

AIRASIA X

Fourth Quarter and Full Year
2015 Financial Results

3-TIME WINNER



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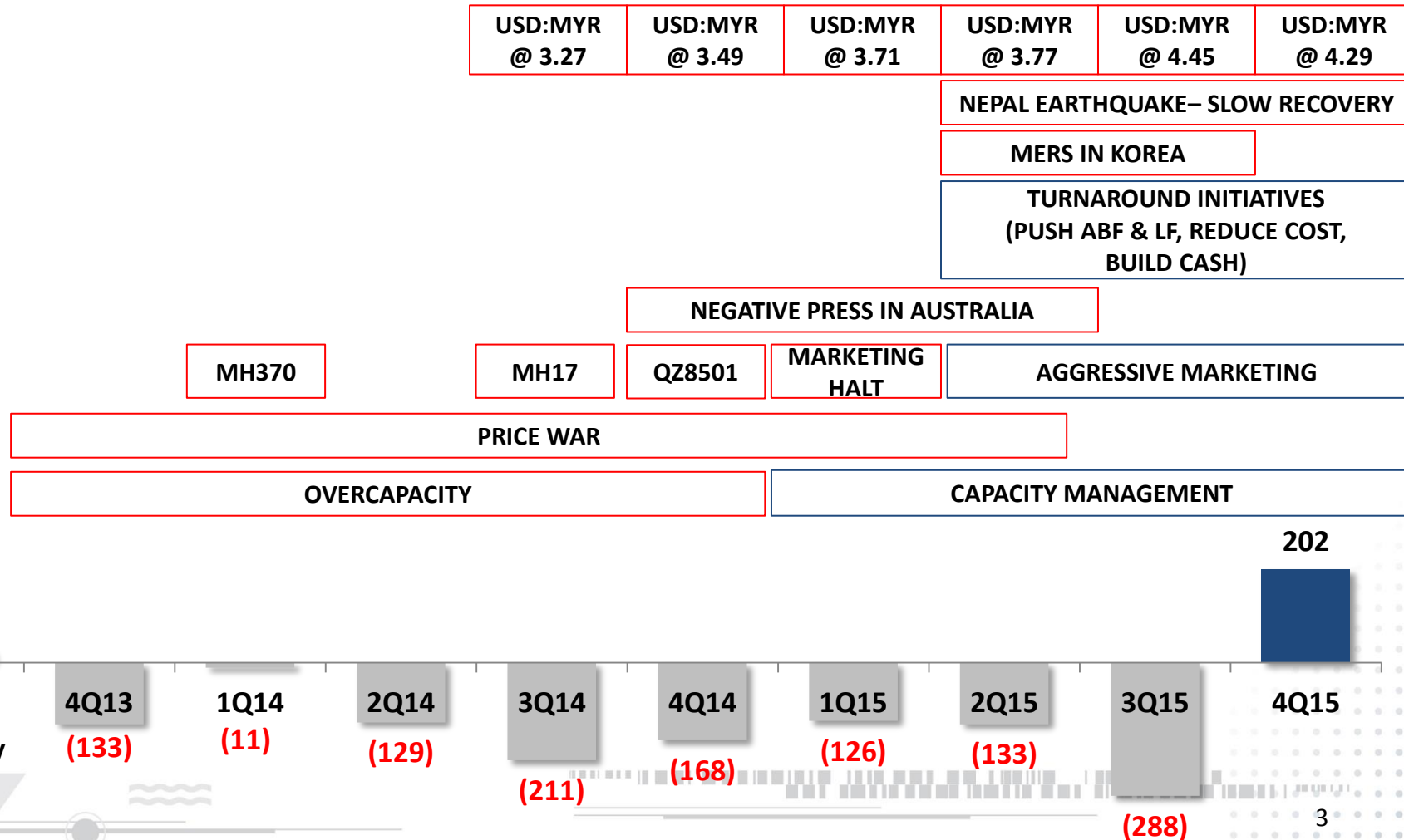
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4Q15 KEY TAKEAWAYS



SUMMARY

➤ AAX achieved Net Profit of RM202mil in 4Q2015 after 8 quarters of losses (4Q2013 – 3Q2015)



4Q15 KEY TAKEAWAYS



SUMMARY (CONT.)

- **Scheduled Flight Revenue up +11%YoY** despite lesser number of routes (terminated Adelaide, Nagoya, Narita; shifted Colombo and ChongQing to A320 operations; and operated Sapporo), as part of strategic capacity management
- **Average Base Fare increased +22%YoY and Load Factor up +2%YoY** due to improved performance across all routes except Kathmandu, which remains a drag due to slower-than-expected recovery after the massive earthquake
- **Total Costs reduced -4%YoY**, mainly attributed by lower (i) aircraft fuel cost, followed by (ii) staff cost, (iii) sales & marketing expenses after integration with AirAsia Group, (iv) reduced in exceptional/one-off expenses, and (iiv) FOREX gain as compared to 4Q14. However, further cost savings were hindered by increasing aircraft rental and maintenance costs
- Although 4Q2015 was encouraged by better USD:MYR currency translation as compared to 3Q2015, AAX remains vigilant as the challenging environment is expected to persist with currency volatility, regulatory uncertainties, and external factors. Hence, the Group will continue to explore strategic initiatives to ensure sustainable growth

RASK +15%YoY
Australia +20%YoY
China +29%YoY

CASK +6%YoY
due to higher aircraft costs

CASH IMPROVED
RM186mil from 31 Dec 2014

NET GEARING at
1.80X versus 2.06x last year

POSITIVE
NET CASH FLOW

4Q15 KEY TAKEAWAYS



2016 STRATEGY

➤ STRATEGIZE NETWORK:

- Focus on scheduled flight and reduce wet leasing as market condition improved compared to 2014 - 2015
- The capacity will be allocated to routes with strong yields:
 - Potential new route: New Delhi (Inaugural: 3rd Feb 2016) , Auckland (inaugural: 22nd March 2016), Hawaii, China, Middle East
 - Increase frequency on selected existing routes where demand is high

➤ GROW FLY-THRU:

- Review and improve flight slots for all routes across the group to enhance network connectivity
- Grow KUL hub as a transit destination with new entry such as New Delhi, tapping into strong outbound demand from India to Australia, New Zealand, Japan
- Increased fly-thru product awareness and collaborate with AirAsia's ASEAN pass to drive traffic

- ### ➤ DRIVE ANCILLARY INCOME
- with (i) Dynamic pricing for baggage, (ii) Value bundled package, (iii) New meal selections with new pricing, (iv) Introduction of Tune Insurance in Korea (currently available in all markets except Korea), (v) Extension of In-flight Entertainment in all markets (currently only available on Australia flights), (vi) Enhance duty free products & sales platform, (v) Premium lounge, and more

4Q15 KEY TAKEAWAYS



2016 STRATEGY (CONT.)

➤ SALES & MARKETING:

- Expand sales distribution by increasing partnership with prominent sales agents especially in India, New Zealand, Japan, China
- Increase collaboration with respective tourism on familiarization trip and increase creative marketing campaigns in all core market

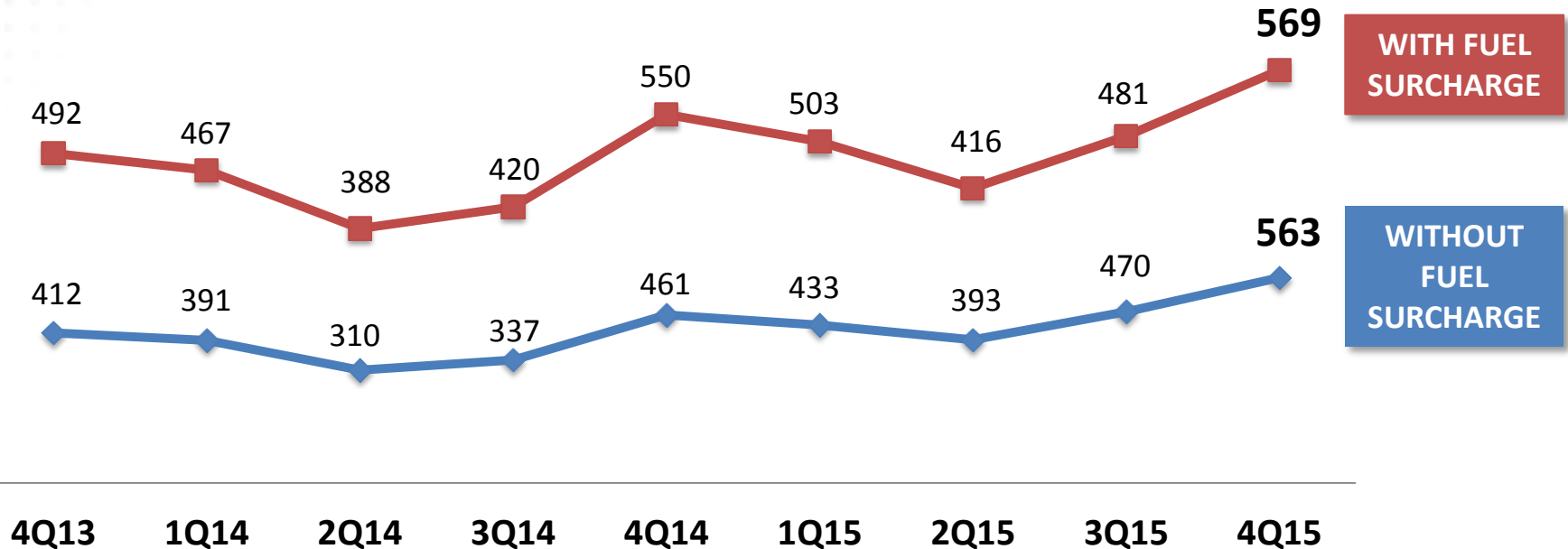
➤ BUILD CASH:

- Minimal fleet growth in 2016: 3 new aircraft for Malaysia AAX (1 to replace the oldest aircraft, MSN 54) and 1 for Thai AAX
- No new aircraft deliveries for 2017 – 1H2018
- Actively negotiating with lessors to reduce current aircraft rental rates
- Review overall financing structure

➤ MANAGE IMPACT FROM WEAKENING MYR:

- Increase sales from stronger currency market, i.e . AUD
- Explore more payment channel that enables translation of USD from local currency upon collections
- Reduce currency risk by increasing average base fare and ancillary income

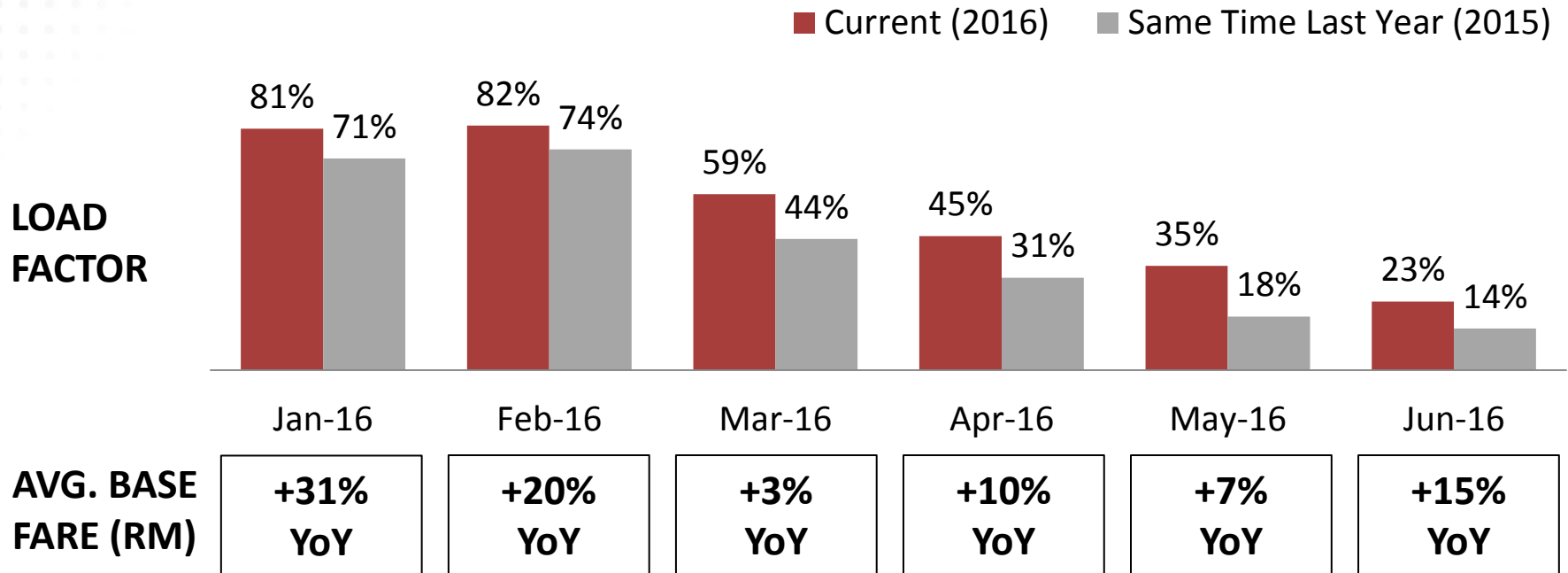
AVERAGE BASE FARE



- **Average Base Fare with Fuel Surcharge** increased marginally +3%YoY for 4Q15, due to gradual reduction in fuel surcharge revenue as fuel surcharge was abolished since 1Q15
- **Average Base Fare for 4Q15** achieved highest ever since 4Q13, improved +37%YoY, on the back of strategic capacity management and market recovery—especially for the Australian and China segment

FORWARD BOOKINGS

As at 15 February 2016



- **Improved Forward Loads and Fares as business has returned due to rationalized market.** Load factor for Jan-16 has improved +10%YoY and forward bookings from Feb-16 onwards are ahead of 2015's improved forward booking trend
- **The positive trend is expected to improve further** as the month approaches (due to change in booking pattern), coupled with stimulation from aggressive marketing

FUEL HEDGING

As at 25th February 2016



AAX 2016	1Q	2Q	3Q	4Q	FY
Current Hedge Ratio	52%	60%	49%	47%	52%
Avg. Hedge Cost (USD/bbl)	58.46	57.02	60.27	61.45	59.24
Effective Cost (USD/bbl)	50.83	51.81	52.94	54.62	52.62

THAI AIRASIA X



KEY METRICS:	4Q15
Total Pax Carried	333,003
Load Factor	83%
Average Base Fare (USD)	121



Fleet Size:

5 A330s
(as at Feb-16)

Current Routes:

Bangkok-Shanghai (7x weekly)
Bangkok-Incheon (7x weekly)
Bangkok-Narita (14x weekly)
Bangkok-Osaka (7x weekly)

- TAAX recorded healthy load factor in 4Q15 with higher average base fare during the seasonal peak
- TAAX continue to explore plans in China, tapping on the established AirAsia Group brand, and increase collaboration with Thai AirAsia for more Fly-Thru options to increase connectivity
- Exploring charter/ wet leasing options to maximize revenue
- Receiving 1 new aircraft in 2016, bringing total fleet size to 6 A330s

INDONESIA AIRASIA X

KEY METRICS:	4Q15
Total Pax Carried	59,463
Load Factor	64%
Average Base Fare (USD)	137



Fleet Size:

2 A330s
(as at Feb-16)

Current Routes:

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

- IAAX remained challenging due to uncertainties arising from the aviation restriction imposed by Indonesian regulator
- All avenues are being explored: (i) open new market - China/ Japan into Bali, (ii) increase frequency on existing routes, (iii) explore charter/ wet leasing options



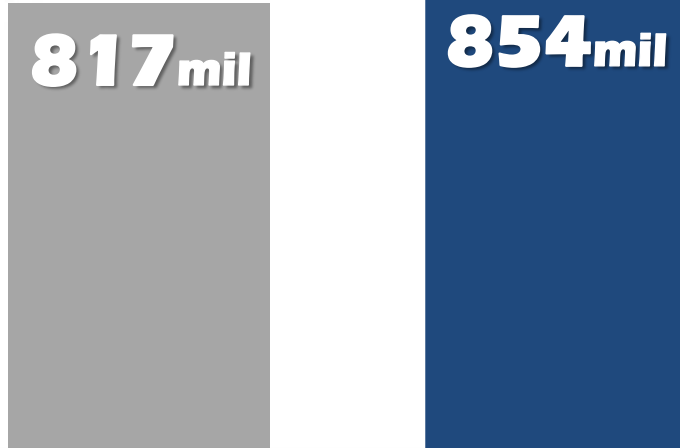
4Q2015

KEY FINANCIAL & OPERATIONAL HIGHLIGHTS

4Q15 KEY FINANCIALS



+5%YoY



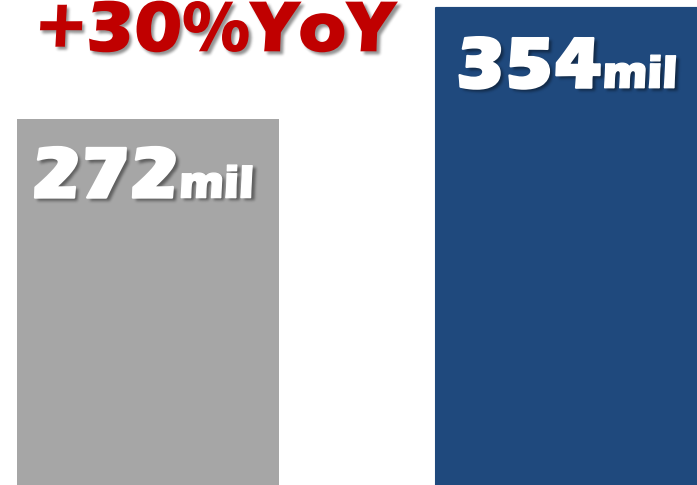
4Q14

4Q15

REVENUE (RM)

Mainly driven by scheduled flight revenue (+11%YoY), boosted by improved average base fare and loads across all routes

+30%YoY



4Q14

4Q15

EBITDAR (RM)

Mainly encouraged by:

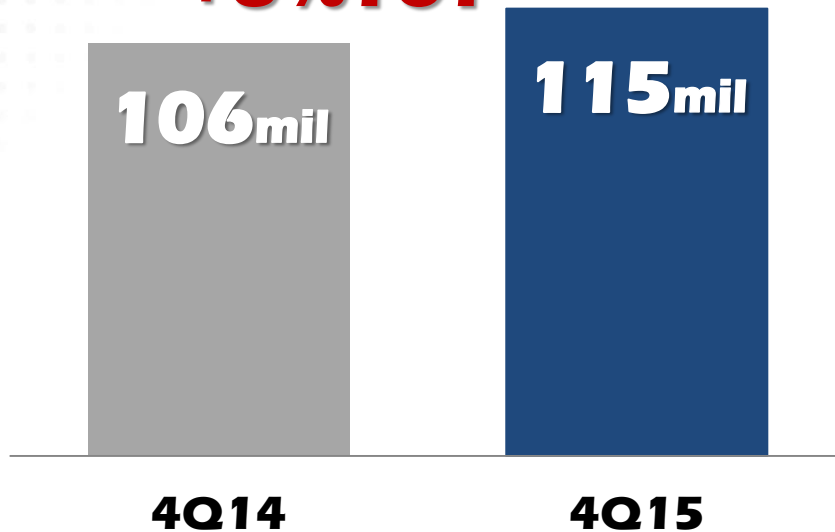
- I. Australia up +45%YoY,
- II. North Asia up +48%YoY

However, further improvement was pulled back by Kathmandu and Colombo

4Q15 KEY FINANCIALS



+8%YoY

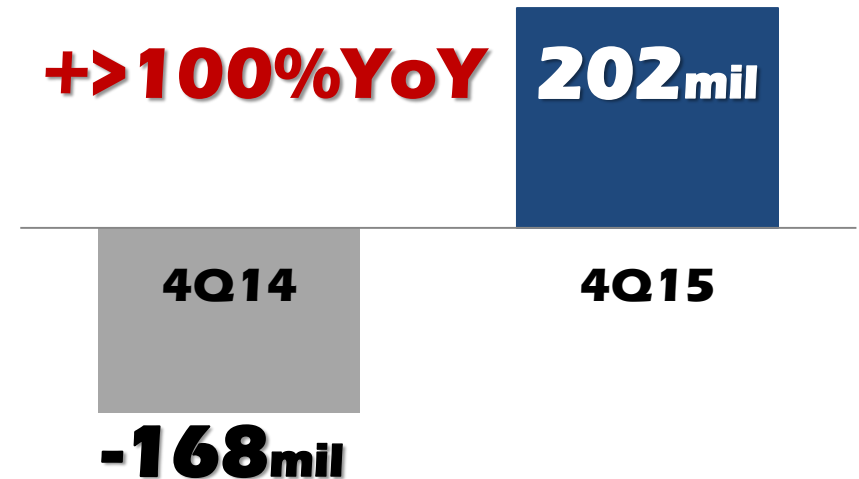


OPERATING PROFIT (RM)

Mainly attributed by lower costs:

- I. Staff cost (-3%YoY)
- II. Depreciation (-21%YoY)
- III. Fuel (-36%YoY)
- IV. Other Operating Expenses: (a) lower sales & marketing expenses, (b) reduced one-off expenses, (c) FOREX gain of RM55mil

+>100%YoY

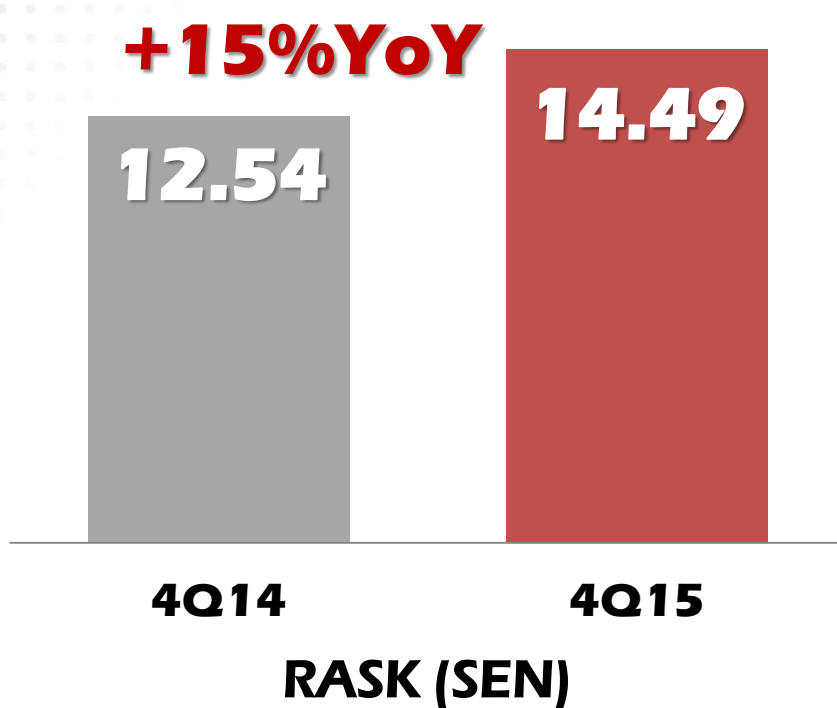


NET (LOSS)/ PROFIT (RM)

Mainly contributed by:

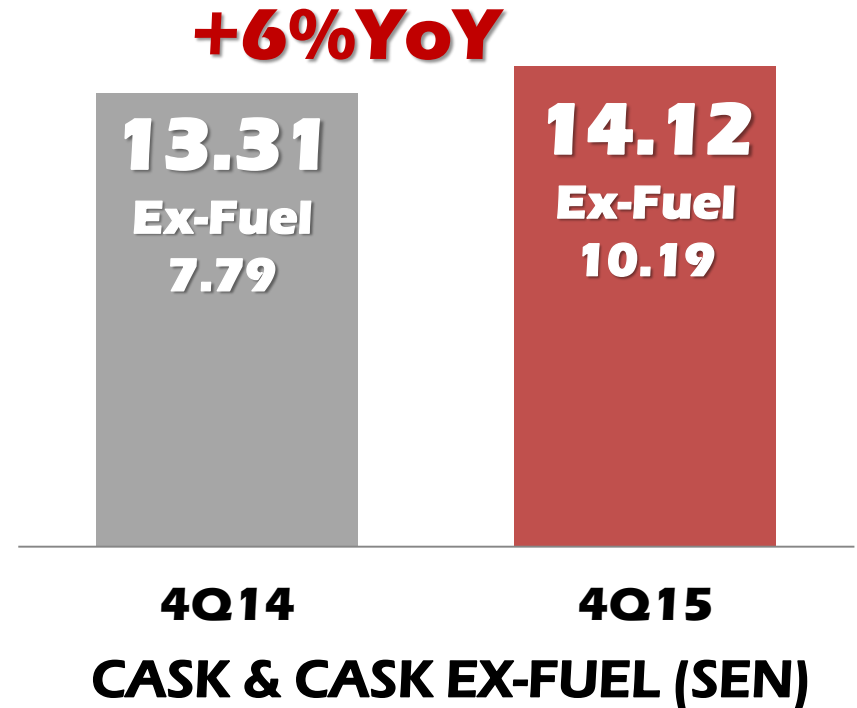
- I. Improved performance across all routes
- II. FOREX gain of RM57mil as compared to a loss of RM119mil in 4Q14
- III. Reduced one-off transactions & no new investment

4Q15 KEY STATISTICS



Improved on the back of strategic capacity management:

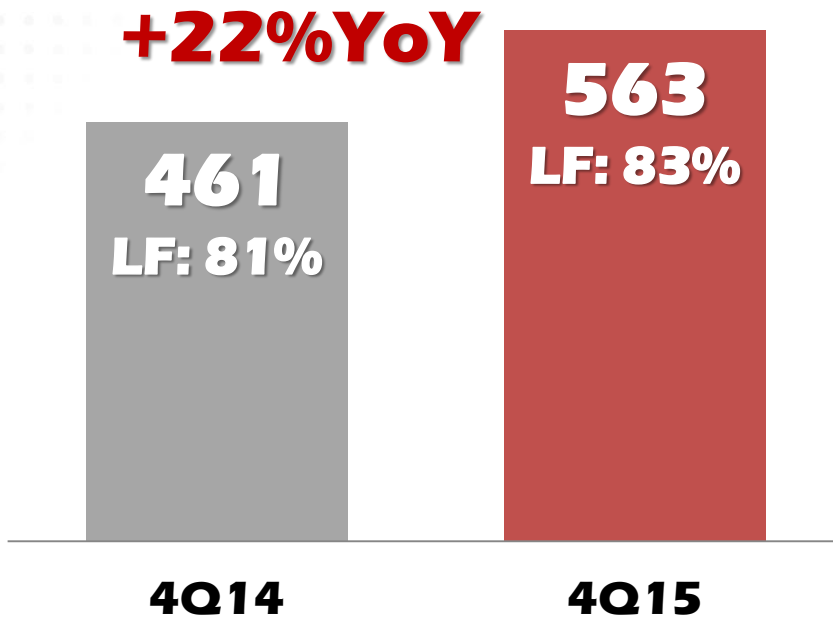
- I. Australia: +20% YoY
- II. China: +29%YoY
- III. North Asia (ex-China): +11%YoY
- IV. Others: +41%YoY, mainly driven by Jeddah



CASK up +6%YoY and Ex-Fuel up +31%YoY mainly due to:

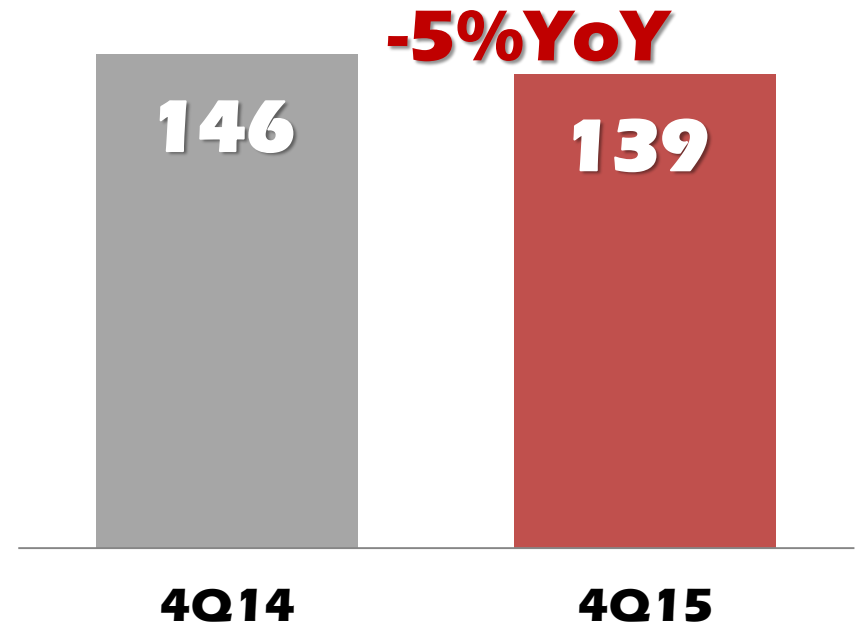
- I. Increase in average lease rate per aircraft from USD659k to USD827k, caused by higher lease rate for new aircraft as compared to lower lease rental aircraft (A340s & A332)
- II. Higher engineering cost
- III. Weakening MYR
- IV. Lower ASK Capacity (-9%YoY)

4Q15 KEY STATISTICS



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

Improvement was helped by Australia & North Asia. However, growth was restricted primarily by Kathmandu due to slower-than-expected recovery



ANCILLARY PER PAX (RM)

Underperformance was due to:

- I. Reclassification of revenue for Admin Fees
- II. Restructuring of Option Town products



THANK YOU

- End of Presentation -