WEBINAR

MIDDLE EAST:

MID YEAR CATCH UP

Wednesday July 24th, 2024

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.

GUEST SPEAKER

Trent Mumford

Vice President, Aviation

Trent Mumford has been consulting and working in the global airline and tourism industry for over 20-years with a focus on market access, growing new markets and strategic partnerships.

In 2022, Trent Joined Saudi Tourism Authority (STA) as Vice President - Aviation, to provide strategic advice in the development of Saudi Arabia's aviation capacity to deliver 'Vision 2030'.

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.

WEBINAR

Today's discussion

- In this webinar we're catching up on all things aviation in the Middle East

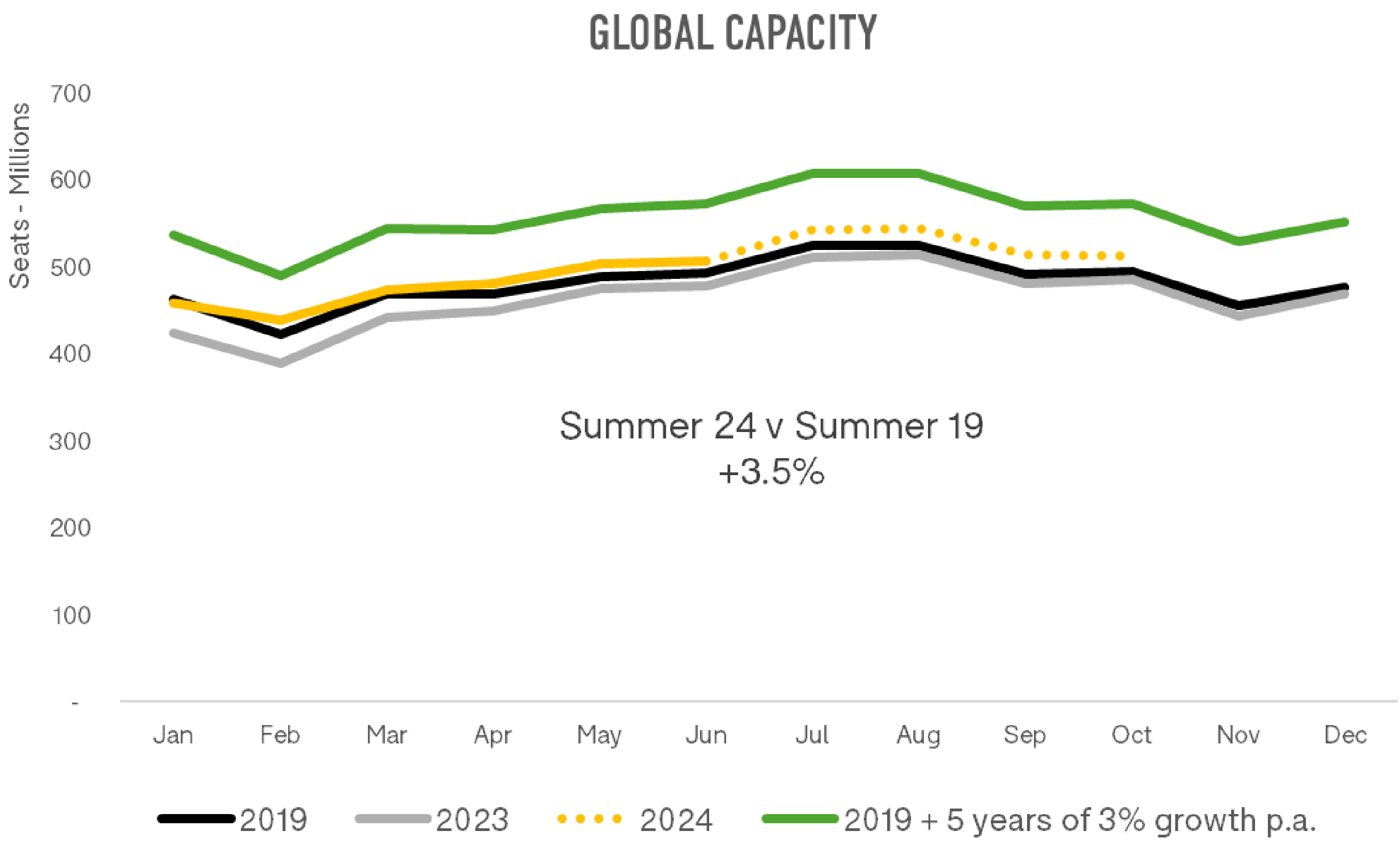
- In the week of Farnborough, just where is the Middle East aviation market heading?
- Likely new aircraft orders being announced
- Strategic partnerships evolving
- New Route Announcements
- Infrastructure developments and increases in capacity
- Progress on Saudi Arabia's ambitious Vision 2030

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

WEBINAR

GLOBAL GROWTH TRENDS

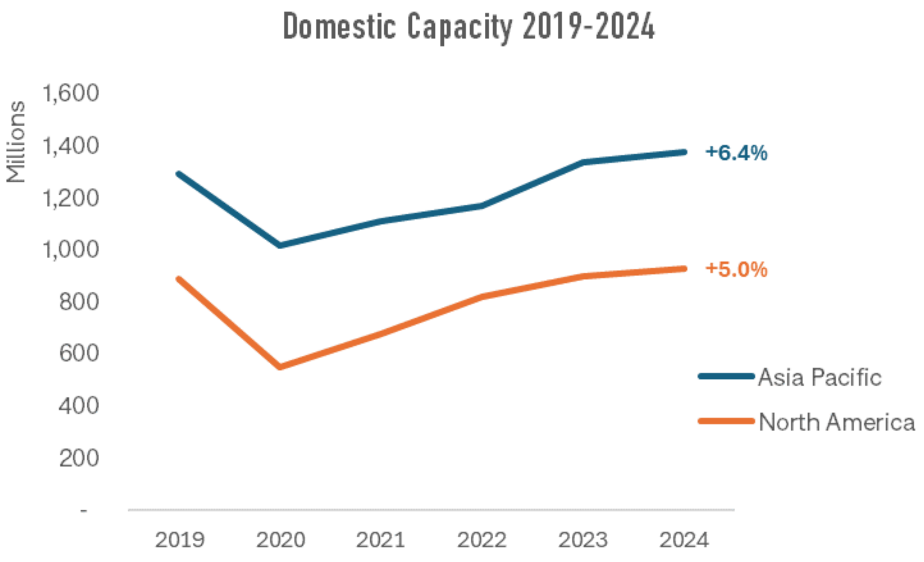
- Capacity growth has slowed a little and is now expected to be 3.5% above the pre pandemic period for Summer 2024.
- Domestic capacity is expected to grow at 3.1% this summer on last year and is trending at 4.3% ahead of 2019
- International is also ahead of 2019, by 2.6% and up 11.6% on 2023

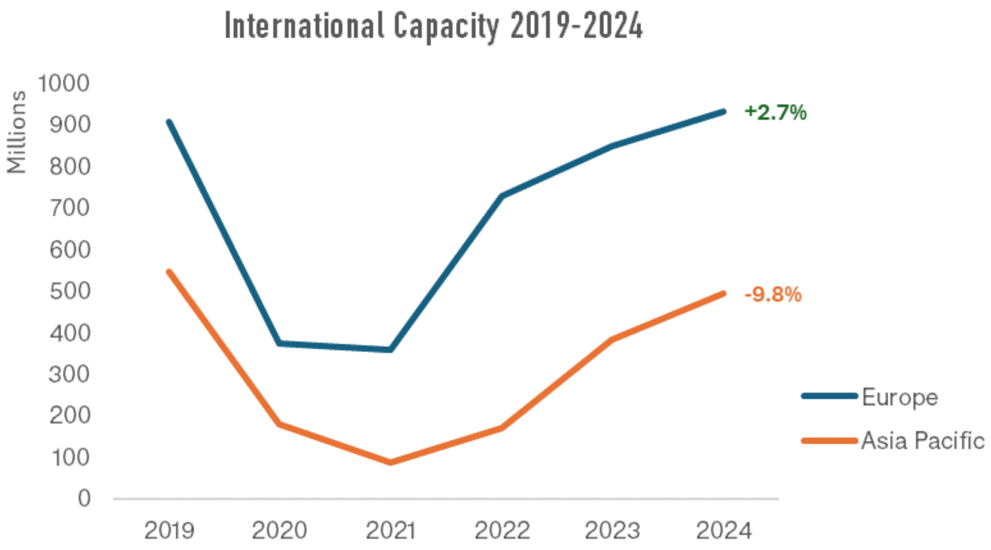


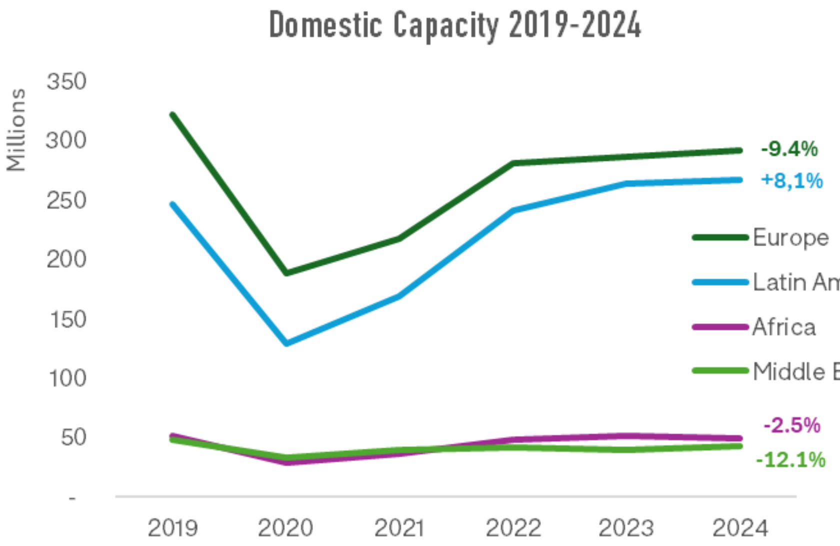
WEBINAR

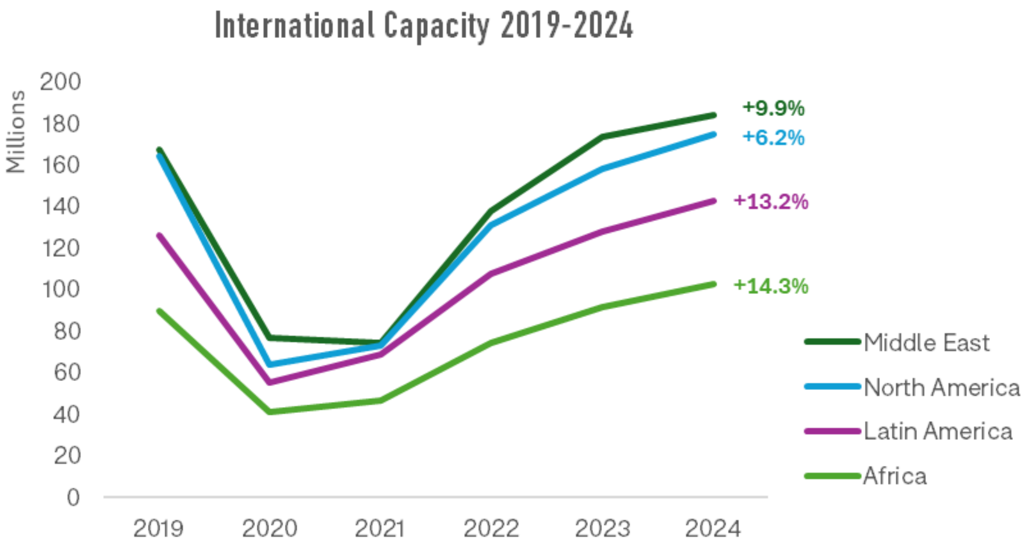
CAPACITY BY REGION – WHO IS LEADING RECOVERY?

OAG



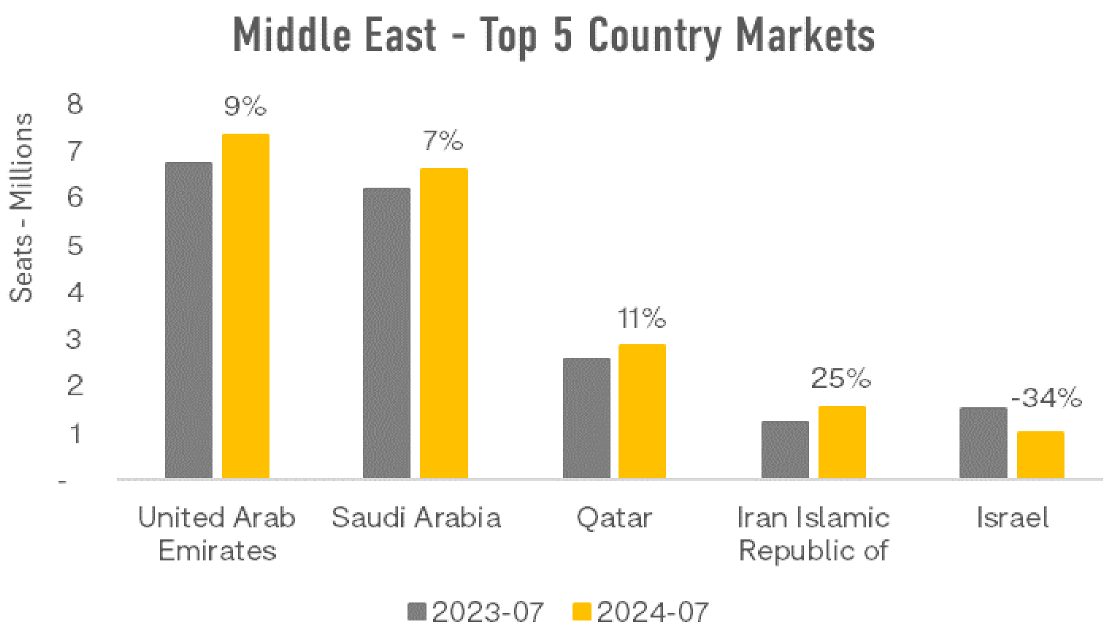






WEBINAR

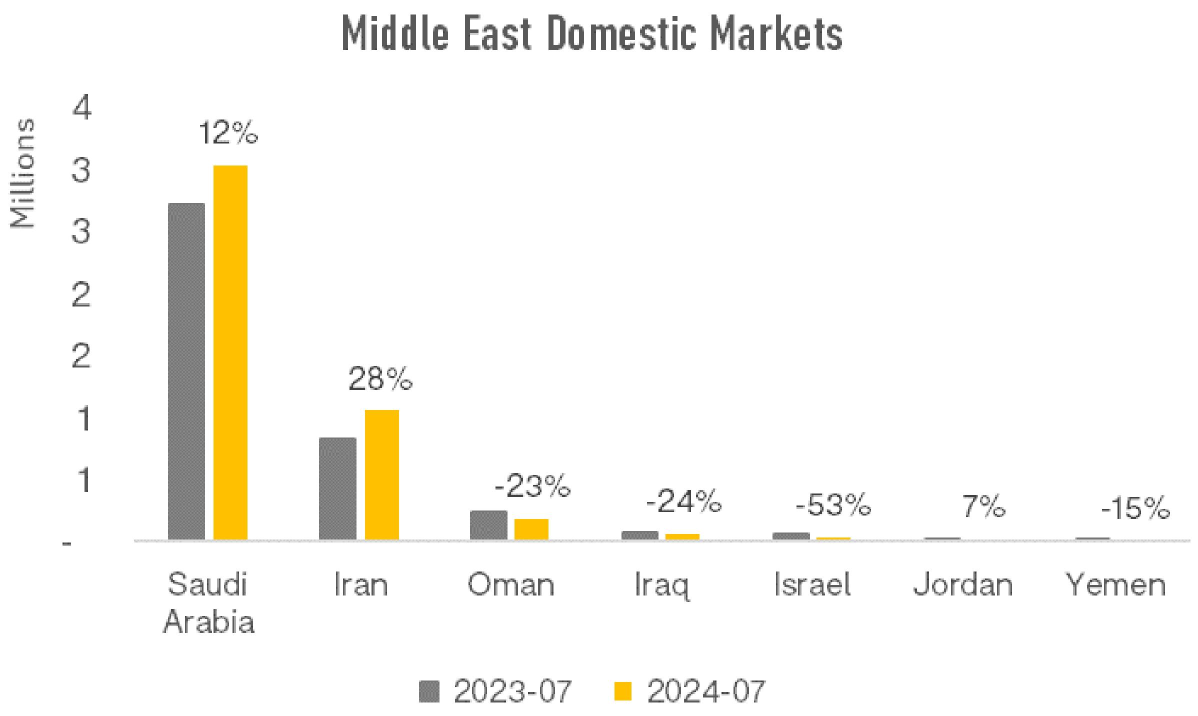
THE MIDDLE EAST MARKET



↗ Comparing Summer 24 v Summer 23 shows strong growth across 4 of the 5 largest Middle East country markets with Israel the exception due to the ongoing geopolitical situation.

↗ Growth rates across the UAE and Saudi are similar, at 9% and 7% respectively.

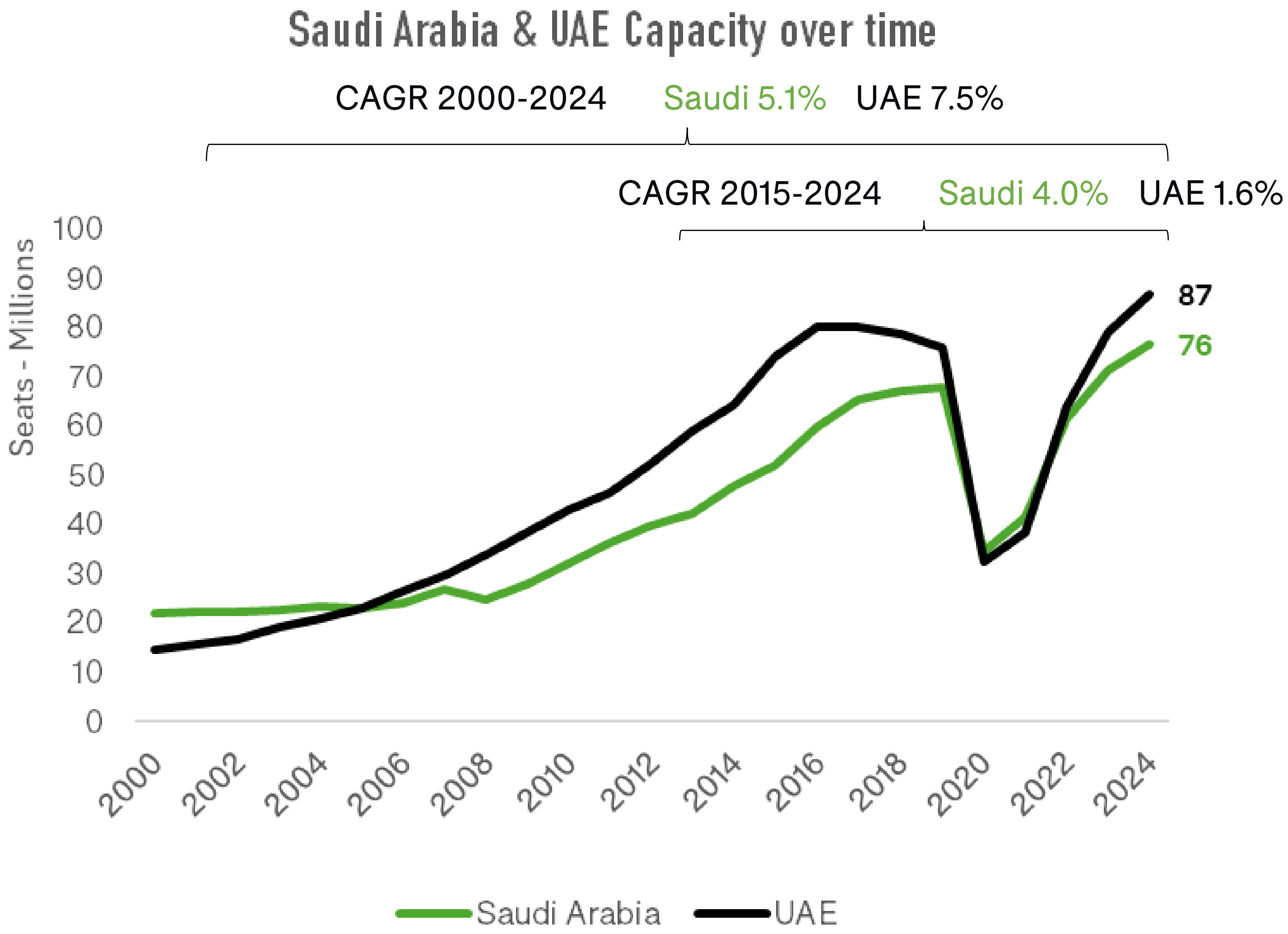
↗ Saudi Arabia has the largest domestic market in the region and is seeing strong growth of 12% year on year.



WEBINAR

MIDDLE EAST MAJOR MARKETS

- Over the past 25 years, the UAE has grown at an annual rate of 7.5%, whilst Saudi has been a little slower at 5.1%.
- In the last 10 years however Saudi Arabia has grown faster, at 4% on average each year, against the UAE's 1.6%. This of course reflects the strength of the Saudi domestic market which continued to operate during the pandemic.
- Saudi domestic capacity accounts for 45% of total capacity
- Both countries saw capacity recover to 2019 levels in 2023.



WEBINAR

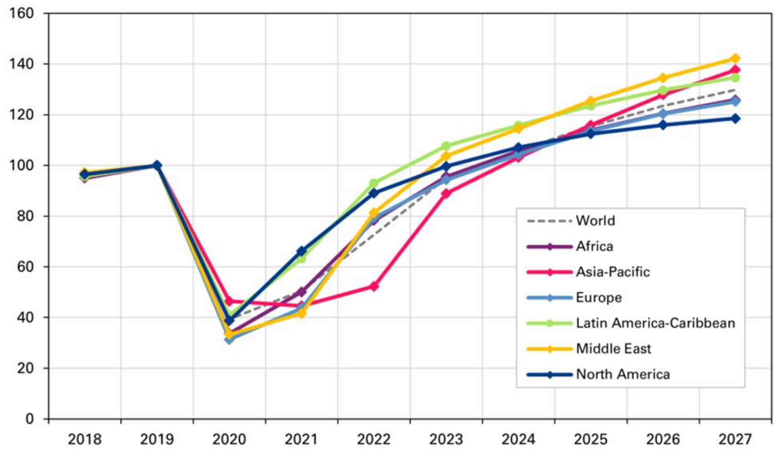
OAG

THE VISION FOR THE REGION

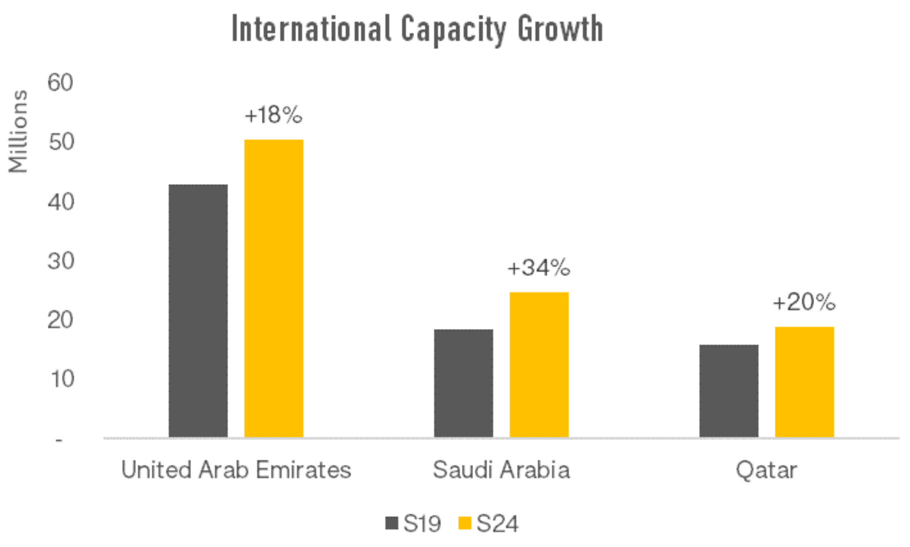
- ACI project strongest growth in the medium term for the Middle East region
- Undoubtedly fueled by all of the work underway in various parts of the region with significant airport development projects underway
- Saudi Vision 2030 – 330 million passengers and 250 destinations.
- New King Salman International Airport in Riyadh is under construction and intended to handle 120mppa by 2030, and ultimately 185mppa by 2050
- UAE also has growth ambitions, with big expansion plans announced for DWC, which will have capacity to handle 150mppa by 2034
- New terminal at Abu Dhabi opened in late 2023 increasing capacity to 45mppa

VISION رؤية 2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

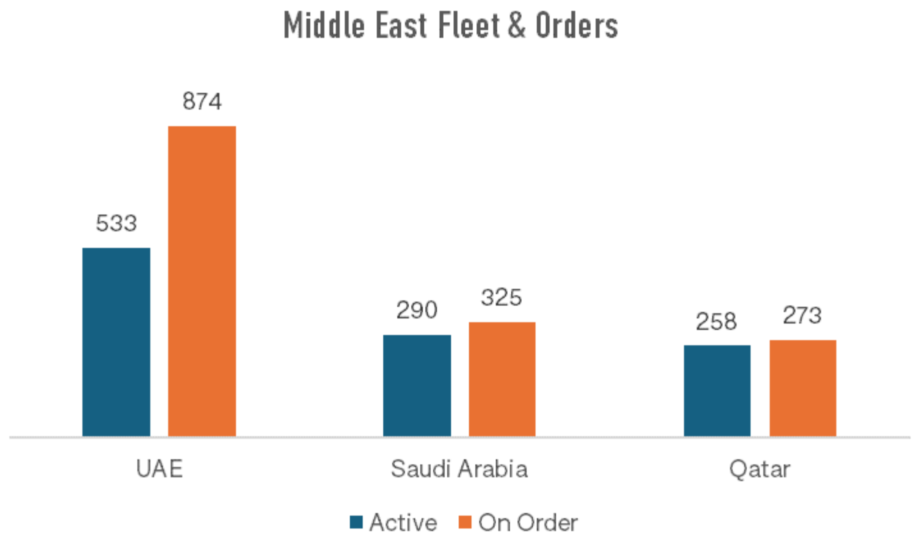
Medium-term passenger traffic forecast by regions
(indexed, 2019 = 100)

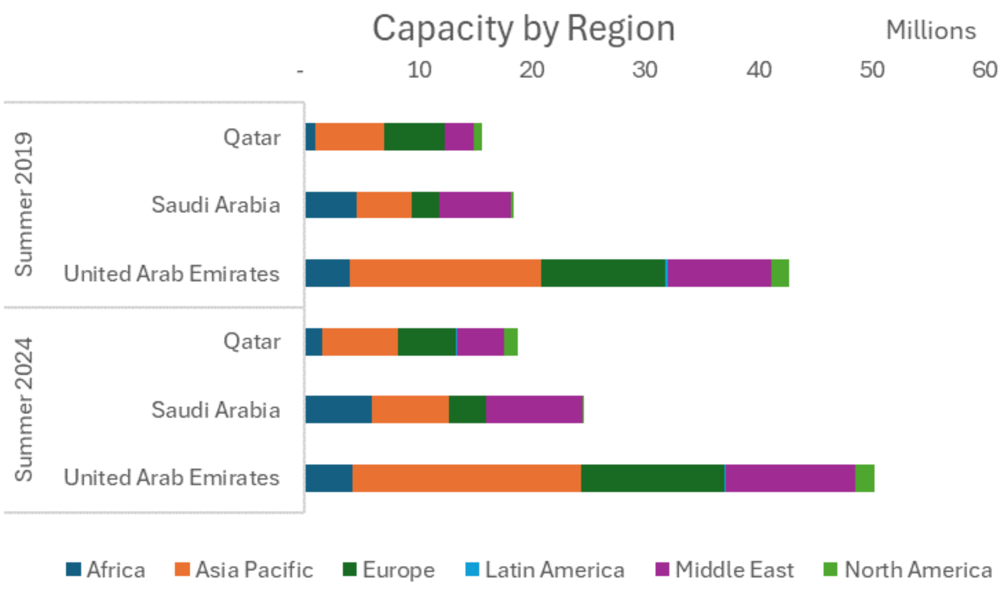


STRONG GROWTH HAPPENING ACROSS THE REGION: SAUDI LEADS



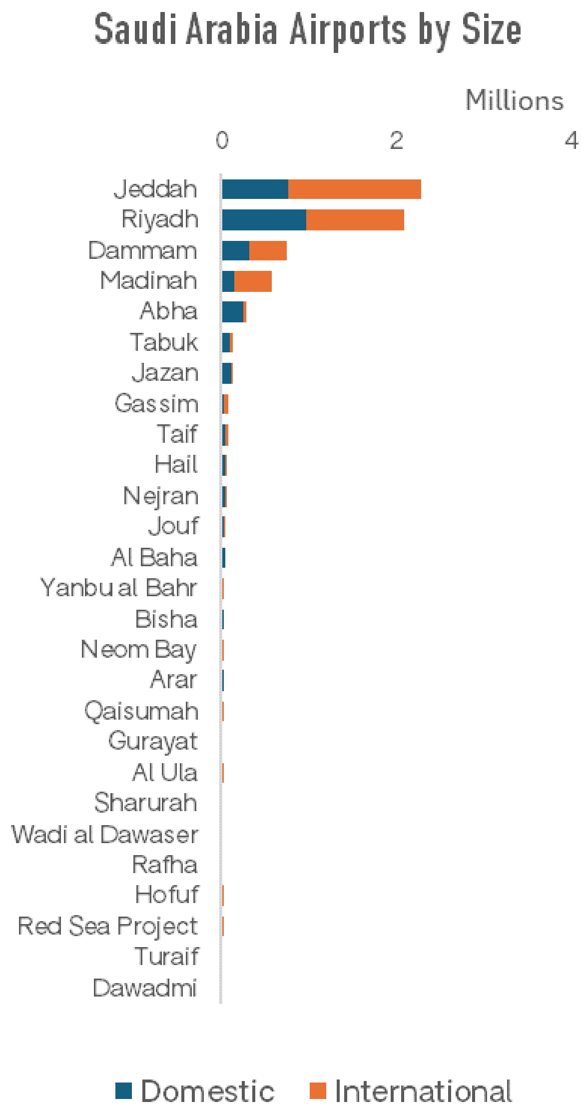
- Strong growth taking place across the three major markets in the region when we compare growth this summer with the position five years ago in 2019
- Saudi Arabia has the highest capacity increase with 34% more seats this summer v's 2019
- Comparing spread across regions highlights the volume growth in Saudi international services between 2019 and now with proportionate growth to destinations in Africa, and Asia Pacific seeing the greatest increases



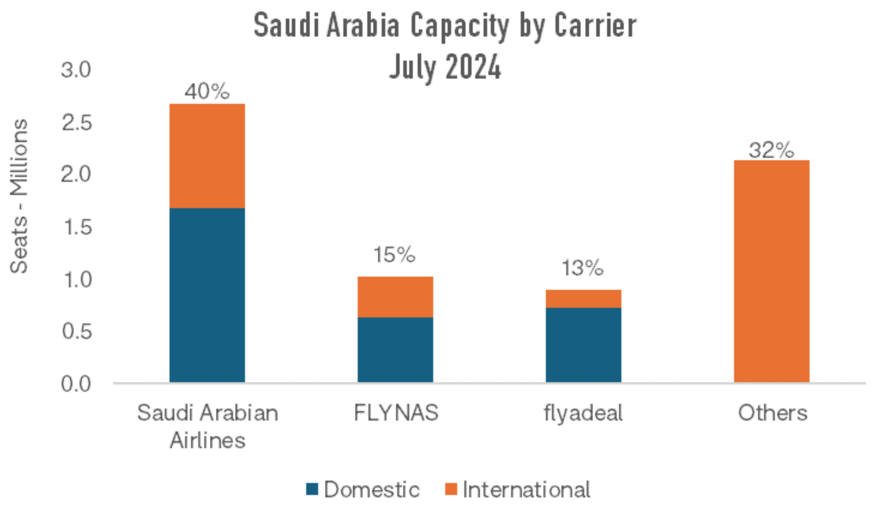


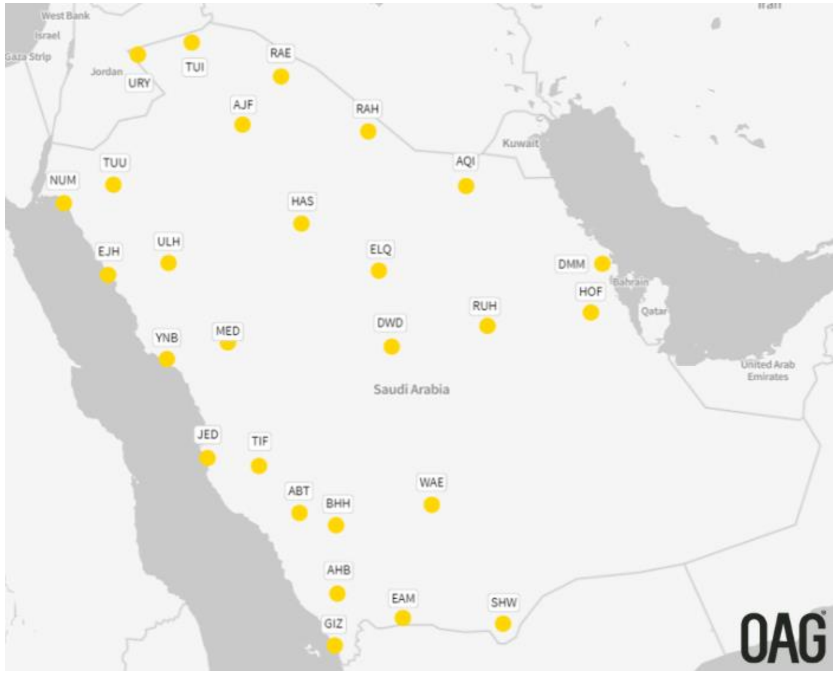
DEEP DIVE INTO SAUDI ARABIA

OAG



- 27 airports in Saudi Arabia currently active, with over three quarters of the country's capacity operating through 3 airports – Jeddah, Riyadh and Dammam.
- Many of the remaining airports serve the large Saudi population of 36.4m which is the 17th largest domestic market in the world
- 18 of the 27 airports do have international flights and we can expect to see strong growth from some of the locations where the focus of tourism development is such as Neom and the Red Sea
- Saudia has the dominant share with 40% of seats this month





INVITING THE WORLD TO SAUDI ARABIA

OAG

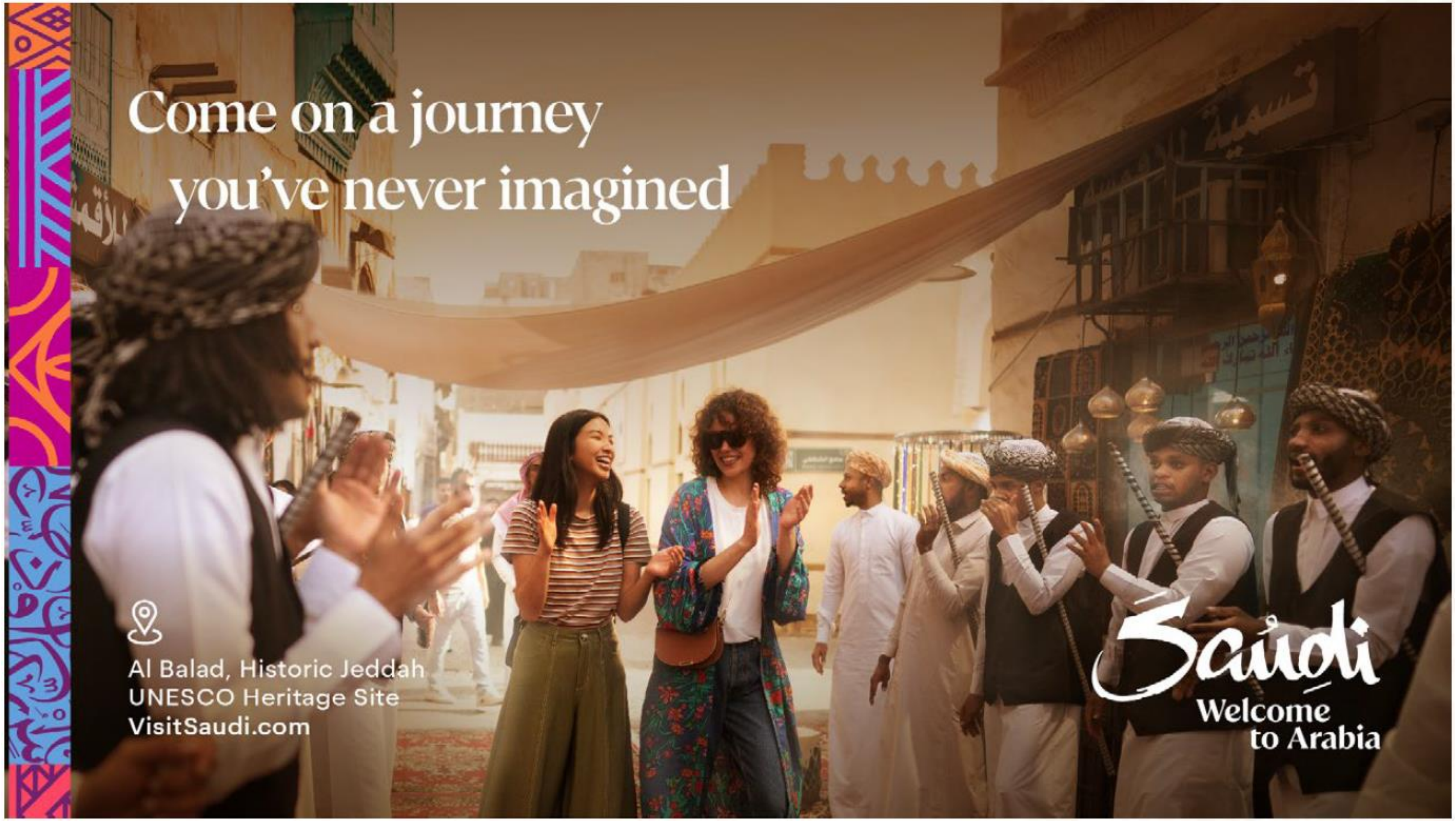
International routes in S24	S19	S24
Country level	149	194
Jeddah	134	166
Riyadh	60	80

- Ambition is for 250 international destinations
- There are now routes to 194 international destinations from Saudi Arabia, an increase of 30% on Summer 2019.
- This summer sees 24 new unique routes starting operating from Jeddah and Riyadh to destinations such Beijing, Shanghai, Berlin, Toronto and Jo'burg.

WEBINAR

SAUDI TOURISM AUTHORITY
الهيئة السعودية للسياحة

Our mission 150 million visits by 2030

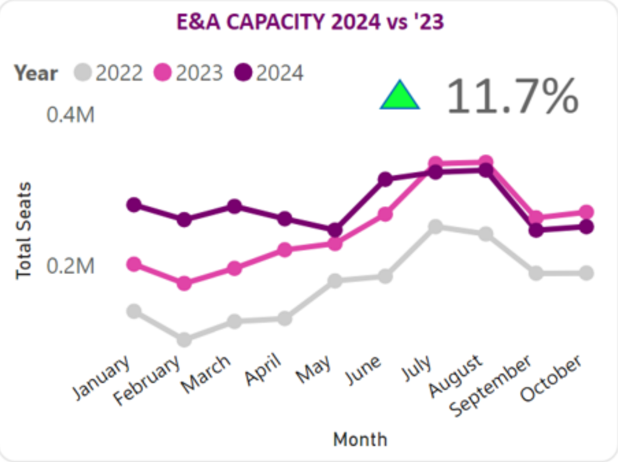


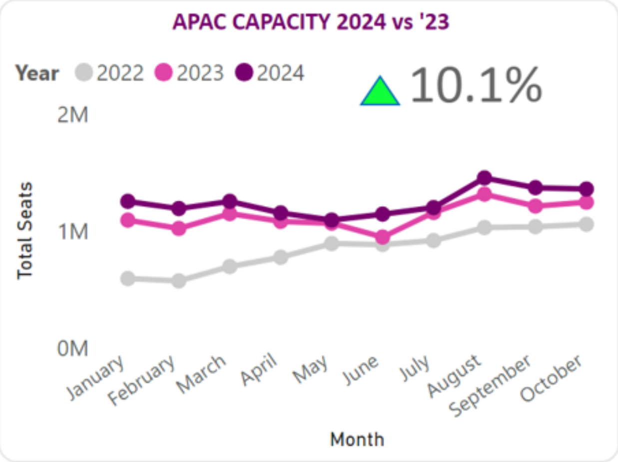
Saudi Arabia welcomed 100 million tourists in '23

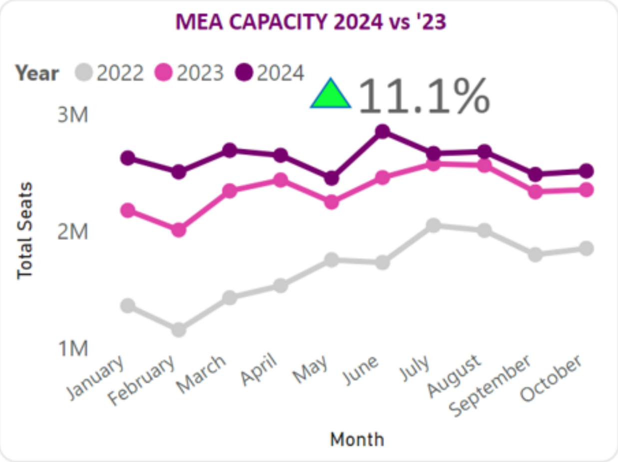
Tourist spending reached ~SAR150 billion in H1 2024

The network map from Saudi Arabia is quickly expanding, enroute connecting to 250 global destinations by 2030

Inbound capacity up 13.4% in H1 ’24, tracking to achieve ~14% full-year







Country	Seats '24	Growth %
United Kingdom	723,632	30.7%
Italy	286,071	16.6%
France	234,872	3.8%
USA	199,942	-6.9%
Uzbekistan	198,148	79.5%
Germany	139,854	-0.2%
Azerbaijan	131,292	-5.9%
Netherlands	128,406	6.1%
Spain	111,416	24.3%
Georgia	100,190	-14.9%
Total	**2,785,344**	**11.7%**

Country	Seats '24	Growth %
Pakistan	2,678,530	7.5%
India	2,663,786	13.1%
Indonesia	1,379,630	2.7%
Bangladesh	991,655	16.9%
Malaysia	743,688	29.8%
Philippines	363,150	-13.0%
China	210,310	144.0%
Thailand	143,249	-14.0%
Sri Lanka	138,184	-6.5%
Total	**9,661,490**	**10.1%**

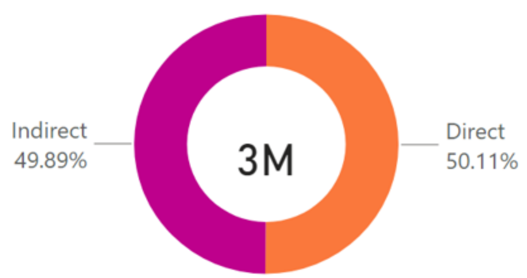
Country	Seats '24	Growth%
Egypt	6,681,924	19.0%
United Arab Emirates	6,227,687	10.2%
Turkiye	2,346,936	0.6%
Qatar	1,687,063	34.5%
Kuwait	1,318,334	-4.4%
Bahrain	996,112	12.3%
Jordan	849,644	8.8%
Oman	693,762	-0.2%
Algeria	475,071	36.4%
Total	**23,298,856**	**11.1%**

- New tail, routes and capacity growth planned in NW24/25
- Largest contributors to inbound capacity growth

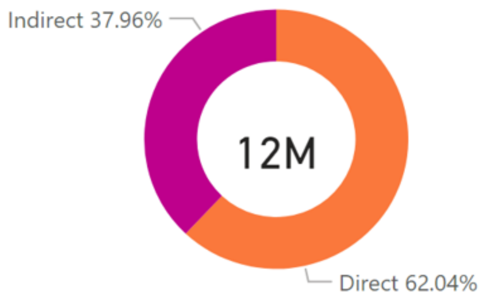
- UAE +1.07M seats
- Egypt +1.06M seats
- Pakistan +470K seats
- Turkey +443K seats
- India +443K seats

Opportunities for growth – ‘Top unserved inbound routes’ in ‘23

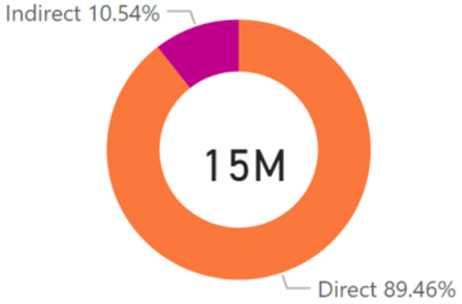
E&A Direct vs Indirect Traffic flow



APAC Direct vs Indirect Traffic flow



MEA Direct vs Indirect Traffic flow



Country	City-Pair	Total Pax
	CDG-MED	46,383
	LHR-DMM	34,983
	LHR-MED	34,035
	JFK-MED	17,715
	MAD-RUH	16,224
	STN-JED	15,695
	BCN-RUH	15,488
	MAN-RUH	14,834
	ORD-JED	13,434
	DME-JED	12,986
Total		**221,777**

Country	City-Pair	Total Pax
	BLR-RUH	23,955
	CCU-JED	33,010
	CGK-DMM	26,094
	DAC-AHB	40,183
	DAC-ELQ	33,153
	DEL-MED	33,132
	LYP-JED	23,292
	MAA-JED	38,209
	MAA-RUH	35,805
	TRV-RUH	27,899
Total		**314,732**

Country	City-Pair	Total Pax
	CAI-EAM	24,423
	EBB-RUH	24,252
	NBO-RUH	23,873
	TUN-RUH	22,722
	KAN-MED	21,720
	TUN-MED	16,204
	ABV-JED	14,954
	EBB-JED	14,482
	ABV-MED	13,375
	CMN-DMM	13,165
Total		**189,170**

- ‘Top-10’ city-pairs for each region with indirect traffic flows in ‘23
- Traffic is inbound ticketed passengers
- PIA announced Tuesday it will launch Faisalabad/Jeddah commencing with x2 flights per week from 2 August 24

Airline partnerships critical to building a year-round tourism offering

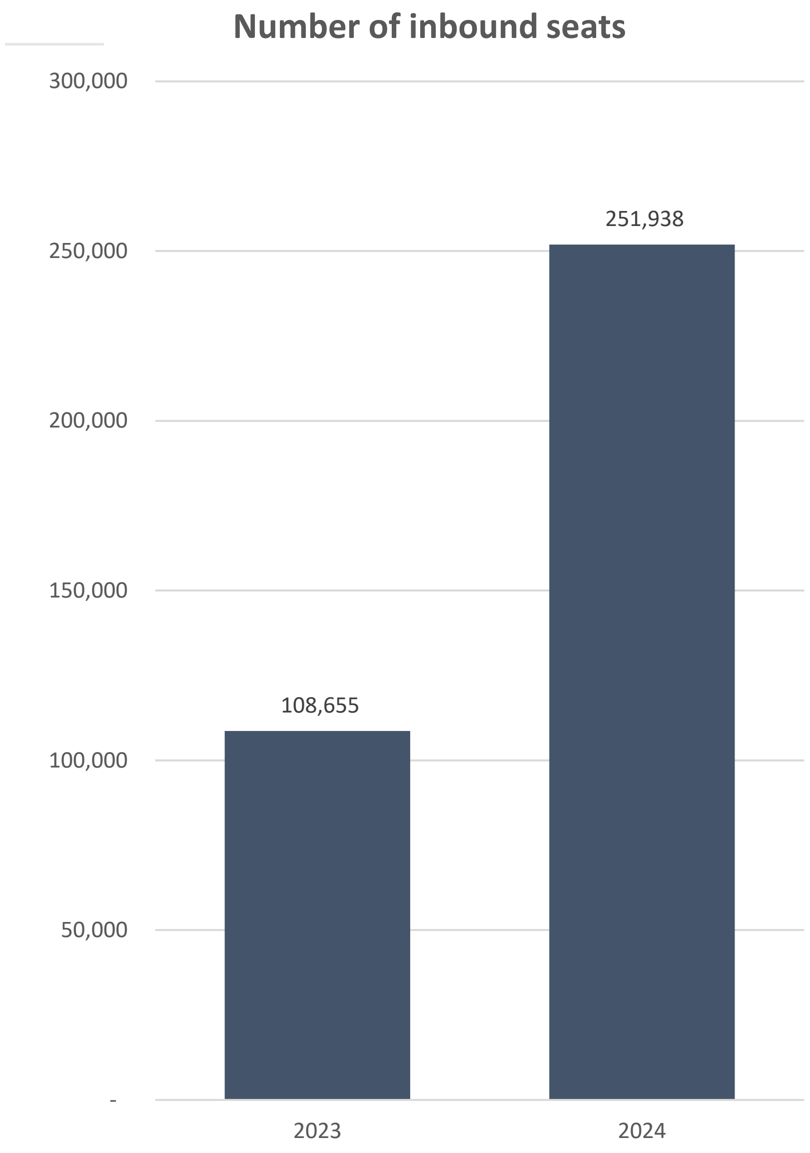
- Summer Campaign runs from May to September
- 11%^ capacity growth over same period in '23
- Capacity backed by promotions and pricing initiatives to stimulate demand and bring forward the booking windows
- Average economy fares to Abha are down 14%* on same week last year
- Focused on 6 destinations:

Jeddah	Riyadh
Taif	Abha
AlBaha	AlUla

Sources: Capacity data OAG Analyzer | Pricing data Infare

SAUDI TOURISM AUTHORITY الهيئة السعودية للسياحة

China capacity on-track for 132% growth in '24 vs '24



Airline	Route/s	Frequency
السعودية Saudia SKYTEAM	Beijing/Riyadh + Jeddah Guangzhou/Riyadh + Jeddah	x4/week x5/week
AIR CHINA 中国国际航空公司	Beijing-PEK/Riyadh	x3/week
中国南方航空 CHINA SOUTHERN AIRLINES	Beijing-PKX/Riyadh Shenzhen/Riyadh	x2/week X2/week
中國東方航空 CHINA EASTERN	Shanghai/Riyadh	x3/week
CATHAY	Hong Kong/Riyadh *From 28 October 2024*	x3/week

OTHER INDUSTRY DEVELOPMENTS

- Another Olympic summer although demand is a little damp – Delta are citing a US$100m revenue shortfall, tickets are lower than expected, especially for the qualifying stages and of course accommodation rates are high…
- Europe is in the throes of an ATC crisis as the peak summer holiday period commences – hundreds of flights are being grounded, Ryanair are frustrated
- Hurricane season is causing weather disruption already and there seems to be more to come – is there enough resilience in the systems?

- And finally, environmental costs – Lufthansa are imposing a charge, as are Virgin Atlantic, and there are more to come. Is this the next phase of increases in the cost of travel?

WEBINAR

OAG

STAY INFORMED

- SIGN UP TO 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

WEBINAR