

# Cebu Air, Inc. 2<sup>nd</sup> Quarter and 1<sup>st</sup> Half 2017 Results of Operations

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# Business Updates



# Operating Statistics

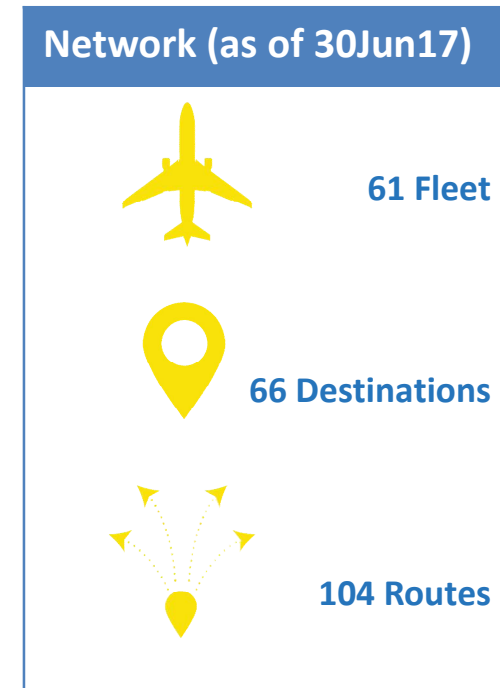
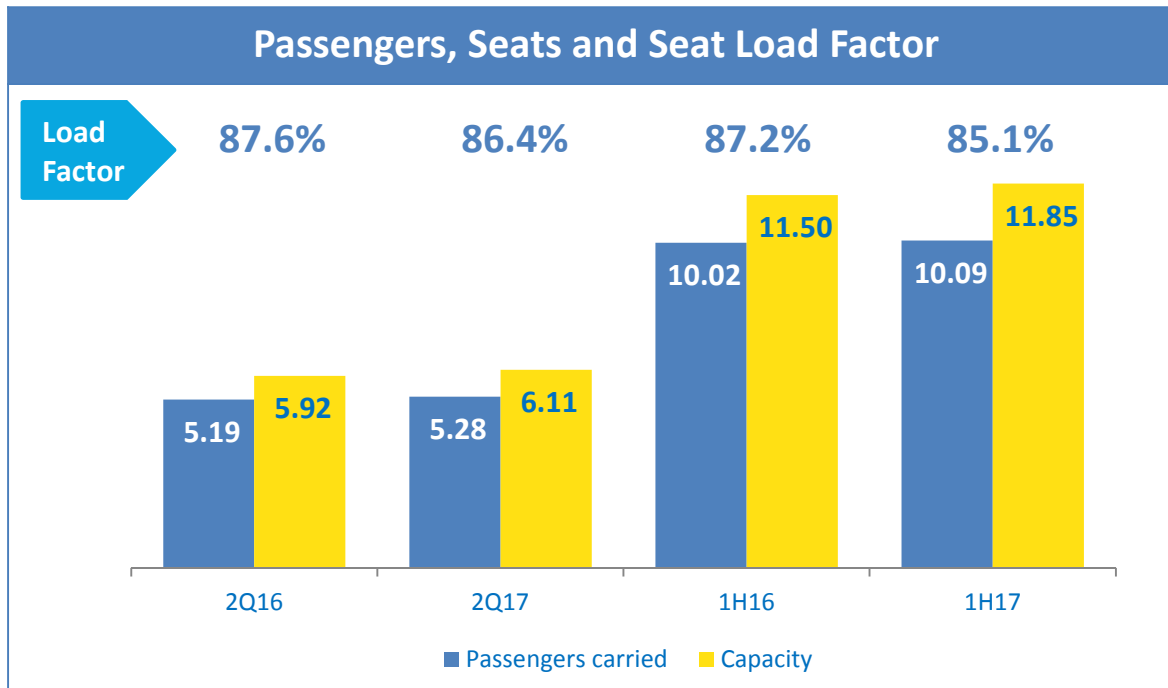


For 2<sup>nd</sup> quarter 2017:

- CEB flew 5.3 million passengers, 1.8% up yoy, for a seat load factor (SLF) of 86.4%.
- RPK grew 3.6% YOY to 5.8 billion, while ASK grew 3.9% YOY to almost 7.0 billion.

For 1<sup>st</sup> half 2017:

- CEB flew 10.1 million passengers, 1.0% up yoy, for SLF of 85.1%.
- RPK grew 2.3% YOY to 11.2 billion and ASK grew 4.7% YOY to 13.8 billion.
- Airbus fleet utilization at 13.0 hours per day at 6.3x turns per day
- On-time performance (OTP) posted at 66.1%

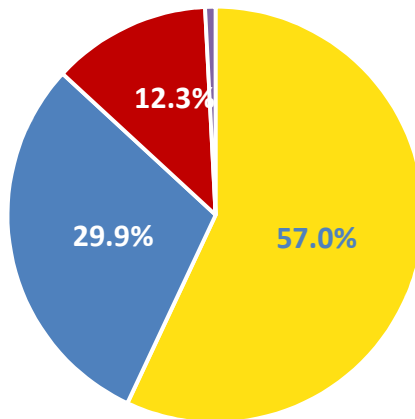


# Domestic Market

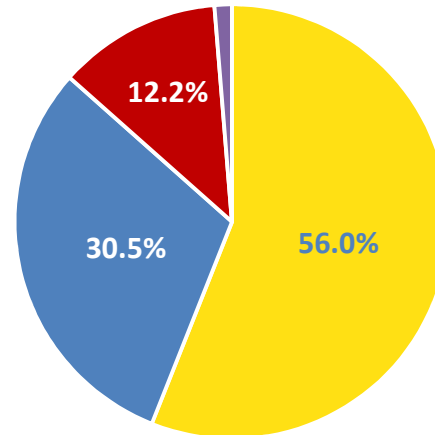


- Most number of passengers carried at 3.9 million in 2Q17 and 7.5 million in 1H17
- Highest market share at 57.0% in 2Q17 and 56.0% in 1H17
- Highest domestic SLF of 89.0% in 2Q17 and 88.5% in 1H17
- Competitive performance index of above 1
- Largest domestic network: 37 destinations, 66 routes and 2,140 weekly flights

2Q 2017  
Domestic Market Share<sup>(1)</sup>



1H 2017  
Domestic Market Share<sup>(1)</sup>



■ CEB Group ■ PAL Group ■ AA Group ■ Others

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

# International Market



For 2Q17:

- 1.4 million passengers flown, up 9.5% YOY
- Average SLF of 79.5% - Short haul at 79.8%, long haul at 77.5%

For 1H17

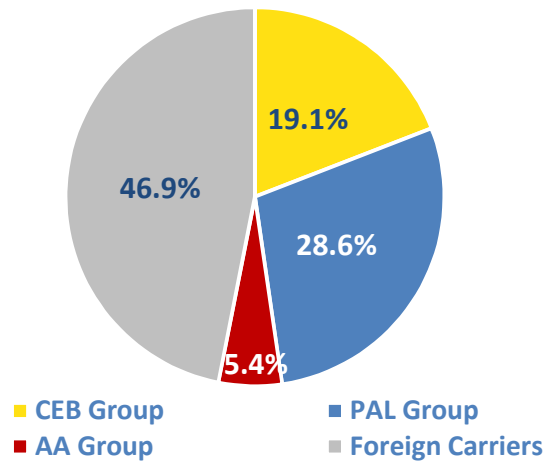
- 2.6 million passengers flown in 1H17, up 7.2% YOY
- Average SLF of 76.9% - Short haul at 77.2%, long haul at 74.6%
- 26 destinations, 38 routes and about 470 weekly flights
- Suspended operations in in Doha, Kuwait and Riyadh (June/July)
- Captured 42% passenger market share in Sydney in 1Q17<sup>1</sup>

International seat share <sup>(2)</sup>

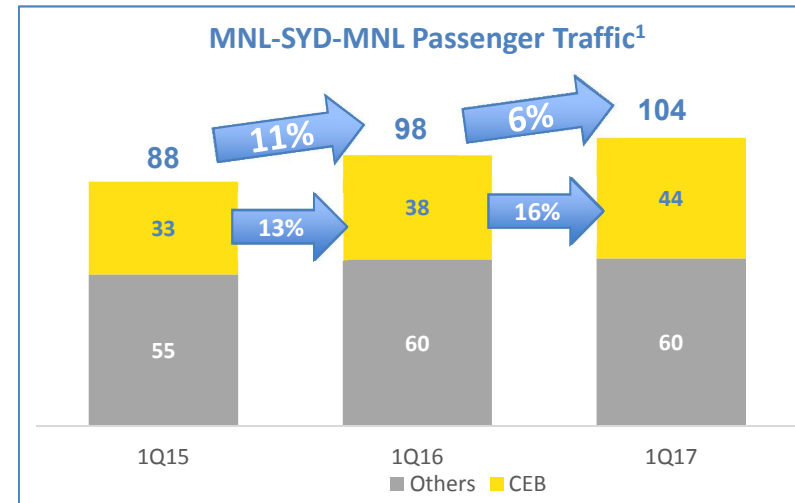
Destination	Seat Share
Hong Kong	37.7%
Singapore	36.6%
Sydney	34.0%
Dubai	25.5%

(2) From CAPA route capacity data for week of July 31, 2017

International Market Share - 1Q17<sup>3</sup>



3) Source: CAB Statistics



1) From Australia's Bureau of Infrastructure, Transport and Regional Economics. Passenger count in thousands.

# Financial Results

# Income Statement Highlights



	2Q16	2Q17	1H16	1H17	YOY Change	
					2Q	1H
<b>Total Revenue (Php Million)</b>	16,987	<b>18,792</b>	33,093	<b>35,656</b>	10.6%	7.7%
Passenger Revenue	13,261	<b>14,343</b>	25,283	<b>26,620</b>	8.2%	5.3%
Ancillary Revenue	2,863	<b>3,392</b>	6,110	<b>6,965</b>	18.5%	14.0%
Cargo Revenue	863	<b>1,057</b>	1,700	<b>2,071</b>	22.4%	21.9%
<b>Average Yield per passenger</b>	3,107	<b>3,358</b>	3,132	<b>3,327</b>	8.1%	6.2%
Average fare	2,555	<b>2,716</b>	2,522	<b>2,637</b>	6.3%	4.6%
Ancillary/passenger	552	<b>642</b>	610	<b>690</b>	16.4%	13.2%
<b>Cargo yield per kg</b>	23.5	<b>25.9</b>	23.5	<b>25.5</b>	10.0%	8.2%
<b>Cost/ASK (CASK)</b>	1.93	<b>2.10</b>	1.88	<b>2.09</b>	8.9%	11.3%
<b>CASK ex-fuel</b>	1.31	<b>1.37</b>	1.29	<b>1.37</b>	4.3%	5.8%
<b>(PHP million)</b>						
EBITDAR	6,879	<b>7,168</b>	13,933	<b>12,791</b>	4.2%	-8.2%
EBIT	3,996	<b>4,090</b>	8,214	<b>6,651</b>	2.3%	-19.0%
Pre-tax Core Net income	3,793	<b>3,798</b>	7,793	<b>6,129</b>	0.1%	-21.3%
Net income	3,645	<b>3,051</b>	7,682	<b>4,334</b>	-16.3%	-43.6%
<b>Margins</b>						
EBITDAR Margin	40.5%	<b>38.1%</b>	42.1%	<b>35.9%</b>	(2.4 pts)	(6.2 pts)
EBIT Margin	23.5%	<b>21.8%</b>	24.8%	<b>18.7%</b>	(1.8 pts)	(6.2 pts)
Pre-tax Core Net Margin	22.3%	<b>20.2%</b>	23.5%	<b>17.2%</b>	(2.1 pts)	(6.4 pts)
Net Margin	21.5%	<b>16.2%</b>	23.2%	<b>12.2%</b>	(5.2 pts)	(11.1 pts)



# Balance Sheet Highlights



<i>Php Millions</i>	As at Dec 31, 2016	As at June 30, 2017
Cash	10,296	12,570
Other current assets	4,855	4,434
Property and Equipment	81,890	86,159
Other noncurrent assets	3,473	5,458
<b>Total Assets</b>	<b>100,514</b>	<b>108,621</b>
Current debt	7,040	6,522
Noncurrent debt	35,770	38,756
Other liabilities	24,199	27,170
<b>Total Liabilities</b>	<b>67,009</b>	<b>72,448</b>
<b>Total Equity</b>	<b>33,505</b>	<b>36,462</b>
Net debt-to-equity	0.97x	0.90x
Adjusted net debt-to-equity <sup>(1)</sup>	1.93x	1.81x
Cash-to-sales-LTM ratio	17%	19%
Forex, closing	49.72	50.47

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

# Cash Flow Highlights



<i>Php Millions</i>	<b>1H2017</b>
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>	
Income after noncash adjustments	10,224
Net changes in working capital	(139)
Interest and taxes paid – net	(621)
<b>Net cash provided by operating activities</b>	<b>9,464</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>	
Acquisition of property and equipment and other noncurrent assets	(9,350)
Investment in JV and dividends received from JV	62
<b>Net cash used in investing activities</b>	<b>(9,288)</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>	
Availment of long term debt, net of repayment	1,958
Net foreign exchange difference	140
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2,274</b>
CASH AND CASH EQUIVALENTS, beginning	10,296
<b>CASH AND EQUIVALENTS, END</b>	<b>12,570</b>

# Outlook



# Fuel, Forex and, Forward Bookings



## Fuel

- As of Aug 1, 2017, Jet Kero closed at \$63.66/bbl

Jet Kero	Close	YTD Ave
Jun 30, '17	\$59.04/bbl	\$62.51/bbl
Dec 31, '16	\$66.91/bbl	\$52.83/bbl
Jun 31, '16	\$57.55/bbl	\$48.22/bbl

- Hedge ratio at 52% for 2<sup>nd</sup> half of 2017, 19% for 2018 and 12% for 2019, using swaps and collars

## Forex

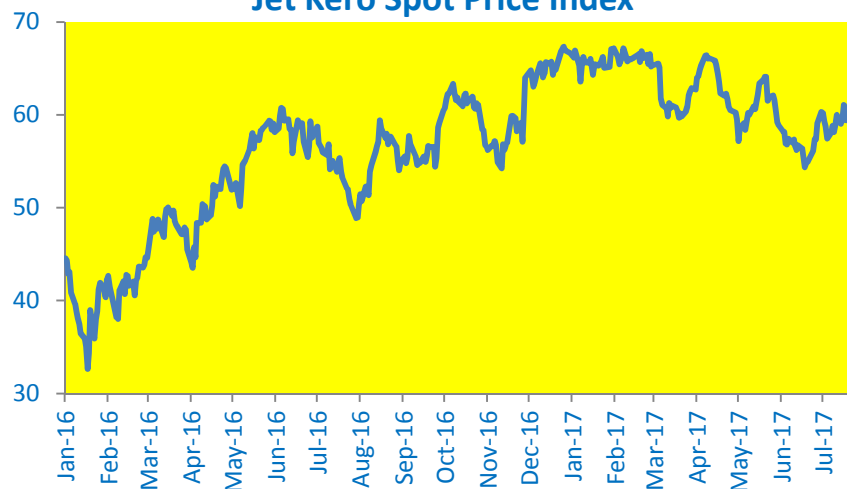
- As of Aug 1, 2017, USDPHP closed at P50.39/\$

USDPHP	Close	YTD Ave
Jun 30, '17	P50.47/\$	P49.93/\$
Dec 31, '16	P49.72/\$	P47.50/\$
Jun 31, '16	P47.06/\$	P46.90/\$

## Forward Bookings

- As of July 31, 2017, 3-month forward bookings are at 33.7% of total available seats and 21.5% higher year on year.
- Available seats are up 15% YOY.

Jet Kero Spot Price Index

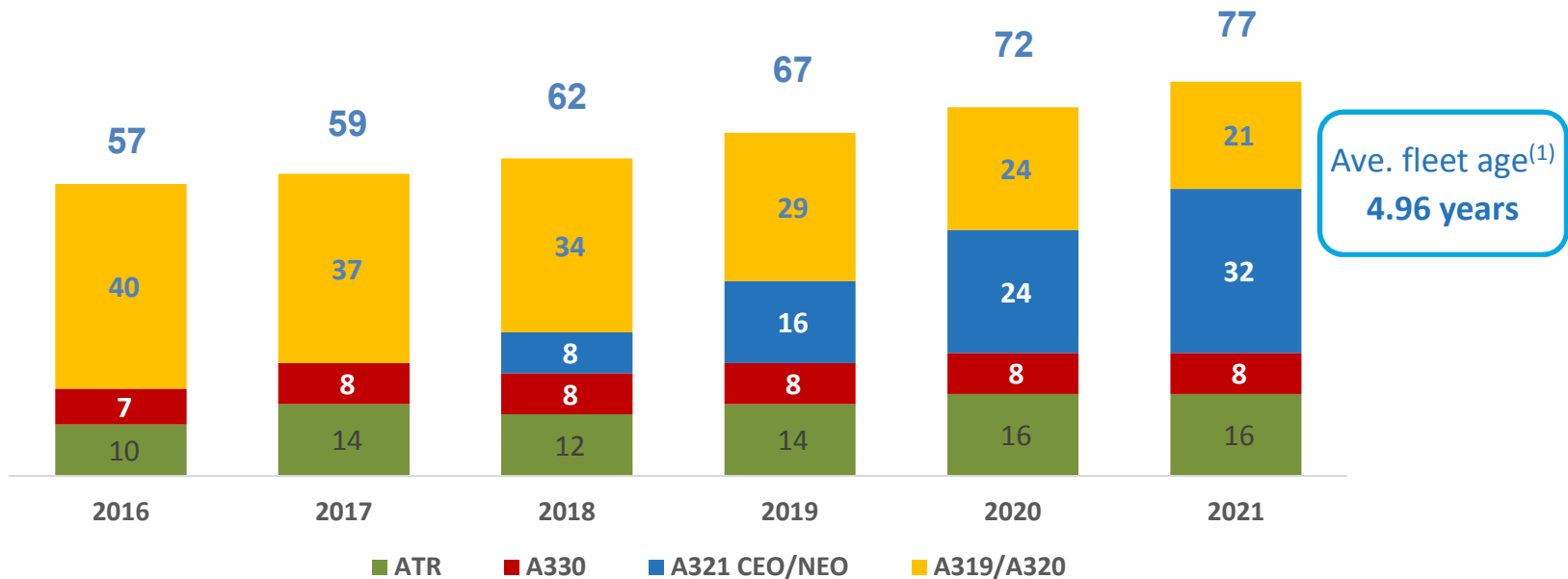


USDPHP Closing Rates



Data source: Bloomberg

# Fleet Expansion



- Current fleet of 61: 36 A320, 3 A319, 8 A330, 8 ATR 72-500 and 6 ATR 72-600
- Remaining order book of 7 A321 CEO, 32 A321 NEO and 10 ATR 72-600
- For balance of 2017 to 2021:
  - 3 A319 to be sold 2017-2018
  - 9 A320 for lease return 2018-2019
  - 10 ATR 72-600 for delivery 2017-2020
  - 7 A321 CEO for delivery in 2018
  - 32 A321 NEO for delivery 2018-2022

<sup>(1)</sup>As of August 1, 2017

# Thank you

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