

AirAsia

“Now Everyone Can Fly”



Second Quarter 2006 Results
24th February 2006

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1. Highlight & Events



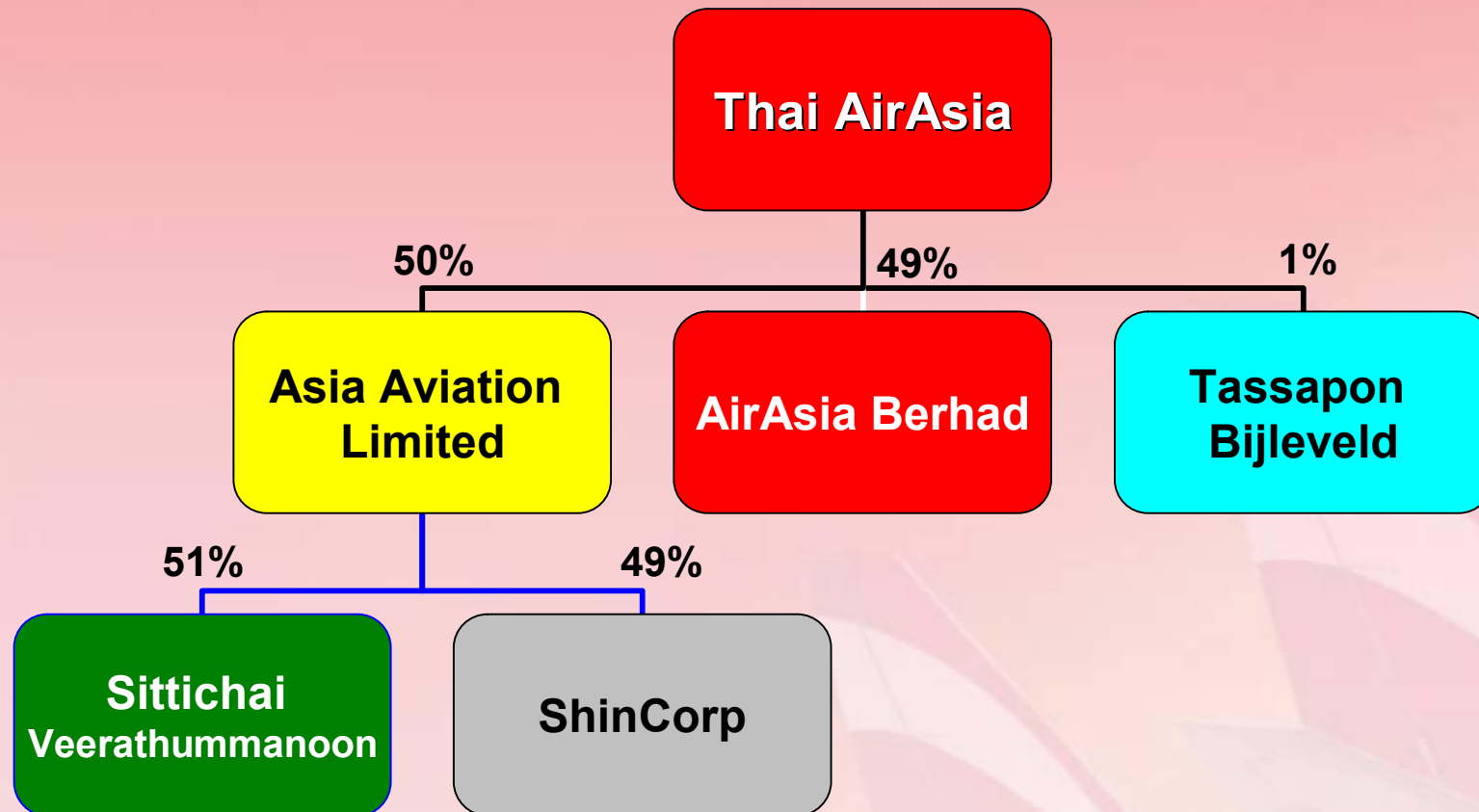
Key Highlights

- ❑ Net Income of RM53.4 million
 - 20% growth YoY on the back of 26% revenue growth
 - 35% EBITDAR margin
- ❑ Strong growth profile maintained
 - passenger numbers grew 19% YoY
 - average fare increased by 2% YoY
- ❑ Thai-AirAsia
 - Thailand operations profitable, net income THB110m (RM10m)
 - Strong load factors and improving yields
- ❑ Group fleet rose from 31 to 36 aircraft
- ❑ LCC terminal construction completed ahead of schedule
 - commence operations on 23 March 2006

Other Developments

- ❑ Airbus A320 delivery
 - received first Airbus A320 on 8 December 2005
 - smooth integration into fleet
- ❑ Positive developments from “CrunchTime”
 - business turnaround now complete
 - two consecutive quarters of profitability
- ❑ Aggressive marketing - launched 2 million free seats campaign
- ❑ Launched 7 new routes
 - Kuala Lumpur – Siem Reap
 - Kuala Lumpur – Solo
 - Kuala Lumpur – Balikpapan
 - Kuala Lumpur – PekanBaru
 - Johor Bahru – Ipoh
 - Johor Bahru – Koto Bahru
 - Johor Bahru – Sandakan
 - Johor Bahru – Tawau

Thai-AirAsia New Shareholding Structure



- ❑ ShinCorp has reduced its 50% stake in TAA to 50% of Asia Aviation
 - complies with all Thai regulations and maintains AOC
 - remains committed for growth

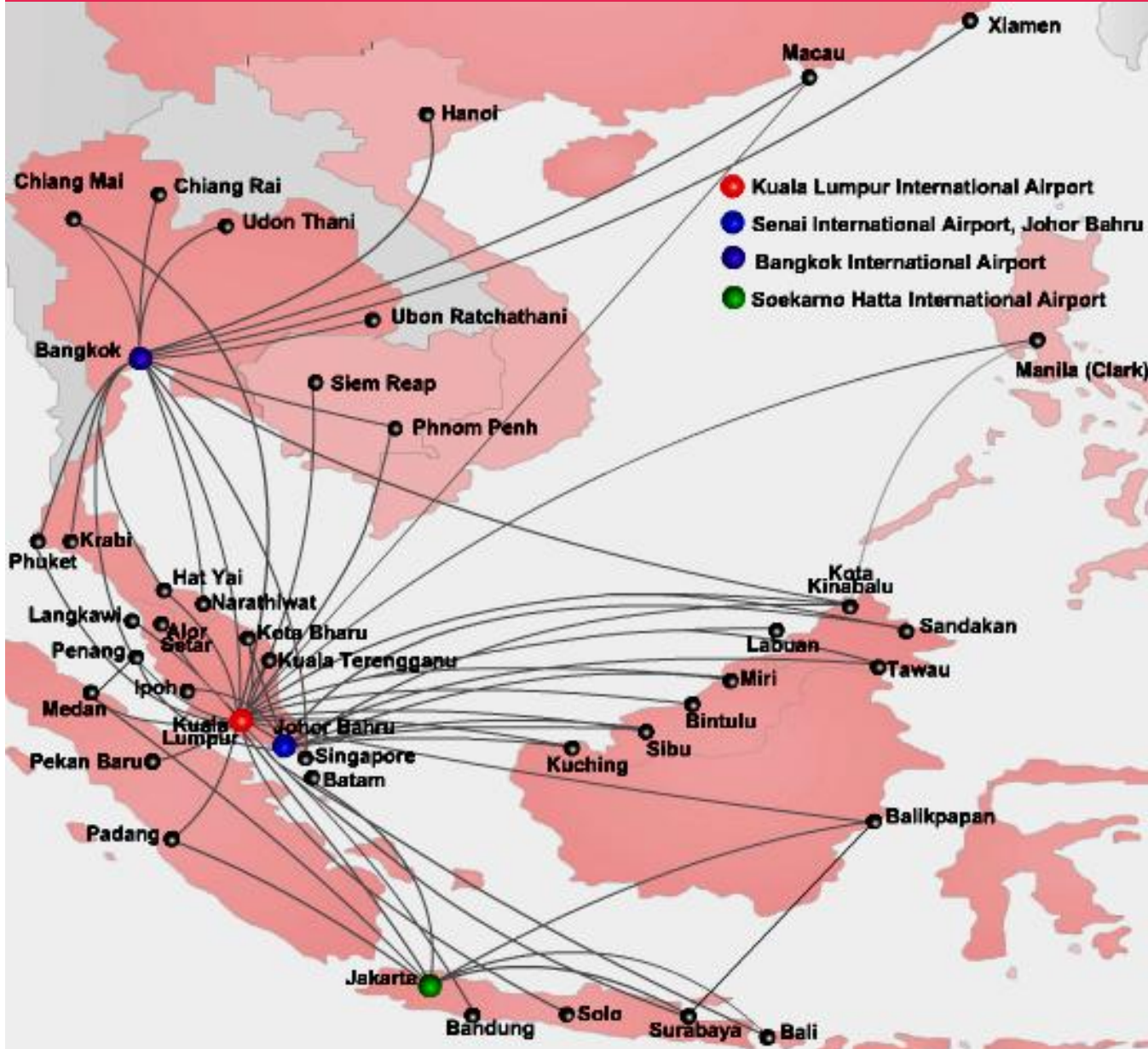
Sitthichai Veerathummanoon

- welcoming our new partner



- ❑ Over 14 years of business management experience
- ❑ Extensive knowledge and experience in air logistics
- ❑ Formerly MD of DHL (Thailand), Linguaphone and JobPilot
- ❑ Bachelor of Accounting and holder of two MBA

Constantly Expanding Route Network



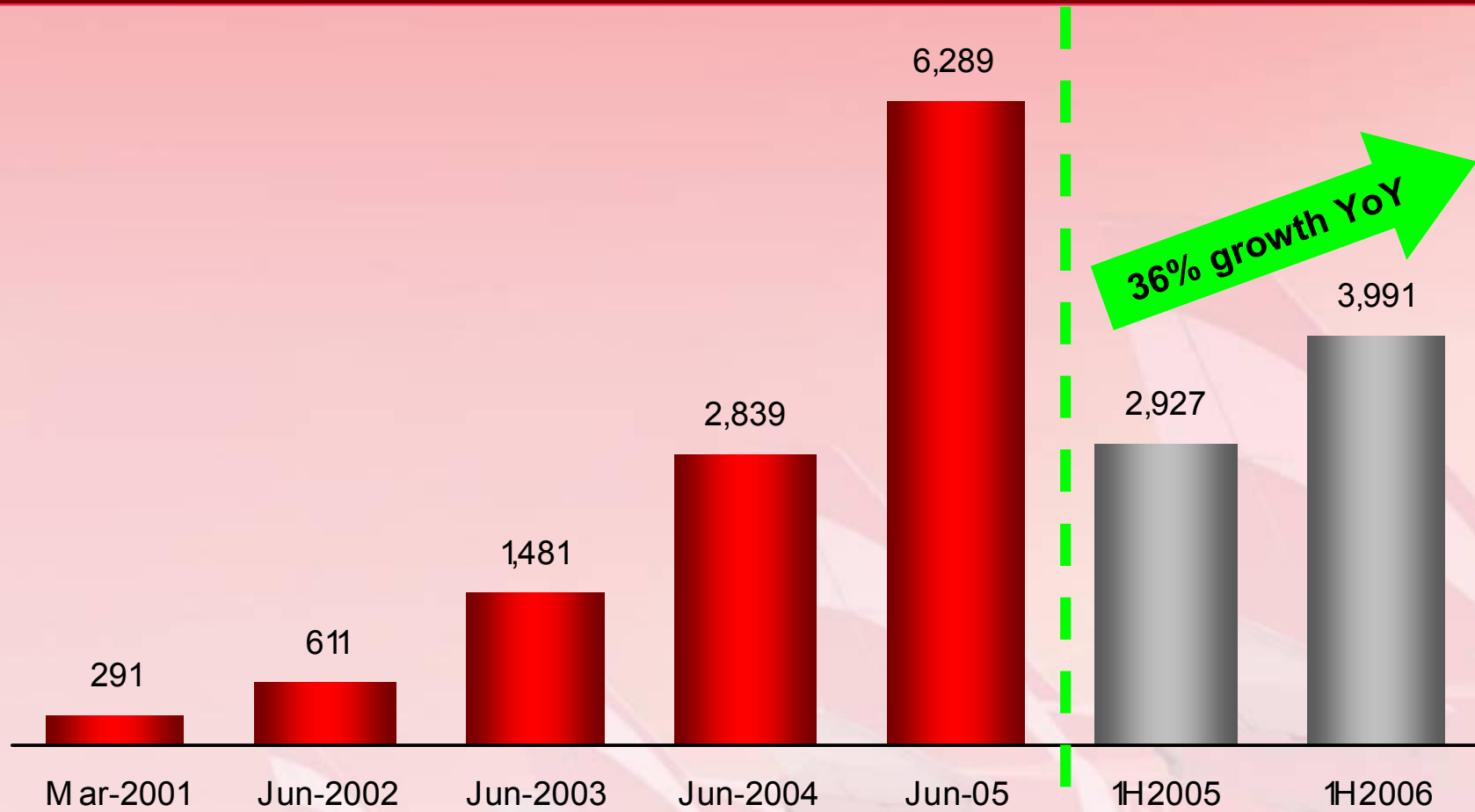
Period	Destinations Served
Jan 2002	6
Jun 2003	11
Jun 2004	26
Jun 2005	52
Now	64

New Routes to be Launched Soon

Medan - Penang
 Bangkok - Krabi
 Surabaya - Balikpapan

Consistent passenger growth

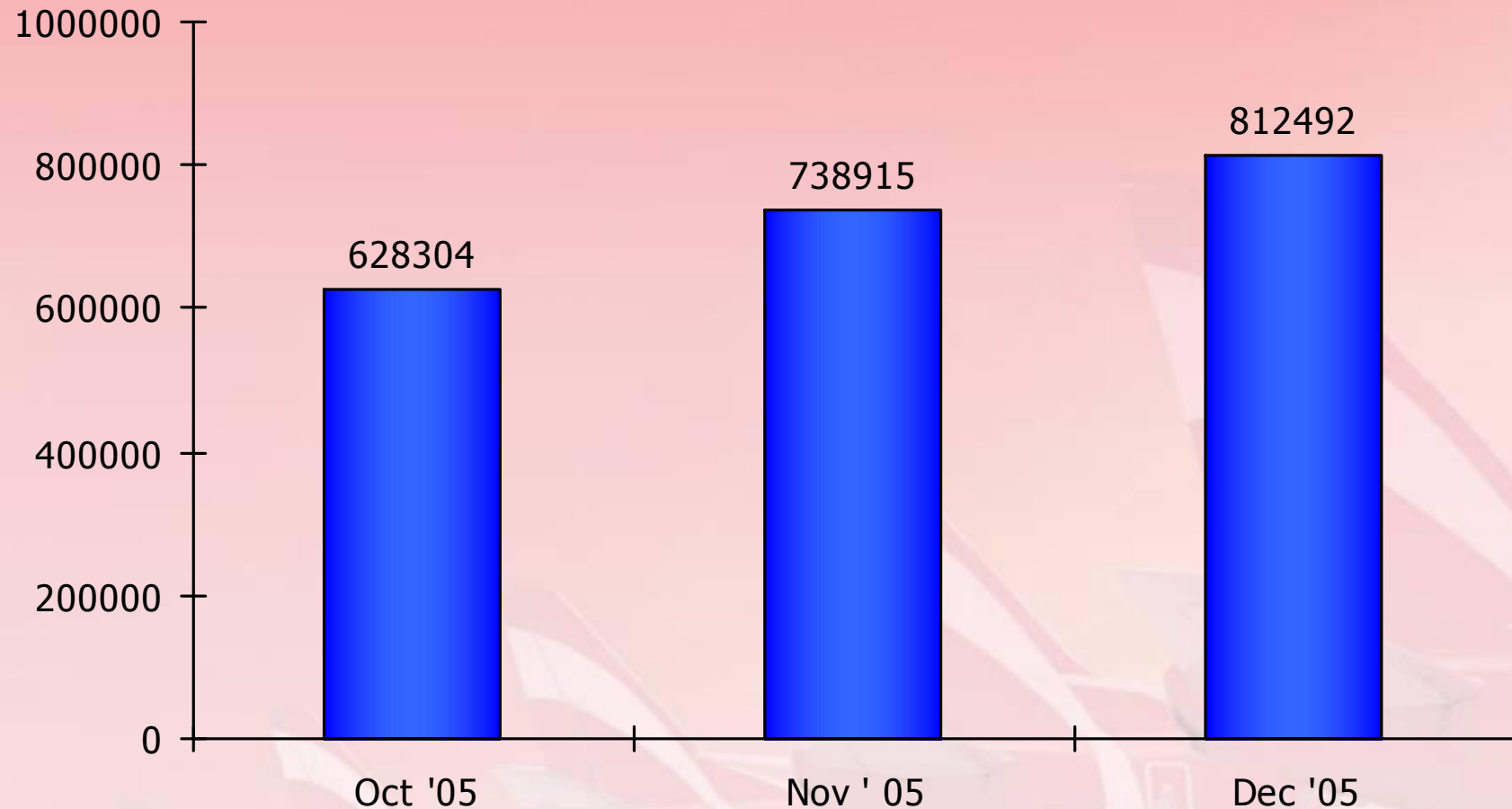
Passengers Flown by AirAsia Group ('000)



→ There is no stopping the LCC phenomenon

Monthly Passenger Numbers

Monthly Passenger Numbers (AirAsia Group)



➔ Consistent passenger growth

Standardized New Fleet – Committed for Growth



- ❑ Airbus Purchase agreement concluded 25th March 2005
- ❑ 100 aircraft commitment: 60 firm orders + 40 options
- ❑ Dual type fleet transition, but will phase out Boeing 737 fleet sequentially
- ❑ Estimated 12% reduction in direct operating costs per seat



Now Everyone Can Fly
**2,000,000
FREE SEATS**

All Destinations, 60 Routes Across Asia

Booking Period: 7 - 28 December 2005
Travel Period: 7 February - 10 October 2006

Available Online Only

www.airasia.com

Aggressive Marketing Now Everyone Can Fly

**2 million FREE seats to
celebrate our 4th anniversary**

Rationale for this:

- Load management
 - adding significant capacity & new routes
- Cost recovery
 - fuel surcharge & administrative charges
- Generate good PR
 - word of mouth is the best advertisement
- New market penetration
 - creates awareness of our brand in the new countries that we are serving

**→ We really mean it when we say
“Now everyone can fly”**

Our New Home = Low Cost Terminal



- ❑ Commencement of operations: 23 March 2006
- ❑ Initial relocation starting 9 March
- ❑ Design capacity 10 million pax, potential upgrade to 15 million pax
- ❑ Significant cost savings from lower rates & greater operational efficiency

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2. Results Commentary



Operational Statistics

- ❑ Strong passenger growth
 - 19% growth
- ❑ Capacity growth reflects new routes
 - 22% growth
- ❑ Cost control – some rise YoY, but little changed from Q1FY06
 - 2.42/ASK US cents, 14% rise YoY
 - 1.38/ASK US cents ex fuel, 35% rise YoY
- ❑ Improving fares and yield value despite longer trip length
 - 2% improvement in fares to RM156
 - 2% improvement in yields to 3.91/RPK US cents
- ❑ Load factor outperforms expectations
 - 1% point improvement from same period last year

Operational Statistics – Malaysia

Operational Statistics	Q2-2006	Q2-2005	Δ (%)
Average Load factor	76%	75%	1 ppt
# Passengers	1,343,795	1,126,393	19%
Average fare (RM)	156	153	2%
RPK (mn)	1532	1230	25%
ASK (mn)	2009	1645	22%
Rev/RPK (US cents)	3.91	3.82	2%
Cost/ASK (US cents)	2.42	2.13	14%
# aircraft (end)	23	19	21%
Average # aircraft	19.65	16.71	18%

Operational Statistics – Thailand

Operational Statistics	Q2-2006	Q2-2005	Δ (%)
Average Load factor	81%	75%	6 ppt
# Passengers	554,515	434,865	28%
Average fare (RM)	126	115	10%
Average fare (THB)	1369	1235	11%
RPK (mn)	530	409	30%
ASK (mn)	658	544	21%
Rev/RPK (US cents)	3.60	3.28	10%
Cost/ASK (US cents)	2.58	2.57	1%
# aircraft (end)	8	6	33%
Average # aircraft	7.33	5.24	40%

Operational Statistics – Indonesia

Operational Statistics	Q2-2006	Q1-2005	Δ (%)
Average Load factor	69%	72%	
# Passengers	281,401	172,655	6%
Average fare (RM)	112	104	8%
Average fare (IND)	295,051	274,819	7%
RPK (mn)	296	199	49%
ASK (mn)	427	278	54%
Rev/RPK (US cents)	3.06	2.56	20%
Cost/ASK (US cents)	2.35	2.42	(3%)
# aircraft (end)	4	4	
Average # aircraft	3.91	2.41	62%

Profitability – Malaysia

(RM '000)	Q2-2006	Q2-2005	Δ (%)	Margins (%)	
				Q2-06	Q2-05
Revenue	225,925	178,633	26%		
EBITDAR	78,414	67,844	16%	34.7%	38.0%
EBIT	42,056	45,713	(8%)	18.6%	25.6%
Net Income	53,376	44,362	20%	23.6%	24.8%

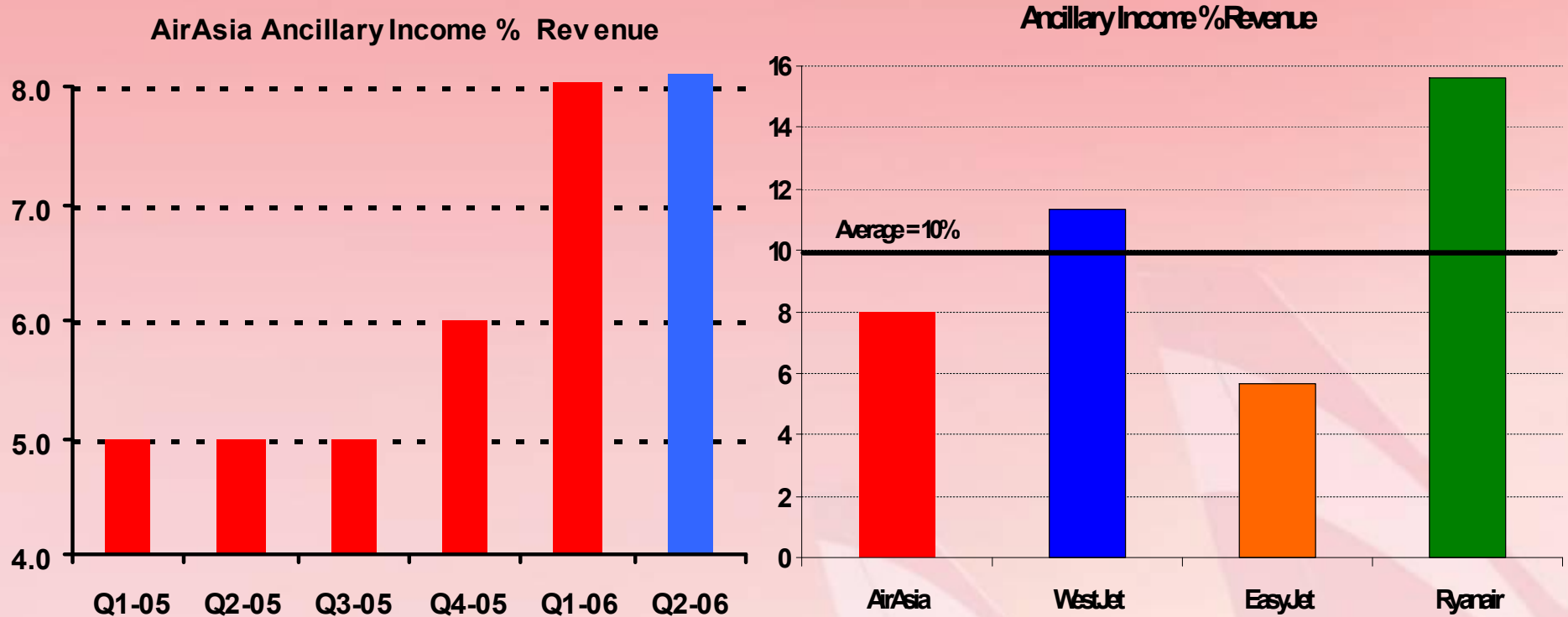
- ❑ Profit margin reduced due to cost escalation
 - more heavy maintenance checks than same period last year
 - higher fuel price

Profitability – Thailand

(THB '000)	Q2-2006	Q2-2005	Δ (%)	Margins (%)	
				Q2-06	Q2-05
Revenue	783,345	546,662	43%		
EBITDAR	193,856	48,768	397%	24.7%	8.9%
EBIT	87,906	(18,873)	na	11.2%	(3.5%)
Net Income	109,616	(10,373)	na	14.0%	(1.9%)

- ❑ Improved profit growth and margins due to:-
 - increased business scale
 - improving fares and load factors
 - recoveries from fuel surcharges

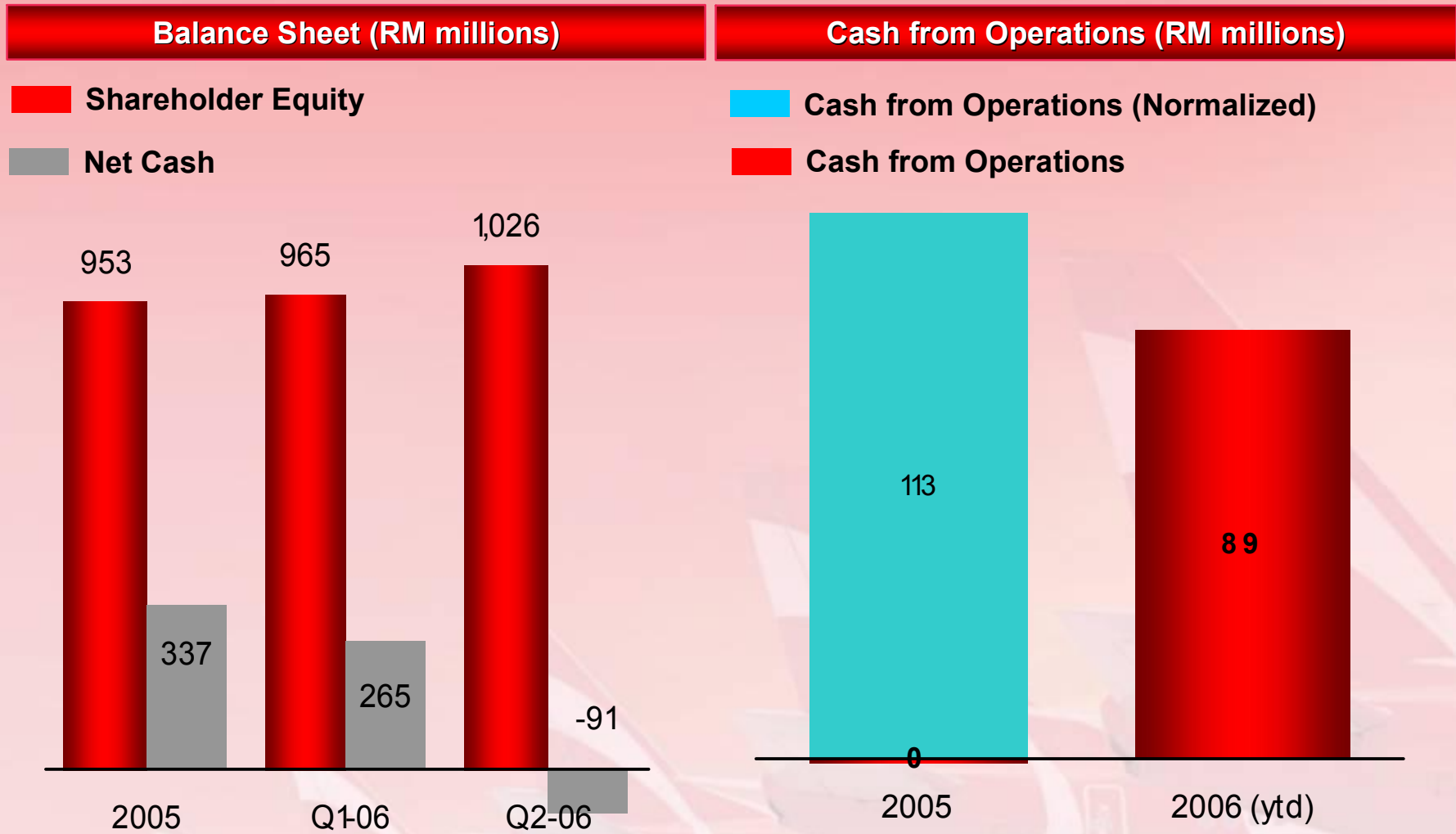
Ancillary Income Progress



- Positive developments at “CrunchTime”, (food & beverage unit)
 - AirAsia bought 100% of CrunchTime and rejuvenated the business
 - turnaround successful, as seen in strong profit contributions in 1H06

- AirAsia still lags the industry leaders; plenty of scope for growth
 - strong growth opportunities: car rentals, in-flight advertising, insurance
 - cargo contributions

Robust cash generation



➔ **Debt levels reflect aircraft deposits**

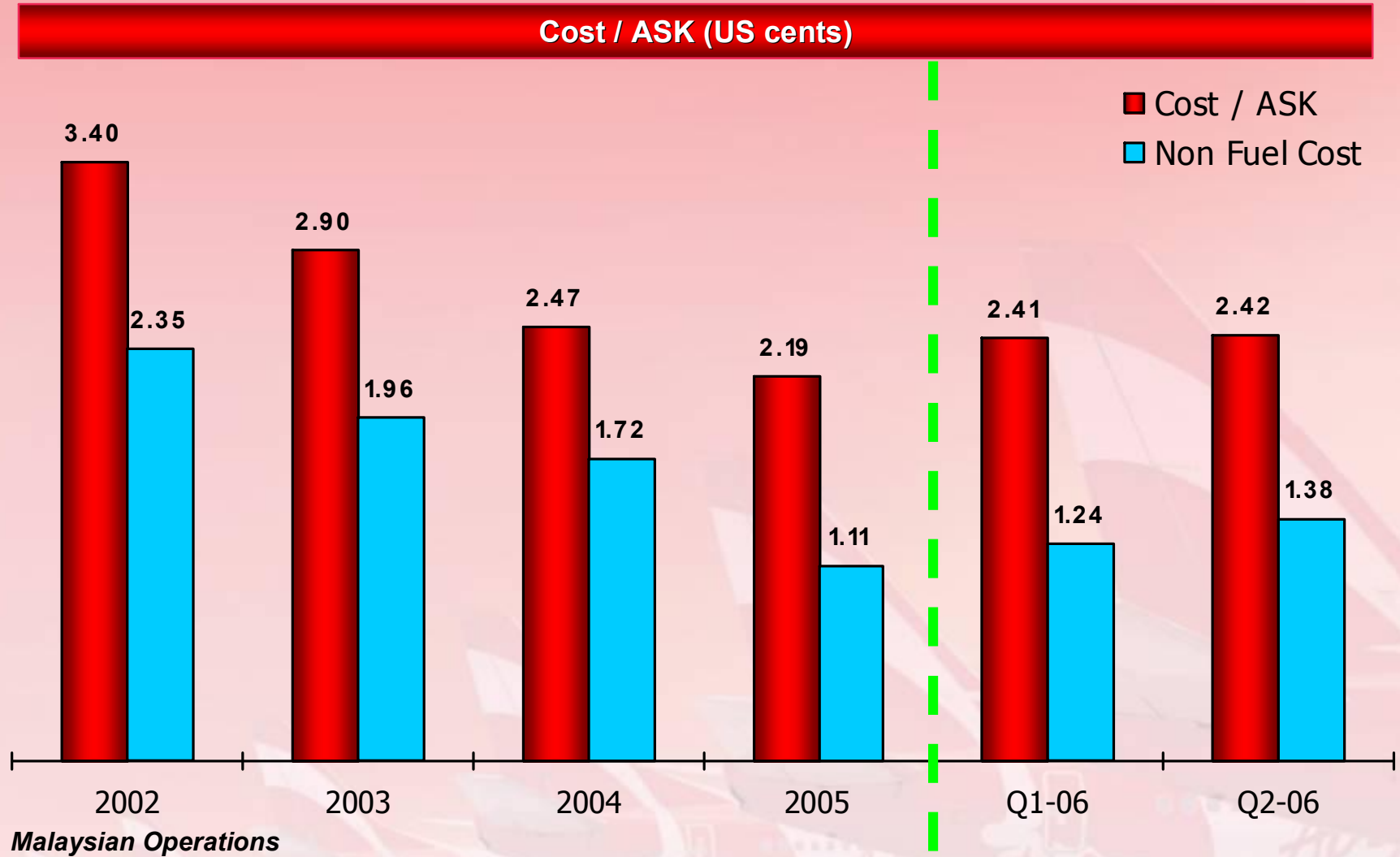
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3. Cost Management



Cost Management



Superior cost containment despite fuel price impact

Operating Expenses – 1H

Operating Expenses (RM '000)	1H-2006	1H-2005	% Revenue	
			1H-06	1H-05
Revenue	412,202	302,831		
– Staff Cost	(55,720)	(33,939)	13.5%	11.2%
– Fuel and Oil	(166,396)	(113,614)	40.4%	37.5%
– User & Station Charges	(23,827)	(14,645)	5.8%	4.8%
– Maintenance & Overhaul	(35,170)	(29,859)	8.5%	9.9%
– Others	(18,352)	(10,143)	4.5%	3.3%
EBITDAR	112,738	100,631	27.4%	33.2%
- Cost of aircraft	(28,454)	(27,946)	6.9%	9.2%
EBITDA	84,284	72,685	20.4%	24.0%
- Depreciation & Amortisation	(34,768)	(11,464)	8.4%	3.8%
EBIT	49,516	61,221	12.0%	20.2%
Net Income	65,048	54,839	15.8%	18.1%

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



2.42 (2006) vs. 2.14 (2005) {13% cost increase}

Good ↑

↓ Bad

<i>(US cents)</i>	Cost per ASK	Change (%)	Reasons
Cost of aircraft	0.19	-23.4	Less leased aircraft mix
Maintenance & Overhaul	0.23	-11.4	More heavy checks

Fuel and Oil	1.11	10.1	Recoveries from surcharges
Staff	0.37	23.5	Technical staff recruitment
User & Station Charges	0.16	22.3	More international route mix
Depreciation & Amortization	0.23	128.1	Purchased aircraft
Others	0.12	36.1	Marketing & Promotions
Total Cost per ASK	2.42	12.9%	

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6. Outlook





Malaysia – going strong

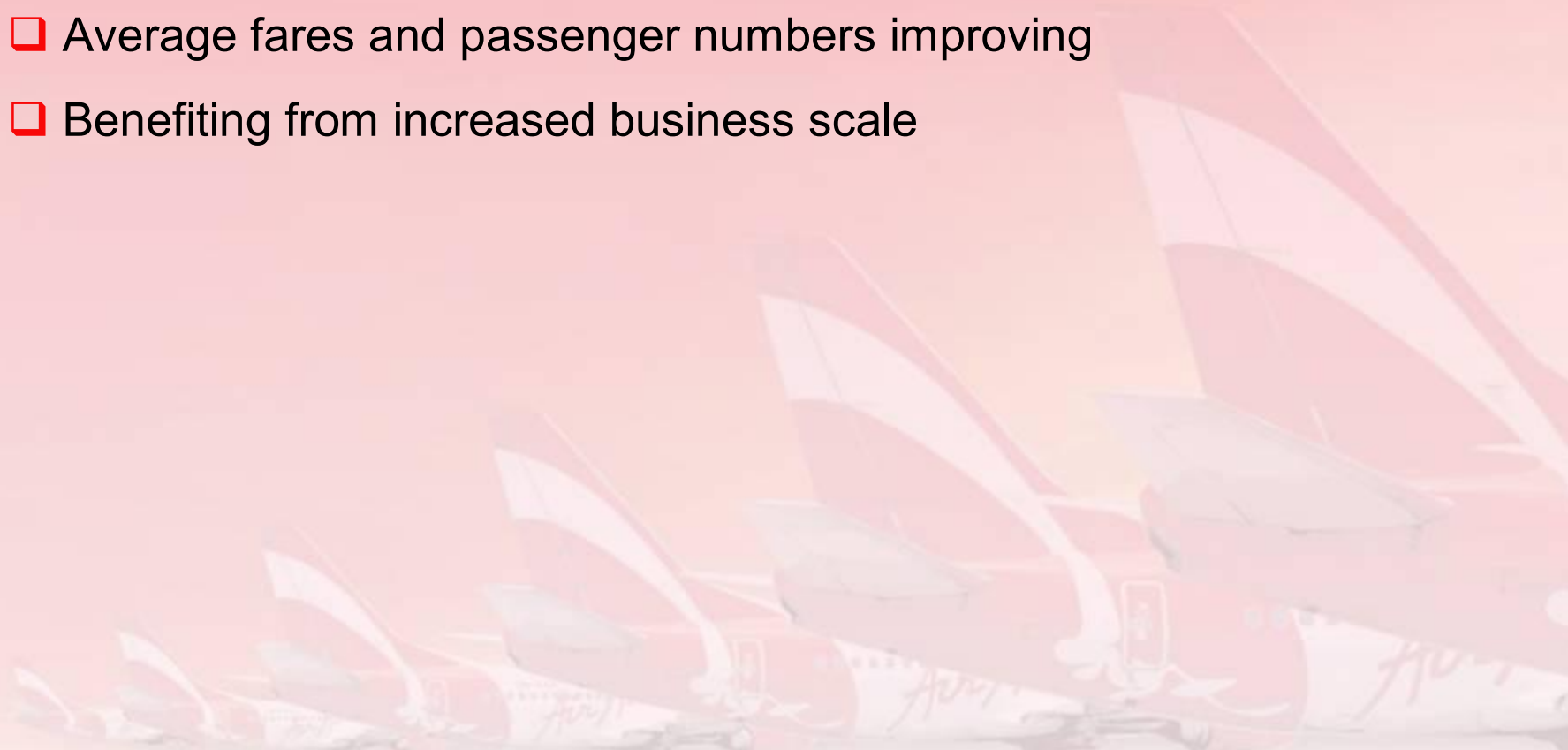


- ❑ Strong Growth Profile Expected to Continue
 - # aircraft now = 25
 - budgeting ASK growth between 40 - 45% vs. FY2005
- ❑ Benefits of new low cost terminal should be evident in 4th quarter
- ❑ Increased presence at JHB enjoying strong support
 - load factors and average fares generally high
 - serves 10 routes in total
- ❑ Still awaiting a decision on domestic rationalization
 - outcome will likely have a material impact on results



Thailand

- ❑ Strong Growth Profile Expected to Continue
 - # aircraft now = 9; expecting 11 by end FY2006
 - budgeting ASK growth between 60-70% vs. FY2006
- ❑ Average fares and passenger numbers improving
- ❑ Benefiting from increased business scale





Indonesia

- ❑ Strong demand growth expected to continue
 - # aircraft now = 4; expecting 7 by end FY2006
 - budgeting capacity around 2000 million ASK
- ❑ Will likely take more time & investment before reaching profitability
 - confident will follow Thai-AirAsia pattern
- ❑ Fragmented and far flung market; huge potential to target



AirAsia - Concluding Remarks

- ❑ World's lowest cost carrier
- ❑ Industry leading customer service and innovative delivery
- ❑ Disciplined and structured growth out to 2010
- ❑ Airports and bases plentiful; no shortage of new markets
- ❑ 100 new aircraft facilitates growth to over 30m pax pa
- ❑ Thailand proves the model is transportable
- ❑ Profit growth should continue to accompany our expanding scale