



FOR IMMEDIATE RELEASE

**YIELD IMPROVING. FUEL PRICE DECLINING. ANCILLARY INCREASING.
INVESTMENT IN ADJACENCY BUSINESSES ARE BEARING FRUIT.
BRIGHT OUTLOOK FOR ASIA'S LARGEST LOW-COST CARRIER.**

- REVENUE UP 3%
- PROFIT BEFORE TAX UP 5% Y-O-Y
- YIELD DECLINE ENDED – RASK UP 2% Y-O-Y,
- ANCILLARY INCOME PER PAX UP 15% Y-O-Y

3Q14 MALAYSIA

- Ancillary Income Per Pax up 15% to RM47
- Revenue up 3% y-o-y;
- Operating Profit down 14% y-o-y
- Profit Before Tax up 5% y-o-y
- Profit After Tax down 85% y-o-y
- CASK up 3% y-o-y
- EBIT MARGIN of 17%

9M14 MALAYSIA

- Ancillary Income Per Pax up 12% to RM46
- Revenue up 2% y-o-y;
- Operating Profit down 13% y-o-y
- Profit Before Tax up 54% y-o-y
- Profit After Tax up 158% y-o-y
- CASK up 4% y-o-y
- EBIT MARGIN of 16%

LOW COST TERMINAL SEPANG, 19 November 2014 – AirAsia Berhad (“AirAsia” or “the Company”) today reported its results for the quarter ended 30 September 2014 (“3Q14”).

The Company posted quarterly revenue of RM1.32 billion, up 3% from the revenue reported in the same quarter last year. The increase in revenue recorded was mainly due to the rise in ancillary income per passenger which increased 15% to RM47 from RM41 year-on-year (“y-o-y”). This quarter, the number of passengers carried by the Malaysian operations was 5.29 million with a strong load factor of 77%, unchanged y-o-y. One aircraft was added into Malaysia during the quarter, bringing the total number of aircraft based in Malaysia to 81.

During the quarter under review, AirAsia recorded a 14% decline in operating profit y-o-y to RM227.01 million due to its affiliate Thai AirAsia (“TAA”) posting its second consecutive quarterly loss affected by the political situation in Thailand. AirAsia equity accounted a share of net loss from TAA amounting to RM17.2 million in 3Q14. Excluding this share of net loss, AirAsia’s operating profit y-o-y would have been down just 2%, demonstrating the Company’s strong standalone performance at a time when most of the other airlines around the region are facing a challenging period and recording poor performances.



FOR IMMEDIATE RELEASE

A positive indicator of the improving yield environment would be the Company's average fare, which is flat y-o-y at RM169, indicating that competitors are becoming more rational when it comes to pricing, suggesting an upside curve moving forward. The ancillary business continued to perform, contributing to the Company's positive performance in Revenue per Available Seat Kilometre ("RASK"). Though cost increased slightly primarily due to the loss recorded by TAA as compared to the revenue they recorded during the same period last year, AirAsia still maintains its cost leadership in this market, allowing the company to continue posting strong EBIT margin of 17%. The Company recorded a good 5% y-o-y increase in its profit before tax at RM26.47 million, however due to higher taxation amount recorded y-o-y, profit after tax stood at RM5.40 million, down 85% y-o-y.

AirAsia Berhad CEO, Aileen Omar highlighted, "The Company is seeing an improvement in yield. We managed to maintain our average fare this quarter which is a very good sign, compared to the previous quarters where average fares were down y-o-y. This indicates the end of price war and the Company can now focus on driving more profitability in a more rational environment. Our revenue, measured in terms of RASK, was reported at 15.46 sen which saw an increase of 2% y-o-y. This was driven by our ancillary business which had performed exceptionally well with a 15% increase in ancillary income per pax at RM47 from RM41 the year before. Our initiative and agility to continue offering innovative products to grow positive RASK prove to be one of our biggest strengths. The two new products launched in the third quarter which were the Premium Flex - our special package for business travellers, and the Redbox - a no-frill courier service, saw good take up rates and will only get better."

She added, "This affirms the sustainability of our business model of growing ancillary as one of the key revenue drivers and buffer against external macro challenges such as irrational competition and increase in fuel price. This is especially important at a time when the Company was hit by competitive pressure. Our ancillary performance proves that the AirAsia business model works and is one of the factors that put us ahead of the other players."

The Company's cost, measured in terms of Cost per Available Seat Kilometre ("CASK") was reported at 12.79 sen, up 3% y-o-y mainly due to share of loss from TAA and higher sponsorship costs. Aileen said, "Maintaining a lean operation and low cost structure has always been the Company's top priority. Unfortunately, the situation in Thailand had impacted our Thai operations which led to us equity accounting their losses into income statement. As a Group, AirAsia Berhad is constantly working closely with TAA and the other associates to turn them back into profitability which will benefit the Company." Due to the same reasons above, CASK-ex fuel also recorded an increase of 11% y-o-y at 6.68 sen.

TAA posted revenue of THB5.56 billion in 3Q14, down 1% from the same period last year. This quarter saw an operating loss THB420.03 million which led to a 229% decrease in profit after tax at THB382.14. AirAsia Group CEO Tony Fernandes commenting on regional affiliates, "The decline in TAA's earnings was on the back of lower revenue due to the 14% y-o-y decline in average fare which was unavoidable as we had to stimulate travel demand because of the political environment in Thailand. Despite this, TAA recorded a 12% y-o-y increase in the amount of passengers carried and posted a strong load factor of 82%. The decline in average fare was softened by the impressive performance in ancillary whereby the ancillary income per pax recorded 11% y-o-y increase to THB364. TAA's CASK increased by 6% y-o-y to THB1.68 mainly due to the increase in fuel cost as the average fuel price increased by 2% y-o-y, increase in user charges and also a substantial increase in the depreciation cost as the associate took in more aircraft into their balance sheet. As for CASK-ex fuel, it has increased by 10% to THB0.96."



FOR IMMEDIATE RELEASE

Indonesia AirAsia ("IAA") posted an increase of 7% in revenue to IDR1,719.80 billion from IDR1,614.30 billion last year. IAA's operating profit stood at IDR76.12 billion, down 33% y-o-y, allowing the associate to record a positive profit after tax of IDR1.68 billion, down 30% y-o-y. Tony highlighted, "Even though Indonesia was hit by the weakening of the Rupiah currency, I am proud to see that IAA has been very disciplined, allowing them to post a profit as compared to the other competitors during this challenging time. The route rationalisation programme we undertook to terminate loss making routes is proving to be working. Although IAA's number of passengers carried dropped by 10% to 1.85 million due to the cutting of non-profitable routes, but thanks to the 18% increase in average fare together with the 22% increase in ancillary income per pax to IDR166,540, IAA still managed to post a good increase in revenue with a strong load factor of 79%, which was up by 4 percentage points ("ppt") y-o-y. In terms of cost, IAA's CASK stood at IDR607.76, up 31% y-o-y whilst CASK-ex fuel rose 55% to IDR354.83 mainly due to aircraft operating lease expense which is a dollar-denominated cost, affected the weakening of the Rupiah currency."

On Philippines' AirAsia's ("PAA"), Tony said, "PAA is still undergoing an aggressive turnaround plan. Network realignment has been done and now we are aggressively pushing marketing efforts in Korea and China. We are building our sales and distribution channels to optimise profitability and we are also looking into developing Kalibo as a key hub also other leisure destination like Puerto Princessa. We have also managed to move all international operations to Terminal 3 which I believe is one catalyst for the company and our passengers. The Zest brand will cease to exist as congressional approval is imminent I am very confident this airline will turnaround with the plans we have out in place."

For the first time this quarter, the recently launched AirAsia India's ("AAI") operating statistics were disclosed to the public. Tony mentioned, "Our Indian operations started out very well, recording a load factor of 75% in its first full quarter of operations with two aircraft based in Bengaluru. More aircraft will be put into India and we will be opening up Goa as our next hub."

Two of the Company's adjacency businesses are now recording healthy profits, which led to a 342% y-o-y increase in share of results of jointly controlled entities. The Asian Aviation Centre of Excellence Sdn Bhd ("AACOE") recorded a net profit of RM57.0 million in 3Q14 of which RM28.5 million was equity accounted by AirAsia. AAE Travel Pte Ltd ("AAE Travel") on the other hand recorded a net profit of RM30.4 million of which RM15.2 million was equity accounted by AirAsia. Tony said, "I am proud to see that our private equity businesses are posting strong earnings, allowing us to reap the fruit of our investments. These adjacency businesses, along with the associate companies, will only get bigger and this will translate into higher contributions to AirAsia Berhad, which should be very attractive for investors."

Outlook

Commenting on the Company's outlook, Tony said, "The competitive environment is becoming more rational. This is evident from the performance of our average fare in 3Q14 and the rest of the year where we see a positive upward trend. It was a tough quarter for a lot of airlines, hence forcing them to re-examine their strategy, cost structure, capacity deployment, and pricing to ensure sustainability. Adding on to this, the downward trend of fuel price will be very good for the Company and the Group as a whole as fuel takes up 50% of our overall cost."



FOR IMMEDIATE RELEASE

He added, "We are seeing capacity addition into Malaysia and the region coming back to a realistic level. Even for AirAsia, at a time where the competitors were flooding the market with capacity, we were discipline and fast enough to realise this and took action by exploring selling of older aircraft to maintain a young and efficient fleet and deferring deliveries from Airbus to take advantage of the new, upcoming, more fuel efficient aircraft, Airbus A320neo. The beauty of us operating as a Group is that we are able to deploy aircraft to where they are needed the most. The agility of our business model and corporate culture are what differentiate us from our competitors."

On the performance of the Company's ancillary business, Tony highlighted, "My target of achieving RM50 ancillary income per pax is on track. I am proud to see the exceptional performance of the three main markets (Malaysia, Thailand and Indonesia) in ancillary, with y-o-y increase of 15%, 11% and 22% respectively."

He also added, "In the fourth quarter, we have commercially launched our new on-board WiFi - the offering that will take our ancillary business to the next level. The first phase of this exercise which was launched on 4 November 2014, allows passengers to use instant messaging apps for only RM8. The service was launched on four aircraft and will be rolled out across the whole fleet in stages. The exciting part of the on-board WiFi is the upcoming phases that we have in store for our passengers. These include driving a seamless, innovative duty free business, video streaming and cashless transaction on-board. We are pleased to be named in the Malaysia Book of Records as the 'first airline to provide WiFi on-board' in Malaysia and I must say, the possibility is endless from now on as WiFi opens up more revenue generating opportunities."

On the associates, Tony said, "The external factors are the main reasons why the other markets were not able to perform as well as we wanted. The political situation in Thailand and the weakening of Rupiah in Indonesia are all minor setbacks for TAA and IAA and as proven before, AirAsia Group will always ride the storm and come out stronger than before. The Philippines is a tough market but we have a solid turnaround plan in place for PAA and as for India, AAI has an exciting path ahead of it. The AirAsia brand is growing strong in India and if our plans go through smoothly and some regulatory hurdles could be lifted off, AAI will surely soar. And as announced, AirAsia is also going back into Japan in the middle of 2015, which will allow us to cover the northern part of Asia, and subsequently realising our vision of becoming a truly Asian airline."

- END -

For further information please contact:

Investor Relations:

Benyamin Ismail

Office : +603 8775 4499

Email : benyaminismail@airasia.com

Elina Effendi

Office : +603 8660 4138

Email : elinaeffendi@airasia.com

Communications Department:

Aziz Laikar

Office : +603 8660 4263

Email : azizlaikar@airasia.com

For further information on AirAsia, please visit the Company's website: www.airasia.com

Statements included herein that are not historical facts are forward-looking statements. Such forward looking statements involve a number of risks and uncertainties and are subject to change at any time. In the event such risks or uncertainties materialize, AirAsia's results could be materially affected. The risks and uncertainties include, but are not limited to, risks associated with the inherent uncertainty of airline travel, seasonality issues, volatile jet fuel prices, world terrorism, perceived safe destination for travel, Government regulation changes and approval, including but not limited to the expected landing rights into new destinations.