AIRASIA BERHAD

21ST ANNUAL GENERAL MEETING

4 JUNE 2014
WE ARE THE LOWEST COST AIRLINE IN THE WORLD

182 ROUTES
- 16 HUBS
- 52 UNIQUE ROUTES
- 37 NEW ROUTES INTRODUCED IN 2013

83 DESTINATIONS
17 COUNTRIES

146 MIL
AVERAGE VIEWS PER MONTH
9 MIL
AVERAGE UNIQUE VISITORS PER MONTH

VISITORS FROM
150 COUNTRIES

42.6 MIL
PASSENGERS CARRIED
2013

217 MIL
PASSENGERS FLOWN SO FAR

79%
GROUP LOAD FACTOR

158 A320
TOTAL FLEET

13,000 ALLSTARS ACROSS THE GROUP

AIRASIA WAS VOTED AS THE WORLD'S BEST LOW-COST AIRLINE FOR THE FIFTH CONSECUTIVE YEAR AT THE SKYTRAX WORLD AIRLINE AWARDS

LARGEST LCC IN ASIA
IN TERMS OF FLEET AND NUMBER OF PASSENGERS CARRIED

5TH LARGEST AIRLINE IN ASIA
IN TERMS OF NUMBER OF PASSENGERS CARRIED

A TRUE ASEAN AIRLINE, CONNECTING ALL 10 ASEAN COUNTRIES

AIRASIA MARKET SHARE

MALAYSIA
- DOMESTIC 49%
- INTERNATIONAL 43%
- TOTAL 45%

INDONESIA
- DOMESTIC 5%
- INTERNATIONAL 26%
- TOTAL 10%

THAILAND
- DOMESTIC 29%
- INTERNATIONAL 11%
- TOTAL 17%

PHILIPPINES
- DOMESTIC 15%
- INTERNATIONAL 7%
- TOTAL 12%

SOCIAL MEDIA

facebook
5.7 MILLION
FANS

twitter
1.7 MILLION
FOLLOWERS

Instagram
91,000
FOLLOWERS

weibo.com
1.4 MILLION
FANS

AIRASIA BERHAD

OPERATING PROFIT MARGIN
20%

DEPOSIT, CASH AND BANK BALANCES
RM1.38 BILLION

REVENUE VIA INTERNET
85%

LODEST COST
CASK: 13.0 SEN
CASK Ex-Fu EL: 7.4 SEN

ALL FIGURES SHOWN ARE FOR AIRASIA GROUP; OTHERWISE INDICATED “AIRASIA BERHAD.”
AIRASIA GROUP INCLUDES MALAYSIA AIRASIA (MAA), THAI AIRASIA (TAA), INDONESIA AIRASIA (AA) AND PHILIPPINES’ AIRASIA (PAA)
FINANCIAL HIGHLIGHTS
2013 Overview
Malaysia

Revenue (billion)
- 2013: 5.11 (up +3% yoy)
- 2012: 4.95

Operating Profit (billion)
- 2013: 1.01 (down -2% yoy)
- 2012: 1.03

Net Profit (billion)
- 2013: 0.36 (down -54% yoy)
- 2012: 0.79

Cash Balance (billion)
- 2013: 1.38 (down -38% yoy)
- 2012: 2.23

Load Factor
- 2013: 80% (flat)
- 2012: 80%

CASK (sen)
- 2013: 13.00
- 2012: 7.40

- 2013: 13.80
- 2012: 7.60
### 2013 Overview

**Indonesia & Thailand**

#### THAILAND (in THB)

<table>
<thead>
<tr>
<th>Metric</th>
<th>2013</th>
<th>2012</th>
<th>Change</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (billion)</td>
<td>23.49</td>
<td>19.35</td>
<td>+21% yoy</td>
<td></td>
</tr>
<tr>
<td>Operating Profit (billion)</td>
<td>2.27</td>
<td>1.96</td>
<td>+13% yoy</td>
<td>+9% yoy</td>
</tr>
<tr>
<td>Net Profit (billion)</td>
<td>1.96</td>
<td>2.01</td>
<td>+9% yoy</td>
<td>+14% yoy</td>
</tr>
<tr>
<td>Cash Balance (billion)</td>
<td>7.01</td>
<td>6.16</td>
<td>+14% yoy</td>
<td></td>
</tr>
<tr>
<td>Load Factor</td>
<td>83%</td>
<td>82%</td>
<td>+1 ppt yoy</td>
<td></td>
</tr>
<tr>
<td>CASK (THB)</td>
<td>1.64</td>
<td>0.91</td>
<td></td>
<td>0.90</td>
</tr>
</tbody>
</table>

#### INDONESIA (in IDR)

<table>
<thead>
<tr>
<th>Metric</th>
<th>2013</th>
<th>2012</th>
<th>Change</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (billion)</td>
<td>5,822</td>
<td>4,360</td>
<td>+34% yoy</td>
<td></td>
</tr>
<tr>
<td>Operating Profit (billion)</td>
<td>(126)</td>
<td>392</td>
<td>-132% yoy</td>
<td>-295% yoy</td>
</tr>
<tr>
<td>Net Profit (billion)</td>
<td>(374)</td>
<td>192</td>
<td>-72% yoy</td>
<td></td>
</tr>
<tr>
<td>Cash Balance (billion)</td>
<td>92</td>
<td>26</td>
<td>-72% yoy</td>
<td></td>
</tr>
<tr>
<td>Load Factor</td>
<td>76%</td>
<td>77%</td>
<td>-1 ppt yoy</td>
<td></td>
</tr>
<tr>
<td>CASK (THB)</td>
<td>490.07</td>
<td>252.86</td>
<td></td>
<td>210.60</td>
</tr>
</tbody>
</table>

---

*Note: Yoy stands for Year Over Year.*
Setting the Stage for 2014

Associates and JVs recording profit and growth remains strong

- TAA: MAA equity accounted RM85.9 million in 2013
- AACOE: MAA equity accounted RM5.5 million in 2013
- AA Expedia: MAA equity accounted RM8.1 million in 2013

Listing of associate and sister company

- TAA: Listed on SET in May 2012 with current market cap of USD 542.6 mil
- AAX: Listed on Bursa Malaysia in July 2013 with current market cap of USD718.7 mil

Turning around associates

- IAA: Network rationalisation and optimisation will help to mitigate weakening currency
- PAA: Consolidated with AA Zest. Category 1 – will launch more Korea and Japan routes
- AA India: Received Air Operating Permit.
  Launching: Bangalore – Chennai (12 June); Bangalore – Goa (19 June)

Adjacency businesses are set to grow

- AACOE recorded net profit of RM10.9 million in 2013
- AA Expedia recorded net profit of RM16.3 million in 2013
- In one year, BIG loyalty programme doubled membership to over 1 million, substantially increased partners, and tripled its revenue.

Fleet secured for growth

- 165 aircraft currently in operations, 327 to be delivered until 2026
  (MAA = 79; TAA = 37; IAA = 30; PAA = 18; AAI = 1)
**1Q14 Results - Key Highlights**

### Malaysia (in MYR)

- **Revenue (million):**
  - 1Q14: 1,302.4
  - 1Q13: 1,300.8
  - Change: Flat yoy

- **Operating Profit (million):**
  - 1Q14: 223.9
  - 1Q13: 251.2
  - Change: -11% yoy

- **Net Profit (million):**
  - 1Q14: 139.7
  - 1Q13: 104.8
  - Change: +33% yoy

- **Margins**:
  - EBITDA Margin: 34%
  - EBIT Margin: 17%

- **CASK (sen):**
  - 1Q14: 13.58
  - 1Q13: 6.90

### Thailand (in THB)

- **Revenue (million):**
  - 1Q14: 6,459.9
  - 1Q13: 6,029.0
  - Change: +7% yoy

- **Operating Profit (million):**
  - 1Q14: 330.1
  - 1Q13: 931.9
  - Change: -65% yoy

- **Net Profit (million):**
  - 1Q14: 244.7
  - 1Q13: 739.0
  - Change: -67% yoy

- **Margins**:
  - EBITDA Margin: 22%
  - EBIT Margin: 5%

- **CASK (THB):**
  - 1Q14: 1.60
  - 1Q13: 0.85

### Indonesia (in IDR)

- **Revenue (billion):**
  - 1Q14: 1,381.00
  - 1Q13: 1,222.48
  - Change: +13% yoy

- **Operating Profit (billion):**
  - 1Q14: 101.4
  - 1Q13: 41.97
  - Change: -1033% yoy

- **Net Profit (billion):**
  - 1Q14: 10.4
  - 1Q13: 1.36
  - Change: -932% yoy

- **Margins**:
  - EBITDA Margin: 19%
  - EBIT Margin: 3%

- **CASK (IDR):**
  - 1Q14: 566.66
  - 1Q13: 293.34
WHERE WE ARE TODAY
AIRASIA’S GROWTH STORY
- From Malaysia to Asean to Asia

217 mil
Passengers Flown So Far!*

Passengers Flown (in mil)
No. of Aircraft
CAGR: 81%
CAGR: 44%

2 3 7 17 27 42 65 78 84 90 97 118 154 42.6

Malaysia AirAsia
Thai AirAsia
Indonesia AirAsia
AirAsia X
Philippines’ AirAsia
AirAsia India

*YTD Dec 2013 for MAA, TAA, IAA, PAA. (228 million inc AAX)
83 destinations
182 routes across 17 countries
62 unique routes
37 new routes in 2013

NOW EVERYONE CAN FLY
WHERE WE'RE FLYING SO FAR
**Largest LCC in Asia**

Passengers Carried in 2013* (in millions)

- Tigerair: 4.9
- Air Arabia: 6.1
- Skymark: 6.7
- EVA: 8.0
- Etihad: 11.5
- China Airlines: 12.2
- Spicejet: 12.8
- Cebu: 14.4
- MAS: 17.2
- Thai: 21.5
- SIA: 22.1
- Garuda: 25.0
- Cathay: 29.9
- JAL: 38.6
- Emirates: 39.4
- AirAsia Group: 45.8
- ANA: 48.3
- Air China: 77.7
- China Eastern: 79.2
- China Southern: 91.8

*MAA, TAA, IAA, PAA, AAI & AAX (42.6 million excluding AirAsia X)*

**Largest & Youngest LCC Fleet in Asia**

Current Number of Fleet**

- Scoot: 6
- Nok Air: 17
- Citilink: 24
- Tigerair: 34
- Jetstar: 42
- CEBU PACIFIC: 51
- Lion Air: 143
- Thai: 89
- SIA: 106
- Garuda: 104
- Thai Airways: 116
- AirAsia Group: 187

**MAA = 79; TAA = 37; IAA = 30; PAA = 18; AAI = 1; AAX = 22**

*MAA, TAA, IAA, PAA, AAI & AAX (165 aircraft excluding AirAsia X)*

Source: Airlines’ Financials and CAPA
Lowest Cost Airline
- Discipline Cost Structure

Jan-Dec 2013 CASK & CASK Ex-Fuel
(US cents)

- CASK
- CASK (ex-fuel)

Source: JP Morgan
Past Dividends Declared:

- Apr 2011: Maiden dividend of 3 sen per ordinary share
- May 2012: First and final dividend of 5 sen per ordinary share
- FYE 2012
  - Special dividend of 18 sen declared and approved
  - Final dividend of 6 sen declared and approved

Dividend Payment:

- FYE 2013
  - Final dividend of 4 sen per share proposed

Dividend Policy

To pay out up to 20% of net operating profit as an annual dividend
REVENUE ENHANCEMENT

i. Ancillary Income
- On target to achieve RM50 per pax by year end
- On-board Wifi, duty free, fly-thru, premium flex, inventory to be available on all GDS

ii. CRM
- YTD conversion up 0.7 ppt to 4.7%
- Drive sales via mobile. Mobile app have seen 4.1mil downloads YTD.

COST REDUCTION EXERCISE

- Automation
- More operations integration between AirAsia and AirAsia X
- Route rationalisation
MALAYSIA

CAPACITY MANAGEMENT

• Creating value from balance sheet
• In discussion with Airbus to defer more aircraft and convert current CEO to NEO
• Allowing operations in Indonesia and Philippines to execute turnaround plans and Thailand to recover from political unrest which impacted tourism
• Residual value from retired aircraft can be used to reduce debt on replacement aircraft
• To maintain a very young fleet by replacing aircrafts at 12 years in line with company’s cost reduction exercise
• To use cash on sale to reduce further cost of aircraft purchase
**KLIA2 CHALLENGES**

- **Readiness of taxiways & apron for 2 May 2014 opening**
  - Cracks, depressions & flooding after heavy rain experienced on parts of aircraft parking apron & taxiways.
  - Working closely with MAHB and DCA to constantly address this by frequent apron resurfacing and rectification of apron cracks/other remedial action.

- **Operational Readiness and Airport Transfer (ORAT)**
  - 2 months set by MAHB was not sufficient
  - Other airports – on average 6 months

- **The usage of AirAsia’s own check-in system**
  - AirAsia uses its own Navitaire system at LCCT and 13 other hubs
  - We are forced by MAHB to use the SITA system
  - MAHB’s system will add additional cost to AirAsia

- **Maintaining the rate for aeronautical charges (PSC and Landing & Parking charges)**
  - PSC is the charges airports pass on to passengers
  - MAHB intends to increase the charges significantly
  - Previously,
    - PSC increased from RM25 to RM32 on 15 Nov 2011 (+30%)
    - Landing/parking charges increased 9% and 18% p.a. on 1 Jan 2012, 1 Jan 2013 and 1 Jan 2014 (total increase over 3 yrs: 30% for landing, 64% for parking)
CHALLENGES (CONTINUED)

• The usage of aerobridges
  • LCCs do not use aerobridges at their hub airports because of turnaround time issues
  • Charges would have to be passed on to passengers

• Ongoing discussion on relevant incentive scheme for all airlines
  • Successful airports around the world have good partnerships with their hub airlines, because of the traffic the airlines bring in. eg. Dubai & Emirates, Ryanair & Stansted, easyJet & Gatwick & Luton
  • AirAsia has made significant contributions to MAHB’s revenues and should be incentivised fairly for its contributions

CATALYSTS

• Better connection from central Kuala Lumpur (ERL etc.)
• Feeder traffic from other airlines based in the Main Terminal Building KLIA
• Improved customer experience
• Targeting more business travelers and corporate accounts
• Strong marketing to drive back tourism to Thailand
• To focus on North Asia strategy and push for more slots
• Thai AirAsia X to provide greater feeder into other short haul routes
INDONESIA

- Network optimisation
  - To terminate 9 routes (weakest performing routes)
  - Rationalising some 6 key routes by reducing frequencies
  - Re-introduction and adding frequencies as part of strategy to focus on selected key markets
- Rationalising loss making routes
- Forecasted to be profitable in 3Q14
PHILIPPINES

- Turnaround plan in place
- To launch more Korea and new Japan routes with reinstatement back to category 1
- Fares on the rise which will boost revenues
- To promote Kalibo as a key hub (New airport open in June)
- Waiting for congressional approval to approve consolidation process. Will be rebranded as Phillipines’ AirAsia
THANK YOU