



**FOR IMMEDIATE RELEASE**

## **AIRASIA X POSTS RM179 MILLION NET PROFIT IN 1Q16**

- **Load Factor up 8%YoY**
- **Passengers Carried up 15%YoY**
- **Average Base Fare up 31%YoY**
- **RASK up 17%YoY**
- **Scheduled Flight Revenue up 51%YoY**
- **CASK US cent down 8%YoY**
- **EBITDAR Margin of 35%**
- **Net Profit Margin of 18%**
- **Net Gearing improved to 1.2x**

**SEPANG, 24 MAY 2016** – AirAsia X Berhad (“AAX” or “the Company”), the long-haul low-cost airline affiliate of AirAsia Group, today reported its financial results for the First Quarter (“1Q16”) ended 31 March 2016.

The Company’s earnings momentum continued with strong revenue growth of 25% year-on-year (“YoY”) to RM971 million, on the back of a 15% YoY increase in passenger traffic and 31% YoY growth in average base fare. Yields, as measured by Revenue per Available Seat Kilometre (“RASK”), surged 17% YoY, outpacing a 7% YoY increase in capacity. The company registered a healthy load factor of 82%, up 8 percentage points from the same quarter last year, as passenger demand exceeded capacity addition in 1Q16.

During the quarter under review, the Company posted a notable operating profit of RM105 million which, coupled with a forex gain of RM122 million, resulted in a net profit after tax of RM179 million, compared to a loss of RM126 million a year ago. Key contributors to the encouraging results include the progress of the turnaround plan initiated in 2015 and strong return of business from China and Australia markets in 1Q16.

**Datuk Kamarudin Meranun, Group CEO of AirAsia X** said, “In the past one year, we have embarked on various turnaround initiatives to strengthen the company’s foundations by addressing our cash liquidity, instituting a more disciplined cost structure and using our consolidated network to earnings growth. We are pleased to announce that these initiatives have resulted in improvements to our core operations.

“In 1Q16, the China market contributed the highest growth to Malaysia AirAsia X (“MAAX”) operations. Revenue from China increased 49% YoY due to higher passenger traffic while average base fare improved 54% YoY. We foresee this positive trend to carry through to 2016 with the implementation of the visa waiver for Chinese tourists visiting Malaysia, and we expect the strong inbound traffic from China to feed into other core markets. Thai AirAsia X (“TAAX”) also recorded high load factor of 88% for the Bangkok-Shanghai route and has recently added Bangkok-Shenyang to its growing network in

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April. We intend to fortify our presence in China with more new routes from Malaysia and Thailand this year.

"AirAsia X operations in Korea and Japan have also improved as the Group continues to position itself in those markets as the preferred airline to fly to and from ASEAN and beyond. Likewise, we are strengthening our presence in Australia by resuming capacity growth to high demand routes from Kuala Lumpur while introducing new FlyThru pairings to connect Australia with Asia and the Middle East.

"In addition, we are expanding our footprint in the Middle East with exciting route launches this year. In May, we introduced two direct connections to Tehran in Iran from Kuala Lumpur and Bangkok. Tehran has great tourism potential with demand rising with the normalisation of Iran's trade and economic relations with Asia and Australia. We have seen encouraging forward bookings on both outbound and inbound segments, and we are confident we can stimulate further demand as we are the only low-cost carrier operating direct flights from Kuala Lumpur and Bangkok to Iran.

"With these expansions in place, we are expecting 2016's FlyThru traffic to grow 19% YoY and our market share to increase from 3% to 15% of total passengers travelled in our existing markets. The enhanced city pairings for China-Australia, India-Australia and Australia-Tehran will be the key growth drivers in 2016.

"In line with our expansion plans, we have welcomed two new operating lease aircraft – one each for our Malaysia and Thailand operations – bringing AirAsia X Group total fleet to 29 aircraft as at April 2016. We expect to take delivery of two more aircraft in the second half of 2016.

"TAAX performance in 1Q16 has remarkably improved. TAAX posted an 87% YoY increase in revenue to USD58 million, in line with the 137% YoY traffic growth during this seasonally peak quarter. Operating and net profit came in at USD5 million, up 92% from the same quarter last year. TAAX's ability to deliver promising growth despite ICAO implications proves that Thailand is a resilient tourist hub, and we expect TAAX to complete its turnaround this year through greater operational synergies with the Group to achieve economies of scale and by adding new routes to its growing network.

"Indonesia AirAsia X's ("IAAX") net loss for 1Q16 narrowed by half to USD4.6 million from USD9.4 million in the same period last year as overall operations improved. However, Indonesia's operational environment remains challenging due to restrictions imposed by Indonesian regulators.

"Moving forward, we remain focus in exploring strategic initiatives to sustain our earnings momentum for sustainable growth in Malaysia and Thailand while we re-evaluate the operation in Indonesia. The industry's challenging environment is expected to persist with currency volatility, regulatory uncertainty and other external headwinds."

**Benyamin Ismail, CEO of Malaysia AirAsia X** added, "While we look into expanding our network, we are monitoring our fundamentals closely to ensure that it is constantly at a healthy level."

"We have hedged 100% of the company's fuel requirement for the remaining quarters in 2016 at an average jet fuel price of USD54 per barrel on planned existing routes. This will effectively allow us to mitigate fuel cost volatility and better manage cost while we venture into new routes. In 1Q16, the

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company's fuel expenses reduced by 11% due to lower fuel prices, which helped to reduce Cost per Available Seat Kilometre ("CASK") for the quarter by 8% YoY.

"Revenue also improved significantly in 1Q16 with scheduled flight revenues improving 51% YoY, aircraft operating lease income increasing 119% YoY, cargo revenue growing 13% YoY and ancillary revenue surging 23% YoY, including 46% YoY growth in revenue from our Premium Flatbed product. We expect ancillary revenue to continue growing by at least 10% this year with the implementation of dynamic baggage pricing, the introduction of new products such as Premium Lounge, extension of inflight entertainment availability to more routes and the activation of 36 new FlyThru city pairings in 1Q16. In addition, the rising number for passengers carried, especially from China and Middle East markets, is expected to boost consumption rate.

"The Company's balance sheet continued to strengthen with net gearing reduced to 1.20x compared to 1.77x as at 31 December 2015."

\*\*\*ENDS\*\*\*

## **About AirAsia X**

AirAsia X is the long-haul, low-cost affiliate carrier of the AirAsia Group that currently flies to destinations in the Asia Pacific region. The airline currently serves 20 destinations across Asia (Haneda, Osaka, Sapporo, Seoul, Busan, Taipei, Xian, Beijing, Hangzhou, Chengdu, Shanghai, New Delhi and Kathmandu), Australia (Sydney, Melbourne, Perth and Gold Coast), New Zealand (Auckland) and the Middle East (Jeddah and Tehran). AirAsia X operates a core fleet of 29 A330-300s, each with a seat configuration of 12 Premium Flatbeds and 365 Economy seats. The airline has carried over 19 million guests since it commenced long-haul service 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 three consecutive years from 2013 - 2015. AirAsia group is the first airline globally to collaborate with INTERPOL to implement the I-Checkit system to screen the passports of all its prospective passengers against information contained in the world police body's Stolen and Lost Travel Documents (SLTD) database.

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Statements included herein that are not historical facts are forward-looking statements. Such forward looking statements involve a number of risks and uncertainties and are subject to change at any time. In the event such risks or uncertainties materialize, AirAsia X's results could be materially affected. The risks and uncertainties include, but are not limited to, risks associated with the inherent uncertainty of airline travel, seasonality issues, volatile jet fuel prices, world terrorism, perceived safe destination for travel, Government regulation changes and approval, including but not limited to the expected landing rights into new destinations.