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**Load active Yield passive.**

**AirAsia Group structure a reality.**

**Associates – Not a one trick pony anymore.**

**Lowest cost airline in the world – Lowest cost always wins.**

**Driving cost down by 7% and ancillary up by 6%**

2Q2013: Revenue up 5%; Operating Profit up 24%

1H2013: Revenue up 8%; Operating Profit up 16%

## **2Q2013**

- **Revenue** : RM 1.25 billion (up 5% YoY)
- **Operating Profit** : RM 243.94 million (up 24% YoY)
- **Deposits, Bank and Cash Balances** : RM 1.65 billion
- **Passengers** : 5.51 million (up 12% YoY)
  
- **Thai AirAsia:**
  - **Revenue** : THB 5.36 billion (up 21% YoY)
  - **Operating Profit** : THB 517.44 million (up 124% YoY)
  - **Profit After Tax** : THB 498.70 million (up 103% YoY)
  - **Passengers** : 2.42 million (up 25% YoY)
  
- **Indonesia AirAsia:**
  - **Revenue** : IDR 1,398.23 billion (up 42% YoY)
  - **Operating Profit** : IDR 87.66 billion (up 13% YoY)
  - **Profit After Tax** : IDR 51.66 billion (up 72% YoY)
  - **Passengers** : 1.92 million (up 33% YoY)

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## **1H2013**

- **Revenue** : RM 2.55 billion (up 8% YoY)
- **Operating Profit** : RM 495.11 million (up 16% YoY)
- **Passengers** : 10.68 million (up 10% YoY)
  
- **Thai AirAsia:**
  - **Revenue** : THB 11.39 billion (up 22% YoY)
  - **Operating Profit** : THB 1.45 billion (up 69% YoY)
  - **Profit After Tax** : THB 1.24 billion (up 43% YoY)
  - **Passengers** : 4.99 million (up 23% YoY)
  
- **Indonesia AirAsia:**
  - **Revenue** : IDR 2,620.71 billion (up 38% YoY)
  - **Operating Profit** : IDR 129.63 billion (up 39% YoY)
  - **Profit After Tax** : IDR 53.02 billion (up 892% YoY)
  - **Passengers** : 3.64 million (up 34% YoY)

**LOW COST TERMINAL SEPANG, 21 August 2013** – AirAsia Berhad (“AirAsia” or the “Company”) today reported its results for the quarter ended 30 June 2013 (“2Q13”).

On Group overview, AirAsia Group CEO Tony Fernandes commented, “As the group announces its 2Q13 results and now in full swing into 3Q13, I am excited about the outlook. The infrastructures are set up and our assets are strong, the associates and joint-venture companies are powering up the engines producing healthy numbers and starting to contribute to our bottom line. Establishing AirAsia Asean office in Jakarta is paying off as my vision to elevate AirAsia as one airline group is now a reality. As one we are able create extensive network, unified brand and cost scale which have allowed us to fight off all competition”.

The Company posted strong quarterly revenue of RM1.25 billion, up 5% from revenue of RM1.18 billion reported in the same quarter last year. The growth was attributed to the increase in the number of passengers carried which grew 12% year-on-year (“y-o-y”) to 5.51 million and an increase in



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ancillary income per passenger. Demand in terms of load factor remained solid at 80% despite the low season and the addition of 8 aircraft y-o-y which brought the total number of aircraft in Malaysia to 66 at the end of 2Q13.

During the quarter under review, AirAsia recorded a 24% increase in operating profit y-o-y to RM243.94 million, resulting from the increase in revenue and decrease in operating cost. Profit after tax was reported at RM58.35 million with EBITDAR and EBIT margins stood strong at 36% and 20% respectively.

AirAsia Berhad CEO, Aireen Omar said "The Company continued to post a healthy profit this quarter, with an increase of 5% in revenue y-o-y driven by the 12% increase in the number of passengers carried which is in line with the 12% increase in capacity. To add on to that, our ancillary business saw a good improvement, recording a 6% increase in ancillary income per passenger at RM39 as compared to RM37 the same quarter last year."

Aireen highlighted, "We have seen a good improvement from our cost reduction exercise, particularly reducing our overall spend on advertising and sponsorship as the Company builds its brand awareness via the web. Cost per available seat per kilometer ("CASK") was reported at 12.83 sen (down 7% from 13.86 sen y-o-y), backed by the lower average fuel price which is down 8% y-o-y. CASK ex-fuel also decreases at 6.53 sen (down 7% from 7.02 sen y-o-y)."

The Company's revenue, measured in terms of revenue per available seat per kilometer ("RASK"), was reported at 15.75 sen which saw a slight decline of 6% y-o-y. Aireen added, "The decline in RASK in the second quarter was due to low-peak season coupled with the recent 13<sup>th</sup> general election and the negative impact of the Lahad Datu incident in April. Despite that, the Company still managed to record a strong load factor of 80% which was in line with our strategy of pushing passenger growth via low fares." In terms of ancillary, the impressive 6% y-o-y increase in ancillary income per passenger was backed by strong numbers coming from baggage and inflight merchandise.

Aireen added, "We continue to ensure that our cash position remains strong. At the end of the reporting period, the company had RM1.65 billion in deposits, bank and cash balances and we continue to manage our net gearing level which stood at 1.56 times as at 30 June 2013. Current and prospective shareholders would be pleased to know that the proposed dividend policy was approved at the recent Annual General Meeting in June 2013, which states that the Company shall pay an annual dividend of up to 20% of the net operating profit. We have been receiving positive feedback from shareholders with regards to the formalisation of the policy, the Company's way of rewarding our loyal shareholders."



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Thai AirAsia posted strong revenue of THB5.36 billion in 2Q13, up 21% from the same period last year. Operating profit was up by an impressive 124% y-o-y to THB517.44 million which led to a 103% increase in profit after tax at THB498.70 million and 2% rise in RASK this quarter. Thai AirAsia's CEO, Tassapon Bijleveld said, "The strong profitability recorded by TAA this quarter was due to prudent cost management and 25% increase in the number of passengers carried. CASK was down 2% y-o-y to THB1.58 while RASK was up by 2% at THB1.75. TAA continued to record a solid 82% load factor (from 79% in 2Q2012), despite taking in 5 additional aircraft y-o-y and Q2 generally being a low season. Ancillary income per pax also saw an increase of 8% y-o-y to THB335."

Indonesia AirAsia ("IAA") posted another profitable quarter with revenue up by 42% to IDR1,398.23 billion from IDR986.52 billion last year. Operating profit saw a 13% increase to IDR87.66 billion from IDR77.65 billion reported during the same period last year. IAA's 2Q13 profit after tax was IDR51.66 billion – up 72% y-o-y. IAA's CEO, Dharmadi said "The impressive jump in terms of revenue was attributed to the 3% y-o-y increase in average fare at IDR576,507 and the 29% increase in ancillary income per passenger at IDR151,040 with the highest contributor being baggage. The 33% increase in the number of passengers carried was supported by the 32% increase in capacity translated to a load factor of 79% (up 1 ppt y-o-y). We also saw a good 11% increase in RASK at IDR486.71, while the increase in CASK which stood at IDR456.19 was mainly due to aircraft operating lease expense as we took in 6 additional aircraft y-o-y, and led to the increase in staff cost which was also due to salary increment for pilots and engineers, and minimum wage policy adjustment set by the government."

Philippines' AirAsia ("PAA") has been in operations just over a year and saw a 304% y-o-y increase in revenue in 2Q2013. The associate recorded a lower net loss during the quarter under review. As AirAsia Berhad's interest in PAA has been reduced to zero, in accordance with MFRS128, any profits will only be recognised once the invested amount has been reversed. Maan Hontiveros, PAA's CEO said, "The recent strategic alliance with Zest Air which was officially approved on 10 May 2013 boosted PAA's operational numbers. Total passengers carried during the quarter was up 114% to 0.14 million which led to a 28ppt increase in load factor at 76% as compared to 48% in 2Q2012. RASK was also up by 66% and CASK was down by 43% y-o-y which means that we are moving in the right direction. Further integration is being done between PAA and Zest Air, focusing on the maximisation of high value Manila slots."

Tony pointed out that the Company is beginning to see healthy contributions from its affiliates and adjacency businesses. In 2Q13, AirAsia Berhad recognised a total profit of RM12.9 million from its associates and jointly controlled entities - a profit of RM22.0 million as equity share in Thai AirAsia ("TAA"), a profit of RM2.5 million in Asian Aviation of Excellence Sdn Bhd ("AACOE"), a loss of RM3.7

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million from AAE Travel Pte Ltd ("AAE Travel"), and a loss of RM7.9 million from AirAsia Japan ("AAJ").

The Company also reported a gain on disposal of interest in AirAsia Japan ("AAJ") amounting to RM78.27 million, following the dissolution of the joint-venture between AirAsia Berhad and All Nippon Airways ("ANA") that was announced on 25<sup>th</sup> June 2013. Tony added, "We are thrilled that we got out of this joint venture as we felt the other partners do not share similar vision we envisage for AirAsia Japan. The key thing for me is that the company was able to recoup all our investment back from this joint venture."

### Outlook

Commenting on the outlook for the Company, Tony said, "Our focus now is to improve loads and passenger growth by offering low fares, while driving costs down and at the same time increasing ancillary take up. We have managed to successfully do so as proven by the 12% increase in passenger numbers and maintaining a strong load factor of 80% despite adding on 8 aircraft y-o-y. Our traffic numbers show that the AirAsia brand is strong and that we are still able to stimulate demand and retain loyalty among our existing passengers through our low fares and extensive network across the region. The upcoming KLIA2 which is said to be ready in 2014 will be a catalyst for us as it will allow AirAsia to take in more aircraft and passengers, and leverage from the traffic through the connection of the new KLIA2 and the existing main terminal, KLIA."

"The outlook looks good in the second half of the year, coming into the festive and holiday season. MAA is expected to record a strong passenger numbers in August due to Hari Raya and school holidays. As for TAA, we have been seeing commendable numbers coming from the associate, operationally and financially. Demand for tourism and travel is seasonally weaker in the third quarter for Thailand. However TAA continues to benefit from the increasing visitors arriving from China and will be taking in 2 additional aircraft to cater to the demand. Forward loads in Thailand are consistent with the prior year while average fares are higher y-o-y. TAA will continue to focus on domestic, southern China and Indo-China routes for the rest of 2013, where forward bookings remain strong. TAA is proof that the investment we put in our associate and JV companies will crystallise and benefit the Group and our shareholders in the long run."

He added, "IAA is showing positive numbers now as its distribution strategy beginning to bear fruit and the brand is strong which allows us to be competitive with the larger players. We will continue to garner more domestic market share in Indonesia by targeting 17% of the distribution channel being travel agents. IAA will continue to add capacity in the third quarter (2 aircraft) which will be placed in



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Denpasar (Bali) and Medan, and will be used to increase frequencies on both domestic and international routes. Q3 is seasonally IAA's strongest quarter due to school holiday and Lebaran (Eid al-Fitr). Hence we are hoping to see some good numbers coming from IAA next quarter. PAA on the other hand will be a long-term story. The strategic alliance with Zest Air is only the first step and a lot more work needs to be done in terms of integration and rationalisation of routes and resources, and maximising the slots in Manila. On top of that, the Philippines is expected to emerge from Category 2 by the end of the year or early next year, which will further boost the continued growth of visitor arrivals and this bodes well for the Philippines' aviation industry."

Tony also highlighted, "Ancillary is one of the main reasons why we are pushing loads up. The more people travel with AirAsia, the higher the take up rate of our ancillary products. I am pleased to see that ancillary income per passenger is up for all associates – up 6% for MAA, up 8% for TAA, up 29% for IAA and up 56% for PAA. This trend will continue with the upcoming developments in our ancillary offerings in the second half of the year. There will be a few re-pricing and repackaging exercises particularly in products such as 'pick-a-seat' and 'baggage'. We are also looking at increasing the take up rate of pre-book meals. This will be done through a new pricing tier and an improved menu and wastage reduction via analytics and better product planning. I am also excited about the new initiatives that we have in plan which includes having wifi on board and a revamped duty free business. This will contribute towards us reaching the ancillary income per passenger target of RM60 per passenger in the medium term."

As of 21 August 2013, the Group has a total fleet of 130 A320s (Malaysia - 66, Thailand - 30, Indonesia - 26, Philippines – 3, Japan – 5), and is expecting 351 more aircraft to be delivered up to 2026 from AirAsia Group's Airbus orders.

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