Press Release

AirAsia X posts net profit of RM80.1 million with over 8% margin, unit cost lowest against peers at US¢2.95 while ancillary performance exceeds expectations at best-ever RM251 per pax

- *Revenue up 66% YoY to RM908.9 million in line with 90% increase in number of passengers carried*
- *Passenger Load Factor of 83% in 1Q24 driven by peak travel demand*
- *Unit cost lowest among peers at 13.93 sen/US¢ 2.95*
- *Ancillary revenue per passenger best-ever at RM251*

SEPANG, 27 May 2024 - AirAsia X Berhad ("AirAsia X" or the "Company") recorded a solid head start in 2024, demonstrating a robust growth trajectory in its financial results for the First Quarter of 2024 ("1Q24") ended 31 March 2024.

The Company reported revenue of RM908.9 million in 1Q24, increasing by 66% year-on-year ("YoY"), attributed to a 90% YoY surge in the number of passengers carried to 959,623, while capacity stood at 1,155,788 seats. Driven by the strong demand arising from key festive seasons and school holidays, the Company posted a solid Passenger Load Factor ("PLF") of 83%, up three percentage points YoY, with best-performing routes in China, India and Japan recording over 90% PLF, while the Company's Available Seat Kilometres ("ASK") increased by 74% YoY in line with solid market demand. In 1Q24, the Company posted RM80.1 million net profit, with over 8% margin against its revenue.

In terms of costs, the Cost per Available Seat Kilometre ("CASK") in 1Q24 is the leanest of comparable airlines in the industry at 13.93 sen/US¢2.95. When compared against the CASK of 15.71 sen/US¢3.35 charted in the previous quarter, CASK has further reduced by about 11%. Primarily, this was driven by lower operating expenses including the easing of jet fuel prices and buoyed by the hike in ASK capacity. In 1Q24, RASK stood at 18 sen, driven by an average fare of RM650 as capacity returned across the industry. Against the preceding quarter, RASK improved by 5%.

In 1Q24, ancillary revenue per passenger increased by 3% YoY at record-level RM251, driven by new product offerings optimised for the markets, with personalisation, platform and booking flow enhancements, and further boosted with the introduction of trendy food and beverages ("F&B") by SANTAN in collaboration with popular F&B businesses.

On network, driven by the commitment to accelerate and regain market leadership and following the extension of the visa-exemption policy to China until 2025, the Company increased flight frequencies to its popular routes in the country, namely Chengdu, Beijing and Shanghai, on top of ramping up flight frequency to leisure favourite Bali in Indonesia. Overall, the Company delivered an 85% YoY increase in the number of stages to 3,184, with total weekly flights on average, at 135 flights per week for 1Q24.

In terms of associate's performance, AirAsia X Thailand ("TAAX") reported revenue of RM543.4 million, surging 52% YoY, and posted a net profit of RM46.4 million due to a foreign exchange loss of RM55.8 million. At a normalised level, TAAX would have posted a net profit of RM102.2 million, up by 11% YoY. Operationally, TAAX's number of passengers rose by 51% YoY to 437,764 passengers, leading to TAAX delivering a strong PLF of 89%, up by one percentage point YoY. Demonstrating healthy demand in the market, TAAX's seat capacity and ASK capacity surged by 49% and 37% YoY to 492,497 seats and 2,199 million respectively.

AirAsia X's total fleet size remained at 18 A330s as of the end of March 2024, with 16 aircraft now activated and operational. TAAX's fleet size stood at seven A330s, with an additional aircraft reactivated during the quarter, bringing its fleet of activated and operational aircraft to six.

AirAsia X CEO Benyamin Ismail said, "We expect the two remaining aircraft to rejoin the operational fleet in July and November this year, while we work towards ensuring our fleet requirements for further growth in the future are secured. At present, we welcome the recent announcement of the extension of the visa-exemption policy to China until 2025; since the relaunch of routes to China, PLF in the country has been strong at about mid-90%, while all-new Almaty proved successful in Central Asia with over 90% PLF routinely trending since its launch.

"Looking to the future, we are excited about the A321XLR aircraft on our orderbook, which will bring our growth ambitions to fruition, as it unlocks a range of up to nine hours with a reduced cost base compared to our current fleet. With its reduced capacity, the A321XLR gives greater flexibility for network planning and elevates even more second-tier pairing. This aircraft is expected to lower the break-even point for the airlines, ultimately boosting our margin. As it is, for 1Q24, our profit margin is robust at over 8%.

"On FlyThru, connectivity stands at 22%, led by Australia and India, with synergies leveraged with the broader AirAsia Group more encouraging than ever. This paves the way for the Company's strong future growth ambitions, ultimately leading to our ongoing engagement with Capital A Berhad ("Capital A") for the proposed acquisition of Capital A's aviation business, which is envisioned to establish an enlarged group of airlines with the 'AirAsia' brand as a global low-cost network carrier group, establishing elevated synergistic benefits through centralised decision-making and coordinated network plans.

"In addition, the proposed acquisition provides all-important access to an orderbook with over 400 new specification aircraft deliveries that are currently under Capital A. This gives us unbounded expansion opportunities at a time when growth opportunities world over are limited due to bottlenecks in the supply chain which have, in turn, delayed aircraft delivery for us.

"In the next two quarters, we are mindful that the Company is entering a traditionally softer travel period based on historical seasonality. However, we are encouraged by recent fare trends and cost structure, as we step up aircraft utilisation to ensure that efficiency is top-tier."

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