

The image features a black background with a complex, white line-art pattern of stylized flowers and concentric circles. A large, vibrant red brushstroke is positioned in the center, overlapping the pattern. The words "AirAsia" are written in a white, cursive script across the red brushstroke.

AirAsia

AirAsia X Berhad
First Quarter 2014 Results
- Investor and Analyst Briefing -

Disclaimer



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Executive Summary

Key takeaways for 1Q14 Briefing...



Capacity

- ASK capacity growth peaks this quarter at 60% YoY
- 3.5% QoQ growth from 4Q13: Launch of Nagoya and Full Double-Dailies
- Record Load Factor of 85.8% proves demand can be stimulated
- Achieving Market Leadership Position in core markets

RASK

- RASK of 12.09 sen is -12.4% YoY drop, less than the 4Q13 drop of -15.1% YoY
- RASK also represents a +6.5% QoQ growth
- Mature routes without new capacity continue to deliver positive RASK growth

CASK

- CASK of 12.62 sen is a +2% YoY increase, but Ex-Fuel is a -6% drop
- CASK in US cents of 3.83 cents is a -5% drop, indicating effect of currency
- For Controllable Costs, CASK dropped -12% YoY from cost saving initiatives

Margins

- Normalised EBITDAR Margin of 8.9% is an improvement from Q4-2013 of 5%
- Normalised EBIT Margin of -5% also an improvement from Q4-2013 of -11%

Cash

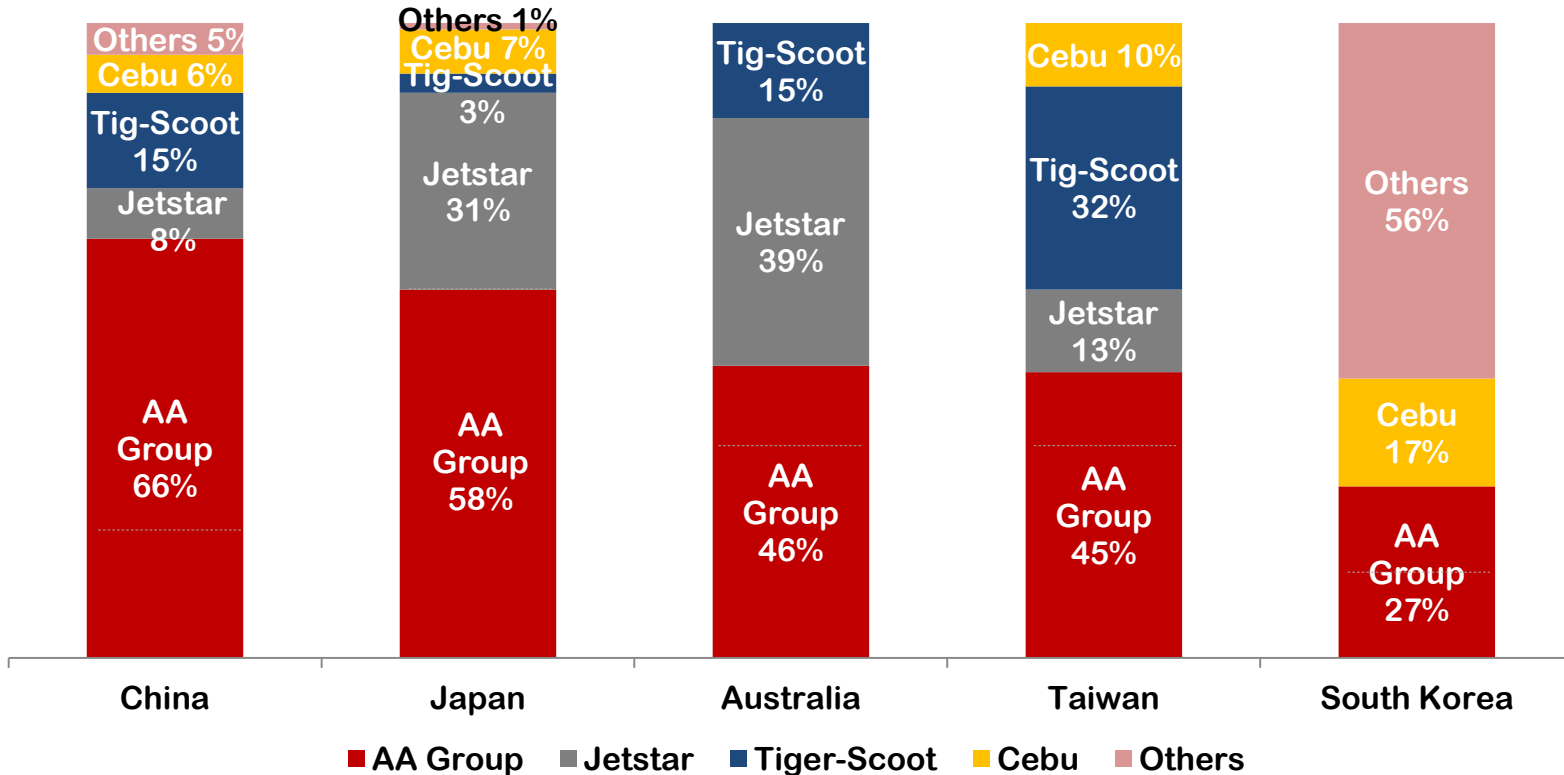
- Operating Cash Flow continues to be positive with +RM131.6 million
- Net Cash Flow drops -RM137 million, from investment in IAAX and one Aircraft Delivery on Finance Lease



Business Updates

LCC Market Share from Southeast Asia

“AirAsia Group Clear Market Leader” in all core markets



Source: IATA Passenger Intelligence System (PaxIs) YE Dec'13

Notes:

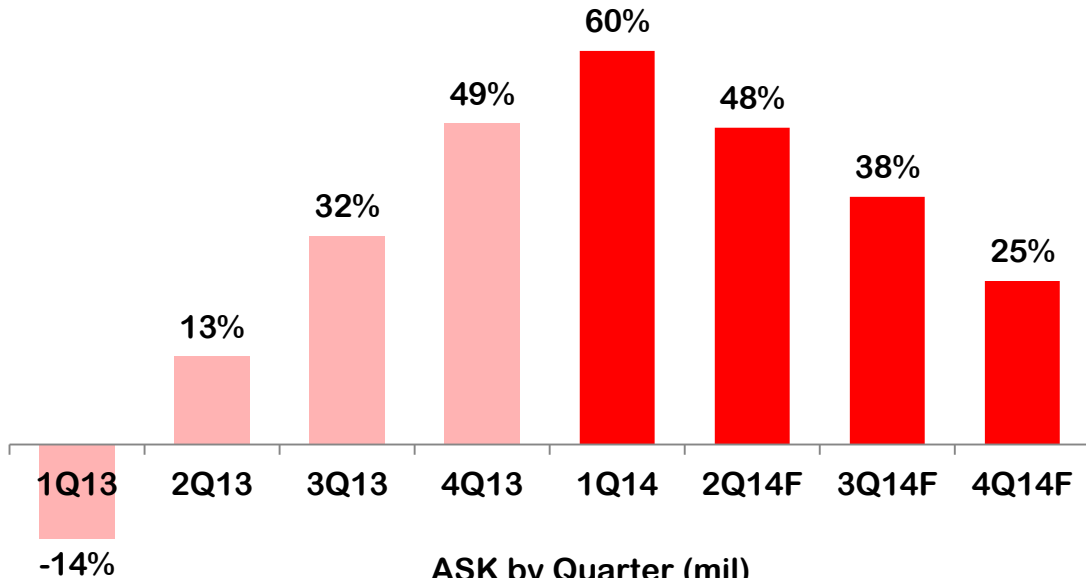
- AA Group: AAB, AAX, TAA, IAA, and PAA
- Tig-Scoot: Tiger, and Scoot
- Others in South Korea: Jeju Air, Jin Air, Eastar Jet, T'way Air, and Air Busan
- Others in China: Spring Air

AirAsia X is also the Overall (LCC + FSC) Market Leader in Passengers Carried between Malaysia and each of the Five Core Markets above

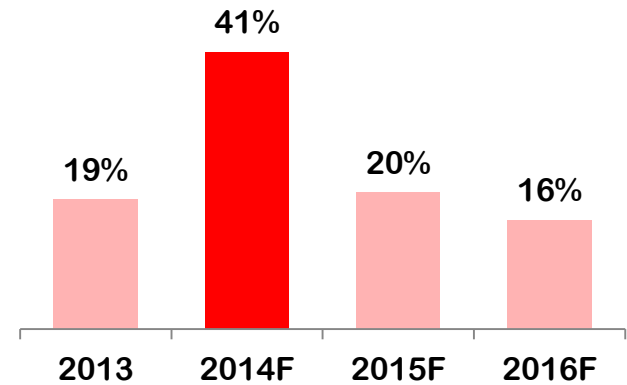
Short-Term Capacity Expansion to Build Lead



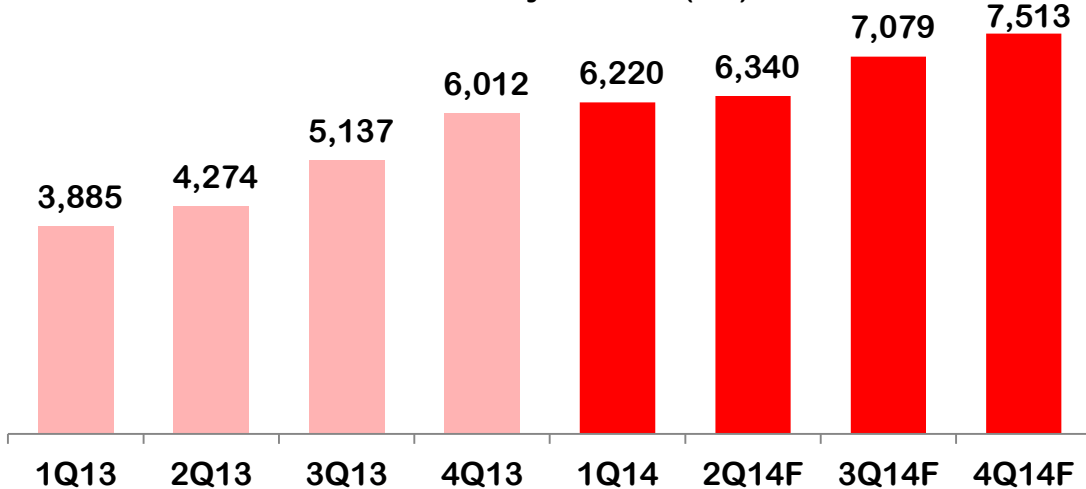
YoY ASK Growth by Quarter



YoY ASK Growth by Year



ASK by Quarter (mil)



Strategic Reasons for Aggressive Short-Term Expansion

- (i) Scale advantage over competition
- (ii) Impending Infrastructure Bottlenecks & Slots Constraints

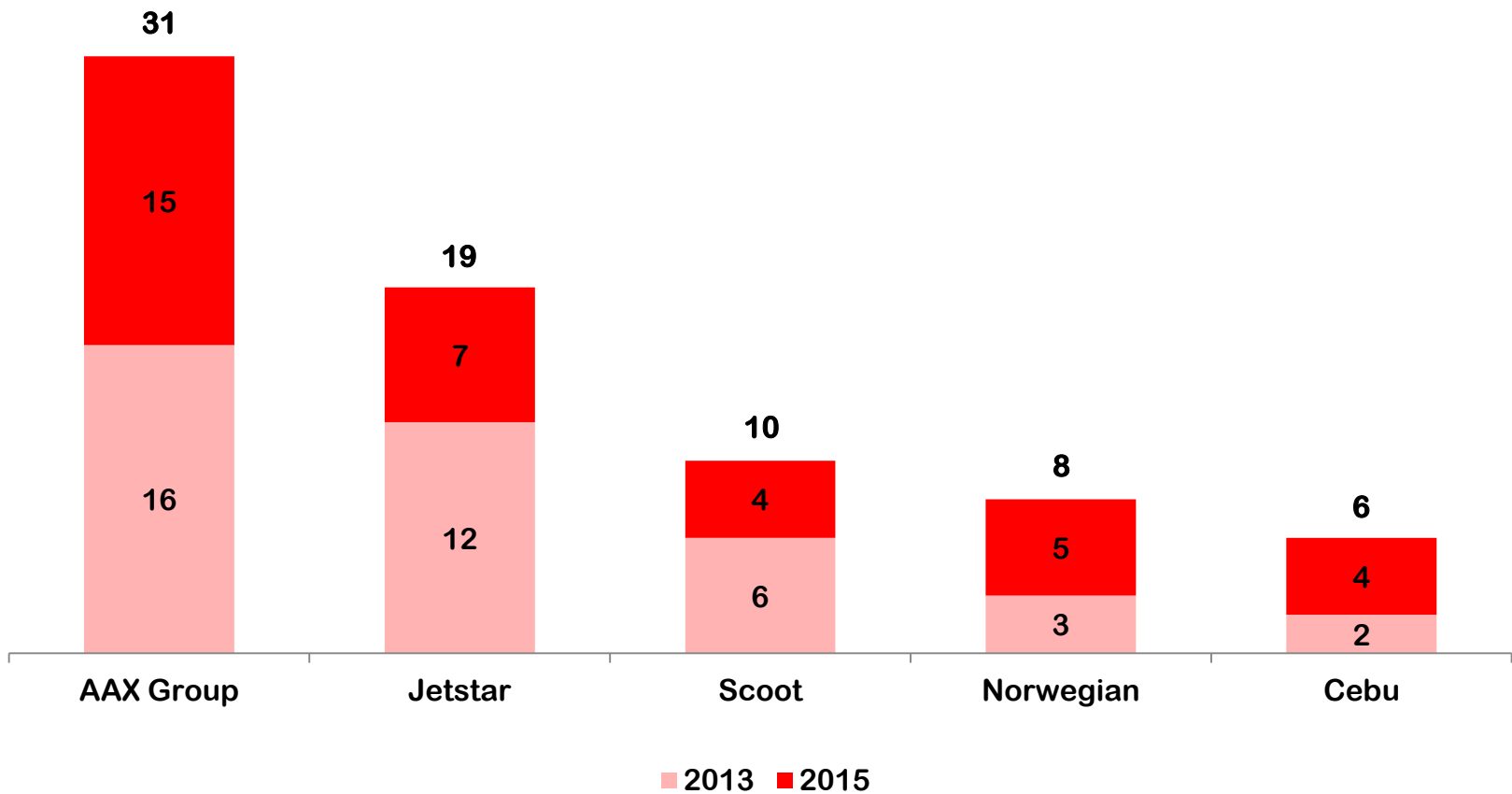
Note: Projected ASK is subject to change according to market demand.

Scale Advantage Over Competition

Clear Global Market Leader In Global Long-Haul LCC Space



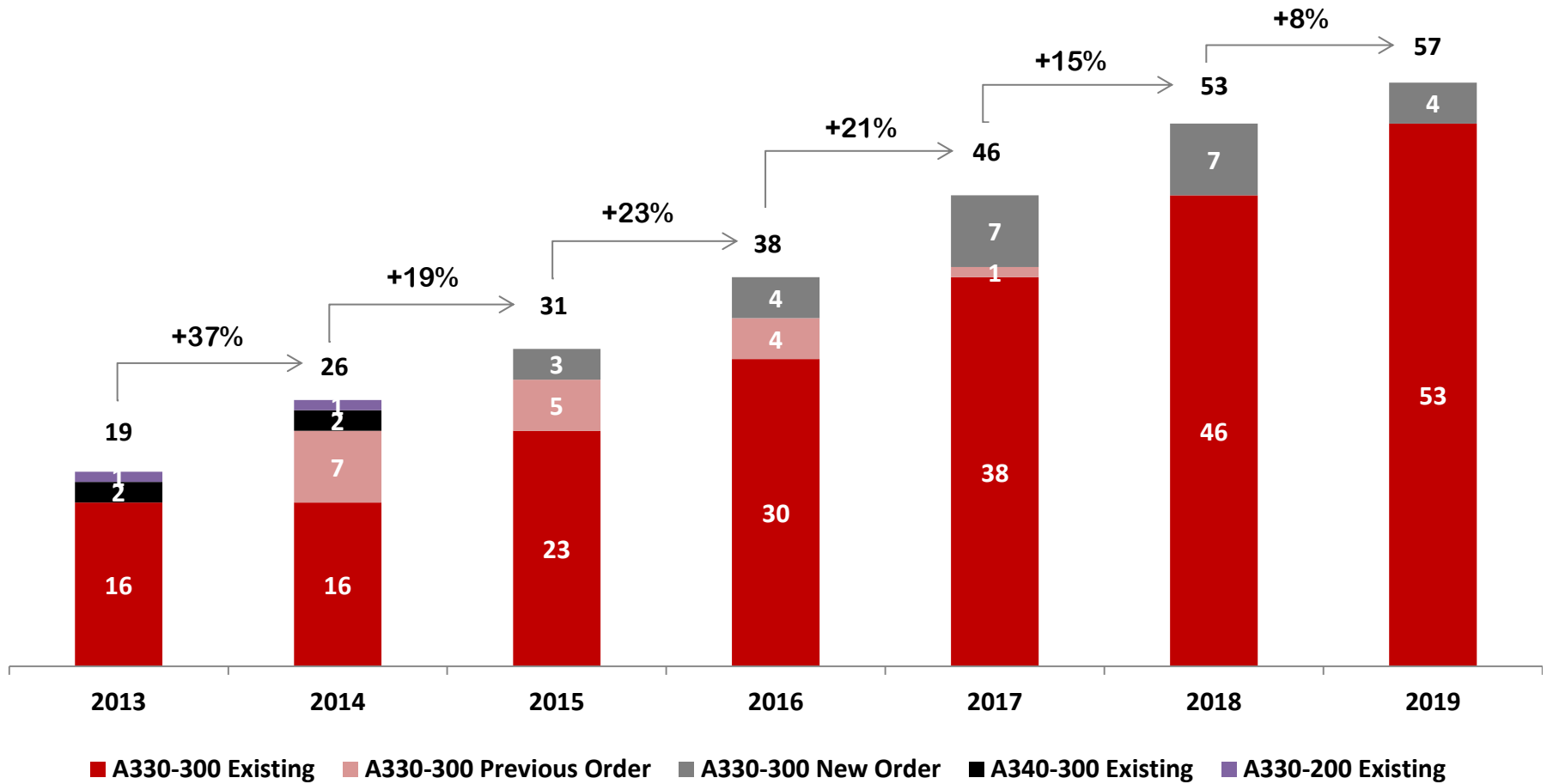
Current & Projected LCC Wide-Body Fleet Size



AAX Group: AAX, TAAX, and IAAX

Source: CAPA

Fleet Size and Delivery Schedule

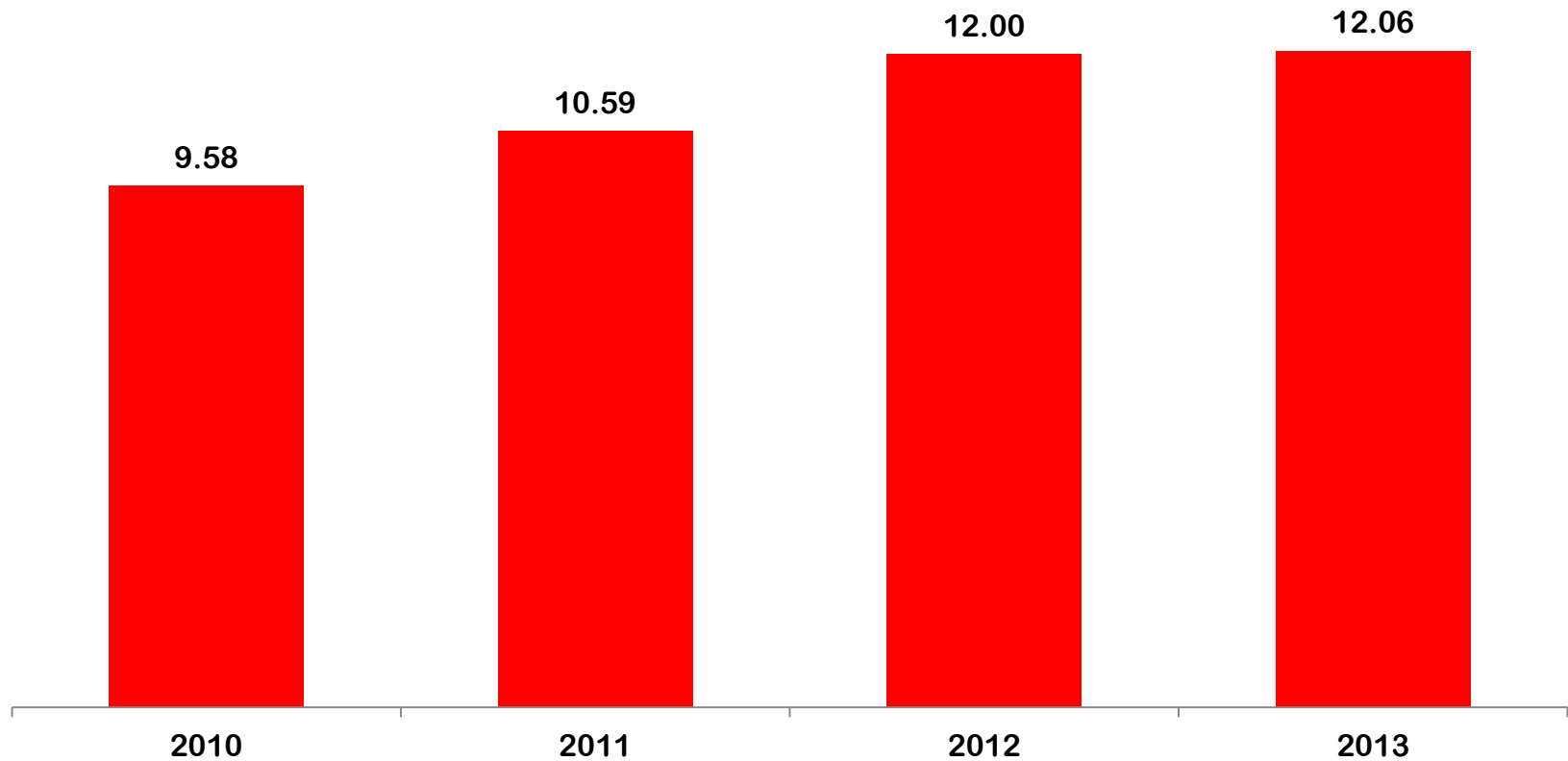


RASK To Stabilize

With Time Our Route Portfolio Matures....



RASK (RM sen)

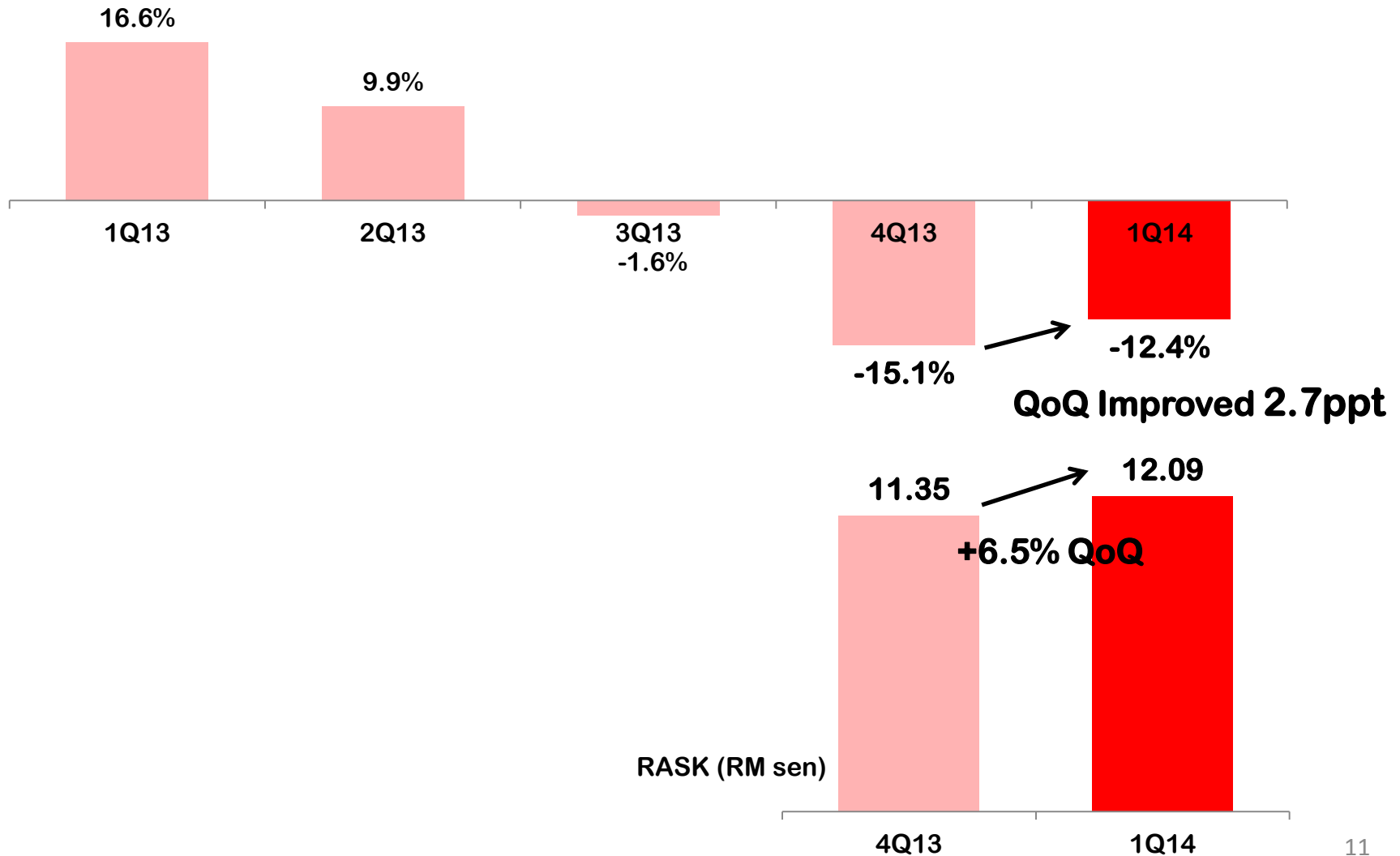


RASK To Stabilize With Time Our Route

Portfolio Matures (continue)...

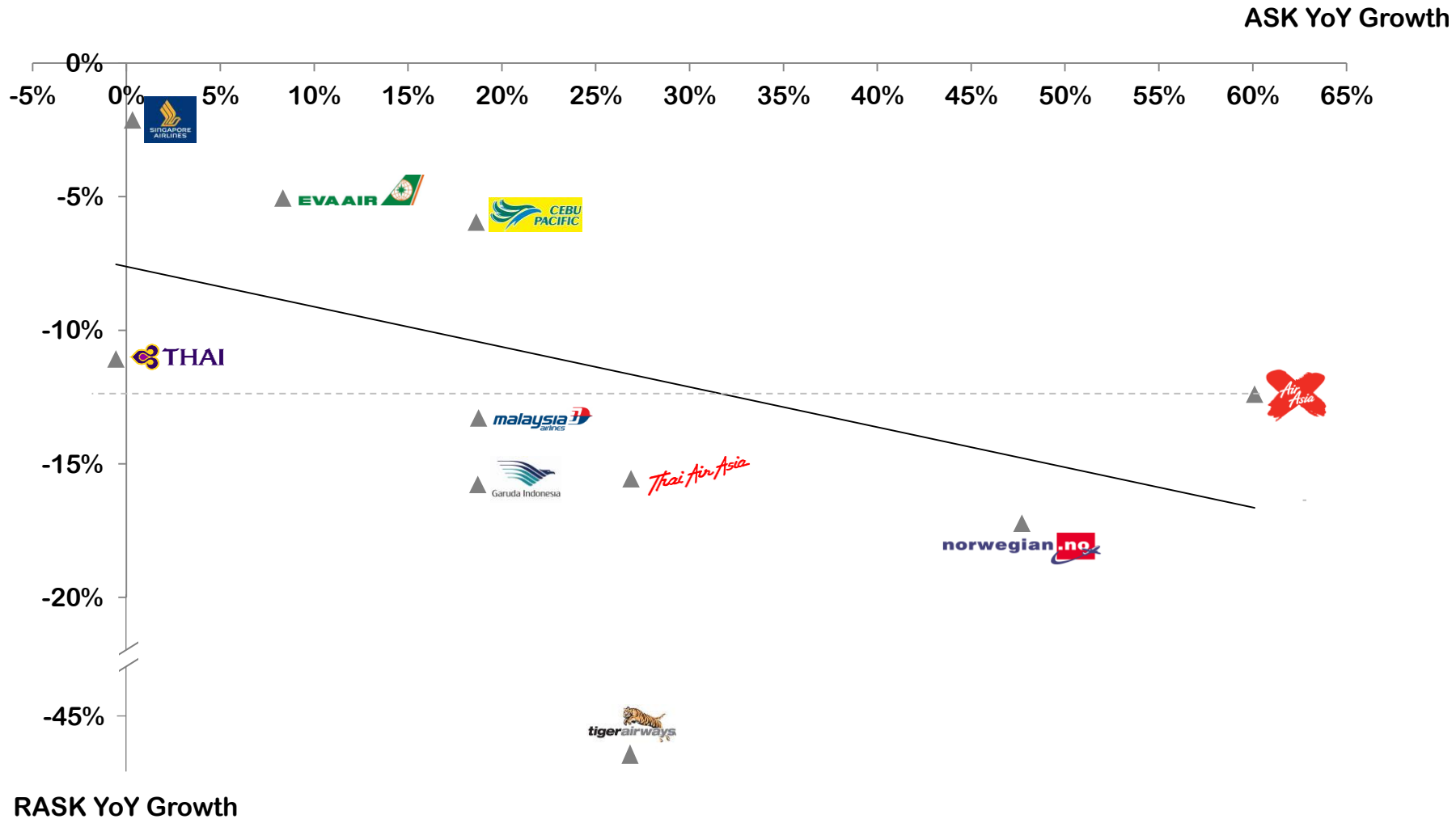


RASK YoY Growth



Industry Performance

On ASK & RASK For Quarter Ended March 2014



Source: Company's financial report / presentation slides on website

Initiatives To Deliver Positive RASK Growth

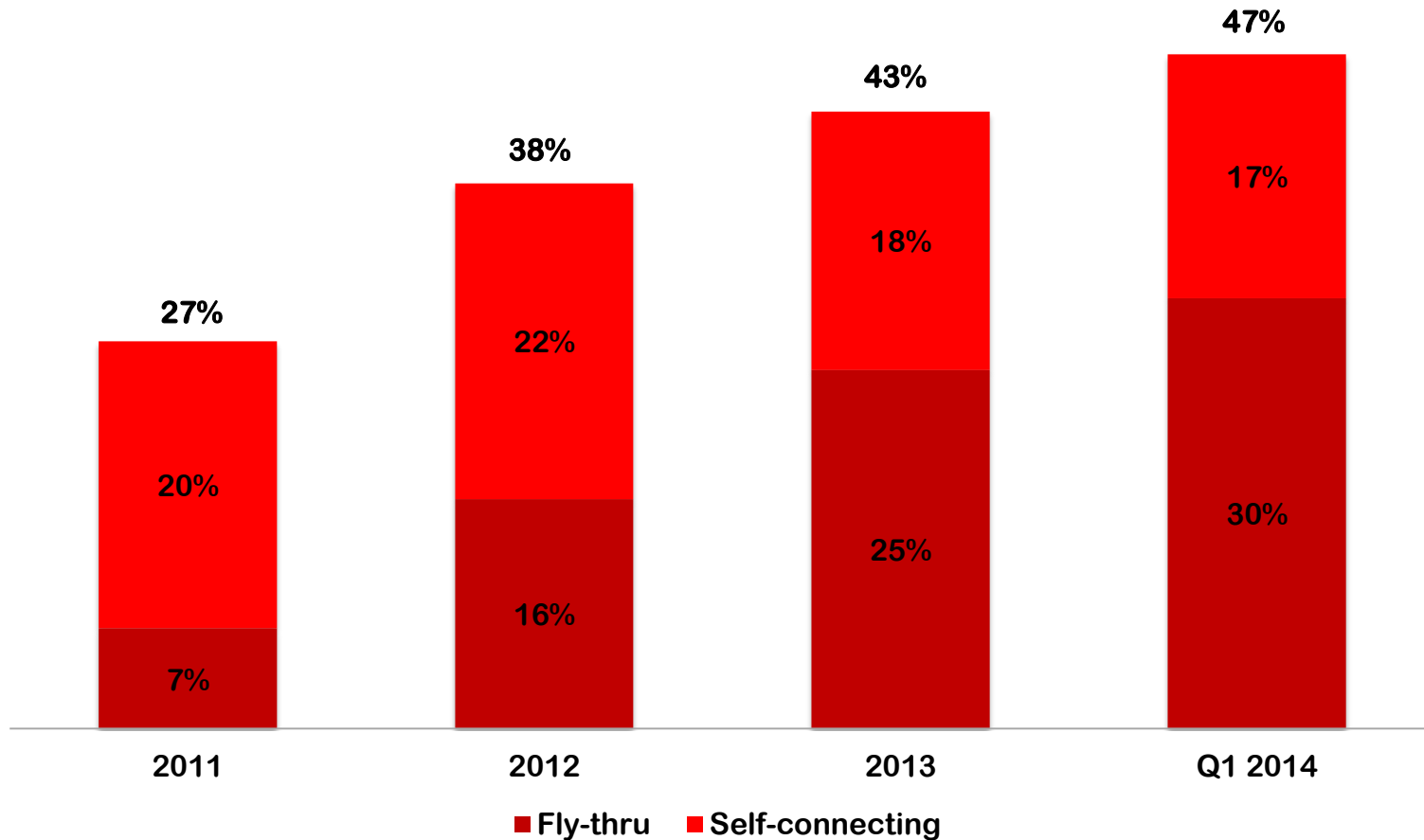
Progress Update...



- **Increased Network Connectivity**
- **Origin-Destination Revenue Management**
- **Broader Distribution Mix**
- **KLIA2 Passenger Experience**

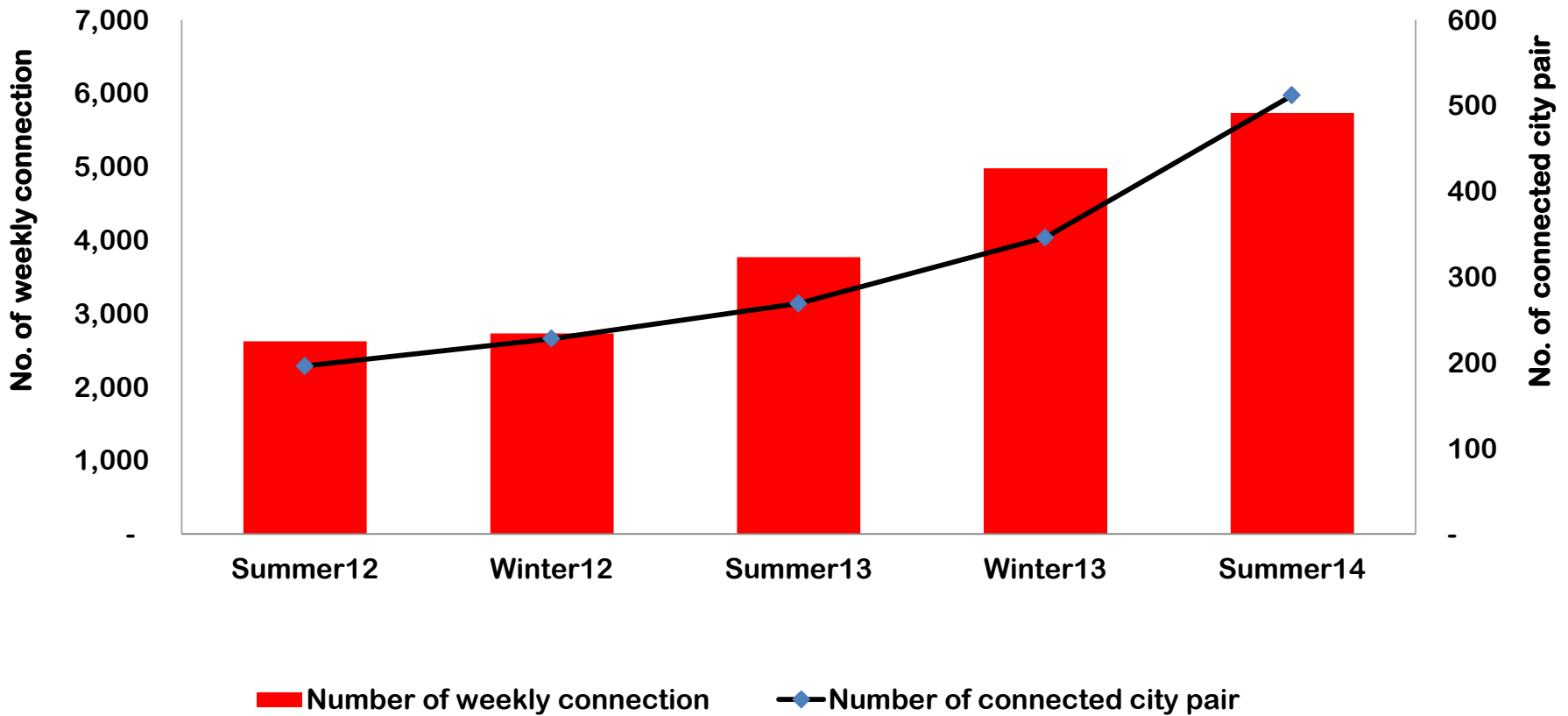
Fly-Thru Connectivity Growth

Fly-Thru and Self-Connecting On The Rising Trend...



Fly-Thru Connectivity Growth

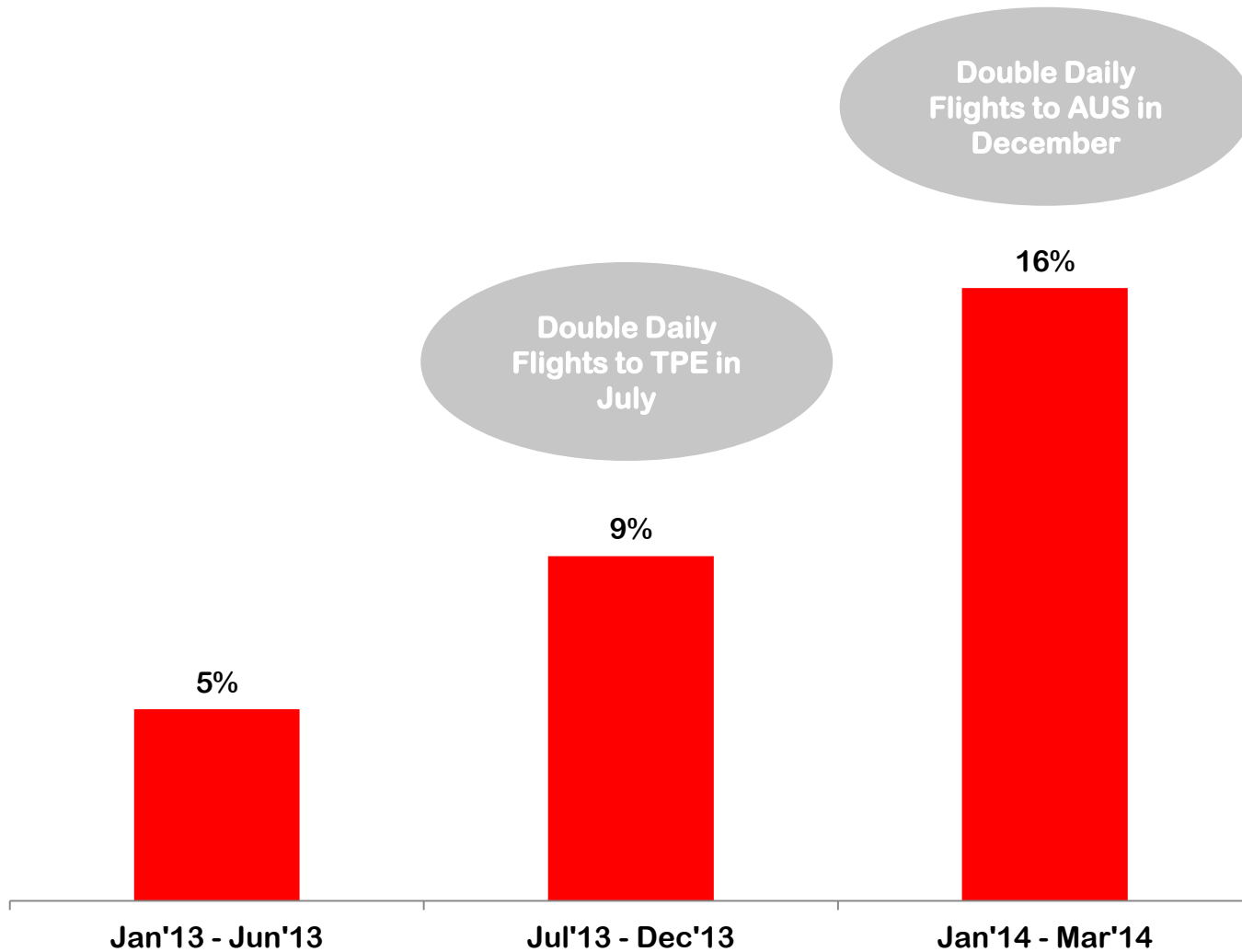
Number of Weekly Connections and City Pairings



Note: Summer is define from last Sunday of March to last Saturday of October

Fly-Thru Indirect Market Share of Traffic

Strengthening in Core Routes North Asia – Australia



Broader Distribution Mix

Increasing Visibility...



Share of Mobile Sales jumped 22% in March-April after the introduction of Fly-Thru on Mobile (Launched Date: 28 Feb 14)

Mobile Fly-Thru



Activated 5 OTAs in core markets to-date

** Refer to appendix for snapshot of OTAs*

Online Travel Agents (OTAs)



Onboard with Travelport And Amadeus

Global Distribution System (GDS)



KLIA2

Moved to a new home...



Enhancement to Passengers' Experience = Revenue Upside

- ✓ **ERL Connectivity**
- ✓ **Use of Aerobridge**
- ✓ **Larger space for Fly-Thru and Transit**
- ✓ **Better Facility such as Lounge and Airside Hotel**



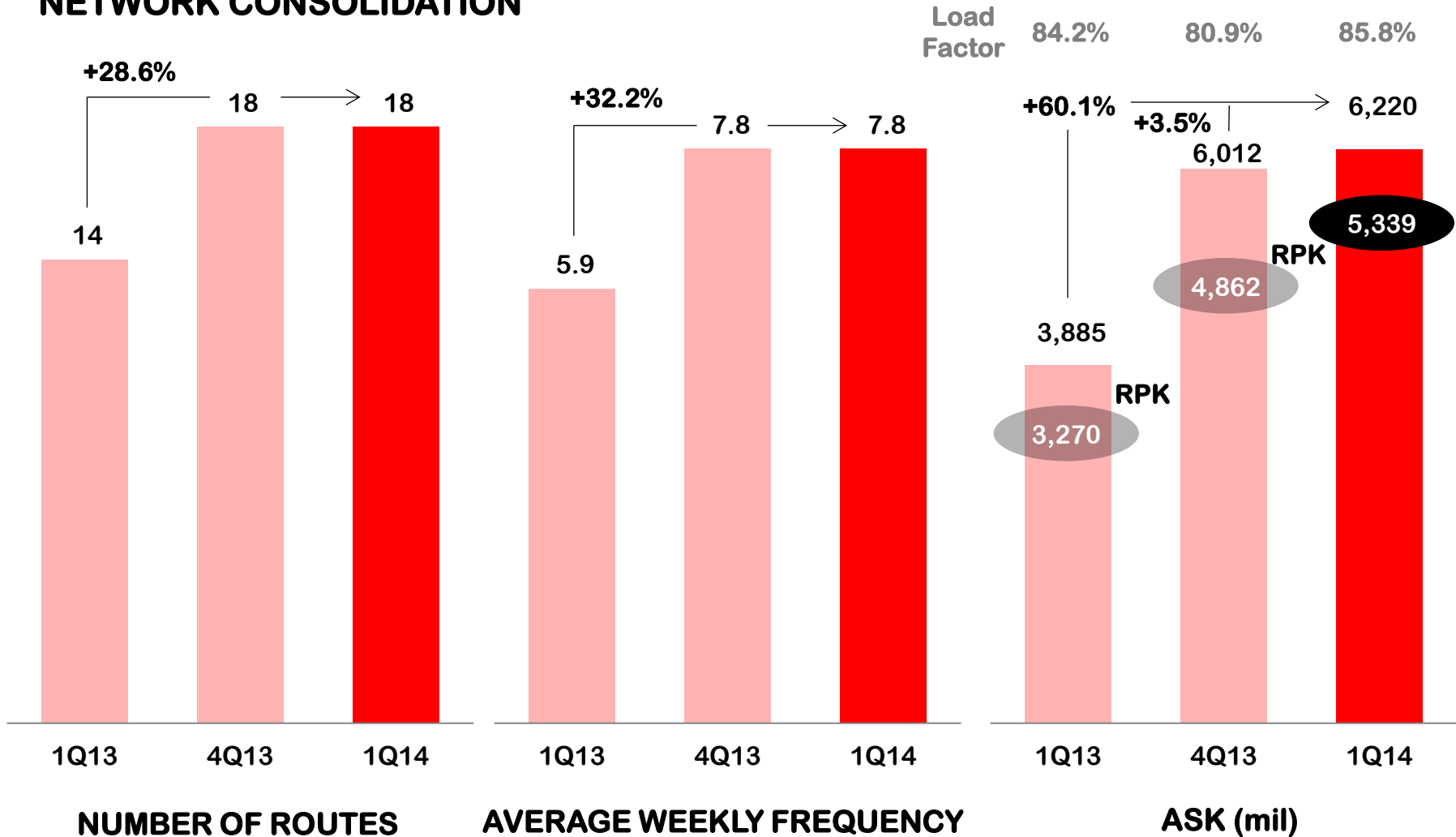
First Quarter 2014 Key Operating & Financial Highlights

1Q14 – Key Operating Highlights

3-month ended 31 March 2014



NETWORK CONSOLIDATION

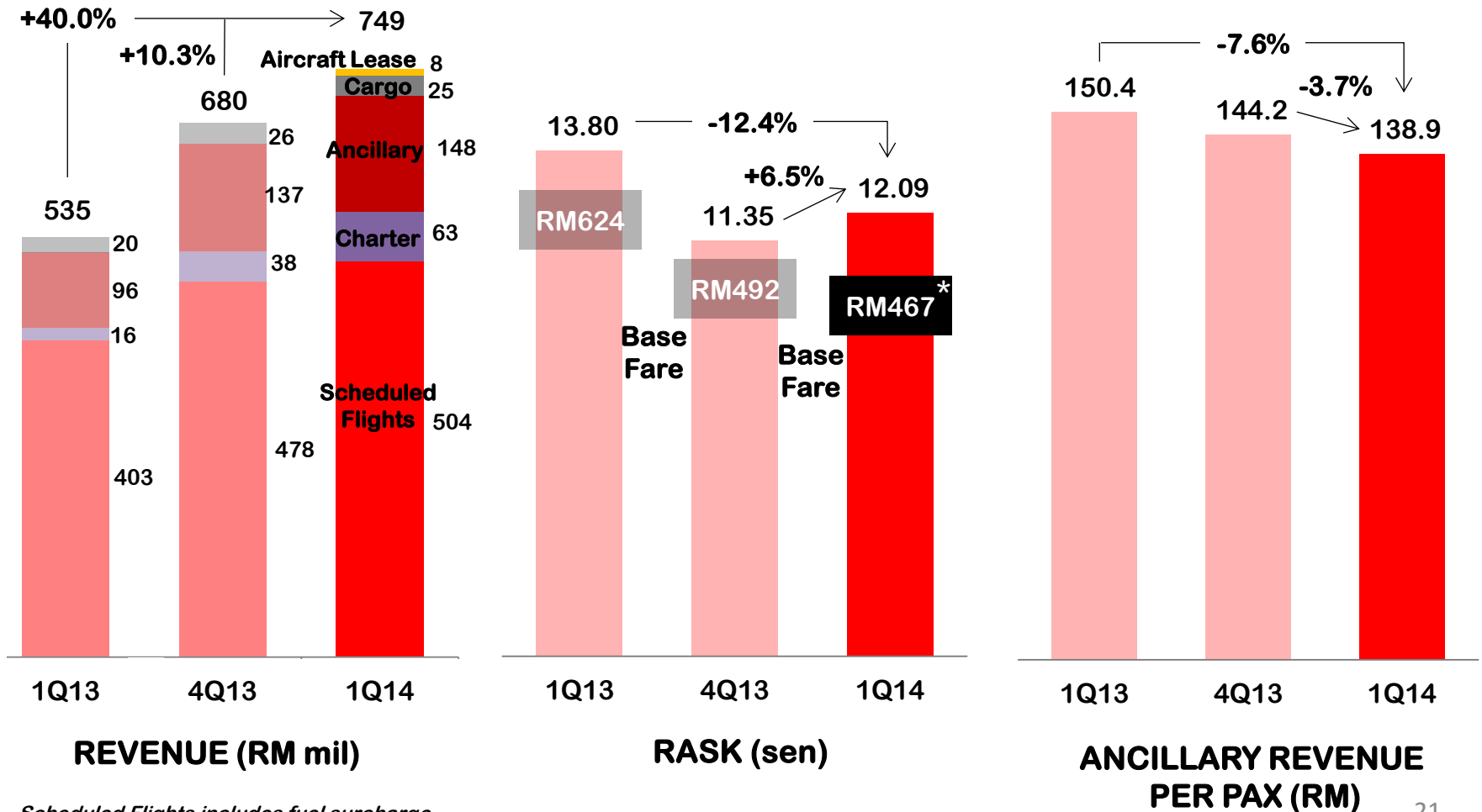


1Q14 – Key Financial Highlights

3-month ended 31 March 2014



TOPLINE GROWTH



- Scheduled Flights includes fuel surcharge

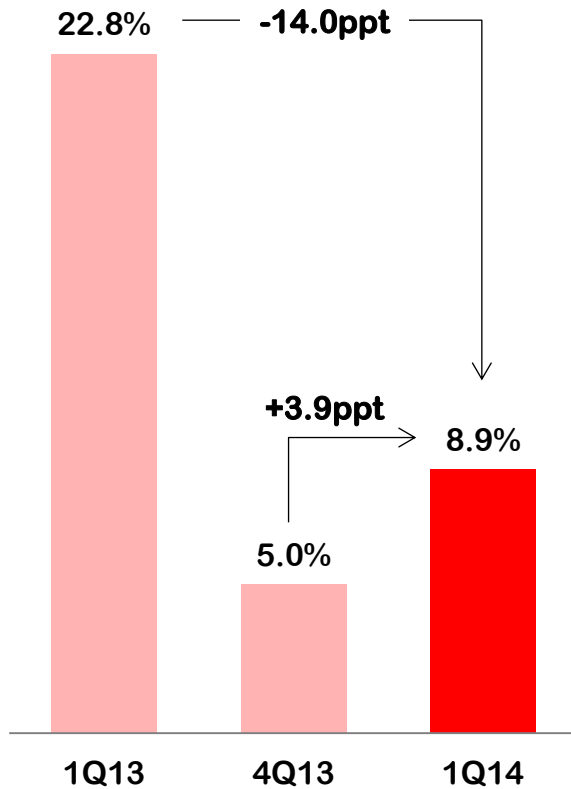
* -25%YoY and -5%QoQ drop was mainly affected by the Australian routes

1Q14 – Key Financial Highlights

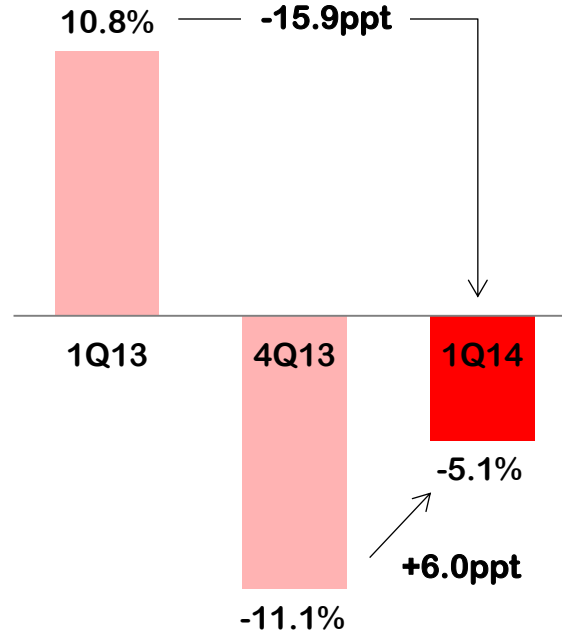
3-month ended 31 March 2014



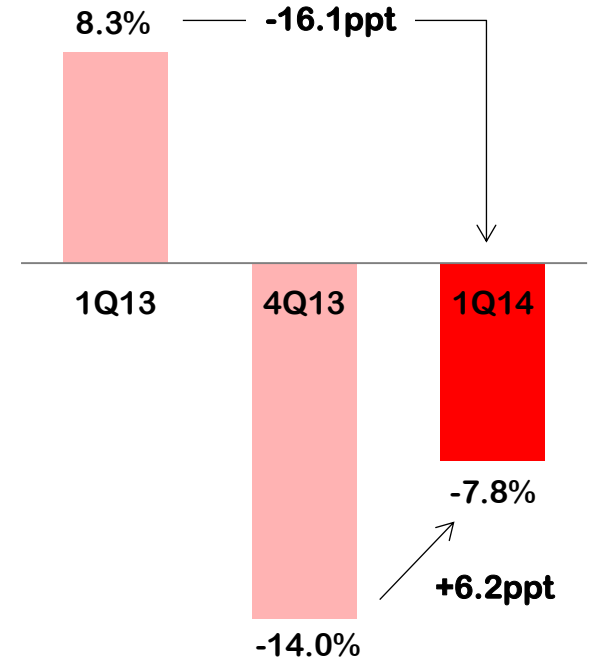
MARGINS



NORMALISED EBITDAR MARGIN*



NORMALISED EBIT MARGIN*

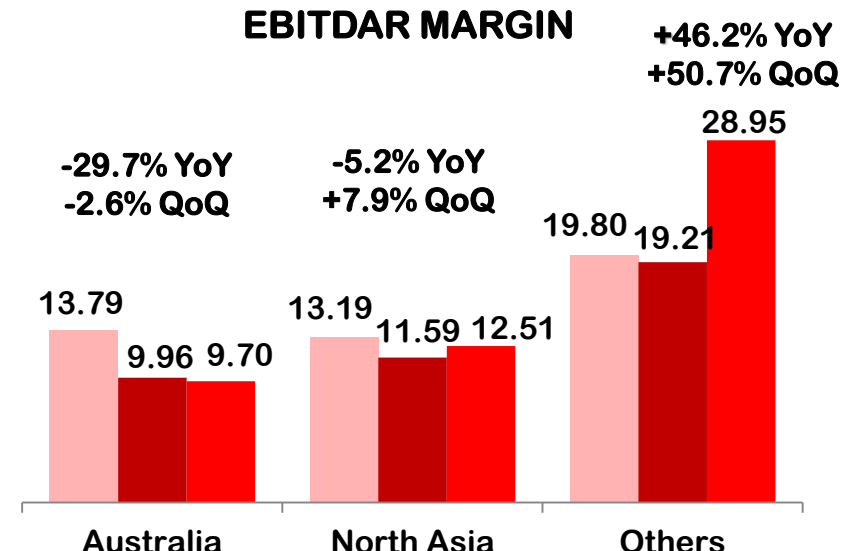
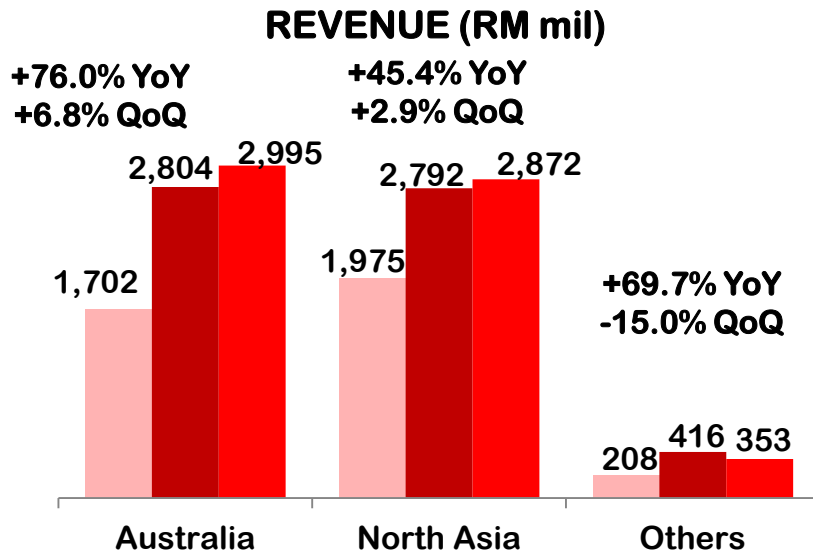
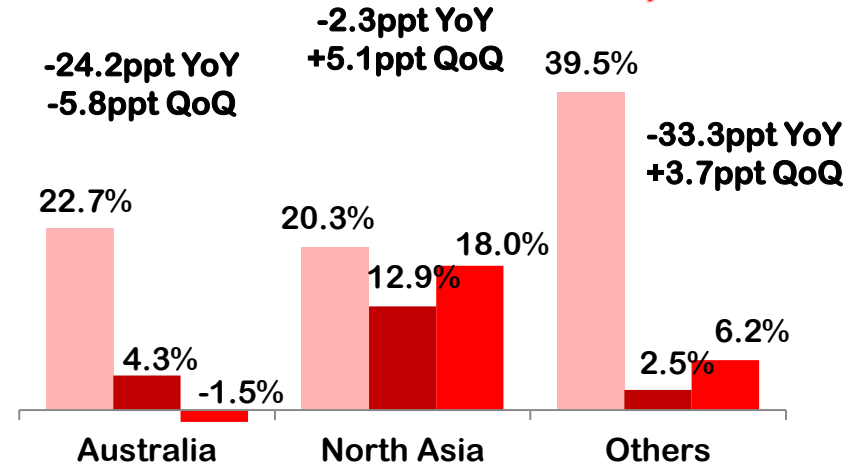
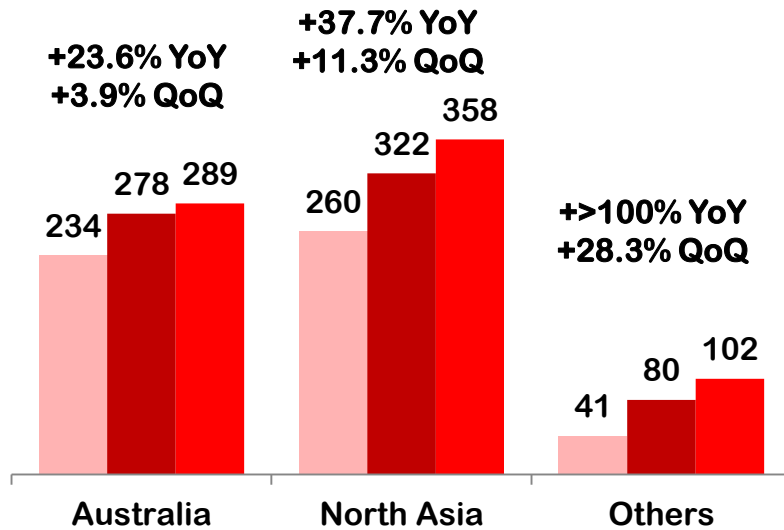


NORMALISED NET OPERATING PROFIT/(LOSS) MARGIN*

* Normalised Margin – after adjusting a lump sum annual cost which was accounted during Q413

1Q14 – Segment Profitability

3-month ended 31 March 2014



1Q13 4Q13 1Q14

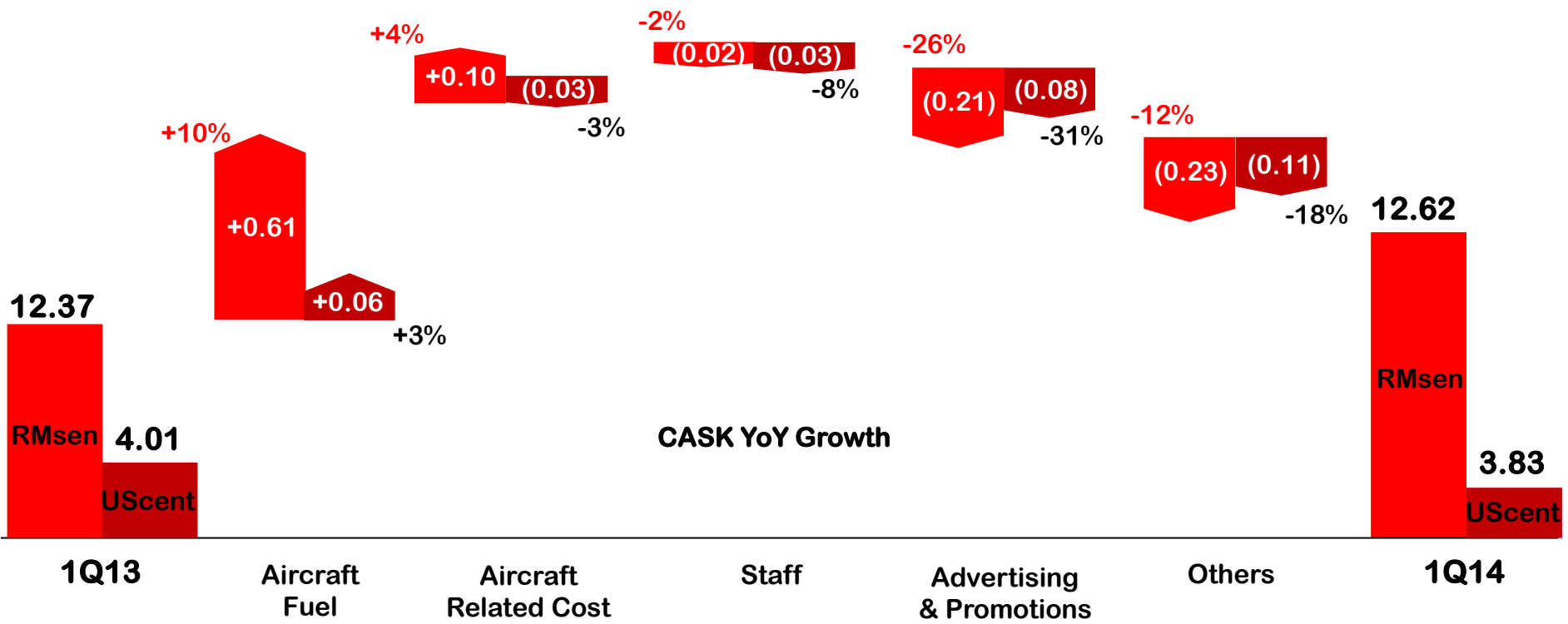


1Q14 – Operating Expenditure

3-month ended 31 March 2014

CASK (RMsen) +2% YoY
CASK (UScent) -5% YoY

CASK ex-fuel (RMsen) -6% YoY
CASK ex-fuel (UScent) -12% YoY



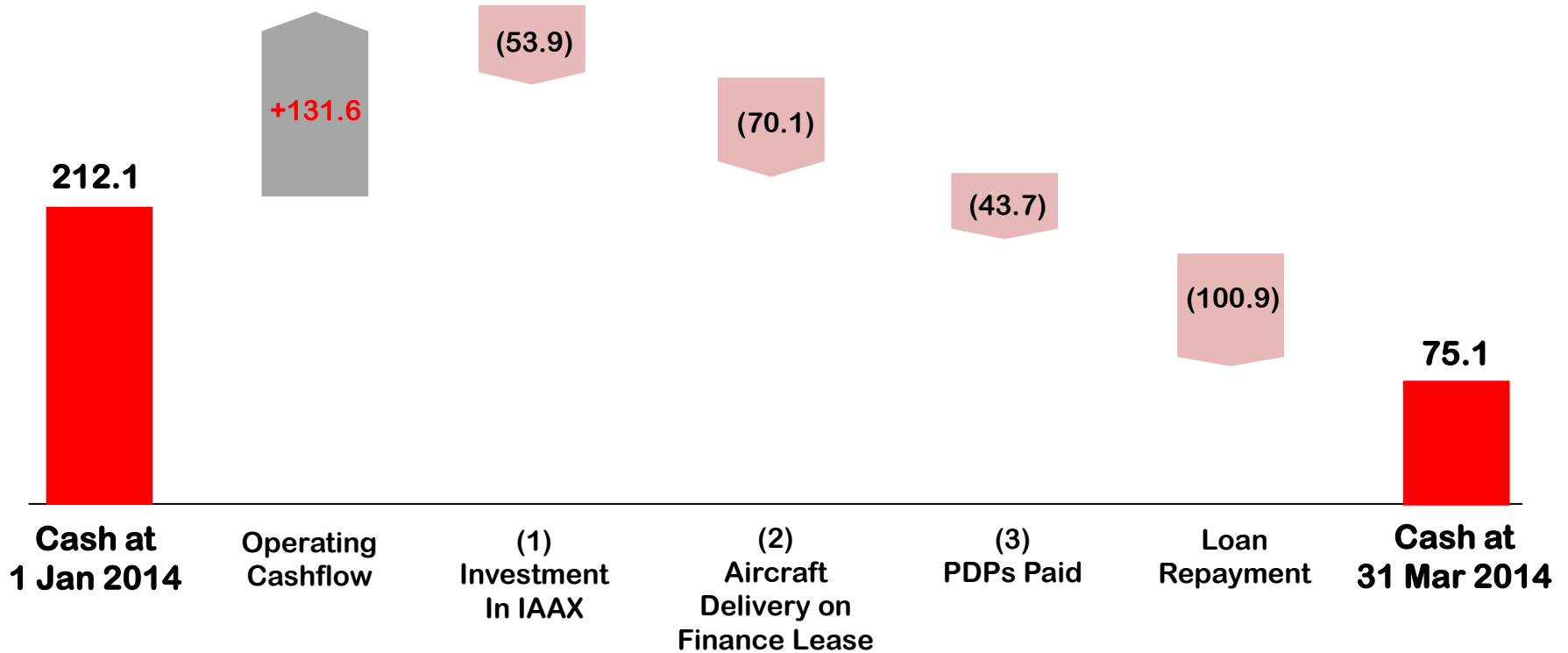
*Aircraft Related Cost: Aircraft Depreciation & Lease, and Maintenance & Overhaul.
 Others: Operations, and General & Administrative.*

1Q14 – Highlights on Cashflow

3-month ended 31 March 2014



RM'000



Notes:

(1) No further investment expected in associates expected for the rest of 2014

(2) No further equity required as all other deliveries in 2014 will be on operating lease

(3) No further PDP requirement is expected in 2014. All requirements have been fulfilled by sale & leaseback arrangements



Outlook

Executive Summary

2014 Outlook



Capacity

- Capacity growth will slow down to 48%, 38%, 25% for remaining quarters
- Annual ASK growth expected at 41%, and less than 20% from 2015 onwards
- Tactical capacity reduction and more charters/leases

RASK

- Initiatives to keep RASK positive growth for full year 2014 underway
 - Network, Revenue Management, Distribution, KLIA2
- Charters/Lease contracts being firmed up

CASK

Further improvements underway from controllable costs as scale grows

Margins

Barring macro-factors of fuel and currency, improvements in RASK and Controllable CASK should deliver improved margins

Cash

- No further investments expected for Associates for remainder of 2014
- All additional 2014 deliveries on Operating Leases
- Major PDPs for 2015-2016 deliveries also via Operating Leases
- Goal is to have Net Cash Flow by limiting Capex to less than Operating Cash



Appendix

OTA Snapshot: Ctrip China (from Shanghai to Kuala Lumpur)



English | 客服中心 | 国内: 1010-6666

手机预订
专享优惠低至50%

首页 | 酒店 | 旅游 | 机票 | 火车 | 用车 | 门票 | 团购 | 攻略社区 | 礼品卡 | 商旅 | 更多

登录 | 注册
我的携程

国内机票 | 国际机票 | 机+酒 | 航班动态 | 机场攻略 | 网上选座 | 退票改签

机票订单

上海 → 吉隆坡 (马来西亚) (往返)

往返 | 出发城市* 上海(SHA) | 到达城市* 吉隆坡(KUL) | 出发日期* 2014-05-24 | 返回日期* 2014-05-31 | 重新搜索

仅查看直飞 | 乘客类型 成人 | 乘客人数 1 | 舱位等级 经济舱 | 航空公司 (选填)中文/代码

	所有航班 最低价	东方航空	亚洲航空*	马来西亚航空	南方航空	国泰航空	泰国国际航空
直飞	¥1570起	¥1570起	¥1950起	¥2830起	¥3370起	—	—
1程中转	¥1400起	¥4260起	—	—	¥3120起	¥1400起	¥3070起

所有航班起抵时间均为当地时间 (24小时制)

工具箱

- 国际及港澳台航班需求单
- 时差换算
- 网上选座须知
- 国际办理乘机

航班时刻表

- 上海 至 吉隆坡
- 吉隆坡 至 上海

相关信息

第1步, 选择去程航班

去程日期: 2014年5月24日 (共1个航班信息)

以下所有价格均为全程总票价

乘客身份: 普通	起飞机场: 全部	到达机场: 全部	起飞 ↑	到达 ↑	含税价 ↑
起飞时间 起飞机场	中转次数 行程总时长	到达时间 到达机场	全程总票价 燃油/参考税		
01:35 上海 浦东国际机场	—	06:55 吉隆坡 吉隆坡国际机场	往返 票价	¥1950起	查询返程 退改签
总时长5小时20分			¥0/¥898		

OTA Snapshot: Ctrip China (from Shanghai to Melbourne)



English | 客服中心 | 国内: 1010-6666

手机预订
专享优惠低至50%

首页 | 酒店 | 旅游 | 机票 | 火车 | 用车 | 门票 | 团购 | 攻略社区 | 礼品卡 | 商旅 | 更多

登录 | 注册
我的携程

国内机票 | 国际机票 | 机+酒 | 航班动态 | 机场攻略 | 网上选座 | 退票改签

机票订单 >

上海 → 墨尔本 (澳大利亚) (往返)

往返 出发城市* 上海(SHA) 到达城市* 墨尔本(澳大利亚) 出发日期* 2014-05-24 返回日期* 2014-05-31 重新搜索
 仅查看直飞 乘客类型 成人 乘客人数 1 舱位等级 经济舱 航空公司 (选填)中文/代码

所有航班 最低价	中国国航	东方航空	亚洲航空X	越南航空	港龙航空	国泰航空
直飞	¥3550起	¥6760起	—	—	—	—
1程中转	¥2000起	¥4270起	¥2000起	¥2850起	¥3300起	¥3300起
≥2程中转	¥14550起	—	—	—	—	—

所有航班起抵时间均为当地时间 (24小时制)

工具箱

- 国际及港澳台航班需求单
- 时差换算
- 网上选座须知
- 国际办理乘机

航班时刻表

上海 至 墨尔本
墨尔本 至 上海

相关信息

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去程日期: 2014年5月24日 (共1个航班信息)

以下所有价格均为全程总票价

乘客身份: 普通 起飞机场: 全部 到达机场: 全部 起飞 ↑ 到达 ↑ 含税价 ↑

起飞时间 起飞机场	中转次数 行程总时长	到达时间 到达机场	全程总票价 燃油/参考税
01:35 上海	1程中转 吉隆坡	23:30 墨尔本	往返 票价 ¥2000起

查询返程

OTA Snapshot: eLong China (from Beijing to Melbourne)



eLong Rewards | Customer Support | 简体中文 | 4006-171717

Change your search

One Way Roundtrip
 Multiple Destinations

Leaving from:

Going to:

Departure Date:

Flight Class:

No. of Adults:

No. of Children:

Passenger Type:

Search

Need help? Call
4006-171717 ext. 3
 for support.

Online Service

[International Airline Price Policies](#)

Beijing → Melbourne (One Way) Depart: 08/01 Class 42 flights available

According to the document No.83 [2012] issued by the State Administration of Taxation, from January 1st – 2013 travel itinerary confirmation receipt shall replace the international air passenger transport special invoice for reimbursement purposes.

DepartTime:	<input checked="" type="checkbox"/> All	<input type="checkbox"/> (0:00-06:00)	<input type="checkbox"/> (6:00-12:00)	<input type="checkbox"/> (12:00-18:00)	<input type="checkbox"/> (18:00-24:00)
Airlines:	<input checked="" type="checkbox"/> All	<input type="checkbox"/> AIR CHINA	<input type="checkbox"/> DRAGONAIR	<input type="checkbox"/> CATHAY PACIFIC AIRWAYS	<input type="checkbox"/> CHINA EASTERN AIRLINES
	<input type="checkbox"/> THAI AIRWAYS INTERNATIONAL	<input type="checkbox"/> SINGAPORE AIRLINES	<input type="checkbox"/> CHINA SOUTHERN AIRLINES	<input type="checkbox"/> QANTAS AIRWAYS	<input type="checkbox"/> GARUDA INDOESIA
Stops:	<input checked="" type="checkbox"/> All	<input type="checkbox"/> Non-stop	<input type="checkbox"/> with stops		
Sort by:	Airline	Departure ↑	Arrival ↑	Duration Time	Price ↑ <input type="checkbox"/> Display Child Price
All departure/arrival times are in local time zone (24-hour format).					
Direct					
	AIR CHINA CA177 Plane:330	15:25 Capital Airport 08:05 (+1 day) Melbourne International Airport	Duration:14hr 40mn Stopover / Ticket Policy	¥5600 + est. tax ¥1033 All class ▾	Book
Transit					
	D7 317 Plane:330	02:15 Capital Airport 08:40 Kuala Lumpur Airport	Duration:6hr 25mn Ticket Policy	¥674 + est. tax ¥915.00 Discount	Book
Kuala Lumpur Transit			13:40 Kuala Lumpur Airport 23:30 Melbourne International Airport		



Thank You