

Airline Business Daily

From **FlightGlobal**

IATA AGM IN DUBAI | 2-4 JUNE 2024



Emirates powers profit recovery

AGM host Emirates' announcement in May that its profits over the past two years have exceeded the combined losses it accumulated over the period of the Covid-19 pandemic is another indication of how the airline industry is looking forward with confidence in 2024.

That confidence is reflected in an improved profit outlook for the broader airline industry this year, which IATA has flagged in recent months.

Emirates Group disclosed that its latest full-year profit, to the end of March 2024, reached Dhs18.7 billion (\$5.1 billion) – including a contribution of Dhs17.2 billion from Emirates Airline, up more than 60%.

The group states that this took combined profits over the last two years to

Dhs29.6 billion, overtaking the Dhs25.9 billion of losses experienced during 2020-22 as the pandemic inflicted heavy damage on the air transport sector.

Emirates Airline expanded overall passenger and cargo capacity by 20% compared with the previous year, it says, recovering to “near pre-pandemic levels”. It serves 151 destinations including 10 exclusively with freighters from its SkyCargo operation.



alphajournal/Shutterstock

‘NOW WE NEED ACTION’

Having spearheaded a push to boost government understanding of SAF, Willie Walsh says concrete steps must follow

Willie Walsh is in Dubai with some good news about government awareness of a crucial part of the industry's net-zero effort – awareness he says must now be turned into action.

Speaking to *Airline Business* on the eve of this year's AGM, the IATA director general says that the association has been working hard to ensure governments appreciate how important sustainable aviation fuel (SAF) is to the future of commercial air transport, with encouraging results.

“In terms of SAF, there are some positives to take out of what we're seeing at the moment,” he

explains. “It was important for people to understand that the path to net zero in 2050 was credible, but that the most significant



Walsh brings good news

contribution to abatement would come through sustainable aviation fuel.”

Even compared with a year ago, Walsh says, government understanding is now at a different level.

“There's much greater awareness of that now, so that is a positive thing to reflect on.”

And that understanding does not just cover the sustainability benefits that SAF will deliver, he says – it also means more countries are considering the economic opportunities inherent in building a local production industry.

“There are multiple pathways available to them so they can

create jobs, get a bit more energy independence and improve environmental performance,” he says.

That development is crucial in achieving the next step on the journey to net-zero: the widespread development of commercial-scale SAF production facilities.

“What we need to see is that awareness turning into action, because the time available to us is short,” says Walsh, citing the fact it takes many years to build a SAF plant and that key airline industry targets only loom larger every year. (See p4-5 for full interview)



The Power of Flight

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Follow our coverage of the AGM and the wider industry at: flightglobal.com/airline-business



Surveying progress – 8

LEWIS HARPER LONDON

Looking beyond recovery milestones

Asia-Pacific market is the last puzzle piece as global industry looks to power past pre-Covid benchmarks this year

The global industry has gathered in Dubai with passenger traffic and capacity broadly back at pre-Covid levels after three years of recovery from the devastating impact of the pandemic.

Those milestones were reached for the first time in IATA's data for February 2024, with that 'normalisation' meaning the association has begun offering only year-on-year comparisons from March onwards.

Still, IATA's monthly data on global passenger demand continued to show double-digit year-on-year rises in traffic and capacity in March in most regions, reflecting an industry that spent much of 2023 playing catch-up with pre-Covid levels, particularly in international markets.

The split between the performance of international (around 60% of total traffic) and domestic demand (around 40%) remains a defining feature of the industry's recovery data. In broad terms, the global airline sector exceeded 2019 data in February with international

traffic up 0.9% on that year – likely only pushed into positive territory by the fact February had an extra day in 2024 – whereas domestic traffic was up 13.7%.

Notably, China is at the forefront of two key outlier data-points, while other regions settle into something more like long-term growth trends, even amid the much-discussed capacity constraints around the world.

Traffic in China's huge domestic market – which accounted for more than 11% of global passenger traffic in 2023 – has been trending way up against 2019 and year on year for some time.

In March this year, it was up 17.6% year on year, IATA data shows. In January (the last time IATA offered this comparison point), it was up 15% on 2019.

CLOSING THE GAP

That has helped to offset the aforementioned slower recovery of global international traffic, which is almost entirely accounted for by the slow come-



back of Asia-Pacific, which itself is mostly attributable to the tentative return of China to cross-border air travel post-Covid.

In January, for example (the last time IATA offered regional data compared with 2019), Asia-Pacific airline traffic on international routes was 17% down on 2019, with all regions except Latin America (-2%) in positive territory.

Moves to close that gap to pre-Covid levels since China's reopening at the beginning of 2023

Data on global passenger demand continues to show mostly double-digit year-on-year rises

explain why Asia-Pacific carriers can still record a 38.5% year-on-year rise in international traffic in March 2024, with the industry total rise on international services at 18.9%. They are anything but long-term growth trend figures.

Closer to a number that looks like longer-term growth trends (in the 3-5% ballpark) is the global domestic airline sector, which saw traffic rise by 6.6% year on year in March.

The global industry is there or thereabouts when it comes to recovery to 2019 traffic and capacity levels, and more than ever the focus can be on the future, but the noise in Asia-Pacific data is a reminder that pandemic impacts will likely resonate for some time yet. ■

Air cargo demand continues upward trend

Positive momentum for air cargo demand continued in March, IATA data shows, as it became the fourth consecutive month of double-digit year-on-year growth.

Total demand rose by 10.3% compared with March 2023, following rises in February, January and December, IATA says.

It further notes that "for the first time, cumulative Q1 traffic surpassed the record heights experienced in Q1 2021".

The industry-wide air cargo

yield increased by 5% compared with February, albeit many individual airlines continue to cite a downward trend in yields as more capacity enters the market.

"Air cargo demand grew by 10.3% over the previous March. This contributed to a strong first quarter performance which slightly exceeded even the exceptionally strong 2021 first quarter performance during the Covid crisis," says Willie Walsh, IATA's director general.

"With global cross-border trade and industrial production continuing to show a moderate upward trend, 2024 is shaping up to be a solid year for air cargo."

IATA adds: "The 10.3% YoY growth in industry CTAs was driven by traffic on international routes, which expanded by a total of 11.4% YoY in March, helped by the rapidly increasing demand for e-commerce services."

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LEWIS HARPER LONDON

SAF awareness builds momentum

Pleased the industry is finally hitting pre-Covid milestones, IATA chief calls for action on sustainable fuel and taxation

Since last year's AGM in Istanbul, Willie Walsh has continued to lead industry efforts to ensure governments around the world take a much keener interest in the development of the sustainable aviation fuel (SAF) sector.

A degree of success on that mission provides a positive backdrop for this year's gathering in Dubai, as the industry grapples with its biggest challenge: achieving net-zero emissions by 2050.

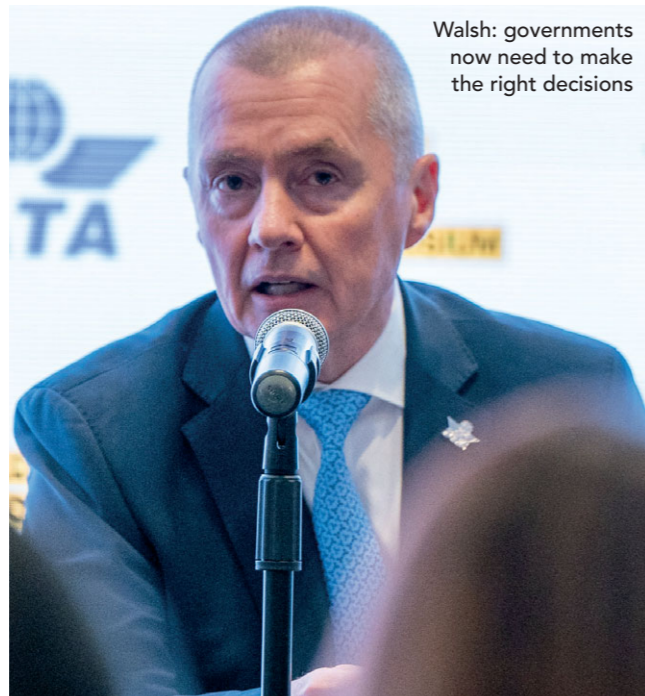
"Every government I speak to, their awareness of the issue of SAF and the importance of SAF is at a completely different level than it was even a year ago, but certainly two-to-three years ago when a lot of countries weren't really in a position to understand the opportunity that SAF represented," Walsh tells *Airline Business* during an interview on the eve of this year's AGM.

"What we need to see is that awareness turning into action, because the time available to us is short."

Indeed, as airlines look towards interim 2030 targets for SAF usage, it is crucial that decisions to build production facilities are made quickly, Walsh notes, given it takes years to get a plant up and running.

"That needs to be done now," he says.

One of Walsh's key messages to governments equivocating on support for the establishment of SAF production facilities is that the development of a new



Walsh: governments now need to make the right decisions

industry can bring significant economic benefits – benefits that are even available to countries with no history of jet fuel production.

If governments make the right decisions, the industry's "very credible" path to 2050 will become achievable, he says, preserving the myriad benefits of commercial aviation for more people.

Speaking during what is his fourth year as director general of IATA, Walsh is now well-versed in fighting hard for industry causes.

Helpfully, airlines are in a much better place today than

they were when Walsh first took on the role at the height of the Covid-19 pandemic.

"I've been watching how the market has been improving and getting back to 2019 figures," he says, noting that traffic and capacity are more or less in line with pre-Covid levels today, with only international travel in Asia-Pacific having ground to make up.

"I think we're in a good place," he says of industry health, noting that IATA expects to upgrade its industry profit projection for the full year, albeit with margins still tight.

"The recovery in 2023 was very positive and we're continuing on that journey of recovery in 2024," he adds.

And for the first time since the pandemic, Walsh is able to express "cautious optimism" about the preparedness of key service providers for the coming northern hemisphere peak travel period.

"Ground handling companies and airports, in the main, look like they've got the right resources in place," he says. "I'm sure there will be challenges, but nothing like we have witnessed previously."

Still, amid the positive outlook, familiar challenges loom large.

For Walsh, taxation is a topic that never goes away, particularly in the era of so much scrutiny on the industry's environmental footprint, giving IATA an important role in helping people to understand the impact of any moves to increase that burden.

"We clearly have a job to do to continue to ensure that we make the case for our industry and ensure that any moves that are made by governments are sensible and are positive [so people can] continue to enjoy the benefits of aviation," he says.

An immediate impact of extra taxation on flying tends to be a reduction in the load factor of aircraft but not necessarily the number of flights, Walsh says.

"They'll just operate with fewer people occupying the seats on the aircraft, which is totally counterproductive," he states.

Furthermore, taxes are likely to increase inequality in terms of access to commercial air transport, Walsh insists.

"All the analysis we do is that any change in the global tax environment is likely to impact on poorer countries much more than the developed countries, which doesn't seem like a sensible thing to do.

"Anything that increases taxes typically impacts on poorer people who don't have the ability to absorb this additional cost and therefore the opportunity just gets removed from them.

"That's a retrograde step."

SES BATTLE

Europe's lack of progress on implementing the Single European Sky is another issue on which Walsh has strong words – and one on which he will continue to fight, despite many of the bloc's national governments still rejecting closer airspace integration on the grounds of national security.

"It's bordering on disgust now that we see governments not prepared to face up to the opportunity that exists to improve the environmental performance," he says. "So we're not going to let this one lie."

Walsh cites estimates that implementation of SES could bring emissions reductions of 10-12%, adding: "It's too big an issue for us to ignore."

He also takes aim at moves in Europe to cap capacity at some

airports – notably Amsterdam Schiphol – contrasting the attitudes of governments in the region with a much more positive outlook elsewhere.

"Europe may take the view that the right thing to do is to start reducing the amount of flying, but places like India, China, Asia, Latin America, Africa, they are looking at the opportunity," he says, noting that he recently visited India and saw first-hand the ambition to show in its rapidly expanding airline sector.

"There's no way countries like India will forgo the economic opportunity that aviation represents now. I think they're all conscious of ensuring that they can get the economic benefit while acknowledging and addressing the environmental impact," he says.

Walsh believes some governments and regulators in Europe might live to regret any moves to restrict the airline sector's expansion.

"Margins are still very, very slim both at an operating and a net margin level"

Willie Walsh
Director General, IATA

"I think the political debate is arrogant because there's this sense that everybody must do what Europe is doing," Walsh states.

"But Europe has had massive economic benefit from aviation and connectivity; I think it's been the success of the EU.

"They [cannot] retain all of that economic benefit while at the same time trying to suppress flying," he says.

While it grapples with those issues, the industry is also looking to the future with its profitability still on a knife edge, giving IATA all the more reason to resist any additional tax burden or moves to cap its flying.

"There is a long way to go in terms of what would be considered an acceptable level of profitability," Walsh says. "Margins are still very, very slim both at an operating and a net margin level."

AI potential huge, but proceed with caution

The growth of artificial intelligence has been a big talking point over the past couple of years across global economies – a discussion that will continue on stage this week in Dubai.

Walsh acknowledges that AI is already used in the industry in areas such as predictive maintenance and says that it has "huge, huge potential" to be transformative, even if he is unsure at this stage whether it will turn out to be a "net positive or a net negative".

He cites areas such as identifying "pinch points" in operations as having growth potential when it comes to AI, among many uses that might ultimately lead to customers receiving "a better quality of service" and airlines being able to "better anticipate what people want".

Walsh cautions, however, that it is still unclear where the risks might lie in the use of AI, explaining: "I hope we're not the last generation who will be able to look at something on the computer screen and say 'no, that doesn't make sense'... still using our brains to try and figure out what the right answer is."

The key, he suggests, is that airlines use AI "to augment our ability... to improve the situation rather than just being told that that's the answer".

Fuel costs, and specifically the wide crack spread – the difference in price between crude oil and jet fuel – are a particular concern for IATA when assessing barriers to boosting profitability.

The crack spread has been averaging around 30% over the past three months, Walsh says, compared with an industry average of 17% between 2010 and 2019. The lack of knowledge of that dynamic can make it hard for consumers to understand why fares have risen, he notes.

"We've seen a significant widening in the crack spread that isn't fully appreciated by others," he says. "When you consider fuel inflation, for airlines it's been significantly greater than consumer price inflation as a result of the changes in the oil price and the petrol price that people have seen.

"That's been a challenge for everybody and it impacts every airline around the world."

Airlines also continue to face challenges securing timely MRO services and the parts needed to keep aircraft in the air, Walsh says.

"What most people are saying to me now is that it's not getting worse," he explains. "It's potentially stabilised – stabilised in a bad place."

With no end in sight, airlines are now factoring related delays into the planning cycle, Walsh says.

"They're expecting this supply chain issue to continue."

Aircraft delivery delays are also a headache for an industry that already lost out on four years of growth because of the pandemic.

Walsh acknowledges that delivery delays are not a new thing, but says the current levels "are unprecedented" and that uncertainty – which has been evident this year with many airlines having to rethink close-in capacity plans due to late-arriving jets – is the biggest concern.

"Most airlines would have planned the delivery of new aircraft to coincide with the increase in demand so that you're taking in new capacity at a time when demand is increasing, and of course you put all of your planning in place to ensure that you've got pilots trained up to fly these aircraft, and that's probably the most expensive part of that process."

But as with MRO and parts issues, there is no end in sight to the delivery delays this year.

"That's playing into expansion plans or capacity plans airlines will have for this year and probably even next year," Walsh says.

Four years into his role with IATA, Walsh has plenty to keep him busy, even with the industry moving on to more stable post-pandemic foundations. ■

Important progress on diversity

IATA has taken a key role in industry efforts to increase gender diversity among its workforce, particularly in the C-suite (See p8), with what Willie Walsh describes as positive results, even if there is still a long way to go.

"We're making very good progress," he states. "You've seen some very high-profile female CEOs appointed and it's in every part of the world, which is great."

Among those chief executives, RwandAir's Yvonne

Makolo has spent the past year as the first woman to chair IATA's board of governors. Reflecting the industry's historical record on gender diversity, she was also the 81st person to take that role.

"It's easy for me to say and I'm sure if... it was a woman sitting here, they'd say not enough progress [has been made] and it's far too slow," Walsh says. "But from an industry point of view I look at the progress we've made in the last five years and it is noticeable."



Walsh cites India's big air transport ambitions



Comprehending contrails

IATA says 'urgent action' is needed to better understand impact and predictability to inform mitigation of non-CO2 effects

GRAHAM DUNN LONDON

IATA is, during the AGM, highlighting its recent call for urgent action to deepen understanding of the formation and climate impact of aviation contrails.

While most of the focus in industry efforts to reach its net zero ambitions has been on reducing CO2 emissions, non-CO2 effects such as contrails and nitrogen oxides (NOx) also contribute to global warming.

IATA though says complexity of contrail science means more information is needed to fully understand their impact and predictability amid the move towards effective mitigating actions.

"While scientific consensus exists that these effects on average have a warming impact, there is much less consensus as to just how warming they are, and on which timescales the effects occur," IATA says in a report, produced in collaboration with a wide-ranging group of industry and academic stakeholders, published in April.

"Furthermore, there is scientific disagreement as to how accurately, or if at all, we can predict contrail formation on a flight-by-flight basis. These two aspects are still subject to large uncertainties, particularly when assessing individual flights."

The report outlines three recommendations, the first of which is in the immediate term (2024-2030) to prioritise CO2 emission reductions over the "uncertain

gains" from contrail detection and mitigation, while advancing the science of contrail impacts.

IATA director general Willie Walsh says: "Formulating and implementing regulations based on insufficient data and limited scientific understanding is foolish and could lead to adverse impacts on the climate. That is why the most important conclusion from this report is to urge all stakeholders to work together to resolve current gaps in the science so that we can take effective actions."

Calling for more research as a first step should not be misinterpreted for a lack of ambition

It comes as, for example, the European Commission will require airlines to track non-CO2 effects from the start of next year through its monitoring, reporting and verification (MRV) programme.

IATA's net zero transition director Hemant Mistry says: "Part of the problem we are seeing with the Commission is they don't really seem to have a strategy in terms of reducing the impact of non-CO2 or how that might be counter-productive in terms of CO2 as well. We haven't seen any of those steps and that is

a bit of a concern for us.

"So the focus of the report in terms of trying to get a small population of aircraft fitted with humidity sensors is one crucial step towards us being able to understand that impact, then to be able to see what solution there could be looking at the overall climate impact for aviation."

While the large in-service fleet provides data points supporting a range of operational elements, IATA's manager for new energies and technologies Alejandro Block says relatively little of that is focused on humidity. And while sensors are in place on more than 100 civil aircraft today, they are not designed for monitoring contrails.

"They are very good at measuring humidity as aircraft take off and land, but not at cruising level," he says. "There are only 10 aircraft that have a specific sensor that can measure humidity at these levels."

"If there is one thing we can do, it is to investigate having more sensors. A lot of what we know about the regions where contrails form is because we have a few aircraft equipped with sensors. If we increase that population, we'll get more data and we'll be able to improve the models that are trying to predict contrail formation and we will be able to be more accurate on how warming the contrails are."

"So this really is an important enabler to everything else and

this is why we focused our attention here."

Block says calling for more research as a first step should not be misinterpreted for a lack of ambition. "People think because we want more data, we are saying 'let's just delay'. That is not true. We need more models."

"How long will it be before the models are very accurate? It is probably going to be a few years – hopefully less than 10, but it's not going to be less than three. A lot of this research is funded by the EU or US and goes through ongoing and new university and research centres projects which last at least three to four years."

IATA believes building out these data models will enable its medium-term ambition for 2030-40. "What we would like to see is that the system and infrastructure to fill in the data from the aircraft back into the weather models is something that is up and running, so that we can start having selective movement and actually understand the weather impact," says Block.

LONG-TERM GOALS

Longer-term recommendations for 2040 onwards are that aircraft should be continuously providing data to support these models, and that a more complete understanding of the non-CO2 effects of alternatives fuels and mitigating measures are in place.

"Some of the criticism we had is these timelines should be shorter," Block says. "But what we put in our evaluation is what we see happening. So our timelines are based on common development times. But of course we would like to see everything accelerating."

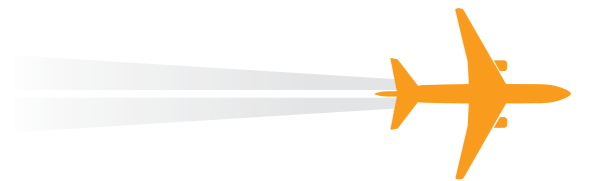
IATA will discuss the issue at the AGM. Mistry says: "If we are able to explain some of the issues, hopefully we can get some of the political bodies to help support the implementation of these sensors for the right cause."

"In terms of the AGM, we have a role to explain to the broader community, including across the breadth of our membership, what non-CO2 impacts could be and how best, in a step-by-step way, to start to measure and address these things." ■

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LEWIS HARPER LONDON

Positive steps on women in C-suite

Latest survey of gender diversity in top airline roles shows genuine progress being made, albeit from a low base

The first half of 2024 has brought largely positive developments in terms of women being appointed to lead top airlines, offering hope that the current year might bring another significant step forward in the gender mix among senior executives.

Those developments expand on trends seen in *Airline Business's* latest survey of gender diversity at the 100 largest carriers and groups by passenger traffic. That survey uses end-2023 data to assess whether progress is being made on an issue that many carriers and IATA have cited as a priority in recent years.

Notably, among the women leading airlines around the world, RwandAir chief executive Yvonne Makolo has spent the last year as chair of the IATA board of governors.

Among the survey's key findings, the number of women working in senior executive roles at the world's top passenger airlines and groups grew at the fastest rate in seven years' worth of data during 2023, albeit men still dominate in every role except chief people officer.

And while the proportion of the 600 surveyed roles taken by women – 106, or 18% – means the industry still has huge work to do if gender parity is an ambition, the latest data marks



Makolo is IATA board chair

the first significant acceleration in the growth of female representation among executives since the survey was launched in 2017. Previous years had seen a steady increase of one percentage point per year, whereas the latest data marks a three percentage-point increase, reflecting 14 more women employed in the 600 executive roles surveyed.

LEADING EXAMPLE

In terms of high-performing geographies, Australia continued to set the pace, with Qantas, Jetstar and Virgin Australia all led by women as 2023 ended. Elsewhere, JetBlue Airways continued to be the standout performer when the whole C-suite was considered,

with four of the six surveyed roles taken by women – an achievement unmatched by other carriers.

The data also shows how the increase in the number of women in the wider C-suite is crucial to increasing the number of female chief executives, given the industry's strong preference for internal appointments from existing executive teams.

Partly driven by increases in the number of women employed as chief financial officers and chief information officers – or in equivalent roles – the rise in women working in the C-suite came despite the number of female chief executives falling year on year, to 11 out of 100 on 31 December 2023, versus 12 as 2022 ended. Even in that area, there have been positive developments since the survey data was collated.

JetBlue Airways announced in early January that president and chief operating officer Joanna Geraghty would succeed Robin Hayes as the company's chief executive from 12 February.

Geraghty has become the first woman appointed to lead a major US carrier.

She has worked for nearly 20 years at JetBlue and became chief operating officer in 2018. She held other roles including executive vice-president of customer experience, chief people officer and associate general counsel.

Elsewhere, Japan Airlines announced in mid-January that it had appointed its first female leader, following the promotion of its chief customer officer Mitsuko Tottori to helm the carrier.

Tottori, a JAL veteran of almost 40 years, assumed the role on 1 April, taking over from Akasaka Yuji, who became airline chair.

The move marked the first time a Japanese major airline has been led by a female president, and she is also JAL's first president whose background includes time as a flight attendant.

Meanwhile, Spanish low-cost carrier Vueling announced in late February that IAG's chief people, corporate affairs and sustainability officer Carolina Martinoli was becoming its next chief executive – replacing Marco Sansavini, who has taken the helm at compatriot Iberia.

Martinoli was previously brand and customer experience director at British Airways, and also worked in the chief customer officer and marketing director roles at Iberia.

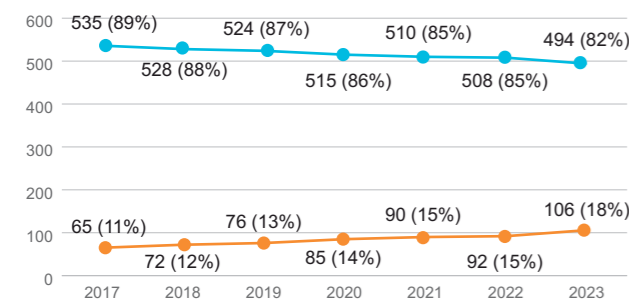
In late March, meanwhile Greater Bay Airlines – which is not among the top 100 airlines but is a new IATA member – announced the appointment of chief operating officer Liza Ng as its new chief executive.

Offsetting that progress to an extent, in mid-February Virgin Australia chief executive Jayne Hrdlicka announced her departure from the business after almost four years running Australia's second largest airline.

Hrdlicka, who is also a former chief executive of Qantas low-cost unit Jetstar, was appointed to lead Virgin Australia in 2020 after it emerged from financial administration and was acquired by Bain Capital. ■

You can read the full survey of women in the airline C-suite on *Airline Business's* new website: www.flightglobal.com/airline-business

Gender mix in 600 surveyed executive roles at top 100 airlines



Source: Company websites, financial reports, LinkedIn and FlightGlobal data. Notes: Data at 31 December 2023. Covers the airlines and groups in FlightGlobal's ranking of the top 100 by RPK (2020-2023 uses 2019 ranking)

Men	Women
494	106

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GRAHAM DUNN & LEWIS HARPER LONDON

Summer shines through first quarter

While there is no shortage of challenges, hopes are still high of strong demand this year after recent earnings season

While now familiar post-pandemic issues around aircraft availability and some more traditional challenges such as strikes were felt by airlines in the first quarter, executives largely struck a positive note about demand this summer during the most recent earnings season.

Though few matched Delta Air Lines chief executive Ed Bastian's upbeat assessment that the combination of a strong demand picture – complete with an upturn in corporate travel – and an industry focus on improving returns meant the current environment was “maybe the most-constructive backdrop” during his career, most of his peers that followed were largely bullish – at least on the network carrier side of things.

Delta began the first quarter earnings season by posting an opening-quarter 2024 profit – on an unadjusted basis – for the first time since the pandemic.

United Airlines chief executive Scott Kirby was similarly positive when the US carrier beat analyst expectations with a smaller-than-expected loss for the first-quarter – which would have been a profit but for Boeing 737 Max 9 grounding costs.

His belief is that United's actions to take advantage of structural change in the industry are now being reflected in sustained higher margins.

American Airlines slipped to a loss in the first quarter, but its executives were similarly positive regarding material changes as the year progresses, leaving it optimistic it can still meet its full-year financial targets.

“We don't like reporting a loss, that's a challenge for us,” says American chief executive Robert Isom. “But it's also an opportunity. As we look forward, we are encouraged by what we see as industry dynamics, and also by those things we have identified in the first quarter that we can go and address.”

The bright tone from the majors



Bastian (left) and Spohr unite in optimism, despite contrasting Q1

was in contrast to most other North American carriers during the quarter. Short-haul overcapacity, a factor for American in the first quarter, was an issue too for low-cost operators, as they struggle to achieve profits with yields trending downwards. Adding to that mix are higher costs across the board. Combined operating losses across 11 North America carriers in the quarter widened by more than \$150 million to \$921 million.

“We are encouraged by what we see as industry dynamics”

Robert Isom
Chief executive, American Airlines

A lack of aircraft availability was also high on the agenda among Europe's big airline groups, as was labour.

“We undoubtedly had a difficult quarter,” acknowledged Lufthansa Group chief executive Carsten Spohr, after deeper first quarter operating losses and a lowering of full-year profit expectations. Strike disruption, both within the group and Germany more broadly, weighed heavily. While the deals struck to settle the disputes bring stability for the next three years, they also add to cost pressure.

“It is also clear that the high and now rising personnel costs represent a major economic challenge for us, to which we must find answers,” Spohr says.

Yet despite these, and capacity constraints which mean a slower ramp-up than originally planned this year, Spohr is confident of “another very good summer”, citing forward bookings up 16%.

Air France-KLM's operating loss deepened in the first quarter of 2024, as “exceptional” operational disruptions and falling cargo revenue dented the European airline group's performance.

The business had warned of what turned out to be a “pretty tough” January-March 2024 period during its full-year 2023 briefing earlier this year, but notes that forward ticket sales and travel demand still point to a “promising” summer season.

IAG enjoyed a more straightforward three months. The British Airways and Iberia owner even eked out a small operating profit of €68 million (\$73 million) during what is a seasonally weak quarter. In common with its peers, IAG says the rest of 2024 is looking good in demand and yield terms.

While Turkish Airlines posting a first-quarter profit comes as little surprise given its strong performance since the pandemic, one eye-catching development was a 27% jump in cargo revenue

– attributed to strong e-commerce activity. That is in sharp contrast to the narrative from most carriers around lower cargo revenues, amid the normalisation in the freight market post-pandemic.

Another common theme among European carriers was how Asia-Pacific routes are slower in coming back, with particular challenges about the pace of demand on Chinese routes – a sector further complicated by longer flights for many operators necessitated by not being able to overfly Russia.

For its part, China Southern Airlines was the sole carrier among the country's three largest operators to swing back to the black in the first quarter of the year, even though they all saw revenues improve during the period

Elsewhere in Asia-Pacific, there were strong results as passenger demand continued to pick up after a slower reopening from the pandemic. SIA Group, for example, cited a strong rebound in North Asian demand after posting record profits for the year ending March 2024.

It notes that while demand remains “healthy” in the April-June quarter, passenger yields “will likely continue to moderate due to increased capacity injection by airlines, especially in the Asia-Pacific region”.

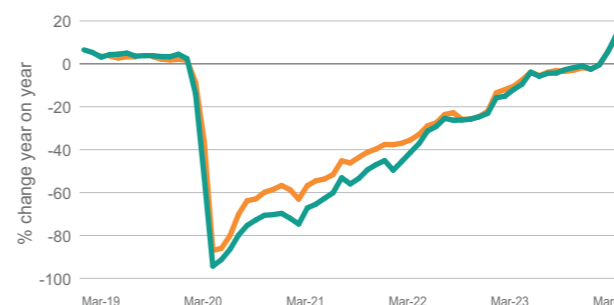
Latin American carriers enjoyed a bright quarter – in a traditionally stronger period of demand for southern hemisphere operators. Operating profit among six leading carriers in the region doubled to \$1.2 billion.

LATAM Airlines Group, the region's biggest carrier and one of a few to have successfully completed post-pandemic restructuring, delivered over a third of that. “The first quarter robust results are the reflection of a LATAM that is more competitive in the markets in which the group operates... amidst a sustained and healthy demand,” says chief executive Roberto Alvo. ■

Industry performance indicators

The latest global data for several important airline market indicators, including traffic and capacity across passenger and cargo markets, share-price developments, and five-year fuel-price trends. Subscribers to the new *Airline Business* website can view the latest data for these metrics and many more covering the world's largest airlines and groups. Visit flightglobal.com/airline-business for more information and to access a free trial

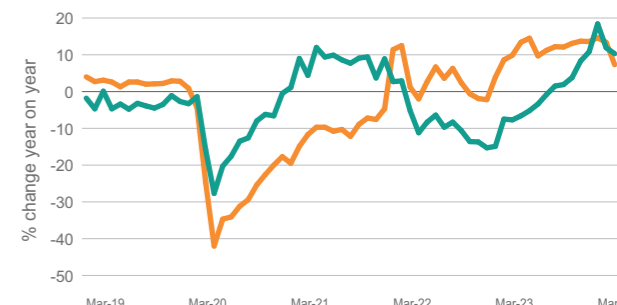
Global air passenger market, demand and capacity trends, to March 2024



Source: IATA
Notes: Covers IATA members and non-members. Changes for 2019 and 2020 are year on year. Thereafter, comparisons are with 2019 through to February 2024. March 2024 reverts to year on year. RPK = revenue passenger kilometres. ASK = available seat kilometres.

RPK ASK

Global air cargo market, demand and capacity trends, to March 2024



Source: IATA
Notes: Covers IATA members and non-members. 2019 and 2020 changes are year on year. 2021 changes are against 2019. Thereafter comparisons are year on year. CTK = cargo tonne kilometres. ACTK = available cargo tonne kilometres.

CTK ACTK

Global passenger market: March 2024 snapshot

	World share	RPK	ASK	Load factor change	Load factor
Africa	2.1%	10.0%	12.3%	-1.5pp	72.1%
Asia-Pacific	31.7%	24.2%	17.9%	4.3pp	83.5%
Europe	27.1%	10.6%	10.2%	0.3pp	80.9%
Latin America	5.5%	10.9%	8.8%	1.5pp	83.1%
Middle East	9.4%	10.5%	13.6%	-2.1pp	77.5%
North America	24.2%	6.3%	7.6%	-1.0pp	83.7%
Total market	13.8%	12.3%	1.0pp	82.0%	

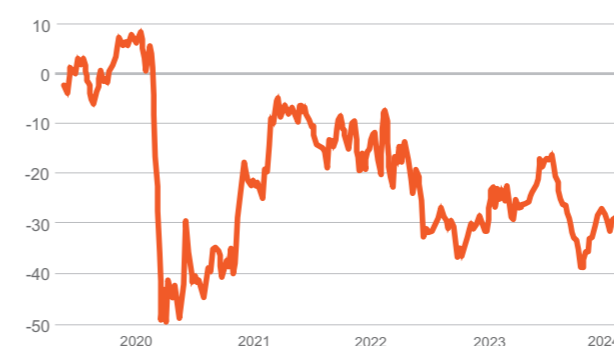
Source: IATA Note: Changes versus March 2023

Global air cargo market: March 2024 snapshot

	World share	CTK	ACTK	Load factor change	Load factor
Africa	2.0%	14.2%	17.3%	-1.3pp	47.3%
Asia-Pacific	33.3%	14.3%	14.3%	0.0pp	47.5%
Europe	21.4%	10.0%	8.0%	1.0pp	58.1%
Latin America	2.8%	9.2%	7.0%	1.8pp	40.2%
Middle East	13.5%	19.9%	10.6%	3.9pp	49.6%
North America	26.9%	0.9%	-1.9%	1.1pp	40.4%
Total Market	10.3%	7.3%	1.3pp	47.3%	

Source: IATA Note: Changes versus March 2023

Indexed five-year share price trend at world's largest airline groups



Source: Airline Business
Notes: Basket of 34 airlines covering global market. Closing share price w/e 17 May 2019 = 0.

Five-year weekly jet fuel price



Source: US Energy Information Administration
Notes: US Gulf Coast kerosene jet fuel spot price FOB. Data to w/e 10 May 2024

Latest types freshen fleet options

New metal may be hard to come by at the moment, but plenty of airlines have still been welcoming fresh types and variants to their existing aircraft rosters in recent months, from regional jets through to large widebodies



Embraer

Embraer debut in Singapore

Lessor Azorra delivered an Embraer 190-E2 regional jet to Singapore low-cost carrier Scoot in mid-April, marking the first time an airline based in the city-state has introduced an aircraft from the Brazilian airframer. The delivery of the Pratt & Whit-

ney PW1900G-powered jet took place at Embraer's production facility in Sao Jose dos Campos, Brazil. Scoot commenced E190-E2 operations in May with services to the Thai resort Krabi. It is due to receive nine in total from the lessor.



Hawaiian Airlines

First 787 for Hawaiian

US carrier Hawaiian Airlines took delivery of the first of 12 Boeing 787s for which it holds firm orders in February.

The 787-9 made its service debut in mid-April on flights between Honolulu and San Francisco.

Powered by a pair of GE Aerospace GENx-1B turbofans, the aircraft is configured to seat 300 passengers. Hawaiian is expecting to receive three 787s in 2024, with deliveries to continue into 2027.



Airbus

Condor commences renewal

German leisure carrier Condor Airlines received the first of 41 Airbus A320neo-family jets in April, marking the start of its narrowbody fleet renewal effort.

Under its renewal, Condor is taking 13 A320neos and 28 A321neos,

all powered by Pratt & Whitney PW1100G engines, between now and 2029. The aircraft will replace its A320 and A321 narrowbodies. Condor has already completed the renewal of its long-haul fleet with A330neos.



Boeing

Smaller Max for Alaska

Alaska Airlines received its first Boeing 737 Max 8 at the turn of the year.

The CFM International Leap-1B twinjet has sufficient range to enable the carrier to launch new trans-continental routes, it noted.

The airline already operated the larger 737 Max 9 – one of which was involved in a high-profile door plug incident days after the Max 8 delivery – and holds unfilled orders for dozens more Max jets comprising a mix of Max 8s, Max 9s and Max 10s.



Air India

Air India adds A350-900s

Air India took delivery of its first Airbus A350-900 as last year came to a close, with the type entering commercial service in late January 2024.

Air India has a total of 20 -900s on order – more of which have

been delivered since the first example – along with the same number of -1000s. The Rolls-Royce Trent XWB-powered widebodies are part of a wider order for around 250 Airbus aircraft.



Ibom Air

Ibom takes own A220s

Nigerian operator Ibom Air received its first new Airbus A220-300 in late November last year, one of 10 ordered by the carrier.

Ibom Air had already gained experience with A220s operations

after it temporarily leased a pair from EgyptAir in 2021. It subsequently disclosed an order for 10 of the twinjets during the Dubai air show later that year. The twinjet is powered by Pratt & Whitney PW1500G engines.

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Airbus

Qantas deploys A220s

Qantas' first pair of Airbus A220-300s began commercial flights in March, kicking off a narrowbody fleet replacement process.

The Pratt & Whitney PW1500G-powered aircraft were initially operated by subsidiary QantasLink

on flights from Melbourne.

The aircraft type is replacing ageing Boeing 717s as part of a domestic fleet renewal programme.

All of its A220s – configured to seat 137 passengers in two classes – have wi-fi installed.



Malaysia Airlines

MAS goes to the Max

Malaysia Airlines took delivery of its first Boeing 737 Max 8 in November last year. That marked its first new aircraft type in over five years.

The aircraft was the first example from 25 Max 8s ordered on

operating lease from Air Lease.

Malaysia Airlines expects deliveries of the type to continue through to 2026.

The aircraft are powered by CFM International Leap-1B engines.



Airbus

A350-1000 flagship for JAL

Japan Airlines took delivery of its first Airbus A350-1000 in December last year – a type that is becoming JAL's new flagship.

The Rolls-Royce Trent XWB-powered A350 entered commercial service between Tokyo's

Haneda airport and New York in late January, while the type will also serve Dallas/Fort Worth from later this year.

It has six seats in first class, 54 in business, 24 in premium economy and 155 in economy.



Boeing

Oman's first freighter

Middle Eastern carrier Oman Air received a Boeing 737-800 converted freighter in November last year, the airline's first dedicated cargo aircraft.

Oman Air, based in Muscat, took delivery of the jet after

modification work at China's STAECO engineering facility in Shandong.

Boeing said the aircraft is able to transport 23.9t of freight across a range of 2,000nm (3,750km).



Transavia

Transavia starts switch

Transavia France took delivery of its first Airbus A320neo twinjet in January, marking the beginning of its transition away from operating Boeing 737s.

The low-cost carrier's Dutch stablemate had received its first

A320neo-family aircraft – an

A321neo – as 2023 came to an end.

Transavia France's first A320neo is powered by CFM International Leap-1A engines and arrived through lessor Avolon. It features 186 seats in a single-class layout.



Brussels Airlines

Brand-new in Brussels

Brussels Airlines' first Airbus A320neo performed its debut commercial flight in December last year, having been delivered in November.

The Lufthansa Group carrier is adding four more of the type in 2024. Delivery of the CFM Interna-

tional Leap-1A powered jet marked the first time Brussels Airlines has received aircraft directly from the manufacturer.

The A320neos are replacing smaller A319s in the Belgian airline's fleet.



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Aeroitalia

Italian carrier Aeroitalia was launched in 2022 and operates from bases at Bergamo, Comiso and Rome–Fiumicino. Focused on domestic and European routes, the carrier operates 12 aircraft: 10 Boeing 737s and two ATR turbo-props. It finalised the acquisition of a large shareholding in Romanian regional carrier Air Connect in late 2023.



Wierzbicki Creative/Shutterstock

Air Atlanta Icelandic

Air Atlanta Icelandic is an ACMI and charter operator based in Iceland. As the sister airline to Air Atlanta Europe, it is part of the Air Atlanta Group, which operators freighters and passenger jets, including a number of Boeing 747s.

Air Atlanta Icelandic

Red Sea Airlines

Egyptian carrier Red Sea Airlines was launched in 2021, offering scheduled and charter flights. It currently operates two Boeing 737s from several airports in the country, including Sharm el Sheikh.

Kevin Hinder/Shutterstock

IATA's newest members

Alongside the recent additions of Nok Air and Tus Air, the association has announced 12 other new members from around the world over the past few months

.KM Malta Airlines

KM Malta Airlines was established on 31 March 2024 as the replacement for previous flag carrier Air Malta. It uses its fleet of three A320s and six A320neos on services to international destinations including France, Germany, Italy and the UK.



KM Malta Airlines

DAT

DAT was founded as Danish Air Transport and began operations in 1989, initially focused on cargo, then expanding to passenger charter flights and then scheduled services in the mid-1990s. Its fleet of around 15 aircraft – mostly ATRs with a few A320-family jets – flies to domestic and European destinations.

Photo: ATR/Shutterstock

Madagascar Airlines

Antananarivo-based Madagascar Airlines operates domestic services in its home country, with a history stretching back to 1947 as Air Madagascar. The carrier is aiming to expand its own fleet this year with ATR turboprops (photo is archive shot of aircraft under previous brand), having grappled with financial challenges over previous months.

Pierre-Vincent Babitay/Shutterstock

Himalaya Airlines

Kathmandu-based Himalaya Airlines was founded in 2014 and today operates four aircraft: three Airbus A320s and one A319. Its international network links Nepal to destinations including China, the United Arab Emirates, Malaysia, Qatar, Saudi Arabia, Kuwait and Bangladesh.



Himalaya Airlines

Air Hong Kong

Air Hong Kong was founded as a cargo airline and commenced flying operations in 1988. It is now a wholly owned subsidiary of Cathay Pacific Airways, focused on providing air cargo services to DHL Express while also supporting Cathay Cargo. It operates a fleet of 15 or so Airbus A300 and A330 freighters.



Air Hong Kong

Greater Bay Airlines

Hong Kong-based Greater Bay Airlines launched its first operations under that brand in mid-2022, following a longer history known as Donghai Airlines. It flies to destinations including Japan, South Korea and Thailand using a fleet of eight Boeing 737s and has 737 Max jets on order.

Omid Behzadpour/Shutterstock

Clic Air

Colombian regional carrier Clic Air began operations in 2007 and has since focused on providing connectivity to smaller cities not served by larger carriers. Based in Bogota, the airline operates an all-ATR turboprop fleet of around 20 aircraft. The carrier was known as EasyFly until a rebrand in August last year.

Clic Air

Discover Airlines

Discover Airlines is the latest leisure brand at Lufthansa Group, having been launched in 2023 as the renamed Eurowings Discover. It flies to around 50 destinations out of Frankfurt and Munich with a fleet of 26 aircraft that is evenly split between A320s and A330s.

Lufthansa Group

Tibet Airlines

Tibet Airlines commenced flights in 2011 and currently operates flights out of bases at Lhasa and Chengdu, the vast majority to destinations in China. Its fleet of around 44 aircraft includes 27 A319s, six A319neos, six A320s and five A330s. It has dozens of Comac aircraft on order.



Markus Wulfaardt/Shutterstock

EVENTS

AWARDS RETURN

Organised by *Airline Business* and Korn Ferry, the Airline Strategy Awards returns on 21 July to recognise leadership excellence. Eight of the categories are judged by a panel of industry experts, including five region-focused awards celebrating executive leadership in Africa & the Middle East, Asia-Pacific, Europe, North America, and Latin America & the Caribbean. We also present awards for excellence in air-cargo leadership, digital leadership, and ESG leadership. The evening also sees the *Airline Business* Award handed out, with the winner selected by the *Airline Business* team. To register your interest in attending, visit: www.flightglobal.com/strategyawards

Sign up for Airlines 2024

Co-hosted by IATA, the UK event is for those working in or with the country's airline sector

The UK's biggest airlines event returns to London on 25 November this year.

Now in its sixth year, Airlines 2024 is a unique one-day summit hosted by IATA, Airlines UK and BAR UK, in partnership with *Airline Business's* parent company FlightGlobal.

With a UK General Election now happening on 4 July, the event will provide an early opportunity to discuss how the next parliament might push forward with investment and implementation to achieve sustainable aviation growth.

This definitive UK aviation event brings together industry-leading speakers with ideas and solutions as they debate the competitiveness of aviation and how the sector can continue to support a growing economy, while delivering for passengers and businesses.



Emirates president Tim Clark was among last year's speakers

Created for senior-level attendees, Airlines 2024 is the "must-attend" event for all those working in or with the UK aviation sector – whether from airlines, airports, OEMs, investors, governments, regulators, media or suppliers. ■

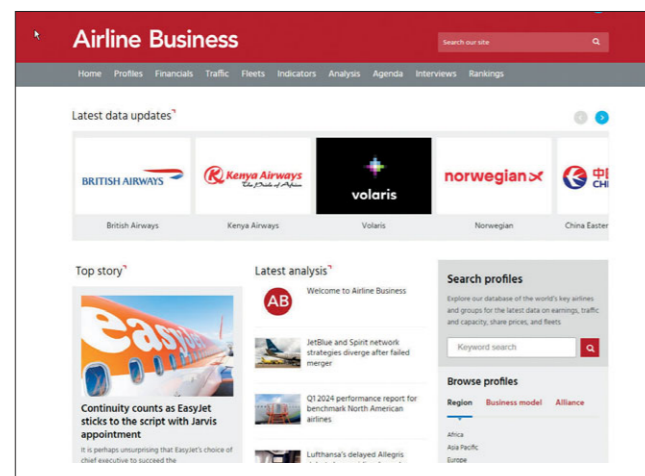
More information is available at: flightglobalevents.com/airlines2024

Airline Business has a new home

The new *Airline Business* website is the latest evolution of a brand that has spent 40 years covering the global airline industry as part of the FlightGlobal family.

The website, which was launched in mid-May, significantly enhances several elements of the coverage that *Airline Business* has become renowned for, offering a one-stop-shop for anyone seeking the latest data and analysis regarding individual airline, regional or global trends.

Anchored by our analytical takes on the latest industry developments and our chief executive interviews, the website adds a comprehensive data element to our coverage, featuring the biggest airlines and groups. It then combines that financial, traffic and capacity, and fleet data to offer aggregate figures for the key regions and the whole sector, giving users an understanding of



The new site offers a one-stop-shop for industry data and analysis

how the industry has developed since 2019, where it is today and where it is heading.

Our database of airlines is growing and already features the largest operators, providing a broad overview of the global industry.

Furthermore, subscribers have access to other key data indicators – including our interactive share price index and industry benchmarks – plus our annual World Airline Rankings.

Subscribers to the website also

receive a weekly 'start-the-week' email called the *Airline Business* Agenda, which outlines the upcoming stories to look out for and key developments from the past seven days.

The *Airline Business* team continues to cover the industry from its offices in London, Singapore and the United States and is a regular presence at the biggest airline events.

Alongside the website, the printed magazine publishes quarterly, with an online archive available to subscribers. The monthly *Airline Business* Podcast offers a way to hear our thoughts on the latest industry trends, while the annual Airline Strategy Awards continue to recognise the industry's top performing executives and carriers at our must-attend London ceremony. ■

www.flightglobal.com/airline-business



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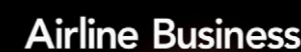
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The full list of winners will be available at flightglobal.com/airline-strategy-awards after the event. Check out the website then.

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