

Airbus Publishes 20 Year Forecast, *Flying on Demand* – Confirms Strong Growth in Commercial Aviation Markets

“It is 100 years since the world’s first paying passenger took to the skies in 1914. Today 32 million flights carry three billion passengers and 50 million tons of freight a year... Flying has become so easily accessible that people choose to fly on demand. In the next 20 years, passenger traffic will grow annually at 4.7 percent, driving a need for around 31,400 new passenger and freighter aircraft worth US\$4.6 trillion.” – Excerpt from Airbus News Release, 9/14/14

Today, the air transport sector continues to evolve rapidly. As one of the world’s premier aircraft manufacturers, Airbus has long demonstrated outstanding leadership by not only achieving tremendous success in its own right but also sharing information and insights regarding the future of the entire industry.

In 2014, Airbus published *Flying on Demand*, the Global Market Forecast for 2014-2033. This 99-page reference book confirms the continued upward trend in the commercial aviation market, highlighting a host of factors including the impact of emerging markets and urbanization in driving global air traffic growth during the next 20 years.

“Our objective is always to be at the forefront in anticipating the market’s needs,” said Pascal Huet, Head of Economy and Air Transport for Airbus. “That means continuously improving current products and innovating new product families in line with our customers’ needs – and doing so cost-effectively and without compromising safety.”

Challenge

- ▶ Confirm and enhance company’s position at forefront of industry by anticipating market needs
- ▶ Strengthen competitiveness by continuously improving products and meeting customers’ needs, cost-effectively and with focus on safety
- ▶ Support the long-term growth of global commercial air transport industry

Solution

IHS Economics & Country Risk
and IHS Energy

Results

- ▶ Produced *Flying on Demand*, Global Market Forecast for 2014-2033, a reference book for 700+ commercial airline customers, suppliers, the media, financial analysts, government agencies and educational institutions
- ▶ Provided comprehensive economic, financial, and political coverage of 200+ countries
- ▶ Informed company decision-making regarding product innovation, production and strategic planning – e.g. development of new aircraft
- ▶ Informed executive teams during industry downturns, like the 2008/2009 financial crisis providing key insights during decision making

In the airline industry, product lifecycle is measured in decades, with research and development, planning, production, and more than 20 years of service for the average aircraft. Forecasting worldwide air travel needs far into the future, with so many variables, is one of the perennial challenges facing the industry.

“We are a long-term industry that requires substantial investment,” Huet said. “The stakes are high. From the first time you study a market segment to the last day you operate an aircraft can last 50 years.”

Airbus helps the entire commercial airline industry plan more effectively by publishing its forward-looking view of global air transport markets. Each year since the late 1980s, Airbus has produced this valuable resource for industry stakeholders including commercial airlines, suppliers, the media, financial analysts, government agencies and educational institutions.

Forecasting Method Honed Over Decades

A number of trends drive the aviation industry, including global economic and population growth, growing individual wealth, disposable income and private consumption.¹ To address all these dynamics in its annual update, Airbus requires access to extensive, accurate data from reliable sources.

Each year, a team of up to half a dozen Airbus experts conducts extensive research to produce the next Global Market Forecast book. For more than a

Continued on next page >

Airbus Forecasts Long-Term Growth in Commercial Aviation

Continued from previous page

quarter-century, the company has relied on information from IHS as a primary source of data for informing its own business strategy and, more recently, for supporting the development of this respected publication. IHS enables Airbus to provide comprehensive economic, financial, and political coverage of countries, regions, and industries, covering over 200 countries – using a unique combination of expertise, models, data and software.

Leveraging Information and Analysis

“We routinely benchmark data available in the market, and continuously find IHS to be a leader in providing accurate, forward-looking information for our industry – and one of the most important key partners for the Global Market Forecast,” said Paul Bonnabau, Market Research and Forecast Analyst for Airbus.

The analysts at Airbus take the latest economic and market data and apply a forecasting methodology that they have developed and refined over decades to gain insight into future developments. They consider factors such as demographics, trade and tourism flows, oil price, environmental issues and competition.²

“We really value the depth and time horizon of the IHS data – they’re cited about 20 times in *Flying on Demand*” added Fabrice Valentin, Head of Market Forecast and Research. “And access to the knowledge and expertise of the specialists and analysts who provide that data is one of the most important aspects of our partnership with IHS.”

The Airbus team leveraged IHS data and analysis throughout their latest 20-year forecast regarding:

- Demand for air travel, traffic forecasting by region
- Global population distribution
- Acceleration in world economic growth
- Growth gap – emerging vs advanced economies
- Projections on tourism
- Oil price projections
- Air freight traffic and world trade forecasts
- International mobility and propensity to fly across different geographic areas

Providing an Indispensable Reference

Publication of the annual Global Market Forecast serves multiple objectives for Airbus. Producing a resource for the industry cements the company’s position as a leader in the market and as a trusted, knowledgeable provider to its customers.

“The Global Market Forecast is viewed by many customers as a key reference for the industry. It’s one of the most popular communication tools for Airbus because it is a valuable resource for the general public as well as more specialized stakeholders.”



Pascal Huet, Head of
Economy and Air Transport
Airbus

“The Global Market Forecast is viewed by many of our customers as really a key reference for the industry,” Huet said. “It’s one of the most popular communication tools for Airbus because it is a valuable resource for the general public as well as more specialized stakeholders.”

Data and analysis from the research also directly benefits Airbus by helping to inform internal decision-making regarding product innovation, production and strategic planning. “Insights from the Global Market Forecast help us adjust our projections and strategy to identify opportunities for innovation or growth in certain parts of the world for our sales teams,” Huet said.

For example, enhanced understanding of global markets gleaned from this long-term forecast has contributed to the development of new Airbus aircraft. It also provided crucial information to guide executive teams during the economic downturn in 2009. “The Global Market Forecast provided our top management with reassurance that with the underlying demand for aviation there would be a recovery after the recession,” Bonnabau said. “This, and the lessons learned from previous downturns, helped to inform important decisions on such things as build rates.” Following the predicted recovery, Airbus had reported record revenues every year since 2010.³

“We achieved a significant improvement in profitability and cash generation in 2014 thanks to a record order book and strong operational performance in most areas,” said Tom Enders, Airbus Group Chief Executive Officer. “We delivered more commercial aircraft than ever before... and our net orders were, once again, more than twice the number of deliveries.”⁴

1 Airbus Global Market Forecast, 2014-2033

2 Airbus Global Market Forecast, 2014-2033

3 <http://www.airbusgroup.com/int/en/investors-shareholders/Annual-reports-and-registration-documents.html>

4 <http://www.airbusgroup.com/int/en/investors-shareholders/Annual-reports-and-registration-documents.html>