



AirAsia post strong performance despite high fuel price

1Q11 By the Numbers:

- **Revenue: RM 1.05 Billion (up 20 % y-o-y)**
- **Operating Profit : RM 241.72 Million (up 46% y-o-y)**
- **Operating Profit Margin : 23% (up 3 ppt)**
- **Revenue / ASK : 16.44 sen (up 12% y-o-y)**
- **Cash Balance: RM 1.8 Billion**
- **Ancillary Income per pax: RM 50 (up 31% y-o-y)**
- **Net Gearing Ratio: 1.57 (reduce from 2.25 y-o-y)**

LOW COST TERMINAL SEPANG, 24 May, 2011 – AirAsia Berhad ("AirAsia" or "the Company") recorded a growth in operating profit in 1Q11, in what Group CEO Tony Fernandes hailed as an "excellent despite high fuel prices."

"What is particularly significant for us is that our operating profit margins were also significantly higher year-on-year, demonstrating that we are maintaining tight control of costs even as we grow revenues. Yes, fuel prices shot up – but that is something beyond our control. Our response is not to wring our hands and moan, but to use our creativity to address the issue and find ways to overcome this challenge. And our Q1 results indicate that we are on the right path," said Fernandes.

He added: "We maintained our strong load factor at 80%; we increased our RASK by 12% y-o-y; we grew our EBITDAR margins by 3 percentage points to 38% year-on-year; and we increased our cash balance to RM1.8 billion." The company saw a decline in profit after tax of 23%, largely due to lower unrealised foreign exchange gains in this quarter

In terms of actual numbers for the Group, Q1 2011 registered revenue of RM 1.05 billion; Profit After Tax of RM 171.93 million; load factor of 80% (up from 74% y-o-y); Revenue/ASK up 12% (y-o-y) for MAA, up 13% for TAA and 10% for IAA. EBITDAR margins for MAA, TAA and IAA rose to 38%, 22% and 37% y-o-y respectively.

Fernandes said that a deliberate "load active" strategy meant that while average fares declined, the payoff came in the form of higher passenger load factors of 80%, up 17% y-o-y. "At AirAsia, our focus is on keeping operating costs the lowest in the industry, and on growing ancillary income. Thus, we are not as dependent on our fares as others are. The strategy is to increase passenger loads, and monetize this increase. This helped us push RASK for MAA by 12%. Our unit revenue is up 2%, showing that our strategy is working and this proves that AirAsia has a very robust operating model" he said.

On ancillary, Fernandes said that every RM spent per passenger helps offset approximately USD 1 per barrel increase. "We have raised our ancillary charges on certain products and that has been able to offset much of the pressures on margins. Our ancillary revenue per pax is up in all three operations: MAA at RM 50 per pax (up 31% from RM38 y-o-y); TAA, at THB 368 per pax (up 34% from THB 274 y-o-y); IAA at IDR 152,052 per pax (up 57% from IDR 96,666)."

He said that ancillary income will continue to be the catalyst for AirAsia to grow further, especially with a lot of exciting initiatives announced in Q1 2011, such as the AirAsia and Expedia joint venture. "We are focused on growing our ancillary income and explore any opportunities to further monetize these businesses so AirAsia can ride on its upside benefits".

PRESS RELEASE

First Quarter 2011 Results



Fernandes also highlighted the first quarter performances of TAA and IAA. On TAA, Fernandes said we TAA performance was strong as they weathered the difficult 1Q11 by generating THB 4,086 million, recording a growth of 33% year-on-year; Profit after tax was also up 30%. This 1Q11 was contributed a lot by a seasonally strong first quarter especially with a 23% growth in passenger carried and together with the newly introduced Indian routes performing well. TAA also took delivery one new Airbus A320 in their current fleets which consist of 20 in total.

As for IAA, the affiliate posted a good 38% rise in revenue of IDR 774,846 million, with ancillary revenue continuing to grow by 57%. Load factor was at 79% (up from 72% y-o-y). This performance can be supported with the Profit before tax of IDR31,943 million which rose 588% year-on-year. They have also managed to increase their average fares by 12% as they ramp up going to their traditionally strongest 2nd and 3rd quarters. Indonesia also took two new deliveries of the Airbus A320 in 1st quarter which brings their total fleet to 20 aircraft in operation.

Outlook

On the outlook for the rest of 2011, Fernandes emphasized the Group's laser-like focus on keeping costs down. "This is what ultimately helps us to offer the low fares that we do," he said. With the fuel surcharges helping defray some of the rising cost of fuel, there is also a determined effort throughout the Group "in pushing load factors higher on key profitable routes and capturing further market share from competitors," he said.

"We are still anticipating the launch of our AirAsia Philippines in the second half and I am just excited on the progress to get this venture started. We are also re-looking into Vietnam and hopefully an exciting announcement will follow suit soon. These moves will further strengthen our presence in the ASEAN skies," Fernandes said.

On fuel hedges, Fernandes said the Group had hedged approximately 17% of its fuel requirements for the second half so far for this year. "We are monitoring oil prices very closely and the moment we perceive an opportunity, we will not hesitate to add to our hedges," he said.

Fernandes also acknowledged that the company has recently rewarded its loyal shareholders with its maiden dividend payout on 3 cents per ordinary share. This is in line with company's vision to give back to shareholders for its support since the company's listing and anticipate to be in a better position in the near term to reward more.

For further information please contact:

Investor Relations:

Benyamin Ismail

Office : +603 8660 4499

Email : benyaminismail@airasia.com

Communications Department:

Desiree Bandal

Office : + 603 8660 4005

Email : desireeb@airasia.com

For further information on AirAsia, please visit the Company's website: www.airasia.com

Statements included herein that are not historical facts are forward-looking statements. Such forward looking statements involve a number of risks and uncertainties and are subject to change at any time. In the event such risks or uncertainties materialize, AirAsia's results could be materially affected. The risks and uncertainties include, but are not limited to, risks associated with the inherent uncertainty of airline travel, seasonality issues, volatile jet fuel prices, world terrorism, perceived safe destination for travel, Government regulation changes and approval, including but not limited to the expected landing rights into new destinations.