PRESS RELEASE

AIRASIA GROUP BERHAD FIRST QUARTER 2020 FINANCIAL RESULTS

GROUP EBITDA BREAKEVEN DESPITE GROUP REVENUE DOWN 15%
NON-AIRLINE REVENUE UP 27%
RASK GROWTH OF 2%

SEPANG, 30 June 2020 – AirAsia Group Berhad ("AirAsia" or the "Company") today reported its results for the quarter ended 31 March 2020 ("1Q2020").

Unaudited Consolidated First Quarter 2020 Results of AirAsia Group Berhad

The Consolidated Airline Group[1] posted 1Q2020 revenue of RM2.3 billion, down 15% from RM2.7 billion in 1Q2019. Despite kickstarting the year with a strong performance in January 2020, the uncertainty of the outbreak as well as increasing travel restrictions and border controls in regards to Covid-19 has led to weaker air travel demand in February and March. The reduction in Available Seat Kilometre ("ASK") by 19% was primarily due to proactive capacity management to mitigate the impact. 1Q2020 ancillary revenue also decreased by 16% year-on-year ("YoY") to RM556 million, dragged by airline ancillary which declined 28% mainly due to removal of processing fees and 22% less passengers carried. Non-airline ancillary revenue grew 27% YoY.

The Consolidated Airline Group posted a breakeven in 1Q2020 EBITDA in comparison to EBITDA of RM565 million in 1Q2019, as EBITDA losses incurred in MAA and IAA was cushioned by PAA's positive EBITDA for the quarter. Teleport's EBITDA grew 22% to RM63 million in 1Q2020.

Net loss for the period was RM953 million, compared to RM102 million in profit in the previous corresponding quarter. The loss was attributed to a shortfall in revenue amidst impacted travel demand, higher maintenance and overhaul costs by 54% due to the accounting impact from the change in aircraft ownership (MFRS137) , loss on settlement from fuel hedging amounting to RM110 million and fair value loss on derivatives of RM270 million.

Operating & Market Share Performance

RASK for the Consolidated Airline Group increased by 2% to 15.33 sen in 1Q2020, attributed to a better pricing strategy adopted since 4Q2019. Load factor was within expectations at 77%. In terms of domestic market dominance, AirAsia Philippines grew the most by 4 percentage points ("ppts") to 22% in 1Q2020. AirAsia Indonesia and AirAsia India also gained market share by 2 ppts each to 4% and 8% respectively.

Cost Performance

For the Consolidated Airline Group, Cost per Available Seat Kilometre ("CASK") including fuel increased by 36% to 19.81 sen in 1Q2020. Maintenance and overhaul costs increased by 54% YoY

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[1]Consolidated Airline Group refers to Malaysia, Indonesia and Philippine airline units. Wholly-owned subsidiary AirAsia Berhad, along with associates PT Indonesia AirAsia and AirAsia Inc. Group of Companies (Philippines) results were consolidated for financial reporting purposes in accordance with MFRS 10 since 1 January 2017.

due to the accounting impact from the change in aircraft ownership. Loss on settlement from fuel hedging amounted to RM110 million in the quarter. CASK excluding fuel increased by 51%.

On the airline performance results and outlook, President (Airlines) of AirAsia Group Berhad Bo Lingam said:

"Our market position remained strong in the 1Q2020 despite the challenges faced. We are pleased to see domestic market share gain in three of our Air Operator Certificates (AOC)s, the highest being AirAsia Philippines which was up 4 ppts. Malaysia remains our strongest domestic market at 61% market share. AirAsia Malaysia's RASK grew 2% attributed to improved pricing strategy, while AirAsia Indonesia's RASK increased by 3%. Though AirAsia Philippines saw a dip in passengers carried by 9%, load factor remained healthy at 84%."

"For each of our operating markets, we have restarted operations in phases and are focusing domestically for now, before opening up to Asean and then the rest of Asia when border restrictions are lifted. We continuously engage with stakeholders especially local governments and airports, among others, on collective efforts in reviving air travel."

"Since beginning domestic operations in late April, we are encouraged by the increase in load factors week by week. Competition has also remained rational. We are aiming to increase our flight frequencies to around 50% of our pre-Covid operations and we look forward to resuming all domestic routes in the coming weeks and months to cater to the increasing demand. Currently, we are operating 365 daily flights across the region. We look forward to the reopening of international borders in recognition of the fact that air transport provides the connectivity that is essential for the resumption of economic activities."

"Safety remains our top priority in day-to-day operations. We have been stepping up precautionary measures on the ground and in the air, including more stringent crew health checks and cabin disinfection procedures. All AirAsia aircraft are fitted with HEPA filters which filter out 99.9% particles and airborne contaminants such as viruses and bacteria, making the air quality clean and safe for guests. We have recently implemented end-to-end contactless procedures including contactless payments at the airport, contactless kiosks, as well as enhanced features on our mobile app to further provide a seamless and secure experience for our guests."

On the digital platforms' performance and outlook, President (RedBeat Ventures) of AirAsia Group Berhad Aireen Omar said:

"1Q2020 demonstrated positive growth performance in our digital businesses. Our logistics arm, Teleport, recorded a higher revenue YoY by 49% to RM150 million. During the quarter, Teleport has successfully completed its cargo consolidation across our Asean AOCs. Our fintech arm, BigPay reported 161% growth in revenue in 1Q2020, gaining further traction with the expansion of remittance corridors to include India, Bangladesh and Nepal. Australia is the latest addition in June, making up nine countries currently available for international bank transfer."

"Latest in the portfolio is OURFARM, which is a new business-to-business (B2B) e-commerce platform to digitalise and transform the agribusiness supply chain by directly connecting agriculture producers and businesses such as hotels and restaurants and boosting their profit through the elimination of middlemen costs. OURFARM covers the end-to-end process from sourcing to delivery, leveraging on our logistics network and airline connectivity. We have already received orders on OURFARM since our launch in June 2020."

"We also launched a complete food ordering solution called OURFOOD. OURFOOD is perfect for food and beverage (F&B) businesses (Partner Outlets) that take orders directly on WhatsApp, Facebook and Instagram. Partner Outlets only need to share a customised menu link to their customers to check out for a pre-order or to receive the food delivery instantly. In return, customers can easily pay, check out and track their food order status in real-time with just a single link."

On AirAsia.com performance, AirAsia.com CEO Karen Chan said:

"We are positive over AirAsia.com's 1Q2020 revenue which was up 118%. As flights are resumed, we are rolling out new offers and promotions in stages to further stimulate demand, focusing on domestic at this point. We received overwhelming response for our recent innovative product, AirAsia Unlimited Pass for AirAsia X, domestic Malaysia and domestic Thailand. We will be rolling this out in other markets soon."

"We continue to play our part to revive the domestic tourism industry by partnering directly with local hotels to offer hassle-free, best price guaranteed deals with bigger savings on SNAP, our flight + hotel combo booking platform which was just launched in June. We remain true to our mantra - enabling everyone to fly through our great value fares. AirAsia is all about value, choice and innovation and this is just the beginning of our recovery efforts."

"We remain focused on our vision to evolve AirAsia.com into a travel and lifestyle platform and competing with existing online travel agents. We made our breakthrough in December 2019 by expanding to include non-AirAsia flights on our website, as well as rolling out AirAsia Deals, which is essentially everyday lifestyle deals from haircuts to F&B, to encourage consumers to actively engage with our platform. We continue to analyse trends in consumers' appetite and preferences while ramping up our existing product offerings. At the same time, we are working tirelessly to introduce more exciting products, promotions and collaborations in the near future."

On the group's outlook, AirAsia Group Berhad CEO, Tan Sri Tony Fernandes said:

"This is by far the toughest challenge we have faced since we began in 2001. Every crisis is an obstacle to overcome, and we have restructured the group into a leaner and tighter ship. We are positive in the strides we have made in bringing cash expenses down by at least 50% this year, and this will make us even stronger as the leading low-cost carrier in the region."

"On the airline operations, we are encouraged by the strong rebound demand seen since resuming operations in late April 2020 and we foresee this will continue in the coming months. Our innovative product, the AirAsia Unlimited Pass, sold out quickly. Competition is pricing rationally. This bodes well for us to compete in the post-Covid-19 world."

"Our past sale and leaseback deals serve to be beneficial in the current situation, as leasing provides us the flexibility and room for renegotiating contracts with our supportive lessors and suppliers. To ensure sufficient working capital during these challenging times, we have sought payment deferrals from our suppliers and lenders. We have also restructured a major portion of the fuel hedges with our supportive counterparties and are still in the process of restructuring the remaining exposure. This will help deal with the excess of hedged volume against expected fuel consumption post-Covid-19 and reduce the hedging losses if fuel price remains at today's prices. Further measures in managing and containing cost include both the management and senior employees of AirAsia Group volunteering a salary sacrifice, re-negotiating contracts and deferring all non-essential expenditures."

"We have applied for bank loans in our operating countries to shore up our liquidity. We have also been presented with proposals to raise capital to strengthen our equity base and/or liquidity from a number of investment bankers, lenders as well as potential investors to help the Company weather the storm caused by the Covid-19 pandemic. In addition, AirAsia has ongoing deliberations with a number of parties for joint-ventures and collaborations that may result in additional investments in specific segments of the group's business."

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"With the group reorganisation completed in 2019 into two pillars, the group continues to push further to enhance the AirAsia way of life ecosystem. Other than the airline group of companies, AirAsia Group has a strong and growing digital pillar which brings together all our digital businesses under RedBeat Ventures (RBV). RBV is positioned to be an Asean triple play business covering e-commerce, logistics and finance, leveraging our extensive reach on AirAsia.com and its low customer acquisition cost."

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