

AIRASIA X BERHAD
CEO Presentation



4TH JUNE 2018
12TH ANNUAL GENERAL MEETING



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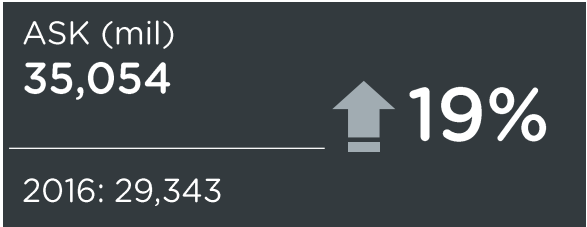
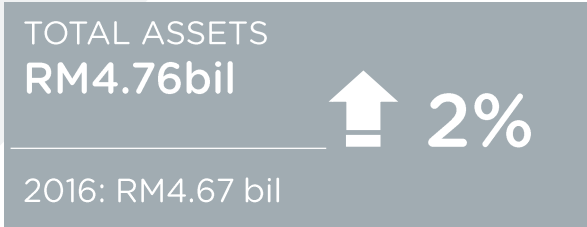
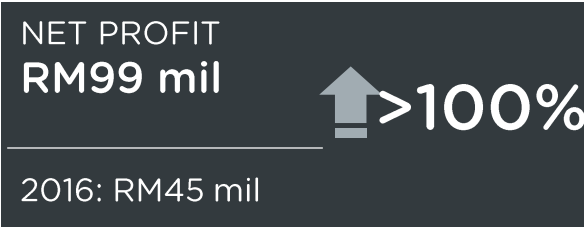
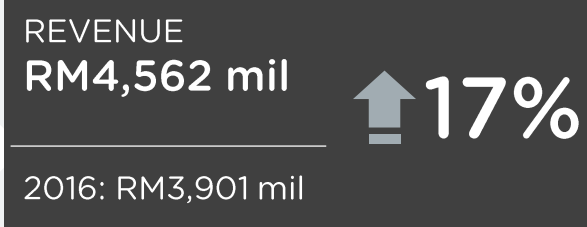


2017 AT A GLANCE

HIGHLIGHTS

Key Milestones

- Record revenue RM4.56 billion
- Second successive full year profits; RM98.9 million
- The first ASEAN low-cost carrier to expand its network to the USA
- The World's Best Low-Cost Airline Premium Cabin and World's Best Low-Cost Airline Premium Seat for the fifth consecutive year (Skytrax World Airline Awards)

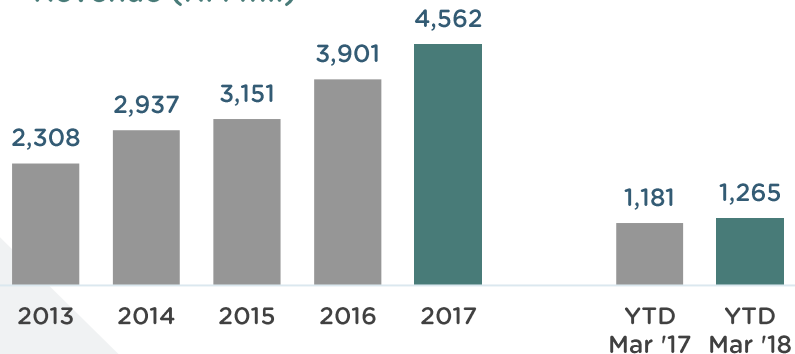


FINANCIAL HIGHLIGHTS

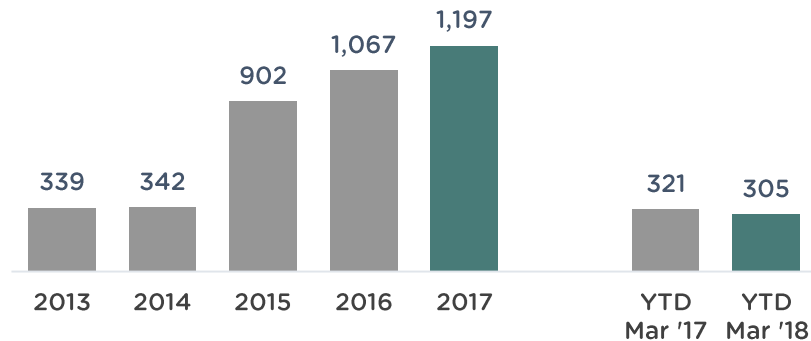
5-YEAR: CONSTANTLY GROWING



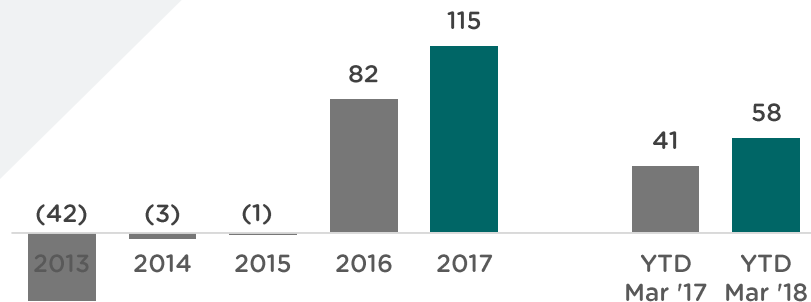
Revenue (RM mil)



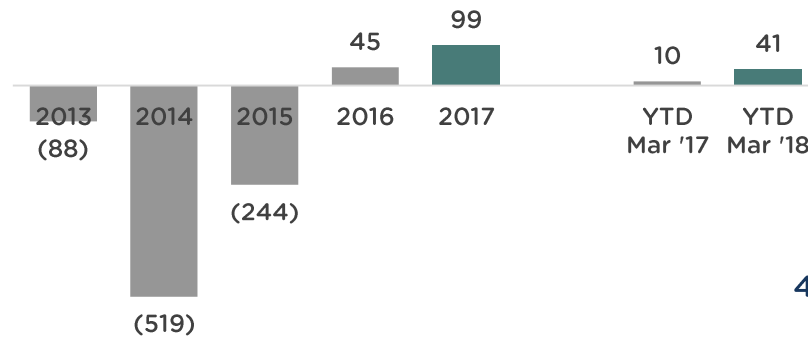
EBITDAR (RM mil)



Net Operating Profit (RM mil)



Profit After Tax (RM mil)

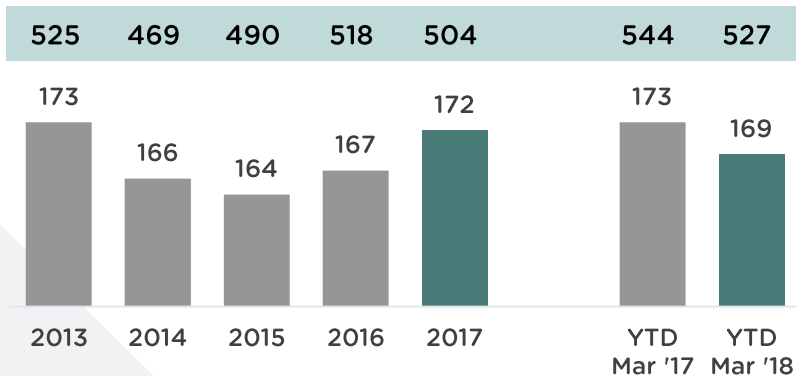


OPERATIONAL HIGHLIGHTS

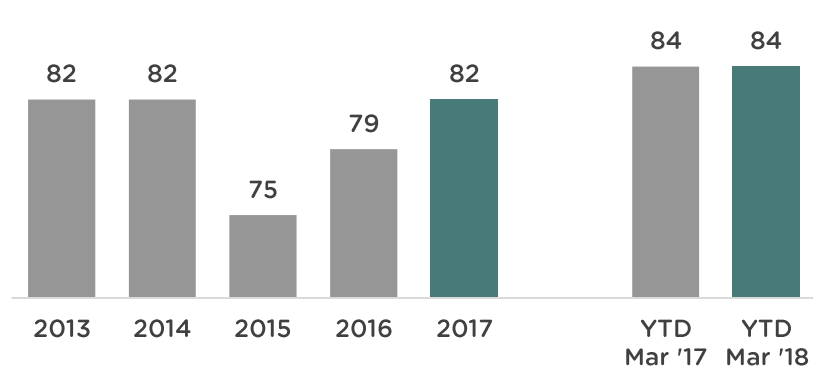
5-YEAR: HEALTHY STATISTICS



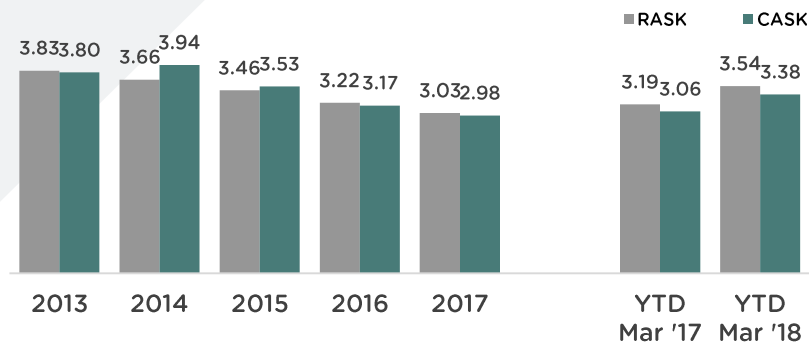
Ancillary Per Pax & Average Base Fare (RM)



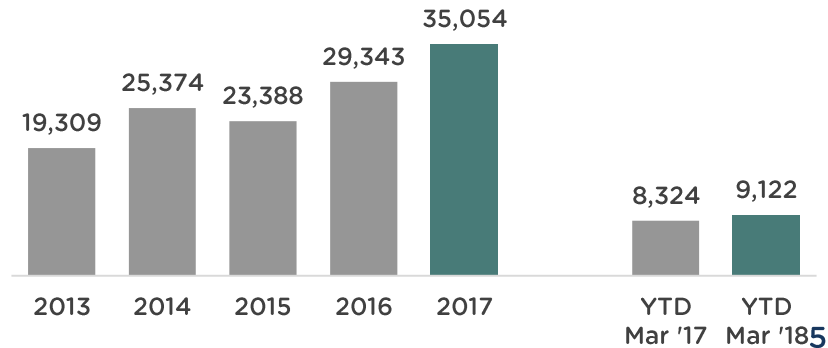
Load Factor (%)



RASK & CASK (US cents)



ASK (million)



FINANCIAL YEAR 2017

KEY HIGHLIGHTS



- Passengers carried grew 25% YoY, exceeding ASK capacity growth of 19%
- Load factor improved 3 ppts to 82%



- Revenue up 17% YoY to RM4.56 billion, on the back of higher:
 - Scheduled flight revenue, up 21% YoY; Ancillary revenue, up 30% YoY; Freight services, up 27% YoY



- Net Operating Profit up 40% YoY to RM115.0 million driven by higher revenue and lower operating expenses



- PAT recorded at RM98.9million, up >100%
- Net Gearing stood lower at 0.43x; on the back of healthier cash balance



- AirAsia X Thailand profitable in FY2017, net profit USD9.2million

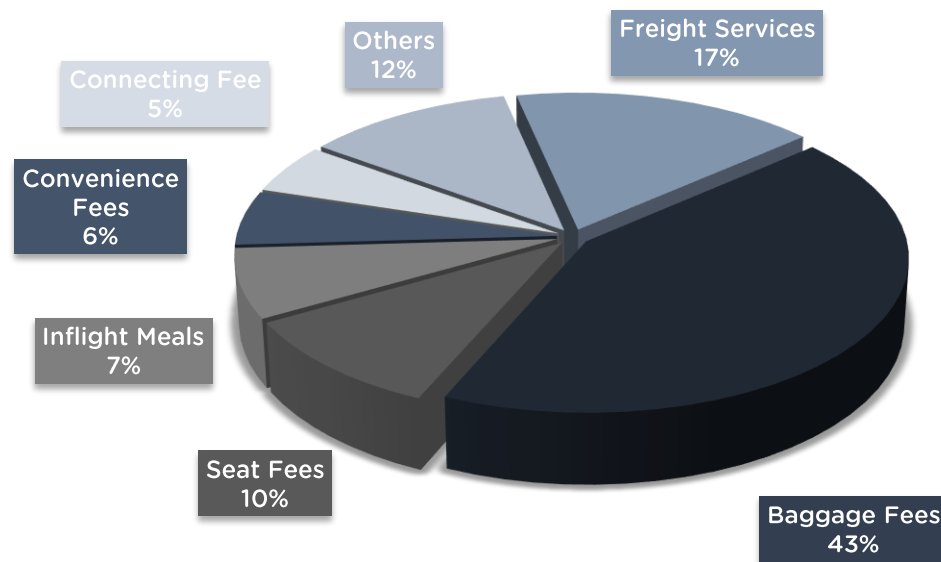
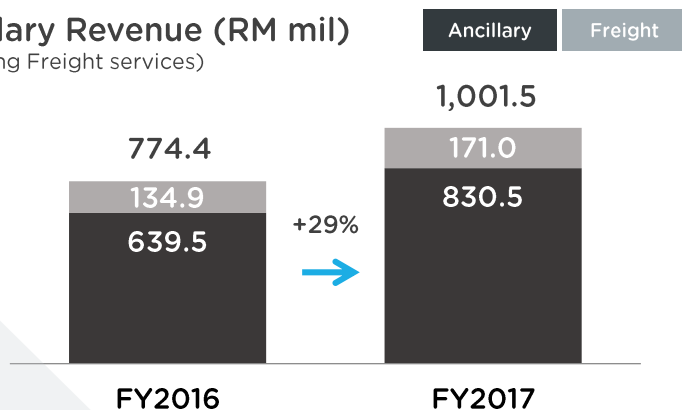


- New routes launched in 2017:
 - AirAsia X Malaysia: KUL – Wuhan; KUL – Bali, KUL – Honolulu; KUL - Jeju
 - AirAsia X Indonesia: DPS – Tokyo (Narita), DPS - Mumbai



ANCILLARY PERFORMANCE

Ancillary Revenue (RM mil)
(including Freight services)

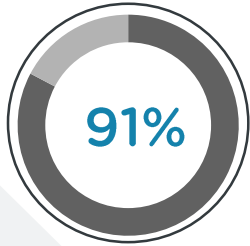


- Total ancillary revenue including freight services increased 29% YoY from RM774mil in FY16 to RM1,002mil in FY17, pushing ancillary income per pax to RM172
- Highest growth:
 - In-Flight Duty Free (+40%)
 - Lounge Fees (>100%)
- Biggest contributors:
 - Baggage (43% of total ancillary revenue)
 - Freight services (17% of total ancillary revenue)

Ancillary Revenue per Pax
RM 172
(including freight services)

ASSOCIATES

AIRASIA X THAILAND



Load Factor

Strong load factor despite 13% increase in ASK capacity YoY



6 Airbus
A330-300



4 Routes



1.62 million
PAX CARRIED IN 2018,
UP 17% YOY

NET PROFIT
USD9.2 mil

>100%

2016: (USD4,6 mil)

2016 IN REVIEW

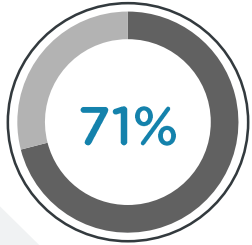
- Momentum gathered after 1Q17 as tourism numbers began to pick up after zero-dollars crackdown and mourning over the passing of the King
- Thailand recorded 8.57% growth in foreign visitor arrivals to 35.4 million
- ICAO red-flag was lifted in June 2017, opening opportunities to increase capacity to Japan and Korea
- Posted first-ever profit of USD9.2mil for FY2017

OUTLOOK

- Adding up to four aircraft in 2018 to support growth plans
- Strengthens position in Japan; new route and incremental frequencies
- Launched DMK – Sapporo in April 2018
- Posted 1Q18 net profit USD21.9 million - Promising year ahead

ASSOCIATES

AIRASIA X INDONESIA



Load Factor

Load active observed before Mt Agung volcano eruption in November



2 Airbus
A330-300



2 Routes



354 THOUSAND
PAX CARRIED IN 2018,
UP 69% YOY

NET LOSS

(USD10.4 mil)

↓ 20%

2016: (USD14.7 mil)

2016 IN REVIEW

- Successfully re-launched its A330 service in May 2017 with two new routes, Narita & Mumbai
- Posted profit of USD2.15mil in 3Q17, before Mount Agung started rumbling in September and erupted on 20 November leading to closure of Ngurah Rai International Airport for a few days

OUTLOOK

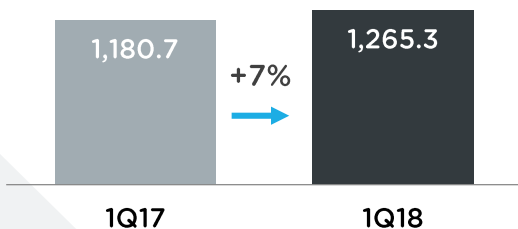
- Launched Jakarta-Narita in May 2018
- Expecting current routes to stabilise and create more skybridges to North Asia



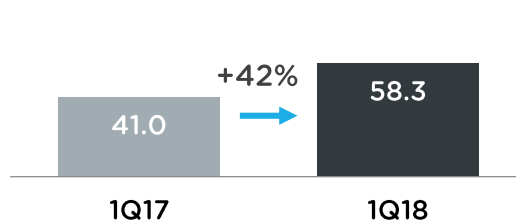
1Q18 HIGHLIGHTS

COMMENDABLE START TO 2018

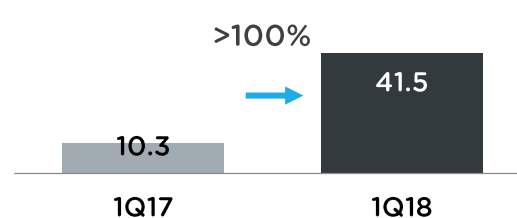
REVENUE
(RM million)



NET OPERATING PROFIT
(RM million)



NET PROFIT
(RM million)



- Revenue up 7% YoY to RM1.27 billion, mainly contributed by 13% growth in passengers carried and higher:
 - Scheduled flight revenue (+10% YoY)
 - Ancillary revenue (+7% YoY)
 - Freight services (+31% YoY)
- Passengers carried at 1.6 million, rose by 13% from prior year, exceeding ASK capacity growth of 10%, healthy load factor of 84%
- Net Operating Profit up 42% mainly driven by:
 - Better cost efficiency on the back of improved aircraft utilisation, despite higher fuel price
- Recorded Profit After Tax of RM41.5 million in 1Q18, up >100% YoY, mainly due to:
 - Higher revenue (+7% YoY)
 - Better cost efficiency on the back of higher aircraft utilisation
- AirAsia X Thailand posted record quarter with USD21.9 million net profit

FY2018 OUTLOOK

DELIVERING SUSTAINABLE GROWTH



STRENGTHENING KEY MARKETS

North Asia

- 6-7 new routes to China & Japan
- Build on country dominance

India

- New routes in 2018 to build market share in India
- Launched Jaipur in February
- To launch Amritsar in August

Australia

- Moving to Melbourne Avalon airport in 4Q18 - huge incentives
- Big campaigns in Australia in 2018 to win back market share

DATA

- Executing the digitilisation of AirAsia X
- Google, Navitaire, Salesforce, Skywise & Palantir and Workday
- Cost reduction
- Personalisation

FLEET DELIVERY

- AirAsia X Malaysia - 2 aircraft
- AirAsia X Thailand - 4 aircraft
- Introduction of three all-economy-class Airbus A330-300 configuration:
 - Focus on high density 4-5 hours routes
 - Opportunity to optimise yield as historical stats show higher take-up on Y-class to China routes as well as labour markets
 - Current dual-class configuration fleet to focus on existing higher-end markets

ANCILLARY

- T&Co branded snacks & multi-beverage trolley
- Santan express on mobile app - reduce prebook meal cut off time to 4 hrs from existing 24 hrs
- Duty Free - drive uniqueness through offering trendy but affordable products & home delivery via RokkiShop
- Product innovation on official merchandise
- Introduction of localised meal options and increase the variety of meals by route



RESPONSES TO QUESTIONS FROM
**MINORITY SHAREHOLDER
WATCHDOG GROUP**
(MSWG)

RESPONSES TO MSWG

STRATEGIC AND FINANCIAL MATTERS



Q1 We note under the segmental performance review on page 75 of the Annual Report, Indonesia recorded a loss before tax of approximately RM58.46 million in 2017 as compared to RM61.66 million in 2016.

When does the Board expect AirAsia X Indonesia to turnaround?

Answer Our associate, AirAsia X Indonesia, successfully re-launched its A330 service in May 2017 after temporarily suspending its long-haul operations in September 2016 due to network restructuring aimed at improving operational efficiencies.

AirAsia X Indonesia started well and in fact contributed a profit of USD2.15 million in 3Q17. However, operations was hampered from September till December 2017 due to Mount Agung volcanic activity, which even lead to closure of Ngurah Rai International Airport for a few days in November 2017.

Moving into 2018, we expect Indonesia to stabilise as tourism in Bali picks up again. At the same time, we have also launched Jakarta as a new hub for long-haul operations to complement Bali. At the moment, we are seeing healthy loads and improved profitability with the current routes, Bali to Tokyo (Narita) and Jakarta to Tokyo (Narita).

RESPONSES TO MSWG

STRATEGIC AND FINANCIAL MATTERS



Q2

On page 76 of the Annual Report, we note that AirAsia Group Berhad and AirAsia X have set in motion a route reallocation plan under which routes exceeding four hours will be transferred to AirAsia X on the premise that the selected routes will have matured. This is expected to translate into cost reduction for AirAsia X Group.

Which are the routes to be transferred to AirAsia X and are they profitable routes?

Answer

The One AirAsia integration idea between AirAsia and AirAsia X is to create a stronger AirAsia brand to jointly increase market share and position AirAsia as the primary choice for low-cost air travel in the region. The route that is being transferred to AirAsia X is Changsha.

It is still early to announce on the profitability of the route as the transfer of Changsha to AirAsia X is slated towards the end of 3Q18. Going forward, the Company will continue to look at more ways in which AirAsia and AirAsia X can complement each other to make sure that the brand is more competitive and compelling; as well as finding enablers to drive up revenue and push our cost even lower.

RESPONSES TO MSWG

STRATEGIC AND FINANCIAL MATTERS



Q3 Under Note 20 on page 196 of the Annual Report, there was an allowance for impairment of receivables amounting to approximately RM57.09 million in 2017 (2016: RM0.74 million).

- i. Please explain to the shareholders the reasons for the substantial increase in the impairment of receivables?
- ii. How much of the impaired receivables have been recovered to-date?

Answer

- i. The substantial increase was due to provision for doubtful debts provided in 3Q17 and 4Q17 in relation to the Company's past Charter activities.
- ii. AirAsia X undertakes structured efforts and has processes in place to maximise the recovery of doubtful debts. The amount of recovery of bad debt will depend on several factors, such as statutory limitation and collection efforts undertaken and their success rate. To-date, the Company noted that nothing has been recovered yet. However, we have since taken legal action against some of the charterers of which we deemed to have low recoverability.

RESPONSES TO MSWG

CORPORATE GOVERNANCE



Q1 We note that Tan Sri Dr. Anthony Francis Fernandes only attended 3 out of 5 Board meetings during the financial year.

What were the reasons for him not being able to attend the other two Board meetings during the financial year?

Answer The Company recognises the importance of Board members attendance as an essential element in maintaining its effective execution of corporate governance and strategic oversight. However, Tan Sri Dr. Anthony Francis Fernandes was unable to attend the two Board meetings as he had to attend sudden unavoidable urgent business meeting overseas that was unforeseen during the financial year.

RESPONSES TO MSWG

CORPORATE GOVERNANCE



Q2 In relation to the circular to shareholders for the proposed adoption of the Company's new Constitution, please highlight the material changes made to the new Constitution as compared to the existing constitution.

Answer The proposed amendments to the existing Memorandum and Articles of Association (Constitution) of AirAsia X Berhad ("AAX" or "the Company") are mainly for the following purposes:-

- a) To ensure compliance with the amended Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements") which was issued on 29 November 2017; and
- b) To provide clarity and consistency with the amendments that arise from the Companies Act 2016 ("the Act") effective 31 January 2017.

Amongst the material changes proposed in the new Constitution compared to the existing Constitution are as follows:-

- i. Insertion of two (2) additional object clauses of the Company which allows the Company to carry on the business of a holding company, to employ the funds in the development and expansion of the business, and to engage in any like business or of any other industry ancillary thereto or which can conveniently be carried on in connection therewith. [Refer New Rules 4(g) and (h)];

RESPONSES TO MSWG

CORPORATE GOVERNANCE



Answer

(cont'd)

- ii. Deletion of the power of the Company clause as Section 21 of the Act states a company shall be capable of exercising all the function of a body corporate and have the full rights, powers and privileges for the purposes connected therewith (Clause 4 of the Memorandum of Association prior to amendments);
- iii. Deletion of the authorised share capital clause as Section 74 of the Act abolishes the concept of par value of shares. (Clause 6 of the Memorandum of Association prior to amendments);
- iv. Consistency with Section 230 of the Companies Act 2016 and Chapter 7 of the Listing Requirements, on the inclusion of fees of the directors, and any benefits payable to directors shall be approved at a general meeting (Refer New Rule 101);
- v. Enhancement to the existing provision on retirement of directors for circumstances where the tenure of an independent director exceeds a cumulative term of nine (9) years pursuant to Practice 4.2 of Malaysian Code on Corporate Governance (Refer New Rule 120);
- vi. Enhanced the existing provision on vacation of office which provides for circumstances where the office of directors will be vacated, pursuant to Section 208 of the Act and Paragraph 15.05(3) of the Listing Requirements (Refer New Rule 128); and

RESPONSES TO MSWG

CORPORATE GOVERNANCE



Answer

(cont'd)

- vii. Deletion of the provision on demand for poll as a listed issuer must ensure that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at general meeting is voted by poll pursuant to 8.29A(1) of Listing Requirements (Article 89 of the Articles of Association prior to amendments); and

- viii. Deletion of the provisions in the Articles of Association (Constitution) relating to Non-Deposited Security as they are no longer applicable.

RESPONSES TO MSWG

CORPORATE GOVERNANCE



Q3 The Company in its Corporate Governance Report on page 18 has stated that it has adopted Step Up 4.3 of the Malaysian Code on Corporate Governance (“MCCG”). However, in the explanation column on the application of Step Up 4.3, it was stated that:

“Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Director’s re-designation as a Non-Independent Director. The Board must justify and seek shareholders’ approval in the event it intends to retain as an Independent Director, a person who has served in that capacity for more than nine (9) years.

If the Board continues to retain the Independent Director after the twelfth year, the Board should seek annual shareholders’ approval through a two-tier voting process. However, it is not encouraged to retain an Independent Director for a period of more than twelve (12) year unless there is justification to do so.”

This is contrary to Step Up 4.3 which does not provide for any extension of tenure beyond the 9-year tenure of INEDs.

Please take note of this.

Answer The Board thanks MSWG for the observation and will take note of MSWG’s findings accordingly.

RESPONSES TO MSWG

CORPORATE GOVERNANCE



Q4

The Company in its Corporate Governance Report on page 55 has stated that it has applied Practice 12.3 of MCCG. Practice 12.3 refers to facilitating or providing platform for shareholders to vote remotely without being physically present at the Company's AGM. Based on the Company's explanation on the application of Practice 12.3, the Company has not applied the Practice correctly.

Please take note of this.

Answer

The Board thanks MSWG for the observation and will take note of MSWG's findings accordingly.



12TH

AIRASIA X BERHAD

ANNUAL GENERAL MEETING

4TH JUNE 2018

THE END

Thank You





SHAREHOLDERS' BENEFIT PROGRAMME

SHAREHOLDERS' BENEFIT PROGRAMME



- Shareholders' Benefit Programme was introduced in conjunction with Initial Public Offering (IPO) for shareholders who have obtained our inaugural shares from IPO and keeping it for 6 years starting 10th July 2013.
- This programme is **only applicable to shareholders who successfully subscribed for or acquired IPO shares (not through the acquisition of shares from the open market).**
- Entitlement for Eligible Retail Shareholders who successfully subscribed and acquired a minimum of 10,000 IPO shares and have held on up to our six anniversaries:
 - First Year Anniversary 10 July 2014 - 9 July 2015
 - Second Year Anniversary 10 July 2015 - 9 July 2016
 - Third Year Anniversary 10 July 2016 - 9 July 2017
 - Fourth Year Anniversary 10 July 2017 - 9 July 2018
 - **Fifth Year Anniversary 10 July 2018 - 9 July 2019**
 - Sixth Year Anniversary 10 July 2019 - 9 July 2020

SHAREHOLDERS' BENEFIT PROGRAMME

ELIGIBILITY



- The Benefit:
 - Category A: Min. 10,000 – 99,999 shares
 - 1 Return Flight with Zero Base Fare to any AirAsia X destination for each anniversary
 - Category B: Min. 100,000 shares and above
 - 3 Return Flights with Zero Base Fare to any AirAsia X destination for each anniversary
- How To Check Eligibility & Redeem Your Ticket
 - Email us at aax_shareholder@airasia.com to redeem and provide the following details:
 - Full Name as per your National Registration
 - Identity Card (“NRIC”) Number
 - NRIC Number/Passport Number
 - BIG Card Number (if applicable)
 - AirAsia Member User ID (if applicable)
 - Travel Destination
 - Preferred Travel Date and Time

AGM FREE TICKETS

TERMS & CONDITIONS



Destination (select one):

Xi'an, Hangzhou, Beijing, Seoul, Taipei, Jeju, Jaipur

Travel Period:

2017: 10 July 2018 to 31 December 2018

2018: 1 January 2019 to 30 June 2019

**Embargo/blackout period applies and is subject to change*

Minimum Requirement:

10,000 shares

**Proxy who attended on behalf of shareholder, free ticket will go to the shareholder*

Redemption Process:

Eligible shareholder will receive a letter from AAX on the procedure for redemption of this AGM free ticket. If eligible shareholder do not receive any letter from AAX by 30th June 2018, please contact aax_shareholder@airasia.com to enquire on status or eligibility.

AGM FREE TICKETS

EMBARGO PERIOD

**embargo period is subject to change*



AAX EMBARGO PERIOD			
Year	Dates	Events	Routes / Destinations
2018	13 Jul - 17 Aug	China Summer Peak	Outbound China to Malaysia
	19 Jul - 18 Aug	Summer Peak	Outbound Korea to Malaysia
	17 Aug - 3 Sep	Malaysia School Holiday	All D7 Destination
		Hari Raya Haji	All D7 Destination
		Malaysia National Day	All D7 Destination
	20 Sep- 30 Sep	Autumn	Outbound Korea to Malaysia
	28 Sep - 8 Oct	China National Day Golden Week	China
	29 Sep - 7 Oct	Gandhi Birthday	India
	29 Sep - 20 Oct	Autumn	Outbound Malaysia to Korea
	2 Nov - 11 Nov	Deepavali	India
24 Nov - 31 Dec	MY School Holiday	All D7 Destination	
2019	1 Jan - 6 Jan	New Year	All D7 Destination
	24 Jan- 24 Feb	Chinese New Year peak	China
	1 Feb - 17 Feb		All D7 Destination
	16 Mar - 24 Mar	Malaysia School Holiday	All D7 Destination
	17 Mar - 17 Apr	Cherry Blossom Peak	Tokyo, Osaka & All Korea destination
	26 Apr- 02 May	Labour Day Peak	All D7 Destination
	17 - 31 May	India Summer Break	Outbound India to Malaysia
	13 Jul- 13 Aug	China Summer Peak	Outbound China to Malaysia
	19 Jul- 13 Aug	Korea Summer Peak	Outbound Korea to Malaysia
	08 Aug- 13 Aug	Hari Raya Haji	All AAX Destination except HNL

SHUTTLE BUS SCHEDULE

CAE

(Pick Up Point at
Guard House)



KLIA2

1.00pm

1.30pm

2.00pm

2.30pm