

AIRASIA X

ANALYST DECK

4th QUARTER 2017 RESULTS



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KEY TAKEAWAYS

FULL YEAR 2017

FY2017 Recap

- **Two years of continuous turnaround of the business model with various initiatives taken:**
 - Focus on point-to-point
 - Stop wet lease & charter
 - Higher aircraft utilisation at 16 hours/day
 - Focus on building higher frequency, country dominance and leverage on AirAsia Group network to build on fly-thru traffic
 - Higher ancillary income
 - Thailand operations was a success in 2017
 - Re-launch Indonesia in 2018
- **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
- **Passengers carried grew 25% YoY, exceeding ASK capacity growth of 19%**
- **Net Operating Profit up 40% YoY to RM115.0 million** driven by higher revenue and lower operating expenses
- **PBT higher by >100% at RM84.4 million** mainly due to lower operating expenses
- **Ancillary revenue per pax (including cargo) grew 3% to RM 172**
- **Net Gearing stood lower at 0.43x**
- **AirAsia X Thailand profitable in FY2017, net profit USD9.2million**

KEY TAKEAWAYS

FOURTH QUARTER 2017

4Q17
Financials

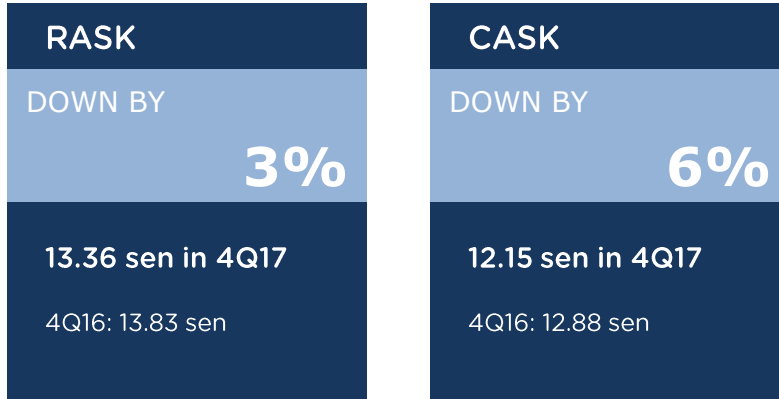
- **Revenue up 4% YoY to RM1.22 billion**, mainly contributed by 12% growth in passengers carried and higher:
 - **Scheduled flight revenue**, up 3% YoY
 - **Ancillary revenue**, up 16% YoY
 - **Freight services**, up 30% YoY
- **EBITDAR up 11% YoY at RM367.6 million**
- **Net Operating Profit remained constant YoY** at RM100.1 million
- **Profit Before Tax up >100% YoY at RM135.6 million** supported by lower operating expenses and forex gains




Associates:

- **AirAsia X Thailand** posted commendable 4Q17
 - **Strong load factor 91%, net profit of USD7.3 million**
- **AirAsia X Indonesia** operations temporarily hampered in 4Q17, due to the volcanic activity of Mt. Agung in Bali

KEY TAKEAWAYS

FOURTH QUARTER 2017



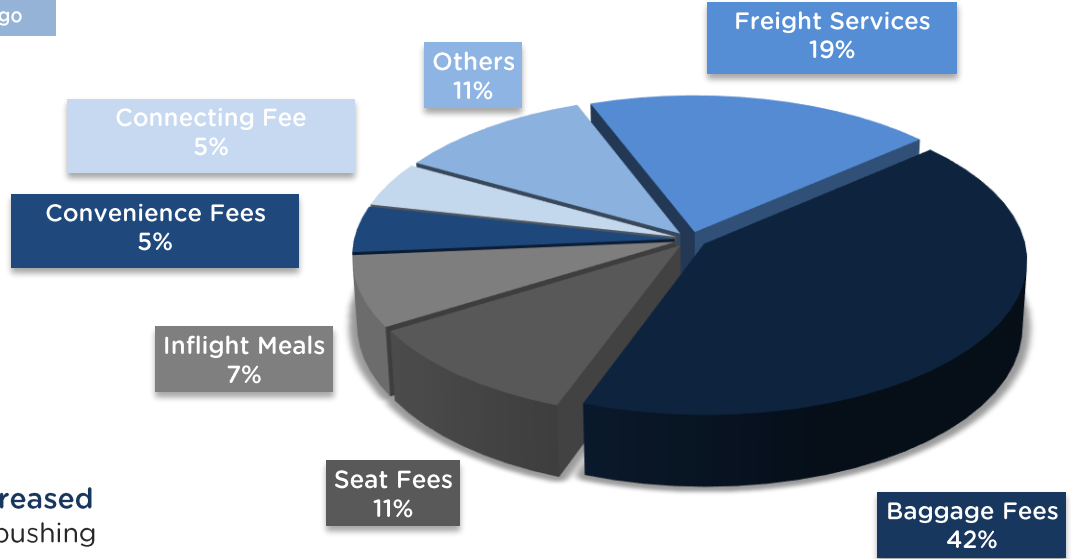
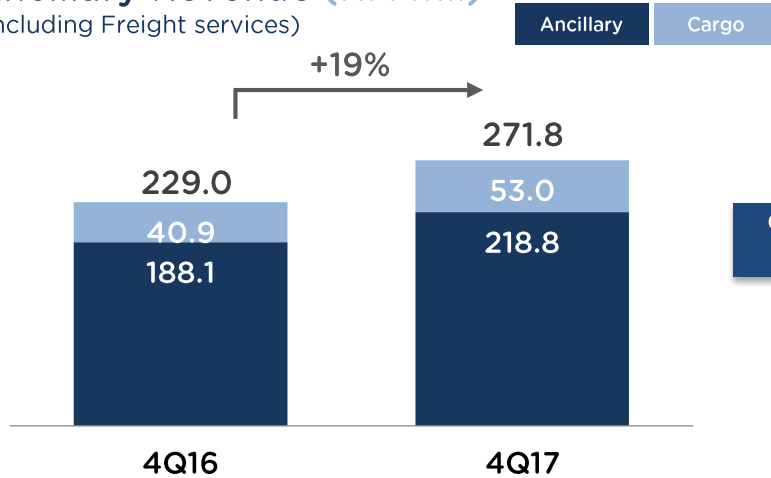
- Number of Flights  +10% YoY
- Aircraft utilisation  16 hours/day, +9% YoY
- Number of Destinations  27 as compared to 24 in 4Q16

- **RASK lower by 3% YoY at 13.36 sen** as the Company continues to add capacity in-line with our country dominance strategy
- **CASK lower by 6% YoY to 12.15 sen, while CASK ex-fuel down 8% YoY to 7.96 sen** respectively, mainly due to lower operating expenses on the back of improved business efficiency

ANCILLARY PERFORMANCE

Ancillary Revenue (RM mil)

(including Freight services)



Ancillary Revenue per Pax

RM 176

(including freight services)

- Total ancillary revenue including freight services increased 19% YoY from RM229mil in 4Q16 to RM272mil in 4Q17, pushing ancillary income per pax to **RM176** (up 6% YoY)
- Biggest contributors:
 - Baggage (42% of total ancillary revenue)
 - Freight services (19% of total ancillary revenue)
 - Seat Fees (11% of total ancillary revenue)
- Highest growth:
 - In-Flight Entertainment (+>100%),
 - Lounge Fees (+>100%)

ASSOCIATES UPDATE

THAILAND - OUR DIAMOND

AIRASIA X THAILAND

	4Q17	4Q16	▲ %
Passengers Carried	445,137	350,910	▲ 27
Load factor (%)	91	78	▲ 13ppts
Average Base Fare (USD)	146	128	▲ 14
Net Profit / (Loss) (USD'000)	7,327	(6,636)	▲ >100

- **AirAsia X Thailand posted profit of USD7.3 million in 4Q17** as tourism industry recovered from the mourning period due to the passing of the late King Bhumibol Adulyadej
- Strong load factor of 91% as **passengers carried grew 27% YoY** exceeding 7% growth in **ASK capacity YoY**
- Added frequencies to Incheon and Osaka in 4Q17
- To launch DMK - Sapporo in April 2018
- Huge capacity growth for Thailand in 2018 as the airline embark on expansion plans and focus on country dominance

ASSOCIATES UPDATE

RE-LAUNCHING INDONESIA

AIRASIA X INDONESIA

	4Q17	4Q16	▲	%
Passengers Carried	134,182	-		-
Load factor (%)	66%	-		-
Average Base Fare (USD)	103	-		-
Net Profit / (Loss) (USD'000)	(918)	(279)	▼	(>100)

- **AirAsia X Indonesia posted a net loss of USD918k in 4Q17**, on the back of slowdown due to Mt Agung volcanic activity and travel warnings issued to Bali
- **Revenue up >100% YoY to USD17.2 million**, as Indonesia operations was temporarily suspended in September 2016 and its revenue were only wet leased revenue to Malaysia AirAsia in 4Q16
- New high yielding routes planned for 2018 as we continue to turnaround Indonesia

OUTLOOK 2018

DELIVERING SUSTAINABLE GROWTH

STRENGTHENING KEY MARKETS

North Asia

- 6-7 new routes to China & Japan
- Build on country dominance
- Unlocking further synergies by transferring some AK routes
 - Changsha & Kaohsiung

India

- New routes in 2018 to build market share in India

Australia

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

REDUCING CAPACITY

- Capacity management in Australia from 1Q18 (*February onwards*)
 - KUL-Sydney (14x to 11x weekly), KUL-Gold Coast (11x to 7x weekly), KUL-Perth (14x to 7x weekly)
- To redeploy asset utilisation to new markets i.e. Jaipur, Male, other new routes, and existing North Asia routes

DIGITAL & INNOVATION

- Higher conversion rate by maximising the data base built
- Cross platform shopping cart
- Rokki
- Auto Gate Facial Recognition
- Artificial Intelligence & personalisation

AIRCRAFT DELIVERY PLANS

- AirAsia X Malaysia – 3 aircraft
- AirAsia X Thailand – 3 aircraft

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
- WiFi ready aircraft – crucial to push onboard sales and ancillary take-ups



THANK YOU

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APPENDIX

OPERATIONAL HIGHLIGHTS

KEY METRICS

	Key Indicators	4Q17	4Q16	▲ %	3Q17	▲ %	FY17	FY16	▲ %
Operational	ASK (millions)	9,146	8,474	▲ 8	9,135	● 0	35,054	29,343	▲ 19
	Aircraft	30	30	● -	30	● -	30	30	● -
	Sectors flown	4,984	4,525	▲ 10	5,002	● 0	18,971	15,743	▲ 21
	Fuel consumed (Barrels)	1,330,999	1,288,036	▲ 3	1,271,585	▲ 5	5,145,455	4,418,063	▲ 16
	Average Fuel Price (USD/Barrel)	69	64	▲ 8	65	▲ 7	66	61	▲ 9
Passenger	RPK (millions)	7,553	6,858	▲ 10	7,241	▲ 4	28,578	23,188	▲ 23
	Seat Capacity	1,878,968	1,705,925	▲ 10	1,885,754	● 0	7,152,067	5,935,111	▲ 21
	Passengers Carried	1,549,048	1,383,761	▲ 12	1,499,013	▲ 3	5,837,530	4,688,077	▲ 25
	Load Factor (%)	83	81	▲ 2ppts	79	▲ 4ppts	82	79	▲ 3ppts
Financial	RASK (US Cents)	3.21	3.20	● 0	2.89	▲ 11	3.21	3.30	▼ (3)
	CASK (US Cents)	2.92	2.98	▼ (2)	3.00	▼ (3)	3.12	3.12	● 0
	CASK Ex-Fuel (US Cents)	1.91	2.01	▼ (5)	2.10	▼ (9)	2.09	2.20	▼ (5)




FINANCIAL HIGHLIGHTS

INCOME STATEMENT

RM mn	4Q17	4Q16	▲ %	3Q17	▲ %	FY17	FY16	▲ %
Revenue	1,220.5	1,170.3	▲ 4	1,124.5	▲ 9	4,562.0	3,900.8	▲ 17
EBITDAR	367.6	332.7	▲ 10	227.2	▲ 62	1,196.9	1,066.7	▲ 12
Operating Profit/(Loss)	110.7	100.1	▲ 11	(35.0)	▲ >100	143.0	107.4	▲ 33
Net Operating Profit/(Loss)	100.1	100.7	▼ (1)	(39.7)	▲ >100	115.0	82.0	▲ 40
Profit/(Loss) Before Tax	135.6	29.9	▲ >100	(8.6)	▲ >100	186.8	82.3	▲ >100
Taxation	(51.2)	9.1	▼ (>100)	(34.7)	▲ 48	(87.9)	(37.5)	▼ (>100)
Profit/(Loss) After Tax	84.4	39.0	▲ >100	(43.3)	▲ >100	98.9	44.8	▲ >100
Basic EPS (sen)	2.0	0.9	▲ >100	(1.0)	▲ >100	2.4	1.1	▲ >100
EBITDAR Margin (%)	30.1	28.4	▲ 1.7ppts	20	▲ 10.1ppts	26.2	27.3	▼ (1.1ppts)
EBIT Margin (%)	9.1	8.6	▲ 0.5ppt	(3)	▲ 12.1ppts	3.1	3.9	▼ (0.8ppt)

FINANCIAL HIGHLIGHTS

BALANCE SHEET

YTD (RM'000)	31 Dec 2017	31 Dec 2016	 %
Deposit, Cash & Bank Balances	432,675	422,021	 2.5
Total Assets	4,551,575	4,521,175	 0.7
Total Borrowings	861,970	1,160,326	 (25.7)
Shareholders' Equity	988,606	996,873	 (0.8)
Net Debt	429,295	738,305	 (41.9)
Net Gearing (x)	0.43	0.74	 (41.9)