VIETNAM
Vietnam
Vẻ đẹp kết tinh

Content

Milestones

Success Factors

Future Growth

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Milestones

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14,05 m
Passengers

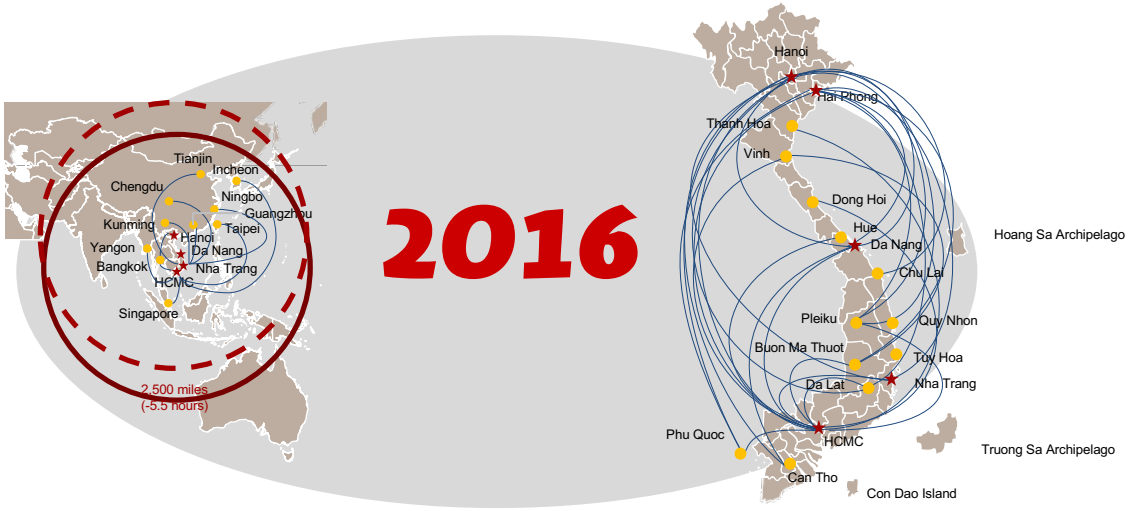
44 Aircraft (VJ+VZ)
(33A320 & 11A321)

60 Routes
37 Dom
23 Inter

84.535
Operational Flights

121.213
Flight Hours

15,96 m
Seat Capacity



88% Load Factor

99,57%
Technical Reliability

05 Operational bases
(SGN, HAN, DAD, CXR, HPH)

USD542 m
Passenger Revenue

+

USD23.1 m
Cargo Revenue

+

USD135 m
Ancillary Revenue

=

USD701 m
Total Revenue

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Key Factors (Quarter III 2017)

40 Aircrafts
5 Operational bases

4.36 mil Passengers

73 Routes
38 Domestic
35 International

89.7% Load Factor

24,516 Operational Flights

39,705 Flight Hours

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Success Factors

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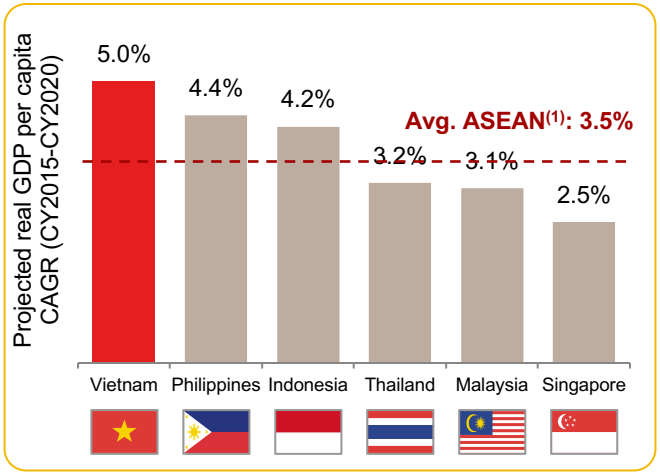
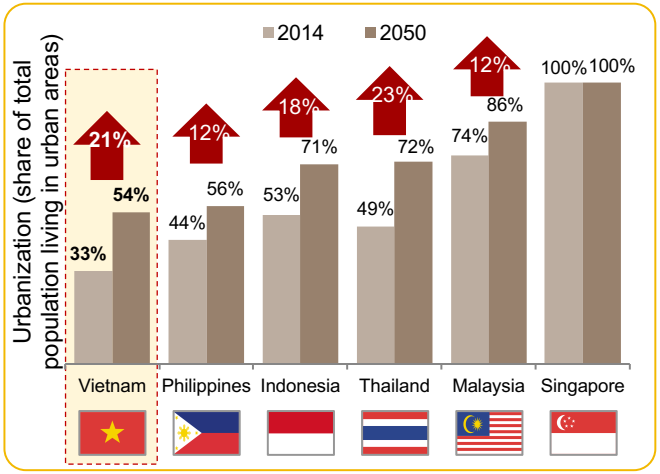
Vietnam – A large market

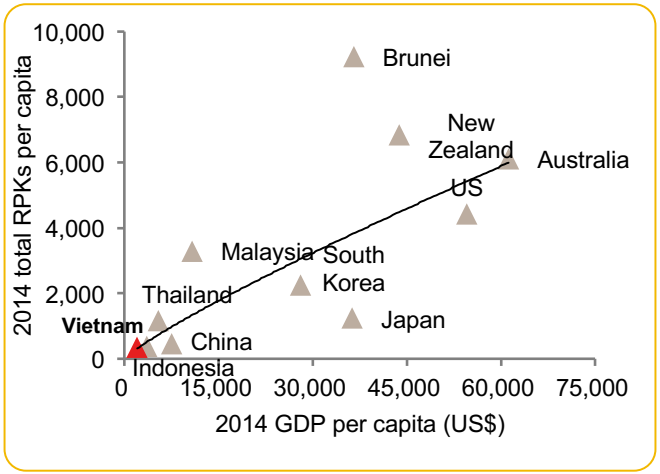
The fastest growing economy in ASEAN



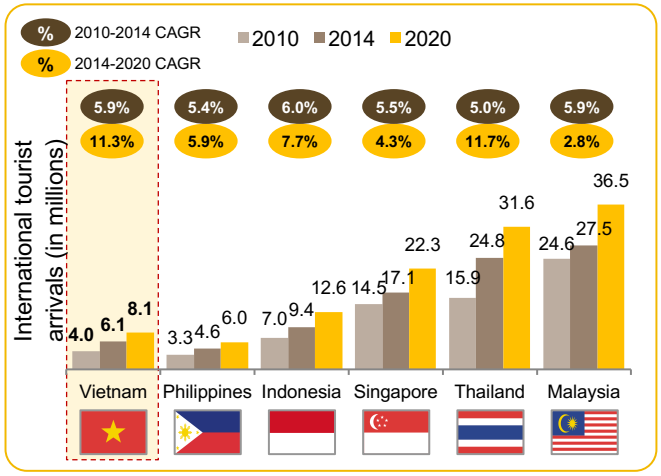
Amongst fastest growing urbanizing economies in ASEAN



Low air-travel penetration – even within Asia



Strong historical and forecasted international tourism growth



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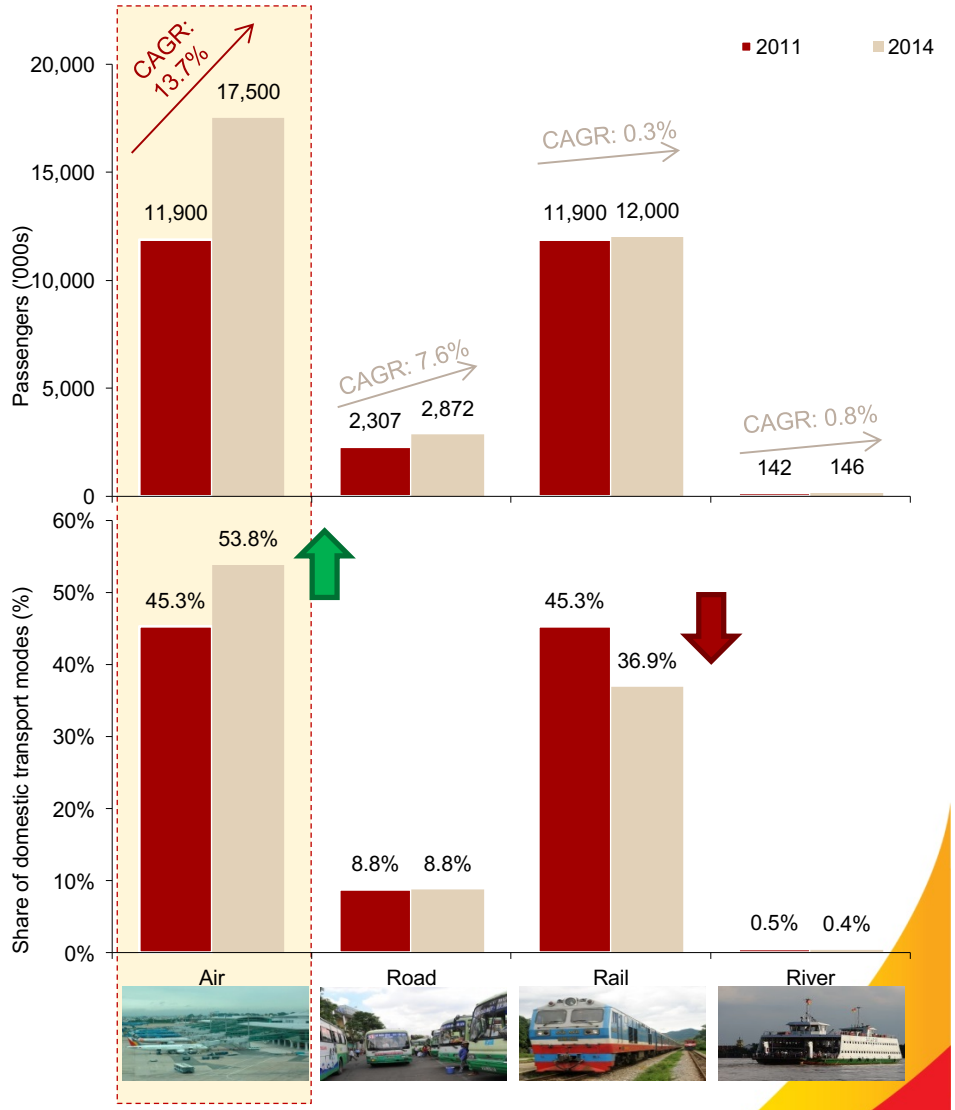
(1) Includes Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam

Source: SAP independent industry report; IMF World Economic Outlook Database (July 2015), ICAO (2014 annual report), Travelocity, Vietnam Rail, Hoang Long Transit Co, (December 2015)

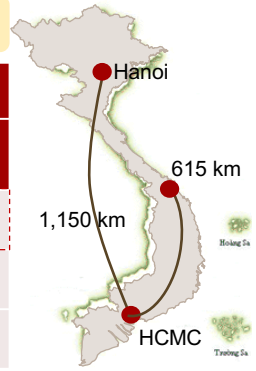
Vietnam – Why LCC?

vietjetAir.com stimulates airline travel and captures market share from other modes of transport such as bus and rail due to advantages of air travel vis-à-vis land transport



Air travel is the most efficient transport mode[1]

Travel modes	HCMC – Hanoi			HCMC – Danang		
	Time (hrs)	Fare (VND)	Fare (USD)	Time (hrs)	Fare (VND)	Fare (USD)
Air[2]	2:05	961,000	44[3]	1:20	615,000	28[4]
Bus	35:00	861,385	39	15:30	405,458	19
Rail	34:00	1,066,278	49	17:00	616,833	28



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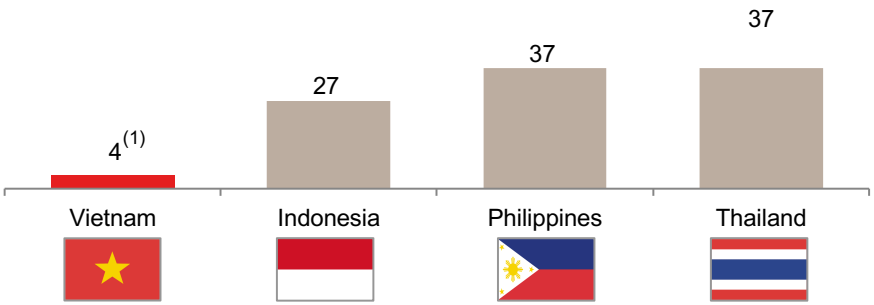
Vietnam – Significant government support

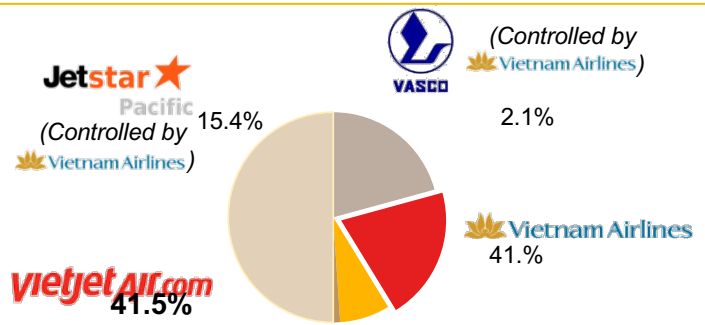
Stringent licensing requirements

# of AOCs (Air Operator's Certificate excludes General Aviation)



☑ **No new commercial entrants since 2011** when VietJet commenced its first commercial flight

Highly concentrated domestic markets, effectively a duopoly



Domestic market share % by air passenger volume for 1h2017(2)

☑ **Minimal foreign competition** as no foreign airlines permitted to operate domestic routes

Air transport master plan

☑ **US$10.5bn investment** to develop airport infrastructure across the country, increasing the number of operational airports **from 22 to 26 by 2020**

Key government incentives to support VietJet

- Tax
- Fuel supply
- Airport costs

(1) Excluding 2 licenses withdrawn due to bankruptcy
(2) Source: CAAV; based on total passengers boarding domestically via Vietnam-based airlines for 1H2017
Source: SAP independent industry report; CAAV, Ministry of Transportation Republic of Indonesia, Civil Aviation Authority of the Philippines, Civil Aviation Authority of Thailand (CAAT), Axis Research Ltd. report dated July 2017

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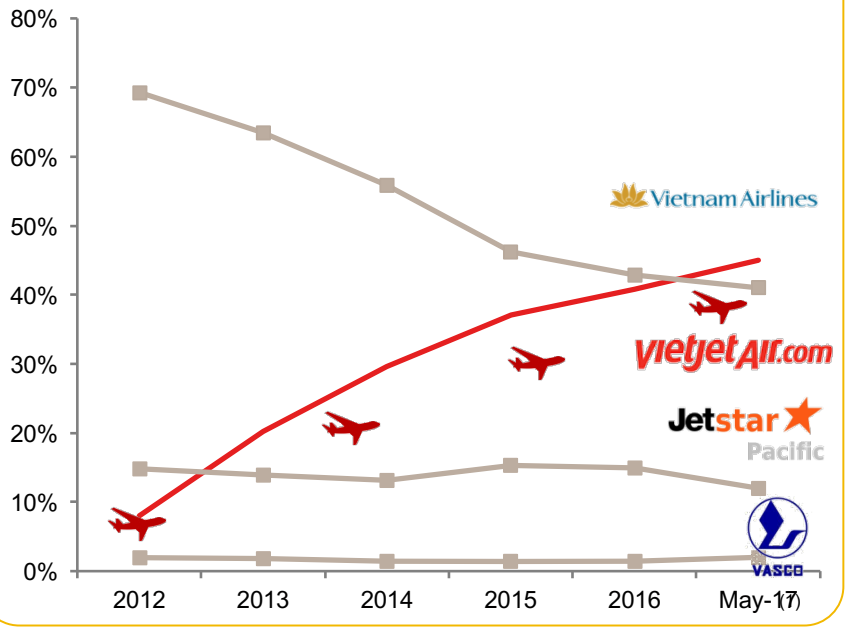
Vietjet – Domestic airline & LCC in Vietnam

Leading airline in the domestic market within only 4 years

- **Increasing market share since 2012** (by full year all passenger volume)
- **Creating a new market** – 14% of the passengers between Jul 2015 and Dec 2015 were first-time air travelers

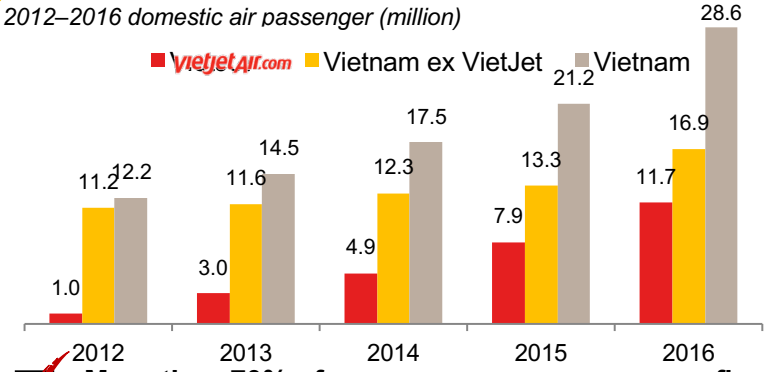
Domestic market share % (by full year air passenger volume)



VietJet 's entry in 2011 has created new demand for air travel in Vietnam, allowing the company to avoid fighting for market share from competitors

VietJet represents the majority of growth in the domestic passenger aviation market

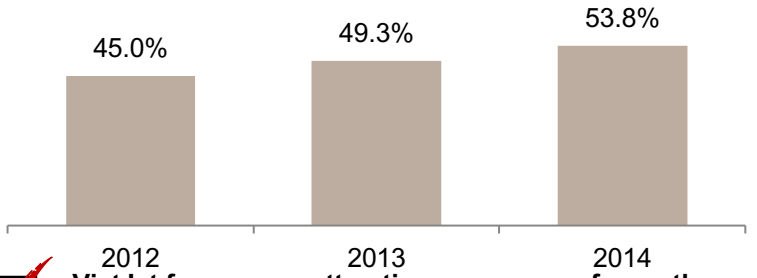
2012–2016 domestic air passenger (million)



- **More than 70% of new passengers every year fly with VietJet**

Stimulating aviation growth as a transport mode

Air travel as a % of domestic transport modes[2]



- **VietJet focuses on attracting passengers from other transport modes such as road and rail and also first time travelers**. As a result, air travel market share has been growing significantly

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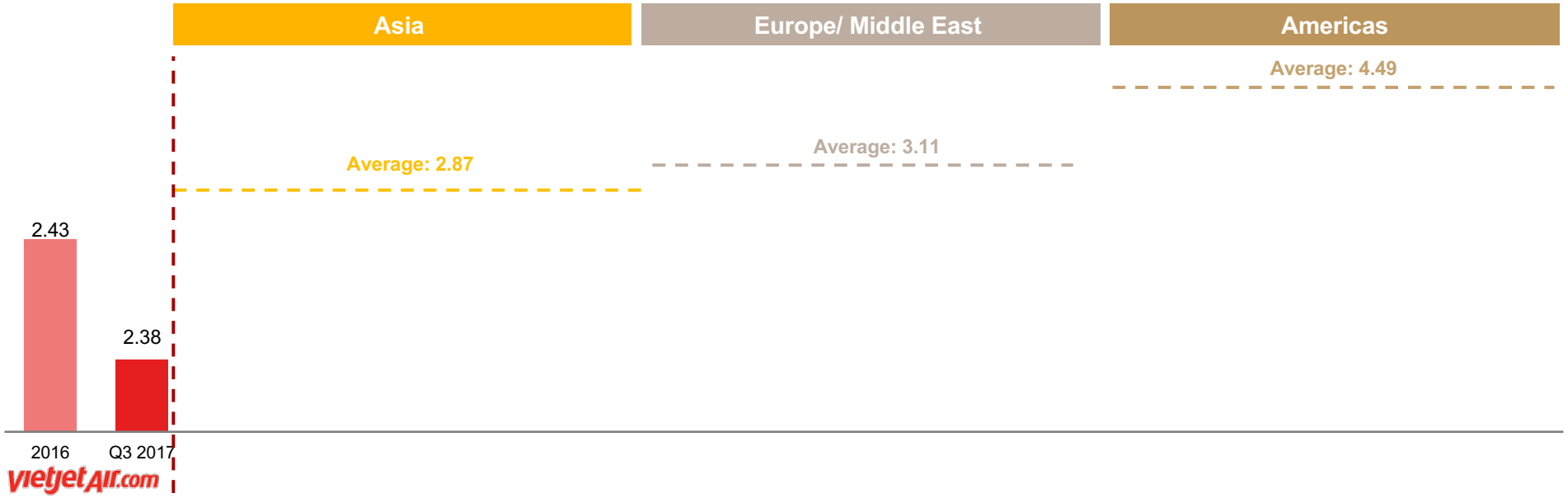
Vietjet – Best-in-class cost structure

CASK ex-fuel(1) (US Cents / ASK)



There is still headroom for cost structure improvement to further decrease both CASK & CASK ex-fuel

(1) As of fiscal year 2014 and 2015 for peers; excluding net interest expense

Source: SAP independent industry report, company information, financial model

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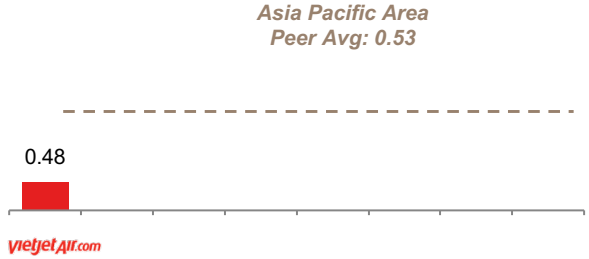
Vietjet – Best-in-class cost structure (cont'd)

A Young, modern and fuel efficient fleet

Average fleet age[1]

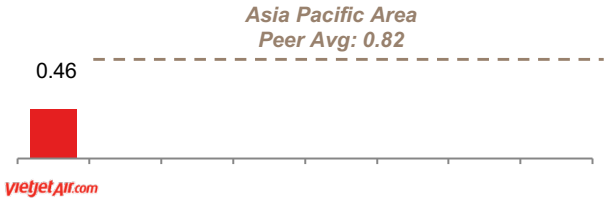
- Highest seat density
- New, fuel efficient aircraft on order expected to achieve additional fuel efficiency
- New engines on aircraft also allow significant cost savings

B Lowest labor cost



D Lowest airport cost

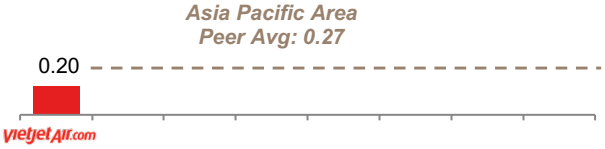
Unit airport operating charges[1] *(US Cents/ASK)*



E Among lowest unit maintenance cost

- Young and efficient fleet
- Attractive maintenance and support arrangements due to large aircraft and engine orders

Unit maintenance cost[1] *(US Cents/ASK)*



(1) As of fiscal year 2014 and 2015, FY 2015 data used for VietJet

Source: SAP independent industry report, Airbus, company information, financial model

Vietjet – Strong operational performance

VietJet is committed to operational safety with an emphasis on high tech safety features & regular maintenance

- Rigorous aircraft maintenance program that meets international standards
- Intensive flight crew, cabin crew and employee training programmes
- Strict compliance with local regulations, international standards and industry best practice
- Compliance with all relevant guidelines issued by the Civil Aviation Authority of Vietnam ("CAAV") and airports as well as the air traffic authorities of international destinations
- VietJet's assessment as a safe airlines by an independent report has led to a remarkable reduction in insurance cost at c.30% annually

IATA Operational Safety Audit

Well-trained and highly professional crew

Aircraft safety features

IATA IOSA IATA Operational Safety Audit

CAAV

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Source: Company information

Vietjet – Significant ancillary revenue

vietjetAir.com has recorded robust growth in ancillary revenue, with significant opportunities to further increase this stream to be in line with global peers

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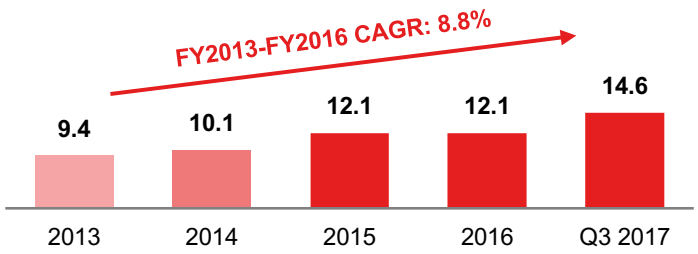
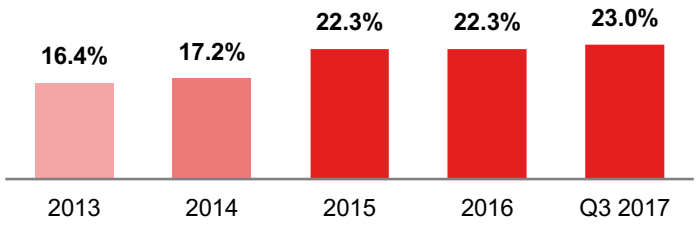
Ancillary revenue per passenger (US$) (2)



Inflight sales of souvenirs, food and beverage, duty free products and advertising packages

Ancillary revenue as % of adjusted revenue (3)



Pre-flight purchases such as seat selection, priority services, checked baggage, in flight services and travel insurance

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Vietjet – Strong brand recognition

vietjetAir.com has a 98% brand awareness[1] in Vietnam with superior customer loyalty

A Highly innovative marketing campaigns

- *Focus on communicating directly with potential customers and emphasizing its low fares*
- *Enhanced brand awareness through sponsorship of key local campaigns*

Sponsor of South East Asian Games in 2015

B Blue-chip partners and co-branding

- *Strategic partnerships with blue-chip, multinational enterprises globally*
- *Co-branding with various brands to enhance awareness, boosting ancillary revenue significantly through advertising*

Strategic partn

Google

pepsi

Disney

VISA

Co-branding

C Prominent digital media presence enhancing awareness

- *Strong on-line presence across e-commerce platforms and popular social media outlets*

Powerful omni-channel platform

vietjetAir.com

facebook

YouTube

- Named as one of the world's **Top 3 fastest growing** airline brands on Facebook by Socialbakers in August 2015, together with Qatar Airways and Turkish Airlines
- **Top 3 airlines globally** in terms of Facebook's post engagement rate (the other 2 being Eva Air and Japan Airlines)

D Frequent flyer and corporate programs

- *Frequent flyer program "VietJet Sky Club" expected to launch in 2H2016*
- *Highly selective and rigorous staff recruitment and training to ensure high quality customer service*

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(1) Based on Axis Research Ltd. report dated July 2015, VietJet had 96% brand awareness in Vietnam based on a survey with 1,136 randomly selected participants from 13 cities in Vietnam

Source: Company information, Axis Research

Vietjet – Experienced leadership team

Highly experienced and visionary team with average of >20 years in domestic and international airline operations, having led VietJet to become a leading domestic airline in Vietnam within 4 years

Mdm. Nguyen Thanh Ha
Chairwoman
9 years at Vietjet
~26 years in industry

- Appointed Chairwoman of the Board in 2007
- Extensive aviation industry experience in Vietnam
- Deputy Head of CAAV prior to joining the Company and was the head of Planning & Investment department at Vietnam Airlines before joining CAAV

Mdm. Nguyen Thi Phuong Thao
Vice Chairwoman & CEO
9 years at Vietjet
~23 years in industry

- Appointed Standing Vice-Chairwoman of the Board of Directors in 2007 and is Company's Chief Executive Officer
- Vice Standing Chairwoman of HDBank
- Significant experience in the managing large corporations in various economic sectors in Vietnam and abroad, especially in the banking-finance sector

Dr. Nguyen Thanh Hung
Vice Chairman
9 years at Vietjet
~23 years in industry

- Appointed Vice Chairman of the Board of Directors in July 2007
- Co-Founder and Chairman of Sovico Holdings
- Appointed ABAC (APEC Business Advisory Council) member by Prime Minister in 2006

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(1) Number of years taken to achieve #1 domestic position in terms of market share since Indigo / AirAsia began commercial operations;
(2) Number of years taken to achieve 35% domestic market share since Cebu began commercial operations; It took Cebu 11 years to achieve #1 domestic position

Source: Company information, public filings

Future Growth

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2017 Onwards

Network & Fleet

- Maximizing Domestic network
- HUB expansion through:
- Collaborating with the local partner to operate HUB network
- Continuously launching and exploring new routes in Asia
- Constantly developing the fleets

Increase domestic market share to 50% by 2017

Service Quality

- Improving service quality, especially for Ground Service, SkyBoss Service, Cabin Service
- Continues to deliver innovative marketing campaign and events
- Launching the Loyalty program
- Developing online direct interacting portal for customers

Enhance brand value and awareness

Operation Efficiency

- Continuously improving, standardizing and automating all operating procedures
- 100% operating activities based on advanced SOPs

Saving operating cost in 2017

E-commerce

- Continues to improve payment system and supply chain in the region
- Upgrade to e-ticketing platform to the E-commerce platform for meeting consumer demands
- Establishing more partnerships with retailers
- Promoting cross-selling
- Focus on driving ancillary revenue

Anciliary revenue is 24% total revenue in 2017

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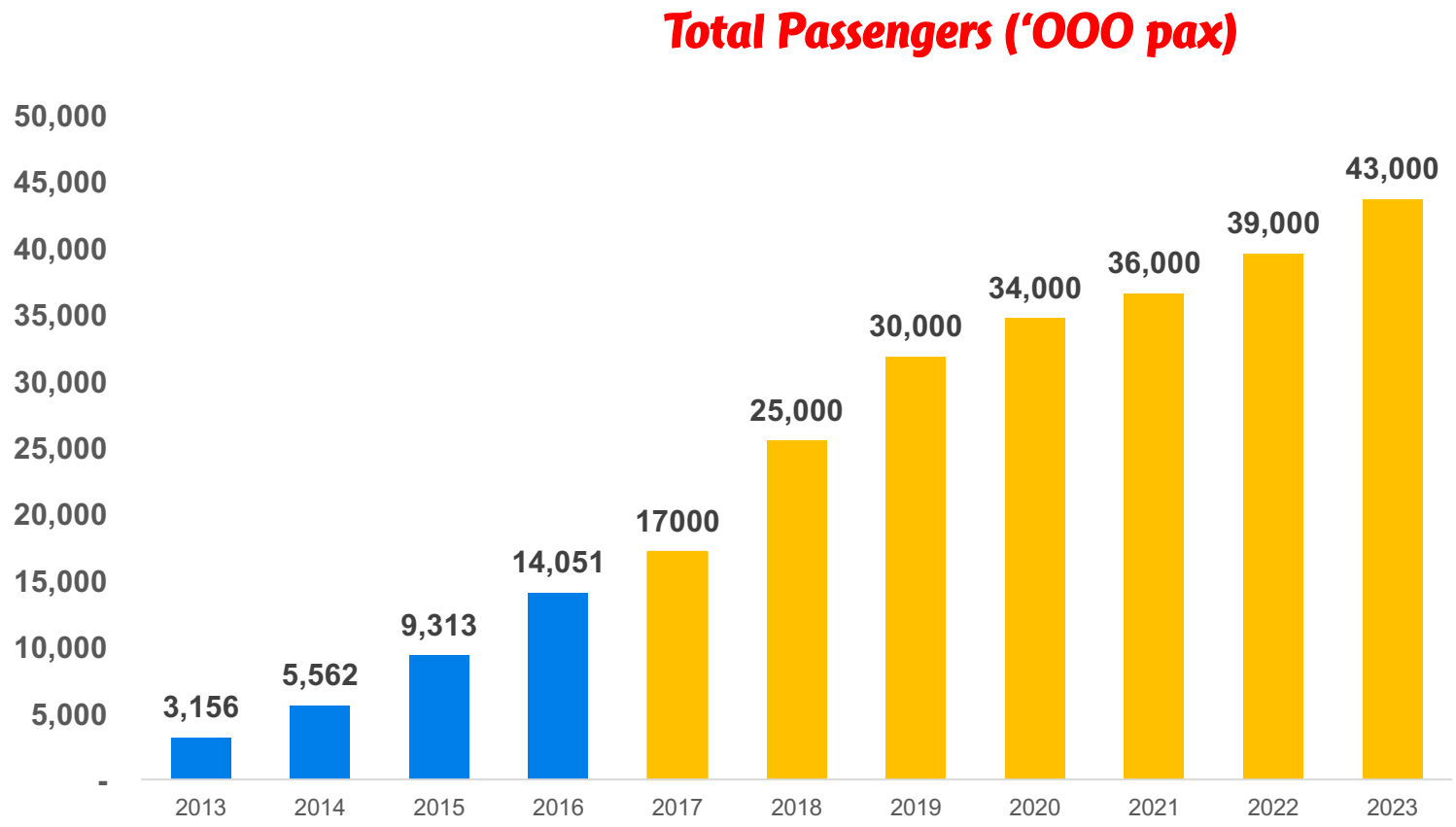
Passenger Growth To More Than 40 M Passenger Per Annum



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THANK YOU!
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Bay là Thích ngay!