

Flying smart,  
thinking big



# Global Market Forecast

2009 - 2028

15th April 2010, Airneth Annual Conference,

Andrew Gordon  
Director Market Analysis



**AIRBUS**



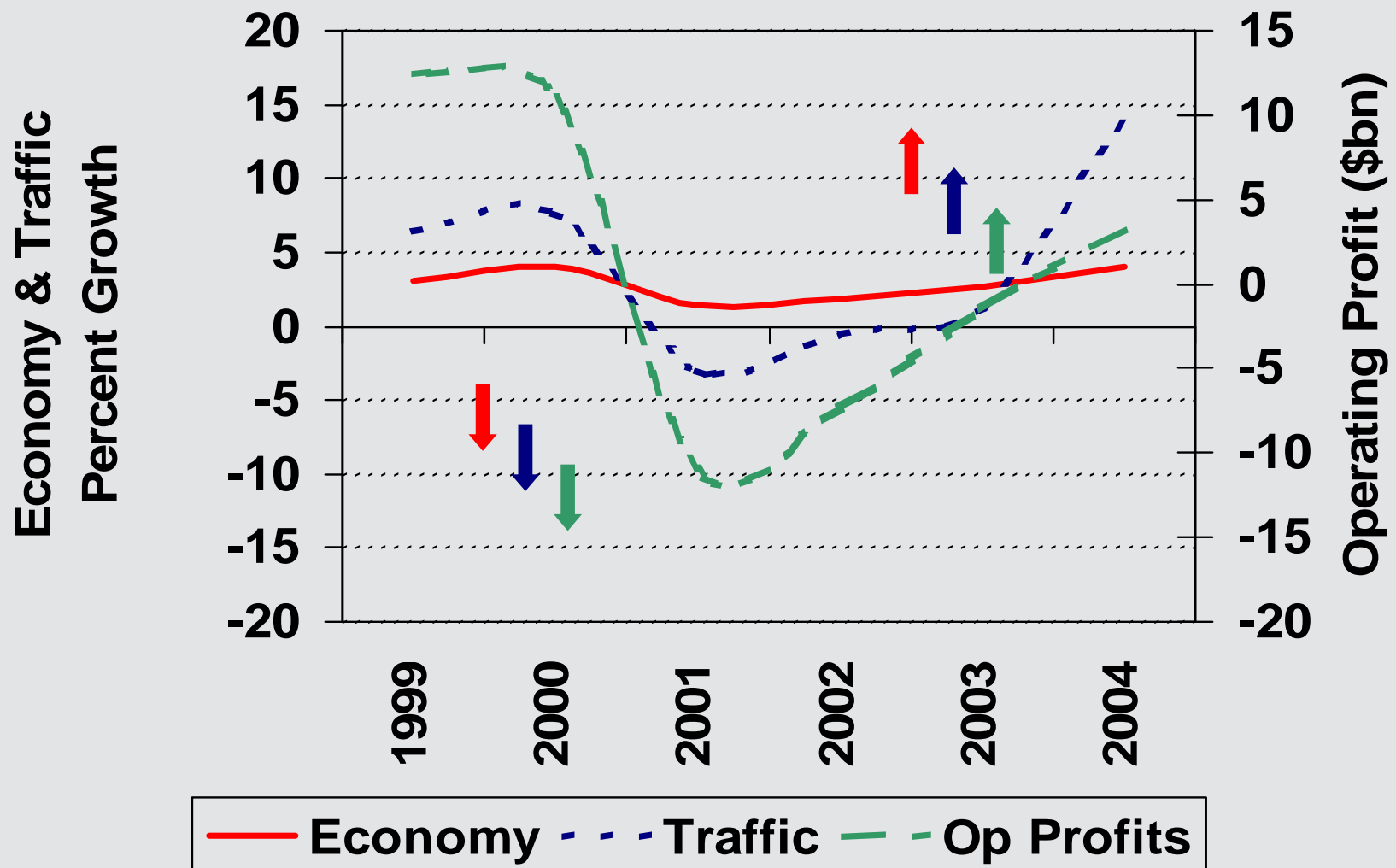
- Where is the industry today?
  - Economy
  - Traffic outlook
- Industry drivers
- Airbus GMF, 2009 – 2028
  - Emerging markets



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# The aviation cycle, several cycles impacting in series

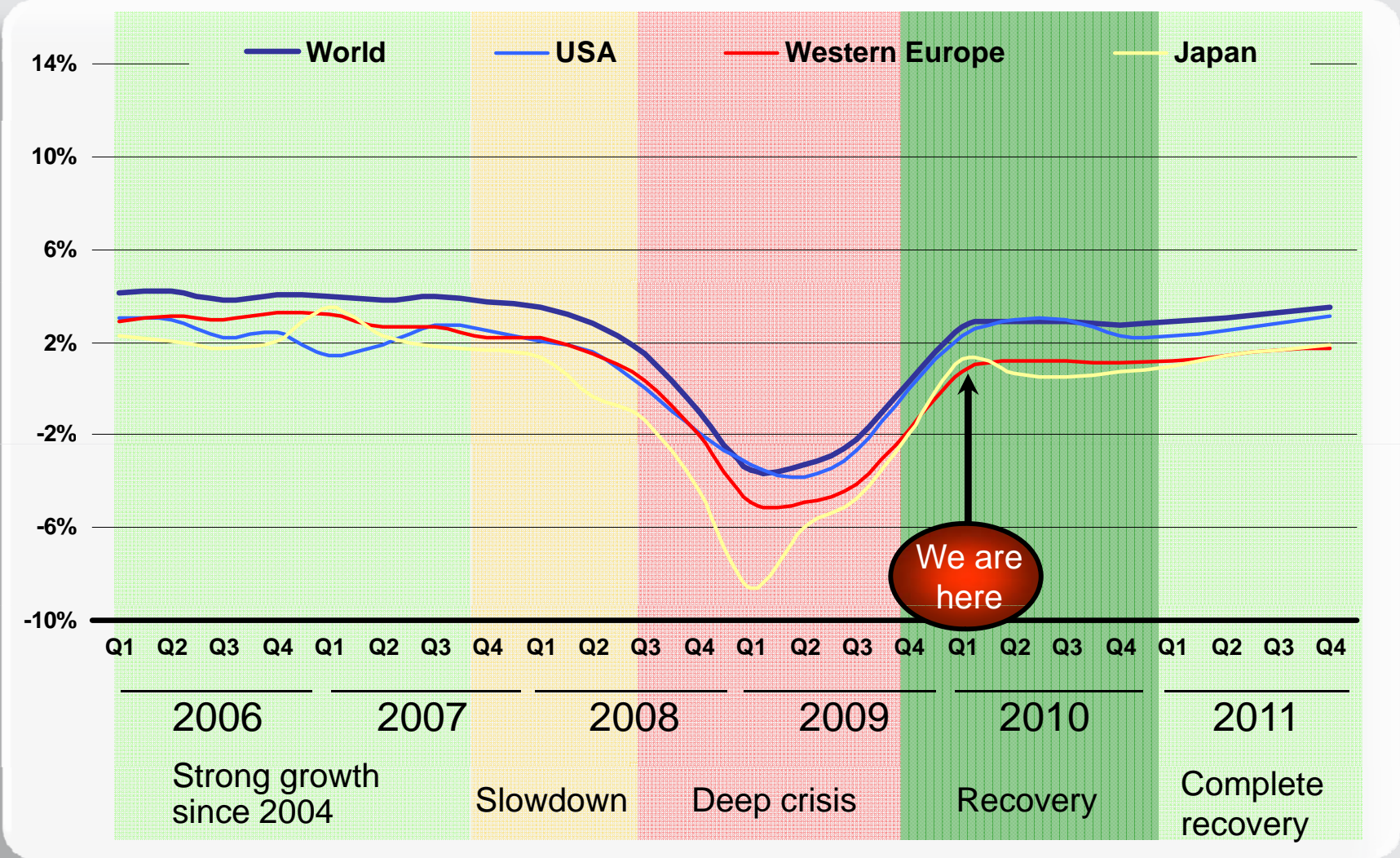
## The last Cycle (s)



Source: Global Insight, ICAO & IATA

# Economists believe recession has bottomed out

Real GDP year-over-year quarterly evolution (%)



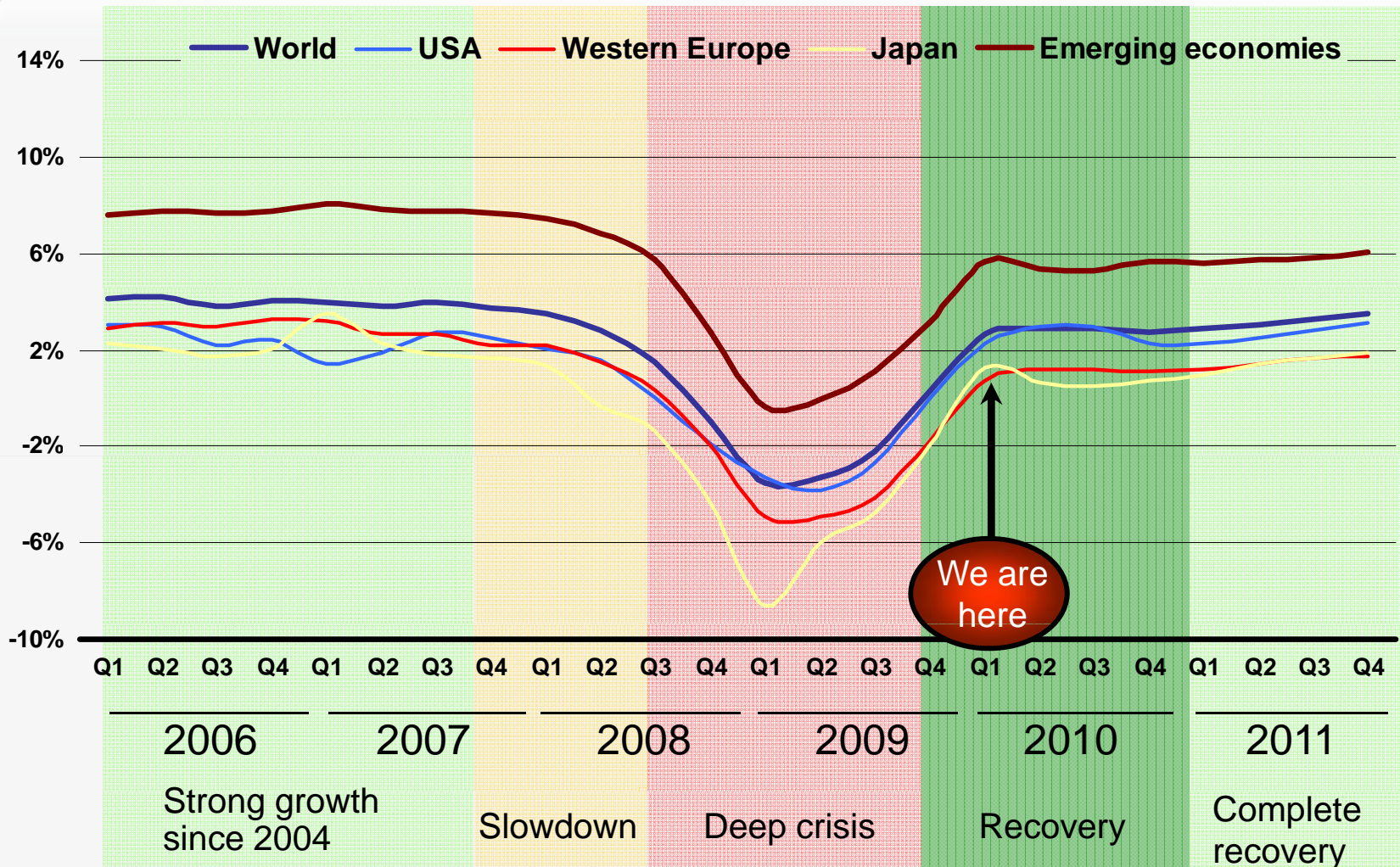
Source: Global Insight (January 2010), Airbus



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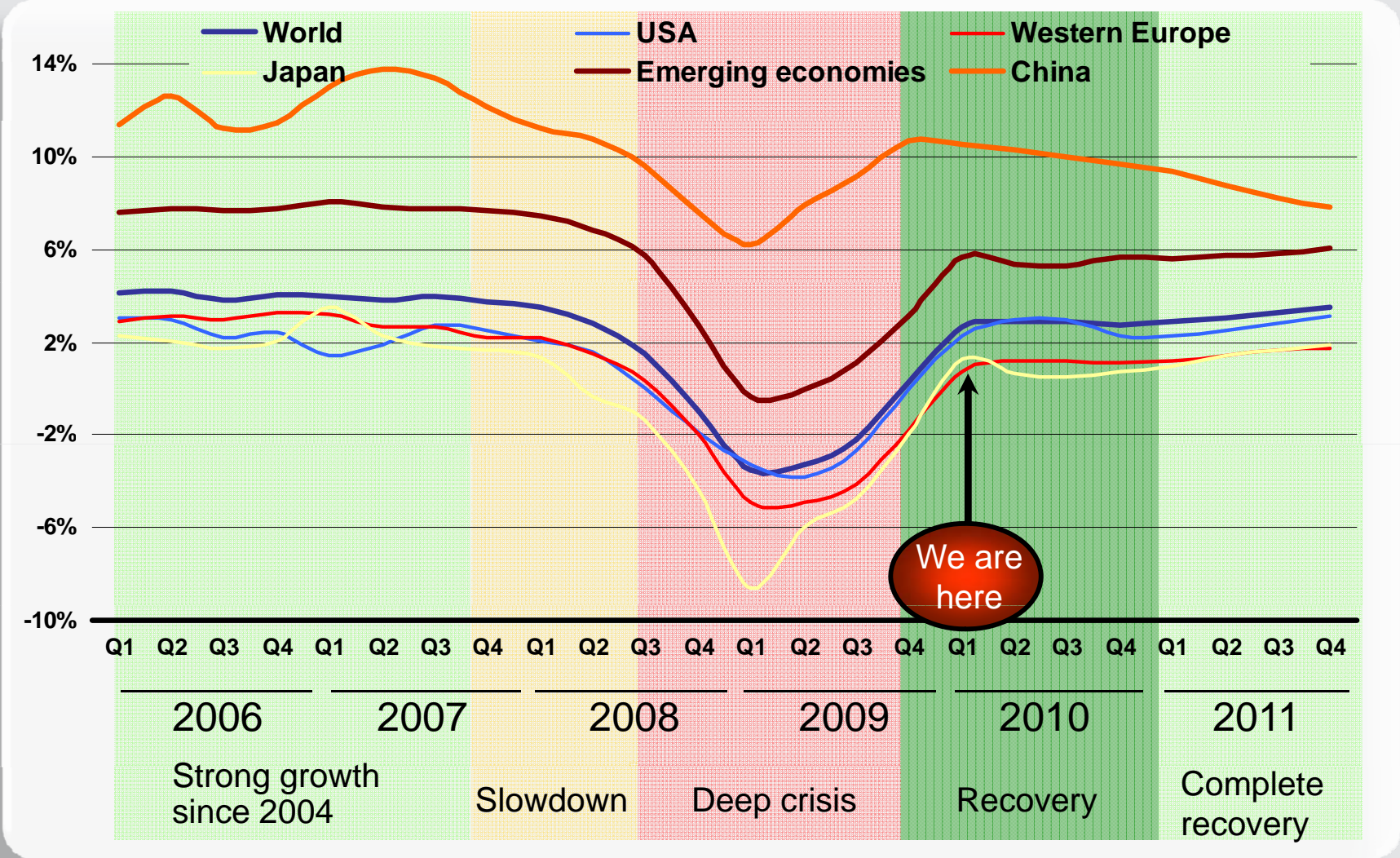
Real GDP year-over-year quarterly evolution (%)



Source: Global Insight (January 2010), Airbus

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Real GDP year-over-year quarterly evolution (%)



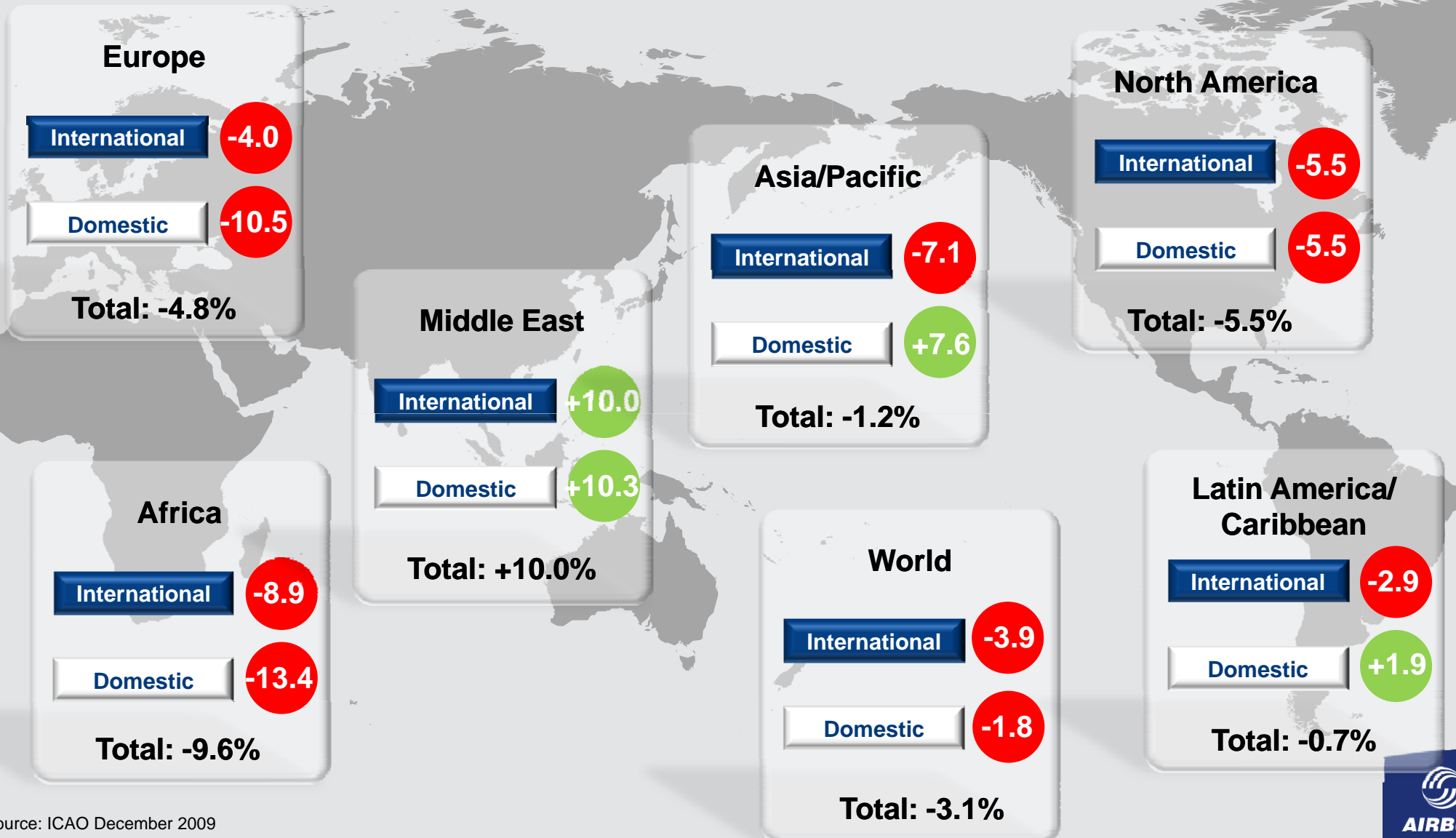
Source: Global Insight (January 2010), Airbus



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# Asia's domestic traffic grew in a difficult year

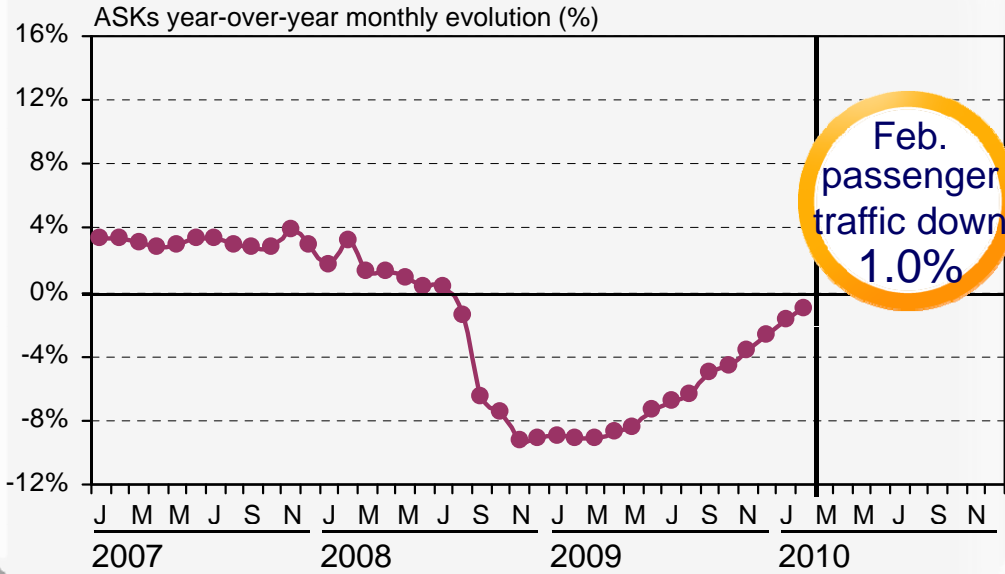
International and domestic traffic growth of RPK per region, 2008 vs. 2009 (%)



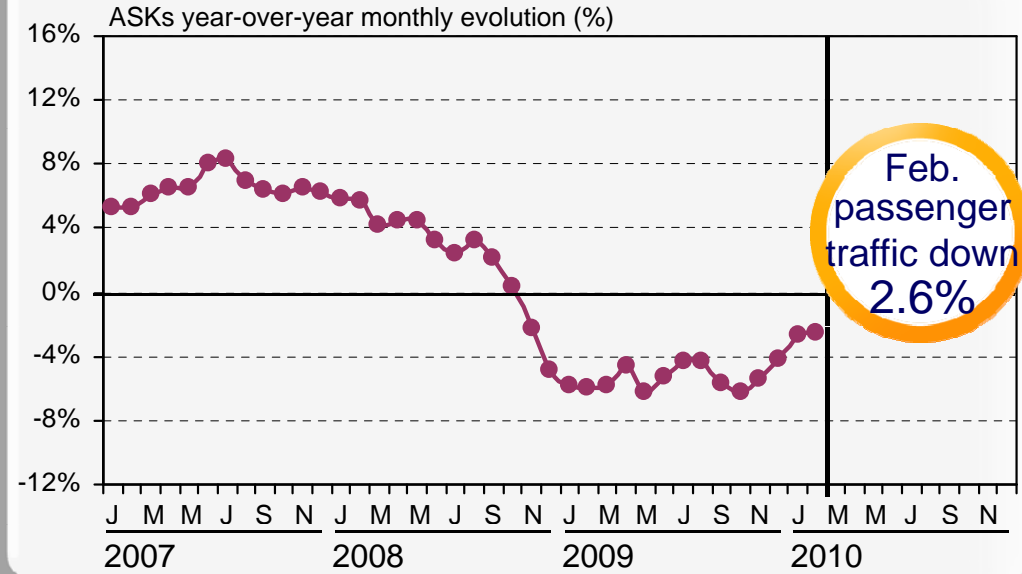


# Emerging markets leading traffic recovery

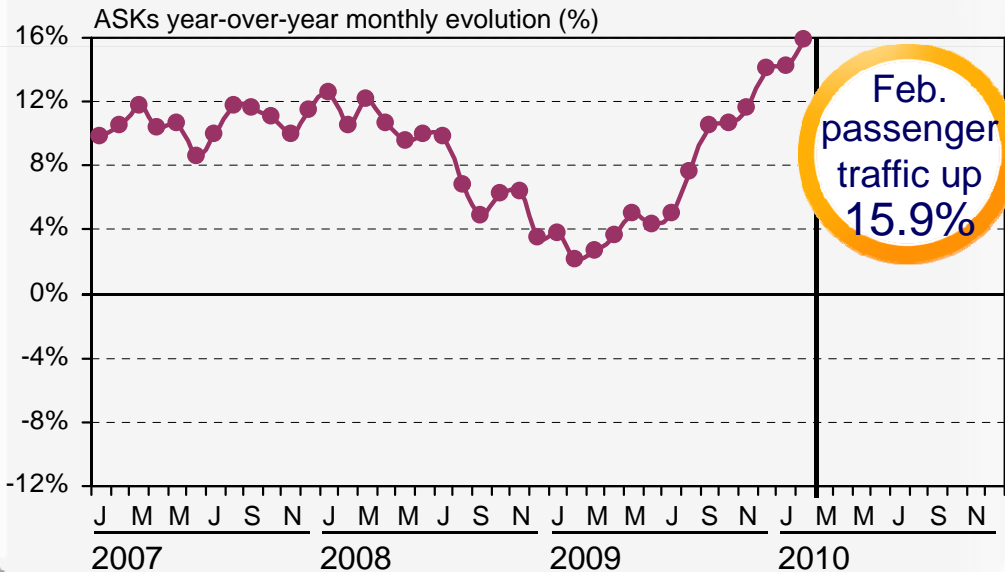
## US AIRLINES



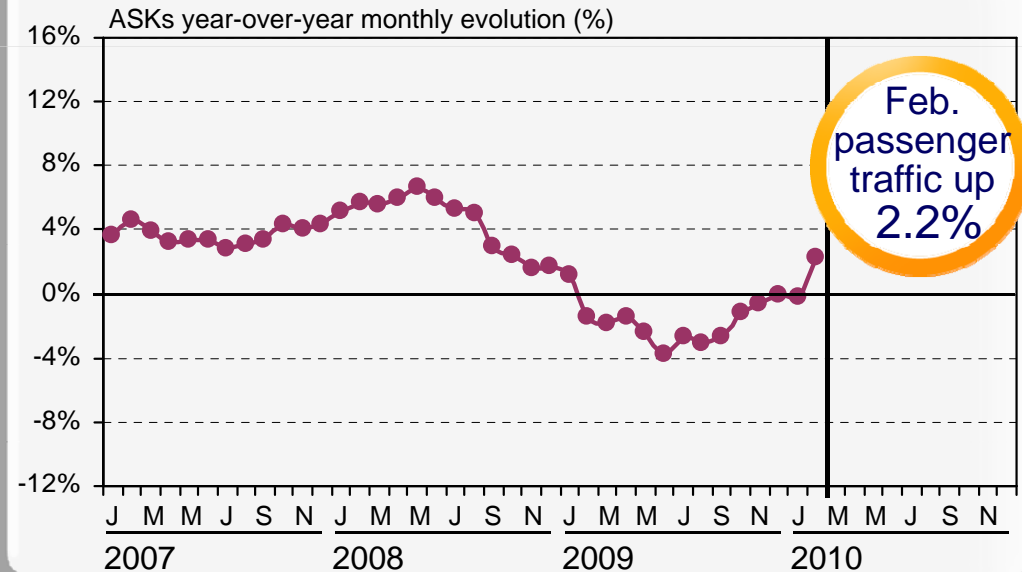
## WESTERN EUROPEAN AIRLINES



## EMERGING ECONOMIES\* AIRLINES



## REST OF WORLD AIRLINES





- Where is the industry today?
  - Economy
  - Traffic outlook
- **Industry drivers**
- Airbus GMF, 2009 – 2028
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# Taking into account key industry drivers

## Economics

- Growth
- Emerging markets
- Cycles



## Passengers

- Ticket price
- Comfort
- Origin and destination
- Connectivity
- Environment

## Demographics

- Population growth
- Age profiles
- Disposable income
- Urbanisation



## Airlines

- Fuel
- Range
- Fleet mix
- Business models
- Legislation/taxation
- Environment

## Networks

- Global cities
- Hubs
- New routes
- Deregulation



## Aircraft

- Seats, Speed, utilisation
- Frequency, load factor
- Range
- Replacement
- Fleet mix
- Environment

# The world of 2028 will be very different from today

## Ranking of countries by real GDP

1988

- 1- US
- 2- Japan
- 3- Germany
- 4- UK
- 5- France
- 6- Italy
- 7- Russia
- 8- Canada
- 9- Spain
- 10- Brazil
- 11- Mexico
- 12- China**

2008

- 1- US
- 2- Japan
- 3- China**
- 4- Germany
- 5- UK
- 6- France
- 7- Italy
- 8- Spain
- 9- Canada
- 10- India**
- 11- Brazil**
- 12- South Korea

2028

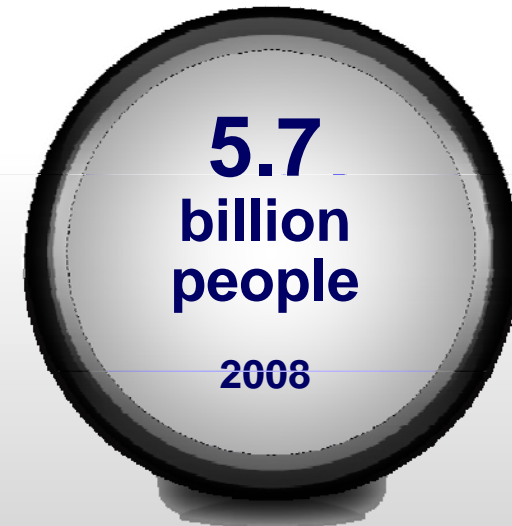
- 1- US
- 2- China**
- 3- Japan
- 4- Germany
- 5- India**
- 6- UK
- 7- France
- 8- Brazil**
- 9- Italy
- 10- Canada
- 11- South Korea
- 12- Russia**

# Air transport is still emerging for 85% of the world

Traffic growth by airline domicile 2009-2014

## Expanding Regions

<b>China</b>	<b>+10.2%</b>
<b>India</b>	<b>+8.8%</b>
<b>Middle East</b>	<b>+7.2%</b>
<b>Asia*</b>	<b>+6.8%</b>
<b>Africa</b>	<b>+6.5%</b>
<b>CIS</b>	<b>+6.2%</b>
<b>Latin America</b>	<b>+5.9%</b>
<b>Eastern Europe</b>	<b>+5.4%</b>



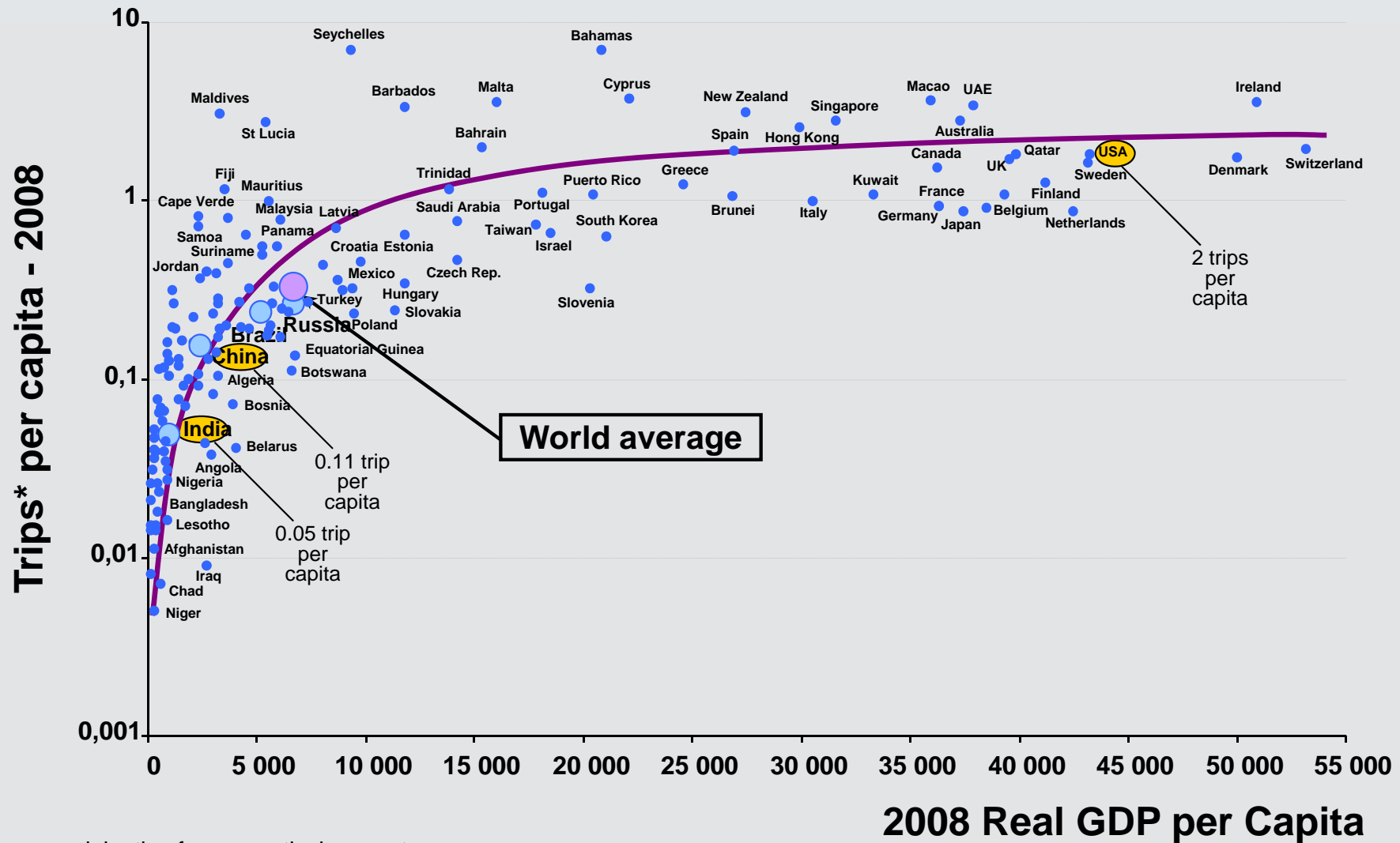
## Developed Regions

<b>Western Europe</b>	<b>+4.2%</b>
<b>North America</b>	<b>+3.5%</b>
<b>Japan</b>	<b>+2.4%</b>



\* Asia excludes India, China and Japan

# Large potential to increase propensity to travel

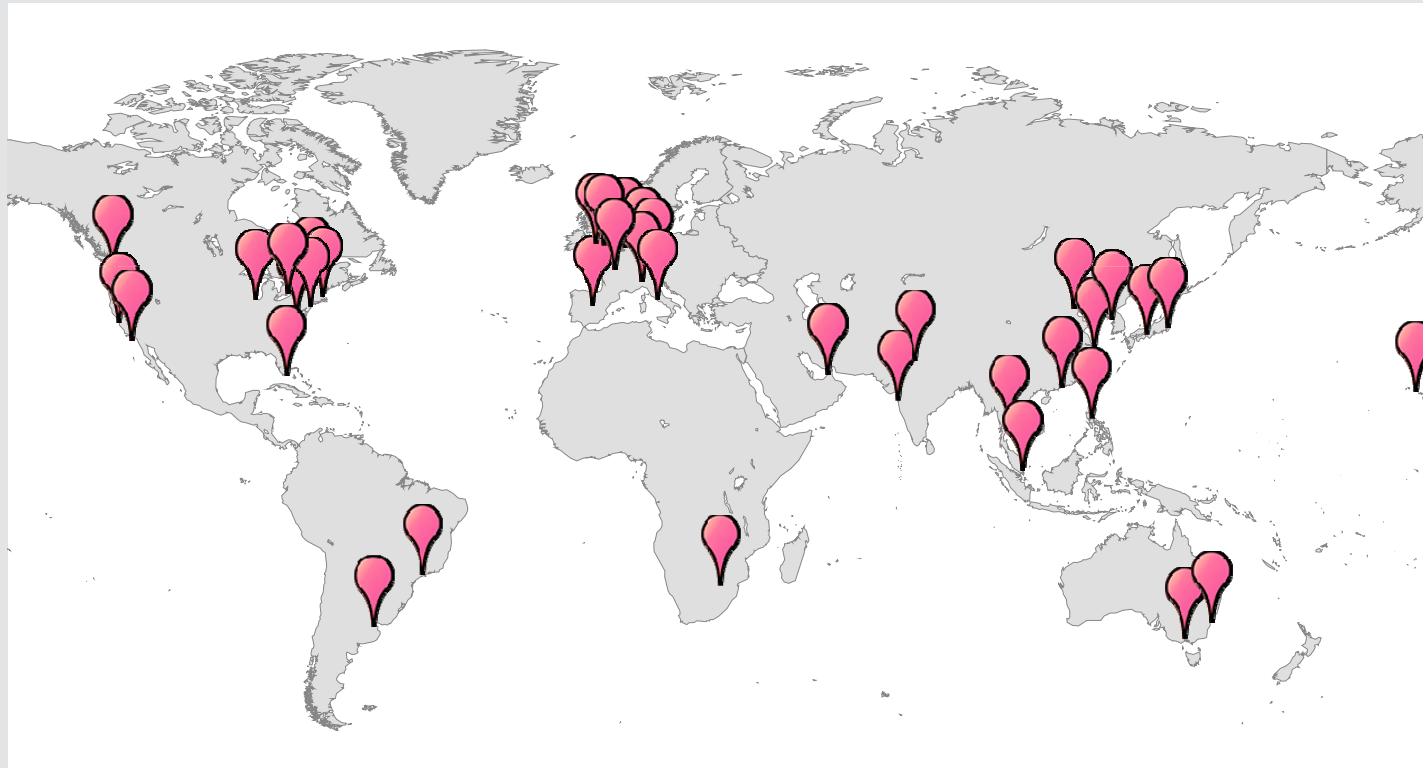



Passengers originating from a particular country  
 Note: GDP in 2005 US\$

Source: IATA PaxIS, Global Insight, Airbus

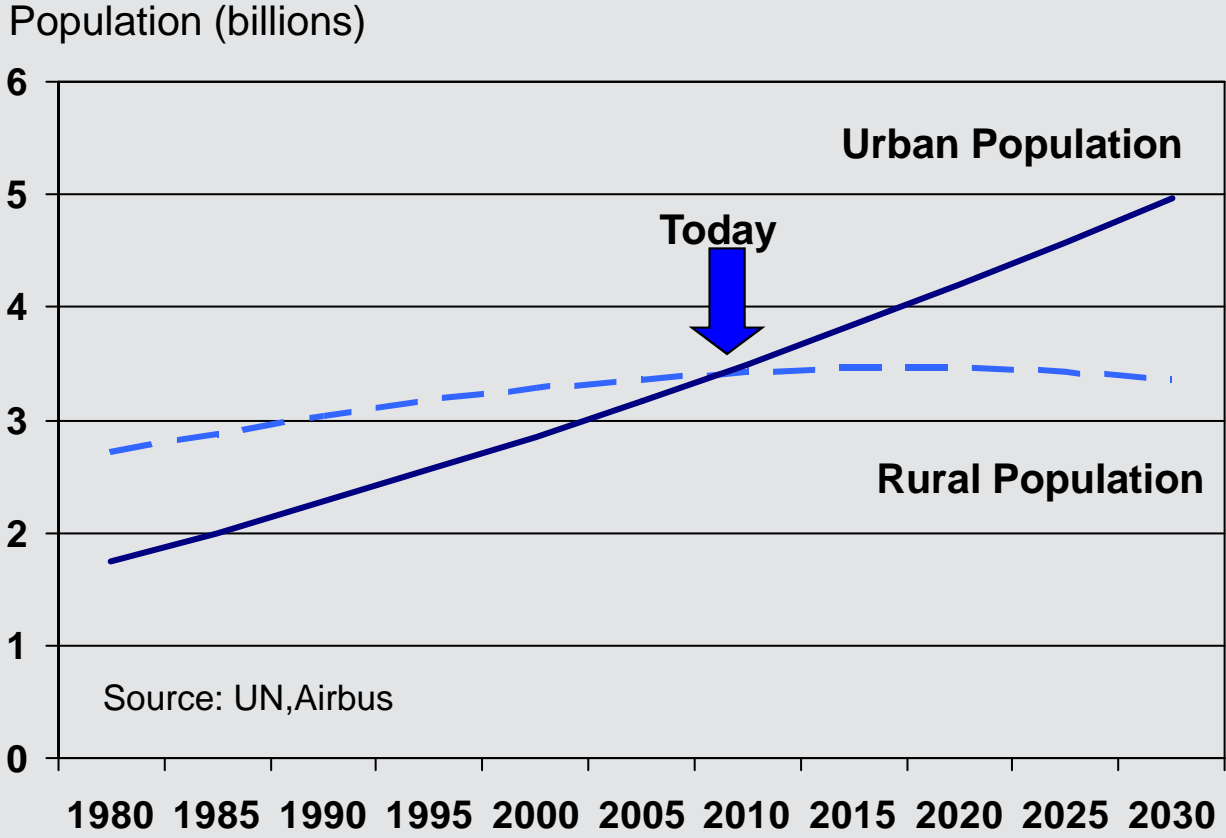
# A network of cities : 92% of the long haul traffic is from and/or to 37 “mega-cities”

## 37 “mega-cities” in terms of international air traffic demand



 Destinations with more than 10 000 daily long haul pax

# Emerging markets driving World urbanisation






# With continuing growth & urbanisation, the number of mega-cities will more than double



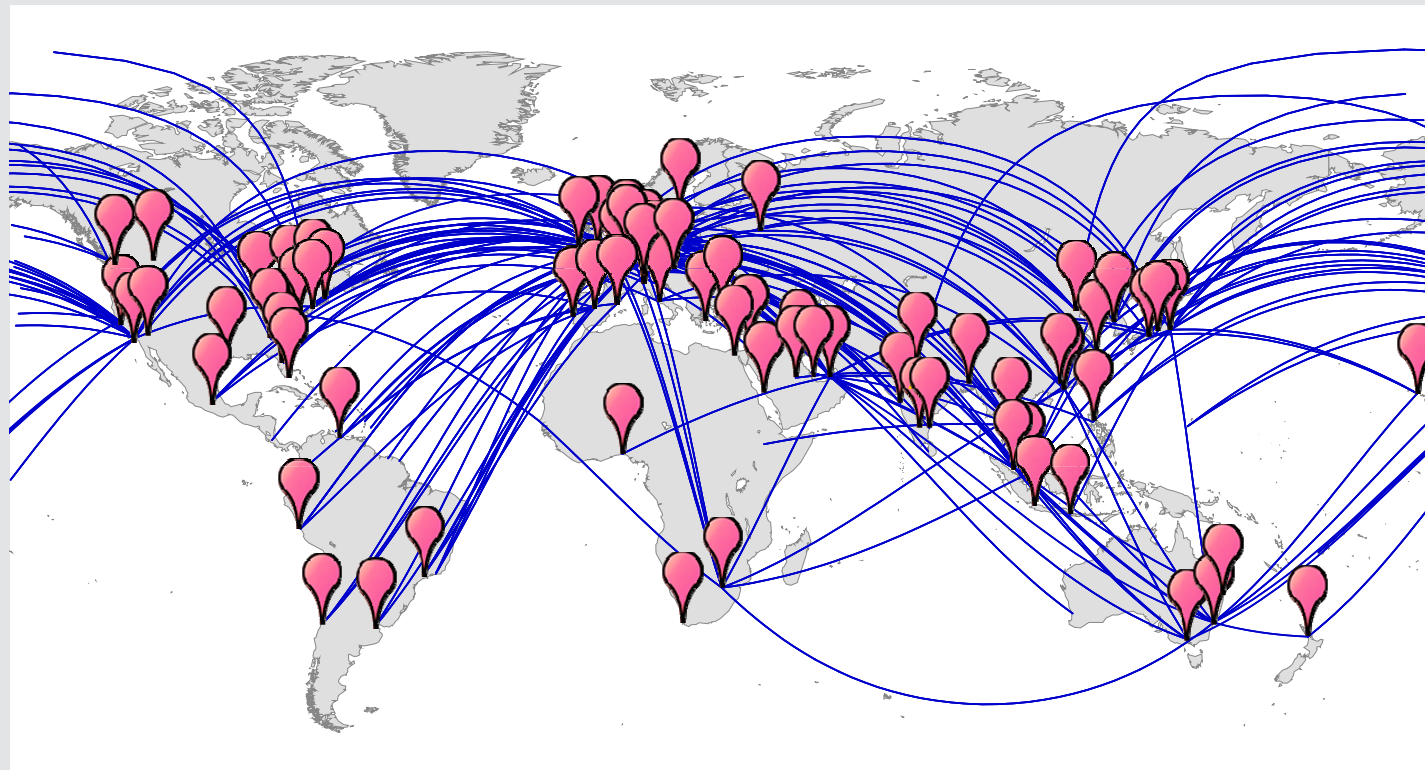
## 82 big cities where long-haul passengers will want to fly between in 20 years




 Destinations with more than 10 000 daily long haul pax

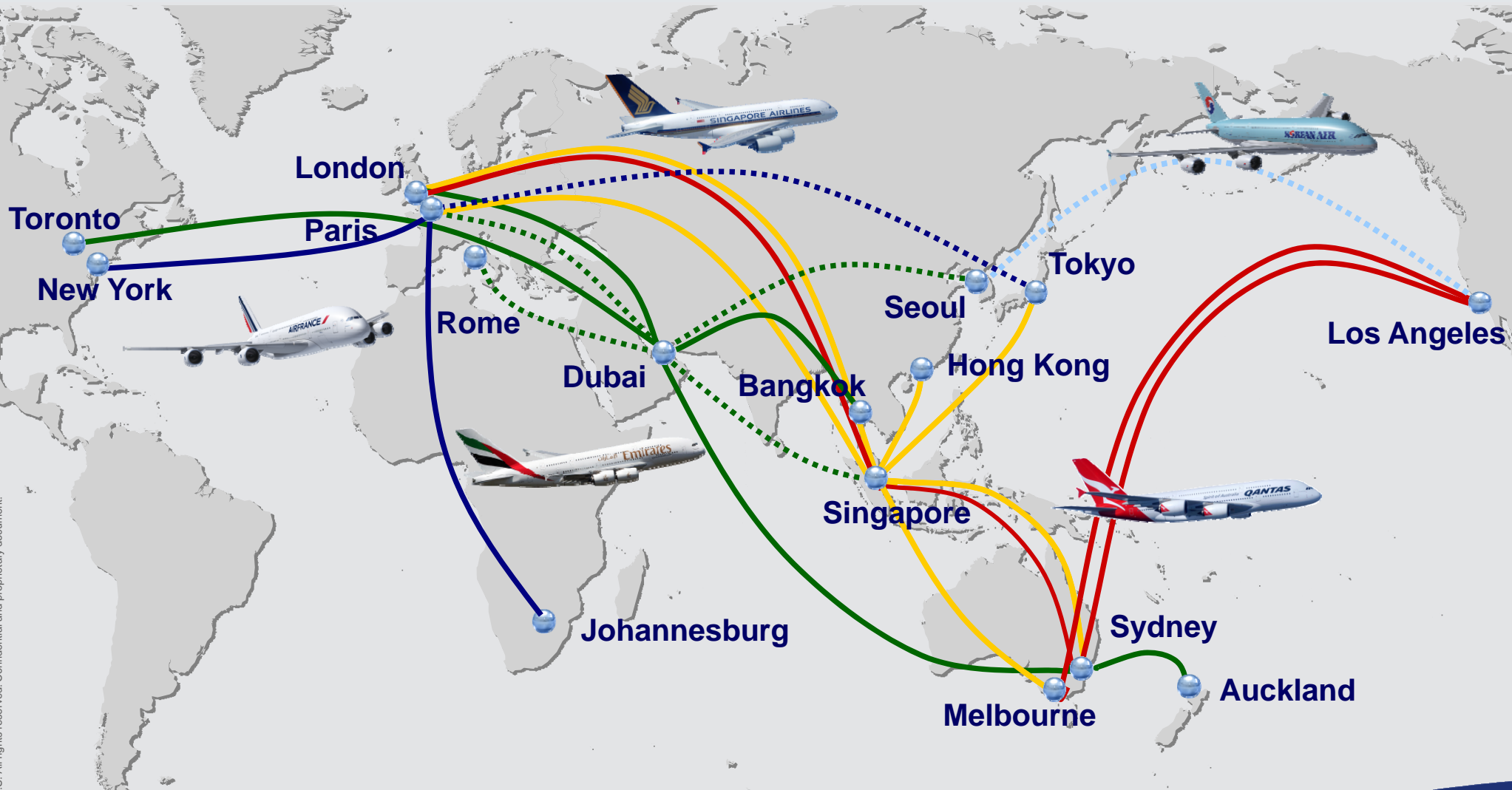
# Growth in the size and number of mega-cities

## Main long-haul VLA routes by 2028



 Destinations with more than 10 000 daily long haul pax

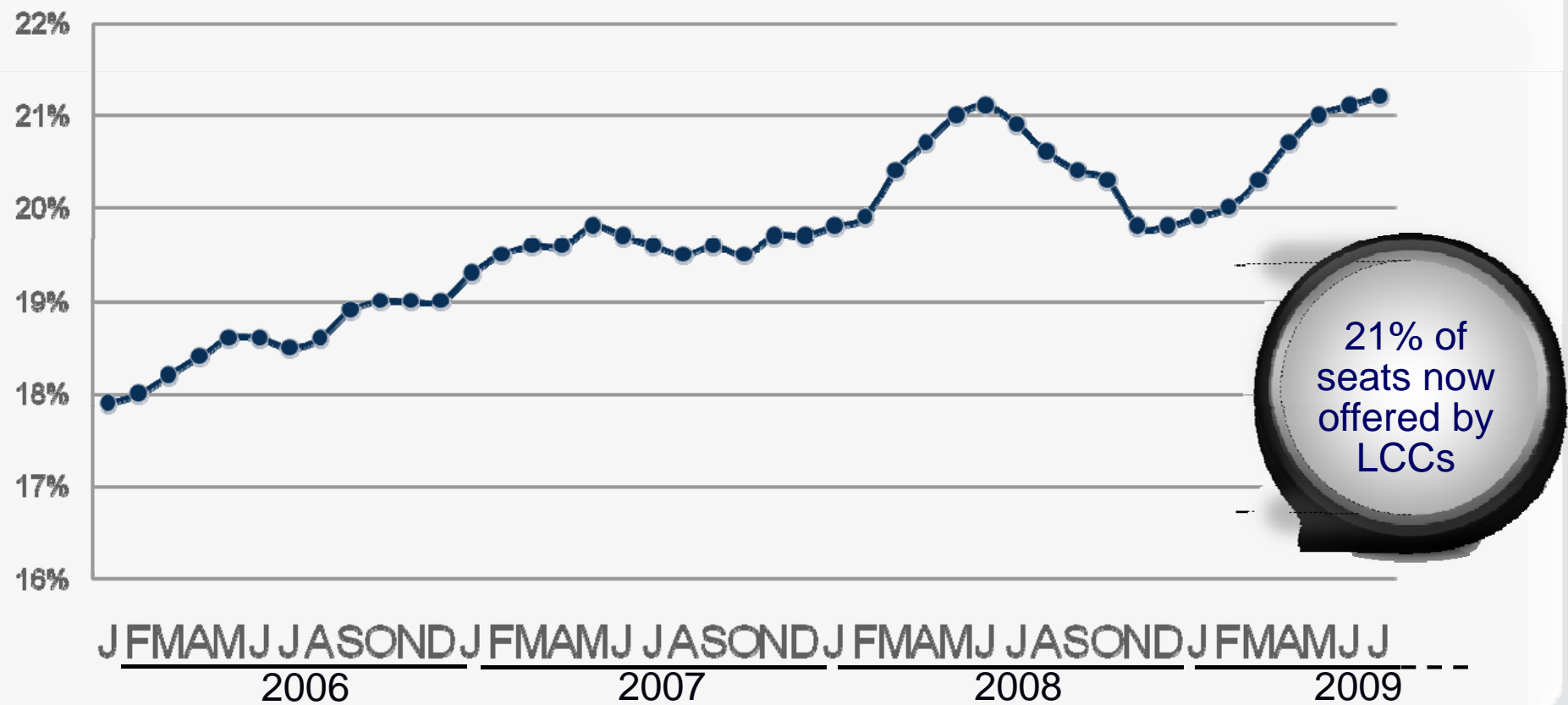
# The A380 network is growing



Additional airline-announced routes for 2010 shown dotted

# Low Cost Airlines have continued to grow

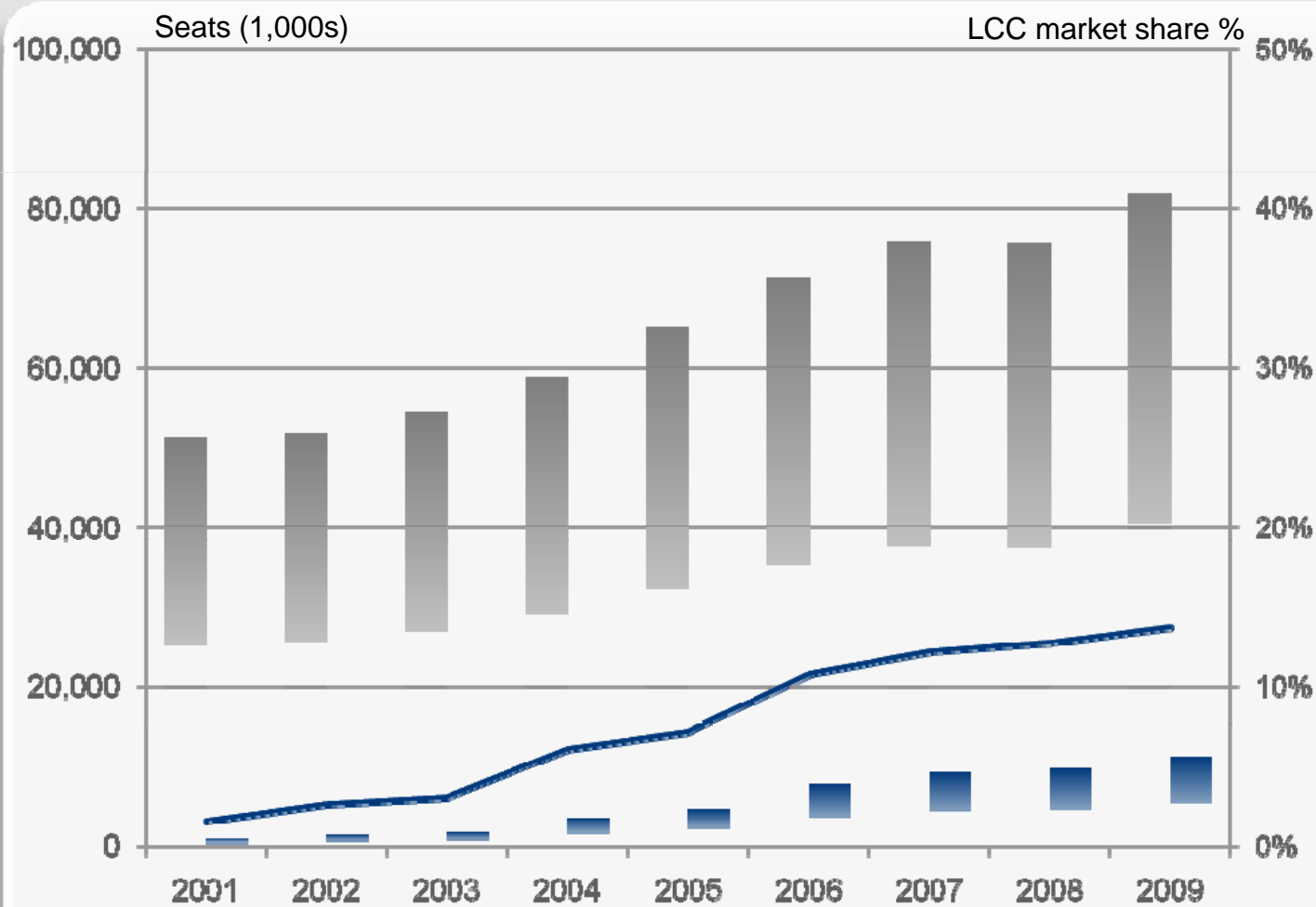
Worldwide LCCs market share (% seats offered)



21% of seats now offered by LCCs

# Low cost traffic as driver of traffic growth

Intra Asian traffic and LCC market share development, 2001 - 2009



Total Intra Asian traffic  
**6%**  
yearly growth\*

LCC traffic  
**38%**  
yearly growth\*

LCC 2009 market share  
**14%**

\* Average annual growth rate

Source: OAG (September traffic), Airbus

# Indian LCC targeting first class and 30% 2<sup>nd</sup> class train passengers



## **MUMBAI-DELHI by rail**



- **1380 km**
- **23 hours**

First class fare: **3373** Rs

Second class fare : **1775** Rs



## **MUMBAI-DELHI by air**



- **1130 km**
- **< 90 minutes flight**

Network fare: **8970** Rs

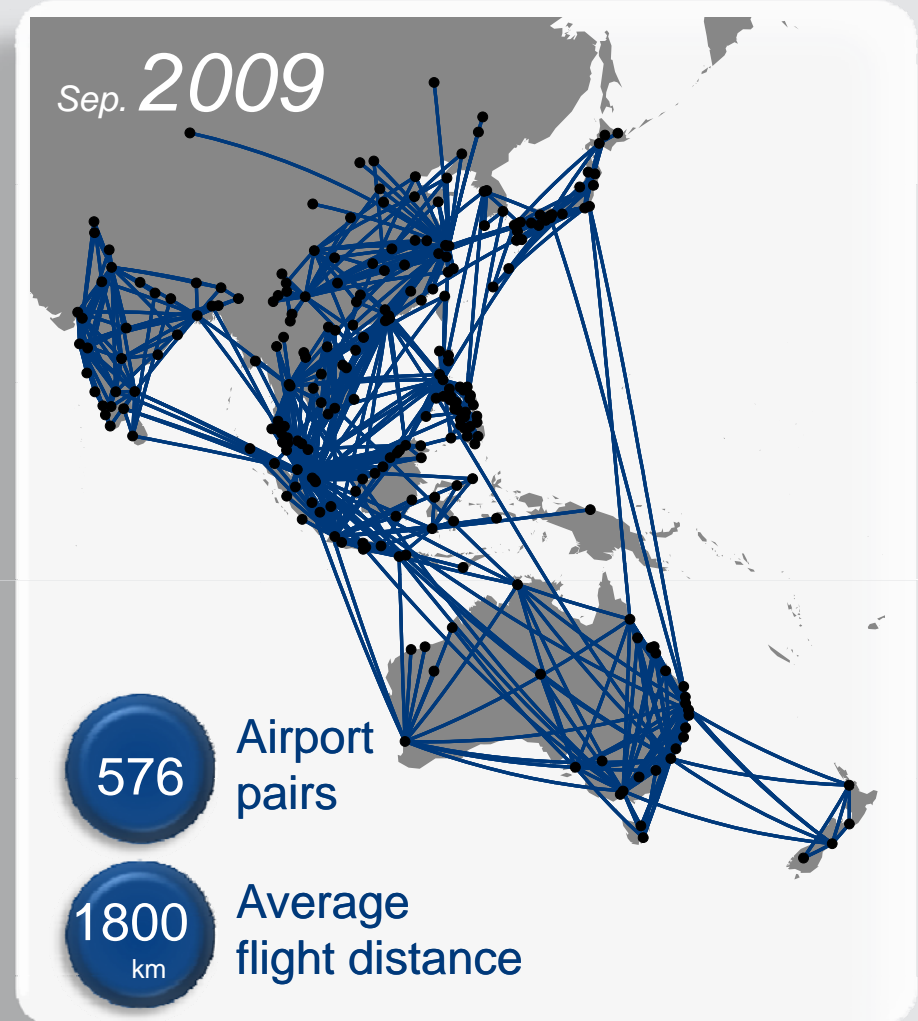
LCC fare : **2000** Rs



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# Low cost carriers spread their wings over Asia

Intra Asian LCC network, 09/2001 vs. 09/2009





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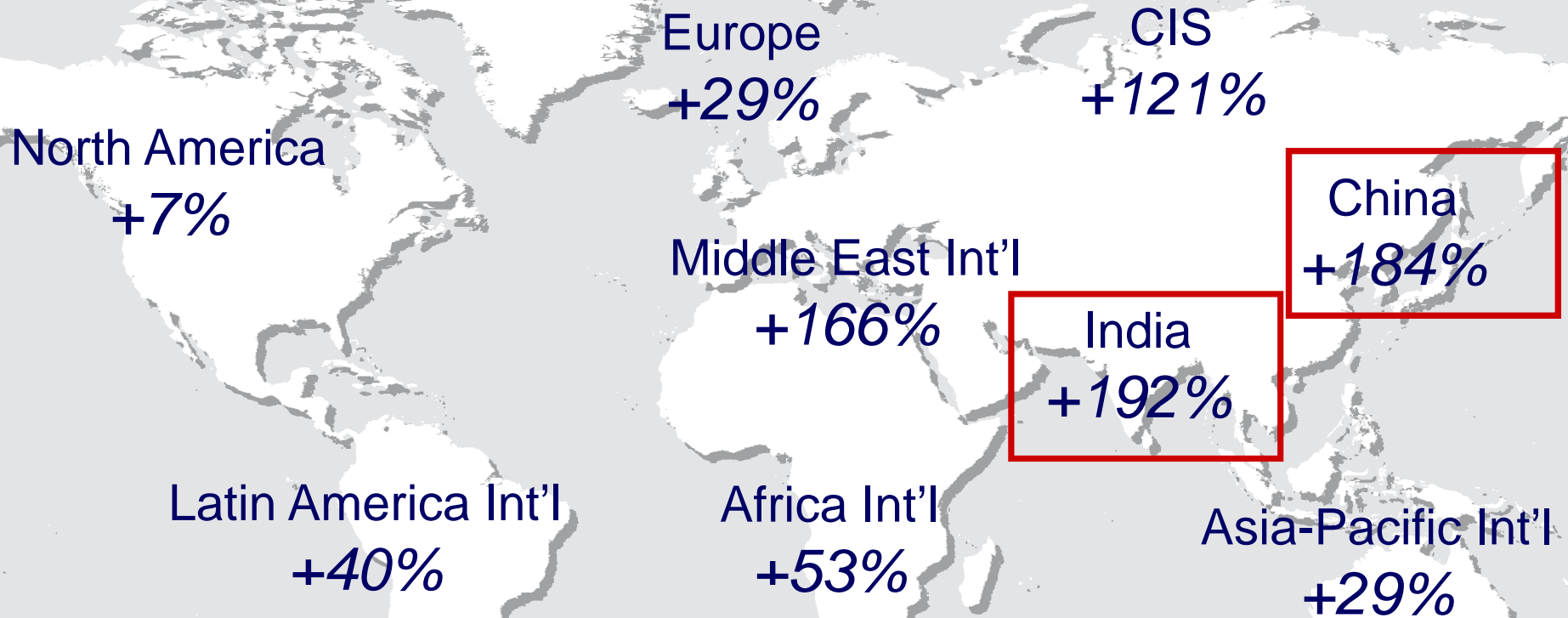
# The Airbus Global Market Forecast (GMF) 2009



- 20 year aircraft demand forecast, **aircraft >19 seats**
- Traffic forecast modeling **156 distinct traffic flows**
- Detailed study of **network evolution** including new routes, markets and deregulation hot spots
- Model the impact of **evolving airline models** e.g. Low cost carriers
- Fleet build-ups covering **>750 passenger airlines, 190 freight carriers**
- Available as a book, interactive pdf and on the web.

# Today's passenger traffic 38% above 2000 level

RPK growth: 2008 vs. 2000

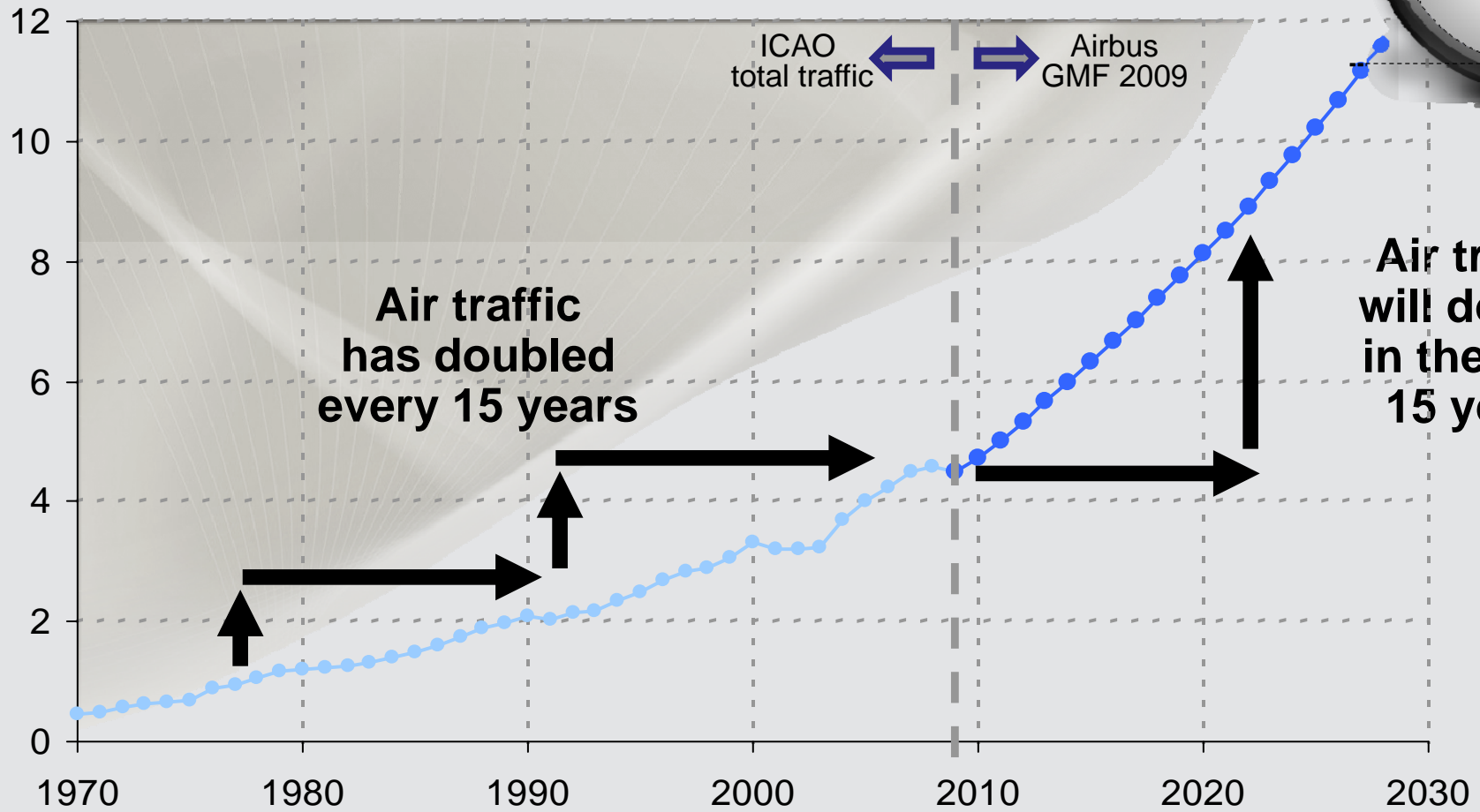


Source: ATA (North America), AEA (Europe), AAPA Int'l (Asia-Pacific), IATA Gabi (Latin America, Africa & Middle East), CAAC (China)

# Air travel remains a growth market

20-year world annual traffic growth  
**4.7%**

World annual traffic  
(RPKs - trillions)



**Air traffic has doubled every 15 years**

**Air traffic will double in the next 15 years**

ICAO total traffic

Airbus GMF 2009

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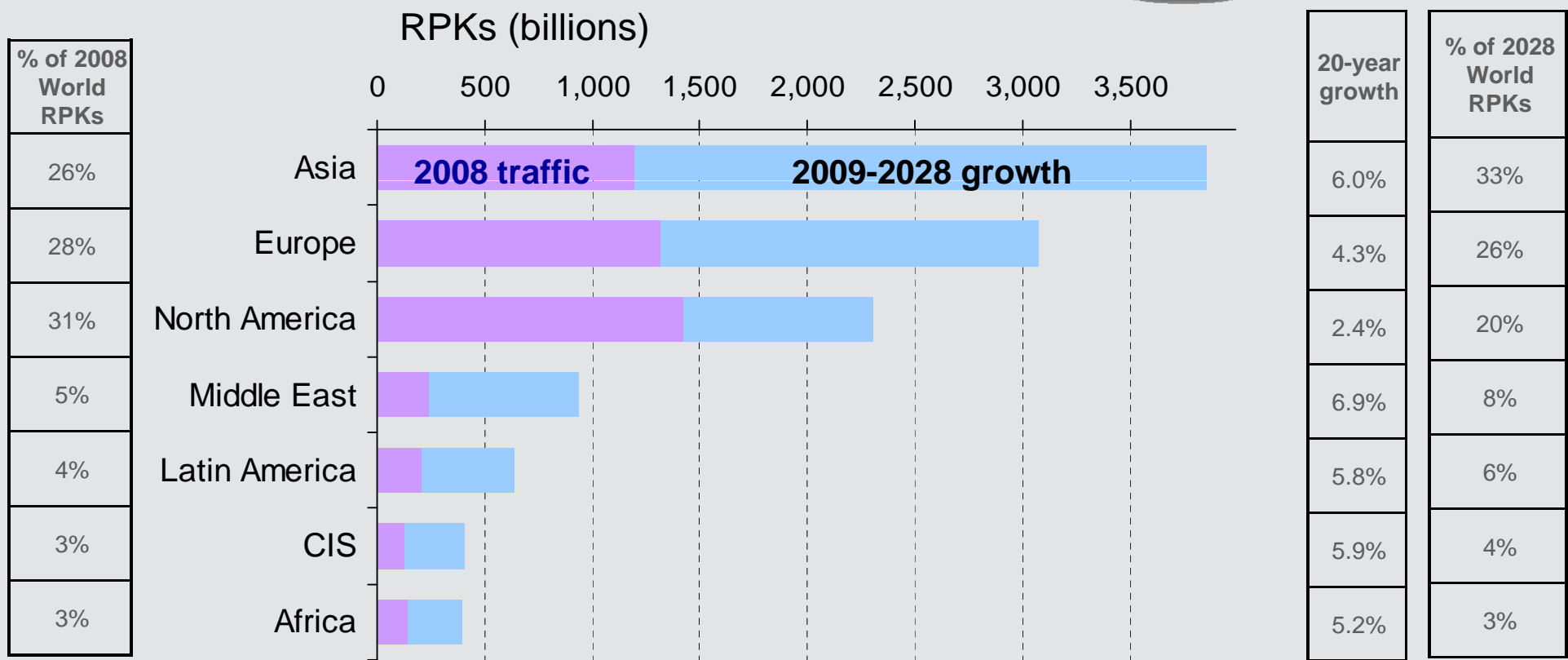
Source: ICAO, Airbus



# Asia to lead in world traffic by 2028

20-year world annual traffic growth  
**4.7%**

## Traffic by airline domicile



# Flows including Africa, India and China to grow fastest

## Top 10 growth markets next 20 years

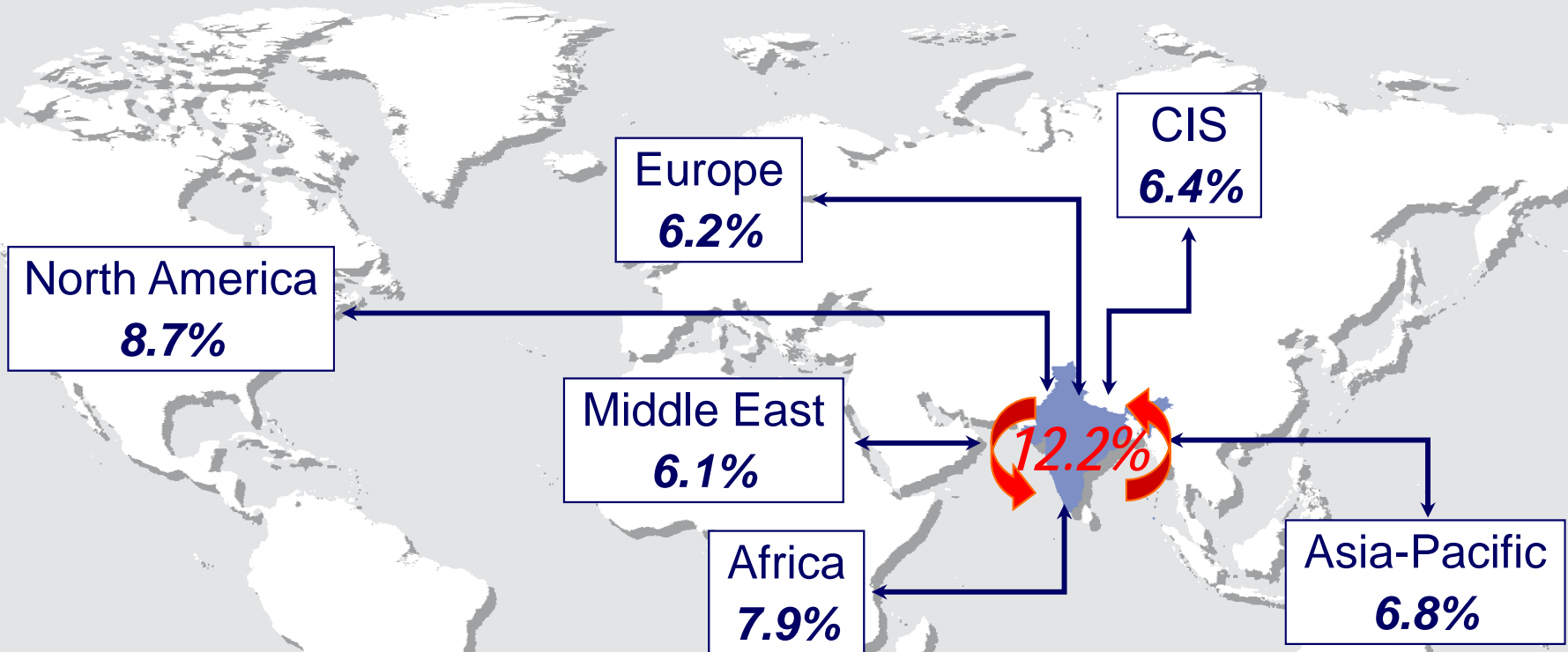
<b>Domestic Turkey</b>	<b>10.1%</b>
<b>Domestic India</b>	<b>10.0%</b>
<b>N. Africa - P.R.China</b>	<b>9.4%</b>
<b>CIS - P.R.China</b>	<b>9.4%</b>
<b>Sub S.Africa – P.R. China</b>	<b>9.3%</b>
<b>Middle East - S. Africa</b>	<b>9.1%</b>
<b>Sub S.Africa – N. Africa</b>	<b>9.0%</b>
<b>P.R. China - S. Africa</b>	<b>8.7%</b>
<b>N.Africa - S. Africa</b>	<b>8.6%</b>
<b>P.R.China - Russia</b>	<b>8.5%</b>

### Drivers:

- Deregulation
- Economic growth
- Population growth
- Inter regional trade

# India will be the fastest growing country for air travel for the next 10 years

RPK growth: annual average 2009-2018



## India

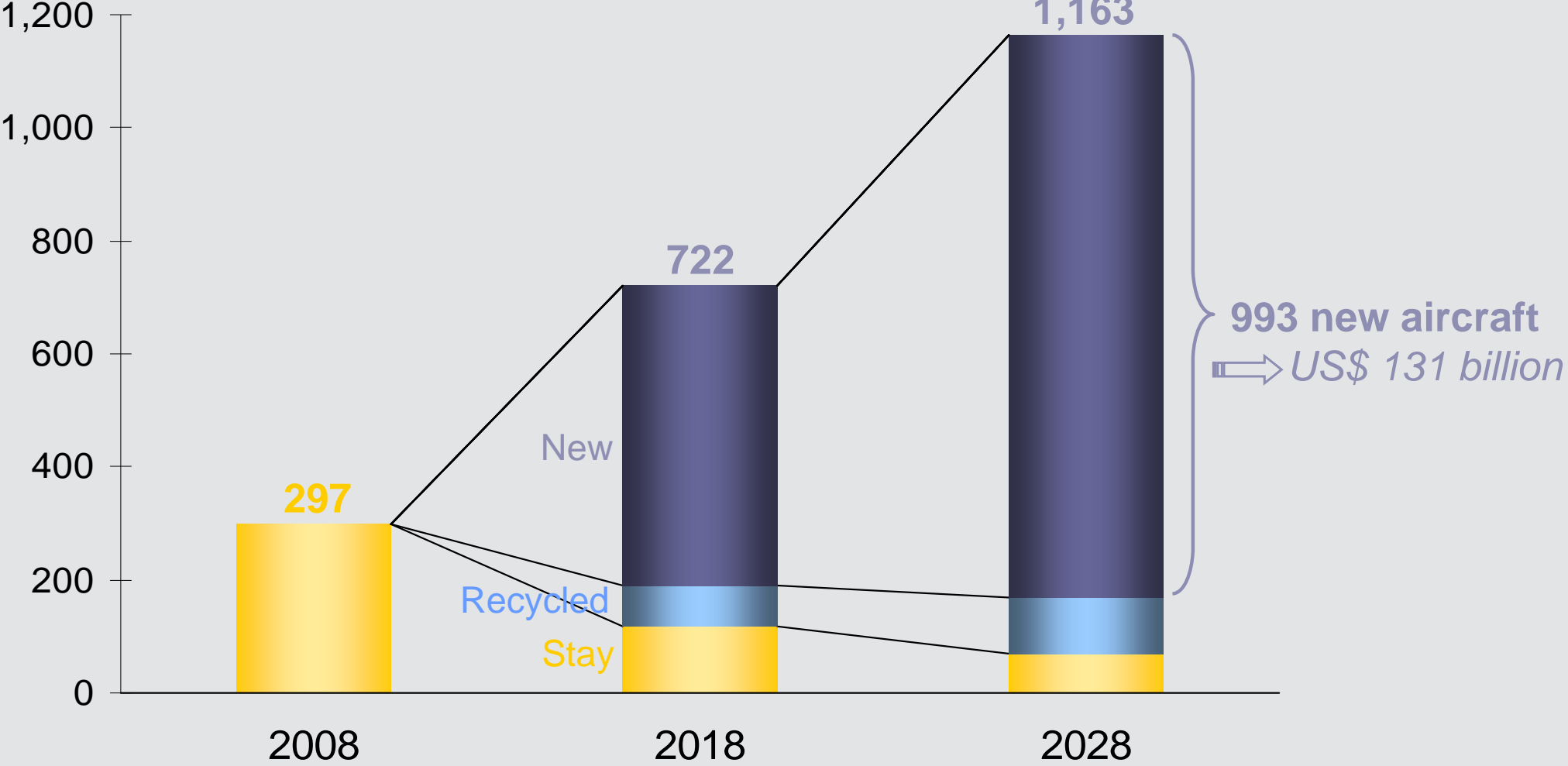
2009-2018	2019-2028	20-year growth
7.9%	6.6%	7.3%

## World

2009-2018	2019-2028	20-year growth
4.6%	4.8%	4.7%

# India's passenger aircraft fleet will grow fourfold by 2028

Fleet size



Passenger aircraft ≥100 seats (excluding freighters)



# Chinese market in next 20 years

- A passenger traffic to be multiplied by 4
- A passenger aircraft fleet to be multiplied by 3
- A dedicated freighter fleet to be multiplied by 7
- A market for 2,798 aircraft over 100 seats worth \$353B
- Large cities, congestion will demand larger aircraft
  - Very large aircraft for all Chinese markets
  - 201 VLAs and 725 twin-aisles required in China



# Mainland China will need 2,798 new passenger & freighter aircraft over the next 20 years



1,872 single-aisles



725 twin-aisles



201 very large aircraft

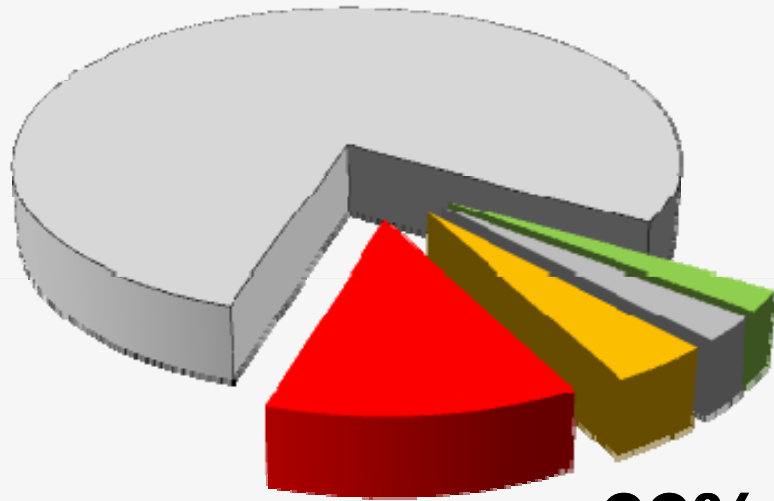
Market value of \$353 billion

# BRIC market more than 20% of new delivered aircraft and business volume over next 20 years

## Share of BRIC countries, units and business volume of new delivered aircraft to 2028

**24,097**

worldwide new aircraft deliveries

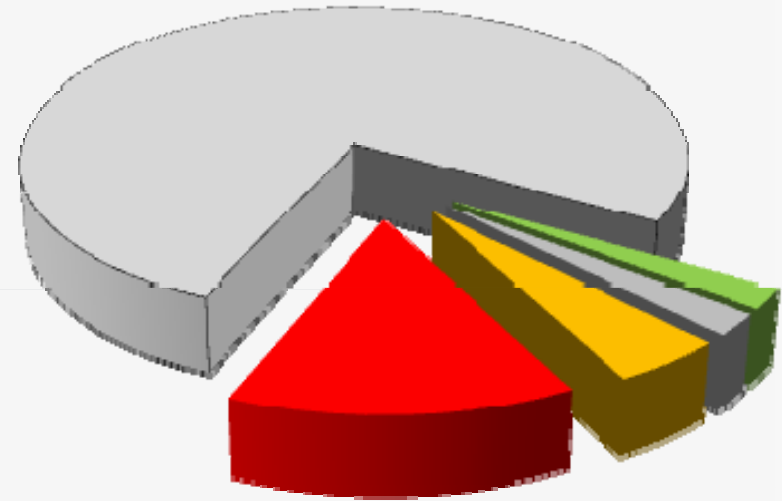


**22%**

■ Brazil ■ Russia ■ India ■ China

valued at a total of

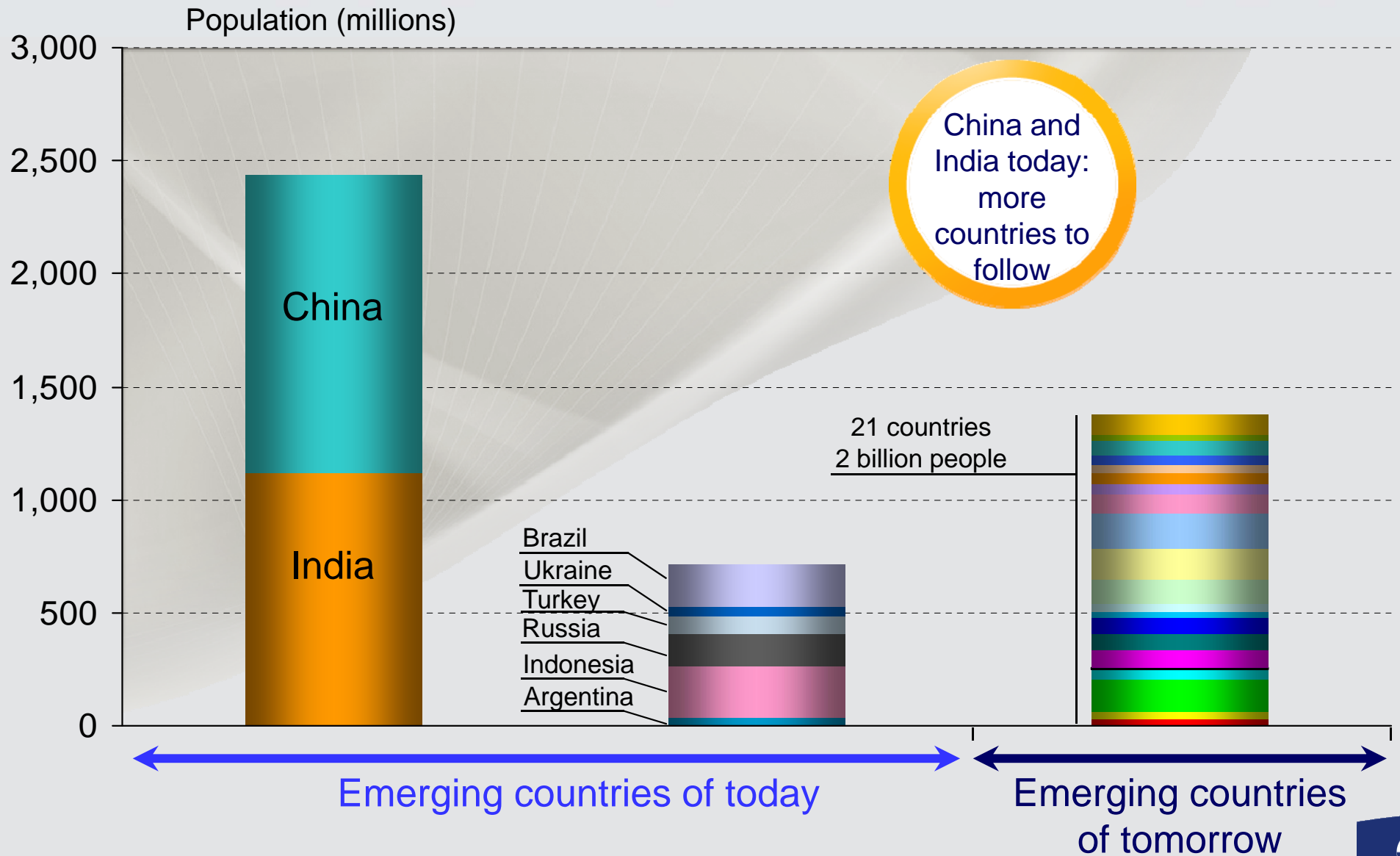
**2.8 trillion US\$**



**23%**

■ Brazil ■ Russia ■ India ■ China

# Other emerging countries as big as China and India combined



Flying smart,  
thinking big



# Global Market Forecast

2009 - 2028



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