

# AIRASIA X BERHAD

ANNUAL GENERAL MEETING  
CEO PRESENTATION

*Air  
Asia*



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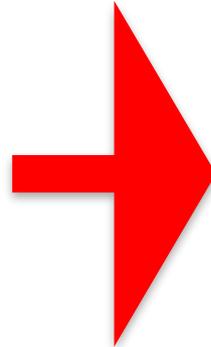
**CHALLENGES  
RECAP  
2014**



# 2014 CHALLENGES RECAP

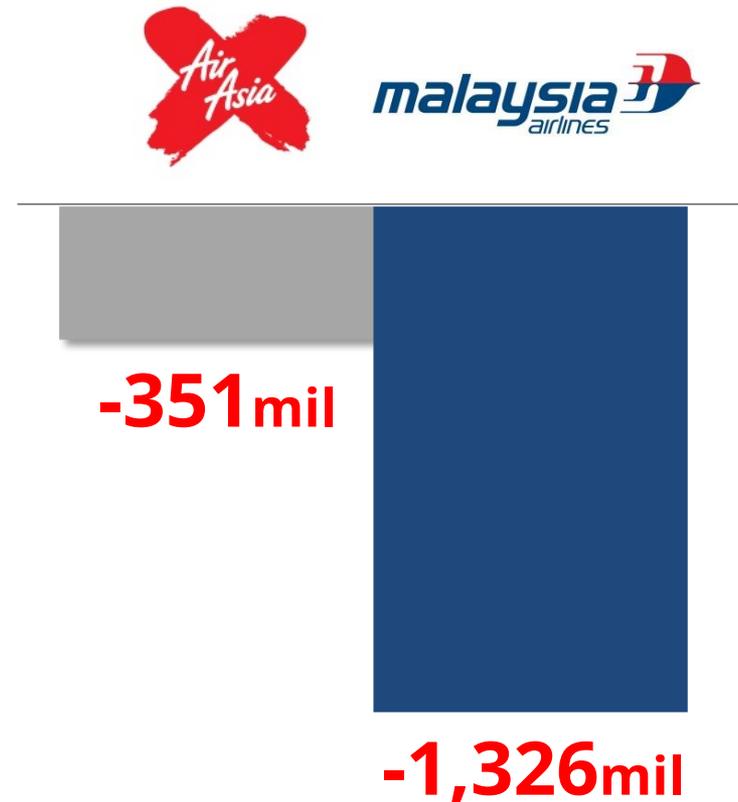


- OVERCAPACITY
- PRICE WAR
- 3 AVIATION INCIDENTS
- WEAKENING MYR AGAINST USD



## 9-MONTH 2014 NET LOSS (RM)

\*MAS delisted since 4Q14



# 2014 CHALLENGES RECAP



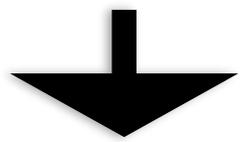
## ➤ OVERCAPACITY

AAX increased flight frequency from **1x** to **2x** daily to mainly Australian routes

+

MAS reacted and increased flight frequency from **2x** to **3x** daily on the same routes

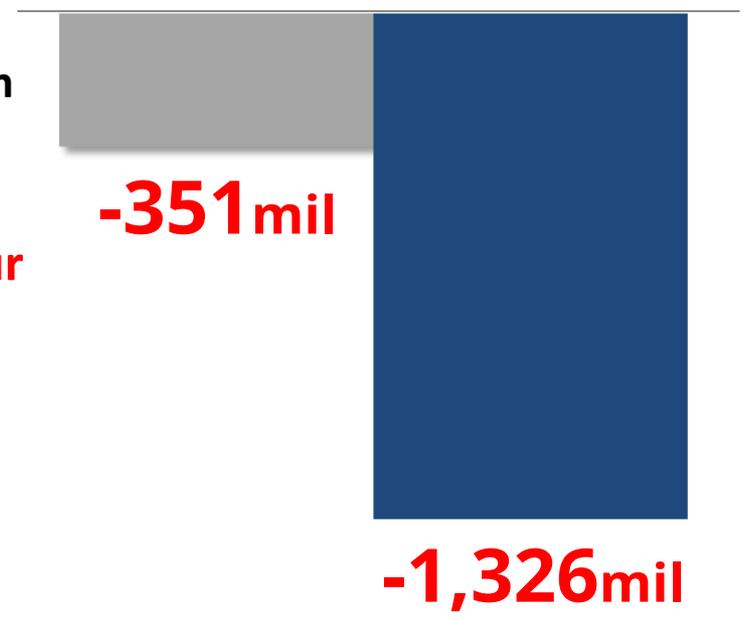
= Total of **5 flights per day** from **Kuala Lumpur** to **Australia**



**OVERCAPACITY** in **MALAYSIAN MARKET**

## 9-MONTH 2014 NET LOSS (RM)

\*MAS delisted since 4Q14



# 2014 CHALLENGES RECAP



## ➤ OVERCAPACITY

## ➤ PRICE WAR

To fill up excess capacity, MAS reduced fares on AAX's core routes, causing price war. E.g.

### SYDNEY



Before: RM6200  
RM1500



Before: RM1600  
RM1300

### MELBOURNE



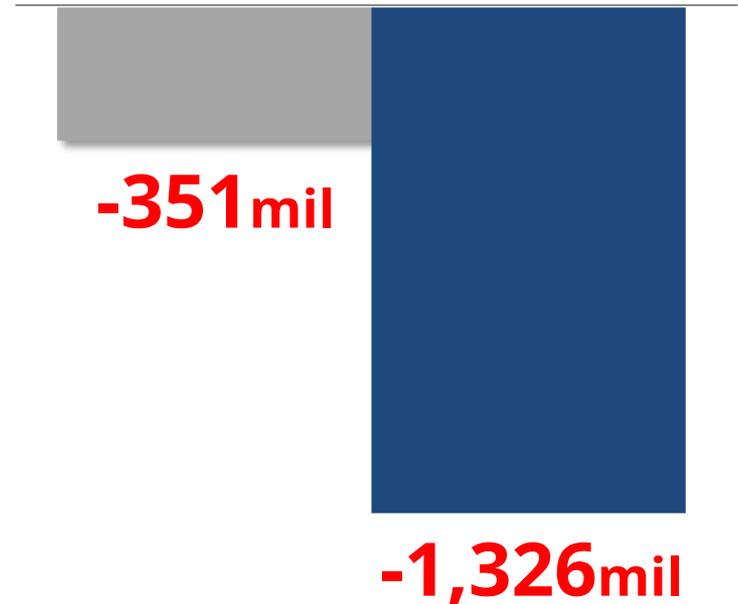
Before: RM5900  
RM1400



Before: RM1900  
RM1200

## 9-MONTH 2014 NET LOSS (RM)

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# 2014 CHALLENGES RECAP



## ➤ OVERCAPACITY

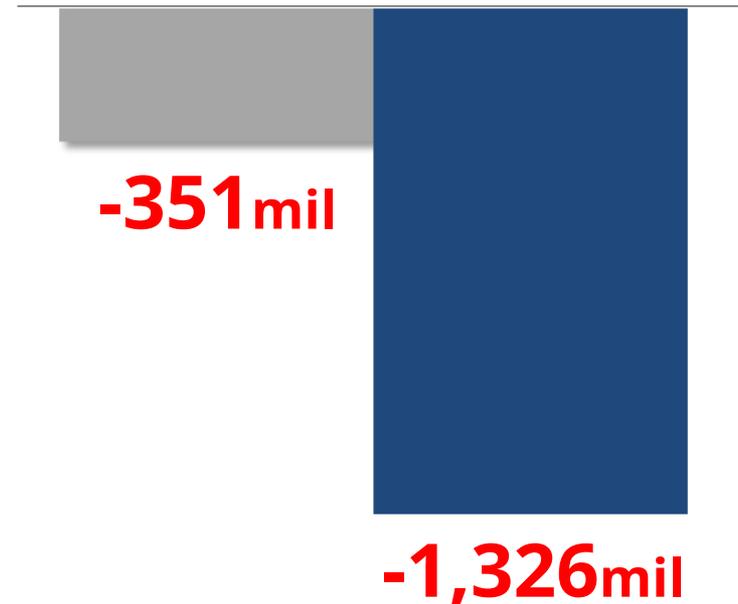
## ➤ PRICE WAR

## ➤ 3 AVIATION INCIDENTS

- MAS further reduced fares to incomparable low fare in which beyond break-even level, makes it hard for AAX to compete
- Halt in marketing with respect to QZ8501 = sales slowdown in 1H2015

9-MONTH 2014 NET LOSS (RM)

\*MAS delisted since 4Q14



# 2014 CHALLENGES RECAP



➤ OVERCAPACITY

➤ PRICE WAR

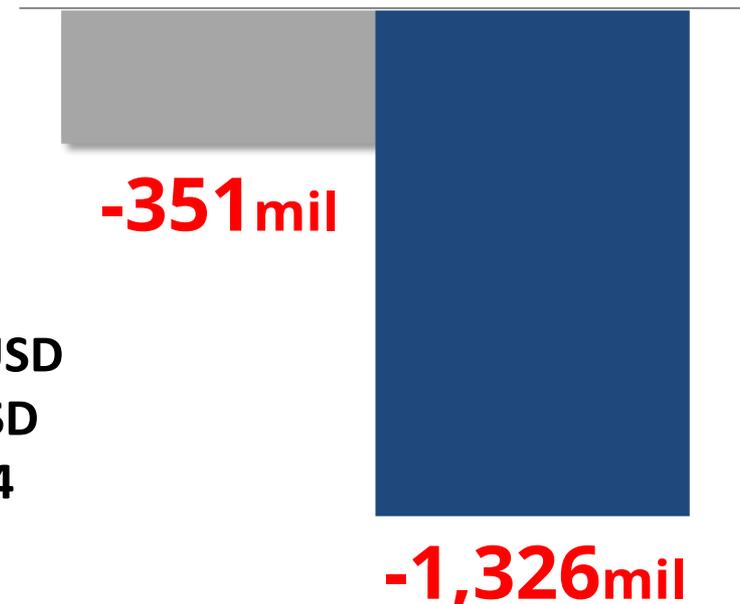
➤ 3 AVIATION INCIDENTS

➤ WEAKENING MYR  
AGAINST USD

- About 60% of our cost denominated in USD
- Approx. 90% of our borrowings are in USD
- USD:MYR strengthened 4%YoY in FY2014 versus FY2013

9-MONTH 2014 NET LOSS (RM)

\*MAS delisted since 4Q14



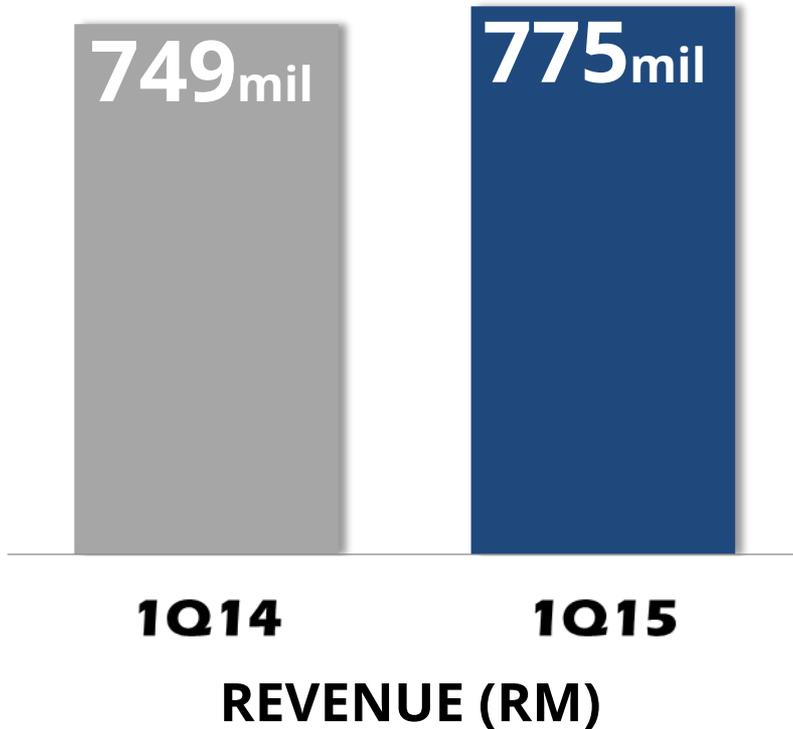
The logo for Air Asiana, featuring the words "Air" and "Asiana" in a white, cursive font, set against a red, brush-stroke-like background.A group of six women in colorful, patterned kimonos are walking down a street. They are smiling and looking towards the camera. The street is lined with buildings, and there are cherry blossom trees in the background. A string of colorful kites is hanging across the street. The scene is bright and festive.

# FIRST QUARTER 2015 RESULTS REVIEW

# 1Q15 KEY FINANCIALS



**+3% YoY**



Mainly driven by:

**Charters & Wet Leases Revenue**



**+80% YoY**

**Aircraft Rental Income**

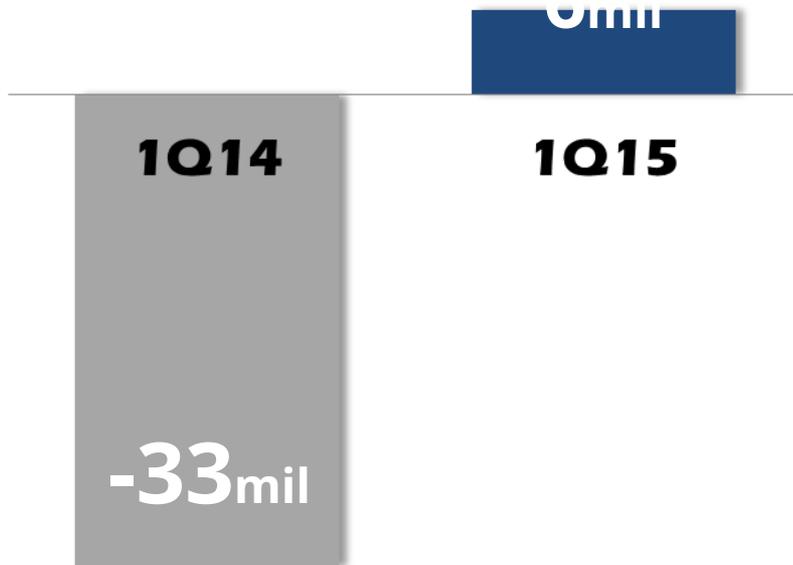


**+464% YoY**

# 1Q15 KEY FINANCIALS



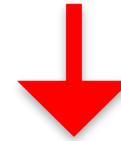
**+118% YoY**



**OPERATING PROFIT/ (LOSS)  
(RM)**

Thanks to:

**Lower Fuel  
Cost**



**-32% YoY**

**Other Cost**



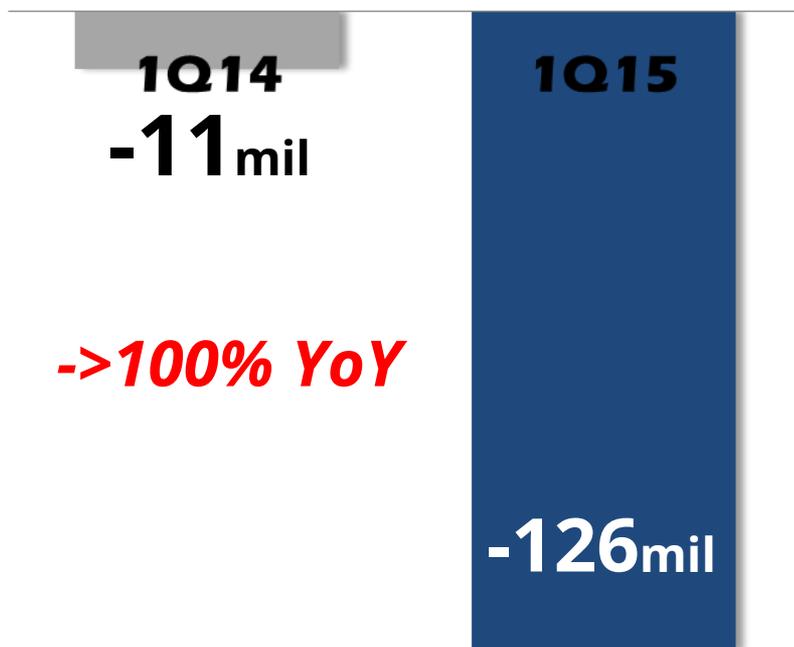
**-15% YoY**

**Higher Other  
Income  
(aircraft & engine  
transaction)**



**+111% YoY**

# 1Q15 KEY FINANCIALS



->100% YoY

NET (LOSS)/ PROFIT  
(RM)

Mainly impacted by:

- Forex Loss of -RM87mil as USD:MYR appreciated +10%YOY
- Investment Loss in IAAX of -RM15mil

# TURNAROUND INITIATIVES & UPSIDE

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# KEY TURNAROUND INITIATIVES



## MAXIMIZE REVENUE

- Optimize capacity (via frequencies cut) & opening of unique routes = higher fare & improve yield
- Deploy excess capacity to wet leases = generate USD revenue
- BIG Loyalty to drive traffic: currently only 2mil out of 13mil are active members = huge room for improvement
- Aggressive marketing with tourism & partners; broader distribution channels

## REDUCE COST

- Eliminate redundancy, reduce headcount
- Renegotiate contracts & charges
- Terminate loss making routes (Adelaide & Nagoya)
- Favourable fuel prices
- Fuel management, inflight initiatives & more

## BUILD CASH

- All 2015 aircraft deliveries on operating lease = No major CAPEX
- Potential refinancing of old aircraft / engines via sale-and-leaseback
- Defer 2016 aircraft

## DRIVE ANCILLARY

- WiFi On-board, EZPay (Forex Card), Fly-Thru, Enhance Duty-Free Products & Platform

## GROW ASSOCIATES

- TAAAX turned profitable in Dec 2014 & 1Q15 – less than 1 year of operation
- Expects TAAAX to start contributing in 2015, followed by IAAX in 2016

# HUGE UPSIDE - MAS RESTRUCTURING

*Air Asia*

## TIMELINE

**2015**

**REDUCE LOSSES &  
RATIONALISE COMPETITION**

**2016 & 2017**

**RESTRUCTURING OF  
INTERNAL BUSINESS**

**2018**

**GROWTH**



➤ **NO MORE OVERCAPACITY &  
IRRATIONAL PRICING**

**= FURTHER YIELD ENHANCEMENT  
FOR AAX**

➤ **NEW MAS TO FOCUS BACK  
PREMIUM MARKET**

**= NO MORE HEAD-ON COMPETITION**

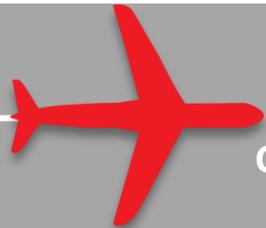
➤ **PULL BACK ON CERTAIN LONG-  
HAUL ROUTES**

**= NEW OPPORTUNITY FOR AAX**

# AAX TURNAROUND INITIATIVES – TIMELINE



**FIRST HALF 2015: CONSOLIDATION PHASE**



NETWORK &  
OPERATION  
CONSOLIDATION

REDUCE  
HEADCOUNT

ENHANCE  
AUTOMATION

RENEGOTIATE  
CONTRACTS

PUSH  
ANCILLARY  
(EZPAY) & FLY--  
THRU

**SECOND HALF 2015: OFFSET LACKLUSTRE PERFORMANCE WITH STRONG  
FORWARD BOOKINGS & FULL IMPLEMENTATION OF TURNAROUND  
INITIATIVES**



AGGRESSIVE  
MARKETING WITH  
TOURISM &  
PARTNERS

PUSH BIG  
LOYALTY &  
DUTY-FREE

WIFI  
ONBOARD

OPENING OF  
UNIQUE  
ROUTES

NEW  
PAYMENT  
CHANNEL

FUEL  
MANAGEMENT &  
INFLIGHT  
INITIATIVES

+

**MAS  
RATIONALISING**



**TO A PROFITABLE AAX IN 2016**

The Air Asiana logo is positioned in the top right corner of the image. It features the words "Air" and "Asiana" in a white, cursive script font, set against a red, brush-stroke-like background.The background of the image shows a group of women in traditional Korean Hanbok. They are dressed in vibrant, multi-colored robes (yellow, green, blue, red) and are kneeling on a grey surface. They are holding large, colorful fabric pieces, possibly part of a traditional performance or ceremony. The women are wearing traditional black hair ornaments with red and white floral decorations. The background is slightly blurred, showing a crowd of people and a building structure.

**TAAX & IAAX UPDATE**

# THAI AIRASIA X

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## 1Q2015 KEY METRICS:

Total Pax Carried	155,961
Load Factor	82%
Average Base Fare (THB)	5,172
Net Profit (THB'mil)	90



# UPDATE – THAI AAX

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## Current Routes:

- Incheon (7x weekly)
- Osaka (7x weekly)
- Narita (14x weekly)
- Sapporo (7x weekly)

## Upcoming Routes:

- Iran
- Dalian/ Qingdao (TBC)
- Melbourne (TBC)

## Update on Thailand Flights Ban Into Japan & Korea:

- Sapporo flights will operate using MAAX call-sign until TAAX secures approval from Japan authority
- Existing flights to Japan and Korea will not be affected

## Fleet Size:

**Current:** 3 A330-300s

**End-2015:** 5 to 6 A330-300s



# UPDATE - INDONESIA AAX



**BALI - TAIPEI**

(4x weekly)

**BALI - MELBOURNE**

(5x weekly)



**JEDDAH**

**SYDNEY**

**BRISBANE (TBC)**

**TOKYO (TBC)**



**CURRENT FLEET**

**SIZE:**

**2 A330-300s**



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**THANK YOU**

**From AllStars**