



**AIRASIA BERHAD
EARNINGS ANNOUNCEMENT
2Q2017
29 AUGUST 2017**

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2Q2017 KEY HIGHLIGHTS

1. RATIONAL & WEAKENING COMPETITION DRIVING RECORD REVENUE

- RASK up 11% driven by increase in average fare and ancillary
 - Average fare RM177 (up 10%)
 - Load factor 89% (up 2 pts)
- Malindo suspended 3 routes, reduced frequencies in 13 routes
- Nok 2Q net loss THB749mil, Cebu 1Q profit down PHP2.6bil YoY, Lion is shrinking
 - MAS cancelled 6 domestic aircraft operations

2. ANCILLARY INCOME

- RM47 to RM49; ancillary revenue RM471mil up 15% YoY

3. MOBILE CONVERSION

- Ticket purchase up 52% YoY from 3.41% to 5.19%
- App. enhancement to meet user requirements, demand & ease of booking



2Q2017 KEY HIGHLIGHTS

4. INDONESIA & PHILIPPINES (STRONG TURNAROUND), THAILAND (STRONG DEMAND) & INDIA (RECORD QUARTER)

- Recorded operating profit: AirAsia Indonesia RM59mil; AirAsia Philippines RM29mil
 - AirAsia Thailand reported operating profit THB397mil
 - AirAsia India passenger growth up 89%

5. COST

- CASK (ex. fuel) down 2% to 8.21 sen
- USD/MYR weakened from 4.00 to 4.31 YoY, mitigated by aircraft utilisation from 12 to 13 hours a day

6. FINANCIAL PERFORMANCE

- Revenue RM2.38bil (up 19%) YoY
- Net Operating Profit RM395mil (up 59%) YoY

7. AACE

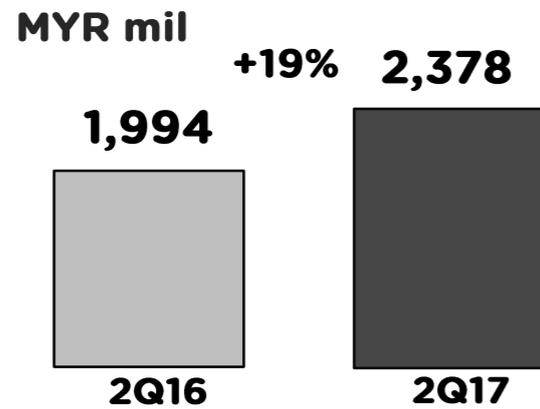
- Monetisation of JV, the start of special dividends post AACE sale worth USD100mil

AIRASIA BHD'S 2Q2017

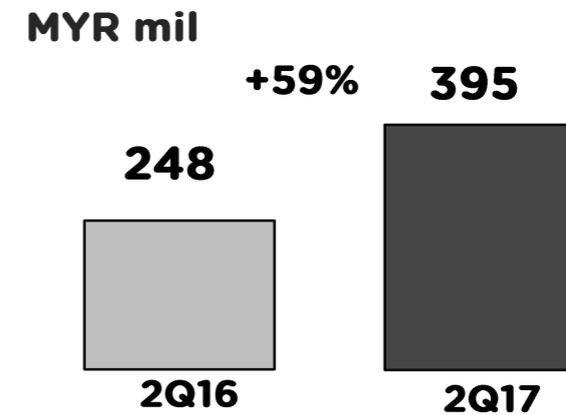
CONSOLIDATED FINANCIAL PERFORMANCE

INCOME STATEMENT

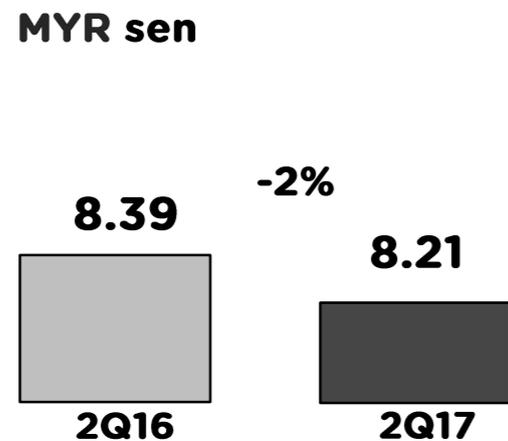
REVENUE



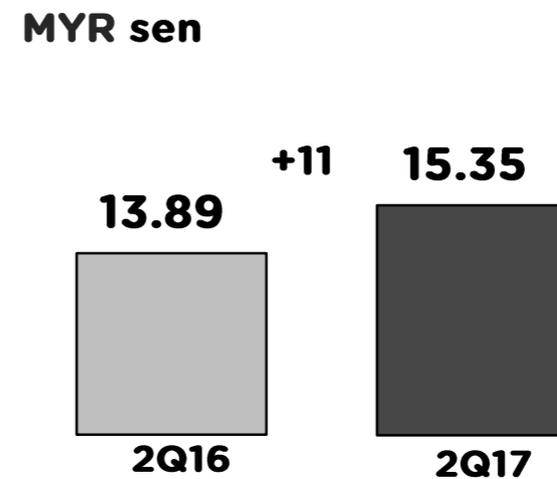
NET OPERATING PROFIT



CASK (ex. fuel)



RASK



PROFITABLE QUARTER INDONESIA & PHILIPPINES

Positive
Performance



Indonesia

- Op. profit RM59 mil; contributed >10% of AAB's Op. profit
- Load factor up 2ppts
- Ave.fare up >15% YoY
- Ancillary per pax up >10% YoY
- Increased frequency +3 routes
- Start India and North Asia routes

- Strong load and fares going into 3Q
- Focused on profitable international routes, increase aircraft utilisation to 14 hrs
- Going ahead with listing plan in 2017 to realise investment in JV



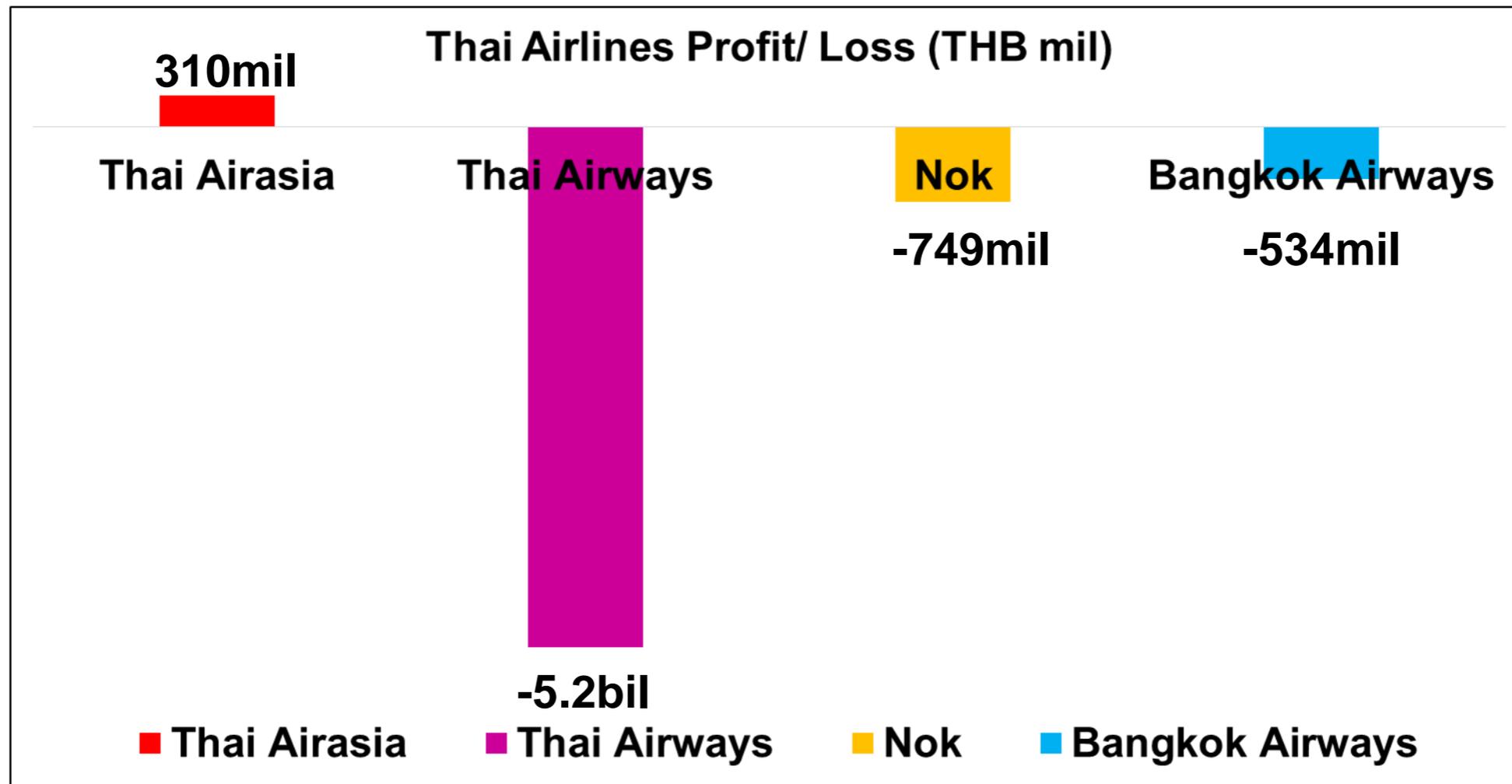
Philippines

- Op. profit RM29 mil; contributed >5% of AAB's op. profit
- Passenger carried up 30%
- Ave. fare up >20%
- Ancillary per pax >25%
- Connect ASEAN to Philippines

- Strong load factor and fares for the rest of the year
- Grow domestic leisure routes
- New routes +7; Increased frequency + 2
- Going ahead with listing plan in 2018 for further expansion to serve the strong travel demands

Listing going
ahead

ASSOCIATES' PERFORMANCE - THAILAND HIGHLIGHTS



- Revenue THB8.35bil up 7.5% YoY, supported by 13% increase in passengers and load factor of 86% up 3 pts
- Was the only profitable airline in Thailand, despite op. profit dropping to THB397million
- Ave. fare down 5% YoY
- RASK up 6% to 4.52 US cents; CASK (incl. fuel) 4.39 US cents from 4.02 US cents due to higher fuel prices and excise tax hike in Jan 2017 for domestic jet fuel consumption
- Challenging quarter for Thailand, but still profitable among peers, AirAsia Thailand recorded net profit of THB310million, competitors reported net losses

ASSOCIATES' PERFORMANCE - INDIA HIGHLIGHTS

- Revenue of INR3.48 bil up 84% YoY
- Load factor 90% up 3 ppts
- Capacity grew by 83% YoY
- Average fare up 2%
- RASK 4.56 US cents up 19%; CASK (incl. fuel) 4.88 US cents up 16%; CASK (ex. fuel) 2.99 US cents
- New routes +2 from Kolkata and New Delhi; increase frequency +2 from Bengaluru in 2Q2017
- 11 aircraft as of 1 August 2017, 14 aircraft by end 2017, target to fly international in 2018

India's passenger growth

↑ 89%

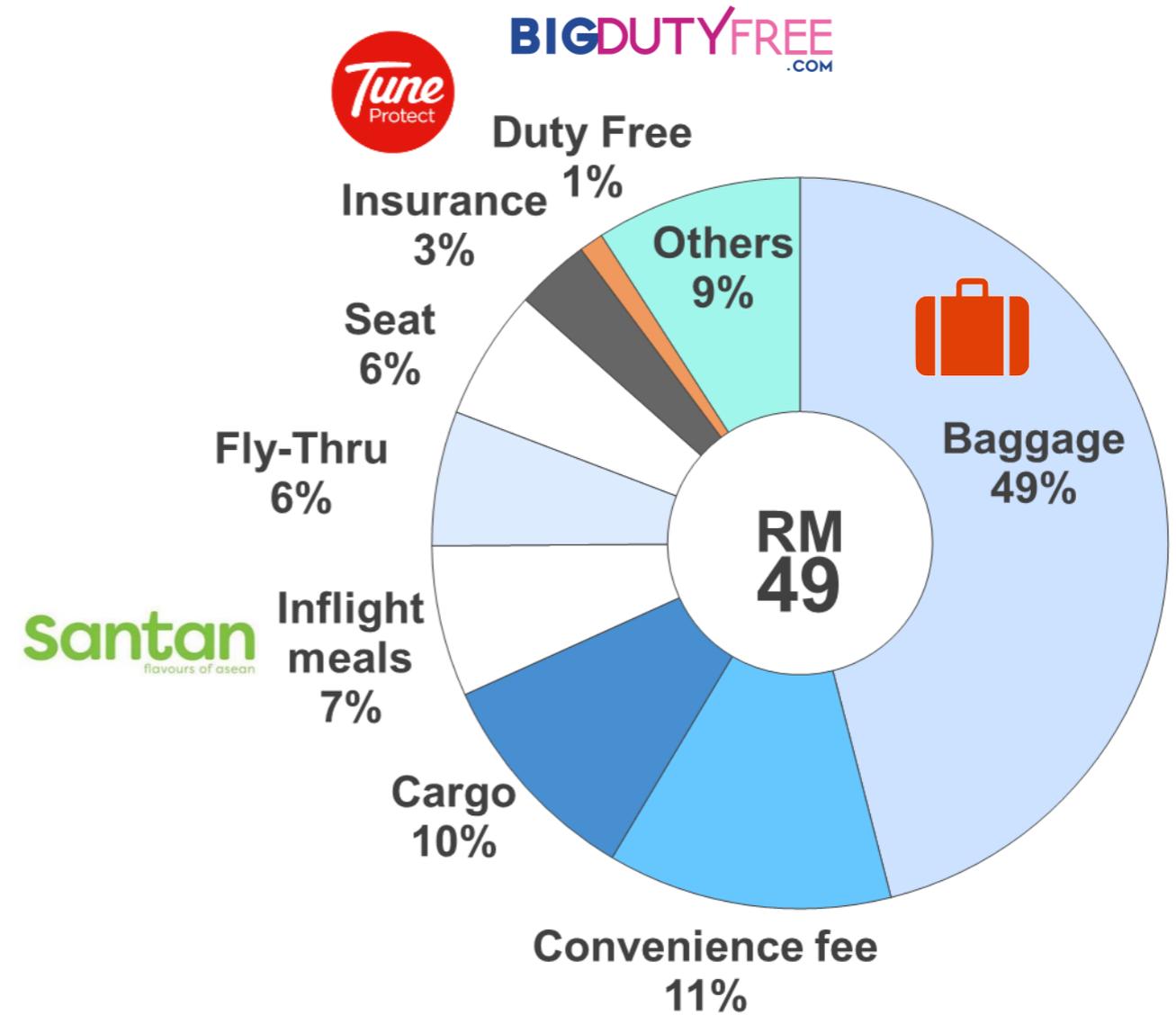
ANCILLARY

TARGET RM60 PER PASSENGER

- Total ancillary revenue of RM471 million up 15% YoY (20% share of total revenue)
- Ancillary spend per passenger up RM2 YoY to RM49
- Big Duty Free - room for growth. Effective use of data to increase uptake; delivery to the seat/ pick up at airport

Dynamic pricing results:

- Incremental revenue per pax (up 8% pre vs post implementation)
- Baggage TUR 40% (49% vs 43% YoY)
- Fly-thru/connecting (6% vs 4% YoY)
- Seat (6% vs 5% YoY)
- Convenience fee (11%)
- Cargo (10%)
- Inflight meals (7%)



STRATEGY & FUTURE PLANS

THE POWER OF ONE

1. New Group Structure



AirAsia Group Bhd to own 100% of Malaysia AirAsia Bhd & other associates

Exchange of AirAsia Bhd's shares with AirAsia Group Bhd; thereafter transfer of listing status
(Subject to board approval)



- | | |
|---|---|
| 2. Growth | 500 aircraft and 150mil passengers by 2027 |
| 3. Consolidation of Thailand | By end of 2017 |
| 4. Listing updates | Indonesia - 2017; Philippines - 2018; AirAsia Group Bhd |
| 5. Cost reduction | Centralisation of functions, increase aircraft utilisation, cost savings USD45mil by end 2018 |
| 6. The start of LCCTs & dedicated airports | Dedicated low cost terminals with low PSC, quick turnaround time |
| 7. Strong load factor until end 2017 | AAB Consolidated > 88%; Thailand > 85%; India > 86% |
| 8. New Ancillary Structure | Marketing, product, operations/ supply chain & technology to achieve RM60 per pax |
| 9. New JVs to be announced | GTR, Cargo |
| 10. Further monetisation of non-core assets | Expedia, AAC |



**THANK YOU
&
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INVESTOR DAY**

RISK MANAGEMENT

FOREIGN CURRENCY, LOANS & HEDGING

Our group's hedging strategy is based on our forward sales booking

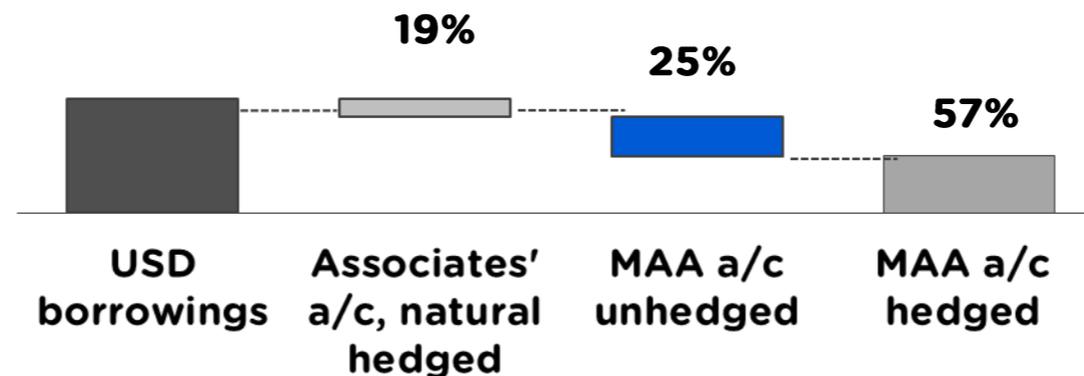
Fuel for FY2017, 78% hedged - fuel requirements at USD60 per barrel; 15% hedged for 1H2018 at USD61.

Currency hedges. USD operating expenditure 50% hedged up to Dec 2017. Able to pass on currency risk to passengers via cross-selling of ancillary and increasing fare prices

Sale proceeds 30% in foreign currency

Interest rates 100% hedged. All USD loans (for aircraft) either fixed rate loans or fixed interest rates via interest rate swaps

Only 25% of USD borrowings are totally unhedged



Loans by currency: USD (70%), MYR (26%), SGD (3%) and EUR (1%)

AirAsia Group	2017			
	1Q	2Q	3Q	4Q
Current Hedge Ratio	77%	69%	84%	79%
Ave Hedge Cost (USD - jet kero)	58	59	60	61
Average FY Hedge Cost	60			