



RM1
BILLION
NET PROFIT IN
2010

**Fourth Quarter 2010
Results
24 February 2011**

AirAsia

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- ❑ **Malaysia breaks billion ringgit net profit barrier**
 - Profit after tax of RM1.06 billion up 111% y-o-y
 - Achieved billion ringgit net profit with average fuel price per barrel of US\$92 in FY2010 as compared to US\$70 in FY2009
- ❑ **Thailand's performance soaring**
 - Revenue of THB12.4 billion recording 33% y-o-y growth
 - Profit after tax of THB2.85 billion with a growth of 452% y-o-y
 - Passenger volume up 14% y-o-y, achieved 78% load factor
- ❑ **Indonesia: Reaching new height**
 - Revenue of IDR2,764 billion recording 37% y-o-y growth
 - Profit after tax of IDR474 billion with a growth of 214%
 - Passenger volume grew by 13% y-o-y, achieved 77% load factor
- ❑ **Ancillary spending per pax on the rise**

Malaysia = RM43 ↑ 39%, Thailand = THB310 ↑ 62% , Indonesia = IDR123,308 ↑ 60%
- ❑ **Net gearing down to 1.75 from 2.62 y-o-y**
- ❑ **Further debt reduction by associates as they continue to repay. Full repayments within 1- 2 years**
- ❑ **Strong cash balance**

Malaysia = RM1.5 billion, Thailand = RM57 million , Indonesia = RM14 million
- ❑ **Lowest P/E airline with the biggest growth prospects**

FY2010 Financial Results

- AirAsia Group

AirAsia.com

Financial year ended 31 December 2010	MAA		TAA		IAA		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	3,992,772	3,178,854	1,247,798	948,727	979,118	687,196	5,619,687	4,814,778
EBITDAR	1,735,325	1,364,232	428,161	86,400	287,846	74,152	2,451,331	1,524,784
EBITDA	1,669,633	1,257,162	206,550	-87,798	114,255	-70,902	1,990,439	1,098,462
EBIT	1,148,717	809,520	194,146	-99,948	108,831	-75,013	1,451,694	634,558
Profit before tax	1,099,298	622,288	286,567	-82,298	168,051	-64,490	1,553,917	475,500
Profit after tax	1,066,877	506,268	286,567	-82,298	168,051	-64,490	1,521,496	359,480
Core Operating Profit / (Loss)	828,294	447,454	281,996	15,092	152,356	-27	1,263,276	462,519
EBITDAR margin	51.1%	42.9%	34.3%	9.1%	29.4%	10.8%	43.6%	31.7%
Core Operating Profit margin	24%	14%	23%	2%	16%	0%	22%	10%

1) Exchange Rate:

MYR/THB: 9.93 & 9.83

MYR/IDR: 2,823 & 2,934

2) Refer to appendix for the financial performance in respective currency

Associates growing pace!

- Combined PAT of associates of RM455 million 2010 is 30% of MAA
- Despite increase in fuel price, EBITDAR margins up 0.5 ppt, 25.2 ppt and 18.6 ppt in MAA, TAA and IAA respectively

❑ **Malaysia stellar performance**

- Revenue of RM1.19 billion recording 33% y-o-y growth
- Profit after tax of RM316 million, up 835% y-o-y
- Passenger volume up 11% y-o-y, achieved 82% load factor

❑ **Thailand: Another strong performance**

- Revenue of THB3.74 billion recording 29% y-o-y growth
- Profit after tax of THB1.64 billion with a growth of 364% y-o-y
- Passenger volume up 13% y-o-y, achieved 81% load factor

❑ **Indonesia revs up**

- Revenue of IDR796 billion recording 38% y-o-y growth
- Profit after tax of IDR167 billion with a growth of 214%
- Passenger volume grew by 7% y-o-y, achieved 78% load factor

❑ **Ancillary spending per pax in on the rise**

Malaysia = RM49 ↑ 99%, Thailand = THB369 ↑ 109% , Indonesia = IDR155,089 ↑ 108%

4Q10 Financial Results

- AirAsia Group

AirAsia.com

Quarter Ended: 31 December 2010	MAA		TAA		IAA		TOTAL	
	4Q2010	4Q2009	4Q2010	4Q2009	4Q2010	4Q2009	4Q2010	4Q2009
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	1,186,467	894,059	388,823	296,971	276,398	207,451	1,851,688	1,398,481
EBITDAR	584,433	387,083	164,717	-28,729	57,361	-15,192	806,511	343,162
EBITDA	571,951	369,292	101,883	-76,252	7,486	-56,119	681,320	236,921
EBIT	423,740	229,881	99,536	-79,401	6	-57,304	523,282	93,177
Profit before tax	390,222	223,750	170,728	-63,654	57,983	-52,662	618,933	107,434
Profit after tax	316,551	33,871	170,728	-63,654	57,983	-52,662	545,262	-82,445
Core Operating Profit / (Loss)	332,879	134,720	184,424	34,134	3,631	-13,128	520,934	155,726
EBITDAR margin	49.3%	43.3%	42.4%	-9.7%	20.8%	-7.3%	43.6%	24.5%
Core Operating Profit margin	28.1%	15.1%	47.4%	11.5%	1.3%	-6.3%	28.1%	11.1%

MAA – Superb quarter!

- ❑ Revenue and profit after tax grew 33% and 832% respectively y-o-y
- ❑ EBITDAR margins increasing to 49.3%
- ❑ Core operating profit up 147% y-o-y

TAA – Finishes on a high!

- ❑ From loss making to 364% growth in profit after tax y-o-y posting RM170.7 mil
- ❑ Strong EBITDAR margins increase to 42.4% of RM164.7 mil
- ❑ Higher ancillary revenue and fares contributed to 29% growth y-o-y of revenue

IAA- Gaining pace!

- ❑ Revenue and profit after tax up 38% and 214% y-o-y despite non-peak season
- ❑ EBITDAR growth of 491% y-o-y
- ❑ International routes paying huge dividends

1) Exchange Rate:
MYR/THB: 9.63 & 9.79
MYR/IDR: 2,879 & 2,782

2) Refer to appendix for the financial performance in respective currency

4Q10 Operating Statistics

- AirAsia Group

AirAsia.com

Quarter Ended: 31 December 2010	MAA			TAA			IAA		
	4Q2010	4Q2009	Change y-o-y	4Q2010	4Q2009	Change y-o-y	4Q2010	4Q2009	Change y-o-y
ASK	6,434	5,863	10%	2,043	1,852	10%	1,788	1,604	11%
RPK	5,319	4,409	21%	1,638	1,493	10%	1,392	1,188	17%
Load factor	82%	79%	3 ppt	80%	81%	-1ppt	78%	74%	4ppt
Rev/ASK (sen/ THB/IDR)	18.44	15.25	21%	1.79	1.52	18%	442.27	363.14	22%
Rev/ASK (US cents)	5.92	4.48	32%	5.98	4.57	31%	4.93	3.84	29%
CASK (sen/THB/IDR)	11.85	11.12	7%	0.85	1.99	-50%	435.89	459.22	-5%
CASK (US cents)	3.81	3.27	16%	4.55	5.97	-45%	4.86	4.85	0%
CASK (ex-fuel) (US cents)	2.35	1.88	25%	2.85	4.27	-62%	2.95	3.12	-5%
Average Fare	188	176	7%	1,889	1,789	6%	634,864	545,410	16%

MAA

- ❑ Average fare up 7% y-o-y due to increased demand in peak season
- ❑ RASK up 32% y-o-y due to increase in fares and bigger contribution from ancillary income

TAA

- ❑ CASK down 50% due to reduction in early delivery cost
- ❑ Average fare still up 6% due the introduction routes and high peak season.
- ❑ Load factor maintained despite capacity increase

IAA

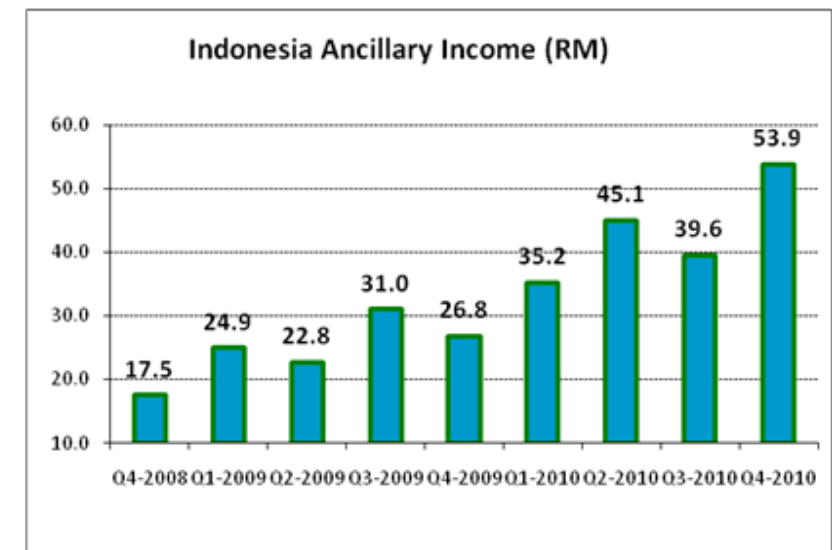
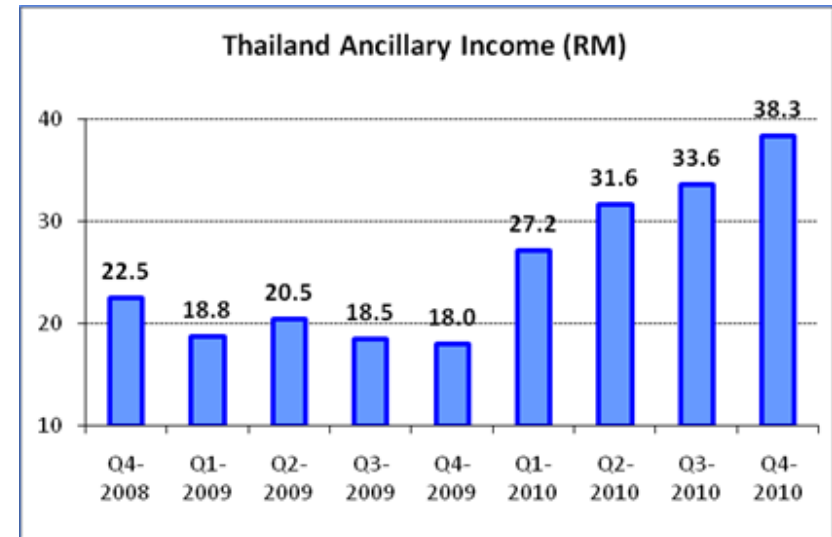
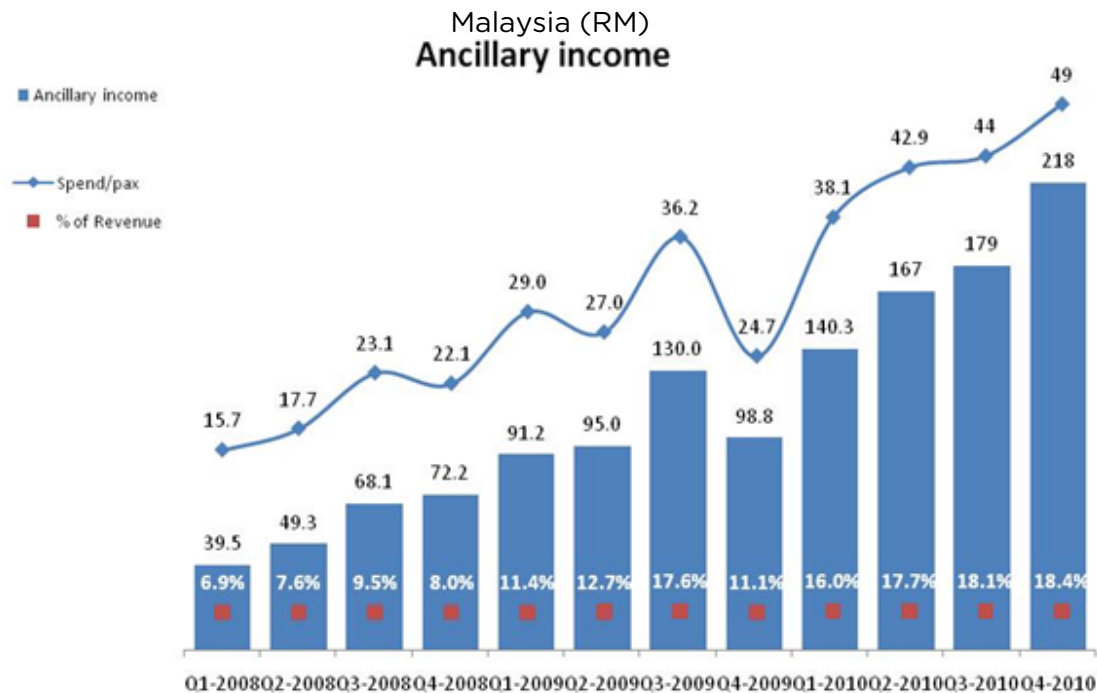
- ❑ Average fare up 16% y-o-y due strong performing Australia routes
- ❑ RASK up 29% y-o-y contributed from a high increase in ancillary spending which rose 108%
- ❑ Maintaining high load factor of 78% as passenger growth exceed capacity

Ancillary Income

- AirAsia Group

Ancillary Income per pax up y-o-y across the Group:

Malaysia : ↑ 99%
 Thailand : ↑ 109%
 Indonesia: ↑ 108%



- Baggage and cargo revenues continue to soar
- Higher take-ups for in-flight meals, Hot Seat and AirAsia Insure

Gearing down, Cash up!

AirAsia.com

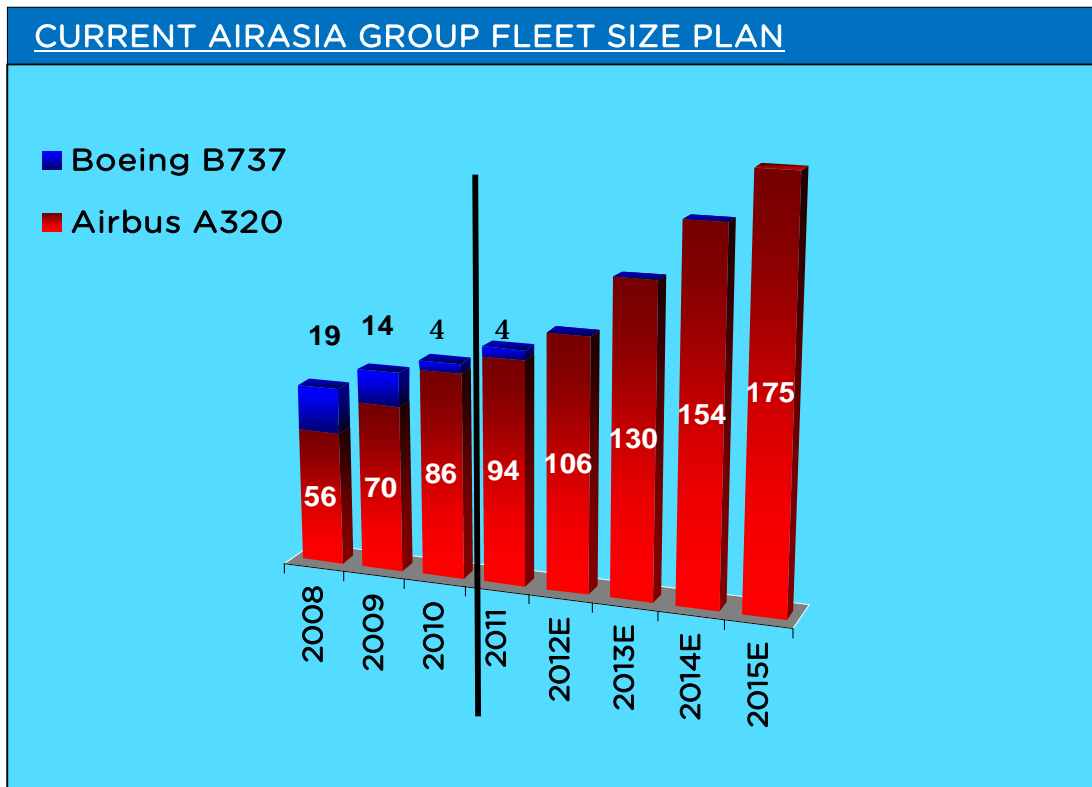
AirAsia Berhad	2Q2009	3Q2009	4Q2009	1Q2010	2Q2010	3Q2010	4Q2010
Net Debt (RM'mil)	6,726	6,688	6,862	6,248	6,728	6,705	6,356
Net Gearing	3.50	2.60	2.62	2.25	2.27	2.02	1.75

- ❑ **Addressing gearing by reducing further to 1.75 times**
- ❑ **Achieved cash up to RM1.8 billion**
 - Cash balance of RM1.5 billion as at end 4Q10
 - Including deposits on aircraft purchases, total cash is close to **RM1.8 billion**
- ❑ **Cash balance to further increase with expected payments from affiliates**
 - Amount due from affiliates decreased **from RM823 mil to RM376 mil** within 12 months
 - Affiliates to pay off projected payment of inter-co borrowings after proposed IPO or within 1-2 years

Fleet Development

Source: CAPA

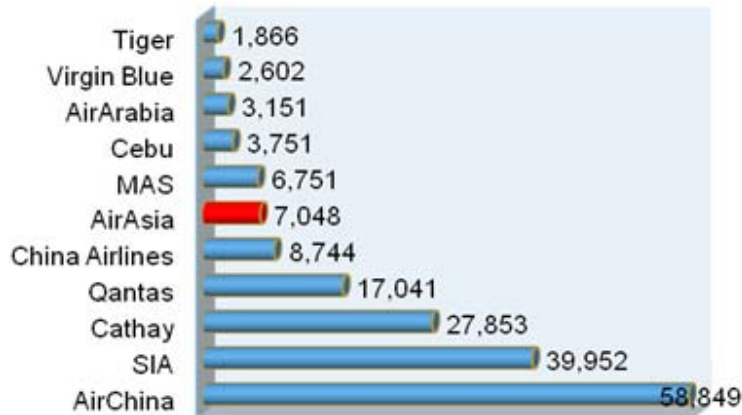
Fleets of various Asian Airlines		
Airlines	In Service	On Order
AirAsia Group	93	86
Singapore Airlines	110	48
Malaysia Airlines	92	59
Thai Airways	86	21
Garuda Indonesia	81	35
Vietnam Airlines	65	62
Lion Air	57	139
Philippines Airways	40	4
Cebu Pacific	32	19
Bangkok Airways	17	6
Silk Air	18	6
Tiger Airways	25	43



- AirAsia Group has the biggest and youngest fleet among the LCC's in the region with an average age of 2 years
- 86 aircraft still on order; In discussions with Airbus to acquire the 'new engine option' ("NEO") Airbus A320 aircraft
- Deferment of 2012 aircraft deliveries from 24 to 14 with no penalty from Airbus
- Financing for 8 aircraft to be delivered in 2011 is secured
- To phase out remaining 4 Boeing B737 in Indonesia upon completion of runway upgrade in Bandung

Attractive Valuations among airlines (as at 22 February 2011)

Market Cap (RM'million)

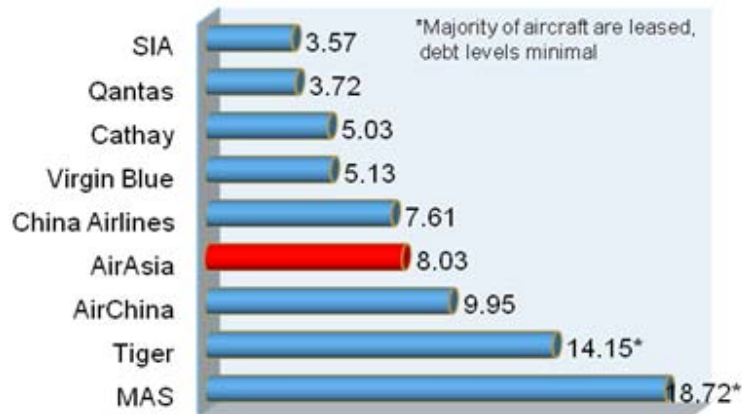


Price to Earnings



- Largest regional LCC in terms of market capitalization
- Lowest P/E among the LCCs
- Despite P/E is low, there is upside in ROE. Among the highest at 27.99%

EV/EBITDA



Return to Equity



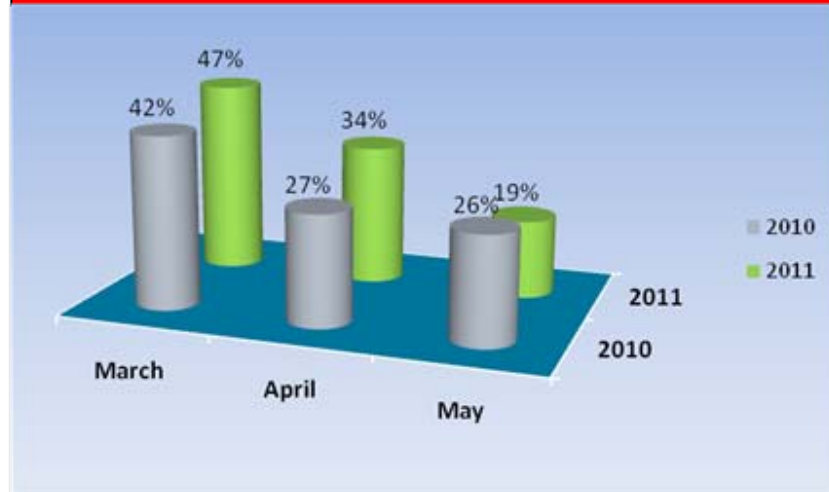
Into the Second Decade

Forward Bookings

Load factor as at 22 February 2011

AirAsia.com

Malaysia



Indonesia



Thailand



Increase in demand on air travel

- Forward booking remains higher heading into 2Q11 as demand for travel rises
- Fares still among lowest in the market hence there is room to increase
- Continuous promotional for new routes and additional frequencies

Fuel Management

AirAsia.com

Proven active measures to counter any spike in fuel prices

- ❑ Record PAT of RM1.06 billion in 2010 at average fuel price of US\$92/barrel at fleet size of 90 aircraft
- ❑ AirAsia was the first airline to be able to remove fuel surcharge in November 2008.
- ❑ Counter measures amongst others:-
 - Re-introduce fuel surcharge
 - Ancillary initiatives - every RM1/pax spent provides approximately US\$1/barrel of buffer
 - Higher aircraft capacity enables costs to spread across more passengers
- ❑ Current oil hedging position
 - Hedged up to 21% for up to 2Q11 at average of US\$92.31/barrel (fixed swap WTI)
 - Hedges have no margin calls impact
 - Huge lines with several institutions for oil hedging
 - Ability to hedge through financial markets or physically with oil suppliers
- ❑ Projected sensitivity analysis shows every -/+ US\$1/barrel on fuel movements will impact approximately -/+RM15 million in EBITDA and PAT.

AirAsia Group

What's ahead in 2011

AirAsia.com

MALAYSIA

Strengthening Domestic Operations

- Ramping up frequencies on key East Malaysian routes performing well
- Increasing domestic market share of 58% in 2010
- International market share of 37% in 2010

Focus on optimizing load factor

Increased frequencies on routes that is popular with AirAsia X traffic. AirAsia X acts as a feeder for AirAsia network.

To maintain discipline cost management across the organization

Reduce average stage length and focus on shorter routes within 3.5 hours (i.e. Indian sub-continent)

THAILAND

To revenue manage key domestic and international routes (i.e. Indian routes)

Developing Chiang Mai as Thailand 3rd hub to strengthen group network

To increase domestic market share (largest LCC with 43% market share in 2010)

Further expansion into China

INDONESIA

Strengthening dominance in international sector

- Leader in international market share of 41%

Growing existing hubs such as Bali and Surabaya and introducing Medan as Indonesia 5th hub

AirAsia Group

What's ahead in 2011

AirAsia.com

Joint Ventures

- The launch of Philippines AirAsia in 2H11

Listing of Associates

- TAA and IAA impending initial public offering
- Objectives of the IPO is to:
 - ✓ build its war chest
 - ✓ to assume future debt on their balance sheet
 - ✓ to acquire their own aircraft in the future

Monetising other AirAsia business units

- AirAsia Academy as centre of excellence for pilot training to match future capacity needs (i.e acquiring more flight simulators)
- AirAsia Go - to benefit from AirAsia brand and IT penetration rate
- AirAsia X - symbiotic feeder relationship and potential listing in 2012

Growing Ancillary Income

- Medium term target of RM50-60 per pax
- Introducing other ancillary revenue

Focus on managing leverage

- Revised fleet delivery of 14 from 24 in 2012
- No penalty cost from Airbus
- Secured financing for 2011
- Focus on expanding 'war chest'

Managing oil prices

- To push ancillary income as it's a natural hedge
- To hedge in-line with forward booking

Thank You 2010



Appendix

4Q10 Financial Results

- AirAsia Group



Quarter Ended: 31 December 2010	MAA			TAA			IAA		
	4Q2010 (RM'000)	4Q2009 (RM'000)	Change y-o-y	4Q2010 (THB'000)	4Q2009 (THB'000)	Change y-o-y	4Q2010 (IDR'mil)	4Q2009 (IDR'mil)	Change y-o-y
Revenue	1,186,467	894,059	33%	3,744,361	2,907,347	29%	795,750	577,217	38%
EBITDAR	584,433	387,083	51%	1,586,223	(281,256)	-664%	165,142	(42,272)	491%
EBITDA	571,951	369,292	55%	981,133	(746,508)	231%	21,551	(156,148)	114%
EBIT	423,740	229,881	84%	958,535	(777,334)	223%	16,521	(159,443)	110%
Profit before tax	390,222	223,750	74%	1,644,110	(623,171)	364%	166,934	(146,528)	214%
Profit after tax	316,551	33,871	835%	1,644,110	(623,171)	364%	166,934	(146,528)	214%
EBITDAR margin	49.3%	43.3%	6 ppt	42.4%	-9.7%	52 ppt	20.8%	-7.3%	28 ppt
Core Operating Profit / (Loss)	332,879	134,720	147%	1,776,003	334,174	431%	10,453	(36,528)	129%

4Q10 CASK Breakdown

- AirAsia Group



Quarter ended: 30 December 2010 Cost / ASK (US cents)	MAA	TAA	IAA
Staff Costs	0.46	0.51	0.50
Fuel and Oil	1.46	1.70	1.91
User Charges and Station Expenses	0.33	0.55	0.29
Maintenance and Overhaul	0.22	0.33	0.85
Aircraft related cost	0.06	0.99	0.90
Depreciation & Amortisation	0.74	0.04	0.03
Others	0.37	0.05	0.19
Sales & Marketing	0.16	0.39	0.20
Total Cost / ASK	3.81	4.55	4.86

FY2010 Financial Results

- AirAsia Group



Financial year ended 31 December 2010	MAA			TAA			IAA		
	2010 (RM'000)	2009 (RM'000)	Change y-o-y	2010 (THB'000)	2009 (THB'000)	Change y-o-y	2010 (IDR'mil)	2009 (IDR'mil)	Change y-o-y
Revenue	3,392,772	3,178,854	26%	12,390,632	9,325,988	33%	2,764,049	2,016,626	37%
EBITDAR	1,735,325	1,364,232	27%	4,251,637	849,309	401%	812,588	217,604	-273%
EBITDA	1,669,633	1,257,162	33%	2,051,046	(863,055)	338%	322,542	(208,067)	255%
EBIT	1,148,717	809,520	42%	1,927,866	(982,491)	296%	307,231	(220,132)	240%
Profit before tax	1,099,298	622,288	77%	2,845,614	(808,990)	452%	474,409	(189,250)	351%
Profit after tax	1,066,877	506,268	111%	2,845,614	(808,990)	452%	474,409	(189,250)	351%
EBITDAR margin	43.5%	42.9%	0.5 ppt	34.3%	9.1%	25.2 ppt	29.4%	10.8%	18.6 ppt

FY2010 Operating Statistic

- AirAsia Group

AirAsia.com

Malaysia AirAsia	2010	2009	Change (%)
Passenger Carried	16,054,738	14,253,244	12.6
Capacity	20,616,120	19,016,280	8.4
Load Factor (%)	78	75	3ppt
ASK (mil)	24,362	21,976	10.9
RPK (mil)	18,500	15,432	19.9
Number of stages	114,534	105,646	8.4
Average stage length (km)	1,183	1,166	1.5
Size of fleet at quarter end	53	48	10.4

Thai AirAsia	2010	2009	Change (%)
Passenger Carried	5,704,832	4,988,315	14.4
Capacity	7,317,097	6,558,768	11.6
Load Factor (%)	78	76	2 ppt
ASK (mil)	7,604	6,356	19.6
RPK (mil)	5,923	4,811	23.1
Number of stages	41,823	39,388	6.2
Average stage length (km)	1,034	955	8.3
Size of fleet at quarter end	19	20	-5.0

Indonesia AirAsia	2010	2009	Change (%)
Passenger Carried	3,921,039	3,461,896	13.3
Capacity	5,124,980	4,701,608	9.0
Load Factor (%)	77	74	3ppt
ASK (mil)	6,740	5,610	20.1
RPK (mil)	5,183	4,134	25.4
Number of stages	29,668	28,263	5.0
Average stage length (km)	1,310	1,179	11.1
Size of fleet at quarter end	18	16	12.5

AirAsia Group	2010	2009	Change (%)
Passenger Carried	25,680,609	22,703,455	13.1
Capacity	33,058,197	30,276,656	9.2
Load Factor (%)	78	75	3ppt
ASK (mil)	38,706	33,942	14.0
RPK (mil)	29,607	24,378	21.5
Number of stages	186,025	173,297	7.3
Average stage length (km)	1,176	1,100	6.9
Size of fleet at quarter end	90	84	7.1

Overview

- ❑ AirAsia has investments of 48.9% in both TAA and IAA
- ❑ The aviation laws of Thailand and Indonesia require foreign shareholdings to not exceed 50% interest in these entities
- ❑ Based on the shareholders' agreements for these entities, TAA is considered to be a jointly controlled entity and IAA is considered to be an associate of AirAsia.
- ❑ The basis of this consideration is due to the various covenants in the agreements whereby in the case of TAA, key decisions are taken jointly and in the case of IAA, AirAsia has only significant influence

Accounting Considerations

- ❑ AirAsia's accounting treatment for its investments in IAA and TAA is in full compliance with International Financial Reporting Standards ("FRS")
- ❑ The IFRS applied are FRS 131 "Accounting for Jointly Controlled Entities" (IFRS 31) which applies to TAA and FRS 128 "Accounting for Associates" (IFRS 28) which applies to IAA
- ❑ TAA and IAA are accounted for using the equity method of accounting per the respective Standards
- ❑ Consolidation of TAA and IAA is strictly prohibited by the IFRS unless the shareholder arrangements change, which result in AirAsia having control. AirAsia can account for all the losses of TAA and IAA if it assumes obligations for all liabilities of TAA and IAA which will obviously be detrimental to the shareholders of AirAsia

Equity Accounting

- ❑ The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets of the investee. The profit or loss of the investor includes the investor's share of the profit or loss of the investee.
- ❑ FRS 128 and FRS 131 provide that if an investor's share of losses of an associate or jointly controlled entity equals or exceeds its interest in the associate, the investor discontinues recognising its share of further losses unless the investor has incurred legal or constructive obligations or made payments on behalf of the associate.
- ❑ Consequently, as the share of losses for both TAA and IAA have exceeded the cost of investment in these entities, AirAsia has in prior years fully provided for the cost of investment in both TAA and IAA (amounting to RM12 million and RM4 million respectively), and discontinued its recognition of share of any further losses, as required by the Standard, as it has not provided any legal or constructive obligations or made payments on behalf of the associate or jointly controlled entity.