

# AIRASIA X



## SECOND QUARTER 2017 FINANCIAL RESULTS



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# BUSINESS REVIEW



# SUMMARY

SECOND QUARTER 2017



## REVENUE GOWTH

- **Revenue** surpassed RM1 billion for the first time in the history of Q2, **up 17% YoY** to **RM1.04 billion**

## COST DISCIPLINE

- **RASK** recorded lower at 12.28sen, down 7% YoY, due to increased capacity on existing routes which in turn pressured yields
- **CASK** was also down 7% YoY at 12.32sen, while **CASK ex-fuel** was even lower at 8.13sen, down 16% YoY - achieved through greater aircraft utilisation

## ROUTE REALIGNMENT

- Some route were realigned to **ensure better utilisation and connectivity** within AirAsia Group

## GROW KEY MARKETS

- **Focus on North Asia**
- Increased frequencies to KIX & PVG in 2Q17

- **Perth :**

AirAsia X sustaining competition, the only wide-body servicing the route from KUL as other carriers traded down to narrow-body aircraft type

- **Taipei :**

Build bigger market share and market dominance with additional frequencies

- EVA Air reducing frequency from 11x to 7x weekly from September onwards
- AirAsia X maintains frequency at 18x weekly to Taipei

# KEY TAKEAWAYS



## FINANCIAL PERFORMANCE

- **Revenue up 17% YoY to RM1.04 billion**, driven by
  - **Scheduled flight revenue** up 16% YoY on higher passengers carried
  - **Ancillary revenue** increased by 41% YoY to RM193.5 million, while Ancillary revenue per passenger grew 5% to RM140 in 2Q17
  - **Aircraft operating lease income** up +15% YoY, while **Freight services** up +27% YoY
- **Load factor** up 5ppts to 80% and **ASK capacity** up 26% YoY as the Company lay foundation for future quarters
- **Net Operating Profit** stood at RM3.8 million, down 65% YoY, mainly due to higher maintenance & overhaul, higher aircraft fuel expenses which was aggravated further by weakening MYR and higher fuel price; and staff cost
- **AirAsia X Thailand** performed despite lean season - posting **a net profit of USD61k in 2Q17**, mainly helped by the improved traffic across existing routes with Load Factor recorded at a high 92%
- **AirAsia X Indonesia** re-launched A330 service; **target to be profitable in 2018**



# ASSOCIATES UPDATE

## THAILAND & INDONESIA



### AIRASIA X THAILAND

**TAAAX posted a net profit of USD61k in 2Q17**, mainly helped by the improved traffic across existing routes with Load Factor recorded at a high 92%

**Revenue up 28% YoY to USD63.6 million** as ASK capacity grew 21% YoY

The number of international tourists to Thailand in 2Q17 rose by 8% YoY to 8.1 million

Expect to increase additional frequencies to Japan/Korea towards the end of 2018

	2Q17	2Q16
Passengers Carried	387,959	308,765
Load factor (%)	92	89
Average Base Fare (USD)	128	129
Net Profit / (Loss) (USD'000)	61	(2,887)

### AIRASIA X INDONESIA

	2Q17	2Q16
Passengers Carried	57,051	68,928
Load factor (%)	64	74
Average Base Fare (USD)	102	120
Net Profit / (Loss) (USD'000)	(3,833)	(9,807) <sup>1</sup>

AirAsia X Indonesia narrowed its losses to USD3.8 million in 2Q17, despite being less than two months in operation in Q2

**Re-launched A330 operations in May 2017** with flights :

- Denpasar – Narita (24 May 2017)
- Denpasar – KUL – Mumbai (19 May 2017)

<sup>1</sup> Amount differ from reported last year due to audit adjustment in 2016



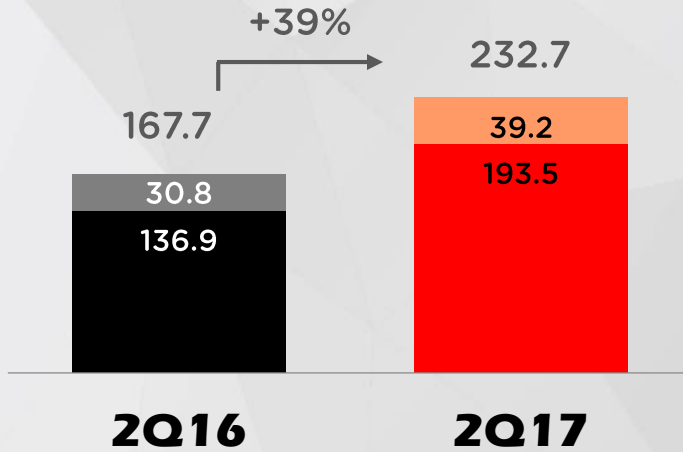
# ANCILLARY

## PERFORMANCE



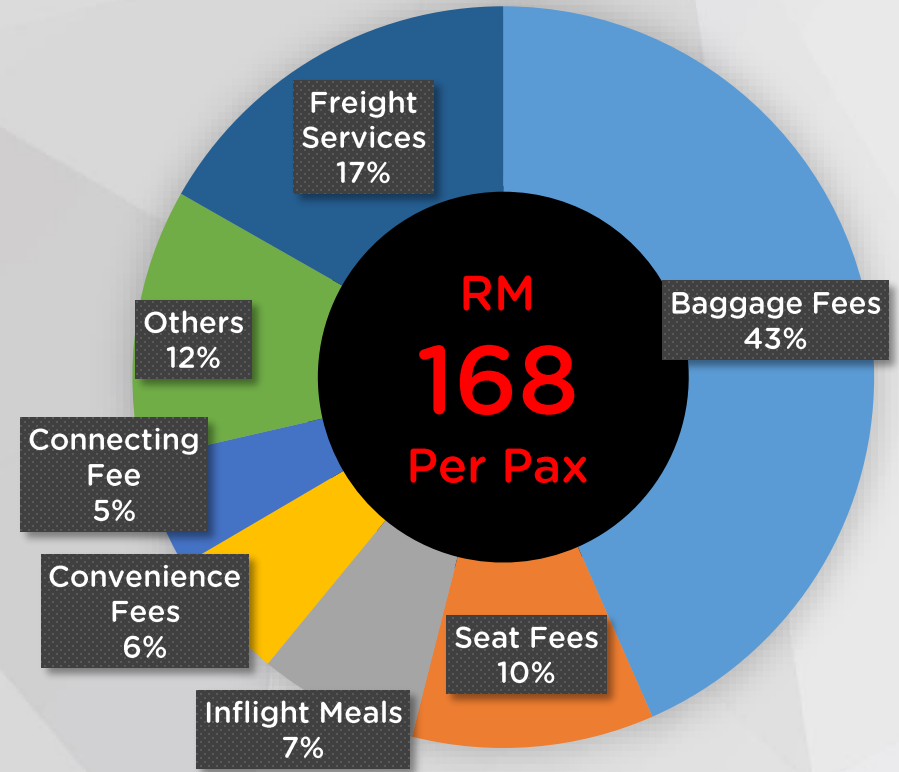
### ANCILLARY REVENUE (RM Mil)

(Including Freight services)



### ANCILLARY REVENUE PER PAX (RM)

(Including Freight services)



- **Total ancillary revenue including freight services increased 39%** YoY from RM167.7mil in 2Q16 to RM232.7mil in 2Q17, pushing **ancillary income per pax** to **RM168**
- **Biggest contributors:**
  - Baggage (43% of total ancillary revenue)
  - Freight services (17% of total ancillary revenue)
  - Seat Fees (10% of total ancillary revenue)
- **Highest growth:**
  - In-Flight Entertainment (>100%),
  - Lounge Fees (>100%)

# OUTLOOK





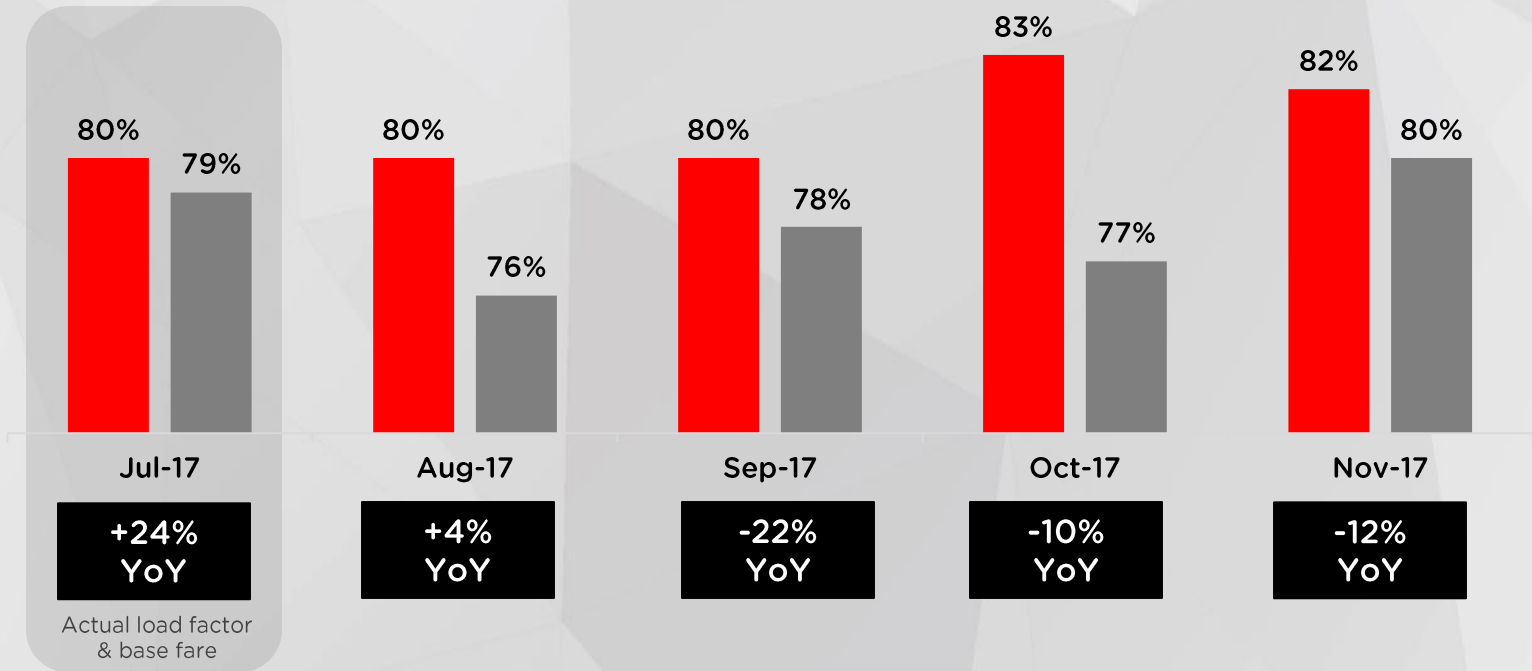
# FORWARD BOOKINGS

## LOAD ACTIVE SECOND HALF



AirAsia X Malaysia

■ Load Factor Forecast ■ Actual Flown Last Year



Average Base Fare (RM) Forecast



Forward traffic remains strong. However, fare pressure is expected on certain routes as the Company increase its capacity to ensure market dominance in our core markets



Positive trend looks to improve further as the month approaches as we rely on aggressive marketing to stimulate demand

# GOING FORWARD

IT'S ALL ABOUT GROWTH, GROWTH, GROWTH



## GROW POINT-TO-POINT

- YTD July 2017 showed that Point-to-Point makes 66% of all bookings
- Point-to-Point generally delivers higher yield than Fly-Thru

## GROW ANCILLARY

- Ancillary per pax target **RM173** including cargo
- *Refer to next slide for breakdown*
- Tightening of operating expenses
- Capex group purchase, ICT, In-flight; group sourcing for lowest cost, fuel management

## ROUTE REALIGNMENT

- Regroup and re-strategise Australia
  - Focus on North Asia
- Launched short-haul route i.e KUL-DPS to boost day-time utilisation

Shift focus to load active, yield passive strategy as the Airline embarks on its market dominance strategy

## COST REDUCTION



## YIELD

# ANCILLARY

ANCILLARY PER PAX TARGET OF RM173



- Pre-purchase and delivered to the seat
- Promote seamless travel at an affordable connecting fee



1.  
Others  
RM38



- Bundle insurance into Value Pack



- In-Flight Entertainment available across more routes

PLANS TO GROW ANCILLARY PER PAX TO **RM173**

2.  
Food & Beverage  
RM14



- New simplified Santan Menu
- Localised meal options by route



3.  
Cargo  
RM24

- Growing contribution from Freight services leveraging on extensive flight network and coverage across Asia and Australasia



- Dynamic pricing to increase uptake

4.  
Baggage  
RM77

5.  
Seat Fees  
RM20



- Dynamic pricing to increase uptake
- Seat upgrades over the counter

# Thank You

Investor Relations  
[aax\\_ir@airasia.com](mailto:aax_ir@airasia.com)

