



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

A black silhouette of a large commercial airplane in flight, positioned on the right side of the slide, flying towards the left. The background is a vibrant sunset or sunrise sky with orange, yellow, and blue hues.

Wednesday December 6th, 2023

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# 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



## Eddy Pieniazek

Head of Advisory, Ishka

Eddy has supported thousands of aircraft transactions during his 35 years' career, advising leaders of the world's top aviation finance, investment and leasing companies, airlines and manufacturers. A respected and valued influencer. Eddy was one of the original pioneers of today's aircraft valuation and appraisal industry.

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

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

Wednesday 15th February 2023

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

Wednesday 15th March 2023

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# SEEING AHEAD: AIR TRAVEL

Wednesday 26th April 2023

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## 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

Wednesday 17th May 2023

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## KEY INDUSTRY METRICS Changing average aircraft size

### AVERAGE AIRCRAFT SIZE IN NORTH AMERICA

Region	Week of 11 Feb 2019	Week of 12 Feb 2023
North America	116	130

Wednesday 15th February 2023

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## SUMMER HOTSPOTS TripAdvisor's Top 10's

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

Rank	Destination	S23 capacity vs S22
1	Cuba	+30%
2	Hoi An	+0%
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%

Wednesday 15th February 2023

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## 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: @flightspy

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

Wednesday 17th May 2023

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# BUSINESS OR LEISURE: THE TREND TO BLENDED TRAVEL

Wednesday June 14th 2023

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# SUSTAINABILITY: THE JOURNEY TO NET ZERO

Wednesday July 12th 2023

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# SUMMER 2023: TAKING STOCK

Thursday September 14th, 2023

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## 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

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## FUTURE OF BUSINESS TRAVEL Has Covid made us think (and behave) differently?

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

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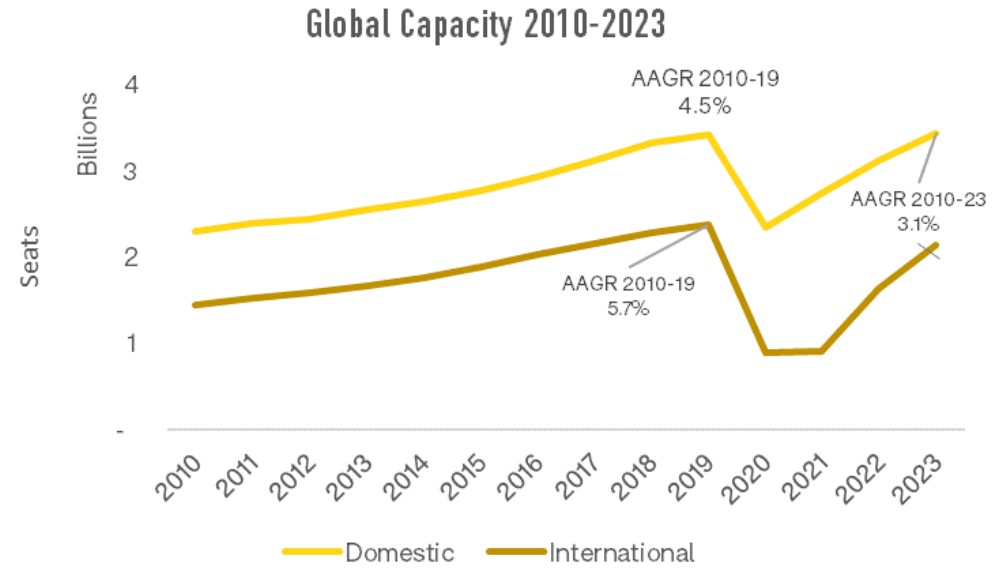
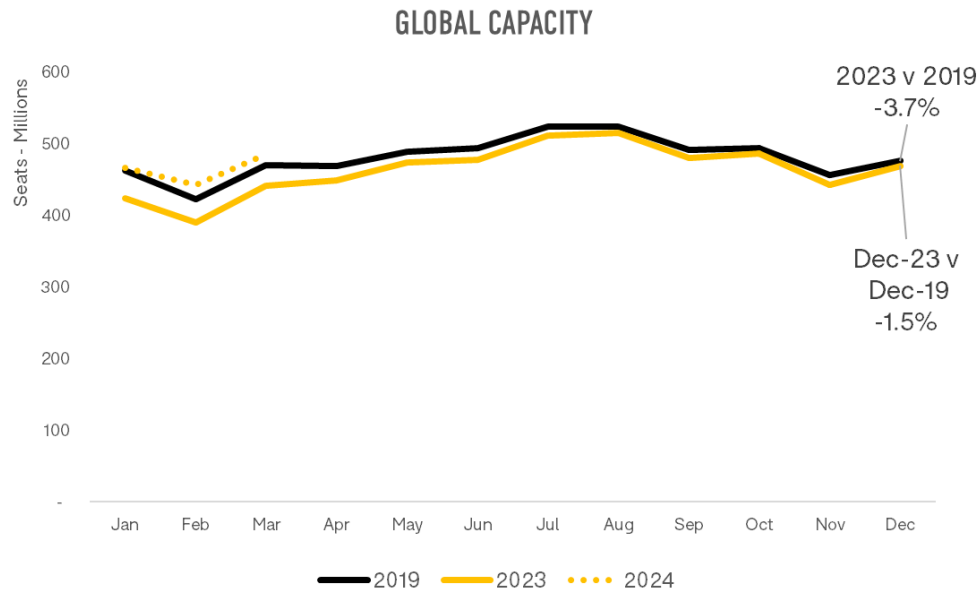
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## THAILAND RECOVERY FALTERS?

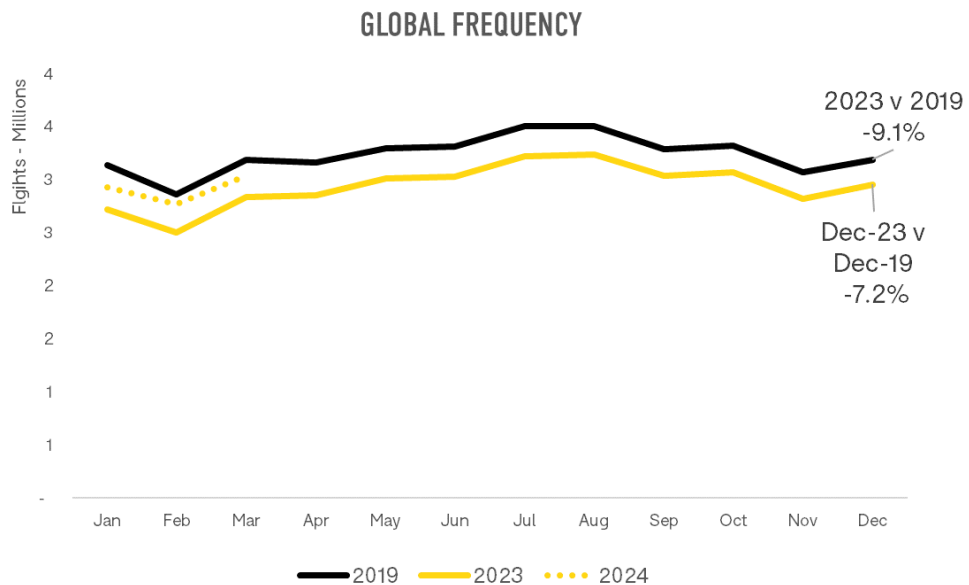
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# GLOBAL CAPACITY – LATEST PICTURE

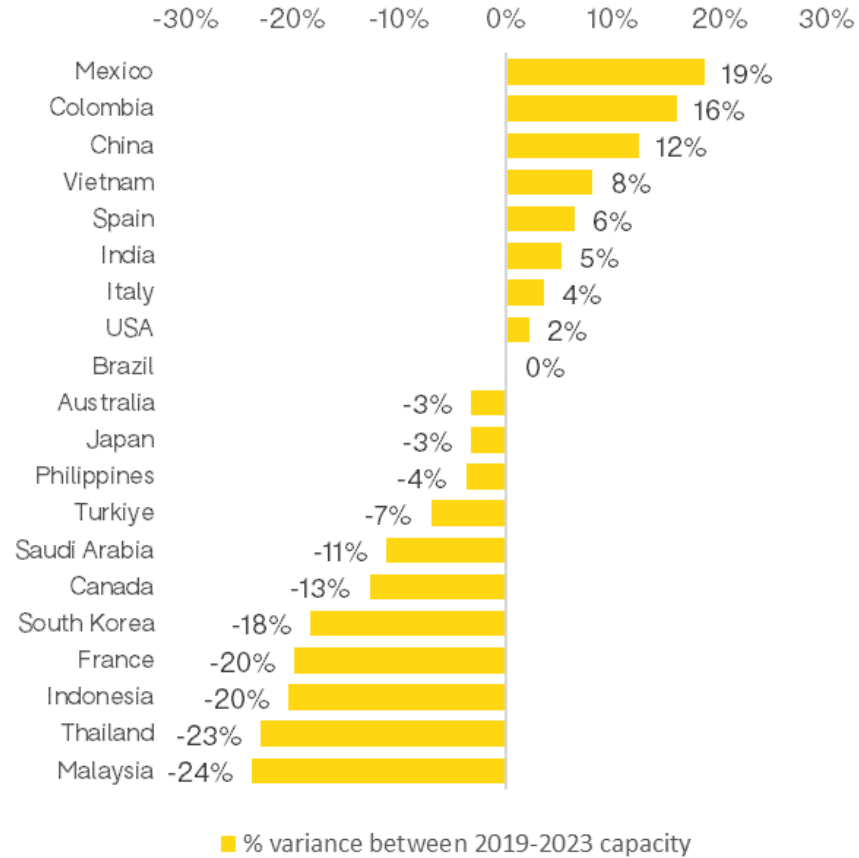


- Global capacity currently tracking just 1.5% below 2019 in December, with the full year position for 2023 3.7% behind 2019.
- Capacity for Q1 2024 estimated at 2.9% ahead of 2019, with domestic up +4.6% and international looking like it might reach 2019 levels
- Frequency for December 2023 is 7.2%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

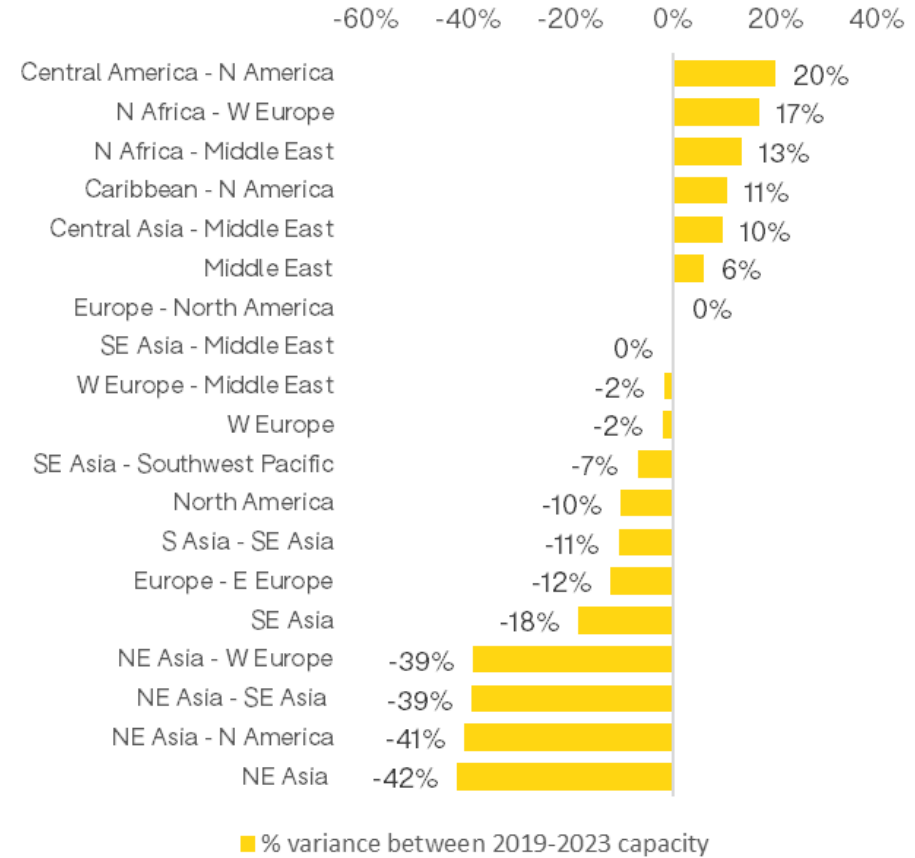


# 2023 CAPACITY TRENDS

### Top 20 Domestic Markets in 2023



### Top 20 International Region Pairs in 2023



➤ 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



# 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

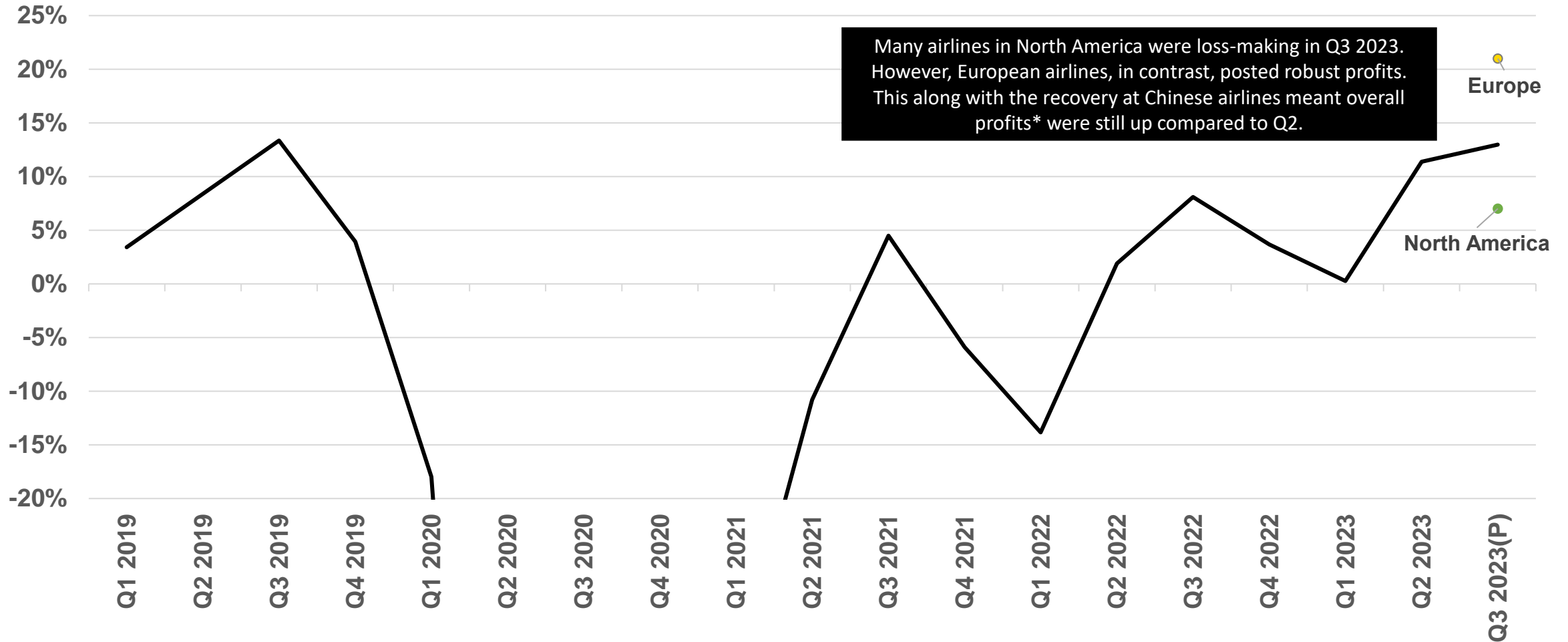
Q3 op margin		Q3 op margin	
1 Ryanair	34.6%	34 Chorus/Jazz	13.7%
2 Spring Airlines	28.9%	35 AirAsia X	13.6%
3 Aegean	28.5%	36 Garuda	13.6%
4 Pegasus	26.3%	37 Korean Air	13.5%
5 Turkish Airlines	25.0%	38 LATAM	13.4%
6 Norwegian	24.8%	39 Japan Airlines	12.7%
7 Wizz Air	24.4%	40 Delta	12.7%
8 Copa	23.6%	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



# Profitability comes under pressure in some markets

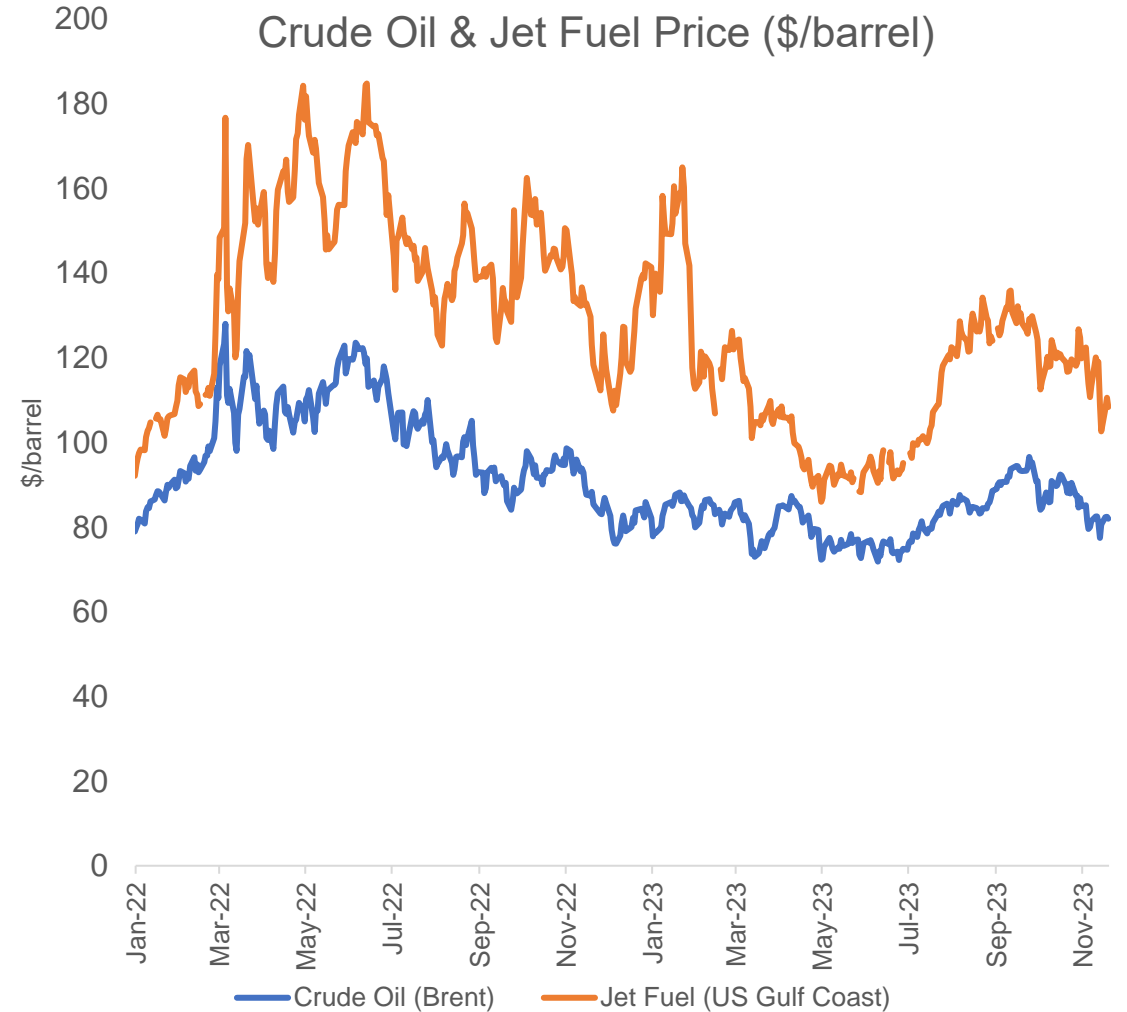
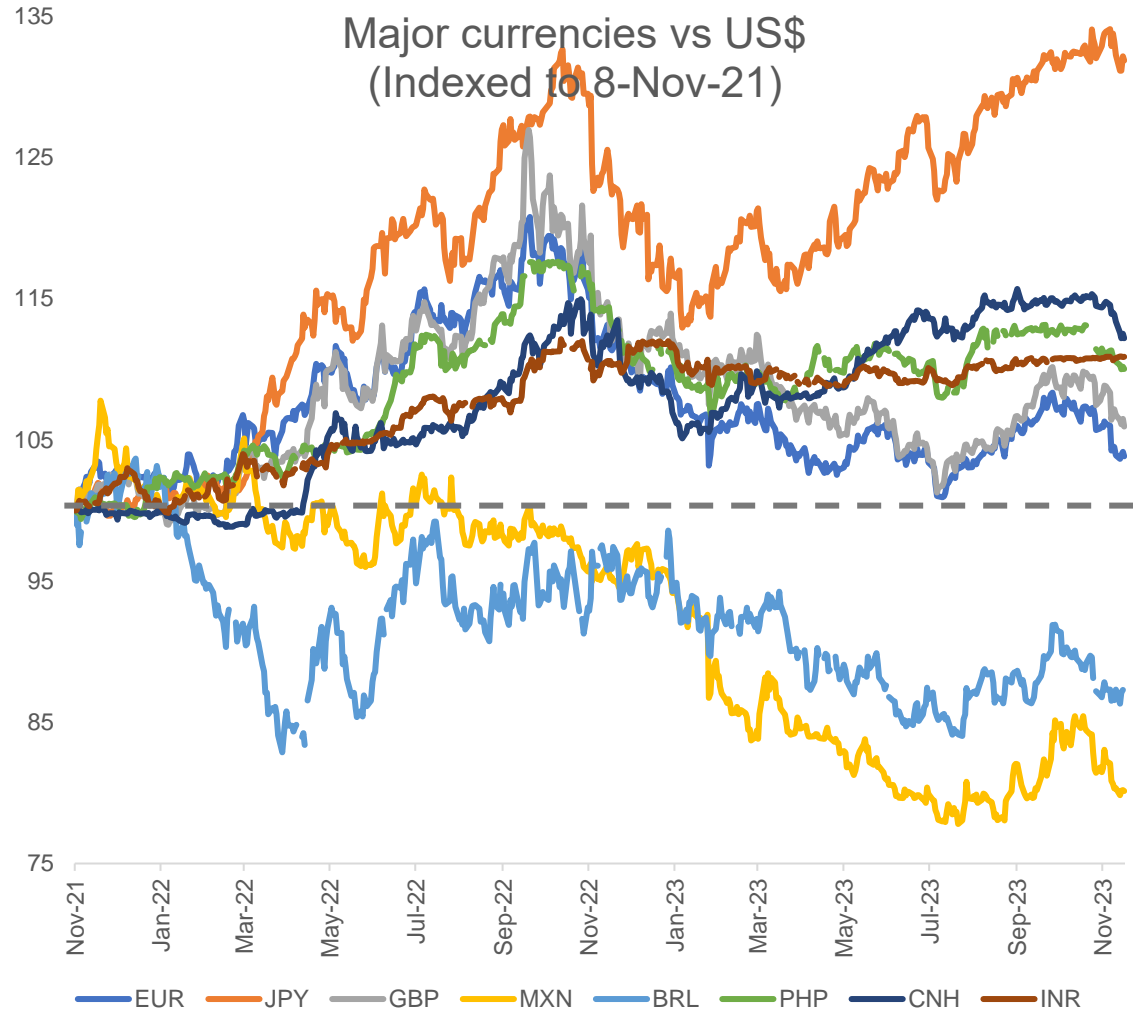
EBIT as a percentage of revenues



Source: Bloomberg, Airline Credit Profiles and Ishka Calculations. Sample Size – 68 airlines. Sample size could vary by quarter marginally depending on airline disclosures. \*Q3 2023 Preliminary Data – 57 airlines



# Volatility continues in fuel price and currency

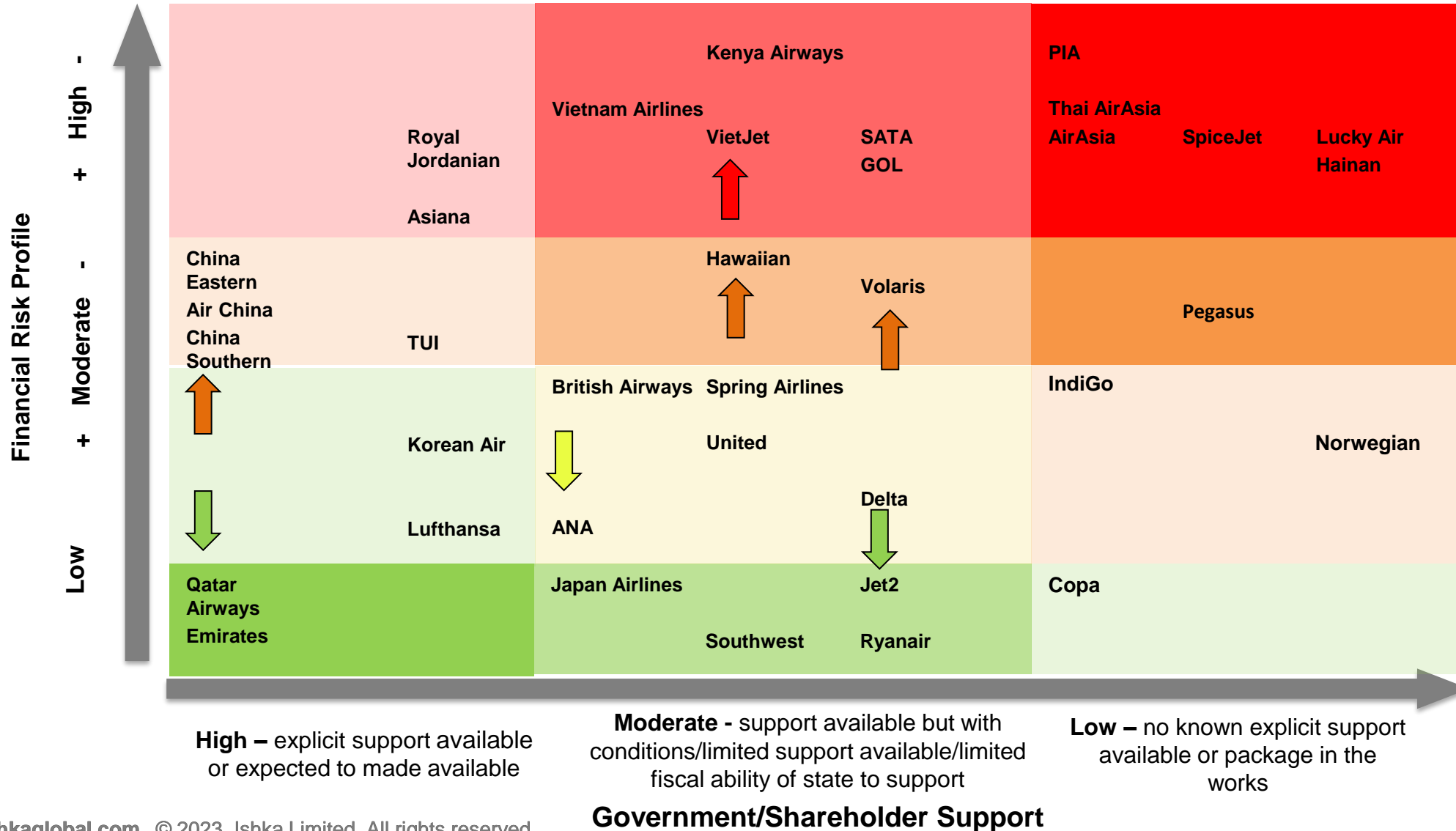


Source: Bloomberg

# Ishka Airline Vulnerability Matrix – Highlights

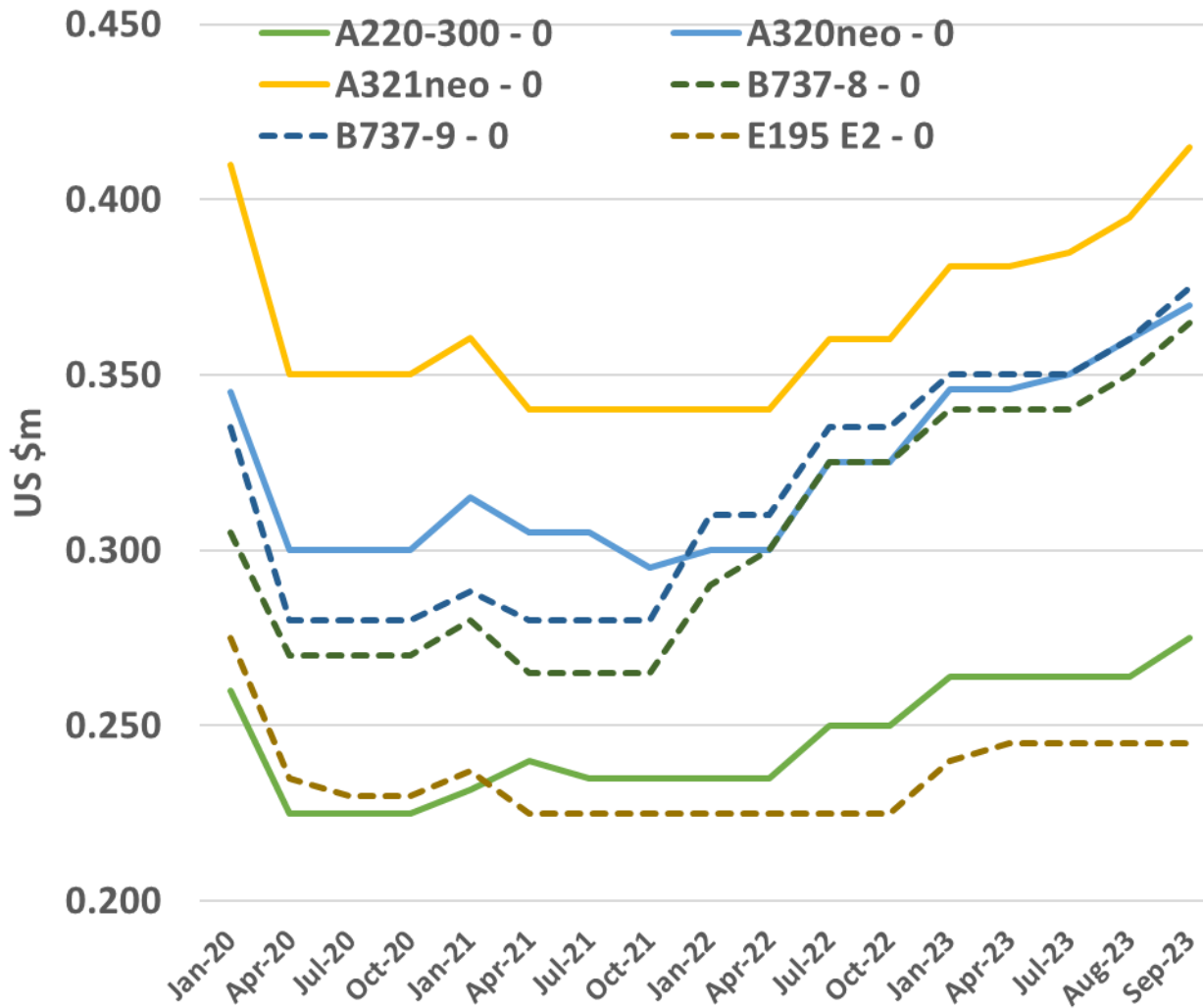


Source: Ishka Airline Credit Profiles & Ishka Insights. To be read in conjunction with the full airline credit profiles. Airlines will move across these blocks if and when circumstances change e.g. if they secure external support or if their financial health deteriorates or improves. Information as of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

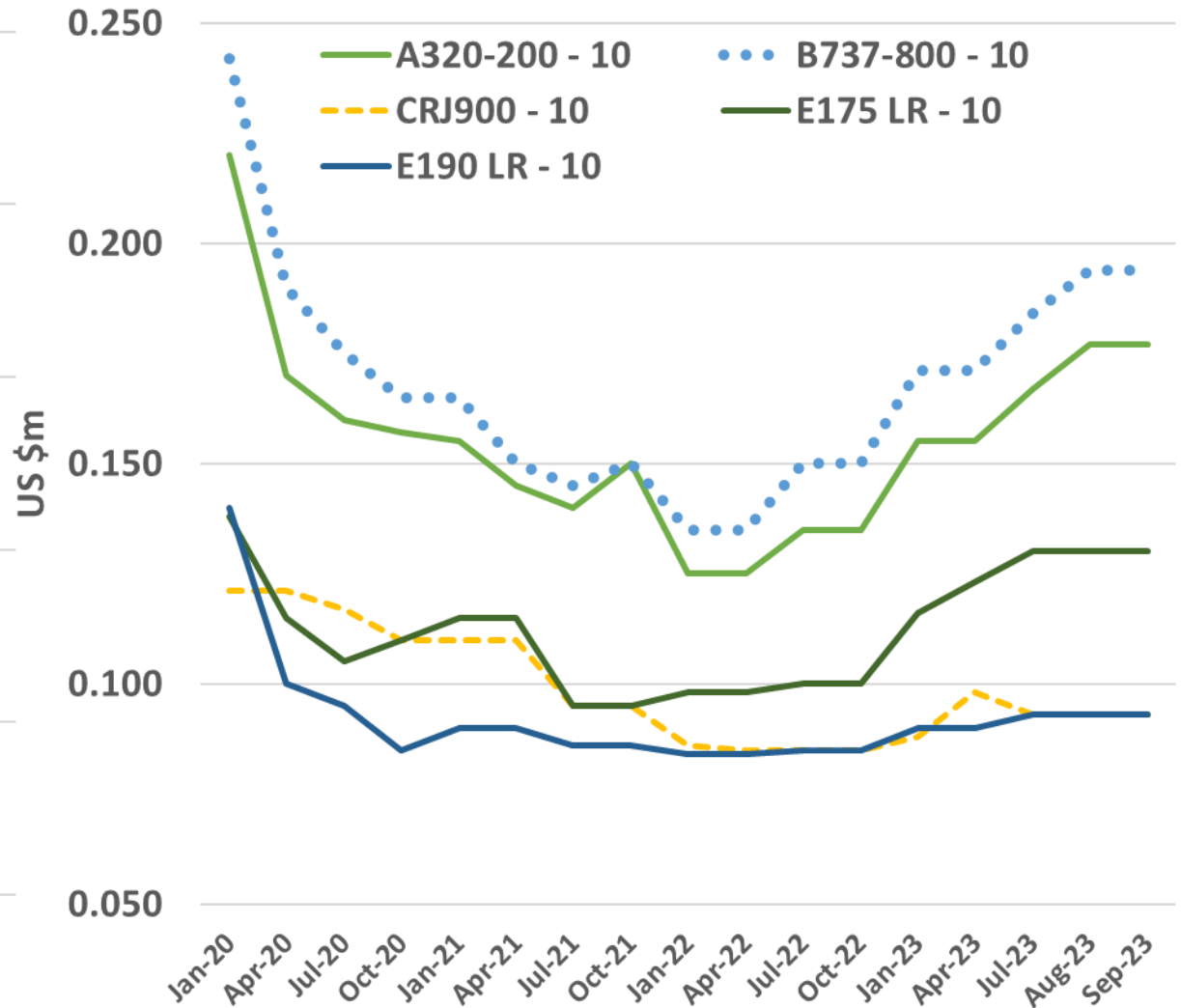


# Narrowbody benefits from production disruption

## Market Lease Rates



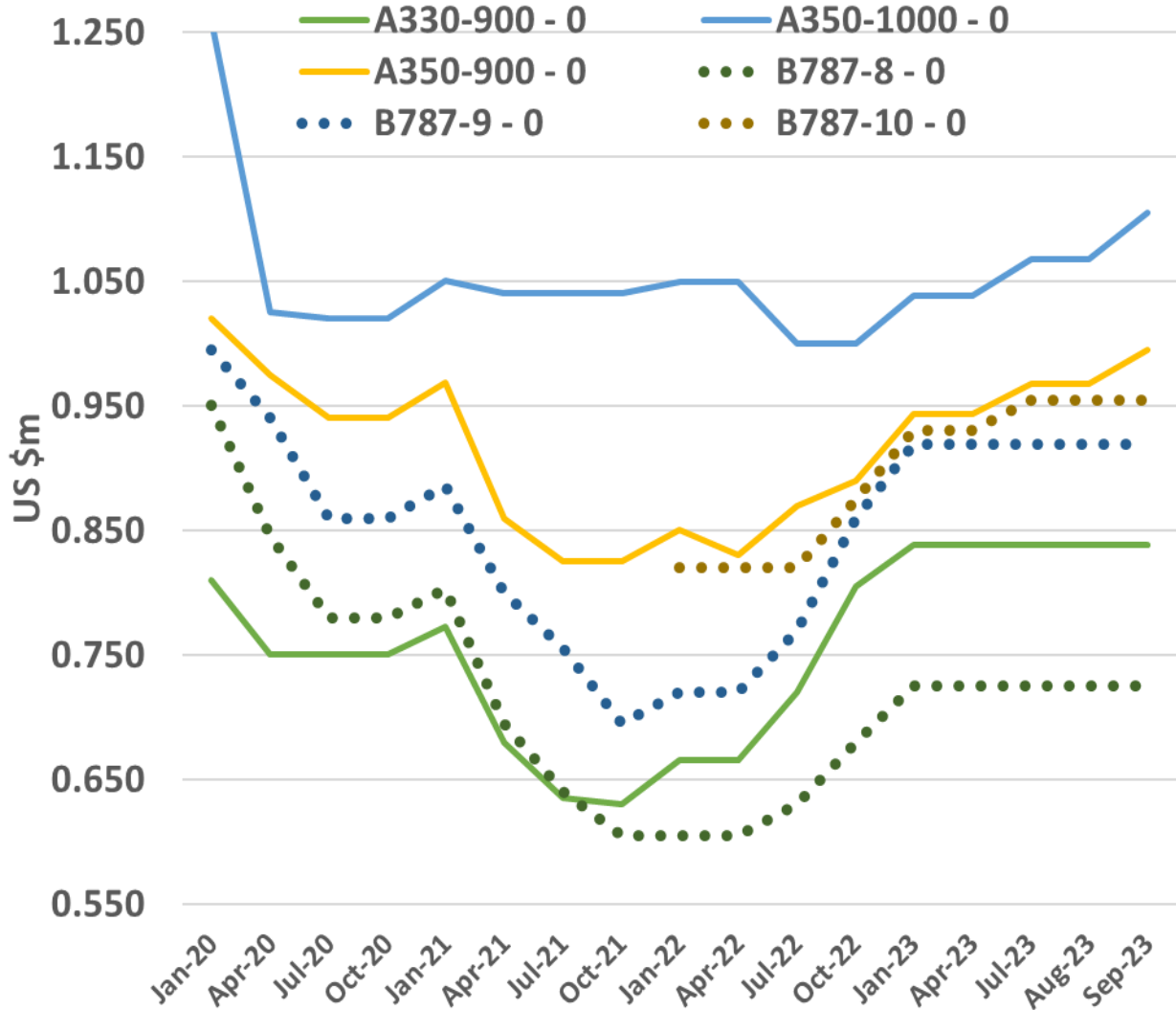
## Market Lease Rates



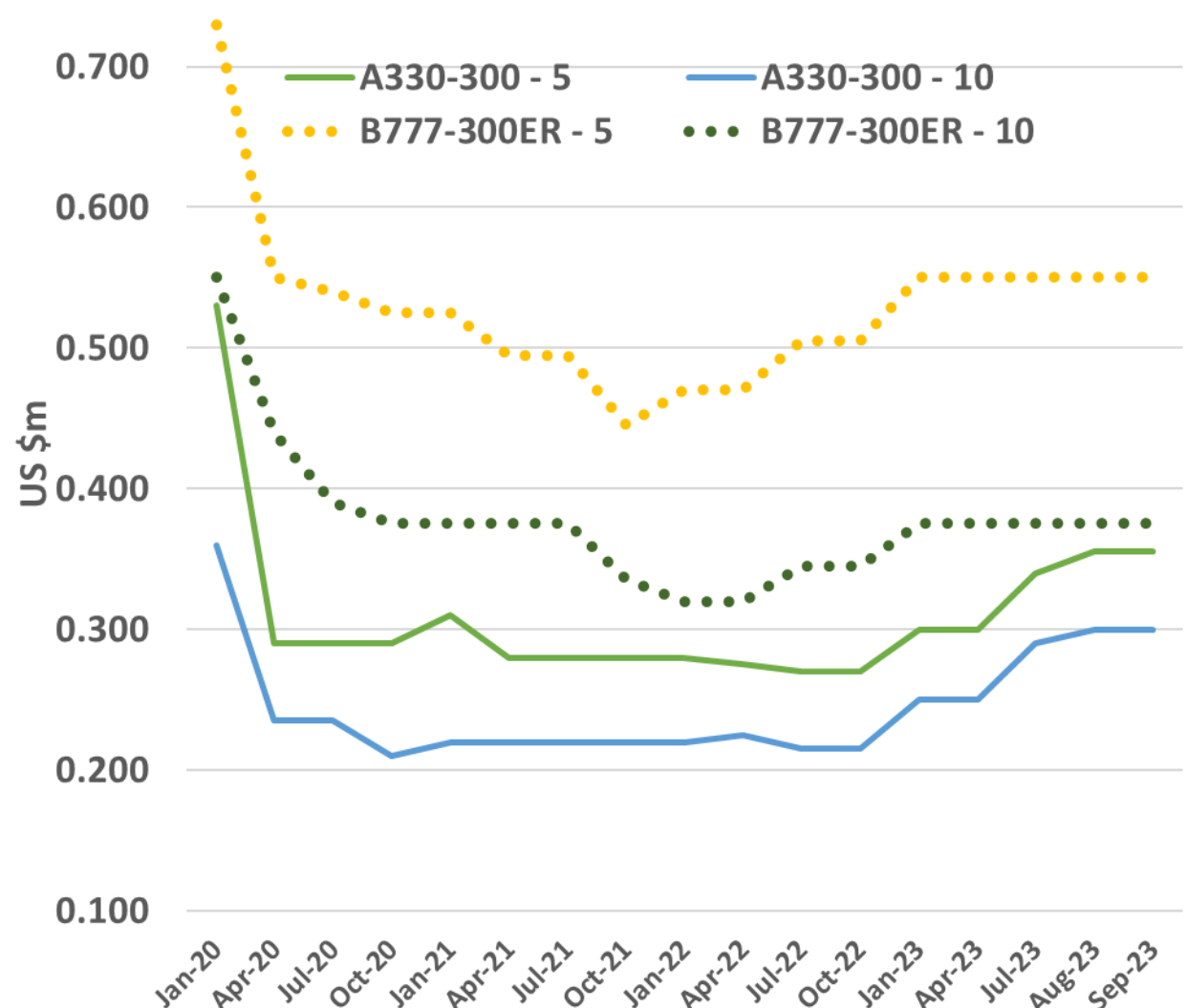
Source: Ishka Transaction Economics

# Widebody – recovery is lagging but improving

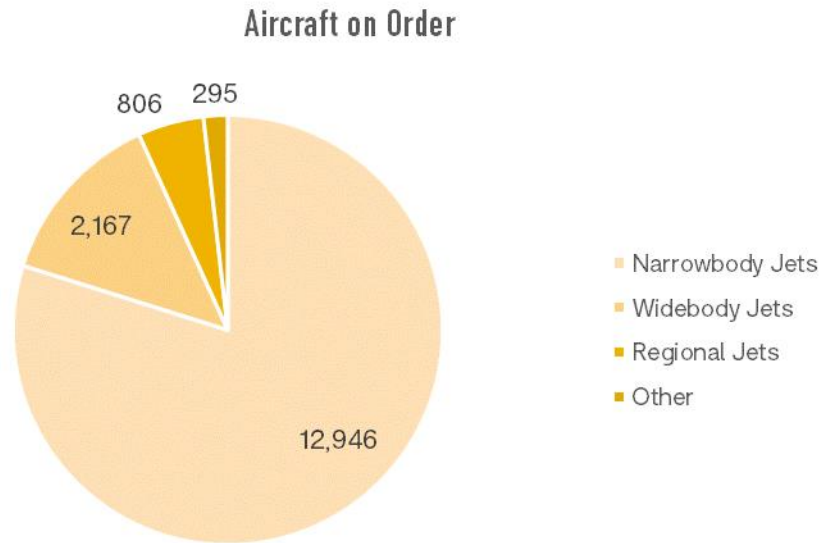
## Market Lease Rates



## Market Lease Rates



# AIRCRAFT ORDERS AND DELIVERIES



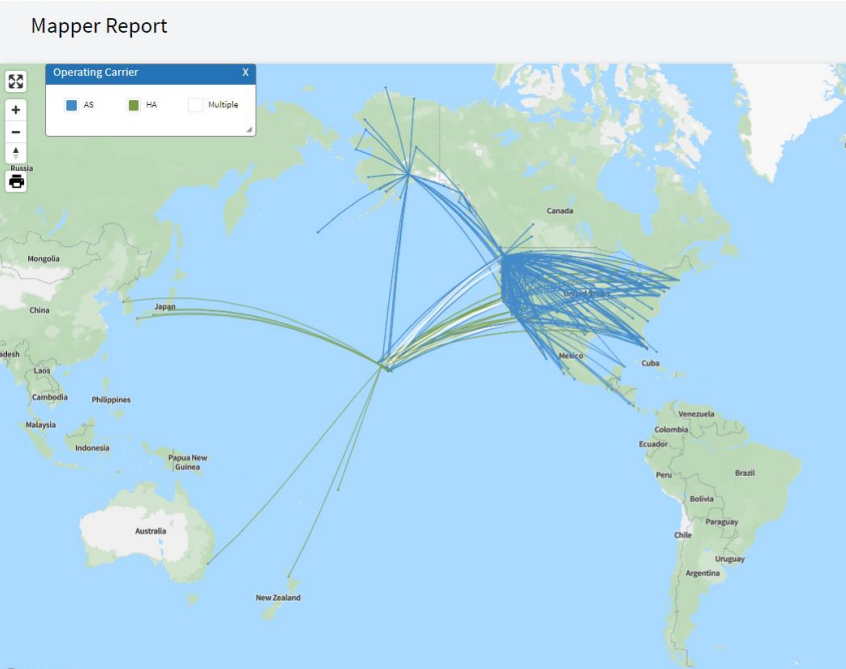
- 80% of the aircraft on order are narrowbodies, with nearly 13,000 orders placed. The A320 series (A320,A321) accounts for 52% of all narrowbody orders, and the B737MAX a further 36%.
- IndiGo have by far the larger order, of any aircraft type, with their mixed order of almost 1,000 A320/A321s
- AirAsia 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 8<sup>th</sup> and 14<sup>th</sup> respectively to 6<sup>th</sup> 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



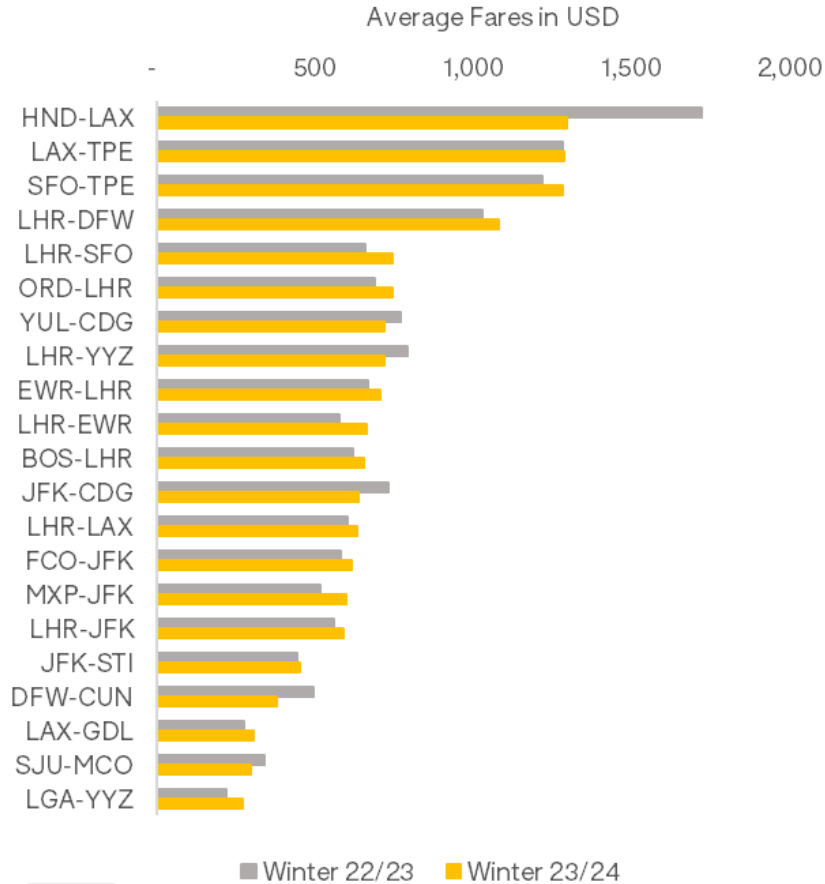
Data from Swiss airline intelligence provider ch-aviation



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

# TOP 20 BUSIEST INTERNATIONAL ROUTES FARE TRENDS – NORTH AMERICA

North America Average Fares

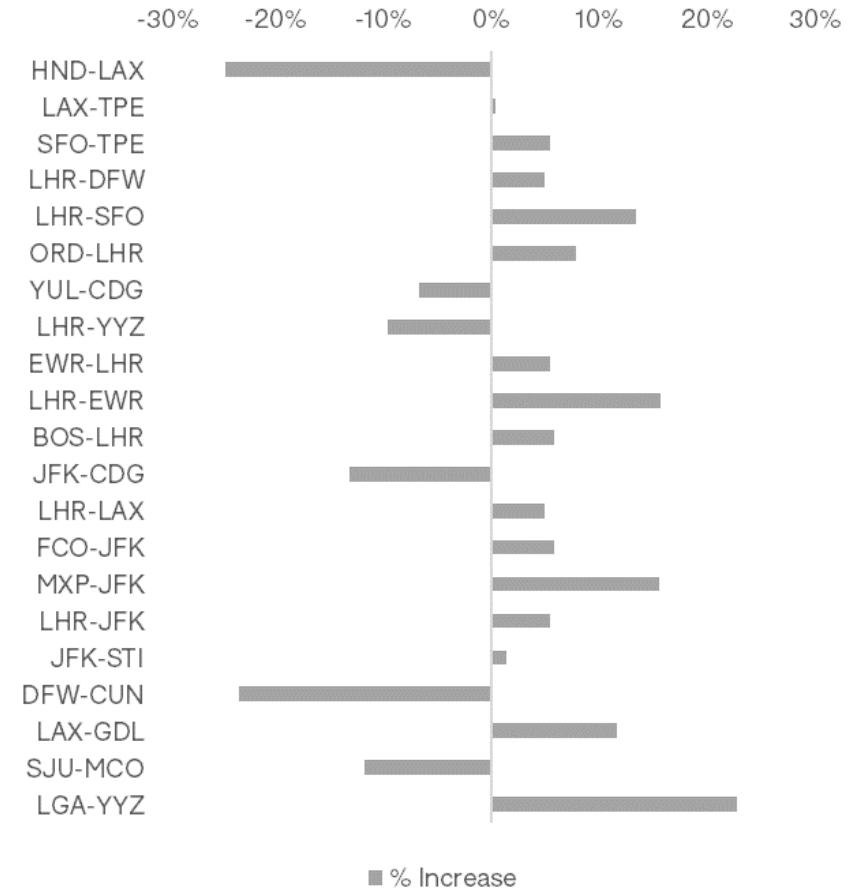


↗ New York La Guardia – Toronto has seen the greatest price increase this winter v’s last year with average fares up by 23%

↗ A number of other New York routes have seen significant increases, London Heathrow – Newark which is +16%; Milan to New York JFK +16% and Rome to New York JFK +5%.

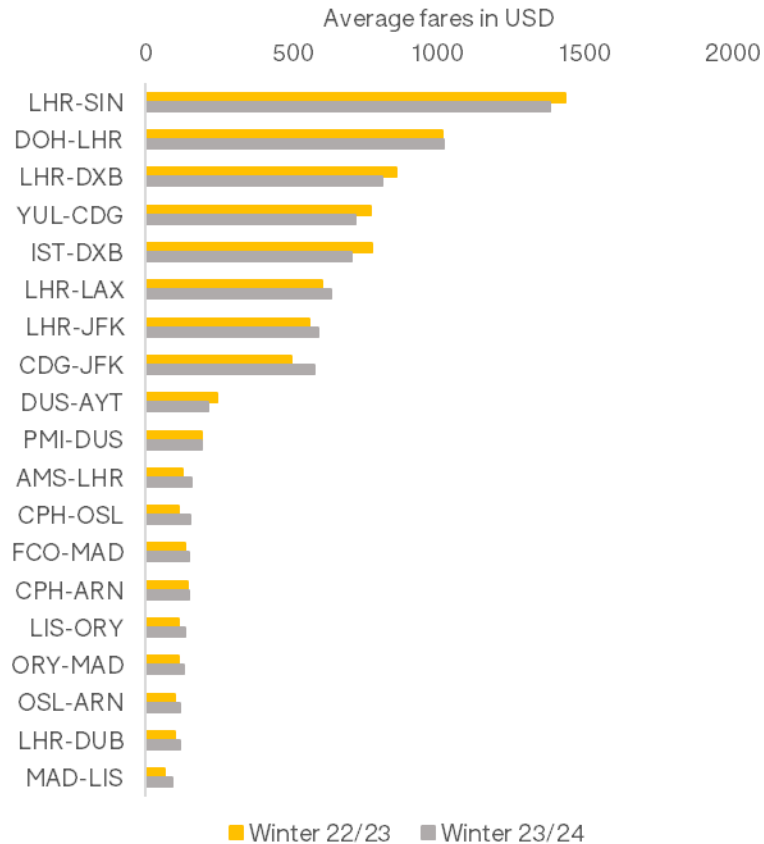
↗ Fares have fallen on some key transatlantic trunk routes however including London Heathrow – Toronto by -10%, New York JFK to Paris by -13%

Fare Increases W22/23 to W23/24



# TOP 20 BUSIEST INTERNATIONAL ROUTES FARE TRENDS – EUROPE

Europe - Average Fares on Largest Routes

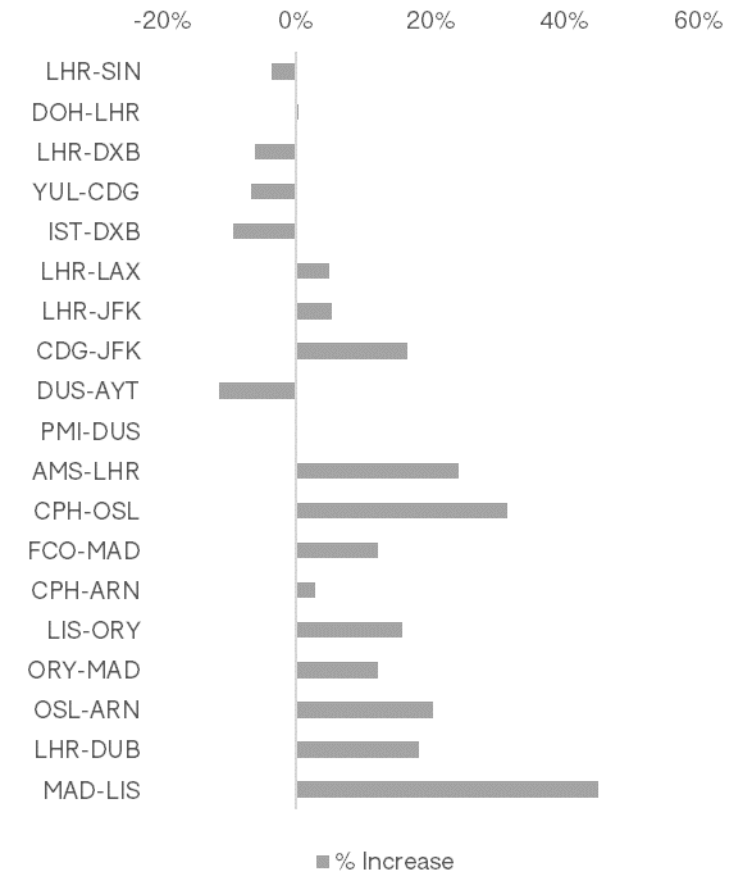


↗ Routes currently seeing fare increases this winter are short haul e.g. Heathrow – Dublin, Madrid – Lisbon, Copenhagen - Oslo

↗ On average fares across the Top 20 in Europe increased by 9%

↗ London Heathrow – Dubai is down this winter by 6% and another key Dubai route, from Istanbul is also down by 9% this winter.

Fare Increases W22/23 to W23/24





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