

# annual report 2013

THE FIRST ISSUE

## Going the Distance

A journey to global leadership



*AirAsia*



# BREAKTHROUGH BUSINESS MODEL

"WORLD'S  
LARGEST  
LONG-HAUL LCC"

- CAPA CENTRE FOR AVIATION



“WORLD’S LOWEST  
UNIT COST AIRLINE”

@ US3.80 cents **50%** lower than average Full Service Airlines



# INDUSTRY LEADING



## TECHNICAL RELIABILITY

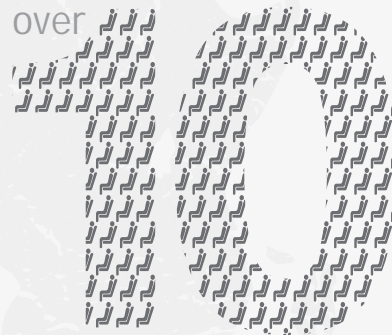
99.4%



ON-TIME  
PERFORMANCE

85.0%

over 



million

passengers  
carried

WORLD'S BEST LCC  
PREMIUM SEAT &  
PREMIUM CLASS 

# SKYTRAX

# TURBO CHARGED 5-YEAR GROWTH

## FROM 2009 TO 2013

## REVENUE & PASSENGER



LARGEST LCC  
MARKET LEADER  
BETWEEN  
SOUTHEAST ASIA  
TO AUSTRALIA AND  
NORTH ASIA

LARGEST  
LONG-HAUL LCC  
NETWORK WITH  
**18 DESTINATIONS**  
ACROSS ASIA-PACIFIC



YOUNG & MODERN  
FLEET WITH  
**AVERAGE AGE  
UNDER 5 YEARS**  
FOR CORE  
**A330-300 FLEET**

WORLD'S  
LOWEST FUEL  
CONSUMPTION  
RATE OF 2.7 litres

per passenger per 100km or 87 miles per gallon, much better than single-occupant hybrid electric car!

PIONEER IN ANCILLARY INNOVATIONS  
FLY-THRU, QUIET ZONE,  
PICK-A-SEAT, EMPTY SEAT OPTION,  
IN-FLIGHT ENTERTAINMENT  
**AND MORE**



## TRANSITING PASSENGERS

43%

FLY-THRU  
28%

## SELF CONNECT

15%

CALL-SIGN  
'XANADU'



## NATIONALITIES

FROM THE TEAM OF 2,011 ALLSTARS







Start your  
Holiday with

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**CHINA**  
**7X WEEKLY**  
**BEIJING**



Good companion makes trip awesome #beijing  
#beijingwall #bestie #goodtrip #airasiax #fun  
#happy

**CHINA**  
**7X WEEKLY**  
**CHENGDU**



The #chinese #opera performer  
getting ready #cultural #traditional  
make up #chengdu #backstage

**NEPAL**  
**7X WEEKLY**  
**KATHMANDU**



Life's too short, take your chances. Good to finally be here in Nepal  
trekking through these majestic mountains. The aching muscles, sore  
joints and cold weather melted away as the view grew grander and sky  
cleared to a brilliant blue. At Annapurna base camp, Nepal.

# OUR X-CITING

**CHINA**  
**7X WEEKLY**  
**HANGZHOU**



Life's great, after a day of walk, we got a chance to sip  
the best Longjing tea at one of the most beautiful sunset  
place elected by CNN - Hangzhou Westlake #lifestyle  
#sunset #vacation #hangzhou #china #airasiax

**CHINA**  
**7X WEEKLY**  
**SHANGHAI**



This is #aax #airasiax symbol I love flying with #airasiax

## MALAYSIA



*AirAsia*

**SAUDI ARABIA**  
**7X WEEKLY**  
**JEDDAH**



The holy cities of Makkah and Madinah are more affordable with  
AirAsia X flights to Jeddah. Muslims throughout the region can  
perform the holy pilgrimage of Hajj and Umrah with low fares.

**KUALA LUMPUR**

**AUSTRALIA**  
**5X WEEKLY**  
**ADELAIDE**

**SRI LANKA**  
**4X WEEKLY**  
**COLOMBO**

A wild and untamed  
Colombo filled with  
natural wonders. Discover  
enchanting beauty of  
culture, heritage and  
scenery with AirAsia X @  
Elephant Safari, Habarana



As the first flight into Adelaide commenced, we took the chance to X-plore the  
Remarkable Rocks in Kangaroo Island. An X-tremely Remarkable X-perience



# DESTINATIONS

## TAIWAN

14X WEEKLY  
TAIPEI



To dream is magical, to have passion and determination is about living a dream #achievement #determination #nevergiveup #keepgoing #taiwan #taipei #mountainclimbing #sweat #airasiar

## KOREA

7X WEEKLY  
SEOUL



Seoul in autumn is simply breathtaking. All the different colours turn the city into such a vivid place. And if it gets too cold, there are enough cozy coffee shops to choose from to warm up again. #Seoul #autumn #colours #SeoulCoffeeShops #AAX

## KOREA

4X WEEKLY  
BUSAN



#busan #strollingfishmarket #awesomedestination #airasiar #makanseafood #ilovekimchi #gangnamstyle #winter

## JAPAN

4X WEEKLY  
NAGOYA



Seize a moment with the charming Tokugawa Iyasu! #NagoyaCastle #AAX #Spring #Nagoya #Japan #CentralJapan

## JAPAN

7X WEEKLY  
TOKYO



A day at Oedo Onsen Monogatari Hot Springs #onsen #hotsprings #tokyo #hotbath #yukata

## JAPAN

7X WEEKLY  
OSAKA



It is a must to come to shrine in Japan! Discovering the place and praying for good fortune, the amazing things to do in Kyoto! #kyoto #osaka #japan #temple #japaneseculture #japanesetraditions #airasiar

## AUSTRALIA

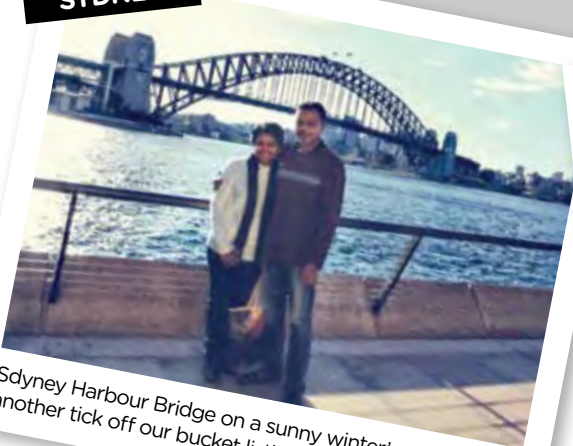
14X WEEKLY  
MELBOURNE



Thanks to AirAsia X, we get to travel at an attractive rate and just like a pair of angel wings, flying us through the aussie sky and making our skydiving dreams come true!

## AUSTRALIA

14X WEEKLY  
SYDNEY



Sydney Harbour Bridge on a sunny winter's day... another tick off our bucket list!

## AUSTRALIA

14X WEEKLY  
PERTH



#familytrip #kangaroo #cavershamwildlifepark #perth #australia #airasiar


## AUSTRALIA

7X WEEKLY  
GOLD COAST



In April 2012, we went to Gold Coast as planned and thanks to AirAsia X, we managed to get an affordable flight and it helped us to save for our adrenalin rush adventures in Gold Coast. Both of us are adventure seekers and never forgo any opportunities to experience something exciting whenever we travel. This time around we had bigger plans in mind, to kayak with dolphins and experience skydives. Emotions were flying high for both of us as we were going to realise our dreams of skydiving at Byron Bay with magnificent view. The feeling of free falling at a speed of 200km/hour and from 14,000 feet high was utterly insane. Little did I know that my love has a special surprise for me. As I was approaching the land, I saw a big banner with the words 'Dear Jane, will you marry me?' and my dear popped the big question. I said YES and it's the moment our love was officially taken to new heights. Words cannot adequately describe or do justice to what I was feeling at that moment and I can't wipe the smile off my face. It was indeed a memorable trip for both of us as we had an awesome mind blowing skydiving experience and also it marks the beginning of our next phase of life. Again, thanks to AirAsia X, we can fly to our dream destination and realise our dreams.





**Another job well done.**

A day at Lufthansa Technik Philippines means getting the job done, safely and reliably. That's why we continue to invest in leading technologies and hire the best Filipino talent. We are driven by quality, innovation, and value for money. This makes us a choice destination for aircraft maintenance, repair and overhaul. So talk to us. Our services will be waiting.



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Philippines**

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AND COST EFFICIENT AIRBUS A330



AIRBUS.COM



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# OUR VALUES

WE SHARE THE CORE VALUES OF THE AIRASIA GROUP

## VISION

As part of the AirAsia Group, to be the largest low cost airline in Asia and serving the 3 billion people who are currently underserved with poor connectivity and high fares.

## MISSION

- ✈ To be the best company to work for whereby employees are treated as part of a big family.
- ✈ Create a globally recognised ASEAN brand.
- ✈ To attain the lowest cost so that everyone can fly with AirAsia.
- ✈ Maintain the highest quality product, embracing technology to reduce cost and enhance service levels.

## SAFETY

Adopting a zero tolerance to unsafe practices and strive for zero accidents through proper training, work practices, risk management and adherence to safety regulations at all times.

## VALUING OUR PEOPLE

Committing to our people's development and well-being and treating them with respect, dignity and fairness.

## CUSTOMER FOCUSED

We care and treat everyone in the same manner that we want to be treated.

## INTEGRITY

Practicing highest standards of ethical behaviour and demonstrate honesty in all our lines of work in order to command trust and mutual respect.

## EXCELLENCE IN PERFORMANCE

Setting goals beyond the best and reinforcing high quality performance standards and achieving excellence through implementing best practices.





# ABOUT AIRASIA X: DEFYING NORMS

AirAsia X is a leading long-haul, low-cost carrier (LHCC) based in Malaysia and serving the Asia Pacific region as well as the Middle East. Established in 2007 by the founders of AirAsia, Tan Sri Dr. Tony Fernandes and Datuk Kamarudin Meranun, AirAsia X's business model is built on the same no-frills, cost-efficient concept of the Group but with additional fine-tuning to meet the unique needs of a low-cost airline plying routes that are more than four hours long.

Based on our breakthrough model, AirAsia X has managed to achieve unprecedented aircraft utilisation and seat density rates to rank as one of the lowest unit Cost per Available Seat Kilometre (CASK) airline in the world while maintaining industry leading engineering reliability and on-time performance.



**TAN SRI DR. ANTHONY FRANCIS FERNANDES**  
Non-Independent Non-Executive Director

**DATUK KAMARUDIN BIN MERANUN**  
Non-Independent Non-Executive Director





To realise his childhood dream of making long-haul flights affordable, Tan Sri Tony and his partner, Datuk Kamarudin, announced the launch of AirAsia X in January 2007. By November that year, AirAsia X received all its licenses and regulatory approvals and operated its first commercial flight from its base in Kuala Lumpur to Australia's Gold Coast with its first Airbus A330-300 aircraft. Within a year, AirAsia X was flying to three more destinations – Hangzhou, Perth, and Melbourne – and had in its books a total order for 25 new A330-300 aircraft.

As at 31 December 2013, the airline has 16 A330-300 aircraft plus 3 other aircraft for non-scheduled charters and leases, the largest LCC wide-body aircraft capacity in the world. With an average age of less than five years for its core fleet, AirAsia X serves 18 destinations in eight countries excluding Malaysia. Having rationalised our routes in 2012, AirAsia X is now focused on building our core markets in North Asia and Australia, as we prepare to conquer the region and beyond.

Despite being a LHLCC, the creativity and innovation of AirAsia X has led to an impressive range of services and options that add to our passengers' convenience and comfort. We were the first low-cost carrier (LCC) to offer assigned seats, Premium

Flatbeds and the Fly-Thru connection facility, as well as to introduce portable in-flight entertainment units, pre-booked meals and innovative seat upgrade and seat choice options. These have not only led to one of the highest customer satisfaction indices as reflected in numerous international awards but also to significant ancillary revenue.

## OUR ASSOCIATION WITH THE AIRASIA GROUP ENABLES US TO LEVERAGE ON THE GLOBALLY-RECOGNISED BRAND AND LARGE CUSTOMER BASE AS WELL AS ITS EXTENSIVE SHORT-HAUL NETWORK.

Together with the AirAsia Group, we are working towards creating the world's first global multi-hub network with a complementary web of short-haul and long-haul routes. Towards this end, by 2019, we will have a total of 57 Airbus A330-300 aircraft. AirAsia X's Initial Public Offering (IPO) on Bursa Malaysia on 10 July 2013, which raised almost RM1 billion, was held primarily to finance this growth.

AirAsia X is driven by a culture of innovation that constantly questions the status quo and seeks to improve on standard norms. This culture permeates all levels and segments of the organisation, inspiring every single member of the 2,011 Allstar team to ensure the brand lives up to our promise that 'Now everyone can fly X-tra long'.

Based on our pioneering business model, AirAsia X has received tremendous international publicity. We were jointly awarded with AirAsia Berhad the 2009 CAPA Airline of the Year; and as part of the AirAsia Group, also awarded the World's Best Low Cost Airline by Skytrax for five straight years since 2009.





# MILESTONES

## '07

### 5 January

Tan Sri Dr. Tony Fernandes and Datuk Kamarudin Meranun announce the launch of AirAsia X.

### 14 June

AirAsia X places an order for 15 A330-300 aircraft.

### 10 August

AirAsia X announces a 20% investment by Sir Richard Branson's Virgin Group.

### 2 October

AirAsia X receives its Air Operator's Certificate and its Air Service License from the Department of Civil Aviation, Malaysia.

### 2 November

The first flight to Australia's Gold Coast is launched, with pioneering assigned seating and pre-book meals services.

## '08

### 4 February

The Kuala Lumpur-Hangzhou, China route is launched.

### 13 March

More than 100,000 seats have been sold, valued at approximately RM100 million.

### 27 March

An order is placed for another 10 A330-300 aircraft, bringing the airline's total order to 25 A330-300 aircraft.

### 31 October

AirAsia X takes delivery of its first brand new A330-300 aircraft in Toulouse, France.

### 2 November

The first anniversary is celebrated with a second Australian destination, Perth.

### 13 November

The first flight from Kuala Lumpur to Melbourne, Australia takes off.

## '09

### 13 January

The Supersize baggage policy is introduced.

### 17 February

Passengers can make use of a web-based self check-in facility.

### 11 March

The Low Cost Carrier Terminal (LCCT) in Sepang celebrates the first flight to Stansted, London.

### 2 April

Transport Minister Dato' Sri Ong Tee Keat sends off the first flight to Tianjin, China.

### 28 April

AirAsia and AirAsia X partner Scicom (MSC) Berhad to establish a world-class, state-of-the-art contact centre to service customers from around the world.

### 16 June

AirAsia X orders 10 A350-900 aircraft with an option for another five.

### 24 June

The administration fee is abolished, so passengers now pay only for their seat fare and airport tax.

### 26 June

AirAsia X sponsors the Oakland Raiders, three-time National Football League (NFL) Super Bowl champions.

### 1 July

A new route to Taipei, Taiwan is launched.

### 8 August

The 42nd ASEAN Day is celebrated at the LCCT.

### 20 October

A new route is launched to Chengdu, China.





## MILESTONES

'10

### 20 January

Self check-in kiosks are introduced at the LCCT and selected regional airports.

### 10 February

AirAsia and AirAsia X are the title sponsors of the 2010 AirAsia British Grand Prix at Silverstone.

### 5 April

Premium flatbeds are introduced.

### 8 April

AirAsia and AirAsia X put a Malaysian team in the 2010 MotoGP World Championship.

### 6 May

A new route is launched to Mumbai, India.

### 4 August

New routes are launched to New Delhi, India and Tehran, Iran.

### 2 November

Seoul, Korea becomes AirAsia X's 12th destination.

### 9 December

A new route is launched to Tokyo-Haneda, Japan.

'11

### 17 January

The Fly-Thru service is launched at the LCCT.

### 27 January

Passengers can upgrade to premium class at a nominal fee via OptionTown.

### 3-7 February

2,380 Malaysians are returned on AirAsia X rescue flights from the Egyptian cities of Cairo and Alexandria.

### 14 February

Valentine's Day is celebrated with a first flight to Paris Orly, France.

### 1 April

The airline launches a new route to Christchurch, New Zealand.

### 7 April

Adventurer Khoo Swee Chow is flown to eight of the highest peaks within AirAsia X's network namely China, the UK, France, Iran, Japan, Korea, Taiwan and New Zealand, culminating with a successful submit of Mount Everest on 21 May.

### 10 May

AirAsia X joins the Group's year-long To Japan With Love campaign.

### 26 May

Celebrity Chef Shingun is to prepare Korean dishes for Seoul-Kuala Lumpur flights.

### 22 June

Memorandum of Understanding (MOU) is signed with Tune Box for the development of an In-flight Entertainment (IFE) solution.

### 28 June

The Malaysian Government lifts route restrictions on AirAsia X, with the exception of Sydney.

### 30 November

AirAsia X touches down at Kansai International Airport, Osaka, Japan.

'12

### 12 January

Announcement on the suspension of flights- London, Paris, Mumbai and New Delhi, as part of the network consolidation.

### 9 February

The Empty Seat Option (ESo), via OptionTown is launched.

### 2 April

The long-awaited route to Kingsford Smith International Airport, Sydney, Australia is launched.

### 22 June

AirAsia X transfers its service from Tianjin to Beijing, China.

### 10 July

Kathmandu, Nepal becomes a new destination from Kuala Lumpur.

### 23 July

The Samsung Galaxy Tab 10.1 is made available on all flights as a pre-booked option.

### 9 August

A letter of intent is signed with the International Lease Finance Corporation (ILFC) for the lease of six A330-300 aircraft.

### 2 November

Julie-Anne Foster from Australia wins our Friendsy Facebook contest and gets to fly with 300 of her family and friends from Sydney to Kuala Lumpur on their own exclusive flight, to celebrate AirAsia X's fifth anniversary.





# JOURNEY THROUGH 2013

01

FEBRUARY

The Quiet Zone is implemented on flights to Australia, China, Japan, Korea, Nepal and Taiwan featuring soft lighting with minimal noise.

16

FEBRUARY

AirAsia X's first flight from Kuala Lumpur to Jeddah's King Abdulaziz International Airport, Kingdom of Saudi Arabia takes off.

19

FEBRUARY

AirAsia X's first flight from Kuala Lumpur to Shanghai Pudong International Airport, China takes off.

10

APRIL

The Fly Home to Vote campaign is launched in conjunction with Malaysia's 13th General Elections.

23

APRIL



AirAsia X receives our 10th A330-300 aircraft in Toulouse, France.

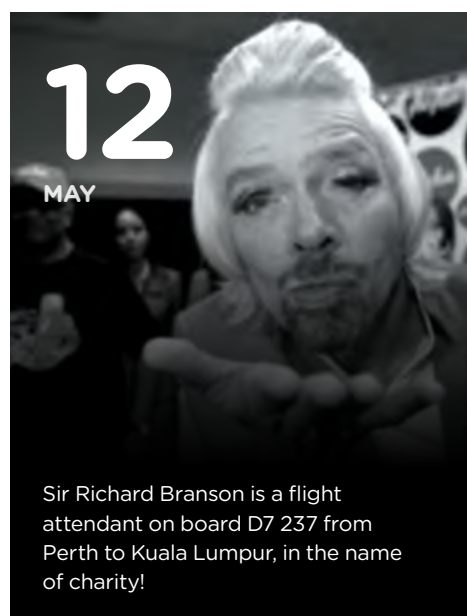
07

MAY

The first of six leased aircraft from International Lease Finance Corporation (ILFC) is delivered.

12

MAY



Sir Richard Branson is a flight attendant on board D7 237 from Perth to Kuala Lumpur, in the name of charity!

IPO

## LAUNCH OF THE AIRASIA X PROSPECTUS

10 June 2013



10

JUNE

The Initial Public Offering (IPO) prospectus is launched pursuant to the Company's listing on the Main Market of Bursa Malaysia in July 2013.

IPO

13

JUNE

Retail Investors are entitled to one zero fare return air ticket to any AirAsia X destination originating in Kuala Lumpur, Malaysia upon its first anniversary, subject to terms and conditions.

21

JUNE

The IPO pricing is announced.

02

JULY

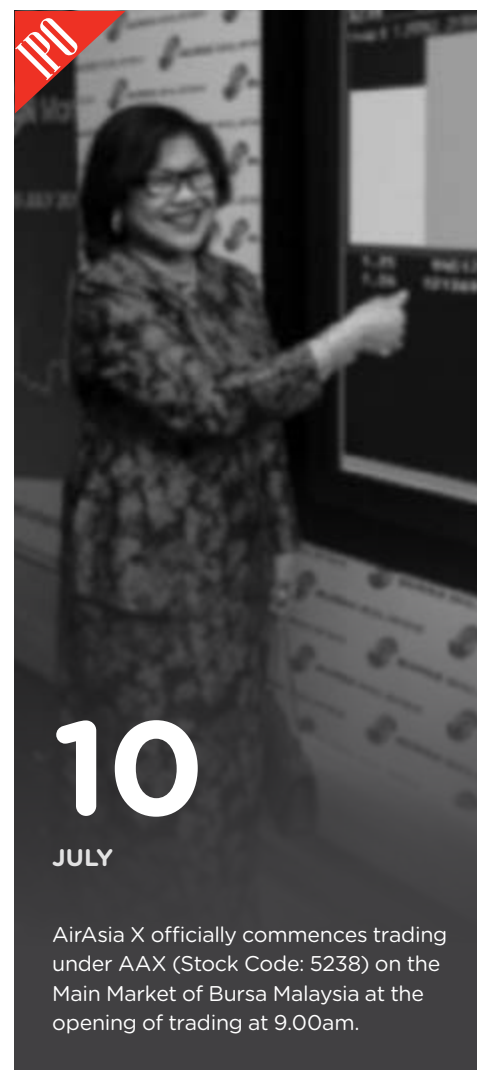
AirAsia X celebrates the first anniversary of its Kuala Lumpur-Kathmandu route, which has flown more than 100,000 passengers.

IPO

10

JULY

AirAsia X officially commences trading under AAX (Stock Code: 5238) on the Main Market of Bursa Malaysia at the opening of trading at 9.00am.



11

MARCH

Marketing students at Curtin Business School in Perth are briefed on a competition to develop a marketing campaign for the BIG loyalty programme in Australia.

15

JULY

AirAsia X arrives in Busan, the airline's second destination in South Korea after Seoul.