



AirAsia X announces strong business recovery Profit Before Tax of RM0.3 million excluding one-off provision

Preparing for take off to many additional destinations to meet strong demand

SEPANG, 24 August 2022 - AirAsia X ("AAX" or the "Company"), the medium to long-haul affiliate airline of AirAsia Aviation Group, recorded revenue of RM107 million during the period ending 30 June 2022, down marginally by 5% quarter-on-quarter as compared to RM113 million posted during the period ending 31 March 2022.

In terms of bottomline, AAX posted a Loss Before Tax of RM652 million during the period under review. It is imperative to highlight, however, in terms of earnings, AAX would have returned to profitability and posted a Profit Before Tax amounting RM0.3 million, barring a one-off provision for travel vouchers distributed to passengers and travel agents who were affected by the debt restructuring.

For the quarter ending 30 June 2022, the Company rendered a one-off provision amounting to RM653 million primarily for the issuance of the travel vouchers in relation to the commitment that AAX has for its affected passengers and travel agents. For the purpose of a summary, AAX is bound by terms of the debt restructuring scheme in respect of its debts and liabilities. AAX is hence legally restricted from providing any cash refund to passengers and travel agents. In its aim to ensure that affected passengers are able to fly with the airline again, and as a gesture of goodwill, AAX opted to offer promotional air privileges in the form of travel vouchers to passengers, amounting to the full amount of the cancelled flight bookings caused by the pandemic.

At the completion of its debt restructuring - which was formalised on 16 March 2022 by way of a lodgment of court sanction - AAX is now on a steady course to significantly increase scheduled passenger flight operations to meet strong pent up demand.

During the period under review, the total number of sectors operated solely for scheduled passenger flights stood at 81 sectors, a multifold surge from the 12 sectors flown during the 3-month period until 31 March 2022. There has been a notable shift in the operating expenses structure of AAX. Staff costs increased on the back of the reinstatement of staff and salary for employees, in addition to an increase in maintenance and overhaul costs, attributed primarily to the reactivation of aircraft in preparation for the major operational ramp-up trajectory in the coming months. Notably, despite the increase in fuel price, total fuel expenses reduced on the back of a decline in charter flights.

In terms of balance sheet and cashflow, AAX charted a cash balance of RM25 million for the period ending 30 June 2022, primarily generated from the progressive and promising business opportunities centred around the resumption of scheduled passenger flights, charter and cargo flights.



Regarding the airline performance results and outlook, **CEO of AirAsia X Malaysia Benjamin Ismail** remarked: "In the previous quarter ending 31 March 2022, AAX successfully completed its milestone for the completion of debt restructuring on 16 March 2022.

"Even as the airline operates in a strenuous and demanding environment which features high fuel prices and a weakened Malaysian Ringgit against the United States Dollar, coupled with remaining travel restrictions in certain key markets such as China, Japan and Taiwan, AAX is now on a strong path to recovery.

"We value the great support of our passengers and travel agents who have stood by us over the past two years. Our guests always come first and we expect to complete the total issuance of travel vouchers and credits to all affected parties in coming weeks as a key priority. The financial provision for this purpose is provided for during this quarter, with the recognition of the travel vouchers recorded as revenue on a per use basis which will continue over the 5-year validity period. In terms of average base fare, we continue to see a healthy trend of circa RM757, a pleasing uptrend from pre-COVID-19 levels, while still providing the best-valued fares in our category in the market.

"After the worst two years in aviation history we are back, stronger than ever. We look forward to resuming services to everyone's favourite medium haul destinations in coming months and to even longer haul new destinations which will provide our guests with greater value and choice to meet strong pent up demand. We are also pleased to be returning more aircraft to service and gradually reinstating our valued staff who were on furlough during the pandemic."

Moving forward, AAX is optimistic of its advanced partnership with Capital A Group to leverage on a broad range of resources for its robust operational scale-up strategy. Post restructuring, with the intention to enhance the ramp up of the airline's operations, AAX had announced on 18 August 2022 that it intends to seek shareholders' approval in respect of the partnership through a Proposed Shareholders' Mandate at an extraordinary general meeting ("EGM") of the Company.

In respect of the partnership with Capital A Group, **Acting Group CEO of AirAsia X Tony Fernandes** said: "The Company is currently lean in its infrastructure as a result of debt restructuring with perhaps the lowest operating cost base of any airline in its category. However, as certain travel restrictions in many countries still apply, the investment in infrastructure and staff to support the ramp up of airline's operations will result in some additional costs and time for the short term.

"We intend to seek shareholders' approval at the upcoming EGM for the purpose of entering into agreements with Capital A Group to seamlessly bolster and scale up the Company's operations. We will be able to leverage on the capabilities within Capital A Group in terms of commercial requirements, cargo flight operations and technical maintenance requirements to name a few - all the while ensuring that AAX's costs are at its leanest during this very crucial resumption period for the airline. Further details will be circulated via a circular to shareholders in due course.

"Over the past two years AAX has already put in place a stronger platform for a successful and viable future and much more is yet to come. Our network strategy remains firmly committed to flying the most



popular and profitable routes as we return to the skies. The scheduled passenger flights to Seoul and Delhi which commenced recently are just the beginning. In the coming months we will be reactivating more aircraft to return to popular medium haul leisure destinations in Australia, South Korea, Japan, Saudi Arabia. Soon, we will also be launching new short haul services to Bali for the first time and more exciting new longer haul destinations to Istanbul, Dubai and London, which will start operations by the end of the year.

"We expect to ramp up flight frequencies and return to daily services to most destinations before 2023, with optimised aircraft utilisation of 15 hours by December.

"We also see positive signs for a stronger return to China and travel restrictions removed in all of our core markets in the not too distant future which will provide a significant boost to our operations.

"In terms of our associate's performance, AirAsia X Thailand posted a revenue of USD14.8 million during the quarter, and reported a net loss of USD40.5 million. As AirAsia X Thailand embarks on its rehabilitation plan, cash balance was recorded at USD13.3 million on the back of prudent cash management. Further details on AirAsia X Thailand's rehabilitation plan will be announced in due course. Once successful, we are confident that AirAsia X Thailand's revamp of the company's administration process and revised debt structure will deliver greater efficiencies and a solid platform for robust future growth."

Currently, AAX operates a fleet of 5 A330s from a fleet of 11 A330 aircraft. The airline expects to increase its operating fleet to 15 A330 aircraft by the first half of calendar year 2023 to meet strong consumer demand. AAX currently operates scheduled passenger flights to Seoul, South Korea and Delhi, India, and has announced a return of services to Australia and Japan by end of the year, in addition to new long haul routes to Istanbul, Dubai and London.

AAX had on 18 August 2022 announced the change of its financial year end to 31 December 2022, hence covering a period of 18 months. This came on the back of the completion of its restructuring exercise, to enhance the airline's operations and recovery strategy, on top of recalibrating its focus on the revamped business plan. AAX had previously on 2 December 2020 announced the change in its financial year end from 31 December 2020 to 30 June 2021. Consequently, there will be no available comparative financial information for the preceding financial year's corresponding periods.

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