

AIR ARABIA PJSC

# Q3 COMMENTARY 2018



# Overview

## Q3 2018

Passenger numbers in the UAE increased by 5% to 2.44m. This was achieved at a seat factor of 81% (2017 – 81%). The airline group as a whole carried 3.1m pax, an 8% increase on the year before. Revenue in the quarter ended 30.9.2018 increased by 10% to AED 1282m. Operating profit in the quarter stood at AED 325m vs AED 294m in 2017 an increase of 10.7%. Net profit for the period decreased to AED 300m vs AED 376m (2017), a reduction of 20%

### Revenue

Overall revenue for the group increased from AED 1164m in 2017 to AED 1282m in the current quarter, an increase yoy of 10%.

### Q3 Direct costs

Direct costs in the quarter increased by 14% as higher fuel prices had their impact.

### G+A & Sales & Marketing costs

G+A and S+M expenses fell from AED 85m in 2017 to AED 64m in Q13 2018 a fall of 23.5%.

### Non operating income

Non operating expenses was AED 25m in the quarter.

## 9 mths 2018

UAE passenger numbers increased 1% in the 9mths to 30th Sept to 6.6m. Revenue YOY rising 7.5% to AED 3,098m. Operating profit in the 9mths stood at AED 537m vs AED 503m in 2017 an increase of 7%. While Net profit for the period declined to AED 530m vs AED 637m (2017), a fall of 17%

### Revenue

Overall revenue for the group increased by 8% to AED 3,098m.

### Direct costs

Direct costs increased YTD by 9.6% to AED 2,373 as higher fuel prices took effect.

## Commercial developments Q3

Permissions received to launch:

- Sulaymaniyah (Iraq)
- Prague (Czech rep)
- Kabul (Afghanistan)

To date 14 new route launches 2018:

- Sharjah x 7
- Egypt x 6
- Moroc x 1

## 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.