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FOR IMMEDIATE RELEASE

AIRASIA X REPORTS LOWER NET OPERATING LOSS SUPPLEMENTED BY STRONGER LOAD AND LOWER COST DESPITE IRRATIONAL PRICING FROM COMPETITORS AND YIELD AFFECTED BY EXIT TAX

SEPANG, 13 November 2019 – AirAsia X Berhad (“AirAsia X” or “the Company”) today reported its financial results for the Third Quarter of 2019 (“3Q19”).

The Company reported revenue of RM1.01 billion, a decline of 6% year-on-year (“YoY”) from the previous year’s RM1.08 billion on the back of a total of 1,488,657 passengers carried in 3Q19, 2% marginally lower YoY. The Company delivered a stronger operating performance as net operating loss in 3Q19 reduced by 68% YoY to RM69.5 million. Furthermore, the Company’s Passenger Load Factor (“PLF”) improved by one percentage point YoY to 81% despite an increase in fleet size, with two additional aircraft deployed and the launch of five new routes YoY. The network realignment and optimisation strategy implemented over the past few quarters included the termination of single country routes— Kathmandu in October 2018 and Auckland in February 2019— which were replaced with new routes in the core markets of Greater China and Japan since the fourth quarter of 2018. Lanzhou, China, was the latest addition to destinations the Company serves. With the addition of higher demand, shorter sector routes, Available Seat per Kilometre (“ASK”) Capacity declined 3% YoY to 8,520 million.

Importantly, AirAsia X Malaysia’s Cost per Available Seat Kilometre (“CASK”) decreased by 17% YoY to 12.11 sen, while CASK ex-fuel decreased by 16% YoY to 7.77 sen. In addition to reaping the benefits of the Company’s cost saving initiatives, the lower CASK YoY is attributable to a decline in fuel price and provision for doubtful debts at AirAsia X Indonesia in the third quarter of 2018 (“3Q18”). The Company’s improved CASK in 3Q19 mitigated a softer Revenue per Available Seat Kilometre (“RASK”) of 11.91 sen, down by 3% on the back of a marginally lower average base fare (“ABF”) of RM464 recorded in 3Q19 as the Company had to compensate for the Departure Levy imposed by the Government of Malaysia with effect from 1 September 2019.

In 3Q19, the Company posted earnings before interest, taxes, depreciation, and amortisation (“EBITDA”) of RM219.8 million against last year’s loss of RM167.9 million. Net loss for the quarter stands at RM229.9 million, when compared to a net loss of RM197.5 million in 3Q18. On an adjusted basis excluding the effect of MFRS16 and one-off adjustment from the sale and leaseback exercise of two aircraft completed in August 2019, the Company’s adjusted net loss for the current quarter improved to RM112.1 million.

AirAsia X Group CEO Nadda Buranasiri said, “It has been a commendable performance considering irrational pricing from competitors and overall yield which was affected by the introduction of exit tax. AirAsia X Malaysia’s network optimisation strategy is gaining momentum and over the past few quarters as the Company has focused primarily on its core markets supported by a healthy PLF. With the addition of two aircraft YoY and the introduction of new routes in Greater China and Japan, as well as capacity reconciliation exercised post the termination of Auckland, the Company has made a commendable effort in improving PLF. AirAsia X Malaysia’s fleet size remained at 24 Airbus A330s as of the end of September 2019.

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Our associate in Thailand posted revenue of USD93.3 million, an increase of 9.6% YoY from USD85.1 million. AirAsia X Thailand recorded a net loss of USD27.9 million for the quarter. ASK capacity was 48.5% higher YoY at 3,888 million in 3Q19, while the total number of passengers carried rose by 31.7% YoY to 648,292 passengers. These improved performance results came off the back of four additional aircraft taken since 3Q18. On network, AirAsia X Thailand launched flights to Fukuoka in July 2019, its fifth destination in Japan. Consequently, AirAsia X Thailand recorded a PLF of 77%, given the recent addition of capacity and the fact that new routes remain in their infancy.

On AirAsia X Indonesia, the operation of scheduled flights remain on hold. The fleet of two Airbus A330s have since been arranged for wet lease which commenced in July 2019. As at 3Q19, AirAsia X Indonesia posted a net profit of USD10.3 million.”

AirAsia X Malaysia CEO Benyamin Ismail said, “In the past few quarters we have seen progressive improvements in business performance across many key metrics resulting from our network realignment and optimisation strategy, as we move away from single-route markets and advance our yield improvement efforts in core established markets. This includes the introduction of three new routes in Greater China and another unique route in Japan which have been operating since 3Q18. To address seasonality fluctuations and a typically lean third quarter, seasonal capacity management was executed on our Taipei and Sapporo services, while flight frequency to the Gold Coast, Sydney and Melbourne were ramped up to cater for increased demand during Australia term holidays. As a result, AirAsia X Malaysia’s ASK capacity was down 3% YoY to 8,520 million in 3Q19.

In terms of cost, Benyamin added, “CASK decreased by 17% YoY to 12.11 sen, while CASK ex-fuel decreased by 16% YoY to 7.77 sen. Although the lower CASK YoY is attributable to a decline in fuel price and provision for doubtful debts at AirAsia X Indonesia in the prior year, we are set to further reap the benefits of ongoing cost saving initiatives, as well as outcomes manifested from the continuous renegotiation of contracts and digital initiatives which we have put in place. On fuel price volatility, and to mitigate risk, steps have been taken to hedge a significant percentage of our fuel requirements for the coming year.”

Outlook

On AirAsia X Group’s outlook for the remainder of the year, **AirAsia X Group CEO Nadda Buranasiri** said, “The Company has seen moderate passenger growth when compared to the previous year due to global economic and geopolitical challenges. That being said, the appetite for air travel in the region has remained robust and as a group we have exercised capacity discipline and embarked on a sustainable fleet and network growth program in line with consumer demand, particularly in emerging and developing Asian destinations where demand for value-driven air travel remains strongest.

As the long-haul affiliate of AirAsia, AirAsia X remains committed to leveraging synergies from the group, including increased take-up of new and improved ancillary offerings to mitigate the impact of the current global economic climate and subdued consumer sentiment. In the coming months, we will also begin the

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rollout of high-speed inflight WIFI. Moving forward we expect the ABF to moderate and recover as we move into the fourth quarter of 2019 which has traditionally been a stronger quarter due to the peak season leisure travel market.

We also remain committed to challenge the recent Departure Levy rates imposed by the Malaysian Government to ensure that air travel remains affordable for all as we continue to stimulate air travel and bring in more passengers for the upcoming Visit Malaysia 2020.

The wider AirAsia Group continues to advance forward in terms of digital transformation with many new ancillary opportunities for AirAsia X, including the leverage of travel and lifestyle services offered on airasia.com and through its e-marketplace, OURSHOP.

AirAsia X also continues to see an upside in terms of freight services. Teleport, the rebranded digital cargo and logistics platform of AirAsia, is set to become a key freight player in core markets we operate. The Company is keen to embrace the opportunities that Teleport presents for freight and cargo revenue. We believe global economic activity and trade will improve in 2020, signaling positive times ahead for air cargo and continued growth in passenger traffic. As such we are confident of the potential that these digital initiatives provide in piloting our growth in the near future as a 'Digital Airline'."

AirAsia X Malaysia CEO Benyamin Ismail added, "AirAsia X will continue to combat the effects of external factors outside our control in the global economic and political environment. We have already proved we have remained resilient in maintaining our market-leading position in the core markets we serve. We will remain focused on strict capacity and cost discipline and we will continue to access new markets within our core regions to ensure we are successful in developing new routes sustainably, where we can identify commercial viability and stimulate market demand. We also hope to avoid further irrational price wars which we have seen in recent quarters, as we believe there is enough demand and clear distinction between full-service and low-cost segments.

The FAA downgrade of Malaysia's aviation safety rating is disappointing, however we remain committed to supporting the Civil Aviation Authority of Malaysia (CAAM) and our industry colleagues in developing and maintaining the highest safety standards. By keeping the lines of communication open with regulators and industry, we are confident that Malaysia will soon restore its category 1 rating. AirAsia X, has achieved IATA's IOSA accreditation, which is a global benchmark for upholding the highest safety standards and will continue to maintain current daily operations to Honolulu in the US via Osaka, Japan.

We would like to applaud the Government's decision to support our cause with a fair passenger service charge (PSC) to help ensure that air travel remains affordable for everyone. The Cabinet's decision to revise downward the PSC for passengers travelling outside of ASEAN from RM73 to RM50 effective 1 October 2019 will hugely benefit the tourism industry and economy as a whole.

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We will retain a strict cost discipline and we will remain committed to sustainable growth in line with consumer demand amid any challenging extraneous circumstances. In terms of fleet, AirAsia X Thailand recently took delivery of two Airbus A330neo aircraft while AirAsia X Malaysia will remain with 24 aircraft for the rest of the year and focus on expanding capacity in the last quarter of 2020 with our brand new A330neo deliveries.”

About AirAsia

AirAsia is a leading travel and financial platform company in Asia Pacific, providing air transport, travel and lifestyle services, as well as financial services. AirAsia started as a low-cost carrier with operations in Malaysia, Indonesia, Thailand, the Philippines, India and Japan, and has carried more than 600 million guests to over 150 destinations in its network across Asia, Australia, the Middle East and the US. Recognised for its world-class service, the airline has been named Skytrax World’s Best Low-Cost Airline 11 years in a row from 2009 to 2019 and World Travel Awards World’s Leading Low-Cost Airline for seven consecutive years from 2013 to 2019. AirAsia has since embarked on a transformation journey to become more than just an airline, with the inclusion of hotels, holidays, activities and online shopping on its travel and lifestyle platform airasia.com, integrated logistics through Teleport and digital financial services via its money app, BigPay. Follow AirAsia on Facebook (AirAsia), Twitter (@AirAsia), Instagram (@airasia), YouTube (AirAsia), Weibo (@亚航之家) and WeChat (亚洲航空).

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