



AirAsia

The AirAsia Story

ICAO/CAAC Symposium on Low Cost Carriers

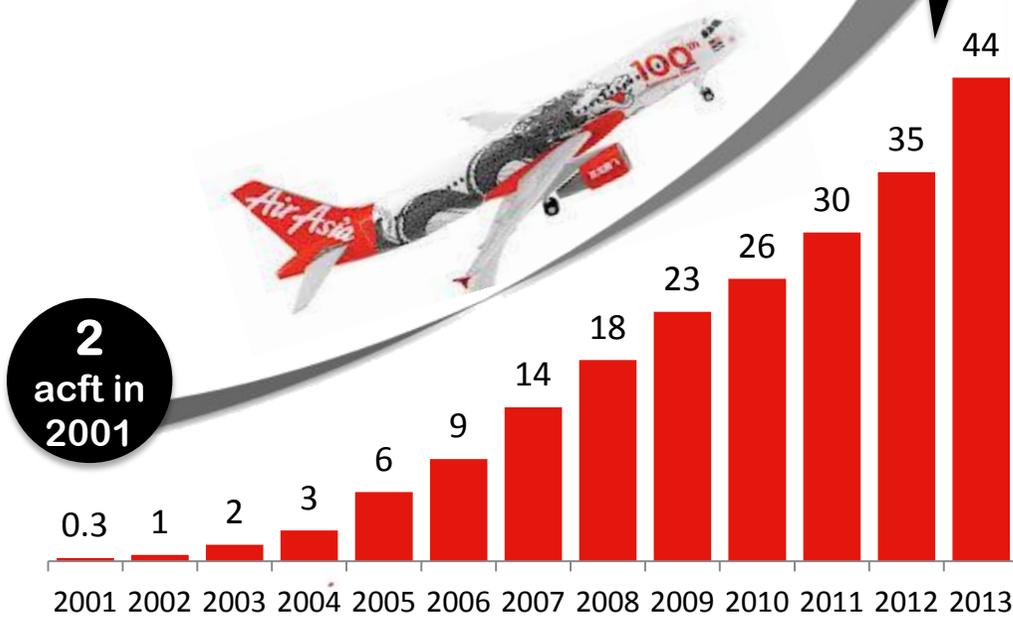
5th November 2013

12 year achievement



AirAsia passengers carried
million

>120
aircraft in
2013





More than Just an Airline

Ancillary - Leveraging on our strong brand, extensive network, large number of passengers and the number one travel website in Asia

Building a recognisable consumer brand through the following:

Ancillary Income per Pax

 Food & beverages	 Baggage		
 Excess Baggage	 Hot Seat	 Pick-a-Seat	 Red Carpet
 Counter Check-in	 Fly-Thru	Cargo, Courier, Cancellation & Documentation, Merchandise, Duty Free, Processing Fee	

Other Income

 AA Insure	 Skybus	Aircraft advertising, Credit Card, Online advertising, Publication, RedTix, Megastore
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Adjacency Businesses / Shares of Results from JVs

 AirAsia Expedia	 Loyalty Programme	 AirAsia Academy
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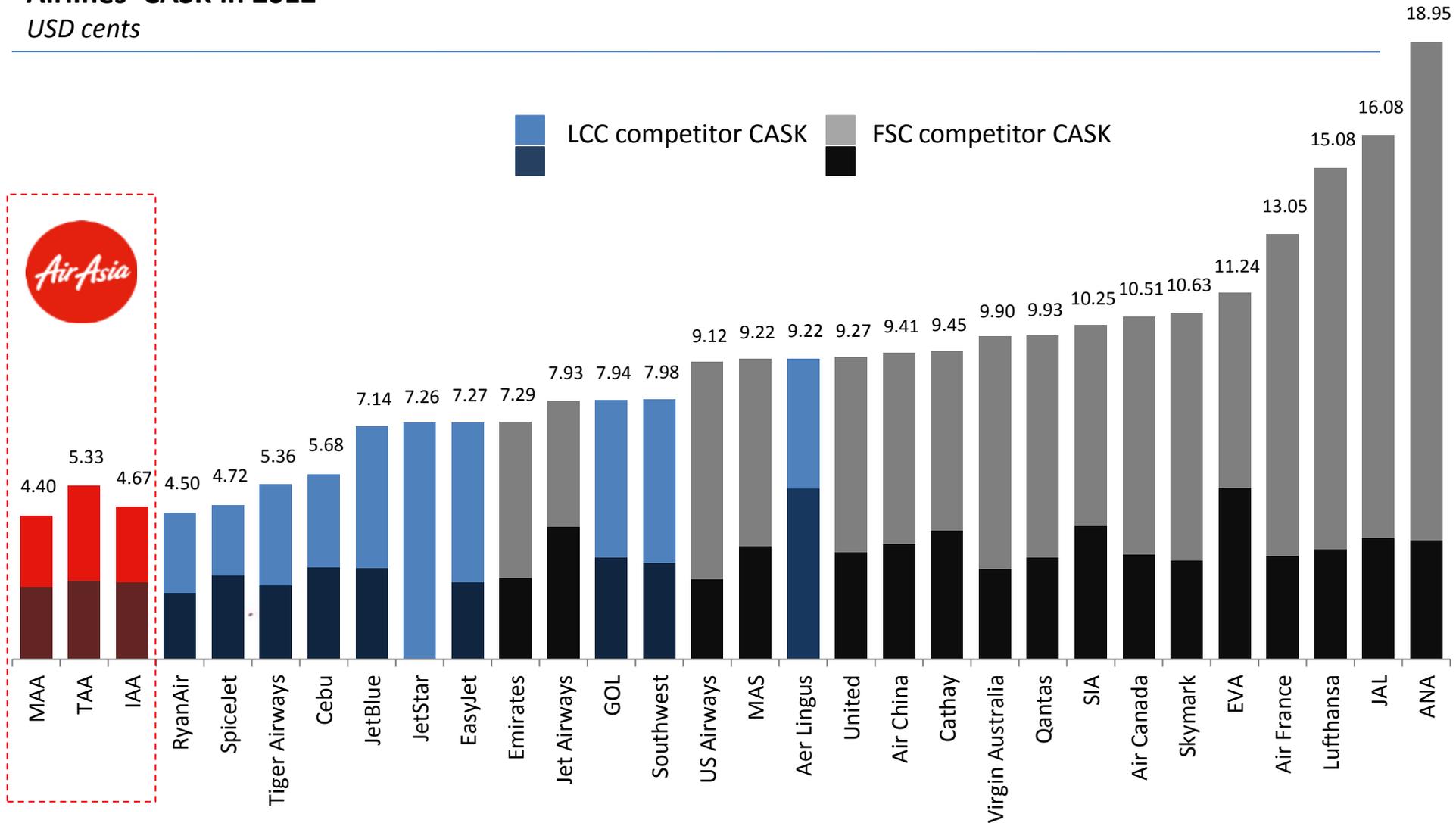
- Minimal cost – use existing network, belly space, existing infrastructure
- Provides recovery to spike in oil prices & competitive pressures

Disciplined Cost Structure



Airlines' CASK in 2012

USD cents



A red horizontal band containing a faint, white outline map of Southeast Asia, serving as a background for the title text.

6 Ingredients of AirAsia's Success

1

People – our BIGGEST asset

- Right talent for the right job

The AirAsia logo, featuring the brand name in a white, cursive script font inside a red circular background.

Over 10,000 staff

No unions

Equal opportunities



Deep senior management structure

Experienced, loyal, stress-tested management team

Can-do attitude

1 People Development



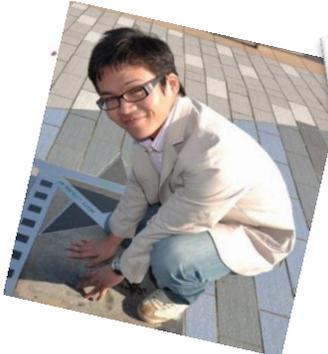
Cadet Pilot



Miss Thailand / Universe 2005



Kaew
Ramp Boy
↓
IT Supervisor



Hari krishna
Call Centre Operator
▶
Finance ▶ Pilot



Azhar
Ramp Boy
↓
Cabin Crew

2 Smart Sport Partnerships

- Build brand to maximise reach



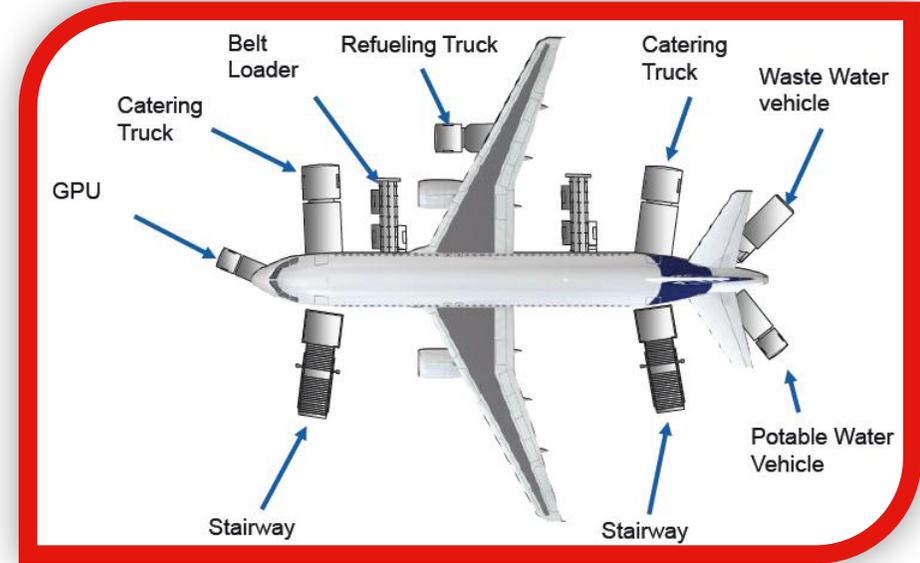
3 Simple Business Model

- Consistent execution and delivery

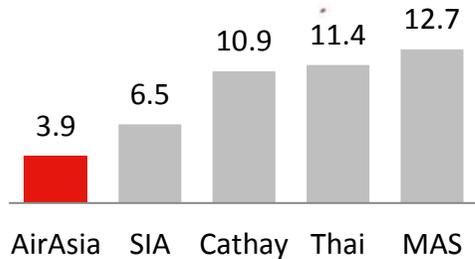


Same aircraft specification

- Single aircraft type **A320**
- **Once class** configuration



Average aircraft age (years)



Young fleet
lower
maintenance

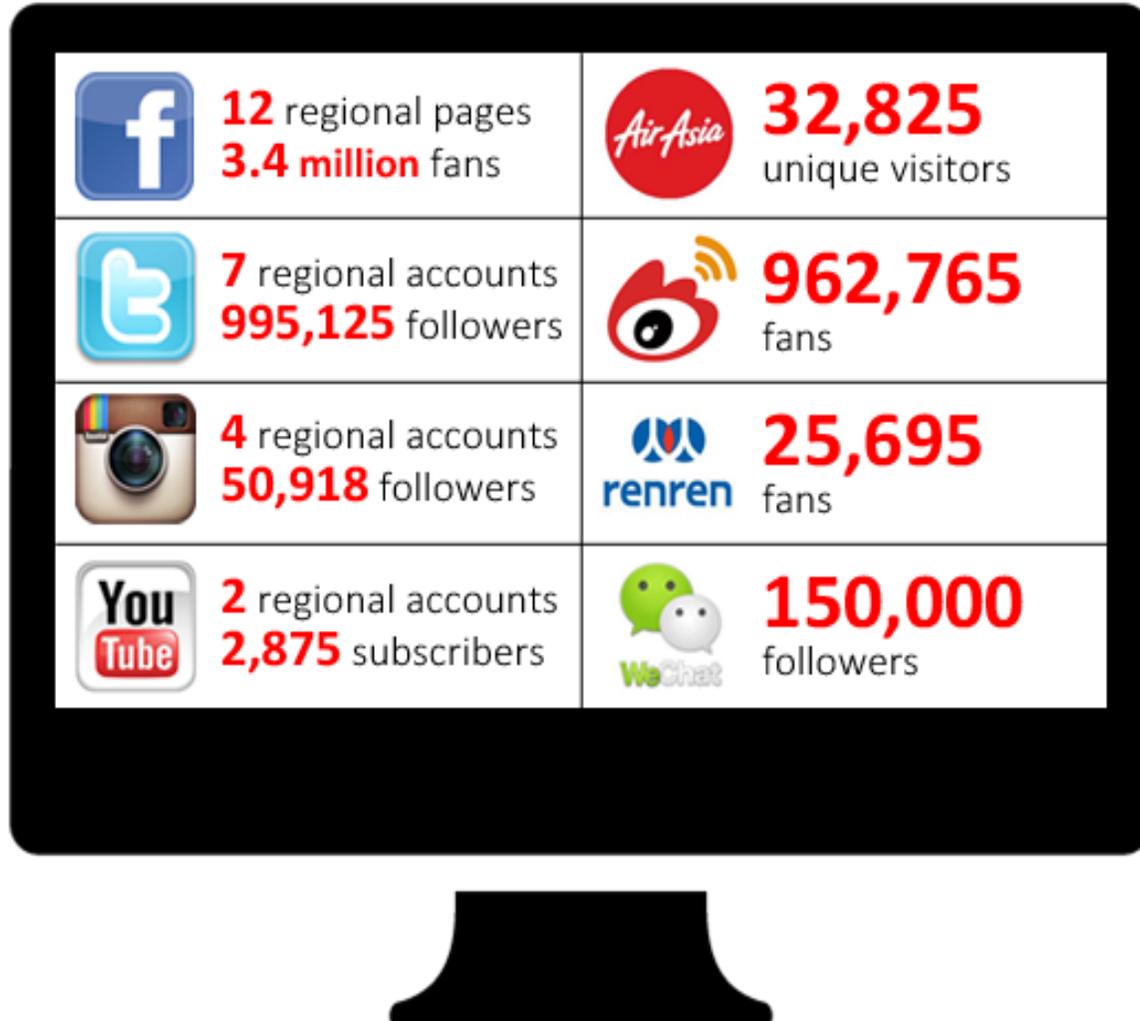
Repeatable operations processes

- **25 mins** turnaround
- **13-14 hours** aircraft utilisation per day

4

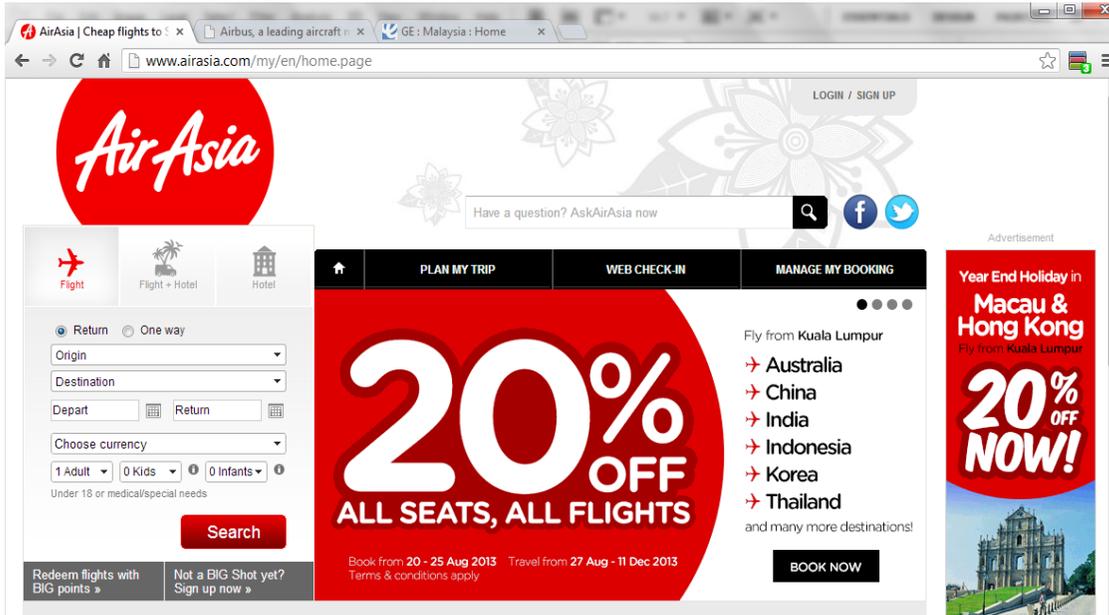
Social Media & Digital Marketing

- Customer engagement at no cost



5 Invest in Technology

- Platforms and apps for low-cost distribution

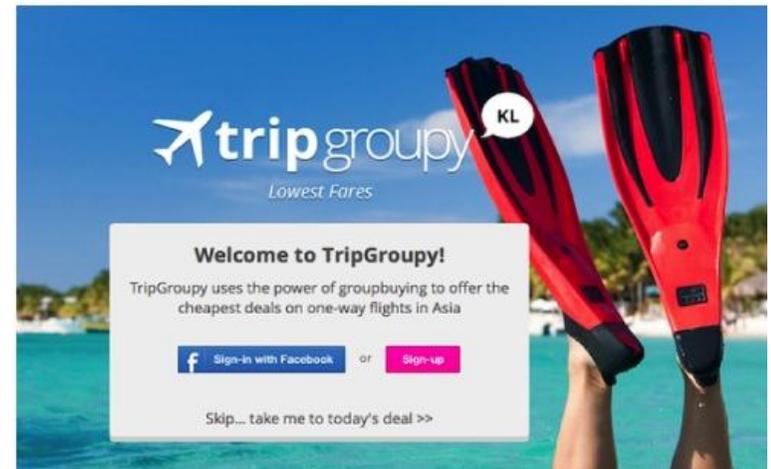


85% sales
from www.airasia.com website

Over **65,000,000**
page visits per month

Over **25,000,000**
unique visitors per month

Hits from over **200**
different countries



Continuous Innovation

- New ideas, new ways



New route development

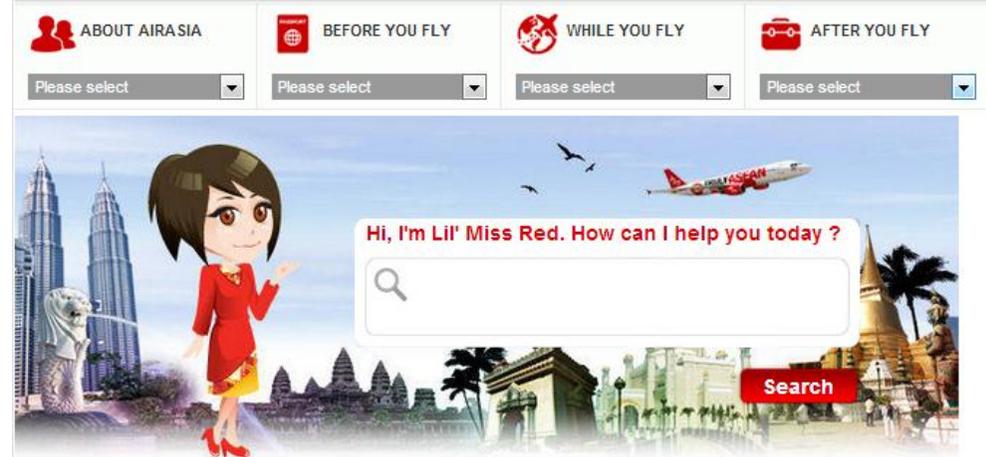


- **First LCC** in Bandung
- Previously not well-known to tourists, now a favourite for Msians, Thais, Indians
- **52K** pax in 2004 to **305K** in 2011



- Alternative to Hong Kong
- Pax carried grew:
 - KUL-MFM: **5K** in 2004 to **308K** in 2012
 - DMK-MFM: **58K** in 2004 to **419K** in 2012

Automation



askAirAsia one-stop information portal

Self-service kiosks
for check-in



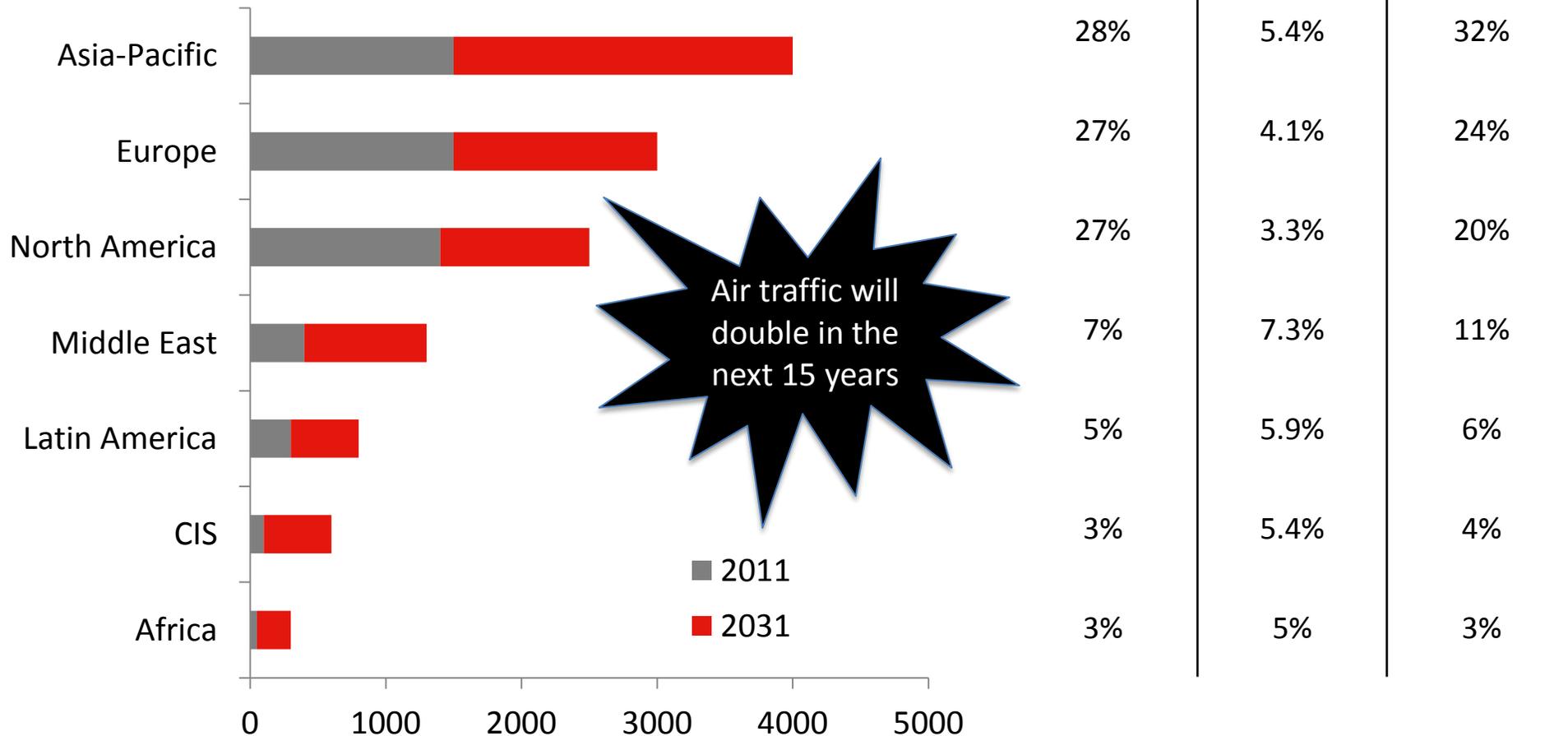
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Future of Air travel

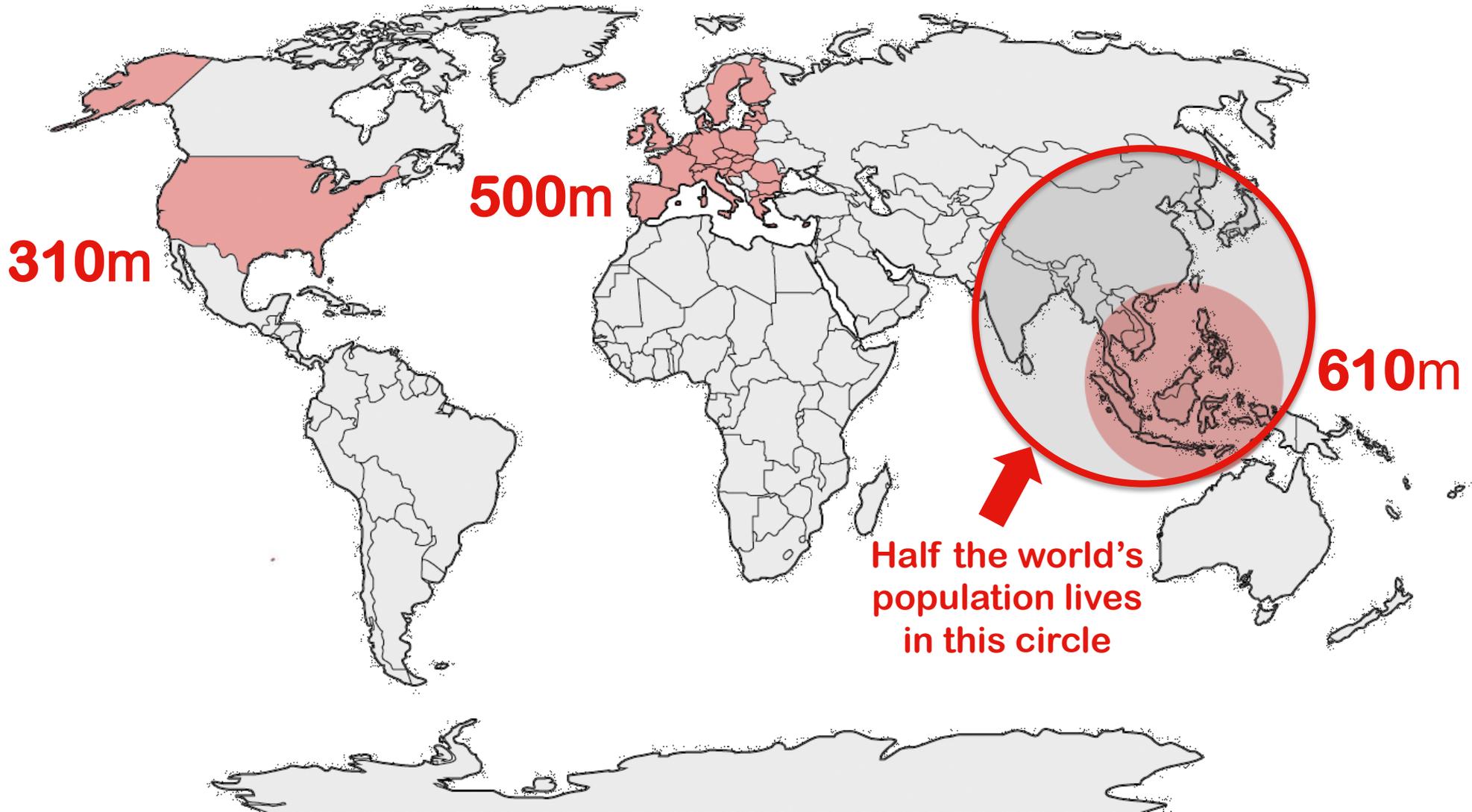
Asia will lead air traffic growth in the future



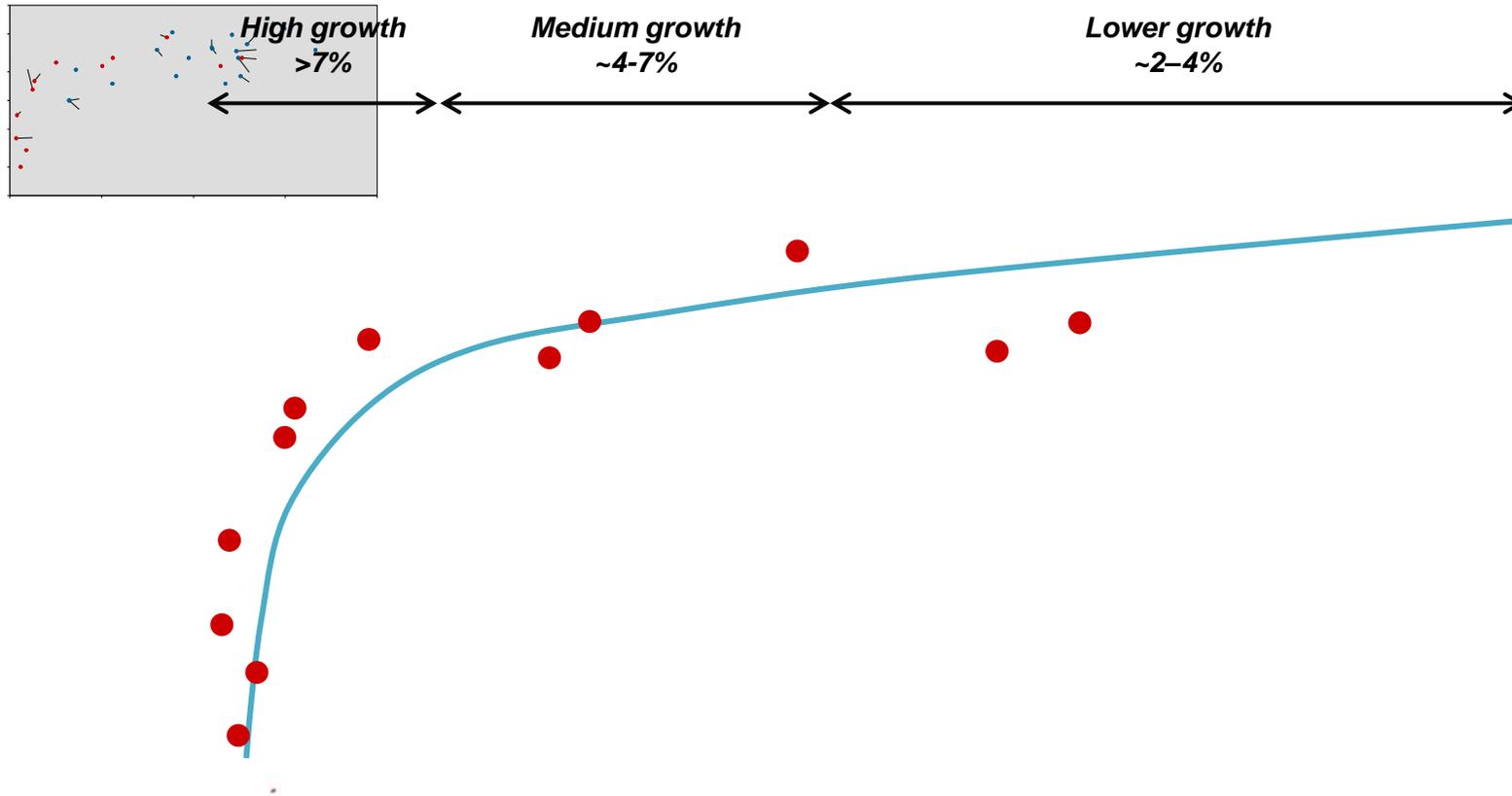
World Traffic RPK billions



Asia is a demographic heavy hitter



Majority of Asian aviation markets are in early stages of development



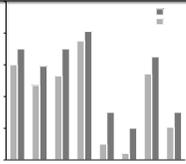
Note growth numbers based on domestic & international forecast passenger growth numbers from IATA
Source: Euromonitor; Lit search

● Asian countries

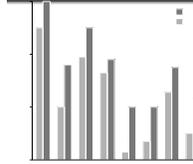
LCC penetration is expected to increase across Asia



DOMESTIC



INTERNATIONAL



LCC will be the fastest growing airlines of the future

*Excludes passenger flow to and from the Middle East
Source: OAG; Airbus Global market forecast; Bain analysis

LCC success needs low cost airports

Simple terminal design → low operating cost

→ reduce airport charges



Simple terminal design

- Basic airport amenities
- No necessity of premium lounges, multiple class check-ins
- Common waiting area in departure hall

Airport operations

- No aerobridges; Front and back door steps to allow quick boarding
- Simple & manual baggage handling process

Landing & parking charges

- Lower landing and parking charges translating to lower fares for passengers



Low cost airport hub

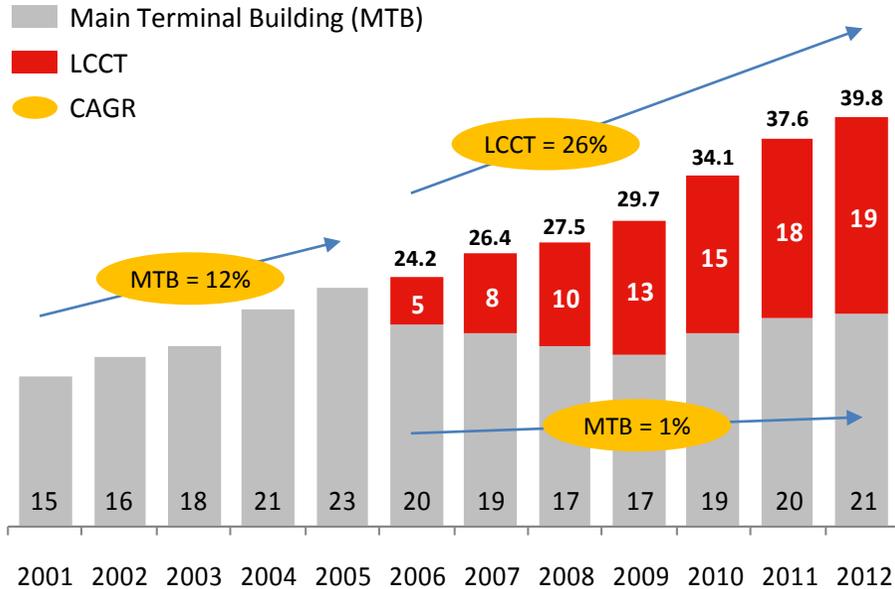
Airport gains from high traffic growth → higher revenue



KLIA Example

KLIA PAX movement, 2001 – 2012

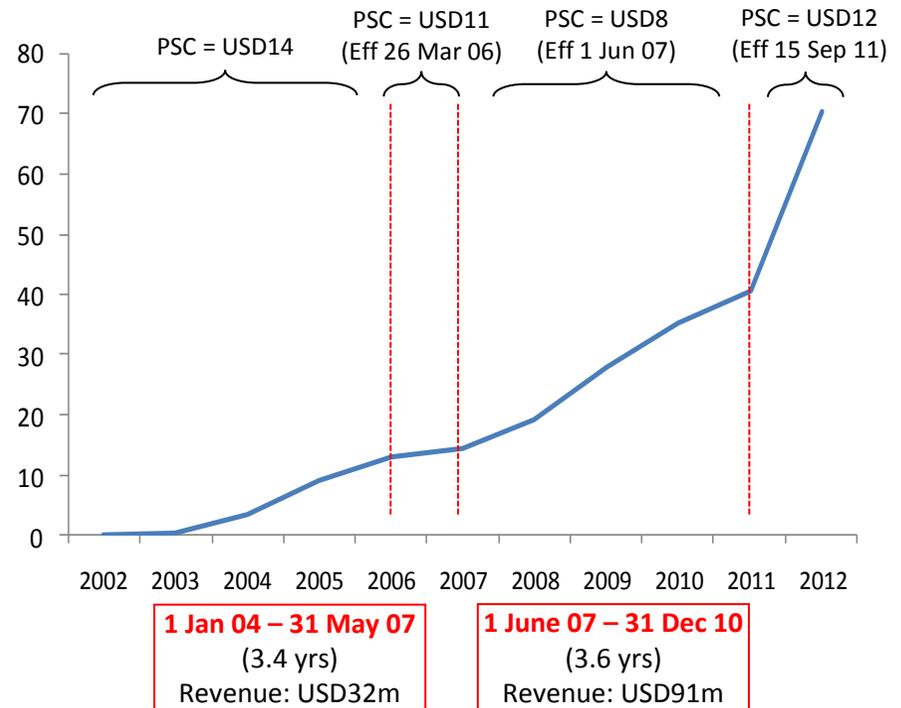
Million



LCCT helped create a new segment market that flies regionally for leisure and visiting friends and families

KLIA LCCT airport tax revenue earned by MAHB, 2002 – 2012

USD Million



MAHB earned **USD59m** more in airport tax revenue within a similar period after the PSC was reduced to USD8

A faint, light-colored outline of a world map is visible in the background of the red horizontal band.

Thank You