Air Arabia

Investor Presentation

Sharjah, UAE: Full Year 2014
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Launched in October 2003, Air Arabia is the first and largest low cost carrier in the Middle East and North Africa.

Following 10 successful years of operations, Air Arabia has grown to become a leading low cost carrier operator across key Global emerging markets.

Currently operates to 100 destinations spread across the Middle East, North Africa, Indian Subcontinent, Central Asia and Europe.

In 2014, Air Arabia announced its 4th Hub, in the Emirate of Ras Al Khaima, in UAE.

Air Arabia also took full ownership of ISA during 2014, in a successful buyout.

2014 witnessed the addition of 6 new destinations out of Sharjah: Cairo, Antalya, Abadan, Samara, Al Jouf and Tbilisi.

And 8 new destinations out of RAK: Cairo, Lahore, Islamabad, Peshawar, Jeddah, Muscat, Dhaka, Chittagong.

Air Arabia’s fleet consists of 39 owned and leased Airbus A320s.

Cargo operations positively expanded during the year, touching a revenue of approximately AED100M.

Air Arabia Jordan was announced in January 2015.
Air Arabia has been profitable since first year of operations.

AED 13.8 billion RPK in 2014 – 11.4% growth compared to 2013.

Strong balance sheet with AED1.4 billion in cash.

A new hub, RAK, is added to the operations in 2014.

**RPK 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

2013 RPK: 12.4 billion
2013 ASK: 15.27 billion

2014 RPK: 13.8 billion
2014 ASK: 17 billion

Source: Company
Air Arabia Story
Map of Global Presence

airarabia.com
## Air Arabia Story

### Group Portfolio

Air Arabia (PJSC) - (DFM: AIRARABIA), consists of a group of airlines and companies offering travel and tourism services across the globe.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Companies</th>
<th>Ownership</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Airlines</strong></td>
<td>Air Arabia</td>
<td>100%</td>
<td>First &amp; Largest LCC in MENA region covering vast population spreading across Middle East and Indian Subcontinent and CIS region.</td>
</tr>
<tr>
<td></td>
<td>Air Arabia</td>
<td>41%</td>
<td>Morocco’s leading LCC extensively covering Europe from various airports across the Kingdom with great potential to spread wings into Africa.</td>
</tr>
<tr>
<td></td>
<td>Air Arabia</td>
<td>49%</td>
<td>Egypt’s most innovative LCC, serving GCC the Middle East, Europe and Africa.</td>
</tr>
<tr>
<td><strong>Ground Handling &amp; MRO</strong></td>
<td>SAS</td>
<td>50%</td>
<td>SAS is a JV with Sharjah Airport that delivers a comprehensive range of passenger, ramp and cargo handling for airline operators and airport customers.</td>
</tr>
<tr>
<td></td>
<td>Maintenance Hangar</td>
<td>100%</td>
<td>Maintenance Hangar designed to meet all MRO requirements for entire Air Arabia fleet while serving other airlines and aircraft.</td>
</tr>
<tr>
<td><strong>Flight Operations</strong></td>
<td>Flight Simulator</td>
<td>100%</td>
<td>Providing significant cost saving, this flight simulator facility helps Air Arabia provide world-class training for up to 400 pilots a year.</td>
</tr>
<tr>
<td><strong>Hospitality</strong></td>
<td>Centro</td>
<td>100%</td>
<td>Both hotels perfectly situated in Sharjah and Dubai providing Air Arabia with a great expansion into hospitality.</td>
</tr>
<tr>
<td></td>
<td>Radisson Blu</td>
<td>100%</td>
<td>JV company that supports and enhances the quality of on-board catering while servicing a niche market for catering and hospitality.</td>
</tr>
<tr>
<td></td>
<td>Action Hospitality</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td><strong>Tourism</strong></td>
<td>Cozmo Travel</td>
<td>51%</td>
<td>Spread across GCC states, Cozmo Travel is a leading travel agency providing a wide range of individual and corporate travel solutions.</td>
</tr>
<tr>
<td><strong>Technology</strong></td>
<td>ISA</td>
<td>100%</td>
<td>ISA is a leading IT solutions provider. ISA unique creation is the leading reservations system ‘AcelAero’ that is now being used by many airlines across the world.</td>
</tr>
</tbody>
</table>
Section 2
Investment Highlights
Investment Highlights

General Overview

Leadership Advantage

- First mover advantage - capitalizing on the multi-hub model taking key emerging markets as basis to penetrating new regions and grow network.
- The first Arab listed airline (DFM) – providing the carrier an independent path to growth and profitability.
- Brand Name - as the name reflects, Air Arabia is set on becoming the only Pan Arab airline connecting the whole range of the Arab world with Europe, Asia and Africa.
- Seat Factor – continues to run at one of the industry's highest seat load factors, 80% registered in 2013.

Ancillary Revenues

Ancillary revenues are an integral part of the business, and management continue to focus on it and develop it as business opportunities arise.

Fuel Hedging (2014-2016)

<table>
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<tr>
<th>Year</th>
<th>Hedged Fuel</th>
<th>Not Hedged Fuel</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>35%</td>
<td>65%</td>
</tr>
<tr>
<td>2015</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>2016</td>
<td>75%</td>
<td>25%</td>
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</tbody>
</table>
Investment Highlights

Cost Control & Operational Efficiency

- Amongst the world’s top 5 lowest airline operational cost.

- The world’s best operator of an Airbus A320 fleet; highest aircraft utilization and operational reliability. (see graph A1).

- Industry record for average head count number per aircraft: 44 employees / 1 Aircraft.

- Aircraft fixed costs are diluted by the industry leading aircraft utilization hours.

- In-House MRO, Simulator and Reservation system proving increased savings as the airline grow.

Independence, Quality and Control

- Supporting businesses are individual success stories providing Air Arabia with excellent saving and quality control.

- Maintenance hangar & flight simulator provides Air Arabia with a unique competitive edge to operational excellence and growth.

Graph A1 – Source: Airbus
## Investment Highlights

### Strong Subsidiaries

Air Arabia supporting businesses contribute positively to the Group’s bottom-line

<table>
<thead>
<tr>
<th>Stake</th>
<th>Revenue (AED MM) FY 13</th>
<th>Revenue (AED MM) FY 14</th>
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<tbody>
<tr>
<td>50%</td>
<td>80</td>
<td>91</td>
</tr>
<tr>
<td>51%</td>
<td>38.3</td>
<td>42</td>
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<tr>
<td>51%</td>
<td>25.6</td>
<td>33.4</td>
</tr>
<tr>
<td>100%</td>
<td>8.15</td>
<td>15.2</td>
</tr>
<tr>
<td>100%</td>
<td>30.2</td>
<td>42.8</td>
</tr>
<tr>
<td>100%</td>
<td>37.7</td>
<td>38</td>
</tr>
<tr>
<td>100%</td>
<td></td>
<td>17.1</td>
</tr>
</tbody>
</table>
Investment Highlights

Multi-Continental Growth

Growth in number of destinations at each Hub

Strategic bases located at key emerging markets & spreading wings to under-served regions covering mass population of over 3 billion:

- Middle East
- Indian Subcontinent
- South and Central Asia
- Africa
- CIS Region
- Europe
## Investment Highlights

**5 year goals set when going public achieved**

<table>
<thead>
<tr>
<th>Key Indicators</th>
<th>Goals Set in (2007)</th>
<th>Accomplishments by 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>To expand the company and double the revenue streams.</td>
<td>In 2007 Total revenue was AED 1.3Billion. Group revenue touched AED 3Billion (2012).</td>
</tr>
<tr>
<td><strong>Fleet Size</strong></td>
<td>To grow the fleet size with a projection to reach 19 by 2010 and 34 planes by 2015</td>
<td>Current fleet size is 32 aircraft, far ahead of projection.</td>
</tr>
<tr>
<td><strong>Fleet Ownership</strong></td>
<td>To have at least half of fleet owned by 2012.</td>
<td>19 aircraft out of 32 fleet is owned today, that’s 59%.</td>
</tr>
<tr>
<td><strong>Dividend Distribution</strong></td>
<td>To distribute at least 25% of the net profits generated as dividend to investors.</td>
<td>Distribution of 96.68% of the net profits generated since the IPO; that is equivalent to 41% of capital over the past 5 years.</td>
</tr>
<tr>
<td><strong>Network</strong></td>
<td>To have 50 destinations by 2010 and 85 by 2015.</td>
<td>84 destinations worldwide by far; without counting the repeated frequencies.</td>
</tr>
<tr>
<td><strong>Subsidiaries &amp; JV’s</strong></td>
<td>To grow our subsidiaries in a way that best complement our operations and strategic goals.</td>
<td>At the time we had 2 subsidiaries, today Air Arabia Group have 9 profitable ones.</td>
</tr>
<tr>
<td><strong>Operational Growth</strong></td>
<td>To seek strategic opportunities for growth.</td>
<td>In addition to the UAE, Air Arabia operates from Morocco and Egypt and fully own two hotels in the UAE.</td>
</tr>
<tr>
<td><strong>Passengers Growth</strong></td>
<td>To reach 4.5 Million passengers by 2010.</td>
<td>4.5 Million passenger in 2010 and 5.3 million in 2012.</td>
</tr>
<tr>
<td><strong>Ancillary Revenues</strong></td>
<td>To grow our ancillary revenues through expanding product offering.</td>
<td>Ancillary revenue grew from 1% of revenues at IPO stage, to 6% of revenues today.</td>
</tr>
</tbody>
</table>
Expert Teams

- Lead by its founder and Group Chief Executive Officer Adel A. Ali, who is well known for being at the forefront of the development of modern aviation.
- Home of some of the world's best aviation talents, together driving Air Arabia into new heights.

Few Industry Recognitions

- "Middle East's Leading Low-Cost Airline" at the World Travel Awards 2014
- "Airline Business Award" at the esteemed Airline Strategy Awards 2014
- "Low Cost Carrier of the Year" at the 2014 Aviation Business Awards
- World Airline Award for best LCC in MENA region for five consecutive years – by Skytrax
- World’s most profitable airline for the year 2008 – by CAPA
- World’s best LCC in 2009 – by Aviation Week
- The Best Managed Company in the Middle East Aviation sector 2010 - by Euromoney
- Award for excellence in Corporate Governance in 2010 – by ESCA
- CSR Award for best Social Responsibility practices 2012 – by Aviation Business
- World’s second best performing airline in 2012 – by Aviation Week
Section 3
Financials
## Financials

### Q4 2014

<table>
<thead>
<tr>
<th>Quarterly Performance</th>
<th>Q4’ 2013</th>
<th>Q4’ 2014</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL REVENUE</td>
<td>811</td>
<td>924</td>
<td>14%</td>
</tr>
<tr>
<td>NET PROFIT</td>
<td>94</td>
<td>68</td>
<td>-28%</td>
</tr>
</tbody>
</table>

### Financial Highlights (AED Millions)

<table>
<thead>
<tr>
<th>Operational Highlights</th>
<th>Q4’ 2013</th>
<th>Q4’ 2014</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>NUMBER OF PAX CARRIED</td>
<td>1.56</td>
<td>1.67</td>
<td>7%</td>
</tr>
<tr>
<td>RPK</td>
<td>3.27</td>
<td>3.47</td>
<td>6%</td>
</tr>
<tr>
<td>ASK</td>
<td>4.07</td>
<td>4.45</td>
<td>9%</td>
</tr>
<tr>
<td>AVERAGE LOAD FACTOR</td>
<td>78%</td>
<td>78%</td>
<td>0%</td>
</tr>
</tbody>
</table>
- Air Arabia added 7 new Airbus A320 aircraft to its fleet in 2013.
- Seat factor for the full year ending December 31, 2014 rose to 81.4%.
- The number of passengers carried for the year 2014 increased by 11.6% compared to previous year with Air Arabia carrying 6.817 million passengers.
- Global network grew in 2014 to reach 101 routes from 4 hubs.
- Air Arabia distributed 7.25% cash dividend for the year 2013 and proposed 9% for the year 2014.
- Cargo traffic continued strong performance in 2013 with a registered growth of 30% YoY.
Out of the first 21 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.

- The entire fleet consists of the Airbus A320 aircraft type.
- One of the world’s youngest fleet with average age of 2.5 years
- Ordered 44 A320 aircraft in 2007. The delivery will be completed in 2016, in which the carrier fleet will exceed 50 aircraft.
- All new deliveries are equipped with Airbus latest Sharklet technology (wingtip improving fuel efficiency and Aerodynamic of aircraft)
Section 4
Way Forward
Air Arabia aims to strengthen its position as the leading low cost carrier operator across the Arab World: Providing its customers with the most competitive fares; Greatest number of destinations; and Highest quality of service – while maintaining the Highest return on investment to its shareholders.
Section 5
Governance & Community
Corporate governance code implemented in 2007 is a combination of International and national (UAE) corporate standards.

Two board committees with specific responsibility for Audit, nomination and remuneration as well as corporate ethics.

Monthly budgeting process, management projection and management financial reports.

Risk management framework embedded in the management structure.

Fully pledged investor relations function.
Governance & Community
Corporate Social Responsibility

Charity Cloud Program

Air Arabia’s initiative for sustainable development in 2005 and currently runs schools and medical centres across: Sudan, Sri Lanka, India, Nepal, Yemen and Turkey – providing education and health care to thousands of under privileged members of communities across the Globe.

Air Arabia Sports Adventure

Community Initiative launched in 2007 to help individual and team athletes achieve their sports dreams.

- Air Arabia World Sailing Endurance Challenge 2007
- Bahrain Team Air Arabia – World Sailing Competition 2008
- Air Arabia Sailing Adventure 2010
- Air Arabia Para-Gliding Challenge 2011
- Team Air Arabia 2012 – World Cycling Challenge
## Appendix
### Operating Statistics

(Figures in AED)

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<tbody>
<tr>
<td>Number of Aircrafts</td>
<td>3</td>
<td>5</td>
<td>8</td>
<td>11</td>
<td>16</td>
<td>21</td>
<td>25</td>
<td>29</td>
<td>33</td>
<td>34</td>
<td>39</td>
</tr>
<tr>
<td>Average Aircrafts</td>
<td>3.0</td>
<td>4.9</td>
<td>6.0</td>
<td>9.5</td>
<td>14.5</td>
<td>17.0</td>
<td>23.0</td>
<td>27.5</td>
<td>30.0</td>
<td>31.0</td>
<td>35.0</td>
</tr>
<tr>
<td>Destinations</td>
<td>15</td>
<td>23</td>
<td>32</td>
<td>37</td>
<td>44</td>
<td>45</td>
<td>65</td>
<td>69</td>
<td>82</td>
<td>90</td>
<td>100</td>
</tr>
<tr>
<td>Number of Pax (Millions)</td>
<td>0.5</td>
<td>1.1</td>
<td>1.8</td>
<td>2.7</td>
<td>3.6</td>
<td>4.1</td>
<td>4.5</td>
<td>4.7</td>
<td>5.3</td>
<td>6.1</td>
<td>6.8</td>
</tr>
<tr>
<td>RPK (Bllions)</td>
<td>1.2</td>
<td>2.5</td>
<td>3.7</td>
<td>5.0</td>
<td>7.1</td>
<td>8.5</td>
<td>9.2</td>
<td>9.2</td>
<td>9.6</td>
<td>10.8</td>
<td>13.8</td>
</tr>
<tr>
<td>ASK (Bllions)</td>
<td>1.8</td>
<td>3.2</td>
<td>4.7</td>
<td>5.8</td>
<td>8.3</td>
<td>10.5</td>
<td>11.0</td>
<td>11.7</td>
<td>13.0</td>
<td>15.2</td>
<td>17.0</td>
</tr>
<tr>
<td>Average Load Factor</td>
<td>68%</td>
<td>79%</td>
<td>80%</td>
<td>86%</td>
<td>85%</td>
<td>80%</td>
<td>83%</td>
<td>82%</td>
<td>82%</td>
<td>80%</td>
<td>81%</td>
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Appendix

Operating Metrics

Destinations

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<tbody>
<tr>
<td>Total Passengers (Million)</td>
<td>15</td>
<td>23</td>
<td>32</td>
<td>37</td>
<td>44</td>
<td>59</td>
<td>65</td>
<td>73</td>
<td>82</td>
<td>90</td>
<td>101</td>
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Fleet Size

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<td>25</td>
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Load Factor

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<td>79%</td>
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<td>83%</td>
<td>82%</td>
<td>82%</td>
<td>80%</td>
<td>81%</td>
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Total Passengers (Million)

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</tr>
</thead>
<tbody>
<tr>
<td>Total Passengers (Million)</td>
<td>0.5</td>
<td>1.1</td>
<td>1.8</td>
<td>2.7</td>
<td>3.6</td>
<td>4.1</td>
<td>4.5</td>
<td>4.7</td>
<td>5.3</td>
<td>6.1</td>
<td>6.8</td>
</tr>
</tbody>
</table>
Appendix

Arab Aviation Overview

**LCC Penetration - MENA Region (2007)**
- LCC: 1.4%
- Traditional Carriers: 98.6%

**LCC Penetration - MENA Region (2014)**
- LCC Penetration: 11.0%
- Non LCC: 89.0%

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

Contact Us

For full financials and further information:

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Email: investorrelations@airarabia.com

Thank You