

*Air
Asia*

AIRASIA X BERHAD

Second Quarter and First Half 2014 Financial Results



Investor and Analyst Briefing

19th August 2014

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Executive Summary

Key takeaways for 2Q2014 Briefing...



Capacity

- ASK capacity growth 47%YoY in 2Q14 versus peak of 60% in 1Q14, and 49% in 4Q13
- More tactical capacity reduction expected in 3Q14 and 4Q14
- 0.7% QoQ growth from 1Q14 mainly for Nagoya
- Load Factor 80.4% - still able to meet 80% target by stimulating new demand

RASK

- RASK of 10.79 sen is -7.0% drop YoY, and +2.2% above 2Q12
- Mature routes without new capacity continue to deliver positive RASK growth
- China remains strong; selected Australian routes soft; and Jeddah disappointed by visa restrictions
- Forward sales indicates return to positive growth in 2H2014 and FY2014

CASK

- CASK of 12.77 sen is a 7.2% YoY increase, but Ex-Fuel is a 0.5% YoY increase
- CASK in US cents of 3.95 cents is a 1.8% increase, indicating effect of currency
- Staff, Sales and Marketing costs in CASK (RM sen) fell -13% YoY from cost controls and productivity improvements achieved from having larger operating scale

Margins

- LBITDAR Margin is -1.9%
- LBIT Margin is -19.4%

Cash

- Operating CashFlow continues to be positive with +RM81.2m
- Net CashFlow grew +RM12.8m (including restricted cash of RM0.5m)

Key Events To-date



1H2014

- 17 Mar: Commenced First Flight to Nagoya, Japan
- 22 Apr: Commenced Thai AirAsia X's operations
- 28 Apr: Signed MOU with GE for CF6 Engines for 25 new A330-300s
- 9 May: Moved to KLIA2
- 25 May: Signed Commercial Marketing Agreement with AirBusan Co
- 5 Jun: Held First Annual General Meeting
- 6 Jun: Announced 46 New Fly Thru Connections

2H2014

- 2 Jul: Commenced First Flight to Xian, China
- 2 Jul: 4x extra flights to Incheon
- 10 Jul: Redemption period started for Shareholders Benefit Programme
- 15 Jul: Signed MOU for an new order of 50 A330-900neo
- 17 Jul: Rebranding Exercise
 - Premium Flatbed ➡ Business Class
 - Hot Seat ➡ Premium Seat

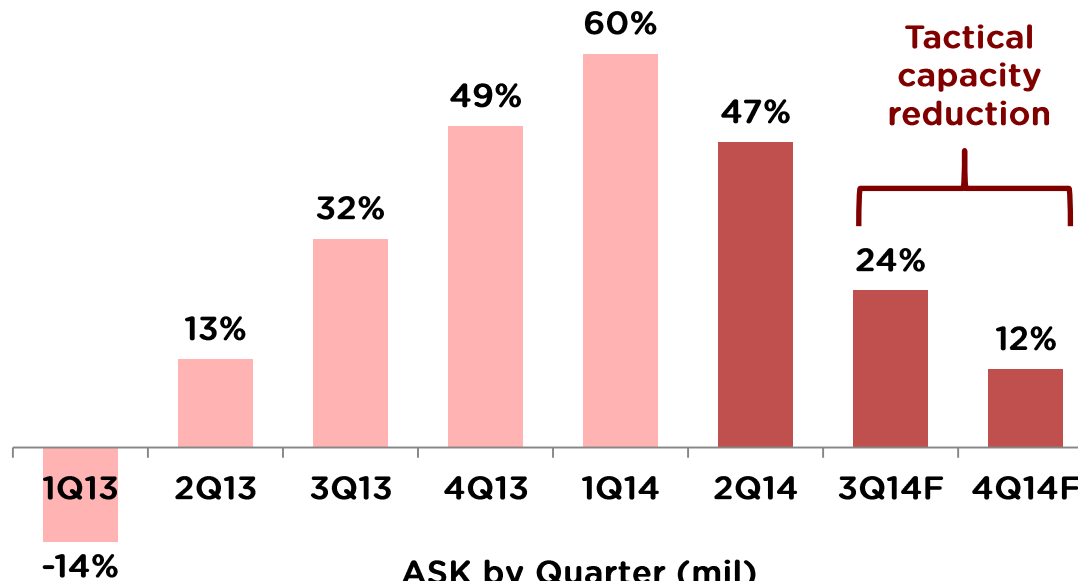


Business Updates

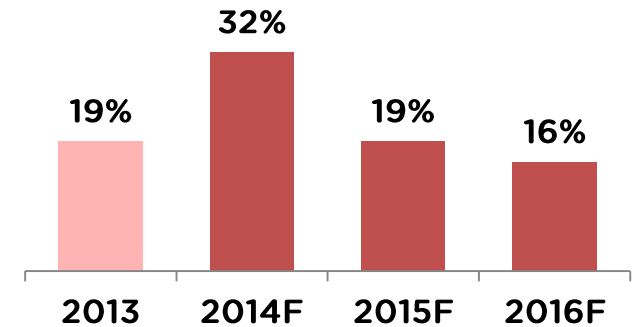
Short-Term Capacity Expansion to Build Lead



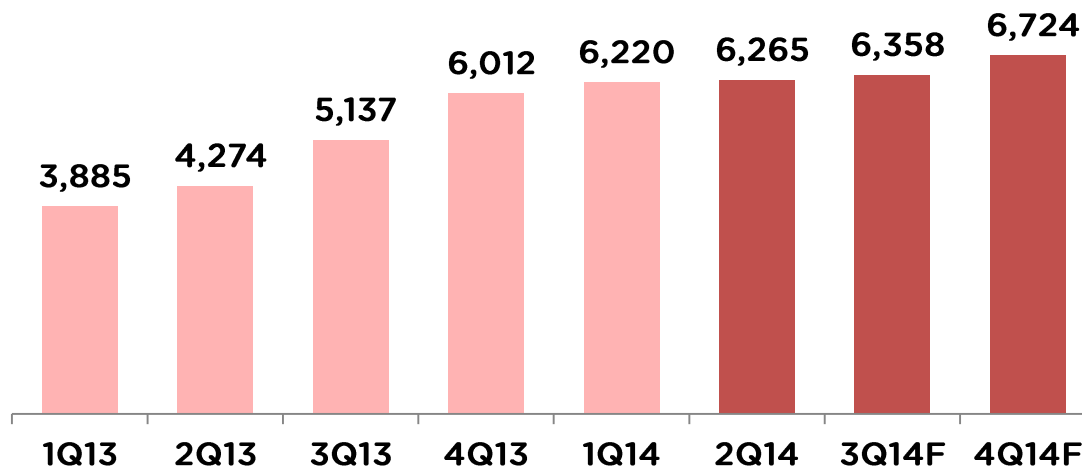
YoY ASK Growth by Quarter



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

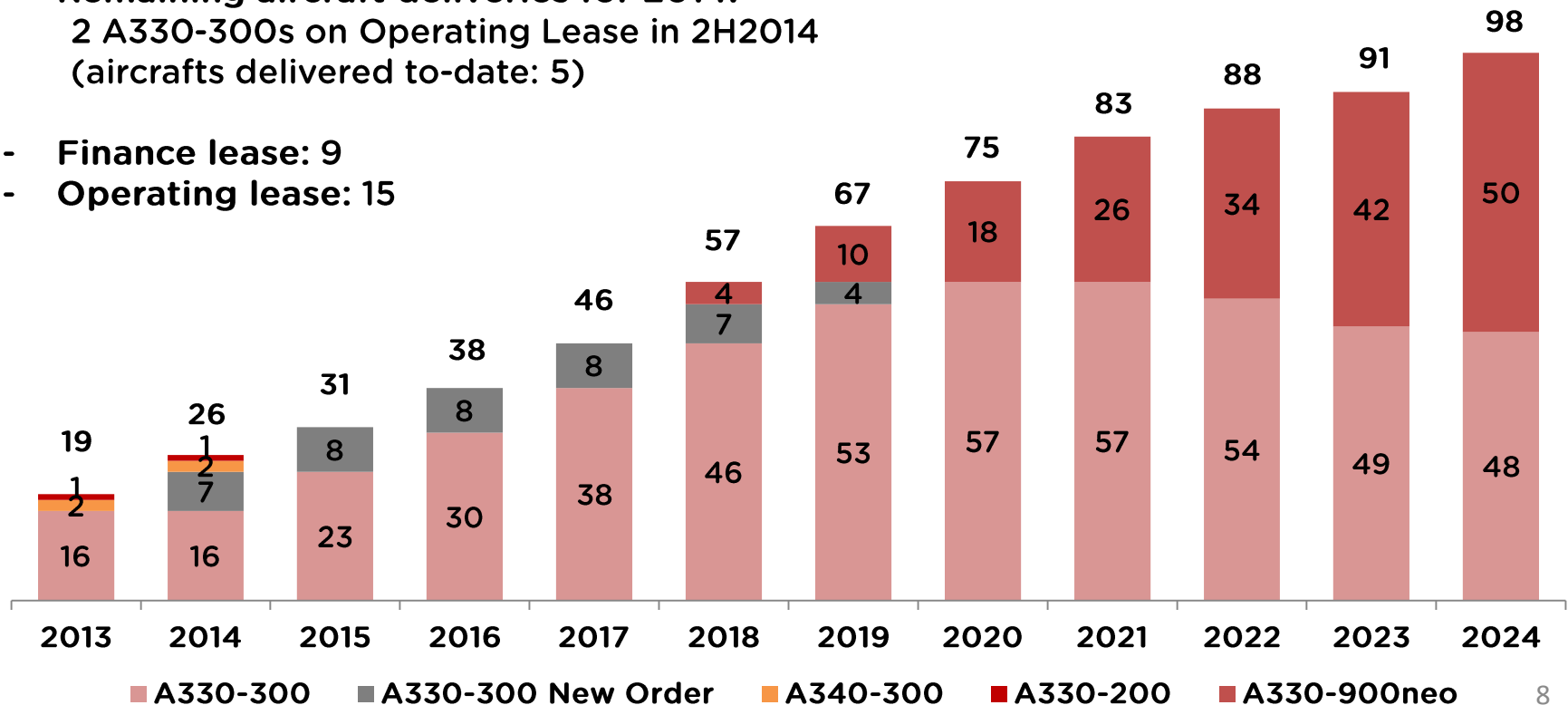
Note: Projected ASK is subject to change according to market demand.

Fleet Profile



As of To-date:

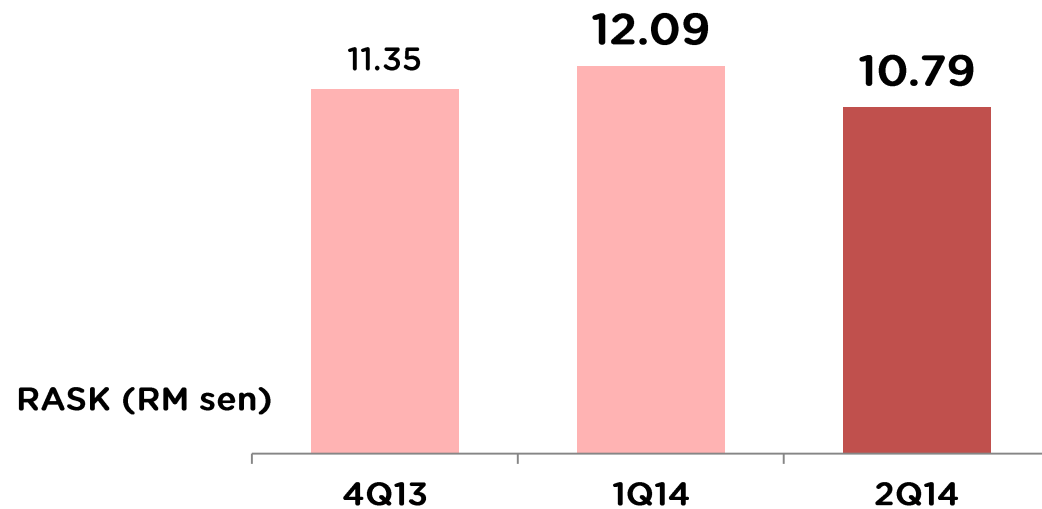
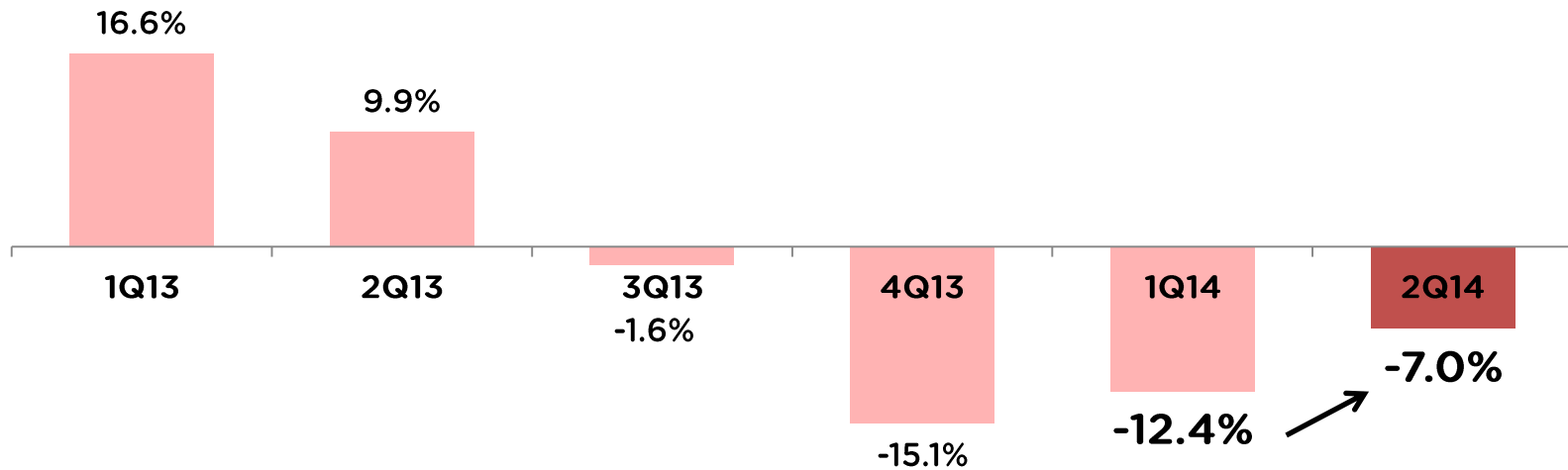
- **Total 24 aircraft:**
21 A330-300s
2 A340-300s
1 A330-200
- **Average aircraft age: < 5 years**
- **Potential fleet size range by 2024: 83 - 107**
- **Remaining aircraft deliveries for 2014:**
2 A330-300s on Operating Lease in 2H2014
(aircrafts delivered to-date: 5)
- **Finance lease: 9**
- **Operating lease: 15**



RASK To Stabilize With Time Our Route Portfolio Matures (continue)...



RASK YoY Growth



Industry Performance

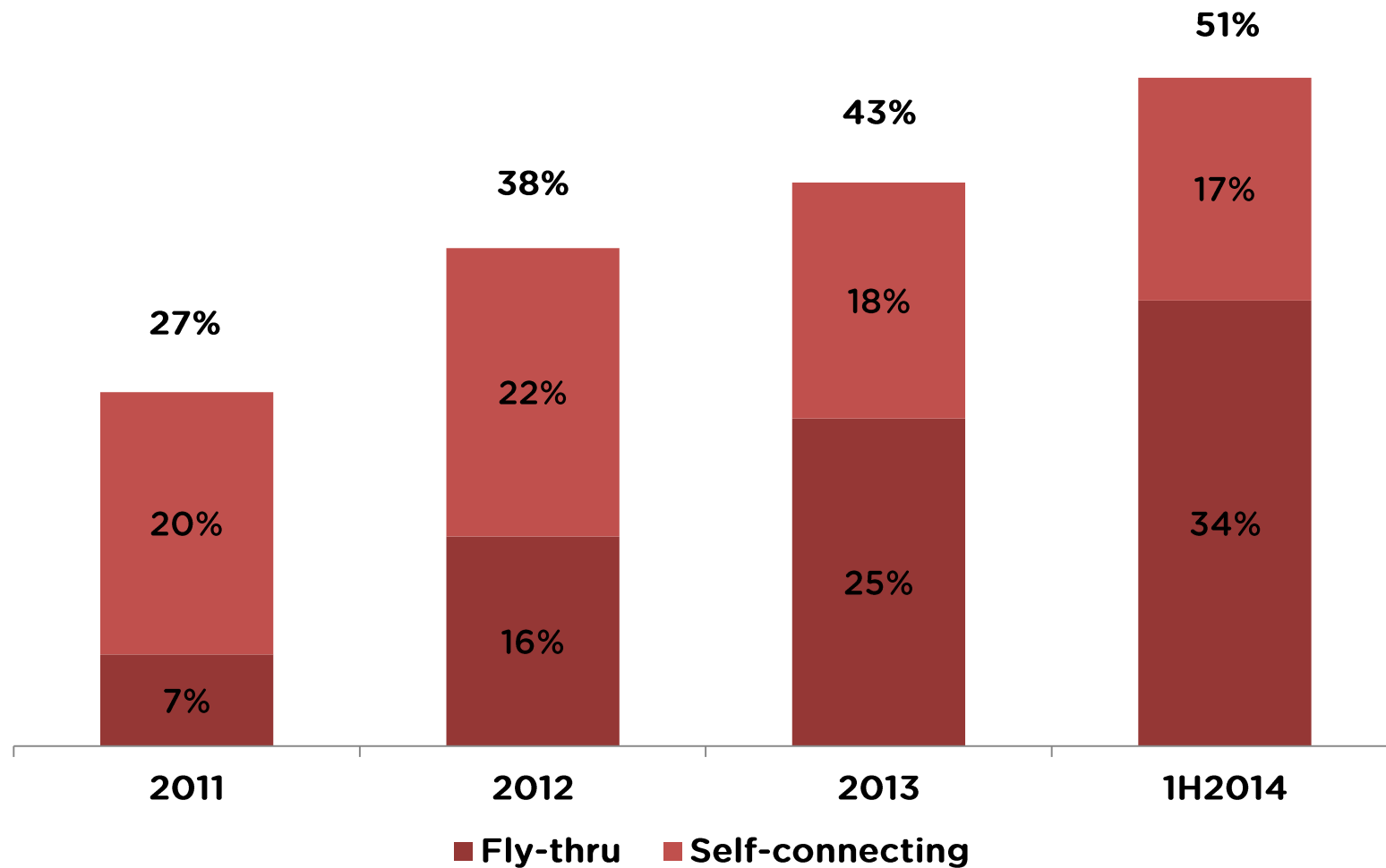
On ASK & RASK For Quarter Ended June 2014



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

Fly-Thru Connectivity Growth

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





2Q2014

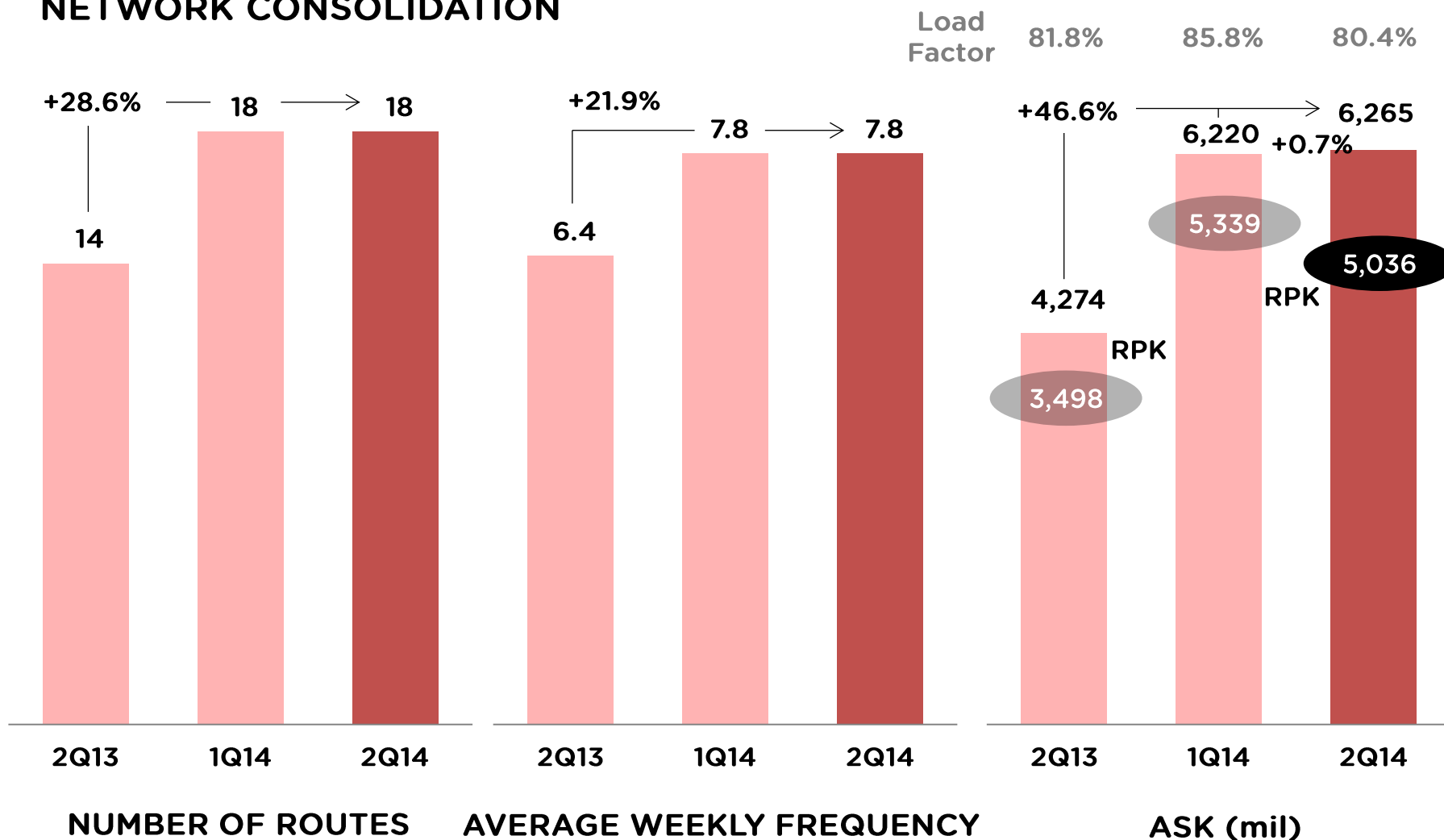
Key Operating & Financial Highlights

2Q2014 – Key Operating Highlights

3-month ended 30 June 2014



NETWORK CONSOLIDATION

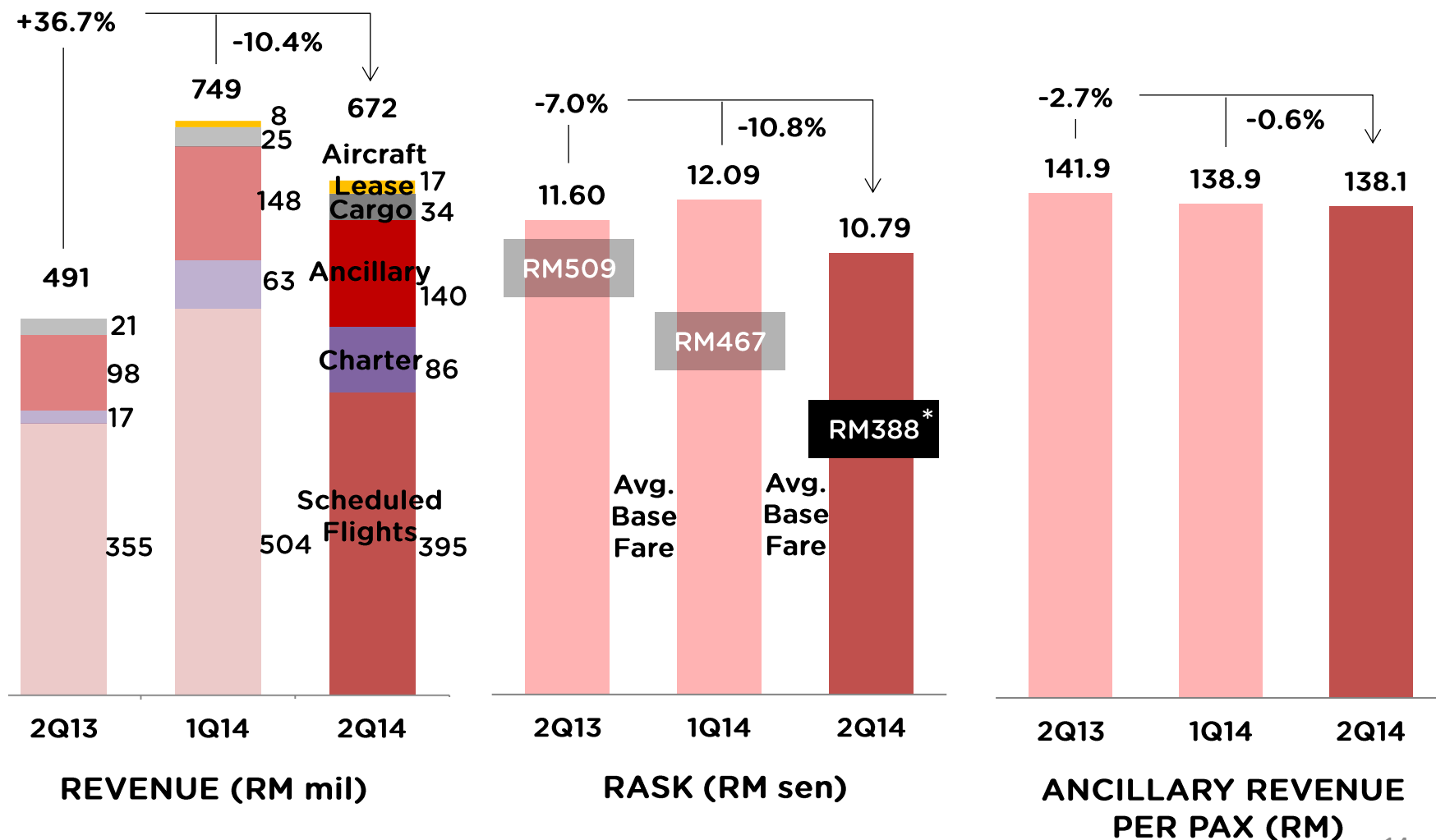


2Q2014 – Key Financial Highlights

3-month ended 30 June 2014



TOPLINE GROWTH



- Scheduled Flights includes fuel surcharge

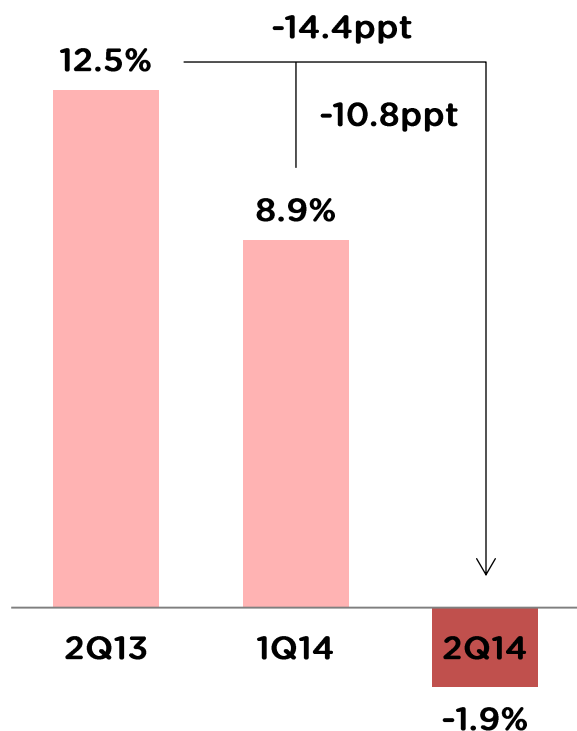
* -24%YoY and -17%QoQ drop was mainly affected by the Australian routes

2Q2014 – Key Financial Highlights

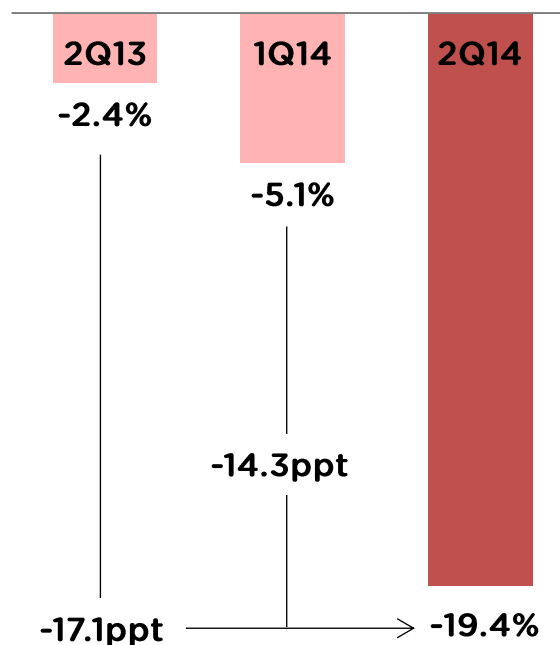
3-month ended 30 June 2014



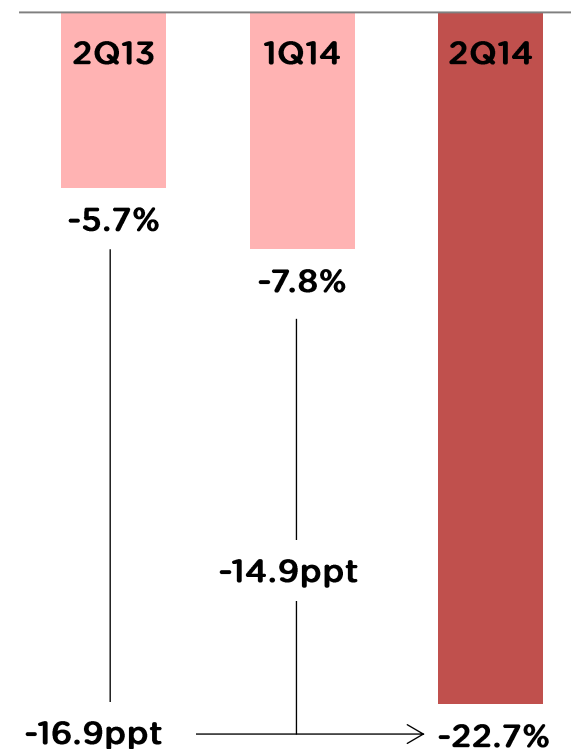
MARGINS



EBITDAR/ (LBITDAR) MARGIN



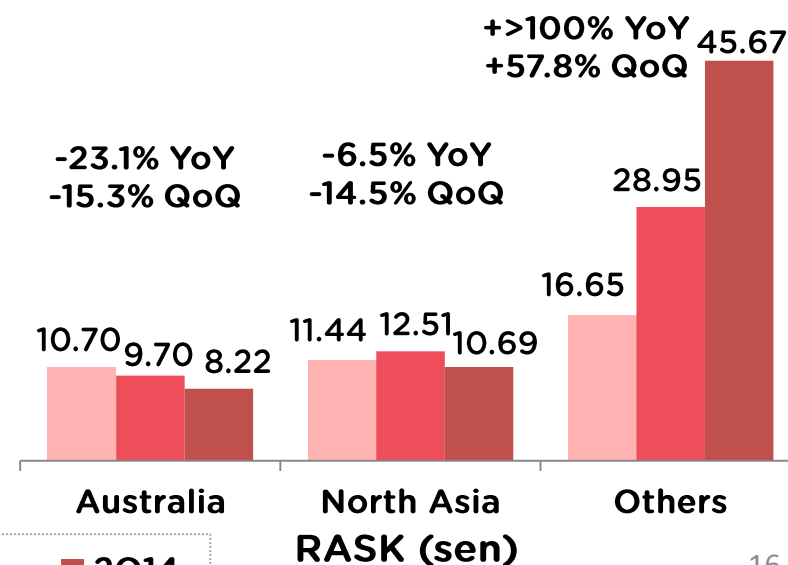
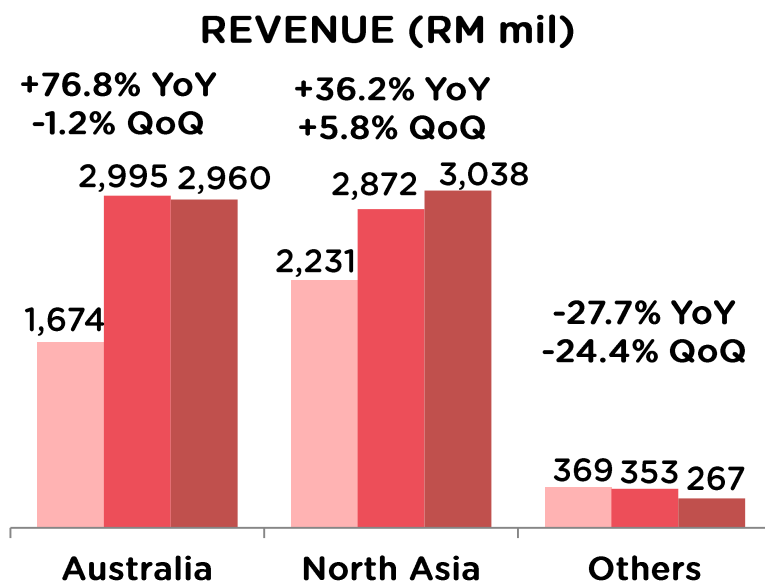
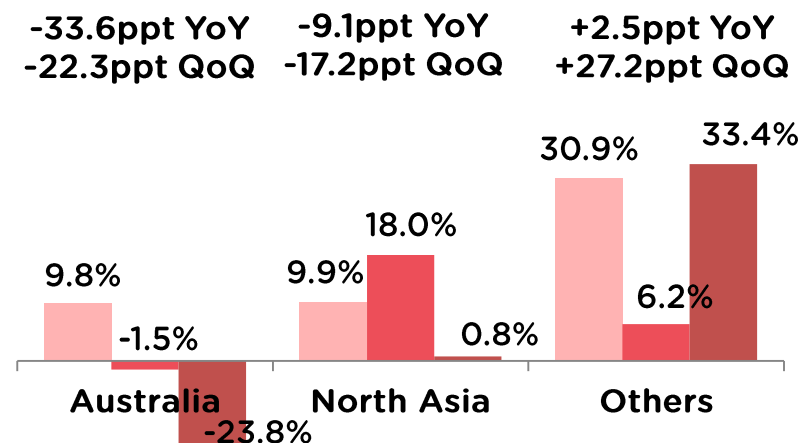
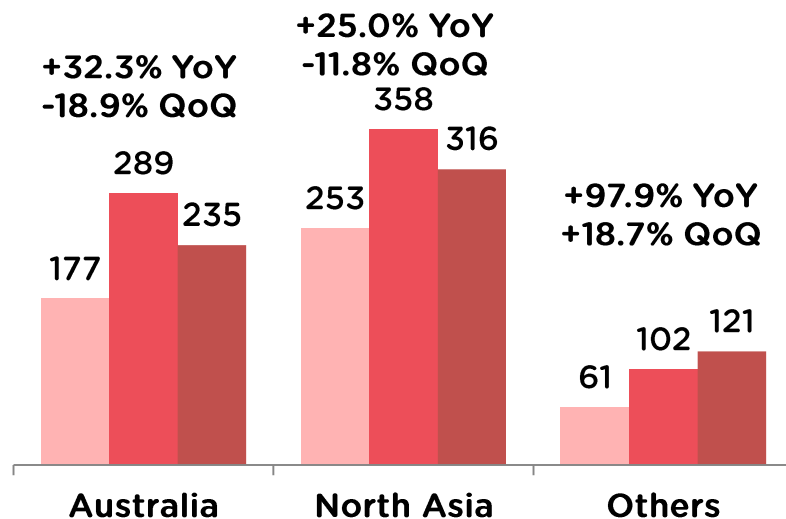
(LBIT)/ EBIT MARGIN



NET OPERATING
(LOSS)/ PROFIT MARGIN

2Q2014 – Segment Profitability

3-month ended 30 June 2014



2Q13 1Q14 2Q14

2Q2014 – Operating Expenditure

3-month ended 30 June 2014



CASK (RMsen) +7.2% YoY

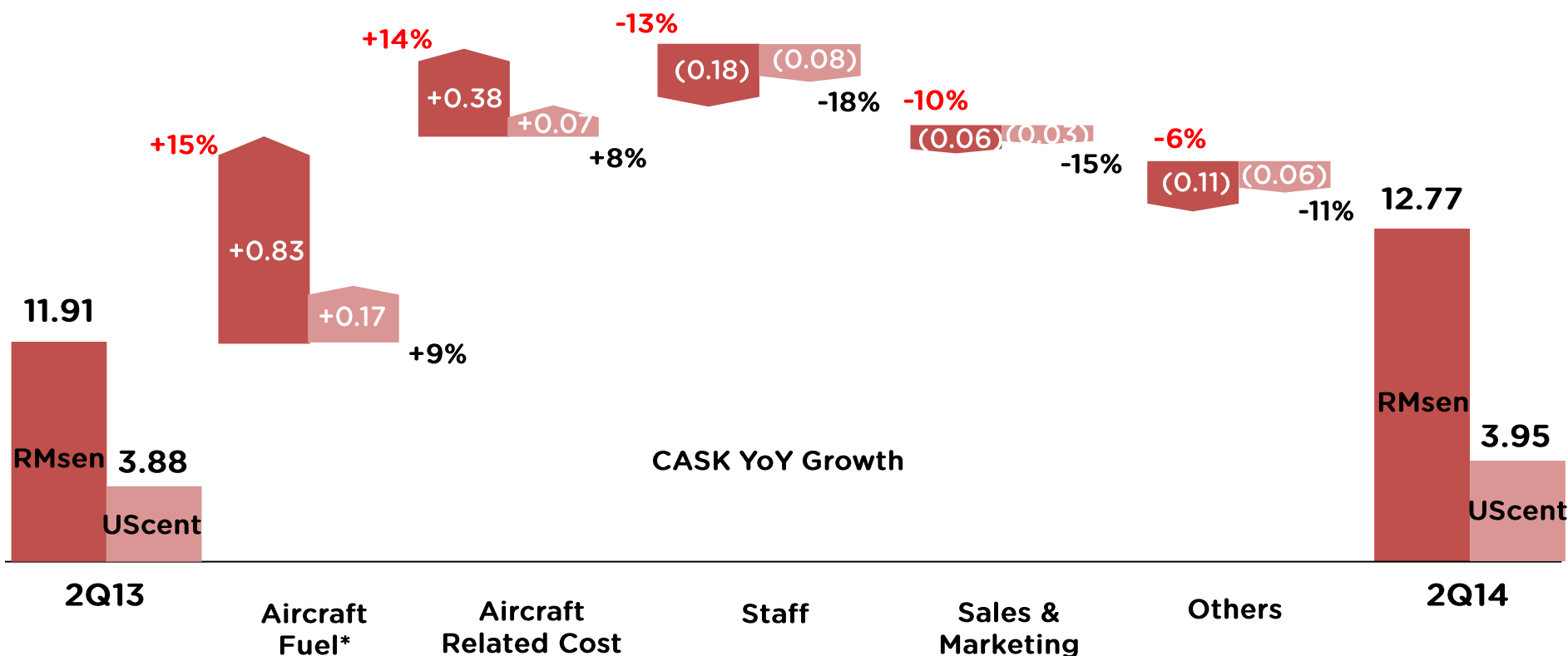
CASK (UScent) +1.8% YoY

CASK ex-fuel (RMsen)

CASK ex-fuel (UScent)

+0.5% YoY

-4.7% YoY



*Avg. Fuel Price: 2Q13 (USD127.19/bbl), 2Q14 (USD129.75/bbl)

* RM-USD Exchange Rate: 2Q13 (3.07), 2Q14 (3.23)

Aircraft Related Cost: Aircraft Depreciation, Maintenance & Overhaul, and Lease.

Others: Operations, General & Administrative, and Others.



1H2014

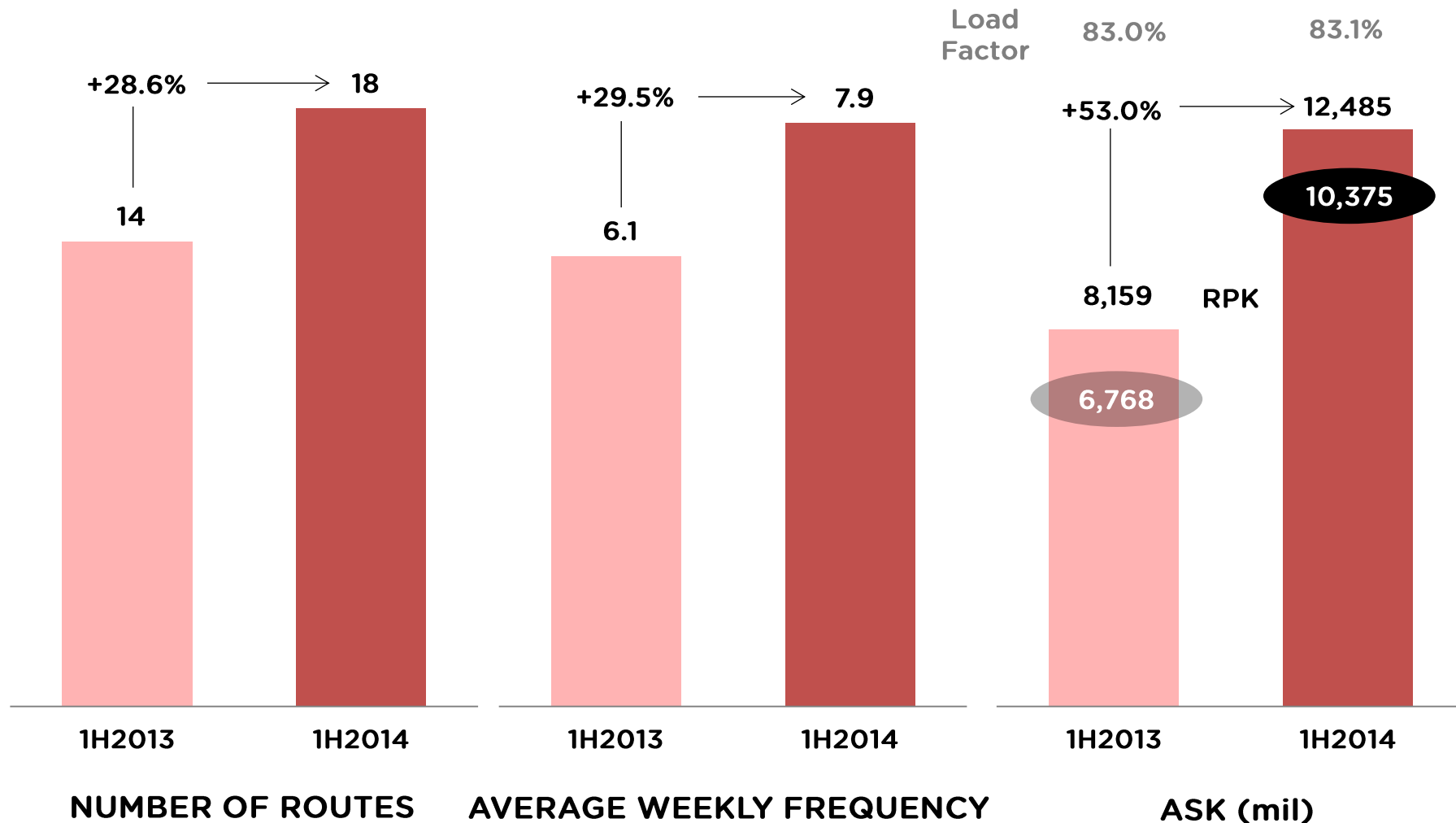
Key Operating & Financial Highlights

1H2014 – Key Operating Highlights

6-month ended 30 June 2014



NETWORK CONSOLIDATION

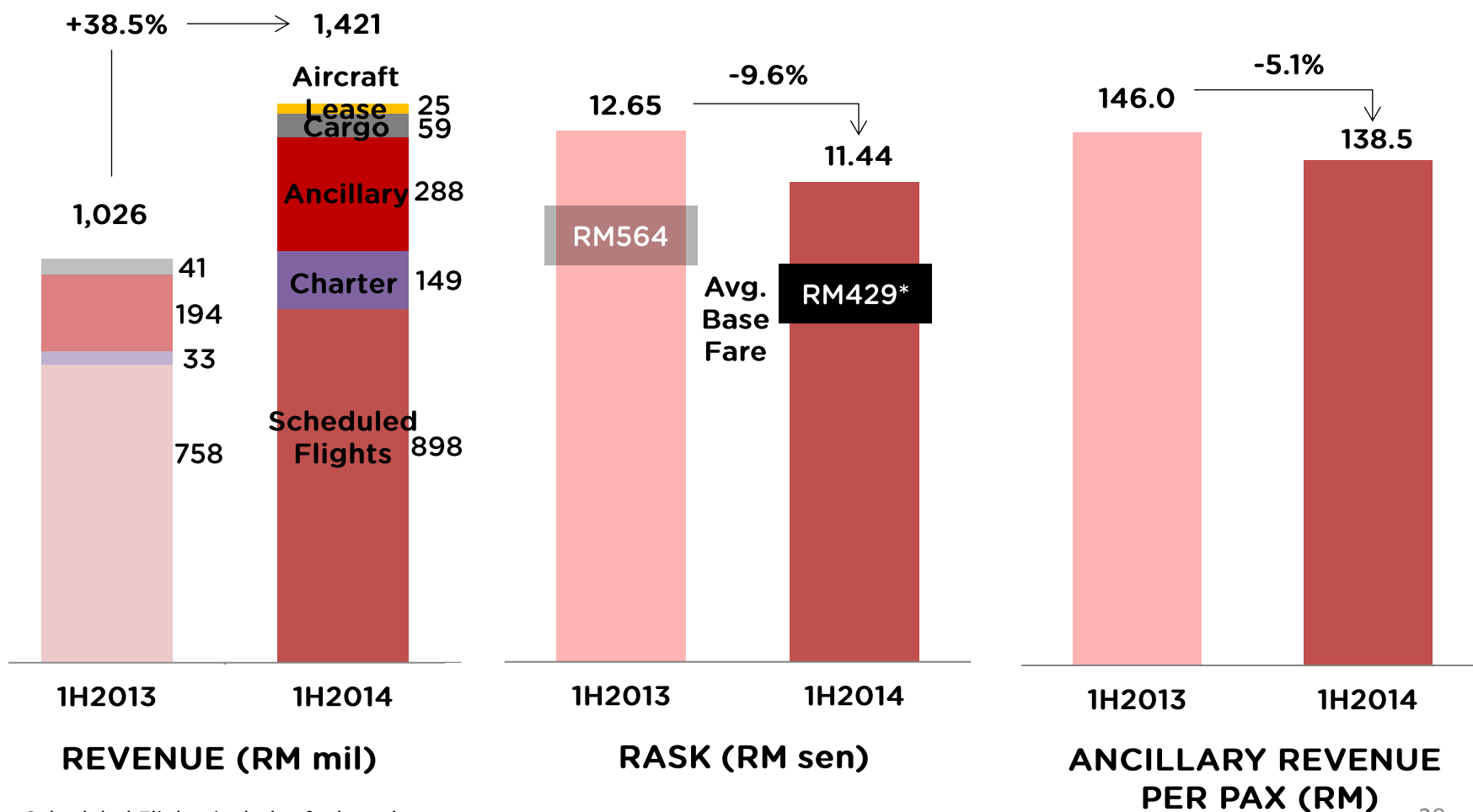


1H2014 – Key Financial Highlights

6-month ended 30 June 2014



TOPLINE GROWTH



- Scheduled Flights includes fuel surcharge

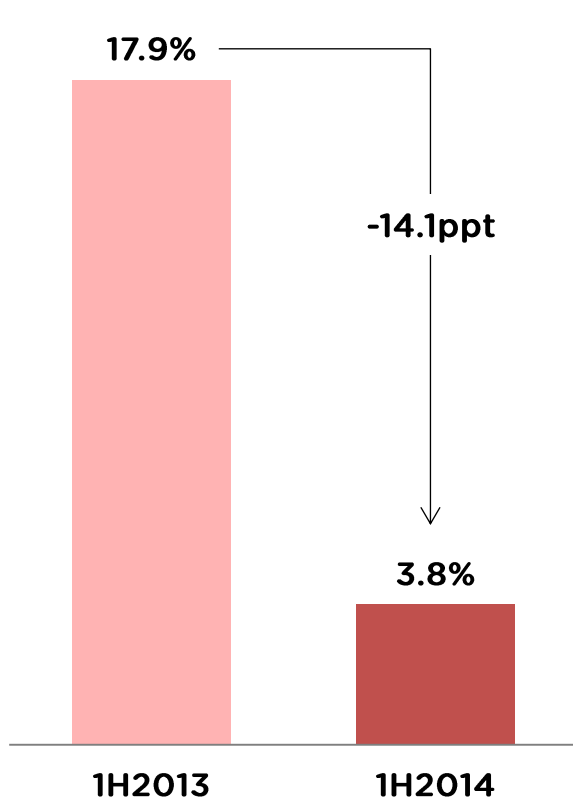
* -24%YoY drop was mainly affected by the Australian routes

1H2014 – Key Financial Highlights

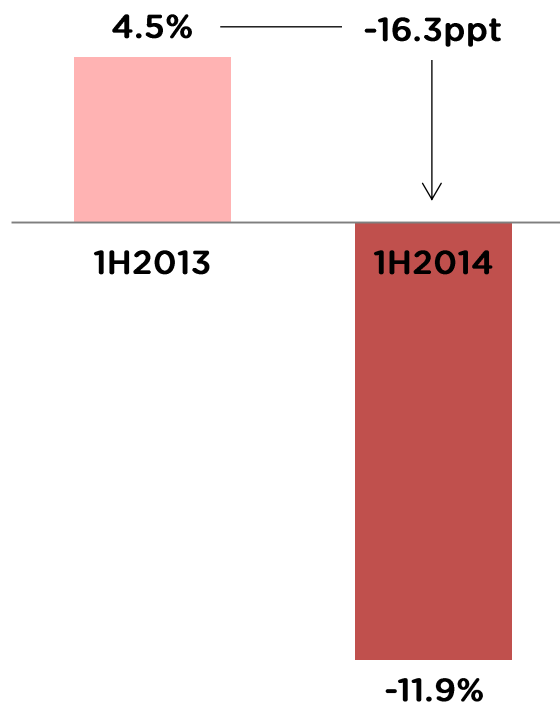
6-month ended 30 June 2014



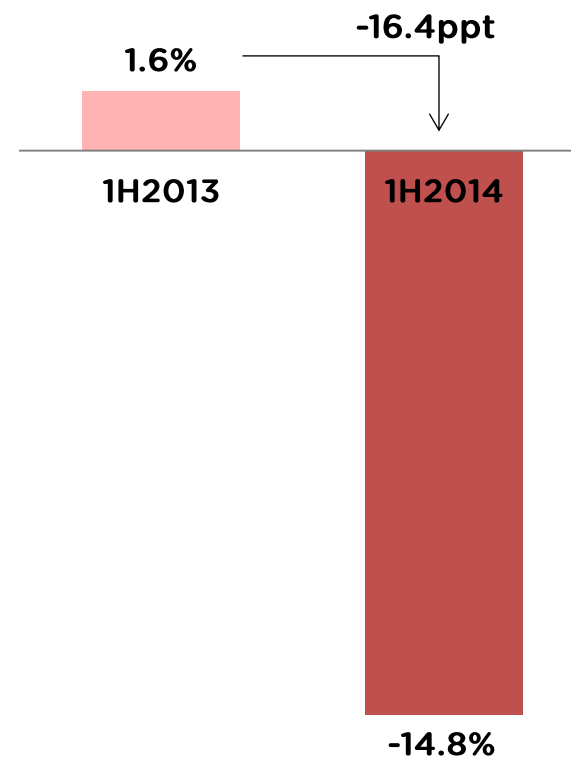
MARGINS



EBITDAR MARGIN



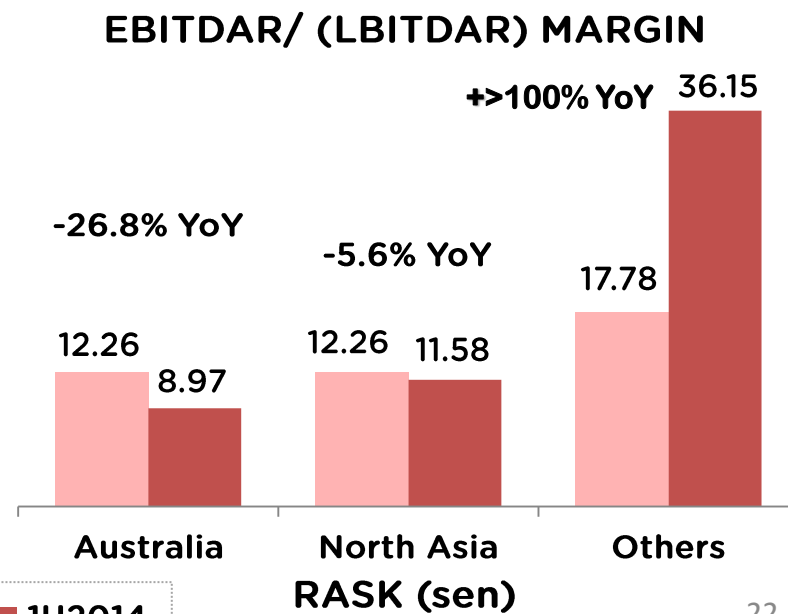
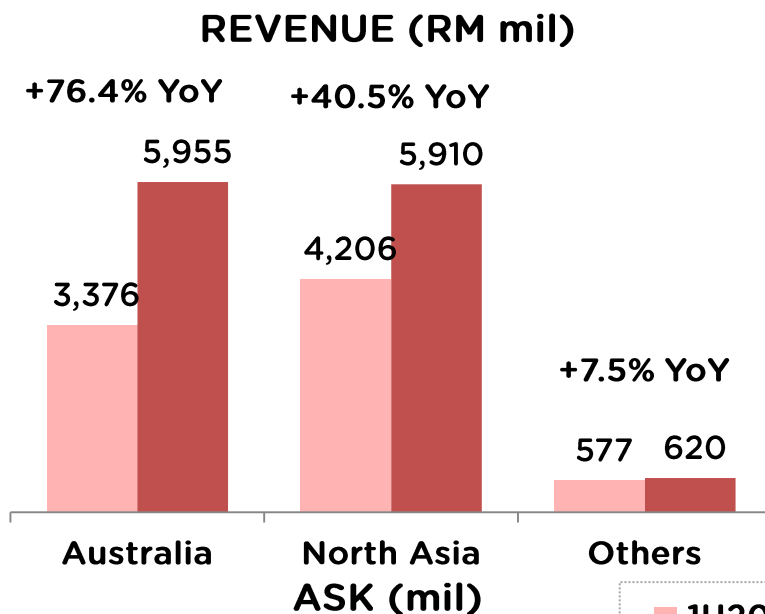
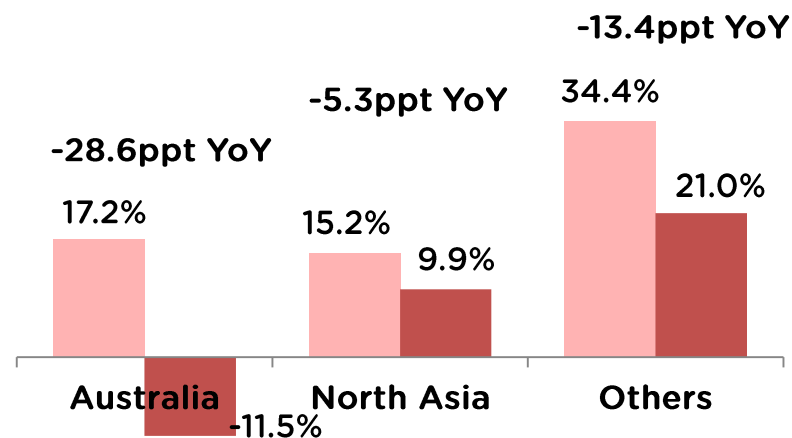
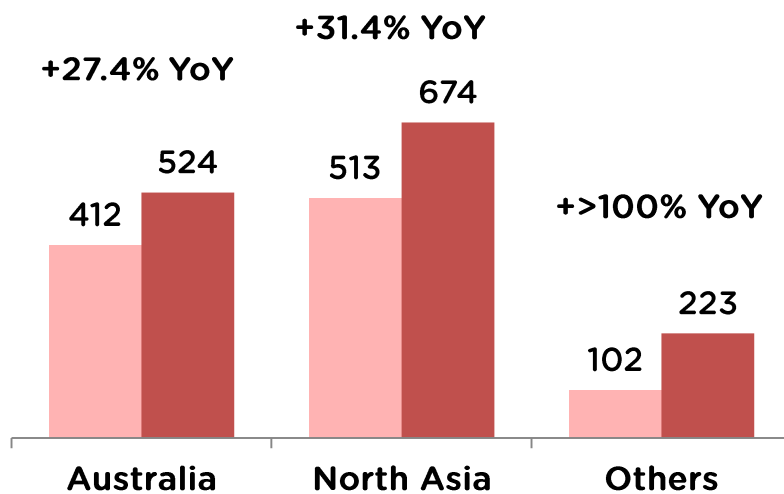
EBIT/ (LBIT) MARGIN



NET OPERATING PROFIT/
(LOSS) MARGIN

1H2014 – Segment Profitability

6-month ended 30 June 2014



1H2013 1H2014

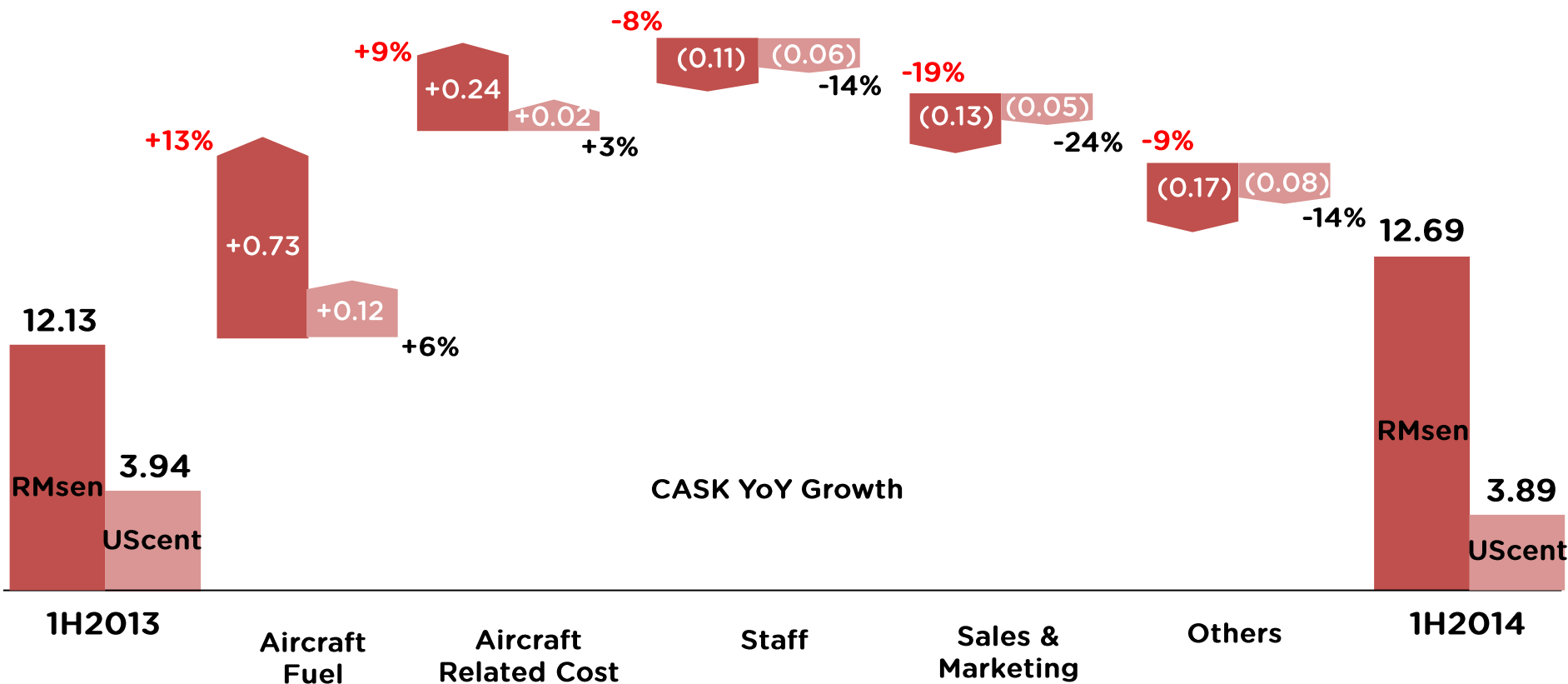
1H2014 – Operating Expenditure

6-month ended 30 June 2014



CASK (RMsen) +4.6% YoY
CASK (UScent) -1.3% YoY

CASK ex-fuel (RMsen) -2.6% YoY
CASK ex-fuel (UScent) -8.5% YoY



* Avg. Fuel Price: 1H2013 (USD131.54/bbl), 1H2014 (USD130.24/bbl)

* RM-USD Exchange Rate: 1H2013 (3.08), 1H2014 (3.27)

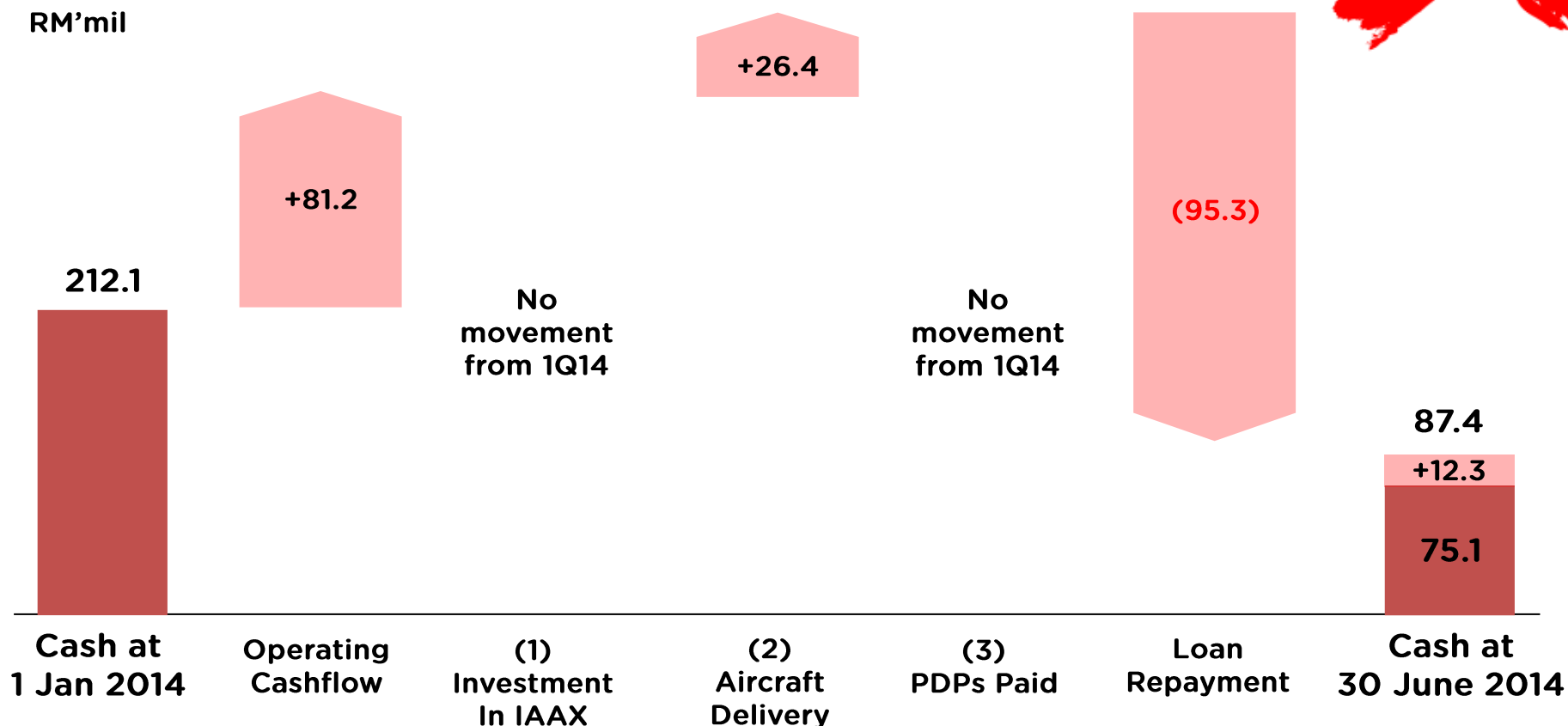
Aircraft Related Cost: Aircraft Depreciation, Maintenance & Overhaul, and Lease.
Others: Operations, General & Administrative, and Others.

1H2014 – Highlights on Cashflow

6-month ended 30 June 2014



RM'mil



(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

2H2014 Outlook



Capacity

- Capacity growth will slow down to 24% and 12% for remaining quarters as capacity reduced to do more charters/leases
- Quarter-on-Quarter Capacity in single-digit for remaining quarters
- Annual ASK growth expected at 32%, and less than 20% from 2015 onwards

RASK

- RASK to improve indicating:
 - route network portfolio maturing
 - route-pair gaining momentum
 - third party distribution picking up
 - Better Customer Experience in KLIA2
- More Charters/Lease contracts being secured

CASK

- Continued unit-cost reduction for controllable items expenses (staff costs, sales and marketing)
- Fuel Price appears to be softening

Margins

- Barring macro-factors of fuel and currency, improvements in RASK and controllable CASK should improve margins

Cash

- No further investments expected for Associates for remainder of 2014
- 2 aircraft delivery for second-half 2014 on Operating Leases
- Major PDPs for 2015-2016 deliveries also via Operating Leases
- Maintain positive Operating CashFlow and positive Net CashFlow



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