

Asia Pacific Aviation Economic & Social Development

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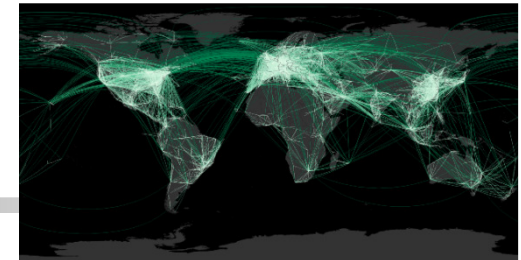
Overview

- **Asia Pacific aviation**
- **Current business conditions**
- **Future growth drivers**
- **Infrastructure needs**
- **Sustainable growth**

Aviation: moving the world

- Air travel delivers global mobility
- 3 billion passengers
 - 9 million people flying per day
- Carries 35% by value of global trade
 - Goods worth US\$ 6 trillion
- Wider social and economic benefits
- Committed to sustainable growth
- Outstanding safety record

Source: ATAG www.aviationbenefits.org



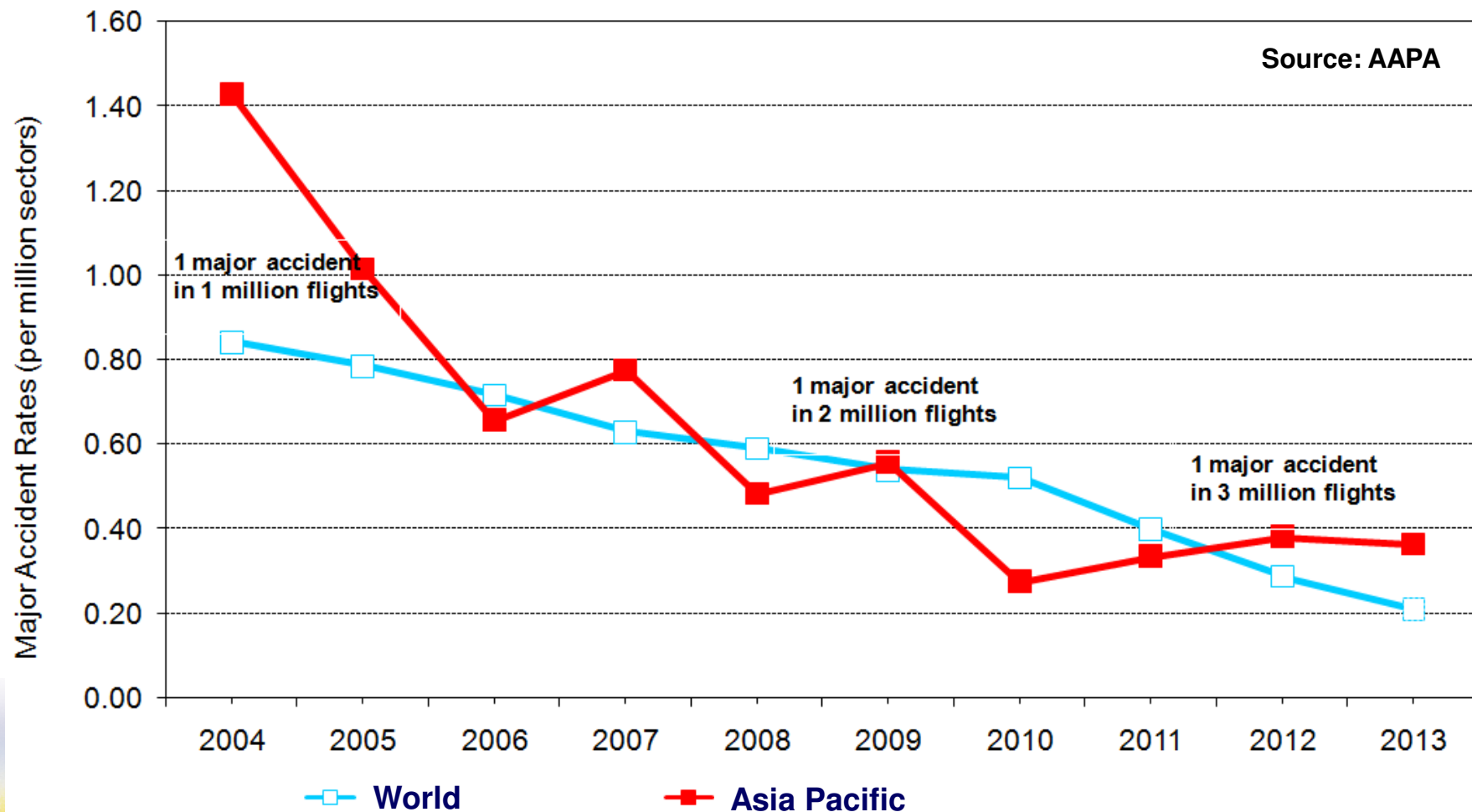
Safety Performance Trends



Western-built Jet Aircraft Major Accident Rates

by Operator Region 2004 - 2013

3-year moving averages



Aviation: benefits beyond borders



Global

- Overall \$2.4 trillion economic impact
- 58 million jobs supported by aviation
- If aviation were a country, it would rank 21st in size by GDP

Asia Pacific

- \$516 billion economic impact
- 24 million jobs



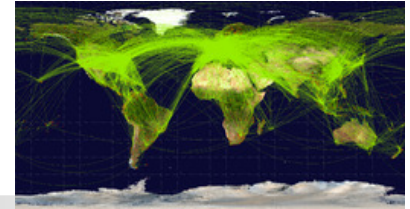
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Asia Pacific

- **Diverse geographic region**
- **Home to more than 4 billion people**
 - 60% of the world's population
- **Dynamic economies generate 37% of global GDP**
- **Wide range of income levels, rapidly growing middle class**
- **Aviation widely recognised as a key contributor to economic and social development**
- **Political diversity remains challenging: need for multilateral cooperation**

Asia Pacific Aviation



US\$171 billion revenue

US\$3 billion net profit

1,053 million passengers

756 million domestic

297 million international

17 million tonnes of cargo

5,688 aircraft

Asia Pacific carriers overall market share:

31% of global passenger traffic

39% of global cargo traffic

Data: Financials, Traffic & Fleet: 2013 Estimates

Source: Combined AAPA + non-AAPA airlines GMT+5 to GMT+12

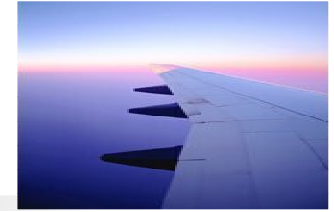
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A Lion Air aircraft on a runway. The tail features the word "Lion" in red script. The fuselage has "100th" and "Thank you INDONESIA" written on it.



Operational efficiency and growth

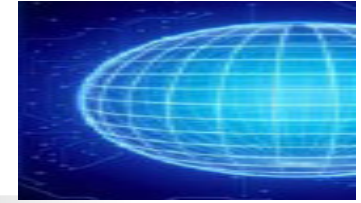


- Competition demands constant focus on productivity improvements and reducing unit costs
- Innovation in both services and business models
- Ongoing capital investment in fleets, airports and other services infrastructure
- Recruitment and training of skilled workforce
- Crisis management preparedness: maintaining resilience in complex systems

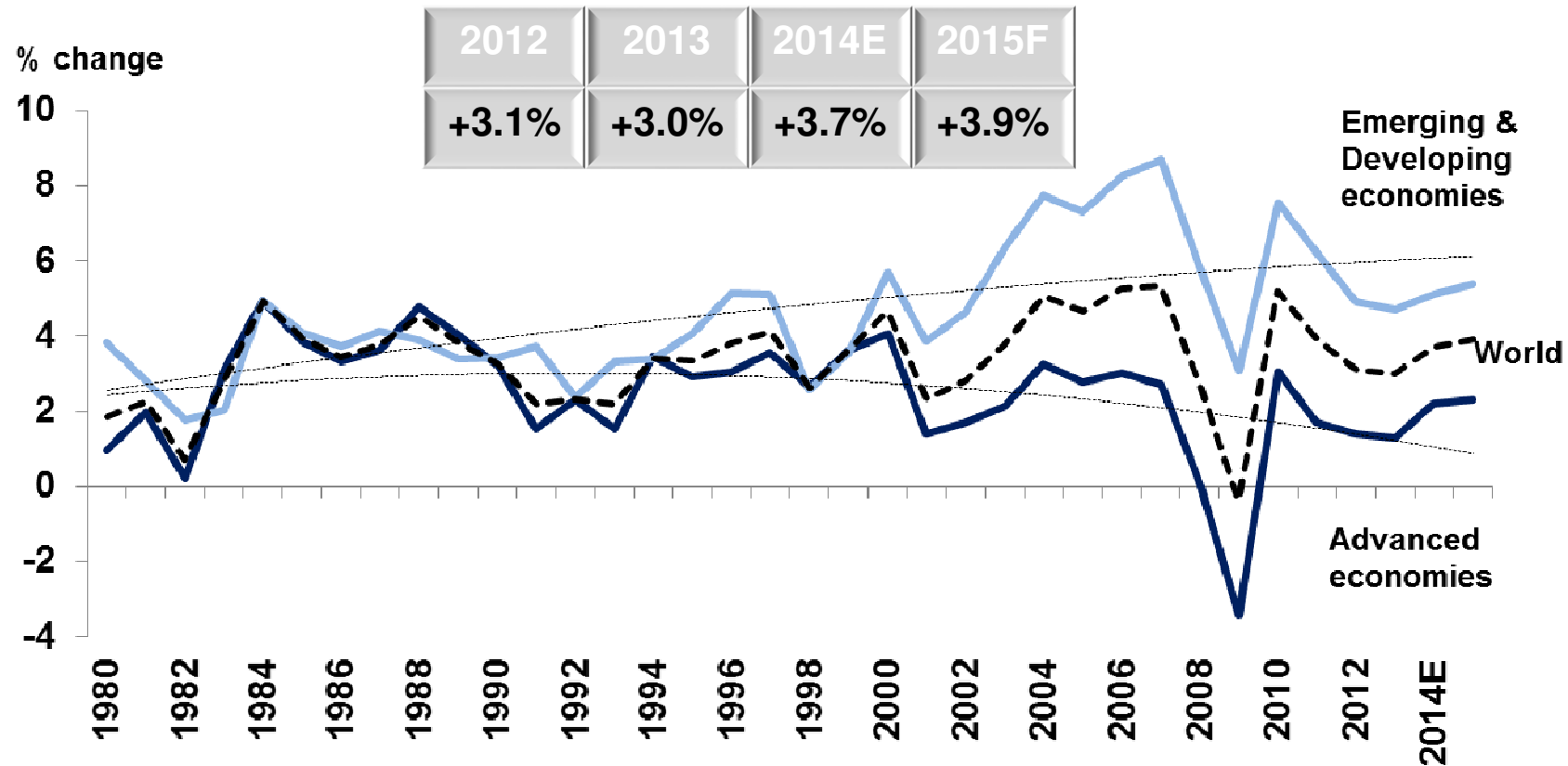
***Optimizing overall system efficiency,
working with multiple stakeholders***

Current Business Conditions

The two speed global economy



World GDP

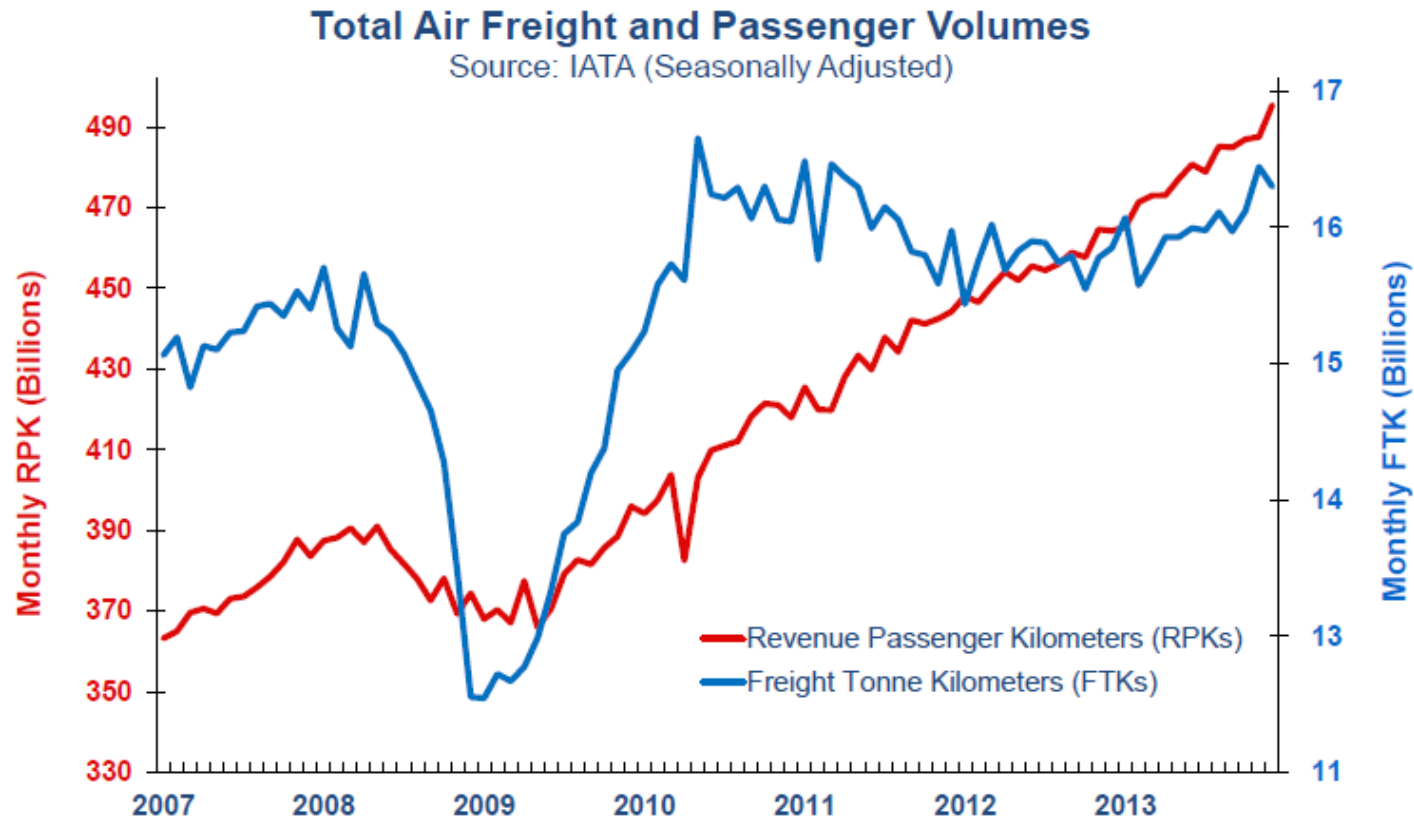


Global economic growth of 3% in 2013, with hopes for a modest pick up in 2014

Source: IMF

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Global passenger and cargo traffic

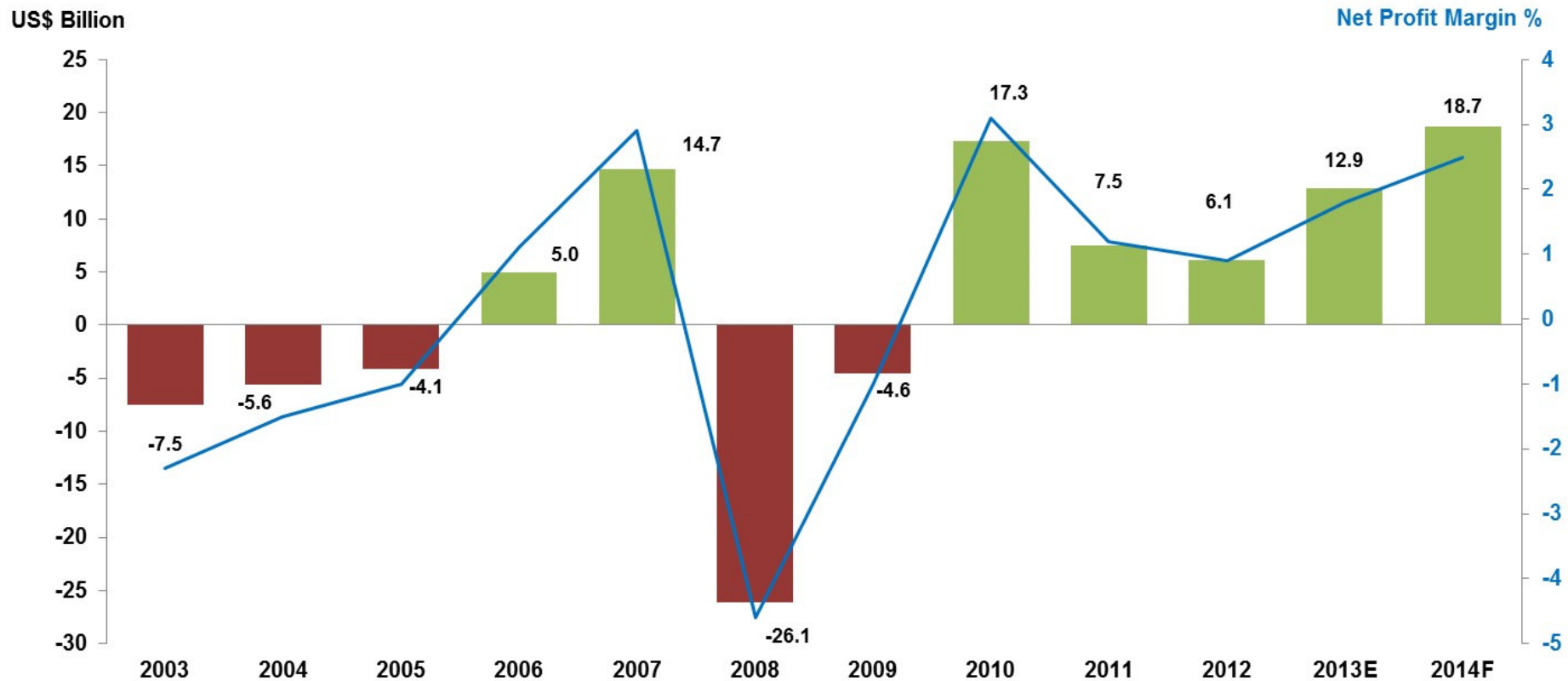


- ***Robust growth in passenger travel***
- ***Air cargo market stagnant***

Source: IATA

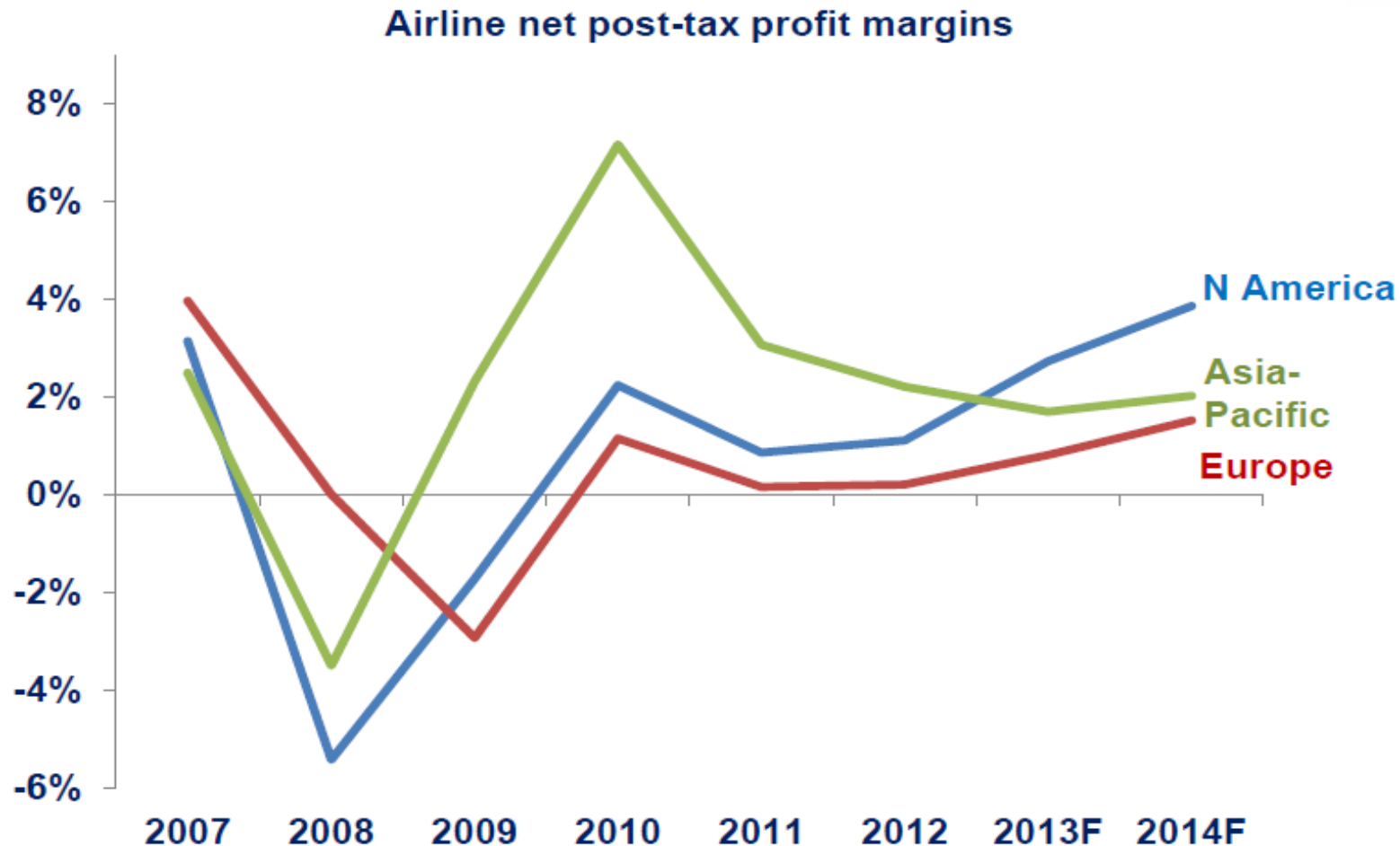
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Global airline industry profitability



Profitability improving but margins remain very thin ... around \$6 per passenger !

Airline profitability trends by region



Source: ICAO, IATA

Resurgence of restructured US carriers

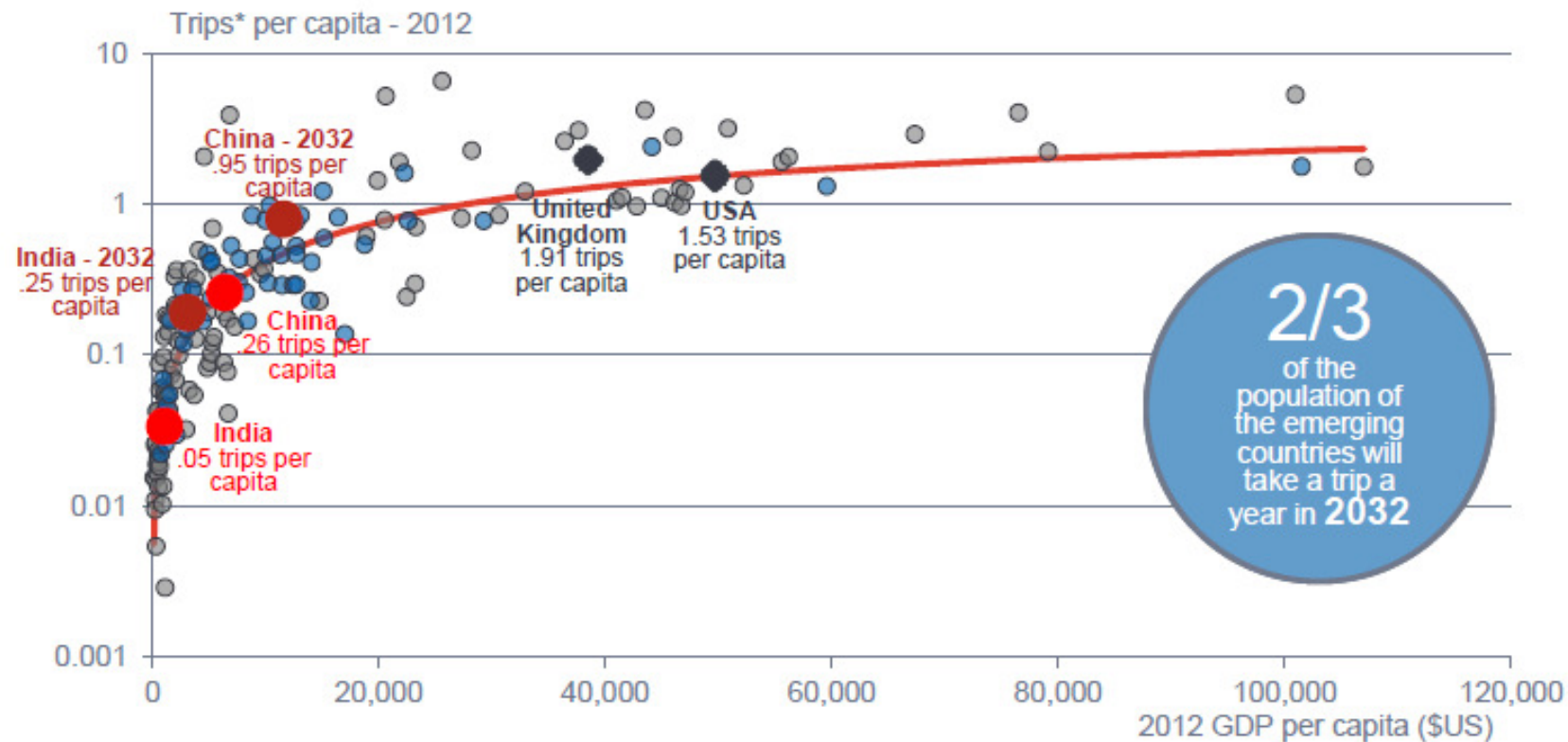
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Future Growth

Aspirational Demand for Air Travel

Trips* per capita over GDP per capita



Rising incomes, urbanisation, social development

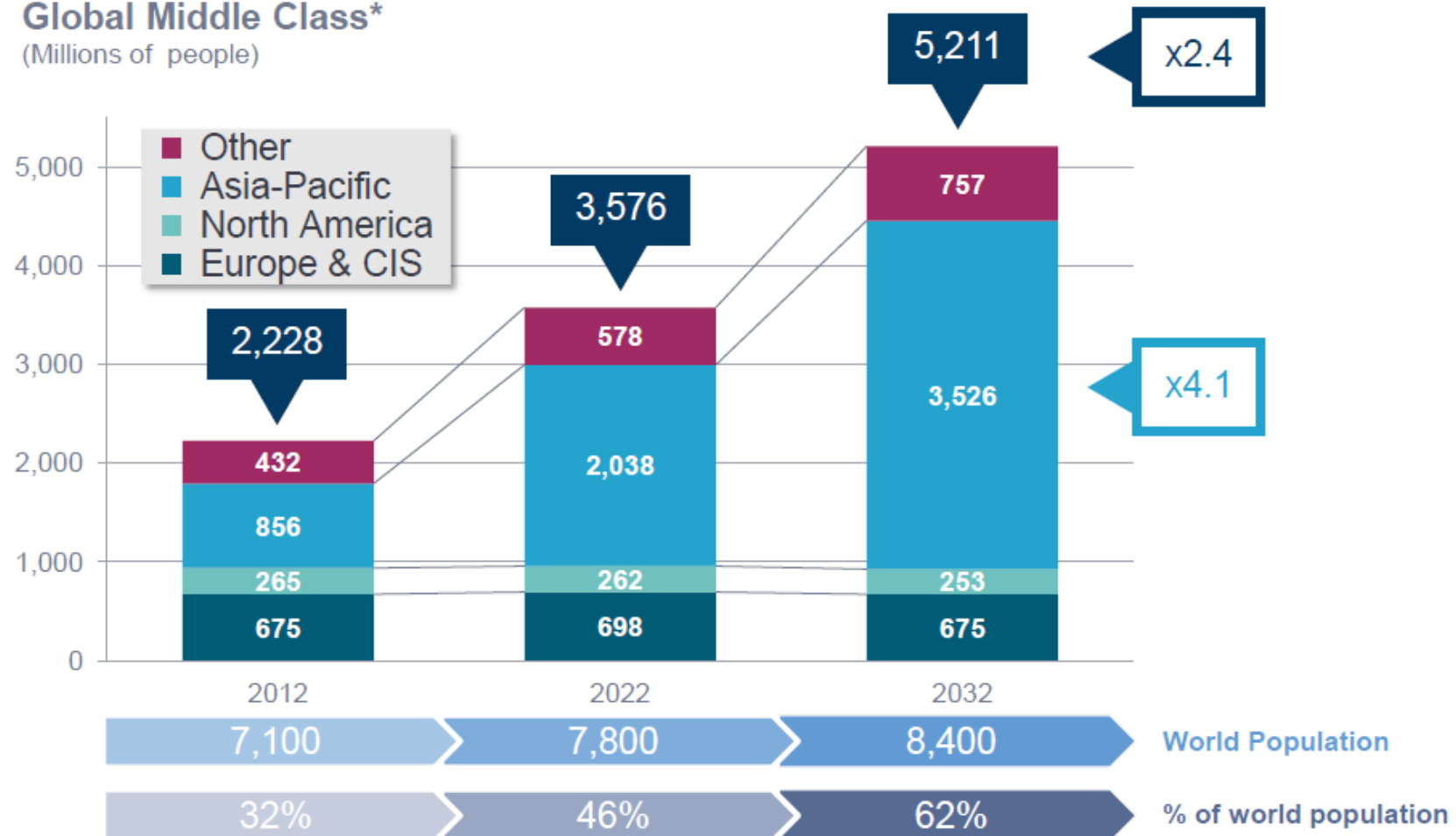
Source: Airbus GMF 2013-2032

*passengers originating from respective country

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The growing middle class

Global Middle Class*
(Millions of people)

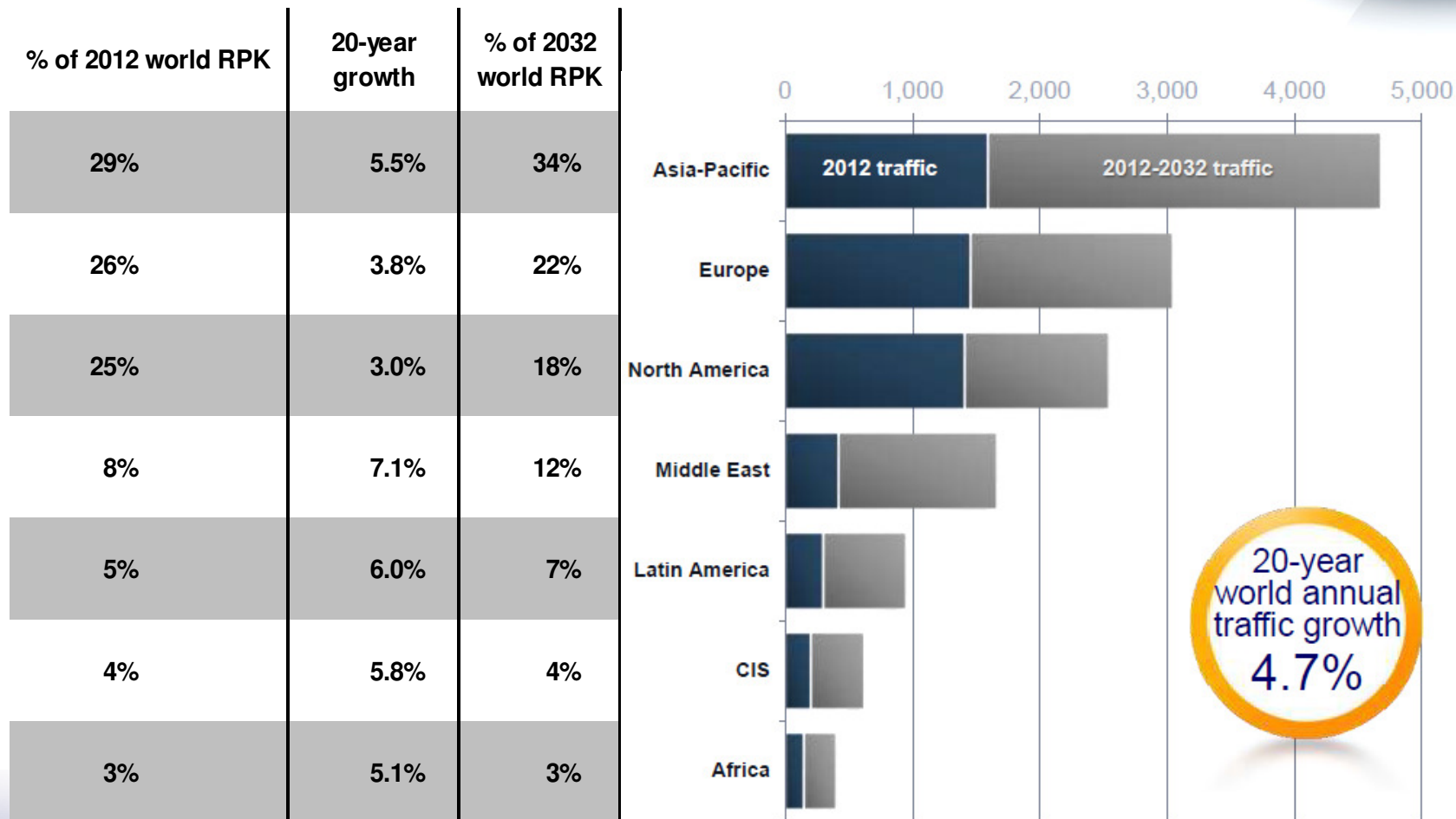


**Households with daily expenditures between US\$10 and US\$100 per person (at PPP)*

Asia Pacific to lead world traffic



World traffic by airline domicile (RPK billions)



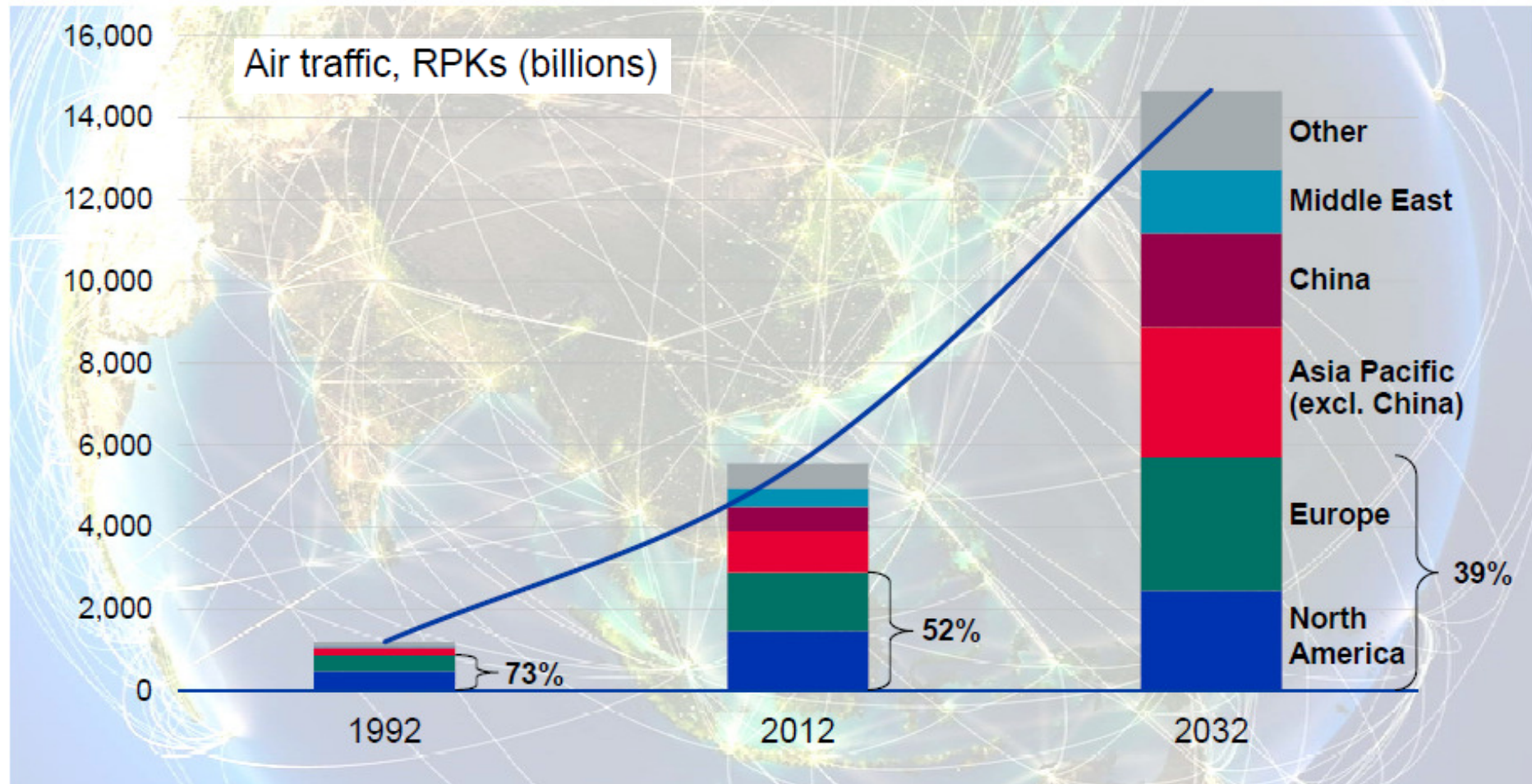
20-year
world annual
traffic growth
4.7%

Source: Airbus
GMF2013-2032

Overall market grows x 2.5 by 2032

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Airline industry global trend



Source: Boeing CMO 2013-2032

Asia Pacific moving to leadership position

Infrastructure



- Aviation infrastructure must keep pace with rapid traffic growth
- Chronic congestion and delays already evident in some areas
- Government responsibility to coordinate planning and long term investment required
- Industry ready to play its part
- Greater focus on operating efficiency, productivity and cost-effectiveness



***Infrastructure is a shared responsibility
& critically important***

Aviation & Environment



- **Aviation delivers continuous improvements in fuel efficiency through advances in technology, operations and infrastructure**
- **Industry committed to ambitious environmental goals**
- **Delivering CNG2020 will require supplementary market based measures**
- **ICAO remains the right forum to reach international consensus**
- **Asia Pacific has a leading role to play in discussions on market based measures at ICAO**



Closing Thoughts

- Aviation is a force for good driving global economic and social development
- Underpins wider benefits of travel & tourism industries as well as global logistics services
- Asia Pacific aviation is already a major global force
- Asian airlines pressing ahead with both customer service and business model innovation
- Overall prospects for long term growth remain bright but infrastructure planning is a shared challenge
- Strong cross-industry collaboration needed to respond to future growth opportunities

***Shared confidence and optimism
about the future***



www.aapairlines.org

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