.

In 2019, we launched sixteen new routes across our hubs in the UAE, Morocco and Egypt and we also witnessed the entry of the Airbus A321 neo LR into our fleet by receiving three brand new A321's bringing the total fleet size to 55 aircraft. The A321 is helping us expand our geographic reach to eight hours of direct flights and as a result unlocking a whole new market for us to serve from our operational hubs. We have indeed started serving new medium haul markets such as Kuala Lumpur, Vienna and Prague from Sharjah International Airport while maintaining our low-cost business model. Moreover, in November 2019, we have placed our largest aircraft order ever with Airbus worth USD14 billion to acquire 120 aircraft to support our future growth. Delivery is scheduled to commence in 2024 and will more than triple Air Arabia's current fleet strength as

well as support our global network expansion strategy. The new orders are for 73 A320neo, 27 A321neo and 20 A321XLR airplanes, all belonging to the A320 family but each bringing exceptional value for Air Arabia in meeting its growth goals.

In the fourth quarter 2019, Air Arabia embarked into another strategic move by signing an agreement with Etihad Aviation Group to launch "Air Arabia Abu Dhabi", the capital's first low-cost carrier. Based in Abu Dhabi, the new carrier will adopt Air Arabia's low-cost business model and will cater to the growing low-cost travel market segment in the region, the very low-cost market that Air Arabia launched in the region sixteen years ago.

Our focus on expanding into new markets combined with improved operational efficiencies has led to another year of sustained growth and profitability for the airline. Going forward, we remain focused on driving operational efficiency across board, exploring opportunities and ventures that will best serve

the airline's ambitious growth plans while delivering optimum value to our customers and shareholders.

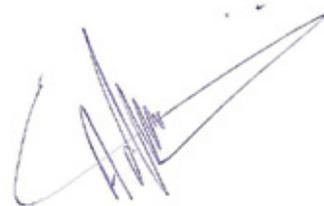
Among the many recognitions that we received in 2019 was winning the 'Best Low-Cost Airline' in Middle East/Africa at the AirlineRatings.com Airline Excellence Awards; and Adel Al Ali, Group Chief Executive Officer, was announced the winner of 2020 Laureate Award from Aviation Week Network for Air Arabia's 'Airline Strategy.' We are proud of such recognitions as it cements our position on the global scene as well as the Arab world preferred airline of choice.

Finally, we would like to close by expressing gratitude to all our employees for their continuous dedication and hard work and to the 100 million customers who chose to fly Air Arabia since our first flight: and as always to shareholders for your continued support.

Yours Sincerely,



Abdullah Bin Mohammed Al Thani  
Chairman



Adel Abdullah Al Ali  
Board Member and Group CEO

# THE YEAR 2019 IN REVIEW

Air Arabia Egypt expands operations by launching a new base in Cairo International Airport

Air Arabia introduces 'SkyTime' its new innovative in-flight entertainment system

Air Arabia selects Honeywell to extend maintenance services and supply auxiliary power units (APU) for the airline's fleet of Airbus A320ceo aircraft

Air Arabia named as Middle East and Africa's Best Low-Cost Airline

Air Arabia adds 3 new Airbus A321 neo LR to its fleet

Air Arabia places US\$14 billion order for 120 Airbus A320 family aircraft

Air Arabia has chosen AMOS as its new MRO software to address the demands of a dynamic, fast-changing industry

Air Arabia Group CEO wins 2020 Laureate Award for extraordinary achievement in Airline Strategy





## ADDING 16 NEW ROUTES IN 2019

### From Morocco

Pise - Casablanca  
 Tunis - Casablanca  
 Prague - Casablanca  
 Lisbon - Casablanca

### From Sharjah, UAE

Vienna - Sharjah  
 Malaysia - Sharjah  
 Tunis - Sharjah  
 Bishkek - Sharjah

### From Egypt

Assiut - Riyadh  
 Sohag - Riyadh  
 Sharm El Sheikh - Naples  
 Cairo - Milan  
 Cairo - Tabuk  
 Cairo - Gassim  
 Cairo - Yunbu  
 Cairo - Taif



## 2019 FULL YEAR

 **1 Billion**  
 AED  
 Net Profit

 **4.75 Billion**  
 AED  
 Revenue

 **55 Aircrafts** 

**170 Routes**   


 **12 Million**  
 Passengers

 **83% Seat Factor**

# AWARDS

Air Arabia continues to be recognised, locally and internationally for its strong performance and community efforts. In December, the carrier has won yet another recognition, winning the 'Best Low-Cost Airline' in Middle East/Africa at the AirlineRatings.com Airline Excellence Awards.



Judged by seven editors with over 200 years of industry experience and evaluate against 12 criteria including fleet age, passenger reviews, profitability, investment rating, product offerings and staff relations, the honour further underlines Air Arabia's credentials as the first choice for low-cost airline travel in the region. Before that, Air Arabia won a top global honour with Adel Al Ali, Group Chief Executive Officer, receiving the 2020 Laureate Award from Aviation Week Network for Air Arabia's 'Airline Strategy.' The honour from the largest multimedia information and services provider for the global aviation, aerospace, and defense industries, serving 1.7 million professionals around the world, is for Adel Al Ali's and his team extraordinary achievement in building a sustainably profitable low-cost carrier and pioneering the business model in the Middle East. In October, Air Arabia received the 'Low-Cost Airline of the Year' recognition at the 13th Aviation Business Awards (AVB) gala ceremony held in Dubai. Air Arabia was adjudged in the 'Low-Cost Airline of the Year' category by an expert panel of industry judges for the carrier's innovation, sustainable performance and continuous growth.



# CHARITY CLOUD

Air Arabia's corporate social responsibility programme 'Charity Cloud', which aims at providing sustainable education and healthcare initiatives in underprivileged communities across the world, embarked on 9 new projects spread across its global network. Amongst the key projects delivered in 2019 was expanding

charity cloud school in India to accept two additional semesters in addition to supporting Charity Cloud maternity clinic in Kenya and expanding charity cloud clinics in Sri Lanka, Bangladesh and Egypt.



# INVESTING IN FUTURE GROWTH

In 2019, Air Arabia embarked two major investments that indicates the future expansion of the carrier. In the fourth quarter 2019, Air Arabia signed an agreement with Etihad Aviation Group to launch “Air Arabia Abu Dhabi”, the capital's first low-cost carrier as well as placed a USD14 billion order with Airbus for 120 aircraft.

To support future expansion plans with the latest technologies and updated infrastructure, the management team launched several system upgrades that included cutting edge technology from business intelligence systems supporting better communication and analytics across all units, to adopting AMOS as the new MRO software and SAP for human resources as well as enhancing the main reservation system.

In April, we also launched new complimentary in-flight entertainment system ‘SkyTime’ that allows passengers to live stream digital content on smartphones, tablets or laptops while traveling with the carrier. The new innovative entertainment system, which is now available



across Air Arabia’s fleet, reflects Air Arabia’s commitment to continuously apply innovative solutions aimed at providing real value and convenience to customers.

Air Arabia has always been renowned for using cutting edge technology to provide simple and efficient solutions to its customers. We were also the first to introduce an online loyalty system “Airewards” providing customers with the option to earn points based on money spent rather than distance flown. The adoption of efficiency and customer experience driven technologies is an area we aim to continue to lead in.



# AIR ARABIA GROUP

Air Arabia (PJSC), listed on the Dubai Financial Market and traded under ticker symbol: (DFM:AIRARABIA) is a holding company with assets worth over AED 14 billion. Established with a modest capital back in October 2003 as the regions first low-cost carrier, Air Arabia today consists of a group of airlines and companies offering travel and tourism services across the globe.

Air Arabia operates a multi-base business model with strategic hubs located in Sharjah International Airport, UAE; Ras Al Khaimah International Airport, UAE; Mohamed V International Airport in Morocco; and Burj Al Arab International Airport in Alexandria, Egypt.

<b>Airlines</b>	<b>AirArabia</b> Simulator
Air Arabia (UAE)	
Air Arabia (Maroc)	<b>AirArabia</b> Engineering
Air Arabia (Egypt)	
<b>Ground Handling &amp; MRO</b>	<b>CENTRO</b> Sharjah
Sharjah Aviation Services (SAS)	
Air Arabia Hanger	
<b>Flight Operations</b>	
Air Arabia Simulator	
Alpha Aviation Academy	
<b>Hospitality</b>	
Centro Sharjah	
Radisson Blu Dubai Marina	
Alpha Catering UAE	
<b>Tourism</b>	
Cozmo Travel	
Tune Project Arabia	
<b>Technology</b>	
Information Systems Associates - (ISA)	

# FLEET MANAGEMENT

Air Arabia operates one of the youngest fleets in the world comprised entirely of Airbus A320 & A321 aircraft.

The carrier has ended the year by receiving 3 new A321 neo LR aircraft in 2019, and thus has a total of 55 aircraft in its fleet.

In 2019, we placed our largest aircraft order ever with Airbus worth USD14 billion to acquire 120 aircraft to support our future growth. Delivery is scheduled to commence in 2024

and will more than triple Air Arabia's current fleet strength as well as support our global network expansion strategy. Moreover, Air Arabia signed a lease agreement for six Airbus (A321neo Long Range) aircraft in 2018. Three of these additional aircraft joined Air Arabia's fleet in 2019 helping the airline better serve its existing network as well as serving longer range routes. The remaining three aircraft will join Air Arabia's existing fleet in 2020.





CORPORATE GOVERNANCE  
REPORT 2019



## 1. Practices of corporate governance

Air Arabia has been one of the leading companies in applying the principles of corporate governance among the public companies. Air Arabia strongly believes in the importance of the practical application of governance practices and the strong adherence to the related laws & regulations and the operations within the general framework of the principles of corporate governance which preserves the rights and interests of the company, its investors, its management and the investment environment surrounding it.

Therefore, Air Arabia, and all its subsidiaries and group companies are committed to all laws and regulations imposed upon them as a global aviation and as a public joint stock company. This covers the Commercial Companies Law number 2 of 2015 over commercial companies. The company is also committed to the strict application of Ministerial Decree No. (518) for the year 2009 followed by the resolution number 7 for the year 2016 issued by the Minister of Economy and Chairman of the Securities and Commodities Authority regarding corporate governance and corporate discipline, and any decisions that may be issued or amended in future. This cultivates confidence of those major investment bodies around the globe to occupy a position within the owners of Air Arabia.

To reflect the above, Air Arabia had issued the corporate governance manual, which besides many other details, covers the following:

1. Shareholder Communication Statement
2. Code of Ethic and Conduct
3. Share Dealing Policy
4. Whistle Blowing Policy
5. Corporate Social & Environmental Responsibility
6. Dividends Policy

The full manual is posted on the company's intranet and is available for all employees to refer to at any point of time.

### 2. Board members trades in Air Arabia shares:

The Board of Directors of Air Arabia and senior management are well briefed, informed and aware of the importance of the rules and procedures that govern the dealings of board members and senior managers of the company who, by virtue of their responsibilities, possess information that is not yet available to the public. In order to raise the level of transparency and disclosure and to allow equal opportunity to all shareholders when dealings in the company's shares, equal even to insiders

from within the company, the company issued a statement internally which is included within the corporate governance manual, which sets the conditions and restrictions of insider trading, and the importance to disclose any inside trading in this report.

The company aspires through these actions being taken to protect the rights of all parties concerned, as well as maintaining the company's reputation and enhancing the confidence of shareholders and investors of the company.

### Trades in 2019:

Name	Trade	Quantity
Dr. Ghanem Al Hajiri	Buy	817,801
Adel Ali	Buy	16,380,239

## 3. Board of Directors:

### a. Composition of the board:

Air Arabia board of directors consists of 7 board members. The current board was appointed by the AGM of 2017. Nomination for the membership of Air Arabia's board was opened on the 16th February 2017 for 10 days as per the governing rules and regulations. It was announced in different local newspapers (English and Arabic) in addition to the websites of Air Arabia and DFM. Lists of candidates and their curriculum vitae were published for the legal period required prior to the AGM. The AGM convened on the 5th of March 2017, and through cumulative secret voting the following board of directors was elected for a period of three years:

1. **Sheikh Abdullah Bin Mohammed Al Thani**  
Chairman of the Board
2. **Adel Abdullah Ali**  
Executive member
3. **Dr. Ghanem Mohammed Al Hajri**  
Independent member
4. **Sheikh Mohammed Bin Abdullah Al Thani**  
Independent member
5. **Sheikh Khalid Bin Issam Al Qassimi**  
Independent member
6. **Waleed Ibrahim Al Sayegh**  
Independent member
7. **Matar Al Blooshi**  
Independent member

The AGM 2019 ratified the appointment of Mr. Matar Al Blooshi as Independent Board member.

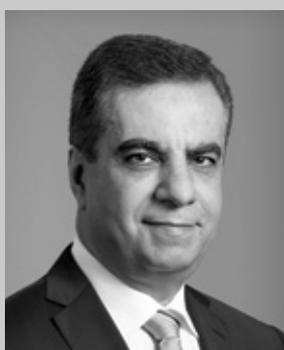
## Summary of biography of the members



### **Sheikh Abdullah Bin Mohammad Al Thani**

**Air Arabia Chairman since 2003**

His Excellency Sheikh Abdullah Bin Mohammed Al Thani holds several prominent positions in UAE. He served as member of the Executive Council of Sharjah and as Chairman of Sharjah Civil Aviation Department. He has a well-known track record in contributions towards developing air transport sector in UAE, as well as significant contributions and support to Economic & Tourism development in Sharjah.



### **Adel Abdullah Al Ali**

**Group Chief Executive Officer & Air Arabia Board Member since 2003**

Mr. Adel Al Ali is well known for being at the forefront of the development of modern aviation. His innovative achievements and contribution to the air transport and tourism sector in the wider Arab world are globally recognised. Ali has more than 30 years of experience in the aviation world and strategic planning. His deep knowledge in tourism and commercial operations are well reflected in Air Arabia's performance since 2003.

Before Air Arabia, Mr. Ali served in various aviation positions; he served as vice president of the commercial & customer services in Gulf Air where he played a key role in restructuring the company. He also served for more than 20 years in different management positions with British Airways last of which was General Manager of the Middle East and Africa.



### **Dr. Ghanem Al Hajiri**

**Air Arabia Board Member since 2003 & former Chairman of Sharjah Airport Authority**

Dr. Ghanem Al Hajiri last served as the Chairman of Sharjah International Airport; Dr. Al Hajiri assumed various posts in the aviation sector locally and internationally. He served as Director General of Sharjah International Airport for over 15 years and he also serves as Secretary General of the Gulf Airports Services Association & Arab Airports Council.

Besides that Dr. Ghanem Al Hajiri is a board member of the Airports Council International (ACI) since 1991 & served in numerous management positions there till he was elected as deputy chairman, before assuming the position of Airports Council International Chairman. Dr. Ghanem is one of the first UAE Nationals holding a PhD in Air Transport; he was awarded the degree in United Kingdom. He also has a master's degree in Airport Planning, and a bachelor's degree in management.



### **Sheikh Mohammed Bin Abdullah Al Thani**

**Air Arabia Board Member since March 2011, Chairman of Sharjah Statistics Center**

H.E. Sheikh Mohammed Al Thani is one of the young leaders in Sharjah, and a businessman, with positive footprints in many business fields especially travel and tourism. H.E. assumed the role Director of His Highness Sharjah Ruler's Office in the American University of Sharjah. Late 2011, he was appointed Director General of Sharjah Statistics Center, and then Chairman of that department till 2019.

Besides that, he also serves as Chairman of Gamma Aviation, AM Holding Company, Al Nawras Catering Company, Santos International Company, Ascent Advertising Company and Universal Tourism Company; he is also the Deputy Chairman Sharjah Golf & Shooting Club.



### **Sheikh Khalid Bin Issam Al Qassimi**

**Air Arabia Board Member since 2014, Chairman of the Department of Civil Aviation of Sharjah**

H.E. Sheikh Khalid Bin Isam Al Qassimi is the Chairman of the Department of Civil Aviation in Sharjah, he also is a member of the Executive Council of Sharjah Government, which is Chaired by H.H. Crown Prince of Sharjah.

Through his career, Sheikh Khalid has served in various posts in both Sharjah Airport Authority, and Department of Civil Aviation. In 2012 he was appointed as Director General of Sharjah Civil aviation, and in early 2014 Shk Khalid was nominated as Chairman of Sharjah Civil Aviation.

Besides the above stated responsibilities, Mr. Al Qassimi is a board member of the General Civil Aviation Authority, part of the Federal Government of the United Arab Emirates. Sheikh Khalid holds a bachelor's degree in commerce, and a master's degree in international business.



### **H.E. Waleed Ibrahim Al Sayegh**

**Air Arabia Board Member since 2017, Director General of Sharjah Central Finance Department**

With an extensive experience in the fields of Investments and Finance, H.E. Mr. Waleed Al Sayegh is the Director General of Sharjah's Central Finance Department, and a member of UAE's Federal Finance policies committee.

He is also the Chief Executive Officer of Sharjah Asset Management, Sharjah's sovereign investments vehicle, Chairman of Sharjah Holding, and Board member of Tilal Real-estate. Mr. Al Sayegh's expertise extends in areas of governmental accounting, budgets, management and administration, strategic management, and crisis management. Within the span of 25 years, HE has worked for several private and public entities in the United Arab Emirates.



### **Matar Al Blooshi**

**Air Arabia Board Member since 2019**

Mr. Matar Al Blooshi, a national of the United Arab Emirates, with over 22 years' experience in financial and fund management industry. He started his career in January 1992 with the Central Bank of the United Arab Emirates as a Dealer in the treasury department. In July 1995 he joined Abu Dhabi Investment Company as a Portfolio Manager, in June 1998 he joined First Gulf Bank as Head of Treasury & Investment Division and then he moved to National Bank of Abu Dhabi in March 2001 as a Head of Foreign Exchange and Commodities Department. In February 2005 Mr. Al Blooshi became the Head of Domestic Capital Market Group and the General Manager of Abu Dhabi Financial Services (Subsidiary of National Bank of Abu Dhabi) and he was given the title of Senior Manager / Asset Management Group in October 2006.

Currently Mr. Al Blooshi is the Chief Investment Officer at Das Holding LLC, a Member of the Board of Directors of First Energy Bank in Bahrain, Al Salam Bank Bahrain, Etisalat Misr and Chairman of Maalem Holdings in Bahrain. Mr. Al Blooshi is a hard-working group leader, with excellent interpersonal analytical and problem solving skills and building numerous contacts within the investment arena. Mr. Al Blooshi holds a B.A in Banking & Financial Management from University of Arkansas, USA (1991).

**Membership in other Public Companies in UAE:**

1. Shk Abdullah Bin Mohammed Al Thani: Besides chairing Air Arabia board of directors, H.E. is the Deputy Chairman of Al Buhairah Insurance Company.

2. Mr. Waleed Al Sayegh is board member of Invest Bank

3. Mr. Matar Al Blooshi is a board member of Al Salam Bank (Bahrain)

**b. Female representation in the board:**

The current board was elected during 2017's AGM. Even though none of the board members are females, females are present in the senior management team.

**c. Reasons for not having females on board:**

Air Arabia takes all kind of inclusion and equal opportunity very seriously and refutes any kind of possible discrimination. Everyone is given a fair chance, and admission is purely on merit.

Air Arabia opened the nominations to the board membership last in 2017, and all nominees were males.

**d. Board Remuneration:**

1. 2018: there was no remuneration to the board.

2. 2019: AED 5.875 recommended to the AGM

3. 2019: No attendance allowance.

4. Other payments, allowances, payments made to board members: None.

**e. Board meetings and attendees:**

A table detailing the dates and attendees of the board meetings is presented under appendix 1.

**f. Resolutions taken by circulation:**

None.

**g. Boards Duties & Responsibilities delegated to the management:**

Referring to the duties and responsibilities of the board of directors, the Board oversees the company strategically, reviews the strategies and implementation with the executive management, while the Executive management is authorized to run the day to day activities of the company, and report to the board the expansion plans, challenges and future objectives.

The board did not delegate a specific task to

the management; however, the executive management is given the freedom and responsibility to run the day to day operations, and revert to the board for major decision or investments.

**h. Transactions with related parties:**

No transactions with related parties, other than those disclosed in the audited financial statements.

**i. Senior Staff Pay details:**

Group CEO: AED 5.4M per year plus accommodation and transportation.

Senior Management team: which is formed of 4 members, and their total remuneration is AED 5.83M which includes, Salaries, Allowances, and children's education.

The corporate structure is presented in appendix 4.

**4.External Accounts Auditor: Grant Thornton (GT)**

a)Introduction about the Auditors to the Shareholders:

Grant Thornton has been appointed as the Auditors of the Company for the year 2019. It is one of the leading and independent international organizations providing audit, tax and consulting services. Grant Thornton International has been providing professional services for more than a hundred years in more than 130 countries and operating more than 700 offices worldwide. Grant Thornton International has more than 50,000 employees working at the member firms around the world.

Grant Thornton UAE is a member firm of Grant Thornton International Limited, which was established in 1966. Grant Thornton has been able to gain good reputation in providing excellent services to companies locally, regionally and globally. Grant Thornton UAE has more than 250 employees including 20 partners.

Grant Thornton UAE provides services including auditing, tax, consulting, internal audit, fact finding and IT consulting services through its offices in UAE.

a) Statement of fees and costs for the audit or services provided by the external auditor is shown in the following table:

Name of the audit firm and the audit partner	Grant Thornton Auditing and Accounting. Dr. Osama El-Bakry
Number of years spent as an external auditor in the Company	1st year
Total audit fees for the year 2019	AED 465,000
Fees and costs of other private services other than audit of the financial statements for the year 2019 (AED), if any, and in the absence of any other fees, to be stated clearly	n/a
Details and nature of the other services provided (if any) and in the absence of other services, to be stated clearly	PKF was requested to assess the Goodwill value

#### 5. Audit Committee:

This committee was formed in accordance with the rules and regulations governing corporate governance and is composed of three members:

Mr. Waleed Al Sayegh	Chairman
Sheikh Khalid Al Qassimi	Member
Dr. Ghanem Al Hajiri	Member

The committee submits its reports and recommendations to the Board of Directors.

The general duties of the committee are as follows:

- Adopt a policy for appointing and contracting with the external auditor;
- Reviewing and auditing the financial statements.
- Articulate the control and audit measures.
- Articulate fiscal and audit policies.
- Issue general audit reports
- Follow whistle blowing policies.
- Oversee insider trading.
- Consider assignments from the board of directors.

The corporate governance manual dictates the detailed duties and responsibilities of the committee.

#### b. Table with meeting dates and attendees:

Furthermore, appendix 2 contains the committee's meetings and attendance during the year.

#### 6. Nominations and Remuneration committee:

This committee was formed in accordance with the rules and regulations governing

corporate governance and is composed of three members:

Sheikh Mohwammed Al Thani	Chairman
Sheikh Khalid Al Qassimi	Member
Dr. Ghanem Al Hajiri	Member

The committee report to the board of directors its views and recommendations, and is responsible for the following tasks:

- Set the board's nominations policy, one that supports a mixed gender board.
- Manage the process of board nomination, in line with the rules and regulations governing it including SCA's Chairman's resolution number 7/2016.
- Ensure that independent directors continue to be independent for the duration of their terms of office.
- Articulate a policy governing board members remuneration, staff bonuses, benefits, incentives and salaries; this is to be reviewed on an annual basis.
- Review the board structure, and raise recommendations.
- Identify the company's needs of senior executive management, and other members of the management team and defining the criteria of selection.
- To annually review the human resources policies, and adopt the human resource policies and training, and ensure proper implementation.

The corporate governance manual contains details of the functions, duties and responsibilities of the committee. Appendix No. 3 contains a schedule of meetings with dates and attendance during the year.

## 8. Internal trading Supervision Committee:

The corporate governance manual covers the rules and regulations of insiders trading. It stipulates the windows allowed for their trade, and that any trade should not be based on information that is not yet available to the general public. It also states the necessity to identify the traders' insider status to the broker in order to take the necessary approvals from the authorities.

The role of supervising insider trading is assigned to the audit committee.

## 9. The internal control system

The board confirms its full responsibility over the functionality and robustness of the internal control system.

Head of Internal Audit is Mr. Mohammed Al Basha.

Qualifications: He holds a Bachelors in Accounting (1989) and Professional Certification in Audit from USA.

Date of appointment: 2013

The internal control system is an integrated system that imposes procedures, conditions and administrative laws, and monitors their practical implementation throughout the company's operations. This system is not a hindrance and an obstacle to the effectiveness of the work and speed of delivery and performance, but on the contrary, it ensures the company's development of effective performance and the effectiveness of risk management and internal control system.

The system measures the compliance with policies and procedures, protection of property, economic and effective use of resources. The Board has acknowledged its responsibility for internal control system in the company and the periodic review effectiveness.

Air Arabia has set up an "Internal Control Department" which is headed by Mr. Mohammed Al Basha, who is a chartered accountant and a certified internal auditor, with over 25 years of experience in the field of internal and external audit.

Mr. Al Basha joined Air Arabia at the start of 2013, carrying lengthy and valuable experience having served at international financial institutions. Objectives of Internal Control department:

The overall Objective of the Internal Audit is to evaluate and improve the effectiveness of control, governance process and risk management within Air Arabia.

Internal Audit assists all members of the Management of the Company and the Board of Directors in the effective execution of their responsibilities. To this end, the department provides independent examinations, consultancy, investigations, evaluations, recommendations and comments on areas and activities reviewed. Furthermore, it works in partnership with management and adds value to the organization through advices, guidance and recommendations. The scope of activity extends to group / associate companies also.

### Key Accountabilities:

Develop company-wide audit programs to assure protection of corporate assets and be responsible for ensuring the integrity of information; compliances with company policies, procedures and regulations; evaluation of organizational performance; optimization of opportunity / risk; best utilization of resources and formulation of internal control system.

### Major duties include:

1. Develop and maintain Company-wide audit policies and practices.
2. Develop Company-wide internal audit plans and programs and Participate in and monitor execution of internal audits programs / assignments.
3. Ensure consistent application of corporate financial and accounting policies and practices.
4. Reviewing the reliability and integrity of the financial, operating and other management information systems and means used to identify measure, classify and report such information.
5. Reviewing the means of safeguarding assets and as appropriate verifying the existence of such assets.
6. Appraising the economy and efficiency with which company's resources are employed and identifying opportunities for improving operating performance.
7. Observe and review the proceedings/ functions of various committees as required by Audit Committee so as to express an independent view.

8. Co-ordinate with External/statutory auditors.
9. Review and approve all significant changes in financial and accounting systems, practices and procedures to ensure that internal control.
10. Carry out investigations and audits as suggested by the Senior Management or by the CEO / Board of Directors, in order to determine the facts and causes of suspected irregularities.
11. Ensure that improvement to existing policies, practices and procedures are developed in order to improve the controls and to safeguard the assets of company.
12. Report to the Board, about the adequacy and effectiveness of the company's system of internal administrative, accounting and financial controls and the quality of operating performance when compared with established standards.
13. Follow-up the status of audit reports and recommendations and submit follow-up Report to the Board and the Audit Committee.
14. Design and schedule the Department's annual audit plans and implement them after Board approval.
15. Make presentation on audit activities and studies on company and subsidiary organizations as required by Audit Committee, Board of Directors / Management.
16. Prepare the Department's annual plans and capital and operating budgets and, once approved, control expenditure and staffing against these plans and budgets.
17. Exercise effective management of the Department's staff in terms of selecting, training, motivating, evaluating and disciplining in appropriate liaison with HR function.
18. To ensure that the resources of the departments are effectively utilized.
19. Fully responsible for co-source / outsource of audit assignments.

**10. Details of violations committed**

None.

**11. Air Arabia's commitment and contribution towards the society and environment:**

Without any doubt, the company is part of the society, and cannot be disintegrated from it; and that is why Air Arabia does not only provide value for money convenient travel but also works hard to upgrade the lives of the people in need in the societies it operates within. The company achieves this by sharing the responsibility of these communities locally and regionally, and this plays an integral part of the company's success.

Air Arabia was among the first to introduce a sustainable CSR initiative by launching 'Charity Cloud' project in collaboration with Sharjah Charity International. The program aims in raising funds through certain initiatives such as on-board donations. The fund is raised, collected annually and re-invested in educational and medical care establishments in countries in need across Air Arabia network.

In 2019, Air Arabia continued to encourage staff to get involved in CSR activities and initiated projects to this effect. In a bid to improve existing services and assist those in need, Charity Cloud undertook a number of projects this year. Multiple clinics were refurbished and a continuous supply of necessities provided. Gifts were distributed during Eid for those in need. Also, paying special attention to educating the leaders of tomorrow, Charity Cloud set up several educational centers and schools.

Apart from the health and educational projects across the region, Air Arabia has also worked on other social initiatives. With the facilitation of the children's cancer clinic in Egypt, 57357, and the staff at Air Arabia

The airline is sensitive to people of determination, and assistance is always provided at airports and during travel. Accordingly the company has set aside special services to cater to their needs, and considered them in all infrastructure plans.

During the year, Air Arabia has made contribution in local events and sponsorships of approximately 5 Million AED.

Some projects completed in 2019 include:

Developing extra classrooms fully equipped and prepared	India
Developing Maternity and Birthing Unit	Kenya
Developing and supporting Educational programs and initiatives	Pakistan
Distribution of Dates on families in need	Several Countries
Provide Eid Coverage and requirement to families in need	India
As part of International Heart Day, conducted Heart operations and treatments	India
Development of a fully equipped elementary school	Bangladesh

Finally, as an effort towards contributing to and preserving the environment, Air Arabia adopts a policy of acquiring only brand-new aircraft to the fleet to avoid unwanted emissions and reduce it to the minimum.

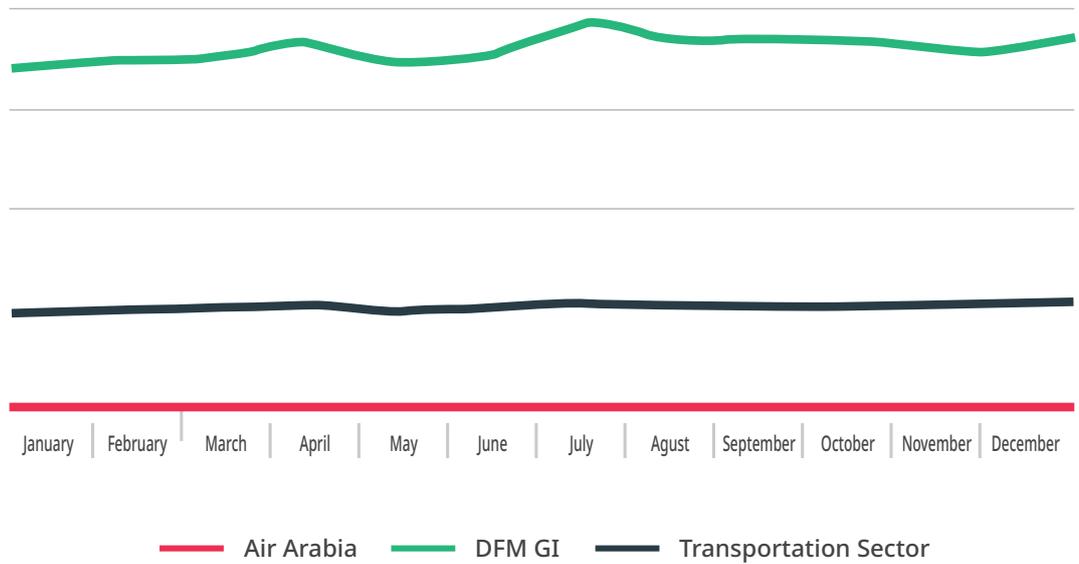
The company also follows a policy of minimizing printed paper and heavily depend on recycled in order to preserve forests.

## 12. General Information:

a) Air Arabia Share price details by month end:

Month	Lowest Price	Highest Price	Closing Price
Jan 2019	0.975	1.060	1.000
Feb 2019	0.900	1.020	0.948
Mar 2019	0.900	0.950	0.940
Apr 2019	0.930	1.030	1.020
May 2019	0.970	1.050	1.030
Jun 2019	1.020	1.080	1.050
Jul 2019	1.050	1.150	1.120
Aug 2019	1.110	1.230	1.200
Sep 2019	1.180	1.260	1.250
Oct 2019	1.230	1.440	1.360
Nov 2019	1.350	1.510	1.450
Dec 2019	1.430	1.610	1.610

b) Air Arabia Share price performance vs. market and sector during the year:



Month_Year	AIRARABIA	DFMGI	TRANSPORTATION
Jan 2019	1	2567.59	725.9
Feb 2019	0.948	2635.78	721.71
Mar 2019	0.94	2634.86	753.41
Apr 2019	1.02	2767.1	778.34
May 2019	1.03	2620.33	735.45
Jun 2019	1.05	2658.63	737.05
Jul 2019	1.12	2918.38	773.31
Aug 2019	1.2	2758.6	771.34
Sep 2019	1.25	2781.07	760.88
Oct 2019	1.36	2746.93	777.38
Nov 2019	1.45	2678.7	776.48
Dec 2019	1.61	2764.86	798.73

c) Air Arabia Ownership breakdown by year end:

Description	Citizenship	Quantity	Percentage
BANK	ARAB	119,000	0.0026
BANK	GCC	4,369,421	0.0936
BANK	OTHERS	7,835,394	0.1679
BANK	UAE	119,727,184	2.5656
Company	ARAB	1,714,344	0.0367
Company	GCC	125,513,744	2.6896
Company	OTHERS	642,372,928	13.7650
Company	UAE	2,281,997,818	48.8996
Government	UAE	5,071,728	0.1087
Individual	ARAB	99,535,665	2.1329
Individual	GCC	123,376,965	2.6438
Individual	OTHERS	72,965,465	1.5635
Individual	UAE	1,150,886,058	24.6617
(SOLE PROPERTY)	GCC	900,000	0.0193
(SOLE PROPERTY)	OTHERS	304,600	0.0065
(SOLE PROPERTY)	UAE	30,009,686	0.6431

d) Air Arabia shareholders owning 5% or above:

Investor Name	QTY	%
Sharjah Asset Management	865,904,256	18.55%
AL MAHA HOLDING COMPANY (FZE)	429,613,509	9.21%

e) Shareholders Distribution by ownership:

Tranche by number of shares owned	Number of Shareholders	Total shares owned to the tranche	Percentage to the Capital
Less than 50,000	11,704	153,813,766	3.296%
50,000 to 500,000	1,868	259,115,485	5.552%
500K to 5M	508	674,576,125	14.455%
More than 5M	103	3,579,194,624	76.697%
<b>Total</b>	<b>15,196</b>	<b>4,666,700,000</b>	<b>100%</b>

f) Step taken towards “Investors Relations”

Air Arabia has long established a division for investor relations. Mr. Abdelrahman Bin Taliah currently heads it, along with the Group CEO, Group CFO and group Head of Marketing and Public Relations who together play a very vital role in the division’s activities.

Since its establishment as a publicly listed company, Air Arabia has placed great attention on the investor relations department. The department’s responsibility is split into 2 major areas: first is looking after and servicing retail and small investors through answering their queries, assisting in receiving their past dividends, explaining the investment process and updating their details with the market. The department has set a dedicated email for their service ([investorrelations@airarabia.com](mailto:investorrelations@airarabia.com)) and hotline: 065088977, besides having all necessary details available on the IR page:

<http://www.airarabia.com/en/corporate-investor-relations>

On the other hand, the department also looks after high end, sophisticated investors such as fund manager, analysts, and financial institutions. This sector is addressed in formal IR conferences usually attended by the Group CEO, Group CFO and Head of IR; during 2019 Air Arabia attended a couple of investors conferences, and hosted multiple conference calls.

Moreover, Air Arabia holds a database of analysts, fund manager, investors and interested segment that is invited on a quarterly basis to a conference call where the Group CEO and Group CFO address them with

the quarter update, followed by question and answer session.

g) Extra Ordinary resolutions:

None.

h) Board Secretary:

- Mr. Abdelrahman Bin Taliah
- Appointed in 2007
- Qualifications:
  - Masters Degree in Strategic Management and Leadership
  - Masters Degree in Project Management
  - Bachelors in Finance and Management
  - Certified Board Member by Hawkama
  - Certified Board Secretary by Hawkama
  - Graduate of UAE Federal Government Leadership Program
  - Graduate of Shk Mohammed Bin Rashid Leadership Program

• As a board secretary Mr. Bin Taliah is responsible to coordinate between the Board and the executive management, setting up the board meetings and distributing the necessary invitations and agenda packs, and keeping custody of the minutes and resolutions passed.

Furthermore, Mr. Bin Taliah’s duties as board secretary are separate from his other daily duties as he overlooks International Affairs, Government Relations, Investor Relations, and some of the group subsidiaries.

## MAJOR EVENTS IN 2019:

### FIRST QUARTER



1. Air Arabia Egypt launches operations between Sharm El Shaik and Amman.
2. Air Arabia launches a route connecting Sharjah to Tunis.
3. Air Arabia Egypt launches operations between Sohaj and Riyadh.
4. Air Arabia achieves a net profit of AED 26M in Q4 18.
5. Air Arabia Maroc connects Lisbon to Casablanca, and Leon to Tangier.
6. Air Arabia adds Sharjah Kuala Lumpur route.

### SECOND QUARTER



1. Air Arabia Morocco connects Casablanca to Prague and Pisa; also connects Leon to Tangier.
2. Air Arabia adds its first A321 neo LR to the fleet.
3. Air Arabia rolls out its new entertainment system "SkyTime".
4. Air Arabia achieves 16% growth in net profit of Q1 19, NP was AED128M.
5. Air Arabia signs MOU with Malaysian Tourism board.
6. Air Arabia signs AMOS fir maintenance operational management.
7. Air Arabia launches Sharjah Bishkek route.
8. Air Arabia Egypt connects Sharm El Sheikh to Napoli.
9. Air Arabia Maroc starts a seasonal route connecting Tangier to Istanbul.
10. Air Arabia announces a new route: Sharjah to Vienna, Austria.

### THIRD QUARTER



1. Air Arabia receives its 2nd A321 neo LR.
2. Air Arabia inaugurates Sharjah Kuala Lumpur Route.
3. Air Arabia announces record Q2 net profit, achieving AED210M, a growth of 75%.
4. Air Arabia inaugurates Sharjah Vienna route.
5. Air Arabia joins hands with Sharjah Central Human Resource Department to support initiatives and programs.

### FOURTH QUARTER



1. Air Arabia receives "Best Low Cost Carrier" award at Aviation Business 2019.
2. Air Arabia announces a 120 plane order for \$14B during Dubai Air Show.
3. Air Arabia receives "Best Low Cost Carrier" title for Middle East and Africa.
4. Air Arabia Group CEO receives Laureate 2020 prestigious award for the exceptional corporate strategy.
5. Air Arabia Egypt starts operations from Cairo International Airport.

**j) UAE Nationals Percentage:**

Air Arabia welcomes UAE nationals to explore all available vacancies and encourages them to join the aviation sectors which embraces within it several very exciting fields. Within Air Arabia, UAE nationals are focused in Head Office in different managerial posts; the operations division also host a number of UAE national

pilots; and the Engineering and Maintenance team also comprises of very talented, hard working UAE nationals.

Even though 50% of Air Arabia's workforce consists of Cabin Crew, Technicians, and call center agents, these areas do not fall under the radar of interest of UAE nationals today.

Year	Total Staff Number	Number of Cabin Crew, Technicians, and Call Center	UAE Nationals	Percentage of UAE nationals less CC, Tech, and Call Center
2017	1900	1000	17	1.9%
2018	2000	1050	20	2.1%
2019	2100	1100	22	2.2%

**k) Innovations During the year:**

**Efficiency Program:** Air Arabia initiated an internal comprehensive efficiency program to monitor costs and enhance productivity, which has directly resulted in saving operational costs during the year. The program was launched in 2017, and continued through 2019 contributing significant operational savings.

**In-house built Emergency Simulator:** Air Arabia cabin crew training team, in cooperation with the engineering team have developed an emergency simulator in house, to train cabin crew on the newly ordered planes (A321). This simulator is now being assessed and certified by the relevant During the year, the simulator has obtained the necessary approval from relevant authorities.

**HR Systems development:** Air Arabia signed an agreement with SAP a well known international leader in technical application. The agreement is to develop a system called "SAP Success

Factors" which should provide Air Arabia with advanced solutions and applications to manage the human capital.

**Aviobook Implementation:** Air Arabia has embraced an electronic version of all cockpit manuals allowing convenient and easy access to the manuals and maps.

The company launched a smart solution program "BI" which is an advanced program allowing easy analysis and readings of different business metrics provided by various departments. This gives the steering team instant data and all necessary timely information to support the decisions to be taken.

**Sky Time:** Air Arabia launched an innovative onboard entertainment system, that adds leisure and convenience to the passenger's experience with Air Arabia. The new product is easily and conveniently accessed by the passenger while ensuring a very effective cost to the company.

**Abdullah Bin  
Mohammed Al Thani**  
Chairman of  
the Board

**Waleed  
Al Sayegh**  
Chairman Audit  
Committee

**Mohammed Bin  
Abdullah Al Thani**  
Chairman  
Remuneration Committee

**Mohammed  
Al Basha**  
Head of  
Internal Audit

## Appendix 1

Meetings Dates & Attendees of Air Arabia Board of Directors during the year  
"Y", "N"

Board Meeting number	Date	Shk. Abdullah	Dr. Ghanem	Adel Ali	Shk. Mohammed	Shk. Khalid	Waleed	Matar
1	16.1.2019	Y	Y	Y	Y	Y	Y(Rep Shk. Khalid)	
2	13.2.2019	N	Y	Y	Y	Y	Y	Y
3	5.5.2019	Y	Y	Y	Y	Y	Y	Y
4	7.8.2019	Y	Y	Y	Y	Y	Y(Rep Shk Khalid)	Y
5	13.10.2019	Y	Y	Y	Y	Y	Y	Y
6	10.11.2019	Y	Y	Y	Y	Y	Y	Y
7	11.12.2019	Y	Y	Y	Y	Y	Y	Y

## Appendix 2

Meetings Dates & Attendees of the Audit Committee and attendance:  
"Y", "N"

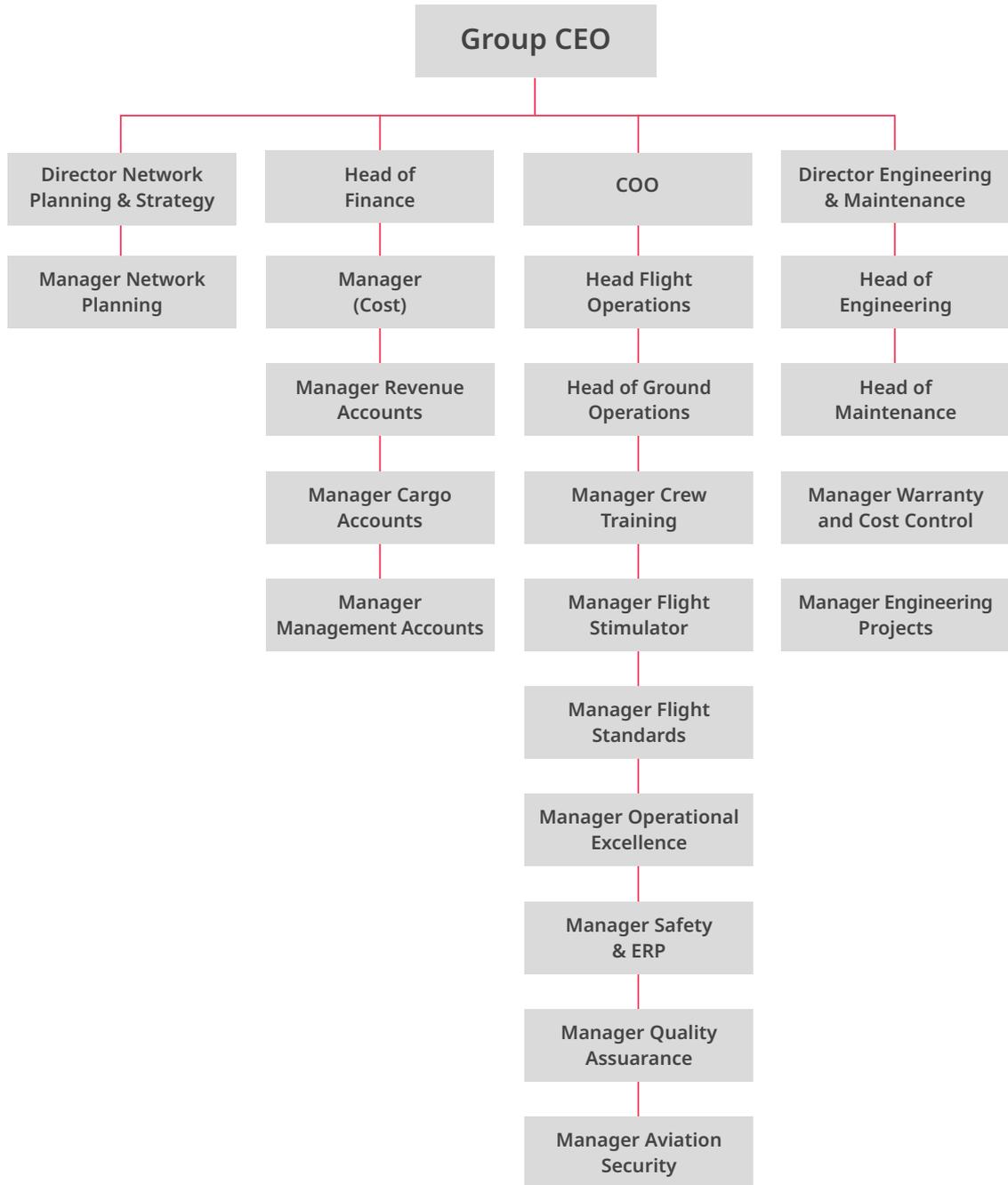
Audit Committee Meeting	Date	Waleed	Shk Khalid	Dr. Ghanem
1	8.1.2019	Y	Y	Y
2	13.2.2019	Y	Y	Y
3	5.5.2019	Y	Y	Y
4	7.8.2019	Y(Rep Shk Khalid)	Y	Y
5	10.11.2019	Y	Y	Y

## Appendix 3

Meetings Dates & Attendees of the Committee on Nominations and Remuneration:  
"Y", "N"

Remuneration Committee Meeting	Date	Shk Mohammed	Shk Khalid	Waleed
1	13.2.2019	Y	Y	Y

Appendix4





CONSOLIDATED  
**FINANCIAL  
STATEMENT**

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31 DECEMBER 2019