

AIR ARABIA PJSC H1 COMMENTARY 2018



Overview

H1 2018

- UAE passenger numbers reached 4.2 million at a seat factor of 79% (2017 – 79%).
- Revenue in the first 6 months increased by 6% to AED 1.816 billion.
- Operating profit in H1 stood at AED 213 million vs AED 209 million in 2017 an increase of 2%.
- Net profit for the period reached AED 230 million a decrease of 12% on 2017

Revenue

Overall revenue for the group increased from AED 1.717 billion in 2017 to AED 1.816m in H1 an increase of 6% over 2017.

Direct costs

Direct costs increased in line with revenue from 1.380 billion in 2017 to 1.480 billion in the current year.

G+A & Sales & Marketing costs

G+A and S+M expenses fell from AED 128m in 2017 to AED 123m in H1 a decrease of 4% on the previous year.

Operating profit

Operating profit increased by 2% from AED 209m in 2017 to AED 213m this year.

Non operating income

Non operating income fell by AED 35m in the first 6 months, driven mainly by FX fluctuation.

Net profit

Net profit fell by AED 31m broadly in line with the fall in non operating income, which in turn was driven by movements in exchange rates year to date.

Commercial developments during H1 2018

- 3 additions to fleet joined in April and June
- 2 deployed to Sharjah, June 18
- 1 deployed to Egypt in April 18

New routes announced

Total of 12 new routes launched in first 6 months 2018

- Sharjah to Qabala in Azerbaijan
- Sharjah to Izmir in Turkey
- Sharjah to Bodrum in Turkey
- Sharjah to Moscow (SVO) in Russia
- Sharjah to Grozny in Russia
- Alexandria to Milan in Italy
- Alexandria to Sharm El Sheikh in Egypt
- Sharm El Sheikh to Beirut in Lebanon
- Sharm El Sheikh to Hurghada in Egypt
- Sohag to Jeddah in KSA
- Sohag to Kuwait city in Kuwait
- Nador to Casablanca in Morocco

Regional and Market outlook

Trading conditions continue to be influenced by the regional geopolitical and economic challenges, however, the outlook of low-cost travel in the region remains very strong. The global aviation industry had to cope up with pressing economic challenges during the second quarter of this year driven by lower yield margins, higher fuel prices and seasonality shift in traffic that the market has experienced. We are glad to see Air Arabia continuing to deliver strong financial and operational performance while maintaining its momentum growth.

We believe that airlines, more than ever, are now driven to focus on cost control measures that are within hands to drive cost baseline lower coping up external economic challenges.