

AirAsia



Airline Of The Year

Jan-Mar Quarter 2008 Results

29 May 2008



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Airline Of The Year

Key Highlights

- ❑ Delivered profit growth and margin expansion
 - EBIT RM73 million with margins of 13.7%
 - Net income RM161 with margins of 30.1%

- ❑ 25th consecutive quarter of profitability
 - the only LCC in Asia that is making money
 - one of the few airlines that managed to grow profits in the period

- ❑ Lowest cost airline in the world at 3.30 US cents / ASK
 - despite fuel prices gaining by 43% year on year

- ❑ Disciplined growth
 - Group fleet size of 72 (end of March 2008)
 - capacity growth of 36% and passenger growth of 21% YoY



Key Highlights for Jan-Mar Quarter



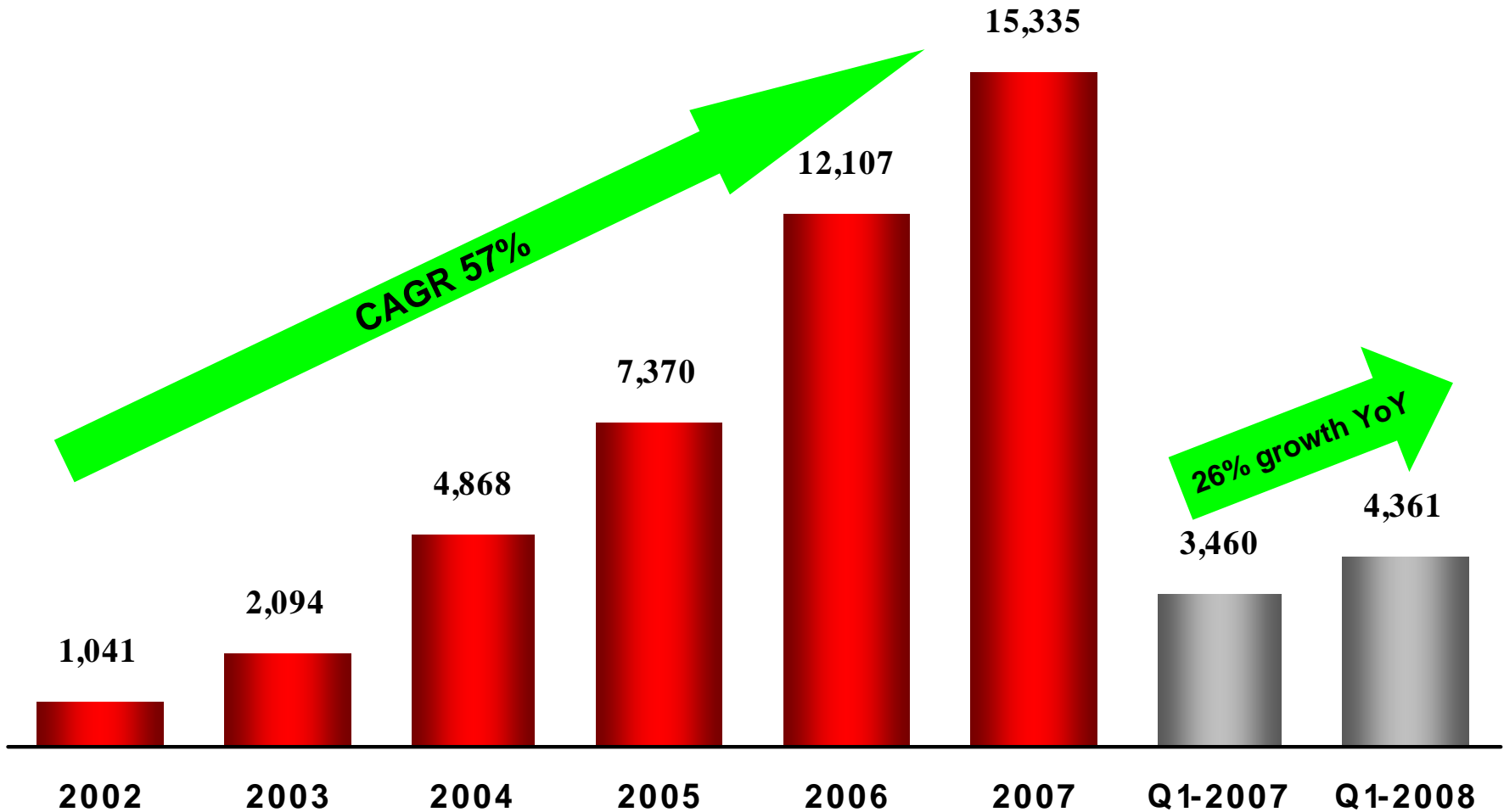
- ❑ Continuously expanding the route network
 - introduced 13 routes since the beginning of the year
 - launched Bali as a new base
- ❑ On-time performance of 87%
- ❑ Listed as the world's 43rd most Innovative Brand in the world
- ❑ Deployed Airbus to Thai AirAsia
 - Thai AirAsia is operating with four Airbus A320 in the period



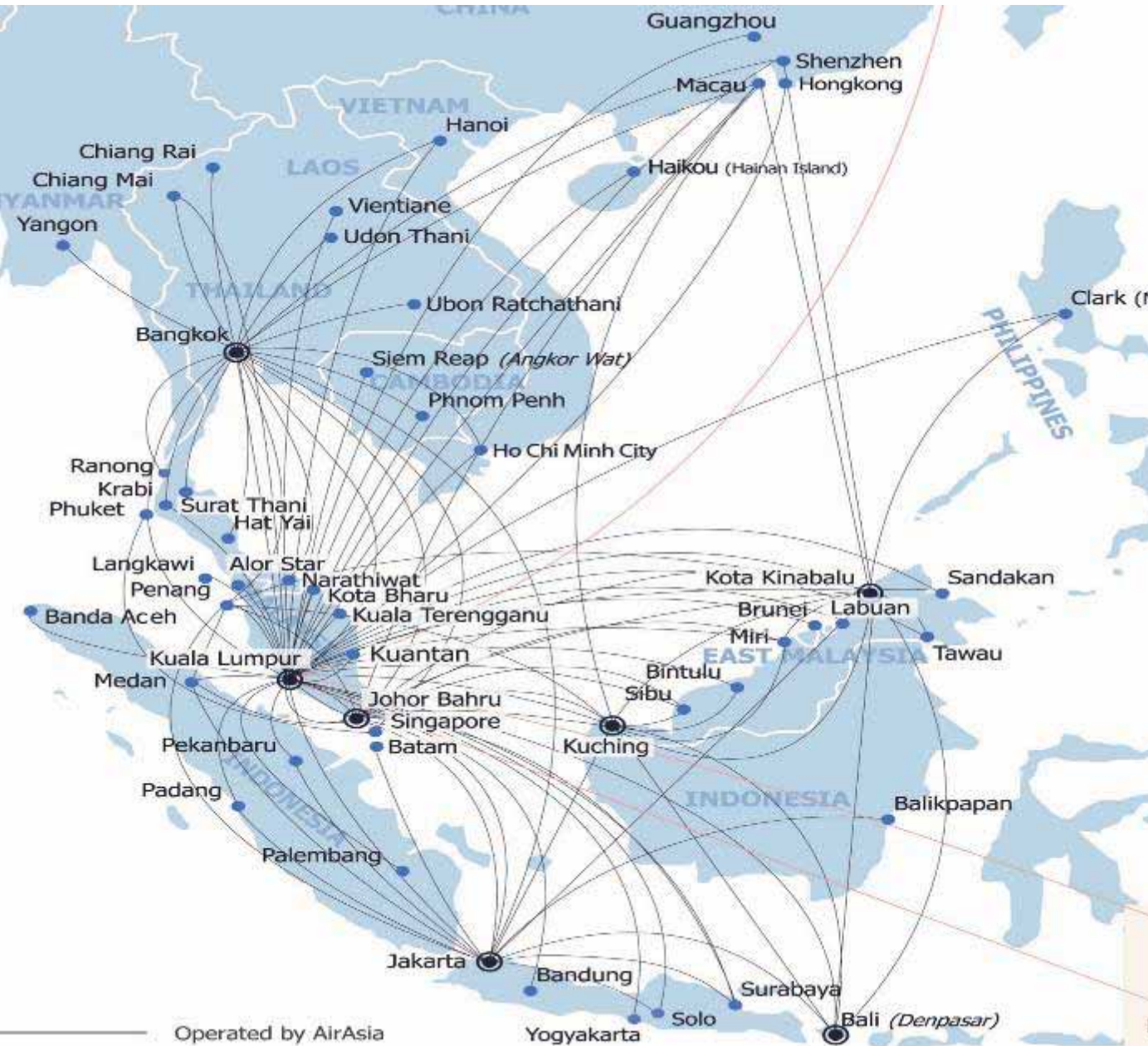
Consistent Passenger Growth



Passengers Flown by AirAsia and AirAsia Associates ('000)



Perpetually Expanding Route Network



Period	# Routes Served
Jan 2002	6
Jun 2003	11
Jun 2004	26
Jun 2005	52
Jun 2006	65
Jun 2007	75
NOW	102

Latest Routes

- KL – Hong Kong
- KL – Haikou
- KL – Ho Chi Minh City

Upcoming Routes

- KL – Makassar
- KL – Tiruchirapalli



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Results Commentary

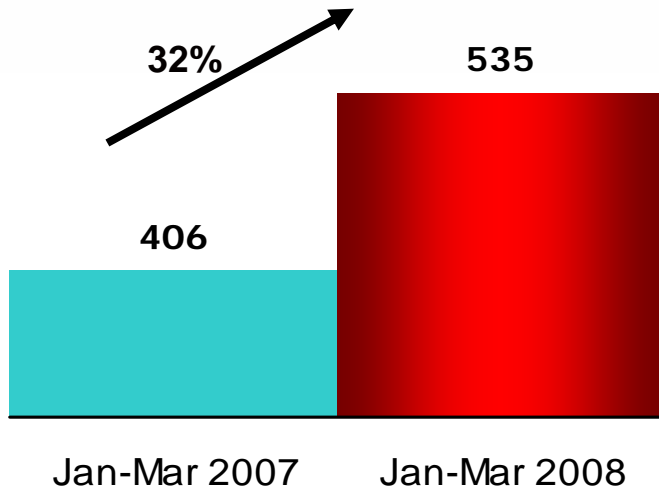


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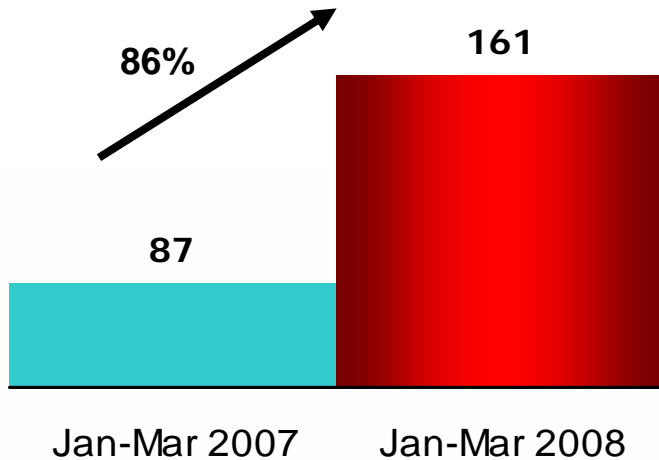
Superior Growth with Expanding Profits



Revenue (RM million)

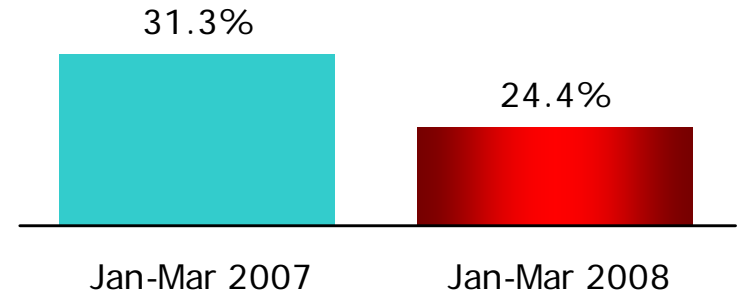


Net Income (RM million)

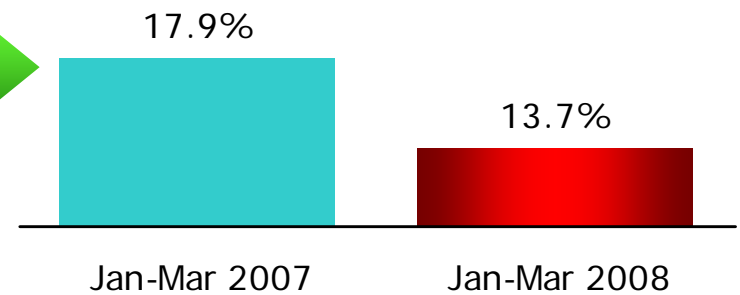


PROFIT MARGINS

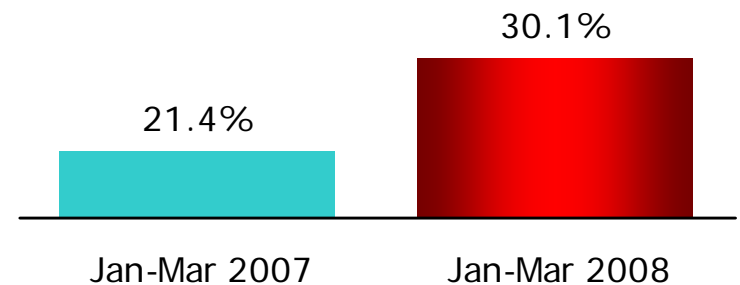
EBITDAR



EBIT

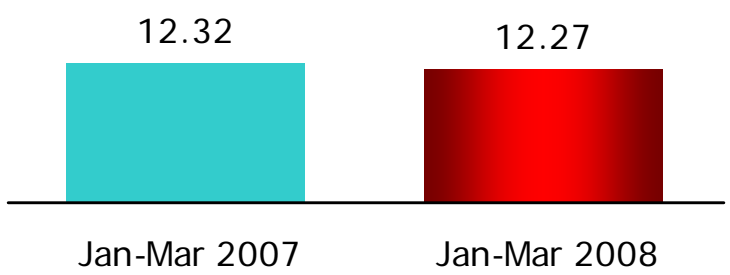


Net Income



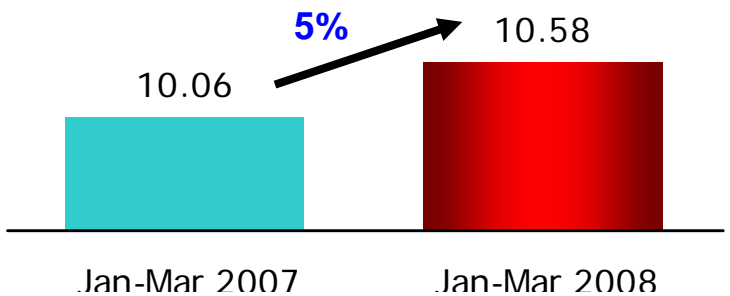
Profitability Enhancement

Rev / ASK (sen)



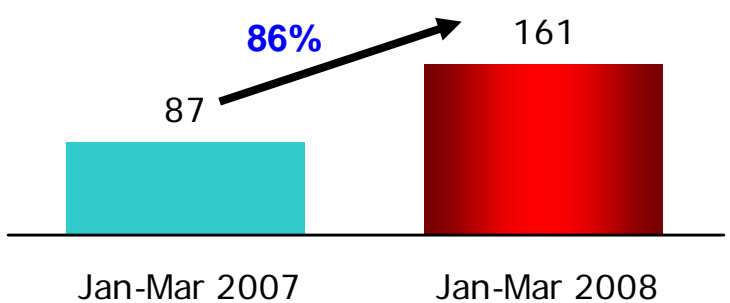
- 10% Higher average fare
- Higher ancillary income contribution

Cost / ASK (sen)



- Unit Fuel price climbed by 43% to USD110/barrel
- Fuel hedge benefits RM8 million

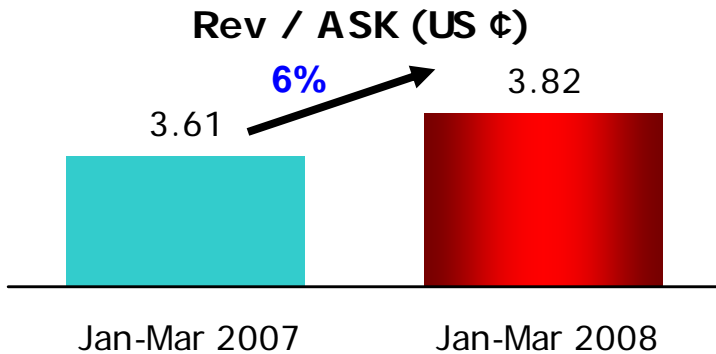
Net Income (RM million)



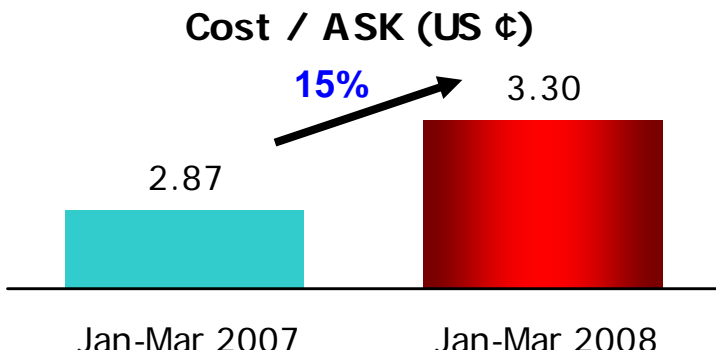
- Strong operational performance
- Superior cost management



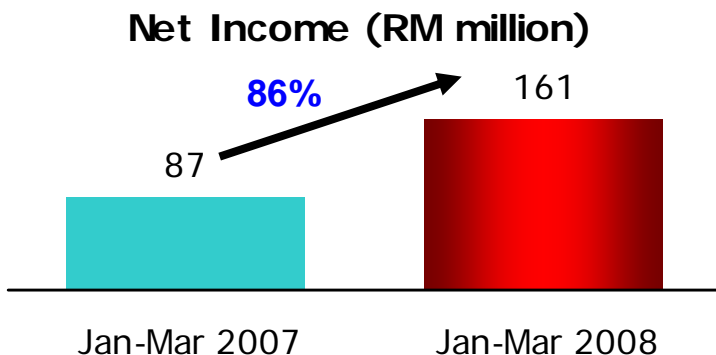
Profitability Enhancement



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- Strong operational performance
- Superior cost management



Cost / ASK – year on year Comparison



Cost Breakdown (US cents / ASK)	Jan-Mar 2008	Jan-Mar 2007	Δ (%)	Reason
Staff Costs	0.32	0.34	(5%)	Improved productivity
Fuel and Oil	1.93	1.44	34%	Higher jet fuel price
User & Station Charges	0.24	0.25	(5%)	Productivity benefits of higher capacity Airbus A320
Maintenance and Overhaul	0.16	0.30	(46%)	New aircraft requires less work
Cost of Aircraft	(0.08)	0.07		Sub-lease income from Thai AirAsia
Depreciation & Amortisation	0.48	0.37	(28%)	More owned aircraft in fleet
Sales, Marketing & Others	0.25	0.07	93%	Classification of cost line items
Total Cost / ASK	3.30	2.87	15%	Higher Fuel Price
Cost / ASK (ex fuel)	1.36	1.43	(5%)	Fuel efficient A320 aircraft



Year on Year Comparison (Malaysia)



Operating Expenses (RM '000)	Jan-Mar 2008	Jan-Mar 2007	% Revenue	
			2008	2007
Revenue	535,321	406,225		
– Staff Cost	(45,312)	(38,609)	(8.5%)	(9.5%)
– Fuel and Oil	(270,576)	(162,308)	(50.5%)	(40.0%)
– User & Station Charges	(33,143)	(28,054)	(6.2%)	(6.9%)
– Maintenance & Overhaul	(23,036)	(34,201)	(4.3%)	(8.4%)
EBITDAR	130,745	127,004	24.4%	31.3%
- Cost of aircraft	11,287	(7,801)	2.1%	(1.9%)
EBITDA	142,032	119,203	26.5%	29.3%
- Depreciation & Amortisation	(68,628)	(46,369)	(12.8%)	(11.4%)
EBIT	73,404	72,834	13.7%	17.9%
Pretax Profit	101,174	43,072	20.6%	10.6%
Net Income	161,277	86,873	30.1%	21.4%

Driving Growth from Ancillary Income



Introducing

Checked Baggage Handling Fee

For bookings made from 21 April 2008 onwards, a fee will apply for every checked baggage.



RM 3
per baggage
pre-book
online

RM5 per baggage applies at airport check-in counters.

Excess baggage fee still applies for checked baggage exceeding 15kg.

	Jan-Mar 2008	Jan-Mar 2007	Δ %
Ancillary Income (RM million)	40.9	25.9	58%
Passenger Spend (RM / pax)	15.7	12.0	31%
% Revenue	7.6%	6.5%	1.1 ppt

- Driving promotions harder
 - increase penetration rate
 - packaged products to increase yields

- Checked baggage fee launched 21 April
 - revenue contributor and cost savings
 - no impact to ticket sales demand



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Managing Fuel



- ❑ Fuel Hedge up to June
 - expected savings of USD10 million in second quarter
 - unhedged thereafter

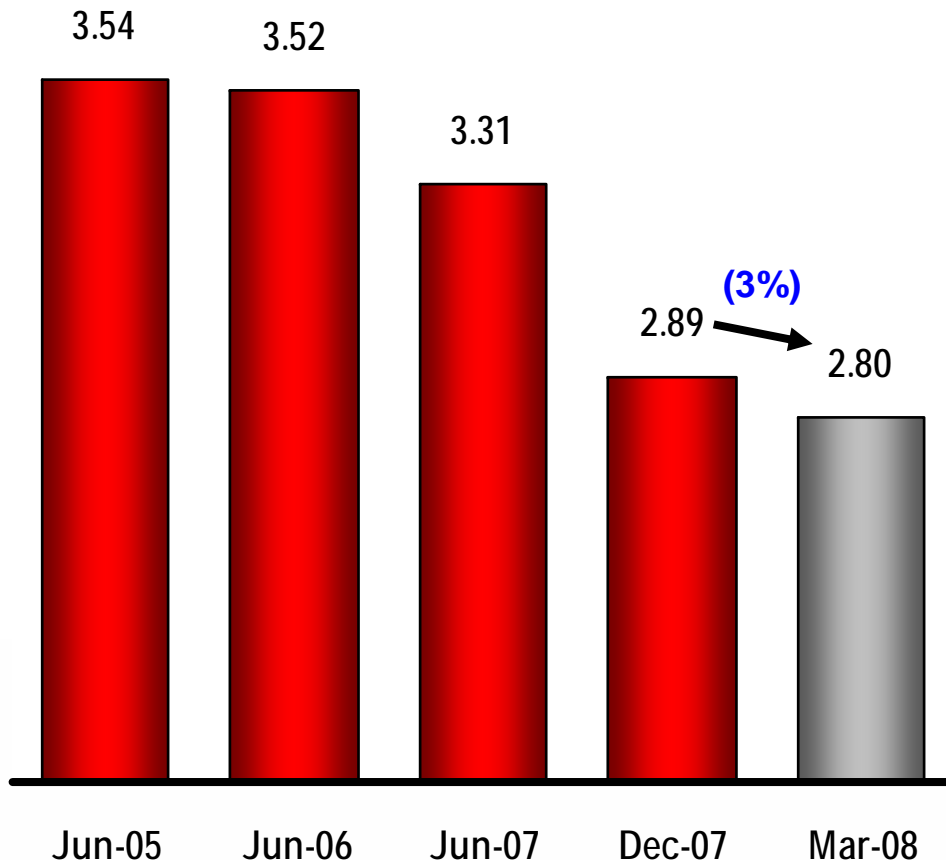
- ❑ Looking for opportunities to hedge oil
 - short term hedges
 - crude component and refining margin
 - to reduce the impact of volatile spikes of fuel price



The Best Fuel Consumption Rate



Fuel Consumption (liters per 100 ASK)



- ❑ Airbus A320 aircraft
 - furnished with lightest equipments
 - operate from non congested airports
- ❑ Initiatives to drive down fuel consumption even further

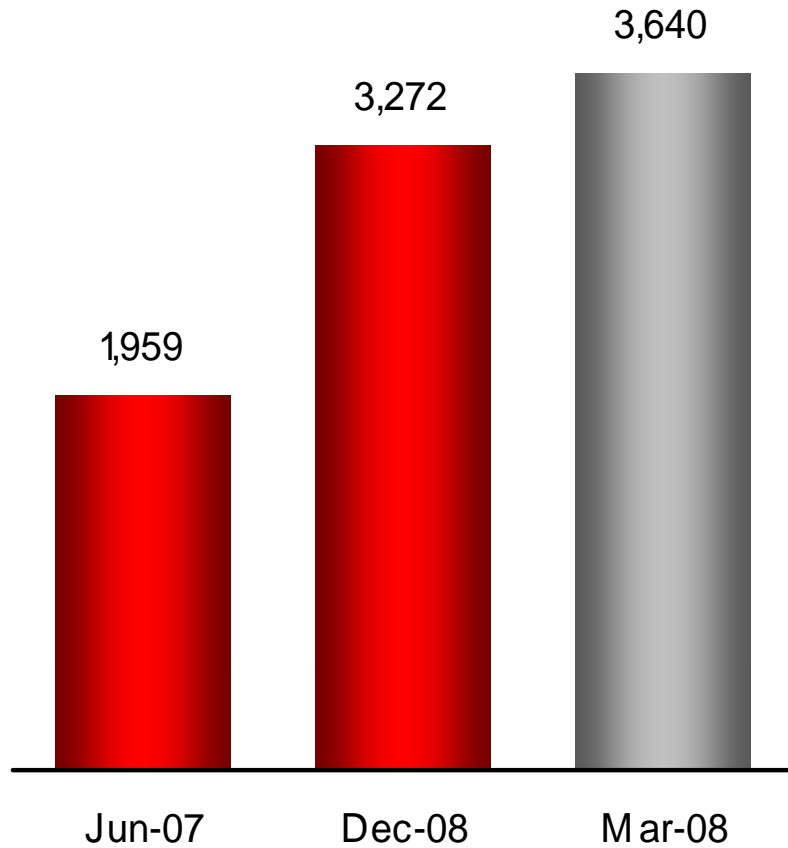


Airline Of The Year

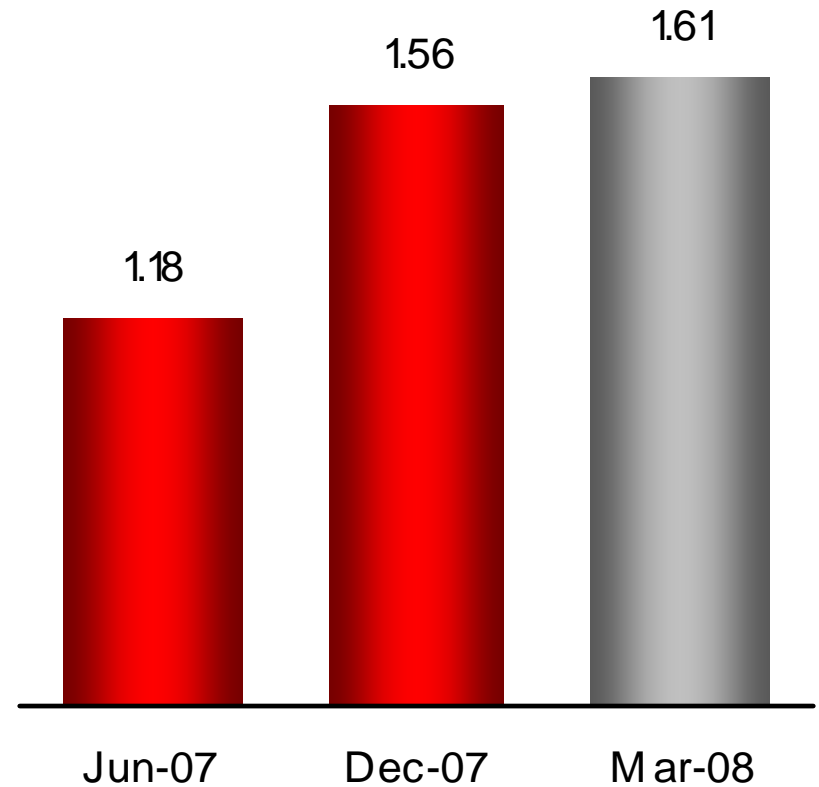
Borrowings and Gearing



Net Debt (RM million)



Net Gearing (Net Debt / Equity)





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Updates on Associates



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Updates on Thailand

❑ Quarter updates

- 32% passenger growth YoY on the back of capacity growth of 34%
- 78% load factor with average fares of THB 1,750
- EBITDAR profit of THB150 million with 7.0% EBITDAR margins
- posted a loss of THB123 million (RM12.8 million), our portion of losses is THB60 million (RM6.3 million)

❑ Realignment of operations

- Thai is now operating with four Airbus A320 aircraft
- Airbus A320 aircraft is improving efficiency and reliability

❑ Underlying demand is strong

- strong passenger growth
- competitive pressures has waned
- yields has improved stemming from better yield management



Updates on Indonesia

- ❑ Quarter updates
 - 41% passenger growth YoY on the back of capacity growth of 51%
 - 75% load factor with average fares of IDR 410,323
 - posted a loss of IDR64.5 billion (RM22.5 million), our portion of losses is THB31.6 million (RM11.0 million)

- ❑ Business environment has improved
 - operational efficiency improving (better reliability and on-time performance)
 - yields improving due to better yield management
 - competitive pressure has reduced substantially



Summary



- ❑ Challenging outlook but AirAsia will be profitable
 - innovation is key to survival
 - focus on low fares and marketing
- ❑ Ancillary Income
 - new products provide huge upside
- ❑ Most comprehensive route network in Asia
 - competitors are slowing, we are continuing to expand the network
- ❑ Strong balance sheet
 - total cash (cash, deposits) of RM1 billion
- ❑ AirAsia will emerge stronger in the end
 - others will fail
 - consolidation in the market is inevitable



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Appendix



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Financial Data

Quarter Ended: 31 March RM'000	Jan-Mar 2008	Jan-Mar 2007	Δ (%)
Ticket Sales	494,382	370,257	34%
Ancillary Income	40,939	25,924	58%
Revenue	535,321	396,180	35%
EBITDAR	130,745	127,004	3%
EBIT	73,404	72,834	1%
Pretax profit	110,174	43,072	156%
Net Income	161,277	86,873	86%
EBITDAR Margin	24.4%	32.1%	-7.6 ppt
EBIT Margin	13.7%	18.4%	-4.7 ppt
Pretax profit Margin	20.6%	10.9%	9.7 ppt
Net Income Margin	30.1%	21.9%	8.2 ppt

Operating Data

Quarter Ended: 31 March	Jan-Mar 2008	Jan-Mar 2007	Δ (%)
Passengers Carried	2,611,556	2,160,360	21%
ASK (million)	4,364	3,215	36%
RPK (million)	2,970	2,461	21%
Seat Load Factor	72.1%	76.5%	(4.4) ppt
Average Fare (RM)	189	171	10%
Rev / ASK (sen)	12.27	12.64	-3%
Rev / ASK (US cents)	3.82	3.61	6%
Cost / ASK (sen)	10.58	10.06	5%
Cost / ASK (US cents)	3.30	2.87	15%
Cost / ASK-ex fuel (sen)	4.38	5.01	-13%



Operating Data

Quarter Ended: 31 March	Jan-Mar 2008	Jan-Mar 2007	Δ (%)
Average fare (RM)	189.3	171.4	10%
Ancillary Income / pax (RM)	15.7	12.0	31%
Unit Revenue / pax (RM)	205.0	183.4	12%
Fuel consumed (barrels)	768,665	606,395	27%
Unit fuel price (\$/barrel)	109.7	76.5	43%
Average stage length (km)	1,205	1,096	10%
No. of flights	20,685	17,490	18%
Average aircraft	36.0	27.8	29%
No. aircraft at end of period	42	33.0	27%



Fleet Composition

Aircraft count (including spares)	Mar 2008	Now (May)	Dec 2008 (tentative)
Malaysia	43	44	40
Thailand	18	17	18
Indonesia	11	12	14
Group Total	72	73	72
<u>Fleet Composition</u>			
Airbus A320	39	42	55
Boeing 737-300	33	31	17





Base Network as of May 2008

