

CHINA AIR TRAVEL REPORT

May 2018



China Southern – 6th largest airline in the world

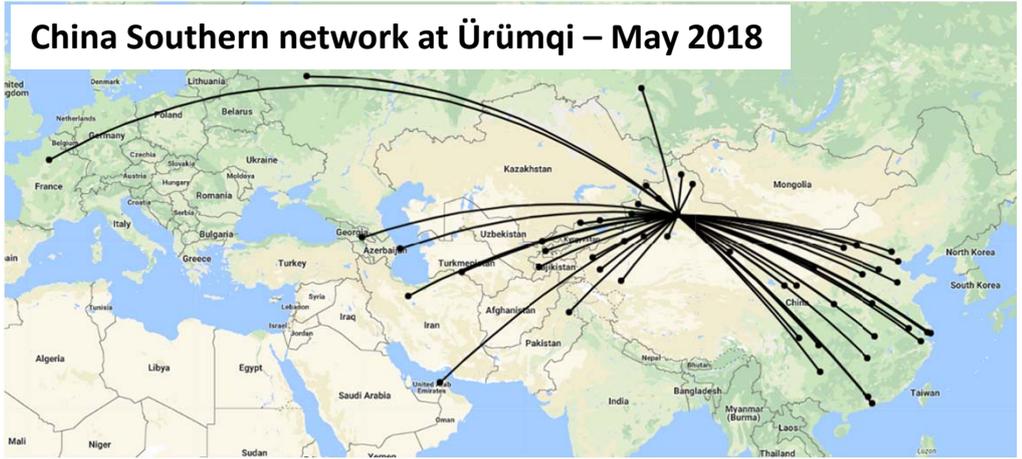
China Southern grows 11%

China Southern is the 6th largest airline in the world, and the largest Chinese carrier, both in terms of scheduled airline capacity and the number of flights operated. In May 2018 the airline operated 11% more capacity than a year earlier, with domestic and international capacity growing at the same rate. Domestic capacity at China Southern comprises 85% of all airline seats, with the remaining 15% being international capacity. Three of the largest international markets for the airline are Thailand, which grew by 25% in May 2018 compared to May 2017, South Korea which grew by 37% and Vietnam which grew by 22%.

Ürümqi has largest capacity increase by CZ

Over the past year, China Southern has added more capacity at Ürümqi than any other Chinese airport. The airport is the 4th largest in the China Southern network. In May 2018, the airline operated capacity of 480,000 seats at the airport, up by 21% - or 83,000 seats – compared to May 2017.

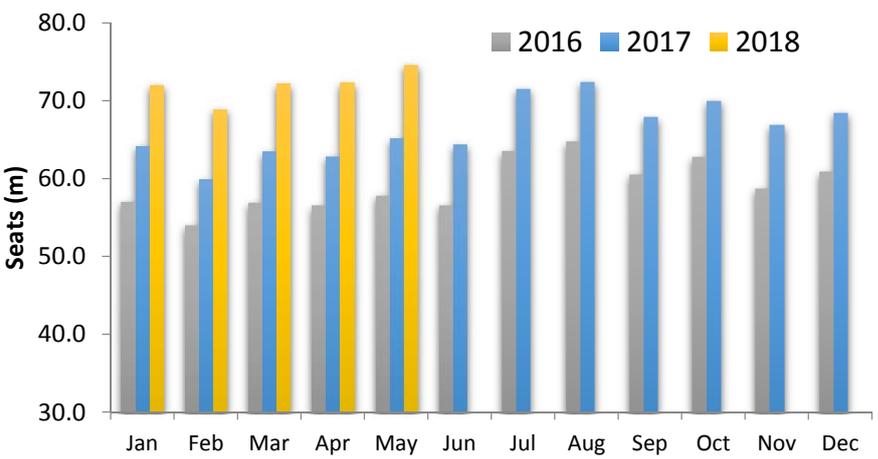
The route network at Ürümqi now clearly shows a neat hub operation, connecting points further west in China with Europe, the Middle East and central Asia.



Source: OAG Mapper

Capacity

China – Scheduled airline capacity



Source: OAG Schedules Analyser

Strong steady growth continues

Carriers will add 9.4m seats this May in China, in line with the trend of recent months and taking capacity to its highest ever point of 74.7m seats. Capacity is currently growing at 14.5% compared to last May.

As growth continues across much of China, the share of capacity operated from the country's biggest airports is falling. In May 2013, 5 years ago, the Top 10 biggest airports accounted for 51%. Today, in May 2018, this has fallen to 44%.

In particular Fuzhou (FOC) is experiencing strong growth. Carriers at FOC grew by 30% compared to last May, adding 200,000 seats in May 18. Xiamen Airlines is behind much of this growth from their hub at FOC. They have added 6 new routes and increased capacity significantly on some key trunk routes including Fuzhou to Beijing and Chongqing.

OTP at Beijing

Runway constraints impacting OTP

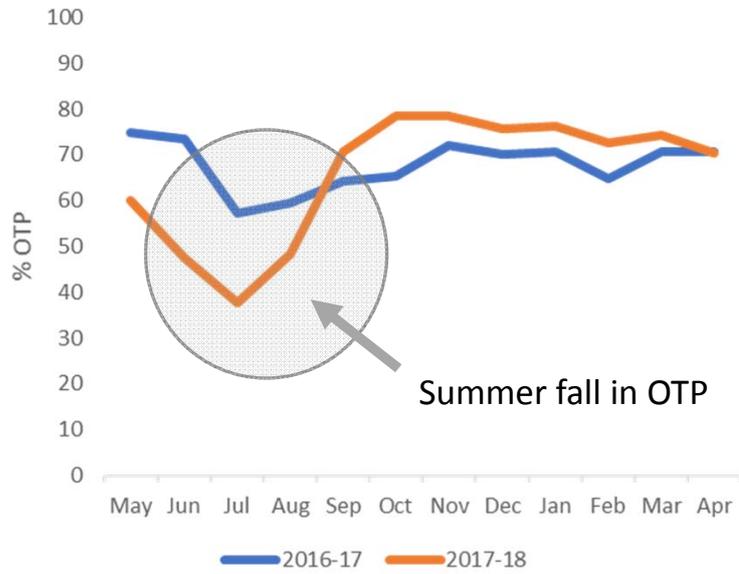
This month we take a look at on-time performance at China's biggest airport Beijing (PEK). Beijing is growing fast: seats were up by 7.8% in May 2018 compared to May 2017.

Flights are not growing at the same rate due to runway constraints, and the number of frequencies in May 2018 was up by 6.1%

It's clear from the on-time performance data for Beijing Airport that the summer months are challenging for PEK as on-time performance reduces.

Although the number of flights are fairly consistent across the year, and there isn't a big seasonal peak in demand at PEK, it's likely that there are greater airspace constraints in the summer months including from military operations.

OTP at PEK



Source: OAG Flight Status Database

Chinese Share of International Markets

68% of Japan capacity on Chinese airlines

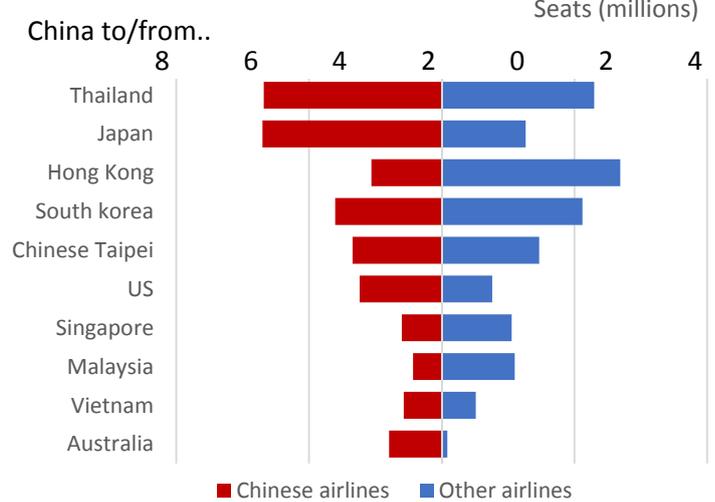
The Chinese share of capacity on each of the Top 10 International markets to and from China varies widely. Japan is the second largest market and Chinese airlines dominate with 68% of capacity in the 12 months to May 2018.

The largest international market is Thailand and Chinese carrier capacity is over half the market, at 54%.

The US and Australia are two other markets where Chinese airlines dominate capacity. For the US, the Chinese carriers fly 62% of all seats and for Australia the figure is higher still, at 90%.

Conversely, for air travel between China and Hong Kong, and between China and Malaysia, Chinese airlines operate a minority of capacity, in each case 28% of all seats.

Chinese Share of Capacity Top 10 International markets



Source: OAG Schedules Analyser

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