

AirAsia CEO says international travel will bounce back strongly despite omicron impact

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International travel is likely to recover soon despite progress being slowed by the omicron variant, according to AirAsia chief executive Tony Fernandes.

“I do believe that we’re at the beginning of the end,” he told CNBC’s “Squawk Box Asia” on Monday, noting that the recovery has already begun in earnest.

“The good thing is, this time last year, we had no planes flying. Now, we’ve got a large chunk of our fleet flying domestic Malaysia, Thailand and Indonesia,” he said, adding that demand has been “very, very robust.”

International travel will get back to pre-Covid levels around six months after borders begin to reopen, he predicted, and said he hopes borders will start to open again in March.

After a flurry of announcements about quarantine-free travel in Asia last year, several countries including Thailand and India reinstated restrictions for some arrivals, as omicron drove up caseloads.

Fernandes also acknowledged that China continues to be a “big question” in terms of reopening, given that the country is still pursuing its zero-Covid policy.

AirAsia’s ride hailing service

Separately, Fernandes said the company’s ride hailing business has done “incredibly well” and “far exceeded” expectations since its launch in August 2021.

He said AirAsia’s strategy is “exactly the same” as the one it used when the company entered the low-cost airline market years ago — high efficiency that results in lower prices for consumers.

As a late entrant, AirAsia Ride could observe what models were successful, and did not have to spend a lot of money on research, development or tech, he said. It also acquired part of Indonesian start-up Gojek’s Thailand operations.

“The market is still very, very under penetrated,” Fernandes said. “There’s a huge, huge upside.”

