



AIRASIA X IS IN TALKS WITH AIRBUS TO DELAY MORE AIRCRAFT

News / Airlines



AirAsia X Bhd. is in talks with Airbus Group SE to delay more planes due for delivery in the next two years as the long-haul arm of Southeast Asia's biggest low-fare carrier takes steps to improve its financial standing.

The airline has received three of the eight [aircraft](#) planned for 2015, with one more scheduled to arrive in October, Chief Executive Officer Benyamin Ismail said in an interview on Sep. 11. AirAsia X would like to rework the schedule for the other four planes due this year and the nine it was supposed to take in 2016 and 2017, he said.

"We just want to make sure Airbus assists us in helping manage our capacity moving forward," Benyamin said from the company's head office in Sepang, outside Kuala Lumpur. "We are not saying that we are not going to take it; what we are saying is give us a bit more time to take it later."

AirAsia X, unprofitable for seven straight quarters, is deferring capacity after a price war with state-owned Malaysia Airlines Bhd., which lost two aircraft in crashes last year. Budget carriers in Southeast Asia, including AirAsia X affiliate AirAsia Bhd., have also delayed taking delivery of new planes as competition prompts them to cut routes to reduce losses.

Airbus is in regular contact with its customers, but the company doesn't comment on specific discussions with individual airlines, Sean Lee, a company spokesman, said in an e-mail.

The net loss at AirAsia X widened to 132.9 million ringgit (US\$31 million) in the second quarter from 128.8 million ringgit a year earlier. The result was hurt by a weaker ringgit, which has dropped 26 percent against the dollar in the past 12 months.

Oil Hedging

AirAsia group has hedged 56 percent of its 2015 oil needs at US\$88.26 a barrel, preventing it from taking full advantage of a plunge in crude prices to reduce costs. Crude is hovering around US\$45 a barrel, with Goldman Sachs Group Inc. predicting prices may fall to as low as US\$20.

Investors have sent AirAsia X shares down 73 percent in the past year. To help restore confidence, the company is focusing on boosting passenger yields after trying to fill seats "at all cost" earlier, Benyamin said.

The carrier also wants to convert part of its existing order for A330ceo planes to the newer A330neo model, which is more fuel efficient and could allow it to fly longer routes to European destinations such as London, Benyamin said. AirAsia X also plans to start flights to Hawaii and the Japanese city of Sapporo this year.

"Fly Somewhere"

"Ideally, we want to make sure that the aircraft that we are bringing in we can fly somewhere," he said.

AirAsia X is working on turning around about a quarter of its 26 routes which are still unprofitable, Benyamin said. These are mainly to South Korea, where an outbreak of Middle East Respiratory Syndrome hurt travel demand earlier this year.

AirAsia X expects its load factor to rebound from the third quarter after increased marketing efforts, Benyamin said. The load factor fell to 68.4 percent in the second quarter from 80.4 percent a year earlier.

AirAsia group temporarily suspended flight promotions across carriers in its network during the first few months of this year, following the crash of a plane operated by an Indonesian affiliate.

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