

May 11, 2009

AIR ARABIA (AIRA.DU)

- Air Arabia's total revenues reached AED 463.2 million in 1Q2009, a 21% increase from the same period last year.
- The number of passengers flying with Air Arabia increased by 25% year-on-year in 1Q2009 to 951 thousands. Load factor dropped from 85% in 1Q2008 but remained at a healthy level of 81% in 1Q2009.
- Air Arabia achieved an EBITDAR of AED 118 million for 1Q2009, which is 34% higher than 1Q2008. This was 5.5% lower than our forecast of AED 125 million for the quarter. The EBITDAR margin registered an improvement from 23% in 1Q2008 to 25.5% in 1Q2009.
- Air Arabia's net income increased by 32%, year-on-year, in 1Q2009 to reach AED 103.4 million. Included in net income is an interest income of AED 45.3 in 1Q2009 (1Q2008 also had AED 45.3 million in interest income).
- We maintain our "Buy" recommendation on the stock with a long term fair value of AED 1.41 per share, representing a 45% upside potential compared with the share's closing price on May 10, 2009.

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