

# AIRASIA X

## ANALYST DECK

Fourth Quarter and Full Financial Year 2018 Results



# DISCLAIMER

Information contained in our presentation is intended solely for your reference. Such information is subject to change without notice, its accuracy is not guaranteed and it may not contain all material information concerning the Company. Neither we nor our advisors make any representation regarding, and assumes no responsibility or liability for, the accuracy or completeness of, any errors or omissions in, any information contained herein.

In addition, the information may contain projections and forward-looking statements that reflect the company's current views with respect to future events and financial performance. These views are based on current assumptions which are subject to various risk factors and which may change over time. No assurance can be given that future events will occur, that projections will be achieved, or that the company's assumptions are correct. Actual results may differ materially from those projected.

This presentation is strictly not to be distributed without the explicit consent of the Company's management under any circumstances.

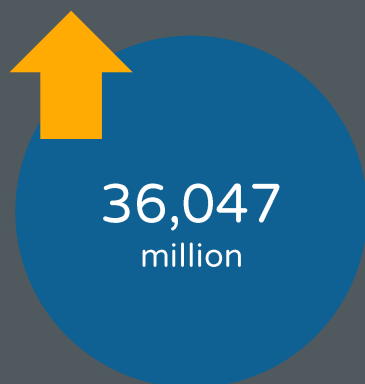


# KEY OPERATING STATS

Full Year 2018



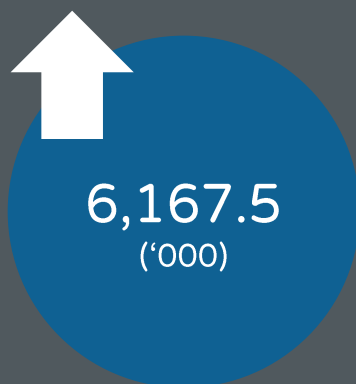
+3%



ASK Capacity

Due to introduction of new routes as well as additional frequencies to Hangzhou, Sapporo, Honolulu & Busan

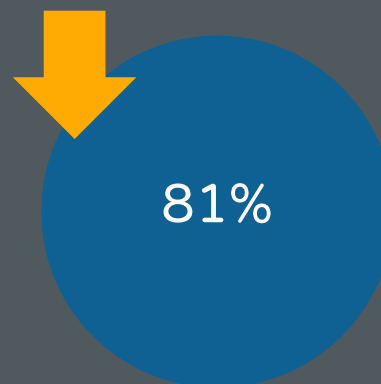
+6%



Passengers Carried

Up 6% YoY driven by introduction of new routes, additional frequencies and deliveries of two aircraft in 2019

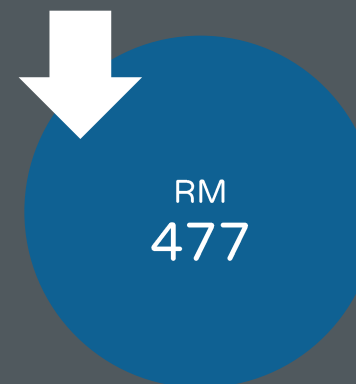
-1ppt



Load Factor

Lower YoY as ASK capacity recorded slightly ahead of RPK

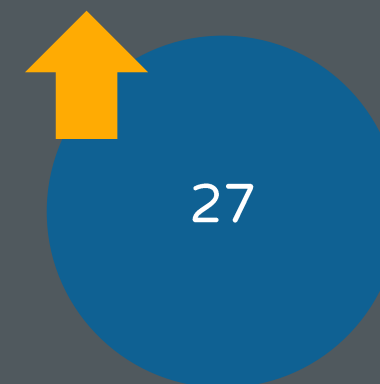
-5%



Average Base Fare

Lower YoY due to the shift to shorter sector length (4,729km in FY18, down 4% YoY), and four new routes introduced during the year

+13%



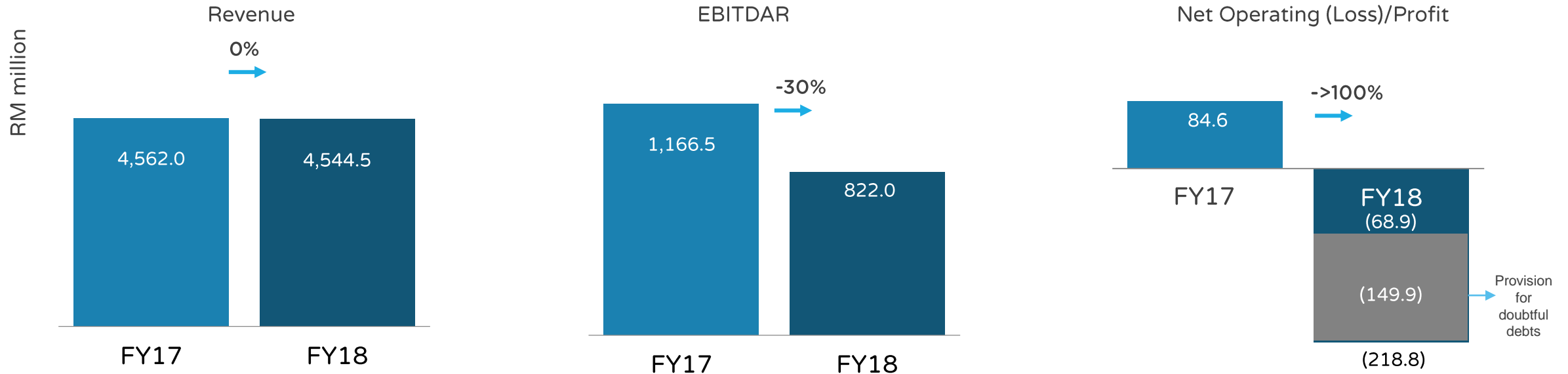
Routes

Added: Amritsar, Jaipur, Changsha & Tianjin  
Terminated: Tehran & Kathmandu



# KEY HIGHLIGHTS

Full Year 2018



- FY18 revenue relatively flat YoY at RM4.54 billion
- EBITDAR was lower 30% YoY mainly due to higher operating expenses especially Fuel costs
- Net Operating Loss of RM218.8 million reported in FY2018 due to:
  - Average fuel price up 31% YoY to USD87 bbl
  - Total fuel cost up 28% YoY to RM1,876.1 million on the back of higher fuel consumption recorded
  - Provision of doubtful debt for AirAsia X Indonesia of RM161.7 million



# KEY OPERATING STATS

Fourth Quarter 2018

Unchanged



9,162  
million

ASK Capacity

Flat YoY as we ceased service to Tehran & Kathmandu. However offset with introduction of four new routes and additional frequencies to Seoul, Busan, Xi'an, Taipei & Honolulu

-3%



1,498.6  
(‘000)

Passengers  
Carried

Lower due to reduction in frequency to Beijing, Osaka, Gold Coast, Perth, Sydney and termination of Kathmandu

-5ppts



78%

Load Factor

Lower YoY attributed by pullback from Japan and Indonesia regions which were hit by natural disasters, and gradual Kathmandu route termination

-6%



RM  
490

Average Base  
Fare

Lower YoY on the back of promotional fares on new routes as well as termination of longer haul routes such as Kathmandu & Tehran

+8%



27

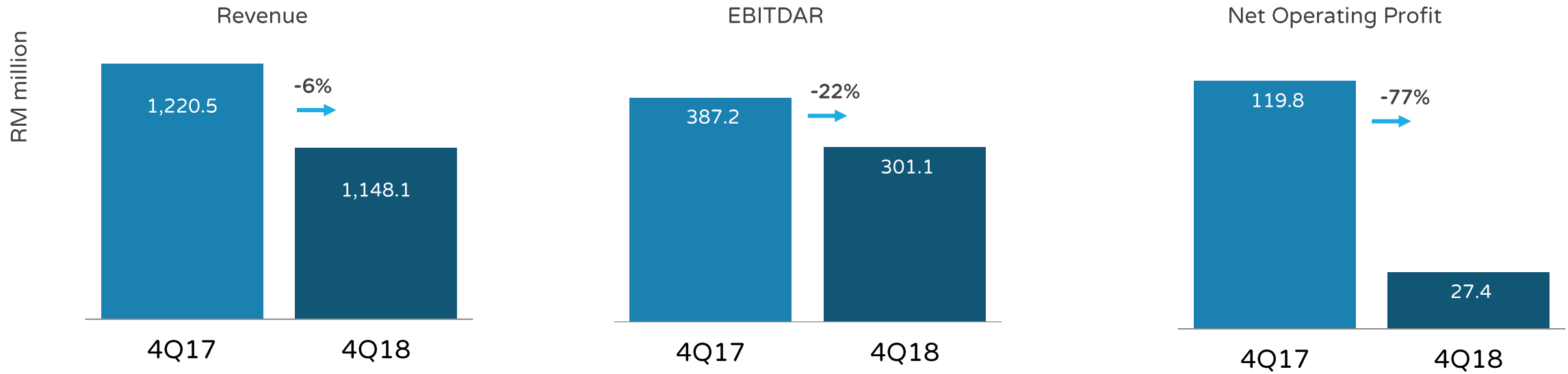
Routes

Added: Amritsar, Jaipur, Changsha & Tianjin  
  
Terminated: Tehran & Kathmandu



# KEY HIGHLIGHTS

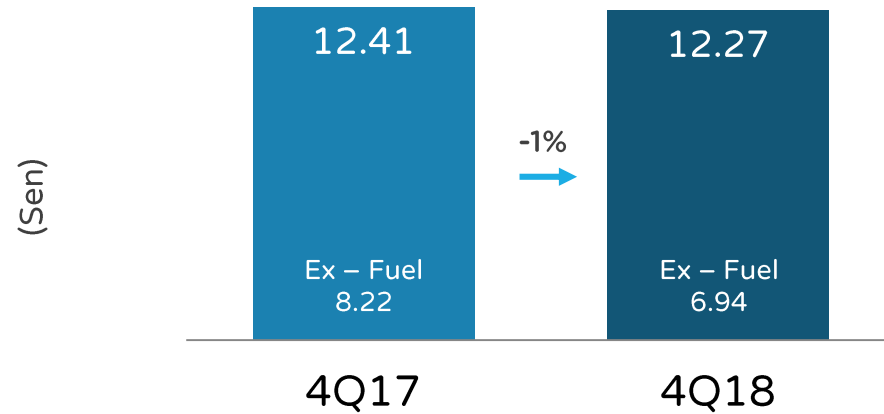
Fourth Quarter 2018



- Q4 Revenue stood at RM1.15 billion
- EBITDAR was lower 22% YoY attributed to lower revenue contribution and higher operating expenses especially Fuel costs (+27% YoY)
- Overall, operational performance remained resilient as the Company registered Net Operating Profit of RM27.4 million despite:
  - Average fuel price up 29% YoY to USD89 bbl
  - Total fuel cost up 27% YoY to RM488.2 million
  - Impact on several routes – Japan and Indonesia regions – which were hit by natural disasters
  - Gradual Kathmandu route termination impact

# CASK

Improved Cost Efficiency Despite Higher Fuel Price



CASK

Cost per ASK

- **CASK lower 1% YoY to 12.27 sen**, on the back of better cost efficiencies despite average fuel price up 29% YoY
- **CASK ex-fuel stood at 6.94 sen, lower 16% YoY**
  - Lower depreciation recorded as depreciation for 5 aircraft that are held for sale and leaseback have been stopped
  - Lower maintenance and overhaul (down 22% YoY)
  - Lower user charges (down 17% YoY)

# ANCILLARY

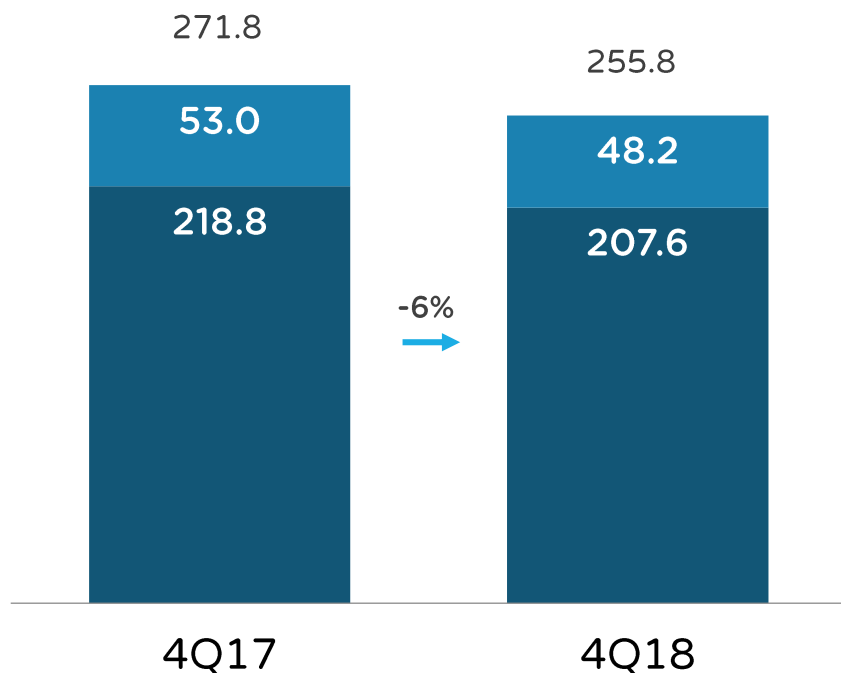


22% Contribution to Total Revenue

Ancillary Revenue (RM mil)  
(including Freight services)

Ancillary

Cargo



- **Total ancillary revenue lower 6% YoY to RM255.8 million**, in-line with:
  - Lower passengers carried
  - Lower baggage and onboard meals sold per passenger
- Contributed **22% of total revenue** in 4Q18
- **Highest Growth:**
  - In-Flight Duty Free (+>100%)
- **Biggest Contributors:**
  - Baggage fees (41% of total ancillary revenue)
  - Freight services (19% of total ancillary revenue)
  - Seat fees (11% of total ancillary revenue)



# ASSOCIATES

AirAsia X Thailand



	4Q18	4Q17	%
Passengers Carried	530,754	445,137	19
Load Factor (%)	85	91	(6ppts)
Average Base Fare (USD)	138	146	(5)
Net Profit/(Loss) (USD '000)	(6,986)	7,327	(>100)

- **AirAsia X Thailand posted losses of USD7.0 million** mainly due to higher operating cost on the back of higher fuel price
- ASK Capacity grew 34% YoY
- Load factor remained steady YoY at 85% as **passengers carried up 19% YoY**, outgrowing number of international tourists to Thailand for YTD December 2018 which rose by 8% from the same period last year to 38.3 million
- **Introduced DMK – Nagoya in October 2018** (7x weekly)
- Net addition of up to 5 aircraft planned for FY2019
- Huge capacity growth for Thailand as the airline embarks on expansion plans and focuses on country dominance

# ASSOCIATES

AirAsia X Indonesia



	4Q18	4Q17	%
Passengers Carried	48,180	134,182	(64)
Load Factor (%)	70	66	4ppts
Average Base Fare (USD)	159	103	54
Net Profit/(Loss) (USD '000)	(7,141)	(918)	(>100)

- **AirAsia X Indonesia posted losses of USD7.1 million** mainly due to higher operating cost on the back of higher fuel price
- Load factor stood at 70%
- **Passengers carried dropped to 48,180** on the back of only one operational route since October 2018
- **Terminated DPS – NRT in January 2019**

# OUTLOOK 2019



Building On Strong Foundations



## Cost Efficiencies

- Lower average aircraft lease rates from March 2019
  - Approximately USD19 million in savings per annum
- Cheaper ground handling at some foreign stations



## Fuel Hedging Position (Brent)

AirAsia X	2019			
	1Q	2Q	3Q	4Q
Current Hedge Ratio	53%	52%	52%	51%
Average Hedge Cost (USD)	67	64	62	61



## Capitalising on Ourshop & AirAsia.com

- AirAsia.com
  - Leveraging on AirAsia's strong base to drive revenue growth through deals from AirAsia.com
- Ourshop
  - online retail and duty free sales will be boosted with ROKKI (wifi) enabled aircraft in 2019



# OUTLOOK 2019

Network is Fixed



## Aircraft Plans

- AirAsia X Thailand to add up to 5 Airbus A330



## Network Plans

Focus on key countries

### Strengthens Greater China

- AirAsia X currently flies to 10 China cities
- AirAsia Group flies to 22 China cities
- Focus on second/third tier cities
- Stronger brand presence in Taiwan via new Taipei-Osaka route

### Opportunity in Japan

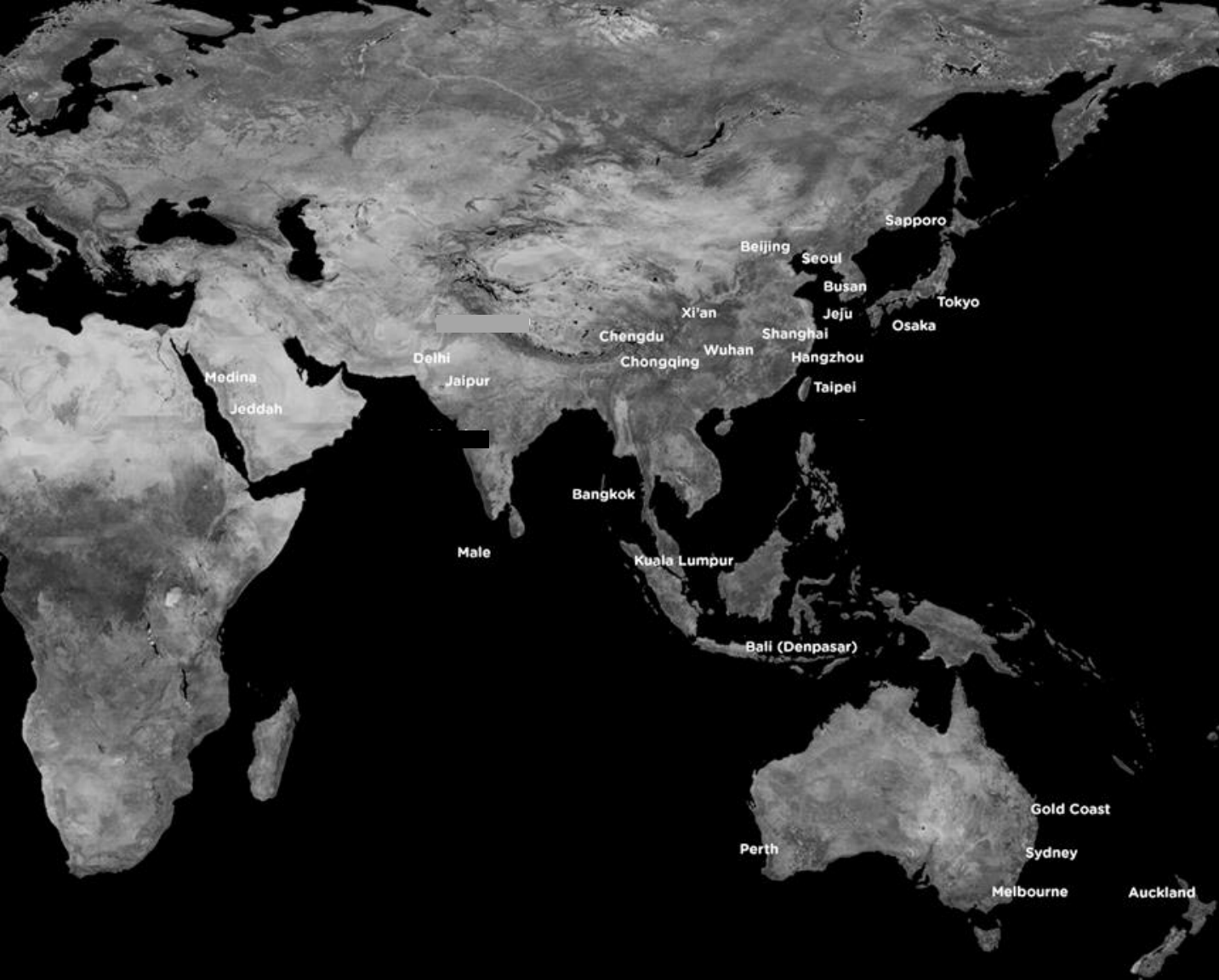
- Strong brand presence in Japan with AirAsia X Malaysia, AirAsia X Thailand, AirAsia Japan serving daily flights to/in Japan

### Builds India

- Finding gems non-bilateral routes like Amritsar & Jaipur
- Build on unique routes potential

### Builds South Korea

- Still remain a favourite travel destination from South East Asia



RedQ, Kuala Lumpur



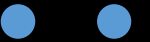
[www.airasiax.com](http://www.airasiax.com)



+603 8660 4600



[aax\\_ir@airasia.com](mailto:aax_ir@airasia.com)



# Thank You

4Q18 & FY18 Earnings Briefing

# OPERATIONAL HIGHLIGHTS

## KEY METRICS

	Key Indicators	4Q18	4Q17	▲ %	3Q18	▲ %	FY18	FY17	▲ %
Operational	ASK (millions)	9,162	9,146	● 0	8,806	▲ 4	36,047	35,054	▲ 3
	Aircraft *	35*	30	▲ 17	32	▲ 9	35	30	▲ 17
	Sectors flown	5,071	4,984	▲ 2	5,019	▲ 1	20,220	18,971	▲ 7
	Fuel consumed (Barrels)	1,313,713	1,330,999	▼ (1)	1,275,324	▲ 3	5,225,484	5,145,455	▲ 2
	Average Fuel Price (USD/Barrel)	89	69	▲ 29	91	▲ (2)	87	66	▲ 31
Passenger	RPK (millions)	7,168	7,553	▼ (5)	7,005	▲ 2	29,111	28,578	▲ 2
	Seat Capacity	1,911,767	1,878,968	▲ 2	1,892,163	▲ 1	7,622,940	7,152,067	▲ 7
	Passengers Carried	1,498,618	1,549,048	▼ (3)	1,511,625	▼ (1)	6,167,465	5,837,530	▲ 6
	Load Factor (%)	78	83	▼ (5ppts)	80	▼ (2ppts)	81	82	▼ (1ppt)
Financial	RASK (US Cents)	3.02	3.21	▼ (6)	2.99	▲ 1	3.05	3.21	▼ (5)
	CASK (US Cents)	2.96	3.06	▼ (3)	3.57	▼ (17)	3.20	3.17	▲ 1
	CASK Ex-Fuel (US Cents)	1.68	2.02	▼ (17)	2.25	▼ (25)	1.95	2.14	▲ (9)

\*including three aircraft which are on direct third-party lease to AirAsia X Thailand

# FINANCIAL HIGHLIGHTS

## INCOME STATEMENT

RM mn	4Q18	4Q17	▲ %	3Q18	▲ %	FY18	FY17	▲ %
Revenue	1,148.1	1,220.5	▼ (6)	1,077.4	▲ 7	4,544.4	4,562.0	▲ (1)
EBITDAR	301.1	387.2	▼ (22)	69.5	▼ >100	822.0	1,166.5	▼ (30)
Operating Profit/(Loss)	33.9	130.3	▼ (74)	(202.5)	▼ (98)	(203.9)	112.6	▼ (>100)
Net Operating Profit/(Loss)	27.4	119.8	▼ (77)	(205.2)	▼ (87)	(218.8)	84.6	▼ (>100)
Profit/(Loss) Before Tax	15.9	135.6	▼ (88)	(247.8)	▼ (99)	(241.4)	186.8	▼ (>100)
Taxation	(115.1)	(51.2)	▲ >100	50.4	▲ (>100)	(71.3)	(87.9)	▲ (19)
Profit/(Loss) After Tax	(99.3)	84.4	▼ (>100)	(197.5)	▼ (50)	(312.7)	98.9	▼ (>100)
Basic EPS (sen)	(2.4)	2.0	▼ (>100)	(4.8)	▼ (50)	(7.5)	2.4	▼ (>100)
EBITDAR Margin (%)	26.2	31.7	▼ (5.5 pts)	6.5	▲ 19.7 pts	18.1	25.6	▼ (7.5 pts)
EBIT Margin (%)	3.0	10.7	▼ (7.7 pts)	(18.8)	▼ (15.8 pts)	(4.5)	2.5	▼ (7.0 pts)

# FINANCIAL HIGHLIGHTS

## BALANCE SHEET

YTD (RM'000)	31 Dec 2018	31 Dec 2017	▲ %
Deposit, Cash & Bank Balances	297,609	432,675	▼ (31.2)
Total Assets	4,345,114	4,764,180	▼ (8.8)
Total Borrowings	687,052	861,970	▼ (20.2)
Shareholders' Equity	557,205	988,606	▼ (41.6)
Net Debt	389,443	429,295	▼ (9.3)
Net Gearing (x)	0.67	0.43	▲ 55.8