Press Release

FOR IMMEDIATE RELEASE

Great start for 2013:
AirAsia fends off competition; affiliates bloom

1Q2013: Revenue up 11%; Operating Profit up 6%

1Q2013

- **Revenue** : RM 1.30 billion (up 11% YoY)
- **Operating Profit** : RM 254.93 million (up 6% YoY)
- **Deposits, Bank and Cash Balances** : RM 2.17 billion
- **Passengers** : 5.17 million (up 7% YoY)

- **Thai AirAsia:**
  - **Revenue** : THB 6.03 billion (up 24% YoY)
  - **Operating Profit** : THB 931.85 million (up 48% YoY)
  - **Profit After Tax** : THB 738.96 million (up 55% YoY)
  - **Passengers** : 2.56 million (up 20% YoY)

- **Indonesia AirAsia:**
  - **Revenue** : IDR 1,222.48 billion (up 34% YoY)
  - **Operating Profit** : IDR 41.97 billion (up 172% YoY)
  - **Profit After Tax** : IDR 1.36 billion (up 104% YoY)
  - **Passengers** : 1.72 million (up 35% YoY)

Press Release

FOR IMMEDIATE RELEASE

LOW COST TERMINAL SEPANG, 22 May 2013 – AirAsia Berhad ("AirAsia" or the "Company") today reported its results for the quarter ended 31 March 2013 ("1Q13").

The Company posted strong quarterly revenue of RM1.30 billion, up 11% from revenue of RM1.17 billion reported in the same quarter last year. The growth was attributed to the increase in the number of passengers carried which grew 7% to 5.17 million, an increase in ancillary income per pax and average fare, and addition of capacity as the number of aircraft operating in Malaysia increased to 66. Demand in terms of load factor remained strong at 79% despite the 9% increase in capacity this quarter.

In 1Q13, AirAsia recorded a 6% increase in operating profit year-on-year ("y-o-y") to RM254.93 million, resulting from the increase in revenue whilst cost remained in check with no one off volatility.

AirAsia Berhad CEO, Aireen Omar said "The Company has started off the year strongly, driven by an outstanding financial performance last year. In the first quarter of 2013, we recorded an increase of 11% in revenue attributed by the rise in the number of passengers carried. On top of that, our ancillary business is starting to gain traction with a 7% increase to RM42 per passenger from the same quarter last year."

Aireen highlighted, "I am happy to see that our initiatives to further reduce costs are beginning to materialise with higher staff productivity leading to a reduction in staff cost. Measured by cost per available seat per kilometer ("CASK"), CASK ex-fuel was down by an impressive 5% at 6.83 sen as compared to 7.18 sen the same period last year. But due to the increase in the average fuel price, the overall CASK stood at 13.62 sen, which is flat y-o-y."

The Company's revenue, measured in terms of revenue per available seat per kilometer ("RASK"), remained at the same level of 16.89 sen. This was achieved from a 2% increase in average fare in 1Q13 to RM180 from RM177 the previous year which offset the 1% decline in load factor. This demonstrates the success of our routes, service quality and strong brand creating a continuous demand of passenger growth every year. Ancillary income per pax in this quarter has grown to RM42 from RM40 y-o-y backed by strong numbers coming in from baggage and cargo.

Aireen added, "Our cash position is comfortable at RM2.17 billion in deposits, bank and cash balances and we continue to manage our net gearing level which currently stood at 1.38 times as at 31 March 2013. We have also received positive feedback from investors regarding the formalisation of a dividend policy which is to pay 20% of annual net operating profit. This is more evidence of

Press Release

FOR IMMEDIATE RELEASE

AirAsia's strong position in terms of balance sheet which enables the company to reward our loyal shareholders."

"Discipline in cost is one of the many factors is that sets us apart from our competitors. The key is to remain focused on our business model by offering low fares, optimising aircraft utilisation, maintaining single fleet commonality, and achieving on-time performance by ensuring operational efficiency," said Aireen.

Thai AirAsia ("TAA") posted record revenue of THB6.03 billion in 1Q13, up 24% from the same period last year. Operating profit was up 48% y-o-y to THB931.85 million which led to a 19% increase in profit after tax at THB738.96 million this quarter. Thai AirAsia's CEO, Tassapon Bijleveld said, "It is another excellent quarter for Thai AirAsia, with the 24% increase in revenue which led to a 55% increase in profit after tax and 4% rise in RASK. This was driven by the 20% increase in the number of passengers carried, thanks to the booming China routes. Despite adding another 4 aircraft to 28 as compared to 24 during the same period last year, our load factor remained impressive at 87%." TAA's ancillary income per pax also saw a slight increase from THB354 to THB357, with the highest contributor being baggage.

Indonesia AirAsia ("IAA") posted another profitable quarter with revenue up by 34% to IDR1,222.48 billion from IDR911.35 billion. Operating profit saw an impressive 172% increase to IDR41.97 billion from IDR15.45 billion reported during the same period last year. IAA's 1Q13 profit after tax was IDR1.36 billion – up 104% y-o-y. IAA's CEO, Dharmadi added "Our strategy of building our distribution channels and building the AirAsia brand across Indonesia is starting to bear fruit, as proven in our numbers and also improved performance on key competitive routes. IAA's ancillary business is also improving as our ancillary income per pax grew 5% from IDR138,448 to IDR145,773 y-o-y, with high contribution from baggage and assigned seat." IAA currently has 22 aircraft.

Philippines' AirAsia ("PAA") recently turned a new chapter when it announced the strategic alliance with the third largest airline in the Philippines, Zest Air. Maan Hontiveros, Philippines' AirAsia CEO said, "With this partnership in place, other than our current base in Clark, PAA would be able to operate from the main airport in Manila as well. This helps us to attract feeder traffic into Clark and leverage on Zest Air's attractive slots from Manila. As Zest Air inventory is now available on AirAsia website, it will be part of the AirAsia Group's network and will enhance access to North Asia." At the end of March, PAA operates 2 aircraft and recorded a load factor of 76% in 1Q13.

Operating from a high cost environment, AirAsia Japan ("AAJ") has harder challenges to face as compared to the other associates. AirAsia are now in discussions with our partners there to ensure that both parties agree on a turnaround plan for AAJ to assure a return on investment in the future.

The newly appointed CEO of AAJ, Yoshinori Odagiri said, “Cost has proven to be our toughest challenge here in AAJ but I strongly believe this can be driven down once more scale is introduced. As a means of improving yield, we recently introduced our second hub which is Nagoya and announced a new route this quarter, Nagoya – Fukuoka.” AAJ operates 4 aircraft as at the end of March and recorded a load factor of 70% in 1Q13.

Outlook

On the outlook on the competitive landscape, Aireen said, “AirAsia constantly embrace challenges and will continue to prove ourselves as the cost leader in this industry. Our strong brand and extensive network are among our best assets.”

“This year, MAA will take delivery of 6 aircraft to mainly cater to the increase in frequencies on our existing and high load routes. We were initially looking at adding 10 aircraft this year but as a Group we decided to make room for the associates to grow, primarily TAA and the upcoming AirAsia India (“AAI”). In addition, with the recent announcement of KLIA2 being delayed, we are certain current LCCT airport capacity will be a constraint.”

With regard to Group updates, AirAsia Group CEO Tony Fernandes said, “Around 174 million passengers have flown with AirAsia since we started 11 years ago. 160 routes, 81 destinations, 18 countries, 17 hubs, 124 aircraft – all these are impressive numbers which would not have been possible without the 10,000 dedicated Allstars we have across the region. It has been a good start for 2013. There was a big structural change in 2012 with the set-up of regional functions which was necessary as the Group gets bigger. Now, everything is pretty much in place and everyone is in full-gear mode to take on the second decade head on. 2013 is the start of new era for the AirAsia Group. We have new people on board and existing Allstars wearing new hats, bringing fresh and innovative ideas to the table, which is always needed in an organisation as big as ours.”

He added, “Since Kamarudin and I are able to focus more on regional strategies now and we believe this structure is working well, everyone will be seeing a lot more development from AirAsia Group as we expand ourselves and grow stronger in each market we operate in and ensuring our affiliates blossom. MAA will continue to be the leader in terms of financial strength and they will focus on retaining their market dominance by focusing on cost discipline and driving ancillary products. It is important not to be complacent, especially with the new competitive landscape in the country. The Group’s other success story, TAA, will focus on increasing frequencies on domestic sectors which will be supported by the popular international sectors to China and Indochina. IAA’s strategy for 2013 is to grab market share on key domestic routes, while maintaining its position in the international sector.

Press Release

FOR IMMEDIATE RELEASE

This is being done through the rationalisation of its network, redeployment of capacity to key trunk routes to build frequencies and subsequently gain a leadership position. PAA has a lot to look forward to. With the recent announcement on its strategic alliance with Zest Air, AirAsia is now able to operate from NAIA, the main airport in Manila, whilst continue to operate from Clark as well. Through NAIA, PAA now has the ability to serve on the largest capacity routes out of the Philippines and provide feeder traffic to Clark. Operating from both airports gives PAA the best of both worlds – large capacity slots in NAIA and cheap cost advantage in Clark. AAJ has a lot of cost challenges to break through and the management needs to ensure these challenges are addressed quickly. The new routes that will open from Nagoya, its second and new hub in Japan, are indeed something to look forward to which will boost its load factors especially in the coming summer season."

Commenting on the development of the upcoming AirAsia India, Fernandes said, "I am excited about AirAsia India. The start-up process has been smooth sailing so far. We have submitted our AOC application and are currently waiting for the approval before we start operating in Chennai. Last week, we have announced the Chief Executive Officer of AirAsia India, Mittu Chandilya who will assume office effective 1st June 2013. A native of Chennai, he has great entrepreneurial skills with vast experience from different parts of the world. Through the upcoming AAI, I am confident that Mittu will be one of the key people to revolutionise the air travel industry in India."

As of 22 May 2013, the Group has a total fleet of 124 A320s (MAA - 67, TAA - 29, IAA - 22, PAA – 2, AAJ – 4), and is expecting 356 more aircraft to be delivered up to 2026, excluding leased aircraft.

- END -

For further information please contact:

Investor Relations:
Benyamin Ismail
Office : +603 8775 4499
Email : **benyaminismail@airasia.com**

Communications Department:
Aziz Laikar
Office : +603 8660 4263
Email : **azizlaikar@airasia.com**