

# AirArabia



## RESULTS PRESENTATION Q3/9M 2019

Q3/9M IN FOCUS

# STRATEGIC SUMMARY – Q3/9M 2019

## *Air Arabia*

- 9M performance exceeded market expectations.
- Busy Q3 summer period contributed to record YTD financial performance.
- 9M financial results were supported by strong cost control measures, improvement in yield margins and higher customer demand.
- Closing 9M 2019 with 12 new destinations & receipt of third A321 neo LR aircraft.
- Further focus on customer loyalty through investment in product uplift.
- Significant focus on cost, revenue optimization and customer experience.
- Growth strategy on track driven by network reach and capacity utilization.

# STRATEGIC SUMMARY – 9M 2019

## *Economy*

- Overall MENA economy growth is expected to continue with modest pace of 1.5 to 3%.
- Geo-political tensions in the Middle East region escalated in Q3, adding more pressure on selective markets.
- A tougher trading environment in the Eurozone continued driven by overall slow economic growth.
- Impact on global aviation & tourism was evident in the collapse of Thomas Cook and bankruptcies of over 17 carriers in 2019.
- Oil prices volatility expected to continued driven by global trade slow growth and political tensions.

# FINANCIAL REVIEW

## 9M / Q3

# KEY PERFORMANCE – Q3 2019

(AED Millions)	2019	2018	Change	%
Pax (m)	2.58	2.44	0.14	6%
LF %	82%	81%	1%	1%
Revenue (m)	1,438	1,282	156	12%
Operating Profit	410	325	85	26%
Operating Profit Margin %	28.5%	25.4%	3.2%	
Net Profit	471	300	171	57%
* Pax (m) all hubs	3.4	3.1	0.3	10%

# KEY PERFORMANCE – 9M 2019

(AED Millions)	2019	2018	Change	%
Pax (m)	7.13	6.57	0.56	9%
LF %	83%	80%	3%	4%
Revenue (m)	3,611	3,098	513	17%
Operating Profit	742	537	205	38%
Operating Profit Margin %	20.5%	17.3%	3.2%	
Net Profit	809	530	279	53%
* Pax (m) all hubs	9.25	8.31	0.94	11%

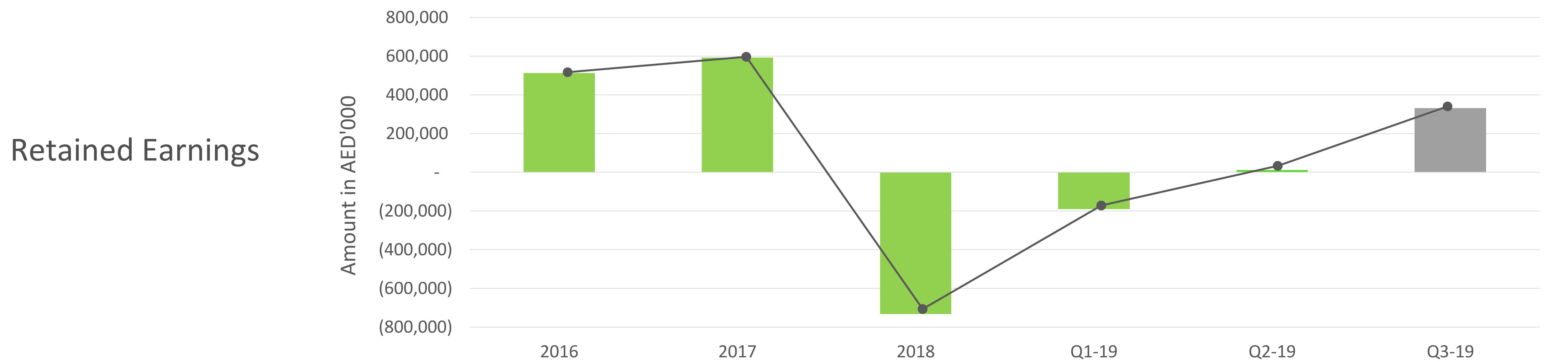
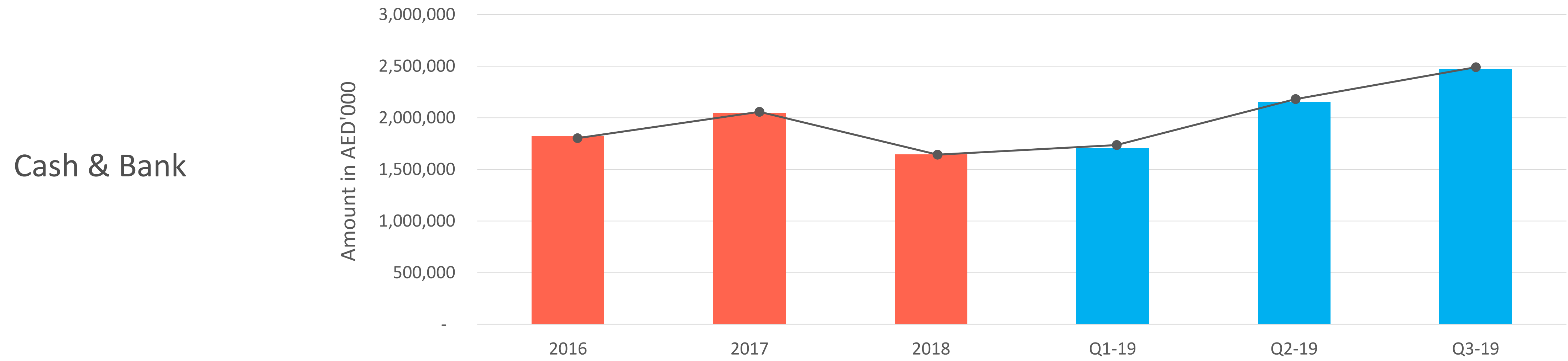
# BALANCE SHEET – 9M 2019

(AED Millions)	Q3 2019	YE 2018	Change	%
<b>Assets</b>				
Non Current Assets	8,846	8,952	-106	-1%
Current Assets	3,290	2,466	824	33%
<b>Total Assets</b>	<b>12,136</b>	<b>11,418</b>	<b>718</b>	<b>6%</b>
<b>Liabilities &amp; Equity</b>				
Non Current Liabilities	4,386	4,645	-259	-6%
Current Liabilities	2,585	2,187	398	18%
<b>Total Liabilities</b>	<b>6,971</b>	<b>6,832</b>	<b>139</b>	<b>2%</b>
<b>Capital &amp; Reserves</b>				
Equity	5,165	4,586	579	13%
<b>Total Liabilities &amp; Equities</b>	<b>12,136</b>	<b>11,418</b>	<b>718</b>	<b>6%</b>

\* General reserve adjustment to retained earnings is subject to AGM approval



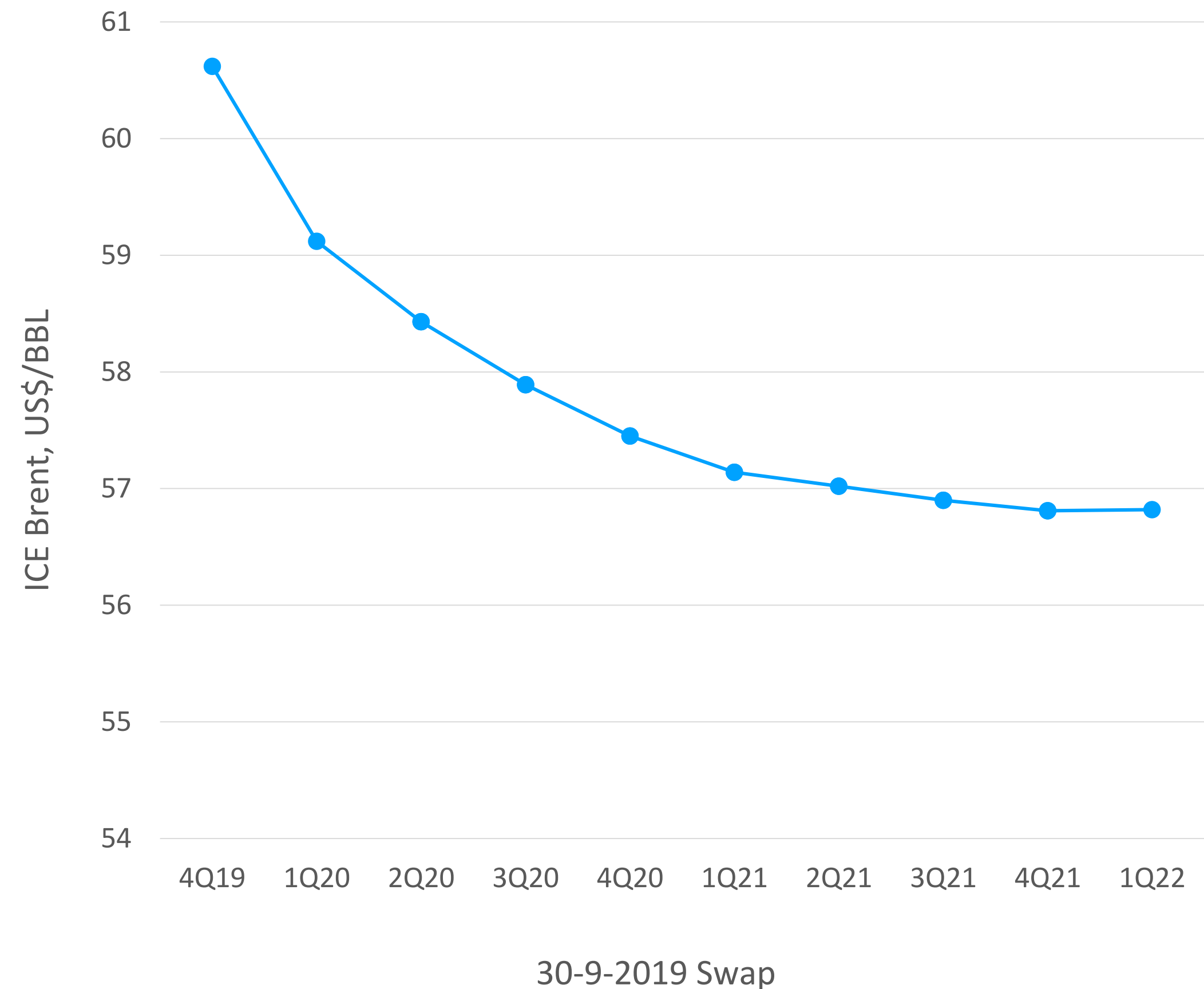
# STRONG CASH GENERATION



\*Retained Earnings moved from negative in FY 2018 (reference: Abraaj Capital impairment) into positive income in Q2-19.

# IMPACT OF FUEL

- Fuel price volatility continues as third quarter prices witnessed 23% movement.
- IMF contributes price volatility against a backdrop of slowing global growth trade, trade tensions and geopolitical risks including.
- Air Arabia fuel hedging status YTD 2019 is at 75% of fuel requirement.
- Air Arabia's fuel hedging strategy remain short to medium term with the aim of stabilizing operational cost.



# BUSINESS UPDATES

## 9M / Q3

# 9M BUSINESS & COMMERCIAL UPDATES

- 12 new routes were launched between January-September as follows:
  - ≥ Casablanca to Lisbon, Pisa, Prague and Tunis.
  - ≥ Tangier to Lyon.
  - ≥ Sharm El Sheikh to Milan, Amman and Napoli.
  - ≥ Sohag to Riyadh.
  - ≥ Sharjah to Kuala Lumpur, Bishkek, Tunis and Vienna.
- Capacity growth have seen overall increase of 4.4% in 9M 2019.
- Received the third of six Airbus A321 neo LR with 215 seats capacity and 8hr flight range.
- Three more A321 aircraft expected in 1Q 2020.

# YTD BUSINESS & COMMERCIAL UPDATES

- Possible new aircraft order to take place 4Q19/1Q20 (est).
- In October, an agreement was signed with Etihad Aviation Group to launch “Air Arabia Abu Dhabi”, the capital’s first low-cost carrier. More details the new hub will be communicated soon.
- Following rebranding that took place in 2018, further investment in product and inflight experience is undergoing.
- Launch of “SkyTime”, the new complementary in-flight entertainment system that allows passengers to live stream digital content on their smartphones, tablets or laptops.



# FLEET STATUS

## YTD 2019

# CURRENT FLEET



**Airbus** A320 ceo

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55 Aircraft in service

41 Sharjah Hub

10 Morocco Hub

04 Egypt Hub



**Airbus** A321 neo LR

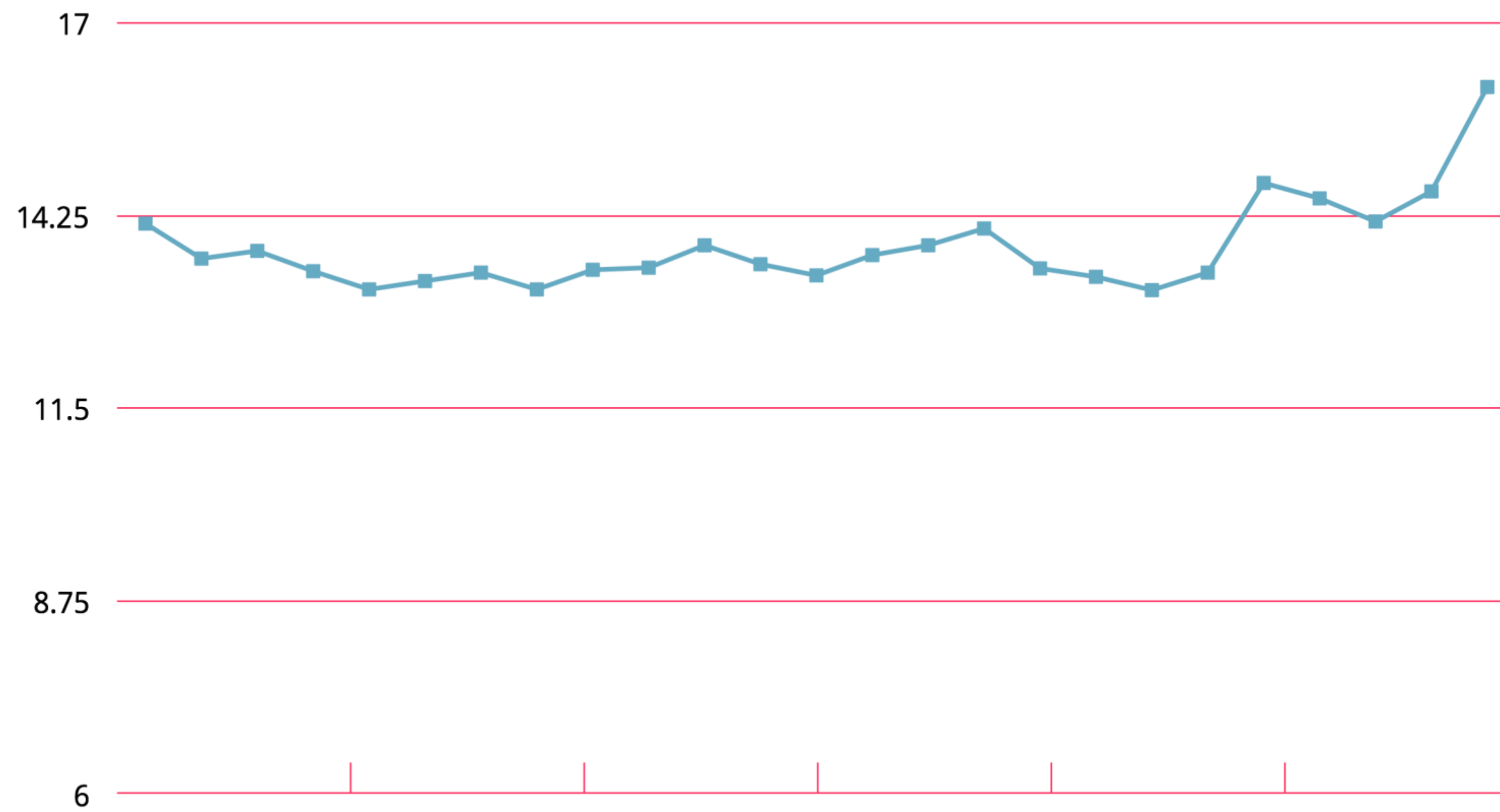
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3 Aircraft in service

3 more expected in 2020

# FLEET UTILIZATION

Block hours



Average weekly utilization



# OUTLOOK

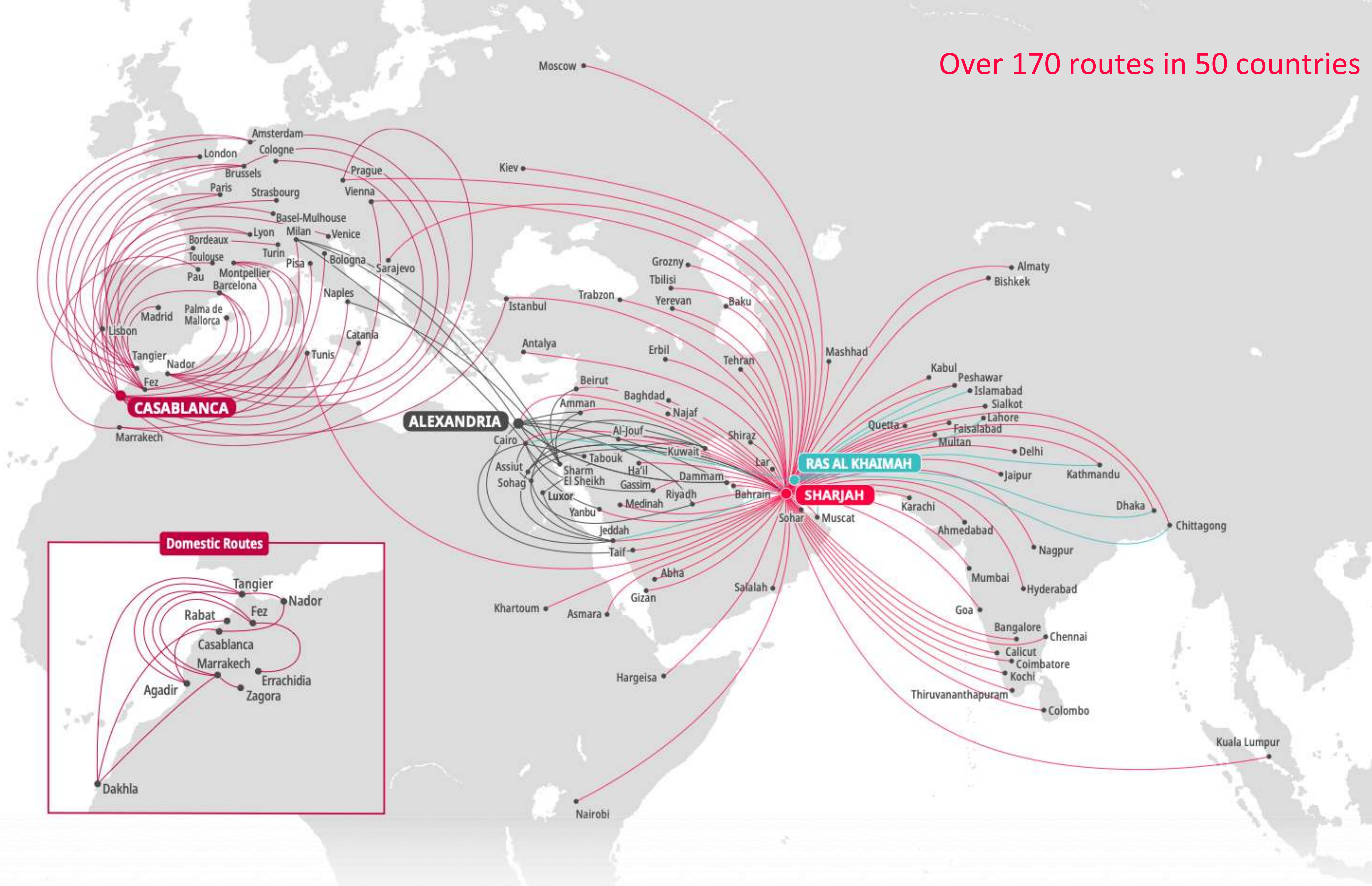
## 4Q 2019

# OUTLOOK – 4Q 2019

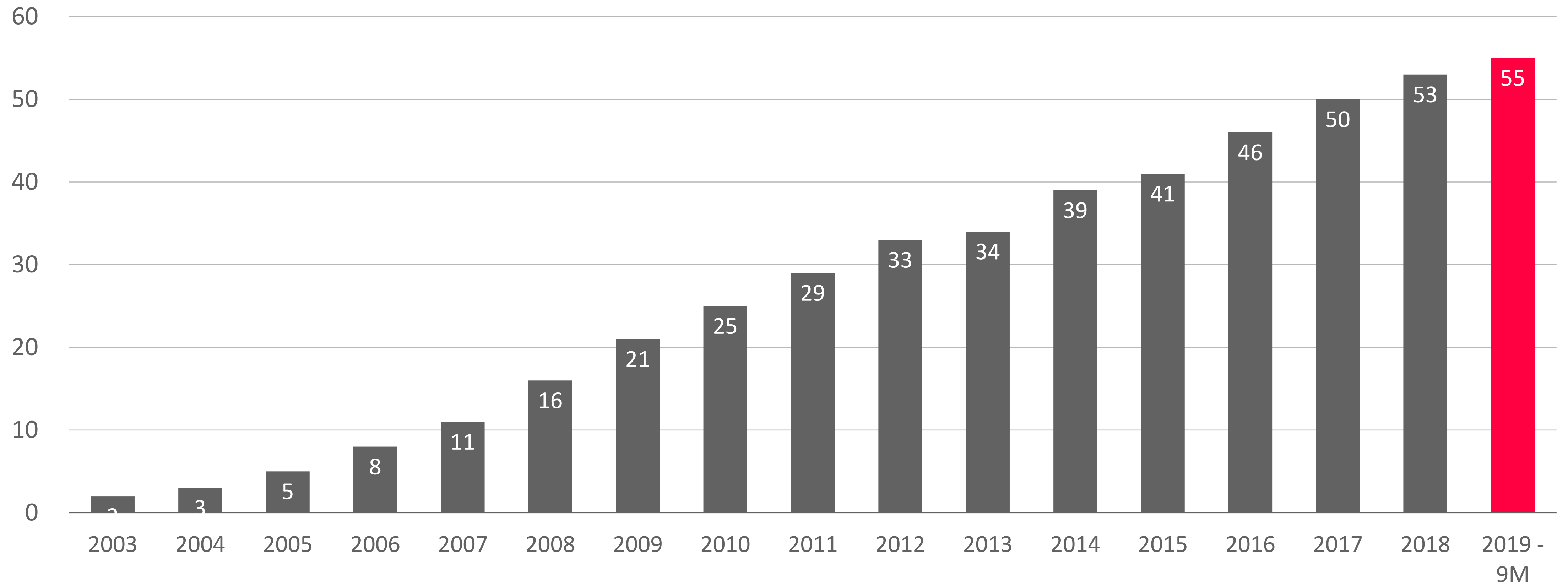
- A busy holiday season is expected this December.
- Work is undergoing in Q4 for the new “Air Arabia Abu Dhabi” operations that will cater to the growing low-cost travel market segment in the region.
- The current economic and trading conditions impacting the aviation industry around the world expected to continue, especially in the MENA region where unsettling geopolitical escalations and pressing economic challenges continues.
- Air Arabia will cautiously continue with its growth plans and expanding its geographic reach while remain committed to providing affordable and value driven air travel to our customers.

# APPENDIX

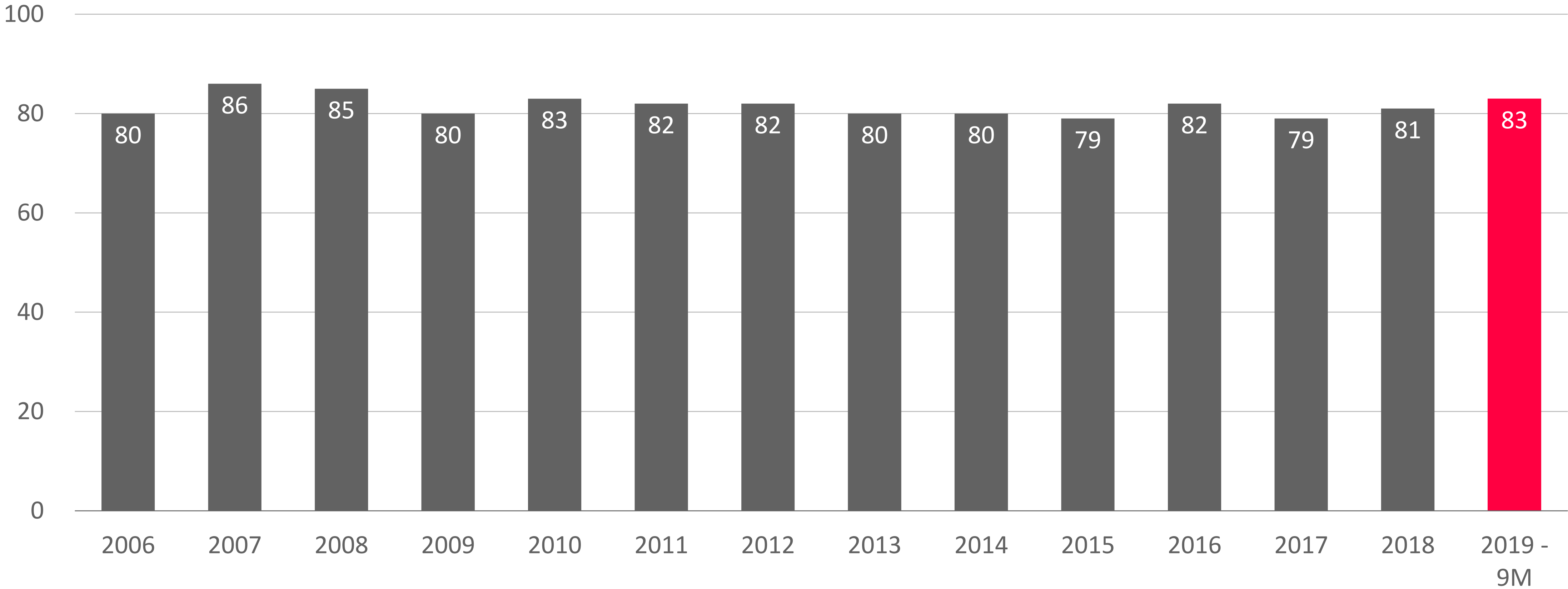
Over 170 routes in 50 countries



# FLEET SIZE HISTORICAL YEARLY

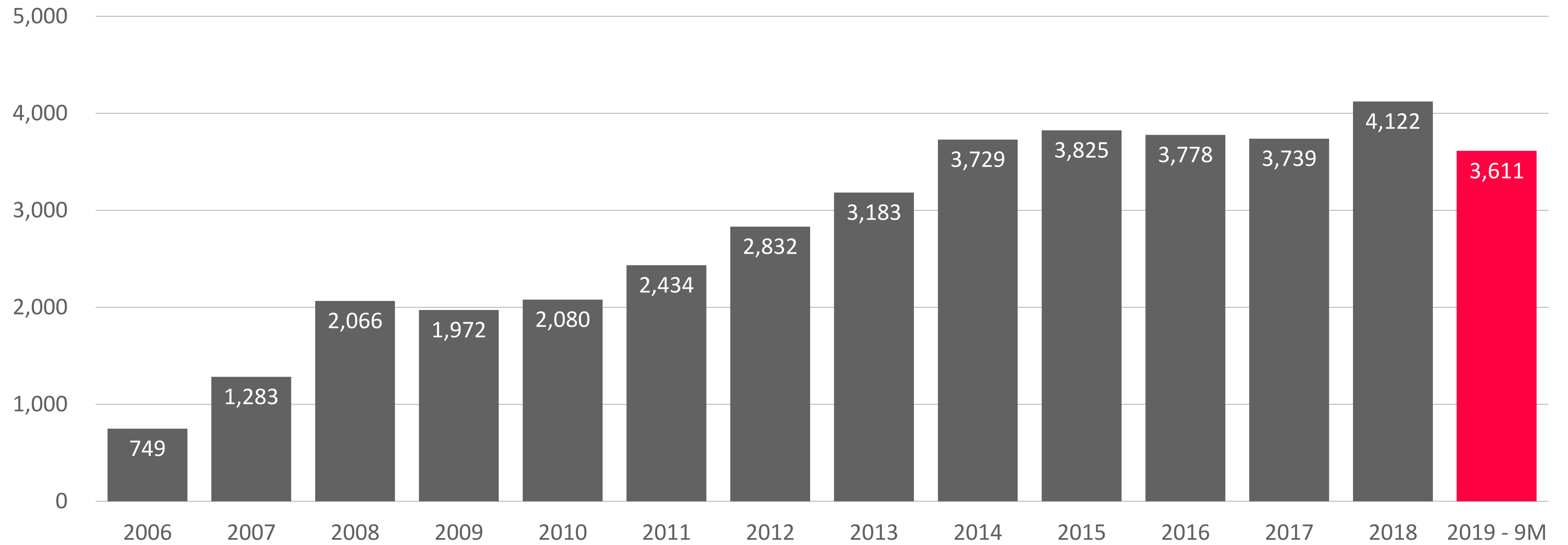


# SEAT LOAD FACTOR HISTORICAL YEARLY

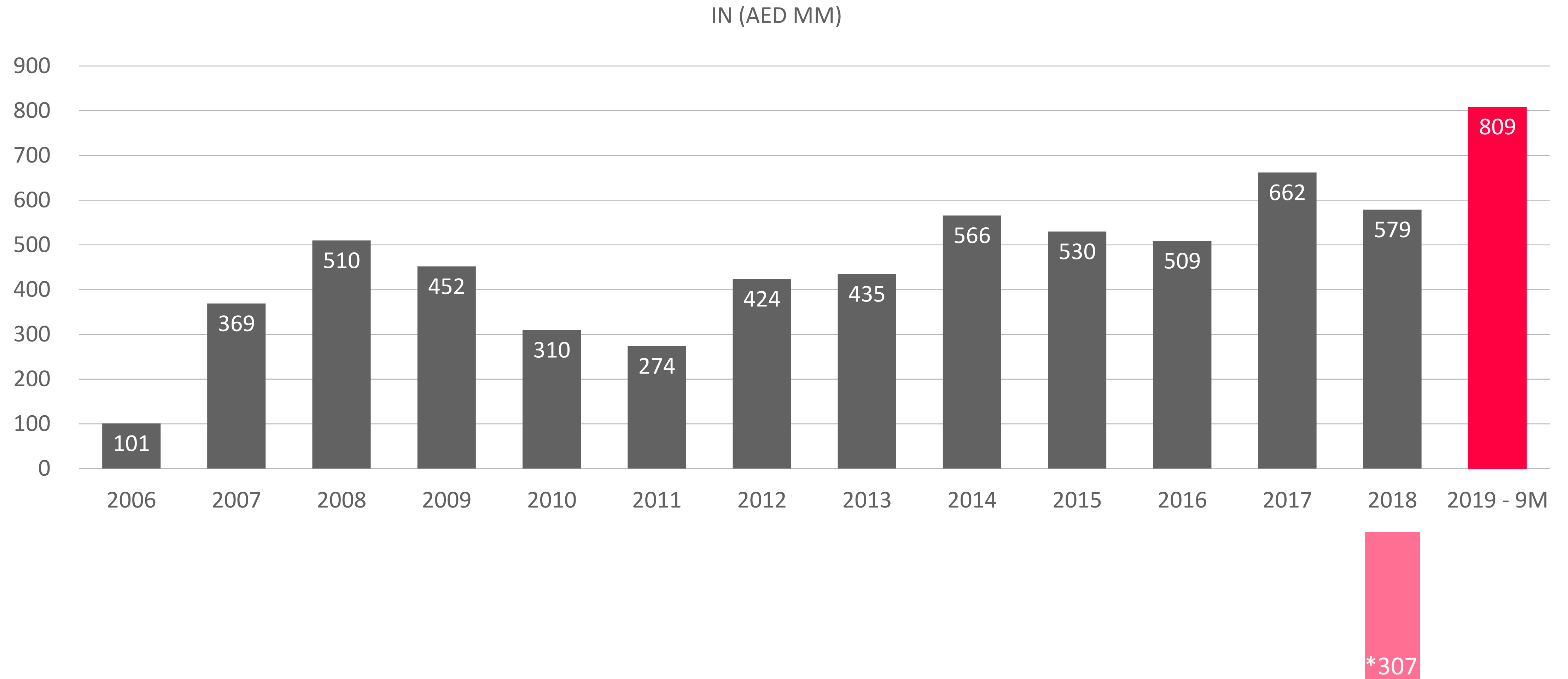


# REVENUE HISTORICAL YEARLY

IN (AED MM)



# NET PROFIT HISTORICAL YEARLY



\*2018 reported net profit absorbed AED307 million accumulated loss following the impairment decision taken in relation to the Group's full financial exposure to Abraaj Capital.



# CORPORATE SOCIAL RESPONSIBILITY

Air Arabia’s award winning corporate social responsibility program “Charity Cloud’ provides sustainable education and healthcare initiatives in underprivileged communities across the world.

Charity Cloud built and operates over 15 schools and clinics in 12 countries and treats over 30,000 patient yearly and provides education for over 1,000 student every year.



Charity Cloud Schools	Charity Cloud Clinics
Sri Lanka	Sudan
India	Yemen
Nepal	Egypt
Turkey	Sri Lanka
Kenya	Bangladesh
Egypt	
Morocco	

# AIR ARABIA GROUP COMPANIES

**AirArabia**  
Engineering

**AirArabia**  
Simulator



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