

The logo for Air Arabia, featuring a large, stylized red letter 'A' that frames the text. The text is in red and consists of the Arabic name 'العربية للطيران' on the top line and the website 'airarabia.com' on the bottom line.

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airarabia.com

*“ Get to know who we are, and how we are painting
the world map **red!**”*

**Investor Presentation
FY 2012**

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Agenda

- 1. Business Description and Update**
- 2. Industry Snapshot**
- 3. Key Operating Metrics**
- 4. Financial Performance**
- 5. Funding Plan**
- 6. The Way Forward**



1. Business Description and Update

Air Arabia at a Glance

- ❑ Air Arabia is the national carrier of Sharjah, and a designated national carrier of the UAE
- ❑ First and largest low-cost airline in the MENA region
 - ❑ 10.8 billion RPK 2012 (12.2% growth over the past year)
- ❑ Current fleet of 32 owned and leased Airbus 320s
- ❑ Currently operates to 82 destinations in 37 countries from three hubs (Sharjah, Casablanca & Alexandria)
- ❑ Highly profitable Low Cost Carrier business model
 - ❑ Break-even within the first full year of operations
- ❑ Strong balance sheet with over AED 1.33 billion in cash

2012 Key Highlights

- ❑ 2012 witnessed economic swings, and Arab spring roll-over and effects continued; yet Air Arabia reflected solid growth:
 - ❑ Passenger numbers up 12.8%
5.3 million passengers carried in 2012 (vs. 4.7 million for 2011)
 - ❑ FY 2012 Net Profit stood at AED424.8M (FY 2011 AED273.8M)
 - ❑ 82% load factor (vs. 81.8% in 2011)
- ❑ 6 new aircraft were received 2012
- ❑ Many new destination launched during the year like: Kazan, Taif, Salalah, Ufa, Odessa, Erbil, Astana, Basra and Rostov
- ❑ European credit agencies continue to finance Air Arabia's fleet

Vision and Mission

Vision – “To be one of the world’s leading budget airlines” in terms of:

**Operational
Excellence**

Reputation

Innovation

Profitability



Mission – “To revolutionize air travel in the region through an innovative business approach, offering superb value for money, and safe reliable reputation”. To achieve that 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**

Air Arabia Network

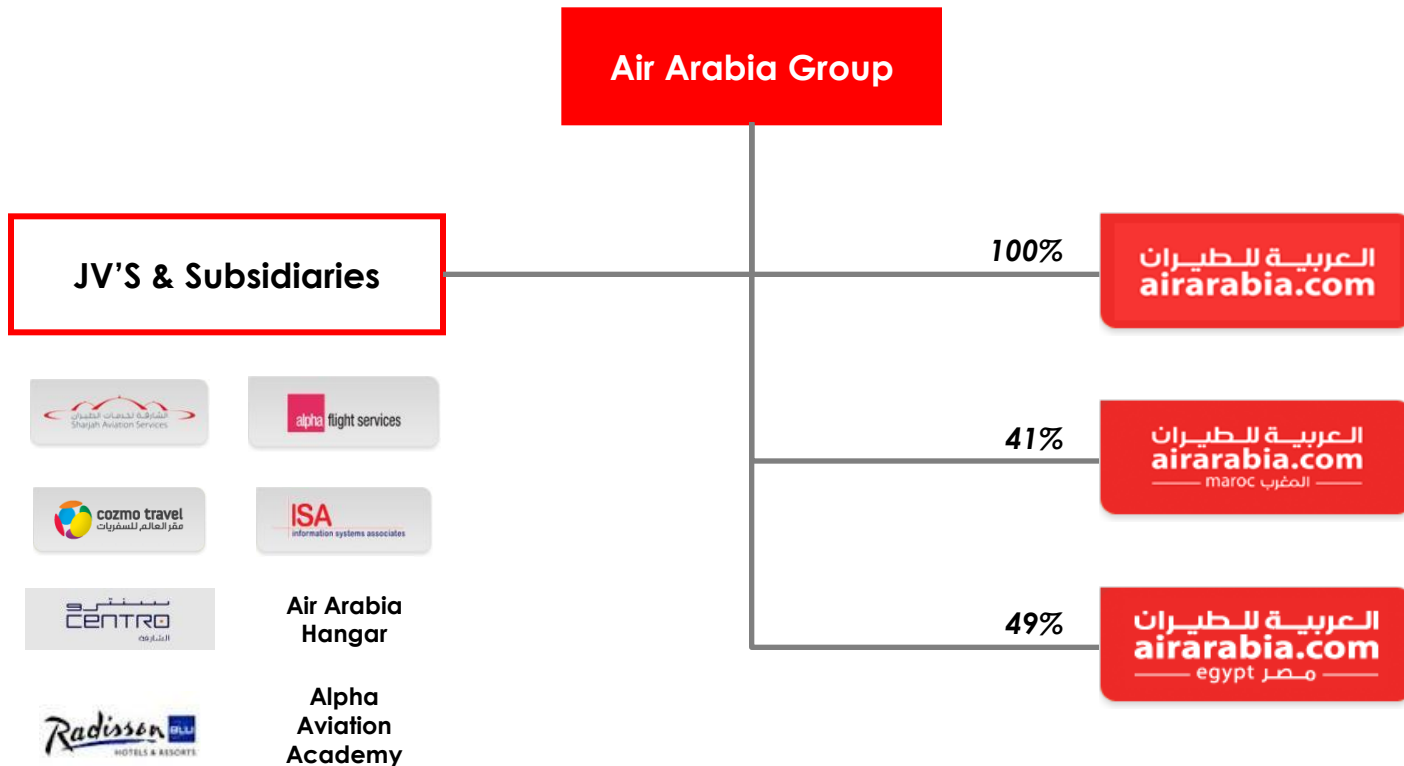
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- ❑ Overall growth in numbers of destinations;
- ❑ Remains biggest international airline to fly to India with 13 destinations and over 102 flights per week
- ❑ Historic growth in flights to Pakistan;
- ❑ Significant progress in other strategic markets (Saudi Arabia / Iraq / Russia)



Air Arabia Group Structure

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- ❑ All Air Arabia hubs and JV's are managed by independent management teams that report directly to the Group Management
- ❑ Air Arabia Group supports and oversees its subsidiaries to ensure brand unity and financial strength

Hubs Overview

Hub	Country	Stake	Description / Update
العربية للطيران airarabia.com	UAE	100%	<ul style="list-style-type: none"> Incorporated on October, 2003, Air Arabia, Sharjah-based, is the first and largest low cost airline in the MENA region
العربية للطيران airarabia.com المغرب maroc	Morocco	41%	<ul style="list-style-type: none"> JV between Moroccan investors , Air Arabia (41%). Air Arabia Maroc, managed by Air Arabia, started operations on April 29, 2009 The Casablanca hub serves niche destinations in Europe through several locations in Morocco and continues procuring for rights to fly into Africa to link it to Europe through Morocco In addition to Casablanca, Air Arabia Maroc also operates from Nador, Fez and Oujda into Europe
العربية للطيران airarabia.com مصر egypt	Egypt	49%	<ul style="list-style-type: none"> JV between Travco Group (51%) and Air Arabia (49%), Air Arabia Egypt, managed by Air Arabia, started operations on May 22, 2010 Alexandria serves the Middle East and Europe and operates tourist charter flights to West Europe and Russia

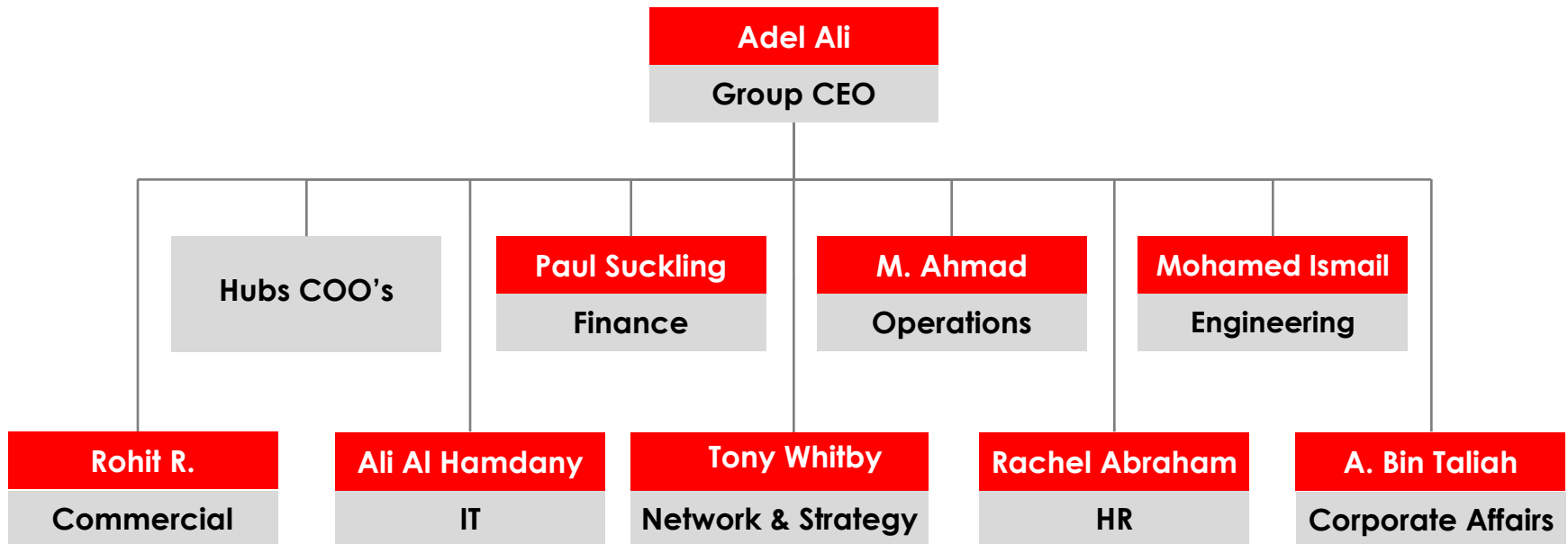
Key Data of Selected JVs and Subsidiaries

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		Stake	Revenue (AED MM)	
			FY 11	FY 12
		50%	85.8	 87.6
		51%	33.1	 37.6
		51%	24.5	 29.5
		51%	4.4	 7.4
		100%	8.1	 23.8
		100%	18.4	 33.5

Experienced Management Team

- ❑ Air Arabia is led and managed by a core team of industry seasoned professional with a proven track record of successfully operating a company in a booming and competitive industry
- ❑ Adel Ali has been awarded a number of awards for his outstanding leadership and management



- ❑ Air Arabia has put into practice international corporate governance standards, regulations and policies. This was recognized by ESCA and Air Arabia was awarded for being the first company in the UAE to successfully implement them
- ❑ Today, Air Arabia's board consists predominately of independent directors (4), one non-executive director, one executive director, and the Chairman
- ❑ 2 committees have been formed to serve under the board of directors: Audit Committee and the Remuneration and Follow up committee

Board of Directors



**Sheikh
Abdullah Bin
Mohamed Al
Thani**
Chairman



**Mr. Adel
Abdulla Ali**
*Executive
Member*



Mr. Arif Naqvi
*Non Executive
Member*



**Dr. Ghanem
Mohammed Al
Hajri**
*Independent
Member*



**Sheikh
Mohammed
Bin Abdullah
Al Thani**
*Independent
Member*



**Mr.
Abdulwahab
Mohammed Al
Roomi**
*Independent
Member*



**Mr. Taryam
Matar Taryam**
*Independent
Member*

Recent Awards

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- ❑ World Airline Award for best LCC in MENA by Skytrax (2007, 2008, 2009 & 2010)
- ❑ Low-cost carrier of the year at the Aviation Business Awards (2007, 2008, 2009 & 2010)
- ❑ World's most profitable airline in 2008
- ❑ World's best LCC for 2009 by Aviation week
- ❑ Super brands Award 2010 & 2011
- ❑ ESCA award for excellence in Corporate Governance
- ❑ Best managed company in Middle East aviation by Euromoney.
- ❑ CSR Award for best social responsibility practices by Aviation Business 2012.
- ❑ World's Second best Performing Airline by Aviation week.



**World's Best A320 Operator
Since 2005**



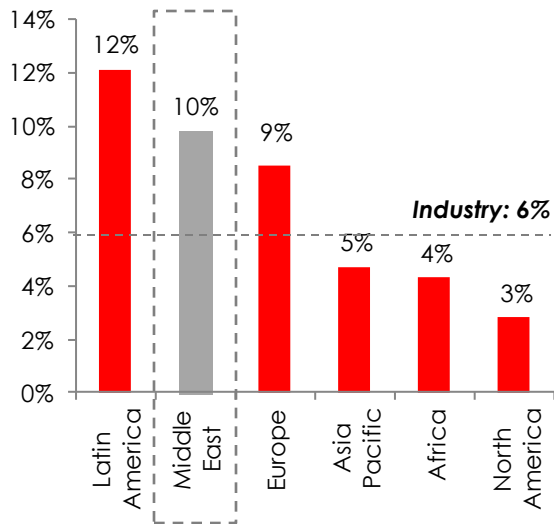


2. Industry Snapshot

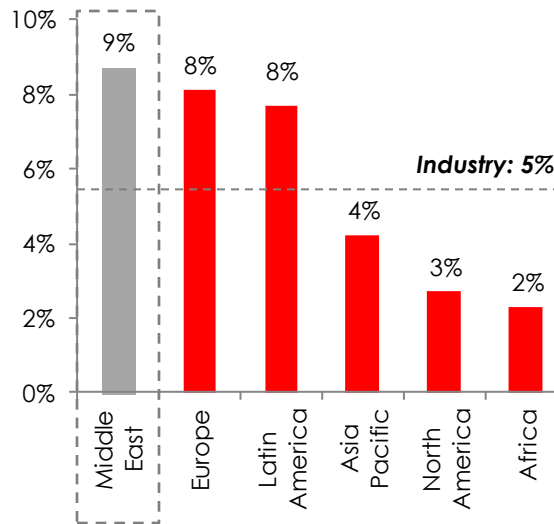
Air Transport Market Analysis

“Only airlines in the Latin American and Middle East regions to have seen volumes grow at a double figure pace”

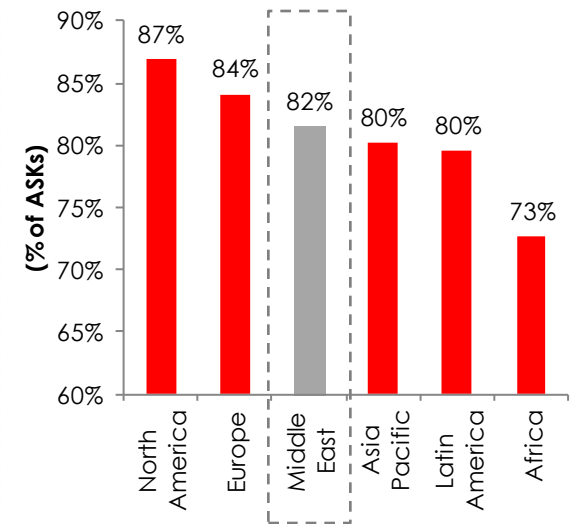
RPKs Growth (Y-o-Y)



ASKs Growth (Y-o-Y)



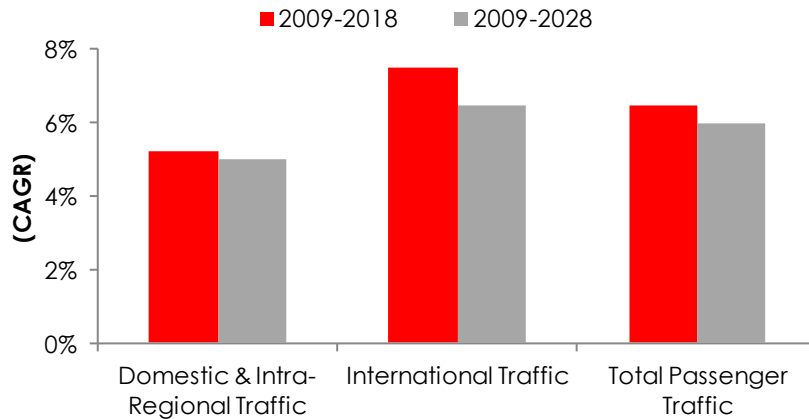
Total Passenger Load Factor



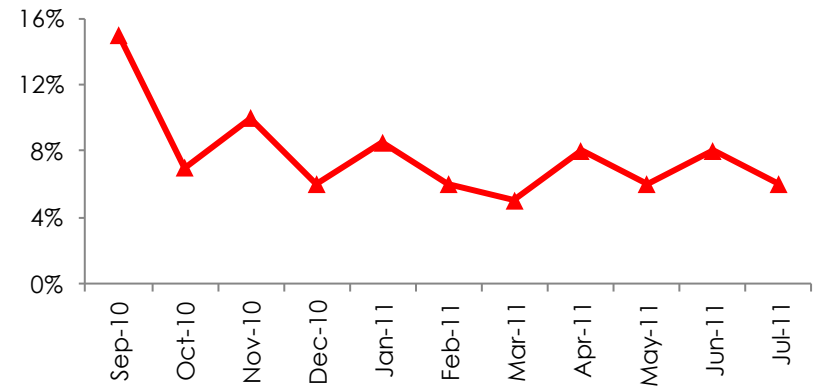
Source: IATA, July 2011

Arab World Aviation Sector Overview

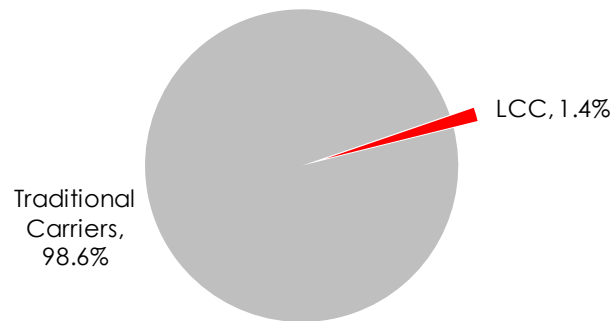
Middle East Traffic Growth



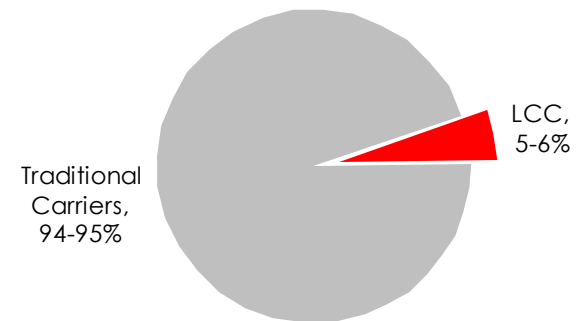
Int'l Passenger Growth Evolution in MENA



LCC Penetration - MENA Region (2007)



LCC Penetration - MENA Region 2011



Note: Penetration is based on number of passengers
Source: IATA, SRS Analyzer, Airbus and AACO

Existing Challenges

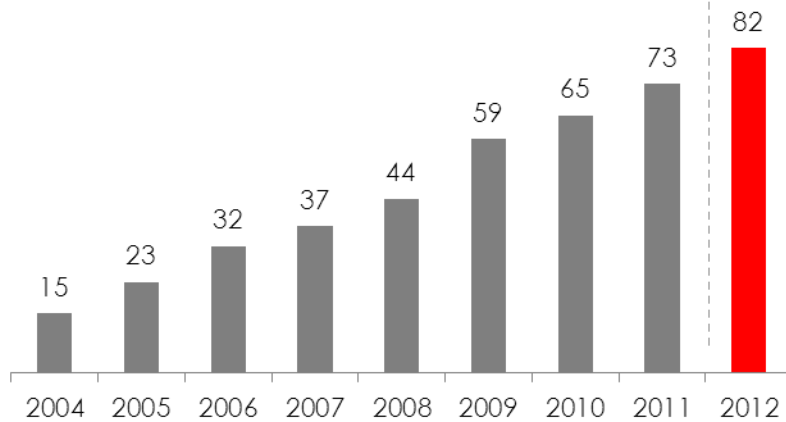
- ❑ **Political Turbulence** - Further escalation in the political turmoil in several countries across the region continues,
 - ❑ **Restricted Skies** – Even though more countries in the region are gradually opening up their skies, restriction on traffic rights remains an ongoing challenge,
 - ❑ **Fuel Price** – The global upward trend in fuel costs adds additional pressure upon all operating airlines globally. Two airlines in the Gulf filed for bankruptcy this year,
 - ❑ **Competition Scene** – Gulf airlines seem to continue expansion plans amidst political & economical conditions. Arab intra-regional traffic shows increasing demand on air travel as a preferred method of transportation.
- ❑ **These challenges continue to exist, and Air Arabia also continues its improvement in load factor, Revenues, and profitability YoY.**



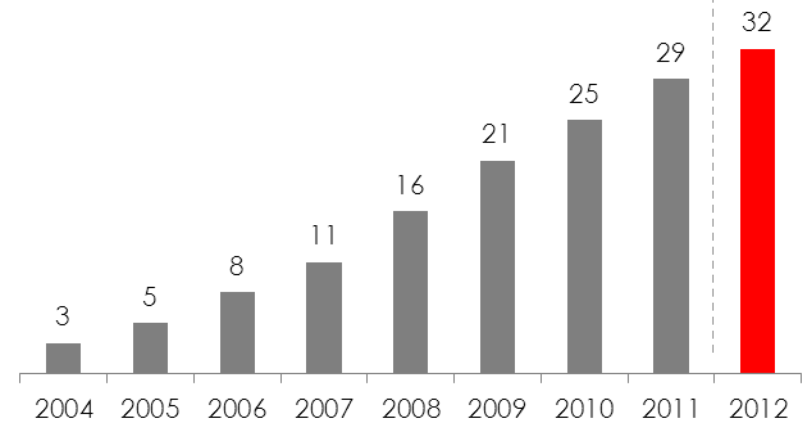
3. Key Operating Metrics

Operational Metrics - Keep On Growing

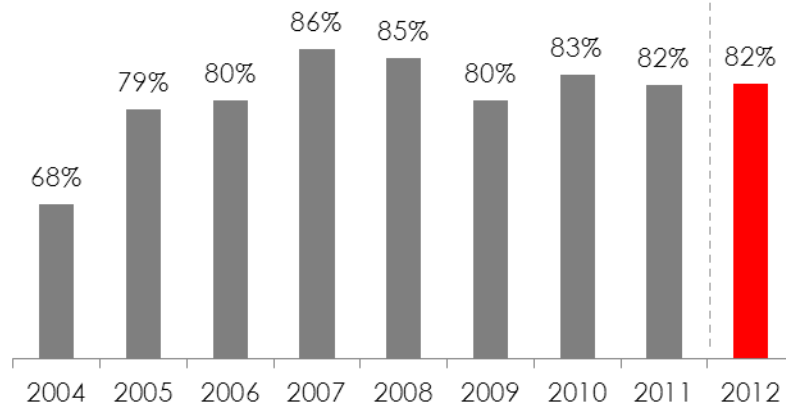
Destinations



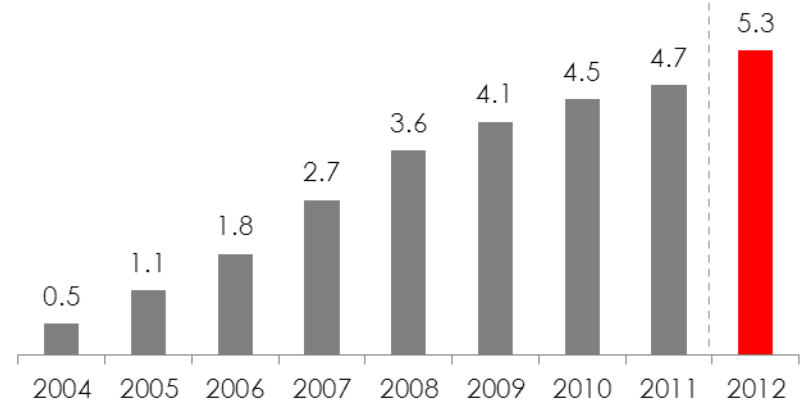
Fleet Size



Load Factor



Total Passengers (MM)



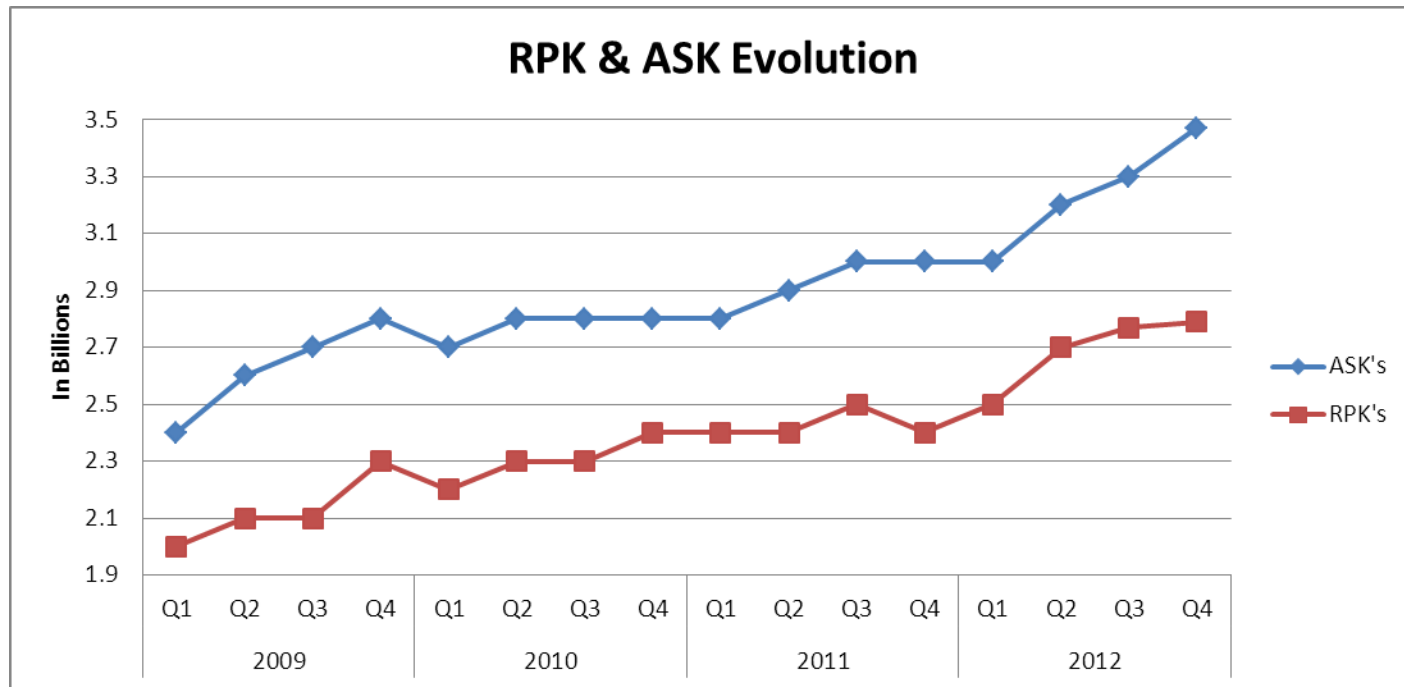
RPK and ASK Evolution

2009 RPK: 8.5
billion
2009 ASK: 10.5
billion

2010 RPK: 9.2
billion
2010 ASK: 11.0
billion

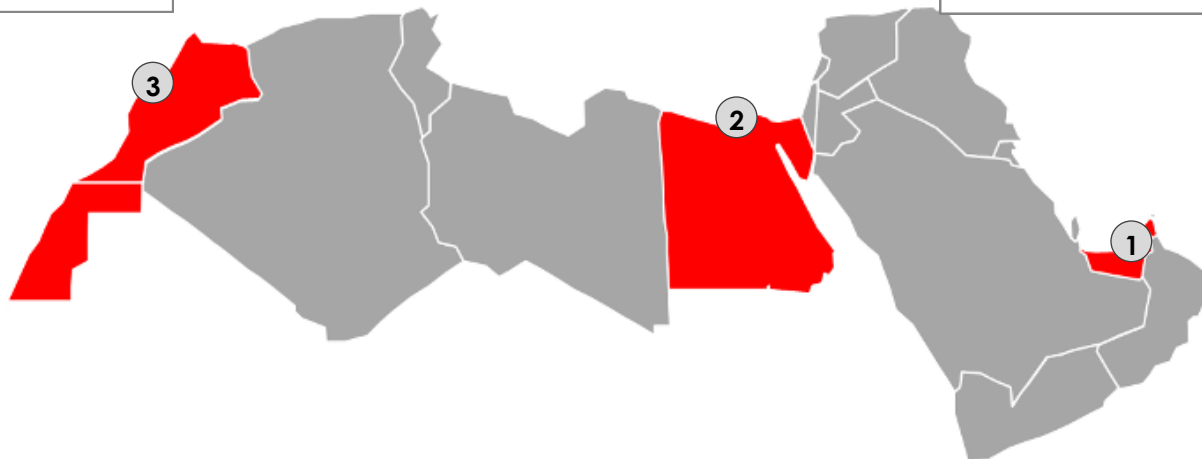
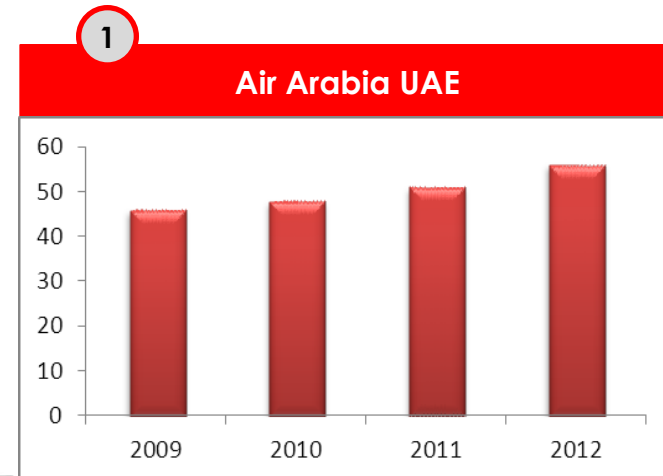
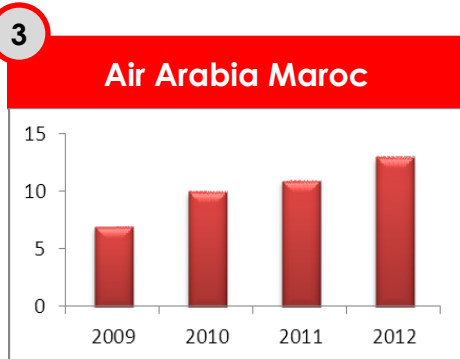
2011 RPK: 9.6
billion
2011 ASK: 11.7
billion

2012 RPK: 10.77
billion
2012 ASK: 13
billion



Hubs Key Highlights

Growth in number of destinations at each Hub



Operating Statistics (Airline)

(Figures in AED)	2004	2005	2006	2007	2008	2009	2010	2011	2012
Number of Aircrafts	3	5	8	11	16	21	25	29	32
Average Aircrafts	3	4.9	6	9.5	14.5	17	23	27.5	30.5
Destinations	15	23	32	37	44	45	65	69	82
Number of Pax (Millions)	0.5	1.1	1.8	2.7	3.6	4.1	4.5	4.7	5.3
RPK (Billions)	1.2	2.5	3.7	5	7.1	8.5	9.2	9.6	10.8
ASK (Billions)	1.8	3.2	4.7	5.8	8.3	10.5	11	11.7	13
Average Load Factor	68%	79%	80%	86%	85%	80%	83%	82%	82%

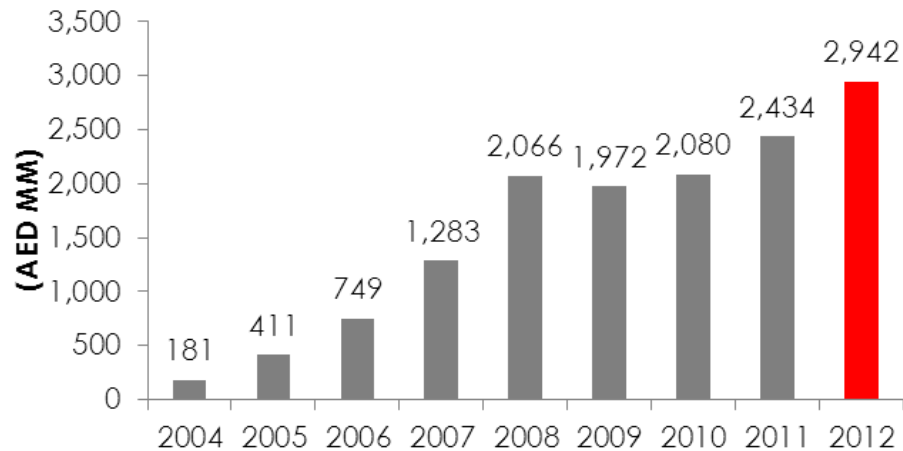


4. Financial Performance

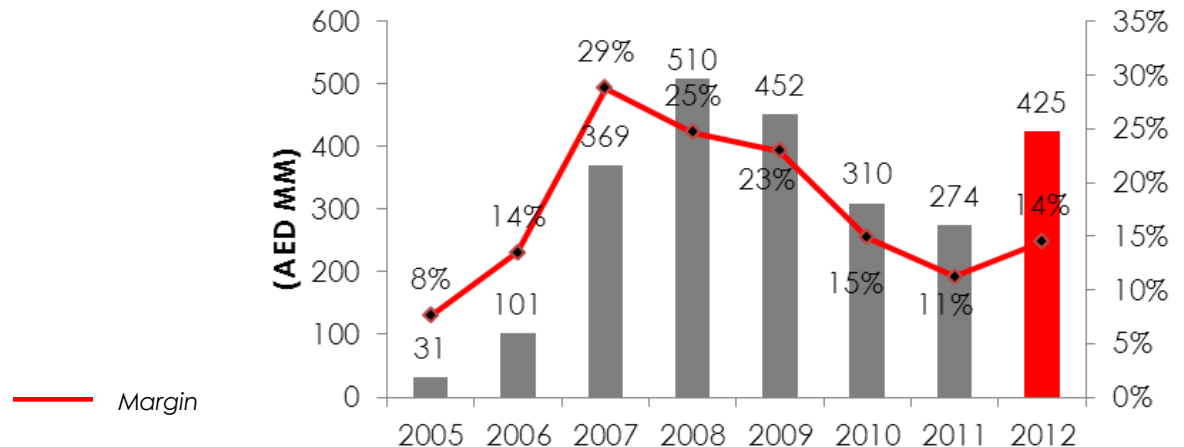
Historical Financial Group Performance

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Revenues



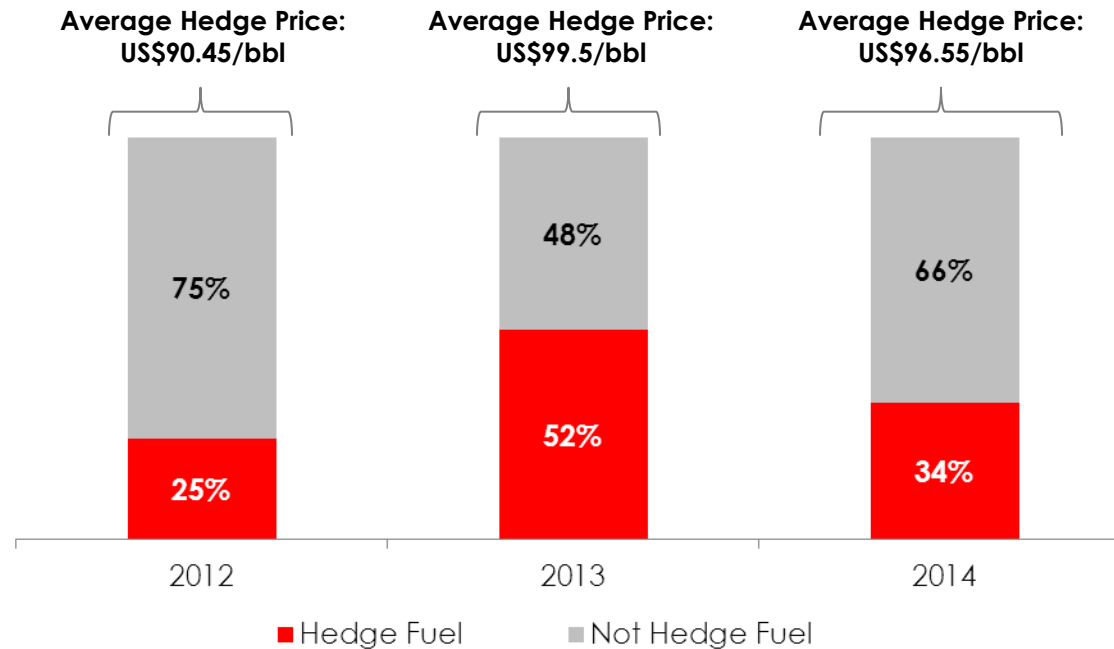
Net Profit



Robust Financial and Operational Performance (Q4)

	Q4' 12	Q4' 11	Change
Financial Highlights (AED MM)			
<u>Total Revenue</u>	755	638	18.3%
<u>Net Profit</u>	83	79	5%
Operational Highlights			
Number of Pax (Millions)	1.37	1.18	16.1%
RPK (Billions)	2.79	2.43	14.8%
ASK (Billions)	3.47	3.02	14.9%
Average Load Factor	79.5%	79.4%	~

Fuel Hedging Policy and Strategy



- Air Arabia's management team has a conservative approach when it comes to hedging, which is regulated by its hedging committee



5. Funding Plan

- ❑ Out of the first 14 deliveries of our 44 order, 12 have been achieved through finance supported by the European ECA's (at extremely competitive rates)
- ❑ It is anticipated that the remaining aircraft will be a mixture of ECA financing, commercial finance and sale and lease back options
- ❑ Air Arabia will capitalize on the current low interest rate environment to partially finance new aircraft purchases



6. The way forward...

- ❑ To expand operation from Sharjah to Central Asia, Russian Federation, CIS and Eastern Europe,
- ❑ Grow operations from Egypt hub organically to serve GCC, Europe and Africa,
- ❑ To expand Morocco hub operations into Europe and seek further flying rights to Africa,
- ❑ To focus on growing ancillary revenues, and
- ❑ Remain a customer & product focused airline and commercially driven business.

Contact Us

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airarabia.com

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This material is available on our website

www.airarabia.com



Tel: +971.6.5088977

E-mail: investorrelations@airarabia.com