

AirAsia X Berhad

Analyst Deck

Period ended 30 June 2022 (CY2Q22)



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Overview



TRAVEL DOWNTIME TIMELINE

2020-2022



Flights Grounded



MAR 2020

Restructuring

AirAsia X has proposed to undertake a group-wide debt and corporate restructuring to survive and thrive in the long-term.

OCT 2020

Creditors Meeting

AirAsia X has obtained court approval to convene creditor meetings. The High Court has separated the airline's 14 creditors into three classifications.

FEB 2021

NOV 2021

Creditors' Approval

AirAsia X's debt-restructuring proposal received more than 90% support from creditors.

OCT 2021

Explanatory Statement

AirAsia X is proposing to pay 0.5% of debt owed to each of its creditors and to terminate all existing contracts so that it can restructure RM33.65b of liabilities.

JUN 2021

Shareholders' approval

AirAsia X shareholders have approved the debt restructuring, a rights issue and a share subscription for new investors to raise RM500m.

MAR 2021

Proof of Debt

AirAsia X has sent out email to passengers, to participate in the proof of debt (POD) exercise for refunds.

DEC 2021

Court Approval

The High Court has approved the restructuring scheme for AirAsia X.

FEB 2022

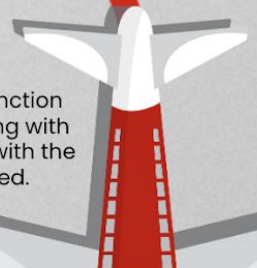
Rights Issue

AirAsia X will raise RM116m in a one-for-one rights issue of 414 million shares to existing shareholders and RM50 million via a share subscription from new investors.

MAR 2022

Court Sanction

AirAsia X has lodged the sanction order for its debt restructuring with the Registrar of Companies with the formalities now completed.



TRAVEL REBOUND TIMELINE

2022



APR 2022

Strengthens Network

AirAsia X is expanding its flight network from Kuala Lumpur with new services to Incheon (Seoul), South Korea and New Delhi, India.

MAR 2022

Court Sanction

AirAsia X has lodged the sanction order for its debt restructuring with the Registrar of Companies.

FEB 2022

Expands Cargo Footprint

Expanded cargo footprint with Teleport using additional capacity to fulfil its robust customer requirements.

JAN 2022

Enters Logistic Partnership

Established a new air logistics partnership with GEODIS, providing additional cargo capacity and boosting revenue

MAY 2022

Travel Voucher

AirAsia X recently informed affected guests that the travel vouchers will be issued within the next 3 months.

JUN 2022

AAX is Back!



JUL 2022

Returns to AU & NZ

AirAsia X has confirmed that it has ambitious expansion plans, including a return to Auckland via Australia.

AUG 2022

New Chairman

Appointed new chairman YM Tunku Dato' Fawzy marking a new era

DEC 2022

Hello London, Dubai and Istanbul!

NOV 2022

AU & NZ Inaugural

OCT 2022

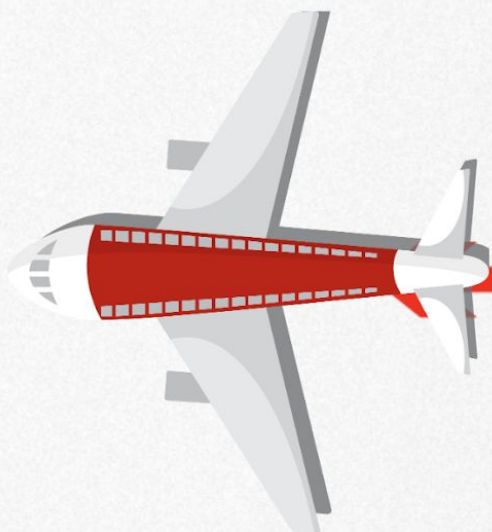
Increase Frequencies

Seoul to 5x & Delhi to 4x weekly

SEP 2022

Service to Sydney

9 Sep

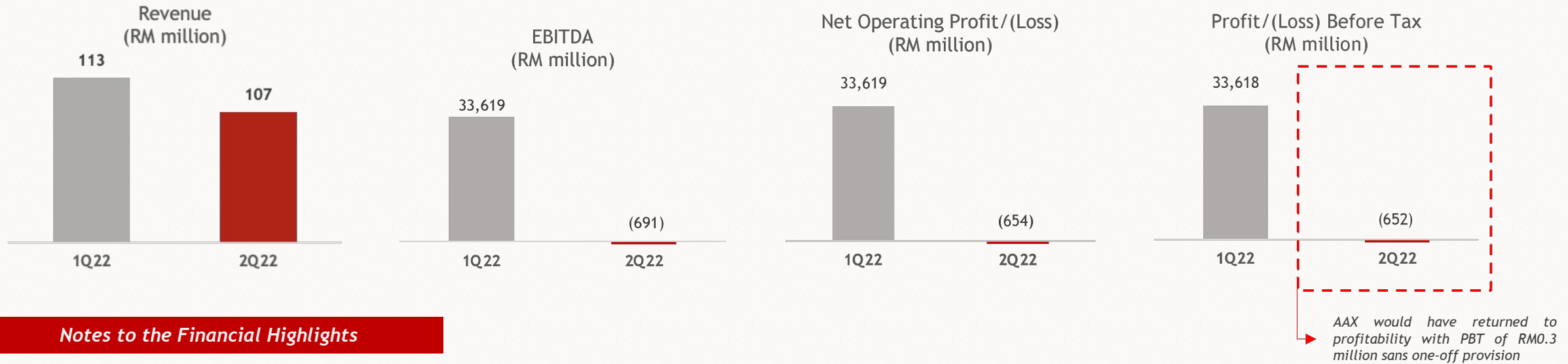


Financial & Operational Highlights



Key Financial Highlights

Financial Highlights for Period ended 30 June 2022



Notes to the Financial Highlights

- Revenue down by 5% Q-o-Q on the back of (i) **increase of scheduled flights revenue** from RM2.0 million to RM6.7 million and (ii) **18% increase in cargo flights revenue** to RM96.8 million - offset by (iii) **decline of charter flights** revenue to RM2.1 million from RM31.2 million
- Net Operating Loss and Net Loss stood at RM653.8 million and RM 652.5 million respectively due to **one-off non-cash provision** primarily attributed to the **provision for passenger travel vouchers** as the **commitment for passengers and travel agents** affected by the debt restructuring - usage of travel vouchers shall be **recognised as revenue on a per use basis within the 5-year validity period**
- On a normalised basis, AAX would post a **Profit Before Tax of RM0.3 million** and a **Profit After Tax of RM0.25 million**

Further Insights on Revenue Segments

- Cargo flights revenue expected to soften** in upcoming months on the back of industry-wide **operations normalising** and tipping to the **scheduled passenger flights spectrum**:
 - Recent **restrictions on cargo uplift** in certain markets like Hong Kong/China especially impacted firm cargo charters that were signed
- Charter flights decline** over April - May 2022 as a direct result of **travel restrictions in North Asian markets**:
 - Softening of the charter flights market **within expectation as the industry recovers and shifts back to scheduled passenger operations**, ultimately reducing demand for charters

Review of Operating Expenses

Shift in Operating Expenses Structure with One-Off Non-Cash Provision

Operating expenses (RM million)	1Q2022	2Q2022
Staff costs	14.2	18.6
Aircraft fuel expenses	54.8	30.0
Maintenance and overhaul	27.1	31.0
User charges	13.3	6.6
Aircraft operating lease expenses	9.8	2.5
Other operating expenses	(33,625.2)	710.7
Other income	(0.1)	(0.7)

- AAX provided for a one-off non-cash basis provision under Other Operating Expenses to **fulfil its commitment for passengers and travel agents** affected by the debt restructuring in the form of travel vouchers
- The travel vouchers reflects AAX's **earnest commitment for its passengers and travel agents** to ensure that those who were **affected by the pandemic-induced flight cancellations** would be able to fly again with AAX



Staff costs increased due to **salary reinstatement** of employees



Aircraft fuel expenses reduced on the back of **decline in charter flights**



Maintenance and overhaul expenses was up as **aircraft are re-activated**



User charges reduced as charter flights declined



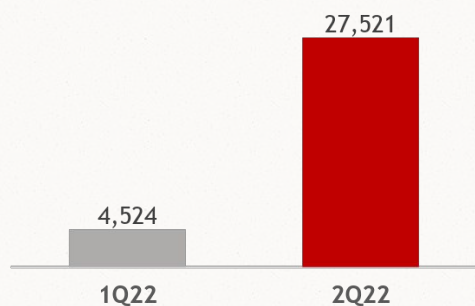
Aircraft operating lease expenses reduced as **PBH rental structure remains** and number of **charter flights declined**

Key Operational Highlights

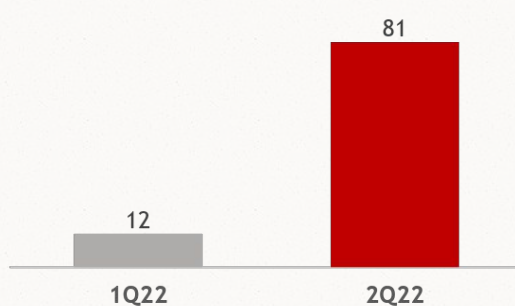
Operational Highlights for Period ended 30 June 2022



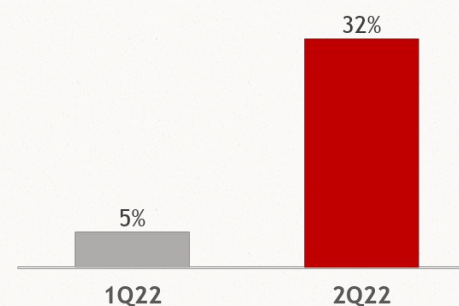
Capacity



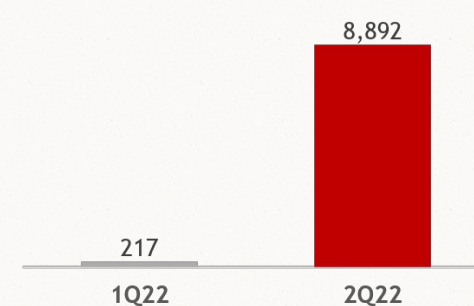
Number of Sectors



Load Factor



Number of Passengers Carried



Notes to the Operational Highlights

- Operational statistics reflects **significant uptrend shift across the board** as scheduled passenger flights and cargo flights were ramped up during the quarter
- Capacity increased** as additional aircraft was re-activated - tracked the **increase in the number of flights** from 12 sectors to 81 by the end of June 2022
- Healthy recovery with 32% load factor** pared by lower take-up between April - May 2022, but **trended close to 50% in June 2022** - trends **over 70% as of July 2022**
- The **number of passengers carried surged** across the period under review as **more scheduled flights were opened up for sale** on the back of **lifting of travel restrictions** across the markets

Outlook & Priorities



FLIGHTS INCREASE

Since the border reopening on 1 April 2022



6x

Weekly flights
in Aug-22



92x

Weekly flights
in Jan-23

Revitalised Network

The New AirAsia X Takes to the Skies



- The **pent-up thirst for travels** - especially internationally - is undeniably present AAX seeks to **ramp up its operations to seize the market**
- Traffic in new markets where both **passenger revenue and cargo revenue are reasonably yield-promising** are also in focus for AAX
- On top of Sydney, Seoul and Delhi, **upcoming routes in the near term for AAX** include Melbourne, Perth, Sydney-Auckland, Busan, Haneda, Osaka, Sapporo, Honolulu, Istanbul, Dubai and London - AAX expects to also operate **Bali and Jeddah**
- Bali is a **high-demand, shorter route with historically-proven yields**, while Jeddah is a route AAX operated previously with **promising yield from pilgrimage travel demands**
- Increasing the **aircraft utilisation of AAX will be key to ensure cost efficiency** for this revitalised network plan
- AAX is looking to ramp up its **operations in North Asia**, especially in China and Taiwan, but are careful of the **travel restrictions**
- AAX is also closely monitoring the **longer visa issuance period** for Australia and **inbound traveler numbers limitation** in Japan and the potential spill-over effect the restrictions may have on connecting destinations

FLEET STATUS

24 Pre-Covid, 15 Post-Covid

TIMELINE



5

Currently in operations

6

To be reactivated

4

To be inducted

Priorities for AAX

Key Focus for AAX in 2022



Cashflow Management and Cost Efficiency

- Stringent level of cash management with **daily monitoring of cashflow**
- Prudent **optimisation of manpower per requirement** of the current level of operations
- Post-restructuring **obligations remoulded to better align with current operating environment** - no wastage of resources
- At current business trajectory - AAX expects to **double its cash position by end of 2022** (*excluding any additional financing*)



Fundraising Activity

- Currently engaged in dialogue with banks for **bank loans of up to RM160 million**
- **Rights issue** to raise over RM160 million remains in progress
- To provide **working capital support** for AAX's recovery period, particularly for **aircraft reactivation costs** and other **general working capital requirements**, including staff costs, rental and maintenance, IT operating expenses etc

Priorities for AAX

Key Focus for AAX in 2022



Network Plan

- Strategic allocation of aircraft based on planned routes and number of flights, with consideration for slot availability and maximising the utilisation of all activated aircraft
- Yield and aircraft utilisation maximisation as key, on top of cost minimisation for passenger flights and cargo flights alike - AAX target to achieve over 15 hours in December 2022
- Attainment of all necessary governmental approvals and support in form of incentives from airports and/or tourism partners to ensure route launches are supported and smooth sailing



Cargo Operations with Teleport

- Optimistic on boost in collaboration with Teleport on year-round palletised cargo in AAX's key markets - driven by higher yields on the back of less belly capacity as compared to pre-pandemic level
- Capitalise on the massive potential of e-commerce, machineries and general cargo from China and Hong Kong into ASEAN region, Australia and India via KUL - AAX's hub
- Teleport's aggressive expansion via induction of freighters/cargo feeders within KUL and the region, and engagement of trucking vendors feeding into KUL is expected to further feed to AAX's network
- Affirmative and ready to support Teleport's initiatives on the onboarding of top global freight forwarders for establishment of long-term hard block deals, including DHL, Bollore, Maersk, Kuehne+Nagel, Aramex and GEODIS

Priorities for AAX

Key Focus for AAX in 2022



Operational Readiness

- Aspects of **on-ground operations, regulatory, contractual obligations** with suppliers, manpower readiness
- Ensuring **overseas stations** are rapidly re-opened and sufficiently-manned based on route launches
- Securing **governmental approvals and clearance of all contractual obligations** with relevant business partners
- **Activation and recurrence of operational crew** in line with aircraft and route activation



Enhanced Synergy with Capital A Group

- AAX seeks to scale up its operations via advanced collaboration with Capital A Group to **leverage available resources**, avoiding unnecessary and costly re-investments in infrastructure and manpower:
 - **AA.com** -> Support commercial operations and requirements of AAX
 - **Teleport** -> Key partner in AAX's cargo flight operations
 - **IKHLAS** -> Key partner for AAX's operations of flights for pilgrimage-based travel
 - **Asia Digital Engineering (ADE)** -> Support Part 145 maintenance requirements of AAX's fleet
- Further expansion of such partnerships are expected in the near future as AAX ramps up its operations



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Connect with us at aax_ir@airasia.com

