AIRASIA BERHAD FOURTH QUARTER 2016 RESULTS

POWER OF ONE AIRASIA

DURABLE COMPETITON

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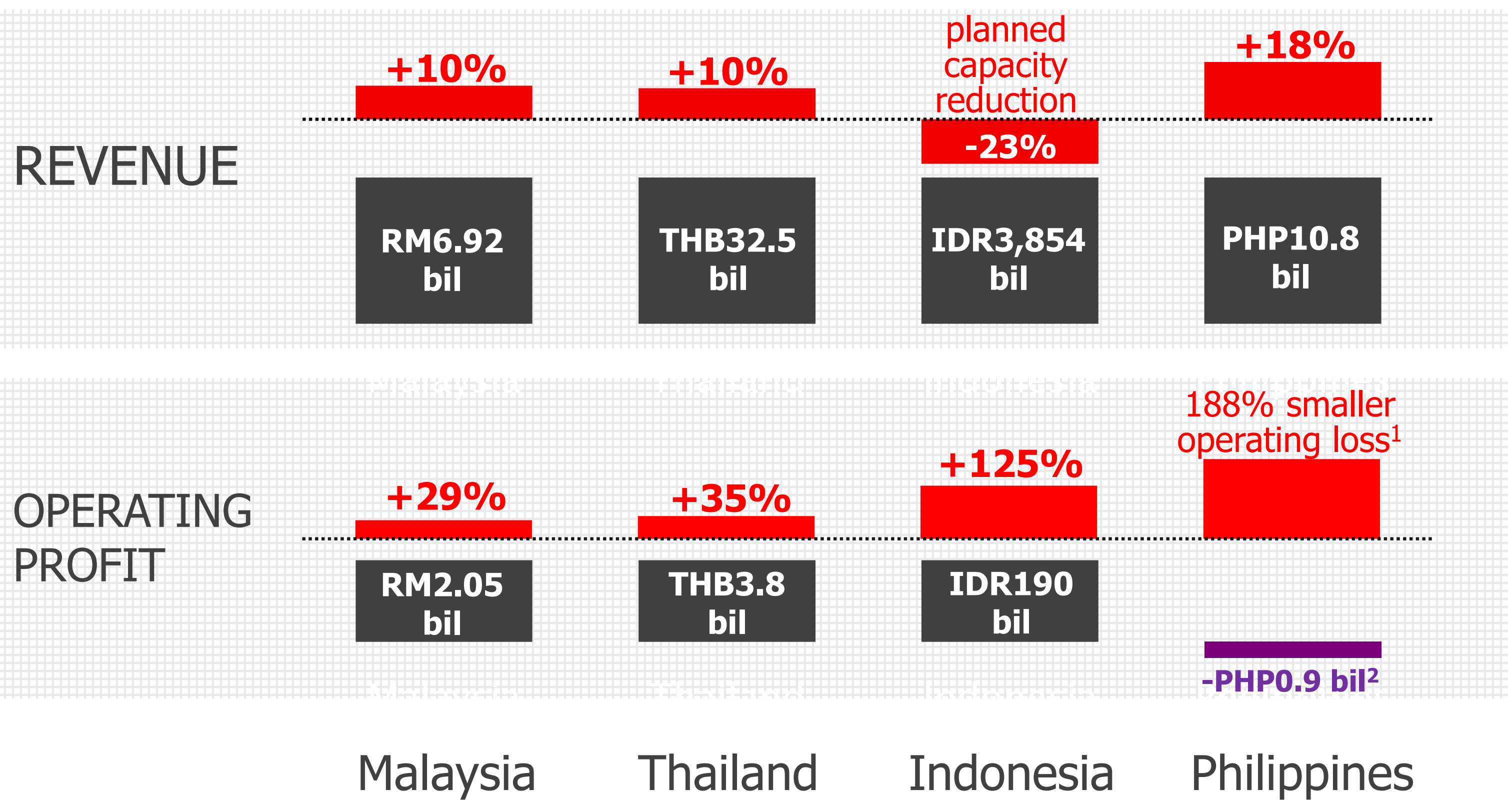
FY2016 GROUP PERFORMANCE

AIRASIA GROUP: FULL YEAR PRO-FORMA CONSOLIDATED RESULTS

• Group Passengers Carried:	56.59 million	(+12%)
• Group Load Factor:	86%	(+6 ppts)
• Group Revenue:	RM12.02 billion	(+11%)
• Group Net Operating Profit:	RM1.65 billion	(+58%)
• Group Profit Before Tax:	RM2.13 billion	(12.1x)



[1] Reported
[2] Less one-off charges

4Q16 GROUP PERFORMANCE

AIRASIA GROUP: FOURTH QUARTER PRO-FORMA CONSOLIDATED RESULTS

• Group Passengers Carried:	14.51 million	(+7%)
• Group Load Factor:	85%	(+2 ppts)
• Group Revenue:	RM3.24 billion	
• Group Net Operating Profit:	RM478.45 million	
• Group Profit Before Tax:	RM355.34 million	
• Group Cash Position:	RM2.97 billion	
• **Group Net Gearing:**	**1.30x**	
• Group Earnings per Share	22.60sen	

Revenue 11% lower due to **planned capacity reduction** as part of the turnaround plan

Load factor up 3 ppts to 83%. CASK down by 25%

Second consecutive profitable quarter with **operating profit of IDR90.6 million**

Revenue held steady at THB7.56 bil. Lower operating profit from tour operator crackdown and mourning period

Revenue up 30% from 56% increase in pax.

CASK down 10%

Revenue up 36% on 19% higher passenger volume and 17% increase in average fare

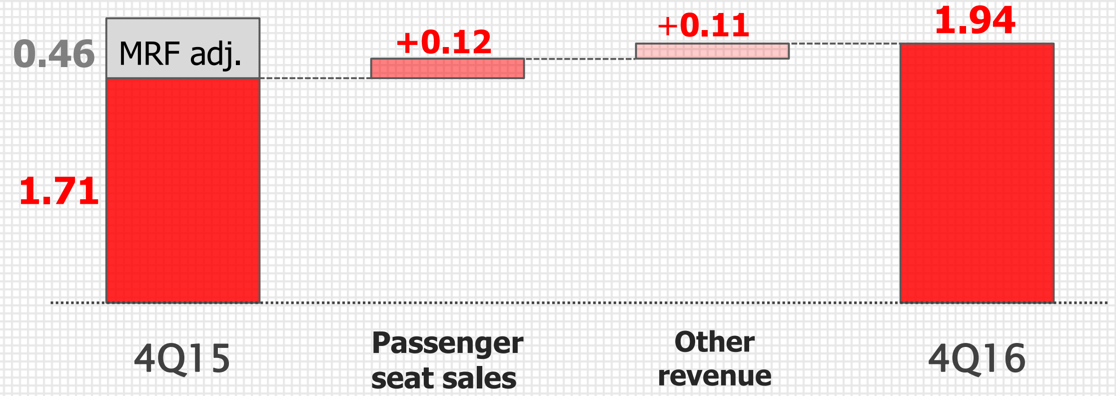
RASK up 5% and **CASK** down 18%

Operationally profitable after excluding the one-off charge of PHP493.7 million from the disposal of last remaining legacy aircraft

4Q16 KEY HIGHLIGHTS

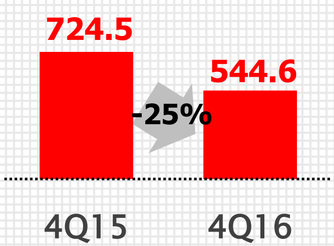
MALAYSIA AIRASIA: INCOME STATEMENT AND PERFORMANCE INDICATORS

REVENUE
(RM billion)



Topline revenue declined year-on-year due to recognition of one-off Maintenance Reserve Fund (MRF) adjustment in 4Q15 of RM457 million. Leaving out the one-off gain, revenue increased by 15%.

NET OPERATING PROFIT
(RM million)



EBITDAR MARGIN

47%

EBIT MARGIN

30%

LOAD FACTOR

87%
(+2 ppts)

4Q16

AVERAGE FARE

RM186
(+5%)

4Q16

Total passengers carried at 6.76 mil for 4Q16, up 5%, exceeding capacity growth of 2% year-on-year.

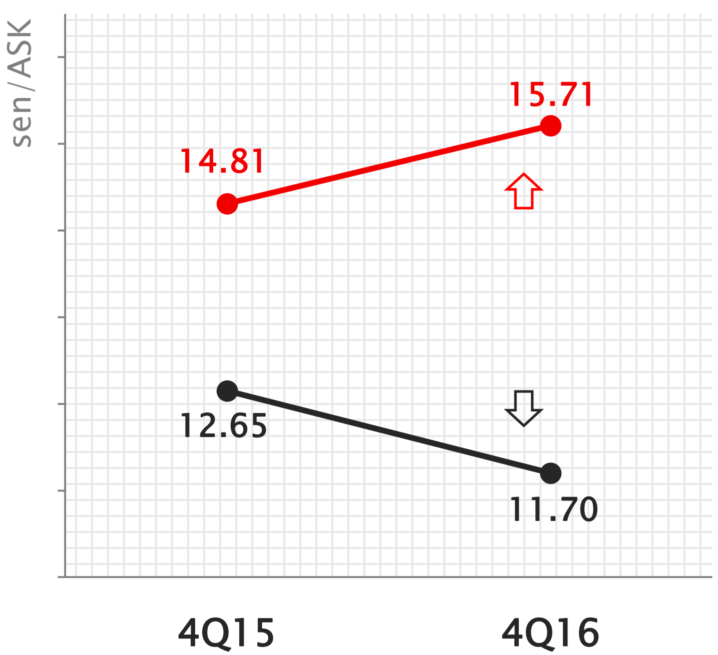
Net Operating Profit down 25% by due to payout of staff bonuses and wet-lease charges

Ancillary income per passenger of RM47.

UP, UP & AWAY WHILE MINIMISING COST

MALAYSIA AIRASIA: REVENUE AND COST PER AVAILABLE SEAT KILOMETRE

- Delivery of three (3) Airbus A320neo (new engine option) from Airbus in 4Q16
- **Fuel burn reduction of 15% per aircraft** compared to previous generation model results in a cost saving of approximately US$92.4 mil per aircraft per year
- At least eight (8) A320neo to be added to Malaysia-based fleet in 2017 for expansion



RASK up 6%

- Strong demand for air travel
- Load factor up by 2 ppts to 87%
- Higher average fare of RM186 (+5%)

CASK down 8%

- Decrease in average fuel price of 20% to US$59/barrel jet kerosene
- Fuel consumption flat despite 2% capacity increase

Ancillary: RM47 per pax in 4Q16, down RM2 due to lower insurance uptake from removal of auto-select

DURABLE COMPETITIVE ADVANTAGE

World's lowest-cost airline. Lowest CASK in the industry allows AirAsia to focus on generating revenue, regardless of the yield trend.

Ancillary income machine. Additional stream of income other competitors don't have and can't scale up as quickly.

Long track record of profitability. Able to turn a profit in lean times and oil at over US$100/barrel.

Unbeatable frequencies. Route thickness is a barrier to entry and gives AirAsia the privilege of the price setter.

Low expansion cost. Operating to over 125 destinations in Asia. Able to start new routes fast with low set-up costs.

Strong brand in all home markets. Built up a strong brand over the years, a key to success that other LCCs neglect.

First mover advantage. The first LCC to new markets in ASEAN and operating 66 unique city pairs system-wide, more than any other competitor in the region.

ASEAN advantage. Operate as one airline with a network spread over 18 hubs across a potential market of 625 million people

Only Malaysian LCC. Malindo has upgraded to a full-service carrier leaving the LCC space in Malaysia wide open for AirAsia

Profitable and competitive as the underdog. Profitable in Indonesia despite small market share. Lower CASK in India than the "giant" Indigo despite a small fleet.

DURABLE COMPETITIVE ADVANTAGE

CURRENCY, HEDGING & COST

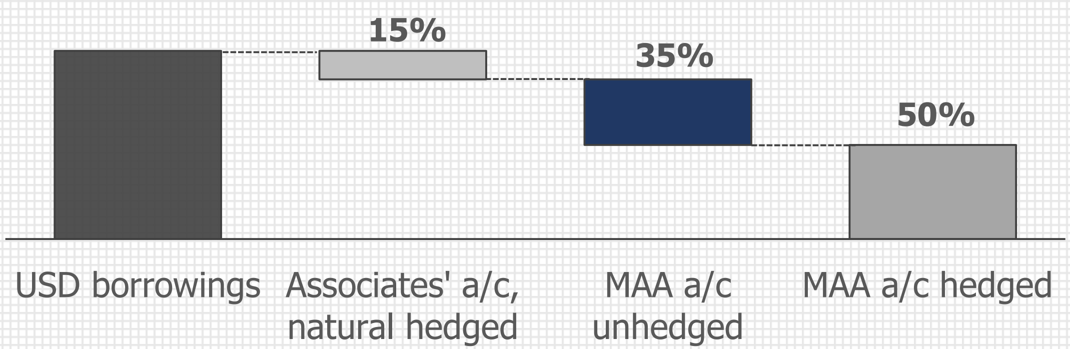
Bought planes at low cost. Negotiated best prices for aircraft by ordering early and ordering large.

Fixed interest rates. All loans are either fixed rate loans or have fixed interest rates via interest rate swaps.

Most of fuel for 2017 is fixed. Hedged 75% of FY2017 fuel requirements at USD60 per barrel.

Currency hedges. USD operating expenditure 50% hedged up to May 2017. Able to pass on currency risk to passengers via increasing average fare.

Only 35% of USD borrowings is totally unhedged:



- Loans by currency: USD (90%), MYR (7%), SGD (2%) and EUR (1%)

DIGITAL AIRLINE TRANSFORMATION

DRIVING ANCILLARY THROUGH DIGITALISATION

Income streaming through digitalisation

- **At least 70% of sales come directly through airasia.com**
- More room for growth in conversion rate which is now at 5%. A single percentage point increase translates to additional sales of RM1 billion.

Whole new Duty Free experience

- New BIG Duty Free website: online catalogue, shopping cart, multiple payment options
- Encouraging pre-purchase of duty free for inflight delivery
- Gross margins of 60%-80% for Duty Free business

Cashless & hassle free travel (BigPay)

- Fintech investment and development of proprietary platform to combine with data and digital content
- Forex wallet with 10 currencies: Offering a cost-saving way to spend while travelling (cheaper rates than banks and money changers)

Revamping the Online Experience in 2017

- Single Page application on any sized device
- Personalised Homepage: using prior information from shoppers to increase the purchase funnel and provide relevant content to the user.

MOBILE

NO. 1 IN SOCIAL MEDIA: 80 MILLION ACCOUNTS
MAKING MOVES TO BE THE FIRST DIGITAL AIRLINE

- Shift to mobile is inevitable
- Current mobile share is 15% from 10%, 2017 target is 25% (Ryanair is 45%, easyjet is 44%)
- Credit Card Scanning Ability.
- Booking system allows you to go back to where you left off.
- Quick payment without CCV requirement.
- Continuous User Interface & Experience improvement.
- To increase number of payment options and mobile centric methods via mobile apps.

STRATEGY 2017 FOCUS AREAS

Cost. Cost. Cost.

Relentless cost focus. Initiative for 2017 are:

- Raising utilisation rate from 12.5 to 14 hours
- Renegotiating airport charges and incentives
- Reducing fuel burn with better aircraft allocation
- Digitalisation to further reduce cost

Monetisation

- Realising approximately US$1 billion from Asia Aviation Capital
- Dual listing – HKSE/NYSE
- IPO for crew training centre, AACE
- Full disposal of AirAsia Expedia (AAE Travel)
- Ground Team Red (GTR): Set up ground handling teams in Indo-China and China
- Provide ground handling services to other airlines to generate further revenue

One AirAsia

- Lobbying ASEAN governments to recognise ASEAN ownership of airlines without restrictions.
- Eventual listing of combined Malaysia, Thai, Indonesia and Philippines operations under ASEAN Aviation Holding Co.

Data & Technology

- Make payments fast and easy
- Diversify payment channels
- Capture customer data from transactions
- Mobile facilitites seamless travel. Offering and end-to-end experience though various transportation and accommodation options. Everything at a click.

Ancillary

- Target of RM60/pax by 2018 from Duty-Free, Fly-Thru and dynamic pricing of ancillary

See you in 2017

Roadshows planned for Hong Kong, Japan, North America and Europe