Press Release

FOR IMMEDIATE RELEASE

AIRASIA X POSTED 1Q19 NET PROFIT AFTER TAX OF RM43.3 MILLION

SEPANG, 16 MAY 2019 – AirAsia X Berhad ("AirAsia X" or "the Company") today reported its financial results for the First Quarter of 2019 ("1Q19").

The Company recorded a net profit of RM43.3 million for the quarter, up by 4% year-on-year ("YoY") from the previous year's RM41.5 million. Revenue was lower at RM1.17 billion, on the back of lower passengers carried. In 1Q19, the number of passengers carried recorded was 5% lower YoY at 1,512,546 as compared to 1,588,644 passengers carried in 1Q18. The drop in number of passengers carried came in the wake of Available Seat Kilometre ("ASK") which dropped 5% during the quarter due to shorter stage routes in operation following the termination of Tehran, Kathmandu, Male and most recently, Auckland in February 2019. The YoY drop in passengers and ASK is a result of the Company's ongoing capacity management which saw realignment of flights which leads to softer aircraft utilisation. The available capacity has since been redeployed to core markets in Greater China, Japan, South Korea and India.

The Company's Passenger Load Factor ("PLF") during the quarter stood at 83%, marginally lower by 1 percentage point YoY as AirAsia X Malaysia took delivery of 2 aircraft in 2018, its first fleet expansion since 2015. All of the abovementioned led to the 4% YoY decrease in Revenue per Available Seat Kilometer (RASK) to 13.43 sen. Nevertheless, the Company's cost, measured in terms of Cost per Available Seat Kilometre ("CASK") improved 3% YoY at 12.89 sen, mainly due to lower average fuel price recorded during the quarter at USD79/bbl as compared to USD88/bbl in 1Q18, and lower fuel consumed as a result of lower sectors flown in 1Q19. The Company's CASK ex-fuel was relatively flat YoY, charting 8.16 sen in 1Q19 through a series of cost-saving initiatives which allow the Company to operate on a very lean cost structure.

For 1Q19, AAX posted an earnings before interest, taxes, depreciation, and amortisation ("EBITDA") of RM264.5 million. Profit before tax for the period rose by 8%, standing at RM 59.5 million as compared to profit before tax of RM55.3 million in the same quarter last year.

AirAsia X Group CEO Nadda Buranasiri said, "In the past year, we faced a number of setbacks, namely provision for impairment for Indonesian joint-venture, a 35% YoY increase in average fuel price and a series of natural disasters in markets we operate in, most of which are not within the Company's control. However, AirAsia X's lean and disciplined cost structure has allowed us to deliver despite uncertainties in fuel and currency."

Press Release

“In the first quarter of 2019, AirAsia X Malaysia made a shift towards a modest approach to its operations. Albeit an addition of 2 aircraft during the end of 2018, AirAsia X Malaysia has taken to pin down its expansion to remain disciplined in core markets during the quarter. Continuing realignment of capacity away from non-core routes in 2018, AirAsia X Malaysia terminated Auckland in February 2019, and in turn introduced new routes in Japan, with commencement of Taipei-Osaka route in January and Kuala Lumpur-Fukuoka route in February.”

”We are pleased to report that AirAsia X Thailand posted a revenue of USD126.5 million, rising by 23% YoY, while net profit stood at USD12.1 million. Despite a huge 38% YoY increase in seat capacity during the quarter, AirAsia X Thailand’s PLF had remain solid in 1Q19 at 90%. In this first quarter, AirAsia X Thailand carried a total of 665,432 passengers, 32% more than last year’s 503,259 passengers. In terms of network, AirAsia X Thailand has grown considerably. As at end of March 2019, AirAsia X Thailand operates 6 routes, against 4 routes in 1Q18, on top of announcing the addition of new routes open for sale, namely Brisbane, Tianjin and Fukuoka, all of which will commence operations in the second and third quarters of this year.”

“AirAsia X Indonesia is now operating on a non-scheduled flight basis with its last final scheduled flight from Bali to Tokyo took off in mid-January 2019. In 1Q19, AirAsia X Indonesia carried a total of 6,880 passengers and posted a PLF of 68%, both a direct result of the winding down process of AirAsia X Indonesia. The two AirAsia X Indonesia’s aircraft, currently on ground, will be placed on a wet-lease arrangement with identified third party from July 2019. This paves the way for revenue generation and stemming of losses from AirAsia X Indonesia as the Group continues to pay for the lease of these aircraft.”

AirAsia X Malaysia CEO Benyamin Ismail said, “In the first quarter of 2019, the Company took on a much more discreet approach in our operations and growth in efforts to advance yields. As we move away from single-route markets, the Company has decided to cease operations to Auckland in February 2019. In doing so, during the quarter under review, AirAsia X Malaysia’s ASK capacity narrowed by 5% YoY to 8,707 million, leading to a lower number of passengers carried at 1,512,546 passengers.”

“Beginning January 2019, AirAsia X Malaysia introduced flights from Taipei to Osaka, tapping its fifth freedom right in Taipei. In February 2019, we also launched direct flights from Kuala Lumpur to Fukuoka, which is the Company’s second and latest unique route in Japan. Furthermore in 1Q19, AirAsia X Malaysia implemented capacity management on selected routes; Taipei, Gold Coast, Perth and Sydney was adjusted during the quarter to drive up yield. While the average base fare (“ABF”) in 1Q19 tapered slightly by 3% YoY to RM513, we are encouraged by the fact that the ABF has improved by 5% against RM490 recorded in the fourth quarter of 2018.”

On managing cost, Benyamin added, "CASK reduced by 3% YoY to 12.89 sen as a result of the reduction of fuel price to USD79/bbl in 1Q19 from USD88/bbl in 1Q18. We are also pleased to inform that the Company's CASK ex-fuel was flat YoY at 8.16 sen, an affirmation of our ongoing initiatives and commitment to maintain cost at its leanest level. Furthermore, we foresee even higher cost efficiencies moving forward as we renegotiate ground handling contracts in foreign stations and average aircraft lease rates are lower from March 2019 onwards. Cost remains our main driver with a lot of initiatives being put in place through digitalisation to reduce cost. The largest cost in terms of impact to the Company is fuel. Since end of 2018, we have taken steps to mitigate fuel price fluctuation risk with an improved fuel hedging policy. AirAsia X has hedged 52% of Brent at an average fuel cost of USD79/bbl for FY2019."

Outlook

On AirAsia X's outlook for the remaining of the year, **AirAsia X Group CEO Nadda Buranasiri** added, "For 2019, the Company maintains a firm blueprint to pilot AirAsia X's growth as a Group. AirAsia X Malaysia will not be taking in additional aircraft for this year as we wait for the highly anticipated deliveries of our brand new fuel-efficient A330-neo aircraft which are slated for delivery late 2020. As such we are currently focused on reaching optimal route performance, strengthening China and Japan, where our brand presence is stronger than ever, in addition to building South Korea and India, which boasts potential for more unique routes. For AirAsia X Thailand, we look forward to receiving 5 aircraft this year, two of which being brand-new Airbus A330neo. This addition to AirAsia X Thailand's fleet size has open up fresh grounds for growth and we are certainly excited to tap into these new opportunities.

"Looking forward in this year, our strategy continues to ensure we are well positioned for the future as we made considerable progress in the digital space which we are leveraging on our sister airline AirAsia Group's digital transformation journey. There are also a lot of upside from Freight services. With the AirAsia Group now fully consolidated its freight belly space, we believe RedCargo will be a key freight player in the near future for the markets that we operate in. This year, we are poised on capitalising on AirAsia.com and Ourshop, which will in turn be boosted with ROKKI (wifi) enabled aircraft in 2019. These digital initiatives, when coupled with lower average aircraft lease rates and ground handling expenses, translate into potential to drive our cost further down and increase our momentum of growth."

ENDS

Press Release

About AirAsia

AirAsia, the world's leading low-cost carrier, services an extensive network of over 140 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 10 times in a row from 2009 to 2018. 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).

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