

AirAsia



Airline Of The Year

Oct-Dec Quarter 2007 Results

27 February 2008



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Airline Of The Year

Another Record Results

- ❑ Delivered industry record results at every measure
 - EBITDAR margins of 41%
 - EBITDAR margins of 25%
 - Net income margins of 39%

- ❑ More barriers are lifted, paving way for rational competition
 - launched KL-Singapore route (finally)

- ❑ 24th consecutive quarter of profitability
 - the only LCC in Asia that is making money

- ❑ Lowest cost airline in the world at US3.43 ¢ / ASK
 - despite fuel prices breaking record levels



Key Highlights for Oct-Dec Quarter



- ❑ Disciplined growth
 - Group fleet size rose from 60 to 65 (end of December 2007)
 - capacity growth of 40% and passenger growth of 21% YoY
 - seat load factor maintained at 78%

- ❑ On-time performance of 84%

- ❑ Deployed Airbus to associates
 - Thai AirAsia received three Airbus in the period

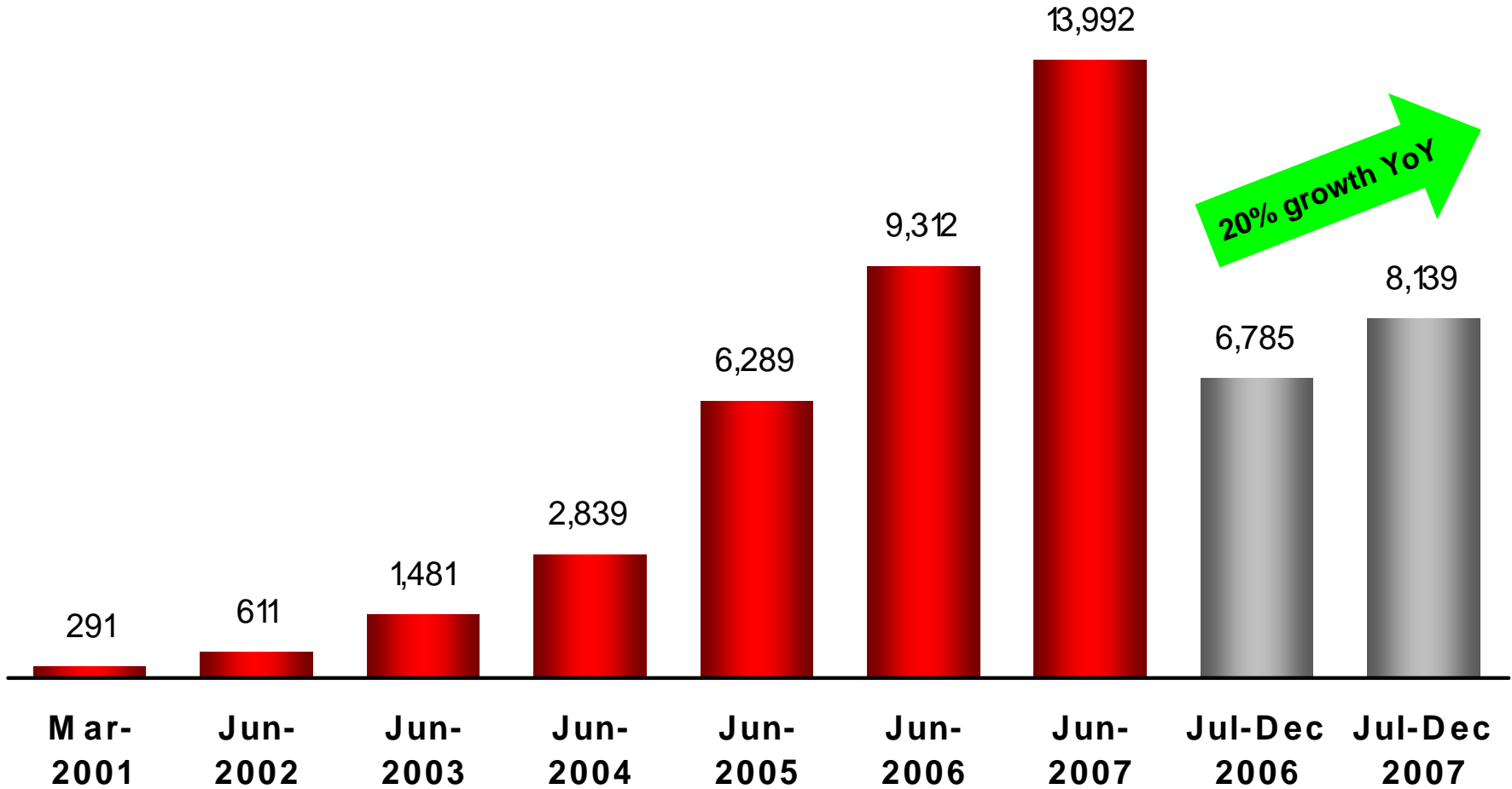
- ❑ Launched flights to Laos (the complete link to our ASEAN network)



Consistent Passenger Growth

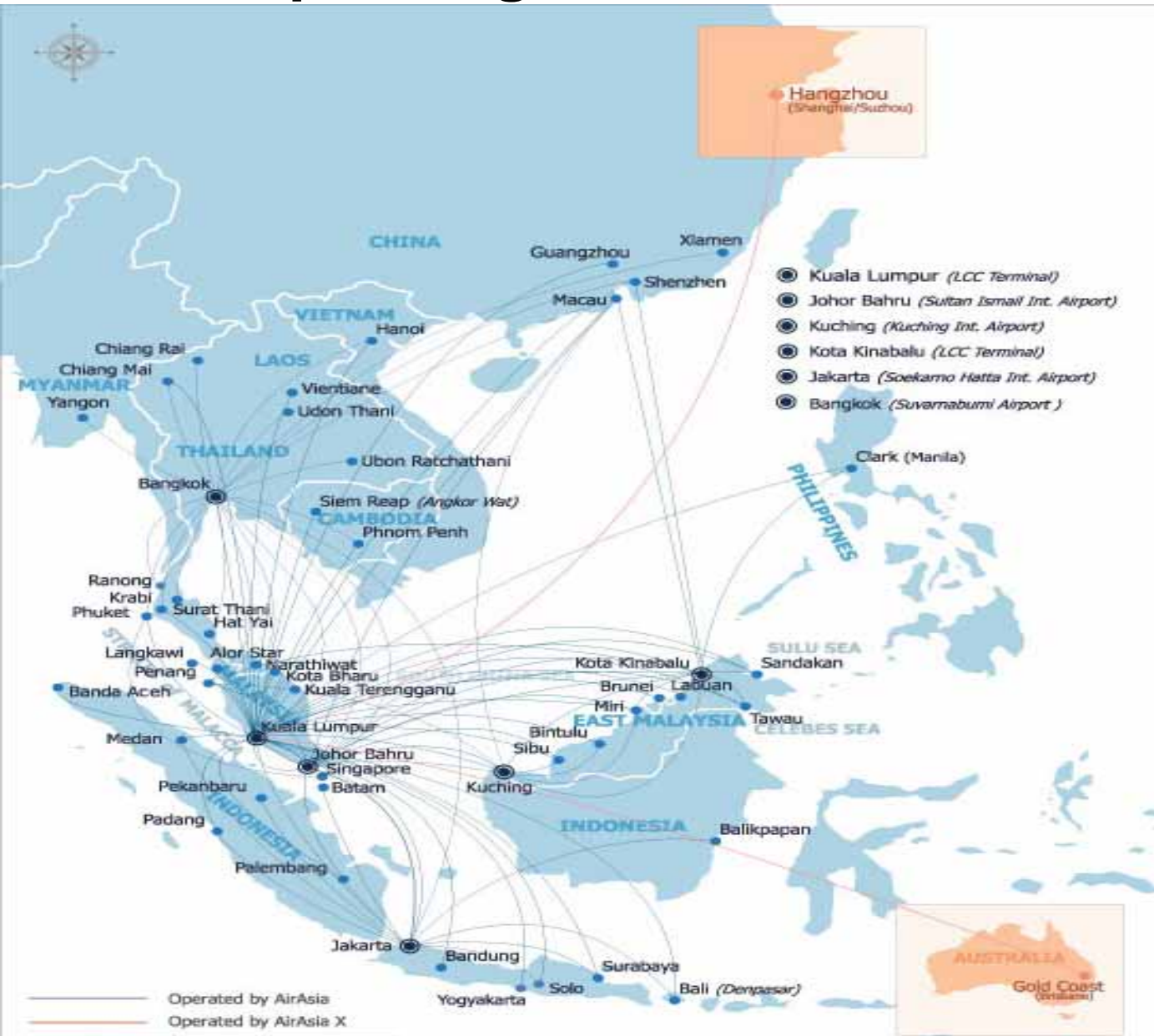


Passengers Flown by AirAsia Group ('000)



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Ever Expanding Route Network



Period	# Routes Served
Jan 2002	6
Jun 2003	11
Jun 2004	26
Jun 2005	52
Jun 2006	65
Jun 2007	75
NOW	90

Latest Routes

- KL – Guangzhou
- KL – Yogyakarta

Upcoming Routes

- KL – Hong Kong
- KL – Ho Chi Minh



The Most Profitable Airline in the World *AirAsia*

	EBITDAR %	Net Income %	EBIT %
AirAsia ^	34.9%	23.5%	21.2%
Air Arabia	20.5%	13.5%	10.1%
WestJet	27.5%	9.1%	18.0%
VirginBlue	25.3%	9.9%	15.0%
GOL	12.4%	2.1%	-0.5%
EasyJet	16.6%	8.5%	9.6%
Ryanair	29.3%	19.7%	20.5%
AirTran	18.6%	2.3%	6.0%
JetBlue	19.8%	0.8%	5.9%
SouthWest	15.2%	6.5%	8.0%
Average	22.0%	9.6%	11.4%

* Latest available fiscal year, Ryanair and AirAsia is trailing twelve months

^ Excluding deferred taxation write backs



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Results Commentary

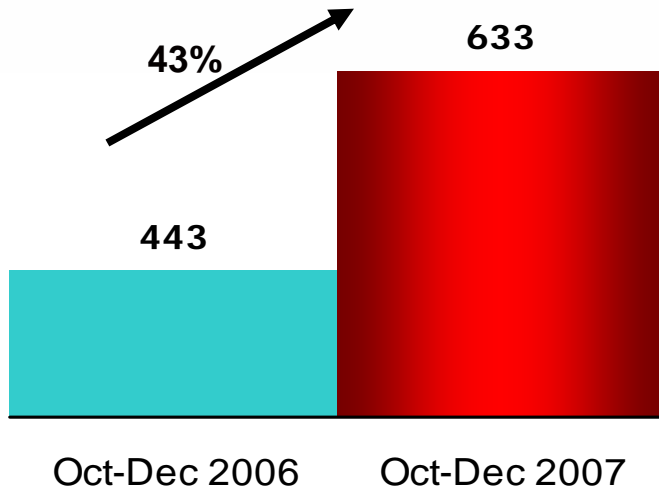


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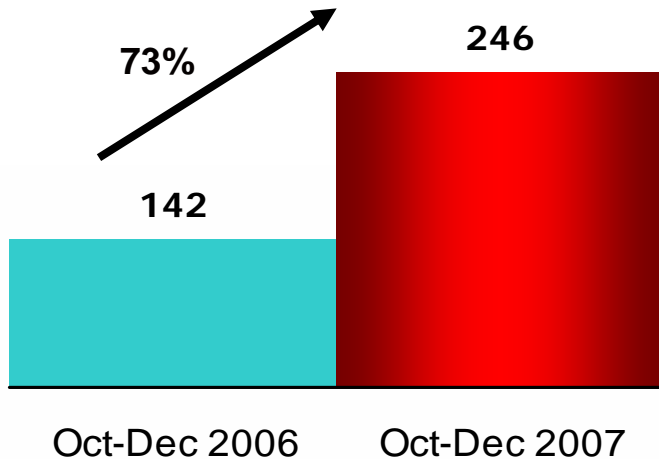
Superior Growth with Expanding Profits



Revenue (RM million)

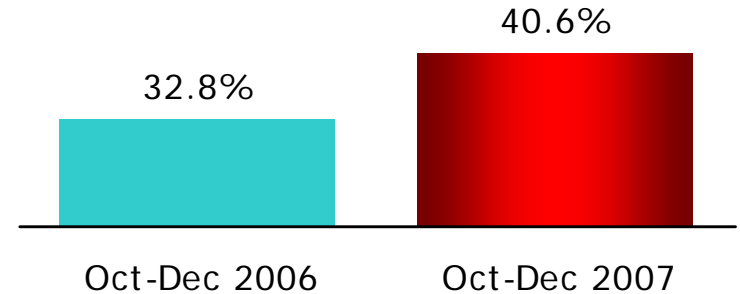


Net Income (RM million)

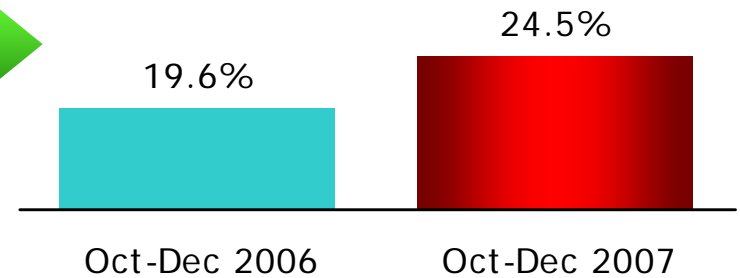


PROFIT MARGINS

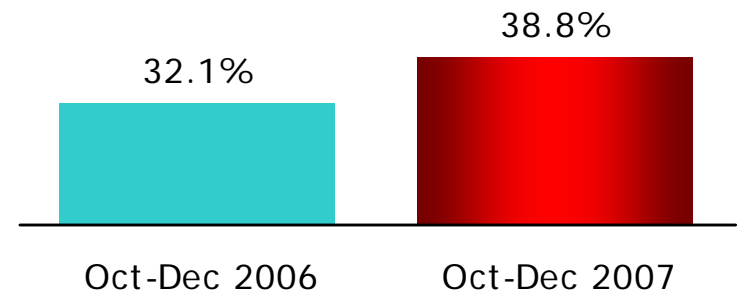
EBITDAR



EBIT



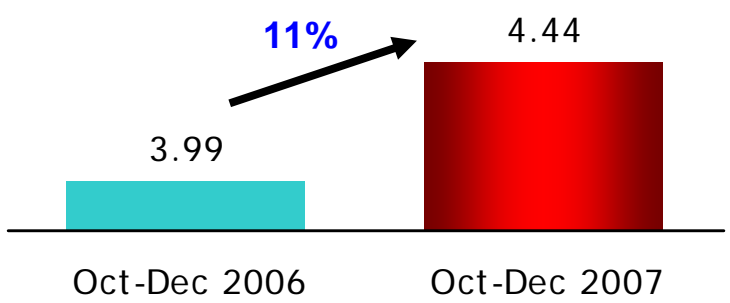
Net Income



Profitability Enhancement

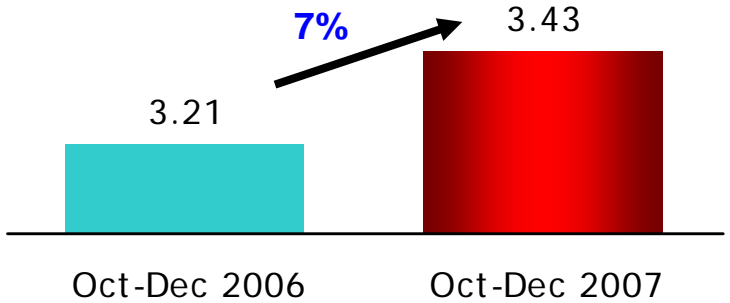
Oct-Dec Quarter

Rev / ASK (US ¢)



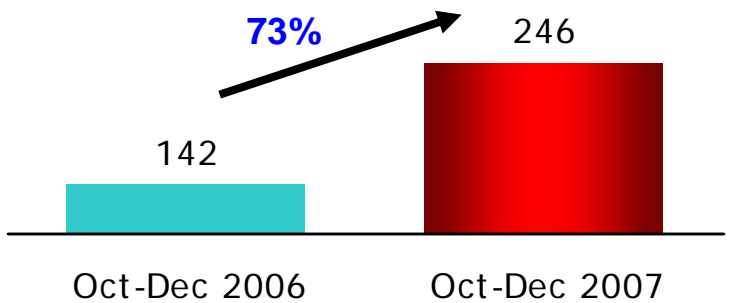
- Higher average fare
- Higher ancillary income contribution

Cost / ASK (US ¢)



- Unit Fuel price climbed by 31% to USD101/barrel
- Fuel hedge benefits (RM17 million)

Net Income (RM million)



- Strong operational performance
- Superior cost management



Cost / ASK – year on year Comparison



Cost Breakdown (US cents / ASK)	Oct-Dec 2007	Oct-Dec 2006	Δ (%)	Reason
Staff Costs	0.35	0.36	(4%)	Improved productivity
Fuel and Oil	1.77	1.49	19%	Higher jet fuel price
User & Station Charges	0.21	0.27	(24%)	Productivity benefits of higher capacity Airbus A320
Maintenance and Overhaul	0.06	0.21	(73%)	New aircraft requires less work
Cost of Aircraft	(0.03)	0.09		Sub-lease income from Thai AirAsia
Depreciation & Amortisation	0.74	0.53	40%	More owned aircraft in fleet
Sales & Marketing	0.16	0.22	(29%)	Cost distributed over larger scale
Others	0.19	0.04	333%	Higher overheads
Total Cost / ASK	3.43	3.21	7%	Higher Fuel Price
Cost / ASK (ex fuel)	1.66	1.72	(3%)	Fuel efficient A320 aircraft



Year on Year Comparison (Malaysia)



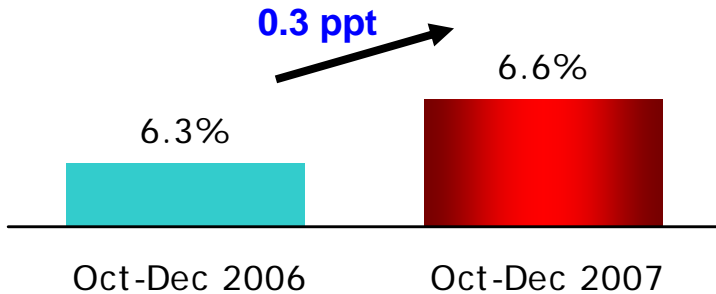
Operating Expenses (RM '000)	Jul-Dec 2007	Jul-Dec 2006 (restated)	% Revenue	
Revenue	1,094,377	774,928		
– Staff Cost	(90,532)	(70,975)	(8.3%)	(9.2%)
– Fuel and Oil	(443,831)	(354,013)	(40.6%)	(45.7%)
– User & Station Charges	(55,995)	(43,721)	(5.1%)	(5.6%)
– Maintenance & Overhaul	(26,096)	(35,874)	(2.4%)	(4.6%)
– Others	(83,833)	(50,966)	(7.7%)	(6.6%)
EBITDAR	405,483	224,490	37.1%	29.0%
- Cost of aircraft	1,903	(20,584)	(0.2%)	(2.7%)
EBITDA	407,386	203,905	37.2%	26.3%
- Depreciation & Amortisation	170,519	(93,353)	(15.6%)	(12.0%)
EBIT	236,867	110,553	21.6%	14.3%
Pretax Profit	276,715	90,529	25.3%	11.7%
Net Income	425,699	212,052	38.9%	27.4%

Driving Growth from Ancillary Income

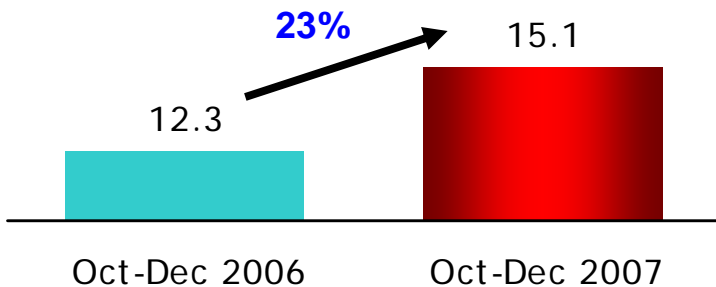


Oct-Dec Quarter

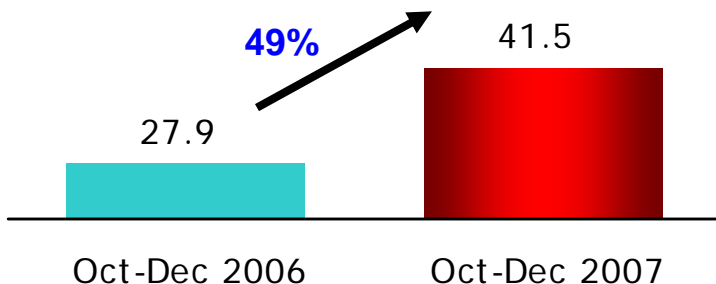
Ancillary % Revenue



Pax Spend (RM/pax)



Ancillary Income (RM million)



- ❑ New product launch
 - new range of travel insurance products
 - new menu list for in-flight food
- ❑ Increased passenger spend
 - higher penetration rate
 - more value added products

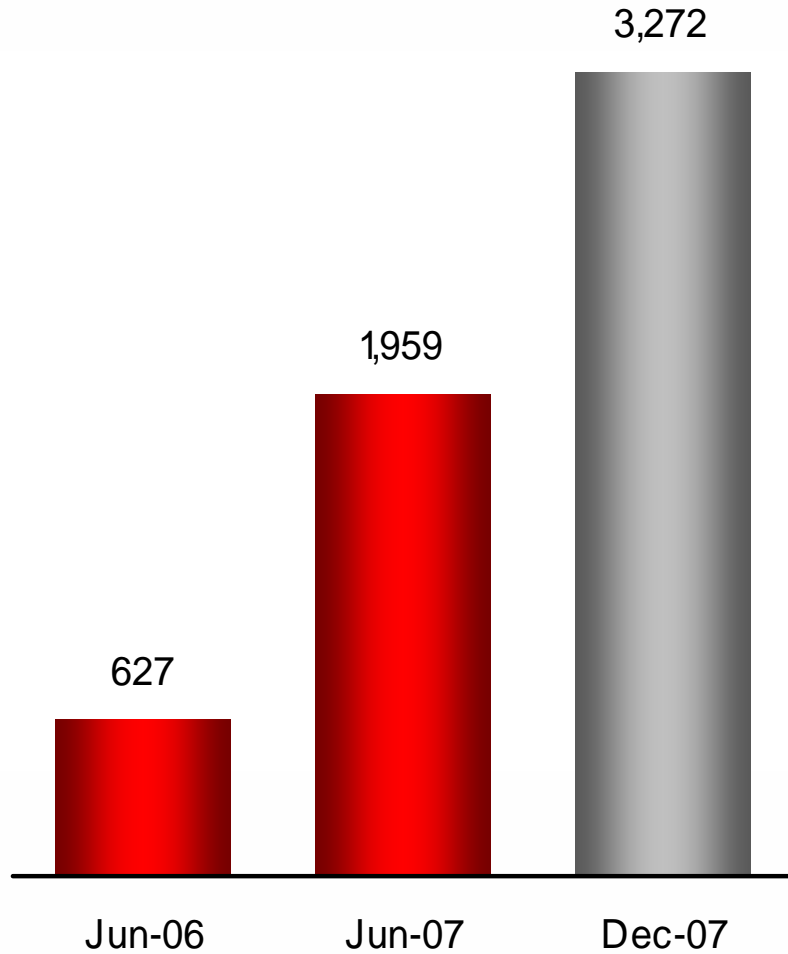


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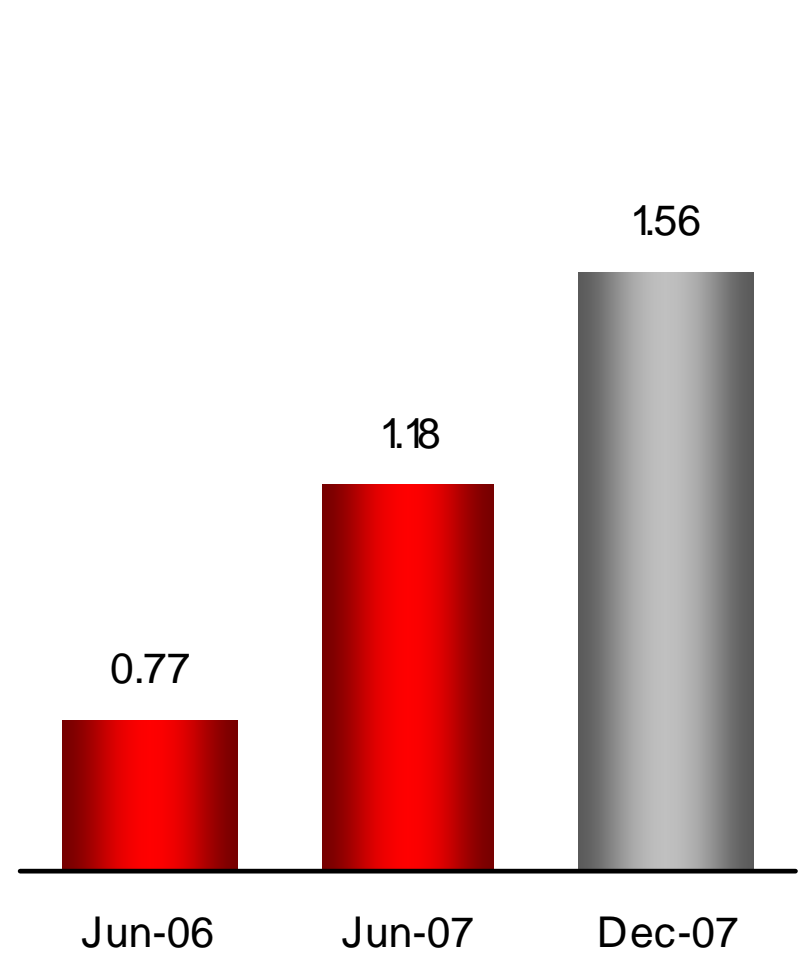
Borrowings and Gearing



Net Debt (RM million)



Net Gearing (Net Debt / Equity)





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Updates on Associates



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Updates on Thailand

- ❑ Quarter updates
 - 19% passenger growth YoY on the back of capacity growth of 30%
 - 75% load factor with average fares of THB 1,795
 - posted a loss of THB78 million (RM8.2 million)

- ❑ Realignment of operations
 - expedite the return of Boeing 737-300 aircraft to lessor
 - Thai is now operating with four Airbus A320 aircraft
 - Airbus A320 aircraft flights are profitable

- ❑ Business environment has improved
 - the general election proceeded smoothly
 - operational reliability has improved with induction of Airbus
 - yields has improved stemming from better yield management



Updates on Indonesia

- ❑ Quarter updates
 - 15% passenger growth YoY on the back of capacity growth of 32%
 - 77% load factor with average fares of IDR 431,317
 - our portion of losses of IDR8.9 billion (RM3.3 million), losses has been reducing since the last quarter

- ❑ Business strategy change
 - accelerating Boeing retirement, move to Airbus A320
 - focus on more international routes

- ❑ Business environment has improved
 - operational efficiency improving (better reliability and on-time performance)
 - yields improving due to better yield management



AirAsia X



- ❑ Launch second destination (Kuala Lumpur to Hangzhou)
 - 4 February 2008
 - 4 times weekly
 - good reception, strong load factors

- ❑ Working to get more aircraft

- ❑ AAX placed 20% of shares, company valuation of \$375
 - our initial investment of RM27million is now worth RM186 million



AirAsia

Appendix



Airline Of The Year

Financial Data

Quarter Ended: 31 December RM'000	Oct-Dec 2007	Oct-Dec 2006 (restated)	Oct-Dec 2007 vs. Oct-Dec
Ticket Sales	591,267	414,930	42%
Ancillary Income	41,526	27,905	49%
Revenue	632,792	442,835	43%
EBITDAR	256,829	145,299	77%
EBIT	154,847	86,822	78%
Pretax profit	202,024	85,189	137%
Net Income	245,723	142,050	73%
EBITDAR Margin	40.6%	32.8%	7.8 ppt
EBIT Margin	24.5%	19.6%	4.9 ppt
Pretax profit Margin	31.9%	19.2%	12.7 ppt
Net Income Margin	38.8%	32.1%	6.8 ppt

Operating Data

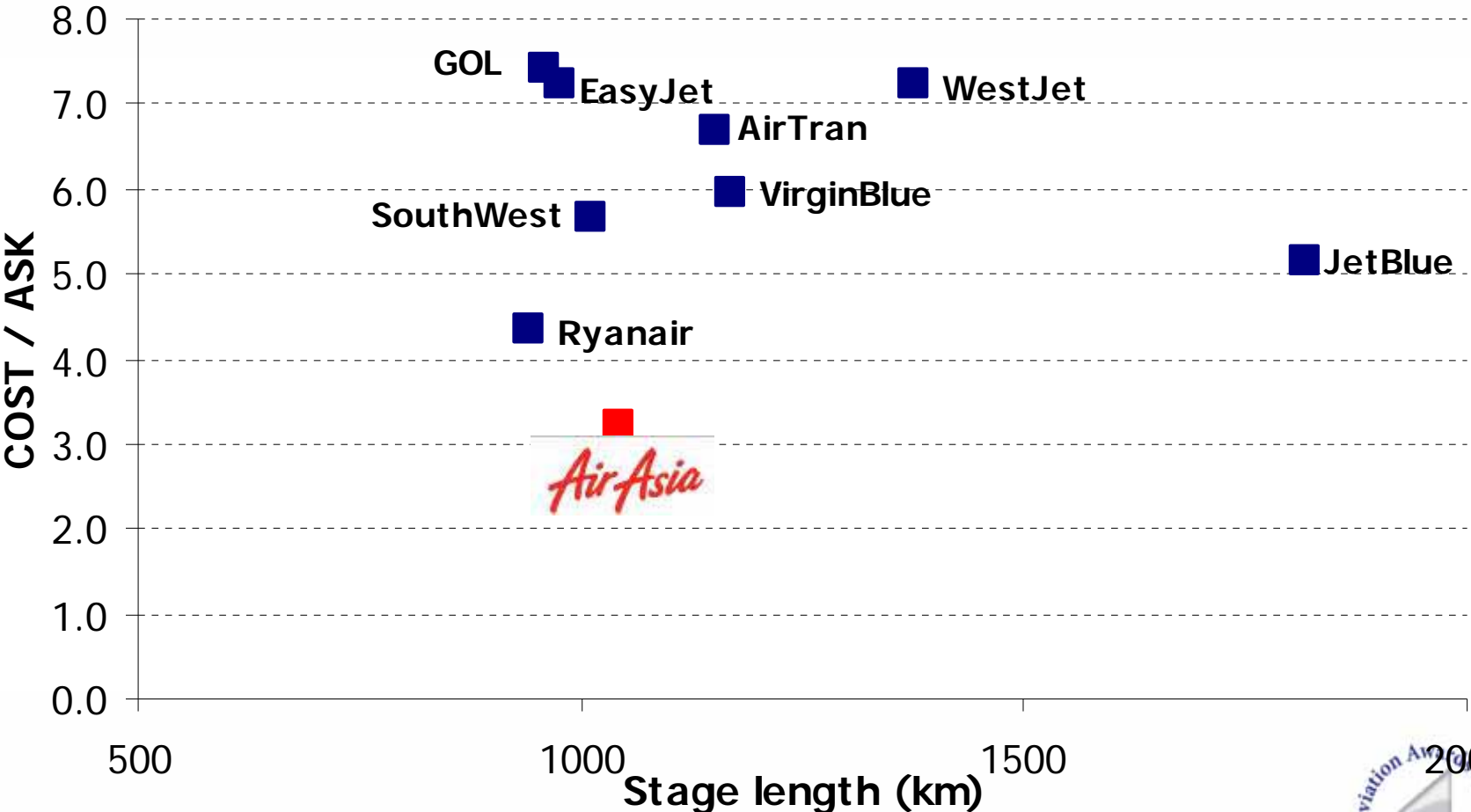


	Oct-Dec 2007	Oct-Dec 2006	Change %
Passengers	2,757,967	2,273,405	21%
ASK (million)	4274	3060	40%
RPK (million)	3223	2505	29%
Seat Load Factor %	77.8%	81.9%	(4 ppt)
Average fare (RM)	214	183	17%
Ancillary Income / pax (RM)	15.1	12.3	23%
Fuel consumed (barrels)	748, 596	589,360	27%
Unit fuel price (\$/barrel)	101	77.3	31%
Average stage length (km)	1,197	1,042	15%
No. of flights	20,295	17,488	16%
Average aircraft	33.7	27.0	25%
No. aircraft at end of period	39	32	22%



Genuinely the Lowest Cost Airline

Cost / ASK vs. Stage Length



- ➔ not aided by longer stage length
- ➔ not aided by round the clock operations



Superior Returns at Undemanding Valuation



Company	ROE (1)	PE Ratio (2)
AirAsia	33%	5.2
Air Arabia	5.1%	26.5
WestJet	20.3%	14.5
VirginBlue	29.0%	6.5
GOL	4.3%	22.9
EasyJet	13.2%	12.6
Ryanair	8.7%	11.7
AirTran	12.8%	14.0
JetBlue	1.9%	68.0
SouthWest	9.3%	20.9
LCC AVERAGE	13.8%	20.3
MAS	6.1%	8.4

Source: Latest available fiscal year, Ryanair and AirAsia is trailing twelve months

(1) Net Income / Shareholders' Equity

(2) Share price at market close 26 February 2008



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