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AIRASIA X 4Q19 & FY2019 Financial Results Acknowledging Challenges and Redeploying Vital Action Plans to Ensure a Sustainable Business Model

SEPANG, 27 February 2020– AirAsia X Berhad (“AirAsia X” or “the Company”) today reported its financial results for the Fourth Quarter (“4Q19”) and Full Year of 2019 (“FY2019”).

The Company reported a revenue of RM1.20 billion during the quarter, an increase of 4% year-on-year (“YoY”) from RM1.15 billion charted in the same period in 2018 on the back of a higher number of passengers carried during the final quarter of 2019. In 4Q19, a total of 1,614,764 passengers were carried, up by 8% YoY as compared to 1,498,618 passengers carried in the fourth quarter of 2018 (“4Q18”). The average base fare on the other hand, remained relatively flat at RM490 per person. The Company’s Passenger Load Factor (“PLF”) was healthy at 81%, up by 3 percentage points (“ppts”) from the previous year’s 78%. In 4Q19, the Company posted earnings before interest, taxes, depreciation, and amortisation (“EBITDA”) of RM225.5 million against RM47.9 million in 4Q18. Net loss for the quarter stands at RM95.8 million, up from a 4Q18 net loss of RM88.1 million.

AirAsia X Malaysia’s Cost per Available Seat Kilometre (“CASK”) for 4Q19 was recorded at 13.21 sen as compared to 12.27 sen in 4Q18, while CASK ex-fuel stood at 8.26 sen compared with 6.94 sen in 4Q18. The increase in unit costs came on the back of increased maintenance costs, however, this was slightly offset by lower YoY fuel costs. That said, the Company’s Revenue per Available Seat Kilometre (“RASK”) increased by 3% YoY to 13 sen in 4Q19 on the back of stronger yields from new routes that have improved since respective inaugurals. During the quarter under review, flight frequencies to Bali, Taipei, Seoul, Perth, Sydney and the Gold Coast were increased, particularly in the month of December to cater for high demand from the year-end peak travel season. Additionally, AirAsia X Malaysia launched two new routes during the quarter - Kuala Lumpur-Singapore as well as Kuala Lumpur-Tokyo (Narita) the latter which will complement existing Kuala Lumpur-Tokyo (Haneda) services.

On a full year basis, the Company’s revenue stood at RM4.39 billion in FY2019, 4% YoY lower against Full Year of 2018 (“FY2018”) revenue of RM4.57 billion, attributable to a lower number of passengers carried during the year, stemming from the uncertainty surrounding the macroeconomic slowdown across the globe. During the year under review, AirAsia X Malaysia carried a total of 6,071,019 passengers in FY2019, down by 2% YoY from 6,167,465 passengers recorded in FY2018 while its PLF remained unchanged at 81%. AirAsia X Thailand on the other hand, carried a total of 2,599,647 passengers in FY2019, significantly up by 29% YoY from 2,009,813 passengers in FY2018 following a vigorous ASK capacity expansion of 41% YoY to 14,470 million in FY2019. In FY2019, the Company posted a net operating loss of RM374.0 million against a net loss of RM218.8 million in FY2018, mainly attributed to the adoption of MFRS16.

On the results, **AirAsia X Group CEO Nadda Buranasiri** said, “The AirAsia X Group recognised the challenges that 2019 brought, which came despite the rationalisation of fuel prices in the beginning of the year. In 2019, trade war sentiments caused widespread economic uncertainty and adversely

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impacted demand for air travel across the globe. In Malaysia, the Company was faced with the weakening of the Malaysian Ringgit against the United States Dollar, irrational competition from the local carriers and the implementation of the departure levy which impacted fare stimulation. Despite these obstacles, positive results from AirAsia X Malaysia's network realignment strategy was evident, improving operational performance considerably over the past few quarters. This was reflected in the recovery of the number of passengers carried, as well as a steady PLF during the quarter under review. After three consecutive quarters of charting lower number of passengers carried YoY, AirAsia X Malaysia recorded an increase of 8% YoY in terms of the number of passengers carried in 4Q19, while PLF grew by 3ppts YoY to 81%. During the year, AirAsia X Malaysia launched five new routes primarily in our core markets of Japan and China, while its fleet size remained unchanged at 24 A330s as at the end of December 2019.

"During the quarter under review, our associate in Thailand posted revenue of USD120.7 million, an increase of 27% YoY from USD95.0 million on the back of a 40% increase in the number of passengers carried in 4Q19. AirAsia X Thailand recorded a net loss of USD3.7 million for the quarter. In 4Q19, AirAsia X Thailand's ASK capacity surged by 43% YoY to 4,080 million, which came on the back of the addition of new routes during the first half of the year, as well as its vigorous fleet expansion throughout the year. AirAsia X Thailand's PLF softened by 2ppts YoY to 83% in 4Q19, a short term impact resulting from its fleet and network expansion, which remain in stages of infancy. On a full year basis, AirAsia X Thailand's ASK capacity swelled by 41% YoY to 14,470 million, while the number of passengers carried increased by 29% YoY to 2,599,647 passengers. For the full year of 2019, AirAsia X Thailand posted a robust PLF of 85% post-fleet expansion, against 89% charted in 2018. The fleet size of AirAsia X Thailand stood at 13 A330s as at the end of December 2019, including two brand new A330neo aircraft which were delivered in the third quarter of the year."

AirAsia X Malaysia CEO Benjamin Ismail said, "Despite the challenges we were faced with in 2019, we have seen significant improvements in many key operational metrics, primarily attributable to the Company's network realignment strategy as we seek to advance our yield improvement efforts in our core markets. During the quarter, the PLF increased to 81% from 78% last year while RASK was up by 3% YoY to 13 sen as the Company reaped better yields. In addition to launching Kuala Lumpur-Tokyo (Narita) during the quarter, the Company also launched Kuala Lumpur-Singapore which is delivering robust demand supporting the increased capacity from our wide body aircraft. Overall in 2019, the Company adhered to our core market domination strategy, launching Fukuoka, Lanzhou as well as Taipei-Osaka, on top of the aforementioned routes."

In terms of costs, Benjamin said, "In 4Q19, the Company's CASK was reported to be at 13.21 sen, up by 8% YoY against 12.27 sen in 4Q18, while CASK ex-fuel was 8.26 sen as compared to 6.94 sen during the same period last year. The increase in unit costs was due to higher maintenance costs as a result of additional aircraft on operating lease on the back of sale-and-leaseback transactions completed in August 2019, as well as the impact from the change in accounting treatment post-implementation of MFRS16. As the Company seeks to weather the relentless volatility of currency as well as fuel prices, we are prudent as

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ever in furthering our cost-saving initiatives and simultaneously advancing yields in core established markets.”

Outlook

On AirAsia X Group’s outlook, **AirAsia X Group CEO Nadda Buranasiri** said, “The Company expects major headwinds for the first half of 2020 amidst the outbreak of novel Covid-19, on top of the persisting global economic slowdown as well as irrational competition within the local aviation industry. A downtrend has been observed on passenger bookings in the forward months, as all tourism-related businesses face the impact of the Covid-19 outbreak. The Covid-19 outbreak has impacted AirAsia X particularly as we are one of the largest foreign airlines operating into China, a market which represents 30% of our capacity. Other markets are also impacted by the virus outbreak, manifested as a reduction in connecting traffic and a sudden sharp decline in air travel demand. Malaysia is experiencing sharp declines in visitor numbers from all its major source markets due to advisories placed by many countries against travelling to Malaysia. AirAsia X has been engaging and working closely with key stakeholders in the industry, including government ministries and agencies, in taking additional and necessary steps to address and mitigate the impact of this temporary slowdown in air travel.”

AirAsia X Malaysia CEO Benyamin Ismail added, “The Company expects fares to be under pressure for the coming months, as the Company seeks to stimulate air travel demand to counter the impact of the outbreak, primarily through extensive promotional campaigns as well as providing a waiver for the Flythru fee. This is particularly aimed at the Company’s price-sensitive guests, with goals to maintain a healthy load factor as well as supporting the ancillary income. Despite these very challenging circumstances we wish to provide assurance that efforts are in place to counter the impact of the current situation. For example, AirAsia X is currently active looking at alternative routes to redeploy capacity. The Company is also actively looking at short-term aircraft wet lease arrangements. In addition, the Company’s plan to operate a dual fleet type strategy gathers pace as we look to turnaround the Airline. We believe advanced aircraft technology has changed business dynamics as we can now fly narrow body aircraft longer. The management is deliberating to utilise the 236-seater A321 for medium haul thin routes which would better match demand than the 377-seater A330. The upcoming deliveries of A330neo will be deferred, while we push for early returns of some of the older aircraft back to lessors. Routes within a six-hour radius from our Kuala Lumpur hub will then be replaced with A321 aircraft when the market recovers. The Management has set an even lower lease expenses target, with 30% lease reduction targeted across the board as we work towards achieving not just a sustainable, but profitable business model.

“The Company will be aggressively suspending a number of routes to ease cash flow in this current period of low air travel demand, as well as engaging in short-term wet lease arrangements for the aircraft within the Company’s fleet. Additionally, the Management is currently renegotiating the Company’s lease maintenance reserves and reviewing the potential of outright sales involving two A330 aircraft. In managing the foreseeable challenges for the coming months, the Company diligently monitors costs across our operations, on top of stepping up in areas where cash flow improvements can be made. The Company is

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as committed as ever in reducing costs further and driving stronger ancillary revenue, most recently through the digitalisation initiatives implemented by the wider AirAsia Group. On fuel hedging, the Company has hedged 80% of its fuel requirement for 1Q 2020 at average Brent hedge prices of US\$59.8/bbl. For the remainder of the year, the Company has hedged 72% of the fuel requirement at average Brent hedge prices of USD\$59.6. The Company remains cautious that the overall core results of the Group will improve in the second half of 2020 and is focused on ensuring sustainable growth amid current challenges in the global aviation industry.”

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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).

For further information please contact:

Investor Relations:

Hanif Idrose

General Line: (603) 8660 4000

Email: hanifidrose@airasia.com

Communications:

Vanessa Regan

Direct Line: (603) 8660 4000

Email: vanessaregan@airasia.com

For further information on AirAsia X, please visit the Company’s website: www.airasiax.com

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