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### Solid Quarter of Growth despite competition and currency devaluation

3Q2013: Revenue up 3%; Operating Profit up 3%

3Q2013: COST DOWN 6%

EBIT MARGINS at 22%

Group Passengers up 27%

Group RASK up 1%

## 3Q2013

- Revenue : RM 1.28 billion (up 3% YoY)
- Operating Profit : RM 291.06 million (up 5% YoY)
- Passengers : 5.26 million (up 11% YoY)
  
- Thai AirAsia:
  - Revenue : THB 5.60 billion (up 26% YoY)
  - Operating Profit : THB 377.62 million (up 64% YoY)
  - Passengers : 2.56 million (up 30% YoY)
  
- Indonesia AirAsia:
  - Revenue : IDR 1,619.01 billion (up 35% YoY)
  - Operating Profit : IDR 113.57 billion (down 18% YoY)
  - Passengers : 2.06 million (up 36% YoY)



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### YTD2013

- Revenue : RM 3.84 billion (up 7% YoY)
- Operating Profit : RM 786.17 million (up 11% YoY)
- Passengers : 15.94 million (up 10% YoY)
  
- Thai AirAsia:
  - Revenue : THB 16.98 billion (up 24% YoY)
  - Operating Profit : THB 1.83 billion (up 68% YoY)
  - Passengers : 7.54 million (up 25% YoY)
  
- Indonesia AirAsia:
  - Revenue : IDR 4,249.42 billion (up 37% YoY)
  - Operating Profit : IDR 243.20 billion (up 5% YoY)
  - Passengers : 5.70 million (up 35% YoY)

**LOW COST TERMINAL SEPANG, 20 November 2013** – AirAsia Berhad (“AirAsia” or the “Company”) today reported its results for the quarter ended 30 September 2013 (“3Q13”).

The Company posted quarterly revenue of RM1.28 billion, up 3% from revenue of RM1.24 billion reported in the same quarter last year. The growth was attributed to the increase in the number of passengers carried which grew 11% year-on-year (“y-o-y”) to 5.26. Load factor remains at 77% y-o-y despite 3Q13 falling in the Muslim fasting month period.

During the quarter under review, AirAsia recorded a 5% increase in operating profit y-o-y to RM291.06 million driven by continuous focus on reducing cost and maintaining its high EBIT margin of 23%y-o-y. The main thing to highlight is that despite irrational competition by competitors, AirAsia is able to post higher operating profit and margins.

Profit after tax was reported at RM35.48 million down 78% y-o-y mainly due to the effects of changes of closing foreign exchange rates at 30 September 2013 of RM:USD3.26 as compared to 30 September 2012 of RM:USD3.16 which led to the devaluation of all total foreign currency denominated borrowings. This does not represent the financial performance of the business but merely an accounting entry.

On Group overview, AirAsia Group CEO Tony Fernandes commented, “In terms of Asean regional functions, it still remains my focus and I will still operate from there to ensure our drive continues for a one Asean platform. Kamarudin will return to Malaysia to ensure the company is a step ahead with our local stakeholders, governmental bodies and the bodies or companies relating to KLIA2. As a whole, both me and Kamarudin will together with all the respective country CEOs of Malaysia, Thailand, Indonesia, the Philippines and soon India ensuring our brand value, cost efficiency, profit and operational performance is aligned to combat off any competition”.



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AirAsia Berhad CEO, Aireen Omar highlighted, "I am proud to say with success of our on-going focus to reduce cost, we have been to extract further improvement from our cost reduction exercise with our Cost per Available Seat Kilometre ("CASK") down 7% from 13.57 sen to 12.64 sen y-o-y despite average fuel price creeping up to US\$132 per barrel from US\$123. This highlights the robustness of our business model and cost structure which allows us to further reduce CASK-ex fuel by 16% y-o-y from 6.88 sen to 5.76 sen".

The Company's revenue, measured in terms of Revenue per Available Seat Kilometer ("RASK"), was reported at 16.35 sen which saw a slight decline of 6% y-o-y. Aireen added, "The decline in RASK in the second quarter was due to the Ramadhan fasting month and our deliberate strategy to drive passenger growth with low fares in this period. The strategy was a success as it allowed the company to beat all odds by recovering strongly from a one off weak 2Q13 performance with a commendable set of numbers in 3Q13.

Aireen added, "We continue to ensure that our cash position remains strong. At the end of the reporting period, the company had RM1.48 billion in deposits, bank and cash balances and we continue to manage our net gearing level which stood at 1.60 times as at 30 September 2013".

Thai AirAsia posted strong revenue of THB 5.60 billion in 3Q13, up 26% from the same period last year. Operating profit was up by 64% y-o-y to THB 377.62 million which led to a 59% increase in profit after tax at THB 297.31 million. Thai AirAsia's CEO, Tassapon Bijleveld said, "Our profitability recorded by TAA this quarter was due mainly to a stronger domestic operation out of Don Mueang and higher demand from our Indochina routes. Our continuous efforts in reducing cost were inherent in this quarter which led to a CASK reduction of 3% y-o-y. TAA continued to record a solid 83% load factor (from 82% in 3Q2012), despite taking in 6 additional aircraft y-o-y. Ancillary income per pax also saw an increase of 11% y-o-y to THB 354."

Indonesia AirAsia ("IAA") continued its' profitable quarter with revenue up by 35% to IDR1,619.01 billion from IDR1,200.40 billion last year. Operating profit saw an 18% decline to IDR113.57 billion from IDR138.27 billion reported during the same period last year. IAA's 3Q13 profit after tax was IDR2.39 billion – down 97% y-o-y. IAA's CEO, Dharmadi said "The decline in operating profit was mainly driven by the weakening of the Rupiah currency pushing up dollar-denominated costs such as fuel, maintenance and its lease expenses. Without the revaluation of currency, IAA's operating profit would have been an increase of 40% y-o-y instead than currently reported. This led to an increase in CASK by 3% which stood at IDR463.85 from IDR452.10 y-o-y. In terms of competition, we have built in-roads in our domestic market with the continuous success of driving our offline distribution channel.

Philippines' AirAsia ("PAA") has been has recently moved its operations to Manila to operate side by side with Zest Air for greater operational efficiency and synergy. Maan Hontiveros, PAA's CEO said, "We have recently rebranded Zest Air as AirAsiaZest to leverage on the brand power of AirAsia and ensuring that by year end, subject to congressional approval, it would be consolidated under one brand. With the recent typhoon in the Philippines, this has brought out the true depth of the AirAsia culture whereby all the staff across every country is united as one to ensure our Philippines staff and family pull through this disaster. On a positive note, PAA hit record sales last week highlighting the positive impact the new brand has brought into the airline."

Tony pointed out that the future of AirAsia Group is the associates where one day it will be larger than AirAsia Berhad in terms of profits and aircraft as the growth potential in their



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countries will be phenomenal. For 3Q13, AirAsia Berhad saw some healthy contributions from its affiliates and adjacency businesses where it recognised a profit of RM14.0 million as equity share in Thai AirAsia ("TAA"), a profit of RM2.8 million in Asian Aviation of Excellence Sdn Bhd ("AACOE") and a profit of RM7.1 million from AAE Travel Pte Ltd ("AAE Travel").

### Outlook

Commenting on the outlook for the Company, Tony said, "Our focus now is to improve group loads and RASK by offering low fares, while driving costs down and at the same time increasing ancillary take up. As a group with MAA, TAA and IAA, our period ended months 30 September 2013 group RASK is up 1% and group CASK is down 1% y-o-y highlighting the strength of our regional one brand strategy".

"The outlook for 4Q13 is strong as our load active yield passive strategy will start to bear fruit. We forecast a record quarter in terms of load factor for MAA as seasonally it is our strongest quarter. As for TAA, it prepares itself with the arrival of Thai AirAsia X in 1Q14 that will definitely add growth to an already booming short-haul business out of Don Mueang".

He further added, "Despite some merging of regional functions back in AirAsia Berhad from Jakarta, AirAsia Asean and IAA will still remain a focal point of AirAsia's growth in Indonesia. Indonesia being the largest market thus far in terms of population, we remain upbeat with our operations there as we invested heavily in our branding and distribution channel ensuring we are competitive with larger players there. PAA on the other hand will be a long-term story and our goal is ensuring they are on the right path similar to other associates to make money by rationalisation of routes and resources, maximising the slots in Manila and improve operational efficiency. If these three goals are achieved, I am certain the growth of visitor arrivals will be exceptional and will boost the Philippines' economy in the near term especially after the recent devastation of Typhoon Yolanda."

Tony also highlighted, "Ancillary plays a big part in our strategy to drive load factors up as well as revenue. I am pleased to see that ancillary income per passenger is up for all associates – up 11% for TAA and up 8% for IAA. I believe this trend will continue especially with all the upcoming development of new ancillary offerings. We have recently launched our Hi-Flyer program and also new fly-thru routes that will potentially enhance revenue further. Passengers can also look forward to enjoy Wifi on board and a revamped duty free business".

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