



Flying high – Net profit up 46% QoQ

3Q11 by the Numbers:

- **Revenue: RM 1.08 Billion (up 10% YoY)**
- **Operating Profit: RM251.0 Million (up 1.9% YoY, 17.0% QoQ)**
- **Cash Balance: RM 1.6 Billion**
- **Malaysia Operations:**
 - **Passengers: 4.3 Million (up 8% YoY)**
 - **Unit Passenger Revenue: RM219 (Maintained)**
- **Thailand Operations:**
 - **Passengers: 1.6 Million (up 18% YoY)**
 - **Unit Passenger Revenue: THB2309 (up 13% YoY)**
- **Indonesia Operations:**
 - **Passengers: 1.4 Million (up 30% YoY)**
 - **Unit Passenger Revenue: IDR763,143 (up 5% YoY)**
- **Net Gearing Ratio: 1.50x (reduced from 2.02x YoY)**

LOW COST TERMINAL SEPANG, 22 November, 2011 – AirAsia Berhad (“AirAsia” or the “Company”) posted strong third quarter numbers in its results announced today. Despite operating in a high jet fuel price and uncertain external environment, the Group managed to achieve higher revenue (up 10% YoY) carrying 8%, 18% and 30% more passengers by the Malaysia, Thailand and Indonesia operations respectively.

“Indeed the operating environment this year has been challenging thus far with weak macroeconomic indicators and high jet fuel prices. Having said that, and although the third quarter is traditionally one of our weaker quarters, we have managed to grow revenues across all three operations. In relation to costs, we have taken evident measures to drive down costs, proving again that we are the World’s lowest-cost airline operator and our business model is resilient in any economic cycle. Also, we have managed to sustain net gearing at 1.50x despite taking delivery of three (3) aircraft in the last quarter”, said Group CEO Tan Sri Dr Tony Fernandes.

AirAsia reported an EBITDAR margin of 39% and EBIT margin of 23%. Cost, measured by cost per available seat kilometers (“CASK”) was reported at 12.71sen, a slight increase of 5% YoY despite a 41% increase in fuel prices. CASK, ex-fuel, stood at 6.22sen, a remarkable reduction of 15% YoY. The fuel surcharge imposed starting from May 2011 has further mitigated any impact of rising fuel prices, but the key achievement was the Company’s ability to maintain its EBITDAR and EBIT margins in the high thirties and low twenties respectively.

Additionally, ancillary income, which the Company has always maintained to provide a ‘buffer’ to rising fuel prices and competitive pressures proved to be a successful strategy. While MAA reported a lower ancillary income per pax of RM39 mainly due to the reclassification of AirAsiaGo hotel and tour revenue as share profit from associates, contribution from individual ancillary items have increased YoY. AirAsia Thailand and AirAsia Indonesia both reported higher ancillary income per pax of THB390 (up 16% YoY) and IDR123,407 (up 9% YoY).

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Fernandes said, "Monetising our ancillary investment, which has always been one of our key strategies to allow the Company to focus on our core competencies, have been fruitful. The Asian Aviation Centre of Excellence (our JV with CAE) recorded a net profit of RM6.2m and AAE Travel (our JV with Expedia) recorded a net profit of RM14.0m in their first quarter". Both JVs were launched in July 2011.

On the associates, AirAsia Thailand posted revenue of THB 3,719 million, recording a growth of 33% YoY. Operating profit was reported at THB195 million, down 48% YoY caused by a 70% YoY increase in fuel expenses.

As for AirAsia Indonesia, it posted a 37% rise in revenue of IDR 1.07 trillion, supported by a 30% increase in number of passengers carried, reflecting a strong demand environment. Average fare and ancillary per pax was up 5% and 9% respectively. Operating expense increased by 73% mostly due to increase in fuel expense which approximately doubled due to 41% increase in average fuel prices and 42% increase in fuel consumed. AirAsia Indonesia also booked a provision for early return of the remaining 3 B737s amounting to IDR 53 billion.

Outlook

On the outlook for 4Q2011, Fernandes said "We are going to have a good fourth quarter. Our forward booking in the final quarter remains very strong for Malaysia, Thailand and Indonesia". In the past, AirAsia has always shown strong set of numbers for the fourth quarter as people tend to travel more at the later part of the year.

He further added, "The floods in Thailand are expected to have a minimal impact to the Group's financials and operations. Although the Bangkok area was severely affected, we have seen that the domestic sector's performance has been resilient and are still performing well, in terms of yields and loads. There is expected to be a short term impact on international sectors to/from Thailand in 4Q11, though December performance, the peak month for tourist arrivals, is still expected to be strong". Fernandes said the Group is also working together to help affected victims and their families. "We are committed as a Group to Asean and we are determined to help whenever any part of our Asean community suffers a major tragedy", he said.

"For AirAsia Indonesia, last week we have just moved the international operations from Terminal 2 to Terminal 3, where our current domestic operations are located. Having both domestic and international operations based in the same terminal will improve efficiency and provide an improved passenger experience for connections between domestic and international flights".

Speaking on AirAsia's other joint ventures, Fernandes said "There remains an enormous potential for the Group, namely AirAsia Philippines and AirAsia Japan where we will enter both market with our proven track record and capture the vast market there. We have also recently launched an innovative loyalty card programme called BIG card which also incorporates a prepaid VISA card (for Malaysians only)".

Moving ahead beyond 2011, Fernandes said that AirAsia will remain focused in its strategy. "Come December 8, we will be celebrating the first decade of AirAsia as a low-cost carrier. Our first decade has been one of exponential growth and living up to our pledge of "Now Everyone Can Fly". More than 130 million people have been taken to the skies thanks to AirAsia and our low fares. Our next decade will be aimed at sustaining our momentum, at further strengthening connectivity within Asean and beyond, and at delivering our brand promise of low fares and high-quality service. It will also be a decade when we will reap the full benefits from all of our JVs", Fernandes concluded.

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