

AIRASIA X BERHAD

11TH ANNUAL GENERAL MEETING
CEO's PRESENTATION

23 MAY 2017



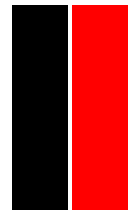


BUSINESS REVIEW



2016 AT A GLANCE

HIGHLIGHTS



Key Milestones

- The World's Best Low-Cost Airline Premium Cabin and World's Best Low-Cost Airline Premium Seat for the fourth consecutive year (Skytrax World Airline Awards)
- Revenue crossed RM4 billion mark
- Posted first ever net profit since IPO

Network

- **28** routes
- **3** hubs
- **9** unique routes
- **8** new routes introduced in 2016

REVENUE
RM4,007 mil

↑
= 31%

2015: RM3,063 mil

EBITDAR
RM1,244 mil

↑
= 53%

2015: RM813 mil

NET PROFIT
RM210 mil

↑
= >100%

2015: RM(350) mil

MARKET CAPITALISATION
RM1.49 bil

↑
= 100%

2015: RM0.75 bil

ASK (mil)
29,343

↑
= 25%

2015: 23,388

LOAD FACTOR
79%

↑
= 4 ppts

2015: 75%

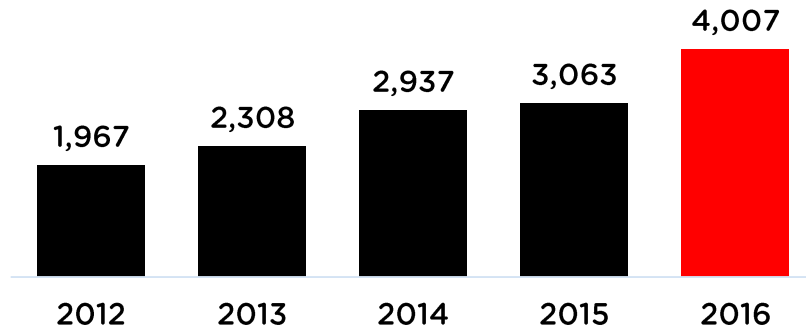


FIVE-YEAR HIGHLIGHTS

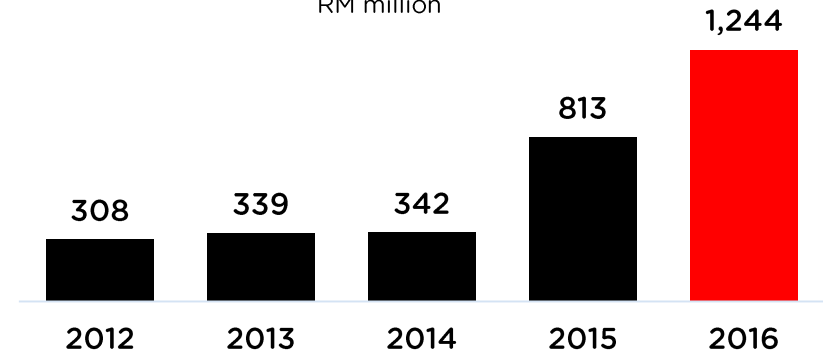
2012-2016



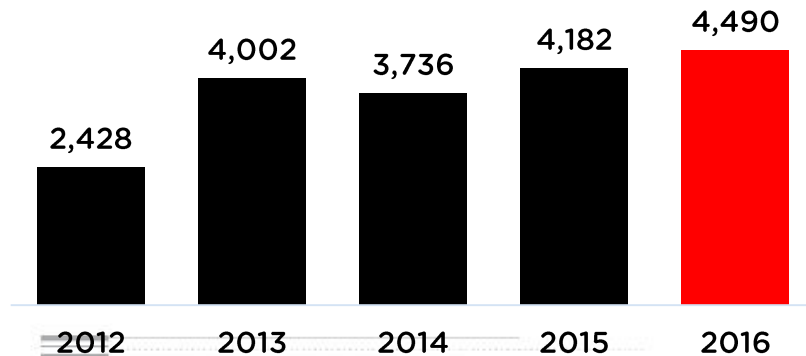
Revenue
RM million



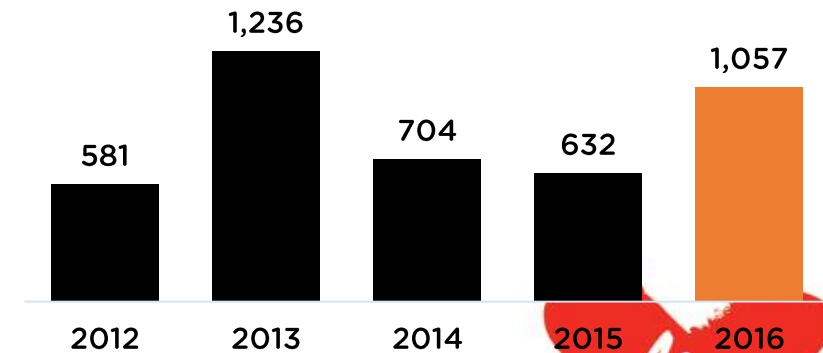
EBITDAR
RM million



Total Assets
RM million



Shareholders Equity
RM million

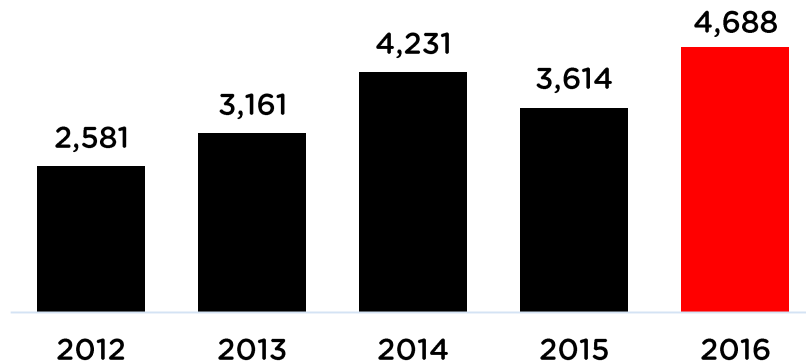


FIVE-YEAR HIGHLIGHTS

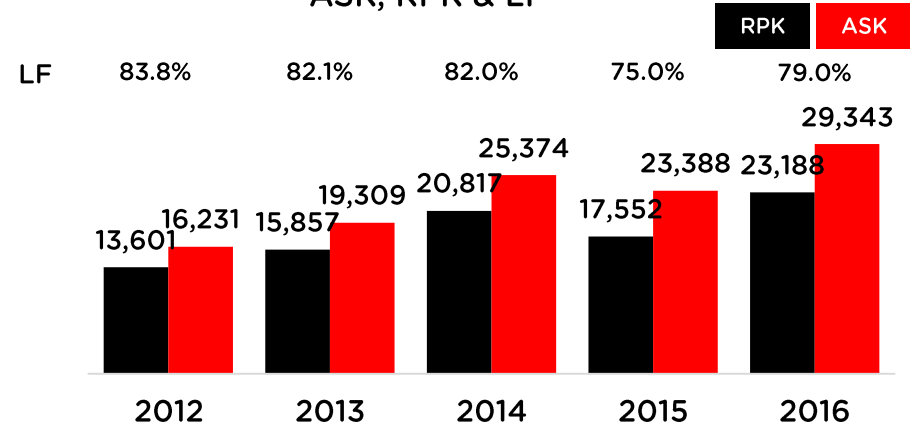
2012-2016



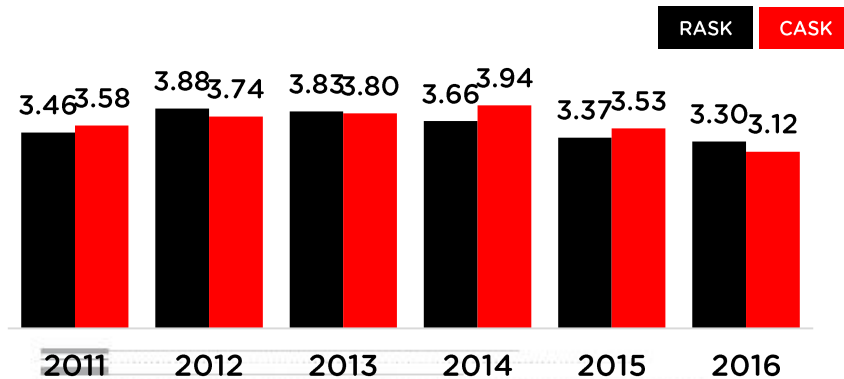
Passenger Carried
Pax '000



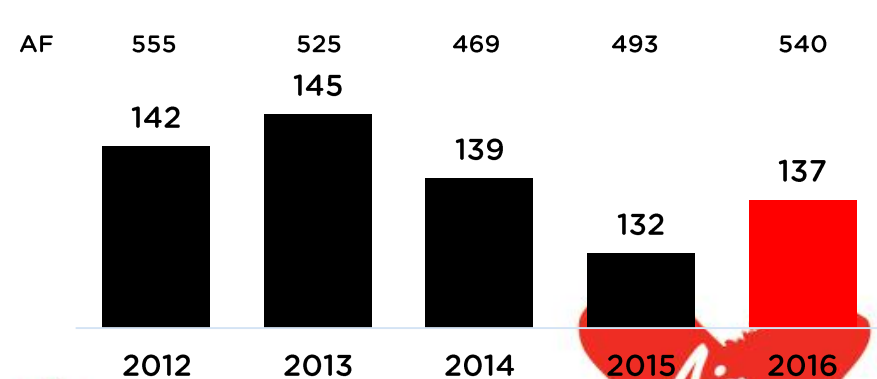
ASK, RPK & LF



RASK & CASK
US Cents



Ancillary Per Pax & Average Fare
RM



2011

2012

2013

2014

2015

2016

2012

2013

2014

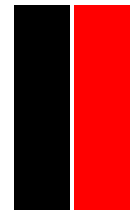
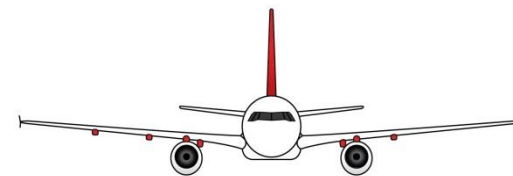
2015

2016



FINANCIAL YEAR 2016

KEY HIGHLIGHTS



AirAsia X completed successful turnaround where the Company posted first ever Full-Year profit since IPO



Revenue up 31% YoY to RM4.0 billion, mainly driven by 30% growth in passenger volume, 10% growth in average fare and 3% growth in average ancillary revenue per pax



Passenger growth of 30% in FY16 carrying 4.7 million passengers exceeded ASK capacity growth of 25%



Loads at 79% level despite challenging environment in the aviation industry



EBITDAR up 53% to RM1.2 billion on a back of stronger performance across all market segments



Successfully reverse Operating Loss in FY15 of RM37.4 million to Operating Profit of RM284.9 million in FY16



Net Operating Profit up >100% to RM259.8 million



Profit After Tax recorded at RM210.3 million, representing a huge turnaround in 2016



ASSOCIATES UPDATE

THAI AIRASIA X



Number of Aircraft

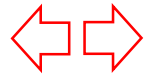
6



20%
2015: 5

Number of Routes

4



2015: 4

LOAD FACTOR

88%



3 ppts
2015: 85%

2016 IN REVIEW

- Started the year well despite Thailand aviation was in Category 2
- However, in the fourth quarter tourism was affected by the nation mourning the loss of King Bhumibol Adulyadej.
- Additionally, the Government clampdown on zero-dollar tours from China affected the number of tour groups into Thailand

OUTLOOK

- The outlook for TAAX in 2017 remains positive as Thailand is a natural tourist hub with traditionally strong inbound and outbound track record
- Expect better aircraft utilisation and aircraft maintenance planning to lower down the cost



ASSOCIATES UPDATE

INDONESIA AIRASIA X



Number of Aircraft (A330)

2



2015: 2

RELAUNCH WITH **TWO** NEW ROUTES IN MAY 2017

19 May 2017: Denpasar - Mumbai

24 May 2017: Denpasar - Narita

2016 IN REVIEW

- Started 2016 with an intent to develop an aviation corridor that connects North Asia and the Indian continent to Australasia
- However, the growth of IAAX was limited due to Indonesia's Category 2 status and there was not many destinations it could serve, other than high competitive Australian routes
- IAAX had temporarily suspended its operations from 1st September 2016 as part of a network restructuring aimed at improving operational efficiencies at IAAX

OUTLOOK

- IAAX to resume A330 operations from Bali hub, starting with Bali-Mumbai & Bali-Narita end of May 2017
- Towards later part of the year, after India & Japan links are matured and domestic feeders developed, there are plans to re-enter the Australian market



ANCILLARY

BUSINESS REVIEW



ANCILLARY REVENUE
RM642.7 mil

 **35%**

2015: RM476.4 mil

ANCILLARY INCOME PER PAX
RM137

 **4%**

2015: RM132

PREMIUM RED LOUNGE: RECHARGED, RELAX AND REFRESH

- Launched in September 2016
- Premium Lounge customers per day exceeded projected occupancy by 190% to 200 pax a day



XCITE: IN-FLIGHT ENTERTAINMENT

- offers a wider range of content and an improved viewing device for a seamless viewing experience

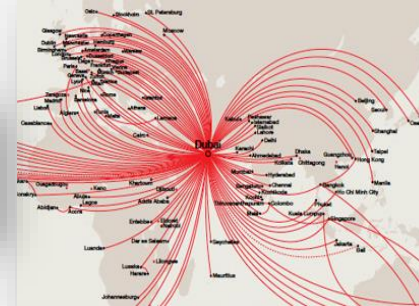


FLY-THRU PERFORMANCE

BECOMING THE NEXT DUBAI OF THE EAST



AirAsia
Route Map

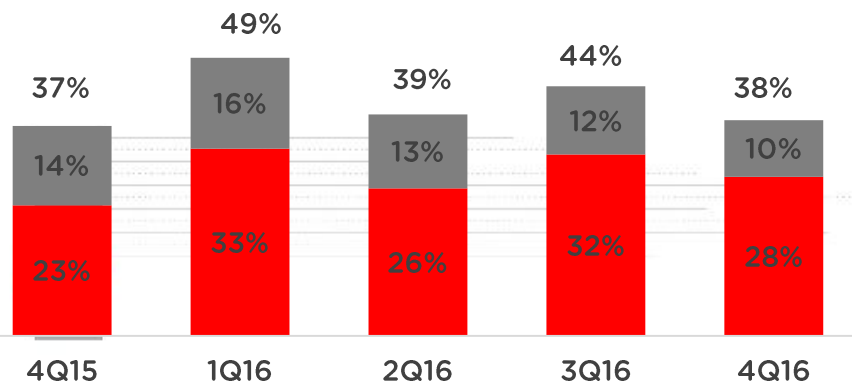


Emirates
Route Map

- ✓ One stop to over 125 destinations in Asia
- ✓ AirAsia targets to be the No.1 choice for travel in Asia Pacific

Fly-Thru Performance

■ Fly-thru ■ Self-Connecting



- KUL remains the largest transit hub with 83% AirAsia Group FlyThru traffic with the growth of +37% YoY
- AK-D7 remained as top AOC pairing, contributed 41% of overall FlyThru traffic with growth of +33% YoY
- Top 5 FlyThru nationality accounted 69%: Chinese (21%), Indonesian (14%), Indian (14%), Australian (13%) & Malaysian (8%)
- Reduced QoQ due to increase in incremental flights and peak period for Ex-Kul travelers





BUSINESS OUTLOOK



FY2017 OUTLOOK

WHAT'S IN STORE...



Fuel Hedging

74% of fuel requirement hedged for the year at an average fuel priced of USD60 per barrel

Current price jet fuel: USD 60.4 per barrel



Aircraft Utilisation & Route Development

- Target 16 hours aircraft utilisation by utilising free day time aircraft windows for incremental frequencies and potential new routes

FY2016 Average Aircraft Utilisation: 13.5 hours



Ancillary upside

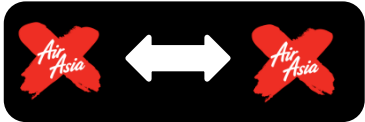
- WiFi on board – first phase to be carried out by end of 2017
- Twin Seats introduced mid-March 2017 has been receiving good take-ups
- To work with business partners to develop a shopping platform with attractive deals which would boost take-up rate for In-Flight Entertainment

FY2016 Ancillary Income per pax: RM137



FY2017 OUTLOOK

WHAT'S IN STORE...



Grow Point-to-Point, High Yield Routes

- Strengthens market dominance via high margins point-to-point routes



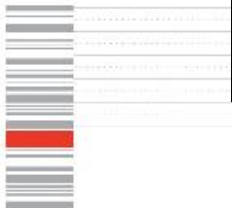
Healthy Forward-Booking

- Forward Average Base Fare trend is higher as compared to same period last year. We expect the Average Base Fare's momentum to continue in 2017



Turnaround of Thai AirAsia X

- Greater operational synergies with the Group to achieve economies of scale while adding new routes to its growing network as we expect Category 1 upgrade for Thailand very soon





RESPONSES TO QUESTIONS FROM MINORITY SHAREHOLDER WATCHDOG GROUP (MSWG)



RESPONSES TO MSWG

STRATEGIC AND FINANCIAL MATTERS



Q1 It was reported under the Business Review on page 102 that AirAsia X Thailand had to put on hold its plans to build the Japanese and Korean market temporarily following International Civil Aviation Organization (ICAO)'s red flagging of the country's aviation regulatory environment in June 2015.

When does the Board expect the restrictions on Thai Carriers to be uplifted and what would be the destinations planned by the Group to these countries?

Answer Thai AirAsia X (TAAX) and other local carriers are currently under-going re-certification process by the local authority. Once the re-certification process is completed, the Government of Thailand will then invites ICAO to re-evaluate the nation's aviation standard, potentially in 3Q17. The Board is of view that it cannot comment on when exactly the restrictions on Thai Carriers will be uplifted, however, it hope that the red flag will be lifted soon after ICAO's re-evaluation is completed.

TAAX plans to build the Japanese and Korean market, however, the Board is of opinion that it cannot disclose the exact planned destinations as TAAX operates in highly competitive environment.



RESPONSES TO MSWG

STRATEGIC AND FINANCIAL MATTERS



Q2

It was reported under the Business Review on page 103 that the Management is exploring the possibility of consolidating the operations of both AirAsia X Indonesia and its short-haul sister airline Indonesia AirAsia (IAA)

Could the Board provide a targeted timeline for the consolidation of these two units?

Answer

The Board is of view that the integration of the two airlines would further unlock additional synergies as IAA is already well established as one of the strongest Indonesian airlines serving international market while AirAsia X Indonesia is the only long-haul low-cost carrier in the country.

In terms of operations, the Group has now been managing to have seamless operation between short haul and long haul businesses in Indonesia, where both airlines are supporting each other to maximise yield and passengers load. However, consolidating the two airlines into a single entity is still under the discussion between the shareholders.



RESPONSES TO MSWG

STRATEGIC AND FINANCIAL MATTERS



Q3

In FY2016, the Group's ancillary revenue grew by 35% year-on-year from RM476.4 million in FY2015 to RM642.7 million in FY2016. Average ancillary revenue per passenger increased by 3.8% from RM132 to RM137.

- (i) What would be the targeted ancillary revenue per guest for FY2017?
- (ii) How would the Group improve the ancillary income for FY2017?

Answer

- (i) The Company has a target ancillary revenue per guest of RM147 for FY2017 which represent a 7% growth YoY
- (ii) The Group has planned several initiatives to boost ancillary income for FY2017:
 - More targeted marketing on baggage upsizing
 - A new baggage pricing strategy that will be based on route demand and duration tiers
 - Pricing strategy on seat options based on demand where by standard seats at the front will be priced higher than standard seats at the rear of the aircraft
 - Introduction of localised meals by route to maximise take-ups in different market segments
 - More awareness of Ancillary products and services in general through more targeted marketing



RESPONSES TO MSWG

CORPORATE GOVERNANCE MATTERS



Q1 We noted that Tan Sri Dr. Anthony Francis Fernandes and Datuk Kamarudin Bin Meranun only attended 3 out of 5 Board meetings during the financial year.

What was the reason for them not being able to attend these meetings held during the financial year despite that the Board meetings for each financial year are scheduled well ahead before the end of the preceding financial year so that the Directors can plan accordingly and incorporate the year's Board meetings into their respective schedules?

Answer The Company recognises the importance of Board members attendance as an essential element in maintaining its effective execution of corporate governance and strategic oversight. However, Tan Sri Dr. Anthony Fernandes and Datuk Kamarudin Bin Meranun were unable to attend the two Board meetings as they had to attend sudden unavoidable urgent business meeting overseas that was unforeseen during the financial year.

In addition, Datuk Kamarudin Bin Meranun was unable to attend one of the meetings as he was unwell and was on medical leave for the month of March.





SHAREHOLDERS' BENEFIT PROGRAMME



SHAREHOLDERS' BENEFIT PROGRAMME



- Shareholders' Benefit Programme was introduced in conjunction with Initial Public Offering (IPO) for shareholders who have obtained our inaugural shares from IPO and keeping it for 6 years starting 10th July 2013.
- This programme is only applicable to shareholders who successfully subscribed for or acquired IPO shares (not through the acquisition of shares from the open market).
- Entitlement for Eligible Retail Shareholders who successfully subscribed and acquired a minimum of 10,000 IPO shares and have held on up to our six anniversaries:

- | | |
|----------------------------------|-----------------------------------|
| ➤ First Year Anniversary | 10 July 2014 – 9 July 2015 |
| ➤ Second Year Anniversary | 10 July 2015 – 9 July 2016 |
| ➤ Third Year Anniversary | 10 July 2016 – 9 July 2017 |
| ➤ Fourth Year Anniversary | 10 July 2017 – 9 July 2018 |
| ➤ Fifth Year Anniversary | 10 July 2018 – 9 July 2019 |
| ➤ Sixth Year Anniversary | 10 July 2019 – 9 July 2020 |

← **Current
Year**



SHAREHOLDERS' BENEFIT PROGRAMME



- The Benefit:
 - Category A: Min. 10,000 – 99,999 shares
 - 1 Return Flight with Zero Base Fare to any AirAsia X destination for each anniversary.
 - Category B: Min. 100,000 shares and above
 - 3 Return Flights with Zero Base Fare to any AirAsia X destination for each anniversary.
 - How To Check Eligibility & Redeem Your Ticket
 - Email us at aax_shareholder@airasia.com or contact us at +603 8775 4680 (Monday – Friday, 9am to 6pm) to redeem and provide the following details:
 - Full Name as per your National Registration
 - Identity Card (“NRIC”) Number
 - NRIC Number/Passport Number
 - BIG Card Number (if applicable)
 - AirAsia Member User ID (if applicable)
 - Travel Destination
 - Preferred Travel Date and Time



AGM FREE TICKET

TERMS & CONDITIONS



Destination (select one):

Taipei, Perth, Gold Coast, Iran, Osaka, Beijing, Wuhan

Travel Period:

2017: 16 June 2017 to 31 December 2017

2018: 1 January 2018 to 30 June 2018

**Embargo/ blackout period applies*

Minimum Requirement:

10,000 shares

**Proxy who attended on behalf of shareholder, free ticket will go to the shareholder*

Redemption Process:

Eligible shareholder will receive a letter from AAX on the procedure for redemption of this AGM free ticket. If eligible shareholder do not receive any letter from AAX by 16th June 2017, please contact aax_shareholder@airasia.com or 03 8775 4680 to enquire on status or eligibility.



AGM FREE TICKET

TERMS & CONDITIONS



2017 – June 2018 Embargo /Blackout period

AAX EMBARGO PERIOD			
Year	Dates	Events	Routes / Destinations
2017	1- 9 January	New Year's	All destinations
	1- 31 January	Australia school holidays ending	Outbound Malaysia to Australia & New Zealand
	25 January- 5 February	Chinese New Year peak	All destinations
	25 January- 12 February	Chinese New Year peak	Taipei
	17- 27 March	Malaysia school holidays	All destinations
	17 March - 31 March	Nooruz	Tehran
	17 March - 17 April	Cherry blossom peak	Japan / Korea
	14 - 18 April	Easter peak	Australia/ Delhi/ Auckland
	28 April - 2 May	Labour Day Peak	All destinations
	25 May - 12 June	Malaysia school holidays	All destinations
	22 June - 2 July	Hari Raya Puasa	All destinations
	1 - 16 July	Australia School Holiday	Australia
	15 July - 31 August	Summer Peak	Japan/ Korea/ China
	07 - 23 September	Autumn	Outbound Malaysia to Korea
	10 - 19 September		Outbound Korea to Malaysia
	25 August - 4 September	Malaysia school holidays	All destinations
	1 - 4 September	Hari Raya Haji	All destinations
	16 September - 8 October	Australia school holidays	Australia/ New Zealand
	23 September - 09 October	China National Day golden week	China
	19 - 22 October	Deepavali	All destinations
	25 November - 31 December	Malaysia School Holiday	All destinations
2018	1 - 8 January	New Year	All destinations
	1- 31 January	Australia school holidays ending	Outbound Malaysia to Australia & New Zealand
	07- 13 February	Chinese New Year peak	China
	14- 25 February		All destinations
	26 February - 4 March		ex-KUL to TPE
	9- 19 March	Malaysia school holidays	All destinations
	17 March - 17 April	Cherry blossom peak	Japan / Korea
	30 March - 2 April	Easter peak	Australia/ Delhi/ Auckland
	27 April - 2 May	Labour Day Peak	All destinations
	3 May - 6 May		Japan / Korea
	24 May - 12 June	Malaysia school holidays	All destinations

THANK YOU

