PRESS RELEASE

AIRASIA GROUP BERHAD FIRST QUARTER 2019 FINANCIAL RESULTS

AIRLINE REVENUE UP 9% - RM2.8 BILLION
AIRLINE EBITDA UP 6% - RM678.4 MILLION
NON-AIRLINE EBITDA OF RM38.9 MILLION
PASSENGERS CARRIED GROWTH OF 18%
RASK GROWTH OF 3%
SPECIAL DIVIDEND OF 90 SEN

SEPANG, 29 MAY 2019 – AirAsia Group Berhad[1] ("AirAsia" or the "Consolidated Group") today reported its results for the quarter ended 31 March 2019 ("1Q2019"). The company also announced a special dividend of 90 sen.

Unaudited Consolidated Results of AirAsia Group Berhad

The Consolidated Group posted 1Q2019 airline revenue of RM2.8 bil, up 9% year-on-year from RM2.6 bil in 1Q2018. The high single-digit revenue growth was driven by strong 18% year-on-year growth in passengers carried to 12.5 mil. This has surpassed the 17% in additional capacity, resulting in stronger load factor of 88%, up 1 percentage point ("ppt"). Our ancillary revenue also grew by 29% year-on-year, recording RM664 mil for the Consolidated Group.

EBITDA for our Consolidated Group was RM717 mil in 1Q2019, a remarkable 13% jump year-on-year. In terms of segment, our airline EBITDA recorded a 6% increase year-on-year to RM678 mil. Our non-airline EBITDA, on the other hand, turned profitable at RM39 mil in comparison to a loss of RM7 mil in 1Q2018, translating into a 7 times growth year-on-year. The profitability is primarily contributed by Teleport, our logistics business which has begun consolidating the belly space of AirAsia ecosystem in 2018.

Profit Before Tax was RM214 mil in 1Q2019, down 31% year-on-year (after excluding exceptional gain of RM885 mil in 1Q2018) due to the 64% higher maintenance & overhaul cost. This was on the back of more non-cash maintenance provisions of approximately RM100m given the higher number of leased aircraft. There is a differing accounting treatment for major overhaul costs for owned and leased aircraft, where the latter impacts the income statement more negatively than the former but cash outlay over the asset's useful life is the same.

Positive operating cash flow was generated during the quarter, amounting to RM288 mil.

Financial & Market Share Performance

Revenue per Available Seat Kilometre ("RASK") for the Consolidated Group grew by 3% to 15.10 sen in 1Q2019. The increase in RASK was driven by strong demand with load factor gaining 1 ppt despite adding 11% Available Seat Kilometres ("ASK"). This comes post our strategy in 2018 where we aggressively expanded capacity and engaged in competitive pricing to gain market share and

---

[1]AirAsia Group Berhad refers to the consolidated groups: Malaysia, Indonesia and Philippine units. PT Indonesia AirAsia and AirAsia Inc. Group of Companies (Philippines) results were consolidated with AirAsia Berhad for financial reporting purposes in accordance to MFRS 10 since 1 January 2017.

dominance in our operating markets. We successfully grew our domestic market share in Malaysia to 61%, up 4 percentage points ("ppts").

Cost Performance

For the Consolidated Group, Cost per Available Seat Kilometre ("CASK") including fuel increased to 14.57 sen in 1Q2019, 8% higher than 13.55 sen in 1Q2018. This is primarily attributed to the increase in maintenance and overhaul costs due to higher provision for maintenance of approximately RM100 mil given the higher number of leased aircraft. Average fuel price was flat at USD83 per barrel jet kerosene. CASK ex-fuel increased by 11% year-on-year to 9.14 sen in 1Q2019.

On the financial results for 1Q2019, AirAsia Group Berhad Deputy Group CEO (Airline) Bo Lingam said:

"We kickstart 2019 with substantial increase in capacity, in line with our strategy to gain market share. There were 18 additional aircraft for our Consolidated Group since 1Q2018, as we strive to meet the strong air travel demand in ASEAN. Most of the seats added were sold, as seen in our astounding growth in passenger traffic of 18% year-on-year coupled with higher load factor of 88%."

"We are pleased to share the breakdown of airline and non-airline businesses at EBITDA level, which we believe will give a greater clarity and transparency on the performance of our business segments, especially our new digital platforms. Under non-airline businesses, we have Teleport (our logistics platform), AirAsia.com (one-stop travel and lifestyle platform) and RedBeat Ventures Group (all our other non-airline digital businesses)."

"With this 1Q2019 results, our ASEAN AOCs remain on track to turn profitable this year. All our ASEAN AOCs reported positive EBITDA for the quarter while demonstrating strong load trend of above 87%. AirAsia Indonesia showed tremendous improvement with it narrowing losses by 54% year-on-year on the back of strong demand, with a 7 ppts improvement in load factor, 10% improvement in RASK and 11% decline in CASK."

On the Group's outlook, AirAsia Group Berhad Deputy Group CEO (Digital & Technology) Aireen Omar said:

"We are positive that our transformation into a travel and financial platform company is gaining momentum this year. We have seen encouraging growth for our platform businesses especially Teleport, which manages the aircraft freight belly space of AirAsia and third-party airlines. Teleport has shown significant potential despite having only been operating for less than a year. This quarter alone, Teleport reported RM101 mil in revenue, which is in line to reach our revenue target of RM400 mil this year. We have recently announced a few tie-ups with different airlines as well as SMEs, and is actively seeking for more. We aim to establish Teleport as a key freight player in the ASEAN region. We plan to launch teleport.social, a social commerce enabler, this year."

"AirAsia.com is being developed as a full-fledged travel and lifestyle platform. We have been selling additional travel-related services such as hotels, tour packages, activities, insurance and duty free items on top of flight tickets, and we are continuously improving the selections to maintain relevance and fulfill the needs of millions of our guests. For 1Q2019, AirAsia.com saw a total gross transaction value (GTV) of RM5.8 bil."

"BigPay, our financial service provider, has had over half a million signed up customers since its inception early last year. For 1Q2019, new card issuance increased by 28% quarter-on-quarter, while gross transaction value (GTV) grew by 48% for the same period. BigPay currently encompasses mobile payments, pre-paid debit Mastercard, cash withdrawals and point of sale transactions for major currencies at very competitive foreign exchange rate. Our long term plan for BigPay is to offer e-money, loans and remittances across ASEAN. BigPay will be rolled out in stages across multiple markets in ASEAN, with us targeting to get e-money license in Singapore in 2019."

"Year-on-year, we saw 2.4 mil AirAsia BIG member registrations in 1Q2019 in comparison to 1.1 mil in 1Q2018, translating into a growth of 117%. This is a significant growth parameter as AirAsia BIG members contribute about 21.5% of bookings on AirAsia.com. To date, there are 25 mil AirAsia BIG members."

Bo further added:

"As for our airline, our strategy remains to gain dominance in the countries we operate in, especially within the ASEAN region. This year, we have planned for a net fleet growth of 18 aircraft across our AOCs. A substantial number of aircraft is bound for AirAsia India, as we expect to see some changes in India's operating landscape in the near future, on top of our target to fly international by the end of this year. We are also looking to add 2 aircraft in Indonesia to further develop domestic tourism, aided by our strong international presence through our hub strategy, including the recently launched Lombok hub."

END

For further information please contact:

Group Investor Relations:
Azita Nazrene
Office : +603 8660 4333
Email : **azitanazrene@airasia.com**

Communications:
Aziz Laikar
Office : +603 8660 4263
Email : **azizlaikar@airasia.com**

For further information on AirAsia, please visit the Company's website: www.airasia.com