AIRASIA REJECTS REPORTS OF PLANNED PRIVATIZATION

News / Airlines



AirAsia Group has **rejected reports** in the Malaysian press claiming it is in talks with undisclosed investors over the possible **privatization** of the company.

Quoting informed sources, Reuters last week said AirAsia Group founder and CEO Tony Fernandes and long-time business partner Kamarudin Meranun were trying to arrange financing with banks for a management-led buyout.

However, while the Group said it had no knowledge of any privatization plans, it did confirm it was in talks with banks to finance a recently announced share buyback scheme.

"We were first made aware of the privatisation rumour since it surfaced in August this year with the Company shares being actively traded," it said. "This was just prior to the Company announcing its proposal for a share buy-back of up to ten percent (10%) on 18 September 2015. The Company confirms that it is in discussion with certain bankers to partially finance the buy-back of these

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AirAsia shares."

AirAsia Group stock as well as that of sister firm AirAsia X Group have fallen an average of 40% since Hong Kong-based GMT Research questioned their “accounting, profit generation, cash-flow issues, leverage and group structure” in a June report.

Meanwhile, the Group's Indonesia AirAsia (QZ, Jakarta Soekarno-Hatta) and Indonesia AirAsia X (XT, Denpasar) subsidiaries have reached compliance with Indonesian laws governing minimum fleet size as well as equity.

In a statement, Indonesia AirAsia said the risk of revocation of its operational licence had now been averted after its shareholders converted the company’s short-term loan to perpetual securities or bonds with no maturity date. This, it said, is classified as equity and has allowed AirAsia Indonesia to return to positive equity.

For its part, Indonesia AirAsia X has said it is in the process of inducting eight more aircraft into its fleet including five Indonesia AirAsia A320-200s on lease from Asia Aviation Capital (AAC). The added jets have thus granted the airline compliance with laws which require scheduled carriers to operate at least ten aircraft (of which five must be owned by the carrier).

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