

AirAsia Accelerates Indonesian Expansion Plans

AirAsia and PT Fersindo Nusaperkasa acquire Batavia Air

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for immediate release

Jakarta, Indonesia: AirAsia Berhad (“AAB”) today announced that it has through its fully owned subsidiary AirAsia Investment Ltd entered into a Conditional Share Sale Agreement (“CSSA”) together with its partner PT Fersindo Nusaperkasa (“Fersindo”) to acquire PT Metro Batavia (“Metro Batavia”), which operates the Indonesian airline, Batavia Air, and Aero Flyer Institute (“AFI”), an aviation training school (together “Metro Batavia Group”). The agreement was signed today between AAB, Fersindo and Metro Batavia at a signing ceremony in Jakarta.

In accordance with Indonesian civil aviation ownership regulations, AAB will hold a 49% stake in Metro Batavia Group with the 51% majority held by its Indonesian partner, Fersindo. Fersindo is also the 51% majority shareholder of PT Indonesia AirAsia (“IAA”). The total purchasing consideration for Metro Batavia Group is USD80 million (equivalent to approximately RM253 million) and will be settled in cash. The acquisition of 100% interest in Metro Batavia by AAB and Fersindo will be carried out in two stages, through acquisition of a majority 76.95% stake and subsequently followed by the remaining 23.05% held by its existing shareholders. Correspondingly, the total purchasing consideration for 100% interest in AFI is USD1 million (approximately RM3.2 million). The acquisition is expected to complete by 2nd quarter 2013 and is subject to regulatory approvals in Indonesia.

This new acquisition will complement AirAsia’s existing Indonesian operations, IAA , which has successfully captured strong market share in Indonesia’s international airline traffic, with an extensive and well-established domestic route network throughout the Indonesian archipelago. The Batavia Air acquisition provides greater domestic connectivity and an extensive feeder network into IAA’s existing hubs in Jakarta, Bandung, Denpasar, Medan and Surabaya. Upon the successful acquisition, Batavia Air and IAA will fly more than 14 million customers serving 42 **Indonesian** and 12

international destinations. The addition of Batavia Air will provide AirAsia immediate access to an enlarged fleet of aircraft, experienced pilots and flight crew and increasingly competitive slots at major Indonesian airports at a time when Indonesia's travel sector is experiencing double-digit growth on the back of rapidly growing consumer demand for air travel.

Following the acquisition the number of distribution channels in Indonesia will increase ten-fold to over 5000 authorised agents and more than 70 sales outlets. With this enlarged agency footprint AirAsia will be able to reach even more customers while complementing our internet based sales.

"The Batavia Air acquisition is a fantastic opportunity for AirAsia to accelerate our growth plans in one of the most exciting aviation markets in Asia and further underlines our belief in the growth potential of Indonesia's aviation sector," said Tan Sri Dr Tony Fernandes, Group CEO and Director of AAB.

Founded in 2002, Batavia Air has earned its reputation as a leading domestic airline with a strong safety track record throughout its operating history. Operating a fleet of 33 aircraft, Batavia has consistently held significant domestic market share through serving 41 domestic routes and has recently expanded its route network to international destinations such as Singapore, Jeddah, Riyadh, Kuching, Dili and Guangzhou. A certified flight school, simulator training centre and aircraft maintenance facilities also support Batavia Air's operations.

"I am proud to have built Batavia Air into a leading Indonesian airline from its humble beginnings. Recent developments in the airline industry have made me recognise that Batavia Air requires greater scale in order to compete and grow further, and I am so pleased that AirAsia will now take Batavia Air to even greater heights," said Bapak Yudiawan Tansari, Batavia Air's founder.

"We are impressed with Batavia Air's achievements over the past 10 years and will continue to build on Bapak Yudiawan's legacy. We are excited with the potential synergies this acquisition will bring to AirAsia Group and see this as a natural extension

of the success we have achieved with IAA . Indonesian air travelers can all look forward to even more affordable fares soon,” remarked Tan’ Sri Dr Tony Fernandes.

About AirAsia Berhad

AirAsia, the leading and largest low-cost carrier in Asia, services the most extensive network with 150 routes. Within 10 years of operations, AirAsia has carried over 150 million guests and grown its fleet from just two aircraft to approximately 106. The airline today is proud to be a truly ASEAN (Association of Southeast Asian Nations) airline with established operations based in Malaysia, Indonesia, Thailand and Philippines servicing a network stretching across all ASEAN countries, China, India, Sri Lanka and Australia. This is further complemented by AirAsia X, its low-cost long-haul affiliate carrier that currently flies to destinations in China, Australia, Taiwan, Iran, Korea and Japan. AirAsia was named the World’s Best Low Cost Airline in the annual World Airline Survey by Skytrax for four consecutive years (2009, 2010, 2011, 2012).

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