

The AirAsia logo is a red circle with the text "AirAsia" written in white, cursive script. It is centered in the middle of the slide, overlapping several of the background patterns.

AirAsia

AirAsia Berhad Asia Aviation PCL

Second Quarter 2013
Analysts Presentation

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1H13

Key Financial Highlights

1H13 Results - Key Highlights



- ❑ **Revenue**
 - Malaysia - RM 2.55 billion up 8% y-o-y
 - Thailand* - THB 11.39 billion up 22% y-o-y
 - Indonesia - IDR 2,620.71 billion up 38% y-o-y
- ❑ **Operating profit**
 - Malaysia - RM 495.11 million up 16% y-o-y
 - Thailand* - THB 1.65 billion up 79% y-o-y
 - Indonesia - IDR 129.63 billion up 39% y-o-y
- ❑ **Net Profit performance**
 - Malaysia - RM 163.14 million down 50% y-o-y (due to unrealised impact of RM/USD exchange rate movement)
 - Thailand* - THB 1.24 billion up 73% y-o-y
 - Indonesia - IDR 53.02 billion up 892% y-o-y
- ❑ **AirAsia Berhad recognised more profits in its associates and JV companies:-**
 - RM50.21 million
- ❑ **Continue to maintain high margins**
 - Malaysia - EBIT Margin : 19% ; EBITDAR margin : 35%
 - Thailand* - EBIT Margin : 14% ; EBITDAR margin : 29%
 - Indonesia - EBIT Margin : 5% ; EBITDAR margin : 20%
- ❑ **Focus on Cost controls a success**
 - Malaysia - CASK (US cents) : 4.27 (down 4% y-o-y); CASK- ex Fuel : 2.16 (down 6% y-o-y)
 - Thailand* - CASK (US cents) : 5.50 (down 1% y-o-y); CASK-ex Fuel : 3.15 (up 2% y-o-y)
 - Indonesia - CASK (US cents) : 4.54 (up 7% y-o-y); CASK-ex Fuel: 2.29 (up 8% y-o-y)

* TAA financial statements disclosed is reported based on Thai statutory format



2Q13

Key Financial Highlights

2Q13 Results - Key Highlights



- ❑ **Revenue**
 - Malaysia - RM 1.25 billion up 5% y-o-y
 - Thailand* - THB 5.36 billion up 21% y-o-y
 - Indonesia - IDR 1,398.23 billion up 42% y-o-y

- ❑ **Operating profit**
 - Malaysia - RM 243.94 million up 24% y-o-y
 - Thailand* - THB 685.95 million up 133% y-o-y
 - Indonesia - IDR 87.66 billion up 13% y-o-y

- ❑ **Net Profit performance**
 - Malaysia - RM 58.35 million down 62% y-o-y (due to unrealised impact of RM/USD exchange rate movement)
 - Thailand* - THB 498.70 million up 109% y-o-y
 - Indonesia - IDR 51.66 billion up 72% y-o-y

- ❑ **Continue to maintain high margins**
 - Malaysia - EBIT Margin : 20% ; EBITDAR margin : 36%
 - Thailand* - EBIT Margin : 13% ; EBITDAR margin : 29%
 - Indonesia - EBIT Margin : 6% ; EBITDAR margin : 21%

- ❑ **Focus on Cost controls a success**
 - Malaysia - CASK (US cents) : 4.14 (down 7% y-o-y); CASK- ex Fuel : 2.11 (down 7% y-o-y)
 - Thailand* - CASK (US cents) : 5.33 (down 3% y-o-y); CASK-ex Fuel : 3.11 (up 5% y-o-y)
 - Indonesia - CASK (US cents) : 4.65 (up 13% y-o-y); CASK-ex Fuel: 2.43 (up 17% y-o-y)

* TAA financial statements disclosed is reported based on Thai statutory format



2Q13 Summary

2Q13 Financial Results

- Infrastructure and Asset in place,
focus on **LOAD ACTIVE** strategy



2Q13 – Summary on Malaysia

Operating Statistics

- Load Factor of 80%
- RASK down 6% due to election uncertainty, spillover of Lahad Datu incident and company strategy to offer lowest fares to stimulate and increase load factors

Financials

- Revenue up 5% y-o-y due to:-
 - Strong passengers growth of 12%
 - Ancillary income per pax up RM2 or 6% to RM39 from RM37 y-o-y
 - Higher revenue growth driven by Baggage, better take up in inflight merchandise
- Operating profit up 28% y-o-y due to company focus to drive cost down
- CASK down 7% whilst CASK ex-fuel down 7% y-o-y
 - Staff cost up 16% on per ASK basis y-o-y due to higher headcount. In line with capacity increase
 - Maintenance and overhaul up 61% y-o-y on per ASK basis due higher component cost and repair cost of ageing aircraft. There was also a credit in 2Q12 related to redelivery cost of B737
- Net Gearing of 1.56 times

2Q13 Financial Results

- Driving capacity out of Don Mueang



2Q13 – Summary for Thailand

Operating Statistics

- High load factor of 82%
- Passenger growth up 25% y-o-y
- Riding on Don Mueang Success

Financials

- Revenue up 21% y-o-y due to increase in the number of passengers carried, and ancillary income
 - Ancillary income per pax up 8% to THB335 from THB311 y-o-y
- Operating profit up 133% y-o-y
- CASK down 3% whilst CASK ex-fuel up 5% y-o-y
 - Staff cost up 31% on per ASK basis y-o-y due to higher headcount as more aircraft were delivered
 - Depreciation up 267% per ASK basis due to 4 new aircraft on balance sheet y-o-y
 - Sales and admin expenses up 45% per ASK basis mainly due to brand license fee

* TAA financial statements disclosed is reported based on Thai statutory format

2Q13 Financial Results

- Distribution Channel bearing fruitful



2Q13 – Summary on Indonesia

Operating Statistics

- Load factor of 79%
- Passenger growth up 33% y-o-y
 - Remain a leader in strong international sector
 - Strong load factors on domestic routes due to strong brand awareness; and
 - Greater access to better distribution channels
- Gaining in-roads domestically - Market share up to 5% from 2%

Financials

- **Revenue up 42% y-o-y** due to increase in average fare and ancillary income
 - Ancillary income per pax up 29% to IDR151,040 from IDR117,517 y-o-y
 - Average fare up 3% y-o-y
- **Operating profit down 26%**
- **CASK up 13%** whilst **CASK ex-fuel up 17% y-o-y**
 - Staff expense up 20% y-o-y per ASK basis due higher headcount in flight operations in expectation of more aircraft deliveries. 6 aircraft increase y-o-y
 - Other operating expenses up 67% y-o-y per ASK basis due to increased marketing and PR cost due part of the brand awareness program across Indonesia



Looking Ahead: Strategy

2013 - AirAsia Group

- INVESTMENT DONE



2H13 - Strategy

Malaysia

Load Active:

- Drive passenger growth through low fares
- Push cost down
- Increase ancillary take-up through re-pricing and repackaging of existing offerings coupled with new products

Associates and adjacency - "Engine of Growth":

- TAA: AAB recognised RM22.0 million
- AACOE: AAB recognised RM2.5 million
- IAA: AAB's share of profit is RM8 million (not recognised, interest reduced to zero)

Infrastructures are set, assets are strong

- Cash balance of RM1.65 billion
- KLIA2 - a positive catalyst in 2014

Distribution - New business, Open to everybody for greater reach through S&D

AirAsia Travel and Service Centre ("ATSC")

- Revamp of retail business model to enable scale and reach
- Number of outlets to increase by more than 50%
- Exercise to complete by end 2014

Corporate

- New corporate program to enable additional fare buckets and flexibility
- Targeted to launch on 1 September 2013

Adding 4 aircraft in 2H13

- YTD 2013, 2 aircraft have been delivered on balance sheet

Secured financing for all of 2013 and 2014 deliveries

2013 - AirAsia Group

- INVESTMENT DONE



2H13 - Strategy

Thailand

- Don Mueang's success:
 - TAA commands highest OTP average - 96%
- Continues to benefit from increasing number of **visitors from China**
- **3Q2013 load** is expected to continue posting at strong level
- Forward loads in Thailand are consistent
- To continue focusing on **domestic, Southern China and Indo-China** routes in the remaining quarters of 2013
- Plans to **re-open Chiang Mai** hub in November 2013 to capture potential growth in China traffic
- **Adding 6 aircraft in 2H2013** (1 has been delivered to Bangkok)
 - YTD 2013, 3 aircraft have been delivered on balance sheet
- Continue to **focus on loads, drive cost down and push ancillary take-up**

2013 - AirAsia Group

- Next Stage of Investment



2H13 - Strategy

Indonesia

Increase market share

- To maintain largest international market share - from 41% (2012) to 45% (2013)
- To aggressively increase domestic market share - from 2% (2012) to 7% (2013)

Network expansion

- International: Adding frequencies to existing routes - Malaysia, Singapore, Thailand and Australia and leverage on the regional network
- Domestic: Introduce wider domestic network through new hubs and routes, and strengthen domestic feed into international routes

Adding 5 aircraft in 2H2013 (2 have been delivered)

- YTD 2013, 4 aircraft out of 7 have been delivered

Distribution through agents

- Targeting 17% of distribution channel being travel agents (2% online, 15% offline)
- International: Improve corporate businesses, introduce POS revenue and sales targets, introduce multiple payment options
- Domestic: Widen reach through multiple channels - travel agents, call centre and sales offices.

Branding is a success

- AirAsia brand is gaining more traction domestically
- Eg.: Jakarta - Medan Route
 - Commenced operation in June 2013
 - Capacity still small but YTD load factor is high at 89%

2013 - AirAsia Group

- Next Stage of Investment (Indonesia)



Capacity & Pax Share : Jakarta (CGK)-Medan (MES)

JUNE- AUGUST 2013 CAPACITY PER WEEK

Airline Name	Airline Code	Flights / Week	Capacity/ Week
Lion Air	JT	140	30,800
Garuda Indonesia	GA	56	8,736
Citilink	QG	28	5,040
Sriwijaya Airlines	SJ	28	4,676
Indonesia Air Asia	QZ	21	3,780
Mandala	RI	14	2,520
Total			55,552

JUNE-AUGUST 2013 NO. OF PAX & LOAD FACTOR

Airline Name	Pax	Load Factor
Lion Air	110,880	90%
Indonesia Air Asia	18,631	89%
Garuda Indonesia	27,955	83%
Sriwijaya Airlines	14,776	79%
Citilink	15,725	75%
Mandala	7,560	73%

Note: Indonesia Air Asia commenced CGK-MES operation on 7th June

Capacity & Pax Share : Jakarta (CGK)-Yogyakarta (JOG)

2Q2013 CAPACITY PER WEEK

Airline Name	Airline Code	Flights / Week	Capacity/ Week
Lion Air	JT	70	15,400
Garuda Indonesia	GA	70	10,920
Indonesia Air Asia	QZ	28	5,040
Sriwijaya Airlines	SJ	14	1,974
Citilink	QG	7	1,260
Mandala	RI	7	1,260
Total			35,854

2Q2013 NO. OF PAX & LOAD FACTOR

Airline Name	Pax	Load Factor
Lion Air	413,203	85%
Indonesia Air Asia	90,644	84%
Garuda Indonesia	258,554	83%
Sriwijaya Air	38,541	72%
Citilink	2,734	65%
Mandala Airlines*	876	61%

*Note: *Mandala commenced operation in June'13*

2013 - AirAsia Group

- Next Stage of Investment



2H13 - Strategy

Philippines

- **Strategic Alliance** between PAA and Zest Air, officially approved on 10 May 2013
- All Zest flights can be booked via **AirAsia.com**
- **AirAsia SOPs, procedures, and Best Practices** are being rolled out at Zest Air with target completion by September 2013
- **Maximise utilisation of high value Manila slots (74%)** for greater domestic and international destinations
- Combining PAA and Zest, **14 aircraft are in operation to date** and will reach 16 aircraft by year end
- Zest Air & PAA has **45% market share and is the market leader at Kalibo**, the biggest leisure destination and a major gateway to Boracay
- **Expanding international frequencies** out of Kalibo for China, Taipei and Korea. Starts services to Japan with the lifting of restrictions on Philippines carriers to Japan
- **Profitability** expected next year by route expansion, increased aircraft utilisation, and continued cost management
- **Accounting Treatment:** Zest will be consolidated under PAA which has 85% economic interest. Currently PAA owns 49% of voting rights of Zest
- **New tax fuel ruling** - Already included in PAA's and Zest's budget, hence no impact

2013 - AirAsia Group

- Other Markets



2H13 - Strategy

Japan

- Dissolution of AirAsia Japan was announced on 25th June 2013
 - Gain on disposal amounting to **RM78.27 million**
- AirAsia recovered all its' investment from the joint-venture
- Not giving up on the Japanese market
 - LCC is still underpenetrated and demand is high
 - AirAsia is exploring new opportunities



Air Asia

