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# AIRASIA X

ANALYST DECK  
THIRD QUARTER 2019 RESULTS



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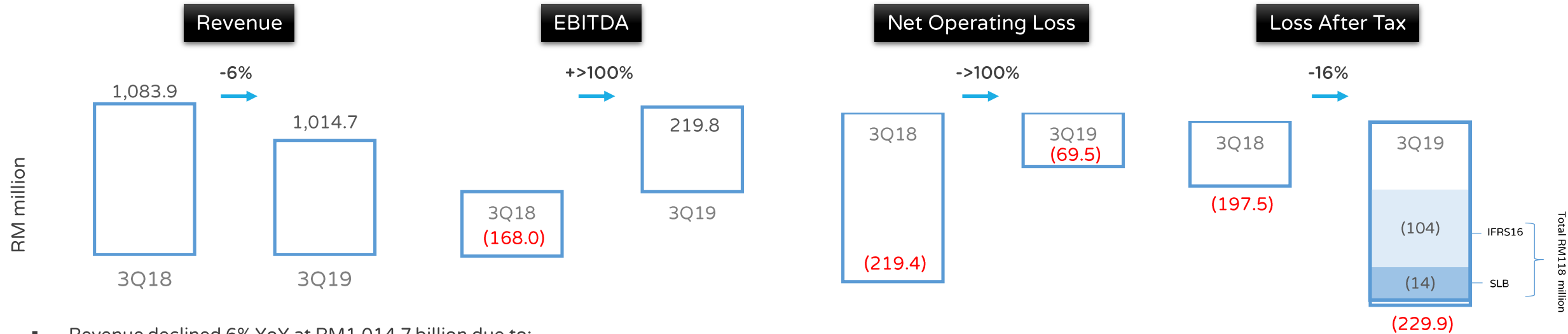
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# Key Highlights

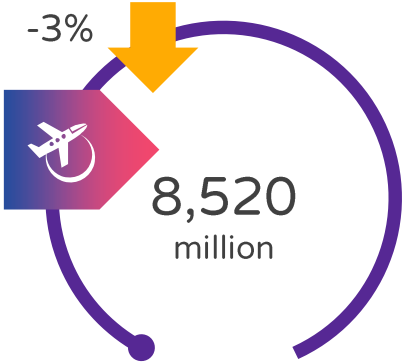


- Revenue declined 6% YoY at RM1,014.7 billion due to:
  - Lower passengers carried, down 2% YoY to 1,488,657 passengers mainly due to capacity cut and closure of non-profitable routes aimed at improving operational efficiencies
  - Lower aircraft utilisation due to network restructuring, but expect to recover to up to 16 hours/day in 4Q19
  - No contribution from charter activity as compared to RM4 million in 3Q18
  - Ancillary revenue stood at RM237.5 million – 23% contribution of total revenue, with Teleport expanding fast and set to become a game changer
- AirAsia X Thailand posted USD27 million loss due to significant capacity addition
- Despite irrational competition and implementation of exit tax, Net Operating Loss narrowed to RM69.5 million as a result of lower operational cost partly driven by 20% lower average fuel price per barrel recorded during the quarter, while cash stood healthy at RM401 million
- Loss after Tax recorded at RM229.9 million, on the back of:
  - IFRS16 impact amounting up to RM104.2 million – non-cash movement
  - Normalising the abovementioned, loss after tax would narrowed to RM125.7 million – an improvement YoY



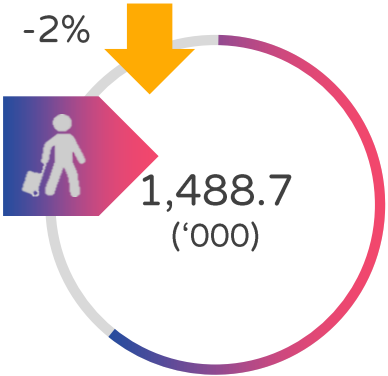
# Key Operating Stats

3Q19 vs 3Q18



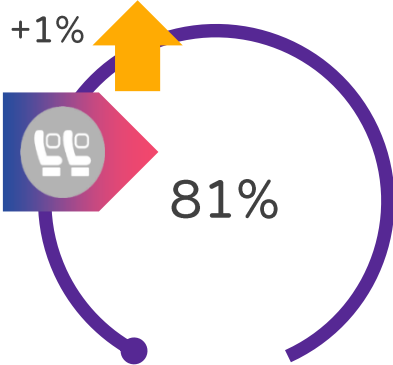
ASK Capacity

Lower ASK Capacity recorded mainly due to termination of Auckland & Kathmandu, as well as seasonal capacity management in core routes. Yield management to come through beginning 4Q19.



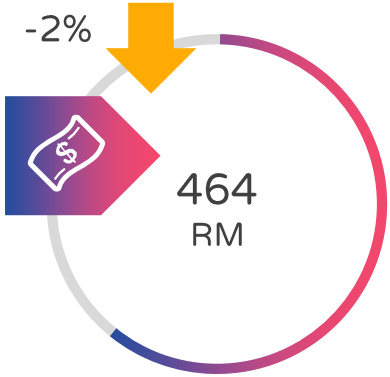
Passengers Carried

Lower 2% YoY on the back of reduced frequency and sectors flown



Load Factor

Up 1% YoY main attributed to better contribution from China market



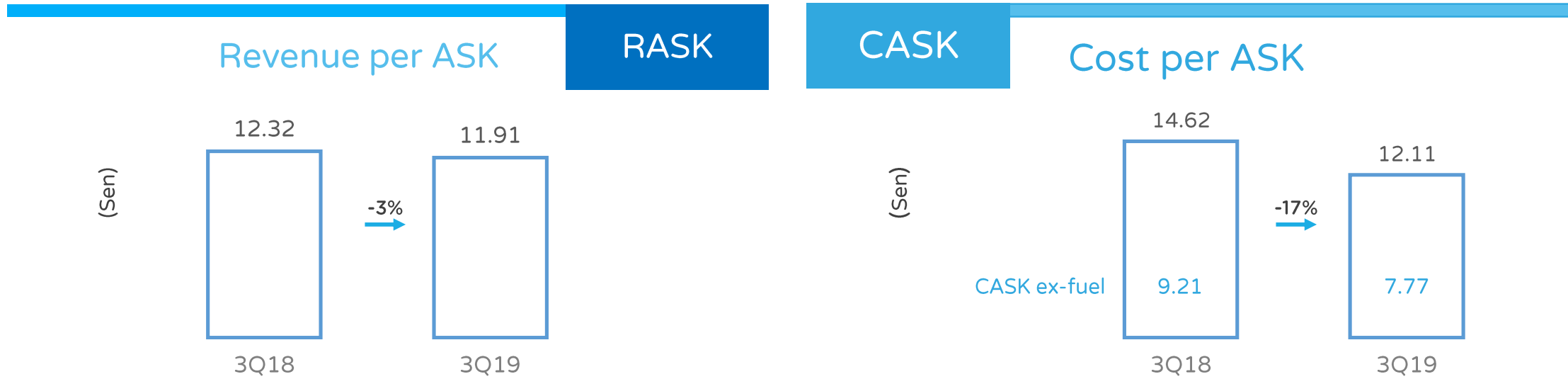
Average Base Fare

Lower 2% YoY mainly due to the impact of Exit Tax imposed from 1 September 2019





# RASK & CASK



- RASK was lower YoY at 11.91 sen, mainly attributed by:
  - Lower Average Base Fare seen across the sectors as the airline had to compensate for the Departure Levy imposed with effect from 1 September 2019
  - Over capacity seen in Taipei and Seoul sectors in 3Q19

- CASK improved 17% YoY at 12.11 sen, mainly driven by lower fuel cost as average fuel price was 20% lower YoY from USD 91/bbl to USD 73/bbl
- CASK ex-fuel was significantly lower YoY at 7.77 sen as a result of better cost efficiencies as well as there was a one-off RM138 million provision for doubtful debts for Indonesian associate in 3Q18
- Cost-savings through digital initiatives introduced across the wider AirAsia Group, renegotiations of contracts, on top of continuous efforts to drive down aircraft lease rates



# AirAsia X Thailand

	3Q19	3Q18	%
Passengers Carried	648,292	492,205	32
ASK Capacity (million)	3,888	2,619	48
Load Factor (%)	77	87	(10 pts)
Average Base Fare (USD)	101	130	(22)
Net Profit/(Loss) (USD '000)	(27,902)	(5,860)	(>100)

- Revenue grew 10% YoY as ASK capacity grew 48% YoY and passengers carried up 32% YoY
- 48% capacity growth seen in Thailand due to the addition of 4 aircraft YoY
- Added DMK-Fukuoka in July 2019; 5 new destinations added YoY
- Quarterly earnings hit by traditional lean season in North Asia markets
- Observes growing competition in Japanese market from both low-cost and full-service fronts, as well as market slowdown from China



# Outlook

## Priorities



- Lower Airport Tax announcement was a major boost to Tourism Industry
- Competitors have to be more disciplined in order avoid further irrational pricing
- AirAsia is committed to challenge for the removal of Exit Tax to ensure air travel remains affordable and bring in more passengers for Visit Malaysia 2020

## Network Plan



- Addition of short haul routes– TPE-OKA & KUL-SIN
  - Boost aircraft utilisation up to 16 hours/day
  - Complement the ongoing network restructuring
- Upside expected for maturing routes launched from past 12 months– higher fare brackets post-promotional period

## AirAsia 3.0



- Ecosystem of airline + cargo + digital businesses
- Advanced negotiations stage with airasia.com on profit sharing viability
- Ancillary driven by Teleport, OURSHOP and Santan
- Teleport expanding fast and changing the game:
  - Affordable air freight with same-day cross border fulfillment

## Cost-Saving & Cash Enhancement Initiatives



- Renegotiating legacy double payment of engines maintenance reserves to certain lessors
- Aircraft leases and foreign stations ground handling renegotiations
- Engineering & tech support
- Flight operations savings through Opti Climb & One-engine taxi
- To redeploy AirAsia X Indonesia aircraft on wet leases
- At least 11 aircraft are under negotiation for lease rates reduction

## Fleet Growth

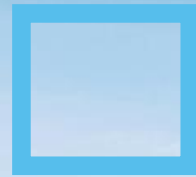


- Swapping of existing A330ceo to the more fuel efficient A330neo
- No fleet growth until at least fourth quarter of 2020, as we anticipate delay from manufacturers
- AirAsia X Malaysia and Thailand scheduled to take two A330neo each

## Fuel Hedging: Protecting the future



AirAsia X	2019	2020			
	4Q	1Q	2Q	3Q	4Q
Current Hedge Ratio	86%	82%	71%	69%	69%
Average Brent Hedge (USD)	61	60	60	60	60



# Thank You

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	Key Indicators	3Q19	3Q18	▲ %	YTD Sep 19	YTD Sep 18	▲ %
Operational	ASK (millions)	8,520	8,806	▼ (3)	25,669	26,885	▼ (5)
	Aircraft	38	32 <sup>(1)</sup>	▲ 19	38	32	▲ 19
	Sectors flown	4,879	5,019	▼ (3)	14,532	15,149	▼ (4)
	Fuel consumed (Barrels)	1,219,301	1,275,324	▼ (4)	3,740,516	3,877,413	▼ (4)
	Average Fuel Price (USD/Barrel)	73	91	▼ (20)	79	90	▼ (12)
Passenger	RPK (millions)	6,894	7,005	▼ (2)	20,869	21,944	▼ (5)
	Seat Capacity	1,834,613	1,892,163	▼ (3)	5,464,434	5,711,173	▼ (4)
	Passengers Carried	1,488,657	1,511,625	▼ (2)	4,456,255	4,668,847	▼ (5)
	Load Factor (%)	81	80	▲ 1 ppt	82	82	● 0
Financial	RASK (US Cents)	2.86	2.99	▼ (4)	3.01	3.19	▼ (6)
	CASK (US Cents)	2.91	3.57	▼ (18)	3.10	3.41	▼ (9)
	CASK Ex-Fuel (US Cents)	1.86	2.25	▼ (17)	1.95	2.12	▼ (8)

(1) Fleet distribution for AirAsia X Group includes 24 aircraft for AirAsia X Malaysia, 6 aircraft for AirAsia X Thailand (excluding 4 aircraft which are on direct third-party lease to AirAsia X Thailand) and 2 aircraft for AirAsia X Indonesia



RM mn	3Q19	3Q18	▲	%	YTD Sep 19	YTD Sep 18	▲	%
Revenue	1,014.7	1,083.9	▼	(6)	3,197.0	3,417.0	▼	(6)
EBITDA	219.8	(168.0)	▲	(>100)	605.5	(124.6)	▲	(>100)
Net Operating Profit/(Loss)	(69.5)	(219.4)	▲	(68)	(285.2)	(236.1)	▼	21
Profit/(Loss) Before Tax	(157.1)	(247.8)	▲	(37)	(366.9)	(257.3)	▼	43
Taxation	(72.8)	50.4	▼	(>100)	(26.8)	43.9	▼	(>100)
Profit/(Loss) After Tax	(230.0)	(197.5)	▼	16	(393.7)	(213.4)	▼	84
Basic EPS (sen)	(5.5)	(4.8)	▼	15	(9.5)	(5.1)	▼	86
EBITDA Margin (%)	21.7	(15.5)	▲	37ppts	18.9	(3.6)	▲	23ppts
EBIT Margin (%)	(1.5)	(18.7)	▲	17ppts	(2.3)	(6.7)	▲	4ppts