



AIRASIA X

THIRD QUARTER 2016 FINANCIAL RESULTS

AirAsia X
*TURN*S





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3Q16 KEY HIGHLIGHTS





3Q16 KEY TAKEAWAYS



Strongest Q3 results in the Company's history



Passengers carried at 1.22 million, up 35% YoY, exceeding seat capacity growth of 29%



Load factor up 3ppts YoY to 78%



Average Base Fare increased 14% YoY to RM501 in 3Q16



Ancillary income per pax up 10% YoY to RM134



Commenced inaugural flight to Mauritius in October 2016





3Q16 KEY TAKEAWAYS



Group revenue up 24% to RM982.4 million, on the back of higher:

- I. **scheduled flights revenue (+54% YoY)**, resulted from higher passengers carried growth exceeding capacity increase
- II. **ancillary revenue (+50% YoY)**, and
- III. **aircraft operating lease income (+34% YoY)**, arising from 2 new leased aircraft that increased total leased income aircrafts from 6 aircraft in 3Q15 to 8 aircraft in 3Q16



EBITDAR increased 60% to RM301.0 million, attributed to stronger showing from China, Australasia and North Asia segments



The Group posted Operating Profit of RM50.8 million in 3Q16 against Operating Loss of RM31.1 million in 3Q15, as a result of higher revenue and better cost efficiencies



Profit Before Tax was RM12.0 million in 3Q16 (+>100% YoY)

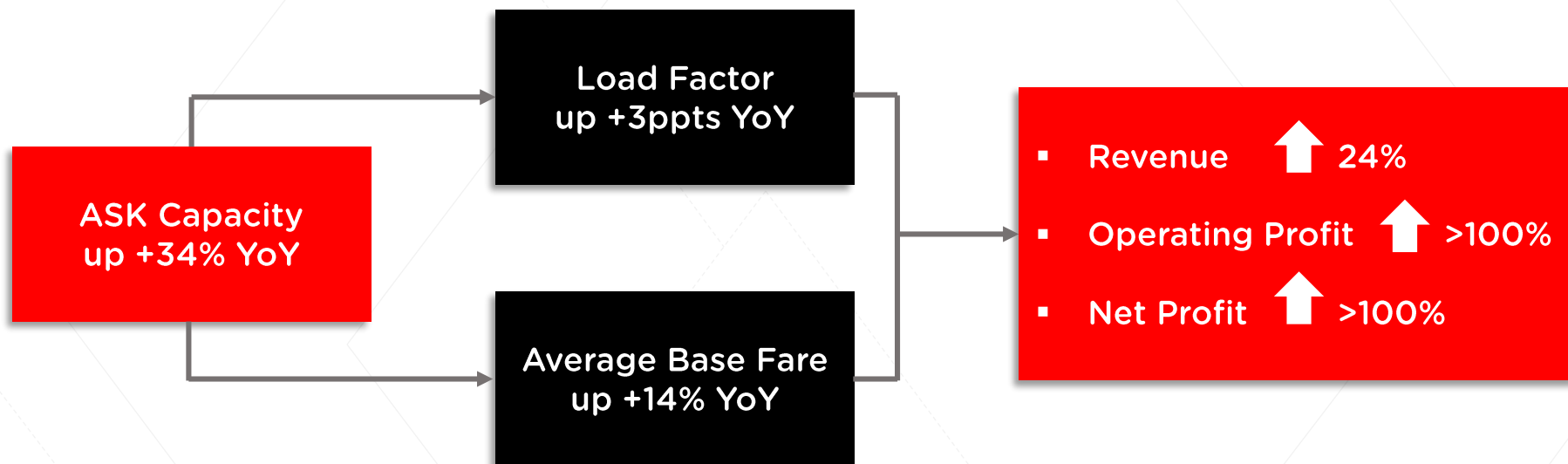


Profit After Tax of RM11.0 million recorded in 3Q16 as compared to Loss After Tax of RM288.2 million, the same period last year





OVERALL POSITIVE PERFORMANCE



- A testament as the Company continues to record encouraging progressive improvement in its operating performance
- Revenue passenger kilometres (RPK) up 39% YoY, exceeding ASK growth of 34% on the back of strong demand from North Asia
- Load factor of 78% surpassed last year's by 3ppts while Average Base Fare up 14% on the back of substantial improvement from North Asia
- These operational statistics have reflected positively in the Company's top line and bottom line respectively





THREE QUARTERS IN A ROW

Three straight quarters of replicating operational efficiencies into good financial quarters



1Q16

2Q16

3Q16

Operational

- ☐ Capacity
- ☐ Load Factor
- ☐ Average Base Fare



Financials

- ☐ Revenue
- ☐ Operating Profit
- ☐ Profit After Tax

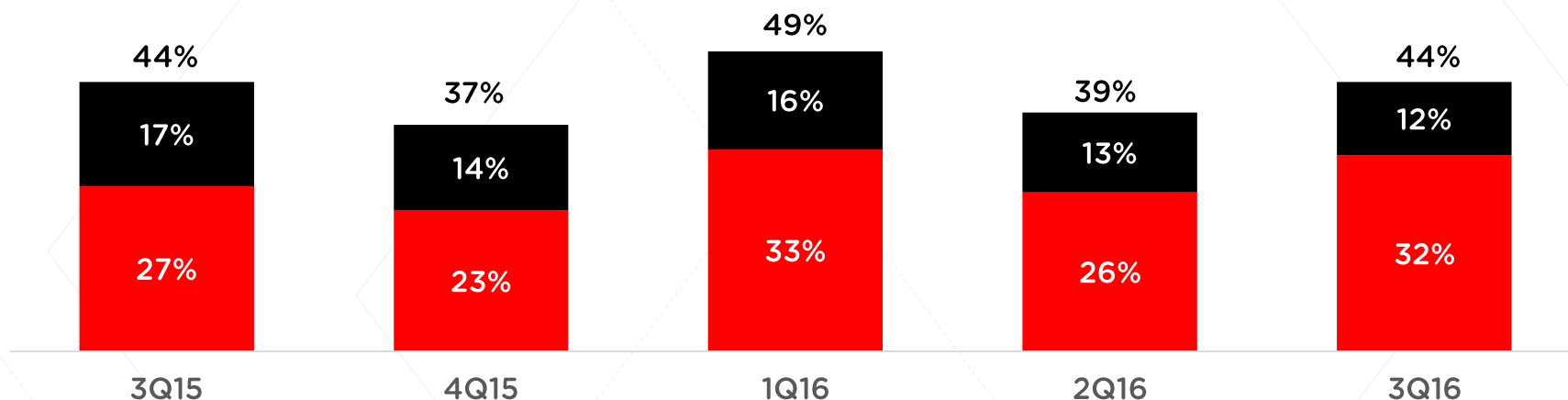


Air Asia



FLY-THRU PERFORMANCE

■ Fly-thru ■ Self-Connecting



- KUL remains the largest transit hub with 83% AirAsia Group FlyThru traffic with the growth of +35% YoY
- Top 5 FlyThru nationality accounted 69%: Chinese (20%), Indonesian (15%), Indian (14%), Australian (12%) & Malaysian (8%)
- AK-D7 remained as top AOC pairing, contributed 41% of overall FlyThru traffic with growth of +29% YoY
- Fly thru performance continues to strengthen proving AirAsia is still the preferred choice of travel with seamless connection to wide network within the AirAsia Group.

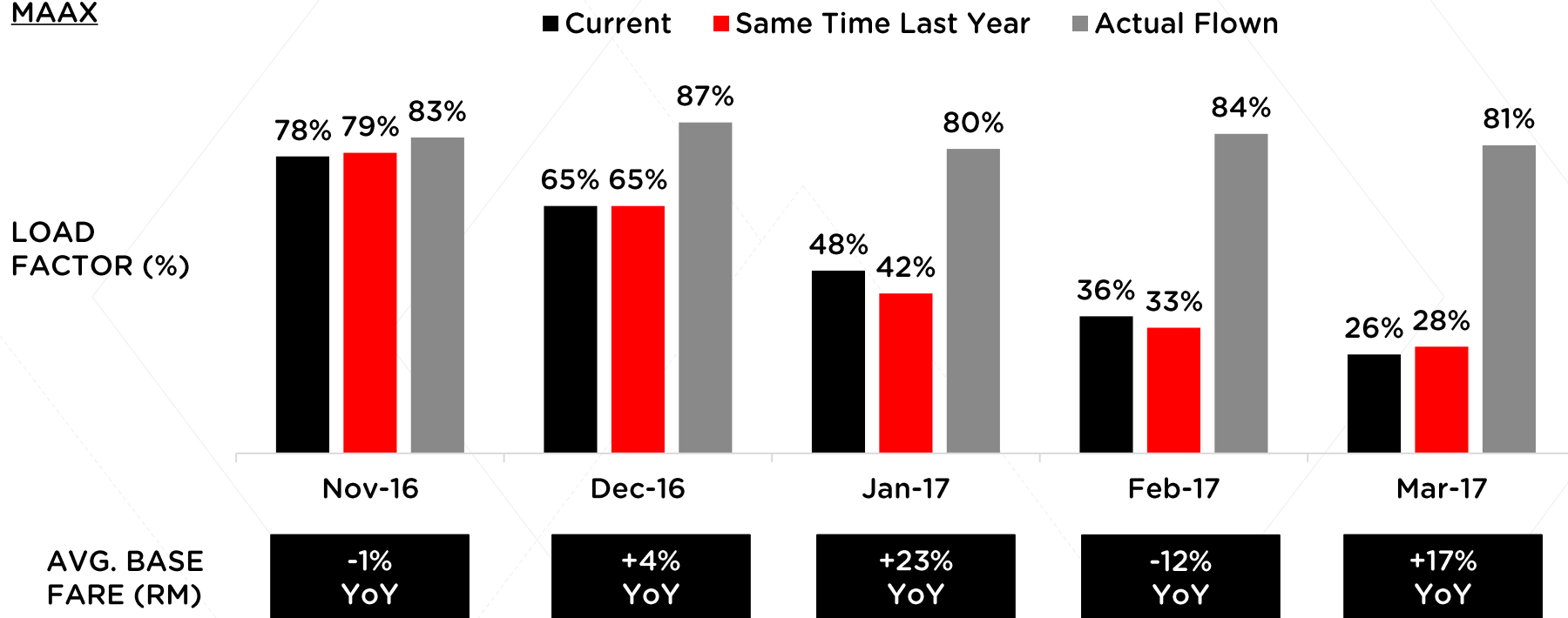




FORWARD BOOKING

As at 14 Nov 2016

MAAX

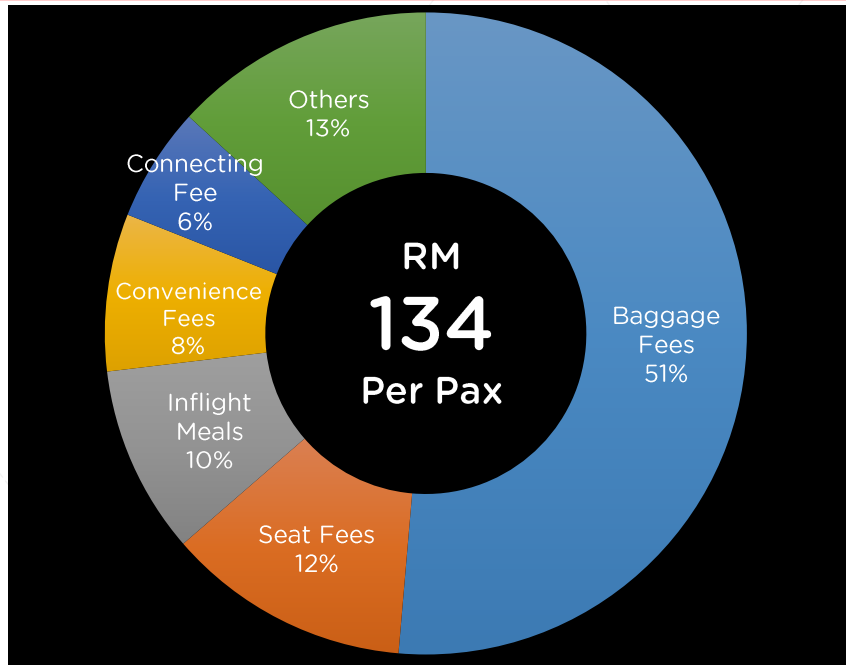


- Based on our forward sales report on 14 November 2016, forward fares for 4Q16 are trending higher as compared to the same period last year
- Average fare are slightly higher despite significant capacity growth in Q4 as a result of a more rational competitive landscape





ANCILLARY



- Total ancillary revenue increased by 50.1% to RM161.8 million in 3Q16 (vs. RM107.8 million in 3Q15)
- Average Ancillary Revenue per Pax up 10% to RM134 per pax (vs. RM122 in 3Q15)
- Biggest contributors:
 - Baggage fees (51% of total ancillary revenue)
 - Seat fees (12% of total ancillary revenue)
 - In-flight meals (10% of total ancillary revenue)
- Premium flatbed revenue up 15% to RM 50 million
 - To further promote premium flatbed in coming quarters flatbed on comfortability, which has gained positive feedback especially on Australia and China routes.

PREMIUM RED LOUNGE:

RECHARGED, RELAX AND REFRESH

- Launched in September 2016
- Premium Lounge customers per day exceeded projected occupancy by 190% to 200 pax a day
- To stimulate ancillary spending by RM 0.70 per pax
- Moving forward to introduce Pre-Book option which will improve walk-in customers
- To work with various parties (e.g Priority Pass, Citibank, Big redemption and etc) to further improve take-up

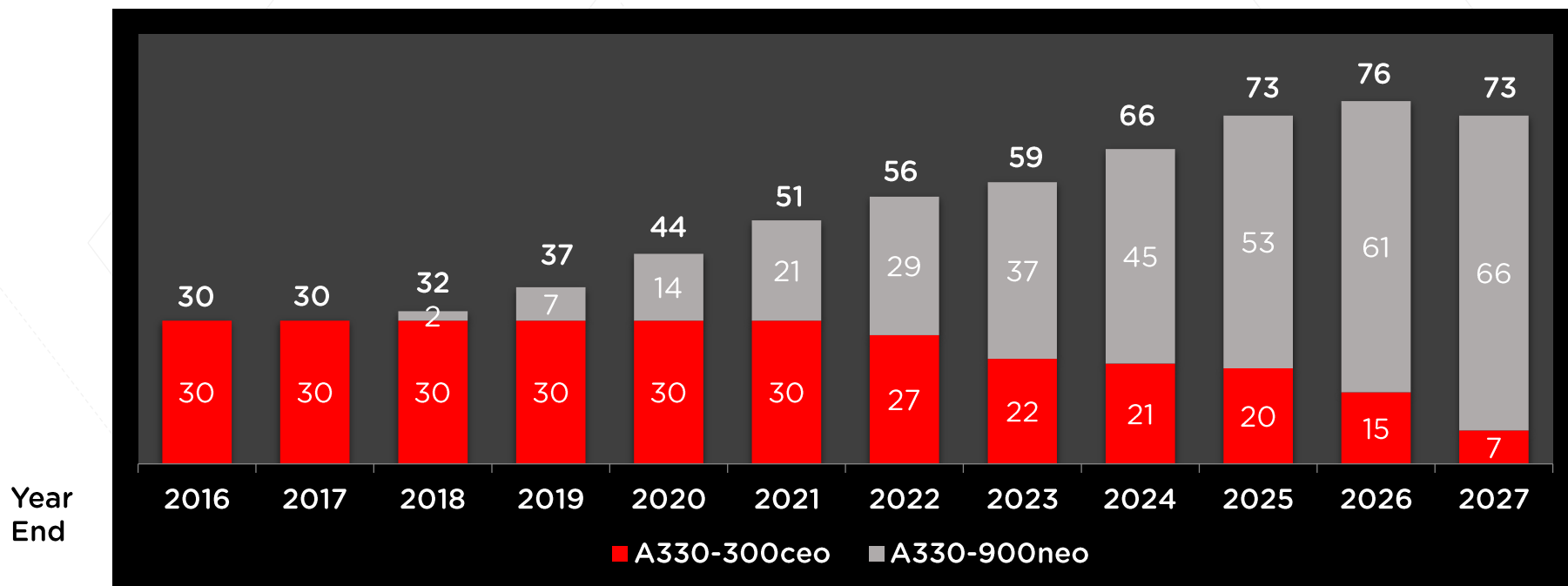




FLEET DELIVERY UPDATES

AIRASIA X Fleet Plan

As at November 2016



- Four aircraft delivered in 1H2016
- No aircraft delivery from 2017 to 1H2018
- A330ceo will gradually be replaced by A330neo. **Up to 14% fuel saving** per seat and reduces maintenance costs
- Current average aircraft age of **5.1 years**





ASSOCIATES UPDATE



Thai AirAsia X

	3Q15	3Q16
Passengers Carried	203,699	348,839
Load factor (%)	71%	85%
Average Base Fare (USD)	119	124
Net Profit / (Loss) (USD'000)	(10,757)	(1,020)

Current Routes:

- Bangkok-Shanghai (7x weekly)
- Bangkok-Incheon (7x weekly)
- Bangkok-Narita (14x weekly)
- Bangkok-Osaka (7x weekly)
- Bangkok-Shenyang (1x weekly)
- Bangkok-Tehran (3x weekly)
- Bangkok-Muscat (3x weekly)

6
A330s

- TAAX reduced losses to USD1.0 million in 3Q16, down 90% YoY
- Passengers carried up 71% YoY while load factor up 14 ppts to 85%
- Thai tourism sector had a short term impact after government has a crackdown on the zero-dollar tour for Chinese tourists to ensure sustainable tourism growth and regain tourists' confidence



Indonesia AirAsia X

	3Q15	3Q16
Passengers Carried	51,841	79,111
Load factor (%)	69%	77%
Average Base Fare (USD)	145	146
Net Profit / (Loss) (USD'000)	(7,898)	(4,016)

Current Routes:

- Jakarta-Jeddah (2x weekly)

2
A330s

- IAAX narrowed losses to USD4.0 million in 3Q16, on the back of higher load factor and passengers carried
- IAAX has temporarily suspended its flights to Sydney and Melbourne effective 1 September 2016.
- The suspension of these services is part of a network restructuring aimed at improving operational efficiencies at IAAX.

AirAsia



4Q2016 OUTLOOK

➤ Fuel Hedging

- Fuel price volatility mitigated as 2016 fuel hedged at an attractive level with 100% of fuel hedged at an average fuel price of USD56 per barrel on planned existing routes
- For 2017, 74% of AirAsia Group fuel requirement hedged for the year at an average fuel priced of USD60 per barrel

AirAsia Group	2017			
	1Q	2Q	3Q	4Q
Current Hedge Ratio	77%	70%	74%	76%
Ave Hedge Cost (USD – jet kero)	58	59	61	61
Average FY Hedge Cost	60			
Ave Effective Cost (USD – jet kero)	58	60	61	62
Average FY Effective Cost	61			

➤ Route Development

- Commenced Kuala Lumpur – Mauritius route in October 2016
- To increase frequency into high yield while gaining market dominance

➤ Ancillary

- Make In-flight Entertainment available in most market from Q4 onwards. Working with various partnership/sponsors to have special deals on IFE and boost take up
- Collaborating with local celebrities to promote onboard Duty Free and hence enhancing our product offerings.
- To launch Twin Seats/couple seats in Q4

➤ Cautiously Optimistic under Challenging Environment

- Going into Q4, forward loads and average base fare are trending better than previous year, however, The Group remain cautious on the back of huge capacity available in the market as well as weakening MYR currency against USD
- The Company intends to gain customer base and secure market shares in key markets, as well as maintain its position as Asia's leading long-haul low-fare airlines





3Q16 KEY FINANCIALS & OPERATIONAL HIGHLIGHTS

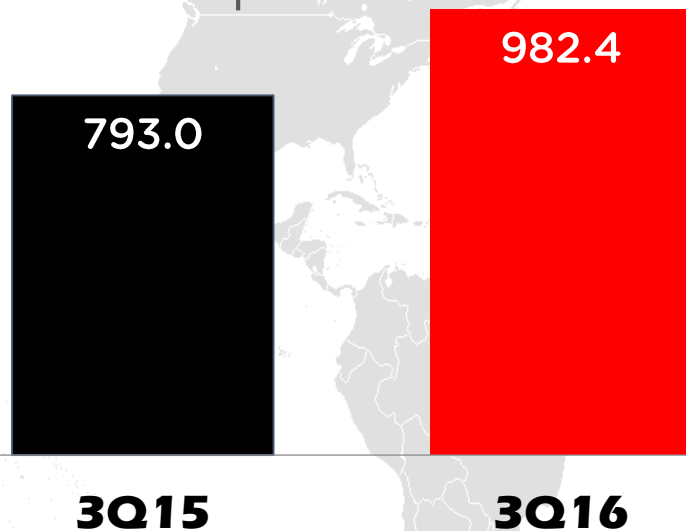




3Q16 KEY FINANCIALS

REVENUE (RM million)

+24%

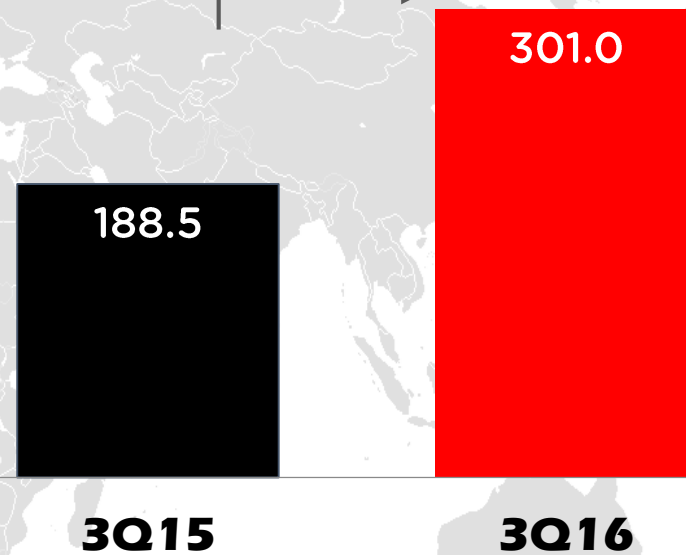


Mainly contributed by higher:

- I. Scheduled flight revenue (+54% YoY)
- II. Ancillary revenue (+50% YoY)
- III. Aircraft operating lease income (+34% YoY)

EBITDAR (RM million)

+60%



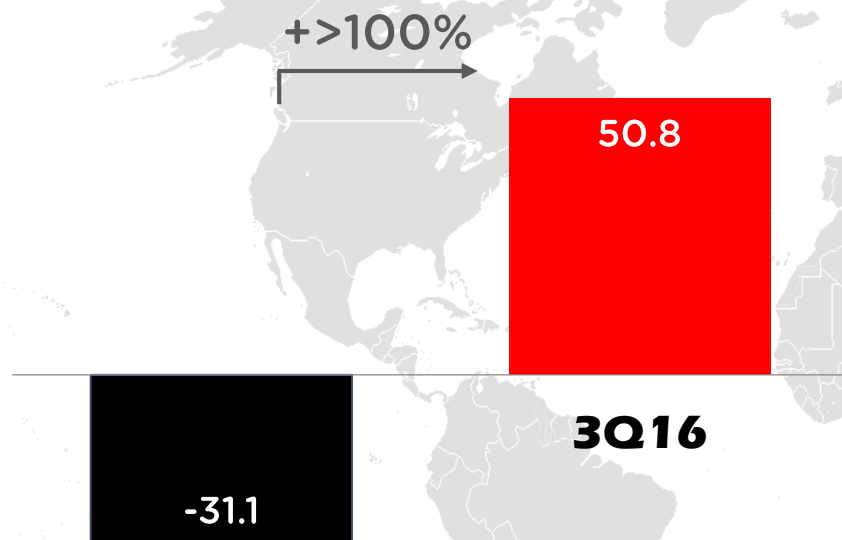
Mainly attributed to:

- I. **Australasia** posted strong EBITDAR of RM60.4 million in 3Q16, up >100% YoY
- II. **North Asia** : up >100% YoY to RM156.5 million



3Q16 KEY FINANCIALS

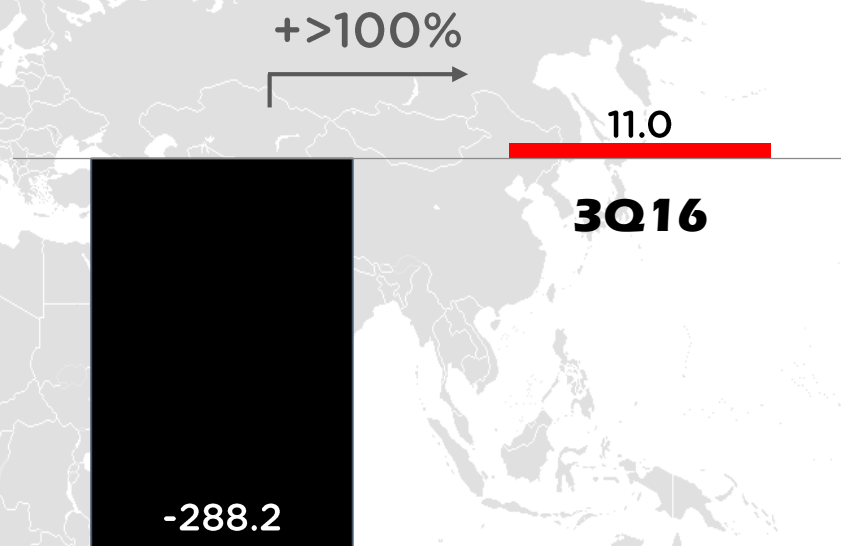
OPERATING (LOSS) / PROFIT (RM million)



Operating profit recorded significant improvement to RM50.8 million on the back of:

- I. **Higher revenue** (+24% YoY)
- II. **Lower fuel cost** despite huge ASK expansion; average fuel price 23% lower YoY at USD63/barrel

NET (LOSS) / PROFIT AFTER TAX (RM million)



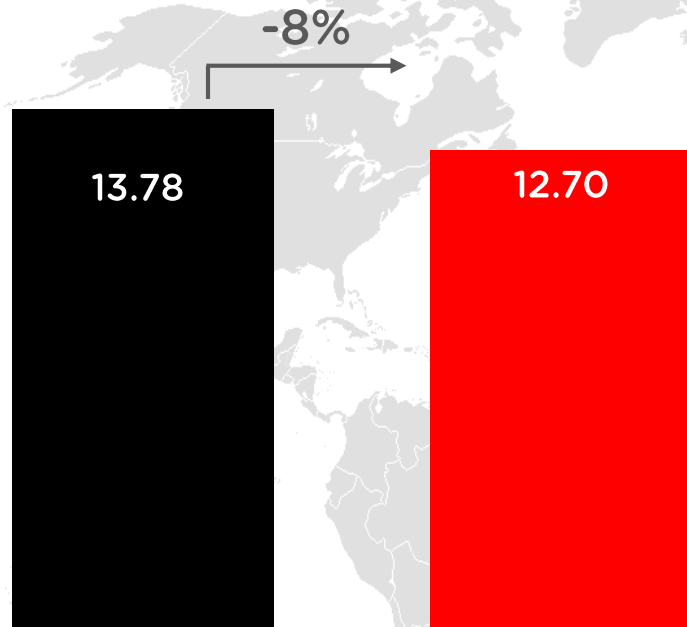
The Group recorded **Profit After Tax** of RM11.0 million in 3Q16 against **Loss After Tax** of RM288.2 million a year ago, mainly attributed to:

- I. **Higher revenue** (+24% YoY)
- II. **Lower fuel cost** (Average fuel price 23% lower in 3Q16 at RM63/barrel)
- III. **Forex loss narrowed** by 86% to RM33.8 million



3Q16 KEY FINANCIALS

RASK (sen)



3Q15

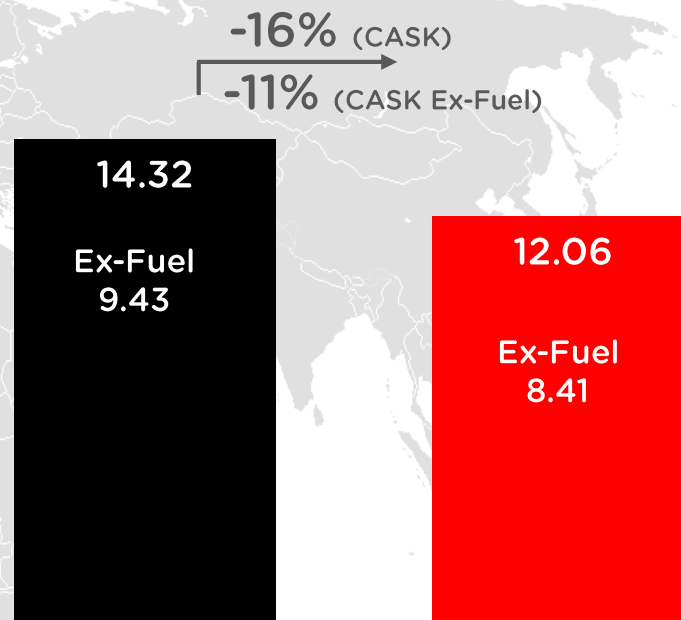
3Q16

Increase in **RASK** seen in China & North Asia segments:

- I. China, up +2% YoY
- II. North Asia, up +13% YoY

- Australia down 4% YoY due to increase capacity resulting in lower yields
- Lower charter revenue recorded as a result of fewer wet lease and charter done

CASK & CASK Ex-Fuel (sen)



3Q15

3Q16

CASK lower by 16% due to:

- I. Decrease in fuel prices, down 23% YoY from USD82 per barrel in 3Q15 to USD63 per barrel in 3Q16
- II. Higher efficiencies in utilisation of aircraft

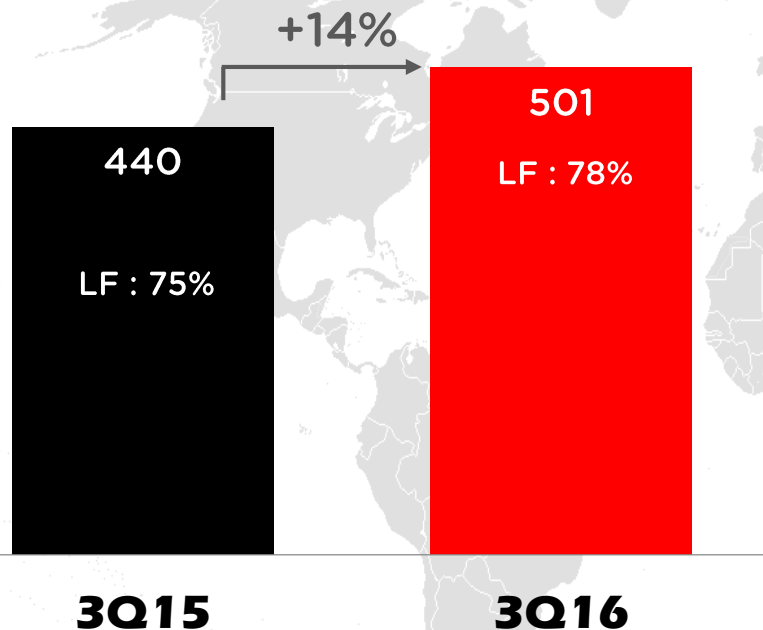




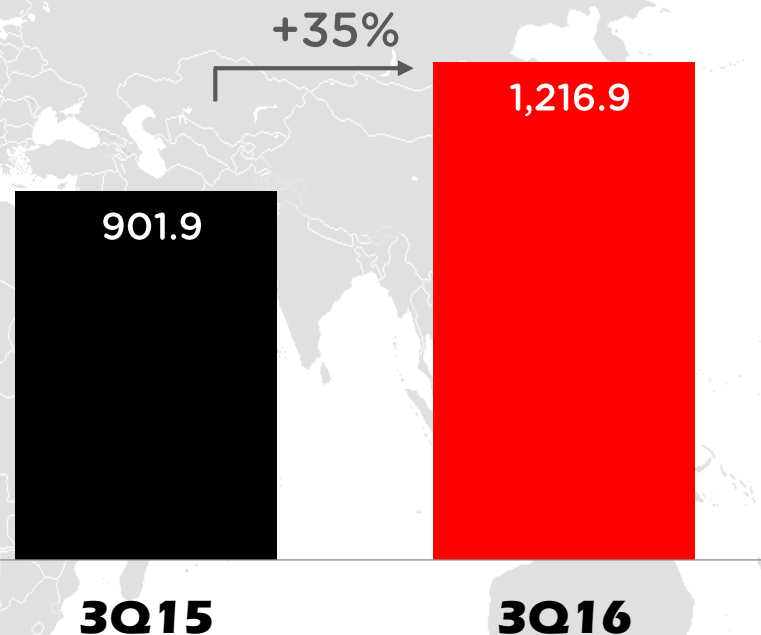
3Q16 KEY FINANCIALS

AVERAGE BASE FARE (RM) & LOAD FACTOR (%)

PASSENGERS CARRIED ('000)



- **Substantial improvement** was mainly contributed by **China** (+12% YoY), followed by **North Asia** (+11% YoY)
- **Load factor recorded +3ppts YoY growth** as a result of improvement seen across all routes, especially on China routes



Mainly boosted by:

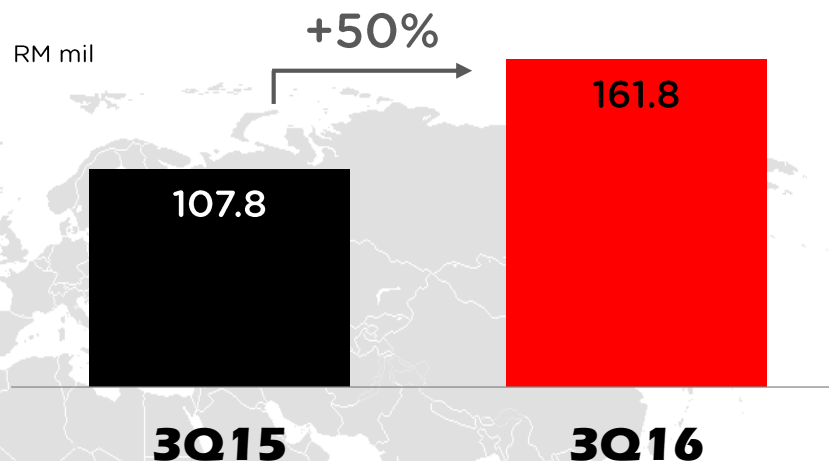
- I. **Australia routes**, improvements in Sydney and Gold Coast and also due to increase capacity
- II. **China routes**, primarily Shanghai and Beijing as a result of increase capacity
- III. Improvements from **Korea routes**

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3Q16 KEY FINANCIALS

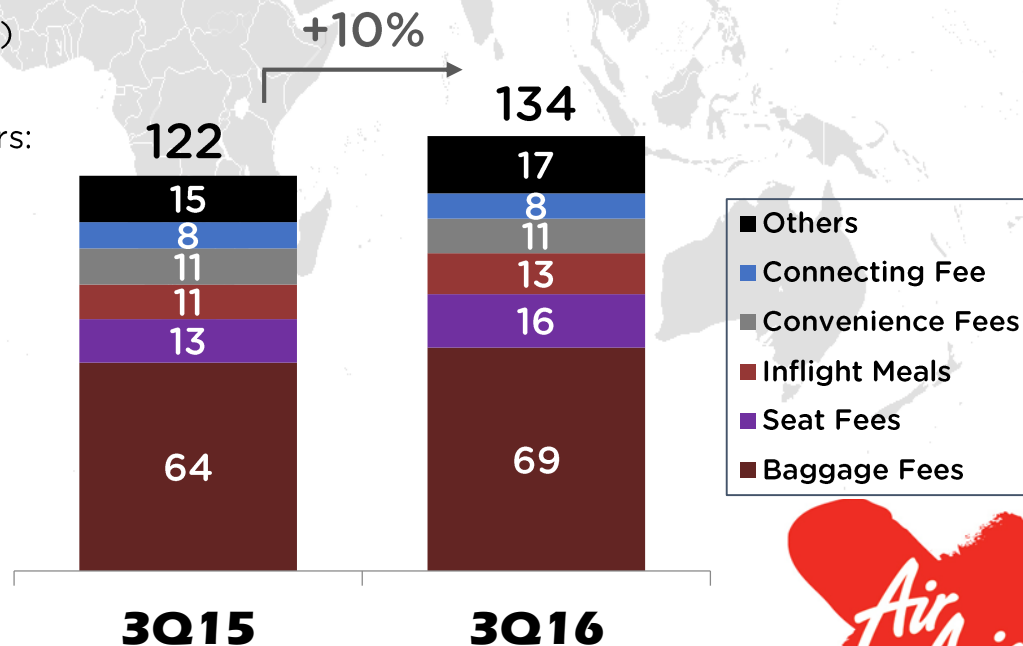
- Ancillary revenue up 50% YoY from RM107.8 million in 3Q15 to RM161.8 million in 3Q16



ANCILLARY REVENUE PER PAX (RM)

Mainly contributed by Australia and China sectors:

- Baggage fee, +7% YoY
- Seat fee, +23% YoY
- Inflight Meals, +20% YoY
- Inflight Duty Free, +123% YoY



Others includes IFE, Inflight merchandise, Duty Free, and others



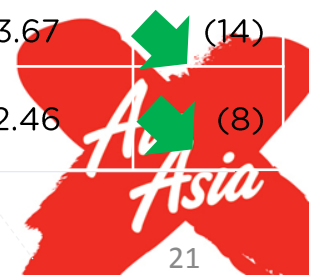


3Q16 OPERATIONAL HIGHLIGHTS

	Key Indicators	3Q16	3Q15	▲ %	YTD Sep 16	YTD Sep 15	▲ %
Operational	ASK (millions)	7,749	5,770	▲ 34	20,869	17,483	▲ 19
	Aircraft	30 ¹	26 ²	▲ 15	30 ¹	26 ²	▲ 15
	Sectors flown	4,140	3,208	▲ 29	11,218	9,866	▲ 14
	Fuel consumed (Barrels)	1,117,353	851,839	▲ 31	3,130,027	2,589,308	▲ 21
	Average Fuel Price (USD/Barrel)	63	82	▼ (23)	60	81	▼ 26
Passenger	RPK (millions)	6,034	4,333	▲ 39	16,329	12,657	▲ 29
	Seat Capacity	1,560,780	1,209,416	▲ 29	4,229,186	3,655,015	▲ 16
	Passengers Carried	1,216,943	901,884	▲ 35	3,304,316	2,627,798	▲ 26
	Load Factor	78	75	▲ 3ppts	78	72	▲ 6ppts
Financial	RASK (US Cents)	3.17	3.40	▼ (7)	3.34	3.46	▼ (3)
	CASK (US Cents)	3.01	3.53	▼ (15)	3.16	3.67	▼ (14)
	CASK Ex-Fuel (US Cents)	2.10	2.33	▼ (10)	2.27	2.46	▼ (8)

¹ MAAX 22, TAAX 6, IAAX 2

² MAAX 20, TAAX 4, IAAX 2





3Q16 FINANCIAL HIGHLIGHTS

INCOME STATEMENT

RM mn	3Q16	3Q15	▲ %	YTD Sep 16	YTD Sep 15	▲ %
Revenue	982.4	793.0	▲ 24	2,836.2	2,221.4	▲ 28
EBITDAR	301.0	188.5	▲ 60	902.9	487.0	▲ 85
Operating Profit/(Loss)	50.8	(31.1)	▲ >100	175.9	(125.1)	▲ >100
Net Operating Profit/(Loss)	44.0	(44.2)	▲ >100	150.2	(176.8)	▲ >100
Profit/(Loss) Before Tax	12.0	(291.4)	▲ >100	221.3	(571.1)	▲ >100
Taxation	(1.0)	3.2	▼ (>100)	(29.8)	24.0	▼ (>100)
Profit/(Loss) After Tax	11.0	(288.2)	▲ >100	191.5	(547.0)	▲ >100
Basic EPS (sen)	0.3	(9.7)	▲ >100	4.6	(18.5)	▲ >100





3Q16 FINANCIAL HIGHLIGHTS

BALANCE SHEET

- Net Gearing decreased by 56% to 0.78x as a result of lower net debt

YTD (RM'000)	30 Sep 2016	31 Dec 2015	▲ %
Deposit, Cash & Bank Balances	367,092	310,789	▲ 18
Total Assets	4,265,402	4,182,297	▲ 2
Total Borrowings	1,120,567	1,429,087	▼ (22)
Shareholders' Equity	959,138	631,807	▲ 52
Net Debt	753,475	1,118,298	▼ (33)
Net Gearing (x)	0.78	1.77	▼ (56)



THANK YOU

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