

Millionaireasia
EXCLUSIVECONVERSATION WITH
**TONY
FERNANDES**

Tony Fernandes: Champion Of Open Skies In Asia

Air passengers travelling between Kuala Lumpur and Singapore have much to be thankful to the irrepressible Tony Fernandes, the Founder & Group CEO of AirAsia for breaking the 35-year duopoly held by Singapore Airlines and Malaysia Airlines. This stranglehold was broken on 1st February, 2008 when budget airlines from both countries were allowed to fly the route. *MillionaireAsia's* Group Publisher and Managing Editor **Brian Yim** met with the jubilant Tony Fernandes on that historic day.

AirAsia's boss, Tony Fernandes is not someone who is easily cowed by challenges or seemingly intractable problems.

He battled 6 long years against stiff resistance from Malaysia Airlines to convince the Malaysian Cabinet of the benefits of liberalisation of air routes on the protected Singapore-Kuala Lumpur sector ahead of a January 2009 deadline. AirAsia staff, wearing T-shirts with the words "Finally" emblazoned on their chests, celebrated 1st February, 2008 as a milestone date for freer skies in Asia.

"Brilliance & Stupidity"

Tony Fernandes, who is part Goan and part Malay-Portuguese, has taken on giants in the industry and has come up victorious often enough to prove that his is not some flash in the pan success story.

In his self-deprecating style, Tony says there is a fine line between "brilliance and stupidity". In fact, many considered it sheer madness his move in 2001, to buy over a bankrupt airline, when he was at the height of his career as a hot shot senior executive at

Warner Music. This decision, was all the more remarkable considering it came just after the 9-11 World Trade Centre tragedy when many airlines were bleeding red and the fact that Tony was making a career switch into an industry where he had absolutely no prior experience in.

In an exclusive interview with *MillionaireAsia*, Tony who studied at the London School of Economics and worked as an accountant with Virgin in the UK and was inevitably influenced by the style of his then boss, Sir Richard Branson, recalled, "I was in the music business for 12 years; my last signing was Singapore's Stefanie Sun Yan Zi. When I quit I had no idea what I was going to do. So I got the idea of starting an airline company from watching television."

He convinced 3 partners - Datuk Pahamin A. Rajab and directors Abdul Aziz Abu Bakar and Kamarudin Meranun to start TuneAir Sdn Bhd. Datuk Pahamin, the former secretary-general of the Malaysian Domestic Trade and Consumer Affairs Ministry and Chairman of TuneAir, helped set up a meeting with then Malaysian

Prime Minister, Tun Dr Mahathir Mohamad.

"Scary" Meeting with Dr Mahathir

Describing that fateful meeting with Dr Mahathir as "scary", Tony said, "We were all terrified to see him; he was like a God in Malaysia. I have never met a minister, let alone the PM. I don't get scared very often but at that time I was very nervous, more so because we were told before hand that he could be in a bad mood that day as the people who visited him prior to our appointment were the Opposition and people from Malaysia Airlines. When we showed him our business plan (to operate a low cost carrier), he said nothing. Finally, he said that I have his blessing but I had to go buy my own airline. At that point, we didn't have much money so I had no idea where to buy an airline. Then, we walked around the area and saw 2 airlines- Pelangi Air, which you have to be God or pretty close to God to turn around, and AirAsia which was formerly owned by DRB- Hicom. AirAsia was in bad shape too at that point so I cheekily said I would buy it for RM 1. That was in December 2001 and the rest is history."

The catch was AirAsia then had debts amounting to US\$11 million.

On December 8 2001, TuneAir officially acquired 99.25% equity of 51.68 million shares from DRB-HICOM Bhd and took over AirAsia, Malaysia's second national carrier.

Astounding Achievements

Starting out with just 2 planes and 200 staff, the rejuvenated AirAsia, within 6 years, has made a quantum leap. Tony is justifiably proud of his airline's astounding achievements: "Our first year we had 200,000 passengers. In 2007 we flew 23 million passengers, had 68 planes and ordered 175 more. We employed 5000 staff. To put it in perspective, it's bigger than SIA, MAS, Thai International, Emirates and Cathay

Pacific. So in terms of passengers, we carry more than those airlines.”

His personal bet on AirAsia has also paid off handsomely. Tony had to mortgage his home and virtually emptied his bank account to buy two ageing Boeing 737-300 jets. With the successful take off of AsiaAsia and its public listing, Tony’s net worth in 2007 is US\$230 million. Forbes Asia has ranked him 24th out of 40 richest Malaysians last year. Not a bad career move for a former accountant and music industry executive!

Tony, the man without airline experience, can also be credited for the take off of a slew of other budget carriers in the Asia: Malaysia’s second budget airline, Fire Fly, operated by Malaysia Airlines, Singapore’s Tiger Airways and Jetstar Asia, Indonesia’s Lion Air and Air Mandala, Philippines’ Cebu Pacific and Thailand’s Nok Air and One Two Go, all trying to emulate the phenomenal success of trendsetter, AirAsia.

A Conversation With Tony



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Yours is a remarkable success story of taking on the giants, breaking monopolies and prevailing. What was the single most difficult task you had to accomplish for AirAsia?

I’ve had 2 most difficult tasks, actually. The first would be trying to compete against a heavily subsidised Malaysia’s Airlines and to take over their money losing domestic routes. The second would be getting this Singapore-KL route. I’ve worked with people whom are honestly really not easy to work with.

Everyone thought you were insane to have mortgaged your home and sink your savings into starting an airline. People predicted AirAsia would fail miserably. What made you so sure you will eventually prove them wrong and succeed so spectacularly?

I must say I am a bull in a china shop. I went into the business a little bit naïve. I couldn’t have predicated 911. But while people said my timing was

wrong, I told them it was the perfect timing to sign an airline. Prices were low, things were cheap. Let’s face it, people still have to fly. 911 was not going to affect tourism in our part of the world, especially in our market, dealing with low fares. We’ve had every calamity you could think of - from SARS, to terrorism to bird flu to the tsunami, you name it, we’ve experienced it. But we always found ways around it; I think that’s the spirit of the airline.

Which accomplishment was the sweetest?

My sweetest was probably getting our first ride to Langkawi. I remember sitting outside the chief executive’s office for 8 hours. I refused to go until she gave me a route to Langkawi. I remember I was so excited, but on my way back, one of my 2 pilots called me to inform me about a problem. There was this bird strike that happened and one of my planes got really badly damaged. So we went from 2 planes to 1 plane and that 1 plane did an amazing job. We never cancelled a flight in 24

hours. It was the start of the camaraderie and the can-do spirit of Air Asia that’s been with us ever since.

What’s your next big conquest for 2008?

Airports are my next big conquest. The trouble is all the airports have been used to airlines like MAS, SIA, so they build airports for those airlines. Now we’re seeing an increase in the number of budget terminals specially built for low cost airlines. However, they want to charge the same airport tax as the main terminals, which don’t make any sense. So my challenge would be battling against airport authorities to give a fair game to budget carriers. It is for them to understand that there is price sensitivity involved in the business and getting them to keep up with the budget airlines. That’s the battle. But if you look at it from where we came from 6 years ago, a lot has changed so I’m optimistic. We’re patient and we’re persistent; we’ll get there.

You have not only worked for Richard Branson, gone into a business venture with him and you have also been held up as the Richard Branson of the aviation business in Asia. How much of Richard Branson has truly influenced your style and the way you do your business?

I’ve got 4 other businesses other than AirAsia. Under the Tune Ventures group there’s Tune Entertainment, Tune Hotels, Tune Money which is my financial services company and Tune Talk which is my mobile phone company. But I am different from Richard in that he is almost like a venture capitalist- he sets one (business) up and moves to setting up another. I like running the businesses. I create new entrepreneurs to run my businesses but I am still involved day to day - that’s my baby. Richard Branson and I are similar in the way we both have a casual approach to life, so that’s why we can do business together. I suppose



FROM LEFT: TONY FERNANDES AND MILLIONAIREASIA’S BRIAN YIM

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I form a lot of the way I work through my past experience working for him. But I’d much rather go to the Ministry of Sound in Singapore to listen to good music than go on a hot air balloon ride. We’re different in that way. But we both love to meet people, we love challenges, we love to travel so we have our similarities.

Who is the person you admire the most in life?

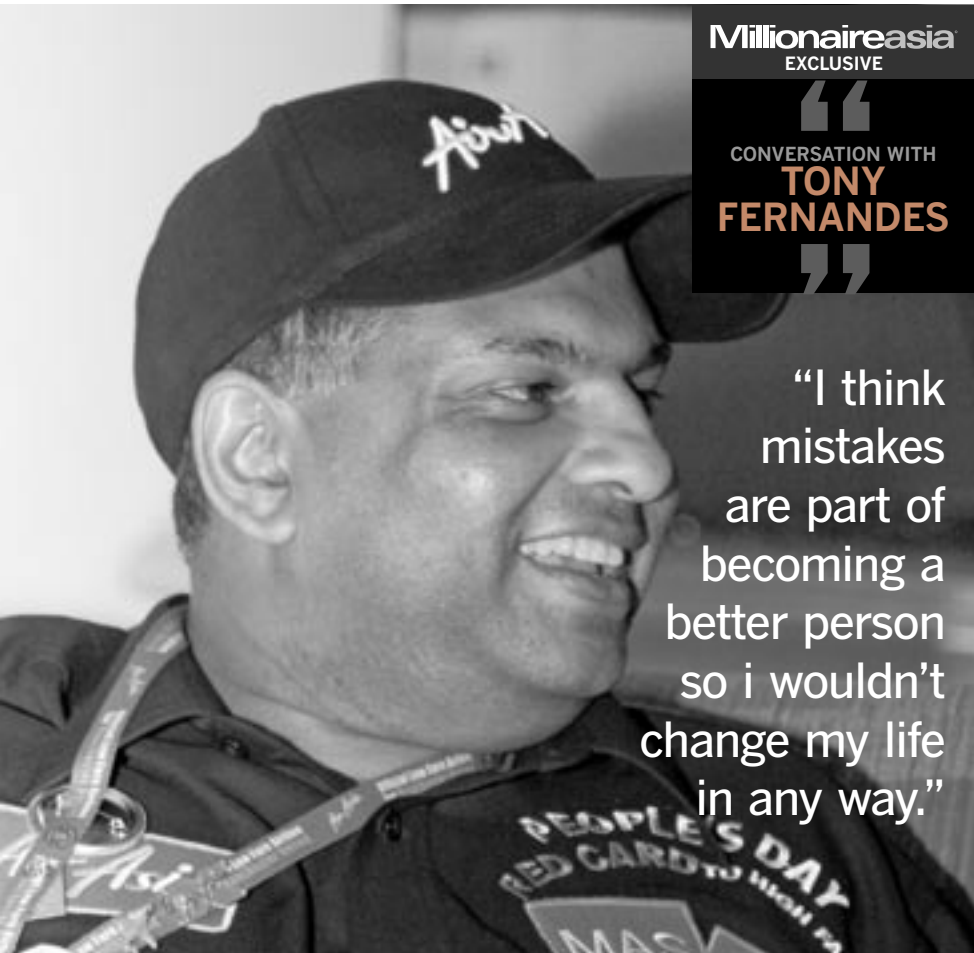
There is no one person, but a huge range of people who have taught me: sports personalities, businessmen, politicians, historical figures. I admire Alexander the Great. I’m a big man for multiculturalism. Alexander is a man from Greece who encouraged mixed marriages to create a world society when he developed Persia and all these other places. He was very far sighted and he had a vision. I love autobiographies, I like reading about people because I think you can learn a lot from them.

I have also great admiration for the Executive Chairman of the IOI Group, Tan Sri Dato’ Lee Shin Cheng. He used to sell ice cream and everyday some-

body had to lift him up to put him on the bicycle. Now he controls one of the largest oil palm businesses in the world. I went down to his estate to learn from him. What I admire most about him is the passion he has for his business. I also met Singaporean property magnate and billionaire Kwek Leng Beng. We spent hours talking about his first hotel, how he went about doing it, how he went against his father’s wishes. I loved talking to him and learnt a lot from him. He loved our hotel model, so now together with me, he owns 20 of them. I’m always learning from most people. I think when you start believing you know everything, that’s the end of you.

Who is the person you most like to meet most but have yet to meet him/her?

I’ll like to meet Hollywood actor Will Smith. The way he comes across... he just oozes with so much life. Everything he does makes you feel good, whether he’s in a movie, or an interview, he’s just seems to be so much fun. He’s quite a talent, a great personality.



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“I think mistakes are part of becoming a better person so i wouldn't change my life in any way.”

You have previously worked in Mumbai and you are good friends with many film stars like Shah Rukh Khan and Salman Khan. If not for aviation, have you ever considered a career in Bollywood or be a professional musician perhaps?

Music is obviously in my blood, and one day I will get into it in a big way. But now it's more of helping out other people. I just helped someone release his first album. The entertainment business is a tough one and there's a lot of talent out there who do not get recognised.

Well, I did make a cameo appearance for 6 seconds in a Malaysian comedy movie called “Cuci” (wash). I funded it and it came out last week and was quite a hit. If you watch the movie, it's really good how I'm fitted into the script. The ending revolves around AirAsia, so it kind of made a

lot of sense. 3 people have actually previously asked me to do reality TV like Richard Branson and Donald Trump but I didn't do it because I personally don't think it's very original to follow the Western serials. I'm not really a television kind of person. If something comes up, maybe I will do it. But at the pace we work and seeing such a thing takes up a lot of time, it's kind of impossible right now.

Do you have any regrets in life?

No, I don't. I think mistakes are part of becoming a better person so I wouldn't change my life in any way. It is what it is and you make the most of it.

What is your biggest mistake to date?

It would probably be not understanding the Singapore Government. Maybe some of the problems I face with

Singapore is because of the way I am - outspoken and carefree. I think because of my character, I can sometimes irritate a lot of people. But even if I were a soft cuddly guy, I don't think I would have got what I wanted anyway. I think Singapore needs to learn how to deal with people like me, because it is not used to being challenged. I think there is merit when I'm saying that there's not just one way doing things and that there are many different types of people. This is my style; I don't think I can be any different.

Besides AirAsia, what occupies most of your time?

I have 2 kids aged 7 and 14. My family is a big part of my life.

What is your favourite car, favourite food?

I drive a Smart Forfour car (a mini). Malaysians expects me to own a big Mercedes and be chauffeured around. But I don't like it. I rather drive myself. I have a GPS so I can go wherever I want to go. Plus, I have great music in there. I do possess a second car in my other life in London - an Aston Martin. But my day-to-day car is the Smart car.

As for food, I can't see from my stomach, so everything is my favourite food! I love food. I should think Roti Jala is my favourite.

Who is your favorite artiste/ band ?

I have 6,000 CDs and 2,000 records to date. The first record I bought was when I was 6 years old. The band was known as The Supremes. My favourite band would be Rufus, led by Chaka Khan. One recent artiste whom I think is really special is Kayne West. Music has always been a big part of my life. I play drums, bass and keyboard. But I'm really a keyboard player. I even have one in my office. I told my staff when fuel prices are high, we play the blues. When they are low, we play rock and roll! I don't play much now but I do occasionally at parties. ■