

AIRASIA X

ANALYST DECK
THIRD QUARTER 2018 RESULTS



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Q3 PERFORMANCE

Key Operating Statistics



25 routes

2 net additional routes vs 3Q17

ROUTES

- Commenced Amritsar, Jeju & Jaipur
- Moving away from single-route country, redeploy capacity to core countries
- Lower investments required, as the airline already has existing operations in this countries



8,806 million

-4% YoY

ASK CAPACITY

- New routes:
 - KUL-Amritsar
 - KUL-Jeju
 - KUL-Jaipur
- Frequency increased:
 - KUL-Honolulu
- Frequency decreased:
 - KUL-Kansai
 - KUL-Gold Coast
 - KUL-Beijing
 - KUL-Perth
 - KUL-Sydney
- Route closed:
 - KUL-Tehran



1,511,625

+1% YoY

PASSENGERS CARRIED

- Higher by 1% YoY driven by demand stimulation of new routes and additional frequencies which offset YoY capacity reduction in Osaka & Beijing



RM473

+13% QoQ, -5% YoY

AVERAGE BASE FARE

- Lower YoY on the back of promotional fares on new routes as well as additional capacity to established routes
- However, average base fare up 13% QoQ



80%

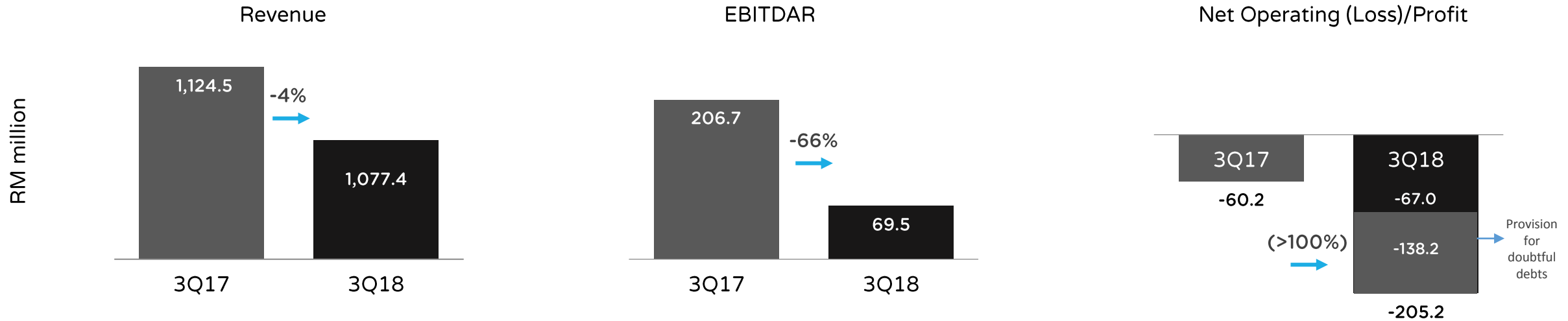
+1% YoY

LOAD FACTOR

- Marginally improved by 1% YoY to 80% despite lower ASK capacity recorded YoY

Q3 PERFORMANCE

Key Financial Highlights



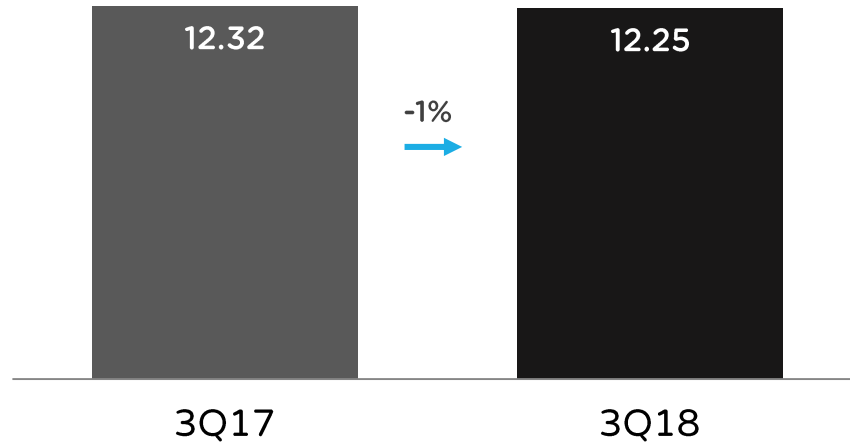
- Q3 performance impacted by rising fuel costs
- Revenue down 4% YoY to **RM1.08 billion**, mainly contributed by lower average base fare recorded YoY
- Revenue main components contribution:
 - Scheduled flight revenue, down -4% YoY
 - Ancillary revenue, down -6% YoY
 - Freight services, up +3% YoY
- EBITDAR lower 66% YoY, while Net Operating Loss widens to **RM205.2 million** mainly due to higher fuel costs and provision for doubtful debts for AirAsia X Indonesia of **RM138.2 million**
- AirAsia X Thailand posted losses of **USD5.9 million** in a seasonally weak quarter, however **expects to remain profitable for FY2018**

Q3 PERFORMANCE

RASK & CASK

REVENUE PER ASK (RASK)

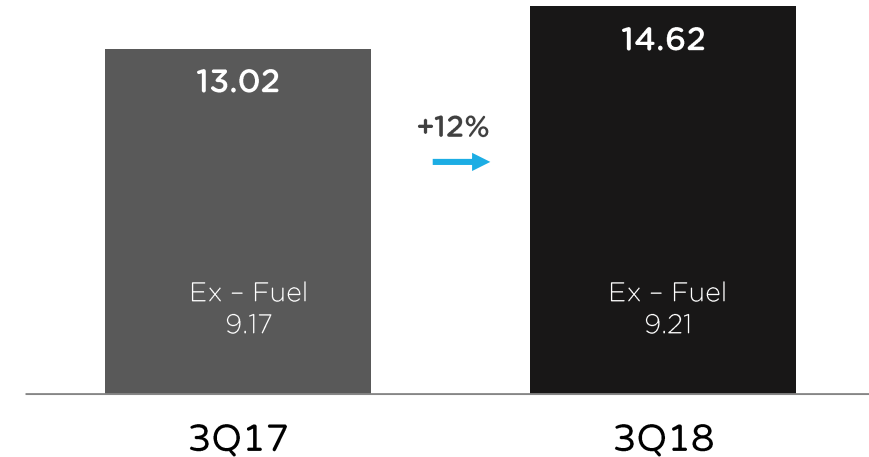
(RM sen)



- **RASK lower by 1% YoY to 12.25 sen**, on the back of lower contribution from core markets
- **Lower average fare recorded in 3Q18 of RM473** due to introduction of shorter stage length routes during the year

COST PER ASK (CASK)

(RM sen)



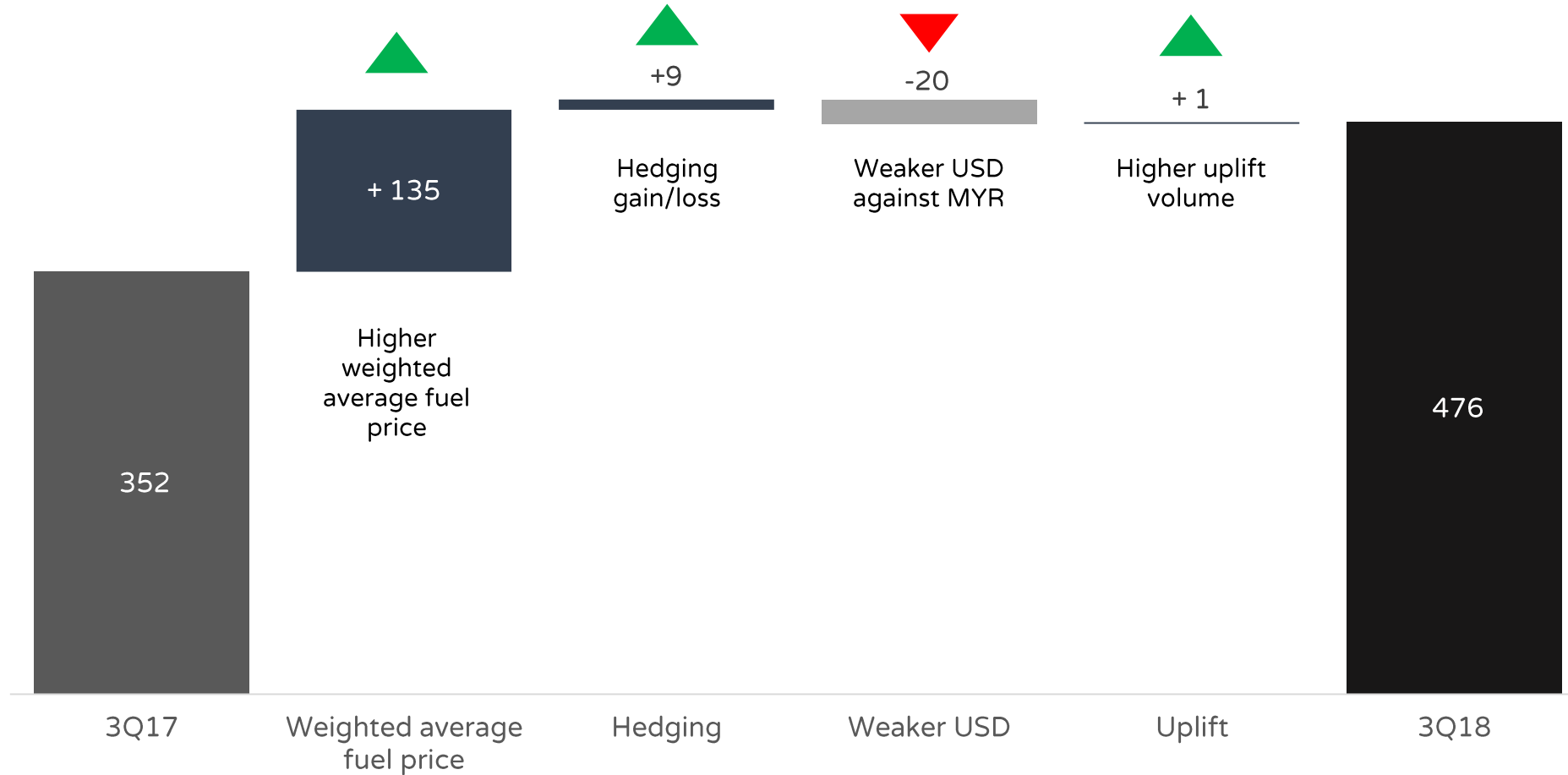
- **CASK up 12% YoY to 14.62 sen**, on the back of higher fuel price (USD91 in 3Q18 vs USD65 in 3Q17) **and provision for doubtful debts for AirAsia X Indonesia amounting to RM138 million**
- **This was slightly offset with the strengthening MYR** (4.09 in 3Q18 vs 4.26 in 3Q17)
- **CASK ex-fuel stood slightly higher at 9.21 sen** due to higher provision of doubtful debts (RM138 million in 3Q18 vs RM50 million in 3Q17)

FUEL IMPACT

Analysis

Composition of Increase in Fuel Cost 3Q2018 vs 3Q2017

RM million



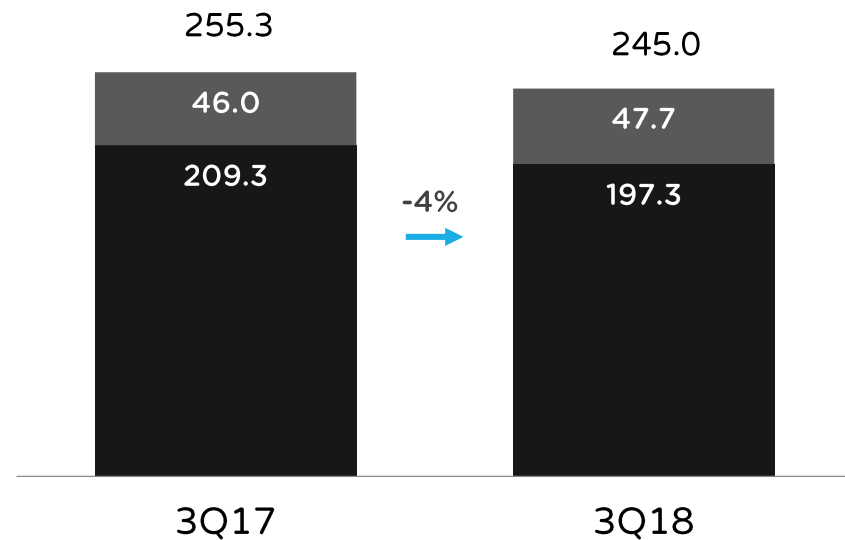
ANCILLARY

23% Contribution of Total Revenue in 3Q18

Ancillary Revenue (RM mil)
(including Freight services)

Ancillary

Cargo



- **Total ancillary revenue lower 4% YoY to RM245.0 million**, in-line with:
 - Lower ASK recorded YoY
 - Lower average stage length resulted in lower baggage and onboard meals sold per passenger
- Contributed **23% of total revenue** in 3Q18
- **Highest growth:**
 - In-Flight Duty Free (+>100%)
 - Lounge Fees (+14%)
- **Biggest contributors:**
 - Baggage (40% of total ancillary revenue)
 - Freight services (20% of total ancillary revenue)
 - Seat Fees (11% of total ancillary revenue)

ASSOCIATES

AirAsia X Thailand

	3Q18	3Q17	%
Passengers Carried	492,205	362,775	36
Load factor (%)	87	87	-
Average Base Fare (USD)	130	125	4
Net Profit (USD'000)	(5,860)	(3,673)	60

- **AirAsia X Thailand posted losses of USD5.9 million** mainly due to higher operating cost on the back of higher fuel price
- Load factor remained steady YoY at 87% as **passengers carried grew 36% YoY** while ASK capacity grew 43% YoY
- Number of international tourists to Thailand for YTD September 2018 rose by 9% from the same period last year to 28.5 million
- **Increased frequency DMK – Osaka in August 2018** (7x to 14x weekly)
- Net addition of up to 4 aircraft planned for FY2018, two has been delivered as at September 2018
- Huge capacity growth for Thailand as the airline embark^s on expansion plans and focuses on country dominance



ASSOCIATES

AirAsia X Indonesia

	3Q18	3Q17	%
Passengers Carried	108,700	159,809	(32)
Load factor (%)	80	80	-
Average Base Fare (USD)	146	121	21
Net Profit (USD'000)	(1,531)	2,148	(>100)

- **AirAsia X Indonesia posted losses of USD1.5 million** mainly due to higher overall costs which increased 34% as compared to 3Q17, driven by global rise in fuel price
- **Average base fare was higher by 21% YoY**
- Load factor remained steady YoY at 80%
- Terminated CGK-NRT in October 2018, DPS-NRT to follow suit in January 2019
- Suspension of A330 schedule service in January 2019 to focus on non-schedule activities in 2019



OUTLOOK

Fourth Quarter 2018



Passenger Growth

Approximately 10% YoY for FY2018



Aircraft

2 aircraft to be delivered by end 2018



Secondary Airport

Inaugural flight to Melbourne Avalon airport in December 2018



New routes in 4Q18

- KUL-Changsha
- KUL-Tianjin



Hedge Position

	4Q2018	1Q2019	2Q2019
Hedge Ratio	15%	25%	5%
Hedge Fuel Cost (USD/bbl)	79	85	84
Effective Fuel Cost (USD/bbl)	86	84	84

- As fuel price trends down in the recent weeks, opportunity for the airline to hedge more



Aircraft Utilisation

Maintain high utilisation rate of up to 16 hours/day

OUTLOOK

FY2019 and beyond: Model is Strong



Price Leader & Better Products

- Continues to offer better products in the market vs. competitors
- Market leader in pricing



Enhanced Inflight Products

- Wi-Fi onboard underway
- Immense growth for duty free through Ourshop.com



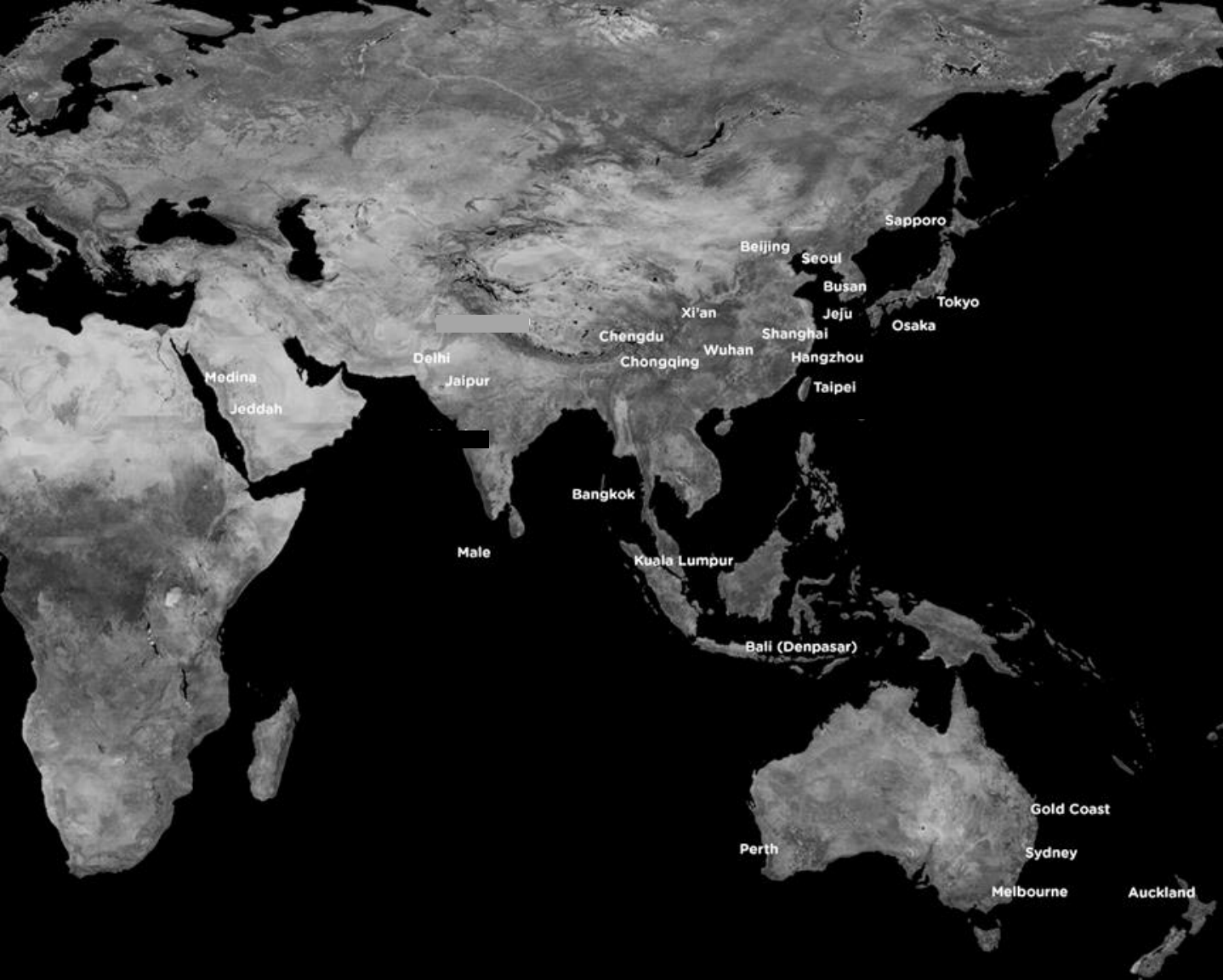
Robust Load Factor

- Charting 80% even in lean quarters
- Expecting to grow as the Company unlocks more network synergies with AirAsia Group



Minimising Costs

- Advanced negotiation for lower aircraft lease rates
- Cheaper ground handling at foreign stations
- Re-negotiation of engine contracts



RedQ, Kuala Lumpur



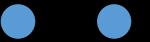
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Thank You !

3Q18 Earnings Briefing

OPERATIONAL HIGHLIGHTS

KEY METRICS

	Key Indicators	3Q18	3Q17	▲ %	2Q18	▲ %	YTD Sep '18	YTD Sep '17	▲ %
Operational	ASK (millions)	8,806	9,135	▼ (4)	8,957	▼ (2)	26,885	25,908	▲ 4
	Aircraft	32	30	▲ 7	31	▲ 3	32	30	▲ 7
	Sectors flown	5,019	5,002	● 0	5,099	▼ (2)	15,149	13987	▲ 8
	Fuel consumed (Barrels)	1,275,324	1,271,585	● 0	1,263,828	▲ 1	3,909,696	3,814,456	▲ 2
	Average Fuel Price (USD/Barrel)	91	65	▲ 41	89	▲ 2	89	65	▲ 37
Passenger	RPK (millions)	7,005	7,241	▼ (3)	7,281	▼ (4)	21,943	21,026	▲ 4
	Seat Capacity	1,892,163	1,885,754	● 0	1,922,323	▼ (2)	5,711,173	5,273,099	▲ 8
	Passengers Carried	1,511,625	1,499,013	▲ 1	1,568,578	▼ (4)	4,668,847	4,288,482	▲ 9
	Load Factor (%)	80	79	▲ 1	81	▼ (1)	82	81	▲ 1
Financial	RASK (US Cents)	2.99	2.89	▲ 4	2.99	● 0	3.18	2.97	▲ 7
	CASK (US Cents)	3.57	3.05	▲ 17	3.29	▲ 9	3.42	2.96	▲ 16
	CASK Ex-Fuel (US Cents)	2.25	2.15	▲ 5	2.04	▲ 10	2.12	2.00	▲ 6

FINANCIAL HIGHLIGHTS

INCOME STATEMENT

RM mn	3Q18	3Q17	▲ %	2Q18	▲ %	YTD Sep '18	YTD Sep '17	▲ %
Revenue	1,077.4	1,124.5	▼ (4)	1,053.6	▲ 2	3,396.4	3,341.5	▲ 2
EBITDAR	69.5	206.7	▼ (66)	146.2	▼ (52)	520.8	779.3	▼ (33)
Operating Profit/(Loss)	(202.5)	(55.5)	▼ (>100)	(95.9)	▼ (>100)	(237.9)	(17.7)	▼ (>100)
Net Operating Profit/(Loss)	(205.2)	(60.5)	▼ (>100)	(99.3)	▼ (>100)	(246.2)	(35.2)	▼ (>100)
Profit/(Loss) Before Tax	(247.8)	(8.6)	▼ (>100)	(64.8)	▼ (>100)	(257.3)	51.2	▼ (>100)
Taxation	50.4	(34.7)	▲ >100	7.3	▲ >100	43.9	(36.8)	▲ >100
Profit/(Loss) After Tax	(197.5)	(43.3)	▼ (>100)	(57.5)	▼ (>100)	(213.4)	14.5	▼ (>100)
Basic EPS (sen)	(4.8)	(1.0)	▼ (>100)	(1.4)	▼ (>100)	(5.1)	0.3	▼ (>100)
EBITDAR Margin (%)	6.5	18.4	▼ (65)	13.9	▼ (53)	15.3	23.3	▼ (34)
EBIT Margin (%)	(19)	(5)	▼ (>100)	(9.1)	▼ (>100)	(7)	(0.5)	▼ (>100)

FINANCIAL HIGHLIGHTS

BALANCE SHEET

YTD (RM'000)	31 Sep 2018	31 Dec 2017	▲	%
Deposit, Cash & Bank Balances	265,586	432,675	▼	(39)
Total Assets	4,467,687	4,767,487	▼	(6)
Total Borrowings	734,836	861,970	▼	(15)
Shareholders' Equity	774,006	973,667	▼	(21)
Net Debt	469,250	429,295	▲	9
Net Gearing (x)	0.61	0.44	▲	39