

AVIATION INDUSTRY REPORT, Q3/2018



	<i>Abbreviation</i>	3	3	Vietnam aviation industry	36
	<i>Executive summary</i>	4	3.1	Development history of the industry	36
1	Business environment	6	3.2	Value chain of aviation industry	38
1.1	Macroeconomic situation	6	3.3	Industry scale	40
1.2	Legal framework	11	3.4	Current situation of aviation industry in Vietnam	42
2	World aviation industry	24	4	Industry development planning	56
2.1	Development history of the industry	24	5	Enterprise analysis	60
2.2	Current situation of industry development	26	5.1	Enterprise introduction	60
2.3	Top largest airlines in the world	34	5.2	Enterprise analysis	65

Abbreviation

Abbreviation Expansion

ACV	Airports Corporation of Vietnam
-----	---------------------------------

ASK	Available Seat Kilometres
-----	---------------------------

BGTVT	Ministry of transportation
-------	----------------------------

CAAV	Civil Aviation Administration of Vietnam
------	--

CAAC	Civil Aviation Administration of China
------	--

CAPA	Centre for Asia Pacific aviation
------	----------------------------------

AIRPT	Airport
-------	---------

IA	International Airport
----	-----------------------

FTK	Freight Tonne Kilometres
-----	--------------------------

Abbreviation Expansion

GDVC	General Department of Vietnam Customs
------	---------------------------------------

GSO	General Statistics Office of Vietnam
-----	--------------------------------------

AVIAVIETNAM	Vietnam Aviation Corporation
-------------	------------------------------

IATA	International Air Transport Association
------	---

OAG	Official Airlines Guide (dedicated to providing information about the UK's airline sector)
-----	--

PRK	Revenue Passenger Kilometres
-----	------------------------------

RTK	Net revenue/ton/km
-----	--------------------

VJC	Vietjet Aviation Joint Stock Company
-----	--------------------------------------

The demand for passenger and cargo transportation in 2016 flourished all over the world.

The increasing demand resulted from lower ticket prices in 2016.

While the middle class in Europe and North America remained unchanged that in the Asia-Pacific region rose sharply

Content is intentionally removed for demo purpose

Actual per capita prices of air transportation continue to decline,

Shipping and air transportation are primarily used for long haul international routes.

In the first six months of 2018, the total number of flights operated by four airlines

Content is intentionally removed for demo purpose

According to IATA, Vietnam is one of the 5 airway markets with largest increase in passenger volume

Airline revenue has grown steadily over the years

1. Business environment

1.1 Macroeconomic situation

1.2 Legal framework

1. Business environment

1.1 Macroeconomic situation

Domestic economic situation in the first six months has still stayed positive, **the gross domestic product in the first six months is estimated to increase by** **over the same period in 2017.**

%

GDP growth by quarter, 2015 – Q2/2018

Content is intentionally removed for demo purpose

Source: VIRAC, GSO

Transportation and warehousing's contribution to GDP, 2013 – 6M/2018e

VND/USD exchange rate, 2013-6/2018

Content is intentionally removed for demo purpose

Source: VIRAC, SBI

Disposable income and household expenditure, 2010 – 2017e

USD billion

World crude oil prices, 2011 - 6/2018

USD/barrel

Content is intentionally removed for demo purpose

Source: VIRAC, World Bank

Commodities import - export, 2015 – 6T/2018

USD billion

Content is intentionally removed for demo purpose

Source: VIRAC, GDVC

Tourist arrivals to Vietnam, 2010-2017e

Million people

1. Business environment

1.1 Macroeconomic situation

1.2 Legal framework

Law on civil aviation No. 66/2006/QH11 issued on June 29th 2006.

Content is intentionally removed for demo purpose

1. Business environment

1.2 Legal framework

On July 1st, 2015, the law on amending and supplementing some articles of the civil aviation law officially took effect, with more renovated content, creating favorable conditions for passengers and enterprises:

Content is intentionally removed for demo purpose

Content is intentionally removed for demo purpose

Circular No. 36/2015/TT-BGTVT on managing the charges of internal air transportation and specialized services and Circulars on amending and guiding alongside such Decisions as 4213/QĐ-BGTVT, 3065/QĐ-BGTVT, 2345/QĐ-BGTVT and Circular No.07/2017/TT-BGTVT.

Content is intentionally removed for demo purpose

Content is intentionally removed for demo purpose

Content is intentionally removed for demo purpose

Content is intentionally removed for demo purpose

1. Business environment

1.2 Legal framework

Circular No.146/2016 / TT-BTC on charging, collecting and managing airfares over Vietnam's airspace has become effective since January 1st, 2017.

For flights across Vietnamese airspace

	Airfare (USD/flight)
Maximum takeoff weight (MTOW)	

For flights across Vietnam's airspace and notification zone under Vietnamese tracking

	Airfare (USD/flight)
Maximum takeoff weight (MTOW)	

Content is intentionally removed for demo purpose

Content is intentionally removed for demo purpose

Content is intentionally removed for demo purpose

1. Business environment

1.2 Legal framework

Circular 36/2014/TT-BGTVT regulating the minimum service quality for passengers at airports.

Circular No. 14/2015/TT-BGTVT regulating non-refundable fixed compensation in air passenger transport.

Content is intentionally removed for demo purpose

Content is intentionally removed for demo purpose

2 World aviation industry

2.1 Development history of the industry

2.2 Current situation of industry development

2.3 Top largest airlines in the world

Content is intentionally removed for demo purpose

2 World aviation industry

2.1 Development history of the industry

2.2 Current situation of industry development

2.3 Top largest airlines in the world

2. World aviation industry

2.2 Current situation of industry development

The demand for air travel and cargo transportation in 2016 flourished all over the world.

RPK, FTK growth rate, 2012 - 2016

Content is intentionally removed for demo purpose

Top 10 passenger transport airlines (RPK), 2016

STT	Airline	USD million

Source: VIRAC, IATA

Source: VIRAC, IATA

Top 10 cargo transport airlines (FTK), 2016

STT	Airline	Ton/Km

Source: VIRAC, IATA

Number of global air travel passengers, 2012 - 2016

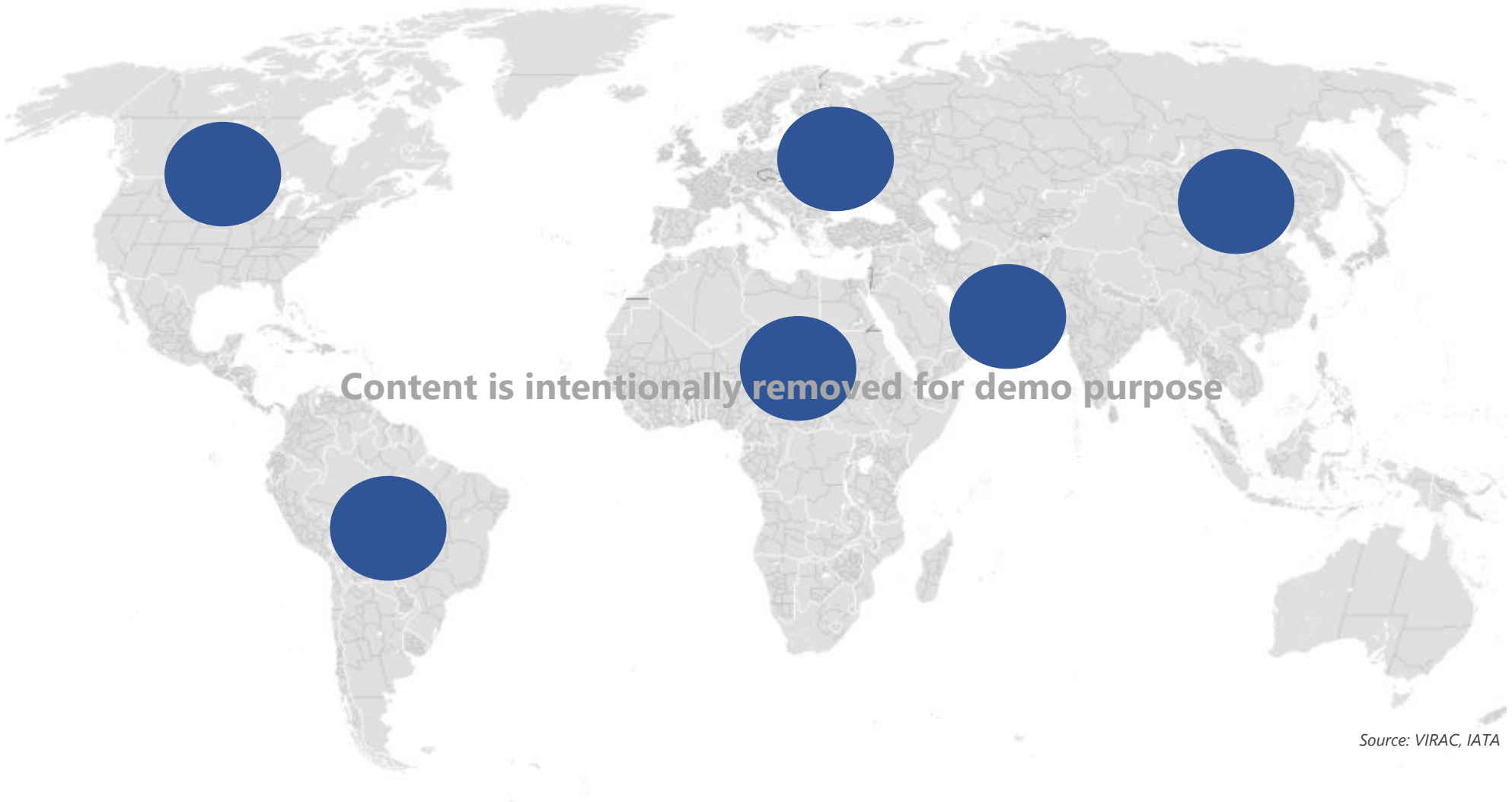
Billion people

Content is intentionally removed for demo purpose

Source: VIRAC, Worldbank

Jet fuel prices at major currencies, 2015 – 11/2017

Passenger and cargo transport growth by region, 2016



Source: VIRAC, IATA

2. World aviation industry

2.2 Current situation of industry development

Typical countries

The center for aviation promotion continued to shift towards East Asia and occupied the second rank in 2016.

Top flight routes with strong passenger growth (direct flight), 2016

Million people

Content is intentionally removed for demo purpose

The passenger load factor (The percentage of seats filled per each flight) rose to record levels.

Passenger load factor, 2012 - 2016

Content is intentionally removed for demo purpose

Source: VIRAC, IATA

Travel expenses and commercial air cargo values, 2012-2016

Aviation transport contributes greatly to economic development.

Connected airports and actual transport freight, 2012-2016

Content is intentionally removed for demo purpose

Source: VIRAC, IATA

2. World aviation industry

2.2 Current situation of industry development

World aircraft accidents, 2016

	Total accidents	Accident growth	Hull loss rate	Fatal accident number	Fatal accident rate	Death number

Safety has been improved

Source: VIRAC, IATA

Content is intentionally removed for demo purpose

Accident rate per 1 million flights by region, 2016

Flight

2 World aviation industry

2.1 Development history of the industry

2.2 Current situation of industry development

2.3 Top largest airlines in the world

Top 10 world's largest airlines, 9/2017

No.	Airline	Seat quantity	Passenger volume	Aircraft
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				

Content is intentionally removed for demo purpose

Source: VIRAC, OAG

3 Vietnam aviation industry

3.1 Development history of the industry

3.2 Value chain of aviation industry

3.3 Industry scale

3.4 Current situation of aviation industry in Vietnam

Content is intentionally removed for demo purpose

3 Vietnam aviation industry

3.1 Development history of the industry

3.2 Value chain of aviation industry

3.3 Industry scale

3.4 Current situation of aviation industry in Vietnam

Value chain of aviation industry



3 Vietnam aviation industry

3.1 Development history of the industry

3.2 Value chain of aviation industry

3.3 Industry scale

3.4 Current situation of aviation industry in Vietnam

**Capital and fixed assets in the airline passenger transport,
2010-2016**

VND billion

Content is intentionally removed for demo purpose

Source: VIRAC, GSO

Aviation revenue, 2010 - 2016

VND billion

3 Vietnam aviation industry

3.1 Development history of the industry

3.2 Value chain of aviation industry

3.3 Industry scale

3.4 Current situation of aviation industry in Vietnam

Actual use of means of transport today,

Passenger transport proportion, 2012 - 6M/2018

Content is intentionally removed for demo purpose

Source: VIRAC, GSO

Cargo transport proportion, 2012 - 6M/2018

Number of aircraft in Vietnam, 2011 - 4/2018

Content is intentionally removed for demo purpose

Source: VIRAC, CAPA

Aircraft structure by airlines, 4/2018

* Regional aircraft are aircraft only used in certain areas.

Source: VIRAC, CAPA

3. Vietnam aviation industry

3.4 Current situation of aviation industry in Vietnam

HVN fleet, 2017

Type of aircraft	Rented	Ownership	Total

Owned by VNA and VASCO

Source: VIRAC, HVN

VietJet Air fleet, 2017

Type of aircraft	Quantity

Source: VIRAC, VJC

Jetstar fleet, 2016

Type of aircraft	Quantity

Source: VIRAC, CAPA

Content is intentionally removed for demo purpose

3. Vietnam aviation industry

3.4 Current situation of aviation industry in Vietnam

Comparison between common aircrafts in Vietnam

Comparison between common aircrafts in Vietnam				

Competitiveness of major airlines in Vietnam

Competitiveness	HVN	VJC

Source: VIRAC
Content is intentionally removed for demo purpose

Source: VIRAC

Passenger traffic growth over the years, 2010 - 2017e

Content is intentionally removed for demo purpose

Source: VIRAC, CAPA

Domestic market share, 2011 - 2017

3. Vietnam aviation industry

3.4 Current situation of aviation industry in Vietnam

Current situation in use of modes of transportation today

Thousand flights

Number of flight operations, 2014 – 6M/2018

Content is intentionally removed for demo purpose

Source: VIRAC, ACV

Top air routes having the highest growth rate in number of passengers, 2011 - 2015e

Share of flight operations by airlines, 6M/2018

Passenger volume (Million people)	Growth

Sales structure by airline group, 2010 - 2017f

Content is intentionally removed for demo purpose

Source: VIRAC, Euromonitor

Content is intentionally removed for demo purpose

Source: VIRAC, Euromonitor

On-time take off rate, 6M/2018

Content is intentionally removed for demo purpose

Source: VIRAC, CAA

World's top punctual airlines, 2016

3. Vietnam aviation industry

3.4 Current situation of aviation industry in Vietnam

One of the key issues is related with unpunctual takeoff and cancellations

Content is intentionally removed for demo purpose

Cause group of unpunctuality, 6M/2018

Cause group of cancellations, 6M/2018

Structure of unpunctual take off of each airline by cause,
6M/2018

Content is intentionally removed for demo purpose

Source: VIRAC, CAA

Cancellation structure by cause of each airline, 6M/2018

3. Vietnam aviation industry

3.4 Current situation of aviation industry in Vietnam

Average seat occupancy rate, 2010 - 2017

	HVN	VietJet Air	Jetstar	World
2010				
2011				
2012				
2013				
2014				
2015				
2016				
2017				

Content is intentionally removed for demo purpose

Source: VIRAC, IATA

Content is intentionally removed for demo purpose

4 Industry development planning

4. Planning and forecast

Decision No. 1012/QĐ-TTg approving the master plan for the development of the logistics center system in the whole country up to 2020, with orientation to 2030 with the following contents:

Growth rate

Development targets	2007 – 2010	2010 – 2015	2015 – 2020	2020 – 2030

Transport volume of airlines in Vietnam

Development targets	2010	2015	2020	2030

Content is intentionally removed for demo purpose

Source: VIRAC

Source: VIRAC

Content is intentionally removed for demo purpose

Content is intentionally removed for demo purpose

5 Enterprise analysis

5.1 Enterprise introduction

5.2 Enterprise analysis



Content is intentionally removed for demo purpose

Shareholder structure of Vietnam Airlines, 2016



Flight routes, 2011 - 2017

Content is intentionally removed for demo purpose

Source: VIRAC, VJC

Growth in passenger volume of VietJet, 2013 - 2019e



Content is intentionally removed for demo purpose

Vietnam Air Services Company (VASCO)



Content is intentionally removed for demo purpose

5 Enterprise analysis

5.1 Enterprise introduction

5.2 Enterprise analysis

Content is intentionally removed for demo purpose

Source: VIRAC

Revenue structure of VJC, 2017

Revenue structure of Vietnam Airlines, 2017

Content is intentionally removed for demo purpose

Content is intentionally removed for demo purpose

Source: VIRAC

Expense

Content is intentionally removed for demo purpose

Source: VIRAC

VND million

Asset structure, 2015 - 2017

Content is intentionally removed for demo purpose

Source: VIRAC

Profit after tax, 2015 - 2017

Content is intentionally removed for demo purpose

Source: VIRAC

Profit ratio, 2015 - 2017

REPORT DISCLAIMER

This document has been prepared in good faith on the basis of information available at the date of publication without any independent verification. VIRAC has produced this report for private circulation to professional clients only. All information and statistical data herein have been obtained from sources we believe to be reliable and made to ensure the accuracy of the contents of the pages of the report at the time of preparation. Such information has not been independently verified and VIRAC makes no representation or warranty, whether express or implied, of any kind with respect to the document and its contents, information and materials. The content found in this report is proprietary to VIRAC and is provided solely for your personal and non-commercial use. You agree that you will not use this report for any purpose that is unlawful and that you will not reproduce the report or redistribute it outside your organization, or place it on a website for public access without the express written permission of VIRAC.

SHOULD YOU NEED ANY ASSISTANCE, PLEASE CONTACT US:

VIETNAM INDUSTRY RESEARCH AND CONSULTANCY (VIRAC JSC.,)

6th Floor, Anh Minh Building, 36 Hoang Cau, O Cho Dua, Dong Da, Hanoi, Vietnam

Website: <http://virac.com.vn/>

Email: viracresearch@virac.com.vn | Tel: +84 463289520

Thank you !