vietjetAir.com

# Vietjet Aviation Joint Stock Company

## Key Highlights – 1H/2017 Business result

## Aug 2017

# Disclaimer

INFORMATION CONTAINED IN OUR PRESENTATION IS INTENDED SOLELY FOR YOUR REFERENCE. SUCH INFORMATION IS SUBJECT TO CHANGE WITHOUT NOTICE, ITS ACCURACY IS NOT GUARANTEED AND IT MAY NOT CONTAIN ALL MATERIAL INFORMATION CONCERNING THE COMPANY. NEITHER WE NOR OUR ADVISOR MAKES ANY REPRESENTATION REGARDING, AND ASSUMES NO RESPONSIBILITY OR LIABILITY FOR, THE ABILITY, THE ACCURACY OR COMPLETENESS OF, ANY ERRORS OR OMISSION IN, ANY INFORMATION CONTAINED HEREIN. IN ADDITION, THE INFORMATION MAY CONTAIN PROJECTIONS AND FORWARD-LOOKING STATEMENT THAT REFLECTS THE COMPANY'S CURRENT VIEWS WITH RESPECT TO FUTURE EVENTS AND FINANCIAL PERFORMANCE. THESE VIEW ARE BASED ON CURRENT ASSUMPTIONS WHICH ARE SUBJECT TO VARIOUS RISK FACTORS AND WHICH MAY CHANGE OVER TIME. NO ASSURANCE CAN BE GIVEN THAT FUTURE EVENTS WILL OCCURS, THAT PROJECTIONS WILL BE ACHIEVED, OR THAT COMPANY ASSUMPTIONS ARE CORRECT. ACTUAL RESULT MAY DIFFER MATERIALLY FROM THOSE PROJECTED. THIS PRESENTATION IS STRICTLY NOT TO BE DISTRIBUTED WITHOUT THE EXPLICIT CONSENT OF THE COMPANY'S MANAGEMENT UNDER ANY CIRCUMSTANCES.

# Key Highlights

- Carried 8.27 m passengers in H1 2017, an increase of **22.4%** vs H1 2016.
- Capacity in H1 2017 is 9,43 m seat flow an increase of **22 %** vs H12016
- Vietjet opened 1 new domestic route and **12** international routes in H1 2017
- Fuel price increased **22.2%** vs H1 2016 from 67.5USD/barrel to 82.5 USD/barrel in H1 2017
- The Revenue increased **45.9%** vs H1 2016 to VND 10,802.5Bil(1) in H1 2017.
- Profit Before Tax increased **45.2%** reached VND 1,907 bil(1) in H1 2017
- RASK up **3,3 %** - from strong growth of passenger transportation and ancillary revenue.
- Cost per available seat kilometers excluded fuel (CASK exfuel) was **2.25** cents, declined by **7.4 %** over the H1 2016.
- Maintained the high Load Factor approximately **88%.**
- Achieved the highest technical reliability of **99.55%** among top Airlines in Asia Pacific region.
- In H1 2017 Vietjet received and started operating **5 new A321** aircraft among 17 A321 aircraft receiving from Airbus for 2017.

(1) Total Revenue excluded Revenue from SLB - Audited Financial Statement 1H/2017 (VAS)

# Key Highlights (CONT.)

- In H1 2017, Vietjet paid **10%** cash dividend (in a total of 119% dividend of 2016) and **20%** cash dividend (FY2017)
- Vietjet will pay **40%** stock dividend in 3Q of 2017 (FY 2017)
- Vietjet was granted **Full Membership by IATA** on 18 Feb 2017, following the award of **IOSA certificate** in 2015.
- On 28 February 2017, Vietjet listed its shares on Ho Chi Minh Stock Exchange. On 30 June 2017, VJC share price increased by **49%** against the IPO.
- On July 19th, 2017, the Groundbreaking Ceremony for Vietjet Aviation Academy was held in Saigon High Tech Park (SHTP) located in District 9, Ho Chi Minh City. The Academy is expected to be in operation in 2018, with full flight simulator, supported by Airbus.

# Key Performance Indicator

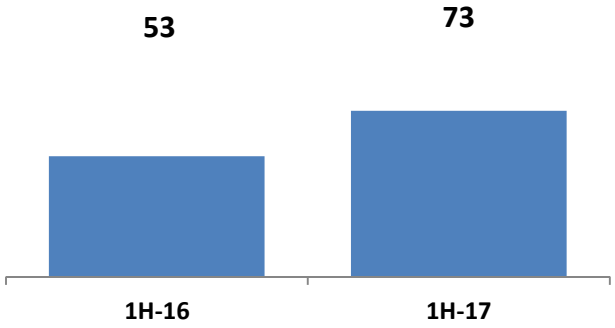
| | 1H2017 | 1H2016 | Change |
|---|---|---|---|
| Available seats | 9,431,165 | 7,727,362 | 22.0% |
| Passengers carried | 8,271,132 | 6,759,846 | 22.4% |
| Load factors (%) | 88% | 88% | |
| Total revenue (mil VND) | 10,797,201 | 7,401,399 | 45.9% |
| Total cost (mil VND)* | 9,476,094 | 6,555,117 | 44.6% |
| Operating profit (mil VND) | 1,090,587 | 743,426 | 46.7% |
| ASK | 10,871,358 | 7,881,644 | 37.9% |
| RASK (in US cents) | 4.43 | 4.29 | 3.3% |
| CASK (in US cents) | 3.89 | 3.81 | 2.1% |
| CASK ex-fuel (in US cents) | 2.25 | 2.43 | -7.4% |
| RASK – CASK (in US cents) | 0.54 | 0.48 | 12.5% |

** Total cost exclude finance expense*

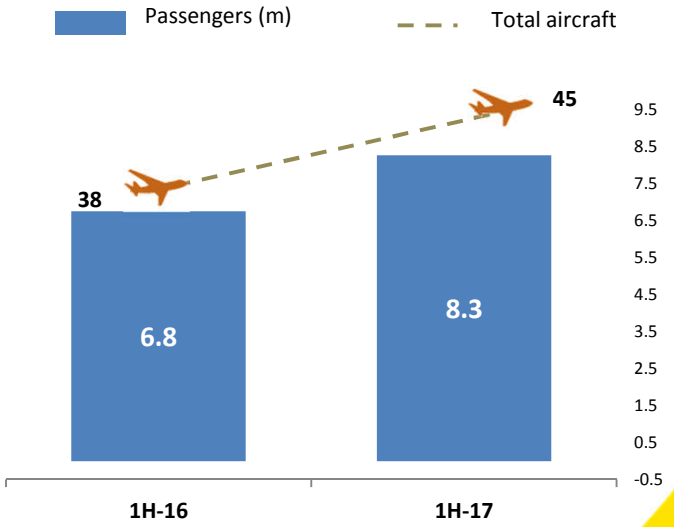
# Operating Statistics

- **Modern and young fleet with average age of 3.12 years** comprising **30** Airbus A320s and **15** A321s as of 30 June 2017.
- Up to 30 June 2017, VJC has total **219** aircraft on order with Airbus and Boeing in which the company received **27** aircraft.
- **Pax Carried**: **8.27m** passengers in H1 2017.
- Operated an extensive network of **38 domestic routes and 35 international routes**, excluding charter services up to June 30, 2017.
- Vietjet operated a total of **49,151 flights** in H1 2017.
- **Aircraft utilization** – **13.6** block hours per aircraft a day.
- Total head counts of **2,593** coming from more than 30 countries
- On-time performance ratio of **85.7%** in H1 2017
- Safety indicators of ground operations and Flight operations are also highest in the region.

**TOTAL ROUTES OPERATED**

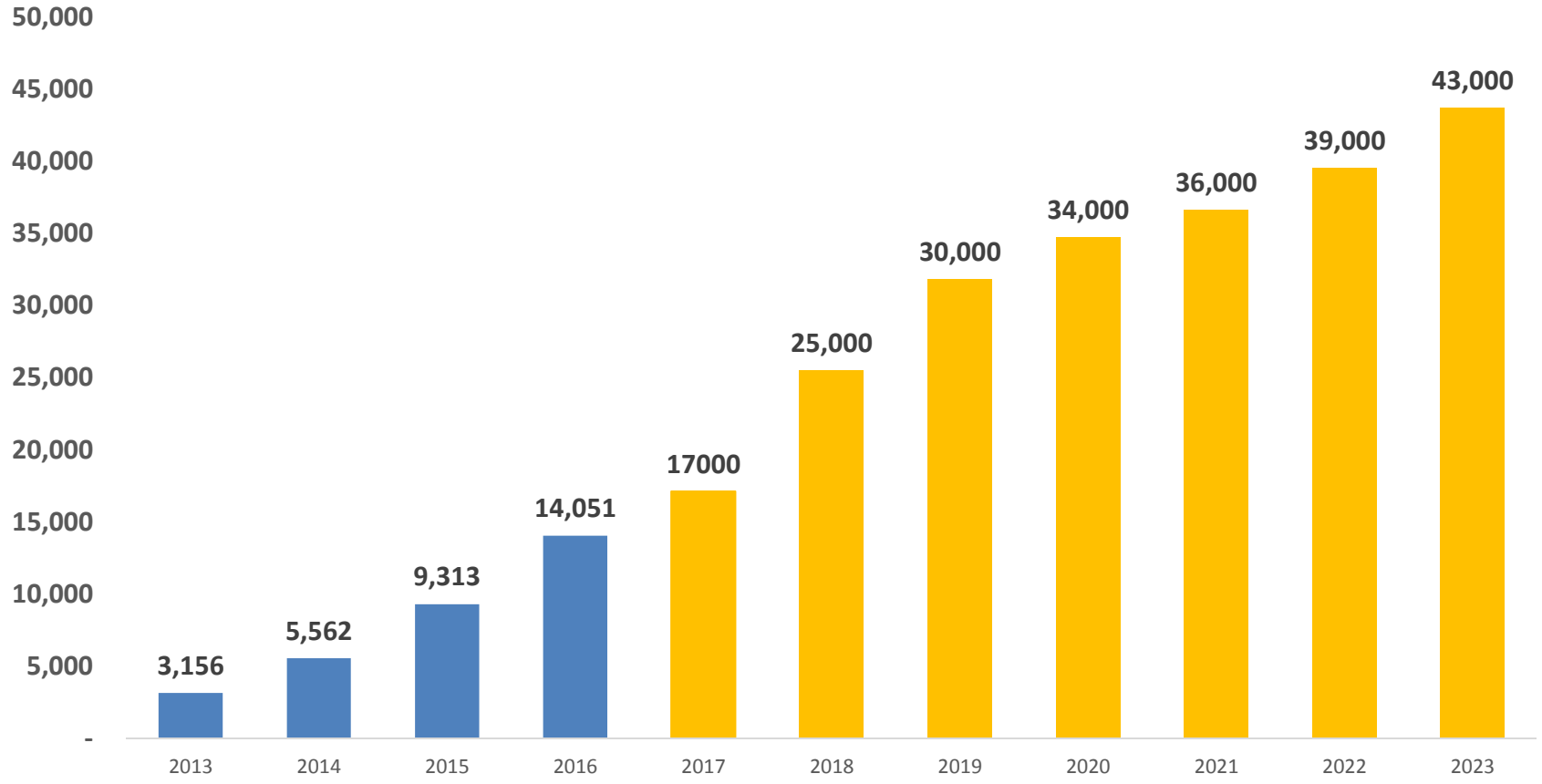



**Passengers & Aircraft growth**



# Passenger Growth To More Than 40 M Passenger Per Annum

## Total Passengers ('000 pax)



# Flight network extension

**The number of routes: 73 routes**

**(includes 38 domestic routes & 35 international routes)**

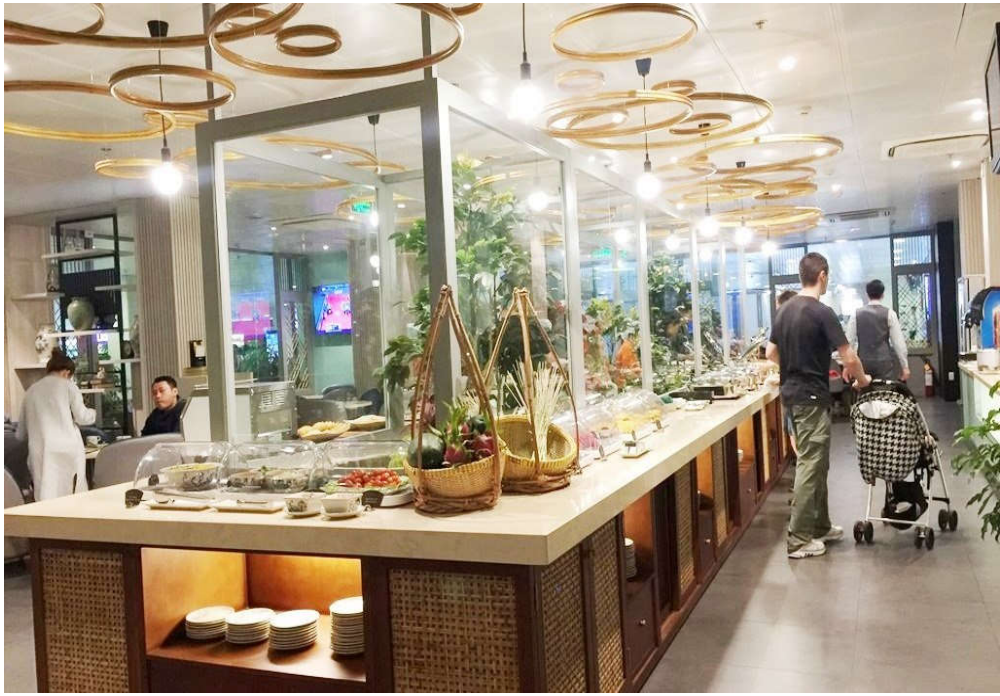
**grew by 20 routes over the same period last year**

*On 22nd June 2016, together with an impressive performance on the airplane, the Hochiminh City - Tainan route of Vietjet was warmly welcomed by people, leaders of Tainan city and tourists.*

# Products - Services

- The ticket price is always kept reasonably and economically.
- Vietjet pioneered in launching the kiosk check-in, web check-in, mobile check-in system, which creates favorable conditions for customers.
- Sky Shop & Jet Cafe continues supplying seasonal hot and fresh meals and new products for summer holidays.
- Launching promotions and diversification of duty-free items on planes.

# Products - Services



- Vietjet SkyBoss waiting room at Tan Son Nhat Airport had been upgraded and opened on July 2017. The luxurious, convenient and modern ones.

# Products - Services

- Vietjet has just set up a series of check-in kiosks, pioneered in automation, technology application on business.
- New check-in kiosks were invested in June, 2017 at Tan Son Nhat International Airport (HCMC)

# Products - Services

- The check-in lobby area and waiting room for VJ have just completed expansion, increased check-in booths by 30% and the number of security screening machines by 3, rose the capability of customer services, met the developing plan of VJ.

# Typical events of the 1H 2017

- In the first 6 months of 2017, Vietjet had welcomed many local and international organizations, investors, analysts who would like to get better understanding about Vietjet, took part in some international investment conferences. investors in Vietnam and in the world paid great attention to and interest in Vietjet.
- On 18th February, 2017, Vietjet received IATA membership, which confirmed the role and the position of new-aged airline in the domestic and international aviation community.
- On 28th February, 2017, Vietjet successfully listed its shares on Ho Chi Minh City Stock Exchange (HoSE).
- On 25th July, Japan Airlines (JAL) and Vietjet reached a comprehensive partnership agreement with the aim of improving customer convenience and the quality of operations and services while enhancing the corporate value of both companies.
- Recently, the Groundbreaking Ceremony for Vietjet Aviation Academy was held in Saigon High Tech Park (SHTP) located in District 9, Ho Chi Minh City. Accordingly, a part of this project named Full flight simulator will be put into operation from 2018, July.

# Awards

- Top 100 Best Places to Work in Vietnam voted by Anphabe and Nelsen.
- The Asian Records voted Vietjet as the carrier to hold the 1st highest number of creative, cultural and exciting activities on board the airplanes.
- "The Best Asian Low Cost Carrier" at the TTG Travel Awards.
- Asia's best employer brand award in consecutive years voted by Employer Branding Institute (EBI), World HRD Congress & Stars of the Industry Group.
- Platinum Award, ranked the 4th among the Asia Pacific region's awardees and 11th out of 100 worldwide at the Vision Awards 2016 by League of American Communications Professionals (LACP).
- Ranker the Eighth Best Budget Airline in Asia by SmartTravelAsia.Com readers.
- Excellent APEC products and services rewarded by APEC business consulting committee, Vietnam Chamber of Commerce in the US

# Fleet Expansion

- Vietjet's aircraft fleet by 30th June, 2017 stood at 45 aircraft including 30 Airbus A320s and 15 Airbus A321s with the average age of 3.12 years.

- The fleet of aircraft has seat configuration from 180 to 220-230 seats and the designs are in tune with the low cost airline business model.

- Vietjet made an order of 119 Airbus A320/321 aircraft and an order of another 100 737MAX 200 aircraft with Boeing.

- The orders with Airbus and Boeing will be completed at the end of 2023.

# Young, modern and Fuel Efficient Fleet

| AC Type | Vietjet | Air Asia | Indigo | Jetstar (JQ) | easyJet | Ryanair |
|---|---|---|---|---|---|---|
| A319 ( 156 seats) | | | | | 143 | |
| A320 | 30 | 173 | 137 | 53 | 136 | |
| A321 ( 230 seats) | 15 | | | 6 | | |
| B737-800 | | | | | | 383 |
| **Avg. Age (y)** | **3.12** | **6.6** | **5.6** | **7.9** | **7.0** | **6.5** |
| **Total** | **45** | **173** | **137** | **59** | **279** | **383** |

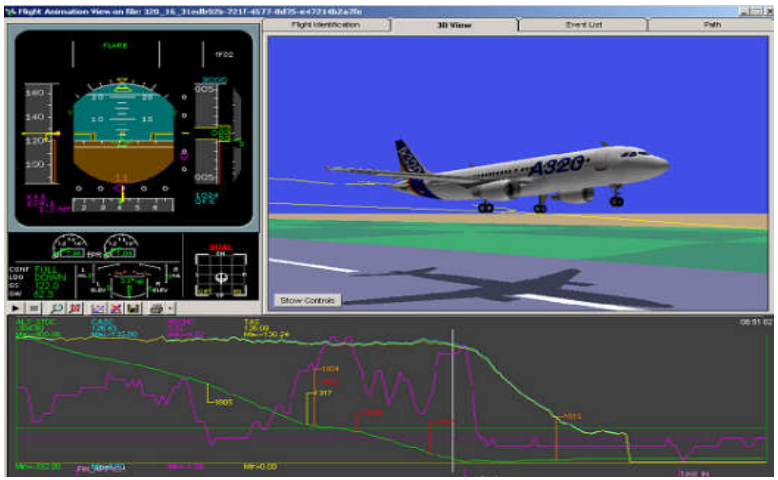
A321 deliver cost & revenue benefits

*On 30th March 2017, welcome the first passengers on the flight connecting two famous destinations of tourism Hanoi - Siem Reap (Cambodia).*

# SAFETY PERFORMANCE

- Safety indicators of ground operations and Flight operations are also highest in the region
- Achieved the highest technical reliability of 99.55% among the top Airlines in Asia Pacific region

*These positive operation safety and service results have entailed a 30% decrease in aircraft insurance cost by the international standards against 2016.*



## Flight Data Monitoring (FDM)

In the first quarter of 2017, AirFASE System analyzed **96.35% of** flights

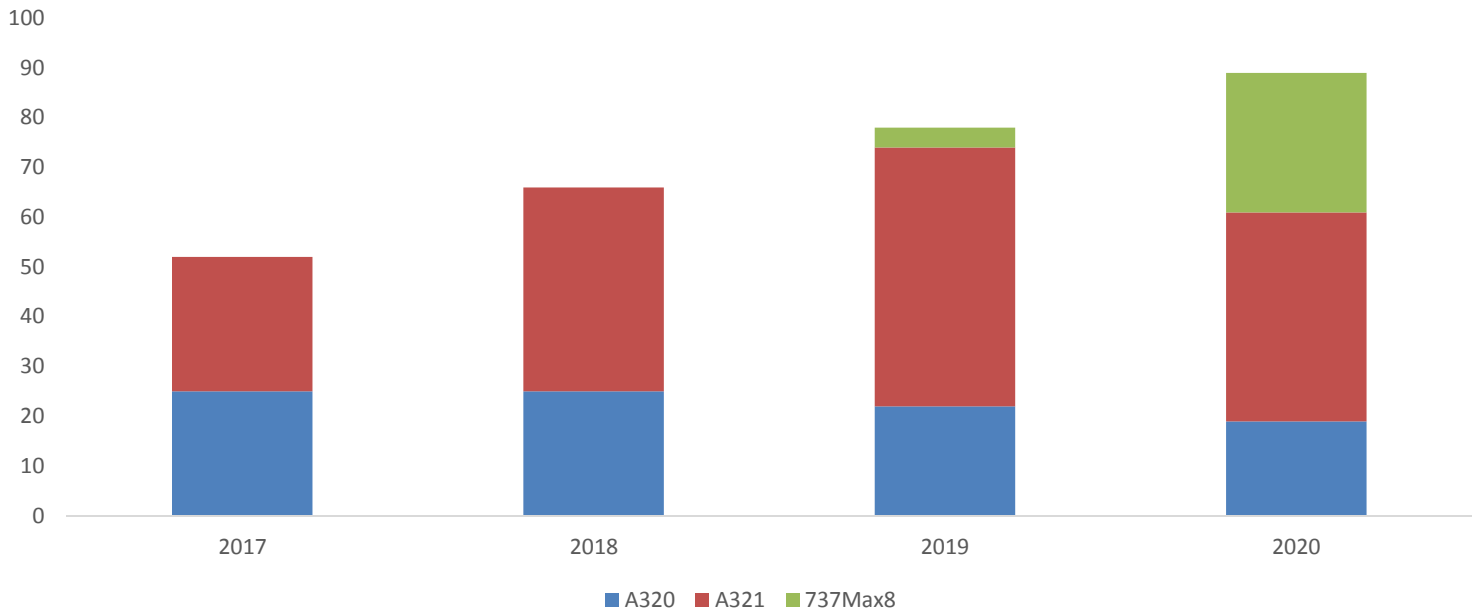
- Conducted detail analysis of flight crew performance and handling quality
- Trend analysis and early identification of hazard / risk management. Provided report and discussed at Flight Safety Action Group (FSAG)
- Partnership with Airbus/NavBlue to perform parallel analysis and knowledge exchange
- Provide information and flight data for fuel saving program.

NAVBLUE
AN AIRBUS COMPANY

vietjetAIR.com

Cost, cost & cost!
A strong focus on cost

# FLEET EXPANSION
## Young, modern and Fuel Efficient Fleet




| | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|
| A320 | 25 | 25 | 22 | 19 |
| A321 | 27 | 41 | 52 | 42 |
| 737 Max 200 | 0 | 0 | 4 | 28 |
| **Total** | **52** | **66** | **78** | **89** |

A321 deliver cost & revenue benefits

# Fuel Saving Program

SFCO2

SFCO2 - Fuel Saving Program is provided for Vietjet from Safran Group.

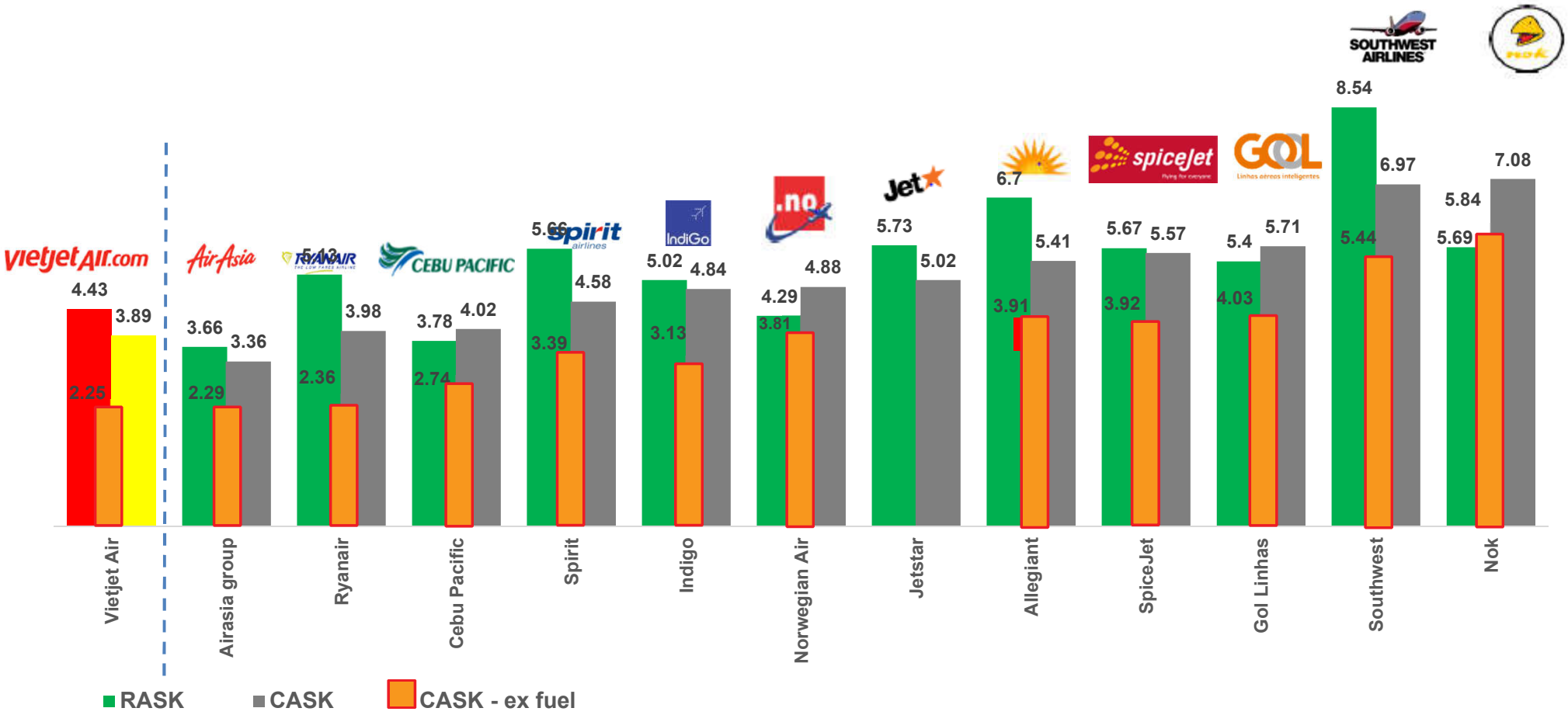
The result experts in 5 domains where opportunities for fuel saving can be found: dispatch, flight operation, ground operation, maintenance, in-flight service.

Each best practice report which is made from expertise reports, comes with recommendations with guidance and proposed actions to help Vietjet improve its performance.

The fleet operating efficiency will increase through a special cost management solution and practical solutions to minimize fuel consumption and CO2.

SAFRAN vietjet Air.com

# Best In Class Cost Structure With Room For Improvement




Lowest CASK-Ex fuel. There is still headroom for cost structure improvement to further decrease both CASK & CASK ex-fuel

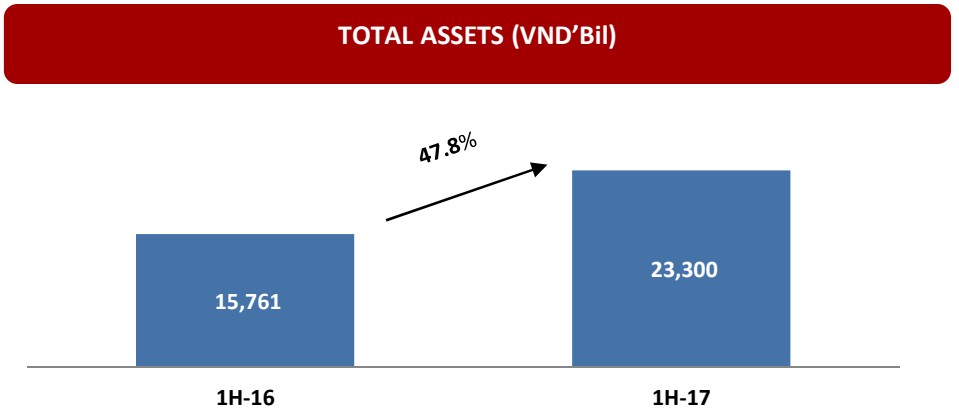
•Source: Bloomberg, Company Financial Statement

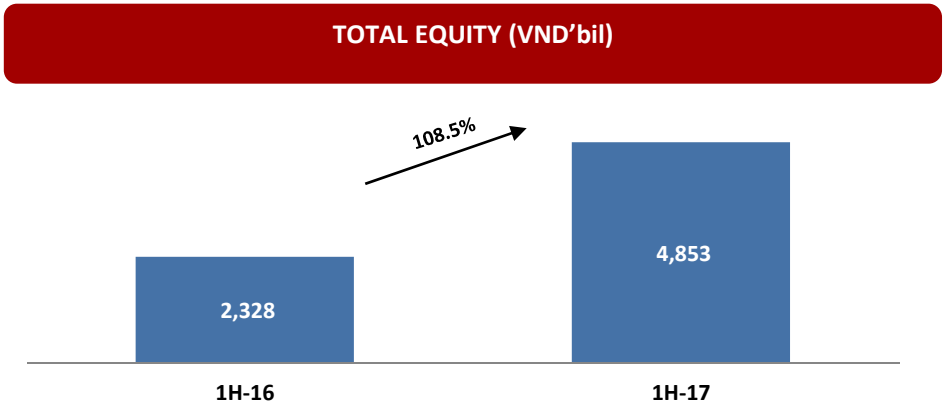
•Vietjet's results are based on H1 2017 Financial Statement. Other peers' results are based on full year 2016 number.

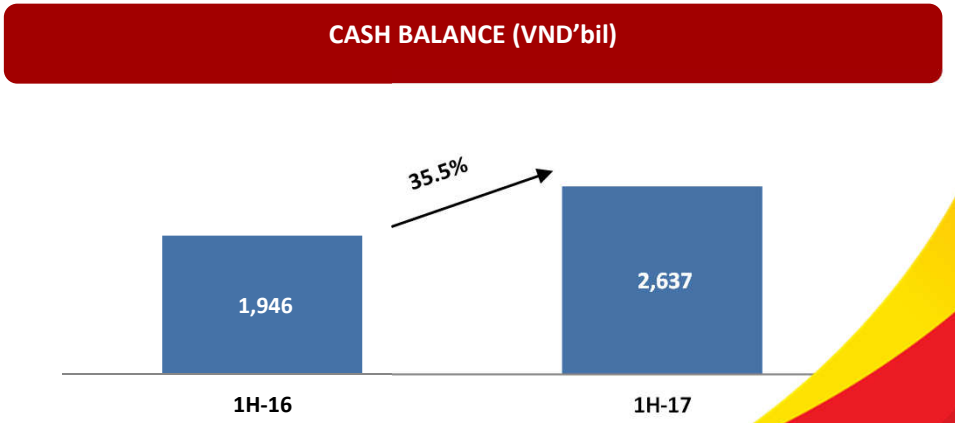
***Following the success of two key routes: Hochiminh city - Seoul and Hanoi - Seoul (South Korea), Vietjet officially operated the route connecting the Hanoi capital Vietnam with the crowded port city of Busan on 16th December 2016.***

# Strong Balance Sheet Performance (Seperated Fs)

- **Total Assets:** ***increased 47.8%*** from 15,761 VND billion in 1H2016 to 23,300 VND billion in 1H2017.
- **Total Equity** ***increased 108.5%*** to 4,853 VND billion in 1H2017, compared to 2,328 VND billion in 1H2016.
- **Cash and Cash equivalent** ***grew up 35.5%*** to 2,637 VND billion in 1H2017 compared to same period in 2016.



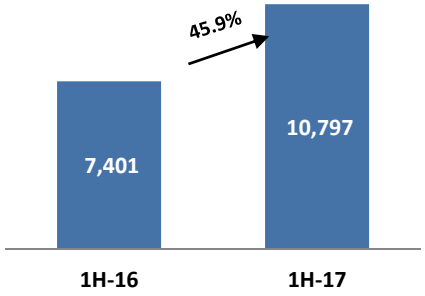



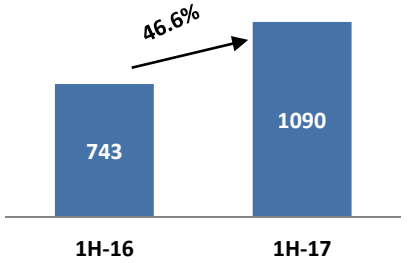
# Best Class In Operating Performance (Seperated Fs)

- **Total Revenue:** ***increased 45.9%*** from 7,401 VND billion in 1H2016 to 10,797 VND billion in 1H2017.
- **Operating Profit** ***grew up 46.6%*** to 1,090 VND billion in 1H2017 compared to same period in 2016.
- **Profit before tax** ***increased 47.1%*** to 1,099 VND billion in 1H2017, compared to 747 VND billion in 1H2016.
- **EBITDA margin** was at high level and slightly increased compare to H1 2016

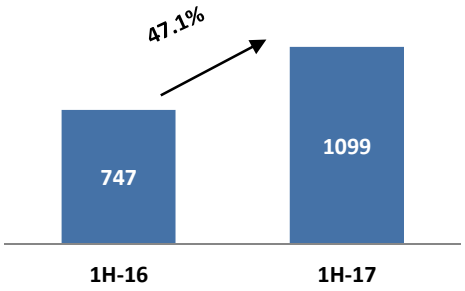
**TOTAL REVENUE (VND'bil)**



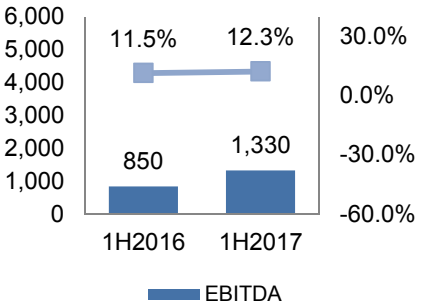

**OPERATING PROFIT (VND'bil)**




**PROFIT BEFORE TAX (VND' bil)**



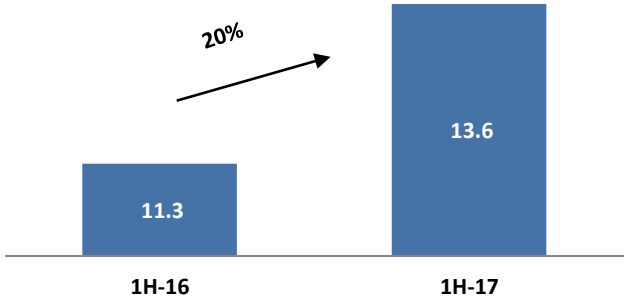

**EBITDA MARGIN ( VND'bil/%)**



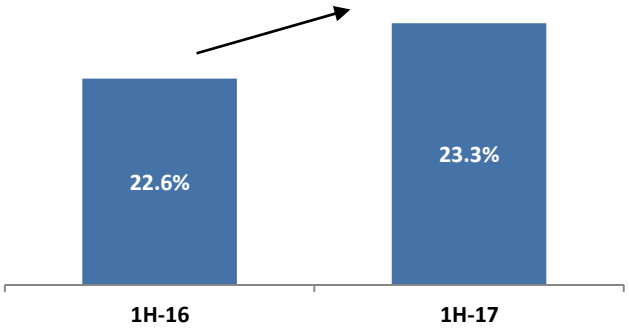
# Solid Growth In Ancillary

- **Ancillary revenue per pax: *increased 20%*** from 11.3 USD/pax in 1H2016 to 13.6 USD/pax in 1H2017.
- **Total Ancillary revenue as % of Total Operation Revenue *increased to 23.3%*** in 1H2017 compare to H1 2016

**Ancillary revenue per pax**
**USD/pax**




**Ancillary revenue % of Total Operation Revenue**

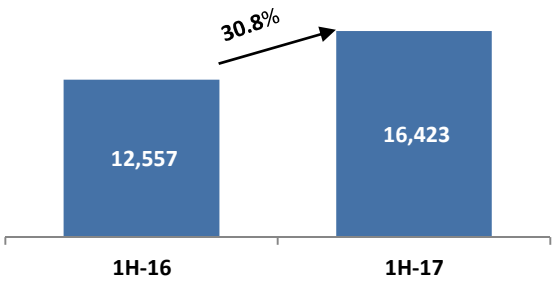



(1) Financial Highlight based on the Audited Consolidated Financial Statement for 1H2017 (VAS).
(2) Converted at 1US$=21,890VND, and 1US$=22,159VND for FY13-FY16 respectively; 1USD = 22,431VND (SBV exchange rate as at 30/6/2017)

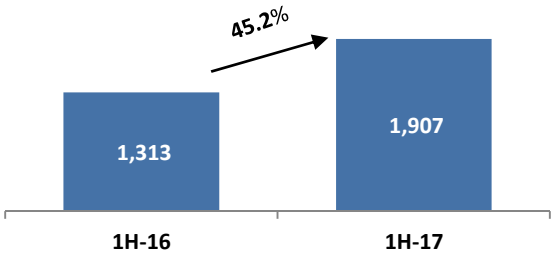
# Excellent Financial Performance (Consolidated Fs)

- **Revenue up *30.8%*** from H1 2016 based on increase in passenger carried (+46%) and growth in ancillary revenue (+52%)
- **Operating Profit *increased 45.2%*** compared to last year.
- **Revenue per ASK *increased 3.3%*** YoY due to strong growth from passenger carried (up 22.3%) and stable load factor at 88%.
- **Cost per ASK** impacted by higher fuel price (up 2.1%), however **Cost (ex-fuel) per ASK *decreased 7.4%*** from 2.43 in H1 2016 to 2.25 US cents in 1H2017.
- **RASK – CASK**: up ***12.5% YoY.***

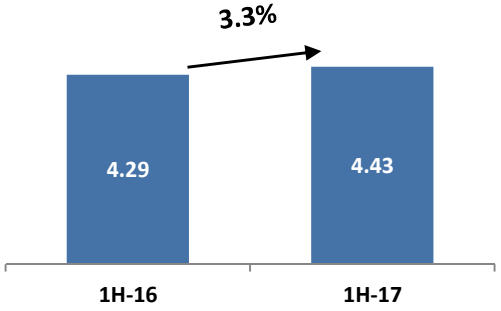
**TOTAL REVENUE (VND'bil)**



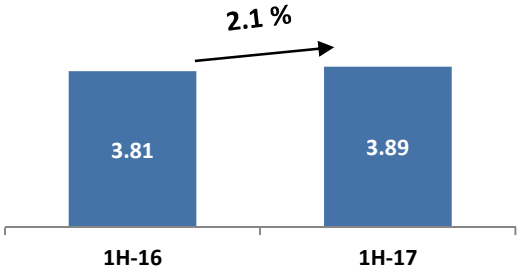

**PROFIT BEFORE TAX (VND'bil)**



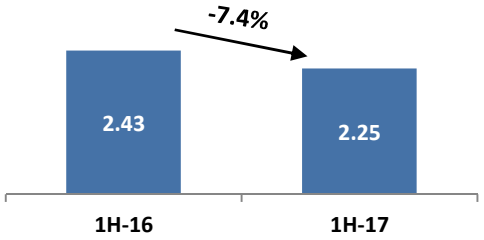

**RASK (US Cents)**



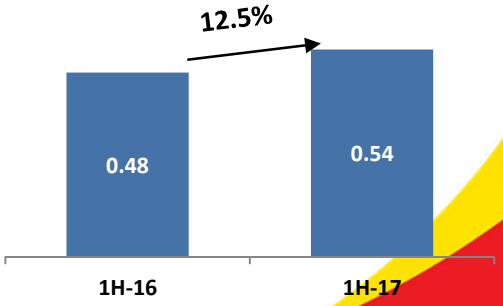

**CASK (US Cents)**




**CASK EX-FUEL (US Cents)**



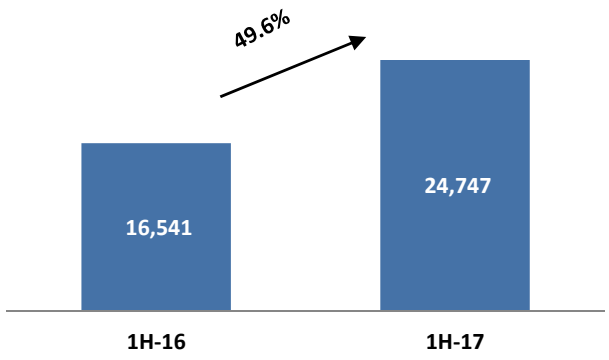

**RASK - CASK (US Cents)**



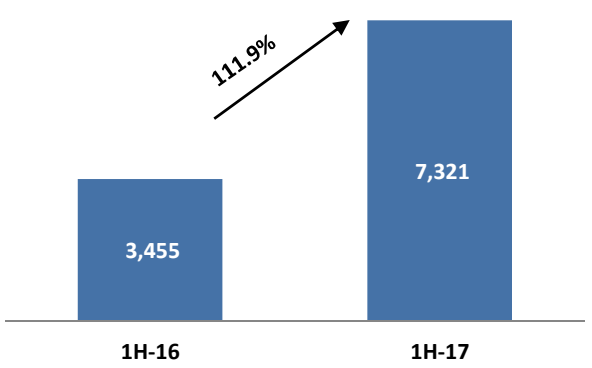
# Excellent Financial Performance (Consolidated Fs)

- **Total assets:** ***increased 49.6%*** from 16,541 VNDbil in 1H2016 to 24,747 VNDbil in 1H2017.
- **Total Equity** ***increased 111.9%*** to 7,321 VND bil in 1H2017 due to successful IPO in Feb 2017 and strong Retained Earnings from 2016.
- **Net Debt/ Equity** ***decrease from 0.9x to 0.5x*** in 1H2017 due to substantial growth in equity and strong cash balance showing the better financial position of the Company.

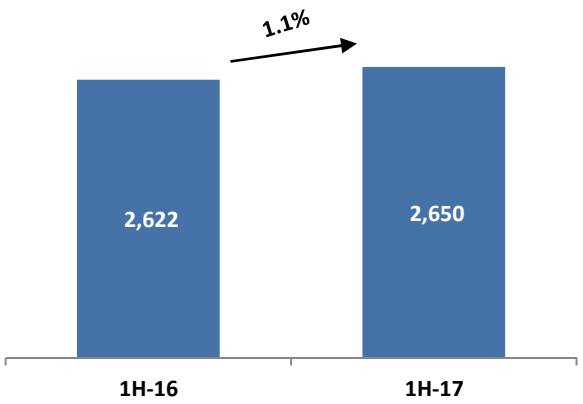
**TOTAL ASSETS (VND'Bil)**



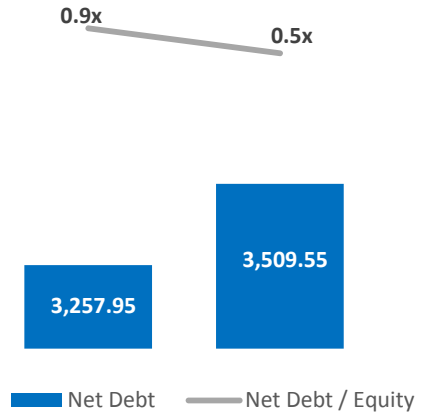

**TOTAL EQUITY (VND'bil)**



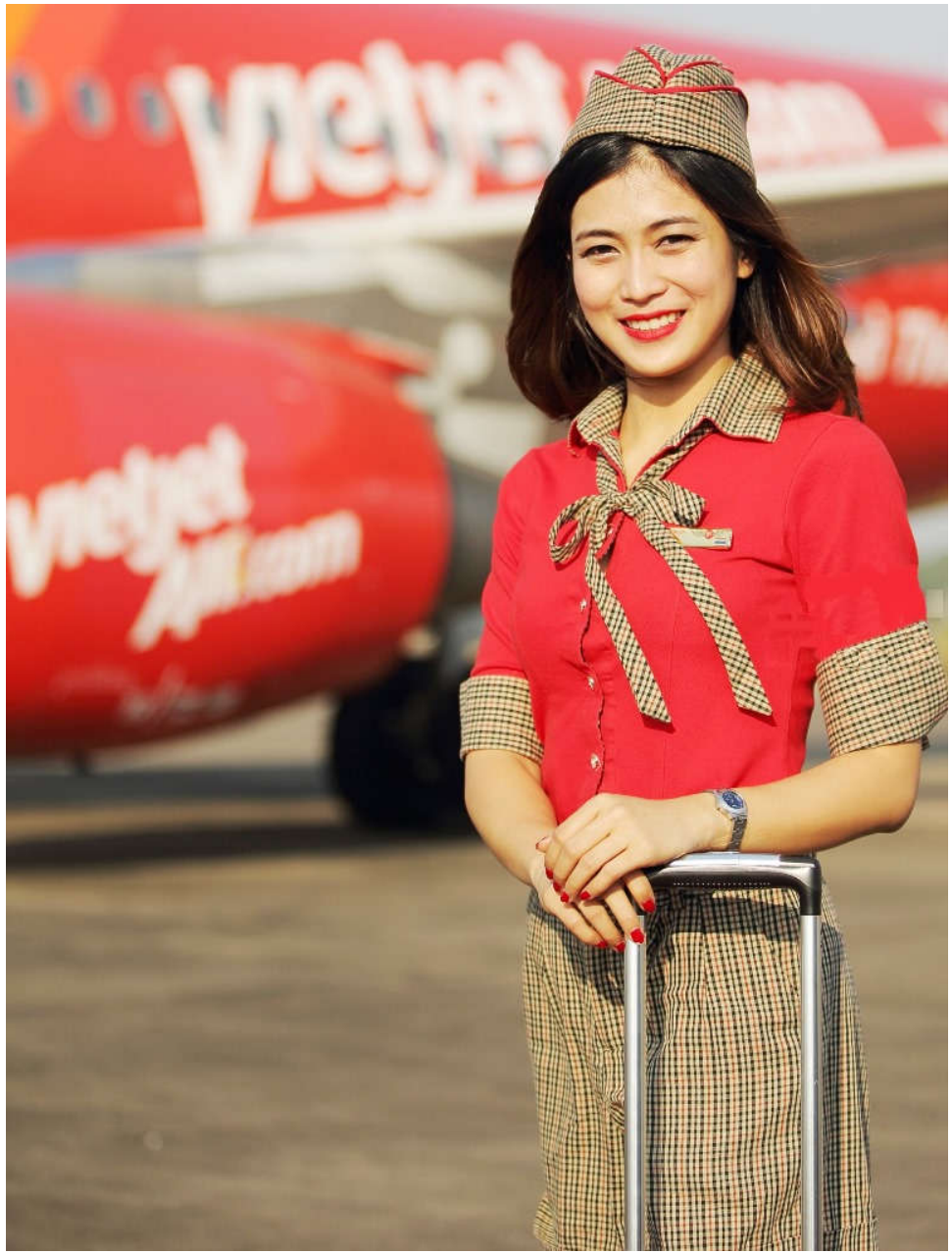

**CASH & CASH EQUIVALENT (VND'bil)**




**NET DEBT/ EQUITY**



# 2017 Looking Forward




- **Revenue:**
  - H1 2017: 105.7% KPI
  - FY 2017 : double-digit increase
- **PBT:**
  - H1 2017: 103% KPI
  - FY 2017: double-digit increase
- **Operational Flights:**
  - H1 2017: 100% KPI
  - FY 2017: double-digit increase
- **Passengers:**
  - H1 2017: 100% KPI
  - FY 2017: double-digit increase due to demand from domestic demand and expanding international routes.
- **Total available seat capacity**
  - H1 2017: 101% KPI
  - FY 2017: double-digit increase
- **Fleet:**
  - H1 2017: 100% KPI
  - FY 2017: + 27% YoY
- **Route:**
  - H1 2017: 111% KPI
  - FY 2017: + 30% YoY

# Definitions And Abbreviations

| Term | Description |
|---|---|
| ASK | Available Seat Kilometer |
| CASK | Total Cost (excluding cost of aircraft sold) per Available Seat Kilometer. |
| CASK ex-fuel | Total Cost (excluding cost of aircraft sold, fuel) per Available Seat Kilometer. |
| RASK | Total Revenue (excluding Revenue from sale aircraft) per Available Seat Kilometer. |
| EBITDA | Earning before Interest, Tax, Depreciation and Amortization. |
| EBITDAR | Earning before Interest, Tax, Depreciation and Amortization, and Rent. |
| Load Factor | Passenger Carried / Capacity. |
| LCC | Low Cost Carrier |
| OTP | On Time Performance. |
| RPK | Revenue Passenger Kilometer. |
| Capacity | Available seat |
| Aircraft Utilization | Average numbers of hours during each 24-hour period that an aircraft is actually in flight |

Thank you