

Cebu Air, Inc.

2014 Results of Operation



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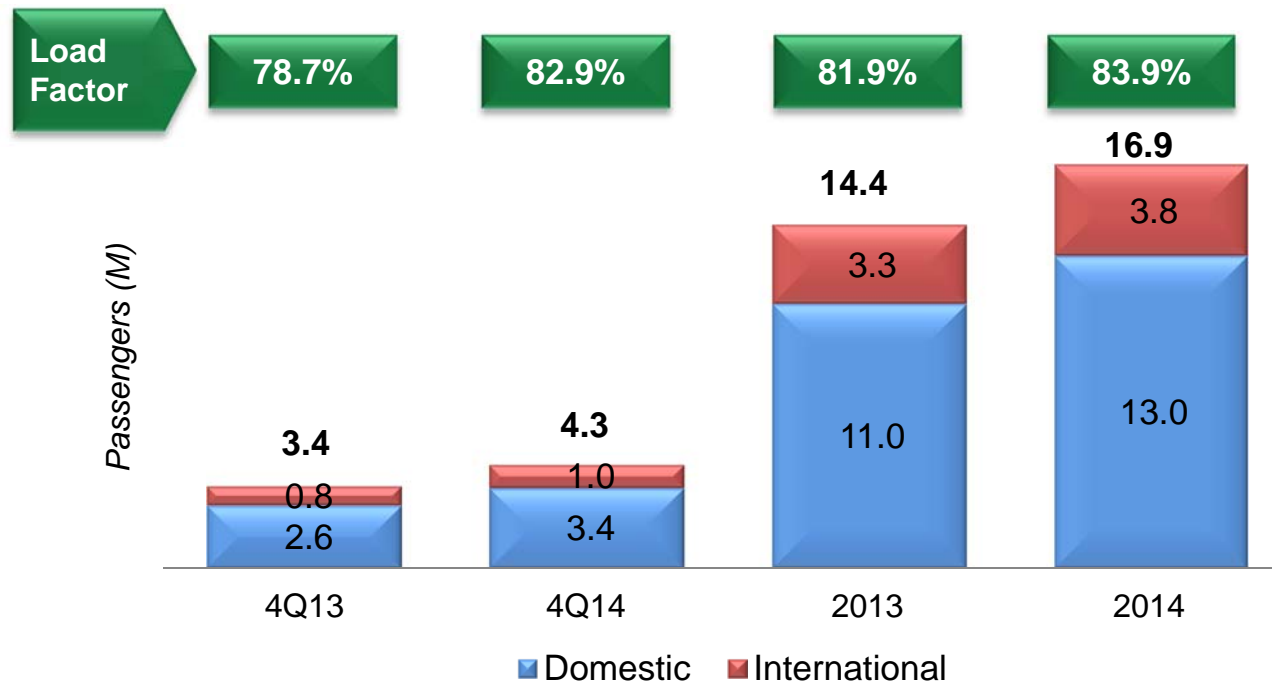
BUSINESS UPDATES



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Operating Statistics

- ❖ In 2014, passenger traffic grew 17.5% to 16.9M, while seat capacity grew by 14.8% to 20.1M, resulting in 83.9% SLF.
- ❖ In 4Q, passenger traffic grew 26.1% to 4.3M, while seat capacity grew by 19.6% to 5.2M, resulting in SLF of 82.9%.
- ❖ RPK grew 25.4% to 16.2B, while ASK grew 26.5% to 20.5B as our average sector length increased.
- ❖ We utilized our airbus fleet at 12.1 hours per day and turned them 6.6x per day.
- ❖ For 2014, On-time performance posted at 73% vs. 75% in 2013.







NOTE:

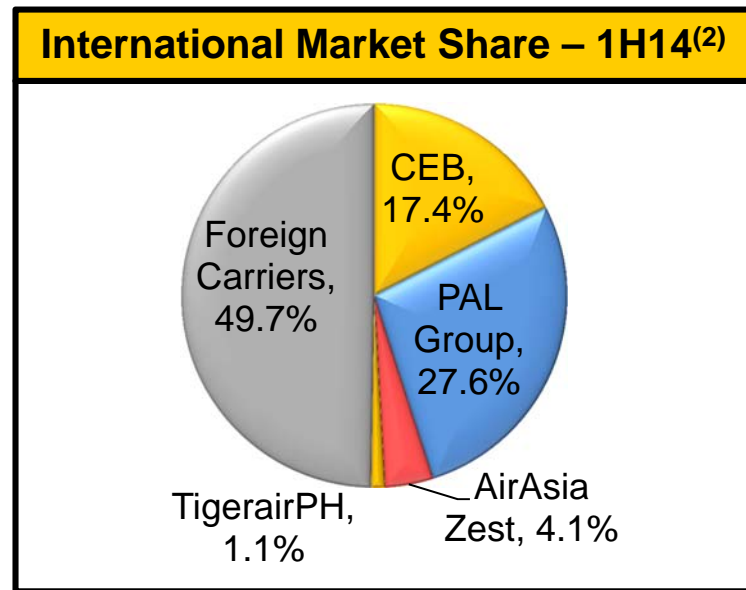
- Data includes operating statistics of Tigerair PH
- Growth data based on year-on-year comparison



Industry Update

Domestic Market Share	4Q13	4Q14	FY13	FY14
	54.1%	63.2%	55.1%	60.8%
	11.0%	7.6%	10.6%	9.7%
				
	34.6%	28.9%	34.1%	29.1%

- ❖ Highest market share at 54.4% in 2014. and 60.8% when consolidated with Tigerair Philippines.
- ❖ Most number of passengers carried; Highest seat load factor and competitive performance index
- ❖ Most extensive network: 57 routes, 34 destinations, 2,146 weekly flights⁽¹⁾



- ❖ CEB garnered 17.4% international market share in 1H2014, up from 16.3% in FY2013. On routes we operate, CEB has 23% market share.
- ❖ Singapore, Hong Kong and South Korea are largest markets.
- ❖ Network expansion continues:
 - 37 routes, 28 destinations, 506 weekly flights⁽¹⁾
 - New routes in 2014: MNL-Nagoya, MNL-Narita

Source: Civil Aeronautics Board, Company data.

(1) As of December 31, 2014, including Tigerair PH

(2) Full year CAB data not yet available.



Update on New Business Segments

LONG-HAUL



❖ Long-haul posted load factor in FY2014 and 4Q14 of 61% and 53%, respectively.

❖ CEB announced the suspension of Manila-Dammam service effective March 30, 2015.

Destinations	Start date	Frequency
Dubai	Oct. 2013	Daily**
Kuwait	Sept. 2014	3x weekly
Sydney	Sept. 2014	4x weekly
Riyadh	Oct. 2014	3x weekly

❖ CEB will start flying 2x weekly Doha, Qatar on June 4, 2015.

❖ Forward booking: As of March 23, 2015, long-haul forward bookings show about 31% of available seats have already been sold in the next three months.

NOTE: **with tactical schedule adjustments – 5x weekly mid June-July and Sept to Nov.

TIGERAIR PHILIPPINES

Mar20-Dec31, 2014	
No. of Aircraft	5 A320
Passengers	1.3M
SLF	81%
Revenue	P2.8B
Net loss	P159.8M

❖ Domestic market share increased from 4.8% in 2013 to 6.4% in 2014.

❖ Launched 8 new routes 2014 namely, to/from MNL to Cagayan, Tagbilaran, Roxas, Butuan, General Santos, Clark and to/from Cebu to Davao and Cagayan.

❖ Network as of Dec 31, 2014: 15 destinations, 16 routes, 336 weekly flights. Will launch daily service to MNL-Legaspi and 5x weekly to CEB-Puerto Princesa starting March 29, 2015.

❖ Interline Agreement with Tigerair Group received over 3,800 bookings since July 2014 generating approximately P18M in revenues.



FINANCIAL RESULTS



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Income Statement: Revenue and Margins

	4Q2013	4Q2014	FY2013	FY2014	YOY Change	
					4Q	FY
Total Revenue (Php Million)	10,422	13,554	41,004	52,000	30.1%	26.8%
Passenger Revenue	8,072	10,464	31,663	40,188	29.6%	26.9%
Ancillary Revenue	1,617	2,203	6,732	8,665	36.2%	28.7%
Cargo Revenue	733	888	2,609	3,146	21.2%	20.6%
Average Yield per passenger	2,816	2,919	2,675	2,896	3.7%	8.2%
Average fare	2,346	2,411	2,206	2,382	2.8%	8.0%
Ancillary/passenger	470	508	469	514	8.0%	9.5%
Cargo yield per kg	20.34	20.25	20.53	20.31	-0.5%	-1.1%
(PHP million)						
EBITDAR	2,013	3,472	8,765	12,418	72.5%	41.7%
EBIT	232	1,303	2,404	4,157	462.4%	72.9%
Pre-tax Core Net income	69	1,065	1,878	3,320	1447.9%	76.8%
Net income	(152)	(1,226)	512	853	705.7%	66.7%
Margins						
EBITDAR Margin	19.3%	25.6%	21.4%	23.9%	6.3 ppts.	2.5 ppts.
EBIT Margin	2.2%	9.6%	5.9%	8.0%	7.4 ppts.	2.1 ppts.
Pre-tax Core Net Income Margin	0.7%	7.9%	4.6%	6.4%	7.2 ppts.	1.8 ppts.
Net income margin	-1.5%	-9.0%	1.2%	1.6%	-7.6 ppts.	0.4 ppts.

NOTE: Balances includes Tigerair PH.



Income Statement: Cost Analysis

Expense Accounts/ASK	4Q2013	4Q2014	FY2013	FY2014	YOY Change	
					4th QTR	Full Year
Flying Operations	1.307	1.114	1.340	1.276	-14.8%	-4.8%
Fuel	1.183	0.978	1.205	1.132	-17.3%	-6.0%
Others	0.124	0.135	0.136	0.144	8.9%	5.8%
Maintenance	0.214	0.183	0.236	0.216	-14.3%	-8.4%
Depreciation & Amortization	0.214	0.195	0.213	0.209	-8.9%	-2.0%
Aircraft & Traffic Servicing	0.211	0.223	0.222	0.234	5.4%	5.5%
Aircraft and Engine Lease	0.165	0.154	0.143	0.171	-6.6%	19.7%
Reservation and Sales	0.101	0.094	0.103	0.105	-6.9%	2.4%
Passenger Service	0.060	0.059	0.056	0.059	-0.9%	6.2%
General and Admin	0.061	0.063	0.069	0.063	3.5%	-7.8%
Total Cost per ASK	2.334	2.085	2.382	2.334	-10.6%	-2.0%
Total Cost per ASK ex- Fuel	1.150	1.107	1.177	1.202	-3.8%	2.1%

- ❖ Jet fuel averaged US\$112.48/bbl⁽¹⁾ in 2014 and US\$92.11/bbl in 4Q14 vs. US\$122.97/bbl in 2013 and US\$124.14/bbl in 4Q13.
- ❖ Forex averaged P44.40/USD in 2014 vs. P42.46/USD in 2013.

NOTE:

(1) Based on published MOPS prices



Balance Sheet

<i>Php Millions</i>	As at Dec 31, 2013	As at Dec 31, 2014
Current assets	10,033	8,526
Noncurrent assets	57,494	67,536
Total Assets	67,527	76,062
Total debt ⁽¹⁾	29,406	33,850
Other liabilities	17,039	20,674
Total Liabilities	46,446	54,523
Total Equity	21,081	21,539
Net debt-to-equity ⁽²⁾	1.1x	1.4x
Adjusted net debt-to-equity ⁽³⁾	2.0x	2.6x
Cash-to-sales-LTM ratio	15%	8%
Forex, closing	44.395	44.72

- ❖ Cash level at P3.96B in 2014 vs. P6.06B in 2013.
- ❖ Property and equipment level at P65.2B in 2014 vs. P56.4B in 2013, due to 5 A320 aircraft deliveries in 2014, and pre-delivery payments for future aircraft deliveries.

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>	FY2014
CASHFLOWS FROM OPERATING ACTIVITIES	
Income before income tax	879
Noncash adjustments	8,101
Net changes in working capital	(438)
Interest and income taxes paid – net	(966)
Net cash provided by operating activities	7,575
CASHFLOWS FROM INVESTING ACTIVITIES	
Acquisition of property and equipment and other noncurrent assets	(13,201)
Investment in a subsidiary	(489)
Dividends received from a joint venture	84
Net cash used in investing activities	(13,605)
CASHFLOWS FROM FINANCING ACTIVITIES	
Availments of long term debt	8,478
Repayments of long term debt	(4,177)
Dividends paid	(606)
Net cash provided by financing activities	3,695
Net foreign exchange difference	(14)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(2,349)
CASH AND CASH EQUIVALENTS, beginning	6,313
CASH AND EQUIVALENTS, December 31, 2014	3,964



OUTLOOK



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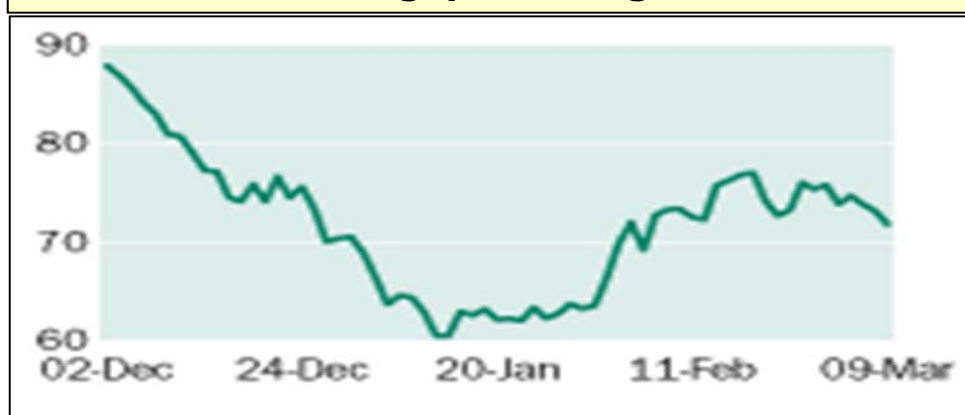
Forex, Fuel and Forward booking

PHP per 1 USD (1Yr)



Screen grab from XE.com

Jet Kero, FOB Singapore Cargo



Screen grab from ww.platts.com

Forex

- ❖ As of March 20, 2015 USD to PHP closed at Php44.815, from P44.72 as at end of December 2014.

Fuel

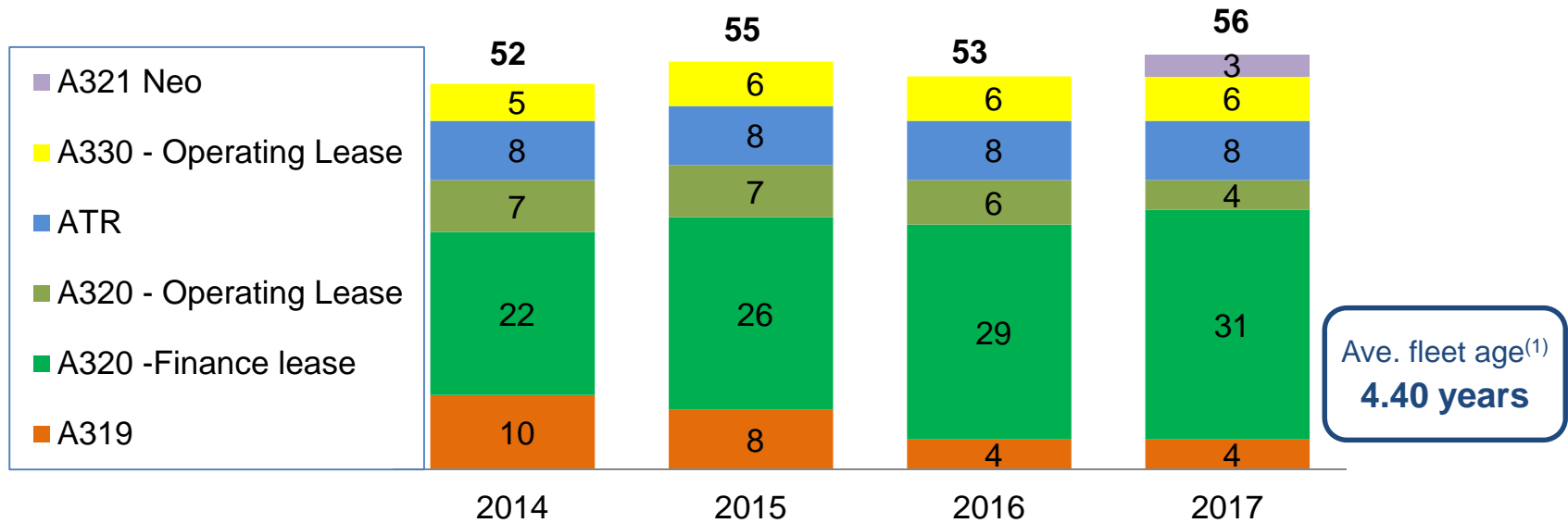
- ❖ As of March 20, 2015, Jet Kero fixed at \$66.74/bbl with a month to date average of \$70.49/bbl.
- ❖ We have hedges for about 26% of our 2015 fuel requirement and 14% of our 2016 fuel requirement.

Forward booking:

- ❖ As of March 23, 2015, three-month forward bookings show about 10% growth YOY, lower than 11% seat growth.
- ❖ About 31% of seats have been sold in the next 3 months.



Fleet Expansion Plan



- ❖ On Feb 23, 2015, CEB signed a forward sale agreement for the sale of 6 A319 aircraft. Delivery of the aircraft is scheduled in 2015 until 2016.
- ❖ We currently⁽¹⁾ have 55 aircraft, and total remaining order book of 7 A320s and 30 A321 NEO with 7 A320s for lease returns
 - For balance of 2015: 2 A320 deliveries, 2 A319 sale and no lease returns;
 - For 2016: 3 A320 deliveries, 4 A319 sale and 1 lease return;
 - For 2017: 2 A320 and 3 A321 NEO deliveries, and 2 lease returns

NOTE: (1) As of March 27, 2015



Thank you.

