

Cebu Air, Inc.

1Q2014 Results of Operation



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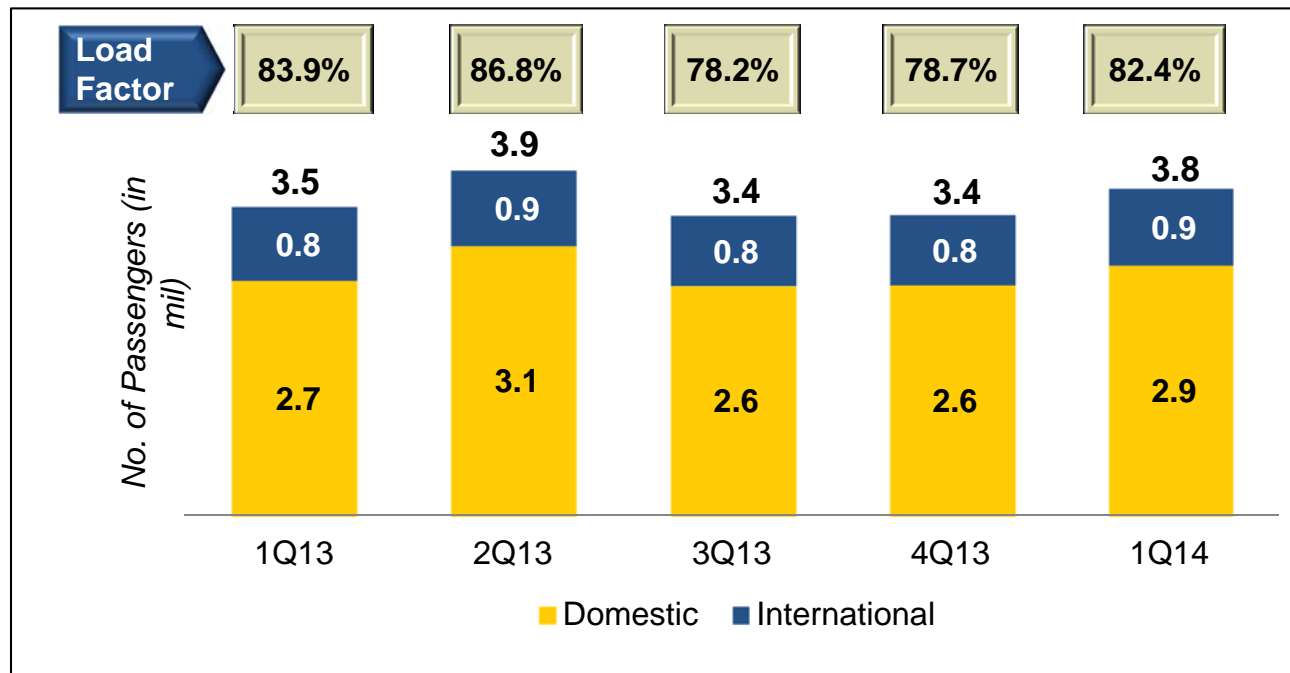
BUSINESS UPDATES



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Operating Statistics

- ❖ Passenger traffic increased 7.1% YOY to 3.8 million passengers, from 3.5 million in 1Q2013.
- ❖ Seat capacity grew 9.0% YOY to 4.6 million, resulting to 82.4% seat load factor
- ❖ We utilized our airbus fleet at 12 hours per day and turned them 6.6x per day.
- ❖ On-time performance was at 78.4%, better than 77.9% in 1Q2013.
- ❖ RPK grew 13.8% to 3.6 billion, while ASK grew 20.1% to 4.6 billion as average sector length increased with our long-haul operations.

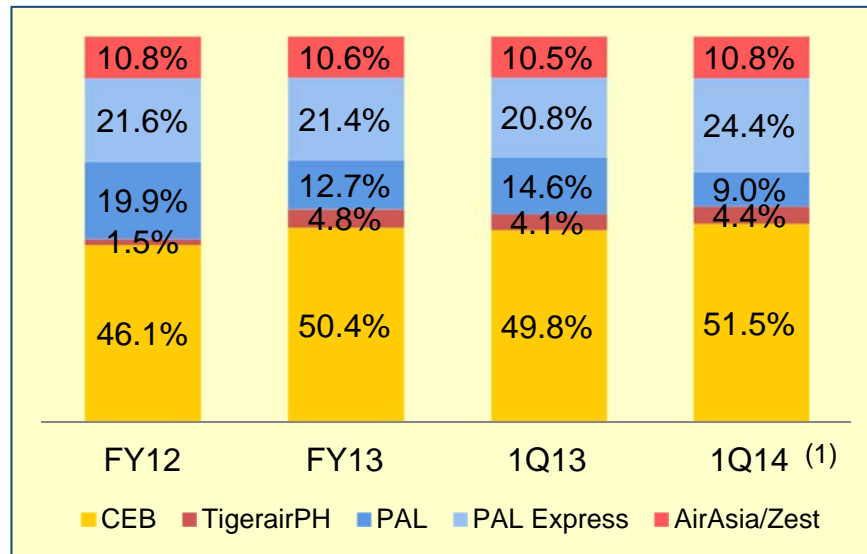


NOTE: Data includes operating statistics of Tigerair PH for the period March 20-31, 2014



Domestic Market Update

Domestic Market Share - Average



Domestic Market Share – March 2014⁽¹⁾



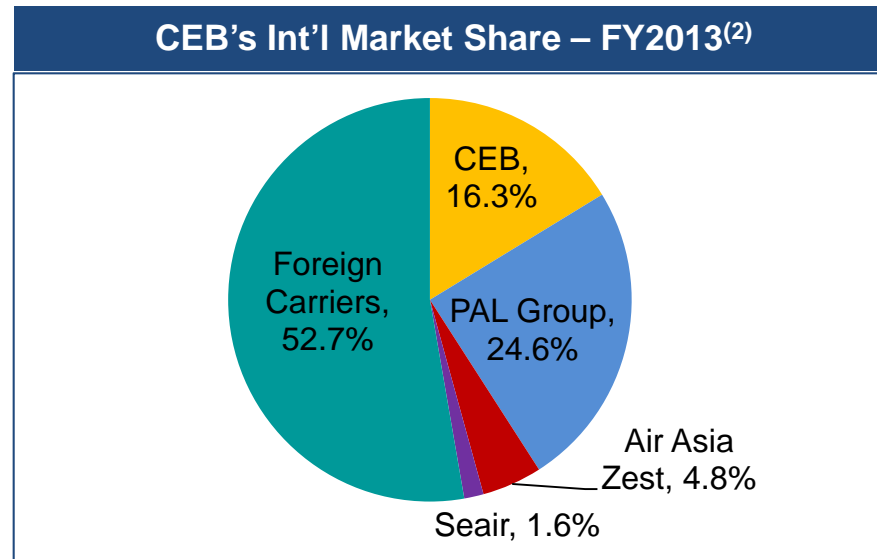
- ❖ CEB defended its dominance with a 51.5% average share of the domestic market in 1Q2014.
- ❖ For the month of March 2014, CEB captured 54.6% market share, and 59.2% market share with Tigerair Philippines.
- ❖ Most number of passengers carried
- ❖ Highest seat load factor competitive performance index (1.05).
- ❖ Highest competitive performance index (1.05)
- ❖ Most extensive network : 61 routes, 33 destinations, 1,899 weekly flights⁽²⁾

(1) Based on internal estimates. CAB Data not yet available.

(2) As of March 31, 2014, including Tigerair PH



Regional Market Update



- ❖ CEB continued to grow in the international market with 16.3% overall share , and a 23.8% share on routes we operate.
- ❖ Singapore, Hong Kong and Korea are largest markets
- ❖ Network expansion continues:
 - 35 routes, 25 destinations, 449 weekly flights⁽¹⁾
 - New routes beginning March 30, 2014: MNL-Narita and MNL-Nagoya

Source: Civil Aeronautics Board, Company data

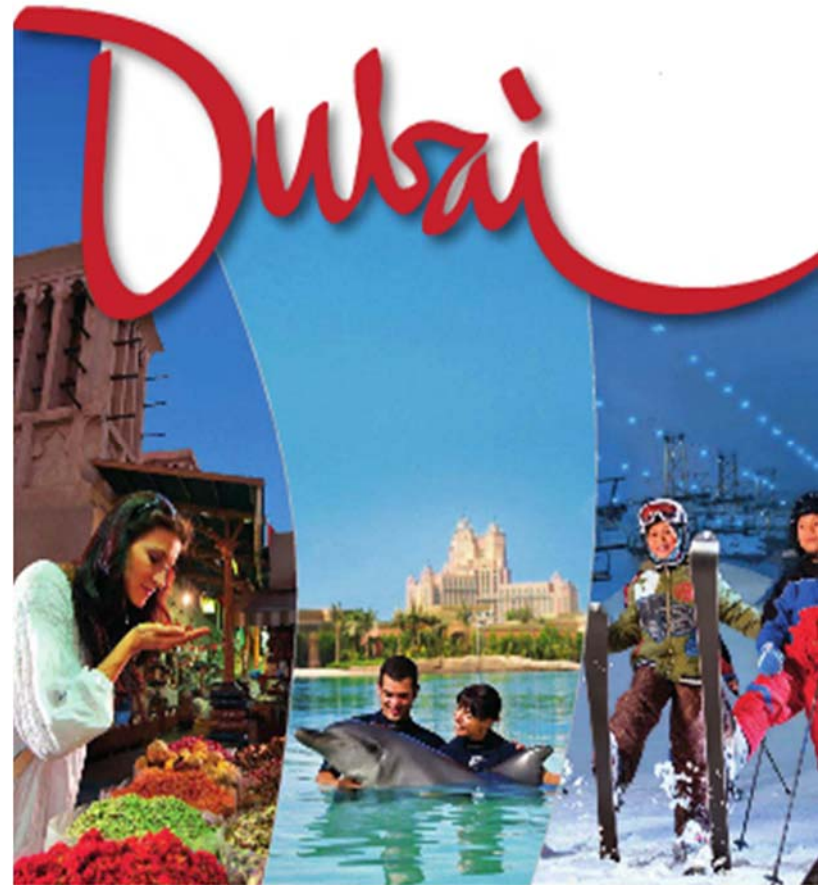
(1) As of March 31, 2014, including TigerairPh

(2) 1Q2014 CAB data not yet available.



Long-haul Update

- ❖ Load factors improved from 36% in October 2013 to 63% in 1Q2014.
- ❖ Due to runway closure in Dubai International Airport, CEB is temporarily flying to Sharjah starting May 1 to July 20, 2014.
- ❖ As of May 12, 2014, long-haul forward bookings show about 22% of available seats have already been sold in the next three months.
- ❖ CEB took delivery of its 4th A330 aircraft on May 16, 2014, and will take delivery its 5th A330 aircraft in August 2014.
- ❖ All regulatory approvals have been received for Saudi Arabia and we hope to start operations by 3Q2014.



FINANCIAL RESULTS



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Income Statement: Revenue and Margins

| | For the Quarters Ended | | YOY Change |
|------------------------------------|------------------------|--------------|---------------------|
| | 31-Mar-13 | 31-Mar-14 | 1 st Qtr |
| Total Revenue (Php Million) | 10,542 | 11,764 | 11.6% |
| Passenger Revenue | 8,169 | 8,848 | 8.3% |
| Ancillary Revenue | 1,803 | 2,236 | 24.0% |
| Cargo Revenue | 571 | 680 | 19.1% |
| Average Yield per passenger | 2,822 | 2,928 | 3.8% |
| Average fare | 2,312 | 2,337 | 1.1% |
| Ancillary/passenger | 510 | 591 | 15.8% |
| Cargo yield per kg | 21.21 | 21.69 | 2.3% |
| (PHP million) | | | |
| EBITDAR | 2,732 | 2,431 | -11.0% |
| EBIT | 1,319 | 512 | -61.2% |
| Pre-tax Core Net income | 1,239 | 315 | -74.5% |
| Net income | 1,157 | 164 | -85.8% |
| Margins | | | |
| EBITDAR Margin | 25.9% | 20.7% | -5.2 ppts. |
| EBIT Margin | 12.5% | 4.4% | -8.2 ppts. |
| Pre-tax Core Net Income Margin | 11.8% | 2.7% | -9.1 ppts. |
| Net income margin | 11.0% | 1.4% | -9.6 ppts. |

31M kilos of Cargo, up 16.5% from last year.

Php/USD averaged P44.88 for 4Q2014, up P4.17 or 10.3% from P40.70 in 1Q2013.

NOTE: Balances includes Tigerair PH.



Income Statement: Cost Analysis

| | For the Quarter Ended | | |
|-----------------------------------|-----------------------|-------------|---------------------|
| | 31-Mar-14 | YOY Change | % to Total Expenses |
| Expense Accounts/ASK | | | |
| Fuel | 1.215 | -0.3% | 49.4% |
| Other flying operations | 0.142 | -9.7% | 5.8% |
| Maintenance | 0.241 | 0.1% | 9.7% |
| Depreciation and amortization | 0.217 | 4.5% | 8.9% |
| Aircraft and traffic servicing | 0.238 | 2.2% | 9.6% |
| Aircraft and engine lease | 0.176 | 44.1% | 7.1% |
| Reservation and sales | 0.115 | -2.2% | 4.7% |
| Passenger service | 0.058 | 5.2% | 2.4% |
| General and administrative | 0.060 | -15.0% | 2.4% |
| Total Cost per ASK | 2.462 | 1.6% | 100% |
| Total Cost per ASK ex-Fuel | 1.247 | 3.6% | |

❖ Jet fuel averaged US\$123.04/bbl⁽¹⁾ in 1Q2014, 4.9% lower than 1Q2013.

NOTE:

(1) Slightly different from published MOPS due to timing of purchase



Balance Sheet

| <i>Php Millions</i> | As at Dec 31, 2013 | As at Mar 31, 2014 |
|---|-----------------------|-----------------------|
| Cash and cash equivalents | 6,056 | 6,948 |
| Current assets | 10,033 | 10,950 |
| Plant and equipment | 56,412 | 60,040 |
| Other noncurrent assets | 1,082 | 1,737 |
| Total Assets | 67,527 | 72,727 |
| Total debt ⁽¹⁾ | 29,406 | 32,552 |
| Other liabilities | 17,039 | 18,930 |
| Total Liabilities | 46,446 | 51,482 |
| Total Equity | 21,082 | 21,246 |
| Net debt-to-equity(x) ⁽²⁾ | 1.11 | 1.21 |
| Adjusted net debt-to-equity(x) ⁽³⁾ | 1.95 | 2.13 |
| Cash-to-sales-LTM ratio | 14.8% | 16.5% |

NOTE:

- (1) Includes LT debt and current portion of LT debt
- (2) Net debt is total debt less cash and cash equivalents.
- (3) Adjusted net debt is net debt plus capitalized lease and ARO liability



Cash Flows

| <i>Php Millions</i> | 1Q2014 |
|---|----------------|
| CASHFLOWS FROM OPERATING ACTIVITIES | |
| Income after noncash adjustments | 1,650 |
| Net changes in working capital | 1,208 |
| Interest paid - net | (289) |
| Net cash provided by operating activities | 2,569 |
| CASHFLOWS FROM INVESTING ACTIVITIES | |
| Acquisition of property and equipment | (4,360) |
| Investment in a subsidiary | (489) |
| Net cash used in investing activities | (4,849) |
| CASHFLOWS FROM FINANCING ACTIVITIES | |
| Availments of long term debt | 4,044 |
| Repayments of long term debt | (1,152) |
| Net cash provided by financing activities | 2,891 |
| Net foreign exchange difference | 21 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 632 |
| CASH AND CASH EQUIVALENTS, Dec 31, 2013 | 6,316 |
| CASH AND EQUIVALENTS, Mar 31, 2014 | 6,948 |



OUTLOOK



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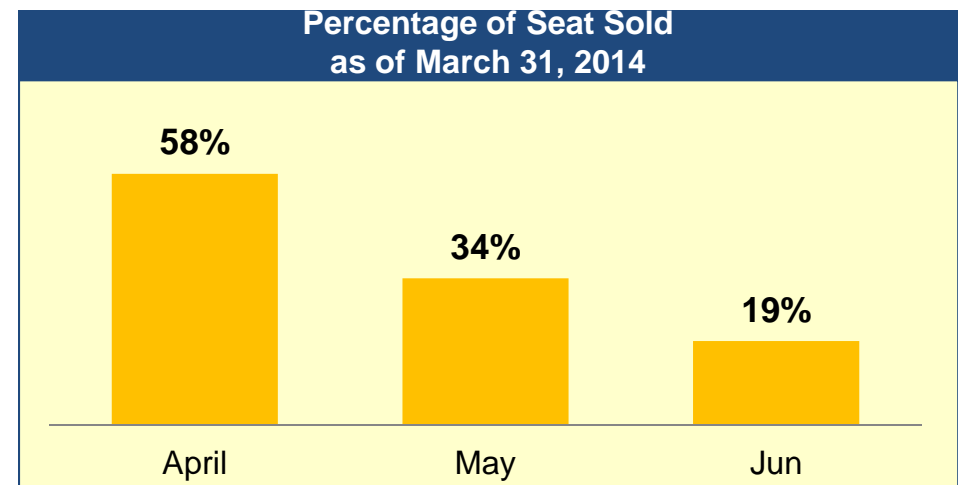
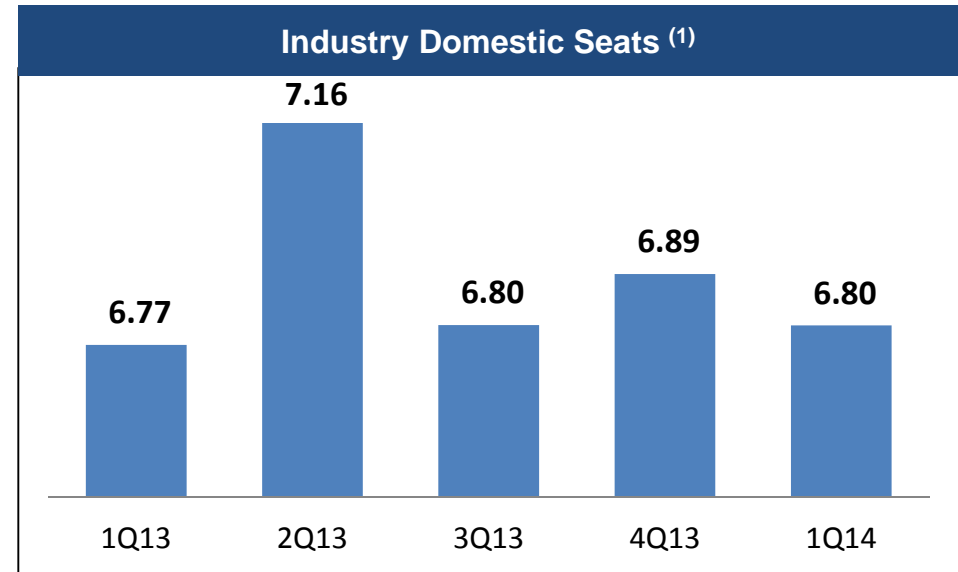
Industry developments and Forward Sales

Positive development in Philippine aviation:

- ❖ Consolidation and capacity rationalization in Philippine domestic industry
- ❖ Lifting of European Union (EU) ban on CEB.
- ❖ Federal Aviation Administration upgraded Philippine aviation to Category 1 status.

Forward bookings looking strong:

- ❖ As of March 31, 2014, 3-month forward bookings show 8% growth YOY, higher than 7% seat growth.
- ❖ About 37% of Short-haul and 27% of Long-haul (DXB) seats have been sold in the next 3 months.



(1) 1Q2014 is based on internal estimate. 1Q2013 to 4Q2013 is based on CAB data.



Tigerair PH Integration and Alliance with Tigerair

Tigerair PH acquisition:

- ❖ As part of the strategic alliance with Tigerair group (TR), CEB signed a sale and purchase agreement to acquire 100% of Tigerair Philippines (DG), including the 40% stake of Tiger Airways Holdings Limited. The purchase was closed on March 20, 2014, consequently, CEB gained control of DG.

Initiatives to date:

- ❖ Rationalized CEB and DG's network - wider distribution network, and improved loads and fares.
- ❖ Subleased 1 A320 aircraft to replace 2 A319s of DG - improved overall asset utilization.
- ❖ Improved DG's ancillary revenue
- ❖ Undergoing operational efficiency and cost reduction program.

Alliance with Tigerair Group:

- ❖ Interline agreement will allow cross-selling opportunities between CEB and TR which allows us to expand network offerings and distributions.
- ❖ Project Phases:
 - Phase 1: TR to sell TR-CEB/DG joint itineraries by July 2014.
 - Phase 2: CEB to sell CEB/DG joint itineraries by Sept 2014.

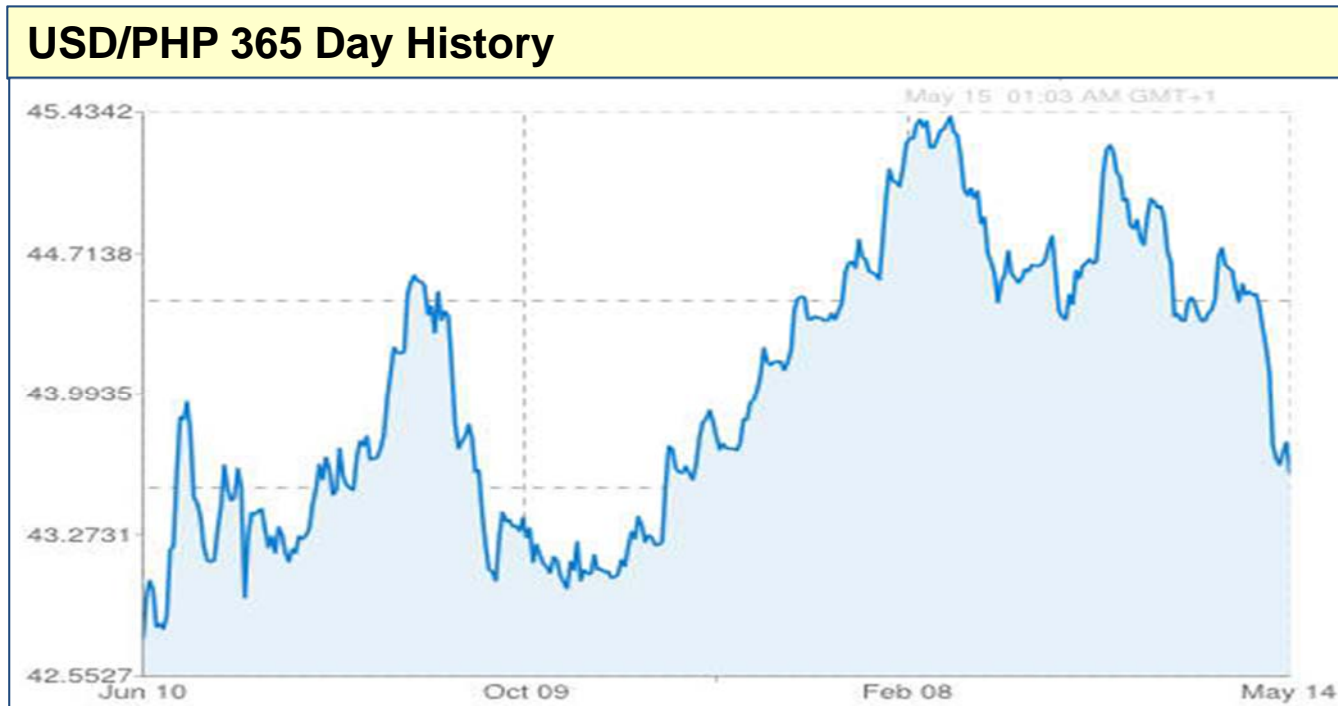
– TR to 5J (e.g. SIN-MNL-USU, SIN-MNL-MPH, SIN-MNL-NRT, etc.)



– 5J to TR (MNL-SIN-MLE, MNL-SIN-BLR, CEB-SIN-MLE, etc.)



Forex and Fuel



FOREX

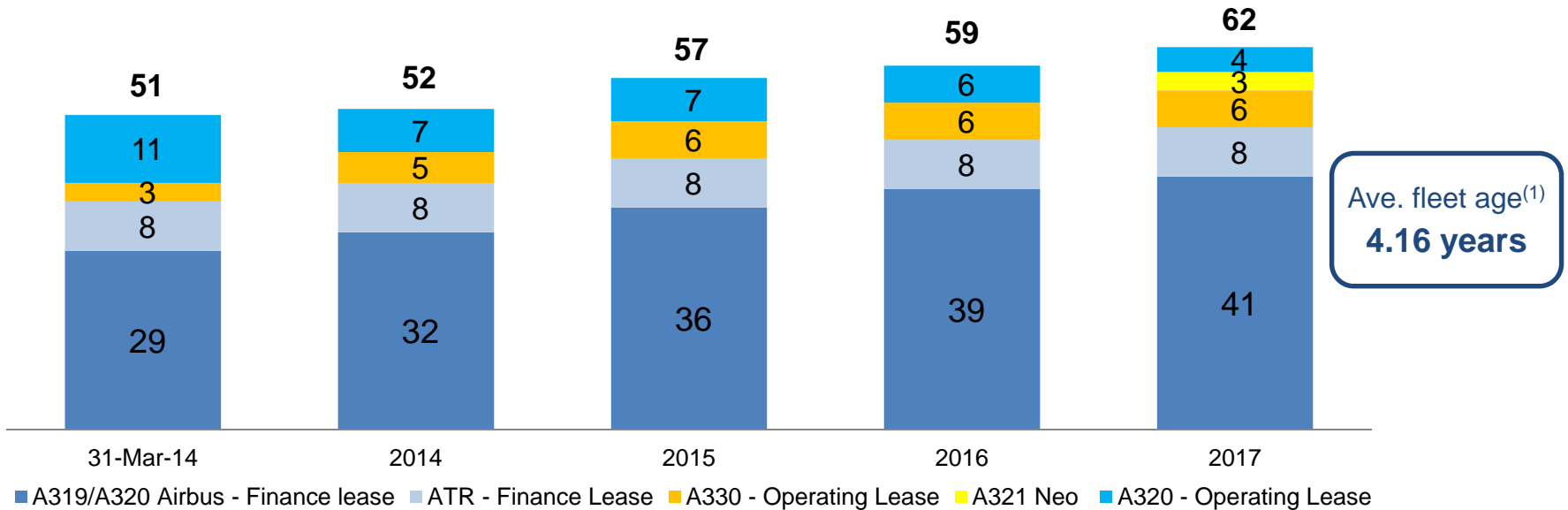
- ❖ As of May 14, 2014, USD to PHP close at Php43.55, about 3% lower than closing forex as of end of March 2014.

FUEL

- ❖ As of May 9, 2014, Jet Kero's month to date average is at US\$119.83/bbl, lower than US\$123.04/bbl average in 1Q2014.



Fleet Expansion Plan



- ❖ As of today: total remaining order book of 11 A320s, 30 A321 NEO, and 2 A330s on operating lease, with 10 A320s for lease returns
- ❖ 5 A320, 3 A330 deliveries and 4 lease returns in 2014; 4 A320, 1 A330 deliveries and no lease returns in 2015
- ❖ 3 A320 deliveries and 1 lease return in 2016;
- ❖ Will take delivery of 2 A320 and first 3 A321 NEO and 2 lease returns in 2017

NOTE: (1) As of May 20, 2014



Thank you.

