

AVIATION STORIES OF 2023: A REVIEW OF THE YEAR AND A LOOK AHEAD TO 2024



Wednesday December 6th, 2023

www.oag.com

SPEAKERS

CHIEF
ANALYST**John Grant**

Chief Analyst, OAG

With a wealth of experience across the global aviation industry, John provides expert commentary on market developments for OAG, making connections between what the data is telling us and the trends and events occurring in the sector.

**WEBINAR**

© 2023 OAG Aviation Worldwide Limited. All rights reserved

GUEST
SPEAKER**Edward Clayton**

Partner, PwC Malaysia

Edward Clayton has over 30 years of experience in aviation. He worked for British Airways, HOCHTIEF AirPort (now AviAlliance), and Booz Allen Hamilton before moving to PwC where he is a Partner in the Malaysia/Vietnam Advisory team and continues to carry out numerous aviation projects in SE Asia.

MODERATOR

**Deirdre Fulton**

Partner, MIDAS Aviation

Deirdre is a partner in an aviation consultancy providing meaningful insight and analysis to clients around the world. She works closely with OAG on their data analysis and publications.

AVIATION STORIES OF 2023: A REVIEW OF THE YEAR AND A LOOK AHEAD TO 2024

In this webinar we'll be looking at:

- Airline performance in 2023
- Recovery data: Which regions are back to or beyond 2019 capacity?
- Who made big orders this year and what is causing delays?
- What lies ahead for 2024?

We'll be taking questions as we go. Please use the chat function to ask your questions.



UNLOCKING GLOBAL TRAVEL: IS CHINA THE KEY?

Wednesday 18th January 2023

www.oag.com

CONNECTIVITY, WHERE NEXT? HOW HAVE AIRLINE NETWORKS CHANGED POST-COVID?

Wednesday 15th February 2023

www.oag.com

SUNSHINE AHEAD: DOES THE SUMMER SCHEDULE POINT TO GOOD TIMES?

Wednesday 15th March 2023

www.oag.com

SEEING AHEAD: AIR TRAVEL

Wednesday 26th April 2023

www.oag.com

INTERNATIONAL DESTINATIONS FROM CHINA

How many of these will come back?

- 196 international destinations served in Jan19
- Of 71 countries served, 14 countries only served by Chinese airlines, 9 only served by foreign airlines
- Chinese carriers operated 57% of all frequencies

International destinations with direct air service from China in January 2019

www.oag.com

KEY INDUSTRY METRICS

Changing average aircraft size

AVERAGE AIRCRAFT SIZE IN NORTH AMERICA

Week of	Aircraft Size
Week of 11 Feb 2019	116
Week of 12 Feb 2023	130

- Globally frequencies are down 13% vs this week in 2019, while capacity (seats) is down 9% - i.e. average aircraft size has increased
- North America +14 seats (116 to 130)
- Western Europe + 9 seats (158 to 167)
- South East Asia + 8 seats (172 to 180)
- Latin America +15 seats (129 to 144)

www.oag.com

SUMMER HOTSPOTS

Tripadvisor's Top 10's

Tripadvisor's Top 10 most popular destinations worldwide		
Destination	S23 Capacity vs S22	
1 Dubai	+23%	
2 Bali	+32%	
3 London	+13%	
4 Rome	+21%	
5 Paris	+11%	
6 Cancun	+4%	
7 Crete	-2%	
8 Marrakech	+12%	
9 Dominican Republic	+7%	
10 Istanbul	+20%	

Tripadvisor's Top 10 trending destinations		
Destination	S23 capacity vs S22	
1 Cuba	+36%	
2 Hoi An	+8%	
3 Mauritius	+27%	
4 Siem Reap	+346%	
5 Chiang Mai	+63%	
6 Grand Cayman	+6%	
7 Fes	+10%	
8 Baku	+32%	
9 Kathmandu	+8%	
10 Krakow	+11%	

www.oag.com

China outbound: Single and travel in couples are first to reactivate

International departures from China in H1 2023, as of 13 Apr 2023, vs same period in 2019

Year	Singles	Couples	Families	Groups
2019	27%	23%	24%	26%
2023	38%	27%	24%	11%

Source: [TripAdvisor](#)

www.oag.com

ALLIANCES AND PARTNERSHIPS: UNDERSTANDING THEIR VALUE IN TODAY'S AVIATION CLIMATE?

Wednesday 17th May 2023

www.oag.com

BUSINESS OR LEISURE: THE TREND TO BLENDED TRAVEL

Wednesday June 14th 2023

www.oag.com

SUSTAINABILITY: THE JOURNEY TO NET ZERO

Wednesday July 12th 2023

www.oag.com

SUMMER 2023: TAKING STOCK

Thursday September 14th, 2023

www.oag.com

ALLIANCE EVOLUTION

- Alliance share of global capacity has plateaued over time, and even declined over past 10 years
- Star Alliance is largest alliance, followed by SkyTeam

www.oag.com

FUTURE OF BUSINESS TRAVEL

Has Covid made us think (and behave) differently?

Source – OAG Schedules Analyst

www.oag.com

Net Zero by 2050 – What is needed to make it happen?

- General industry consensus that getting to net zero will require a combination of efforts
- Main lever is to decarbonise by replacing fossil fuels (kerosene) with sustainable aviation fuels (SAF)
- Technology improvements will also be needed
- More fuel efficiency gains will be required – some estimate a doubling of historic fuel efficiency will be needed
- New aircraft technology
- Will all of these steps be enough?

www.oag.com

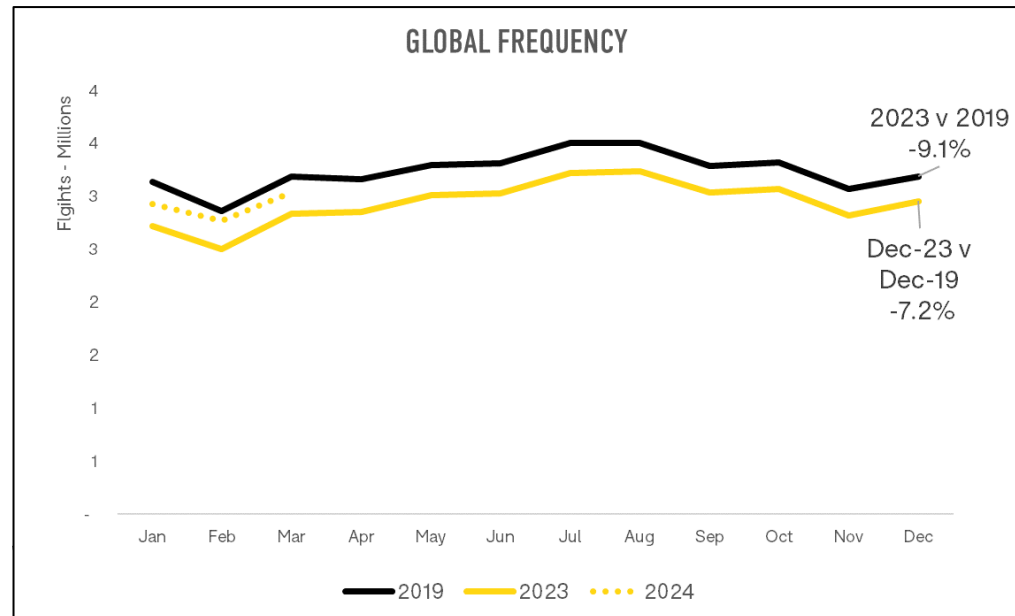
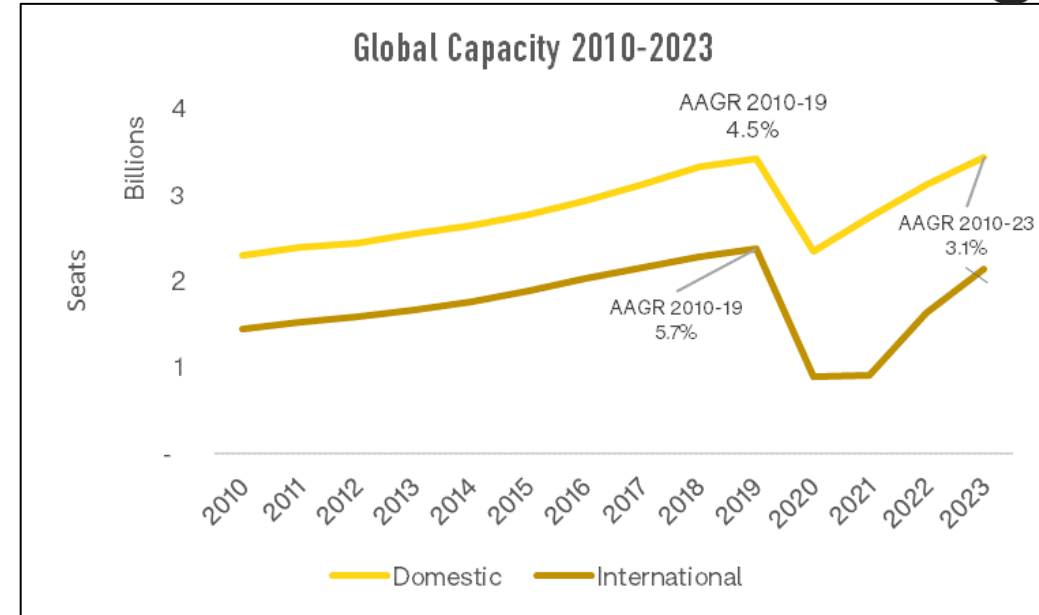
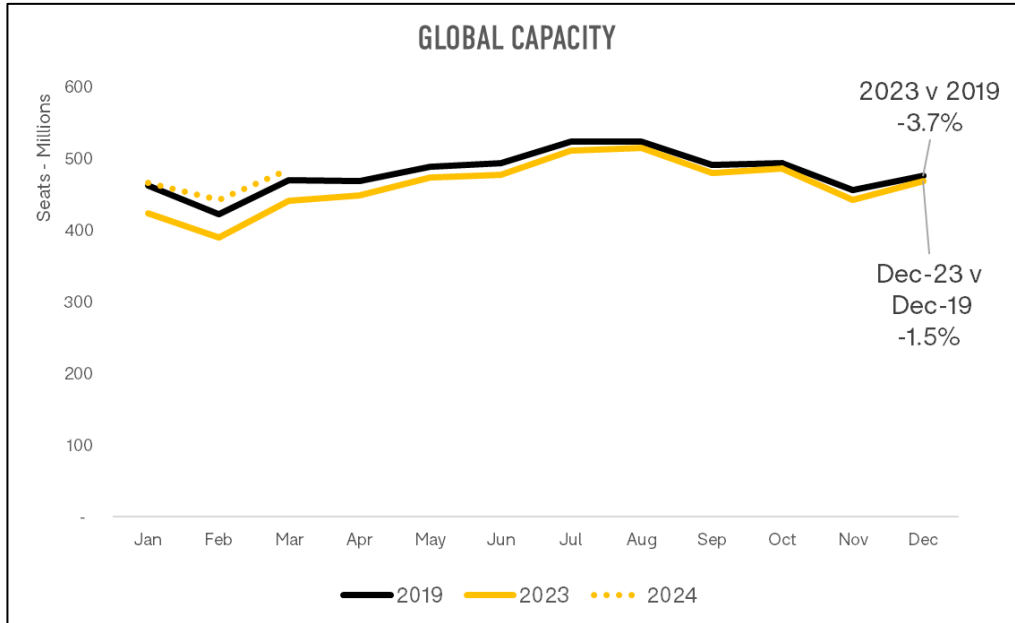
THAILAND RECOVERY FALTERS?

- Total capacity in Thailand this summer is 74% of Summer 2019, with international capacity lagging at 70% of Summer 2019 levels.
- Clearly impacted by the lack of full recovery from China, Thailand's international airports range from being 16% behind Summer 2019 in terms of destinations served at Bangkok's Don Mueang Airport to 90% behind at Chiang Mai.

- Smaller airports are disproportionately affected in capacity terms as for some, their only international capacity operated to China

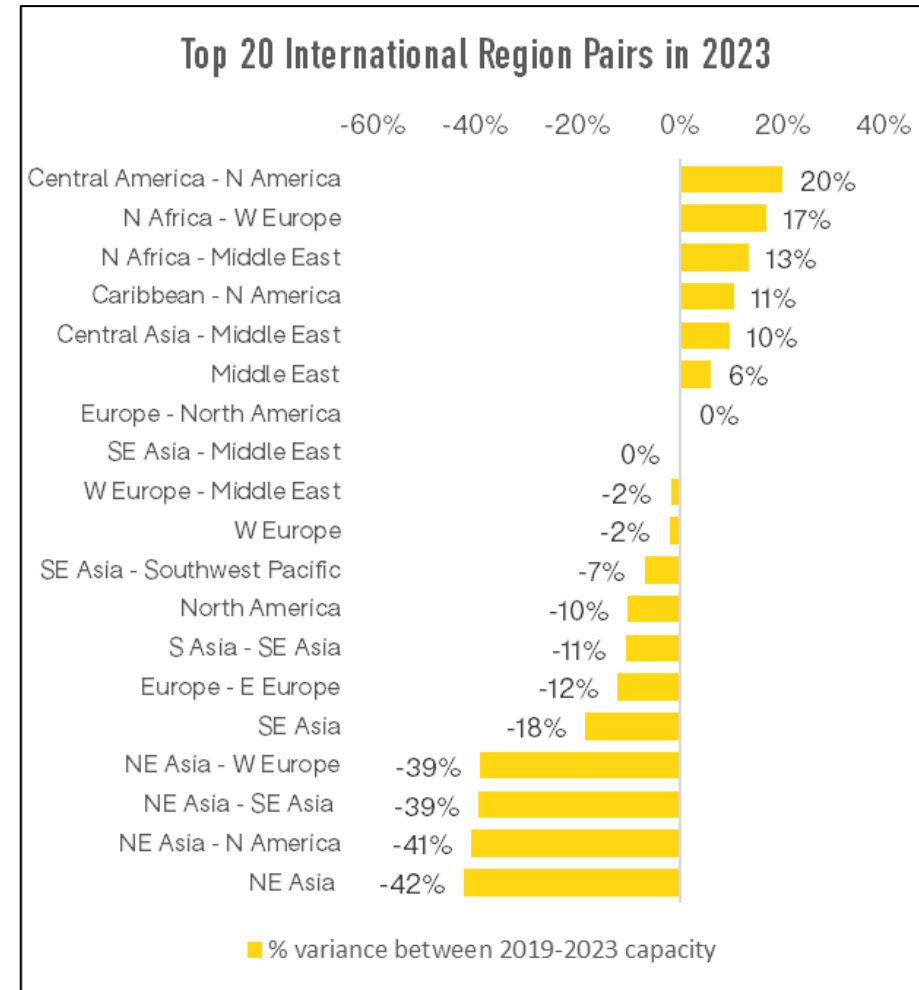
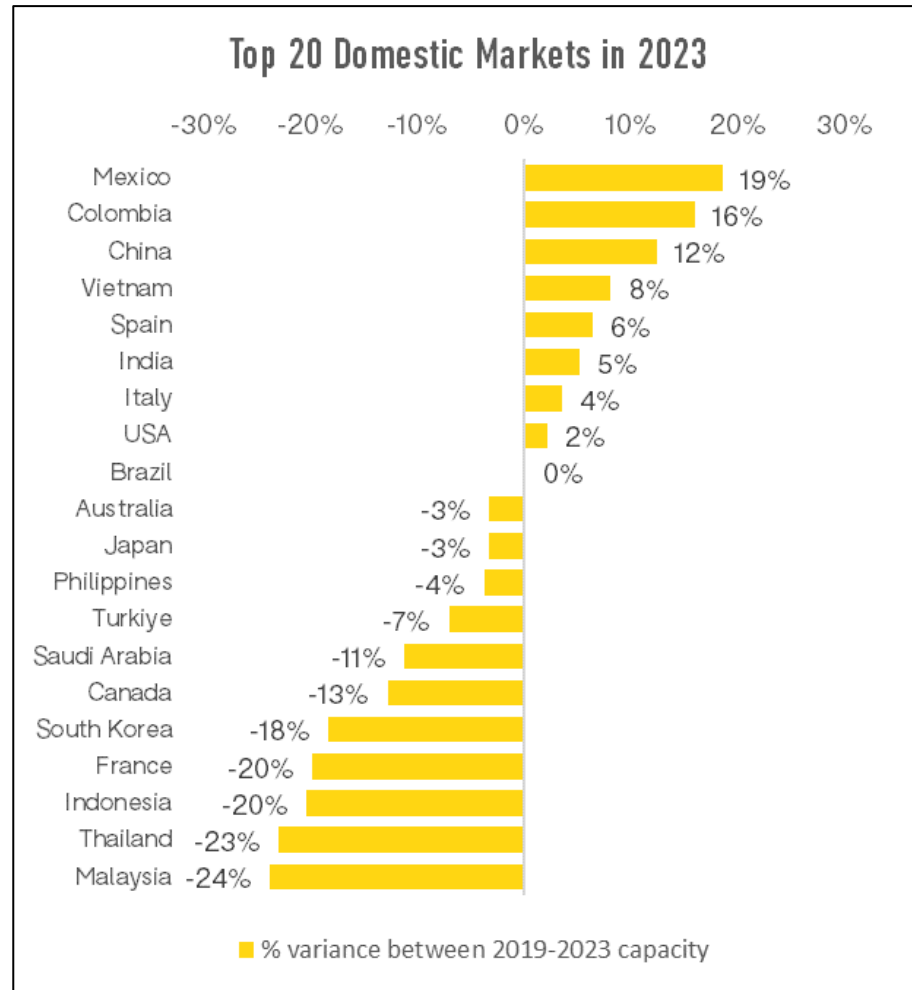
www.oag.com

GLOBAL CAPACITY – LATEST PICTURE



- Global capacity currently tracking just 1.5% below 2019 in December, with the full year position for 2023 3.7% behind 2019.
- Capacity for Q1 2024 estimated at 2.9% ahead of 2019, with domestic up +4.6% and international looking like it might reach 2019 levels
- Frequency for December 2023 is 7.2% behind, with the annual position -9.1% lower than 2019

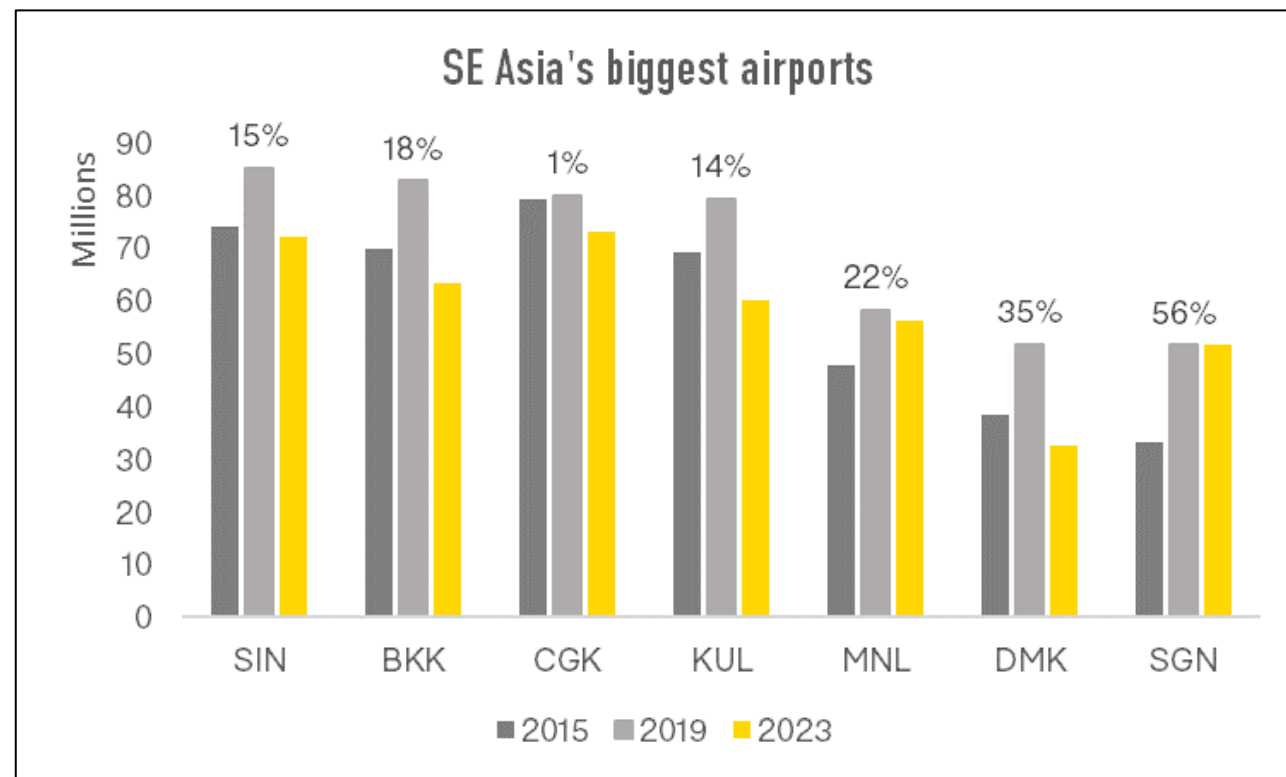
2023 CAPACITY TRENDS



- Top 20 Domestic Markets are 88% of global domestic travel. 9 have reached 2019 levels.
- Top 20 International region pairs account for 80% of global international travel. 6 have reached 2019 levels

2023 CAPACITY TRENDS – SE ASIA

- Many of the biggest airports in South East Asia saw very strong growth between 2015-2019, although only Saigon has recovered to 2019 levels.
- Bangkok's Don Mueang remains furthest behind currently, with 2023 capacity 37% behind 2019. Bangkok and Kuala Lumpur are both still around a quarter below 2019 levels whilst Singapore's position is better – just 15% behind
- Jakarta, Singapore and Bangkok are all in the process of adding additional runway capacity – this is a region where the busiest routes have the highest daily frequency in the world- with typically more than one service every hour.
- SIN-KUL operates 36 flights a day, SIN-CGK 28, KUL-CGK 25 and BKK-HKG - 19



- As capacity recovers across the region, infrastructure constraints are likely to resurface and emerge
- Constraints on slots, air space and MRO facilities number just a few of the issues likely to impact on the growth of air travel across the region



AIRLINE PERFORMANCE

- Ryanair is a good news story this year, with strong earnings performance this quarter combined with the announcement that they will pay a dividend for the first time ever. They also set out their plans to be debt free within the next two years
- Half of the Top 10 highest performers are LCCs
- Six of the Top 10 are based in Europe
- However, the carriers lagging in Q3 are all US carriers, and predominantly LCCs..
- Is this a warning bell?

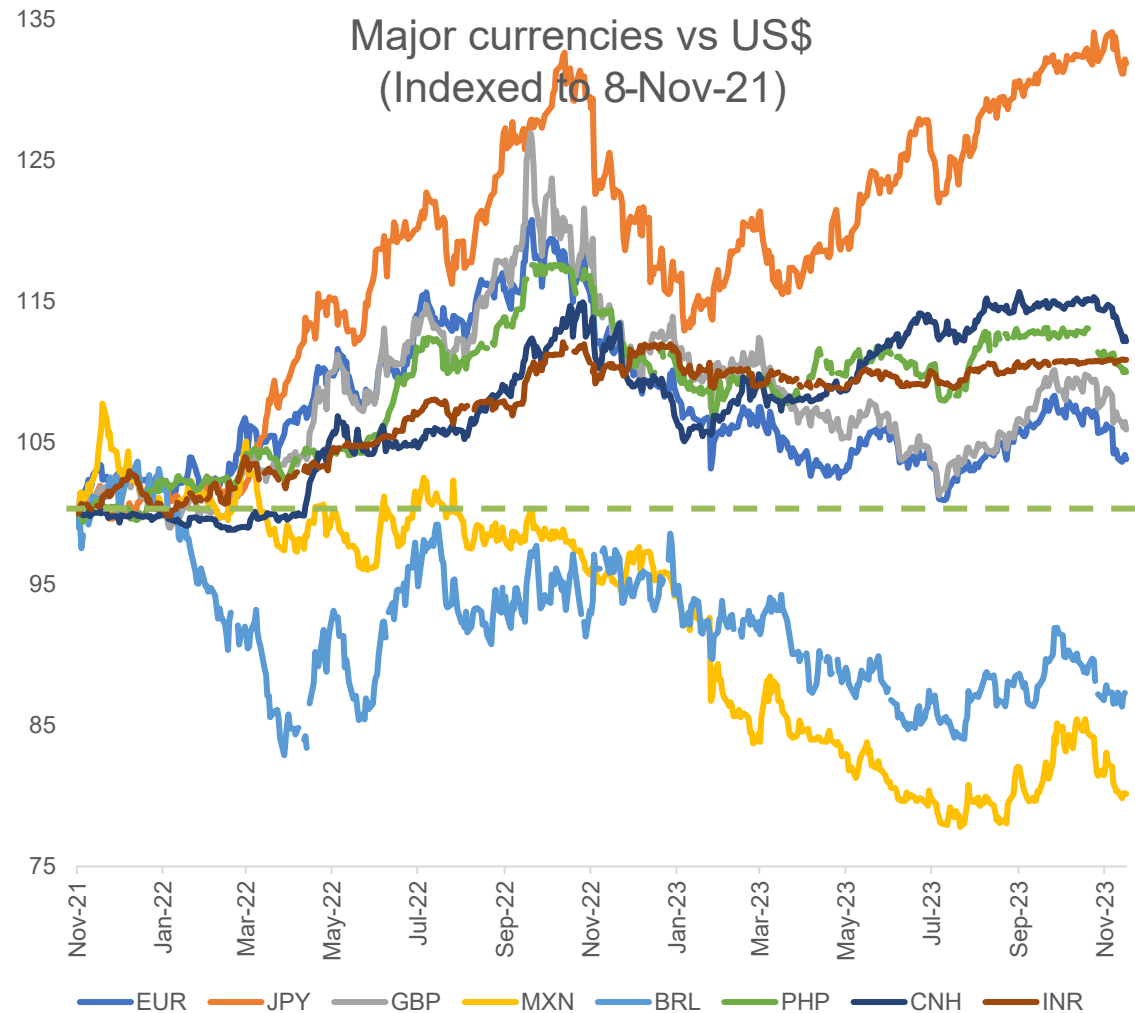
Q3 Earnings Scoreboard... So Far as of Tuesday, Nov. 21

Q3 op margin		Q3 op margin		
1	Ryanair	34.6%	34 Chorus/Jazz	13.7%
2	Spring Airlines	28.9%	35 AirAsia X	13.6%
3	Aegean	28.5%	36 Garuda	13.6%
4	Pegasus	26.3%	37 Korean Air	13.5%
5	Turkish Airlines	25.0%	38 LATAM	13.4%
6	Norwegian	24.8%	39 Japan Airlines	12.7%
7	Wizz Air	24.4%	40 Delta	12.7%
8	Copa	23.6%	41 United	12.2%
9	Air Canada	22.3%	42 Play	11.7%
10	Air Arabia	22.2%	43 Alaska	11.7%
11	Juneyao	22.2%	44 Finnair	11.5%
12	TAP Portugal	22.0%	45 China Southern	11.1%
13	easyJet	21.3%	46 China Eastern	10.6%
14	Thai Airways	20.9%	47 Air China	10.4%
15	IndiGo	20.7%	48 Cebu Pacific	10.2%
16	Bangkok Airways	20.6%	49 Jeju Air	10.2%
17	IAG	20.2%	50 Jin Air	10.1%
18	Icelandair	20.0%	51 T'way Air	9.7%
19	VivaAerobus	19.8%	52 Sun Country	8.0%
20	airBaltic	19.6%	53 Asiana	7.3%
21	Azul	19.4%	54 SkyWest	6.4%
22	Gol	17.7%	55 Canada Jetlines	6.0%
23	Singapore Airlines	17.1%	56 American	5.4%
24	Hainan Airlines	16.9%	57 China Airlines	5.2%
25	Avianca	16.5%	58 Norse Atlantic	5.0%
26	All Nippon	15.9%	59 Volaris	4.6%
27	Air France/KLM	15.5%	60 Southwest	3.4%
28	Skymark	15.4%	61 Allegiant	-3.1%
29	Philippine Airlines	15.4%	62 Frontier	-6.1%
30	EVA Air	14.8%	63 JetBlue	-6.5%
31	Lufthansa Group	14.3%	64 Hawaiian	-7.5%
32	Jazeera	14.2%	65 JetBlue/Spirit	-8.4%
33	Royal Jordanian	13.8%	66 Spirit	-14.2%

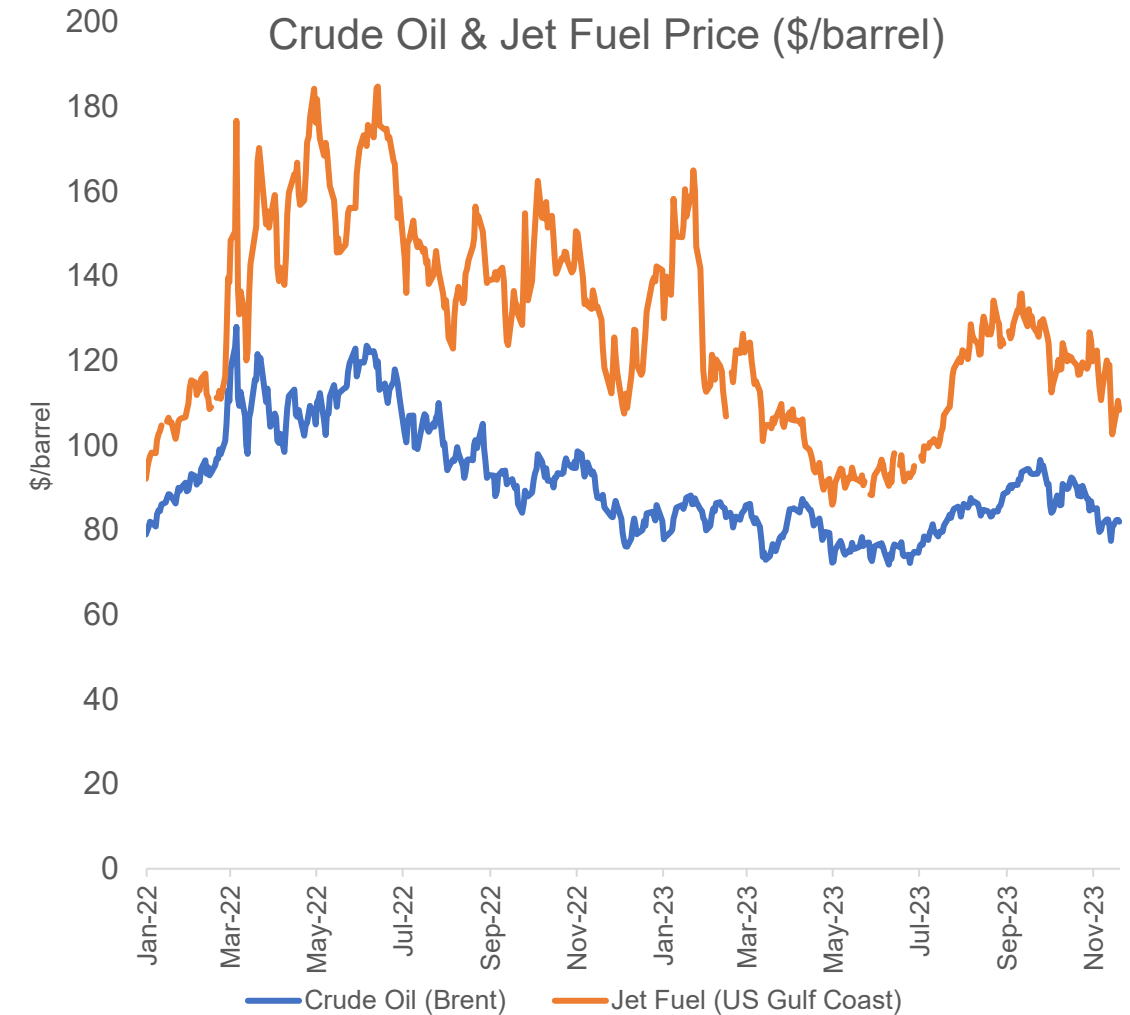
source: Airline Weekly analysis of company reports
all figures exclude special accounting items



Volatility continues in fuel price and currency



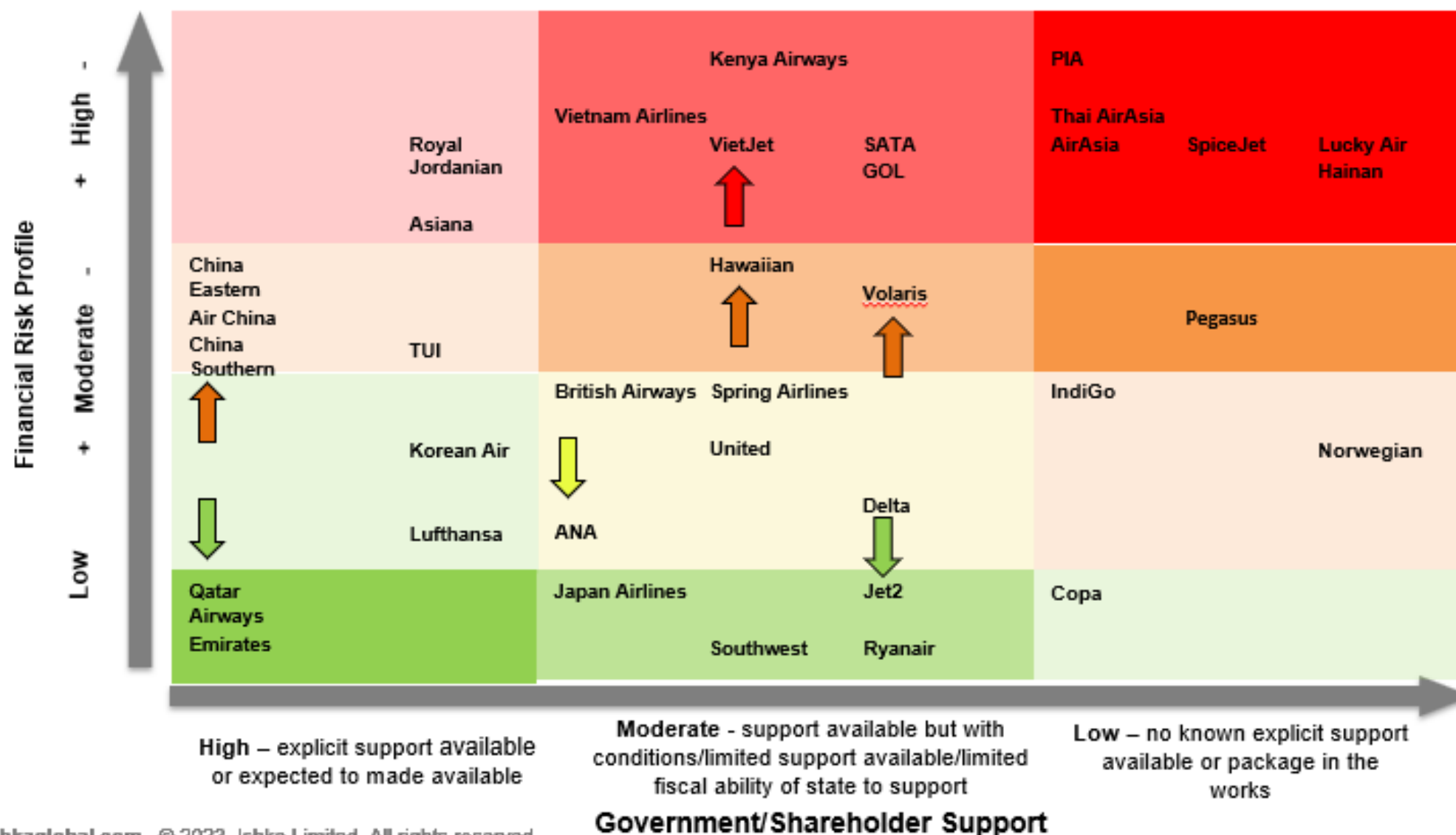
Source: Bloomberg



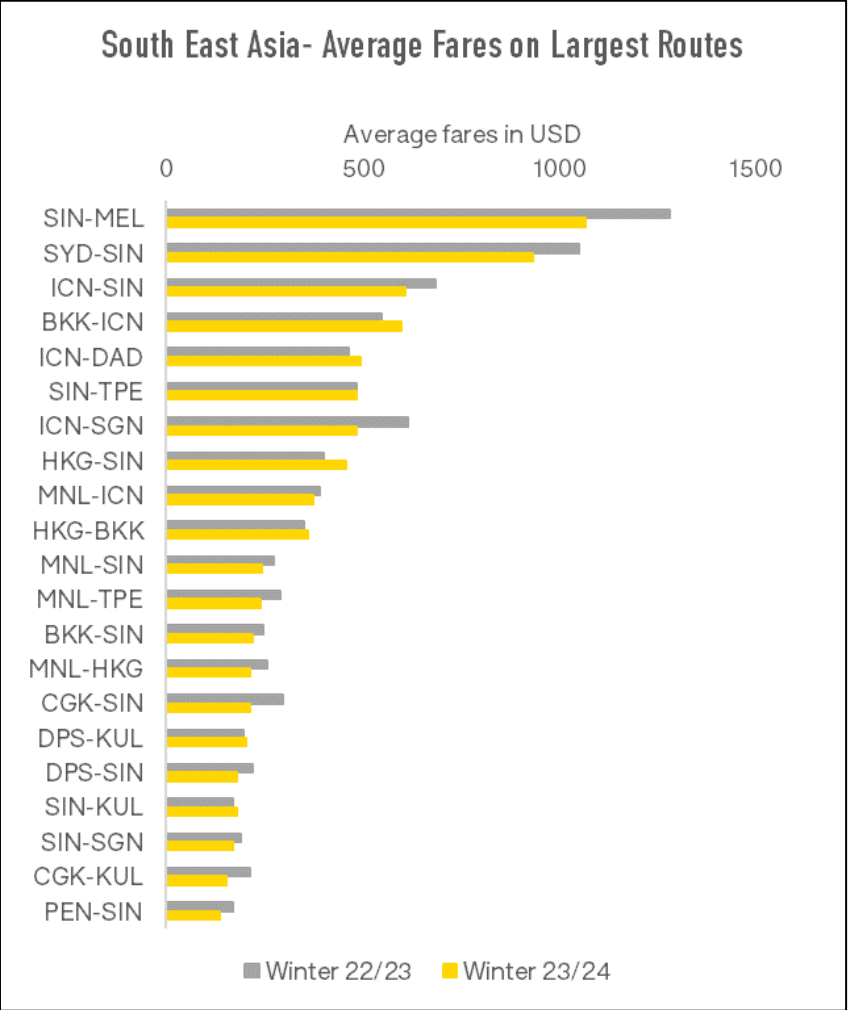
Ishka Airline Vulnerability Matrix – Highlights



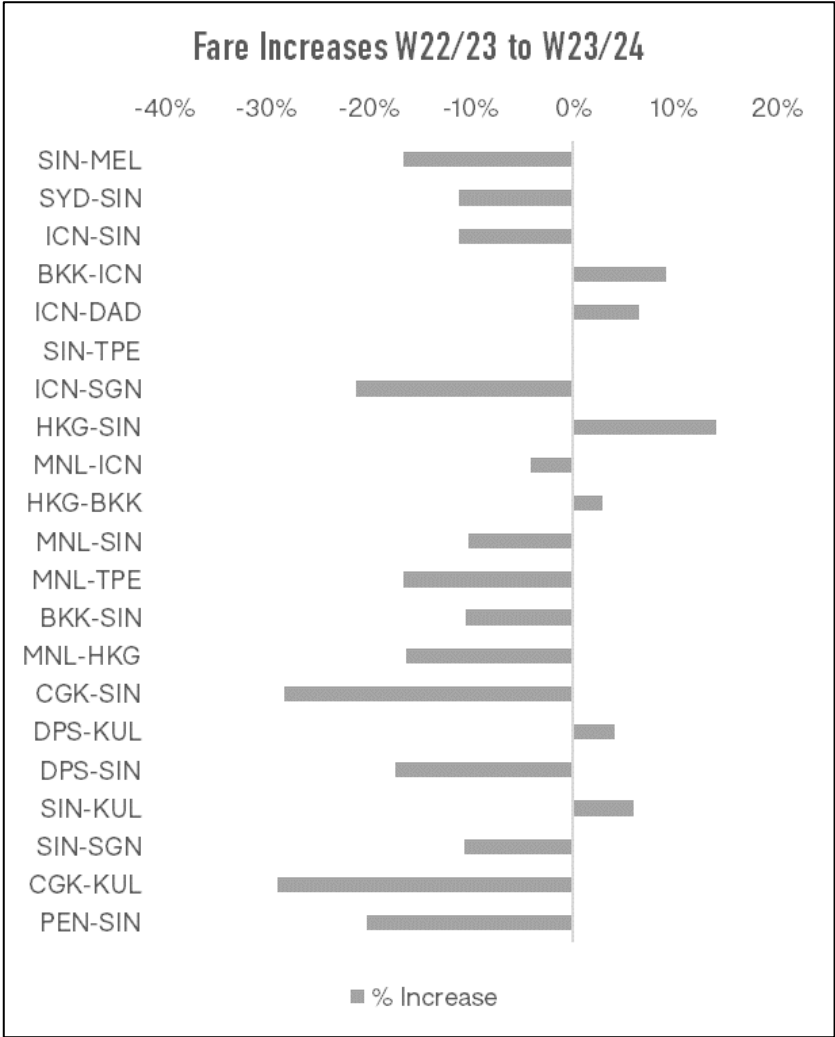
Source: Ishka Airline Credit Profiles & Ishka Insights. To be read in conjunction with the full airline credit profiles. Airlines will move across these blocks if and when circumstances change e.g. if they secure external support or if their financial health deteriorates or improves. Information as of Week of 27th November 2023.



TOP 20 BUSIEST INTERNATIONAL ROUTES FARE TRENDS: SOUTHEAST ASIA



- Almost three quarters of the Top 20 routes from South East Asia have seen average fares fall this winter.
- The largest reductions are between Jakarta – Kuala Lumpur and Singapore where fares are down by 29% and 28% respectively compared to last winter
- Hong Kong – Singapore has seen considerable uplift, with an increase in average fares of 14% this winter compared to last year

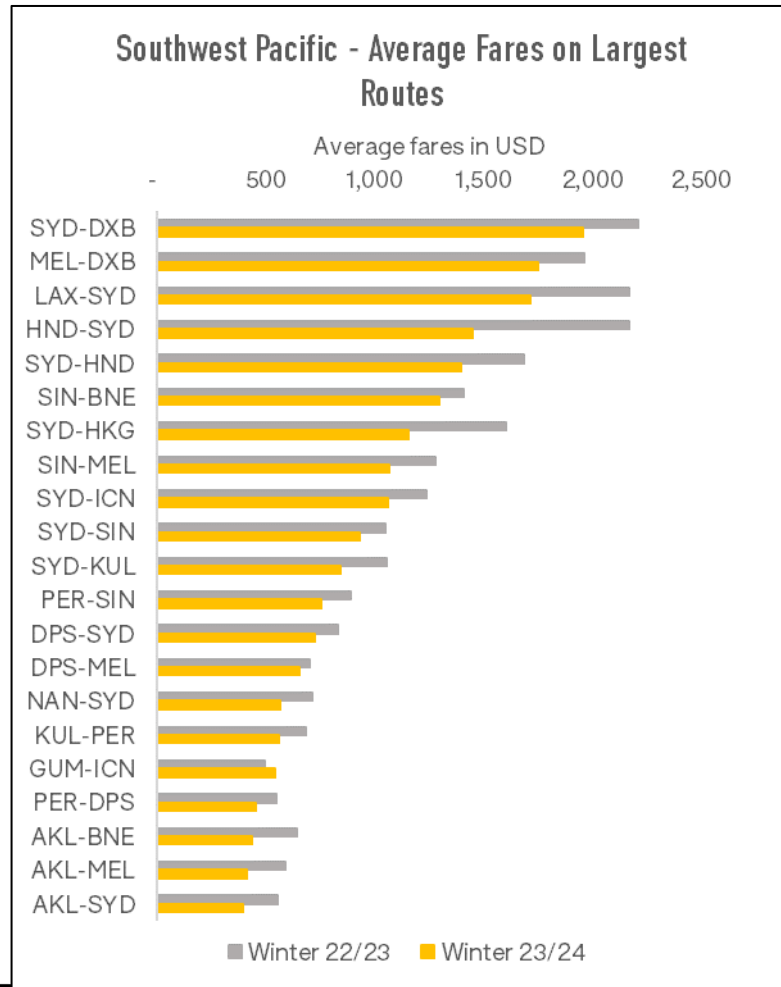


WEBINAR

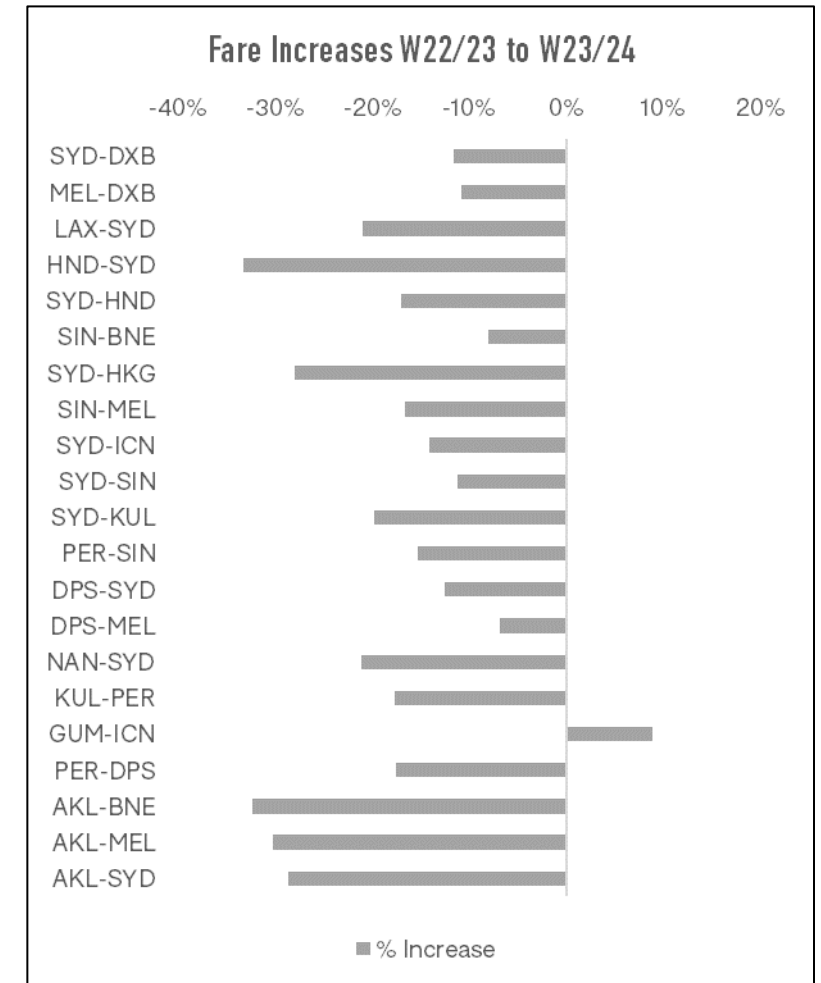
© 2023 OAG Aviation Worldwide Limited. All rights reserved

Fare data sourced from INFARE and is for winter departures (December, January, February). Prices observed 4 months prior departure (ECO, RT, Direct) and are average two way economy fares. Prices are collected in local currency but displayed in USD

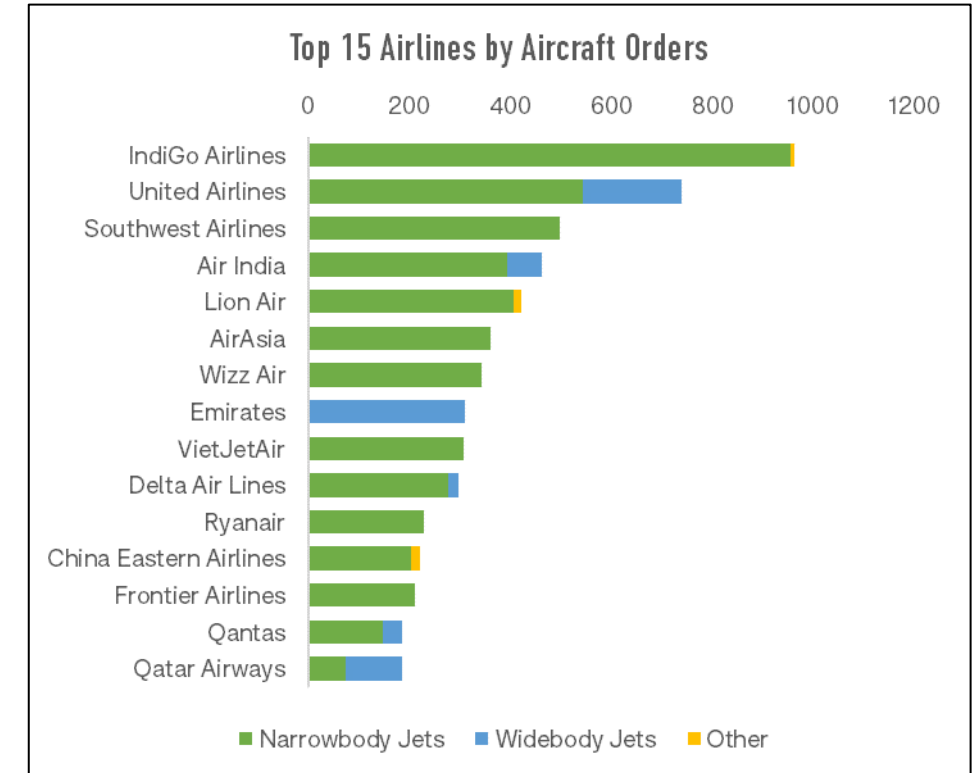
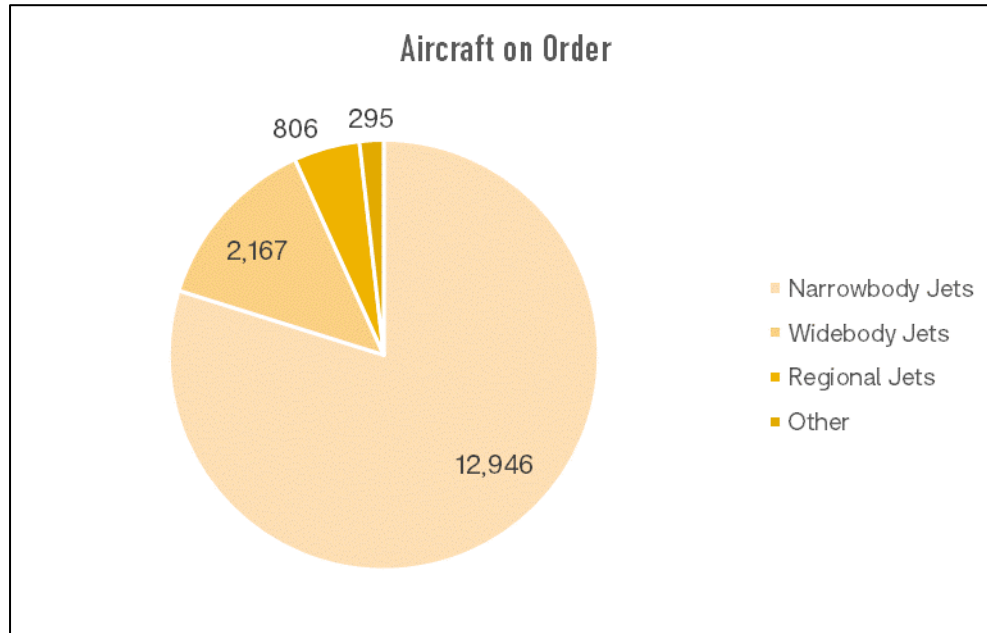
TOP 20 BUSIEST INTERNATIONAL ROUTES FARE TRENDS: SOUTHWEST PACIFIC



- Almost all of the Top 20 largest routes in the Southwest Pacific region have seen average fares fall compared to last winter
- Last winter, many markets were still not fully open and consequently fares were elevated
- Auckland – Brisbane has seen the largest drop in average fares, down by almost a third this winter
- Haneda and Sydney has also seen a fall of a similar level, 28% down, where fares have fallen from an average of USD \$1600 to \$1152



AIRCRAFT ORDERS AND DELIVERIES



- 80% of the aircraft on order are narrowbodies, with nearly 13,000 orders placed. The A320 series (A320,A321) accounts for 52% of all narrowbody orders, and the B737MAX a further 36%.
- Indigo have by far the larger order, of any aircraft type, with their mixed order of almost 1,000 A320/A321s
- AirAsia and Wizz also have significant order books of this aircraft type at 362 and 343 respectively

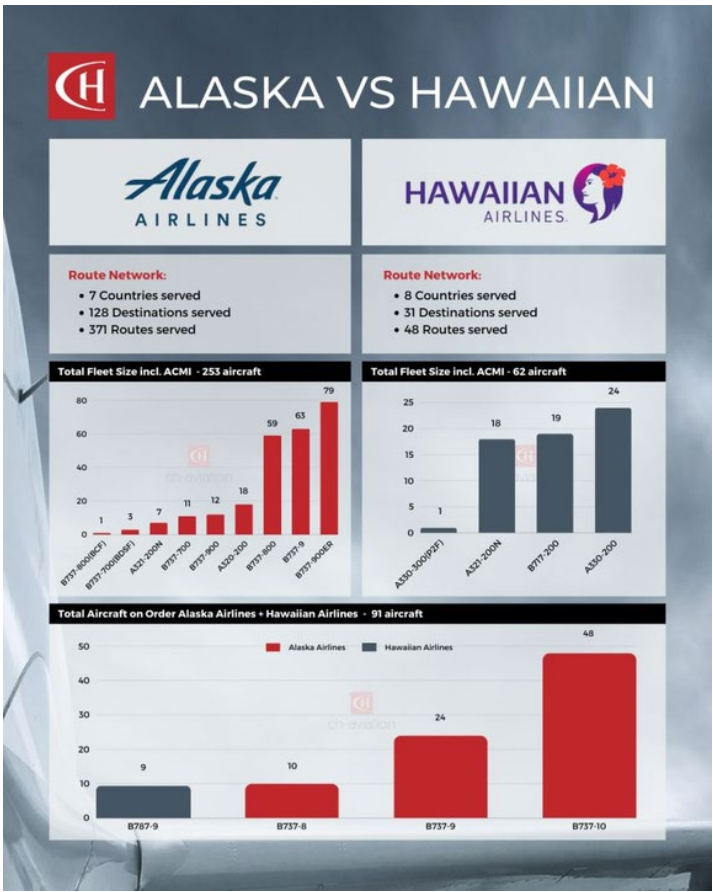
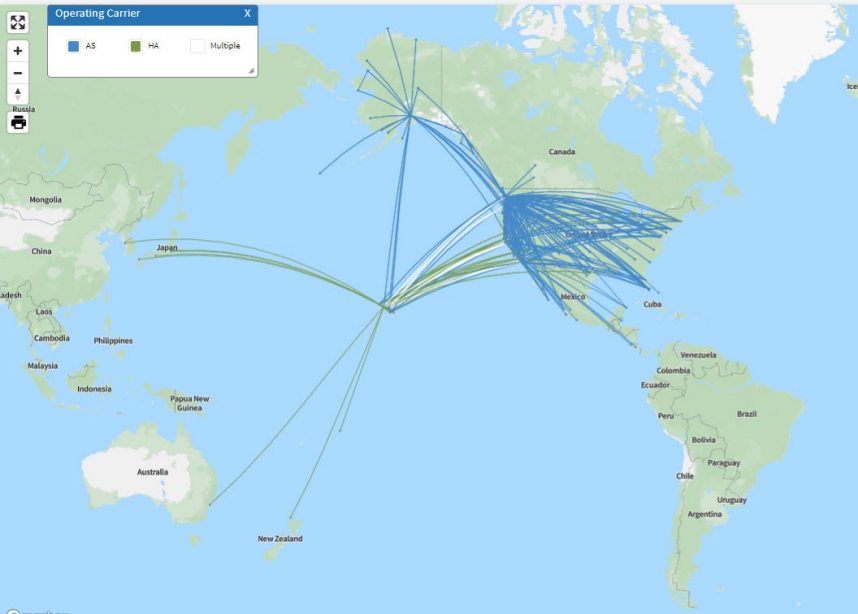


MERGERS AND ACQUISITIONS

- This week brought the news that Alaska Airlines had agreed a deal to buy Hawaiian Airlines for \$1.9bn.
- Alaska capacity in 2023 was 60.45m, Hawaiian 12.4m
- Combined they would move from 8th and 14th respectively to 6th largest, after a combined Jetblue/Spirit
- Both carriers have extensive domestic networks (97% and 95% of their capacity respectively), there is little overlap in their route network – just 12 domestic routes currently.

OAGmapper

Mapper Report



OAG®

Data from Swiss airline intelligence provider ch-aviation



WEBINAR

Rank	Carrier	2023 Seats	2023 Adjusted
1	Southwest Airlines		Southwest Airlines
2	American Airlines		American Airlines
3	Delta Air Lines		Delta Air Lines
4	United Airlines		United Airlines
5	Spirit Airlines		Jetblue & Spirit Airlines
6	SkyWest Airlines		Alaska & Hawaiian
7	JetBlue		SkyWest Airlines
8	Alaska Airlines		Frontier Airlines Inc.
9	Frontier Airlines Inc.		Republic Airways
10	Republic Airways		Allegiant Air LLC

STAY INFORMED

- SIGN UP FOR OUR BLOG
www.oag.com/blog
- REGULAR UPDATES ON OUR TRAVEL RECOVERY PAGE
www.oag.com/coronavirus-airline-schedules-data
- e: contactus@oag.com | www.oag.com

