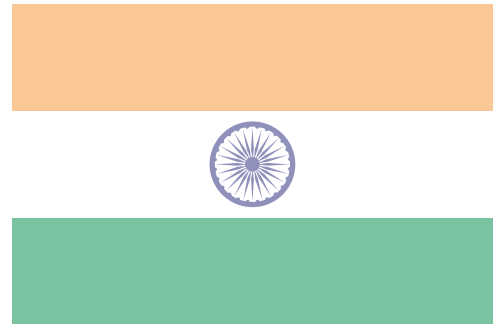


Year End Review: A Record Year in 2023 What's Next in 2024

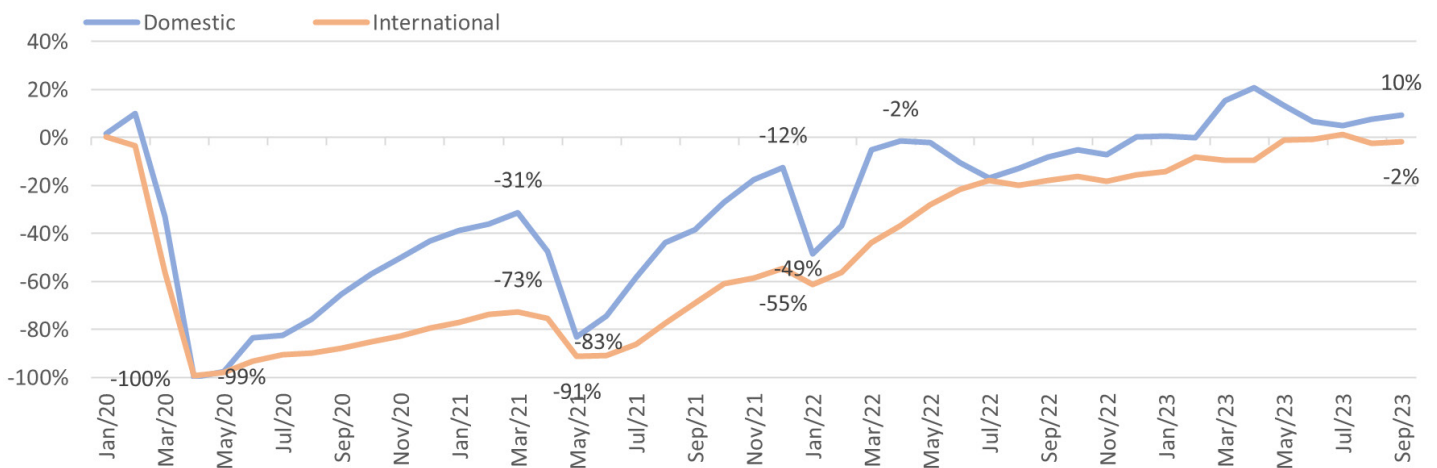
India Tipped to be the Fastest Growing Aviation Market in the World

India's domestic passenger demand reached pre-COVID levels in the fourth quarter of 2022 and sustained growth into the first quarter of 2023. Furthermore, there has been continued expansion throughout 2023. In terms of international demand, India achieved 2019 levels around Q3 2023, primarily propelled by traffic to and from the Middle East, Europe, and North America. However, international traffic to and from China and Southeast Asia is still experiencing a lag in recovery.



India is expected to be the fastest aviation market in the world over the next decade. This is driven by many untapped markets domestically, as well as the potential for growing international demand. As per Airbus's GMF, the inclination for travel in India was approximately 0.1 trips per capita in 2019, in contrast to 2.1 in the U.S., 3.1 in Australia, and 0.5 in China. With the continual growth in the middle class driving the country's propensity to travel, air traffic demand in India is projected to increase two to three times faster than the national GDP over the coming years. This growth is expected to be further propelled by significant infrastructure development both in large metropolitan areas (such as the new international airports in Delhi and Mumbai) and lower tier cities.

India Monthly Passenger Recovery Trends



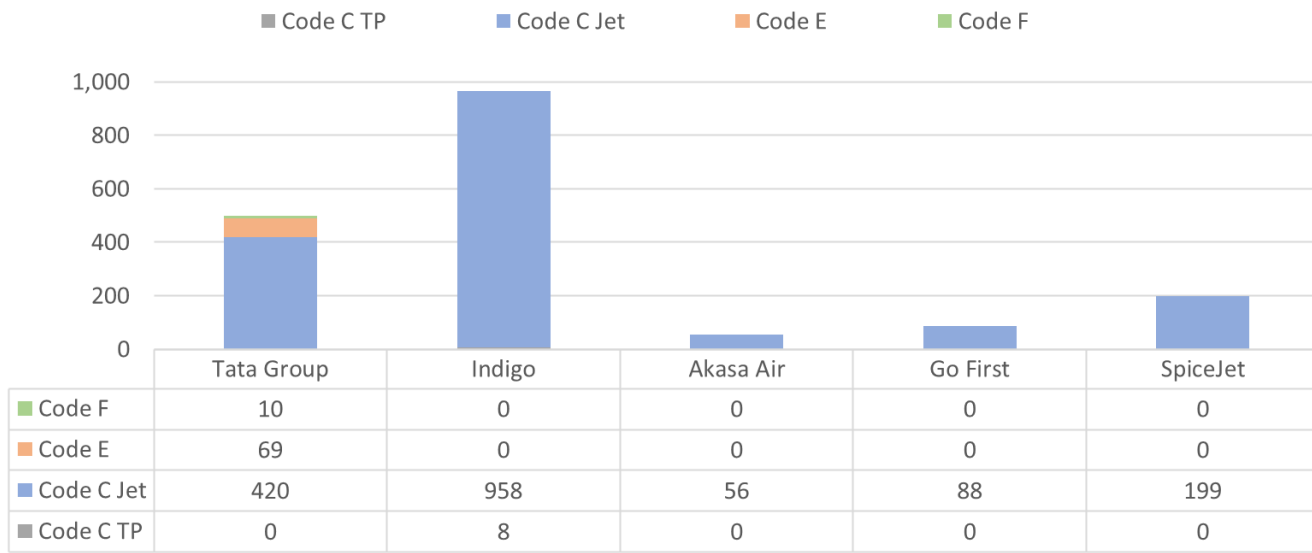
Source: L&B analysis



CASE STUDY

In recent years, Indian airlines have undertaken substantial fleet expansion initiatives. This is particularly evident through the significant orders placed by Air India for 470 aircraft and IndiGo for 500 aircraft, announced in February and June this year, respectively. In total, Indian airlines have orders for over 1,800 aircraft, primarily consisting of Code C aircraft like the Airbus A320neo/A321neo and the Boeing B737MAX. These robust expansion plans for the airlines are a true reflection of the significant growth potential of the Indian aviation market for 2024 and beyond.

Indian Airlines Fleet Orders



Source: L&B analysis