

Cebu Air, Inc.

3Q2014 Results of Operation



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BUSINESS UPDATES

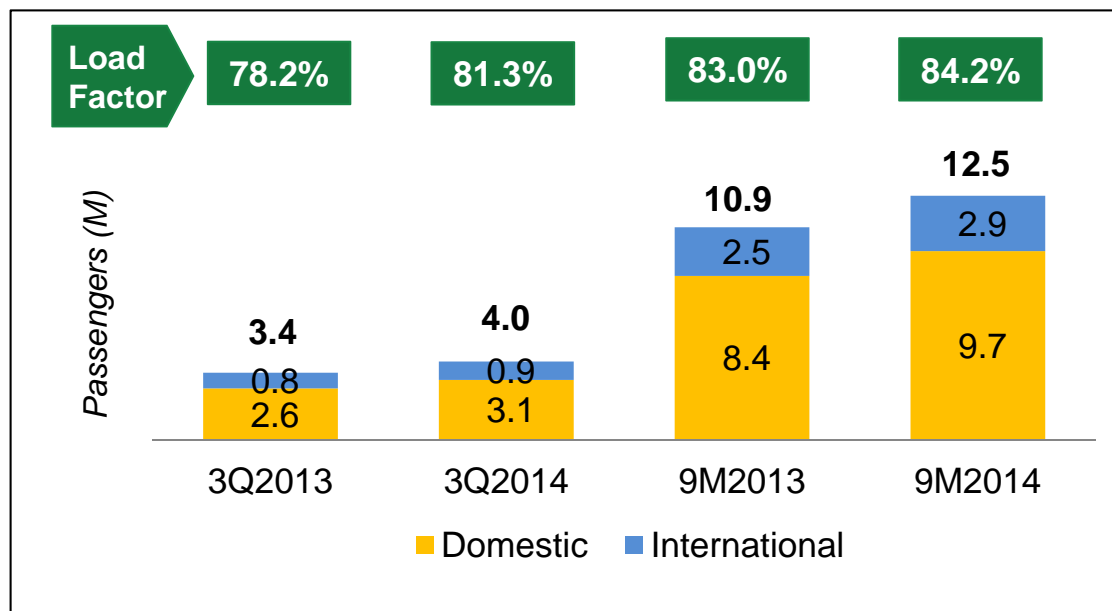


 **CEBU PACIFIC AIR.COM**
Why everyone flies.

Operating Statistics

Passenger traffic grew 16.8%, pushing up load factor to 81.3% in 3rd Quarter

- ❖ CEB flew 4.0M passengers in 3Q14, up 16.8% YOY, and 12.5M passengers in 9M14, up 14.8%
- ❖ CEB posted 81.3% seat load factor in 3Q14, up 3.1ppts. YOY, and 84.2% in 9M14, up 1.2ppts YOY.
- ❖ We utilized our airbus fleet at 12 hours per day and turned them 6.5x per day.
- ❖ RPK grew 25.0% to 3.9 billion, while ASK grew 23.3% to 4.9 billion as average sector length increased.



In millions	3Q14	YOY
Passenger	4.0	16.8%
Seats	4.9	12.2%
RPK	3,868	25.0%
ASK	4,945	23.3%

In millions	9M14	YOY
Passenger	12.5	14.8%
Seats	14.9	13.1%
RPK	11,823	21.9%
ASK	14,621	23.5%

NOTE: Data includes operating statistics of Tigerair PH



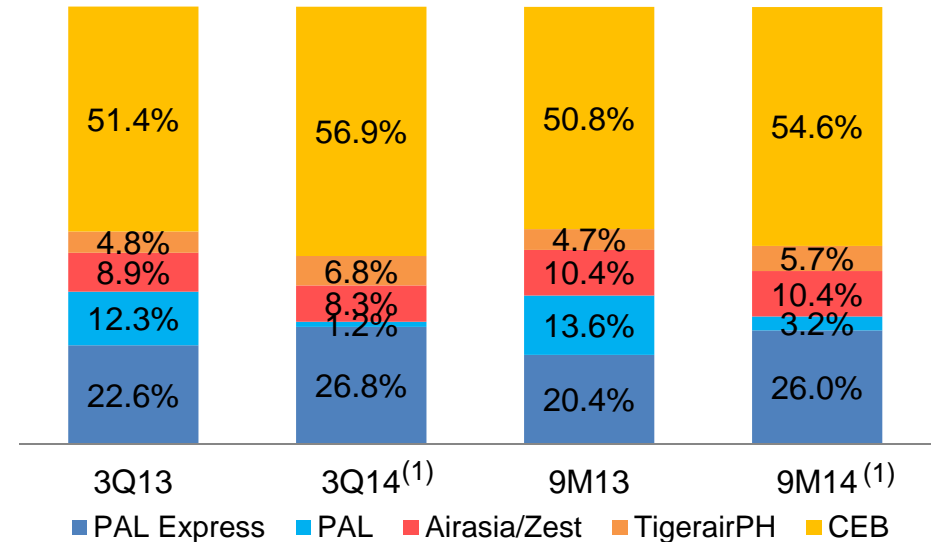
Domestic Market Update

CEB group dominates with a 63.7% domestic market share in 3rd Quarter

Combined Domestic Market Share- 3Q14

 CEBU PACIFIC	56.9%	63.7%
 tigerair philippines	6.8%	
 Air Asia	1.1%	8.3%
 Air Asia ZEST	7.1%	
 Philippine Airlines	1.2%	28.0%
 PAL express	26.8%	

Domestic Market Share



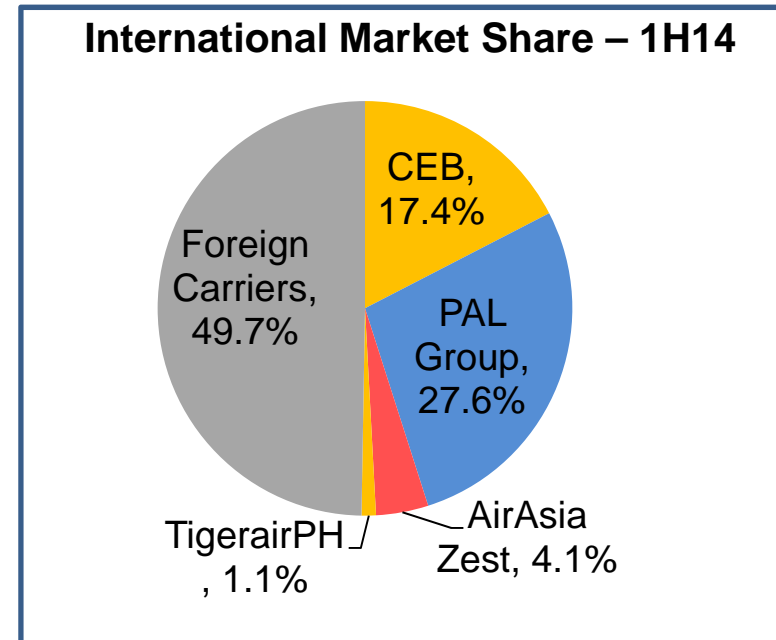
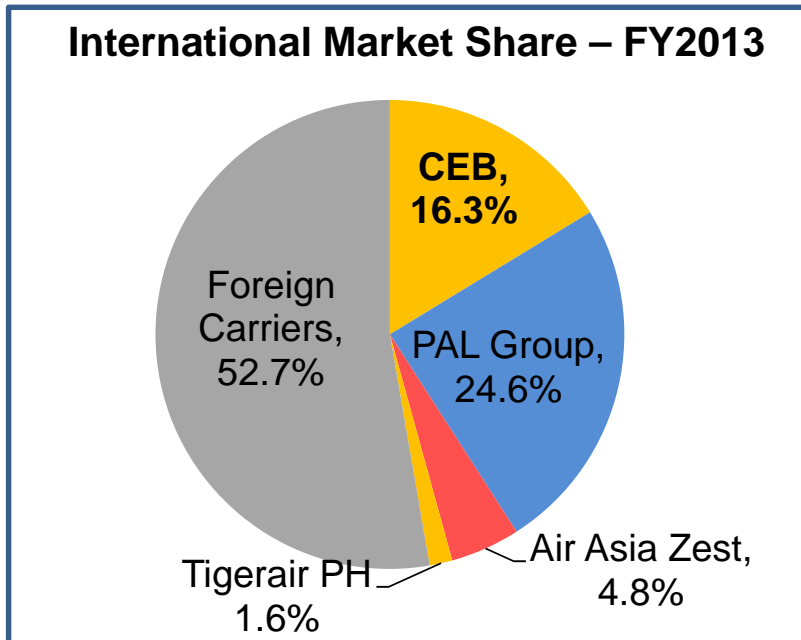
- ❖ Highest market share
 - In 3Q14, CEB captured 56.9% market share, and 63.7% consolidated market share with Tigerair Philippines.
- ❖ Most number of passengers carried
- ❖ Highest seat load factor and competitive performance index
- ❖ Most extensive network: 55 routes, 34 destinations, 1,792 weekly flights⁽²⁾

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

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



International Market Update



- ❖ CEB continued to grow in the international market with 17.4% overall market share.
- ❖ Singapore, Hong Kong and South Korea are largest markets.
- ❖ 35 routes, 26 destinations, 478 weekly flights⁽¹⁾

Source: Civil Aeronautics Board, Company data

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



Long-haul Update



❖ **New long-haul routes:**

- ❑ Starting September 2, 2014, we flew to and from Kuwait 3 times weekly
- ❑ Starting September 9, 2014, we flew to and from Sydney, Australia 4 times weekly.
- ❑ Starting October 1 and 4, we flew to and from Riyadh and Dammam, respectively, both for three (3) times weekly

❖ **Fleet:** CEB took delivery of its 5th A330 aircraft on August 22, 2014.

❖ **Forward booking:** As of November 10, 2014, long-haul forward bookings show about 22% of available seats have already been sold in the next three months.



Tigerair Philippines and Alliance with Tigerair Group



Update on Tigerair Philippines

- ❖ Flew over 372 thousand passengers in 3Q2014, up 14.4% YOY.
- ❖ 8 routes, 9 destinations and 158 weekly flights
- ❖ New routes:
 - ❑ MNL-Cagayan-MNL – daily, starting July 15, 2014
 - ❑ MNL-Tagbilaran-MNL- daily, starting Oct 2014
 - ❑ MNL-Roxas-MNL – daily, starting Oct 2014
- ❖ Cost reduction programs are on-going.

CEB Alliance with Tigerair Group:

- ❖ CEB flights became available in the Tigerair Singapore website (<http://www.tigerair.com>) last July 23, 2014.
- ❖ Starting September 3, 2014, destinations such as Bangalore (India), Yangon (Myanmar), Perth (Australia), Male (Maldives), and Dhaka (Bangladesh), among others are available through the CEB website.



FINANCIAL RESULTS



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Why everyone flies.

Income Statement: Revenue and Margins

	3Q2013	3Q2014	9M2013	9M2014	YOY Change	
					3rd Qtr	9M
Total Revenue (Php Million)	8,855	11,728	30,582	38,446	32.4%	25.7%
Passenger Revenue	6,614	8,873	23,591	29,725	34.2%	26.0%
Ancillary Revenue	1,591	2,035	5,115	6,463	27.9%	26.4%
Cargo Revenue	651	821	1,877	2,258	26.1%	20.3%
Average Yield per passenger	2,392	2,723	2,631	2,888	13.9%	9.8%
Average fare	1,928	2,215	2,162	2,372	14.9%	9.7%
Ancillary/passenger	464	508	469	516	9.5%	10.0%
Cargo yield per kg	19.91	19.08	20.61	20.33	-4.2%	-1.4%
(PHP million)						
EBITDAR	1,018	1,960	6,752	8,947	92.6%	32.5%
EBIT	(669)	(107)	2,173	2,854	-84.0%	31.4%
Pre-tax Core Net income	(829)	(325)	1,809	2,256	-60.8%	24.7%
Net income	(750)	(1,099)	664	2,079	46.5%	213.1%
Margins						
EBITDAR Margin	11.5%	16.7%	22.1%	23.3%	5.2 ppts.	1.2 ppts.
EBIT Margin	-7.6%	-0.9%	7.1%	7.4%	6.6 ppts.	0.3 ppts.
Pre-tax Core Net Income Margin	-9.4%	-2.8%	5.9%	5.9%	6.6 ppts.	-0.05 ppts.
Net income margin	-8.5%	-9.4%	2.2%	5.4%	-0.9 ppts.	3.2 ppts.

NOTE: Balances includes Tigerair PH.



Income Statement: Cost Analysis

Expense Accounts/ASK	3Q2013	3Q2014	9M2013	9M2014	YOY Change	
					3rd QTR	9M
Flying Operations	1.337	1.317	1.352	1.341	-1.5%	-0.8%
Fuel	1.230	1.171	1.213	1.194	-4.8%	-1.5%
Others	0.107	0.145	0.140	0.147	36.1%	5.0%
Maintenance	0.244	0.217	0.244	0.229	-11.0%	-6.0%
Depreciation & Amortization	0.223	0.220	0.213	0.215	-1.4%	0.8%
Aircraft & Traffic Servicing	0.215	0.236	0.226	0.239	10.0%	5.7%
Aircraft and Engine Lease	0.159	0.174	0.135	0.178	9.6%	32.0%
Reservation and Sales	0.082	0.104	0.103	0.109	27.7%	6.2%
Passenger Service	0.053	0.061	0.054	0.059	16.7%	9.1%
General and Admin	0.063	0.064	0.072	0.063	1.5%	-11.3%
Total Cost per ASK	2.375	2.393	2.399	2.434	0.8%	1.4%
Total Cost per ASK ex- Fuel	1.145	1.222	1.187	1.240	6.8%	4.5%

- ❖ Jet fuel averaged US\$115.95/bbl⁽¹⁾ in 3Q2014, 6% lower than 3Q2013.
- ❖ Forex averaged P43.79/USD in 3Q14 vs. P43.67/USD in 3Q13.

NOTE:

(1) Based on published MOPS. Slightly different from CEB's fuel price due to timing of purchase



Balance Sheet

<i>Php Millions</i>	As at Dec 31, 2013	As at Sept 30, 2014
Cash and cash equivalents	6,056	2,796
Other current assets	3,977	4,029
Plant and equipment	56,412	62,102
Other noncurrent assets	1,082	1,853
Total Assets	67,527	70,780
Total debt ⁽¹⁾	29,406	31,908
Other liabilities	17,039	16,317
Total Liabilities	46,446	48,225
Total Equity	21,082	22,555
Net debt-to-equity ⁽²⁾	1.1x	1.3x
Adjusted net debt-to-equity ⁽³⁾	2.0x	2.3x
Cash-to-sales-LTM ratio	15%	6%
Forex, end of period	44.395	44.875

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>	9M2014
CASHFLOWS FROM OPERATING ACTIVITIES	
Income before income tax	1,914
Noncash adjustments	4,496
Net changes in working capital	(1,525)
Interest and income taxes paid – net	(781)
Net cash provided by operating activities	4,104
CASHFLOWS FROM INVESTING ACTIVITIES	
Acquisition of property and equipment and other noncurrent assets	(8,834)
Investment in a subsidiary	(489)
Dividends received from a joint venture	59
Net cash used in investing activities	(9,264)
CASHFLOWS FROM FINANCING ACTIVITIES	
Availments of long term debt	5,516
Repayments of long term debt	(3,277)
Dividends paid	(606)
Net cash provided by financing activities	1,633
Net foreign exchange difference	7
NET INCREASE IN CASH AND CASH EQUIVALENTS	(3,520)
CASH AND CASH EQUIVALENTS, Dec 31, 2013	6,316
CASH AND EQUIVALENTS, Sept 30, 2014	2,796



OUTLOOK

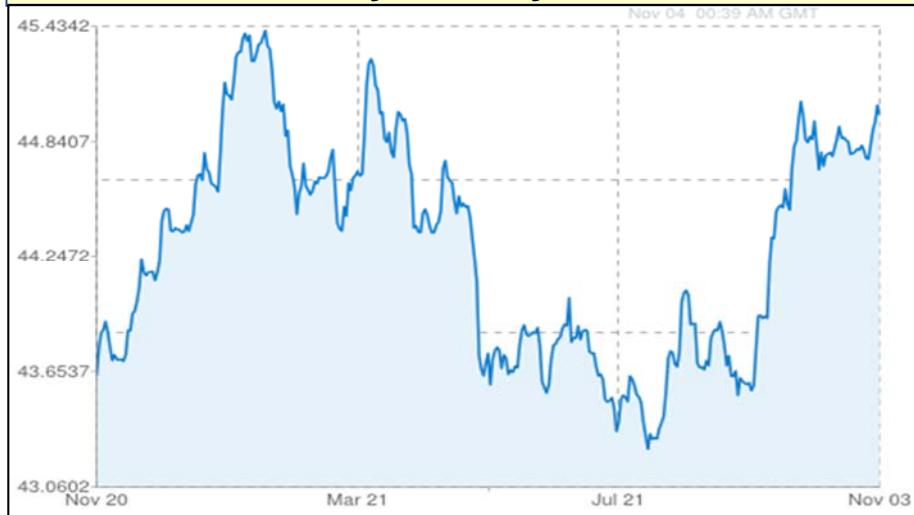


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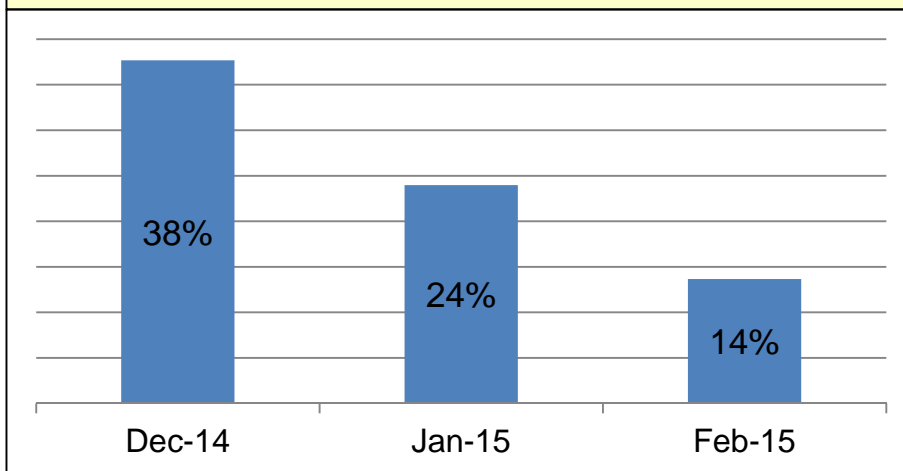
Why everyone flies.

Forex, Fuel and Forward booking

USD/PHP 365 Day History



Percentage of Seat Sold as of Nov. 10, 2014



Forex

- ❖ As of November 10, USD to PHP closed at Php44.86, from P44.875 as at end of September 2014.

Fuel

- ❖ As of November 10, Jet Kero fixed at \$101.44/bbl with month to date average at \$99.82/bbl vs. \$112.48/bbl in September 2014.

Forward booking looking stable:

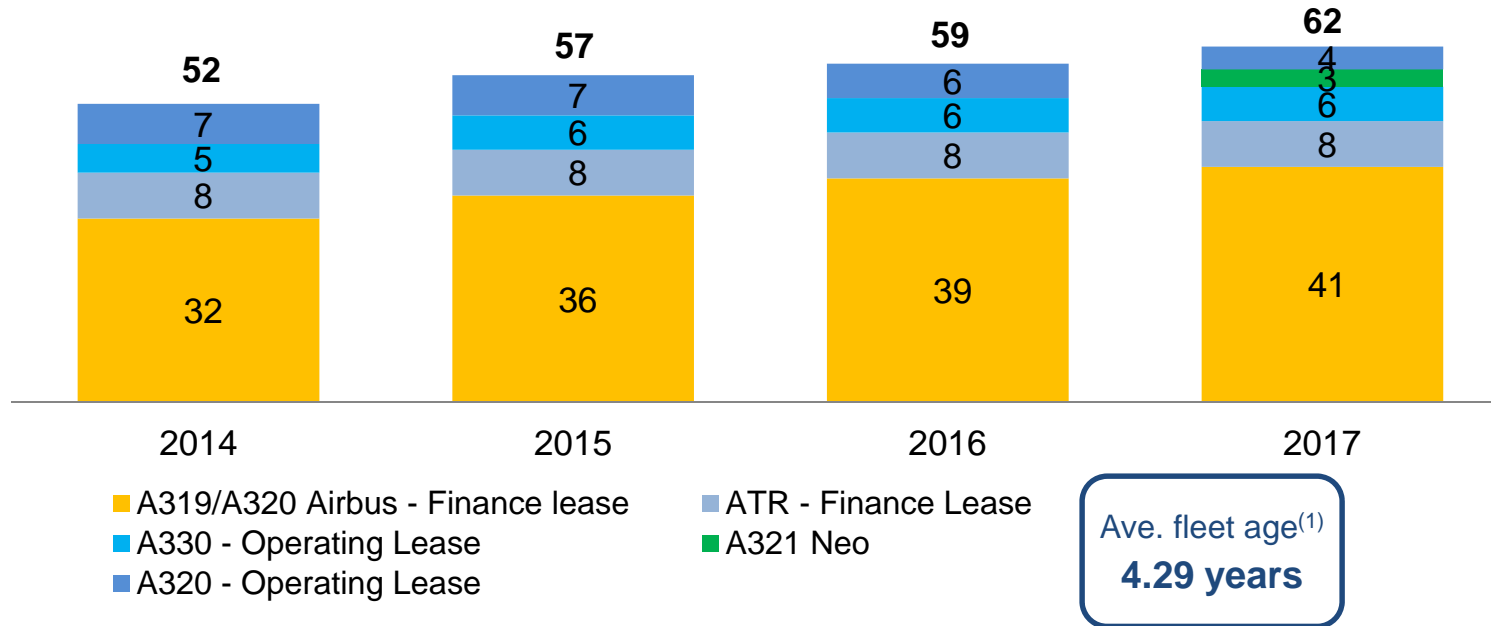
- ❖ As of November 10, three-month forward bookings show about 12% growth YOY, same as 12% seat growth.
- ❖ About 25% of seats have been sold in the next 3 months.

Increase in flight frequencies for 4Q peak:

- ❖ **Domestic:** additional flights to 7 domestic destinations such as Cebu, Tuguegarao, Dumaguete, Zamboanga, Cagayan de Oro, Iloilo and Butuan.
- ❖ **International:** additional flights to Singapore from MNL, ILO and CEB.



Fleet Expansion Plan



- ❖ We currently⁽¹⁾ have 52 aircraft, and total remaining order book of 9 A320s, 30 A321 NEO, and 1 A330s on operating lease, with 7 A320s for lease returns
 - 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 November 18, 2014



Thank you.

