

SUBJECT: AIRASIA X BERHAD ("AIRASIA X" OR "THE COMPANY")
- PURCHASE OF 55 AIRBUS A330-900NEO AIRCRAFT ("A330neo")

INTRODUCTION

Further to the announcements made on 19 December 2013 on Incremental Purchase Agreement for twenty five (25) Airbus A330-300 aircraft ("A330ceo") and 16 July 2014 on Memorandum of Understanding ("MOU") to purchase fifty (50) A330neo, AirAsia X is pleased to announce that it had entered into a Purchase Agreement with Airbus S.A.S ("Airbus") recently to purchase fifty five (55) A330neo aircraft ("Aircraft Purchase").

DETAILS OF THE AIRCRAFT PURCHASE

The purchase consideration for the fifty five (55) A330neo aircraft was approximately USD15.2 billion based on the list price and a reduction in the incremental purchase of A330ceo from twenty five (25) to ten (10).

The Company has also signed an Engine Purchase Agreement with Rolls-Royce to supply the Rolls-Royce Trent 7000 engines for the A330neo aircraft, and Trent 700 engines for the A330ceo aircraft.

As at 31 December 2014, the Company would have taken delivery of twenty three (23) A330ceo aircraft: sixteen (16) A330ceo aircraft from Airbus, six (6) leased from International Lease Finance Corporation ("ILFC") and one (1) from Ansett Worldwide Aviation (Labuan) Inc ("AWAS"). The Company's total fleet size is expected to reach eighty two (82) by the end of 2026, taking into account aircraft returned on completion of operating lease periods.

The delivery of eight (8) A330ceo aircraft for 2015 remain on schedule, while the revised delivery schedule from 2016 to 2026 is set as below:-

Number of Aircraft	Aircraft Type	Scheduled Delivery Year
4	A330ceo	2016
5	A330ceo	2017
3	A330ceo	2018
2	A330neo	2018
5	A330neo	2019
7	A330neo	2020
7	A330neo	2021
8	A330neo	2022
8	A330neo	2023
8	A330neo	2024

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8	A330neo	2025
2	A330neo	2026

RATIONALE FOR THE AIRCRAFT PURCHASE

These aircraft are being planned as part of the Company's future fleet and hub expansion, as well as replacement aircraft from the existing fleet and orders, as some of the Company's existing aircraft will start reaching 12-year age from 2020.

The A330neo aircraft reduces fuel consumption by about 14% per seat and increases flight range up to 400 nautical miles. The range capability enables possible direct flights from Kuala Lumpur to Europe.

FUNDING FOR THE AIRCRAFT PURCHASE

The aircraft deliveries will be funded by a combination of borrowings, Company's internal reserves and cash generated by its operations. The external sources of funding include but not limited to export credit guaranteed borrowings, conventional and Islamic commercial loans and sale and leaseback transactions.

AirAsia X will continue to explore financing structures that are cost efficient and will not deteriorate its balance sheet and cash flow.

Specifically, the Company expects to use operating leases for all of its 2015 aircraft deliveries, to reduce up-front cash requirements and maintain its target of achieving positive Free Cash Flow.

FINANCIAL EFFECTS OF THE AIRCRAFT PURCHASE

There are no immediate term financial effects. The Aircraft Purchase is expected to contribute positively for the financial year immediately following the first year of its delivery and to the future earnings of the Company. The Aircraft Purchase is not expected to have an adverse effect on the net assets and the issued and paid-up share capital of the Company.

This transaction is a transaction in the ordinary course of business of the Company.

DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

None of the directors and/or major shareholders of the Company and persons connected to them, insofar as the existing directors and major shareholders are able to ascertain and are aware, has any interest, direct or indirect, in the proposed Aircraft Purchase as mentioned above.

This announcement is dated 15 December 2014