28 November 2019

# AirAsia Group Berhad

# 9MFY19 On Schedule

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9MFY19 core PATAMI came in at RM247m (-81%) which is at 63%/61% to our/consensus full-year forecasts. We consider the results as within expectation, due to the volatile quarterly earnings as well as anticipating a seasonally stronger 4Q. Maintain MP and TP of RM1.70 based on 10x FY20E EPS which is at a discount to average forward PER of 11x of global peers like Ryanair and Southwest Airlines to reflect AirAsia's relatively smaller market capitalization.

9MFY19 core PATAMI came in at RM247m (-81%) which is at 63%/61% to our/consensus full-year forecasts. We consider the results to be within expectation in anticipation of a seasonally stronger 4Q. No dividend was declared in this quarter.

Results' highlights. YoY, 3QFY19 revenue for the airline business grew 17%, mainly attributed to higher passengers volume (+20%) and a 1% increase in RASK. All in, capacity grew across the board including Malaysia (+10%), IAA (+10%) and PAA (+19%). Unit Passenger Revenue grew 1% for IAA, 3% for PAA while MAA showed a reduction of 5%. However, CASK rose faster by 11% due to higher staff costs, provisions for maintenance and overhaul (+>100%), user charges and other operating expenses, due to the increase in operations, as well as the impact of adopting MFRS16. Overall ancillary income rose 26% (accounts for 23% of total revenue) underpinned by seat selection (+25%), baggage (+20%), and duty free sales (+39%). However, 3QFY19 suffered a pre-tax loss of RM347m compared to a pre-tax profit of RM309m in 3QFY18 due to: (i) stiff price competition in the Thailand and Malaysian markets leading to lower domestic fares (-15%), (ii) losses at TAA and AAJ (associates) totalling RM61.8m, and (iii) the adoption of MFRS 16, and sale and leaseback programme which drove maintenance and overhaul cost up by 118%. All these sent 3QFY19 CNP lower by 90%.

YoY 9MFY19 core net profit came in at RM247m fell sharply compared to RM1.3b in 9MFY18 due to: (i) stiff price competition in the Malaysian market, (ii) challenging operating environment in Thailand and India due to low pricing by competitors and higher CASK, respectively, (iii) sale and leaseback programme which requires AirAsia to make provisions or expense off maintenance provisions rather than capitalise and amortise over the useful life of the major overhaul, and (iv) the adoption of MFRS 16 requiring operating leases to be capitalised on the balance sheet, with the right-of-use assets depreciated and interest expense recognised.

**Outlook.** The group expect load factors and fares for the rest of 2019 to remain strong in a seasonally strong period. However, we expect tough operating environment to persist, no thanks to high maintenance cost due to accounting treatment for aircrafts under sales and leaseback arrangements and competitive pressure in Malaysia and Thailand. Teleport (logistics business) is expected to see encouraging growth due to efforts to seek tie-ups with different airlines, as well as SMEs. The group will continue its focus on digital initiatives i.e. AirAsia.com is being developed as a full-fledged one-stop travel and lifestyle platform whilst BigPay will be rolled out in multiple markets in ASEAN.

**Reiterate MP.** Our TP is RM1.70 based on 10x FY20E EPS (+0.5SD above 5-year historical forward mean), which is at a discount to average forward PER of 11x of global peers like Ryanair and Southwest Airlines to reflect AirAsia's relatively smaller market capitalization.

**Risks include** lower-than-expected RASK and higher-than-expected fuel costs, and higher-than-expected operating costs.

# MARKET PERFORM ↔

 $\begin{array}{ccc} \textbf{Price:} & \textbf{RM1.75} \\ \textbf{Target Price:} & \textbf{RM1.70} & \leftrightarrow \end{array}$ 



KLCI	1,587.18
YTD KLCI chg	-6.1%
YTD stock price chg	-13.9%

## **Stock Information**

Shariah Compliant	No
Bloomberg Ticker	AAGB MK Equity
Market Cap (RM m)	5,848.5
Shares Outstanding	3,342.0
52-week range (H)	2.25
52-week range (L)	1.65
3-mth avg daily vol:	7,317,284
Free Float	52%
Beta	1.6

## **Major Shareholders**

Tune Live Sdn Bhd	16.7%
Tune Air Sdn Bhd	15.5%
Employees Provident Fund	6.5%

#### **Summary Earnings Table**

FY Dec (RM'm)	2018A	2019E	2020E
Turnover	10,603	11,791	12,848
PBT	1,364.7	417.0	585.8
Net Profit (NP)	1,980.0	396.2	556.5
Core NP	583.9	396.2	556.5
Consensus (NP)	-	406.3	617.2
Earnings Revision	-		
Core EPS (sen)	17.5	11.9	16.7
Core EPS growth (%)	(60.7)	(32.2)	40.5
NDPS (sen)	52.0	90.0	5.0
BVPS (RM)	2.35	1.66	1.78
Core PER (x)	10.0	14.8	10.5
PBV(x)	0.7	1.1	1.0
Net Gearing (%)	N.Cash	N.Cash	N.Cash
Net Div. Yield (%)	29.7	51.4	2.9

28 November 2019

Results Highlight								
FYE Dec (RM'm)	3Q19	3Q18	2Q19	YoY %	QoQ %	9M18	9M19	YoY %
Revenue	2,945.2	2,527.2	3,028.8	16.5	(2.8)	7,779.6	8,754.2	12.5
EBITDA	691.3	316.2	472.6	118.6	46.3	1,438.7	1,881.0	30.7
EBIT	2.1	68.7	(197.6)	(96.9)	(101.1)	1,092.4	(95.9)	(108.8
Associates	(61.8)	(56.1)	(225.1)	10.1	(72.6)	(46.5)	(255.9)	450.4
Pre-tax profit/(loss)	(347.6)	308.5	(202.5)	(212.7)	71.7	1,780.9	(317.3)	(117.8
Taxation	280.1	495.5	249.3	(43.5)	12.4	432.0	416.8	(3.5)
MI	16.0	111.9	(29.5)	(85.7)	(154.3)	206.4	(18.8)	(109.1
Reported net profit/ (loss)	(51.4)	915.9	17.3	(105.6)	(396.7)	2,419.4	80.7	(96.7
Exceptionals:-								
Forex gain / (loss)	(112.0)	45.9	(19.9)			63.8	(19.6)	
Remeasurement gain on a former subsi	-	-	-			534.7	41.8	
One off gain / (loss)	-	170.8	(147.0)			521.2	(147.0)	
Core net profit	60.6	699.2	184.2			1,299.7	247.4	
EPS	(1.5)	2.9	0.5			72.4	2.4	
Core EPS / (LPS)	1.8	(0.1)	5.5			38.9	8.7	
EBITDA margin (%)	23.5	12.5	15.6			18.5	21.5	
EBIT margin (%)	0.1	2.7	(6.5)			14.0	(1.1)	
Pretax margin (%)	(0.1)	0.1	(0.1)			0.2	(0.0)	
Operating statistics								
Capacity (ASK million)	19,024	15,962	18,645	19.2	2.0	48,391	55,457	14.6
Seat capacity (m)	15,502	12,723	15,093	21.8	2.7	38,157	44,864	17.6
Passengers ('000)	13,002	10,878	12,839	19.5	1.3	32,328	38,390	18.8
Seat load factor (%)	84%	86%	85%	(1.9)	(1.4)	85%	86%	1.0
Revenue passenger per pax (RM)	215.0	217.0	222.0	(0.9)	(3.2)	219.0	216.3	(1.2)
Revenue / ASK (sen) (RASK)	15.0	14.8	16.2	1.3	(7.5)	14.7	15.6	6.1
Average fuel price hedge	85.0	89	87.0	(4.5)	(2.3)	89.0	85.0	(4.5)
Cost/ASK (sen)	15.3	13.77	15.8	11.0	(3.0)	13.9	15.2	9.8
Cost/ASK ex-fuel (sen)	9.6	8.05	10.0	19.6	(3.2)	8.1	9.6	17.8
Ancillary income / pax	39	45	44	(13.3)	(11.4)	45	43	(5.9)

## 28 November 2019

## **Peer Comparison**

AVIATION UNDER COVERAGE  AIRASIA GROUP BHD  MALAYSIA AIRPORTS HLDGS  BIMPIE Average  CONSENSUS NUMBERS  LOW-Cost Carriers:  AIRASIA X BHD  ASIA AVIATION PCL  GOL LINHAS AEREAS INTEL- ADR  JETBLUE AIRWAYS CORP  RYANAIR HOLDINGS PLC  GOUTHWEST AIRLINES CO  JIRGIN AUSTRALIA HOLDINGS LT  Full-Service Carriers:  AIR CHINA LTD-H  AIR NEW ZEALAND LTD  AIR AIRLINES  CATHAY PACIFIC AIRWAYS  CHINA AIRLINES LTD  CHINA EASTERN AIRLINES	0.150 2.34 92.10 1,340.50 15.51 19.26 14.00 57.75 0.155 7.21 2.83 3,730.00	622.2 11,349.0 55,344.4 5,324.6 2,756.9 5,560.2 15,172.0 30,392.4 1,309.0		12/2019 12/2019 12/2019 12/2019 12/2019 09/2020 12/2019 03/2020 12/2019 06/2020	1-Yr. Fwd.  11.2% 7.9% 9.5%  1.3% 4.8% 15.4% 5.4% 5.4% 14.2% 5.7% 9.7% 2.1% 0.5%	2-Yr. Fwd.  9.0% 6.3% 7.6%  8.7% 6.4% 7.5% 5.2% 9.9% 6.9% 5.0% 6.3% 0.1%	1-Yr. Fwd.  -60.7% 36.1% -12.3%  -139.7% -308.1% 142.7% 4.7% 473.5% 204.4% -4.1% -3.0% -693.7%	2-Yr. Fwd.  -32.2% 16.9% -7.6%  -680.0% 26.1% 9.8% 16.7% 311.1% 22.6% 29.5% 6.9% 428.3%	N.A. 162.2 14.1 15.3 N.A. 29.6 17.1 12.3 N.A.	1-Yr. Fwd.  14.8 21.3 18.05  N.A. N.A. 5.8 14.6 12.0 9.7 17.9 12.7 N.A.	2-Yr. Fwd.  10.5 18.3 14.4  N.A. 20.4 5.3 12.5 2.9 7.9 13.8 11.9 111.4	0.7 1.5 1.1 2.9 0.6 1.3 1.8 N.A. 1.2 2.4 3.1 2.2	1-Yr. Fwd.  1.1 1.5 1.3  1.7 0.6 1.2 1.6 N.A. 1.1 2.9 2.5 9.7	1-Yr. Fwd. 5.9% 6.9% 6.4% -56.3% -0.4% 20.9% 10.9% -3.3% 12.0% 15.8% 23.6% -6.2%	1-Yr. Fwd. 51.4% 1.8% 26.6%  0.0% 2.0% 6.2% 0.0% 2.5% 0.0% 0.4% 1.2% 0.0%	Price (RM)  1.70 9.90  0.128 3.56 127.76 1,243.30 24.09 21.73 13.02 59.63 0.143	MP OP SELI BUY NEUTF BUY NEUTF NEUTF
MYR MALAYSIA AIRPORTS HLDGS MYR MALAYSIA AIRPORTS HLDGS MYR  Simple Average  CONSENSUS NUMBERS  OW-Cost Carriers: MIRASIA X BHD MYR ASIA AVIATION PCL THB CEBU AIR INC PHP CASYJET PLC GBp GOL LINHAS AEREAS INTEL- MDR ETBLUE AIRWAYS CORP EYANAIR HOLDINGS PLC EUR COUTHWEST AIRLINES CO WSD WIRGIN AUSTRALIA HOLDINGS LT FUIII-Service Carriers: MIR CHINA LTD-H HKD MIR NEW ZEALAND LTD NZD MIR AIRLINES KRW CATHAY PACIFIC AIRWAYS CHINA EASTERN AIRLINES CHINA ASTERN AIRLINES CHINA ARASTERN AIRLINES CHINA CH	0.150 2.34 92.10 1,340.50 15.51 19.26 14.00 57.75 0.155	622.2 11,349.0 55,344.4 5,324.6 2,756.9 5,560.2 15,172.0 30,392.4 1,309.0	Y N N N N N N N	12/2019 12/2019 12/2019 12/2019 09/2020 12/2019 03/2020 12/2019 06/2020	7.9% 9.5% 1.3% 4.8% 15.4% 5.4% 14.2% 5.7% 9.7% 2.1% 0.5%	6.3% 7.6% 8.7% 6.4% 7.5% 5.2% 9.9% 6.9% 5.0% 6.3%	36.1% -12.3% -139.7% -308.1% 142.7% 4.7% 473.5% 204.4% -4.1% -3.0%	-680.0% 26.1% 9.8% 16.7% 311.1% 22.6% 29.5% 6.9%	29.0 19.5 N.A. 162.2 14.1 15.3 N.A. 29.6 17.1 12.3	21.3 18.05 N.A. N.A. 5.8 14.6 12.0 9.7 17.9 12.7	N.A. 20.4 5.3 12.5 2.9 7.9 13.8 11.9	1.5 1.1 2.9 0.6 1.3 1.8 N.A. 1.2 2.4 3.1	1.5 1.3 1.7 0.6 1.2 1.6 N.A. 1.1 2.9 2.5	6.9% 6.4% -56.3% -0.4% 20.9% 10.9% -3.3% 12.0% 15.8% 23.6%	1.8% 26.6% 0.0% 2.0% 6.2% 0.0% 2.5% 0.0% 0.4% 1.2%	9.90 0.128 3.56 127.76 1,243.30 24.09 21.73 13.02 59.63	SELI BUY BUY NEUTF BUY BUY
MALAYSIA AIRPORTS HLDGS BHD Simple Average  CONSENSUS NUMBERS OW-Cost Carriers: AIRASIA X BHD ASIA AVIATION PCL CEBU AIR INC CASYJET PLC GOL LINHAS AEREAS INTEL- ADR EITBLUE AIRWAYS CORP EYANAIR HOLDINGS PLC COUTHWEST AIRLINES CO VIRGIN AUSTRALIA HOLDINGS LT Full-Service Carriers: AIR CHINA LTD-H AIR NEW ZEALAND LTD ANA HOLDINGS INC ASIANA AIRLINES CATHAY PACIFIC AIRWAYS CHINA AIRLINES LTD	0.150 2.34 92.10 1,340.50 15.51 19.26 14.00 57.75 0.155	622.2 11,349.0 55,344.4 5,324.6 2,756.9 5,560.2 15,172.0 30,392.4 1,309.0	Y N N N N N N N	12/2019 12/2019 12/2019 12/2019 09/2020 12/2019 03/2020 12/2019 06/2020	7.9% 9.5% 1.3% 4.8% 15.4% 5.4% 14.2% 5.7% 9.7% 2.1% 0.5%	6.3% 7.6% 8.7% 6.4% 7.5% 5.2% 9.9% 6.9% 5.0% 6.3%	36.1% -12.3% -139.7% -308.1% 142.7% 4.7% 473.5% 204.4% -4.1% -3.0%	-680.0% 26.1% 9.8% 16.7% 311.1% 22.6% 29.5% 6.9%	29.0 19.5 N.A. 162.2 14.1 15.3 N.A. 29.6 17.1 12.3	21.3 18.05 N.A. N.A. 5.8 14.6 12.0 9.7 17.9 12.7	N.A. 20.4 5.3 12.5 2.9 7.9 13.8 11.9	1.5 1.1 2.9 0.6 1.3 1.8 N.A. 1.2 2.4 3.1	1.5 1.3 1.7 0.6 1.2 1.6 N.A. 1.1 2.9 2.5	6.9% 6.4% -56.3% -0.4% 20.9% 10.9% -3.3% 12.0% 15.8% 23.6%	1.8% 26.6% 0.0% 2.0% 6.2% 0.0% 2.5% 0.0% 0.4% 1.2%	9.90 0.128 3.56 127.76 1,243.30 24.09 21.73 13.02 59.63	SELL BUY BUY NEUTF BUY BUY NEUTF
CONSENSUS NUMBERS OW-Cost Carriers: MIRASIA X BHD MYR MIRASIA X BHD MYR MISIA AVIATION PCL MISIA AIRLINES CO MISIA AUD MISIA MI	0.150 2.34 92.10 1,340.50 15.51 19.26 14.00 57.75 0.155	622.2 11,349.0 55,344.4 5,324.6 2,756.9 5,560.2 15,172.0 30,392.4 1,309.0	Y N N N N N N N N N N N N N N N N N N N	12/2019 12/2019 12/2019 09/2020 12/2019 12/2019 03/2020 12/2019 06/2020	9.5%  1.3% 4.8% 15.4% 5.4% 14.2% 5.7% 9.7% 2.1% 0.5%	7.6%  8.7% 6.4% 7.5% 5.2% 9.9% 6.9% 5.0% 6.3%	-12.3% -139.7% -308.1% 142.7% 4.7% 473.5% 204.4% -4.1% -3.0%	-7.6% -680.0% 26.1% 9.8% 16.7% 311.1% 22.6% 29.5% 6.9%	N.A. 162.2 14.1 15.3 N.A. 29.6 17.1 12.3	N.A. N.A. 5.8 14.6 12.0 9.7 17.9 12.7	N.A. 20.4 5.3 12.5 2.9 7.9 13.8 11.9	2.9 0.6 1.3 1.8 N.A. 1.2 2.4 3.1	1.7 0.6 1.2 1.6 N.A. 1.1 2.9 2.5	-56.3% -0.4% 20.9% 10.9% -3.3% 12.0% 15.8% 23.6%	0.0% 2.0% 6.2% 0.0% 2.5% 0.0% 0.4% 1.2%	0.128 3.56 127.76 1,243.30 24.09 21.73 13.02 59.63	SEL BUY BUY NEUTF BUY NEUTF
CONSENSUS NUMBERS CONSENSUS NUMBERS COWCOST Carriers:  AIRASIA X BHD  ASIA AVIATION PCL  EASYJET PLC EASYJET PLC EASYJET PLC GOL LINHAS AEREAS INTEL- ADR  EYVANAIR HOLDINGS PLC EUR COUTHWEST AIRLINES CO  VIRGIN AUSTRALIA HOLDINGS LT  Full-Service Carriers: AIR CHINA LTD-H AIR NEW ZEALAND LTD  AIRA HOLDINGS INC  ASIANA AIRLINES CATHAY PACIFIC AIRWAYS  CHINA EASTERN AIRLINES  CHINA EASTERN AIRLINES  CHINA AIRLINES  CHINA EASTERN AIRLINES	2.34 92.10 1,340.50 15.51 19.26 14.00 57.75 0.155 7.21 2.83	11,349.0 55,344.4 5,324.6 2,756.9 5,560.2 15,172.0 30,392.4 1,309.0	N N N N N N	12/2019 12/2019 09/2020 12/2019 12/2019 03/2020 12/2019 06/2020	1.3% 4.8% 15.4% 5.4% 14.2% 5.7% 9.7% 2.1% 0.5%	8.7% 6.4% 7.5% 5.2% 9.9% 6.9% 5.0% 6.3%	-139.7% -308.1% 142.7% 4.7% 473.5% 204.4% -4.1% -3.0%	-680.0% 26.1% 9.8% 16.7% 311.1% 22.6% 29.5% 6.9%	N.A. 162.2 14.1 15.3 N.A. 29.6 17.1 12.3	N.A. N.A. 5.8 14.6 12.0 9.7 17.9 12.7	N.A. 20.4 5.3 12.5 2.9 7.9 13.8 11.9	2.9 0.6 1.3 1.8 N.A. 1.2 2.4 3.1	1.7 0.6 1.2 1.6 N.A. 1.1 2.9 2.5	-56.3% -0.4% 20.9% 10.9% -3.3% 12.0% 15.8% 23.6%	0.0% 2.0% 6.2% 0.0% 2.5% 0.0% 0.4% 1.2%	3.56 127.76 1,243.30 24.09 21.73 13.02 59.63	BU' BU' NEUT BU' BU' NEUT
ARASIA X BHD MYR ASIA AVIATION PCL THB DEBU AIR INC PHP EASYJET PLC GBp GOL LINHAS AEREAS INTEL- ADR ETBLUE AIRWAYS CORP RYANAIR HOLDINGS PLC EUR BOUTHWEST AIRLINES CO USD VIRGIN AUSTRALIA HOLDINGS LT FULL-Service Carriers: AIR CHINA LTD-H HKD AIR NEW ZEALAND LTD NZD AISIANA AIRLINES CATHAY PACIFIC AIRWAYS CATHAY PACIFIC AIRWAYS CHINA AIRLINES LTD CHINA	2.34 92.10 1,340.50 15.51 19.26 14.00 57.75 0.155 7.21 2.83	11,349.0 55,344.4 5,324.6 2,756.9 5,560.2 15,172.0 30,392.4 1,309.0	N N N N N N	12/2019 12/2019 09/2020 12/2019 12/2019 03/2020 12/2019 06/2020	4.8% 15.4% 5.4% 14.2% 5.7% 9.7% 2.1% 0.5%	6.4% 7.5% 5.2% 9.9% 6.9% 5.0% 6.3%	-308.1% 142.7% 4.7% 473.5% 204.4% -4.1% -3.0%	26.1% 9.8% 16.7% 311.1% 22.6% 29.5% 6.9%	162.2 14.1 15.3 N.A. 29.6 17.1 12.3	N.A. 5.8 14.6 12.0 9.7 17.9 12.7	20.4 5.3 12.5 2.9 7.9 13.8 11.9	0.6 1.3 1.8 N.A. 1.2 2.4 3.1	0.6 1.2 1.6 N.A. 1.1 2.9 2.5	-0.4% 20.9% 10.9% -3.3% 12.0% 15.8% 23.6%	2.0% 6.2% 0.0% 2.5% 0.0% 0.4% 1.2%	3.56 127.76 1,243.30 24.09 21.73 13.02 59.63	BU' BU' NEUT BU' BU' NEUT
AIRASIA X BHD MYR ASIA AVIATION PCL THB CEBU AIR INC CASYJET PLC GBP GOL LINHAS AEREAS INTEL- ADR IETBLUE AIRWAYS CORP RYANAIR HOLDINGS PLC GOUTHWEST AIRLINES CO VIRGIN AUSTRALIA HOLDINGS LT Full-Service Carriers: AIR CHINA LTD-H AIR NEW ZEALAND LTD ANA HOLDINGS INC ASIANA AIRLINES CHINA ASSTERNA AIRLINES CHINA AIRLINES CHINA ASSTERNA AIRLINES CHINA AIRLI	2.34 92.10 1,340.50 15.51 19.26 14.00 57.75 0.155 7.21 2.83	11,349.0 55,344.4 5,324.6 2,756.9 5,560.2 15,172.0 30,392.4 1,309.0	N N N N N N	12/2019 12/2019 09/2020 12/2019 12/2019 03/2020 12/2019 06/2020	4.8% 15.4% 5.4% 14.2% 5.7% 9.7% 2.1% 0.5%	6.4% 7.5% 5.2% 9.9% 6.9% 5.0% 6.3%	-308.1% 142.7% 4.7% 473.5% 204.4% -4.1% -3.0%	26.1% 9.8% 16.7% 311.1% 22.6% 29.5% 6.9%	162.2 14.1 15.3 N.A. 29.6 17.1 12.3	N.A. 5.8 14.6 12.0 9.7 17.9 12.7	20.4 5.3 12.5 2.9 7.9 13.8 11.9	0.6 1.3 1.8 N.A. 1.2 2.4 3.1	0.6 1.2 1.6 N.A. 1.1 2.9 2.5	-0.4% 20.9% 10.9% -3.3% 12.0% 15.8% 23.6%	2.0% 6.2% 0.0% 2.5% 0.0% 0.4% 1.2%	3.56 127.76 1,243.30 24.09 21.73 13.02 59.63	BU' NEUTI BU' BU'
ASIA AVIATION PCL  THB CEBU AIR INC CEBU AIR WAYS CORP CEBUR CE	2.34 92.10 1,340.50 15.51 19.26 14.00 57.75 0.155 7.21 2.83	11,349.0 55,344.4 5,324.6 2,756.9 5,560.2 15,172.0 30,392.4 1,309.0	N N N N N N	12/2019 12/2019 09/2020 12/2019 12/2019 03/2020 12/2019 06/2020	4.8% 15.4% 5.4% 14.2% 5.7% 9.7% 2.1% 0.5%	6.4% 7.5% 5.2% 9.9% 6.9% 5.0% 6.3%	-308.1% 142.7% 4.7% 473.5% 204.4% -4.1% -3.0%	26.1% 9.8% 16.7% 311.1% 22.6% 29.5% 6.9%	162.2 14.1 15.3 N.A. 29.6 17.1 12.3	N.A. 5.8 14.6 12.0 9.7 17.9 12.7	20.4 5.3 12.5 2.9 7.9 13.8 11.9	0.6 1.3 1.8 N.A. 1.2 2.4 3.1	0.6 1.2 1.6 N.A. 1.1 2.9 2.5	-0.4% 20.9% 10.9% -3.3% 12.0% 15.8% 23.6%	2.0% 6.2% 0.0% 2.5% 0.0% 0.4% 1.2%	3.56 127.76 1,243.30 24.09 21.73 13.02 59.63	BU BU NEUT BU BU NEUT
ASIA AVIATION PCL  ASIA AVIATION PCL  CEBU AIR INC  CASYJET PLC  COL LINHAS AEREAS INTEL-  ADR  ETBLUE AIRWAYS CORP  EYANAIR HOLDINGS PLC  COUTHWEST AIRLINES CO  VIRGIN AUSTRALIA  AUD  COUTHINS LT  COUTHINS LT  AUD  COUTHINS LT  COUTHINS LT  COUTHINS LT  AUD  COUTHINS LT  COUTHINS LT  COUTHINS LT  COUTHINS LT  COUTHINS LT  AUD  COUTHI	2.34 92.10 1,340.50 15.51 19.26 14.00 57.75 0.155 7.21 2.83	11,349.0 55,344.4 5,324.6 2,756.9 5,560.2 15,172.0 30,392.4 1,309.0	N N N N N N	12/2019 12/2019 09/2020 12/2019 12/2019 03/2020 12/2019 06/2020	4.8% 15.4% 5.4% 14.2% 5.7% 9.7% 2.1% 0.5%	6.4% 7.5% 5.2% 9.9% 6.9% 5.0% 6.3%	-308.1% 142.7% 4.7% 473.5% 204.4% -4.1% -3.0%	26.1% 9.8% 16.7% 311.1% 22.6% 29.5% 6.9%	162.2 14.1 15.3 N.A. 29.6 17.1 12.3	N.A. 5.8 14.6 12.0 9.7 17.9 12.7	20.4 5.3 12.5 2.9 7.9 13.8 11.9	0.6 1.3 1.8 N.A. 1.2 2.4 3.1	0.6 1.2 1.6 N.A. 1.1 2.9 2.5	-0.4% 20.9% 10.9% -3.3% 12.0% 15.8% 23.6%	2.0% 6.2% 0.0% 2.5% 0.0% 0.4% 1.2%	3.56 127.76 1,243.30 24.09 21.73 13.02 59.63	BU BU NEUT BU BU NEUT
EBU AIR INC  ASYJET PLC  GBP GOL LINHAS AEREAS INTEL- DR ETBLUE AIRWAYS CORP EYANAIR HOLDINGS PLC COUTHWEST AIRLINES CO USD FIRGIN AUSTRALIA IOLDINGS LT  UIII-Service Carriers: LIR CHINA LTD-H LIR NEW ZEALAND LTD NZD NA HOLDINGS INC JPY SIANA AIRLINES KRW EATHAY PACIFIC AIRWAYS CHINA ASTERNIA ID INIES	92.10 1,340.50 15.51 19.26 14.00 57.75 0.155 7.21 2.83	55,344.4 5,324.6 2,756.9 5,560.2 15,172.0 30,392.4 1,309.0	N N N N N N	12/2019 09/2020 12/2019 12/2019 03/2020 12/2019 06/2020	15.4% 5.4% 14.2% 5.7% 9.7% 2.1% 0.5%	7.5% 5.2% 9.9% 6.9% 5.0% 6.3%	142.7% 4.7% 473.5% 204.4% -4.1% -3.0%	9.8% 16.7% 311.1% 22.6% 29.5% 6.9%	14.1 15.3 N.A. 29.6 17.1 12.3	5.8 14.6 12.0 9.7 17.9 12.7	5.3 12.5 2.9 7.9 13.8 11.9	1.3 1.8 N.A. 1.2 2.4 3.1	1.2 1.6 N.A. 1.1 2.9 2.5	20.9% 10.9% -3.3% 12.0% 15.8% 23.6%	6.2% 0.0% 2.5% 0.0% 0.4% 1.2%	127.76 1,243.30 24.09 21.73 13.02 59.63	BU NEUT BU BU NEUT
ASYJET PLC OL LINHAS AEREAS INTELDR USD DR USD TIBLUE AIRWAYS CORP YANAIR HOLDINGS PLC OUTHWEST AIRLINES CO IRGIN AUSTRALIA OLDINGS LT UIL-Service Carriers: IR CHINA LTD-H IR NEW ZEALAND LTD NA HOLDINGS INC SIANA AIRLINES ATHAY PACIFIC AIRWAYS HINA ARSTERN AIRLINES HINA EASTERN AIRLINES TUSD OUTHWEST AIRLINES USD USD USD USD USD USD USD USD USD US	1,340.50 15.51 19.26 14.00 57.75 0.155 7.21 2.83	5,324.6 2,756.9 5,560.2 15,172.0 30,392.4 1,309.0	N N N N N	09/2020 12/2019 12/2019 03/2020 12/2019 06/2020	5.4% 14.2% 5.7% 9.7% 2.1% 0.5%	5.2% 9.9% 6.9% 5.0% 6.3%	4.7% 473.5% 204.4% -4.1% -3.0%	16.7% 311.1% 22.6% 29.5% 6.9%	15.3 N.A. 29.6 17.1 12.3	14.6 12.0 9.7 17.9 12.7	12.5 2.9 7.9 13.8 11.9	1.8 N.A. 1.2 2.4 3.1	1.6 N.A. 1.1 2.9 2.5	10.9% -3.3% 12.0% 15.8% 23.6%	0.0% 2.5% 0.0% 0.4% 1.2%	1,243.30 24.09 21.73 13.02 59.63	NEUT BL BL NEUT
OL LINHAS AEREAS INTELDR DR USD ETBLUE AIRWAYS CORP YANAIR HOLDINGS PLC OUTHWEST AIRLINES CO IRGIN AUSTRALIA OLDINGS LT UII-Service Carriers: IR CHINA LTD-H IR NEW ZEALAND LTD NA HOLDINGS INC SIANA AIRLINES WERT HINA AIRLINES HKD	15.51 19.26 14.00 57.75 0.155 7.21 2.83	2,756.9 5,560.2 15,172.0 30,392.4 1,309.0	N N N N	12/2019 12/2019 03/2020 12/2019 06/2020	14.2% 5.7% 9.7% 2.1% 0.5%	9.9% 6.9% 5.0% 6.3%	473.5% 204.4% -4.1% -3.0%	311.1% 22.6% 29.5% 6.9%	N.A. 29.6 17.1 12.3	12.0 9.7 17.9 12.7	2.9 7.9 13.8 11.9	N.A. 1.2 2.4 3.1	N.A. 1.1 2.9 2.5	-3.3% 12.0% 15.8% 23.6%	2.5% 0.0% 0.4% 1.2%	24.09 21.73 13.02 59.63	Bl Bl NEU
DR ETBLUE AIRWAYS CORP EYANAIR HOLDINGS PLC COUTHWEST AIRLINES CO USD IYIRGIN AUSTRALIA IOLDINGS LT UIII-Service Carriers: LIR CHINA LTD-H LIR NEW ZEALAND LTD NA HOLDINGS INC USD NA HOLDINGS	19.26 14.00 57.75 0.155 7.21 2.83	5,560.2 15,172.0 30,392.4 1,309.0	N N N	12/2019 03/2020 12/2019 06/2020	5.7% 9.7% 2.1% 0.5%	6.9% 5.0% 6.3%	204.4% -4.1% -3.0%	22.6% 29.5% 6.9%	29.6 17.1 12.3	9.7 17.9 12.7	7.9 13.8 11.9	1.2 2.4 3.1	1.1 2.9 2.5	12.0% 15.8% 23.6%	0.0% 0.4% 1.2%	21.73 13.02 59.63	BU NEU
ETBLUE AIRWAYS CORP YANAIR HOLDINGS PLC OUTHWEST AIRLINES CO IRGIN AUSTRALIA OLDINGS LT UILI-Service Carriers: IR CHINA LTD-H IR NEW ZEALAND LTD NA HOLDINGS INC SIANA AIRLINES ATHAY PACIFIC AIRWAYS HINA AIRLINES LTD HINA AIRLINE	14.00 57.75 0.155 7.21 2.83	15,172.0 30,392.4 1,309.0 128,204.0	N N N	03/2020 12/2019 06/2020	9.7% 2.1% 0.5%	5.0% 6.3%	-4.1% -3.0%	29.5% 6.9%	17.1 12.3	17.9 12.7	13.8 11.9	2.4 3.1	2.9 2.5	15.8% 23.6%	0.4% 1.2%	13.02 59.63	NEU
RYANAIR HOLDINGS PLC FOUTHWEST AIRLINES CO USD RIRGIN AUSTRALIA RIOLDINGS LT  WIII-Service Carriers: LIR CHINA LTD-H LIR NEW ZEALAND LTD NA HOLDINGS INC SIANA AIRLINES RW ATHAY PACIFIC AIRWAYS CHINA LTD-H LIR CHINA AIRLINES LTD WINA FASTERN AIRLINES CHINA AIRLINES LTD WINA FASTERN AIRLINES CHINA ASSTERN AIRLINES CHINA FASTERN AIRLINES CHINA FASTERN AIRLINES	14.00 57.75 0.155 7.21 2.83	15,172.0 30,392.4 1,309.0 128,204.0	N N N	03/2020 12/2019 06/2020	9.7% 2.1% 0.5%	5.0% 6.3%	-4.1% -3.0%	29.5% 6.9%	17.1 12.3	17.9 12.7	13.8 11.9	2.4 3.1	2.9 2.5	15.8% 23.6%	0.4% 1.2%	13.02 59.63	NEU <sup>-</sup>
OUTHWEST AIRLINES CO USD IRGIN AUSTRALIA AUD OLDINGS LT UII-SERVICE Carriers: IR CHINA LTD-H HKD IR NEW ZEALAND LTD NZD NA HOLDINGS INC JPY SIANA AIRLINES KRW ATHAY PACIFIC AIRWAYS HKD HINA AIRLINES LTD TWD	57.75 0.155 7.21 2.83	30,392.4 1,309.0 128,204.0	N N	12/2019 06/2020	2.1% 0.5%	6.3%	-3.0%	6.9%	12.3	12.7	11.9	3.1	2.5	23.6%	1.2%	59.63	
IRGIN AUSTRALIA IOLDINGS LT  ull-Service Carriers: IR CHINA LTD-H IR NEW ZEALAND LTD NA HOLDINGS INC SIANA AIRLINES ATHAY PACIFIC AIRWAYS HINA AIRLINES LTD HINA EASTEPN AIRLINES	0.155 7.21 2.83	1,309.0	N	06/2020	0.5%												NEU
OLDINGS LT  ull-Service Carriers:  IR CHINA LTD-H  IR NEW ZEALAND LTD  NA HOLDINGS INC  SIANA AIRLINES  ATHAY PACIFIC AIRWAYS  HINA AIRLINES LTD  HINA EASTERN AIRLINES  HUD  HINA EASTERN AIRLINES	7.21 2.83	128,204.0				0.1%	-693.7%	428.3%	N.A.	N.A.	111.4	2.2	9.7	-6.2%	0.0%	0.1/13	
IR CHINA LTD-H HKD IR NEW ZEALAND LTD NZD NA HOLDINGS INC JPY SIANA AIRLINES KRW ATHAY PACIFIC AIRWAYS HKD HINA AIRLINES LTD TWD	2.83		N	12/2019	E 10/											0.143	NEU.
IR NEW ZEALAND LTD NZD INA HOLDINGS INC JPY ISIANA AIRLINES KRW IATHAY PACIFIC AIRWAYS HKD ININA FRASTERN AIRLINES ININA FRASTERN AIRLINES	2.83		N	12/2019	E 10/												
NA HOLDINGS INC JPY SIANA AIRLINES KRW ATHAY PACIFIC AIRWAYS HKD HINA AIRLINES LTD TWD HINA EASTERN AIRLINES		3 177 6		12/2010	J. I /0	7.4%	8.1%	23.0%	17.4	16.1	13.1	1.0	1.0	8.4%	1.6%	8.28	Bl
SIANA AIRLINES KRW ATHAY PACIFIC AIRWAYS HKD HINA AIRLINES LTD TWD	3,730.00		N	06/2020	3.1%	2.9%	9.8%	15.2%	11.8	10.7	9.3	1.5	1.5	14.1%	7.8%	2.94	NEU <sup>-</sup>
ATHAY PACIFIC AIRWAYS HKD HINA AIRLINES LTD TWD		1,299,898.9	N N	03/2020	1.9%	6.1%	-13.5%	14.0%	11.7	13.6	11.9	1.1	1.1	8.3%	2.1%	3,662.86	NEU <sup>-</sup>
ATHAY PACIFIC AIRWAYS HKD CHINA AIRLINES LTD TWD CHINA EASTERN AIRLINES	5.480.00	1,212,369.4		12/2019	-1.6%	3.6%	-32.2%	-1892.1%	N.A.	N.A.	N.A.	1.1	1.3	-28.9%	N.A.	5,200.00	NEU <sup>-</sup>
HINA AIRLINES LTD TWD	10.22	40,203.9	N	12/2019	-3.6%	5.8%	16.6%	36.8%	17.1	14.7	10.8	0.6	0.6	2.9%	1.9%	11.77	BL
HINA FASTERN AIRI INFS	9.03	48,951.5	N	12/2019	-1.3%	2.7%	-95.3%	1619.0%	27.3	582.8	33.9	0.9	0.8	2.0%	0.0%	10.25	NEU
A HINA LAGILINI AHALINLO	9.00	40,331.3	IN.						21.5				0.0	2.070			
CO-H HKD	4.00	84,713.1	N	12/2019	8.8%	9.3%	123.1%	14.3%	31.4	14.1	12.3	0.9	8.0	7.3%	0.6%	4.70	Bl
CHINA SOUTHERN AIRLINES CO-H HKD	4.95	81,848.4	N	12/2019	8.3%	9.1%	78.8%	16.4%	28.3	15.8	13.6	0.9	0.8	7.0%	1.2%	5.72	BL
VA AIRWAYS CORP TWD	14.05	68,192.7	N	12/2019	0.8%	5.5%	-38.9%	37.6%	10.4	17.0	12.4	1.0	1.0	9.6%	1.1%	18.00	NEUT
SARUDA INDONESIA PERSERO TBK	540.00	13,978,751.2	2 Y	12/2019	10.3%	6.1%	126.9%	20.5%	N.A.	98,999.7	82,131.3	1.1	1.0	16.0%	0.0%	702.50	NEU <sup>-</sup>
IAINAN AIRLINES HOLDING CO-A CO-A CNY	1.67	28,116.6	N	12/2019	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	0.6	N.A.	N.A.	N.A.	N.A.	SE
APAN AIRLINES CO LTD JPY	3,388.00	1,162,797.5	i N	03/2020	2.2%	4.7%	-27.2%	6.4%	7.7	10.6	9.9	1.0	1.0	9.3%	3.3%	4,258.57	Вι
ET AIRWAYS INDIA LTD INR	21.70	2,465.1	N N	03/2020	5.1%	-98.5%	-18.6%	-51760.6%	N.A.	N.A.	N.A.	N.A.	N.A.	44.0%	N.A.	N.A.	SE
OREAN AIR LINES COLTD KRW	25,050.00	,		12/2019	-1.5%	-96.5% 2.4%	-10.0%	6225.6%	N.A.	N.A.	1N.A. 214.9	0.9	1.O	-25.3%	0.9%	31.875.00	Bl
	,		N N													- ,	NEU <sup>-</sup>
ANTAS AIRWAYS LTD AUD	7.30	10,882.8		06/2020	2.5%	2.5%	2.1%	11.1%	12.2	12.0	10.8	3.3	3.1	25.8%	3.7%	6.93	
INGAPORE AIRLINES LTD SGD	9.14	10,832.1	N	03/2020	3.6%	4.1%	2.9%	12.6%	15.9	15.4	13.7	0.9	0.8	5.3%	3.5%	10.25	BU
HAI AIRWAYS ITERNATIONAL THB	7.20	15,716.0	N	12/2019	-1.6%	6.9%	-94.5%	-187.1%	N.A.	N.A.	N.A.	1.3	1.3	-79.1%	0.5%	5.60	SE
IRGIN AUSTRALIA AUD	0.155	1,309.0	N	06/2020	0.5%	0.1%	-693.7%	428.3%	N.A.	N.A.	111.4	2.2	9.7	-6.2%	0.0%	0.143	NEU <sup>-</sup>
OLDINGS LT	0.100	1,509.0	IN	00/2020	0.570	0.170	-033.1 /0	720.370	IV.A.	14.74.	111.4	۷.۷	3.1	-0.2 /0	0.076	0.143	INLU



Page 3 of 4 PP7004/02/2013(031762)

AirAsia Bhd Results Note

28 November 2019

### Stock Ratings are defined as follows:

#### **Stock Recommendations**

OUTPERFORM : A particular stock's Expected Total Return is MORE than 10%

MARKET PERFORM : A particular stock's Expected Total Return is WITHIN the range of -5% to 10%

UNDERPERFORM : A particular stock's Expected Total Return is LESS than -5%

#### Sector Recommendations\*\*\*

OVERWEIGHT : A particular sector's Expected Total Return is MORE than 10%

NEUTRAL : A particular sector's Expected Total Return is WITHIN the range of -5% to 10%

UNDERWEIGHT : A particular sector's Expected Total Return is LESS than -5%

\*\*\*Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.

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