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AIRASIA X

ANALYST DECK

FOURTH QUARTER
AND FULL FINANCIAL YEAR 2019 RESULTS

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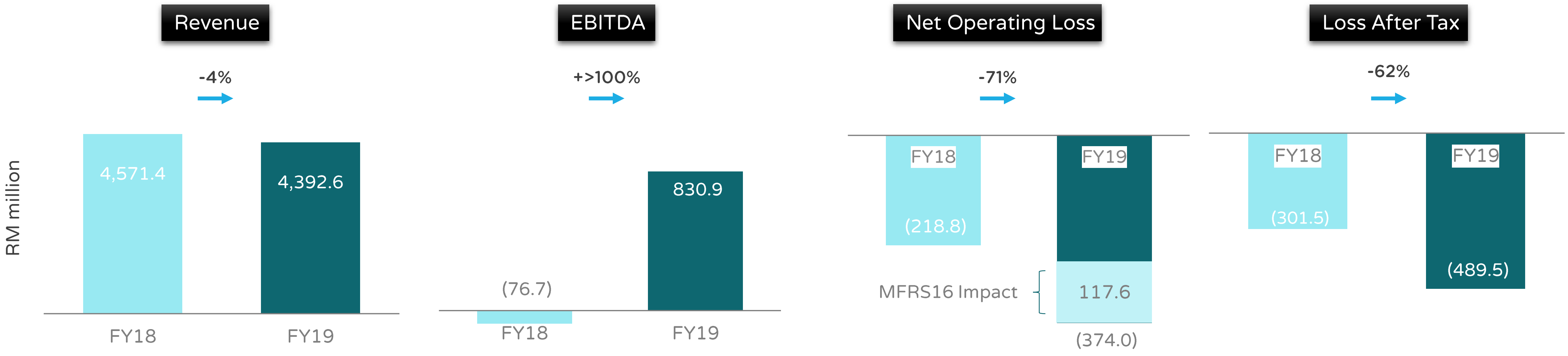
Key Highlights – FY19



- Revenue declined 4% YoY at RM4.4 billion due to:
  - Lower passengers carried, down 2% YoY to 6,071,019 passengers mainly due to 3% YoY ASK capacity cut, as well as the global economic slowdown which dampened demand for travel throughout the year
  - Ancillary revenue stood at RM1.0 billion – 23% contribution of total revenue, with Teleport's rapid expansion set to contribute further to freight and cargo revenue

- Net Operating Loss stood at RM374.0 million mainly attributable to lower revenue and the accounting impact of the adoption of MFRS16

- Loss after Tax recorded at RM489.5 million, on the back of:
  - Higher costs from increase in maintenance costs, higher provision from the sale-and-leaseback transactions
  - Impact from the change in accounting treatment post-implementation of MFRS16
  - A deferred tax charge of RM165.9 million in the year

Key Highlights – FY19

FY19 vs FY18

ASK Capacity

34,880
million

-3%

- ASK Capacity down slightly by 3% as routes with shorter stage lengths were introduced in replacement of longer stage routes

Average Fare

477

Unchanged

- Despite overall slowdown in air travel demand due to global economic slowdown, average base fare remains unchanged at RM477 per passenger

Passengers Carried

6,071,019

-2%

- Down marginally by 2% due to lower demand from 1Q19 through 3Q19
- 4Q19 saw recovery in demands during the year-end travel peak period

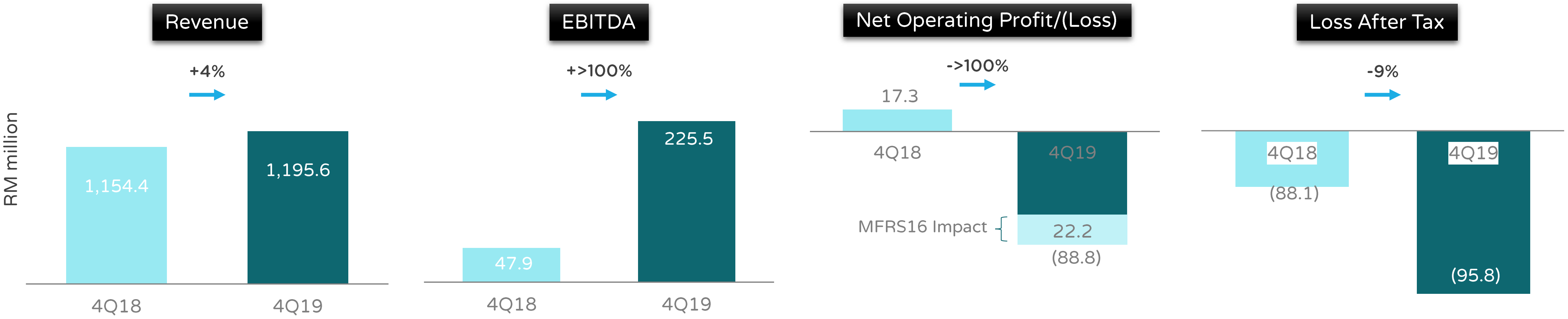
Load Factor

81%

Unchanged

- Maintained at a healthy level of 81% for the year

Key Highlights - 4Q19



- Revenue was up by 4% YoY due to:
  - Higher number of passengers carried– a total of 1,614,764 passengers were carried, an 8% increase from the same period last year
  - Increase in RASK by 3% to 13 sen from 12.60 sen following higher yields from improving routes
  - Scheduled flights revenue increased by 8% YoY
  - Ancillary revenue including freight services improved by 3% YoY to RM268.0 million on the back of investments in data and digitalisation

- Net Operating Loss stood at RM88.8 million mainly attributed by accounting impact from the adoption of MFRS16

- Loss After Tax recorded at RM95.8 million, on the back of:
  - Higher costs accounted for in 4Q19 from maintenance, sale-and-leaseback transactions as well as impact from implementation of MFRS16
  - A deferred tax charge in the period of RM141.3 million

  However, losses were partly offset by:
  - Improved business performance across key metrics as well as lower average fuel prices as compared to 4Q18
  - Foreign exchange gains of RM131.7 million

Key Highlights – 4Q19

4Q19 vs 4Q18

ASK Capacity

9,211
million

+1%

- ASK Capacity up 1% from 4Q18, made possible with the introduction of shorter stage length sectors in replacement to longer stage length sectors
- Sectors flown were up by 5% YoY in 4Q19

Routes

30

+11%

- 5 new routes launched since 1Q19; Fukuoka, Lanzhou, Taipei-Osaka, Tokyo (Narita) & Singapore

Passengers Carried

1,614,764

+8%

- Up by 8% from 1,498,618 passengers in 4Q18
- Improved demands in year-end travel peak period from last year

Load Factor

81%

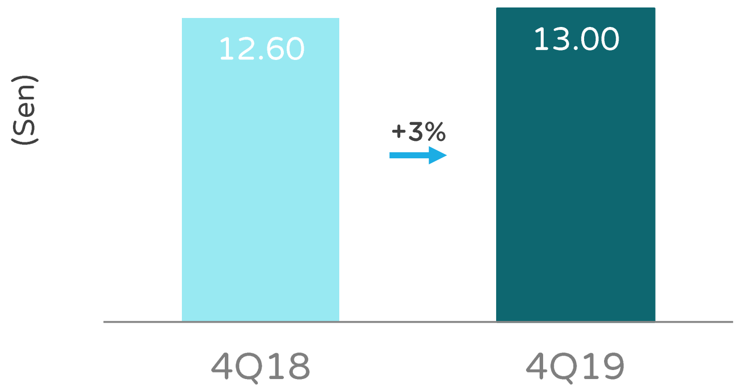
+3ppts

- Improved by 3 ppts on the back of 8% increase in passengers carried and 4% higher seat capacity

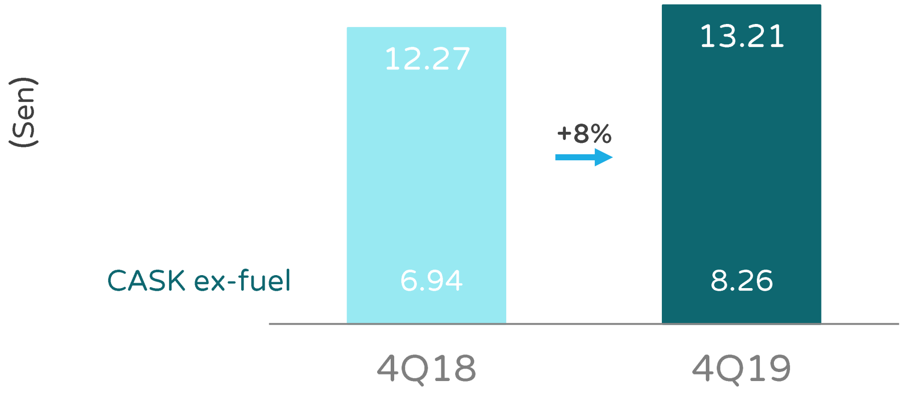
RASK improved 3% YoY, CASK up by 8% YoY

RASK & CASK

Revenue per ASK



Cost per ASK



- RASK was higher YoY at 13.00 sen, primarily attributable to:
  - Higher passengers carried during the quarter compared to 4Q18
  - Improving yields from new routes

- CASK went up by 8% in 4Q19 from 12.27 sen in 4Q18 on the back of:
  - CASK ex-fuel higher by 19% YoY due to increased costs from maintenance, sale-and-leaseback transactions in the past quarters, as well as MFRS16 impact
  - This was slightly offset with average fuel price declining by 8% YoY to USD82/bbl during the quarter

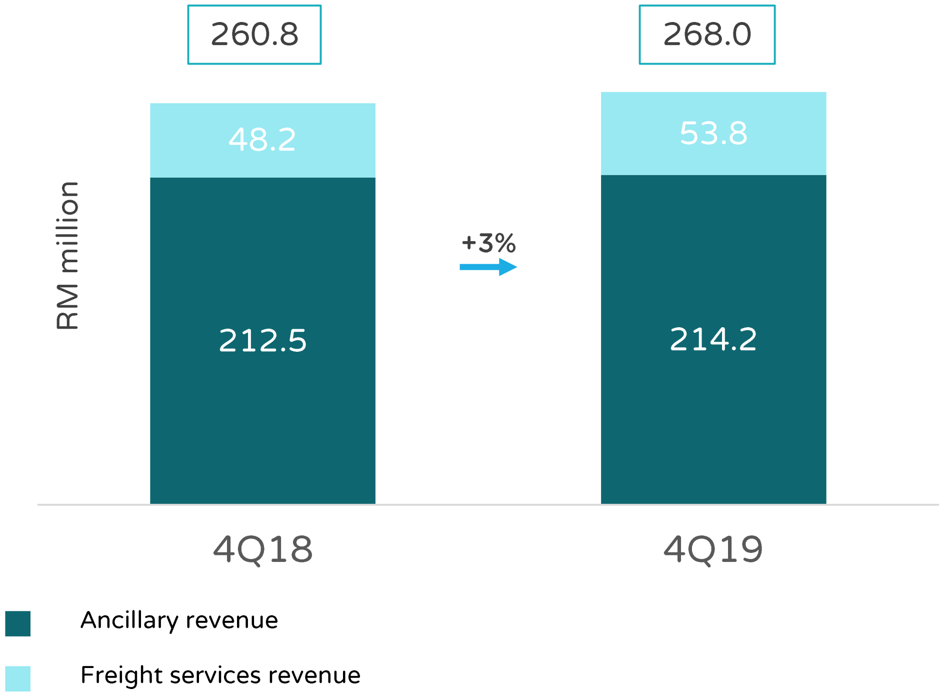
AirAsia X Thailand

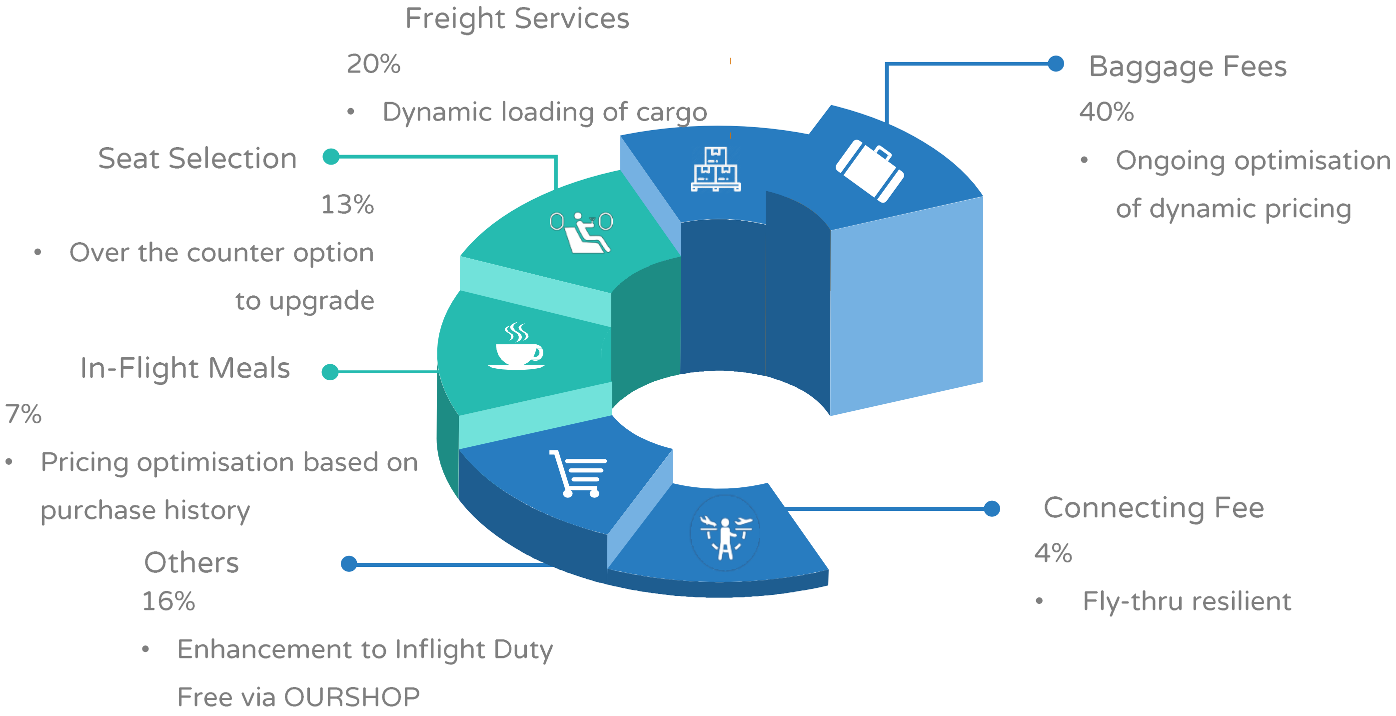
	4Q19	4Q18	%
Passengers Carried	744,414	530,754	40
ASK Capacity (million)	4,080	2,863	43
Load Factor (%)	83	85	(2 ppts)
Average Base Fare (USD)	123	138	(11)
Net Profit/(Loss) (USD '000)	(3,666)	(6,986)	(48)

- Revenue grew 27% YoY to USD120.7 million as ASK capacity grew 43% YoY and passengers carried up 40% YoY
- Capacity growth seen in Thailand due to the addition of 4 aircraft YoY
- In total, 2 new destinations were added in 2019: Brisbane and Fukuoka
- Observes overcapacity in Japanese market from both low-cost and full-service fronts, as well as global economy slowdown
- Strengthening of Baht against the United States Dollar brings impact to demand as well due to higher costs of travelling to Thailand

22% contribution of Total Revenue

Ancillary Performance





- Total ancillary revenue higher by 3% YoY to RM268.0 million, due to:
  - The increase in number of passengers and freight carried in 4Q19 against 4Q18
- Highest growth observed in the following segments:
  - Seat Fees (+23%)
  - Freight services (+12%)
  - RedLounge (+12%)

Ancillary Drive in 4Q19

- Pricing optimisation to enhance baggage take-up rate through route-level pricing
- Change of seat auto-assign period from 24 hours before departure time to 9 hours before departure time to boost seat purchase
- Ongoing development of personalised upsell for Santan meals on top of Value Pack revamp
- Improving insurance take-up through timely prompts in the Add-on section

Priorities: Dealing with Covid-19

Managing Cash Flows & Cost Saving Initiatives

- Covid-19 outbreak poses severe impact as China represents 30% of our capacity
- Routes suspension underway to ease cash flow in this low season
- Potential outright sale of 2 A330 aircraft– gross cash proceeds of up to USD100 million
- Renegotiation of lease reduction across the entire fleet– 30% lease reduction as target
- Renegotiation of lease maintenance reserves
- Aggressive promotional campaigns and FlyThru fee waiver to stimulate air travel demand and boost short-term cash flow
- Short-term aircraft wet lease arrangement in the pipeline

Network Plan

- Addition of short haul routes– TPE-OKA as 3rd route
  - Complement the ongoing network restructuring
- Aggressive capacity management going into 1H20 as we brace for headwinds from Covid-19
  - More than 600 flight cancellation in March 2020
- Cancellation of non-profitable routes
  - Tianjin, Lanzhou, Jaipur and more to come

Other Cost-Saving Initiatives

- Seeking early return of 5 leased aircraft
- Airport charges renegotiation across all stations
- Renegotiation of contracts with all business partners and vendors

Outlook

Change of Business Plan

- Delivery of new A330neo aircraft to be deferred on the back of impact stemming from the Covid-19 outbreak
- Moving towards dual fleet-type strategy with A321 set to replace A330 for medium-haul thin routes or current routes between 4 – 6 hours when market recovers
- The current A330 aircraft will continue to service routes that exceed 6 hours

Fuel Hedging: Protecting the future

AirAsia X	2020			
	1Q	2Q	3Q	4Q
Current Hedge Ratio	80%	71%	70%	74%
Average Brent Hedge (USD)	60	60	58	60

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OPERATIONAL HIGHLIGHTS

	Key Indicators	4Q19	4Q18	▲ %	FY2019	FY2018	▲ %
Operational	ASK (millions)	9,211	9,162	▲ 1	34,880	36,047	▼ (3)
	Aircraft	39	35	▲ 11	39	35	▲ 11
	Sectors flown	5,305	5,071	▲ 5	19,837	20,220	▼ (2)
	Fuel consumed (Barrels)	1,341,320	1,313,713	▲ 2	5,081,836	5,223,409	▼ (3)
	Average Fuel Price (USD/Barrel)	82	89	▼ (8)	80	89	▼ (10)
Passenger	RPK (millions)	7,496	7,168	▲ 5	28,366	29,111	▼ (3)
	Seat Capacity	1,994,635	1,911,767	▲ 4	7,459,069	7,622,940	▼ (2)
	Passengers Carried	1,614,764	1,498,618	▲ 8	6,071,019	6,617,465	▼ (8)
	Load Factor (%)	81	78	▲ 3ppts	81	81	● 0ppt
Financial	RASK (US Cents)	3.12	3.02	▲ 3	3.03	3.04	● 0
	CASK (US Cents)	3.17	2.94	▲ 8	3.10	3.18	▼ (3)
	CASK Ex-Fuel (US Cents)	1.98	1.66	▲ 19	1.94	1.93	▲ 1

(1) Fleet distribution for AirAsia X Group includes 24 aircraft for AirAsia X Malaysia, 13 aircraft for AirAsia X Thailand (including 7 aircraft which are on direct third-party lease to AirAsia X Thailand) and 2 aircraft for AirAsia X Indonesia

FINANCIAL HIGHLIGHTS

RM mn	4Q19	4Q18	▲ %	FY2019	FY2018	▲ %
Revenue	1,195.6	1,154.4	▲ 4	4,392.6	4,571.3	▼ (4)
EBITDA	225.5	47.9	▲ >100	830.9	(76.7)	▲ >100
Net Operating Profit/(Loss)	(88.8)	17.3	▼ (>100)	(374.0)	(218.8)	▼ (71)
Profit/(Loss) Before Tax	42.8	30.6	▲ 40	(324.1)	(226.7)	▼ (43)
Taxation	(138.6)	(118.7)	▼ (17)	(165.4)	(74.8)	▼ (>100)
Profit/(Loss) After Tax	(95.8)	(88.1)	▼ (9)	(489.5)	(301.5)	▼ (62)
Basic EPS (sen)	(2.3)	(2.1)	▼ (10)	(11.8)	(7.3)	▼ (62)
EBITDA Margin (%)	18.9	4.15	▲ 15ppts	18.9	(1.7)	▲ 21ppts
EBIT Margin (%)	(1.3)	2.9	▼ (4ppts)	(2.1)	(4.5)	▲ 2ppts