



FOR IMMEDIATE RELEASE

## **AIRASIA X PERFORMED WELL OPERATIONALLY IN 3Q17 DESPITE BOTTOMLINE IMPACTED BY ONE-OFF ITEM** - CLEANING UP LEGACY DECISIONS

- **Revenue** recorded at RM1,124.5 million, **up 14% YoY**
- Passengers Carried went up 23% to 1.5 million passengers
- **Load factor up 1 ppts** to 79%
- Average base fare remained competitive at RM496
- **Net Gearing Ratio** improved to **0.49x**

**SEPANG, 23 November 2017** – AirAsia X Berhad (“AAX” or “the Company”) today reported its financial results for the Third Quarter (“3Q17”) ended 30 September 2017.

The Company posted third quarter 2017 revenue of RM1,124.5 million, up 14% year-on-year (“YoY”), from RM982.4 million in the same quarter last year. The revenue growth was mainly driven by a 22% growth in scheduled flight revenue and 29% growth in ancillary revenue. During the quarter under review, passengers carried were up 23% YoY exceeding available seat per kilometer (“ASK”) capacity growth of 18% YoY. This allows load factor to grow 1 percentage point to 79% as the Company continues to stimulate demand and create market dominance in core markets.

Revenue per Available Seat Kilometer (“RASK”) was down 3% YoY from 12.70 sen to 12.32 sen due to increased capacity on existing routes and promo fares offered to stimulate new routes. The Company’s cost, measured in terms of Cost per Available Seat Kilometer (“CASK”) was up 6% YoY, on the back of provision for doubtful debt and weaker MYR against the USD.

The Company posted Loss Before Tax (LBT) of RM8.6 million in 3Q17 compared to a PBT of RM12.0 million in the same quarter of 2016, while the net loss for the period stood at RM43.3 million against net profit of RM11.0 million posted in the same quarter of 2016.

**AirAsia X Group CEO Datuk Kamarudin Meranun** said, “Despite the tougher operating environment in the seasonally weaker third quarter of the year, we managed to serve more passengers and posted higher load factor across all markets we operate in. Although the one-off provision of doubtful debt recorded in 3Q17 has put a short-term pressure on earnings performance, the longer-term story is still very compelling.”

“AirAsia X Malaysia posted a commendable load factor of 79% in 3Q17, up 1ppt. Passenger count increased by 23% YoY, exceeding ASK capacity growth of 18% which is a positive news to us. Our Malaysian operations reported EBITDAR margin of 20% and revenue grew 14% YoY despite challenging environment which proves that demand for low-cost air travel remains solid.”

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"On the associates, AirAsia X Thailand's financial performance weakened in the third quarter mainly due to lower other income and higher marketing expenses. Average fare remained stable despite considerable competition from international competitors. Passengers carried grew 15% YoY, despite a relatively unchanged ASK capacity. Even though operating conditions in Thailand were less than favourable, we believe this is just a temporary blip as we expect Thailand operations to recover in the coming quarter as we enter the peak year-end travelling season."

"AirAsia X Indonesia posted profit of USD2.15 million in 3Q17, on the back of strong revenue performance especially from its Denpasar-Narita and Denpasar-Kuala Lumpur routes. Load factor and average fare performance have shown positive growth throughout 3Q17, despite weaker performance recorded in September 2017 amid Mount Agung volcanic activity and travel warnings. We continue to monitor and be cautious on the volcanic activity as we head into peak travelling season of 4Q17. As mentioned in the previous quarters, the Management foresees continuous overall improvement from Indonesia as we leverage better operational synergies with AirAsia Group."

**AirAsia X Malaysia CEO Benjamin Ismail** added, "The Company did well operationally in 3Q17. However, the third quarter financial performance was set back by the one-off provision for doubtful debt of RM50.2 million. It is a necessary action that has to be taken as we move on from past management's business decisions. With the observed booking trends, we are in line with expectations for a recovery in the 4Q17."

"Revenue for the third quarter is the strongest recorded in the Company's history of third quarters as we see higher contribution from scheduled flight revenue up 22% YoY, ancillary revenue up 29% YoY and freight services up 43% YoY. Ancillary revenue per pax increased 4% YoY driven by the successful implementation of dynamic pricing across our products. We posted operating loss of RM35.0 million, which was mainly due to higher other operating expenses as a result of a RM50.2 million provision for doubtful debt recorded in 3Q17."

The Company's cost, measured in terms of Cost per Available Seat Kilometre ("CASK") increased in 3Q17. Benjamin highlighted, "CASK averaged 12.80 sen in 3Q17, while CASK ex-fuel also up 6% as compared to 3Q16 largely due to higher other operating expenses and weakening of MYR against the USD."

"On our balance sheet, the Company's net gearing ratio continues to improve further at 0.49 times on the back of higher cash and lower net debt. At the end of 3Q17, the Company's USD denominated borrowings has reduced by 6.5% from USD235.7 million in 2Q17 to USD220.4 million."

### **Outlook**

**AirAsia X Group CEO Datuk Kamarudin Meranun** added, "Looking ahead, we continue to fine tune our network and introduce new markets that strengthen our network, as well as support our revenue and profitability targets. Earlier this month, we launched Kuala Lumpur-Jeju and Kuala Lumpur-Jaipur which will commence inaugural flights in December 2017 and February 2018 respectively. Our bookings for 4Q17 and 1Q18 are ahead of last year showing that demand to fly remains strong and reflects growing evidence that consumers are prioritising expenditure on flights and holidays above other non-essential items. Most importantly, we believe we can end 2017 on a high note as we are confident that 4Q17 will

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be a good quarter for us. The Group also plans to add third-party leased all-economy class A330s in 2018 to focus on shorter China routes and redeploy our existing fleet to new markets.”

The Group looks to improve on its strategy of purposeful investment in securing high yield, high traffic routes and build market dominance in core markets across the region which will then drive competitive advantage with sustainable returns.

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

### **About the AirAsia X Group**

AirAsia X is the long-haul, low-cost affiliate carrier of the AirAsia Group that serves 26 destinations across Asia, Australia, New Zealand, the Middle East and the US. 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 30 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 five consecutive years from 2013 to 2017.

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For further information on AirAsia X, please visit the Company's website: [www.airasiax.com](http://www.airasiax.com)

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