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

Investor Presentation 2011

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

December 2011

- ❑ 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
 - ❑ 9.6 billion RPK (4.3% growth over the past year)
- ❑ Current fleet of 29 owned and leased Airbus 320s
- ❑ Currently operates to 69 destinations in 32 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 1.3 billion in cash

- ❑ Despite the continuous political and economic challenges, Air Arabia achieved stronger year on year results by all metrics:
 - ❑ 4.7 million passengers carried (vs. 4.45 millions for 2010)
 - ❑ 82% load factor (vs. 83% for 2010)
- ❑ Air Arabia's Centro Rotana hotel at Sharjah Airport launched operations
- ❑ 6 new aircraft were received in 2011
- ❑ 6 new destinations launched recently – Gasim, Yanbu (KSA), Moscow, Yekaterinburg (Russia) and Donetsk, Kharkiv (Ukraine)
- ❑ European credit agencies continue to finance Air Arabia's fleet

Robust Financial and Operational Performance (Q4)

| | Q4'11 | Q4'10 | Change |
|--------------------------------------|-------------|-------------|-------------|
| Financial Highlights (AED MM) | | | |
| Total Revenue | 638.3 | 544.8 | 17.2% |
| Net Profit | 78.8 | 73.7 | 6.9% |
| Operational Highlights | | | |
| Number of Pax (Millions) | 1.2 | 1.2 | -2.5% |
| RPK (Billions) | 2.43 | 2.37 | 2.5% |
| ASK (Billions) | 3.02 | 2.79 | 8.2% |
| Average Load Factor | 79% | 85% | 1 p.p. |

Robust Financial and Operational Performance (FY)

| | FY'11 | FY'10 | Change |
|--------------------------------------|--------------|--------------|---------------|
| Financial Highlights (AED MM) | | | |
| Total Revenue | 2,434.6 | 2,090.7 | 16.4% |
| Gross profit | 329.8 | 311.7 | 5.8% |
| % Margin | 13.5% | 14.9% | |
| Net profit | 273.9 | 309.6 | -11.5% |
| % Margin | 11.3% | 14.8% | |
| Operational Highlights | | | |
| Number of Aircraft | 29 | 25 | 16.0% |
| Average Aircraft | 27.5 | 23 | 19.6% |
| # of Destinations | 69 | 65 | 6.2% |
| Number of Pax (Millions) | 4.7 | 4.5 | 4.4% |
| RPK (Billions) | 9.6 | 9.2 | 4.3% |
| ASK (Billions) | 11.7 | 11 | 6.4% |
| Average Load Factor | 82% | 83% | 1 p.p. |

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**

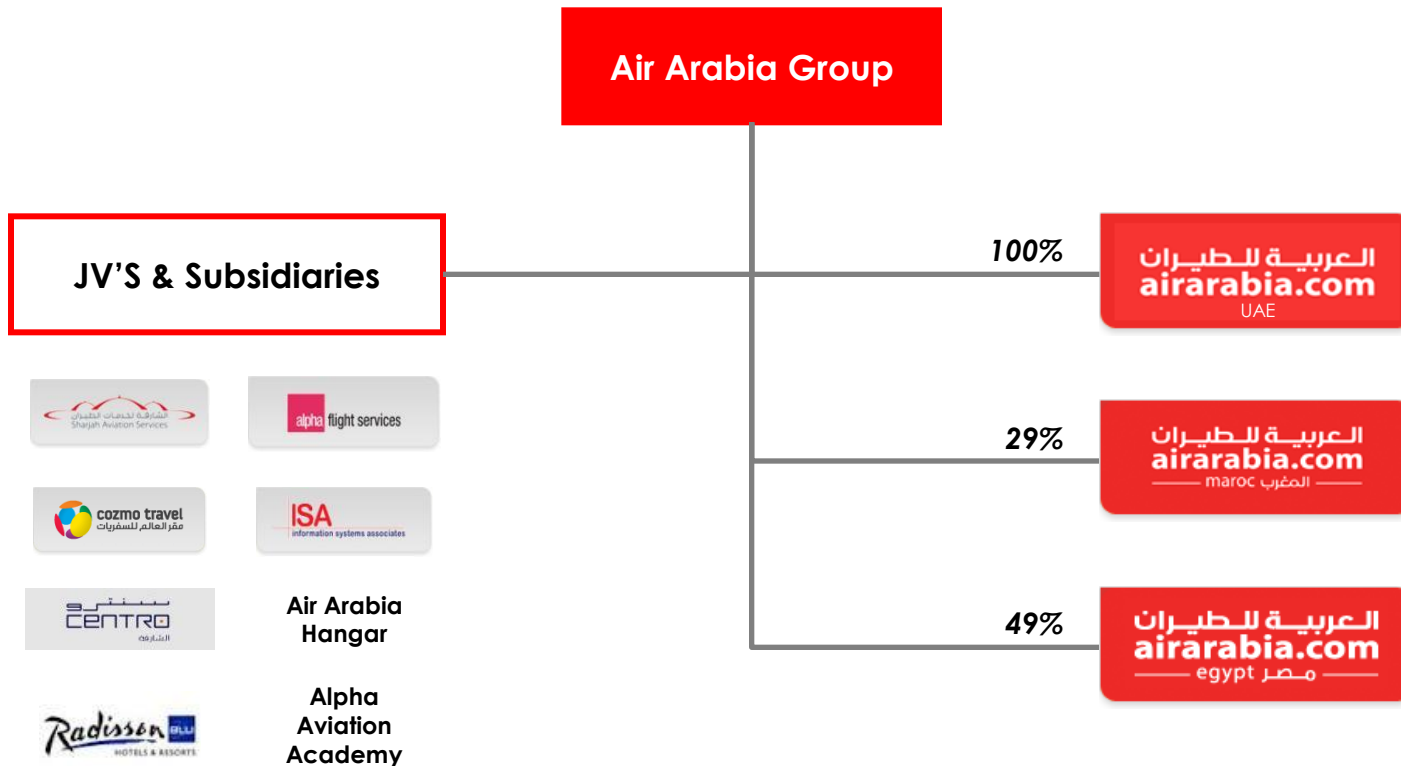
**Build Motivated Multi –
Functional Teams**

**Demonstrate the Highest
Operational Standards**

**Manage our Costs
Ruthlessly**




Air Arabia 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 |
|--|---------|-------|---|
|  | UAE | 100% | <ul style="list-style-type: none"> Incorporated on June 19, 2007, Air Arabia, Sharjah-based, is the first and largest low cost airline in the MENA region |
|  | Morocco | 29% | <ul style="list-style-type: none"> JV between Moroccan investors (51%), Air Arabia (29%) and Ithmar Bank (20%), 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 |
|  | 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 |

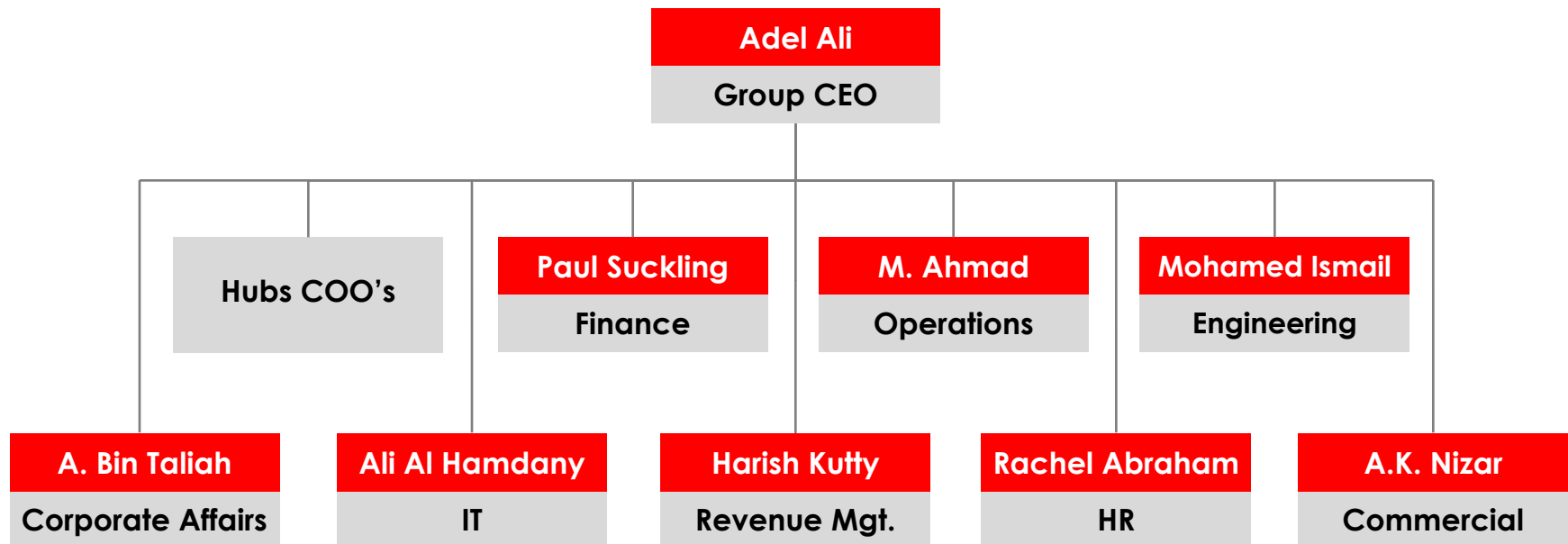
Key Data of Selected JVs and Subsidiaries

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| | | Stake | Revenue (AED MM) | |
|---|--|-------|------------------|--|
| | | | FY'10 | FY'11 |
|  |  | 50% | 89.0 |  85.8 |
|  |  | 51% | 29.8 |  33.1 |
|  |  | 51% | 14.4 |  24.5 |
|  |  | 51% | 3.1 |  4.4 |
|  |  | 100% | - | 8.2 |
|  | 150 room hotel situated in Dubai Marina | 100% | - | 18.5 |

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**
*Non Executive
Member*



**Sheikh
Mohammed
Bin Abdullah
Al Thani**
*Non Executive
Member*



**Mr.
Abdulwahab
Mohammed Al
Roomi**
*Non Executive
Member*



**Mr. Taryam
Matar Taryam**
*Non Executive
Member*

Recent Awards

- ❑ 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 best LCC for 2009 by Aviation week
- ❑ Worlds most profitable airline in 2008
- ❑ Super brands Award 2010 & 2011
- ❑ ESCA award for excellence in Corporate Governance
- ❑ Best managed company in Middle East aviation by Euromoney
- ❑ Innovation in Operation Award by Express TravelWorld Awards



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





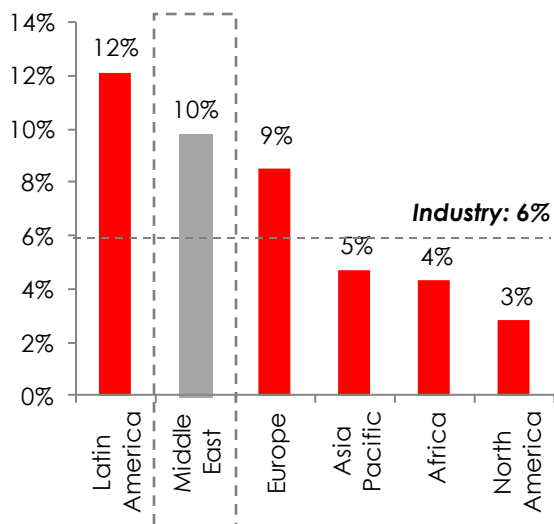
2. Industry Snapshot

December 2011

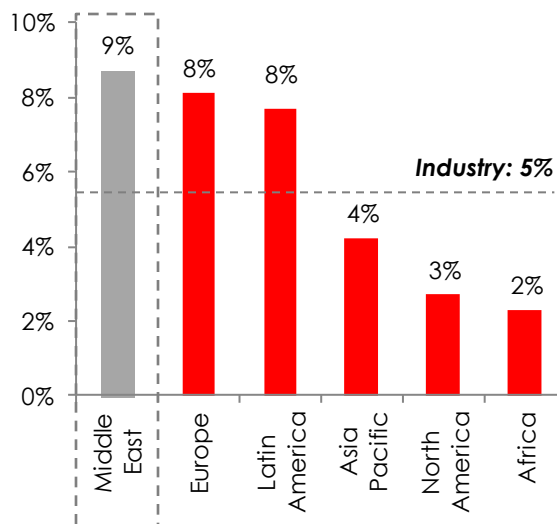
Air Transport Market Analysis

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

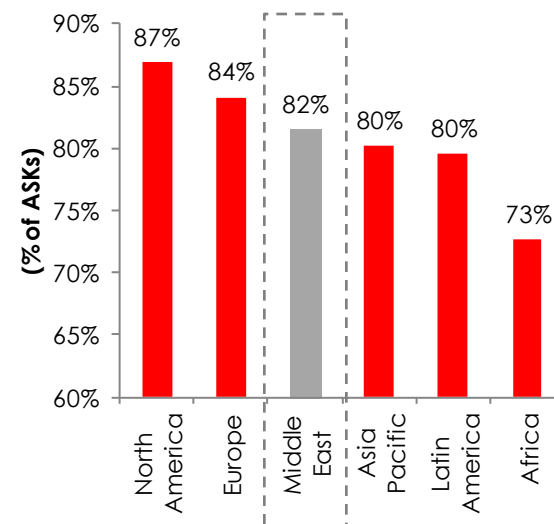
RPKs Growth (Y-o-Y)



ASKs Growth (Y-o-Y)



Total Passenger Load Factor

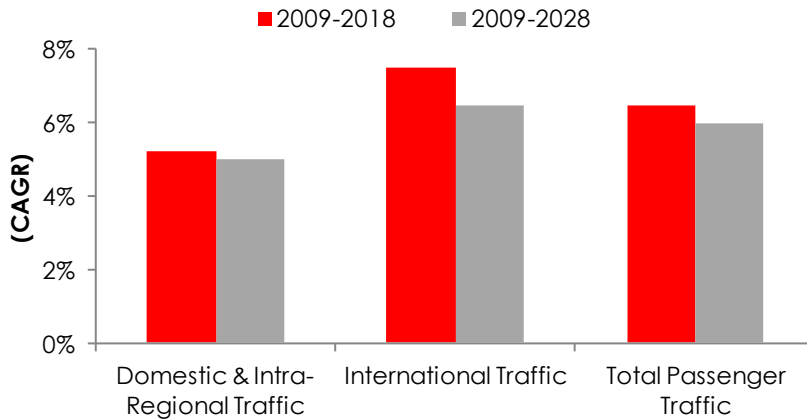


Source: IATA, July 2011

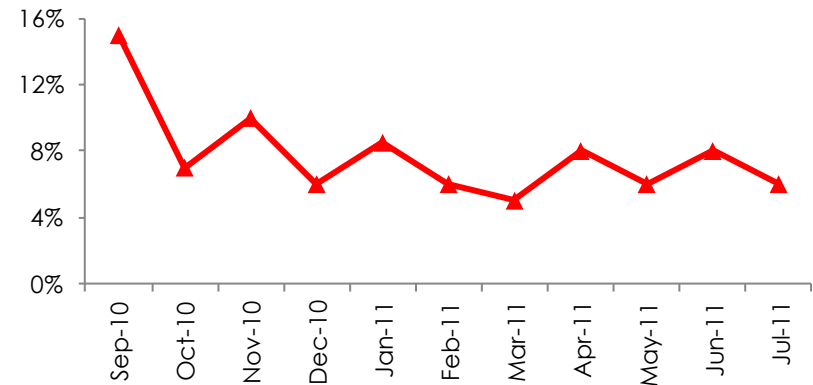
Arab World Aviation Sector Overview

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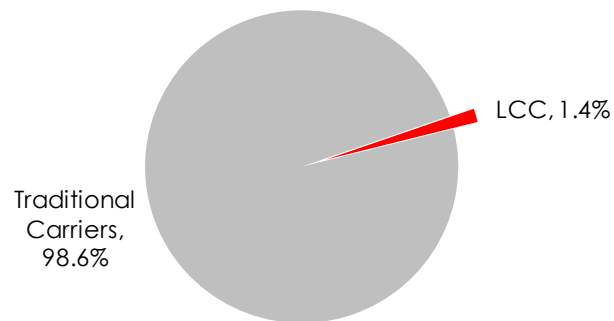
Middle East Traffic Growth



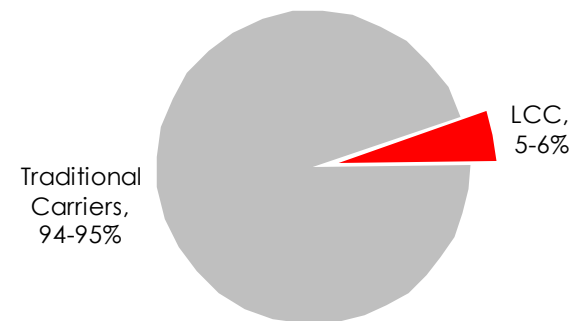
Int'l Passenger Growth Evolution in MENA



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

- ❑ **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.
- ❑ **Despite all the existing challenges, Air Arabia had a seat factor of 82% and achieved over 11% yield improvement YOY.**



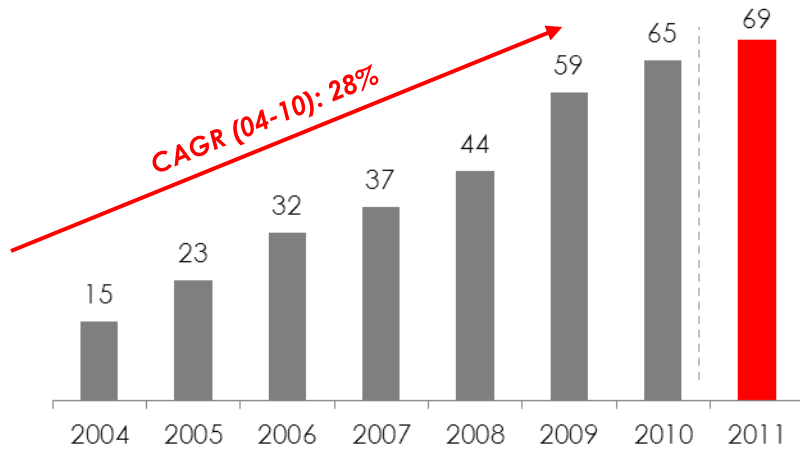
3. Key Operating Metrics

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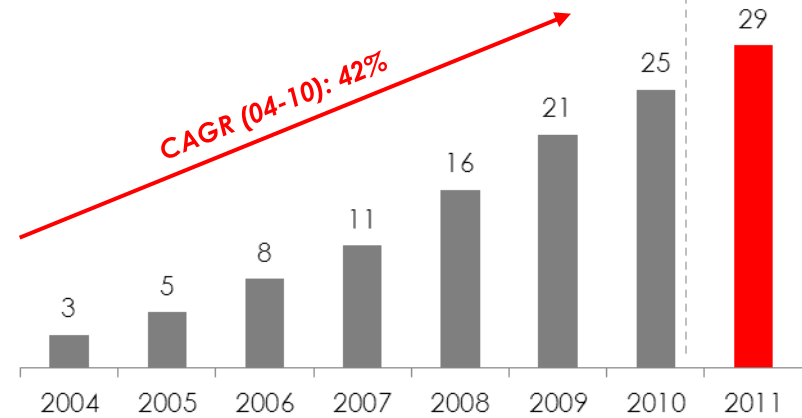
Operational Metrics - Keep On Growing

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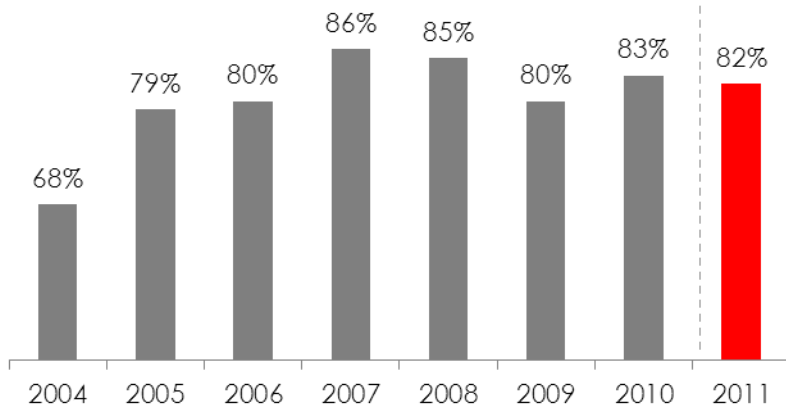
Destinations



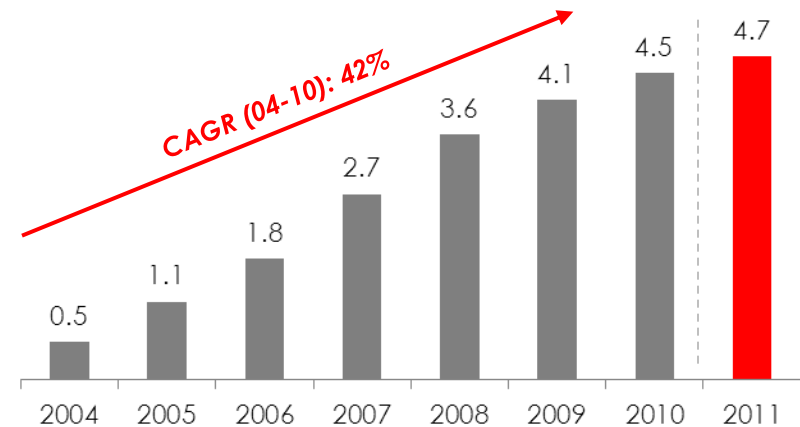
Fleet Size



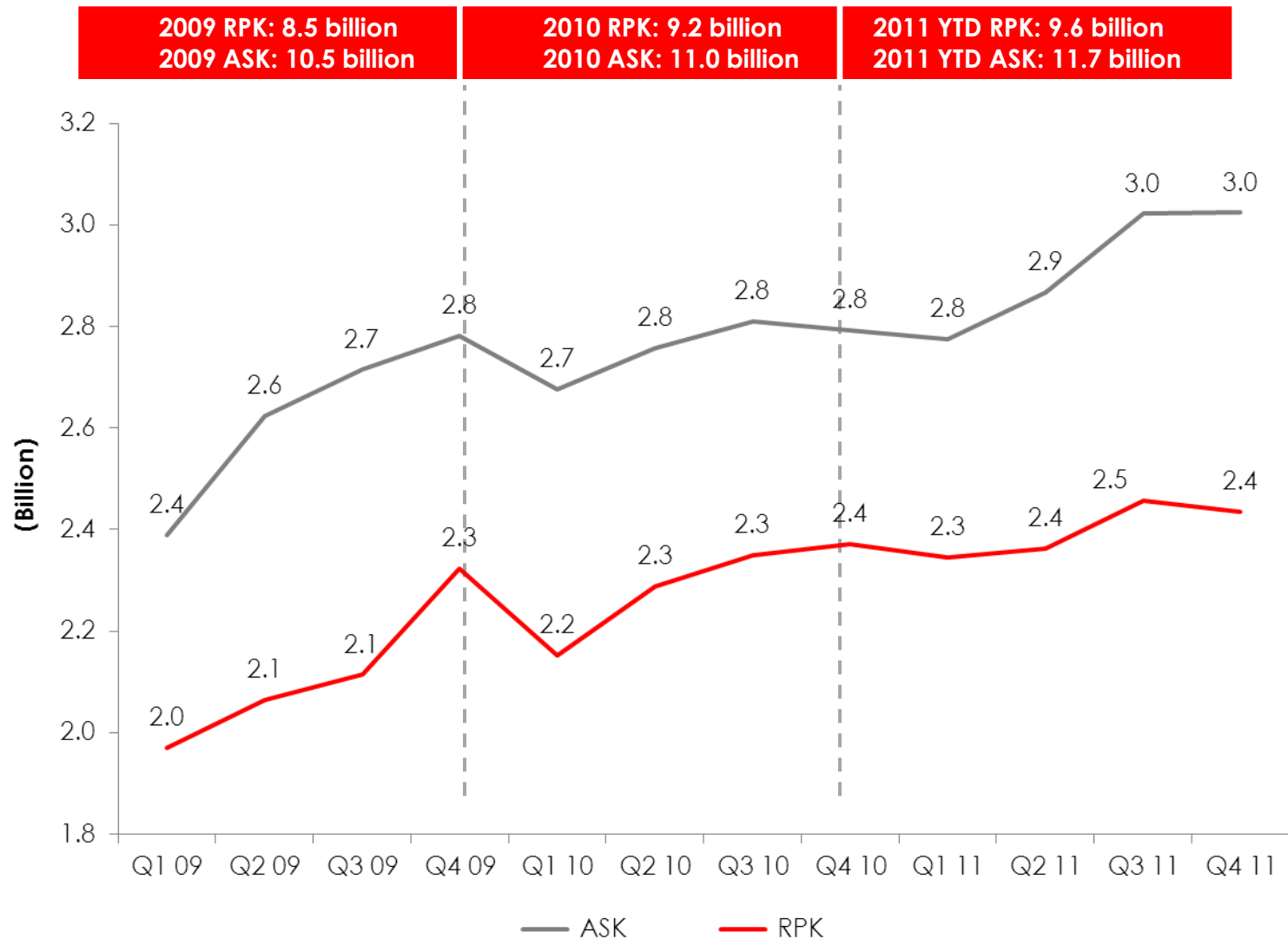
Load Factor



Total Passengers (MM)

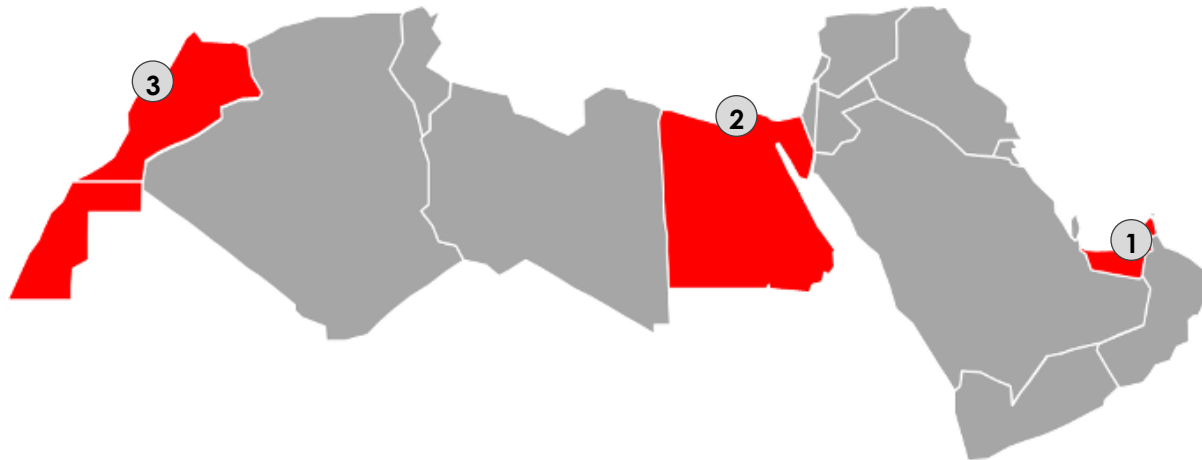
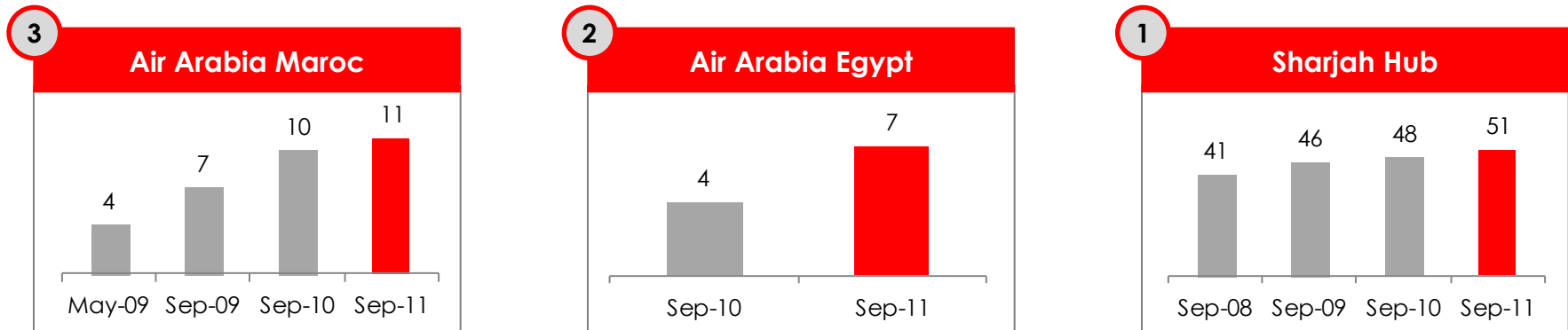


RPK and ASK Evolution



Hubs Key Highlights

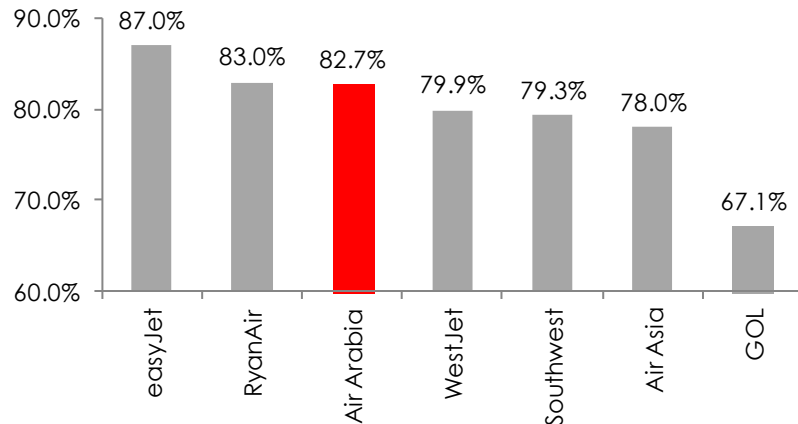
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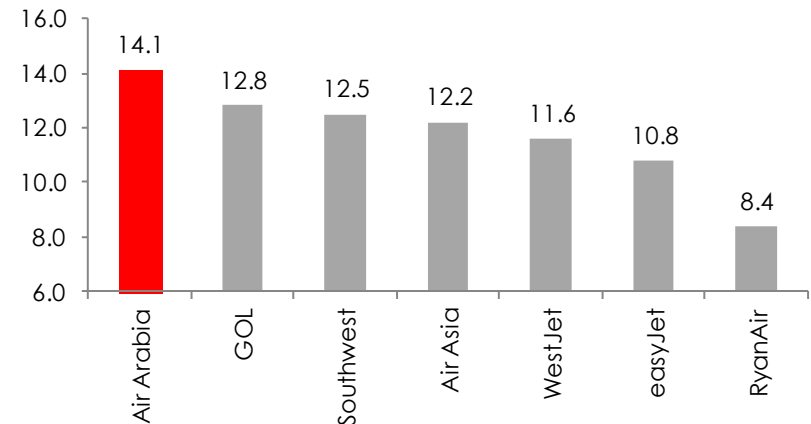
❑ Despite the political situation in North Africa the hubs are operating in excess of 70% load factor and have reached cash flow and profitability breakeven

Highly Profitable LCC Business Model (2010) العربية للطيران airarabia.com

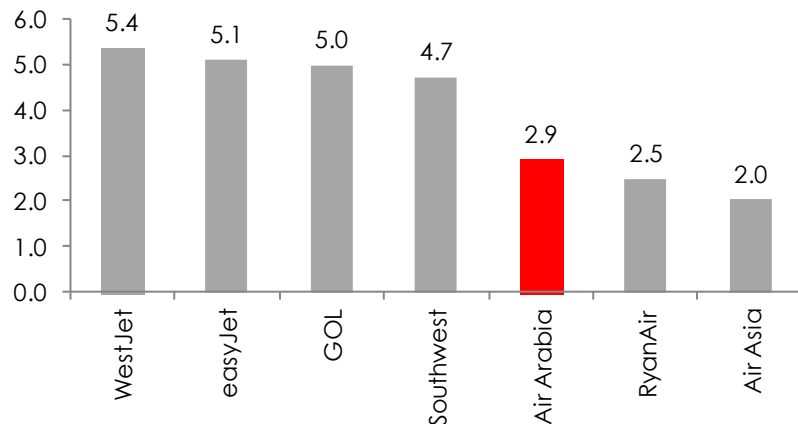
Load Factor



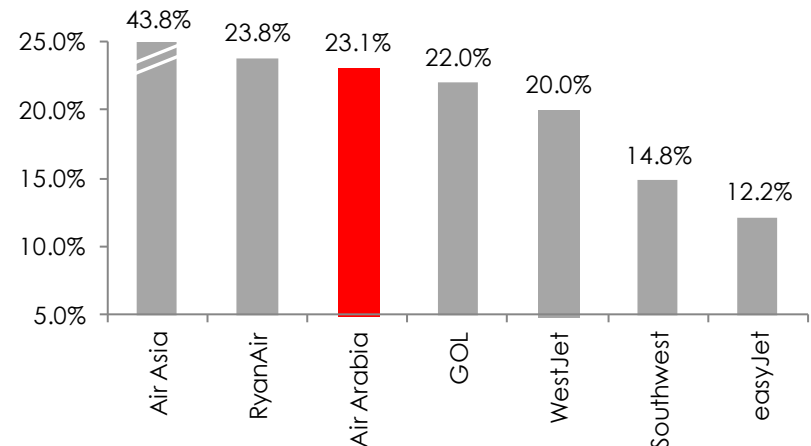
Daily Utilization (Hours)



Cost (Ex-Fuel) / ASKs (US\$ Cents)



EBITDAR Margin



Operating Statistics (Airline)

| (Figures in AED) | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--------------------------|------|------|------|------|------|------|------|------|
| Number of Aircrafts | 3 | 5 | 8 | 11 | 16 | 21 | 25 | 29 |
| Average Aircrafts | 3.0 | 4.9 | 6.0 | 9.5 | 14.5 | 17.0 | 23.0 | 27.5 |
| Destinations | 15 | 23 | 32 | 37 | 44 | 45 | 65 | 69 |
| Number of Pax (Millions) | 0.5 | 1.1 | 1.8 | 2.7 | 3.6 | 4.1 | 4.5 | 4.7 |
| RPK (Billions) | 1.2 | 2.5 | 3.7 | 5.0 | 7.1 | 8.5 | 9.2 | 9.6 |
| ASK (Billions) | 1.8 | 3.2 | 4.7 | 5.8 | 8.3 | 10.5 | 11.0 | 11.7 |
| Average Load Factor | 68% | 79% | 80% | 86% | 85% | 80% | 83% | 82% |



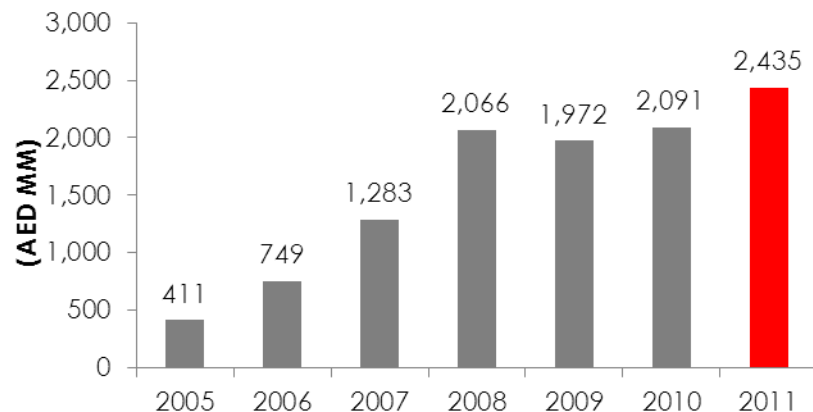
4. Financial Performance

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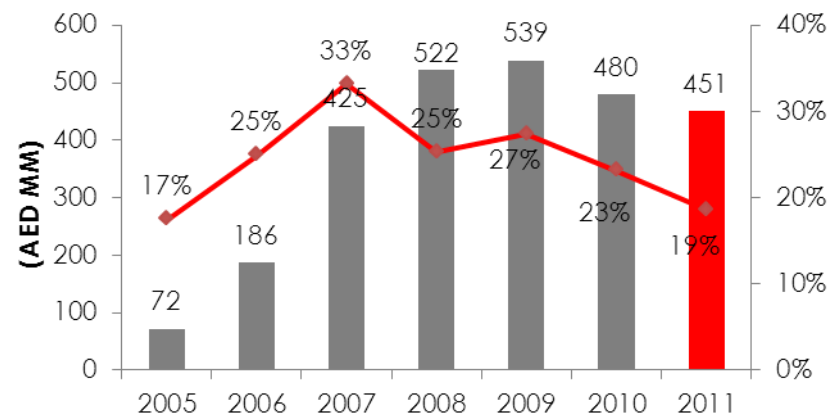
Historical Financial Group Performance

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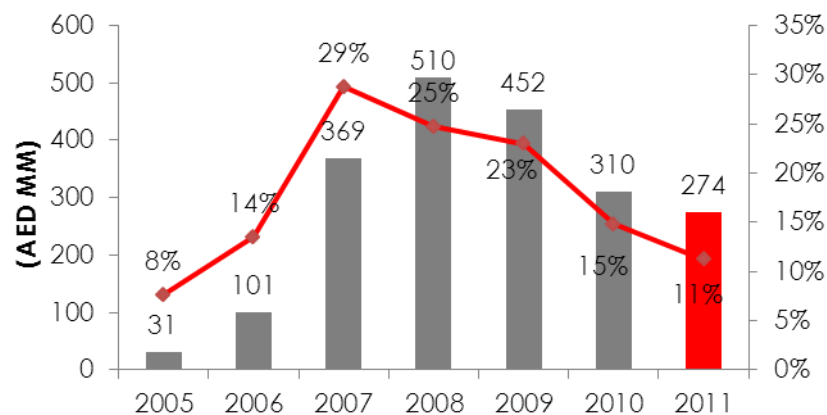
Revenues



EBITDAR



Net Profit

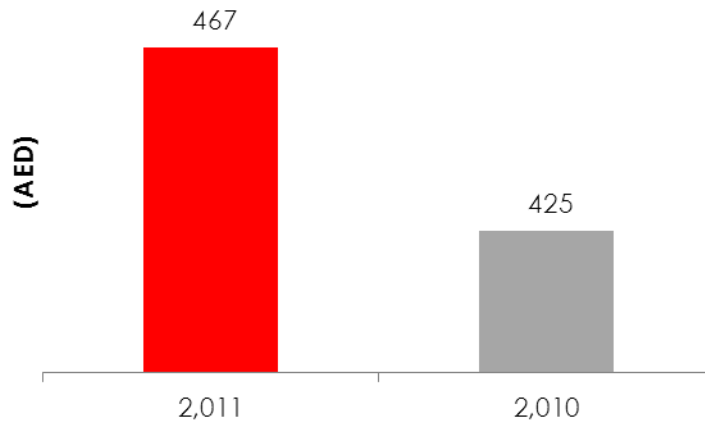


— Margin

Revenue and Cost per Passenger

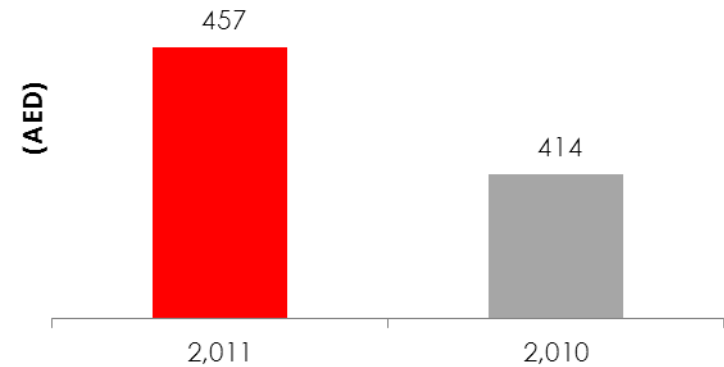
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Revenue Passenger / Passenger



9.9% Increased

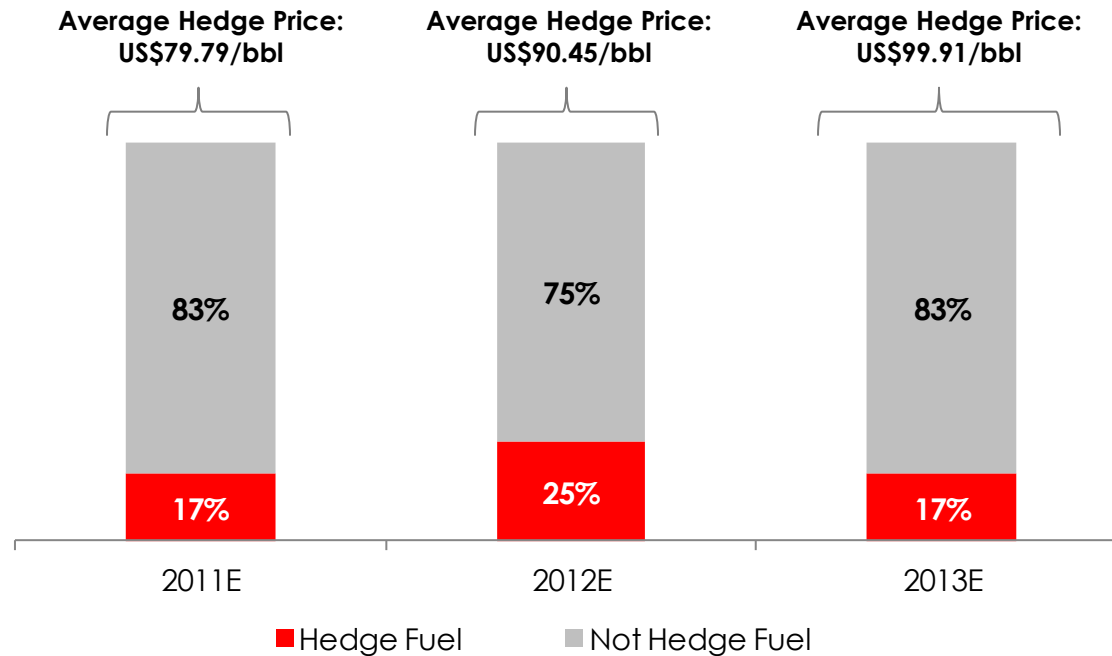
Cost / Passenger



10.4% Increased

Exc. Fuel 6% decrease.

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

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Fleet Expansion

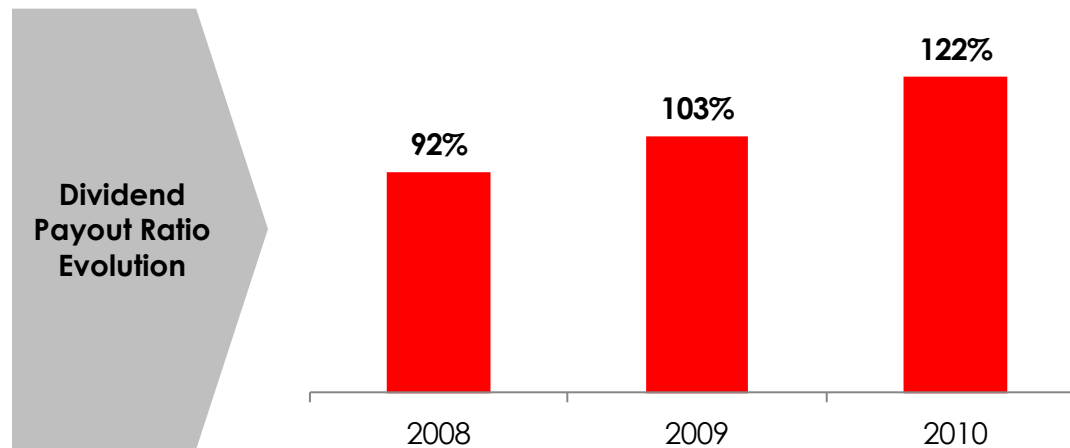
| | | Sep-11 | Dec-11 | Dec-12 | Dec-13 | Dec-14 | Dec-15 | Dec-16 |
|----------------------------|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Leased Aircraft | | 18 | 18 | 15 | 11 | 6 | 2 | 0 |
| Owned Aircraft | | 11 | 11 | 17 | 23 | 33 | 43 | 47 |
| Total Fleet | | 29 | 29 | 32 | 34 | 39 | 45 | 47 |
| Net Increase in Fleet Size | | | 0 | 3 | 2 | 5 | 6 | 2 |
| | | | | 10% | 6% | 15% | 15% | 4% |

- ❑ The first eight deliveries of our 44 aircraft order 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. Dividend Policy

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- ❑ We anticipate 2011 dividend to follow last three years policy, subject to the board and AGM approval



7. The Way Forward

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- ❑ 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.

Thank you

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