

AIRASIA X

EXTRAORDINARY GENERAL MEETING PRESENTATION

1 JUNE 2021





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**Proposed Corporate
Restructuring &
Proposed Fundraising**



Proposed Corporate Restructuring



(i) Proposed Share Capital Reduction

- Involves the reduction of 99.9% of the issued share capital of AirAsia X- cancelling paid-up share capital which is **lost or unrepresented by available assets.**
- The issued share capital of AirAsia X will be reduced from RM1,534.04 million to **RM1.53 million**- with cancelled paid-up share capital amounting to RM1,532.51 million.
- The credit arising from the Proposed Share Capital Reduction will be used to **offset the accumulated losses** and any balance will be credited to the **retained earnings of AirAsia X**, subsequently facilitating the **rebuilding of financial position** of AirAsia X.
- Integrated with the consolidation of shares, the exercise will provide a **platform to raise funds.**

Proposed Corporate Restructuring (cont'd)



(ii) Proposed Share Consolidation

- Comprises the consolidation of every 10 existing AirAsia X shares held by shareholders into 1 consolidated share.
- For illustration purposes, the theoretical adjusted reference price of the Consolidated Shares would be as follows:

	No. of Shares	Closing market price / Theoretically adjusted reference price per Share (RM)	Market capitalisation (RM)
As at 16 April 2021 (LPD)	4,148,149,102	0.090	373,333,419
After the Proposed Share Consolidation	414,814,910	0.900	373,333,419

- The increase in the trading prices of AirAsia X shares as a result of a reduced number of AirAsia X shares may reduce the volatility of the trading prices of AirAsia X shares.

Proposed Fundraising



(i) Proposed Rights Issue

- The Proposed Rights Issue is aimed to raise **gross proceeds of up to RM300 million**.

(ii) Proposed Share Subscription

- The Proposed Share Subscription is aimed to raise **gross proceeds of up to RM200 million** by way of subscription of the Subscription Shares by Placees.
- The Proposed Share Subscription is **conditional on the completion of the Rights Issue** and the Subscription Period shall be **3 months form the completion** of the Rights Issue.
- **No Placee shall emerge as a new controlling shareholder of AirAsia X** pursuant to the Proposed Share Subscription to ensure that mandatory general offer obligations will not be triggered.

Overview:

AirAsia X Restructuring



Overview: AirAsia X Restructuring

- Since October 2020, AirAsia X had embarked upon a restructuring plan to facilitate an injection of fresh equity which will facilitate the airline to take to the skies again, comprising of:

Proposed Debt Restructuring



Proposed Corporate Restructuring⁽¹⁾



Proposed Fundraising⁽²⁾

Proposed Debt Restructuring

- Undertaken pursuant to the **scheme of arrangement** under Section 366 of the Companies Act 2016.
- Aims to address its debt obligations in an orderly manner and to arrive at a **sustainable debt structure** which is key to the **survival of the business**.
- Requires approval of **at least 75% from each class of scheme creditors**- scheme currently underway with creditors' meeting slated for **the 3rd quarter of 2021**.
- AirAsia X is currently in **active engagement with creditors** to reach a compromise for the scheme to be implemented.

*Notes:-

(1) Proposed Corporate Restructuring comprising (i) Proposed Share Capital Reduction; and (ii) Proposed Share Consolidation

(2) Proposed Fundraising comprising (i) Proposed Rights Issue; and (ii) Proposed Share Subscription



Overview: AirAsia X Restructuring (cont'd)

Scheme of Arrangement Updates

- **Court order** for AirAsia X to hold the creditors' meeting by the 3rd quarter of 2021 has been **granted in February 2021**.
- With the scheme of arrangement, AirAsia X is **working in parallel towards the injection of new equity** to prepare for **service resumption once travel restrictions are lifted**.
- Post-restructuring, AirAsia X envisions a **revised business model** that highlights (i) a **revamped capital structure**, (ii) a focused **core-markets network**, (iii) a **rationalised fleet** structure and (iv) a much **leaner cost structure**.
- The **procession of the AirAsia X restructuring** is as follows:



Overview: Recovery Plan





Overview: AirAsia X Recovery Plan

- Following a successful restructuring, AirAsia X seeks to optimise its network and rebalances its capital structure to ensure sufficient liquidity and sustained profitability:



Network & Fleet Rationalisation

- To operate only **historically proven profitable routes**, with capacity to be rationalised based on **market recovery**
- Investments **in infant markets will be deferred and loss-making routes will be discontinued**
- Fleet size will be rationalised in line with **optimal network requirement**
- The revitalised AirAsia X will see a **reduced fleet size** as it focuses on a rationalised network



Fleet Restructuring

- Negotiations are underway for **lease expenses reduction** moving forward in accordance to the **current market lease rate**
- Following through with **power-by-the-hour arrangement** with aircraft lessors in near term – provides AirAsia X **flexibility for recovery period** post-COVID-19
- **Commitments with key business partners to be restructured** and new **aircraft delivery will be deferred**

Overview: AirAsia X Recovery Plan (cont'd)



Recapitalisation

- **Increase in liquidity** with new equity following the Proposed Corporate Restructuring and Proposed Fundraising
- The Proposed Debt Restructuring will set forth a **sound debt structure** for AirAsia X in its recovery



Cost Containment

- **Consolidation & optimisation of manpower** – AirAsia X's manpower structure to **be streamlined per revised operational requirements**
- **Lean management structure** to be implemented where possible – AirAsia X continues to review its business processes and expenditures
- **Investment in infant markets will be deferred** and **loss-making routes are removed** – stop loss immediately
- **Contracts to be renegotiated** based on AirAsia X's **future business plan requirements** in-line with AirAsia X's future operational size.



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