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FOR IMMEDIATE RELEASE

RECORD YEAR FOR AIRASIA ALL FOUR ASEAN AIRASIA AIRLINES OPERATIONALLY PROFITABLE

– FOURTH QUARTER 2016

6% INCREASE IN UNIT REVENUE (RASK)

11% DECREASE IN UNIT COST (CASK)

13% INCREASE IN PROFIT AFTER TAX

<u>FY2016 Group Consolidated</u>	<u>4Q16 MALAYSIA (AAB)</u>	<u>FY2016 MALAYSIA (AAB)</u>
<ul style="list-style-type: none">• Load Factor at 86% (up 6 ppts)• Passengers Carried 56.59 mil up 12% YoY• Revenue of RM12.02 bil• PBT RM2.13 bil (12.1x)	<ul style="list-style-type: none">• Load Factor at 87% (up 2 ppts)• Passengers Carried up 5% YoY• Revenue of RM1.94 bil• PBT RM512mil up 18% YoY	<ul style="list-style-type: none">• Load Factor at 87% (up 6 ppts)• Passengers Carried up 9% YoY• Revenue of RM6.92 bil• PBT RM2.17bil (9.1x)

SEPANG, 23 February 2016 – AirAsia Berhad (“AirAsia” or “the Company”) today reported its results for the quarter ended 31 December 2016 (“4Q16”) and the full financial year ended 31 December 2016 (“FY2016”).

AirAsia Group – Pro forma Consolidated Results of AirAsia Berhad and Associate Airlines

AirAsia Group, consisting of AirAsia Berhad and associate airlines in Thailand, Indonesia, Philippines, India and Japan, posted combined revenue of RM12.02 billion for FY2016 compared to RM10.79 billion in the previous financial year. Operating profit for the group was reported at RM2.15 billion, up 24% from the previous year. AirAsia Berhad, Thai AirAsia and Indonesia AirAsia made a positive contribution to operating profit, with Indonesia AirAsia reporting its first profitable full financial year following the turnaround.

For the 4Q16 quarter, AirAsia Group reported consolidated revenue of RM3.24 billion, compared to RM3.38 billion in the same quarter of the previous year. Operating profit for the Group was RM552 million for the quarter. The Group’s profit before tax for the quarter stood at RM355.3 million, while cash and bank balances totalled RM2.97 billion. Passenger carried was up by 7% at 14.51million. Load factor was up by 2 ppts at 85%.

AirAsia Bhd posted revenue of RM1.94 billion for 4Q16, supported by a 5% year-on-year increase in passengers carried, which totaled 6.76 million for the three-month period. Operating profit for the quarter was RM590.4 million. Net profit was up 13% year-on-year to RM628.5 million, in part due to the recognition of a foreign exchange gain of RM54.1 million.

Revenue per Available Seat Kilometre (“RASK”) climbed to 15.71 sen in 4Q16, an increase of 6% compared to the same quarter of the previous year, from higher load factor of 87% and higher average fare of RM186. Cost per Available Seat Kilometre (“CASK”) fell to 11.70 sen, a decrease of 8%.

Thai AirAsia (“TAA”) posted revenue of THB7.56 billion in 4Q16 compared to revenue of RM7.68 billion in same quarter of the previous year. There was a slight decrease in revenue attributed to lower average fare



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due to the strict measures by the Thai government on zero-dollar tours as well as the national mourning period during the unfortunate passing of the Thai King. Load factor remained consistent at 82% compared to the same quarter of the previous year. Operating profit down by 155% due to the unfortunate passing of the Thai King.

Indonesia AirAsia ("IAA") posted revenue of IDR972.0 billion in 4Q16, 13% lower compared to IDR1,091.5 billion in the same quarter in the previous year and in line with the planned capacity decrease under the turnaround plan. Load factor for the quarter was 83%, a 3 percentage point improvement from the same quarter in 2015. IAA achieved an operating profit of IDR90.6 million, the second consecutive profitable quarter for the airline following the turnaround.

Philippines Air Asia ("PAA") reported revenue of PHP3.11 billion in 4Q16, up 36% compared to PHP2.29 billion in the same quarter of 2015, from 11% YoY increase in passengers carried. PAA incurred a one-off charge of PHP493.7 million during the quarter resulting from the disposal of the last remaining owned aircraft that was assumed through the acquisition of Zest Airways. Stripped of this non-cash charge PAA delivered a positive operating profit as guided to the market by management.

On the 4Q16 financial results, AirAsia Group CEO Tony Fernandes said:

"We are thrilled to see our investments in ASEAN beginning to pay off. All our ASEAN airlines, in Malaysia, Thailand, Indonesia and Philippines were operationally profitable in the fourth quarter. Indonesia AirAsia was in the black for the second consecutive quarter following the turnaround and Philippines was operationally profitable after excluding the one-off charge from disposal of legacy aircraft. Our Malaysia operations reported a profit (EBIT) margin of 30%. Thai AirAsia managed to pull in revenue consistent with expectations despite less-than-favourable conditions.

"This quarter our Malaysia operations grew RASK (Revenue per Available Seat Kilometre) by 6% from strong demand for air travel as shown by higher load factor and higher average fare. On the cost side, CASK (Cost per Available Seat Kilometre) came down by 11% from lower fuel prices.

"Our cost-saving measures under Indonesia AirAsia's turnaround plan has returned a second consecutive profitable quarter. CASK was down by 8% in the fourth quarter and with this, we achieved a full-year net profit and fulfilled our promise to stakeholders to be firmly in the black for 2016.

"Philippines AirAsia was the other turnaround success. We carried over a million passengers in the fourth quarter, an increase of 19% year-on-year. Revenue was up by 36% and many of our flights took off with a full load. Load factor averaged 85% in the fourth quarter, up 4 percentage points from 12 months back."

"On our balance sheet, the Company's gearing ratio continues to show improvement quarter-on quarter and year-on-year and is now down to 1.30 times at the end of 4Q16, compared to 1.47 times at the end of 3Q16 and 2.29 times a year ago."

On the Group outlook, AirAsia Group CEO Tony Fernandes said:

"With all our four ASEAN airlines now operationally profitable we can confidently press forward with expansion. The Group fleet will grow to over 200 aircraft this year and we are rolling out new destinations in ASEAN and the wider region as well as ramping up flights on our trunk routes. To increase the number of possible connections at our LCC Hub@KLIA2, we intend to increase to daily frequency up to 16 routes currently operated sub-daily, giving a boost to our Fly-Thru traffic.

"Now that all our ASEAN airlines are on stable footing we want to further our plans to combine our Malaysia, Thailand, Indonesia and Philippines operations under a single, listed ASEAN holding company. We are urging ASEAN governments to relax ownership restrictions and consider ASEAN investors as equivalent to local investors.

"We have set up a team to develop a proprietary platform what will marry fintech with our data analytics and digital content. Our current BIG loyalty programme will evolve into a true virtual currency, not just processing inflight purchases for the over 60 million people on AirAsia flights annually but tapping into the large market for remittances and micro-payments in ASEAN.



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"One of the key goals is to monetise our non-core assets. The biggest will be Asia Aviation Capital, our leasing arm, which we believe is worth approximately US\$1 billion. We are at the due-diligence stage for this and have been surprised at the interest we are getting. We continue to work towards an IPO for our crew training centre, AirAsia Aviation Centre of Excellence (AACE), and a dual listing for AirAsia Berhad in the Hong Kong or New York stock exchanges.

"India has a lot to look forward to this year. Our team there is highly motivated. We have plenty of growing to do even if we won't start international flights until the second half of 2018. AirAsia India reports the highest aircraft utilisation rate among all short-haul airlines in the AirAsia Group, managing a 52% capacity increase in the 12 months to 4Q16 with the addition of just two aircraft from an initial fleet of six. Our focus remains on building our footprint and introducing our low fares to many more Indian cities.

"AirAsia Japan is approaching a full launch. Training flights as part of the regulator's requirements took place in early-February and we are looking to open ticket sales from our Nagoya base soon. AAJ will end 2017 with a fleet of five aircraft."

"Keeping our costs low have always been one of our key reasons to be able to withstand competition and remain a sustainable low-cost airline business. Our focus on digitalization not only provides our passengers a seamless booking experience, but also further drive down cost. Besides this, increasing capacity and utilisation from 12.5 to 14.0 hours are also a factors for cost reduction."

"We are seeing strong demand for travel on our trunk domestic routes and regional leisure destinations, allowing us to achieve load factor at record highs this year without any decline in average fare. AirAsia plans to take delivery of 12 A320neo aircraft to our Malaysia hubs this year for a total expansion of 8 aircraft after accounting for replacements. The fuel savings are as much as 15% per aircraft with the New Engine Option, allowing us offer lower fares for all and to lessen our environmental impact.

"Our promise to our shareholders is to continue offering low fares for all, exciting and unique leisure destinations and the World's Leading In-Flight Service (World Travel Awards 2016)."

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.

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.

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