



FOR IMMEDIATE RELEASE

AIRASIA X's turnaround plan underway for better Second Half

SEPANG, 19 AUG 2015- AirAsia X Berhad ("AAX" or "the Company"), the long-haul low-cost airline affiliate of the AirAsia Group, today reported its financial results for the Second Quarter ("2Q15") ended 30 June 2015.

Datuk Kamaruddin Meranun, Group CEO of AirAsia X commented on the outlook of the company, "When we went into the year, we've expected to see some setback in First Half as marketing activities were halt and our brand were affected in Australia due to the Bali-Melbourne disruption. We've taken the initiatives to build long-term brand recognition and loyalty through intensified marketing and creative brand campaigns across our network, especially in Australia.

In addition to that, it was further amplified with series of unforeseen external factors such as the Middle East Respiratory Syndrome (MERS) in Korea and the massive earthquake in Kathmandu, Nepal. There were also remnants of irrational competition during the quarter. However, these extraordinary occurrences are one-off events.

We've seen return of business in Third Quarter ("3Q15") onward as forward bookings for Second Half is promising. We are optimistic in reaching a turnaround this year as we've set ourselves the task of getting AirAsia X to a better financial footing.

In terms of the associates, Thailand AirAsia X ("TAAX") recorded 72% load factor as it was pulled back by the MERS outbreak in Korea and the Civil Aviation Organization (ICAO)'s implications. Despite the temporary hiccups, TAAX continues to see positive forward sales. As for Indonesia AirAsia X ("IAAX"), it is expanding steadily and is on track for turnaround in 2016. IAAX recently launched its new route, Bali-Sydney, adding to its current Bali-Melbourne and Bali-Taipei network. The new introduction will start its first flight on 17th October 2015 with five time weekly flights".

Benyamin Ismail, Acting CEO of AirAsia X said, "We were operating in a challenging environment both internally and externally in First Half of the year and it was one of the toughest conditions AirAsia X has ever seen. We have been working diligently for the past months and it's starting to show positive outcome with promising forward booking trend.

During the quarter, we've approached key agents from respective markets to explore strategic partnerships such as the collaboration with The Flight Centre Travel Group (FLT) Australia and also effective sales strategies in promoting our unique offerings. We've also initiated a couple of improvement in our ancillary products and services to enrich our guests experience on-board.

The company's yields continue to look positive for Second Half as excessive capacity has been consolidated industry-wide and it allow us to compete in a much rationalized environment. As a result, our ASK decreased by 9% to 5,693 million from 6,265 million year-on-year ("Y-o-Y"), mainly attributed by the termination of Adelaide and Nagoya, capacity cut for Australia and ad-hoc flight cancellations for Korea and Kathmandu. Consequently, average base fare has recovered by 7% to RM416 from RM388 Y-o-Y. We've recently launched a unique route, Kuala Lumpur-Sapporo, in early



July and we are optimistic that this new addition will help boost travel demand in both Malaysia and Japan as we are already receiving encouraging bookings for the inaugural flight on 1st October 2015. Besides, we've achieved 70% route connectivity with the AirAsia Group via the Fly-Thru services and we are looking forward for more integration.

As part of our turnaround initiatives, we have implemented various internal control systems and internal reorganization to streamline our processes in achieving greater productivity and efficiencies. While we've made significant structural change, we're not resting, we are continuously moving forward in building a stronger foundation for a sustainable growth".

2Q15 Financial Performance

The Company posted revenue of RM653 million, a decrease of 3% from RM672 million during the same period under review. The drop was primarily due to the decrease of scheduled flight revenue of 16% Y-o-Y and 24% Y-o-Y for ancillary revenue resultant from lower load factor due to halt in marketing activities, MERS outbreak in Korea and the massive earthquake in Kathmandu. However, Revenue per ASK ("RASK") has recorded an increase of 7% to 11.51 sen from 10.79 sen Y-o-Y as Australia market seen growth of 17% Y-o-Y after the 36% Y-o-Y capacity cut and the increase in charters and wet leases revenue by 39% Y-o-Y.

On the operating level, AAX has reduced its operating loss by 14% to RM100 million from RM116 million under the same period last year. The improvement were contributed by lower operating expenses mainly from the 44% Y-o-Y drop in fuel expenses but was set off by the increased aircraft rental and maintenance costs of the additional 8 operating lease aircraft after 2Q14. Unit cost increased by 5% to 13.43 sen from 12.77 sen due to the additional aircraft and lower ASK, as measured by Cost per ASK ("CASK").

In 2Q15, the company has recognised a net loss of RM133 million, resultant from forex exchange loss of RM28 million as compared to Forex gain of RM20 million in 2Q14 as USD:MYR has depreciated 13% Y-o-Y to 3.66 in 2Q15 as compared to 3.24 in 2Q14. With every RM0.10 movement in USD:MYR, the company will recognize either savings or expenses of approximately RM50 million per annum.

In the effort of reducing the foreign exchange's impact, the company will be intensifying sales from stronger currency market such as AUD and other currencies to offset USD bills. Moving forward, the company sees upside in yields with the new unique routes launch (Sapporo and later Hawaii), improved ancillary products and services, intensified marketing especially in Australia and the strategic network consolidation.

***ENDS**



About AirAsia X

AirAsia X is the long-haul, low-cost affiliate carrier of the AirAsia Group that currently flies to destinations in China, Australia, Taiwan, Korea, Japan, Nepal and the Middle East. The airline currently serves 19 routes across Asia (Haneda, Narita, Osaka, Seoul, Busan, Taipei, Xian, Beijing, Hangzhou, Chengdu, Shanghai, Chongqing, Colombo and Kathmandu), Australia (Sydney, Melbourne, Perth and Gold Coast) and the Middle East (Jeddah). AirAsia X currently operates on Airbus A330-300s, each with a seat configuration of 12 Business Class seats and 365 Economy seats. The airline has carried over 12 million guests since it commenced long-haul in 2007. AirAsia X was awarded the World's Best Low Cost Airline Premium Cabin and Best Low Cost Airline Premium Seat titles for two consecutive years at the 2014 Skytrax World Airline Awards. Our vision is to further solidify our position as the global leader in low-cost, long-haul aviation and create the first global multi-hub low-cost carrier network along with other carriers of the AirAsia Group. AirAsia is the first airline globally to collaborate with INTERPOL to implement the I-Checkit system to screen the passports of all its prospective passengers against information contained in the world police body's Stolen and Lost Travel Documents (SLTD) database.

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Press Release

