

AirAsia X Berhad

Analyst Deck

Quarter and Full Financial Year ended 31 December 2022



Key Takeaways

Headline Metrics Exceed Expectations - Airline Recovery Strong



Financial Takes

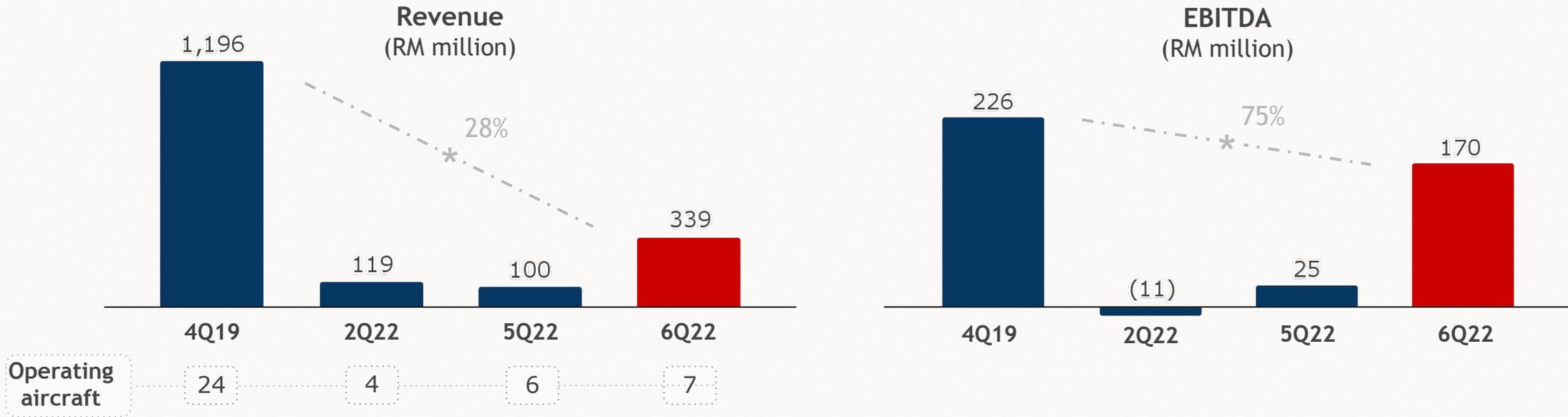
- Net Profit for 6Q22 hit **record high with RM153.5 million profit** for the quarter
- **First full-year profit since FY2017 at RM33 million** with only 7 planes operational, stronger than pre-COVID-19
- Revenue is in steady upward climb - **6Q22 revenue tripled from the preceding quarter to RM339.3 million**, showing a **~28% recovery from 2019 level** during the same period
- Recorded an **average base fare at RM866** in 6Q22 - a **surge of 77% compared to the same period in 2019** in line with the global trend of pent-up thirst for international air travel
- **RASK** during the quarter stood at **19.96 sen**, up by **54% from 2019** level, while **CASK reduced by 25% from the same period in 2019 to 9.98 sen**
- Ancillary revenue in 6Q22 surged to RM66.2 million, recovering to about 31% of 2019 level; On per passengers basis, ancillary revenue recorded at **RM196 per pax**, an **increase of 17% compared to 2019**
- Associate **AirAsia X Thailand returned to black** this quarter, with **RM357.3 million of Net Profit** on the back of hike in revenue to RM264.2 million

Operational Takes

- A total of **337,638 passengers were carried in 6Q22** - showing a **recovery rate of 21%** as compared to the same period in 2019
- Passenger Load Factor (PLF) is now close to emulate pre-COVID-19 era, and is expected to further increase as more routes are launched; **PLF stood at 79% in 6Q22, recovering over 98%** against the same period in 2019
- Focus for the coming months would be **activation of the AirAsia X fleet** to ensure all network requirements are met to **maximise passenger take-up in the market** and subsequently further **increase the airline's profitability**

Key Financial Highlights - 6Q22

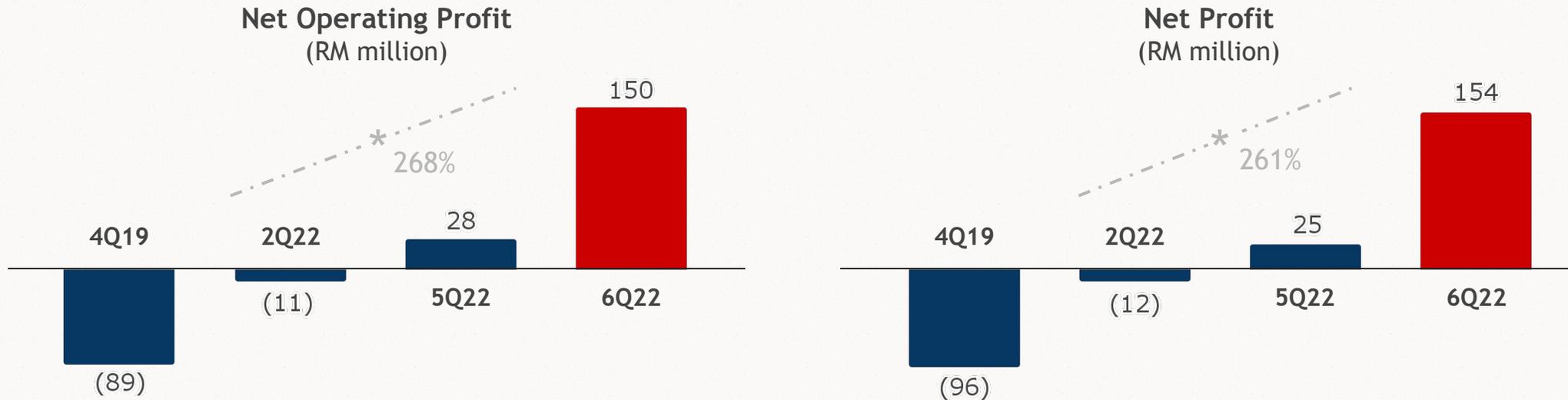
Financial Highlights for Quarter ended 31 December 2022



- Revenue tripled QoQ at **RM339.3 million** driven by significant hike in the number of passengers carried and higher average base fare, even as only 50% of fleet is activated:
 - Scheduled flights revenue and ancillary revenue were up at **RM227.5 million** and **RM66.2 million** respectively
 - Freight and cargo revenue up by **26%** to **RM35.9 million** even as the Company recalibrated to focus on scheduled flights operations
- In terms of recovery, revenue in **6Q22** recovered by **28%** against the same period in 2019, while **EBITDA** showed a recovery of **75%** compared to pre-COVID-19 level

Key Financial Highlights - 6Q22

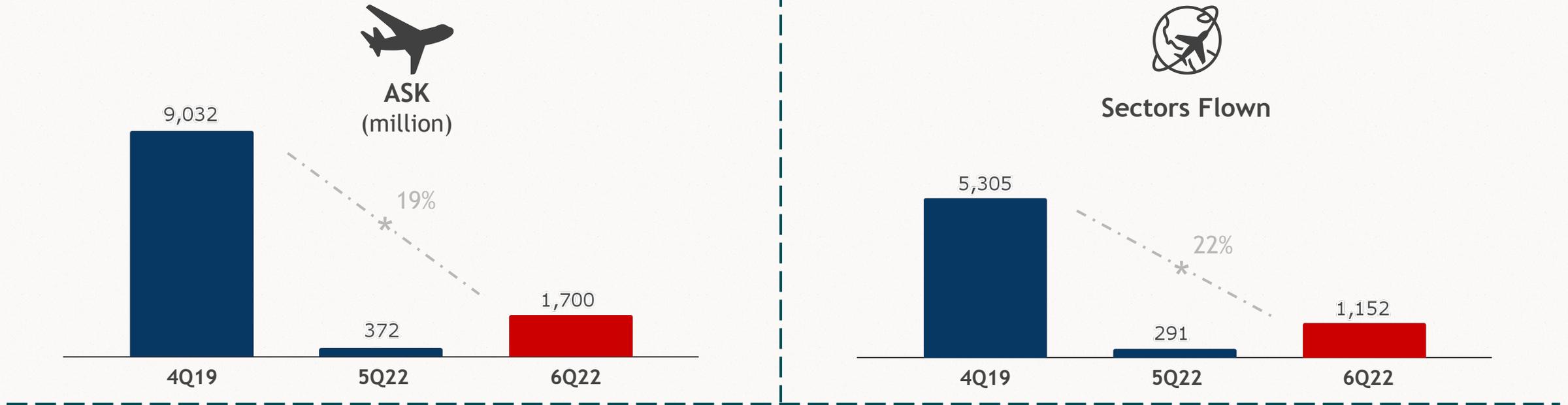
Financial Highlights for Quarter ended 31 December 2022



- On the back of **improved operational and cost structure post-restructuring** of AirAsia X, profitability is recorded beginning June 2022:
 - **Net Operating Profit surged to RM150 million** from a **Net Operating Loss of RM89 million** within the same period in 2019
 - AirAsia X recorded a **Net Profit of RM153.5 million** in 6Q22, a **complete turnaround from a Net Loss of RM96 million during the same period in 2019**
- **Quarterly Net Profit was the best in record** at **RM153.5 million** on the back of **record-high average base fare at RM866** with hike in number of passengers carried during the **traditionally peak year-end travel season**

Key Operational Highlights - 6Q22

Operational Highlights for Quarter ended 31 December 2022



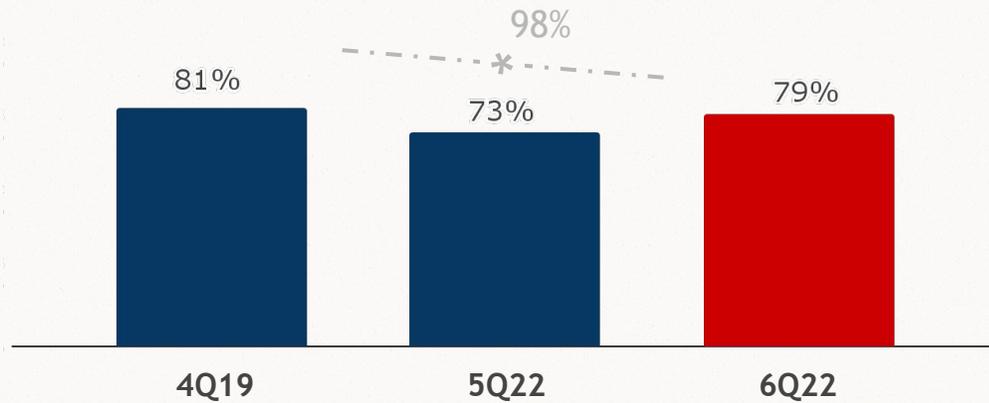
- **ASK capacity marked 1,700 million** driven by **higher number of sectors flown** subsequent to **increase in number of aircraft reactivated in 6Q22**
- **Sectors flown surged to 1,152 sectors** compared to 5Q22 on the back of **ramped up operations**
- Compared against the same period in 2019, **ASK capacity has recovered by 19%** while **sectors flown recovered by 22%** for the period between October - December 2022 - AirAsia X is focused on driving the recovery rate in the coming months as **more aircraft are slated to be activated for further expansion in our network**

Key Operational Highlights - 6Q22

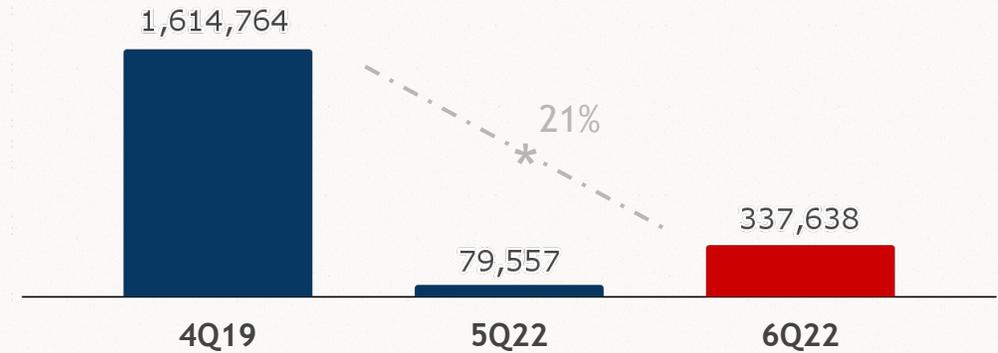
Operational Highlights for Quarter ended 31 December 2022



Load Factor



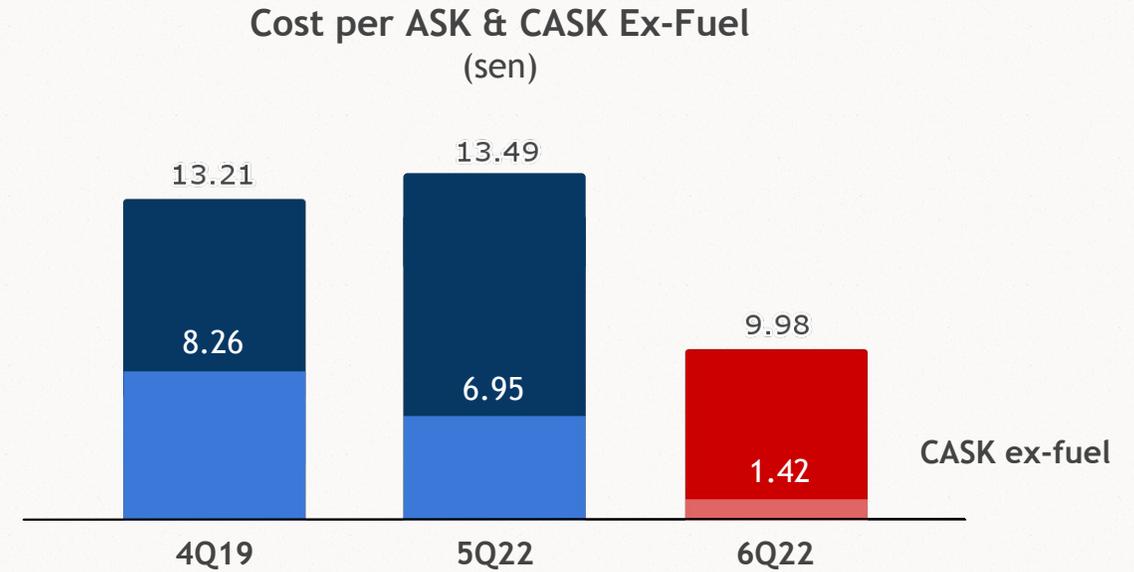
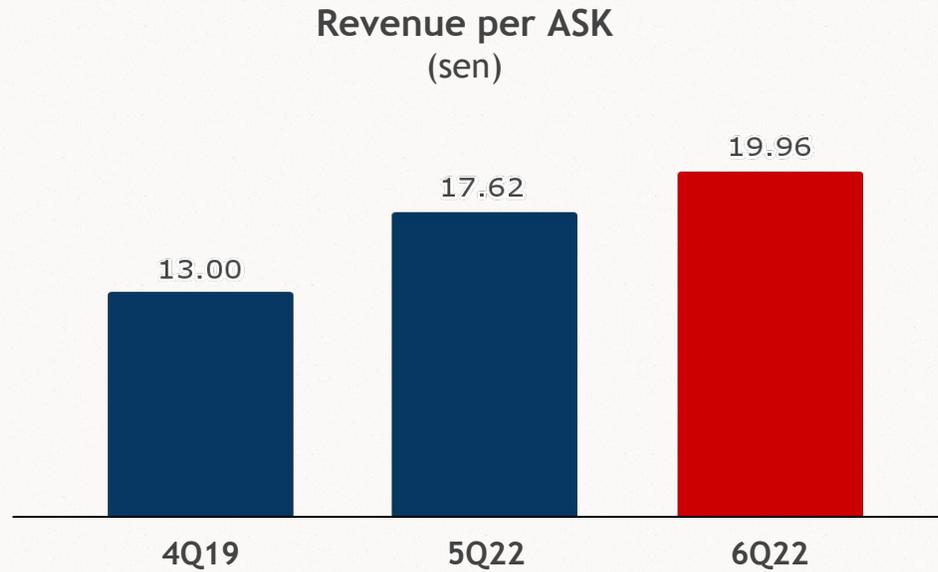
Passengers Carried



- **Load factor at 79%**, up by 6 percentage points from the preceding quarter and is **close to emulate pre-pandemic's load factor of 81%** in 2019:
 - The load factor of 79% reflects a **recovery of over 98% against the same period in 2019** - demonstrating that **passenger traffic is robust**
- A total of **337,638 passengers were carried in 6Q22**, driven by **strong demand in the market during the peak year-end travel season** - **recovery rate is recorded at 21%** compared to the same period in 2019

RASK vs CASK - 6Q22

Revenue per ASK and Cost per ASKs normalised with resumption of scheduled operations



- **RASK was up 13% Q-o-Q** driven by (i) a surge in the number of passengers carried and (i) the increase in average base fare
- RASK in 6Q22 **improved by 54%** as compared to 2019 level on the back of a **stronger fare environment**

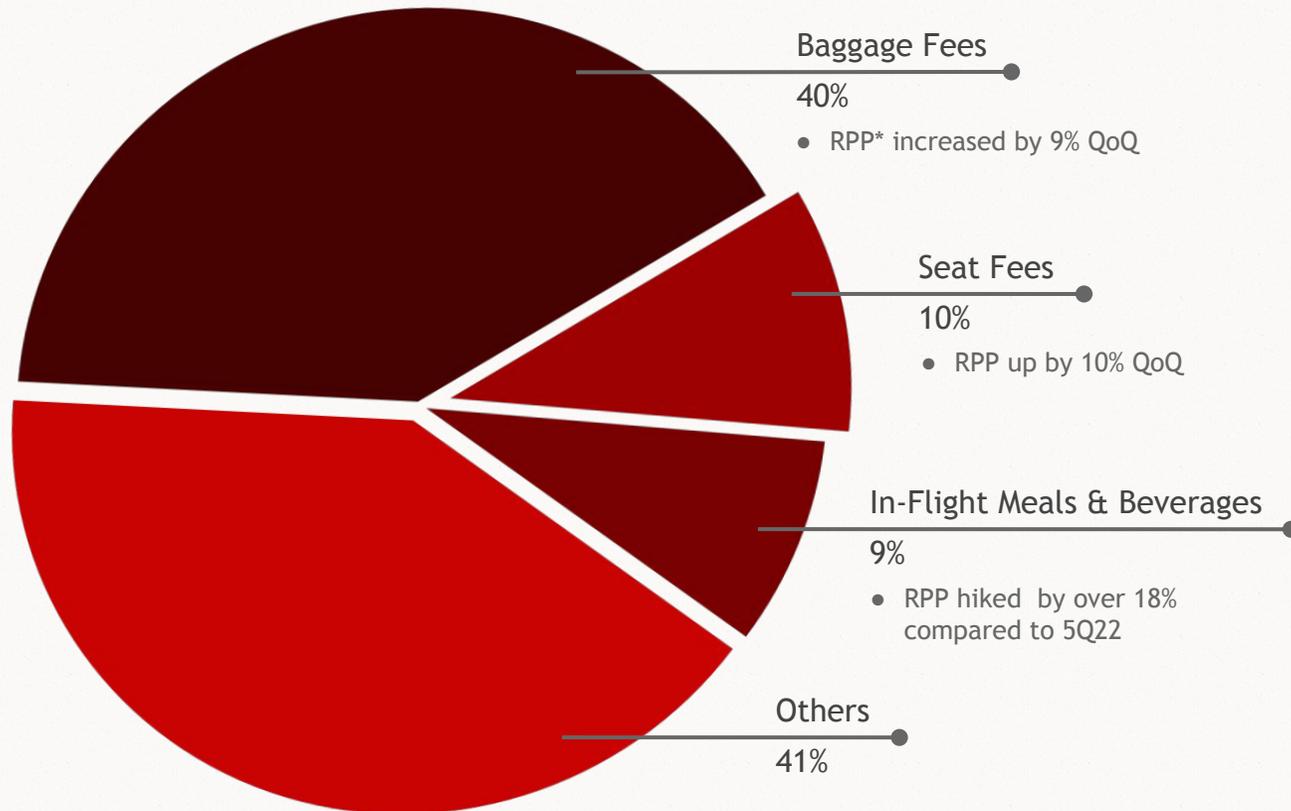
- **CASK stood at 9.98 sen**, reducing by 25% from the previous quarter, while **CASK ex-fuel dropped to 1.42 sen** driven by the **hike in ASK capacity**
- With a **lean and flexible cost structure post-restructuring**, **CASK and CASK ex-fuel reduced substantially by 25% and 83%** respectively against the same period in 2019

Ancillary Performance - 6Q22

Substantial boost in ancillary revenue on the back of return of travellers



Ancillary Revenue Segments for 6Q22



*Revenue per passenger

- Ancillary revenue **surged to RM66.2 million** in 6Q22 take-up **increased alongside operations ramp-up** and **rise in number of passengers carried**
- **Ancillary revenue per passengers of RM196** for the quarter reflects an **increase of 17% from pre-COVID-19 era** for the same period reviewed



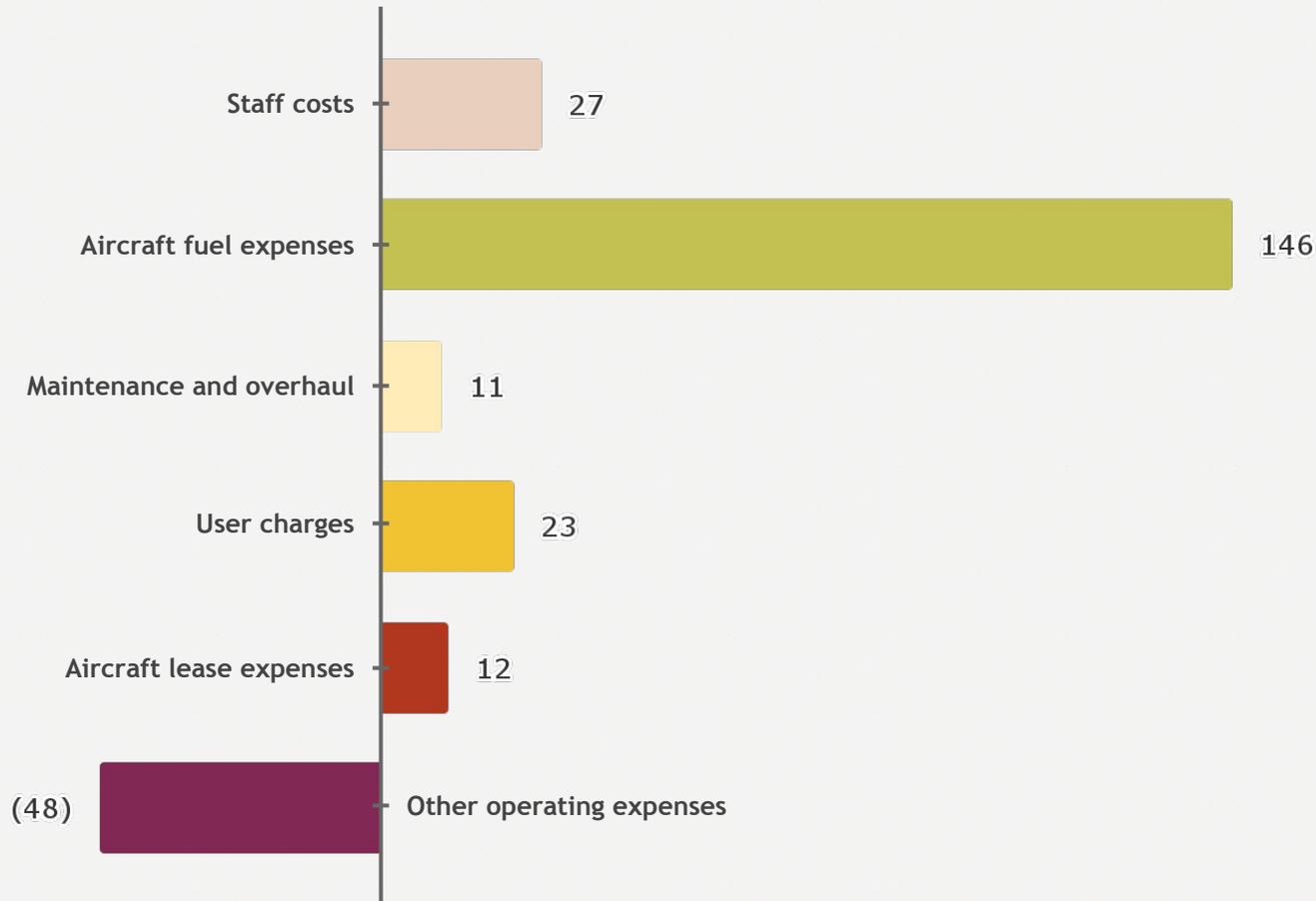
- **Baggage, Seat and Inflight Meals & Beverage** leads the **increase in take-up per pax** on the back of **optimised marketing** and **upgrade options based on purchase history**
- **Inflight Meals & Beverage** in particular shows the most growth in RPP on the back of **aggressive promotion strategies** involving **new selections of menu and mix-and-match options**

Review of Operating Expenses - 6Q22

Increase in Total Operating Expenses on the back of increased flight operations



Operating Expenses
(RM million)



Staff costs increased in line with the **ramp up in operations** in 6Q22



Aircraft fuel expenses increased **albeit lower fuel price** on the back of **much higher consumption**



Maintenance and overhaul expenses lower for the quarter due to reversal adjustments



Aircraft operating lease expenses **increased in line with the ramp up of operations** in 6Q22

Key Highlights for Full Financial Period 2022

Comparative financial information for the preceding financial year's corresponding periods omitted due to change in financial year end



Overall **Passenger Load Factor** healthy at **78%** for the full financial period 2022, with a **total of 417,195 passengers** carried predominantly due to pent-up thirst for international travel after a two-year lockdown period

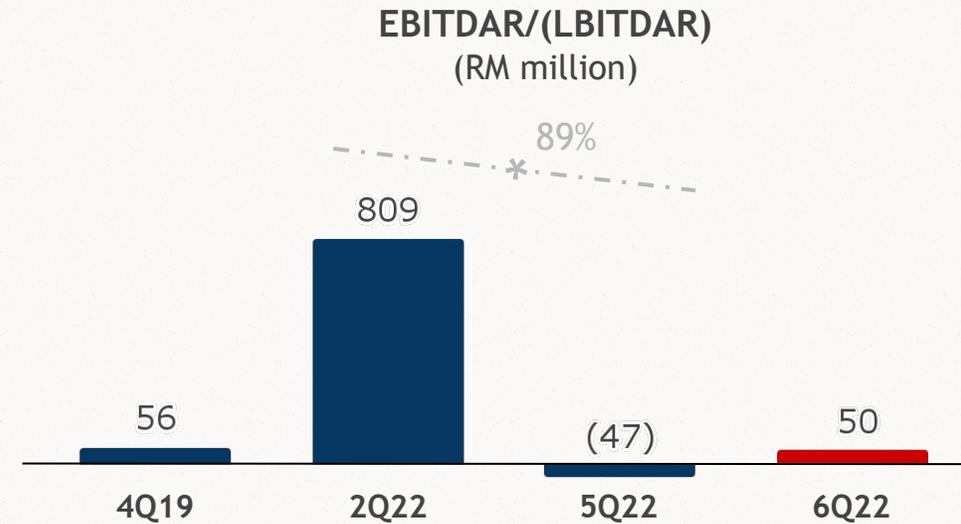
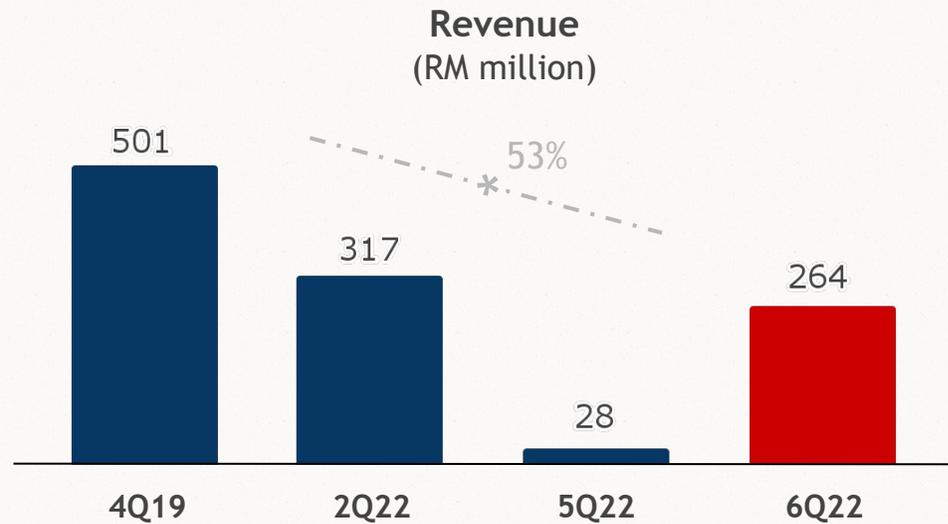
Starting with Seoul and Delhi for its scheduled flights resumption, the Company ended with return to a **total of 14 destinations** by the end of December 2022 and number of flights went **from 3 flights per week to 72 flights per week** by December 2022



Revenue for full financial year stood at **RM878.2 million** with **first full financial year Net Profit** since 2017 at **RM33 billion** - virtually attributable fully to first **6-month period of scheduled flights resumption** - **Cash position** improved tremendously to **RM181.9 million** in December 2022

Associate: TAAX - 6Q22

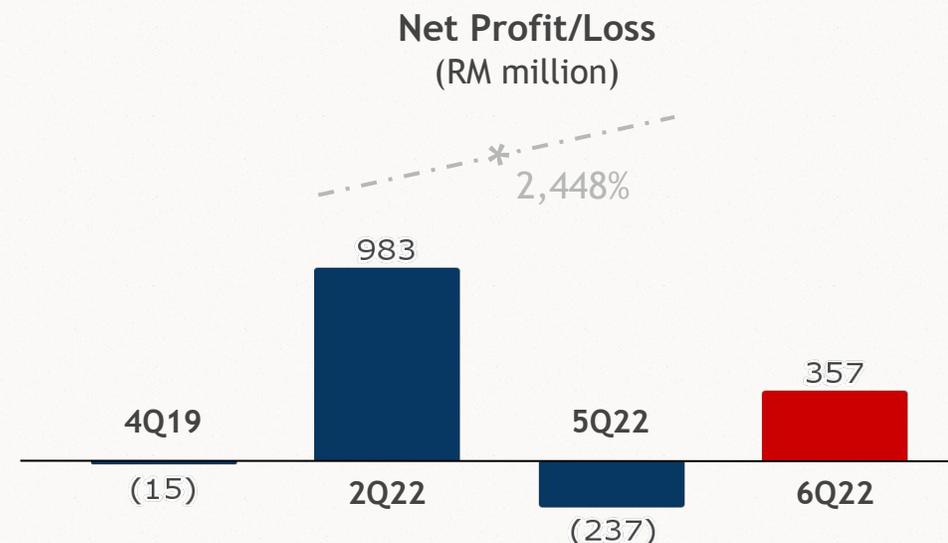
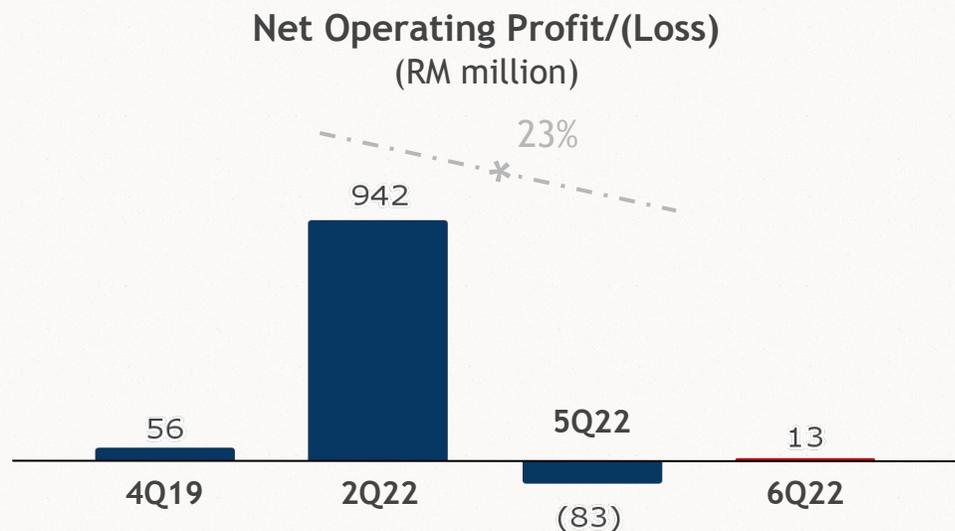
Rehabilitation plan a work in progress



- Posted a revenue of RM264.2 million in 6Q22, **recovering by 53% compared to the same period in 2019**
- **EBITDAR in 6Q22 is recorded at RM50 million**, with a recovery rate of 89% against the same period in 2019
- During 6Q22, **a total of 279,707 passengers were carried, with a robust PLF of 88%** - compared to pre-COVID-19, the **number of passengers carried has recovered by 38%** while PLF improved by 5 percent from 83% recorded between October - December 2019

Associate: TAAX - 6Q22

Rehabilitation plan a work in progress



- **Net Operating Profit in 6Q22 is recorded at RM13 million** with **recovery rate is recorded at 23%** 2019 level
- TAAX **profitable in 6Q22 with Net Profit of RM357 million** as compared to a Net Loss of RM15 million during the same period in 2019
- **Cash increased to RM199.3 million** from RM88 million in 5Q22 while the rehabilitation plan is progressing as planned and further updates shall be announced in due course
- TAAX's total fleet size remains unchanged at **8 A330 aircraft during the quarter with 5 activated and operational**, and currently operates into **Seoul, Tokyo-Narita, Osaka, Sapporo, Sydney and Melbourne**

Fleet Activation

Fleet of 17 A330-300 expected to be fully reactivated by April 2024

No. of Aircraft in Fleet:
14 A330-300



7 Operational

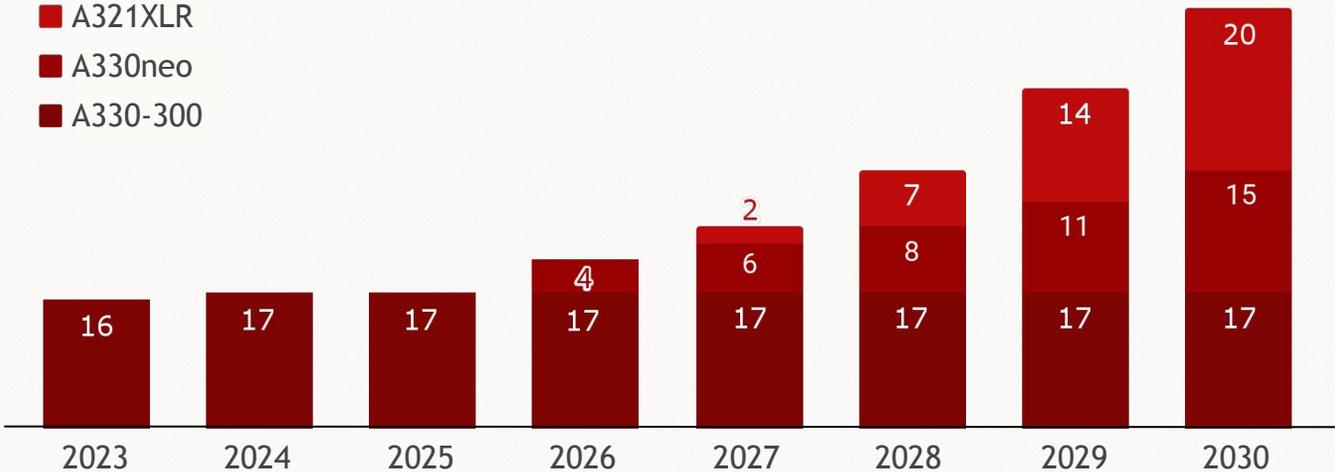
7 Awaiting Activation

Expected Addition to Fleet:
3 A330-300

2023 and beyond Fleet Growth Overview

Delivery of orderbook kickstart in 2026;
future fleet growth plan is
secured through to 2030

AirAsia Fleet Plan



Network Overview

Gradual Return to Markets in line with Paced Fleet Reactivation



Resumed operations to **14** destinations;
5 destinations now operate daily flights
7 destinations with daily flights by
February

Returning to **China** with Shanghai, Hangzhou
and Chengdu by March with **over 10x**
weekly flights

Introducing **new markets** - Istanbul and
Sydney-Auckland due to robust demand

Outlook & Priorities for 2023

Key Focus for AirAsia X in the coming months



Network Plan

- Key focus to **build on yield** in markets we are returning to - leverage on higher fare trends
- **Pricing management** underway as we anticipate **slower months** in the coming quarter
- Rebuilding of capacity in our markets ongoing - expects **capacity to reach over 60% recovery** by 2H23



Fleet Activation

- **Fleet activation and induction of new aircraft** is underway to ensure all **key network requirements** are met
- We are careful of MRO slot constraint but expect fleet activation to **complete within stipulated timeline**
- All our **overseas stations operational readiness** are ensured



Manpower Management

- With all **furloughed staff fully reactivated** and recurrent, current focus is on **rehiring of staff**
- **Vigorous hiring of new talents** as the Company ventures to even more destinations for the year
- We do not foresee any **manpower constraint** for the Company's operational needs



Cash and Cost

- Managing costs prudently as post-restructuring obligations grants the Company **increased cost flexibility - no wastage**
- Cash position monitored minutely and we are confident that **cash position will remain stable without additional financing**

Synergy with Capital A Berhad

Enhancement of the synergy between AirAsia X and the wider Capital A Group



AirAsia X has been **scaling up its operations via advanced collaboration with Capital A Group** which enabled us to **leverage available resources**, avoiding unnecessary and costly re-investments in infrastructure and manpower



- The main channel for AirAsia X's online sale distribution
- Crucial in driving the flight and ancillary sales through the various marketing and campaign initiatives
- Promote connectivity from the short haul sectors, either from AirAsia or non-AirAsia flights
- Cross sell AirAsia X inventory to new customers from other line of businesses

teleport

- Exclusive sales agent for AirAsia X's cargo
- Upside expected in the coming months as China reopens - trade and e-Commerce will boost demand for cargo
- Removal of cross-border screening is expected to translate to USD240k/year saving



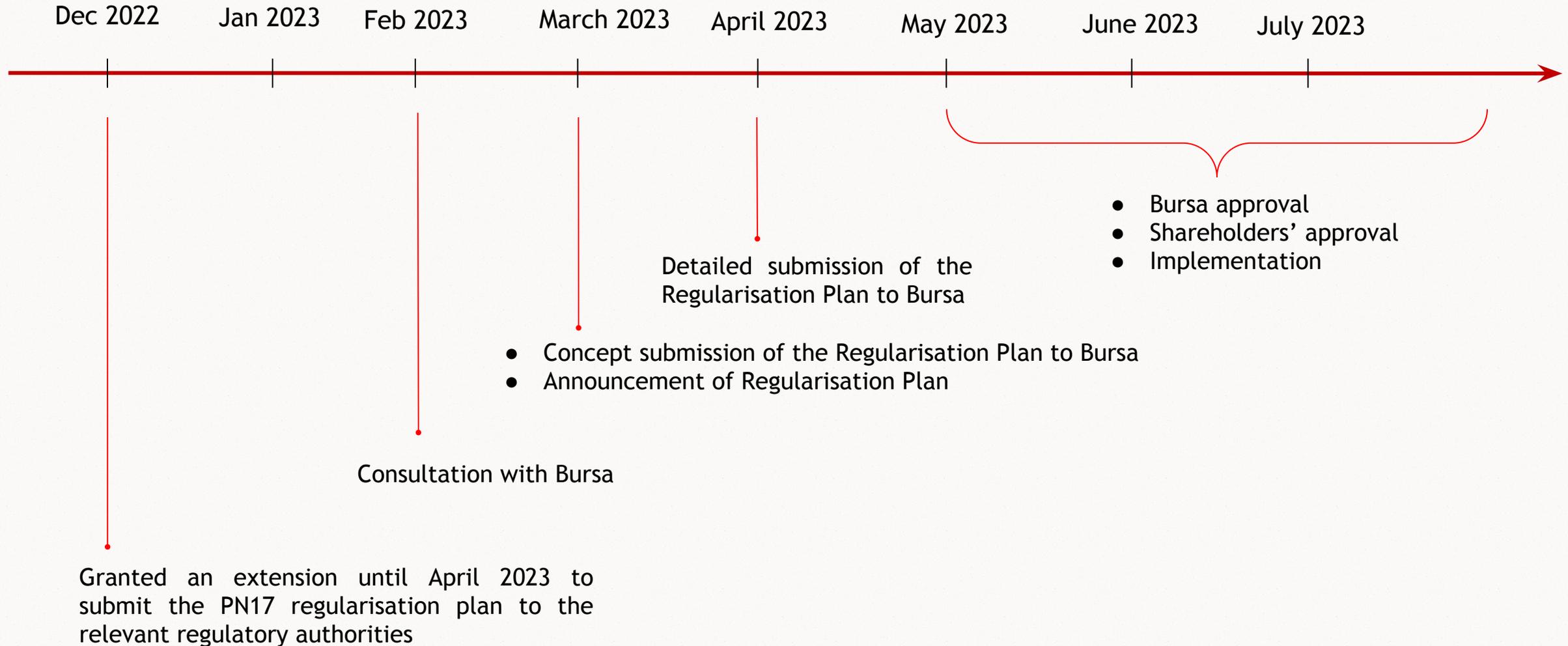
- Part 145 maintenance spin-off to ADE, with more in the pipeline
- Enables streamlining of manpower and services - ensuring further efficiencies
- ADE is expected to secure approvals to service A330s by 2024 - AirAsia X can expect better rates which can reduce maintenance cost

And many more coming

- AirAsia X also sees elevated collaboration with the Capital A Group in areas such as:
 - Operational and back-end services
 - Inflight services inventory
 - Sales & distribution channels
 - Ground handling services

Indicative timeline of PN17

Submission of Regularisation Plan for approval from Bursa Securities in April 2023



Thank You

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