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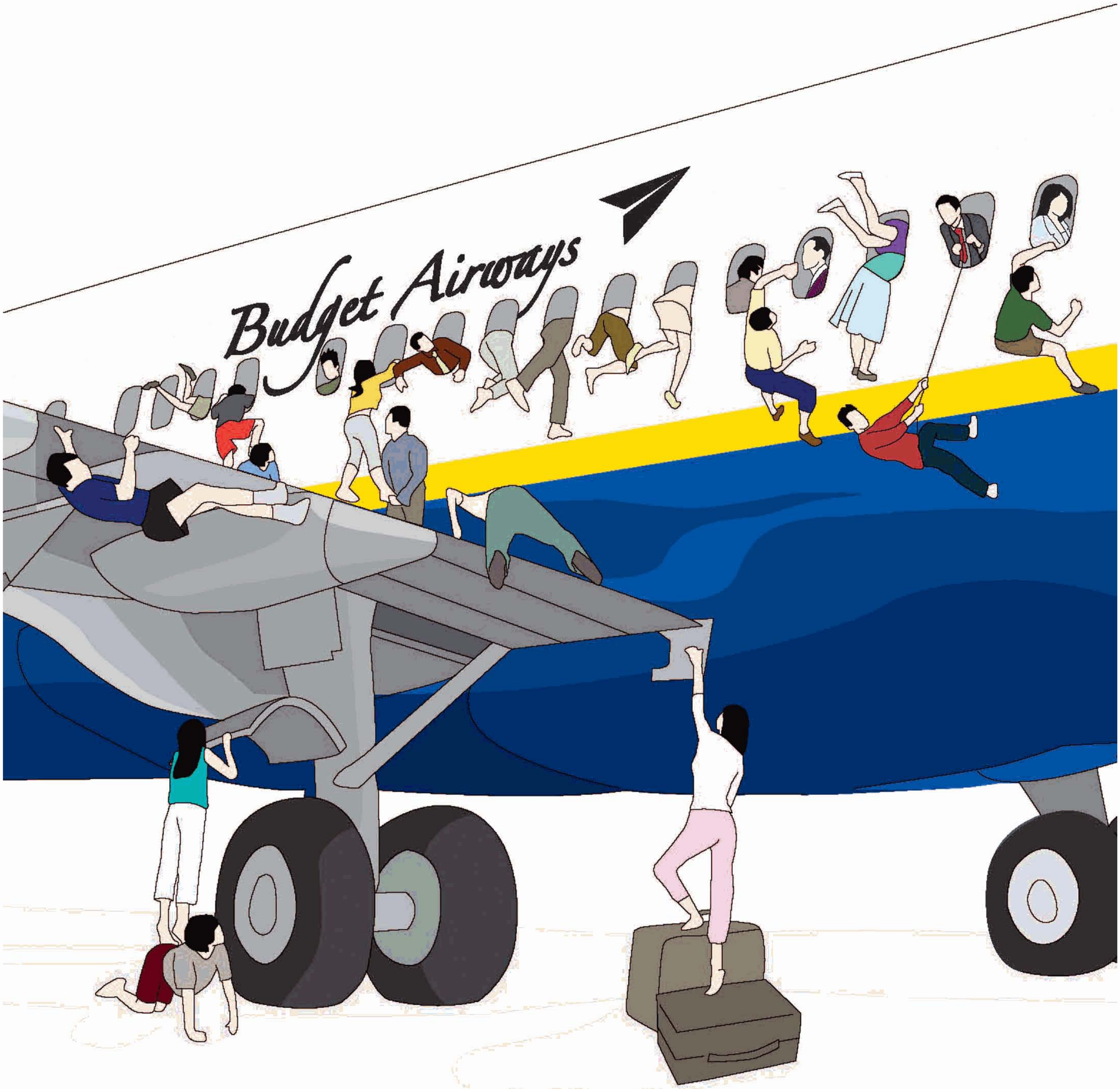

Soaring High Amid Economic Turbulence?

By Jason Lee

While the aviation industry has not been spared from the global economic downturn, market observers reckon that low-cost carriers are poised to register growths in their revenues in 2009. Notwithstanding the bullish outlook, *INVEST* also takes a look at some of the key challenges facing these budget airlines.

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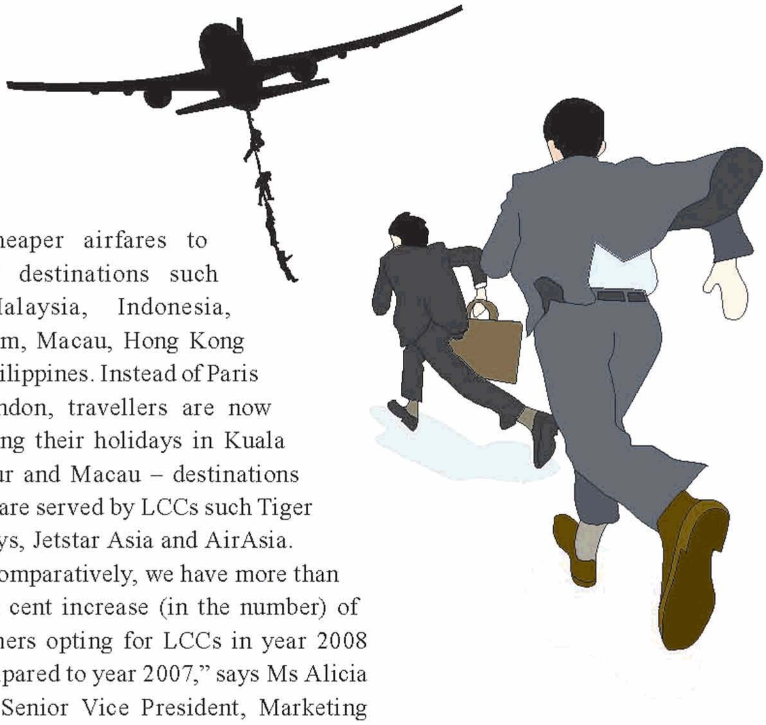

There is little doubt that the global economic downturn has already hit the aviation industry. In view of the expected declines in industry revenues, passenger traffic and cargo traffic, the International Air Transport Association (IATA) has predicted an industry loss of US$2.5 billion this year. All regions, except the US, are expected to report larger losses in 2009 than in 2008, says the international trade body which represents some 230 airlines comprising 93 per cent of scheduled international air traffic.

Amid the bleak outlook for the aviation industry this year, a silver lining is likely to be the expected growth in revenues of low-cost carriers (LCCs), say aviation experts.

SHIFT IN THE BALANCE OF WORLD AVIATION?

Following an analysis of the respective projections by the International Civil Aviation Organisation (ICAO) and the IATA which indicate that LCCs will outpace full-service carriers in traffic growth and earnings this year, Sydney-based Centre for Asia Pacific Aviation (CAPA) is predicting a "shift in the balance of world aviation".

In its recently released report titled "*LCC traffic and profits to boom in 2009 as legacy airlines suffer*", CAPA noted: "Falling premium demand and pressure on revenues will drive further merger and acquisition activity in the full service sector in 2009. The LCC sector meanwhile will focus on organic growth via fleet and network expansion. The result: a shift in the balance of world aviation."

CUT BACK ON TRAVEL BUDGET AMID ECONOMIC DOWNTURN

According to statistics from leading travel agencies, the current global crisis has led to more Singaporean travellers opting for cheaper airfares to nearer destinations such as Malaysia, Indonesia, Vietnam, Macau, Hong Kong and Philippines. Instead of Paris or London, travellers are now spending their holidays in Kuala Lumpur and Macau – destinations which are served by LCCs such Tiger Airways, Jetstar Asia and AirAsia.

"Comparatively, we have more than 50 per cent increase (in the number) of customers opting for LCCs in year 2008 as compared to year 2007," says Ms Alicia Seah, Senior Vice President, Marketing and PR of CTC Holidays. Expecting the economic slowdown to worsen, Ms Seah reckons that the number of customers who opt to travel with the budget carriers will continue to rise this year.

OPENING WINDOWS OF OPPORTUNITY WITH ASEAN OPEN SKIES AGREEMENT

The LCCs will also benefit from the ASEAN Open Skies Agreement which allows more competition on key routes in this region. "This should translate into more opportunities for LCCs to grow, and will likely increase the pressure for airlines to offer competitive fares in general," says Dr Terence Fan, Assistant Professor of Management at Singapore Management University's Lee Kong Chian School of Business.

This, in turn, will lead to significant cost savings for the consumers. For instance, travellers who have to make frequent trips between Singapore and Kuala Lumpur can now do on a budget carrier at just $78 – a fraction of what it will typically cost on the respective national carriers Singapore Airlines and Malaysia Airlines (please refer to sidebar on page 67).

There is also potential for LCCs to benefit further from the Agreement as it has so far only called for the liberalization between capital cities, which Dr Fan says "may place a limit to the full extent of this Agreement".

In the meantime, AirAsia – among the LCCs operating flights from Singapore – is likely to benefit most from the Agreement as "it has more aircraft to capitalise on the opening up of the routes (ie. Singapore – Kuala Lumpur)," says Mr Shukor Yusof, an aviation analyst at Standard & Poor's Equity Research.

CHALLENGES AHEAD

Notwithstanding the bullish outlook and growth opportunities, the budget airlines will have to grapple with key challenges as they compete with both the established full-service carriers and other LCCs for the reduced spending powers of today's discerning consumers.

For one, the current economic crisis could turn out to be a double-edged sword for LCCs as they could be hit more severely than full-service carriers. "Major airlines are definitely in a better position to combat an economic slowdown. As they deal with much more markets and destinations than their LCC counterparts, their risk is spread

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much wider than the LCCs. They probably also have fat to trim whereas LCCs are already down to the bones," says Mr Robert Khoo, CEO of the National Association of Travel Agents Singapore (Natas).

Besides the economic downturn, all airlines including the LCCs also face the dilemma on how to hedge against fuel price hikes amid the volatile environment. Last year, many airlines had locked in prices which had seemed reasonable at a time when prices went above the US$100 per barrel level, but which later turned out to be higher than the market price when oil prices declined substantially towards end of the year.

ACCEPTING TRADE-OFFS FOR LOWER FARES?

At the same time, the extent of the 'positive' impact – based on the premise that travellers will 'downgrade' their choice of airline during a downturn – remains to be seen, aviation experts say. "I do not agree that people will automatically 'downgrade' to LCCs as budget carriers do not offer a frequent flyer miles programme and seats of your choice," says Mr Shukor.

Moreover, the issues of frequencies to certain destinations and the non-provision of "all the frills most flyers are used to on flights of at least over four hours" could also limit the appeal of LCCs, says Mr Shukor, adding that the LCCs have yet to win over frequent flyers.

According to Dr Fan, business travellers working for companies that have extensive corporate travel accounts with established full-service carriers are also unlikely to switch to LCCs. "Those travelling for non-essential businesses (e.g. in-house training or incentive travel) or for leisure are more likely to switch to LCCs if the pricing conditions (airfare, incidental charges versus schedules) offered by them are more favourable than traditional carriers," he adds.

While Mr Khoo reckons that the acceptance level for the LCCs has improved over the past few years, he agrees that these budget airlines have yet to penetrate the business travellers' segment. "(With the LCCs), the terms and conditions are very inflexible especially when it comes to changes, cancellations and so forth. For business travellers, in which flexibility is key, I believe these carriers are still not attractive."

Indeed, one disadvantage of travelling on a budget carrier for seasoned travellers such as Mr Melvin Tan is the limited flight schedule – especially to popular destinations such as Taipei and Shenzhen. "Miss a flight for whatever reason and you may have to catch the next flight which is likely to take off only the following day," he says.

Moreover, are travellers psychologically prepared to forgo certain frills – such as in-flight entertainment, meals, free check-in of luggage, and aerobridges at the airport terminals – which seem like basic offerings by the traditional full-service airlines which we have been accustomed to over the past decades, Mr Tan asks?

CTC Holidays' Ms Seah however reckons that many Singaporeans today are prepared to accept the non-provision of certain frills in exchange for lower fares. Attributing the "bumpy start" for LCCs (when they commenced operations here in 2004) to the common perception that Singaporeans were then spoilt by full-service airlines which provided amenities on board, Ms Seah adds: "But with time and the forthcoming economic climate, Singaporeans who still want to travel and have a budget in mind are thus more willing to forgo the amenities and opt for 'no-frills' airlines."

NO GUARANTEE OF LOWER FARES ON LCCS

Despite the slew of inconveniences or lack of frills, it is ironical to note that a budget carrier does not always guarantee the lowest price (in total) possible.

For instance, a quick check online revealed that a couple who opted to travel with one LCC would have paid $1,688 in total for a pair of return tickets to Taipei during the recent Chinese New Year period (January 28 – 31). Another couple who visited Taipei during the same period would have travelled on a Singapore Airlines flight and yet spent slightly lesser, at $1,612 (inclusive of all taxes and surcharges)!

Indeed, there is no guarantee that flying on LCCs will necessarily be cheaper than traditional full-service carriers, say industry watchers. "Customers should make their air fare purchasing decisions based on the final, all-in price for tickets of comparable restrictions. Some countries have already recommended that carriers advertise their airfares using an "all-in" basis (i.e. inclusive of all taxes, surcharges and fees)," says SMU's Dr Fan.

In Singapore, the Consumers Association of Singapore (CASE) takes a serious view of promotional gimmicks in which the airlines only advertise a very low base fare but with no indication of the high surcharges which ultimately jack up

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"Nowadays even full carriers such as Malaysia Airlines can offer better rates than LCCs because they are bigger and therefore are able to maneuver their fares and fleet to accommodate more budget passengers. Not all LCCs are low-cost in reality."

the total price of the air-ticket. Mr Seah Seng Choon, its Executive Director, says: "CASE through the Advertising Authority of Singapore (ASAS) has amended the Singapore Code of Advertising Practice (SCAP) to require all airlines to display their full fares and not hide any additional charges. Budget airlines or otherwise have to advertise their full fares since December last year. Otherwise their advertisements will not be accepted by the printing houses."

Some consumers like Mr Ivan Chong hope that tough action will be taken so as to put to an end advertising gimmicks such as the "10,000 free tickets from $9.99". Says Mr Chong: "I hope there will be some form of punitive punishment to be imposed on all carriers should they be found to be misleading in their advertisements. This is because so long as they know they can get away scot-free, they will always strive to commit (these misleading acts) again!"

Noting that LCCs are also profit-maximizing entities, Dr Fan believes the key to lowering airfares with comparable restrictions lies in competition. "Having three LCCs serving the same market will more likely lead to lower airfares than just having one LCC serving the market," Dr Fan reasons.

The nature of the LCCs could however be a potential obstacle to these airlines offering lower and more attractive fares. "Most of the major costs for airlines, whether they are LCCs or major airlines, are the same and as such, LCCs may not necessary have the ability to provide much cheaper fares," says Natas' Mr Khoo.

Echoing similar sentiments, Mr Shukor notes: "Nowadays even full carriers such as Malaysia Airlines can offer better rates than LCCs because they are bigger and therefore are able to maneuver their fares and fleet to accommodate more budget passengers. Not all LCCs are low-cost in reality."

Bargain hunters should however note that airfare pricing is, to a large extent, determined by the timing of the flight booking. "LCCs work on a first-come-first-serve basis where the early birds will enjoy the best bargains with limited number of seats," says CTC Holidays' Ms Seah. As the date of departures come nearer and if the capacities are almost full, the customers will then have to decide whether to opt for the budget carrier or a full-service airline as the price difference is actually quite marginal, Ms Seah adds.

HANDLING PUBLIC EXPECTATIONS

Besides the competition from the full-service carriers and volatility in fuel prices, the LCCs also face one common problem: The seemingly poor perception of budget airlines amongst many Singaporeans.

According to CASE, the number of complaints filed against Jetstar Asia and Tiger Airways last year had doubled from 2007. The most common complaint against these LCCs is related to unsatisfactory services, such as the loss of luggage, being billed twice for the booking and the lack of explanation from the carriers when flights were terminated or delayed.

From the other side of the fence, one is inclined to ask: Should passengers travelling with LCCs lower their expectations when things go wrong? At the very least, these passengers should not expect the level of post-incident services rendered by a full-service airline, say some observers.

Noting that full-service carriers have also experienced flight delays, CTC Holidays' Ms Seah quickly points out that these airlines have customer recovery plans such as providing meals or accommodation for customers whose flights are delayed. "But in the view of LCCs, the price paid by the customers may not provide 'extra' benefits. (Hence) the customers' expectations need to be managed in this instance when they are travelling on LCCs. It is primarily 'no frills' to minimize costs," she says.

CASE however takes a different view and emphasizes the differentiation between frills and basic services. "Consumers generally understand the limitations when they use budget airlines but they also expect basic services to be provided and such expectation is reasonable. As far as we understand, a budget carrier provides no frills service. However we do not expect no-frills to mean a lack of basic services. For instance we would expect a budget carrier to have a proper baggage handling system and timely information on flight cancellations or delays... These are not frills but services that are necessary for any airline to function effectively, budget or otherwise," says Mr Seah.

As long as unsatisfactory services continue to exist, the affected consumers will continue to have a poor view of the carrier's reputation, says Mr Seah who urges the LCCs to strive to ensure that their basic services are provided satisfactorily to all their customers.

Echoing similar sentiments, frequent traveler Mr Chong warns: "The basic requirement is to live up to its own promises to customers. One can only get away once or at best twice before losing the customer for good!"

BREAKING THE MOULD OF A TRADITIONAL LCC MODEL?

Another key focus in any discussion on budget carriers will inevitably be the business model of the LCCs. While there is no official definition of a low-cost carrier, its business model typically includes traits such a focus on point-to-point service to destinations within four hours, fast turnaround times, and the direct sales of tickets over the Internet.

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In recent years, the likes of budget carriers such as Tiger Airways, Jetstar Asia and AirAsia have expanded their offerings to destinations as far as Australia. In fact, AirAsia X, the long-haul affiliate of AirAsia, will commence direct flights between London Stansted and Kuala Lumpur International Airport's Low Cost Carrier Terminal in March.

That raises the question: Will such a strategy to capture more passengers and widen the market share be successful, especially since it remains to be seen if passengers are willing to accept the lack of space or services on long-haul flights simply for lower fares?

"No, it isn't sustainable in my opinion and it is hard to persuade people to arrive at a secondary airport in a developed country and then pay more for land transport to reach the city centre," says Mr Shukor, in reference to the typical practice in which some LCCs opt to land at secondary airports so as to incur lower costs.

Mr Khoo observes: "For long flights, comfort and activities such as entertainment (movies and so forth) are very important to a passenger, not to mention aircraft safety and track record. It would be a lot harder for LCCs to sell long-haul flights than short-haul flights."

Dr Fan is however more optimistic, noting that long-haul LCCs have been around for a long time. "Lakers Skytrain of Britain was a fore-runner in this category some decades ago, flying between London and New York City.

"I am sure AirAsia X or the likes will at least offer in-flight meals and/or entertainment for a price for 13-hour flights," Dr Fan says, adding that some long-haul low-cost operators like Oasis and AirAsia X have a separate, more comfortable cabin – akin to the business class cabins of traditional full-service carriers – in which the seats are priced at a premium.

SURGING AHEAD

Notwithstanding the collapse of budget carriers such as Hong Kong-based Oasis and Busan-based Yeongnam Air over the past year, there is little doubt that LCCs have revolutionized the aviation industry in this region. For one, the likes of Tiger Airways and AirAsia have certainly empowered consumers with more choices in terms of fares as well as flexibility in their travel requirements.

Notwithstanding the challenges – brought about by rising costs and excesses – to the operating strategy of any airline, CTC Holidays' Ms Seah argues that it is not about absolute cost per se. "The important thing is to add more value to every dollar spent. The airlines have to be pro-active in opening up new lucrative routes/destinations and in re-designing processes for greater efficiency," she adds.

Going forward, Ms Seah believes that consumers – who have become more internet savvy – will stand to gain and benefit when they are able to grab the best deals via the internet, with very attractive offers for a limited number of seats within a specific period of time.

As for the LCCs, the jury is still out on whether the economic downturn will inject a boost to their growths in traffic volumes and earnings this year. It is however evident that these carriers will have their work cut out for them as they seek to thrive in these tough times.

IMPACT OF LOW-COST CARRIERS ON CHANGI AIRPORT AND TOURISM FIGURES

DRIVING THE GROWTH OF CHANGI AIRPORT

The growth of the low-cost carrier (LCC) segment has helped in boosting Changi Airport's reputation as a major aviation hub. Last year, Changi Airport handled 37.7 million passengers – surpassing the previous annual all-time high of 36.7 million passengers recorded in 2007.

As at January 1, 2009, LCCs at Changi Airport operate 930 of the 4,376 total weekly passenger flights, accounting for 21.25 per cent of Changi Airport's total passenger flights.

BOOSTING SINGAPORE'S TOURISM NUMBERS?

Some optimists are hopeful that the LCCs will also inject a boost to tourism and visitor arrivals which declined 2 per cent to an estimated 10.1 million visitors last year.

However, aviation experts are doubtful over the extent of impact the LCCs will have on national tourism figures."(The) LCCs' total contribution in terms of seat capacity is still very small as compared with major carriers and as such, their contribution to our arrival figures is limited," observes Mr Robert Khoo, CEO of the National Association of Travel Agents Singapore (Natas).

Taking a similar view, Mr Shukor Yusof, an aviation analyst at Standard & Poor's Equity Research, says: "LCCs can only do so much to lure overseas visitors into Singapore. Singapore Airlines and SilkAir remain the dominant players in attracting tourists into the island."

While Dr Terence Fan from Singapore Management University acknowledges that LCCs can play an important role in boosting Singapore's tourist arrivals this year, he points to another key factor which is likely to have a bigger impact on tourism numbers. "We should note that in a broader picture, air travel is very sensitive to economic cycles – if the per-capita GDP of a country increases by 1 per cent, air travel originating from that country usually increases by more than 1 per cent," he says.

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A QUICK GLANCE AT SIN-KL AIRFARES*

Airlines	Departure on Feb 2, 2009	Return on Feb 6, 2009	Airfare	Taxes & Surcharges	Total Cost
Tiger Airways	0610	2215	$20	$58	$78
Jetstar Asia	0630	2120	$18	$124	$142
AirAsia	0855	2125	$30	$62	$92
Singapore Airlines	0710	2030	$230	$148	$378
Malaysia Airlines	0645	2245	$230	$164	$394

* Suppose I had a series of meetings in Kuala Lumpur, with the first scheduled on February 2 (at 10am) and the last meeting on February 6 (at 5pm). What were the options available if the flight booking was made in early January? (All figures in Singapore Dollars)

Notwithstanding the price differences, a budget traveler should also bear in mind certain factors such as:

REFUND POLICY

- What are the refund policies and charges for cancellations or changes in passengers' details? "Read their terms and conditions and ensure that you are comfortable with the requirements. Pay particular attention to clauses that stipulate delay, cancellation and refund," says Mr Seah Seng Choon, Executive Director of the Consumers Association of Singapore (CASE).

LUGGAGE POLICY

- Does the airline offer free check-in luggage allowance? What is the maximum weight per piece of checked-in luggage? What about the excess charges?
- Also, check whether insurance is included in the tickets in the event of baggage loss or damage. "If not, take up travel insurance which includes compensation in the event of cancellations, baggage damage or loss," Mr Seah advises.

LANDING AIRPORT

- Distance and time required to reach the main terminal (to catch a connecting flight) if the flight lands at a secondary airport?
- Distance, time and costs involved in travelling from a secondary airport to the city centre?

FLIGHT CONNECTIONS

- Does the airline provide flight connections, baggage transfer or check-in for multiple flights? If not, the passenger has to allow sufficient grace period between the flights.

SPECIAL ASSISTANCE

- Facilities onboard to assist passengers with special needs?

ANY HIDDEN COSTS?

- Any charges for credit card booking per passenger?
- Are you certain you've obtained the best deal? You might be surprised to note that some airlines actually charge more in total if you purchase two air-tickets in one booking, as compared to two separate bookings (ie. one ticket per time)

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Now Everyone Can *Fly*, *Thanks To* AirAsia

By Jason Lee

With its aggressive expansions – both in terms of aircrafts and routes – over the past few years, AirAsia has certainly sparked a revolution in air travel. INVEST finds out about AirAsia's success story from Mr Tony Fernandes, the group's chief executive.

Having grown from a start-up with just two planes in 2001 into the largest low-cost airline in Asia today, AirAsia has certainly proven its critics wrong.

Yet, it wasn't difficult to comprehend why many critics had dismissed AirAsia's prospects for success some seven years ago.

CHALLENGES IN THE EARLY DAYS

For one, the model of a budget airline was then a new concept to most travellers in this region. Critics had asked if these travellers – who had long been accustomed to travelling on internationally renowned carriers – would be willing to accept the lack of frills (such as meals onboard) in return for a cheaper air ticket.

Many observers were also doubtful over whether AirAsia could penetrate markets beyond Malaysia, in view of the fact that the Governments in this region were maintaining a protectionist stand to safeguard the interests of their national carriers.

Moreover, the global conditions at that time had seemed unfavourable for the launch of any airline. As AirAsia's group chief executive Tony Fernandes put it, it was an "environment that was not conducive to air travel". He recalled: "It was just a couple of months after 9/11 and we all know how petrified people were about flying. Plus, we were in an economic downturn." A key challenge then was to "convince the public to fly – and to fly with a low-cost airline," Mr Fernandes told INVEST.

Thanks to the introduction of a series of innovative, out-of-the-box (and perhaps revolutionary) initiatives – such as the launch of Asia's first-of-its-kind low-cost long-haul airline, AirAsia X – the budget airline succeeded in capturing a significant slice of the cake.

"Our success came through hard work, innovation, marketing and a determination to make the dream of air travel a reality for millions who had never even thought of flying before because they could not afford it," said Mr Fernandes.

NEVER AFRAID TO INNOVATE

That it has never been afraid to innovate and lead change could well be one of AirAsia's 'secrets' to success. For instance, look at how its business model seems to be 'defying' the conventional description of a low-cost airline. Some observers reckon the model of a budget carrier makes it suitable only for short-haul flights which are typically less than four hours.

Hence, AirAsia's recent announcement that it would commence direct flights between London and Kuala Lumpur from March 2009 certainly raised a few eyebrows– especially at a time when travel demand is on the decline.

And while the global financial crisis has seen several leading airlines cutting the number of destinations and flight frequencies, AirAsia is in fact expanding aggressively. "More routes are coming in 2009, for example to Tianjin in China, and we are (also) exploring other destinations such as Sydney, New Delhi, Mumbai, Dubai and Kyoto," Mr Fernandes said. Beyond Asia-Pacific, AirAsia X is "looking at Berlin, Manchester, (and) Prague," the charismatic CEO added.

While some observers have raised doubts over the budget carrier's prospects in capturing a slice of the long-haul market, Mr Fernandes pointed to the fact that AirAsia X is already flying from Kuala Lumpur to Perth, Gold Coast, Melbourne, and Hangzhou.

A NEW LOW-COST TERMINAL TO MEET ITS GROWTHS' TARGETS?

To a large extent, AirAsia's recent announcement that it plans to build a new airport – designed to handle up to 30

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million passengers annually – in Labu, Negri Sembilan underscores the group's bullish sentiments.

But while AirAsia believes that the construction of the proposed airport is necessary to support its growths in terms of both passengers and aircrafts, its critics argued that Kuala Lumpur International Airport (KLIA) has sufficient capacity to handle the carrier's expansion plans.

Defending the rationale for the proposed airport, Mr Fernandes said: "A new purpose-built low-cost terminal – which would be the first such terminal of its kind in the world – is absolutely crucial for AirAsia's very survival let alone our expansion plans."

BITING THE BULLET WHENEVER NECESSARY

Although AirAsia seems to adopt a non-conventional approach in its business strategies and operations, the group has demonstrated that it is prepared to bite the bullet whenever necessary. Take for instance the case of hedging against rising oil prices – a practice which is typically adopted by many leading carriers. At a time when oil prices surged above US$100 per barrel – as was the case for a period of time last year – such hedges certainly made good business sense. But with oil prices having declined to its current levels of about US$40 per barrel, those worthless fuel hedges would have now translated into huge accounting losses for several airlines around the world.

AirAsia was among those who had hedged against rising oil prices and "paid a heavy price when the price of oil came tumbling down," Mr Fernandes said. "Unwinding our oil hedges cost us almost RM 500 million in red ink for the third quarter of 2008. But it was worth it because unlike several other airlines that are still trapped with having hedged at prices of US$90 per barrel, we decided to take the hit and (we are) now buying fuel at spot prices that are about half of other airlines' hedged prices," he added.

STEERING AHEAD

Back in July 2008, rising fuel costs seemed to be the biggest challenge for players in the airline industry. Barely a few months later, the biggest threat to the aviation sector would come in the form of the global recession which has hit most industries.

Mr Fernandes however believes the current economic climate offers opportunities for AirAsia to expand its operations. "Companies and individual consumers are tightening their belts, and with this, demand for low-cost travel is going up. We expect more corporate clients to come to us in their efforts to slash costs, including those related to travel," he said. "Demand for low-cost flights will be there, and AirAsia will cater to this demand with its premium products and services."

Q&A WITH MR TONY FERNANDES, GROUP CEO OF AIRASIA

ON AIRASIA'S PHILOSOPHY

INVEST: Just what is the distinct characteristic that AirAsia has, as compared to other budget carriers in the region, and that has helped to make AirAsia a success story today?

Mr Fernandes: Our credo: Believe the unbelievable. Dream the impossible. Never take no for an answer.

Tony Fernandes ~ Group CEO of AirAsia

ON LINK BETWEEN OIL PRICES AND SHARE PRICE

INVEST: Do you personally see a direct and immediate link between declining oil prices (which reasonably should lead to lower fares and higher passenger volumes) and a rise in the airline's share price?

Mr Fernandes: Stock price movements of any publicly-listed airline depend very much on investors. All we can do is demonstrate our viability and our long-term sustainability. Obviously, we at AirAsia believe that our share price does not reflect the true value of a company, which is why we looked at taking it private.

ON TALKS OVER POSSIBLE MERGER WITH ANOTHER BUDGET CARRIER

INVEST: There have been reports that AirAsia is in talks with one budget carrier in Singapore over a possible merger. What synergies are you looking for when considering possible mergers with other airlines?

Mr Fernandes: For now, we are not seriously considering any such mergers.

ON CORPORATE SOCIAL RESPONSIBILITY

INVEST: Amid the current economic uncertainties, how does AirAsia view the traditional practice of Corporate Social Responsibility (CSR)?

Mr Fernandes: AirAsia continues to practise corporate social responsibility. In fact, we have a blood donation drive going on right now. We donate to the national heart institute with the help of our guests, help alleviate the lives of the disabled, campaign for recycling for a cleaner environment, and offer free seats to NGO relief workers out to aid victims of natural calamities. At AirAsia, we believe corporate responsibility is not just about specific donation of funds or time but an imperative that is practised in our very policies within the corporation such as meritocracy, gender neutrality, and development of professionally-skilled and socially-responsible citizens.