

Air Asia



ASEAN Airline Takes Wing

Third Quarter 2009 Results

20 November 2009

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Key Highlights for Third Quarter



- ❑ **Strong third quarter results given challenging operating environment**
 - core operating profit RM34 million, reversal from RM82 million loss in Q3-2008
 - third quarter is our weakest quarter
 - consumer sentiment impacted by A-H1N1 and challenging global economy
- ❑ **Raised RM505 million capital**
 - issued 380 million shares @ 16% of issued paid up capital
 - reduced net gearing level to 2.6 times (previously a major concern by investors)
- ❑ **Indonesia has turned the corner, produced profits of RM21 million**
 - the power of the associates is unveiled
 - with more Airbus A320, cost structure will improve and so will profits
- ❑ **Issues with MAHB settled**
 - paid off disputed amount to MAHB
 - lower airport fees announced, significant savings for AirAsia
- ❑ **Ancillary income strong growth trajectory**

Malaysia: Third Quarter in a Snapshot



Quarter Ended: 30 September RM'000 unless otherwise stated	Jul-Sep 2009	Jul-Sep 2008 (restated)	Change y-o-y
Revenue	739,668	707,909	4%
EBITDAR	234,611	101,687	131%
Core Operating Profit	33,834	(81,580)	n/a
Profit after Tax	130,072	(470,570)	n/a

- ❑ **Disciplined, profitable growth**
 - revenue growth of 4% driven by 19% passenger growth
- ❑ **Lowest cost airline in the world at 3.21* US cents / ASK**
- ❑ **Maintaining strong growth trajectory**
 - high capacity growth matched by demand, constant load factor of 75%
 - yield reduction (-7%) is significantly lower than other notable airlines which are

* Change in Cost / ASK computation. Refer to Bursa announcement for further clarification

Indonesia: Third Quarter in a Snapshot



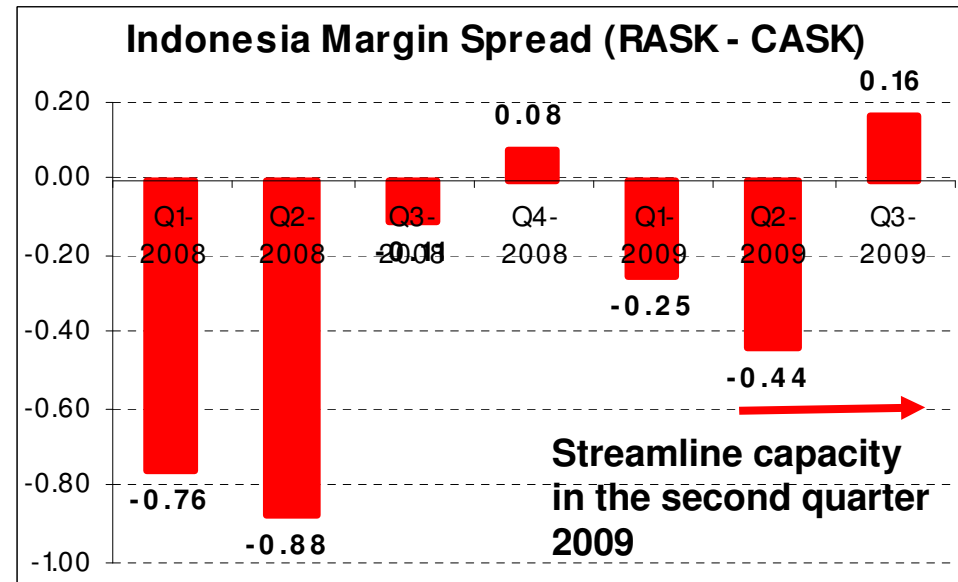
- Indonesia has turned the corner, net profit of IDR59 billion (RM21 million)
- Platform for sustained profitability has been established

Indonesia AirAsia Cost / ASK



- Airbus A320 replacement into fleet is
 - enhancing efficiency
 - increasing capacity
 - lowering operational cost

New Route Strategy is Producing Profits



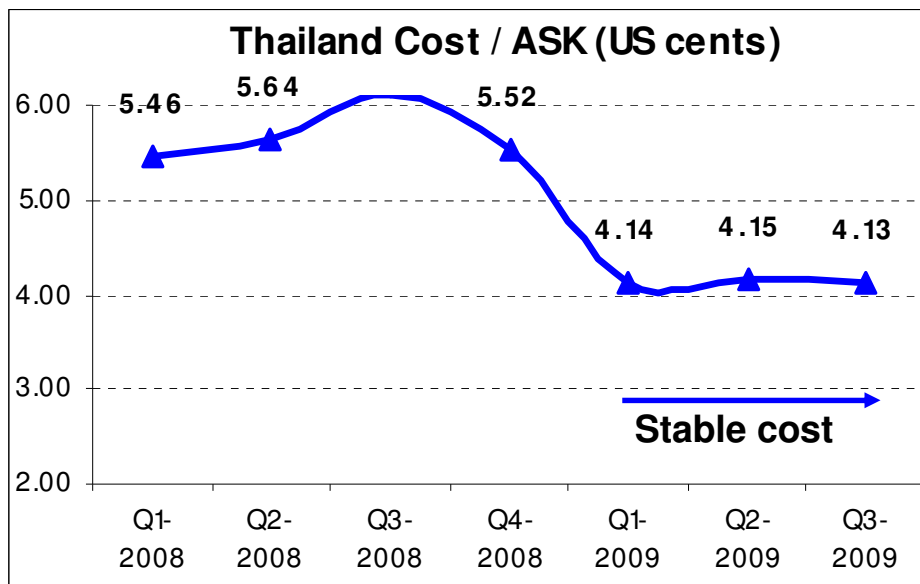
- Access to international routes has significantly improved operations
 - improved the RASK vs. CASK spread
 - Australia and Singapore routes are high yielding and high loads

Thailand: Third Quarter in a Snapshot



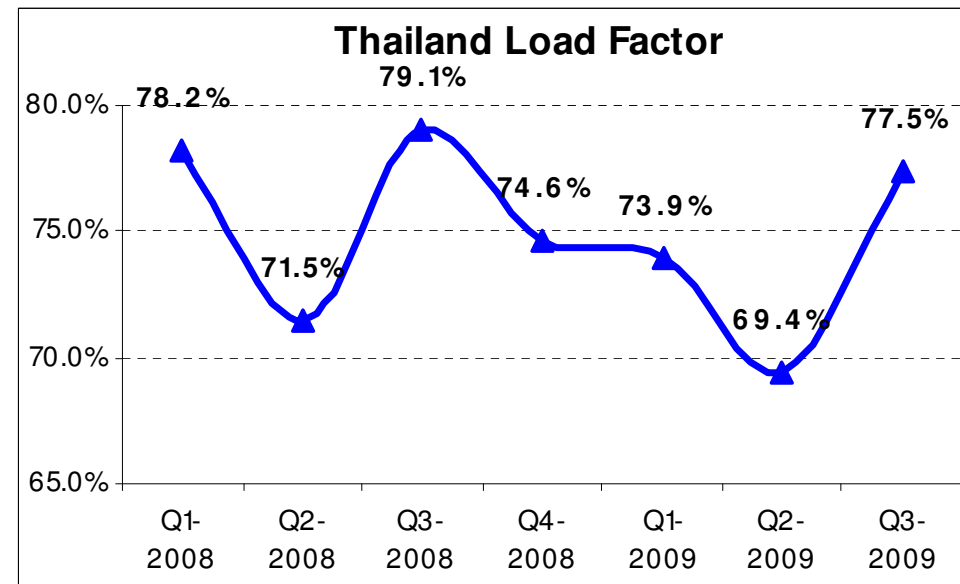
→ Thailand is headed towards the right direction

Thailand AirAsia Cost / ASK



- ❑ **Airbus A320 replacement into fleet is**
 - enhancing efficiency
 - Increasing capacity
 - lowering operational cost

New Route Strategy is Producing Profits

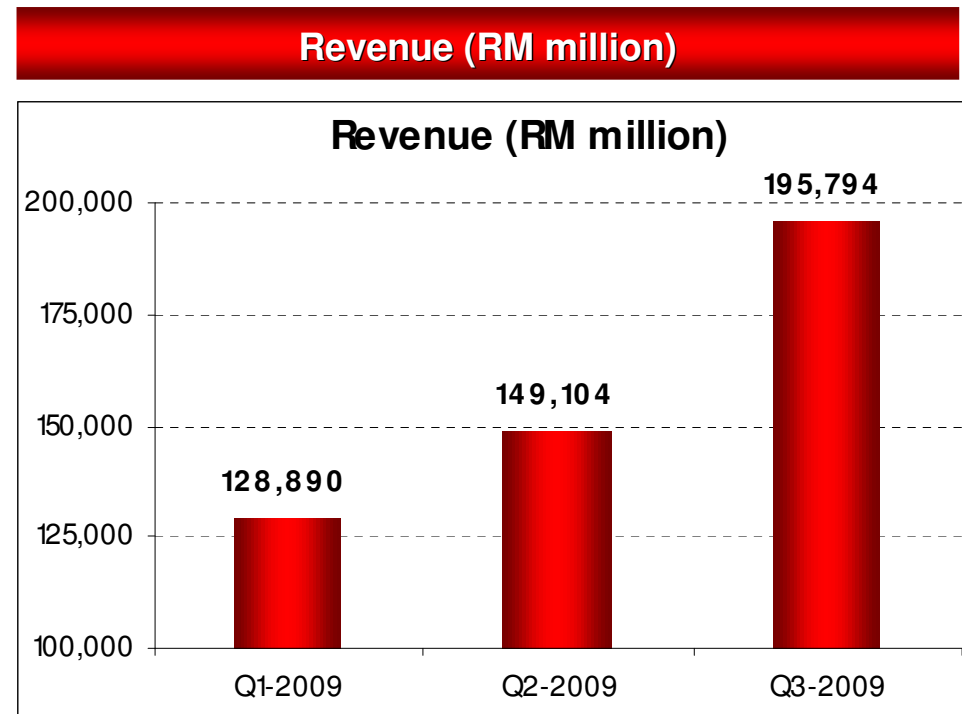
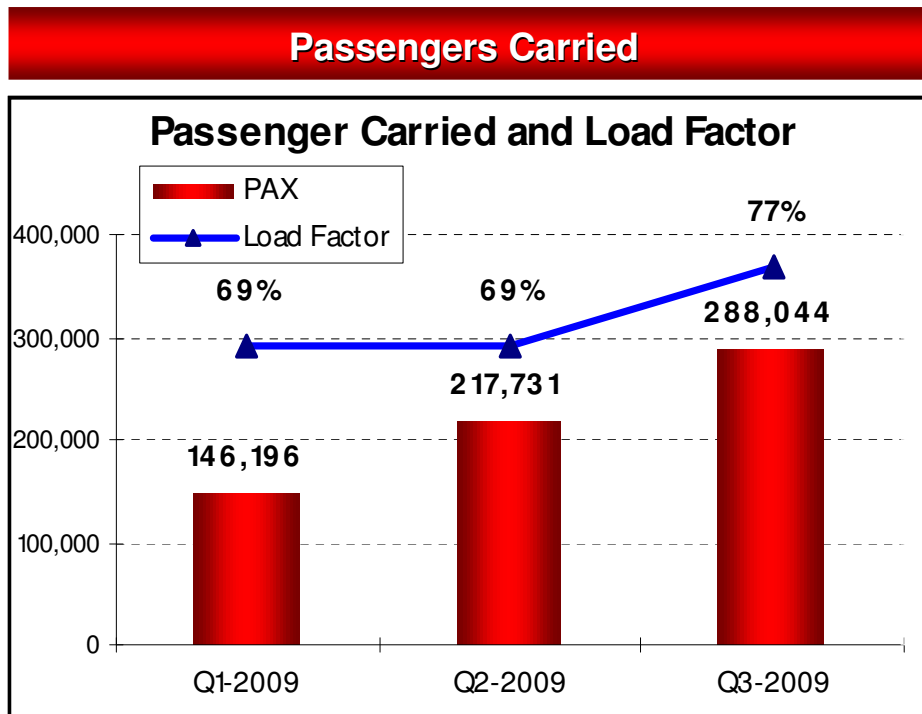


- ❑ **Underlying demand is positive**
 - underlying demand is positive, but it is due to low fare stimulation
 - AirAsia ideally positioned to capture huge upside when market turns

AirAsia X: Third Quarter in a Snapshot



→ The long haul, low cost model is proven successful



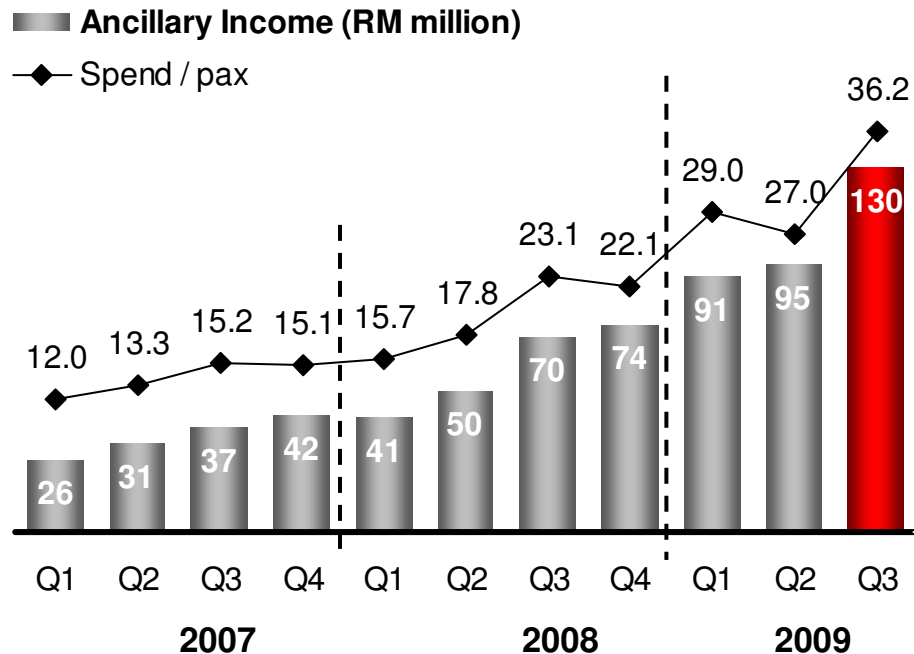
- ❑ Strong level of acceptance of AAX services as seen by high passenger growth and load factors
- ❑ Upgrading fleet with new seats
 - extra comfort at better value

- ❑ Kept cash balance in tact despite financing three aircraft during the period
- ❑ Fourth quarter looking positive with strong loads and high yields

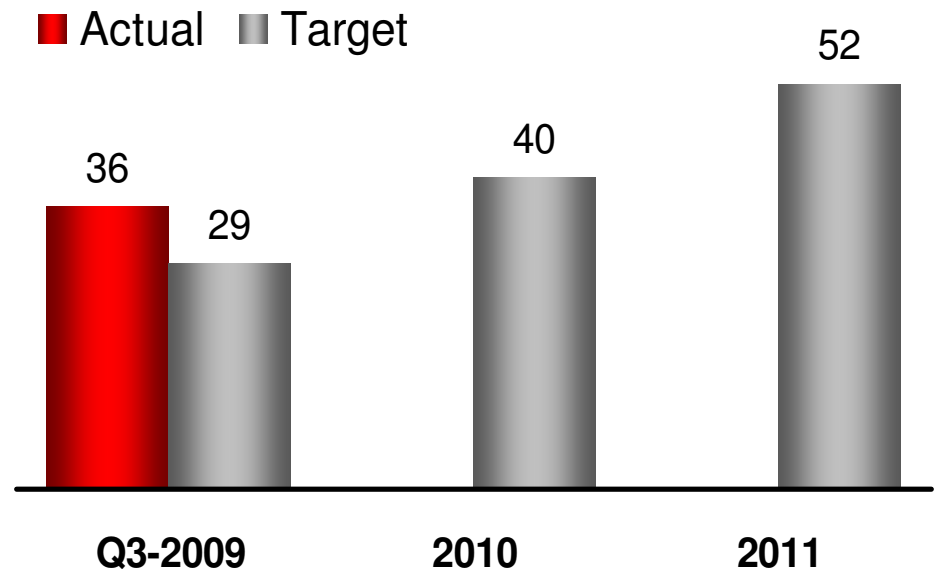
Strong Ancillary Income Growth



AirAsia Ancillary Income Growth



Ancillary Income Target

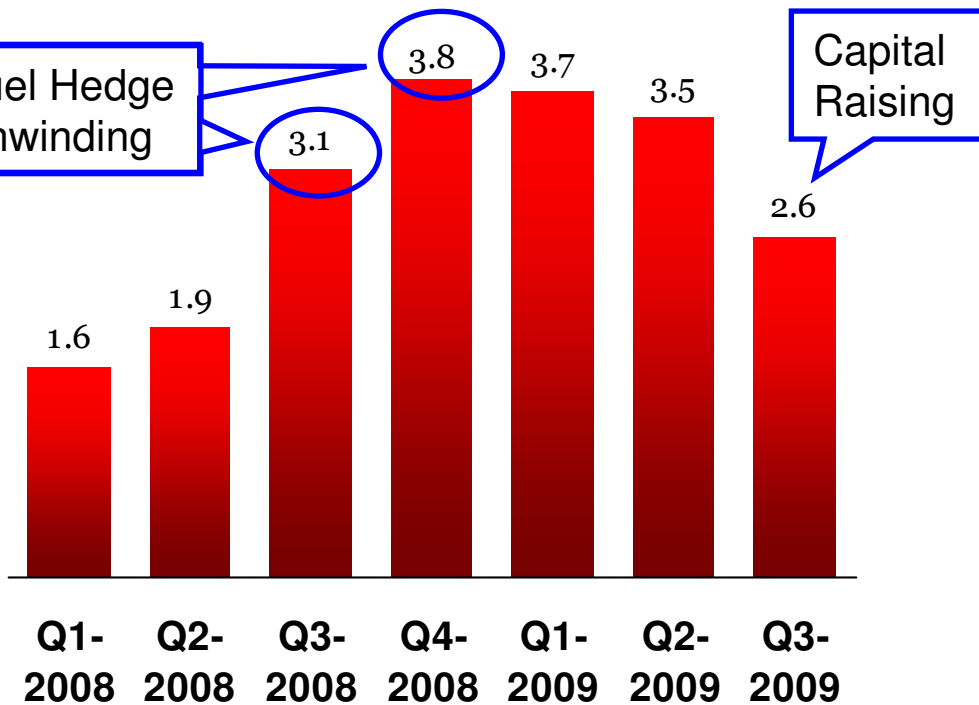


- Ancillary income growth ahead of expectations
- Relatively stable profits as it is seasonally insensitive
- Further growth potential at limited additional cost



Balance Sheet Cash Rich

Net Gearing (Net Debt/ Equity)



❑ Raised RM505 million capital

- issued 380 million shares @ 16% of issued paid up capital
- reduced net gearing level to 2.6 times (previously a major concern by investors)

❑ 5-Day free seats campaign generated approximately RM200 million

- “free seats” halo generates revenue for ancillary sources

The Real “Gearing” is Low



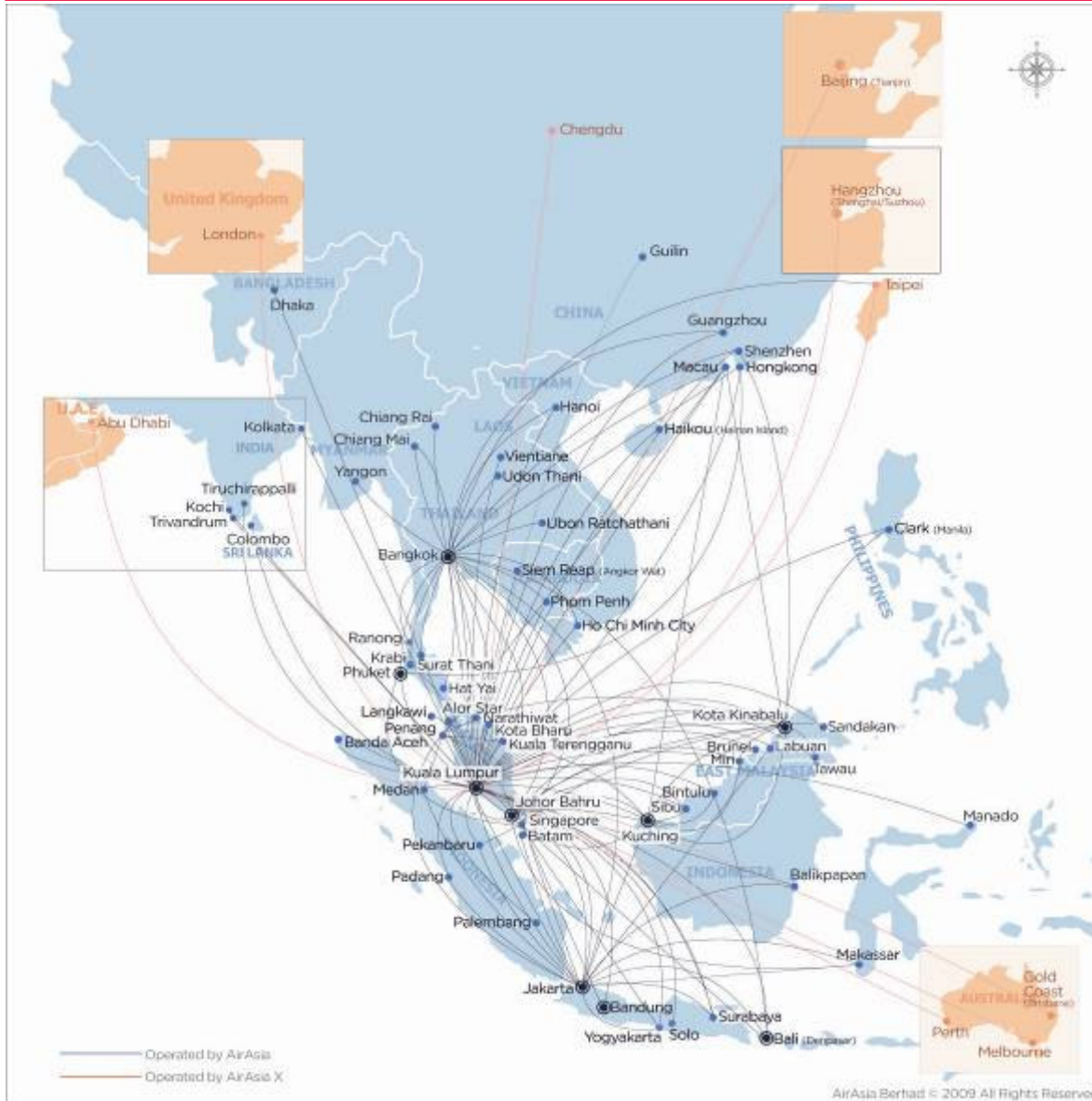
Malaysia Gearing on a Standalone Basis	RM million
Shareholders Equity	2,587
Net debt	6,688
<u>Aircraft debt related to Thailand and Indonesia</u>	<u>(2,028)</u>
Debt specific for Malaysia	4,668
Net Gearing	1.80

- ❑ **As the associates take on aircraft into their balance sheet**
 - Thailand and Indonesia will eventually take on assets to their balance sheet
 - will form an asset light structure AirAsia Berhad
- ❑ **Intrinsic gearing for AirAsia is low, and will reduce going forward**
 - strong cash growth supported by cash from operations
 - Capex for Malaysian operations will be relatively “low” in the next two years

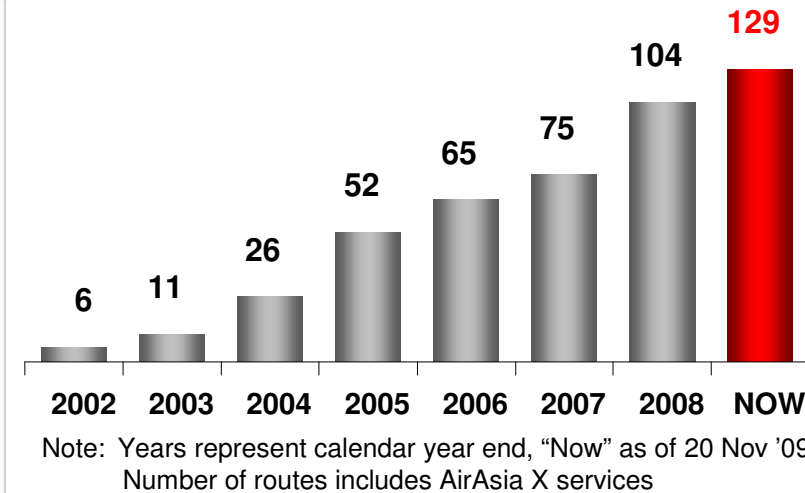
Route Network Constantly Growing



AirAsia Group Route Network



AirAsia Group Routes

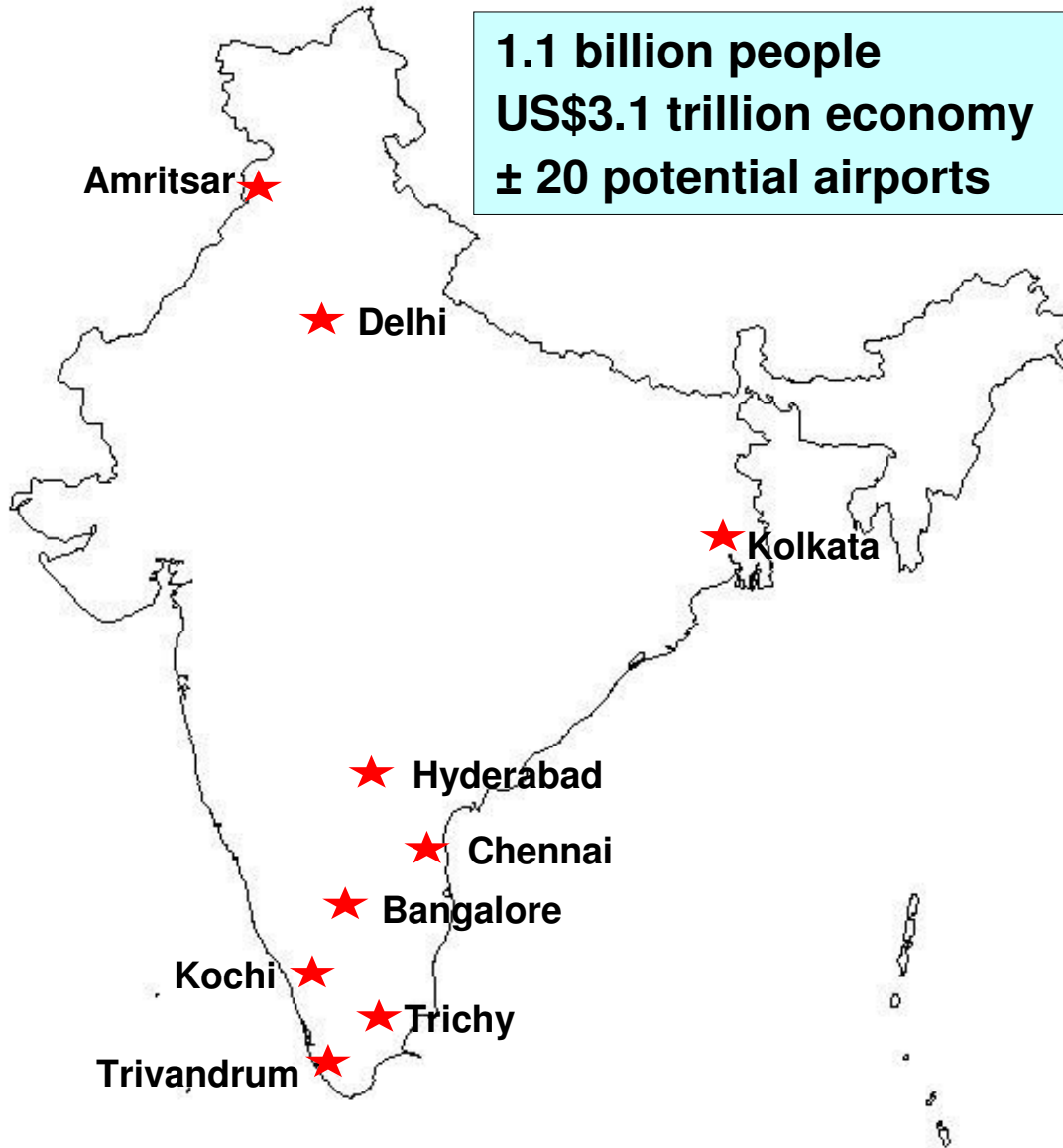


Expanding the Hub Network

- Penang (established in July)**
- ideally suited to link China & India
- Surabaya (established August)**
- ideally suited to link China & India
- Phuket (established in November)**
- strong tourist appeal

India Beckons

AirAsia

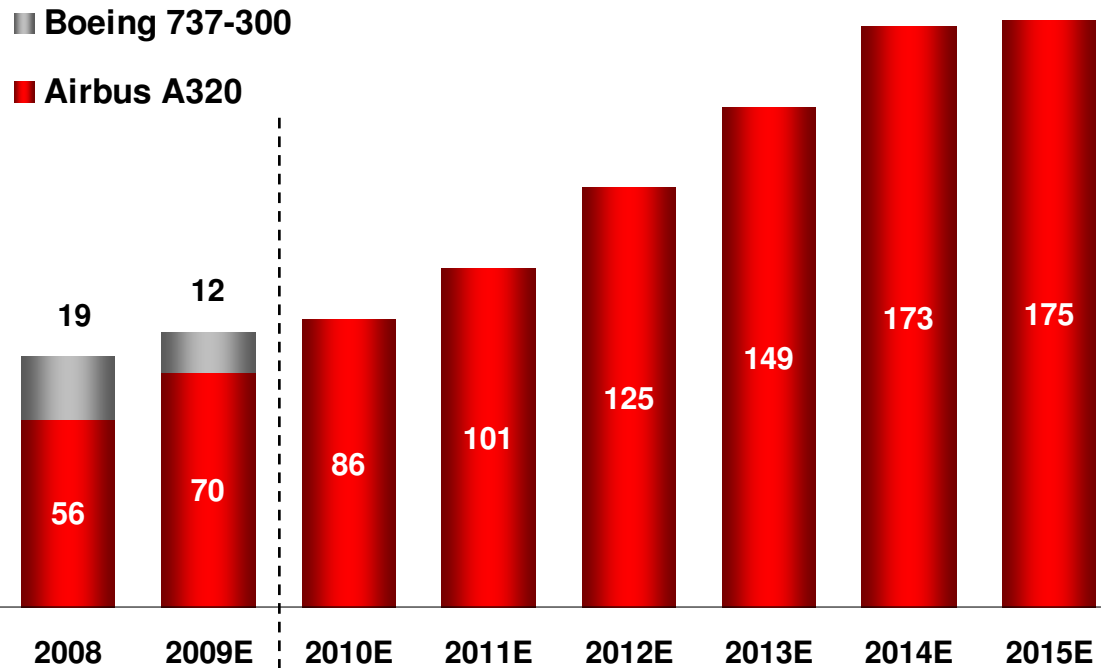


- ❑ **Existing**
 - Kuala Lumpur to Trichy (2x day) is AirAsia's top ten profitable route
- ❑ **Launched**
 - Kuala Lumpur to Kolkata
 - Kuala Lumpur to Kochi
 - Kuala Lumpur to Trivandrum
- ❑ **Coming up**
 - Kuala Lumpur to Chennai
 - Penang to Chennai
 - Kuala Lumpur to Bangalore
 - Kuala Lumpur to Hyderabad
 - Kuala Lumpur to Mumbai
 - Kuala Lumpur to Delhi
- ❑ **Prospects**
 - Bangkok to Delhi
 - Bangkok to Kolkata
 - Bangkok to Amritsar

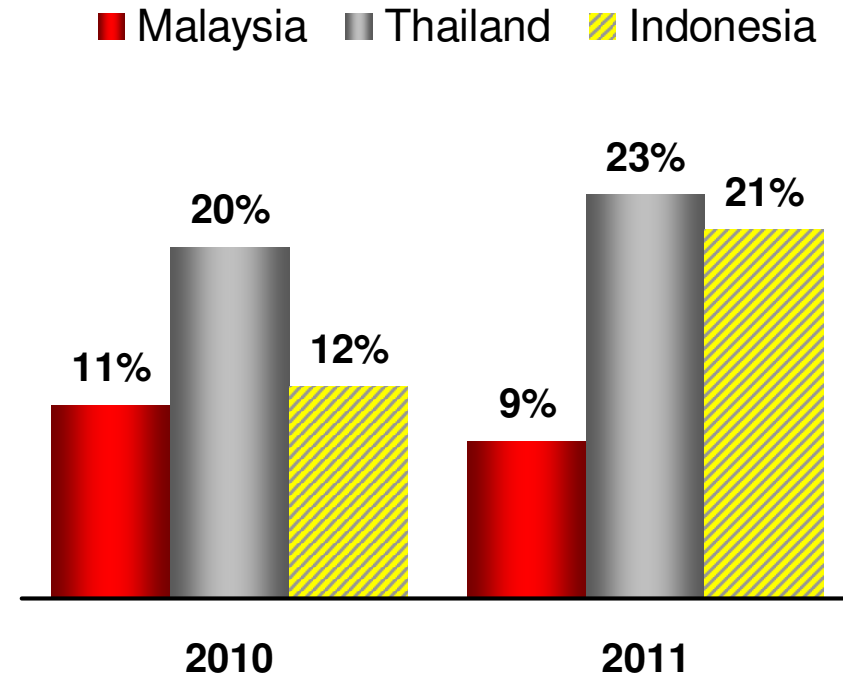
Realigned Fleet Schedule to Achieve Optimal Growth and Operational Requirements



AirAsia Group Net Fleet Size



Capacity (ASK) Growth Projection



- Deferred an additional eight aircraft for 2011 deliveries**
 - to address airport infrastructure constraints at Kuala Lumpur LCCT
 - total of 16 aircraft deferred for 2010 & 2011 deliveries
- Boeing 737-300 aircraft are 100% phased out by 2010**
- One of the youngest Airbus fleet (1 year 11 months)**

Best Airline in Asia Pacific – AGAIN

AirAsia



- ❑ **AirAsia and AirAsia X jointly won the coveted “Airline of the Year” awarded by Centre for Asia Pacific Aviation**
– first airline to win this award back-to-back (2008 & 2009)
- ❑ **World’s best low cost carrier, awarded by Skytrax**



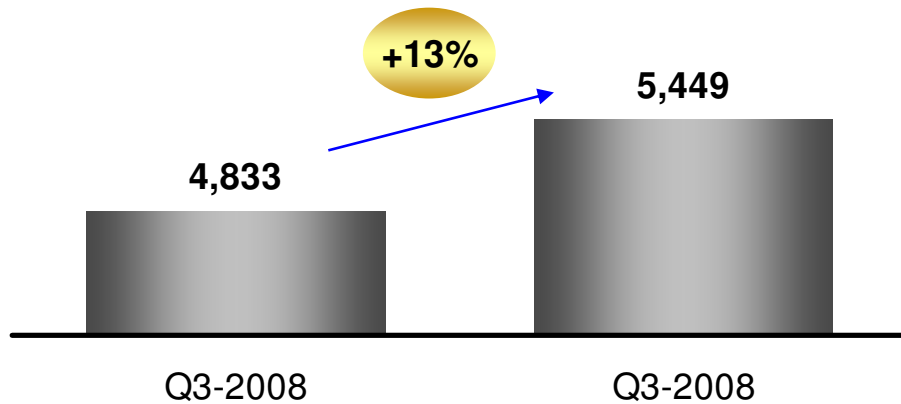
Result Commentary

- Third Quarter 2009

Capacity Rollout Matches Demand

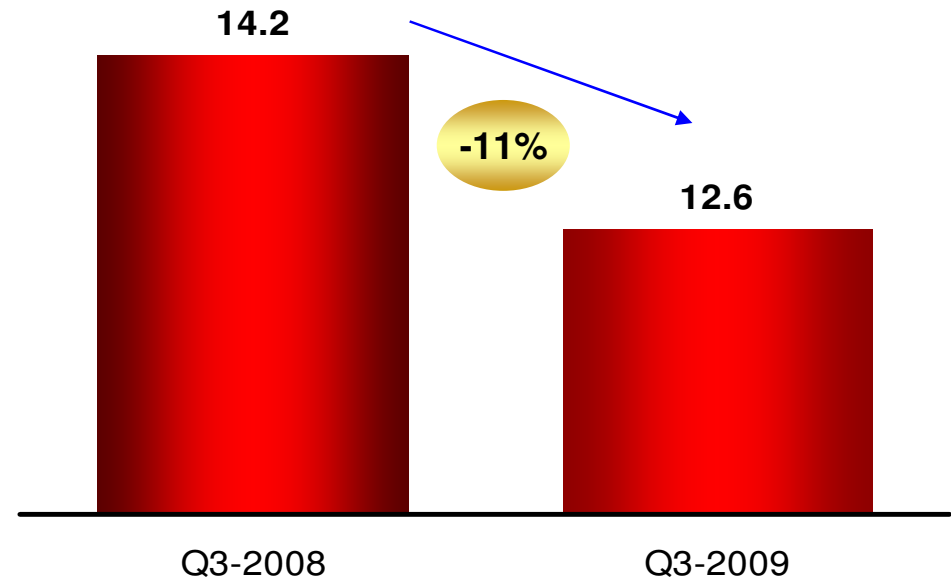


Capacity Rollout (ASK million)

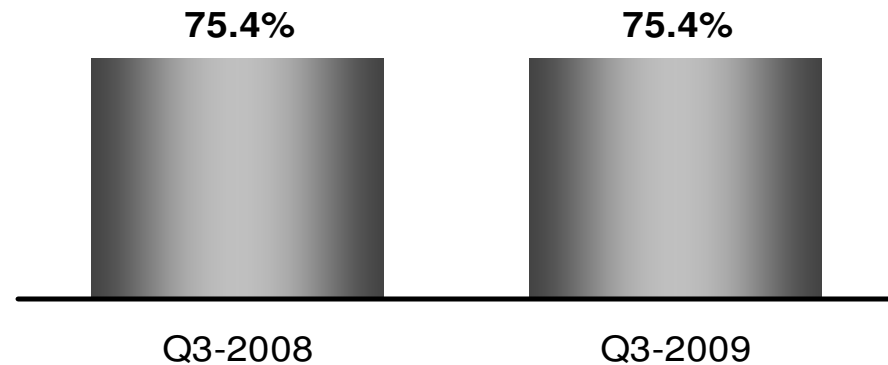


Revenue / ASK (sen)

- Average fare drop is offset by higher ancillary income contribution
- Average stage length reduced by 6%



Load Factor (%)



The operations can sustain the rapid capacity growth



Result Commentary

- 9 Months 2009

Summary of 9 Months Result



9 Months Ended: 30 September	Jan-Sep 2009	Jan-Sep 2008	Δ (%)
Revenue (RM'000)	2,010,134	1,802,148	12%
EBITDAR (RM'000)	977,331	447,198	119%
Core Operating Profit (RM'000)	328,233	(59,348)	n/a
EBITDAR Margin	48.6%	24.8%	23.9 p.p.t
Core Operating Profit Margin	16.3%	-3.3%	n/a
Revenue / ASK (sen)	12.48	14.11	-12%
Cost / ASK (sen)	10.59	13.07	-19%
Load factor	73.4%	74.3%	-0.9 p.p.t

- Strong core operating profit performance of RM328 million**
– industry leading margins of 16.3%
- Strong ancillary income growth offsetting impact of lower fares**
- Lower cost underpinning high profitability**
- Stable load factors despite significant capacity addition and new routes**

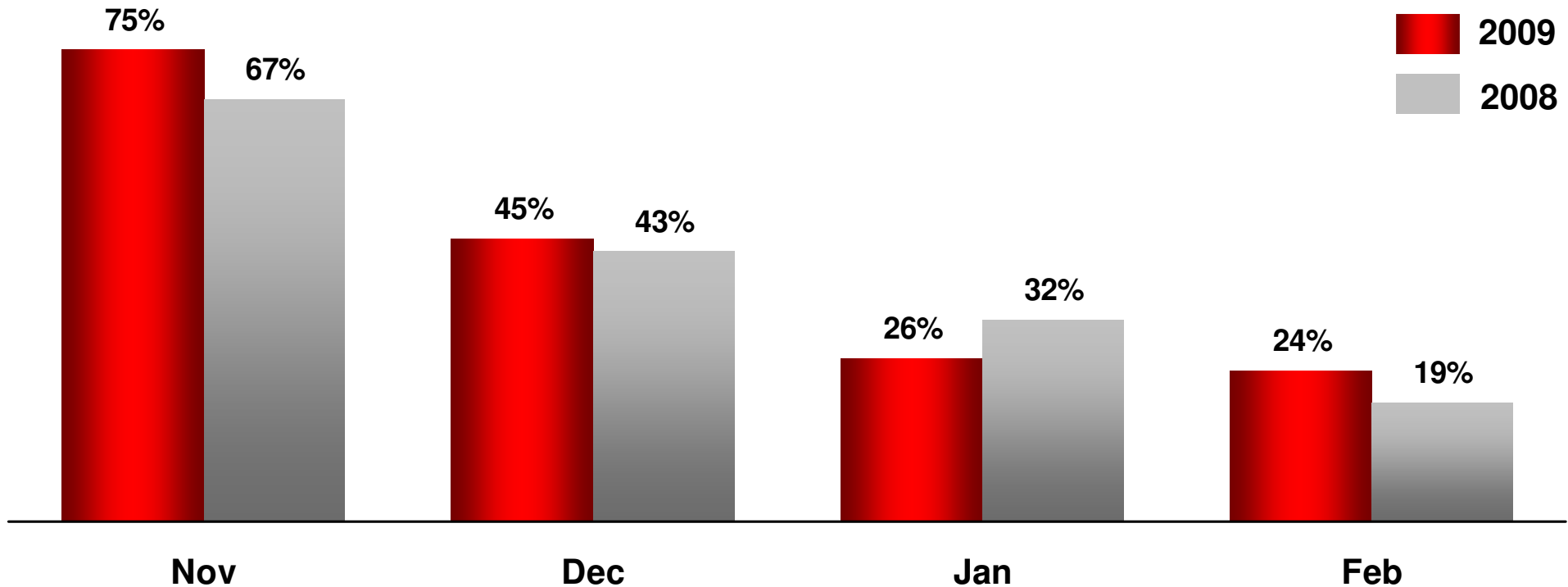
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Outlook

Demand Remains Robust



% Total seats sold as of 18 November



AirAsia Berhad	2009	2008	Δ %
Seats sold in first quarter	3,147,609	2,611,556	21%
Seats sold in second quarter	3,519,486	2,835,671	24%
Seats sold in third quarter	3,590,744	3,018,395	19%

Summary



- ❑ **Challenging environment, but AirAsia is well placed to take advantage**
 - airports are offering attractive deals in return for growth
 - other airlines are not introducing new routes, thus making it easier for AirAsia to expand
- ❑ **Managing risk – hedged approximately 20% of Q4-2009 fuel requirements**
 - fixed swap of US\$74.98 per barrel (Jet Kerosene)
 - monitoring the market for hedges beyond 2009
- ❑ **New routes are performing exceptionally well**
- ❑ **Passenger growth very robust across the Group**
 - Malaysia is enjoying good loads and support for new routes
 - Indonesia's load is robust with high yields
 - Thailand's passenger numbers are robust, yields improving
- ❑ **Fuel surcharge will be imposed if high oil prices persists**
- ❑ **Cash position is growing from strength to strength**

AirAsia

Appendix

Fleet Composition (30 September 2009)



Number of Aircraft	Total	Airbus A320	Boeing 737
Malaysia	47	45	2 *
Thailand	18	10	8
Indonesia	16	9	8
Group Total	82	64	18

* Boeing 737-300 is awaiting to be sold off, these aircraft are not used for operations

Cost Breakdown –Third Quarter



Cost Breakdown (US cents / ASK)	Jul-Sep 2009	Jul-Sep 2008 (restated)	Change y-o-y
Staff Costs	0.36	0.36	0%
Fuel and Oil	1.37	2.73	-50%
User & Station Charges	0.29	0.23	23%
Maintenance and Overhaul	0.15	0.12	23%
Aircraft Lease Rental	0.15	0.13	13%
Depreciation & Amortisation	0.43	0.44	-2%
Sales & Marketing	0.17	0.14	15%
Others	0.30	0.17	70%
Cost / ASK	3.21	4.34	-26%
Cost / ASK - excluding fuel	1.84	1.61	15%

Cost Breakdown – 9 months



Cost Breakdown (US cents / ASK)	Jan-Sep 2009	Jan-Sep 2008 (restated)	Change y-o-y
Staff Costs	0.33	0.36	-9%
Fuel and Oil	1.15	2.38	-52%
User & Station Charges	0.23	0.15	55%
Maintenance and Overhaul	0.16	0.14	19%
Aircraft Lease Rental	0.16	0.15	5%
Depreciation & Amortisation	0.41	0.44	-7%
Sales & Marketing	0.26	0.16	66%
Others	0.13	0.14	-5%
Cost / ASK	2.83	3.92	-28%
Cost / ASK - excluding fuel	1.69	1.54	10%