



## July - September 2008 Quarter Results

28 November 2008

*AirAsia*



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# Key Highlights for Jul-Sep Quarter

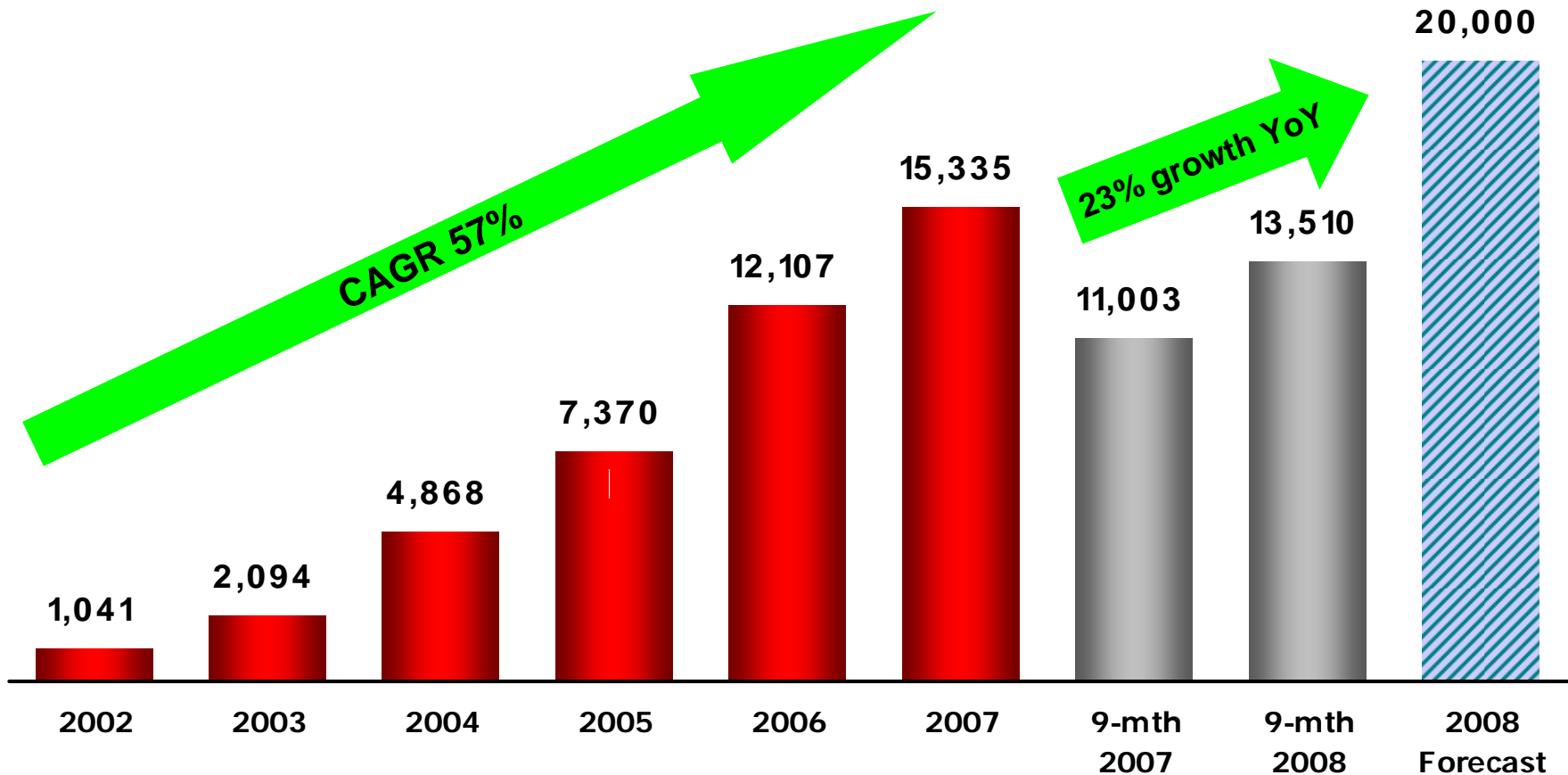


- ❑ Core operating loss of RM76 million
  - unit jet fuel cost increased by 94% to US\$162 per barrel year on year
- ❑ Net Loss of RM466 million
  - forex translation loss of RM213 million, non cash item. Based on actual contractual rates, AirAsia stands to gain RM366 million over the entire tenure of forex hedging term
  - exceptional losses relating to fuel hedge unwinding, will recover within three months at current fuel prices
- ❑ Contrarian approach, keeping the growth intact
  - introduced 29 routes since the beginning of the year
  - Group fleet size of 75 (end of September 2008)
- ❑ Thailand and Indonesia making progress with Airbus A320 aircraft
  - higher reliability and improved serviceability
  - operational losses has reduced substantially, Thailand reduced losses by 44% and Indonesia narrowed losses by 88% against second quarter

# Incredible Passenger Growth



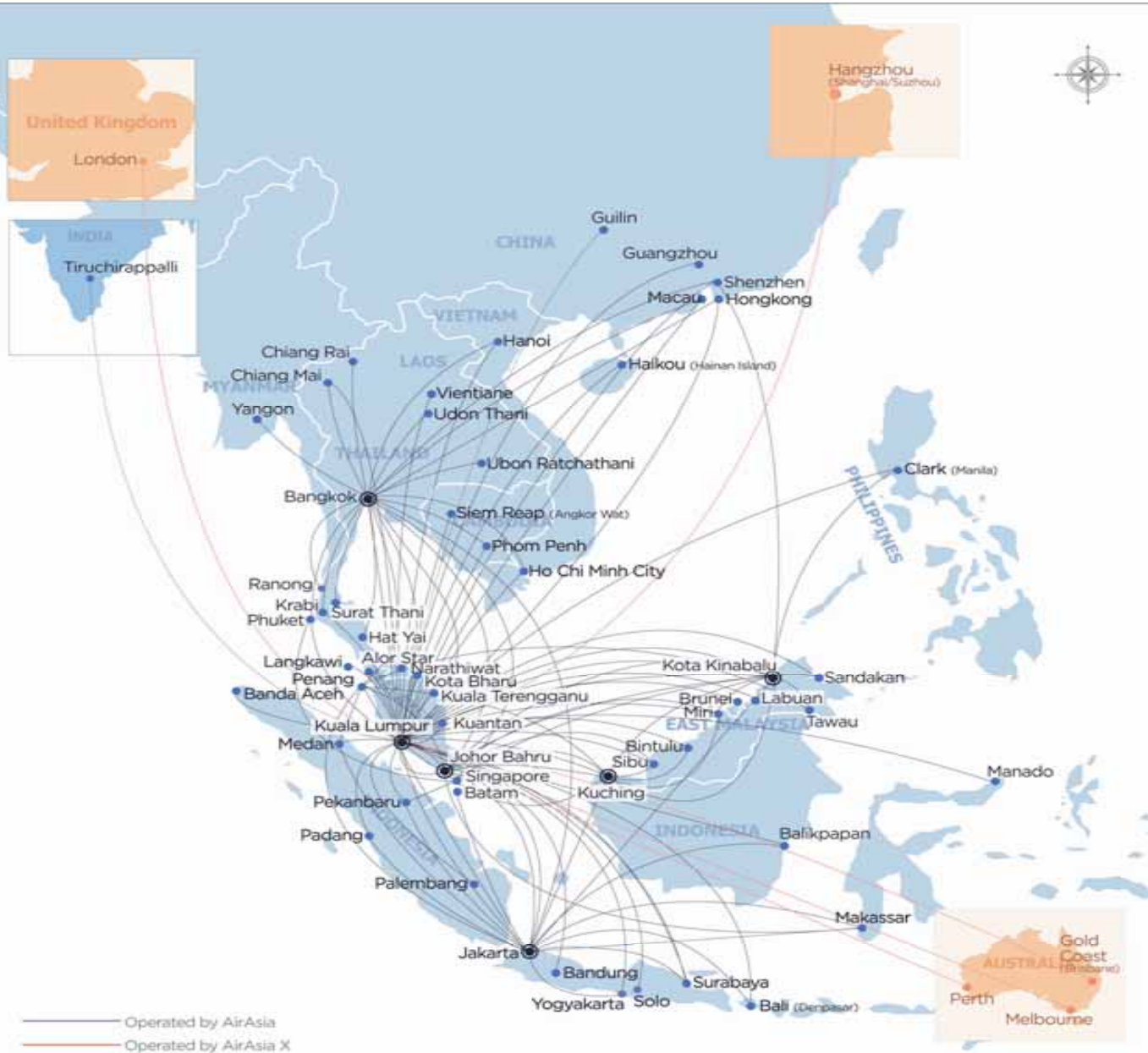
Passengers Flown by AirAsia and AirAsia Associates ('000)



- Benefiting from slower economic growth
  - people switching for better value proposition airline



# Comprehensive & Efficient Network



Period	# Routes Served
Jan 2002	6
Jun 2003	11
Jun 2004	26
Jun 2005	52
Jun 2006	65
Jun 2007	75
NOW	110

## Latest Routes

Kuching – Singapore  
 KK – Singapore

## Upcoming Routes

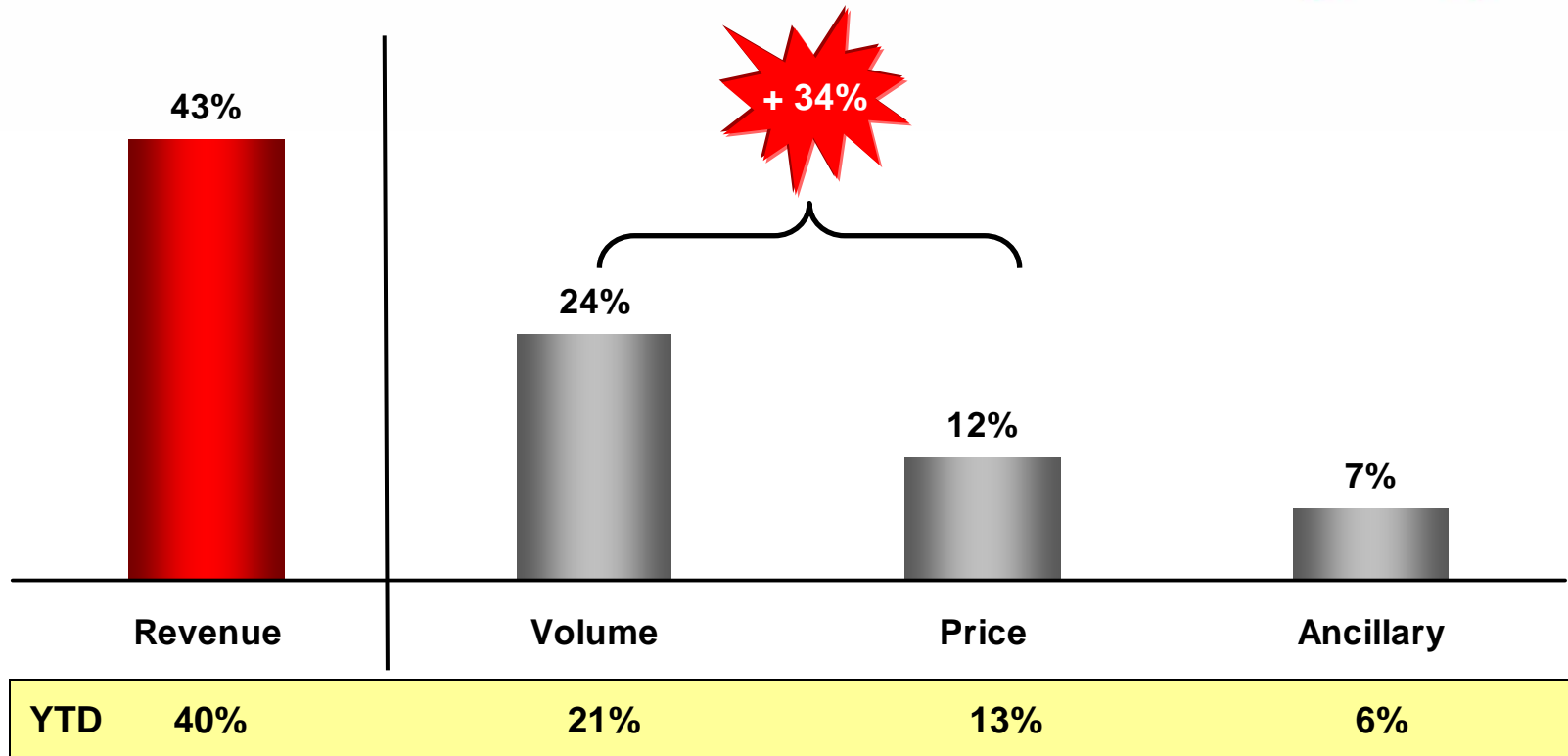
KL – Tiruchirapalli

➔ 37 unique routes

# Results Commentary

# Q3 2008: Revenue Growth Components

## Year-Over-Year % Change

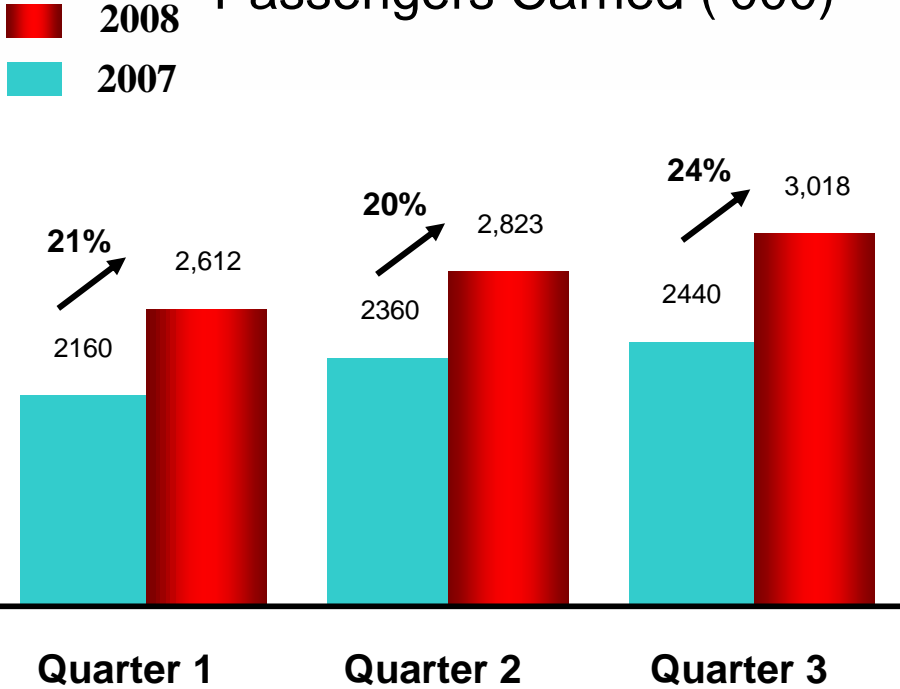


- ❑ Strong passenger growth demand
- ❑ Price increase from effective yield management
- ❑ Consistent ancillary income growth

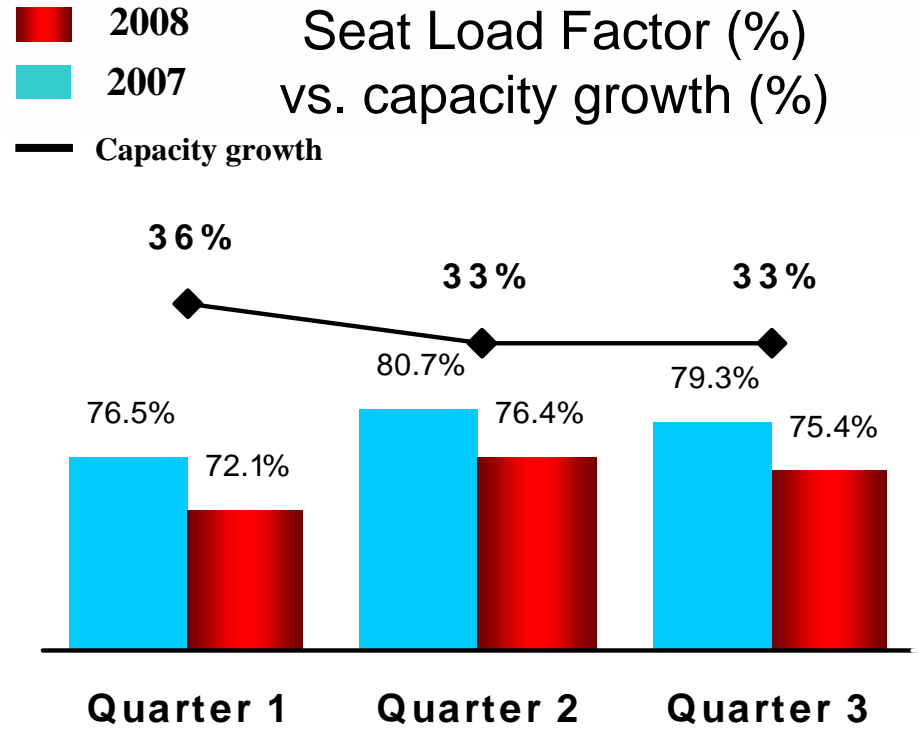
# Consistent Strong Passenger Growth



Passengers Carried ('000)



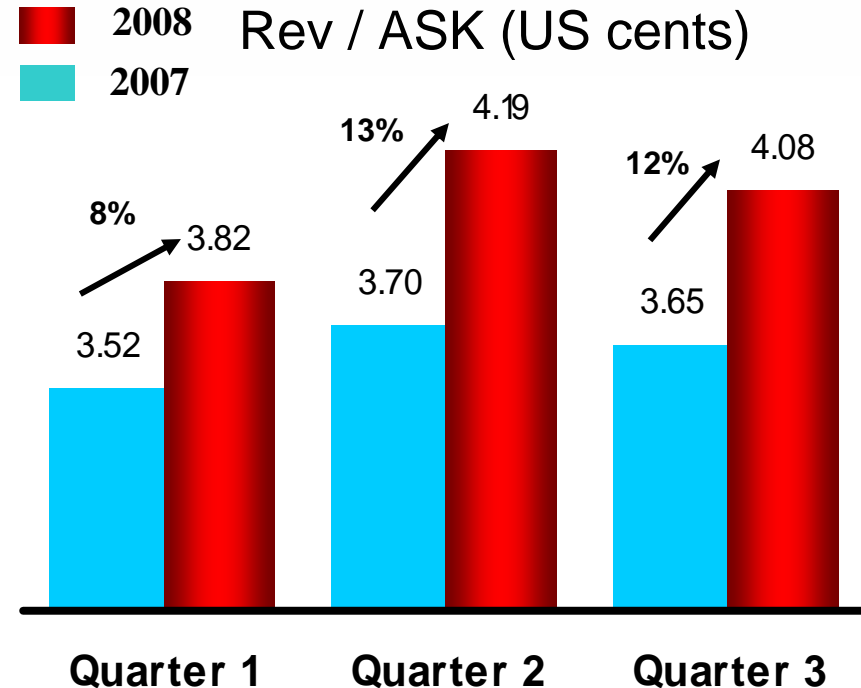
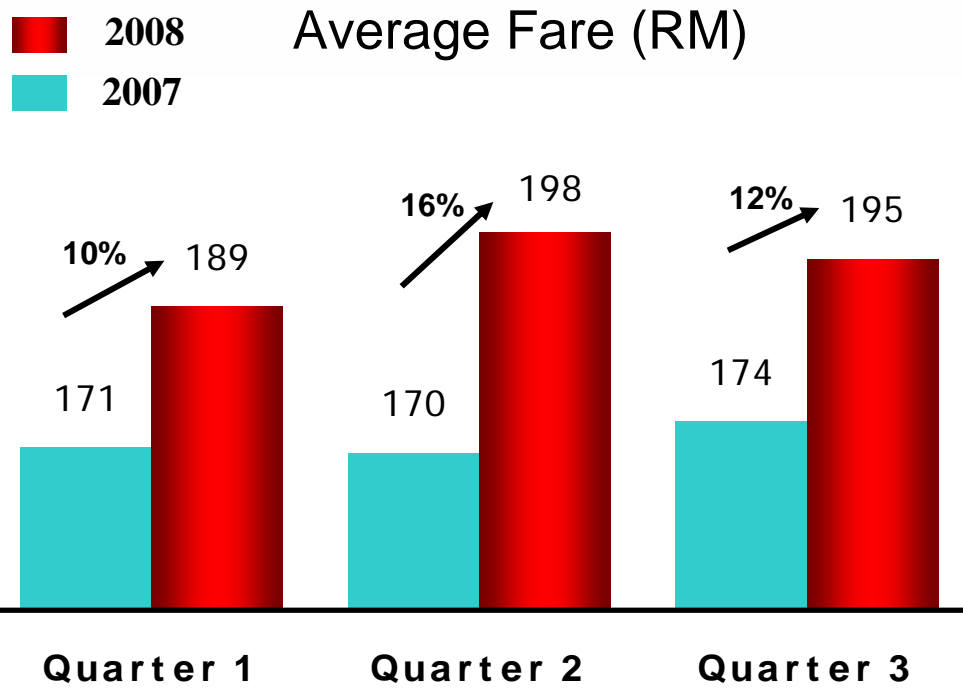
Seat Load Factor (%) vs. capacity growth (%)



- ❑ Average 21% passenger for the first 9 months of the year
  - one of the fastest growing airline in the world
- ❑ Maintaining high load factors
  - despite capacity growth in excess of 33%
  - in line with management's expectation



# Higher Average Fare & Yields



- Consistent average fare and yield enhancement
  - competitors increased fare substantially
  - some routes become mature
  - better yield management techniques

# Driving Growth from Ancillary Income



	Jul-Sep 2008	Jul-Sep 2007	Δ %
Ancillary Income (RM million)	69.7	37.0	88%
Passenger Spend (RM / pax)	23.1	15.2	52%
% Revenue	10.6%	8.0%	2.6 ppt

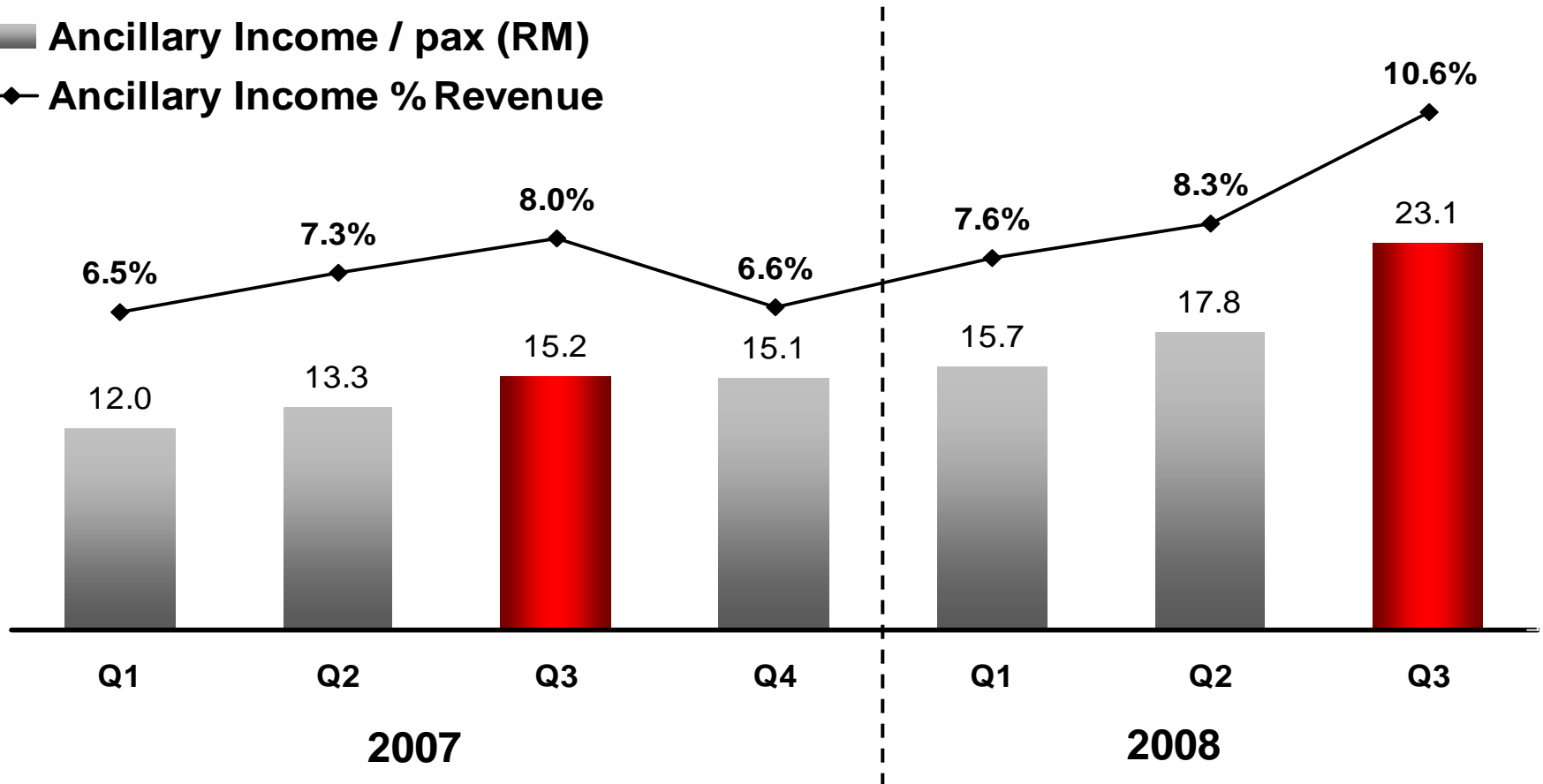
- ❑ Checked baggage fee launched 21 April
  - revenue contributor and cost savings
  - this is the first quarter with evident impact of check baggage, the second quarter had impact of forward bookings

# Ancillary Income

– the driving force to high profit margins



■ Ancillary Income / pax (RM)  
◆ Ancillary Income % Revenue



➔ Strong upside growth trend for ancillary income

➔ Medium term target of 15% of revenues

# Cost / ASK – year on year Comparison



Cost Breakdown (US cents / ASK)	Jul-Sep 2008	Jul-Sep 2007	Δ (%)	Reason
Staff Costs	0.36	0.33	11%	Pilot salary increase
Fuel and Oil	2.73	1.52	79%	Higher jet fuel price
User & Station Charges	0.23	0.21	12%	More international routes bias
Maintenance and Overhaul	0.12	0.14	(13%)	New aircraft requires less work
Cost of Aircraft	(0.15)	0.02	n/a	Sub-lease income from Associates
Depreciation & Amortisation	0.54	0.49	11%	More owned aircraft in fleet
Sales, Marketing & Others	0.21	0.29	(27%)	Economies of scale
<b>Total Cost / ASK</b>	<b>4.05</b>	<b>3.00</b>	<b>35%</b>	<b>Higher Fuel Price</b>
Cost / ASK (ex fuel)	1.33	1.48	(10%)	Efficient A320 aircraft

# Exceptional Losses



- ❑ Short term pain for long-term gains
- ❑ Unwind fuel hedging contracts
  - initial view was oil prices to remain at US\$70 per barrel, the financial crisis has caused the oil market to collapse and change of view
  - swift action by management has saved significant amount of money
  - at current WTI of US\$50 per barrel, we would have to incur a total of US\$481 million of fuel hedging losses
- ❑ Lehman Brothers
  - likely non recovery in the amount of US\$26 million
  - served a notice of termination to exercise our rights under ISDA
  - has provided full amount to be written off

# Updates on Associates



# Updates on Associates



## ❑ Thai updates

- 25% passenger growth with 29% average fare growth YoY
- posted a loss of THB250 million (RM24.6 million), our portion of losses is THB122 million (RM12.1 million)
- competitors are scaling back capacity and cancelling flights
- reduced losses by 44% against second quarter

## ❑ Indonesia Updates

- 24% passenger growth with 75% average fare growth YoY
- posted a loss of IDR12 billion (RM4.3 million), our portion of losses is IDR6 billion (RM2.1 million)
- competitors are scaling back capacity and cancelling flights
- reduced losses by 88% against second quarter

# AirAsia X – the World Hub is Developing *AirAsia*



- ❑ Received first purchased Airbus A330 aircraft on 2 November
- ❑ New Australian routes (Perth and Melbourne) performing well
- ❑ Kuala Lumpur to London has opened for sale
  - maiden flight on 11 March 2009
  - exceptionally popular, tickets selling fast

# Summary



- ❑ Improved outlook
  - fuel price has receded to attractive levels
  - more people switching to LCC as first choice of travel
  
- ❑ Competitive environment has improved
  - competitors has slowed / reduced capacity rollout
  - competitors increased fares substantially
  
- ❑ Ancillary Income
  
- ❑ Most comprehensive route network in Asia
  - competitors are slowing, we are continuing to expand the network
  
- ❑ Stimulate market with attractive value proposition
  - ceased charging fuel surcharge

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# Appendix



# Financial Data – Third Quarter

Quarter Ended: 30 September RM'000	Jul-Sep 2008	Jul-Sep 2007	Δ (%)
Ticket Sales	588,755	424,563	39%
Ancillary Income	69,720	37,022	88%
<b>Revenue</b>	<b>658,475</b>	<b>461,585</b>	<b>43%</b>
Once off/Exceptional Items	(215,280)	0	n/a
EBITDAR	69,248	148,655	-53%
Core Operating Profit/(Loss)	(75,933)	47,763	-259%
Profit/(Loss) After Tax	(465,526)	179,977	-359%
EBITDAR Margin	10.5%	32.2%	-21.7 ppt
Core Operating Profit/(Loss) Margin	-11.5%	10.3%	n/a
Profit/(Loss) After Tax Margin	-70.7%	39.0%	n/a

# Operating Data – Third Quarter

Quarter Ended: 30 September	Jul-Sep 2008	Jul-Sep 2007	Δ (%)
Passengers Carried	3,018,395	2,439,600	24%
ASK (million)	4,833	3,645	33%
RPK (million)	3,429	2,707	27%
Seat Load Factor	75.4%	79.3%	-3.9 ppt
Average Fare (RM)	195	174	12%
Rev / ASK (sen)	13.63	12.66	8%
Rev / ASK (US cents)	4.08	3.65	12%
Cost / ASK (sen)	13.54	10.39	30%
Cost / ASK (US cents)	4.05	3.00	35%
Cost / ASK-ex fuel (sen)	4.43	5.13	-14%
Cost / ASK-ex fuel (US cents)	1.33	1.48	-10%
Aircraft (end of period)	46	37	24%





# Operating Data – Third Quarter

Quarter Ended: 30 September	Jul-Sep 2008	Jul-Sep 2007	Δ (%)
Average fare (RM)	195.1	174.0	12%
Ancillary Income / pax (RM)	23.1	15.2	52%
<b>Unit Revenue / pax (RM)</b>	<b>218.2</b>	<b>189.2</b>	<b>15%</b>
Fuel consumed ( barrels)	813,641	662,821	23%
Unit fuel price (\$/barrel)	162.0	83.6	94%
Average stage length (km)	1,231	1,166	6%
No. of flights	22,475	18,012	25%
No. aircraft at end of period	46	37	24%

# Fleet Composition

<b>Operational Aircraft Count</b>	<b>Sep 2008</b>
Malaysia	46
Thailand	16
Indonesia	13
<b>Group Total</b>	<b>75</b>
<b><u>Aircraft Type</u></b>	
# Airbus A320	50
# Boeing 737-300	25