



AirAsia X Berhad

Analyst Deck

Quarter ended 31 March 2023



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Takeaways & Overview



Key Takeaways

Headline Metrics Exceed Expectations - Airline Recovery in the Right Direction



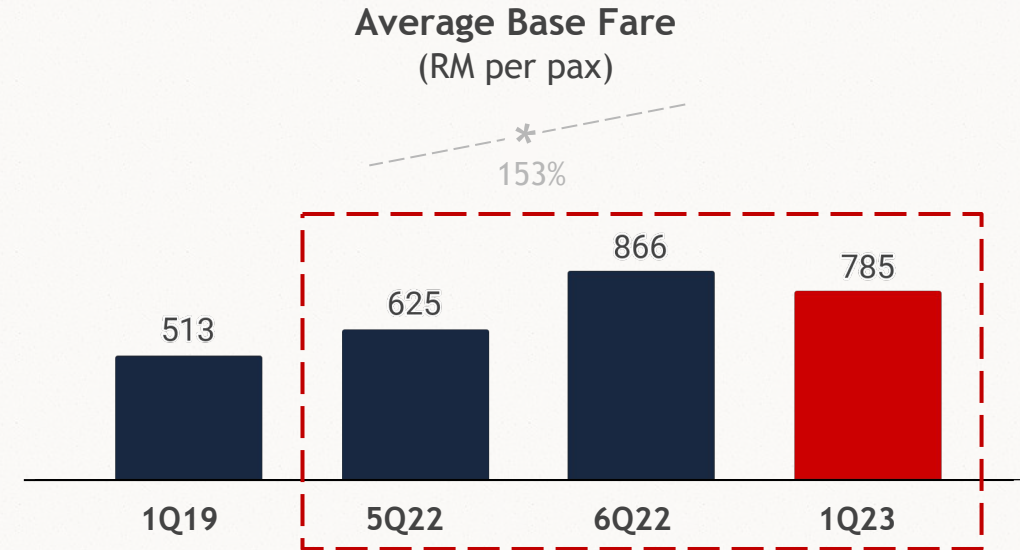
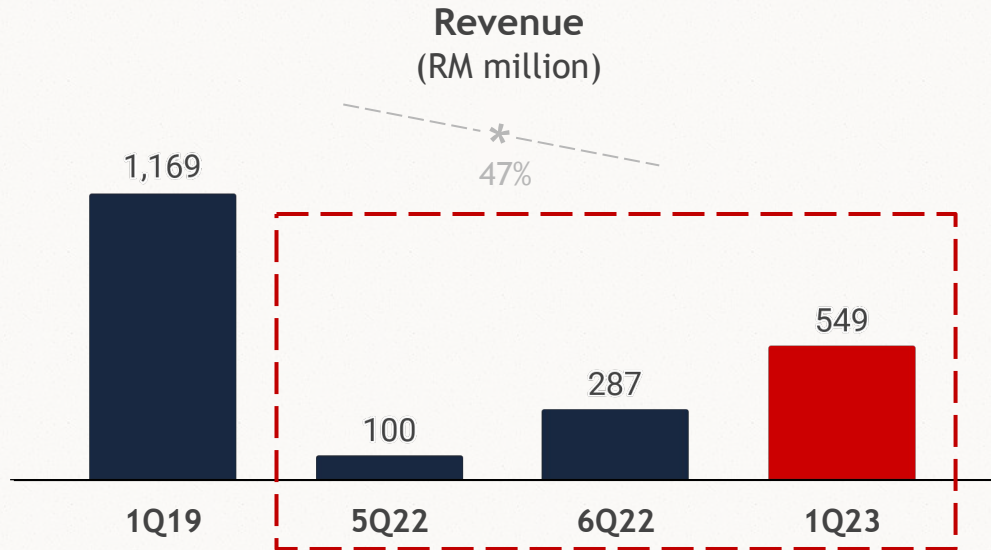
- Net Profit for 1Q23 **stands at RM328 million, more than 7x of RM43.3 million in 2019** despite having only 9 aircraft operational
- Barring one-off reversal of provisions, **core Net Profit stands at RM62 million** in 1Q23
- **Turnaround of shareholders' equity to RM40.8 million** from negative equity since 2020, **paving the way for PN17 classification to be addressed, subject to regulatory approval**
- **1Q23 revenue increased by 91% to RM548.8 million**, showing a **47% recovery from 2019 level** during the same period
- **Average base fare at RM785** in 1Q23 reflecting a **53% upside compared to the same period in 2019**
- Ancillary revenue in 1Q23 **surged to RM123.3 million or RM244 per pax, an over 40% hike from 1Q19's RM172 per pax** driven by baggage, inflight meals and FlyThru
- **CASK have reduced over 50% against the 2019 levels** at 6.50 sen in 1Q23, putting the Company in the **best cost structure to continue its sustained profitability**
- Fleet growth - **reactivate 5 more by December 2023**; working with Airbus to **accelerate of delivery of its orderbook** to support future growth akin to pre-COVID levels
- Additional financing from the **proposed placement amounting to RM50 million** with 3 institutional investors would further **strengthen the balance sheet** and bolster **short term working capital requirements**
- Associate **AirAsia X Thailand posted RM91.9 million of Net Profit** on the back of hike in revenue to RM356.8 million as the number of passengers increased in line with ramp-up of operations

Key Financial & Operational Highlights



Key Financial Highlights - 1Q23

Financial Highlights for Quarter ended 31 March 2023



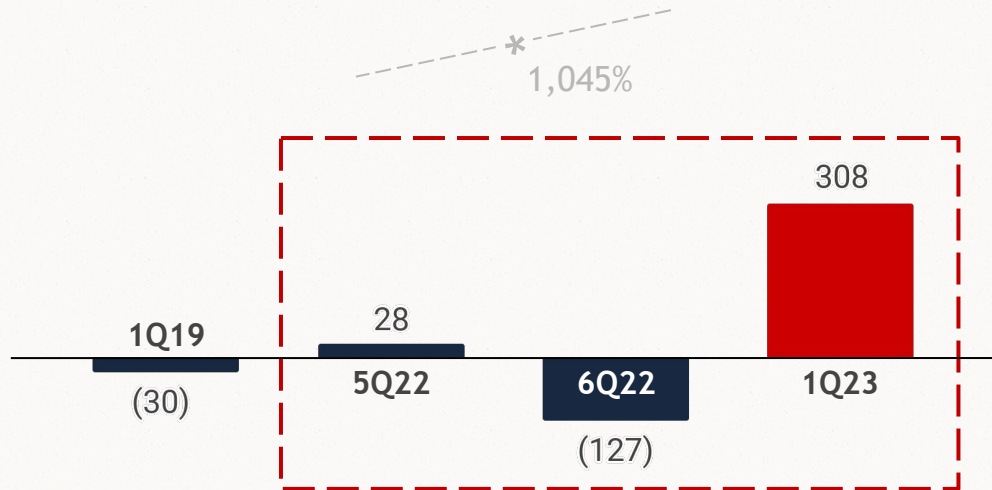
- **Revenue recovered by 47% against 1Q19 at RM548.8 million** driven by **strong fare environment** despite with lower number of aircraft:
 - **Scheduled flights revenue and ancillary revenue were collectively up QoQ by 75%**, charting RM389.2 million and RM123.3 million respectively
 - **Freight and cargo revenue recorded at RM36.2 million** as the Company recalibrated its pivot on scheduled flights operations
- Strong fare trend is evident as **Average Base Fare grew by 153% to RM785 per pax in 1Q23**, compared to RM513 per pax in 1Q19

Key Financial Highlights - 1Q23

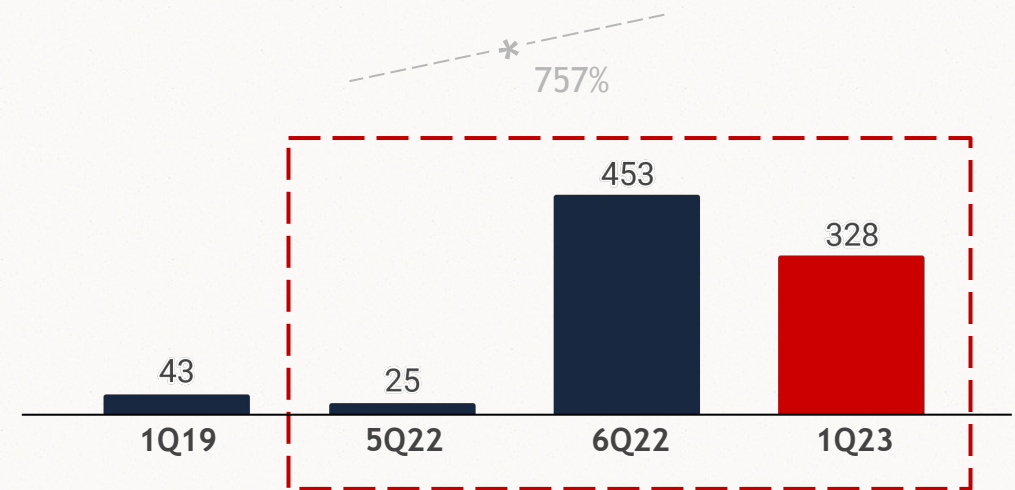
Financial Highlights for Quarter ended 31 March 2023



Net Operating Profit/(Loss)
(RM million)



Net Profit
(RM million)



- Sustaining the strong performance from preceding quarters, with the increase in passenger take-ups amidst a robust fare environment, AirAsia X's earnings this quarter proved that recovery is on track:
 - **Net Operating Profit** surged to **RM308.4 million** from a **Net Operating Loss** of **RM29.5 million** within the same period in **2019**
 - AirAsia X recorded a **Net Profit** of **RM328 million** in **1Q23**, an over **7x** increase from a **Net Profit** of **RM43.3 million** during the same period in **2019**
 - Removing the **reversal on provision for tax exposure on its investment in joint venture and doubtful debts**, the Company's **core Net Profit** stands at **RM62 million**
- AirAsia X's **shareholders' equity** has effectively reflects a positive turnaround to **RM40.8 million**, from a negative shareholders' equity of **RM285.2 million** in the preceding quarter

Key Operational Highlights - 1Q23

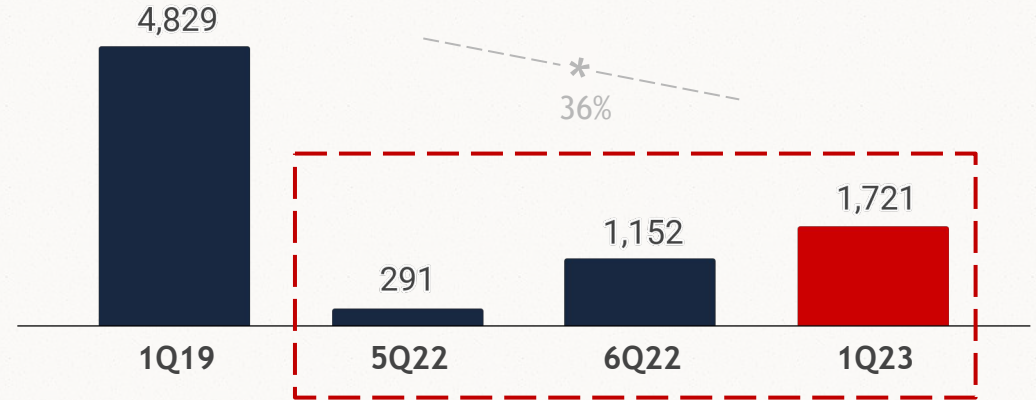
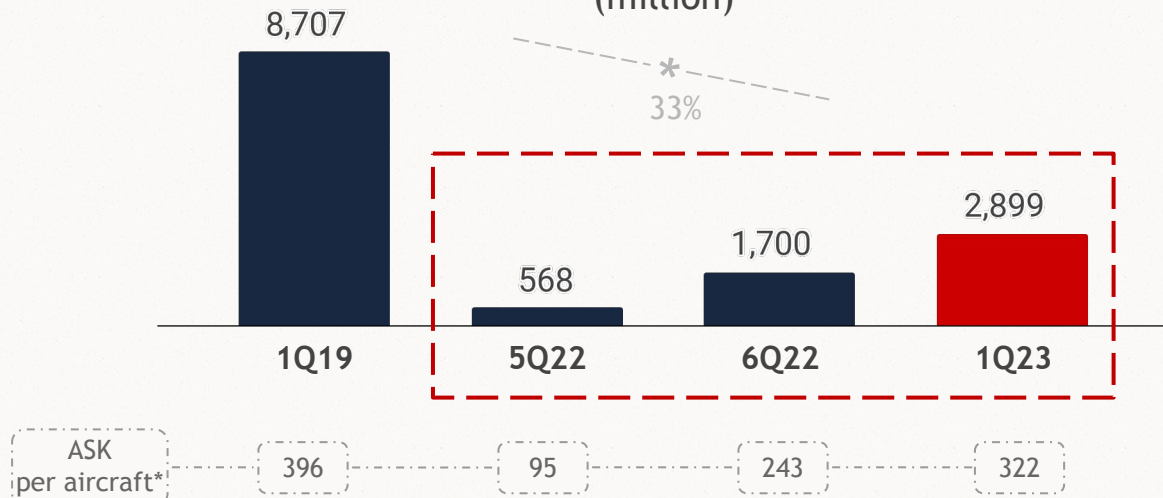
Operational Highlights for Quarter ended 31 March 2023



ASK
(million)



Sectors Flown



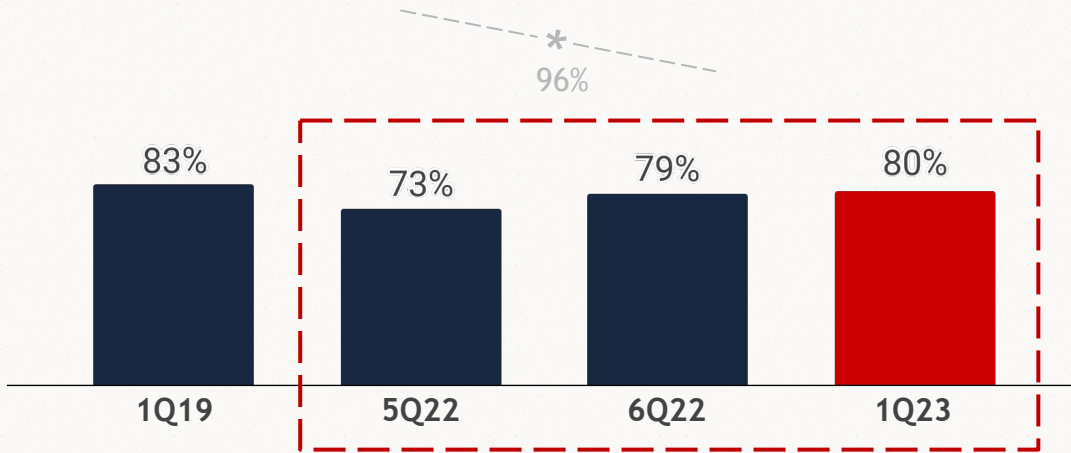
- ASK capacity marked **2,899 million** driven by **higher number of sectors flown** subsequent to **increase in number of aircraft reactivated in 1Q23**
- Sectors flown increased to 1,721 sectors** compared to 6Q22 on the back of **ramped up operations**
- Compared against the same period in 2019, **ASK capacity has recovered by 33% overall, and 81% on a per aircraft basis** while **sectors flown recovered by 36%** for the period between January - March 2023 - our focus remains on driving the recovery rate in the coming months as **more aircraft are slated to be activated for further expansion in our network**

Key Operational Highlights - 1Q23

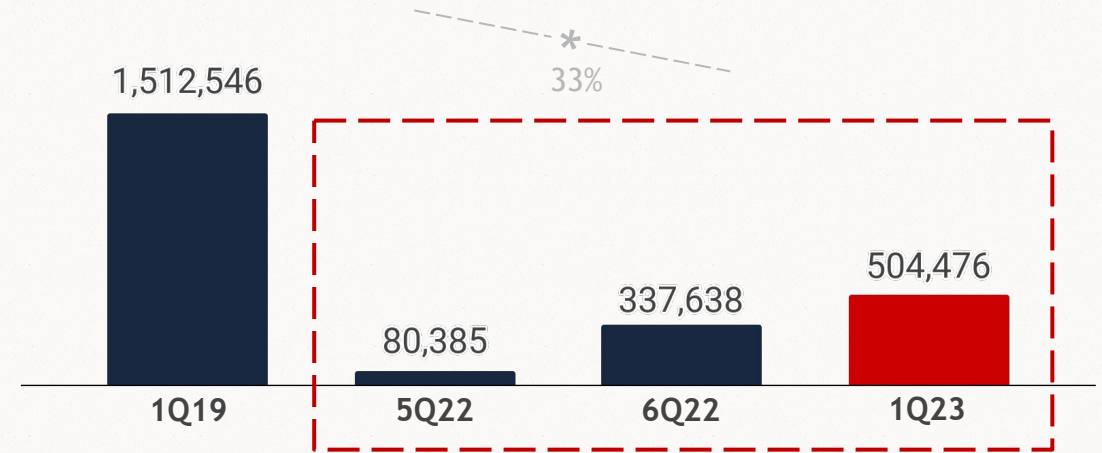
Operational Highlights for Quarter ended 31 March 2023



Load Factor



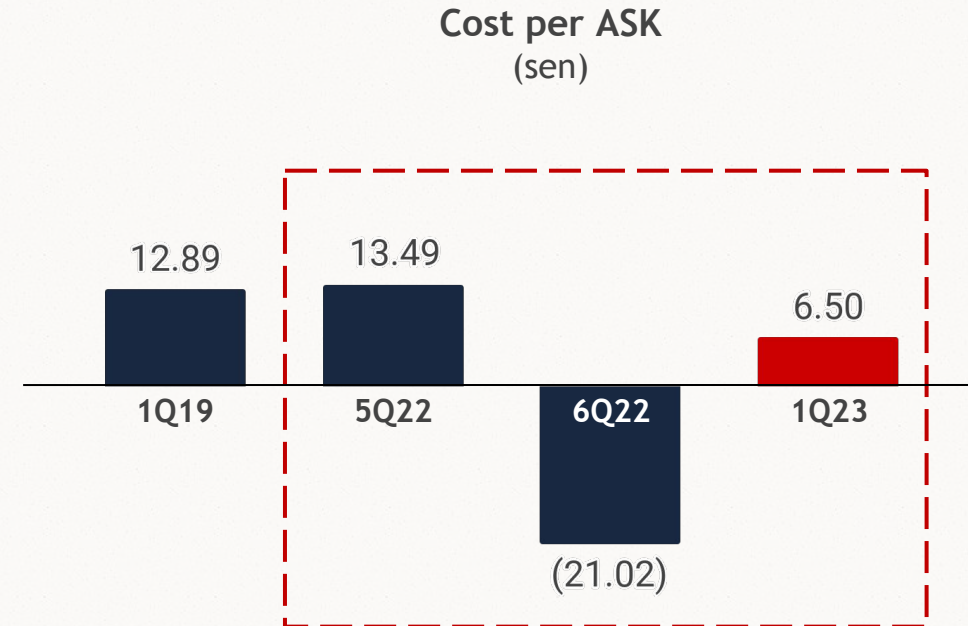
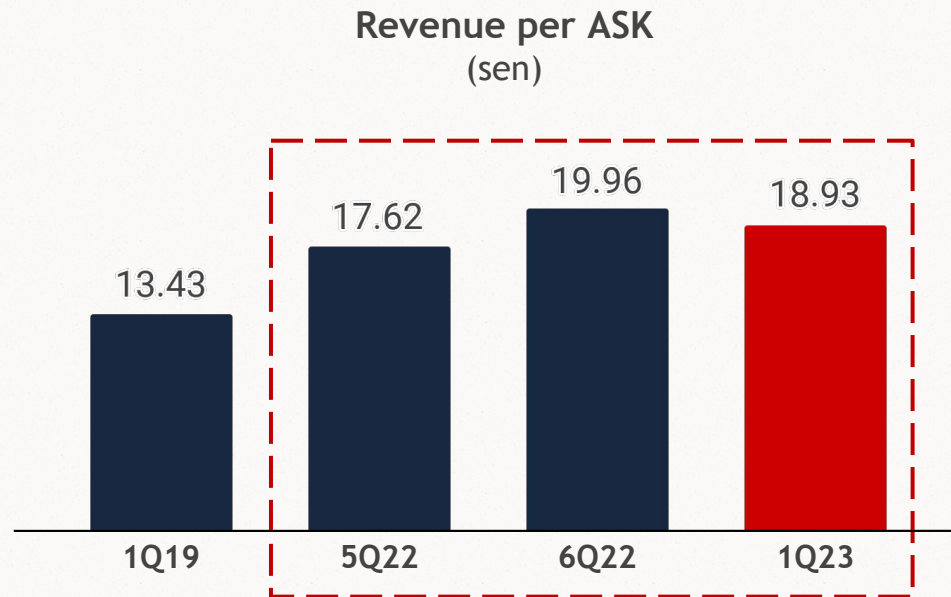
Passengers Carried



- **Load factor at 80%** and is **close to emulate pre-pandemic's load factor of 83%** in 2019:
 - The load factor of 80% reflects a **recovery of over 96% against the same period in 2019** - demonstrating that **passenger traffic is robust post-COVID-19** even in a higher fare environment
 - High performing routes **Delhi and Tokyo posted a close to 90% load factor** during the quarter
- A total of **504,476 passengers** were carried in 1Q23, driven by **strong demand in the market due to the new year and spring travel season** - **recovery rate is recorded at 33%** compared to the same period in 2019

RASK and CASK - 1Q23

Revenue per ASK and Cost per ASKs shows exceptional improvement against 2019 levels



- RASK in 1Q23 **improved by 41%** as compared to 2019 level on the back of a **stronger fare environment in the post-pandemic era**

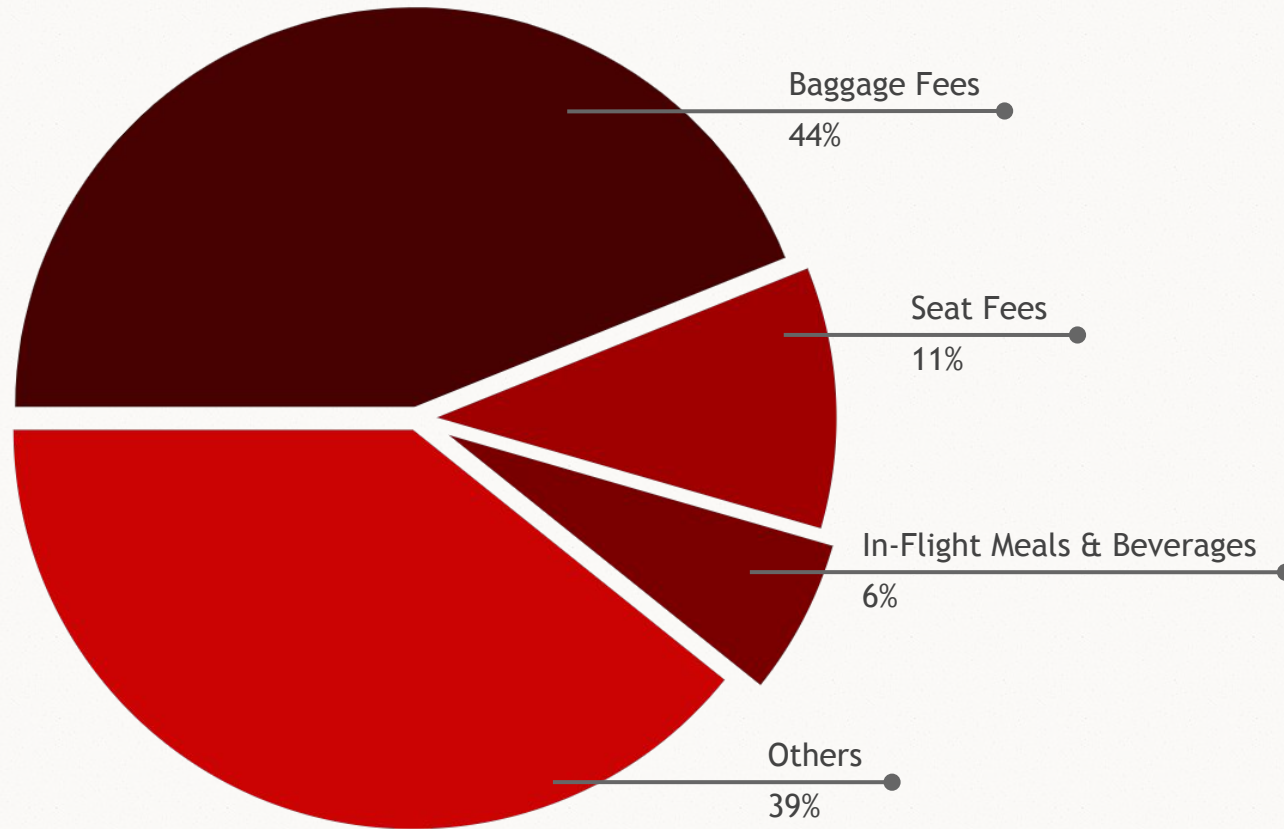
- With a **lean cost structure post-restructuring**, **CASK reduced over 50% to 6.50 sen in 1Q23** against the same period in 2019

Ancillary Performance - 1Q23

Substantial boost in ancillary revenue on the back of return of travellers and upselling initiatives



Ancillary Revenue Segments for 1Q23



*Revenue per passenger

- Ancillary revenue at **RM123.3 million** in 1Q23 as take-up **increased alongside operations ramp-up** and **rise in number of passengers carried**
- **Ancillary revenue per passengers of RM244** for the quarter reflects an **increase of 42% from pre-COVID-19 era** as upselling initiatives geared in action



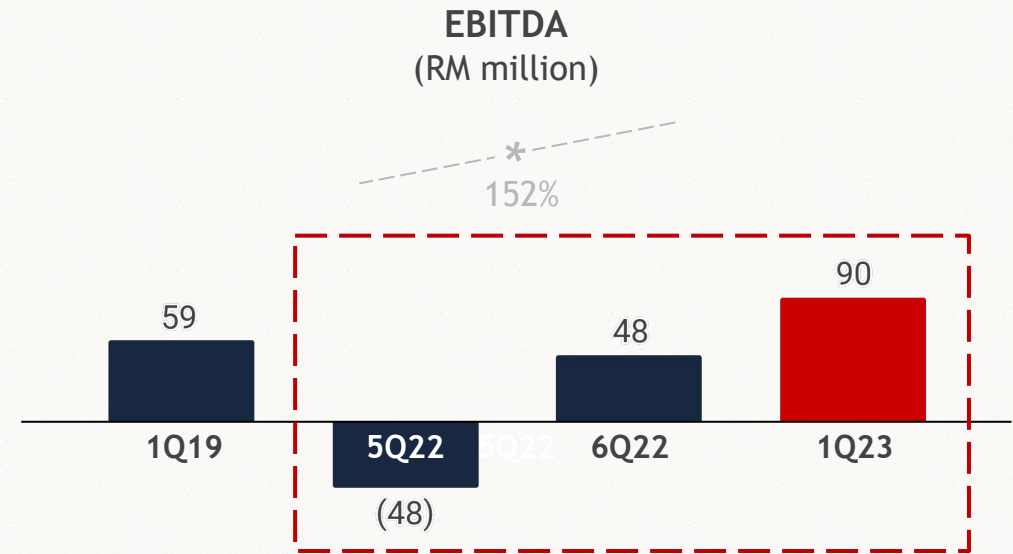
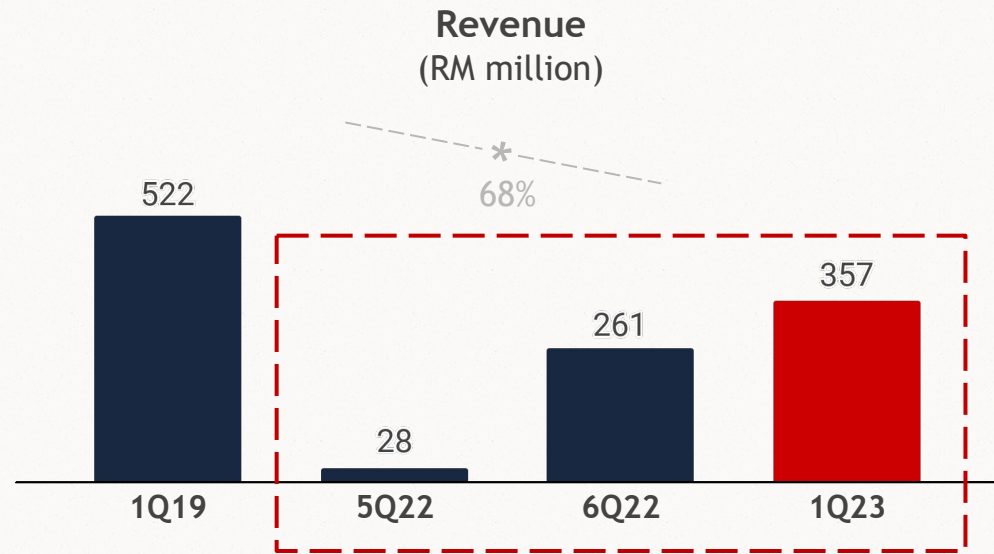
- **Baggage, Seat and Inflight Meals & Beverage** continues to lead the **increase in take-up per pax** on the back of **optimised marketing and pricing strategy** and **upgrade options based on purchase history**
- **Connecting Fees** in particular shows the most growth in RPP on the back of **synergies between the airlines to maximise connectivity** and **driving up the FlyThru traffic**

Associate Performance: TAAX



Associate: TAAX - 1Q23

Rehabilitation plan a work in progress



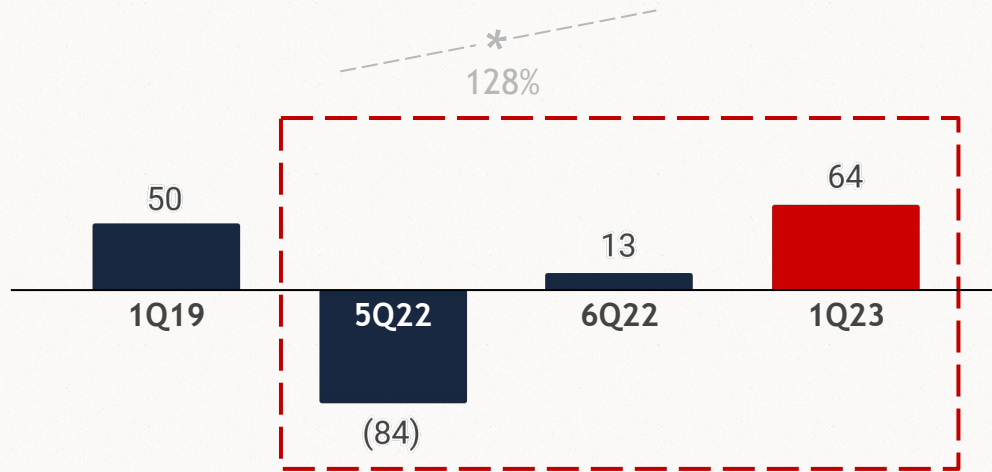
- Posted a revenue of RM356.8 million in 1Q23, **recovering by 68% compared to the same period in 2019**
- **EBITDA in 1Q23 is recorded at RM90 million**, with a **recovery rate of 152% against the same period in 2019**
- During 1Q23, a total of **289,813 passengers** were carried, with a stellar **PLF of 88%** - compared to pre-COVID-19, the **number of passengers carried has recovered by 44%** while **PLF is close to emulate the 90%** recorded between January - March 2019
- Upside is expected as **TAAX plans to add more aircraft into its fleet** by the coming year

Associate: TAAX - 1Q23

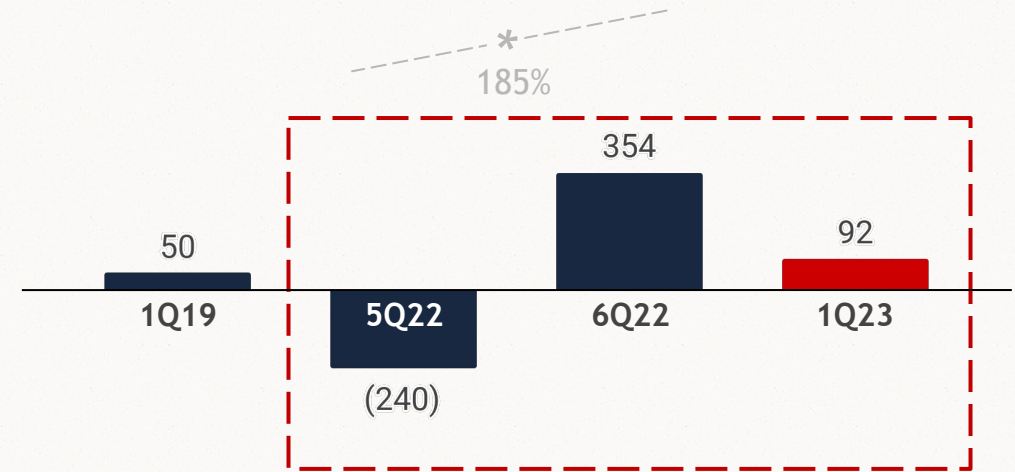
Rehabilitation plan a work in progress



Net Operating Profit/(Loss)
(RM million)



Net Profit/Loss
(RM million)



- **Net Operating Profit in 1Q23 is recorded at RM64 million** with **recovery rate is recorded at 128%** compared to 2019 level
- TAAX **profitable in 1Q23 with Net Profit of RM92 million** as compared to a Net Profit of RM50 million during the same period in 2019
- **Cash stands at RM157.6 million** from RM199.3 million last quarter while the rehabilitation plan is progressing as planned and further updates shall be announced in due course
- TAAX's total fleet size remains unchanged at **8 A330 aircraft during the quarter with 5 activated and operational**, and currently operates into **Seoul, Tokyo-Narita, Osaka, Sapporo, Sydney and Melbourne** - most recently re-commenced BKK-Shanghai in April 2023

Our Fleet and Network Plan



Network Overview

Gradual Return to Markets in line with Paced Fleet Reactivation



Currently services operations to **17** destinations;

7 destinations now operate **daily flights** or more

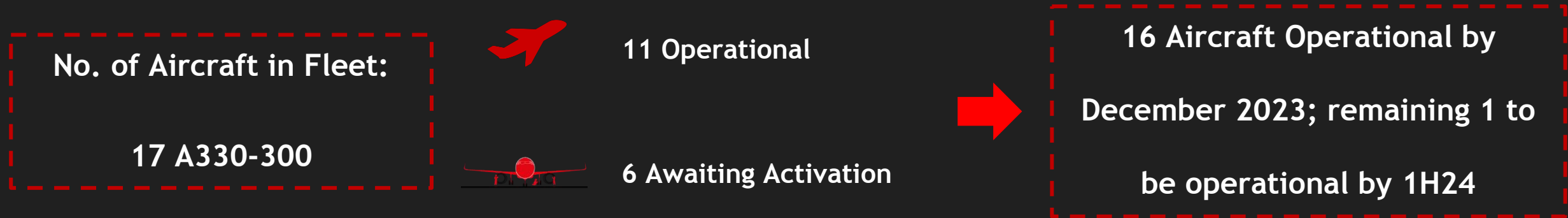
Returning to **China** with Shanghai, Beijing, Hangzhou and Chengdu by July 2023 with **over 10x weekly flights**

Looking to introduce **new markets** - **Istanbul** and **Central Asia** due to robust demand

Operating **high demand short haul** routes where additional capacity is necessary

Fleet Activation in Near Term

Fleet of 17 A330-300 expected to be fully reactivated by First Half of 2024



- AirAsia X **restarted its operations in 2022 with 9 A330-300** within its fleet post-restructuring and had since then expanded its fleet:
 - **Added 8 more A330-300 to its fleet** to date, bringing the fleet size to **17 A330-300 by May 2023**
 - Secured 4 aircraft with **different seat configurations** and **to be converted to standard 377-seats** in due time - this was done to **secure competitive pricing** of aircraft rental while we wait for **MRO slots and seats supply**
- Expects to have **full 17-strong fleet activated and operational by 1H24** - with aim to capture all network potentials, AirAsia X is also **planning to add more aircraft** within 1H24

Our Priorities and Outlook Today



Outlook & Priorities for 2023

Key Focus for AirAsia X in the coming months



Network Plan

- Key focus to **build on yield** in markets we are returning to - leverage on higher fare trends
- **Pricing management** underway as we anticipate **slower months** in the coming quarter
- Rebuilding of capacity in our markets ongoing - expects **capacity to reach over 60% recovery** by 2H23



Fleet Activation

- **Added 8 aircraft to fleet to date** and aim to **activate 5 aircraft by Dec 2023** to ensure **key network requirements** are met
- Management working with Airbus to **grow fleet to pre-COVID levels**
- We remain careful of MRO slot constraint but expect fleet activation to **complete within stipulated timeline**



Manpower Management

- With all **furloughed staff fully reactivated** and recurrent, current focus is on **rehiring of staff**
- **Vigorous hiring of new talents** as the Company ventures to even more destinations for the year
- We do not foresee any **manpower constraint** for the Company's operational needs



Cash & Cost

- Managing costs prudently as post-restructuring obligations grants the Company **increased cost flexibility - no wastage**
- Cash position monitored minutely and the **additional financing amounting to RM50 million** from the recent **proposed placement** would strengthen our financial position

Synergy with Capital A Berhad

Enhancement of the synergy between AirAsia X and the wider Capital A Group, Leveraging Available Resources



- The main channel for AirAsia X's online sale distribution
- Pivotal role for flight and ancillary sales through **targeted marketing and campaign initiatives**
- Promotes **FlyThru from the short haul sectors**, either from AirAsia or non-AirAsia flights, increases connectivity
- Cross sell AirAsia X inventory to **new customers from other line of businesses**

teleport

- Exclusive sales agent for AirAsia X's cargo
- Upside in the horizon as China reopens - **trade and e-Commerce** boosting demand for cargo
- Removal of cross-border screening would bring additional saving



- Part 145 maintenance spin-off to ADE, with more **optimisation plans in the pipeline**
- **Streamlining of manpower and services** have proven efficiency since its execution
- ADE is expected to **secure approvals to service A330s by 2024** - AirAsia X can expect better rates for maintenance works, effectively lower maintenance-related costs

More
Coming...

- AirAsia X continues to see elevated collaboration with the Capital A Group in areas such as:
 - Operational and back-end services
 - Inflight services inventory
 - Sales & distribution channels
 - Ground handling services

Thank You

Connect with us at aax_ir@airasia.com

