



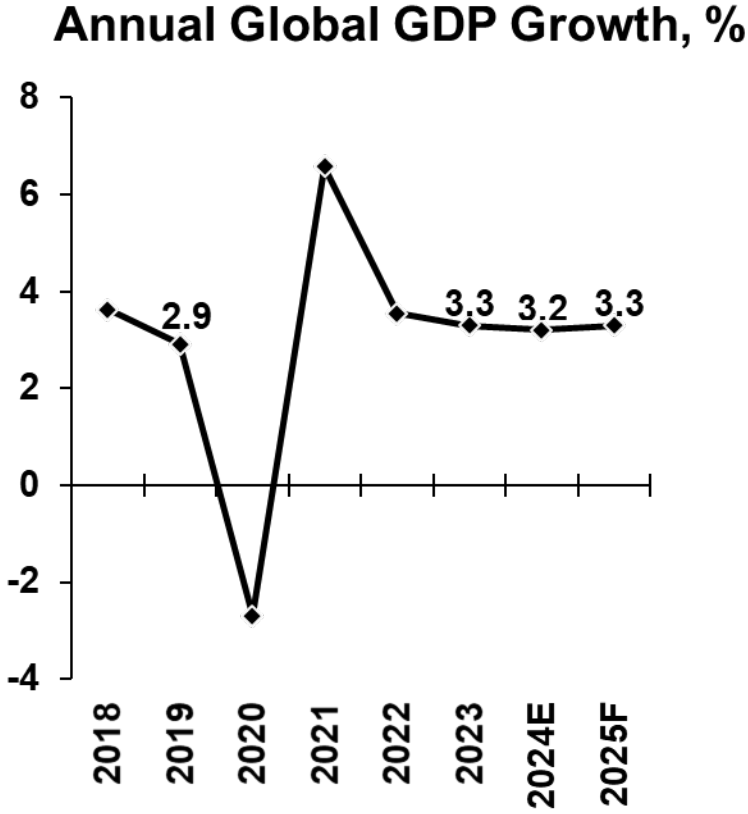
State of the Airline Industry

Subhas Menon
Director General
Association of Asia Pacific Airlines

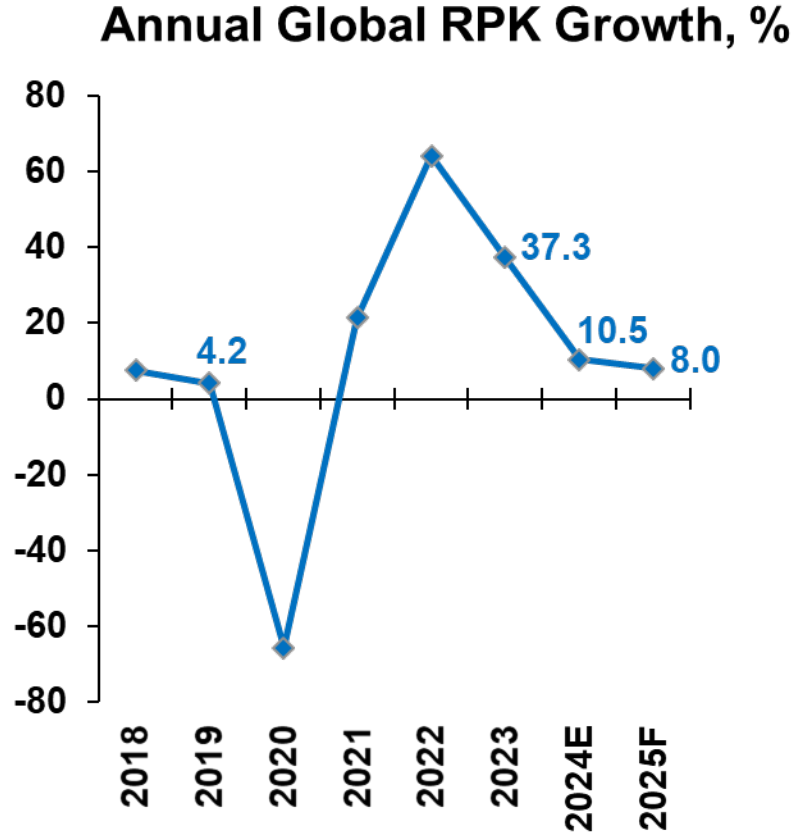


Routes Asia 2025
Perth, Australia, 25 – 27 March 2025

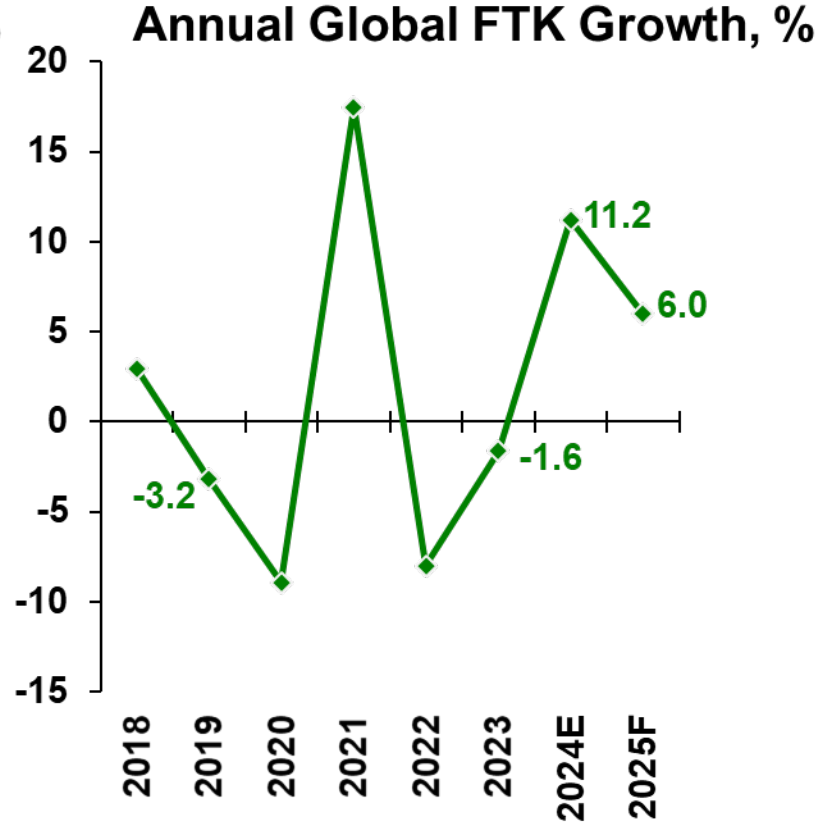
Robust traffic growth, amid steady global expansion



Steady global economic growth



Passenger traffic growth returning to long term trends



Solid year for air cargo in 2024, after two years in decline

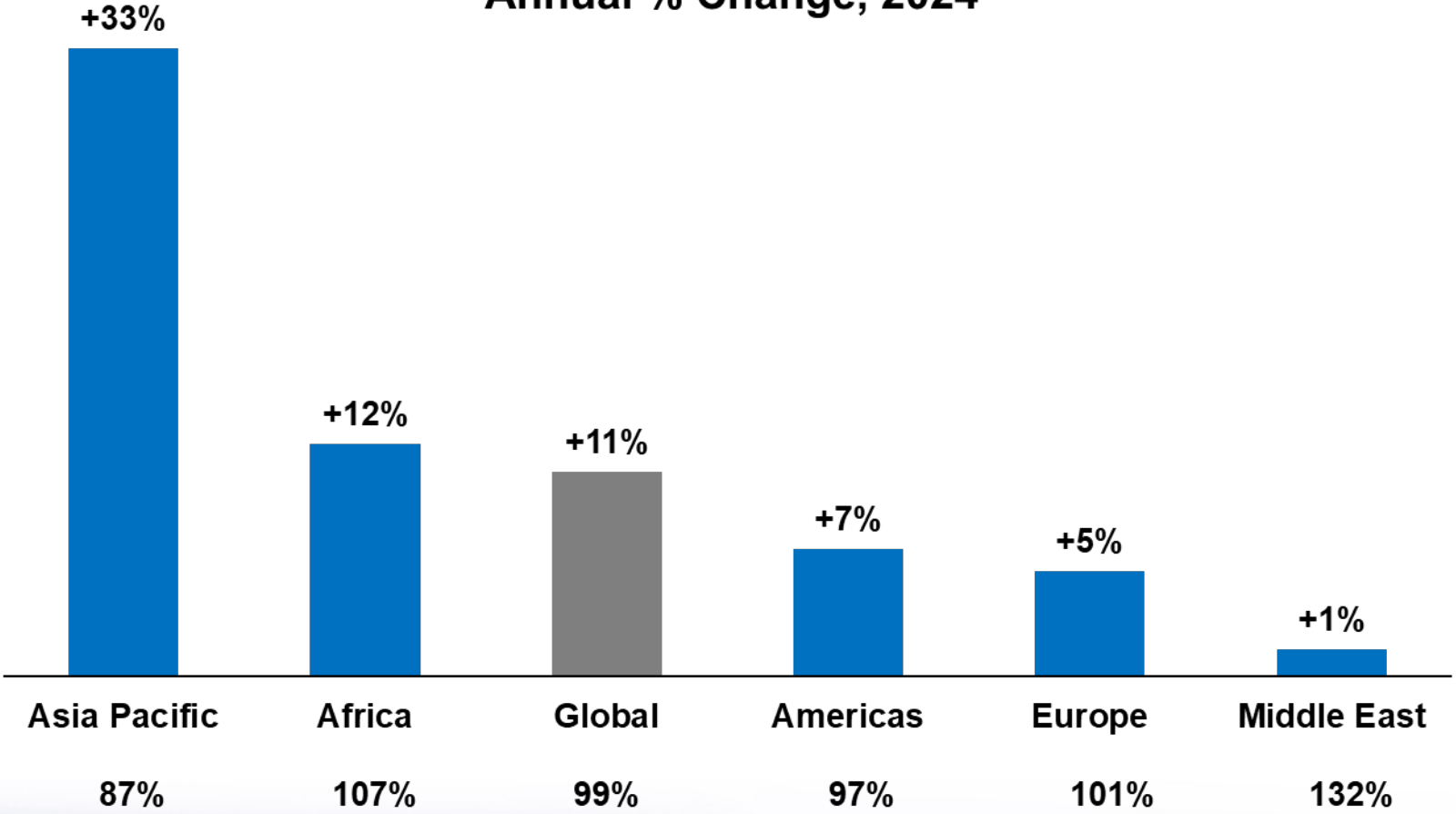
Traffic data refers to global systemwide operations.

Source: IMF, © International Air Transport Association, 2019. All Rights Reserved.



Healthy growth in tourist arrivals, led by the Asia Pacific

International Tourist Arrivals by Region
Annual % Change, 2024

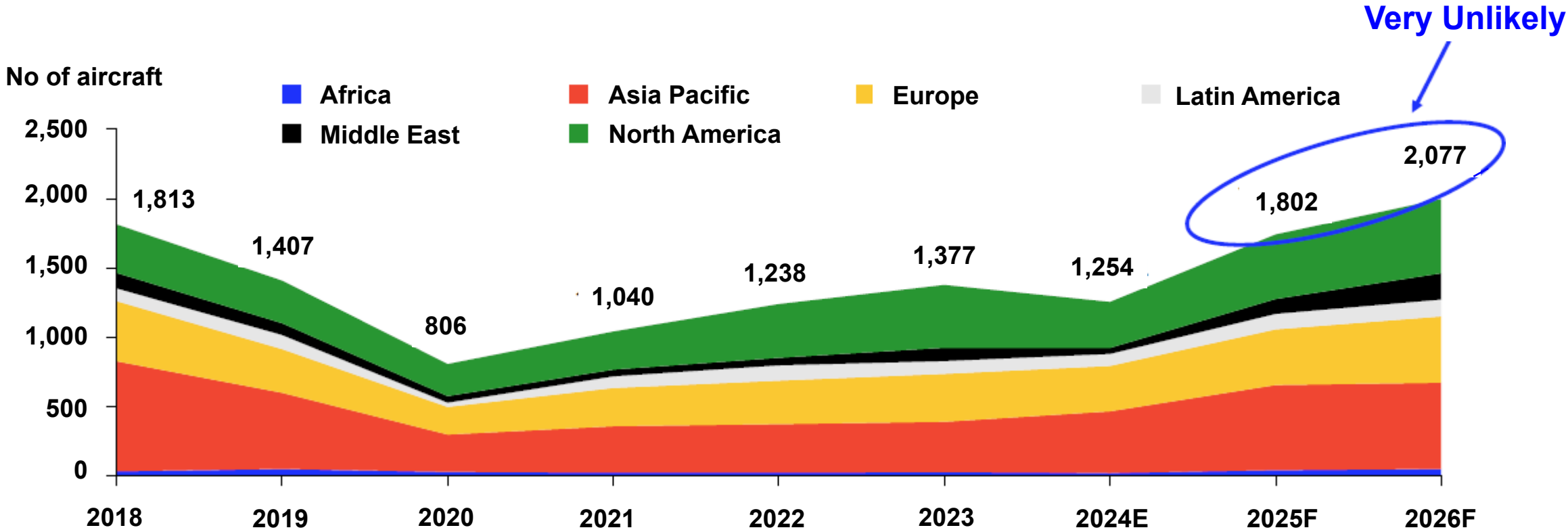


% of 2019

87% 107% 99% 97% 101% 132%

Capacity constraints hinder traffic growth

Aircraft Deliveries by Region

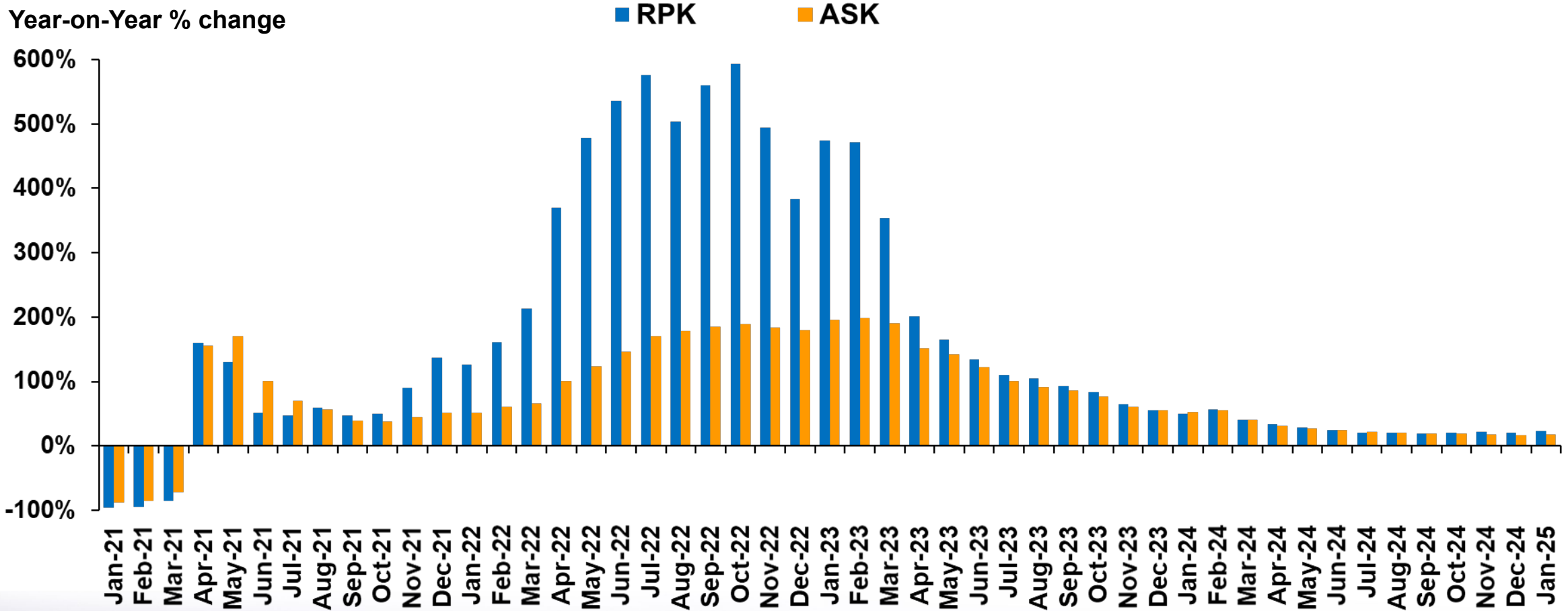


This year, scheduled aircraft deliveries are expected to fall short by 21%

Source: © International Air Transport Association, 2019. All Rights Reserved.

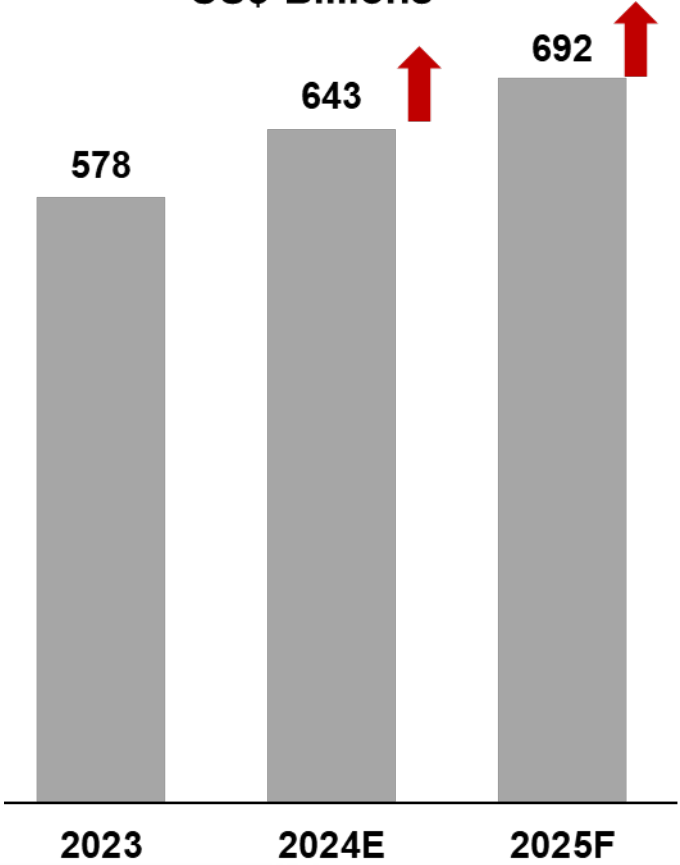
Capacity expansions consistently lagging demand growth

Asia Pacific International Passenger Traffic Growth Trends

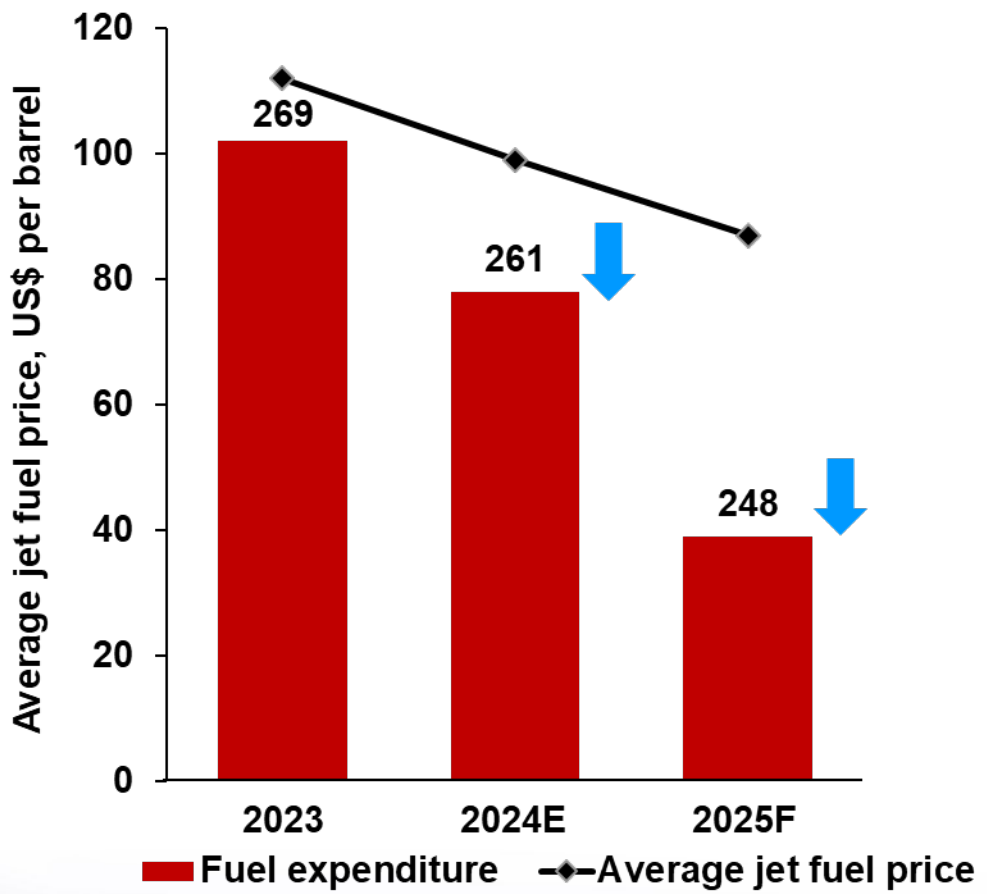


Rising maintenance, labour costs pose challenge to growth

Industry Non-Fuel Expenditure
US\$ Billions



Industry Fuel Expenditure
US\$ Billions

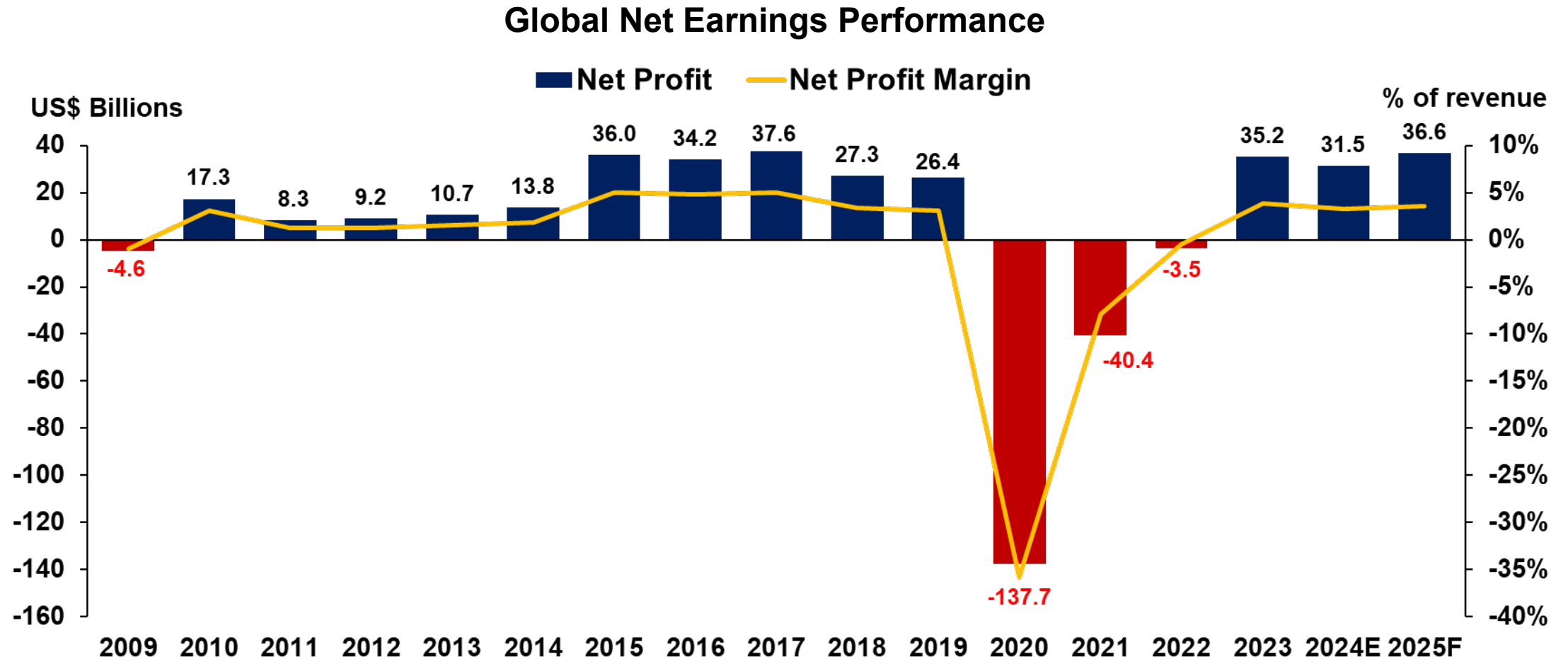


Nevertheless, the impact is partly mitigated by easing jet fuel prices

Source: © International Air Transport Association, 2019. All Rights Reserved.



Earnings remain resilient

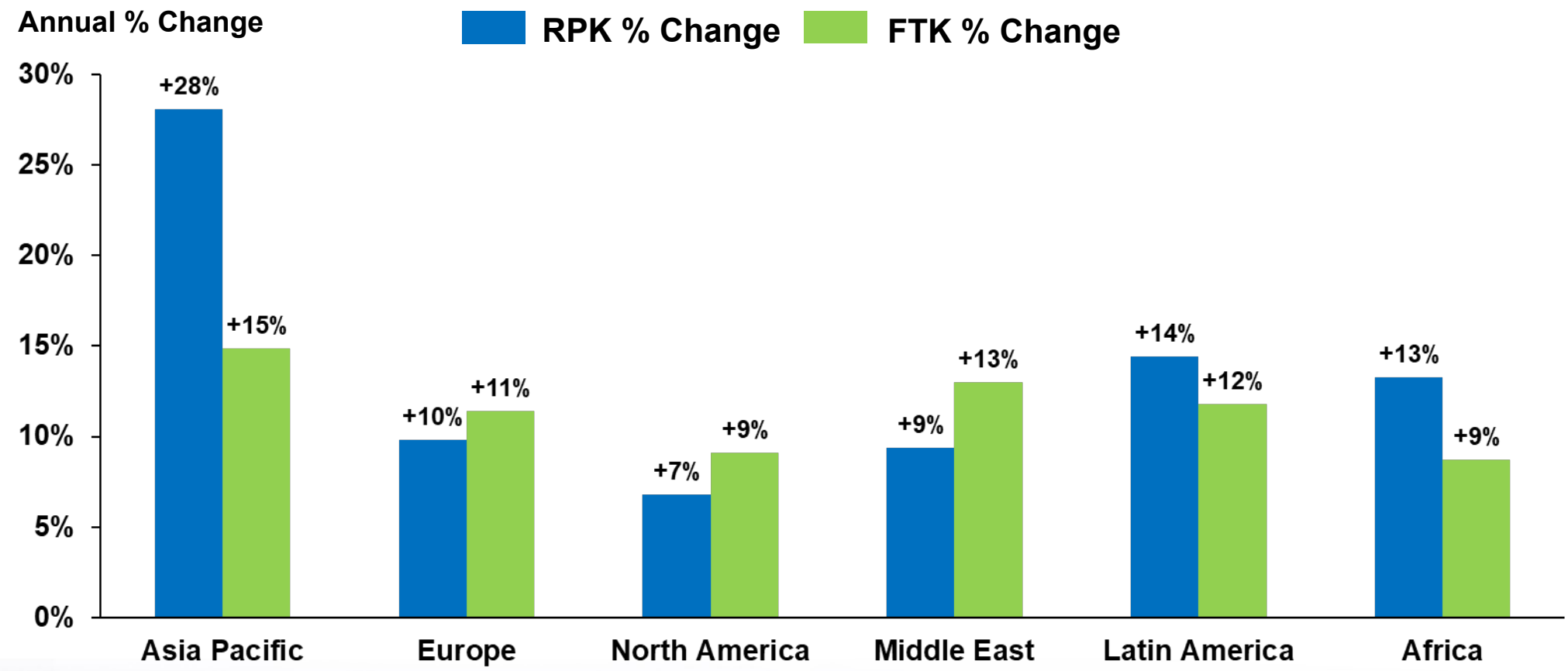


Net profit excludes extraordinary items.

Source: © International Air Transport Association, 2019. Industry Statistics Fact Sheet. All Rights Reserved.

Asia Pacific airlines led traffic growth in 2024

International Air Passenger and Cargo Demand Growth by Region, 2024



Source: AAPA, © International Air Transport Association, 2019. All Rights Reserved.

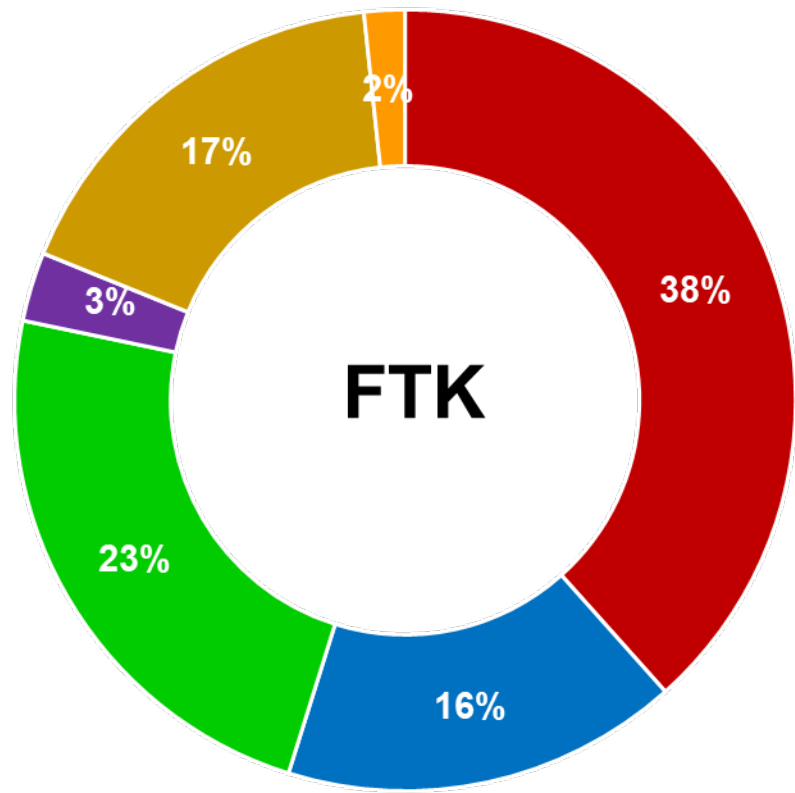
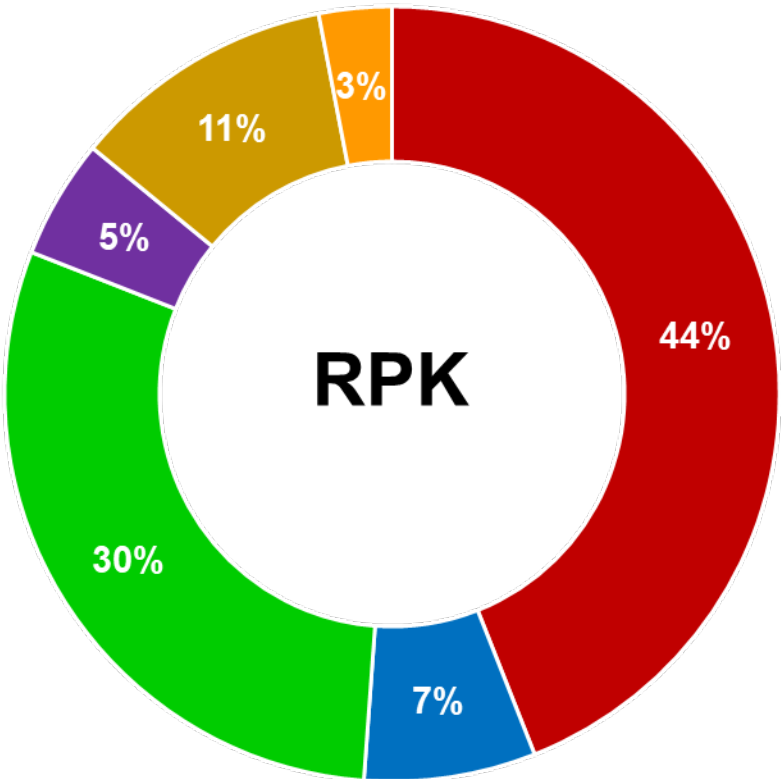
7 out of the top 10 busiest international routes are in the Asia Pacific

Top 10 Busiest Global International Flight Routes in 2024

Ranking	Route	Seats
1	Hong Kong - Taipei	6,781,577
2	Cairo - Jeddah	5,469,274
3	Seoul Incheon - Tokyo Narita	5,410,456
4	Kuala Lumpur - Singapore Changi	5,382,163
5	Seoul Incheon - Osaka Kansai	4,982,769
6	Dubai - Riyadh	4,306,599
7	Bangkok - Hong Kong	4,201,802
8	Jakarta - Singapore Changi	4,069,071
9	Bangkok - Singapore Changi	4,033,344
10	New York JFK - London Heathrow	4,011,235

Regional contribution to industry traffic growth

International Operations
2024

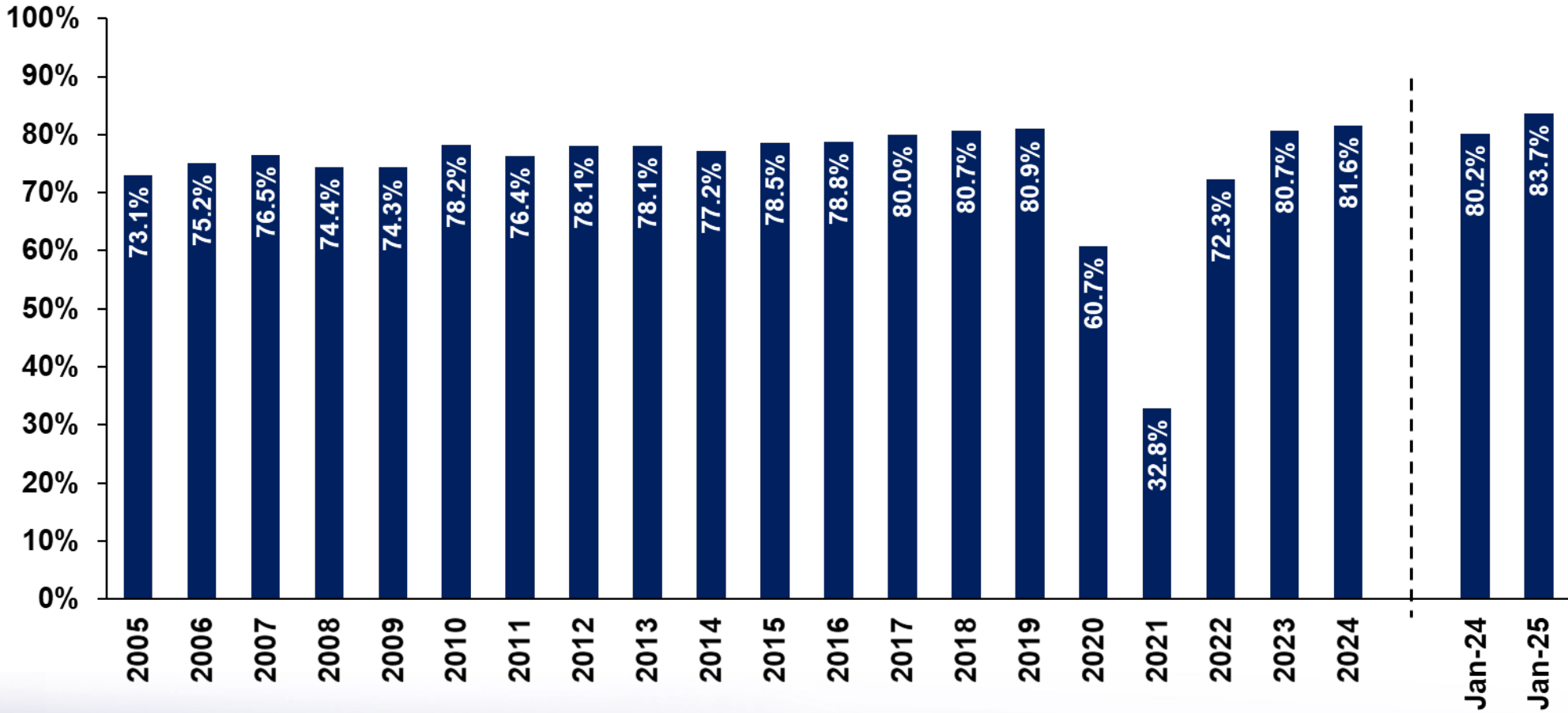


■ Asia Pacific ■ North America ■ Europe ■ Latin America ■ Middle East ■ Africa

Source: AAPA, © International Air Transport Association, 2019. All Rights Reserved.

Record-high international passenger load factors

Asia Pacific International Passenger Load Factor, %



IATA Net Zero Roadmaps

3 key elements in the Finance Roadmap (2024 to 2050)

CAPEX TO INVESTORS

New renewable fuel plants needed

Capital investment (capex) needed

Best-case scenario: **minimum** number of plants needed **3,096**



Best-case scenario: **minimum** capex needed **\$3.9 trillion**

Worst-case scenario: **maximum** number of plants needed **6,658**



Worst-case scenario: **maximum** capex needed **\$8.1 trillion**

COST TO AIRLINES

Transition Cost

\$4.7 trillion additional cost to airlines for using:

- SAF
- Offsetting via CORSIA
- Hydrogen for aircraft
- Carbon removals

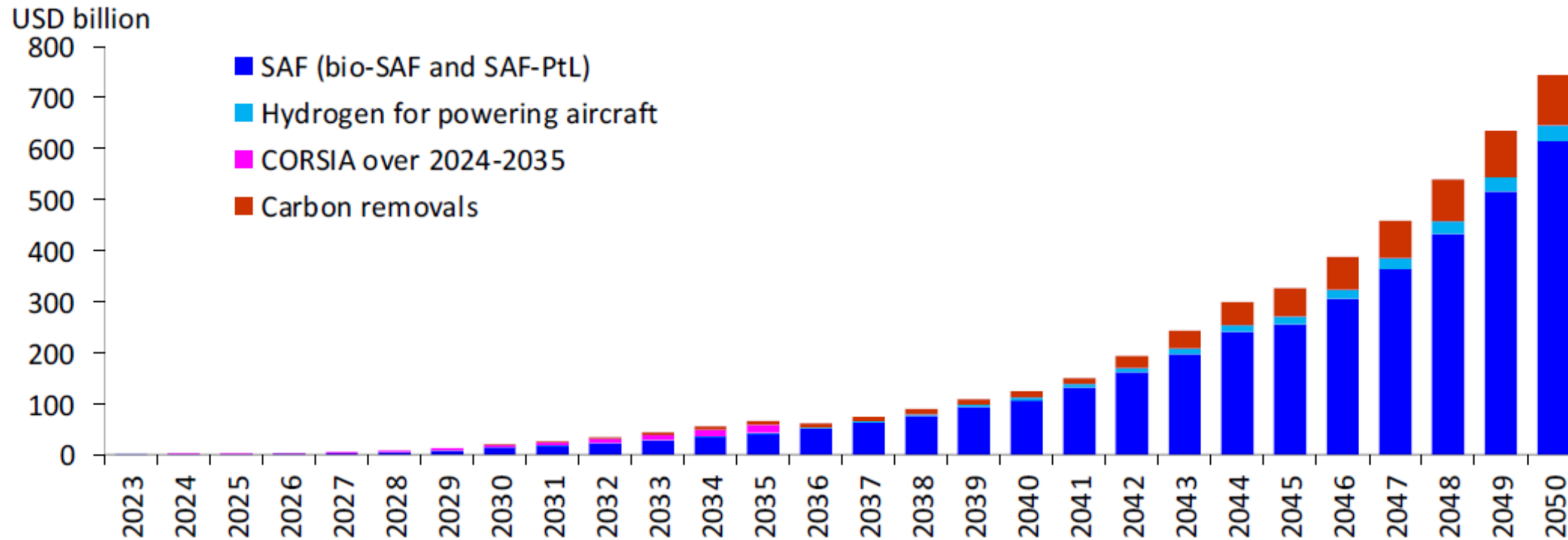
Source: IATA Sustainability and Economics



IATA Net Zero Roadmaps

Transition cost will increase significantly over time, dominated by the cost of using SAF over 2023-2050

Annual transition cost to increase from USD 1 billion in 2025 to USD 744 billion in 2050

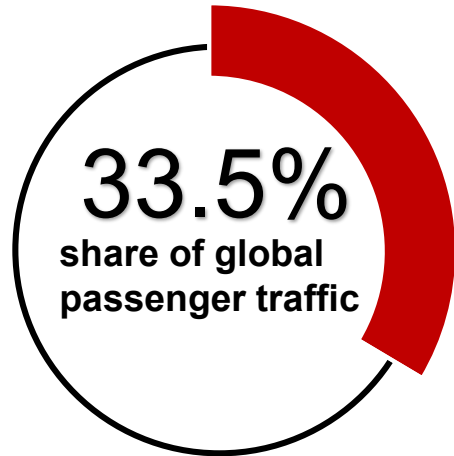


Transition cost = (Minimum selling price of SAF - the price of conventional aviation fuel) x SAF quantity

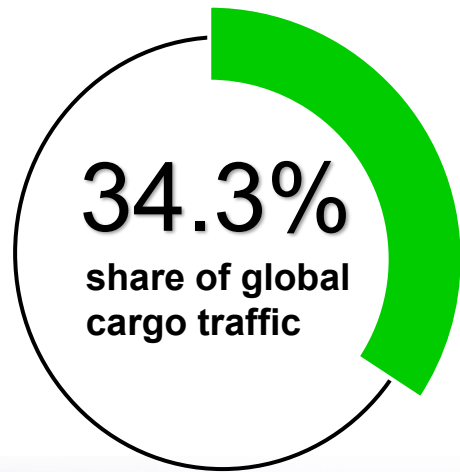
Source: IATA Sustainability and Economics



Asia Pacific Aviation: A key force driving the global economy



1.4 bn passengers
11.4 m flights



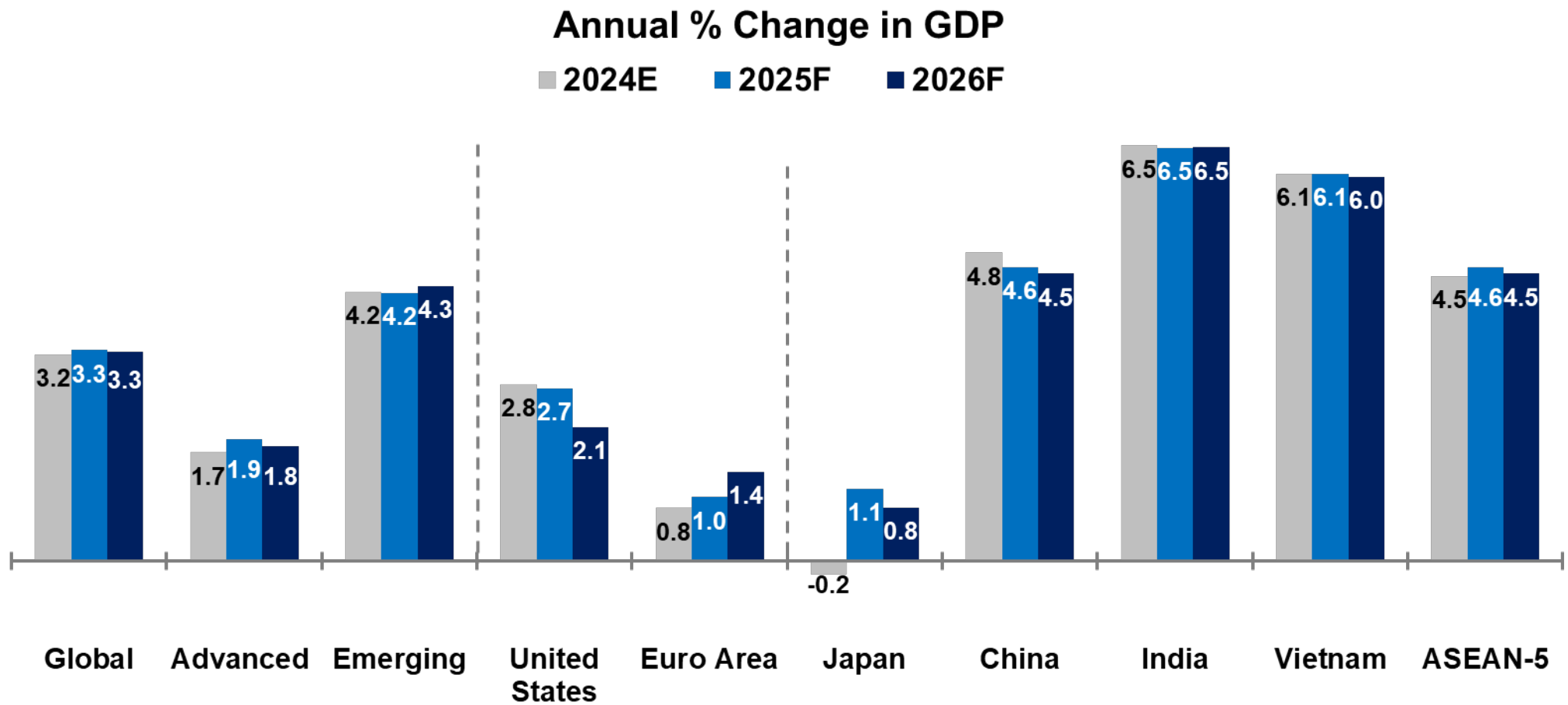
20.5 m tonnes cargo



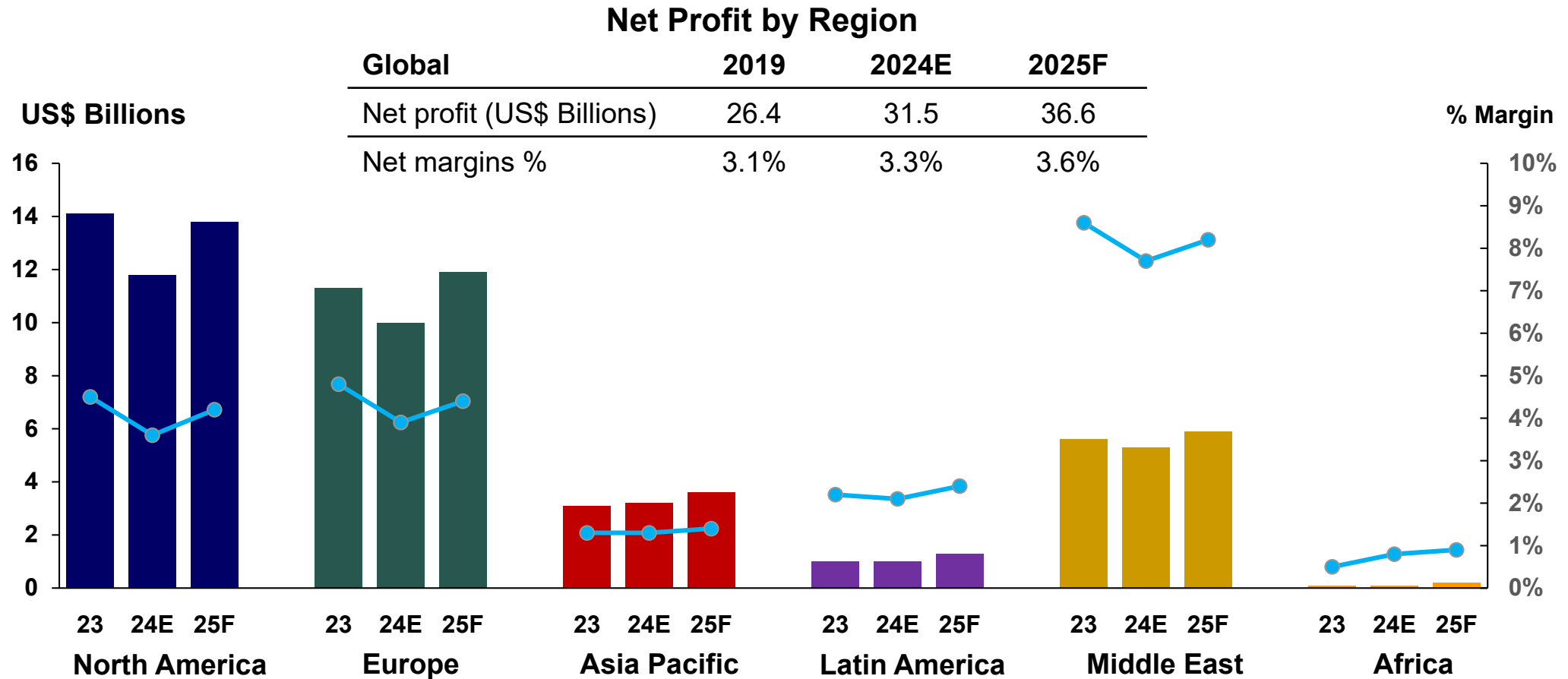
Air transport supported 42 million jobs and contributed US\$890 billion to GDP in the Asia Pacific region

Source: ATAG, Aviation Benefits Beyond Borders, © International Air Transport Association, 2019.

Asian economies the main drivers of global growth



Earnings to improve across regions in 2025



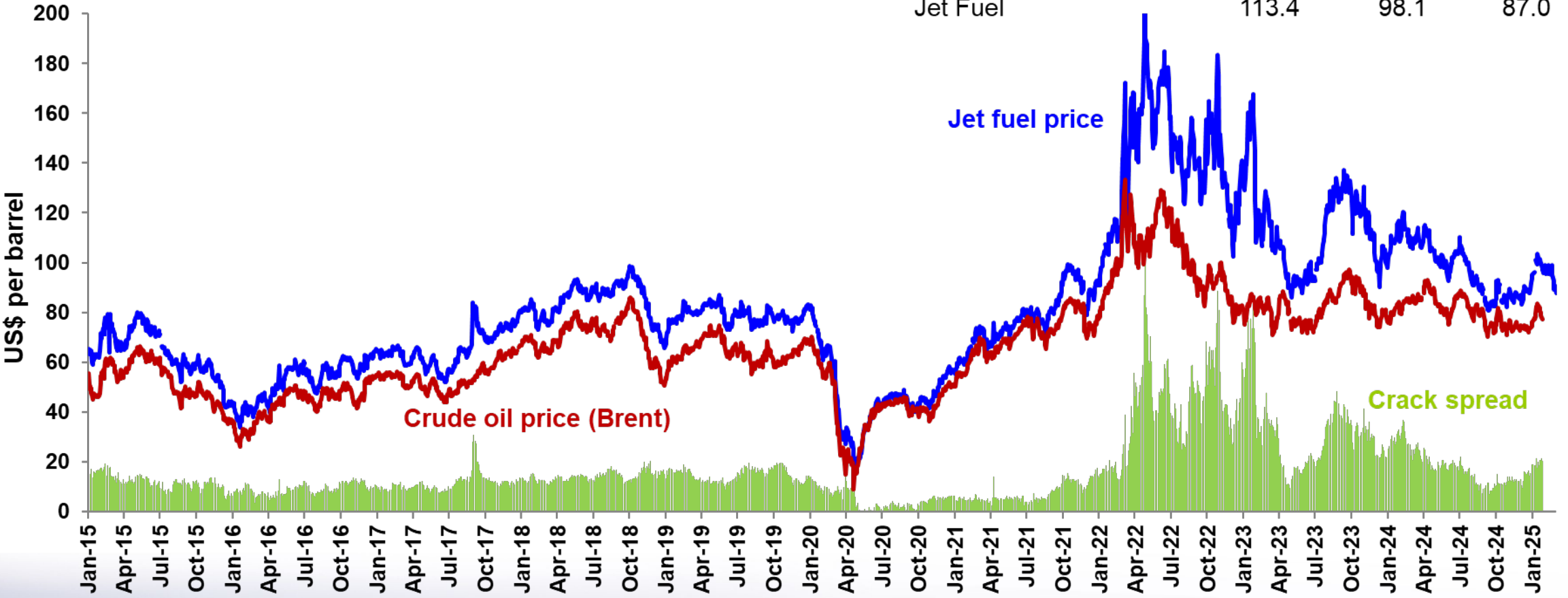
However, margins remain thin, as reflected in the average net profit per passenger of just US\$7 this year

Net profit excludes extraordinary items.

Source: © International Air Transport Association, 2019.

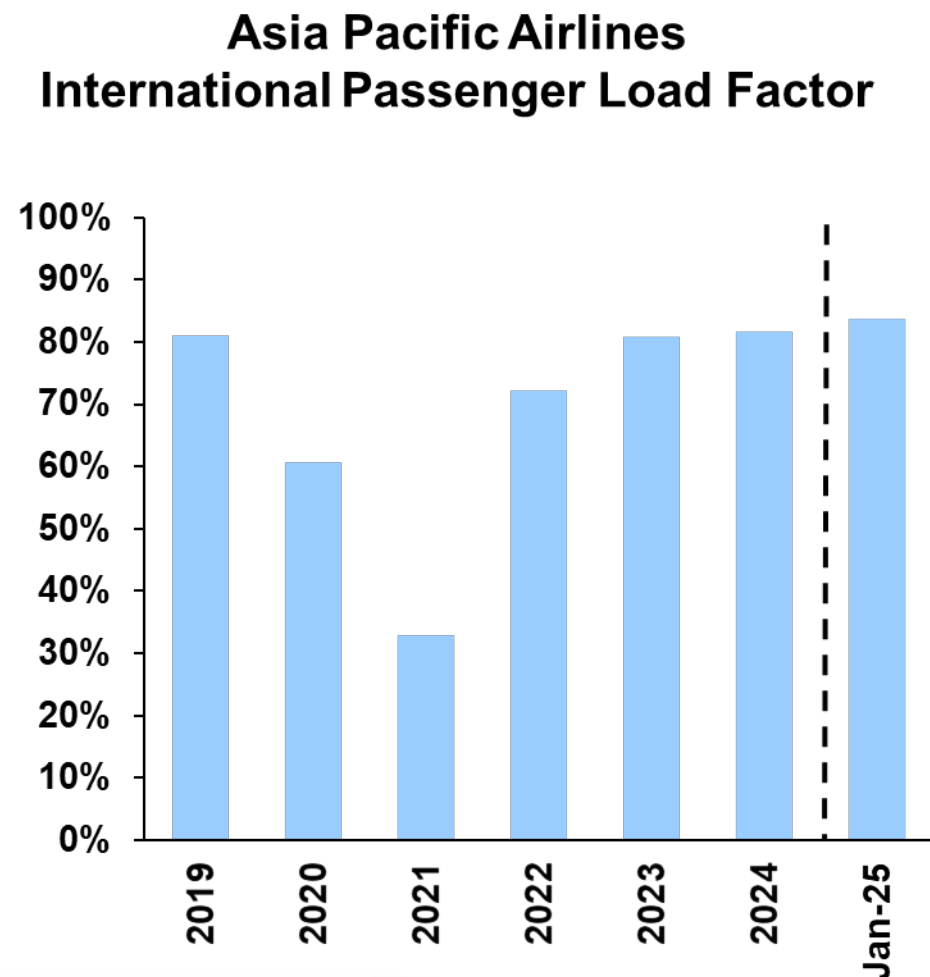
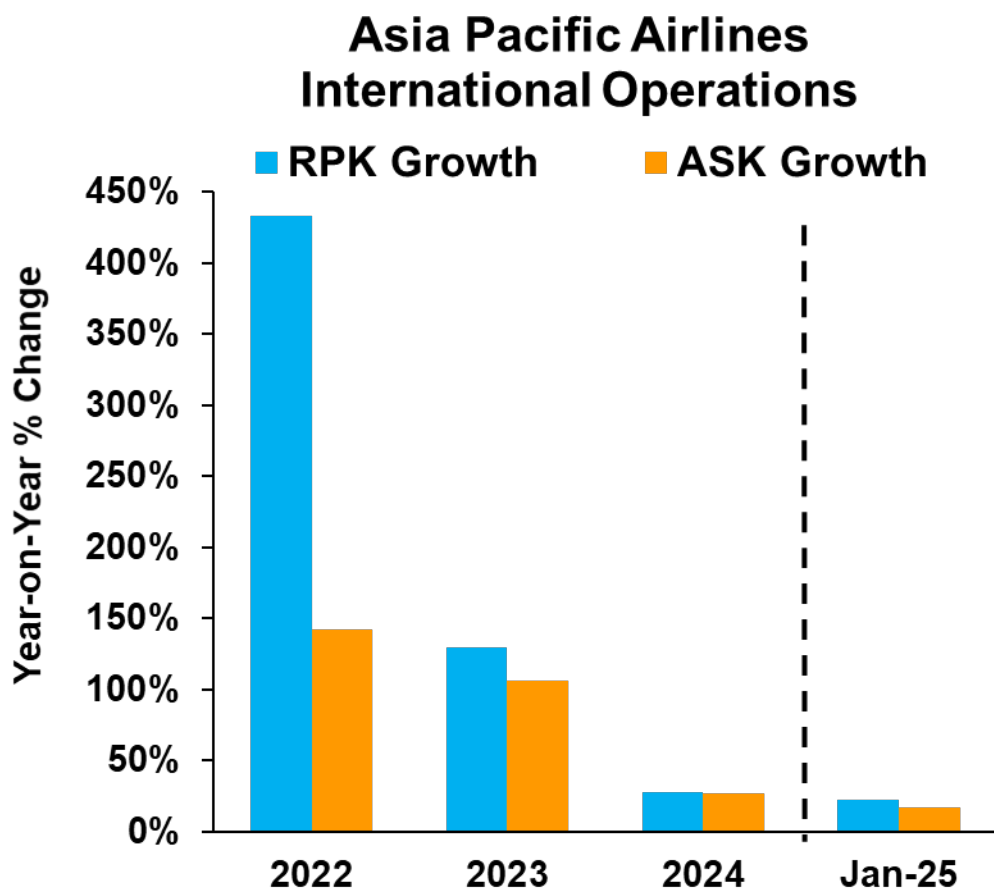
Airlines to benefit from lower oil prices

Global (US\$/Barrel)	2023	2024	2025F
Crude Oil (Brent)	82.5	80.5	75.0
Jet Fuel	113.4	98.1	87.0



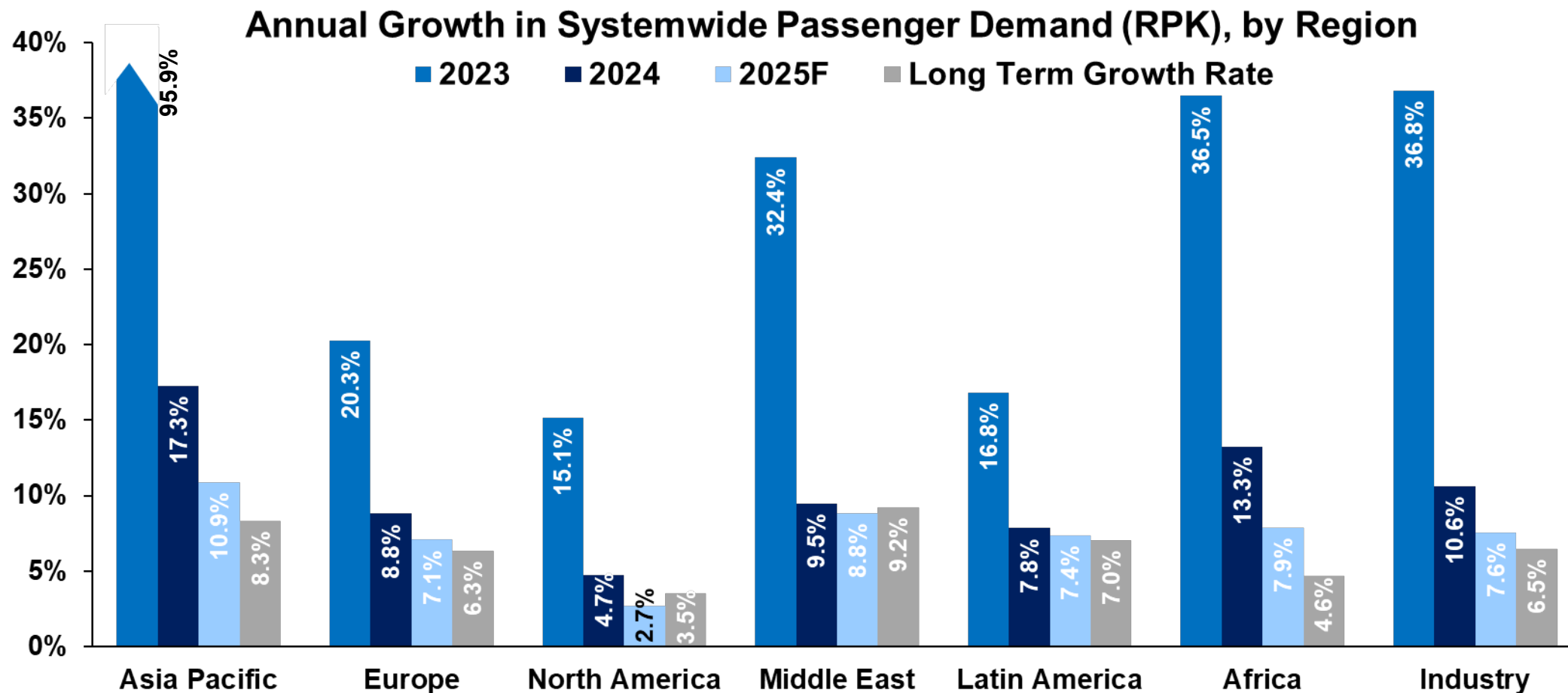
Source: US Energy Information Administration, IATA (2025 Forecasts)

Persistent supply chain issues hamper capacity expansion



Growth in capacity is expected to continue to lag demand due to aircraft delivery delays, engine issues, and spare parts shortages

Positive outlook for air travel



Passenger demand growth gradually aligning with long-term trends, with Asia Pacific maintaining the lead

Long Term Growth Rate: CAGR from 2010 to pre-pandemic 2019.

Source: AAPA, © International Air Transport Association, 2019. All Rights Reserved.



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