Core Net Income Increased 18% YoY for FYE2011

FYE2011 by the Numbers:

- **Revenue:**
  - **Malaysia : RM4.47 Billion (up 13% YoY)**
  - **Thailand : THB15.87 Billion (up 33% YoY)**
  - **Indonesia : IDR3,705 Billion (up 34% YoY)**
- **Operating Profit:**
  - **Malaysia : RM1,199 Million (up 12% YoY)**
  - **Thailand : THB1,943 Million (up 5% YoY)**
  - **Indonesia : IDR149,654 Million (down 53% YoY)**
- **Core Net Income**
  - **Malaysia : RM880.78 Million (up 18% YoY)**
  - **Thailand : THB1,908.69 Milion (up14% YoY)**
  - **Indonesia : IDR94,905 Million (down 61% YoY)**
- **Deposits, Bank and Cash Balances:**
  - **Malaysia : RM2,020 Million (up 34% YoY)**
  - **Thailand : THB1,211 Million (up 105% YoY)**
  - **Indonesia : IDR32,191 Million (down 20% YoY)**
- **Ancillary Income per Pax:**
  - **Malaysia : RM45 (up 2% YoY)**
  - **Thailand : THB383 (up 29% YoY)**
  - **Indonesia : IDR136,650 (up 11% YoY)**
- **Passengers:**
  - **Malaysia : 18.0 Million (up 12% YoY)**
  - **Thailand : 6.9 Million (up 20% YoY)**
  - **Indonesia : 5.0 Million (up 28% YoY)**
- **Net Gearing Ratio : 1.43x (reduced from 1.74x YoY)**

LOW COST TERMINAL SEPANG, 22 February, 2012 – AirAsia Berhad ("AirAsia" or the "Company") today reported its fourth quarter and full year results for the financial year ended ("FYE") 31 December 2011.

The Company posted a record revenue of RM4.47 billion, up 13% from a revenue of RM3.95 billion reported in 2010. Operating profit was reported at RM1.20 billion, up 12% from an operating profit of RM1.07 billion reported in the previous year. Core net income for the same period was RM880.78 million, up 18% from a core net income of RM749.32 million in 2010.

Group CEO, Tan Sri Dr Tony Fernandes said "We are proud to achieve an increase of 12% in operating profit and increase of 18% in core net income for FYE 31 December 2011. This is remarkable in an environment where macroeconomic factors such as fuel prices have impacted us and every other airline. Average fuel prices have substantially increased 36% over the year. Even though fuel costs make up 50% of our total cost, our resilient business model, focus on cost control, and an efficient operation has enabled us to sustain high EBITDAR and EBIT margins".

AirAsia reported an EBITDAR margin of 41% and EBIT margin of 27% for FYE 31 December 2011. Cost, measured by cost per available seat per kilometer ("CASK") was reported at 12.56 sen, a slight increase of 6% YoY. However, CASK, ex-fuel, stood at 5.99 sen, a remarkable reduction of 13% YoY.

He added, "The decline in profit after tax was primarily due to the unrealised foreign exchange losses on translation, which is required for reporting purposes under the accounting standards. Our full year results indicated that we were on the right path – that is, we managed matters that were within our control. Furthermore, there was a deferred taxation in 2011 due to the balancing charge on capital allowances and investment allowances as a result of the sale of 5 aircraft to AirAsia Indonesia in compliance with the Indonesian regulations to maintain their AOC".

Fernandes further highlighted, "Non-operating items such as deferred taxation, foreign exchange gains/losses and fair value gains/losses on derivative financial products are included to derive the profit after tax due to FRS139. These are only accounting entries and should not be included when evaluating the performance of the Company. Profitability for a company like AirAsia, that has USD-denominated borrowings but has financial statements in Ringgit, should be measured at the core net income level which has shown an increase of 18% YoY".

"2011 was a momentous year for AirAsia. We celebrated our 10th year of delivering our brand promise of low fares, living up to our pledge of "Now Everyone Can Fly" to more than 135 million passengers across the region. We flew into new destinations expanding our route network and increased frequencies on high demand routes, reaffirming our leading market share. We achieved our target load factor of 80% underpinning the strong demand for air travel. Results so far are beyond our expectations and thus, we rewarded our loyal shareholders with a maiden dividend payout of 3 cents per ordinary share last year. AirAsia also placed a historic firm order of 200 A320 NEOs with Airbus in line with the huge potential growth, the biggest order in the region", said Fernandes.

He further added, "Our gearing at the end of the year was 1.43 times with a healthy cash balance of RM2.02 billion. This is a sign of operational health and it also provides ammunition in times of financial need. We have done well managing our capital spending and fleet expansion last year, evidenced by our positive free cash flow".

On ancillary income, Fernandes said: "Ancillary is up in all three of our operations for FYE 31 December 2011: MAA at RM45 per pax (up 2% YoY); AirAsia Thailand at THB383 per pax (up 29% YoY); and AirAsia Indonesia at IDR136,650 per pax (up 11% YoY). Although the increase in MAA's ancillary income per pax is minimal due to the reclassification of AirAsiaGo as a share of profits from associates, ancillary income will continue to be the driving force for AirAsia to grow further as we roll out more exciting initiatives this year".

Fernandes also said "Last year we expanded our adjacency businesses and ventured into businesses with established partners which allowed us to keep our focus on our core business. We are pleased to recognise profits from Asian Aviation Centre of Excellence ("AirAsia-CAE") and also AAE Travel ("AirAsia-Expedia") in their first six months of operations".

On the associates, AirAsia Thailand posted revenue of THB15.87 billion, recording a growth of 33% YoY attributed to higher passenger volume, a higher contribution from ancillary income and improving yields for FYE 31 December 2011. Operating profit was reported at THB1.94 billion, up 5% YoY albeit a 61% YoY increase in fuel expenses. For the same period, AirAsia Thailand increased its profit after tax to THB2.03 billion from THB2.01 billion reported in 2010.

As for AirAsia Indonesia, it posted a 34% rise in revenue of IDR3,705.30 billion, supported by a 28% increase in number of passengers carried, reflecting a strong demand environment for FYE 31 December 2011. Operating profit decreased to IDR149.65 billion for the same period due to the hike in fuel prices and also the provision for early return of aircraft. In the fourth quarter of 2011, the migration to a fully A320 fleet and also its recent move to Terminal 3, amongst others, have helped lower its CASK (ex-fuel) by 19%.

Outlook

On the outlook for 2012, Fernandes said "Since the start of this year, we have announced 7 new routes (including 4 new destinations: Trang, Nakhon Phanom, Chongqing and Semarang) and increased frequencies on some routes across the Group ensuring better connectivity for our guests and there will be more exciting news to come. This, supported by the delivery of 20 new A320 Classic in 2012, of which 17 aircraft comes from our firm orders with Airbus, will maintain our status on the top of the list of leading low-cost carriers in the region. With financing secured on all these deliveries and the establishment of our own training centre (AirAsia-CAE) that will contribute positively to our vast expansion plans, we will be flying ahead of the flock in the coming months and years. We also look forward to the listing of AirAsia Thailand and AirAsia Indonesia this year".

Fernandes was excited about the latest development on AirAsia Philippines and AirAsia Japan which had obtained their respective Air Operating Certificates. He said, "AirAsia Philippines and AirAsia Japan shall commence their inaugural flights in 1H2012 and 2H2012 respectively. We remain positive for both ventures as Philippines, not just with its archipelagic geographical nature which is highly conducive for air travel but also the full support from the government to expand tourism in the country and Japan, with its low LCC penetration rate, presents a significant LCC opportunity. Our proven track record and strong brand of low fares shall pave the way for exponential growth in both markets. With the addition of these two new ventures, our playground can be expanded further".

AirAsia is all set for the future with its strong financial foundation, recognised brand, extensive market reach via its multiple hub strategy in Malaysia, Thailand, Indonesia and in the future, in Philippines and Japan. Additionally, AirAsia has over 10,000 dedicated staff, huge followings in the online world and firm aircraft orders up to 2026. Joint ventures like AirAsia-CAE which shall cater for the Company's fast growing fleet and operations, AirAsia-Expedia, the first partnership of its kind globally between a low-cost carrier and an online travel agency, that offers impressive selection of global travel offerings and package technology and the newly launched AirAsia BIG Loyalty Programme, and other possible new ventures shall also contribute positively to AirAsia's growth.

Fernandes concluded, "Surpassing the 10 year mark last year and receiving our 100th Airbus recently has been significant to us. Against all odds, we have accomplished to be the preferred low-cost airline with the biggest fleet in the region within 10 years of commitment, dedication and determination. We shall always remember our humble beginnings, the good and the bad and the ups and downs in moving forward attaining the current exponential growth, always keeping in mind the people who have attributed to our success – our guests".

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