AirAsia X Berhad

Analyst Deck

Quarter ended 30 June 2024

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Takeaways & Overview

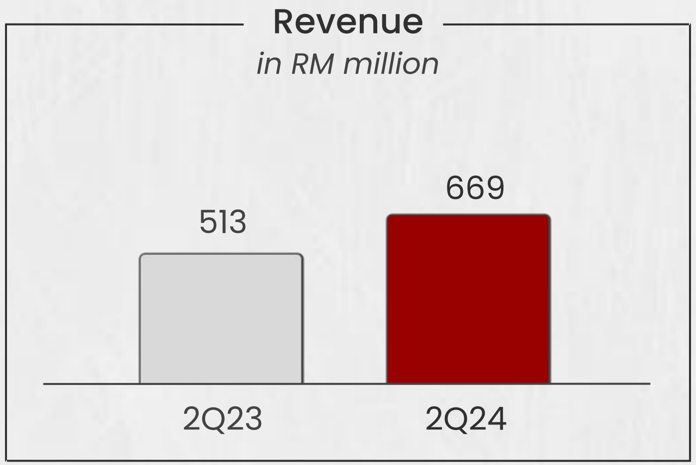
Key Takeaways

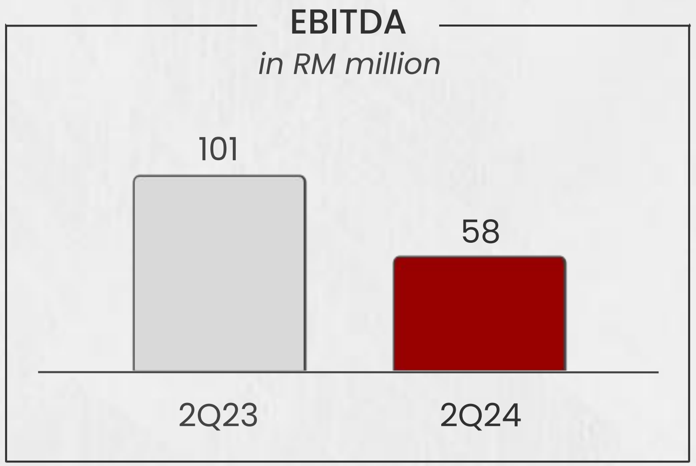
- **Revenue surged 30% YoY to RM669.1 million in 2Q24,** on the back of following a hike in the number of passengers carried and strong growth in ancillary income of close to 50% YoY, despite **second quarters traditionally being the weakest** and **before full activation of its 18-aircraft fleet**
- **EBITDA strong at RM58.4 million** despite higher operating expenses in line with ramp-up in operations as 16 aircraft were operational during the quarter and **one-off reversal of other operating expenses recorded in 2Q23**
- **Net Profit recorded RM4.8 million** for the quarter primarily due to **depreciation of the MYR against the USD** and marginally **higher jet fuel price** - recorded the **8th consecutive quarterly net profit** and expect **further upside in the coming quarters with strengthening of the MYR against the USD**
- **Ancillary revenue per passenger stellar at RM248 per passenger** driven by the continuous improvements and fine-tuning of various products and services and improved utilisation of data
- **Back to the AirAsia DNA of growth** - network realignment on track with the strong introduction of Almaty and next, Nairobi - **collaboration with the wider group of AirAsia airlines flourishing with FlyThru connectivity rate strong at 22%**
- Expect our **two remaining aircraft to rejoin operations by the second half of the year** and this is **estimated to deliver further upside to bottom line, further driven by the appreciation of the Malaysian Ringgit and lower jet fuel prices**
- Significant **progress on Proposed Acquisitions** - submitted draft Circular to Bursa for review as of earlier August 2024; **upon approval by Bursa, EGM shall take place in 21 days** - **fundraising of up to RM1 billion well underway**
- **TAAX posted impressive Net Profit of over RM11 million** and **average base fare impressive at RM727 per passenger** with further upside to come as more aircraft were added in the coming quarters - **total 9 aircraft in 3Q24 and ending the year with 10 aircraft**

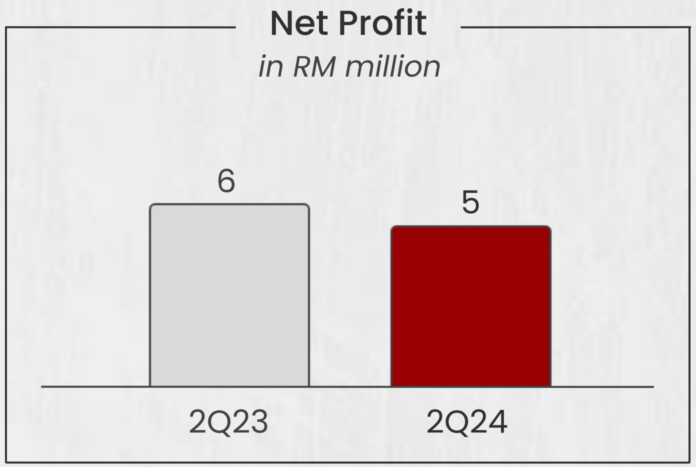
Financial & Operational Highlights

2Q24 Key Financial Highlights

Financial Highlights for Quarter ended 30 June 2024







- **Revenue surged 30% YoY** to RM669.1 million in 2Q24, on the back of: -
  - **Scheduled flights revenue increasing by 22%** to RM403.2 million following a hike in the number of passengers carried
  - **Ancillary revenue grew by close to 50%** while **freight services revenue went up by 35%** compared to the same period in 2023

- **EBITDA strong at RM58.4 million** against RM100.5 million last year **despite higher operating expenses in line with ramp-up in operations** as 16 aircraft were operational during the quarter (*2Q23 : 11 operational aircraft*) and **one-off reversal of other operating expenses recorded in 2Q23**

- **Net Profit recorded RM4.8 million** for the quarter, lower than RM5.5 million in 2Q23 primarily due to depreciation of the MYR against the USD and marginally higher jet fuel price - **recorded the 8th consecutive quarterly net profit and expect further upside in the coming quarters with strengthening of the MYR against the USD**

- **Significant progress on Proposed Acquisitions** - submitted draft Circular to Bursa for review as of earlier August 2024; **upon approval by Bursa, EGM shall take place in 21 days**

2Q24 Key Operational Highlights

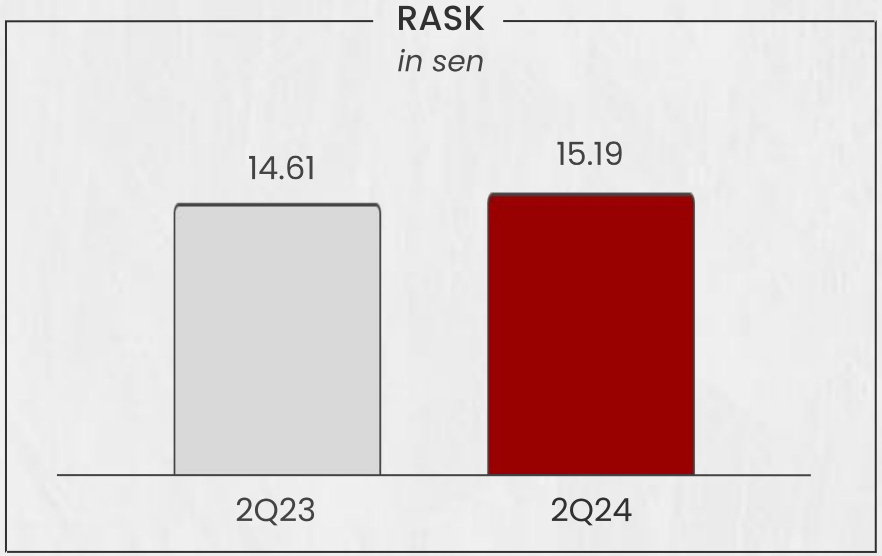
Passenger Load Factor healthy at 83% notwithstanding softer travel season

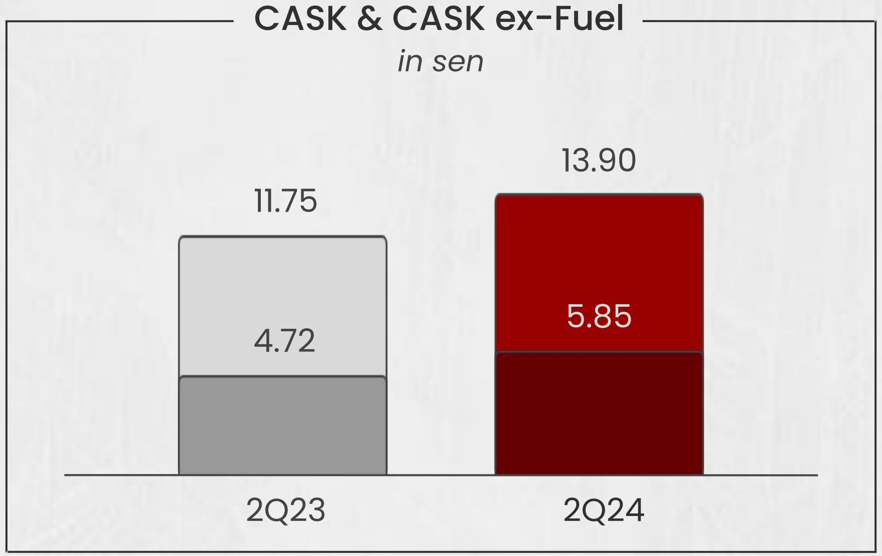
	2Q24	2Q23	▲▼	YoY
Passengers Carried	880,265	621,984	▲	42%
Load Factor	83%	76%	▲	+7 ppts
Average Fare (RM)	458	533	▼	-14%
Sectors Flown	2,916	2,234	▲	31%

- With a total of 880,265 in 2Q24, **passengers carried grew by 42% compared to the previous year** as the Company ramped up its capacity from 11 aircraft operational to **16 operational aircraft in 2Q24**
- **Passenger Load Factor healthy at 83%** and **surpassed the 2019 level by 3 percentage points**, with top routes trending close to 90% PLF in China, India and Japan regardless of **second quarters being traditionally soft**
- **Average fare lower by 14% YoY at RM458** for the quarter in line softer travel season during the traditionally weakest quarter in the year.
- **Sectors flown grew by 31% YoY** on the back of the **increase in number of destinations served and flight frequencies** across the network over the last 12-month period

RASK against CASK

RASK continued to outperform CASK as cost structure remains disciplined





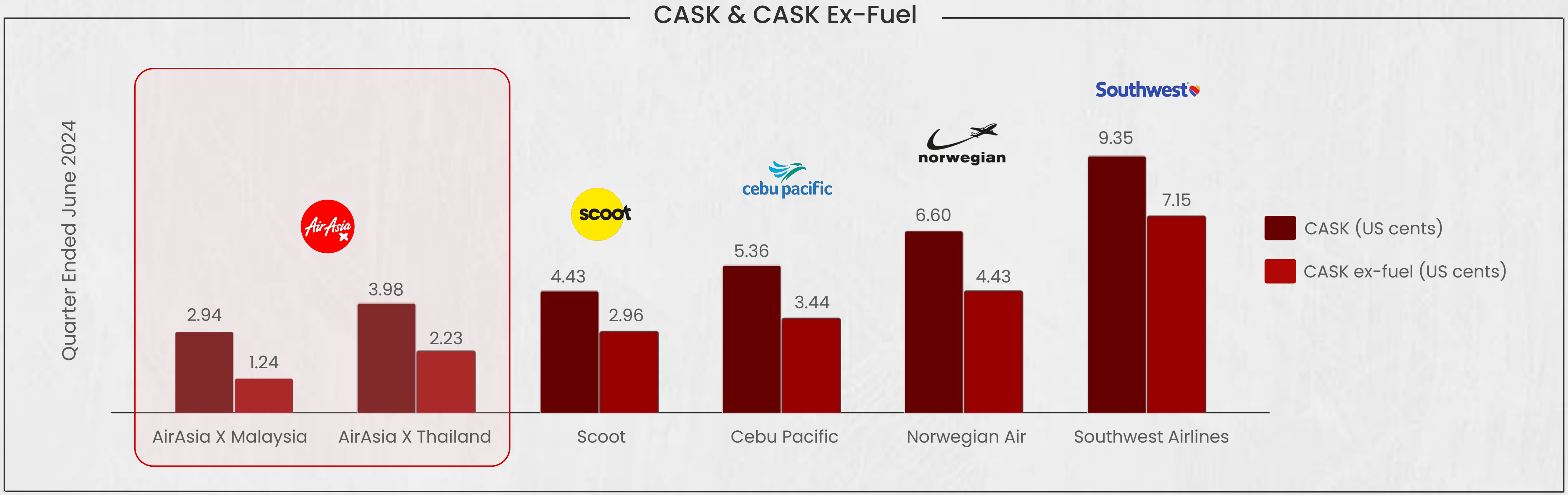
- ❖ **RASK improved by 4% higher YoY** to 15.19 sen in 2Q24 even with a **25% YoY growth in ASK** due to:-
  - ➢ **30% surge in revenue and**;
  - ➢ **42% higher take-up in the number of passengers carried** during the quarter under review

- ❖ **CASK recorded to 13.90 in 2Q24** compared to 11.75 sen in 2Q23 due to:-
  - ➢ **Total operating expenses up by 40% YoY** driven by higher operating expenses in line with ramp-up in operations
  - ➢ Ex-fuel, unit cost is healthy at 5.85 sen and lower against preceding quarter with lower quarter-on-quarter total operating expenses

- ❖ The Company's CASK and CASK ex-fuel **continued to outperform peer airlines** for 2Q24 at **US¢2.94 and US¢1.24 respectively**

Lowest Unit Cost among Peers

Keeping the cost low with high utilisation, and natural currency hedges

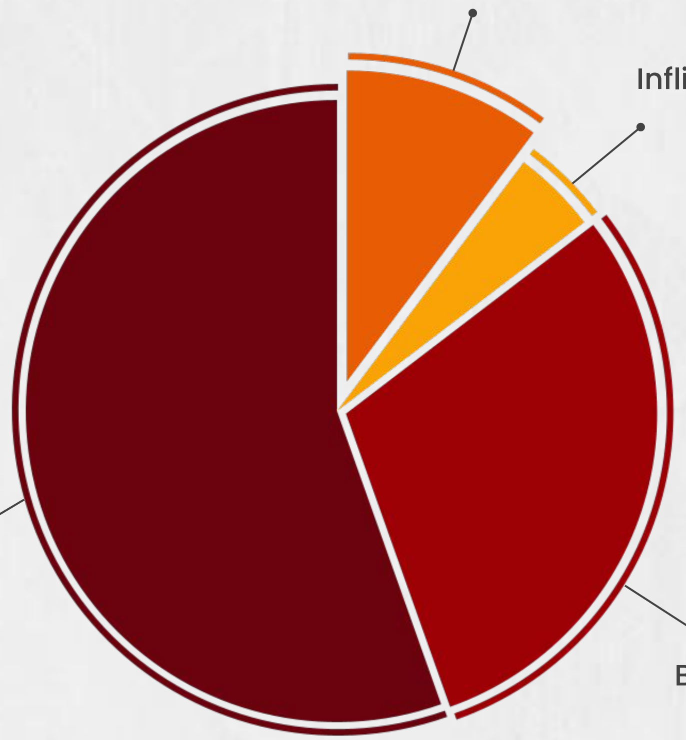


- The AirAsia X Group maintains its leadership in cost structure as **CASK & CASK ex-fuel remains the lowest among peer airlines**
  - **High utilisation and efficiency at up to 15 hours per day** remains core of keeping cost low
  - **Prudent management** of operating expenses despite **ramp-up of operations**
  - USD appreciation against the MYR **mitigated with the natural currency hedges as about half of total revenue is received in foreign currencies** - encouraged by the **recent USD/MYR rates as well as jet fuel price** movement

Ancillary Performance

Ancillary revenue robust as ever, posting ancillary RPP* at RM248 and contributing over 30% of total revenue

Ancillary Revenue Breakdown



- Ancillary revenue contributed close to 33% of the total revenue at RM218.2 million in 2Q24:-
  - Driven by number of passengers carried surging by 42% YoY, and boosted by the diligent fine-tuning of its products, services and user experience
  - Ancillary revenue per passenger up by 5% YoY to RM248 per passenger

Seat was up 37% YoY, in line with the increase in the passengers carried

Inflight meal went up 22% YoY, as menu selection and personalisation experience were improved

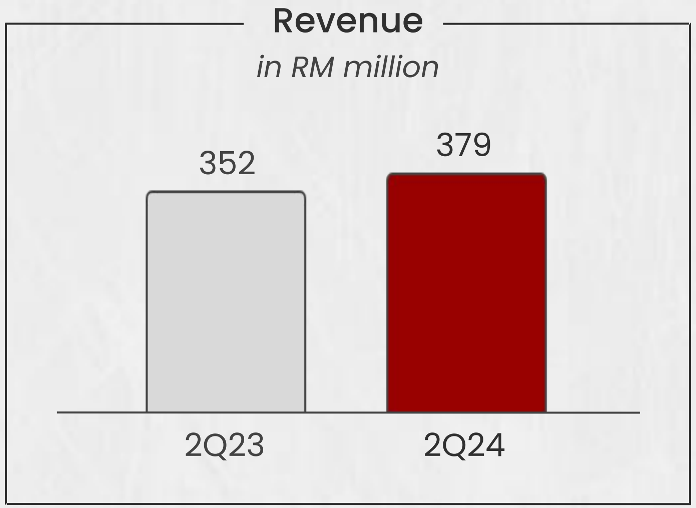
Baggage was up 21% YoY driven by the increase in the number of passengers over the past year

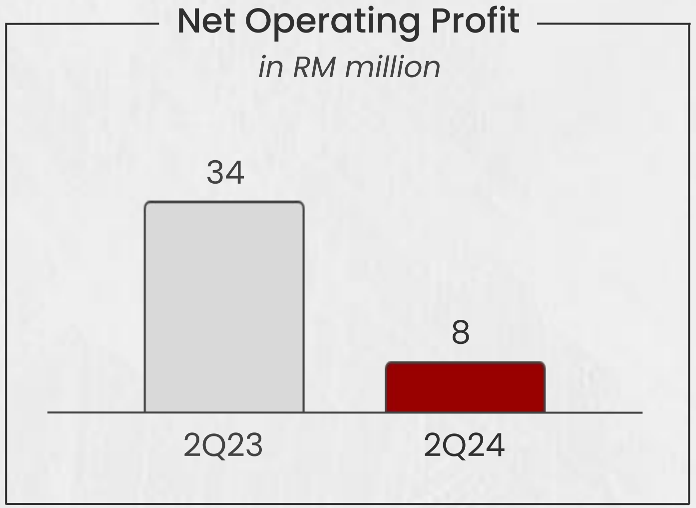
* Revenue per passenger

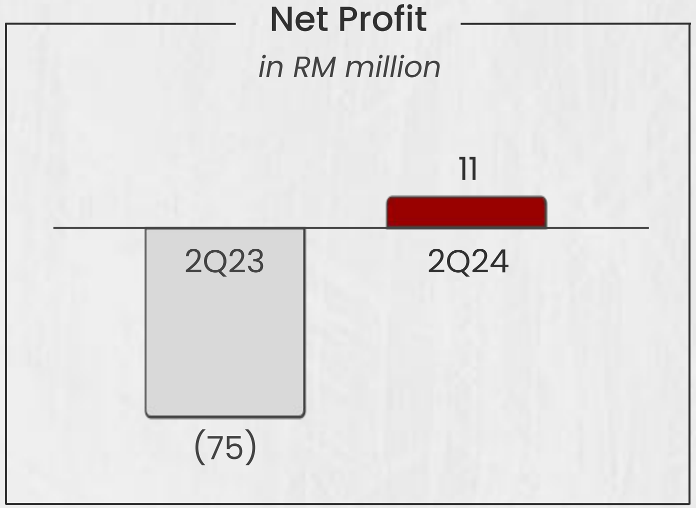
Associate Performance: TAAX

Associate: TAAX Financial Highlights

Net Profit of RM11.1 million with Average Fare healthy at RM727







- ❖ **Revenue was up 8% YoY to RM378.9 million** for 2Q24, attributable **number of passengers carried increasing** by 16% YoY
- ❖ **Net Operating Profit stood at RM7.6 million** against RM33.6 million in 2Q23, due to:-
  - ➢ **Ramped-up operations** driving up maintenance and overhaul expenses and aircraft fuel expenses
  - ➢ **Increase in staff costs** in line with operational requirements
- ❖ **Net Profit of RM11.1 million** in 2Q24, **against a net loss position in 2Q23** despite higher total operating expenses this year as **fare trends strong at RM727 per passenger**

Associate: TAAX Operational Highlights

Operational Metrics for Period Ended 30 June 2024

	2Q24	2Q23		YoY
Passengers Carried	362,596	311,337	▲	16%
Load Factor	84%	78%	▲	+6 ppts
ASK Capacity (millions)	1,870	1,805	▲	4%
Sectors Flown	1,156	1,080	▲	7%

- **Load factor charted 84%** for the quarter, **up by 6 percentage points compared to the previous year**
- Total **number of passengers carried increased over 16% YoY** at 362,596 in 2Q24, **outperforming the 7% YoY increase in seat capacity** for the quarter, signalling soundness of demands in the market
- **ASK capacity up by 4% YoY** from 1,805 million in 2Q23 to 1,870 million in 2Q24 **on the back of the increase in number of sectors flown** at 1,156 in 2Q24

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Network Updates

Network Plan

Rebuilding market leadership with expansion of network old and new

- Now serving **23 destinations by August 2024**
  - **Ramping up frequencies into China and Saudi Arabia** with the recent flight launched to **Changsha in July and Medina in August**
- **China routes continue to deliver with 39x flights per week** in August 2024
  - Showing an encouraging return in the network with **flights into China regularly charting over 90% PLF**
- New market in **Almaty robust with load factor trending around 90% since inaugural** in March 2024 - a pivotal and **thriving launchpad in Central Asia**
- Recently announced network expansion into **Chongqing in China** and **Nairobi in Kenya** which serves as a **whole-new gateway into the bucket-list region**

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AirAsia X's Outlook

Tapping into our Current Prospects

Key Focus for AirAsia X in the immediate future

Network Plan

- Focusing on enhancing network across more regions where connectivity is limited, with demands that are high and profitable
- Rebuilding capacity for the year with launch of more routes in core markets as well as venturing into unique markets with the newly-launched route to Nairobi, Kenya and more to come

Fleet Plan

- Focuses on full fleet reactivation by year end, 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

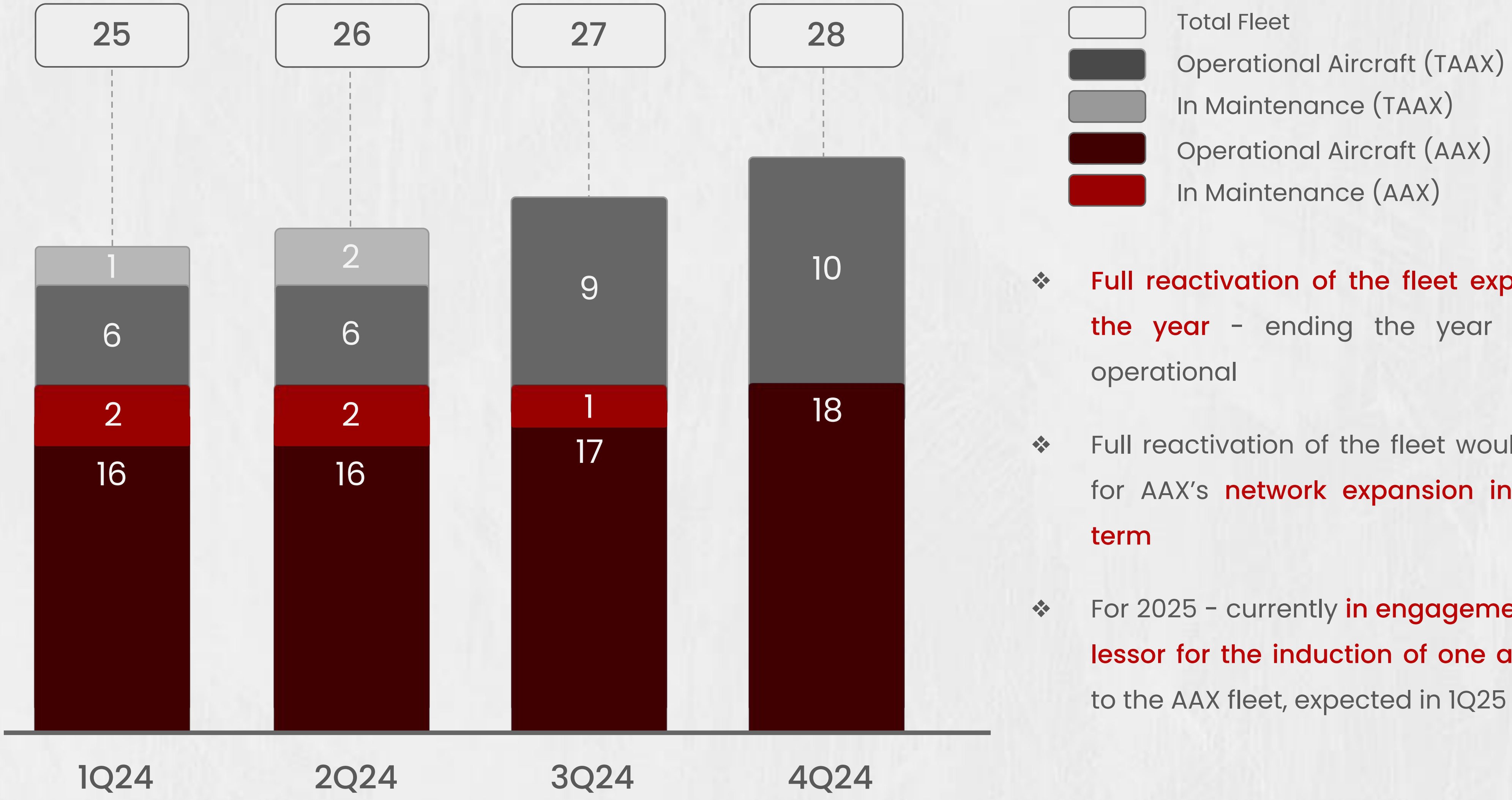
- Ancillary revenue projected to grow further with improved offerings aligned with fine-tuned pricing and personalisation strategy
- Ongoing targeted marketing and optimisation initiatives via airasia.com and SANTAN, with focuses on elevating FlyThru traffic and incorporation of new products and partnerships

Corporate Focus Areas

- Engaging with Capital A Berhad to progress the Company's growth ambitions for the years to come - Proposed Acquisitions expected to complete by end of the year
- Having a full spectrum of the fleet across the Group and potentially gaining a wider network plan and centralised decision-making platform

Fleet Plan

Full reactivation of all aircraft by end of 2024



- **Full reactivation of the fleet expected by end of the year** – ending the year with 18 aircraft operational
- Full reactivation of the fleet would be final hurdle for AAX's **network expansion in the immediate term**
- For 2025 – currently **in engagement with identified lessor for the induction of one additional aircraft** to the AAX fleet, expected in 1Q25

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

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 orderbook 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

Beginning of a New LCC Dream – 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

Connect with us at aax_ir@airasia.com