



## PRESS RELEASE

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### **AirAsia Sells Aircraft Leasing Operations for US\$1.18 Billion**

*The disposal raises approximately US\$902 million of cash proceeds and continues AirAsia's strategy of divesting non-core assets and focusing on its core airline operating business*

**SEPANG, 1 March 2018** - AirAsia Berhad today announced it has agreed with BBAM Limited Partnership (BBAM), one of the world's largest dedicated managers of investments in commercial jet aircraft, to sell its aircraft leasing operations.

Asia Aviation Capital Ltd, a wholly-owned subsidiary of AirAsia Berhad, has entered into agreements to sell its aircraft leasing operations to BBAM-managed entities for a total disposal consideration of US\$1.18 billion, valuing the business at an enterprise valuation of US\$2.85 billion.

Under the terms of the agreements, FLY Leasing Limited (FLY), Incline B Aviation Limited Partnership (Incline) and Nomura Babcock and Brown (NBB) will acquire a portfolio of 84 aircraft and 14 engines of which 79 Aircraft and 14 engines will be leased back to AirAsia and its affiliates. FLY and Incline have also entered into agreements to acquire 48 aircraft to be delivered to AirAsia Berhad and an option to acquire a further 50 aircraft to be delivered.

As part of the disposal consideration, AirAsia Berhad will also receive non-cash considerations comprising of US\$50 million in FLY American Depositary Shares (ADSs), resulting in AirAsia Berhad owning approximately 10.2% of FLY. AirAsia Berhad will also commit US\$50 million into Incline Parallel Funds, which will invest alongside the Incline Aviation Master Fund in global aviation investments. As a result of the disposal, AirAsia Berhad is expected to recognise a gain on sale of approximately RM967.1 million.

**AirAsia Group CEO Tony Fernandes** said, "Today's sale is much in line with our stated strategy of disposing non-core assets and businesses, an undertaking which we have successfully executed over the last six months – starting with our training centre, ground handling unit and now our leasing unit – and unveiling the true value of AirAsia.

"When we bought these planes, our gearing was high and some people could not see why we wanted to own these assets. This deal shows it was the right strategy as we have something of value to dispose in return for cash and an equity relationship in two great companies, while removing residual risks.

"This is a perfect outcome to a strategy we started in 2004 and I'm thrilled at the execution of our long-term vision. We have now disposed of most of our physical non-core assets and we are thrilled to be embarking on our new digital strategy which will build a very valuable group of assets."



He added: "The AirAsia Group is delighted to begin this new, long term partnership with Steve and the rest of the team at BBAM and FLY. Steve had the vision and courage to take over BBAM and build a very respectable leasing business with many great professionals. In many ways their DNA is similar to ours and that attracted us into this partnership. We look forward to working together for many years to come."

**BBAM CEO Steve Zisis** said, "Tony and his team have built an incredible business at AirAsia and we feel fortunate in having this opportunity to build a long-term partnership with an organization of this caliber."

Credit Suisse, BNP Paribas and RHB are acting as joint financial advisors, and Milbank and ZICO are acting as counsels to AirAsia Berhad.

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#### **About AirAsia**

AirAsia, the world's leading low-cost carrier, services an extensive network of over 130 destinations across Asia Pacific. Since starting operations in 2001, AirAsia has carried more than 400 million guests and grown its fleet from just two aircraft to over 200. The airline is proud to be a truly Asean (Association of Southeast Asian Nations) airline with established operations based in Malaysia, Indonesia, Thailand and the Philippines as well as India and Japan, servicing a network stretching across Asia, Australia and New Zealand, the Middle East and the US. AirAsia has been named the World's Best Low-Cost Airline at the annual Skytrax World Airline Awards nine times in a row from 2009 to 2017. AirAsia was also awarded World's Leading Low-Cost Airline for the fifth consecutive year at the 2017 World Travel Awards, where it became the inaugural recipient of the World's Leading Low-Cost Airline Cabin Crew award.

#### **About BBAM**

BBAM is the world's largest dedicated manager of investments in leased commercial jet aircraft providing over 200 airline customers in more than 50 countries with fleet and financing solutions over the last three decades. BBAM is the only manager in the aircraft leasing industry focused exclusively on generating investment returns for third-party investors. BBAM currently has more than 400 aircraft under management and employs over 120 professionals at its headquarters in San Francisco and in additional offices in New York, London, Tokyo, Singapore, Zurich, Dublin, and Santiago. For more information about BBAM, please visit its website at [www.bbam.com](http://www.bbam.com).

#### **About FLY Leasing Limited**

FLY is a global aircraft leasing company with a fleet of modern, high-demand and fuel-efficient commercial jet aircraft. FLY leases its aircraft under multi-year operating lease contracts to a diverse group of airlines throughout the world. FLY is managed and serviced by BBAM LP, a worldwide leader in aircraft lease management and financing. For more information about FLY, please visit its website at [www.flyleasing.com](http://www.flyleasing.com).

**About Incline**

Incline Aviation Fund is the largest aircraft leasing institutional fund, managed by BBAM. Its investors consist of some of the world's largest public pension plans, sovereign wealth funds, and other investors.

**About Nomura Babcock and Brown**

Nomura Babcock & Brown Co., Ltd. (NBB) is an investment bank with strengths in the international leasing of aircraft and other large equipment. NBB was formed as a joint venture in 1986 between Nomura Securities Co., Ltd. (now known as Nomura Holdings, Inc.), Japan's largest securities firm, and Babcock & Brown LP, a leading U.S. investment and advisory firm, specializing in leasing and project finance. As a member of Nomura Group, NBB works in close coordination with BBAM to create investment programs tailored to Japanese investors. For more information about NBB, please visit its website at <http://www.nbb.co.jp/nbb/english/>.

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