



AirAsia X Berhad

Analyst Deck

Quarter ended 30 June 2023



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Key Takeaways for the Quarter

Highlights of the Company's Performance for 2Q23



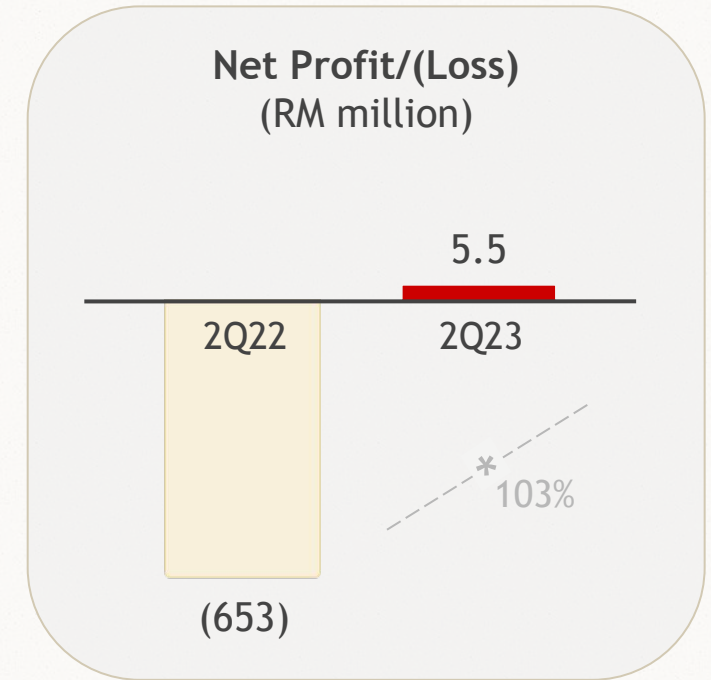
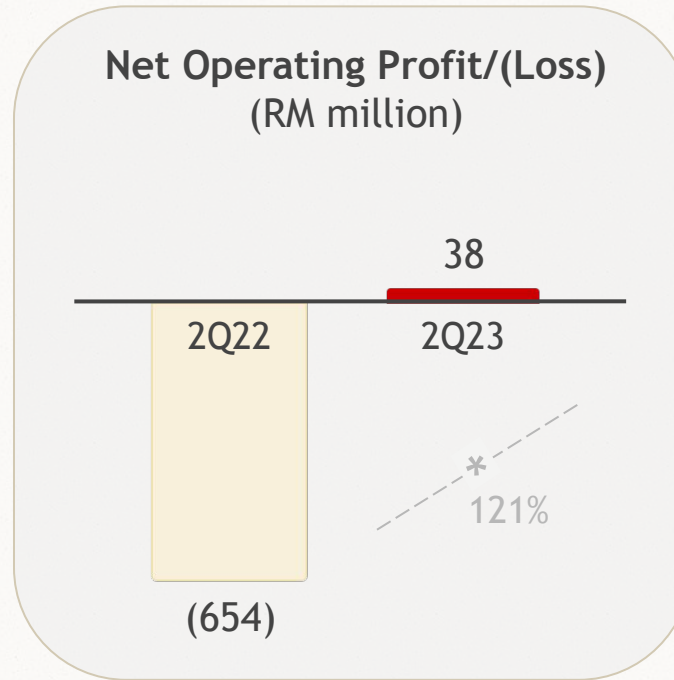
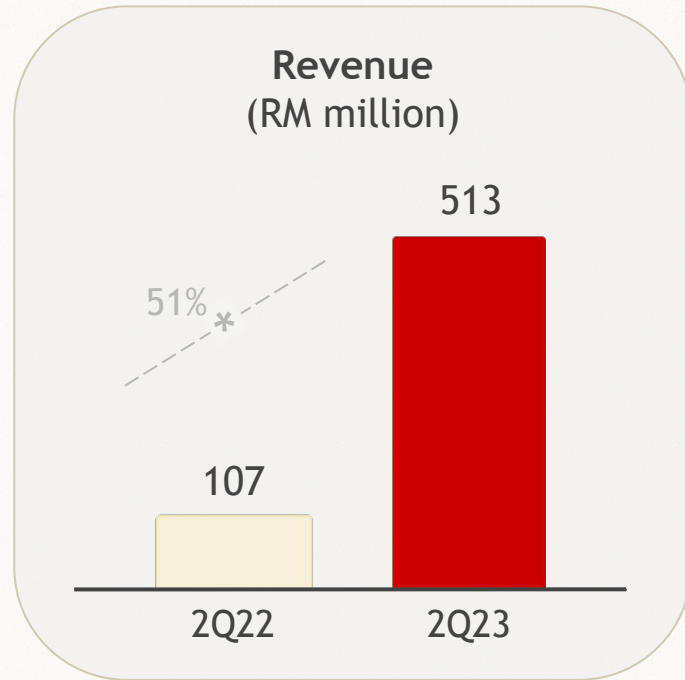
- ❖ 2Q23 **Revenue of RM512.9 million** - a **surge of 4x YoY**, with a **recovery rate of 51%** against 2019
- ❖ Quarterly **Net Profit of RM5.5 million from a Net Loss of RM653 million in 2Q22** driven by strong operational performance as exhibited in the positive EBITDA of RM100.5 million and net operating profit of RM38.2 million.
- ❖ **Average Base Fare of RM533**, down 31% vs 1Q23 but still remain 22% above 2Q19 - fares have normalised **due to softer seasonality** but **trending strongly for 4Q23**
- ❖ Ancillary revenue strong at RM146.9 million or **RM236 per pax**, an over 42% hike from 2Q19's RM166 per pax
- ❖ **Operating expenses** rose to RM412.3 million in line with higher fleet utilisation; **1H23 remains extremely lean, 3x lower vs 1H19**
- ❖ **CASK stood at 11.75 sen**, performing better than 13.47 sen recorded in 2Q19
- ❖ Key focus remains **fleet activation** and **network recovery** as 11 aircraft are operational and sectors flown grew 27x YoY - driven by **increased frequencies** and opening of **new markets**, which resulted in better **FlyThru connectivity** and **cargo up take**
- ❖ Fleet growth - on track to **have up to 17 aircraft operational by December 2023**; **accelerate fleet expansion to support future growth** - expects to reach **2019-level fleet by 2027**
- ❖ **Strong cash position at RM269 million**, up by 40% QoQ while shareholders' equity increased to **RM96.1 million due to RM50 million shares placement**
- ❖ Associate **AirAsia X Thailand posted RM352 million of Revenue, recovering by over 91%** compared to 2019, as the number of passengers increased in line with ramp-up of operations, and posted net loss of RM73.6 million on the back of unrealised forex loss
- ❖ AirAsia X's **PN17 waiver application** and AirAsia X Thailand's **rehabilitation plan remains in work** and further announcements shall be made
- ❖ AirAsia **expects to record a "Share of Profits from Associate"** of over RM300 million by 4Q23 once AirAsia X Thailand's rehabilitation plan completes

Key Financial & Operational Highlights



Key Financial Highlights - 2Q23







Financial Highlights for Quarter ended 30 June 2023



- ❖ **Revenue surged over 4x YoY to RM512.9 million** driven by the **recovery of scheduled flight operations**:
 - Scheduled flights revenue at RM331.4 million (2Q22: RM6.7 million) while ancillary revenue stood at RM146.9 million (2Q22: RM1.3 million)
 - Against the same period in 2019, **revenue has recovered over 51%** despite having only 11 aircraft operational (2019: 24 aircraft)
- ❖ The airline's turnaround is evident with positive EBITDA of RM100.5 million and **net operating profit of RM38.2 million**
- ❖ **Net Profit at RM5.5 million as opposed to position of loss in 2Q22** even as second quarters typically charting **low seasonality**, in addition to an **foreign exchange loss amounting to RM32.7 million**

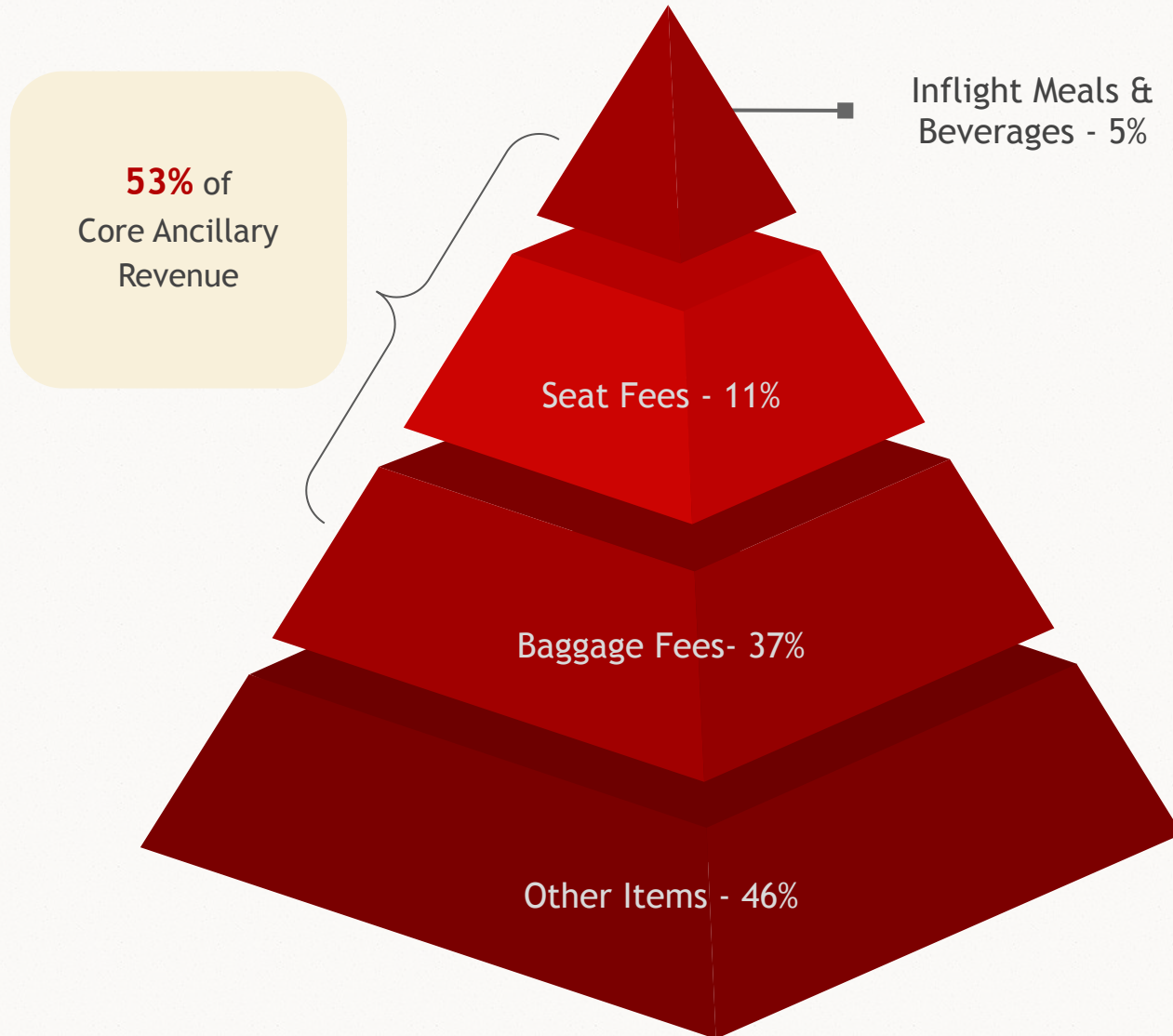
Key Operational Highlights - 2Q23

Recovery of operational metrics on track - over 40% recovery against 2019 across the board

	2Q23	2Q22	 	2Q19	Recovery Rate	
ASK Capacity (million)	3,509	138		25x	8,442	42%
<p>❖ ASK Capacity rose over 25x against 2Q22 as more aircraft were activated in tandem with the surge in scheduled flight operations - against 2019, ASK Capacity has recovered by 42%</p>						
No. of Sectors Flown	2,234	81		27x	4,824	46%
<p>❖ With the recovery of AAX’s network, the Number of Sectors Flown surged by over 27x as more destinations and flight frequencies were established - against 2019, recovery rate trends at 46%</p>						
Load Factor (%)	76	29		+47 percentage points	80	-4 percentage points
<p>❖ Passenger Load Factor is healthy at 76% despite seasonality, and is close to emulate 2019 levels</p> <p>❖ A total of 621,984 passengers carried, up by 70x YoY and recovered by 43% compared to 2019</p>						
Average Passenger Fare (RM)	533	757		-30%	437	122%
<p>❖ Average Base Fare shows 22% upside compared to 2019 - fare environment normalised as capacity returned, in addition to second quarters being typically softer due to seasonality</p>						

Ancillary Performance - 2Q23

Ancillary Revenue up over 100x YoY, Plans in Motion for Ancillary Revenue Growth



Ancillary Revenue Key Highlights:

- ❖ Ancillary revenue grew **more than 100x YoY** as more flights are reactivated in the past 12 months
- ❖ **Ancillary revenue per pax up (RPP) hitting RM236** due to higher take up and optimised commercial initiatives

Outlook for Ancillary Segment:

- ❖ Ancillary **RPP expected to grow by over 30%** against 2019 levels
- ❖ **Key initiatives** in place to drive ancillary performance:
 - **Data-driven dynamic pricing** and optimisation
 - **New and improved product offerings** to be introduced in 2H23
 - Optimisation of sales channels for **better user experience**

Review of Operating Expenses vs. 2019

AirAsia X's operating expenses continues to show discipline compared to pre-COVID level

A Quick Recap !

AAX **re-engineered itself during its period of hibernation** between 2020 up to mid-2022; in **rebuilding its competitive strengths for a post-pandemic world**, AAX restructured its debt and further trimmed its cost structure:

- ❖ Debt restructuring
- ❖ Revised lease rates
- ❖ Renegotiated service contracts
- ❖ Undo taxing / punitive provisions
- ❖ Rationalised fleet size strictly per network requirements
- ❖ Revamped network

Against 2019, in 2023:

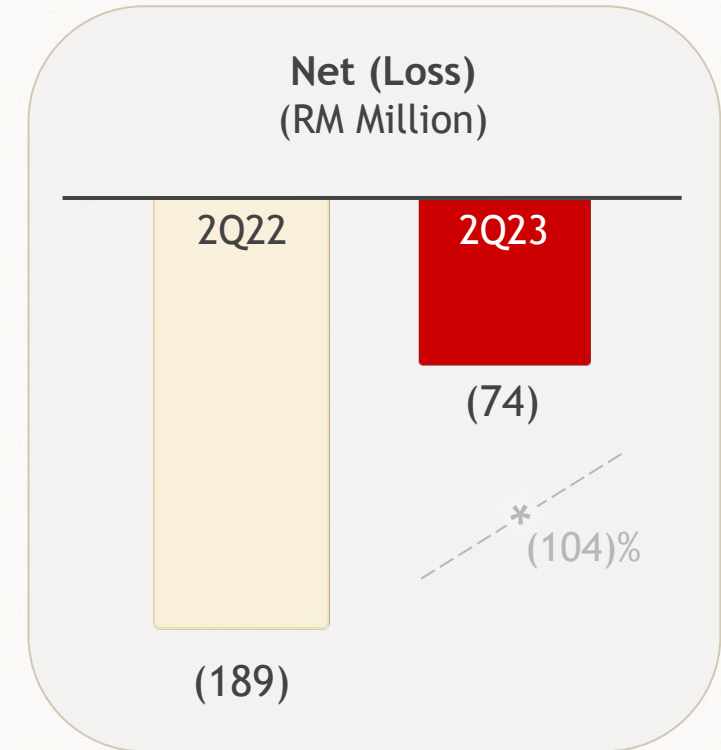
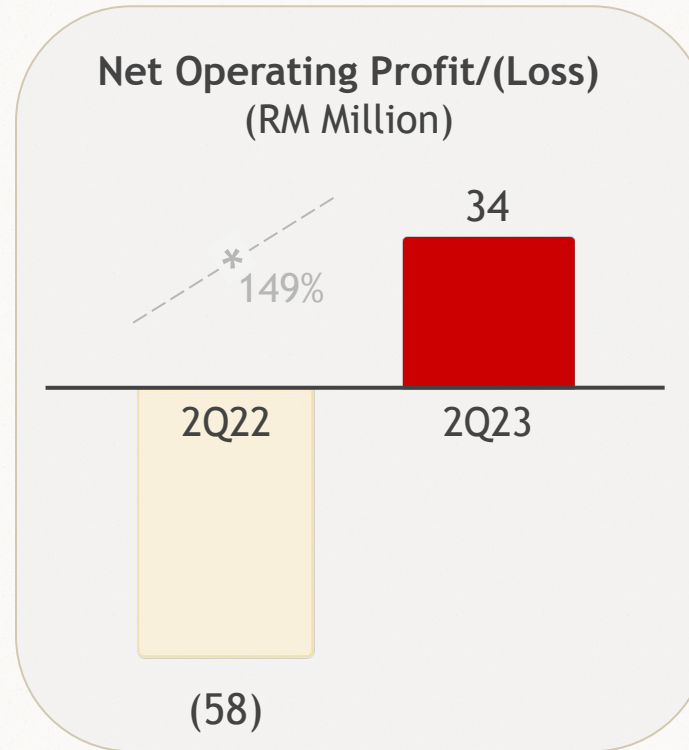
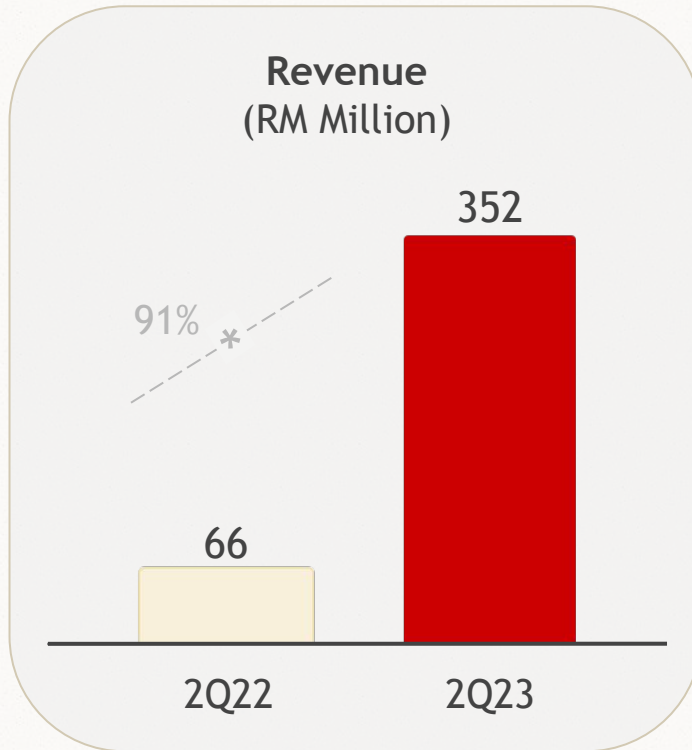
- ❖ **Reduced close to 3X in 1H23 at RM600.9 million compared to 1H19's RM1,795.8 million** driven by the overhauled cost structure:
 - **Lower staff costs** due to streamlining of manpower, adhering prudently to activation requirements
 - **Lower aircraft lease expenses** following restructuring of the lease arrangements
 - **Reduced fuel and maintenance expenses** on the back of overhauled operations
 - Bolstered by **reversal of provisions** for doubtful debts, travel vouchers and tax loss in joint venture
- ❖ **Against 2Q19, total operating expenses in 2Q23 reduced significantly by 116%** to RM412.4 million

Associate Performance: TAAX



Associate: TAAX - 2Q23

Rehabilitation plan a work in progress








- ❖ **Revenue increased over 5x** against the same period last year as operations recover further, standing at RM351.9 million in 2Q23 - against 2019, TAAX has **charted a strong recovery rate of 91%**
- ❖ TAAX **turned around Net Operating Profit** to RM33.6 million as operations recover and normalise, while its **rehabilitation plan remains a work in progress**
- ❖ Due to **unrealised foreign exchange loss amounting to RM107.2 million**, TAAX posted a net loss of RM73.6 million in 2Q23 which has narrowed significantly from 2Q22

Associate: TAAX - 2Q23

Operational Metrics Demonstrate Encouraging Recovery



	2Q23	2Q22	 		2Q19	Recovery Rate
ASK Capacity (million)	1,805	41		44x	3,229	56%
No. of Sectors Flown	1,080	30		36x	1,905	57%
Load Factor (%)	78	97		-19 percentage points	76	+2 percentage points

- ❖ ASK Capacity stood at 1,805 million, an increase of 44x YoY as more aircraft were activated in the past year - recovery against 2019 level stood at 56%

- ❖ With the ramp up of flight frequencies across its network, Number of Sectors Flown increased by over 36x YoY, and demonstrated a recovery rate of 57% compared to the same period in 2019

- ❖ Passenger Load Factor is healthy at 78% despite seasonality, and has surpassed 2019 level by 2 percentage points
- ❖ A total of 311,337 passengers carried, up by 28x YoY and recovered by 58% compared to 2019

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Network & Fleet Updates



Network Plan

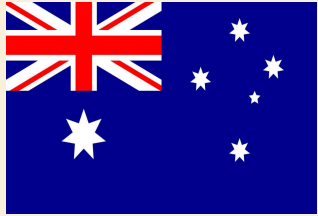
Return to Core Markets and Entry to Exciting New Markets - Building FlyThru



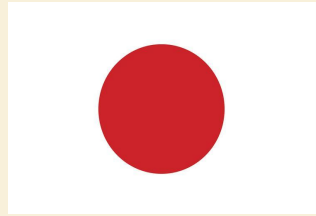
- ❖ Serving **18 destinations in June 2023** from only 2 destinations on restart of the airline
- ❖ Building on **regional dominance in core markets** now that operations are in full force
- ❖ **Massive potential from China** in the horizon - AAX expects China's 8x weekly **flight frequency to grow by three fold** by end of year 2023
- ❖ **FlyThru traffic surged to over 151,000 passengers** from mere 671 passengers in 2Q22, with top routes connecting **Indonesia, India, Australia, Thailand and Japan**
- ❖ Commencement of **new markets in Istanbul and Central Asia** as well as selected short haul routes with **strong demand and cargo upside**

Network Market Updates

2023 - Return to Core Markets and Building Regional Dominance



Returned to all pre-COVID routes by May 2023, with weekly flights of up to 22x weekly flights to Sydney, Melbourne, Perth and Gold Coast



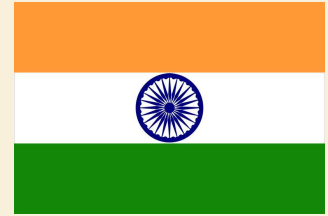
Returned to 3 core routes in Japan by January 2023, with up to 18x weekly flights to Tokyo, Osaka and Hokkaido-Sapporo



Returned to key routes in South Korea with up to 13x weekly flights to Seoul and Busan



Restarted China with Hangzhou, Shanghai and Beijing with 8x weekly flights, accelerating return to China as Chengdu launched in July



Delhi as first comeback route in 2022; by September AAX would serve Delhi and Amritsar, ramping up the connectivity to the rest of the network

Fleet Activation Overview

2023 Fleet Activation from June 2023 - December 2023

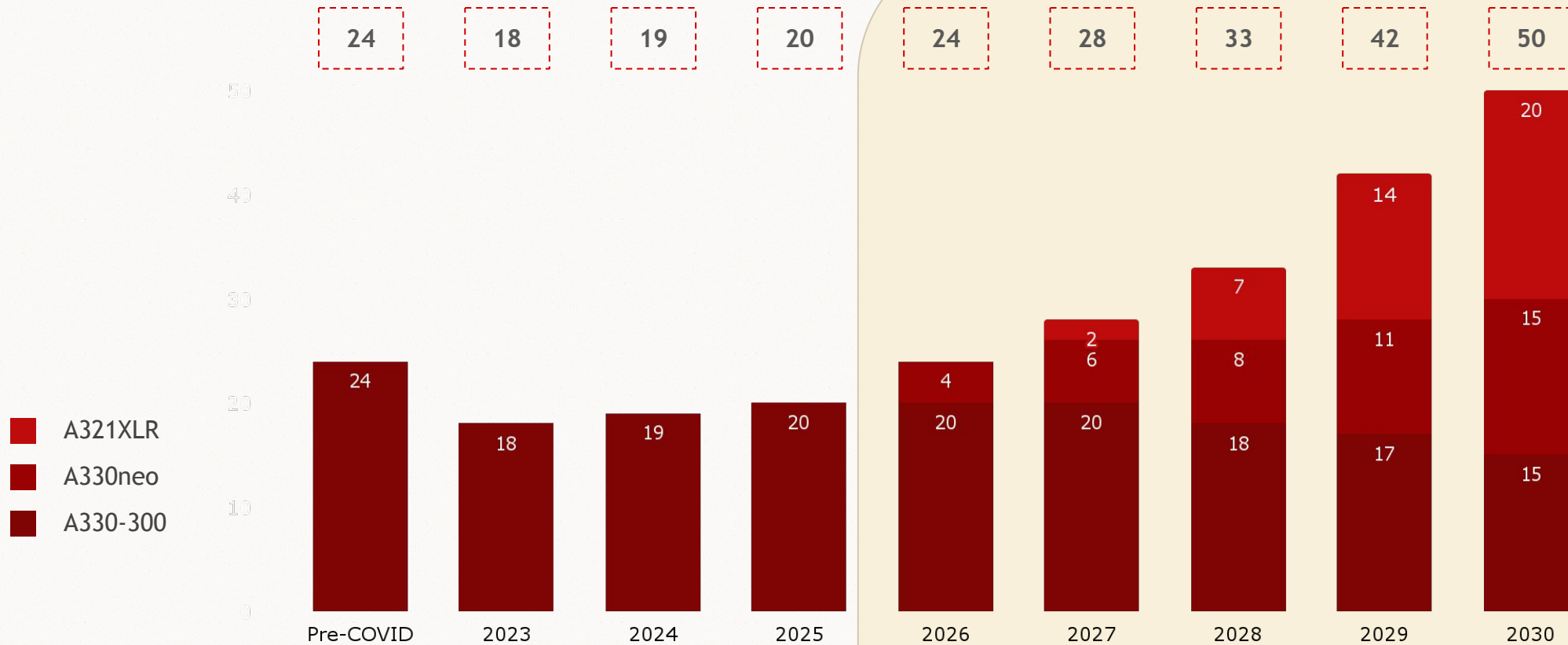
<i>Period under Review</i>	<i>June-23</i>	<i>September-23</i>	<i>December-23</i>
Total Fleet Size End of Period	17	17	18
Total Activated Aircraft End of Period	11	14	17

◆ Notes:

- August 2023 - 13 aircraft are activated following induction of 2 A330-300 leased from 3rd party lessor to the operating fleet
- September 2023 - 14 aircraft will be activated with addition of 1 A330-300 leased from 3rd party lessor to the operating fleet
- November 2023 - 16 aircraft will be activated with addition of 1 A330-300 transferred from AirAsia Malaysia and 1 A330-300 out of RTS works
- December 2023 - 17 aircraft will be activated with addition of 1 A330-300 out of RTS works

Airbus Orderbook

AirAsia X's Fleet Growth - pre-COVID → 2030



- ❖ Notes on fleet growth and Airbus orderbook delivery schedule:
 - Plans to add **1 aircraft each year** from 2024 - 2025 prior to delivery of the Airbus orderbook starting in 2026
 - Fleet size expected to **reach pre-COVID level of 24 aircraft** by 2026
 - **Replacement of current fleet** expected to happen by 2028 out of the Airbus orderbook

Delivery Schedule of the Airbus orderbook of A330neo and A321XLR

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Outlook for 2H23



Zooming in on 2H23 - Network & Commercial

Key Focus for AirAsia X in the coming months



Network & Fleet

- Strategy on **yield-building and capacity recovery** remains in motion - steady relaunch of identified routes to continue into 2H23, in addition to **building FlyThru traffic**
- Return to China will be focal point in the coming months; **weekly flights to China expected to hit 27x from 8x** in June 2023
- Building total capacity across the network; **total weekly flights expected at over 155 flights per week in December 2023** (2Q23: 96 flights per week)
- Activation of the fleet remains an ultimate key - plan is in place to **add 1 more aircraft by 2H23** and continue working with lessors and manufacturer to ensure **fleet is secure in the long term**

Commercial Outlook

- **Ancillary revenue per passenger to grow over 30%** vs 2019 levels - 2H23 will see more **new and improved offerings** and **fine-tuned, data-driven pricing strategy**
- Various **targeted marketing and optimisation plans in motion via airasia.com** to drive scheduled flights and ancillary revenue segments
- Increasing **FlyThru traffic as more destinations are introduced on airasia.com** - tapping onto short haul sectors, either from AirAsia or non-AirAsia flights
- Working closely with **Teleport to build on cargo upside particularly as traffic recovers** - **cargo revenue steadily gaining traction at 6.7% of total revenue as of 2Q23 (1Q23: 5.4% | 2Q19: 4.2%)**

Zooming in on 2H23 - Financial Position

Key Focus for AirAsia X in the coming months



Cash & Equity

- In 2Q23 **cash position strengthens to RM269 million, up by approximately 40%** compared to the preceding quarter and is expected to be **buoyed by positive outlook on the operational environment**
- AAX's shareholders' equity **returned to positive at RM40.8 million in 1Q23** and was **boosted with the completion of placement of shares** amounting to RM50 million in 2Q23 - the Company's positive operational and financial outlook for 2H23 will **further drive its equity position which stands at RM96.1 million in 2Q23**

Corporate Exercise

- **PN17 waiver application** status - a work in progress as the application was submitted in July 2023 and further announcements shall be made accordingly **as the matter progresses**
- **TAAX's rehabilitation plan remains in progress** and AAX expects **upside on share of earnings** once the plan completes
- AAX will record a **"Share of Profits from Associate"** of **over RM300 million by 4Q23** once TAAX completes its rehabilitation plan

Thank You

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