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4Q14

KEY FINANCIAL HIGHLIGHTS
KEY HIGHLIGHTS – 4Q14

MALAYSIA

• Revenue of RM1.48 billion up 16% y-o-y
• Operating profit of RM226.30 million up 12% y-o-y
• Net Operating Profit of RM109.80 million down 9% y-o-y due to staff bonus accrued in December
• EBIT Margin of 15% and EBITDAR margin of 31%
• CASK up 9% y-o-y to US cents 3.98 due to increased depreciation cost with more aircraft YoY and bonus payment
• Three consecutive quarters of RASK increase - up 7% y-o-y to US cents 4.71
• High growth in ancillary income per pax at RM47 up 31% y-o-y
• Double digit growth in average fare, up 13% y-o-y to RM171 as promised

ASSOCIATES

• Thailand – Back on track with strong numbers. Operating Profit up 93%, PAT up 88%, Pax up 16%. Equity accounted RM34.8mil
• Indonesia – Turnaround on track. Operating Profit of IDR23.4 bil from operating loss of IDR369.09 bil the year before
• Philippines – Strong increase in load factor at 72% with the move to Terminal 3. Numbers are improving significantly.
• India – Load factor of 80%. AirAsia brand is strong.

PRIVATE EQUITY INVESTMENTS

• AACE – Malaysia equity accounts RM2.5mil
• Aircraft leasing house launched – 15 aircraft to be novated by end Q1
# Key Highlights

## 4Q14 Performance

### Revenue

- **Malaysia**: RM 1.48 bil, +16% yoy
- **Thailand**: THB 7.88 bil, +21% yoy
- **Indonesia**: IDR 1,731.63 bil, +11% yoy

### Operating Profit

- **Malaysia**: RM 226.30 mil, +12% yoy
- **Thailand**: THB 855.50 mil, +93% yoy
- **Indonesia**: IDR 23.39 bil, +106% yoy

- **Malaysia** – Double digit increase despite unplanned bonus payment to all staff and higher landing and route charges
- **Thailand** – Back recording strong numbers due to improved demand and visa relaxing for Chinese tourists.
- **Indonesia** – Recorded positive EBIT, a big improvement from IDR369.1bil operating loss in 4Q13

### Positive Recovery in Average Fare

- **All three main markets** experienced positive recovery in average fare.
MALAYSIA – Rational market driving fares up
- Three consecutive RASK increase y-o-y as MAS becoming rational
- Q-o-q increase in 2H14
- Ancillary up 31% and fare up 13% y-o-y as promised

THAILAND – Traffic recovery
- Traffic into Thailand rebounded significantly in 4Q14
- Q-o-q increase in RASK driven mainly by the increase in average fare
- Outlook remains positive with strong forward booking and RASK upside

INDONESIA – Market consolidating, rationale pricing
- Brand awareness a success and RASK up 25% y-o-y despite Lionair being the only airline with aggressive fare dumping
- Route rationalistion allowed fares to increase by 26%
KEY HIGHLIGHTS
– 4Q14 PERFORMANCE

ANCILLARY INCOME PERFORMANCE ACROSS ALL COUNTRIES

<table>
<thead>
<tr>
<th>Country</th>
<th>Key Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>MALAYSIA</td>
<td>RM 47 per pax</td>
</tr>
<tr>
<td>THAILAND</td>
<td>THB 360 per pax</td>
</tr>
<tr>
<td>INDONESIA</td>
<td>IDR 180,467 per pax</td>
</tr>
</tbody>
</table>

CORE ANCILLARY

- Duty free and Wifi Launched
- Assigned Seating’s revenue: RM22 mil up 24% and Freight’s revenue up 43.1% y-o-y
- Strong improvement from pushing of sales to pre-book, mainly F&B (Revenue : RM22mil) with 10% growth
- Baggage take up remains 44% of ancillary contribution and assigned seats at 8%
- With larger capacity space at klia2, aggressive connectivity between the Group has seen connecting fees revenue contribution of RM9mil with 90% of fly-thru passengers in KUL
- Thailand’s ancillary down 3% y-o-y due to lower baggage take-up
- Indonesia up 16% y-o-y driven by increase in baggage supersize
OUTLOOK & STRATEGY
THE AIRASIA BUSINESS

AIRLINE PASSENGER REVENUE

ANCILLARY INCOME

PRIVATE EQUITY BUSINESS
AIRLINE PASSENGER REVENUE

2015 CATALYSTS

RATIONAL MARKET

- Average fare recovered in 2H14, after five consecutive negative yoy performance, showing market becoming rational
- MAS’s new management and restructuring indicates a more stabilised fare environment
- Malindo halted jet growth, focusing more on turbo prop operations out of Subang (8 jet vs 11 ATRs)

LOW FUEL PRICE

<table>
<thead>
<tr>
<th>AA Group</th>
<th>1Q15</th>
<th>2Q15</th>
<th>3Q15</th>
<th>4Q15</th>
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<tbody>
<tr>
<td>Current Hedge Ratio</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Ave Hedge Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>(USD – jet kero)</td>
<td>98</td>
<td>88</td>
<td>84</td>
<td>84</td>
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<tr>
<td>Average Hedge Cost</td>
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<tr>
<td>2015</td>
<td></td>
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<tr>
<td>Ave Effective Cost</td>
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<td></td>
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<tr>
<td>(USD – jet kero)</td>
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<tr>
<td>Average Effective Cost 2015</td>
<td></td>
<td></td>
<td>80</td>
<td></td>
</tr>
</tbody>
</table>

FOCUS ON BUILDING CASH

- In good cash position with strong balance sheet
- 88% of the Group’s aircraft are owned, 130 aircraft are on Malaysia’s balance sheet
- Increasing cash further, through capacity management (refinancing of older aircraft (e.g. SLB) & selling of vintage aircraft and slots.
- SLB of at least 14 older aircraft, potentially generating gross cash ~USD70mil
- Group will not be taking in large number of aircraft like before, enabling the Company to preserve cash.
- No plans on raising money from the equity market.
- Monetise investment from adjacency businesses if valuation is right e.g. AAE Travel
AIRLINE PASSENGER REVENUE
CAPACITY MANAGEMENT STRATEGY

- Defer Airbus A320 CEOs to later dates to take advantage of new NEOs (16% more fuel efficient)
- Selling of older aircraft to ensure a young and efficient fleet
- To manage growth, ensuring all country operations focus on maximising profits from current routes
- Allowing operations in Indonesia and Philippines to execute turnaround plan
- Growth to be given to new markets like Japan and India, and high-growth market like Thailand

**Please refer to the appendix for detailed allocation and aircraft movements in 2015**

<table>
<thead>
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<tbody>
<tr>
<td>CEO Orders</td>
<td>17</td>
<td>24</td>
<td>9</td>
<td></td>
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<tr>
<td>NEO Orders</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>34</td>
</tr>
<tr>
<td><strong>Total Fleet Orders Before Deferment</strong></td>
<td>17</td>
<td>28</td>
<td>31</td>
<td>32</td>
<td>34</td>
<td>34</td>
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<tr>
<td>CEO Deferral</td>
<td>-8</td>
<td>-19</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NEO Deferral</td>
<td></td>
<td></td>
<td>-9</td>
<td>-11</td>
<td>-14</td>
<td>-12</td>
</tr>
<tr>
<td><strong>Finalised Aircraft Delivery Post Deferment</strong></td>
<td>9</td>
<td>9</td>
<td>13</td>
<td>21</td>
<td>20</td>
<td>22</td>
</tr>
<tr>
<td>Sale of Aircraft at 12 years / Sale of slots</td>
<td>-4</td>
<td></td>
<td>-11</td>
<td>-10</td>
<td>-18</td>
<td></td>
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<tr>
<td>End of Lease</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-1</td>
<td>-4</td>
</tr>
<tr>
<td><strong>Net Fleet</strong></td>
<td>5</td>
<td>9</td>
<td>13</td>
<td>10</td>
<td>9</td>
<td>0</td>
</tr>
</tbody>
</table>
INDONESIA
- Network optimisation completed
- Registered operating profit of IDR23.4 bil in 4Q14 from operating loss of IDR369.09 bil the year before
- Average fare up 26%, RASK up 25% y-o-y
- Floor price – will focus on international routes
- Q1 revenue down due to lack of advertising
- Load forecast: 70% in Q1
- Newly launched IAAX will be huge catalyst

PHILIPPINES
- Turnaround in place
- Load factor up 8ppt in 4Q14
- Unit pax revenue & RASK up YoY in 4Q14, trend to continue
- Jan’15: LF up 12% YoY; RASK up 30% YoY
- Load forecast: 78% in Q1
- Forecast to be profitable in 2Q15 & continue to remain cash +ve
- Additional capacity to Kalibo and Cebu, focusing on leisure destinations like Puerto Princesa
- 24% reduction in CASK in 4Q14. Cost optimisation to continue.
MALAYSIA
- Market turned rational – ave fare up 13% in 4Q14
- Load forecast: 74% in Q1, focusing on driving yield
- AA & competitors reducing capacity to ensure profitability is optimised
- MAS undergoing restructuring and Malindo halted growth
- Favourable outlook with low fuel price and average fare improving
- Free visa for Chinese tourists, demand from China will improve
- Target more biz travelers & corporate accounts via klia2
- Lobbying for lower charges in secondary airports – KK, Kuching, Langkawi, Malacca etc.
- Launched AA ASEAN Pass to promote ASEAN travel and Msia as ASEAN chair in 2015

THAILAND
- Traffic recovering after relaxing of visa for Chinese and Taiwanese
- Net Profit up 88% y-o-y in 4Q14
- Load forecast: 80% in Q1
- Focus on secondary hub in Chiang Mai
- New hub in Krabi
- Enhance connectivity and Fly-Thru via TAAX

INDIA
- Focus on building scale through frequencies out of Bangalore
- Load forecast: 81% in Q1
- Potential consolidation of airlines
- VAT to be reduced in some states
- Competitive advantage – traffic feed from MAA & TAA
ANCILLARY INCOME

ACHIEVED RM47 PER PAX IN 4Q14.
NEAR TERM TARGET – RM50

DUTY FREE
- Duty Free business launched in August
- Pre-book duty free available on booking path.
- Duty-free website will launch in Mar 2015
- Contribute RM2.66 per pax to ancillary
- Credit card payments on board (end Feb’15)
- Target RM4 per pax to ancillary once credit card payment launched
- Available on MAA, TAA and IAA flights. Rollout to PAA, AAI and AAJ in 3Q15

PREMIUM FLEX
- Baggage included, free flight change, priority seating and boarding
- Special check in counters for premium flex users
- 14% growth in Premium Flex revenue.
- To introduce priority baggage drop, pick-up and exploring express security and immigration checks

ON-BOARD WIFI
- Commercially launched in Oct’14
- Instant messaging - LINE, Whatsapp and WeChat
- First 2 weeks saw 400 tokens sold. Top performing route is KUL - Kunming
- Available on 4 aircraft
- To launch video streaming
- Email and content streaming in phase 2

FLY-THRU
- Group recorded 1.52mil FT pax in 2014, +90% yoy
- Breakdown by hub: KUL (90%), DMK (10%), CGK eff Sep’14 (0.1%), DPS eff Nov’14 (0.1%).
- Group collected MYR 94.9mil Connecting Fee in 2014.
- Connectivity to popular leisure destinations remains the top FlyThru markets: Australia – Thailand, Indonesia & IndoChina
- Opportunity to stimulate new leisure markets in KBV, URT, LGK, URT.
- FT routes from India recorded strong growth in 2014.
- To introduce Fly-Thru from China – Australia and Thailand
ANCILLARY INCOME

INFLIGHT MEALS
- Contributed ~RM74mil to ancillary in 2014
- Jan’15:
  - 13 revenue growth in pre-book hot meals, 37% in inflight snacks
  - Intro of combo meals contribute to increase in overall F&B revenue
  - Wastage reduced by 5.6% YoY
  - Revamp of menu and include kids’ meal:
    - ‘Barista in the Skies’ launching in 1Q15
    - First airline to have freshly brewed premium coffees served by trained baristas onboard
    - To be done in phases

REDBOX
- AA’s own budget courier express and parcel delivery product service
- No investment cost to AA as marketing and ground handling exclusively done by R Box Asia PTE LTD
- Services: (i) Personal parcel (ii) Corp Clients (iii) e-Comm (iv) Red Cube
- Currently in Msia, Spore, Indonesia, Thailand, Vietnam, Nepal, Philippines & Taiwan
- Upcoming 13 countries inc Bangladesh, Hong Kong, China, India, Australia, Japan etc.
- Opening a distribution centre in klia2 for E-commerce
- 2015: Client include Zalora (courier products from Spore to 6 countries & Msia out to 3 countries with est 5000 parcel a day). Others: Luxola & Rakuten
PRIVATE EQUITY INVESTMENT

MONETISING FROM GROWTH IN ADJACENCY BUSINESSES

BIG
• 516,324 points issued in 4Q14, +70% YoY
• 95,102 points redeemed in 4Q14, +97% YoY
• 12mil members, 300% YoY increase in members
• Launched co-brand card with CIMB Niaga, partnership with Petronas, WCT & Hilton
• Launching BiG loyalty in India
• Valuation upside, global loyalty mment Aimia invstd 20% in ThinkBiG
• Estimated valuation of US$120 mil

TUNE MONEY
• AA subscribed 40% equity stake
• Focus on 3 prepaid products:
  • EZPay Virtual (~PayPal), EZPay Passport (currency wallet), BIG Prepaid
  • EZPay - Eliminates acquiring bank charges & lower MDR rate.
• Obtained approval from Bank Negara Malaysia
• Drive cashless transaction & higher conversion
• Estimated valuation of RM25mil

AACE
• Revenue of RM21m in 4Q14, RM85m in FY2014
• Equity accounted RM36.6m in FY2014
• 8 simulators in Msia, 2 in Spore
• >25 third part airlines trained, >14,000 crews trained in 2014
• Dec’14, acquired 50% in Philippine Academy of Aviation Training, JV bet AACE and Cebu Pacific
• Obtained long-term training agreement with Jetstar Asia & Jetstar Pacific
• Estimated valuation of RM250mil

AIRASIA EXPEDIA
• Revenue +26% YoY in 4Q14
• Significant cost of sales improvement down 12% YoY
• Lower operating expenses due to centralising of technology by Expedia
• Biggest contribution from Japan. Biggest growth from Korea and Hong Kong/Taiwan
• Equity accounted RM8.1m in FY14
• AA sold half of its holding in Feb’15, almost 4 yrs since JV incorporation, taking advantage of good valuation. Gain will be seen in 1Q15.
• Estimated valuation of RM1.2bil

LEASING HOUSE
• To manage only aircraft sublease to affiliates.
• Began aircraft novation in Nov’14, 15 aircraft by end Q1
• Target 45 aircraft by end 1H15
• Aircraft operated by MAA will remain on bal sheet
• Clear transparency for leasing business
• Free up balance sheet and lower gearing
• Selling equity to prospective investor
• To later start leasing to third party airlines
• Generate ~US$30 mil in net income in 2015
• EBIT Margin of 36% in 2015
THANK YOU
### 2015 Aircraft Allocation & Movements

<table>
<thead>
<tr>
<th></th>
<th>End of 2014 (171 A320s)</th>
<th>Delivery from Airbus</th>
<th>Fleet Movements</th>
<th>Net Fleet at End of 2015 (171 A320s)</th>
</tr>
</thead>
</table>
| Malaysia       | 81                      | 1                    | • -3 (move older aircraft to TAA)  
• -2 (sale of aircraft)  
• -3 (move older aircraft to India)  
• +1 (from PAA)                                                                 | 75                                   |
| Thailand       | 40                      | 2                    | • +3 (from MAA)                                                                  | 45                                   |
| Indonesia      | 29                      | 0                    | None                                                                            | 29                                   |
| Philippines    | 18                      | 0                    | • -1 (sale of aircraft)  
• -2 (retirement)  
• -1 (move to MAA)                                                                 | 14                                   |
| India          | 3                       | 0                    | • +3 (from MAA)                                                                  | 6                                    |
| Japan          | 0                       | 2                    | None                                                                            | 2                                    |