

HKEXPRESS

Driving Ancillary Revenue Growth through Leading e-Commerce Strategy



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**CarTrawler Worldwide Estimate
of Ancillary Revenue by IdeaWorksCompany**



Source: CarTrawler Worldwide Estimate of Ancillary Revenue for 2017.

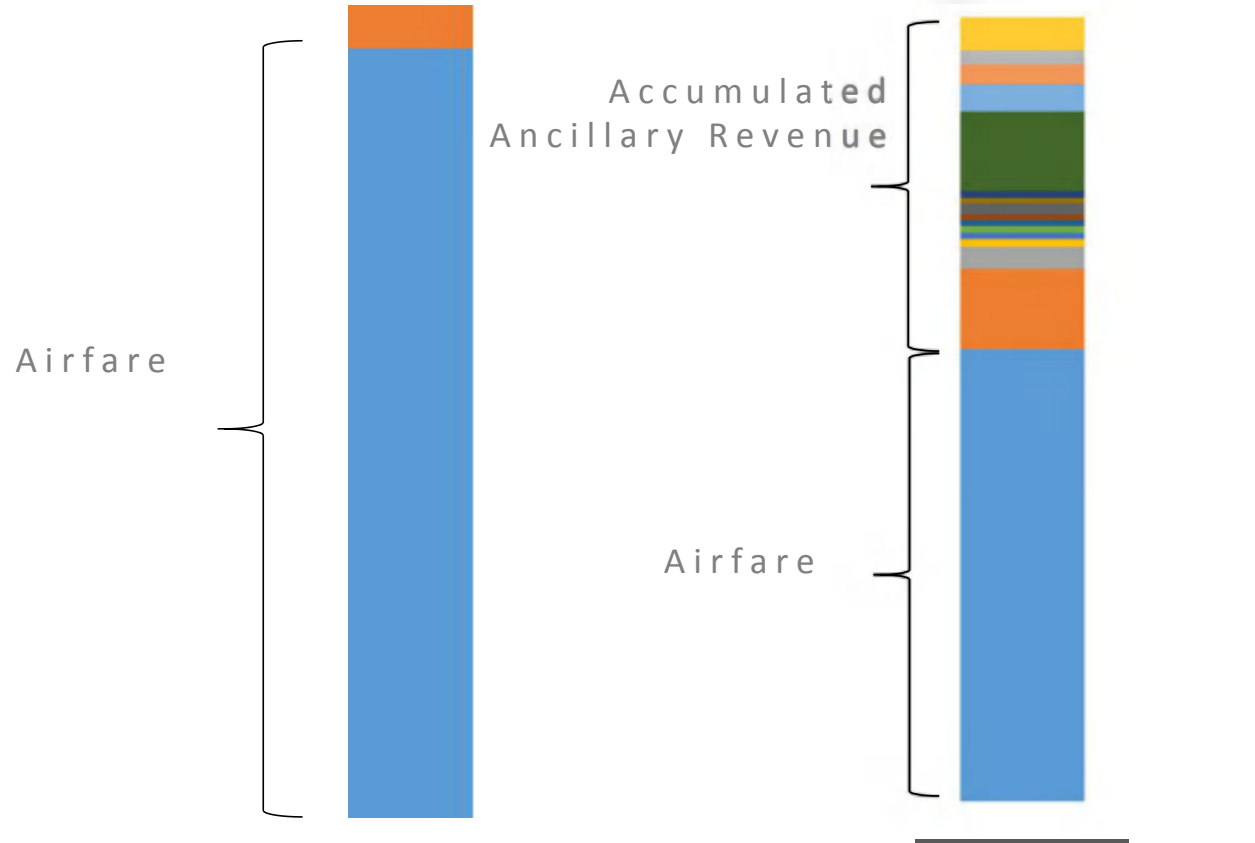
Table 1: Top 10 Airlines – Total Ancillary Revenue (US dollars)

| Annual Results – 2016 | | Approximate Sources of Revenue | | |
|------------------------------|---------------------------|--------------------------------|-------------------------|---------------------------|
| | | Frequent Flyer Program | A la Carte Such As bags | Travel Retail Commissions |
| \$6,222,000,000 | United | 48% | 52% | |
| \$5,172,400,000 | Delta | 52% | 48% | |
| \$4,901,000,000 | American | 43% | 57% | |
| \$2,832,800,000 | Southwest | 80% | 20% | |
| \$2,100,771,801 | Air France/KLM | 33% | 67% | |
| \$1,982,255,301 | Ryanair | None | 100% | |
| \$1,355,078,078 ^a | easyJet | None | 100% | |
| \$1,349,812,715 ^a | Lufthansa Network | 57% | 43% | |
| \$1,193,698,000 | Qantas (excludes Jetstar) | 90% | Limited disclosure | |
| \$1,179,131,138 | Air Canada | 45% | 55% | |

2016 carrier results were based upon recent 12-month financial period disclosures.
^a IdeaWorksCompany estimate based upon updated past disclosure and other sources.

Source: Ideaworks

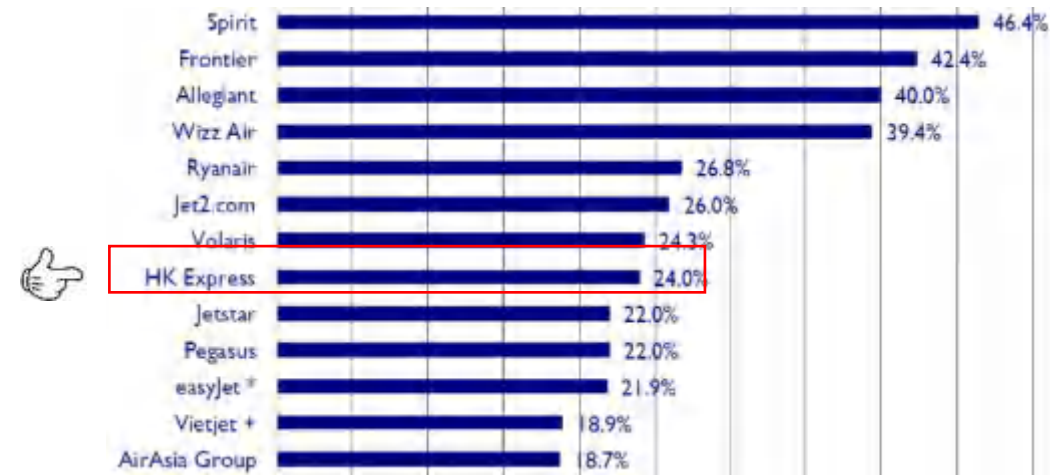
- In 2007 the top ten airlines for ancillary revenue generated **USD 2.1 billion**.
- By 2016, this figure had surpassed **USD 28 billion**.



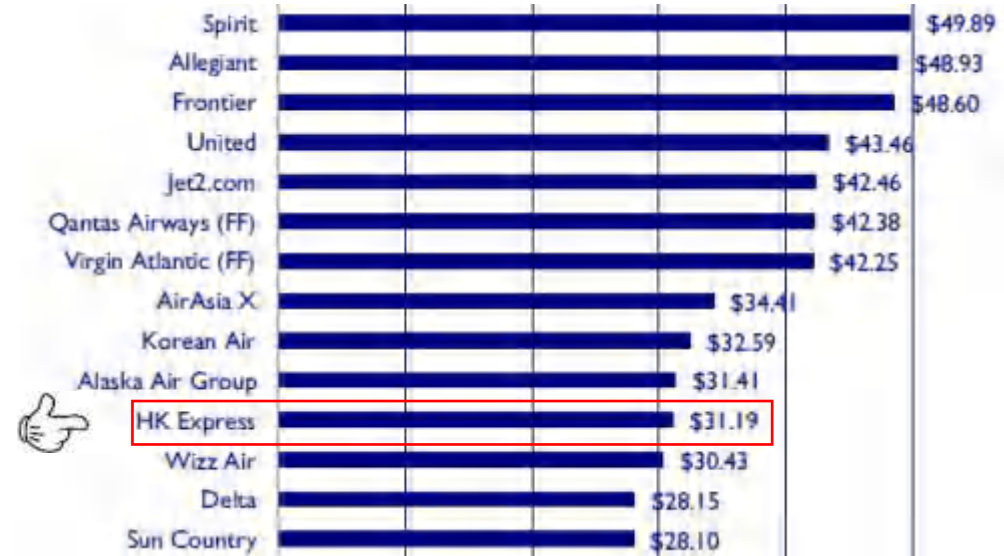
Legacy Airlines

Low Cost Carriers
Our Business is MORE than airfares

AR %

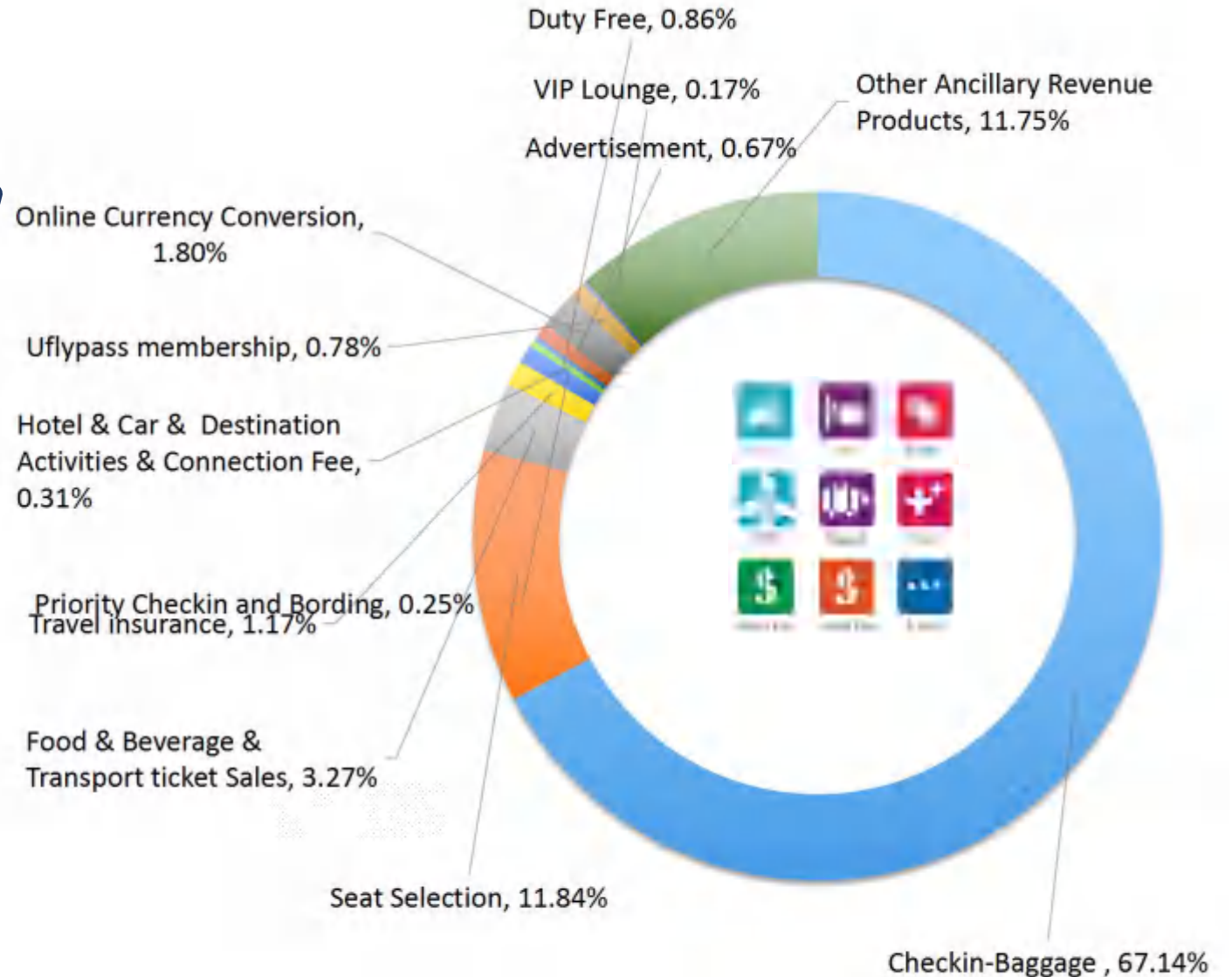


AR/Pax (USD)



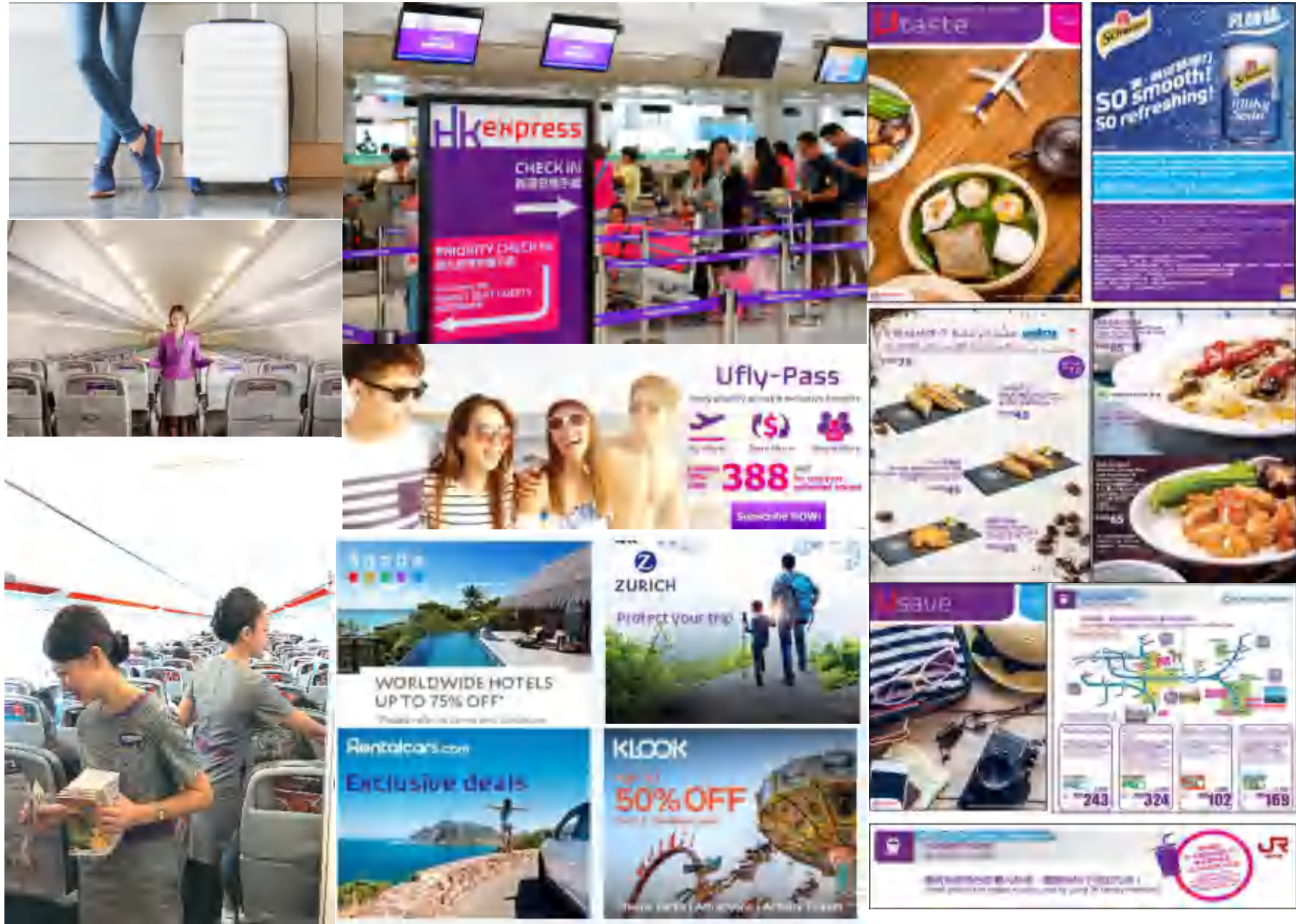
Ancillary Revenue Categories

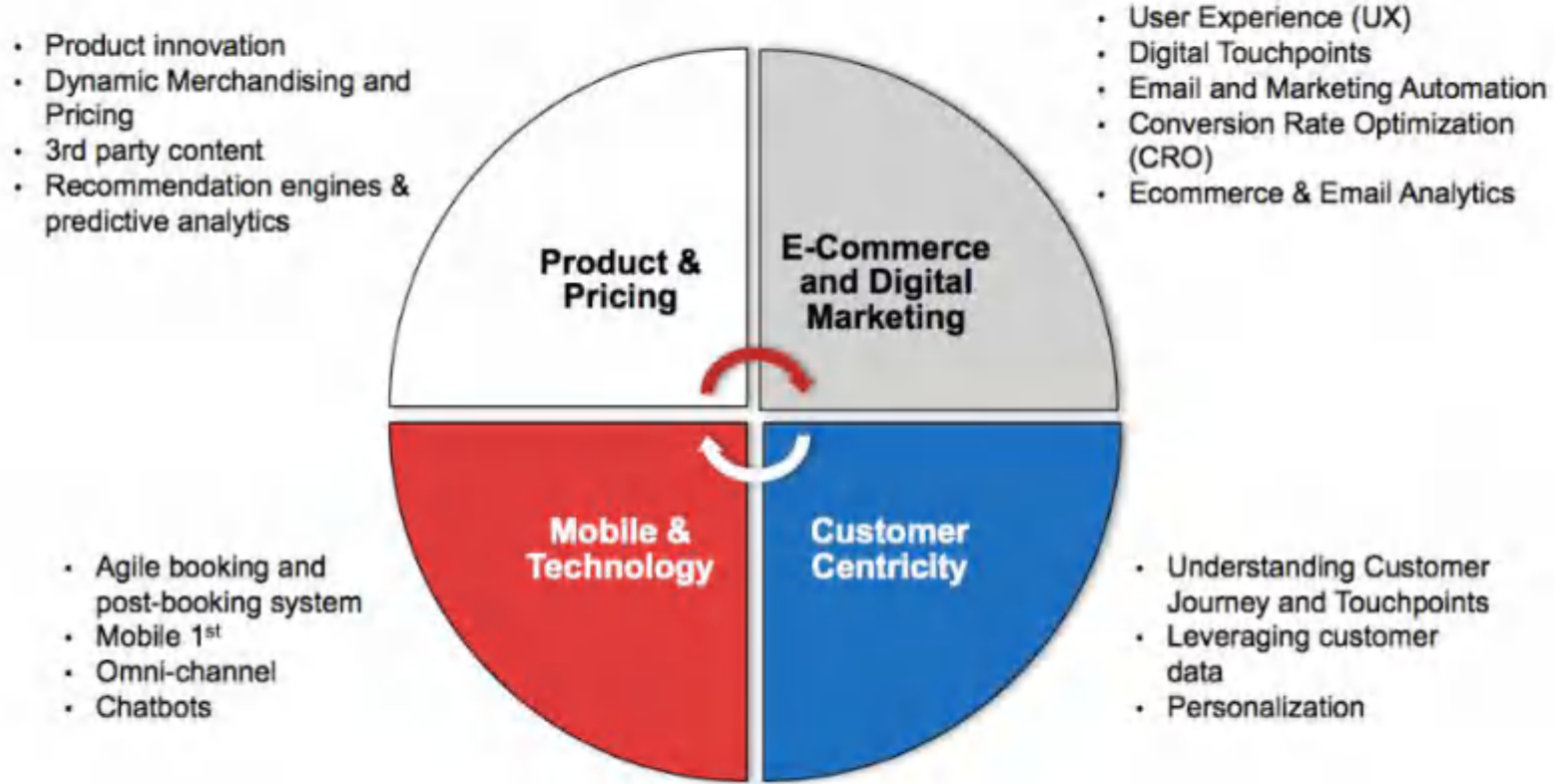
- **20+ AR products;**
产品多元 → 收益积累效应
- **15 AR Products on eCommerce Platform;** 电商成就附收
- **NO transactional cost (direct ecommerce channels)**
直销杜绝渠道成本
- **Direct partnership with 30+ world wide suppliers**
最优产品供给及价格



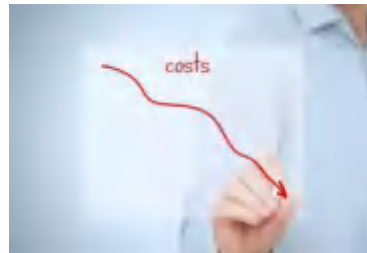
Striving to become the “Amazon of Travel”

MOVING FROM THE MINDSET OF AN AIRLINE WITH AN ANCILLARY OFFERING TO AN ECOMMERCE PLATFORM OFFERING AVIATION AND TRAVEL RELATED PRODUCTS





Customer Satisfaction *Minimum Distribution Cost*



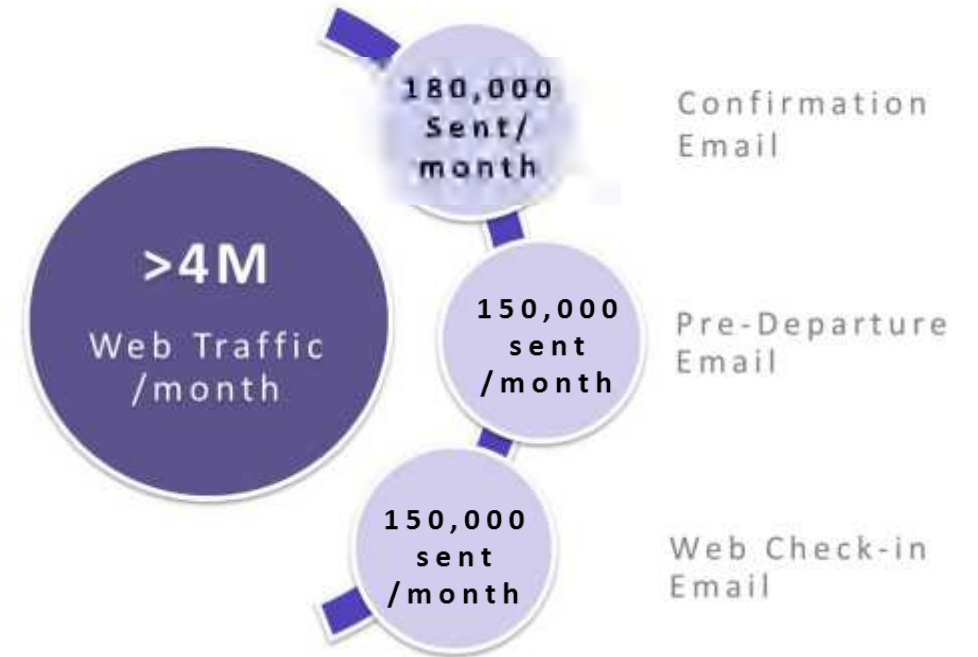
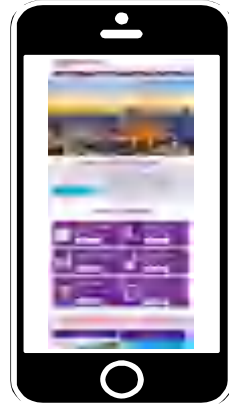
Strong Product Sales & Digital Campaign Capability



Encourage Automation



DIVERSE DIGITAL TOUCHPOINTS—upsell opportunities



EDM

Website

7days Pre-departure email

Manage my booking

Online Check-in

Social Media

Mobile app

D-48 Check-in email

Chatbot

Post-trip email

Cover the whole Journey

ANCILLARY REVENUE MANAGEMENT & OPTIMIZATION

附属“收益管理”.优化产品呈现方式



DYNAMIC PACKAGE

动态产品供给.乐高模式选你所需

CUSTOMER SEGMENTATION

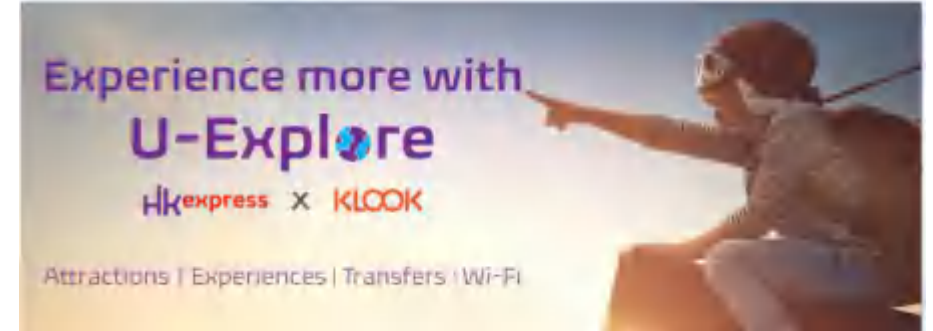
了解客户.旅客细分



MORE PRODUCT

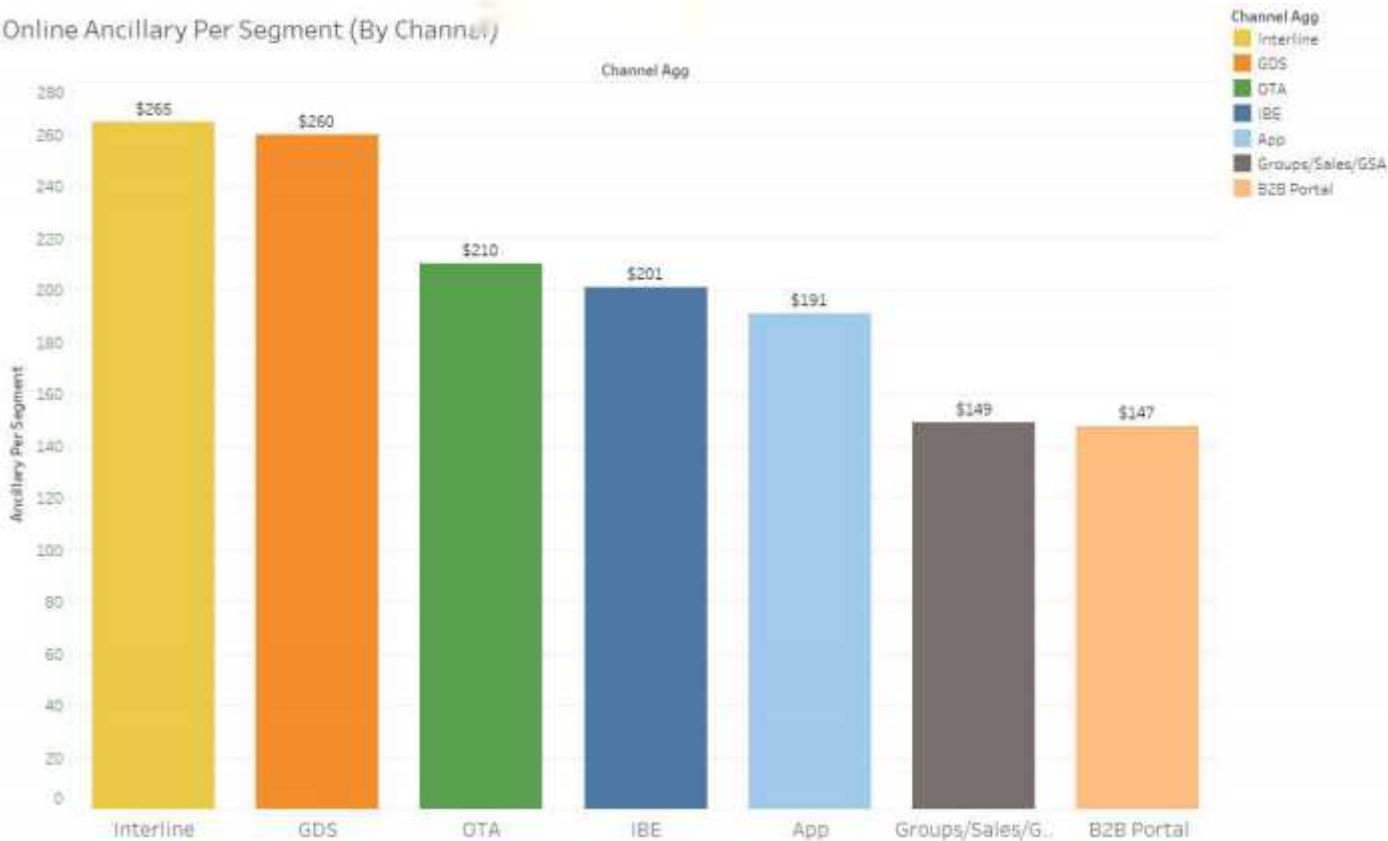
单一产品收益有上限.产品种类无上限

Expansion of Interline Partnerships



Partnership with KLOOK, Asia's largest in-destination services booking platform

Online Ancillary Per Segment (By Channel)



Onboard sales of ground transportation and destination special offers



THANK YOU!

Hong Kong Express Airways Limited