AirAsia X Berhad

Analyst Deck

Quarter ended 31 March 2024

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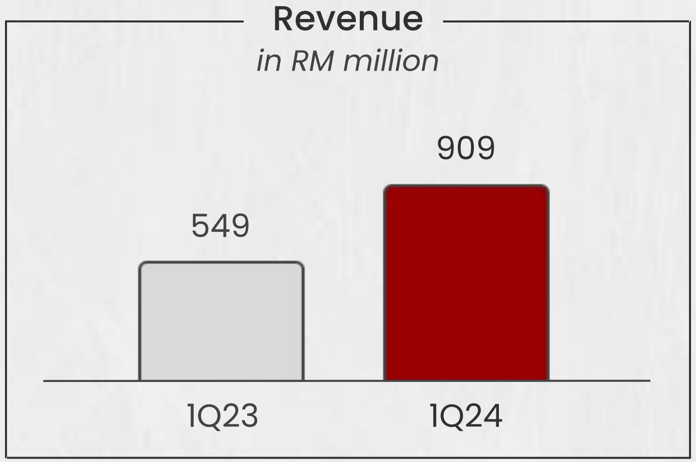
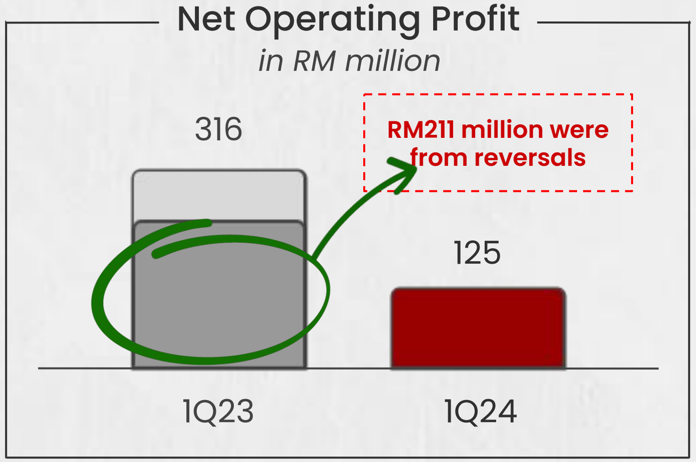
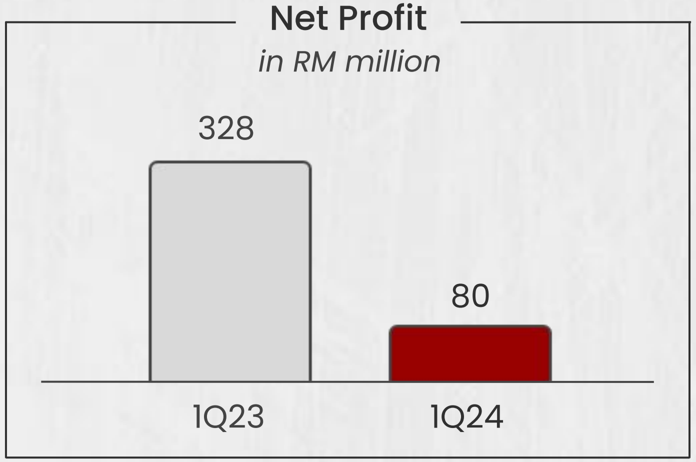
Financial & Operational Highlights

1Q24 Key Financial Highlights

Revenue registered uptick and profit margin stands over 8% in as unit cost healthy at US¢2.95







- **Revenue stood at RM908.9 million** in 1Q24, showing a **66% growth YoY**
  - **Scheduled flights revenue grew by 60% YoY** to RM623.9 million (1Q23: RM389.2 million) while **ancillary revenue surged by 95% YoY** to RM240.6 million (1Q23: RM123.3 million) on the back of **increased capacity** and **passenger takeup**
  - **Revenue from freight services up close to 45% YoY** to RM42.8 million (1Q23: RM29.5 million) driven by **higher belly capacity**

- **Net operating profit at RM125.3 million** in 1Q24, against an **RM211 million worth of reversal on provision for tax exposure on investment in joint venture and travel vouchers that bolstered 1Q23**'s net operating profit
  - **Normalised** 1Q23 net operating profit stood at RM105 million, and **1Q24 net operating profit would have increased by 19% YoY**

- **Net profit resilient at RM80.1 million** with **unit cost robust at 13.93 sen/US¢2.95** – profit **margin over 8%** and **TAAX posted net profit of RM46.4 million** for 1Q24

1Q24 Key Operational Highlights

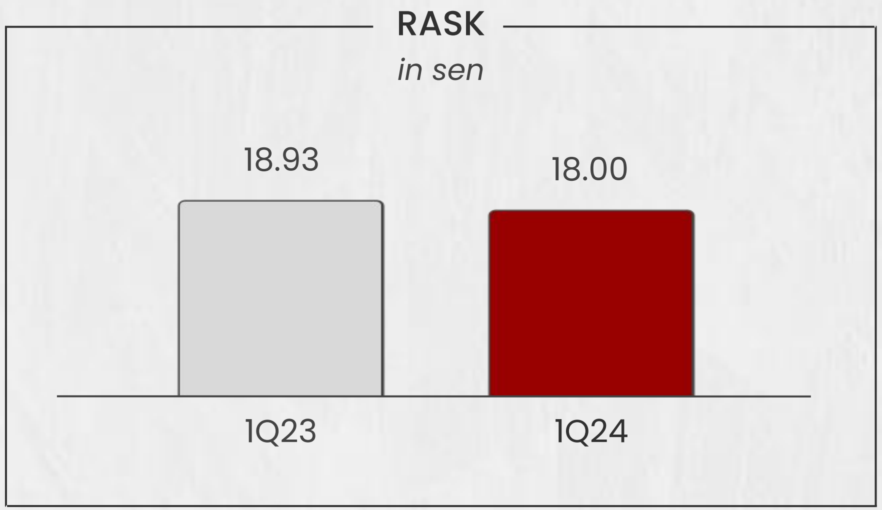
Passenger take-up tracks network recovery, posted record strong ancillary RPP at RM251 – CASK strong at US¢2.95

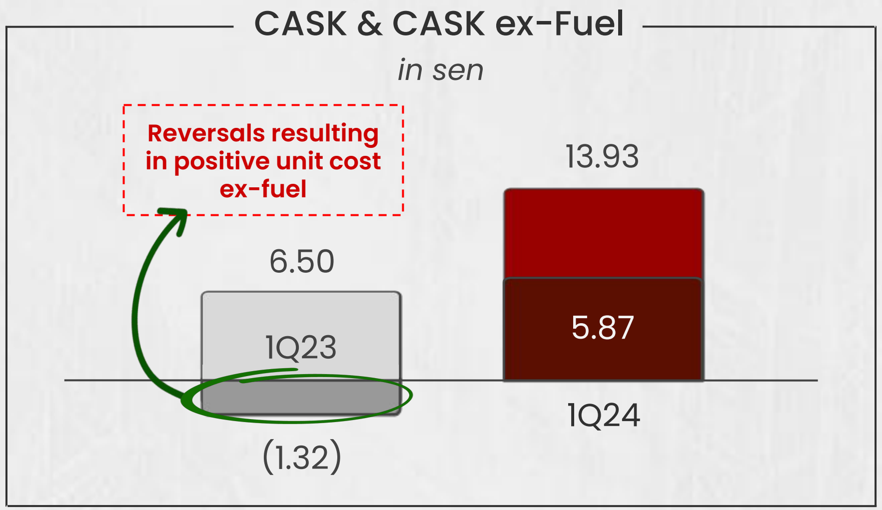
	1Q24	1Q23	▲▼	YoY
Passengers Carried	959,623	504,476	▲	90%
Load Factor	83%	80%	▲	+3 ppts
Average Fare (RM)	650	785	▼	-17%
Sectors Flown	3,184	1,721	▲	85%

- The number of **passengers carried showed 90% boost YoY** to over 959,000 passengers
    - Load factor is healthy at 83%, up by 3 percentage points YoY despite an 83% increase in seat capacity over the last 12 months – signifying that the **demand in the market is sustained**
- **Average fare stood at RM650**, while **ancillary revenue per passenger strong at RM251,** driven by new product offerings optimised for the markets
- **Sectors flown increased by 85% YoY at 3,184** (1Q23: 1,721 sectors), driven by network expansion, tracking the increase in the **number of operational aircraft grew to 16 aircraft** over the past one year (1Q23: 9 aircraft), and eventually boosting **ASK capacity up 74% YoY** to 5,039 millions for the quarter ended March 2024
- CASK is healthy at **13.93 sen/US¢2.95** amidst costs related to operational growth, **remains lowest among peers**

RASK against CASK

RASK continues to outperform CASK, which is robust and lowest among peer airlines



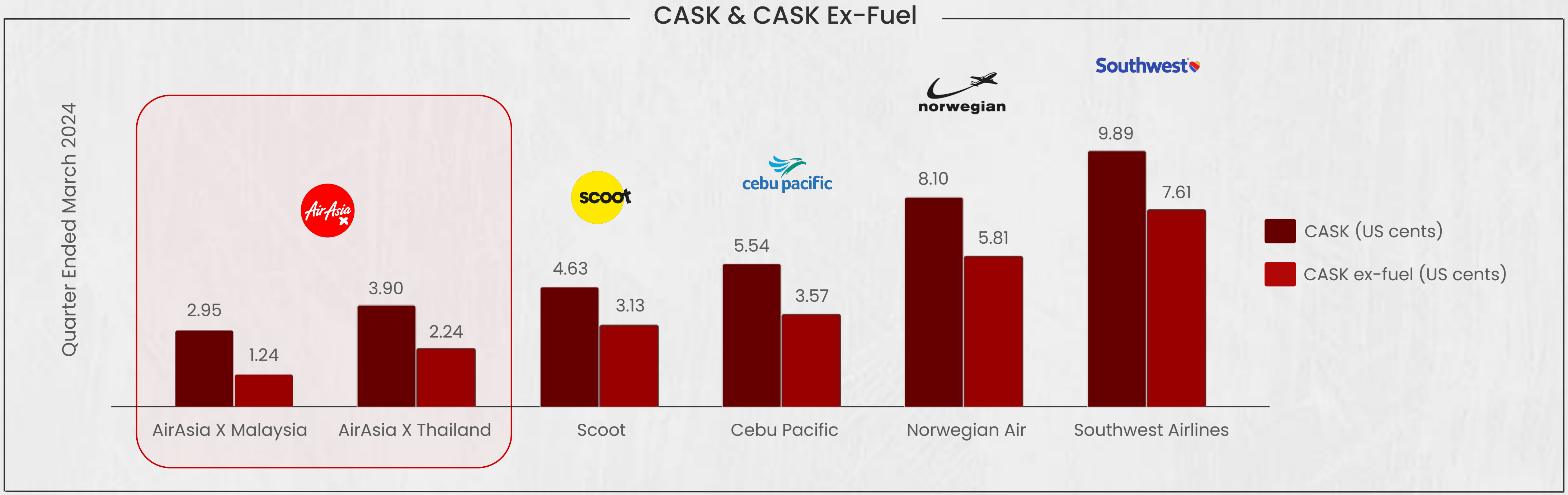


- **RASK tapered by 5% YoY to 18.00 sen** as **capacity returned** across the industry
  - Compared to the previous quarter, **RASK proved healthy as it grew by 5% QoQ** from 17.15 sen in 4Q23

- **CASK recorded 13.93 sen** largely due to **rapid operational growth** over the last 12 months, leading to **natural increase in its operating expenses**
  - Against the previous quarter, **CASK improved over 11% QoQ** ended December 2023 due to the **lower operating expenses** as of jet fuel prices eased, and further **buoyed by the hike in ASK** capacity
  - CASK remains **lowest among peer airlines**, evidencing the lean cost structure

Lowest Unit Cost among Peers

Keeping our cost low with high utilisation, lean cost structure and natural currency hedges

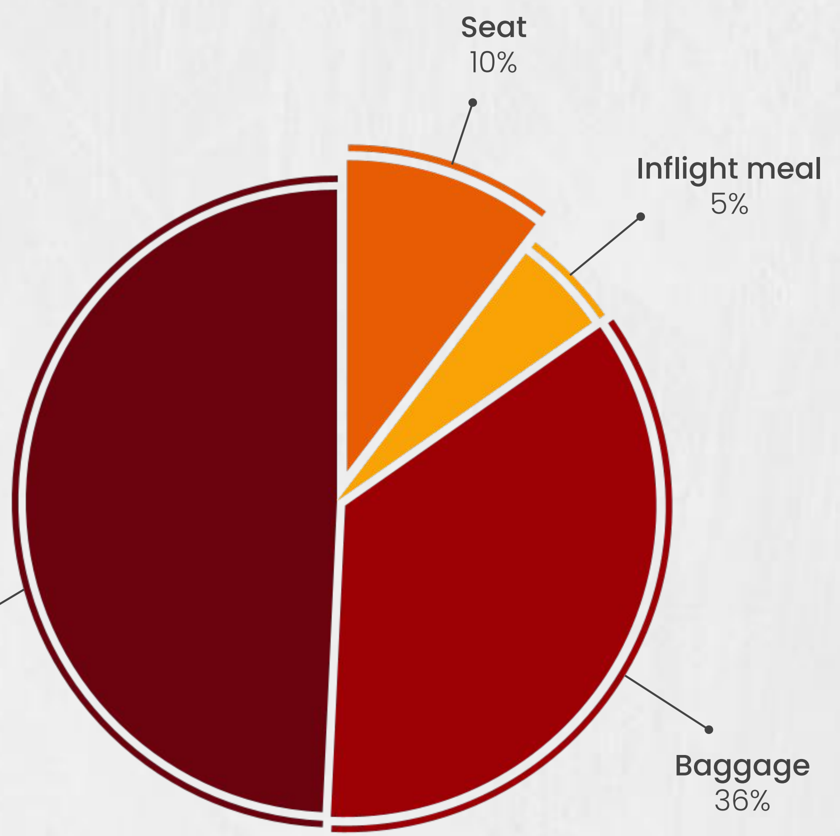


- The AirAsia X Group maintains its leadership in cost structure as **CASK & CASK ex-fuel remains the lowest among peer airlines**
  - **High utilisation and efficiency at up to 15 hours per day** remains core of what we do best - keeping cost low;
  - Opex increased over past one year due to **ramp-up of operations**, but remains carefully managed;
  - USD appreciation against the MYR is monitored to the minute, and is **mitigated with the natural currency hedges as close to 60% revenue is received in foreign currencies**

Ancillary Performance Strong, Up 95% YoY

Ancillary revenue maintains its imperative role of boosting the airline's revenue streams

Ancillary Revenue Breakdown



- Representing **27% of total revenue**, ancillary recorded RM240.6 million, **surging by 95% YoY in line with the increase in number of passengers** - driven by seat selection and baggage take-ups:

Seat RPP* was **up by 92%** YoY	Baggage RPP **up by 52%** YoY	Inflight meal RPP **up by 61%** YoY

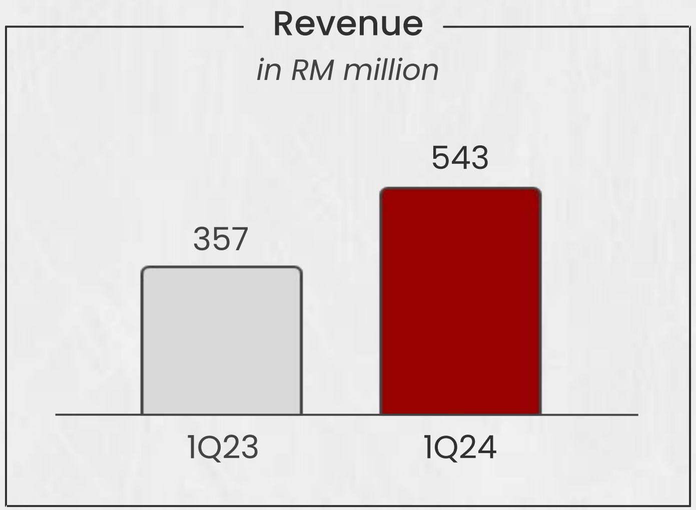
- **Ancillary revenue per passenger is strong at RM251** - the highest record charted to date
- Forward strategy is to drive ancillary income further via **(i) platform enhancements, (ii) pricing optimisation with personalised marketing** and **(iii) evolving new products and partnerships**

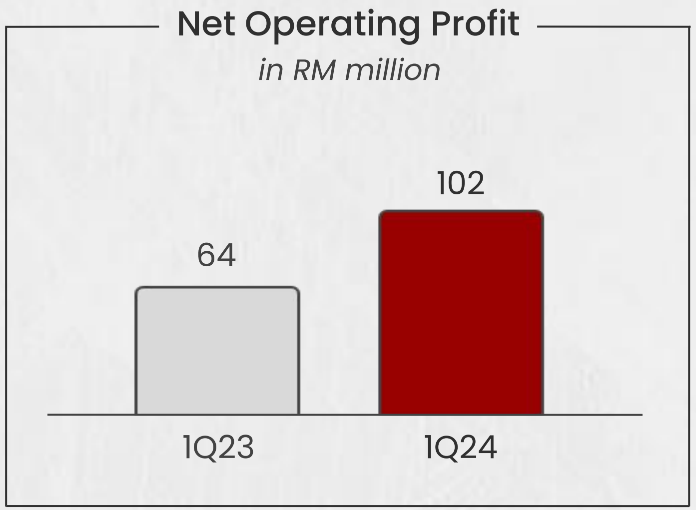
* Revenue per passenger

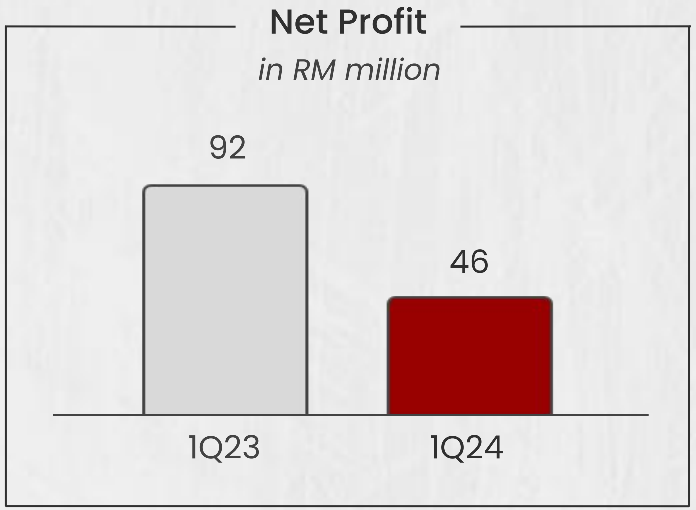
Associate Performance: TAAX

Associate: TAAX Financial Highlights

Revenue outperforms pre-pandemic era even at 60% aircraft capacity - more to come in the horizon







- **Revenue increased by 52% YoY** to RM543.4 million in 1Q24 and **exceeded pre-pandemic revenue by 7%** - commendable considering that TAAX is **not operating at full capacity** yet
- **Net operating profit grew by 60% YoY** to RM102.2 million on the back of **operational recovery**, and supported by **improved fuel price environment** in 1Q24
- **Net profit stood at RM46.4 million**, down by 50% YoY on the back of **foreign exchange loss of RM55.8 million**; when normalised, **TAAX would have posted a net profit of RM102.2 million, up by 11% YoY**

Associate: TAAX Operational Highlights

Key operational metrics maintained upwards climb as operational recovery remains underway

	1Q24	1Q23	▲▼	YoY
Passengers Carried	437,764	289,813	▲	51%
Load Factor	89%	88%	▲	+1 ppt
ASK Capacity (millions)	2,199	1,601	▲	37%
Sectors Flown	1,329	889	▲	50%

- **Passenger Load Factor strong at 89%**, driven by the number of **passengers carried rising by over 50%** amounting to 437,764 passengers - direct result of **robust demand boosted by peak travel season**
- **ASK capacity increased by 37% YoY** to 2,199 millions on the back of **network recovery** as **additional flights and frequencies** were established over the past one year
- Compared to last year, **sectors flown grew by 50% to 1,329 sectors** in 1Q24 as number of operational and activated aircraft increased and more destinations were relaunched

Confidential

Network Updates

Network Review

Maintaining focus on core markets with more exciting connectivity to be introduced this year

- Now serving **22 destinations by May 2024** including seasonal frequency to Kota Kinabalu

- China routes progressively increased to **25x flights per week** in May 2024
  - High-performing routes, with **mid-90% load factor** across the board
  - Further boost expected with the announcement of **extension for visa-free travel policy until the end of 2025**

- Latest market in Kazakhstan has been charting encouraging load factor of over 90%
- AirAsia X expects to announce even more connectivity to other markets this year

AirAsia X's Outlook

Tapping into our Current Prospects

Key Focus for AirAsia X in the immediate future

AirAsia X

Network Plan

- Focusing on **enhancing network across more regions** where **connectivity is limited**, with demands that are high and profitable
- Build on **market leadership** as a foreign carrier expanding into China routes with the visa-free travel policy extension until the end of 2025, with aim to **maintain the current PLF of over 90%** in the market

Fleet Plan

- Focuses on **reactivation of the remaining two aircraft**, while ensuring that **aircraft utilisation is maximised** to meet all network requirements meanwhile
- **Preparation for the incoming delivery of the orderbook** which opens up **new range of opportunities** with **reduced costs** for the airline, **maximising the profit margin**

Commercial Plan

- **Ancillary revenue projected to grow further** with improved offerings aligned with fine-tuned pricing
- Ongoing targeted marketing and optimisation initiatives via airasia.com and SANTAN, with focuses on elevating **FlyThru traffic** and incorporation of **new products and partnerships** for inflight offerings respectively

Corporate Focus Areas

- Maintaining the position of **shareholders' equity and cash balances** - prudent management at all times
- **Engaging with Capital A Berhad** to progress the Company's **growth ambitions for the years to come** - expected to complete by end of the year

Safeguarding our Growth Ambitions for Future

Proposed acquisition of Capital A's aviation business to establish a low-cost network carrier - from Asean to the world

AirAsia X ⟷ AIRBUS

As part of the Debt Restructuring in 2021, AirAsia X renegotiated its contracts with Airbus;

In view of its financial position, (i) the aircraft orderboook was the **downsized to 15 A330neo and 20 A321XLR** and (ii) delivery timeline was **deferred until 2026**

While necessary at the time, AirAsia X is limited in expansion ambitions in the immediate term as world over, demand for additional aircraft capacity is on all-time high

It is critical that AirAsia X can **access immediate fleet growth through Capital A's existing orderbook**

With delivery between 2024 and 2035 - we can ensure the continued growth and expansion of all airlines under the AirAsia brand are guaranteed

We can avert scenario of (i) fleet stagnation and (ii) losing out on market leadership

Establishing AirAsia Group – winning as One

An enlarged airline group ensures market share and competitive edge by uniting as a larger entity within Asean

Formally recognised as the largest Low-Cost Carrier in Asean

Combine orderbook for the airlines to grow in this limited supply environment

Improve fleet, network, schedule and revenue management efficiency

Streamline engineering and ground handling contracts for cost efficiency - cost savings with better payment terms

Better credit strength and fundraising capacity

Thank You

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