

# ACCOLADES

## TWENTY SIXTEEN



**7**

**September**

First A320neo  
Delivery



**20**

**October**

- Gold for Grand Award: Best in Asia Pacific
  - Best Non-Traditional Annual Report: Airlines
- 30th International ARC Awards, New York**



**20**

**October**

Action Learning Excellence  
Large Organization Service and  
Travel Sector 2016  
**World Institute for  
Action Learning**



**27**

**October**

CAPA Airline CEO of  
the Year  
**2016 CAPA  
Aviation Awards for  
Excellence**



**17**

**November**

- Industry Champion of the Year
- Eminent Leaders in Asia - Aireen Omar

**Asia Corporate Excellence &  
Sustainability Awards 2016**

**2**

**December**

- World's Leading Low-Cost Airline
- World's Leading Inflight Services

**23rd World Travel Awards 2016**

# MEDIA

PRESS CLIPPINGS

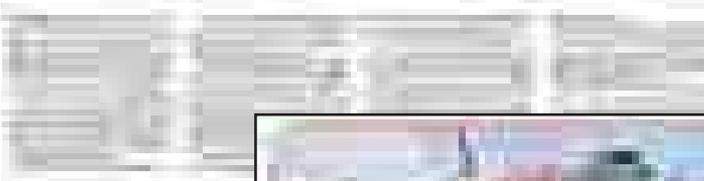
## FIRST QUARTER

JAN / FEB / MAR

### AirAsia penuhi permintaan pelanggan dalam sektor



### Partnership awarded by IATA to AirAsia



### AirAsia lancar perniagaan ke Shanghai



### AirAsia berhadiah pelanggan dengan...



PRESS CLIPPINGS

## SECOND QUARTER

APR / MAY / JUN

### AirAsia lancar laluan JB ke Guangzhou

**KUALA LUMPUR 15 Apr** - AirAsia telah melancarkan perkhidmatan laluan dari Johor Bahru (JB) ke Guangzhou mulai 19 Mei 2016.

Laluan ini merupakan laluan AirAsia pertama ke Guangzhou. Perkhidmatan ini akan beroperasi dua kali ke China setiap minggu iaitu pada Selasa dan Sabtu.

Antara destinasi popular di Guangzhou termasuklah Beijing, Shanghai dan Hong Kong. Perkhidmatan ini akan beroperasi dua kali ke China setiap minggu iaitu pada Selasa dan Sabtu.

"Kami sangat excited dengan laluan ini kerana ia membuka akses kepada lebih banyak destinasi di China dan Asia Tenggara," kata Ketua Pegawai Eksekutif AirAsia, Tony Fernandes.

malaysia AirAsia yang penuh sambutan ke Guangzhou," kata Fernandes.

Ketua Pegawai Eksekutif Terminal Services Sdn. Bhd., M. Letchi Babu berkata, dengan perkhidmatan yang semakin banyak di kawasan Malaysia, terdapat permintaan tinggi untuk perkhidmatan udara di antara Johor dan berbagai-bagai bandar di China.

Terdapat terminal khusus itu akan beroperasi seawal 10.30 pagi setiap hari, termasuk waktu dan waktu malam.

### AirAsia implements full self check-in

**KUALA LUMPUR 15 Apr** - AirAsia telah melancarkan perkhidmatan self check-in penuh kepada semua penumpang. Perkhidmatan ini membolehkan penumpang membuat check-in, bagasi dan pembayaran tiket melalui aplikasi AirAsia dan website AirAsia.

Perkhidmatan ini akan beroperasi di semua destinasi AirAsia. Perkhidmatan ini akan beroperasi di semua destinasi AirAsia.



# L I G H T S



2 0 1 6

PRESS CLIPPINGS

## THIRD QUARTER

JUL / AUG / SEP



PRESS CLIPPINGS

## FOURTH QUARTER

OCT / NOV / DEC





Scan the QR code to view video

**▶ Now AirAsia gives free flights to Paralympic medal winners from Asean**

After rewarding the Olympic medal winners in Rio Games, AirAsia showered the Paralympians with prizes and free flights at an appreciation event in Selangor.



Scan the QR code to view video

**▶ Asia's Budget-Airline King Splurges on Planes to Retain Lead (Bloomberg)**

AirAsia Berhad and Airbus Group SE announced a deal for 100 A321neo aircraft, valued at USD12.6 billion, at the Farnborough Air Show outside London.



Scan the QR code to view video

**▶ Tony Fernandes named CAPA Airline CEO of the year (TV3)**

Tony Fernandes's named Airline CEO of the Year at the 2016 CAPA Aviation Awards for Excellence. This is the third time Tony has won accolades from influential aviation consultancy CAPA-Centre for Aviation. The first two times were in 2004 and 2005.



Scan the QR code to view video

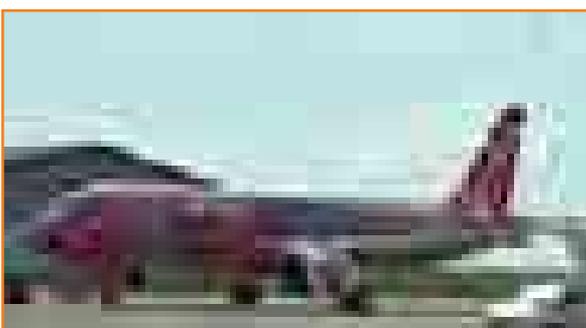
**▶ The Road to Success of AirAsia (Startup Thailand)**



Scan the QR code to view video

**▶ AirAsia CEO: 'I want to simplify the business' (CNBC)**

AirAsia Group CEO Tony Fernandes explained to CNBC on the value of AirAsia business.



Scan the QR code to view video

**▶ AirAsia is the first airline in Asean to operate Airbus A320neo (StarTV)**

AirAsia on Thursday launched its new Airbus A320neo fleet, which will deliver fuel savings of around 15%. The new aircraft will enable the low-cost carrier to continue offering affordable airfares to consumers.



Scan the QR code to view video

**▶ AirAsia continues Skytrax Awards Winning Streak**



Scan the QR code to view video

**▶ AirAsia Gifts Free Flights to Asean Olympic Medallists at Gala Event**



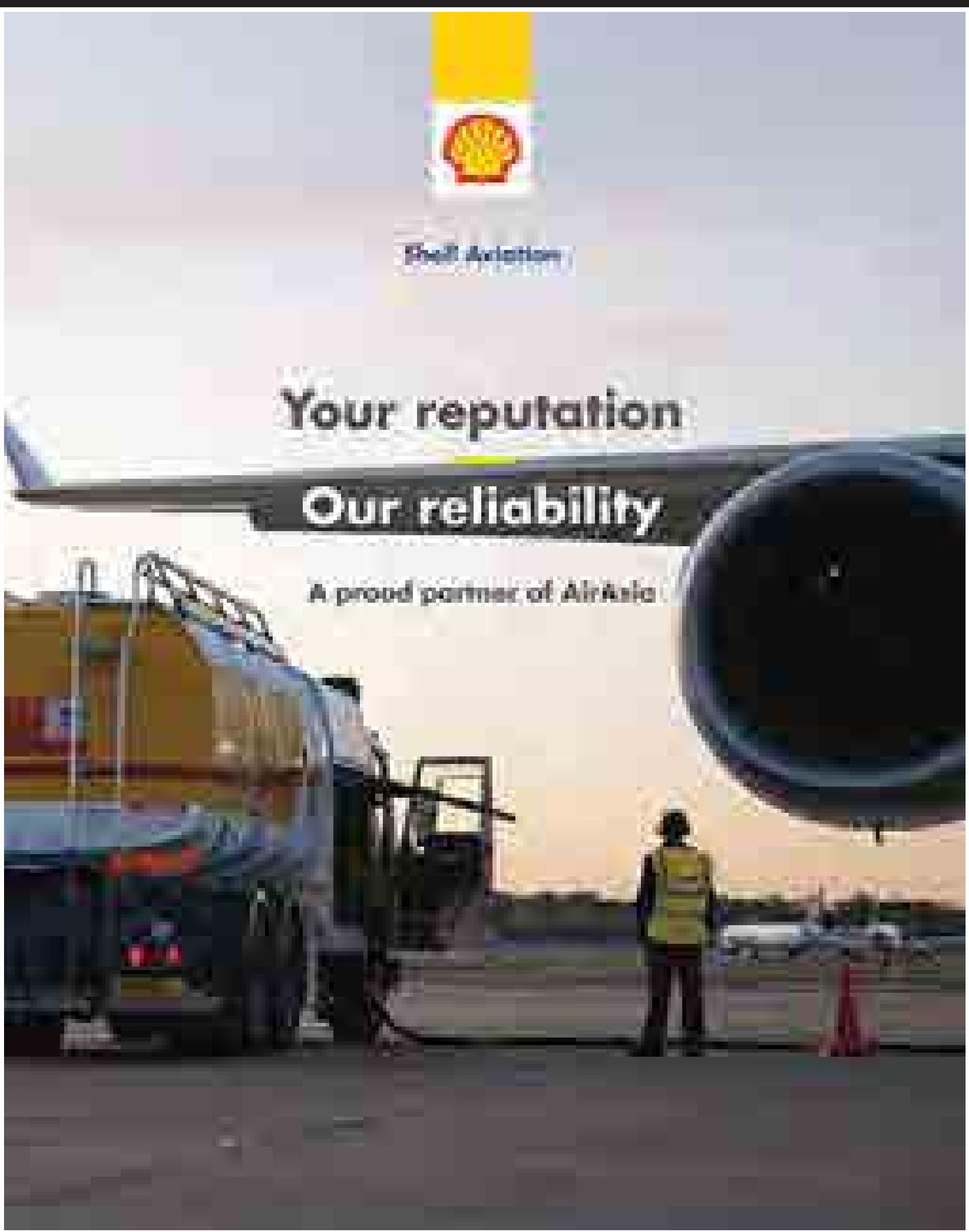


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world

# Our New Home



On 7 November, we moved into our very first home – RedQuarters, better and more lovingly known as RedQ. It was a significant occasion for many Allstars, especially those who have been with the Group when we started out in Subang Airport, then shifted to KLIA and LCCT before, finally, settling into our 18,000 square metre space that truly reflects who we are. That it is modern goes without saying. It is also quirky and full of positive energy. Work zones have been built around a central astro-turfed multi-storey atrium where Allstars can relax on bean bags, and where our top management address everyone on breaking news. Other stand-out features include our destination-themed meeting pods (Manila, Hong Kong, Sydney, Jakarta, Kuala Lumpur, Seoul), the Millennium Falcon boardroom (inspired by the starship from Star Wars), innovation lab, gym, cafeteria, salad bar and T&Co outlet. It is still a work-in-progress and we are looking forward to the addition soon of a gigantic slide, floating globe and rooftop amenities such as a caged futsal court, badminton court and jogging track. Also on the horizon are a new clubhouse and crèche for Allstar babies.



INNOVATION  
HUB



INSPIRES  
CREATIVITY

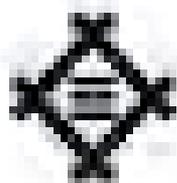


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# How did Tony's dream take off?

How to turn a single dollar into Asia's largest low cost carrier. Tony Fernandes and Credit Suisse's Holman Sitohang explain how they bank at [credit-suisse.com/asia](http://credit-suisse.com/asia)

# Our Pioneering Allstars

When AirAsia was established in 2001, we had with us some staff from HICOM Holdings, the previous owners of the airline. Our founders Tan Sri (Dr.) Tony Fernandes and Datuk Kamarudin bin Meranun also brought on board a number of management to help get the new airline off the ground. Some of these pioneers are still with us. To mark our 15th anniversary, we wanted to recognise our original cast of Allstars. In the following pages, we highlight some of them, and voice their thoughts on AirAsia. Meanwhile, from the Board and management, “thank you” for braving the ups and downs and for helping us create the World’s Best Low-Cost Airline eight years running!

# 15 Years of Realising Dreams



# 15 years with passionate people



"I love the challenge of being in an organisation that's leading the future of the aviation industry."  
**TENGGU MOHD FAIZ BIN TENGGU HAMZAH**



"It's a good company with good compensation, and I enjoy what I do. Thank you AirAsia for all these wonderful years!"  
**SHABARUDDIN BIN SAAT**



"The company is different from others in a million ways, even in something as simple as calling us Allstars."  
**AHMAD BIN ISMAIL**

"My career with AirAsia has been fun. Our office culture is unique; it makes you feel so comfortable that it almost feels like home."  
**FAUZILA BTE ABDUL LATIFF**



"The close, family-like bonds between everyone is the reason I love what I do. Our cabin crew are a constant source of motivation."  
**SUHAILA BTE HASSAN**

"It's an amazing company to work for and I'm so proud to be one of the Allstars."  
**CHE RAHAYU BINTI YUSOF**



"Allstars have had the opportunity for great career advancement. We get to experience something new every day."  
**ONG SOON YEE**





"A career is wonderful, a company is security. But AirAsia is family. When you enjoy what you do, work becomes play."  
**ZURAINA IBRAHIM**

"I feel that at AirAsia, I can take my career to the highest level."  
**ISMAIL BIN NORDIN**

"It's great to work with amazing employers in a fun environment and culture."  
**TAJUDDIN BIN AHMAD RAZALI**

"I really enjoy the Asean work environment where everyone supports everyone."  
**MOHD JOHANI BIN IBRAHIM**



"In AirAsia, we care for the company together as a family. It's like building a home."  
**ZAINI BIN NORDIN**



"There's a high level of job satisfaction and a feeling that we are all part of a community."  
**MOHD FAUZI BIN MOHD YUSOF**



"I LOVE AIRASIA SO MUCH!"  
**ABDUL SATTAR BIN ISMAIL**

"I love what I do. Every morning it's like leaving home and going to another."  
**MAZUIN SHIMA BINTI ISHAK**



"I love the new office, RedQ, and am so glad to be an AirAsia Allstar!"  
**HASNIAH BINTI MD NAWI**

"Once an Allstar, always an Allstar!"  
**ALOSIUS A/L JOHNY**



"It's a very challenging and fun environment, especially in the Operations Control Centre Department."  
**AZLIN BT MASRI**





# Dare to Dream.

**To accomplish great things,  
we must not only act, but also dream.**

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CONGRATULATIONS



# DATUK KAMARUDIN BIN MERANUN

Non-Independent Executive Chairman  
Malaysian



➔ Datuk Kamarudin bin Meranun (male), age 55, is the co-founder of AirAsia. Together with his business partner and long-time friend, Tan Sri (Dr.) Tony Fernandes, he acquired struggling domestic airline AirAsia in December 2001 and relaunched it as a pioneer of low-cost travel in Asia. Datuk Kamarudin was appointed a Director of the Company on 12 December 2001. On 6 November 2013, he became the Executive Chairman of AirAsia, taking the lead in engaging with the government, aviation regulators and airport authorities of Malaysia. Before his designation as Executive Chairman, he was AirAsia's Deputy Group Chief Executive Officer. Datuk Kamarudin is a Non-Independent Executive Director of AirAsia X and was appointed Group Chief Executive Officer of AirAsia X on 30 January 2015 to take charge of developing an overarching strategy for AirAsia's long-haul, low-cost business, which consists of AirAsia X, Thai AirAsia X and Indonesia AirAsia X.

Datuk Kamarudin and Tan Sri Tony transformed AirAsia from a two-aircraft start-up into Asia's best and largest low-cost carrier winning the coveted Skytrax World's Best Low-Cost Airline award eight years in a row from 2009 to 2016. The airline also received the World's Leading Low-Cost Airline title at the World Travel Awards in 2013, 2014 and 2015. Fundamental to this success was Datuk Kamarudin's vast experience in the financial industry and his leadership in setting AirAsia's business direction.

Prior to joining AirAsia, Datuk Kamarudin worked at Arab-Malaysian Merchant Bank from 1988 to 1993 as a Portfolio Manager, managing both institutional and high net-worth individual clients' investment funds. In 1994, he was appointed Executive Director of Innosabah Capital Management Sdn Bhd, a subsidiary of Innosabah Securities Sdn Bhd. He subsequently acquired the shares of the joint venture partner of Innosabah Capital Management Sdn Bhd, which was later renamed Intrinsic Capital Management Sdn Bhd.

Datuk Kamarudin received a Diploma in Actuarial Science from University Technology MARA (UiTM) and was named the "Best Actuarial Student" by the Life Insurance Institute of Malaysia in 1983. He received a BSc with Distinction (Magna Cum Laude) majoring in Finance in 1986 and an MBA in 1987 from Central Michigan University.

He received the Darjah Panglima Jasa Negara (PJN), which carries the title Datuk, from the Yang di-Pertuan Agong on 21 November 2013.

Datuk Kamarudin is also a Non-Independent Non-Executive Director of Tune Protect Group Berhad. He is also a Director of Yayasan Pendidikan Titiwangsa.

# TAN SRI (DR.) TONY FERNANDES

Non-Independent Executive Director and Group Chief Executive Officer  
Malaysian



➔ Tan Sri (Dr.) Tony Fernandes (male), age 53, is one of Asia's most recognisable entrepreneurs, best known for co-founding AirAsia together with his business partner and long-time friend, Datuk Kamarudin bin Meranun. He was appointed as Group Chief Executive Officer of the Company in 2001, and re-designated as a Non-Independent Executive Director and Group Chief Executive Officer on 6 November 2013.

Tan Sri Tony and Datuk Kamarudin famously bought the ailing, debt-ridden airline for a token RM1 (approximately 25 US cents), turned it around within two years and grew it from a Malaysia-based domestic carrier into Asia's largest, most successful airline group with operations in five countries.

Tan Sri Tony studied at Epsom College and the London School of Economics in Britain, and qualified as an Associate Member of the Association of Chartered Certified Accountants in 1991 and Fellow Member in 1996. An accountant by training, he began his career in Richard Branson's Virgin Group before returning to Malaysia and

becoming Warner Music Group's Vice President for Southeast Asia in 1999, before entering the airline business as Group Chief Executive Officer of AirAsia in 2001.

Tan Sri Tony has received numerous awards and accolades over the course of his career. These include the Commander of the Order of the British Empire, conferred by Her Majesty Queen Elizabeth II in 2011, and the Commander of the Legion d'Honneur, awarded by the French Government for his outstanding contributions to the French economy through the aviation industry.

In 2010, Tan Sri Tony was the first person from Asean to be named Businessman of the Year by Forbes Asia, for democratising air travel and transforming AirAsia into a successful global brand. TIME Magazine included him in the 2015 TIME 100 list, the magazine's annual list of the 100 most influential people in the world which included Chinese President Xi Jinping, Microsoft CEO Satya Nadella, Nobel Prize laureate Malala Yousafzai and hip-hop artist Kanye West. In February 2016, he was recognised by the US-Asean Business Council with the Fourth Pillar Award for his extraordinary contributions

towards growth of Asean, the second recipient of the award after the Administration of US President Barack Obama. In October 2016, Tan Sri Tony was named Airline Chief Executive Officer of the Year by aviation consultancy CAPA Centre for Aviation for successfully steering AirAsia to increased profitability. He also won the 2016 EY Asean Entrepreneurial Excellence Award for his entrepreneurial spirit, financial performance, strategic direction, global and community impact, innovation and personal integrity as well as influence.

Tan Sri Tony is a Non-Independent Non-Executive Director of both Tune Protect Group Berhad and AirAsia X Berhad.

# AIREEN OMAR

Non-Independent Executive Director and Chief Executive Officer  
Malaysian



➔ Aireen Omar (female), age 43, was appointed as Chief Executive Officer and Non-Independent Executive Director of the Company effective from 1 July 2012. Prior to this, she was our Regional Head of Corporate Finance, Treasury and Investor Relations. She is also a member of the Safety Review Board.

She received her BSc in Economics from the London School of Economics and Political Science and also holds a Master of Arts in Economics from New York University.

Aireen joined AirAsia Berhad in January 2006 as Director of Corporate Finance, her portfolio expanding quickly to also include Treasury, Fuel Procurement and Investor Relations functions. Taking on these roles, she was instrumental in shaping the development of AirAsia into one of the fastest growing and most highly-acclaimed airlines globally.

She began her career at Deutsche Bank Securities Inc in 1997 based in New York and London, her last position being an Associate at the Equity Arbitrage Proprietary Trading Desk

focusing on international equities, equity derivatives and equity-linked products. Upon her return to Malaysia in 2001, she served several major local financial institutions including the Maybank Group.

Aireen received an Outstanding Achievement Award (CEO category) at the inaugural Malaysian Women of Excellence 2014. She was named one of Corporate Treasurer's 25 Most Influential Women in Treasury 2015 and won the Masterclass Woman CEO of the Year award 2014 & 2015 at the Selangor Excellence Business Awards. In November 2016, she was named an Eminent Leader in Asia at the Asia Corporate Excellence & Sustainability Awards (ACES).

She is a member of the Boards of Malaysia Tourism Promotion Board (Tourism Malaysia), AirAsia Global Shared Services Sdn Bhd, Think BIG Digital Sdn Bhd, Bigpay Malaysia Sdn Bhd (formerly known as Tpaay Asia Sdn Bhd), Ground Team Red Sdn Bhd, MadCience Consulting Sdn Bhd, Koolred Sdn Bhd and Asia Aviation Capital Limited.

# DATO' ABDEL AZIZ@ ABDUL AZIZ BIN ABU BAKAR

Non-Independent Non-Executive Director  
Malaysian



➔ Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar (male), age 63, was appointed a Non-Executive Director of the Company on 20 April 2005. On 16 June 2008, he was re-designated as Non-Executive Chairman and, subsequently, as a Non-Independent Non-Executive Director in November 2013. He is also a member of the Audit Committee and Nomination and Remuneration Committee. Prior to this, he served as a Director of the Company from 12 December 2001 to 11 October 2004; and then as an Alternate Director to Dato' Pahamin Ab. Rajab from 11 October 2004.

Dato' Aziz is currently the Executive Chairman of VDSL Technology Sdn Bhd. He served as Chairman of Performance and Artistes Rights Malaysia Sdn Bhd (PRISM), a collection society for performers of recorded music, and the Academy of Malaysian Music Industry Association (PAIMM) for more than 10 years until end 2012 and January 2011, respectively.

From 1981 to 1983, he was the Executive Director of Showmasters (M) Sdn Bhd, an artiste management and concert promotion company. He subsequently joined BMG Music and was General Manager from 1989 to 1997, and Managing Director from 1997 to 1999. He received a Diploma in Agriculture from Universiti Pertanian Malaysia in 1975, a BSc in Agriculture Business from Louisiana State University, USA in 1978, and an MBA from the University of Dallas, USA in 1980.

He is also currently a Director of Yayasan Astro Kasih and an Executive Chairman of Naim Indah Corporation Berhad and a member of its Audit Committee.

# DATO' FAM LEE EE

Senior Independent Non-Executive Director  
Malaysian



➔ Dato' Fam Lee Ee (male), aged 56, was appointed an Independent Non-Executive Director of the Company on 8 October 2004. He was re-designated as Senior Independent Non-Executive Director on 20 August 2014. He is a member of the Audit Committee and Chairman of the Nomination and Remuneration Committee of the Board.

He received his BA (Hons) from the University of Malaya in 1986 and LLB (Hons) from the University of Liverpool, England in 1989. Upon obtaining his Certificate of Legal Practice in 1990, he has been practising law since 1991 and is currently a managing partner at Messrs LE Fam & Co.

Dato' Fam used to sit on the Board of Trustees of Yayasan PEJATI from 1996 to 2007. Since 2001, he has served as a legal advisor to the Chinese Guilds and Association and charitable organisations such as Yayasan SSL Haemodialysis Centre in PJ.

Dato' Fam is also a Non-Independent Non-Executive Director of AirAsia X Berhad.

# DATO' MOHAMED KHADAR BIN MERICAN

Independent Non-Executive Director  
Malaysian



➔ Dato' Mohamed Khadar bin Merican (male), age 60, was appointed an Independent Non-Executive Director of the Company on 16 February 2016. He is Chairman of the Audit Committee and a member of the Safety Review Board. Prior to this, he served as an Independent Non-Executive Director of the company from 10 September 2007 to 20 August 2014.

Dato' Mohamed Khadar is a member of the Institute of Chartered Accountants in England and Wales and the Malaysian Institute of Accountants.

He has extensive experience in financial and general management having served as an auditor and a consultant in an international accounting firm before joining a financial

services group in 1986. Between 1988 and 2003, Dato' Mohamed Khadar held various senior management positions in the then Pernas International Holdings Berhad, which was listed on Bursa Malaysia, including that of President and Chief Operating Officer. In 2013, in his capacity as Chairman of RHB Capital Berhad, he was named Chairman of the Year by the Minority Shareholder Watchdog Group at its Asean Corporate Governance Index Awards 2013.

Dato' Mohamed Khadar is also a Director of the following public companies: Astro Malaysia Holdings Berhad, Sona Petroleum Berhad (in members' voluntary liquidation) and Rashid Hussain Berhad (in members' voluntary liquidation).

# STUART L DEAN

Independent Non-Executive Director  
American



→ Stuart L Dean (male), age 64, was appointed an Independent Non-Executive Director of the Company on 15 June 2015. He is the Chairman of the Safety Review Board and a member of the Nomination and Remuneration Committee.

Mr Dean graduated magna cum laude from Duke University in 1975 with a BA in Economics and Political Science and as a member of Phi Beta Kappa. He obtained his MBA from Harvard in 1979.

He has over 35 years of experience working across GE businesses in the US and Asia in senior positions in sales, marketing, product general management, services marketing and general management. He retired from GE in April 2015.

Mr Dean started in an advanced sales and marketing entry programme in GE Appliances in 1979, and was made the Marketing Manager for the Dishwasher business in 1983.

He was then appointed Specialty Appliance Manager with responsibility for developing a new line of high-end built-in appliances called the GE Architecture Line. In 1988, he was promoted to Product General Manager.

He took a business development role in Singapore in late 1991 and became President of GE Capital, Southeast Asia, in 1993. Following his assignment in GE Capital, he was appointed President, GE Indonesia in February 1995. In May 2002, he became President and CEO, GE Asean with responsibility for all of Asean, based in Kuala Lumpur.

Mr Dean also serves on the Board of the Malaysian Investment Development Authority (MIDA) and the Advisory Boards of Duke University Trinity College and Harvard Business School Asia. He is also the Chairman of Junior Achievement Malaysia and sits on the Board of Orbis Asia whose aircraft hospitals perform eye surgeries in developing countries.

# THARUMALINGAM A/L KANAGALINGAM

Non-Independent Executive Director  
Malaysian



➔ Tharumalingam A/L Kanagalingam, also known as Bo Lingam (male), age 52, was appointed a Non-Independent Executive Director of the Company on 6 March 2017.

Bo joined AirAsia in 2001 as a Ground Operations Manager, responsible for the implementation of the low-cost concept in operations and procurement. Since then, he has held several key positions including Purchasing and Supplies Senior Manager, Regional Guest Services Director and President and Group Chief Operation Officer.

As Group Chief Operating Officer, he supervised AirAsia's operations in Malaysia, Thailand, Indonesia, the Philippines and India, drove process improvement and set up new airlines in the region for the Group. Prior to joining AirAsia, and upon completing his Sijil Pelajaran Malaysia, he worked extensively in the publication and music industry at various production houses, including as Production Controller at EMI Music Malaysia as well as Operations Manager and Promotions Manager at Warner Music Malaysia.

Bo currently serves as Deputy Group Chief Executive Officer (Operations) of AirAsia overseeing our commercial functions, network planning, flight operations, engineering, ICT, guest services, ramp management, cargo and security, as well as the business development of new airlines.

#### Notes:

##### Family Relationship

None of the Directors has any family relationship with any other Director and/or major shareholder of AirAsia Berhad.

##### Conflict of Interest

None of the Directors has any conflict of interest with AirAsia Berhad Group.

##### Conviction for Offences

None of the Directors has been convicted for any public offence or has had a penalty imposed by a regulatory body within the past five years, other than traffic offences, if any.

##### Attendance of Board Meetings

The attendance of the Directors at Board of Directors' meetings is disclosed in the Statement on Corporate Governance.

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**SENIOR  
MANAGEMENT  
TEAM**



**DATUK KAMARUDIN  
BIN MERANUN**

Non-Independent Executive Chairman  
*AirAsia Berhad*

Details of Datuk Kamarudin bin Meranun are disclosed in the Director's Profile on page 47 of the Annual Report.



**TAN SRI (DR.)  
TONY FERNANDES**

Non-Independent Executive Director &  
Group Chief Executive Officer  
*AirAsia Berhad*

Details of Tan Sri (Dr.) Tony Fernandes are disclosed in the Director's Profile on page 48 of the Annual Report.



**AIREEN  
OMAR**

Non-Independent Executive Director &  
Chief Executive Officer  
*AirAsia Berhad*

Details of Aireen Omar are disclosed in the Director's Profile on page 49 of the Annual Report.



**TASSAPON  
BIJLEVELD**

Chief Executive Officer  
*AirAsia Thailand*

Details of Tassapon Bijleveld are disclosed in the Senior Management Profiles on page 59 of the Annual Report.



**DENDY  
KURNIAWAN**

Chief Executive Officer  
*AirAsia Indonesia*

Details of Dendy Kurniawan are disclosed in the Senior Management Profiles on page 59 of the Annual Report.



**CAPTAIN DEXTER M  
COMENDADOR**

Chief Executive Officer  
*AirAsia Philippines*

Details of Captain Dexter M Comendador are disclosed in the Senior Management Profiles on page 59 of the Annual Report.



**AMAR  
ABROL**

Managing Director &  
Chief Executive Officer  
*AirAsia India*

Details of Amar Abrol are disclosed in the Senior Management Profiles on page 59 of the Annual Report.

## TASSAPON BIJLEVELD

Male  
Thai  
Chief Executive Officer  
*AirAsia Thailand*

Tassapon Bijleveld was appointed Chief Executive Officer of AirAsia Thailand when the company was established in 2003. He is responsible for overseeing all aspects of the airline's operations as well as boosting growth in Thailand. As at the end of 2016, the airline has over 4,500 employees, and a total of 51 aircraft consisting of 49 Airbus A320-200 and two Airbus A320neo. Today, AirAsia Thailand flies to 48 destinations and has carried over 94 million passengers.

Prior to joining AirAsia Thailand, Tassapon was Managing Director of Warner Music (Thailand) Co Ltd for five years. Within three years, he turned the company around and positioned Warner Music (Thailand) at the top among international music companies in the country.

It was also at Warner Music where he met AirAsia Group CEO Tan Sri (Dr.) Tony Fernandes. Tassapon took a leap of faith and decided to try his luck in the low-cost airline industry, which was still a new and revolutionary concept at the time. His willingness to learn from scratch and his can-do attitude have led AirAsia Thailand to become the largest low-cost carrier in Thailand.

Prior to joining AirAsia Thailand, Tassapon had more than 12 years of experience in the consumer product industry, working in various countries in Southeast Asia for two Fortune 500 companies - Adams (Thailand) Co Ltd and Monsanto (Thailand) Co Ltd. He spent five years with Monsanto as a pioneer, building it into a multi-million dollar business in just a few years. He began his career as an Assistant Product Manager in the confectionery division of Warner-Lambert Thailand Ltd, then became Senior Product Manager with several posts in Asia.

Tassapon is well-known for his leadership and team-building ability. His business philosophy emphasises the successful synergy between all departments within the company. AirAsia Thailand's success is a result of a passionate, motivated team with strong rapport and can-do spirit. Tassapon holds a Master's degree in Marketing, and is currently a part-time lecturer in several leading universities in Thailand.

## DENDY KURNIAWAN

Male  
Indonesian  
Chief Executive Officer  
*AirAsia Indonesia*

Dendy Kurniawan joined AirAsia as the Chief Finance Officer of AirAsia X Indonesia in May 2014.

He was promoted to Chief Executive Officer (CEO) in December 2014 and took Indonesia's first long-haul low-cost airline to its first flight to Taipei in January 2015.

In September 2016, Dendy was appointed as AirAsia Group CEO for Indonesia operations, at a time when AirAsia was gearing up for further expansion in the country. His role is to oversee the growth and development of both AirAsia Indonesia and AirAsia X Indonesia. In addition to his responsibilities as Group CEO for Indonesia, Dendy also serves as the CEO of AirAsia Indonesia.

Dendy is a Fulbright scholar, granted to pursue a Master of Arts in International & Development Economics at Yale University, USA, following a Bachelor's in Industrial Engineering from Institut Teknologi Bandung (ITB) in Indonesia. While at university, he contributed analytical essays to several major Indonesian publications on the subjects of economics and finance.

Dendy's professional life started at the age of 23, when he was appointed as a project manager for one of Indonesia's state-owned trading banks, and took part in Indonesia's Economic Recovery Acceleration task force team as a monitoring expert. In 2000, he was entrusted to be the Chief of Staff of the Special Advisory Team to the Coordinating Minister of Economic Affairs before serving as Expert Staff in the Special Advisory Team to the Minister of Finance in 2001.

He moved to the private sector with the appointment as a Commissioner of PT Indomobil Sukses International, a major Japanese automobile brand dealer in Indonesia. He was subsequently offered the post of President Director at PT Indokapital Securities, and then Managing Director of Infinite Capital, and Chairman of Quant Capital Management. In 2009, the Ministry of State-Owned Enterprise appointed him as Finance Director at state-owned energy company PT Geo Dipa Energi (Persero), which he helped to turn around before joining AirAsia.

## CAPTAIN DEXTER M COMENDADOR

Male  
Filipino  
Chief Executive Officer  
*AirAsia Philippines*

Captain Dexter M Comendador has over 33 years of experience in the aviation industry, serving as a combat pilot, flight commander and pilot instructor in the Philippine Air Force for eight years before beginning his professional career as a commercial pilot in 1992.

A trailblazer and highly-decorated pilot, Capt Comendador is a cum laude graduate of the Philippine Military Academy and a recipient of 26 service medals, including two Gold Crosses for bravery and successful combat operations. In 1994, while serving as a flight systems engineer with a commercial airline, his crew successfully managed an inflight bomb explosion earning them commendations from then-Philippine President Fidel Ramos and inspiring stories of bravery, courage and professionalism in the international media.

Capt Comendador opted for early retirement in 2010 while serving as a chief pilot for safety and compliance at a local budget airline. Airlines and airplanes, however, are truly his first love and, after a short break, he took on a job overseas with a foreign airline before joining the newly launched AirAsia operations in the Philippines as Chief Pilot for Operations in December 2011. Two years later, he was promoted to Director of Flight Operations and Chief Operating Officer. He accepted the challenge to lead the Philippine team of AirAsia as interim Chief Executive Officer in July 2016, at a time when the airline was embarking on plans to expand its network to include several new routes from secondary hubs providing connectivity throughout Southeast Asia. He was officially appointed CEO in January 2017, earning him another title as the "first flying pilot-CEO of an airline in the Philippines".

AirAsia Group CEO Tan Sri (Dr.) Tony Fernandes has described Capt Dexter as "a Filipino hero pilot, a home-grown talent with the extraordinary ability to connect and inspire people and ideas capable of driving change and innovation in the Philippines."

Capt Dexter is taking AirAsia Philippines to new heights armed with the belief that safety and service excellence will set his team apart.

## AMAR ABROL

Male  
Indian  
Managing Director &  
Chief Executive Officer  
*AirAsia India*

Amar Abrol, MD & CEO of AirAsia India, has over 20 years of experience and was most recently the CEO of Tune Money, a start-up that aims to deliver low-cost financial products in Southeast Asia.

Before joining Tune Money in 2013, he spent 19 years with American Express, leading diverse teams across multiple markets including Hong Kong, Singapore, UK, India and Malaysia.

Amar has done business across Asia, Europe and Latin America and brings strong cross-cultural communication, negotiation skills and a strong leadership quotient with a will to win. He is decisive and good at collaborating across geographies and industries. He has a strong focus on the P&L while being a people-oriented leader.

Amar has successfully launched several "world first" projects in his previous roles in building emerging and mobile payment channels. He has been lauded for turning around businesses and has also won Leadership, Excellence & Chairman Awards.

Born and raised in India, Amar graduated from Delhi University and is a Chartered Accountant from the Institute of Chartered Accountants of India.

He brings an aggressive and competitive approach combined with a can-do attitude which inspires his team to raise the bar and go the extra mile in achieving milestones.

Amar loves to cook on weekends for family and close friends. He is married, with two children, Devika and Ishaan, who are an integral part of his life and provide him the wind beneath his wings.



**ROZMAN  
OMAR**

Deputy Group Chief Executive Officer (Corporate)  
*AirAsia Berhad*

Details of Rozman Omar  
are disclosed in the Senior Management  
Profiles on page 61 of the Annual Report.



**BO  
LINGAM**

Non-Independent Executive Director &  
Deputy Group Chief Executive Officer (Operations)  
*AirAsia Berhad*

Details of Bo Lingam  
are disclosed in the Directors'  
Profiles on page 54 of the Annual Report.

## ROZMAN OMAR

Age 55  
Male  
Malaysian  
Deputy Group Chief Executive Officer (Corporate)

Rozman oversees our AirAsia Group's Finance, Corporate Finance, Procurement, Treasury, Risk Management and Legal.

He was part of the key management team that spearheaded AirAsia's initial public offering (IPO) on Bursa Malaysia in November 2014, and was also one of the key personnel involved in the formation of the Company's associate airlines in Thailand and Indonesia.

Upon completion of AirAsia's IPO, he was made Chief Financial Officer of PT Indonesia AirAsia responsible for all the financial and corporate legal aspects of the company. He was appointed to his current post on 1 September 2016. Rozman has over 22 years of extensive corporate finance experience. Upon completion of his ACCA exams in 1984, he was with Arab-Malaysian Merchant Bank Berhad (AMMB) for six years before moving on to other financial institutions. He re-joined AMMB as its General Manager, Corporate Finance in 1994 and left in 1996 to take on the post of Managing Director of Innosabah Corporate Services Sdn Bhd until 1999, before becoming part of InCAM Consulting Sdn Bhd until 2003.

## THARUMALINGAM A/L KANAGALINGAM (BO LINGAM)

Age 52  
Male  
Malaysian  
Non-Independent Executive Director &  
Deputy Group Chief Executive Officer (Operations)

Details of Bo Lingam are disclosed in the Directors' Profiles on page 54 of this Annual Report



**PATTRA  
BOOSARAWONGSE**

Group Chief Financial Officer

Details of Pattra Boosarawongse are disclosed in the Senior Management Profiles on page 63 of the Annual Report.



**HOW  
KIM LIAN**

Chief Financial Officer

Details of How Kian Lian are disclosed in the Senior Management Profiles on page 63 of the Annual Report.



**SIEGTRAUND  
TEH**

Group Chief Commercial Officer

Details of Siegtraund Teh are disclosed in the Senior Management Profiles on page 63 of the Annual Report.



**CAPTAIN  
ADRIAN JENKINS**

Group Director, Flight Operations

Details of Captain Adrian Jenkins are disclosed in the Senior Management Profiles on page 63 of the Annual Report.

## PATTRA BOOSARAWONGSE

Age 48  
Female  
Thai  
Group Chief Financial Officer

Pattra joined the Group in March 2014 as the Chief Financial Officer of AirAsia Thailand and Asia Aviation PCL and was appointed as Group Chief Financial Officer on 1 September 2016.

Within two-and-a-half years, she had delivered strong financial and operational results within our Thai associate's Finance Department specifically and the company generally. In her role as Group CFO, Pattra is responsible for our Group Financial and Management Reporting, Group Budgeting and Forecasting and Group Procurement. She also oversees our shared service unit, AirAsia Global Shared Service Sdn Bhd, in Penang.

Pattra started her career as a senior auditor at Ernst & Young, Certified Public Accountant. She then joined Sony Music as its financial controller and rose to become its finance director. She also assumed a regional role as team leader to implement a new group financial system covering India, Korea, Hong Kong, Singapore, Malaysia, Indonesia, the Philippines and Thailand. In 2013, she played a key role in the merger of Sony Music with BEC TERO, and led the BEC TERO - Music department. Pattra graduated from Thammasat University in Thailand with a Master's in Finance & Accounting.

## HOW KIM LIAN

Age 44  
Male  
Malaysian  
Chief Financial Officer

Kim Lian joined AirAsia as our Chief Financial Officer on 1 March 2015, responsible for our management reporting, tax, finance and procurement functions.

Prior to this, he was with PricewaterhouseCoopers (PwC) Consulting, leading the Finance Consulting practice in Malaysia. He has over 19 years of experience in finance function improvement, programme management and enterprise performance management, carrying out a range of assignments in various countries across the world.

At PwC, Kim Lian led numerous organisational and finance transformation projects in industries such as logistics and aviation, as well as in and the government department. He also led in the integration of mergers and enterprise performance management engagements to assist companies gain better insight into their business. Prior to joining PwC Malaysia, Kim Lian worked in China on various projects with China Unicom. He is a Certified Public Accountant and a Certified Internal Auditor, as well as a member of the Malaysian Institute of Accountants and the Institute of Internal Auditors.

## SIEGTRAUND TEH

Age 41  
Female  
Malaysian  
Group Chief Commercial Officer

Siegtraund joined AirAsia in May 2007 as our Marketing Manager. In 2009, she became Group Marketing Manager and assumed the role of Group Chief Commercial Officer in 2013.

She is responsible for revenue management, group marketing, sales, distribution, ancillary income, digital, network planning, content and our partnership market. Siegtraund was influential in decentralising our commercial functions to strengthen our central marketing expertise with localised market knowledge.

She has led teams within the Marketing and Commercial functions, driving our successful and profitable expansion across the Asia-Pacific region. Prior to AirAsia, Siegtraund spent six years in the fast moving consumer goods industry in organisations such as EAC Holdings, DKSH Marketing and RedBull. She holds a Bachelor's in Business Administration from Ottawa University, USA and a Postgraduate Diploma from the University of Leicester, UK.

## CAPTAIN ADRIAN JENKINS

Age 48  
Male  
Malaysian  
Group Director, Flight Operations

Captain Adrian joined AirAsia in 1996, when the airline was still owned by HICOM Holdings Berhad.

He has served AirAsia in various positions including instructor and Company Check Airman, Assistant Chief Pilot - Training and Standards, and Assistant Chief Pilot - Operations.

He was also closely involved in setting up AirAsia Thailand's flight operations and pilot training. In 2006, he was made Regional Head of Flight Operations. He assumed his current position on 2 January 2015, with overall responsibility for the safe and efficient operation of AirAsia's aircraft by overseeing our pilot recruitment, training and operations as well as our cabin crew, and ensuring compliance with national and international regulatory requirements and procedures.



**CAPTAIN  
SAIFUL JOHAR**

Director, Safety

Details of Captain Saiful Johar are disclosed in the Senior Management Profiles on page 65 of the Annual Report.



**TAN  
ENG ENG**

Group Head, Internal Audit

Details of Tan Eng Eng are disclosed in the Senior Management Profiles on page 65 of the Annual Report.



**NADZRI  
HASHIM**

Head, Engineering

Details of Nadzri Hashim are disclosed in the Senior Management Profiles on page 65 of the Annual Report.



**SPENCER  
LEE**

Head, Commercial

Details of Spencer Lee are disclosed in the Senior Management Profiles on page 65 of the Annual Report.

## CAPTAIN SAIFUL JOHAR BIN ABDUL LATIF

Age 48  
Male  
Malaysian  
Director, Safety

Captain Saiful was appointed Director of Safety at AirAsia in December 2012, entrusted with our flight safety, emergency response management, cabin safety, hazard identification and risk assessment, ground safety and quality assurance.

A key focus has been to improve safety awareness within the Company and ensure the Safety Management System is integrated into the work culture. Capt Saiful joined AirAsia in February 2002 as a First Officer on the Boeing 737 fleet and was promoted to Captain on the same fleet in August 2003.

In 2006, he was appointed as Assistant Chief Pilot of Operations, before taking over as Chief Pilot of Operations in January 2007. He transferred to the Safety Department in August 2009 to take on the position of Chief Pilot for Flight Safety.

## TAN ENG ENG

Age 44  
Female  
Malaysian  
Group Head, Internal Audit

Eng Eng is responsible for providing independent and objective assurance on the adequacy and effectiveness of the Group's overall system of internal controls, risk management and governance, reporting to the Audit Committee and the Group CEO.

She has 17 years of audit experience in various industries including financial institutions, manufacturing, automotive, construction, property and broadcasting. Prior to joining AirAsia, she led the Astro Group Corporate Assurance's Regional Operations and Special Projects team from 2008 to 2012. She was appointed as Group Head, Internal Audit on 2 January 2013.

Eng Eng has a BA in Economics (Hons) from the University of Malaya, and an MBA from the University of Strathclyde, UK. She is a member of the Association of Chartered Certified Accountants (ACCA) and the Institute of Internal Auditors Malaysia (IIAM).

## NADZRI HASHIM

Age 52  
Male  
Malaysian  
Head, Engineering

Nadzri joined AirAsia in May 2005 as a technical services manager, and in his 11 years with the Company has established new structures and strategies in aircraft engineering.

He has been involved in introducing new aircraft maintenance and operations systems, the Class 1 Less Paper Cockpit, various avionics modifications, major structural repair and aircraft configuration changes and local authorities' type acceptance. On 1 April 2016, he was appointed Head of Engineering responsible for Maintenance Operations, Ground Support Equipment, Planning, Safety Management System and Training.

Prior to joining AirAsia, Nadzri was a technical services engineer at Emirates Airlines, part of a team responsible for all strategic configuration and repair of the airline's wide-body cabin interiors. His team was also responsible for the introduction of the Airbus A380 into service.

Nadzri obtained a Bachelor of Science in Aeronautical and Astronautical Engineering from the Ohio State University, USA. He also holds a DCA Design Organization Certification and Verification Engineer Approval, the Head of Design Organization and is a Part M Continuing Airworthiness Nominated Holder.

## SPENCER LEE TECK LOONG

Age 40  
Male  
Malaysian  
Head, Commercial

Spencer oversees the entire Malaysia Commercial function – encompassing our marketing, East Malaysia marketing, Government and Ancillary businesses – and is accountable for its profit and loss.

He joined AirAsia in 2006 as a marketing manager and moved on to set up the Ancillary Income Department. In 2013, he was appointed as Head of Marketing and a year later was promoted to Head of Commercial on 1 April 2013. Spencer has pioneered a number of projects in AirAsia, especially in ancillary products, and was instrumental in setting up the AirAsia BIG loyalty programme. Under his guidance, we have won the best co-brand credit card programme with Citibank, the best use of TV with Media Prima, as well as social media and digital awards during his marketing period at AirAsia.

He has over 15 years of experience in marketing, advertising, sales, communication, mobile and loyalty programmes. Recently, he became a member of the Malaysian Advertisers Association, a Board member of the Audit Bureau of Circulation (Malaysia) and member of World Federation of Advertisers (WFA). Spencer graduated with a Bachelor's in Advertising and Marketing from Curtin University of Technology, Perth, Australia.



**CAPTAIN  
CHIN NYOK SAN**

Group Head, Cargo

Details of Captain Chin Nyok San are disclosed in the Senior Management Profiles on page 67 of the Annual Report.



**ONG  
SOON YEE**

Head, Ground Operations

Details of Ong Soon Yee are disclosed in the Senior Management Profiles on page 67 of the Annual Report.



**HO  
KEE KONG**

Head, Quality Assurance

Details of Ho Kee Kong are disclosed in the Senior Management Profiles on page 67 of the Annual Report.



**JAGAN  
PERSATH**

Group Head, Security

Details of Jagan Persath are disclosed in the Senior Management Profiles on page 67 of the Annual Report.

## CAPTAIN CHIN NYOK SAN

Age 62  
Male  
Malaysian  
Group Head, Cargo

Captain Chin joined AirAsia in 1996 as Director of Flight Operations.

In 2005, he was made Head of Business Development and on 1 August 2013, he assumed his current position as Group Head of Cargo, overseeing both the commercial and operational aspects of the Group's cargo business.

He has been responsible for establishing the Air Operating Certificate of AirAsia, AirAsia Thailand, AirAsia Indonesia and AirAsia X. Capt Chin has over 40 years of flying experience in the airline industry.

He is a Licensed Airline Transport Pilot of multiple types of jet aircraft, has experience as a training captain and is also an authorised examiner.

## ONG SOON YEE

Age 48  
Male  
Malaysian  
Head, Ground Operations

Ong is responsible for the efficient operations of Ramp, Guest Services, Inflight and Cargo.

While focusing on the safe execution of these services, he reviews any shortcomings and leads in turning them around. He is an airline industry veteran, having started his career as an aircraft technician in 1989 with Malaysia Airlines System (MAS) before moving on to Transmile Air in 1994 and then joining AirAsia in 1996, when it was still under HICOM Holdings Berhad.

In 2014, Ong became a maintenance manager in our Engineering Department, responsible for aircraft maintenance, defect monitoring and daily aircraft operations, before being identified for his current position on 6 January 2017.

His years of experience in engineering and involvement with apron operations add to his leadership capabilities. He holds a Master of Business Administration from Newcastle University, UK; and was accepted as the Nominated Post Holder for Head of Ground Operations, AirAsia by the Department of Civil Aviation Malaysia.

## HO KEE KONG

Age 46  
Male  
Malaysian  
Head, Quality Assurance

Kee Kong joined AirAsia in February 2005 as a Quality Assurance Inspector in the Engineering Quality Assurance department, and was promoted to Quality Assurance Manager in October 2010 overseeing the quality assurance functions in Engineering.

He was appointed to his current position on 1 November 2016, tasked with establishing and managing an independent quality assurance system to ensure all operational and maintenance works performed adhere to our own requirements as well as those of relevant aviation authorities. This involves integrating the quality assurance systems of our Air Operator Certificate (AOC), Continuing Airworthiness Management Organisation (CAMO) and Approved Maintenance Organisation (MOA). Kee Kong is a licensed aircraft maintenance engineer by profession with about 25 years of experience in the industry.

He obtained the Department of Civil Aviation Malaysia (DCAM) Aircraft Maintenance Engineering License (AMEL) in 1996 and currently holds both the Rotocraft and Fixed Wing licenses. He is also a post holder for the DCAM Approved Maintenance Organisation (Part 145) and upcoming Continuing Airworthiness Management Organisation (Part M) approvals.

## JAGAN PERSATH A/L JAGANATHAN

Age 60  
Male  
Malaysian  
Group Head, Security

Jagan joined AirAsia in May 2007 and is today Group Head of Security, responsible for Operations, Compliance and Enforcement Security.

In other words, he overlooks every aspect of corporate security, ensuring all the airlines within AirAsia Group comply with the legal requirements of their host states. This is achieved through sound corporate policy and standardisation of security practices, timely advice, effective security performance and counter measures to deal with potential threats to the airlines or our contractors. He was appointed as Group Head of Security on 1 January 2010.

Prior to joining AirAsia, Jagan was with Malaysia Airlines Aviation Security from 1978 till 2006, responsible for operations, enforcement, compliance and standards, investigations, prosecution, audits, station set-ups and conducting security assessments on all routes. He is an ICAO Aviation Security Specialist and global subject matter expert on aviation security. Under his leadership, AirAsia has been licensed by the Department of Civil Aviation Malaysia to conduct AVSEC courses. Our Security Department has also passed all international and national security audits conducted on AirAsia. Jagan holds an LLB (Hons) from the UK and is a Barrister with Lincoln's Inn.

### Notes:

#### Other Directorship

Save for Tan Sri (Dr.) Tony Fernandes and Datuk Kamarudin bin Meranun, none of the Key Senior Management has any other directorship in public companies and listed issuers.

#### Family Relationship

None of the Key Senior Management has any family relationship with any other Director and/or major shareholder of AirAsia Berhad (AirAsia).

#### Conflict of Interest

None of the Key Senior Management has any conflict of interest with AirAsia.

#### Conviction for Offences

None of the Key Senior Management has been convicted for any public offence or has had a penalty imposed by a regulatory body within the past five years, other than traffic offences, if any.

# THAILAND

## SENIOR MANAGEMENT TEAM



PREECHAYA RASAMETANIN  
Executive Vice President



SANTHAT SANGUANDIKUL  
Chief Financial Officer



SANTISUK KLONGCHAIYA  
Head of Commercial and Ancillary



M.L. BOVORNOVADEP DEVAKULA  
Head of Business Development



CAPTAIN SURAPUN PATOOMWAT  
Head of Flight Operations

# THAILAND

## SENIOR MANAGEMENT TEAM



# INDONESIA

## SENIOR MANAGEMENT TEAM



**JOANNA IBRAHIM**  
Chief Commercial and Financial Officer



**CAPTAIN WIDHI SETYO DARWANTO**  
Director of Flight Operations



**HERU SUSILO**  
Director of Maintenance and Engineering



**CAPTAIN RD. ACHMAD SADIKIN**  
Director of Safety



**CAPTAIN JURRY SOERYO WIHARKO**  
Director of Aviation Security



**MIKIKO STEVEN**  
Finance Director



**RIFAI TABERI**  
Acting Commercial Director

# PHILIPPINES

## SENIOR MANAGEMENT TEAM



MARIO J. PADILLA  
Chief Financial Officer



CAPTAIN GOMER B. MONREAL  
Director for Flight Operations



GERARD F PEÑAFLOR  
Commercial Head



FREDERICK AREJOLA  
Head of Ground Operations



BARBARA SANCHEZ  
Head of People Department



CAPTAIN JOHANSEN HERNANDEZ  
Head of Safety



JEREME TOREJA  
Head of Maintenance and Engineering



INEZ JOSE  
Head of Network and Regulations

# INDIA

## SENIOR MANAGEMENT TEAM



**KIRANJEET KAUR**  
Commercial Director



**CAPTAIN MANISH UPPAL**  
Director, Flight Operations



**KESAVAN SIVANANDAM**  
Director, Customer Experience  
and Ground Operations



**NANTHA KUMAR**  
Head, Engineering



**JASMINE DHILLON**  
Head, Cabin Crew



**DR. ANURAG JAIN**  
Head, Planning & Strategy



**VINAY THAKUR**  
Head, Legal



**DIVYA KUMAR**  
Manager, Public Relations

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and experience. Our customers  
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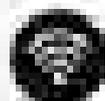


World's Leading  
Inflight Service

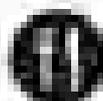
## TRAVEL CLASSIFICATION WINNER OF THE BEST CLASS SERVICE

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beat the big, expensive airlines and  
come up as the winner at the  
World Travel Awards?

Thank you for your support.



WORLD TRAVEL AWARDS



AIRASIA



TRAVOKA



TRAVELOCITY

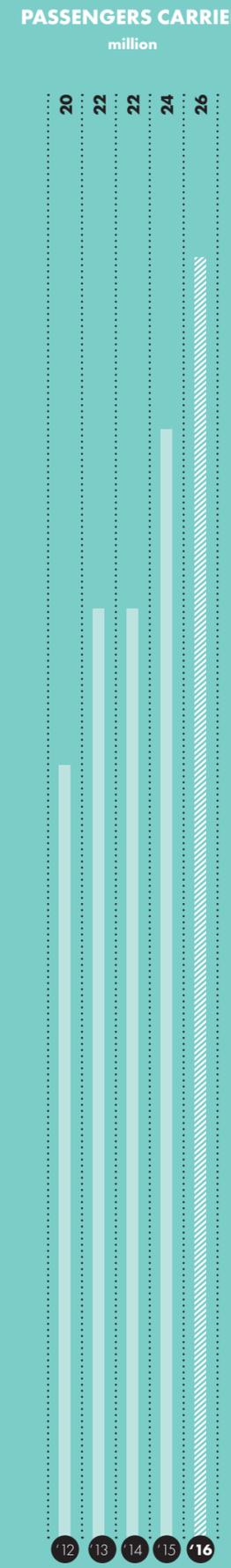
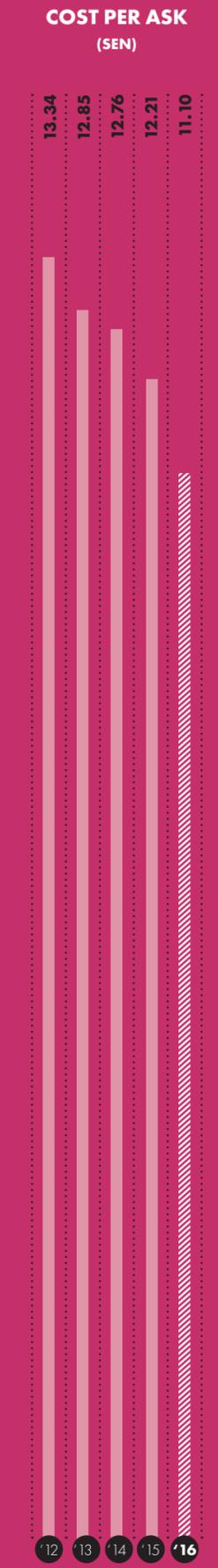
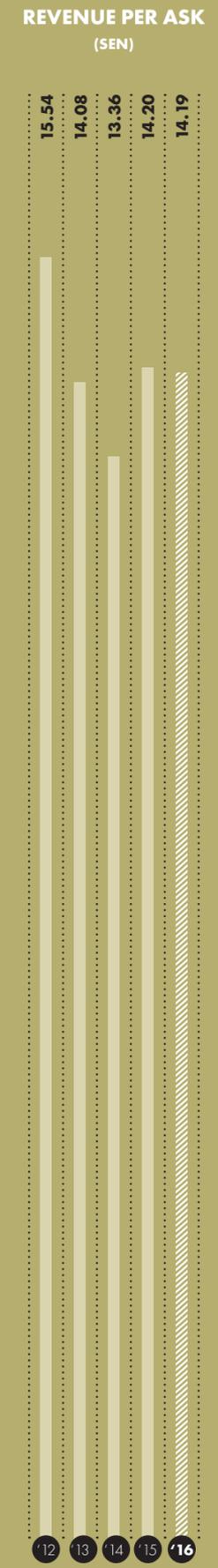
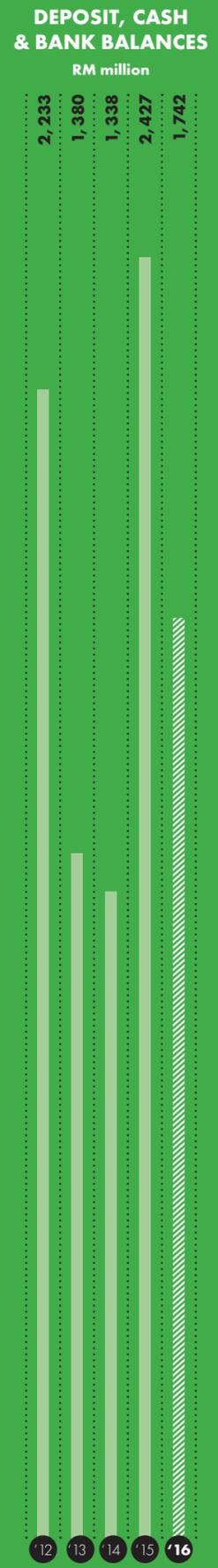
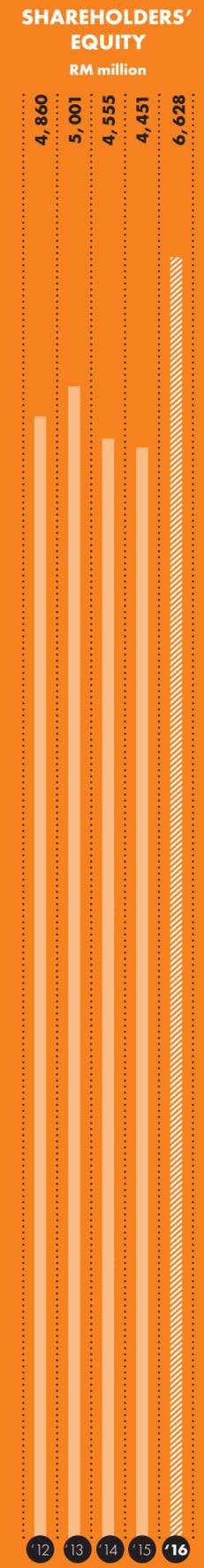
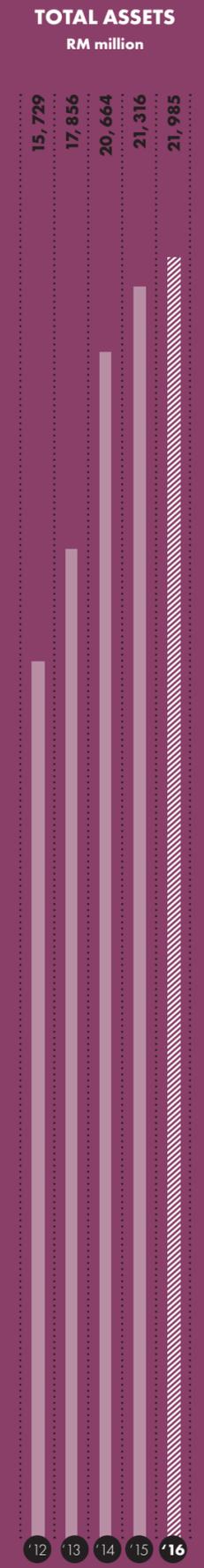
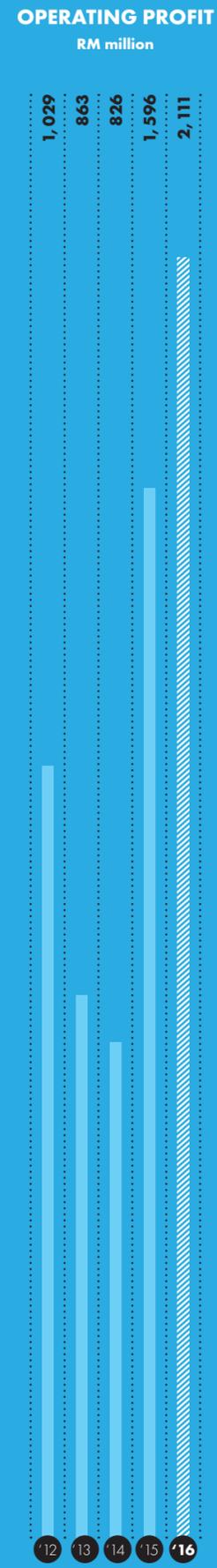


# FIVE-YEAR FINANCIAL & OPERATING HIGHLIGHTS AIRASIA BERHAD

(RM MILLION, UNLESS OTHERWISE STATED)	2012 RESTATED	2013 RESTATED	2014 RESTATED	2015 RESTATED	2016 RESTATED
<b>INCOME STATEMENT</b>					
Revenue	4,946	5,112	5,416	6,298	6,846
Net total expenses	3,917	4,249	4,590	4,702	4,735
Operating profit	1,029	863	826	1,596	2,111
Profit before taxation	963	361	23	215	2,133
Taxation	-173	1	60	326	-86
Net profit	790	362	83	541	2,047
<b>BALANCE SHEET</b>					
Deposit, cash and bank balances	2,233	1,380	1,338	2,427	1,742
Total assets	15,729	17,856	20,664	21,316	21,985
Net debt (Total debt - Total cash)	6,176	8,790	11,390	10,186	8,838
Shareholders' equity	4,860	5,001	4,555	4,451	6,628
<b>CASH FLOW STATEMENTS</b>					
Cash flow from operating activities	1,324	961	302	2,204	2,167
Cash flow from investing activities	-1,905	-2,346	-2,154	-103	-576
Cash flow from financing activities	733	509	1,779	-1,303	-2,434
Net cash flow	152	-876	-73	798	-842
<b>FINANCIAL PERFORMANCE (%)</b>					
Return on total assets	5.0	2.0	0.4	2.5	9.3
Return on shareholders' equity	16.3	7.2	1.8	12.2	30.9
R.O.C.E. (Operating Profit/(Net Debt + Equity))	9.3	6.3	5.2	10.9	13.7
Operating profit margin	20.8	16.9	15.3	25.3	30.8
Net profit margin	16.0	7.1	1.5	8.6	29.9
<b>OPERATING STATISTICS (MALAYSIA)</b>					
Passengers carried	19,678,576	21,853,036	22,138,796	24,254,506	26,410,922
Capacity	24,751,800	27,307,980	28,073,160	30,079,666	30,282,671
Load factor (%)	80	80	79	81	87
RPK (million)	22,731	26,607	27,274	30,006	34,676
ASK (million)	28,379	33,401	34,590	37,408	40,086
Aircraft utilisation (hours per day)	12.3	12.1	12.3	12.4	12.4
Average fare (RM)	184	166	165	157	167
Revenue per ASK (sen)	15.54	14.08	13.36	14.20	14.19
Cost per ASK (sen)	13.34	12.85	12.76	12.21	11.10
Cost per ASK - excluding fuel (sen)	6.48	5.84	6.24	6.86	7.17
Revenue per ASK (USc)	5.05	4.44	4.07	3.60	3.43
Cost per ASK (USc)	4.33	4.05	3.89	3.10	2.68
Cost per ASK - excluding fuel (USc)	2.10	1.84	1.90	1.74	1.73
Number of stages	137,510	151,709	155,962	167,002	166,983
Average stage length (km)	1,148	1,144	1,217	1,247	1,316
Size of fleet at year end (Malaysia)	64	72	81	80	77
Size of fleet at year end (Group)	118	154	172	171	174
Number of employees at year end	5,644	6,089	6,304	6,636	7,615
Percentage revenue via internet (%)	79	85	84	70	72
RM-USD average exchange rate	3.08	3.17	3.28	3.94	4.14

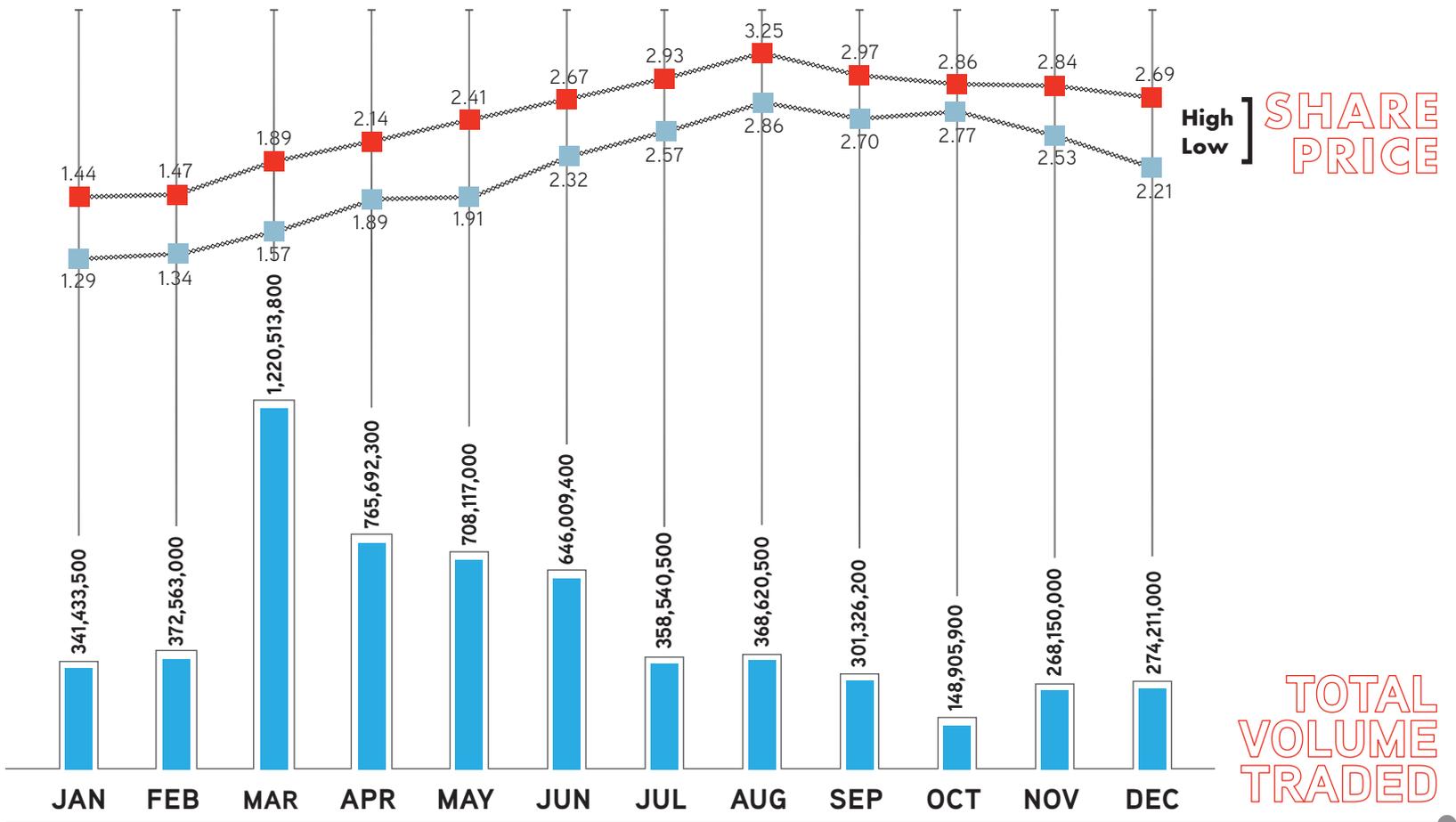
**NOTE:**

RASK and CASK for years 2012 to 2015 as stated above have been restated to exclude the contribution from aircraft leasing business which has grown significantly over the years. The change was made to better reflect the operational performance of the Company, as the performance of the aircraft leasing business does not closely correlate to the movement in ASK.



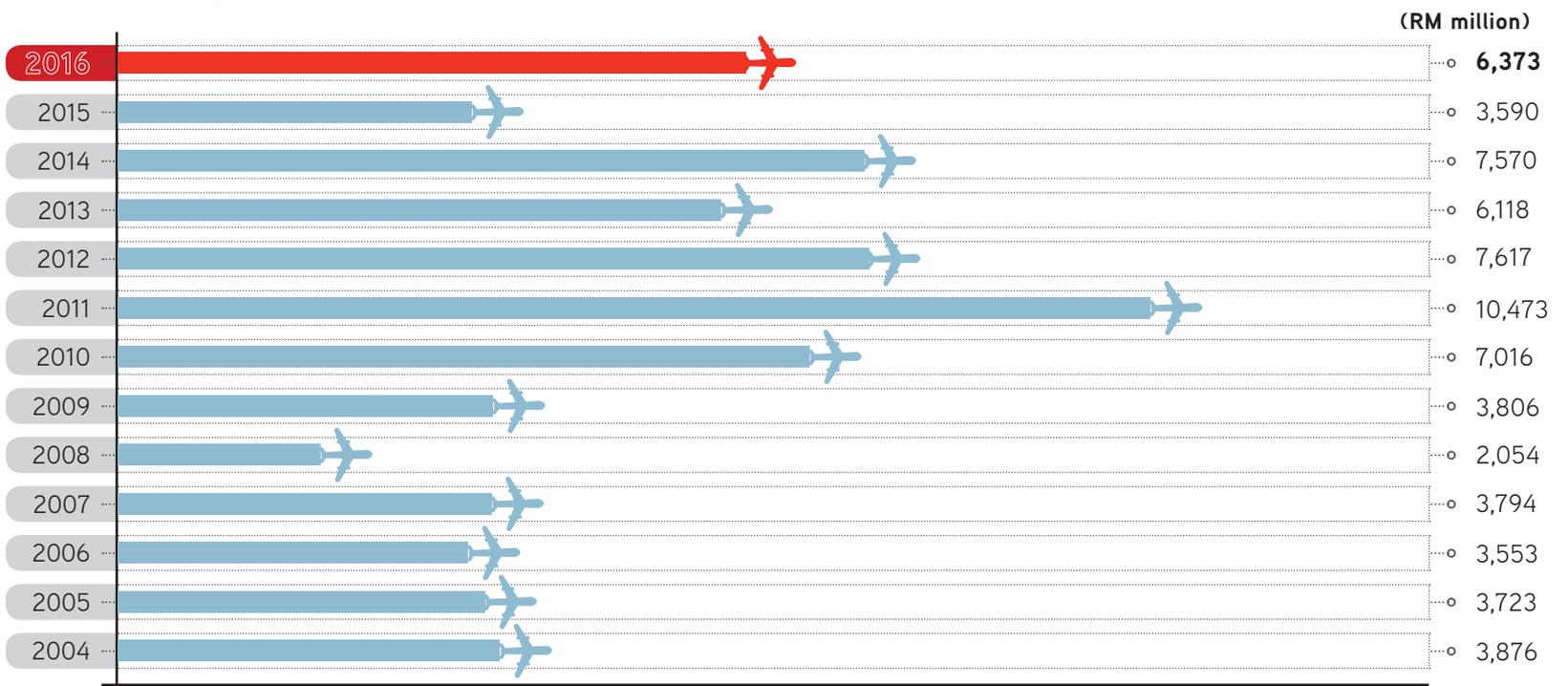
# SHARE PERFORMANCE 2016

Share Price & Volume Traded  
2016 Monthly Trading Volume & Highest - Lowest Share Price



## MARKET CAPITALISATION

As at 31 December 2016



## Shared ambition, true results

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## Step inside for the best lounge experience



Standard Chartered members will benefit from the new lounge that will be opening this autumn. The lounge will provide a relaxing environment for our elite members and will be the perfect place to relax and enjoy the view.

**Standard Chartered**  
Lounge  
Experience

**Standard Chartered**  
Lounge  
Experience

**Standard Chartered**  
Lounge  
Experience

**Standard Chartered**  
Lounge  
Experience

Standard Chartered members will benefit from the new lounge that will be opening this autumn. The lounge will provide a relaxing environment for our elite members and will be the perfect place to relax and enjoy the view.



Standard Chartered

Standard Chartered

# TOGETHER WE PROGRESS

Being your trusted partner  
Delivering simple, fast and seamless experiences  
Providing solutions that help achieve your goals  
Nurturing future generations



We are a multinational regional financial services provider that is committed to deliver complete solutions to our clients through differentiated segment offerings and an ecosystem that supports simple, fast and seamless customer experience, underpinned by our cohesive and inspired workforce and relationship built with our stakeholders.

[www.rhbgroup.com](http://www.rhbgroup.com)

Group Vision 

TOGETHER WE PROGRESS







## DATUK KAMARUDIN BIN MERANUN

Non-Independent Executive Chairman

### THERE ARE MANY **SYNERGISTIC** **OPPORTUNITIES TO DERIVE COST SAVINGS** **FROM STREAMLINING OUR PROCESSES.**

As indicated by the theme of this Annual Report, we are embarking on an exciting journey, the next phase of AirAsia's evolution – the digitalisation of AirAsia. While we have always been ahead of the game in terms of digital innovation – for example, by pioneering online bookings, mobile apps and self check-in – we realise there is huge potential to use the large volume of data that we possess to drive a fundamental change in the way we function, and most importantly, the way people travel. With AirAsia Group flying almost 400 million people since we started 15 years ago, we have a large inventory of data which is an asset that could be used to drive revenue growth through targeted marketing and dynamic pricing, for example. On top of that, digitalisation will help us realise even greater operational and cost efficiencies. This is something we have begun to invest in, and look forward to seeing the results of.

The other significant change will be to the organisation itself, where we will create greater unity among all the airlines within both AirAsia and AirAsia X Groups. There are many synergistic opportunities to derive cost savings from streamlining our processes, sharing best practices and resources, and leveraging on scale for greater negotiating power. We began this process of integration in 2016, especially with AirAsia X, and are now expanding our efforts across the entire Group. It was extremely heartening to see the level of commitment to One AirAsia at our recent management retreat, where this vision was discussed at length and was greeted with positive energy.

We have had numerous challenges in the past. Yet, 15 years on, we can say in all honesty that we are stronger than ever. For this I would like to thank you, our shareholders, for your faith and belief in us. Your unwavering support has provided us with the strength

## ASSALAMUALAIKUM WARAHMATULLAHI WABARAKATUH.

**Dear Shareholders and Friends,**  
It gives me great pleasure to present AirAsia's Annual Report for the year 2016, which was a remarkable year on a number of fronts. Chronologically, we celebrated our 15<sup>th</sup> anniversary, marking a coming of age. Financially, we recorded our best results to date, not just here in Malaysia but across the Group. More than that, we have embarked on two key strategic initiatives that will shape the Group and position us well to face what we expect to be an increasingly challenging future.

to push forward despite all odds and deliver the kind of results that we have. In return, we feel privileged to be able to reward you with shares that have appreciated 77.5% in value over the year, and a proposed dividend of 12 sen per share for the financial year ended 31 December 2016.

Having seen what we can achieve, we are now driven to push for even better results in the years to come. We have a fantastic team of Allstars and the resources to take AirAsia to the next level of our ongoing journey. All that is required is to keep a keen focus on our goals. To our Allstars, let me voice the gratitude of the Board of Directors and the management for all your hard work, without which we would not be where we are today. To get to where we would like to be in the future, we will need your continued passion and dedication. There is great strength to be derived from unity. Let us work together as one team with one vision, for One AirAsia.

Wabillahi Taufiq Walhidayah Wassalamualaikum Warahmatullahi Wabarakatuh.



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Join up with Australia's award-winning Loyalty Program today.

As a member you'll receive a range of exclusive benefits, including 20% off on all flights, 10% off on all hotels, and more.

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- Earn 10% off on all hotels
- Earn 10% off on all car hire
- Earn 10% off on all cruises
- Earn 10% off on all tours
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300 Workshops  
Nationally

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Protection

Get your Motor and enjoy 10% rebate when you buy your motor online. More comprehensive than any other motor warranty. Includes labor, parts, and your peace of mind. [Learn More](#)

The year 2016 marked double milestones for AirAsia. Not only did we celebrate our 15th anniversary, but were able to do so with record performance across the Group in terms of **revenue, profit and load factors**. The past 15 years have been an exciting, though sometimes also daunting, journey. Yet we have managed to overcome many challenges by persevering with our lean business model which we knew to be effective.

Together with AirAsia X, our long-haul sister company, we are today the only low-cost carrier (LCC) based in Malaysia; and the largest LCC as well as fourth largest airline in Asia in terms of guests carried, surpassing most legacy carriers. AirAsia Group's<sup>1</sup> fleet of 174 Airbus A320 aircraft (as at end 2016) fly a total of 225 routes connecting 109 destinations in 18 countries, of which 66 routes are unique to us.

AIRASIA  
GROUP  
ALLSTARS

+16,067

AIRASIA GROUP  
PASSENGERS  
FLOWN TO DATE

+369  
MILLION

# management discussion & analysis

<sup>1</sup> AirAsia Group includes AirAsia Malaysia (referred to simply as AirAsia) and our associates in Thailand, Indonesia, the Philippines, India and Japan.  
<sup>2</sup> AirAsia refers to AirAsia Berhad or AirAsia Malaysia.

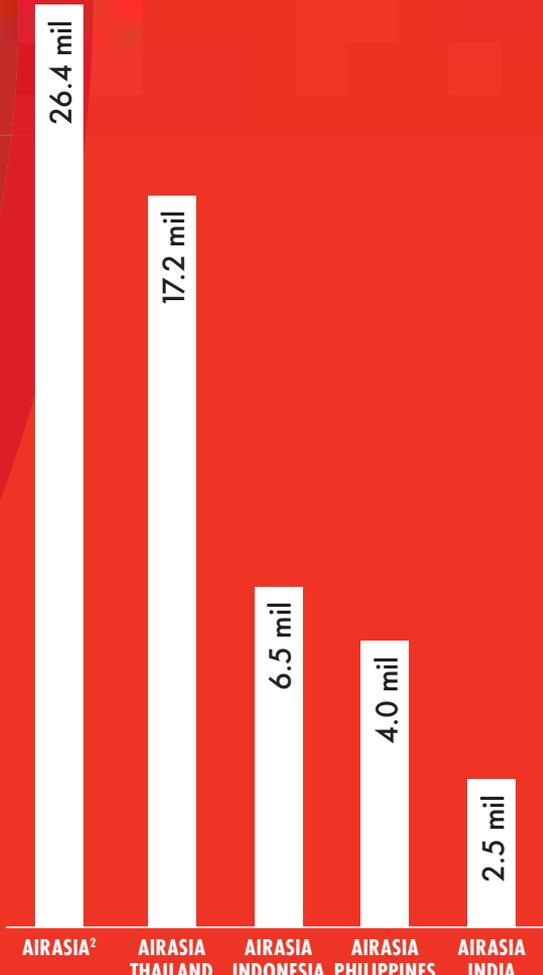
Since we started, the Group has flown a total of 369 million people; and has grown to encompass 16,067 Allstars (our employees) representing 41 nationalities who operate mainly out of 20 hubs.

TOTAL GROUP FLEET  
**+174**  
AIRBUS A320



PASSENGERS CARRIED ACROSS THE GROUP IN 2016  
**+56.6**  
MILLION

PASSENGERS CARRIED IN 2016



# MD & A

## MANAGEMENT DISCUSSION & ANALYSIS

**DATUK KAMARUDIN  
BIN MERANUN**  
Non-Independent  
Executive Chairman

**AIREEN OMAR**  
Non-Independent Executive Director  
and Chief Executive Officer

**TAN SRI (DR.)  
TONY FERNANDES**  
Non-Independent Executive Director  
and Group Chief Executive Officer



**In 2016, we were once again voted by over 19 million travellers from 104 countries as the World's Best Low-Cost Airline, making it the eighth time in a row we have been recognised by the Skytrax World Airline Awards.**

We have gone beyond our initial vision of connecting Asean, by now connecting the region to the rest of Asia, with a firm and constantly growing presence in two of the most prominent markets in the world, China and India. Although we do not have domestic operations in China, AirAsia is the largest LCC and foreign airline in the country, and in January this year was named the most influential airline in changing the way its people approach travel<sup>3</sup>. In India, our associate airline is one of the most popular among local LCCs due to the strong AirAsia branding.

This is marked by a consistently high standard of service. In 2016, we were once again voted by over 19 million travellers from 104 countries as the World's Best Low-Cost Airline, making it the eighth time in a row we have been recognised by the Skytrax World Airline Awards.

Key to our success has been a high degree of teamwork within each associate airline, which we are further reinforcing with greater collaboration and synergies across the Group. This, together with the new leadership in our associates in Indonesia, the Philippines and India, has

#### AIRASIA GROUP LOAD FACTOR

86%

contributed to the AirAsia Group as a whole seeing our load factor increase six percentage points to 86% from 2015 as we flew 12% more guests totalling 56.59 million. It has also contributed to the 77.5% increase in AirAsia Berhad's share price from 1 January till 31 December 2016, making ours the best airline stock in Asia and one of the best in the world.<sup>4</sup>

It has to be acknowledged that while our Allstars have worked very hard to enable our results, we have also stood to gain from various external factors. Key among these count lower fuel prices, a more rational market that has seen full-service carriers (FSCs) concentrate on offering premium service, and increasing travel demand from a growing middle income segment in the region. In addition, underperforming regional currencies against the US Dollar in the last couple of years have led to consumers trading down. Instead of flying to America or Europe, they are choosing to travel around Asean, which is more affordable and value-for-money.

<sup>3</sup> By the 2016 New Power of Travel Awards hosted by Sina Travel and Youku Travel.

<sup>4</sup> According to Bloomberg, as at 17 November 2016.

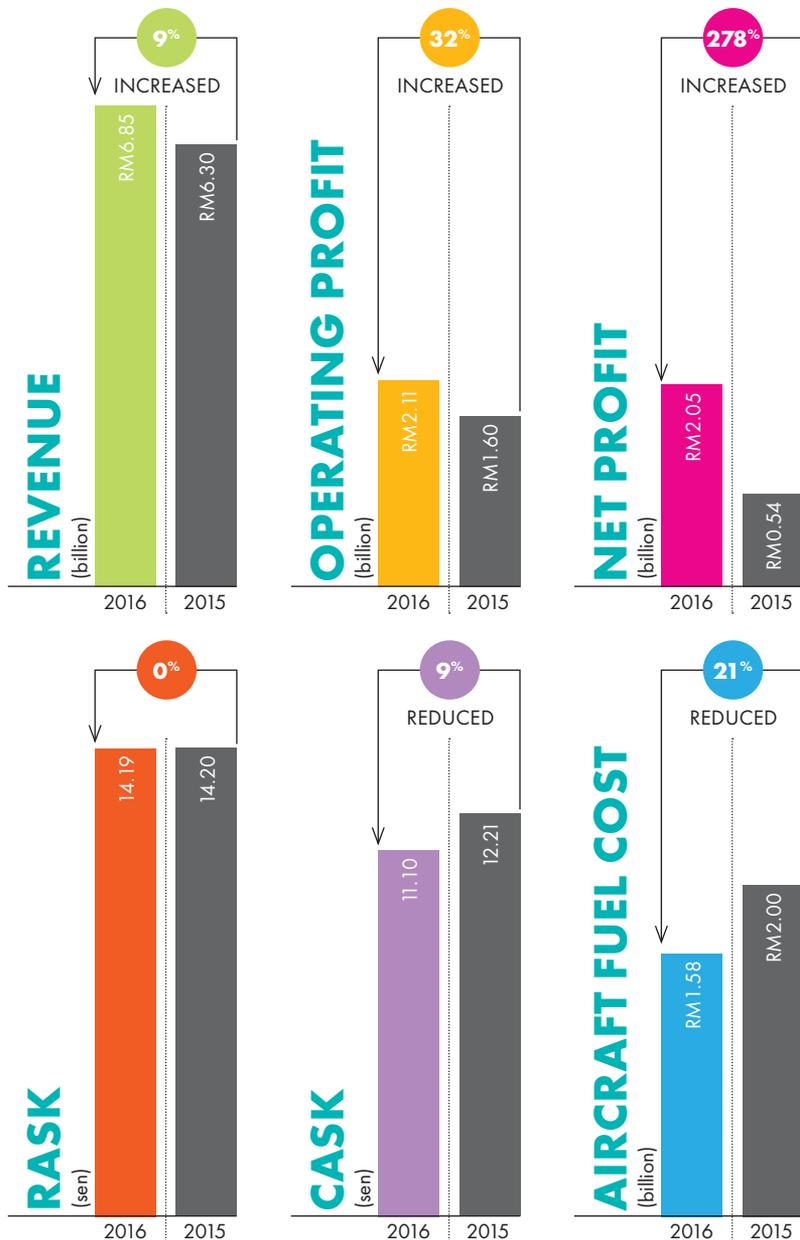
# FINANCIAL REVIEW



## AirAsia Berhad Performance<sup>5</sup>

For the financial year ended 31 December 2016, AirAsia Berhad recorded a 9% increase in revenue from RM6.30 billion in 2015 to RM6.85 billion. This was driven by 9% growth in passenger volume, achieved with only a 1% year-on-year increase in capacity. Our growth in number of guests carried was reflected in a six percentage point increase in load factor to 87%. Revenue was further buoyed by increases in ancillary income per guest and average fares. The former inched up by 2% year-on-year to RM48 while, boosted by a more rational market and increasing demand, the latter grew 6% to RM167.

We achieved a full-year operating profit of RM2.11 billion, 32% higher than the RM1.60 billion in 2015. This led to the Company reporting a net profit of RM2.05 billion from RM541 million in 2015. Despite the 6% increase in average stage length, our overall aircraft fuel cost reduced by 21% from RM2.0 billion in 2015 to RM1.58 billion, resulting in a 9.0% decrease in cost per available seat kilometre (CASK) to 11.10 sen. Profit was also boosted by an increased passenger count and higher average fares due to strong demand, which were reflected in our revenue per available seat kilometre (RASK) of 14.19 sen.



## Cash Flow & Debt

Cash inflow from operations stood at RM2.17 billion, compared to RM2.20 billion in the previous year. As at 31 December 2016, our cash position amounted to RM1.74 billion. We ended the year with a reduced total debt of RM10.58 billion (2015: RM12.61 billion), and a net debt of RM8.84 billion (2015: RM10.19 billion) after offsetting our cash balances. Net gearing, meanwhile, improved substantially from 2.29x as at end 2015 to 1.33x as at end 2016, following the repayment of borrowings.

In line with the Company's policy, we have secured aircraft financing for up to one year, ie all 2017 deliveries. With the equity injections of RM1,006.2 million by our two main founders, our cash position has grown to approximately RM2.5 billion as at the end of January 2017.

Meanwhile, to mitigate our exposure to fuel price risks, currency risks and interest rate risks, we have hedged approximately 75% of the Group's 2017 fuel consumption requirement at USD60 per barrel, about 59% of AirAsia Berhad's USD currency risk, and 100% of AirAsia Berhad's interest rate risks.

## Capital Expenditure

In 2016, as part of our fleet renewal programme, we acquired two Airbus A320 aircraft and disposed of six older A320 aircraft for approximately RM841 million. We also completed our new headquarters, RedQ, in November at a cost of RM170 million.

In 2017, we aim to receive 22 aircraft (19 A320neo and 3 A320ceo) to meet the Group's expansion plans. These aircraft will be financed via bank debts and sale and leaseback for tenures between 12 and 15 years. In addition, we seek to redeliver three leased A320ceo aircraft to the lessors, and have sourced 10 additional A320ceo aircraft from operating lessors' portfolios to increase our net fleet growth to 29 aircraft.



## Capital Structure

On 9 May 2016, our shareholders approved the issuance and allotment of 559,000,000 new ordinary shares of RM0.10 each in AirAsia Berhad to Tune Live Sdn Bhd at an issue price of RM1.84 per share, which was subsequently adjusted downwards to RM1.80 on the basis that the subscription shares were not entitled to the dividend declaration.

On 26 January 2017, the share issuance was completed. Based on the adjusted issue price, we raised a total of RM1,006.20 million.

 **DIVIDEND OF 12 SEN PER SHARE FOR THE FINANCIAL YEAR 2016**

## Dividend Policy

Starting from the financial year 2013, the Board of Directors announced a policy to pay an annual dividend of up to 20% of the net operating profit earnings per share (per the audited financial statements of the Company), rounded to the nearest whole sen, provided this would not be detrimental to our cash flow requirements. We have to date fulfilled this dividend policy and will be announcing a dividend of 12 sen per share for the financial year 2016, subject to our shareholders' approval at the upcoming annual general meeting (AGM).

<sup>5</sup> AirAsia Berhad's financial performance refers to the consolidated financial results of AirAsia Berhad, which include the share of results from associate companies via equity accounting.

## PERFORMANCE OF ASSOCIATE COMPANIES



### AirAsia Thailand

AirAsia Thailand continued to bring in robust results based on strong tourist numbers. Despite increased competition in the LCC market, our associate achieved a 10% increase in revenue from THB29.59 billion in 2015 to THB32.47 billion. This was due to a 16% increase in passenger volume, which cushioned the impact of a 5% year-on-year decrease in unit passenger revenue. The latter was influenced by a 6% drop in average fare due to competition, and the mourning period over the passing of their King. The total number of guests carried increased along with 12% expansion in capacity, and translated into a three percentage point growth in load factor to 84%. The airline's operating profit, meanwhile, increased from THB2.80 billion in 2015 to THB3.78 billion, while EBIT and EBITDAR margins both expanded by three percentage points to 12% and 30%, respectively.

### AirAsia Indonesia

Our Indonesian associate started to see the fruit of its comprehensive turnaround programme in the third quarter, when it began to show profitability. For the full year, better capacity management, greater cost discipline and more strategic focus on international operations contributed to a very heartening operating profit of IDR118.8 billion, after an operating loss of IDR728.0 billion in 2015. Revenue, however, was impacted by the planned 32% reduction in capacity, dropping 23% from IDR5,033.9 billion in 2015 to IDR3,852.9 billion. Along with reduced capacity, there was a 23% drop in number of guests carried year-on-year while the load factor increased 10 percentage points to 84%. The reduced capacity and focus on international markets proved to be the right turnaround strategy, with RASK increasing 5% in the second half of the year to IDR476.67.

### AirAsia Philippines<sup>6</sup>

AirAsia Philippines achieved 21% growth in revenue from PHP8,929.4 million in 2015 to PHP10,814.6 million, due to an 11% increase in passenger volume and 16% increase in average fare year-on-year. The increase in number of guests carried was reflective of a 3% increase in capacity and, more significantly, a six percentage point increase in load factor to 87%, a record for our associate to date. This has been due in part to positive outcomes from positioning our associate as a leisure airline serving international routes to beautiful destinations such as Bohol and Cagayan.



Although it made an operating loss of PHP1,834.6 million, this was 12% less than its loss of PHP2,076.5 million in 2015 and is partly accounted for by having within its 14-aircraft fleet two old aircraft inherited from its acquisition of Zest Airways in 2013, which are not being flown. Our associate is undertaking the last stretch of its re-fleeting programme to dispose of these aircraft, which would help improve operational efficiencies and reduce costs.

### AirAsia India

Though our youngest associate in operation, AirAsia India benefits from a hard-working and motivated team as reflected in its very encouraging performance for the year. Among its stand-outs, AirAsia India recorded the highest aircraft utilisation rate among our Group airlines, managing a 56% capacity increase with the addition of just two aircraft to its fleet which grew from six as at end 2015 to eight as at end 2016.



Complementing the team's efforts, the airline derives numerous benefits from its association with AirAsia. Although it is the smallest LCC in India, it has the lowest CASK in the market because of Group synergies. As we continue to build scale, we expect AirAsia India's costs to shrink even further.

Revenue for the year increased by 59% from INR5.20 billion in 2015 to INR8.25 billion, boosted by passenger numbers, which grew 68%. Ancillary income per passenger increased 50% to INR376 while its load factor stood at 86%, marking a significant five percentage point increase from 2015.

In the third quarter of 2016, AirAsia Berhad through our wholly-owned subsidiary AirAsia Investment Limited subscribed to 114,905,000 equity shares of INR10 each aggregating to INR1,149,050,000 equivalent to RM71.1 million.

### AirAsia Japan

We have to date put in place two aircraft at our base in Nagoya for our newly established associate in Japan and have been conducting training flights as per the regulator's requirements in preparation for full launch within the year. We are looking to open ticket sales soon.

<sup>6</sup> AirAsia Inc. and Philippines AirAsia Inc. are collectively referred to as "AirAsia Philippines" (please refer to the corporate structure on page 24).

# BUILDING NOW FOR THE FUTURE

## DEVELOPING THE 'HUB OF ASIA'

During the year, AirAsia continued to build new skybridges across Asean and beyond. We established six new routes – connecting Penang with Ho Chi Minh City, Kota Kinabalu with Wuhan, Langkawi and Johor Bahru with Guangzhou, and Kuala Lumpur with Shantou and Luang Prabang. All six routes are unique to us, creating connections that did not exist before, facilitating travel mainly between secondary cities.

As we deepen our connections within Asean, as well as beyond to southern China and India, our associates within the AirAsia Group and our sister airlines under the long-haul AirAsia X Group are further extending our skybridges to North and South Asia and, soon, to the United States. Collectively, we serve 26 destinations in China, Hong Kong, Macau, Taiwan, South Korea and Japan with 557 weekly flights, and have the potential to expand to all 15 megacities in China with populations of more than 10 million. Meanwhile, in India, there are plans to increase the number of domestic routes from 15 currently to 29 by end 2017.

Along with a more dense and extensive network, we see great potential for Kuala Lumpur to play a key role in connecting the dots within our map in the sky with just one stop. Already, a large number of guests are choosing to 'Fly-Thru' our hubs rather than purchase direct flights on other airlines that would probably take them to their destinations faster. The Fly-Thru take-up rates for Singapore – Tiruchirappalli grew 23% year-on-year. Phuket – Beijing, Phuket – Sydney, Incheon – Singapore and Jeddah – Surabaya are some of the other popular routes via Kuala Lumpur.

The Group as a whole, including AirAsia X Group, saw 2.2 million Fly-Thru guests in 2016, 36% more than in 2015. Of the number, 83% transited in Kuala Lumpur, a figure which grew 37% year-on-year. In 2016, a total of 1.8 million guests connected via Kuala Lumpur and we have seen strong double-digit growth every year. At this rate, the idea of developing Kuala Lumpur into the preferred aviation hub of Asia is not far-fetched.

## FLEET EXPANSION / INCREASING OUR CAPACITY

AirAsia Group's fleet is expected to increase from 174 aircraft in 2016 to 203 in 2017. The 29 aircraft for growth includes Airbus A320neo and A320ceo which will be delivered directly from Airbus, as well as aircraft that will be leased from third-party lessors. AirAsia in Malaysia is expected to receive 7 of the A320neo deliveries from Airbus. In July 2016, the Group placed an additional order of 100 Airbus A321 neo which will be delivered from 2019 onwards.

The A320neo will deliver 15% fuel savings and extend our flying distance by 500 nautical miles. These factors, together with higher passenger capacity of 186 seats per aircraft, as compared to 180 seats on the conventional A320ceo, will translate into numerous cost benefits. The A321neo, meanwhile, will further boost our capacity with 236 seats per aircraft while reducing our fuel consumption by 20% per aircraft per annum. The cost advantage will translate into lower fares, while the increased capacity will enable us to fly more guests to slot-constrained airports such as Jakarta, Bali, Manila and Singapore.

## AIRASIA GROUP FLY-THRU

2.2 million

Fly-Thru guests in 2016, 36% more than in 2015

83%

transited in Kuala Lumpur in 2016

1.8 million

guests connected via Kuala Lumpur in 2016

## AIRASIA GROUP FLEET

174

203

5

169

2016

A320ceo

24

179

2017

A320neo

We received our first A320neo in September 2016, and are looking forward to delivery of our first A321 neo in 2019.

## GROWING OUR ANCILLARY INCOME

Ancillary services continue to complement our revenue, growing 10.4% year-on-year to RM1.26 billion with the biggest contributors being baggage fees (45%), cargo (10%), food and beverage (7%), seat selection (6%) and travel insurance (6%). We were pleased to see an increase in revenue per passenger to RM48, along with growth in assigned seating, connecting fees for Fly-Thru, as well as duty-free and merchandise. During the year, we launched Santan Combo Meals at just RM10 pre-booked, focusing on sales volume to compensate for reduced price. And the strategy paid off. Meanwhile, revenue from our wifi service ROKKI grew 270% as we were able to make the service available on more aircraft. By year end, we had 40 ROKKI-enabled aircraft.

However, with an overall take-up of only about 20%-30% for our ancillary services, there is still room for further growth. We are placing greater emphasis on data mining to be able to develop more personalised and targeted marketing online, via email and mobiles. Duty-free is one of several areas that can be tapped more strategically, and our team is working on both increased choice as well as more customised communication, based on guests' past purchasing behaviours. Online duty-free was introduced in 2016, and has been a value add service among guests flying from and to small towns where the choice of goods at the duty-free shops on ground is limited. The idea is to keep expanding our product range so it not only matches what is available in the biggest duty free malls but even exceeds them.



## ADJACENCY BUSINESSES

Over the years, we have built a considerable portfolio of partnerships to leverage on our assets and resources and create additional sources of revenue for the Group. As these businesses have grown, we have made a strategic decision to monetise them. Commencing with the release of half of our initial equity in AirAsia Expedia in February 2015, we are currently looking at divesting our wholly-owned leasing house, Asia Aviation Capital Limited (AACL), which today has 63 aircraft on lease and is in the process of purchasing another 38 aircraft from us. Once this is completed, by mid-2017, AACL will have 74 A320 aircraft in its portfolio.



The Asian Aviation Centre of Excellence (AAEC), which fulfils our pilot and cabin crew training needs, is also performing well. Having expanded regionally with bases in Singapore and the Philippines, it is now looking to open a fourth centre in Vietnam.

AirAsia Expedia (AAE), our partnership with Expedia, celebrated its fifth anniversary in 2016 with significant growth under a refreshed business strategy. It also continued to build its mobile app and ensure value propositions for guests via attractive app-only deals and bundled package savings.

Think BIG Digital Sdn Bhd, a joint venture with Tune Group and Canada-based Aimia Inc, manages our award-winning AirAsia BIG Loyalty programme, which continues to attract more members with attractive offerings, hence grow in terms of revenue.

During the year, we acquired an 80% stake in coffee makers, T&Co, and are focusing on developing an Asean blend of coffee to be able to delight our guests on board with gourmet beverages that also support local entrepreneurs.

Meanwhile, Bigpay Malaysia Sdn Bhd (formerly TPay Asia Sdn Bhd), which manages multi-currency prepaid cards, saw a more than 30% increase in number of cards issued year-on-year and continues to make steady progress.

## DIGITALISATION

Although we have from day one focused on online selling and communication with our guests, we recognise there is much more to be gained from digitalisation, by capturing and integrating data from every aspect of our operations onto a single platform. With internet of things (IoT) solutions, we can use this vast amount of data to make better business decisions, improve efficiencies, provide more and improved ways to engage with customers and, ultimately, greatly enhance our 'customer' experience – both internally and externally.

In order to do this, we have brought on board a new Chief Data and Digital Officer who will ensure we make a smooth transition into becoming a fully digital airline.

In terms of our outward facing engagement, the idea is both to reduce the number of steps within transactions (such as booking a flight) for greater user ease; as well as to make the entire experience more personalised. This would help to increase our online conversion and ancillary revenue. From initial calculations, we believe every 10 basis point increase in conversion will translate into USD60 million in incremental revenue to the Company.

Within the organisation, the plan is to use data to enhance our engineering, operations and safety. We aim to monitor our aircraft in real time and engage in predictive maintenance as well as use data analysis to automate crew rostering and to digitalise our safety manuals and reports for accurate and more accessible information. The potential uses of big data are enormous, and we intend to explore this area fully.

## A HOME WE CAN CALL OUR OWN

On 7 November 2016 we achieved yet another milestone by moving into our first real home. After lodging as tenants in Subang Airport, KLIA and the Low-Cost Carrier Terminal (LCCT), we finally have our own very modern, eclectic space which reflects who we are and how we like to operate. Called RedQ, which stands for RedQuarters, our new headquarters next to the klia2 terminal offers ample room for about 2,000 Allstars to work hard at their desks in three open-plan floors; play hard in informal zones, and especially within the central astro-turfed atrium; as well as to have access to good food at our extensive food court and to some great coffees and teas, provided by our own T&Co.



# OUR RESPONSES TO A CHALLENGING ENVIRONMENT

## SUSTAINABILITY

As an airline, we acknowledge we have a role to play in ensuring our operations have as low an impact as possible on the environment. Since day one, we have focused intently on being fuel-efficient; primarily, it has to be said, because this is integral to managing our costs. We were, however, pleased to see how ensuring cost efficiency also allowed us to manage our environmental responsibilities. Safety, meanwhile, has always been our topmost priority, and we continue to enhance our safety procedures and governance because nothing matters more to us than the lives of our guests and Allstars.



These, together with support provided to social enterprises in Asean via AirAsia Foundation and the partnership we have formed with the National Cancer Council of Malaysia (MAKNA), represent the backbone of our social and environmental stewardship and serve, ultimately, to ensure our business sustainability.

Although we have engaged in sustainable actions for the last 15 years, we are now taking a more structured and holistic approach to sustainability, firstly, by discovering what is important to our key stakeholders and to ourselves; and, secondly, putting in place systems and procedures to ensure we produce the best possible outcomes in these material matters.

You will find this change in approach being reflected in our Sustainability Statement, through which we hope to make more meaningful, honest, fair and transparent disclosure of how well we are doing in matters that are important. As this is the first time we are approaching sustainability in such a systematic manner, there will be gaps in terms of our reporting. However, these will be filled as we progress, and we welcome your feedback to accelerate the process.

## RISK MANAGEMENT & MITIGATION

Preparedness and preventive action are the cornerstones of risk management. We report more fully on our risk policies and processes in the Statement on Risk Management and Internal Control (see page 173), and in our Sustainability Statement (see page 142). Here, we would like to outline some key risks that the industry faces, and our responses to them.

### Financial risks:

Our key financial risks relate to volatilities in fuel price, currencies, interest rates and maintaining adequate liquidity. These are managed via hedging as well as securing the financing for aircraft purchases a year in advance (please refer to our Financial Review, under the section on 'Cash Flow & Debt').

### Operational risks:

Identification and assessment of operational risks form the foundation for protecting the business' assets from adverse operational scenarios. In general, Group Risk has managed and mitigated AirAsia's operational risks by strengthening the governance and framework that support efficient and effective risk identification and assessment.

Risks that are monitored and managed include those relating to critical information systems outage, cyber intrusion, intense market competition, loss of critical airport services and loss of physical workspace. Various systems and back-up plans have been implemented for each, some of which are being tested for their efficacy. Given our reliance on IT systems, we have worked towards and achieved certification in ISO/IEC 27001 Information Security Management System (ISMS).

To ensure business continuity, we have specific business continuity plans for our main hubs and work closely with airport operators and authorities to ensure we can continue to operate should any incident take place. We have also set up an alternative workplace for RedQ in the event of a crisis and are documenting our work procedures should there be loss of our HQ workspace.



## COMMITMENT TO SAFETY

As an airline, our topmost priority is to ensure the safety of our operations, hence that of our guests and Allstars. This is something we have focused on from the very beginning, and is an area we will continue to invest in on an ongoing basis. During the year, we continued to reinforce our safety policies and procedures within our Safety Management System (SMS) to ensure we meet national and international standards. We are, further, driving a culture of safety throughout the Group, with management setting the tone for Allstars to understand their individual responsibilities and accept accountability for the highest level of safety performance.

For more information on our safety policies, please refer to our Sustainability Statement, page 144.

THE ASEAN AIRLINE

The year 2017 marks Asean's 50th anniversary, and we are honoured to have been nominated as an airline partner for Visit Asean@50.

Towards this end, we have lined up several year-long multimedia campaigns to highlight the wonders of the region and raise awareness of our Asean Pass, which allows guests to enjoy flights at fixed rates on any of our more than 100 routes across the region.

Visit Asean@50 will serve to intensify efforts we have already been making to fly millions of non-Asean nationals into the region and promote it in other ways. We connect 79 destinations via 17 hubs in all 10 Asean nations.



We connect **79** destinations via **17** hubs in all **10** Asean nations.

We offer Asean cuisine on our flights; we provide an Asean experience through our crew who are from all 10 Asean countries; and we keep informing the world what Asean has to offer via our widely-read Travel3Sixty inflight magazine which is now available in digital format, making it more accessible to a wider audience.

At the same time, we are fostering a stronger One AirAsia culture to take full advantage of the power of synergy between all airlines within the AirAsia Group and AirAsia X Group. We seek to centralise our functions and processes to reduce redundancies and leverage the advantages of scale. We would also like to regionalise more of our functions, creating greater operational efficiencies through streamlined standard operating procedures (SOPs), standardised document control management systems and station audit checklists across the Group. While helping to establish best practices across our stations, this would also serve to further reduce our costs and entrench our position as the lowest unit cost airline in the world.

For our guests, it would mean having the same quality AirAsia experience no matter where they fly. Our websites across markets would have the same look and feel; our operations across the region would offer the same services and facilities; the airports where we operate will offer the same automated services such as self check-in and auto bag drop.

OUR OUTLOOK

We expect the positive trend in 2016 to continue into 2017 for AirAsia and our associate airlines. Demand in Malaysia has remained strong in the first quarter of 2017 and we are seeing good forward bookings for the upcoming months. New routes will be introduced, including to countries in Indochina, on top of connecting our secondary hubs such as Kota Kinabalu and Johor to destinations that we already fly to from Kuala Lumpur.

In Thailand, efforts are being undertaken to boost tourist arrivals, inclusive of a temporary visa fees waiver. These will be leveraged on by our associate, which has set its eyes on developing further inroads into China and India.

Our Indonesian associate will be focusing on increasing utilisation through adding more frequencies and opening up new routes, especially to international destinations. The plan is for our associate to start building skybridges to India and China this year. With a strengthening rupiah and an experienced new top management, there is every reason to believe it will continue to build on its successful turnaround.

In the Philippines, our associate remains on track with plans to resume growth as a result of a rightsized business and cost structure, and will focus on growing its domestic connectivity between key cities while increasing underserved international connectivity to Manila, Cebu, Davao, Puerto Princesa and Boracay.

AirAsia India will remain focused on building a footprint in the domestic market with the introduction of new routes and frequency increases. It plans to almost double its number of routes from 15 currently to 29 by end 2017, and to leverage on the 5/20 ruling relaxation, announced in 2016, to launch international routes in 2018.

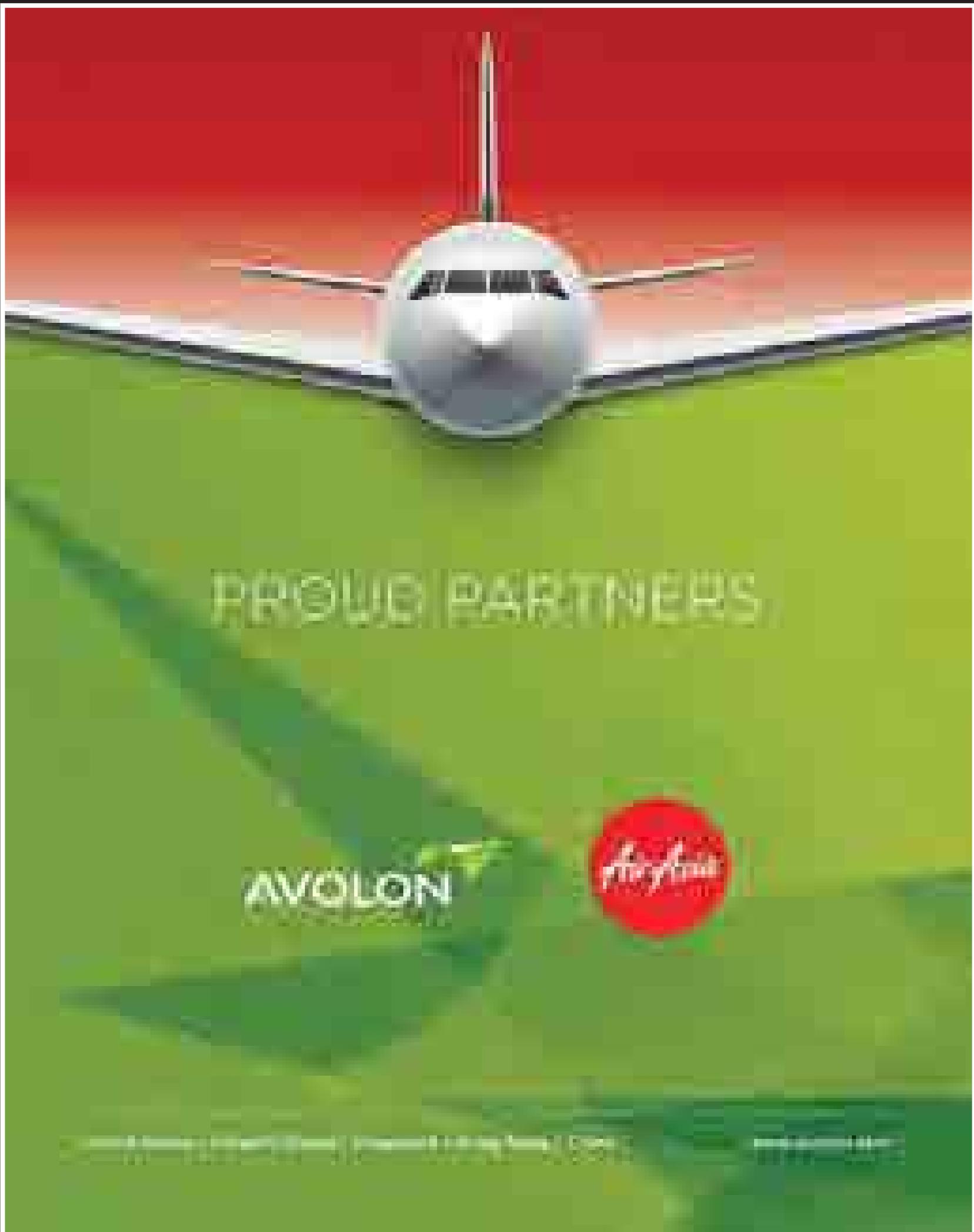
Meanwhile we look forward to the launch of our first AirAsia Japan flights this year, and are exploring the possibility of expanding into another Asean country to complete our network. As we press on with expansion, we will further expand our capacity and grow our fleet to over 200 aircraft by end 2017.

With growth, however, comes added responsibility for safety. And this will continue to be given top priority. We will also continue to adhere to our time-tested and proven low-cost model and keep looking for more and better ways to keep our costs down. Digitalisation will be a positive boon in this regard; we look forward to seeing greater efficiencies across the board as we step up our digital processes. We will

also seek ways to increase our aircraft utilisation, which features as a key consideration in our lean, cost-efficient model.

In other words, we have our journey for 2017 well mapped, and indeed have already made a good start as the year unfolds. 2016 was a great year for us but we believe, with our Allstars behind us every step of the way, we will be able to make 2017 even better. To our Allstars, once again, a big thank you from the bottom of our hearts for your belief in AirAsia, and your hard work to 'get us there'. Your passion and determination are a source of great strength to us. We know, together, we can make all our dreams, and the dreams of the millions of guests we serve, come true.





# PROUD PARTNERS

**AVOLON**  
AVOLON GROUP



AVOLON GROUP | AVOLON GROUP



BUSINESS REVIEW



TOTAL PASSENGERS CARRIED  
in 2016



26.4  
MILLION

NUMBER OF ALLSTARS



7,615

TOTAL FLEET

77  
A320



NETWORK

103

ROUTES

42

UNIQUE ROUTES

6

NEW ROUTES IN 2016

5

HUBS

70

DESTINATIONS

16

COUNTRIES

LOAD FACTOR



MARKET SHARE

47% DOMESTIC

49% INTERNATIONAL

TOTAL 49%

NOTES:

1. NUMBER OF PASSENGERS CARRIED, LOAD FACTOR, NUMBER OF ALLSTARS, NETWORK, TOTAL FLEET ARE AS AT 31 DECEMBER 2016.
2. SOURCE OF MARKET SHARE: PAXIS, BASED ON NUMBER OF PASSENGERS, JANUARY TO DECEMBER 2016. MARKET SHARE REFERS TO AIRASIA GROUP'S MARKET SHARE IN MALAYSIA.



INTERNATIONAL ROUTES



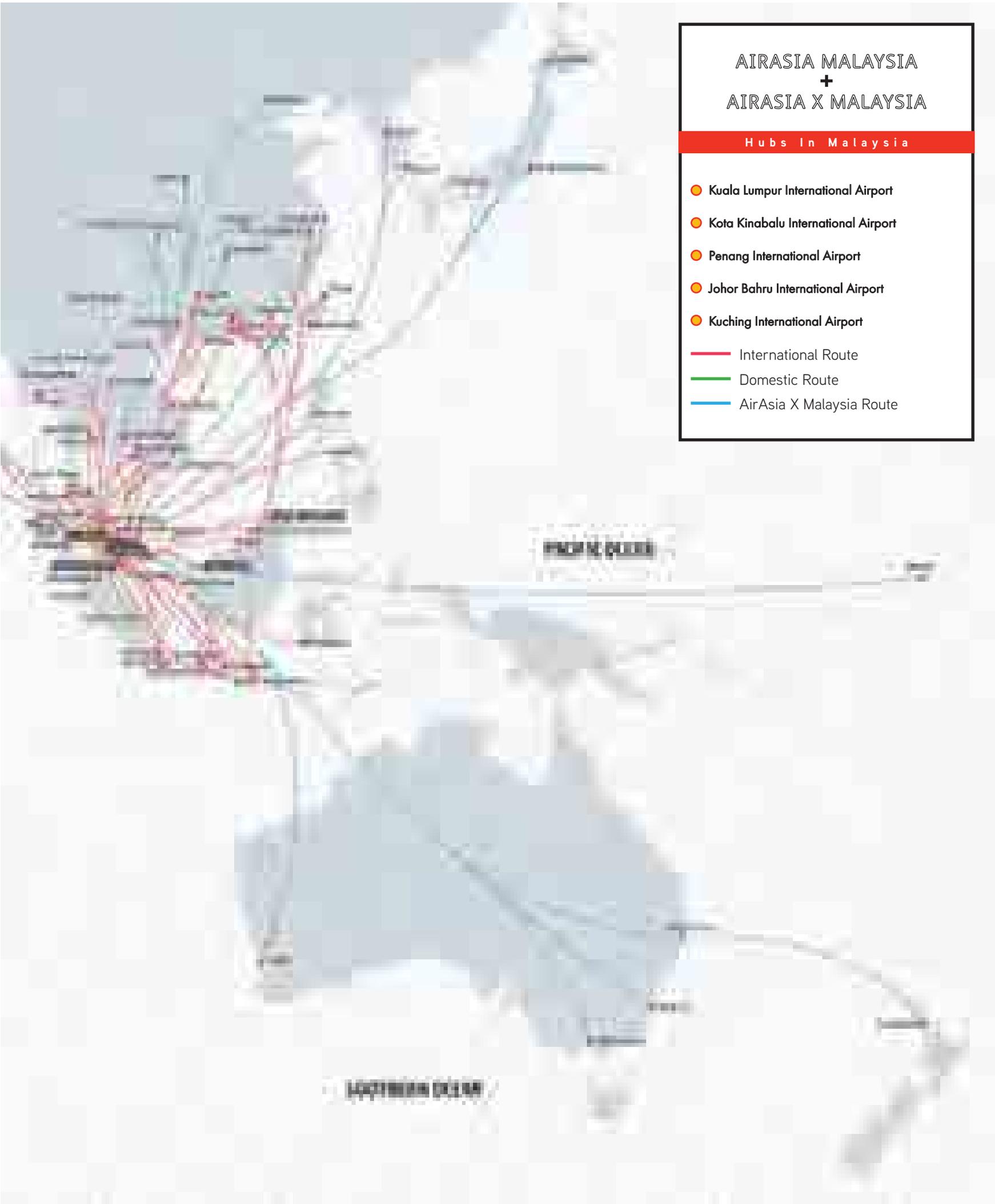
DOMESTIC ROUTES



# AIRASIA MALAYSIA + AIRASIA X MALAYSIA

## Hubs In Malaysia

- Kuala Lumpur International Airport
  - Kota Kinabalu International Airport
  - Penang International Airport
  - Johor Bahru International Airport
  - Kuching International Airport
- International Route  
— Domestic Route  
— AirAsia X Malaysia Route



# Commitment to Excellent Protection



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Asuransi Daya Mitra Tbk adalah perusahaan asuransi umum yang menyediakan berbagai jenis asuransi, termasuk asuransi jiwa, kesehatan, kecelakaan, kebakaran, banjir, dan asuransi lainnya. Perusahaan ini berkomitmen untuk memberikan perlindungan terbaik kepada nasabahnya.



# MIRUS

AVIONIC SYSTEMS



## HALUK

### INTRODUCING THE HAWK BY MIRUS

...the most advanced avionics systems for a complete solution of the most complex and demanding aviation systems provided by HALUK. HALUK is a leading manufacturer of avionics systems for military and civil aircraft. HALUK is a leading manufacturer of avionics systems for military and civil aircraft. HALUK is a leading manufacturer of avionics systems for military and civil aircraft.

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120 destinations  
around Asia  
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and have the time of your life.**

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# AirAsia Thailand

BUSINESS REVIEW



## NETWORK

**70**

ROUTES

**18**

UNIQUE  
ROUTES

**14**

NEW  
ROUTES  
IN 2016

**6**

HUBS

**52**

DESTINATIONS

**10**

COUNTRIES

## LOAD FACTOR



## MARKET SHARE

**30%** DOMESTIC

**18%** INTERNATIONAL

TOTAL **22%**

TOTAL  
PASSENGERS  
CARRIED  
in 2016



**17.2**  
MILLION

NUMBER OF  
ALLSTARS



**4,631**

TOTAL FLEET

**51** A320



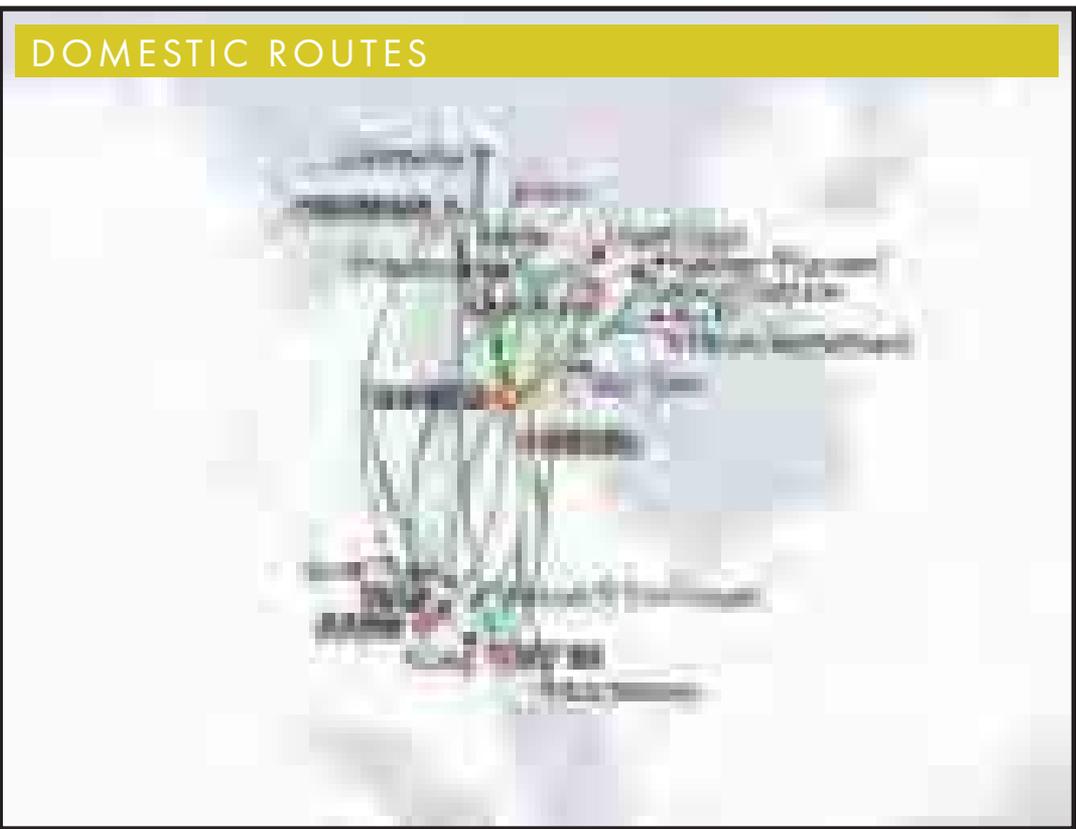
**NOTES:**

1. NUMBER OF PASSENGERS CARRIED, LOAD FACTOR, NUMBER OF ALLSTARS, NETWORK, TOTAL FLEET ARE AS AT 31 DECEMBER 2016.
2. SOURCE OF MARKET SHARE: PAXIS, BASED ON NUMBER OF PASSENGERS, JANUARY TO DECEMBER 2016. MARKET SHARE REFERS TO AIRASIA GROUP'S MARKET SHARE IN THAILAND.

INTERNATIONAL ROUTES



DOMESTIC ROUTES



AIRASIA THAILAND  
+  
AIRASIA X THAILAND

Hubs In Thailand

- Don Mueang International Airport, Bangkok
  - Phuket International Airport
  - Chiang Mai International Airport
  - Krabi International Airport
  - U-Tapao Rayong-Pattaya International Airport
  - Hat Yai International Airport
- International Route  
— Domestic Route  
— AirAsia X Thailand Route



## AIRASIA THAILAND:

# MUCH TO SMILE ABOUT

**In a land that is already full of smiles, our associate is making even more people happy by truly living up to our promise 'now everyone can fly'.**

Not content to offer prices that most can afford, AirAsia Thailand is going a step further to put wings on the dreams of those disadvantaged in different ways – the elderly, young, disabled, pregnant and impaired – by ensuring it has facilities that cater for them, and creating awareness among other tourism operators of the need to make tourist sites accessible to all. After years of working with relevant NGOs, and making its aircraft 'everyone-friendly', in 2016 it was recognised with a Friendly-Design Certificate by the Friendly Design for All Foundation.

It was also recognised with a Village to the World Trophy by the Tourism Authority of Thailand (TAT) for promoting more inclusive, community-based tourism. Among the 20 destinations in its domestic network are names such as Nan, Loei, Roi Et and Buri Ram, where tourism has yet to be fully developed. With convenient flight access, however, more locals and foreigners are visiting these lesser known towns, stimulating their economies.

Having seen the way AirAsia Thailand has helped to promote tourism to tier-2 destinations, TAT regularly partners our associate – the first and to date largest low-cost carrier (LCC) in the country – to run various campaigns and activities. In 2016, AirAsia Thailand truly 'Painted the Sky with Amazing Thailand' with various projects and even launched two new aircraft liveries with specially designed artwork supporting the tourism campaign.

**In the process of democratising travel and tourism, AirAsia Thailand has further integrated itself into the hearts and minds of the people. This, complemented by branding and marketing efforts that underline the affordability and quality of its service, especially its on-time performance which stood at 85% for the year, has seen our associate continue to chart very encouraging growth.**

Despite increased competition, a respectful mourning period for King Bhumibol Adulyadej as well as the Thai Government's clampdown on zero-dollar tour operators – which dampened visitor numbers significantly in the fourth quarter – AirAsia Thailand recorded a 16% increase in number of guests carried from 14.8 million to 17.2 million.



This, in turn, was supported by capacity enhancement derived from continued expansion of its network. During the year, AirAsia Thailand launched a new hub – Hat Yai – and introduced no less than 12 new routes while increasing frequencies on flights to six popular domestic and Indochina destinations. The new skybridges deepen its network into three of its key markets, namely India – by adding Kochi and Kolkata to existing routes serving Chennai and Bengaluru; China – with new connections to Shantou, Wuhan and Changsha; as well as Indochina – with new skybridges to Luang Prabang, Vientiane and Siem Reap. From its new base in Hat Yai, meanwhile, AirAsia Thailand has launched flights to Khon Kaen, Chiang Rai and Kuala Lumpur. Another new domestic route links Chiang Mai with Khon Kaen.

A key highlight of the year for AirAsia Thailand was delivery of its first Airbus A320neo aircraft in the fourth quarter. The A320neo, powered by CFM International LEAP-1A engines, is one of the most energy-efficient single-aisle aircraft available which carries the promise of reducing fuel consumption by 15% while boosting capacity from 180 seats to 186 seats.

In 2017, the airline is set to receive another six Airbus A320 aircraft, five of which will be A320neo. This will go some way towards further enhancing our associate's financial performance, which was already very encouraging in 2016. For the year, AirAsia Thailand recorded a 10% increase in revenue from THB29.59 billion to THB32.47 billion while profit surged by an impressive 71% from THB1.99 billion to THB3.41 billion.

The Thai Government is targeting to attract 35 million visitors in 2017, up from 32.6 million in 2016, and has announced various visa relaxation measures towards this end. Given the country's track record, we have no doubt this goal is well within reach, with AirAsia Thailand both contributing to and benefitting from it. As it is, our associate's 920 weekly flights contribute to 40% of passenger movement in Don Mueang International Airport, which emerged as the busiest LCC terminal in the world in 2016.

The airline is set to receive another

**SIX**

Airbus A320 aircraft, five of which will be A320neo aircraft

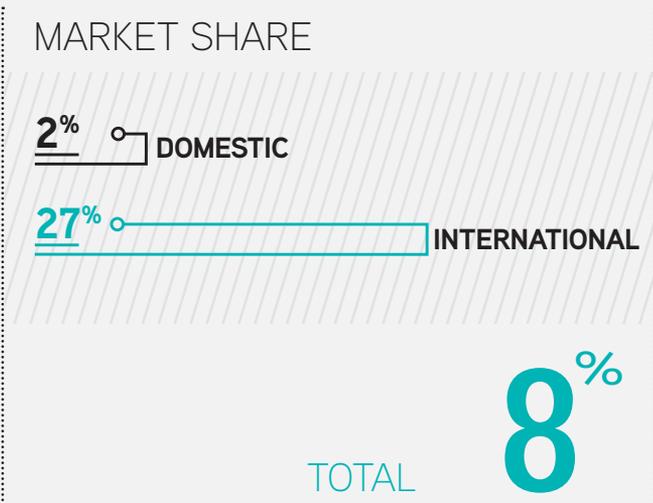
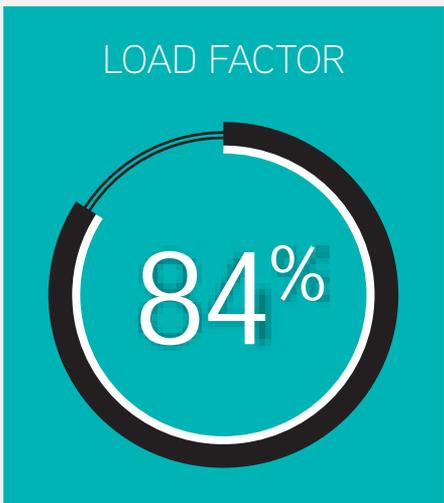
**In other words, the year 2017 is looking bright for AirAsia Thailand. Our Allstars in Thailand certainly have much to smile about, and so too will millions of Asians who will get to make their travel dreams come true.**





BUSINESS REVIEW X - +

NETWORK



NOTES:

1. NUMBER OF PASSENGERS CARRIED, LOAD FACTOR, NUMBER OF ALLSTARS, NETWORK, TOTAL FLEET ARE AS AT 31 DECEMBER 2016.
2. SOURCE OF MARKET SHARE: PAXIS, BASED ON NUMBER OF PASSENGERS, JANUARY TO DECEMBER 2016. MARKET SHARE REFERS TO AIRASIA GROUP'S MARKET SHARE IN INDONESIA.

TOTAL PASSENGERS CARRIED in 2016



6.5 MILLION

NUMBER OF ALLSTARS



1,792

TOTAL FLEET

22 A320



## INTERNATIONAL ROUTES



## DOMESTIC ROUTES



AIRASIA INDONESIA  
+  
AIRASIA X INDONESIA

### Hubs In Indonesia

- Soekarno-Hatta International Airport, Jakarta
- Ngurah Rai International Airport, Bali
- Juanda International Airport, Surabaya
- Kualanamu International Airport, Medan

- International Route
- Domestic Route



## AIRASIA INDONESIA:

# MAKING DREAMS COME TRUE

**After nine years of piloting with our associate AirAsia Indonesia, in July 2014 Monika Anggreini's long cherished dream finally came true: she was promoted to a Captain.**

Since then, as she narrates in her book *Monika's Iron Bird* launched in November 2016, she has felt truly fulfilled – knowing that in a traditionally male-dominated domain her gender has been no barrier to being recognised for her skills and experience. AirAsia Indonesia not only gave Monika the opportunity to realise her dreams, it also sponsored her book to motivate more young girls to pursue their ambitions, flying related or otherwise.

The year 2016 did much more than mark the realisation of Captain Anggreini's dream. It was also a dream year for our associate airline.

Intensifying a turnaround programme it had embarked on in 2015 – with more comprehensive route and capacity rationalisation – AirAsia Indonesia saw its sales pick up, load factor improve and, most importantly, its profit margin transiting into the black. From making an operating loss of IDR728.0 billion in 2015, it achieved an impressive profit of IDR118.0 billion for the year. Although the number of guests flown, hence also revenue, decreased as a result of 32% reduced capacity, its passenger load increased 10 percentage points to 84%, contributing to a 5% growth in revenue per available seat kilometre (RASK) to IDR476.67, and 11% drop in cost per available seat kilometre (CASK) to IDR477.63.

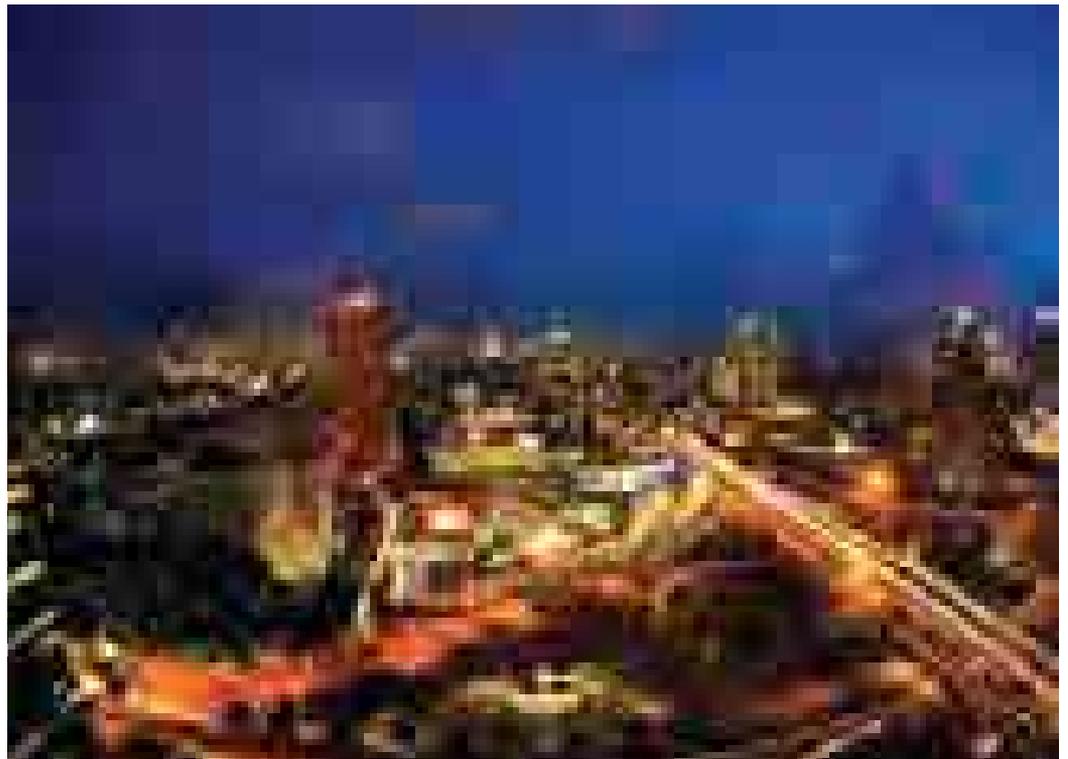
As part of the route rationalisation, four domestic routes were removed: Surabaya – Bali, Surabaya – Bandung, Bandung – Pekanbaru, and Surabaya – Bangkok. But no aircraft was allowed to stand idle. Excess capacity from these disbanded routes was farmed out under wet leases or for use in operating charter flights. This helped AirAsia Indonesia increase its aircraft utilisation during the year, from 11.0 hours a day in 2015 to 12.5 hours.

## TWO

Airbus A320 aircraft  
for growth in 2017

## 84%

increase in passenger load



**Complementing its turnaround strategies, AirAsia Indonesia stood to benefit from reduced fuel prices during the year and a strengthening of the Rupiah, which averaged IDR13,330 against the US Dollar as compared to an average of IDR13,466 to the Dollar in 2015. These contributed significantly to lowering its operating costs, about 70% of which are in USD.**



Since its establishment in 2004, AirAsia Indonesia has become the airline of choice among international tourists to the country. To further strengthen its international stronghold, our associate has been developing Fly-Thru services at the Kuala Lumpur, Jakarta and Bali hubs. Already, it contributes a significant volume of passenger traffic into and out of Kuala Lumpur, a point recognised by Malaysia Airport Holdings Berhad (MAHB), which named AirAsia Indonesia the Foreign Airline of the Year in the Passenger category at the KLIA Awards 2015. Going forward, our associate aims to leverage Indonesia's upgrade to Category 1 by the US' Federal Aviation Administration (FAA), by launching routes to markets it (and other Indonesian carriers) was previously denied entry to, such as India and China. This forms part of a broader plan to create skybridges connecting Indonesia with North and South Asia.

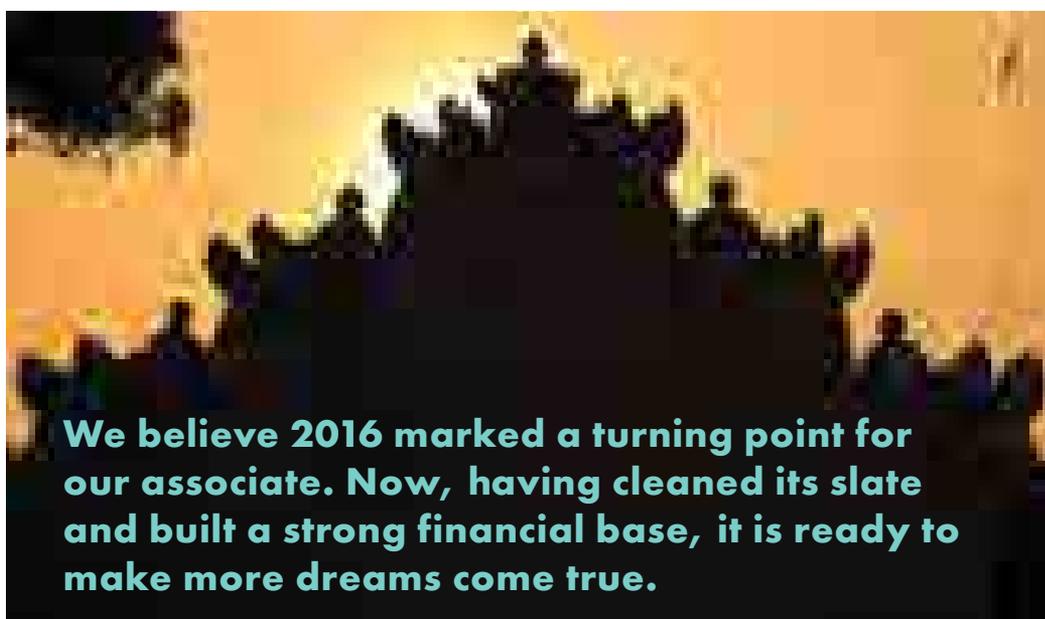


This ambition supports and is supported by the government's own aspiration of further growing the tourism industry. In 2016, the Ministry of Tourism launched a large-scale *Wonderful Indonesia* campaign as part of a build-up towards attracting 20 million tourists by 2019. The idea is to develop 10 'new Balis', namely destinations with as much international appeal as Indonesia's world-famous island – with the chosen 10 being Danau Toba, Labuan Bajo, Tanjung Lesung, Tanjung Kelayang, Thousand Islands, Borobudur, Bromo Tengger Semeru, Mandalika, Morotai and Wakatobi.

AirAsia Indonesia has signed a memorandum of understanding (MOU) with the ministry to collaborate on joint *Wonderful Indonesia* marketing efforts and promotions, as well as to carry out a market survey to determine the best strategies to develop the 10 chosen tourist hot spots.

At the same time, it is confident of being able to cater to, and drive, increasing wanderlust among Indonesians. Along with a fast-expanding middle class, more and more locals are seeking to travel the world and, true to its promise of 'We'll Take You There', AirAsia Indonesia is determined to help them do so.

Buoyed by its very encouraging performance, AirAsia Indonesia will continue to strengthen its processes – always with a keen eye on safety – and optimise commercial opportunities on existing routes while selectively expanding its fleet to serve new, exciting destinations. It is set to receive two aircraft in 2017 which will ensure it has the capacity to support its envisioned expansion.



**We believe 2016 marked a turning point for our associate. Now, having cleaned its slate and built a strong financial base, it is ready to make more dreams come true.**



# AirAsia Philippines

BUSINESS REVIEW X - +

## NETWORK



## LOAD FACTOR



## MARKET SHARE

**13%** DOMESTIC

**8%** INTERNATIONAL

TOTAL **11%**

**NOTES:**

1. NUMBER OF PASSENGERS CARRIED, LOAD FACTOR, NUMBER OF ALLSTARS, NETWORK, TOTAL FLEET ARE AS AT 31 DECEMBER 2016.
2. SOURCE OF MARKET SHARE: PAXIS, BASED ON NUMBER OF PASSENGERS, JANUARY TO DECEMBER 2016. MARKET SHARE REFERS TO AIRASIA GROUP'S MARKET SHARE IN THE PHILIPPINES.

TOTAL PASSENGERS CARRIED  
in 2016



**4.0**  
MILLION

NUMBER OF ALLSTARS



**1,278**

TOTAL FLEET

**14** A320



INTERNATIONAL & DOMESTIC ROUTES



AIRASIA PHILIPPINES

Hubs In Philippines

- Ninoy Aquino International Airport, Manila
- Mactan Cebu International Airport
- Kalibo International Airport
- International Route
- Domestic Route

**AIRASIA PHILIPPINES:**

# TRULY A LOCAL HEROES' AIRLINE

**Since it took to the skies in 2012, our associate in the Philippines has been championing all things local – from communities to culture, food and music as well as sights, events and, of course, destinations. It has become a partner to numerous provincial governments and tourism councils to bring in more visitors to Palawan, Tacloban, Bohol and Kalibo.**



It is officially the airline partner of major Philippine festivals including the mother of them all, Ati-Atihan in Kalibo. It promotes locally-made handicraft and other items among its duty-free offerings, recently adding to the list a solar-powered lamp that promises to bring light to villages without electricity (and pledging to donate 10% of sales to impoverished communities affected by typhoons and other natural calamities).

To top it all, in 2016, AirAsia Philippines welcomed as its new CEO a local hero. Captain Dexter Comendador, who took over from Joy Cañeba in August as interim CEO, was decorated by former Philippine President Fidel V Ramos for his role in safely landing a commercial flight following a bomb explosion in 1994. He is not new to our associate. As the Chief Operating Officer (COO) since 2013, he has worked closely with the former CEO to create greater efficiencies in the airline. Following the acquisition of Zest Airways, they managed the smooth transition of AirAsia Philippines into a single operating unit. Capt Comendador will now continue to build on the momentum already achieved. He was officially designated CEO on 10 January 2017.

The airline has been through some challenging times, and seen some significant changes. From operating out of Clark International Airport it moved to Ninoy Aquino International Airport (NAIA) in 2013 following the strategic alliance agreement with Zest Airways, which gave it landing rights in the country's busiest airport. The alliance also helped to increase our associate's route network but, on the flip side, encumbered the airline with aircraft that did not conform to AirAsia's single-aircraft type specification. However, AirAsia Philippines has managed these challenges. It has disposed of all but two of the inherited aircraft, and has been consolidating its route network to focus on becoming Philippines' leisure airlines providing greater and easier access to locals and foreigners to the country's amazing holiday destinations.





# AirAsia India

BUSINESS REVIEW



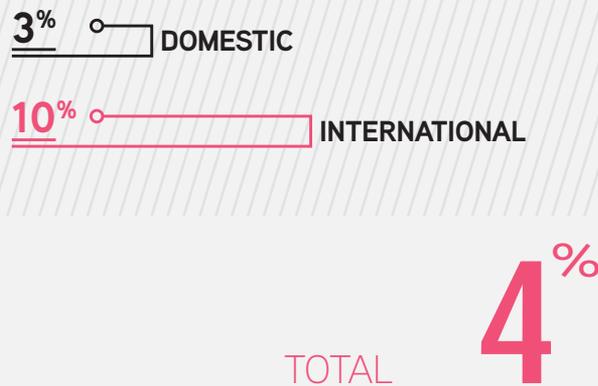
## NETWORK



## LOAD FACTOR



## MARKET SHARE



**NOTES:**

1. NUMBER OF PASSENGERS CARRIED, LOAD FACTOR, NUMBER OF ALLSTARS, NETWORK, TOTAL FLEET ARE AS AT 31 DECEMBER 2016.
2. SOURCE OF MARKET SHARE: PAXIS, BASED ON NUMBER OF PASSENGERS, JANUARY TO DECEMBER 2016. MARKET SHARE REFERS TO AIRASIA GROUP'S MARKET SHARE IN INDIA.

TOTAL PASSENGERS CARRIED  
in 2016



**2.5**  
MILLION

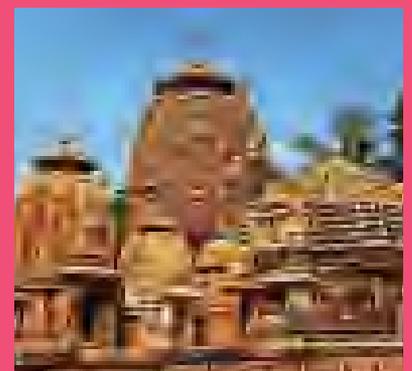
NUMBER OF ALLSTARS



**751**

TOTAL FLEET

**8** A320



DOMESTIC ROUTES



AIRASIA INDIA

**Hubs In India**

- Kempegowda International Airport, Bengaluru
- Indira Gandhi International Airport, New Delhi

— Domestic Route

INDIAN OCEAN

**AIRASIA INDIA:**

# TAKING EFFORT LESSLY TO THE SKIES

It has been an exciting and challenging year for AirAsia India which got to celebrate its second anniversary with an inspiring performance amid intensifying competition.



Improving steadily throughout the 12 months, its results reached record levels in December, allowing the associate to achieve its first positive profit before tax. Its full-year results, too, were extremely encouraging, seeing a 59% increase in total revenue to INR8.25 billion along with 68% growth in number of guests carried to 2.5 million, and a five percentage point rise in passenger load to 86%.

Expanding its footprint within the sub-continent, our associate added a new station – Hyderabad, capital of the southern state of Telangana – from which it launched new routes to Goa, Bengaluru and Kochi. It also created a new skybridge from Bengaluru to Guwahati, commonly referred to as the gateway to the country's northeast. These new routes helped AirAsia India increase its domestic aviation market share from 1.7% in 2015 to 2.8%. To be able to serve its more extensive network, it took delivery of two Airbus A320 aircraft in September and October, bringing its total fleet to eight aircraft.

In true AirAsia style, our associate also continued to enhance its service delivery, introducing self-service check-in facilities at Kempegowda International Airport Bengaluru and revamping its inflight menu. Guests truly appreciate the hot meals served on board,

something not offered by most other local low-cost carriers (LCCs), and have commented on the variety as well as quality of the offerings. Based on this, AirAsia India created a first in the country by making its signature dishes such as Purani Dilli Ke Raseeli Rajma with Jeera Rice, Masala Omelette with Chicken Nuggets and Parsley Potato, and Exotic Mexican Vegetable Steak with Mushroom Cream Sauce available even on ground, taking them to people on the streets of Bengaluru and New Delhi via food trucks.



AirAsia India  
expects delivery of  
**SIX**  
new Airbus A320 in 2017

**59%**  
increase in  
total revenue

**68%**  
growth in number of guests  
carried to 2.5 million

Operationally, the team has spared no effort to maintain a high level of on-time performance (OTP), which came to the fore in December 2016, when Bengaluru was enveloped in a thick blanket of fog. Amid the flight cancellations and delays, AirAsia India recorded the highest OTP among all airlines operating out of this hub, including full-service carriers.

Quality service, affordable fares as well as the fact that AirAsia India is one of the few local LCCs to reward guests with a full-fledged loyalty programme, have helped our associate to differentiate itself in an increasingly crowded aviation space. Guests regularly channel positive feedback on their travel experience with our associate, as reflected in its Net Promoter Score (NPS) which measures the likelihood of a traveller recommending an airline to others. For the fourth quarter of the year, AirAsia India's NPS of 42.8% was the highest among all airlines within the AirAsia Group.

Going forward, competition within the aviation industry in India looks set to keep increasing, with between 60-65 aircraft being added to the market from 2017 to 2018. At the same time, domestic tourism is booming. According to CAPA, domestic traffic has grown by more than 20% over the last three years with carriers flying close to 100 million passengers in 2016. And the number is expected to increase by another 25% to cross 130 million in the financial years 2017-18. AirAsia India is determined to tap into this growing market by playing up its unique defining qualities and ensuring it continues to offer guests the lowest possible fares.

Already, it has one of the best unit costs among its peers, and the management is intent on leveraging optimally on technology and automation to derive even greater cost savings. This is to be complemented by revenue growth via more efficient ancillary sales and inventory management. Taking a cue from AirAsia's experience, it will also seek to develop route dominance by keeping its hubs and sectors tight while enhancing its route frequencies.

In anticipation of continuing growth, AirAsia India expects delivery of six new aircraft in 2017 bringing its total to 14, with another six estimated to be delivered in the following year so it achieves the 'golden number' of 20 by 2018.

**This would satisfy the government's requirement that local carriers have at least 20 aircraft before they can offer international routes.**

With 20 aircraft in its portfolio, our associate's horizons will immediately broaden to encompass a whole new vista of overseas destinations within the region. That would mark a new chapter in its unfolding story, one we look forward to reporting on.



## AIRASIA X:

# FOUNDATION LAID FOR A BETTER TOMORROW

**It has been a commendable year for our sister long-haul airline, AirAsia X Group. Having embarked on an extensive turnaround plan at end 2014, efforts to create greater efficiencies, increase revenue and cut costs truly came together to produce some excellent results.**

Revenue increased  
**31%**  
year-on-year to  
RM4.01 billion

Number of guests  
carried grew  
**30%**  
to 4.7 million



AirAsia X Berhad (AirAsia X) saw its revenue increase 31% year-on-year to RM4.01 billion; the number of guests carried grow 30% to 4.7 million; revenue passenger kilometre (RPK) increase 32.1% to 23.2 billion while cost per available seat kilometre (CASK) reduce 11.9% to US3.11 cents.

Most significantly, and a real cause of celebration, it recorded its first full-year profit of RM210.3 million since going public in 2013.

Key among the initiatives undertaken to enhance its performance was to work more closely with AirAsia Group, merging certain functions in order to optimise manpower and reduce redundancies in both organisations. AirAsia X Group also managed to significantly lower its costs by renegotiating a number of ground handling contracts, and engaging in various operational as well as strategic manoeuvres to achieve greater fuel efficiencies. The latter included the one-engine taxi-in, tankering opportunities, and measures to minimise its aircraft weight.

While in 2015 a key focus was to reduce its capacity, in 2016 – spurred by a more rational market – it launched a new route to Auckland; resumed the New Delhi, Tehran and Chongqing routes (the last of which had been transferred to AirAsia temporarily); and increased the frequency of flights to eight destinations in its core markets, namely North Asia and Australia.

Various fun promotions and campaigns were run in conjunction with the frequency increases, such as *#XcitingSydney* in which AirAsia X partnered with international food artist Samantha Lee to connect her Instagram followers and the wider audience to the gastronomic delights that Sydney, and New South Wales more generally, has to offer.

These efforts were well received, leading to a four percentage point increase in passenger load factor for the year to 79%, and were supplemented by enhanced ancillary performance by 35% year-on-year to RM642.7 million, mainly due to baggage fees, seat fees, inflight meals and Fly-Thru connecting fees.

Fly-Thru (enabling guests to make seamless connections within the AirAsia Group network) contributed to 31.6% of AirAsia X's traffic during the year. Meanwhile, a new ancillary offering was introduced in September – the Premium Red Lounge – providing guests a comfortable space to relax or get some work done before continuing on their journey. While being complimentary for Premium Flatbed and Premium Flex guests, others can enjoy the facility at only RM79 each.





AirAsia X's associate in Thailand, AirAsia X Thailand, also performed well, considering the restriction on all national carriers from route expansion to certain countries following a downgrade by the International Civil Aviation Organization (ICAO) in June 2015. The Thai associate carried 48.9% more guests in 2016 (1.37 million) compared to 2015 (0.92 million), and saw a seven percentage point increase in passenger load factor to 84%. There are, moreover, indications that ICAO's red flag may be lifted in the near future as Thailand's Department of Civil Aviation has taken positive steps to rectify existing regulatory gaps and is calling for a fresh audit by ICAO before year end.

In Indonesia, meanwhile, a decision has been made to temporarily suspend operations due to ongoing regulatory issues. However, there are plans for AirAsia X Indonesia to consolidate its operations with AirAsia Indonesia, using the current lull to restructure its network as well as operational efficiencies before the long-haul operations resume.

As we enter the year 2017, prospects for AirAsia X look promising. In February, our long-haul affiliate announced flights to Honolulu, Hawaii. This route, to commence in June, was made possible by approval from the US Federal Aviation Administration (FAA) to fly into the US, making it the only low-cost carrier in Asean with this privilege, and one that AirAsia X will certainly leverage on. Although AirAsia X will continue to strengthen its market leadership in North Asia and Australia, with the delivery of the more fuel-efficient Airbus A330neo aircraft beginning from 2018 and the FAA approval, destinations even farther away will become feasible.

Meanwhile, it will continue to look for ways to enhance its revenue and keep its CASK low, so it maintains its position as the lowest unit cost long-haul airline in the world. Word has it that guests can look forward to some more exciting inflight entertainment – now being rebranded as Xcite Inflight Entertainment – boasting more content such as movies and magazines which will also be made available on more flights across the Group.

So, more destinations and infinitely better entertainment at the best rates in the world. Our sister long-haul affiliate is certainly going all out to cater for Xtra special Xtra long journeys.

