



AIRASIA X BERHAD

(Company No. 734161-K)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2019

ANNOUNCEMENT

The Board of Directors of AirAsia X Berhad (“AirAsia X” or “the Company”) is pleased to announce the following unaudited consolidated results of AirAsia X and its subsidiaries (collectively known as “the Group”) for the third quarter ended 30 September 2019.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended	Quarter ended	Period Ended	Period Ended
		30/09/2019	30/09/2018	30/09/2019	30/09/2018
		RM'000	RM'000	RM'000	RM'000
Revenue	10	1,014,696	1,083,898	3,196,968	3,416,958
Operating Expenses					
- Staff costs	11	(101,302)	(90,670)	(317,771)	(308,138)
- Aircraft fuel expenses		(369,984)	(476,422)	(1,224,956)	(1,387,865)
- Maintenance and overhaul		(180,834)	(114,295)	(506,486)	(426,512)
- User charges		(61,189)	(118,927)	(301,029)	(397,237)
- Aircraft operating lease expenses		-	(223,366)	-	(655,575)
- Other operating expenses		(84,339)	(215,339)	(259,881)	(380,242)
Other income	12	2,719	1,269	19,717	3,880
Share of results of an associate	17	-	(14,119)	(1,104)	10,113
Share of results of a joint venture	18	-	-	-	-
EBITDA *		219,767	(167,971)	605,458	(124,618)
Depreciation		(234,517)	(48,634)	(680,923)	(103,125)
Finance income	13	23,388	4,593	43,954	14,336
Finance costs	13	(78,095)	(7,338)	(253,643)	(22,651)
Net Operating (loss)/profit		(69,457)	(219,350)	(285,154)	(236,058)
Foreign exchange gains/(losses)	13	(87,641)	(20,154)	(81,760)	3,297
Other losses		-	(8,334)	-	(24,522)
Profit/(loss) before taxation		(157,098)	(247,838)	(366,914)	(257,283)
Taxation					
Current taxation	14	(1,036)	(298)	(2,112)	(2,580)
Deferred taxation	14	(71,760)	50,667	(24,647)	46,433
		(72,796)	50,369	(26,759)	43,853
Profit/(loss) for the financial period		(229,894)	(197,469)	(393,673)	(213,430)
Attributable to:					
Equity holders of the Company		(229,894)	(197,469)	(393,673)	(213,430)
Non-controlling Interests		-	-	-	-
		(229,894)	(197,469)	(393,673)	(213,430)
Profit/(loss) per share (sen)					
Basic	24	(5.5)	(4.8)	(9.5)	(5.1)
Diluted	24	(5.5)	(4.8)	(9.5)	(5.1)

* Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")

This unaudited condensed consolidated income statement should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached in the interim financial statements.



AIRASIA X BERHAD

(Company No. 734161-K)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period Ended	Period Ended
	30/09/2019 RM'000	30/09/2018 RM'000	30/09/2019 RM'000	30/09/2018 RM'000
Profit/(loss) for the financial period	(229,894)	(197,469)	(393,673)	(213,430)
Other comprehensive income/(loss)				
Cash flow hedges	(98,413)	13,048	33,389	13,843
Foreign currency translation differences	(122)	12	1	(74)
Total comprehensive income/(loss) for the financial period	(328,429)	(184,409)	(360,283)	(199,661)
Total comprehensive profit/(loss) attributable				
To equity holder of the company	(328,429)	(184,409)	(360,283)	(199,661)
Non-controlling interest	-	-	-	-
Total comprehensive income/(loss) for the financial period	(328,429)	(184,409)	(360,283)	(199,661)

This unaudited condensed consolidated income statement should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached in the interim financial statements.



AIRASIA X BERHAD

(Company No. 734161-K)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2019

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION**

	Note	Unaudited As At	Audited As At
		30/09/2019 RM'000	31/12/2018 RM'000
NON-CURRENT ASSETS			
Property, plant & equipment	15	608,768	624,964
Right of use assets		5,764,010	-
Investment in an associate	17	-	-
Investment in a joint venture	18	-	-
Deferred Tax Assets		350,583	385,753
Other deposits and prepayments	16	2,017,391	1,714,195
Amount due from an associate		57,803	67,287
		8,798,555	2,792,199
CURRENT ASSETS			
Inventories		13,341	13,257
Trade and other receivables	19	209,381	189,837
Amount due from an associate		97,505	-
Amounts due from related parties		76,431	48,851
Tax recoverable		-	806
Deposits, cash and bank balances	20	401,356	297,609
		798,014	550,360
Non-current assets held for sale		-	999,012
		798,014	1,549,372
CURRENT LIABILITIES			
Sales in advance		702,379	676,245
Derivative financial liabilities	21	18,640	96,811
Trade and other payables	22	723,022	1,102,512
Amount due to an associate		-	7,777
Amount due to related parties		59,327	97,381
Borrowings	23	806,856	192,324
		2,310,224	2,173,050
Net Current Liabilities		(1,512,210)	(623,678)
NON-CURRENT LIABILITIES			
Derivative financial liabilities	21	67,914	33,675
Trade and other payables	22	53,261	52,767
Borrowings	23	5,447,365	494,728
Provision for aircraft maintenance		1,504,426	1,013,689
		7,072,966	1,594,859
		213,379	573,662
CAPITAL AND RESERVES			
Share capital		1,534,043	1,534,043
Warrant reserve		62,222	62,222
Other reserves		(65,780)	(99,169)
Currency translation reserve		30	29
Accumulated losses		(1,317,136)	(923,463)
Shareholders' equity		213,379	573,662

This unaudited condensed consolidated income statement should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached in the interim financial statements.



AIRASIA X BERHAD

(Company No. 734161-K)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Issued and fully paid
ordinary shares
of RM0.15 each

	Number of shares '000	Nominal Value RM'000	Warrant Reserve RM'000	Cash Flow Hedge Reserve RM'000	Currency Translation Reserve RM'000	Accumulated Losses RM'000	Total Equity RM'000
At 1 January 2019	4,148,148	1,534,043	62,222	(99,169)	29	(923,463)	573,662
Net profit/(loss) for the financial period	-	-	-	-	-	(393,673)	(393,673)
Other comprehensive income/(loss)	-	-	-	33,389	1	-	33,390
Total comprehensive income/(loss)	-	-	-	33,389	1	(393,673)	(360,283)
At 30 September 2019	4,148,148	1,534,043	62,222	(65,780)	30	(1,317,136)	213,379
At 1 January 2018	4,148,148	1,534,043	62,222	(795)	178	(621,981)	973,667
Net profit/(loss) for the financial period	-	-	-	-	-	(213,430)	(213,430)
Other comprehensive income/(loss)	-	-	-	13,843	(74)	-	13,769
Total comprehensive income/(loss)	-	-	-	13,843	(74)	(213,430)	(199,661)
At 30 September 2018	4,148,148	1,534,043	62,222	13,048	104	(835,411)	774,006

This unaudited condensed consolidated income statement should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached in the interim financial statements.



AIRASIA X BERHAD

(Company No. 734161-K)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	Note	Period Ended	Period Ended
		30/09/2019	30/09/2018
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before tax		(366,914)	(257,283)
Adjustments:			
Property, plant and equipment			
- Depreciation		680,923	103,125
- Write-off		10	7,801
- Loss on disposal		90,418	-
Allowance for impairment of receivables		-	132,194
Finance cost		229,048	22,651
Finance income		(13,048)	(14,336)
Discounting of interest on deposits		(6,311)	-
Fair value loss on derivative financial instruments		-	24,522
Share of results of an associate		1,104	(10,113)
Net unrealised foreign exchange gains/(loss)		80,766	6,461
		695,996	15,022
Changes in working capital:			
Inventories		(84)	(2,928)
Trade and other receivables		22,528	48,614
Related parties balances		(153,207)	(45,426)
Trade and other payables		(239,872)	202,643
Sales in advance		26,134	(64,290)
Cash from operations		351,495	153,635
Finance costs paid		(5,083)	(23,259)
Interest received		7,172	14,176
Tax paid		(676)	(2,674)
Net cash generated from operating activities		352,908	141,878
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment			
- Additions		(20,474)	(162,902)
- Proceeds from disposal of property, plant and equipment		908,594	-
Additional subscription of shares in associates		(1,104)	-
Net cash generated from/(used in) investing activities		887,016	(162,902)



AIRASIA X BERHAD

(Company No. 734161-K)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2019

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
(CONT'D.)**

	Period Ended 30/09/2019 RM'000	Period Ended 30/09/2018 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of term loans and hire purchase	(363,427)	(138,962)
Repayments of lease liabilities	(550,226)	-
Interest paid	(223,965)	-
Deposits pledged as securities	(455)	(3,427)
Net cash used in financing activities	(1,138,073)	(142,389)
NET INCREASE FOR THE FINANCIAL PERIOD	101,851	(163,413)
CURRENCY TRANSLATION DIFFERENCES	1,441	(7,103)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	252,604	391,447
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	355,896	220,931

Note

20

This unaudited condensed consolidated income statement should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached in the interim financial statements.



AIRASIA X BERHAD

(Company No. 734161-K)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2019

KEY OPERATING STATISTICS - 30 SEPTEMBER 2019

Performance indicator for current quarter against the same quarter last year

Quarter Ended : 30 September	Jul - Sep 2019	Jul - Sep 2018	Changes Y-O-Y
Seat capacity	1,834,613	1,892,163	-3%
Passengers carried	1,488,657	1,511,625	-2%
Load factor	81%	80%	1%
RPK (millions)	6,894	7,005	-2%
ASK (millions)	8,520	8,806	-3%
Average passenger fare (RM)	464	473	-2%
Ancillary revenue per passenger (RM)	160	167	-4%
Revenue per ASK (sen)	11.91	12.32	-3%
Revenue per ASK (US¢)	2.86	2.99	-5%
Cost per ASK (sen)	12.11	14.62	-17%
Cost per ASK (US¢)	2.91	3.57	-19%
Cost per ASK (sen) - excluding fuel	7.77	9.21	-16%
Cost per ASK (US¢) - excluding fuel	1.86	2.25	-17%
Aircraft (end of period)	38	32	19%
Average sector length (km)	4,697	4,701	0%
Sectors flown	4,879	5,019	-3%
Fuel consumed (Barrels)	1,219,301	1,275,324	-4%
Average fuel price (USD/ Barrel)	73	91	-20%
Average Exchange Rate (USD/MYR)	4.1672	4.0908	2%

Definitions and calculation methodology

RPK (Revenue Passenger Kilometres)	Number of passengers carried multiplied by distance flown
ASK (Available Seat Kilometres)	Total available seats multiplied by the distance flown
Revenue per ASK	Total revenue divided by ASK
Cost per ASK	Total expenses before interest and tax divided by ASK
Cost per ASK - excluding fuel	Costs, as defined above, less fuel expenses, divided by ASK
Average passenger fare	Total schedule flight revenue, divided by number of passengers



AIRASIA X BERHAD

(Company No. 734161-K)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2019

NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 2019

1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134: “Interim Financial Reporting” and paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirements.

The interim financial statements should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2018.

For comparison purposes, the consolidated income statement for the quarter and period ended 30 September 2019 based on presentation in the audited financial statements, which is in line with the requirements of MFRS 134: Interim Financial Reporting, will be as follows:

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended	Quarter ended	Period Ended	Period Ended
		30/09/2019 RM'000	30/09/2018 RM'000	30/09/2019 RM'000	30/09/2018 RM'000
Revenue	10	1,014,696	1,083,898	3,196,968	3,416,958
Operating Expenses					
- Staff costs	11	(101,302)	(90,670)	(317,771)	(308,138)
- Depreciation		(234,517)	(48,634)	(680,923)	(103,125)
- Aircraft fuel expenses		(369,984)	(476,422)	(1,224,956)	(1,387,865)
- Maintenance and overhaul		(180,834)	(114,295)	(506,486)	(426,512)
- User charges		(61,189)	(118,927)	(301,029)	(397,237)
- Aircraft operating lease expenses		-	(223,366)	-	(655,575)
- Other operating expenses		(84,339)	(215,339)	(259,881)	(380,242)
Other income	12	2,719	1,269	19,717	3,880
Operating profit/(loss)		(14,750)	(202,486)	(74,361)	(237,856)
Finance income	13	23,388	4,593	43,954	14,336
Finance costs	13	(78,095)	(7,338)	(253,643)	(22,651)
Net operating profit/(loss)		(69,457)	(205,231)	(284,050)	(246,171)
Foreign exchange gains/(losses)	13	(87,641)	(20,154)	(81,760)	3,297
Share of results of an associate	17	-	(14,119)	(1,104)	10,113
Share of results of a joint venture	18	-	-	-	-
Other losses		-	(8,334)	-	(24,522)
Profit/(Loss) before taxation		(157,098)	(247,838)	(366,914)	(257,283)
Taxation					
Current taxation	14	(1,036)	(298)	(2,112)	(2,580)
Deferred taxation	14	(71,760)	50,667	(24,647)	46,433
		(72,796)	50,369	(26,759)	43,853
Profit/(loss) for the financial period		(229,894)	(197,469)	(393,673)	(213,430)



AIRASIA X BERHAD

(Company No. 734161-K)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2019

NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 2019

2. Summary of significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of MFRS 16 Lease which is effective as of 1 January 2019. The Group did not early adopt any new standards, interpretation or amendment that has been issued but is not yet effective.

At the beginning of the current financial year, the Group and the Company have adopted MFRS 16: Leases. MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

MFRS 16 has been adopted by the Group as at 1 January 2019 using the modified retrospective method of adoption which measures the lease liabilities based on the present value of future lease payments calculated using the incremental borrowing rate and exchange rate at date of transition. Lease payments would be split into principal and interest payments, using the effective interest method.

Correspondingly, the right-of-use ("ROU") assets will be the present value of the liability at the commencement date of the lease, adding any directly attributable costs. The ROU asset will be depreciated on a straight-line basis over the shorter of the lease term and useful life of the leased asset.

The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying MFRS 117 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). As the modified retrospective method of adoption is applied, comparative figures are not restated.



AIRASIA X BERHAD

(Company No. 734161-K)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2019

NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 2019

The adoption of MFRS 16 has the following impact on the unaudited consolidated financial statements for the quarter ended 30 September 2019.

	Unaudited 30/09/2019 Normalised RM'000	Impact of MFRS 16 adoption RM'000	Unaudited 30/09/2019 with adoption of MFRS 16 RM'000
Right of use assets	-	5,764,010	5,764,010
Lease liabilities	-	5,929,829	5,929,829
Depreciation	(10,281)	(224,236)	(234,517)
Aircraft operating lease	(263,840)	263,840	-
Other operating expenses	(85,179)	840	(84,339)
Finance costs	(6,443)	(71,652)	(78,095)
Foreign exchange loss	(14,646)	(72,995)	(87,641)
	<u>(380,389)</u>	<u>(104,203)</u>	<u>(484,592)</u>

3. Auditors' report on preceding annual financial statements

The auditors have expressed an unqualified opinion on the audited Group's statutory financial statements for the financial year ended 31 December 2018 in their report dated 28 March 2019.

4. Seasonality of operations

AirAsia X is primarily involved in the provision of air transportation services and thus, is subject to seasonal demand for air travel. Passengers carried recorded in the 3Q 2019 declined by 2% year-on-year ("YoY") at 1,488,657 passengers while Passenger Load Factor ("PLF") stood at 81%.

5. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial period.

6. Changes in estimates

There were no changes in estimates that have had material effect on the results of current quarter and financial period.

7. Capital and reserves

There was no issuance of shares during the current quarter. Total issued and paid up share capital as at 30 September 2019 is 1,534,043,217 (30 September 2018: RM1,534,043,217).



AIRASIA X BERHAD

(Company No. 734161-K)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2019

NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 2019

8. Dividend paid

No dividends were declared, approved or paid during the quarter ended 30 September 2019.

9. Segment reporting

Operating segments are reported in a manner consistent with the internal management reporting provided to the chief operating decision maker, which is the Group's Chief Executive Officer ("GCEO"). The GCEO considers the business from a geographical perspective. The operating segments have been identified by each Air Operator Certificate ("AOC") held under the AirAsia brand, and are categorised as Malaysia, Thailand and Indonesia.

The GCEO assesses the performance of the operating segments based on revenue and net operating profit.

Reconciliation to the reportable segments relates to the elimination of the associate and joint venture companies.

The segment information provided to the GCEO for the reportable segments are as follows:

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination Adjustments RM'000	Total RM'000
Quarter ended 30 September 2019					
<u>Segment results</u>					
Revenue	1,014,696	382,021	48,092	(86,333)	1,358,476
Operating expenses					
- Staff costs	(101,302)	(47,413)	(6,308)	-	(155,023)
- Depreciation	(234,517)	(75,882)	(474)	56,381	(254,492)
- Aircraft fuel expenses	(369,984)	(182,510)	(1,680)	-	(554,174)
- Maintenance and overhaul	(180,834)	(71,386)	(3,258)	29,952	(225,526)
- User charges	(61,189)	(89,796)	(2,041)	-	(153,026)
- Aircraft operating lease expenses	-	-	-	-	-
- Other operating expenses	(84,339)	(21,812)	(3,453)	-	(109,604)
Other income	2,719	8,558	10	-	11,287
Operating loss	(14,750)	(98,220)	30,888	-	(82,082)
Finance income	23,388	-	20	-	23,408
Finance costs	(78,095)	(21,585)	-	-	(99,680)
Net operating loss	(69,457)	(119,805)	30,908	-	(158,354)
Foreign exchange gains/(losses)	(87,641)	2,795	12,312	-	(72,534)
Share of results of an associate	-	-	-	-	-
Other losses	-	-	-	-	-
Loss before taxation	(157,098)	(117,010)	43,220	-	(230,888)



AIRASIA X BERHAD

(Company No. 734161-K)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2019

NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 2019

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination Adjustments RM'000	Total RM'000
Quarter ended 30 September 2018					
<u>Segment results</u>					
Revenue	1,083,898	344,593	84,867	(112,588)	1,400,770
Operating expenses					
- Staff costs	(90,670)	(38,907)	(7,330)	-	(136,907)
Depreciation	(48,634)	(1,385)	(526)	-	(50,545)
- Aircraft fuel expenses	(476,422)	(143,439)	(43,762)	-	(663,623)
- Maintenance and overhaul	(114,295)	(46,815)	(15,958)	41,440	(135,628)
- User charges	(118,927)	(48,697)	(14,520)	-	(182,144)
- Aircraft operating lease expenses	(223,366)	(65,991)	(19,221)	71,838	(236,740)
- Other operating expenses	(215,339)	(23,469)	(8,347)	(690)	(247,845)
Other income	1,269	5,176	1,832	-	8,277
Operating profit/(loss)	(202,486)	(18,934)	(22,965)	-	(244,385)
Finance income	4,593	451	18	-	5,062
Finance costs	(7,338)	(155)	-	-	(7,493)
Net operating profit/(loss)	(205,231)	(18,638)	(22,947)	-	(246,816)
Foreign exchange gains/(losses)	(20,154)	(5,455)	10,978	-	(14,631)
Share of results of an associate	(14,119)	-	-	14,119	-
Other losses	(8,334)	-	-	-	(8,334)
Profit/(loss) before taxation	(247,838)	(24,093)	(11,969)	14,119	(269,781)



AIRASIA X BERHAD

(Company No. 734161-K)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2019

NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 2019

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination Adjustments RM'000	Total RM'000
Period ended 30 September 2019					
<u>Segment results</u>					
Revenue	3,196,968	1,284,740	61,423	(284,380)	4,258,751
Operating expenses					
- Staff costs	(317,771)	(145,008)	(16,060)	-	(478,839)
- Depreciation	(680,923)	(213,300)	(1,411)	168,239	(727,395)
- Aircraft fuel expenses	(1,224,956)	(515,675)	(4,996)	-	(1,745,627)
- Maintenance and overhaul	(506,486)	(203,987)	(8,366)	116,141	(602,698)
- User charges	(301,029)	(248,797)	(13,491)	-	(563,317)
- Aircraft operating lease expenses	-	-	-	-	-
- Other operating expenses	(259,881)	(61,396)	(7,477)	-	(328,754)
Other income	19,717	22,302	8,606	-	50,625
Operating profit/(loss)	(74,361)	(81,121)	18,228	-	(137,254)
Finance income	43,954	-	73	-	44,027
Finance costs	(253,643)	(63,947)	(58)	-	(317,648)
Net operating profit/(loss)	(284,050)	(145,068)	18,243	-	(410,875)
Foreign exchange gains/(losses)	(81,760)	73,821	1,437	-	(6,502)
Share of results of an associate	(1,104)	-	-	-	(1,104)
Other losses	-	-	-	-	-
Profit/(Loss) before taxation	(366,914)	(71,247)	19,680	-	(418,481)



AIRASIA X BERHAD

(Company No. 734161-K)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2019

NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 2019

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination Adjustments RM'000	Total RM'000
Period ended 30 September 2018					
<u>Segment results</u>					
Revenue	3,416,958	1,094,356	327,985	(338,635)	4,500,664
Operating expenses					
- Staff costs	(308,138)	(111,532)	(23,822)	-	(443,492)
Depreciation	(103,125)	(3,923)	(1,497)	-	(108,545)
- Aircraft fuel expenses	(1,387,865)	(377,090)	(164,411)	-	(1,929,366)
- Maintenance and overhaul	(426,512)	(126,842)	(57,043)	125,000	(485,397)
- User charges	(397,237)	(131,401)	(69,188)	-	(597,826)
- Aircraft operating lease expenses	(655,575)	(192,709)	(72,685)	227,193	(693,776)
- Other operating expenses	(380,242)	(75,930)	(14,787)	(13,558)	(484,517)
Other income	3,880	15,925	2,644	-	22,449
Operating profit/(loss)	(237,856)	90,854	(72,804)	-	(219,806)
Finance income	14,336	1,114	72	-	15,522
Finance costs	(22,651)	(1,205)	(167)	-	(24,023)
Net operating profit/(loss)	(246,171)	90,763	(72,899)	-	(228,307)
Foreign exchange gains/(losses)	3,297	2,166	31,514	-	36,977
Share of results of an associate	10,113	-	-	(10,113)	-
Other losses	(24,522)	-	-	-	(24,522)
Profit/(loss) before taxation	(257,283)	92,929	(41,385)	(10,113)	(215,852)



AIRASIA X BERHAD

(Company No. 734161-K)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2019

NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 2019

a) Reconciliation of segment revenue to reported revenue:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	RM'000	RM'000	RM'000	RM'000
Segment revenue	1,358,476	1,400,770	4,258,751	4,500,664
Add: Inter-segment revenue	86,333	112,588	284,380	338,635
Less: Revenue from affiliates which were not consolidated	(430,113)	(429,460)	(1,346,163)	(1,422,341)
	<u>1,014,696</u>	<u>1,083,898</u>	<u>3,196,968</u>	<u>3,416,958</u>

b) Reconciliation of segment profit/(loss) before taxation to reported profit/(loss) before taxation:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	RM'000	RM'000	RM'000	RM'000
Segment profit/(loss) before taxation	(230,888)	(269,781)	(418,481)	(215,852)
Add: Segment profit/(loss) from affiliates which were not consolidated	73,790	21,943	51,567	(41,431)
	<u>(157,098)</u>	<u>(247,838)</u>	<u>(366,914)</u>	<u>(257,283)</u>

10. Revenue

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	RM'000	RM'000	RM'000	RM'000
Scheduled flights *	690,745	714,967	2,102,400	2,207,540
Charter flights	-	4,248	73,106	97,169
Freight services	46,724	47,654	129,122	134,783
Ancillary revenue **	190,814	203,760	606,338	640,244
Aircraft operating lease income	85,893	112,588	284,380	334,765
Management fees	520	681	1,622	2,457
	<u>1,014,696</u>	<u>1,083,898</u>	<u>3,196,968</u>	<u>3,416,958</u>

* Scheduled flights for the current quarter has netted-off the commission of RM1.1 million for the quarter under review (quarter ended 30 Sept 2018: RM1.1 million) on loyalty program in compliance with MFRS 15.

** Ancillary revenue includes assigned seat, cancellation, documentation and other fees, and on-board sale of meals and merchandise.



AIRASIA X BERHAD

(Company No. 734161-K)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2019

NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 2019

11. Staff cost

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	RM'000	RM'000	RM'000	RM'000
Wages, salaries, bonuses and allowances	95,654	85,205	293,703	283,552
Defined contribution retirement plan	5,648	5,465	24,068	24,586
	<u>101,302</u>	<u>90,670</u>	<u>317,771</u>	<u>308,138</u>

12. Other income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	RM'000	RM'000	RM'000	RM'000
Commission income from insurance	471	845	3,283	3,034
Others	2,248	424	16,434	846
	<u>2,719</u>	<u>1,269</u>	<u>19,717</u>	<u>3,880</u>

13. Finance income/(costs) and foreign exchange gains/(losses)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	RM'000	RM'000	RM'000	RM'000
Finance income:				
Interest income on deposits with licensed banks	5,262	1,395	7,172	4,648
Other interest income	1,906	3,198	5,876	9,688
	<u>7,168</u>	<u>4,593</u>	<u>13,048</u>	<u>14,336</u>
Discounting and accretion of interest on deposits	16,220	-	30,906	-
	<u>23,388</u>	<u>4,593</u>	<u>43,954</u>	<u>14,336</u>
Finance costs:				
Interest expense on bank borrowings	(2,804)	(6,826)	(18,100)	(21,111)
Bank facilities and other charges	(1,336)	(512)	(2,238)	(1,540)
Interest on lease liabilities	(71,652)	-	(208,710)	-
	<u>(75,792)</u>	<u>(7,338)</u>	<u>(229,048)</u>	<u>(22,651)</u>
Discounting and accretion of interest on deposits	(2,303)	-	(24,595)	-
	<u>(78,095)</u>	<u>(7,338)</u>	<u>(253,643)</u>	<u>(22,651)</u>
Foreign exchange gains/(losses)				
Realized	(6,194)	15,955	(994)	9,664
Unrealized	(81,447)	(36,109)	(80,766)	(6,367)
	<u>(87,641)</u>	<u>(20,154)</u>	<u>(81,760)</u>	<u>3,297</u>



AIRASIA X BERHAD

(Company No. 734161-K)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2019

NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 2019

14. Taxation

Current taxation

The current taxation charge comprises tax payable on interest income.

Deferred taxation

The explanation of the relationship between taxation and profit/(loss) before taxation is as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) before tax	(157,098)	(247,838)	(366,914)	(257,283)
Tax calculated at Malaysian statutory tax rate of 24% (2018: 24%)	(37,703)	(59,481)	(88,059)	(61,748)
Tax effects:				
- deferred tax movement	(32,773)	(967)	(27,377)	4,234
- overprovision of prior year tax	49,766	4,849	46,742	4,849
- expenses not deductible for tax purposes	96,264	5,287	96,264	8,812
- income not subject to tax	(2,758)	(57)	(811)	-
Taxation	72,796	(50,369)	26,759	(43,853)

15. Property, plant and equipment

(a) Acquisition and disposal

During the period ended 30 September 2019, the Group acquired property, plant and equipment amounting to RM20.5 million (period ended 30 September 2018: RM162.9 million).

During the period ended 30 September 2019, there was disposal of property, plant and equipment with net book value amounted to RM999 million (period ended 30 September 2018: RM NIL) under sale and leaseback arrangement and the loss on disposal for the 5 aircrafts amounted to RM90 million.

(b) Revaluation

There was no revaluation of property, plant and equipment for the period ended 30 September 2019 (period ended 30 September 2018: RM Nil).

(c) Write-off

During the period ended 30 September 2019, there was write-off property, plant and equipment amounting to RM10,000 (period ended 30 September 2018: RM7.8 million).



AIRASIA X BERHAD

(Company No. 734161-K)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2019

NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 2019

16. Other deposits and prepayments

Other deposits and prepayments include deposits paid to lessors for leased aircraft, funds placed with lessors in respect of maintenance of the leased aircraft, and prepayments for lease of aircraft and maintenance of aircraft and engines. These deposits and prepayments are denominated in USD.

17. Investment in an associate

	As at 30/09/2019 RM'000	As at 31/12/2018 RM'000
Unquoted investments, at cost	20,018	20,018
Addition during the year	1,104	-
	<hr/> 21,122	<hr/> 20,018
Group's share of post-acquisition profit	(21,122)	(20,018)
	<hr/> <hr/> -	<hr/> <hr/> -

The details of the associate is as follows:-

Name	Country of Incorporation	Group effective equity interest		Principal activity
		30/09/2019 %	31/12/2018 %	
Thai AirAsia X Co. Ltd ("TAAX")	Thailand	49%	49%	Commercial air transport services

TAAX recorded a net loss of RM117 million in the current quarter (quarter ended 30 Sept 2018 net loss of RM24 million) As at 30 September 2019, the unrecognised amount of the Group's share of loss of TAAX which have not been equity accounted for amounted to RM83.0 million. (30 Sept 2018: share of profit RM10 million) In accordance to MFRS 128, any profits will only be recognised when its shares of the profits equals the share of losses previously not recognised.



AIRASIA X BERHAD

(Company No. 734161-K)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2019

NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 2019

18. Investment in a joint venture

	As at 30/09/2019	As at 31/12/2018
	RM'000	RM'000
Unquoted investments, at cost	53,888	53,888
Group's share of post-acquisition losses	(53,888)	(53,888)
	<u>-</u>	<u>-</u>

The details of the joint venture is as follows:-

Name	Country of Incorporation	Group effective equity interest		Principal activity
		As at %	As at %	
PT. Indonesia AirAsia Extra ("IAAX")	Indonesia	49%	49%	Commercial air transport services

The Group has discontinued the recognition of its share of losses incurred by IAAX as the Group's interests had been reduced to zero. IAAX recorded a net profit in the current quarter of RM43.2 million (30 September 2018: loss of RM41.3 million). As at 30 September 2019, the unrecognised amount of the Group's share of loss of IAAX which have not been equity accounted for amounted to RM121.6 million (30 September 2018: RM138.2 million).

19. Receivables and prepayments

	As at 30/09/2019	As at 31/12/2018
	RM'000	RM'000
Trade receivables	67,941	66,228
Less : Allowance for impairment of receivables	(58,535)	(59,324)
	<u>9,406</u>	<u>6,904</u>
Other receivables	251,981	225,797
Less : Allowance for impairment of receivables *	(163,759)	(165,157)
	<u>88,222</u>	<u>60,640</u>
Deposits	23,863	26,047
Prepayments	87,890	96,246
	<u>209,381</u>	<u>189,837</u>

*Included in the total impairment of receivables is RM164 million relating to lease rental and maintenance reserve due from a joint venture through a third party leasing intermediary.



AIRASIA X BERHAD

(Company No. 734161-K)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2019

NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 2019

20. Deposits, cash and bank balances

For the purpose of the statement of cash flows, cash and cash equivalents include the following:

	As at 30/09/2019 RM'000	As at 31/12/2018 RM'000
Cash and bank balances	299,960	241,017
Deposits with licensed banks	101,396	56,592
	401,356	297,609
Bank balances and deposits pledged as securities	(45,460)	(45,005)
Cash and cash equivalents	355,896	252,604

21. Derivative Financial assets and liabilities

The fair value of derivative financial instruments is determined in accordance with MFRS9 "Financial Instruments: Recognition and Measurement".

Fuel hedging

As at 30 September 2019, outstanding number of barrels of Brent and fuel derivative contracts was 6,297,787 barrels (2018: 251,232 barrels).

22. Trade and other payables

	As at 30/09/2019 RM'000	As at 31/12/2018 RM'000
Current:		
Trade payables	193,748	300,728
Other payables and accruals	527,284	799,794
Deferred lease income	1,990	1,990
	723,022	1,102,512
Non-current:		
Deferred lease income	9,698	9,698
Other deposits	43,563	43,069
	53,261	52,767

Included in other payables and accruals are operational expenses, passenger service charges payable to airport authorities and deferred lease income.



AIRASIA X BERHAD

(Company No. 734161-K)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2019

NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 2019

23. Borrowings

	As at 30/09/2019 RM'000	As at 31/12/2018 RM'000
Current		
Secured:		
- Term loans	57,660	192,313
- Hire purchase	13	11
- Lease liabilities	749,183	-
	<u>806,856</u>	<u>192,324</u>
Non-current		
Secured:		
- Term loans	266,696	494,694
- Hire purchase	23	34
- Lease liabilities	5,180,646	-
	<u>5,447,365</u>	<u>494,728</u>
Total borrowings	<u>6,254,221</u>	<u>687,052</u>

The currency profile of borrowings is as follows:

	As at 30/09/2019 RM'000	As at 31/12/2018 RM'000
Ringgit Malaysia	36	45
US Dollar	6,254,185	687,007
	<u>6,254,221</u>	<u>687,052</u>

The Group's and Company's borrowings are repayable as follows:

	As at 30/09/2019 RM'000	As at 31/12/2018 RM'000
Not later than 1 year	806,856	192,324
Later than 1 year and not later than 5 years	3,464,332	416,323
Later than 5 years	1,983,033	78,405
	<u>6,254,221</u>	<u>687,052</u>



AIRASIA X BERHAD

(Company No. 734161-K)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2019

NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 2019

24. Profit/(loss) per share

Basic profit/(loss) per share

Basic profit/(loss) per share is calculated by dividing the net profit for the quarter/financial period by the weighted average number of ordinary shares in issue during the quarter/financial period.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
Net profit/(loss) (RM'000)	(229,894)	(197,469)	(393,673)	(213,430)
Weighted average number of ordinary shares in issue ('000)	4,148,148	4,148,148	4,148,148	4,148,148
Profit/(loss) per share (sen)	(5.5)	(4.8)	(9.5)	(5.1)

25. Post balance sheet events

As at the date of this report, there were no material events after the year end that have not been reflected in the financial statements for the period ended 30 September 2019.

26. Contingent assets

As at the date of this report, the Group does not have any contingent assets.

27. Contingent liabilities

There were no major changes in contingent liabilities since the latest audited consolidated financial statements for the period ended 30 September 2019.

28. Capital commitments outstanding not provided for in the interim financial report

(a) Capital commitments not provided for in the financial statements are as follows:-

	As at 30/09/2019 RM'000	As at 31/12/2018 RM'000
Aircraft purchase	138,028,605	115,725,215



AIRASIA X BERHAD

(Company No. 734161-K)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2019

NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 2019

(b) Non-cancellable operating leases

The future minimum lease payments and sublease receipts under non-cancellable operating leases are as follows:-

	As at 30/09/2019 RM'000	As at 31/12/2018 RM'000
Future minimum lease payments	6,639,487	6,664,520
Future minimum sublease receipts	1,261,669	1,755,706

29. Significant related parties transactions

Details of the relationships and transactions between AirAsia X and its significant related parties are as described below:

<u>Name of companies</u>	<u>Relationship</u>
Thai AirAsia X Co Ltd ("TAAX")	Associate
PT Indonesia AirAsia Extra ("IAAX")	Joint Venture
AirAsia Berhad ("AAB")	Shareholder of the Company for which there is no control, significant influence or joint control, and common Directors and shareholders
Thai AirAsia Co., Ltd ("TAA")	Common Directors and shareholders
PT Indonesia AirAsia ("IAA")	Common Directors and shareholders
AirAsia Japan Co., Ltd ("AAJ")	Common Directors and shareholders
Philippines AirAsia Inc. ("AAZ")	Common Directors and shareholders
AirAsia SEA Sdn Bhd (formerly known as AirAsia Global Shared Services Sdn Bhd ("AASEA"))	Common Directors and shareholders
Rokki Sdn Bhd ("Rokki")	Common Directors and shareholders
Tune Insurance Malaysia Berhad ("TIMB")	Common Directors and shareholders
Yummy Kitchen Sdn Bhd ("Yummy Kitchen")	Common Directors and shareholders
Ground Team Red Sdn Bhd ("GTR")	Common Directors and shareholders
AirAsia (India) Pvt Ltd ("AAI")	Common Directors and shareholders
Teleport Commerce Malaysia Sdn Bhd (formerly known as RedCargo Logistics Sdn Bhd) ("TELEPORT")	Common Directors and shareholders
BIGLIFE Sdn Bhd (formerly known as Big Loyalty Sdn Bhd and Think Big Digital Sdn Bhd) ("BIG")	Common Directors and shareholders
AirAsia (Guangzhou) Aviation Service Limited ("AirAsia (Guangzhou)")	Common Directors and shareholders



AIRASIA X BERHAD

(Company No. 734161-K)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2019

NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 2019

These following items have been included in the income statement:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/09/2019 RM'000	Quarter ended 30/09/2018 RM'000	Period ended 30/09/2019 RM'000	Period ended 30/09/2018 RM'000
TAAX				
- Aircraft operating lease income for leased aircraft	86,333	85,607	284,380	252,828
- Net operational services charged	8,932	6,481	16,793	30,676
IAAX				
- Aircraft operating lease income for leased aircraft	-	26,982	-	81,938
- Net operational services charged	1,120	658	2,002	2,086
AAB				
- Brand license fee	-	-	(8,600)	(8,530)
- Lounge services	468	433	1,151	1,289
- Net operational services charged	(5,442)	(1,259)	(21,792)	(24,373)
TAA				
- Net operational services charged	267	78	676	252
IAA				
- Net operational services charged	5	(579)	14	(252)
AAJ				
- Net operational services charged	(188)	(840)	(2,007)	(2,200)
AAZ				
- Net operational services charged	912	1,294	3,043	10,027
AASEA				
- Provision of shared services	(338)	(878)	(2,459)	(2,194)
- Net operational services charged	(362)	(263)	(1,332)	(1,216)
Rokki				
- In-flight entertainment system and software expenses	(1,125)	(959)	(2,938)	(2,780)



AIRASIA X BERHAD

(Company No. 734161-K)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2019

NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 2019

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	RM'000	RM'000	RM'000	RM'000
TIMB				
- Commission received/receivable on travel insurance insurance	266	560	1,473	2,595
- Premium collected on behalf of TIMB on travel insurance	(1,063)	(2,240)	(5,891)	(10,379)
Yummy Kitchen				
- Provision of food catering services	(359)	(342)	(1,093)	(1,104)
GTR				
- Ground handling services	(6,944)	(8,565)	(24,899)	(19,679)
- Net operational services charged	263	222	939	(530)
AAI				
- Net operational services charged	(334)	(299)	(496)	(725)
TELEPORT				
- Purchase of cargo transportation capacity	42,350	41,846	127,750	41,846
BIG				
- Sale of ticket and other ancillary revenue	2,879	4,672	12,420	6,575
- Purchase of loyalty point	(1,406)	(2,051)	(5,211)	(2,845)
AirAsia (Guangzhou)				
- Net operational services charged	(4,925)	(5,916)	(14,711)	(18,109)

30. Review of Group's performance

Performance of current quarter against the same quarter last year for Malaysia

The net operating loss for the Group in 3Q19 was RM69.5million as compared to a net operating loss of RM205.2 million in 3Q18. This was mainly due to the recognition of airport incentives, for which the Group had qualified, and a lower fuel price. In addition, an impairment of RM138.2m had been provided in the in the third quarter of 2018.



AIRASIA X BERHAD

(Company No. 734161-K)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2019

NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 2019

31. Variance of results against preceding quarter

The Group recorded a loss before taxation of RM157 million for the quarter under review as compared to loss before taxation of RM269 million in 2Q19.

32. Other profit and loss items

In the current quarter and financial period, there has been no interest income, other income including investment income, interest expense, depreciation and amortisation, provision for and write off of receivables and inventories, gain or loss on disposal of quoted and unquoted investments or properties, impairment of assets, foreign exchange gain or loss, gain or loss on derivatives and/or exceptional items except as disclosed either in the consolidated income statements and/or notes to the unaudited financial statements.

33. Commentary on prospects

Passenger bookings in the forward months are tracking closely against capacity growth. The Company recognises the challenges posed by the weakening of the Malaysian Ringgit against the US Dollar and the recent implementation of a Departure Levy from all Malaysian airports, as well as irrational competition in the local aviation industry. However, the Company is safeguarded against fuel price volatility as 86% of the Company's fuel requirement for 4Q 2019 is hedged at average Brent hedge prices of US\$ 61/bbl. Amid these headwinds, the Group will actively capture revenue opportunities and exercise cost discipline to boost profitability in this challenging macroeconomic environment. Demand and load factors are expected to remain at a reasonably healthy level. In addition, it is worthwhile to note that average base fare is trending higher year-on-year in quarter four. On the fleet planning front, while AirAsia X Thailand is expecting two additional A330ceo aircraft through operating leases in December, AirAsia X Malaysia is expected to remain with 24 aircraft as it focuses on maximising aircraft utilisation and realigning its business model to ensure continued sustainability and commercial viability in the coming quarters.

The Management continues to work on reducing costs, including investment in digitalisation as part of AirAsia Group wide initiatives, which we believe will help reduce costs in the long run. The Company expects fourth quarter 2019 overall core results to remain reasonably healthier operationally year-on-year as the management remains committed to ensure sustainable growth amid challenges in the global aviation industry.

34. Profit forecast

The disclosure requirement is not applicable as the Group did not publish any profit forecast.



AIRASIA X BERHAD

(Company No. 734161-K)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2019

NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 2019

35. Corporate proposal

There was no corporate proposal which is announced but not completed as at 6th November 2019, being the latest practicable date of this report.

36. Material litigation

As at 6th November 2019, there was no material litigation taken or threatened against the Company and its subsidiaries.

37. Proposed dividend

The Directors did not recommend any dividend for the quarter and period ended 30 September 2019

38. Reclassification of comparative figures

Certain accounts were being reclassified to conform with current year's presentation.

By Order of the Board

JASMINDAR KAUR a/p SARBAN SINGH

(MAICSA 7002687)

COMPANY SECRETARY

13 NOVEMBER 2019