



# Financial Results Briefing: Second Quarter 2023

29 August 2023



# Capital A Corporate Highlights

- **Capital A structure**

- starting in June 2023, **consolidated Thai AirAsia**
- increased effective stake to **100% in Philippine AirAsia**
- enabling a more effective strategic alignment that fortifies AAGL's market positioning.
- better clarity on airline performance

- **Capital A has arrived more than an airline**

- ADE raised USD100 mil
- Teleport finalised USD35 mil loan
- Superapp finalising a termsheet to raise USD40 mil

- **Capital A financial**

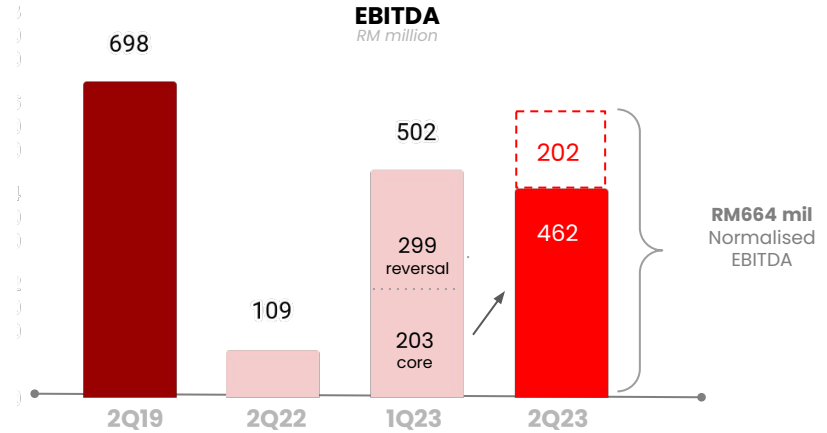
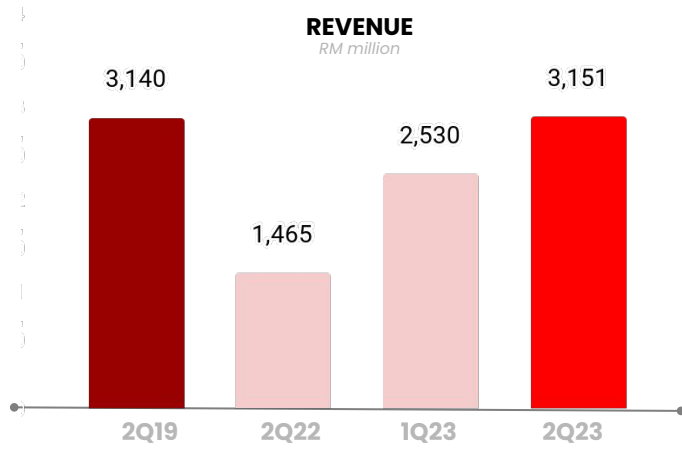
- Group **EBITDA up 325% YoY to RM462 mil** on the back of **Revenue of RM3.2 bil**
- Group **operating cash flow over RM1 bil.**

- In 2Q23, operating **146 aircraft** with **remaining 54 aircraft aim to reactivate by end of 2023**. Slower than expected reactivation progress was due to:

- **Shortage** of aircraft components and cabin furnishings in the market
- **Aging aircraft** require extensive maintenance services such as seat removal and comprehensive cabin interior overhauls

# Capital A Group Financial Highlights

**Normalised Core profitability increased 128% QoQ, despite revenue increase 25% QoQ**



- The Group delivered **RM3.2 bil revenue** in this quarter, representing a **115% YoY growth**.
- **Aviation and non-aviation businesses** delivered strong revenue growth YoY, leading to stronger profitability.

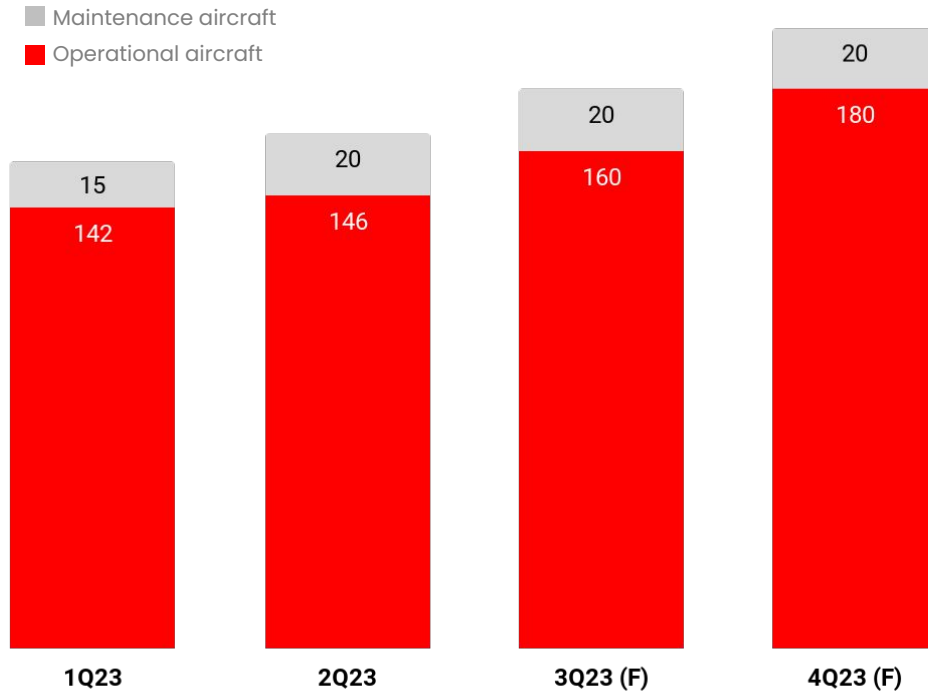
- Achieved quarterly **EBITDA positive of RM462 mil**, represent 325% of growth YoY.
- Impressive QoQ performance, **core EBITDA up 128% from RM203 mil to RM462 mil**. 1Q23 EBITDA of RM 502 mil inclusive one off reversal on maintenance provision at RM299 mil.
- **Normalised EBITDA will be landing at RM664 mil**, potential upside by **RM202 mil or 50% of 2Q23 EBITDA** after excluding one-off items and non operational aircraft:
  - aircraft return to service cost of RM82 mil
  - loss of EBITDA from non operational aircraft of RM120 mil

Note: Beginning June 2023, the AirAsia Group consolidates TAA for financial reporting purposes. YoY comparisons are compared against the unadjusted 2Q2022 figures, which included three airlines only

# AVIATION

# 2Q23 Aviation Highlights

- **At 74% of 2Q2019 capacity**, the aviation segment **achieved 95% of pre-Covid revenue at RM2.9 bil**
- Posted **quarterly EBITDA positive of RM405 mil**, represent **93% of pre-Covid level** and **166% growth YoY**.
- **Load factor of 88%**, up by 6ppt YoY as a result of robust travel demand, with **domestic and int'l load factor at 93% and 81%**
- Average **fare of RM205 in 2Q23** remains above 2Q19 level, despite seasonally weak quarter vs RM210 in 1Q23 while, **RASK of USc 4.22 in 2Q23 vs USc 4.51 in 1Q23**, and **up by 32% against RASK in 2Q19**. Stabilisation of average fare and RASK, in line with,
  - Increased market capacity.
  - Heightened promotional campaigns during the festive season (Ramadan and Hari Raya), resulted in more competitive pricing strategies.
- **Ancillary per pax** up 26% YoY to **RM49**, and **up 37% vs pre-Covid level**, driven by baggage and dynamic pricing
- **CASK of USc 5.01**, down 28% YoY due to lower fuel prices. **CASK ex-fuel of USc 3.32**, down 26% YoY – staff and maintenance cost / ASK down by 29% and 4% YoY, these cost accounts for 61% of total operating cost (excl fuel)



## 2023 fleet reactivation plan

- **Activated 165 A320 and 1 A330** aircraft as of 2Q23
- Aim to **reactivate 200 aircraft by 4Q23** - slower than expected reactivation progress was due to
  - Shortage of aircraft components and cabin furnishings in the market
  - Aging aircraft require extensive maintenance services such as seat removal and comprehensive cabin interior overhauls
- **New induction of 5 A320** aircraft in 2023, excluding 3 A321 freighter
- Expect better efficiency with maintenance/total active aircraft to reduce from 16% to 6%

- Entering into stronger Q3 and peak at Q4
- Load factor is expected to remain strong and stable at **close to 90%**
- Average fares are expected to remain robust as competition is rational. Fares to follow prior year trend with:
  - Q3 fares are expected to be higher than Q2
  - Q4 fares are expected to peak, highest for the year
- Launch new ancillary products
  - **Carry up to 14kg:** Extra Convenience with extra carry-on up to 14kgs
  - **Fastpass:** Guest Priority boarding/ Immigration fast lane/ xtra 14kgs carry on
  - **Zone up:** Improve seat upgrade take-up rate with real time bidding system
- Network strategy remains focused on matching demand with corresponding supply
  - 100% network return to pre-covid level by Q4
  - Leisure & VFR demand continues to be strong across the Group. Domestic performance in Malaysia, Thailand & Philippines to exceed expectations
  - Strong recovery in China market - Capacity to China 70% recovery by Q3 and 100% by Q4
- Deploying various initiatives to better customer experience by improving OTP (target 75%) and reducing delay

**NON-AVIATION**



# 2Q23 Non-Aviation Highlights

- Teleport**
- Teleport segmental **revenue of RM167 mil**, up 69% YoY **(1H23 already achieved 68% of FY22 revenue)**.
  - Driven by growth from existing and onboarding of new customers, reactivation of AirAsia fleet, and additional capacity from third party airlines allowing expansion into new lanes beyond AirAsia's network.
  - **Significant leap for EBITDA to RM9.2 mil**, from a loss of RM25 mil in prior year.

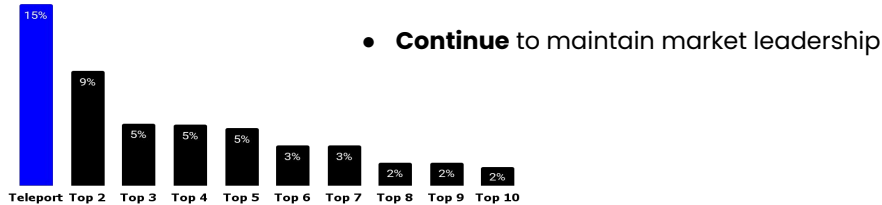
- MOVE**
- Superapp segmental **revenue of RM170 mil (1H23 already achieved 82% of FY22 revenue)**.
  - **Highest quarterly EBITDA of RM40 mil**, tremendous improvement from RM0.9 million in 2Q22 – improved revenue and lean cost structure.
  - BigPay segmental **revenue of RM11 mil**, up 53% YoY – due to healthy take-up rate across all products group.
  - **EBITDA loss narrowed by 65% YoY** – due to 16% staff cost savings through reallocation of manpower to more cost effective regions (MY, TH) and one-off RM13mil – prior year audit adjustment from reversal of bonus accruals.

- Aviation Services**
- ADE segmental **revenue of RM138 mil**, up 83% YoY **(1H23 already achieved 84% of FY22 revenue)**
  - Thriving aviation industry and complemented by the increased hangar capacity resulting from the additional two lines in Senai.
  - **EBITDA of RM36.8 mil or 27% margin.**
  - Santan segmental **revenue of RM26 mil**, with an **EBITDA of RM2mil.**
  - Driven by improved inflight products demand in tandem with increase of flight frequencies and passenger traffic.

# Logistics: Teleport Highlights

Market leadership by moving 15% of total intra SEA volume, A321F further strengthen position

## Market Leadership



## Additional capacity

- **Belly capacity:** increased significantly by 94% YoY. Utilisation rate remains at 13%.
- **More Freighters :** Additional capacity with **3 new A321F freighters**.
- Launched **first A321 freighter Awan** on 12 July 2023, commenced domestic flights in July and international flight in August 2023.
- **3rd party capacity:** expanded capacity and grants **entry to regions beyond the existing reach of AirAsia's network**.

## Partnerships

- **Strengthening connectivity and capabilities through strategic airline partnerships** for seamless e-commerce and trade with key regions i.e. China, India, Korea and Japan

# MOVE: airasia Superapp Highlights

## Solid EBITDA growth, bolstered by revenue rise and efficient cost structure

### Cross selling

- Enhance **cross-selling opportunities** across all segments, through integrated travel offering which includes Hotels, Rides, Duty Free and Insurance.
- **Hotels & SNAP** cross-sell rate stood at 0.8% as of June 2023, indicating 0.8% of overall flights users also booked hotel through airasia Superapp.
- **airasia ride** cross-sell rate reached 8% as of June 2023, up 4 ppts from Jan 2023. This indicates that 8% of flight users in MY also made a ride booking.

### Integrated travel offerings

- **Focus on personalisation** by tailoring recommendations and offerings based on user preferences and travel history.
- Enable a **connected journey** where users can effortlessly access their bookings, track their itinerary, and receive real-time updates all in one platform.
- Integrate **payment options and loyalty programs**, streamlining the transaction process and enhancing user engagement.
- **Improve users stickiness** through BigPay payment and Rewards program.

### Ancillary

- To introduce an enhanced flight booking and ancillary purchasing experience in 4Q23 tailored for AirAsia flights, aimed at **bolstering ancillary revenue** streams.

### Flights OTA

- Enhance the flight Online Travel Agency (OTA) user interface within the Superapp to optimize and accelerate the booking procedure for a seamless and swift experience.

# MOVE: BigPay Highlights

Strong revenue growth and manpower geographical restructuring yielding cost savings

## Payment

- In **negotiation with Visa** on reducing scheme fees, aim to lower processing cost for each payment transaction made.

## UnionDigital Bank Partnership

- Capital A is partnering with **UnionDigital Bank**, a subsidiary of Union Bank of the Philippines, to **collaborate on services involving AirAsia, airasia Superapp, and BigPay**.
- Provide **embedded finance** through BigPay within the airasia Superapp travel platform, including flexible payment options with a **"Fly Now, Pay Later"** offer in airasia Superapp, making travel more accessible and affordable for Filipinos.

## Collaboration with Superapp

- Embedment of BigPay products and services in Superapp to **accelerate user growth and payment volumes**.
- Collaboration with airasia Superapp enables access to exclusive travel product benefits and earn rewards points to **drive stickiness and improve usage**.
- Adoption of BigPay's payment method in airasia Superapp **increased new user acquisition of BigPay by 40%** since early 2023.

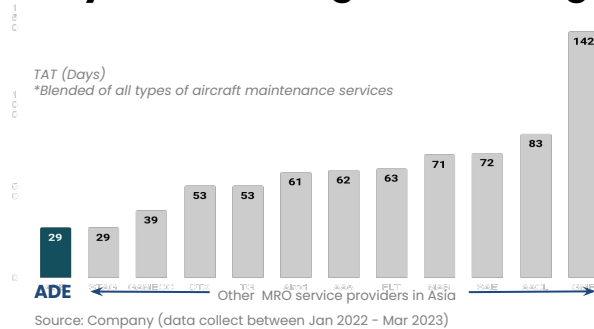
## Revamped Interface

- Launched a **revamped design** of BigPay app's display and user interface.
- This redesign is aimed at providing a seamless experience for users of the app with a fully refurbished Home Screen, Spending Analytics and Transaction History, and Explore, Rewards, and Account page.

# Aviation Services: Asia Digital Engineering Highlights

## Expanding operations, synchronized growth riding the aviation industry wave

### MRO service provider



- ADE has the **shortest aircraft maintenance services turnaround time (TAT)**, aligned closely with one of the most efficient MRO providers engaged by AirAsia Group

### Engineering Maintenance Services

- All 7 hangar lines have been fully booked for 2023, and currently receiving requests for 2024 slots.
- On track to expand **line maintenance operations in Thailand, Indonesia, the Philippines in 2023 to support AirAsia operations.** **Line maintenance for Cambodia** is targeted to commence together with the launch of AirAsia Cambodia.

### Digital & Innovation Services

- AEROTRADE**, a marketplace for airline parts, sold close to 40K items in 2Q23; **revenue improved by 94% QoQ** with **3rd party revenue up by 206% QoQ.**
- Strong growth expected for **AEROTRADE** and **ELEVADE** (*aircraft health management system*) from non-AirAsia airlines in 2H23.
- Launching **EDUCATE**, a learning and training marketplace, also targeted for 3rd party customers.

### Expansion

- Secured 5 acres land in KLIA** from MAHB for hangar expansion plan, expected to complete in 2025.

# Aviation Services: Santan & Ground Team Red Highlights

## Airlines robust growth sparks positive outlook for aviation services companies

### Santan

#### Outlook

- Continue to build on beverage category with inflight:
  - First airline to launch **speciality coffee** onboard
  - Observed 4 fold increase in consumption of specialty coffee as compared to instant & 3-1 products.
- Drive duty free by introducing more **localised branded products**.
- Transform duty free into a **consignment business model** which removes inventory and cash flow risk to business.

### Ground Team Red

#### Outlook

- Expand operations through **recruitment and equipment leasing**, while optimising cost control and equipment maintenance.
- Focus on robust growth in **Foreign Carrier** (non-AirAsia) and **Cargo sectors**.
  - Cargo operations already expanding with the onboarding of new customers, with healthy pipelines from numerous airlines raising inquiries and requesting quotes.
  - Collaborate actively with Teleport to establish a world-class cargo operation throughout Malaysia.
- Continuous effort to enhance **training and service excellence** of guest services.

# Conclusion: More Aircraft for growth

## Aggressive Fleet Growth

- **Fleet reactivation alone is not enough** to sustain our growth trajectory. After reactivating our fleet, we **need to grow the fleet** further.
- **Orderbook of 362 aircraft** to be delivered over the next 12 years, beginning 2024. Of the 362, financing is secured for 73 aircraft through Sales and Leaseback (SLB) arrangement with several lessors.
- We are also **leasing 15 additional aircraft** – 9 to be delivered in 2024, 6 in 2025.

## Fundraising Outlook

- **Expecting to fundraise** approximately **USD800 million for aviation business growth** through a combination of syndicated local club loan in Malaysia, revenue bond issuance and equity fundraise.
- Also expecting to close **USD40 million for Superapp** and potentially raise additional **USD40 million for Teleport**.

## Growth Catalysts

- **There is no bottleneck in terms of manpower resources** for future fleet growth.
- In August Thailand has **relaxed visa requirements for Chinese travellers**, setting the stage for increased travel demand from China.

## Ancillary Income Drivers

- **Successful experimentation** with ancillaries flow and bundling expected to **deliver accretive impact upon rollout beginning 4Q23**.
- **New ancillary products** in the pipeline to deliver additional revenue opportunities.

## PN17

- Revised official submission deadline to October 2023, aim to execute the plan in 4Q23/1Q24



# Q&A





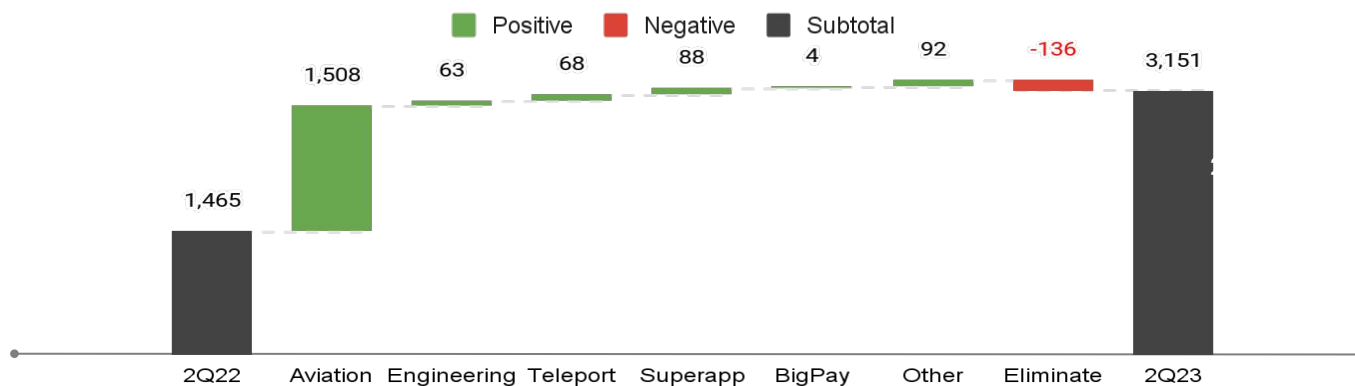
**THANK YOU**

# APPENDIX

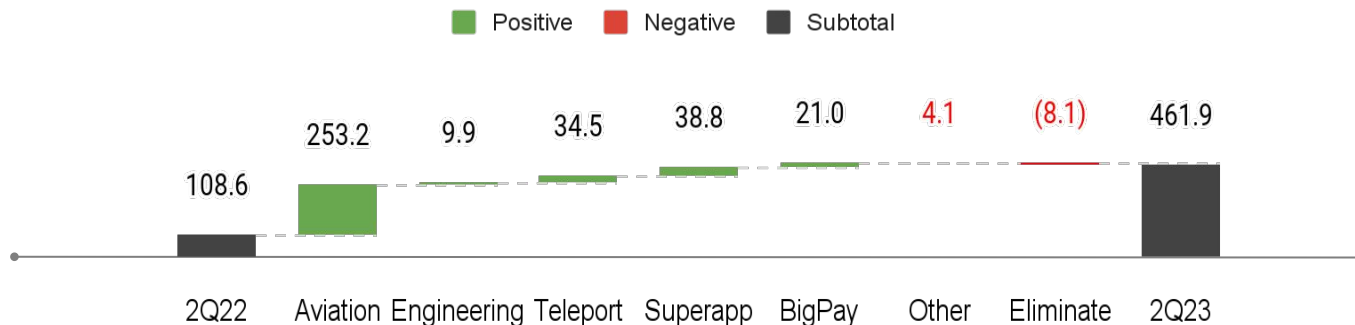
# Capital A 2Q23 Performance

Revenue of RM3.2 bil and EBITDA of RM462 mil; Net profit of RM929 mil

2Q22 - 2Q23 REVENUE MOVEMENT (RM million)



2Q22 - 2Q23 EBITDA MOVEMENT (RM million)



- **Revenue grew to RM3.2 bil driven by the travel recovery**

- Positively contributing to all business segments, in which aviation saw highest YoY percentage growth, followed by ADE and Superapp.
- All business segments saw at least 50% YoY growth in revenue during the quarter.

- **EBITDA up by 325% to RM 462 mil,**

- Driven by the healthy growth in overall revenue across all business segments, paired with lean cost structure.

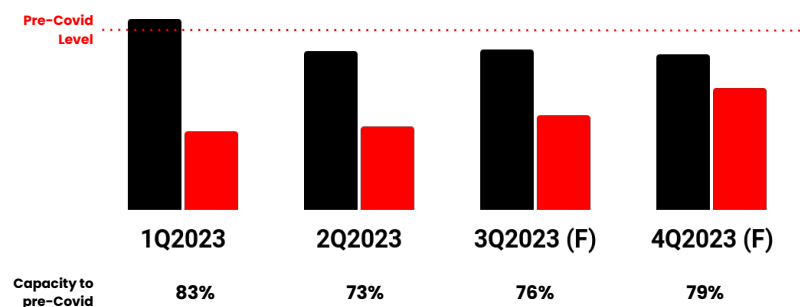
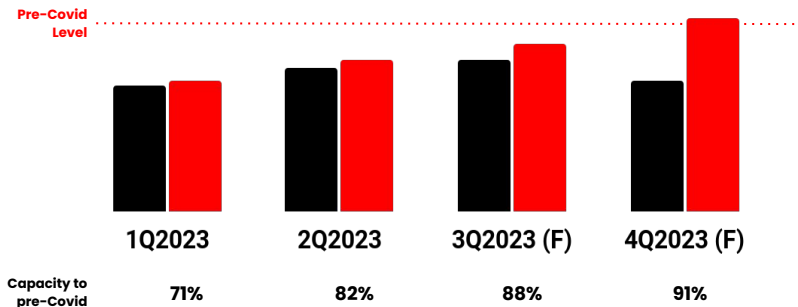
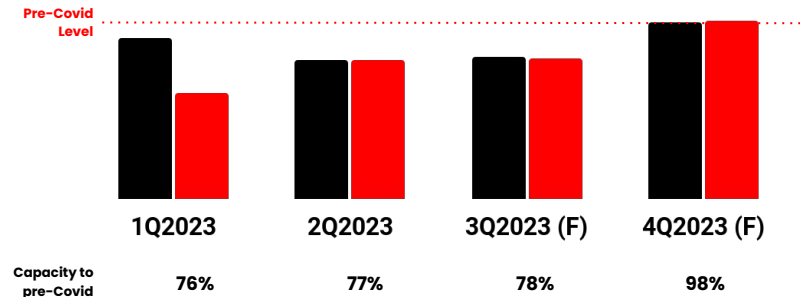
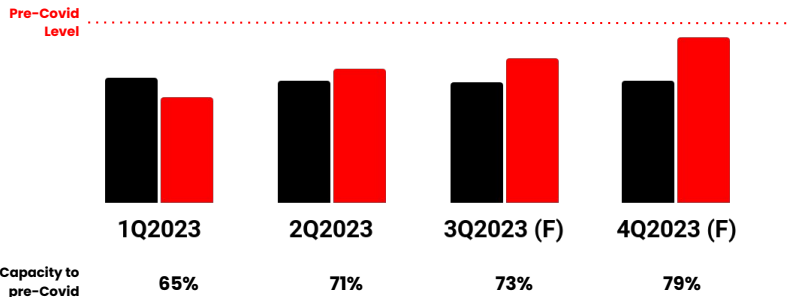
- Recorded **net profit of RM929 mil** in 2Q23.

- With the **consolidation of AAV**, the Group recorded RM1.4 bil in gain from remeasurement of previously held interest in associate.

# Capacity recovery

Domestic and international capacity stood at 74% of 2Q2019 level

■ Domestic ■ International










# 2Q23 Aviation Performance

## CONSOLIDATED AIRLINES

Key Indicators	MAA			IAA			PAA			TAA		
	2Q23	2Q22	YoY	2Q23	2Q22	YoY	2Q23	2Q22	YoY	2Q23	2Q22	YoY
Passengers Carried	6,446,264	3,848,837	67% ▲	1,521,021	714,761	113% ▲	1,633,459	994,527	64% ▲	4,642,695	1,683,786	176% ▲
Capacity	7,439,324	4,592,612	62% ▲	1,821,420	929,520	96% ▲	1,785,816	1,070,820	67% ▲	5,193,614	2,240,490	132% ▲
Load Factor (%)	87	84	3 ppts ▲	84	77	7 ppts ▲	91	93	-2 ppts ▲	89	75	14 ppts ▲
RPK (million)	7,558	3,853	96% ▲	2,199	829	165% ▲	1,407	596	136% ▲	5,148	1,363	278% ▲
ASK (million)	8,817	4,661	89% ▲	2,611	1,072	144% ▲	1,621	646	151% ▲	5,940	1,811	228% ▲
Fuel consumed (Barrels)	1,379,983	740,520	86% ▲	424,367	185,570	129% ▲	311,359	141,702	120% ▲	955,234	314,311	204% ▲
RASK (US cents)	3.83	4.71	-19% ▼	4.37	5.72	-24% ▼	6.01	6.36	-6% ▼	4.88	4.30	13% ▲
CASK (US cents)	4.70	6.54	-28% ▼	5.29	7.22	-27% ▼	6.21	9.88	-37% ▼	4.91	9.22	-47% ▼
CASK Ex-Fuel (US cents)	3.16	4.19	-25% ▼	3.36	4.50	-25% ▼	3.92	6.43	-39% ▼	3.28	6.74	-51% ▼

# 2Q23 Digital, Logistics and Aviation Services Operating Performance

	Key Indicators	2Q23	2Q22	YoY
	Total Users (cumulative)	3,929,620	3,347,255	17% ▲
	Carded Users (cumulative)	1,414,013	1,216,902	16% ▲
	Monthly Active Users (MAU) ('000)	15,043	10,771	40% ▲
	No. of Transactions ('000)	7,883	3,904	102% ▲
	Gross Booking Value (RM) ('000)	3,383,300	1,614,493	110% ▲
	Tonnage (tonnes)	45,250	22,133	104% ▲
	Yield (RM/kg)	3.09	4.03	-23% ▼
	No. of Delivery ('000)	4,859	1,153	321% ▲
	Size of fleet at quarter end (freighter)	1	0	1 ▲
	No. of hangar line	7	3	4 ▲
	No. of base maintenance check	22	12	83% ▲
	No. of line maintenance check	2,646	949	179% ▲
	Flights handled	36,691	23,281	58% ▲
	Cargo handled (tonnes)	16,787	12,092	39% ▲
	Inflight products	4,849,598	1,676,544	189% ▲
	Key Indicators	2Q23	1Q23	QoQ
	Ready-to-eat and frozen food	62,087	74,019	-16% ▼
	Restaurant and cafe	198,169	168,214	18% ▲