

Cebu Air, Inc.

2Q2014 Results of Operation



 **CEBU PACIFIC AIR.COM**
Why everyone flies.

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BUSINESS UPDATES

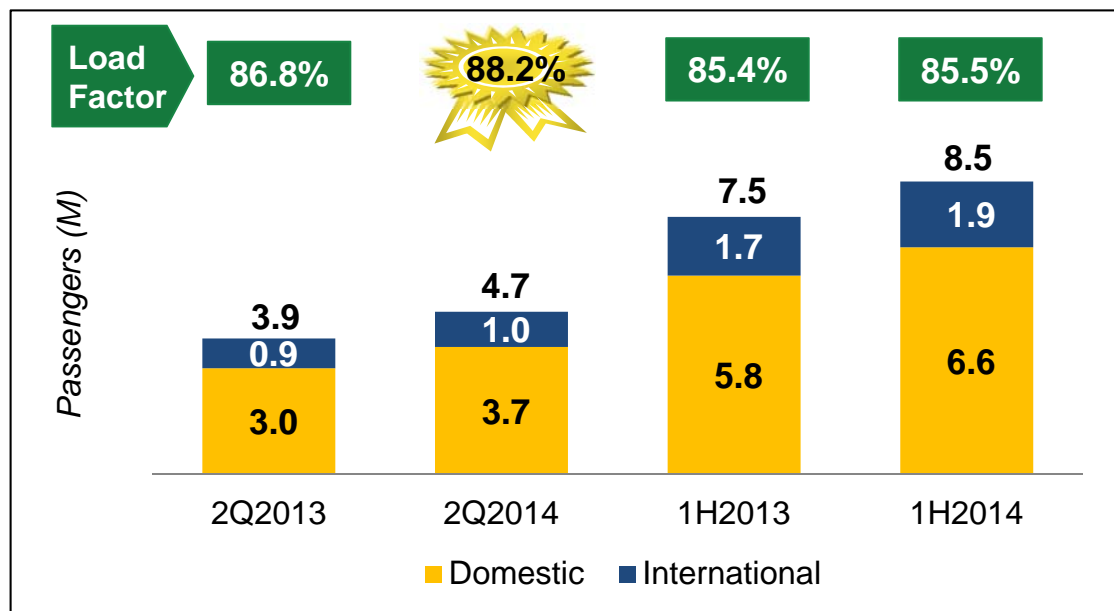


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Operating Statistics

Passenger traffic grew 19.7%, pushing up load factor to 88.2% in 2nd Qtr

- ❖ CEB flew 4.7M passengers in 2Q14, up 19.7% YOY, and 8.5M passengers in 1H14, up 13.8%
- ❖ CEB posted 88.2% seat load factor in 2Q14, up 1.4ppts. YOY, and 85.5% in 1H14, up 0.1ppts YOY.
- ❖ We utilized our airbus fleet at 12 hours per day and turned them 6.6x per day.
- ❖ On-time performance posted at 72.7%, better than 67.0% in 2Q2013.
- ❖ RPK grew 27.6% to 4.4 billion, while ASK grew 28.3% to 5.2 billion as average sector length increased.



In millions	2Q14	YOY
Passenger	4.7	19.7%
Seats	5.4	17.8%
RPK	4,380	27.6%
ASK	5,163	28.3%

In millions	1H14	YOY
Passenger	8.5	13.8%
Seats	10.0	13.6%
RPK	7,646	15.8%
ASK	9,311	18.9%

NOTE: Data includes operating statistics of Tigerair PH



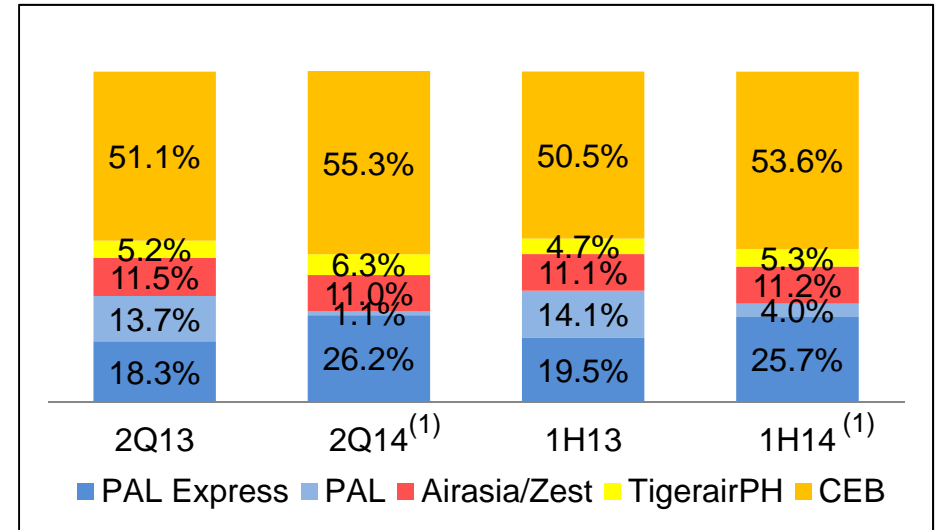
Domestic Market Update

CEB group dominates with a 61.6% domestic market share in 2nd Qtr

Combined Domestic Market Share- 2Q14

 CEBU PACIFIC	55.3%	61.6%
 tigerair philippines	6.3%	
 Air Asia	1.7%	11.0%
 Air Asia ZEST	9.3%	
 Philippine Airlines	1.1%	27.3%
 PAL express	26.2%	

Domestic Market Share



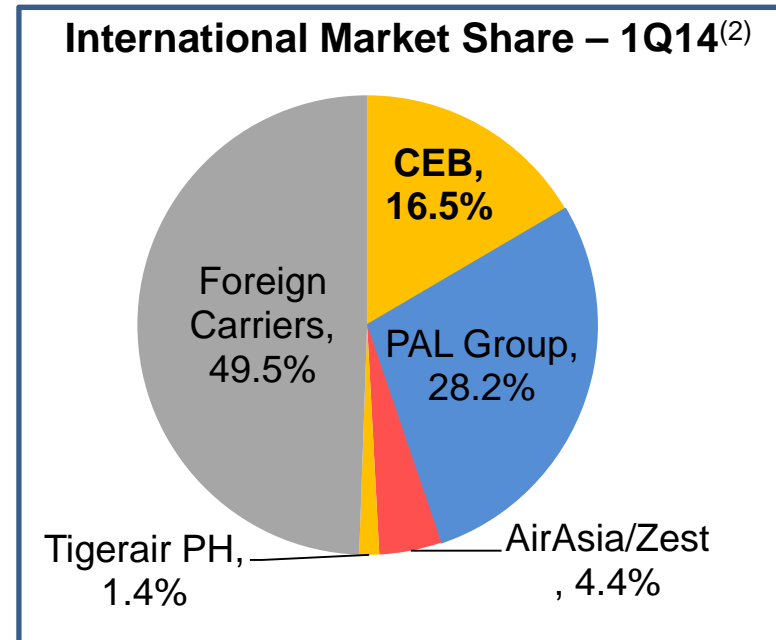
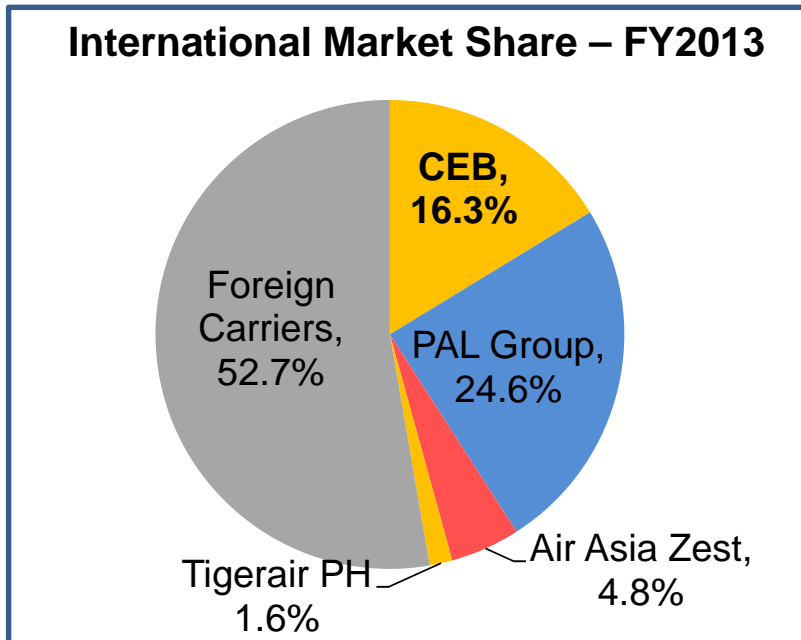
- ❖ Highest market share
 - In 2Q14, CEB captured 55.3% market share, and 61.6% consolidated market share with Tigerair Philippines.
- ❖ Most number of passengers carried
- ❖ Highest seat load factor and competitive performance index
- ❖ Most extensive network : 59 routes, 34 destinations, 1,977 weekly flights⁽²⁾
- ❖ New route: CEB-Tandag-CEB starting June 30, 2014

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

(2) As of June 30, 2014, including Tigerair PH



Regional Market Update



- ❖ CEB continued to grow in the international market with 16.5% overall market share, and a 25.3% on routes we operate.
- ❖ Singapore, Hong Kong and Korea are largest markets.
- ❖ 36 routes, 27 destinations, 426 weekly flights⁽¹⁾

Source: Civil Aeronautics Board, Company data

(1) As of June 30, 2014, including Tigerair Philippines

(2) 2Q2014 CAB data not yet available.



Long-haul Update



- ❖ Load factors increased to 80.4% in 2Q2014 from 63.1% in 1Q2014.
- ❖ As of August 11, 2014, long-haul forward bookings show about 20% of available seats have already been sold in the next three months.
- ❖ CEB will take delivery of its 5th A330 aircraft on August 22, 2014.
- ❖ Starting September 2, 2014, we will fly to and from Kuwait 3 times weekly, and starting September 9, 2014, we will fly to and from Sydney, Australia 4 times weekly.



Update on Tigerair Philippines (DG)

	2Q2014
Key Operating Statistics	
Fleet size at period end	4
No. of passengers	417,836
No. of Seats	504,180
SLF	82.9%
Utilization (BH/AC days)	11.1
No. of routes	14
No. of destinations	14
Average weekly flights	250 ⁽¹⁾

- ❖ As of today, all of DG's A320 aircraft are subleased from CEB.
- ❖ DG flew over 417 thousand passengers in 2Q2014, for 82.9% SLF
- ❖ Rationalization of DG's network and service offerings to 14 routes and destinations with 250 average weekly flights.
 - Added Cagayan and Hangzhou as new destinations;
- ❖ Improved aircraft utilization to 11.1 block hours/day in 2Q14.
- ❖ Cost reduction programs are ongoing and gradually bearing fruit.

- ❖ **CEB Alliance with Tigerair Group:**
 - First interline flights available for sale on Tigerair website from July 23, 2014.
 - Tigerair flights will be available on CEB website from September 2014.



(1) Based on flight schedule as of June 30, 2014



FINANCIAL RESULTS



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Income Statement: Revenue and Margins

	2Q2013	2Q2014	1H2013	1H2014	YOY Change	
					2nd Qtr	1H
Total Revenue (Php Million)	11,184	14,953	21,726	26,717	33.7%	23.0%
Passenger Revenue	8,809	12,004	16,977	20,852	36.3%	22.8%
Ancillary Revenue	1,721	2,192	3,524	4,428	27.4%	25.7%
Cargo Revenue	655	758	1,226	1,437	15.7%	17.3%
Average Yield per passenger	2,668	3,004	2,741	2,970	12.6%	8.4%
Average fare	2,232	2,540	2,270	2,450	13.8%	7.9%
Ancillary/passenger	436	464	471	520	6.4%	10.4%
Cargo yield per kg	20.82	20.46	21.00	21.03	-1.7%	0.1%
(PHP million)						
EBITDAR	3,002	4,555	5,734	6,986	51.7%	21.8%
EBIT	1,523	2,449	2,842	2,962	60.9%	4.2%
Pre-tax Core Net income	1,399	2,266	2,638	2,581	61.9%	-2.2%
Net income	257	3,014	1,414	3,178	1,071.1%	124.7%
Margins						
EBITDAR Margin	26.8%	30.5%	26.4%	26.1%	3.6 ppts.	-0.2 ppts.
EBIT Margin	13.6%	16.4%	13.1%	11.1%	2.8 ppts.	-2.0 ppts.
Pre-tax Core Net Income Margin	12.5%	15.2%	12.1%	9.7%	2.6 ppts.	-2.5 ppts.
Net income margin	2.3%	20.2%	6.5%	11.9%	17.9 ppts.	5.4 ppts.

NOTE: Balances includes Tigerair PH.



Income Statement: Cost Analysis

	2Q2013	2Q2014	1H2013	1H2014	YOY Change	
					2QTR	1H
Available Seat Kilometer (ASK) (millions)	4,023	5,163	7,830	9,734	28.3%	24.3%
Expense Accounts/ASK						
Flying Operations	1.345	1.336	1.360	1.346	-0.7%	-1.1%
Fuel	1.189	1.185	1.203	1.199	-0.4%	-0.4%
Others	0.156	0.151	0.157	0.147	-3.4%	-6.4%
Maintenance	0.247	0.228	0.244	0.234	-7.6%	-4.1%
Depreciation & Amortization	0.208	0.205	0.208	0.211	-1.3%	1.4%
Aircraft & Traffic Servicing	0.232	0.241	0.232	0.239	3.7%	3.0%
Aircraft and Engine Lease	0.122	0.180	0.122	0.178	47.9%	46.1%
Reservation and Sales	0.110	0.108	0.114	0.111	-2.2%	-2.3%
Passenger Service	0.056	0.058	0.055	0.058	4.4%	4.7%
General and Admin	0.082	0.066	0.076	0.063	-19.2%	-17.2%
Total Cost per ASK	2.402	2.422	2.412	2.441	0.8%	1.2%
Total Cost per ASK ex- Fuel	1.213	1.237	1.209	1.242	2.0%	2.7%

- ❖ Jet fuel averaged US\$120.26/bbl⁽¹⁾ in 2Q2014, 3% higher than 2Q2013.
- ❖ Forex averaged P44.65/USD in 2Q14, P3.65 depreciation vs. P41.00/USD in 2Q13.

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 Jun 30, 2014
Cash and cash equivalents	6,056	7,673
Current assets	10,033	11,410
Plant and equipment	56,412	61,406
Other noncurrent assets	1,082	1,577
Total Assets	67,527	74,393
Total debt ⁽¹⁾	29,406	32,311
Other liabilities	17,039	17,823
Total Liabilities	46,446	50,134
Total Equity	21,082	24,259
Net debt-to-equity ⁽²⁾	1.1x	1.0x
Adjusted net debt-to-equity ⁽³⁾	2.0x	1.9x
Cash-to-sales-LTM ratio	15%	17%
Forex, end of period	44.395	43.65

NOTE:

- (1) Includes current and noncurrent portion of long-term 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>	1H2014
CASHFLOWS FROM OPERATING ACTIVITIES	
Income before income tax	3,335
Noncash adjustments	2,049
Net changes in working capital	134
Interest and income taxes paid – net	(469)
Net cash provided by operating activities	5,048
CASHFLOWS FROM INVESTING ACTIVITIES	
Acquisition of property and equipment and other noncurrent assets	(6,672)
Investment in a subsidiary	(489)
Net cash used in investing activities	(7,160)
CASHFLOWS FROM FINANCING ACTIVITIES	
Availments of long term debt	5,516
Repayments of long term debt	(2,002)
Net cash provided by financing activities	3,514
Net foreign exchange difference	(45)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,357
CASH AND CASH EQUIVALENTS, Dec 31, 2013	6,316
CASH AND EQUIVALENTS, June 30, 2014	7,673



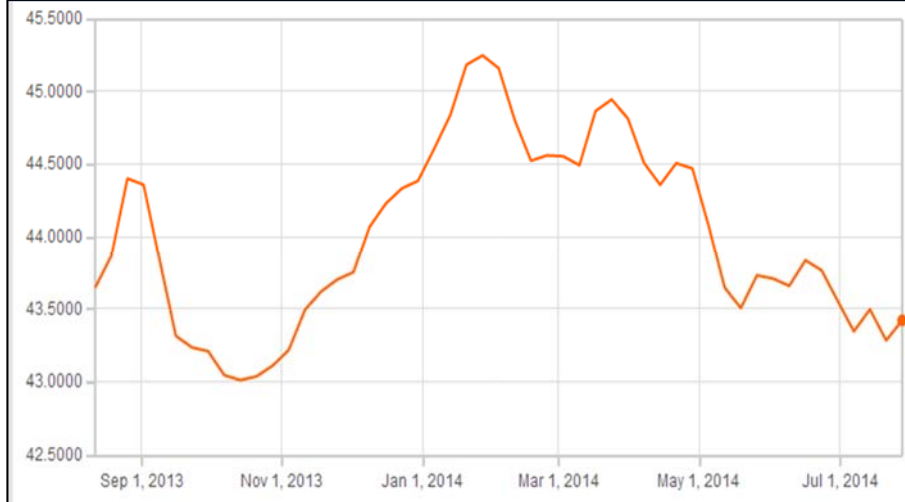
OUTLOOK



 **CEBU PACIFIC AIR.COM**
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Forex, Fuel and Forward booking

USD/PHP 365 Day History



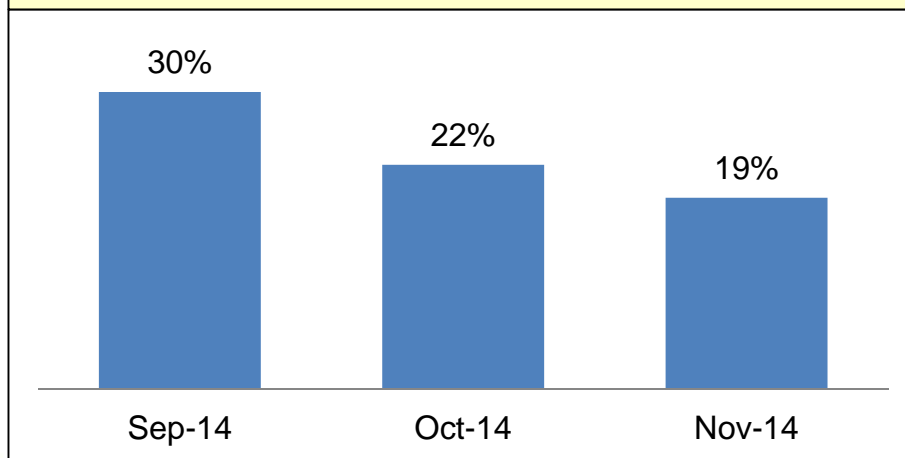
Forex

- ❖ As of Aug 6, 2014, USD to PHP close at Php43.71, slightly higher vs. closing of P43.65 as of end of June 2014.

Fuel

- ❖ As of Aug 5, 2014, Jet Kero's month to date average is at US\$117.71/bbl, lower than US\$120.26/bbl average in 2Q2014.

Percentage of Seat Sold as of Aug 11, 2014

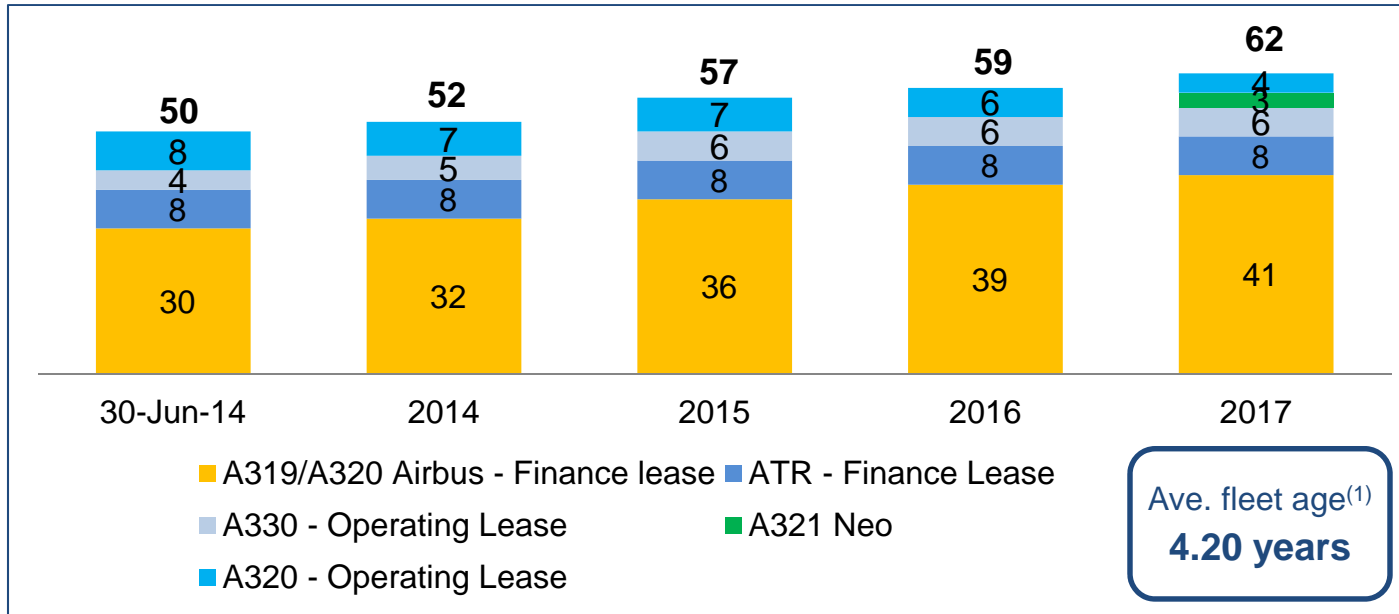


Forward booking looking strong:

- ❖ As of August 11, 2014, 3-month forward bookings show about 6% growth YOY, higher than 3% seat growth.
- ❖ About 24% of seats have been sold in the next 3 months.



Fleet Expansion Plan



- ❖ We currently⁽¹⁾ have 50 aircraft, and total remaining order book of 11 A320s, 30 A321 NEO, and 2 A330s on operating lease, with 8 A320s for lease returns
 - For balance 2014: 2 A320, 1 A330 deliveries and 1 lease return;
 - For 2015: 4 A320, 1 A330 deliveries and no lease returns;
 - For 2016: 3 A320 deliveries and 1 lease return;
 - For 2017: 2 A320 and 3 A321 NEO deliveries, and 2 lease returns

NOTE: (1) As of June 30, 2014



Thank you.

