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RECORD PERFORMANCE IN 4Q15

47% INCREASE IN REVENUE
620% INCREASE IN NET OPERATING PROFIT
229% INCREASE IN PROFIT AFTER TAX
10% INCREASE IN PASSENGERS CARRIED

4Q15 MALAYSIA

- Load Factor at 85% (up 7 ppts)
- Passengers Carried up 10% YoY
- Revenue up 47% YoY
- Operating Profit up 276% YoY
- Net Operating Profit up 620% YoY
- Profit After Tax up 229% YoY
- EBIT Margin of 38% (up 23.9 ppts)
- EBITDAR Margin of 52% (up 22.1 ppts)

4Q15 GROUP

- Revenue at RM3.38 billion
- Operating Profit at RM806 million
- Net Operating Profit at RM676 million

LOW COST TERMINAL SEPANG, 26 February 2016 – AirAsia Berhad (“AirAsia” or “the Company”) today reported its results for the quarter ended 31 December 2015 (“4Q15”).

Malaysia

AirAsia posted quarterly revenue of RM2.17 billion, up 47% from the revenue reported in the same quarter last year. The strong revenue recorded was on the back of a 10% year-on-year (“YoY”) growth in the number of passengers carried at 6.47 million which was ahead of the 1% capacity growth, allowing the Company to record a high load factor of 85%, YoY growth of 7 percentage points (“ppts”).

In 4Q15, AirAsia recorded strong operating profit of RM800.69 million (up 276% YoY) and net operating profit of RM694.33 million (up 620% YoY). During the quarter under review, the Company posted Revenue per Available Seat Kilometre (“RASK”) of 22.29 sen (up 40% YoY). RASK held up positively despite the Company’s decision to remove fuel surcharge on 26 January 2015 and passing on the benefit of lower fuel price to consumers. Average fare similarly witnessed an increase to RM177 (up 4% YoY) on the back of strong and healthy demand. If excluding fuel surcharge, RASK for 4Q15 would have been up further at 59% YoY while average fare would have been up by around 26% YoY. Meanwhile, profit after tax for the period under review was a record breaking RM554.20 million (up 229% YoY).

AirAsia Berhad CEO, Aireen Omar said, “It was a very good quarter indeed for the Malaysian operations. The increase in RASK (including and excluding fuel surcharge) proved that lower fares stimulate the market as seen by the significant increase in the number of passengers that travelled with AirAsia who also received a windfall due to the removal of fuel surcharge. Meanwhile, ancillary revenue as a whole



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has increased by 14% YoY with the highest contributor coming from baggage (43% of total ancillary revenue) followed by cargo (10% of total ancillary revenue) and insurance (7% of total ancillary revenue). The highest growth seen among our ancillary products are AirAsia Insure (up 43% YoY) and connecting fees for our 'Flythru' service (up 56% YoY). These led to the Company recording an ancillary income per pax of RM49 this quarter (up 4%), close to our near term target of RM50."

The Company's cost, measured in terms of Cost per Available Seat Kilometre ("CASK") was reported at 14.06 sen, up by 4% YoY. The slight increase in CASK was due to an additional 16 sale and leaseback aircraft undertaken throughout 2015 which led to an increase in aircraft operating lease expenses of 148% YoY. Meanwhile, maintenance and overhaul expenses increased by 53% YoY. As expected, the Company is a big beneficiary of the low fuel price environment. The decline in overall fuel expense by 15% YoY was on the back of 21% lower average fuel price at US\$75 per barrel as compared to US\$95 during the same period last year. This is despite the 7% increase in fuel consumption due to the increased number of flights and longer average stage length.

On balance sheet, Aireen highlighted, "As mentioned before, the management monitors the Company's net gearing level closely to ensure that it is constantly at a healthy and comfortable level. At the end of 4Q15, the Company's USD denominated borrowings has actually reduced by 6% from USD2.69 billion in 3Q15 to USD2.54 billion due to an additional sale and leaseback exercise on an older aircraft executed in 4Q15. Cash on the other hand has increased by 1% to RM2.43 billion. The Company's net gearing ratio therefore is at 2.29 times at the end of 4Q15, 23% lower compared to the previous quarter due to lower total debt and an increase in cash."

AirAsia Group – Consolidated Results of AirAsia Berhad and Associate Airlines

Segment reporting of associates are included in the quarterly Bursa Announcement (Note 9). The operating segments have been identified by each Air Operating Certificate ("AOC") held within the AirAsia Group ("Group"), and are categorised as Malaysia, Thailand, Indonesia, Philippines, India and Japan.

The Group posted quarterly revenue of RM3.38 billion while operating profit for the Group was recorded at RM805.54 million and net operating profit for 4Q15 stands at RM675.90 million. The Group's profit before taxation for the quarter under review is recorded at RM332.44 million.

On consolidation of accounts for the whole Group, the Company's auditor attempted to revisit their opinion on this matter and we are hopeful that the Group will be allowed to consolidate and therefore present a fairer view of the Group's performance and financial position.

For the next quarter onwards, the Company shall disclose year-to-date segment reporting in addition to the current quarterly segment reporting in the notes section of the Bursa Announcement.

Thailand

Thai AirAsia ("TAA") posted revenue of THB7.68 billion in 4Q15, a decrease of 3% from the same period last year while operating profit decreased by 32% YoY to THB585.19 million. This led the associate to post a profit after tax of THB542.96 million (down 32% YoY) in 4Q15. AirAsia Group CEO, Tony Fernandes commenting on TAA's performance, "During the quarter, TAA recorded 17% YoY increase in passenger numbers with load factor increasing by 3 ppts to 82%. Revenue was slightly down YoY due to the drop in international passengers impacted by the explosion at the Ratchaprasong intersection on top of the bad haze situation in Southern Thailand. This led to a 12% decrease in RASK at THB1.59. Meanwhile, CASK reduced by 8% YoY to THB1.47 due to 21% drop in fuel expenses. Besides the impact of the depreciation in Baht, the increase in other costs such as maintenance and user charges are expected from a fast growing airline like TAA due to the increased number of flights and aircraft in operation."



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Indonesia

Indonesia AirAsia ("IAA") recorded revenue of IDR1.10 trillion in 4Q15, down 37% YoY which is in-line with the planned 34% decrease in capacity that led to the 33% decrease in the number of passengers carried. Load factor in general was recorded at a healthy level of 80%. During the quarter, IAA recorded an operating loss of IDR41.87 billion which led to a loss after tax of IDR1.09 trillion, mainly due to forex loss on weaker Rupiah YoY. Tony highlighted, "IAA's turnaround plan is showing good signs especially on the cost side. Costs decreased 35% from a year ago mainly on lower fuel cost, aircraft lease rentals, maintenance and staff cost. The underlying strategy behind the turnaround plan in Indonesia is to remove in total seven aircraft from IAA's fleet size and redeploy them to the other associates which need the aircraft more. In 4Q15, three additional aircraft managed to be redeployed to MAA and AAI. To date, four aircraft have been redeployed and taken out of IAA's fleet and the benefits of this can be seen in the quarter under review where aircraft operating lease expense has reduced by 36% and maintenance and overhaul cost have decreased by 26%."

Philippines

Philippines' AirAsia ("PAA") posted a 51% increase in revenue at PHP2.29 billion and strong growth in the number of passenger (up 47% YoY). Capacity grew by 30% that has led to a 9 ppt increase in load factor. In addition to the 47% increase in ticket revenue, total ancillary revenue also experienced a 1% growth while cargo increased by 13%. This led to a good double digit growth of 21% in RASK at PHP2.01. CASK decreased by 25% to PHP2.11 on the back of lower aircraft related costs. Further guided by the management's turnaround plan, operating losses reduced to PHP110.64 million. Tony said, "The cost reduction and re-fleeting exercise has enabled us to successfully almost break even this quarter. As a result operating losses came in 90% lower than the previous year and PAA experienced profitability in November and December while still posting a loss in 4Q15. Operational improvement has significantly lowered total losses which came in at PHP118.8 million or 91% lower than losses in 4Q2014."

India

AirAsia India ("AAI") recorded a 232% increase in revenue at INR2.08 billion and strong capacity growth of 133% YoY. Meanwhile, average fare increased steadily by 12% to INR3,626 while ancillary revenue per passenger grew by 133% to INR492. Tony stressed, "Our operations in India are geared to grow further after a year in service as we believe our low fares and excellent product appeals to travellers in India who remain underserved by air travel. Load factor improved to 84% amid heightened competition by other players while total passengers carried increased 134% YoY to 0.51 million passengers carried." During the quarter, AAI posted an operating loss of INR256.57 million.

Outlook

Commenting on the Company's outlook, Tony said, "In Malaysia, we are benefiting from the weaker currency environment that has led to local consumers trading down when going on their travel and other nationalities looking at Malaysia as a value for money holiday destination. Regional destinations are also more appealing as compared to higher currency destinations such as Europe and North America. Meanwhile, we will continue to introduce new routes that primarily connect secondary airports across our vast network. Through our newly launched hub in Langkawi, we intend to introduce more 'unique routes' which no other airlines fly and to improve connectivity across the region, giving travellers greater options. Adding on, demand from Chinese travellers has remained resilient and with the visa waiver initiative for Chinese nationals intending to visit Malaysia throughout 2016, this will significantly boost arrivals in the coming quarters. Similarly, fuel trended lower in the quarter which undoubtedly remains favourable for all airlines. We saw a great end to 2015 with record profitability and look to 2016 with a positive light".

Adding on the outlook of cost environment, he said, "As seen in 4Q15, we are beneficiary of the low fuel price. As of now, the Group has hedged 52% of its fuel requirement for 2016 at an average cost of

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USD59 per barrel on jet kero. Passing on this benefit to our passengers through the removal of fuel surcharge earlier last year proved to be rewarding with demand increasing double digit in 4Q15."

On the associates' operations, Tony highlighted, "Our Thai operation continues to deliver results within expectations and is expected to sustain this strong growth as political stability has brought about the return of international travellers and reinvigorated the tourism industry. We will continue to see strong growth and numbers coming from TAA which is performing ahead of the industry and will sustain its leadership in the market."

Whereas in Indonesia, he stressed, "IAA will continue to right-size its fleet and network to minimise operational losses and stabilise the business, including the closure of underperforming hubs. Load factor is on target for January and has surpassed expectations in February. We are on track to reach load factor of 77% in the first quarter of the year and forecasting to sustain above 80% for the second quarter."

Meanwhile, in the Philippines, we are proud to have turnaround our operations in this quarter and achieved figures close to breakeven. Looking forward, we anticipate a similar trend with revenue improvement of 25%-30% projected for 1Q16 versus 1Q15. In addition, our forecast shows high load factor in the current quarter, which coupled with low oil prices, is expected to allow us to continue achieving breakeven or even profitability in our Philippines' operations in the coming months. We will be disciplined and continue with our planned retirement of two remaining inefficient aircraft in 1Q16 as well as matching capacity growth with demand while pushing forward with our plans to market the Philippines as an untapped tourist destination with great potential as part of the governments campaign to 'Visit the Philippines Again 2016'."

Commenting on India and Japan, Tony added "AAI on the other hand will witness a new phase of growth. The associate will work towards keeping its cost under check, with increased focus on ancillary revenue. On top of these, we look forward to the re-launch of AirAsia Japan ("AAJ") that has obtained its AOC and will officially re-commence operation in the market by first half of 2016. Japan will contribute significantly to our existing extensive network across Asia and will further cement AirAsia as the biggest low cost carrier in Asia."

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