

**Rakuten reportedly buying into AirAsia's latest Japan airline venture**  
**Malaysian Insider**  
**June 26, 2014**

Japan's biggest online retailer Rakuten Inc plans to buy a major stake in a Japanese budget airline to be established by AirAsia Bhd, in a renewed bid to tap one of Asia's most lucrative air markets, Japanese media reported.

A foray into the airline business could help the acquisitive Japanese company controlled by Japan's fourth-richest man, Hiroshi Mikitani, boost its online travel site that is already one of the nation's largest.

A similar strategy was pioneered two decades ago by travel company H.I.S, when it set up Skymark Airlines, which has since become Japan's leading discount carrier.

For AirAsia, owned by one of Malaysia's wealthiest people, Tan Sri Tony Fernandes, it would be another attempt to expand to Japan after last year pulling out of a joint airline venture with Japan's biggest carrier ANA Holdings Inc. The venture, launched in 2011, failed to woo travellers.

"Rakuten certainly makes sense. They can use Rakuten's platform and they can also carry e-commerce goods," said K. Ajith, an analyst at brokerage UOB Kay Hian in Singapore "For AirAsia, it's pretty clear that they won't face much interference in terms of how to run the airline."

Fernandes declined to comment when asked if AirAsia was planning a venture with Rakuten. The Japanese company in a statement said it had nothing to announce at present.

Fernandes and Mikitani will announce the deal on July 1 in Tokyo, the Nikkei business newspaper said. Both men share a passion for sports, with Mikitani's company owning baseball team Rakuten Eagles and Fernandes the major shareholder in British football club Queens Park Rangers.

Shares in Rakuten rose 2.9% on Thursday, outperforming a 0.2% rise in the broader Tokyo market .

ANA blamed AirAsia's first flop on poor marketing and a user-unfriendly website, agreeing a year ago to buy its third of the company. It later rebranded the discount airline, based at Tokyo's Narita Airport, as Vanilla Air.

Under Japanese law, a local airline joint venture cannot be more than 33.3% owned by a foreign firm.

At the time, AirAsia's Fernandes said he looked forward to returning to the Japanese market. His new Japanese carrier will be based at Chubu airport in central Japan, media reports said.

Doing so, would give AirAsia access to landing rights unavailable at crowded airports serving Japan's capital.

AirAsia's return would ratchet up competition among Japan's discount carriers. They have struggled to overcome ANA and Japan Airlines, which dominate domestic routes.

The size of Rakuten's stake in the company was unclear, business magazine Toyo Keizai said on its online site, but added that both AirAsia and Rakuten may invest up to a third each, leaving the rest to several Japanese companies. It did not cite any sources.

An airline stake buy would be the fifth acquisition by Rakuten this year, adding to more than 100 investments since 2000. Its most recent in February was the US\$905 million (RM2.89 billion) purchase of Viber, a mobile messaging and call service. – Reuters, June 26, 2014.

Hakcipta © 2013 The Malaysian Insider

Source: <http://www.themalaysianinsider.com/business/article/rakuten-reportedly-buying-into-airasias-latest-japan-airline-venture>