



# VIETNAM AIRLINES POST COVID-19 RECOVERY

Presented by  
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Hanoi, Oct 2023.IATA Maintenance Cost Conference

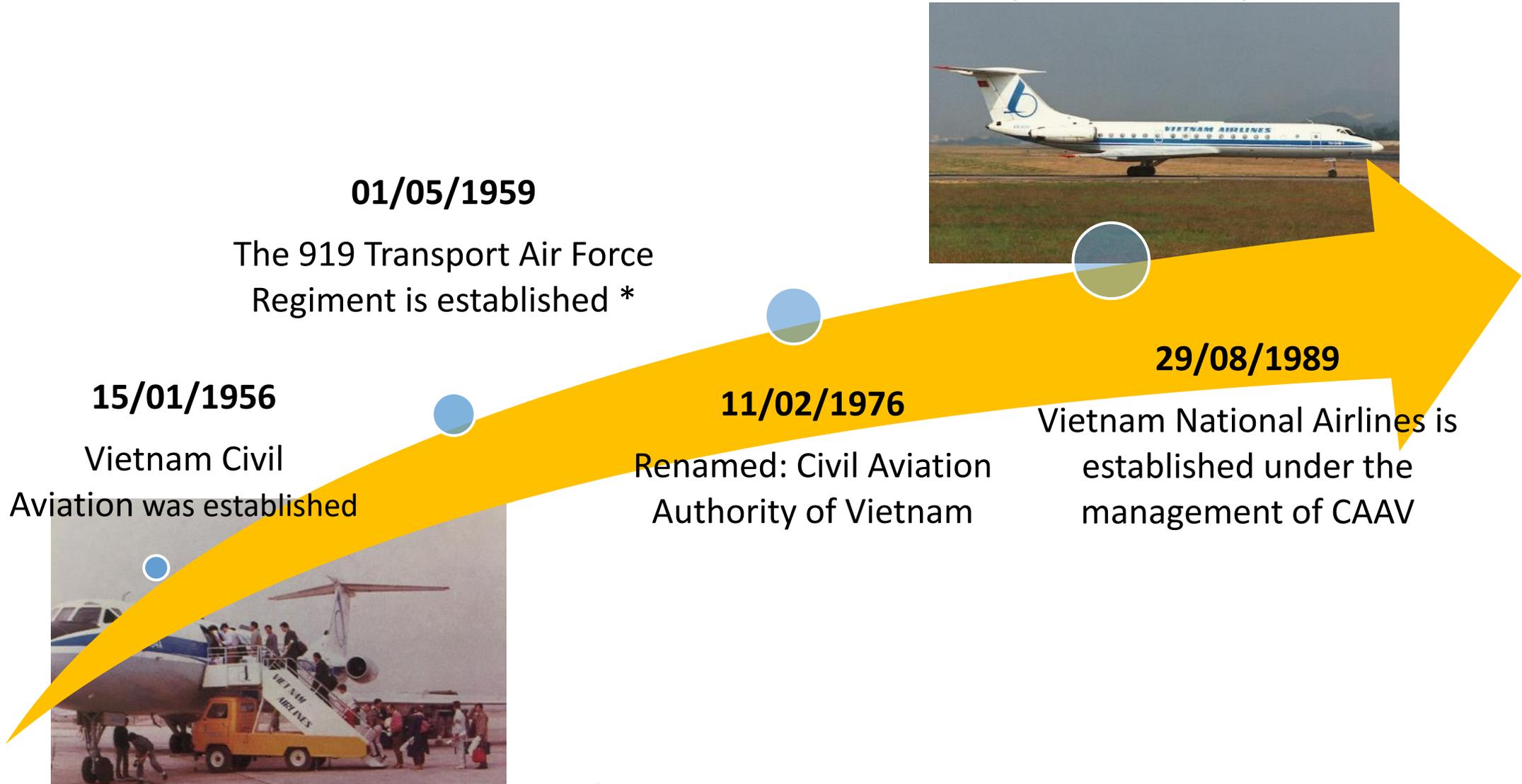
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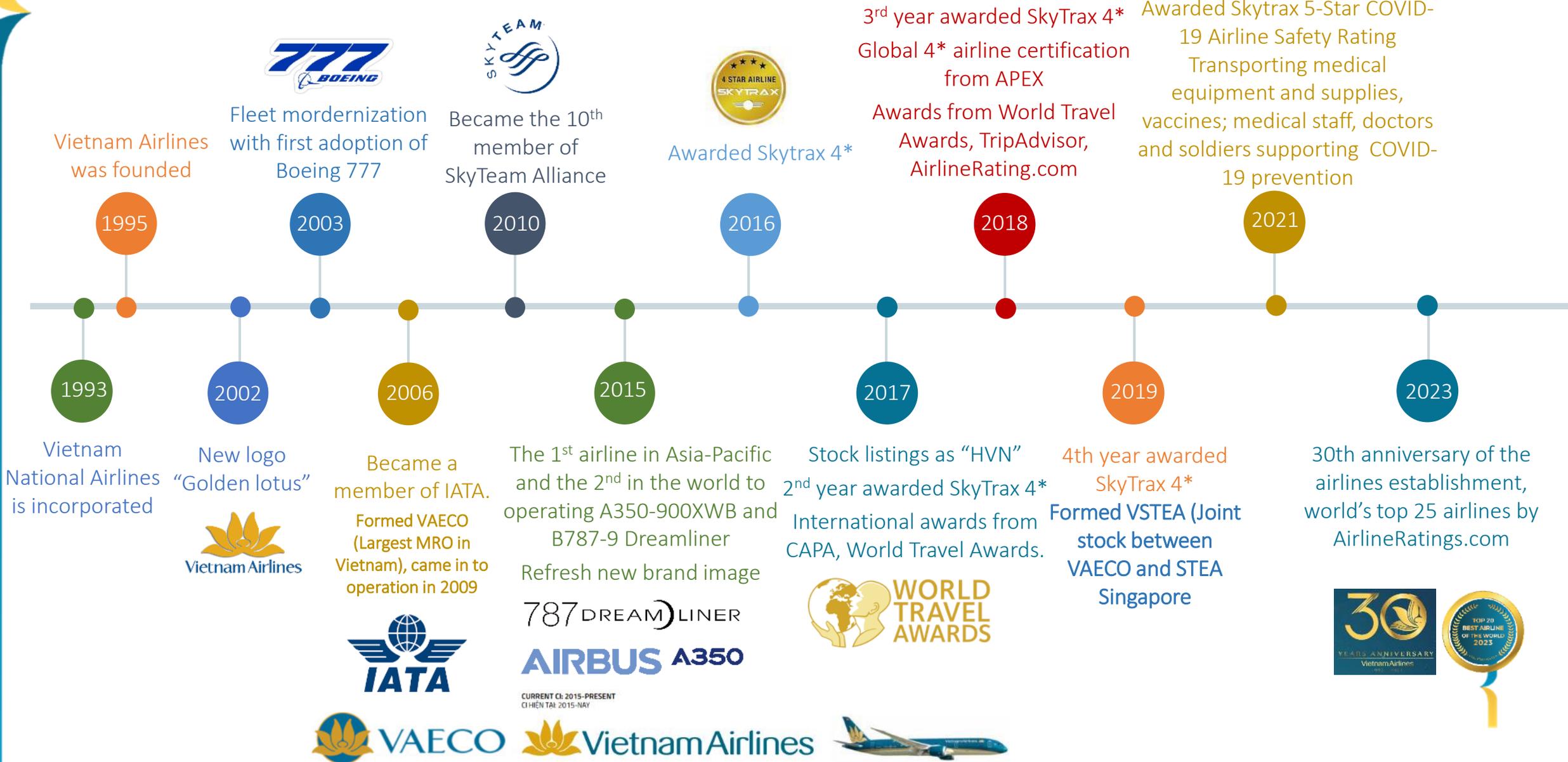
# INTRODUCTION OF VIETNAM AIRLINES

# HISTORY OF DEVELOPMENT: from civil authority and military to Vietnam Airlines

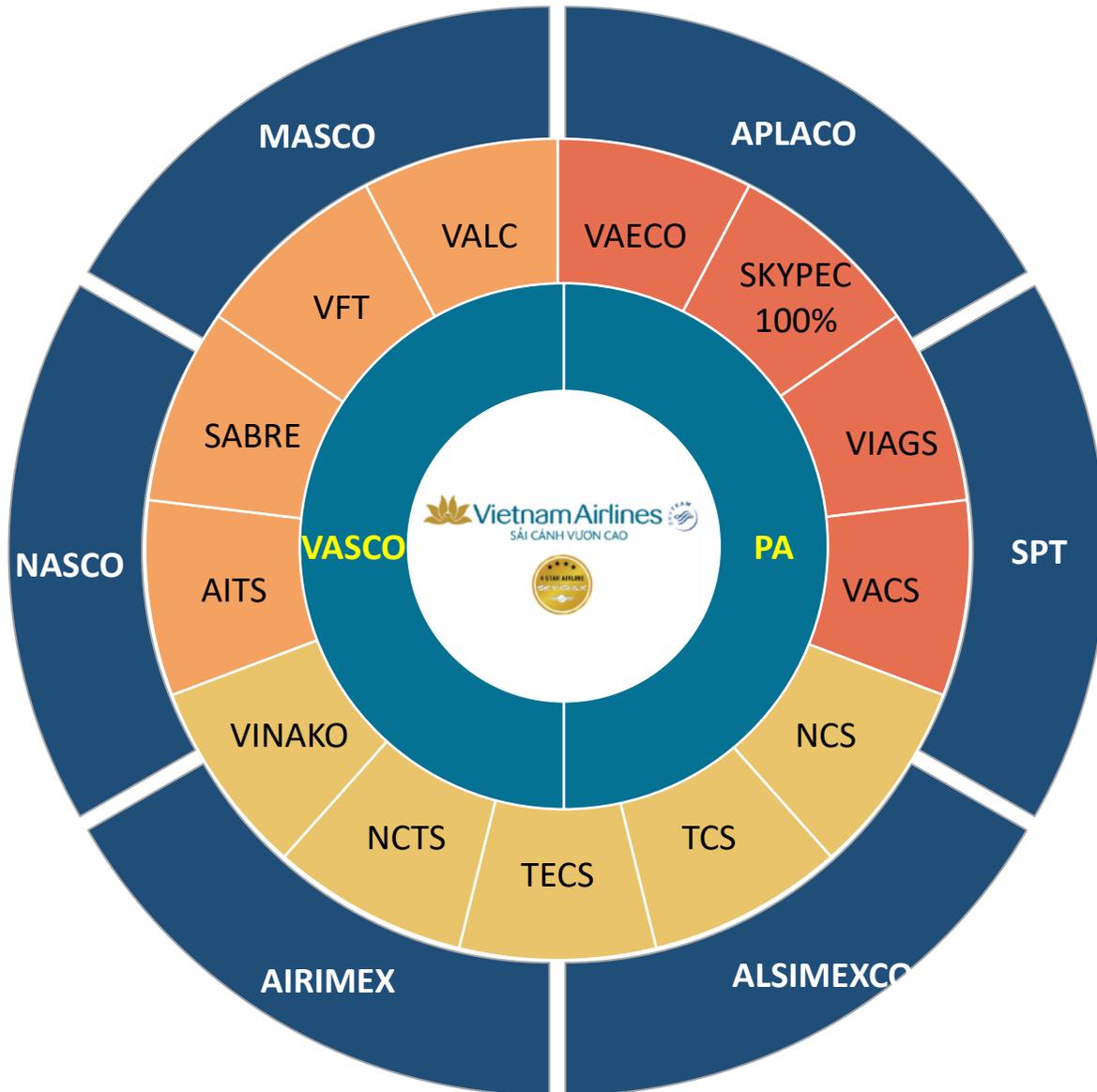


\* the 919 Transport Air Force Regiment is Vietnam's first civil aviation - military transport flight unit, predecessor of Flight 919 which currently is the pilot department of VNA

# HISTORY OF DEVELOPMENT



# VNA GROUP



## Airlines (3)

VNA (VN), PA(BL), VASCO(0V)

## Single shareholder Ltd.(4)

VAECO, SKYPEC, VACS, VIAGS

## Cargo/catering (5)

TCS, TECS, NCTS, NCS, VINAKO

## Other companies in aviation eco-system (4)

AITS, VFT, SABRE VN, VALC

## Less related to aviation eco-system (6)

AIRIMEX, MASCO, NASCO, ALSIMEXCO, APLACO,

SPT

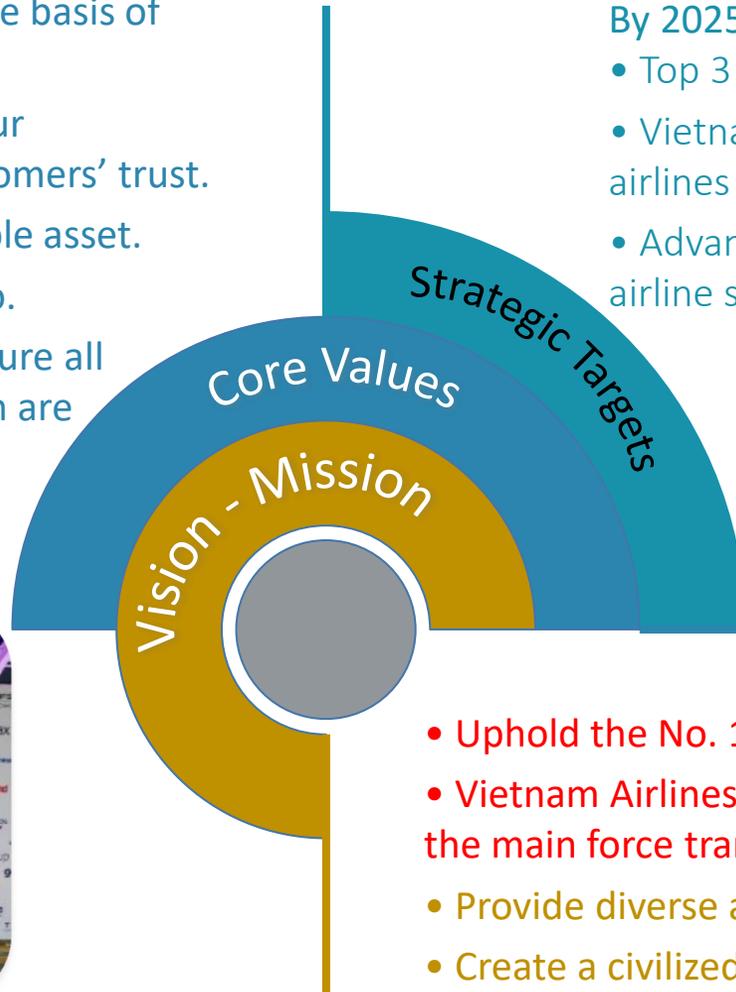
22 subsidiaries/affiliates

# VNA Strategy: Vision - Mission - Core Values - Targets

- **Safety** is the top priority and the basis of every activity.
- **Customer-centric approach.** Our development tightly links to customers' trust.
- **Employees** are the most valuable asset.
- **Creativity** is the business motto.
- **Responsible airline group,** ensure all decisions made and actions taken are in line with social sustainability



**Airline Passenger Experience Association (APEX)  
certified VNA as 5 stars Airlines 25/09/2023**



By 2025:

- Top 3 leading airline group in Southeast Asia in terms of revenue.
- Vietnam Airlines to be on top 10 favorite airlines in Asia. Top 3 airlines in Southeast Asia in terms of scale.
- Advance 4-star airline services and progressively achieve 5-star airline standards for Vietnam Airlines.
  - Implement resilient digital transformation to become a comprehensive Digital Airline Group.
  - Become one of the most favorite workplaces in Vietnam.
- Uphold the No. 1 position as Vietnam's aviation group leader
- Vietnam Airlines to become a leading Asian airline of customer's choice and be the main force transportation of Vietnam as a flag carrier.
- Provide diverse and high-quality air transport up to customers' expectations
- Create a civilized and professional working environment with various opportunities for career development for employees.
- Run effective business operation, ensure sustainable benefits for shareholders.

# STRATEGIC DEVELOPMENTS

## Network development

- Reopen existing routes
- Consider new destinations such as US, EU, AU, South Asia (India...), etc.

## Digitalisation

- Dynamic pricing
- Become a digital Arline in 2025
- Digital transformation in all activities, which prioritizes customer services, e-commerce to increase revenue
- Personalize the passenger experience at every touchpoint.

BUSINESS MODEL/  
DIGITALIZATION

## Organization restructuring

- Reorganize aviation ecosystem
- Redesign organizational structure/process to be more agile

REORGANIZATION

ASSET  
RESTRUCTURING

## Aircraft and assets restructuring

- Fleet renovation ( A321CEO, ATR)
- Purchase/lease new narrow-bodies
- Sell some subsidiaries or reduce the ownership in some subsidiaries

# VNA FLEET

One of the first airlines, to operate the next generation eco-friendly aircraft (A350, B787, A321 NEO)

## Vietnam Airlines (including VASCO)

Aircraft	Quantity
Wide-body	29 (14 A350, 15 B787)
Narrow-body	65 A321
Turboprop	06 AT7
<b>Total</b>	<b>100</b>

## Pacific Airlines

Aircraft	Quantity
Narrow-body	10 A320
<b>Total</b>	<b>10</b>

4 B787-10



11 B787-9



14 A350-900



20 A321 NEO



06 ATR72-500



45 A321 CEO



As of Sep 2023

# STRONG PARTNERSHIP

Strategic Shareholder: 

## Bilateral Partnerships:

- Through bilateral partnerships, Vietnam Airlines' network has been expanded to **195 routes** to **130 destinations** globally on all **5 continents**, out of which **146 routes** to **93 destinations** have not been operated directly by VNA.

Joint Ventures: 

- **Vietnam Airlines/Air France:** After 3 years of cooperation on HAN/SGN-CDG, VNA and Air France have achieved certain positive results that help improve their business.
- **Vietnam Airlines/Pacific Airlines:** cooperation on HAN-SGN have improved business results of both airlines in the domestic trunk route.



## Alliance: Skyteam



Vietnam Airlines enthusiastically participated in SkyTeam's activities and projects, which motivated us to upgrade our system and service standards to meet the Alliance's requirements.



# VAECO's HISTORY OF DEVELOPMENT



www.vaeco.com.vn



## A75/A76/ Tech Div

The first aircraft  
maintenance  
organization in  
Vietnam



1975

## Vietnam Airlines Engineering Company Ltd

Established according  
to Prime Minister of  
Vietnam



2006

## CAAV

Vietnam Civil  
Aviation Authority



2009

## FAA

Federal Aviation  
Administration



2011

## EASA

European Union  
Aviation Safety  
Agency



2017

## VSTEA formed

JV between  
VAECO and  
STEA Singapore

2019

# VAECO's LOCATION and FACILITY



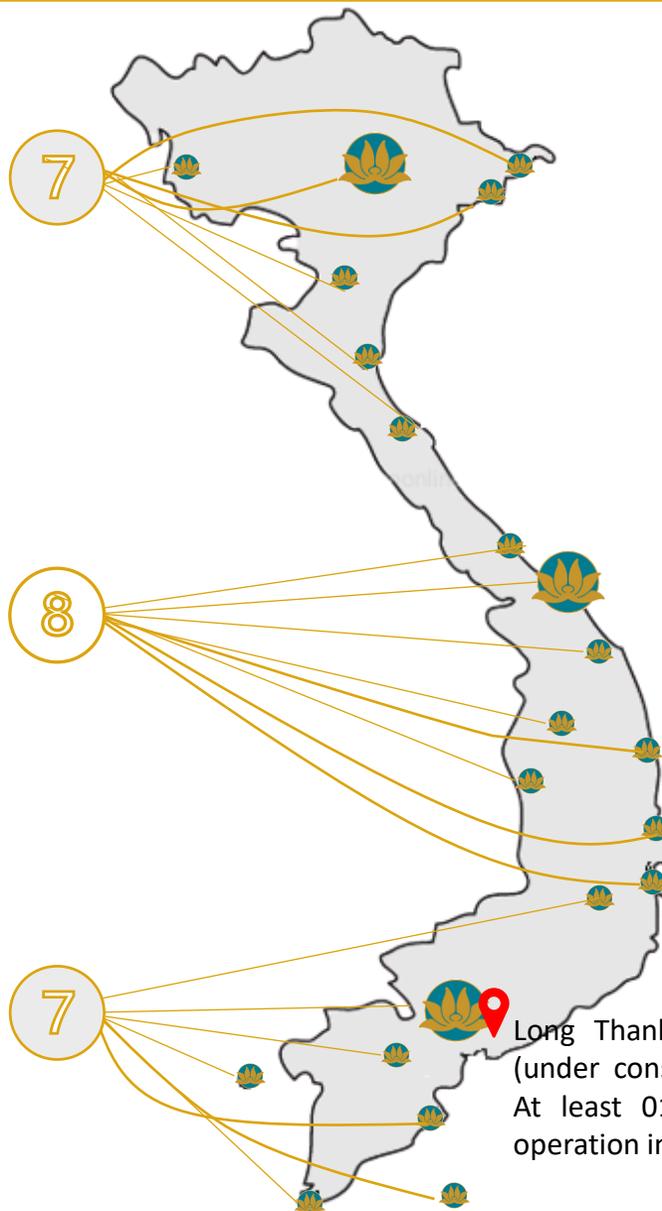
[www.vaeco.com.vn](http://www.vaeco.com.vn)

**Northern - Headquarter**  
 Add: Noi Bai Int'l Airport  
 Region: North & North  
 Central Coast

**Central**  
 Add: Da Nang Int'l Airport  
 Region: Central Coast &  
 Highlands

**Southern**  
 Add: Tan Son Nhat Int'l  
 Airport  
 Region : South East &  
 Mekong Delta

**Human resources:**  
 1500 Aircraft Maintenance Technician  
 800 supported employees



**HAN**

 **Hangars**  
**Hangar #1:** 1 narrow-body a/c  
**Hangar #2:** 2 wide-body a/c or  
 5 narrow-body a/c  
**Hangar #3:** Operation in 2025

 **Apron**  
 Parking positions: 45

 **Other facilities**

- STR/Comp shop
- Calibration shop
- Training Center
- Store
- Warehouse
- Interior shop

**HCM**

 **Hangars**  
**Hangar #1 #2:** 1 narrow-body a/c  
**Hangar #3:** painting  
**Hangar #4 :** 1 wide-body a/c and  
 2 narrow-body a/c

 **Apron**  
 Parking positions: 49



# VAECO's CAPABILITY

	CAAV		FAA		EASA	
	BASE	LINE <small>AOG</small>	BASE	LINE <small>AOG</small>	BASE	LINE <small>AOG</small>
 <b>ATR42/72-Series</b>	✈	✈			✈	
	→: 20000FH-36000FC-12years				→ 20000FH-36000FC-12years	
 <b>A319/320/321-Series</b>	✈ ✈	✈	✈ ✈	✈ ✈	✈	✈ ✈
	→→: 45000FH-27400FC-12years		41200FH-27400FC-12years		→ 30000FH-20000FC-12years	
 <b>A330-200/300</b>	✈ ✈	✈	✈ ✈	✈ ✈		✈ ✈
	→ 60000FH-20000FC-12years → 3200FH-1200FC-12months		→→ 35000FH-13200FC-6years			
 <b>A350-900</b>	✈ ✈	✈	✈ ✈	✈ ✈		✈
	→ 48000FH-12000FC-120months → 12000FH-3000FC-24months		→ 24000FH-6000FC-48months → 12000FH-3000FC-24months			
 <b>B777 series</b>	✈ ✈	✈	✈ ✈	✈ ✈		✈
	→→: 24000FH-32000FC-6000days		24000FH-32000FC-6000days			
 <b>B787-9</b>	✈ ✈	✈	✈ ✈	✈ ✈		✈
	→ 12000FH-5000FC-2years → 35000FH-15000FC-9years		→ 12000FH-5000FC-24months → 18000FH-6000FC-36months			
 <b>B737series</b>		✈		✈ ✈		

✈ All Stations   ✈ HAN Station   ✈ SGN Station

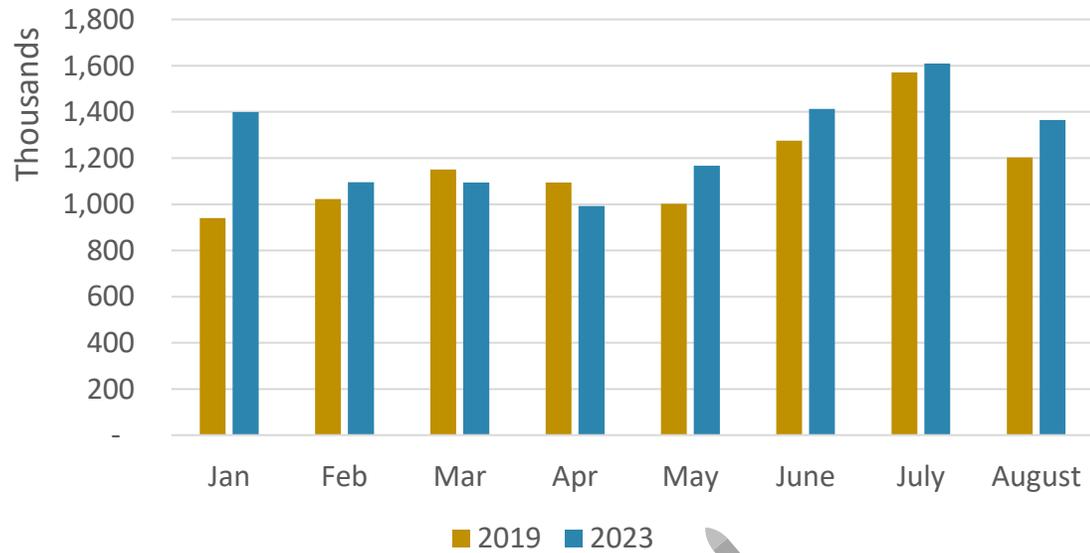


# POST COVID-19 MARKET RECOVERY PLAN

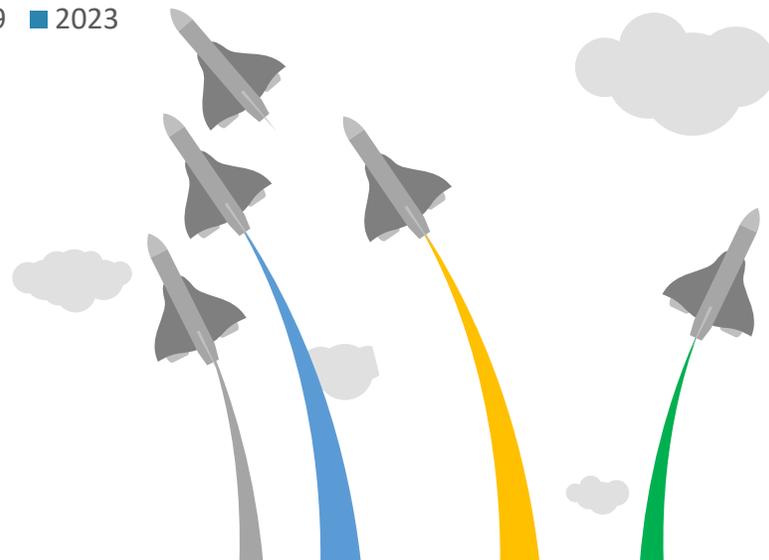
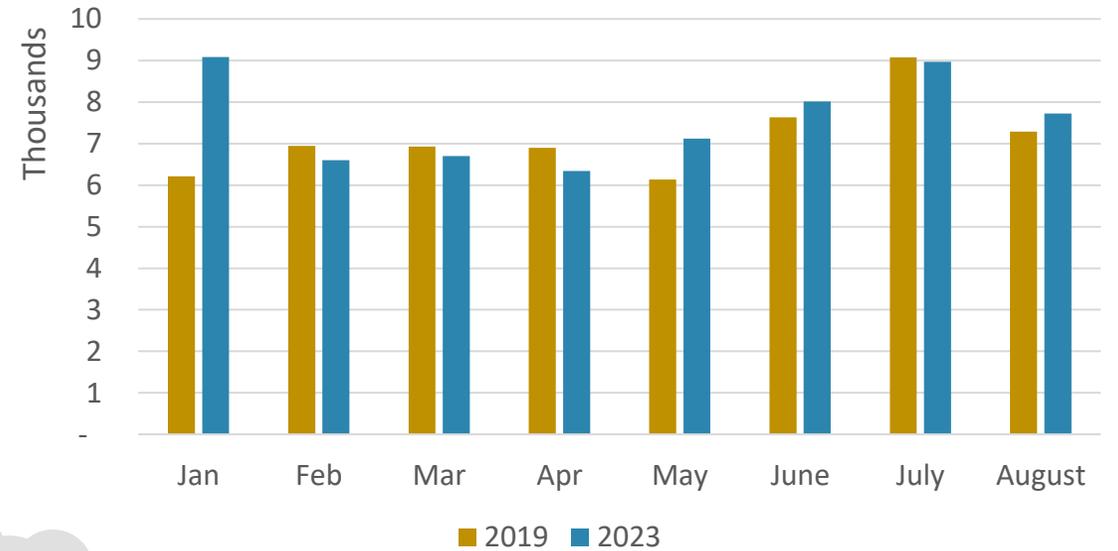


# VNA'S DOMESTIC MARKET RECOVERY

Number of pax in first 8M 2023 increased by 9,5% compared to 2019

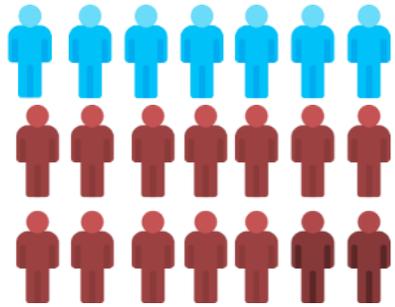


Number of flights in first 8M 2023 increased by 6,0% compared to 2019





# VNA'S INTERNATIONAL MARKET RECOVERY



Number of passenger  
recovered **65%**  
compared to 2019



**90%**

**International routes** has  
been resumed.  
**28 destinations**  
**18 countries**

**United States:** San Francisco;

**Europe:** Frankfurt, Paris, London;

**Australia:** Sydney, Melbourne;

**North East Asia:** Tokyo, Nagoya, Osaka, Fukuoka, Incheon, Busan,  
Shanghai, Guangzhou, Beijing, Hongkong, Taipei, Kaohsiung;

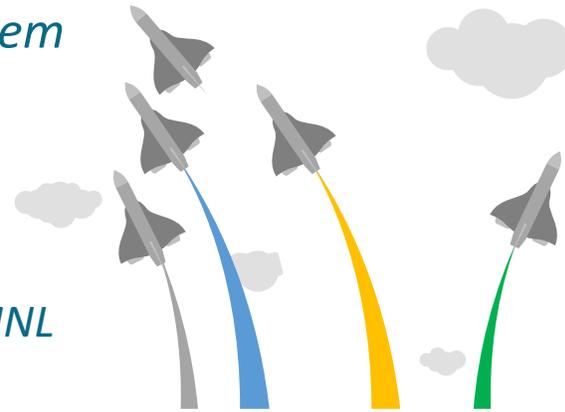
**South East Asia:** Thailand, Singapore, Kuala Lumpur, Jakarta, Siem  
Reap, Phnom Penh, Luang Prabang, Vientiane

**South Asia:** New Delhi, Mumbai



**69%**

Number of international  
frequencies compared to 2019  
**349** flight2w/week (Average  
8M of 2023)

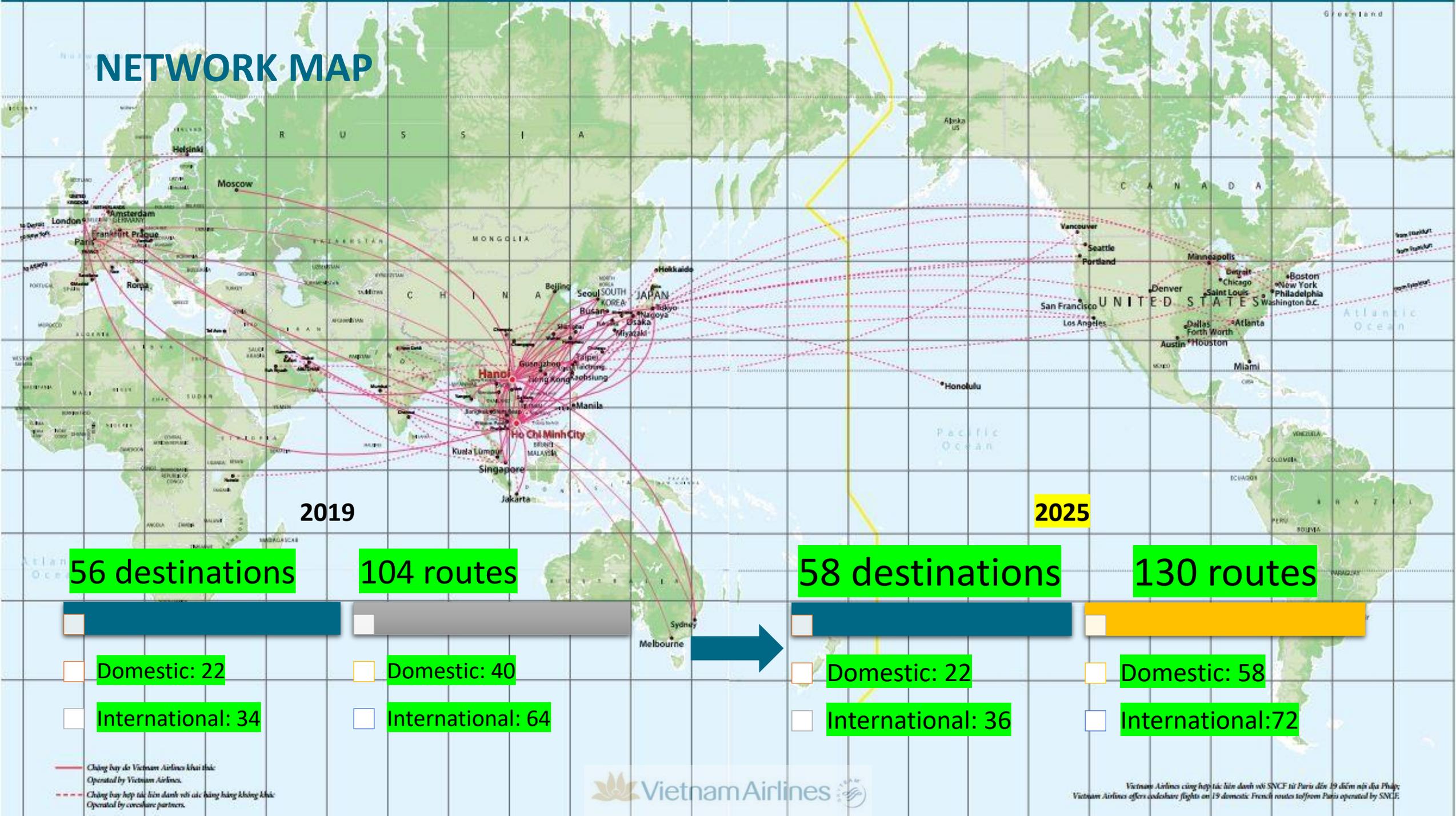


**Q4/2023: Re-open:** DADDMK (DADBKK), HANTFU;

**New routes:** SGNPER, CXRPUS, HAN/SGN-PKX, HAN/SGN-MNL



# NETWORK MAP



2019

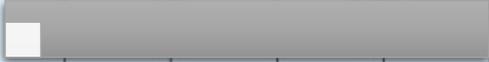
2025

56 destinations

104 routes

58 destinations

130 routes



Domestic: 22

Domestic: 40

Domestic: 22

Domestic: 58

International: 34

International: 64

International: 36

International: 72

— Chặng bay do Vietnam Airlines khai thác  
Operated by Vietnam Airlines.  
- - - Chặng bay hợp tác liên danh với các hãng hàng không khác  
Operated by codeshare partners.

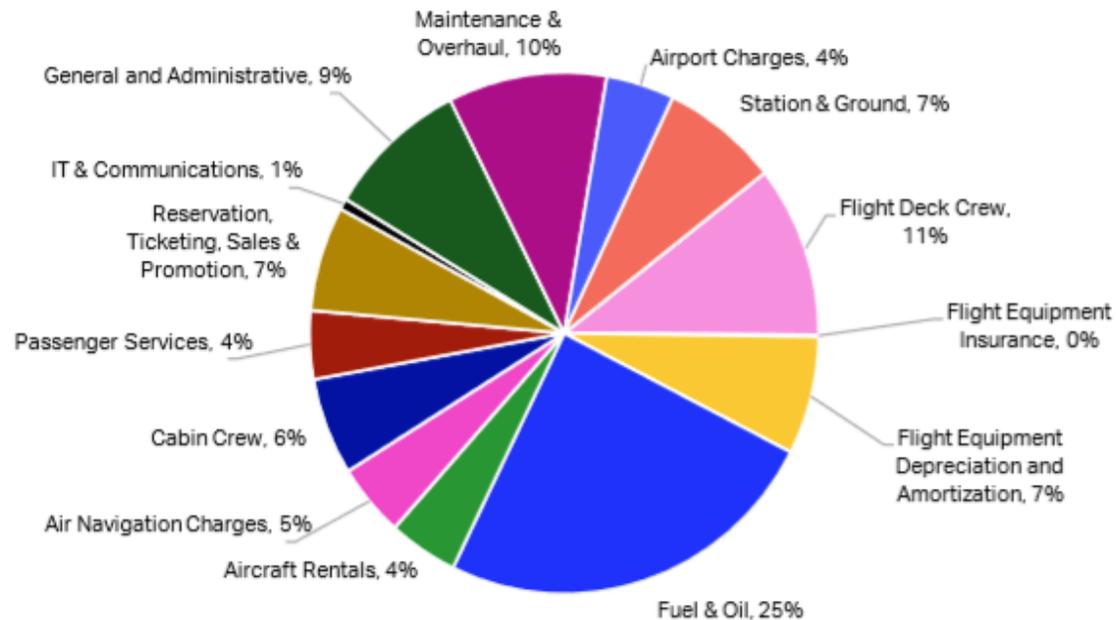


Vietnam Airlines cũng hợp tác liên danh với SNCF từ Paris đến 19 điểm nội địa Pháp.  
Vietnam Airlines offers codeshare flights on 19 domestic French routes to/from Paris operated by SNCF.

# MAINTENANCE COST AND CHALLENGES

# AIRLINES COST STRUCTURE

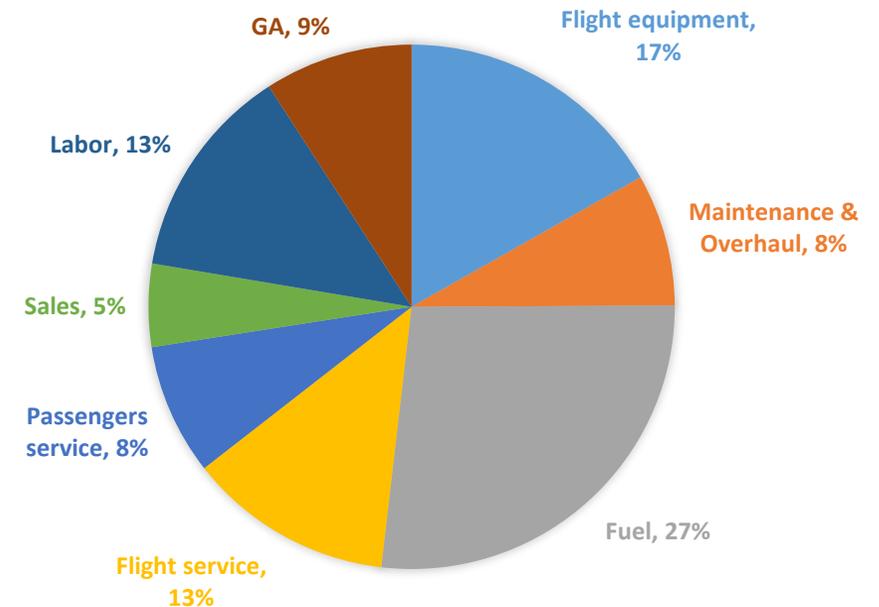
Chart 9: ACMG airline operating expenses 2019



According to ACMG 2019 (data of 51 Airlines), Fuel accounts for highest proportion of total cost, at 25%. Flight deck crew and Maintenance had lower percentages, at 11% and 10%, respectively.

Source: Airlines cost management group (ACMG) Annual report 2020 (FY2019)

AAPA 2019



According to AAPA 2019 (based on data of 15 Asia Airlines), Fuel cost makes up a highest percentages of total cost, at 27%, followed by Flight equipment cost (17%). Flight Service and maintenance cost respectively account for 13% and 8% of total cost.

Source: AAPA FY2019

# COMPARISON BETWEEN VNA'S COST STRUCTURE AND OTHERS



Percentage of Maintenance & Overhaul and Flight equipment cost are higher than that of region airlines (ACMG, AAPA).

Causes: AC utilization not optimized.

Long TAT of Check, Components Overhaul Capabilities of MRO limited



Percentage of Labor and General Administration cost are low in compared with regional airlines (AAPA, ACMG).

Causes: Labor cost in Vietnam is at average level

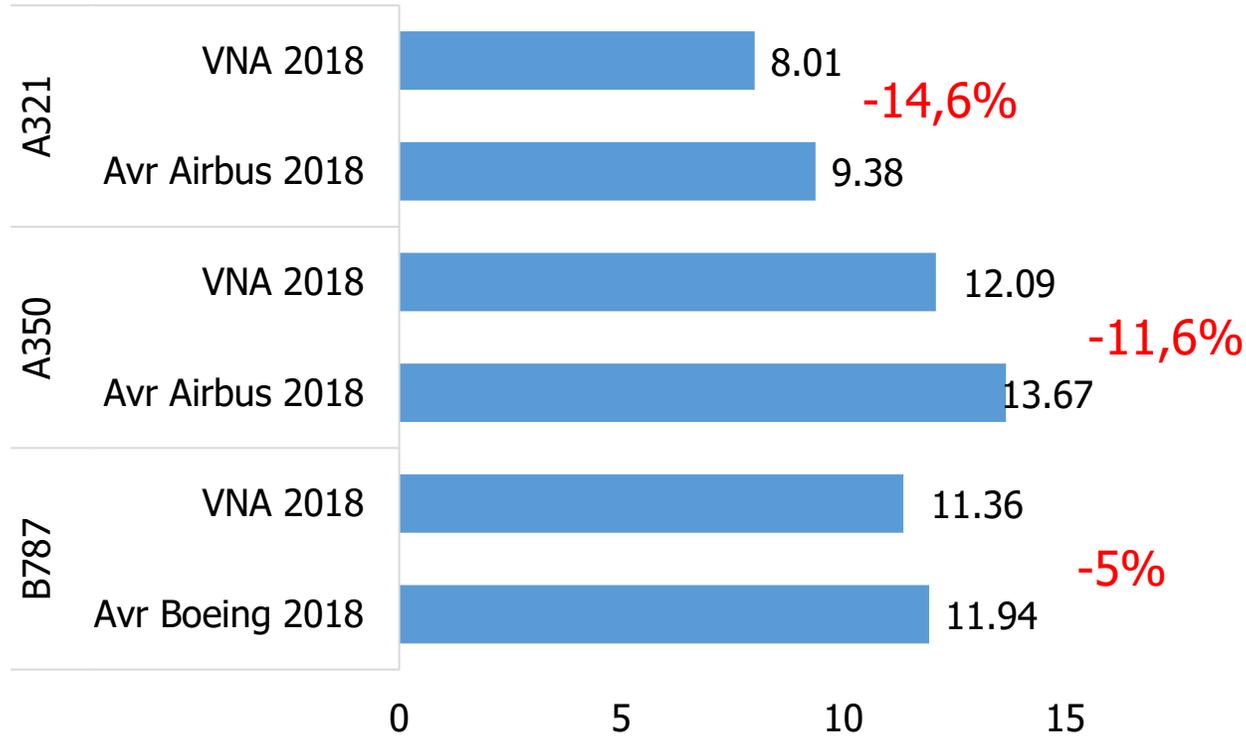


Percentage of sales, passenger service, flight service cost are equivalent to that of AAPA, ACMG airlines



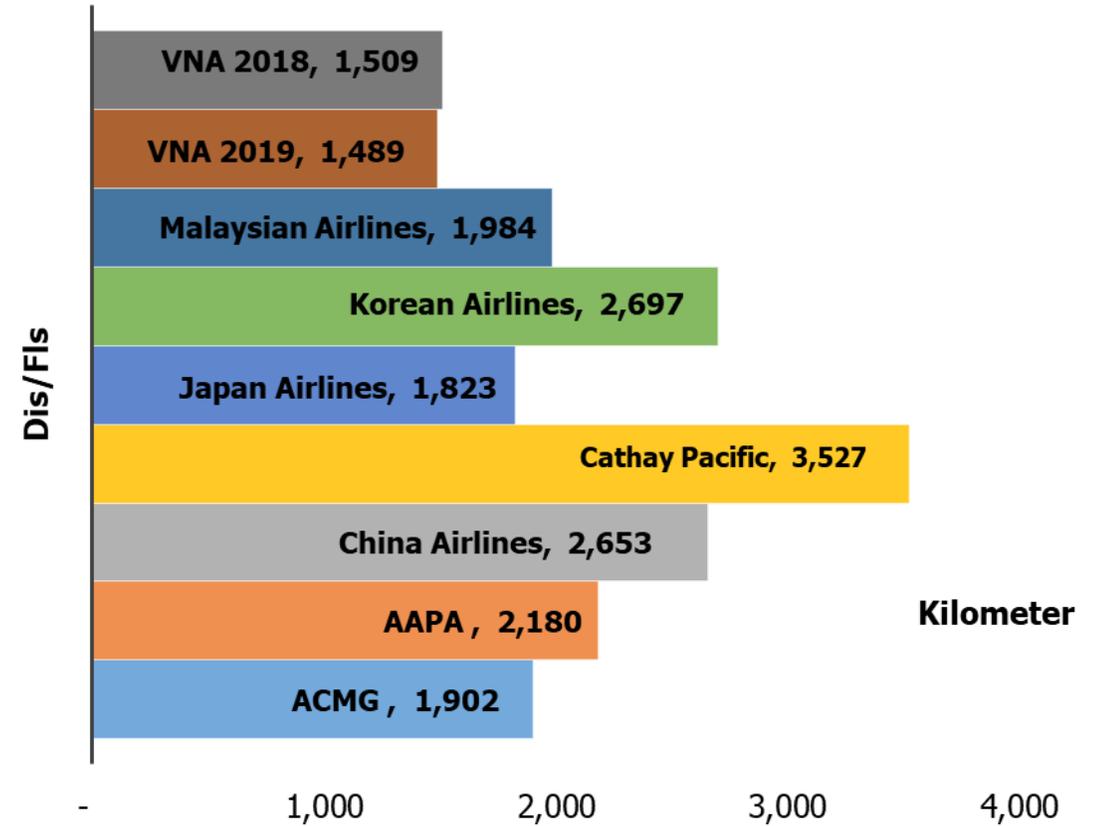
# AIRCRAFT UTILISATION

## AC UTILIZATION (FH)



VNA AC utilization is quite low in compared with Boeing/Airbus data, which caused the increase of maintenance cost and flight equipment cost (Those cost are fixed cost)

## STAGE LENGTH 2019



Stage length of VNA flight is shorter than average number of ACMG Airlines due to short domestic flights (especially 02 bases in HAN and SGN), which caused low utilization (FH/FC) → engines, landing gears, brakes, tires deteriorates faster → Increase of maintenance cost

# VNA'S CHALLENGES

## High Fuel cost since 2022



**Fuel price raise**  
**Mission to perform fuel savings:**  
**→ Technical solutions, Sustainable Fuel**



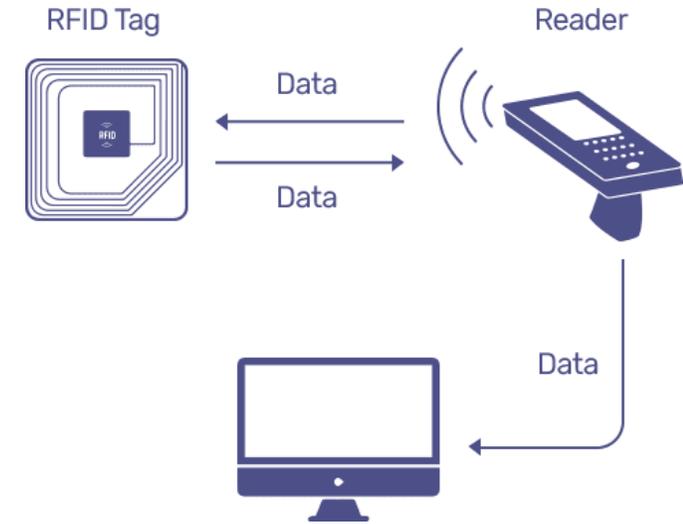
## High Maintenance Cost:

### Challenging Factors



# VNA'S CHALLENGES – DIGITAL TRANSFORMATION- A PARTHWAY TO MAINTENANCE COST OPTIMIZATION

Digital Transformation Project in Technical Department	Status
<b>MRO IT - AMOS:</b> Using new MRO-IT System (AMOS) replacing the old System (AMASIS): The core system of controlling all maintenance activities.	Ready 2024 (April)
<b>RFID:</b> Controlling the Hard time components by Radio Frequency Identification.	Ready 2023 (Nov – Dec)
<b>E-Techlog:</b> Recording maintenance activities in Line maintenance to e-Techlog, monitoring Aircraft Status.	Ready 2024
<b>Smart software :</b> Monitoring the Aircraft Health through AHM (Boeing), SHM, SPM (Airbus). Monitoring the Engine Health through ADEM, EHM, Remote Diagnostic, ECPM (engine OEMs)	
<b>TIMS:</b> Technical Information Maintenance System: Core Platform for monitoring maintenance activities, processing workflow by digitalizing the working process,	



# DISCUSSION





**THANK YOU**