



AIRASIA X

FOURTH QUARTER AND
FULL YEAR 2016
FINANCIAL RESULTS





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FY2016

KEY TAKEAWAYS

- ✈ AirAsia X completed successful turnaround where the Company posted first ever Full-Year profit since IPO
- ✈ Revenue up 31% YoY to RM4.0 billion, mainly driven by 30% growth in passenger volume, 10% growth in average fare and 3% growth in average ancillary revenue per pax
- ✈ Passenger growth of 30% in FY16 carrying 4.7 million passengers exceeded ASK capacity growth of 25%
- ✈ Loads at 79% level despite challenging environment in the aviation industry
- ✈ EBITDAR up 52% to RM1.2 billion on a back of stronger performance across all market segments
- ✈ Successfully reverse Operating Loss in FY15 of RM37.4 million to Operating Profit of RM276.0 million in FY16
- ✈ Net Operating Profit up >100% to RM250.9 million
- ✈ Profit After Tax recorded at RM230.5 million, representing a huge turnaround in 2016





4Q16

KEY TAKEAWAYS



Group revenue crossed the billion Ringgit mark, up 39% to RM1,170.3 million, on the back of higher:

- I. **scheduled flights revenue (+35% YoY)**, resulted from higher passengers carried
- II. **ancillary revenue (+37% YoY)**, and
- III. **aircraft operating lease income (+51% YoY)**, arising from additional leased aircraft in 2016



Passenger carried up 40% YoY to 1.384 million, in-line with ASK Capacity increase of 44%



Load factor down 2ppts YoY to 81% due to increase of frequencies in several existing routes



Average Base Fare down 4% YoY to RM565 as a result of increased frequencies and promotional fares offered on new routes

The AirAsia logo, featuring the words "AirAsia" in a white, stylized script font, set against a red background that resembles a stylized map of Southeast Asia.



4Q16

KEY TAKEAWAYS



- ✈ **RASK declined 3% YoY to 13.83sen, however, CASK was even lower by 11% YoY to 12.88 sen** on the back of lower fuel costs and higher efficiencies in utilisation of aircraft
- ✈ **EBITDAR recorded at RM332.7 million, up 2% YoY**
- ✈ **Operating profit up 14% to RM100.1 million** on the back of higher revenue and further cost efficiencies
- ✈ **Net Operating Profit up 34% to RM100.7 million in 4Q16**
- ✈ **Group PBT stood at RM29.9 million in 4Q16** mainly due to unfavourable foreign currency movement
- ✈ **The Company recorded Profit after Tax at RM39.0 million in 4Q16, lower 80% YoY,** attributed by unrealised forex loss of RM93.2 million booked during the quarter

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4Q16 KEY HIGHLIGHTS

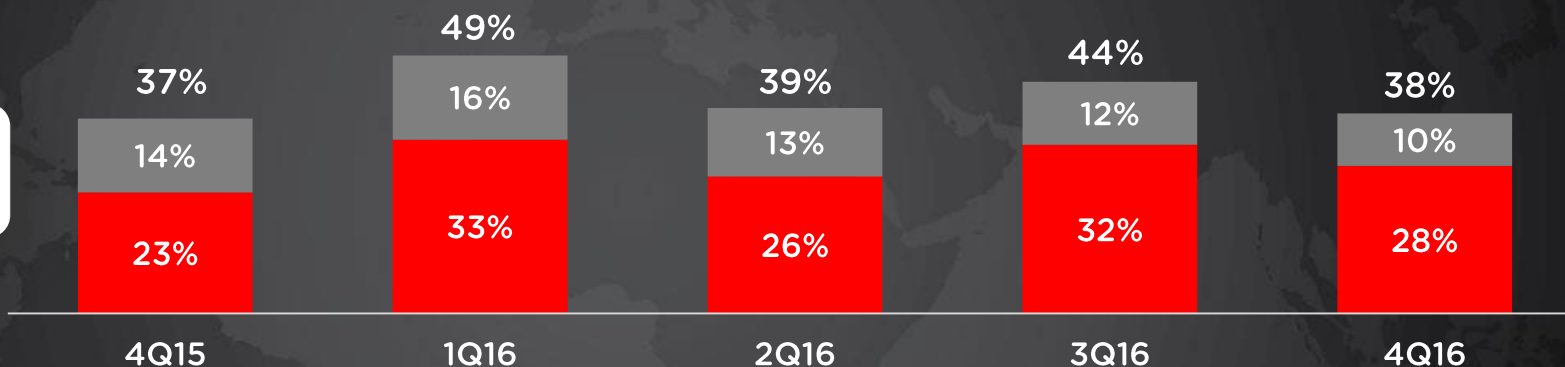
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FLY-THRU PERFORMANCE



■ Fly-thru ■ Self-Connecting



- KUL remains the largest transit hub with 83% AirAsia Group FlyThru traffic with the growth of +37% YoY
- AK-D7 remained as top AOC pairing, contributed 41% of overall FlyThru traffic with growth of +33% YoY
- Top 5 FlyThru nationality accounted 69%: Chinese (21%), Indonesian (14%), Indian (14%), Australian (13%) & Malaysian (8%)
- Reduced QoQ due to increase in incremental flights and peak period for Ex-Kul travelers

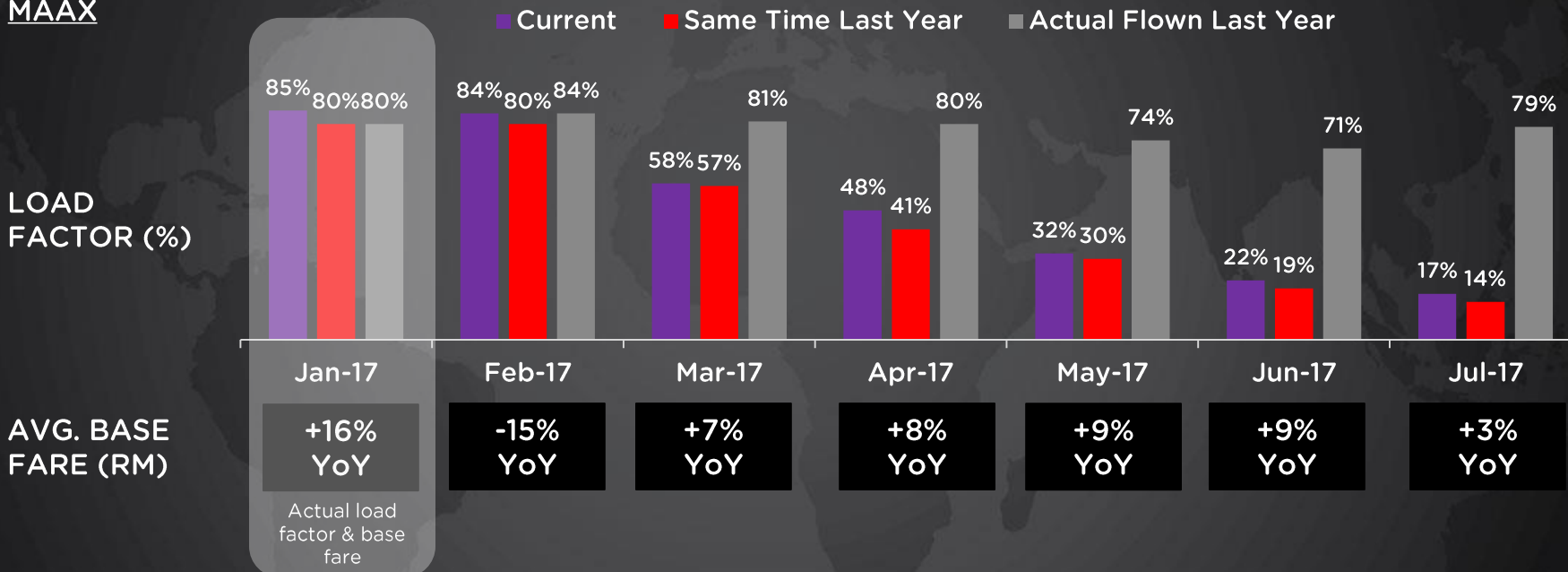


FORWARD BOOKING



As at 13 Feb 2017

MAAX



- Our forward sales are trending higher against the same period last year with higher average base fare
- Average base fare for the month of February is lower due to CNY falling in January 2017 as opposed to February 2016. However, a true comparative picture can be seen in January 2017 where load factor exceeded last year's by 5ppts, and average base fare up 16% YoY, which more than offset the shortfall in February 2017

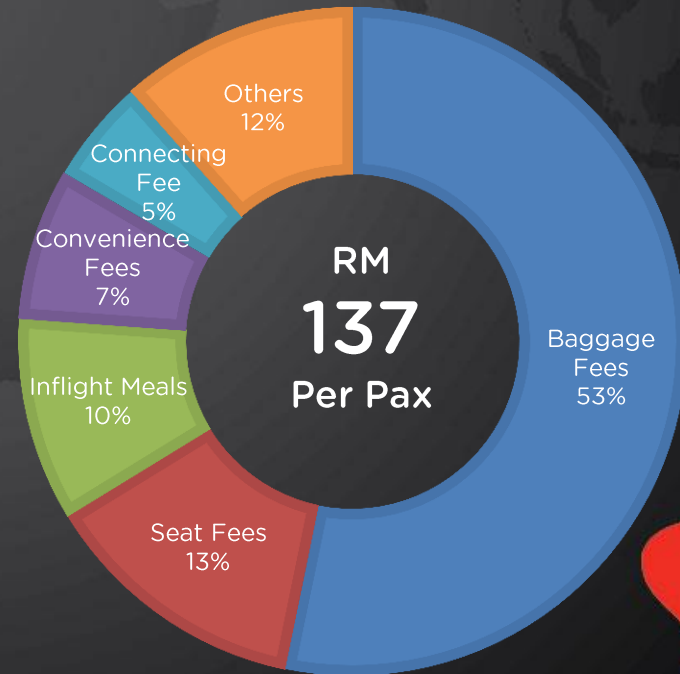
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ANCILLARY



- Total Ancillary Revenue increased by +37% YoY to RM 188.1 million from RM 137.4 million the same time last year.
- The higher contribution were mainly due to
 - +41% in Baggage Fees
 - +59% in Seat Fees
 - +13% in In-Flight Entertainment
- Ancillary Per pax reduced by 3% YoY, however increase by 4% on a full year basis



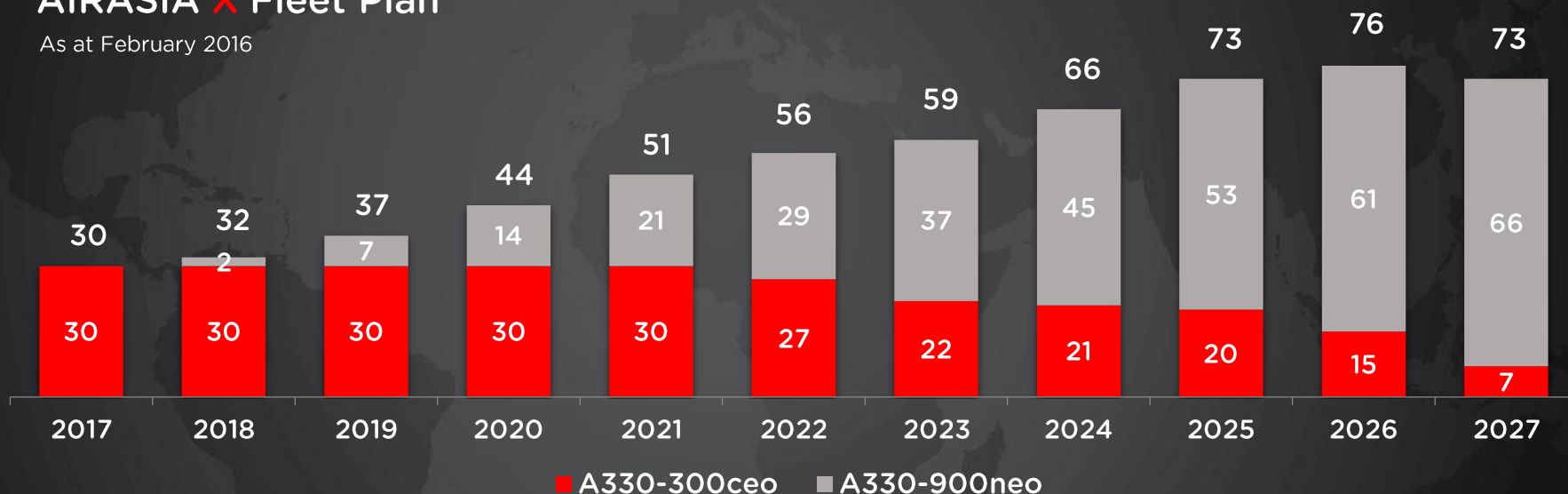


FLEET DELIVERY UPDATE



AIRASIA X Fleet Plan

As at February 2016



- No aircraft delivery in 2017, with two next generation A330neo scheduled for delivery in 2018
- A330ceo will gradually be replaced by A330neo. **Up to 14% fuel saving** per seat and reduces maintenance costs
- Current AirAsia X Group average aircraft age of **5.4 years**





ASSOCIATES UPDATE



Thai AirAsia X

	4Q15	4Q16
Passengers Carried	333,003	350,910
Load factor (%)	83	78
Average Base Fare (USD)	121	128
Net Profit / (Loss) (USD'000)	(1,861)	(1,544)

- TAAX narrowed losses to USD1.5 million in 4Q16, against losses of USD1.9 million in 4Q15, on the back of higher revenue
- Passengers carried up 5.4% YoY to 350,910 while load factor down 5ppts to 78%
- Thai tourism sector had a short term impact in 4Q16 as the Nation mourned the passing of King Bhumibol Adulyadej as well as Government has a crackdown on the zero-dollar tour for Chinese tourists to ensure sustainable tourism growth and regain tourists' confidence



Indonesia AirAsia X

	4Q15	4Q16
Passengers Carried	59,463	-
Load factor (%)	64	-
Average Base Fare (USD)	137	-
Net Profit / (Loss) (USD'000)	(4,648)	(279)

- IAAX had temporarily suspended its operations from 1st September 2016 onwards, hence there are no key operating statistics for 4Q16
- Revenues were generated from the two A330s wet leased to Malaysia AirAsia ("MAA") in 4Q16





2017 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 price of USD60 per barrel

AirAsia Group	2017			
	1Q	2Q	3Q	4Q
Current Hedge Ratio	78%	69%	74%	76%
Ave Hedge Cost (USD - jet kero)	58	59	60	61
Average FY Hedge Cost	60			
Ave Effective Cost (USD - jet kero)	60	62	63	63
Average FY Effective Cost	62			



Aircraft Utilisation

- Target 16 hours aircraft utilisation by utilising free day time aircraft windows for incremental frequencies and potential new routes



Route Development

- To maintain route leadership and focus on strengthening key markets such as China & Australia
- Entry into the United States of America - launch of Honolulu in June 2017

Ancillary

- To work with business partners to develop a shopping platform with attractive deals which would boost take-up rate for IFE.
- Introducing Twin Seats for passengers who value privacy which is projected to stimulate ancillary income by RM 0.20 per pax



Anticipating Continuous Currency Volatility

- Depreciation of MYR remains a key concern as a large portion of the Company's operating costs are denominated in USD. The Company continues to look for avenues to mitigate forex risk via hedging as well as intensifying sales from stronger currency markets



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4Q16 KEY FINANCIALS & OPERATIONAL HIGHLIGHTS



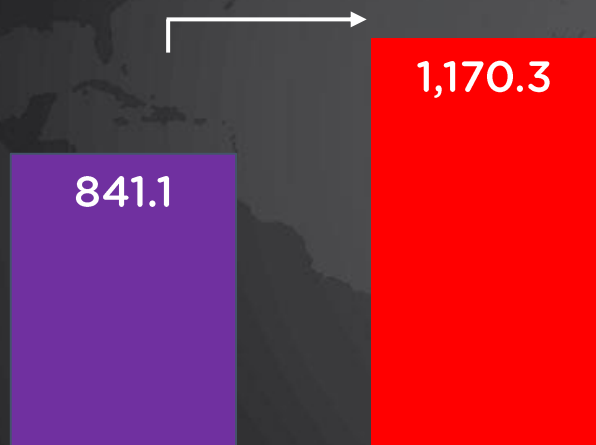


4Q16

KEY FINANCIALS

REVENUE (RM million)

+39%

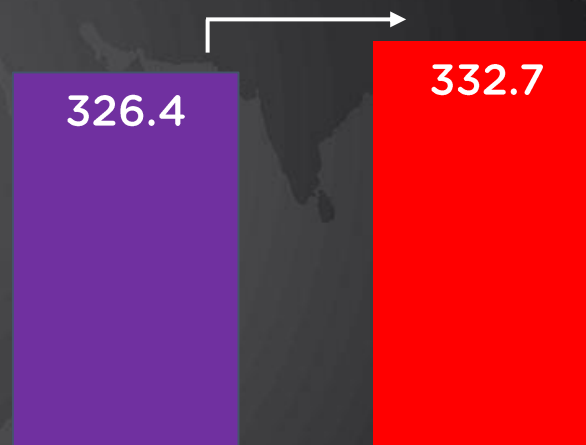


4Q15

4Q16

EBITDAR (RM million)

+2%



4Q15

4Q16

Mainly contributed by higher:

- I. Scheduled flight revenue (+35% YoY)
- II. Ancillary revenue (+37% YoY)
- III. Aircraft operating lease income (+51% YoY)

Stronger EBITDAR on the back of:

- I. Higher revenue
- II. Further cost efficiencies

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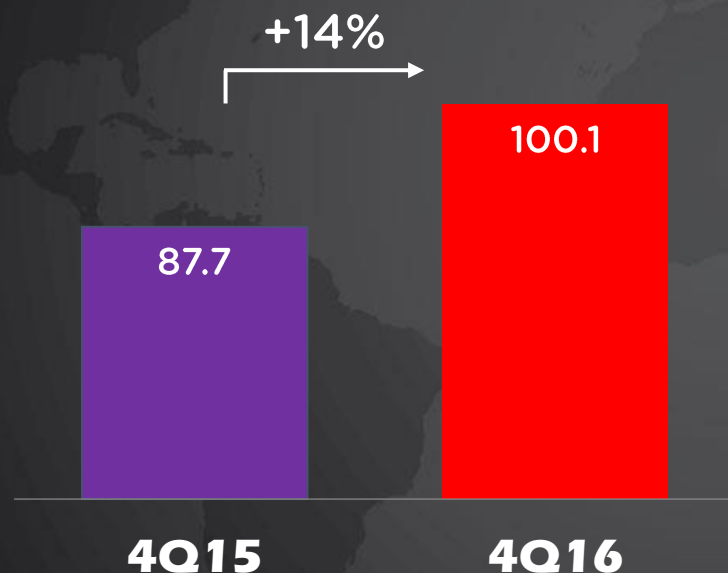


4Q16



KEY FINANCIALS

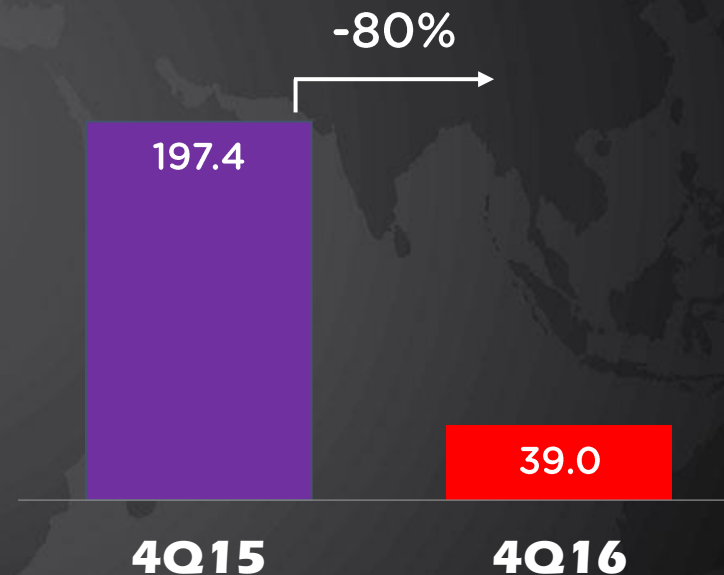
OPERATING (LOSS) / PROFIT
(RM million)



Higher Operating Profit of RM100.1 million recorded on the back of:

- I. Higher revenue, up 39% YoY
- II. More cost efficiencies

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



The Group recorded lower Profit After Tax of RM39.0 million in 4Q16 despite 39% increase in Revenue due to:

- I. Higher operating expenses, up 27% YoY
- II. Huge forex loss posted in 4Q16 of RM93.2 million against forex gain of RM57.1 million in 4Q15

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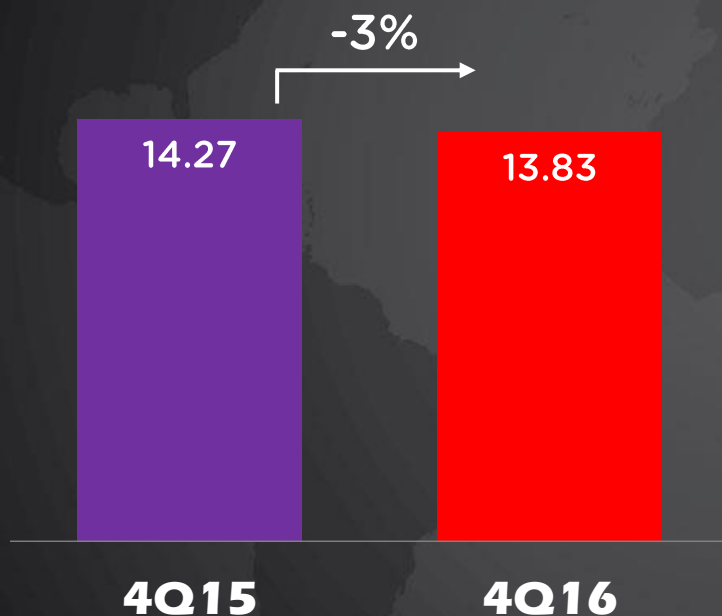


4Q16



KEY FINANCIALS

RASK (sen)

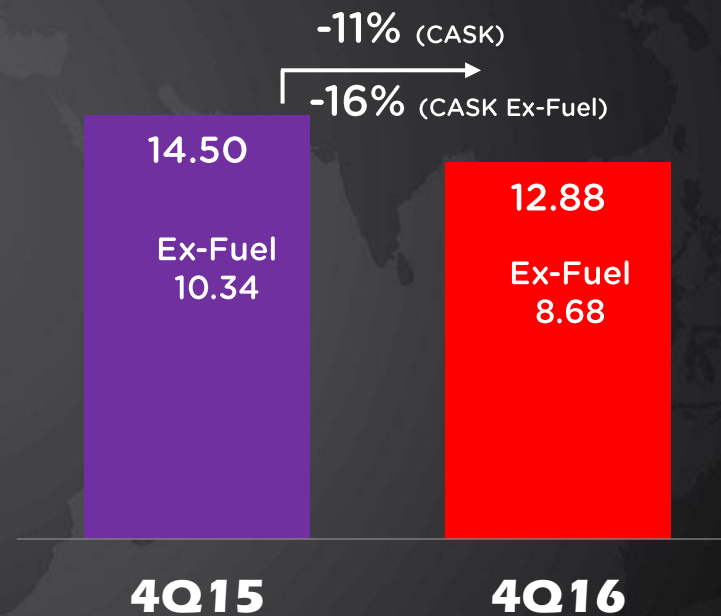


Lower **RASK** seen in Australia & China segments due to increase capacity in 4Q16 resulting in lower yields:

- I. Australia , down 3% YoY
- II. China , down 4% YoY

- Improvement seen in North Asia (+11% YoY)

CASK & CASK Ex-Fuel (sen)



CASK lower by 11% due to:

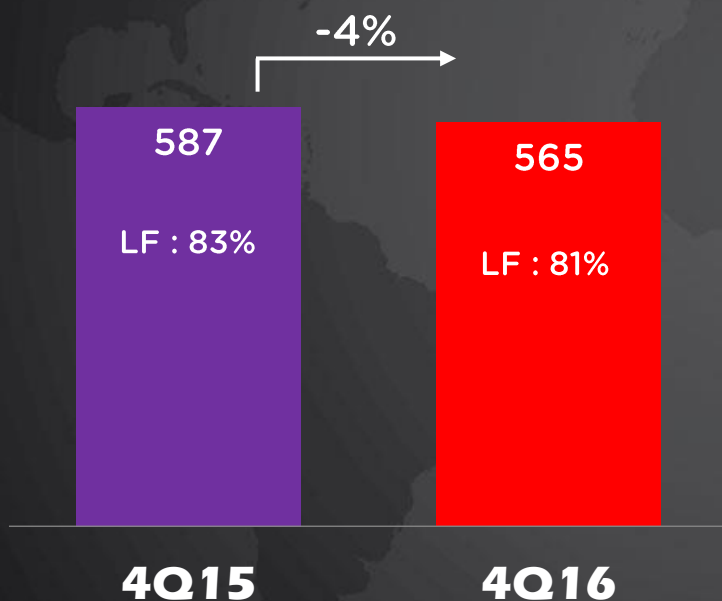
- I. Higher efficiencies in utilisation of aircraft resulting in lower CASK for maintenance and overhaul expenses
- II. Decrease in fuel prices, down 3% YoY from USD66 per barrel in 4Q15 to USD64 per barrel in 4Q16

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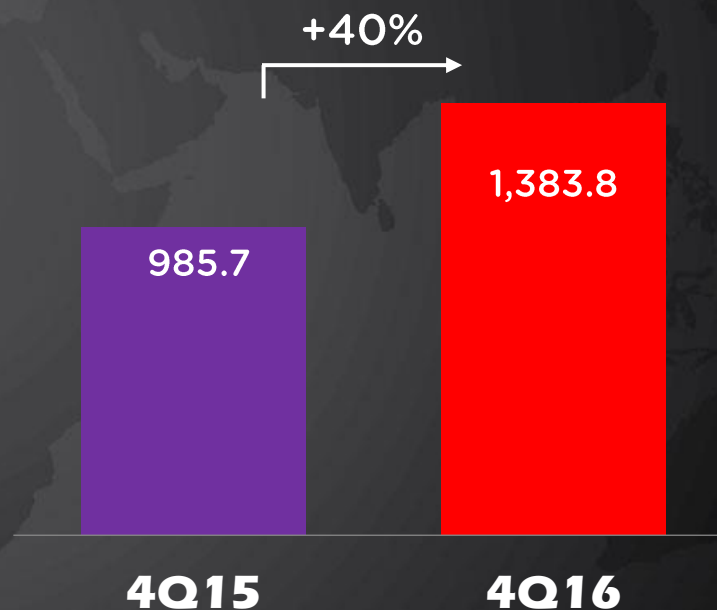
4Q16

KEY FINANCIALS

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

- **Average Base Fare lower by 4ppts YoY** due to increased frequencies to Australia and promotional fares offered on new routes
- **Load factor lower by 2ppts YoY** due to slight pullback as a result of increase in frequencies in existing routes, in particular Australia & Japan

PASSENGERS CARRIED ('000)



Mainly boosted by:

- Australia routes**, primarily from Sydney and Gold Coast and also due to increase capacity
- China routes**, primarily Shanghai and Beijing as a result of increase capacity
- Improvements from **Japan routes**, primarily Osaka and Sapporo

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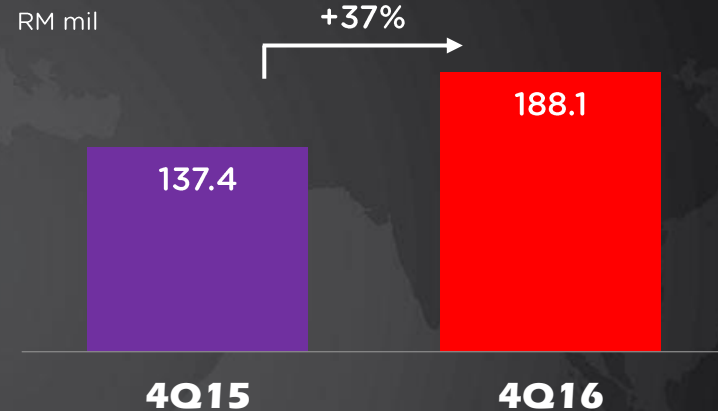


4Q16

KEY FINANCIALS



- Ancillary revenue up 37% YoY from RM137.4 million in 4Q15 to RM188.1 million in 4Q16



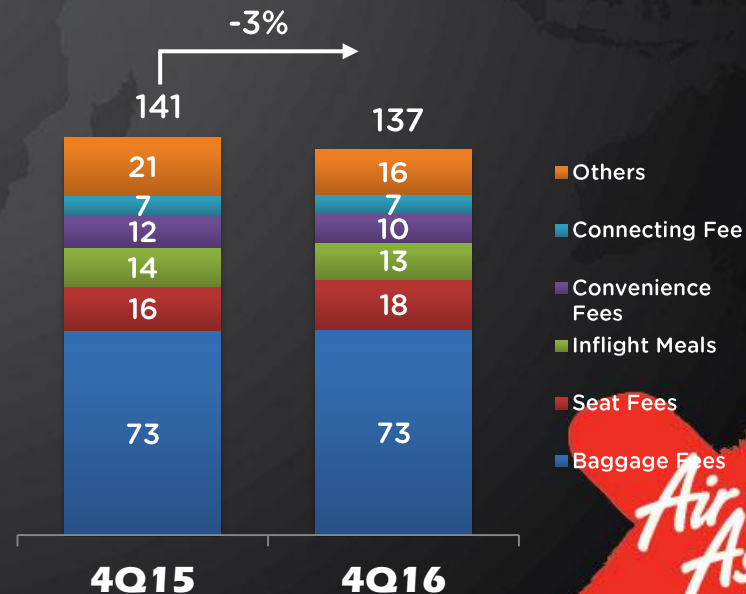
ANCILLARY REVENUE PER PAX (RM)

Lower Ancillary Revenue Per Pax recorded due to lower:

- Inflight Meals, -3% YoY
- Convenience Fees, -14%

However offset by higher:

- Seat fee, +13% YoY
- Connecting Fee, +6% YoY
- Inflight Merchandise, +14% YoY



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

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4Q16 & FY16



OPERATIONAL HIGHLIGHTS

Operational

Key Indicators	4Q16	4Q15	▲ %	FY16	FY15	▲ %
ASK (millions)	8,474	5,905	▲ 44	29,343	23,388	▲ 25
Aircraft	30 ¹	27 ²	▲ 11	30 ¹	27 ²	▲ 11
Sectors flown	4,525	3,167	▲ 43	15,743	13,033	▲ 21
Fuel consumed (Barrels)	1,288,036	866,453	▲ 49	4,418,063	3,455,760	▲ 28
Average Fuel Price (USD/Barrel)	64	66	▼ (3)	61	76	▼ (20)

Passenger

RPK (millions)	6,858	4,896	▲ 40	23,188	17,552	▲ 32
Seat Capacity	1,705,925	1,193,959	▲ 43	5,935,111	4,848,974	▲ 22
Passengers Carried	1,383,761	985,739	▲ 40	4,688,077	3,613,537	▲ 30
Load Factor (%)	81	83	▼ 2ppts	79	75	▲ 4ppts

Financial

RASK (US Cents)	3.20	3.33	▼ (4)	3.30	3.37	▼ (2)
CASK (US Cents)	2.98	3.38	▼ (12)	3.12	3.53	▼ (12)
CASK Ex-Fuel (US Cents)	2.01	2.41	▼ (17)	2.20	2.40	▼ (8)

¹ MAAX 22, TAAX 6, IAAX 2

² MAAX 20, TAAX 5, IAAX 2

Asia



4Q16 & FY16

FINANCIAL HIGHLIGHTS



INCOME STATEMENT

RM mn	4Q16	4Q15	▲ %	FY16	FY15	▲ %
Revenue	1,170.3	841.1	▲ 39	4,006.5	3,062.6	▲ 31
EBITDAR	332.7	326.4	▲ 2	1,235.6	813.4	▲ 52
Operating Profit/(Loss)	100.1	87.7	▲ 14	276.0	(37.4)	▲ >100
Net Operating Profit/(Loss)	100.7	75.1	▲ 34	250.9	(101.8)	▲ >100
Profit/(Loss) Before Tax	29.9	124.6	▼ (76)	251.2	(446.5)	▲ >100
Taxation	9.1	72.8	▼ (88)	(20.6)	96.9	▼ >100
Profit/(Loss) After Tax	39.0	197.4	▼ (80)	230.5	(349.6)	▲ >100
Basic EPS (sen)	0.9	5.9	▼ (85)	5.6	(10.4)	▲ >100





4Q16 & FY16



FINANCIAL HIGHLIGHTS

BALANCE SHEET

- Net Gearing decreased by 61% YoY to 0.69x as a result of lower net debt and increase in cash

YTD (RM'000)	31 Dec 2016	31 Dec 2015	▲ %
Deposit, Cash & Bank Balances	422,021	310,789	▲ 36
Total Assets	4,507,400	4,182,297	▲ 8
Total Borrowings	1,160,326	1,429,087	▼ (19)
Shareholders' Equity	1,077,109	631,807	▲ 70
Net Debt	738,305	1,118,298	▼ (34)
Net Gearing (x)	0.69	1.77	▼ (61)

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THANK YOU



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