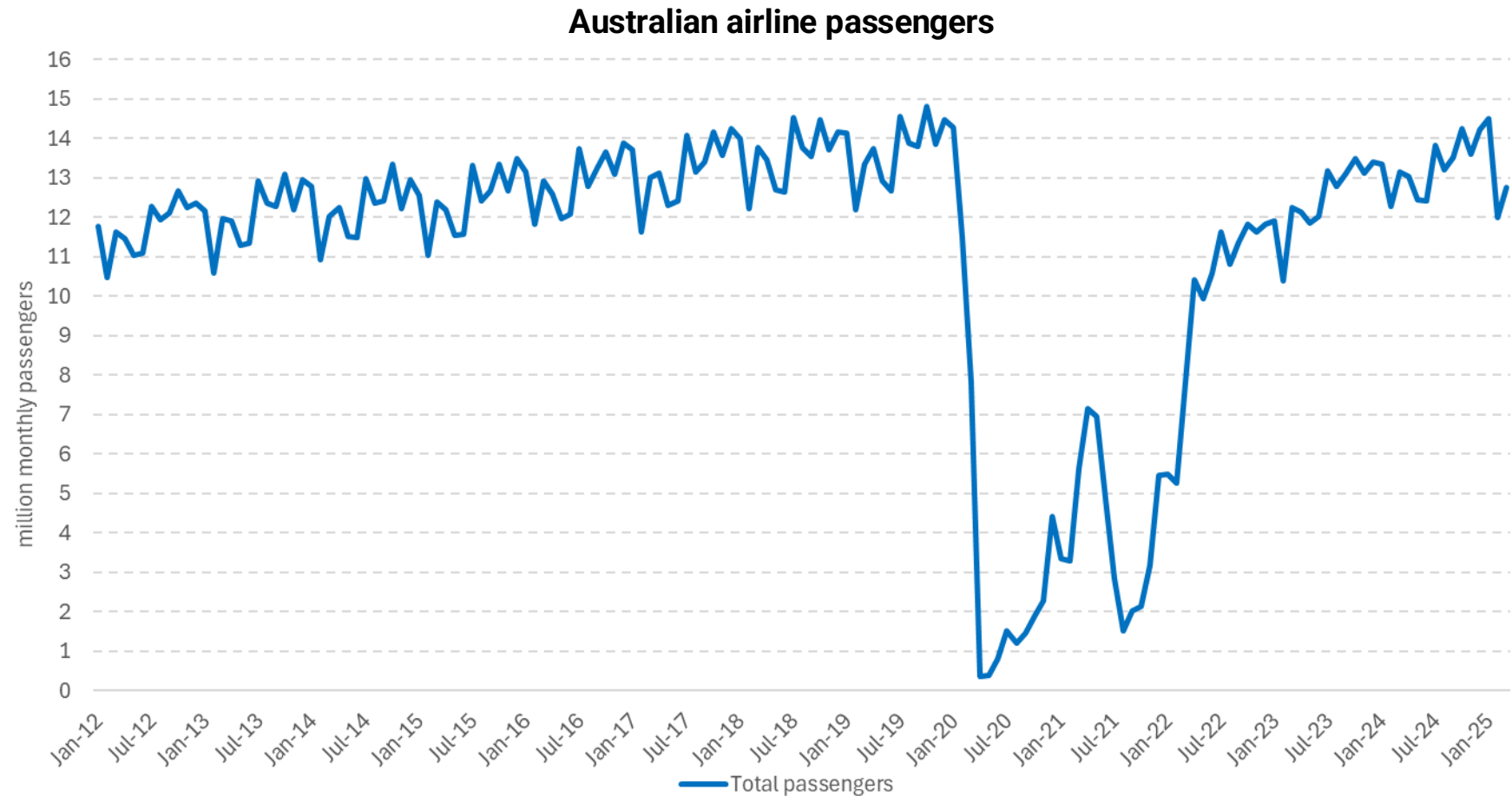


State of the Industry

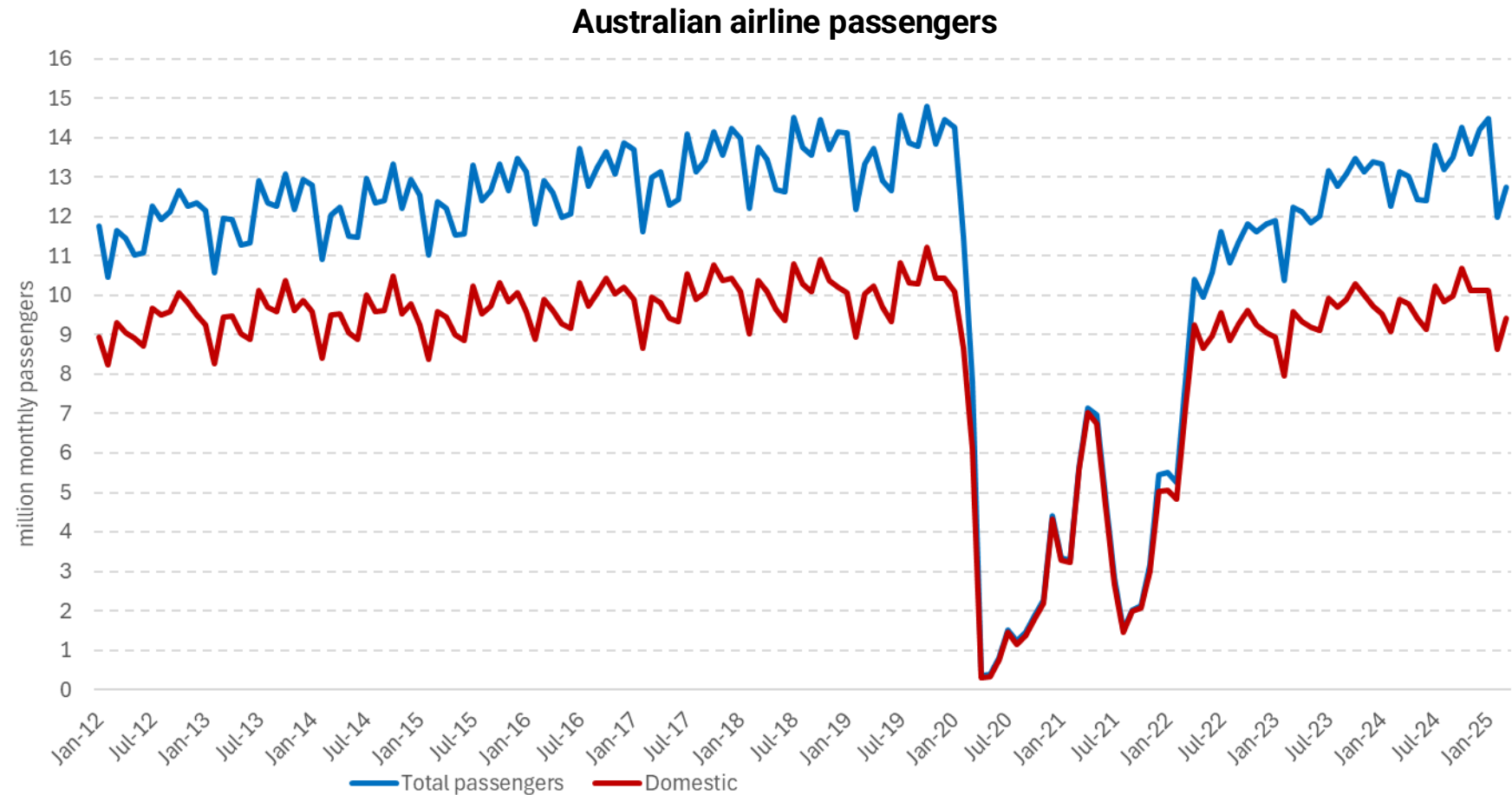
Simon Elsegood
Head of Aviation
CAPA – Centre for Aviation

- Australian market was 159.2 million passengers in 2024, growth of 6.5% on 2023



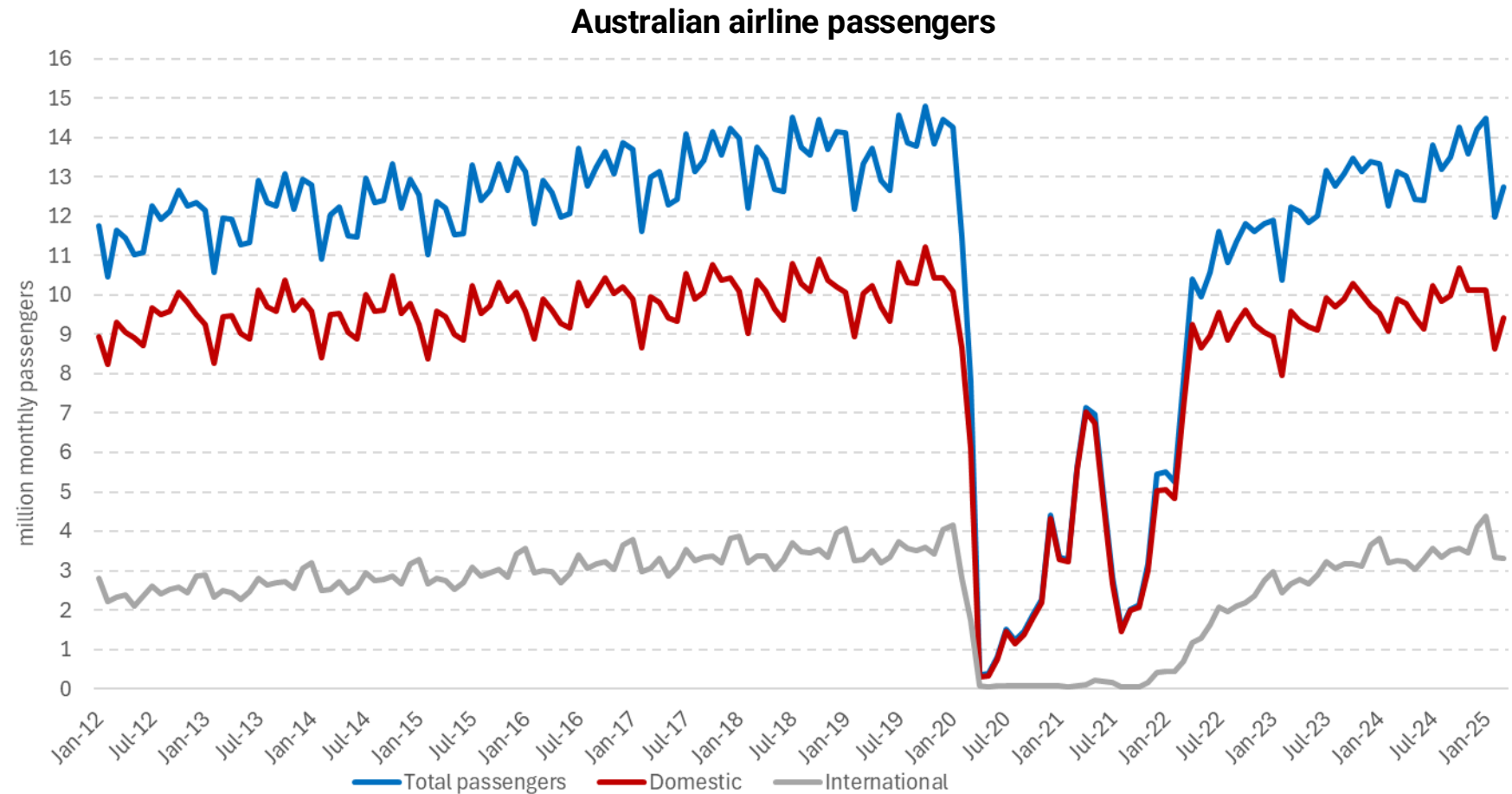
Australia overview - Domestic market is growing steadily

- Australian market was 159.2 million passengers in 2024, growth of 6.5% on 2023
- Domestic traffic was 117.9 million passengers, growth of 3.6%



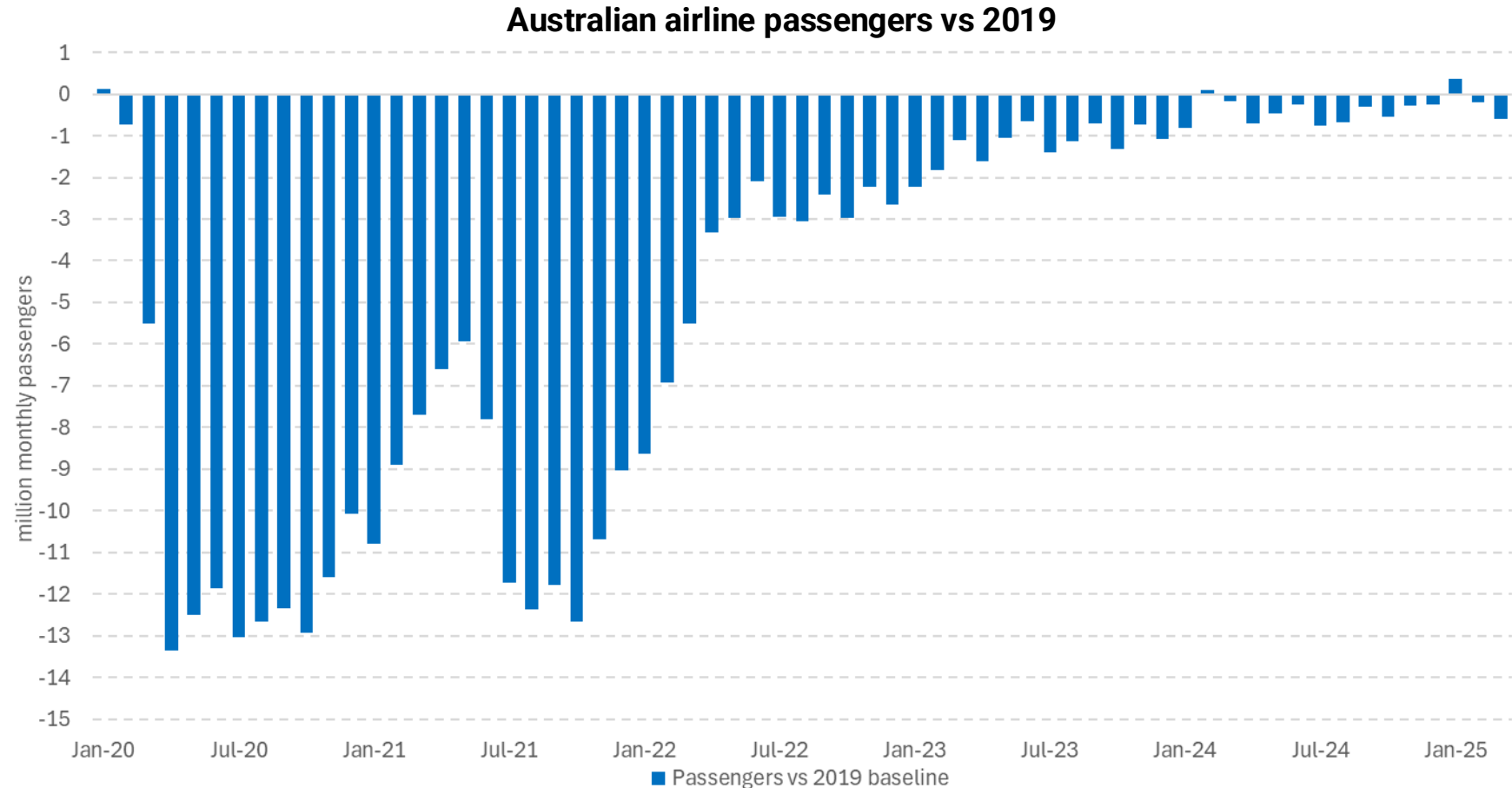
Australia overview - International growth is rapid for inbound and outbound

- Australian market was 159.2 million passengers in 2024, growth of 6.5%
- Domestic traffic was 117.9 million passengers, growth of 3.6%
- International traffic was 41.4 million passengers, growth of 15.6%



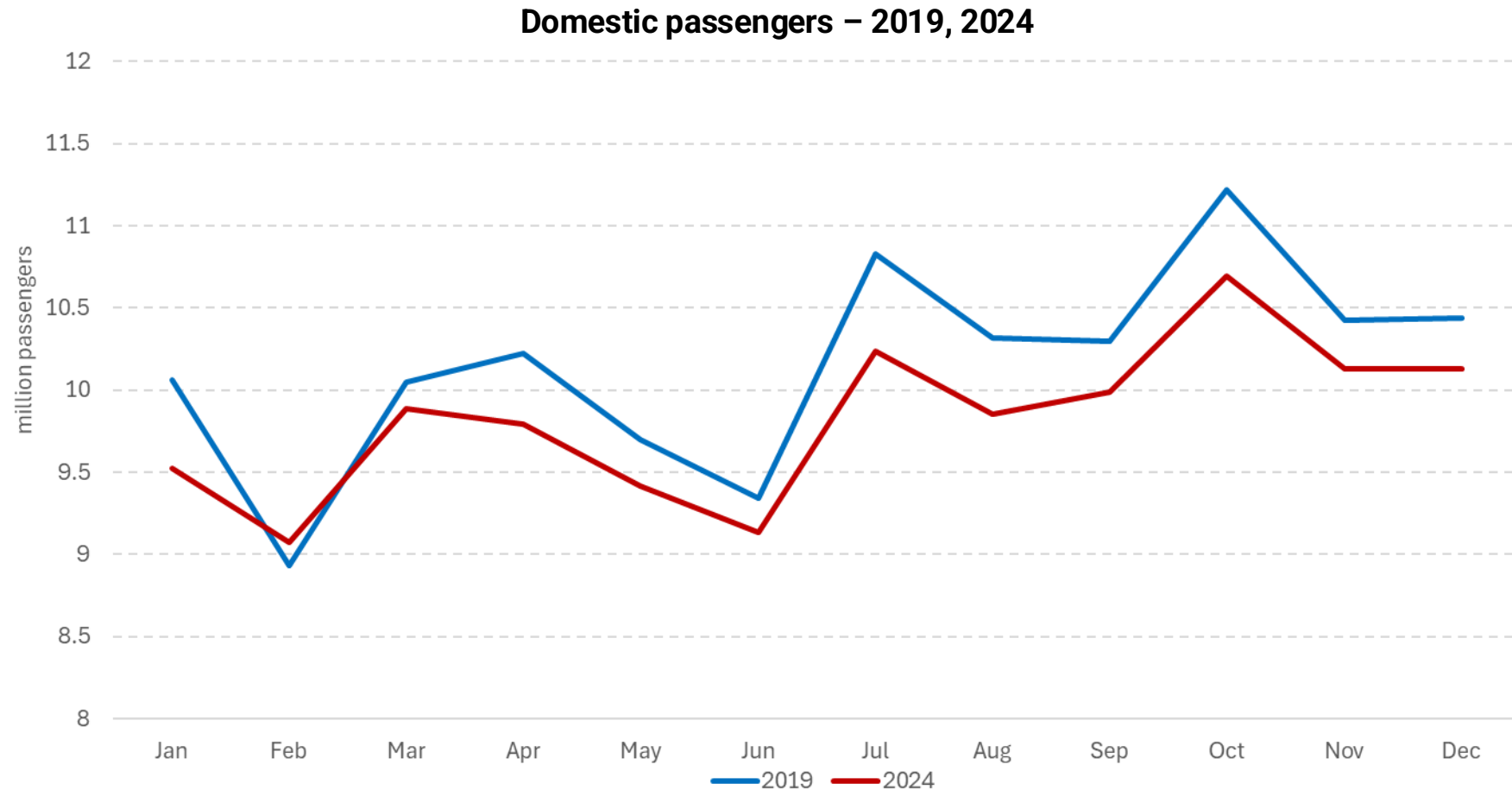
Australia overview – Travel has **still** not returned to 2019 levels

- Australian market was 159.2 million passengers in 2024, growth of 6.5%
- Domestic traffic was 117.9 million passengers, growth of 3.6%
- International traffic was 41.4 million passengers, growth of 15.6%
- Still about 4.2 million passengers “missing” from the Australian market as of the end of 2024



Domestic market – Traffic is gradually closing in on 2019

- 2024 domestic traffic was down by almost 4 million passengers compared to 2019



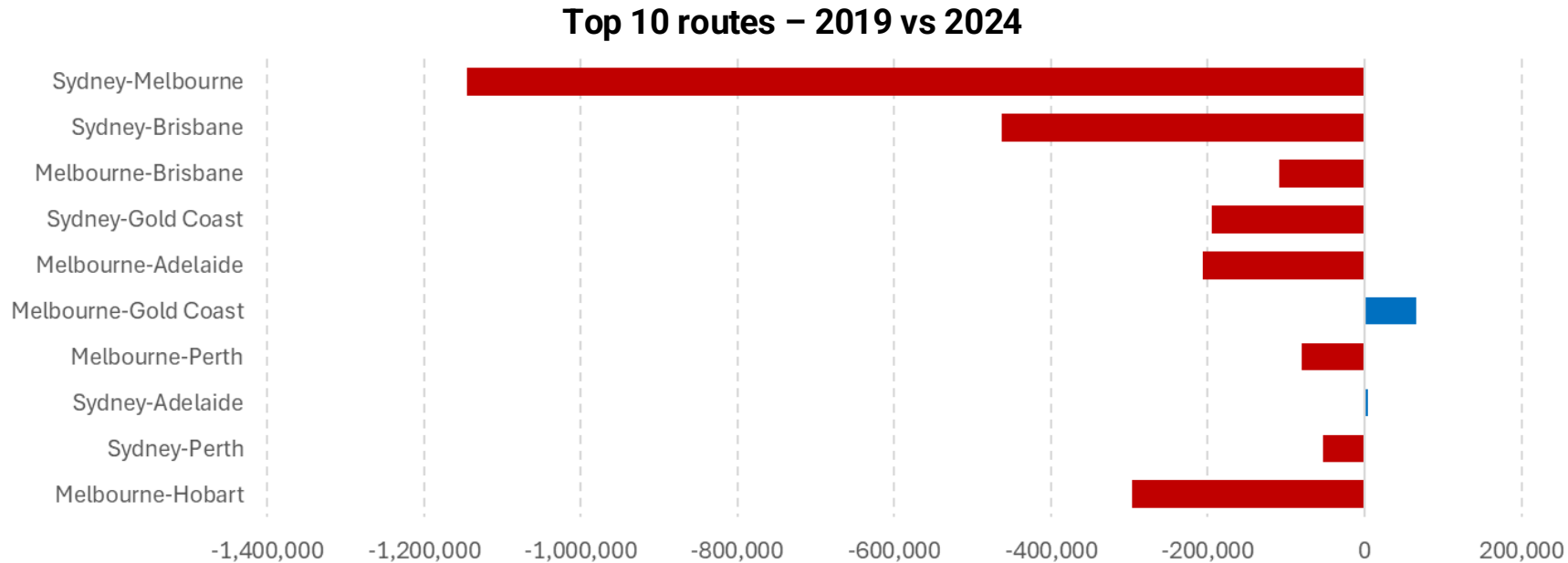
Domestic market - but it is not there yet

- 2024 domestic traffic was down by almost 4 million passengers compared to 2019
- Early 2025 has seen more improvement – but aircraft capacity remains an issue



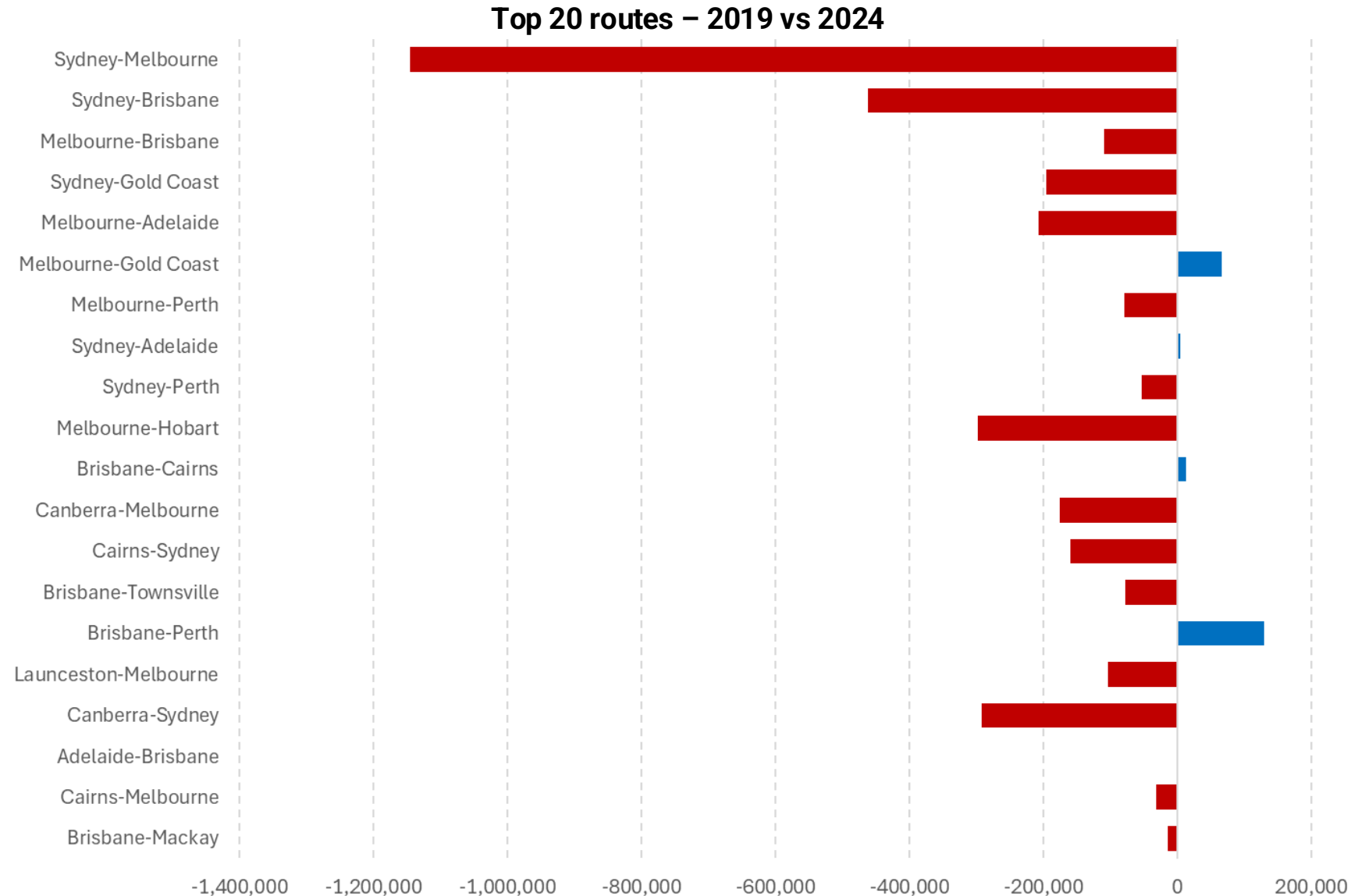
Domestic market - Substantial falls among the largest routes

- 2024 domestic traffic was down by almost 4 million passengers compared to 2019
- Early 2025 has seen more improvement – but aircraft capacity remains an issue
- Large mainline routes generally lagging pre-pandemic norms
- The top 10 routes are missing 2.5 million passengers



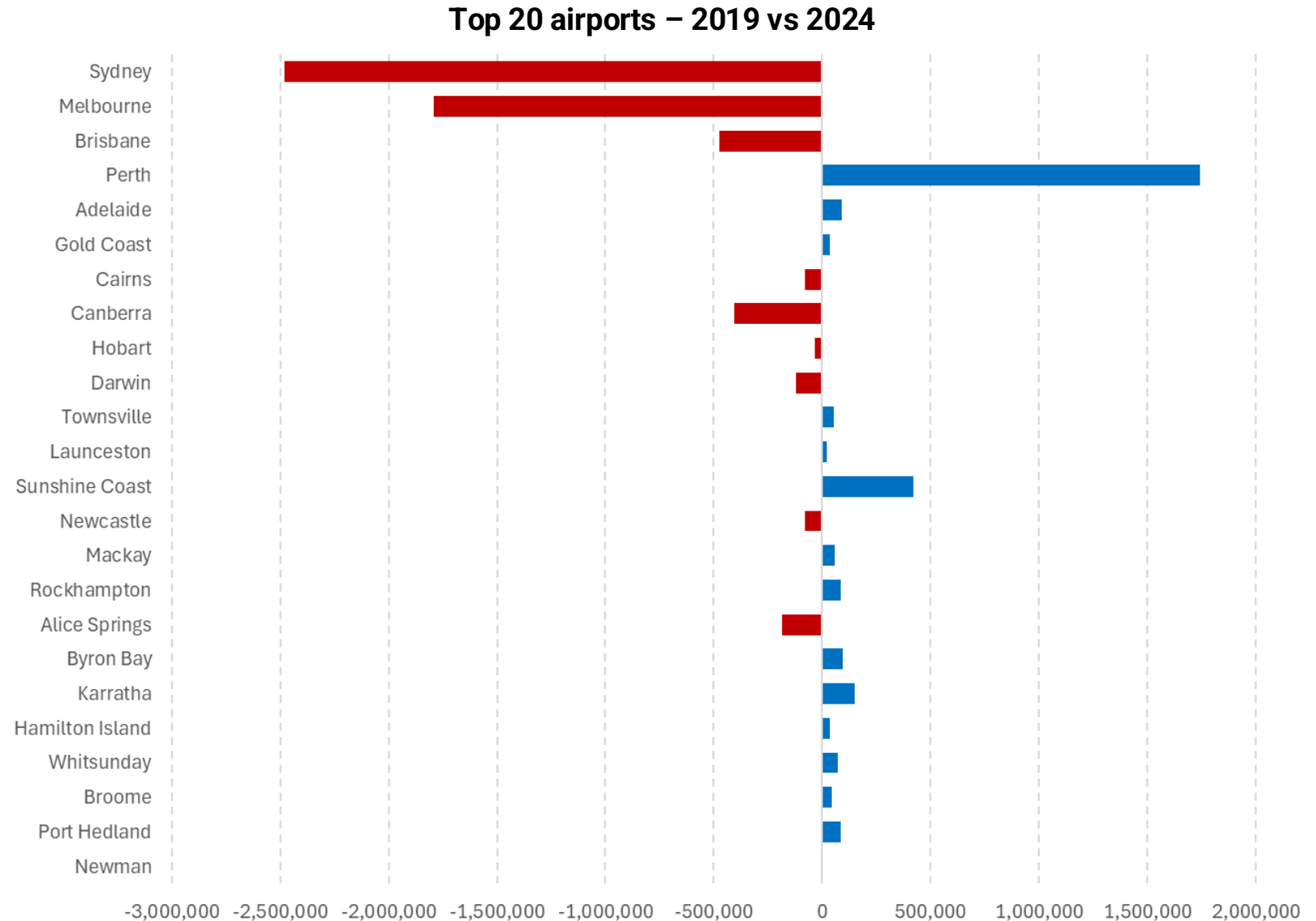
Domestic market – Some regional and leisure focused routes faring better

- 2024 domestic traffic was down by almost 4 million passengers compared to 2019
- Early 2025 has seen more improvement – but aircraft capacity remains an issue
- Large mainline routes generally lagging pre-pandemic norms
- The top 10 routes are missing 2.5 million passengers, and 3.3 million across the top 20



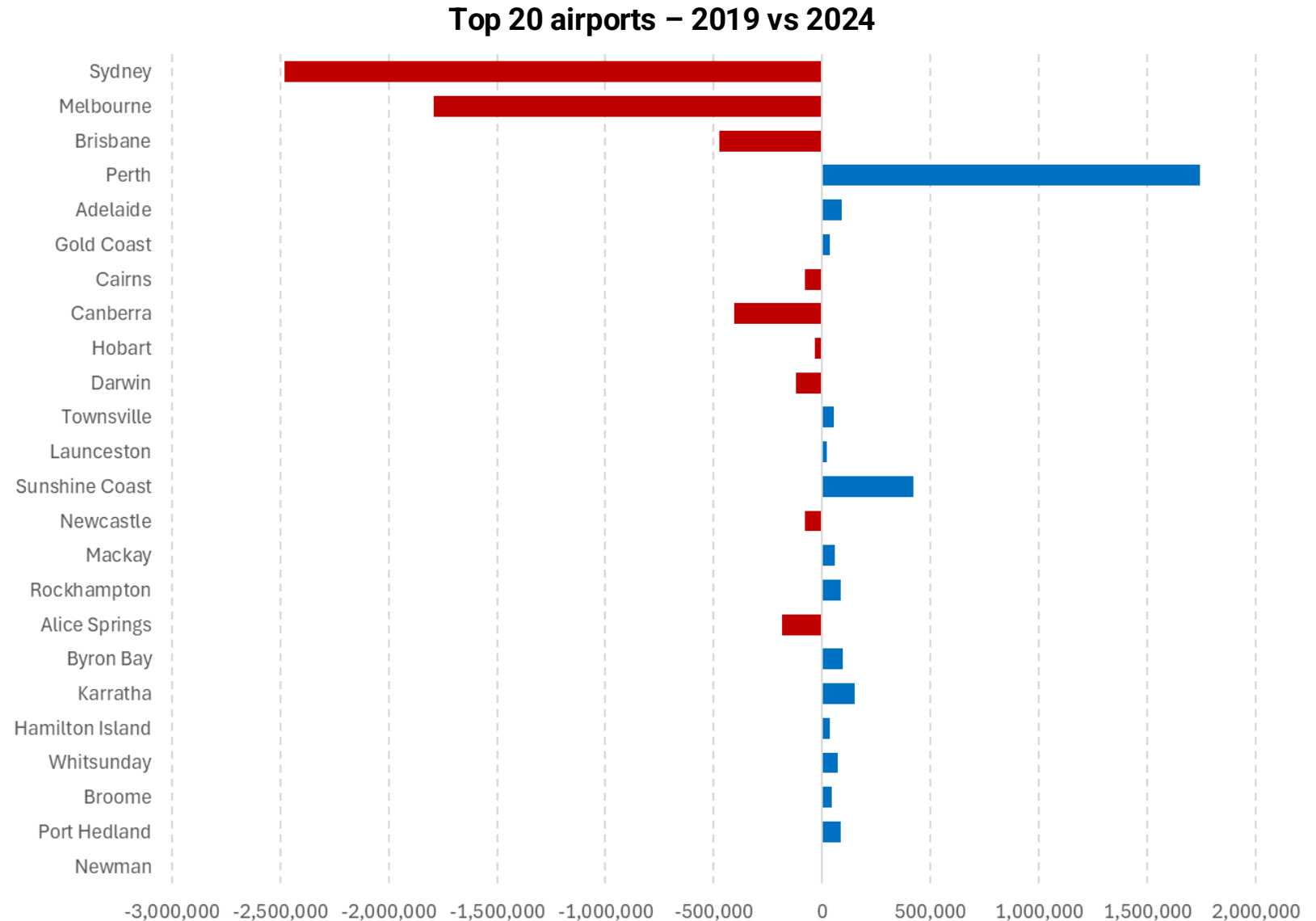
Domestic market - Three largest airports have shed 4 million passengers

- 2024 domestic traffic was down by almost 4 million passengers compared to 2019
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- Large mainline routes generally lagging pre-pandemic norms
- The top 10 routes are missing 2.5 million passengers, and 3.3 million across the top 20
- Substantial declines at 'Golden Triangle' airports



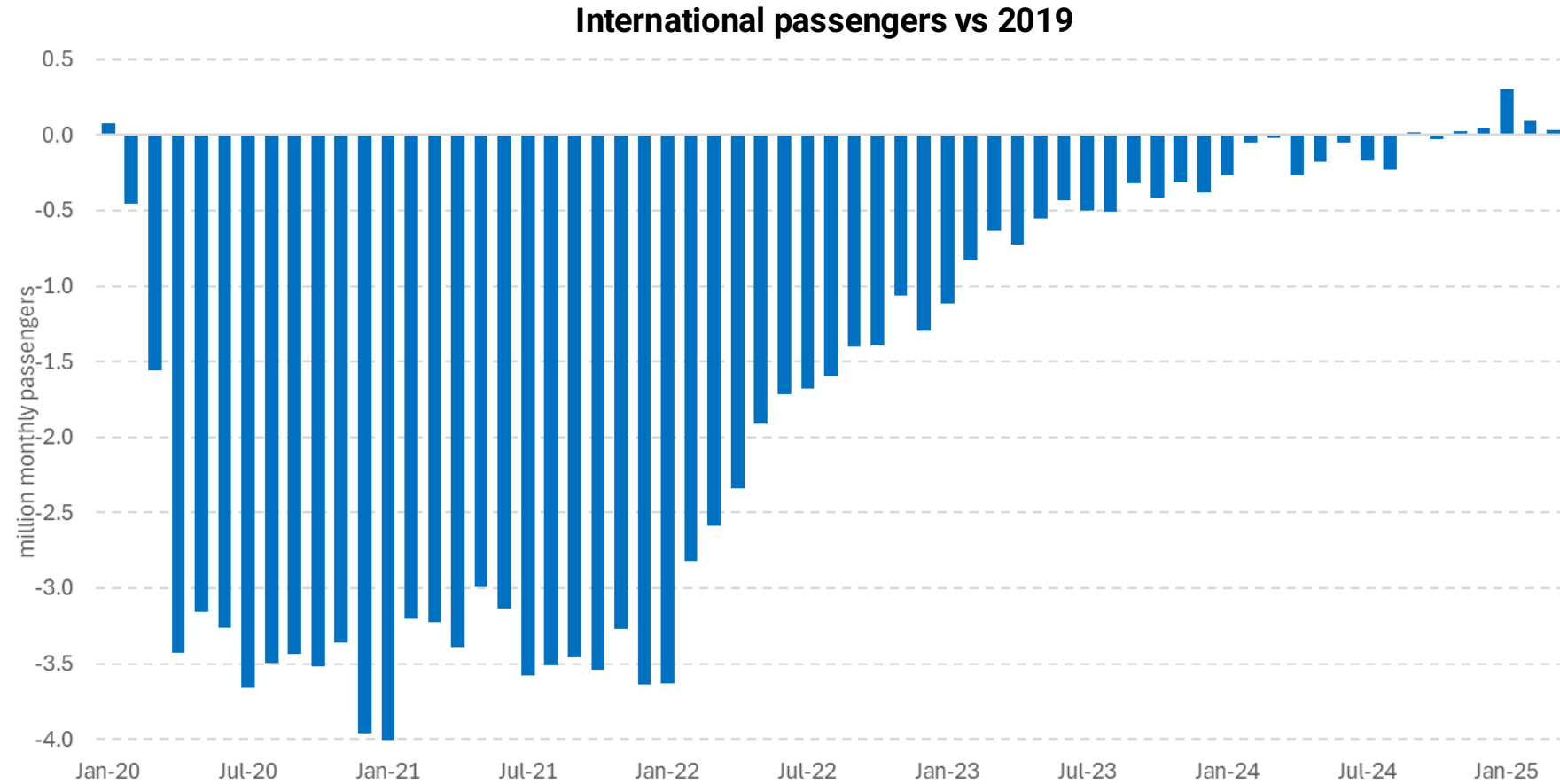
Domestic market - Growth concentrated among smaller airports

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- Early 2025 has seen more improvement – but aircraft capacity remains an issue
- Large mainline routes generally lagging pre-pandemic norms
- The top 10 routes are missing 2.5 million passengers, with 3.3 million across the top 20
- Substantial declines at 'Golden Triangle' airports
- Perth an outlier - supported by a surge in international traffic and new regional and inter-state connections



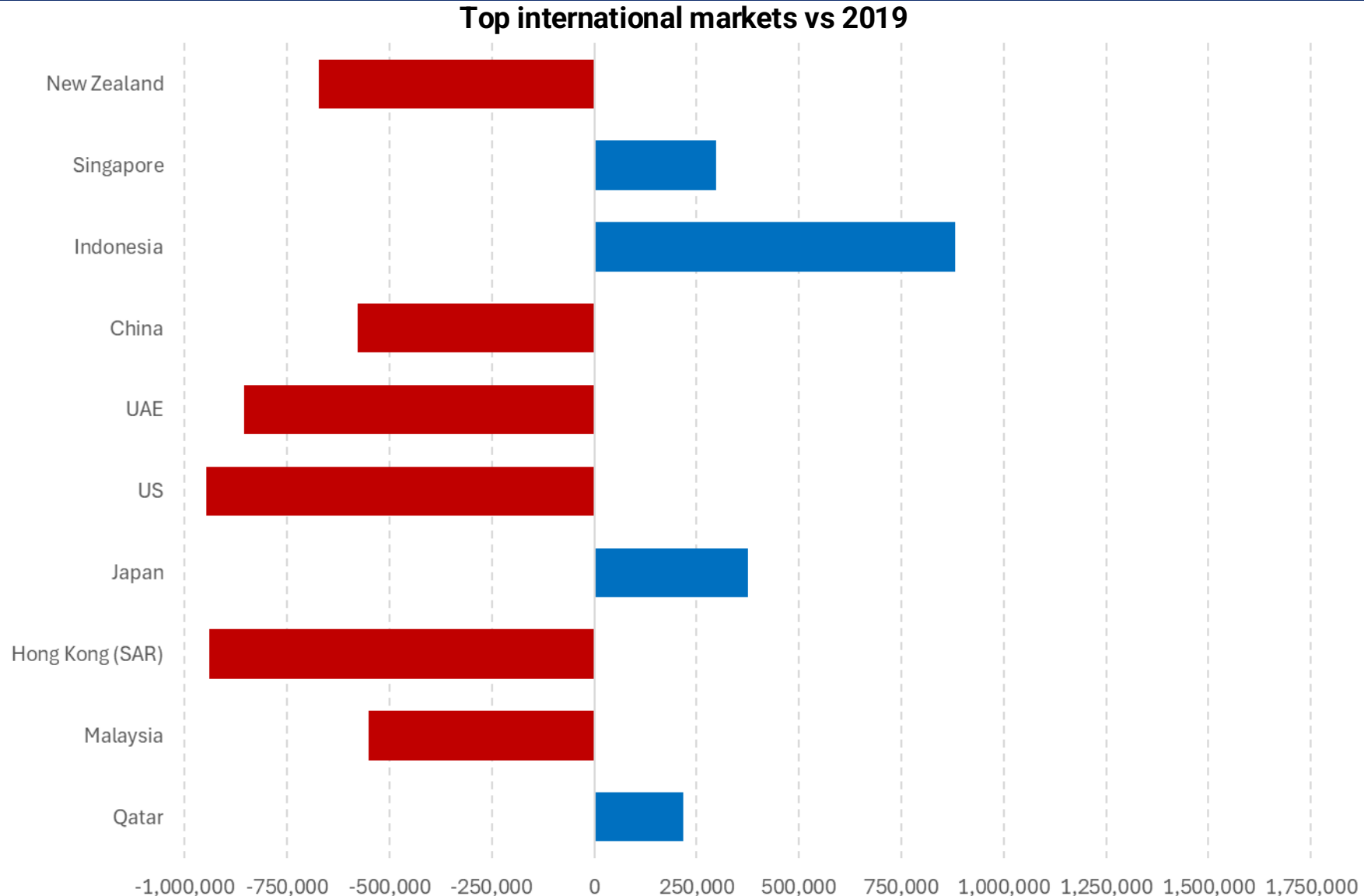
International markets – Travel finally above pre-pandemic levels

- International travel fell 250,000 passengers short of 2019



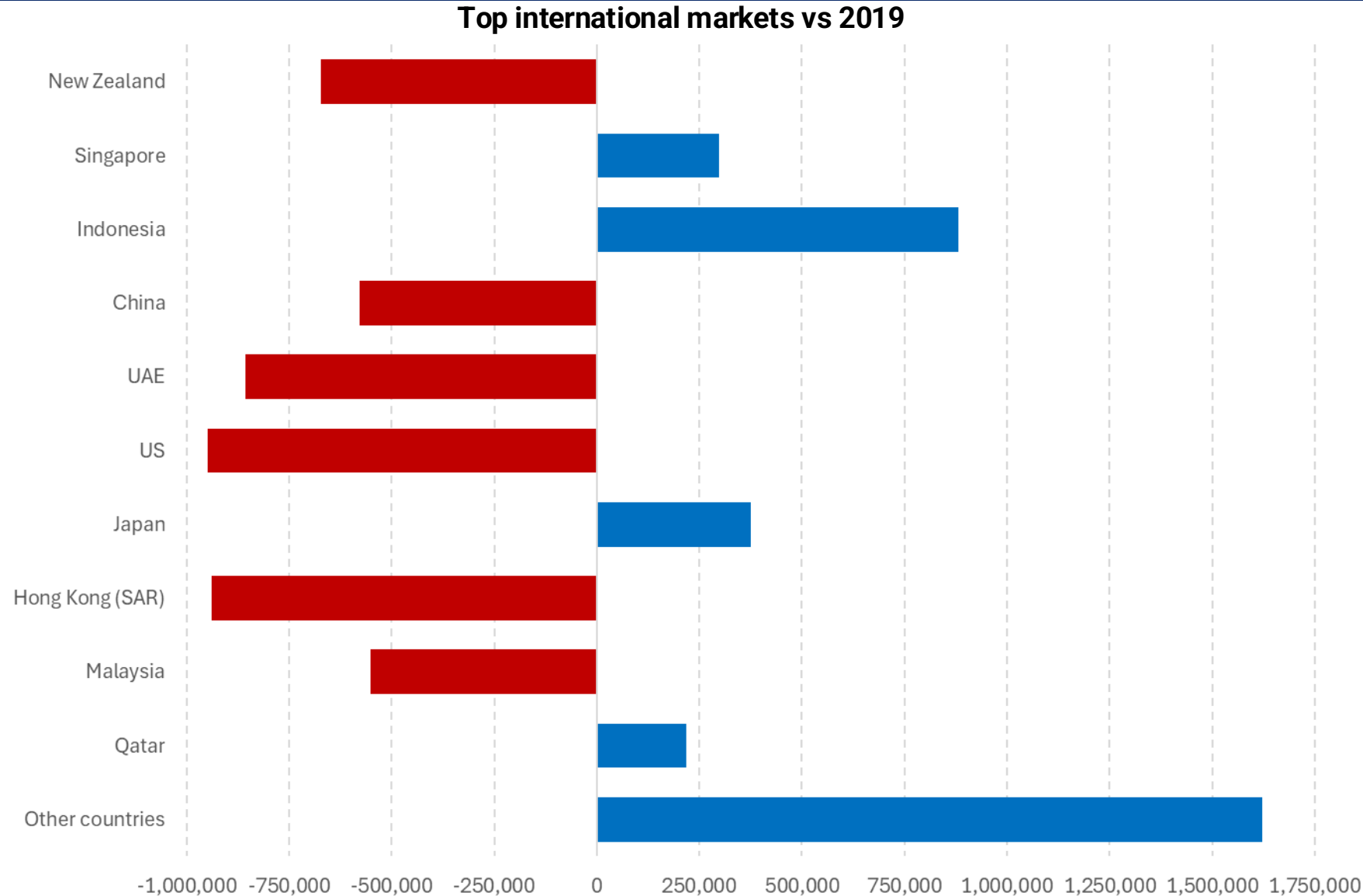
International markets – Mixed performance between major destinations

- International travel fell 250,000 passengers short of 2019
- Australian O&D travel demand has (mostly) led the recovery
- New Zealand outbound growth positive again after slow 2024
- China still down 25%, but saw 80% arrivals growth in 2024
- US down 28%, held back by currency and muted inbound
- Hong Kong, Malaysia, UAE declines due to local carriers



International markets – Travel to smaller destinations growing rapidly

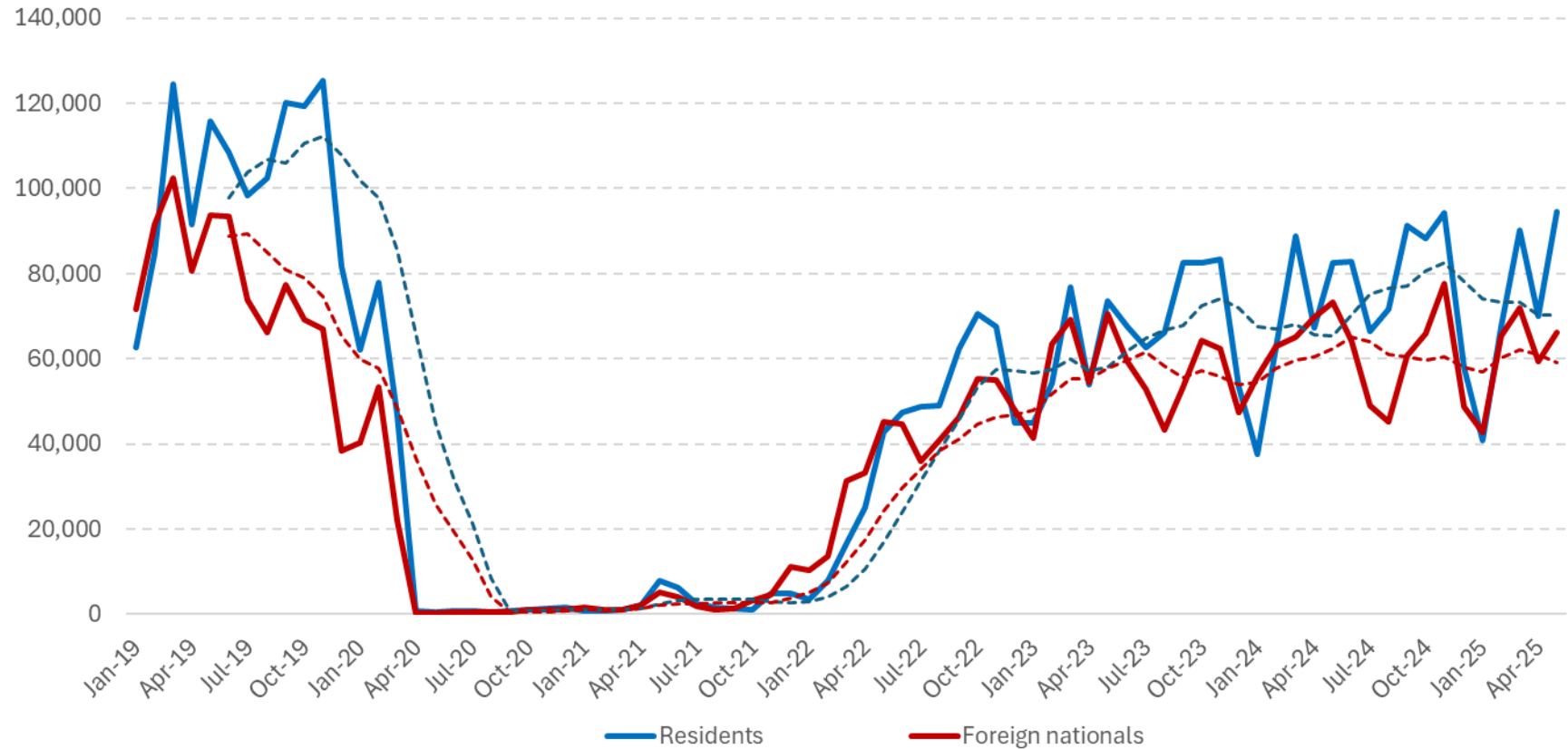
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- Smaller markets - particularly in Asia and Western Europe – growing rapidly



International markets – Structural decline in business travel

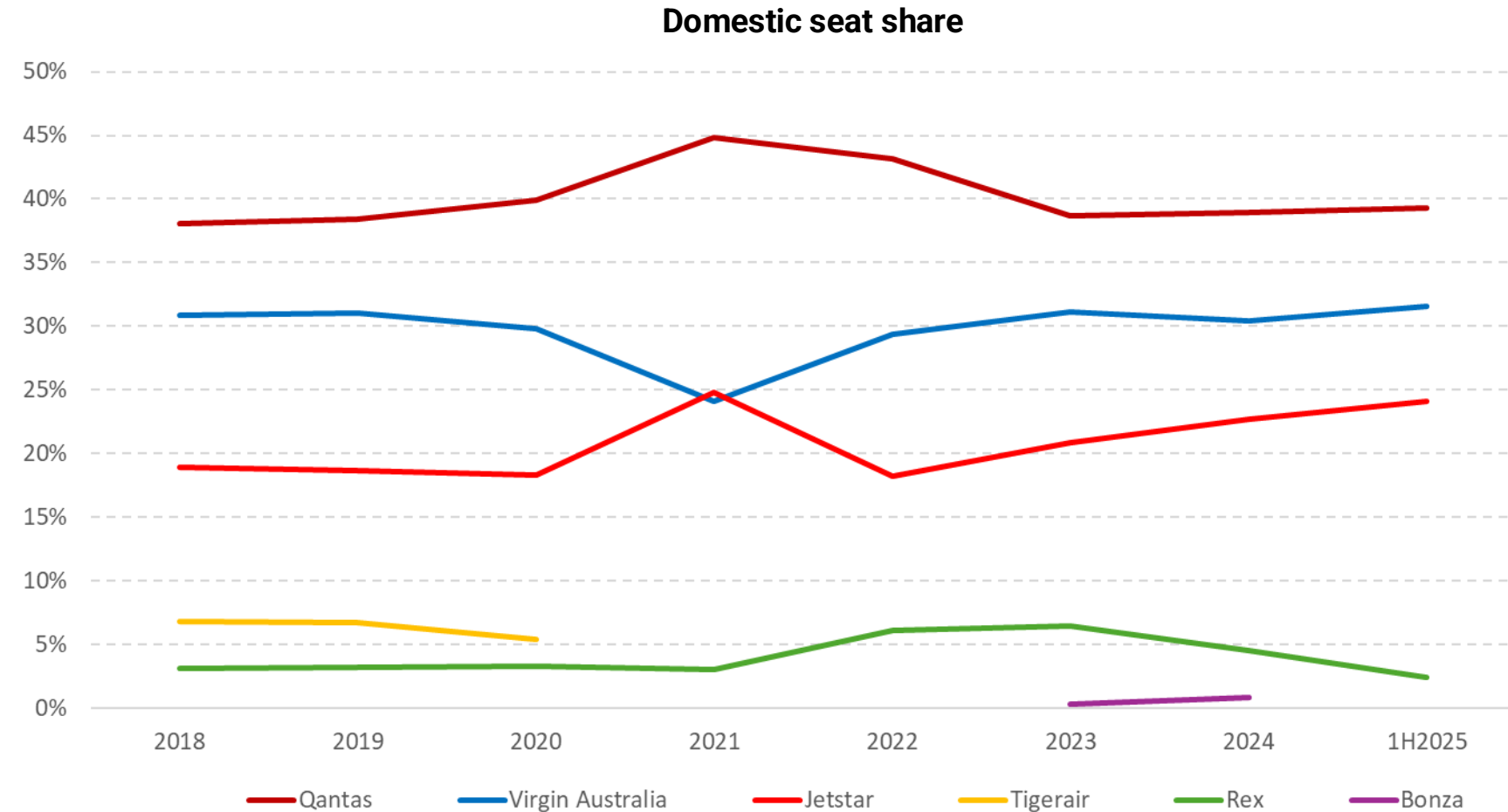
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- Smaller markets - particularly in Asia and Western Europe – growing rapidly
- Business travel still minus 20%

Business travel arrivals & departures



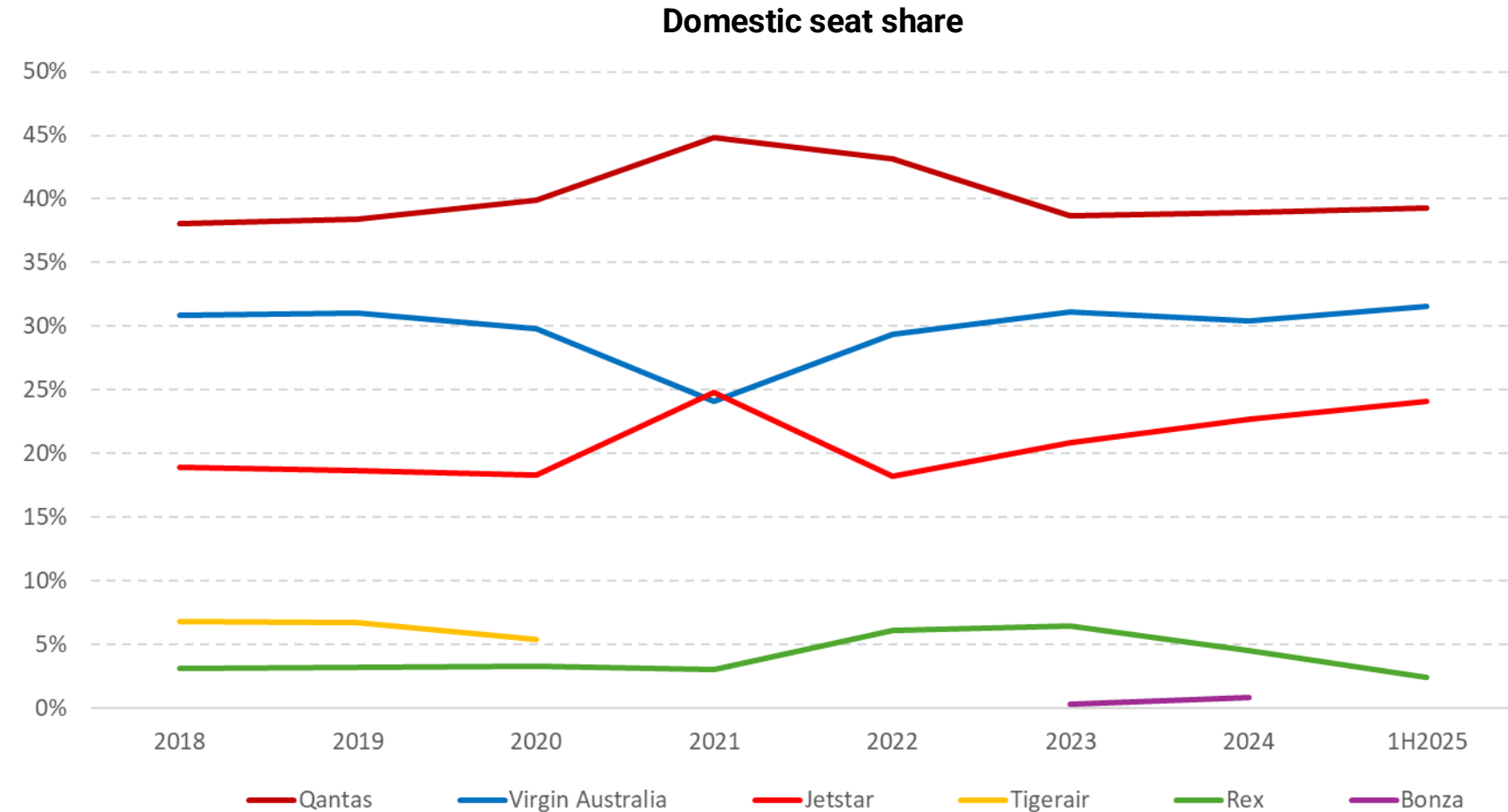
Back to the status quo – Competitive duopoly in control of the market

- 95% of domestic passengers are handled by the two dominant airline groups



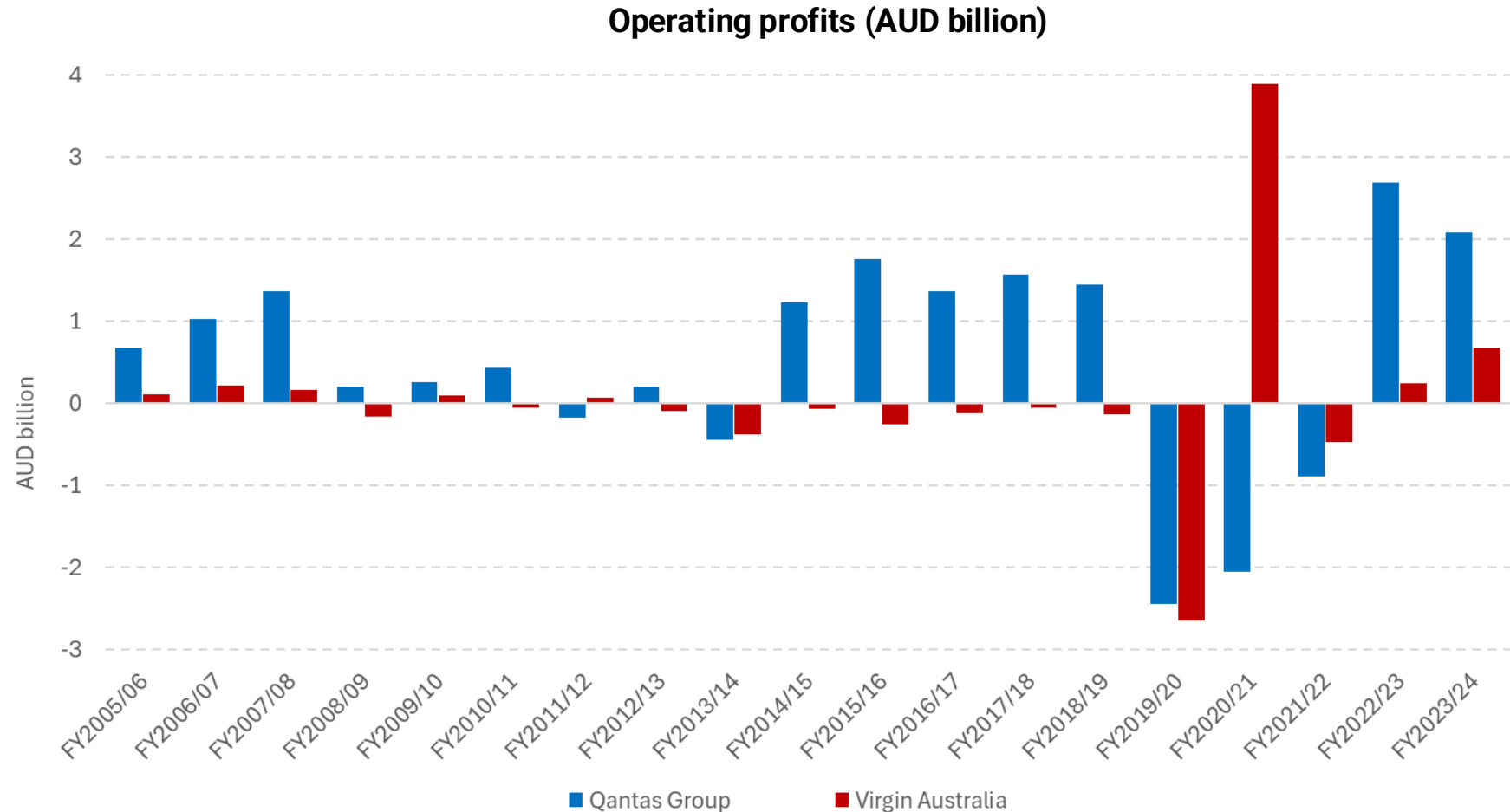
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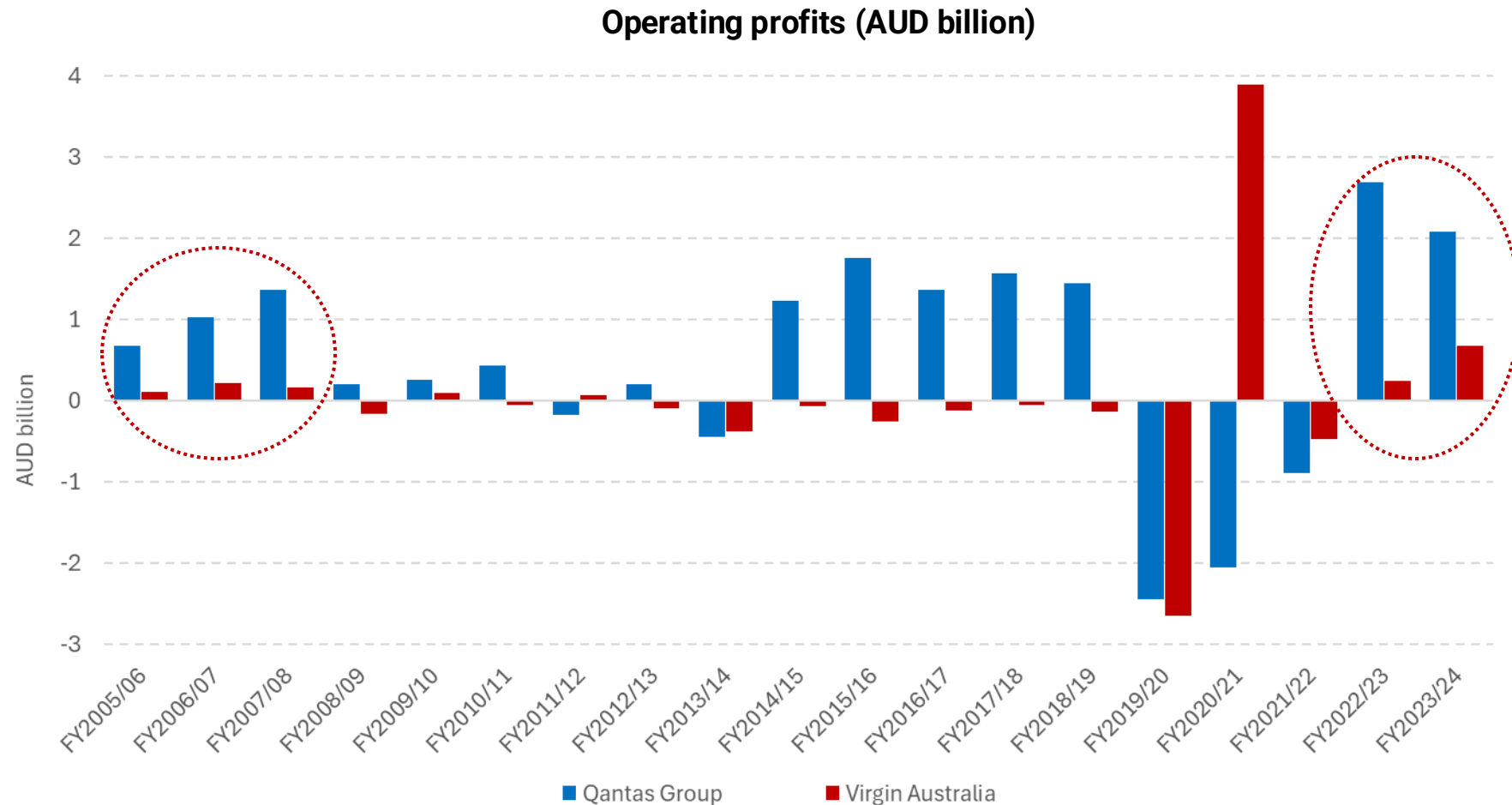
Domestic airlines are solidly profitable

- 95% of domestic passengers are handled by the two dominant airline groups
- 90% of domestic passengers fly on routes where two large airline groups compete.
- Stability has translated into improved profitability for the major airlines
- However, operational performance is still a little behind pre-pandemic levels



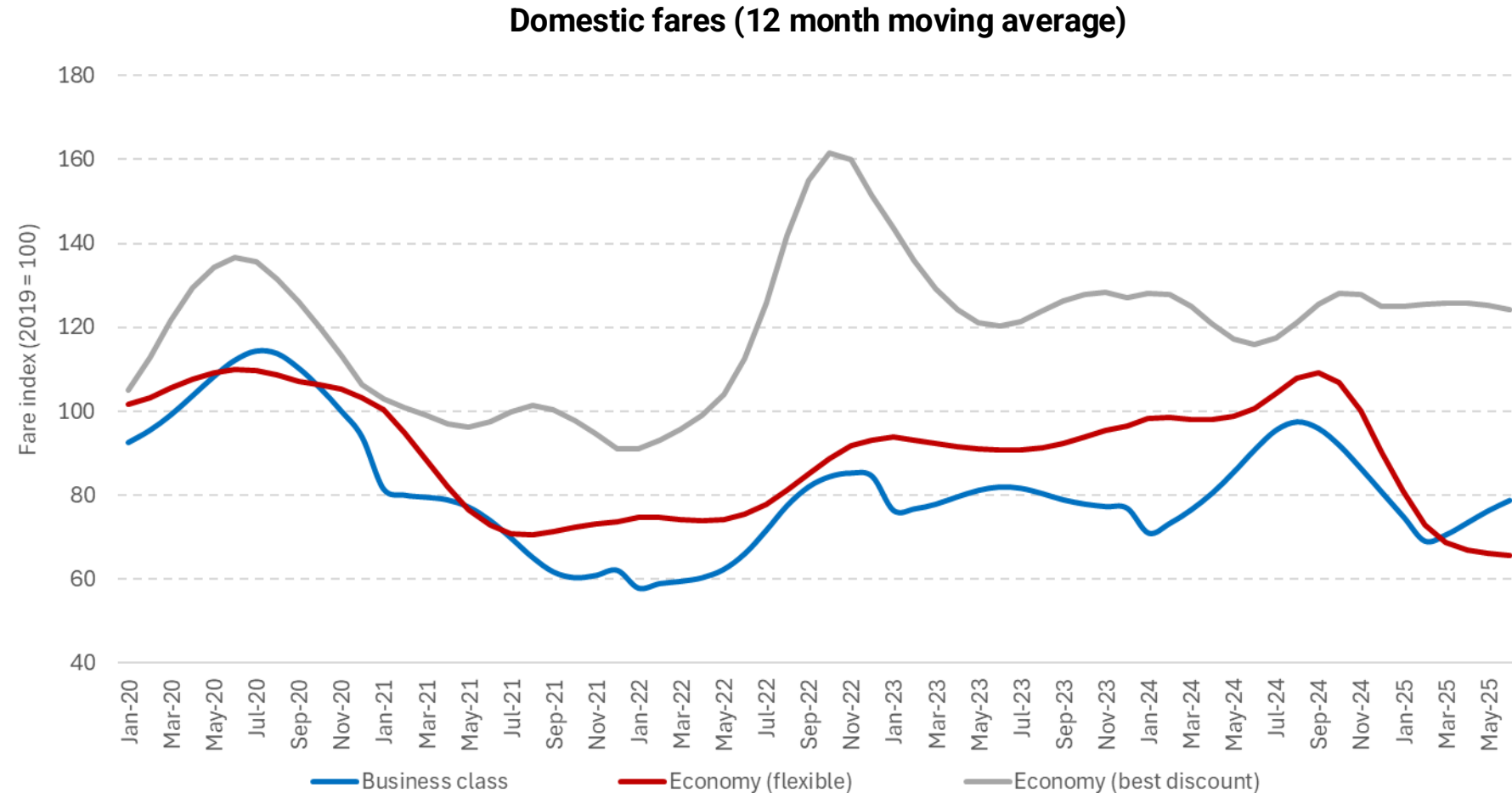
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Pressures are easing a little on fares

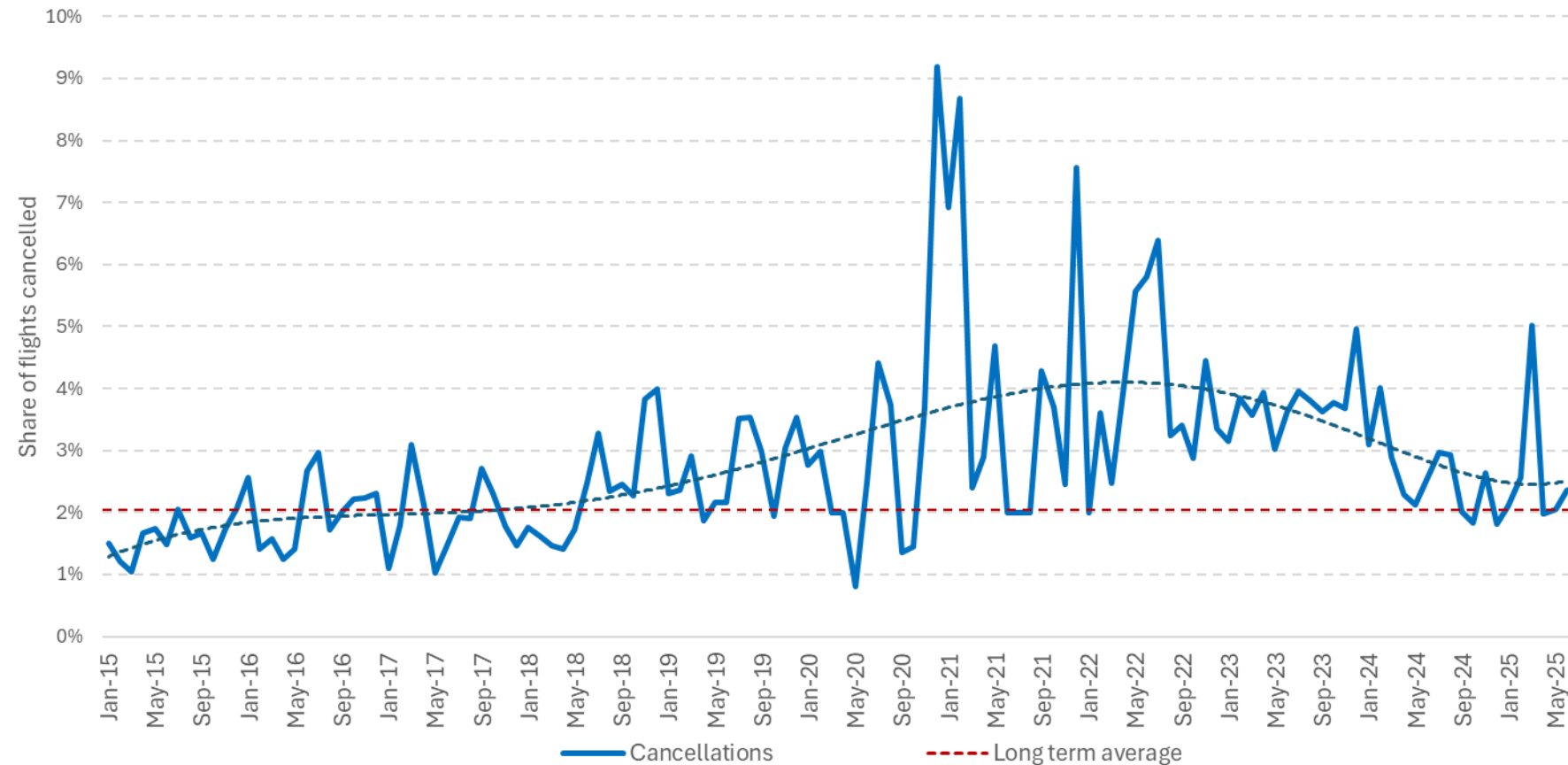
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Worker shortage – contributing to post pandemic operational issues

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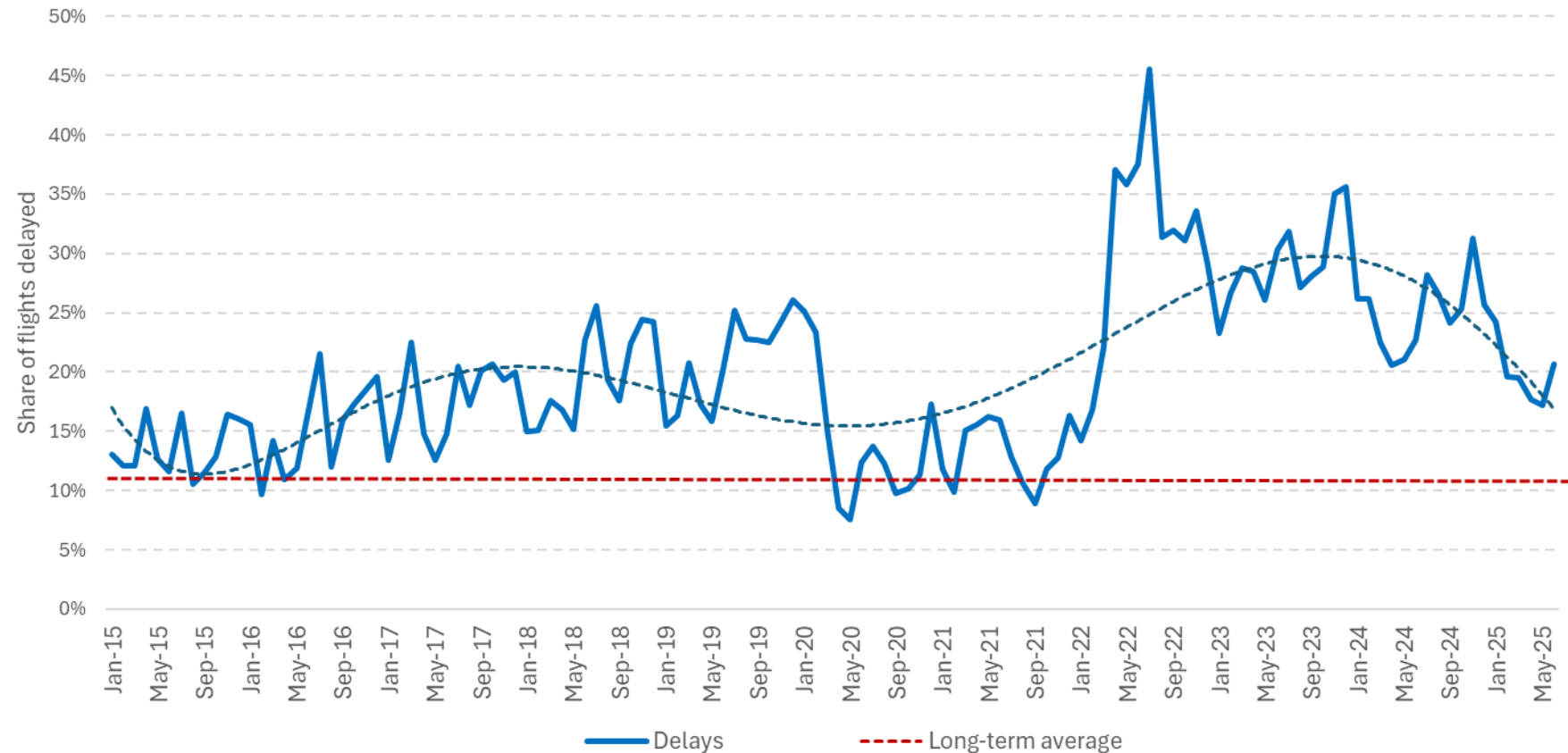
Australia domestic cancellation rate



Worker shortage – contributing to post pandemic operational issues

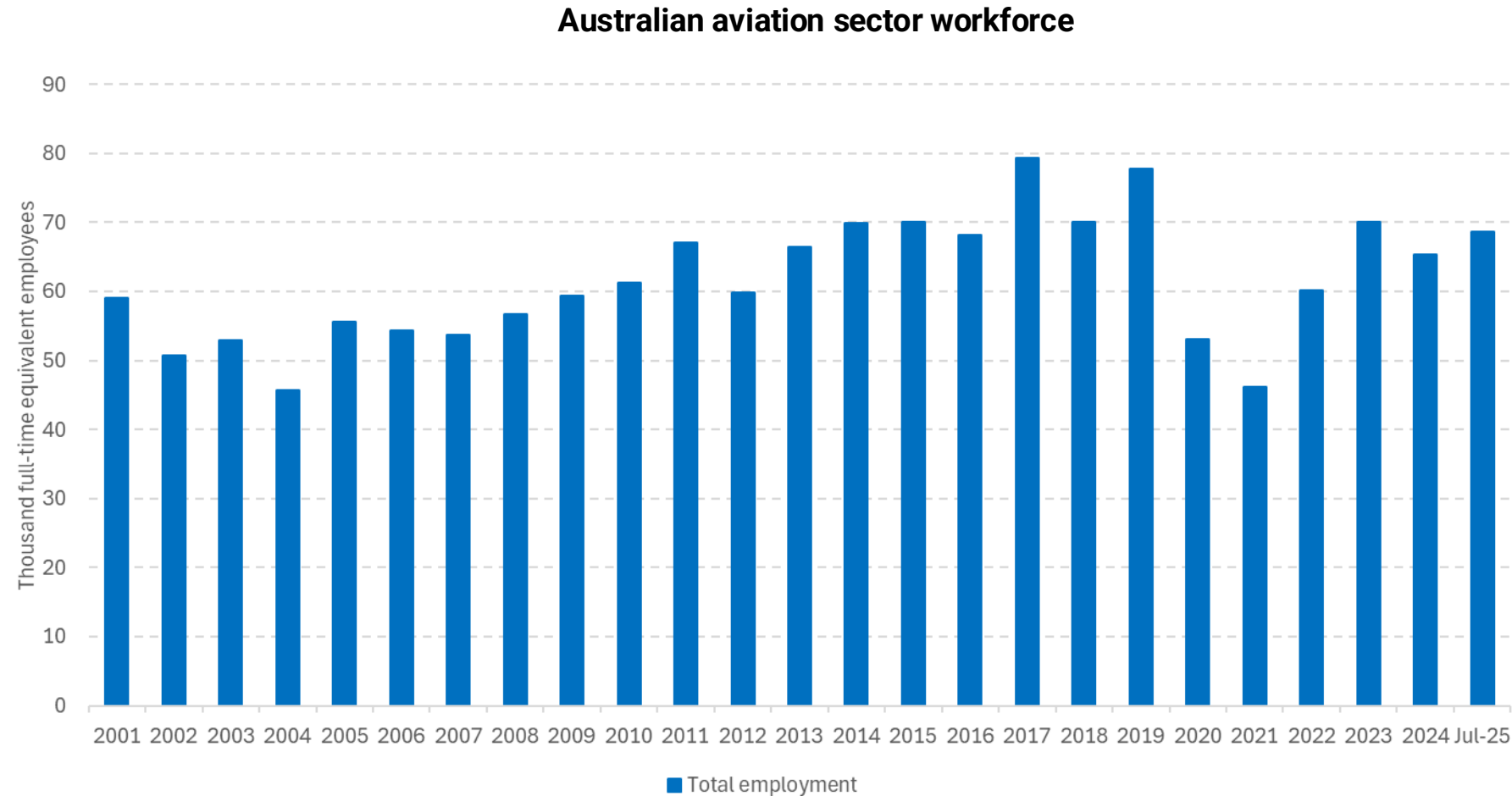
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Australia domestic delay rate



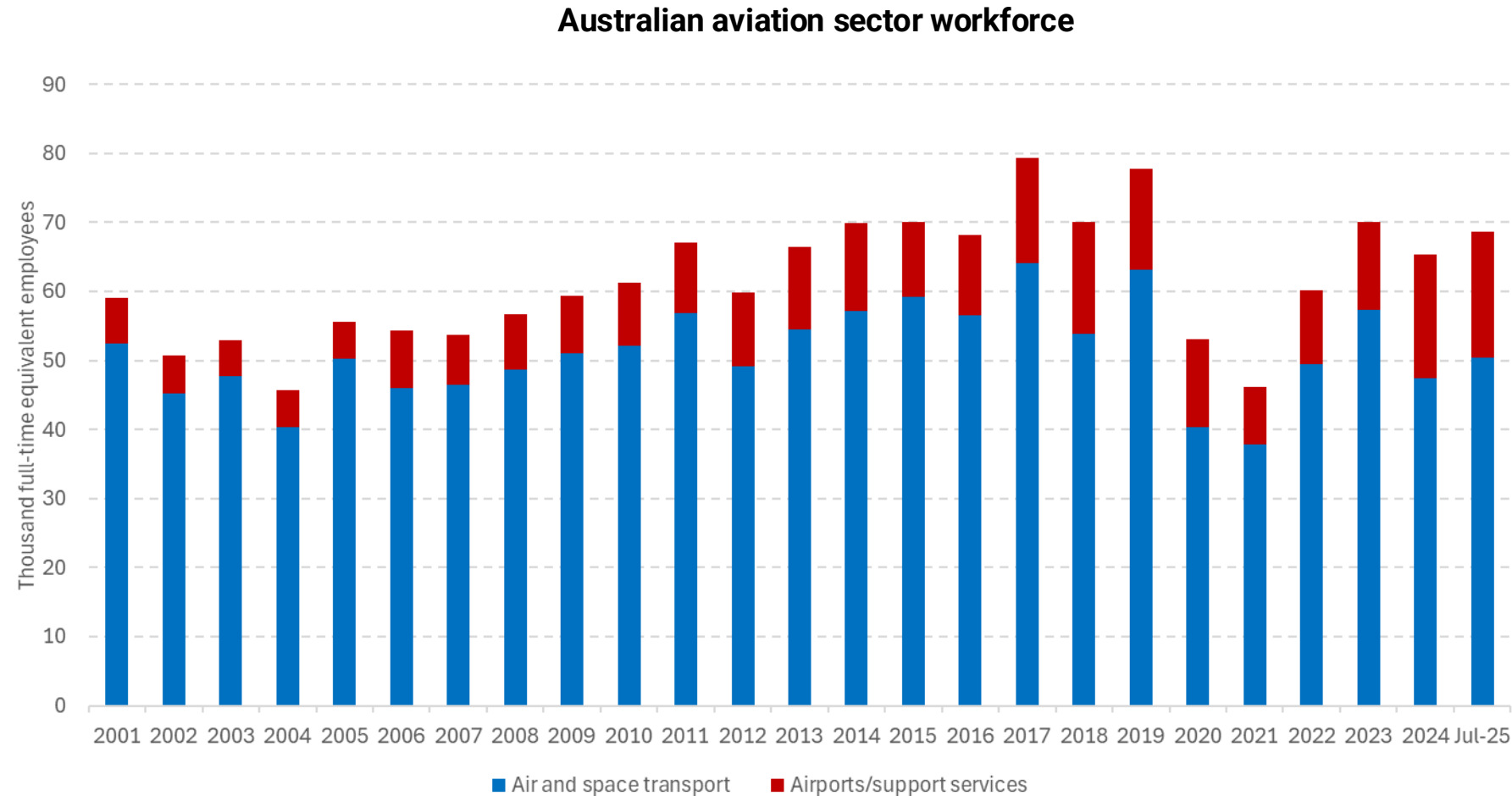
Worker shortage – persistent post-pandemic problem

- Australian aviation workforce has not hit pre-pandemic levels



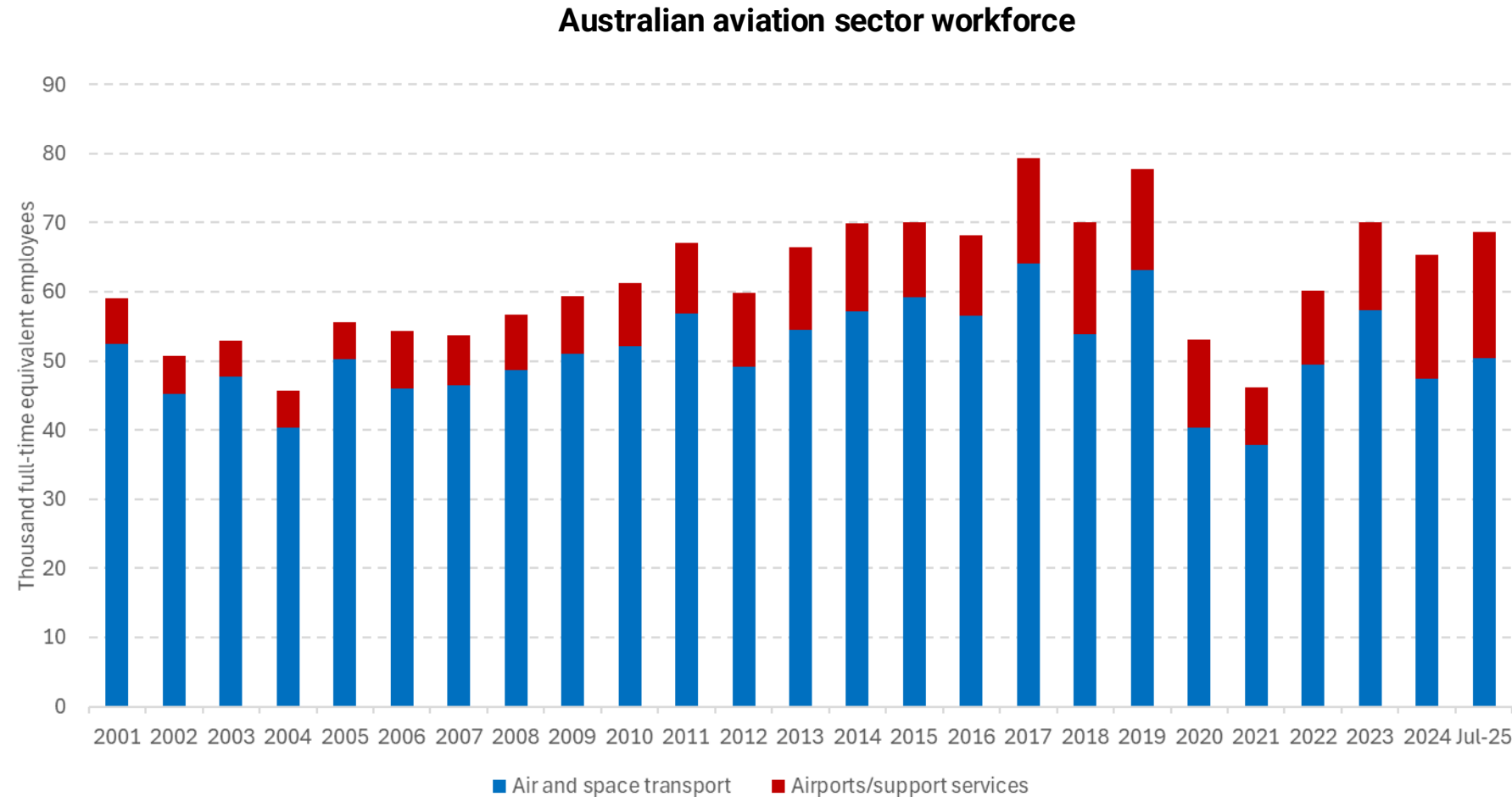
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Issue lies primarily with airlines

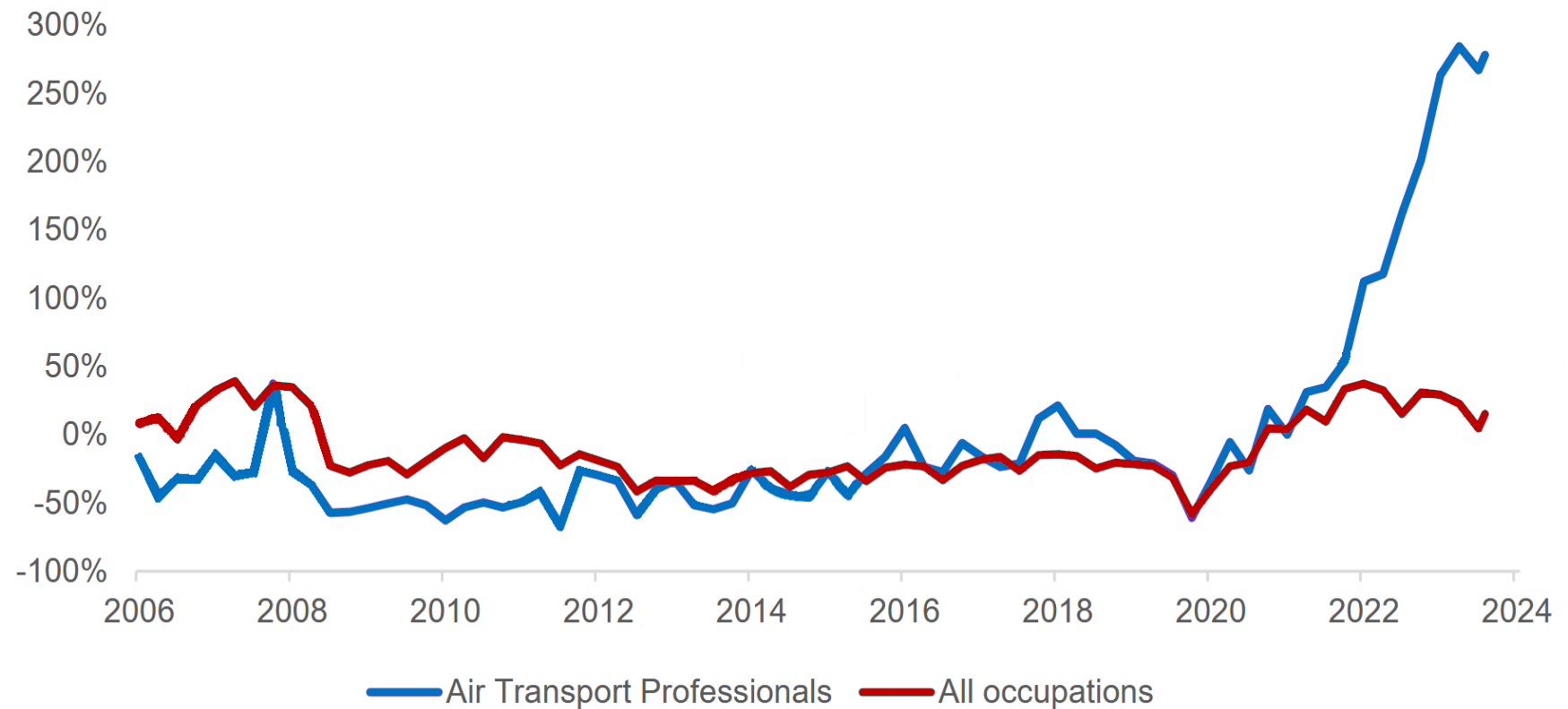
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Worker shortage – vacancies reaching all time highs

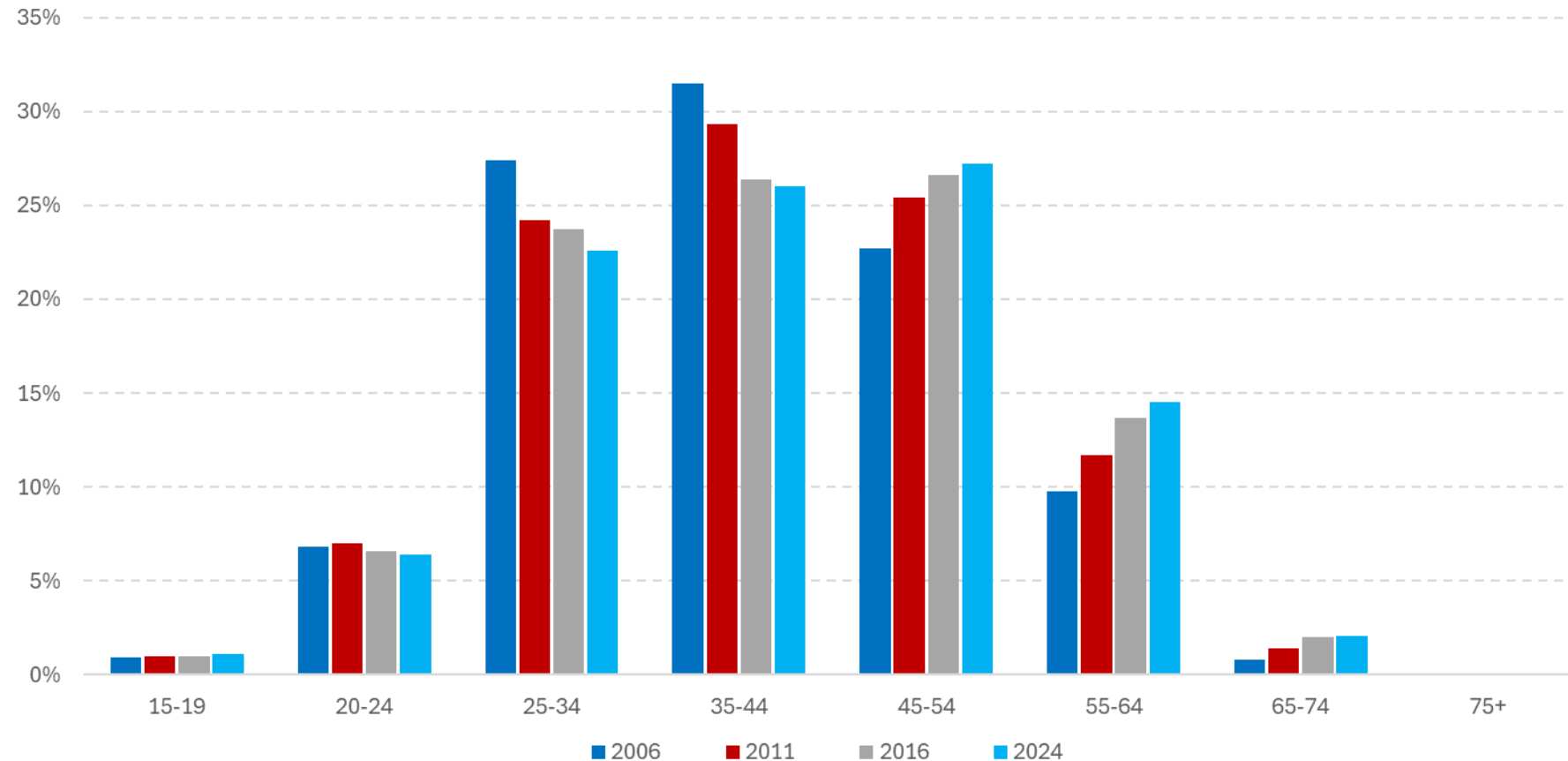
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Australian aviation sector job vacancies



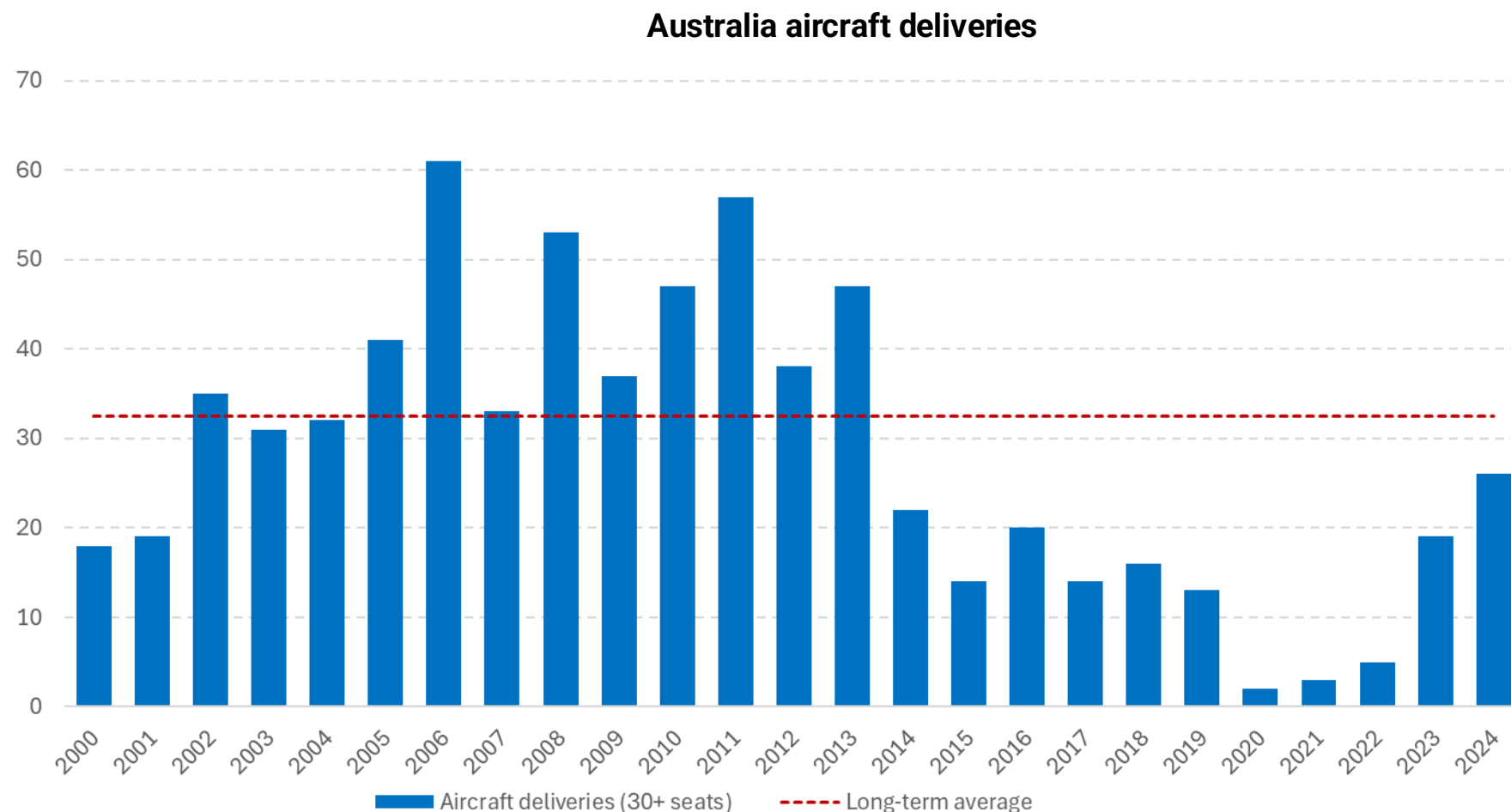
Worker shortage – Industry to remain under pressure

- Australian aviation workforce has not hit pre-pandemic levels
- Employment 'gap' of about 8-10,000 workers has emerged
- Shortage mostly lies with airlines
- Translated into a huge spike in vacancies
- Will be a persistent challenge – aviation is faced with an aging workforce, changing industry perceptions and abundant opportunities in other sectors and countries



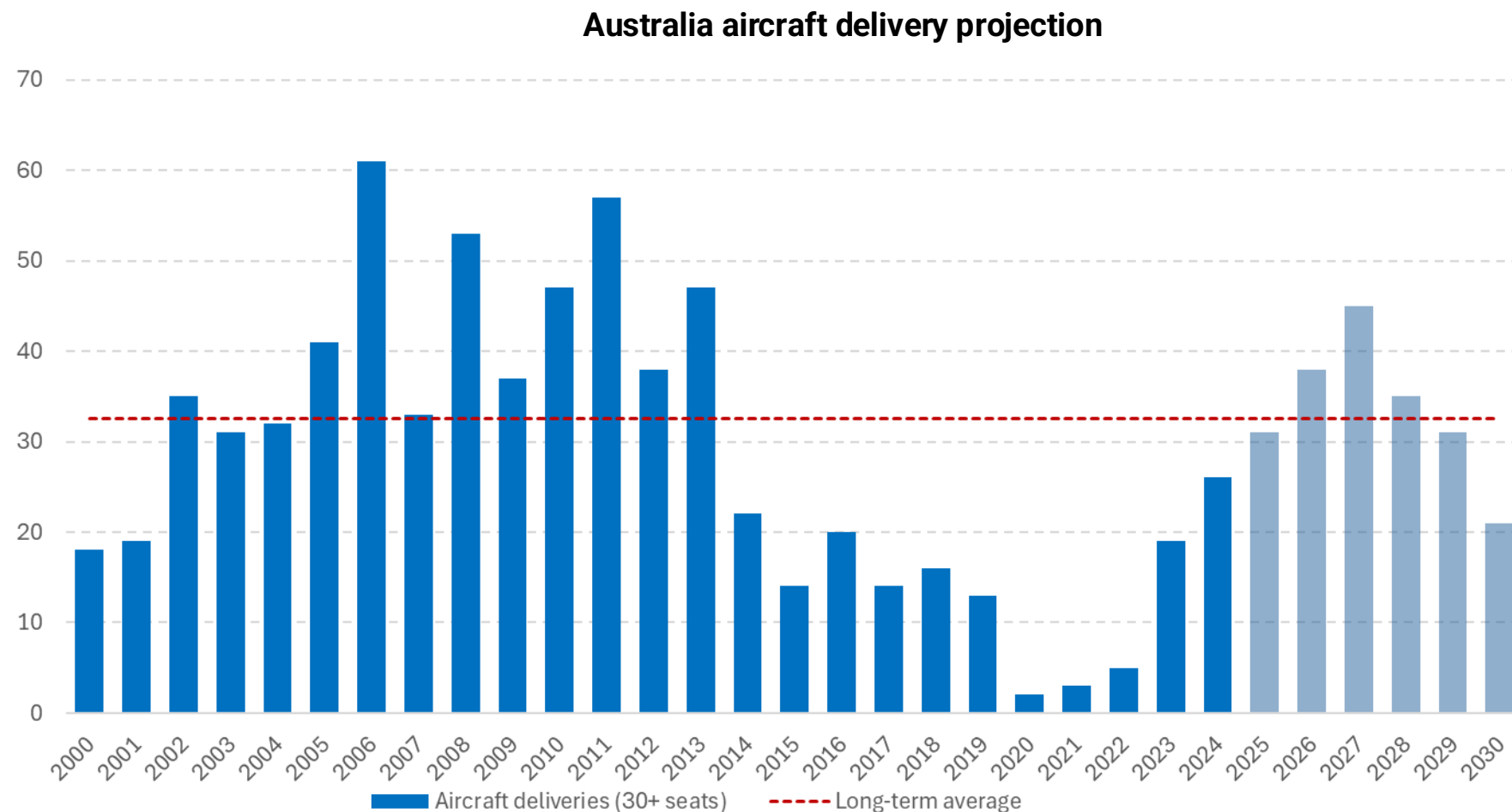
Aircraft shortage – Australia representative of a global problem

- Ongoing aircraft supply issues a major constraint on growth
- Australian airlines undergoing generational fleet upgrades



Aircraft shortage – Australia representative of a global problem

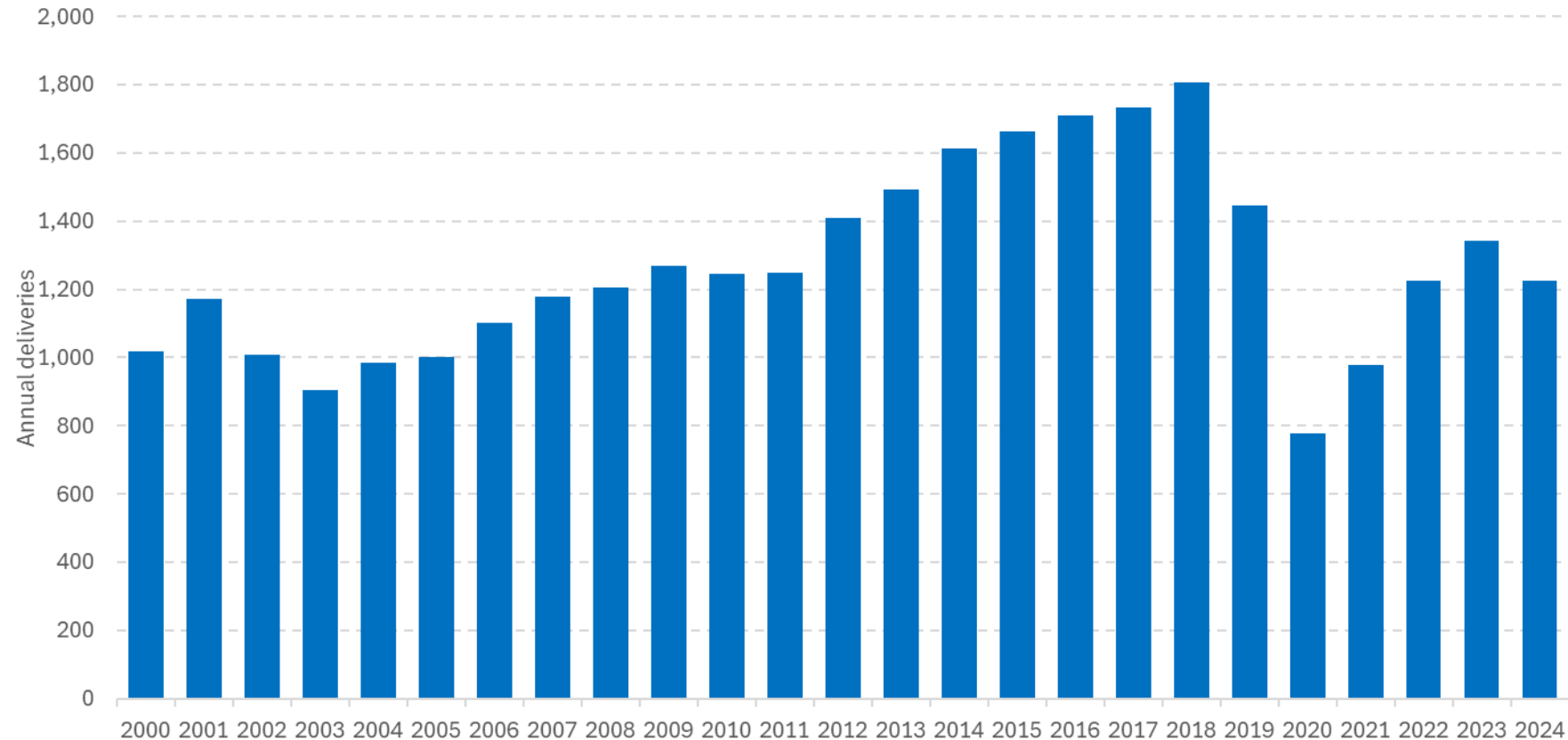
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Aircraft shortage – Australia representative of a global problem

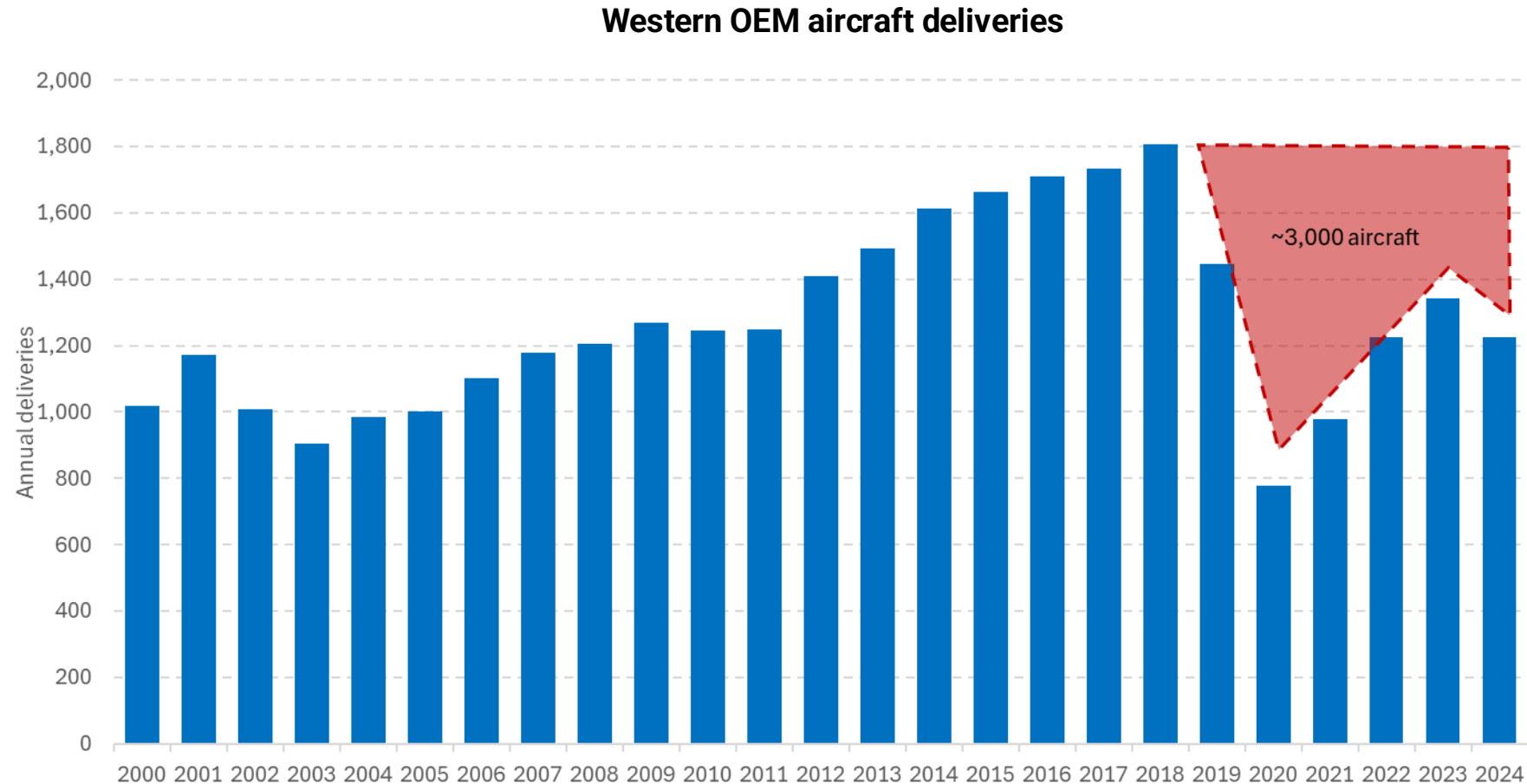
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Western OEM aircraft deliveries



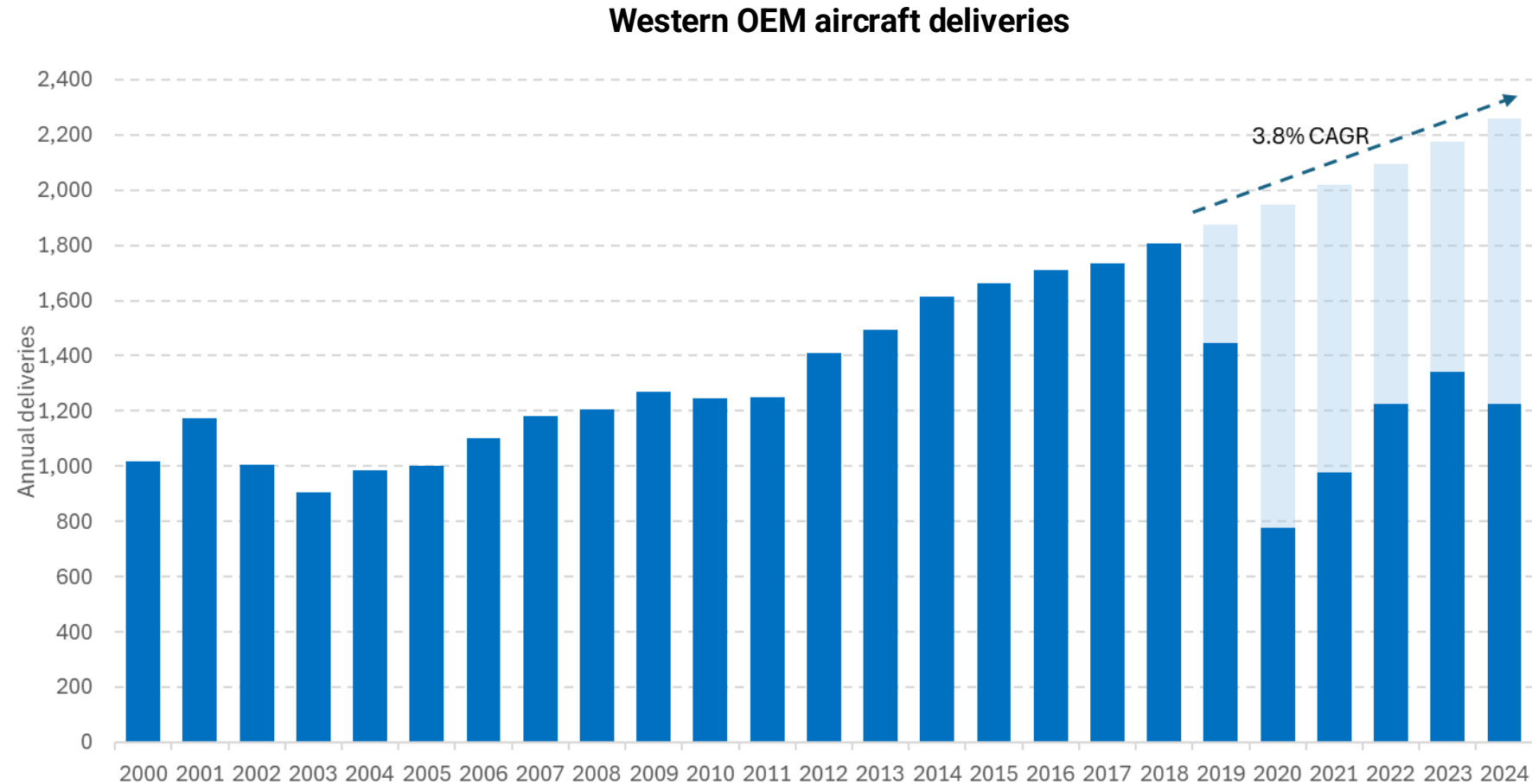
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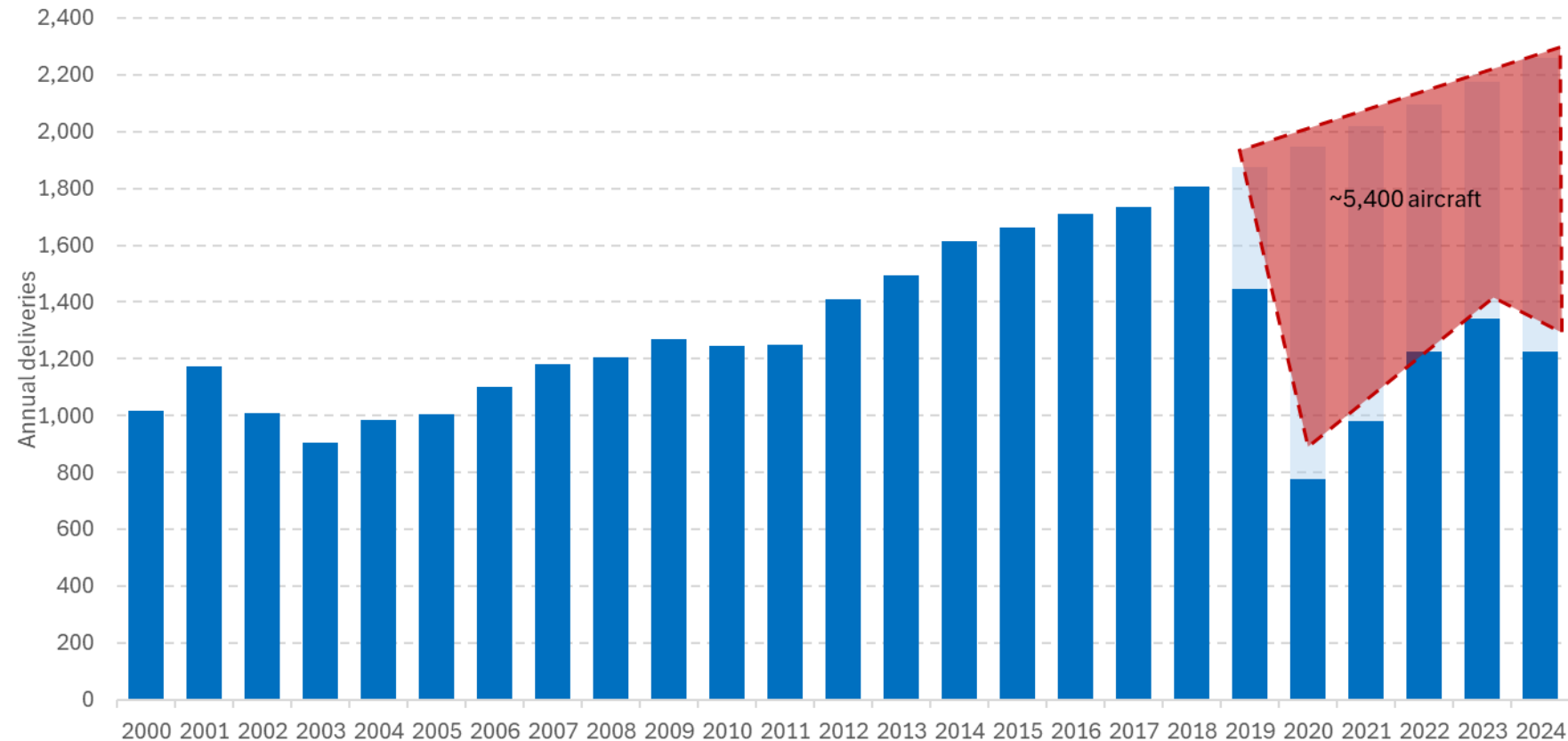
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Aircraft shortage – Australia representative of a global problem

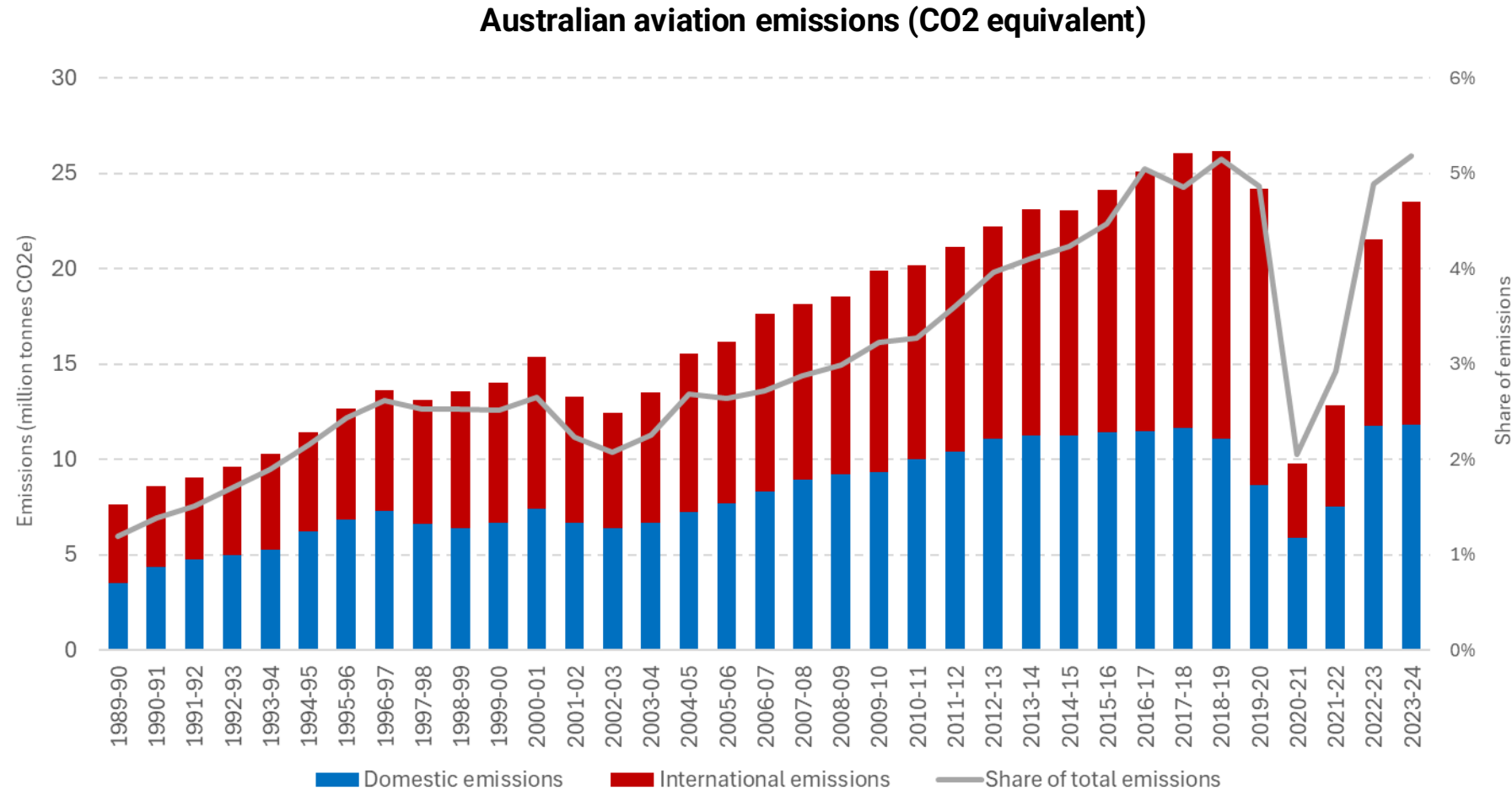
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- If delivery growth had continued as normal, then that jumps to about 5400 aircraft

Western OEM aircraft deliveries



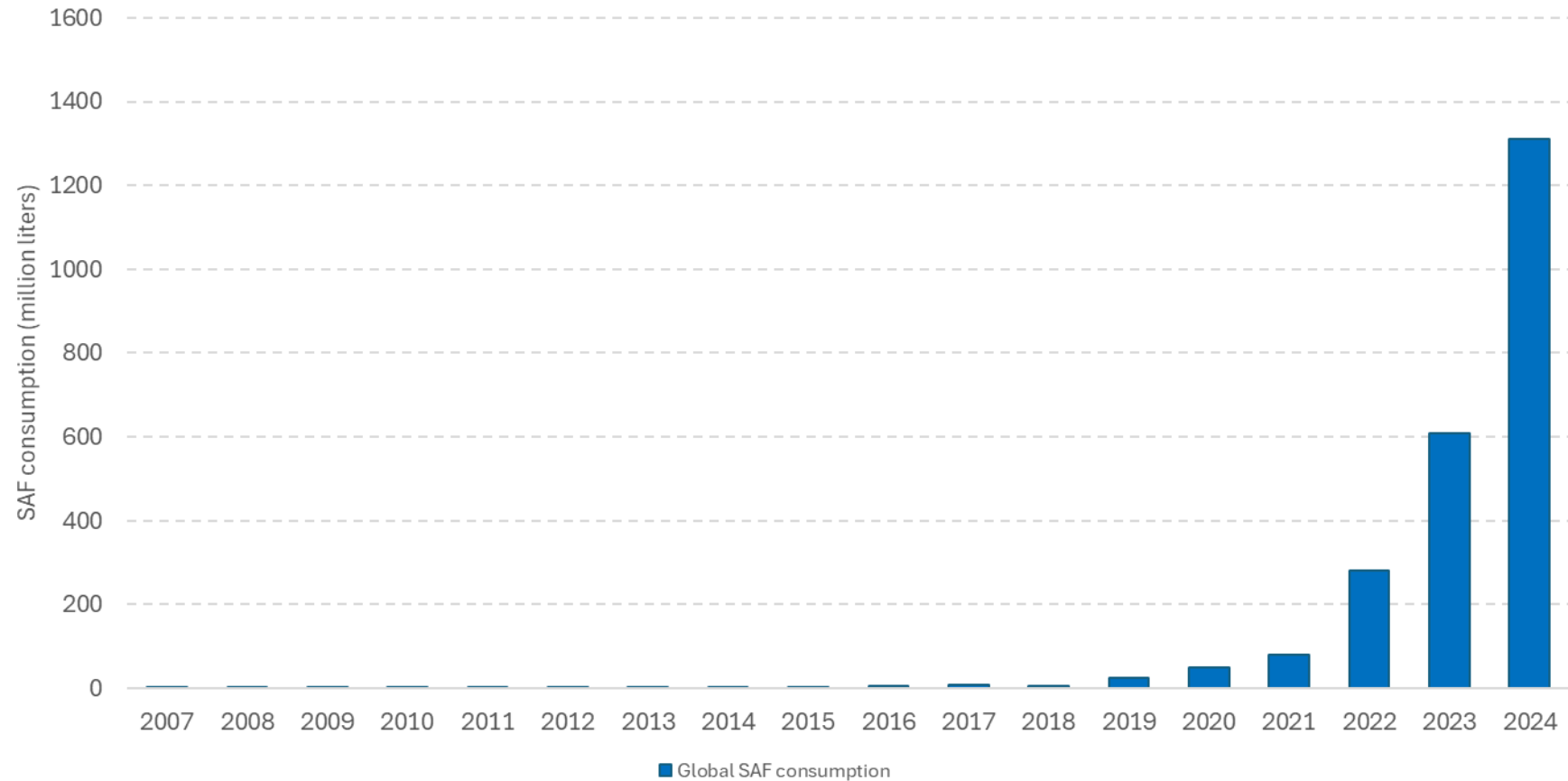
Sustainability – Australian aviation emissions are growing

- Australia is committed to ambitious sustainability targets – 43% emissions reduction by 2030, net zero by 2050
- Australia's aviation emissions are growing – both absolutely and proportionally

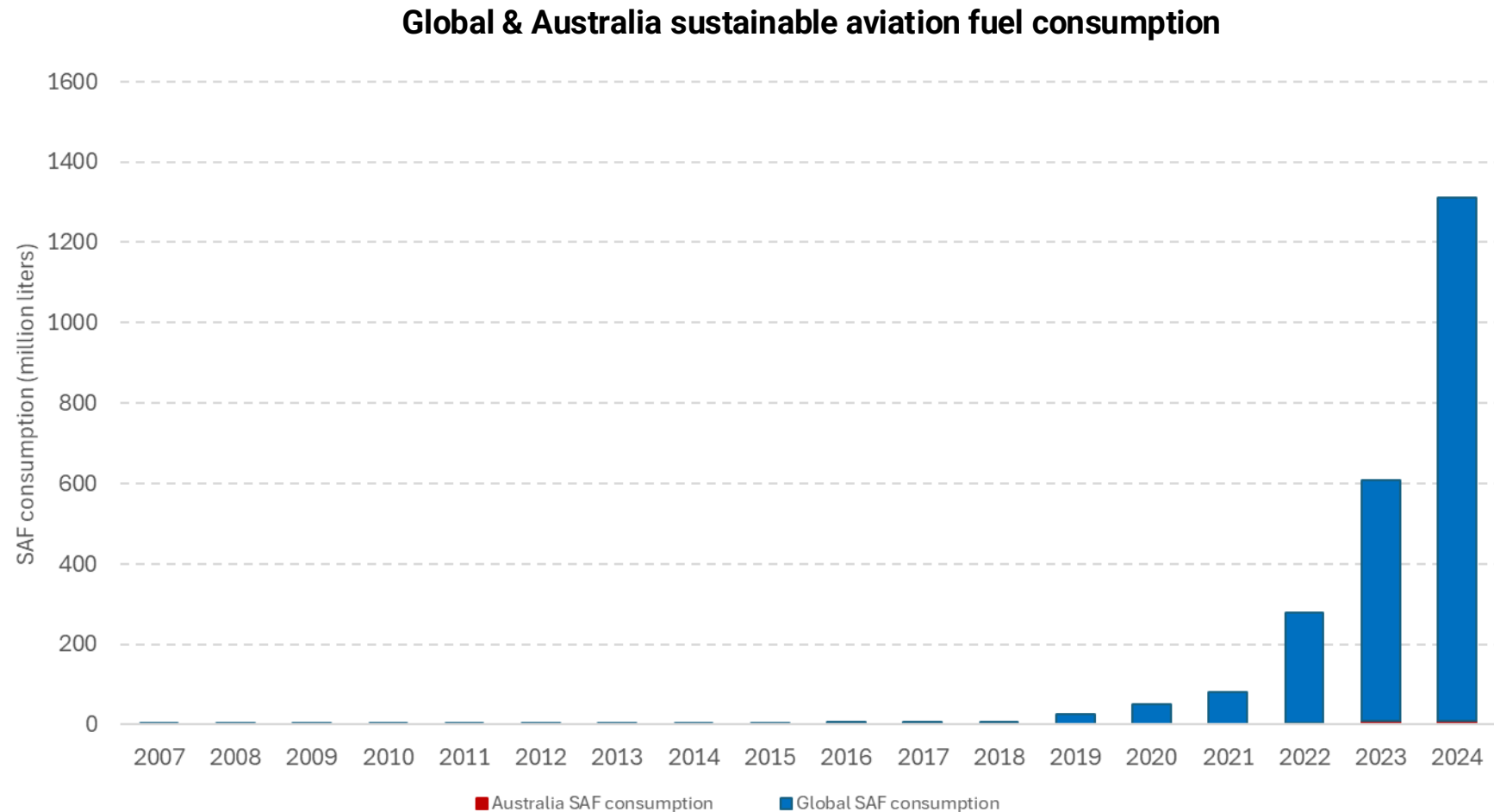


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- SAF now poised to become a feature of Australia's aviation fuel mix

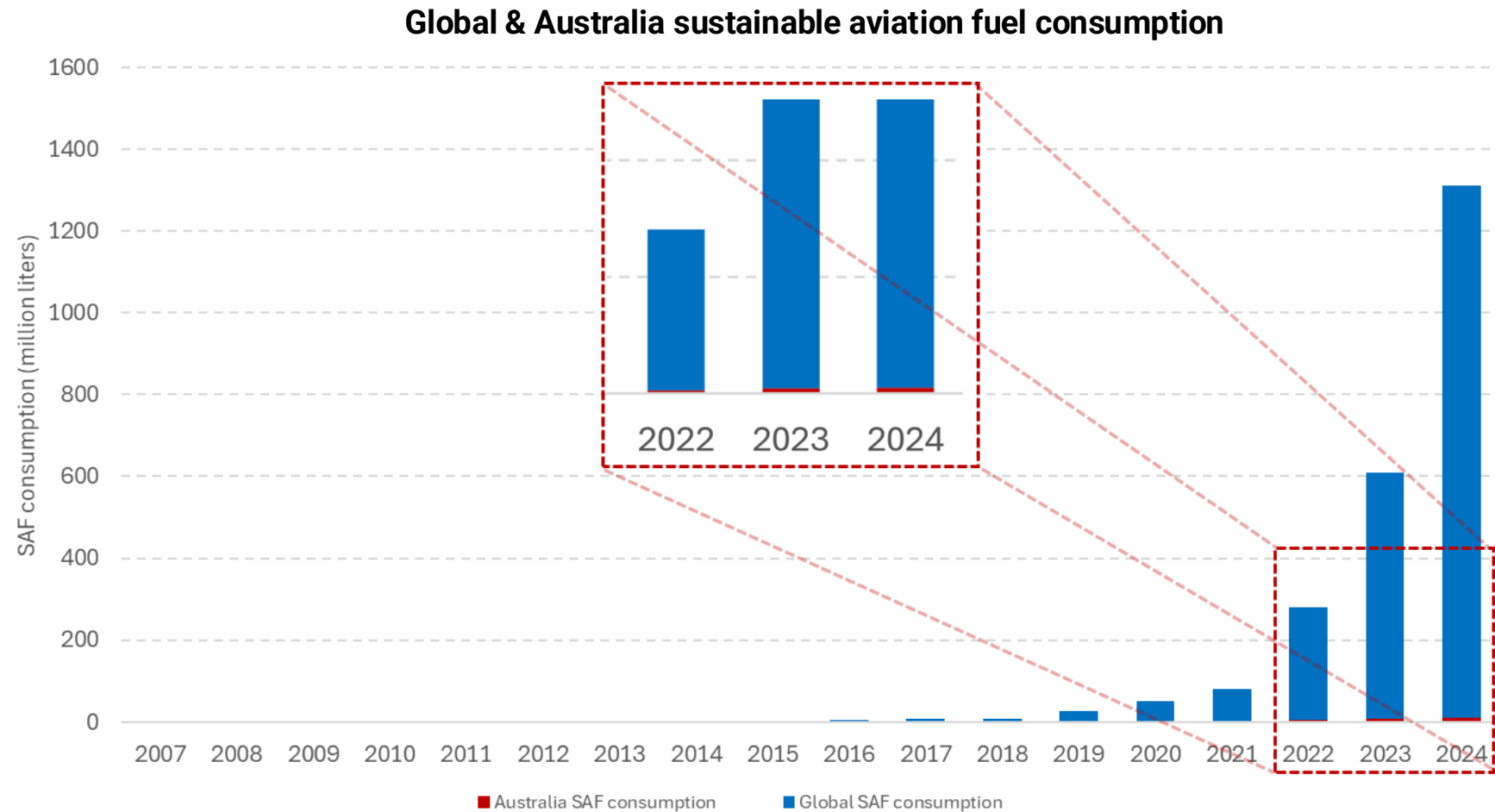
Global sustainable aviation fuel consumption



- Australia is committed to ambitious sustainability targets – 43% emissions reduction by 2030, net zero by 2050
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- SAF set to become a feature of Australia's aviation fuel mix in the near term
- Australian airlines reliant on foreign sources of production

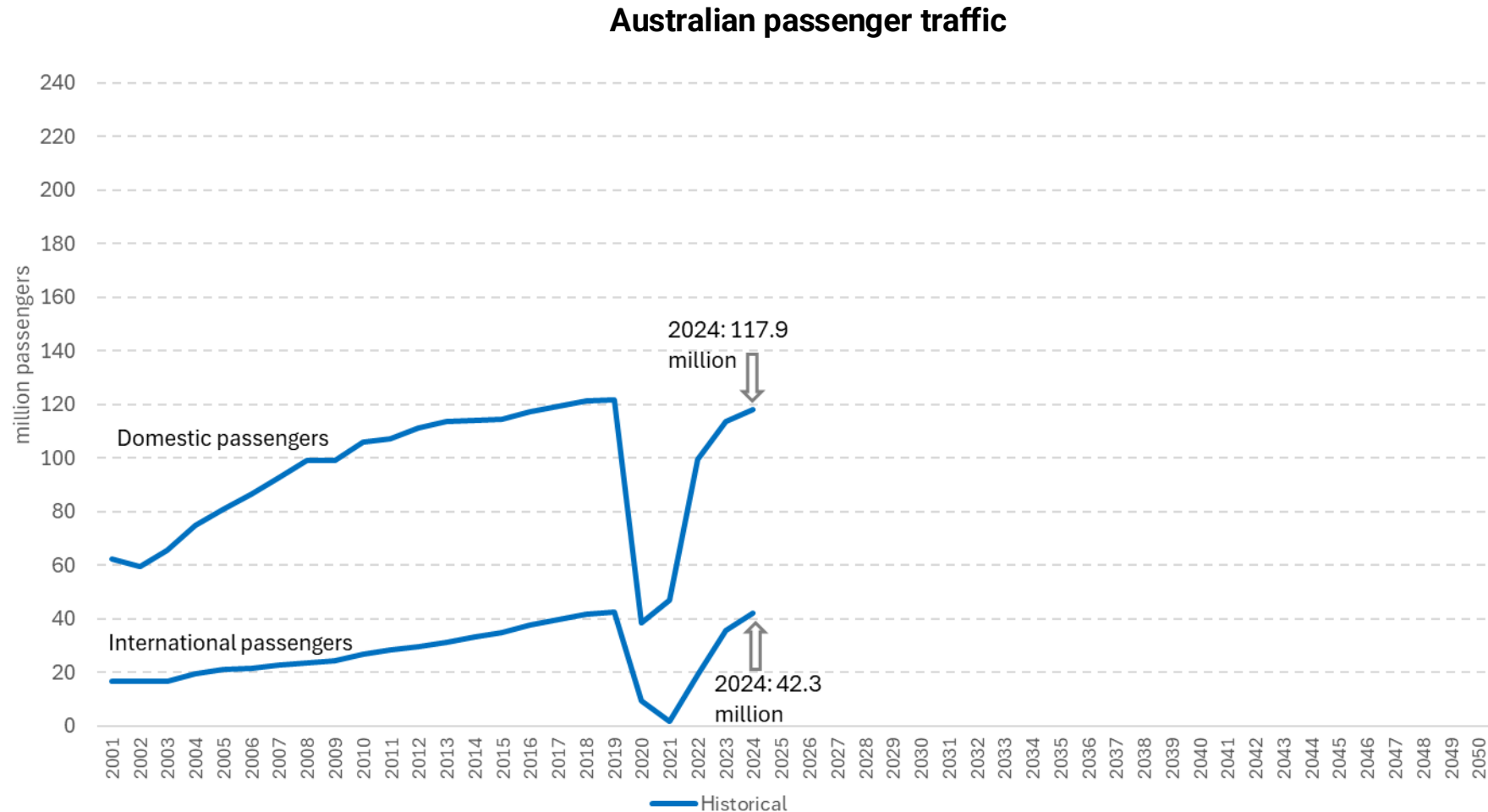


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- SAF set to become a feature of Australia's aviation fuel mix in the near term
- Australian airlines reliant on foreign sources of production
- Investment, time, policy and leadership needed to start and then scale up domestic SAF production to ensure commercial viability



The long-term perspective – traffic to expand 25% in next decade

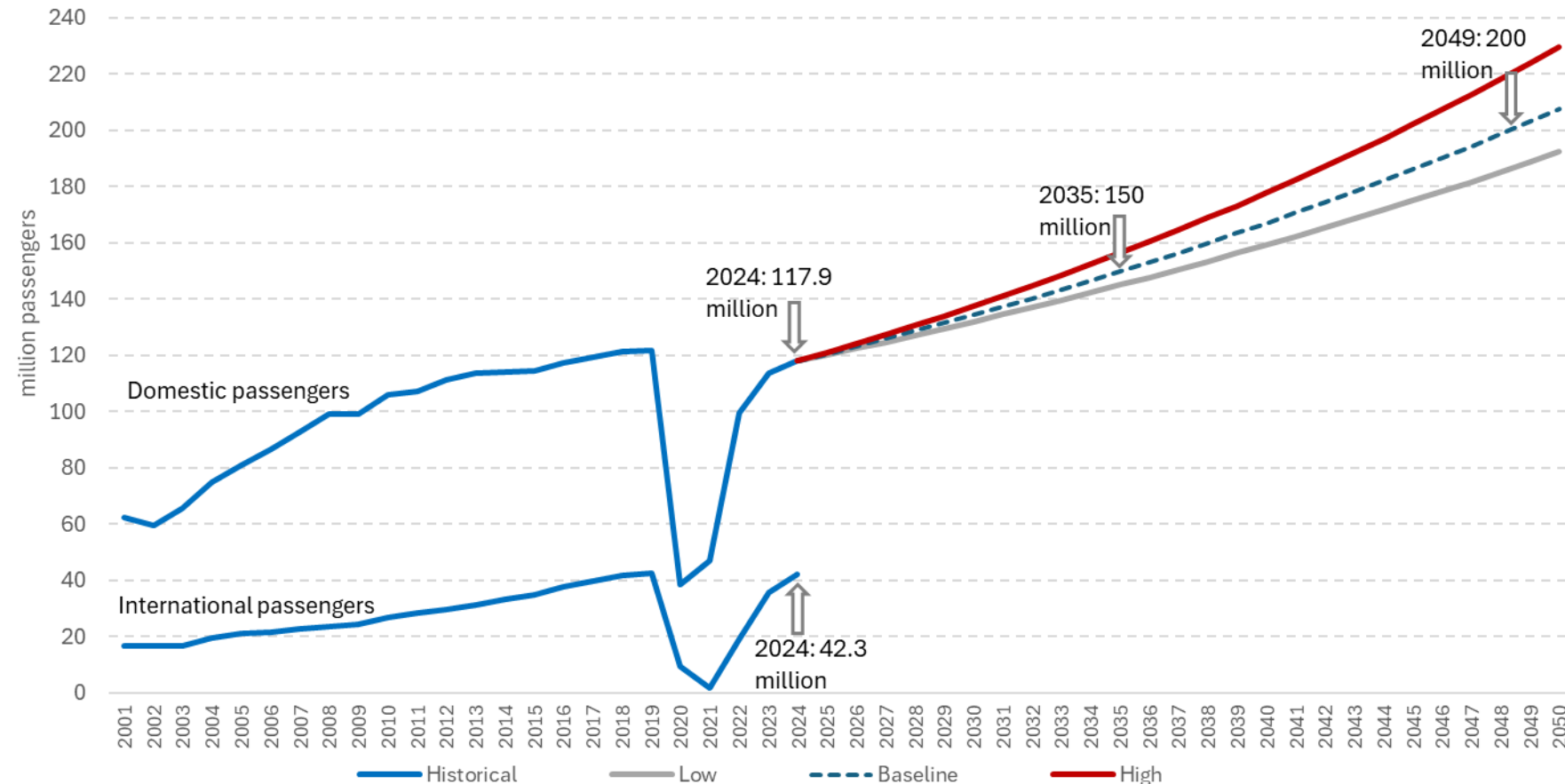
- Australian passenger traffic doubled between 2001 and 2018 – growing at 3.9% p/a
- Over the next decade, traffic is projected to reach around 200 million passengers p/a, adding around 40 million passengers



The long-term perspective – Steady domestic growth

- Australian passenger traffic doubled between 2001 and 2018 – growing at 3.9% p/a
- Over the next decade, traffic is projected to reach around 200 million passengers p/a, adding around 40 million passengers
- Domestic market to add 28 to 33 million new passengers by 2035, growing at a rate of around 2.0% to 2.6% p/a

Australian passenger traffic domestic outlook



The long-term perspective – International expansion centred on Asia

- Australian passenger traffic doubled between 2001 and 2018 – growing at 3.9% p/a
- Over the next decade, traffic is projected to reach around 200 million passengers p/a, adding around 40 million passengers
- Domestic market to add 28 to 33 million new passengers by 2035, growing at a rate of around 2.0% to 2.6% p/a
- International market to add 12 to 18 million passengers by 2035, growing at a rate of around 2.6% to 3.3% p/a

Australian passenger traffic domestic & international outlook

