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## Asia's most profitable LCC airline AirAsia dominates 2012 with another outstanding year-end result

### Note –

**FYE December 2012: Revenue up 11%; Profit After Tax up 238%**  
**4Q2012: Revenue up 10%; Profit After Tax up 168%**

**Dividend declared**  
**Special Dividend**  
**Final Ordinary dividend**

### 4Q2012

- **Revenue** : RM 1.41 billion (up 10% YoY)
- **Profit After tax** : RM 350.65 million (up 168% YoY)
- **Deposits, Bank and Cash Balances** : RM 2.23 billion
- **Passengers** : 5.21 million (up 7% YoY)
  
- **Thai AirAsia:**
  - **Revenue** : THB 5.62 billion (up 28% YoY)
  - **Profit After Tax** : THB 740.13 million (up 22% YoY)
  - **Passengers** : 2.27 million (up 25% YoY)
  
- **Indonesia AirAsia:**
  - **Revenue** : IDR 1,261.88 billion (up 31% YoY)
  - **Profit After Tax** : IDR 74.33 billion (up 273% YoY)
  - **Passengers** : 1.61 million (up 29% YoY)



## Full Financial Year Ending December 2012

- **Revenue** : RM 5.00 billion (up 11% YoY)
- **Profit After tax** : RM 1.88 billion (up 238% YoY)
- **Passengers** : 19.68 million (up 9% YoY)
  
- **Thai AirAsia:**
  - **Revenue** : THB 19.35 billion (up 20% YoY)
  - **Profit after tax** : THB 1.81 billion (down 11% YoY)
  - **Passengers** : 8.3 million (up 21% YoY)
  
- **Indonesia AirAsia:**
  - **Revenue** : IDR 4,360.13 billion (up 18% YoY)
  - **Profit after tax** : IDR 142.12 billion (up 129% YoY)
  - **Passengers** : 5.85 million (up 17% YoY)

**LOW COST TERMINAL SEPANG, 26 February 2012** – AirAsia Berhad (“AirAsia” or the “Company”) today reported its results for the fourth quarter and for the year ended 31 December 2012.

The Company posted another record quarter revenue of RM1.41 billion, up 10% from revenue of RM1.28 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 5.21 million and increase in capacity as the number of aircraft operating in Malaysia increased to 64. Despite the 7% increase in capacity, demand in terms of seat load factor remained solid at 82% for 4Q12.

In 4Q12, the company posted a strong profit after tax of RM350.65 million, up 168% year on year driven by a seasonally strong quarter. Net operating profit though saw contraction of 9% mainly due to the absence of gain of disposals on aircraft of approximately RM100 million. In this quarter, staff cost was up 28% year on year attributing to the payment of bonus to staff for a hard year work hence there was an adjustment of bonus accruals in the P&L statement.

EBITDAR and EBIT margins for 4Q12 remain solid at 44% and 31% respectively.

For the full financial year ended 31 December 2012, AirAsia reported an 11% increase in revenue at RM5.00 billion with net operating profit of RM858.23 million. The Company closed the year with 238% increase in profit after tax of RM1.88 billion as compared to RM555 million for the financial year ended 31 December 2011.

Malaysia AirAsia CEO, Aireen Omar said “It has been another good quarter and overall a great year for AirAsia as we continue to defy the industry in terms of operational and financial performance.



Revenue increased by 10% in the fourth quarter with an increase in ancillary income of 5% to RM42 per passenger. And despite the 1% rise in average fuel price this year as compared to the previous year, AirAsia still manages to record a high profit after tax of RM350.65 million in the fourth quarter (up 168% y-o-y) and an impressive RM1.88 billion for the financial year ended December 2012 (up 238% y-o-y)."

Aireen highlighted, "Our cash position remains strong with RM2.23 billion in cash and bank balances and we continue to manage our net gearing level which currently stood at 1.07 times as at December 2012."

Cost remains AirAsia's top priority. Measured by cost per available seat per kilometer ("CASK"), CASK was reported at 13.28 sen, a reduction of 1% y-o-y and CASK ex-fuel stood at 5.80 sen in the fourth quarter. Other than the spike in staff cost due to bonus accruals and absence of gain on disposals, other cost items remain with expectations.

On a year to date basis, CASK was unchanged at 13.56 sen while CASK ex-fuel reduced by 1% to 6.69 sen – Another testament to AirAsia's cost control discipline.

The Company's revenue on the other hand, measured in terms of revenue per available seat per kilometer ("RASK"), reported a y-o-y increase of 1% in the fourth quarter at 19.14 sen and 2.1% y-o-y increase for the full year at 17.60 sen. This was attributed to the growth of average fare in 4Q12 and full year of 3% and 6% respectively. 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 4Q12 has bounced back from the revised 2Q12 baggage re-pricing which saw income per pax spent up 5% to RM42.

Aireen added, "As AirAsia continues to expand, we remain focus in keeping our costs low. The aim is to grow our ancillary business and find the right formula to make our ancillary offerings as efficient as possible as there is plenty of room to grow. Overall, it has been an exciting year for AirAsia and for the Allstars as the company welcomes new family members from the Philippines and Japan in 2012. We also received our first A320 aircraft with sharklets in December, which will further drive our cost down moving forward. There are a lot of new things lining up for us in 2013 and AirAsia is indeed ready for the challenges ahead."

"As promised, we are also pleased to announce a dividend payout to our loyal shareholders. It will be in the form of special dividend of 18 sen per share and ordinary final dividend of 6 sen per share. The company has formalised the dividend policy to pay 20% of annual net operating profit as part of our plans to give more certainty every year to shareholders the expected payout ratio. This again typifies AirAsia strong position in terms of balance sheet which enables the company to give back to our loyal shareholders", Aireen said.

Thai AirAsia ("TAA") posted record revenue of THB5.62 billion in 4Q12, up 28% from the same period last year. Operating profit was up 61% y-o-y to THB924.14 million which led to a 22% increase in profit after tax at THB740.13 million this quarter. Thai AirAsia's CEO, Tassapon Bijleveld said, "It was a strong quarter financially for TAA and an exciting one operationally. TAA began operations in Don Mueang airport in October and launched three new routes from Bangkok to Mandalay, Wuhan and Xian. It was also a historical year for us as our parent company, Asia Aviation PCL ("AAV") went for listing in May 2012 which allowed us to start receiving aircraft into our own books." For the financial year ended December 2012, TAA reported a 20% increase in revenue at THB19.35 billion and 4% increase in operating profit at THB2.015 billion. Profit after tax was THB1.81 billion and load factor



was high at 82% for the year (up 2ppt y-o-y). TAA continues to be the leader in the LCC market in Thailand.

It was another profitable quarter for Indonesia AirAsia ("IAA"). Revenue was up by a good 31% to IDR1,261.88 billion from IDR965.63 billion in 4Q11. Operating profit saw an impressive 55% increase to IDR121.52 billion from IDR78.65 billion reported during the same period last year. Following these, IAA's 4Q12 profit after tax was at IDR74.33 billion – up 273% y-o-y. For FYE December 2012, IAA posted a revenue of IDR4,360.13 billion (up 18% y-o-y), a 136% increase in operating profit of IDR352.89 billion, which led to a commendable 129% increase in profit after tax of IDR142.12 billion for the year. IAA's CEO, Dhamadi added "with the increase in aircraft orders for the AirAsia Group and most being directed to Indonesia, we are in a great position to compete competitively with the bigger carriers. We have also aggressively built our distributions channels to over 3500 agents which allows us to gain access to mass population across Indonesia which we felt we have yet reach. The investment in our brand within the grassroots of Indonesia has now started to pay dividends".

Philippines AirAsia ("PAA") currently operates two aircraft and they have expanded internationally. Maan Hontiveros, Philippines AirAsia CEO said "we are in a privilege position with thousands of islands separating one another and only mode of travel is by air. We have been working hard in brand awareness and will look to see some profit upside this year".

AirAsia Japan ("AAJ") remained buoyant in 4Q12 operating 3 aircraft where they have extended their footprint internationally into 2 destinations in Korea. In 2013, a fresh new management has come in to ensure cost efficiency to drive cost down further and optimise revenues. Other than the new management, AAJ recently added Nagoya as its second hub typifying its rapid expansion plans.

### Outlook

For the year 2013, Aireen reiterated that one of the main focuses would be on keeping cost as low as possible as that is what sets AirAsia apart from the other players. "AirAsia will continue to be the lowest cost carrier by constantly introducing various cost initiatives and ultimately the lowest fare airline in the region.

In 2013, all of our new A320s will come with sharklets which is 4% more fuel efficient which contributes to at least RM230,000 of fuel savings. Other than that, the objective this year is to maintain our market leadership through a number of strategies. We have been holding back on capacity expansion in the last couple of years to make room for our associates to grow. We will now ramp up on capacity by adding 10 aircraft to support the increasing demand in Malaysia. More routes will be introduced in 2013 and we will be adding a lot more frequencies especially on the popular routes like East Malaysia and Johor.

"We have built a strong a cash machine of Malaysia, with the support of Thailand, Indonesia, Philippines, Japan and soon to be India. With this, we have built a recognised brand, exceptional safety practices, and extensive network and among others which we believe it is our strength to combat competitors".

On group updates, Group CEO Tan Sri Dr Tony Fernandes said, "Looking back to where we were 11 years ago, with only 2 old aircraft in operation, it is hard to imagine where AirAsia is right now – operating 120 aircraft in five countries and continue to be the most profitable airline amidst the



volatile economic conditions. 2012 was a great and memorable year for AirAsia. There was a structural change in the Company with the set up of AirAsia Asean in Jakarta, and Kamarudin and I moving up to the Deputy Group CEO and Group CEO level to focus more on strategy for AirAsia Group as a whole. Following this, MAA saw the appointment of its new CEO, Aireen Omar. On top of that, the Malaysian operations took in their first Airbus A320 with sharklets which was the first in the world. TAA is another success story. It was a proud moment for many when TAA, through Asia Aviation PCL, was listed on the Stock Exchange of Thailand. Thailand is a good market for us and their move to Don Mueang airport is good for their long-term operation in terms of cost. IAA (already a leader in the international market), has a good turnaround story with high increase in revenue and profit and with the recent change in strategy to focus more on domestic growth, we will see a lot more contribution coming from them as it begins to rise and compete with the larger airlines. Just like TAA, IAA will be going for listing in the second half of 2013. Capacity is being put into IAA to support this rapid expansion plan. We also launched Philippines and Japan last year – an exciting development for the Group. There are a lot of potential in these two markets and the investment that is being put in these associates will crystallise in the future just like it did for TAA and IAA. On top of that, in December 2012 we have managed to confirm another additional 100 Airbus A320s on top of the 375 aircraft that were ordered earlier.”

Commenting on last week’s announcement of AirAsia India, Tony said “India would be the final piece of the puzzle for the time being and there will be no further joint ventures. India is a huge market with big possibilities and it is only right for AirAsia to start an operation there. Indian aviation is still at its early stage of development with an approximately 400 total fleet serving 1.2 billion. We are very familiar with the market as AirAsia already flies to India. Our focus would be on the domestic market in southern India with Chennai as the main hub. Tata Group has always been the first choice for AirAsia, based on the company’s stature in India and historical ties to aviation. The Bhatia family as well is a natural partner for this JV as they also co-own the Queens Park Rangers. India will be big, and we are excited.”

On what’s next for AirAsia, Tony said that the main focus for the next few years will still be the three core markets – Malaysia, Thailand and Indonesia. Then grow Japan and Philippines in a way it will be profitable. AirAsia Berhad is currently undervalued as it has not seen incremental profits being recognised from Indonesia due to accumulated losses whilst Japan and Philippines will see its start up losses reducing as it ramps up capacity . We have seen around RM86 million being recognised from Thai AirAsia which will grow bigger in line with its capacity increase. Once Indonesia, Philippines and Japan contributed to the bottom line, AirAsia Berhad’s earning potential is massive.

We want to continue to be leaders in these markets and ensure that operations are tight, margins remain high through the increase in load factor, routes and ancillary income. The aviation landscape is constantly changing with high fuel prices and new competitions, but through all these challenges AirAsia will continue to defend our leadership titles in these core markets just like we did for the past 11 years.”

As of 26 February 2013, the Group has a total fleet of 120 A320s (MAA - 65, TAA - 28, IAA - 22, PAA – 2, AAJ – 3), and is expecting 360 more aircraft to be delivered up to 2026, excluding leased aircraft.

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