

Presented by

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32nd FAA Aviation Forecast Conference 2007

“Aviation Resurgence: the shape of things to come”

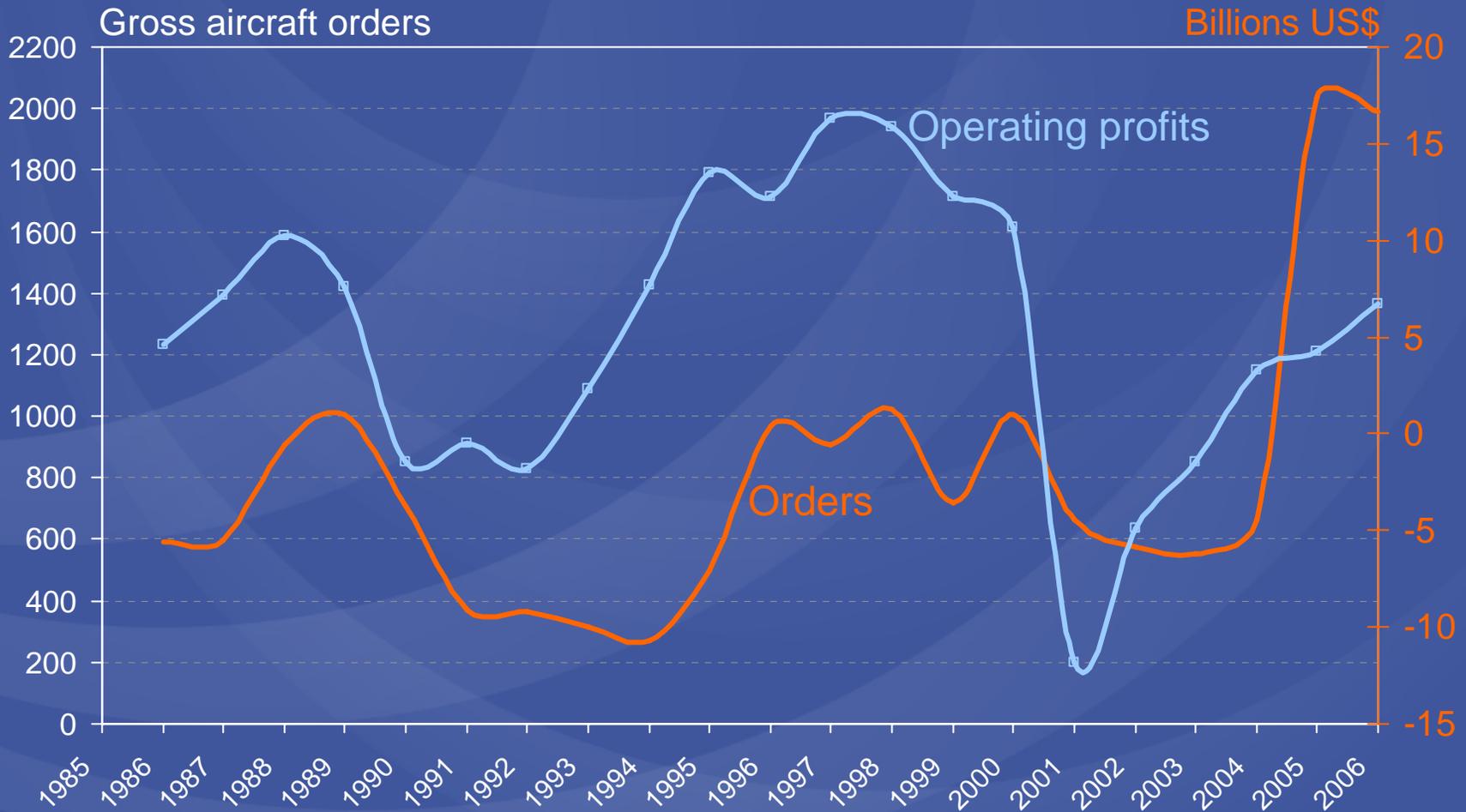
March 16th, 2007



Airbus 2006

- **2nd** best year in orders - 824
- **best** ever year in deliveries - 434
- **highest** ever industry backlog - 2533

Aircraft orders vs world airline operating profits



Source: ICAO (2006 is estimated), Airclaims excluding RJs



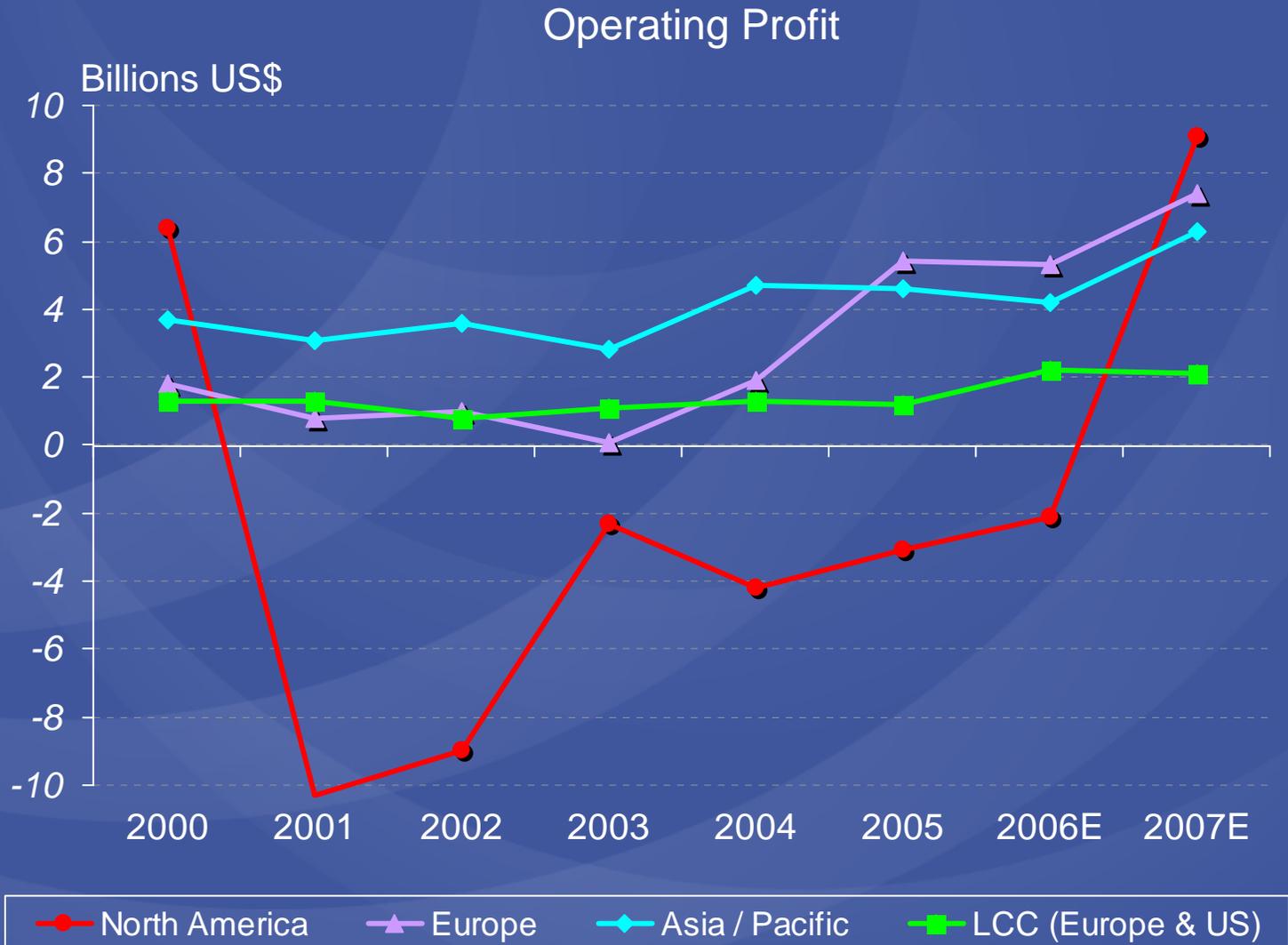
Emerging market orders on the rise

Aircraft orders from Brazil, Russia, India, China

Emerging markets:
37% of
05/06
orders



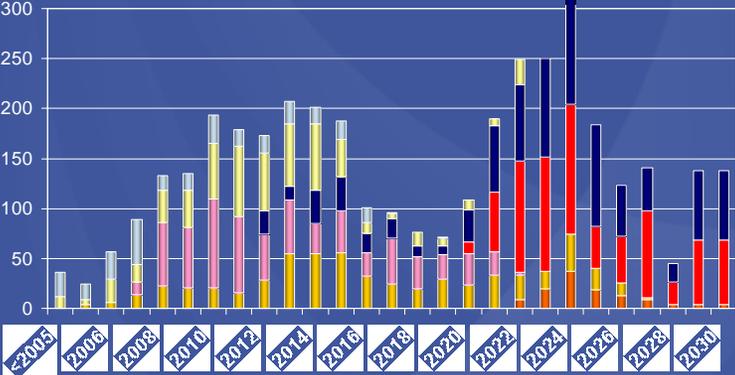
The resurgence



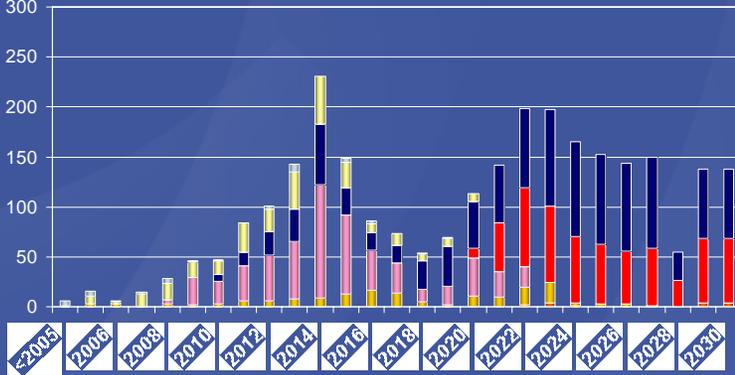
Fleet renewal in North America coming

Assumes retirement @ 25 years

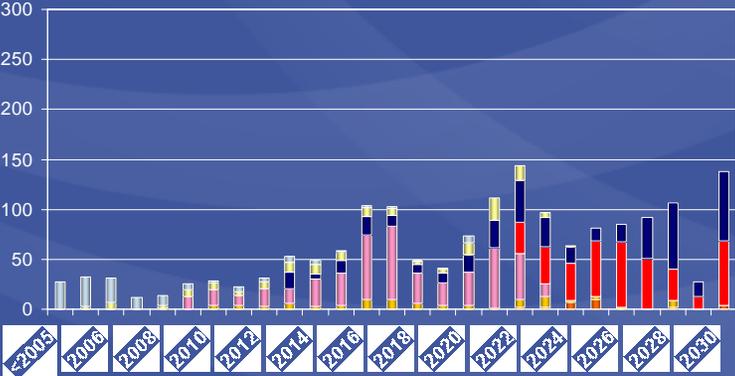
North America



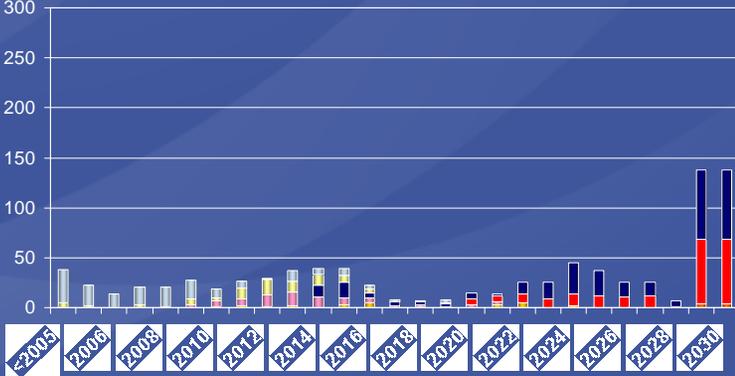
Europe



Asia/Pacific



Latin America



- Old
- MD80s
- A320s
- 737NG
- 737mid
- 757
- 717

Air transport is vital to everybody's life ...



Share time
with friends
and family



Discover new
horizons and
cultures



Increase
opportunities
and business

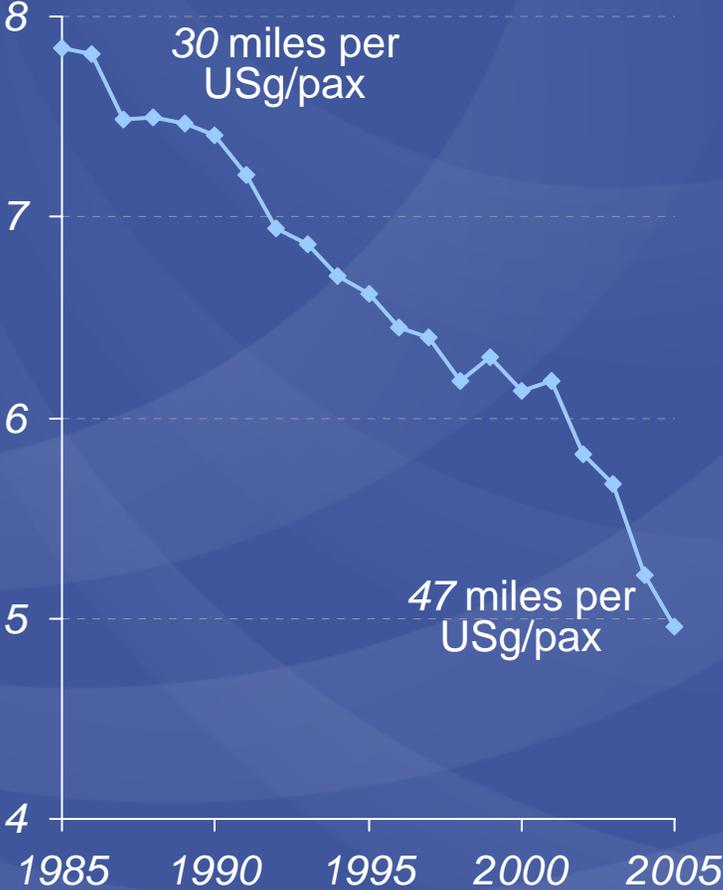


Resolve
global issues

... people want and need to fly

Efficiency benefits for the environment

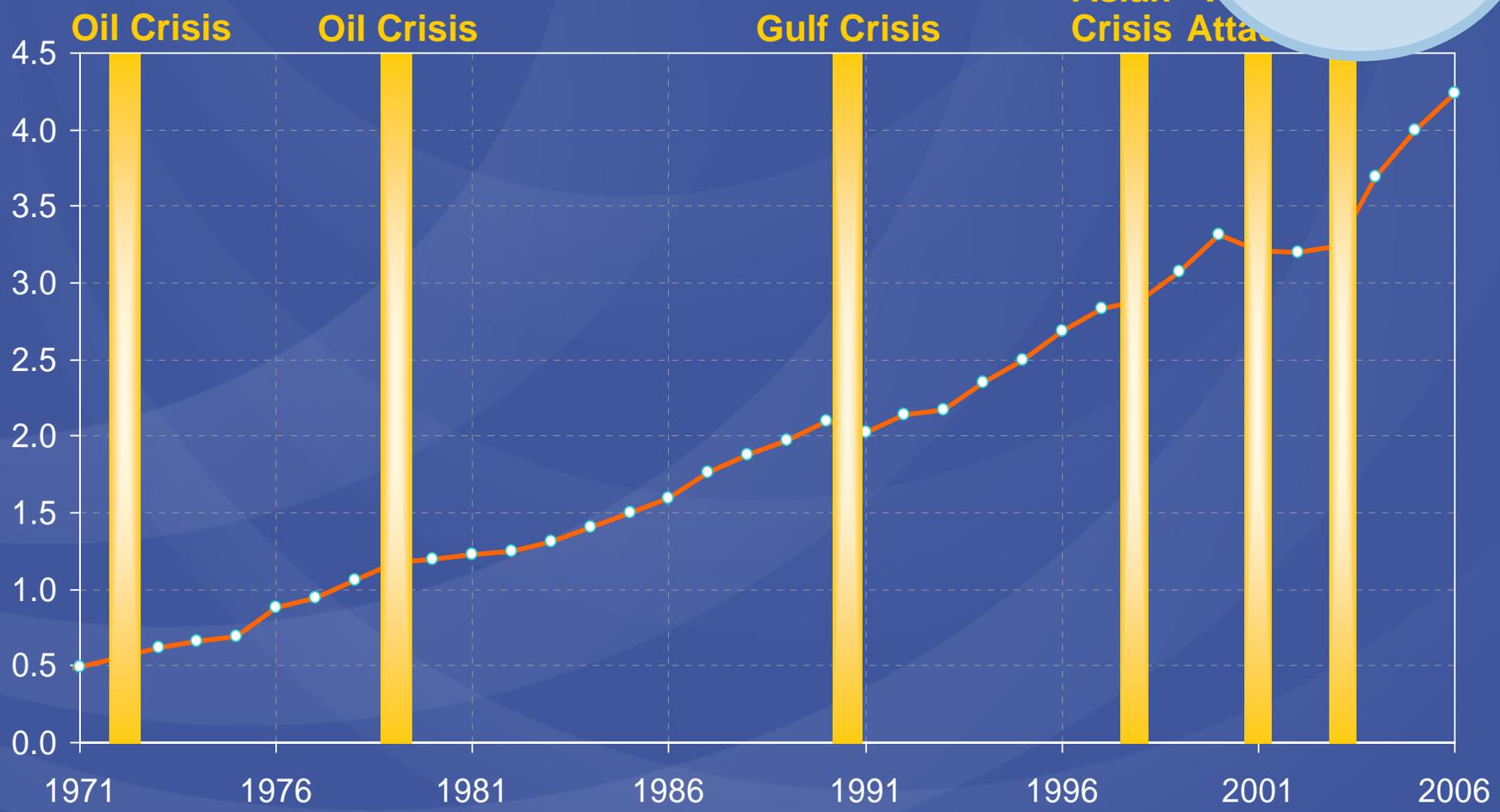
Worldwide passenger air traffic fuel consumption (Litres / 100 RPKs)



Air travel resilient to external shocks

**+28% in
air travel
in last 5
years**

World annual traffic
Trillion RPKs

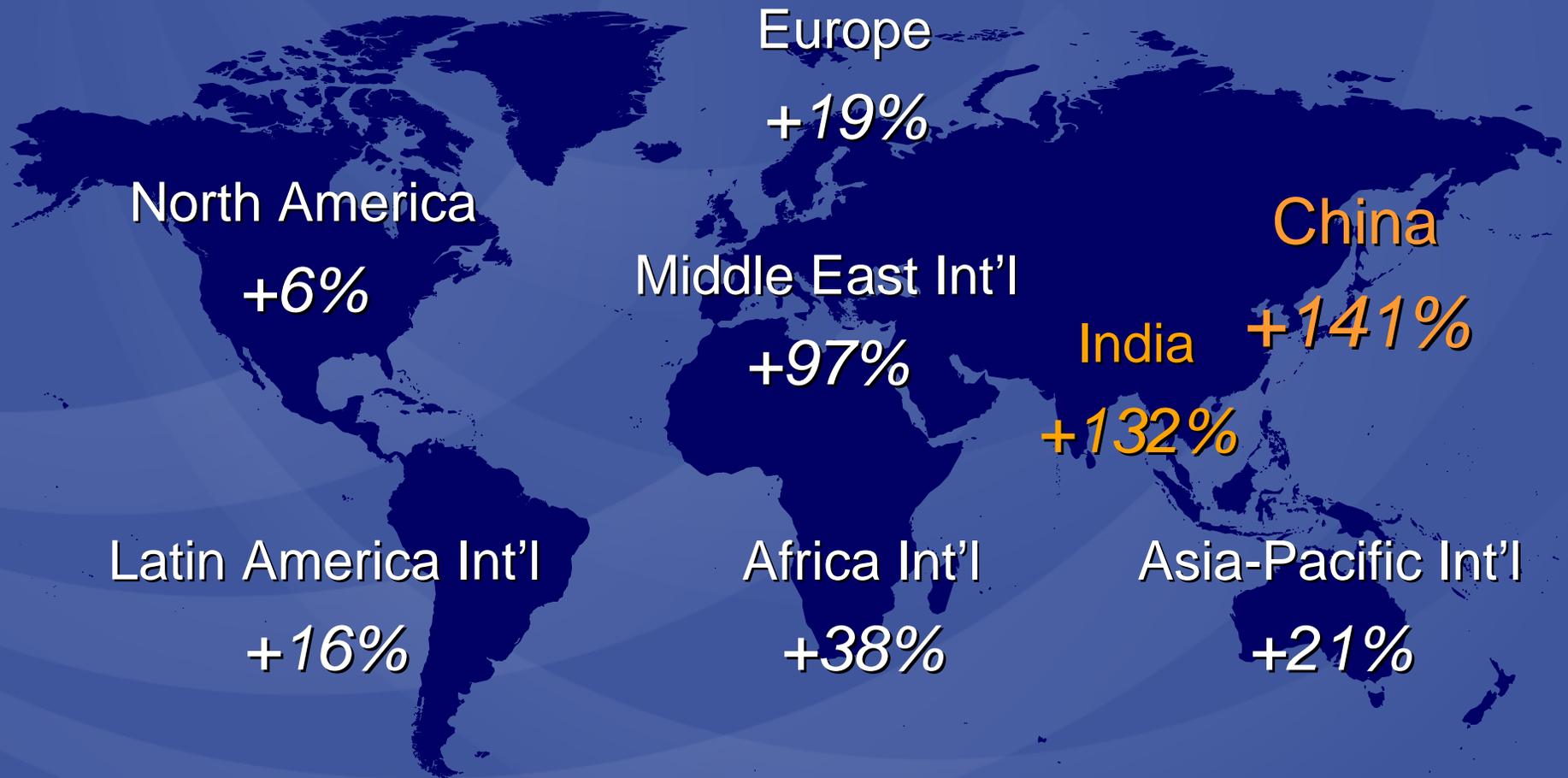


Source: ICAO, Airbus estimate for 2006



Today's passenger traffic is 28% above 2000 level

RPKs - 2006 vs. 2000

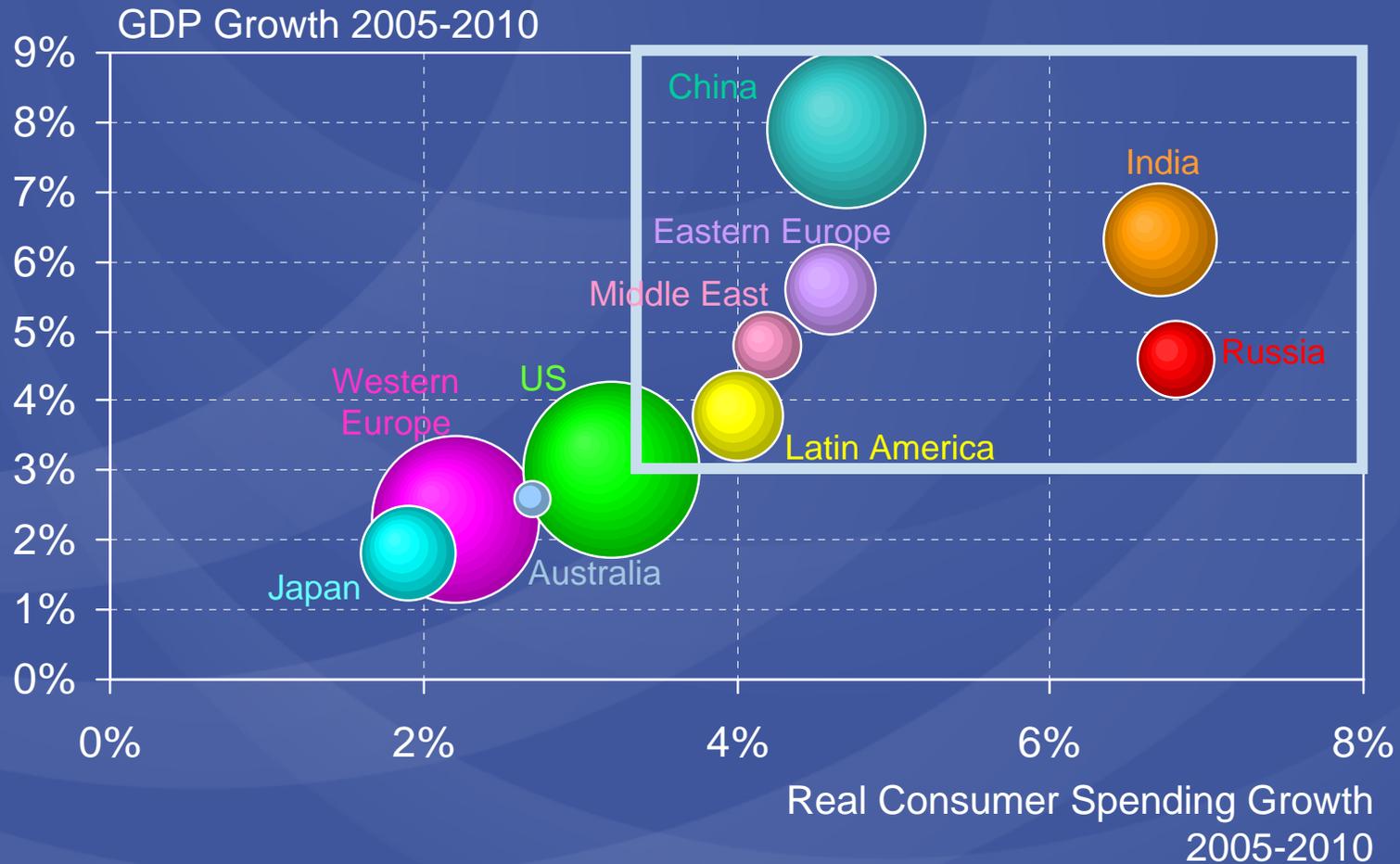


“Shape of things to come” or the main drivers of tomorrow’s world traffic growth

- Continuing high growth rate for domestic China and emerging China international outbound traffic
- Growing Middle East passenger and cargo hubs
- Asia: a new economic paradigm in the making
- LCCs in Asia growing in number and traffic share
- Deregulation in India
- Development of new routes and stronger hubs



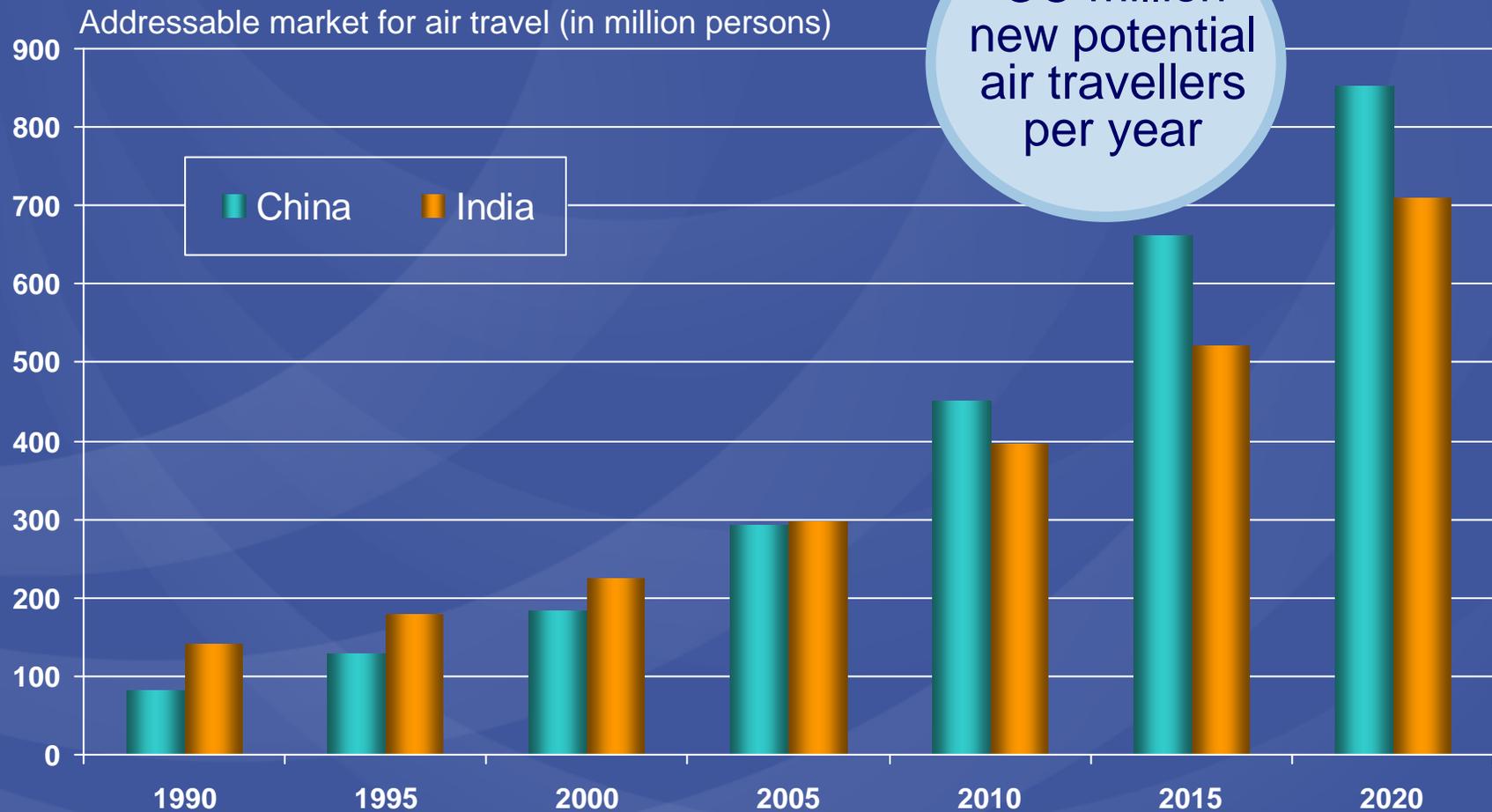
Emerging countries driving the world economy



Bubble size proportional to real GDP at PPP (Purchasing Power Parity) in US\$ Billion in 2010

Source: Global Insight, Airbus

China & India addressable market for air travel



Great potential for Low Cost Carriers (LCC) in Asia

North America

LCC Market share :

29%

Population : **290m**

Number of LCCs : **10**

Deregulation : **1978**

Europe

LCC Market share :

26%

Population : **375m**

Number of LCCs : **50-60**

Deregulation : **1997**

Asia

LCC Market share :

9%

Fastest
growing
market
segment

Population : **3.5b**

Number of LCCs : **15-20**

Deregulation :
acceleration today

2006 - 2010: highest traffic growth in emerging and large population regions

Fastest growth in large markets

Growth regions

China	+10.8%
India	+9.8%
Eastern Europe	+9.7%
Middle East	+8.0%
CIS	+7.4%
Asia*	+7.1%
Africa	+7.0%
Latin America	+6.2%

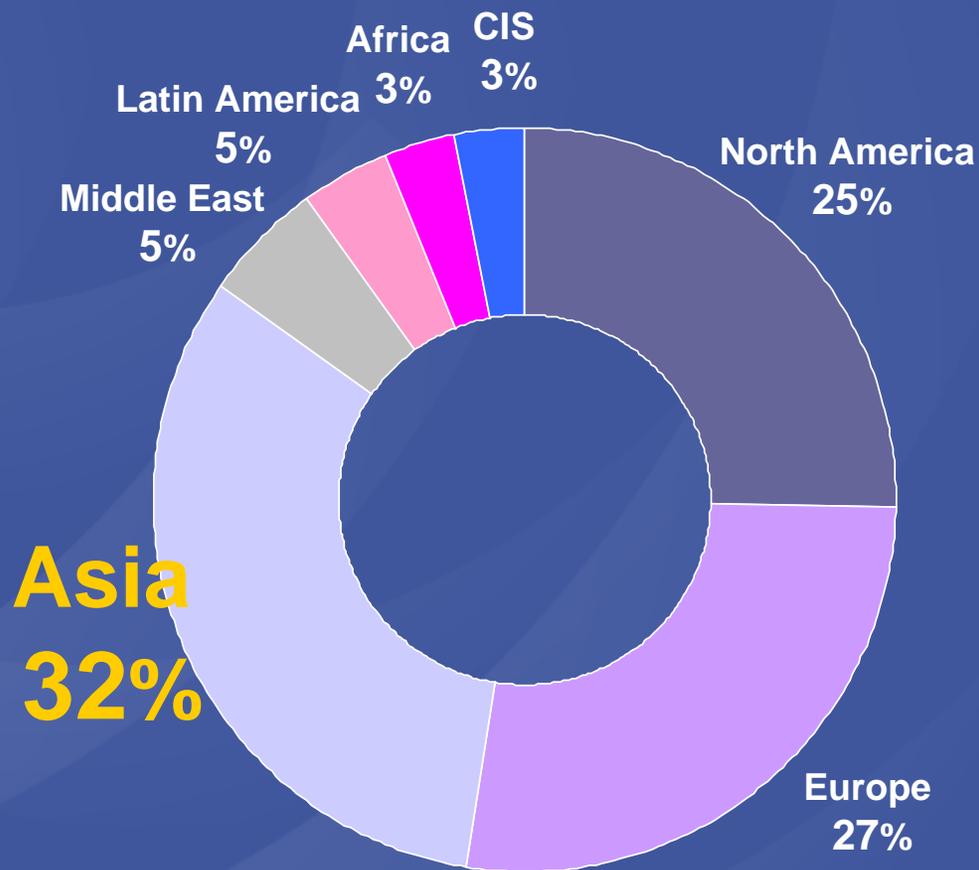
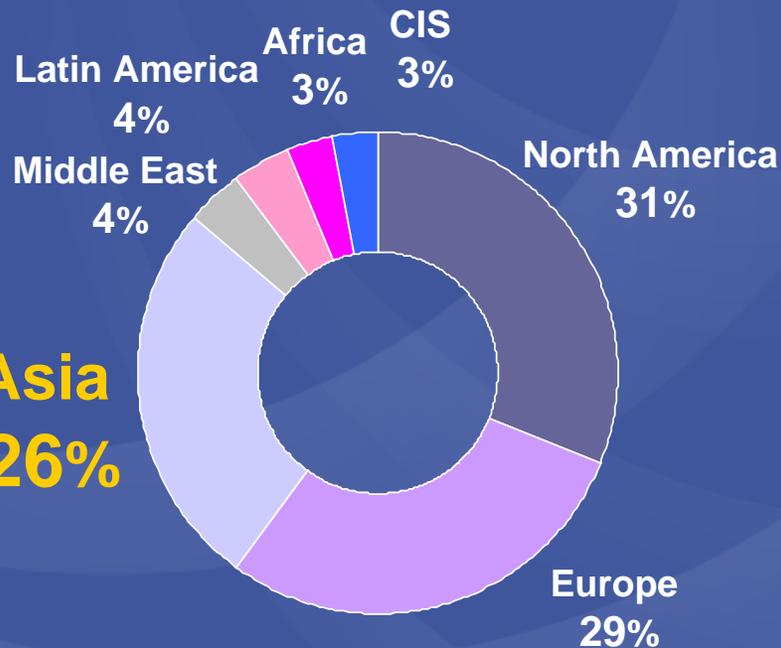
5.4 billion people

Developed regions

Australia	+6.6%
Western Europe	+5.6%
Japan	+4.7%
North America	+4.1%

1 billion people

Asia to lead in world traffic by 2025

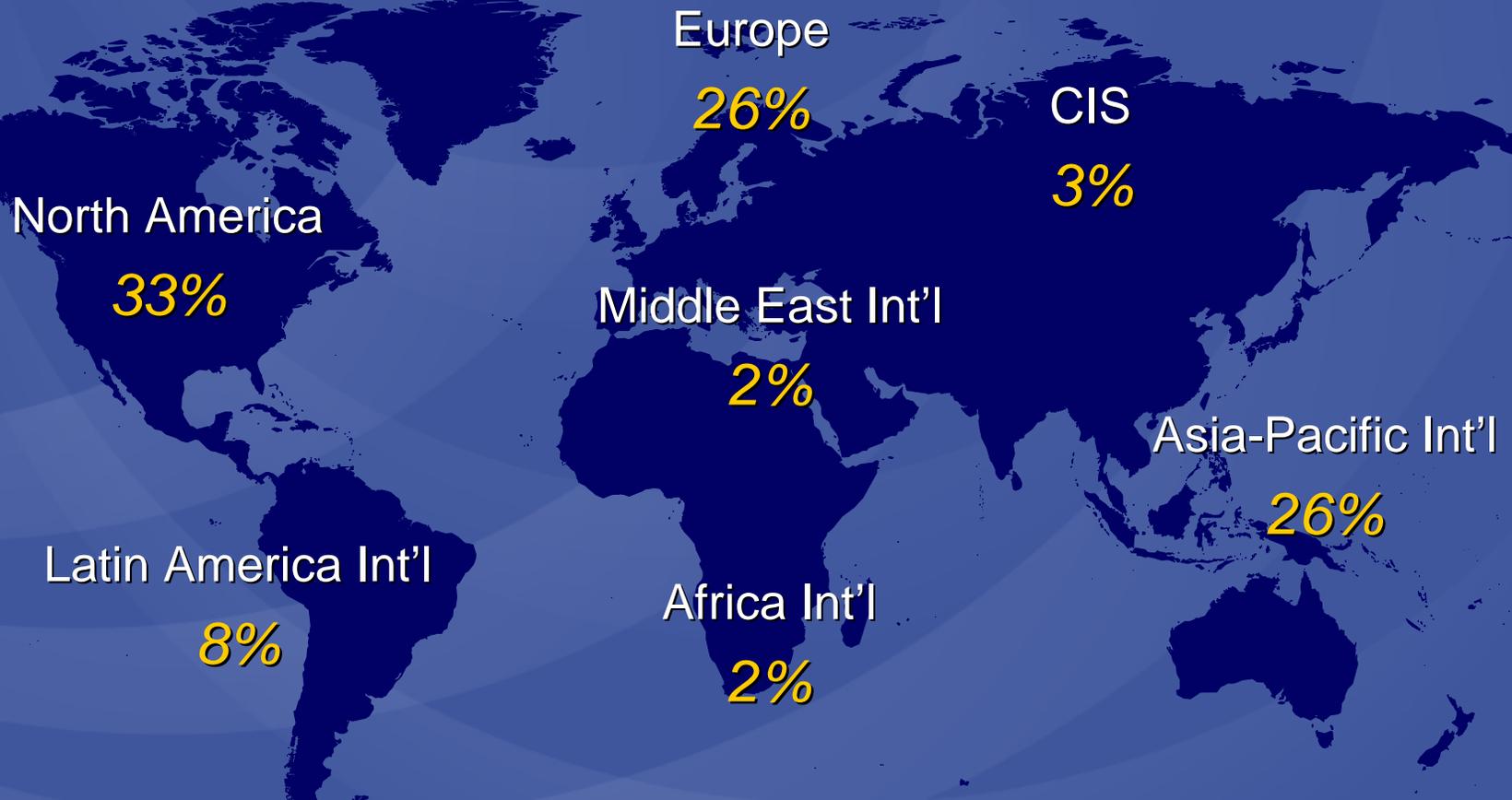


Top ten countries passenger aircraft demand (2006-2025)

Passenger aircraft demand			By \$ value (billion)	
1.	United States	6,628	United States	538.1
2.	China Mainland	2,639	China Mainland	289
3.	United Kingdom	1,282	United Kingdom	145.9
4.	Germany	1,041	Japan	117.8
5.	India	935	Germany	108.7
6.	Russia	811	India	100.9
7.	Japan	646	UAE	71.6
8.	Mexico	620	Russia	69.6
9.	France	543	France	68.4
10.	Spain	519	Australia	63.2

The single-aisle markets

2006 - 2025: 15,330 aircraft demand



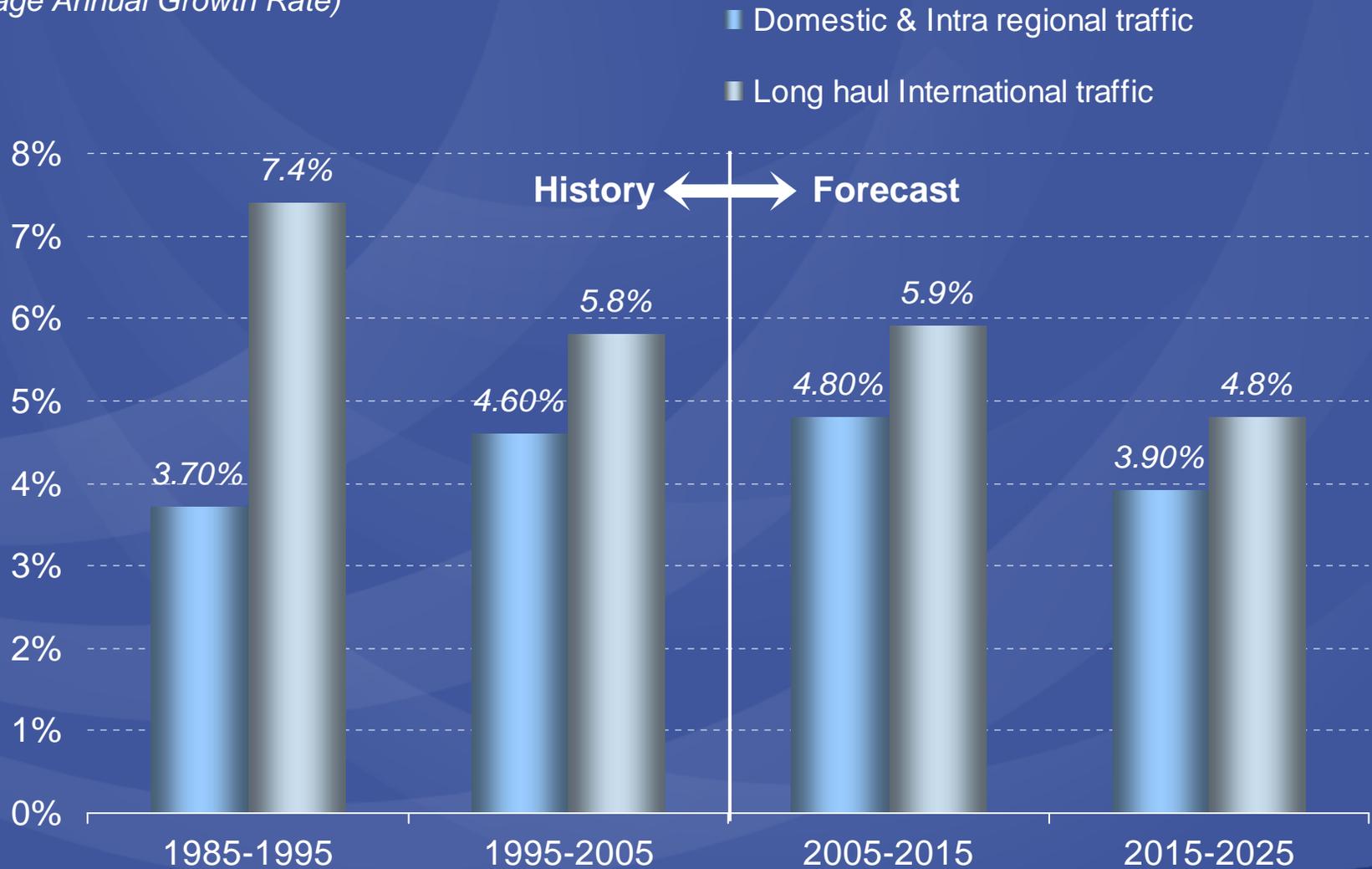
North America still leads single-aisle market

Passenger aircraft ≥100 seats, freighter excluded

Source: Airbus

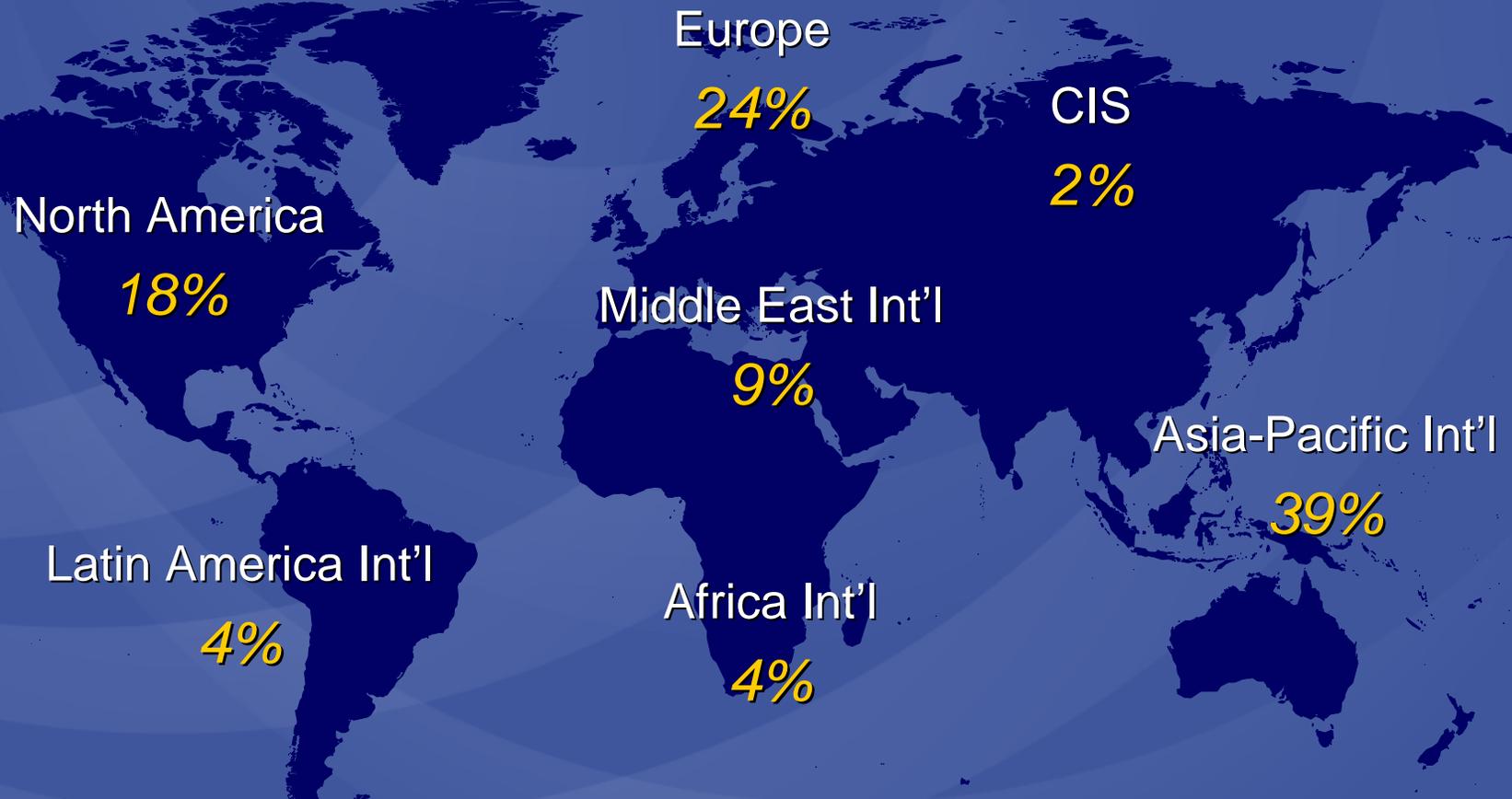
Long haul traffic grows faster than short haul

Traffic growth rate comparison
(Average Annual Growth Rate)



The twin-aisle markets

2006 - 2025: 5,267 aircraft demand



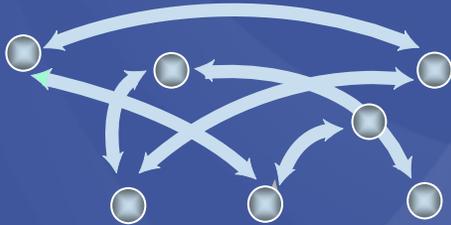
Strong route development with 60% more city-pairs

Passenger aircraft ≥ 100 seats, freighter excluded

Source: Airbus

Strong passenger int'l traffic growth distributed through new routes and larger hubs

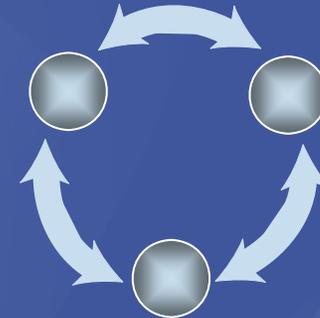
FRAGMENTATION 'Point to point'



- Market development
- *If* traffic volume/frequency sufficient



CONSOLIDATION 'Hub to hub'



- Hubs are 'points' too !
- Hubs improve connectivity



fragmentation and consolidation

Number of city pairs to increase by 60% on the 3 main long range markets

	LOS ANGELES	NEW YORK	SAN FRANCISCO	VANCOUVER	CHICAGO	TORONTO	DALLAS/FORT	HOUSTON	DETROIT	ATLANTA	LAS VEGAS	SEATTLE	WASHINGTON	PORTLAND	MINNEAPOLIS	BOSTON	MONTREAL
TOKYO																	
SEOUL																	
SHANGHAI																	
BEIJING																	
HONG KONG																	
SYDNEY																	
GUANGZHOU																	
TAIPEI																	
OSAKA																	
NAGOYA																	
MANILA																	
DELHI																	
AUCKLAND																	
MUMBAI																	
BANGKOK																	
MELBOURNE																	
SINGAPORE																	
KARACHI																	
LAHORE																	
FUKUOKA																	
BRISBANE																	
ISLAMABAD																	
KUALA LUMPUR																	
CHRISTCHURCH																	
CHENNAI																	
PERTH																	
HO CHI MINH CITY																	
SHENYANG																	
CHENGDU																	
DALIAN																	
QINGDAO																	
XI AN																	
CHONGQING																	
XIAMEN																	
HARBIN																	
WUHAN																	
KUNMING																	
HANGZHOU																	
NANJING																	
URUMQI																	

NORTH PACIFIC

80

city pairs operated in 2006

150

city pairs in 2025

	LONDON	PARIS	FRANKFURT	AMSTERDAM	MILAN	ROME	MANCHESTER	ZURICH	MUNICH	VIENNA	COPENHAGEN	STOCKHOLM	ISTANBUL	MADRID	BERLIN	BARCELONA	HELSINKI
TOKYO																	
BANGKOK																	
HONG KONG																	
SHANGHAI																	
BEIJING																	
SINGAPORE																	
SEOUL																	
DELHI																	
MUMBAI																	
OSAKA																	
KUALA LUMPUR																	
GUANGZHOU																	
ISLAMABAD																	
LAHORE																	
COLOMBO																	
TAIPEI																	
MANILA																	
CHENNAI																	
JAKARTA																	
CHENGDU																	
CHONGQING																	
NAGOYA																	
BANGALORE																	
DHAKA																	
KARACHI																	
HO CHI MINH CITY																	
HANOI																	
AHMEDABAD																	
KOLKATA																	
KATHMANDU																	
HYDERABAD																	
XIAMEN																	
NANJING																	
XI AN																	
WUHAN																	
LANGKAWI																	
SHENYANG																	
KUNMING																	
DALIAN																	
QINGDAO																	

EUROPE - ASIA

180

city pairs operated in 2006

300

city pairs in 2025

	NEW YORK	CHICAGO	TORONTO	ATLANTA	PHILADELPHIA	WASHINGTON	LOS ANGELES	SAN FRANCISCO	MIAMI	BOSTON	ORLANDO	MONTREAL	LAS VEGAS	HOUSTON	DENVER	VANCOUVER	DETROIT
LONDON																	
PARIS																	
FRANKFURT																	
AMSTERDAM																	
MANCHESTER																	
ZURICH																	
MUNICH																	
VIENNA																	
COPENHAGEN																	
STOCKHOLM																	
ISTANBUL																	
MADRID																	
BERLIN																	
BARCELONA																	
HELSINKI																	
MILAN																	
DUBLIN																	
MADRID																	
BARCELONA																	
ROME																	
SHANNON																	
BRUSSELS																	
DUSSELDORF																	
COPENHAGEN																	
STOCKHOLM																	
GENEVA																	
VIENNA																	
GLASGOW																	
BERLIN																	
WARSAW																	
HELSINKI																	
OSLO																	
ATHENS																	
LISBON																	
ISTANBUL																	
HAMBURG																	
EDINBURGH																	
STUTTGART																	
BIRMINGHAM																	
VENICE																	
REYKJAVIK																	
NICE																	
KRAKOW																	
PRAGUE																	
HANOVER																	
GOTHENBURG																	
BUDAPEST																	
FLORENCE																	

NORTH ATLANTIC

230

city pairs operated in 2006

330

city pairs in 2025

 Currently operated  To be opened by 2025



Hubs drive growth

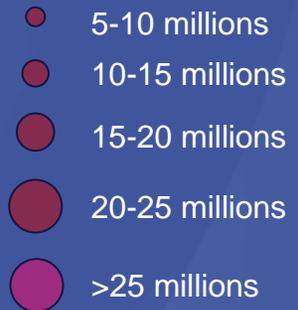


Half of the 100 fastest growing city pairs involve a hub at both ends

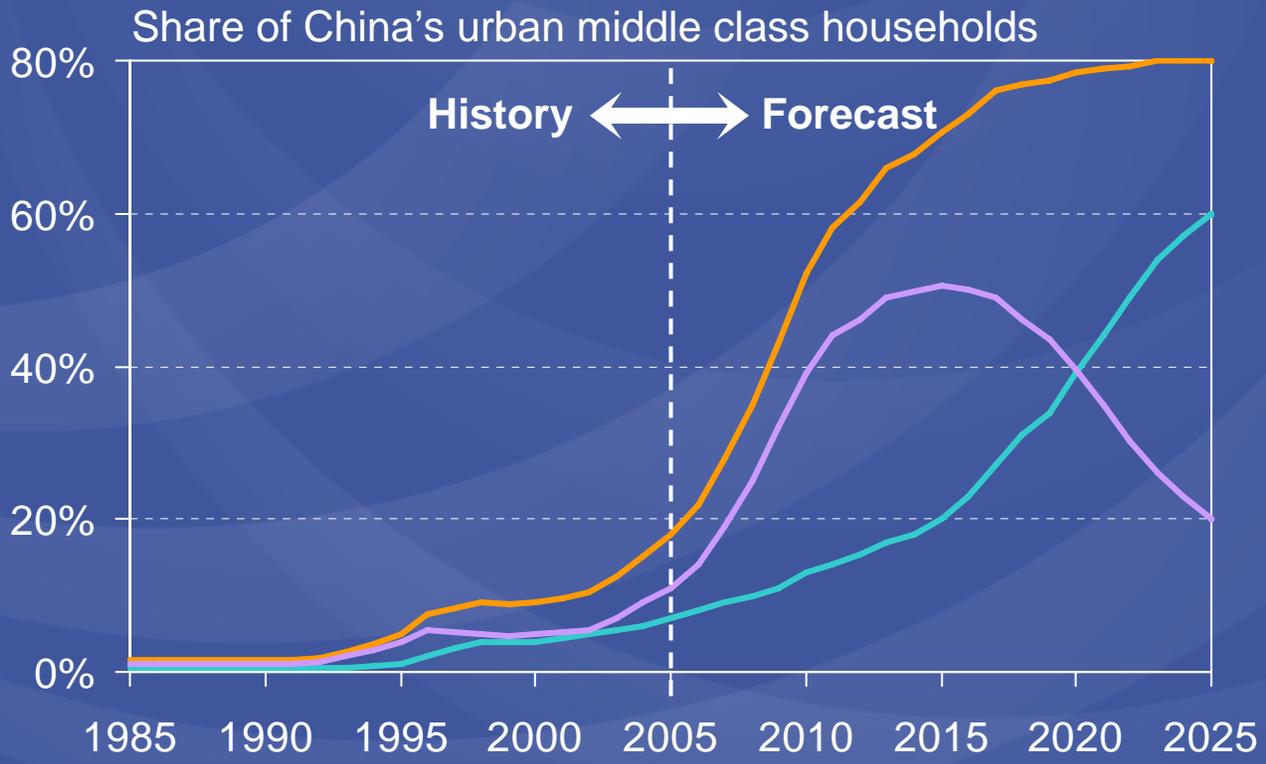
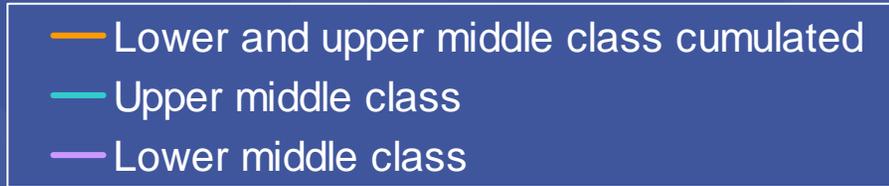
More and larger mega cities ...



Urban population



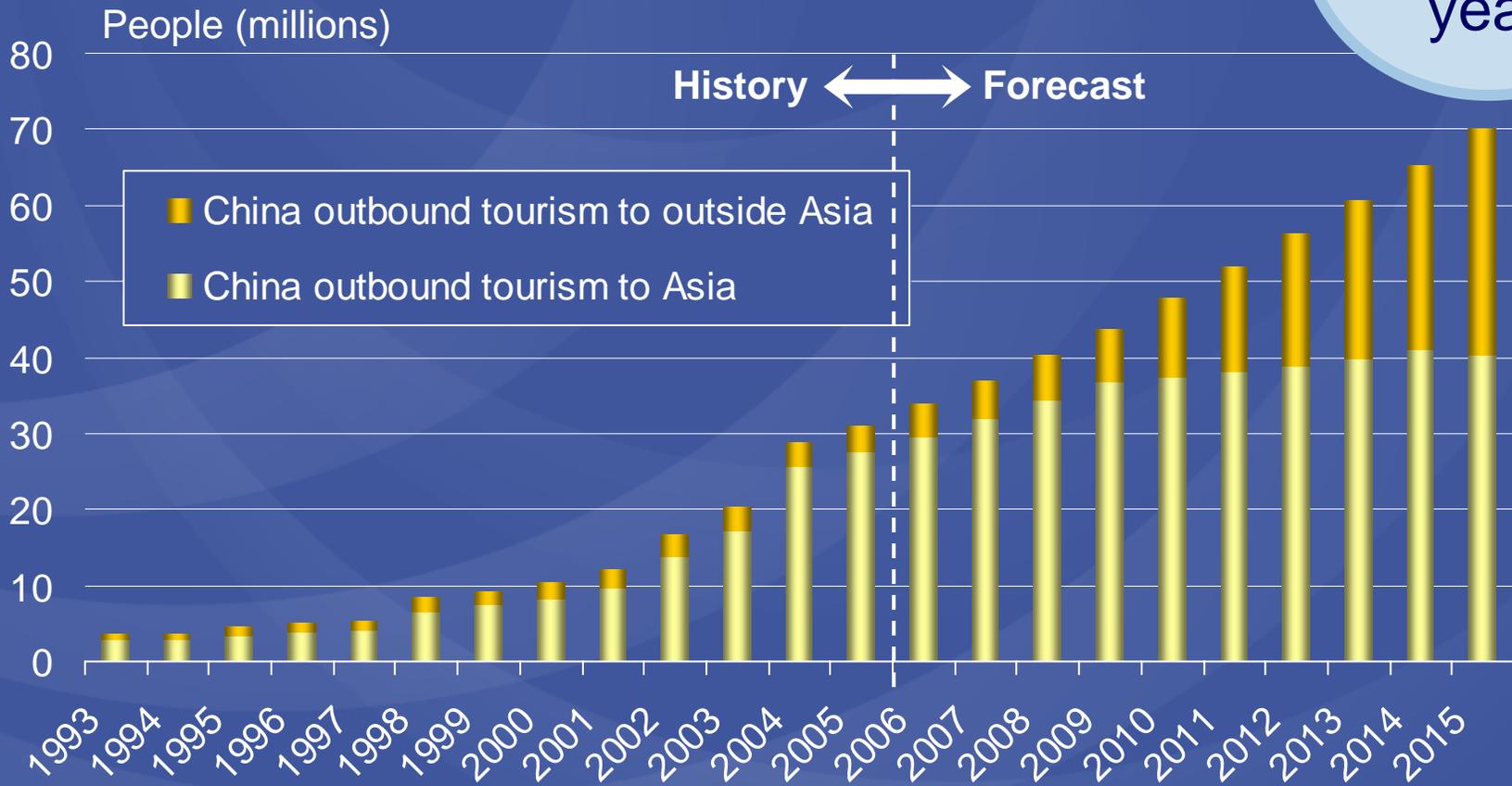
.. with higher propensity to travel internationally



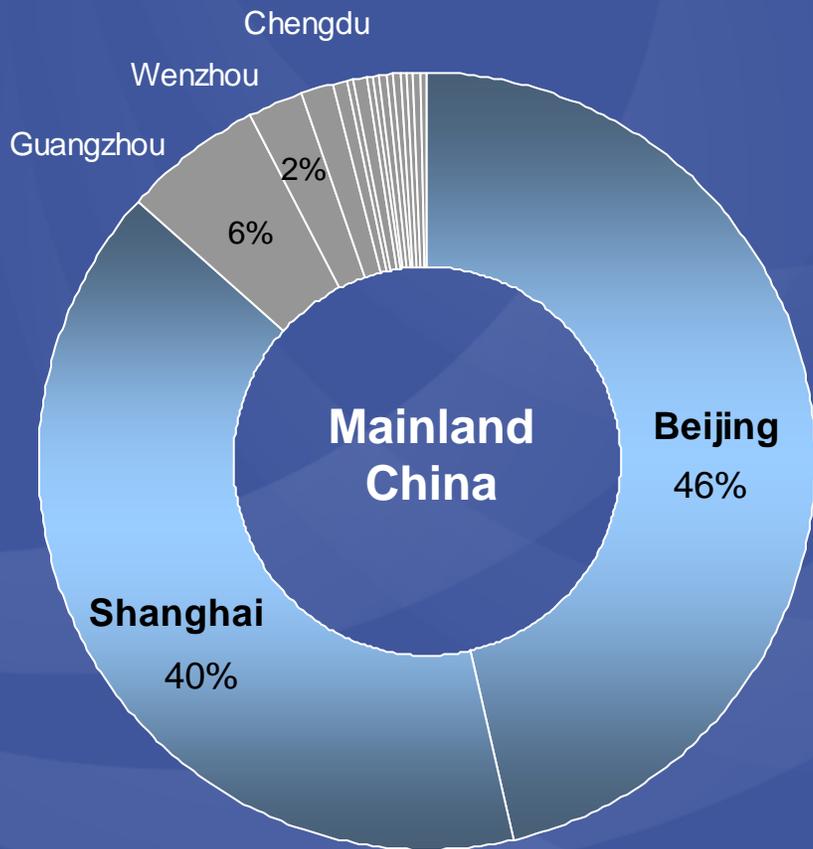
70% of Chinese urban pop. to be middle class by 2015

China outbound tourism: fastest international air travel market segment in the world

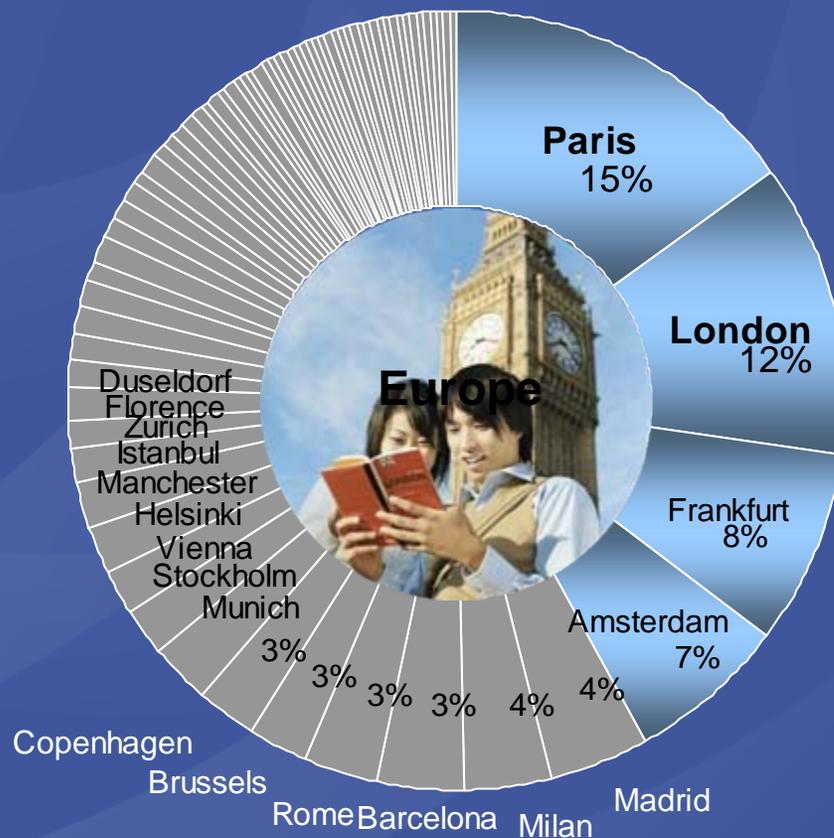
10 times
more in **10**
years



People Origin and Destination of Mainland China to Europe is concentrated on both sides



Origin cities



Destination cities

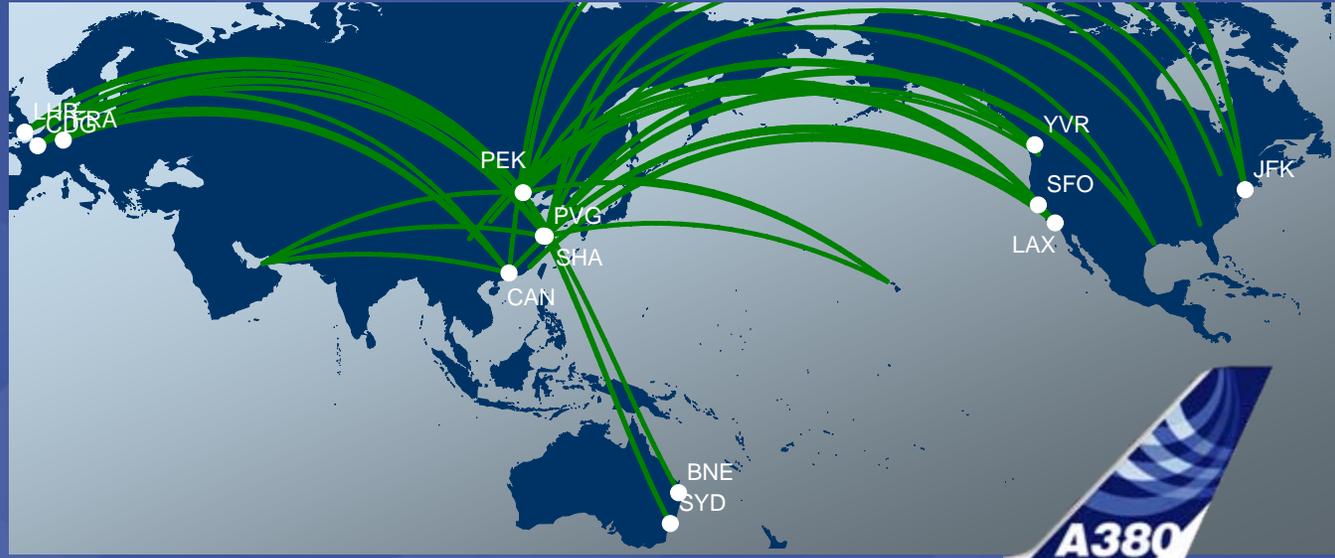
Paris and London: the favorite destinations

China: an Airbus Aircraft for every long haul market segment

2025

VLA routes

21 million Pax



Other routes

17 million Pax



Additional routes 2007-2025

The reality about hub cities

Hub cities
are **big
points**

Hub-cities
are getting
bigger

Hub-cities
are the most
dynamic
cities

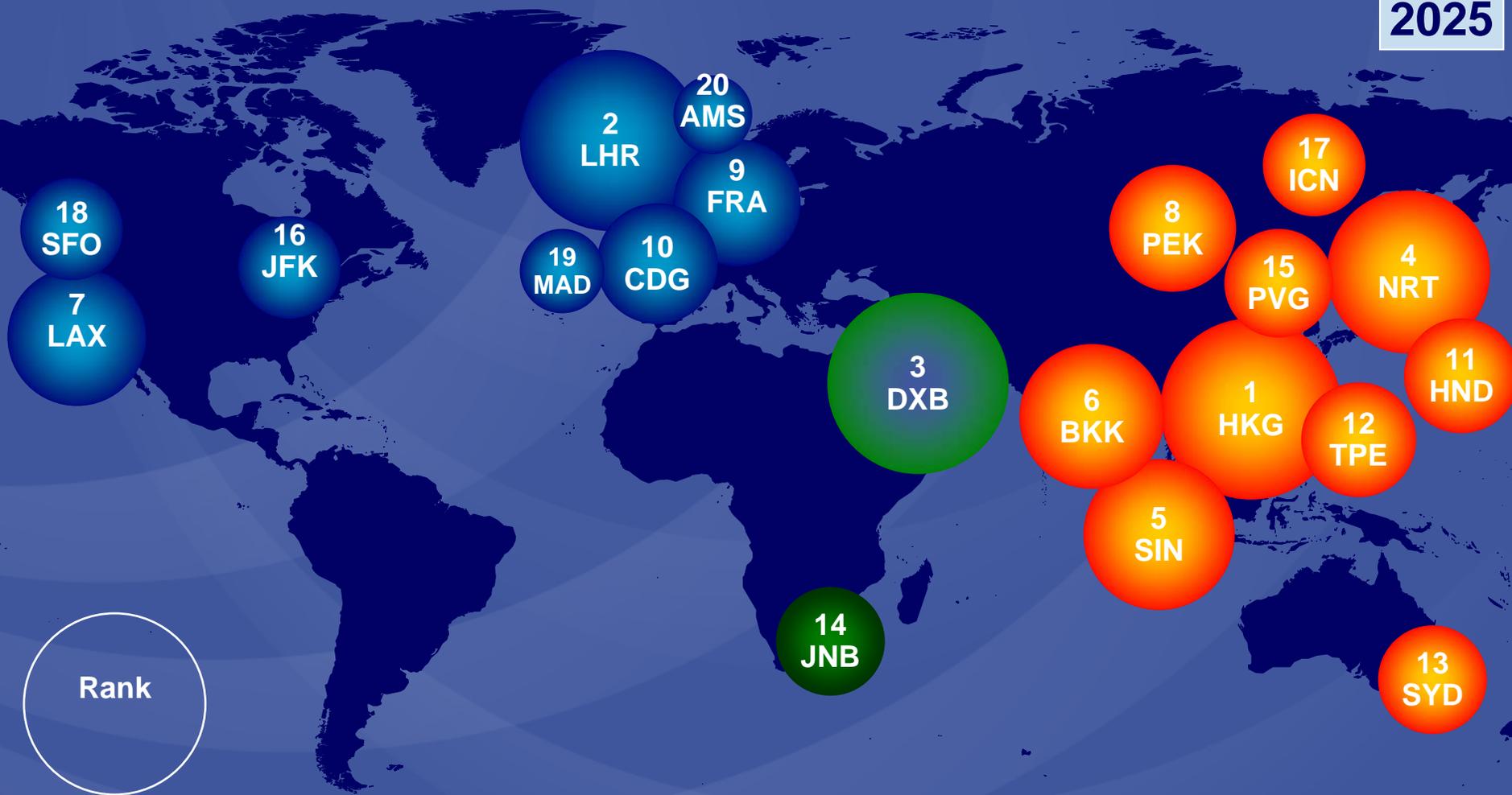
Hub-cities
traffic will
double

“Hub to Hub” is “Big Point” to “Big Point”

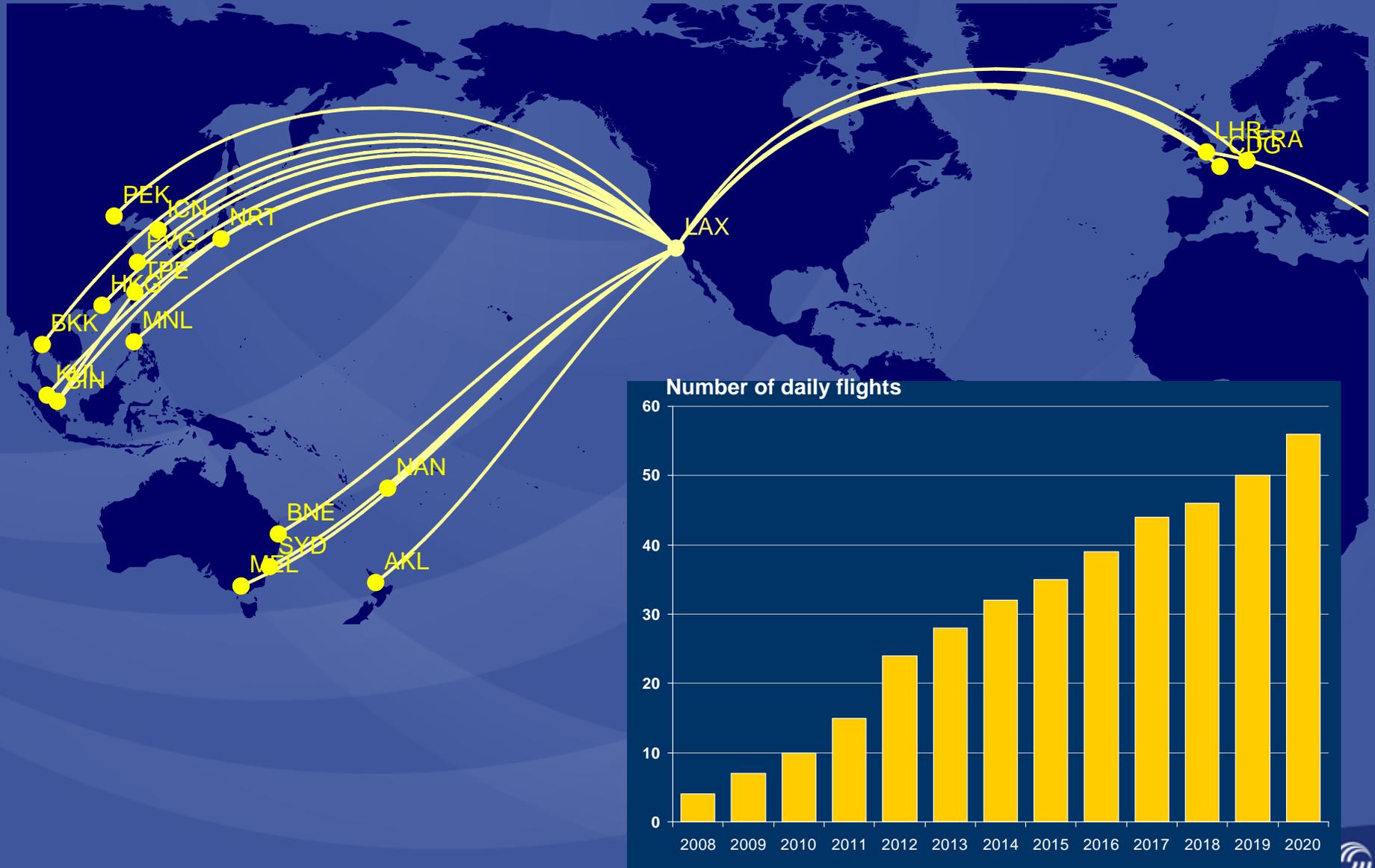


Half of the top 20 large aircraft airports will be in Asia-Pacific

2025

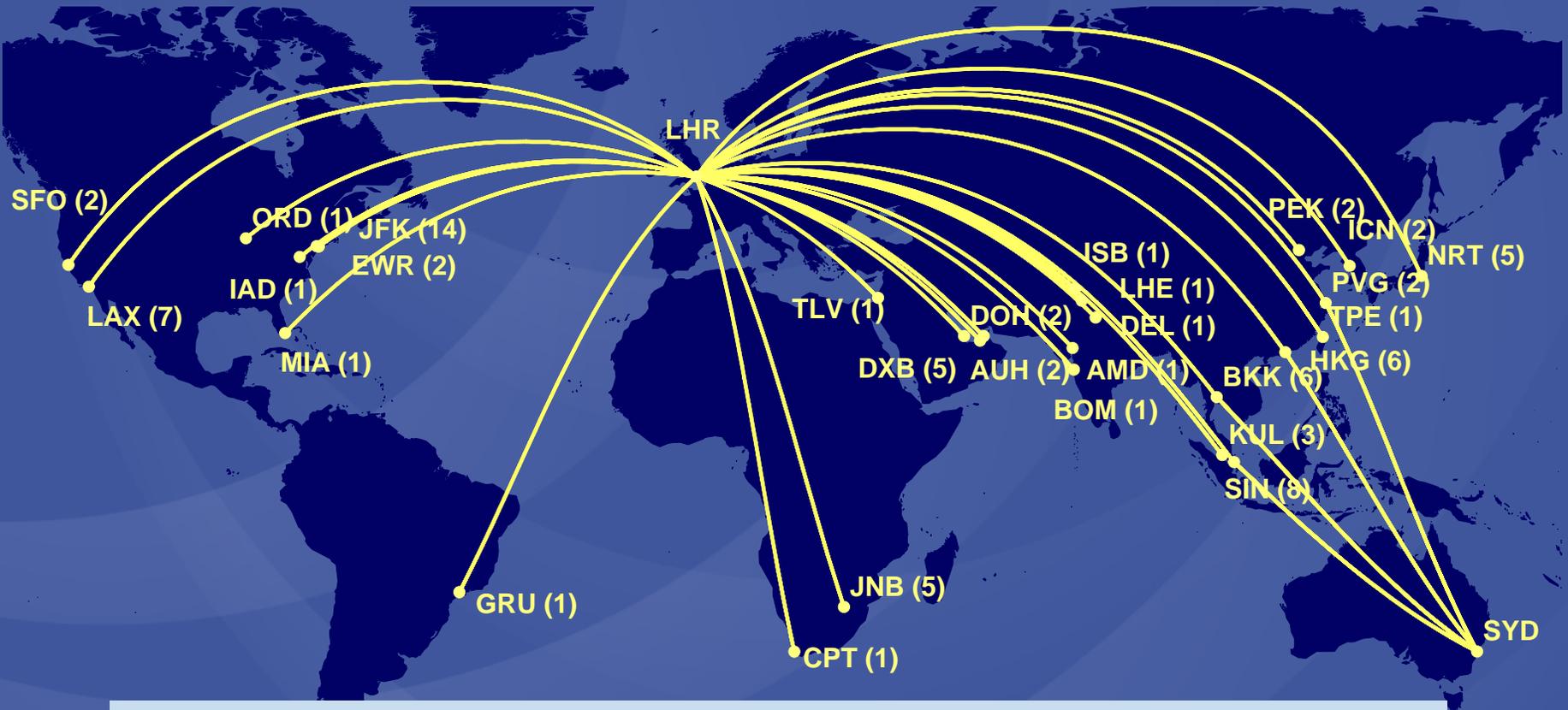


LAX 2020: 60 daily passenger flights with A380 type of aircraft by more than 20 operators



Freighter demand excluded

Heathrow 2020: 85 daily flights with A380 type of aircraft



“The Airbus A380 is critical for us – it will change the face of Heathrow and the face of long-haul travel.”

*“More passengers per flight - traffic growth without a corresponding increase in flights, benefiting airports, airlines and the environment.
Building for the A380 is the right thing to do”*

Eryl Smith, Director Planning, BAA Heathrow



Aviation Resurgence: the shape of things to come

- Airline profitability resurgence in the US
- Aircraft renewal in the US coming soon
- Air travel growth driven by large emerging markets and Asian LCCs
- International traffic still in its development phase, tripling over the next 20 years
- Traffic between hub-cities to nearly double while network to further expand with 60% more new long haul routes
- Hub cities are getting larger, and are the most dynamic cities of the world
- “Hub to hub” is “big point” to “big point”
- The A380 is coming to America



 **AIRBUS**
Setting the Standards