Press Release

FOR IMMEDIATE RELEASE

AIRASIA X DELIVERS STRONG OPERATING CASHFLOW

COMMENDABLE CORE PERFORMANCE EXCLUDING ONE-OFFS IN A SEASONALLY WEAK QUARTER
RASK UP 2% YOY, NORMALISED CASK UNCHANGED,
NORMALISED CASK-EX FUEL IMPROVES 4% YOY

SEPANG, 22 AUGUST 2019 – AirAsia X Berhad ("AirAsia X" or "the Company") today reported its financial results for the Second Quarter of 2019 ("2Q19").

The Company reported a net cash generated from operating activities of RM268.8 million, a significant increase year-on-year ("YoY) from the previous year's RM23.5 million. More importantly, AirAsia X Malaysia posted Revenue per Available Seat Kilometre ("RASK") of 12.03 sen, up by 2% on the back of an increase in average base fare ("ABF") by 5% in 2Q19 to RM437 from last year's RM418. On capacity, Available Seat per Kilometre ("ASK") Capacity declined 6% YoY to 8,442 million and Passenger Load Factor ("PLF") remained fairly stable at 80% during the quarter. This can be attributed to seasonal capacity management and operation of shorter stage routes as compared to prior year. Furthermore, the termination of Auckland in February 2019 and the resultant capacity management on the Gold Coast route following the termination of Auckland, on top of a general slowdown in the tourism sector, particularly from China and South Korean markets coupled with the addition of 2 aircraft YoY, caused the Company's average utilisation to decline to 14.3 hours YoY from previous year's 16 hours. Due to the foregoing in 2Q19, AirAsia X Malaysia carried a total of 1,455,052 passengers, 7% lower YoY. Going forward the Company expects utilisation to ramp up and passengers carried to increase as focus shifts towards optimising network and driving up utilisation on core routes leading up to the third and seasonally stronger fourth quarter 2019.

In 2Q19, on a normalised basis, excluding the impact of an one-off adjustment for the disposal of the three aircraft via sale and leaseback in April 2019, the Company's cost measured in terms of Cost per Available Seat Kilometre ("CASK") remains unchanged YoY at 12.99 sen, while CASK ex-fuel improved by 4% YoY to 7.74 sen despite a weakening Malaysian Ringgit.

In 2Q19, the Company posted earnings before interest, taxes, depreciation, and amortisation ("EBITDA") of RM120.8 million against last year's loss of RM60.5 million. Net loss for the quarter stands at RM207.1 million, as compared to a net loss of RM57.5 million in the second quarter of 2018 ("2Q18"). On a normalised basis, after adjusting for the disposal of three aircraft and the effects of MFRS16, the Company posted a loss before taxation ("PBT") of RM77.0 million against last year's loss of RM64.8 million. Net loss for the quarter however markedly reduced to RM32.0 million, as compared to a net loss of RM57.5 million in the second quarter of 2018 ("2Q18"). The net loss for 2Q19 has room for further improvement as AirAsia X Indonesia's two aircraft began its wet lease in July 2019.

AirAsia X Group CEO Nadda Buranasiri said, "Remaining true to our long-haul low cost model, we continue to strive in ensuring that our operations remain as lean and disciplined as possible. On fuel price we have hedged our fuel cost at a ratio of approximately 70% - 85% up to 2020, mitigating any uncertainties surrounding fuel price and leaving room for upside potential on positive fluctuations, which sets a solid operating environment for our Group.

As highlighted in the previous quarter, AirAsia X Malaysia had solidified its business model and taken a strategic approach in focusing primarily on its core markets. During the second quarter, AirAsia X Malaysia commenced flights between Kuala Lumpur and Lanzhou in China. Catering to seasonal network optimisation and reconciliation of capacity post-Auckland termination, capacity management had been executed during the quarter on Taipei and the Gold Coast. AirAsia X Malaysia's fleet size remained at 24 A330s as at the end of June 2019.

Our associate in Thailand posted a commendable revenue of USD95.3 million, an increase of 6% YoY from USD89.7 million. The ASK capacity grew substantially 32% higher YoY at 3,229 million in 2Q19, while the total number of passengers carried rose by 12% YoY to 541,509 passengers. These came on the back of four additional aircraft taken in since 2Q18. In 2Q19, AirAsia X Thailand launched flights into Shenyang and Tianjin in China, as well as Brisbane in Australia. Consequently, AirAsia X Thailand recorded a net loss of USD8.8 million for the quarter with PLF at 76%, given that the new routes remain in their infancy stage."

AirAsia X Malaysia CEO Benyamin Ismail said, "Since last year AirAsia X has begun to move away from single-route markets, except for Honolulu, which has been performing well since its commencement. With the termination of Auckland in the previous quarter, we now have on hand a clean slate to fine-tune our network in efforts to advance yields in our core established markets. With our network rationalisation undertaken over the past 2 quarters we are now poised to focus our growth and presence in our key markets in Northern Asia, India and Australia as we look towards ramping up capacity and driving up utilisation going into the third and fourth quarter of 2019."

Outlook

On AirAsia X's outlook for the rest of the year, **AirAsia X Group CEO Nadda Buranasiri** said, "Despite the weakening Malaysia Ringgit and challenging operational environment, the Company has achieved commendable results YoY for 2Q19 on the back of higher net cash flow generated from operating activities, higher EBITDA, higher RASK and higher ABF. After adjusting for one-off items the Company also posted a lower net loss compared to 2Q18, which can further be improved as AirAsia X Indonesia's two aircraft commenced its wet lease in July 2019. AirAsia X remains committed in driving revenue and leveraging stronger take-up of ancillary offerings especially with the expected introduction of WIFI onboard the fleet. It should also be highlighted that moving forward, we expect capacity to increase for well-established core routes and also in support of new routes which are currently in infancy stage leading to higher passenger growth volume.

In terms of fleet, AirAsia X Thailand recently took delivery of the Airbus A330neo while AirAsia X Malaysia will remain with 24 aircraft for the duration of FY19 in line with our strategy to optimise aircraft utilisation and realign the network to ensure continued sustainability and commercial viability of the business model."

Nadda Buranasiri continued, "Looking ahead, we expect to take delivery of our A330neo aircraft from Airbus and embark on an aggressive fleet substitution plan. By swapping our existing A330ceo with the newer more fuel efficient A330neo which provides approximately 11% additional fuel savings and coupled with more competitive lease rates we will be poised to further drive up our yields. In the face of dampening global economic backdrop, we remain confident on the future prospects of the Company as the wider AirAsia Group continues to advance in terms of digital transformation.

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Under the AirAsia Group 3.0 digital initiatives, synergies can be leveraged in the form of new ancillary opportunities from AirAsia.com as a travel and lifestyle marketplace super app which offers consumers travel and lifestyle products, as well as synergies from BigPay and Ourshop. Teleport, the rebranded digital cargo and logistics platform of AirAsia, is set on becoming a key freight player in markets we operate in and the Company is keen to embrace the opportunities that Teleport presents for our freight and cargo revenue. These opportunities will be further enhanced when WIFI is introduced onboard the fleet and we are confident of the potential that these digital initiatives provide in piloting our growth in the near future."

About AirAsia

AirAsia, the world's leading low-cost carrier, services an extensive network of over 150 destinations across Asia Pacific. Since starting operations in 2001, AirAsia has carried more than 500 million guests and grown its fleet from just two aircraft to over 200. The airline is proud to be a truly Asean (Association of Southeast Asian Nations) airline with established operations based in Malaysia, Indonesia, Thailand and the Philippines as well as India and Japan, servicing a network stretching across Asia, Australia, the Middle East and the US. AirAsia has been named the World's Best Low-Cost Airline at the annual Skytrax World Airline Awards 11 times in a row from 2009 to 2019. AirAsia was also awarded World's Leading Low-Cost Airline for the sixth consecutive year at the 2018 World Travel Awards, where it also won the World's Leading Low-Cost Airline Cabin Crew award for a second straight year. 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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