

**AIRASIA GROUP BERHAD SECOND QUARTER 2019 FINANCIAL RESULTS**

**AIRLINE REVENUE UP 17% TO RM3.0 BILLION  
PASSENGERS CARRIED GROWTH OF 18%  
RASK GROWTH OF 4%  
NON-AIRLINE EBITDA UP 147% TO RM36.2 mil**

**SEPANG, 28 AUGUST 2019** – AirAsia Group Berhad (“AirAsia” or the “Company”) today reported its results for the quarter ended 30 June 2019 (“2Q2019”).

**Unaudited Consolidated Results of AirAsia Group Berhad**

The Consolidated Group<sup>1</sup> posted 2Q2019 airline revenue of RM3.0 bil, up 17% from RM2.6 bil in 2Q2018. The strong double-digit growth in revenue was driven by an 18% year-on-year (YoY) increase in passengers carried to 12.8 mil. Ancillary revenue also grew by 39% YoY, recorded at RM687 mil for the Consolidated Group, driven by both traditional airline ancillary and non-airline ancillary streams.

EBITDA for the Consolidated Group was RM473 mil in 2Q2019, down 9% YoY, primarily due to share of prior years’ losses at AirAsia India previously not recognised amounting to RM147 mil, the additional cost related to building up RedBeat Ventures entities, 105% higher maintenance and overhaul expenses due to higher maintenance provisions of approximately RM160 mil on the back of higher number of leased aircraft following the recent aircraft monetisation exercise and a RM10 mil fine from the competition watchdog.

Non-airline EBITDA was up 147% YoY to RM36 mil, driven by the performance of Teleport, our logistics business which consolidates the belly space of AirAsia airlines along with third-party carriers. Teleport revenue increased to RM112 mil, while airasia.com was EBITDA positive in 2Q2019 compared to the same period in the previous year.

Net profit was RM46.8 mil in 2Q2019, down 85% mainly due to the reasons mentioned above.

Positive operating cash flow (post operating lease) was generated in the first half of the year, amounting to RM267 mil.

**Operating & Market Share Performance**

Revenue per Available Seat Kilometre (“RASK”) for the Consolidated Group grew by 4% to 15.40 sen in 2Q2019. The increase in RASK was driven by firm demand, with load factor remaining strong at 85% despite a substantial 17% increase in Available Seat Kilometres (“ASK”). AirAsia continues to dominate the Malaysia market as domestic market share and international market share each increased by 5 percentage points (“ppts”) YoY to 62% and 50% respectively.

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<sup>1</sup>Consolidated Group refers to Malaysia, Indonesia and Philippine 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.



## **Cost Performance**

For the Consolidated Group, Cost per Available Seat Kilometre ("CASK") including fuel increased to 15.77 sen in 2Q2019, 15% higher than 13.77 sen in 2Q2018 mainly due to higher maintenance and overhaul provisions. Costs were further put under pressure due to the depreciation of the Ringgit and Rupiah which fell by 4.5% and 1.3% against the USD respectively.

## **On the airline performance results and outlook for 2Q2019, AirAsia Group Berhad President (Airlines) Bo Lingam said:**

"AirAsia continued to expand its influence across the region in 2Q2019, drawing market share from our competitors in most of the markets we are in, for both the domestic and international sectors. Despite expanding capacity by 19% YoY, load factor remained strong at 85%, demonstrating the growing appetite for air travel across the markets in which we operate.

"In terms of profitability, we are excited to see the turnaround of AirAsia Indonesia and the improved performance of AirAsia Philippines. In 2Q2019, AirAsia Indonesia returned to profitability, demonstrating strong operational results, including a 58% increase in passengers carried, a 6% increase in RASK and 16% decline in CASK. For AirAsia Philippines, profit after taxation in the second quarter increased more than eightfold following a 4ppts increase in load factor to 91%, a 22% increase in passengers carried and a 5% increase in RASK. With our performance so far this year, we are positive on our target for all our Asean AOCs to be profitable this year."

"We are also steadily growing our traditional airline ancillary revenue. Inflight, duty-free and baggage all recorded double-digit growth, while our focus on improving ancillary revenue at AirAsia Indonesia AirAsia and AirAsia Philippines proved to be successful, with both growing 45% and 42% in ancillary revenue YoY respectively."

"On the airline outlook, we plan to continue our growth strategy and to strengthen our position, particularly within the Asean region. We have planned for a net fleet growth of 20 aircraft across six AOCs this year, with nine aircraft expected to be delivered to AirAsia India. We also expect to receive in November our first A321neo, which is more fuel efficient, has a longer flight range range and holds an additional 50 seats worth of capacity. We are also working on driving down costs through our investments in digitalisation, which we believe will help reduce overall costs in the long run."

"We continue to expect all Asean AOCs to be profitable for 2019, with a target group load factor of 85%. To reduce risk to fuel price volatility, we have hedged a considerable amount of our fuel requirements. We have hedged 70-85% of 2H2019 requirements at US\$60-62/bbl Brent prices and 69-82% of FY2020 requirements at US\$60/bbl. We are also focused to recuperate AirAsia Thailand, which reported a loss in 2Q2019 as it was negatively impacted by the sluggish growth of tourism and the Baht appreciating, by recreating demand with more marketing. We intend to further develop Thai tourism corridors to India and the rest of Asean, as well as cut costs, fueled by increasing our aircraft utilisation".

## **On the non-airline performance and outlook, AirAsia Group Berhad President (RedBeat Ventures) Aireen Omar said:**

"In 2Q2019, Teleport reported RM112 mil in revenue, up 22% YoY on a like-to-like basis. After signing partnerships to consolidate belly space with three other airline companies and interline arrangements with third-party airlines, Teleport is now the second largest cargo airline group in Asean. In July, Teleport and leading venture capital firm Gobi Partners invested US\$10.6 mil in regional e-commerce and parcel delivery player, EasyParcel. With close to half a million users, EasyParcel will use the funding to expand its offering for SME customers, leveraging Teleport's unrivalled logistics and infrastructure capabilities. With plans to sign additional partnerships with third-party airlines in the pipeline and a recently signed Memorandum Of Understanding (MOU) with

## PRESS RELEASE



Triple i to consolidate AirAsia Thailand and AirAsia X Thailand belly space by January 2020, we are confident in the growth prospects for the logistics business going forward.”

“Our financial service provider BigPay has now grown its user base to over 700,000, up by 38% quarter-on-quarter (“QoQ”), while GTV was up significantly by 49% over the same period. In terms of revenue, BigPay reported a 54% increase from 1Q2019. With BigPay currently encompassing mobile payments, prepaid debit Mastercard, cash withdrawals and point of sale transactions, we expect to commence services for remittance soon, while also targeting to get an e-money license in Singapore by year end.”

**On airasia.com performance, and the group's transformation into a travel and financial platform company, AirAsia Group Berhad Chief Executive Officer and airasia.com CEO Tony Fernandes said:**

“Having begun financial disclosure of our digital platforms in 1Q2019, we are excited to see developments rapidly taking shape as we move towards becoming a travel and financial platform company. As part of this transformation and to build airasia.com into a lifestyle brand, we recently announced our leadership reorganisation. For an interim period I have assumed the role of CEO of airasia.com with a view to appointing a new CEO in due course. AirAsia Berhad Chief Commercial Officer Karen Chan will drive all commercial functions as airasia.com's Chief Commercial Officer, while Spencer Lee will take up the role of airasia.com Chief Operating Officer.

“airasia.com is being developed as a full-fledged travel and lifestyle platform and has recently added hotels widget and product badges on its website homepage, while customers have now been given the ability to pre-book more than one meal. The platform generated gross transaction value (“GTV”) of RM5.4bil in 2Q2019 while EBITDA was RM1.85mil in 2Q2019, growing 232% QoQ.

“AirAsia Group Berhad President (Airlines) Bo Lingam will continue to run the core airline business as well as head up AirAsia SEA (formerly known as AirAsia Global Shared Services), a shared services centre that provides corporate and support services to AirAsia. AirAsia Group Berhad President (RedBeat Ventures) Aireen Omar will head up our corporate venture capital arm. In this role, she will focus on seeking out new companies and technologies to power AirAsia's core business while still overseeing the company's technology and digital businesses such as BigPay, Teleport and AirAsia BIG Loyalty.”

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