



FOR IMMEDIATE RELEASE

AIRASIA X 4Q18 FINANCIAL RESULTS NET OPERATING PROFIT OF RM27.4 MILLION DESPITE HIGHER FUEL PRICE

SEPANG, 21 February 2019 – AirAsia X Berhad (“AAX” or “the Company”) today reported its financial results for the Fourth Quarter (“4Q18”) and Full Financial Year ended 31 December 2018 (“FY2018”).

During the fourth quarter, the Company recorded a revenue of RM1,148.1 million, down by 6% year-on-year (“YoY”) as compared to RM1,220.5 million in the same period last year. The decrease in revenue was attributed to lower scheduled flight revenue following a 6% YoY drop in average base fare to RM490 per passenger in 4Q18. The number of passengers carried decreased 3% YoY to 1,498,618 passengers as passenger load reduced to 78%, on the back of a largely unchanged available seat per kilometre (“ASK”) at 9,162 million. Revenue per Available Seat Kilometre (“RASK”) decreased by 6% YoY to 12.53 sen. That said, the Company is pleased to highlight that the RASK had improved by 2% as compared to 3Q18 following improvements of RASK from South Korean routes. Passenger load factor (“PLF”) stood lower as there were impact on several routes – Japan and Indonesia regions – which were hit by natural disasters. Load factor for Kathmandu route was also significantly impacted on the back of gradual route termination done in 4Q18 as well as Nepalese government ban on workers going to Malaysia. The drop in load factor was also partly due to the additional frequencies that were added during the year. Frequencies to Honolulu, Hangzhou, Sapporo, Busan and Taipei were increased as the Company seized the opportunity to invest substantial capacity to strengthen our leadership position in core markets as well as realigning routes to ensure full optimisation of our network. All of these factors contributed to the decrease in RASK. Nevertheless, the Company’s cost, measured in term of Cost per Available Seat Kilometre (“CASK”) improved by 1% YoY to 12.27 sen. It is also worth to note that CASK in 4Q18 improved by 16% compared to 3Q18 on the back of enhanced cost management.

On a positive note, on a full year basis, AirAsia X Malaysia posted record number of passengers flown at 6.17 million, up 6% YoY, in-line with 7% capacity growth YoY and as a Group, AirAsia X Thailand’s performance continues to soar as it posted a record-breaking year, posting a net operating profit (“NOP”) of USD12.0 million for full year 2018. AirAsia X Thailand’s total passengers carried in 2018 was up by an impressive 24% to 2.01 million in-line with 32% capacity growth. In 2019, the Group will leverage on AirAsia X Thailand’s momentum and tap into new markets from Bangkok with an additional 5 A330 aircrafts.

Throughout 2018, AirAsia X Malaysia has optimised its route network by terminating non-core routes, redeploying capacity to new destinations and increase frequencies on core routes. These initiatives have set the platform for the Group to build and capitalise on a tighter network, and leverage on the strengths of both Malaysian and Thailand hubs to drive up frequency into core routes and complement the Group’s market leadership strategy.

The Company posted NOP of RM27.4 million in 4Q18 as compared to NOP of RM119.8 million in the same period of 2017. This was mainly attributed by increase in average fuel price from USD69 per barrel in 4Q17 to USD89 per barrel in 4Q18. Net loss for the quarter stood at RM99.3 million as compared to profits of RM84.4 million in 4Q17 mainly due to impact of deferred taxation.

Press Release



For the full year 2018, AAX revenue remained fairly flat at RM4.54 billion. Net operating loss ("NOL") of RM218.8 million was recorded in 2018 against profits of RM84.6 million in 2017, mainly due to significantly higher fuel prices in 2018 and provision for impairment on amount due from joint venture. Excluding the provision for doubtful debt, normalised NOL is a lot narrower at RM68.9 million.

AirAsia X Group CEO Nadda Buranasiri said, "The Group has weathered a challenging year with higher global fuel prices. Overall, operationally 2018 has seen many positives as we continue to drive a sustainable low-cost long-haul business model and solidify our strong brand presence in the markets in which we operate. On a full-year basis, AirAsia X Malaysia posted record number of passengers flown at 6.17 million, up 6% YoY, in-line with 7% capacity growth YoY, despite over 29% increase in fuel price YoY.

On managing cost, it remains the Company's priority, measured by CASK. CASK ex-fuel saw a reduction of 16% YoY and 25% compared to 3Q18 demonstrating our resilience in improving cost efficiency. We also expect operational CASK ex-fuel to be lower in the coming quarters as the Company starts to reap the fruits from its cost saving initiatives mainly driven by lower aircraft lease rates and cheaper ground handling at foreign stations as well as One AirAsia initiatives targeted at improving overall operational efficiencies."

"AirAsia X Malaysia posted a steady load factor of 78% in 4Q18 with a net addition of three new routes YoY, while ASK capacity was flat YoY as compared to last year as the Company commenced flights to Changsha and Tianjin in December and capacity was deployed to shorter routes since termination of Tehran and Kathmandu during the year. Two aircraft were added during 4Q18 bringing the total fleet size of AirAsia X Malaysia to 24 Airbus A330s as at end of December 2018."

"On the associates, AirAsia X Thailand reports 17% higher revenue YoY on the back of a commendable 19% increase in passengers carried for 4Q18. With the addition of one new aircraft and one new route, AirAsia X Thailand posted yet strong load factor of 85% and ramped up ancillary per pax by 19% YoY to USD41 in 4Q18. On a full year basis, AirAsia X Thailand carried a total of 2.01 million passengers in 2018, up 24% as compared to 2017 and ASK capacity was also up 32% to 10,296 million, driven by introduction of Sapporo and Nagoya, in addition to frequency increase to Tokyo Narita. AirAsia X Thailand's average base fare was down by 5% YoY to USD138 as efforts were made to stimulate demand for new route to Nagoya launched in October and softer demand from Chinese tourists. Although 4Q18 recorded a NOL of USD8.3 million, results for the full year 2018 saw an encouraging NOP of USD12.0 million."

"AirAsia X Indonesia delivers a load factor of 70%, up by 4% from the same quarter last year, however passengers carried dropped significantly YoY to 48,180 in 4Q18 due to the closure of the Jakarta-Tokyo (Narita) route beginning October 2018. As the Company's last scheduled flight from Bali to Narita ended in January 2019, management is evaluating the available options for our Indonesian associate to ensure sustainability and plans are underway for AirAsia X Indonesia to operate on a non-scheduled commercial airline basis."

AirAsia X Malaysia CEO Benjamin Ismail added, "The Company's performance in fourth quarter 2018 continued to be impacted by the high global fuel prices. However, on a full-year basis, AirAsia X Malaysia posted record number of passengers flown at 6.17 million, up 6% YoY, in-line with 7% capacity growth YoY, mainly driven by the introduction of four new routes in 2018 and continued focus on building market share in core markets, while moving away from non-core countries such as Iran, Nepal and Maldives.



"We are confident that positive growth will return in coming quarters on the back of an improved forward booking trend and average fares trending better than the previous year. A new fares structure has been implemented and the company is actively driving up ancillary revenue, which will ultimately improve yield. The Management continues to maintain prudence in monitoring our operating expenses which is reflected in YoY reduction of CASK and CASK ex-fuel."

Outlook

On outlook, **AirAsia X Group CEO Nadda Buranasiri** also said, "We begin 2019 focused on our goal to ensure sustainable growth and profits. AirAsia X Group will be adding 5 leased aircraft in 2019 in Thailand for a total group fleet of 40 A330s by end of 2019 of which 2 of these aircraft are the brand new A330neo. This demonstrates our confidence in the medium-to-long haul low-cost space.

"AirAsia X Malaysia will focus on maximising aircraft utilisation of its current fleet and leverage on the Group's strategy in new route launches as well as increasing frequencies of core routes. AirAsia X Thailand will focus on leveraging on the existing strength of the AirAsia Group network and open up new markets from Bangkok in 2019.

"With a compelling long-term story, our Group intends to solidify its mark on the North Asian market and continue to fine tune our network as we continue our strategy of strengthening market share in our core markets. In 2018 alone, AirAsia X Malaysia launched 4 new destinations, Jaipur and Amritsar in India, Changsha and Tianjin in China; while AirAsia X Thailand launched Sapporo and Nagoya in Japan. Further, with the A330neo we will be well poised to expand our route network further, with Europe a possibility.

"Going into the coming quarters in 2019, we expect to reap the fruits of our cost saving initiatives from lower aircraft lease rates as well as lower ground handling rates at our foreign stations. Our CASK ex-fuel has already improved 16% YoY. As global fuel price has declined from high levels in 2018, we have begun to hedge a significant portion of our fuel requirements at lower fuel prices and there is a huge opportunity for the airline to improve CASK further in 2019. Our focus in data leadership will enable leveraging of our existing assets and customer pool to secure sustainable growth and increased profit per seat to further drive up ancillary income towards our vision in becoming a digital travel technology company."

"Both North Asia and our existing well performing routes will be a key focus for AirAsia X Group this year as we continue to drive country dominance in our core markets. We look forward to unlock further synergies with AirAsia Group to fully optimise our route network and we are confident of our ability to leverage on our strengths and scale to meet air travel demand in Asia. With improved balance sheet and solid forward bookings, as well as AirAsia X Thailand listing in the pipeline, it will provide the necessary cash flow required to continue to strategically expand our network and grow our business as we strive to be the leader in the medium-to-long haul low-cost market."

ENDS

Press Release



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 4600

Email: hanifidrose@airasia.com

Communications:

Vanessa Regan

Direct Line: (603) 8660 4600

Email: vanessaregan@airasia.com

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

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.