

# AirAsia



## First Quarter 2008 Results

23 November 2007



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**Airline Of The Year**

# Another Record Results

- ❑ First quarter is seasonally weakest, but delivered record results at every measure
  - EBITDAR margins of 32.2%
  - industry record net income margins of 39%
- ❑ 100% Airbus in Kuala Lumpur
- ❑ Access to all ASEAN destinations
- ❑ 23<sup>rd</sup> consecutive quarter of profitability
  - the only LCC in Asia that is making money
- ❑ Lowest cost airlines in the world at US3.00 ¢ / ASK
  - despite fuel prices breaking record levels



# Accolades and Recognition



## ☐ **“Best Low Cost Airlines in Asia”**

Skytrax, Independent UK based company

- passengers cast their votes
- recognition from passengers of our quality and services

Centre for  
Asia Pacific Aviation

*...leading the way*

## ☐ **“Airline of the Year 2007”**

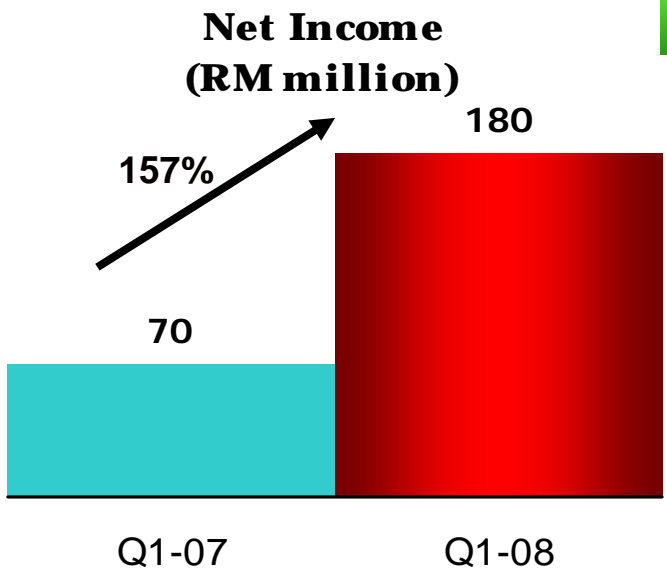
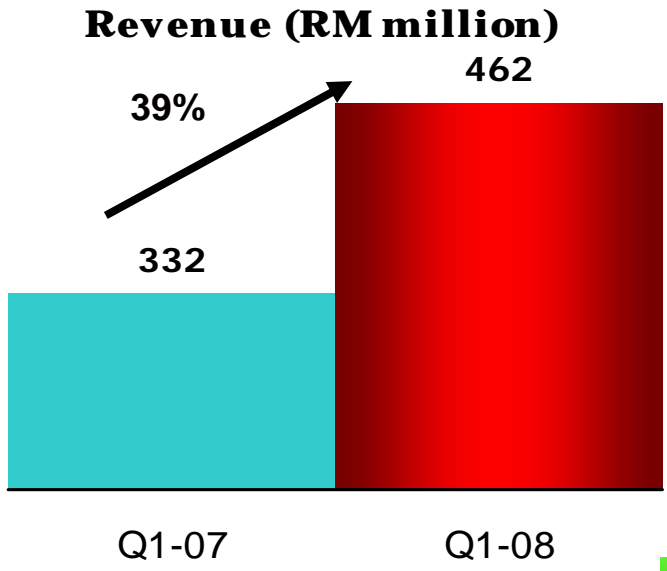
Aviation market intelligence

- comparison to all the world airlines
- highest recognition by a professional organization for our services

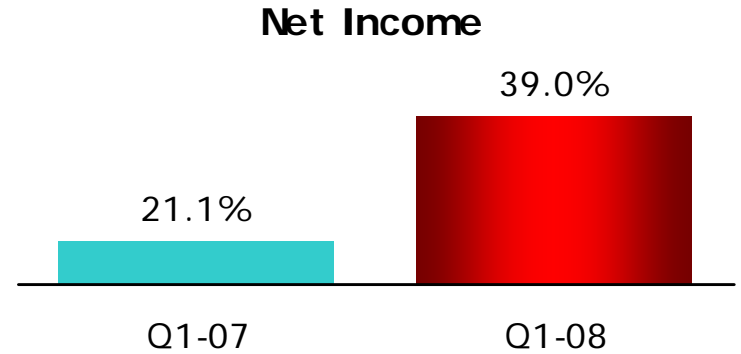
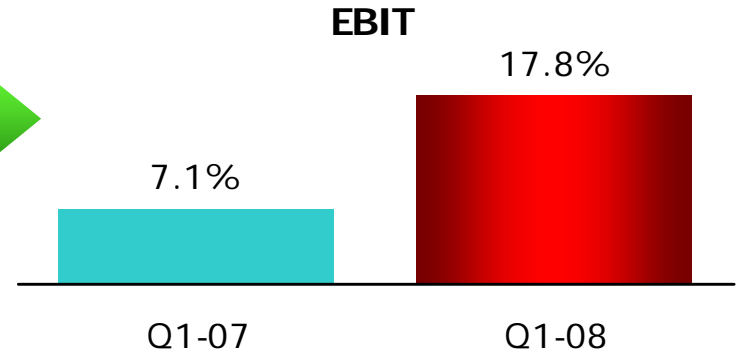
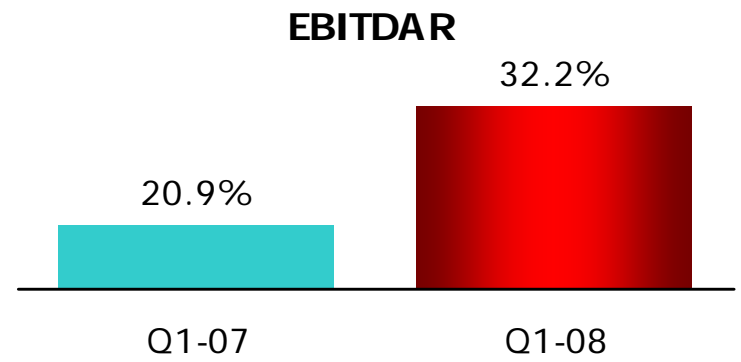


Airline Of The Year

# Sustainable Growth with Expanding Profits



## PROFIT MARGINS



# Key Highlights for First Quarter



- ❑ Net income of RM180 million
  - net income margin of 39%
  - yields improved by 10% Rev / ASK to 3.65 US¢ / ASK
  - lowest cost airline in the world 3.00 US¢ / ASK
  
- ❑ Robust disciplined growth
  - Group fleet size rose from 54 to 60 (end of fourth quarter)
  - capacity growth of 34% and passenger growth of 25% YoY
  - load factor maintained at 79%
  
- ❑ On-time performance of 85%
  
- ❑ Opening up of Kuala Lumpur to Singapore route

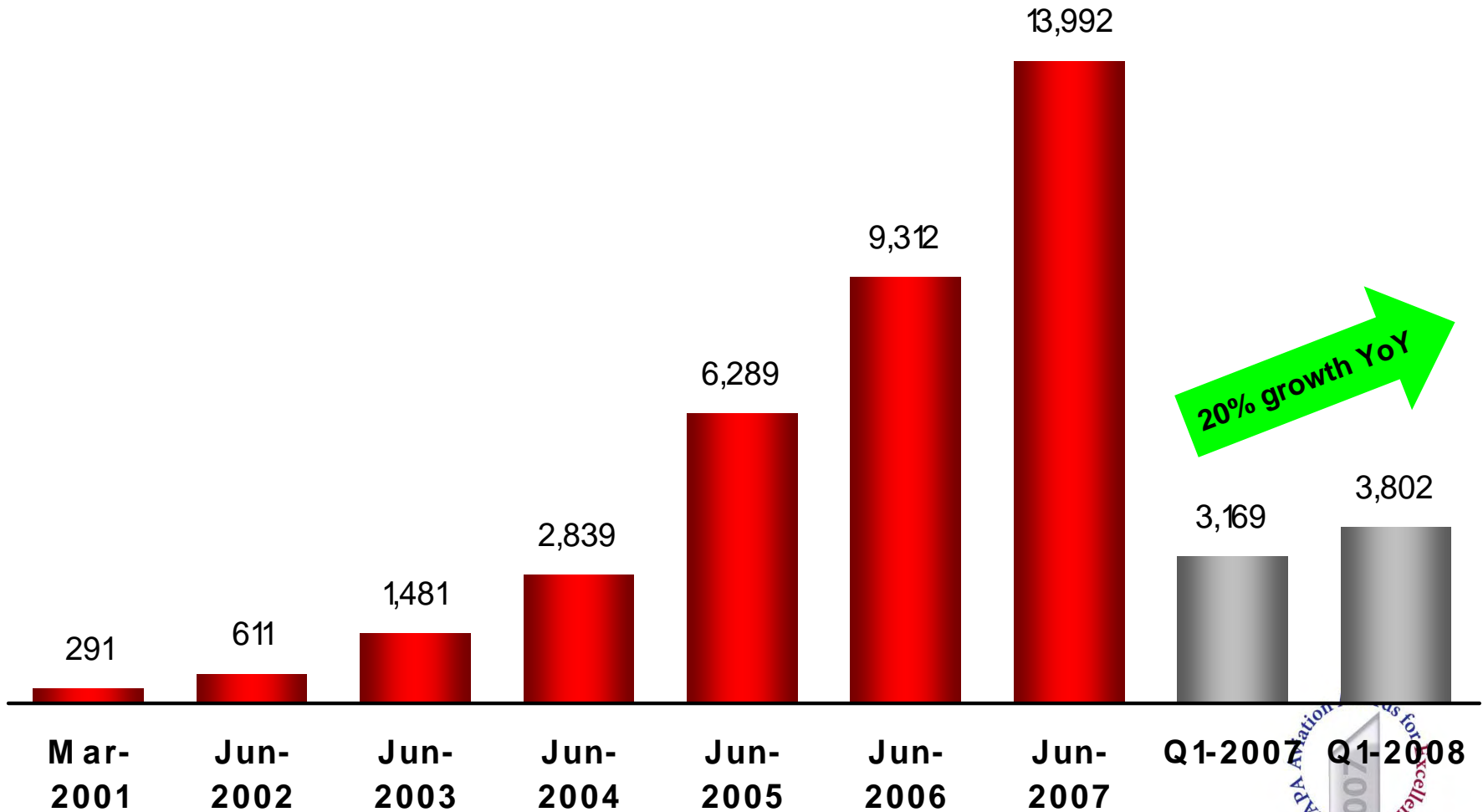




# Consistent Passenger Growth



Passengers Flown by AirAsia Group ('000)



20% growth YoY



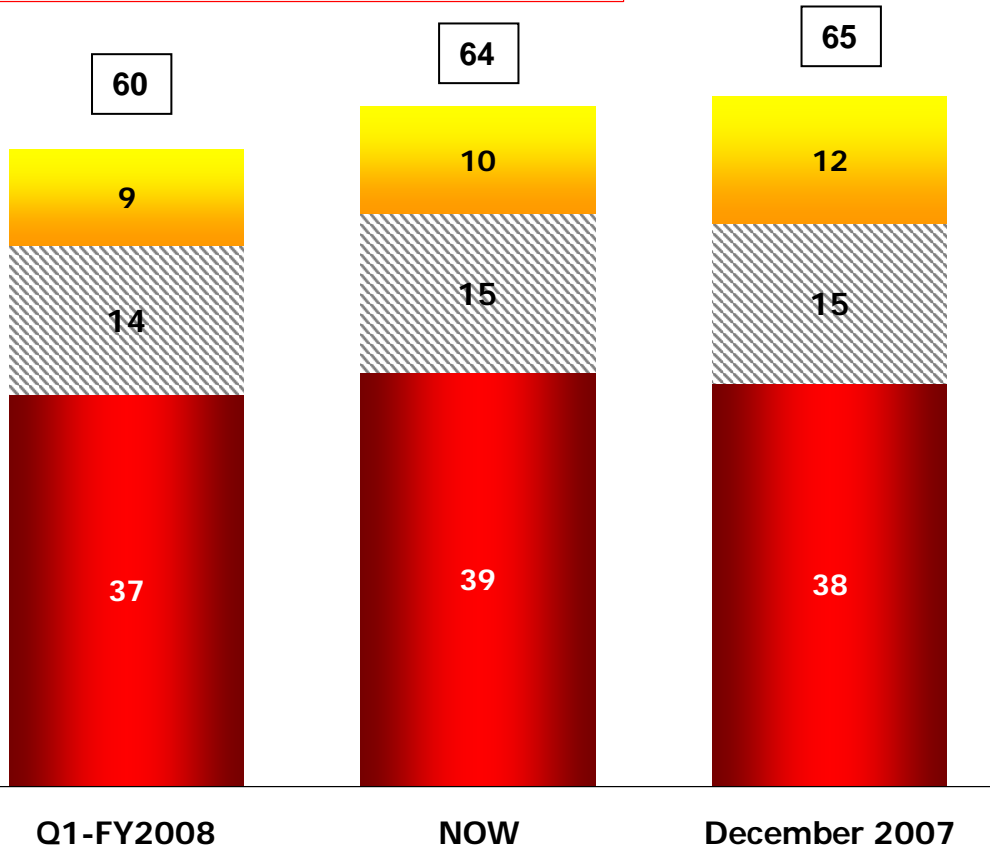
Airline Of The Year

# Fleet Status (23 November 2007)



## Net Fleet Size

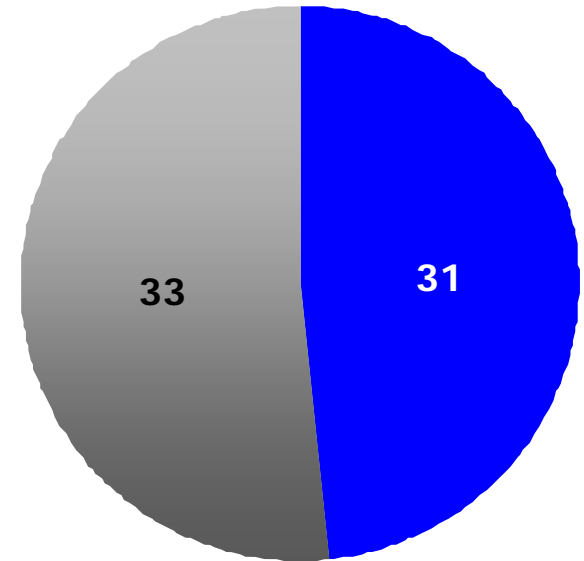
■ Malaysia    ▨ Thailand    ■ Indonesia



## Current Fleet Composition

■ Airbus A320

■ Boeing 737



Total = 64 aircraft



Airline Of The Year



# Unmatched Route Network



Period	# Routes Served
Jan 2002	6
Jun 2003	11
Jun 2004	26
Jun 2005	52
Jun 2006	65
Jun 2007	75
NOW	86

## Latest Routes

- KL – Banda Aceh
- KK – Shenzhen

## Upcoming Routes

- KL – Vientiane
- Bangkok – Jakarta



Airline Of The Year

# AirAsia



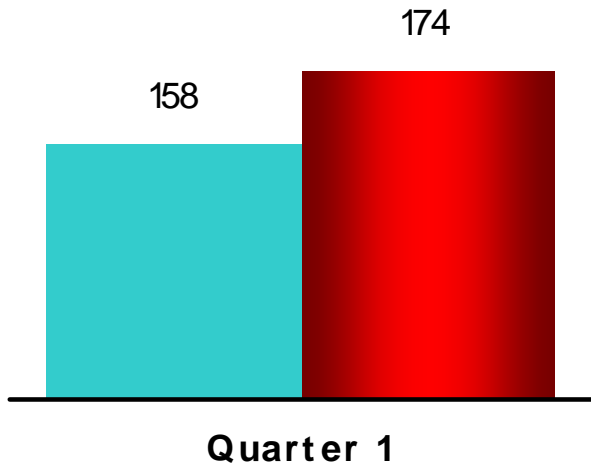
## Results Commentary

# Growth through Aggressive Pricing



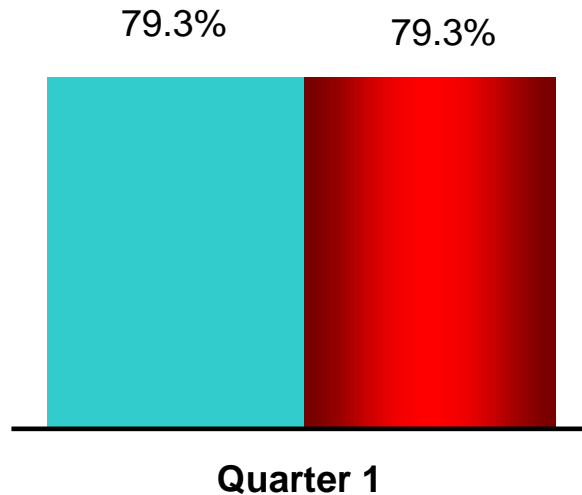
**Average Fare (RM)**

2008  
2007



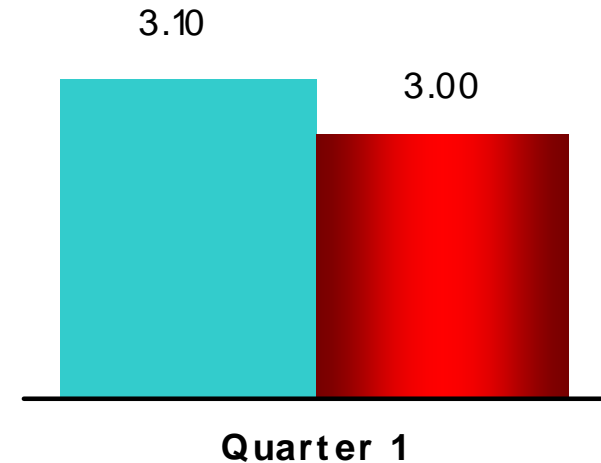
**Load Factor %**

2008  
2007



**Cost / ASK (US¢)**

2008  
2007



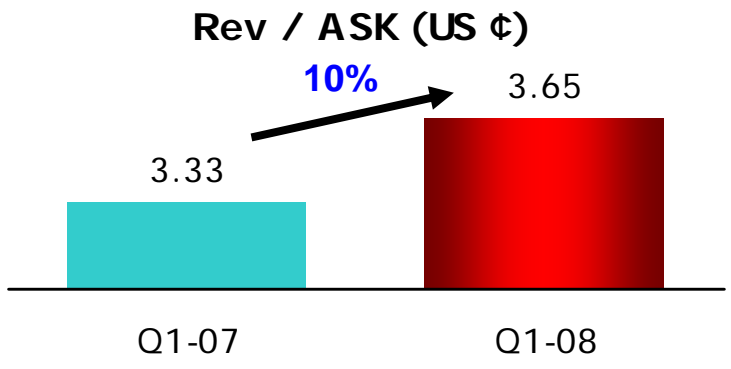
**AirAsia's Strategy**

Low fares  
+ High load factor  
+ Low cost = Strong Profitable Growth

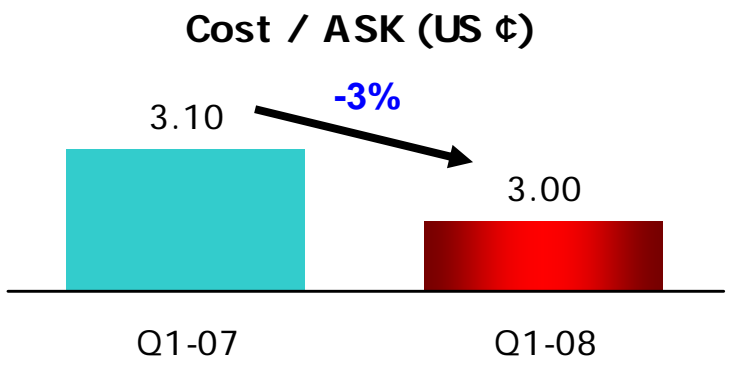


# Profitability Enhancement

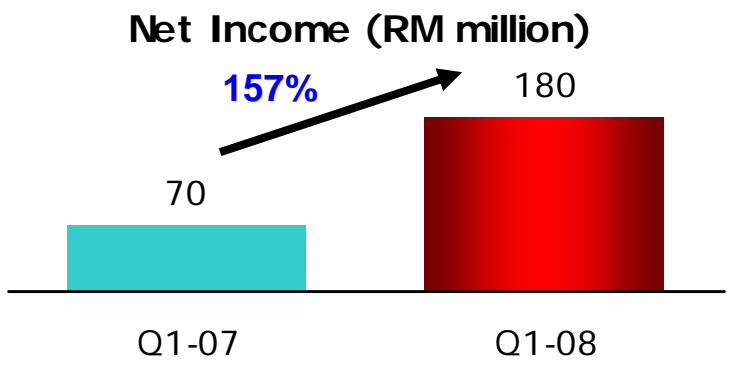
## First Quarter



- Higher average fare
- Higher ancillary income contribution



- Fuel hedge benefits
- Cost efficient Airbus A320 aircraft



- Strong operational performance
- Forex gain (RM27 million)



# Cost / ASK – year on year Comparison



Cost Breakdown (US cents / ASK)	Q1-08	Q1-07	Δ (%)	Reason
Staff Costs	0.33	0.31	6%	Higher staff ratio
Fuel and Oil	1.52	1.91	(20%)	Benefits of fuel hedge and cost efficient Airbus A320 aircraft
User & Station Charges	0.21	0.14	50%	More international routes
Maintenance and Overhaul	0.14	0.13	8%	Incurred unscheduled maintenance
Cost of Aircraft	0.02	0.11	(82%)	Less lease aircraft in fleet
Depreciation & Amortisation	0.49	0.33	48%	More owned aircraft in fleet
Sales & Marketing	0.12	0.01	1200%	Promotions and brand building
Others	0.17	0.16	6%	
<b>Total Cost / ASK</b>	<b>3.00</b>	<b>3.10</b>	<b>(3.2%)</b>	<b>Fuel efficient A320 aircraft</b>
Cost / ASK (ex fuel)	1.48	1.20	23%	Higher marketing spend



# Year on Year Comparison (Malaysia)



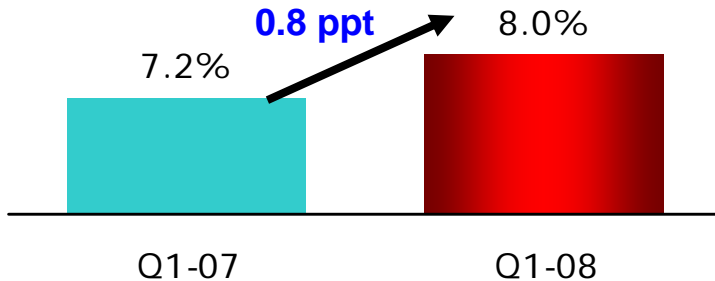
Operating Expenses (RM '000)	Q1-08	Q1-07 (restated)	% Revenue	
			Q1-08	Q1-07
<b>Revenue</b>	<b>461,585</b>	<b>332,093</b>		
– Staff Cost	(41,106)	(30,861)	(8.9%)	(9.3%)
– Fuel and Oil	(192,043)	(189,136)	(41.6%)	(57.0%)
– User & Station Charges	(26,230)	(13,658)	(5.7%)	(4.1%)
– Maintenance & Overhaul	(17,958)	(12,505)	(3.9%)	(3.8%)
– Others	(35,593)	(16,683)	(7.7%)	(5.0%)
<b>EBITDAR</b>	<b>148,655</b>	<b>69,250</b>	<b>32.2%</b>	<b>20.9%</b>
- Cost of aircraft	(2,859)	(10,643)	(0.6%)	(3.2%)
<b>EBITDA</b>	<b>145,796</b>	<b>58,607</b>	<b>31.6%</b>	<b>17.6%</b>
- Depreciation & Amortisation	(63,776)	(34,876)	(13.8%)	(10.5%)
<b>EBIT</b>	<b>82,020</b>	<b>23,731</b>	<b>17.8%</b>	<b>7.1%</b>
<b>Pretax Profit</b>	<b>74,692</b>	<b>5,340</b>	<b>16.2%</b>	<b>1.6%</b>
<b>Net Income</b>	<b>179,977</b>	<b>70,002</b>	<b>39.0%</b>	<b>21.1%</b>

# Driving Growth from Ancillary Income

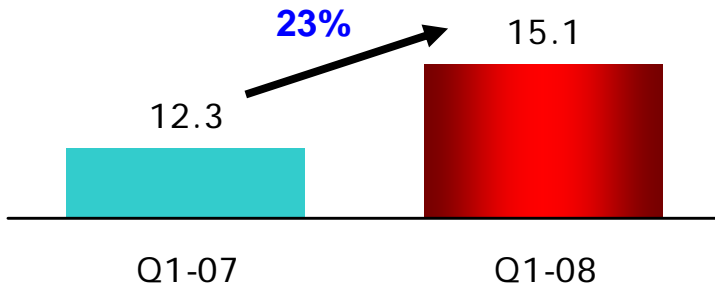


## First Quarter

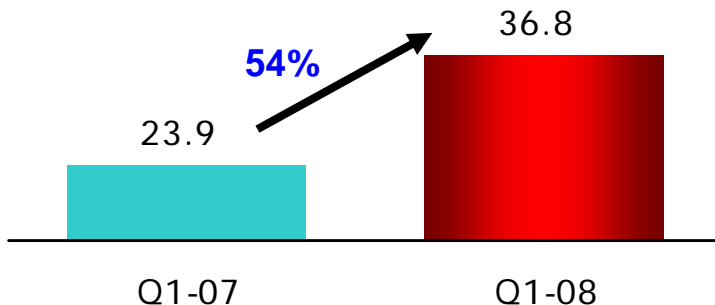
### Ancillary % Revenue



### Pax Spend (RM/pax)



### Ancillary Income (RM million)



- ❑ New product launch
  - new range of travel insurance products
- ❑ Increased passenger spend
  - higher penetration rate
  - more value added products
- ❑ Aggressive marketing
  - attractive offers via Citibank-AirAsia credit card
  - restructure products to make it more attractive (Xpress Boarding)

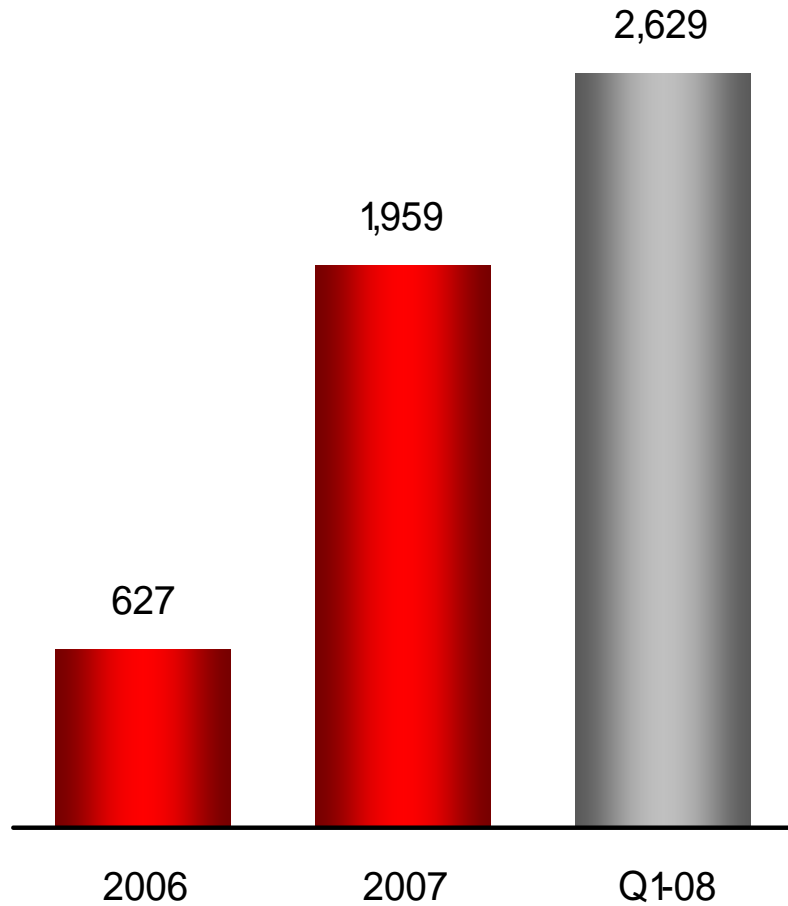




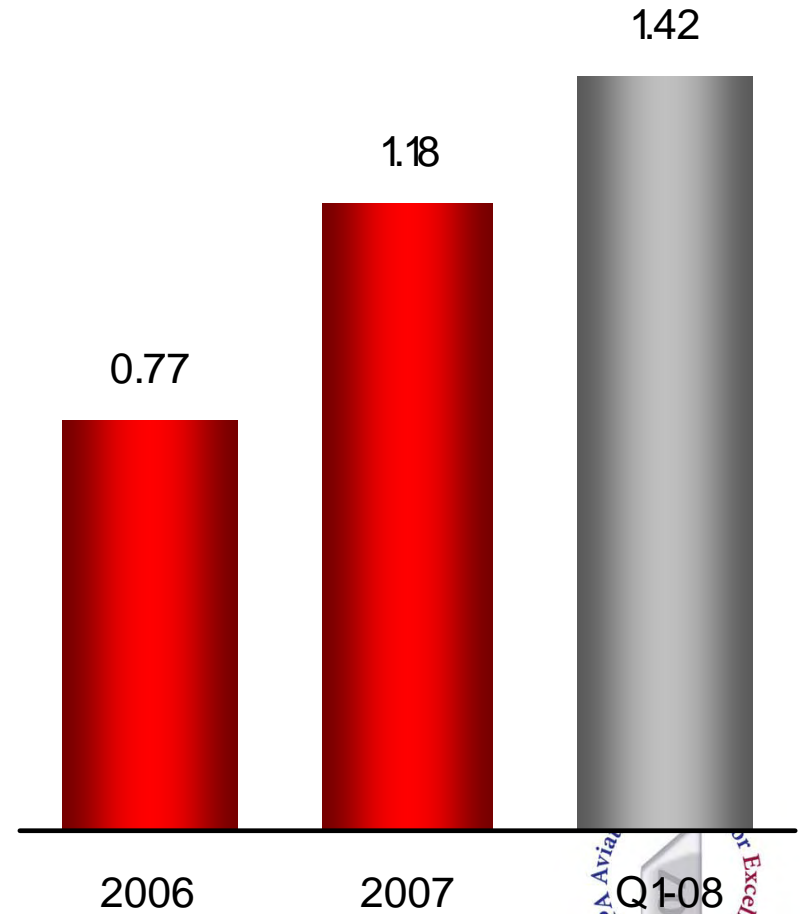
# Borrowings and Gearing



Net Debt (RM million)



Net Gearing (Net Debt / Equity)



# AirAsia



## Outlook

# Fleet Plan for Second Quarter

Aircraft Deployment Schedule	December 2007
Malaysia	38
Thailand	15
Indonesia	12
<b>Total Airbus A320</b>	<b>33</b>
<b>Total Boeing 737-300</b>	<b>32</b>
<b>Total Aircraft</b>	<b>65</b>

**Note:** Current management plan. Subject to change depending on market dynamics and operational requirements



# Airbus A320

- ❑ Exercised options for 25 aircraft
- ❑ Increased an additional options for 25 aircraft
- ❑ Total of 225 Airbus A320 aircraft order
  - 175 firm order
  - 50 options to purchase
- ❑ Secure growth pipeline up till 2014
  - locked in benefits of original deal
  - delivery of the new order will commence in January 2013
  - will be funded by debts and cash from operations



# Updates on Thailand

- ❑ First quarter updates
  - 13% passenger growth YoY on the back of capacity growth of 23%
  - 69% load factor with average fares of THB 1,559
  - lower average fare and load factor due to challenging environment
  
- ❑ Poor management of fares
  - moved away from AirAsia's traditional pricing methodology
  - focused on a high number of domestic routes
  
- ❑ Second quarter leading to improved performance
  - reworked pricing model
  - reworked route network, focus on more international routes



# Updates on Indonesia



- ❑ First quarter updates
  - 8% passenger growth YoY on the back of capacity growth of 17%
  - 79% load factor with average fares of IDR 353,203
  - lower average fare and load factor due to challenging environment
  
- ❑ Inadequate scale
  - fleet endured unscheduled maintenance
  - out of service aircraft impacted schedule reliability
  
- ❑ Optimistic on future growth potential
  - operational efficiency improving (better reliability and on-time performance)
  - dedicate two spare aircraft in the interim

