



**FOR IMMEDIATE RELEASE**

## **AIRASIA X RECORDS HISTORIC FIRST EVER SECOND QUARTER PROFIT SINCE IPO**

- Load factor at 75% up 7ppts
- Passengers Carried up 27% YoY
- Revenue up 35% YoY
- EBITDAR up 109% YoY
- Operating Profit up >100% YoY
- Net Profit up by >100% YoY
- RASK up 15% YoY
- CASK down 2% YoY
- Average Base Fare up 34% YoY

**SEPANG, 23 AUGUST 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 Second Quarter (“2Q16”) ended 30 June 2016.

The Company recorded its first second quarter profit since inception, boosted by strong revenue growth of 35% year-on-year (“YoY”) to RM883.2 million on the back of 71% YoY increase in scheduled flights revenue, due to stronger demand as the quarter ended with a 75% load factor, up 7 percentage points YoY. This was despite Available Seat Kilometer (“ASK”) surging 17% YoY to 6,682 million from 5,693 million in the same period last year following increased frequencies on high-traffic routes.

During the quarter under review, Revenue per Available Seat Kilometer (“RASK”) was up 15% YoY from 11.51 sen to 13.24 sen while average base fare similarly saw a significant growth of 34% YoY to RM526. This was mainly due to higher contributions from China and North Asia markets, which grew 50% YoY and 38% YoY respectively. Cost per Available Seat Kilometer (“CASK”) decreased 2% YoY to 13.20 sen. The decrease in CASK was due to the Company benefiting from the lower fuel prices, which averaged US\$59 per barrel compared to US\$72 per barrel during the same period last year. However, this was slightly offset by five additional A330 operating lease aircraft with higher rental rates in comparison with 2Q15.

AAX posted an operating profit of RM 20.0 million while Net Profit after Tax (PAT) stood at RM1.0 million, as compared to losses of RM132.9 million in the same period last year. This was mainly due to better average base fare and load factor improvement seen across all core routes, especially China.

**AirAsia X Group CEO Datuk Kamarudin Meranun** said, “While the second quarter has historically been a lean quarter for us, we have managed to overcome all odds and record our first second quarter profit since inception.”



"We continue to see improvement across all segments. In 2Q16, Australia contributed the highest growth to Malaysia AirAsia X ("MAAX") operations. Revenue from Australia increased 56% YoY on the back of higher passenger traffic while average base fare improved 15% YoY. Revenue from China also continued to improve and grew 47% YoY, while load factor improved 11ppts YoY to 82% and average base fare rose by 53% YoY. We believe this trend will remain for the remaining of the year as a result of the Malaysian Government initiative on visa waiver for Chinese travelling to Malaysia coupled with an increase in Fly-Thru traffic to our core markets with improved timing. The future for AAX Group will see us expanding to China and other core markets, in line with our strategy to build market dominance within the region.

"We took delivery of two aircraft, both under operating lease for our Malaysian operation to cater for our expanding network, bringing our total fleet to 30 as of August 2016. There will be no more deliveries until 2018."

"Thailand AirAsia X ("TAAX") recorded a strong 89% load factor, an increase of 17ppts YoY from 72% in the same period last year, where Bangkok-Shanghai was the best performing route. This was boosted by the increase in the number of international tourists to Thailand in 2Q16 by 8% YoY. Revenue was up 17% YoY and passengers carried rose 35% YoY, exceeding capacity growth of 3% YoY. This was despite the ICAO downgrade in December which prompted Japan and South Korea to put a freeze on additional flights by Thai-registered airlines."

"Indonesia AirAsia X ("IAAX") posted a net loss of USD8.9 million in 2Q16 from USD8.2 million in the same period last year. As Indonesia's operational environment remains challenging, we will temporarily cease IAAX's Australian routes in September with the aim of restarting service next year."

"Our focus is to keep this positive momentum throughout the year but we remain cautious of things beyond our control such as currency volatility, regulatory uncertainty and other external headwinds that are expected to persist. Based on the current forward booking trend, the number of passengers to be carried in the third quarter looks encouraging. We are also happy to note that forward loads and average fares are also better than the previous year."

**Malaysia AirAsia X CEO Benjamin Ismail** added, "Despite the second quarter being the weakest quarter for us historically, we have made a significant statement by recording a profit. It is a very good quarter indeed for the Company.

"We have benefited from the low fuel environment and hedged all our remaining requirements for this year based on planned existing routes, which has certainly allowed us to better manage cost while exploring new strategic routes. As a result, we trimmed CASK by 2%, however, the weakening of Ringgit prevented further cost reductions as most of our costs are denominated in USD."

"Revenue improved 35% YoY to RM883.2 million for the second quarter, as scheduled flights revenue surged 71% YoY. The healthy demand for our award-winning Premium Flatbed product pushed up premium cabin load factor to 69% while revenue soared to RM42 million, an increase of 50% YoY. Ancillary Revenue increased by 31% YoY to RM136.9 million, and we foresee this number growing even further with the launch new ancillary products such as our exclusive Premium Lounge opening in September 2016, inflight entertainment on flights to all markets and not just Australia and the availability of new insurance products that protect both our guests and their gadgets while travelling



abroad. We foresee these new products further contributing to Ancillary as we continue to pursue our 10% growth target.

On the balance sheet, Benjamin 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 2Q16, the Company's USD denominated borrowings was reduced by 5% from USD296 million in 1Q16 to USD281 million in 2Q16 due to the quarterly repayment of borrowings on our finance lease aircraft. Cash increased by 17% to RM282.2 million at the end of quarter in review. The Company's balance sheet continues to strengthen with net gearing reduced to 0.90 times as at June 2016 from 1.20 times three months ago as a result of lower total debt and increase in cash."

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

### **About AirAsia X**

AirAsia X is the long-haul, low-cost affiliate carrier of the AirAsia Group that currently serves 20 destinations across Asia (Haneda, Osaka, Sapporo, Seoul, Busan, Taipei, Xi'an, Beijing, Hangzhou, Chengdu, Shanghai, New Delhi, Kathmandu), Australia (Sydney, Melbourne, Perth, Gold Coast), New Zealand (Auckland) and the Middle East (Jeddah, Tehran). 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 three consecutive years from 2013 to 2015. AirAsia Group is the first airline globally to collaborate with INTERPOL to implement the I-Checkit system to screen passports of all prospective passengers against information contained in the world police body's Stolen and Lost Travel Documents (SLTD) database.

# Press Release



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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.