



WORLD'S BEST LOW-COST AIRLINE
PREMIUM SEAT & CABIN

AIRASIA X

SECOND QUARTER 2016 FINANCIAL RESULTS





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2Q16 KEY HIGHLIGHTS





2Q16 KEY HIGHLIGHTS



Capitalising on good business strategy, AAX recorded Q2 net profit for the first time since inception. Achieved net profit of RM1.0 million as compared to losses of RM132.9million in 2Q15, driven by +71% YoY increase in scheduled flight revenue



Operating profit stood at RM20.0 million, up >100% YoY, against operating loss of RM99.9million in 2Q15



Passengers carried at 1.03 million, up +27% from prior year, exceeding capacity growth of +17% mainly due to frequency increase to Australia and commencement of new routes



In line with our strategy to build market dominance in core markets, AAX has increased frequencies to:

- I. Perth (from 11x to 14x weekly)
- II. Melbourne (from 12x to 14x weekly)
- III. Sapporo (from 4x to 5x weekly)
- IV. Osaka (from 7x to 9x weekly)



Load factor up +7% YoY to 75% from improvement seen across all core routes despite 2Q16 historically being the leanest quarter



Average base fare up +34% to RM526 , contributed by improvements from China & North Asia





2Q16 KEY HIGHLIGHTS



Ancillary revenue increased by +31% to RM136.9 million in 2Q2016. Average Ancillary Revenue per passenger also increased by +2% from RM131 per pax in 2Q15 to RM134 per pax in 2Q16



RASK up +15% YoY on the back of healthy demand, in particular for China and Australia



CASK down -2% YoY mainly due to lower fuel price which dropped -18% from USD72 per barrel to USD59 per barrel, despite weakening MYR currency and larger ASK growth of +17% YoY



In terms of US cents, CASK decreased -10% YoY to 3.29 cents



Net Gearing reduced from 1.20 in 1Q16 to 0.90 in 2Q16, on the back of healthier cash and lower total debts



Fly-Thru & Self-Connecting grew +2ppts YoY to 39% in 2Q16 of total passengers carried with AK-D7 remains the largest AOC pair for Fly-Thru traffic at 40%



Took delivery of two A330s in 2Q16



TAAX narrowed down Q2 losses to USD2.9 million



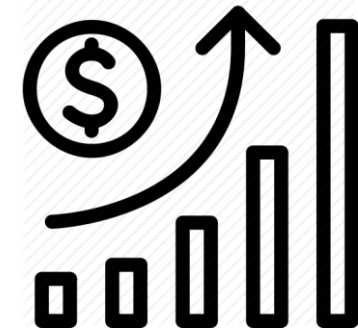
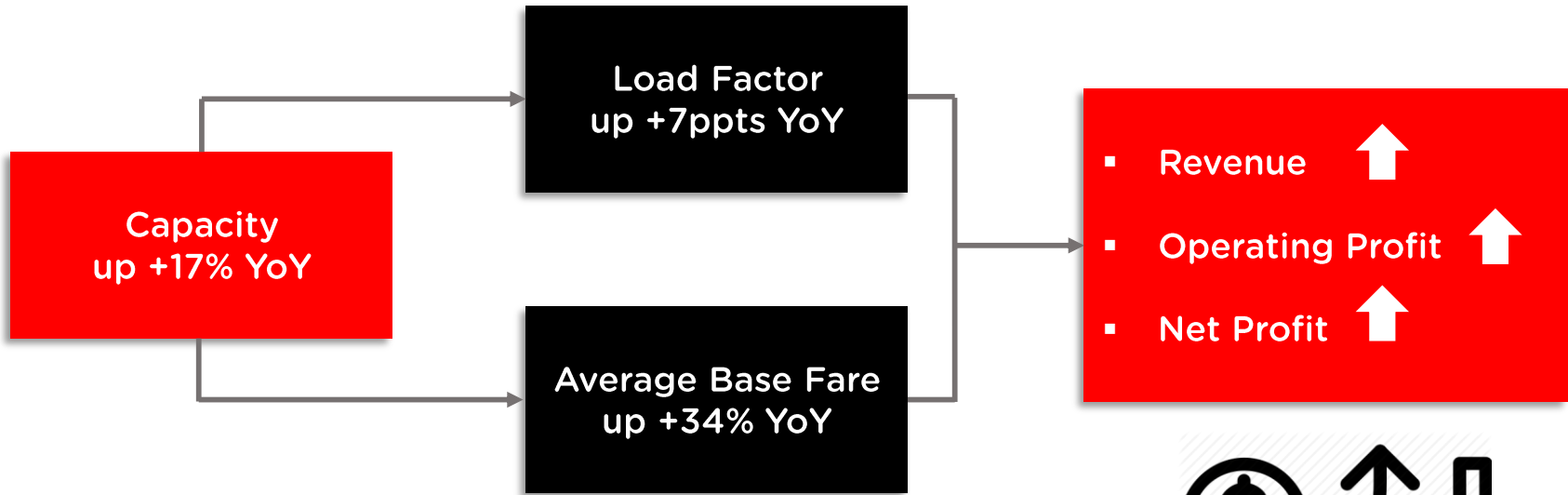
IAAX to temporarily cease Australian routes in September and hope to restart next year. FAA announced on 15 August 2016 that Indonesia complies with ICAO safety standards and has been granted a Category 1 rating





2Q16 KEY HIGHLIGHTS

It's all about growth and doing it right!



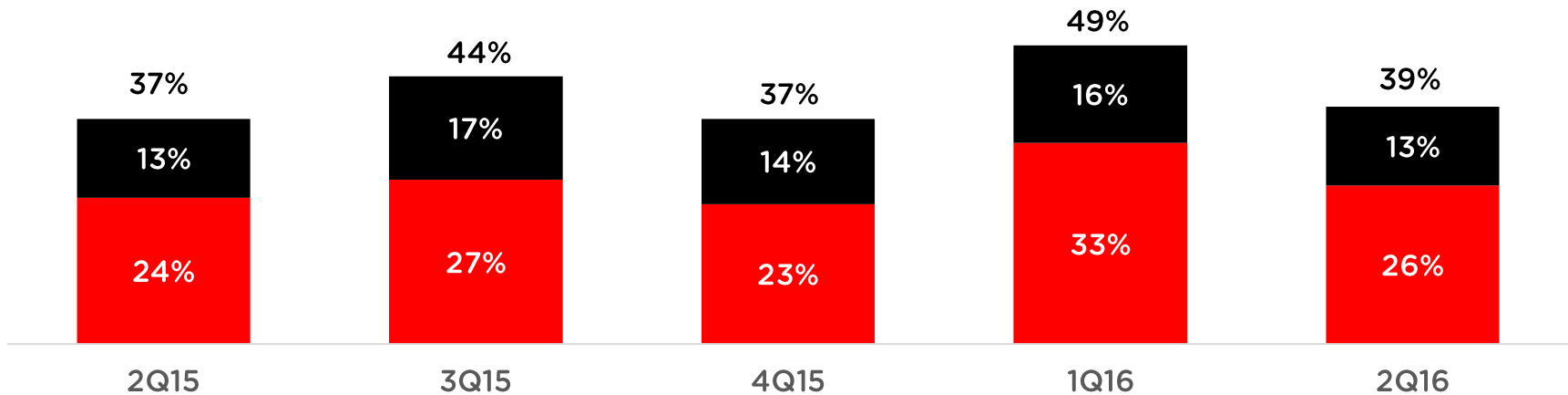
- Despite ASK capacity increase of +17% YoY, the Company still managed to record remarkable improvements in load factor and average base fare
- The Company expects to remain positive going into 2H2016 via sound management strategies
- Australia and China markets remains the biggest revenue generators accounting for 31% and 20% of total revenue





FLY-THRU PERFORMANCE

■ Fly-thru ■ Self-Connecting



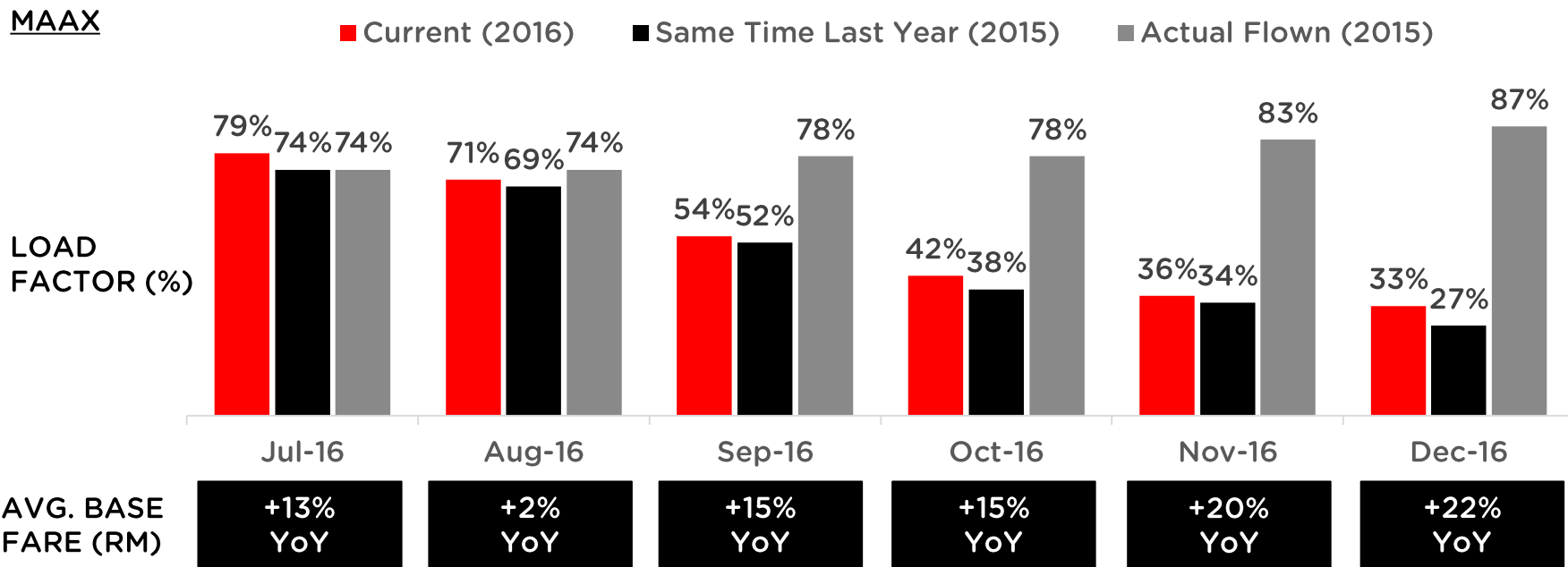
- Grew **+2ppts YoY** to **39%** in **2Q16** of total passengers carried
- Growth recorded despite Q2 seasonally being the leanest quarter
- **KUL remains the largest transit hub** with **83% AirAsia Group FlyThru** traffic with the growth of **+31% YoY**
- Increasing take-ups for Fly-Thru translated into **+25% YoY** higher in Connecting Fee (under ancillary revenue) to **RM6.8mil** in 2Q16 from **RM5.4mil** against the same period last year.
- **Top 5 Flythru nationality accounted 69%**: Chinese (17%), Indonesian (15%), Indian (15%), Australian (13%) & Malaysian (8%)





FORWARD BOOKING

As at 15 Aug 2016



- Based on our forward sales report as at 15th Aug 2016, forward fares for 2H2016 are higher as compared to the same period last year
- This is a testament that market has rationalised and business has seen significant return across all our routes
- Expects average base fare momentum to continue and on track to record double digit growth in 2016





ANCILLARY

ANCILLARY INITIATIVES

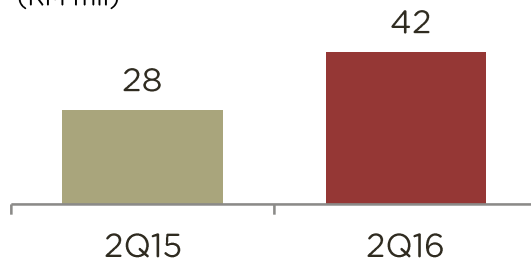
- Launching Premium Lounge in Q3 to help stimulate ancillary income
- Make Tune Insurance available in all markets , and the introduction of new insurance product which will help boost take up rate
- Make In-flight Entertainment available in all markets which currently only serve Australasia Markets



PREMIUM FLATBED

- Endorsement of celebrity to further promote premium flatbed

(RM mil)



Premium Flatbed Revenue +50% YoY
Load Factor 69%

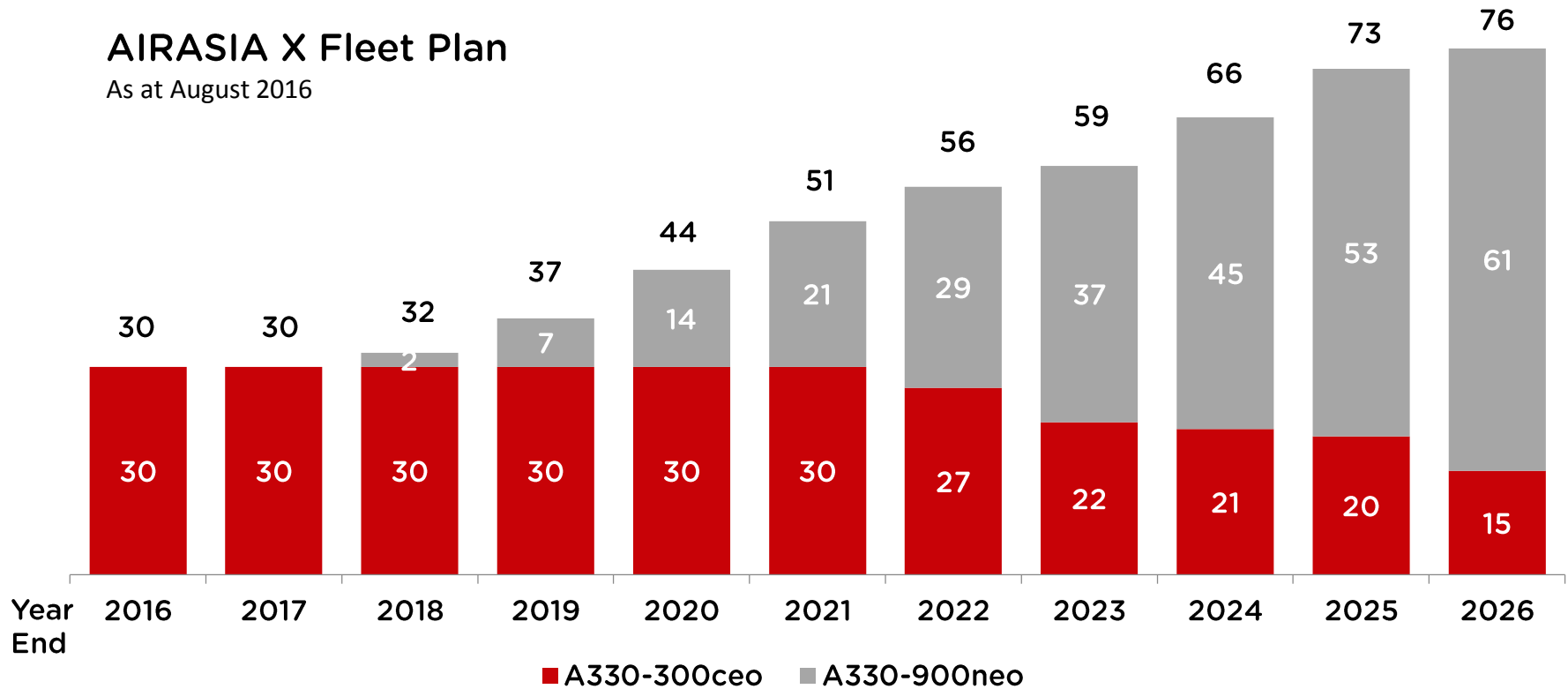




FLEET DELIVERY UPDATES

AIRASIA X Fleet Plan

As at August 2016



- Took delivery of **two aircraft A330ceos** in 2Q16
- No aircraft delivery from 2017 to 1H2018
- A330ceo will gradually be replaced by A330neo. **Up to 14% fuel saving** per seat and reduces maintenance costs
- Aircraft utilization in 2Q16 : **14.2 hours a day**
- Current average aircraft age of **4.9 years**





ASSOCIATES UPDATE



Thai AirAsia X

	2Q15	2Q16
Passengers Carried	227,927	308,765
Load factor (%)	72%	89%
Average Base Fare (USD)	149	129
Net Profit / (Loss) (USD'000)	(2,996)	(2,887)



Fleet size



Current Routes:

- Bangkok-Shanghai (7x weekly)
- Bangkok-Incheon (7x weekly)
- Bangkok-Narita (14x weekly)
- Bangkok-Osaka (7x weekly)
- Bangkok-Shenyang (1x weekly)
- Bangkok-Tehran (3x weekly)
- Bangkok-Muscat (3x weekly)

- Introduced two new routes at the end of 2Q16 from Bangkok Don Mueang to Tehran and Muscat
- Significantly higher load factor for all route, especially from ICN and PVG



Indonesia AirAsia X

	2Q15	2Q16
Passengers Carried	42,786	68,928
Load factor (%)	49%	74%
Average Base Fare (USD)	107	120
Net Profit / (Loss) (USD'000)	(8,227)	(8,953)



Fleet size



Current Routes:

- Bali-Melbourne (5x weekly)
- Bali-Sydney (5x weekly)
- Jakarta-Jeddah (2x weekly)

- IAAX posted losses of USD8.9 million in 2Q16, despite higher load factor and passengers carried
- IAAX to temporarily cease Australian routes in September and hope to restart next year





2H2016 OUTLOOK

➤ Tapping into booming China market

- AirAsia & AirAsia X Group now collectively serve 15 destinations in China
- Stronger-than-expected traffic from China to Southeast Asia and Australia, led us to increase frequency to main cities, Beijing and Shanghai to 11x weekly in 3Q16
- Possible introduction of new routes in 2H2016

➤ Drive ancillary

- Premium Lounge on track for launch in 3Q16
- Make In-flight Entertainment available in all markets

➤ Fuel Hedging

- Fuel price volatility mitigated as 2016 fuel hedged at an attractive level with 100% of fuel requirement for the remaining quarters in 2016 hedged at an average fuel price of USD56 per barrel on the planned existing routes

➤ Forward Trend

- Based on the current forward booking trend, the number of passengers to be carried in 3Q16 remains encouraging
- Forward loads and average fares are also better than previous year

➤ Upbeat on Tehran route

- Underserved Tehran continues to stimulate new travel demand and connectivity from Asean, China and Australia
- Forward trend remains promising





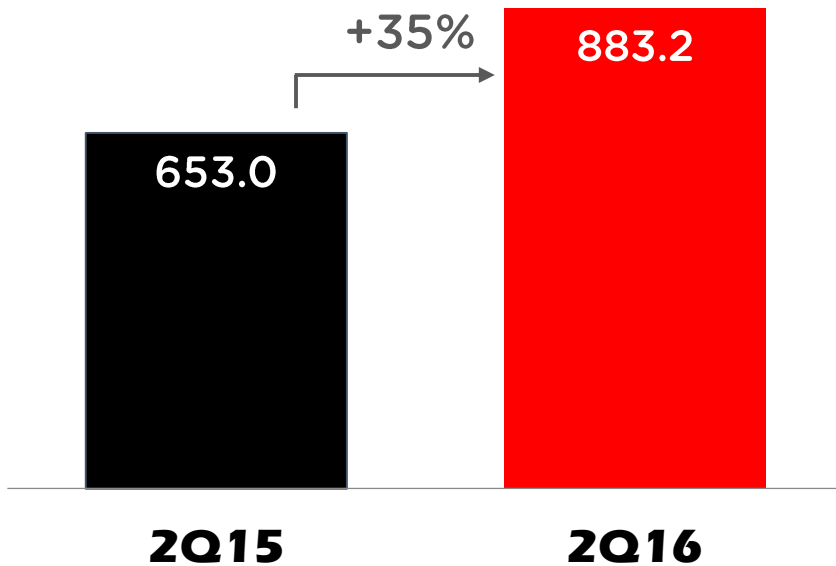
2Q16 KEY FINANCIALS & OPERATIONAL HIGHLIGHTS



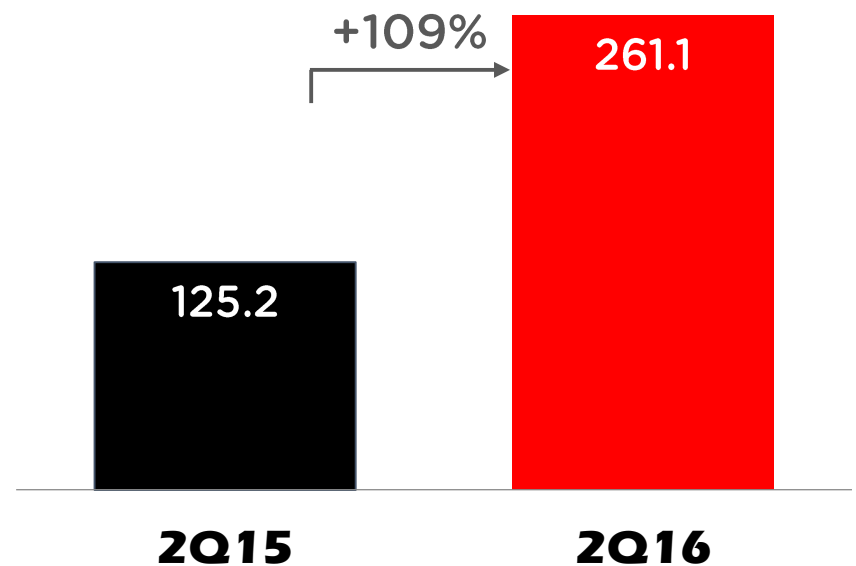


2Q16 KEY FINANCIALS

REVENUE (RM mn)



EBITDAR (RM mn)



Mainly contributed by higher:

- I. Scheduled flight revenue (+71% YoY)
- II. Ancillary revenue (+31% YoY)
- III. Aircraft operating lease income (+64% YoY)

Attributed by:

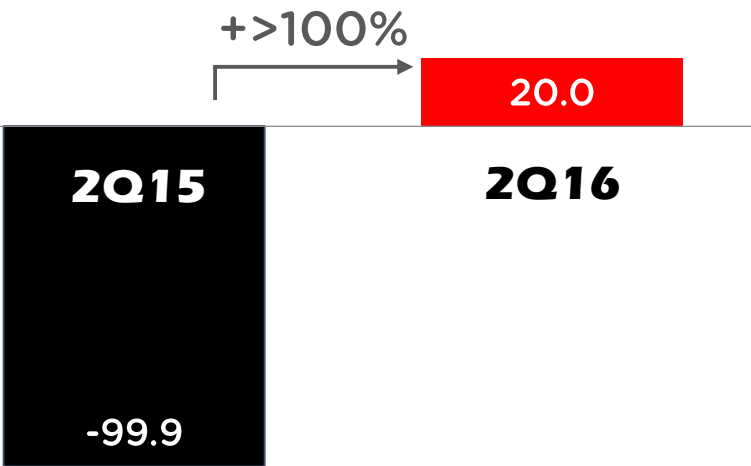
- I. **Australia:** Recorded EBITDAR of RM51.4 million in 2Q16, up >100% YoY
- II. **China:** up >100% YoY to RM72.4 million
- III. **North Asia:** up >100% YoY to RM68.8 million



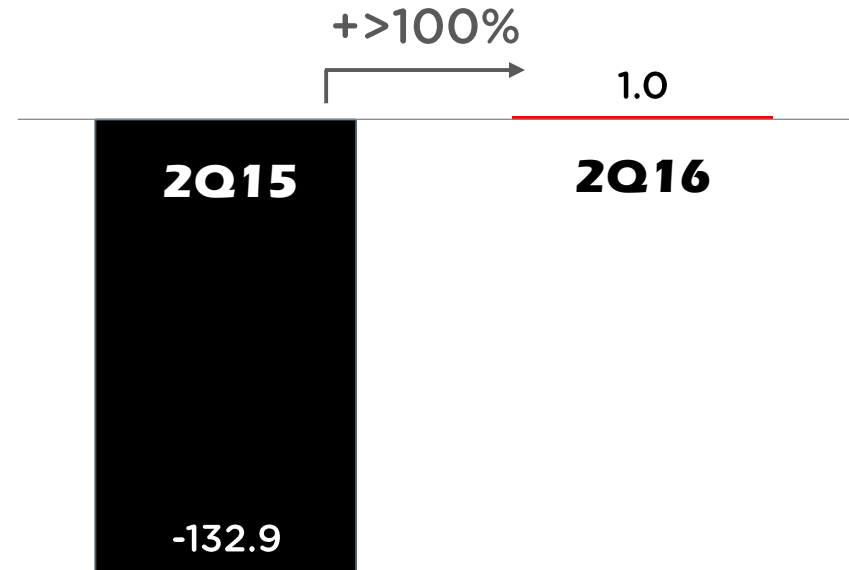


2Q16 KEY FINANCIALS

OPERATING PROFIT (RM mn)



NET (LOSS) / PROFIT (RM mn)



- Operating profit improved to RM20.0 million in 2Q16 attributed by:
 - Higher revenue (+35% YoY)
 - Lower fuel costs with average fuel price 18% lower YoY at USD59 per barrel

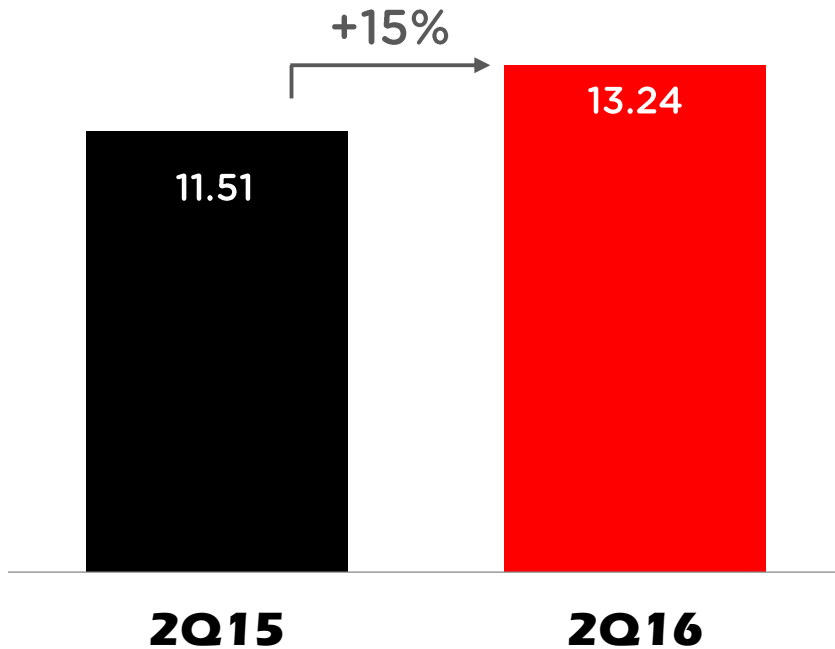
- The Group recorded Profit After Tax of RM1.0 million in 2Q16 as compared to Loss After Tax of RM132.9 million, mainly due to:
 - Higher revenue (+35% YoY)
 - Lower fuel costs (average fuel price lower 18% YoY)
 - Lower tax expense, where RM10.4 million is attributable to deferred tax in 2Q216





2Q16 KEY FINANCIALS

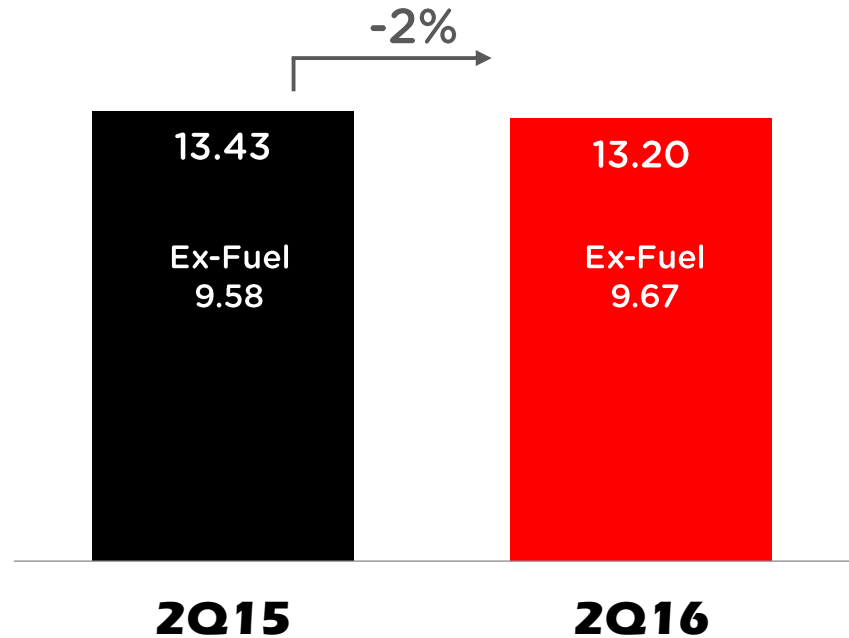
RASK (sen)



Increase in **RASK** across all regions, in particular:

- I. China , up +50% YoY
- II. North Asia, up +38% YoY

CASK & CASK Ex-Fuel (sen)



CASK lower by 2% due to:

- I. Decrease in fuel prices, down 18% YoY from USD72 per barrel in 2Q15 to USD59 per barrel in 2Q16
- II. Larger ASK growth, up 17% YoY

CASK Ex-fuel higher by 1% due to:

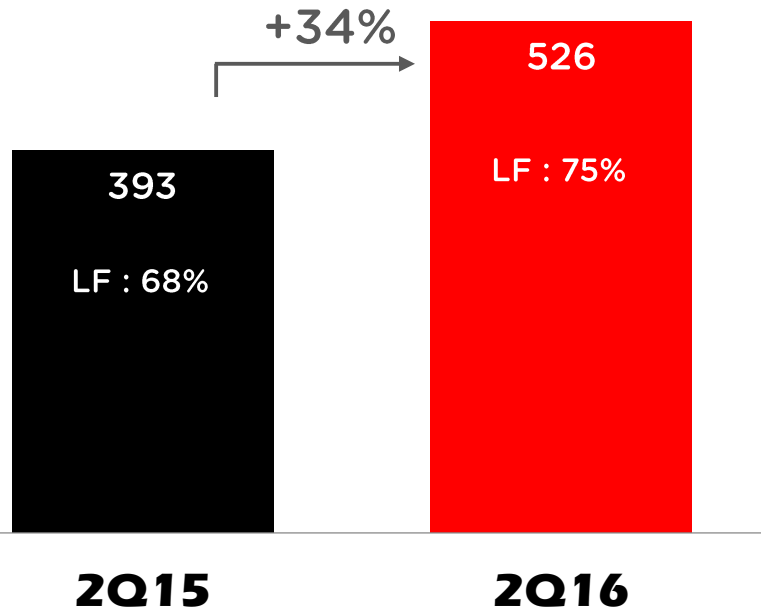
- I. 5 additional A330 operating leased aircraft with higher rental rate as compared to A340s
- II. Higher engineering costs from leased engine & leased aircraft MRF
- III. Weakening of MYR against 2Q15





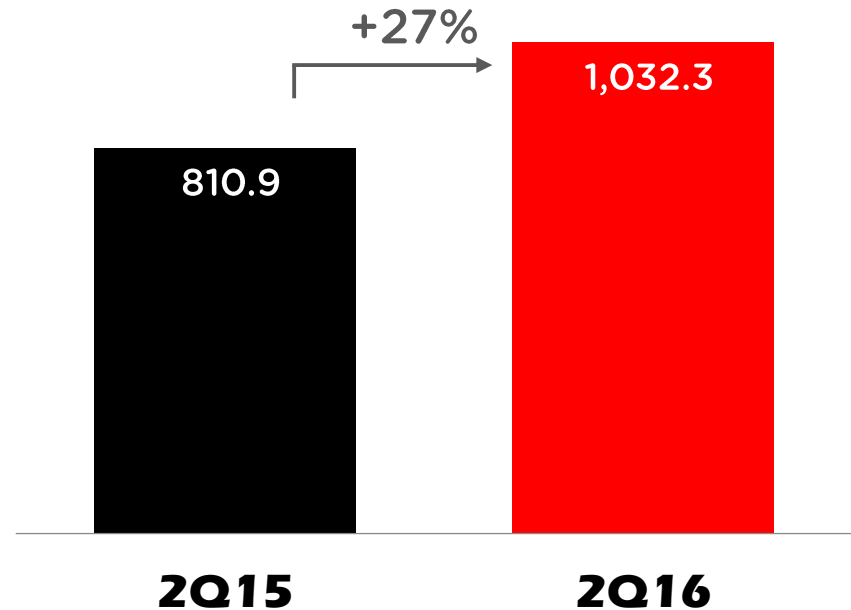
2Q16 KEY FINANCIALS

AVERAGE BASE FARE (RM) & LOAD FACTOR (%)



- **Substantial improvement** was mainly contributed by **China** (+53% YoY), followed by **North Asia** (+23% YoY)
- **Load factor recorded +7ppts YoY growth** as a result of improvement seen across all routes

PASSENGERS CARRIED ('000)



Mainly boosted by:

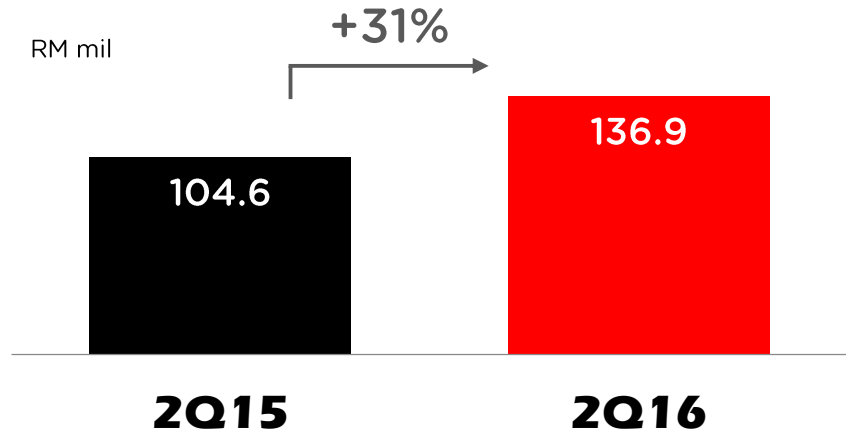
- I. **Australia routes**, primarily Gold Coast +75% YoY and Sydney +37% YoY
- II. **China routes**, especially Shanghai +31% YoY and Xian +23% YoY





2Q16 KEY FINANCIALS

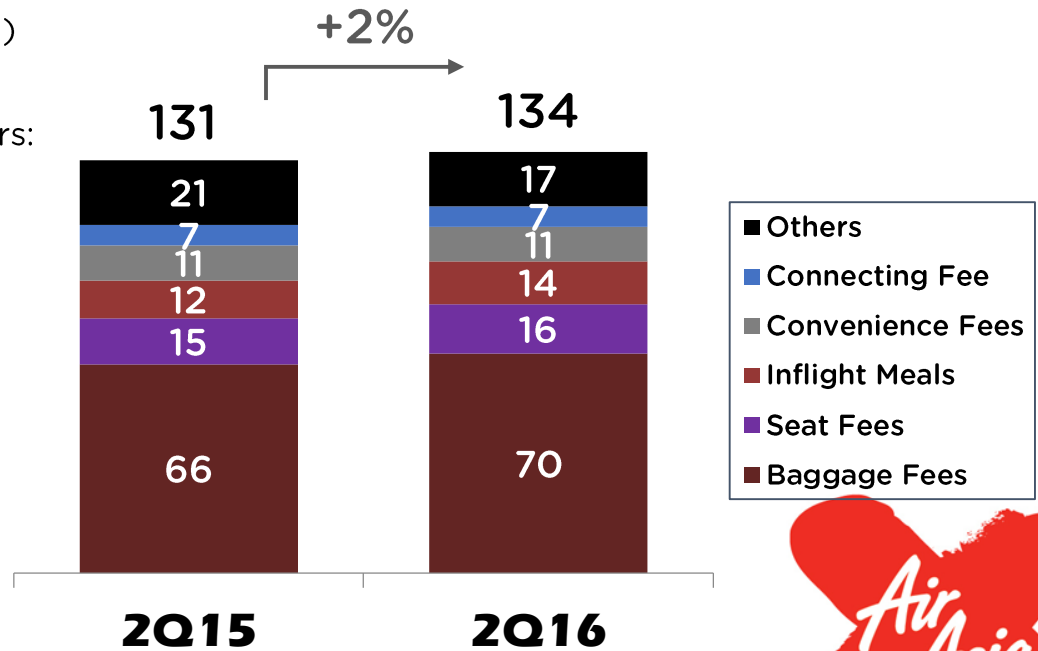
- Ancillary revenue up 31% YoY from RM104.6 million in 2Q15 to RM136.9 million in 2Q16



ANCILLARY REVENUE PER PAX (RM)

Mainly contributed by Australia and China sectors:

- I. Baggage fee, +5% YoY
- II. Seat fee, +8% YoY
- III. Inflight Meals, +11% YoY
- IV. Convenience fee, +1% YoY
- V. Cancellation & Documentation, +15% YoY



Others includes IFE, Inflight merchandise, Duty Free, and others





THANK YOU