



FOR IMMEDIATE RELEASE

AIRASIA X ANNOUNCES SECOND QUARTER 2018 FINANCIAL RESULTS

- Revenue up 2% YoY, however performance dampened by rising fuel costs

SEPANG, 30 AUGUST 2018 – AirAsia X Berhad (“AAX” or “the Company”) today reported its financial results for the Second Quarter (“2Q18”) of the Full Financial Year ending 31 December 2018.

The Company recorded a revenue of RM1.05 billion for the quarter, demonstrating a rise of 2% year-on-year (“YoY”), primarily driven by the 13% YoY increase in number of passengers carried during the quarter, outpacing the additional ASK capacity of 6% YoY.

Revenue per Available Seat Kilometre (“RASK”) declined by 4% as compared to the same period last year, standing at 11.77 sen during the quarter under review. On top of second quarter being traditionally the leanest quarter for the Company, the decline in RASK is also due to softer international travel demands from Malaysia as a result of the 14th General Election, additional capacity through increased frequency on existing routes and introduction of new routes, which would require time to mature before delivering positive returns.

The second quarter also saw Cost per Available Seat Kilometre (“CASK”) rising to 12.96 sen, up by 3% as compared to 2Q17. The increase in CASK is mainly attributed to the 36% YoY increase in fuel price; USD65 per barrel was recorded during 2Q17, whereas in 2Q18, fuel price has surged up to USD89 per barrel. Nonetheless, the Company remains positive of its cost saving initiatives, as CASK-ex fuel declined by 4% YoY to 8.04 sen in 2Q18.

During the quarter, the Company reported an operating loss of RM95.9 million, on the back of higher operating cost environment amidst a traditionally lean quarter, while net operating loss for the period is recorded at RM99.3 million, against a net operating loss of RM16.0 million recorded in 2Q17.

AirAsia X Group CEO Datuk Kamarudin Meranun and Co-Group CEO Tan Sri Tony Fernandes when commenting on the results said, “Although passenger and cargo revenue rose, the operating performance was adversely affected by increased fuel costs, which was driven by a 36% YoY increase in the average jet fuel price. During the quarter, we advanced the Company’s long term strategy of market dominance further and ramped up additional capacity to our core markets— our confidence is further spurred by the operational results, as the Company managed to serve more guests still as our new routes continue to mature. We must emphasise that patience is required before the fruits from these long-term works can be reaped.”

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"AirAsia X Malaysia recorded a commendable Passenger Load Factor of 81%, up by 1ppt. The number of passengers carried saw a 13% hike to 1,568,578 passengers, as compared to the same quarter last year, exceeding our ASK capacity increase of 6% YoY, a feat that we view positively, given that it was expected to be the leanest quarter. AirAsia X Malaysia's revenue also saw a rise of 2% YoY, to RM1.05 billion, from 2Q17's revenue record at RM1.04 billion. To top it off, our ancillary business remains healthy, contributing 23% of the total revenue for the second quarter of 2018."

"On the associates, we are happy to announce that AirAsia X Thailand maintains its momentum, as its performance continues to soar, reporting a revenue growth of 41% YoY, to USD89.7 million as compared to 2Q17, with RASK improving by 7% YoY. In 2Q18, AirAsia X Thailand reported a USD7.8 million net profit. During this quarter, AirAsia X Thailand posted load factor of 91% and carried a total of 483,595 passengers, which saw a rise of 25% YoY, following the delivery of an additional aircraft to their fleet during mid-April 2018."

"AirAsia X Indonesia posted a load factor of 78%, up 20ppts YoY. In 2Q18, AirAsia X Indonesia carried a total of 134,173 passengers, which more than doubled the number of passengers carried in the same quarter last year, at 50,155 passengers. A dual-hub strategy was executed in this quarter, with our Indonesian associate now operating from both Bali and Jakarta hubs to Tokyo (Narita). As Indonesia's operational environment remains challenging, we are looking at temporarily winding down the business model in the coming months."

AirAsia X Malaysia CEO Benyamin Ismail added, "AirAsia X Malaysia increased flight frequency to select destinations in our core markets, namely Taipei and Busan, as we are encouraged by robust demand for these routes, and to be in-line with the Company's long-term plans to strengthen market share. While we expect pressure on yield in the short-term, partially due to seasonality and further affected by the decline in demand for international travel from Malaysia during the 14th General Election season, we are certain of future returns as the additional frequency mature and travel season peaks in coming quarters. During the quarter, AirAsia X Malaysia removed Tehran, as the Company moves its focus away from single-route countries and redeploys additional capacity to support growth in our core markets."

"AirAsia X is committed to maintaining its structural cost advantage in the markets where it operates, primarily against the legacy airlines. Through our cost focus, we continue to identify both short-term efficiencies and longer term structural cost savings, leveraging on increasing scale. These savings will ensure we keep our low fares for our customers as well as addressing disruption costs such as fuel."

AirAsia X Thailand CEO Nadda Buranasiri also stated, "AirAsia X Thailand is en route to deliver its best full year results yet, as 2Q18 operational and financial performances reflected a continuation of the momentum from the first quarter this year. As was highlighted in 1Q18, AirAsia X Thailand remains focused on strengthening market share in North Asia, in-line with the AirAsia X Group's long term growth strategy. In 2Q18, AirAsia X Thailand launched flights to Sapporo, and is slated to fly to Nagoya in October 2018. Our performance was also helped by the strength of the AirAsia X brand which is now one

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of the most considered medium-to-long haul airline brand in Thailand. The Management is confident of AirAsia X Thailand's growth moving forward, with additions to our fleet size in second half of the year."

Outlook

On AirAsia X's outlook for the second half of the year, **AirAsia X Co-Group CEO Tan Sri Tony Fernandes** said, "We are committed to ensuring that the Company's growth and profits are sustainable. Passenger traffic is expected to grow in the coming months. Cost remains under pressure from higher fuel prices. However, the Management remains focused on monitoring the other operating expenses to ensure further cost efficiencies to offset higher fuel expenses."

"AirAsia X will continue to deliver its core strategy based on its strong and established business model, twinned with focus on the Company's immense growth potential in ancillary, for both AirAsia X Malaysia and AirAsia X Thailand. The airline will also keep our focus on developing and investing in a number of opportunities as well as data leadership where it can leverage its existing assets and customer pool to secure sustainable growth and increased profit per seat."

"Turning to our network strategy, we have made some strides since the start of 2018 by cutting loss making routes and moving away from single-route countries towards big countries with major cities, which represent bigger potential for us to build on the flight frequencies in future as well as unique routes that can give better yield. We will focus on routes within 7 hours range as much as possible with the exception of a few routes such as Honolulu."

"Apart from the North Asia market, we are thrilled to grow India as one of our core market segments as well. In the last seven months, we have added Jaipur and Amritsar into our fast growing network. Together with Jeju which was launched in December 2017, we have now launched three new routes into countries where we already have existing operations. In addition to that, we have removed Iran and removing Nepal from our network, as we shift those capacities into North Asia. In a rather challenging period for the aviation industry, we view this move will give more cost efficiency to AirAsia X as we already have existing stations in China, South Korea and Japan."

"Moving forward to the second half of the year AirAsia X Group is looking forward to the delivery of five leased aircraft to our fleet, which will in turn bring the size of the AirAsia X Group's fleet to 36 A330s by the end of the year. The five leased aircraft will be allocated to AirAsia X Malaysia and AirAsia X Thailand and are expected to cater to additional capacity for the new destinations the Company has in plans."

"The recent announcement on 100 A330neo orders also reaffirmed our commitment and confidence in the AirAsia X model. The Airbus A330neo will give better fuel efficiency with improved flying range. We are confident that the aircraft will allow AirAsia X to expand its value-based long-haul model with even lower operating costs. In addition, we are also evaluating on the potential introduction of Airbus A321NEO/LR to developing routes. The Company remains committed in enabling its passengers to fly further, and connecting to the rest of the world."

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About AirAsia

AirAsia, the world's leading low-cost carrier, services an extensive network of over 130 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 and New Zealand, the Middle East and the US. AirAsia has been named the World's Best Low-Cost Airline at the annual Skytrax World Airline Awards ten times in a row from 2009 to 2018. AirAsia was also awarded World's Leading Low-Cost Airline for the fifth consecutive year at the 2017 World Travel Awards, where it became the inaugural recipient of the World's Leading Low-Cost Airline Cabin Crew award.

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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