

# Preliminary Operating Statistics

## For the 3<sup>rd</sup> Quarter of the Financial Year Ended 2015



AirAsia X Berhad (“AAX” or “the Company”), the long-haul, low cost airline affiliate of the AirAsia Group is pleased to announce its operating statistics for the third quarter 2015 (“3Q15”).

In line with the Company’s turnaround initiatives, Available-Seat-KM (“ASK”) has decreased by 9% year-on-year (“y-o-y”) to 5,770 million in 3Q15, on the back of strategic capacity management in the First Half of 2015 to address the issue of irrational competition, especially the Australian segment, and to prevent further losses from routes that have yet to mature. The Revenue-Passenger-KM (“RPK”) recorded 16% decrease y-o-y to 4,333 million, consequently passenger load factor (“PLF”) down by 6% y-o-y to 75% in 3Q15, mainly due to the spillover effect from the Middle East Respiratory Syndrome (MERS) outbreak since May 2015 that has taken a dip in Korea market as passengers traffic from Kuala Lumpur to Seoul and Busan decreased by 14% Y-o-Y in 3Q15 but returning of traffic is seen from October 2015 onwards after the declaration of MERS-free by end July 2015. The challenging aviation regulation in Indonesia also posted slight drag in Australia’s passenger traffic as uncertainties arises towards AAX Group’s brand in Australia but immediate come-back is seen after the licensing issue resolved by early October 2015. In addition to that, the depreciation of USD:MYR in 3Q15 has set temporary slide in the outbound travel demands to stronger currency markets especially in the end of July to August 2015 when the exchange rate exceeded the 4 dollar marks and reaches the highest at 4.48 in end September 2015, hitting a 17 year low since 1998. AAX strongly believes that the Low Cost sector will prevail in the Malaysian market as local starts to adjust to the currency translation. This is witnessed by the improvement in strong forward bookings from October onwards, signifying return of business in 4Q15.

The company has seen strong recovery for the China segment in 3Q15 with average PLF of 85% despite higher average base fare, signifying the return of Chinese tourists after the aviation incidents in 2014. Japan has also seen improvement following the termination of loss-making Narita in August 2015 with newly launched Sapporo showing promising demand after its maiden flight on 1<sup>st</sup> October 2015. The Australian segment continued to improve in yields but further improvement in 3Q15 was hindered by the uncertainties arises from the aviation restriction imposed by regulator in Indonesia.

As for fleet movement, the group has a total size of 26 A330s as at 30<sup>th</sup> September 2015, with 20 based in Malaysia AirAsia X (“MAAX”), 4 based in Thai AirAsia X (“TAAX”) and 2 in Indonesia AirAsia X (“IAAX”). The Company recently took delivery of 1 A330 aircraft in October 2015, to be based in TAAX, bringing the group’s current total fleet size to 27 A330s.

Thai AirAsia X has recorded PLF of 71% in 3Q15 mainly dragged by MERS outbreak in Korea. Despite the setback by the ICAO-driven restrictions, Thai AAX continued to pursue expansion plans to China with first direct service from Bangkok to Shanghai on 28<sup>th</sup> September 2015. The outlook for TAAX remains positive as Thailand is a natural tourist hub with equally strong inbound and outbound records with Japan, Korea and China as the top outbound destinations. Besides, Thailand is no stranger to turmoil and has historically shown quick rebound and remained unaffected by years of domestic unrest.

IAAX announced in early October 2015 that it has complied with Indonesia’s Ministry of Transportation’s regulatory requirement of minimum 10 aircraft ownership. This brings IAAX fleet size to 10 aircraft, of which 8 are A320s and the other 2 are IAAX’s existing A330s. The additional fleet will be operating from Bali, Surabaya and Jakarta, tapping on the existing frequency slots from Indonesia AirAsia. These major trunk routes will benefit the group with high volume feeder traffic and improve Fly-thru connectivity. Aside from that, IAAX has terminated Bali-Taipei on 28<sup>th</sup> September 2015 and launched Bali-Sydney route with inaugural flight on 17<sup>th</sup> October 2015. The

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brand damage caused by Bali-Melbourne disruptions in December 2014 and the uncertainties caused by the regulations on minimum aircraft requirement recently, has diminished in end 3Q15 following brand restoration via marketing campaigns in Australia. Despite the challenging regulatory landscape, the company sees great potential in growing the Bali hub as it offers strong connectivity across ASEAN region from the feeder traffic by AirAsia Group and AAX Group.

As expected, the operating performance for China and Australia market has seen improvement in 3Q15, on the back of aggressive marketing activities and brand campaigns in First Half 2015. The overall performance in 3Q15 is signifying recovery and the PLF is trending upwards to the 80% mark while the company continued to strengthen its core markets, especially Korea and Japan, in Second Half 2015. There will be co-brand campaigns with AirAsia Japan and aggressive marketing collaborations in the both market which will bear fruits moving forward to 4Q15 and into year 2016.

### 3<sup>rd</sup> Quarter 2015 Operating Statistics

Malaysia AIRASIA X	JULY - SEPTEMBER		
	2015	2014	Change
Passengers Carried <sup>1</sup>	901,884	1,044,118	-14%
Capacity <sup>2</sup>	1,209,416	1,298,011	-7%
Load Factor (%) <sup>3</sup>	75	81	-6ppt
ASK (mil) <sup>4</sup>	5,770	6,366	-9%
RPK (mil) <sup>5</sup>	4,333	5,129	-16%
Number of stages <sup>6</sup>	3,208	3,443	-7%
Average stage length (km)	4,769	4,904	-3%
Total fleet size at quarter end <sup>7</sup>	26	24	2

(1) Number of earned seats flown. Earned seats comprise seats sold to passengers (including no-shows) and seats provided for promotional purposes

(2) Number of seats flown

(3) Revenue Passenger Kilometres (RPK) / Available Seat Kilometres (ASK)

(4) Available Seat Kilometres (ASK) measures an airline's passenger capacity. Total seats flown multiplied by the number of kilometres flown

(5) Revenue Passenger Kilometres (RPK) is a measure of the volume of passengers carried by the airline. Number of passengers multiplied by the number of kilometres these passengers have flown

(6) Number of flights flown

(7) Number of aircraft (all A340 and A332 discontinued in 1Q15)

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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.