News Release

Fourth Quarter (Oct-Dec) Report 2009

RECORD PROFITS AMID TURBULENT SKIES IN 2009

- Net Profit: RM549 million
- Core Operating Profit: 447 million
- Passenger Growth: 21%
- Expanding Network: Launched 12 new routes

LOW COST TERMINAL SEPANG, 25 February 2009 – AirAsia Berhad ("AirAsia" or "the Company") is pleased to announce net profits of RM549 million for the full year 2009.

The Company achieved this milestone despite a turbulent period defined as the worst year in the history of the aviation industry. The International Air Transport Association (IATA) said that passenger demand for the full year was down by 3.5%. The industry is estimated to have lost US$11 billion and permanently lost 2.5 years of growth in passenger markets.

In contrast to the general industry gloom, AirAsia Group CEO Tony Fernandes announced that the Company's revenue for the year was higher by 11.5% to RM3,179 million. Passenger growth registered a healthy 21% increase to 14.2 million for the Malaysian operation. The combined Malaysian, Thailand and Indonesian operations ("the Group") as a whole carried 24% more passengers, totaling 22.7 million. A total of 12 new routes were added to the Group's already unmatched network with new services to Bangladesh and Sri Lanka.

He added: "We have successfully grown market share in every market we serve, opened up four new bases (Penang, Bandung, Phuket and Surabaya), launched new routes and amassed RM748 million cash in the balance sheet as a bulwark against any contingencies that may arise."

On the operations in Thailand and Indonesia, Fernandes said AirAsia Thailand had captured substantial market share and delivered a core operating profit of THB334 million (RM34.1 million). "The demand for air travel in Thailand has recovered after a prolonged period of challenges. The outlook for the first quarter remains strong with high passenger traffic, strong load factor and better yields. The Thai operation is enjoying the cost benefits of the increased number of Airbus A320 aircraft in its fleet," he said.

On AirAsia Indonesia, he said: "Indonesia is in the final stage of its aircraft renewal programme and this will help to enhance operational reliability, increase capacity and substantially reduce operational cost. As Indonesia receives more Airbus A320 aircraft, it will replicate the cost advantages in Malaysia and is on course to deliver sustainable profits for the full year 2010."

Commenting of the fourth quarter results, Fernandes said: "AirAsia produced revenue of RM894 million with a core operating profit of RM119 million in the fourth quarter. This result stems from 19% passenger growth to 4.0 million and a strong contribution from ancillary income. Passenger load factor rose 1% from the same period last year to 79.4%. Average fare fell by 23% to RM176 as we continue to provide exceptional value to our customers without sacrificing profits. Unit cost was down by 14% thanks to lower fuel price and benefits of economies of scale."

Fernandes praised the nearly 7,000-strong staff of AirAsia for the Group's sterling performance. "We have a team of creative, passionate, extremely hard-working and loyal staff that came up with the ideas and solutions to overcome the challenges thrown our way. Our people responded swiftly to the dramatic fall-off in demand for air travel by coming up with creative marketing strategies to stimulate demand. Our staff are the reason why AirAsia was chosen as the Best Low Cost Airline in 2009 in the annual survey by Skytrax, the London-based aviation industry consultant."

Outlook

Fernandes was optimistic regarding AirAsia's prospects in 2010. "There are early signs that the global economy is stabilising and the benefits are already visible in the aviation industry. Passenger traffic is growing, particularly in the LCC segment. The supply-demand conditions are favourable to upward-revision of fares in certain sectors. AirAsia is ideally positioned to grow traffic as Asia is leading the way out from the global economic downturn.

"We have identified nine new routes to be launched and this will support passenger growth of 11%-14% in 2010. Based on the forward booking trend, the underlying passenger demand in the first quarter 2010 is positive," Fernandes said.

Fernandes also said that current conditions provide AirAsia with an opportunity to review, re-evaluate and restructure its internal operations and build on its strong foundations so as to benefit fully from the reviving economy. "We're fine tuning the current route network to extract higher yields. We're also set to become an all-Airbus fleet throughout the Group by the third quarter – which will help lower operational costs, increase capacity and give us a clear edge over the competition," he said. In addition, AirAsia's joint collaboration with Australia's Jetstar (and Jetstar's parent, Qantas) in operational aspects such as procurement, engineering and ground handling is expected to contribute substantial savings, he said.

The Group is also determined to increase its penetration in the Asean (Association of Southeast Asian Nations) region. While it already operates through its hubs in Malaysia, Indonesia and Thailand, AirAsia has also entered into a joint venture with VietJet in Vietnam with the goal of launching operations out of that country in 2010.

On fuel, Fernandes said AirAsia has partially hedged fuel requirements up to December 2010. This will help to mitigate some of the oil price volatility and we are monitoring the market and constantly assessing the feasibility of hedging further our fuel exposure in 2010 and beyond".

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