



FOR IMMEDIATE RELEASE

AirAsia to Enter Second Decade with New Regional Strategy

SEPANG, 13 JUNE - A decade ago, AirAsia came under new ownership and management and relaunched itself as Asia's first low-cost carrier. The new incarnation began with a "fleet" of two aging Boeing-737's, six domestic routes and a staff of 250 Malaysian nationals. Ten years on, the AirAsia Group encompasses six airlines --- AirAsia Malaysia, AirAsia Thailand, AirAsia Indonesia, Philippines' AirAsia, AirAsia Japan and AirAsia X -- serving 80 destinations on 142 routes, a practically all-new fleet of 103 Airbus A-320's and 11 wide-body A330's and A-340's. Our staff or better known as AirAsia AllStars now number around 10,000 and they represent all the nationalities of ASEAN as well as nationalities from East, West and South Asia -- and elsewhere in the world.

Our amazing growth in our first decade has created a momentum of its own. In fact, over the past several months, there have been a successive number of announcements regarding the future plans of the AirAsia Group. In a nutshell, we are expanding at our usual exponential rate despite the economic uncertainty gripping much of the world. In addition, AirAsia is venturing beyond the airline industry as it seeks to monetize its assets by partnering with world-renowned companies in specific sectors -- for example, our joint ventures with CAE and Expedia, what we call our "adjacency" businesses. All this in addition to nurturing our core airline competency by enlarging our fleet and launching new routes to boost connectivity in ASEAN and beyond.

Given this context, it has become abundantly clear to us that as we enter our second decade, there needs to be a major shift in our perspective, strategy and operations if we are to sustain our trajectory. In short, we need to pivot to a wider, regional lens from the first decade's focus, which was largely domestic. The enormous potential in an underserved market of 3 billion people spread across ASEAN, Northeast Asia and South Asia offers huge opportunities -- and AirAsia, we are convinced, is ideally positioned to reap huge dividends by serving this market.

In line with this shift in our focus, we have established a regional base in Jakarta. Called AirAsia Asean, the office will be located far enough, physically as well as psychologically, from AirAsia's airline offices in each of the countries we operate in. We are currently in the process of restructuring our management to accommodate this shift in emphasis on our future growth plans. Ideally, AirAsia Asean will provide us with an environment free of the pressures of day-to-day operations and the necessary "firefighting" that accompanies these endeavours, and allow our senior managers the space, the time and the interaction so vital to keep us flying higher in our second decade.

Tan Sri Tony Fernandes, AirAsia's Group Chief Executive Officer said, "To avoid any misinterpretation, let me be very clear: AirAsia Malaysia's headquarters is not moving to Jakarta. AirAsia Malaysia is a Malaysian-registered airline, with all its aircraft registered under the Malaysian flag and it is a company listed on Bursa Malaysia. That will not change. AirAsia is committed to upholding our pledge to Malaysians that "Now Everyone Can Fly."



"The establishment of the AirAsia Asean office in Jakarta as our regional base is to help to more fully deliver on that pledge to all the people of ASEAN and beyond. We are blessed to be located in a part of the world where economic growth is expected to be sustained despite the chilly economic winds blowing through Europe and the United States. Shifting AirAsia's emphasis to a regional strategy is, we believe, not just good business, but also a move that will keep us ahead of the inevitable competition that is heading our way. But while others focus largely on trying to gain market share in domestic markets, we seek to expand our footprint throughout the region. After all, no single domestic market in ASEAN, not even Indonesia, can match the potential of a regional ASEAN market of 600 million people and a combined East Asian market of 2 billion," he added further.

Take this as an example: AirAsia Malaysia currently has a fleet of 58 A320s, serving a population of 30 million and earning revenues of more than RM 1 billion. AirAsia Thailand has a fleet 24 aircraft while AirAsia Indonesia has just 18 aircraft. Thailand's population at 70 million is more than twice that of Malaysia, while Indonesia is home to 240 million people living in one of the fastest growing economies in Asia. In fact, I believe Jakarta, Indonesia's capital city, is by itself home to around 15million -- half of Malaysia's entire population. Then add Philippines, with its 90 million people spread across a vast archipelago, and where AirAsia Philippines now has just two aircraft. The LCC penetration in Japan is a mere 7 percent, and AirAsia Japan is launching in Tokyo with just one aircraft. Just one look, and it is clear where our future growth is going to come from. Malaysia is a maturing market, while Thailand, Indonesia, Philippines and Japan offer tantalizing possibilities for the Group's bottom line.

AirAsia Asean will serve as the "nerve centre" of our regional expansion. It will operate very much like how the Ryanair office in Dublin, Ireland, serves as the strategic planning centre of Europe's largest LCC. AirAsia Asean will also help us to ensure that our voice, our concerns and our appeals are heard much more clearly in the corridors of power within ASEAN. In fact, one of the reasons for locating the office in Jakarta is to help us engage more closely with the ASEAN Secretariat, which is headquartered in Indonesia's capital city. Locating our regional base in Jakarta is also likely to have the beneficial effect of helping raise the profile and branding of AirAsia Indonesia, which is heading for a listing on the Jakarta Stock Exchange by the end of the year.

As a matter of corporate compliance, the Group is undertaking customary regulatory compliance processes with regards to the above.

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