



FOR IMMEDIATE RELEASE

AIRASIA X Records Highest Quarterly Capacity Growth And Load Factor in 1Q14 *Emphasis Continues Towards Being The Clear Global Market Leader In Long-Haul LCC Space*

SEPANG, 19 May 2014 - AirAsia X Berhad ("AAX" or "the Company"), the long-haul, low-cost airline affiliate of the AirAsia Group today reported its financial results for the First Quarter ended 31 March 2014 ("1Q14").

On the back of its highest ever year-on-year quarterly growth in Available-Seat-Kilometre ("ASK") capacity of 60.1% to 6.2 billion, The company recorded revenue of RM749.5 million for the quarter ended 31 March 2014, a 40.0% year-on-year ("y-o-y") growth as compared to RM535.3 million the previous year.

This capacity increase went principally towards frequency increases to core routes and the launch of Nagoya, Japan in March. Capacity growth is expected to taper off in the coming quarters, in line with the Company's aircraft delivery commitments. Passenger traffic performance in Revenue-Passenger Kilometre ("RPK") increased by 63.3% y-o-y to 5.3 billion against the same quarter previous year and recorded passenger load factor of 85.8%, a 1.6 percentage point improvement, the highest ever quarterly load factor, despite the capacity surge. This growth places AirAsia X as the overall market leader in passengers carried between Malaysia and its core markets in Australia, Taiwan, Japan, and Korea, and China.

The Company also operated a higher number of flights for charters and wet-leases, with total revenues from this segment growing 4-fold y-o-y from RM15.6 million to RM62.9 million. These flights are not captured in the ASK and RPK tabulations as they are unscheduled flights. Meanwhile, ancillary revenue grew by 54.2% y-o-y to RM150.1 million this quarter, compared to RM97.3 million in the previous period, supported by total passengers carried of 1.1 million, up 66.9% y-o-y as compared 0.6 million previously. Passenger Ancillary Revenue was 20.0% of total revenue, while ancillary revenue per passenger declined -7.6% y-o-y from RM150 to RM139. Cargo segment contributed RM25.3 million this quarter, an increase of 27.0% y-o-y from RM19.9 million in the same quarter under review. The Company also started to generate income from its leased aircraft to Thai AirAsia X ("TAAX"), its affiliate, of RM8.3 million.

Although the new routes and frequency increases added in the second half of 2013 are still in investment mode, coupled with full capacity added by the seven aircraft delivered in 2013, we see an improvement of 6.5% quarter-on-quarter ("q-o-q") in term of Revenue per Available-Seat Kilometre ("RASK") from RM11.35 sen in 4Q13 to RM12.09 sen in 1Q14, and the RASK decline of -12.4% y-o-y is less than the y-on-y RASK decline in 4Q13 of -15.1%. The drop in RASK is mainly driven by a drop in average base fare of -25% y-o-y from RM624 to RM467, primarily from the Australian routes, which saw the largest capacity increase.

Operating expenses increased by 64.1% y-o-y from RM478.8 million to RM785.7 million. Although, the Cost per Available-Seat Kilometre ("CASK") increased 2% y-o-y to RM12.62 sen, there is a significant -5% drop y-o-y of CASK ex-fuel. The CASK in US cents of 3.83 cents is a -5% drop y-o-y, indicating the effect of US Dollar-Ringgit Malaysia currency movement as a majority of costs, namely fuel, aircraft, and engineering are denominated in US dollars. The CASK for controllable items such as manpower, advertising and promotions, operations and overheads fell -12% y-o-y from the cost control initiatives and scale advantages.

Earnings Before Interest, Tax, Depreciation, Amortisation and Rental ("EBITDAR") dipped from RM122.1

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million to RM66.5 million as well as Earnings Before Interest and Tax ("EBIT") weakened from RM57.6 million to -RM38.0 million. However, an improvement is shown on the adjusted post-audited EBIT margin q-o-q by 6-percentage points. The Company recorded a Loss After Tax ("LAT") of -RM11.3 million for 1Q14 as compared to Profit After Tax ("PAT") of RM50.2 million for 1Q13.

AirAsia X received one Airbus A330-300 on finance lease and two Airbus A330-300s on operating lease in 1Q14. With a total of thirteen aircraft under operating lease as at 31 March 2014, operating lease expenditure escalated 58.6% y-o-y to RM59.9 million from RM37.8 million during the same period.

The Company recorded a positive operating cashflow of RM131.6 million. Due to a one-off investment in our associate, Indonesia AirAsia X ("IAAX") and one aircraft delivery in first quarter 2014 under finance lease, net cash flow for the financial period reduced to RM136.8 million. The Company expects to manage its cash balance to achieve positive net cash flow for the full year, as no further investment in associates is expected, and no further equity is required for aircraft deliveries as all remaining deliveries for 2014 are planned under operating leases to minimise further capex outflow.

Azran Osman-Rani, CEO of AirAsia X said, "The aggressive capacity expansion phase we undertook post-IPO is starting to bear fruit. We've proven we can stimulate new demand and achieve a market leadership position. As new capacity typically takes 12-months to reach break-even, we expect to see yield improvement and an earnings turnaround in the second-half of this year, after the seasonally weakest second quarter, and taking into account the aviation industry starting to stabilise its capacity roll-out.

"Thai AirAsia X was launched on 22 April 2014, and its first scheduled flight will commence on 17 June from Don Mueang International Airport to Incheon, South Korea. This provides us with a further platform for growth as we roll out our multi-hub network".

"We recently strengthened the leadership of our Commercial function and have implemented new initiatives in Revenue Management, Marketing, and Distribution to capitalize on the stronger network we have built with more frequencies and connectivity. We expect these initiatives to push our RASK to positive territory for the full-year".

"The move into KLIA 2 on 9 May 2014, is another milestone for the Company and the AirAsia Group. This new infrastructure, which enhances passenger experience will provide more upside for the Group-wide passenger traffic platform, particularly from transit connections." concluded Azran.

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About AirAsia X

AirAsia X is the long-haul, low-cost affiliate carrier of the AirAsia Group that currently flies to destinations in the Asia Pacific region. The airline currently serves 19 destinations across Asia (Nagoya, Tokyo, Osaka, Seoul, Busan, Taipei, Xian, Beijing, Hangzhou, Chengdu, Shanghai, Colombo and Kathmandu), Australia (Sydney, Melbourne, Perth, Adelaide and Gold Coast) and the Middle East (Jeddah). AirAsia X operates a core fleet of 19 A330-300s, each with a seat configuration of 12 Premium Flatbeds and 365 Economy seats. It has three additional aircraft for non-scheduled lease and charter operations. The airline has carried over 10 million guests since it commenced long-haul service in 2007.

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Our vision is to further solidify our position as the global leader in long-haul, low-cost aviation and create the first global multi-hub low-cost carrier network along with other carriers of the AirAsia Group.

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

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