



Against all odds – Growth at all levels

2Q11 By the Numbers:

- **Revenue: RM 1.08 Billion (up 15% y-o-y)**
- **Profit before Tax: RM145.0 Million (up 0.6% y-o-y)**
- **Cash Balance: RM 1.9 Billion**
- **Malaysian Operations:**
 - **Revenue / ASK : 16.71 sen (up 6% y-o-y)**
 - **Ancillary Income per pax: RM 50 (up 15% y-o-y)**
- **Thailand Operations:**
 - **Passengers : 1.6 Million (up 30% y-o-y)**
 - **Ancillary Income per pax: THB 405 (up 30% y-o-y)**
- **Indonesia Operations:**
 - **Passengers : 1.3 Million (up 33% y-o-y)**
 - **Ancillary Income per pax: IDR 139,680 (up 10% y-o-y)**
- **Net Gearing Ratio: 1.48 (reduce from 2.27 y-o-y)**
- **Amount due from Thailand fully paid off**

LOW COST TERMINAL SEPANG, 23 August, 2011 – AirAsia Berhad (“AirAsia” or “the Company”) posted commendable second quarter numbers in its results announced today. Despite a stormy environment of volatile fuel prices, rising costs and global economic uncertainty, the Group achieved an increase in revenue (up by a substantial 15% y-o-y), higher passenger loads (up 4 ppt y-o-y), Profit before Tax of RM 145 million (up 0.6% y-o-y) and rising revenues from ancillary income.

“The second quarter is traditionally one of our weaker quarters. But despite the challenging environment in the industry, the team has come through again. Costs have gone up, but much less than among others in the industry. We’ve grown revenues, our cash balance is a healthy RM 1.9 billion, and our gearing level has been reduced to 1.48 times as compared to 2.27 times a year ago. We’re well on track in terms of achieving our goals for the year, building on our already strong foundation to enhance growth in the coming months and years. Also great progress has been made in monetizing our ancillary investment like CAE and Expedia which will allow myself and the management to focus more on the operations,” said Group CEO Tan Sri Dr Tony Fernandes.

Fernandes emphasised again that the Company’s “load active, yield passive” strategy is paying rich dividends, with lower average fares attracting higher numbers of passengers who, in turn, contribute to a higher take-up rate of ancillary services such as baggage supersize, pick-a-seat, cargo and courier, inflight merchandise and meals and others. “We’ve always maintained that instead of raising fares for higher yields – running the risk of dampening air travel – we’d rather keep fares at reasonable levels so as to attract higher passenger loads and boost revenue through ancillary services,” he said.



Fernandes added, "Thanks to our very affordable fares, we've achieved higher passenger load factors of 81%, up 4 ppt y-o-y. That has contributed to a higher RASK of 16.71 sen, up 6% y-o-y for MAA, reiterating our very robust operating model."

On ancillary income, Fernandes said: "Ancillary has been a tremendous revenue stream for us. It's up in all three of our operations: MAA at RM 50 per pax (up 15% from RM 43 y-o-y); AirAsia Thailand at THB 405 per pax (up 30% from THB 312 y-o-y); and AirAsia Indonesia at IDR 139,680 per pax (up 10% from IDR 126,798)."

The Group in 2Q11 registered a revenue of RM 1.08 billion, profit before tax of RM 145.0 million, RASK up 6% (y-o-y) for MAA, up 14% for AirAsia Thailand and 2% for AirAsia Indonesia. EBITDAR margins for MAA, TAA and IAA stood at 35%, 26% and 24% respectively.

Fernandes also highlighted the second quarter performances of the Thai and Indonesian affiliates. On AirAsia Thailand, Fernandes said it posted revenue of THB 3,760 million, recording a growth of 44% y-o-y; Profit After Tax was up an astounding 875% y-o-y; Ancillary income up 30% y-o-y; CASK (ex-fuel) down by 4% y-o-y benefitting from an all Airbus fleet. This strong 2Q11 performance was owed to a 30% increase in passengers carried and 18% increase in number of flights, mainly due to the newly introduced Indian routes which are performing well. The key point to highlight is the ability of AirAsia Thailand in paying off their outstanding amounts due to AirAsia in this quarter.

As for AirAsia Indonesia, the affiliate posted a 37% rise in revenue of IDR 895,254 million, supported by a 33% increase in number of passengers carried and with ancillary revenue continuing to grow by 10%. Load factor was slightly up at 76% (from 75% y-o-y). Given the tremendous potential in Indonesia, AirAsia Indonesia is undertaking expansion plans to capture further market share from competitors. Their growth has stalled from the inefficiency of the remaining Boeing B737 which has sent operating costs slightly higher.

Outlook

On the outlook for the rest of 2011, Fernandes was bullish on the prospects of the remaining two quarters of 2011. "Load factors achieved in July 2011 increased y-o-y for all three carriers. Forward bookings are looking very strong. We shall continue to work our best to deliver high load factors of at least 80% and to maintain the lowest operating costs in the industry. Additionally, the fall in crude oil prices and strengthening of respective local currencies have somewhat eased the impact of high jet fuel prices on operating costs."

Looking beyond 2011, Fernandes stressed again that AirAsia will stay focused on its own strategy – containing or driving down costs, raising yields and further expanding network reach.

"The setting up of the AirAsia Asean office in Jakarta will allow us to and promote both the airline and the Company as a regional brand. This will also help to draw the attention of governments and the ASEAN community to AirAsia's huge economic contributions to the region. Within the Group, the establishment of a regional base will enhance cooperation and coordination within the Group, strengthening coordination and strategic planning and implementation," he said.

Fernandes said AirAsia Philippines was on track to launch its first routes by the fourth quarter subject to regulatory approvals, and hailed the establishment of AirAsia Japan, a joint venture with All Nippon Airways. "Japan is a huge, huge market with a very low LCC penetration rate. It's our first venture outside of ASEAN, and we're very excited about the prospects there," he said.

PRESS RELEASE

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Fernandes said that AirAsia's joint venture in Vietnam was also set for take-off, and that the Group continues to explore the potential for other such partnerships.

He said that in line with this growth, AirAsia placed 200 firm orders on the A320 NEO with Airbus. "With this historic deal, AirAsia has secured its future with the ability to meet the huge growth potential offered by the market," said Fernandes. "Our decision to be one of the first launch customers for the A320 NEO will ensure that we remain ahead of the pack, with one of the world's youngest and most modern fleets."

Fernandes added that with the A320 NEO also expected to deliver approximately 15% reduction in fuel consumption per aircraft per annum, AirAsia can focus on maintaining or even lowering its already industry leading CASK.

Commenting on the collaboration agreement with MAS, Fernandes said the arrangement clarified the present aviation landscape involving the two LCC and Premium carriers. He also stressed that there is no conflict with this announcement and that his focus will remain as the GCEO, and that he and AirAsia's Datuk Kamarudin Meranun as Group Deputy CEO, is to "steer AirAsia to new heights while independently assisting MAS in ways to seek synergies that could benefit both airlines and Malaysia even more in the future. I believe there is no conflict or loss of focus but simply the opposite for myself and Kamarudin".

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