

**Global Market Forecast**  
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# Mapping Demand

2016-2035

# Global Market Forecast 2016: Highlights

GMF 2016 key numbers and 20-year change

World Fleet Forecast	2015	2035	vs. GMF15	% change 2015-2035
RPK (trillions)	6.6	16.0	+5.3%	142%
Passenger Aircraft Fleet	18,020	37,710	+5.5%	109%
New passenger aircraft deliveries		32,425	+650	
Dedicated Freighters	1,560	2,110	-21.5%	35%
New freighter aircraft deliveries		645	-150	
<b>Total New Aircraft Deliveries</b>		<b>33,070</b>	<b>+500</b>	

**New aircraft deliveries**

**+500 aircraft**

GMF 2016 vs.  
GMF 2015

Passenger aircraft (≥ 100 seats)

Jet freight aircraft (>10 tons)

Source: Airbus GMF 2016

# 20-year demand for more than 33,000 new passenger and freight aircraft



**23,530** single-aisle aircraft  
100-210 seater passenger aircraft



**8,060** twin-aisle aircraft  
250-400 seater passenger aircraft  
10-80 tonne freighter aircraft



**1,480** very large aircraft  
>400 seater passenger aircraft  
>80 tonne freighter aircraft

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**33,070** new aircraft

Market Value of  
-

**\$5.2**  
trillion

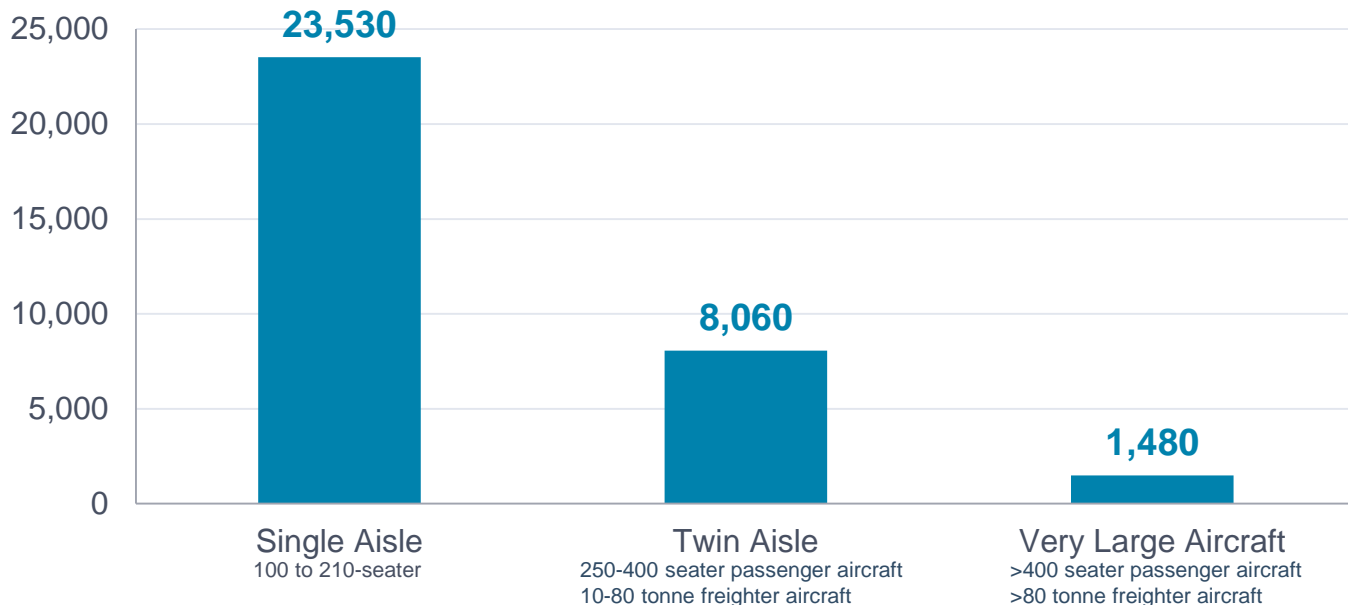
Passenger aircraft (≥ 100 seats)

Jet freight aircraft (>10 tons)

Source: Airbus GMF 2016

# Single Aisle: 71% of units; Wide-bodies: 54% of value

20-year new deliveries of passenger and freighter aircraft



% units	71%	24%	5%
% value	46%	43%	11%

New Deliveries

33,070

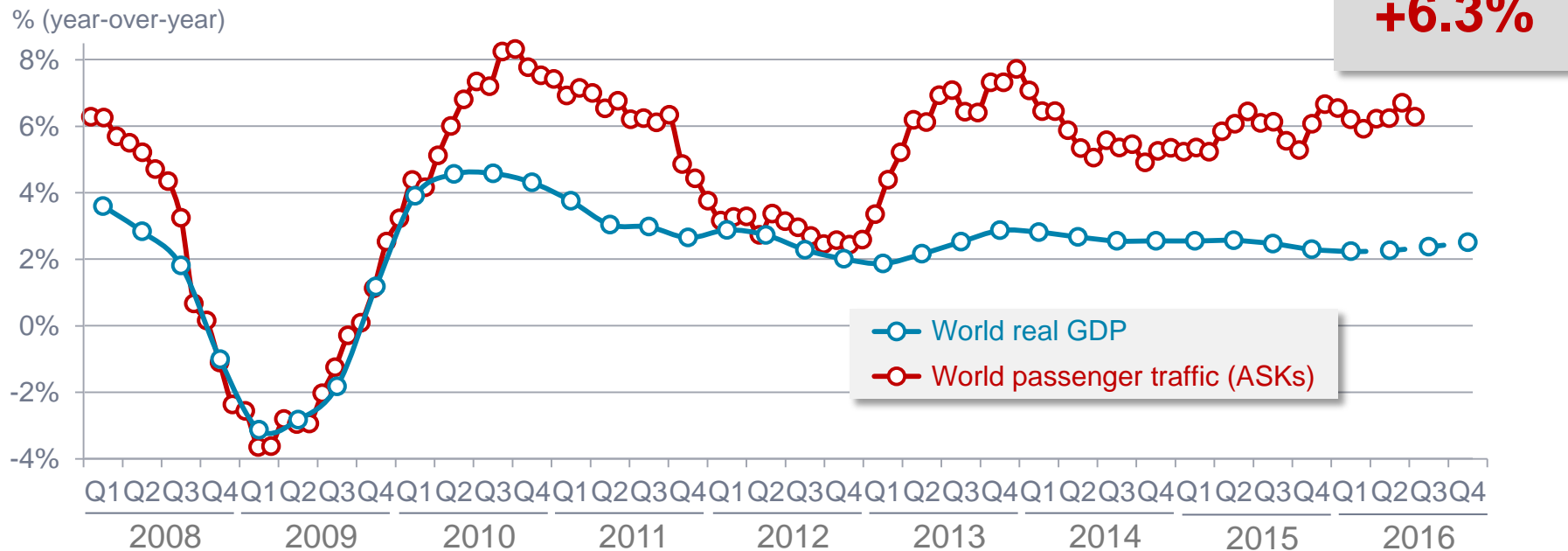
GMF 2016-2035

Passenger aircraft (≥ 100 seats) and jet freight aircraft (>10 tons)

Source: Airbus GMF 2016

# Passenger traffic is outperforming GDP growth

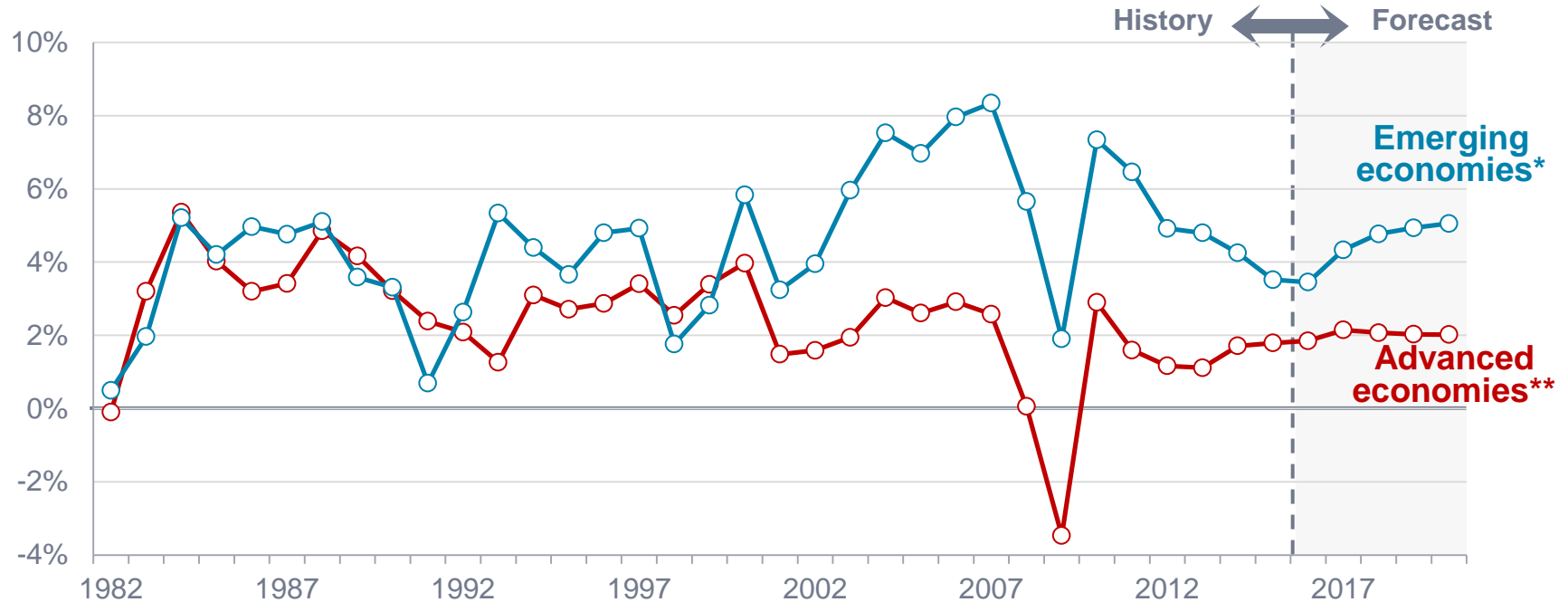
World real GDP and passenger traffic



Source: IHS Economics, OAG, Airbus

# Still a two-speed economic world

Comparison of year-over-year GDP growth



Source: IHS Economics, Airbus

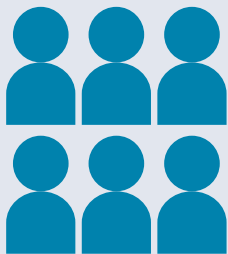
\* 54 emerging economies

\*\* 32 advanced economies

# Air transport growth is highest in expanding regions

## Emerging/Developing

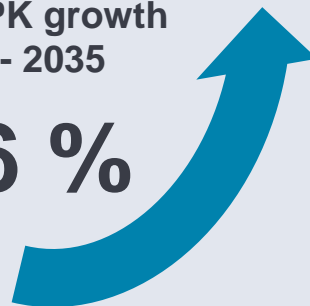
China  
India  
Middle East  
Asia  
Africa  
CIS  
Latin America  
Eastern Europe



**6.2**  
billion  
people  
2015

Yearly RPK growth  
2016 - 2035

**+5.6 %**



## Advanced

Western Europe  
North America  
Japan



**1**  
billion  
people  
2015

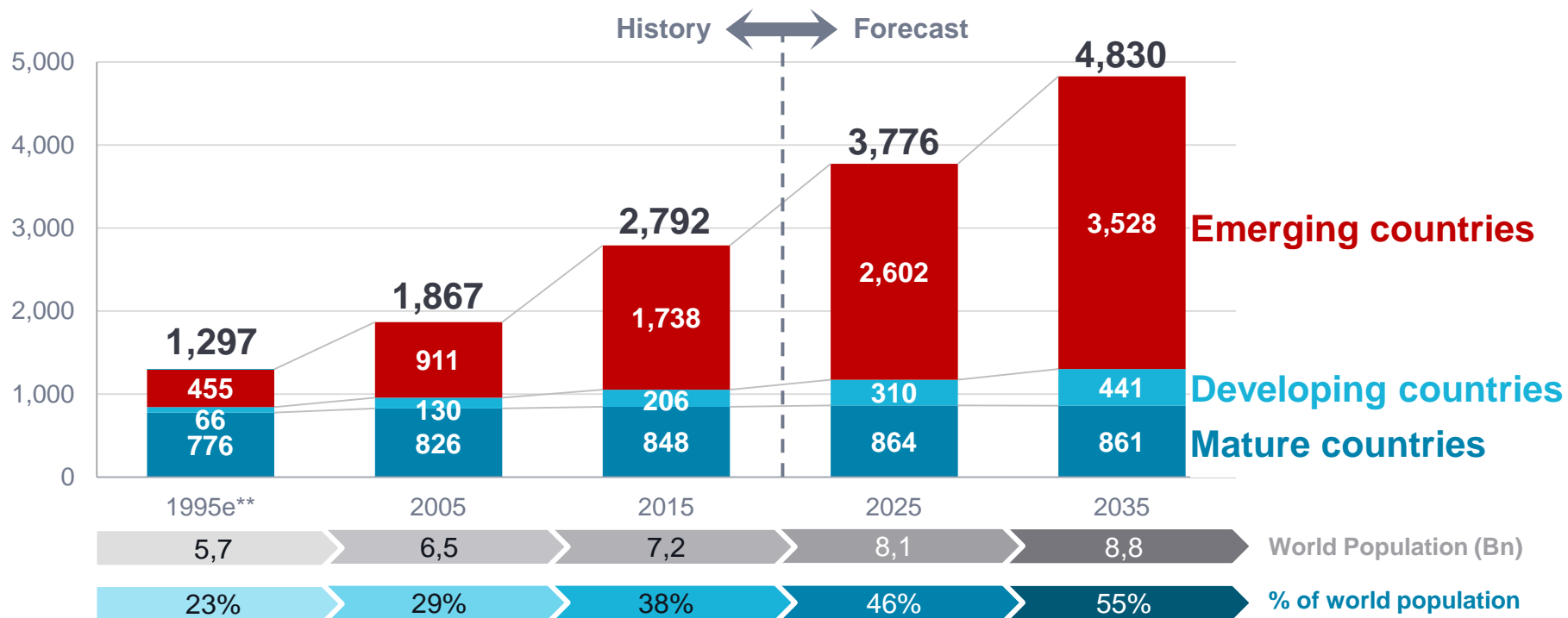
**+3.7 %**



Source: IHS Economics, Airbus GMF 2016

# Middle Class\* to move from 2.8 Billion to 4.8 Billion in 20 years

Middle Class\* (millions of people)



\* Households with yearly income between \$20,000 and \$150,000 at PPP in constant 2015 prices

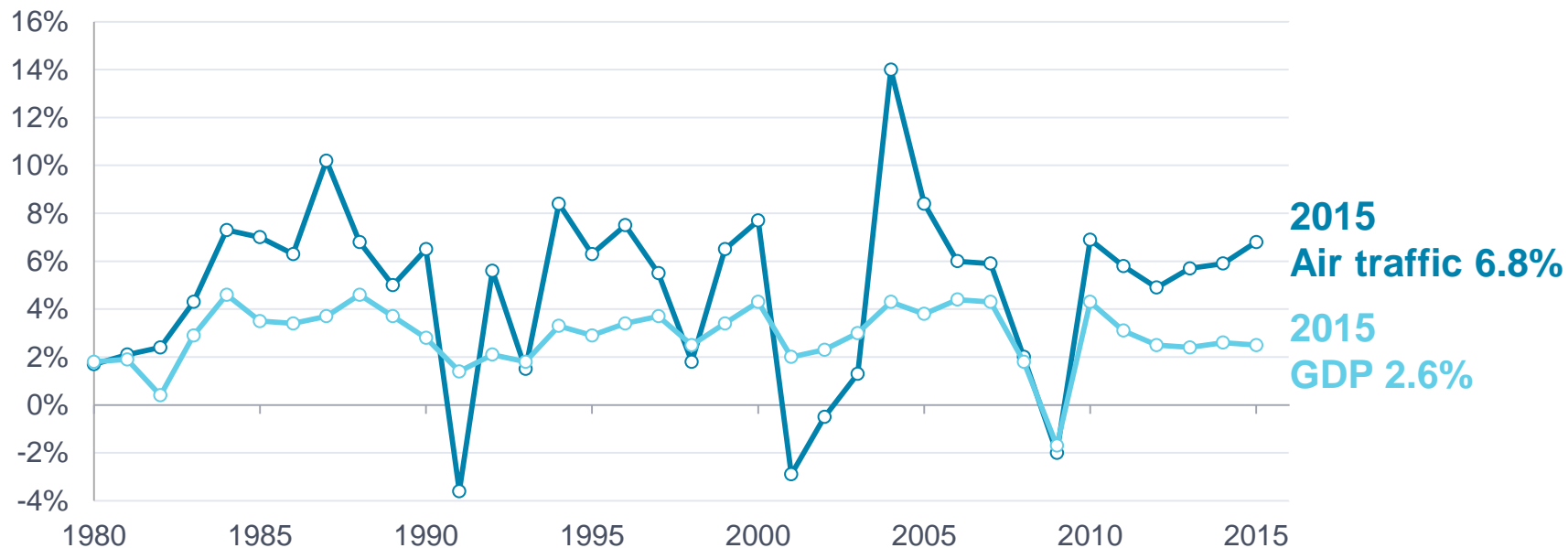
\*\* Estimate for 1995 split by region

Source: Oxford Economics, Airbus



# Economy is key factor in traffic growth but other drivers gaining importance...

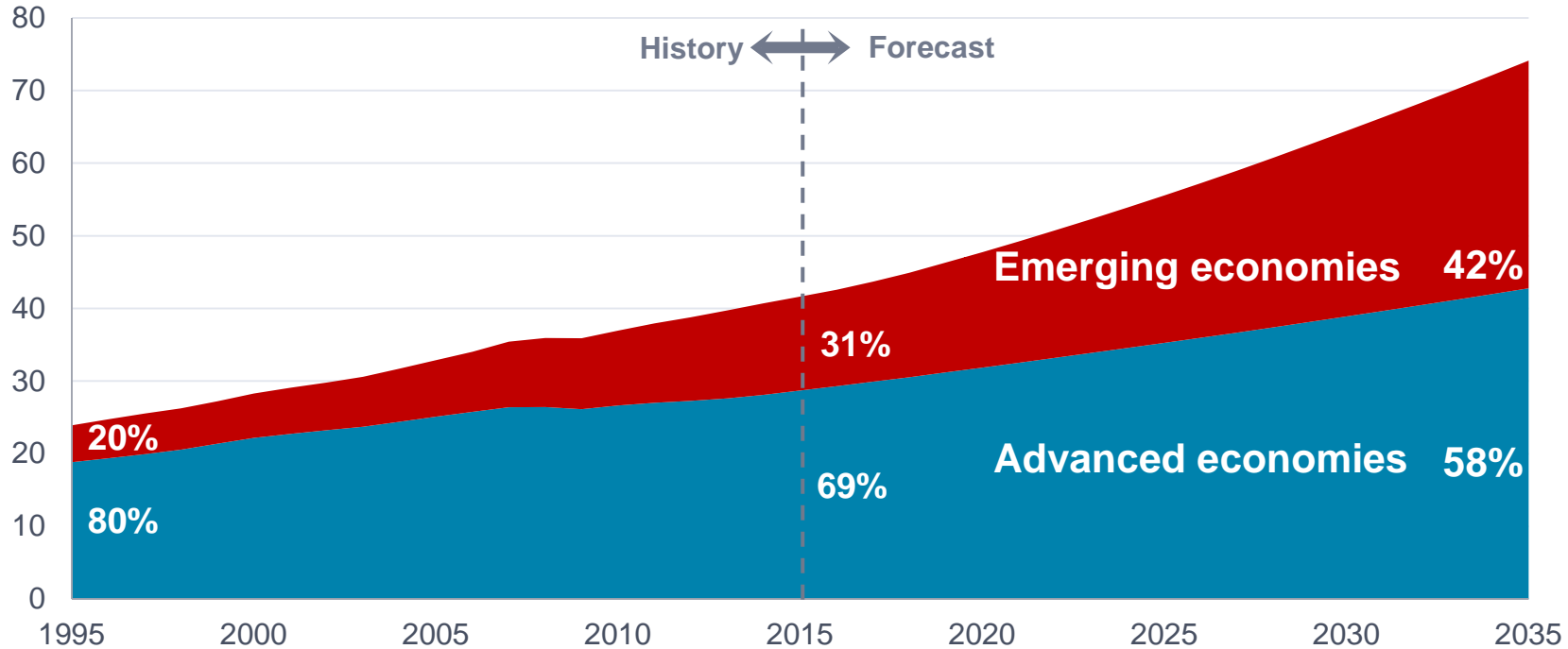
Traffic and GDP Growth (%)



Source: ICAO, IHS Economics, Airbus

# 42% of world's private consumption to come from emerging markets

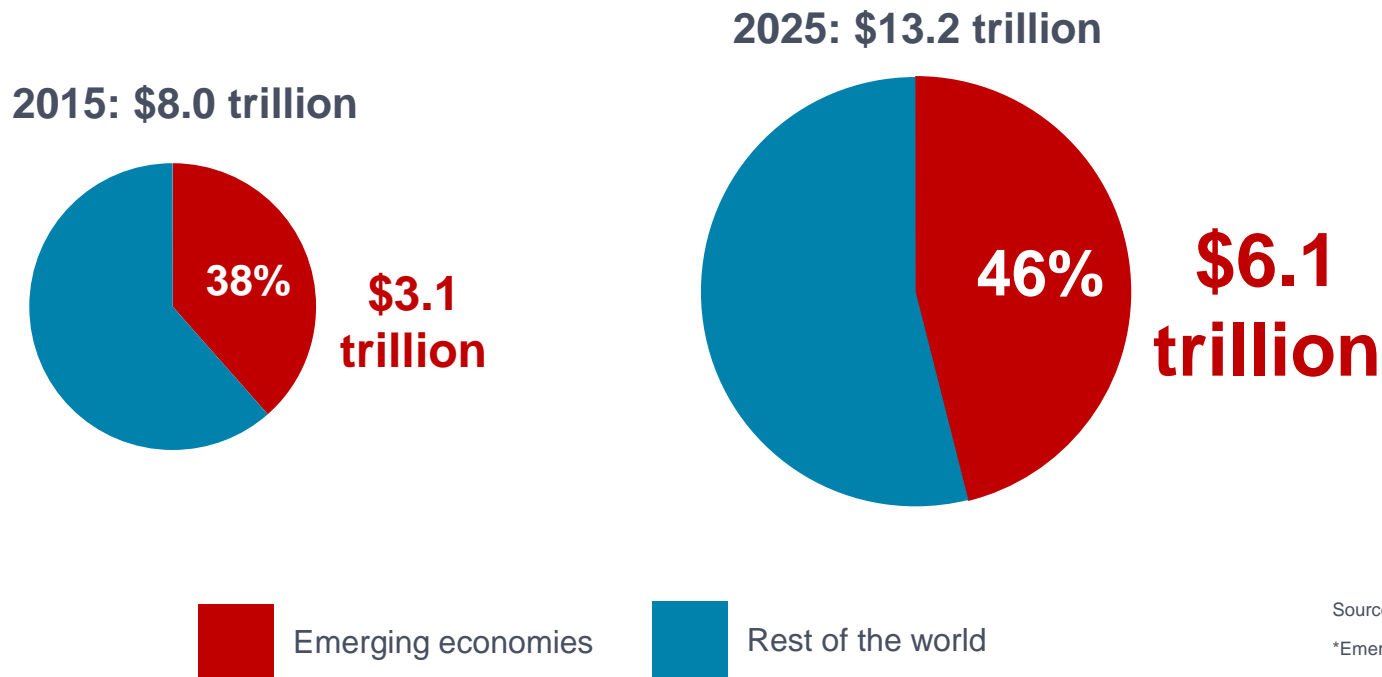
World private consumption (in trillion \$US, 2010)



Source: IHS Economics (May 2016), Airbus GMF

# Emerging economies' discretionary spending will double in just 10 years

Emerging economies\* spending on recreational good and services\*\* (2010 \$US, PPP)



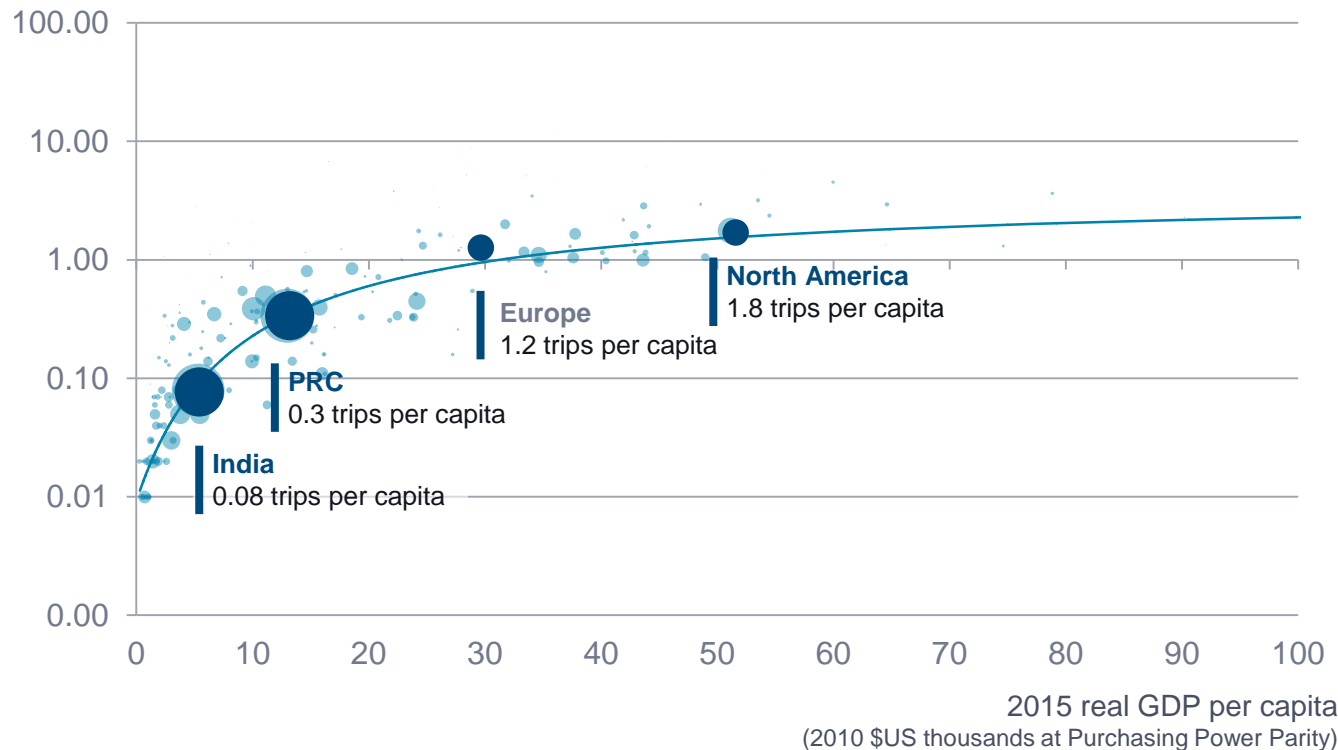
Source: Oxford Economics, Airbus GMF 2016

\*Emerging + Developing economies

\*\*Including restaurants and accommodation

# Europeans and North Americans are the most willing to fly...

2015 trips per capita



Propensity to travel

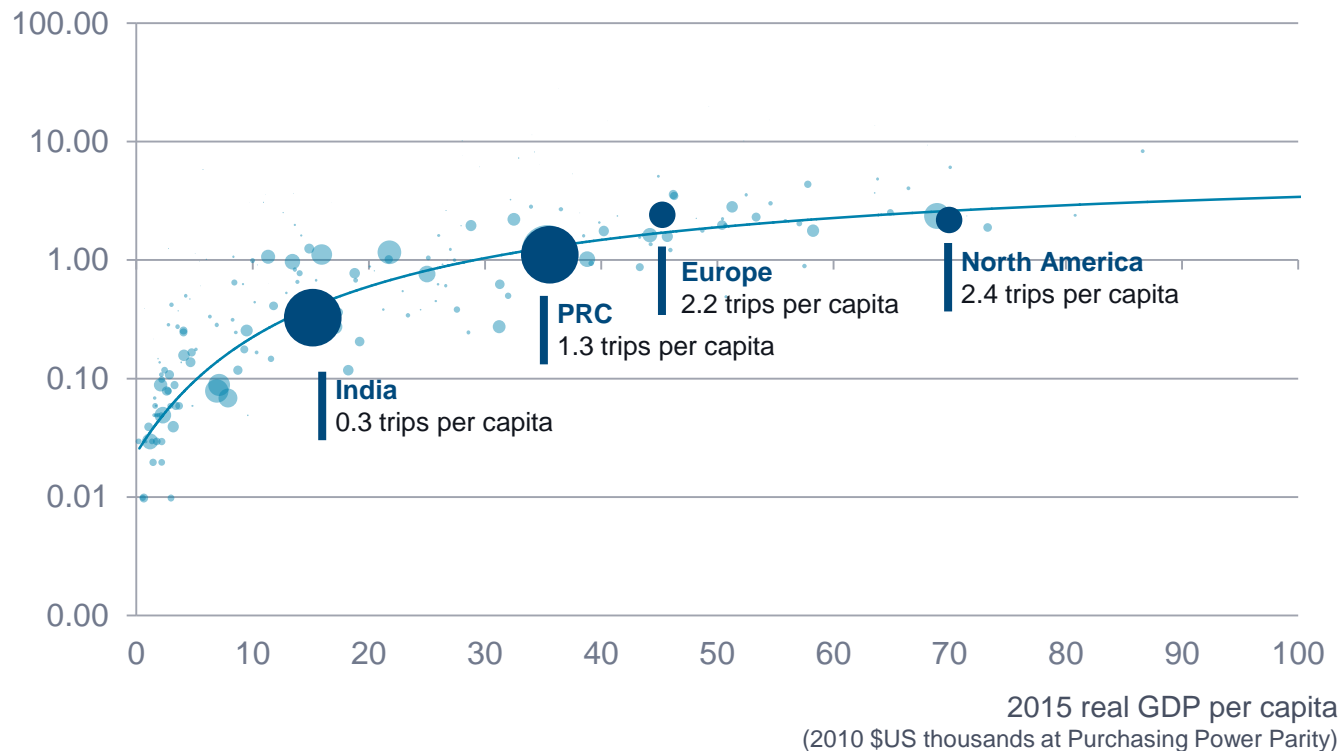
25%

of the population of the emerging countries took a trip a year in 2015

Sources: Sabre, IHS Economics, Airbus GMF 2016

# ...but by 2035, PRC will reach current European levels

2035 trips per capita



Propensity to travel

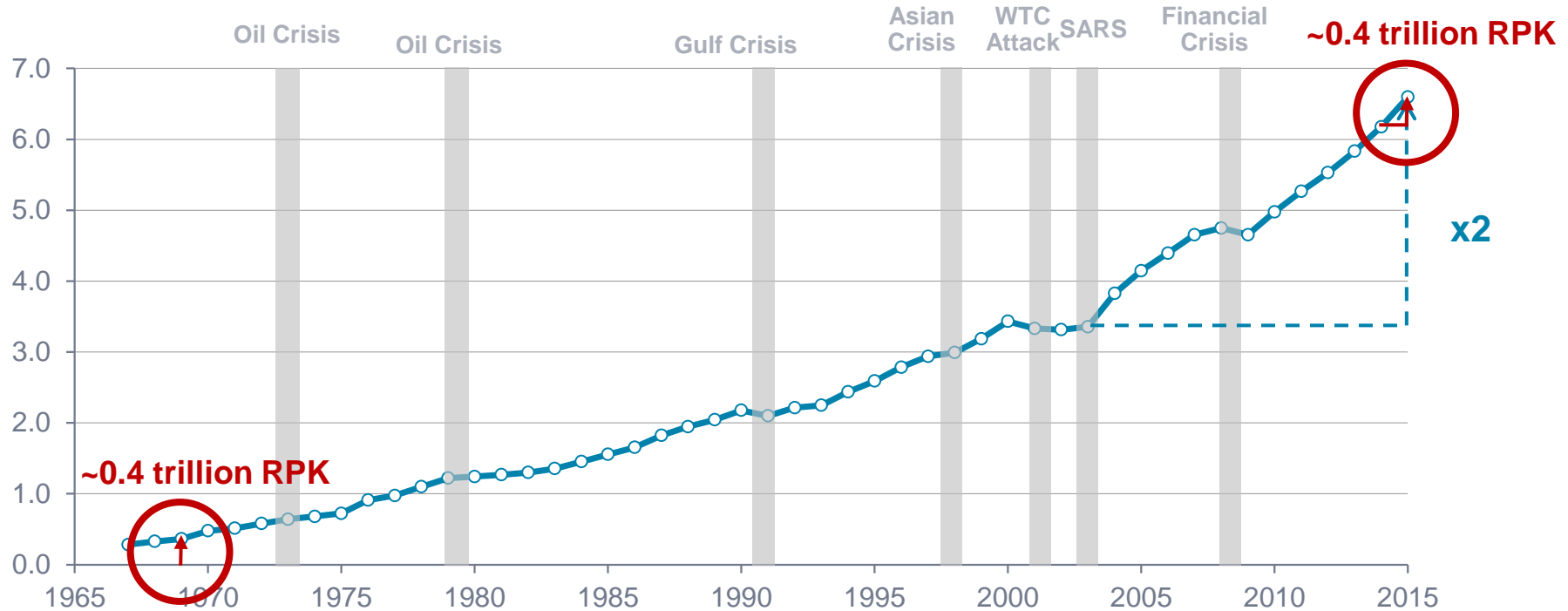
75%

of the population of the emerging countries will take a trip a year in **2035**

Sources: Sabre, IHS Economics, Airbus GMF 2016

# Air travel has proved to be resilient to external shocks

World annual traffic (trillion RPK)



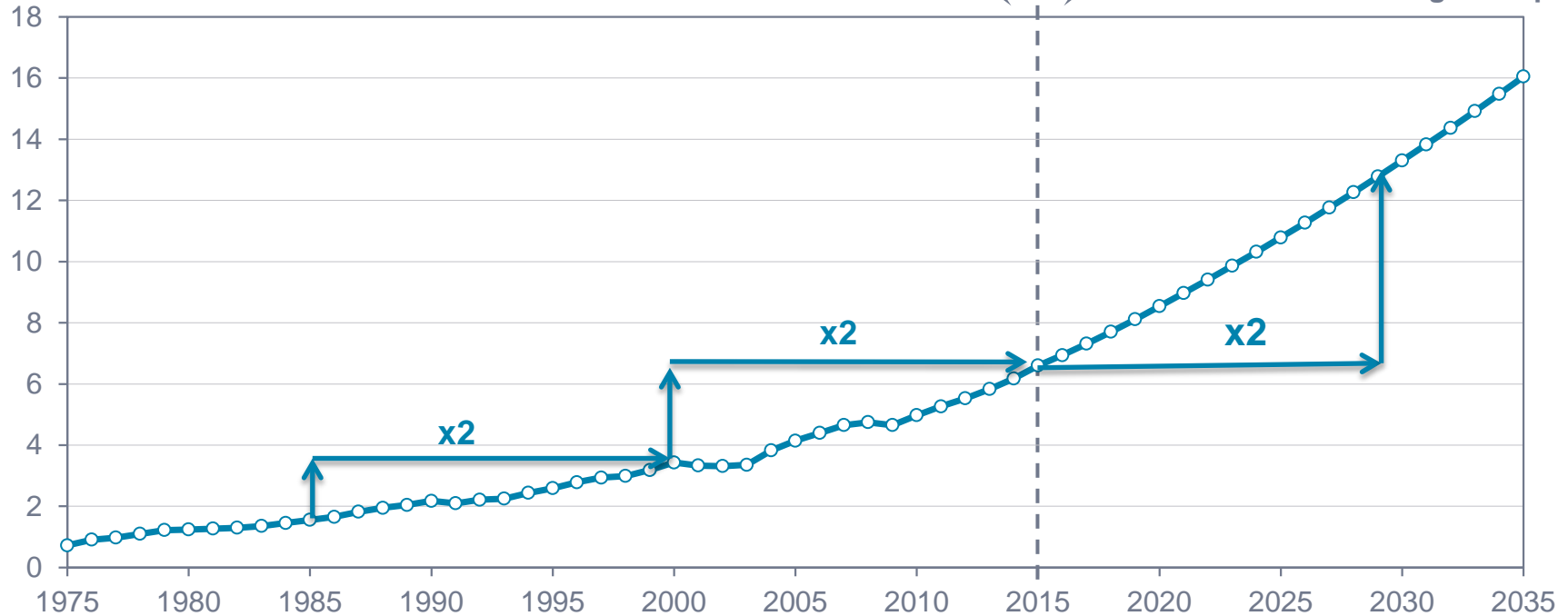
Source: ICAO, Airbus GMF 2016

RPK = Revenue Passenger Kilometre

# Air traffic will double in the next 15 years

World annual traffic (trillion RPK)

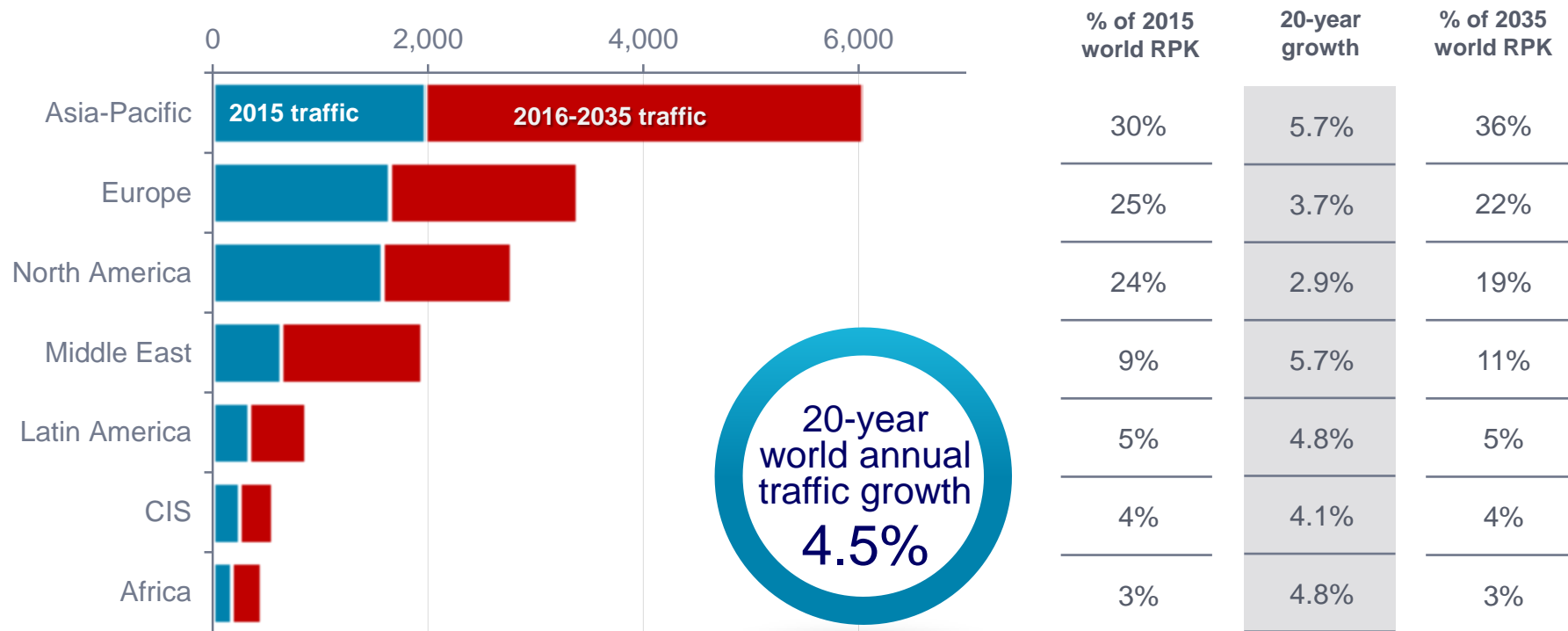
ICAO total traffic ↔ Airbus GMF 2016: 4.5% growth p.a



Source: ICAO, Airbus GMF 2016

# Asia-Pacific lead in world traffic will increase further by 2035

RPK traffic by airline domicile (billions)

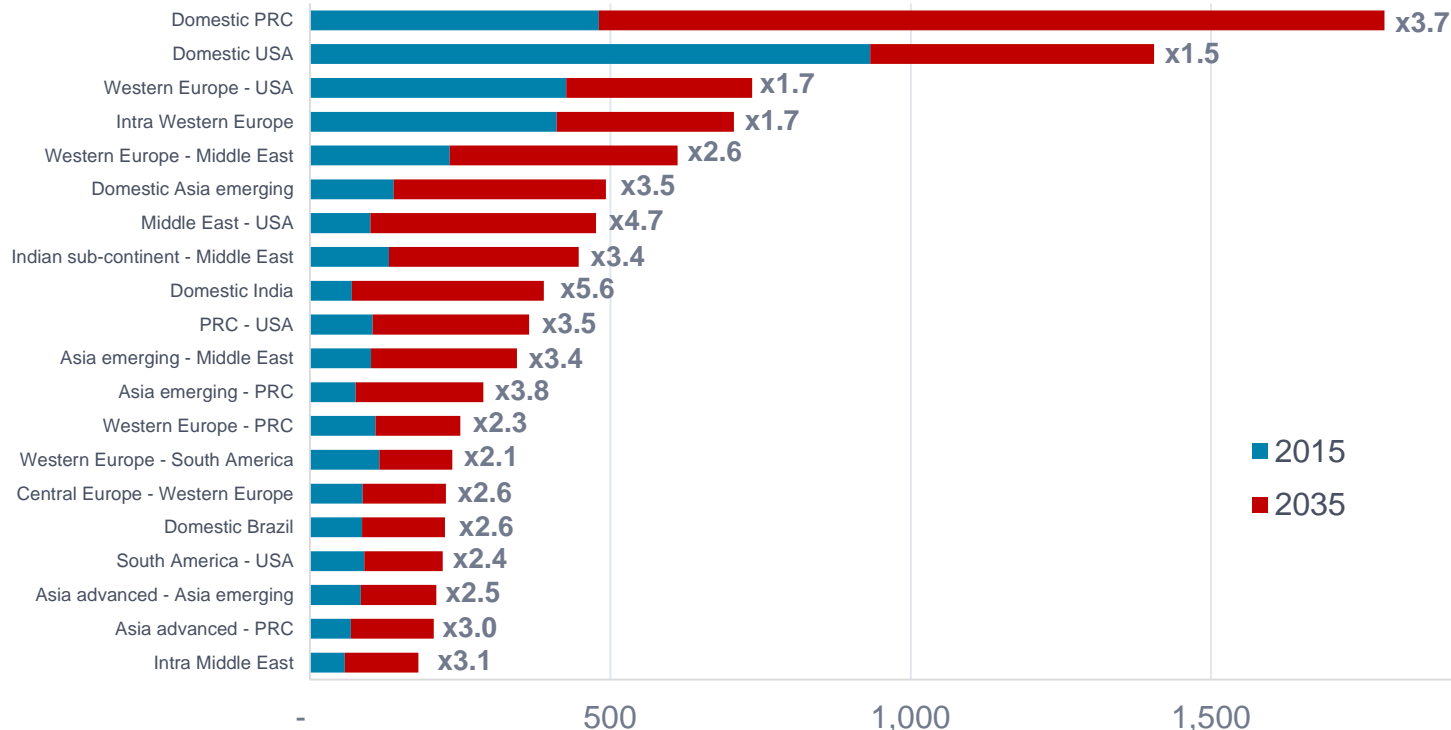


Source: Airbus GMF2016



# Domestic Chinese traffic flow to be number one

Annual traffic per leg flow (billion RPK)



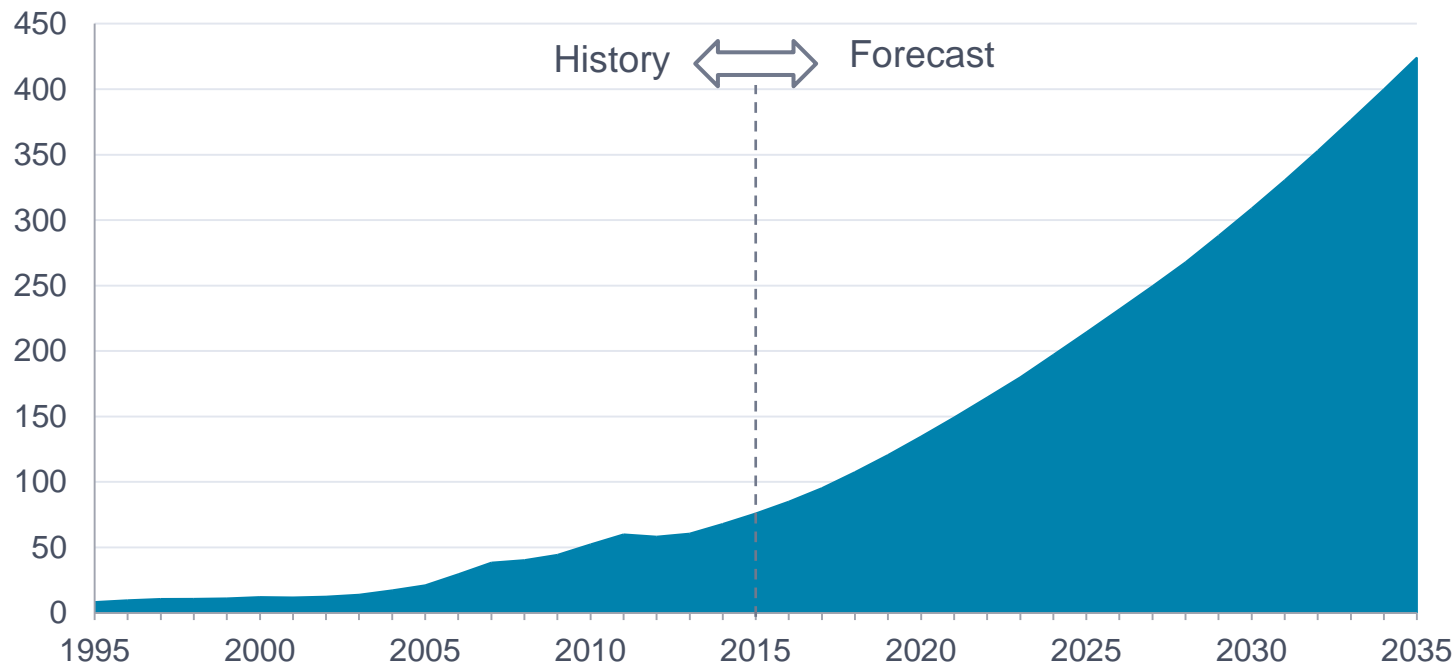
Asia Pacific  
leading growth

**50%**  
of the top twenty  
traffic flows will  
involve Asia Pacific

Source: Airbus GMF 2016

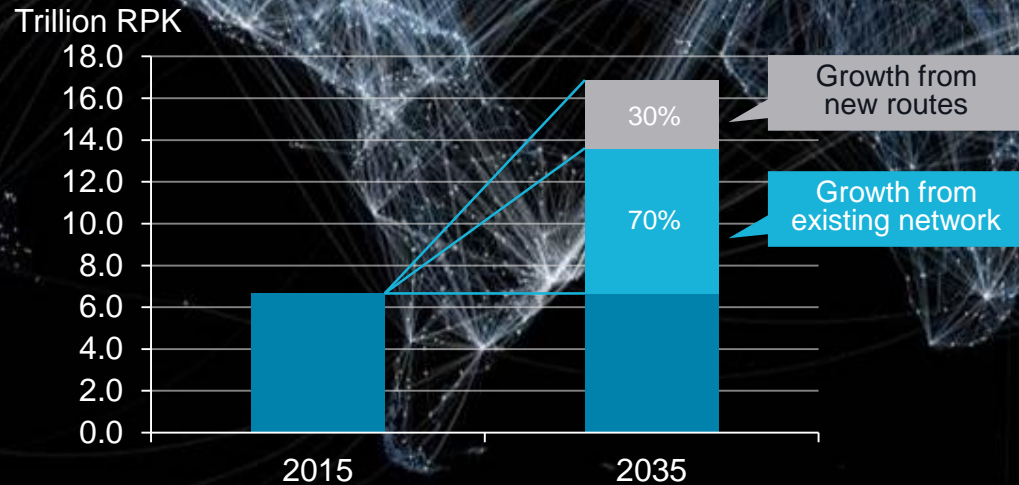
# Domestic traffic in India to grow more than 5-fold over next 20 years

Domestic India - Annual traffic per leg flow (billion RPK)



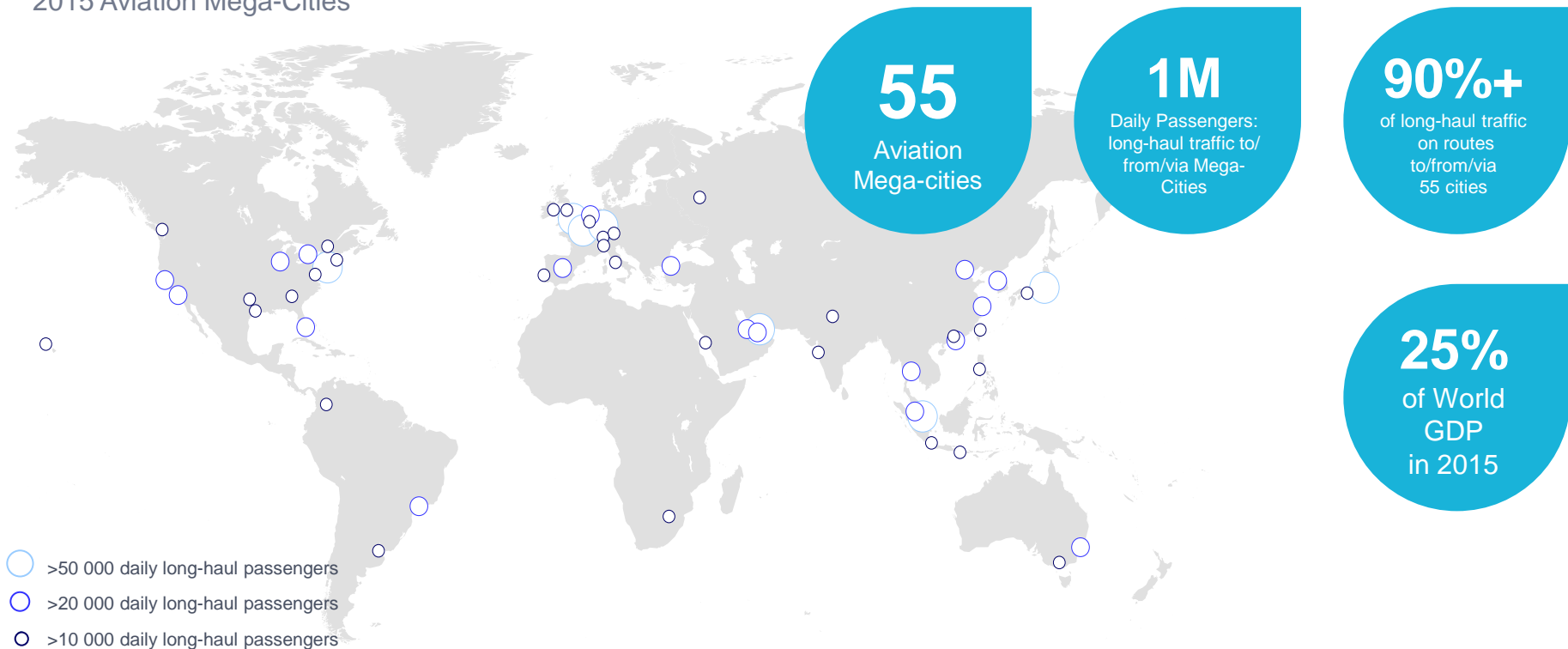
Source: DGCA India, Airbus GMF

# 70% of traffic growth until 2035 will come from existing network



# There are currently 55 Aviation Mega-Cities...

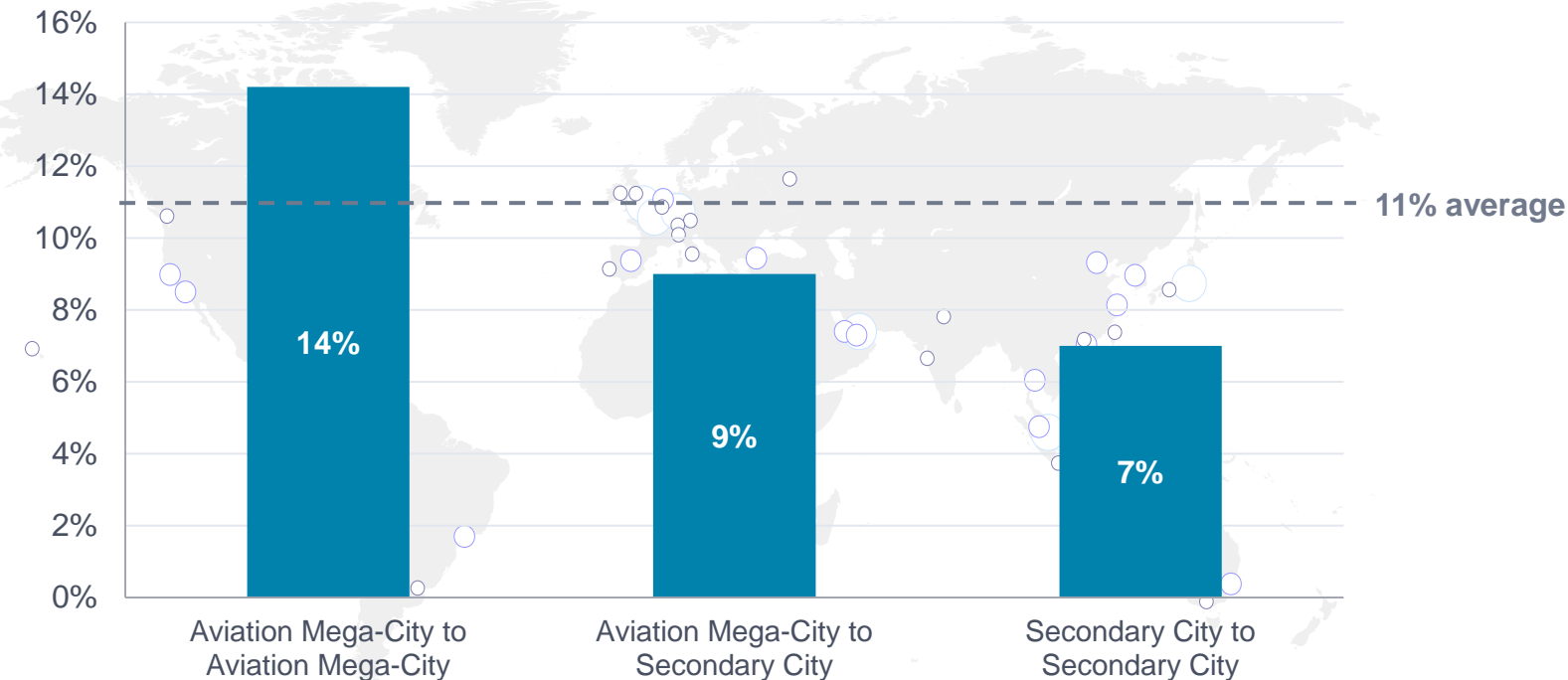
## 2015 Aviation Mega-Cities



Source: McKinsey, UNPD, Airbus GMF 2016

# Routes between Aviation Mega-Cities have more premium passengers

Percentage of premium passengers on routes types

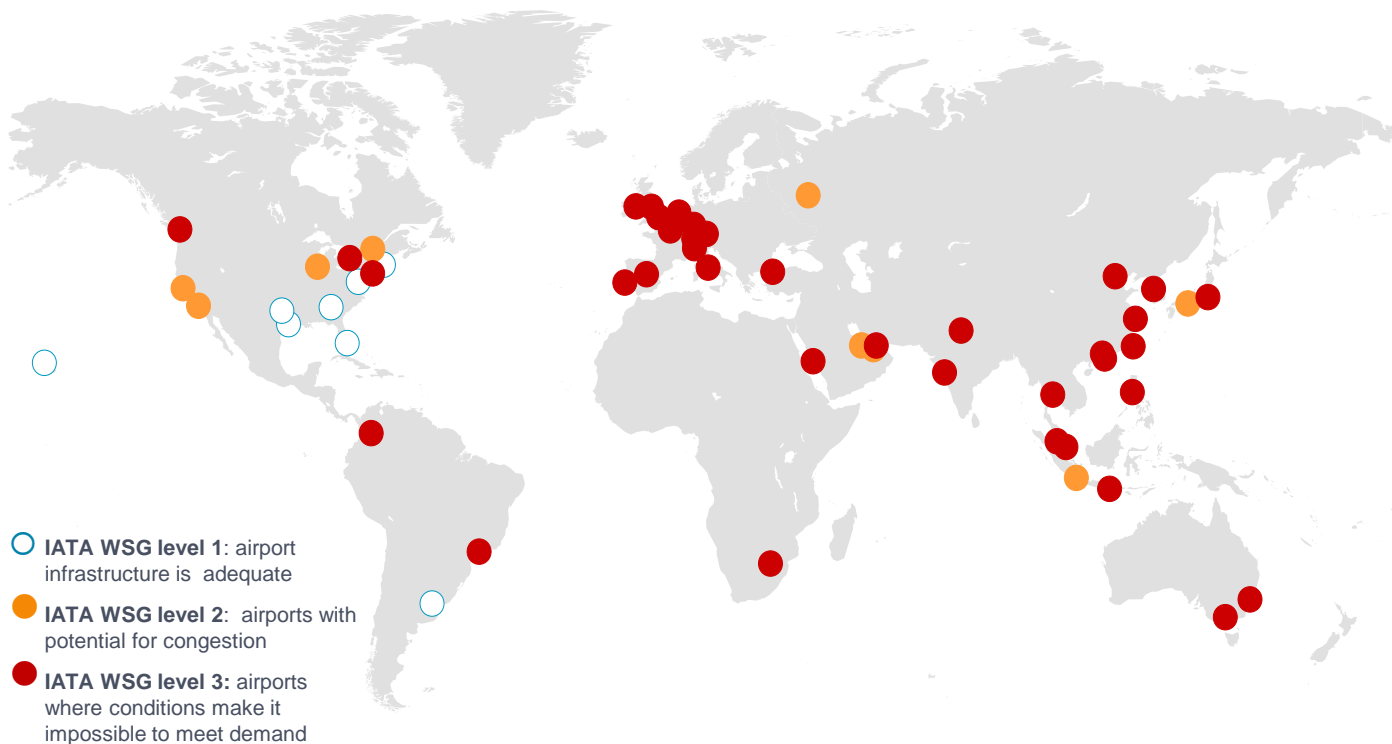


Cities with more than 10,000 daily passengers, Long-haul, flight distance >2,000nm, excl. domestic traffic

Source: Sabre (September 2015 data),  
Airbus GMF 2016

# 47 of 55 Aviation Mega-Cities main airports are schedule-constrained

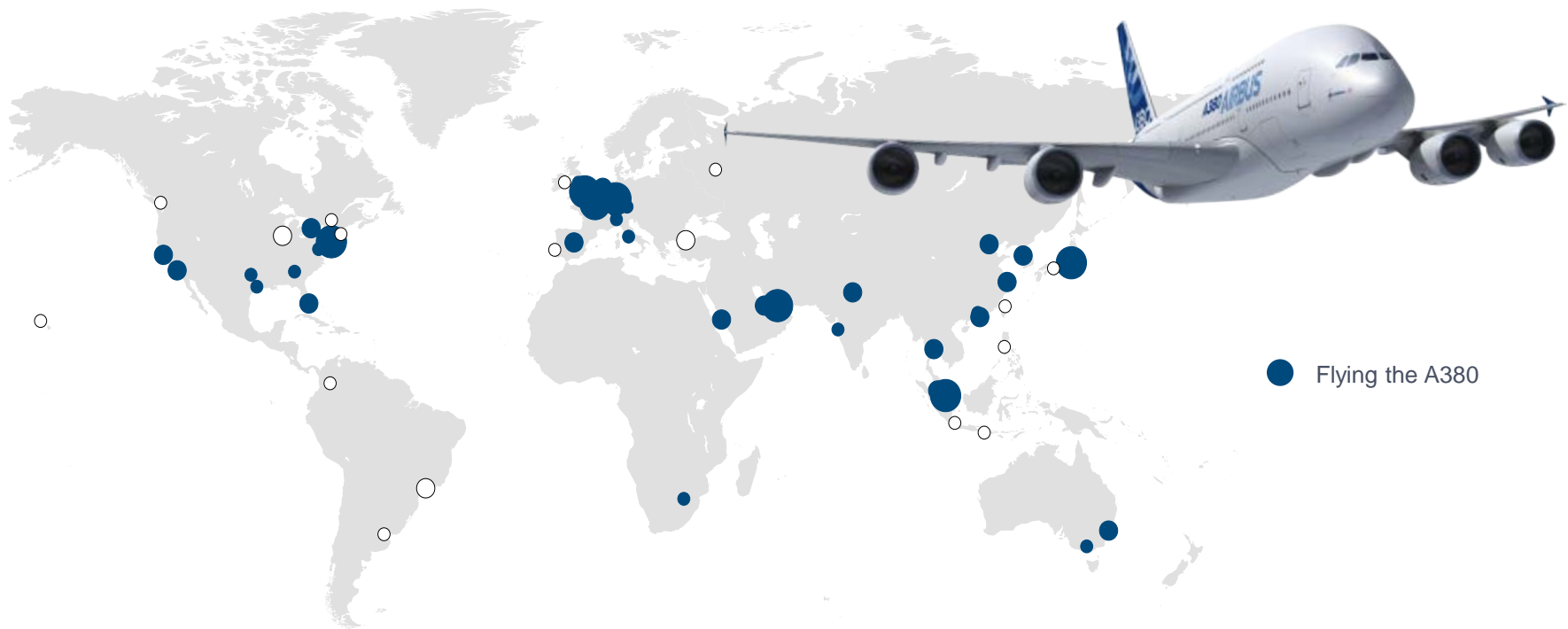
## 2015 Aviation Mega-Cities



Source: IATA WSG database,  
Airbus GMF 2016

# 38 of the Aviation Mega-Cities fly the A380

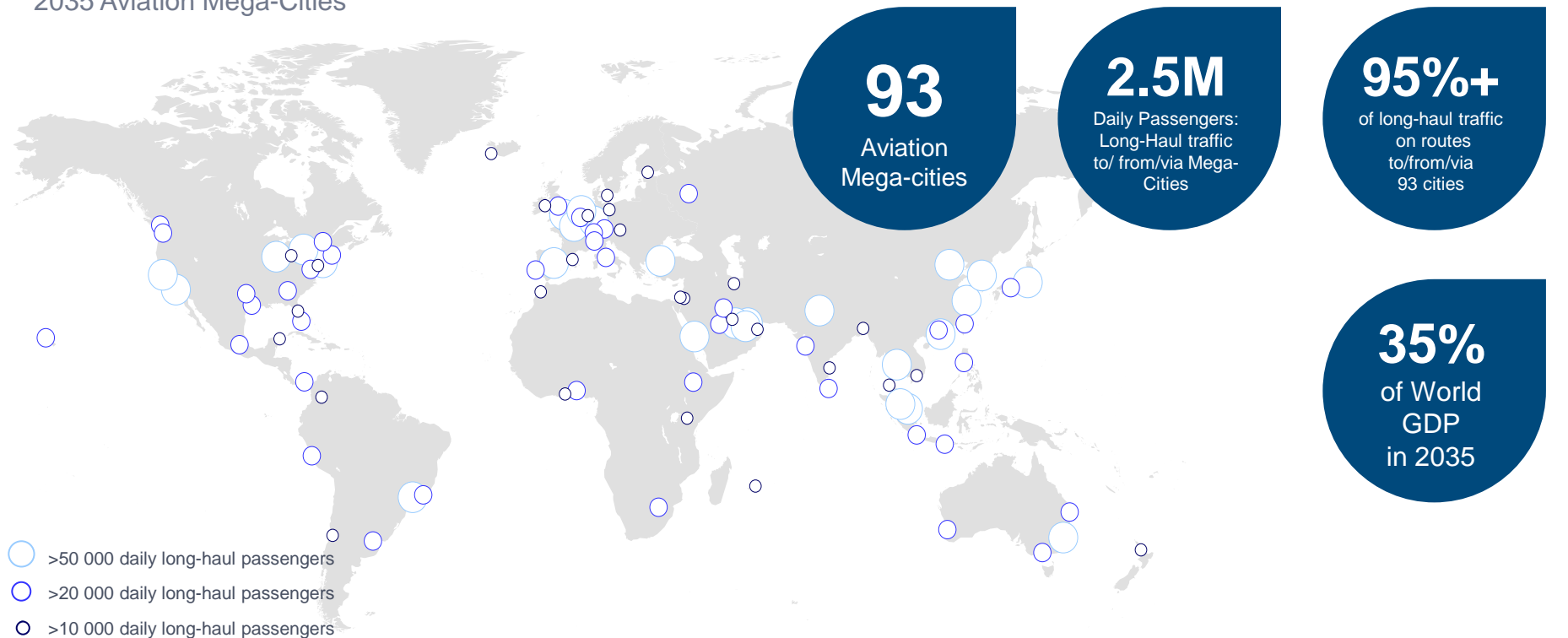
2015 Aviation Mega-Cities



Source: McKinsey, UNPD, OAG (Sept 2015),  
Airbus GMF 2016

# There will be 93 Aviation Mega-Cities by 2035

## 2035 Aviation Mega-Cities

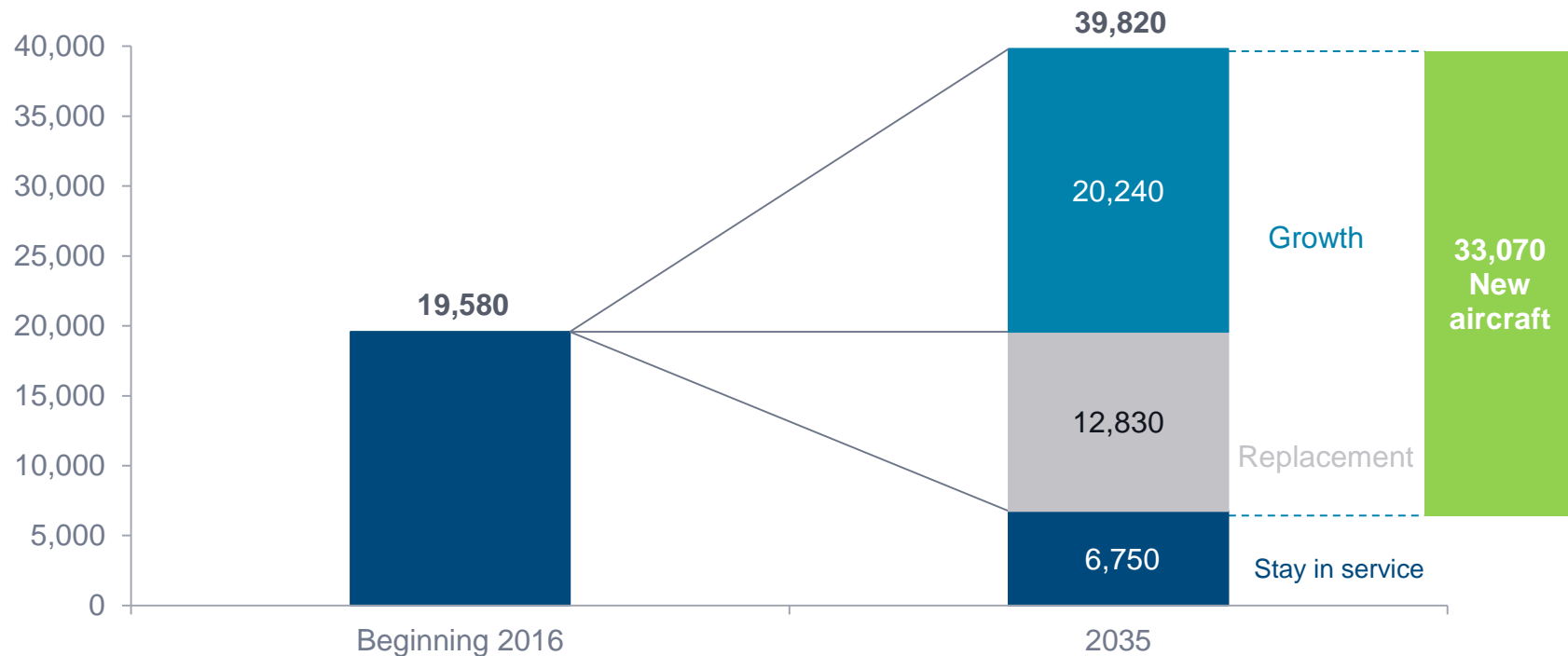


Source: McKinsey, UNPD, Airbus GMF 2016



# Demand for some 33,000 new passenger and freighter aircraft

Fleet in service evolution: 2016-2035



Source: Airbus GMF 2016

Note: Passenger aircraft ≥100 seats,  
Freighter aircraft ≥10 tonnes

# In 2015, an aircraft generates 50% more RPKs than in 1995

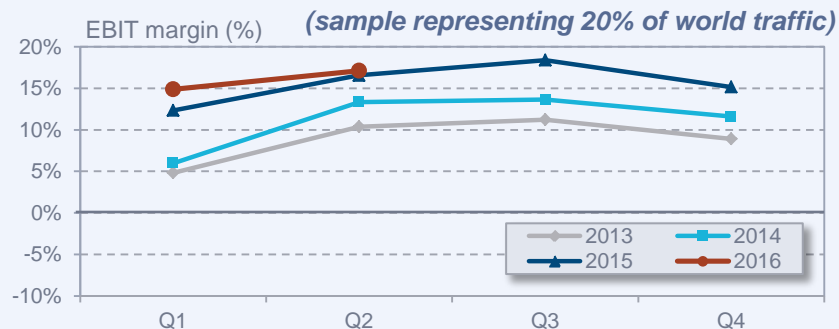


**1**  **2015** = **Yearly RPK per a/c** **1.5x** **1**  **1995**

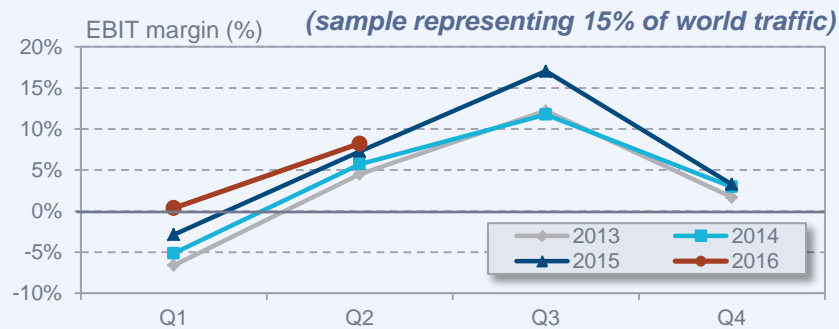
Source: ICAO, OAG, Ascend, Airbus

# Airline profitability - Q2/2016 update

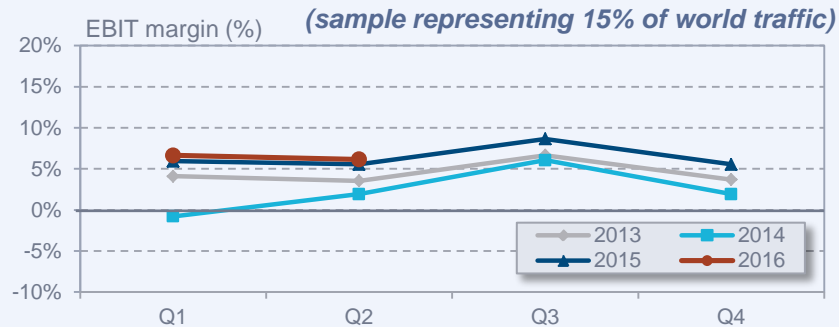
## US AIRLINES



## EUROPEAN AIRLINES



## EMERGING MARKETS AIRLINES



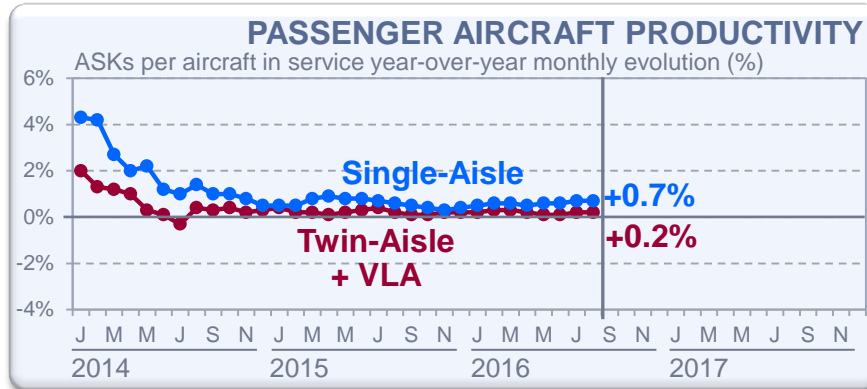
## AIRLINES WORLDWIDE



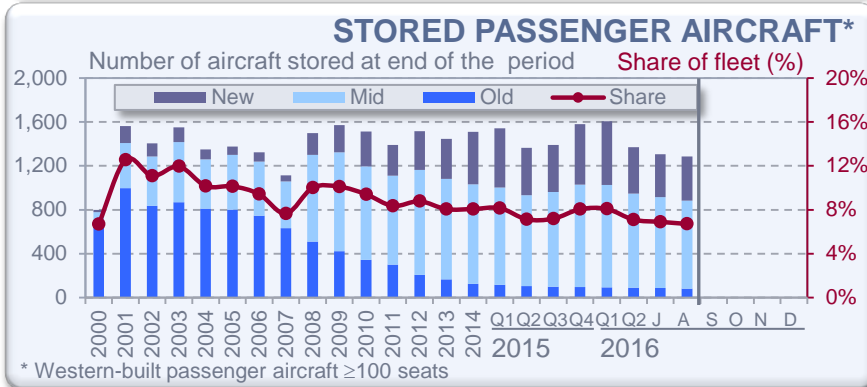
Source: The Airline Analyst, Airbus

# Productivity increasing, stored aircraft around historical low

Productivity



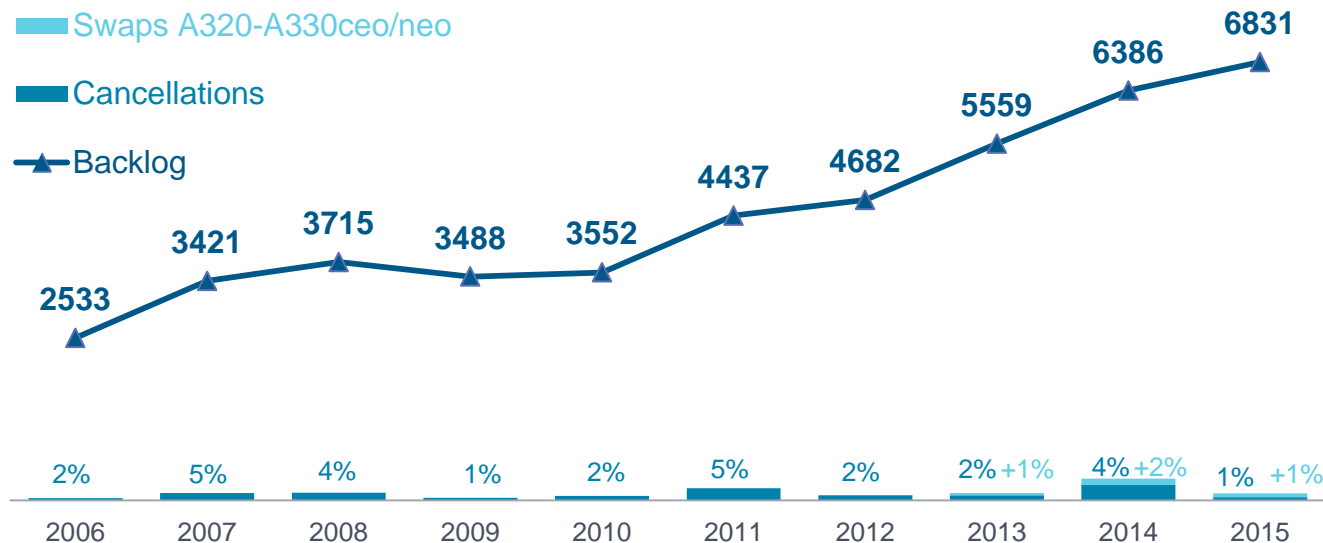
Stored Aircraft



Source: Ascend, OAG, Airbus



# Backlog x 2.7 since 2006 – Cancellations within historic bounds



% Swaps ceo to neo

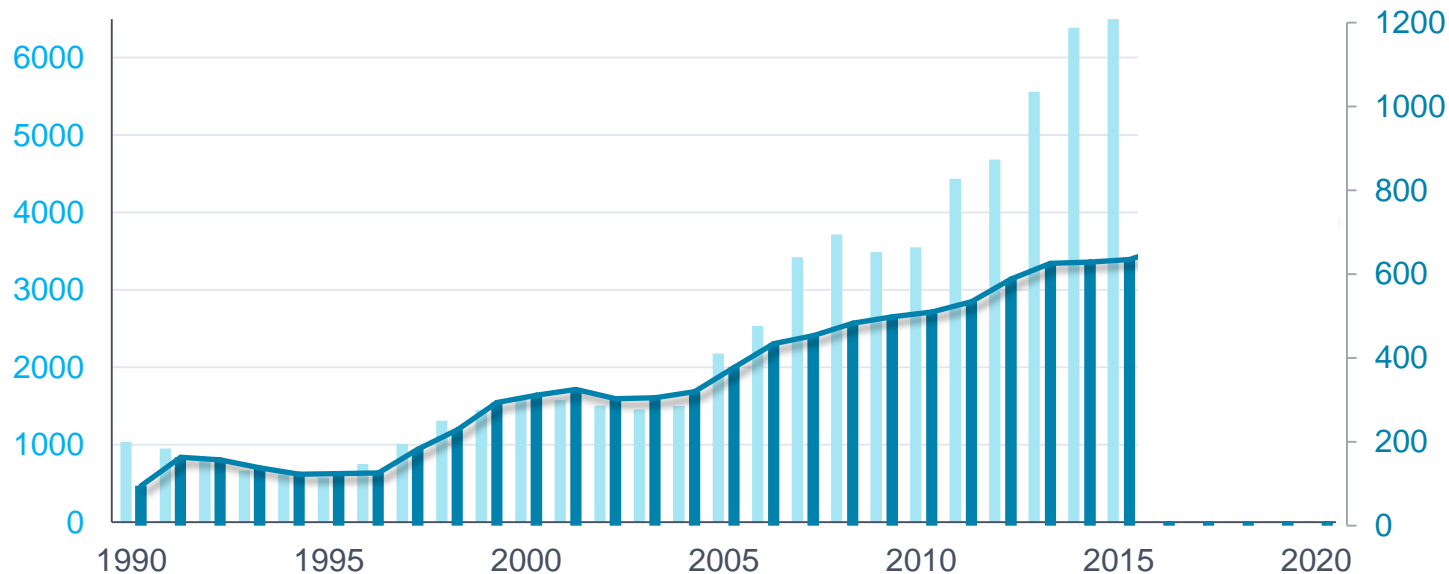
% Cancellations year N / Backlog year N-1

# Backlog and delivery ratio above 10:1 in 2015

## Airbus backlog

## Airbus deliveries

(scale 1/5 x backlog)

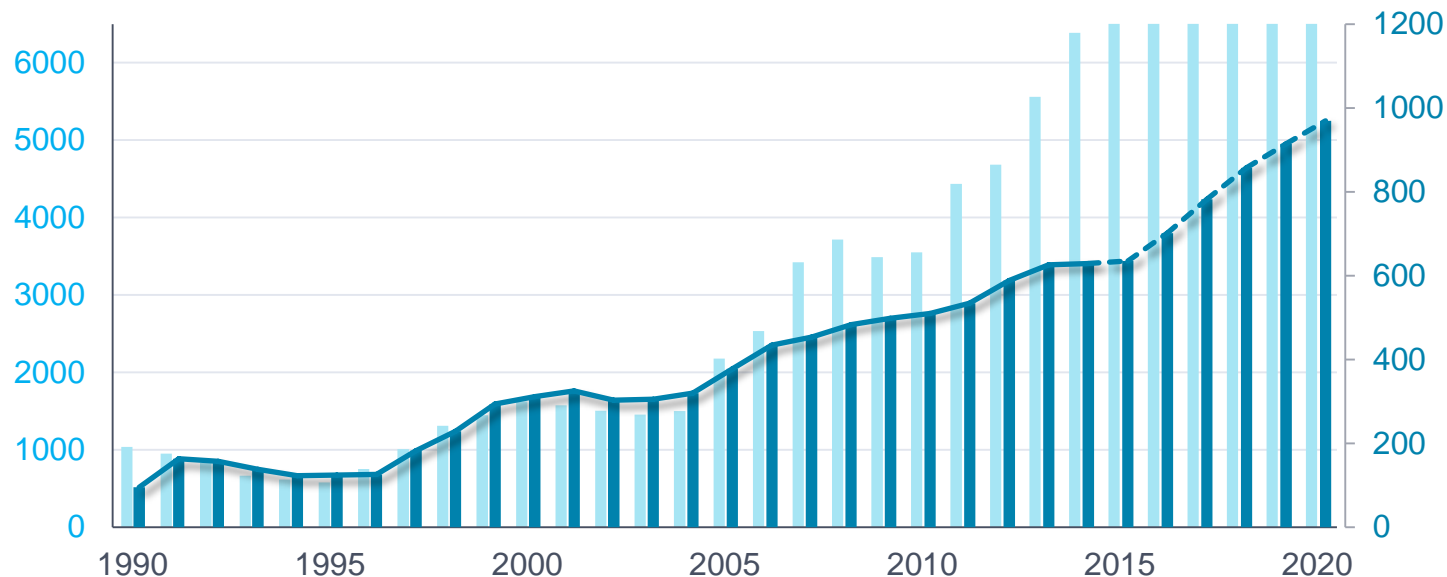


# Backlog and delivery ratio at 7:1 in 2020, A320 at rate 60 from mid 2019

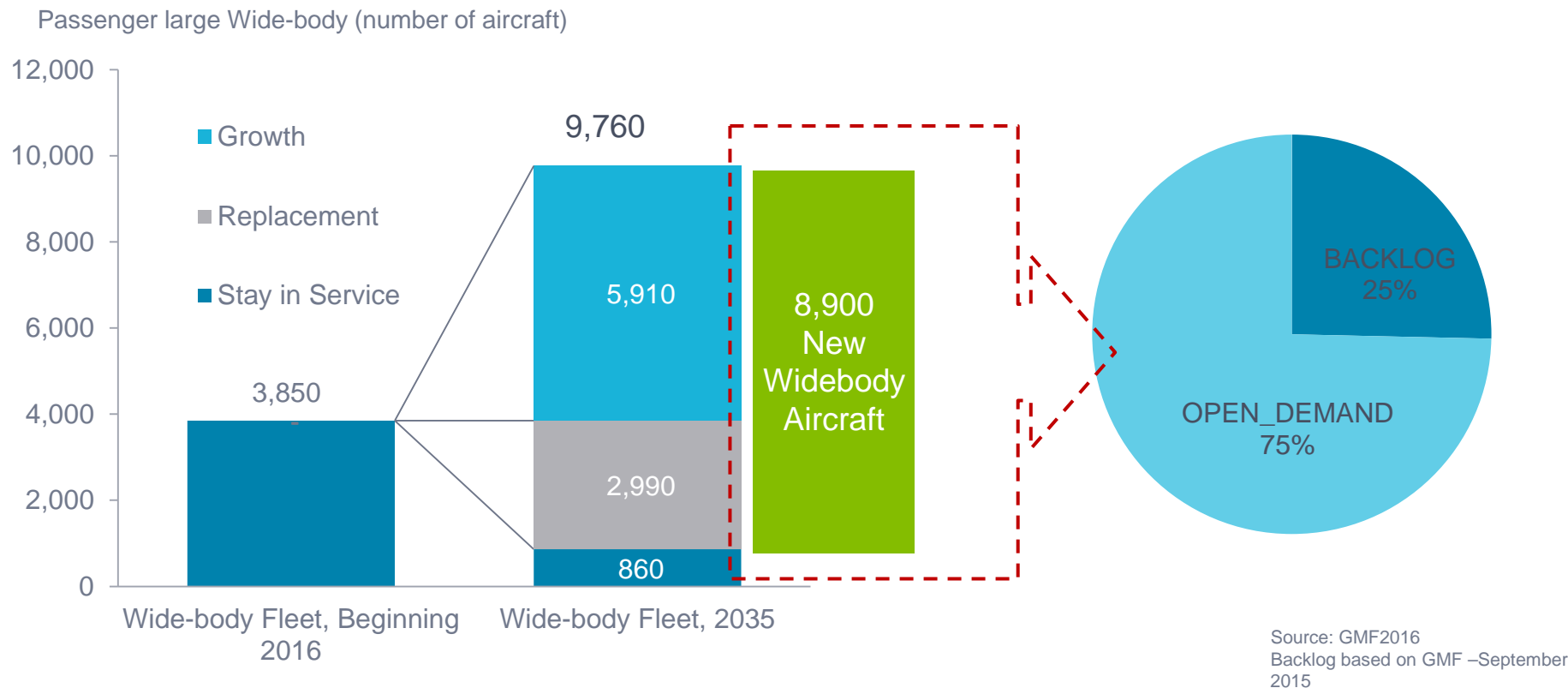
## Airbus backlog

## Airbus deliveries

(scale 1/5 x backlog)



# Demand for ~8,900 additional new passenger widebody aircraft until 2035





# Summary

- Strong and **resilient** passenger traffic growth
- **Air traffic (RPK) doubles every 15 years**
- As air transport develops, **new drivers** become more significant
- Demand for 33,070 new aircraft by 2035: **~32,430** passenger aircraft and **650** freighters
- **40%** of passenger aircraft demand needed for **replacement**, and **60% for growth**
- Single-aisle represent 71% of units, and wide-bodies represent 54% of value
- VLA demand largely concentrated on **Aviation Mega-Cities** and network efficiencies will facilitate new VLA destinations