

AirArabia



RESULTS PRESENTATION H1 2019

H1 IN FOCUS

STRATEGIC SUMMARY – H1 2019

Air Arabia

- H1 performance exceeded market expectations.
- Growth strategy on track driven by network reach and capacity utilization.
- H1 financial results were supported by strong cost control measures, improvement in yield margins and higher customer demand.
- Closing H1 with 10 new destinations and receipt of first A321 neo LR aircraft.
- Further focus on customer loyalty through investment in product uplift.
- Significant focus on maximizing H2 performance with key emphasis on cost, revenue optimization and customer experience.

STRATEGIC SUMMARY – H1 2019

Economy

- Overall MENA economy growth is expected to continue with modest pace of 1.5 to 3%.
- Escalating geo-political tensions in the Middle East region is expected to add further pressure on the economy.
- A tougher trading environment in the Eurozone driven by overall slow economic growth.
- Oil prices volatility expected to continue in H2.

FINANCIAL REVIEW

H1 / Q2

KEY PERFORMANCE – Q2 2019

(AED Millions)	2019	2018	Change	%
Pax (m)	2.33	2.04	0.29	14%
LF %	84%	78%	6	8%
Revenue (m)	1,144	938	206	22%
Operating Profit	204	117	87	74%
Operating Profit Margin %	18%	12%	5%	
Net Profit	210	120	90	75%
* Pax (m) all hubs	3	2.59	0.41	16%

KEY PERFORMANCE – H1 2019

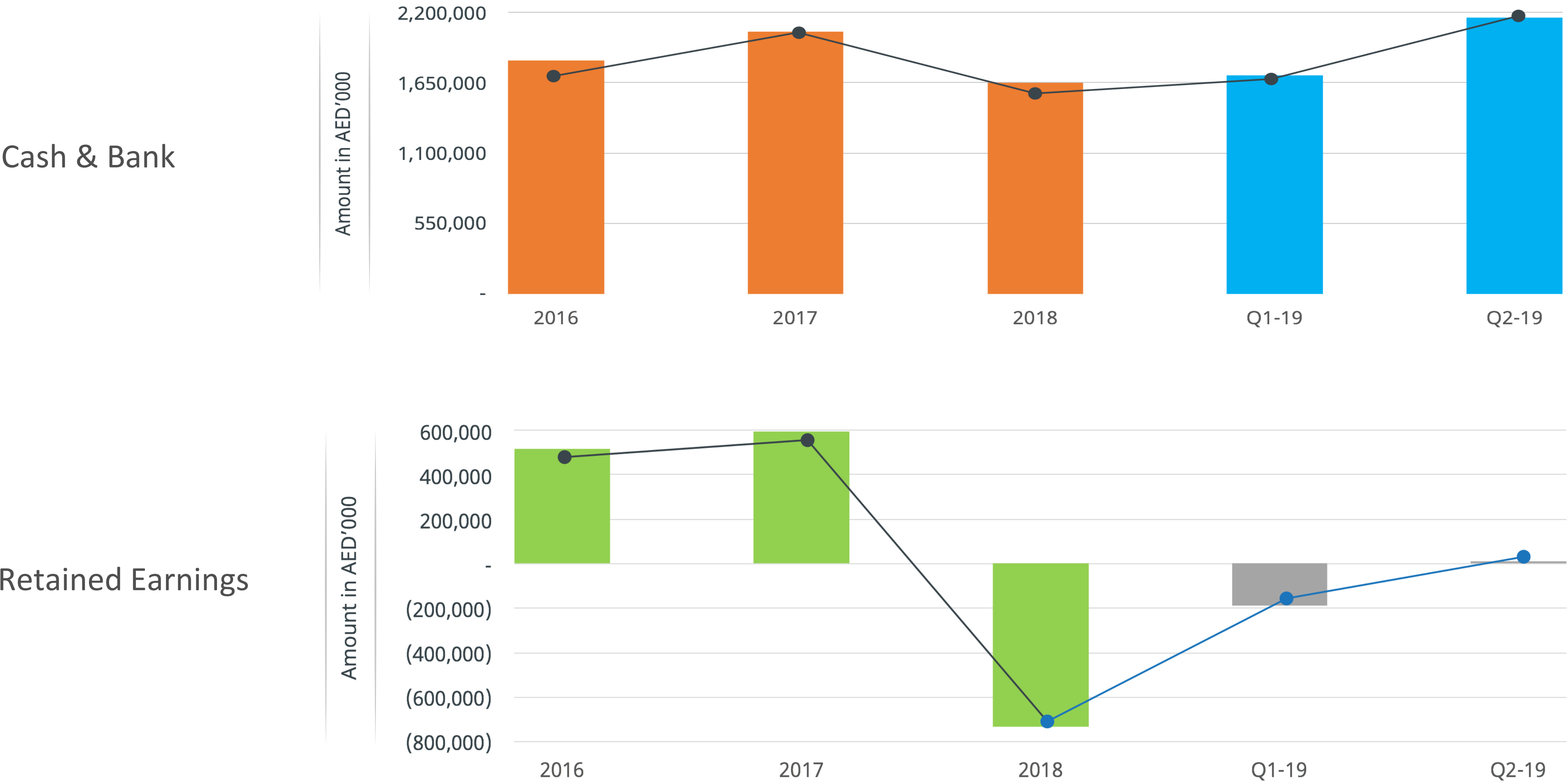
(AED Millions)	2019	2018	Change	%
Pax (m)	4.55	4.13	0.42	10%
LF %	84%	79%	5	6%
Revenue (m)	2,173	1,816	357	20%
Operating Profit	333	213	120	56%
Operating Profit Margin %	15%	12%	4%	
Net Profit	338	230	108	47%
* Pax (m) all hubs	5.82	5.19	0.63	12%

BALANCE SHEET – H1 2019

(AED Millions)	Q2 2019	YE 2018	Change	%
Assets				
Non Current Assets	8,791	8,952	-161	-2%
Current Assets	3,257	2,466	791	32%
Total Assets	12,048	11,418	630	6%
Liabilities & Equity				
Non Current Liabilities	4,385	4,645	-260	-6%
Current Liabilities	2,534	2,187	347	16%
Total Liabilities	6,919	6,832	87	1%
Capital & Reserves				
Equity	5,129	4,586	543	12%
Total Liabilities & Equities	12,048	11,418	630	6%

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

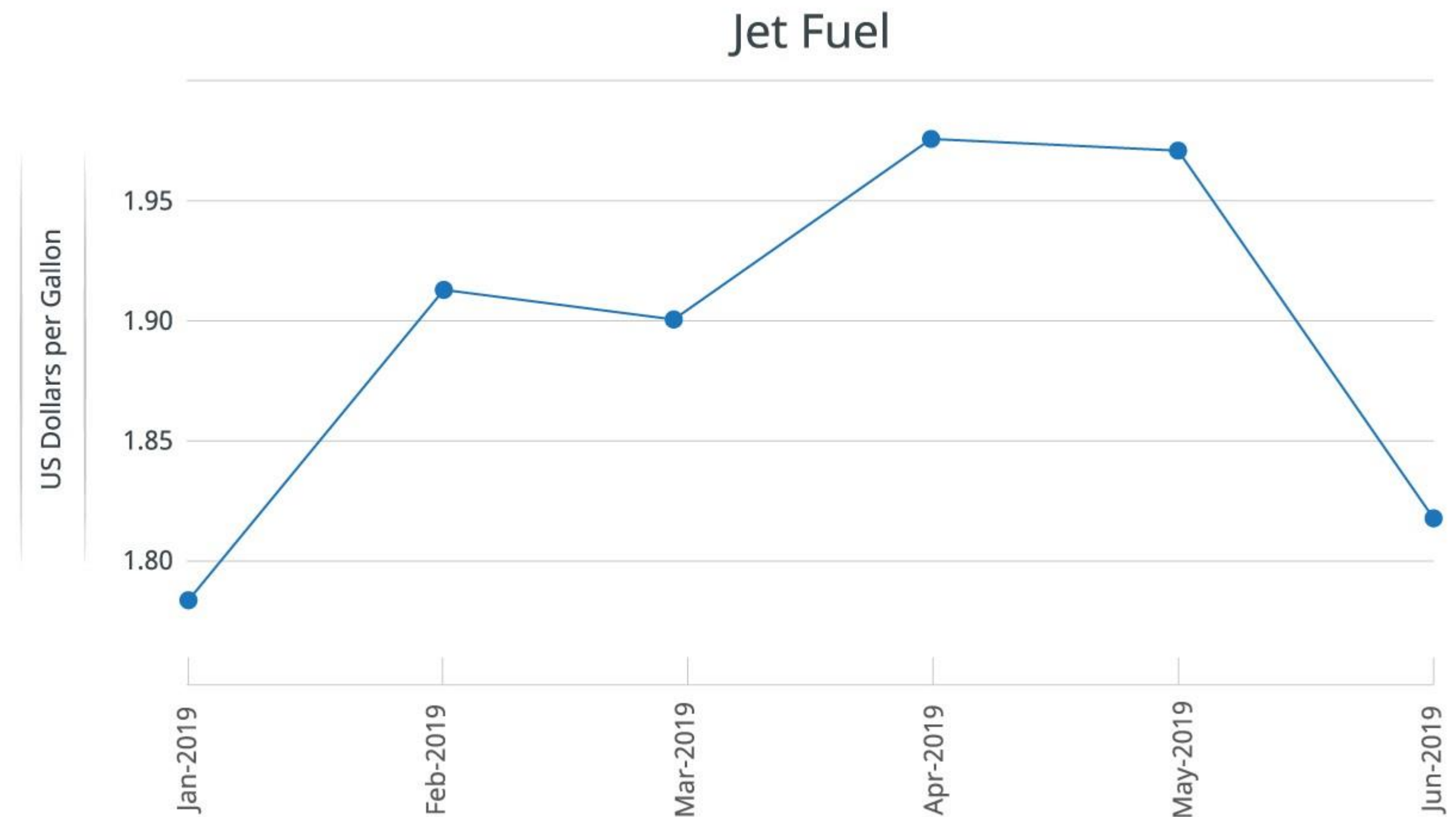
STRONG CASH GENERATION



*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 second quarter prices witnessed 24% movement.
- Geo-politics, OPEC cut decisions and USA/China trade escalation is expected to have an impact in coming months.
- 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

H1 / Q2

H1 BUSINESS & COMMERCIAL UPDATES

- 10 new routes were launched between January-June as follows:
 - ≥ Casablanca to Lisbon, Pisa, Prague and Tunis.
 - ≥ Tangier to Lyon.
 - ≥ Sharm El Sheikh to Milan, Amman and Luxor.
 - ≥ Sohag to Riyadh.
 - ≥ Sharjah to Kuala Lumpur, Bishkek, Tunis and Vienna starting third quarter.
- Capacity growth have seen overall increase of 4% in first half.
- Received the first of five Airbus A321 neo LR in May 2019 with 215 seats capacity and 8hr flight range.
- The second A321 neo LR entered the service in July. Three more expected this year.

H1 BUSINESS & COMMERCIAL UPDATES

- Possible new aircraft order to take place in third or fourth quarter (est).
- Following rebranding that took place in 2018, further investment in product and inflight experience is undergoing.
- The product uplift investments are innovative products and technologically driven that aim to provide further value to travelers.
- Launch of “SkyTime” during H1, the new complementary in-flight entertainment system that allows passengers to live stream digital content on their smartphones, tablets or laptops.



FLEET STATUS

H1 2019

CURRENT FLEET



Airbus A320 neo

53 Aircraft in service

40 Sharjah Hub

10 Morocco Hub

03 Egypt Hub

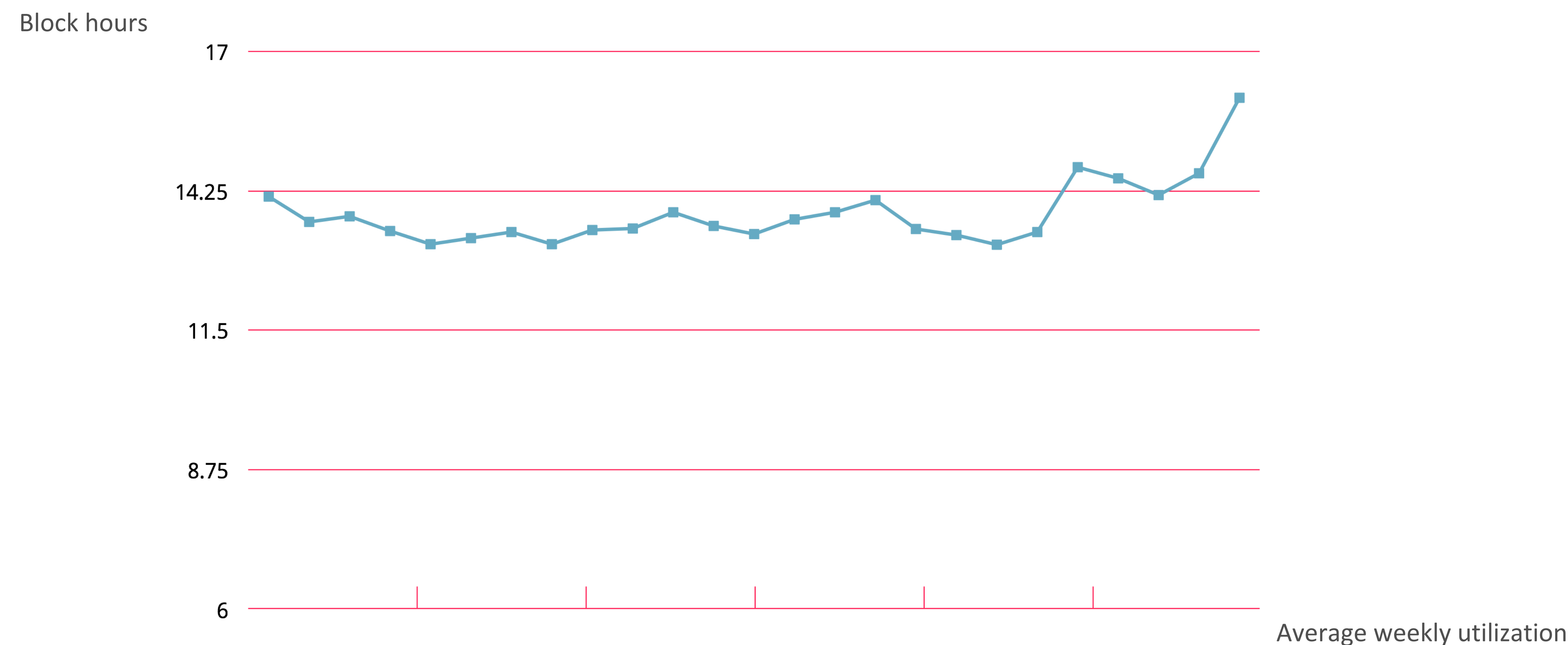


Airbus A321 neo LR

2 Aircraft in service

3 more expected in 2019

FLEET UTILIZATION



OUTLOOK

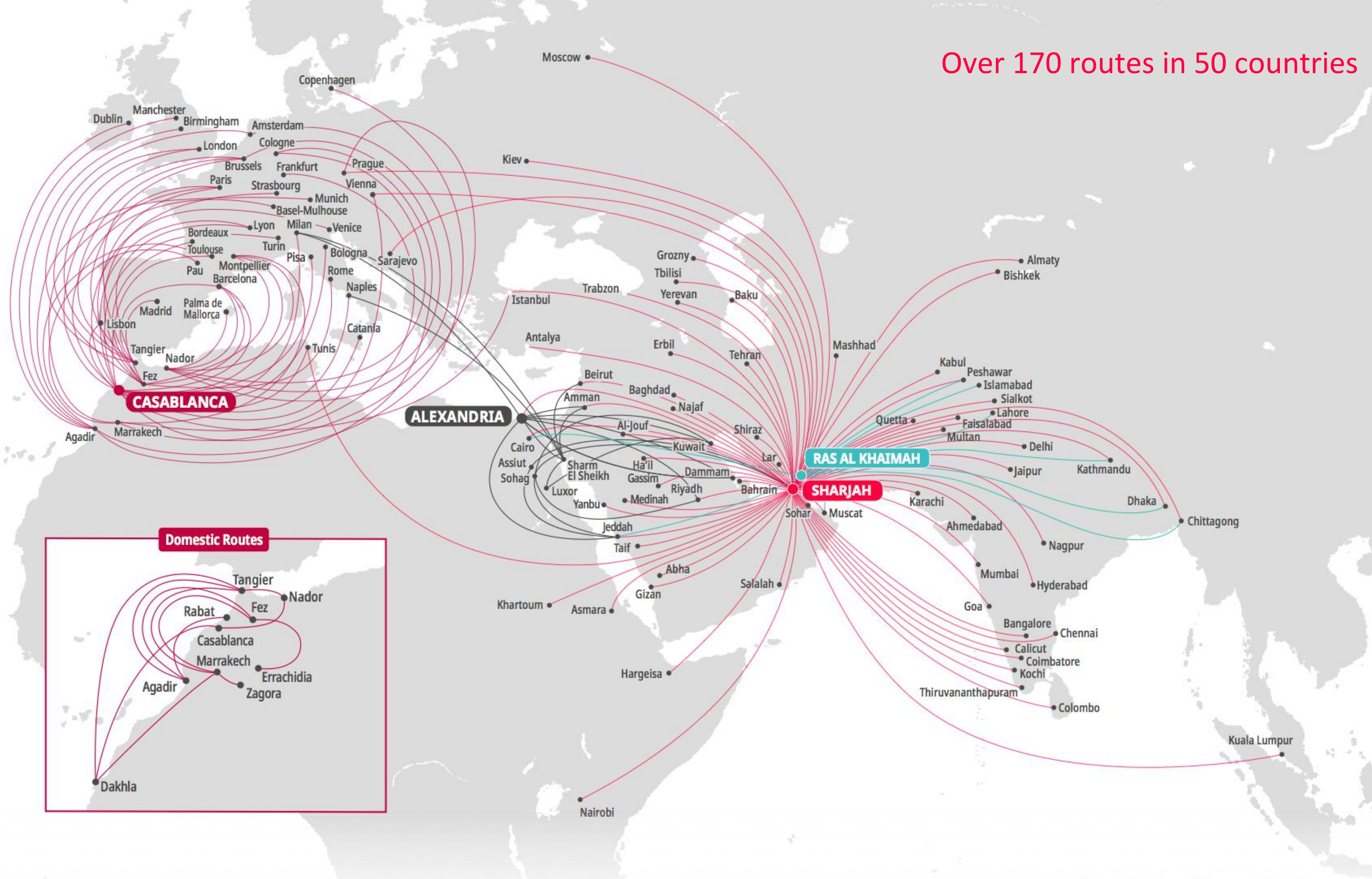
H2 2019

OUTLOOK – H2 2019

- A busy summer season is expected this year timed with Eid Al Adha holiday break.
- Embarking on new medium-haul routes from Sharjah hub: Kuala Lumpur, Tunis and Bishkek started in July and flights to Vienna are expected to start in mid-September.
- Management focus for remaining of year is to continue driving cost control measures, optimizing capacity utilization and expanding market reach.

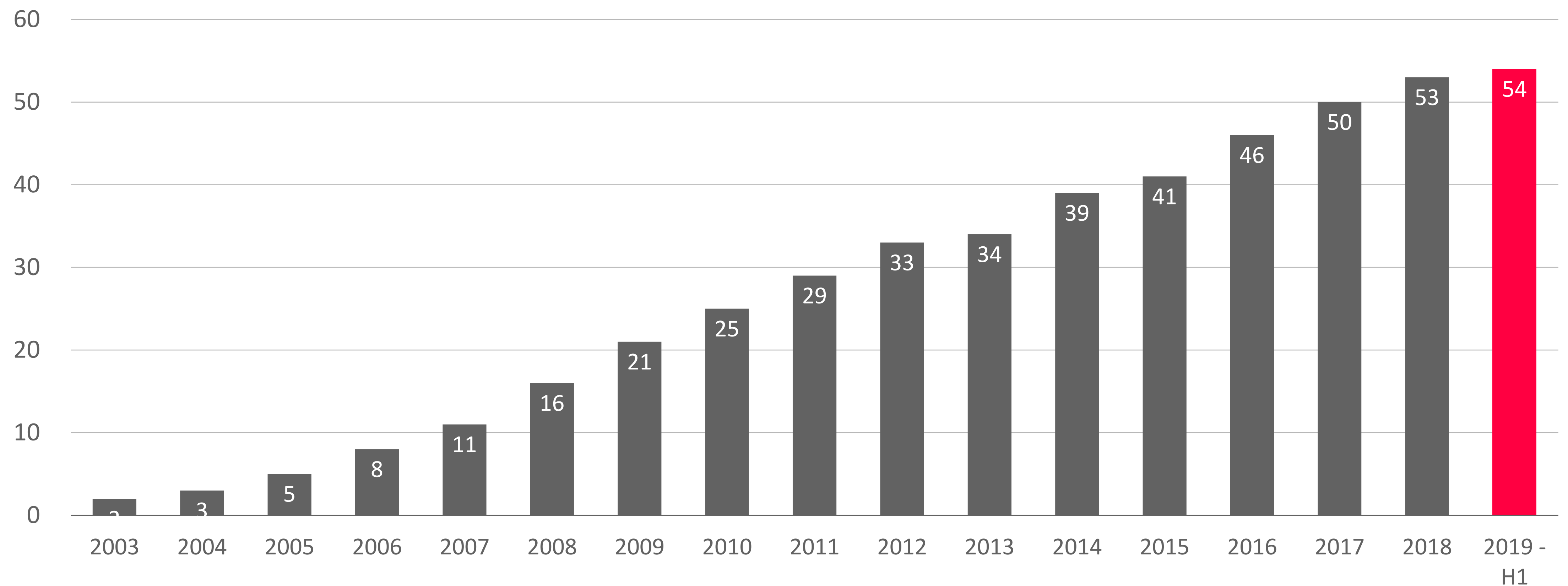
APPENDIX

Over 170 routes in 50 countries

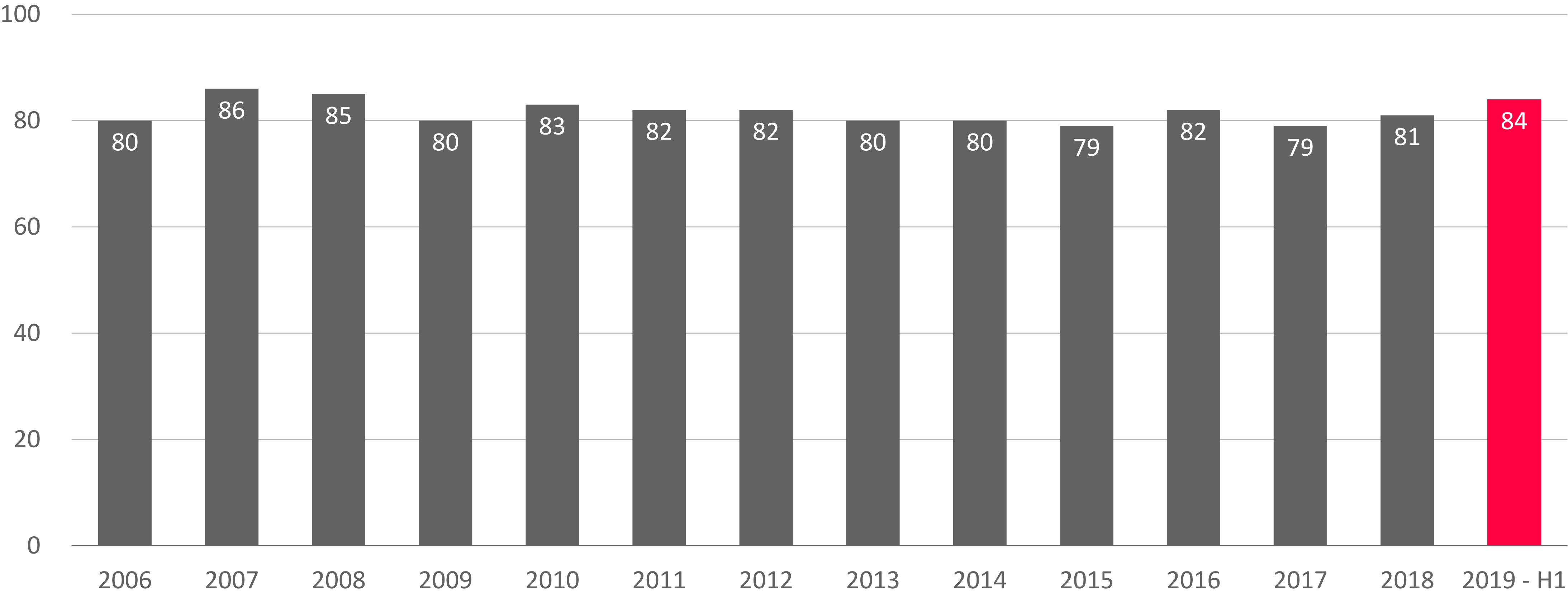


AirArabia

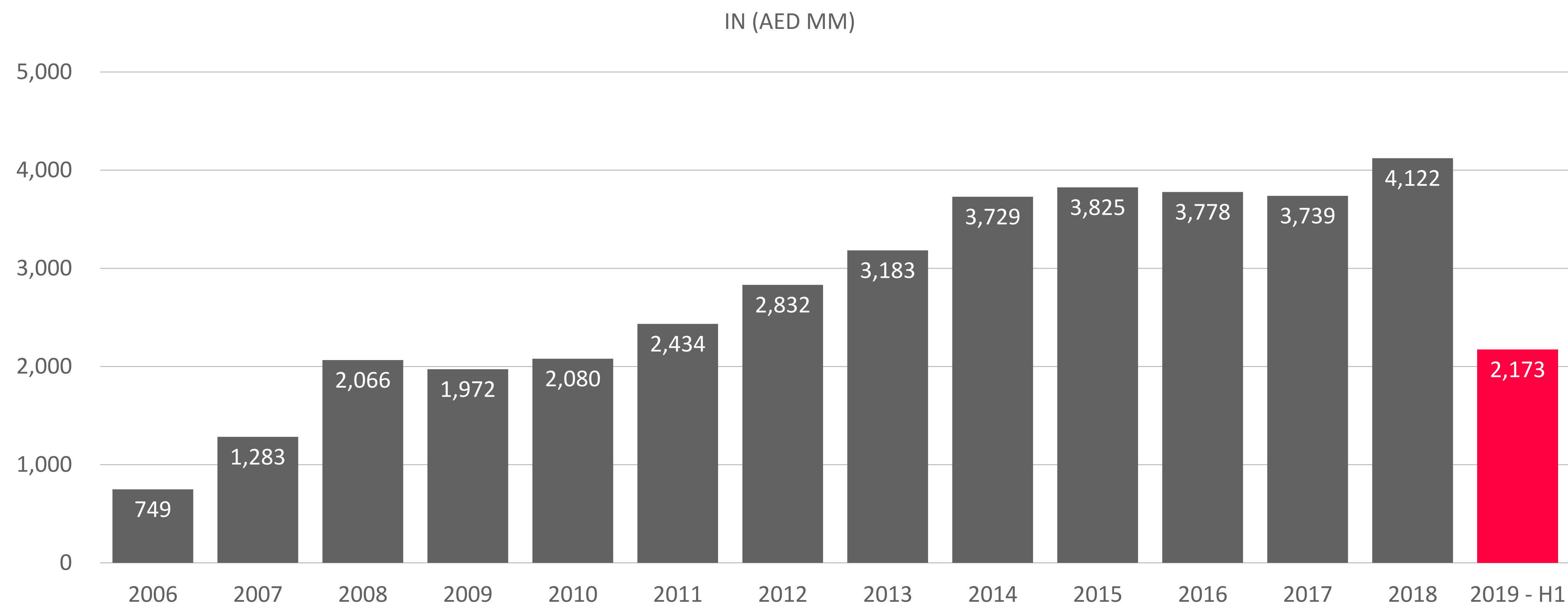
FLEET SIZE HISTORICAL YEARLY



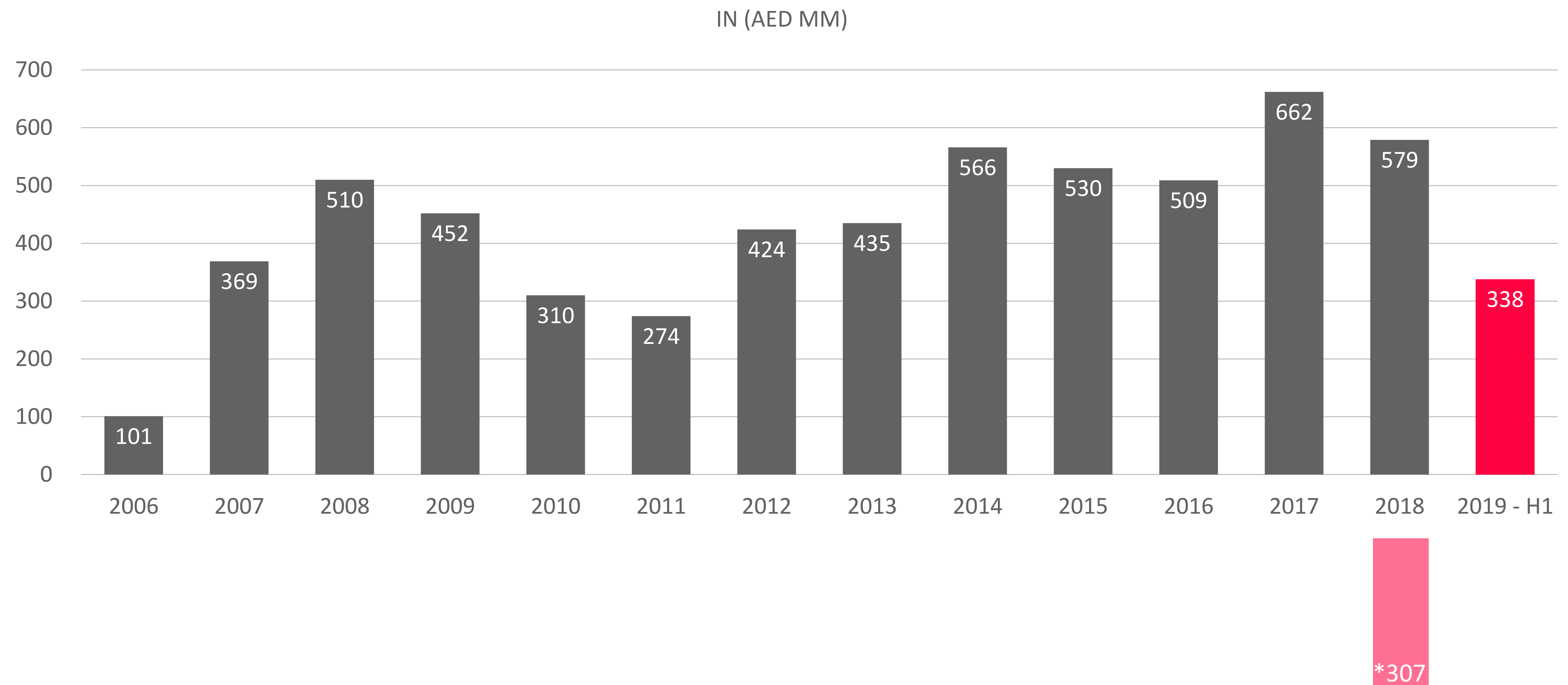
SEAT LOAD FACTOR HISTORICAL YEARLY



REVENUE HISTORICAL YEARLY



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

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Engineering

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