



# AirAsia X Berhad

## Analyst Deck

*Fourth Quarter and Full Financial Year ended 31 December 2023*



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# Key Takeaways

Highlights of the Company's Performance in 4Q23 and FY23



- ❖ **Revenue increased over 2.4x YoY in 4Q23**, and **passed the RM2.5 billion mark for FY2023, best performance post-pandemic** – against pre-COVID-level, Total Revenue in 2023 has **recovered by close to 60%** (4Q23 vs 4Q19 – 80% recovered), even with only over 50% of the capacity available compared to 2019
- ❖ 4Q23 charted a Net Operating Loss at RM11.2 million on the back of slower-than-expected take-up in China for earlier part of 4Q23; FY23 charted a **Net Operating Profit of RM395.8 million, a turnaround from the loss in 2019**
- ❖ **Total operating expenses driven up** in 4Q23 and FY23 overall, predominantly due to **aircraft activation costs**, against rough **macroeconomic environment** of volatile jet fuel price and weaker local currency against the greenback
- ❖ Overall, Net Profit for 4Q23 stands at RM27.4 million, and **RM366.5 million Net Profit for the full financial year** ended December 2023, signalling that the Company is positively **on-track in its recovery**
- ❖ Encouraging operational performance charted as **ASK capacity grew 7.5x for FY203 against 2022** to over 15,604 millions, tracked by 6.8x increase in passenger traffic – **over 2.8 million passengers were carried by AirAsia X for FY2023**, charting a healthy PLF of 80% for the year
- ❖ CASK stood at 15.71 sen in 4Q23 compared to 9.98 sen in the preceding corresponding period due to **reversals of provision undertaken in 2022**, and **higher total operating expenses** in 2023
- ❖ RASK recorded 17.15 sen in 4Q23; **against 2019, RASK was up over 30% driven by improved fare structure** – average fare for 4Q23 is healthy at RM619, against RM490 during the pre-COVID-era
- ❖ Associate **AirAsia X Thailand recorded strong revenue of RM469.5 million in 4Q23 and RM1.5 billion for FY23** – against 4Q19, AirAsia X Thailand has **recovered over 93% of revenue, despite having only 7 aircraft operational**
- ❖ With **ASK Capacity surging by over 5x YoY in FY23** due to more aircraft activated, AirAsia X Thailand continues to post stellar performance with **4.8x YoY increase in the number of passengers carried**, with **1.3 million passengers carried in FY23**
- ❖ AirAsia X Thailand posted **strong Passenger Load Factor for 86% in 4Q23 and 83% for FY23**, reflecting the persisting strong demand for the market
- ❖ Barring the reversals undertaken as a result of AirAsia X Thailand's rehabilitation completion, AirAsia X Thailand's profitability remains steadfast with **around RM300 million core profit**

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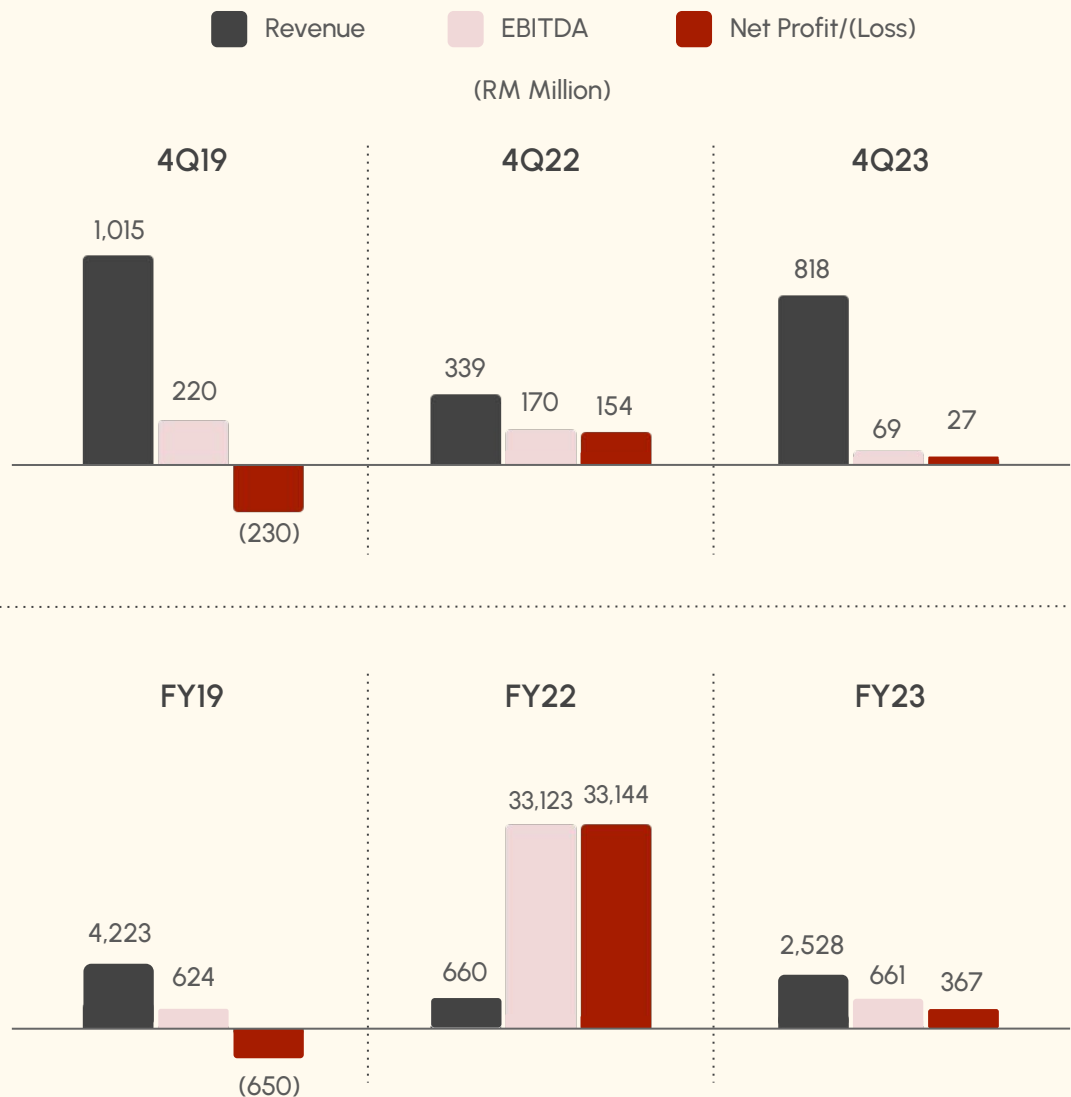
# Financial & Operational Highlights





# Key Financial Highlights

Full-Year Net Profit at RM369.1 million as Operations Returned to Normal and Enhanced by Strong Fare and Ancillary



- **Revenue** charted **RM818.2 million in 4Q23**, up by **2.4x YoY**, leading to **full-year revenue of RM2.5 billion** compared to RM659.6 million in 2022, driven by:
  - Scheduled flights revenue more than doubled** to RM542.5 million in 4Q23, and **surged over 6x to RM1.7 billion for FY23** as AAX's operations returned with **average passenger fare solid at RM619 in 4Q23**;
  - Ancillary revenue growing by 3x YoY in 4Q23 to RM219.7 million and over 8x YoY in FY23 to RM681.8 million – **ancillary revenue per person stood at RM216 and RM241 respectively in 4Q23 and FY23**;
  - By 4Q23, AAX **recovered over 80% vs. 2019 level despite having only 50% of 2019 capacity**.
- Quarterly and annual **EBITDA** positive at RM68.7 million and RM661.2 million respectively – **lower compared to the preceding year due to reversals in 2022** of prior provisions primarily the result of the debt restructuring scheme
- **Net Profit** for the quarter stood at **RM27.4 million** as topline improved, coupled with net gain on foreign exchange, despite weaker take-ups in China for the earlier part of the quarter – for FY23, Net Profit stood at **RM366.5 million**

# Key Operational Highlights

Passenger Take-up Trending Positively in-line with Capacity and Network Recovery

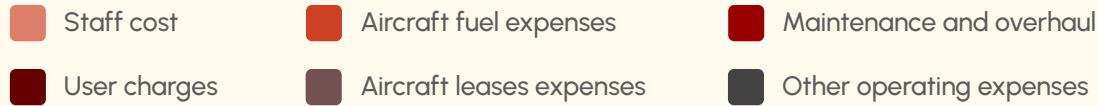


		2023	2022	
ASK Capacity (mil)	4Q	4,770	1,700	2.8x
	FY	15,604	2,072	7.5x
Sectors Flown	4Q	3,038	1,152	2.6x
	FY	9,799	1,443	6.8x
Passengers Carried ('000)	4Q	890	338	2.6x
	FY	2,823	417	6.8x
Passenger Load Factor	4Q	82%	79%	+3 ppts
	FY	80%	78%	+2 ppts

- **ASK capacity** grew by **2.8x YoY in 4Q23** and **7.5x YoY FY23** driven by:
  - Increase of operational aircraft** to 16 aircraft (2022: 7 aircraft); and
  - Increase in destinations** served and **flight frequencies** across the network
- **Network recovery positively on track** as **Sectors Flown** grew by 6.8x YoY for FY2023, as **8 routes were added** to AAX's network over the 12-month period
- **Market demand maintains its momentum**, as **Number of Passengers Carried** charted **over 2.8 million passengers in FY23**, **6.8x more than the preceding year**; in 4Q23 alone, AAX carried 890,289 passengers, 2.6x higher than the quarter ended 31 December 2022
- **Passenger Load Factor** (PLF) **healthy at 80%** for the year 2023, up by 2 percentage points YoY **despite the multifold growth in added capacity**; PLF trended at 82% in 4Q23 up by 3 percentage points YoY, buoyed by **year-end peak travel season**

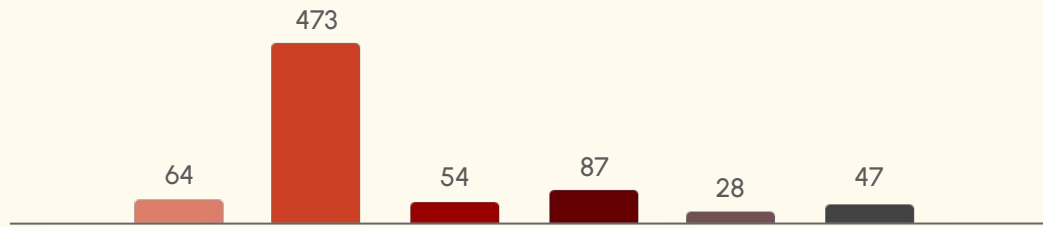
# Review of Operating Expenses

Operating Expenses Increased with the More Aircraft Reactivated for Service

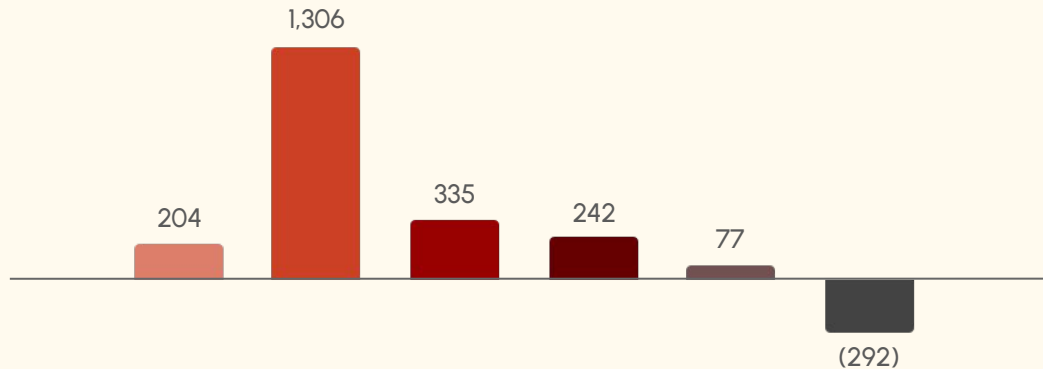


(RM Million)

4Q23



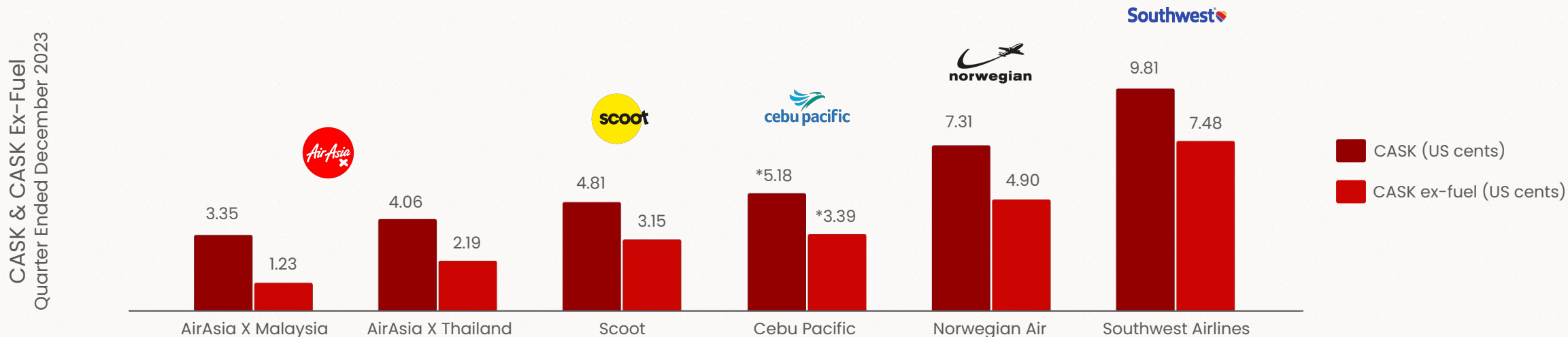
FY23



- **Total Operating Expenses** charted **RM752.8 million in 4Q23**, driven primarily by:
  - Increase in maintenance costs due to the **aircraft reactivation costs**
  - Macroeconomic backdrop of **higher jet fuel price** and **weaker local currency** against the US Dollar
- Total Operating Expenses stood at **RM1.9 billion for FY23**, with a positive RM292 million of Other Operating Expenses due to **reversals of provisions** made due to the debt restructuring
- **Jet fuel remains on prepayment basis** (no hedging) as the environment remains volatile; AAX also has a **natural currency hedge** as more than 50% of its revenue are in a variety of currencies

# Lowest Unit Cost among Peers

Cost kept low with discipline in cost structure and a natural currency hedge



AirAsia X's **revitalised cost structure continues to prove pivotal in today's operating environment:**

- ❖ Cleaned-up balance sheet
- ❖ Competitive aircraft lease rates
- ❖ Revamped network focus
- ❖ Rationalised fleet size strictly per network requirements
- ❖ Renegotiated service contracts
- ❖ Equitable provisions in contracts

**Disciplined Cost Management** → Even as **fuel and appreciation of the US Dollar against local currency place significant pressure** on AirAsia X's total operating expenses, particularly as its resumed even more flights, its **CASK and CASK ex-fuel remains the lowest among peers**

**Natural Currency Hedge** → AirAsia X has an **edge in the blend of currencies** it receives from sales as **over 50% of its revenue are in foreign currencies**, with CNY and AUD in the lead

*\*Cebu Pacific latest available CASK and CASK ex-Fuel extracted from company disclosure for financial period ended September 2023*



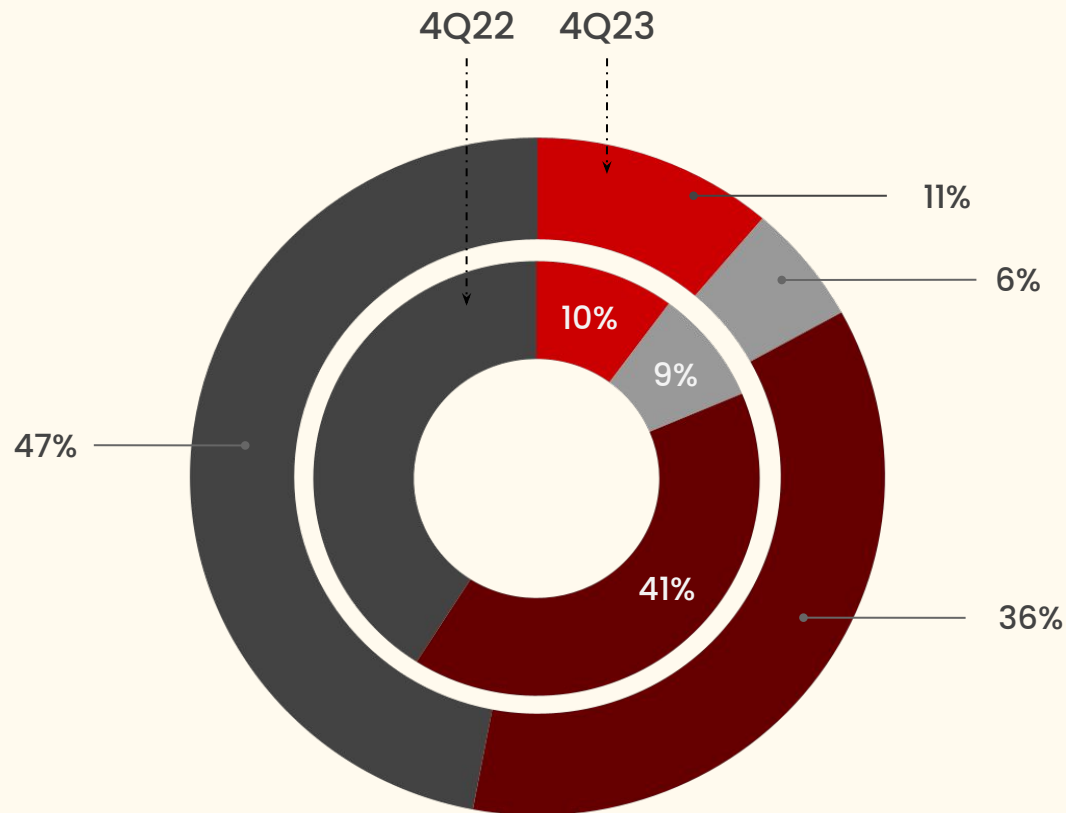
# Ancillary Performance

Ancillary Performance Maintains its Momentum, Boosting the Airline's Earnings



## Ancillary Revenue

■ Seat ■ Baggage ■ Inflight meal ■ Others



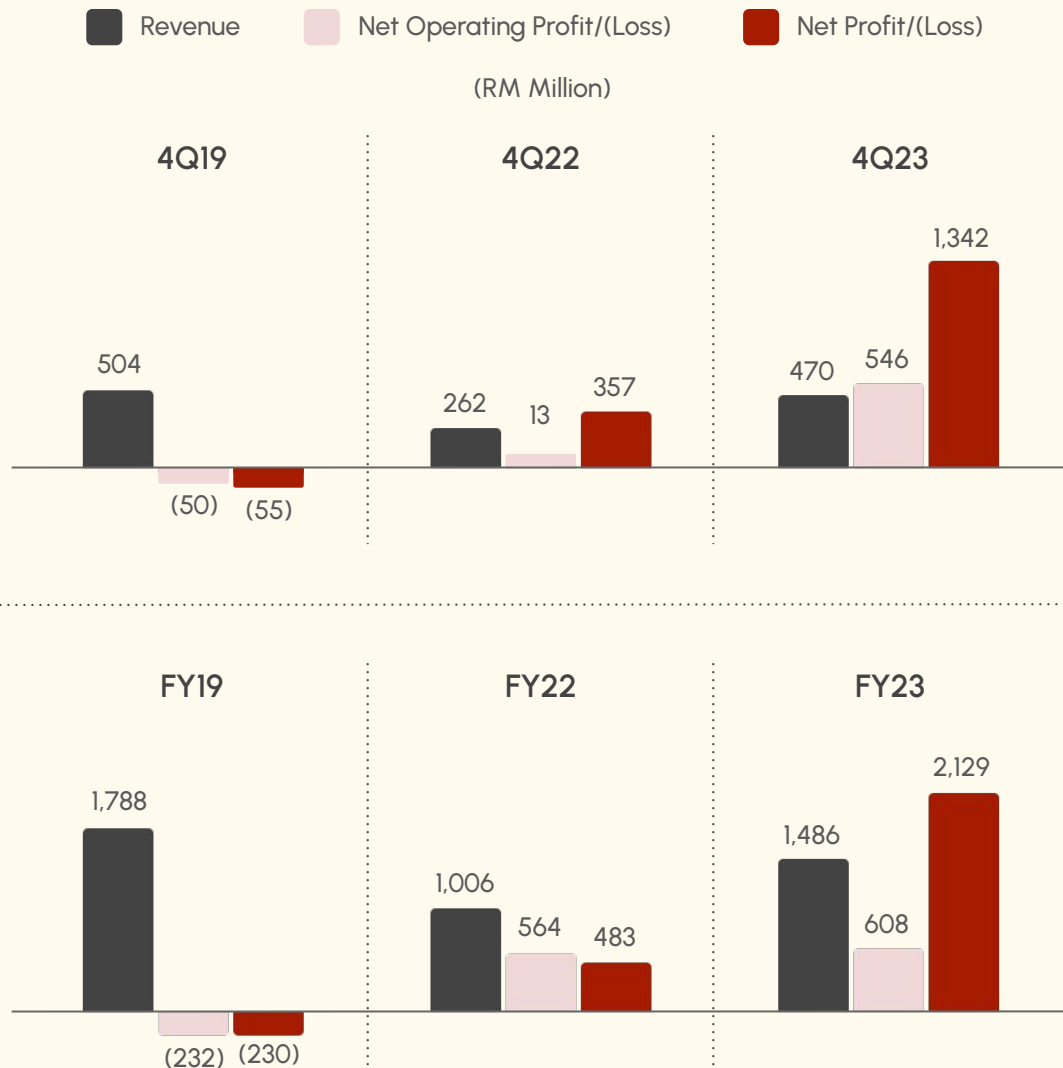
- **Ancillary Revenue** continues to be the **star in our recovery chapter**:
  - i. Grew **from 9% of Total Revenue in 2022 to over 26% of Total Revenue in FY23**
  - ii. **Ancillary revenue per passenger** sound at RM216 for 4Q23 and **RM241 for the full year**
- Against 4Q22, the **take-up in Baggage and Duty Free** for 4Q23 led the growth rate for Ancillary Revenue as **passenger traffic and take-up rate increased**
- **Encouraging outlook** remains in the horizon:
  - i. Ancillary revenue expected to **grow by approximately 40% in 2024**
  - ii. Key initiatives in motion:
    - **Data-driven dynamic pricing** and optimisation
    - **New and improved product** offerings
    - Optimisation of sales channels for **better user experience, ultimately driving sales**

# Associate Performance: TAAX



# Associate: TAAX Financial Highlights

Revenue Close to Emulate 2019-Level, with Net Profit Boosted by Completion of Rehabilitation Plan



- **Total Revenue** recorded at **RM469.5 million in 4Q23** and **RM1.5 billion in FY23 respectively**, driven primarily by increase in all revenue segments with the **return of passenger traffic in line with added capacity** - against 4Q19, TAAX's turnover in 4Q23 has recovered by 93%, even with only 7 operational aircraft
- **Net Operating Profit** for the quarter stood at **RM546 million** bringing **overall NOP to RM608 million in 2023**, - a **turnaround against 2019 level** from a loss of RM50 million for 4Q19 and RM232 million for full-year 2019
- **Net Profit** charted **RM1,342 million during 4Q23**, up by 3 times from RM357 million in the previous year, and **over RM2.1 billion in Net Profit for FY23** as a result of **TAAX's rehabilitation plan completion**



# Associate: TAAX Operational Highlights

Boost in Capacity to Support Strong Demand as More Aircraft were Inducted for Service



		2023	2022	
ASK Capacity (mil)	4Q	2,027	1,031	1.9x
	FY	7,230	1,383	5.2x
Sectors Flown	4Q	1,213	671	1.8x
	FY	4,299	856	5.0x
Passengers Carried ('000)	4Q	387	225	1.7x
	FY	1,330	279	4.8x
Passenger Load Factor	4Q	86%	92%	-8 ppts
	FY	83%	88%	-5 ppts

- In 4Q23, **ASK Capacity** increased over **90% YoY** to 2,027 million as TAAX now **operates 7 aircraft** (4Q22: 5 aircraft) – on a full-year basis, **ASK Capacity surged by 5.2x YoY** to 7,230 million
- **Sectors Flown** increased over **80% YoY** and **5x** in **4Q23** and **FY23** respectively, as TAAX operates **increased flights to more destinations** to meet strong demand
- **Number of Passengers Carried** went up by over 70% and 4.8x in 4Q23 and FY23 respectively as **demands for international travel remains extremely robust** – for FY23, TAAX carried over **1.3 million passengers compared to 279 million** last year
- **Load Factor** strong at **86% and 83% in 4Q23 and FY23 respectively**, a clear signal of strong demand and effectively surpassing 81% PLF in 2019 by 2 percentage points

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# Network Updates





# Network Review

Network Recovery On Track, with 144 Weekly Flights by December 2023



- AirAsia X now **services 23 destinations**, with **Almaty (Kazakhstan)** and **Xi'an** as the latest additions to its network, with **inaugural flights in March and April** respectively
- With the **increase in capacity**, 13 destinations across **Australia, China, Japan and South Korea** are served by **daily flights (and over 10 times weekly for selected routes, such as Seoul, Shanghai and Taipei)** due to strong demand
- **Network growth continues** as we focus on **rebuilding frequency in China**, and addition of more **fifth freedom routes** – coming up, AirAsia X shall be announcing services to Changsha, as well as to Tokyo-Narita, via Taipei



# AirAsia X's Outlook



# Unlocking Our Prospects

Key Focus for AirAsia X in the coming months



## Network Plan

- Continues to build **yield and market share** – FlyThru traffic and 5th freedom routes shall be key
- **Enhancement of flight schedules** to drive connectivity for passengers and cargo alike
- **Great comeback in China** in the horizon with more route launches this year – **prior to visa-free travel, PLF trended at about 78%**, and by **February 2024, China routes registered over 90% PLF**



## Fleet Plan

- **Full 18-strong fleet to be reactivated by 2H24** to ensure all key network requirements are met – **TAAX expecting fleet size increase to 12 aircraft** by end-2024
- **Fine-tuning of aircraft rotations** to ensure utilisation levels of all aircraft are maximised
- **Improvement of On-Time Performance** for better customer experience and optimised aircraft utilisation
- Evaluation of operations of **A321XLR – changing the game** for medium-haul segment, with extraordinary fuel efficiency



## Commercial Plans

- **Ancillary revenue** projected to **grow over 40% YoY** with improved offerings aligned with fine-tuned pricing
- Ongoing **targeted marketing and optimisation initiatives** via airasia.com, particularly in **boosting FlyThru traffic**
- **Teleport** – key to tapping into the cargo upside



## Financial Position

- **Strict cost containment** structure is consistently monitored and practiced – ensuring **our cost remains low**
- Cash position monitored minutely – continue to strengthen and **build up our cash**
- With **PN17 upliftment** last November, AAX now has **improved credit**, opening up more opportunities for the Company



# Thank You

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