



AirAsia Records Strong First Half Growth

2Q12 by the Numbers:

- **Revenue** : RM1.18 billion (up 9% YoY)
- **Net Operating Profit** : RM130.94 million (down 3% YoY)
- **Net Profit (including fair value gains)** : RM1.195 billion (up 1046% YoY)
- **Deposits, Bank and Cash Balances** : RM2.16 billion
- **Passengers** : 4.90 million (up 10% YoY)
- **Thai AirAsia:**
 - **Listed on Stock Exchange of Thailand on 31 May 2012**
 - **Revenue** : THB4.43 billion (up 16% YoY)
 - **Passengers** : 1.94 million (up 20% YoY)
- **Indonesia AirAsia:**
 - **Revenue** : IDR986.52 billion (up 9% YoY)
 - **Passengers** : 1.45 million (up 15% YoY)

1H12 by the Numbers:

- **Revenue** : RM2.35 billion (up 10% YoY)
- **Net Operating Profit** : RM298.91 million (up 1% YoY)
- **Net Profit (including fair value gains)** : RM1.37 billion (up 395% YoY)
- **Passengers** : 9.72 million (up 11% YoY)
- **Thai AirAsia:**
 - **Revenue** : THB9.30 billion (up 17% YoY)
 - **Passengers** : 4.07 million (up 18% YoY)
- **Indonesia AirAsia:**
 - **Revenue** : IDR1,897.87 billion (up 13% YoY)
 - **Passengers** : 2.72 million (up 16% YoY)

LOW COST TERMINAL SEPANG, 28 August, 2012 – AirAsia Berhad (“AirAsia” or the “Company”) today reported its results for the second quarter ended 30 June 2012.

The Company posted strong quarter revenue of RM1.18 billion, up 9% from a revenue of RM1.08 billion reported in the same quarter last year.

Despite the increase of capacity of 12% YoY (with number of aircraft now at 58), demand remained solid with a passenger load factor of 80% for 2Q12.

Net operating profit was reported at RM130.94 million, slightly lower by 3% from a net operating profit of RM135.17 million reported in 2Q11.



AirAsia CEO, Aireen Omar said "Despite the majority of airlines losing money or severely behind in their earnings, AirAsia has continued to outperform each quarter by posting healthy profits with the year to date average fuel price up 4% YoY".

She also emphasised, "Our cash position remains strong with RM2.16 billion in cash and bank balances, net gearing remained low at 1.10 times whilst our EBITDAR and EBIT margins were 32% and 17% respectively".

Aireen also pointed out that the company now recognised profit from Thai AirAsia of RM11.9 million and Asian Aviation Centre of Excellence of RM2.2 million, "this is yet another affirmation of what we have always maintained that our affiliates and adjacency business will contribute healthily to our bottom line whilst not including Indonesia AirAsia, Philippines AirAsia, AirAsia Japan and AirAsia Expedia which are still posting losses. Eventually when they grow to a larger scale, the Company can stand to benefit larger contribution to the bottom line".

Cost, measured by cost per available seat per kilometer ("CASK") was reported at 13.86 sen, an increase of 3% YoY and CASK, ex-fuel, stood at 7.02 sen, an increase of 6% YoY. Since the second quarter last year, the Company financed 9 out of 14 aircraft through sale-and-leaseback and operating lease, thus increasing the aircraft operating lease expense by 147% YoY.

Aireen further said "This quarter saw our RASK unchanged mainly due to the drop in our ancillary income per passenger spent from RM45 to RM37 YoY. This was due mainly to our experiment on our baggage pricing of which did not work. As the prices did not push demand higher as we envisioned, management then decided to reinstate the previous prices. Overall ticket demand also remained high despite an increase in average fare of 8% YoY and capacity increase of 12% YoY".

Thai AirAsia posted revenue of THB4.43 billion, recording a growth of 16% YoY attributed to higher passenger volume from introducing new routes. Thai AirAsia achieved a net profit of THB245.79million in 2Q12, compared to a net profit of THB328.08 million in 2Q11. Load factor for the quarter was reported 79%. All this was on the back of its successful listing on the Stock Exchange of Thailand via its holding company, Asia Aviation Limited on 31 May 2012.

As for Indonesia AirAsia, the affiliate recorded revenue of IDR986.52 million 2Q12, 9% higher as compared to the IDR901.82 billion achieved in 2Q11. This was attributed to higher passenger volume which rose 15% YoY.

Outlook

On the outlook for the rest of 2012, Aireen highlighted that AirAsia is on course for another good year in terms of performance. She said, "Based on forward bookings, demand remain positive as the Eid ul-Fitr period will push for strong load factors in 3Q12, and positioning itself for a seasonally strong quarter. We expect to launch more exciting new routes and increase frequencies on few routes within Asean in the second half of the year. This will be supported by the deliveries of 13 (as of date) brand new A320s to be distributed among the five entities. To cater for the high demand traffic throughout the region, AirAsia has brought forward additional aircraft in 2013 and 2014 bringing the total number of aircraft to 21 and 24 respectively".

On fuel prices, Aireen said, "We are constantly monitoring the situation and aim to match our hedges against forward bookings. We will not hesitate to add to our hedges if we perceive an opportunity".



She further said, “We continuously look for ways to drive down controllable cost throughout the whole group. This was recently seen with Thai AirAsia opting to move its operations from its high cost base at Suvarnabhumi Airport to Don Mueng, a dedicated low cost airport in Bangkok”.

On group updates, Group CEO Tan Sri Tony Fernandes said “Year-to-date, we have seen the official launch of our two new joint ventures, Philippines’ AirAsia in March 2012 and AirAsia Japan in August 2012. Philippines’ AirAsia has recently added international routes to Macau, Hong Kong and Kuala Lumpur in addition to its three domestic routes as it seeks to boost air travel in the Philippines. As for AirAsia Japan, we are truly excited to see the overwhelming response to the recent launch of three domestic routes out of our first hub in Japan, Narita Airport to established high-demand locations, Sapporo, Fukuoka and Okinawa”.

On the adjacency business, he said “AirAsia Expedia is an exciting venture for us where they are expanding their storefronts in most of the Asian markets hence the re-investment of profits. The upside potential for this is huge as they can access AirAsia’s over 30 million passengers and as well the huge online visitors or community it generates on AirAsia.com”.

Fernandes emphasised that AirAsia will maintain its focus on containing or driving down controllable costs to maintain our competitive edge as the number one low-cost airline in the region with the most extensive network and largest fleet. He further added, “We will strive to increase load factors in line with the higher capacity. We are here to develop and grow markets in the region which is very much a part of our Asean strategy. We will also continue to improve our product offerings to always provide the best customer experience to our guests”.

“We are also proud that our efforts are recognised globally. We were awarded the World’s Best Low Cost Airline for the fourth year in a survey of 17 million air travelers conducted by a respected London-based consultancy Skytrax. It also came as a pleasant surprise when the influential magazine ‘Aviation Week’ in the US ranked us as the No.1 airline in the world after a thorough analysis of all the airlines in the world,” he added.

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