

## **PURCHASE OF 100 AIRBUS A320 AIRCRAFT BY AIRASIA BERHAD**

### **INTRODUCTION**

AirAsia Berhad (“AirAsia” or “the Company”) is pleased to announce that it has on 13<sup>th</sup> December 2012 signed a purchase agreement with Airbus S.A.S (“Airbus”) to purchase one hundred (100) Airbus A320 aircraft (the “Aircraft”) consisting of thirty six (36) A320’s with the Current Engine Option (“A320 CEO”) and sixty four (64) A320’s with the New Engine Option (“A320 NEO”) (the “Aircraft Purchase”).

With the purchase of the Aircraft, the aggregate total of AirAsia’s aircraft order for the AirAsia Group including the current A320 aircraft will be four hundred and seventy five (475) aircraft orders comprising two hundred and eleven (211) firm orders of A320 CEO aircraft and two hundred and sixty four (264) firm orders of A320 NEO aircraft. With the additional aircraft purchase, AirAsia will continue to take aircraft deliveries until 2021.

### **DETAILS OF THE AIRCRAFT PURCHASE**

1. The total value of the Aircraft Purchase based on list price is approximately US\$9.4 billion.
2. Pursuant to the Aircraft Purchase, there will be the following additional number of delivery slots in relation to the A320 CEO and A320 NEO Aircraft respectively:  
  
A320 CEO
  - 2 in 2013
  - 4 in 2014
  - 22 in 2015
  - 8 in 2016  
A320 NEO
  - 8 in 2017
  - 14 in 2018
  - 15 in 2019
  - 14 in 2020
  - 13 in 2021
3. Under the Aircraft Purchase, the Company is also granted an option to purchase an additional fifty (50) A320 NEO and fifty (50) A321 NEO aircraft.
4. Each of the CEO and NEO Aircraft will be delivered with the fuel saving sharklet wing tips.

### **RATIONALE FOR THE AIRCRAFT PURCHASE**

1. To cater to the expanding fleet requirements of the Company, and the AirAsia Group consisting of Thai AirAsia (“TAA”), Indonesia AirAsia (“IAA”), Philippines AirAsia and AirAsia Japan in order for them to strengthen their position in their respective markets and enjoy the increased profitability that comes from economies of scale.

2. To replace some of the existing A320 aircraft as it ages and becomes costlier to operate when maintenance costs and fuel consumption increases as the engine de-rates over time.
3. Other than the efficiency offered by the sharklet wingtips, the NEO Aircraft will offer:
  - approximately 15% reduction in fuel consumption per aircraft per annum;
  - an additional range of up to 500 nautical miles (approx. 950km) or 2 tonnes more payload;
  - lower operating costs; and
  - reductions in engine noise and emissions.

The purchase has been made in view of the benefits which the CEO and the NEO Aircraft can offer and the AirAsia Group's long term expansion plan in this region.

4. The CEO and NEO Aircraft shall have many commonalities with the Company's existing A320 fleet thus creating further savings on maintenance.

#### **FUNDING FOR THE AIRCRAFT PURCHASE**

Similar to the 118 aircraft that AirAsia has taken delivery of to date, future deliveries will be funded by a combination of borrowings, Company's internal reserves and cash generated by its operations. The external sources of funding include but not limited to export credit guaranteed borrowings, conventional and Islamic commercial loans and sale and leaseback transactions.

#### **FINANCIAL EFFECTS OF THE AIRCRAFT PURCHASE**

There are no immediate term financial effects. The Aircraft Purchase is expected to contribute positively for the financial year immediately following the first year of its delivery and to the future earnings of the AirAsia Group.

The Aircraft Purchase is not expected to have an adverse effect on the net assets and the issued and paid-up share capital of the Company.

This transaction is a transaction in the ordinary course of business of the Company.

#### **DIRECTORS AND SUBSTANTIAL SHAREHOLDERS' INTERESTS**

None of the directors and/or major shareholders of the Company and persons connected to them, insofar as the existing directors and major shareholders are able to ascertain and are aware, has any interest, direct or indirect, in the proposed Aircraft Purchase as mentioned above.

This announcement is dated 14<sup>th</sup> December 2012