

Media Statement

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AirAsia X restructures to facilitate fresh equity to restart airline and appoints Deputy Chairman to lead restructuring

SEPANG, 6 October 2020 - AirAsia X Berhad (AirAsia X) today announced a restructuring plan geared at facilitating an injection of fresh equity which will allow the airline to fly again. AirAsia X also appoints Dato' Lim Kian Onn as the Deputy Chairman to lead the airline restructuring. He is a Chartered Accountant and was an investment banker. He has been a Board member of AirAsia X since 2012.

AirAsia X is facing severe liquidity constraints. Travel and border restrictions have grounded all scheduled flights and there is no imminent return to normalcy.

An imminent default of contractual commitments will precipitate a potential liquidation of the airline.

A major debt restructuring and a renegotiation of its financial obligations are pre-requisites for any raising of fresh equity which will be required to restart the airline.

For 13 years AirAsia X, as a market leader in medium-haul low-cost flying, has delivered affordable flights to many destinations and created jobs for the airline, related travel and tourism industries as well as contributing to Malaysia's GDP growth.

The Board and management have assessed various options and propose a restructuring plan which if approved, will secure the airline's continued ability to fly again. The plan includes:

A. Debt Restructuring Scheme

proposed debt settlement and waiver of debts involving unsecured creditors, aimed at enabling the Group to address its debt obligations in an orderly manner and to arrive at a debt structure that is sustainable from future operating cash flows;

B. Revision of the Group's Business Plan

route network rationalisation, aircraft fleet right-sizing, cost base overhaul and workforce optimisation, all aimed at ensuring a leaner and more sustainable business going forward;

C. Engagement with Business Partners

key success factors to the proposed restructuring plan include the support from business partners to continue the long-term relationship pre- and post-restructuring. AirAsia X continues to engage all key business partners and hopes to enter into contracts, agreements and/or arrangements that are reflective and supportive of the airline's revised business plan upon successful completion of the restructuring which is critical to the future viability of the business;

D. Airline customer and Travel Agents

under the Proposed Scheme, AirAsia Unlimited Pass holders and guests with valid flight bookings will receive travel credits with extended validity for future travel or purchase of seat inventory.

The proposed restructuring plan and establishment of new contracts, agreements and/or arrangements based on terms to be agreed upon which are sustainable based on the Group's revised business plan is aimed to right-size the Group's level of operations and financial obligations, which is crucial to the

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Group's continued existence in the aviation landscape. These exercises are pre-requisite for the raising of any fresh capital, comprising both equity and debt needed to implement the Group's revised business plan.

In the last two months the Company has had extensive discussions with all major creditors. Whilst there are varying degrees of support for the restructuring scheme as has been proposed, all of them have expressed strong support for a continuation of the airline business.

AirAsia X CEO Benjamin Ismail said, "AirAsia X and other airlines the world over are struggling to survive amidst the global crisis of COVID-19 pandemic. We remain committed to our guests, Allstars, business partners and shareholders to ensure we build a viable and sustainable airline for the long-haul, and for the survival of this airline, the proposed restructuring plan is our only option.

"It has been extremely difficult for the airline during this period as we had to ground all scheduled flights, implement salary cuts and retrenchment for the first time in the company's history as a consequence of the pandemic. Similar exercises are likely to continue during the restructuring process, but our focus is to ensure a successful restructuring to keep as many jobs as possible.

"We have a low cost base, we are in the right part of the market and many of our key markets are in green zones which are likely to reopen first. We have a robust recovery strategy in place, and with the continued support from our stakeholders, we will overcome all challenges and come out stronger."

Benjamin Ismail also added, "In order to safeguard Malaysia's vested interest through the aviation industry, regional air connectivity is essential for trade, businesses and economic growth, especially to our core markets of China, Japan, Korea and Australia where we have established a strong foothold. The closure of these markets can impact the stimulus spending, GDP contribution and employment within the supply chain of the aviation industry. As other airlines struggle in the current market condition, AirAsia X strives to emerge stronger once the market recovers. Our immediate focus is to obtain all necessary approvals and execute the proposed restructuring plan over the next few months.

"Under the Proposed Scheme, AirAsia X Unlimited Pass holders and guests with valid flight bookings will receive travel credits with extended validity for future travel or purchase of seat inventory. We assure you that we will resume operations as soon as possible once the border restrictions are lifted. Your steadfast support is greatly appreciated."

AirAsia X continuously reviews its network resumption timeline and has an ongoing dialogue with tourism and airport authorities, governments and other industry stakeholders to pave the way for the prospect of travel bubbles in green zone countries.

Despite the unprecedented setback brought by COVID-19, this also provides an opportunity for AirAsia X to transform and reinvent the product and business strategy to emerge in a stronger and more sustainable financial position, capable of attracting new equity and debt funding critical to the long-term viability and continuity of AirAsia X.

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