

■ Soaring **AirAsia**: An entrepreneurial success story out of

Fernandes shakes up carrier

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■ By **WILLIAM PESEK Jr**

TONY Fernandes is quick to dismiss any suggestion he's Asia's answer to Richard Branson. It's an apt comparison for the 39-year-old budget airline pioneer who's shaking up business in the region.

Malaysia's AirAsia Sdn Bhd is Asia's only no-frills carrier outside of Japan, and it's the greatest entrepreneurial success story out of Malaysia — if not all of Asia — in a long while.

Fernandes' airline began flights in December 2001 with two planes and already boasts that rarest of things among carriers: profits.

The secret? "I decided that I would run the airline my way, not as others might," Fernandes explains.

Just like UK billionaire Branson, who owns Virgin Blue Airlines Pty, the Australian budget carrier, Fernandes found an untapped market and tackled it with a mix of ingenuity, drive and panache. Basically, he's succeeding where observers thought he would fail.

Asia could use more entrepreneurs like Fernandes, people who aren't afraid to chase a vision, take risks and compete with the corporate behemoths towering over most of the region's economies.

Now that it's made a huge splash in Malaysia, AirAsia wants to go regional; it's considering routes to Indonesia, the Philippines, Singapore and Thailand.

AirAsia's story is bigger than the company itself; it has all of seven planes so far. It's really a story of what could be here in Asia.

What Fernandes did is a microcosm of Asia's challenge to support scrappy and unconventional start-ups that create competition and jobs.

Too often, governments protect monopolies, leaving less room for new ideas and businesses to take root.

Fernandes is the first to admit he hasn't reinvented the bargain-airline wheel. AirAsia's low-cost model isn't all that different from those of EasyJet Plc and Ryanair Holdings Plc.

What's extraordinary, though, is that Fernandes did it in Asia.

You don't see loads of budget airlines here

because the industry is heavily regulated and hard to enter. To get off the ground, Fernandes had to score a meeting with Prime Minister Datuk Seri Dr Mahathir Mohamad. He got the go-ahead.

"If the Malaysian Government didn't give us a fair playing field, we wouldn't be here," Fernandes says.

The former managing director of Warner Bros. in Malaysia sold his AOL Time Warner Inc stock options and bought AirAsia for RM1

and the assumption of US\$18 million (US\$1 = RM3.80) of debt. Barely a year later, his airline was flying domestic routes in competition with national carrier Malaysian Airlines System Bhd.

The point is this: while foreigners carp about cronyism in South-East Asia, Fernandes is living proof someone without politicians in his pocket can set up shop and compete directly with a government-owned entity.

AirAsia, which expects to report a profit of