



Latest Global And
Regional PAX Trends
And Key Market
Outlook



Garry Stasiulevicius
Managing Director
Counter Intelligence Retail Ltd

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TRAVEL
RETAIL'S
EXPERTS



GLOBAL & REGIONAL PAX FIGURES





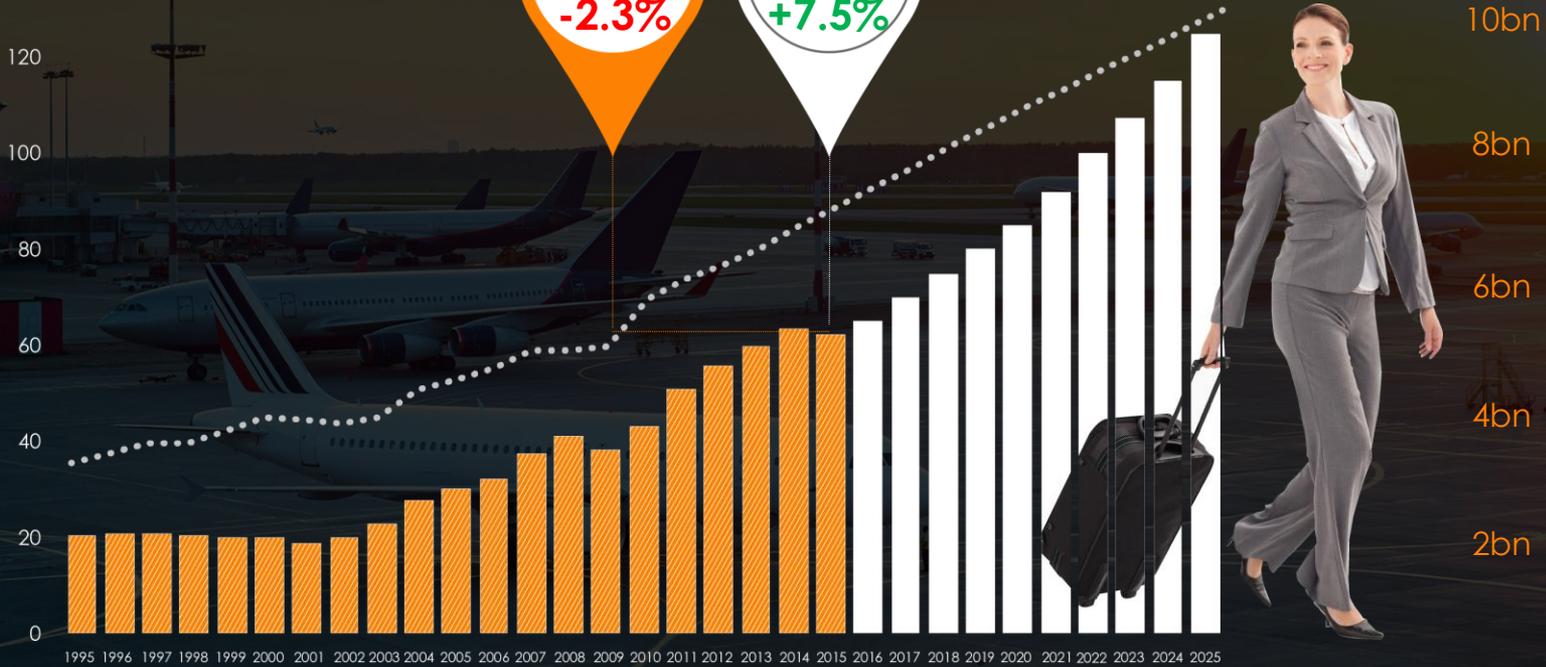
THE MARKET TODAY

TR is projected to be \$125Bn by 2025



2015 SALES
-2.3%

2015 PAX
+7.5%



Source: Generation Research, 2015 vs 2014. All figures in US Dollars. PAX data CIR Business Lounge Based on 550 airport locations



TRENDS IMPACTING TODAY'S TRAVELLER



Economic instability
in leading markets



Impact of migration
across Europe



Changing attitudes
towards premium goods



On-going threat of
terrorism



The impact of digital
and e-commerce



An outdated industry
model



The changing face of the
travelling population



An industry that is moving
in the dark!



GLOBAL & REGIONAL PAX FIGURES

26%
Share of global traffic departing from Europe's top 5 countries

21
New international routes from China in past twelve months





WHAT'S DRIVING PAX CHANGE



WHAT IS DRIVING GROWTH?

In the next 10 years:



Global GDP will increase by 35%



Population growth by 10%



Passport holders growing

China 16mn
USA 14mn
India 12mn



Visa relaxation for key countries



Growth and enablement of a new middle Class



GLOBAL GDP GROWTH IN THE NEXT 10 YEARS



CHINA
+68%



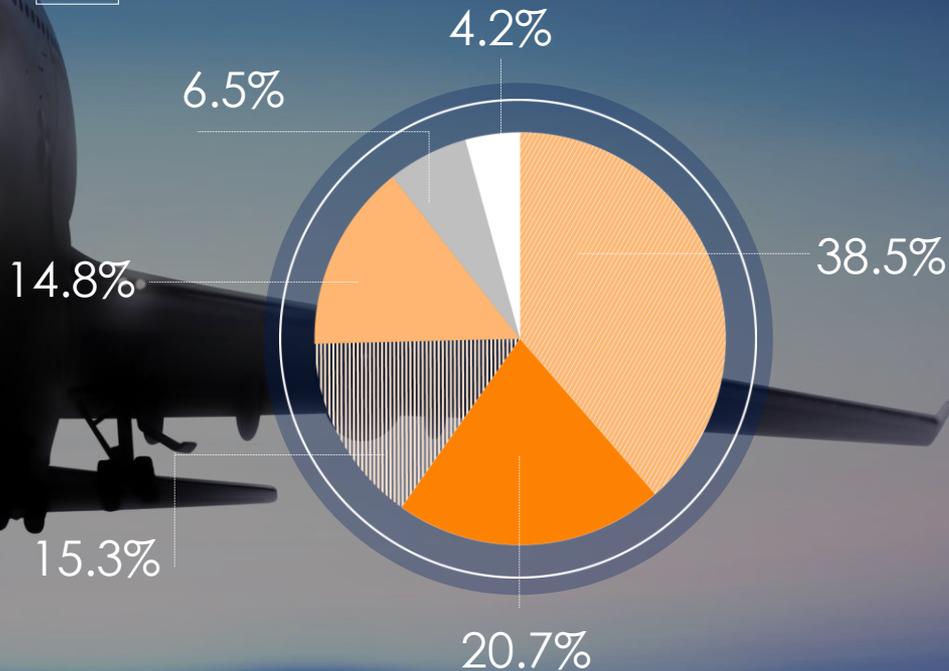
INDIA
+117%



AVIATION TRENDS



AIRPORT CONSTRUCTION INVESTMENT BY REGION



EXISTING FLEET VS ORDERS





THE EMERGING MIDDLE CLASS

Middle Class Consumer Spending:

Inner Ring = 2009 USD Trillions

Outer Ring = 2030 USD Trillions (Predicted)



SIZE OF THE MIDDLE CLASS, REGIONS

(millions of people and global share)

	2009		2020		2030	
	Size (m)	Share	Size (m)	Share	Size (m)	Share
North America	338	18%	333	10%	322	7%
Europe	664	36%	703	22%	680	14%
Central & South America	181	10%	251	8%	313	6%
Asia Pacific	525	28%	1,740	54%	3,228	66%
Sub-Saharan Africa	32	2%	57	2%	107	2%
Middle East & North Africa	105	6%	165	5%	234	5%
World	1,845	100%	3,249	100%	4,884	100%

% of World Population that are Middle Class



27%



43%

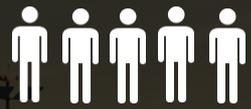


59%



GLOBAL & REGIONAL PAX FIGURES

2.98bn



Number of additional PAX travelling in 2025

Americas
2.7bn
+32.5%

Europe
2.4bn
+35.3%

MENA
0.6bn
+38.4%

APAC
3.7bn
+71.6%

Global
9.3bn
+47.0%

Global PAX forecast
For 2025

Fastest growing major nationalities* (Intl traffic)

Nationality	2025 PAX Growth v 2015
Thailand	+96%
India	+93%
Turkey	+71%
China	+70%
South Korea	+67%
Malaysia	+66%

+74mn

Growth in Chinese International PAX 2025 v 2015



CHINESE TRAVELLER FOCUS





CHINESE TRAVELLER FOCUS

Top 5

global destination countries

(July 15-June 16) Int'l flights only

	Japan	+35%
	Thailand	+56%
	South Korea	+1%
	Hong Kong	-2%
	Chinese Taipei	-1%



Weak ¥ Yen has contributed to growth in travel to Japan



High growth in traffic to Thailand boosted by LCC's flying to smaller regional Thai airport locations



+23%

Growth in Chinese Int'l travel during Lunar New Year 2016

Split of Chinese PAX by Destination region & YoY growth

(July 15-June 16) Int'l flights only





CHINESE TRAVELLER FOCUS



Millennials are helping drive different travel behaviour



Budget Airline traffic in China has tripled since 2013



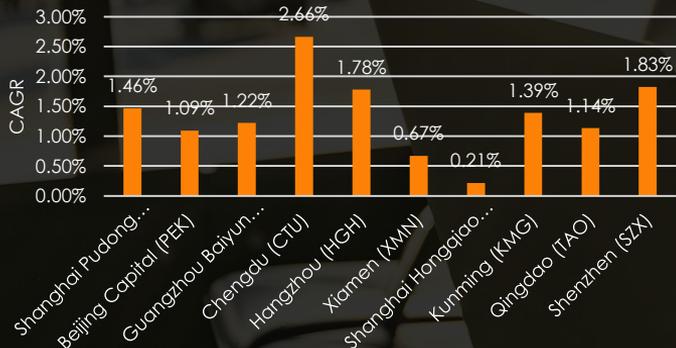
More variation in locations:

- More adventurous travel
- Different reasons for travel



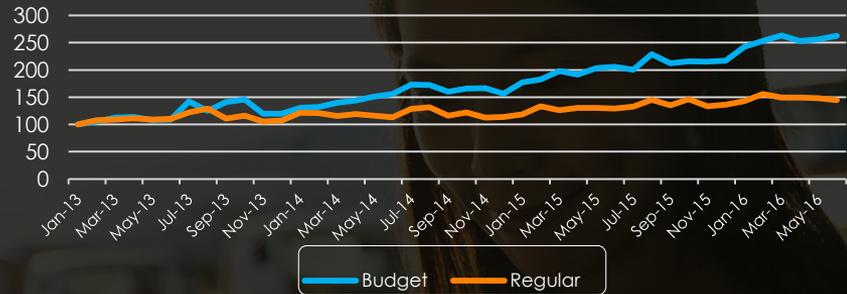
CHINESE AIRPORTS

INTL DEPARTURES GROWTH SINCE 2013 (CAGR)



INDEXED AIRLINE TYPE GROWTH

INTERNATIONAL DEPARTURES FROM CHINA FLYING WITHIN ASIA



INDEXED GROWTH OF DESTINATION TYPE

INTERNATIONAL DEPARTURES FROM CHINA FLYING WITHIN ASIA



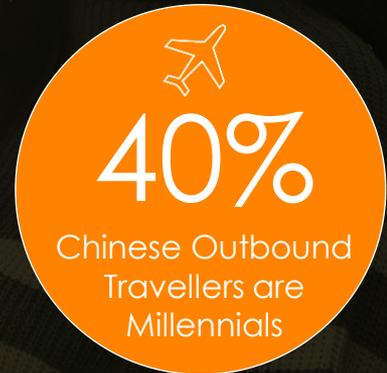


CHINESE TRAVELLER FOCUS

The Chinese traveller has evolved but remains important to the success of travel retail.



Chinese Millennials





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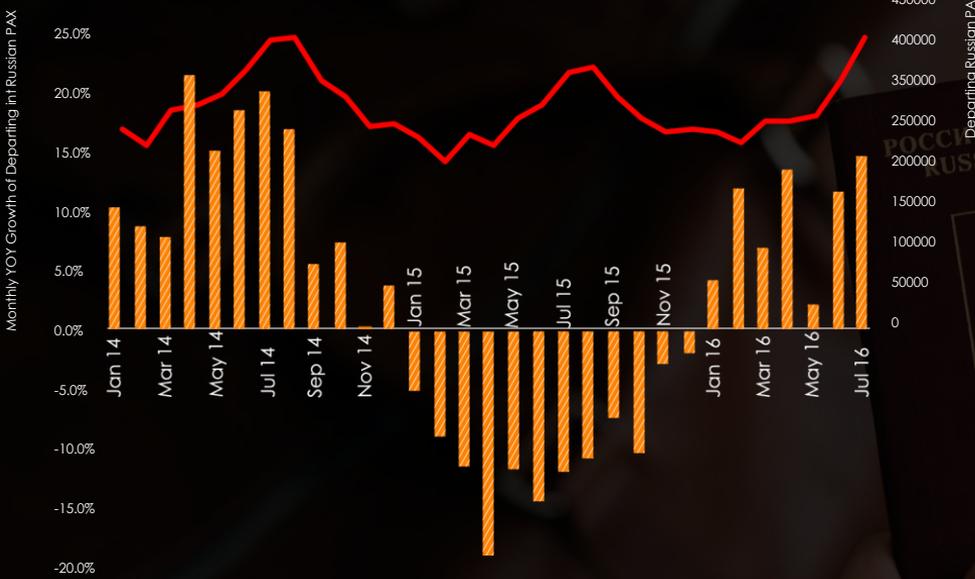


RUSSIAN TRAVELLER FOCUS





RUSSIAN TRAVELLER FOCUS



YOY Growth by Destination
Jan-Jun 2016

Europe	-3%
MENA	+1%
Asia	+9%
Americas	+3%

Russian Intl Dep PAX flying from Russia Jan-Jul 2016 v Jan-Jul 2015



2016 YTD has seen a return to growth. Not yet back at previous levels, but encouraging



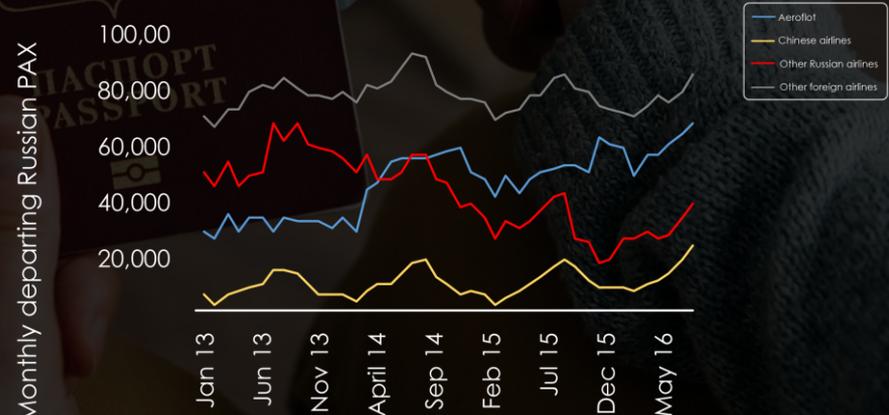
Predicted to match previous PAX levels in 2017



Aeroflot is growing, picking up routes from other Russian airlines



Intl Russian Departures from Russia by Airline





CIR

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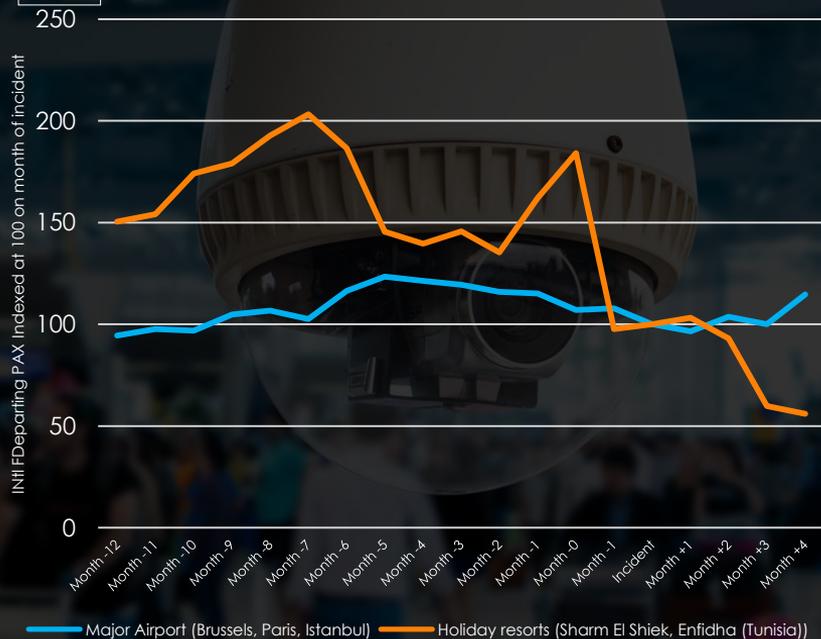


IMPACT OF TERRORISM OF PASSENGER TRAFFIC

IMPACT OF TERRORISM



IMPACT OF TERROR INCIDENTS BY AIRPORT TYPE DEPARTING PAX INDEXED AT INCIDENT DATE



Airline PAX from UK to Egypt (Jun-Jul 16 v 15)

Airline	% Growth (+/-)
EgyptAir	-8.1%
British Airways	+9.0%
Thomas Cook Air	-71.6%
easyjet	-86.2%



% YOY GROWTH





THE NEXT BIG THING



THE NEXT BIG THING



Established markets will continue to flourish



China on its own will overtake where Europe is now

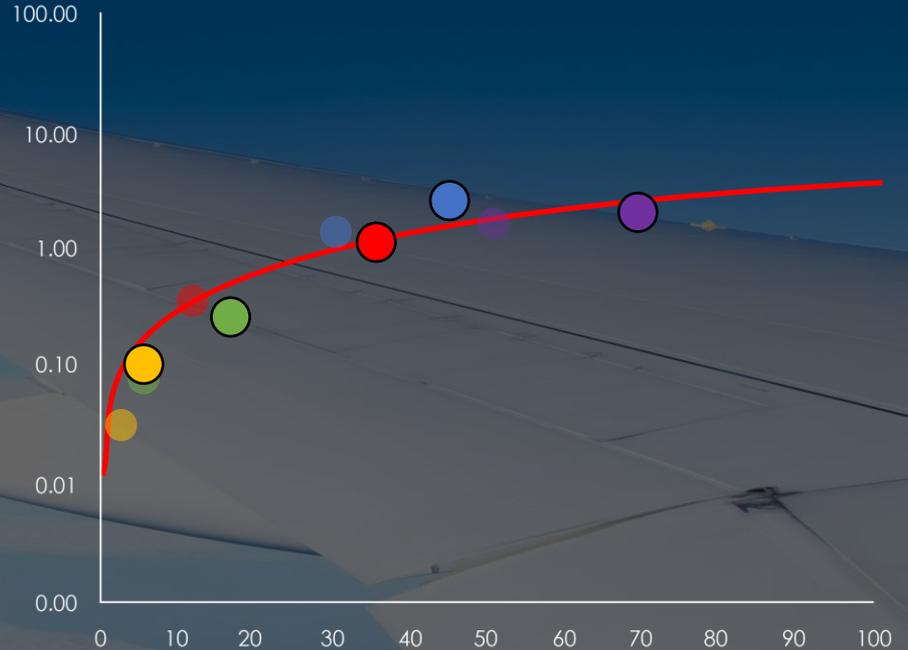


Indian PAX will become a major influence in air travel



The African market is not ready yet... but its time will come

2034 trips per capita



2014 real gdp per capita
(2010 \$US thousands at Purchasing Power Parity)



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SO WHAT
FOR TRAVEL
RETAIL?





SO WHAT FOR TRAVEL RETAIL?



Focus on
millennials



Build for the
new middle class



Think Like today's
new consumer



Link with the hyper
connected consumer



Build Digital &
e-Commerce Strategy



Focus on the
new routes



TRAVEL
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THANK YOU

garry@counterintelligenceretail.com

