



FOR IMMEDIATE RELEASE

AIRASIA X REVENUE UP 22% TO RM1.18 BILLION

REMAINED FOCUS ON INCREASING AIRCRAFT UTILISATION HOURS
AND DRIVING COST DOWN

- Load factor at 84% up 2ppts
- Passengers Carried up 33% YoY
- Revenue up 22% YoY
- EBITDAR down 3% YoY
- Operating Profit down 43% YoY
- CASK down 1% YoY
- CASK ex-fuel lower by 9% YoY
- EBITDAR Margin of 28%

SEPANG, 23 MAY 2017 – AirAsia X Berhad (“AAX” or “the Company”) today reported its financial results for the First Quarter (“1Q17”) ended 31 March 2017.

The Company recorded revenue of RM1,180.7 million in 1Q17, representing a 22% Year-On-Year (“Y-o-Y”) growth as compared to RM970.7 million in the same period last year. During the quarter under review, passengers carried increased 33% bringing load factor up 2 percentage points to 84% despite a 29% capacity injection to 8,234 million from 6,438 million Available Seat Kilometer (“ASK”) as compared to the same period last year. However, average base fare was slightly lower in 1Q17 at RM544 mainly due to the expected increase in capacity on core existing routes as per our strategy to grow market share and therefore pressuring yields.

Revenue per Available Seat Kilometer (“RASK”) was down 6% YoY from 15.11 sen to 14.20 sen during the quarter under review. The marginal drop in RASK was due to the expected increase in capacity on core existing routes as per our strategy to grow market share and therefore pressuring yields. Cost per Available Seat Kilometer (“CASK”) decreased 1% YoY to 13.48 sen from 13.65 sen. The decrease in CASK was due to further cost efficiency and higher utilisation of aircraft recorded during the quarter. The Company managed to improve overall efficiency in terms of maintenance and overhaul, user charges and aircraft operating lease expenses, despite higher average fuel price.

AAX posted an operating profit of RM 60.3 million, down 43% YoY from RM105.1 million in the same period last year. This was mainly attributed by an overall 6% YoY depreciation of Ringgit against the US Dollar, where most expenses are denominated in US Dollar. The Group’s Profit Before Taxation (PBT) was also lower at RM31.9 million, as a result of high foreign exchange gains recorded in 1Q16. Meanwhile, Net Profit after Tax (PAT) stood at RM10.3 million.

AirAsia X Group CEO Datuk Kamarudin Meranun said, “We are pleased that despite challenging market conditions, we still managed to deliver a humble net profit which again attests to the commercial viability of the long-haul low-cost model. We took the opportunity to strengthen our market position in core markets and we believe the short-term earnings pressure arising from weakening MYR against the

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US Dollar as well as newly introduced capacity will be well worth the long-term strategic value as yields will rise as this new capacity matures

"Malaysia AirAsia X ("MAAX") performed well operationally, with a healthy load factor of 84%, up 2ppts YoY. North Asia was MAAX's highest revenue contributor in 1Q17 at 50%, with 20% growth YoY on the back of higher passenger traffic as we increased our frequencies to Beijing, Osaka and launched Chongqing and Wuhan as compared to the same period last year. Our Malaysian operations reported EBITDAR margin of 28% and managed to pull in higher revenue of 22% YoY despite a less than favourable environment which proves that travel demand across our segments are still high."

"Thailand AirAsia X ("TAAX") outperformed despite regulatory constraints by posting USD5.5mil net profit in 1Q17. It recorded a strong 94% load factor, an increase of 5ppts YoY from 89% in the same period last year. Revenue was up 17% YoY and passengers carried rose 15% YoY, exceeding ASK capacity growth of 9% YoY. As the Thai economy is expected to expand gradually in 2017, the tourism industry has showed signs of recovery although the sector has short-term impact from the government's crackdown on zero-dollar tour for Chinese tourists as well as the nation mourning the passing of King Bhumibol Adulyadej. Hence, we would like to reiterate that the outlook for TAAX for rest of 2017 remains positive as Thailand is a natural tourist hub with traditionally strong inbound and outbound track record."

"Meanwhile, Indonesia AirAsia X ("IAAX") A330s service was still temporarily suspended in 1Q17 as part of a network restructuring aimed at improving operational efficiencies at IAAX. However, IAAX has resumed A330 operations with the introduction of two new routes in May 2017. The first route is Denpasar Bali – Mumbai with stopover in Kuala Lumpur, which commenced operations on May 19. We believe that this route will open connectivity for Indians to destinations in this region and partly answer the increasing demand of tourists from India coming to Bali. Next for IAAX will be Denpasar Bali – Narita route which will commence operations from May 24. This will be the first service to Japan by IAAX and also the first LCC service between Denpasar and Japan. While, Japan currently ranks third on the list of foreign tourists visiting Bali, we believe this direct flight will contribute to the economies of both countries."

"AirAsia X remains focused on expanding additional capacity that will push our aircraft utilisation to sixteen hours a day and we remain cautiously optimistic for the rest of 2017, without neglecting to take necessary precautions on factors beyond our control such as currency volatility, regulatory uncertainty and other external factors which are expected to persist."

Malaysia AirAsia X CEO Benjamin Ismail added, "AirAsia X's lean and disciplined cost structure has allowed us to deliver despite a less than favourable condition as a result of overall depreciation of Ringgit against the US Dollar, where most expenses are denominated in US Dollar. As a result, the Company managed to record a net profit for the sixth consecutive quarters despite other major airlines in the region struggled to perform in 1Q17."

"Revenue improved 22% YoY to RM1,180.7 million for the first quarter, as scheduled flights revenue surged 28% YoY. Ancillary Revenue increased by 32% YoY to RM208.9 million, driven by new ancillary

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products such as Premium Red Lounge and In-Flight Entertainment, in addition to the higher take-up rates for Fly-Thru connecting transfer services that boosted ancillary revenue per passenger to RM150. We also target to install Wi-Fi on our aircraft by year end which we believe will boost Big Duty Free. This in return will further boost our ancillary per pax revenue."

The Company's cost, measure in terms of Cost per Available Seat Kilometre ("CASK") improved slightly in 1Q17 despite weakening MYR. Benyamin highlighted, "CASK remained fairly consistent YoY despite weakening MYR at 13.48 sen. This is mainly due to better cost efficiency that was made possible with higher aircraft utilisation."

On the balance sheet, Benyamin highlighted, "As mentioned before, the management monitors the Company's net gearing level closely to ensure that it is always at a healthy and comfortable level. At the end of 1Q17, the Company's total borrowings was reduced by 6% from RM1,160.3 million in 4Q16 to RM1,093.4 million in 1Q17 as we pared down our working capital borrowings using our cash balances. Cash reduced by 12% to RM370.7 million at the end of quarter in review. The Company's balance sheet continues to stay at a healthy level with net gearing of 0.73 times as at end of March 2017."

Commenting on the Company's outlook, Benyamin said, "Moving forward for the rest 2017, AirAsia X will focus on strengthening our market leadership through a number of strategies. Echoing Datuk Kamarudin Meranun, we hope to stretch our aircraft utilisation rate further with more incremental frequencies on high yield point-to-point routes and new routes in the second half of 2017. We have also set targets in ensuring the Company remains lean through various cost initiatives and maximise the operational synergies between AirAsia and AirAsia X."

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About the AirAsia X Group

AirAsia X is the long-haul, low-cost affiliate carrier of the AirAsia Group that serves 24 destinations across Asia, Australia, New Zealand, the Middle East and the United States of America. AirAsia X operates a core fleet of 30 A330-300s with a seat configuration of 12 Premium Flatbeds and 365 economy seats. The airline has carried over 19 million guests since commencing operations in 2007. AirAsia X was awarded the World's Best Low-Cost Airline Premium Cabin and Best Low-Cost Airline Premium Seat at the annual Skytrax World Airline Awards for four consecutive years from 2013 to 2016.

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