

AirAsia

“Now Everyone Can Fly”



Fourth Quarter 2006 Results
25 August 2006

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1. Highlight & Events



Key Highlights

- ❑ 18 quarters of consistent profitability
- ❑ Domestic Rationalization a reality, commence 1 August 2006
- ❑ Net Income of RM9 million
 - 143% growth YoY on the back of 21% revenue growth
 - 32% EBITDAR margin
- ❑ Strong growth profile maintained
 - passenger numbers grew 30% YoY
 - record load factors of 83%
 - average fare decrease by 13% YoY
- ❑ Ancillary income, at 8.4% of revenue and still growing
- ❑ Group fleet rose from 41 to 42 aircraft
- ❑ Kota Kinabalu LCT on track for completion by end of the year

Domestic Rationalization Updates

- ❑ Slight adjustment to the original structure
 - trunk routes added 3 routes to a total of 22
 - price floor for MAS is removed

- ❑ AirAsia is not burdened with interlining requirements

- ❑ AirAsia will be given equal status national carrier
 - AirAsia to be put on the same page for bilateral negotiations
 - aids entry to Chinese and Indian destinations

- ❑ MAS has implemented changes in their operations
 - levy administrative charges
 - increase fuel surcharge
 - introduce multiple pricing tier
 - motivated to increase their average fares
 - ➔ ***will widen the gap between their high fares and our low fares!***

Our “New” CFO: Rozman Omar

- ❑ Over 22 years of business management experience
- ❑ Extensive knowledge and experience in corporate finance
- ❑ Formerly CFO for Indonesia AirAsia
- ❑ ACCA holder

Dominating ASEAN



Period	Destinations Served
Jan 2002	6
Jun 2003	11
Jun 2004	26
Jun 2005	52
Jun 2006	65
NOW	70

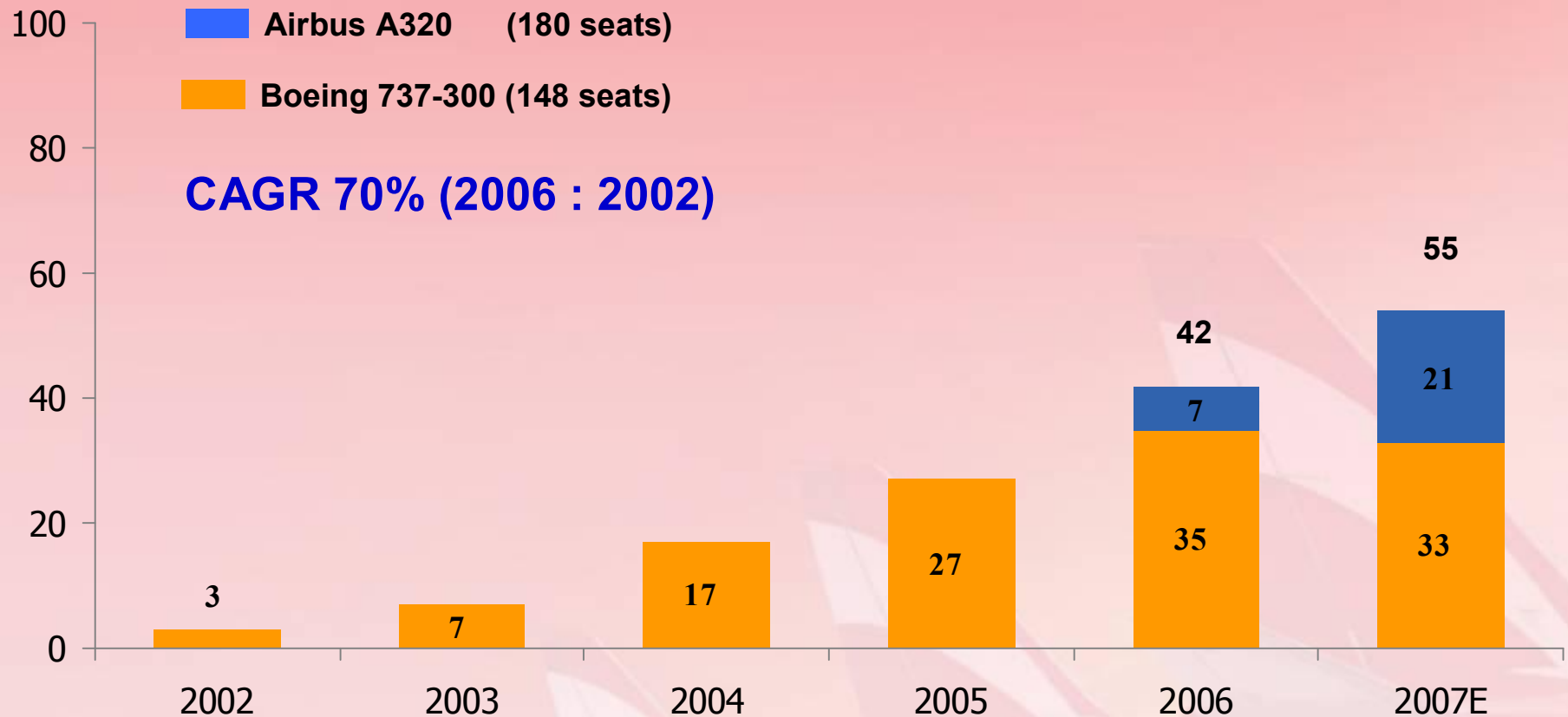
Latest Routes

- Kuala Lumpur – Brunei
- Kota Kinabalu – Miri
- Kota Kinabalu – Tawau
- Kuching – Miri
- Kuching – Sibul
- Kuching – Bintulu
- Kuching – Kota Kinabalu
- Bangkok – Yangon

Hub Network



Fleet Plan to Facilitate Strong Profitable Growth and Fleet Rejuvenation

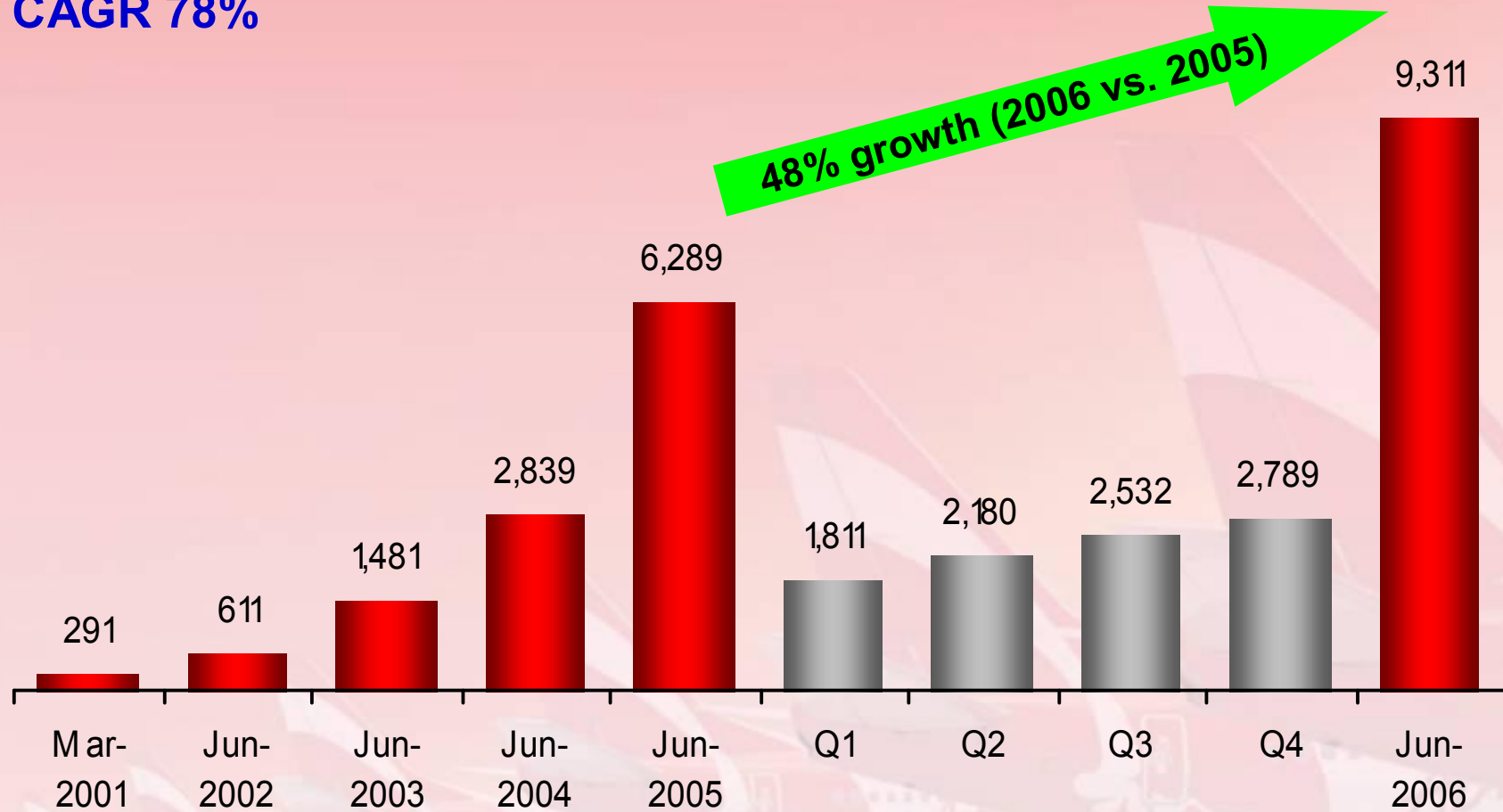


- ❑ Boeing 737-300 will be phased-out as leases expires
- ❑ Airbus A320 will be deployed into Malaysia first, followed by other associates
- ❑ AirAsia will soon have the **YOUNGEST** fleet in Asia

Consistent passenger growth

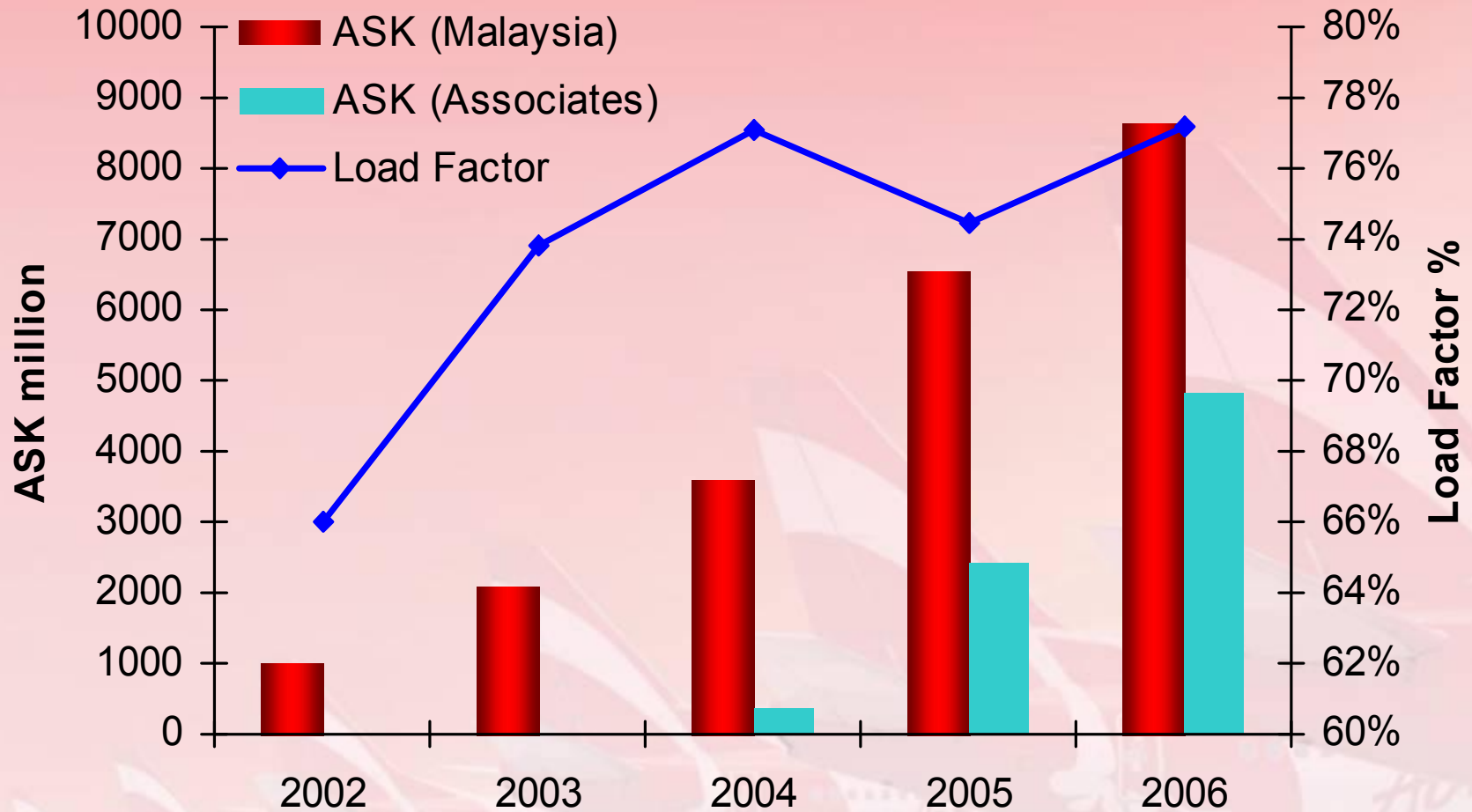
Passengers Flown by AirAsia Group ('000)

CAGR 78%



Load factor better than expected

ASK & RPK (million) and Load Factor (%) AirAsia Group



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2. Results Commentary



Operational Statistics

- ❑ Strong passenger growth
 - 35% growth for Q42006 vs. Q42005
 - 30% growth for FY2006 vs. FY2005

- ❑ Effective capacity growth
 - 25% growth for Q42006 vs. Q42005
 - 32% growth for FY2006 vs. FY2005

- ❑ Superior cost control
 - 3% improvement yoy for Q4 US2.32/ASK cents
 - 6% increase yoy FY2006 US2.33/ASK cents

- ❑ Lower fares and yield to entice strong passenger growth

- ❑ Strong load factors
 - 83% in Q42006 vs. 76% Q42005
 - 78% in FY2006 vs. 75% in FY2005

Operational Statistics – Q4

Operational Statistics	Q4 -2006	Q4 -2005	Δ (%)
Average Load factor	83%	76%	7 ppt
# Passengers	1,623,130	1,203,456	35%
Average fare (RM)	130	150	(13%)
RPK (mn)	1979	1447	37%
ASK (mn)	2388	1903	25%
Rev/RPK (US cents)	3.35	3.63	(8%)
Cost/ASK (US cents)	2.32	2.40	(3%)
# aircraft (end)	26	19	37%
Average # aircraft	21.84	17.56	24%

Operational Statistics – FY2006

Operational Statistics	FY2006	FY2005	Δ (%)
Average Load factor	78%	75%	3 ppt
# Passengers	5,719,411	4,414,069	30%
Average fare (RM)	137	143	(4%)
RPK (mn)	6702	4881	37%
ASK (mn)	8646	6525	32%
Rev/RPK (US cents)	3.44	3.59	(4%)
Cost/ASK (US cents)	2.33	2.22	6%
# aircraft (end)	26	19	37%
Average # aircraft	20.45	16.30	25%

Operational Statistics – Thailand (Q4)

Operational Statistics	Q4-2006	Q4-2005	Δ (%)
Average Load factor	76%	68%	8 ppt
# Passengers	733,025	389,384	88%
Average fare (RM)	122	125	(2%)
Average fare (THB)	1171	1318	(11%)
RPK (mn)	682	378	80%
ASK (mn)	891	560	59%
Rev/RPK (US cents)	3.16	3.49	(9%)
Cost/ASK (US cents)	2.44	2.81	(13%)
# aircraft (end)	10	6	67%
Average # aircraft	10.0	5.87	70%

Operational Statistics – Thailand (FY2006)

Operational Statistics	2006	2005	Δ (%)
Average Load factor	79%	73%	6 ppt
# Passengers	2,391,717	1,603,594	49%
Average fare (RM)	129	111	16%
Average fare (THB)	1236	1194	4%
RPK (mn)	2261	1452	56%
ASK (mn)	2873	1982	45%
Rev/RPK (US cents)	3.27	3.31	1%
Cost/ASK (US cents)	2.48	2.66	(7%)
# aircraft (end)	10	6	67%
Average # aircraft	8.06	5.08	59%

Operational Statistics – Indonesia

Operational Statistics	Q4-2006	Q4-2005	Δ (%)
Average Load factor	74%	77%	(3 ppt)
# Passengers	432,521	151,506	185%
Average fare (RM)	95	96	(1%)
Average fare (IND)	236,469	242,482	(2%)
RPK (mn)	438	182	140%
ASK (mn)	594	234	154%
Rev/RPK (US cents)	2.76	2.26	22%
Cost/ASK (US cents)	2.87	2.48	16%
# aircraft (end)	6	2	200%
Average # aircraft	5.83	1.91	205%

Profitability – Malaysia

(RM '000)	Q4-2006	Q4-2005	Δ (%)	Margins (%)	
				Q4-06	Q4-05
Revenue	241,783	199,508			
EBITDAR	77,180	46,206	67%	31.9%	23.2%
EBIT	40,024	25,566	57%	16.6%	12.8%
Net Income	39,098	16,108	143%	16.2%	8.1%

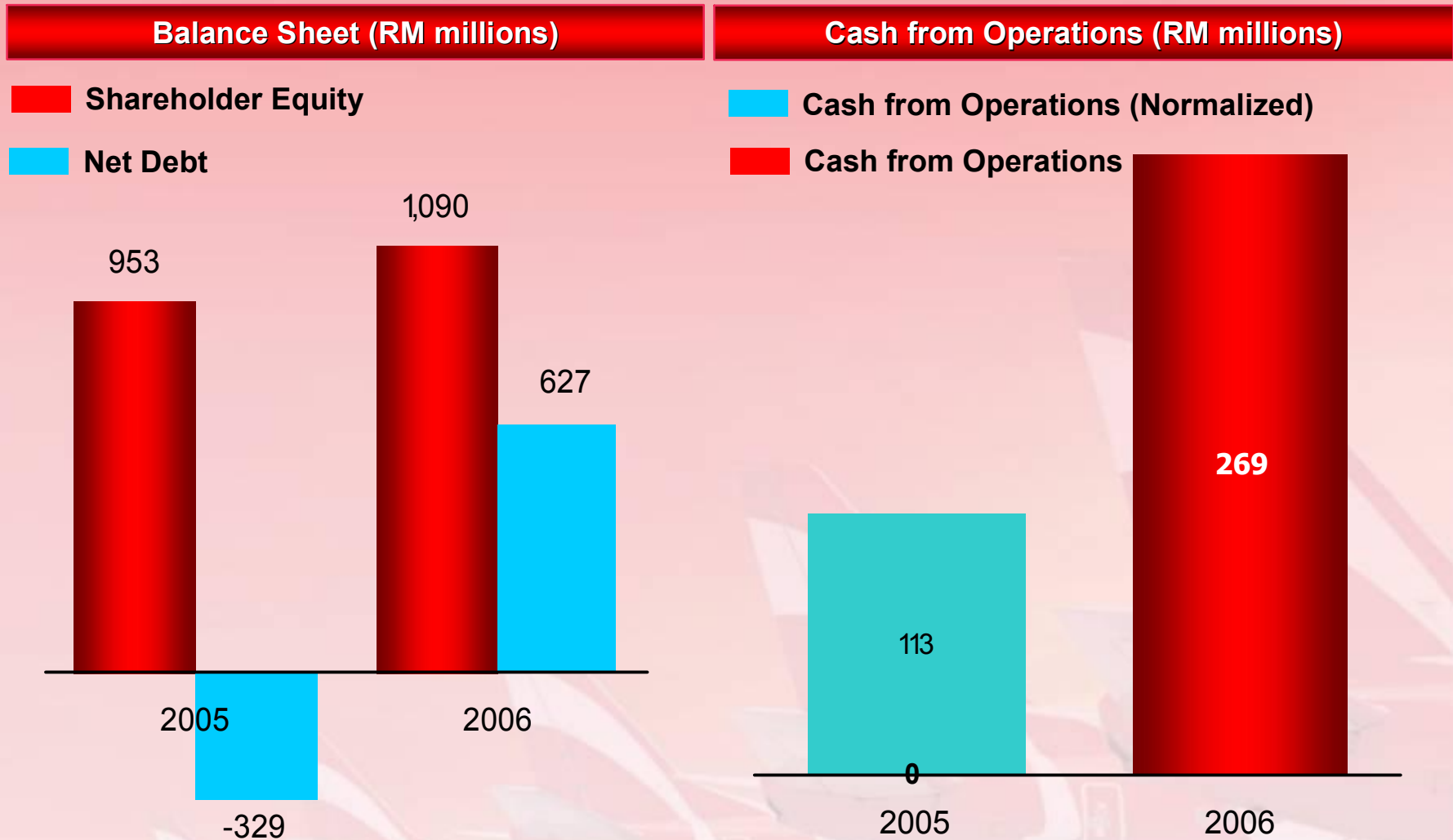
- ❑ Strong profit margins despite rising fuel price
- ❑ Profit margin improved
 - increased business scale
 - unit cost improvement
 - positive contribution by associates

Profitability – Thailand

(THB '000)	Q4-2006	Q4-2005	Δ (%)
Revenue	883,403	529,484	67%
EBITDAR	125,905	(25,991)	
EBIT	(5,496)	(101,495)	
Net Income	(35,632)	(32,340)	

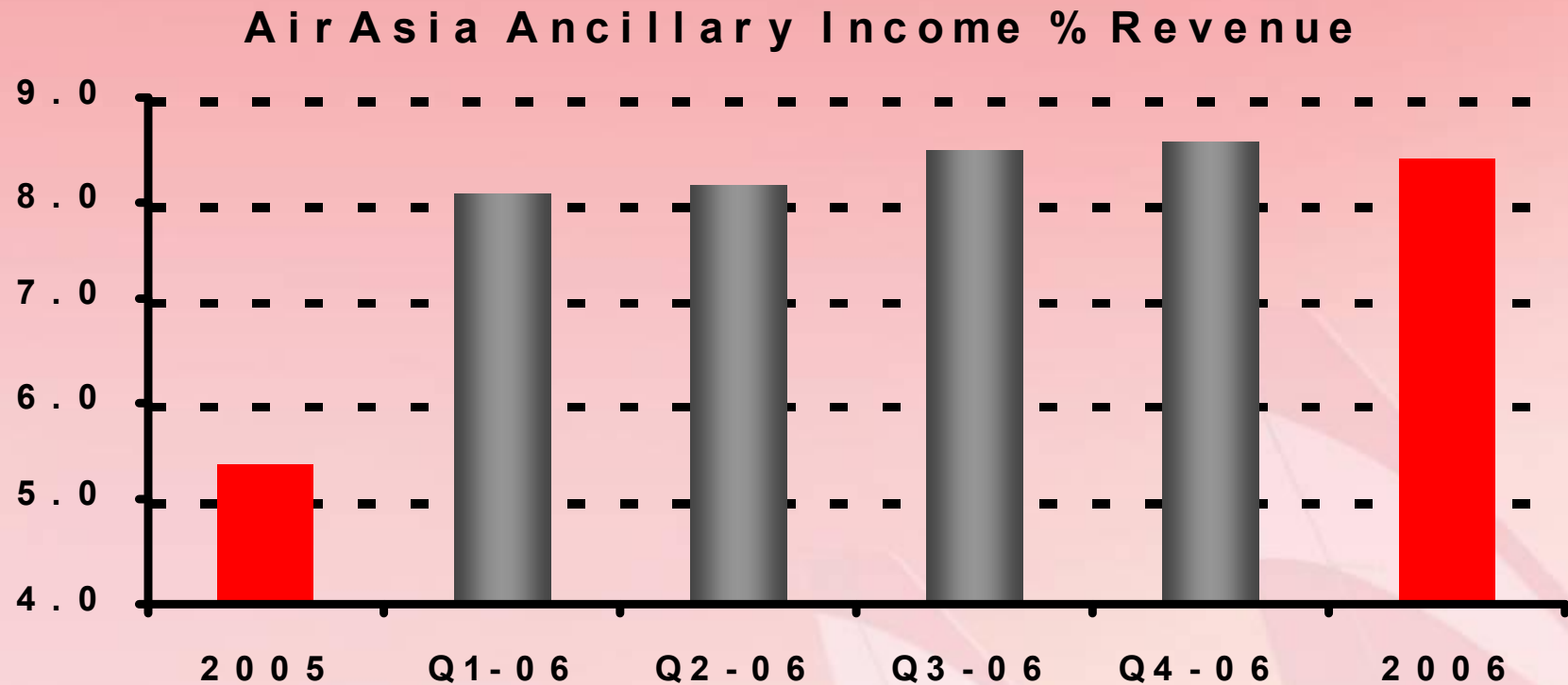
- ❑ Operationally profitable
 - 14% EBITDAR margins
 - forex losses contribute to the losses

Robust cash generation



➔ Debt levels reflect aircraft purchase

Ancillary Income Progress



- Plenty of scope for growth
 - strong growth opportunities: car rentals, in-flight advertising
 - cargo contributions
- Go-Insure very popular among our guest
 - product will be made available in Thailand and Indonesia soon

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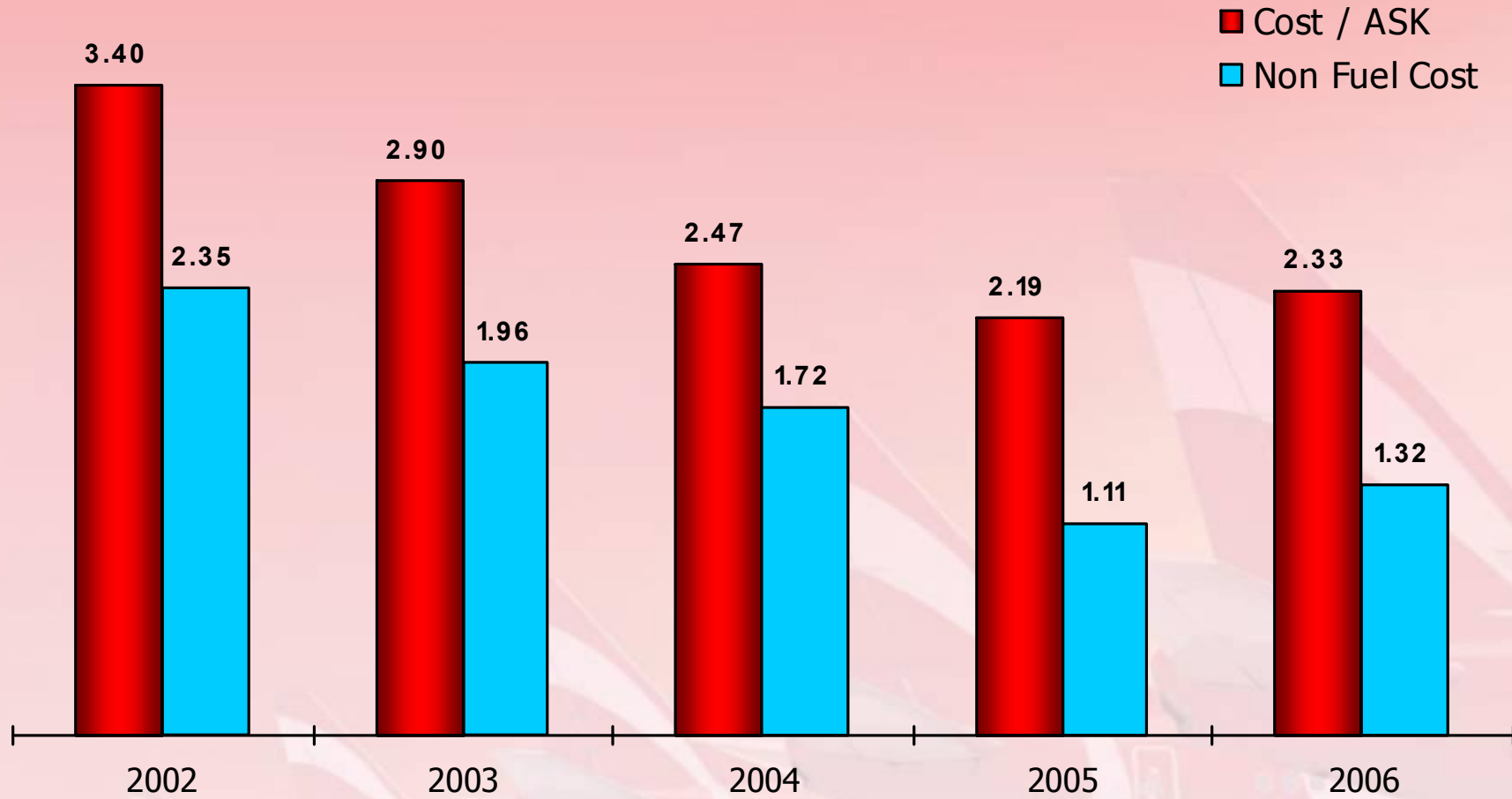
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3. Cost Management



Cost Management

Cost / ASK (US cents)



Malaysian Operations

Operating Expenses

Operating Expenses (RM '000)	FY2006	FY2005	% Revenue	
			2006	2005
Revenue	855,666	666,250		
– Staff Cost	(111,848)	(78,960)	13.1	11.7
– Fuel and Oil	(323,775)	(266,610)	37.8	40.0
– User & Station Charges	(51,730)	(29,383)	6.0	4.4
– Maintenance & Overhaul	(109,477)	(77,347)	12.8	11.6
– Others	(14,165)	(9,781)	1.7%	1.6
EBITDAR	244,671	204,169	28.6%	30.6
- Cost of aircraft	(53,298)	(51,350)	6.2	7.7
EBITDA	191,373	152,819	22.4%	22.9
- Depreciation & Amortisation	(83,008)	(26,716)	9.7%	4.0
EBIT	108,365	126,103	12.7%	18.9
Net Income	126,956	111,635	14.8%	16.8

Cost / ASK – what changed from last year to this year?



2.33 (2006) vs. 2.19 (2005) {6.4% cost increase}

<i>(US cents)</i>	Cost per ASK	Change (%)	Reasons
Fuel and oil	1.01	(6%)	Fuel surcharge recoveries
Cost of aircraft	0.17	(20%)	Fewer leased aircraft in fleet
Staff cost	0.35	11%	More staff hired
User station charges	0.16	36%	Route mix more international
Maintenance	0.34	9%	Heavy checks
Depreciation & Amortization	0.26	140%	Purchased aircraft
Total Cost per ASK	2.33	6.4%	

Good ↑

↓ Bad

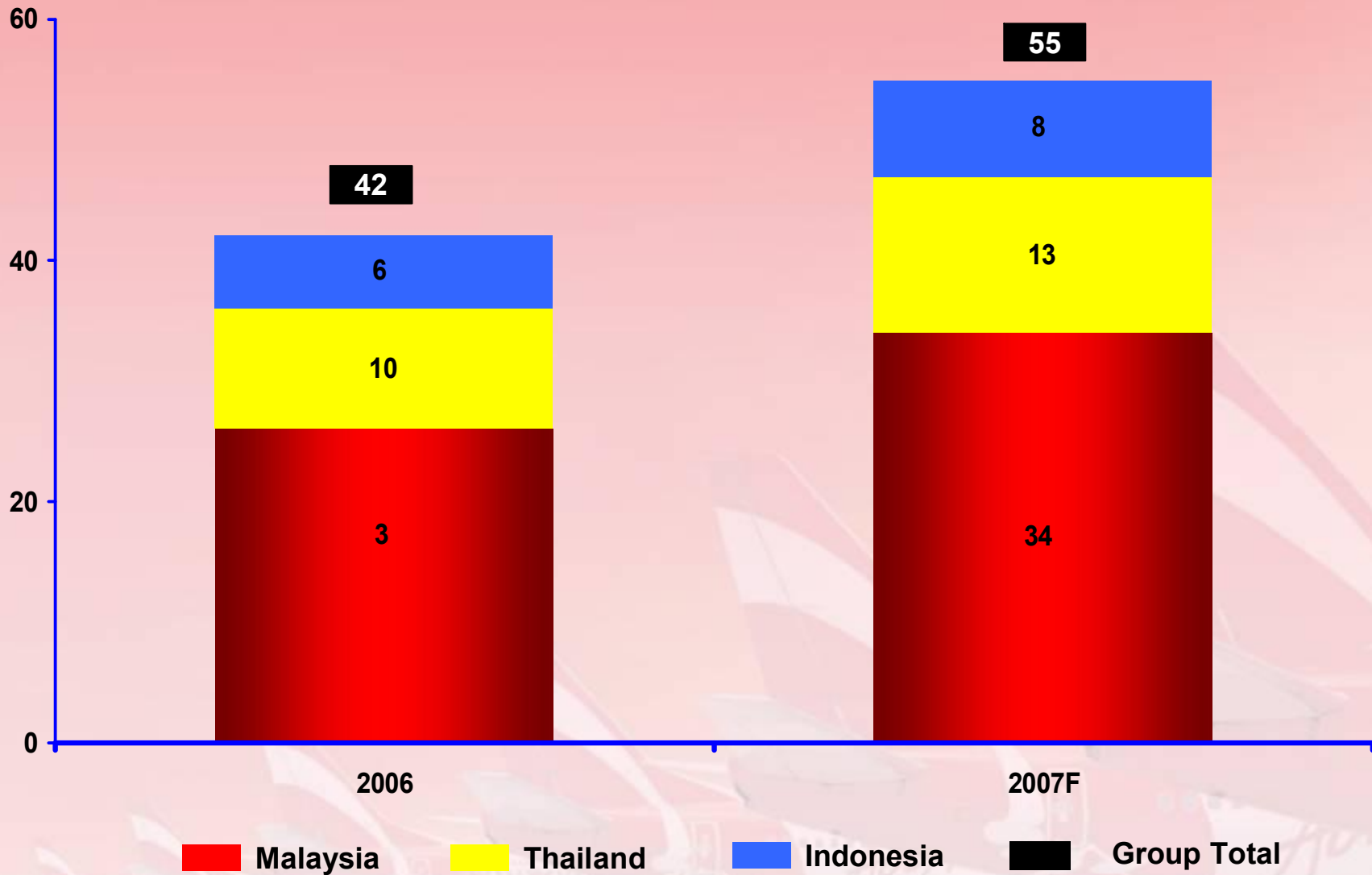
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4. Outlook



Fleet Plan for FY2007



FY2007 Outlook

- ❑ Traffic growth 40% to 8 million; associates will carry 6-7 million
- ❑ Lower average fares
 - aggressive promotions to drive up load factors
- ❑ Flat yields
 - lower stage length
 - some routes reaches maturity
- ❑ Unit costs ex-fuel down 5-9%
 - lower aircraft operating cost (maintenance, fuel consumption, reliability)
 - benefits of the low cost terminal
 - RM appreciation benefits cost base (fuel, aircraft, spare parts, etc)
- ❑ Will hedge fuel requirements when suitable opportunity arises
- ❑ Positive contribution from associates

Sensitivity Analysis – FY2007

Sensitivity Analysis (figures in RM million)	Impact on PBT
+/- 1% in Load Factor	15
+/- RM1 in Fare	8.0
+/- USD1/bbl in Fuel	8.5
+/- 10% in ancillary income	3.5

AirAsia - Concluding Remarks

- World's lowest cost carrier
- Level playing field and equal status
- LCC accepted – dedicated terminals, people, destinations
- Airbus improves reliability and performance
- Software dealt with – AirAsia Academy
- Growth of other LCC muted

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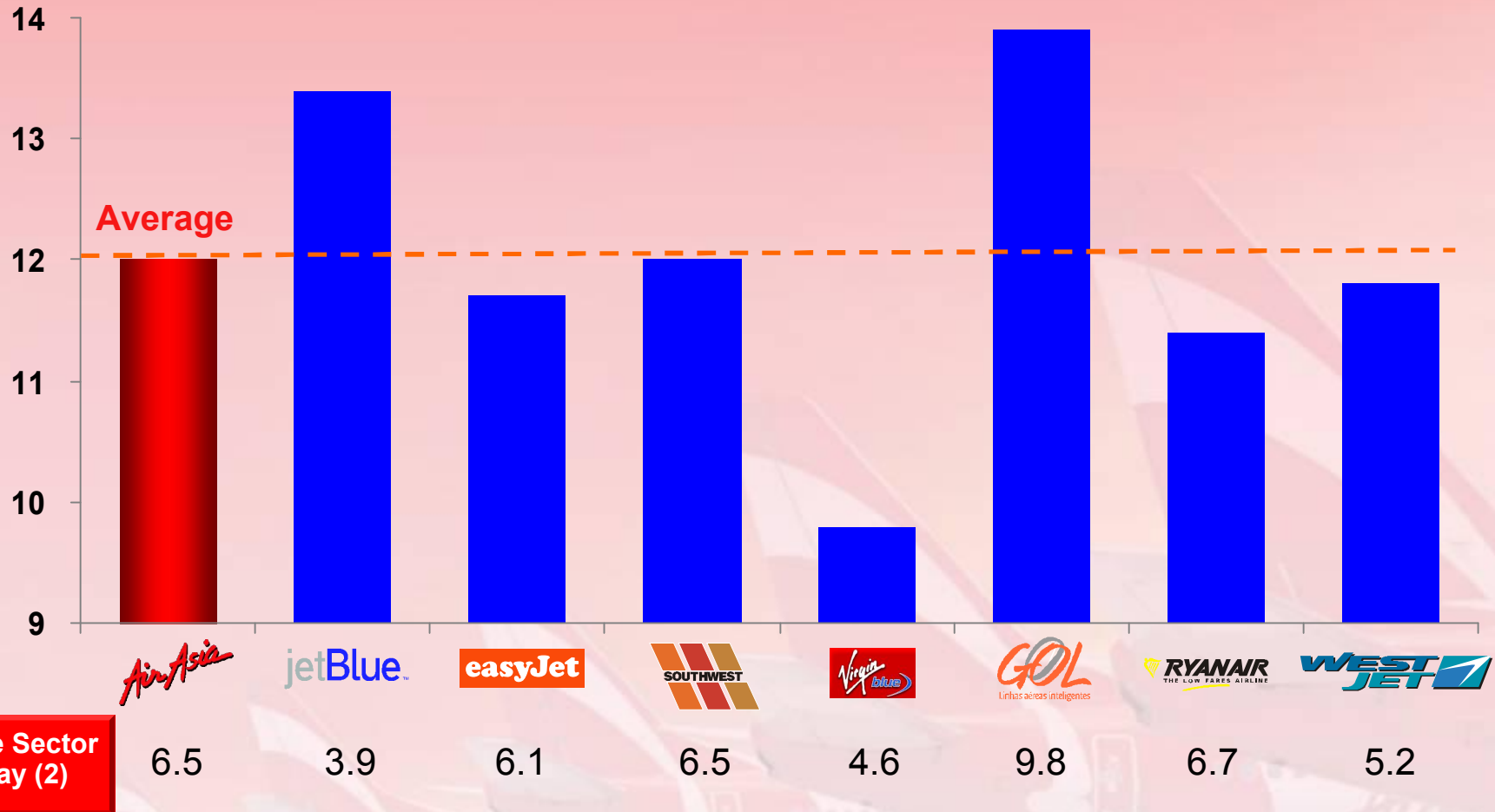


5. Peer Group Comparison



Superior Utilization Rate

Block Hours per Day (1)



(1) Latest available fiscal year

(2) Annual departures per average aircraft per day

“How is your Cost / ASK so low?”









Operating Expenses (US cents)	Cost/ASK		Reason
	<i>AirAsia</i>	Others*	
Staff cost	0.35	1.16	Superior productivity & low cost region
Fuel and Oil	1.01	1.51	Fuel surcharge recoveries
Maintenance & Overhaul	0.34	0.34	LT contracts at attractive levels
Sales & Marketing	0.03	0.38	Effective distribution channel
Cost of aircraft, depreciation and amortization	0.26	0.68	Lock in aircraft at cycle bottom
User Station & Aviation	0.16	0.96	Asian/KL user charges are much lower
Others	0.21	0.53	Lower overheads
TOTAL cost per ASK	2.33	5.56	58% lower than comparable peers

* Others: Gol, JetBlue, Southwest, Air Tran, EasyJet, Ryanair, WestJet, VirginBlue
Latest available fiscal year

➔ Sustainable attributes

One of the World's most Profitable Airlines



Profitability Margin%									AVERAGE
EBITDAR	28%	35%	16%	25%	14%	19%	34%	20%	22.8%
EBIT	12%	25%	4%	12%	3%	11%	23%	8%	10.9%
Net Income	15%	20%	3%	8%	-1%	7%	19%	2%	8.1%

Source: AirAsia; latest company reports

Note: Latest available fiscal year

AirAsia's Ranking	
EBITDAR	3
EBIT	3
Net Income	3