CLEAR VISION to serve Asean’s 630 million population

STRATEGIC THINKING to connect more dots across Asean

SERVICE WITH A SMILE and warm Asean hospitality

SHOULDERING GROWTH of Asean tourism and dynamism

ARMED WITH YOUTH a young fleet of 172 aircraft

FROM THE HEART everything we do, we do for you!

CORE STRENGTH our pool of over 13,600 Allstars, from all over Asean and beyond

THE ASEAN AIRLINE

AirAsia

ANNUAL REPORT YEAR 2014
For this annual report, we have gone with the theme “The Asean Airline” because that, truly, is what we are. In the space of our 13-year journey AirAsia has created sky bridges zigzagging across the entire Asean region encompassing Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. We have 199 routes within this region itself, 35% of which had never been served before, bringing people of the region closer together, linking lives, realising dreams.

As depicted by the cover, we strive continuously to connect more dots across Asean to serve the region’s 630 million population with our warm Asean hospitality, enhancing Asean tourism and dynamism. With a young fleet of 172 aircraft, we have what it takes to operate at the highest level of efficiency to offer our guests the most affordable flights that are also comfortable, convenient and fun! All without compromising on safety.

Like our cover flight attendants, 93% of our Allstars are from an Asean nation, who see themselves first and foremost as denizens of this wonderful region we call home. Being Asean has become integral to the AirAsia DNA, and so many of our people are real Asean Champions – promoting the region economically, socially, culturally and intellectually. More than that, and in true AirAsia spirit, they are connecting Asean through the hearts and souls of everyone.

What is i-Nova?
i-Nova combines image recognition and Augmented Reality (AR) technology to deliver messages that go beyond print. i-Nova this page to find out how you can get the most out of this amazing technology.

1. Search for i-Nova App from Apple App Store or Google Play with your smartphone.

2. Click the app and install. (Please check your device compatibility before installing.)

3. Once installed, click open to launch the Augmented Reality (AR) App.

4. Click the start button from the i-Nova App to launch the AR camera.

5. Look for the “AR Icon” in the book and scan the Annual Report cover image with AR camera to enjoy interactive AR content.

6. You may click on the interactive button to explore additional contents.

How to get the most out of our 2014 Annual Report with QR code.

Download the “QR Code Reader” on App Store or Google Play.

Run the QR Code App and point your camera to the QR Code.

Get access to our additional information in AirAsia’s Annual Report 2014.
THE PERSONAL TRIP ADVISOR

www.airasia.com/travel360
WE’VE BECOME THE ASEAN AIRLINE

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Get access to our additional information in AirAsia’s Annual Report 2014.
All for one. One for all.

Allstars are there everyday to greet you with warm smiles and attend to your needs. We do it all to continue being the best for you.

It’s the people who make the airline. World’s Best Low-Cost Airline, 6 years running.
AirAsia Asean Pass is a flexible and value-for-money flight pass that takes you across the best of Asean. It’s easy! Just choose your pass.

10 Credits
30 days travel validity within one year

20 Credits
60 days travel validity within one year

Earn BIG points when you purchase your pass

Check out the full list of destinations and book now @ aseanpass.airasia.com

*1 credit redeems one way flights below 2 hours and 3 credits redeems one way flights of more than 2 hours.
THE

FOUNDERS

DATO’ ABDEL AZIZ
@ ABDUL AZIZ BIN
ABU BAKAR

CONOR
MC CArTHY
AIRASIA INVESTOR RELATIONS APP

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Add AirAsia’s IR events to your devices

View latest AirAsia’s tweets

Find out the most recent AirAsia Investor Relations information

View and download AirAsia’s Annual Reports

Download for free. Search for AirAsiaIR on the app store.

Download now at the iTunes App Store or Google Play Store!

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novafusion

Always Ahead of the Curve

Call us to see how we can help you 603 9131 8099 or 6012 399 5250
Being caring is to always serve from our hearts

It’s the little things that matter the most.
2014 PASSENGERS CARRIED
45.6 million
LOAD FACTOR
78%

262 million passengers flown

TOTAL FLEET
172 A320
YOUNG FLEET WITH AVERAGE AGE OF 3 YEARS

13,600 ALLSTARS

56 NATIONALITIES

NETWORK
199 ROUTES
• 17 HUBS • 69 UNIQUE ROUTES
• 33 NEW ROUTES INTRODUCED IN 2014

98 DESTINATIONS
17 COUNTRIES
3,488 ONE-WAY FLIGHTS PER WEEK

AIRASIA.COM
172 MIL AVERAGE VIEWS PER MONTH
22 MIL AVERAGE VISIT PER MONTH
11 MIL AVERAGE UNIQUE VISITORS PER MONTH
VISITORS FROM 241 COUNTRIES
ANNUAL CONVERSION RATE OF 4.4%

AIRASIA MARKET SHARE
MALAYSIA
DOMESTIC 47%
INTERNATIONAL 46%
TOTAL 46%

THAILAND
DOMESTIC 14%
INTERNATIONAL 30%
TOTAL 19%

INDONESIA
DOMESTIC 5%
INTERNATIONAL 26%
TOTAL 11%

PHILIPPINES
DOMESTIC 10%
INTERNATIONAL 6%
TOTAL 8%

AIRASIA BERHAD
DEPOSIT, CASH AND BANK BALANCES
RM1.34 BILLION

REVENUE VIA INTERNET
84%

OPERATING PROFIT MARGIN
16%

LOWEST COST
Cost per Available Seat Kilometre
CASK:
13.19 SEN (US 4.02 CENTS)
CASK EX-FUEL:
6.67 SEN (US 2.03 CENTS)

SOCIAL MEDIA
7.6 MILLION FANS
LINE 18.3 MILLION FANS

2.8 MILLION FOLLOWERS
163,000 FOLLOWERS
1.4 MILLION FANS

KEY MILESTONES
• VOTED THE WORLD’S BEST LOW-COST AIRLINE FOR THE SIXTH CONSECUTIVE YEAR SKYTRAX WORLD AIRLINE AWARDS
• LARGEST LCC IN ASIA - IN TERMS OF FLEET AND NUMBER OF PASSENGERS CARRIED
• 4TH LARGEST AIRLINE IN ASIA - IN TERMS OF NUMBER OF PASSENGERS CARRIED
• A TRUE ASEAN AIRLINE, CONNECTING ALL 10 ASEAN COUNTRIES

1. ALL FIGURES REFER TO AIRASIA GROUP UNLESS STATED OTHERWISE
2. AIRASIA GROUP INCLUDES MALAYSIA AIRASIA (MAA), THAI AIRASIA (TAA), INDONESIA AIRASIA (IAA), PHILIPPINES’ AIRASIA (PAA) AND AIRASIA INDIA (AAI)
3. FINANCIALS EXTRACTED FROM AIRASIA BERHAD’S CONSOLIDATED FINANCIAL STATEMENTS
4. ‘LARGEST LCC IN ASIA’ AND ‘4TH LARGEST AIRLINE IN ASIA’ REFER TO AIRASIA GROUP AND AIRASIA BERHAD
5. AS AT 31 DECEMBER 2014: PASSENGERS CARRIED, LOAD FACTOR, FINANCIAL FIGURES, AIRASIA.COM STATISTICS, LARGEST LCC IN ASIA, 4TH LARGEST AIRLINE IN ASIA
6. AS AT APRIL 2015: FLEET, NETWORK, ALLSTARS, SOCIAL MEDIA STATISTICS
7. SOURCE OF MARKET SHARE: PAXIS, BASED ON NUMBER OF PASSENGERS, FEBRUARY 2014 TO JANUARY 2015
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Passion, it’s what drives us
to be better and to do better, every single day.
FLY WITH THE ECO-EFFICIENT AIRBUS A320

AIRBUS.COM
AirAsia welcomes Visit Malaysia Year 2014 with exciting promo fares from as low as RM14 one way (with applicable taxes and fees from RM26) to domestic destinations such as Alor Setar, Penang, Johor Bahru, Langkawi, Terengganu, Tawau, Kota Kinabalu and more.

AirAsia is named Asia’s Best Managed Company for the second year in a row by leading international magazine *Euromoney*.

Tan Sri Dr. Tony Fernandes is named Airline Industry Leader of the Year at the 4th annual Aviation 100 Awards.

AirAsia introduces three new domestic routes connecting East and Peninsular Malaysia: Kuching – Langkawi, Miri – Penang, Miri – Terengganu.

Indonesia AirAsia bags the Excellent Service Experience Award 2014 for in-flight services and ground handling, from Carre Center for Customer Satisfaction and Loyalty (Carre CCSL).

AirAsia continues to bridge gaps with the introduction of three new exclusive routes: Johor Bahru – Tawau, Singapore — Kota Bharu, Singapore – Terengganu.

Aimia, AirAsia and Think Big Digital form a partnership to grow the AirAsia BIG Loyalty Programme.

AirAsia expands its avionics maintenance agreement with Rockwell Collins to include its new Airbus A320 fleet. The companies entered into a long-term, flight hour-based maintenance agreement for service of Rockwell Collins avionics on the airline’s new A320 aircraft.
Winners of the #loveisintheair online contest, run from 27 January to 7 February, are announced. Couples, pairs, partners, duos or any twosome stood to win free trips by sharing photos of themselves together through Facebook, Twitter or Instagram.

Thai AirAsia is named the winner of Flightstats’ 5th annual Airline On Time Performance Service Award in the Low Cost Airline category for achieving an on-time performance (OTP) of 92% in 2013.

Indonesia AirAsia launches its own in-flight magazine, travel 3Sixty Indonesia.

AirAsia offers more than half a million free seats along with 1.8 million low-fare seats for selected flights in appreciation of the support of the more than 220 million guests it has flown in just 12 years of operations.

AirAsia’s very first travel expo, the AirAsia Travel Fair (AATF), receives an impressive public turnout on its opening day with scores of bargain hunters in search of discounted fares, low-priced holiday packages, exclusive merchandise and more.

AirAsia announces its becoming the title sponsor for the AirAsia-Caterham Moto Racing Team, which is ready to make its debut in the 2014 Moto2TM World Championship, part of the world renowned MotoGP World Championship series.

Indonesia AirAsia is named Domestic Airline of the Year 2013 by Roy Morgan Research, Australia’s best-known market research company. Based on its survey, the airline scored the highest in flight experience, service and innovation.

Allstars participate in the Malaysian Women International Marathon – iCity Shah Alam.

Thai AirAsia makes available more easy tickets at its counters and 7-Eleven outlets nationwide offering more convenience to guests.
AirAsia receives three excellence awards in Investor Relations (IR) by Corporate Governance Asia for the fourth consecutive year. The awards – for Best Investor Relations Company for Malaysia, Best CEO (Investor Relations) for Malaysia and Best Investor Relations Officer for Malaysia – were presented at the 4th Asian Excellence Recognition Awards 2014 ceremony held in Hong Kong.

AirAsia presents three new international routes from Johor Bahru: Johor Bahru – Yogyakarta, Lombok and Ho Chi Minh.

AirAsia receives its maiden flight from Singapore to Kuala Terengganu, marking its first international destination from the East Coast of Peninsular Malaysia.

AirAsia re-connects Kuala Lumpur with Cebu, Philippines with thrice weekly flights.

Indonesia AirAsia celebrates the inauguration of its first female captain.

Joy Caneba is named AirAsia Zest CEO; while Maan Hontiveros is Chair of the Board.

Allstars take part in a Regional Golf Tournament in Bangkok.

Indonesia AirAsia, in collaboration with CIMB Niaga Bank and Think BIG Digital, launches a co-branded credit card.

Allstars participate in a Regional Badminton Tournament in Kuala Lumpur.

AirAsia commences four inaugural flights from Sarawak to Penang, Langkawi, Terengganu and Kota Bharu.

AirAsia India’s first Airbus A320 touches down at the Madras International Airport, Chennai at 9.25am from the Airbus factory in Toulouse, France, to a water cannon salute.

AirAsia India advertises for guest services and security team members for its flight operations in India.

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AirAsia receives its maiden flight from Singapore to Kuala Terengganu, marking its first international destination from the East Coast of Peninsular Malaysia.
09 To celebrate the start of operations at klia2, the CEOs of AirAsia and AirAsia X run a Twitter campaign, #noweveronecanfly, requesting the public to nominate their friends or family members who have never experienced flight and provide the best reason why they deserve to fly from the new airport.

11 AirAsia deploys 350 Allstar volunteers from various departments at klia2 to help guests navigate the new airport.

15 Thai AirAsia donates a total of 10 hours of flight time on the Group’s Airbus A320 for up to 180 personnel and up to eight tonnes of cargo to Airlink for humanitarian efforts around the Asean region.

17 AirAsia Badminton Academy organises a coaching clinic in Bangkok.

22 Thai AirAsia calls on youth to explore the world with the Learning by Flying campaign offering 12 free international travel scholarships.

22 AirAsia’s competence in planning and maximising the use of its Airbus A320 fleet, ensuring top-notch despatch reliability, garners the airline the “A320 Family Best Operational Excellence” award from Airbus, at the A320 Family Symposium Kuala Lumpur 2014.

23 AirAsia raises a total of USD2.17 million from its To Philippines with Love campaign (#toPHwithlove) in aid of reconstruction efforts in Typhoon Haiyan affected areas.

30 To celebrate the announcement of its inaugural routes, AirAsia India offers over 25,000 promo seats at only Rs 5 (excluding airport tax and other applicable fees) each. The seats are sold out within 48 hours of opening for booking. The first flight from Bengaluru to Goa on 12 June 2014 was sold out within 10 minutes.

31 AirAsia unveils the exclusive Taylor Swift aircraft livery in conjunction with The RED Tour in Southeast Asia.

01 AirAsia is back with its Free Seats promotion, offering 2.5 million seats to destinations such as Langkawi, Johor Bahru, Kota Kinabalu, Singapore, Hong Kong, Chennai, Siem Reap, Lombok and Kalibo (Boracay) for immediate booking and for travel in the first half of 2015.
02 Indonesia AirAsia and Blue Bird Group Holdings introduce Airport Transfer to City services. Transfer from Jakarta airport to the city is provided by Golden Bird Airport Transfer and can be booked 24 hours prior to departure.

05 AirAsia announces recommencing its Kuala Lumpur – Da Nang route with four weekly flights. In conjunction with the reintroduction of this route, the airline is offering promotional seats with all-in fares from as low as RM99 one way.

11 Taylor Swift arrives in Kuala Lumpur on the special Taylor Swift Airbus A320 by AirAsia for the Malaysian leg of The RED Tour Presented by Cornetto.

11 Thai AirAsia introduces flight and roundtrip shuttle service from Don Mueang airport to Koh Tao island and the famous Indochina market, Mukdahan.

12 AirAsia India commences operations from Bengaluru to Goa.

18 AirAsia presents the Waran Perjalanan Udara Awam (WPUA) Carnival, a celebration to bring the airline closer to the public service community in Sarawak. State government officers and staff were given the opportunity to know more about the airline’s services and products at the carnival.

18 AirAsia wins the Best IR Website (Mid Cap) award while AirAsia X is presented with the Best IR for an IPO in 2013 award by the Malaysian Investor Relations Association (MIRA).

19 AirAsia India starts flying from Bengaluru to Chennai.

21 Allstars participate in a Regional Futsal Tournament held in Kuala Lumpur.

25 Philippines’ AirAsia and Solaire take their partnership to the skies with an aircraft liveried in Solaire’s colours.

27 AirAsia takes delivery of its 150th A320 aircraft from Airbus.

28 Thai AirAsia collaborates with the Tourism Authority of Thailand on the Thailand Shopping Paradise roadshow in Chongqing to boost the number of Chinese tourists to Thailand during the low season.

28 AirAsia in-flight magazine travel 3Sixty wins a Platinum Achievement Award at the Kuala Lumpur Mayor’s Tourism Awards 2014.
01 AirAsia announces that it will be entering into a Shareholders Agreement with Octave Japan Infrastructure Fund I GK, Rakuten Inc, Noevir Holdings Co Ltd and Alpen Co Ltd to establish AirAsia Japan.

01 Sunu Widyatmoko is appointed as Indonesia AirAsia’s new President Director, replacing Captain Dharmadi who assumes a new role as the airline’s Commissioner.

09 AirAsia and AirAsia X celebrate the holy month of Ramadhan with over 100 underprivileged children from four homes in a joyous occasion held at the Mandarin Oriental Hotel, Kuala Lumpur.

11 Three AirAsia inaugural flights depart from Johor Bahru: Johor Bahru – Yogyakarta, Lombok and Ho Chi Minh City.

15 AirAsia is once again named the World’s Best Low-Cost Airline at the 2014 World Airline Awards, bringing the tally to six consecutive wins of the coveted award. It also won Asia’s Best Low-Cost Airline award for the sixth consecutive year.

20 AirAsia India commences operations from Kochi.

23 AirAsia guests can fly daily to Kalibo, gateway to the paradise island of Boracay, instead of four times weekly with increased frequencies of the route effective from 23 October.

24 AirAsia reconnects Kuala Lumpur with Cebu, the Philippines, making it the only airline to operate this route. Cebu is AirAsia’s third Filipino destination with direct flights available from Kuala Lumpur and Kota Kinabalu.

24 AirAsia India adds Jaipur and Chandigarh to its network.

28 Thai AirAsia launches twice daily Don Mueang – Sakon Nakhon flights, starting on 1 October 2014.

28 The Philippines Department of Health pays tribute to Philippines’ AirAsia for its contributions in helping victims and families affected by Typhoon Haiyan in 2013.

03 AirAsia commemorates its Skytrax win with a special promotion of over 850,000 seats throughout its entire network with all-in fares from as low as RM46 one way for domestic flights, and RM60 for international flights.

05 Mistine joins hands with AirAsia to introduce Mistine Joops, perfect Colored Lips with eight stunning shades and Angel Red, available only on Thai AirAsia flights.
05 AirAsia reinstates the Johor Bahru to Bandung, Indonesia route with thrice weekly flights.

06 AirAsia, the official airline of the Malaysia International Travel Mart (MITM) 2014, offers a special deal for all AirAsia and AirAsia X seats and flights during the three-day travel fair to be held from 8-10 August 2014 at the Mid Valley Exhibition Centre, Kuala Lumpur.

11 AirAsia launches Premium Flex for the discerning business traveller. With Premium Flex, guests have the flexibility to change their flights up to two times at no extra fee while also enjoying complimentary 20kg baggage allowance, Xpress boarding, Xpress baggage and other perks.

12 AirAsia will now be on LINE, the world’s leading mobile platform with over 490 million users globally, adding to the multiple engaging platforms which AirAsia uses to reach out to its guests.

13 AirAsia activates its on-board WiFi testing in preparation of the product launch scheduled towards year end.

13 AirAsia India kicks start a 20% off promo on all seats from Bengaluru to Chennai/Kochi/Goa and vice versa.

14 AirAsia launches Redbox, a low-cost courier service offering the best value-for-money express courier and parcel delivery. Customers save up to 50% in costs compared to existing courier services by using this service which was wholly developed by AirAsia.

15 Allstars enjoy a Regional Yoga Retreat in Phuket.

18 AirAsia announces daily flights from Kuala Lumpur to Balikpapan.

25 AirAsia returns with another must-not-miss Free Seats promotion to all AirAsia and AirAsia X destinations with 3 million promo seats.

26 AirAsia gets ready to fly with Kings XI Punjab!

27 AirAsia India offers all-inclusive fares from as low as Rs 600 from Bengaluru to Chennai/Kochi/Goa and Rs 1,900 from Bengaluru to Jaipur and Chandigarh.

28 AirAsia starts a two-month Free User Trial for its on-board WiFi service, which is designed to provide affordable low-cost internet connectivity to guests.

29 AirAsia adds Da Nang, Vietnam back into its extensive route network, and marks the occasion with a receiving ceremony for the inaugural flight.

01 AirAsia celebrates Malaysia’s 57th year of independence with exclusive low fares to domestic and international destinations throughout its extensive route network. In conjunction with the celebration, it is running the #KamiMalaysia campaign, where the public can share photos of “what makes them Malaysian”.

05 AirAsia India celebrates its inaugural flight from Bengaluru to Jaipur and Chandigarh.

06 Allstars take part in a Regional Paintball Tournament in Kuala Lumpur.
Thai AirAsia continues to provide “Truly Low Fares, Trusted Quality” and produces a new Nadech advertisement to reflect its dedication to low fares and high standards.

AirAsia, the official back of shirt sponsor of Champions Leagues T20 2014, unveils the official jersey with the Kings XI Punjab players.

AirAsia, the official back of shirt sponsor of Champions Leagues T20 2014, unveils the official jersey with the Kings XI Punjab players.

In celebration of Malaysia Day, AirAsia and AirAsia X offer special promotions to their respective destinations, with AirAsia flights going from as low as RM0.51 (excluding applicable taxes and fees) and AirAsia X flights being discounted up to 50%.

Thai AirAsia launches direct flights from Krabi to Guangzhou, affirming its status as the Thai airline with the most China destinations.

AirAsia organises a Travel Fair at Express Avenue Mall in Chennai.

AirAsia continues with its pledge to make air travel affordable and accessible to everyone by kicking off its latest promotion, with 1.5 million seats up for grabs from as low as RM5 (base fare).

AirAsia guests stand a chance to win the opportunity to watch Queens Park Rangers play against Liverpool on 19 October in London, through the QPR, Liverpool & You contest.

AirAsia’s management celebrate the spirit of T20 Champions League with players of Kings XI Punjab.

AirAsia incorporates its wholly owned leasing entity, Asia Aviation Capital Limited, based in the Federal Territory of Labuan, Malaysia.

AirAsia clinches the Best Low-Cost Airline award for the third consecutive year from Business Traveller Asia Pacific.

AirAsia recommences the Kuala Lumpur – Hyderabad route.

Dato’ Sri Ahmad Shabery Cheek, Minister of Communication and Multimedia, tries out AirAsia’s on-board WiFi service, currently on a two-month Free User Trial, during a flight from Miri to Kuala Lumpur.

AirAsia is named the Best Asian Low-Cost Carrier by TTG, Asia-Pacific’s leading travel news publisher, for the eighth time.

World Travel Awards 2014 names AirAsia as Asia’s Leading Low Cost Airline for the third consecutive year.
The Filipina Women’s Network (FWN) names Maan Hontiveros, Chair of Philippines’ AirAsia, one of the 100 Most Influential Filipina Women in the World (Global FWN100™) in 2014.

Thai AirAsia offers a Fly and Drive with AirAsia service, allowing travellers to compare the price of rental cars of over 1,000 top companies.

AirAsia recommences direct flights from Kuala Lumpur to Clark, the Philippines, with four weekly flights.

AirAsia collaborates with the Ministry of Youth and Sports to promote MotoGP interest among Malaysians.

AirAsia boosts Asean connectivity with direct flights from Kuala Lumpur to Nay Pyi Taw, Myanmar.

Indonesia AirAsia provides scholarships in aviation engineering to 17 students in an effort to meet growing demand for aviation technicians in Indonesia.

Thai AirAsia launches the inaugural Chiang Mai – Surat Thani flight which takes off with a 90% load factor.

AirAsia commercially launches its on-board WiFi service, known as roKKi Chats, allowing guests to use instant messaging apps while flying. The airline earns an entry into the Malaysia Book of Records for being the First Airline to Provide WiFi On-Board in Malaysia.

AirAsia connects Cebu to Mindanao with flights to Davao and Cagayan de Oro City.

Tan Sri Dr. Tony Fernandes is named Brand Builder of the Year at the 2014 World Branding Awards.

Thai AirAsia launches the inaugural Chiang Mai – Surat Thani flight which takes off with a 90% load factor.

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04 AirAsia re-affirms its cooperation with INTERPOL to integrate the I-Checkit system, allowing it to screen the passports of all passengers against information contained in the world police body’s Stolen and Lost Travel Documents (SLTD) database.

09 Allstars take part in a Regional Basketball Tournament in Jakarta.

11 Aireen Omar, Chief Executive Officer of AirAsia Berhad, was presented the Outstanding Achievement Award under the CEO category at the inaugural Malaysian Women of Excellence 2014 awards.

16 Allstars participate in the Penang Bridge International Marathon.

18 AirAsia unveils new uniforms for its Ground Operations featuring the latest fabric technology by HPE Clothing. The new uniforms are designed to provide Guest Services and Ramp Allstars with greater comfort and better fit for the conditions in which they work, while providing a heightened sense of style.

19 AirAsia is named the official airline partner of Filipino boxing champ and Congressman Manny Pacquiao.

20 AirAsia announces its own AirAsia ASEAN Pass, which will enable travellers to utilise pre-purchased credits to book flights at a fixed rate across selected routes throughout ASEAN.
20 November

AirAsia India adds Pune to its network.

23 November

Manny Pacquiao defeats Chris Algieri in Macau. Pacman and his team flew to Macau on two Philippines’ AirAsia Airbus A320 aircraft.

21 November

AirAsia unveils its latest aircraft livery featuring LINE colours and characters at a fun-filled press conference.

22 November

The AirAsia – Queens Park Rangers Coaching ClinicTour 2014 heads to Kota Kinabalu to nurture young football talents.

28 December

Allstars from the region gather for a Photography Workshop in Penang.

03 December

AirAsia unveils its latest aircraft livery dedicated to the people of Sabah, at Terminal 2 of the Kota Kinabalu International Airport.

04 December

AirAsia presents AirAsia’s Great 13th Anniversary Challenge, an endurance test where participants have to sit through 13 hours on a mock AirAsia seat. The contestants will battle unpredictable weather conditions and body fatigue while being put through various challenges, testing their knowledge of AirAsia’s wide range of products and services.

08 December

Indonesia AirAsia celebrates its 10th anniversary and launches a book on its 10-year journey in Indonesia.

08 December

AirAsia claims the coveted World’s Leading Low Cost Airline title for the second year in a row at the prestigious World Travel Awards 2014 Grand Final Gala Ceremony in Anguilla.

09 December

AirAsia CEO Aireen Omar is named the Masterclass Woman CEO of the Year at the inaugural Selangor Excellence Business Awards 2014 in recognition of her strong leadership in pushing the airline’s business and contributions to the aviation industry in Malaysia.

10 December

AirAsia names football icon Park Ji Sung as its new global ambassador at a press conference held in Seoul, Korea. The partnership, which brings together two power brands in the region, is celebrated with the launch of an Airbus A330 aircraft livery featuring the football star.
12. The inaugural Cebu-Davao and Cebu-Cagayan de Oro flights take off.

13. The highly anticipated AirAsia’s Great 13th Anniversary Challenge takes place at The Curve, Mutiara Damansara, where 12 participants do their best to win one year’s worth of free seats with AirAsia.

17. AirAsia India’s inaugural flights from Bengaluru to Pune and Jaipur take off.

17. Thirteen winners of an AirAsia Twitter contest depart from klia2 to Bangkok-Don Mueang, for the AFF Suzuki Cup 2014 Final at the Rajamangala Stadium. The aircraft they were on featured the Harimau Muda livery as a mark of honour and tribute to the Malaysian national team.

19. AirAsia and AirAsia X spread Christmas cheer at klia2.

21. Allstars participate in the Chiang Mai International Marathon.

23. AirAsia welcomes 1,600 pandas on their journey around the world and making their stop in Malaysia to spread the message of panda conservation and sustainable development. The pandas are to visit more than 15 iconic landmarks across the country.

Indonesia AirAsia is conferred “Indonesia Leading International Low-Cost Airline 2014” by Indonesia Travel and Tourism Award Foundation based on its performance and service quality.

17. Indonesia AirAsia is conferred “Indonesia Leading International Low-Cost Airline 2014” by Indonesia Travel and Tourism Award Foundation based on its performance and service quality.

END OF JOURNEY 2014
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 Helman Sitohang explain how it’s done at credit-suisse.com/airasia
AirAsia and CFM: One of the Best Teams in Aviation

With a relationship that spans more than a decade, AirAsia and CFM have made aviation history together, first with the CFM56 engine and soon with the LEAP-1A engine that will power the airlines A320neo fleet beginning in 2016.

The Benefits this engine will bring – a 15 percent improvement in fuel efficiency and CFM’s legendary reliability – will earn a place in the history books and on AirAsia’s bottom line. Congratulations on another successful year.

CFM International is a 50/50 joint company between Snecma (Safran) and GE.
WHAT DO OUR PLANES EMBLAZONED WITH SINGING SENSATION TAYLOR SWIFT, BOXING PHENOMENON MANNY “PACMAN” PACQUIAO AND INDIAN AVIATION PIONEER JRD TATA HAVE IN COMMON WITH US?

Like these trailblazers, we’re absolutely passionate about everything we do. We believe in flying for the people, like JRD Tata. We take on the goliaths with grit and determination as underdogs, just like Manny Pacquiao. As for similarities with Taylor Swift – we’re young, exciting and all about our fans.

As a believer in dreaming the impossible, we’re passionate about nurturing young and undiscovered talents across Asia. We have made it our mission to help hone their skills to be the best they can. This saw us sponsor the Shell Advance Asia Talent Cup, spurring young riders from Asia who dream of becoming MotoGP professionals to work hard to realise their ambitions. We also provided budding footballers the opportunity to train for a week at Queens Park Rangers’ Academy in London. All the while, too, we’ve been supporting our very own AirAsia Football Club which has done us proud by entering the official national FAM league.
On board our flights, we now have specially trained baristas who serve fresh gourmet coffee to our guests, as well as WiFi that allows our guests to chat with their friends on the ground. Both of these innovative services are trailblazing firsts in the country. With our upcoming credit card payment services for our Duty Free mall in the air, there’s so much more in the pipeline to look forward to.

Beyond serving our guests with exceptional service, we go the extra mile to build relationships. So when Grammy Award-winning artist Swift expressed a desire for a red aircraft for her The RED Tour of the Asean region, we were happy to oblige. We also ran promotions offering free flights on many occasions and made a special effort to fly guests who had never flown before, while celebrating love in its many forms.

Fun was and always will be an element in all that we do. We even created a YouTube video to portray just that (search AirAsia Happy). Watch it and you will understand the culture that drives the people, the company and the brand. You’ll see how our Allstars from all over the region behave as one, reflecting what we are – a truly Asean airline – bridging communities like no other, strengthening relationships among one another, and drawing more people to the Asean region.
NOTICE IS HEREBY GIVEN THAT

the Twenty Second Annual General Meeting of AirAsia Berhad (284669-W) (“AirAsia” or “the Company”) will be held at Asian Aviation Centre of Excellence (formerly known as AirAsia Academy), Lot PT25B, Jalan KLIA S5, Southern Support Zone, Kuala Lumpur International Airport, 64000 Sepang, Selangor Darul Ehsan, Malaysia on Wednesday, 3 June 2015 at 10.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements together with the Reports of the Directors and Auditors thereon for the financial year ended 31 December 2014.  (Resolution 1)

2. To declare a First and Final Single Tier Dividend of 3 sen per ordinary share of RM0.10 for the financial year ended 31 December 2014. (Resolution 2)

3. To approve Directors’ Fees of RM1,077,500 for the financial year ended 31 December 2014. (Resolution 3)

4. To approve the Directors’ Fees of RM150,000 per annum per Non-Executive Director and Board Committees Fees of up to RM450,000 per annum with effect from the financial year ending 31 December 2015. (Resolution 4)

5. To re-elect Tan Sri Dr. Anthony Francis Fernandes as a Director of the Company, who retires pursuant to Article 124 of the Company’s Articles of Association. (Resolution 5)

6. To re-elect Datuk Kamarudin Bin Meranun as a Director of the Company, who retires pursuant to Article 124 of the Company’s Articles of Association. (Resolution 6)

7. To re-elect Mr. Amit Bhatia as a Director of the Company, who retires pursuant to Article 129 of the Company’s Articles of Association. (Resolution 7)

8. To re-elect Mr. Uthaya Kumar A/L K Vivekananda as a Director of the Company, who retires pursuant to Article 129 of the Company’s Articles of Association. (Resolution 8)

9. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 9)

AS SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without modifications, the following Resolutions:

10. ORDINARY RESOLUTION
    RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT approval be and is hereby given to Dato’ Fam Lee Ee who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as a Senior Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012." (Resolution 10)

11. ORDINARY RESOLUTION
    AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

"THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Main Market of Bursa Malaysia Securities Berhad AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." (Resolution 11)
12. ORDINARY RESOLUTION
PROPOSED RENEWAL OF EXISTING SHAREHOLDERS’ MANDATE AND NEW SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (‘PROPOSED MANDATE’)

“THAT approval be and is hereby given for the renewal of the existing shareholders’ mandate and new shareholders’ mandate for the Company to enter into recurrent related party transactions of a revenue or trading nature with the related parties (‘Recurrent Related Party Transactions’) as set out in Section 2.3 of the Circular to Shareholders dated 12 May 2015 (‘Circular’), subject further to the following:

(i) the Recurrent Related Party Transactions are entered into in the ordinary course of business which are necessary for the day-to-day operations and are on terms which are not more favourable to the related parties than those generally available to the public, and the Recurrent Related Party Transactions are undertaken on arm’s length basis and on normal commercial terms which are not to the detriment of the minority shareholders of the Company;

(ii) the disclosure is made in the annual report of the breakdown of the aggregated value of the Recurrent Related Party Transactions conducted pursuant to the shareholders’ mandate during the financial year, among others, based on the following information:

(a) the type of Recurrent Related Party Transactions made; and

(b) the names of the related parties involved in each type of the Recurrent Related Party Transaction made and their relationship with the Company;

(iii) the shareholders’ mandate is subject to annual renewal and this shareholders’ mandate shall only continue to be in full force until:

(a) the conclusion of the next Annual General Meeting (‘AGM’) of the Company following the AGM at which this shareholders’ mandate is approved, at which time it will lapse, unless by a resolution passed at the next AGM, such authority is renewed;

(b) the expiration of the period within which the next AGM after the date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (‘Act’) (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earliest.

THAT the Directors of the Company and/or any one of them be and are hereby authorised to complete and do all such acts and things as they consider necessary or expedient in the best interest of the Company, including executing all such documents as may be required or necessary and with full powers to assent to any modifications, variations and/or amendments as the Directors of the Company in their discretion deem fit and expedient to give effect to the Recurrent Related Party Transactions contemplated and/or authorised by this Ordinary Resolution.

AND THAT as the estimates given for the Recurrent Related Party Transactions specified in Section 2.3 of the Circular being provisional in nature, the Directors of the Company and/or any one of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the procedures set out in Section 2.6 of the Circular.”

(Resolution 12)

13. To transact any other business of which due notice shall have been given.

OTHER ORDINARY BUSINESS

NOTICE OF DIVIDEND PAYMENT AND DIVIDEND ENTITLEMENT DATE

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the Twenty Second Annual General Meeting of the Company to be held on Wednesday, 3 June 2015 at 10.00 a.m., a First and Final Single Tier Dividend of 3 sen per ordinary share of RM0.10 for the financial year ended 31 December 2014 will be paid on 2 July 2015 to depositors whose names appear in the Record of Depositors on Wednesday, 3 June 2015. A depositor shall qualify for entitlement to the dividend only in respect of:-

(a) shares transferred into the Depositor’s Securities Account before 4.00 p.m. on Wednesday, 3 June 2015, in respect of ordinary transfers; and

(b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

JASMIN DAR KAUR A/P SARBAN SINGH
( MAICSA 7002687)
Company Secretary
Selangor Darul Ehsan
12 May 2015
NOTES ON APPOINTMENT OF PROXY

a. Pursuant to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and Article 43(1) of the Company’s Articles of Association, only those Foreigners (as defined in the Articles) who hold shares up to the current prescribed foreign ownership limit of 45.0% of the total issued and paid-up capital, on a first-in-time basis based on the Record of Depositors to be used for the forthcoming Annual General Meeting, shall be entitled to vote. A proxy appointed by a Foreigner not entitled to vote, will similarly not be entitled to vote. Consequently, all such disenfranchised voting rights shall be automatically vested in the Chairman of the forthcoming Annual General Meeting.

b. A member must be registered in the Record of Depositors at 5.00 p.m. on 27 May 2015 (“General Meeting Record of Depositors”) in order to attend and vote at the Meeting. A depositor shall not be regarded as a Member entitled to attend the Meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors. Any changes in the entries on the Record of Depositors after the abovementioned date and time shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

c. A member entitled to attend and vote is entitled to appoint a proxy (or in the case of a corporation, to appoint a representative), to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy(ies).

d. The Proxy Form in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.

e. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

f. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

g. The Proxy Form or other instruments of appointment shall not be treated as valid unless deposited at the Registered Office of the Company at B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for holding the meeting. Faxed copies of the duly executed form of proxy are not acceptable.

EXPLANATORY NOTES:

1. Retention of Independent Non-Executive Director (Resolution 10)

Dato’ Fam Lee Ee has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years. The Board has recommended him to continue to act as a Senior Independent Non-Executive Director based on the following justifications:

(a) He has fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would be able to function as a check and balance, bring an element of objectivity to the Board;

(b) He has vast experience in a diverse range of businesses and legal matters and therefore would be able to provide constructive opinion; he exercises independent judgement and has the ability to act in the best interest of the Company;

(c) He has devoted sufficient time and attention to his professional obligations for informed and balanced decision making;

(d) He has continued to exercise his independence and due care during his tenure as an Independent Non-Executive Director of the Company and carried out his professional duties in the best interest of the Company and shareholders; and

(e) He has shown great integrity of independence and had not entered into any related party transaction with the Company.

2. Authority to allot shares pursuant to Section 132D of the Companies Act, 1965 (Resolution 11)

Ordinary Resolution 11 has been proposed for the purpose of renewing the general mandate for issuance of shares by the Company under Section 132D of the Companies Act, 1965 (hereinafter referred to as the “General Mandate”). Ordinary Resolution 11, if passed, will give the Directors of the Company authority to issue ordinary shares in the Company at their discretion without having to first convene another General Meeting. The General Mandate will, unless revoked or varied by the Company in a General Meeting, expire at the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Twenty First Annual General Meeting held on 4 June 2014 which will lapse at the conclusion of the Twenty Second Annual General Meeting.

The General Mandate, if granted, will provide the flexibility to the Company for any future fund raising activities, including but not limited to further placing of shares for the purposes of funding future investment project(s), repayment of bank borrowing, working capital and/or acquisition(s) and thereby reducing administrative time and costs associated with the convening of additional shareholders meeting(s).

3. Proposed renewal of existing shareholders’ mandate and new shareholders’ mandate for Recurrent Related Party Transactions of a revenue or trading nature (“Proposed Mandate”) (Resolution 12)

Ordinary Resolution 12, if passed, will allow the Group to enter into Recurrent Related Party Transactions of a revenue or trading nature pursuant to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the Circular to Shareholders dated 12 May 2015 for further information.
Being committed is to raise the bar in everything we do
that's why we believe in constantly improving.
ASEAN HAS A GDP OF US$2.4 TRILLION.

We can discover its potential together.

ASEAN gives us the economies of scale to deliver products and services that compete with the world’s best. From all corners of the region we draw on our people, knowledge and insights to serve and connect our customers. By harnessing the power of scale and diversity of the region, we stand ready to propel ASEAN into a new era of growth together.
Looking ahead with a partner that keeps you moving.

With more than 3,000 global service locations, World Fuel Services is well equipped to deliver fuel and related services for commercial, business and government aircraft, and fixed-base operators (FBOs) worldwide.

Our wide array of products and services are designed to help boost efficiency and support operations throughout the aviation sector.

A proud supplier to AirAsia.
We flew more than 260 million guests.
now everyone can fly

MALAYSIA AIRASIA & AIRASIA X

HUBS IN MALAYSIA
- Kuala Lumpur International Airport
- Kota Kinabalu International Airport
- Penang International Airport
- Johor Bahru International Airport
- Kuching International Airport

- Malaysia AirAsia Route
- AirAsia X Route
AirAsia Non-Deal Roadshow hosted by Deutsche Bank - Europe

AirAsia Non-Deal Roadshow hosted by RHB - Kuala Lumpur

AirAsia Non-Deal Roadshow hosted by CLSA - UK

AirAsia participates in Alliance Investment Bank’s Investor Conference - Kuala Lumpur

AirAsia participates in Allianz Investment Bank’s Investor Conference - Kuala Lumpur

AirAsia Non-Deal Roadshow hosted by CIMB - US

AirAsia participates in the EU-ASEAN Aviation Summit - Singapore

Announcement of the unaudited results for the 4th Quarter and Full-Year ended 31 December 2013 - Sepang, Selangor

IR Day: AirAsia’s Investor Relations-organised visit to the Airbus factory in Tianjin, China for analysts - Tianjin, China

IR Day: AirAsia Investor Relations organised exclusive session between GCEO Tan Sri Dr. Tony Fernandes with local analysts and investors - Kuala Lumpur

AirAsia participates in the Strategy Paper Preparation Workshop for Ports & Airports under the 11th Malaysia Plan (11MP) - Kuala Lumpur

AirAsia participates in Credit Suisse’s 17th Asian Investment Conference 2014 - Hong Kong

Local investors visit AirAsia’s office and operations, hosted by Kenanga - Kuala Lumpur

AirAsia Presentation to the Public Accounts Committee (PAC) in Parliament - Kuala Lumpur

Announcement of the unaudited results for the 1st Quarter ended 31 March 2014 - Sepang, Selangor
AirAsia hosts its 21st Annual General Meeting at the AirAsia Academy - Sepang, Selangor

Launch of the AirAsia Investor Relations Mobile and Tablet App - Sepang, Selangor

AirAsia participates in CIMB’s 4th Annual Asia Pacific Conference & Invest Malaysia Conference - Kuala Lumpur

AirAsia receives an award at the 4th Malaysia Investor Relations Awards ceremony by Malaysian Investor Relations Association (MIRA) for Best Investor Relations Website (Mid Cap) - Kuala Lumpur

AirAsia Non-Deal Roadshow hosted by CIBM - Kuala Lumpur

AirAsia Non-Deal Roadshow hosted by UBS - Japan

Announcement of the unaudited results for the 2nd Quarter ended 30 June 2014 - Sepang, Selangor

AirAsia participates in the Macquarie ASEAN Conference - Singapore

AirAsia Non-Deal Roadshow hosted by UBS - UK

AirAsia participates in the CLSA Investor Forum - Hong Kong

Announcement of the unaudited results for the 3rd Quarter ended 30 September 2014 - Sepang, Selangor

AirAsia participates and presents at the Equities Tracker 2014 Value Investors’ Day - Kuala Lumpur

AirAsia Non-Deal Roadshow hosted by KAF-Seagroatt & Campbell Securities - Kuala Lumpur
THE MAKINGS OF A GREAT AIRLINE
INGREDIENTS INCLUDE...

MALAYSIA AIRASIA
A RANGE OF EXCITING DESTINATIONS

TOTAL PASSENGERS CARRIED
22.1 MILLION
LOAD FACTOR
79%
TOTAL FLEET
81 A320

NETWORK

Routes 99
Destinations 65
Countries 15
Unique Routes 50
Hubs 5
New Routes in 2014 16

NUMBER OF ALLSTARS
6,300

MARKET SHARE

Domestic 47%
International 46%
Total 46%

1. AS AT 31 DECEMBER 2014: NUMBER OF PASSENGERS CARRIED, LOAD FACTOR
2. AS AT APRIL 2015: NUMBER OF ALLSTARS, NETWORK, TOTAL FLEET
3. SOURCE OF MARKET SHARE: PAXIS, BASED ON NUMBER OF PASSENGERS, FEBRUARY 2014 TO JANUARY 2015
Desiree Bandal
IAA - Manager, CEO's Office

Lobbying for a Better Connected Asean
If you want to know any fact or figure regarding Asean – the GNI per capita based on purchasing power parity of Thailand or the Philippines, for example – just knock on Desi’s door at the CEO’s Office in Indonesia AirAsia. That is, if our Manager of Asean Affairs is in. Desi is often found walking along the hallowed corridors of the ASEAN Secretariat and other august organisations, meeting prominent regional leaders and lobbying to make AirAsia’s concerns heard by decision-makers. The job suits this graduate of Mass Communications (magna cum laude) to a tee; since 2006, she has worked with Thai AirAsia, Malaysia AirAsia and is now with our Indonesian associate, after helping to set up the Asean team in Jakarta.

“I thank you God for most this amazing day: for the leaping greenly spirits of trees and a blue true dream of sky; and for everything which is natural which is infinite which is yes.”

- e. e. cummings

I go by these lines. Gratefulness and, with it, giving back. Enjoy the world, travel, be happy, help, be kind. Life isn’t perfect, but I am thankful for this run!
IN ASIA PACIFIC

- A workforce of 9,000 people
- Dynamic presence in 14 markets
- More than 150 years of expertise
- Connected by extensive network to Europe, Middle East Africa, the USA and Latin America

BNP PARIBAS | The bank for a changing world
Going the extra mile is just the first step
and we won’t stop because we do it with you in mind.
## Corporate Overview

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Datuk Kamarudin bin Meranun</td>
<td>(Non-Independent Executive Chairman)</td>
</tr>
<tr>
<td>Tan Sri Dr. Anthony Francis Fernandes</td>
<td>(widely known as Tan Sri Dr. Tony Fernandes)</td>
</tr>
<tr>
<td>Aireen Omar</td>
<td>(Executive Director and Chief Executive Officer)</td>
</tr>
<tr>
<td>Dato’ Abdel Aziz @ Abdul Aziz bin Abu Bakar</td>
<td>(Non-Independent Non-Executive Director)</td>
</tr>
<tr>
<td>Uthaya Kumar A/L K Vivekananda</td>
<td>(Independent Non-Executive Director)</td>
</tr>
<tr>
<td>Dato’ Fam Lee EE</td>
<td>(Senior Independent Non-Executive Director)</td>
</tr>
<tr>
<td>Robert Aaron Milton</td>
<td>(Independent Non-Executive Director)</td>
</tr>
</tbody>
</table>

**Board of Directors**

The board of directors includes a mix of independent and non-independent directors, ensuring a balanced representation of expertise and perspectives. Each director brings unique skills and experiences to the company, contributing to its strategic direction and governance.

**Non-Independent Directors**
- Datuk Kamarudin bin Meranun
- Tan Sri Dr. Anthony Francis Fernandes
- Dato’ Abdel Aziz @ Abdul Aziz bin Abu Bakar

**Independent Directors**
- Aireen Omar
- Amit Bhatia
- Uthaya Kumar A/L K Vivekananda
- Dato’ Fam Lee EE
- Robert Aaron Milton
Audit Committee

Uthaya Kumar A/L K Vivekananda
Dato’ Abdel Aziz @ Abdul Aziz bin Abu Bakar
Dato’ Fam Lee Ee

Nomination and Remuneration Committee

Dato’ Fam Lee Ee
Dato’ Abdel Aziz @ Abdul Aziz bin Abu Bakar
Uthaya Kumar A/L K Vivekananda

Investment Committee

Amit Bhatia
Tan Sri Dr. Anthony Francis Fernandes
Uthaya Kumar A/L K Vivekananda

Safety Review Board

Robert Aaron Milton
Aireen Omar
Uthaya Kumar A/L K Vivekananda

Company Secretary

Jasmindar Kaur A/P Sarban Singh
(MAICSA 700287)

Auditors

PricewaterhouseCoopers
Level 10, 1 Sentral
Jalan Rakyat, Kuala Lumpur Sentral
50706 Kuala Lumpur, Wilayah Persekutuan
Malaysia
Tel: (603) - 21731188
Fax: (603) - 21731288

Registered Office

AirAsia Berhad
(Company No. 284669-W)
B-13-15, Level 13, Menara Prima Tower B
Jalan PJU 1/39, Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel: (603) - 74914318
Fax: (603) - 78872318
E-mail: investorrelations@airasia.com
Website: www.airasia.com

Head Office

LCC Terminal, Jalan KLIA S3
Southern Support Zone, KLIA, 64000 Sepang,
Selangor Darul Ehsan, Malaysia
Tel: (603) - 86604333
Fax: (603) - 87751100

Share Registrar

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46, 47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel: (603) - 78418000
Fax: (603) - 78418008

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad
/Listed since 22 November 2004 (Stock code: 5099)
Corporate Structure

- AirAsia Investment Ltd.
- AirAsia Corporate Services Limited
- AirAsia (Mauritius) Ltd.
- AirAsia Philippines Inc.
- Think BIG Digital Sdn. Bhd.
- AirAsia Japan Co., Ltd.
- PT Indonesia AirAsia
- Thai AirAsia Co. Ltd.
- AirAsia Inc.
- AirAsia (India) Private Limited
- Zest Airways Inc.
- AirAsia Capital Ltd.

100%
39.9%
48.9%
45%
40%
49%
49%
AirAsia Global Shared Services Sdn. Bhd.

AirAsia Exp Pte. Ltd.

AAE Travel Pte. Ltd.

AAEXP Malaysia Sdn. Bhd.

Asia Aviation Capital Limited


Koolred Sdn. Bhd.

AirAsia Go Holiday Sdn. Bhd.

Tune Money Shd. Bhd.

MadCience Consulting Sdn. Bhd.

Asian Contact Sdn. Bhd.

* Corporate structure is as at 30 April 2015
A changing bank for a changing world

We are all living through an era of extraordinary change. In technology, in business and in the way we live our lives.

At Barclays, we want to create a bank that is shaped for the modern world. A bank that is leaner, simpler and stronger than ever before.

Our purpose is unchanged: to help people achieve their ambitions in the right way. We believe that by living our values we will build a bank that all our stakeholders can be proud of.

A bank designed around the needs of our customers and clients. The Go-To bank.

If you’d like to learn more go to barclays.com
TAKE OFF WITH SHELL AVIATION
SAFE AND EFFICIENT OPERATIONS ARE OUR TOP PRIORITY
www.shell.com/aviation
AWARDS & ACCOLADES

2014
10 JANUARY
Best Managed Company in Asia - Airlines & Aviation Sector
Euromoney Best Managed and Governed Companies – Asia Poll 2014

21 JANUARY
Best Asean Marketing & Promotional Campaign & Best Asean Tourism Photo (by Adam Lee)
27th ASEANTA Awards for Excellence 2013

22 JANUARY
Airline Industry Leader of the Year
Tan Sri Dr. Tony Fernandes,
4th Annual Aviation 100 Awards

4 FEBRUARY
Best Service on Board and Best Ground Handling Services
Indonesia AirAsia,
Carre Center for Customer Satisfaction and Loyalty (Carre CCSL)

17 FEBRUARY
Winner - Low Cost Airline Category
Thai AirAsia, Flightstat's 5th Annual Airline On-Time Performance Service Award

25 FEBRUARY
50 Innovators Think Differently Award
Tan Sri Dr. Tony Fernandes,
2014 CBN Weekly Awards

27 MARCH
• Best Managed Company (ranked 1st)
• Best Corporate Governance (ranked 2nd)
• Best Corporate Social Responsibility (ranked 3rd)
• Best Investor Relations (ranked 5th)
Finance Asia – Asia’s Best Companies 2014

8 APRIL
• Best Investor Relations Company in Malaysia
• Best CEO (Investor Relations) in Malaysia
Tan Sri Dr. Tony Fernandes
• Best Investor Relations Officer in Malaysia
Benyamin Ismail
4th Asian Excellence Recognition Awards 2014 by Corporate Governance Asia

27 APRIL
Putra Brand of the Year & The People’s Choice Gold Award - Transportation, Travel & Tourism Category
Putra Brand Awards

30 APRIL
• Icon of Malaysia
  Tan Sri Dr. Tony Fernandes
• Largest Low Cost Airline & Outstanding Business
  Malaysia Book of Records Awards 2014

22 MAY
A320 Family Best Operational Excellence
Airbus’ A320 Family Symposium Kuala Lumpur 2014

30 MAY
Bronze Stevie Award, Customer Service Leader of the Year
2014 Asia-Pacific Stevie® Awards

18 JUNE
Best Investor Relations Website (Mid Cap)
Malaysian Investor Relations Association (MIRA)

20 JUNE
Platinum Achievement Award
travel 3Sixty,
Kuala Lumpur Mayor’s Tourism Award 2014

15 JULY
• World’s Best Low-Cost Airline
• Asia’s Best Low-Cost Airline
Skytrax World Airline Awards

15 JULY
• Second Prize in Advertising for “AirAsia’s Annual Report 2013”
• Honourable Mention for “Tragedy in Tacloban”
AirAsia photographer Adam Lee,
PX3 Prix de la Photographie Paris 2014

4 AUGUST
Best Airline Mobile App,
Air Force Apps Award
Indonesia AirAsia, FORSEL Magazine

9 AUGUST
International League Category
Pinnacle International Excellence Award 2014

26 AUGUST
Best Budget Airline 2014
SmartTravel Asia's 2014 Best in Travel Poll

25 SEPTEMBER
Gold for Annual Report - Airlines Category
ARC International Awards 2014

29 SEPTEMBER
Best Low-Cost Airline
Business Traveller Asia-Pacific Awards

3 OCTOBER
Best Asian Low-Cost Carrier
TTG Travel Awards

11 OCTOBER
Asia’s Leading Low Cost Airline
World Travel Awards (Asia & Australasia)
Gala 2014

28 OCTOBER
• Brand of the Year
• Brand Builder of the Year Special Award
  Tan Sri Dr. Tony Fernandes
2014 World Branding Awards

30 OCTOBER
Best Airline 2014
Best of Malaysia Awards 2014 by Expatriate Lifestyle

11 NOVEMBER
Outstanding Achievement Award
Aireen Omar,
Inaugural Women of Excellence Awards 2014

8 DECEMBER
World’s Leading Low-Cost Airline
World Travel Awards 2014 Grand Final Gala Ceremony

9 DECEMBER
• Industry Class in Airlines
• Masterclass Woman CEO of the Year
  Aireen Omar
Selangor Excellence Business Awards 2014

11 DECEMBER
Bronze for AirAsia Berhad Investor Relations Mobile App
2014 iNova Awards

17 DECEMBER
Leading International Low-Cost Airline 2014
Indonesia AirAsia, Indonesia Travel and Tourism Award Foundation
Past Awards

**World's Best Low-Cost Airline & Asia's Best Low-Cost Airline**  
Skytrax World Airline Awards (2013)

**Low-Cost Airline of the Year**  
2013 ATN Awards by Air Transport News (2013)

**ASEAN Low-Cost Airline of the Year**  
LIMA 2013 ASEAN Commercial Aviation Awards (2013)

**President's Award for Best Low Cost Carrier 2012-2013**  
The Brand Laureate Award (2013)

**Number One Top 10 Budget Airline**  
SmartTravelAsia’s 2013 Best in Travel Poll (2013)

**Best Low-Cost Airline**  
Business Traveller Asia-Pacific Awards (2013)

**Best Asian Low-Cost Carrier**  
TTG Travel Awards (2013)

**World's Leading Low Cost Airline**  
World Travel Awards (2013)

**Best in Sector for Transport (Including Logistics & Infrastructure)**  
IR Magazine Awards South East Asia (2013)

**Best Asian Low-Cost Carrier**  
23rd Annual TTG Travel Awards (2012)

**Best Low-Cost Airline**  
Business Traveller Asia-Pacific’s Annual Travel Awards (2012)

**No. 1 Top-Performing Airline**  
Aviation Week (2012)

**World's Best Low-Cost Carrier 2012 & Best Low-Cost Airline - Asia 2012**  
Skytrax World Airline Survey

**Airline of the Year & Low Cost Airline of the Year**  
KLIA Awards by Malaysia Airports (2012)

**Foreign Airline of the Year & Foreign Airline of the Year By Sector – South East Asia**  
Indonesia AirAsia, KLIA Awards by Malaysia Airports (2012)

**Best in Class**  
Airline Listening Champion  
Airline Talking Champion (Top Three)  
eezer.com (2012)

**Value Airline of the Year**  
38th ATW Annual Airline Industry Achievement Awards (2012)

**World's Best Low-Cost Airline**  
Skytrax World Airline Awards (2011)

**Best Asian Low-Cost Carrier**  
TTG Travel Awards (2011)

**Asia Pacific Value Airline of the Year**  
Frost & Sullivan Asia Pacific Aerospace & Defense Awards (2011)

**World's Best Low-Cost Airline**  
Skytrax World Airline Awards (2010)

**Top 10 Airline for Passenger Carriage**  
Changi Airport Group (CAG) (2010)

**Best Asian Low-Cost Carrier**  
TTG Travel (2010)

**Contribution to Taiwan Tourism**  
Taiwan Tourism (2010)

**World’s Best Low-Cost Airline**  
Skytrax World Airline Awards (2009)

**Best Asian Low-Cost Carrier**  
TTG Travel Awards (2009)

**Low-Cost Carrier of the Year**  
Kuala Lumpur International Airport (KLIA) (2008)

**Commendations of Prestige**  
Macau Special Administrative Region (2008)

**50 Most Innovative Companies in the World**  
FastCompany.com (2008)

**Airline Market Penetration Leadership of the Year**  
Frost & Sullivan (2008)

**Best Budget Airline in Asia**  
SmartTravelAsia.com (2008)

**Best Newcomer**  
Budgie World Low-Cost Airline (2008)

**Best Asian Low-Cost Carrier**  
TTG Travel Awards (2008)

**Top 5 Most Recognised and Admired Airline in Asia-Pacific**  
Asia Pacific Top 1,000 Brands survey (2008)
Best Low-Cost Airline in Asia  

Airline of the Year  
Centre for Asia Pacific Aviation (CAPA)  
(2007)

Asia's Best Budget Airline  
SmartTravelAsia.com (2006)

Transport Company of Excellence  
Ports World Sdn Bhd and the Chartered Institute of Logistics and Transport Malaysia (2005)

Asia's Best Under a Billion  
Forbes (2005)

Regional/Low-Cost Leadership in Airline Business Strategy  
Airline Business (2005)

Asia Pacific Low-Cost Airline of the Year  
The Centre for Asia Pacific Aviation (CAPA)  
(2004)

Best Managed Company in the Airlines and Aviation Sector  
Euromoney (2004)

Best Newly Listed Company (3rd Place)  
Euromoney (2004)

Market Leadership  

Asia Pacific Airline of the Year  
The Centre for Asia Pacific Aviation (CAPA)  
(2003)

Developing Airline of the Year  

CAPITAL MARKETS

Best Regional ECA-backed Facility  
Triple A Transaction Banking Awards 2013, by The Asset magazine (2013)

The First China Domestic A320 Aircraft Export Leasing Business Innovation Award  
1st China Air-Finance Award (2013)

Aircraft Debt Deal of the Year Asia for ECA backed financing with Barclays Capital  
(2009)

Best Islamic Loan Deal  
The Asset (2009)

The Most Outstanding Islamic Financial Product  
KLIFF Islamic Finance (2009)

Top 10 Deals in Asia  
Islamic Finance Asia (2008)

Aircraft Leasing Deal of the Year – Asia  
Jane'sTransport Finance (2008)

Cross Border Deal of the Year  
Islamic Finance News (2008)

Ijarah Deal of the Year  
Islamic Finance News (2008)

Groundbreakers – Top 10 Deal in Asia  
Islamic Finance News (2008)

Most Innovative Deal of the Year  

Triple A Regional Award for Best Airline IPO  
The Asset magazine (2004)

Best IPO of the Year  
The Edge Singapore (2004)

CORPORATE GOVERNANCE

Best Investor Relations Company for Malaysia  
3rd Asian Excellence Recognition Awards 2013 by Corporate Governance Asia (2013)

Best CEO for Malaysia  
Tan Sri Dr. Tony Fernandes, 3rd Asian Excellence Recognition Awards 2013 by Corporate Governance Asia (2013)

Best Investor Relations Professional for Malaysia  
Benyamin Ismail, 3rd Asian Excellence Recognition Awards 2013 by Corporate Governance Asia (2013)

Best Investor Relations Website (Mid Cap)  
The Malaysian Investor Relations Association Berhad (MIRA) (2013)

Overall Best Managed Company in Malaysia & Best Managed Company in Asia in the Airlines/ Aviation Sector  
Euromoney Best Managed and Governed Companies - Asia Poll (2013)

Best in Sector for Transport (Including Logistics & Infrastructure)  
IR Magazine Awards South East Asia (2013)

Best Strategic Corporate Social Responsibility  
2nd Annual Southeast Asia Institutional Investor Corporate Awards by Alpha Southeast Asia (2012)

Best Investor Relations Company for Malaysia  
2nd Asian Excellence Recognition Awards by Corporate Governance Asia (2012)

Best Investor Relations Officer for Malaysia  
Benyamin Ismail, 2nd Asian Excellence Recognition Awards by Corporate Governance Asia (2012)

Best CEO for Investor Relations – Mid Cap  
Tan Sri Dr. Tony Fernandes, Second Annual MIRA Malaysia Investor Relations Awards (2012)

Best Investor Relations Professional – Mid Cap  
Benyamin Ismail, Second Annual MIRA Malaysia Investor Relations Awards (2012)

Best Managed Company in Malaysia (Medium Cap)  
Asiamoney (2011)

Best CEO for IR (Mid Cap)  
Tan Sri Dr. Tony Fernandes, Malaysia Investor Relations Awards (2011)

Best IR Professional (Mid Cap)  
Benyamin Ismail, Malaysia Investor Relations Awards (2011)
Best IR Website (Mid Cap)
Malaysia Investor Relations Awards (2011)
Asia’s Best CEO (Investor Relations)
Tan Sri Dr. Tony Fernandes, Asian Excellence 2011 Corporate Governance Asia Recognition Awards

Best Investor Relations (Company)
Asian Excellence 2011 Corporate Governance Asia Recognition Awards

Best Investor Relations Professional
Benyamin Ismail, Asian Excellence 2011 Corporate Governance Asia Recognition Awards

Vocational Excellence Service for Corporate Category
The Rotary Club of Kuala Lumpur West Titiwangsa Utara Subang Jaya (2011)

Asia’s Best Emerging Companies with regards to Corporate Governance
The Asset magazine (2007)

BRANDING & MARKETING

Best Asean Marketing & Promotional Campaign
27th ASEANPA Awards for Excellence (2013)

Gold in the Transportation, Travel and Tourism Category
Putra Brand Awards, The People’s Choice by 4As Malaysia (2012)

Malaysia’s 30 Most Valuable Brands Awards
Association of Accredited Advertising Agents (4As) in collaboration with Interbrand (2012)

Top 20 Brands & Top 10 Risers by Brand Value
Brand Finance’s Fifth Annual ‘Top 100 Malaysian Brands’ (2012)

Gold in the Transportation, Travel and Tourism category
Putra Brand Awards (2011), The People’s Choice

Asia’s Best Employer Brand
2nd Asia’s Best Employer Brand Awards (2011)

Best Marketing Campaign
Budgie World Low-Cost Airlines Asia Pacific (2010)

Gold for Transportation, Travel and Tourism
Putra Brand Awards (2010)

Excellence in Branding & Marketing and Entrepreneur Excellence
CMO Asia Awards (2010)

Brand of the Year
Media’s Agency of the Year (AOY) Awards (2009)

Brand of the Year
Media Magazine (2009)

Asia’s Top 100 Brands
Media Magazine (2006)

Malaysian Superbrands
Superbrands International (2003)

INNOVATION, COMMUNICATIONS & TECHNOLOGY

Best Innovations Paradigm
China Finance Summit & China Dream Brand Tribute Night (2013)

Customer Lover
Web InTravel (WIT) WITovation Awards (2011)

Social Media Experience
Eptica Customer Service Innovation Award (2011)

Global ICT in the Private Sector
World Information Technology and Service Alliance (WITSA) (2010)

Private Sector Excellence
World Information Technology and Services Alliance (WITSA) (2010)

Best Use of Digital Search
Gold Malaysian Media Awards (2010)

PIKOM ICT Organisation Excellence
PIKOM ICT (2008)

CIO Top 100 Honorees
Excellence in Strategic IT Deployment (2003)

Most Popular Website for Online Shopping
ACNielsen Consult (2003)

CARGO

Air Cargo Industry Customer Care Award
Air Cargo Week (2013)

Rising Star Carrier of the Year
AirAsia Cargo, Payload Asia Awards (2012)

World’s Best Air Cargo Industry Customer Care Award
Air Cargo Week (ACW) (2012)

Fastest Growing Foreign Airline for Cargo
Guangzhou Baiyun International Airport (2011)

World’s Best Customer Care
Air Cargo Week (2011)

Asia’s Best Low-Cost Cargo Carrier
Aviation Awards Asia (2011)

Air Cargo Industry Newcomer of the Year
ACW World Air Cargo Awards (2010)

HUMAN CAPITAL

Among Best Companies to Work for in Asia
HR Asia Magazine (2013)

Most Popular Graduate Employer For Leisure, Travel & Hospitality
2013 Malaysia’s 100 Leading Graduate Employers by GTI Media

Most Popular Graduate Employer in Leisure, Travel and Hospitality
Malaysia’s 100 Leading Graduate Employers Awards (2012)
Most Popular Graduate Employer Finalist
Malaysia’s 100 Leading Graduate Employers 2011, Leisure, Travel & Hospitality

Airline Human Capital Development Strategy
Frost & Sullivan (2007)

LEADERSHIP

AWARDS WON BY GROUP CEO TAN SRI DR. TONY FERNANDES

Best CEO for Malaysia
3rd Asian Excellence Recognition Awards 2013 by Corporate Governance Asia (2013)

Commander of the Legion d’ Honneur
Government of France (2013)

GQ India’s International Businessman of the Year
GQ Men of the Year Awards (2012)

Malaysia’s Outstanding CEO
The Edge Billion Ringgit Club (BRC) (2012)

Best CEO for Malaysia
2nd Asian Excellence Recognition Awards by Corporate Governance Asia (2012)

Individual Achievement of the Year
1st Malaysia Achievement Awards by Malaysia Achievement Organisation (MACA) (2012)

Commander of the Order of the British Empire
by Her Majesty Queen Elizabeth II (2011)

Visionary CEO of the Year
Global Leadership Awards (2011)

Top 100 Most Influential People for Japan
Nikkei Business Magazine (2011)

Travel Business Leaders
Asia Travel Leaders Summit Gala (2011)

The 10 Most Creative People on Twitter
FastCompany.com (2011)

3rd World Chinese Economic Forum Lifetime Achievement
Asian Strategy & Leadership Institute in Recognition of Leadership in Air Travel (2011)

Masterclass Global CEO of the Year
Malaysia Business Leadership Award (MBLA) (2010)

Nikkei Asia Prize
Nikkei Inc (2010)

Officer of the Legion d’ Honneur

Honorary Doctorate of Business Innovation
Universiti Teknologi Malaysia (2010)

SME Overseas Platinum Award
SMI Association of Malaysia (2010)

Forbes Asia’s Businessman of the Year
Forbes Asia (2010)

Laureate Award in the Commercial Air Transport category
Aviation Week (2009)

Excellence in Leadership for Exemplary Leadership Skills
Frost & Sullivan (2009)

CAPA Legend and CAPA’s Aviation Hall of Fame
Centre for Asia Pacific Aviation (2009)

Rising Leaders – The Next 10 Years
Singapore Institute of International Affairs (SIA) in collaboration with AXN Asia (2008)

Malaysian Global Brand Icon of the Year
Global Brand Forum (2008)

Tourism Personality of the Year
Libur Travel Magazine (2008)
Now you can go further with up to RM840 savings a year on petrol*

Sign up for the JustOne Platinum MasterCard Credit Card and enjoy greater petrol rebates with:
- Discounts and other privileges at over 1,000 outlets
- 1-year annual fee waiver
- RM50 CashBack for new customers** upon activation

Here for good

* Calculation based on customers that meet the highest minimum retail spend of RM2,500 a month consecutively with RM700 of it spent on petrol.
** New customer means customers who have not held any Standard Chartered Bank Malaysia Berhad Credit Card, whether as principal cardholder within the past 12 months before applicant’s credit card under this campaign is issued. Limited to one CashBack per new customer only.

Standard Chartered JustOne Platinum MasterCard Credit Card Terms and Conditions Excerpts:
“Eligibility” 1. You are eligible to apply for a JustOne Platinum MasterCard if you meet: (a) The minimum age requirement of 21 years for principal cardholder; (b) The minimum age requirement of 18 years for supplementary cardholder.
“Petrol CashBack” 2. We give you petrol cashback in the following situations; (a) Petrol cashback of 4% when you spend a minimum of RM500 but less than RM1,000 per month in retail purchases (local and international) on your JustOne Platinum MasterCard Credit Card as shown in your credit card statement, subject to a cap of RM12 per month; (b) Petrol cashback of 7% when you spend a minimum of RM1,000 but less than RM2,500 per month in retail purchases (local and international) on your JustOne Platinum MasterCard Credit Card as shown in your credit card statement, subject to a cap of RM28 per month; (c) Petrol cashback of 10% when you spend a minimum of RM2,500 or more per month in retail purchases (local and international) on your JustOne Platinum MasterCard Credit Card as shown in your credit card statement, you will receive a petrol cashback cap up to RM70 per month. 3. The amount of retail purchases made by your supplementary cardholders will count towards meeting your minimum retail purchase requirement to be eligible to receive the petrol cashback. 4. Retail purchases excludes cash advances, cash withdrawals, charges for cash advance or cash withdrawals, annual fees, interest, finance charges, disputed transactions, Balance Transfers, and other such charges. 5. Reward points are not applicable for this product. Please refer to the full terms and conditions of JustOne Platinum MasterCard Credit Card, available on our website at sc.com/my, or at our branches.
"Vision is the art of seeing things invisible."
- Jonathan Swift

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

At B/E Aerospace, our vision has always been to improve our customers’ business and ultimately the lives of their customers. AirAsia shares that passion of putting people first. It’s their dream of making flying possible for everyone that inspires our commitment to innovation and drives us to do great things for our partners. Congratulations to AirAsia for continued success as the world’s leading low cost airline.
MEDIA HIGHLIGHTS 2014

PRINT (JANUARY)

Tony named industry leader of the year

Think Big gets partner

Fernandes is ‘Leader of the Year’

Dipilih syarikat terbaik

PRINT (FEBRUARY)

AirAsia partners Aimia, Think Big to grow loyalty programme

AirAsia eyes RM10m sales from fair

AirAsia plans to focus on new routes
AIRASIA BERHAD • ANNUAL REPORT 2014

AIRASIA BERHAD • ANNUAL REPORT 2014

PRINT (MARCH)

PRINT (APRIL)
Sukarelawan AirAsia bantu operasi di klia2

350 kakitangan permudah pergolakan permampang

AirAsia and AirAsia X bosses and staff had farewell to the Low Cost Carrier Terminal (LCCT) as the budget airline closed down its operation there after eight years. The historic last flights out were Kuala Lumpur to Kota Kinabalu (Flight AR60) and Kuala Lumpur to Kota Bharu (Flight 9406) for AirAsia, and Kuala Lumpur to Jeddah (Flight D7 1768 for AirAsia X).

Banyak kenangan

Mokhtar, Fernandes make it to Forbes Asia’s philanthropy list

Indonesia AirAsia appoints new chief

Nominated included Condé Nast Traveller Asia, Lonely Planet Asia, Air France Inflight Magazine and Going Places.

Syed Mokhtar, Tony Fernandes in Forbes Asia’s latest annual Heroes of Philanthropy list

Indians get RM26 fares as AirAsia debuts in India amid price war

Perjury was the Royal Highness the Queen of Malaysia, Her Majesty Paduka Belgium, His Excellency Apung Tunku Diah Hamin, who declared himself a trophy to be placed at the award-winning magazine’s offices.
AirAsia closes in on US$12b Airbus A330neo deal

AirAsia is world’s best LCC

AirAsia plans to build LCCT in Japan

AirAsia launches its latest service — Premium Flex

AirAsia flew 11m passengers in Q2

AirAsia’s latest offering

AirAsia’s Airbus 320 gets makeover

Print (JULY)

Print (AUGUST)
Fly for as low as 51 sen this anniversary

PETAING JAYA: AirAsia is set to offer Wi-Fi service on its flights. It is currently providing a two-month free user trial.

Communication and Multimedia Minister Datuk Seri Ahmad Shabery Cheek (pic), who tried the new service while on board a flight from Miri to Kuala Lumpur recently, has given it the thumbs up.

Impressed by the service, Ahmad Shabery took to the public announcement system and announced the available Wi-Fi service to passengers.

Promosi 1.5 j tempat duduk AirAsia

Sixty Wi-Fi access tokens were snapped up within 10 minutes of the announcement. AirAsia said in a statement yesterday that the device was designed to provide low-cost internet availability to guests.

With a quota of 1MB each, 60 guests on selected flights will be given the chance to test and evaluate the Wi-Fi service during the trial period until the end of this month.

There will be an in-flight announcement if the aircraft is equipped with the Wi-Fi service.

AirAsia Buka semula laulau ke Hyderabad

AirAsia wins Business Traveller award for 3rd time

PETAING JAYA: AirAsia has clinched Best Low-Cost Airline award by Business Traveller Asia-Pacific for the third year running at the Travel Awards ceremony. Its group chief executive officer Tan Sri Tony Fernandes said AirAsia was highly motivated to maintain its leadership position as the world’s best low-cost airline.

He said the airline, which won the award in Hong Kong last week, would continue to provide the best affordable travel experience for all types of travelers.

Fernandes said that AirAsia would also continuously innovate to provide affordable and seamless travel experience for all types of travelers.

He said that this year, it had introduced a brand new product, Premium Flex, which was designed to cater to the needs of discerning business travelers.

“AirAsia has been the first to offer a different accommodation fee.

Tony Fernandes honoured at 2014 World Branding Awards

Fernandes, AirAsia terus diiktiraf

Laluan baharu ke Nay Pyi Taw

AirAsia recommedes direct flight from KL into Clark

AirAsia voted Asia’s top low-cost airline for third year running

FERNANDES IS TOP BRAND BUILDER PETALING JAYA: The 2014 World Branding Awards has named AirAsia Group CEO Tan Sri Tony Fernandes “Brand Builder of the Year” for his outstanding work in building the low-cost airline brand. Budget airline, AirAsia was also named “Brand of the Year” in the airline category.
**AirAsia taking LINE characters to skies**

**AirAsia CEO receives award at Women of Excellence Awards**

**AirAsia named Pacquiao’s official airline partner**

**AirAsia launches ASEAN Pass**

**Battle-hardened Fernandes**

**Park teams up with AirAsia**

**AirAsia bags ‘World’s Leading Low Cost Airline’ award**
BLOOMBERG TV
AirAsia's Fernandes on Regional Market, Strategy

SCAN TO VIEW VIDEO
AirAsia's Group Chief Executive Officer talks about the airline market in the Asean region and the Company's business strategy with Haslinda Amin on Bloomberg Television's “On the Move”. (Source: Bloomberg)

MALAYSIA IKON
Interview With Tony Fernandes

SCAN TO VIEW VIDEO
The video traces Tan Sri Tony’s life from his early days leading to his current immense success.

ASTRO AWANI
Aireen - Last Day of Operations at LCCT

SCAN TO VIEW VIDEO
AirAsia CEO Aireen Omar speaks to Hilal Azmi from Astro Awani about shifting the airline’s operations from the LCCT to klia2.

ASEAN BUSINESS
AirAsia CEO Tony Fernandes: Driving ASEAN entrepreneurship

SCAN TO VIEW VIDEO
Tan Sri Tony on how AirAsia has grown into Asean’s leading low-cost carrier, making the most of the regional market’s strengths.
**TELEVISION**

**RAPPLER.COM**
AirAsia’s Tan Sri Tony on ASEAN integration

**SCAN TO VIEW VIDEO**
Rappler CEO Maria Ressa interviews Tan Sri Tony about ASEAN economic integration by 2015.

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**BLOOMBERG TV**
AirAsia Focus on Organic Growth in Japan

**SCAN TO VIEW VIDEO**
Tan Sri Tony talks about his approach to entrepreneurship in an interview at the New Economy Summit 2014 held in Tokyo, Japan and voices his opinion that the Japanese market is ripe for a low-cost airline.

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**IMPACT 2014**
Single Step A Billion Journeys, Tony Fernandes - AirAsia Speech

**SCAN TO VIEW VIDEO**
Speech by Tan Sri Tony on how AirAsia is set to change the mindset of Indians with regard to air travel by introducing truly affordable flights serving the underserved.

---

**NES 2014**
Tony Fernandes, AirAsia, Backstage Interview 07 -NES2014-

**SCAN TO VIEW VIDEO**
Tan Sri Tony talks to Bloomberg Television’s Rishaad Salamat on “On the Move” about AirAsia’s financial results, India routes and the possibility of re-entering Japan. (Source: Bloomberg)
Social Media

We’re excited to announce that we are the official airline for @taylorwilt13’s blockbuster THE RED TOUR! Full info @ mt.Fans/TheRedLWS

Top 5 World Cup cannotbrain Questions. Have you encountered these questions?

Our Red Crew guest services. With their new toys.

Part of my trip. The hero’s of airasia. The ramp team. They carry 3 tons on and off the plane.

Best part of my job. meeting people like these two siblings taking their lovely 85 yr grandmother on her 1st ever flight!

We’re sending you to LONDON to watch @QPRFC vs Liverpool with just a hashtag! More@ airasia.com/qpr #AirAsiaQPR

It’s the end of an era & beginning of a new chapter! Allstars said goodbye to last flight out of LCCT. 2Kolkata. #thankyoulcct
Challenging the status quo.

Dentons. The Global Elite law firm created by Salans, FMC and SNR Denton.*

Proud to partner AirAsia

Exclusively with your AirAsia-Citi Visa Credit Cards

Up to 6x complimentary in-flight meals annually

Up to 2x pick a seat annually

Up to 3x AirAsia points for all purchases

More to enjoy with each take-off.

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1 AirAsia X Business Class upgrade only applies to AirAsia-Citibank Platinum Visa Credit Card for tickets purchased with the card and is subject to seat availability. 2 AirAsia-Citibank Platinum Visa Credit Cardmembers will be rewarded with 6 complimentary in-flight meals and 2 Pick a Seat privileges. AirAsia-Citibank Gold Visa Credit Cardmembers will be rewarded with 3 complimentary in-flight meals and 1 Pick a Seat privilege. Both benefits will only be rewarded to cardmembers who fulfill the annual spend criteria for his/her card within a 12-month period from card approval date. 3 AirAsia-Citibank Platinum Visa Credit Cardmembers will earn up to 3x AirAsia Points and AirAsia-Citibank Gold Visa Credit Cardmembers will earn up to 2x AirAsia Points depending on card monthly spend.

Citibank Berhad (297089-M)
art in the sky
**THAI AIRASIA**

**GROWTH THROUGH GREAT RESILIENCE**

**THE MAKINGS OF A GREAT AIRLINE**

INGREDIENTS INCLUDE...

- Total Passengers Carried: **12.2 million**
- Load Factor: **80%**
- Total Fleet: **43 A320**

**NETWORK**

- Routes: **51**
- Destinations: **41**
- Countries: **11**
- Unique Routes: **8**
- Hubs: **4**
- New Routes in 2014: **7**

**ALLSTARS**

- Number of ALLSTARS: **3,500**

**MARKET SHARE**

- Domestic: **14%**
- International: **30%**
- Total: **19%**

---

1. As at 31 December 2014: Number of Passengers Carried, Load Factor
2. As at April 2015: Number of ALLSTARS, Network, Total Fleet
3. Source of Market Share: PAXIS, Based on Number of Passengers, February 2014 to January 2015
CAPTURING THE HEART AND SOUL OF ASEAN

Adam Lee
MAA - Head Photographer
There are good photographers who take pretty pictures and there are great photographers who capture the soul of their subjects. A quick look at Adam’s portfolio, and the numerous awards he has won, places him squarely in the second category. Adam, a trained engineer and MBA holder, was a photojournalist for a few years after leaving the corporate world, and enriched us with his fine sensibilities in 2011, providing images for our in-flight magazine “travel 3Sixty” and other collaterals. His work takes him all over ASEAN, capturing the heart and soul of this region. He is most proud of photos taken of Tacloban after Typhoon Haiyan, which helped AirAsia Foundation to raise funds in aid of the survivors.

“Real artists ship.”
- Steve Jobs

This is a reminder that ideas need execution and there’s no such thing as starving artists. It separates the prima donnas – those who create and strive for perfection but do not deliver – from true artists who create, improvise and deliver in this age of technological expression.
Sharing your passion & working your way & across the whole industry & helping you to fly & that’s Bird & Bird

Bird & Bird is a leading international aviation law firm - working as one team in Singapore, Malaysia and London to support the growth of AirAsia.
We are proud to be AirAsia’s trusted price risk management partner

- 13 years of making markets in oil and gas financial contracts
- Commitment to the energy business
- Strong credit standing of Mitsui & Co. (S&P: A+ since 2008)
## Five-Year Financial Highlights

### Balance Sheet

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (RM million)</td>
<td>3,948</td>
<td>4,495</td>
<td>4,946</td>
<td>5,112</td>
<td>5,416</td>
</tr>
<tr>
<td>Net total expenses</td>
<td>2,881</td>
<td>3,332</td>
<td>3,919</td>
<td>4,194</td>
<td>4,562</td>
</tr>
<tr>
<td>Operating profit</td>
<td>1,067</td>
<td>1,163</td>
<td>1,027</td>
<td>918</td>
<td>854</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>1,099</td>
<td>777</td>
<td>963</td>
<td>361</td>
<td>23</td>
</tr>
<tr>
<td>Taxation</td>
<td>-38</td>
<td>-222</td>
<td>-173</td>
<td>1</td>
<td>60</td>
</tr>
<tr>
<td>Net profit</td>
<td>1,061</td>
<td>555</td>
<td>790</td>
<td>362</td>
<td>83</td>
</tr>
</tbody>
</table>

### Cash Flow Statements

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities</td>
<td>1,594</td>
<td>1,404</td>
<td>1,324</td>
<td>961</td>
<td>302</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td>-1,868</td>
<td>-487</td>
<td>-1,906</td>
<td>-2,346</td>
<td>-2,154</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>1,031</td>
<td>-300</td>
<td>733</td>
<td>509</td>
<td>1,779</td>
</tr>
<tr>
<td>Net cash flow</td>
<td>757</td>
<td>617</td>
<td>152</td>
<td>-876</td>
<td>-73</td>
</tr>
</tbody>
</table>

### Financial Performance (%)

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on total assets</td>
<td>8.0</td>
<td>4.0</td>
<td>5.0</td>
<td>2.0</td>
<td>0.4</td>
</tr>
<tr>
<td>Return on shareholders’ equity</td>
<td>29.1</td>
<td>13.8</td>
<td>16.3</td>
<td>6.7</td>
<td>5.4</td>
</tr>
<tr>
<td>R.O.C.E. (EBIT/(Net Debt + Equity))</td>
<td>10.7</td>
<td>12.0</td>
<td>9.3</td>
<td>6.7</td>
<td>5.4</td>
</tr>
<tr>
<td>Operating profit margin</td>
<td>27.0</td>
<td>25.9</td>
<td>20.8</td>
<td>18.0</td>
<td>15.8</td>
</tr>
<tr>
<td>Net profit margin</td>
<td>26.9</td>
<td>12.3</td>
<td>16.0</td>
<td>7.1</td>
<td>1.5</td>
</tr>
</tbody>
</table>

### Operating Statistics

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passengers carried</td>
<td>16,054,738</td>
<td>17,986,558</td>
<td>19,678,576</td>
<td>21,853,036</td>
<td>22,138,796</td>
</tr>
<tr>
<td>Capacity</td>
<td>20,616,120</td>
<td>22,474,620</td>
<td>24,751,800</td>
<td>27,307,980</td>
<td>28,073,160</td>
</tr>
<tr>
<td>Load factor (%)</td>
<td>78</td>
<td>80</td>
<td>80</td>
<td>80</td>
<td>79</td>
</tr>
<tr>
<td>RPK (million)</td>
<td>18,499</td>
<td>21,037</td>
<td>22,731</td>
<td>26,607</td>
<td>27,273</td>
</tr>
<tr>
<td>ASK (million)</td>
<td>24,362</td>
<td>26,074</td>
<td>28,379</td>
<td>33,401</td>
<td>34,590</td>
</tr>
<tr>
<td>Aircraft utilisation (hours per day)</td>
<td>12.2</td>
<td>12.3</td>
<td>12.3</td>
<td>12.1</td>
<td>12.31</td>
</tr>
</tbody>
</table>

### Key Performance Metrics

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average fare (RM)</td>
<td>177</td>
<td>176</td>
<td>184</td>
<td>166</td>
<td>165</td>
</tr>
<tr>
<td>Yield Revenue per ASK (sen)</td>
<td>16.21</td>
<td>17.24</td>
<td>17.43</td>
<td>15.30</td>
<td>15.66</td>
</tr>
<tr>
<td>Cost per ASK (sen)</td>
<td>11.83</td>
<td>12.76</td>
<td>13.81</td>
<td>12.56</td>
<td>13.19</td>
</tr>
<tr>
<td>Cost per ASK - excluding fuel (sen)</td>
<td>6.86</td>
<td>6.01</td>
<td>6.95</td>
<td>5.93</td>
<td>6.67</td>
</tr>
<tr>
<td>Yield Revenue per ASK (USc)</td>
<td>5.03</td>
<td>5.63</td>
<td>5.66</td>
<td>5.11</td>
<td>4.77</td>
</tr>
<tr>
<td>Cost per ASK (USc)</td>
<td>3.67</td>
<td>4.17</td>
<td>4.48</td>
<td>4.10</td>
<td>4.02</td>
</tr>
<tr>
<td>Cost per ASK - excluding fuel (USc)</td>
<td>2.13</td>
<td>1.96</td>
<td>2.26</td>
<td>2.34</td>
<td>2.03</td>
</tr>
</tbody>
</table>

### Additional Statistics

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of stages</td>
<td>114,534</td>
<td>124,853</td>
<td>137,510</td>
<td>151,709</td>
<td>155,962</td>
</tr>
<tr>
<td>Average stage length (km)</td>
<td>1,184</td>
<td>1,162</td>
<td>1,148</td>
<td>1,144</td>
<td>1,217</td>
</tr>
<tr>
<td>Size of fleet at year end (Malaysia)</td>
<td>53</td>
<td>57</td>
<td>64</td>
<td>72</td>
<td>81</td>
</tr>
<tr>
<td>Size of fleet at year end (Group)</td>
<td>90</td>
<td>97</td>
<td>118</td>
<td>154</td>
<td>172</td>
</tr>
<tr>
<td>Number of employees at year end</td>
<td>4,702</td>
<td>5,137</td>
<td>5,644</td>
<td>6,089</td>
<td>6,304</td>
</tr>
<tr>
<td>Percentage revenue via internet (%)</td>
<td>77</td>
<td>78</td>
<td>79</td>
<td>85</td>
<td>84</td>
</tr>
<tr>
<td>RM-USD average exchange rate</td>
<td>3.22</td>
<td>3.06</td>
<td>3.08</td>
<td>3.17</td>
<td>3.28</td>
</tr>
</tbody>
</table>
SHARE PERFORMANCE 2014

SHARE PRICE & VOLUME TRADED
2014 Monthly Trading Volume & Highest-Lowest Share Price

MARKET CAPITALISATION
as at 31 December 2014
Who makes financial solutions lift off?

Our Achievements

- Portfolio: 650 aircraft
- Financing volume: 8.5 billion euros
- Result: We are among the five largest commercial aircraft lenders in the world

Without question: In aviation, you need serious, world-class expertise. Not only for aircraft construction and operation. You also need expert financing. For more than 25 years, we have provided aircraft-finance solutions to clients throughout the world. Thanks to our comprehensive knowledge of the industry and our unique international network, we are now one of the five leading commercial aircraft lenders in the industry. Our clients appreciate our engaged and personalized approach, and our expertise repeatedly proves itself with excellent management of market and financial cycles, without question. Learn more about our custom financing solutions at www.nordlb.com.
The makings of a great airline
Ingredients include...

**Indonesia AirAsia**

The No. 1 in international connectivity

<table>
<thead>
<tr>
<th><strong>Network</strong></th>
<th><strong>Allstars</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Routes</td>
<td>37</td>
</tr>
<tr>
<td>Destinations</td>
<td>20</td>
</tr>
<tr>
<td>Countries</td>
<td>5</td>
</tr>
<tr>
<td>Unique Routes</td>
<td>12</td>
</tr>
<tr>
<td>Hubs</td>
<td>5</td>
</tr>
<tr>
<td>New Routes in 2014</td>
<td>3</td>
</tr>
</tbody>
</table>

**Total Passengers Carried**
7.9 Million

**Load Factor**
78%

**Total Fleet**
29 A320

**Market Share**
26%

**Domestic**
5%

**International**
11%

**Total**

1. As at 31 December 2014: Number of passengers carried, load factor
2. As at April 2015: Number of Allstars, network, total fleet
3. Source of Market Share: PAXIS, based on number of passengers, February 2014 to January 2015
Tanus Kerdsombut
TAA - Business Development Manager

Creating new sky bridges across ASEAN
Strong mindset and DETERMINATION

Fans of AirAsia are forever sending us Facebook, Twitter and other social media requests to fly to new destinations. These requests are communicated to Tanus, more affectionately known as Dome. As Business Development Manager at Thai AirAsia, he is regularly in touch with the regulators and airport managements across Asean to negotiate terms for flight slots, incentives and subsidies as he explores opportunities for the company to launch new routes, further enriching Asean connectivity. A key goal is to see the ASEAN Single Aviation Market (ASAM) materialise, and this is an area of focus for Dome who represents Thai AirAsia at the ASEAN Air Transport Integration Project (AATIP). Dome has been with AirAsia for the last 11 years and has been positioned in Cambodia, Myanmar and Vietnam while serving in ground operations.

“Great works are performed not by strength, but by perseverance.”
- Samuel Johnson

If you want to succeed at work, the main thing you need is a strong mindset and determination. Whenever you can, grab the chance to learn something new that enhances your capabilities. Believe in yourself, your colleagues and the organisation.
TAN SRI DR. TONY FERNANDES
Non-Independent Executive Director and Group Chief Executive Officer

DATUK KAMARUDIN BIN MERANUN
Non-Independent Executive Chairman

DIRECTORS
TAN SRI DR. TONY FERNANDES
Non-Independent Executive Director and Group Chief Executive Officer

AIREEN OMAR
Executive Director and Chief Executive Officer

DATO’ FAM LEE EE
Senior Independent Non-Executive Director

DATUK KAMARUDIN BIN MERANUN
Non-Independent Executive Chairman

UTHAYA KUMAR A/L K VIVEKANANDA
Independent Non-Executive Director

DATO’ FAM LEE EE
Senior Independent Non-Executive Director

AIREEN OMAR
Executive Director and Chief Executive Officer

TAN SRI DR. TONY FERNANDES
Non-Independent Executive Director and Group Chief Executive Officer
DATUK KAMARUDIN BIN MERANUN

NON-INDEPENDENT EXECUTIVE CHAIRMAN
Datuk Kamarudin Bin Meranun, Malaysian, aged 53, was appointed a Director of the Company on 12 December 2001; an Executive Director in January 2004; and Group Deputy Chief Executive Officer on 8 December 2005. Thereafter, he was re-designated as Deputy Group Chief Executive Officer & President of Group Finance, Treasury, Corporate Finance and Legal effective from 13 February 2012; Non-Independent Non-Executive Director on 30 June 2012; and a Non-Independent Executive Chairman on 6 November 2013.

Datuk Kamarudin and Tan Sri Dr. Tony Fernandes founded the AirAsia Group, having acquired and relaunched the struggling AirAsia in December 2001.

Prior to AirAsia, Datuk Kamarudin worked in Arab-Malaysian Merchant Bank from 1988 to 1993 as a Portfolio Manager. 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 from Central Michigan University in 1987.

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

He is a Non-Independent Executive Director and Group Chief Executive Officer of AirAsia X Berhad and a Non-Independent Non-Executive Director of Tune Ins Holdings Berhad. He is also a Director of Yayasan Pendidikan Titiwangsa.
Tan Sri Dr. Tony Fernandes CBE, Malaysian, aged 51, was appointed Group Chief Executive Officer of the Company in December 2001, re-designated as a Non-Independent Non-Executive Director on 30 June 2012 and subsequently as a Non-Independent Executive Director and Group Chief Executive Officer on 6 November 2013. He is also a member of the Investment Committee of the Board.

Tan Sri Tony graduated from the London School of Economics. He was admitted as an Associate Member of the Association of Chartered Certified Accountants in 1991 and became a Fellow Member in 1996. He also received an Honorary Doctorate of Business Innovation from Universiti Teknologi Malaysia (UTM) in March 2010.


In 1999, the Sultan of Selangor bestowed on him the title Setia Mahkota Selangor for his contributions to the Malaysian music industry. He also received the Recording Industry Person of the Year 1997 award from the Recording Industry Association of Malaysia.

Since launching AirAsia, he has received numerous state awards as well as industry accolades. Within Malaysia, he has been awarded the title Dato’ by the Sultans of Negeri Sembilan and Pahang; Dato’ Seri by the Sultan of Perak; and Tan Sri from a former Yang di-Pertuan Agong. Internationally, he has been presented the title Officer of the Legion d’Honneur, followed by the Commander of the Legion d’Honneur, the highest rank of honour that the French Government can bestow on non-French citizens. He was awarded the title Commander of the Order of the British Empire (CBE) by Her Majesty Queen Elizabeth II.

From the industry, he was presented the Airline Business Strategy Award 2005 and Low Cost Leadership Award by Airline Business and named Asia Pacific Aviation Executive by the Centre for Asia Pacific Aviation (CAPA) for the years 2004 and 2005. He bagged The Brand Laureate Brand Personality Award in 2006 and 2007; was presented the CAPA Legend Award 2009 (Aviation Hall of Fame); and the Airline CEO of the Year Award for 2009 from Jane’s Transport Finance.

In 2010, Tan Sri Tony was awarded the Nikkei Asia Prize in Tokyo and the Masterclass Global CEO of the Year award at the 2nd Malaysia Business Leadership Award (MBLA). He was also named Forbes Asia Businessman of the Year 2010, the first Asean citizen to receive the award.

In 2011, Tan Sri Tony was named one of the most creative people in business by New York-based business magazine Fast Company and was on its Top 10 Most Creative People in Twitter list. He was also named CEO of the Year at the Annual Budgies World Low Cost Airline Awards held in London; and CNBC Travel Business Leader of 2011 at CNBC’s Travel Business Leaders Award Asia Pacific held in Singapore.

In 2012, he was bestowed the Individual Achievement of the Year award at the 1st Malaysia Achievement Awards 2012, organised by the Malaysia Achievement Organisation (MACA). He was also honoured with the Best CEO for IR - Mid Cap award by the Malaysian Investor Relations Association Berhad (MIRA); named as one of Malaysia’s outstanding CEOs by The Edge Billion Ringgit Club (BRC); and announced as GQ India’s International Businessman of the Year 2012.

In January 2013, Tan Sri Tony was named a Malaysia Brand Ambassador by Prime Minister Dato’ Sri Mohd Najib bin Tun Haji Abdul Razak at the World Economic Forum in Davos, Switzerland. He went on to win Corporate Governance Asia’s Best CEO for Malaysia award - for the third year in a row – in March 2013.

He was named Airline Industry Leader of the Year at the 4th Aviation 100 Awards in January 2014, and Brand Builder of the Year at the 2014 World Branding Awards. Most recently, he made it onto 2015 TIME 100, the magazine’s annual list of the 100 most influential people in the world.

He is a Non-Independent Non-Executive Director of both Tune Ins Holdings Berhad and AirAsia X Berhad.
TAN SRI DR. TONY FERNANDES

Non-Independent Executive Director
and Group Chief Executive Officer
Aireen Omar, Malaysian, aged 41, was appointed as Chief Executive Officer and Executive Director of the Company effective from 1 July 2012. Prior to this, she was the Regional Head of Corporate Finance, Treasury and Investor Relations of the Company. She is also a member of the Safety Review Board.

She is an Economics graduate of the London School of Economics and Political Science and also holds an MA in Economics from New York University.

Aireen joined AirAsia Berhad in January 2006 as Director of Corporate Finance, where her portfolio expanded 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, where she served as an Associate from 1997-2000 in New York and London, her last position being 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 and a Masterclass Woman CEO of the Year award at the inaugural Selangor Excellence Business Awards 2014.

She is a member of the Board of Directors of Malaysia Tourism Promotion Board (Tourism Malaysia), AirAsia Global Shared Services Sdn Bhd, Think BIG Digital Sdn Bhd, Tune Money Sdn Bhd, Ground Team Red Sdn Bhd (formerly known as Aras Sejagat Sdn Bhd) and Asia Aviation Capital Limited.
Dato’ Abdel Aziz @ Abdul Aziz Bin Abu Bakar, Malaysian, aged 61, 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 an Executive Chairman of Naim Indah Corporation Berhad and a Director of Yayasan Astro Kasih.
Dato’ Abdul Aziz @ Abdul Aziz bin Abu Bakar

Non-Independent Non-Executive Director
Dato’ Fam Lee Ee, Malaysian, aged 54, 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) in Law from the University of Malaya in 1986 and an LLB (Hons) from the University of Liverpool, England in 1989. Upon obtaining a Certificate of Legal Practice in 1990, he has been practising law since 1991 and is currently a senior partner at Messrs YF Chun, Fam & Yeo.

Dato’ Fam used to sit on the Board of Trustees of Yayasan PEJATI from 1996 to 2007. Since 2001, he has also 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.
Robert A. Milton, Canadian, aged 54, was appointed an Independent Non-Executive Director of the Company on 7 June 2013. He is also Chairman of the Safety Review Board.

Robert received a BSc in Industrial Management from the Georgia Institute of Technology in 1983.

He was the Chairman, President and Chief Executive Officer of ACE Aviation Holdings, Inc (ACE) from 2004 until 2012. ACE was the parent holding company of the re-organised Air Canada and a number of other separate legal entities including Aeroplan LP (now AIMIA) and Air Canada Jazz (now Chorus Aviation Inc).

Robert was the President and Chief Executive Officer of Air Canada from 1999 until 2004, prior to which he held the positions of Executive Vice President and Chief Operating Officer. He started his career at Air Canada in 1992 on a consulting basis and then assumed increasingly responsible positions in cargo operations, scheduling, product design, advertising, in-flight service and marketing.

Prior to joining Air Canada, Robert was a founding partner of Air Eagle Holdings Inc and an independent commercial aviation consultant to British Aerospace Limited. He served as Chair of the International Air Transport Association’s Board of Governors from 2005 to 2006. He is a past Chairman of the Georgia Tech Advisory Board and currently serves as a Trustee of the Georgia Tech Foundation. He is also a Lead Director of Air Lease Corporation and serves on the Board of Directors of the Smithsonian Institution’s National Air and Space Museum.
ROBERT A MILTON

INDEPENDENT NON-EXECUTIVE DIRECTOR
AMIT BHATIA
INDEPENDENT NON-EXECUTIVE DIRECTOR
Amit Bhatia, British, aged 35, was appointed an Independent Non-Executive Director of the Company on 9 June 2014. He is also Chairman of the Investment Committee.

A multi award-winning entrepreneur and one of Britain’s most influential Asian figures (GG2 Power List 2014), Amit is Chairman of Hope Construction Materials, Britain’s leading independent supplier of cement, concrete and aggregates. He founded the firm in 2013, becoming the first new entrant to the industry for more than a decade.

Amit studied Economics at Cornell University, USA, following which he joined Credit Suisse First Boston in London. He incubated the Swordfish group of companies in 2005 as Founder and Senior Managing Partner.

Amit is involved in a wide range of charitable organisations. He is Chairman of Queens Park Rangers’ QPR in the Community Trust which reaches 100,000 children per year, Founder and Benefactor of his own UK registered charity Global Relief Initiative and Ambassador of the KP24 Foundation. He is also a member of the External Advisory Council on Internationalisation for Cornell University and a member of the William Pitt Group at Chatham House.
Uthaya Kumar a/l K Vivekananda, Malaysian, aged 61, was appointed an Independent Non-Executive Director of the Company on 20 August 2014. He is also Chairman of the Audit Committee, a member of the Nomination and Remuneration Committee, Investment Committee and Safety Review Board.

For the past 35 years, Kumar led some of the most important assignments of Messrs PricewaterhouseCoopers (PwC) both in Malaysia and globally. These include working with multinational and blue-chip national clients in audit, business advisory, mergers and acquisitions, valuations, privatisations, IPOs and cross-border transactions.

He retired from PwC South East Asia Peninsula on 30 June 2014.

He is a fellow member of the Institute of Chartered Accountants in England & Wales and a member of both the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. He is also a Corporate Finance Holder of the Institute of Chartered Accountants in England & Wales.

Notes:

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

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

Conviction for Offences
None of the Directors has been convicted for offences within the past 10 years other than traffic offences, if any.

Attendance at Board Meetings
The attendance of the Directors at Board of Directors’ meetings is disclosed in the Statement on Corporate Governance.
UTHAYA KUMAR
R/L K VIVEKANANDA
INDEPENDENT NON-EXECUTIVE DIRECTOR
EVERYTHING WORKS BETTER
WITH THE NEW PLATINUM
CREDIT CARD-i BANK RAKYAT

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EVOLVING into an integrated aviation fuel service provider

Indonesia Aviation industry has been growing rapidly, playing its key role to support Indonesia economic growth. Pertamina Aviation takes initiative to contribute more by transforming itself into an integrated aviation fuel service provider.

In line with the spirit of expanding refueling service locations in Indonesia as well as growing its global network, Pertamina Aviation offers non-fuel services varying from fuel knowledge training, Technical Service Assistance, fuel transport & handling, to flight support service.

More integrated, more support, hand in hand in harmony.
FROM LEFT TO RIGHT

JOCO CAÑEBA
Chief Executive Officer
Philippines' AirAsia

TAN SRI DR. TONY FERNANDES
Non-Independent Executive Director and
Group Chief Executive Officer
AirAsia Berhad

SUNU WIDYATMOKO
Chief Executive Officer
Indonesia AirAsia

SENIOR MANA
FROM LEFT TO RIGHT

**AIREEN OMAR**
Executive Director and Chief Executive Officer
AirAsia Berhad

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

**TASSAPON BIJLEVOLD**
Chief Executive Officer
Thai AirAsia

**MITTU CHANDILYA**
Chief Executive Officer
AirAsia India

**GEMENT TEAM**
JOY CAÑEBA  
**Chief Executive Officer**  
Philippines’ AirAsia

Joy took on the challenge of leading Philippines’ AirAsia as its Chief Executive Officer in April 2014, during a significant period when it fully acquired local carrier Zest Airways Inc, grew its fleet from two aircraft to 15; moved its operation into Manila’s major international gateway, NAIA, from Clark airport and thereafter expanded its hubs outside Metro Manila and into Kalibo, gateway to Boracay, and Cebu.

Armed with a unique combination of legal training and exposure to the local corporate environment, Joy navigated the lean yet dynamic Filipino team along the complex and often challenging regulatory environment. Under her guidance, the group of Allstars, with diverse backgrounds and experience, formed a formidable force that successfully launched new domestic and international routes, improved its on-time performance and achieved a remarkable increase in passenger loads with aggressive marketing campaigns.

Prior to joining Philippines’ AirAsia, Joy was the external legal counsel advising AirAsia on the acquisition of Zest Airways Inc. Upon passing her Philippine Bar Examination in 2005, she entered legal practice specialising in corporate law.

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

Details of Tan Sri Tony Fernandes are disclosed in the Director’s Profile on page 82 of this Annual Report

SUNU WIDYATMOKO  
**Chief Executive Officer**  
Indonesia AirAsia

Sunu Widyatmoko joined Indonesia AirAsia in 2013 as its Chief Financial Officer, and in less than a year was appointed as the airline’s Chief Executive Officer, replacing Captain Dharmadi who has assumed the role of Commissioner.

Sunu is responsible for overseeing the operations of Indonesia AirAsia and to lead its development. He brings with him more than 17 years of experience in corporate finance advisory to national and global corporations. Prior to joining Indonesia AirAsia, he was Director of Investment Banking at PT. Bahana Securities, a state-owned enterprise focusing on investment banking, capital market and securities brokerage services. At PT. Bahana Securities, Sunu played an instrumental role in bringing big-scale enterprises public, including airlines. He was also involved in mergers and acquisitions, project financing and debt restructuring of leading institutions.

Sunu obtained a Master of Business Administration from the University of Illinois, Urbana-Champaign, USA, and a Bachelor’s degree from Brawijaya University, Malang, Indonesia.

TASSAPON BIJLEVELD  
**Chief Executive Officer**  
Thai AirAsia

Tassapon joined Thai AirAsia as Chief Executive Officer when the airline took off in 2003. He is entrusted with overseeing all aspects of the airline’s operations as well as boosting growth in Thailand. Prior to joining Thai AirAsia, Tassapon was Managing Director of Warner Music (Thailand) Co Ltd for five years. Within three years, he managed to turn around the company from bottom ranking among all international music companies to achieving the top position.

Tassapon has more than 12 years’ experience in the consumer product industry. He worked in various countries in the region for two Fortune 500 companies - Adams (Thailand) Co Ltd and Monsanto (Thailand) Co Ltd. He was a pioneer at Monsanto, setting up the division from scratch before building it into a multimillion dollar business in just a few years.

Tassapon holds a Master’s in Marketing, and is currently a part-time lecturer at several leading universities in Thailand. He is well-known for his leadership and team-building abilities. Thai AirAsia’s success is a result of a passionate, motivated team with strong rapport.

MITTU CHANDILYA  
**Chief Executive Officer**  
AirAsia India

Mittu was appointed as Chief Executive Officer of AirAsia India in May 2013, bringing with him a unique mix of leadership experiences ranging from a successful entrepreneurial start-up to country, regional and global leadership roles within multinational organisations and, finally, to high-impact management consulting experience. He has always been a passionate follower of the aviation industry, and in his last role as Principal and Head of Services practice in Asia-Pacific at Egon Zehnder, took leadership in the Travel & Hospitality segment, where his primary focus was Airlines and Aviation. Having lived in Canada, the US, China, Malaysia, India and Singapore, Mittu is excited to implement the pillar stones of AirAsia in India and revolutionise Indian aviation, making flying affordable to every Indian.

Mittu has MBA degrees from INSEAD, France/Singapore and from Tsinghua University, Beijing, China. He also holds a Bachelor of Science in Business and Economics (Dean’s List) with a distinguishing triple major from Lehigh University, Pennsylvania, US.
BRAVELY FORGING INTO THE FUTURE AND INTO NEW FRONTIERS WITH AIRASIA

ASIA PACIFIC OFFICES
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HONG KONG
SEOUL
SINGAPORE
TOKYO

GLOBAL OFFICES
FRANKFURT
LONDON
LOS ANGELES
MUNICH
NEW YORK
SÃO PAULO
WASHINGTON, DC

"THE WORLD’S LEADING TRANSPORTATION AND AVIATION LAW FIRM"
Senior Management Team

FROM LEFT TO RIGHT

ANAZ BIN AHMAD TAJUDDIN
Group Head, Engineering

AMIR FAEZAL BIN ZAKARIA
Group Head, Legal and Compliance

HOW KIM LIAN
Chief Financial Officer

SPENCER LEE TECK LOONG
Head, Commercial

CAPTAIN ADRIAN JENKINS
Group Director, Flight Operations
ANAZ BIN AHMAD TAJUDDIN  
**Group Head, Engineering**

Upon joining AirAsia in 2003, Anaz set up the Warranty & Contracts Department as part of efforts to plan the entry into service of the Airbus A320 fleet. In 2007, he joined the pioneering management team of AirAsia X. Since February 2012, he has been Group Head of Engineering, responsible for the engineering department within the AirAsia Group and AirAsia X Malaysia. He qualified as an Avionics Aircraft Engineer at the age of 21. Over the course of the following 20 years, he worked for Malaysia Airlines, Jet Airways in Mumbai, Monarch Airlines Engineering at London Luton Airport and Bahrain Airport Services.

AMIR FAEZAL BIN ZAKARIA  
**Group Head, Legal and Compliance**

Amir provides the Group with legal support relating to aircraft purchase and financing, corporate exercises and joint ventures, contracts for airline operations, commercial and procurement contracts as well as managing litigation matters. He also oversees regulatory and compliance for the AirAsia Group of Companies. He has a wide range of legal experience in areas of commercial law, corporate finance, banking and transport. Prior to joining AirAsia, Amir spent 13 years as a legal practitioner in a number of Malaysian legal firms including Rashid & Lee (now Shahrizat Rashid & Lee) and Zaid Ibrahim. Amir graduated with an LLB (Hons) from Leeds Metropolitan University, UK, is a member of the Honourable Society of Lincoln’s Inn since 1992 and was called to the Malaysian Bar in 1993.

HOW KIM LIAN  
**Chief Financial Officer**

Kim Lian joined AirAsia as our Chief Financial Officer on 1 March 2015. 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 variety of assignments in Brazil, Brunei, China, Hong Kong, India, Indonesia, the Philippines, Thailand and the US, among others. At PwC, Kim Lian led numerous organisational and finance transformation projects in industries such as logistics, aviation and the government department. He also led in the integration of mergers and Enterprise Performance Management engagements to assist companies in gaining 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 Practising Accountant and a Certified Internal Auditor, as well as a member of the Malaysian Institute of Accountants and the Institute of Internal Auditors.

SPENCER LEE TECK LOONG  
**Head, Commercial**

Spencer oversees the entire Malaysia Commercial function 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. Spencer has pioneered a number of projects in AirAsia, especially Ancillary products, and was instrumental in setting up the AirAsia BIG loyalty programme. He also won the best co-brand credit card programme with Citibank, the best use of TV with Media Prima, Social Media and Digital during his marketing period at AirAsia. He has over 14 years of experience in fields that include marketing, advertising, sales, communication, mobile and loyalty programmes. Recently, he became a member of the Malaysian Advertisers Association and a Board Member of the Audit Bureau of Circulation (Malaysia). He graduated with a Bachelor’s in Advertising and Marketing from Curtin University of Technology Perth, Australia.

CAPTAIN ADRIAN JENKINS  
**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 Thai AirAsia’s flight operations and pilot training. In 2006, he was made Regional Head of Flight Operations. In January 2015, he was given the dual responsibility of taking on the role of the Director of Flight Operations for AirAsia Berhad as well as the Group.
FROM LEFT TO RIGHT

MOHD ROZAINOL BIN MOHD BAHARI
Group Head, Treasury

CAPTAIN SAIFUL JOHAR BIN ABDUL LATIF
Director, Safety

SENTHIL BALAN DANAPALAN
Group Head, Network & Regulatory Affairs

ASHOK KUMAR
Group Head, Airport and Incentives

PAUL CARROLL
Group Head, Route Revenue

SENIOR MANAGEMENT TEAM
MOHD ROZAINOL BIN MOHD BAHARI  
Group Head, Treasury

Rozainol joined AirAsia in August 2014 as the Head of Group Treasury. His role is primarily to manage the Group’s exposure to currency risks, interest rate risks and volatile fuel prices in the financial markets. He is also responsible for the Group’s jet fuel procurement, and the Company’s cash and liquidity management. Prior to joining AirAsia, Rozainol was the Director of Treasury at the Royal Bank of Scotland (RBS) based in Malaysia. He brings with him extensive banking and financial markets experience, especially in the areas of treasury, derivatives and financial risk management. Rozainol graduated with a BSc in Finance from Kelly Business School of Indiana University, Bloomington, the US.

CAPTAIN SAIFUL JOHAR BIN ABDUL LATIF  
Director, Safety

Captain Saiful was appointed Director of Safety at AirAsia in December 2012, entrusted with improving safety awareness within the Company and ensuring that the Safety Management System (SMS) is integral to the work culture. He 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.

SENTHIL BALAN DANAPALAN  
Group Head, Network & Regulatory Affairs

As Group Head of Network and Regulatory Affairs, Senthil oversees fleet and route planning, schedule management, and traffic rights across all AirAsia Group airlines. Prior to this role, he was the Commercial Director at AirAsia X, and was part of the AirAsia X start-up team at its inception in 2007. While at AirAsia X, he led his team to achieve the inaugural Best Network Performance award by World Routes 2011, ahead of bigger and established carriers. Before joining the AirAsia Group, Senthil worked in Malaysia Airlines, initially driving their Investor Relations Programme before moving to the Corporate Turnaround Management Office. Senthil also had stints in Astro All Asia Networks and Ernst and Young. He obtained a Bachelor’s in Commerce at the University of Auckland, New Zealand.

ASHOK KUMAR  
Group Head, Airports and Incentives

Ashok joined AirAsia in June 2003 as a Senior Manager, Commercial Planning and Strategy. His current portfolio includes negotiating airport charges, airport incentives, obtaining regulatory approvals, and infrastructure development. He has 45 years of experience in the airline industry, having worked at Malaysia-Singapore Airlines as a Management Trainee/Marketing Executive from 1970 to 1972 and Malaysia Airlines from 1972 to 2003, where he held various key positions, including Assistant General Manager and Operations Planning. Ashok received a Bachelor of Applied Economics (Hons) from the University of Malaya in 1970.

PAUL CARROLL  
Head, Route Revenue

Paul joined AirAsia in 2011 and currently oversees all aspects of the Company’s pricing and inventory management while managing capacity tactically with corresponding demand to maximise revenue performance. He spent the early part of his career working in a number of analytical roles within the industry, starting off within the Revenue Management team at the Aer Lingus Group based in Dublin. He then joined the start-up team at flydubai, the first low-cost airline in the United Arab Emirates (UAE), with responsibility for the integration of network, fleet and schedules planning. Paul is a graduate of Cranfield University, UK and holds an MSc in Air Transport Management.
FROM LEFT TO RIGHT
ZULFA ASHIDA ZULKIFLI
Group Head, People
CAPTAIN CHIN NYOK SAN
Group Head, Cargo

ELINA EFFENDI
Head, Investor Relations
MOHD AZIZ BIN LAIKAR
Head, Communications
EMAM MOHD ATILLA BIN EMAM MOHD HANIFF
Group Head, Risk and Government Relations

SENIOR MANAGEMENT TEAM
senior management

ZULFA ASHIDA ZULKIFLI
Group Head, People

Zulfa joined AirAsia in September 2014 as the Group Head of People as well as Head of People at AirAsia. She is responsible for collaborating with all associate companies in providing the full suite of support for people and organisational matters including resourcing, rewards, employee relations, talent management and organisational development. She comes with 20 years of experience in two major oil and gas organisations, BP and Shell. Her career has spanned the full spectrum of human resource management, from compensation and benefits to resourcing, talent, learning and organisational development (OD), and processes and systems. She has had regional and international work exposure in major parts of the Asia-Pacific, North America and Europe. Zulfa holds a BBA (Finance) and an MSc in Organisational Behavior.

CAPTAIN CHIN NYOK SAN
Group Head, Cargo

Captain Chin has been with AirAsia since 1996 as Director of Flight Operations. In 2005, he was made Head of Business Development and in 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 Berhad, Thai AirAsia, Indonesia AirAsia 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.

ELINA EFFENDI
Head, Investor Relations

Elina joined AirAsia in 2012 in the Corporate Finance department under the Next Generation Leaders (NGL) programme. Within six months she was posted to the Investor Relations function where she managed various investor engagement initiatives, undertook research and performed analyses on the economy, aviation industry and financial markets. In addition, she assisted the CEO in liaising with various governmental and non-governmental bodies and is part of the team that lobbies for better airport incentives for airlines, low charges, low-cost airports, the formation of an independent aviation committee, and the formulation of the national aviation policy. Since assuming her current role as Head of Investor Relations in March 2015, Elina ensures that the Company and the Group’s strategy, performance and outlook are communicated clearly and valued fairly by the foreign and local investment communities. Prior to AirAsia, Elina started her career with CIMB Investment Bank under The Complete Banker (TCB) Management Trainee programme. During her time at CIMB, she was attached to various departments including investment banking, business banking and group corporate communications. Elina holds a BSc in Actuarial Science (Honours) from the University of Kent, the UK. Prior to that, she earned a Diploma in Actuarial Science from UiTM where she received the Vice Chancellor Award in addition to the Dean’s List Award for every semester.

MOHD AZIZ BIN LAIKAR
Head, Communications

Aziz joined AirAsia in September 2011 with vast background in public relations. In his role as Head of Communications, he leads a professional team responsible for developing communication strategies that help advance AirAsia’s reach. He plans and strategises the positioning of AirAsia’s senior management to the public through corporate profiling, apart from establishing marketing communication plans to enhance the visibility of the airline’s extensive route network. He also manages relationships with the global media pool. Aziz brings with him 12 years of experience in the communication industry. His practice in public relations began with the Naza Group of Companies, followed by Reputation Mercatus Malaysia, an award-winning public relations consultancy where he landed the position of CEO at the age of 26. As a media consultant, Aziz has organised media sessions for global leaders such as UN Secretary-General Kofi Annan, and founder of Grameen Bank, Professor Muhammad Yunus.

EMAM MOHD ATILLA BIN EMAM MOHD HANIFF
Group Head, Risk and Government Relations

Attila is responsible for enterprise risk management, regulatory compliance, IT security and compliance, business continuity and insurance administration for AirAsia and the AirAsia Group of companies. He also leads ASEAN affairs for the Group, including AirAsia’s efforts to support the ASEAN Single Aviation Market. In Malaysia, he and his team handle parliamentary and government liaison. Attila read Economics as a Chevening scholar at the London School of Economics and Political Science, and at Birkbeck College London. Before joining AirAsia Attila worked at Securities Commission Malaysia where he was involved in developing risk-based regulatory frameworks, financial stability assessment, and international regulation. He is a third-dan black belt holder and certified instructor in Yoshinkan aikido, a Japanese martial art.
FROM LEFT TO RIGHT

PATRICK FENNEL
Head, Operations Control Centre

FRANCIS LOH
Head, Guest Services

LAU KIN CHOY
Group Head, Information & Communication Technology

MIMI PHUA
Group Head, Corporate Quality and Customer Support

SENIOR MANAGEMENT TEAM
PATRICK FENNEL  
*Head, Operations Control Centre*

Patrick has been with AirAsia since 2012 as Head of Operations Control. He leads the team responsible for flight planning, on-time performance, operational efficiency and a wide range of other operational projects to consistently enhance AirAsia’s operations across the Group. Prior to joining AirAsia, he held similar operational roles at other airlines in Europe, the Middle East and Caribbean, acquiring wide-ranging experience in different air transport business models. Patrick holds a Master’s degree in Air Transport Management from Cranfield University in the UK.

FRANCIS LOH  
*Head, Guest Services*

Francis joined AirAsia in 2013. He has over 27 years of experience in various organisations and industries, starting with the Star Publications, then venturing into financial services with corporate organisations such as Citibank, Standard Chartered Bank and Diners Club. He has held senior roles in managing products, growing new businesses, improving processes and managing customer service. Francis is well-equipped to understand, analyse and ultimately bring about positive change in offering great, consistent customer service that will be a differentiator during these competitive times. He holds a BSc in Systems Management from the University of South Alabama, US and an Associate in Business Administration from the Institute of Business Administration, New South Wales, Australia. He has also attended the Said Business School at Oxford University.

LAU KIN CHOY  
*Group Head, Information & Communication Technology*

Lau has been the Group Head of Innovation, Commercial and Technology since 2009. From 2004 to 2008, he was the Regional Head of Information Technology & E-Commerce and prior to that the Chief Information Officer from August 2002. Before joining AirAsia, Lau was IT and Operations Manager at Warner Music Malaysia and then General Manager of WEB Distribution Services Sdn Bhd, a joint venture distribution logistics warehouse between Warner, EMI and BMG Music, until July 2002. His current portfolio includes managing and enhancing the Airline Reservations, Enterprise Productivity and Guest Self-Service systems, Software development and Network and System Infrastructure. Lau was a finalist in Pikom’s 2006 CIO Recognition Award. His vision is to drive an excellent customer experience via technology.

MIMI PHUA  
*Group Head, Corporate Quality and Customer Support*

Mimi has been with AirAsia since 2012 and was appointed as Group Head of Corporate Quality, Customer Support & Innovation in February 2015. During her time with AirAsia, she has launched and managed different types of portfolios ranging from holiday packages, travel insurance, credit cards and social media platforms. In her new role, she will be responsible for spearheading a series of improvements and modifications to improve the quality of customer service with the introduction of innovative projects and initiatives.
FROM LEFT TO RIGHT

S. HAMID BIN MOHD YUSOF
Head, Group Operations - Ramp Services

FARHANA AHMAD FAISAL
Head, Flight Attendant

DEVINDERJIT SINGH INDER SINGH
Group Head, Quality Assurance

JAGAN PERSATH
Group Head, Security

SENIOR MANAGEMENT TEAM
S. HAMID BIN MOHD YUSOF  
**Head, Ground Operations – Ramp Services**

Hamid joined AirAsia as a Manager in the Ramp Department in 2008. In 2013, he assumed his current position as Head of Ground Operations – Ramp Services, responsible for the Group’s ground handling services covering four hubs and 11 stations. It is he who ensures that AirAsia aircraft meet the 25-minute turnaround time. He is an ex-Royal Malaysian Air Force (RMAF) officer with 27 years of experience in air traffic control, secure communications systems and strategic planning. He left the Ministry of Defence in 2007 as a Staff Officer Grade 1 – Information Warfare, ICT Department. Hamid trained at the Royal Military College in Kuala Lumpur; acquired a Diploma in Strategic and Defence Studies from the University of Malaya; and a Diploma in Joint & Combined Warfare from the National Defence University in Norfolk, USA.

DEVINDERJIT SINGH INDER SINGH  
**Group Head, Quality Assurance**

Devin is responsible for continuous improvement and assurance in support of AirAsia’s growth. The objective of the department he heads is to ensure the Company’s internal processes are efficient, effective and adequately controlled. This includes zero tolerance to revenue leakage and process non-compliance. Devin joined AirAsia in 2007 as an Internal Audit Manager and worked directly with the Chief Audit Executive in setting up the Internal Audit Department. He is a Chartered Accountant by profession, and also a certified internal auditor, certified risk management assurance and PRINCE2 practitioner.

FARHANA AHMAD FAISAL  
**Head, Flight Attendant**

As Head of AirAsia’s Flight Attendant Department, Farhana oversees a total of 1,400 flight attendants based in Malaysia. Her primary role is to reach the highest possible standards of professionalism in flight attendant practice. Towards this end, she instils in her team exceptional guest service skills and a performance culture that reinforces the consistent delivery of AirAsia hospitality to achieve maximum passenger satisfaction and safety. Her journey in AirAsia began in 1997 when she joined the airline as a member of its cabin crew. She was promoted as Senior Cabin Crew in 2001 and later ventured into Safety Training based at the AirAsia Academy. She served as a trainer for two years before being promoted to Lead Instructor in 2006. After serving four years in training, she joined AirAsia’s Flight Attendant Department as an Assistant Flight Attendant Manager in 2010. With her exemplary performance, in 2012 she was promoted to lead the department as its Accountable Manager, and in 2013 was appointed to her current role as Head of the Flight Attendant Department.

JAGAN PERSATH  
**Group Head, Security**

Jagan joined AirAsia in May 2007 and is today Group Head of Security, responsible for every aspect of corporate security and emergency response across all the airlines within the AirAsia Group. This is achieved through sound corporate policy and standardisation of security practices, timely advice and effective security performance by the airline and its contractors. Prior to joining AirAsia, Jagan was with Malaysia Airlines Aviation Security from 1978 till 2006, responsible for operations, enforcement, compliance and standards, investigations, prosecutions, 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. The Security Department has also passed all International / National Security Audits conducted on AirAsia. Jagan holds an LLB (Hons) from the UK and is a Barrister with Lincoln’s Inn.
FROM LEFT TO RIGHT

SUWIT SRI SARAKAM
Head of Ramp and Ground Service Equipment

SANTISUK KLONGCHAIYA
Head of Commercial & Ancillary

BANYAT HANSKUL
Head of Engineering

THILADEE PANTUMCHINDA
Head of People

BOVORNVADEP DEVAKULA
Head of Business Development

CAPTAIN SURAPUN PATOOMWAT
Head of Flight Operations
FROM LEFT TO RIGHT
CAPTAIN IMRON FADIL SIREGAR
Director of Flight Operations
CAPTAIN RD. ACHMAD SADIKIN
Director of Safety & Security

PERBOWOARDI
Director of Engineering
ANDY ADRIAN FEBRYANTO
Director of Commercial

INDONESIA
SENIOR MANAGEMENT TEAM
PHILIPPINES
SERNIOR MANAGEMENT TEAM

FROM LEFT TO RIGHT

Captain Saturnino Villanueva
Head of Safety
Director of Flight Operations

Captain Johansen Hernandez
Chief Pilot for Safety

Barbara Sanchez
Head of People

Gerard Peñaflor
Head of Commercial

Jereme Toreja
Head of Engineering

FROM RIGHT TO LEFT

Captain Dexter Comendador
Captain Johansen Hernandez
Barbara Sanchez
Gerard Peñaflor
Jereme Toreja
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Together developing a better future

**Network**

<table>
<thead>
<tr>
<th>Routes</th>
<th>Destinations</th>
<th>Countries</th>
<th>Unique Routes</th>
<th>New Routes in 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>12</td>
<td>4</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>

**Total Passengers Carried**

3.0 million

**Load Factor**

70%

**Total Fleet**

15 A320

**Number of AllStars**

1,000

**Market Share**

10% 6% 8%

Domestic  International  Total

1. As at 31 December 2014: Number of Passengers Carried, Load Factor
2. As at April 2015: Number of AllStars, Network, Total Fleet
3. Source of Market Share: Paxis, based on number of passengers, February 2014 to January 2015
Yap Mun Ching
Head of AirAsia Foundation

Creating greater equity across ASEAN
Yap Mun Ching
Head of AirAsia Foundation
Hiking into mountainous terrain to reach a hill tribe village is all part of the day’s work for Mun Ching. As Executive Director of AirAsia Foundation, she has travelled to some of the most remote locations in Asean to meet marginalised communities. Since it was established in 2012, the Foundation has been supporting the growth of social enterprises in the region through its grant and mentorship programme. Mun Ching’s role is to visit the beneficiaries of the funding, as well as to assess the operations of the social enterprises concerned, before making recommendations to the Foundation’s Council of Trustees. To date, the Foundation has supported nine social enterprises in six Asean countries.
CHAIRMAN’S STATEMENT

DATUK KAMARUDDIN BIN MERANUN
NON-INDEPENDENT EXECUTIVE CHAIRMAN
We started off because we had a dream to democratise the industry. Today, we are making hundreds of millions of other dreams come true.

Dear friends,

Thirteen years – how time flies! I still remember that day in 2001 when Tony, Pahamin, Aziz, Connor and I became the official new owners of AirAsia and saw our first flight take off from Kuala Lumpur to Langkawi. The images are so vivid, and the feeling of elation still so palpable, it certainly does not seem like 13 years ago. This could be because not a day has passed that has not been spent growing our two-aircraft low-cost outfit into what we are today – a truly Asean airline with bases not only in Malaysia, Thailand, Indonesia and the Philippines but also in India and, soon again, Japan, flying an average of 125,000 passengers a day into, across and out of the region we call home.

We literally have gone where none went before – with 35% of our routes establishing air links that had not existed until AirAsia came onto the scene. But what is truly amazing is the speed with which we have done this. With each passing day of this memorable 13-year journey, Tony and I have seen how we are touching the lives of even more people, enabling them to stay connected with friends and loved ones, to personally experience beautiful places they would otherwise only see on television, or pursue their education, grow their business...

We started off because we had a dream to democratise the industry. Today, we are making hundreds of millions of other dreams come true.

And yet, in our 13th year we also experienced what Tony aptly described as “our worst nightmare,” one we would not wish anyone else to experience. The minute Tony and I got news that flight QZ8501 had disappeared 40 minutes after taking off from Surabaya en route to Singapore, we rushed to Indonesia and Singapore to be with our team and, most importantly, the family members of those on the flight. When it became clear the aircraft had crashed into the Java Sea off Borneo, the pain we felt along with the loved ones of the victims was indescribable. Sitting down with family members who showed us pictures of those who were on board was heart-breaking. Each photo carried a lifetime of stories which had suddenly been cut short. Family members of our seven crew would ask: “Did you know her/him?” Even if we didn’t know them personally, they were part of our family. The victims’ families too have become our own family. All of them have direct contact with Tony and I and we often exchange messages up to today.

The support that we got from the rest of our family across the Group was unbelievable. Allstars came from all over in the region, some spending as long as 90 days to be with their Indonesian colleagues. This feeling of togetherness is something I’ve not experienced anywhere else. It’s made me realise how truly special this Company is. We have good and passionate people, a positive working environment, in other words all the necessary ingredients that make us what we are today.

Investigations into the crash are ongoing, and once the full report is ready, we will share this with all our stakeholders. We have been as transparent as we could, providing the families and the public with constant updates on the status of the investigation from day one, and will continue to do so. In the meanwhile, we have continued to tighten our safety and security processes while also setting up a new programme, called GRACE (Government Regulatory and Certification Envoys), through which there will be better information-sharing between safety and technical departments across the Group, as well as between us and regulatory authorities.

Other than QZ8501, which darkened the date 28 December 2014, the year was marked by two other Malaysian airline tragedies and various geopolitical events that together created a lull in the regional travel sector. Yet, by the fourth quarter of the year, practically all our airlines across AirAsia Group recorded strong passenger loads, and increases in revenue as well as operating profits, pointing to the sheer resilience and support of the people of Asean as well as of our operating companies. I feel incredibly proud to belong to a region that has so much determination and drive; and to be part of a Group that is equally tenacious and passionate about keeping our costs down to stay true to the promise we made when we first started out, namely to enable everyone to fly.
chairman's statement

GIVEN OUR PERFORMANCE, THE BOARD OF DIRECTORS IS PLEASED TO RECOMMEND A DIVIDEND OF 3 SEN PER ORDINARY SHARE OF RM0.10 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014.

FINANCIAL RESULTS

Dampered tourism coupled with irrational competition in the first half of the year combined to present an extremely challenging operating environment. In the second half of the year, fortunately, much of the excess capacity that had been accumulating was mopped up as various airlines began to appreciate the folly of pushing down fares beyond feasible limits. In the fourth quarter, AirAsia validated yet again our robust and resilient business model by posting a 16% increase in revenue year-on-year as a result of double-digit growth in average fare and ancillary income per passenger. This allowed the Company to record a 12% year-on-year increase in operating profit in the same quarter.

Despite the tough operating environment, for the whole year of 2014 AirAsia Berhad, the Malaysian operation, recorded a 6% increase in revenue from RM5.11 billion in 2013 to RM5.42 billion. This could not have been achieved without the hard work of our people who stood tall and strong behind the Company throughout. In recognition of their efforts, the Management decided to pay out bonuses to our Allstars. This, along with other costs – in particular a year-on-year increase in depreciation due to more aircraft and a decrease in contribution from our Thai associate due to the political situation in Thailand – contributed to a slight erosion of our operating profit from RM918.2 million in 2013 to RM853.6 million.

Given our performance, the Board of Directors is pleased to recommend a dividend of 3 sen per ordinary share of RM0.10 for the financial year ended 31 December 2014. This satisfies our policy, effective from the financial year ending 31 December 2013, to maintain an annual payout of up to 20% of our net operating profit earnings per share (per the audited financial statements of the Company), provided this will not be detrimental to the Company’s cash flow requirements.

OUR ASEAN STORY

When we first started AirAsia our idea was simple: to run an airline that would literally enable the man on the street, our taxi drivers and stall operators, for example, to experience the many pleasures of flying. Once it became evident that our model worked, and that there was incredible demand for the low-cost services we offered throughout Asean, we naturally grew, first with new hubs in Malaysia, then in the region. After starting Thai AirAsia in 2004, we set up Indonesia AirAsia and subsequently Philippines’ AirAsia. We are Asean not only because we have set up operations in these countries, but mostly because we serve all 10 Asean countries, providing the people of Asean affordable connectivity, changing and improving their standards of living. We are an airline for Asean people served by Asean people.

As our presence in Asean grew, we felt an immense sense of pride as we saw how we were truly changing lives, and livelihoods. Our sky bridges do not just link people but enhance tourism within and into Asean while also helping businesses and SMEs expand regionally. As events post-Typhoon Haiyan in the Philippines demonstrate, further, we also help rebuild lives. Relief efforts continued into 2014 and have helped to truly integrate Philippines’ AirAsia into the hearts and minds of the people of this nation.

In 2014, the second chapter of our Asean story unfolded – with the setting up of the first regional bases of our long-haul sister airline, AirAsia X. On 22 April 2014, Thai AirAsia X was officially born and, two months later, on 17 June, it launched its first flight from Bangkok to Seoul. By year end it had added two more routes to its network, from Bangkok to Tokyo (Narita) and Osaka. These flights are doing extremely well, attaining load factors averaging 85% and an on-time performance of 89%. Indonesia AirAsia X, meanwhile, was established in January 2014. On 5 September 2014, it received its Air Operator’s Certification (AOC) from the Directorate General of Civil Aviation (DGCA) of Indonesia; and on 18 January 2015, it took off with its inaugural flight from Bali to Taipei. Flights to Melbourne, meanwhile, are on the cards.

All the while we have also been planning our third chapter. This is to see the ASEAN Open Skies, also known as the ASEAN Single Aviation Market (ASAM), materialise. In essence, ASAM will facilitate operations of all airlines – low-cost carriers as well as legacy airlines – across the region, bringing down a number of barriers including the right to set up wholly owned operations in any country that’s not their own. ASAM is integral to the ASEAN Economic Community (AEC), and was meant to have been implemented in phases beginning in 2008. However, there has been a general delay in meeting key milestones of this agenda.

We believe that ASAM is critical not only to the success of AEC, but also to the development of a safer and more secure aviation industry in the region more generally. With greater regional control, there can be more effective management of social issues such as human trafficking, and enhanced coordination in ongoing efforts to counter terrorism. For our part, we have been engaging with the relevant national aviation authorities in each of the countries where we have a base to provide input and support on realising the vision of ASAM.
Chairman’s Statement

Although I have focused at great length on our ASEAN story, some key highlights of the year for the AirAsia Group were beyond the boundaries of ASEAN, in the greater Asian region.

Today, as Malaysia has assumed chairmanship of ASEAN, our leaders are in a privileged position to accelerate the momentum of change needed to establish this programme which will ultimately strengthen regional aviation for the betterment of all concerned. We sincerely hope the opportunity for our nation to make our mark in a better and brighter ASEan caucus will not be missed. The country is indeed moving in the right direction with the Malaysian Aviation Commission bill that was recently approved by Parliament, which will see an independent aviation commission being formed towards the end of 2015.

Beyond ASEAN

Although I have focused at great length on our ASEan story, some key highlights of the year for the AirAsia Group were beyond the boundaries of ASEan, in the greater Asian region.

Our operations in India took off with its inaugural flight from Bengaluru to Goa on 12 June. This was followed by the setting up of more routes connecting primarily Tier 2 and Tier 3 cities in the vast subcontinent which, despite the proliferation of low-cost carriers in the country, are still generally underserved. The dynamic team in India, headed by one of the industry’s youngest CEOs, Mittu Chandilya, is doing very well operationally, achieving an on-time performance of 83% and an average passenger load factor of 80%.

Meanwhile, we never gave up on our dream to operate in Japan and, towards the middle of 2014, entered into a Shareholders Agreement with Octave Japan Infrastructure Fund I GK (Octave), Rakuten Inc (Rakuten), Noevir Holdings Co Ltd (Noevir), and Alpen Co Ltd (Alpen) to re-establish operations via an associate airline in this country. We believe that this time around, we have found like-minded partners with whom we will be able to realise our vision to revolutionise the low-cost carrier segment in the country hence meet the needs of Japan’s more than 126 million population.

Going Forward as One

It has been, by any measure, a very tough year for AirAsia, one however that we met head-on with an optimism, spirit of innovation and tenacity that have become our hallmarks. At the same time, more intense and targeted efforts have been made to leverage on potential synergies that can be created by what we have to further increase efficiencies and drive down costs.

Inspired by the incredible solidarity of our Allstars across our associate companies, I have willingly accepted the post of Group CEO of AirAsia X, overseeing our long-haul operations.

My main objective is to bring together the positive energy that exists between the AirAsia and AirAsia X Groups to drive both organisations forward. Although each has a distinct and different focus – AirAsia looking at flights of up to four hours in length and AirAsia X at flights above four hours long – we operate in the same region geographically and our networks are natural feeders for increased passenger traffic. The possession of an extensive short-haul network and a growing long-haul network is something that truly stands AirAsia apart, and is a strength we will be capitalising on in a more strategic manner. With the new AirAsia X team in place, I believe we can weave some magic to create even greater wonder and excitement for our valued guests.

In the end, it is our people that makes AirAsia what we are, and allows us to achieve the many successes that we have. While I could go on about our wonderful team, it is more credible when the proverbial trumpet is blown by third parties. In 2014, a number of our senior management distinguished themselves for their passion and exceptional leadership skills, which were recognised by the industry. Maan Hontiveros, Chair of Philippines’ AirAsia, was named one of the 100 Most Influential Filipina Women in the World (Global FWN100)™ by the Filipina Women’s Network. Aireen Omar, CEO of AirAsia Berhad, won two prominent awards: Outstanding Achievement as a CEO at the inaugural Malaysian Women of Excellence 2014; and the Masterclass Woman CEO of the Year. Our Group CEO, my partner and brother Tony, was recently listed on the 2015 TIME 100, TIME magazine’s annual list of the 100 most influential people in the world. This was just one of a litany of other accolades which are listed in our Awards section.

While we are extremely proud of our exceptional leaders, I would also like to acknowledge the thousands of unsung heroes at AirAsia – our Allstars who go about their daily functions with great dedication and passion, from our ground staff to our flight attendants and pilots, to those working in Air Asia offices across the region. It is because of you that we have been named the World’s Best Low-Cost Airline six years running. On behalf of the Board, “thank you” for your hard work, your sense of fun, your creativity, and the warmth of your service. Every day, you prove to us that you are our real stars, our Allstars, and we feel truly privileged to have you with us.

I would also like to thank the millions of guests who have continued to fly with us, especially during this difficult period in the aviation industry. I cannot express enough how much we value the trust you have placed in us to serve you. This trust has kept us going in the past and, God willing, will continue to spur us to provide you even more safe journeys, to realise more dreams, in the many years to come.
CEO'S REPORT

AIREEN OMAR
CHIEF EXECUTIVE OFFICER & EXECUTIVE DIRECTOR
Many lessons were learnt during the course of the year, of which two stand out in my mind. They are that market forces will eventually prevail; and that, no matter what the circumstances, our unique business model has an inbuilt robustness that will allow us to not just survive but thrive in the toughest of times.

There can be no doubt that the past year was truly difficult for the aviation industry in Malaysia and the region. I will not dwell on the tragedies that unfolded, details of which are well known, except to say that all of us share the sorrow and grief of the families who lost their loved ones. Our hearts go out to you, and you have my pledge that we at AirAsia are committed to doing our utmost to prevent any repeat of such tragic outcomes.

Tinged by trauma as the year was, AirAsia managed to overcome with our customary resolve hurdles posed by other aspects of the regional and global environment: high fuel prices (before the dramatic decline towards the end of the year), weakening regional currencies, political upheavals in Thailand, devastating floods in Malaysia, and the escalation of irrational market competition.

We did so by focusing on our core strengths: keeping costs down (maintaining our status as the lowest-cost airline operator in the world), increasing our revenue, and delivering high-quality service. We introduced more innovations to keep our guests delighted, becoming the first in Malaysia to offer WiFi on board, an achievement significant enough for entry into the Malaysia Book of Records. We created new strategic routes and increased the frequencies of those that are in high demand. At the same time, keeping a keen eye on operational efficiencies, we maintained industry leading on-time performance (OTP) and daily usage levels, which contributed to our winning the A320 Family Best Operational Excellence Award from Airbus in March.

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By the third quarter of the year, the irrational competition we had experienced since 2013 began to abate, leading to a much enhanced fourth quarter performance overall. Our average fare increased 13% year-on-year; ancillary income per passenger saw double digit growth of 31%; revenue increased 16% to RM1.48 billion for the quarter, while our operating profit improved 12% year-on-year to RM226.3 million, allowing us to continue to post a strong EBIT margin of 15%.

Although market rationalisation played a role, behind these figures also lie AirAsia’s strongest asset: our cast of 13,600 Allstars across Asia who proved yet again that with passion, determination and sheer tenacity we have what it takes to beat the odds. The energy with which they go about their daily tasks and their willingness to take on additional responsibilities; their team spirit and the fierce sense of loyalty they have for the Company... are truly amazing.

When we relocated from the Low-Cost Carrier Terminal (LCCT) to our new home at klia2 on 9 May 2014, these qualities really shone through. For weeks beforehand, everyone from our office to ground staff and baggage handlers worked tirelessly round the clock to make sure everything was ready for this massive undertaking. There was a tremendous amount of physical transfer, all of which was carried out smoothly and safely, within a much shorter timeframe than a move of this magnitude would normally take.

Before the day, we organised a trial run – or simulation exercise – in which 1,500 Allstars and their family and friends volunteered to be “guests” checking in for flights. On the launch day itself and for weeks after, 300 Allstars – wearing red T-shirts with the words “Can I help you?” - volunteered full-time to help guests navigate the new airport, which at 257,000 square metres is about five times bigger than LCCT. Hundreds more came part-time before or after their normal working hours to help ensure minimal glitches.

Answering questions, ushering guests in the right direction; distributing information booklets and leaflets; helping with lost items and frazzled nerves… Many worked more than 24 hours non-stop. All of this placed a huge demand on our Allstars, yet they overcame every challenge with unbridled passion and dedication. To each and every individual who contributed to our successful transition, thank you from the bottom of my heart.

With Allstars like you, it’s no wonder that we’ve been voted the World’s Best Low-Cost Carrier not once, not twice... but now six years running!
FINANCIAL PERFORMANCE
A combination of several events, a “perfect storm” as it were of tragedy, geopolitics and natural disasters, saw demand for air travel dip to lows at certain periods in 2014. This impacted our guest numbers which for the whole year increased by a nominal 1% from 21.9 million in 2013 to 22.1 million in Malaysia. However, boosted by a robust 15% increase in ancillary income per guest from RM40 in 2013 to RM46, we saw our unit passenger revenue improve to RM211 as compared to RM204 in 2013; and our total revenue grow 6% from RM5.11 billion to RM5.42 billion. This helped to cushion the impact of a 5% increase in our cost per available seat kilometre (CASK) to US4.02 cents.

Several factors, many beyond our control, increased our costs. These included the increase in depreciation cost as we took in more aircraft in 2014; our move to klia2, which required intensive operational restructuring; Malaysia Airports’ 9% hike in its landing charges; higher dollar-denominated international route charges; and higher staff costs due to an increased headcount as well as the bonus paid out at year end to reward our Allstars for their outstanding performance. These were further compounded by a much lower profit contribution from our associate company, Thai AirAsia, due to the political situation in Thailand which impacted travel demand for most of the year.

In addition, the Ringgit depreciated 7% against the US Dollar year-on-year, leading to substantial forex losses on USD denominated borrowings that are translated at the closing rate of each reporting date. This, however, is just an accounting entry and does not represent the robustness of the Company’s fundamentals.

The outcome of all the above factors was a profit before tax of RM22.7 million and profit after tax of RM82.8 million. More positively, our operating profit, which excludes the effect on the Company’s USD denominated borrowings, was a much healthier RM853.6 million. Considering the very difficult year for the aviation industry, this was only 7% lower than the operating profit recorded in 2013 of RM918.2 million, proving yet again the resilience of the AirAsia business model.

CELEBRATING ASEAN, CONNECTING OUR COMMUNITY
If there were one theme that marked the year 2014, not just for AirAsia Berhad but the entire Group inclusive of our associate airlines, it is a stronger sense of our collectively being an “ASEAN airline.” Today, as a Group, we serve a total of 199 routes connecting ASEAN nations with each other and beyond, effectively bringing the 630 million people of ASEAN closer together, reinforcing a sense of unity and presenting the region as a cohesive force within the global space.

During the year, while the industry itself slowed down, we continued to create new bridges across ASEAN skies, focusing not only on major air travel hubs but going deeper into the hearts of our neighbouring countries to enable more of the underserved to fly. In total, as a Group we added 33 new routes of which 16 came from AirAsia Berhad. Of these, six routes are within Malaysia itself while 10 connect our Malaysian hubs to regional destinations.

We are very excited by Malaysia taking over the Chairmanship of ASEAN in 2015 and celebrated the milestone by unveiling a specially designed livery on 18 March 2015 with icons such as the Hornbill of Sarawak, Pha Tat Luang of Laos and Cambodia’s Angkor Wat representing all 10 ASEAN member states. The logo on the aircraft – “Our People, Our Community, Our Vision, Malaysia 2015” – sums up how we feel about ASEAN, that its people are our people living in a community of shared values, hopes, dreams and destiny.

We are especially excited by the prospects of the ASEAN Single Aviation Market (ASAM) being implemented this year as part of the wider-ranging ASEAN Economic Community. Yes, this will enhance competition, but we remain firm in our belief that our brand, our unparalleled reach and our Allstars place us in the perfect position to maximise the potential of ASEAN “Open Skies.” As our Chairman Datuk Kamarudin Meranun mentions in his Statement, we sincerely hope that our government leaders, under Malaysia’s Chairmanship of ASEAN in 2015, can ensure that the 10 member states deliver fully on the Open Skies blueprint. An integrated, liberalised, fair and competitive aviation sector is vital to realise the aspiration of a progressive and prosperous ASEAN for the 630 million of us who call this region our home.

We are truly an ASEAN airline not only because of the links we have created within the region, but also because of the cultural mindset that pervades the organisation. In every AirAsia office, not just in Malaysia but also our associate airlines, there is a good representation of the various ASEAN nationalities so much so that individual citizenships are blurred, overshadowed by a common sense of belonging to the region. We believe that if such an “ASEAN identity” could be encouraged, it would go a long way towards the eventual success of the ASEAN Economic Community. To promote this unity, we have developed our own AirAsia ASEAN Pass, a credit-based currency-agnostic system that allows travellers to use pre-purchased credits for flights to over 137 routes throughout the region.

SAFETY IN THE REGION
A significant part of promoting greater travel within and into ASEAN is to enhance safety and security along the entire value chain. This is an area we take extremely seriously, as it is crucial to the sustainability of our business. As stated in our Safety Commitment, safety excellence is integral to our day-to-day operations and forms the very core of all our operations. As an example of the highest priority we place on safety, before moving into klia2, we lobbied for the International Civil Aviation Organization (ICAO) to further evaluate its safety parameters.

Leveraging on the opportunity to implement best practices as we settled into our new home, we became the first airline in the world to pilot INTERPOL’s I-Checkit System, screening the passports of all prospective passengers against the world police body’s Stolen and Lost Travel Documents (SLTD) base. Within five months, we had screened nearly six million passports as guests checked in for their flights, and obtained 55 positive matches. After further examination by immigration authorities at the airports, 18 of those passengers were not allowed to board their flights. This system has since been deployed at all our international operations, covering 100 airports across Asia and 600 flights a day to more than 20 countries.
We also set up our own regional safety committee called GRACE, which stands for Government Regulatory and Certification Envoy, made up of technical and safety personnel across all airlines in the Group for enhanced knowledge-sharing within our affiliates, as well as between AirAsia and regulatory authorities.

EXPONENTIAL GROWTH
It is an indisputable fact that AirAsia’s exponential growth was the crucial factor in the decision to construct klia2. Initially designed to cater for 10 million passengers a year, within three years of operations – in 2009 – there was already a need for the country’s first low-cost carrier terminal to be expanded to cater to 15 million passengers. But even that was not sufficient. In 2013, we flew a total of 21.9 million guests, a number far exceeding LCCT’s capacity. To say that the airport was congested would be a huge understatement, considering that other low-cost carriers were also operating out of this base. That we outgrew LCCT in just eight years goes to show how fast AirAsia has expanded.

ADDING TO OUR ANCILLARY
In 2014 the Group focused on building our Fly-Thru connections. We opened up new city pairings, connecting flights from Australia, China, Japan, Nepal, Saudi Arabia, South Korea, Sri Lanka and Taiwan to various destinations in Malaysia, Indonesia, Cambodia, Thailand, Vietnam, India, Brunei and Macau. This led the Group to record a 90% increase year-on-year in the number of Fly-Thru guests at 1.5 million, of whom 90% made their connections in Kuala Lumpur.

We also continued to build on our existing ancillary products while introducing new services, a number of which were “home-grown.” The earlier mentioned WiFi service, called roKKi Chats, garnered not only much attention but also a high uptake level. Within two weeks of it being launched, 400 tokens – costing RM8 each and enabling 3MB of data usage on WeChat, WhatsApp and LINE – were sold. To be able to offer this service at an affordable rate to our guests, we worked on this pioneering product with a member of the Tune Group, Tune Box Avionics. roKKi Chats is just the beginning, there are more innovations in store for our WiFi platform. Among others, our guests will be able to send and receive emails on board as well as download content and stream videos for an even better AirAsia experience.

We also have plans to further drive our Duty Free business via WiFi, giving our guests the avenue to shop online while flying. Adding to online in-flight shopping, we will be launching our Duty Free website soon, through which guests can order online even before they fly with us. These are just some of the building blocks being put in place as we work towards becoming what Group CEO Tony describes as “the mall in the sky.”

To support the e-payment requirements of our online Duty Free mall, and to further enhance the card for our loyalty programme, BIG, we have developed our own prepaid card in collaboration with another Tune Group company, Tune Money Sdn Bhd. The BIG Prepaid Visa/MasterCard lets BIG Members earn BIG Points just by spending with it. Following our acquisition of a 40% stake in Tune Money on 27 January 2015, we have
been developing the current BIG Prepaid card and driving two new products – AirAsia EZPay Virtual, a virtual hybrid prepaid card, as well as AirAsia EZPay Passport, a multi-currency FX hybrid prepaid card in physical form.

Another self-developed product was Redbox, a courier service that leverages on our extensive network. Catering specifically to SMEs and online businesses, Redbox offers the whole range of courier-related services at half the price of traditional service providers. We currently offer this value-add service in Malaysia, Singapore, Indonesia, Thailand, the Philippines, Vietnam, Taiwan and Nepal, and hope to extend it to 13 other markets including Bangladesh, Hong Kong, China, India, Australia and Japan in the near future.

Targeting business travellers, meanwhile, we launched Premium Flex, which enables our corporate flyers to change their flight up to two times at no cost among other perks including 20kg baggage allowance, Xpress boarding and Xpress baggage.

Among our existing ancillary products, we continued to build on the range of in-flight dishes offered and added some interesting Asean-inspired value combo meals as well as children's meals.

**FURTHER MONETISATION OF OUR VENTURES**

Over our 13-year journey, AirAsia has been building what we call our adjacency businesses, namely joint ventures with third parties that allow us and our partners to leverage on each other's unique strengths and resources to create mutually beneficial synergies. Today, we have begun the process of divesting some of these businesses to capitalise on the returns we stand to earn. In particular, on 16 February 2015 we scaled down our equity in AAE Travel Pte Ltd from 50% to 25%. The fact that the joint venture became highly profitable within a relatively short timespan of four years speaks volumes of the synergies catalysed by combining the world’s largest online travel agency (Expedia) with the world’s best low-cost carrier.

The same kind of multiplier effect has been seen in our other adjacency businesses, namely Think BIG Digital, which runs our BIG loyalty programme; and the Asian Aviation Centre of Excellence (AACE), a world-class aviation training centre developed jointly with leading Canada-based aviation simulation training provider, CAE Inc.

As a result of merging our database with that of the BIG programme, its membership more than tripled to 12.9 million in 2014. With a number of strategic manoeuvres being planned, including the new prepaid cards under Tune Money, this number will continue to increase.

AACE, meanwhile, continues to attract more trainee pilots from the region while also serving the training needs of flight attendants and ground staff of airlines within the Group and third parties. As demand for pilots and other personnel picks up along with a generally more positive industry outlook, the growth potential of this adjacency business is also looking bright.

A milestone for us in 2014 was the incorporation on 26 September of Asia Aviation Capital (AAC), an aircraft leasing house 100% owned by AirAsia Berhad. This new Labuan-based leasing entity will focus on managing all the aircraft that are being leased out to associate airlines by AirAsia Berhad. Separating the leasing business into a different entity run by a dedicated team with expertise in this niche sector provides us with a number of benefits including more efficient tax management, improved fleet management with reduced residual value risk and business risk. Moreover, leasing companies enjoy higher valuation multiples which would reflect on the true value of our assets. The plan is also to bring in external equity investors allowing us to lighten our balance sheet to make other investments.

**OUTLOOK**

After a gruelling year that tested the staying power of all regional airlines, we are ready for what promises to be a generally more conducive environment in 2015. We will be one of the main beneficiaries of lower fuel prices as fuel alone accounts for about 50% of our total costs. Taking advantage of this, the Group has hedged on average 50% of our jet fuel requirement for the year 2015 which is more than we have done in the past.

We are also anticipating a more favourable market in Malaysia in 2015 as one of our main competitors goes through a major restructuring. Meanwhile other players, AirAsia included, are managing our capacity better and more strategically. Other than to ensure that we operate and maintain a young and efficient fleet, part of our capacity management strategy is also to defer the delivery of a number of new A320 CEO aircraft from Airbus. This will not only provide us a window to consolidate our routes and operations but will also enable us to enhance the fuel-efficiency of our fleet by welcoming in 2016 the new Airbus NEO aircraft that are 16% more fuel efficient than the CEO aircraft that we were originally meant to receive in 2015.

Our focus is also to develop secondary hubs here in Malaysia. We have been, and will continue to engage with the relevant authorities to help us build international connectivity into these hubs by providing lower airport charges which would further
boost traffic into the country. This would not only increase the number of tourists into the secondary hubs but also create jobs and spur the local economy.

As always, in 2015 we will continue to further grow our ancillary business. Although 2014 was remarkable for the number of new products and services launched, our team has been working diligently and creatively to crank up our portfolio with even more innovative additions that guests will find hard to resist. To supplement the attractive offerings, we have implemented a new system, Dotrez, which promises to increase the speed of transactions on our website up to four times hence improve our booking flow and stimulate a greater stream of sales through higher conversion. Our target is to reach an ancillary spend per guest of RM50. Having achieved RM46 per guest in 2014, this goal is now well within our reach.

Overall, in line with the Group’s general strategy, our focus in 2015 is to provide more innovative offerings and keep our operations lean as we continue to connect more dots across Asean and beyond. With the dawn of the ASEAN Economic Community, we are hopeful of some positive changes in relation to ASAM which would not only promote our quest to enable more Asians to fly, but will also enhance aviation safety hence the ability to fly with a greater sense of security.

We accomplished a great deal that we can be proud of in 2014 amid a very challenging industry landscape. Yet, never one to let up on the momentum of growth, we have set ourselves even more to do in 2015. Although we have reason to believe external forces will be kinder, our confidence going forward is fuelled much more by internal reasons. We have what has proven time and again to be a very robust business model. And we have a stellar team of Allstars who continue to stand AirAsia apart. To this wonderful team, I would like to express my heartfelt gratitude – thank you for keeping the AirAsia flag flying high. This Report would not be complete if I did not also acknowledge my gurus – Tan Sri Dr. Tony Fernandes and Datuk Kamarudin. Thank you for always being there for us, for mentoring us and for creating this dream airline – not just for us, but for the people of Asean.
MOVE
THANKING ALLSTARS
FOR LENDING A HELPING HAND
9 May 2014
Move date
From LCCT to KLIA2

More than 1,500 Allstars, family and friends volunteers

More than 300 Full-time volunteers
How can I help?

We produced t-shirts to make it easy for people to identify our volunteers.

4 main duties:
- Ushering
- Crowd control
- Queue management
- Information distribution

On launch day.
Oriental Sky Aviation Service Co., Ltd.
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The makings of a great airline ingredients include...

**AirAsia India**

Off to a flying start

**Total Passengers Carried**

0.35 million

**Load Factor**

80%

**Total Fleet**

4 A320

**Network**

- **Routes**: 7
- **Destinations**: 6
- **Countries**: 1
- **Unique Routes**: 1

**Number of AllStars**

540

**Market Share**

- Domestic: 1%
- International: 2%
- Total: 1%

1. As at 31 December 2014: Number of Passengers Carried, Load Factor
2. As at April 2015: Number of AllStars, Network, Total Fleet
3. Source of Market Share: PAXIS, Based on Number of Passengers, February 2014 to January 2015
Safina Alfian
IAA - People Development Executive,
Ground Operations Department

BRINGING TOGETHER
our Asean Allstars
Safina is a natural “people connector”. Wherever you find a group of disparate individuals from different backgrounds speaking different languages, you can rely on her to find commonalities to bring everyone together. This uncommon talent has been put to good use since Safina joined AirAsia in April 2008. Starting off as an instructor for Allstars across the Group based in Malaysia, since 2013 she has been stationed in Jakarta as a People Development Executive in the Ground Operations Department. Her role involves instilling the AirAsia culture in Allstars, sharing each other’s cultural backgrounds and enhancing a sense of unity. Among her achievements has been to develop a “Together We Achieve the Impossible” teambuilding session for the company.

“If you never try you will never know. And you don’t want to reach 50 years old and say, I should have done that …”

- Anonymous

Sometimes our mind is weakened by our “excess baggage” that makes us afraid of doing something, but it’s better to try and fail rather than not to try at all. If it doesn’t get me fired or doesn’t get me into trouble with authorities and my family, why not give it a try?
GROWING FROM STRENGTH TO STRENGTH

The way Thailand bounced back from a rocky political start to the year, ending 2014 with phenomenal growth in tourism, was amazing. Equally amazing was the performance of our associate in this country, which made the most of its strong branding to increase its capacity, expand its route network and, with some clever marketing, fly even more guests to and within the Land of Smiles.

Sticking to plans, our affiliate took on five new aircraft to end the year with a fleet of 40 Airbus A320. With a 21% increase in capacity, it added seven new routes to its network which now comprises 51 sky bridges from its four hubs to as far north as Xi’an in China, Bali in the south, and Chennai to the west. Most importantly, it made the travel dreams of even more Thais and their visitors come true. On top of posting a strong load factor of 80% in 2014, Thai AirAsia flew more than 12.2 million guests, up a significant 16% from its landmark 10.5 million guests in 2013. This allowed them to sustain their position as the number one low-cost carrier in the country.

Several factors come into play in Thai AirAsia’s continuing saga of success, but key among these is the team’s focus on strategic route expansion. Over the last few years, our affiliate has been expanding its network of hubs in order to be able to cover a broader range of travel destinations – both within Thailand and in the region. In 2013, it reopened its Chiang Mai hub in a move that was extremely timely, catering to the influx of tourists from China who were keen to trace the filming spots of the blockbuster film, Lost in Thailand, most of which took place in this northern hill resort. Soon after, in 2014, a fourth hub was opened – in Krabi – enabling sun, sand and sea worshippers from Asean and beyond to fly directly to this stunning beach paradise.

Once again catering to tourists from China – who make up the largest national contingent of inbound tourists to Thailand – new routes were created linking Krabi with Guangzhou in southern China; Bangkok with Changsa, the capital of Hunan Province; and Chiang Mai with Hangzhou, capital of Zhejiang province in eastern China. This focus on China proved fruitful, contributing to a 19% increase in tourists from the country, which is all the more impressive given that China’s economy grew at its slowest pace in 24 years in 2014.

Making the most of this tourism goldmine, all of Thai AirAsia’s hubs are exploring the best routes to launch in order to create better links to serve China.

Of course, local travel and travel to other regional markets were not ignored. New routes were also launched to link Bangkok with Sakon Nakhon, a cultural centre in the north-east of the country; Phuket with Kuala Lumpur; and Chiang Mai with Hong Kong as well as Surat Thani, on the western shores of the Gulf of Thailand.

While offering an ever-increasing web of routes to satisfy the needs and desires of domestic as well as international travellers, Thai AirAsia has also been maintaining a high level of operational efficiency, resulting in very impressive performance. During the year, our affiliate marketed itself under a new brand proposition of “Truly Low Fares, Trusted Quality”, supporting this with the lowest priced tickets while maintaining a high on-time performance (OTP) of 91% and further enhancing its guest and quality service.
Continuing with efforts to increase its accessibility, in March 2014, Thai AirAsia launched into a partnership with 7-Eleven to allow for ticket payment at their stores nationwide, making it the first airline in the country to offer international flights at convenience stores.

It also extended its Fly-Thru service at Don Mueang Airport to connect more flights, including those on Thai AirAsia X, AirAsia X’s first regional affiliate and the first low-cost long-haul airline to be established in the country. Launched on 22 April 2014, Thai AirAsia X currently offers flights from Don Mueang Airport to Seoul, Korea as well as Narita, Tokyo and Kansai International Airport in Osaka. In the pipeline are more routes between Bangkok and Asia-Pacific, which will provide greater connectivity for Thais travelling overseas as well as international visitors flying into Thailand, served by both the long-haul and short-haul operations.

In addition to launching routes, the airline also introduced Sky Ticket services, enabling passengers to purchase bus, train and attraction tickets on board. For the first time in its 10-year history, too, Thai AirAsia introduced a flight and transfer service from Don Mueang to the island of Koh Tao; and city transfer service for passengers landing in Nakhon Phanom Airport to board a shuttle van and drive for just a little over an hour to arrive at the Indochinese market of Mukdahan.

While providing value-add service to guests keen on visiting these popular tourist spots, these packages also boosted the airline’s passenger numbers, which increased by 16% during the year amid a tough operating environment due to political upheavals faced in the country. This, in turn, contributed to an 8% increase in total revenue from Baht 23.49 billion in 2013 to Baht 25.36 billion in 2014.

The flight-shuttle service is integral to Thai AirAsia’s commitment to growing regional as well as global tourism to the country. Beginning in 2014, our associate has been collaborating with the Tourism Authority of Thailand (TAT) on various integrated marketing efforts and campaigns. This working relationship stands to deliver more results in 2015 along with a natural recovery in tourist numbers as the political environment stabilises, further complemented by TAT’s Discover Thainess campaign.
In support of the campaign, Thai AirAsia is offering special Discover Thainess fares from as low as Baht 590 for domestic destinations and Baht 1,190 for international flights. It is also going to paint its newest Airbus A320 aircraft in the image of the royal barge Supannahong, which has been chosen as the logo of Discover Thainess, while decorating the interior of the plane with images of “12 Hidden Gems”, namely the provinces of Lampang, Phetchabun, Nan, Buriram, Loei, Samut Songkhram, Ratchaburi, Trat, Chanthaburi, Trang, Chumphon and Nakhon Si Thammarat, which are being promoted.

The year 2015 promises to be very exciting for our associate as the tourism industry picks up again and more visitors come to The Land of Smiles to Discover Thainess. With five new aircraft waiting to be delivered during the year, Thai AirAsia will be able to cater to the expected increase in demand by offering new routes and increased frequencies to popular destinations. As our associate also intensifies its investments into innovation and technology, both local and international guests can expect to be completely charmed not only by Thailand’s warmth and hospitality but also by Thai AirAsia’s commitment to ensuring they have the best possible experience as they journey through this amazing country.
It was a year of mixed blessings for Indonesia AirAsia. Throughout the 12 months, hit by a weakening Rupiah, the team worked conscientiously to build the airline’s fundamentals, consolidating its network and increasing general efficiencies, leading to some very positive results. Its fourth quarter performance, especially, was very promising, with an operating profit of IDR23.39 billion marking an impressive turnaround from the operating loss of IDR369.09 billion in the same period in 2013. Then, on 28 December, flight QZ8501 crashed into the Java Sea en route from Surabaya to Singapore.

Words cannot describe the emotional trauma among our colleagues. Yet they did everything humanly possible to comfort the family and friends of guests on the flight as they themselves dealt with the pain of having lost fellow Allstars who were much more than work mates or even friends, but members of a close-knit AirAsia family. What was truly heartening was the way the rest of the AirAsia family responded to our Indonesian associate in its moment of need. Not only did our Chairman and Group CEO rush to Surabaya to be with our team, but Allstars from across the region rallied together in a show of solidarity that brought our Group even closer than ever before.

Solidarity has been driving AirAsia and our associate airlines forward all these years, overcoming all manner of adversity. It is with strong teamwork that the still relatively small Indonesia AirAsia, with only 29 aircraft, has conquered the lion’s share of the international market, contributing significantly to the country’s booming tourism sector which, according to the National Statistics Department, was worth USD10.69 billion making up 4.01% of the Gross National Product (GDP).

It is also with teamwork that Indonesia continues to overcome all challenges that face the airline industry to provide its guests world-class service, winning our associate numerous awards. Just in 2014, it was named Indonesia’s Leading Low Cost Carrier by The Indonesia Travel and Tourism Award (ITTA) Foundation; and Domestic Airline of The Year 2013 by Roy Morgan Research. It also won the Best Service On Board and Best Ground Handling Services by Carre Center for Customer Satisfaction and Loyalty (Carre CCSL); and Best Airline Mobile Application by FORSEL magazine’s Air Force Apps Awards.

All this in a tough operating environment that saw three other airlines cease operations between 2013 and 2014 speaks volumes for Indonesia AirAsia, and particularly its team.

Indonesia, along with the rest of the region, has been facing irrational competition. Exacerbated by a weak Rupiah, and hence increased fuel and maintenance costs, pressure on local airlines has been intense. While others have exited the market, however, Indonesia AirAsia has been able to brave this rough patch to emerge leaner and stronger. Its advantage is simple: its team of Allstars and AirAsia’s proven business model.

Building on our low-cost model of high usage and turnaround time, among others, the airline has steadily connected different parts of the vast Indonesian archipelago with each other while also linking the country with its Asean neighbours as well as Australia. For both the domestic as well as international travel sectors, it has served existing demand while creating new demand.

Domestically, air travel in Indonesia has a distinct advantage over other means of transport given the country’s vast expanse – its 7,000 islands stretch over 5,000km eastward from Sabang in northern Sumatra to Merauke in Irian Jaya – making land connections impossible. In the past, air travel was just as inconceivable. But with the affordable flights that Indonesia AirAsia introduced beginning in 2004, all of this changed. Flying has become a real option for many. And as the earning capacity of Indonesians increase along with the country’s steadily growing economy – which expanded by 5.02% in 2014 – even more Indonesians will be choosing this mode of travel over others for its speed, convenience and the sheer thrill of flying.

International tourism into Indonesia, meanwhile, has always been high. With its rich culture and history as well as natural beauty, Indonesia is a veritable tourist magnet. Despite political volatilities in the country in 2014, the National Statistics...
Department reported a 7.29% year-on-year increase in international tourist arrivals from January to November, from 7.94 million in 2013 to 8.52 million. Of particular note, a large number of the tourists entering Indonesia are choosing to do so on low-cost carriers. And highest on their list is Indonesia AirAsia, which has cornered no less than 26% of the international market. Its unique competitive edge lies in the feeder traffic coming from AirAsia Group’s extensive network. Unlike other local airlines, it is able to connect guests from all over Asia flying on other AirAsia flights onto its own routes entering the country.

ROUTE RATIONALISATION

In a strategic response to widespread over-capacity, in 2014 Indonesia AirAsia expended much energy on rationalising its route network. It terminated its loss-making sectors while increasing flight frequencies to popular destinations and initiating new routes with strong growth potential.

That the strategy has been effective can be seen in the numbers. Indonesia AirAsia’s load factor has increased from 76% in 2013 to 78%, while its average fare has improved by 10% from IDR 591,497 to IDR 651,189. At the same time, our associate has continued to push its ancillary services, and particularly the Fly-Thru facility which was introduced for the first time in the country at Soekarno-Hatta International Airport in Jakarta in September, and Ngurah Rai International Airport in Bali in November 2014. Aided by a 7% growth in its ancillary income per guest from IDR 147,274 to IDR 157,729, Indonesia AirAsia’s total revenue per guest rose 9% from IDR 738,771 to IDR 808,918.

Focus on operational efficiencies, meanwhile, led to an eight percentage point improvement in on-time performance year-on-year to 79%.

Over and above these operational initiatives, the airline continued to build its brand by getting closer to the people. Every significant corporate development was highlighted via integrated public relations campaigns. So when the airline took on board its first female pilot, the event was celebrated with the public, as was the appointment of Sunu Widyatmoko as the company’s new CEO in July. Our associate also got its guests to share their personal stories via a blog competition: “How AirAsia has changed your lives” which generated over 700 entries. For more customised communication with guests on board, it launched its own edition of our in-flight magazine, travel 3Sixty, with more localised content in Bahasa Indonesia.

All the while, it did not forget our most basic credo, namely to enable more people to fly. With its Make It Real campaign, it got Indonesians to think about their holiday dreams and, for its part, helped to turn these into reality. Then, there were the free ticket offers. Following on the huge success of the AirAsia Carnival that was held for the first time, twice, in 2013, the mega event was repeated again in April and October 2014, putting up for grabs thousands of free seats. Prior to these, in February, the annual Free Seats Campaign was held.

At the same time, the team continued to cater to guests’ convenience while enhancing their experience in other ways too. In January 2014 it introduced a new payment channel at Indomaret convenience stores, the largest chain of its kind in the country. Facilitating transport, it launched a transfer service from Soekarno-Hatta International Airport to the city. It also moved its Surabaya operations from Terminal 1 at the Juanda International Airport to the more spacious brand-new Terminal 2. As with the Jakarta airport, guests here get to enjoy convenient transport into the city, via the DAMRI shuttle.

Loyalty programme members were also tended to. Partnering CIMB Niaga, Indonesia AirAsia launched a co-branded credit card which allows BIG Members to earn points at various retail merchants for eventual conversion into free tickets.

As a result of its route rationalisation exercise, guest engagement and marketing efforts, Indonesia AirAsia increased its full-year revenue by 9% to IDR 6.34 trillion. Although it still netted a loss, of IDR 856.33 billion for the full year, it was on the right track of turning around as the second half of the year saw a much better performance year-on-year.

It has been another tough year for Indonesia AirAsia, but the team’s capacity management and route rationalisation are moves in the right direction. Operating in one of the most populated countries in the world, demand for travel into and within Indonesia will continue to increase. With a right-sized fleet, rationalised market and support from the Group, Indonesia AirAsia stands in a good position to grow both its network and hence the business in a more measured and profitable manner.

The launch of our long-haul associate Indonesia AirAsia Extra at year end is timely as it will enable Indonesia AirAsia’s guests to connect onto its routes and vice versa to reach a wider network of destinations. This will serve to boost guest numbers on Indonesia AirAsia flights while also feeding guests into its long-haul sister’s routes.

As this annual report is being written, it has been three-and-a-half months since the devastating QZ8501 tragedy. In this time, our associate saw an initial slight drop in demand which has since reversed. We feel blessed by this remarkable recovery which speaks volumes of the resilience of our Allstars in Indonesia, and of the trust it has built over the years among its guests and travellers more generally. Trust of this magnitude is priceless, and every effort is being made at the Group and associate level to validate it.

Working together as a team, we will continue to do all that we can to enable everyone to fly, safely.
When Manny “Pacman” Pacquiao defeated Chris Algieri in November to retain his welterweight world title, the whole of the Philippines rejoiced in the stunning victory. Philippines’ AirAsia was equally thrilled. Just a couple of weeks earlier it had literally raised the national sporting icon to the skies with the launch of a Pacman aircraft livery, in conjunction with becoming the official airline of team Pacquiao.

This public support of a local hero in some ways reflects Philippines’ AirAsia’s own, though much quieter, contributions to the nation. Right from the start, the airline has served the underserved, helping to develop areas outside of the capital Manila thus contributing to local economies. When Typhoon Haiyan broke on the scene, it was one of the first airlines to rush in with relief aid, followed by support of rehabilitation efforts.

Indeed, since setting up in 2012, our associate has transformed from a fledgling newbie into a home-town hero. From only two Airbus A320 aircraft serving two domestic routes, it now has 15 aircraft plying 16 domestic and international routes – presenting itself as a real force to be reckoned with in the local aviation sector as it delivers even more wins for the Filipino people. A turning point was the acquisition in March 2013 of 49% equity in Zest Airways Inc (Zest Air) which greatly expanded our associate’s network and fleet. The acquisition came to real fruition in 2014, when Philippines’ AirAsia received approval from the Philippine Congress and Senate to fully consolidate Zest Air into its operations. It made other home runs too in 2014. Its Chairman Maan Hontiveros was named by the Filipina Women’s Network (FWN) as one of the 100 Most Influential Filipina Women in the World (Global FWN100)™. And the market went crazy during the Super Hero sale, snapping up almost every ticket that was on offer. In between, our affiliate expanded its network by setting up a new hub in Cebu, in central Philippines.

Supporting these wins were many behind-the-scenes actions and strategic activities that served to improve operational efficiencies in the airline, leading to a seven percentage point increase in passenger load from 63% to 70%, a 20% reduction in cost per available seat kilometre (CASK), and a significantly improved on-time performance (OTP) to average 79.2% for the year, with OTP in the month of October reaching a record high of 90.6%.

Having spent the year 2013 consolidating its routes post-acquisition of Zest Air, in 2014 our affiliate was able to concentrate its energies on putting in place the required systems and processes to bring its level of service up to speed with other AirAsia airlines. This saw the introduction of self check-in kiosks in the airports serving Philippines’ AirAsia and also the mobile apps for guests to book and manage their flights.

Going the extra mile for guests, Philippines’ AirAsia also introduced affordable and convenient island ferry services to the beautiful islands of Boracay and Palawan. Beginning in February, our affiliate began to offer exclusive land and ferry transfers for guests arriving at Kalibo International Airport directly to their hotels. This makes the entire journey from the airport extremely pleasant and hassle-free, a real boon for those emerging from hours of flying. Kalibo, one of Philippines’ AirAsia’s hubs, is a major stronghold for our affiliate which offers by far the most international flights to and from Kalibo International Airport.

In December, a similar arrangement was initiated for guests arriving in Puerto Princesa for onward journeys to the Palawan isles of El Nido and Sabang.
These new services are just some of the positive outcomes of putting together a Passenger Service Satisfaction Performance Team, which meets every week to discuss and dissect guest feedback from the various interaction channels and provide immediate and effective solutions to issues raised.

Other than the new services offered, Philippines’ AirAsia is ensuring that it caters to the lifestyle and needs of all segments of the population. Accordingly, in April it signed a partnership with Robinsons Department Store, one of the largest mall chains in the country, to enable guests to make cash payments for their flights and other AirAsia purchases at the department stores’ counters. The easy accessibility and convenience of being able to pay at any one of 40 Robinsons branches nationwide has been much appreciated. And, as not all Filipinos have credit cards, the ability to pay at these counters with cash is another huge plus point.
Efforts such as this go a long way towards enhancing Philippines’ AirAsia’s market reputation. As a measure of its growing popularity, on 9 December our associate AirAsia celebrated one million likes from its Facebook fans around the world.

Of course, to attract more guests, the airline has to cater to more popular routes. Towards this end, in mid-October, Philippines’ AirAsia opened its fourth hub in Cebu, enabling greater access to the oldest city in the Philippines which is also one of the country’s top tourist destinations. Being centrally located, this hub makes it easier for Filipinos from central and southern Philippines to access AirAsia Group’s extensive network of destinations without having to travel to Manila in the north. It further underlines AirAsia’s commitment to spurring more inclusive development in Asean, building economies outside of the region’s capitals.

With its new hub, Philippines’ AirAsia kicked off twice daily flights from Cebu to Davao, another popular tourism destination, as well as to Cagayan de Oro City. It also added flights between Manila and Cebu. Creating greater links with Asean, the Philippines’ trading ground from the early days which supplied a sizeable number of Malay settlers – it announced the return of the Cebu-Kota Kinabalu route. In addition, it developed marketing strategies and forged new partnerships to increase demand for the existing Cebu-Kuala Lumpur and Cebu-Incheon (Seoul) routes.

The setting up of Cebu as a hub has come at an opportune time as the Mactan Cebu International Airport is undergoing major rehabilitation and expansion, following which it will be able to comfortably accommodate the surge in numbers from AirAsia flights.

Meanwhile, at its Manila hub – NAIA – Philippines’ AirAsia is creating a more even distribution of operations between Terminal 3 and Terminal 4 for greater guest comfort and convenience.

While building its network, the airline is also strengthening its strategic collaborations as well as its image as a sociable and innovative brand. In 2014, a significant move in this direction was to tie up with Solaire Casino and Resort to jointly promote tourism. In July, Solaire became the first consumer brand in the country to fully wrap a commercial airline by being featured on the livery of one of Philippines’ AirAsia’s aircraft. In effect, this marks the beginning of a new source of ancillary income, from livery advertising.

Going forward, the young and energised team is intent on further capitalising on network optimisation and aircraft utilisation to create greater efficiencies while also offering more service innovations to add to guests’ convenience. In terms of growth, within the domestic sphere it will focus on expanding its route network from the new Cebu hub while increasing flight frequencies to the ever popular holiday destination of Kalibo. Among its international destinations, the airline will look to develop the Korea market, which supplies no less than a million tourists to the Philippines a year, making up the largest national tourist arrivals.

There is much potential to further develop the international segment in tandem with the country’s economic resurgence. In 2014, the Philippines was the second fastest growing market in Asia, after China, recording a gross domestic product (GDP) growth of 6.1%. Promoting the tourism sector to fuel further expansion, the Government has embarked on a Visit Philippines 2015 campaign, with the slogan: “It’s more fun in the Philippines”.

Given AirAsia’s personality, what better airline to ride on to live this promise?
AN INCREDIBLE START

On the morning of 22 March 2014, a bright red brand-new Airbus A320 landed at Madras International Airport from Airbus’ final assembly line headquartered in Toulouse, France. As its wheels touched down, a water cannon salute was released. It was indeed a historic moment, not just for AirAsia India which had just received its first aircraft, but also for the country. The moment marked the beginning of even closer Indo-Asean ties.

India has enjoyed close links with Asean from time immemorial, since even before Christianity, as evidenced by architectural relics left till today in the form of Angkor Wat in Cambodia and Borobudur in Indonesia, among others. These were strengthened in the 18th and 19th centuries, when large numbers of Indians served the British in its colonies, or left on their own accord in pursuit of greener pastures.

However it was only with the setting up of ASEAN that India adopted a formal Look East policy to strengthen its ties with the region. In 1992, it became a sectoral dialogue partner of the grouping, and in 1996, a full dialogue partner. Today, under its new government, India has evolved this Look East policy into an Act East policy through which it intends to further strengthen economic, industrial and trade relations between India and Asean in particular and East Asia more generally. The launch of AirAsia India has just lent that ambition greater fillip.

As part of the AirAsia Group, our associate in India now has a ready-made network of flights it can access across Asean as well as Asia. These connections are welcome not only among the large business community but the even larger general population that has multiple ties across Asean as a result of the Indian diaspora.

In February 2013, AirAsia signed a partnership with Tata Sons and TelestraTradeplace to set up a low-cost airline in India, with the former holding 30% and the latter 21% equity in the tripartite venture, leaving AirAsia with the giant share of 49%. In September that year, the venture obtained a No Objection Certificate (NOC) from the Foreign Investment Promotion Board (FIPB) of India. From then on, it’s been all systems go to get the venture off the ground. The final approval – of an Air Operating Permit (AOP) by the Directorate General of Civil Aviation, Government of India – came on 8 May 2014. With this, our associate was officially granted permission to operate in the country.
Although the low-cost carrier market has been growing rapidly in India from the year 2003 to corner more than 60% of domestic travel today, AirAsia India is set to distinguish itself by replicating the unique AirAsia business model – of high aircraft utilisation, fast turnaround time, strong focus on innovation and unbeatable service – while setting up routes that are currently underserved or that are not served at all.

The fact is, despite rapid growth of the aviation sector in general, there is still huge demand for air travel in the second most populous nation in the world. Already, about 150 million domestic and international travellers pass through Indian airports, contributing to close to 1.7 million high-productivity jobs and 0.5% of national gross domestic product (GDP). Yet, with 1.3 billion people spread across a land mass spanning 3,214 kilometres from north to south and 2,933 kilometres from east to west at its broadest point, there is still much potential for growth. According to Euromonitor International, from 2013 to 2018 domestic travel in India will increase by a compound annual growth rate (CAGR) of 13%.
Not only are people travelling for leisure, but as one of the world's largest economies keeps growing, new business hubs are sprouting across the length and breadth of the nation, increasing demand for business air travel as well. Without the luxury of time, the business traveller would rather spend 90 minutes on a plane than 18 hours on crowded trains or more than a day on the roads.

AirAsia India has an eye on serving just these kinds of routes. Setting up base in Bengaluru, as opposed to the more obvious Tier 1 choices of Mumbai or Delhi, the first route it launched was from this Garden City to the beach mecca of Goa. A promotion for 25,000 seats on inaugural flights at only Rs 5 (about RM0.30) each way, not including airport tax and other applicable fees, was such a hit that all the seats were sold within 48 hours of opening for booking. The very first flight, on 12 June, was completely sold out within 10 minutes.

Within a week, AirAsia India expanded its network to include flights to Chennai; a month later, flights to Kochi, capital of Kerala – famous for its backwaters and Ayurvedic treatments – were introduced. The airline then created tracks to the northern reaches of the country with sky bridges served by daily flights from Bengaluru to Jaipur, the capital and popular gateway to Rajasthan, land of maharajas and mythical palaces; and to Chandigarh, capital of the states of Haryana and Punjab, a city so meticulously designed by French architect Le Corbusier it is also known as the Beautiful City. Both routes were launched on 5 September 2014. Effective from the same date, AirAsia India also doubled its flight frequency from Bengaluru to Goa and vice versa to twice a day.

Before the year ended, AirAsia India further increased its route network to include daily flights from Bengaluru to Pune, a thriving academic and business centre on the Deccan plateau; and created a first by linking Pune and Jaipur by air. Both routes began from 17 December. The launch of sky bridges to and from Pune was celebrated at a party organised in conjunction with the Pune Fashion Week, a major event in this city which attracts thousands of visitors from India and overseas.

AirAsia India’s strategy of serving the underserved is reinforcing the Group’s promise of “Now Everyone Can Fly”. That there is sufficient demand in its targeted virgin territories is evidenced by the numbers. All routes launched to date have been extremely well received, allowing our affiliate to notch an average passenger load factor for the half-year during which it was operational of 80%. This has been matched by an equally impressive on-time performance of 83%, reflecting a high level of operational efficiency of the new team comprising 540 Allstars.

While the focus on underserved routes has no doubt played a significant role in attracting the over 300,000 guests who flew with AirAsia India in 2014, this has been supplemented by effective marketing and promotional activities, a consistently high quality of service as well as comfort. Boasting three Airbus A320 aircraft with an average age of less than a year as at 31 March 2014, AirAsia India presents to the nation a very young, modern and technologically-advanced fleet with all the latest safety features. One, moreover, that comes with plush leather seats, added space in overhead storage bins and in-flight cuisine that even presents some of the favourite dishes of Indian aviation pioneer, and former Chairman of Tata Sons, JRD Tata.

In further deference to Tata, AirAsia India recently unveiled its fourth aircraft, named The Pioneer, with a special livery celebrating his contributions to the Indian aviation industry.

AirAsia India’s active social network, too, has been contributing to our affiliate’s success, creating strong bonds between the airline and its market. CEO Mittu Chandilya is an avid tweeter, keeping followers up to date with the latest, while the airline’s fans are active on its Facebook, providing feedback on their travel experiences and offering suggestions on preferred new routes.

Given AirAsia’s strong guest-centric culture, these preferences will certainly be taken on board for further route expansion in 2015 and beyond. In 2015 itself, additional capacity will be deployed on new routes that will be strategically selected, offering our guests more options and enabling more people to fly.

A market of 1.3 billion is more than double the entire Asean population. This just goes to show the potential of our new associate, and the incredible potential of AirAsia to link our new market with the rest of Asean. Just as India will be Acting East to firm up trade and financial links, AirAsia will now be Acting West to make the dreams of the people of India and Asean come true.
A new dawn has broken at AirAsia X. For a start, it’s no longer just a one-airline show but a Group with two regional associates, Thai AirAsia X (TAAX) and Indonesia AirAsia Extra (IAAX). And the Group is helmed by a new leadership, which has put in place new plans to take our sister airline group to new heights.

The year 2014 was particularly challenging for AirAsia X, as the industry slowdown resulting from the three airline incidents as well as military coup in Thailand and reduced consumer spending in China came at an extremely inopportune time. Heavy investments over the preceding years by both legacy as well as low-cost carriers had created excess capacity in the region. This was exacerbated by AirAsia X’s own aggressive expansionary plans, instituted about two years ago, which saw its capacity increase substantially, the idea being to capture market leadership and scale advantage.

In 2014 itself, a total of seven new aircraft were delivered, causing its capacity growth in the first quarter of the year to surge to a record high of 60% year-on-year (YoY) before gradually tapering down again to 47% YoY in the second quarter, 24% YoY in the third quarter and, finally, to end the year at 8% YoY.

The expansionary strategy was partially successful. AirAsia X did manage to corner a lead in most of the routes that it serves. However, this leadership came at a price. In order to fill its quickly growing number of seats, huge efforts of marketing as well as reduced promotional fares had to be offered – all of which carried a cost. Although our sister airline kept its passenger load at a healthy average of 82% throughout the year 2014, its average passenger fare dropped, as did yields.

By the second quarter of the year, when the market slowdown became evident, the team executed a strategic turnaround. Adopting a tactical capacity management approach, it stopped trying to create demand with attractive promotions but rather let market forces determine how much capacity was required on each route and reduced its
own capacity to match this. Typically, a new long-haul route takes 12 months to mature; in less than ideal times it could take longer. Excess capacity was then redeployed for charters and wet lease, wherever there was demand. As the peak summer tourism months in Europe and pilgrimage months in the Middle East coincide with AirAsia X’s off-peak second and third quarters, contracts have been signed for aircraft to be channelled to these markets to meet their seasonal needs.

At the same time, non-performing flights have been suspended. In 2014 itself, flights from Kuala Lumpur to Male, capital of the Maldives, were terminated. In the early months of 2015, the newly-introduced flights to Nagoya, Japan as well as those to Adelaide, Australia were similarly taken off the network.

These positive actions led to a 27% increase in revenue year-on-year from RM2.31 billion in 2013 to RM2.94 billion. However, the airline continued to record a loss, which deepened to RM519 million, post tax. Contributing to this loss was a 38% increase in fuel costs. Although the price of oil plummeted in late 2014, AirAsia X was unable to derive optimum benefits from this as it had hedged 52% of its costs at USD118 per barrel for the fourth quarter, before the price started to drop. In addition, the Ringgit’s devaluation as a corollary of the drop in oil price meant the airline suffered higher forex losses, amounting to RM157 million in the same fourth quarter.

The airline’s fortunes are set to change for the better, however, as beginning in 2015 our Executive Chairman Datuk Kamarudin bin Meranun has been appointed as the Group CEO of AirAsia X, while Benyamin Ismail, previously our Group Head of Investor Relations, Corporate Development and Implementation, has been installed as Acting CEO. Along with other key leadership figures with extensive experience in growing a low-cost airline, the new management has conducted a complete review of AirAsia X’s operations, its business model and strategies and produced a blueprint to turn the airline’s fortune around.

The new strategy going forward focuses on three main areas: high yield revenue generation; cost savings; and greater efficiencies through a closer working relationship with the AirAsia Group.

Towards increasing revenue, a number of exciting and innovative ancillary products
have been lined up and will soon be introduced. These include WiFi on board, developed within the AirAsia Group for exclusive use on our aircraft; a Duty Free mall in the sky offering the latest fashion labels and trending IT gadgets; a refreshed menu with a broader selection of items including specially put-together Asean meals, children's meals (with the option of toys to go), and barista-brewed and served fresh coffee, among others.

To facilitate payment on board, our guests will be able to avail of a specially designed pre-paid credit card, called AirAsia EZPay Passport, which will be able to accommodate up to seven different currencies – the Ringgit, US Dollar, Euro, British Pound, Australian Dollar, Singapore Dollar and Yen.

A further increase in ancillary income is expected to be derived from the Fly-Thru facility which in 2014 was introduced on 46 new connections from China, Australia, Saudi Arabia, South Korea, Sri Lanka and Taiwan to various destinations in Malaysia, Indonesia, Cambodia, Thailand, Vietnam, India, Brunei and Macau.

In terms of savings, the team will be looking at more strategic fuel cost hedging. Already, it has hedged 54% of its jet fuel at an average of USD88 per barrel for 2015.

Finally, with Datuk Kamarudin at the helm of the Group, there can be no doubt that AirAsia X's operations will be more closely integrated with those of the AirAsia Group, with numerous benefits for both parties. Along with shared resources and greater bargaining power in procurement and other partnerships, there is also the immense potential to create more connections for guests throughout the Asia-Pacific region.

To facilitate the company’s financial transition into the black, in early 2015 AirAsia X announced a rights issue of up to RM395 million, which will serve both to reduce its debts and stabilise the company’s cash position. This will be further boosted by the fact that, after a series of acquisitions, the year 2015 will be free of any major investment or equity requirements.

The establishment of the two new associates, meanwhile, add to the positive outlook for AirAsia X. In the nine months that it was operational, TAAX has launched three routes – from Bangkok’s Don Mueang International Airport to Seoul, Tokyo (Narita) and Osaka – all of which have been performing well, leading to an 89% on-time performance and passenger load averaging 85% in 2014. This performance is all the more impressive given that the associate was set up at a time of political crises which saw a drop in tourism to the country, pointing to a real demand in Thailand for long-haul low-cost travel which is served by no other domestic carrier in the country.

IAAX, meanwhile, was established in January 2014 and took off with its first flight from Bali to Taipei, Taiwan on 19 January 2015 and Bali to Melbourne, Australia on 18 March 2015. Although still in its very early stages, we are confident of the potential of this associate which, like its Malaysian and Thai counterparts, is its country's first long-haul low-cost carrier.

As of 30 April 2015, TAAX is operating with three Airbus A330-300 while IAAX has two, and both associates intend to further increase their capacity this year. AirAsia X in Malaysia will be able to release more of its excess capacity onto its associates, thus help in its capacity rationalisation. More than this, the two associates create greater connectivity for AirAsia X passengers who now have far greater choice of places they can visit transiting from one route to another, either within the long-haul network or from the long-haul to the short-haul and vice versa. Within the AirAsia X Group network, guests have a choice of connecting to 25 routes across 11 countries from North Asia to Australia. Adding the short-haul feeder network of AirAsia, the number balloons to over 190 routes throughout the Asia-Pacific region.

In other words, the dots are being connected. Links are being made. Relationships are being strengthened. Managed by a new and energised team, with a new and energised strategy, we truly believe the button for AirAsia X has just been re-set, towards a longer and higher destiny.
The makings of a great airline ingredients include...

**AirAsia X Group**  
An x-citing new beginning

**Total Passengers Carried**  
4.5 million

**Load Factor**  
82%

**Total Fleet**  
26 A330-300

---

**Network**

<table>
<thead>
<tr>
<th>Routes</th>
<th>Destinations</th>
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<tbody>
<tr>
<td>25</td>
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<table>
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<tr>
<th>Countries</th>
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<tr>
<td>11</td>
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</tr>
<tr>
<td></td>
<td>1,200/month</td>
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<tr>
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</table>

<table>
<thead>
<tr>
<th>Hubs</th>
<th>New Routes in 2014</th>
</tr>
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<tbody>
<tr>
<td>3</td>
<td>5</td>
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</tbody>
</table>

**Number of Allstars**  
2,900

**Transiting Passengers**  
32% Fly-thru  
16% Self-connect  
48% Total

---

1. As at 31 December 2014: Number of Passengers Carried, Load Factor  
2. As at April 2015: Number of AllStars, Network, Total Fleet  
Yap Kah Ming
AirAsia Flight Attendant

Singing to the rhythm of Asean
Yap Kah Ming
AirAsia Flight Attendant
service from

the heart

This 20-year-old Malaysian from Port Dickson, a self-professed former beach boy, now shares the sunny disposition of his hometown and his own personality with guests on board our flights. A flight attendant with AirAsia since 2014, Kah Ming speaks and sings in six languages – Chinese, Tamil, Malay, English, Bahasa Indonesia and Japanese. Fortunately for our guests, he has a beautiful voice and is not bashful about it. This means he often breaks out in song – in the language of our lucky guests – to make them feel at home with us. Kah Ming feels privileged to be able to fly around Asean and has taken it upon himself to learn as much as he can about the different cultures and to promote this to the wider world.

“the best and most beautiful things in the world cannot be seen or even touched - they must be felt with the heart.”
– Helen Keller

This always reminds me that the most wonderful things in life are free and come from within, or are felt by the heart. We are perfect the way we are and nobody can tell us otherwise. It helps me to move forward whenever I feel down.
Given that BIG is a loyalty programme of AirAsia together with the Tune Group, BIG Members are rewarded not only by flying with us, but also by spending with any one of the Tune Group’s companies such as Tune Hotels, AirAsia Expedia, Tune Talk, Tune Insurance and more. In addition, BIG Members earn BIG Points from spending with more than 150 regional partners or by using their co-branded cards. In other words, they earn points simply by going about their normal daily activities; there are no hidden costs and no need for special purchases.

Similarly for rewards, BIG Members get to redeem their points not only for tickets but also for stays at Tune Hotels and for special redemptions.

What’s more, becoming a BIG Member – is completely free.

Now in its third year, the BIG loyalty programme has gotten incredibly bigger. As reported in last year’s annual report, a major integration was undertaken in April 2014 to consolidate AirAsia Group’s member base with that of BIG. From just 870,000 members as at end 2013, BIG amassed 12.6 million members at end 2014, 11.5 million of whom were a result of the integration. Today, BIG has over 13 million members.

And as the AirAsia Group continues to grow, so does BIG’s membership base, at a rate of about 150,000 new members every month, which isn’t bad at all for a young loyalty programme.

Along with the membership increase, BIG saw a 97% growth in the issuance of BIG Points. Contributing to this was the addition of new strategic partnerships with PETRONAS, the WCT Group which includes Paradigm Mall, Gateway@klia2 and Premiere Hotel, as well as the global chain of Hilton hotels. These add to BIG’s existing line-up of great partners like Hertz, Avis, Concorde and Hard Rock hotels, to name just a few.

Think BIG Digital Sdn Bhd, which owns and manages the BIG Loyalty Programme, is a joint venture between AirAsia Berhad, Tune Group and Aimia Inc – a Canada-based global leader in loyalty management. With Aimia’s guidance, BIG has continued to improve and grow its brand, innovating and driving change in the Asian loyalty market.

During the year, BIG signed a co-brand partnership with CIMB Niaga in 2014 to launch a new co-branded credit card, the second after the AirAsia-Citi MasterCard. It also partnered with the Bank of Philippine Islands allowing members in the Philippines to convert their Real Thrills Rewards Points to BIG Points. In Malaysia, meanwhile, AirAsia BIG in partnership with Tune Money has introduced the BIG Prepaid MasterCard awarding BIG Points from its usage at any merchant that accepts MasterCard.

While the opportunities to earn BIG Points keep increasing, members are also being rewarded with a growing choice of products they can redeem. The launch of Thai AirAsia X and Indonesia AirAsia Extra, for example, means BIG Members have the option to earn and redeem for long-haul flights in Thailand and Indonesia. The range of redemption items has also been expanded to include ancillary products such as in-flight meals, check-in luggage, seat selection and travel insurance. With so much to choose from, redemption in 2014 more than doubled.
Some of the submissions were truly poignant. One participant wanted her mother, who was diagnosed with cancer, to experience being in a plane for the first time. Another wished to visit his hometown which he hadn’t stepped foot in for more than 30 years. Then there was Hilmi, who sent in a wish for his sister to win a flight to Japan. His sister had won a scholarship to Japan but the family could not afford her ticket. Needless to say, these three submissions were among the top entries that won the organisers’ hearts, and got the participants their free flights.

Creating even bigger waves, BIG ran a series of educational videos on the benefits of the loyalty programme and how easy it is to register as a member. These videos, posted on YouTube, have attracted over one million views. On the ground, various campaigns were also organised in collaboration with partners, such as the PETRONAS Fill-Up-and-Fly campaign. These made BIG even bigger, leading to a doubling in revenue derived from points sold to its network of partners.

Making redemption easier, BIG Members who do not have sufficient points to redeem can make a redemption with just a minimum of 500 BIG Points and top up the rest with cash. BIG Points are redeemable all year round, even during special promotions and deals. Even better, special redemption deals are made available for our loyalty members every month with offers from as low as 100 BIG Points; and members are privy to promotions a whole day before others.

For added convenience of BIG Members, in October 2014 BIG also launched the BIG Fixed Points, a fix-tiered grid with BIG Points determined by flight hours. This enables our travellers to see where their points can fly them to, at any time.

One of the key highlights of the year for BIG was the unveiling of the first BIG-branded AirAsia aircraft on 27 May 2014. BIG also launched a three-month BIG Travel Wish campaign from May to July 2014 that earned AirAsia even greater loyalty from fans and friends. By sending in a travel wish for themselves and their friends or family, BIG Members stood a chance to be rewarded with either 10,000 BIG Points or free flights.

BIG also won several awards during the year - Gold for Loyalty Programme of the Year and Bronze for Best Regional Loyalty Marketing Campaign at the Marketing Loyalty & Engagement Awards Singapore; Gold for Best Multi-Channel Campaign by Marketing Events Awards Singapore; Bronze for Best Consistency in Branding; and Gold for Excellence in Loyalty Marketing by Marketing Excellence Awards Singapore.

To further grow our loyalty programme, BIG will be adopting a multi-pronged approach focusing on increasing the number of active members via effective analytics and marketing, enhancing its internal and external partnerships, and expanding its range of rewards. The team’s overall target for 2015 is to double the volume of BIG Points issued and grow BIG’s membership base to more than 14 million. With its expanding range of partners and rewards, driven by an enthusiastic and passionate team, we can expect BIG to grow in leaps and bounds.

Discover where your BIG Points can take you.

<table>
<thead>
<tr>
<th>BIG POINTS</th>
<th>Flight hour(s):</th>
</tr>
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<tbody>
<tr>
<td>4,500</td>
<td>less than 1 hour</td>
</tr>
<tr>
<td>6,500</td>
<td>1 - 2 hours</td>
</tr>
<tr>
<td>10,500</td>
<td>2 - 3 hours</td>
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<tr>
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<tr>
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<td>5 - 6 hours</td>
</tr>
<tr>
<td>30,000</td>
<td>more than 6 hours</td>
</tr>
</tbody>
</table>

*Flight hour(s):
FASTEST WAY TO FLY FREE WITH AIRASIA BIG LOYALTY PROGRAMME

EARN EASY
Let your travel & daily spending take you closer to your dream destination!

- **PETRONAS**
  - Convert 500 Mesra Points to 300 BIG Points

- **Paradigm Mall**
  - 2 x Coffee: RM20, 20 BIG Points
  - 1 Pasta: RM20, 20 BIG Points

- **gateway@klia2**
  - 1 Dress: RM110, 110 BIG Points

- **MYDIN**
  - Convert 1000 Meriah Points to 250 BIG Points

- **AirAsia**
  - Fly from Kul-Bangkok RM600 (base fare + meal + baggage), 300 BIG Points

**Total BIG Points earned**
1000 BIG Points

*The amount spent is an assumption to illustrate the BIG Points you can earn from our partners. Terms & Conditions apply.

24HR PRIORITY ACCESS to AirAsia sales

REDEEM AIRASIA FLIGHTS from as low as 500 BIG Points

MEMBER-ONLY AIRASIA DEALS

FLY FREE
Redeem FREE AirAsia flights from as low as 500 BIG Points

1. Visit Site
2. Search Flight
3. Redeem
4. Done!

Not enough BIG Points?
1. Use BIG Points + Cash option
2. Transfer BIG Points! Get your friends & family to help get you there faster by transferring BIG Points to you!

www.airasiabig.com
TONNES CARGO SERVICES SDN BHD
Gst No 001001062400
No. 12-1, 1St Floor, Jalan Putra Mahkota 7/5B,
Putra Points Business Centre, Putra Heights,
47650 Subang Jaya, Selangor.

Tel:  +603-5191 7833 / +603-5191 7844
Fax:  +603-5103 2533
FOR THREE DAYS IN FEBRUARY LAST YEAR, VISITORS TO THE AIRASIA TRAVEL FAIR IN PARADIGM MALL COULD BE SEEN DONNING A SPACE ODYSSEY-TYPE HELMET FOR AN OUT-OF-THE-WORLD EXPERIENCE: MIND-READING HELP ON WHERE TO GO FOR A HOLIDAY.

The fun gadget, presented by AirAsia Expedia and called the Vacationizer, flashed scenes of different holiday destinations on a screen and measured the participants’ brain activity in response to each. The image which elicited the most excited neural response was taken to represent the place the participants are naturally attracted to.

Over 1,000 people at the fair tried out the device, and AirAsia Expedia saw a 15% increase in holiday sales compared to the previous year. The Expedia Vacationizer, meanwhile, went on to win a bronze at the 2014 Effie Awards Malaysia, which recognises effective marketing ideas and strategies.

CREATIVE & ENTERPRISING

Ground-breaking marketing efforts such as this make AirAsia Expedia stand out from other online travel agencies (OTAs), reinforcing its image as a brand that is fun and distinctive, over and above its wide offerings across travel categories. The world’s largest OTA, Expedia has always prided itself on its Best Price Guarantee; that is, if a guest is able to find a cheaper price offered by another OTA for the exact trip, Expedia will match the lower rate.

Before entering into its joint venture with AirAsia in 2011, Expedia already had a presence in Japan, India, Southeast Asia and other East Asian markets. However, other than Japan, the other markets were relatively small. Boosted by AirAsia’s dominance in the regional low-cost travel space and with exclusive online third-party distribution rights for Group flights and travel packages, AirAsia Expedia has grown significantly in this region, and now operates 11 sites in Singapore, Malaysia, Thailand, Indonesia, the Philippines, Vietnam, Hong Kong, Japan, Korea, Taiwan and India.

While Japan continues to be its key revenue earner, other emerging markets are catching up. During the year, the biggest growth came from Korea as well as the two re-launched brands in Hong Kong and Taiwan. In Hong Kong, all lines of business – namely Air, Hotel and Packages – delivered triple-digit growth following an effective brand campaign launch and aggressive online marketing efforts. Singapore and Malaysia, too, picked up considerably from the previous year.

LOCALISATION IS KEY

A key winning strategy at AirAsia Expedia has been to localise its services to suit each market’s needs. The website for each country brand operates in the local currency and language – which in Hong Kong, for example, means English, and simplified and traditional Chinese. Expedia also caters to each local
market’s lifestyle and idiosyncrasies. In Thailand, leveraging on a national fascination for Japan, the Expedia site promoted different Japanese destinations in its advertisements throughout the year.

In order to better understand its Asian consumers, AirAsia Expedia invests in surveys on the holiday spending habits of the different national populations, their preferred holiday activities and even on how vacation-deprived these different nationalities feel.

These efforts are supported by AirAsia Expedia’s comprehensive service offerings which enable it to promote itself as a ‘One Stop Shop’ for all travel needs, another key differentiator from its mono-line international competitors. Its inventory size – of more than 435,000 hotels and 400 airlines – further places Expedia in a league of its own. Already acknowledged as the biggest OTA with the largest inventory, AirAsia Expedia increased its hotel contracting team in 2014 to continually broaden its hotel supply, catering to demand for a wider range of accommodation type, rating stars and location in smaller cities.

This breadth of choice was fully capitalised. In India, for example, a campaign themed “So What’s Your Hotel Type?” highlighted the range of accommodation offerings Expedia has on board – from the “star type” to the “bazaar type.” The upbeat, zany ad ends prompting: “Whatever your hotel type, get up to 60% off on the world’s largest travel website.”

STRENGTH IN TECHNOLOGY
Known for its strength in technology, AirAsia Expedia has bolstered its business with an award-winning mobile and tablet app. In September 2014, this app was further enhanced with special features including a single Search Box, allowing users to explore and search without specific travel dates and other details; a Federated Search, making it the first global OTA to offer hotel and flight results from a single search; and Collections, comprising inspiring content to explore travel destinations.

The enhanced app won a Gold and a Bronze at the Hong Kong Marketing Magazine Mobile Excellence 2015 Awards – Hong Kong’s premier event celebrating mobile excellence – and was featured as a Best New App by Apple and Editor’s Choice by Google Play. Campaigns for the apps, meanwhile, won awards in Singapore. The popular tablet app has been launched in all AirAsia Expedia markets; and saw a doubling of installations in 2014 from 2013.

At the same time, AirAsiaGo, which offers exclusive AirAsia package rates on the AirAsia Expedia platform for 365,000 hotels across Asia, launched its own localised mobile app in six countries including China. This app, too, has been well-received, winning Hong Kong’s Mobile Excellence 2015 Award for Best Mobile App for a Consumer Brand, while also being featured as a Best New App by the Apple App Store. Five months following its launch in October 2014, it has gained over 150,000 installations.

Adding to the success of its mobile app, the AirAsiaGo website has been revamped incorporating interactive maps to enable users to easily search the best hotels for every budget and location. Both the app and website contributed to an almost 50% growth of AirAsiaGo year-on-year, surpassing its bottom-line target.

Further adding to its value proposition, during the year AirAsia Expedia partnered with a number of airline loyalty programmes such as Asia Miles to provide miles for booking hotels on Expedia.

PASSION FOR EXPANSION
Effective marketing innovations and strategies, coupled with the use of global technology tools and platforms for greater operational efficiencies, contributed to growth well above the underlying market. For the year 2014, AirAsia Expedia experienced a 48% increase in transactions serving more than 1.5 million customers.

Revenue grew by double digits while profit relative to 2013 surged by triple digits, exceeding the team’s targets.

Our ancillary business’ performance was all the more impressive given that the year was extremely challenging for the travel industry. The airline incidents in March, July and December; military coup in Thailand in May; political protests in Hong Kong in September; and floods in Malaysia in December had put a damper on regional travel. Adding to this, the devaluation of the Japanese Yen, which softened long-haul travel to the US and Europe, meant an erosion of a traditional source of revenue. That AirAsia Expedia escaped relatively unscathed by these headwinds speaks volumes of the team’s strategic investments and well-placed tactical activities.

COMPETITIVE ADVANTAGE FOR SCALE
Going forward, the team intends to build on the momentum it has developed and to continue to outgrow the market. While leveraging on its value proposition of being the one-stop travel portal for customers, it will drive home its unparalleled repertoire of flights and its ability to offer substantial savings on hotel+flight bundles.

Towards further growth, the ancillary business will focus on expanding its airline partnerships as well as grow the number of hotel properties offered. It will also make available destination services – such as visits to local attractions and ground transfers – at all its points of sale. These will be accessible on its portal as well as its mobile app which is constantly updated.

The target for 2015 is to continue the double-digit revenue growth achieved in 2014. Given its past successes, a strong team and clear direction, we believe in AirAsia Expedia’s bright future.
JUST AS AIRASIA HAS EXPANDED OUR OPERATIONS FROM MALAYSIA TO ASEAN AND IS NOW MOVING BEYOND, SO TOO IS OUR TRAINING ARM. THE ASIAN AVIATION CENTRE OF EXCELLENCE (AACE), LAUNCHED IN 2011 AND BASED IN KUALA LUMPUR, ENDED THE YEAR WITH A FRESH ASEAN BEGINNING.

On 31 December 2014, it acquired a 50% stake in the Philippine Academy for Aviation Training (PAAT) located in the Clark Special Economic Zone, just five minutes away from Clark International Airport, one of the bases of our associate, Philippines’ AirAsia.

With this new branch, it is set to make available its world-class training to a wider group of potential pilots and aviation personnel, improving aviation safety in the region.

Through PAAT, which is a joint venture with local airline Cebu Pacific, AACE intends to access the growing Philippine aviation market. Starting off by fulfilling the training requirements of Philippines’ AirAsia and Cebu Pacific with which AACE now has a long-term training agreement, PAAT will eventually serve the needs of other third-party airlines, just as AACE is doing.

AACE started off in 2004 as the AirAsia Academy, which looked into all the training needs of AirAsia, its name changing with the CAE partnership in 2011. It still operates where the Academy used to be, at the Kuala Lumpur International Airport (KLIA) complex, with satellite centres in Glenmarie Shah Alam and Ara Damansara, both in the state of Selangor, Malaysia, as well as in Seletar, Singapore.

The main training centre in KLIA is fully equipped with state-of-the-art facilities that include six full-flight simulators for Airbus aircraft – five for the A320 and one for the A330 aircraft; as well as a 10-foot deep pool, suitable for rescue and emergency simulation and training; a fully equipped computer lab; 32 training rooms; and a cafeteria.

In addition, the Glenmarie branch houses one Boeing B737-NG simulator, while in Seletar there are two Airbus A320 simulators.

Staffed by highly experienced and training-certified aviation personnel – with all pilot trainers qualified in Aircraft Pilot Training (APT) and Full-Flight Simulator (FFS) instruction – AACE conducts on average 3,400 simulator training hours a month. It also provides training modules for an average of 1,000 non-pilots including flight attendants, cabin crew, ground crew, aviation engineers and ramp agents on a monthly basis.

AACE is equipped to deliver Level D multi-crew license training for any airline or aircraft operator from anywhere in the world. From entry level jet familiarisation, its programmes cover Aircraft Type Rating for the Airbus A320 and A330, Boeing B737 NG and Bombardier CRJ 200. In addition, it also offers conversion programmes for trained pilots wanting to fly different Airbus type-rated aircraft, more specifically for conversions from: the A340 to A320 and A330, as well as from the A330 to A320 and vice versa.
Its pilot training programmes are well recognised in the industry and in 2014 attracted trainees from 28 third-party airlines. It also signed exclusive long-term training agreements with Jetstar Asia, a low-cost carrier based in Singapore, and Jetstar Pacific, a member of the Jetstar Group based in Vietnam, to deliver Initial Type Rating and Recurrent Training for their pilots. These training programmes will be conducted at AACE’s centre in Singapore.

Pilot training continues to be the main contributor to AACE’s revenue, accounting for 80% of the total of RM85.4 million. Of this sum, RM37.8 million was derived from AirAsia Group pilots and the remaining RM30.5 million came from third-party airlines. Non-pilot programmes contributed RM16.9 million, or 20%, of the total while Flavours cafeteria, which is now being run in-house, contributed RM0.3 million.

While AACE’s revenue in itself was healthy, we were particularly pleased by the centre’s profit, which exceeded expectations by hitting RM28.7 million.

In 2014, partly due to capacity rationalisation across the region which saw fewer new aircraft deliveries and hence a reduced need for new pilots, demand for pilot training was slightly impacted. Seeing as the market has since corrected itself and the flow of new aircraft is likely to resume, though at a measured rate, the demand for more pilots can reasonably be expected to increase. And AACE is well positioned to accommodate this growth given its current capacity. In 2014, although it sold a total of 40,836 training hours on its FFS, an increase from 40,104 hours in 2013, this translated into an FFS utilisation rate of only 68%, leaving much room for expansion.

While AACE will invest in brand building efforts in 2015 to create greater awareness of its facilities and programme portfolio, these initiatives will also highlight its non-pilot training courses to reduce an overdependence on pilot training.

During the year, it signed an agreement with Aviation Australia to co-deliver a programme for EASA 147 CAT B Training for basic engineering licenses. The inaugural class started in late 2014 and the trainees are now in Australia for the second phase of the programme. While increasing its non-pilot revenue, the new programme is also in line with a broader-based strategy to grow its third-party customer base.

Towards this end, AACE is also developing non-aviation related training programmes that it can run for corporate clients. Having been approved as a training provider by the Ministry of Human Resource Malaysia under the Human Resources Development Fund (HRDF) programme, there is much potential to market non-technical training programmes that will be partly or wholly subsidised by the Government. A number of such programmes have already been outlined and AACE hopes to be able to introduce these towards the later part of 2015.

At the same time, as a cost-saving and efficiency enhancement measure, it will be consolidating its three operations in Malaysia. And, having taken its first step into the regional market, AACE is now emboldened to venture forth into more countries within ASEAN – taking its expertise to these nations and their people while contributing to safer and friendlier ASEAN skies.
IN MAY, ABU BAKAR BIN ROSLIAN, WHO HAS BEEN WHEELCHAIR-BOUND FOR LIFE AND BARELY EVER LEAVES HOME, RECEIVED THE GIFT OF A LIFETIME – FREE RETURN TICKETS TO ANY ONE OF AIRASIA AND AIRASIA X GROUPS’ MORE THAN 100 DESTINATIONS.

His nephew, Zafirul, had responded to a Twitter campaign launched by AirAsia and AirAsia X’s CEOs to celebrate our move to klia2. Called #noweveryonenecanfly, the idea was for their followers to nominate someone who had never flown before. Within hours, no less than 300 tweets were received. Zafirul’s read: “Someone close to me. He can only sit for the rest of his life. Opportunity to feel different perspective in his life.” His uncle was promptly named one of eight winners. Flying with his family from Johor Bahru to Kuala Lumpur and back again, he could barely contain his excitement, thanking our Guest Service Allstars repeatedly for their attention and caring.

To AirAsia, this is what social media is all about – getting closer to our fans, friends and guests in a way that allows us to truly become a part of their lives. Yes, we can – and do (very well too) – use social media for marketing purposes. But at the heart of our social media platform is a genuine desire to form real relationships with real people and to connect with them at a level that we would not be able to otherwise.

Engaging with our fans and friends was the focus of our Social Media team in 2014. Their objective was to go “Back to basics” and find innovative ways in which the Group can further strengthen the relationships we have built over the years with millions of people, particularly from the region, but also beyond. #noweveryonenecanfly was one such initiative. It was, in fact, part of a larger Hello klia2! Our Brand New Home campaign which sought to channel the buzz surrounding our mammoth move into getting our fans to share their memories of the Low-Cost Carrier Terminal (LCCT), our home for eight glorious years. Two hashtag campaigns, #thankyoulcct and #helloklia2, were run in conjunction with the milestone event, both of which elicited some fantastic responses, stories and anecdotes that made us realise just how much we have touched lives, and how many lives we have touched since launching the airline 13 years ago.

Similarly heart-warming campaigns unfolded in our other country bases. In the Philippines, the team decided to celebrate love and launched a #loveisintheair campaign. The response to calls for fans to send photos or stories of themselves and their loved ones in order to win free flights was overwhelming; and 90 winners were eventually chosen. The campaign was truly “lovely” as it allowed us to reinforce close relationships while deepening our own bonds with guests.

Engaging with our fans and friends was the focus of our Social Media team in 2014. Their objective was to go “Back to basics” and find innovative ways in which the Group can further strengthen the relationships we have built over the years with millions of people, particularly from the region, but also beyond. #noweveryonenecanfly was one such initiative. It was, in fact, part of a larger Hello klia2! Our Brand New Home campaign which sought to channel the buzz surrounding our mammoth move into getting our fans to share their memories of the Low-Cost Carrier Terminal (LCCT), our home for eight glorious years. Two hashtag campaigns, #thankyoulcct and #helloklia2, were run in conjunction with the milestone event, both of which elicited some fantastic responses, stories and anecdotes that made us realise just how much we have touched lives, and how many lives we have touched since launching the airline 13 years ago.

In Indonesia, we got fans to share their best travel photos with us under our #DareToShare campaign, based on a series of themes. Initially planned for just a month, the campaign proved so popular (we received an average of 1,000 to 4,000 entries per theme) that we extended it from April 2014 till December 2014. We were so impressed by some of the photos received that we felt compelled to share them with other guests. Hence, a photo exhibition at 30,000 feet above ground was held on a special flight, displaying 18 finalist photos to those on board via tablets.

Although enabling everyone to fly – and to see the world – will always be our prime motivator, we also create beautiful memories for our fans and friends by enabling once-in-a-lifetime experiences. When we became the official airline for Taylor Swift’s The RED Tour in Southeast Asia, we launched an integrated social media campaign supported by print, radio and on-ground activation, offering free tickets to her concerts. The campaign garnered over 300 million organic impressions and the hashtag #TaylorSwiftviaAirAsia trended on Twitter worldwide! During the two-week campaign period, our fan based increased by over 300,000 fans. It was such a hit that we continue to receive requests to run similar campaigns again.
Then, we signed on Philippine world-champion boxer Manny Pacquiao as our new ambassador, and broadcast the news on our social media along with a contest offering free tickets to watch one of Pacquiao’s matches. This drew close to 6 million organic reaches within one day!

Needless to say, winners of the Taylor Swift and Pacquaio contests will be huge fans of AirAsia for the rest of their lives.

As mentioned above, we also use social media to promote new routes and new services. Over 90% of all our marketing promotions are revealed on social media ahead of other communication channels. Ever since we first embraced social media, our yearly Free Seats and Big Sale campaigns have been posted on our Facebook and Weibo while prolific tweeters among us, such as Group CEO Tan Sri Dr. Tony Fernandes, will also tweet about the event. In 2014, to drive greater tourism traffic from Thailand to China in support of our Thai affiliate’s focus on the vast China market, the team went over and above its call of duty to create a unique and fun personality app to promote AirAsia’s destinations in China. This was so well received, it was installed by more than 70,000 users.

That social media has become integrated into our daily life at AirAsia is almost a given. The entire leadership are such avid social media users, it has become part of our DNA. Other than Tan Sri Tony, whose social media savvy led to him being awarded the Social Media Celebrity of the Year 2014 by Malaysia Social Media Week, the CEOs of each affiliate regularly send tweets on updates and any events that would be of interest to fans. Even Mittu Chandilya, CEO of the recently established AirAsia India, has become a familiar face and “voice” in the realm – a photo of him with an elderly guest on an AirAsia India flight, with the message: “Best part of my job: mtg people like these two siblings taking their lovely 85 yr grandmother on her 1st ever flight!” drew many responses, including one from Rohit Gupta that said: “Wow, that is worth emulating. Without i5 (the airline’s code), may never have happened. Thank you for making it happen.”

Some of the interactions that take place are completely off cue, yet draw us still closer to our fans. For example, when a photo of our Group Head, Ground and Inflight Operations Steven Dickson showing INTERPOL Secretary General Ronald Noble and our CEOs around klia2 was tweeted, his candy-pink trousers drew almost as much attention as our new safety regulations, and ended with the fashion retailer of the by now famous trousers joining the conversation!

As one of the most socially engaged organisations around, AirAsia is constantly updating our social media platforms and adopting new channels as they emerge. In 2014, we added LINE to our portfolio. What distinguishes this latest social messaging app that now has more than 600 million users worldwide is its extensive range of stickers that have become social media icons. Initially adopted by our Thai affiliate, Malaysia and Singapore soon followed suit and, within seven months of its launch, we had attracted a total of 13,591,417 fans across the three regions. We even customised our own exclusive AirAsia LINE stickers, which have been downloaded by the hundreds of thousands.

At the same time, the team is kept constantly on its toes, communicating with our fans and guests, listening to their feedback, and responding to them. As a measure of our dedication to connect from the heart, we have team members in 13 countries, who understand local sentiments and are able to engage with fans in their own language. Looking ahead, the team is working to create an even more seamless experience with AirAsia through the implementation of a social media management tool across various relevant departments Group-wide. With it, no matter where our fans are or where they engage us from, we will be able to connect with them within the same environment.

And the more we connect with the hearts of our fans, the more enamoured they will be of the AirAsia brand, and the more they will think of us over and above any other airline. Already, we have one such loyal fan. We received this tweet from Sharoneology: “Thank you AirAsia for the good service. Even when my seven-year old brother was five years old, he wouldn’t draw any other airplane but AirAsia’s.”

Meanwhile Ramola Philipps, from the UAE, provides just the kind of feedback we like to hear. In a Facebook post to CEO Aireen Omar, she has this to say: “Everytime I come across a new (Facebook) post, its far more interesting than the rest. One of the times, I saw the photo of your AirAsia Line app. I downloaded it and it was awesome. LINE contributed to a massive 220% growth in our social media fan base, although our other platforms – and particularly Facebook, Twitter, YouTube as well as Google+ - also grew at impressive rates of between 46%-822%.

As the social media industry is perhaps one of the hottest and fastest changing globally, we do not adopt each and every innovation that enters the market, but assess its applicability and suitability before joining the bandwagon. This is key to maintaining a highly engaging presence, and is a task that is taken seriously by our growing social media team. Another task they are taking to heart is to build greater social advocacy among our Allstars, who are already our brand ambassadors and would be able to take our social media engagement to an even higher level.
ANCILLARY

BUSINESS REVIEW

WHO WOULD’VE THOUGHT YOU’D BE ABLE TO SEND WHATSAPPS OR LINE MESSAGES ON BOARD A FLIGHT, LET ALONE A LOW-COST ONE? OR THAT YOU’D BE ABLE TO SAVOUR A CUP OF FRESHLY BREWED LATTE, SERVED BY A BARISTA ON BOARD? CERTAINLY NOT MANY IN MALAYSIA, FOR THESE SERVICES WERE UNHEARD OF HERE... UNTIL AIRASIA INTRODUCED THEM THAT IS.

WiFi service and baristas made their debut on AirAsia flights in 2014 and early 2015, and are among the many new innovations we introduced as part of our ancillary portfolio. For AirAsia newbies, ancillary services are the many perks we offer our guests to add to their flying experience. Starting off with the basics, such as in-flight food, seat allocation (known as Pick A Seat) and extra baggage, we have steadily grown our offerings to include almost everything and anything you could possible need, from Comfort Kits – that include a special head rest; to insurance – for peace of mind.

While our guests enjoy these little extras, which come at a small additional cost, we get to enhance our revenue. Initially introduced as a hedge against the volatile cost of fuel, today it has become a veritable source of income on its own. Every year, as the number of guests we fly increases, so has our ancillary revenue. In 2014, it accounted for around 19% of AirAsia’s total revenue. More encouraging than the fact that our total ancillary revenue is increasing is that it’s growing at a quicker rate than the increase in number of guests, meaning that on average each guest is spending more. In 2014 our average guest spend for ancillary was RM46, and inching up quarter by quarter. In the last quarter of the year, it had hit RM47 per guest, getting very close to our near-term target of RM50.

NEW SERVICES

Our WiFi service, known as roKKi Chats, was developed in-house in collaboration with Tune Box Avionics so as to be affordable – at only RM8 per user per flight, guests get to enjoy 3MB of data usage on WeChat, WhatsApp and LINE. Further work on the service is ongoing, the idea being eventually to enable our guests to send and receive emails, stream videos and other content, purchase duty-free products and perform a load of other WiFi-enabled functions on board roKKi supported aircraft. That we really hit the jackpot with this service can be seen in its uptake. Within two weeks of its launch, 400 tokens had been sold. As of end 2014, four aircraft have been enabled to run roKKi Chats, which has already won AirAsia recognition from the Malaysia Book of Records for being the First Airline to offer on-board WiFi in Malaysia.

Guests will be able to identify if their flight is WiFi enabled through signs placed on board, as well as announcements made by the flight attendants. A total of 90 tokens enabling the service will be available on each flight, on a first-come first-served basis. These are compatible with most tablets and smartphones.
Other new services introduced during the year were: the Premium Flex, Duty Free, and Redbox.

Premium Flex, launched in August, has been designed specifically with our business guests in mind. With the service, they get to enjoy the flexibility of changing their flight up to two times at no cost, complimentary 20kg baggage allowance as well as Xpress boarding and baggage. As if that were not enough, Premium Flex guests get to choose their seats – inclusive of Premium Seats (previously known as Hot Seats) – at no extra cost, but subject to availability.

Also in August, we launched our Duty Free in the sky, offering guests a wide selection of cosmetics, face care products, perfumes, watches, sunglasses, bags, belts and other accessories. Starting with domestic flights, it was extended to international flights; and soon there will be even more accessible via a Duty Free website, enabling guests to make their purchases even before leaving home.

Redbox is a low-cost courier service, wholly developed in-house, that leverages on our extensive route network and excellent flight frequencies to provide access to various destinations not connected by other airlines. This, and the fact that our prices are up to 50% cheaper than existing courier services, makes Redbox highly attractive, especially to SMEs and online businesses. Since its launch in August, we have already attracted a number of significant clients in the e-commerce segment. Jointly marketed by R Box Asia Pte Ltd, Redbox is accessible online at redbox.airasia.com, with strategic operations in 31 major towns in Malaysia, Singapore, Indonesia, the Philippines, Vietnam and Nepal. Plans are in the pipeline to take our Redbox to 13 more markets including Bangladesh, Hong Kong, China, India, Australia and Japan.

FOOD GLORIOUS FOOD!

As a true Asean airline worthy of the name, AirAsia takes our food seriously. We go to great lengths to source the best local dishes so we can share these with our guests. And our efforts have not been in vain. In-flight food and beverage is one of our key ancillary income earners. Not only that, some of our dishes are so popular – think Pak Nasser’s nasi lemak and Kamal’s mee goreng mamak – they have acquired an almost cult-like following. On almost every flight we are guaranteed to have at least one or two guests requesting for these dishes only to be disappointed because they’ve run out.

The fact is, we try not to carry too much food on board to avoid waste. Knowing that some guests will still make purchases on flights itself, we do carry more than the meals that have been pre-booked but there is always the possibility that some guests may not get what they want. To avoid such disappointments, we have been promoting our pre-booked meal service via various social media campaigns, as well as in our press advertisements and collaterals such as pocket calendars, with catchy lines such as: “Never fly hungry again”.

In order to keep our menu exciting, we continue to add to our delectable offerings. This year, for example, saw the introduction of the Classic Beef Burger as well as a number of value-add combo meals. On top of that, in keeping with our Asean-ness, three combos that bring together authentically Malaysian flavours – Asian Fried Rice with Chicken Satay + Teh Tarik; Kamal’s Mee Goreng Mamak + Teh Tarik; and Roti Canai with Chicken Curry + Teh Tarik. Not forgetting our young guests, we also introduced the Kids’ Meal of Mac & Cheese + Vege Pasta & Chocolate Brownie which we literally went to town with in our promotions, advertising this yummy yet healthy offering at childcare centres, tuition centres, fitness centres and retailers. During the school holidays, we also organised a special event at KidZania in Kuala Lumpur at which we got kids and their parents to taste our specially prepared kiddie fare.

Taking the concept of sampling further, when Christmas came around, the smell of freshly baked cookies permeated the air at klia2, where we had organised a tasting session at which 1,000 cookies and slices of butter cake were given to guests together with 2015 pocket calendars advertising our in-flight cuisine.

While these efforts helped to increase the uptake of our inflight meals, a definite highlight has to be our Barista in the Skies launched in April 2015. With this new offering, our own trained baristas serve premium-grade coffee to guests. The sheer delight on the faces of coffee connoisseurs and those who truly appreciate gourmet beans has made this undertaking worth every second.
KEY ANCILLARY SERVICES
Other than food and beverage that accounts for about 7% of ancillary revenue, key ancillary earners include assigned seats, which make up about 8% of the total; cargo service, which makes up 11%; insurance, accounting for 6% of our ancillary revenue; and, the biggest contributor of all, pre-booked and excess baggage, which makes up about 44% of total ancillary revenue.

We offer two types of seats on our planes – Standard and Premium, which were previously called Hot Seats. Premium seats are located in the first five rows of the Airbus A320 aircraft as well as at rows 12 and 14 which are next to the emergency exits, affording guests more leg room. By booking a Premium seat, guests can enjoy their flight in greater ease and comfort; meanwhile booking Standard seats in advance is useful if guests have a preference for window or aisle seats or if they are travelling in a group and would like to be able to sit together.

Fly-Thru allows guests to connect seamlessly from one flight to another without having to check in again. In 2014, as a result of offering the service on more route connections, the number of guests opting to Fly-Thru across the AirAsia Group increased by 90% year-on-year to 1.52 million. Of that number, 90% made their connections in Kuala Lumpur, the others in Bangkok, Jakarta and Bali. In the pipeline for the service are routes from China to Australia and Thailand.

Because pre-booked baggage is the most accretive of our ancillary services, much thought goes into developing an optimal fee structure for the service. And on 29 May 2014, AirAsia once again revised the rates for international flights of two hours or more, the new structure contributing to a 5% year-on-year increase in revenue from pre-booked baggage.

NON-FLIGHT ANCILLARY SERVICES
Although most of our ancillary services are flight-related, AirAsia also has at our fingertips a huge resource that can be monetised in other ways: our database. We are able to market just about any product via electronic direct mail to every guest who has purchased a ticket online as they are now part of our extended family. And we certainly make use of this opportunity. Among the non-travel related ancillary services that we promote is RedTix, our marketing and sales arm for red-hot ticket events.

RedTix is making a name for itself as the sales outfit for major concerts and other entertainment as well as lifestyle events in the country. In 2014, it sold tickets to a series of pulsating concerts starting with Future Music Festival Asia 2014, a much awaited three-day music extravaganza held at Bukit Jalil, followed closely by Avril Lavigne Live in KL 2014 at Stadium Merdeka and the popular mixed martial arts event OneFC Championship – War of Nations held at Stadium Putra Bukit Jalil.

In line with Visit Malaysia Year 2014, RedTix also ticketed immensely popular international and local concerts and stand-up acts such as Chi Lam Crazy Hours Live in Malaysia, Pet Shop Boys Live, Harith Iskandar Laugh Malaysia and Dato Siti Nurhaliza Live in KLCC.

THE FUTURE IS FOR THOSE WHO INNOVATE
Ancillary income has become an important source of revenue for AirAsia, one which we believe still presents enormous potential for growth. We are constantly looking for innovative ways to tap into this potential – by creating new demand for products and services, entering into more synergistic ventures, and generally looking into how we can best serve our guests. In April 2015, we implemented a new system, Dotrez – developed with ancillary in mind, which we believe will further improve the user experience on our website and generate more spend. The new web system, which is four times faster than its predecessor (SkySales), enhances the customer experience through its one-view meal menu, real seat photos with detailed description, ancillary bundles and clearer payment guideline.

Of course, we will not stop at just providing a pleasant user experience. As with almost everything we do, what we seek is to go beyond giving our guests what they want to truly delighting them with what they never would have expected. For that, really, is what AirAsia is all about.
SUSTAINABILITY REPORT

IN THE CORPORATE WORLD TODAY, A COMPANY’S REPUTATION IS DETERMINED NOT SOLELY BY THE AMOUNT OF PROFIT THAT IT MAKES BUT, MORE HOLISTICALLY, BY FACTORS SUCH AS ITS VALUES, ITS GOVERNANCE STRUCTURES, THE STRENGTH OF ITS RELATIONSHIPS WITH KEY STAKEHOLDERS AND, INCREASINGLY MORE OFTEN, ITS ENVIRONMENTAL ETHIC. THESE ARE THE VERY SAME FACTORS THAT AIRASIA HAS BEEN FOCUSING ON AS WE HAVE GROWN OVER THE LAST 13 YEARS, AND REPRESENT ASPECTS OF OUR BUSINESS THAT NOW OCCUPY CENTRESTAGE IN OUR SUSTAINABILITY POLICY, LAUNCHED IN FEBRUARY 2014.

We value, above all, the safety of our guests, our people and our assets, and continuously enhance our safety systems to manage all identified risks. We also value the relationships we have with our shareholders, guests, Allstars, our partners and vendors as well as the communities that we serve; and invest considerable time and resources to build these intangible but very real and meaningful connections.

We maintain a high level of openness and transparency to enable our shareholders to gauge our performance. Our guests are always top of our mind and spur us to keep innovating to find better ways to serve them. Our Allstars are our bedrock, the heart and soul of AirAsia, and are truly valued for their commitment, passion and tenacity. Our partners and vendors have been key to many of our successes and we nurture our relationships with them to take our growth further. Most of all, the entire Asean community is much more than our target market. In the last 13 years of operations, as we have served the people of Asean, we have truly become a part of this region, and take great pleasure in helping this large community to develop socially and economically.

While building on the social and governance aspects of our operations, we have not overlooked our responsibility, as an airline operator, to mitigating as far as possible our environmental impact. We have been working steadily to reduce our carbon emissions while minimising waste through eco-conscious actions.

We believe that by living these values and acting on our commitments, we are reinforcing the sustainability of our organisation. In the following pages, we provide a more detailed account of how we have translated our sustainability commitments into actions that draw us closer to our stakeholders in the community, the workplace and marketplace while also strengthening our environmental stewardship.

ENHANCING LIVES IN OUR COMMUNITIES

While the very core of our business, namely to make flying more affordable, has served to enhance the lives of millions of people in Asean, we have been supporting local communities in this region in other ways too. Through the AirAsia Foundation, set up in 2012, we provide seed grants to social enterprises that help to improve the livelihood of marginalised communities. In addition, we continue to extend a helping hand to those in need via outreach programmes.

Social Enterprise

In 2014, AirAsia Foundation deepened its engagement with its 2013 grantees – namely Tonibung Friends of Village Development in Malaysia; Yogyakarta-based ArkomJogja; and Rags2Riches, Inc based in Manila – while awarding three new grants to deserving organisations. To date, AirAsia Foundation has awarded nine social enterprise grants to organisations in six countries.

Tonibung, which aims to provide electricity to remote villages via micro-hydro projects, added a second community to its programme after its pilot project with 22 Orang Asal residents of Kampung Tiku in Sabah proved successful. Drawing on the renewable energy fund established with funding provided by AirAsia Foundation, the organisation set up a similar hydro-based turbine system in the village of Long Semadoh in Sarawak, effectively doubling the output of an existing turbine to 20kW to support the power generation needs of 30 households from the Lun Bawang indigenous group.

The Foundation also provided additional funds for ArkomJogja to expand its Conservation Through Enterprise initiative in Kotagede, Yogyakarta. Building on the Kotagede Silversmith Workshop
extensive documentation and mapping exercise completed in 2013 to boost heritage tourism to this historically rich artisanal enclave, ArkomJogja is now engaging more intensely with local silversmiths to revive their traditional trade. With funding and technical support from AirAsia Foundation and the British Council Indonesia, ArkomJogja organised a week-long design innovation workshop for 22 traditional silversmiths in Kotagede to enhance the aesthetic value of their craft to increase their sales revenue.

The two new social enterprises added to AirAsia Foundation's list were Muser Coffee Hill and Thien Chi.

Muser Coffee Hill
The Muser hilltribe in the mountainous Tak Province in northern Thailand has been cultivating coffee for generations. However, years of mono-culture have led to severe loss of biodiversity and a general degradation of the forest on which they depend. Muser Coffee Hill (MCH), established in 2008, has been working with a network of 3,000 hilltribe farmers, educating them on the importance of biodiversity for the long-term sustainability of their livelihood and guiding them to plant shade-grown coffee, which thrives under the canopy of taller trees. This would enable the farmers to grow the crop without clearing any land, thus preserving the forest. Under the project supported by AirAsia Foundation, MCH purchased a new coffee roaster which increased its roasting capacity by six times per hour so that the farmers can earn a higher yield for their crop. Proceeds from the sales are ploughed back into helping more farmers cultivate shade-grown coffee.

Thien Chi Bamboo Bicycle Project
The Ham Thuan Nam district in south eastern Vietnam subsists on its dragon fruit farms. When the fruit comes into season between May and October, big farms hire extra hands to help harvest the crop. For the remaining six months of the year, however, these contractual workers – who represent an ethnic minority in the country – do not have any stable income, and many get lured into a web of alcoholism and other forms of escapism. To provide the local community with stable employment, Thien Chi has set up a workshop to manufacture bamboo bicycles, hiring eight full-time and two part-time employees. Profits from the sale of the bamboo bikes are used to sustain the business as well as to conduct healthcare and education programmes for members of the wider community. With funds from AirAsia Foundation, Thien Chi purchased equipment for the new workshop, retrained seasonal farm workers to produce quality bamboo bicycles and supported the workshop’s first year operating expenses.

Recognising the value of these social enterprises, our Allstars regularly lend their support in any way they can to further their cause. On the weekend of 18-19 October, for example, 15 Allstar volunteers could be seen at the KL Arts in the Park Festival, organised by Kuala Lumpur City Hall, helping Rags2Riches and Thien Chi Bamboo Bicycle man their booths and run their activities – a weaving workshop and bamboo bicycle kids’ race. These activities helped to raise the enterprises’ profiles, created greater public awareness of their unique approach to income generation while also gaining some visibility for AirAsia Foundation.

Disaster Relief and Rehabilitation
In November 2013, AirAsia was one of the first airlines to join relief aid efforts in the immediate aftermath of Typhoon Haiyan, one of the worst typhoons ever to hit the Philippines. We transported more than 5,000 relief workers and survivors and 400 tonnes of relief aid to Tacloban, Cebu and Kalibo. In addition, we provided 250,000 free seats across our network in the Philippines for people to travel in search of missing family members.

We then raised USD2,174,705 in a region-wide fund-raising campaign, called To Philippines With Love. Of this, we channelled USD1,040,223 to the Philippine Red Cross to build 345 homes in Panay; USD850,000 to Habitat for Humanity Philippines to build 187 homes in Tacloban; USD180,000 to social enterprise Hapinoy to set up 133 provision stores run by women in Palo; USD50,000 to AirAsia Foundation grantee Rags2Riches to train 50 artisans; and USD54,482 to 58 affected airport workers to help them rebuild their homes.

By the end of 2014, both home rebuilding organisations had commenced construction work. The Hapinoy women entrepreneurs were trained and provided with support to start up their own home-based groceries.
businesses. All the beneficiaries also successfully repaid microfinance loans taken to stock their stores. Meanwhile, under the Rags2Riches project, following art therapy and skills-building workshops, the new artisans created a new product line which hit the shelves in December.

Just as rehabilitation efforts in the Philippines were bearing fruit, at end 2014 the East Coast of Peninsular Malaysia and parts of East Malaysia were inundated by the worst floods in 40 years. Again, AirAsia and our volunteers came to the fore. Over a three-week emergency response period, we transported over 28 tonnes of food, water, clothes and medical supplies on behalf of relief organisations, while also providing free flights for more than 200 medical personnel and volunteers travelling to Kelantan. AirAsia Foundation launched an East Coast Flood Relief fund-raising effort between 1-18 January 2015, collecting donations on board AirAsia flights and on our online channels to support Mercy Malaysia’s emergency relief efforts and subsequent rehabilitation activities. The campaign raised a total of RM902,447 which was channelled towards the refurbishment and reconstruction of various clinics and schools, and to support an Orang Asli community water project.

In India, our new associate – AirAsia India – deployed a seven-member team to assist in relief efforts in Kashmir during the devastating floods in September 2014. The airline also helped to fly in medical supplies.

In support of future humanitarian relief work in Southeast Asia, Thai AirAsia pledged a total of 10 hours of flight time for up to 180 personnel and 8 tonnes of cargo to Airlink. This global humanitarian response organisation works with airline partners to mobilise aid in response to natural disasters, while also addressing developing-world issues such as access to clean water, food, shelter, medical aid and education.

Creating a Brighter Future Through CSR
Our CSR efforts during the year continued to target the younger generation, especially in identifying and nurturing hidden talents. At the same time, we supported initiatives to promote healthier lifestyles and to narrow the educational gap. Our volunteers, meanwhile, willingly devoted their time to uplift the lives of the underprivileged.

Developing Young Talent Around Asean
We are proud to have developed a flagship talent development programme – the AirAsia QPR Coaching Clinics – which entered its second year in 2014. Working with Queens Park Rangers Football Club in the Community Trust, coaching clinics were held in November 2014 in Bangkok, Beijing, Guangzhou, Kuala Lumpur and Kota Kinabalu, benefitting a total of 435 youth. The five “stars” of these clinics were then flown to England to spend a week training at QPR’s Academy.
Celebrating Ramadhan in Malaysia, AirAsia and AirAsia X hosted more than 100 children from four homes around the Klang Valley – Asrama Damai (Kuang), Rumah Amal Cahaya Tengku Ampuan Rahimah RACTAR (Subang Jaya), Angel’s Home (Taman OUG) and Rumah Keluarga Kami (Kajang) – to a breaking of fast at the Mandarin Oriental Hotel. The occasion was made all the more memorable for the children by the appearance of 40 celebrities, some of whom also performed.

Eighty-six caring Allstars, meanwhile, scaled Mt Papandayan in Bandung, Indonesia to support a local breast cancer awareness campaign. Donning pink t-shirts with the tagline “Tough enough to wear Pink”, the climbers also donated books, school bags and stationery to three local primary schools in Desa Cisirupan.

In Thailand, our associate carried out two projects that served to promote learning among youth. From June to December, Thai AirAsia worked with Books for Thailand Foundation to deliver more than 50,000 textbooks to rural schools in 10 provinces. In September, the airline flew 70 students from 14 provinces on a chartered flight from Bangkok to Hua Hin to learn about sustainable organic farming at the Chang Hua Mun royal project in Petchaburi province.

Thai AirAsia also embarked on a campaign to ensure that not only everyone can fly but also that everyone can experience the best of local tourism. It organised training for its Allstars on proper care of passengers with special needs while advocating “universal designs” at popular tourist destinations to cater for all visitors, including persons with disabilities (PWDs).

Carrying on the theme of empowering PWDs, our Allstars in India sponsored various activities at Sri Rakum, a school for the blind and the underprivileged, while in the Philippines, AirAsia flew Filipino American Jessica Cox, the world’s first armless pilot, and her husband to Tacloban. Here, Jessica shared how the rebuilding of typhoon-hit cities should take into account features and facilities that would increase the mobility of PWDs. Philippines’ AirAsia also made the dream of young cancer patient, Jake Adonis Sebial, come true by flying him to Malaysia and arranging for the 18-year-old to “fly a plane” using one of the Airbus A320 flight simulators at the Asian Aviation Centre of Excellence in Sepang. Jake was diagnosed with acute myeloblastic leukemia (AML), which affects the blood and bone marrow, in September 2014. AirAsia learnt of his wish to fly through Make-A-Wish Foundation Philippines.

In Indonesia, the dreams of 17 youth to make a career in the field of flying is being realised. In October, Indonesia AirAsia awarded scholarships in aviation engineering to these students – both to fulfil their ambitions as well as to meet growing demand for aviation technicians in the country. The students are being trained at the Indonesian State Aviation School in Curug, Banten, and will join AirAsia upon completion of their 20-month programme.
**Championing Asean Stars**

AirAsia has always believed in the potential of Asean sporting talent to be world champions, and has sponsored a number of outstanding personalities from the region to provide them extra support to shine, not just regionally but within the global sporting arena. Our Malaysian sports ambassadors include squash player Low Wee Wern, who currently ranks eighth in the world; and Moto GP racer Zulfahmi Khairuddin (Fahmi), who made his debut at the Malaysian Grand Prix in 2009.

We have also been the title sponsor of the ASEAN Basketball League (ABL) since 2009, and will be its Official Airline in the next season. We support the Malaysia-based AirAsia Badminton Academy to groom badminton talents in Asia. And, in 2014, we became the official airline sponsor for a new bike-racing competition, Shell Advance Asia Talent Cup, which aims to give teenaged riders from the Asian and Australian regions a formal path into competitive road racing. In addition, at the international level, we are the Official Partner and Official Shirt Sponsor of Queens Park Rangers (QPR), whom we have been supporting for four seasons.

While our sports ambassadors are elevating Asean to an international level, we are also very proud of our own AirAsia Allstars Football Club (AAFC), which has grown from a casual company team into a professional club that is now playing in the third tier of the Malaysian football league. In 2011, the team decided to play more competitively to represent AirAsia’s passion, spirit and determination. It therefore registered with the Registrar of Sports Council on 9 August 2011. Its coaches scoured all potential players to put together the best possible team. Its members underwent some gruelling training – in addition to carrying out their work responsibilities – and made their debut at the FAS Cup (Selangor State League) 2012. Throughout the tournament, AAFC suffered only three defeats in eight matches to finish third. After two years in the FAS Super League, AAFC again finished at third place with five wins, three draws and two losses. It also managed to top the Selangor league table for a few weeks after defeating the defending champion, NPNG. Today, our team has been promoted to the national FAM League 2015 (Malaysia League Division 3), marking an entirely new beginning. With all our support, we hope to see them go on to achieve some spectacular successes at this level.
We cannot stress enough how much we value our Allstars, who have supported AirAsia as we’ve progressed along our journey from a two-aircraft carrier into Asia’s largest low-cost airline. Recognising the critical role our Allstars play, we have from the beginning strived to attract the best people into our company – but the “best” not necessarily meaning those with exceptional academic credentials. While qualifications are important, we have consistently looked for people who are passionate, dedicated, who work well in teams, are unabashedly creative and, above all, who share our dream of democratising air travel.

Part of the attraction of working with AirAsia when we started out was the obvious dynamism and energy that marked our operations, our flat and open working environment that encourages the free exchange of ideas; and the fact that everyone and anyone could progress in the Company as far as their dreams took them. We had ramp boys becoming engineers, flight attendants becoming pilots...

These aspects continue to stand us apart. However, as we have grown, it has become imperative to put in place more structured systems and processes to institutionalise capability building so as to ensure our corporate needs are met in a systematic manner. Towards this end, a Leadership & Talent Development (LTD) arm was established to focus on continuous learning and development to enable our Allstars not only to grow professionally but also to contribute in a more meaningful way towards the Group’s ongoing expansion.

LTD is managed by AirAsia experts who will use their own knowledge and experience as well as external resources to develop training programmes to be run for Allstars Group-wide at the Asian Aviation Centre of Excellence. As the programmes are designed in-house they will be very focused on AirAsia’s needs and are therefore more likely to achieve outcomes that will propel the Group towards our goals. Both department-specific as well as capability-specific programmes will be run to fill identified gaps. Under a Next Generation Leaders (NGL) programme, Allstars who have been identified as having leadership potential will receive targeted training to accelerate their career progression and be prepared for future leadership positions.

Already, a number of senior managers have volunteered their time and intellectual capital to kick off LTD and enrich the learning experience at AirAsia, offering their expertise in the following areas: Coaching, MS Excel, Employee Relations & Discipline, Aviation 101, Nipping Fraud in the Bud, Interview Skills for Interviewers, Personality Profiling, Technical Writing Skills and Engineering from Non-Engineers.

To support this learning culture, Allstars are now entitled to five Formal Learning Days (FLDs) for training beyond that required for regulatory or technical purposes. At the same time, regular emails will be blasted out to all employees on “work tools,” namely tips and advice on getting work done more effectively and efficiently.

We have also shifted our IT platform from Microsoft to Google in order to enable greater Allstar interaction and collaboration, as well as access to resources that support individual learning and development. Using Google+, Google Drive, Calendar, Hangouts and Circles, Allstars will be able to keep updated about LTD programmes being run, access the LTD library, enrol into programmes, and share materials as well other pertinent information among each other.
A Healthy Work Environment

Various clubs at AirAsia cater to different interests of our Allstars, among which the Outdoor Club is one of the most active. It organises a whole range of activities from mountain climbing to paintball and running marathons. Just in 2014, a number of our Allstars took part in the Malaysian Women International Marathon on 16 March, Penang Bridge International Marathon on 16 November and Chiang Mai International Marathon on 21 December. These activities not only keep our Allstars physically fit but also develop a close sense of camaraderie, especially among those from different departments who may not have much contact with each other in the normal course of work.

Two highlights of the year 2014 were the earlier mentioned trek up Mt Papandayan in Bandung in aid of raising breast cancer awareness; and a cycling trip organised in collaboration with AirAsia Foundation’s grantee, Thien Chi. The nine-day ride in December, on bamboo bicycles manufactured by Thien Chi, took our Allstars and 50 other cyclists from different countries along the Mekong River, revealing some stunning countryside in Vietnam and Cambodia.

In addition, on a weekly basis, Allstars have the opportunity to join Zumba and yoga classes, as well as to get really fit at bootcamp.

The management fully supports initiatives to instil a healthy lifestyle and plays its part by organising various health related events. In 2014, March was designated as the Allstar Breast Cancer Awareness Month, during which a medical specialist was stationed at our headquarters at the Low Cost Carrier Terminal (LCCT) to conduct breast examinations. Later the same month, general health checks were offered covering vision, blood pressure, glucose level, body mass index (BMI) and cholesterol. A dietician was also on hand for one-on-one consultations. Similar Allstar Health Check Days were subsequently organised in Kuching and Kota Kinabalu in April.

Further promoting well-being, during the year the uniforms of Ground Operations Allstars were changed, not only in terms of design but also to use the latest, most ergonomic fabric. Called FRESHFIT®, the high-tech material employs silver-based technology to prevent bacterial build-up and has an inbuilt moisture management system to maintain body temperature, keeping our Allstars optimally comfortable.

A Truly Asean Workplace

AirAsia is a firm believer of the immense value that a diverse mix of employees brings to an organisation. The greater the social, cultural and age diversity, the richer the range of perspectives that we are able to meld together into more balanced strategies based on a better understanding of the markets that we operate in.

Reflecting this belief, as well as our Asean focus, our headquarters in LCCT is not only a melting pot of the different Malaysian races but also includes a significant number of Allstars from the region. This ethnic diversity is mirrored in all our associate airlines and companies (as highlighted in the breakers of our Asean champions in this annual report). The multicultural mix of our work environment is supplemented by a fairly balanced gender and age-group representation.

In the Malaysian operations itself, as at end 2014, 30.2% of our 6,321 Allstars were female, while across the Group, the percentage was slightly higher, at 34.4% of a total of around 14,000 Allstars. In terms of ethnicity, our Malaysian operations comprises 54.3% Malays, 15.1% Chinese, 13.7% Indians, 6.6% other Bumiputras and 10.3% other nationalities. In terms of age, we have Allstars ranging from below 20 years up to above 70 years. However, the largest age group brackets are from 26-30 years (33.6% of the total), 31-40 years (32.4%) and 21-25 years (21.1%). Group-wide there is a slightly higher representation of Allstars in the 31-40 year bracket (34.5%) while the 26-30 year bracket comes second (32.8%), followed by the 21-25 year bracket (19.2%).
WORLD’S BEST
LOW-COST AIRLINE

Being named The World’s Best Low-Cost Airline six times in a row is a reflection of the priority we place on serving our guests to the best of our ability, safely. We are very conscious of the critical need to ensure the highest level of safety to protect our guests, our people and assets, and continuously enhance our safety systems with the latest best practices. At the same time, we are constantly innovating to increase the range of our product and service offerings; we engage intensely with our guests and respond to their feedback; and we make their flying experience on AirAsia as comfortable and enjoyable as possible with warm hospitality. Our service delivery is supported by operational systems and processes which are updated regularly to improve efficiencies all round.

Greater Transparency, Better Access
As a public listed company, we are conscious of our responsibility to maintain a high level of transparency with our stakeholders and especially our shareholders, to keep them apprised of our performance and strategies going forward. We also have in place a governance framework that provides for a clear division of responsibilities of the Board and management, and the inclusion of an appropriate number of independent directors who ensure objectivity in every decision and action plan. We are guided in our governance practices by the Malaysian Code on Corporate Governance 2012 and other best practices locally as well as internationally.

Investors and shareholders are kept updated of our performance via our quarterly and annual financial results, Bursa announcements, operating statistics, AGM presentations, and more, on the Investor Relations pages of our corporate website. The site also presents videos of interviews of our leaders, the latest featuring our Group CEO being interviewed by CNBC on our fourth quarter and financial year 2014 earnings results.

Internally, to enhance our audit function, we have introduced QualityNet, an integrated audit management system which provides comprehensive auditing and compliance capabilities including audit findings management, the creation of schedules and checklists. The system integrates the audit data systems of our different associate companies, allowing management to retrieve reports from all via a shared dashboard, creating greater transparency across the Group. QualityNet is currently undergoing user acceptance tests (UAT) and should be operational by the second half of 2015.

Continuously Enhanced Safety
Safety represents an ongoing journey as we continuously enhance our practices and procedures, reducing as far as possible all risk parameters. Adhering to our Safety Management System (SMS), we identify hazards through audits and safety reports submitted by our personnel. These are risk-assessed and monitored for trends, resulting in mitigation actions before any identified risk can escalate into incidents or accidents.

Regular engagement with the investment community, coupled with innovations such as this, has contributed to our winning streak for excellent investor relations (IR). In 2014, we won the Best Investor Relations Company in Malaysia, Best CEO (Investor Relations) in Malaysia and Best Investor Relations Officer for the fourth consecutive year by Corporate Governance Asia, on top of winning the Best Investor Relations Website for (Mid Cap) award from the Malaysian Investor Relations Association (MIRA) yet again.
Further building on the SMS, in 2014 we subscribed to UK-based Vistair’s market leading suite of cloud-based safety e-solutions which have been designed and developed alongside aviation professionals, ensuring airline-specific safety, efficiency and compliance. The system, SafetyNet™, not only provides the tools to identify and mitigate risks, but also provides powerful trend analysis to help us make crucial safety decisions before incidents can occur. In addition, it promotes an open safety culture in which Allstars are able to report any perceived safety issue or concern within the airline.

As a measure of our commitment to the highest levels of security and safety, in November AirAsia became the first airline in the world to integrate INTERPOL’s I-Checkit system into our immigration system. This allows us to screen the passports of all prospective passengers against information contained in the world police body’s Stolen and Lost Travel Documents (SLTD) database. Since testing the system in June 2014, nearly six million AirAsia passengers have been screened against the SLTD database, resulting in 55 positive matches. After further examination by immigration authorities at the airports, 18 of those passengers were not allowed to board their flights.

For more information on our safety measures, refer to our Safety Commitment section of this annual report.

Risk Management
The aviation sector brings with it many inherent uncertainties. At AirAsia, we safeguard the company’s assets and mitigate the impact of any negative outcome via efficient internal controls that clearly set out acceptable levels of risk.

Enterprise risk management (ERM) across AirAsia is governed by a Risk Management Framework and Policy. In 2014, a web-based system was launched for risk officers and risk owners to account for the identification of risk and implementation of risk management controls within each business unit. To ensure resilience, the system also includes a business continuity management (BCM) module to identify and manage the availability of critical resources and functions to address threats to the business.

Preserving the integrity of our IT systems, we conduct system and product vulnerability assessments regularly to identify system threats and have put in place a dedicated team to monitor and report management action items relating to the same.

Group aviation insurance is held to transfer significant risk to the business arising from physical damage or liability relative to our operations.

Product and Service Innovation

Every year, we add to our menu of services to ensure we meet our guests’ every need. In 2014, we created another first by introducing WiFi on board, enabling guests to communicate with friends on the ground via WhatsApp, WeChat and LINE. Work on this service, called roKKi, is ongoing and we intend to introduce more functionalities on board such as email and video streaming. We also introduced Premium Flex, targeted specifically to business travellers, allowing them to change their flight booking up to two times, enjoy 20kg free baggage allowance as well as Xpress boarding and Xpress baggage among other perks.

In March, we launched the paperless e-boarding pass, an option open to guests who check in using our mobile app. With the electronic pass, and if they do not have any check-in baggage, they can proceed straight to the departure gate, completely avoiding any queue at the check-in counter. The service was launched for all domestic flights in Thailand and extended in October to Hong Kong and domestic flights within Malaysia. As of February 2015, it has been made available for international flights from Malaysia, and will be implemented across Thai AirAsia’s international flights and AirAsia flights leaving Ninoy Aquino International Airport in Manila pending approval from the relevant authorities.

Facilitating those with baggage to be checked in, in April 2015 we introduced the Automatic Bag Drop at Senai International Airport, Johor. In order to avail of this, guests need to print their baggage tags at home together with their boarding pass. This latest service offering, which effectively completes the self-service experience of AirAsia guests, will be made available at Don Mueang Airport, Phuket, Langkawi International Airport and a few airports in Indonesia in the coming months.
In order to measure the effectiveness of our service, we conduct regular online surveys via emails to guests asking for feedback on their overall experience flying with us, from check-in to boarding as well as with the cabin and flight crews. It also covers the condition of the cabin and quality of F&B. In 2014, a total of 467,634 guests responded to this survey, corresponding to a 7.3% response rate. From their response, we have been able to gauge areas that require improvement across all airlines in the Group and are working to do so accordingly. Interestingly, a high number of guests – as many as 48% in some quarters of the year – did not purchase any inflight food or beverage, indicating a need to introduce more snacks on short flights, introduce greater variety and intensify our promotional activities.

Building Stronger Ties With Guests
A key differentiator of AirAsia is the way we engage with our guests – not just face-to-face but also online, via our website and social media. As the first truly online airline in Asia, we invest considerably in our website and the communication platforms hosted – such as Ask AirAsia, Live Chat, Facebook, Twitter and Weibo – to make these as user-friendly and effective as possible. The results have been positive.

The number of visits to our website has been steadily increasing over the years and reached 22 million as at end 2014. Of these, 11 million were unique visitors. More importantly, the conversion rate of visits to flight booking has also been increasing, and in 2014 stood at 4.4%, up from 3.9% in 2013. This increase, during a year of generally dampened air travel, was particularly encouraging.

As part of continuous efforts to enhance our customer engagement, in April 2015 we embarked on a comprehensive Customer Service Management (CSM) revamp to integrate the different platforms we use to communicate with guests so as to respond more effectively to their comments or requests. As part of this revamp, we have adopted cloud technology to manage our web self-service, case management, social engagement monitoring, internal system integration and multi-platform chat.

With better CSM, we will be able to improve problem points such as guest refunds. A backlog has accumulated in some of our associates due to bottlenecks in the previous system. However these will soon be cleared and, in future, our target is for all refund requests to be processed in less than 45 business days (excluding processing time from customers’ merchant banks).

Greater Efficiencies, Lower Cost
Our ability to stay true to the AirAsia pledge of “Now everyone can fly” rests on maintaining the highest level of operational efficiency so as to reduce our costs and pass on the savings to our guests. Towards this end, in 2010 we embarked on a Continuous Improvement Programme (CIP) which seeks to streamline AirAsia’s entire spectrum of operations. As part of the CIP, a Performance Improvement Team, known as the PIT Board, was set up with the primary aim of improving efficiencies. Working with our consultants, GE, and engaging more extensively with Allstars to improve every aspect of their day-to-day functions, the team has steadily notched a number of wins.

Its achievements in 2014 included:
- **APU Savings** – when aircraft are in for night maintenance, their engines are kept running, either via the ground power units (GPUs) or the auxiliary power units (APUs) on board. Although the GPU is 10 times more cost-effective, there are insufficient numbers of these, necessitating the use of APUs. Our engineers, however, have found a solution to reduce APU usage by 30 minutes per aircraft per day, saving a total of USD903,014.
- **APD Pairing** – as aircraft age, their fuel efficiency deteriorates ie their aircraft performance deterioration (APD) index increases. In response, we have started to pair aircraft from Malaysia and Indonesia to optimise aircraft utilisation with the best routes. This has led to an estimated annual savings of USD800,000 for Malaysia and USD47,221 for Indonesia.
• **Potable water reduction** – every 1kg of weight on our aircraft carries a penalty of 0.034kg of fuel burn. By reducing the volume of potable water on flights, we have managed to reduce the weight of certain flights from Kuala Lumpur by 25kg, saving USD90,000 per annum.

• **Cargo panel** – this area in the aircraft is easily damaged with the loading and unloading of cargo, leading to RM3 million being spent annually to repair the floor, side and ceiling panels. Negotiating better deals with vendors who carry out the maintenance and repair of these panels, as well as encouraging more careful behaviour of ramp and cargo teams, we expect to reduce our costs significantly.

• **Minimise Nose Radome Repair** – it is important to keep the nose radome in good shape to protect the radio antennas and other structures it houses from atmospheric elements. With proper maintenance and monitoring, we are looking at reducing the cost of nose radome repair.

• **Engine Water Wash** – the efficiency of engines is impacted by accumulation of dirt. To reduce this effect, a new engine wash procedure has been implemented which will keep engines cleaner and maintain their fuel efficiency.

• **Reducing Aircraft Swap Delay** – from January 2013 till June 2014 engineering delay due to aircraft swaps amounted to 20,113 minutes or 44.4% of total delay by the Engineering Department. By minimising aircraft swaps, we hope to save an estimated USD73,176 every year.

• **Apron Bus Usage Reduction** – we target to reduce the use of apron buses by 35% by looking at aircraft bay allocation and implementing a minimum passenger load factor per bus. This would enable us to save an estimated USD54,216 per year.

## CREATING AN ENVIRONMENT OF CONSERVATION

As an airline, we are conscious of the role we can play to reduce as far as possible our CO2 emissions. This is an aspect of operations that we take seriously not only because of compelling environmental reasons but also because it is critical to our low-cost business model. Fuel makes up around 50% of our total costs, hence reducing fuel consumption via efficiency has been a strong and loud mantra in the corridors of AirAsia.

Having already set up a Fuel Efficiency team that works closely with our partners GE Aviation and Airbus to adopt best fuel management practices, AirAsia is now making fuel efficiency part of our corporate culture, something for everyone to be conscious about and contribute towards. To help create greater awareness of issues regarding fuel efficiency, we launched redfuel, a monthly newsletter. To make it an interesting read, the newsletter not only highlights how airlines can reduce fuel but also has “myth buster” sections and “did-you-know” info bytes such as: “A reduced flap and idle reverse landing saves fuel equivalent to the hourly flight allowance of a set of cabin crew in AA.”

Supplementing theoretical knowledge with real-life training, in April 2014, we rolled out our first GE Train the Trainer session in Manila and Jakarta, followed by sessions in Bangkok and Kuala Lumpur in June. The idea is for all AirAsia pilots and dispatchers to receive one-day training on fuel-efficient procedures and to incorporate key messages into our training programmes for Captains as well as in the recurrent training sessions using simulators and during check-rides. In collaboration with GE, we have initiated a number of programmes to enhance our fuel efficiency. Some of them, and their results, are described here:

• **Engine Out Taxi-ing**

Shutting down one engine while taxi-ing for departure or after landing is one of the most effective techniques to generate significant fuel savings for airlines, particularly operators like AirAsia with a high number of daily cycles per aircraft. One minute of one-engine taxi on arrival per flight saves 1.2 million kg of fuel annually. In more layman terms, five minutes of one-engine taxi on four flights saves enough fuel to drive between KLCC and klia2 14 times in a Toyota Vios. Unless there are compelling safety reasons for not doing so, we regularly encourage our pilots to engage in engine out taxi-ing (EOT), especially on landing and taxi-ing the aircraft to the arrival gate.

During the year, we achieved an average EOT of 2.05 minutes, up from a baseline of 1.64 minutes for a total of 24,435 flights during the year.
• Reduced flap landing
Reduced flap landing means landing an aircraft without using full landing flaps. It not only reduces fuel consumption but also decreases chemical and noise emissions. When landing an airplane with reduced flaps, fuel burn is reduced by approximately 25kg on an A320 aircraft. The percentage of AirAsia Group flights using reduced flap landing increased from 47% in January 2014 to 63% in January 2015. Our standard operating procedure (SOP) today is to use a reduced flap and idle reverse setting which can save up to 5.8 million kg of fuel annually for the Group.

• Airspace Optimisation
In November 2013, AirAsia became the first Malaysian airline to pioneer the Required Navigation Performance Authorisation Required Approach (RNP-AR APCH), an advanced form of Performance-based Navigation (PBN), in Penang. RNP procedures shorten the distance an aircraft has to fly, hence reduces fuel burn, exhaust emissions and noise pollution. According to our calculations, RNP flight paths save AirAsia up to 23 nautical miles (NM) per approach to the Penang International Airport, and will save us approximately 23 NM at Kuching Airport and 18 NM at Kota Bharu compared to the standard terminal arrival. Putting this into perspective, every NM saved results in 5.8 million kg of fuel per year just for our Malaysian operation, which translates into USD7.8 million of fuel and operating costs per year.

Efforts to educate our Allstars on the importance of preserving the environment are ongoing and we expect to be able to report on more green successes in upcoming annual reports.

Greening Our Premises
Our environmental consciousness does not stop with fuel efficiency but is reflected in “green” activities in all our premises – from our offices to terminals, as well as in our ground and in-flight operations. We also encourage our vendors to abide by green regulations.

AirAsia offices have recycling bins for Allstars to deposit waste materials. Recycling is also practised on board our aircraft, with flight attendants collecting plastic, paper and aluminium waste at the end of each flight for recycling purposes. Metal waste from engine parts, scrap aircraft propellers and even battery parts are sold to a licensed scrap metal company.

Environmental Scheduled Waste Management Awareness Training is conducted yearly, in line with the Environmental Quality Act (EQA) 1974, OSH Act 1994 and Annex 16 to ICAO. Every year, we also conduct Environmental Training and Inspection at all domestic stations to familiarise our Allstars with proper processes in scheduled waste management and disposal. At the Kuala Lumpur station, Environmental Assessment Audits are conducted every month.

We hope to introduce the RNP-AR approach at our other airports in Malaysia in 2015, while our associates are working on similar programmes.
SAFETY IS OF PRIMARY CONCERN AT AIRASIA AND IS MANAGED VIA OUR SAFETY MANAGEMENT SYSTEM (SMS). UNDER THE SMS, WE CONTINUOUSLY IDENTIFY HAZARDS THROUGH AUDITS AND SAFETY REPORTS SUBMITTED BY OUR PERSONNEL, WHICH ARE RISK-ASSESSED AND MONITORED FOR TRENDS, RESULTING IN MITIGATION ACTIONS BEFORE ANY IDENTIFIED RISK CAN ESCALATE INTO INCIDENTS OR ACCIDENTS.

The critical safety functions of senior management are in the areas of strategy and leadership. Senior management provide a vision for safety management and the resources required to maintain our targeted level of safety. Meanwhile, all staff are aware that the health and safety of the organisation is everyone’s responsibility.

Our SMS is built on a sound and just reporting framework, which ensures that any hazard or safety deficiency detected is brought to the attention of those with the authority to make changes. Unusual trends in Flight Data, for example, are analysed and reported to the Flight Operations Management for prompt corrective action. The flight crew concerned will be consulted, and new procedures may be introduced to address previously unknown weak points or areas of uncertainty.

We recognise human stress as an area of concern and address it through a Critical Incident Stress Management (CISM) module developed by the Human Factors section. Psychologists are engaged to apply the CISM, not only for our flight and cabin crew, but to all other employees.

Our approach to safety further ensures that authority and accountability co-exist. I pledge that no disciplinary action will be taken against any employee for reporting a safety hazard or concern to this Company’s management. I pledge also that no member of staff will be asked to compromise on our safety standards to ‘get the job done’.

An essential component of our SMS is employee training. We train our employees so they are able to perform their tasks in a safe and efficient manner. Training modules for our crew are continuously updated and refreshed to include recommendations made following accidents and serious incidents within the industry, to ensure they are equipped with the knowledge to manage all possible scenarios.

Medical incidents are reviewed and shared with the cabin crew during classes and the importance of first aid is emphasised, while the content of the medical kits on board aircraft are reviewed to ensure that they are able to be of assistance in times of need. Incidents and accidents are also shared with ground employees during training to allow them to understand their role in preventing and managing similar occurrences where compliance to procedures is key.

While the management makes available this training, it is the employees’ individual responsibility to then follow all prescribed safe work practices. There is, further, always an open and active channel for discussing and reporting safety matters including the review of impractical procedures.

The ultimate responsibility for safety in the Company rests with me as the Chief Executive Officer/Accountable Manager. Meanwhile, the responsibility for making our operations safer for everyone lies with each one of us – from heads of department and/or managers to front-line employees. Each head of department and/or manager is responsible for a safe work environment in his or her area of responsibility and, through oversight
from the Safety Department, ensures that all reasonable steps are taken to prevent incidents and accidents.

Our approach to safety is that it is a never-ending journey. This means that we continuously work to strengthen our 100% safety-conscious culture throughout the Group. In 2015, we established a Government Regulatory and Certification Envoys (GRACE) team to pro-actively anticipate and address safety, flight operational and engineering issues across all aircraft operating companies under our banner. Through the team, we aim to promote better information-sharing between safety and technical departments across the Group, while also communicating regularly with regulatory authorities in the region.

We are committed to ensuring that safety excellence is integral to our day-to-day aviation activities, as we realise this is crucial to the sustainability of our business. Safety values are at the core of this Company, underlining our commitment to providing our employees and guests with the safest possible environment.

SAFETY POLICY STATEMENT
Safety is given top priority in all of our activities. We are committed to developing, implementing, maintaining and improving our safety strategy, management systems and processes to ensure that all our aviation activities are undertaken with balanced resource allocation, aimed at achieving the highest level of safety performance and meeting the highest international safety standards.

All levels of management are accountable for the delivery of the highest level of safety performance, starting with the Chief Executive Officer.

Our commitment is to:

a. Develop and embed a safety culture in all our aviation activities that recognises the importance and value of effective aviation safety management and acknowledges that safety is paramount at all times.

b. Clearly define for all staff their accountability and responsibility for the development and delivery of aviation safety strategies and performance.

c. Ensure that all staff are provided with adequate and appropriate aviation safety information and training, are competent in safety matters and are only allocated tasks commensurate with their skills.

d. Establish and implement a hazard identification and risk management process to minimise the risks associated with aircraft operations to a point that is as low as reasonably practicable/achievable, and conduct safety reviews to ensure that relevant action is taken.

e. Ensure that sufficient skilled and trained resources are always available to implement safety strategies, policies and processes.

f. Establish and measure our safety performance against realistic objectives and/or targets.

g. Ensure that the externally supplied systems and services that may have an impact on the safety of our operations meet appropriate safety standards.

h. Actively develop and improve our safety processes to conform to world-class standards while complying with and, wherever possible, exceeding legislative and regulatory requirements and standards.

i. Foster and encourage the maximum level of reporting and transparency with non-punitive safety/hazard reporting and by nurturing a just culture in the airline.

AIREEN OMAR
Chief Executive Officer
WE HAVE BEEN TWO-TIMED.. IN A GOOD WAY

Thank you for making us World Travel Awards’ World’s Leading Low-Cost Airline for the second year running.
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