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SOUTHEAST ASIA'S AVIATION MARKET:

GROWTH DRIVERS & OPPORTUNITIES

WEDNESDAY 25TH MARCH

WEBINAR

SPEAKERS

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.

Hannah Pearson

Director
Pear Anderson

Hannah Pearson is the founder of Pear Anderson, a Kuala Lumpur–based sales representation and market intelligence agency focused on the Southeast Asian tourism industry. With over a decade of experience in the region across both B2C and B2B travel sectors, she provides deep insights into tourism trends and market developments. Hannah is also the author of a widely read weekly report tracking Southeast Asia's tourism recovery and is a frequent speaker and commentator on the region's travel industry.

Mark Souter

Chief Airline Marketing Officer
Aboitiz Infracapital Cebu Airport Corporation

Mark Souter is an aviation and tourism professional specialising in connecting airports, airlines, and destinations. With experience in air service marketing, network development, and tourism partnerships, he uses data-driven strategies and strong stakeholder engagement to drive sustainable passenger growth and strengthen airports' roles as key hubs in global travel.

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.

TODAY'S DISCUSSION

Join us to discover:

- Capacity growth trends across the main ASEAN markets and how airlines are adjusting networks for the summer season
- The resilience of the region's aviation sector in the face of disruption, shifting demand patterns, and operational challenges
- Key opportunities for future growth, including emerging routes, evolving travel demand, and areas where airlines and airports can capitalize on expansion

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International capacity slowing due to instability

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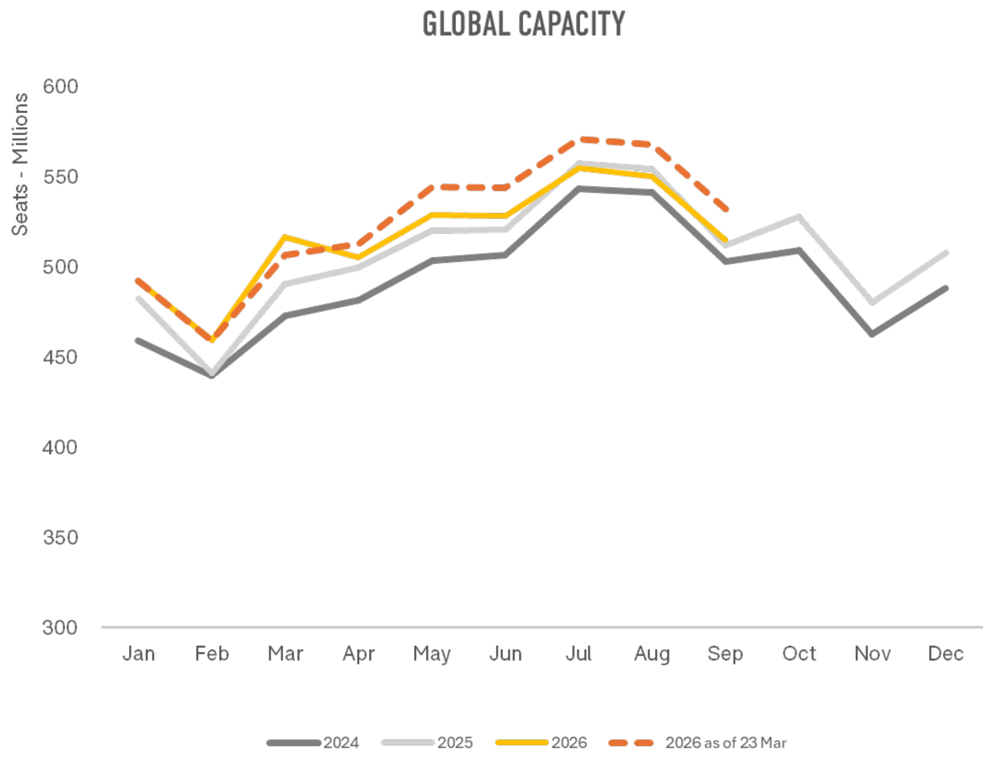

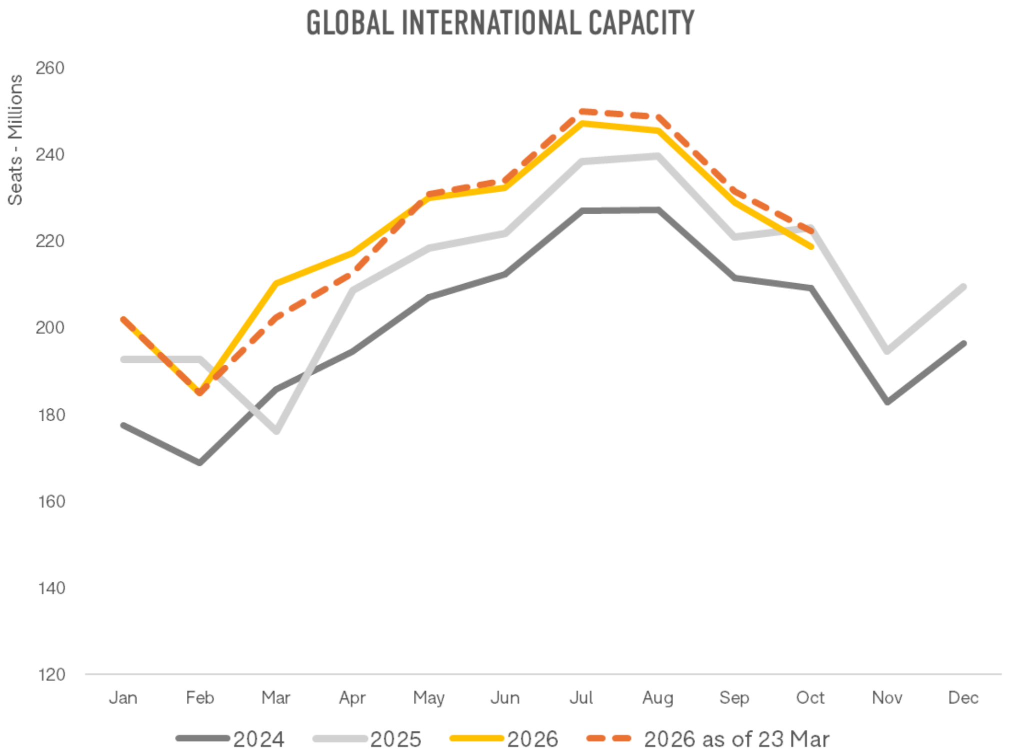

- Global capacity fell by 1.9% in March year on year due to the Israel/US – Iran war
- International capacity sees a sharper fall, down 3.7% in March and 2.2% in April, although the timing of Easter impacts this – last year Easter holidays fell in April, this year they start in March

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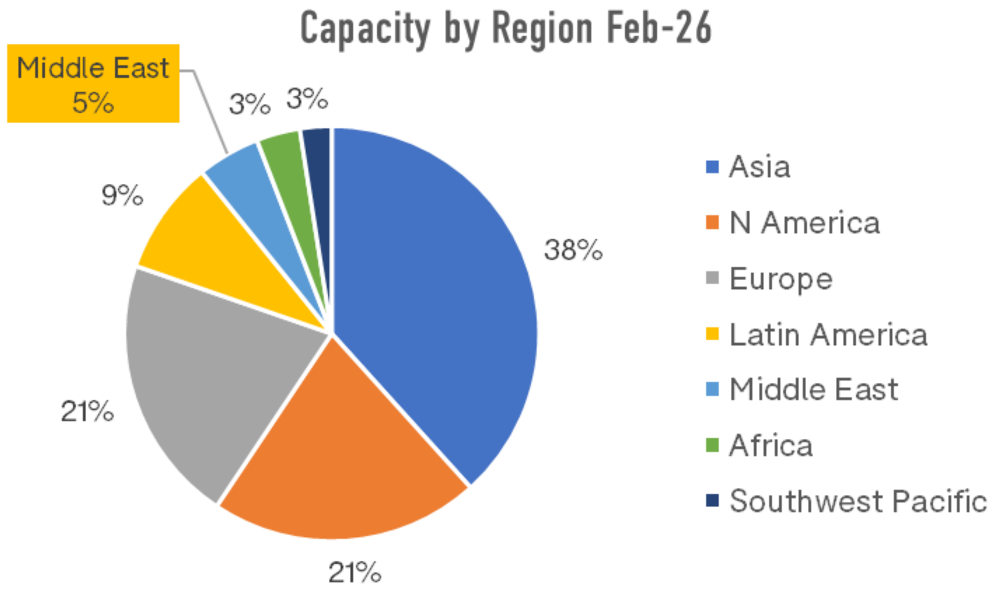
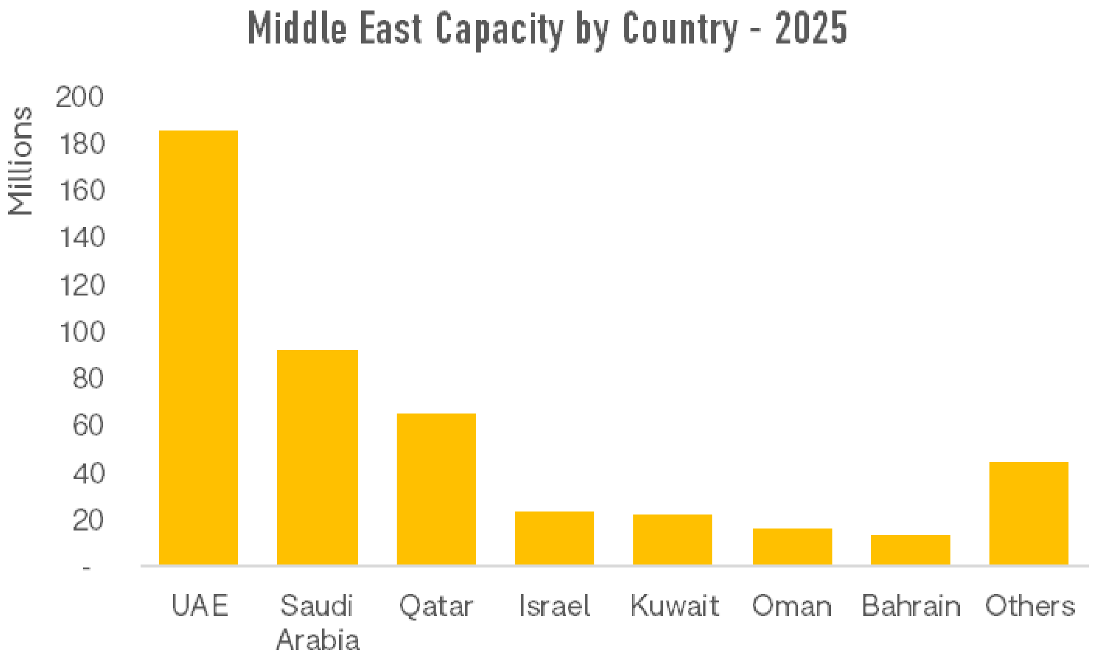
War in the Middle East significantly disrupts air travel

- Significant disruption continues as the major Gulf hubs find their aviation markets restricted due to the Israel/US – Iran war
- Between 28th Feb – 20th March 77,200 flights were scheduled to depart the Middle East, with over 16.3 million seats planned.





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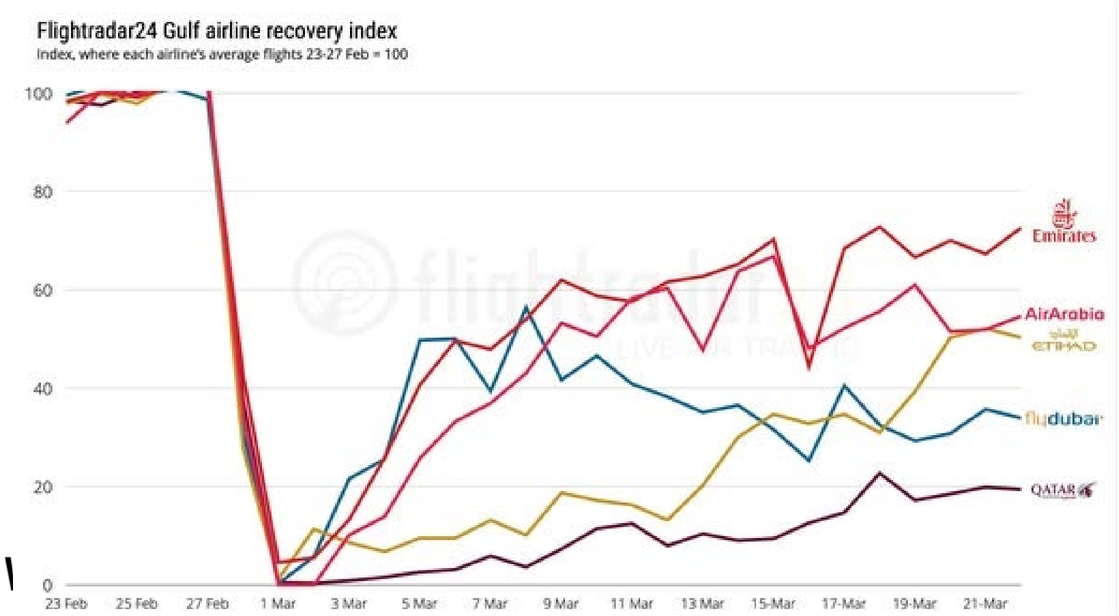
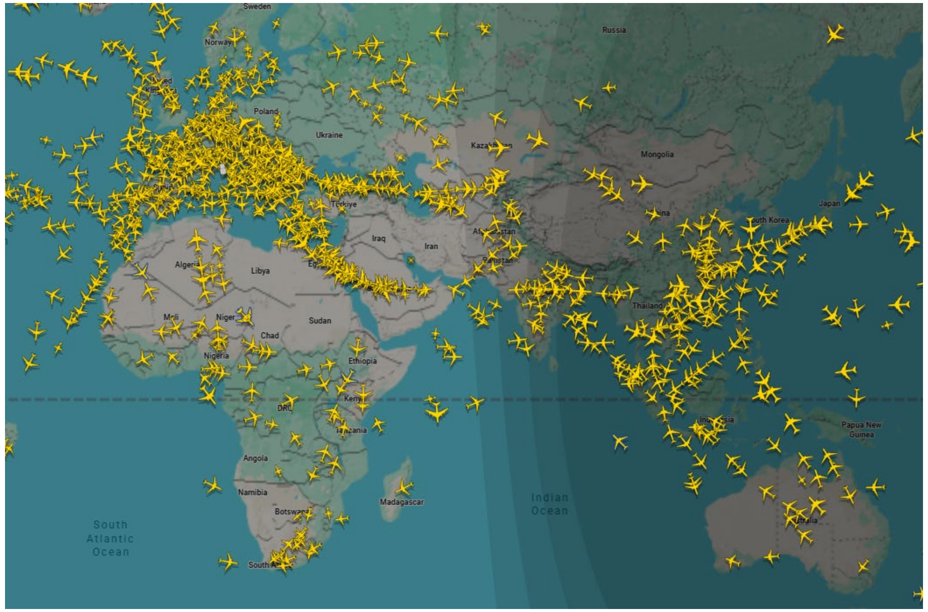
What does all of this mean for the industry?

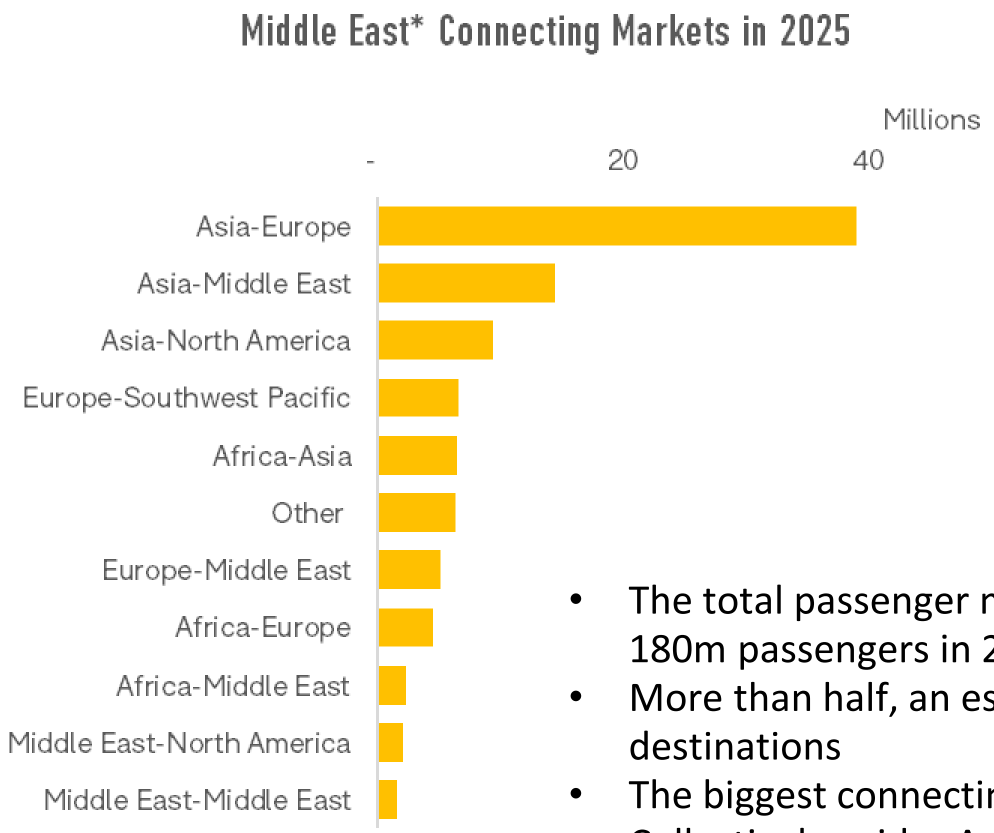
- The major Middle East Airlines are operating, but many international airlines have temporarily withdrawn from the market
- Oil prices remain volatile, and we are starting to see the ripple effect in terms of the impact of the closure of the Straits of Hormuz on the supply of oil and gas with some Asian countries advising shorter working days, and reductions of car usage

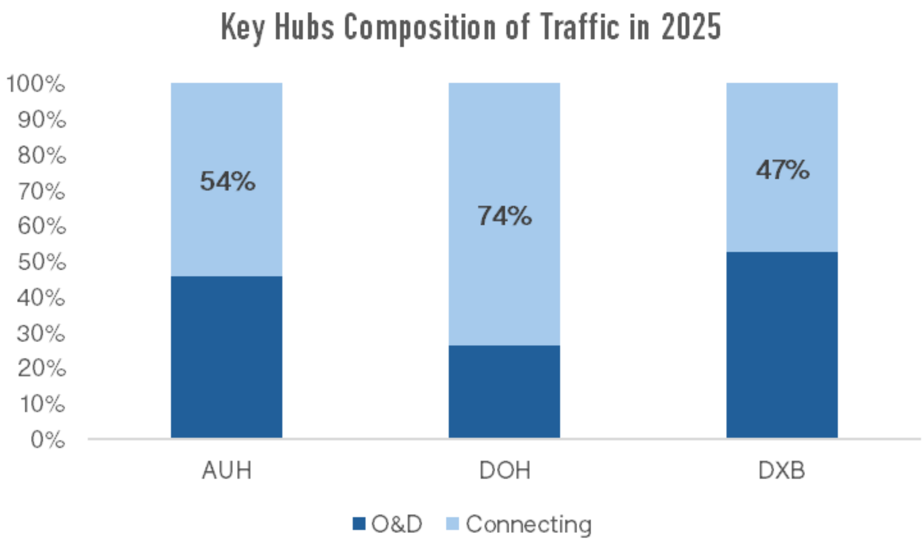




Source: Flightradar 24, Trading Economics

Middle East* connecting flows interrupted





- The total passenger market for three Middle East hubs (DXB, DOH and AUH) was around 180m passengers in 2025.
- More than half, an estimated 98m passengers, connected over these hubs onto other destinations
- The biggest connecting market is Asia – Europe, with almost 40m passengers
- Collectively, wider Asia Pacific regional flows via these Middle East hubs account for 76m connecting passengers

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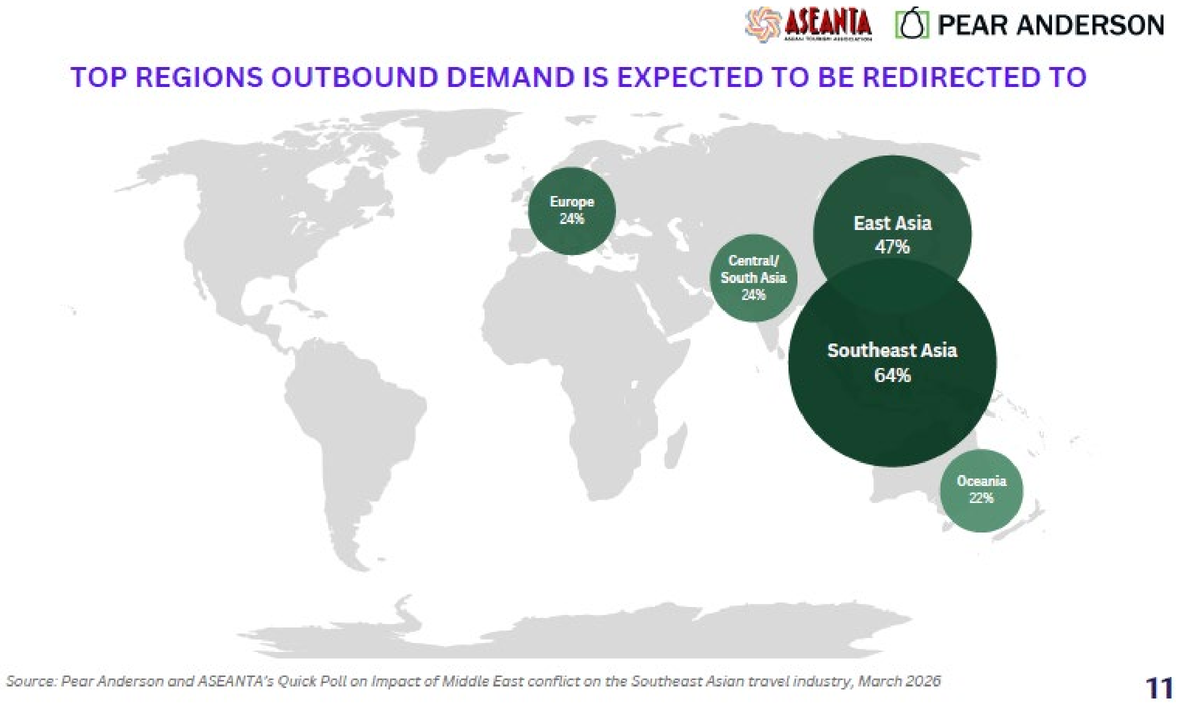
* DXB, DOH and AUH handle approximately 80% of the region's connecting traffic

What does this mean for South East Asia?

A survey conducted by Pear Anderson and the Association of South East Asian Nations Tourism Associations (ASEANTA) which was released yesterday contained a number of key findings:

- Nearly half (48%) of Southeast Asian travel businesses believe that the prospects for their business in Q2 2026 are worse than they had originally anticipated at the start of the year, due to the impact of the Middle East conflict
- Most travel businesses (72%) report at least some postponement or cancellation for travel to the Middle East, with travel to Europe similarly affected (70%), due to the Middle East being a major hub connecting travel between Southeast Asia and Europe
- Cancelled flights, closed airports, and other logistical barriers (46%) are the most common reason for the cancellations and postponements, but decision from clients (40%) was also a deciding factor
- Travel businesses believe that regional travel within Southeast Asia (64%) will be where demand is redirected to following the escalating conflict, with Europe (24%) still a popular choice despite flight disruptions



- Inbound travel to Southeast Asia for March and April is also affected, with travel businesses reporting at least some trips cancelled and/or delayed from the Middle East (62%) and Europe (67%)
- Travel businesses report challenges such as rising fuel prices and flight connectivity disruption - but highlighted the resilience of the tourism industry in times of crisis, and the potential for Southeast Asia to act as an alternative transit hub

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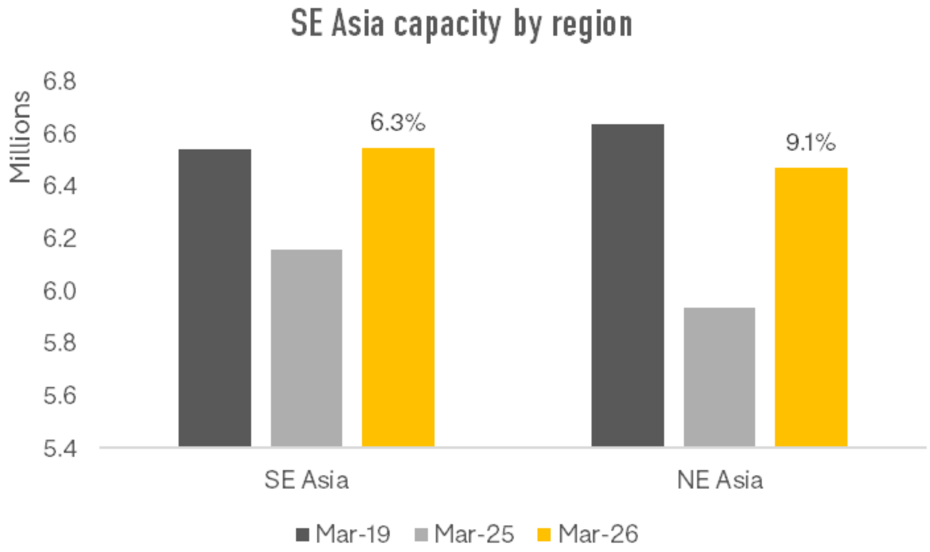
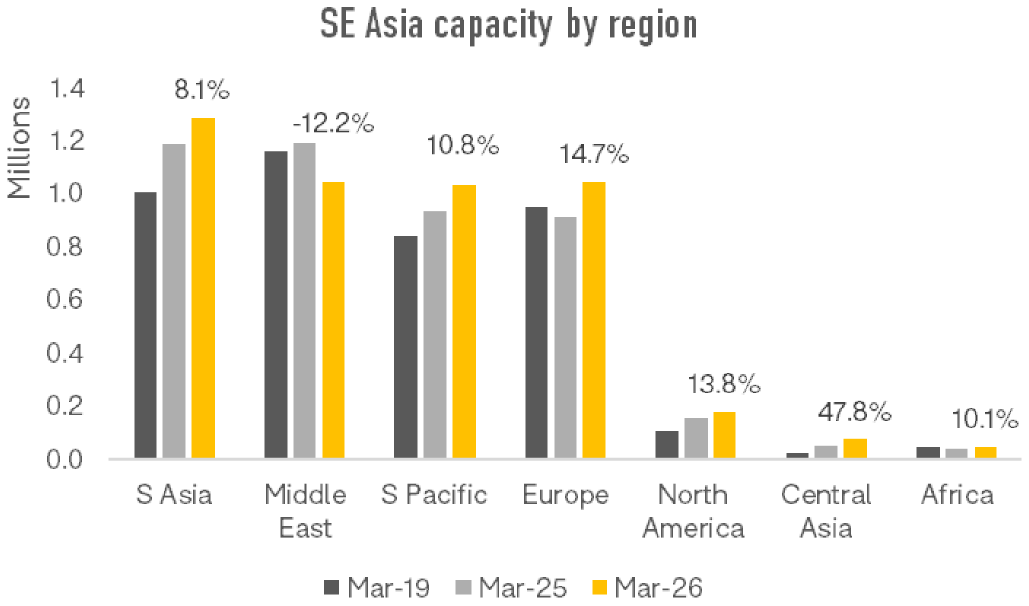
ASEAN Air Capacity showing positive trends this summer





- Two thirds of SE Asia capacity operates within the region, and to NE Asia, both of which have seen strong year on year growth. NE Asia capacity to the region has almost reached the 2019 baseline.
- Looking across other regions, strong growth taking place across almost all, with noticeable increases across South Asia, driven by strong Indian outbound growth, the Southwest Pacific region and Europe.
- Whilst there are short term issues impacting growth, projections for growth in SE Asia are over 5% annually, with the regional air market expected to triple by the 2040s.

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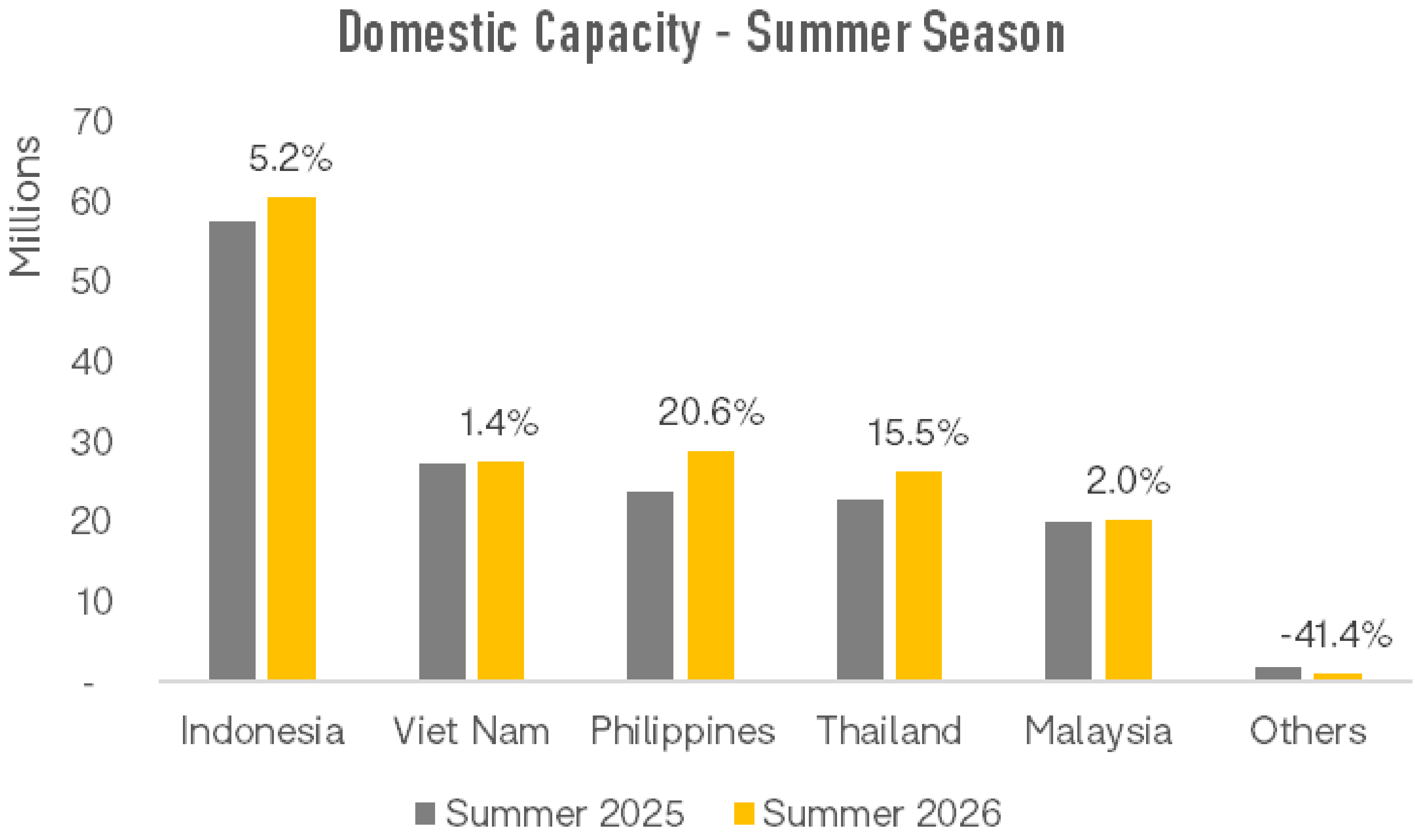
Philippines and Thailand driving domestic growth

- Strong growth taking place across the Philippines and Thai domestic markets. Vietnam lagging although W25 was ahead of W24 by 10.4% so there may still be an uplift once the season gets started
- The largest domestic market, Indonesia has moved into growth this summer, with an increase of 5.2% expected over S25. Over winter, the Indonesian domestic market had been down by 1.6%.
- These five countries account for 99% of domestic capacity in the region



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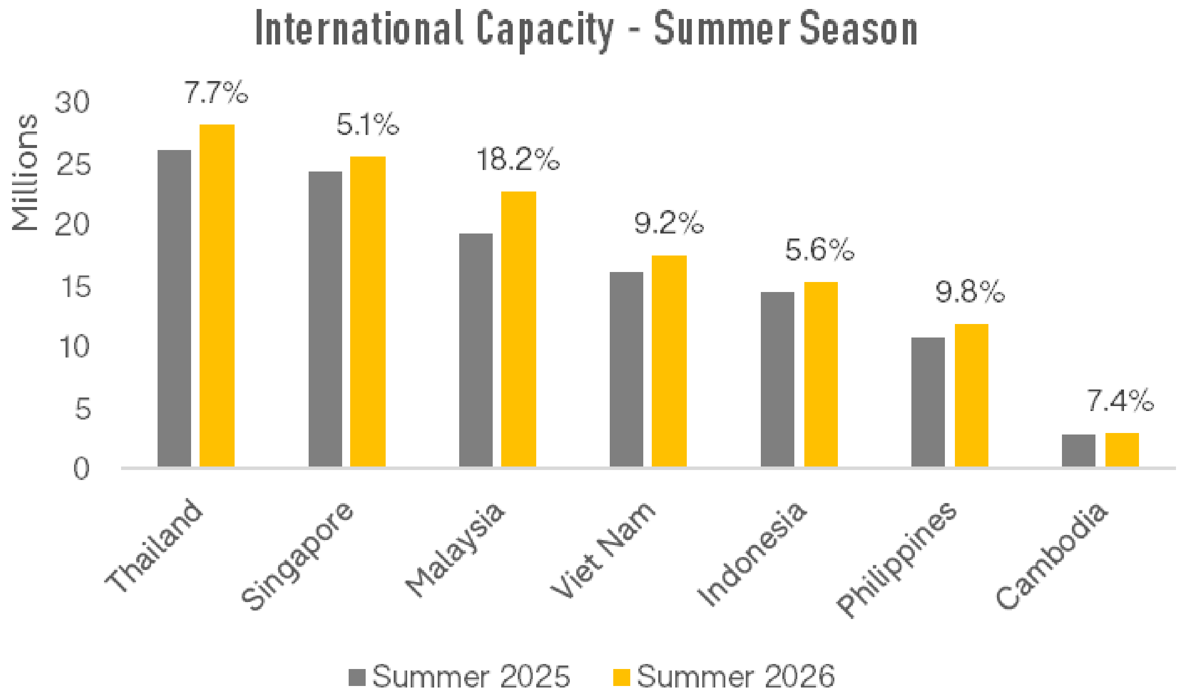
International Growth strong across all ASEAN markets



- Looking internationally, strong growth in capacity is evident across all of the major country markets in the region.
- Leading growth is Malaysia (driven by growth within SE Asia and to NE Asia) at almost 20% year on year, while strong growth also underway in the Philippines, up 9.8% and Vietnam, up 9.2% compared to last summer.
- Thailand is also expected to see things improve this summer, with growth of 7.7% expected, v's just 1.5% over the winter season.

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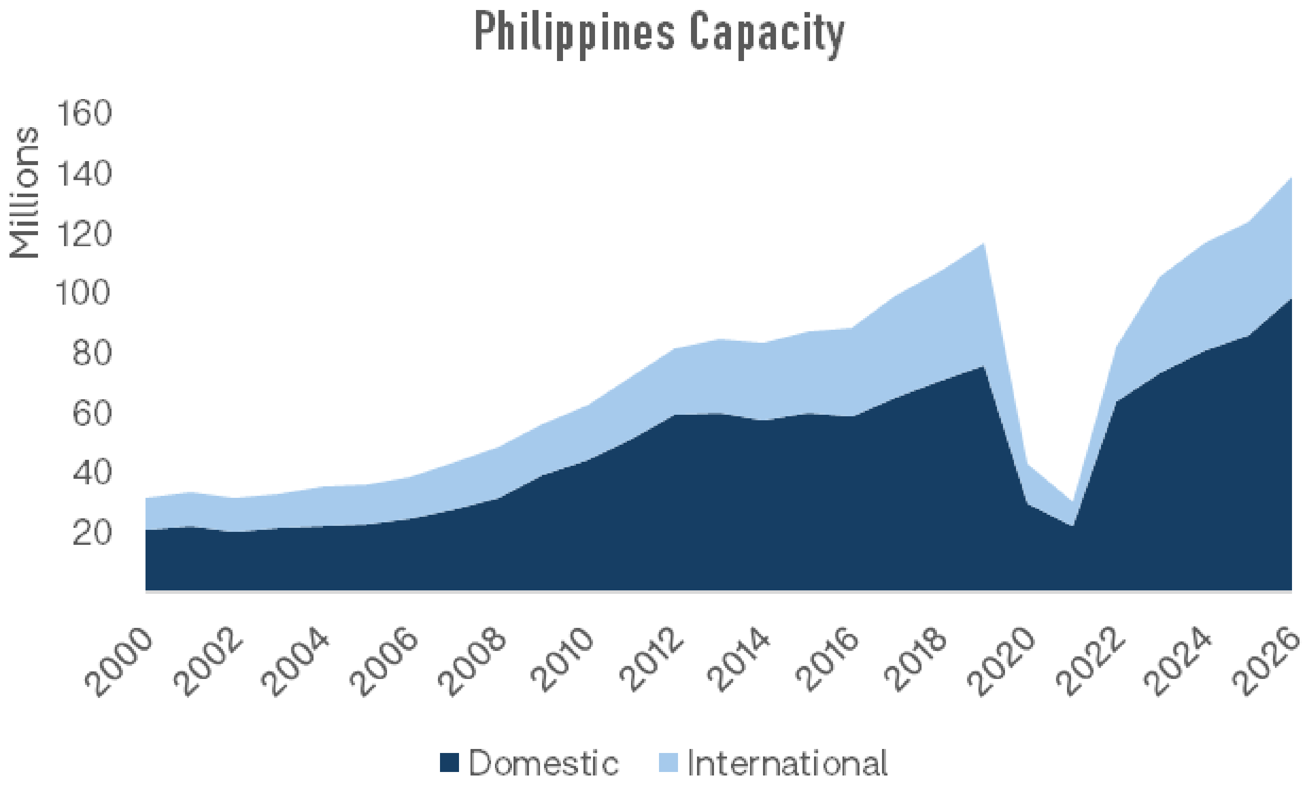
Philippines Air Market shows steady sustained growth

- Since 2000, air capacity in the Philippines has seen strong steady growth of 5.9% each year. Domestic capacity has grown slightly faster than International.
- This levelled off in the period 2014-2016 after rapid LCC expansion in 2012 when LCCs grew their share of the market from 42% to 55% and increased capacity by 53% between 2011-12. This overcapacity as then scaled back and growth was more gradual thereafter.
- By 2018, LCCs dominated with 55% of capacity and by 2026 this is expected reach 61%.
- In 2025, domestic capacity was 30% higher than 2019, while international capacity was just 1% behind



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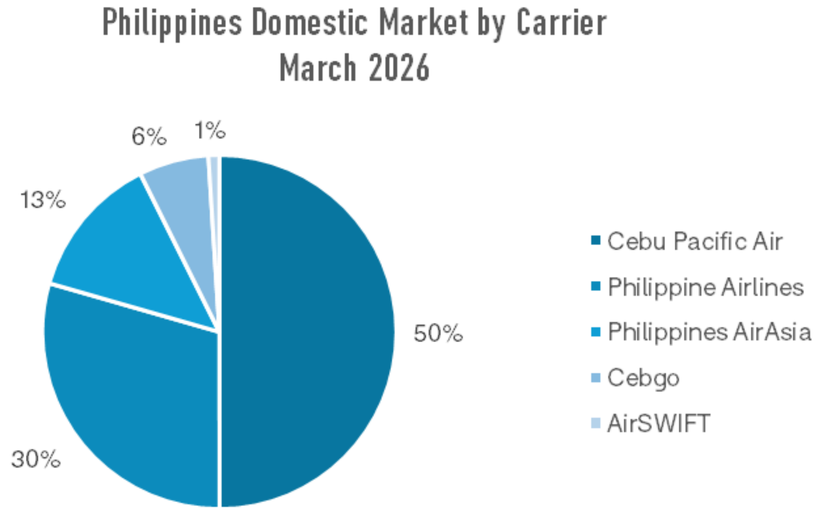
Philippine Domestic market records robust growth

- Cebu Pacific and Philippine Airlines dominate with 80% of the domestic market
- Both carriers are growing fast with Cebu adding 15% capacity year on year and Philippine Airlines by 13%.

- Manila dominates the domestic market, with 38% of all capacity, however Mactan-Cebu is growing faster, with capacity up by 17% this month.



Code	Airport	Mar-19	Mar-25	Mar-26	% Growth 25 vs 26
MNL	Manila	2,238,293	2,801,849	3,090,392	10%
CEB	Cebu	908,623	951,597	1,115,310	17%
DVO	Davao	432,188	452,293	511,120	13%
MPH	Caticlan	156,548	330,964	386,534	17%
ILO	Iloilo	270,328	339,104	328,732	-3%
CGY	Cagayan de Oro	242,432	226,118	269,780	19%
BCD	Bacolod	173,643	226,008	238,372	5%
PPS	Puerto Princesa	204,907	225,620	225,760	0%
TAC	Tacloban	132,414	155,596	199,084	28%
CRK	Angeles/Mabalacat	261,578	138,511	189,772	37%

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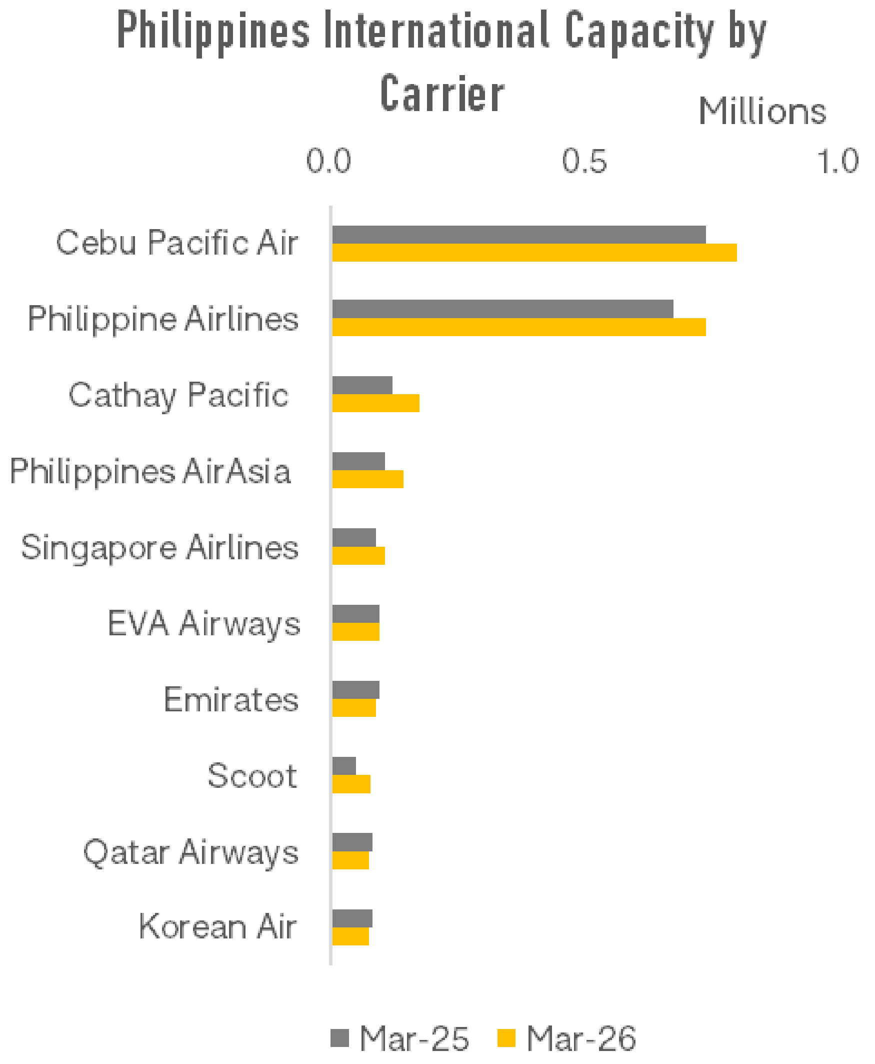
Half of international capacity focused on NE Asia

Top 10 International Country Markets

Rank	Country	Mar-19	Mar-25	Mar-26	% Growth 25 vs 26	2026 as a % of 2019
1	Hong Kong	209,602	179,786	217,702	21%	104%
2	Japan	177,019	204,317	206,306	1%	117%
3	Korea Republic of	275,831	220,417	200,482	-9%	73%
4	Chinese Taipei	120,968	146,675	166,536	14%	138%
5	Singapore	161,663	146,864	147,898	1%	91%
6	Thailand	67,208	85,990	89,757	4%	134%
7	China	162,493	71,238	81,673	15%	50%
8	Viet Nam	23,098	46,145	79,586	72%	345%
9	United Arab Emirates	89,594	95,209	78,545	-18%	88%
10	USA	48,377	60,818	75,310	24%	156%

- 8 of the Top 10 international markets for the Philippines are within Asia, and 5 are within NE Asia. Several of these remain behind 2019 volumes and China is still 50% lower.
- Markets seeing very strong growth include Vietnam, the USA, and Thailand.
- Cebu Pacific and Philippine Airline both recording strong growth this March, up by 8% and 10% respectively



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