VIETNAM AIRLINES JOINT STOCK COMPANY'S STATEMENT ON 2015 BUSINESS PERFORMANCE

News /

The VNA Joint Stock Company convened the 2015 Review and 2016 Plan Implementation Meeting. At this event, VNA also officially announced the establishment of the Vietnam International Airport Ground Services (VIAGS) Ltd. and held the Signing Ceremony of the Tripartite Coordination Instrument between VNA, Vietnam Air Traffic Management Corporation (VATM) and the Airports Corporation of Vietnam (ACV). The meeting was attended by the Minister of Transport Dinh La Thang, Secretary of the Central Committee of the Business Sector Communist Party Bui Van Cuong, and other leaders of the Ministry of Transport, the Central Committee of the Business Sector Communist Party and the Vietnam Aviation Authority.

In 2015, VNA Joint Stock Company has operated in a relatively conducive environment as the macroeconomic stability has been maintained, GDP enjoyed high growth, the average fuel cost fell by 13% compared to the plan. Even though faced with numerous challenges due to fluctuating foreign exchange rates and poor domestic airport infrastructure, the corporation have managed to accomplish all pivotal goals and created breakthroughs in reforming the fleet and upgrading service quality. This is owed to the joint efforts of the entire system and the adopted managerial solutions.

Since July 2015, VNA has become the first airline in Asia to put into operation two modern, new-generation crafts – Boeing 787-9 and Airbus A350-900. The company has extended both international and domestic air routes, improving the quality of both air and ground services to four-star international standards. VNA has also refreshed its brand image for more friendliness. Since the new crafts entered service, many customers have been willing to change their itinerary to

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experience flying the new aircrafts. Because of this, the number of passengers traveling Business class have grown by 14% and those traveling Premium Economy by 40% compared to the same period last year.

In 2015, VNA has conducted over 127,500 safe flights, an increase of 3.5% compared to the same period last year and transported 17.4 million passengers, a 4.8% increase compared to the plan for the year. The load factor on the whole network is estimated at 80.7%, increasing by 2.2 points compared to the plan, which is a relatively high figure in the region. The corporation's estimated consolidated financial figures are VND 69.3 trillion in revenues and VND 1,400 billion in profit before tax, a 129% increase compared to the plan. Among this, VNA and VASCO attained a VND 57.1 trillion in revenues and VND 260 billion in profit.

Productivity in 2015 has been improved by nearly 10% compared to the same period last year. This is the result of decisively applying the measures of upscaling and raising revenue without increasing staffs; improving the efficiency of the production process and flexibly maximizing productivity of human resources. These measures have been in place since 2011. Consequently, the rate of labor productivity increase has been maintained at an average of 7% per annum for many consecutive years.

In 2015, VNA have continued with the salary reform roadmap. Workers' incomes from salary have increased by 28% o average compared to 2014. Salary reforms done in 2015 have created presmises for member organizations to reshuffle their workforce, fully tapping the existing resources, creating working motivations for workers to improve their working efficiency and building a long-term connection between the employees and the company.

Equitization and restructuring efforts have also witnessed significant progress. After shifting to the model of a joint-stock company on April 1st 2015, VNA have worked hard to find strategic investors. At present, VNA has finalized main items on share purchasing contracts with these strategic investors.

At the end of the three-year period allocated to the implementation of the Prime Minister's instruction on the VNA Restructuring Scheme for 2012-2015, VNA has successfully divested all shares from 13 portfolios, increasing by 3 compared to the plan. The total capital from divestment was VND819 billion, twice the invested value.

In 2015, VNA has also proactively streamlined the structure of member organizations with a view to simplify administrative procedures and enhancing operational performance. At the same time, the restructuring of member companies have also seen positive outcomes. Noticeably, the proposal to establish the VIAGS has been realized and will be put into operation from January 1st 2016.

In 2016, the domestic economy is forecast to remain stable; Vietnam's GDP growth goal is set at 6.7% – the highest in the last 6 years. This will be the opening year for the 2016-2020 plan, a period requiring a new face for VNA. While giving priorities to safety, quality and efficiency in all areas, VNAsets the target for 2016 as follows: transporting 19.2 million passengers, a 10.6% increase compared to 2015; consolidated revenue exceeding VND 77.8 trillion, consolidated profit before tax reachingVND 2.3 trillion, contributing VND 4.7 trillion to the state budget.

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