

AirAsia

“Now Everyone Can Fly”



**THE ROLE OF LOW COST CARRIERS IN PROMOTING INTRA
REGIONAL YOUTH TRAVEL**

3 MAY 2006

Disclaimer

Information contained in our presentation is intended solely for your personal reference and is strictly confidential. Such information is subject to change without notice, its accuracy is not guaranteed and it may not contain all material information concerning the company. Neither we nor our advisors make any representation regarding, and assumes no responsibility or liability for, the accuracy or completeness of, or any errors or omissions in, any information contained herein.

In addition, the information contains projections and forward-looking statements that reflect the company's current views with respect to future events and financial performance. These views are based on current assumptions which are subject to various risks and which may change over time. No assurance can be given that future events will occur, that projections will be achieved, or that the company's assumptions are correct. Actual results may differ materially from those projected.

This presentation is strictly not to be distributed without the explicit consent of Company management under any circumstance.

AirAsia Takeover in 2001



- AirAsia S&P agreement concluded Dec 8th 2001
- Old AirAsia has never been profitable since day one of operations as a full service airline
- 5 year operations with 2 planes
- Tied into Corporate Guarantees with lessors
- AirAsia relaunched as a Low-Cost Carrier in Jan 2002

Building a successful LCC with limited resources

What makes the new AirAsia different?

1

Lower Air Fares

- Lead-in fares up to 80% cheaper than standard economy class fares.
- Early booking = cheaper fares
- Late bookings = higher fares
- Guaranteed lowest fare in the market on any route flown

2

Our Services

- Single class seating
- Focus on short haul (within 1,500 km radius), point to point market only
- One type of aircraft: Boeing 737-300 (currently looking at adding Airbus A320)
- Easy Booking: Internet, Call Centre & Travel Agent/ Ticket Desk
- “no-frills” in-flight service: quick turnarounds (25 minutes), more flights per aircraft and reduced costs; sells food
- Optimizes daily aircraft utilization (13 hrs)
- 3 Crew as opposed to 6

Introduction to AirAsia Management Team



Senior Management

Previous Experience

Pahamin Rajab
Chairman

>30 years of Government admin
Director General, Road Transport

Tony Fernandes
Group CEO

12 years Entertainment Industry
VP Warner Music ASEAN

Kamarudin Meranun
Executive Director

15 years of Finance Industry
Intrinsic Capital

Raja Azmi
Group CFO & EVP

>20 years corporate & finance
various MNC

Kathleen Tan
EVP – Commercial

20 years marketing management
Warner Music

Captain Chin Nyok San
VP – Business Development

>30 years airline experience
Head of Operations, AirAsia

Wan Hasmar
VP – Operations

16 years airline experience
Head of Engineering, AirAsia

Jean Chang
VP – China & North Asia

>15 years in aviation industry
CAAS



CONFIDENTIAL



1. The AirAsia Growth Story

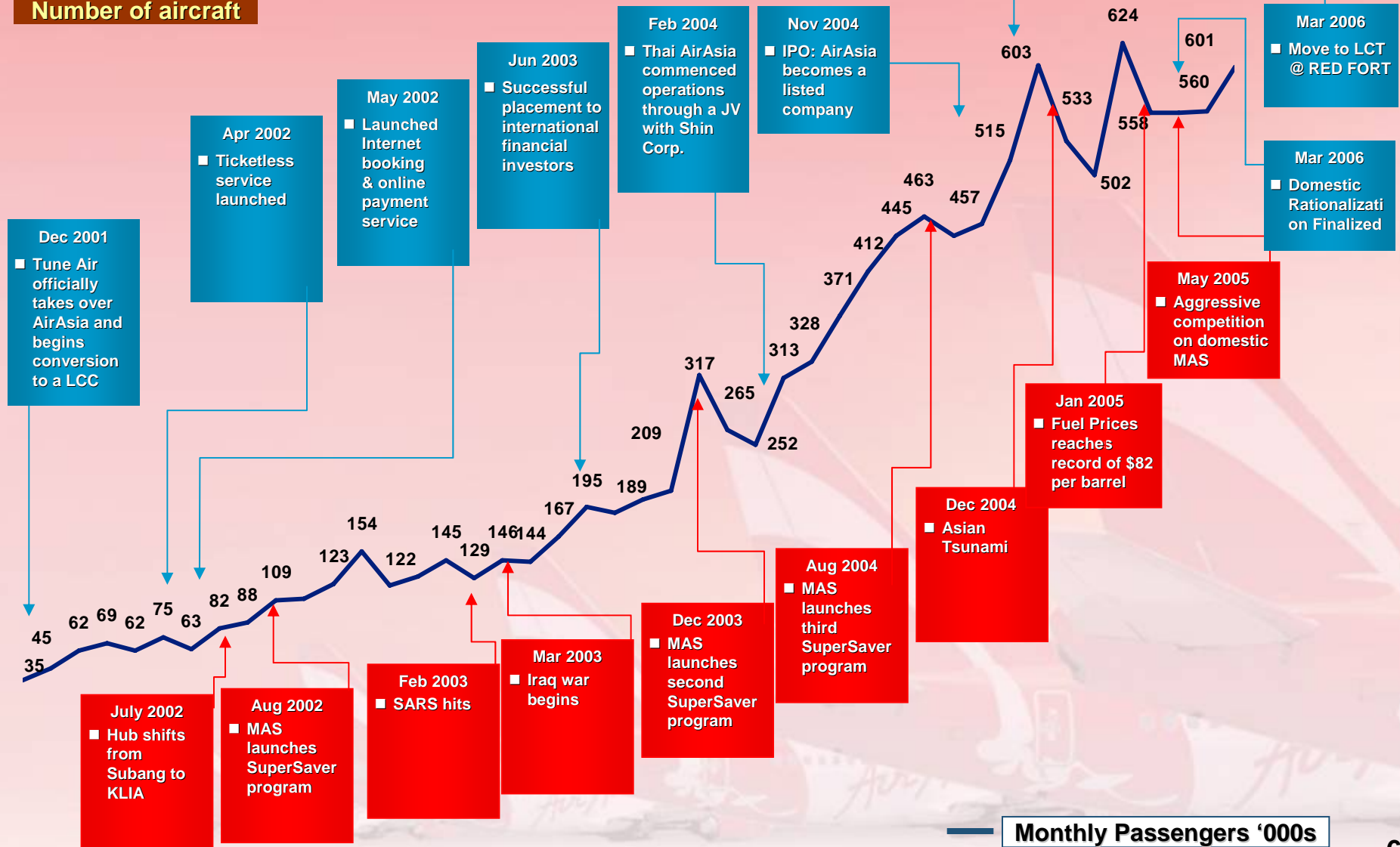


AirAsia's Rock'n'Roll Growth Story



2 3 4 5 6 9 17 18 20 32 40

Number of aircraft

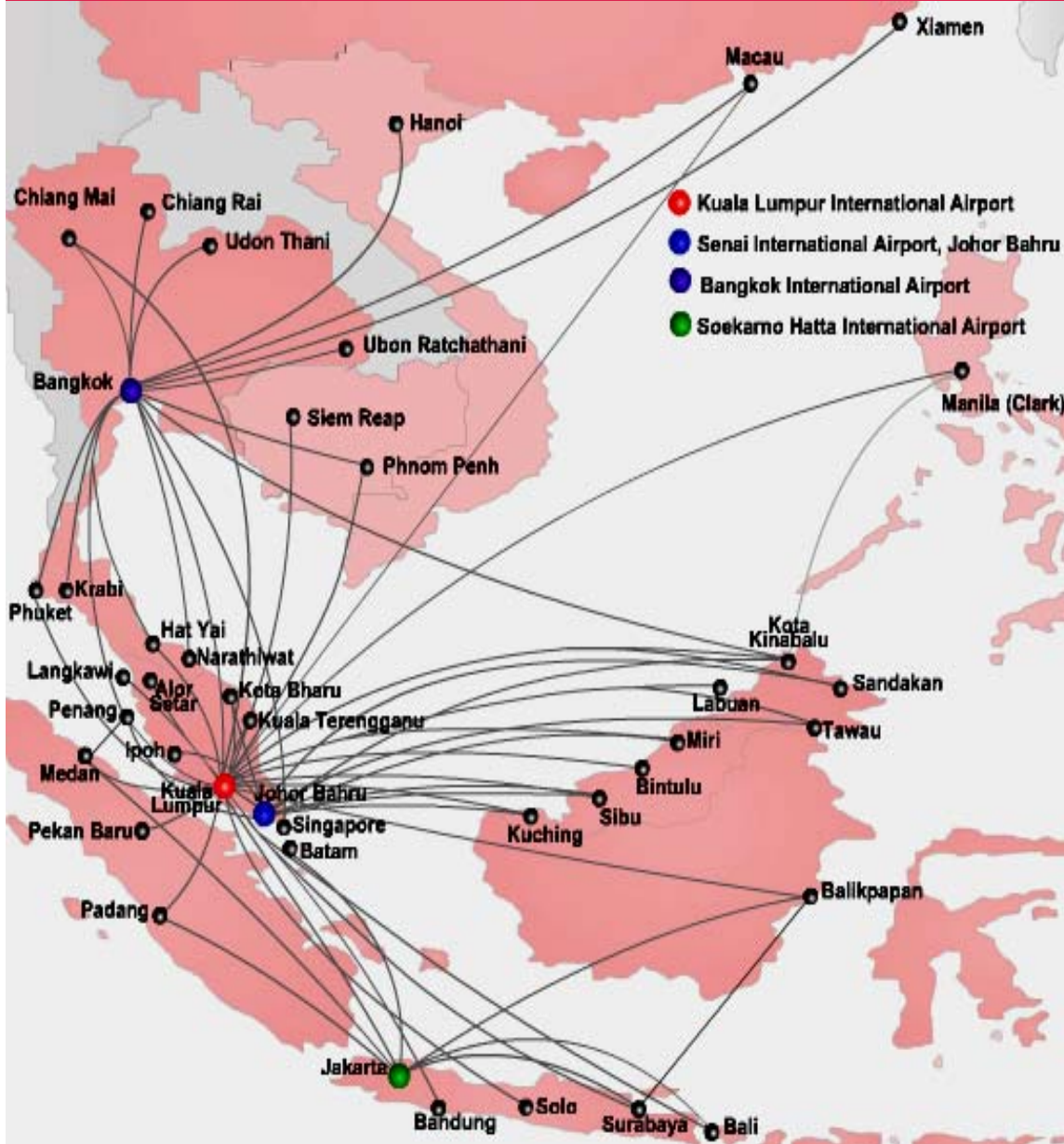


What this product has achieved in 4 years



- Paid off all legacy debts
- Carried over 8 million guests since taking over
- Increased planes from 2 to current 28; 36 by end June 2005
- 1st airline to introduce booking and payment by phone in Malaysia – nationwide call centre with 60 workstations
- 1st airline in Asia to introduce internet booking with on-line payment & completely ticketless travel – 45% of business via internet in FY2004
- Most popular Malaysian online shopping website, total internet sales of more than RM500 million from date of commencement
- Built own hangar in KLIA – M1 Maintenance Approval for Line/A checks
- Increased workforce from 250 to 2,000; created new jobs
- Established own training centre for cabin crew and ground staff
- Established cadet pilot program – setting up of a simulator
- 1st airline in the world to have SMS booking
- Successfully established a JV, obtaining a domestic AOC in Thailand
- Established JV in Indonesia – commenced on 8 December 04
- AirAsia IS Malaysia's Largest IPO in 2004! 3.5 times oversubscribed!
- The lowest operating costs in the world!

AirAsia Group's – Total Route Network



- ❑ Total of 65 routes
 - destinations across 8 countries

- ❑ Bases in 3 countries
 - Malaysia (KL & Johor)
 - Thailand (Bangkok)
 - Indonesia (Jakarta)

➔ **With prospect to open secondary base/s**

- ❑ Seeking to acquire more ASEAN joint ventures

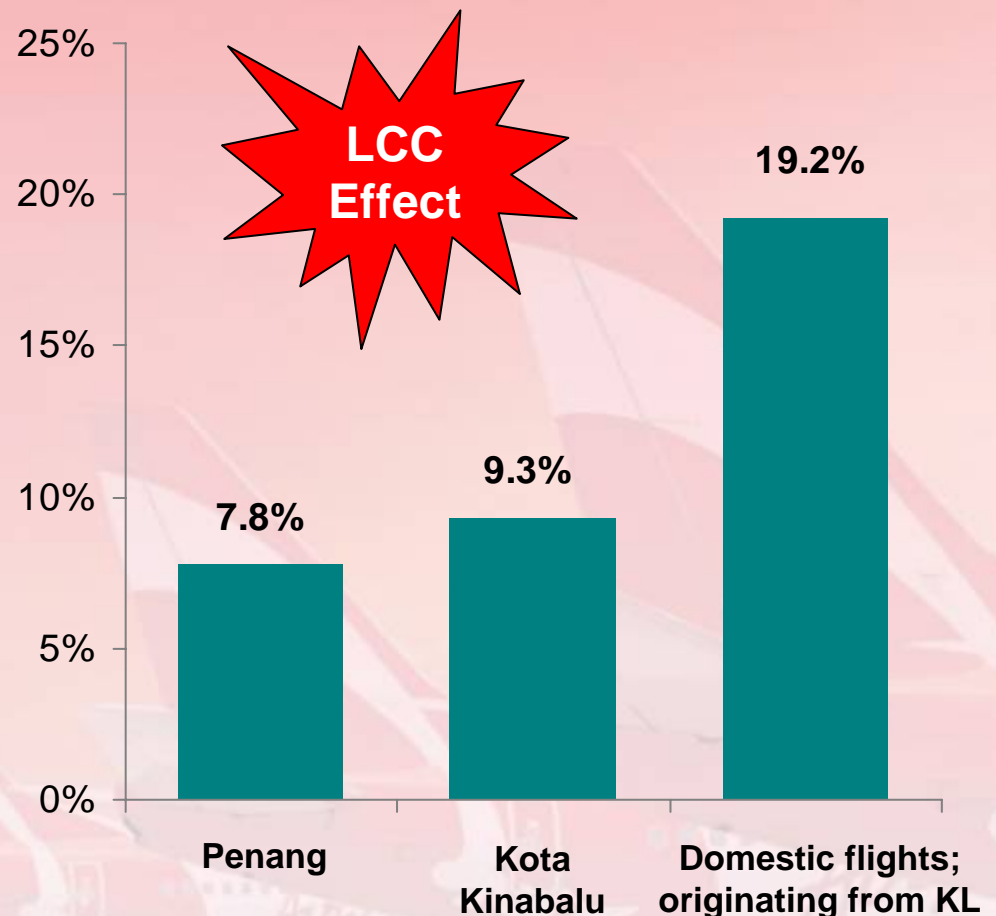
Market Stimulation through Low Fares – the “LCC Effect”



- ❑ AirAsia stimulates passenger demand with low fares
- ❑ Low fares attract fare-conscious leisure and business travelers
- ❑ Stimulating demand allows AirAsia to grow the market in addition to capturing share

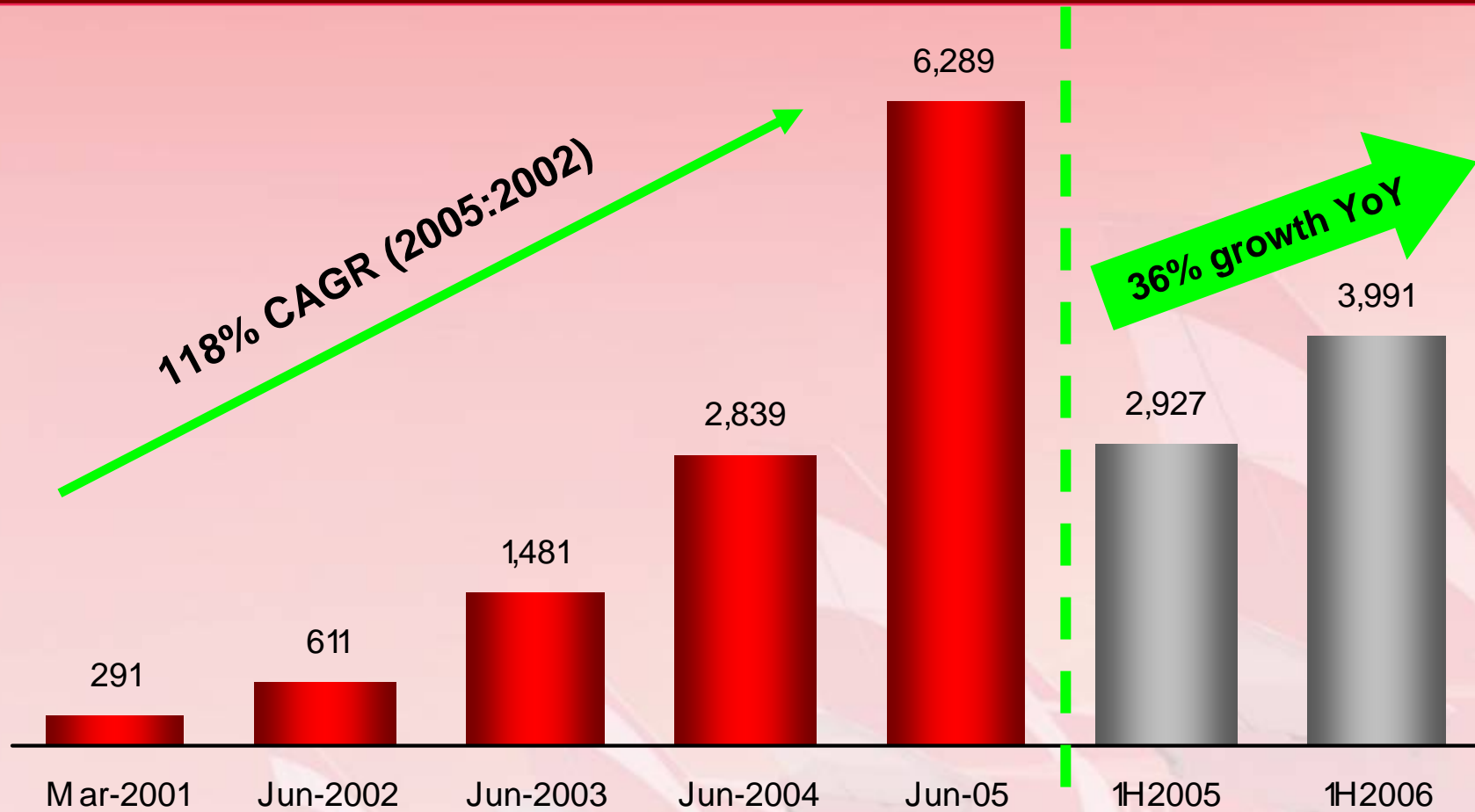
➔ *The dramatic impact that LCCs had on air travel in the US and Europe is now being replicated in Asia*

**Passenger Growth CAGR on AirAsia Routes
2001 – 2004**



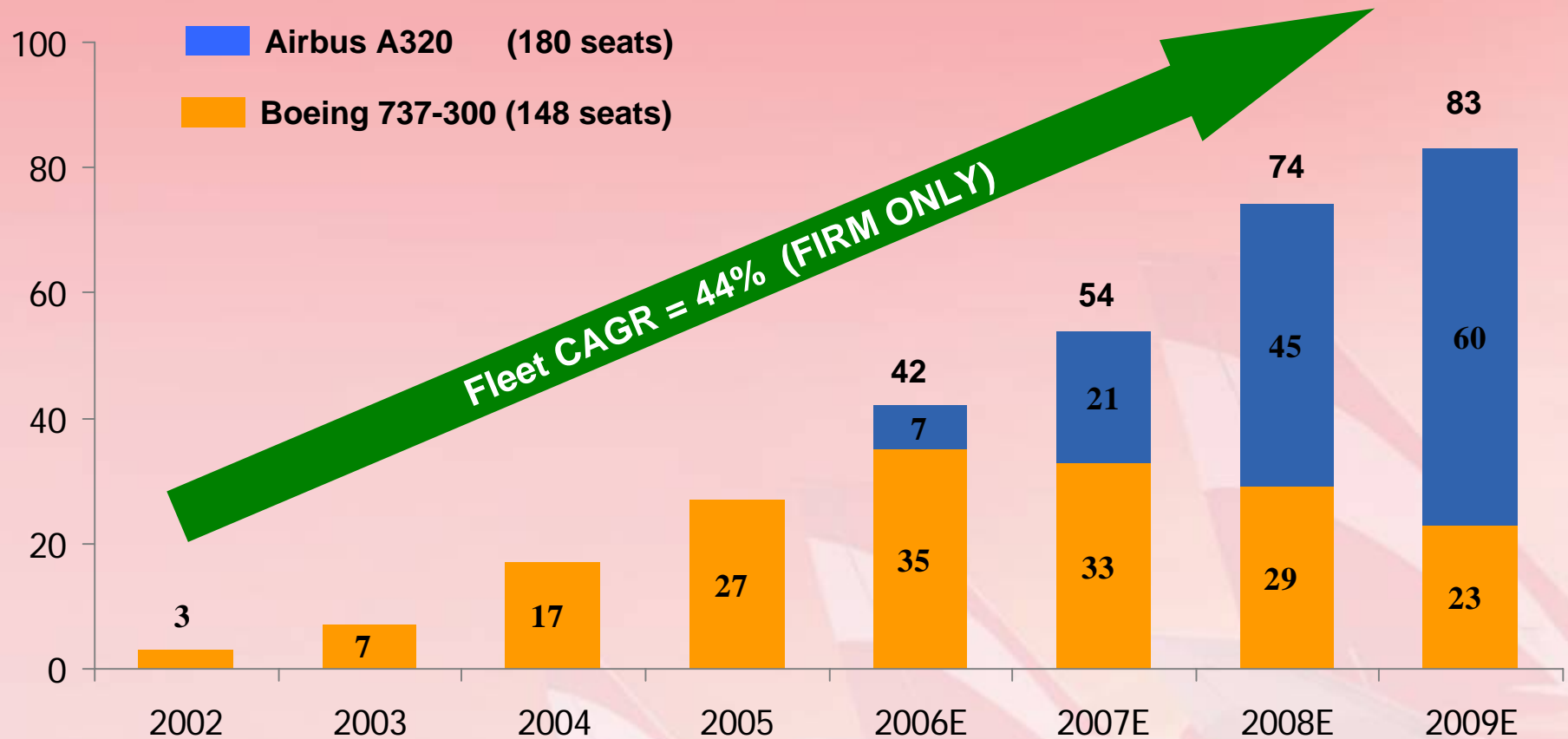
Consistent passenger growth

Passengers Flown by AirAsia Group ('000)



→ There is no stopping the LCC phenomenon

Fleet Plan to Facilitate Strong Profitable Growth and Fleet Rejuvenation



- Boeing 737-300 will be phased-out as leases expires
- Airbus A320 will be deployed into Malaysia first, followed by other associates
- AirAsia will soon have the **YOUNGEST** fleet in Asia

CONFIDENTIAL

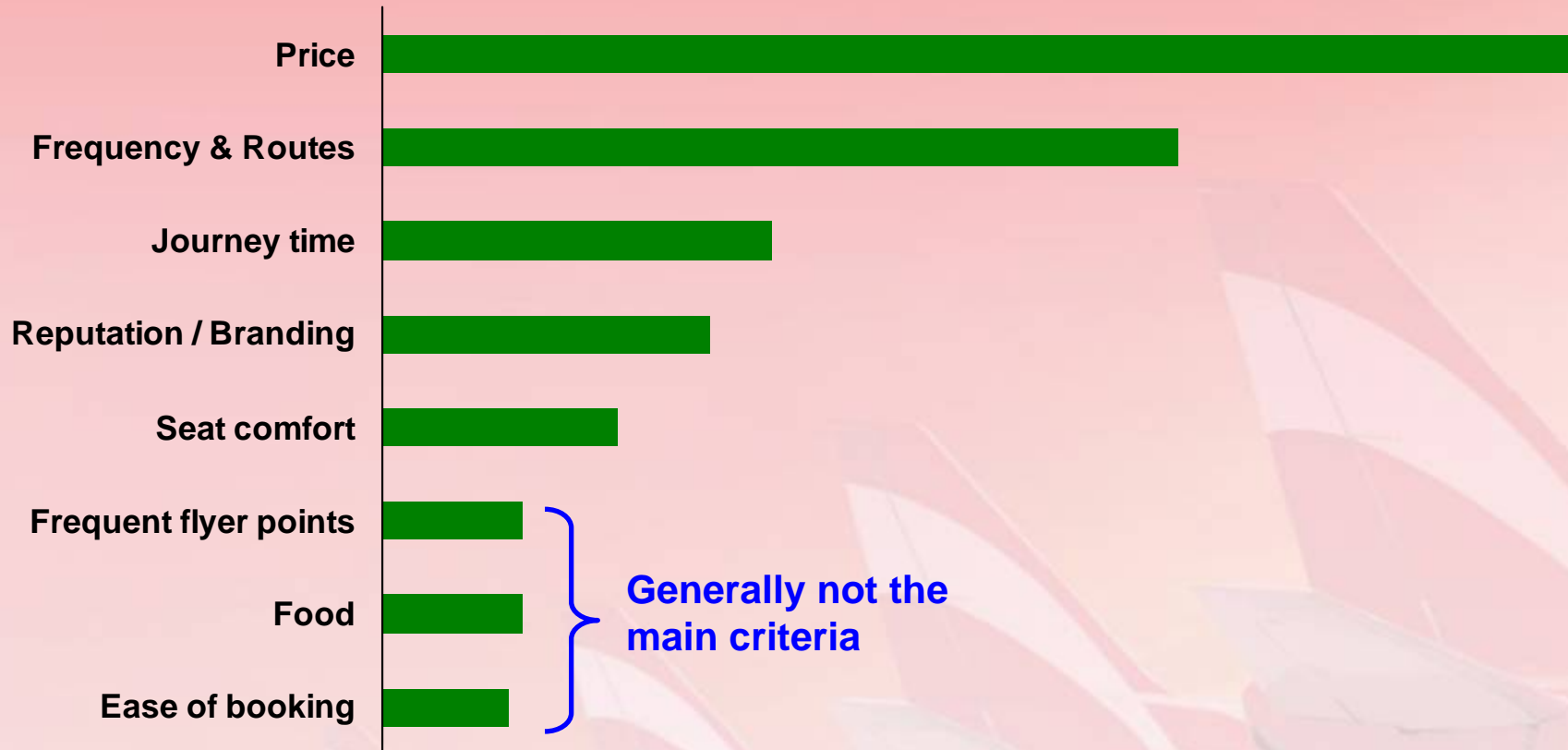
AirAsia
Now Everyone Can Fly

2. Making “everyone can fly”



Customer Survey – what they want?

Customer Survey - Short haul flights



➔ If price is right, everyone wants to travel

Making Air Travel Affordable to the Public

AirAsia Real Yields (adj for inflation)

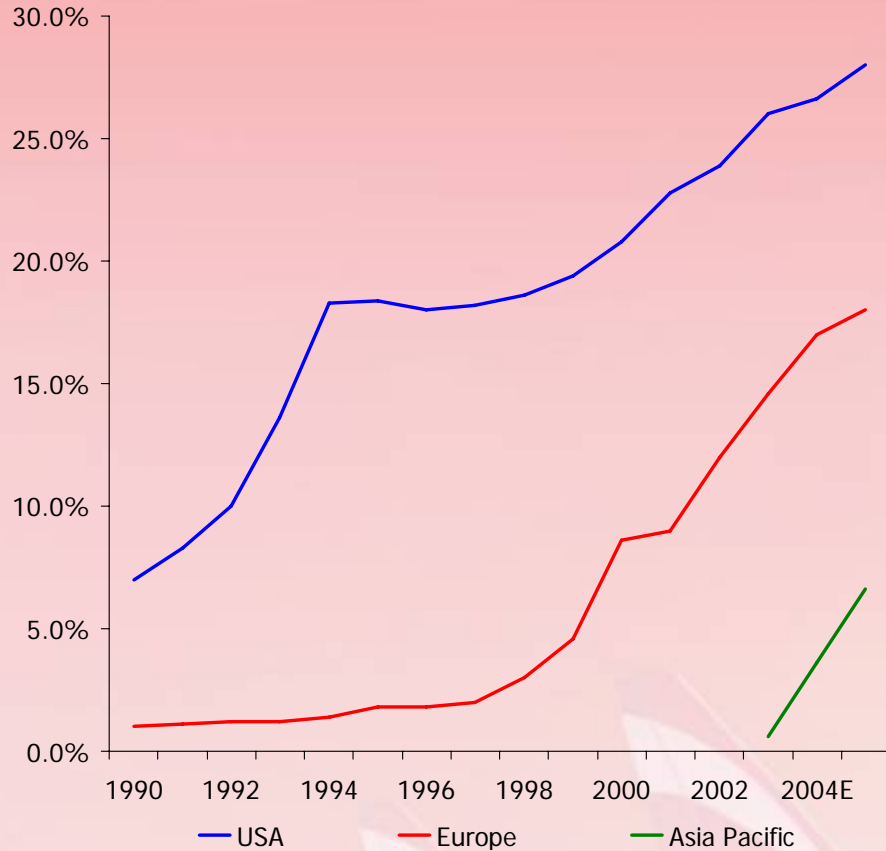


* Assuming: Real GDP growth 3%pa, CPI 2%

→ As real fares descend, propensity to fly rises

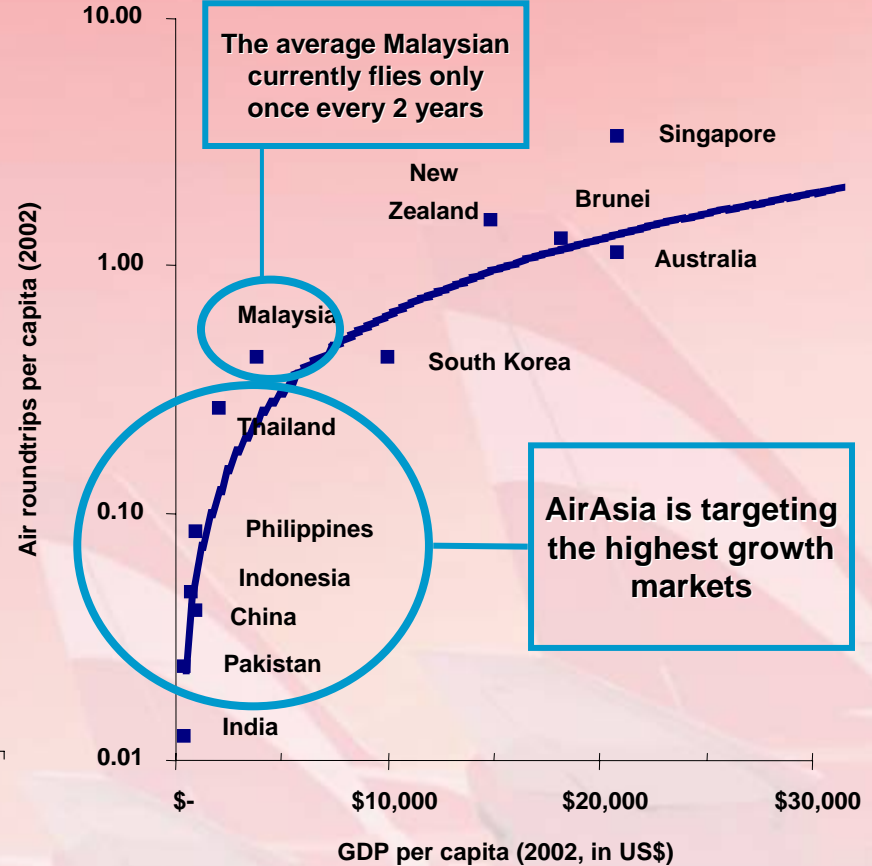
Significant Growth Potential

LCC Penetration by Region



Source: IATA and US Department of Transportation

Income and Air Travel



Source: S-A-P

- Significant demand growth potential to be tapped
- Airports and bases plentiful; no shortage of new markets



Now Everyone Can Fly
**2,000,000
FREE SEATS**

All Destinations, 60 Routes Across Asia

Booking Period: 7 - 28 December 2005
Travel Period: 7 February - 10 October 2006

Available Online Only

www.airasia.com

Aggressive Marketing Now Everyone Can Fly

**2 million FREE seats to
celebrate our 4th anniversary**

Rationale for doing this:-

- Manage loads
 - adding significant capacity & new routes
- Cost recovery
 - fuel surcharge & administrative charges
- Generate good PR
 - word of mouth is the best advertisement
- Penetrate new markets
 - creates awareness of our brand in new countries that we are flying into

**→ We really mean it when we say
“Now everyone can fly”**

Giving Customers What they Want

Customer Criteria	<i>AirAsia</i>	AirAsia's Answer
Price	✓	AirAsia offers the lowest fare available; ALWAYS
Frequency & Routes	✓	<ul style="list-style-type: none"> - The most comprehensive route network in SE Asia - Significant frequency on main-routes - Multi hubs improves flexibility
Journey time	✓	Point to point network

→ Superior value proposition

CONFIDENTIAL

AirAsia
Now Everyone Can Fly

3. AirAsia Brand



Building a Global Brand



- Manchester United sponsorship has elevated AirAsia's brand
- Aided penetration of new markets (Cambodia, Vietnam, China)
- Increased global awareness of an LCC in Asia



EVERYONE's involved!
(Total Airline Management)

Always Showcase our Strong Points

AirAsia tames even the wildest tiger with low fares

Singapore to
Bangkok
from
\$0.49
one way



5000 Seats. Book Now!
Travel period: 15 Sept - 15 Oct
Minimum 5 days advance booking

Only available online
www.airasia.com

AirAsia
Now Everyone Can Fly

Low available seats and fares. Fare subject to currency exchange rates. Book by our best price only. Flight and fare availability subject to conditions apply. *Singapore to Bangkok only.

→ Low Fares

→ Humour

→ Beautiful Staff

**With this combination,
people have you in their
mind PERMANENTLY!**

Simply Put – Our Staff are RED HOT!

AirAsia
Now Everyone Can Fly



Face Competition - and still have fun in the process!!!



Chewing Gum



Jaywalking



Shuttles to Senai

Fortunately, low-priced flights are still legal.

Kuala Lumpur fr. \$9.99	Penang fr. \$22.99	Langkawi fr. \$25.99	Kuching fr. \$25.99	Miri (Brunei) fr. \$39.99	Kota Kinabalu fr. \$45.99	Bangkok fr. \$49.99
----------------------------	-----------------------	-------------------------	------------------------	------------------------------	------------------------------	------------------------



Fly AirAsia to KL from just \$9.99! Departing from Senai airport, Johor Bahru, you can fly direct to Penang, Langkawi, Kuching, Miri (Brunei) and Kota Kinabalu from 3rd December. Or to Bangkok from 2nd February 2004 onwards.

Buy online at www.airasia.com or book & pay at Singapore Post (selected post offices only).

Terms and conditions apply. Subject to availability. Excludes taxes and fees. Fares subject to currency exchange rate.



AirAsia
Now Everyone Can Fly

*There's a new girl in town.
She's twice the fun and half the price.*

Now flying to 7 destinations from Senai Airport, Johor Bahru

Come Fly With Us...

Kuala Lumpur	<small>one way from</small> \$ 9.99	Miri (Brunei)	<small>one way from</small> \$39.99
Penang	\$22.99	Kota Kinabalu	\$45.99
Langkawi	\$25.99	Bangkok	\$49.99
Kuching	\$25.99		

Buy Online
www.airasia.com

Book and Pay at : Singapore Post
At selected Post Offices only.

Excludes taxes and fees. Subject to availability. Terms and conditions apply. All flights depart from or fly to Senai Airport, Johor Bahru.

Thank You



Believe the Unbelievable

Dream the Impossible

Don't Take No for An Answer

