



**AIRASIA,  
UPS & DOWNS  
- A LONG TERM STORY**

**AIREEN OMAR  
CEO, AIRASIA BERHAD**



# AIRASIA'S GROWTH STORY

## - From Malaysia to Asean to Asia

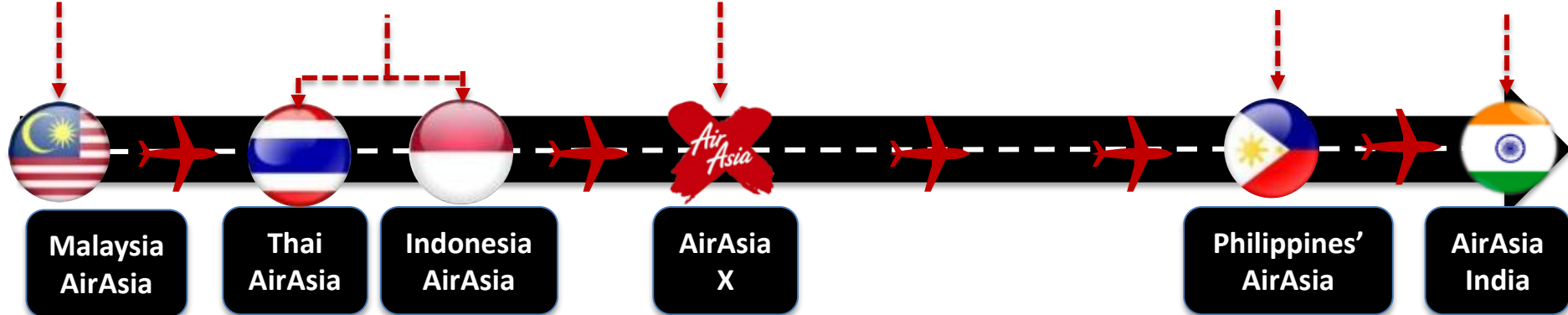
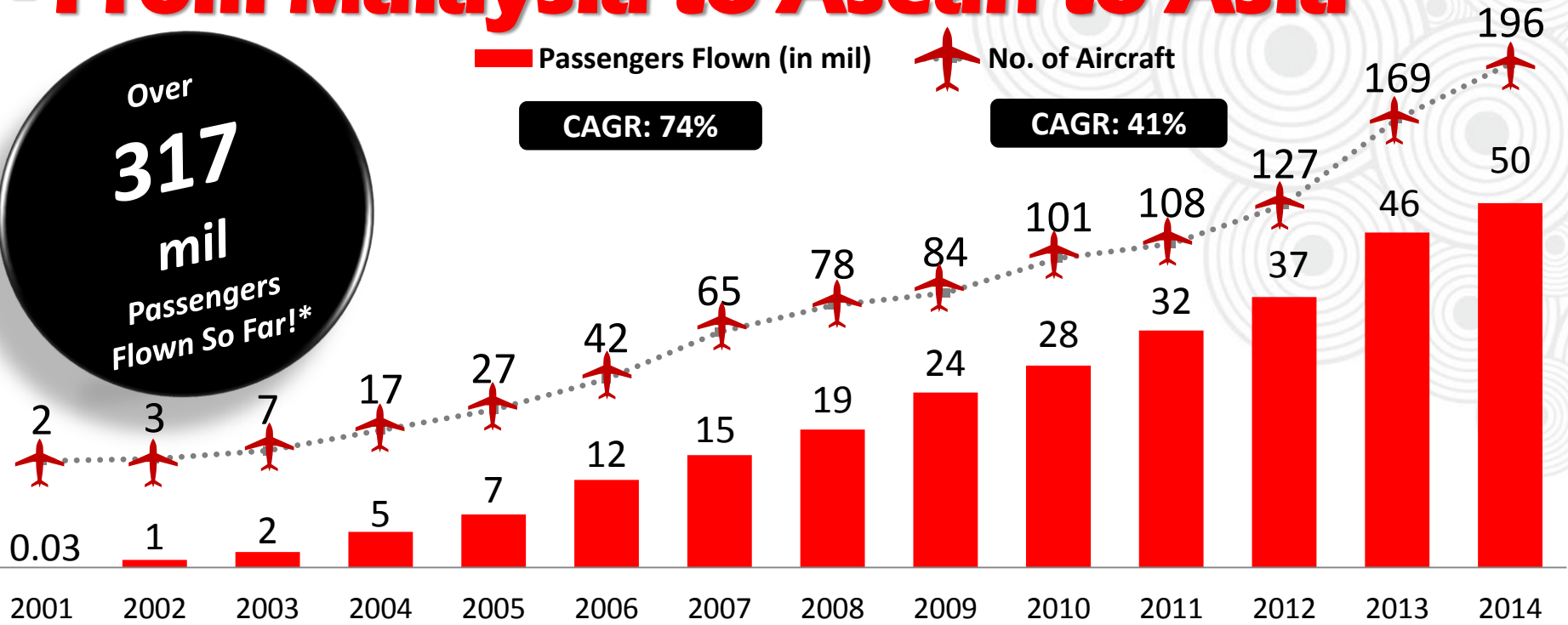
Over  
**317**  
mil  
Passengers  
Flown So Far!\*

Passengers Flown (in mil)

No. of Aircraft

CAGR: 74%

CAGR: 41%



All figures refer to MAA, TAA, IAA, PAA, AAI and AirAsia X

\*YTD Sep 2015 for MAA, TAA, IAA, PAA, AAI and AAX

# FROM ASEAN TO ASIA

## - Associate Structure



### MALAYSIA AirAsia

- Population base: 29m
- Years in Operation: 14
- Listed on Bursa Malaysia (AirAsia Bhd)



### THAI AirAsia (Associate Co - 45% owned)

- Population base: 67m
- Years in Operation: 12
- Listed on SET under Asia Aviation PCL



### INDONESIA AirAsia (Associate Co - 49% owned)

- Population base: 247m
- Years in Operation : 11



### PHILIPPINES' AirAsia (Associate Co - 40% owned)

- Population base: 97m
- Years in Operation : 3



### AirAsia INDIA (Associate Co - 49% owned)

- Population base: 1.2b
- Years in Operation : 1



### AirAsia JAPAN (Associate Co - 49% owned)

- Population base: 127m
- Years in Operation : To start in 2016



### AirAsia X (Investment - 13% owned)

- AAX (Malaysia), TAAX (Thailand), IAAX (Indonesia)
- Years in Operation : 8
- Listed on Bursa Malaysia (AirAsia X Bhd)



# EXTENSIVE NETWORK



**21** hubs

**A320** x 173 aircraft

- 5 Malaysia AirAsia (79) +3 lease to PIA
- 5 Thai AirAsia (45)
- 5 Indonesia AirAsia (20) +5 A320 under IAAX
- 3 Philippines AirAsia (14)
- 2 AirAsia India (6)
- 1 AirAsia Japan (1)

**A330** x 27 aircraft

- Malaysia AirAsia X (20)
- Thai AirAsia X (5)
- Indonesia AirAsia X (2)



**Over 117 destinations**

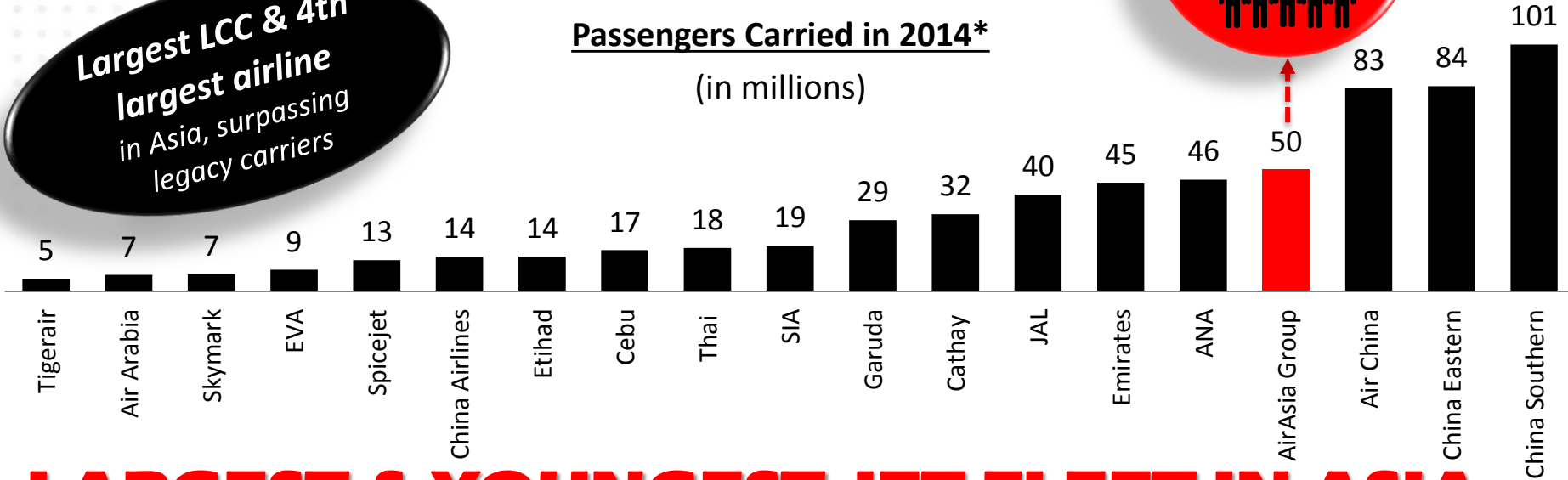
**85 routes are unique**

# LARGEST LCC IN ASIA

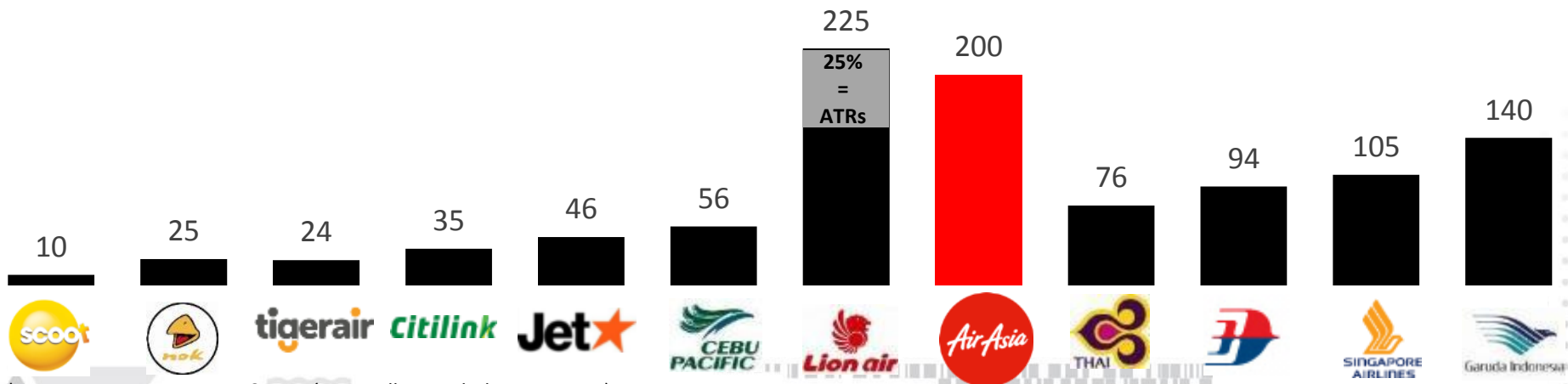
**50 million**  


**Largest LCC & 4th largest airline in Asia, surpassing legacy carriers**

**Passengers Carried in 2014\***  
 (in millions)



# LARGEST & YOUNGEST JET FLEET IN ASIA



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

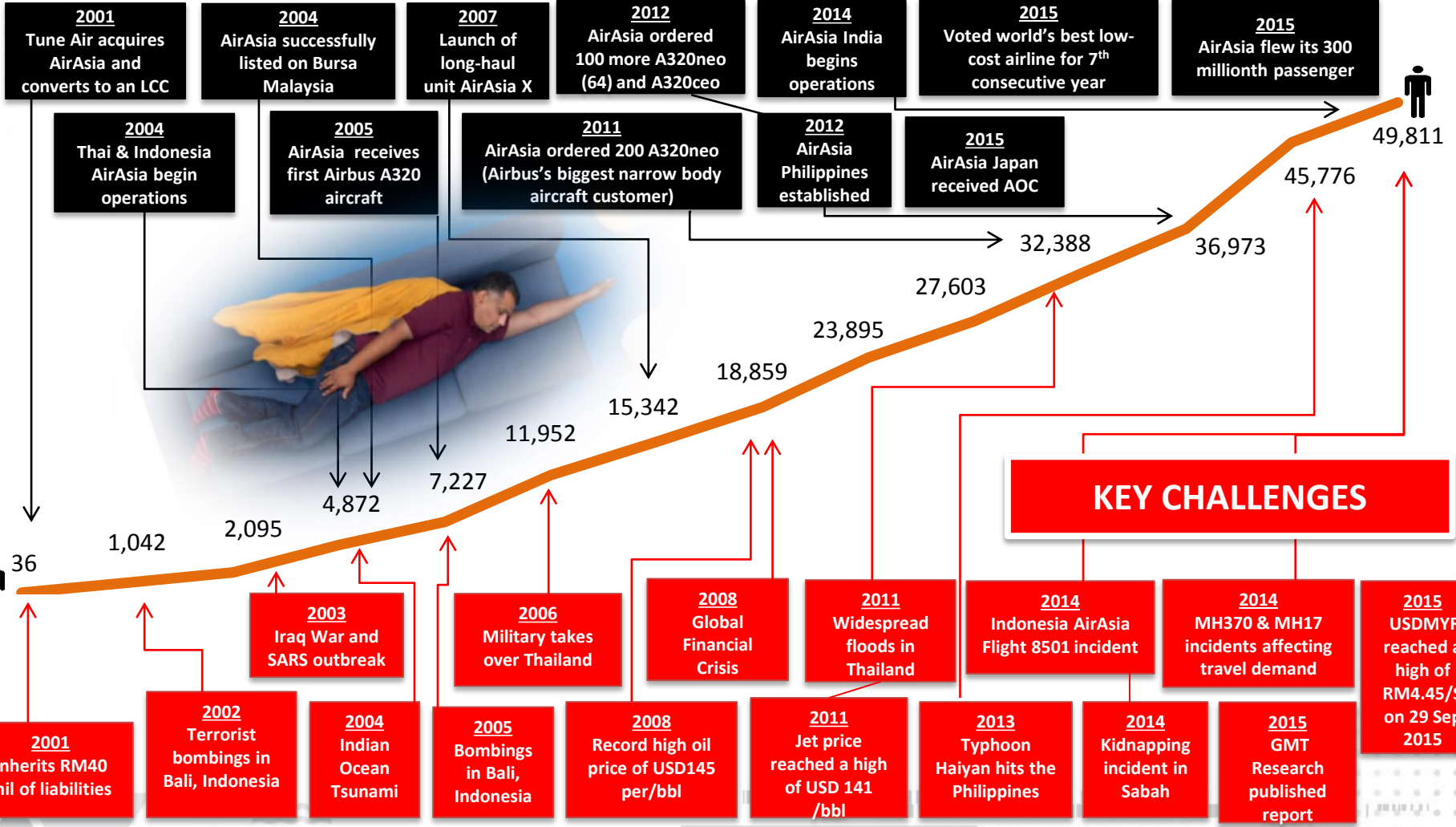
\*\*MAA, TAA, IAA, PAA, AAI & AAX (174 aircraft excluding AirAsia X)

Source: Airlines' Financials and CAPA

MAA = 79 (+3 lease to PIA); TAA = 45; IAA = 25; PAA = 14; AAI = 6; AAJ = 1; AAX = 27

# AIRASIA'S RESILIENT BUSINESS MODEL

## KEY ACHIEVEMENTS



## KEY CHALLENGES

- 2001** Inherits RM40 mil of liabilities
- 2002** Terrorist bombings in Bali, Indonesia
- 2003** Iraq War and SARS outbreak
- 2004** Indian Ocean Tsunami
- 2005** Bombings in Bali, Indonesia
- 2006** Military takes over Thailand
- 2008** Record high oil price of USD145 per/bbl
- 2008** Global Financial Crisis
- 2011** Jet price reached a high of USD 141 /bbl
- 2011** Widespread floods in Thailand
- 2013** Typhoon Haiyan hits the Philippines
- 2014** Indonesia AirAsia Flight 8501 incident
- 2014** Kidnapping incident in Sabah
- 2014** MH370 & MH17 incidents affecting travel demand
- 2015** USD/MYR reached a high of RM4.45/\$ on 29 Sep 2015
- 2015** GMT Research published report




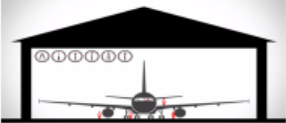







— AirAsia Group Passengers Flown (Annual) '000



**HOW DO  
WE DO IT?**



# A PROVEN LEAN BUSINESS MODEL

Single Class		One Class Configuration Same specification on all aircraft
Point to Point		Point to point routes
Single Aircraft Type		All Airbus A320 (AirAsia) All Airbus A330 (AirAsia X) Single pool of professionals training, spare parts inventory, tools
Modern & Efficient Fleet with Good Maintenance		Young fleet with average age of 5 yrs Sharklets (4% more fuel efficient) A320neo (16%) Long term engine programme with GE
Operational Excellence		25 minutes turnaround time (AirAsia) 40 minutes turnaround time (AirAsia X)
Interest Rate		Low interest rate on all aircraft financing
People		No Unions High productivity and deep management
High Aircraft Utilisation		12.5 hours a day (AirAsia) 16.3 hours a day (AirAsia X)
Low Distribution Cost		73% sales via internet
Favorable terms		Discount on aircraft and engine purchase Tax incentives on purchase of aircraft
Economies of scale		Cost Savings among AOC when operating same destination
Simplified Model		No dedicated cargo fleet, catering, MRO, etc.

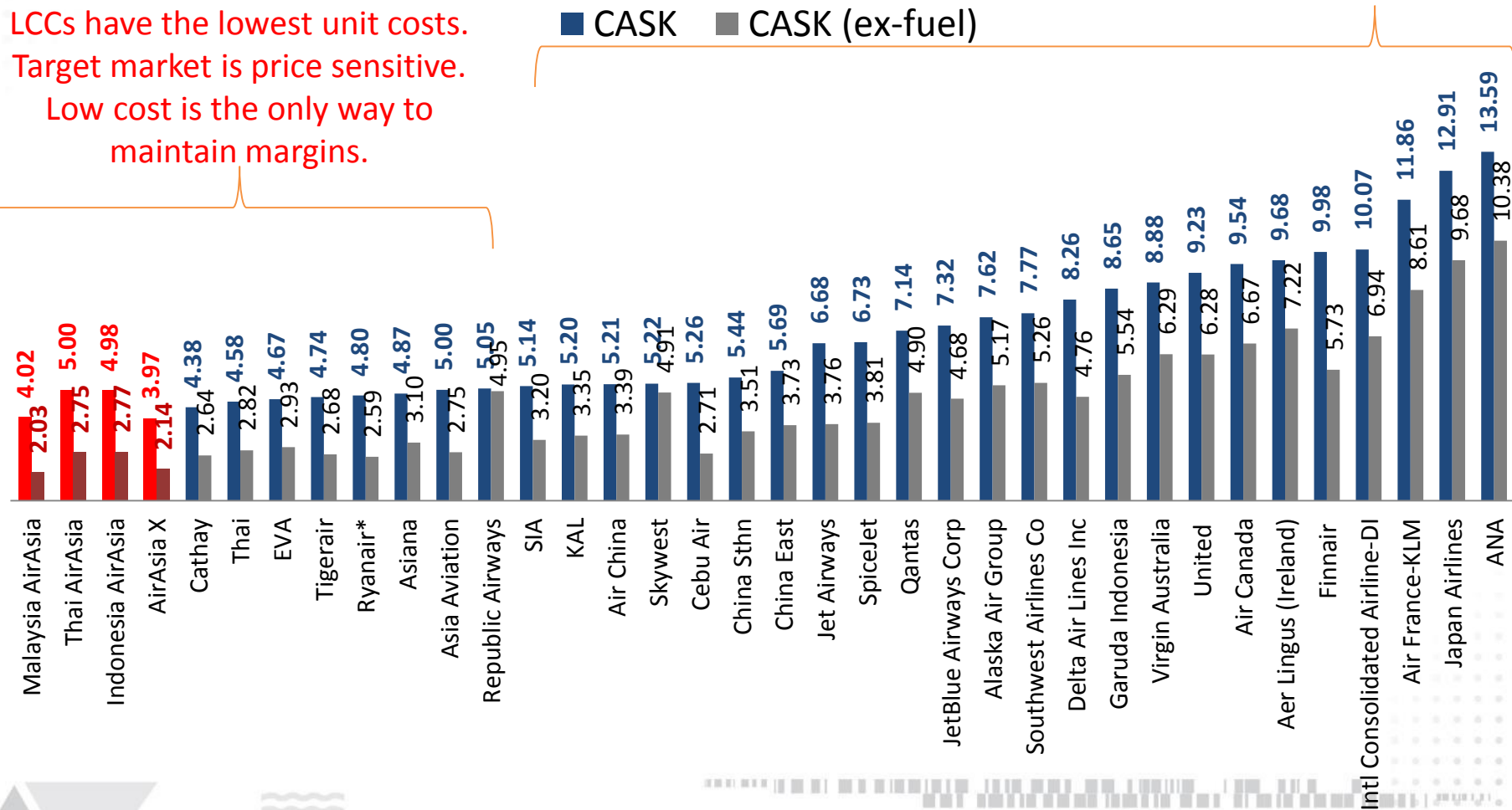


# DISCIPLINED COST STRUCTURE

FSC's nature of business and target market typically result to high cost

Jan-Dec 2014 CASK & CASK Ex-Fuel  
(US cents)

LCCs have the lowest unit costs.  
Target market is price sensitive.  
Low cost is the only way to maintain margins.



# STRONG ONLINE PRESENCE & LOW DISTRIBUTION COST



**73%** sales  
from airasia.com

Hits from over  
**240**  
different countries

Over  
**168 mil**  
average views  
per month

Over  
**10 mil**  
average unique visitors  
per month

Annual conversion  
rate of  
**4.2%**





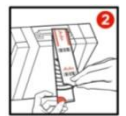


 **8.0 million Facebook**

 **3.1 million Twitter**

 **179 thousand Instagram**

 **1.4 million Weibo**

# CONSTANTLY INNOVATING

2002	<ul style="list-style-type: none"> <li>Fully ticketless system</li> </ul>	
2003	<ul style="list-style-type: none"> <li>World's first airline SMS booking system</li> </ul>	
2005	<ul style="list-style-type: none"> <li>World's first airline to offer a comprehensive booking system for phones and wireless devices</li> </ul>	
2010	<ul style="list-style-type: none"> <li>News Skies, state-of-the-art booking system</li> </ul>	
2013	<ul style="list-style-type: none"> <li>Malaysia's first baggage self-tagging service</li> </ul>	
2014	<ul style="list-style-type: none"> <li>First airline in Malaysia to provide Wi-Fi onboard aircraft</li> </ul>	
2015	<ul style="list-style-type: none"> <li>E-boarding pass</li> <li>Self bag drop and Home bag tag</li> </ul>	



**BIG** loyalty programme

**In-flight WiFi**

**e-boarding pass**

**Self Bag-Drop**

**AirAsia Mobile app**

**Home Baggage Tag**

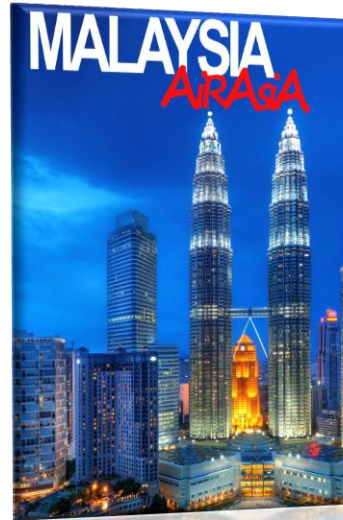
# DIVERSIFIED MARKET

## MARKET SHARE



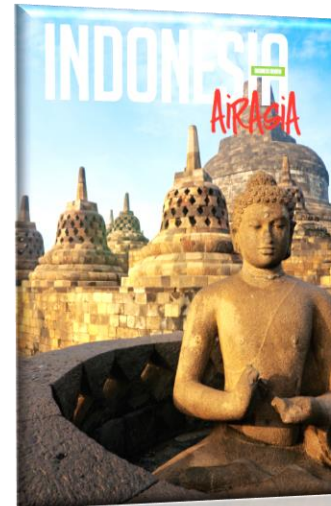
### Malaysia

- > International 50% (#1)
- > Domestic 47% (#1)



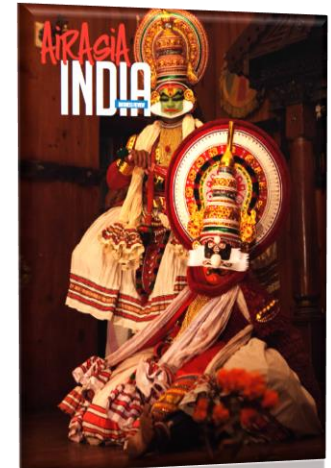
### Indonesia

- > International 25% (#1)
- > Domestic 4%



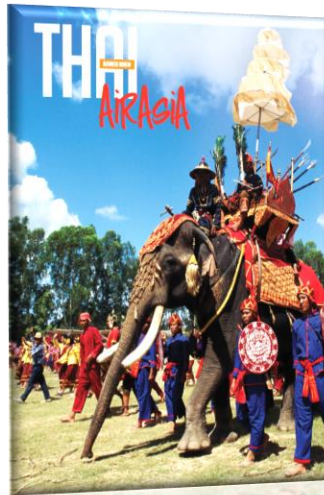
### India

- > International 3%
- > Domestic 1%



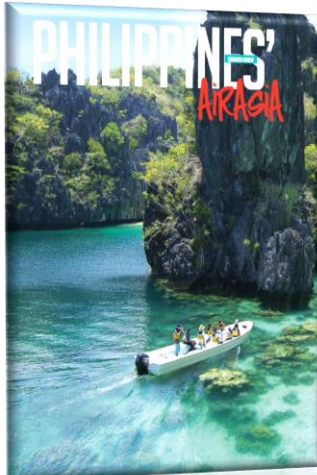
### Thailand

- > International 16% (#2)
- > Domestic 30% (#1)



### Philippines

- > International 4%
- > Domestic 9%



\*12 months data from PaxIS for period between Jun-14 and May-15 (by passengers flown). Market share covers airlines flying from respective countries to Asia and Australia markets only.

At AirAsia,  
**our employees  
come first**

Over   
**17,000**  
 **Allstars**

## No Unions

## Equal Opportunity

First airline in Malaysia to hire  
female pilots

- Nearly 1 in 25 pilots are female
- One of the highest ratios of female pilots in the region



# WE INVEST IN OUR PEOPLE, OUR GREATEST ASSETS!



**WORLD'S BEST  
LOW-COST AIRLINE**  
7 YEARS RUNNING



**Hari Krishna**  
Pilot

Hari defied all challenges and showed his growth from a call centre operator to a pilot.

**Eko Dharmawan**  
Sales Manager

Started off as a call centre agent to pre flight officer to then call centre team leader, Eko progressed to become a sales executive before settling in his current position as sales manager of Indonesia AirAsia.



**Chananporn Rosjarn**  
Co-pilot

A beauty with brains, Nod is a former Miss Thailand Universe who first trained as a cadet pilot, and now flies as a pilot for Thai AirAsia.

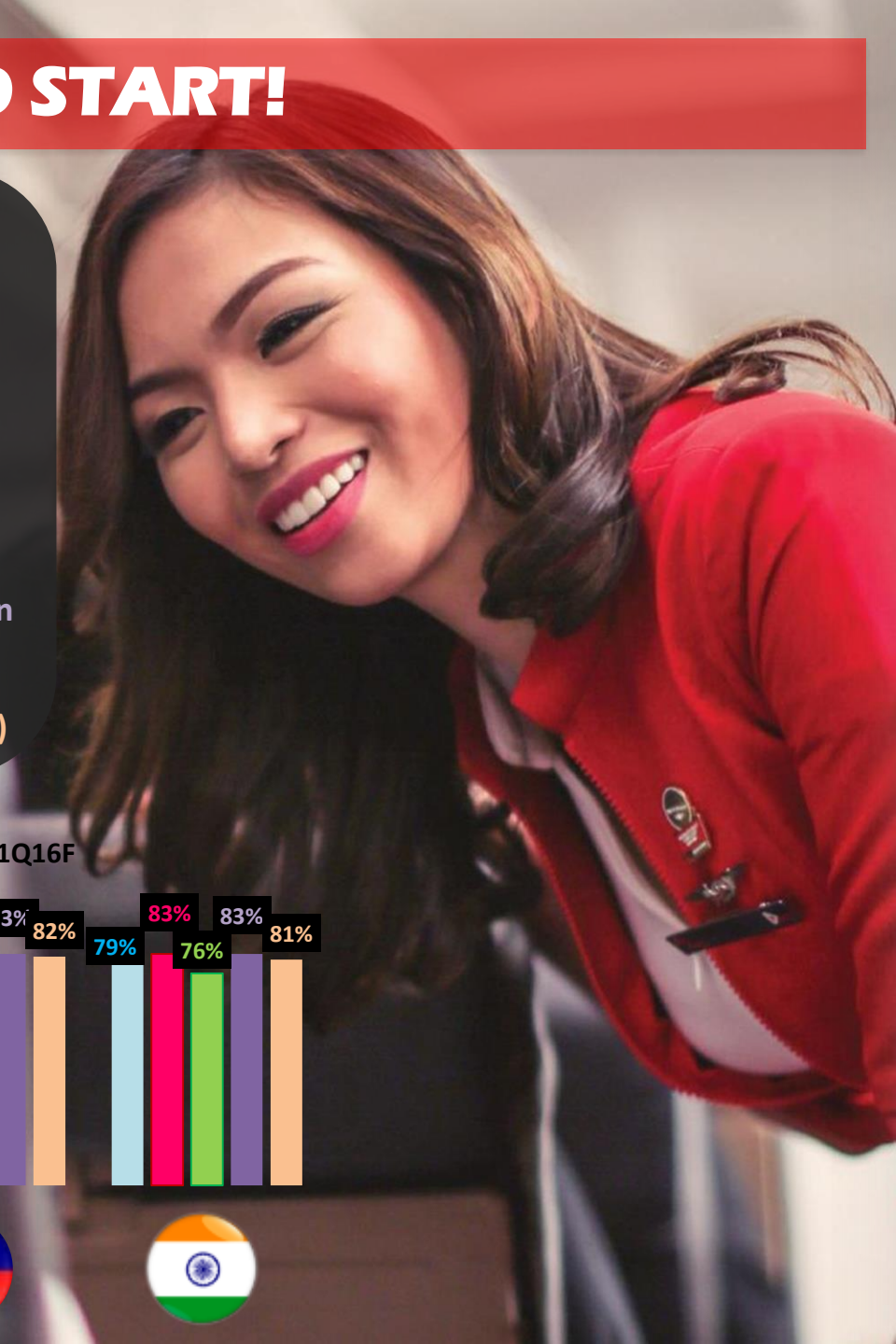
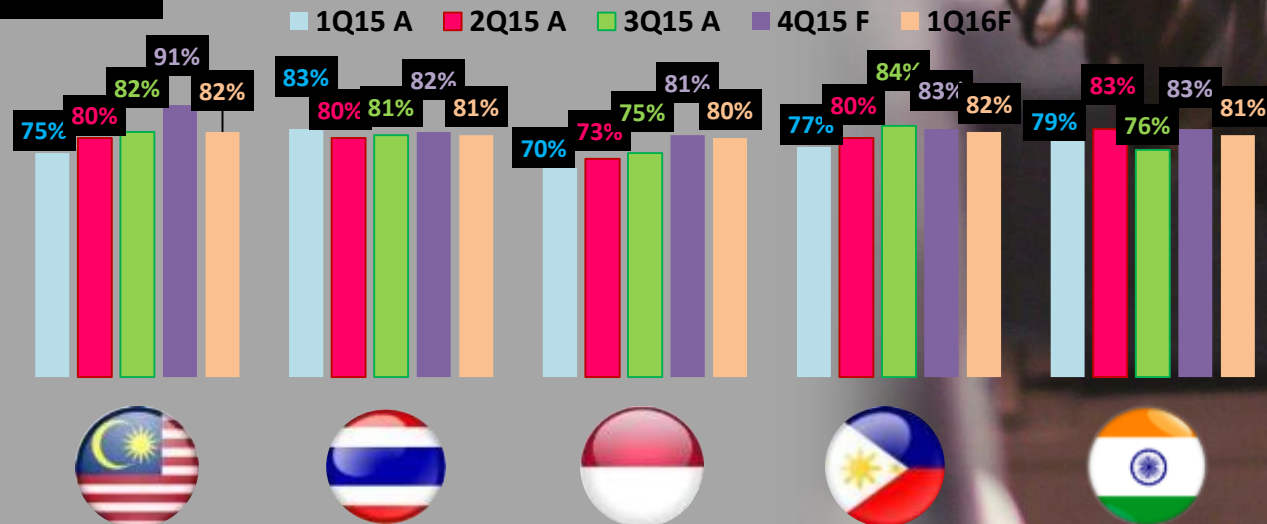


**Uncovering  
Talent  
& Potential**

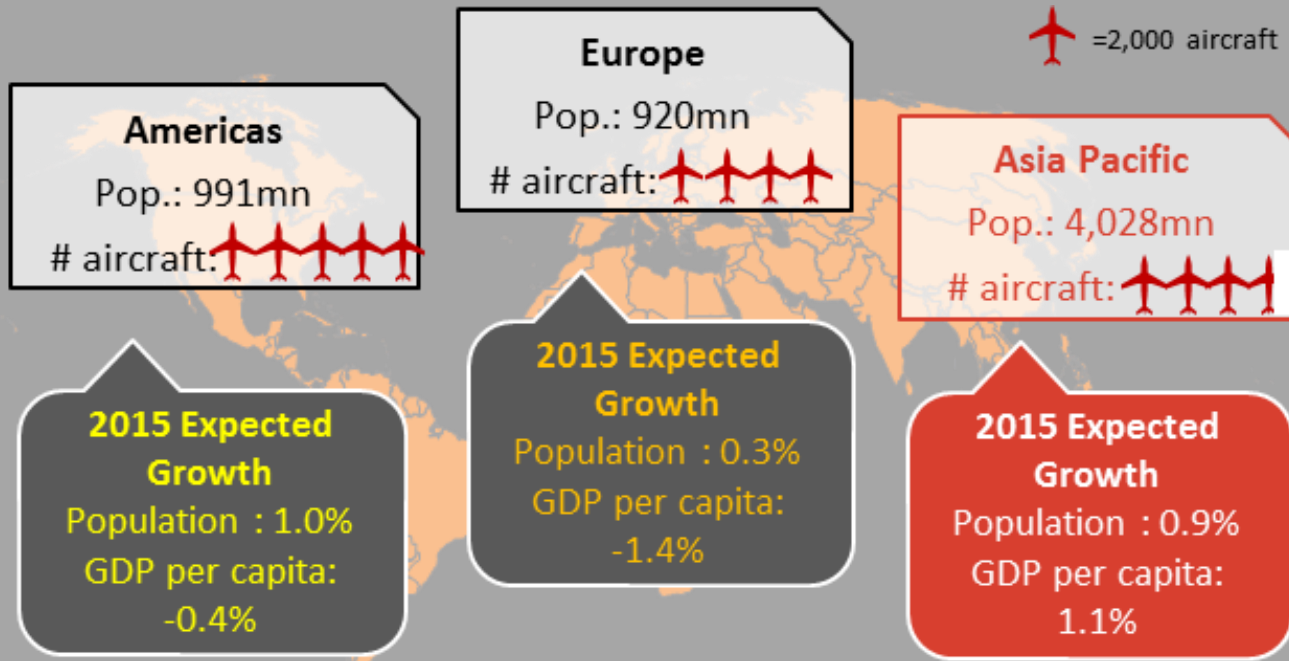
# 2016 – A VERY GOOD START!

- ✓ **Fuel price reached 12 year low in January 2016**
  - *Good for airlines*
  - *Fuel is 42% of AirAsia's cost*
- ✓ **Rational market leads to improvement in fares**
- ✓ **Chinese demand has recovered for Malaysia & Thailand**
  - *+21% YoY since May 2015 onwards for Malaysia*
- ✓ **Weak regional currencies = Consumers trading down**
  - *Travel within the region instead of US & Europe*
- ✓ **Strong load trends for the whole Group (above 80%)**

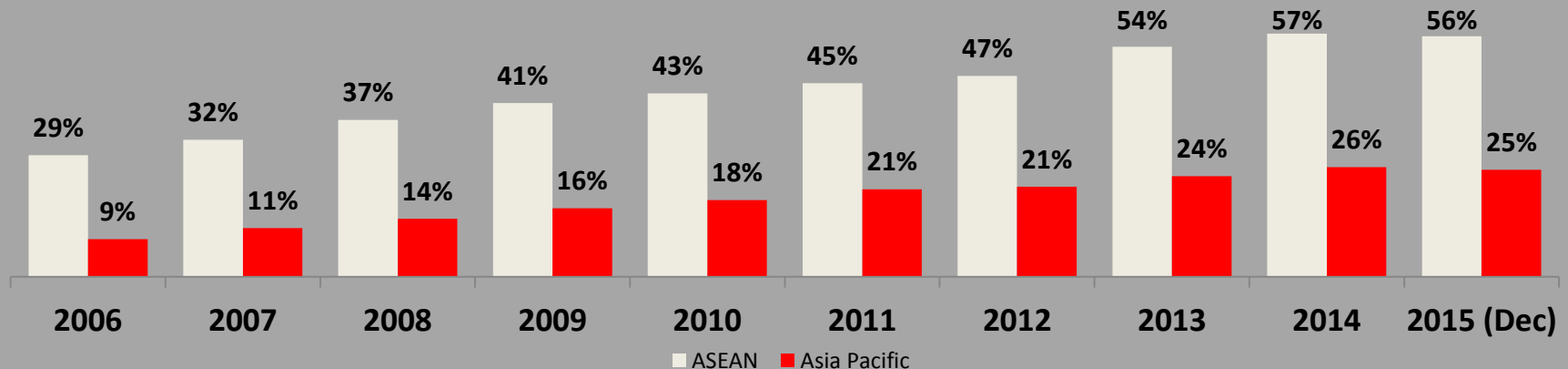
## LOAD



# AIRASIA – A LONG TERM STORY



## Growing LCC Market Share in Asia







**THANK YOU**