WEBINAR

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AVIATION STORIES OF 2023:

A REVIEW OF THE YEAR AND A LOOK AHEAD TO 2024

Wednesday December 6th, 2023

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.

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.

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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.

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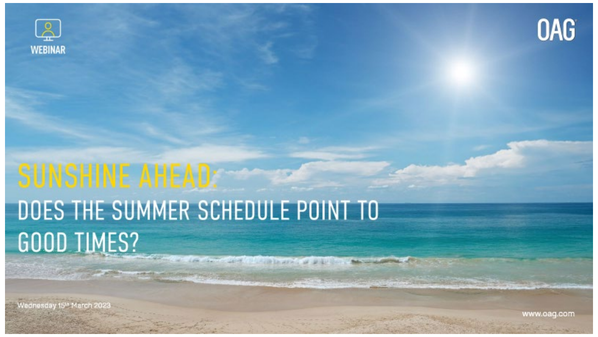
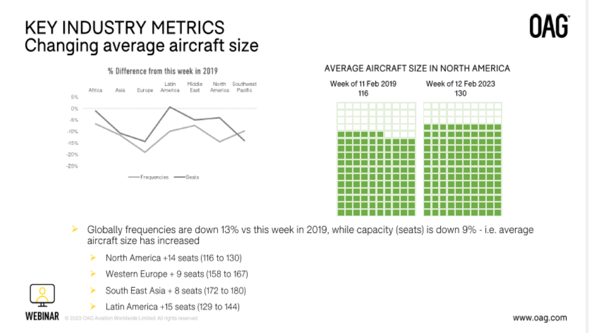
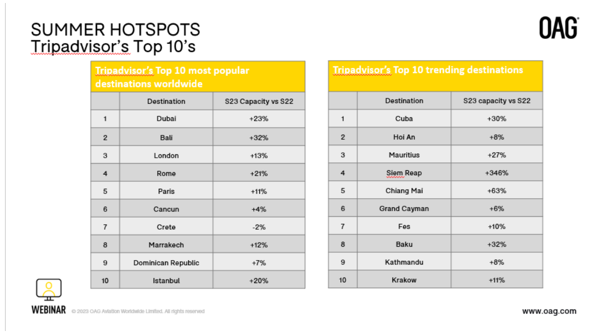




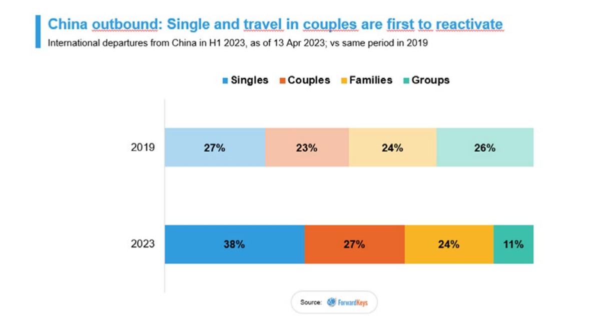


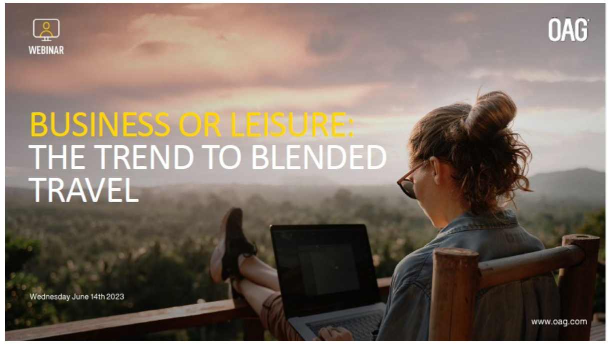
Tripadvisor's Top 10 most popular destinations worldwide

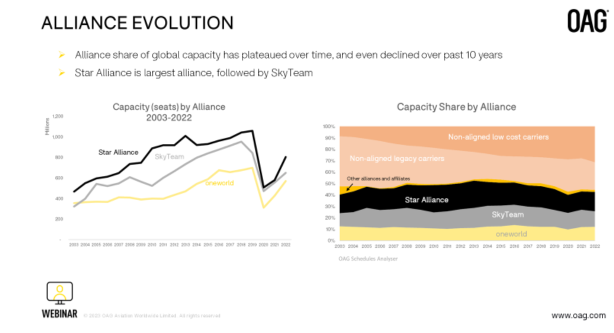
	Destination	S23 Capacity vs S22
1	Dubai	+23%
2	Bali	+32%
3	London	+13%
4	Rome	+21%
5	Paris	+11%
6	Cancun	+4%
7	Crete	-2%
8	Marrakech	+12%
9	Dominican Republic	+7%
10	Istanbul	+20%

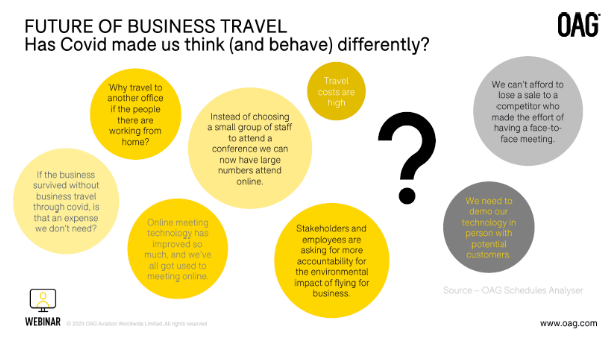
Tripadvisor's Top 10 trending destinations

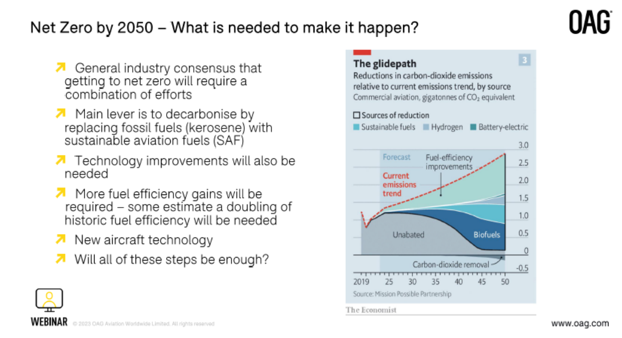
	Destination	S23 capacity vs S22
1	Cuba	+30%
2	Hoi An	+8%
3	Mauritius	+27%
4	Siem Reap	+346%
5	Chiang Mai	+63%
6	Grand Cayman	+6%
7	Fes	+10%
8	Baku	+32%
9	Kathmandu	+8%
10	Krakow	+11%

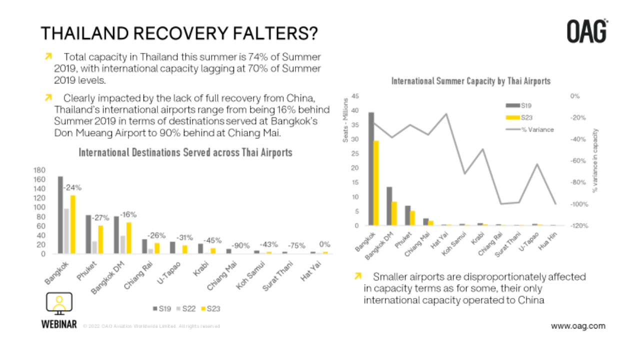




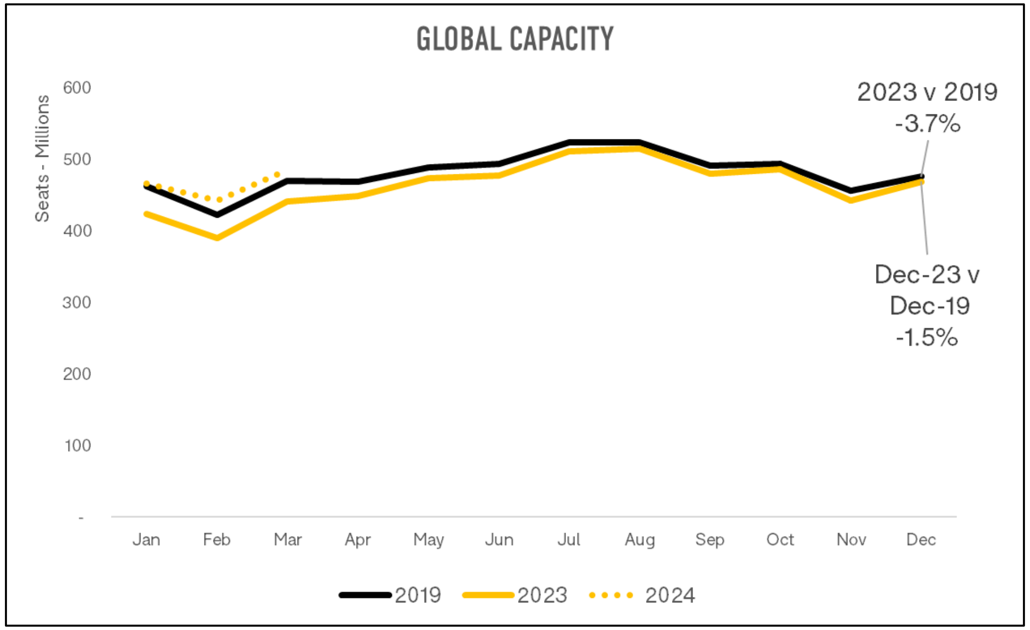


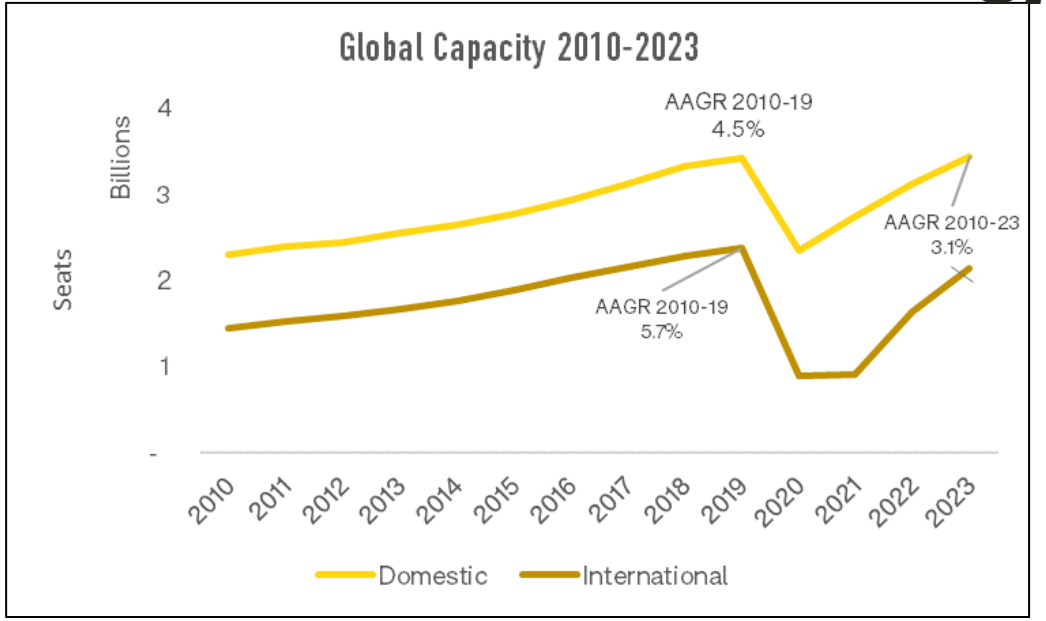


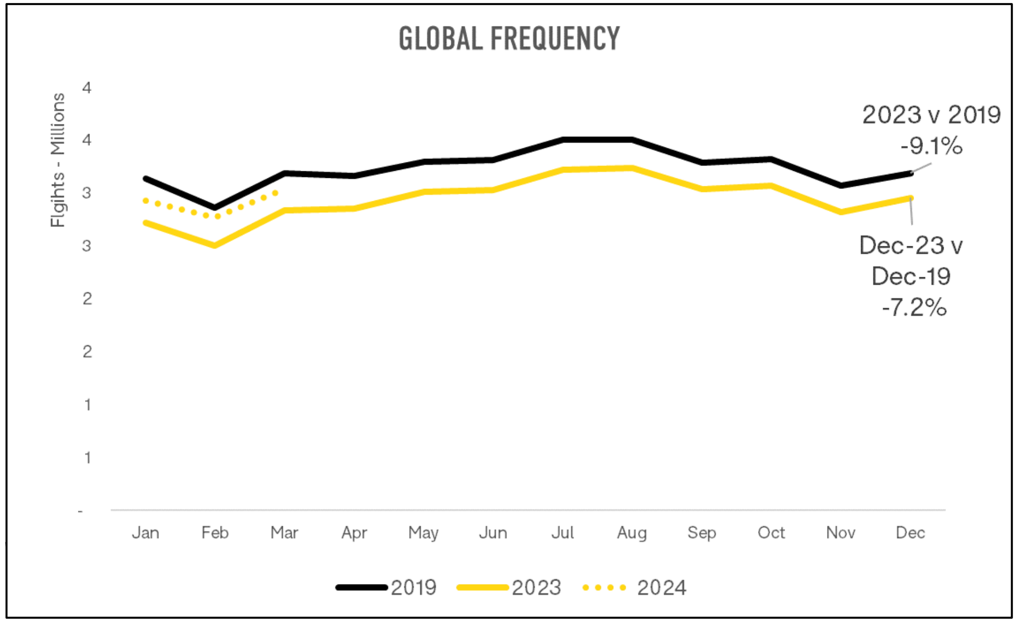




GLOBAL CAPACITY – LATEST PICTURE

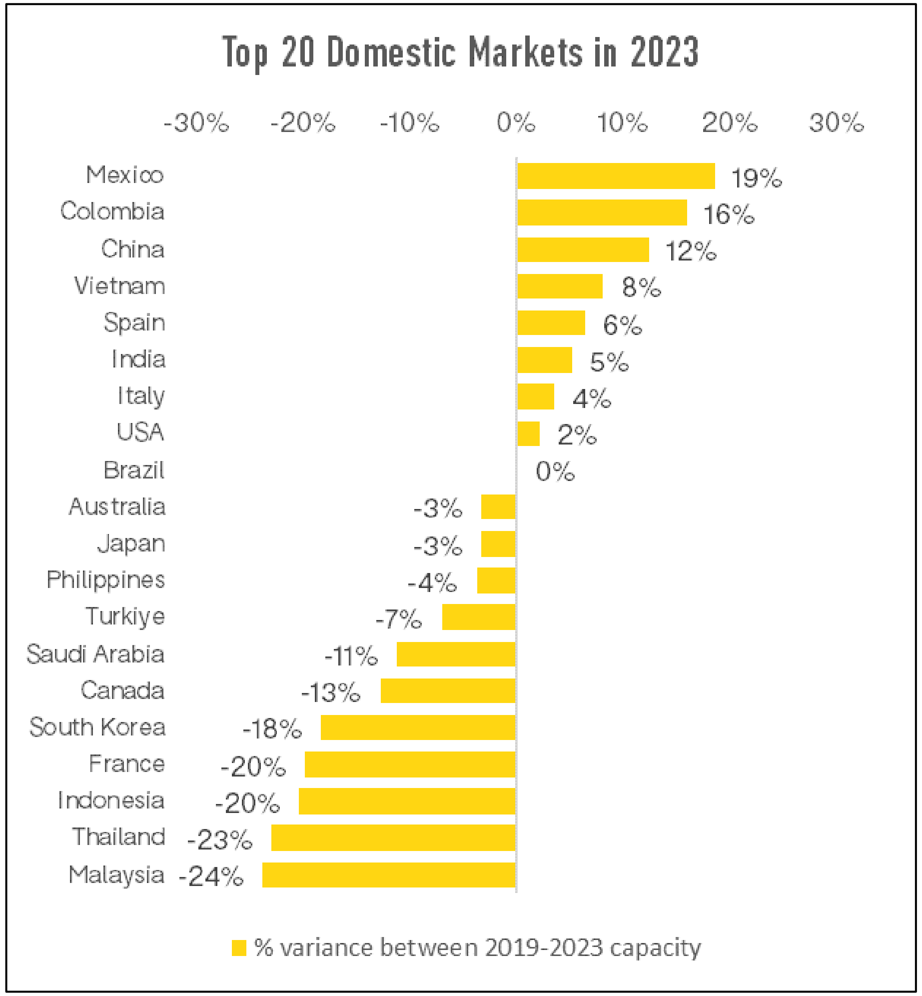


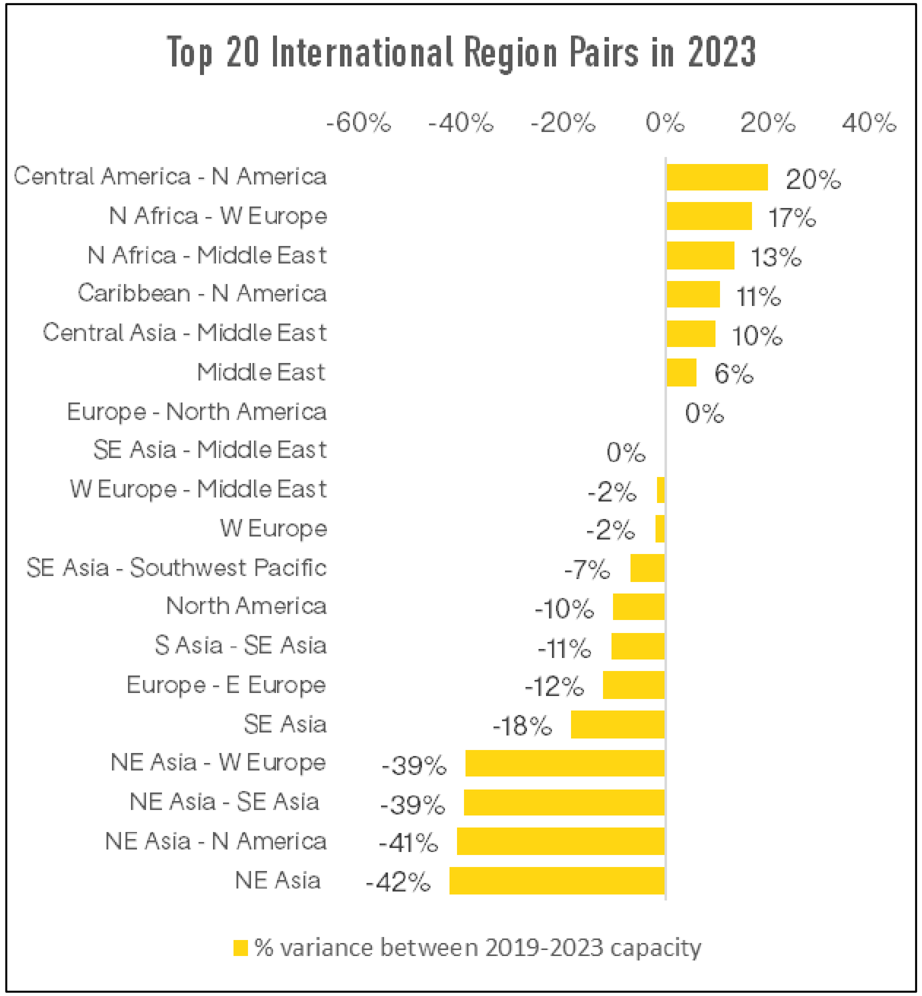




- Global capacity currently tracking just 1.5% below 2019 in December, with the full year position for 2023 3.7% behind 2019.
- Capacity for Q1 2024 estimated at 2.9% ahead of 2019, with domestic up +4.6% and international looking like it might reach 2019 levels
- Frequency for December 2023 is 7.2%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

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2023 CAPACITY TRENDS – SE ASIA

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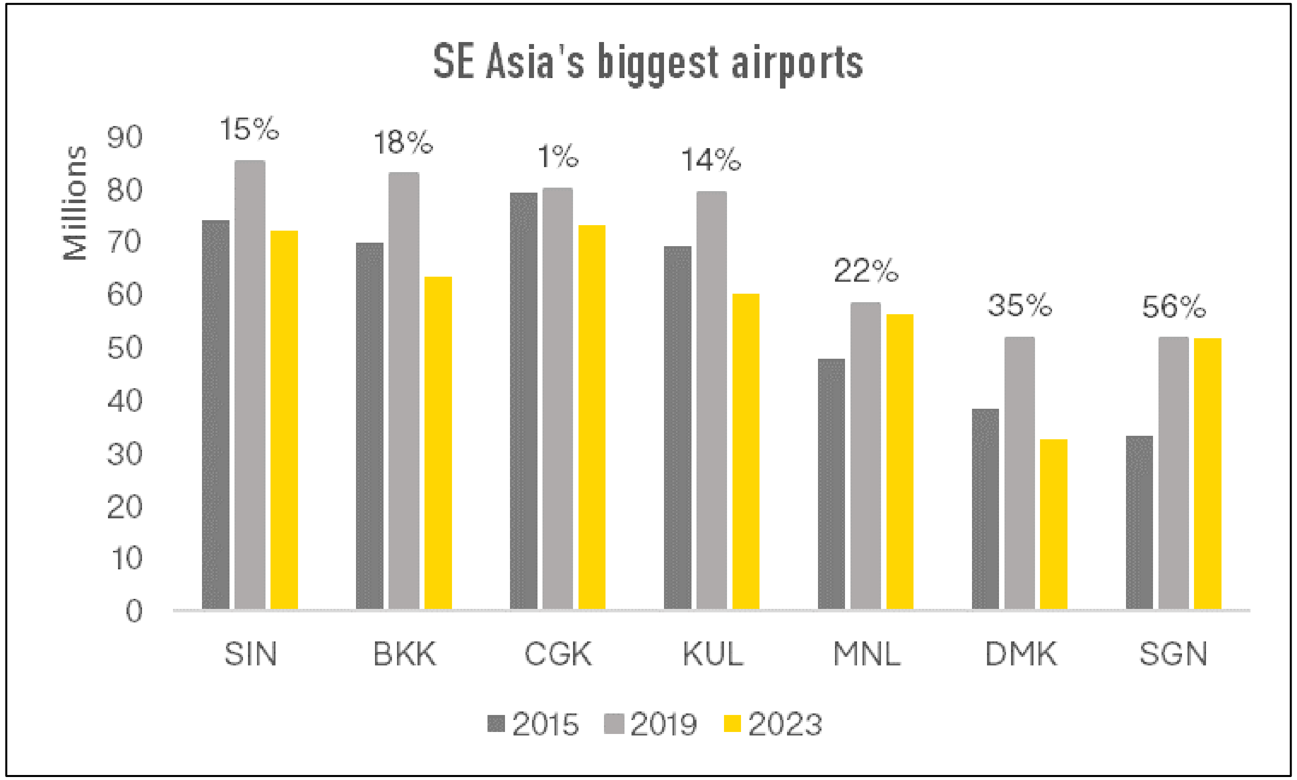
- Many of the biggest airports in South East Asia saw very strong growth between 2015-2019, although only Saigon has recovered to 2019 levels.
- Bangkok's Don Mueang remains furthest behind currently, with 2023 capacity 37% behind 2019. Bangkok and Kuala Lumpur are both still around a quarter below 2019 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

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AIRLINE PERFORMANCE

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- 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

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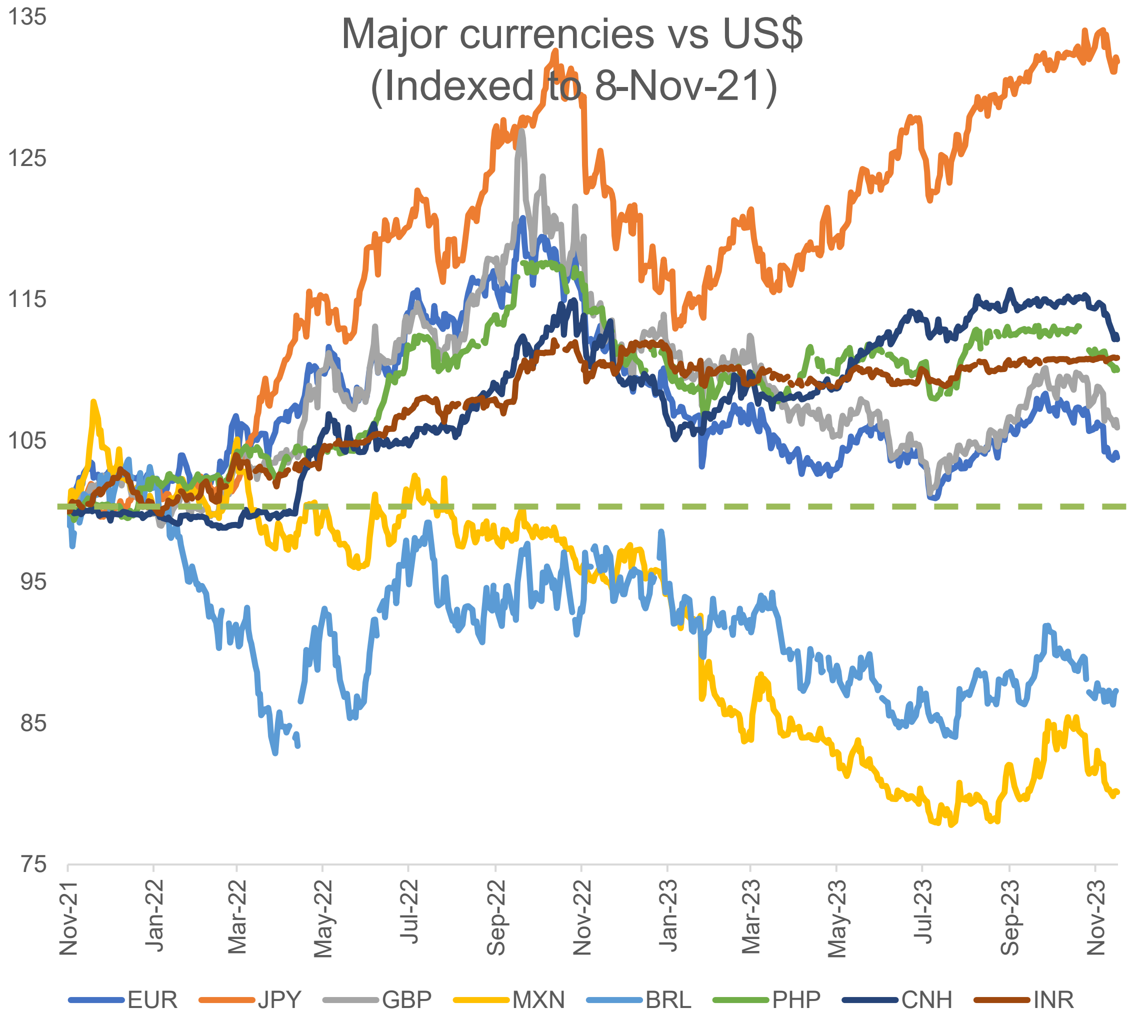
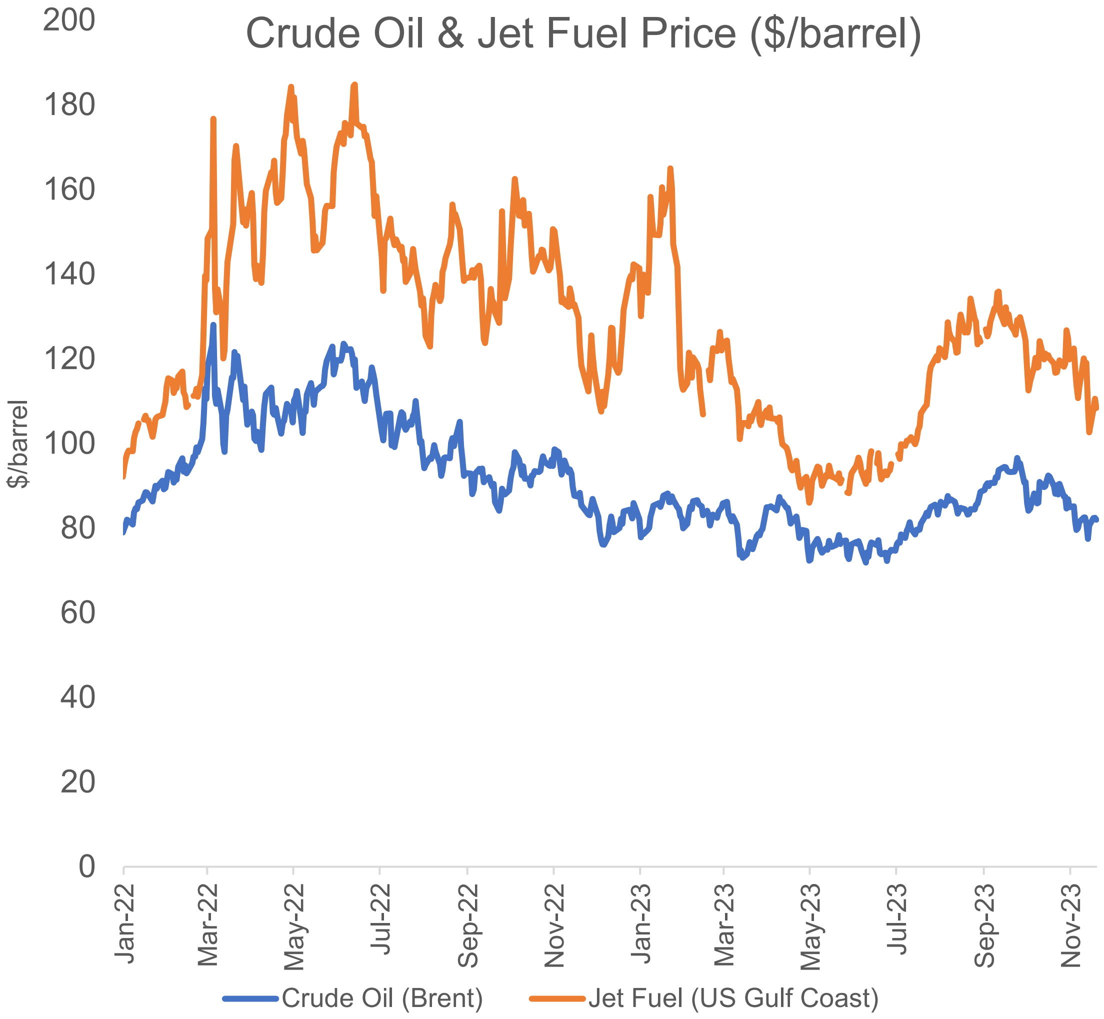
Volatility continues in fuel price and currency

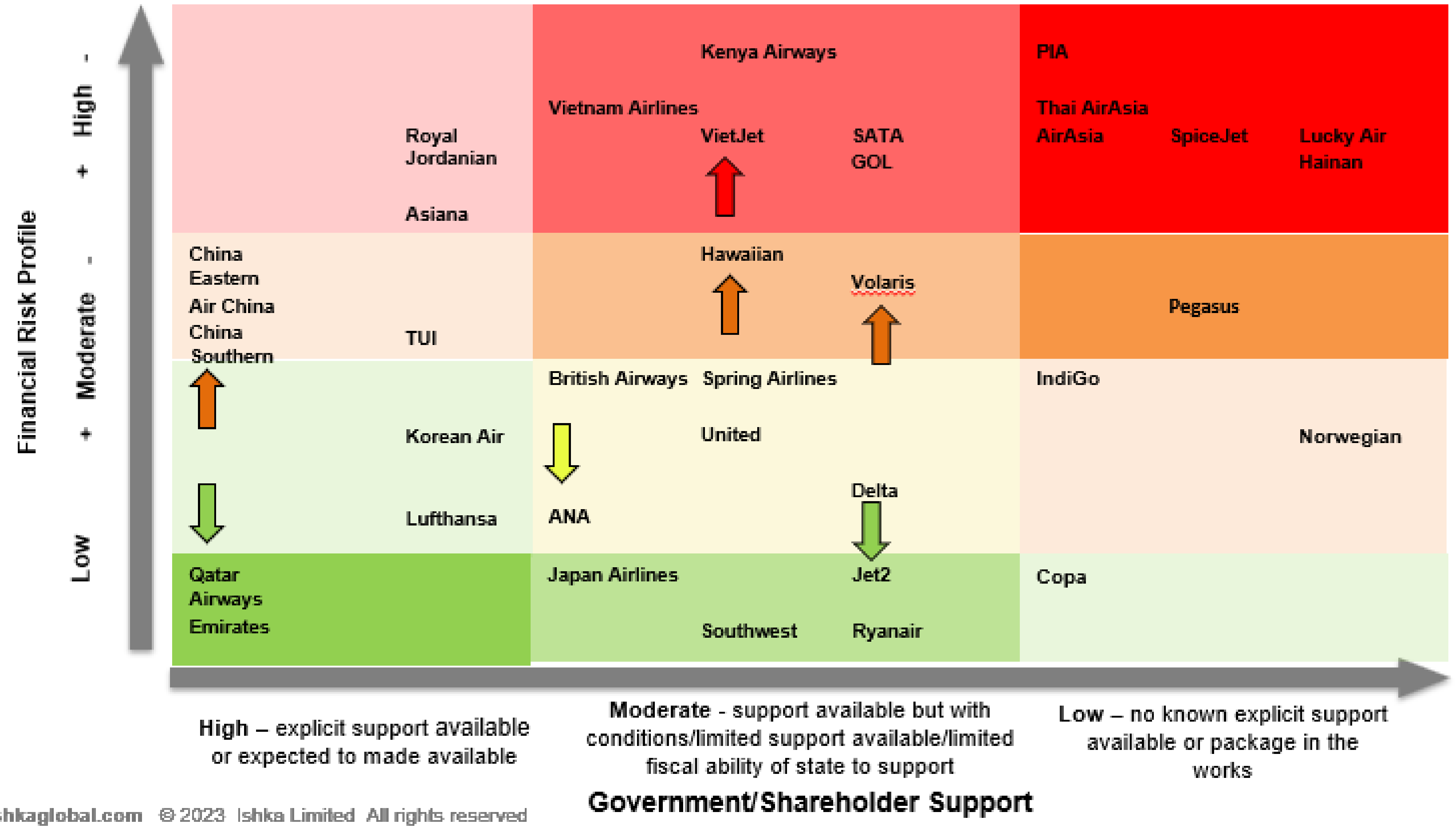


Source: Bloomberg

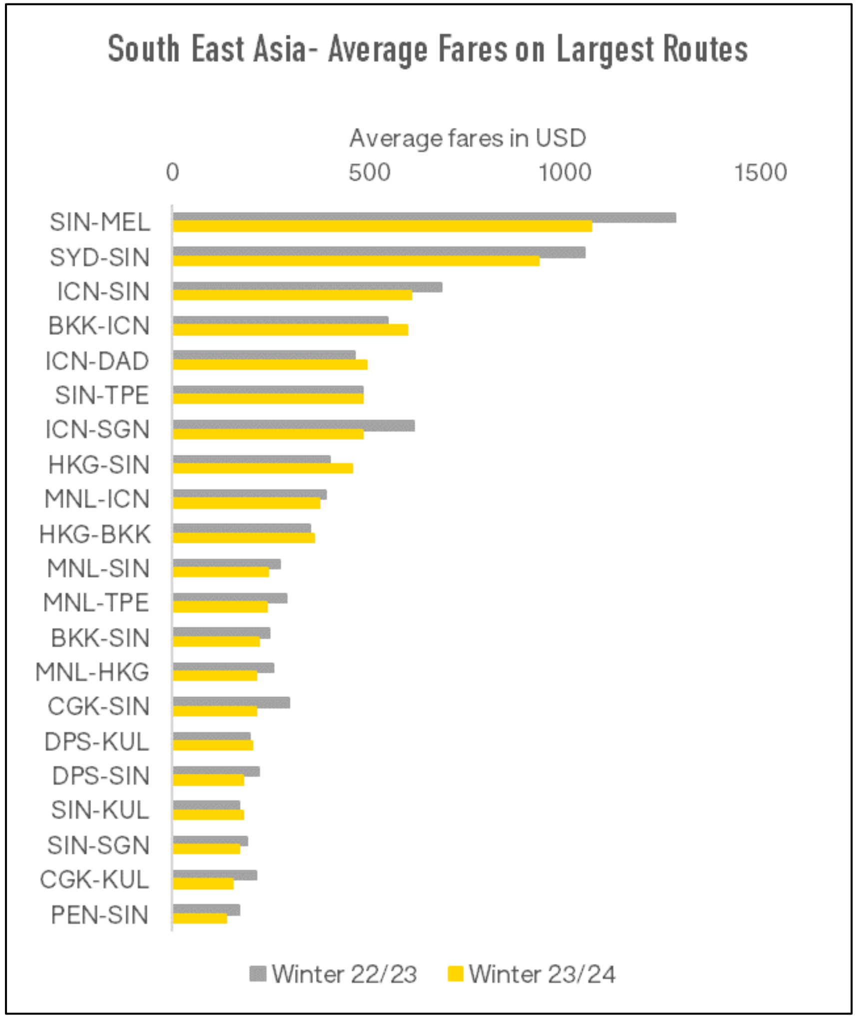


Ishka Airline Vulnerability Matrix – Highlights

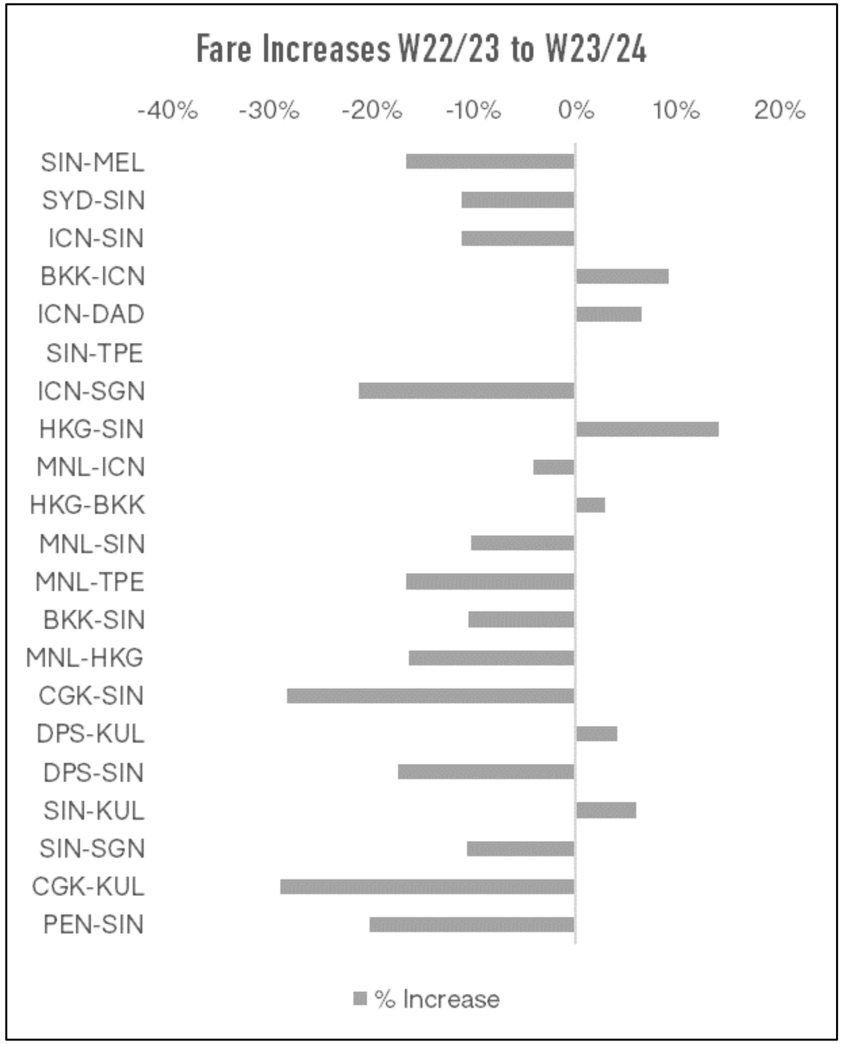
Source: Ishka Airline Credit Profiles & Ishka Insights. To be read in conjunction with the full airline credit profiles. Airlines will move across these blocks if and when circumstances change e.g. if they secure external support or if their financial health deteriorates or improves. Information as of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



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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

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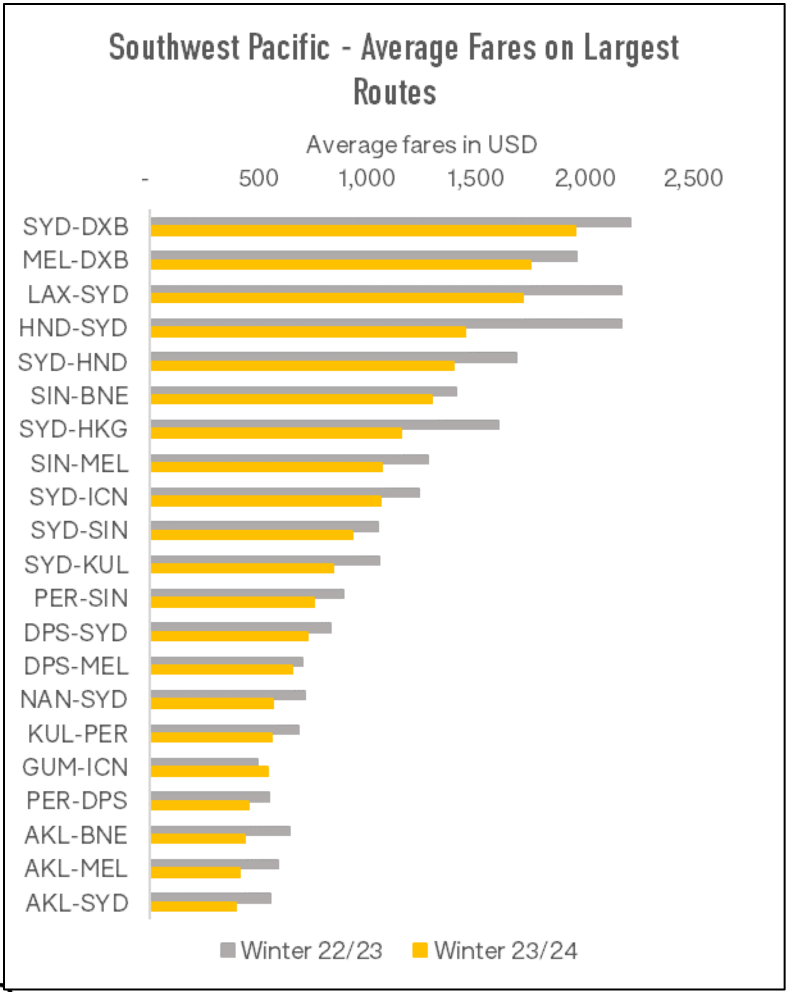
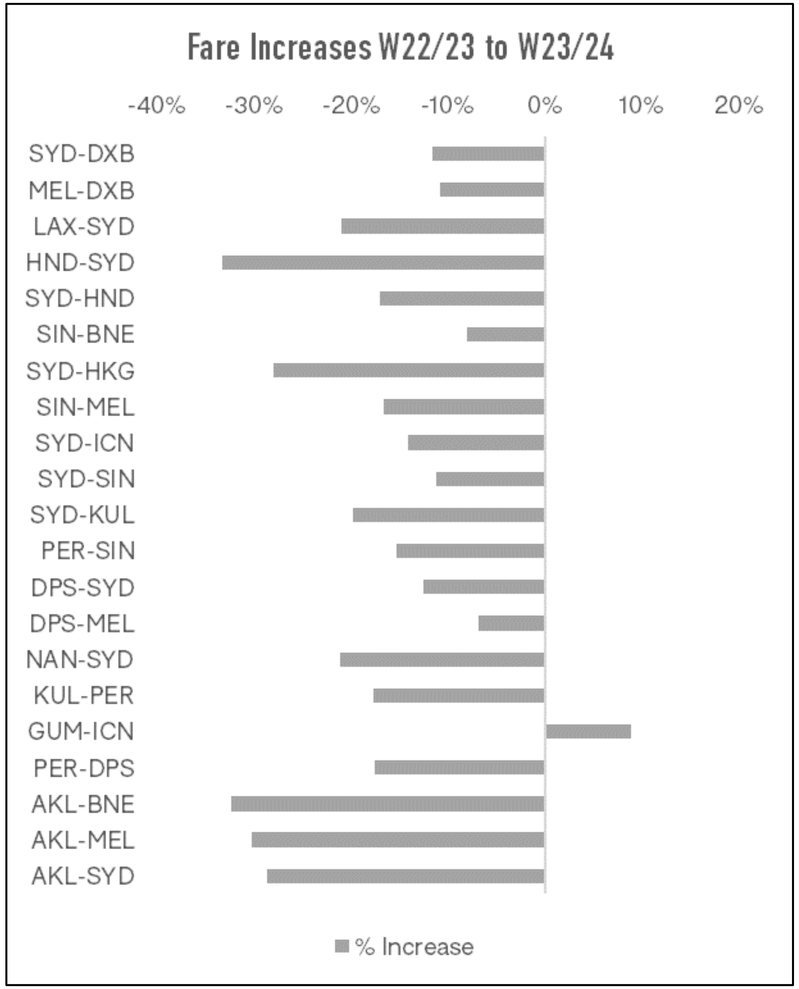


- Almost all of the Top 20 largest routes in the Southwest Pacific region have seen average fares fall compared to last winter
- Last winter, many markets were still not fully open and consequently fares were elevated
- Auckland – Brisbane has seen the largest drop in average fares, down by almost a 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



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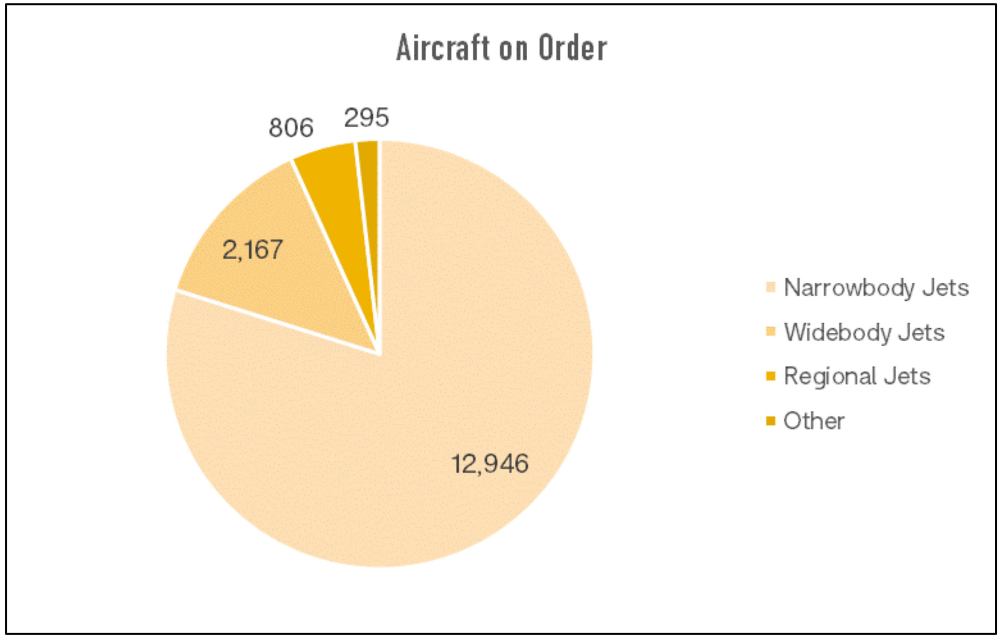
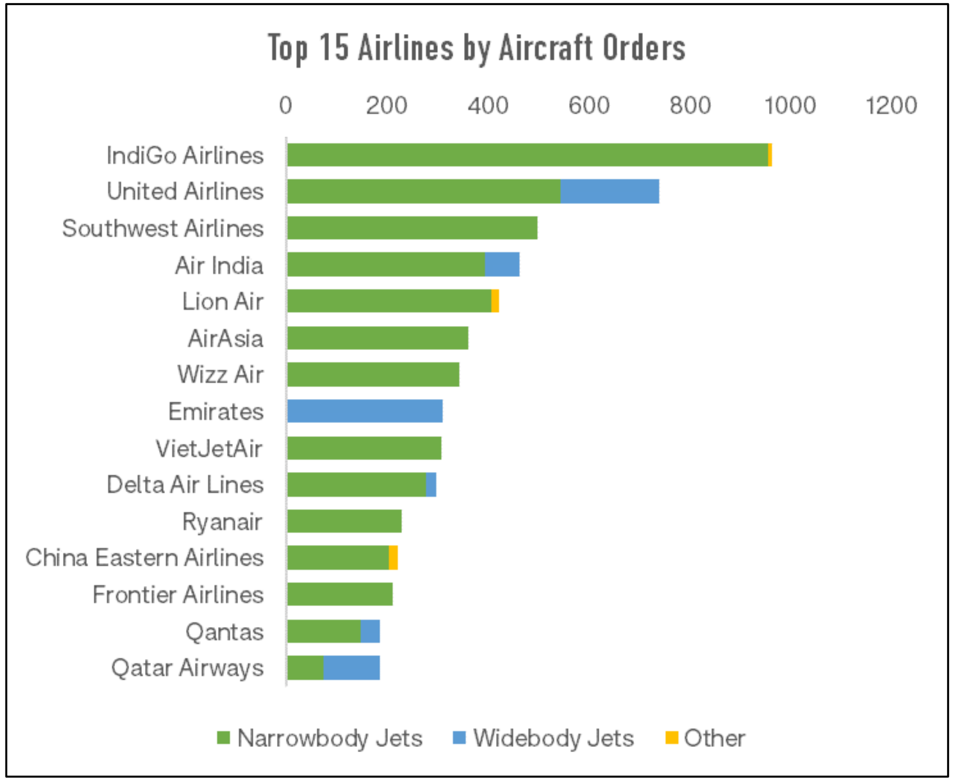
AIRCRAFT ORDERS AND DELIVERIES





- 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

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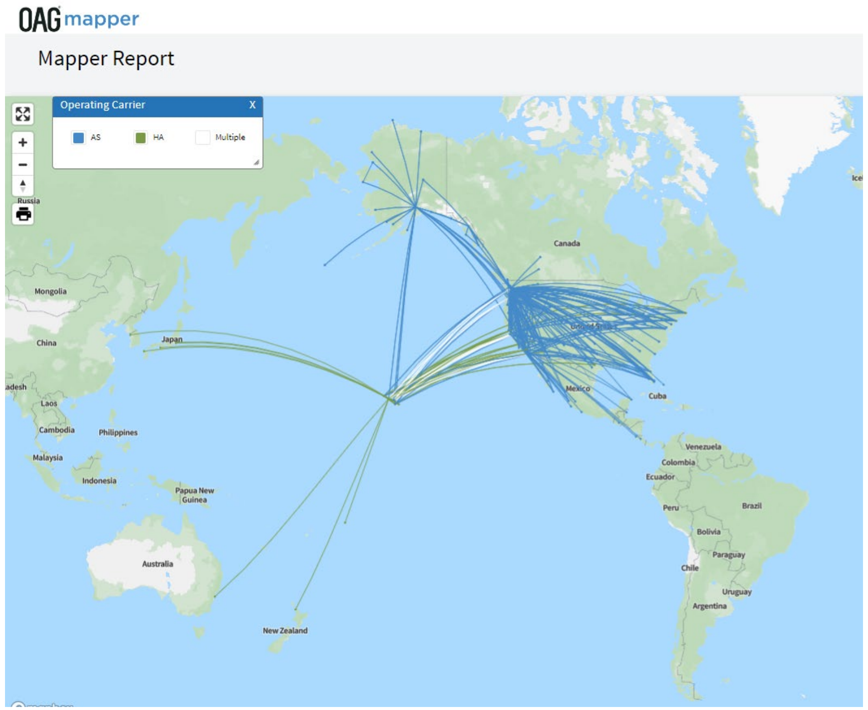
MERGERS AND ACQUISITIONS

- 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.

Data from Swiss airline intelligence provider ch-aviation



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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	

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