capital

3Q 2023 Financial Results

What has happened in 2023

Capital A only **restarted business activities in February 2023** following the reopening of international borders

- Completed negotiating with all creditors, including lessors, Airbus and GE
- 180 planes fixed by October 2023 - 156 operational, 22 in maintenance or on the ground, 2 pending regulatory approval
- All staff are back and trained, ensuring full readiness to operate all aircraft
- Increased stake to 100% in PAA and in progress for IAA
- Started to consolidate TAA in June 2023

Reorganised into **5 verticals**: Aviation, Capital A Aviation Services, Teleport, MOVE and Capital A International

Rebuilt the business through our **own cash management** and over USD550 million debt raised from banks and lessors

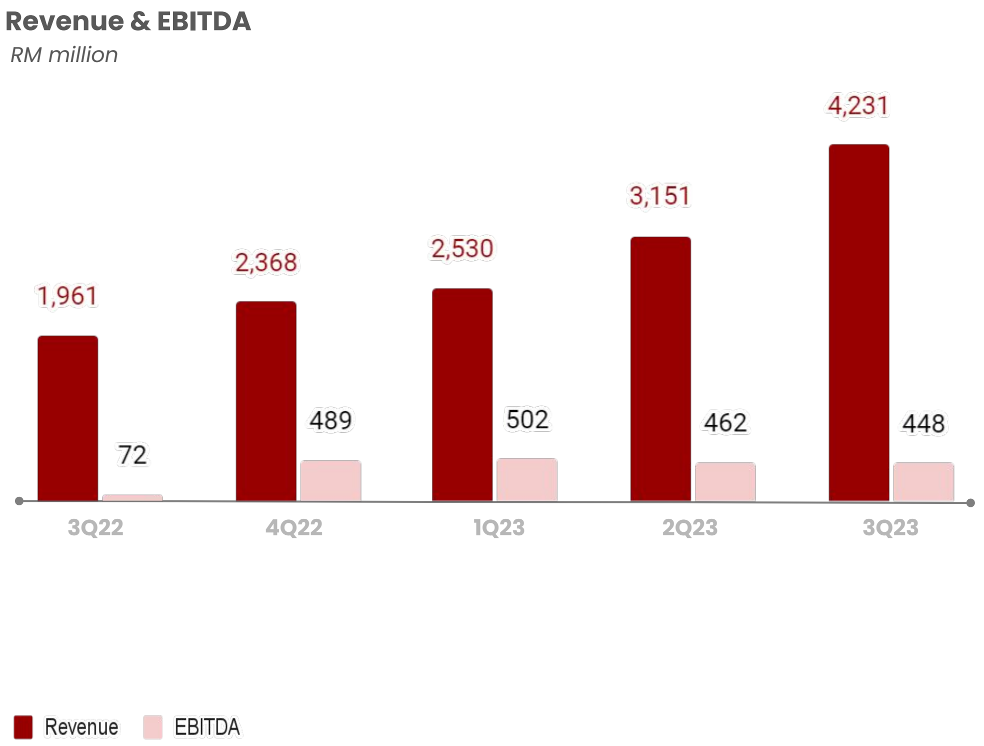
Ready for **growth and expansion**

- Aviation continue to pursue its Asean agenda by expanding into new markets, starting with AirAsia Cambodia
- Adding aircraft - acquiring planes from airlines that ceased operations, new leases from the market and renegotiating faster delivery slots from Airbus
- Teleport increase its capacity by expanding into freighter operations, receiving the third freighter soon
- Reinstating pre-Covid network, as well as launching new routes

Lifting of AAX **PN17 status** pave way for Capital A to fully focus on its own regularisation plan, with potential **asset disposals and listings** on the way

Capital A Group Financial Highlights

All segments reached unprecedented levels in 3Q despite seasonal lull



- The Group delivered **RM4.2 bil revenue**, a 116% YoY growth. YTD, the Group attained **84% of FY2019 revenue despite operating only 72% of FY2019 fleet**
- YTD, **non-aviation contributed close to RM1 bil** revenue while **aviation revenue reached RM9 bil**
- Quarterly **EBITDA positive of RM448 mil,** a 520% YoY growth. **Sustained six consecutive quarters of positive EBITDA**, even without operating full fleet and incurring reactivation cost
- Posted net loss of RM469 mil where RM169.9mil is forex loss, **narrowed by 59% YoY**. Accounting for non operating aircraft:
  - Normalised EBITDA stood at RM688 mil due to RM240 mil loss from potential operating income
  - Normalised Net profit at RM61 mil due to RM120 mil additional aircraft cost, RM169.9mil forex loss
  - Further upside of RM355mil - average fuel cost per bbl up 20%

Note: Beginning June 2023, the AirAsia Group consolidates TAA for financial reporting purposes. YoY comparisons are compared against the unadjusted 3Q2022 figures, which included three airlines only

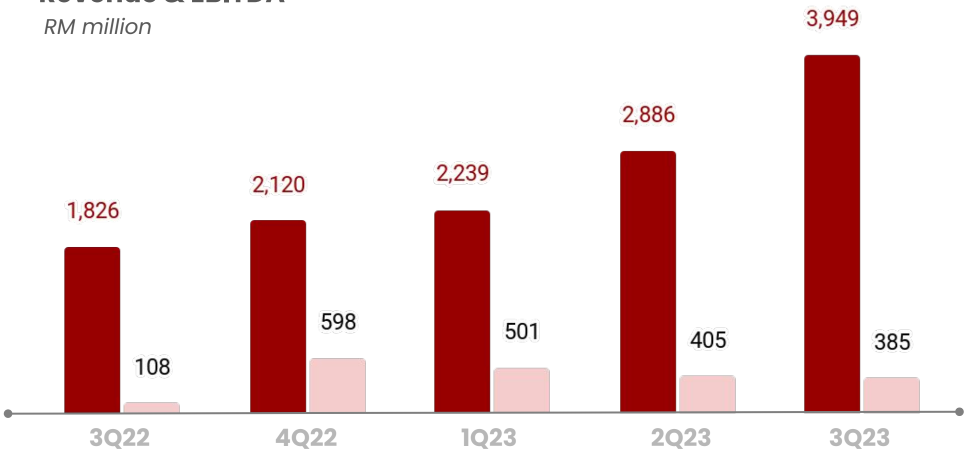
SEGMENTAL REPORTS

3Q23 Aviation Highlights

AirAsia aviation group

Revenue & EBITDA

RM million



Revenue EBITDA

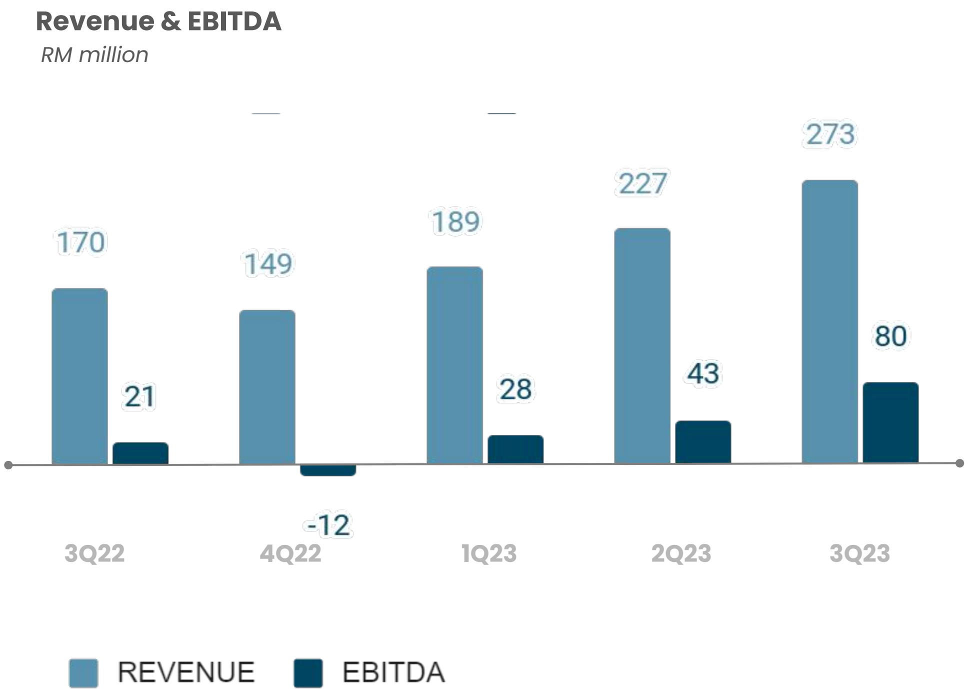
Average fuel price (USD/bbl)		
2Q23	104	
3Q23	121	↑ 20% QoQ

- Aviation revenue of **RM3.95 bil**, up 38% over last quarter despite low seasonality. **At 75% of 3Q2019 capacity**, its **33% above 3Q2019 revenue**
  - Bolstered by the **aviation supermarket**, where ancillary per pax grew by 22% YoY to **RM50,** driven by baggage and dynamic pricing
  - **Load factor 89%**, up 3ppt YoY as a result of robust travel demand, with **domestic and int'l load factor at 94% and 84%**
  - Average **fare of RM216 in 3Q23**, up 23% from 3Q19 level and up 5% from 2Q23 despite seasonally weak quarter
- Posted **quarterly EBITDA positive of RM385 mil,** represent **258% growth YoY**
  - Despite higher fuel price (+16% QoQ), which saw fuel cost to increase by 57% QoQ. Fuel cost is 42% of revenue as compared to 36% in 2Q23
  - Despite strengthening of USD vs prior quarter
  - Despite higher cost as aircraft is still being reactivated
  - Fuel volatility hard to recover as 50% of sales are seats sold in advance; expect better results in Q4 as the impact of fare adjustment would have been factored
- **RASK of USc 4.35 in 3Q23**, yet **remains above 3Q19 by 21%**
- **CASK of USc 5.04 and CASK ex-fuel of USc 3.07**, down 25% and 27% YoY respectively, influenced by increased ASK, US Dollar appreciation, and a lower average fuel price, resulting in a smaller fuel cost hike despite increased flight activity

Note: Beginning June 2023, the AirAsia Group consolidates TAA for financial reporting purposes. YoY comparisons are compared against the unadjusted 3Q2022 figures, which included three airlines only.

3Q23 Aviation Services Highlights

capital AVIATION SERVICES



AVIATION SERVICES

- **Segmental revenue of RM273 mil,** of which RM165 mil attributable to ADE, RM42 mil contributed by Santan and Darts at RM66 mil
- **EBITDA of RM80 mil**, thanks to **positive growth in both ADE and Santan operations** in line with increased in flight activity

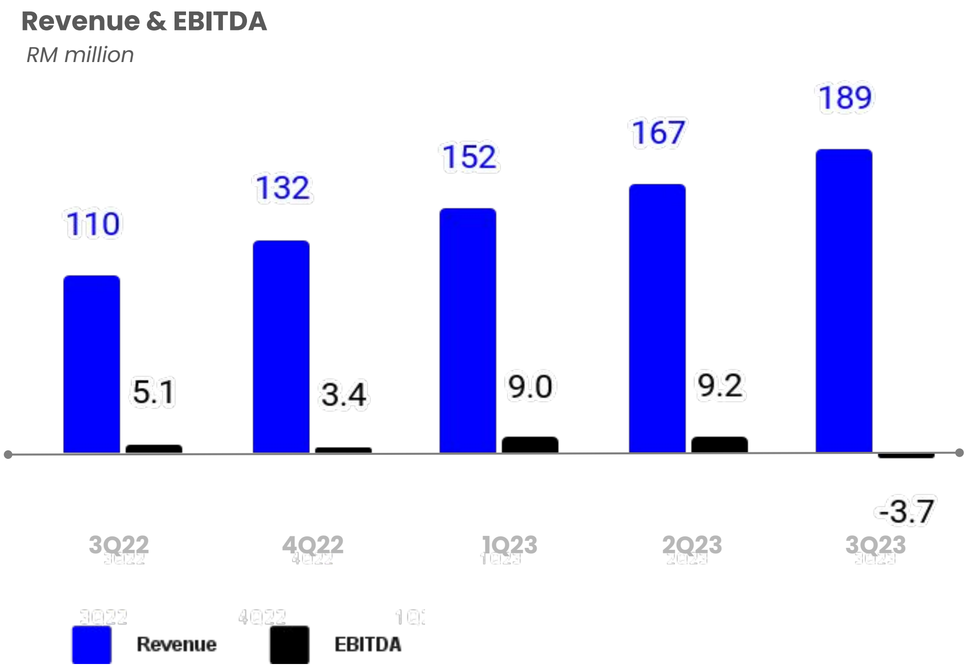
ADE

- 9M23 revenue **surpassed 42% of FY22 revenue**
  - **100 C-Check** completed within less than 2.5 years of operation
  - **AEROTRADE's revenue reached USD3.7 mil**, grew 71% QoQ, while no. of transaction grew by 315% QoQ with 3rd party transactions saw an improvement by 101% QoQ
- **Highest EBITDA of RM42.8 mil, up 117% YoY i**n line with increased flight activity resulted in continuous demand for MRO services

Santan

- >80% of revenue contributed by inflight meals and beverages, of which **number of pre-book meal grew by 76% YoY**
- **All restaurants showing QoQ revenue growth**, with quantity sold grew close to 50% QoQ and sales approaching RM1 mil in 3Q2023
- **Santan x Zus Coffee campaign, recorded over 43% notable growth in quantity sold** in the first month since launching
- Posted **EBITDA of RM10 mil** compared to EBITDA loss of RM0.3 mil in previous year

3Q23 Logistics Highlights



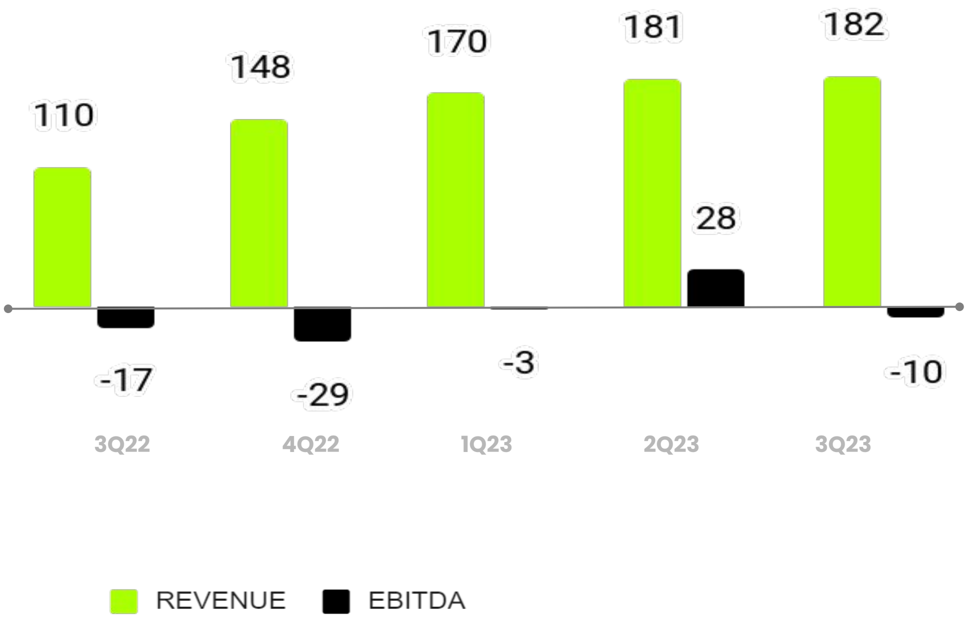
- Teleport segmental **revenue of RM189 mil**, up 71% YoY**.**
- Total volume growth is attributed to **capacity injection across Teleport's extended network** with the induction of Awan, its first of three A321F freighter, as well as added capacity via its partner airlines such as UPS and SF Airlines
    - Intra-SEA market air logistics industry grew 1% YoY, while Teleport grew at 60%
    - APAC market for the air logistics industry contracted 2% while Teleport grew 351%,
- E-commerce segment recorded an average of 80k daily deliveries, equivalent to a 171% YoY growth despite continued industry headwinds.
- Total capacity grew 6% while tonnage grew 28%, improving **utilisation to 15%** (up by 2 ppts QoQ)
- **EBITDA loss of RM3.7 mil,** attributed to one-off induction costs of the freighter to its fleet mix.

3Q23 MOVE Digital Highlights

MOVE

Revenue & EBITDA

RM million



MOVE DIGITAL

- **Segmental revenue of RM182 mil in 3Q23, up by 65% YoY of which** airasia move posted segmental **revenue of RM171 mil and BigPay's revenue stood at RM11.1 mil.**
- **EBITDA loss** of RM10 mil **narrowed by 41% YoY**

airasia move

- 9M23 revenue exceeded 25% of FY22 revenue
  - Revenue of **travel segment up by 48% YoY** driven by AirAsia and non-AirAsia flights and hotels & SNAP
  - **Stagnant QoQ** due to lower contribution across LOBs except for flights
- Posted **EBITDA of RM12 mil, slightly lower by 26% YoY** attributed to surge in marketing cost of RM12.5 mil, a strategic move as efforts intensified in preparation for the upcoming busiest quarter, Q4
  - **Significant cut in EBITDA contribution from non-AirAsia flights segment** due to reduction in flights inventory
- **MAU hits new peak at 15.4 mil users** during the quarter, with MTUs up by 83% YoY resulting in **8.3 millions number of transactions** completed

BigPay

- BigPay 3Q23 segmental **revenue of RM11 mil**, up 30% YoY, while **YTD revenue surpassed FY22 revenue** by RM0.8 million
- **3Q23 EBITDA loss narrowed by 33% YoY** - while **YTD EBITDA loss reduced to half** of the EBITDA loss recorded in FY22 thanks to headcount optimisation in 2Q23, reducing overall personnel cost
- QoQ saw widening EBITDA loss due to one-off RM13mil - prior year audit adjustment from reversal of bonus accruals recorded in 2Q23. **Excluding one-off item, EBITDA loss narrowed by 8% QoQ**

OUTLOOK

Aviation outlook

- Returning to pre-Covid state but stronger
- By end 4Q23, expect a total of **187 aircraft to be reactivated** by 4Q23, with **161 aircraft available for operation and capacity to reach 74% of pre-Covid level**
- Continuation of aviation supermarket; ancillary income per pax target of RM60
- Better competitive environment. 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:
  - **Q4 fares are expected to peak**, highest for the year
  - FY23 **revenue foreseen to surpass pre-Covid levels**
  - Benefitting from reduced competition in Malaysia market following the exit of one player
- Network strategy remains focused on matching demand with corresponding supply
  - To **ramp up domestic capacity**, leveraging on weakening competition and seasonality
  - **Adjusting China capacity growth** making the most of recent announcement on visa exemption for Malaysians and Thais, and vice versa, coinciding strategically with the upcoming peak travel season
  - Aim to **expedite growth in India market** through the launching of Ahmedabad & Guwahati route
- Better efficiency in terms of stable OTP, less delays, less refunds, less maintenance cost, less spares

Positive macro trends

Fuel Price

- Anticipate Brent Crude Oil Price to exhibit a **downward trajectory extending until 2030,** projecting a significant decline. The **outlook for 2024 suggests a potential low point**, with prices estimated to reach as low as **USD78 per barrel**

Foreign Exchange

- Anticipate the foreign exchange rate to show a **stable trend throughout FY2024**, with consistent downward pressure on MYR and an **estimated closure at RM4.50/USD by year-end.**

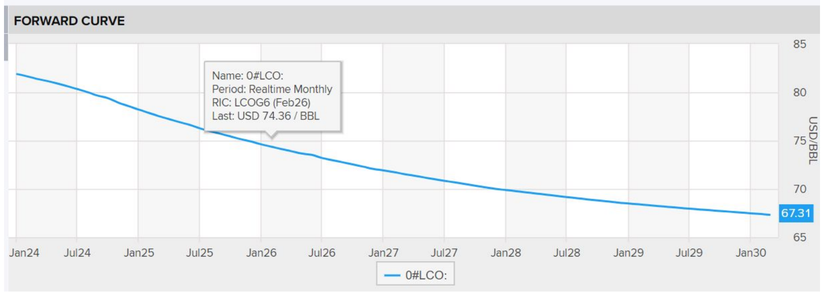
Asean GDP

- In 2022, the Asean countries collectively achieved GDP of 10.316 trillion U.S. dollars, demonstrating significant and consistent growth in the region's thriving economy. Forecasts indicate a continued **upward trajectory in GDP for all ASEAN nations through 2028**.

Fundraising

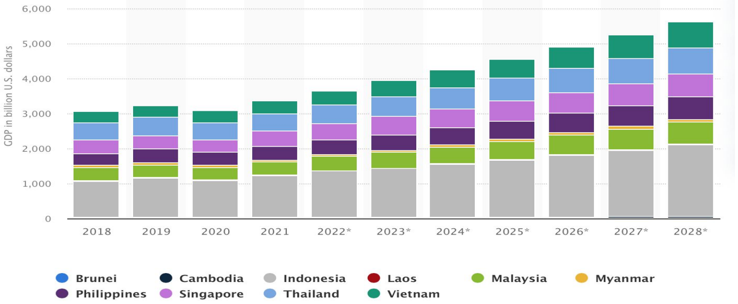
- To further drawdown USD78 mil from a loan approved by a regional bank
- Finalising revenue bond, which expect to raise USD200 mil cash
- Exploring financing opportunities for Indonesia AirAsia and Philippine AirAsia

Fuel Price - Brent *(USD per barrel)*



Source: refinitiv.com

GDP *(USD billion)*



Source: WEO

Aviation Services Outlook

ADE

- **KLIA Aeropolis** hangar will have 6 lines ready by 1H24 and the remaining by 2H24
- **Trial sessions for Elevade Fleet and People have commenced** for several prospective external clients
- All existing **7 hangar lines are fully booked** until 3Q24
- On track to expand **line maintenance operations in Indonesia, the Philippines and Cambodia in 1Q24 to support AirAsia operations.**
- **FY23 forecast:** EBITDA to double from previous year, with EBITDA margin to be around 20%-25%
- **Third party revenue** contribution expected to exceed 15% of 2024 total revenue, and to grow up to 30% in 3 years

Teleport Outlook

Teleport

- Maintain **market leadership position** for Air Cargo **within Asean** and from **APAC to Asean**, as reported by WorldACD
- **Conclusive phase of fundraising initiatives,** expect to drawdown by year end 2023
- **Strengthening connectivity and capabilities through strategic airline partnerships** for seamless e-commerce and trade with key regions i.e. China, India, Korea and Japan
- Focus on **improving freighter operations strategy** to streamline costs and enhance overall profitability.
- **FY2023 forecast:** Revenue to grow by >50% YoY and to achieve EBITDA positive for FY23

TELEPORT #1 for Air Cargo within SEA, #2 from APAC into SEA

#1 for cargo carried across South East Asia on carried tonnage

#2 for cargo from APAC into SEA on carried tonnage

#8 within APAC on carried tonnage

[INTRA-SEA] All Airlines in WorldACD

1. **TELEPORT**
2. Thai AIrways
3. MASkargo
4. Cathay Pacific - Dragonair
5. EVA Air
6. Philippines Airlines
7. China Airlines
8. DHL Aviation
9. Hong Kong Air Cargo
10. Nippon Cargo Airlines

[APAC-SEA] All Airlines in WorldACD

1. Cathay Pacific - Dragonair
2. **TELEPORT**
3. China Airlines
4. Hong Kong Air Cargo
5. China Southern
6. Japan Airlines
7. MASkargo
8. Thai Airways
9. EVA Air
10. SF Airlines

Source : WorldACD October 2023 data

MOVE Digital Outlook

airasia MOVE

- New CEO, Nadia will focus on **building airasia MOVE as the top ASEAN OTA.**
- Driving **revenue growth for Flights** (100% YoY) **and Hotels** (26% YoY)
- Increase AirAsia flights conversation rate from 8.3% to 8.7% by end of 2023. Target conversion rate of 12.0% in 2024 via **platform stability and price competitiveness**.
- **Boost hotels segment and conversion rate** from 1% to 6% in 2024 by growing inventory through strategic partnership with hoteliers
- Maintaining 15 million monthly active users while **optimising marketing cost.**
- Continuing the strong momentum of being **EBITDA positive for five consecutive quarters**
- Outlook for 2024: Aggressive plans to
  - Establish the MOVE brand
  - Improve assortment, pricing and customer experience
  - Grow our online market share in Asean from 10% to 12%

BigPay

- Shift volume towards focusing on **domestic QR payments** and leveraging **closed-loop spaces with AirAsia** for increased regional market penetration.
- To introduce **high margin travel insurance** products
- Introduction of **singular onboarding process** with airasia move account creation
- **Boost cross selling opportunities through marketing collaborations** within the airasia Move app
- **Bring products to sustainable gross profitability.** Push remittance growth through ecosystem, and margin enhancement via optimisation of process (esp. intermediaries)
- **Engaging with regulator to obtain approval for payments 'caps and charges'**: specific market FX spreads, credit card top-up fees, caps/charges on domestic outflows (bank transfers and DuitNow)
- **FY23 forecast:** Revenue to grow >40% YoY driven by higher foreign exchange and cross border fee in line with holiday seasons
- 1 fundraising **RM30 mil funding from a local bank** is being finalised