

# Cebu Air, Inc. 1<sup>st</sup> Quarter 2017 Results of Operations



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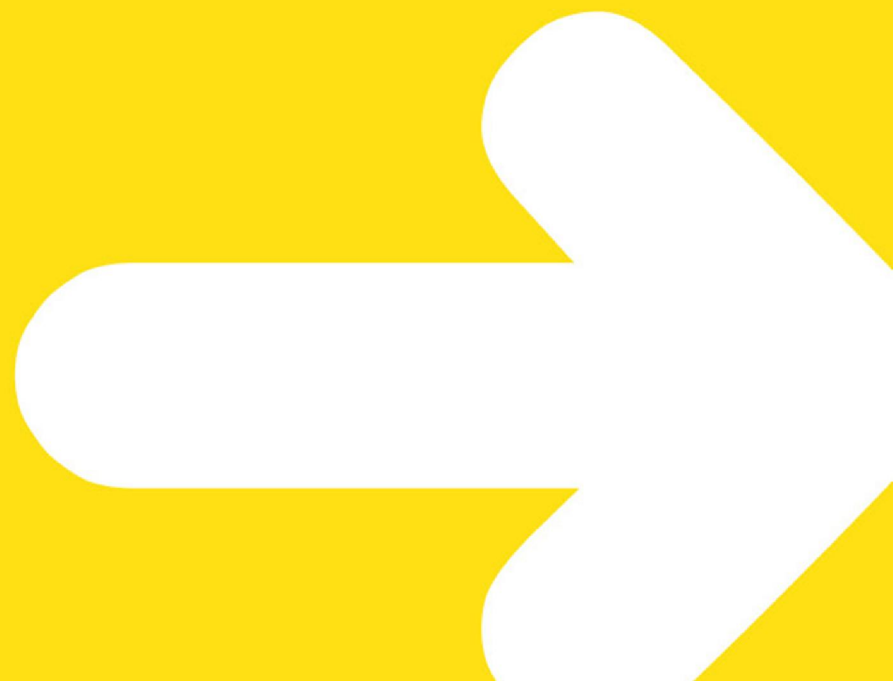


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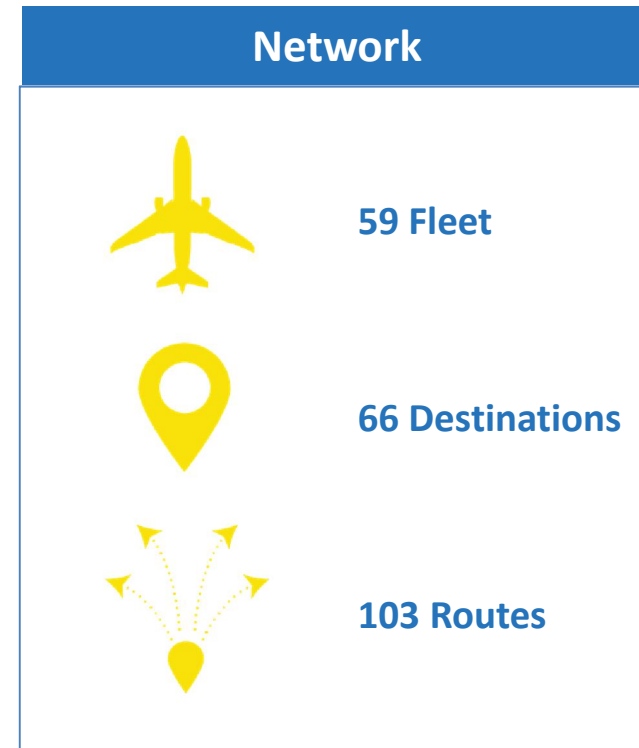
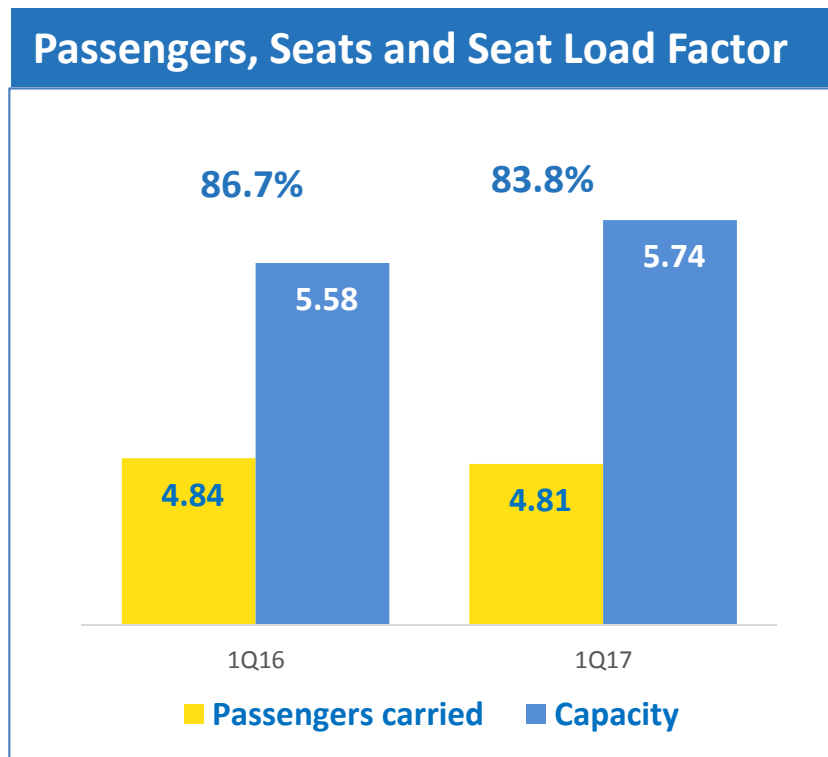
# Business Updates



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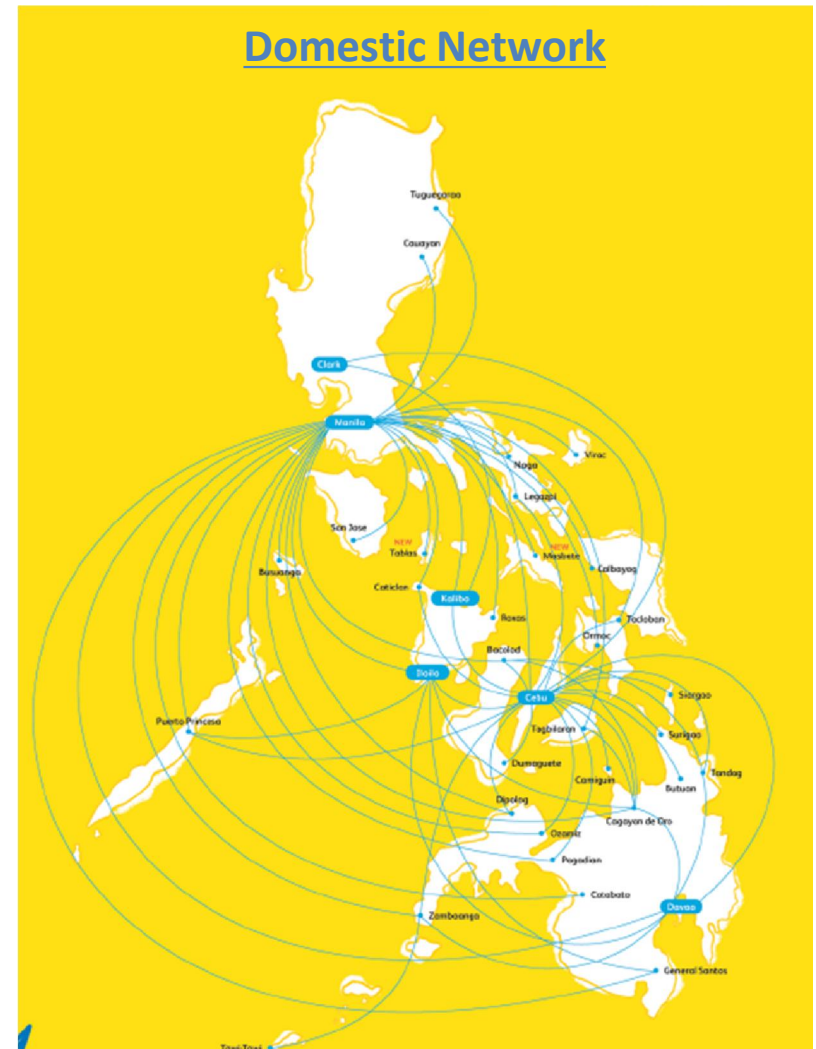
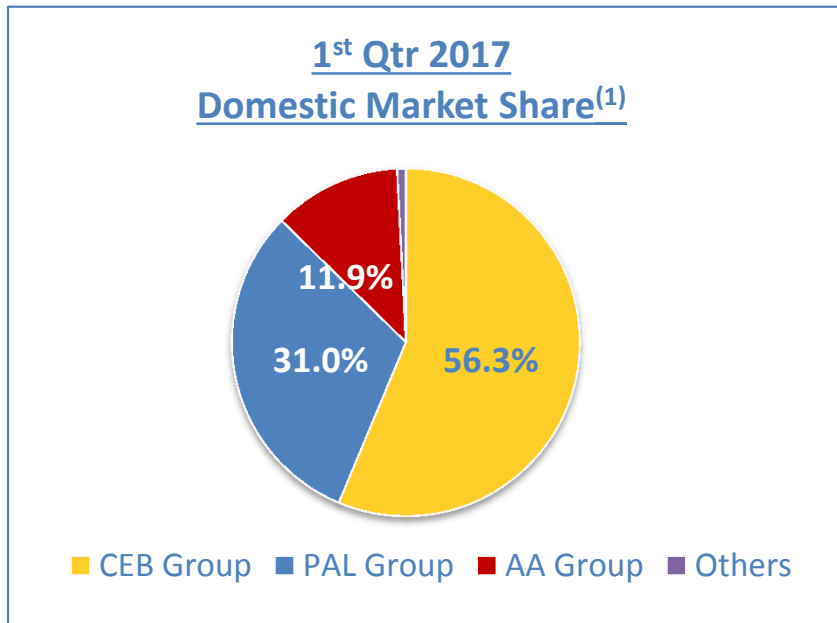
- CEB flew 4.8 million passengers and 5.7 million seats in 1Q17, resulting to 83.8% seat load factor
- RPK grew 0.9% YOY to 5.4 billion, while ASK grew 5.5% YOY to 6.9 billion
- On-time performance (OTP) posted at 66.8% for 1Q17
- Airbus fleet utilization at 13.0 hours per day at 6.3x turns per day for 1Q17
- As of March 31, 2017:



# Domestic Market



- Maintained the highest market share at 56.3%
- Carried the most number of passengers at 3.5 million
- Posted the highest domestic seat load factor of 87.9%
- Competitive performance index above 1
- Largest domestic network:
  - 37 destinations
  - 62 routes
  - 2, 326 weekly flights



<sup>(1)</sup>Figures are based on internal estimates.

# International Market



- Flew 1.3 million passengers, up 4.8% higher yoy
- Posted average seat load factor of 74.2%
  - Short haul passengers down 6.2ppts, 74.6% SLF
  - Long haul passengers down 2.8ppts, 71.7% SLF
- International network:
  - 29 destinations
  - 41 routes
  - 544 weekly flights

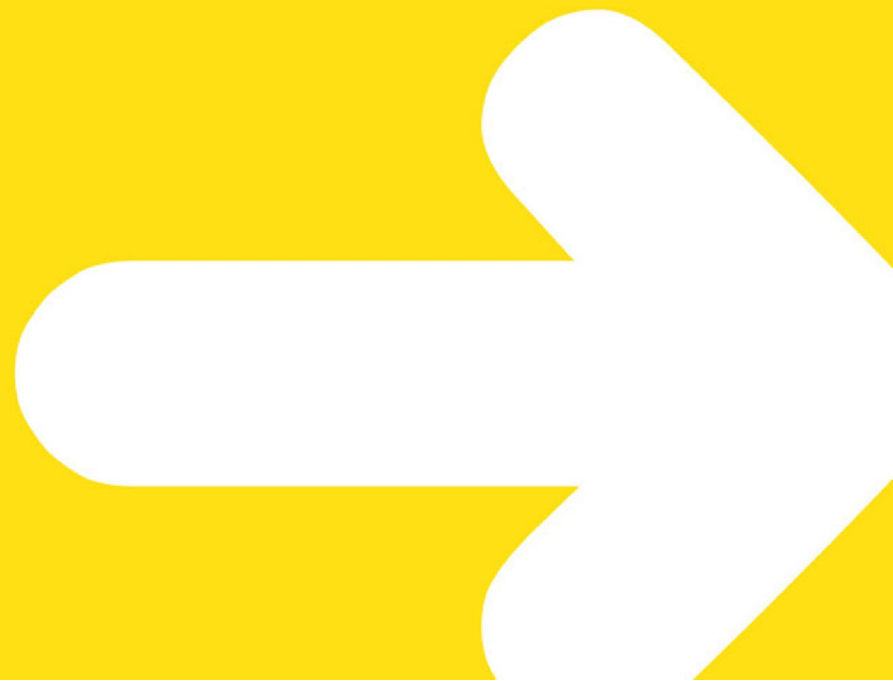
Destination	Seat Share <sup>(1)</sup>
Singapore	36.6%
Hong Kong	35.5%
Japan	17.4%
China	17.3%
Dubai	24.4%
Sydney	38.3%

## International Network



(1) From CAPA route capacity data for week of April 27, 2017

# Financial Results



# Income Statement Highlights



	1Q16	1Q17	YOY Change
<b>Total Revenue (Php Million)</b>	16,106	<b>16,864</b>	4.7%
Passenger Revenue	12,022	<b>12,277</b>	2.1%
Ancillary Revenue	3,248	<b>3,573</b>	10.0%
Cargo Revenue	836	<b>1,015</b>	21.3%
<b>Average Yield per passenger</b>	3,158	<b>3,293</b>	4.3%
Average fare	2,486	<b>2,551</b>	2.6%
Ancillary/passenger	672	<b>742</b>	10.5%
<b>Cargo yield per kg</b>	23.6	<b>25.1</b>	6.4%
<b>Cost/ASK (CASK)</b>	1.827	<b>2.084</b>	14.0%
<b>CASK ex-fuel</b>	1.274	<b>1.366</b>	7.3%
<b>(PHP million)</b>			
EBITDAR	7,054	<b>5,623</b>	-20.3%
EBIT	4,218	<b>2,562</b>	-39.3%
Pre-tax Core Net income	4,000	<b>2,332</b>	-41.7%
Net income	4,037	<b>1,283</b>	-68.2%
<b>Margins</b>			
EBITDAR Margin	43.8%	<b>33.3%</b>	-10.5 pts
EBIT Margin	26.2%	<b>15.2%</b>	-11.0 pts
Pre-tax Core Net Income Margin	24.8%	<b>13.8%</b>	-11.0 pts
Net income margin	25.1%	<b>7.6%</b>	-17.5 pts

Ave rates:	MOPS	PHP/\$
1Q 2017	\$64.44	P50.00
1Q 2016	\$42.10	P47.27

- Higher maintenance and lease expenses driven by peso depreciation
- Higher aircraft and traffic servicing fees of growing international operations
- Higher sales commissions with higher forward bookings
- Higher mark to market losses on outstanding fuel hedges and USD debt:

Closing rates:	MOPS	PHP/\$
Mar 31, 2017	\$62.27	P50.16
Dec 31, 2016	\$66.56	P49.72



# Balance Sheet Highlights



<i>Php Millions</i>	As at Dec 31, 2016	As at Mar 31, 2017
Cash	10,296	11,150
Other current assets	4,855	4,405
Property and Equipment	81,890	84,219
Other noncurrent assets	3,473	3,626
<b>Total Assets</b>	<b>100,514</b>	<b>103,400</b>
Current debt	7,040	6,973
Noncurrent debt	35,770	35,736
Other liabilities	24,199	25,903
<b>Total Liabilities</b>	<b>67,009</b>	<b>68,612</b>
<b>Total Equity</b>	<b>33,505</b>	<b>34,788</b>
Net debt-to-equity <sup>(1)</sup>	0.97x	0.91x
Adjusted net debt-to-equity <sup>(2)</sup>	1.93x	1.85x
Cash-to-sales-LTM ratio	17%	18%
Forex, closing	49.72	50.16

NOTE:

(1) Net debt is total debt less cash and cash equivalents

(2) Adjusted net debt is net debt plus capitalized lease and ARO liability

# Cash Flows



<i>Php Millions</i>	<b>1Q2017</b>
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>	
Income after noncash adjustments	4,339
Net changes in working capital	1,198
Interest and taxes paid – net	(351)
<b>Net cash provided by operating activities</b>	<b>5,186</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>	
Acquisition of property and equipment and other noncurrent assets	(3,991)
Investment in JV and dividends received from JV	35
<b>Net cash used in investing activities</b>	<b>(3,956)</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>	
Availment of long term debt, net of repayment	(416)
Net foreign exchange difference	40
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>853</b>
CASH AND CASH EQUIVALENTS, beginning	10,296
<b>CASH AND EQUIVALENTS, END</b>	<b>11,150</b>

# Outlook



# Fuel, Forex and, Forward Bookings



## Fuel

- As of May 9, 2017, Jet Kero closed at \$58.38/bbl

Jet Kero	Close	Average
Mar 31, '17	\$62.27/bbl	\$64.44/bbl
Dec 31, '16	\$66.56/bbl	\$52.83/bbl
Mar 31, '16	\$47.66/bbl	\$42.10/bbl

- Hedge ratio at 52% for 2017, and 19% for 2018
- Swaps and collars

## Forex

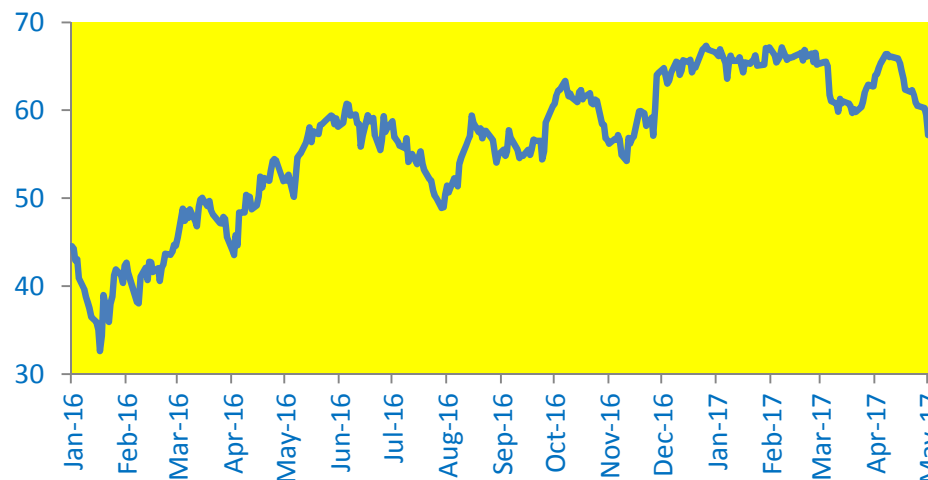
- As of May 9, 2017, USDPHP closed at P49.97/\$

USDPHP	Close	Average
Mar 31, '17	P50.16/\$	P50.00/\$
Dec 31, '16	P49.72/\$	P47.47/\$
Mar 31, '16	P46.07/\$	P47.27/\$

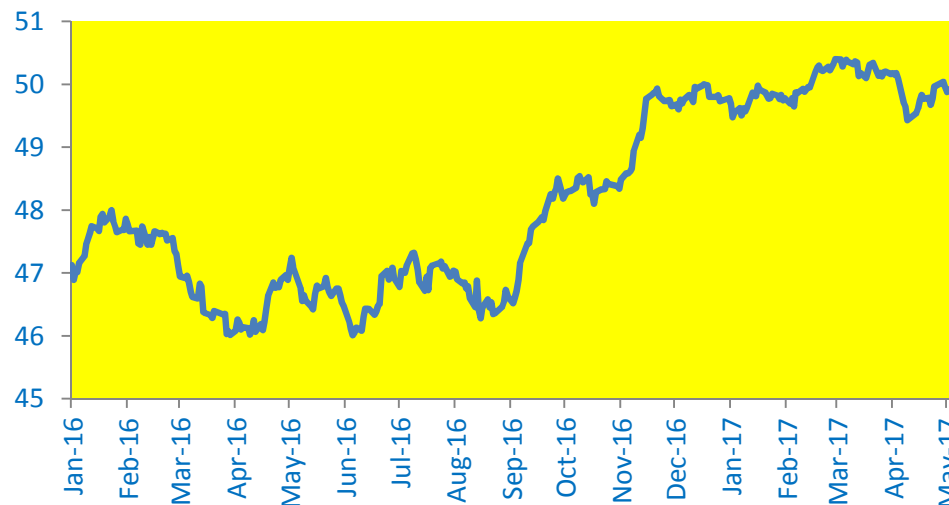
## Forward Bookings

- As of May 8, 2017, 3-month forward bookings are at 21.8% of total available seats.
- Total bookings for the period decreased by 5.7% YOY.

Jet Kero Spot Price Index

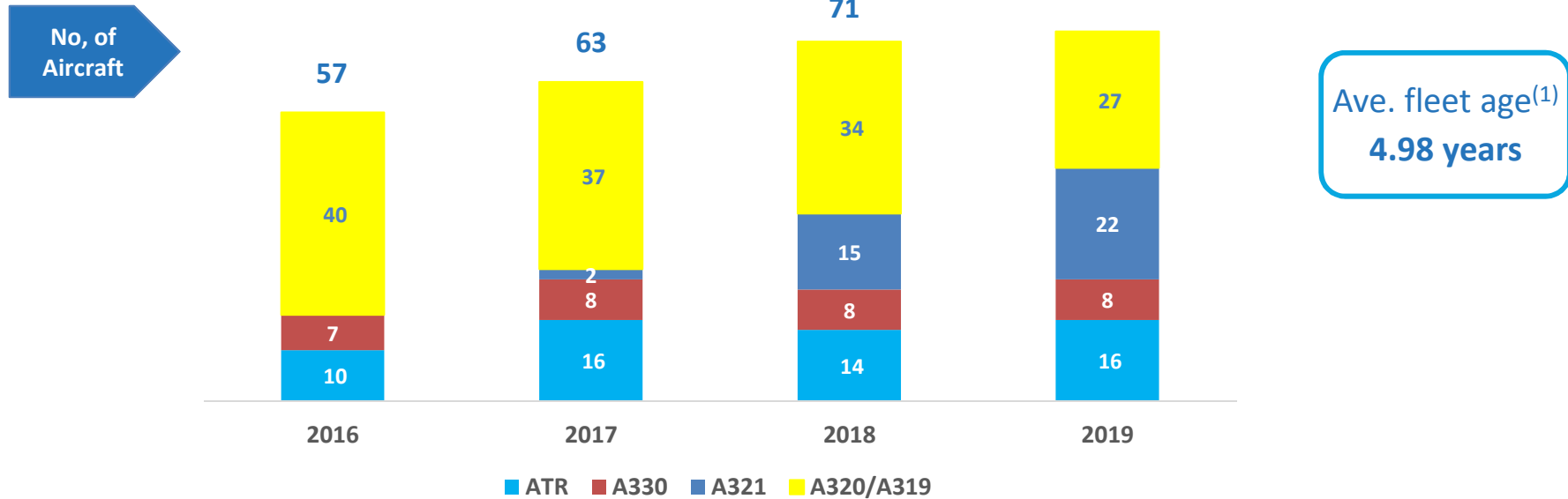


USDPHP Closing Rates



Data source: Bloomberg

# Fleet Expansion



- Current fleet of 60: 36 A320, 4 A319, 7 A330, 8 ATR 72-500, and 5 ATR 72-600
- Remaining order book of 32 A321 NEO, 11 ATR 72-600, and 1 A330
- For balance of 2017 to 2021:
  - 1 A330 for delivery 2017
  - 4 A319 to be sold 2017-2018
  - 11 ATR 72-600 for delivery 2017-2020
  - 32 A321 NEO for delivery 2017-2021
  - 7 A320 for lease return 2018-2019

<sup>(1)</sup>As of March 31, 2016

# Thank you

