

Sirius Aviation Capital

Air Transport Industry Update Q4 2025

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- Macro-Economic Background
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Aircraft Trading Update

We last discussed this topic nearly two years ago, so an update on one of the most dynamic aspects of the aircraft finance market is due. As before we start with the revenues reported by major lessors. We have expanded our historic coverage by adding five new lessors (AWAS, CALC, Fly, Macquarie and NAC). Not all the 2025 figures are available yet (CDB and SMBC have yet to report and we are using 9 months figures for Aircastle) so the total for this year is understated. However, it is unlikely that 2025 will see overall sales much exceeding 2024 as that year's figures received a one-off boost from the effective liquidation of ALAFCO.



As in previous years this dataset understates the overall level of aircraft trading activity. This is because the aircraft trading market is quite fragmented with many important participants who do not have publicly available financial statements, and in the case of the lessors included in the chart their figures do not include trades of aircraft managed on behalf of third parties.

We have partially addressed this by constructing a broader dataset using Cirium Fleets Analyser to provide details of transaction events and Avitas to provide value estimates. In our previous update we demonstrated that our methodology provides figures broadly in line with published data where the latter is available, but it's worth restating some important qualifications about its accuracy:

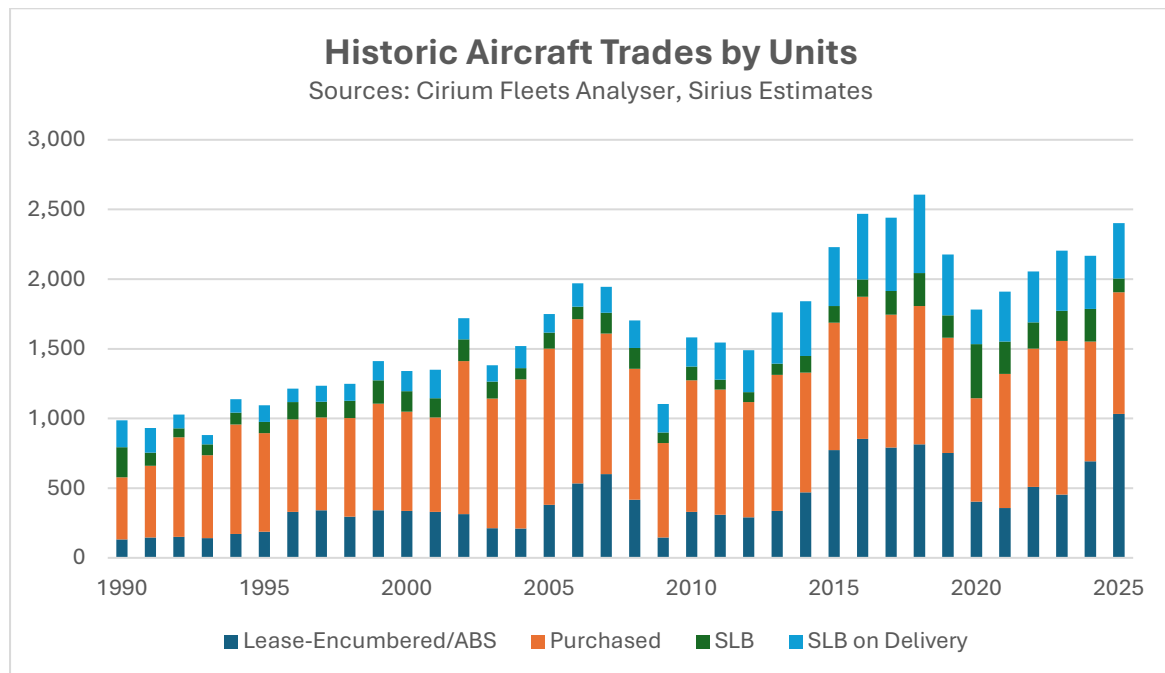
- The Avitas figures we use are generic estimates that assume “half-life” maintenance status rather than actuals, which are confidential. As well as creating individual errors they will tend to understate the true aggregate value of used aircraft sold subject to lease as the maintenance compensation payable under these leases is not captured.
- In some cases, there will be timing differences between the transfer of title as recorded by Cirium and the recognition of an aircraft sale for accounting purposes.
- We have applied some filters to the Cirium data where we have a reasonable belief that the transactions listed do not result in a true transfer of economic ownership, such as aircraft ABS transactions where the originator of the assets retains the equity interest in the aircraft portfolioⁱ.

In addition to these issues there is a broader question about where to draw the line between aircraft portfolio sales and corporate acquisitions. Two transactions that occurred in 2025 illustrate this point:

- DAE acquired Nordic Aviation Capital. Cirium treated this as a corporate acquisition and DAE was not recorded as the buyer of the aircraft.
- Avolon acquired Castlake Aviation Limited from Castlake LP. Cirium treated this as an aircraft portfolio trade and Avolon is recorder as the buyer of the aircraft.

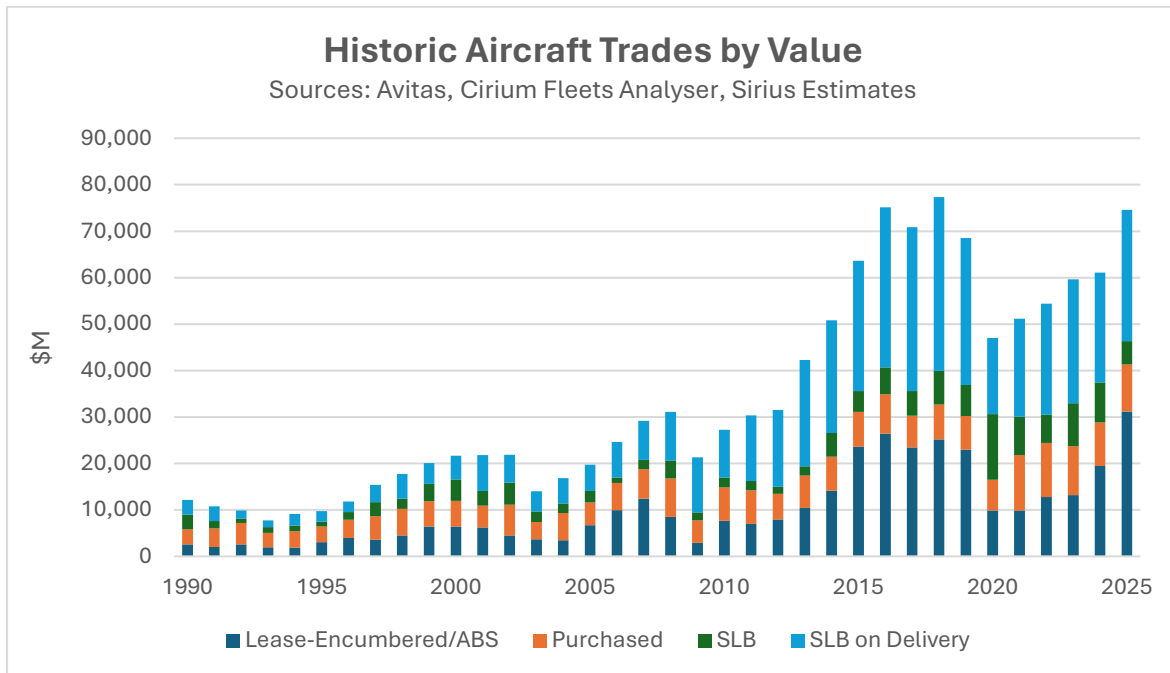
On balance we think that Cirium has taken a reasonable approach. There is no surviving Nordic Aviation Capital entity as the aircraft management platform was acquired along with the aircraft. In contrast there remains a very substantial Castlake aircraft leasing business after the sale of Castlake Aviation and no Castlake management transferred to Avolon along with the aircraft.

2025 saw a continuing recovery in aircraft trading levels both by units and value. On both metrics activity was very close to the peak levels achieved in the late 2010s.



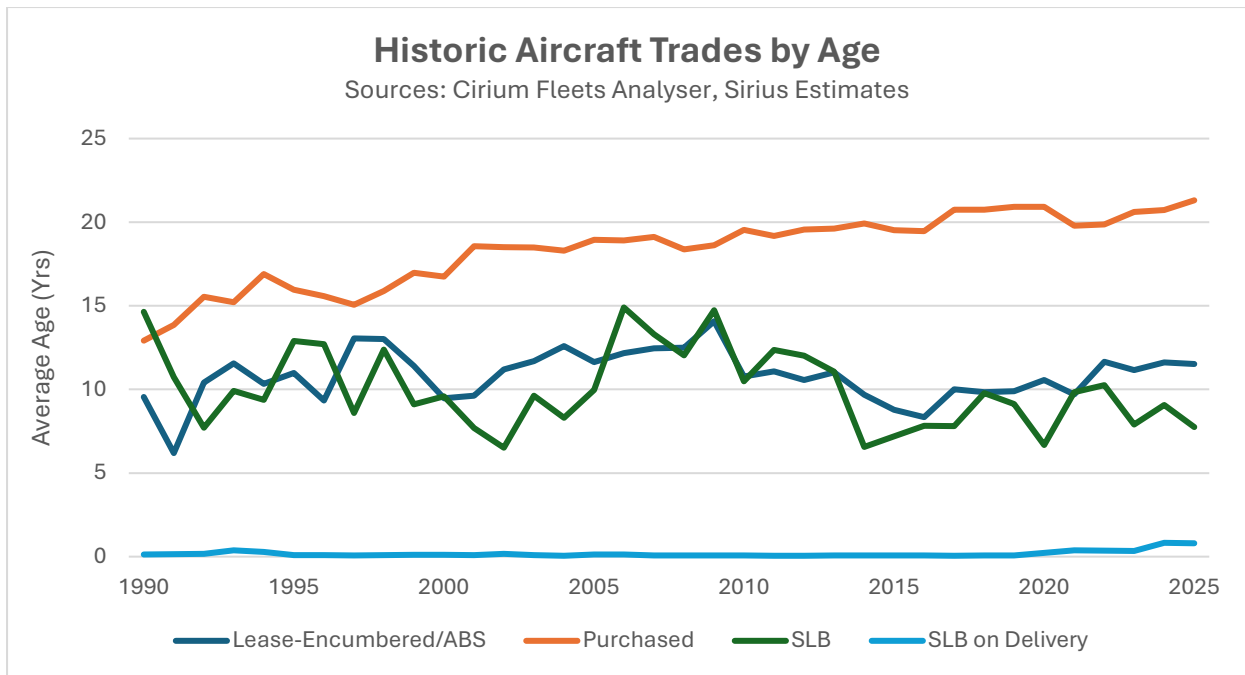
The main observable long-term trend in aircraft sales by units is the increased share of transactions involving a lease. This reflects the increasing importance of lessors in financing the world’s commercial aircraft fleet. The different categories of transaction are:

- Lease-Encumbered/ABS – This is the sale of an aircraft which is subject to an existing lease with an airline where typically the buyer and seller are both lessors. We include aircraft ABS transactions under this heading where there is a change of economic ownership.
- Purchased – This is the sale of an aircraft which is not subject to a lease.
- SLB – This is a sale-leaseback truncation of a used aircraft where typically the seller is an airline, and the buyer is a lessor.
- SLB on Delivery – This is a sale-leaseback on a new aircraft. This is split out as a separate category because the dynamics of this sector are very different compared to used aircraft transactions (see below).



The market shares of different transaction categories are very different when analysed by value rather than units. This is largely because of the very different age profiles of the aircraft involved. Over time lessors have increasingly dominated the trading of used aircraft that will remain in operation in future rather than being scrapped because they play a much more efficient intermediary role in matching the requirements of different airlines than could be performed by airlines trading direct or through brokers. The key advantage of lessors is that they bring availability of capital to a potential transaction as there is no guarantee that the airline taking the aircraft can afford to buy it. This has meant that aircraft trades without a lease have increasingly involved aircraft at the end of their lives and the average age at which these trades occur is now over 20 years old.

We should also bear in mind that lessors can often be involved in the trading of aircraft without a lease, for example selling an aircraft to an airline at the end of a lease, so their pervasive role in the industry is not fully captured just by analysing the market share of different transaction categories.



In this update we have decided to add some league tables to show the top 12 buyers and sellers for new and used aircraft, despite the limitations of the estimates that we are using. We believe it's useful to look at this detail to understand some of the characteristics of these markets that aren't captured by a simple overview.

One important point about these tables is that we are ranking buyers and sellers based on their role as manager of the aircraft. This is a useful concept that Cirium use which helps us avoid the alphabet soup of special-purpose company names that arises when we look at legal titleholders. If an airline is the manager of an aircraft this means it is the economic owner of the aircraft even if the structure is e.g. a finance lease with a different owner. If a lessor is the manager of an aircraft this means that the lessor is the economic owner of the aircraft or manages it on behalf of an investor. In all the tables we include data for 2024 and 2025.

Top 12 Buyers by Value – Sale Leasebacks on Delivery

2024			2025		
Aircraft Manager	Units	Value (\$MN)	Aircraft Manager	Units	Value (\$MN)
SMBC Aviation Capital	39	2,331	CES Int. Financial Leasing	32	2,376
CES Int. Financial Leasing	25	1,651	China Southern Air Leasing	30	1,916
CCB Financial Leasing	17	1,518	SMBC Aviation Capital	30	1,748
China Southern Air Leasing	25	1,395	BOC Aviation	15	1,715
Jackson Square Aviation	20	1,311	Aviation Capital Group	24	1,683
AerCap	22	1,134	BBAM	21	1,495
Avolon	16	1,105	JP Lease	14	1,456
BOC Aviation	18	1,006	Avolon	18	1,306
CMB Financial Leasing	16	1,000	ABL Aviation	11	1,279
AVIC Int. Leasing	15	999	Aircastle	17	1,009
BBAM	16	980	AviLease	13	887
AviLease	12	713	CCB Financial Leasing	11	786

Some of the companies listed in the first table might be described as hybrid lessors. CES International Financial Leasing and China Southern Air Leasing are both owned by the China Eastern and China Southern airline groups respectively, and most of their business is leasing aircraft to group airlines. However, they do some business with other customers so it would not be strictly accurate to describe them as purely captive lessors along the lines of a captive insurance business. Also, some of the transactions included in these rankings are JOLCOsⁱⁱ which are designed to function in a way that is very close to a finance lease - both BBAM and ABL are arrangers of JOLCOs. There are almost certainly other finance lease-type structures included for other managers, but these are likely to be a smaller part of their business mix.

Of the “pure play” aircraft lessors most are owned by Asian investors. The two notable exceptions are AviLease which is owned by the PIF of Saudi Arabia and AerCap, which is western-owned and the largest global aircraft lessor. AerCap’s presence in this market segment is quite limited and it does not even feature in the top 12 for 2025. This is likely because the pricing of new aircraft sale-leasebacks is highly competitive and it makes more sense for AerCap to buy back its shares than to undertake low-margin transactions.

Top 12 Sellers by Value – Sale Leasebacks on Delivery

2024			2025		
Aircraft Manager	Units	Value (\$MN)	Aircraft Manager	Units	Value (\$MN)
IndiGo	39	2,285	Wizz Air	41	2,689
Wizz Air	30	1,920	China Southern Airlines	38	2,403
Air India	27	1,481	China Eastern Airlines	31	2,339
Frontier Airlines	23	1,472	United Airlines	31	1,768
United Airlines	22	1,451	Emirates	9	1,492
China Eastern Airlines	19	1,180	American Airlines	12	1,408
China Southern Airlines	16	890	IndiGo	21	1,320
Air France	7	737	Turkish Airlines	7	1,056
Cebu Pacific	8	655	Air France	7	910
Volaris	10	622	Frontier Airlines	12	787
Turkish Airlines	5	600	Air India	14	784
Porter Airlines	14	535	Volaris	13	776

Unsurprisingly, all the major sellers in this market are airlines. The airlines that participate in this market are geographically diverse with operators from the Americas, Asia, the Middle East and Europe. Most are very large network carriers that use leasing as part of their overall financing strategy (United, American, Air India, China Eastern, China Southern, Emirates, Air France, Turkish Airlines). The other main group is smaller but fast-growing low-cost airlines that use leasing as their main source of finance (Frontier, Volaris, Indigo, Wizz).

Top 12 Buyers by Value – Used Aircraft

2024				2025			
Aircraft Manager	Units	Value (\$MN)	Av. Age	Aircraft Manager	Units	Value (\$MN)	Av. Age
BBAM	63	2,469	6.3	Avolon	116	4,815	6.1
CCB Fin. Leasing	32	1,341	6.5	DAE Capital	73	2,750	5.9
DAE Capital	28	1,121	5.9	ORIX Aviation	51	1,941	6.7
ORIX Aviation	32	1,098	7.9	Castlelake	76	1,879	11.5
Aero Cap. Solutions	67	1,056	16.5	BBAM	27	1,518	3.2
Macquarie	23	1,014	5.4	Aero Cap. Solutions	87	1,396	16.5
SMBC Aviation Cap.	16	990	2.6	CCB Fin. Leasing	22	1,358	4.0
SPDB Fin. Leasing	31	907	6.8	SMBC Aviation Cap.	21	1,204	3.0
Castlelake	37	870	11.9	Aviation Capital Group	22	1,118	4.8
Aircastle	31	794	9.6	Altavair	14	1,029	9.5
FTAI Aviation	63	767	17.8	Aircastle	42	935	11.8
ABC Fin. Leasing	18	734	3.8	AviLease	18	884	4.5

All the top 12 buyers in the used aircraft market are lessors or asset managers, and most transactions are sales subject to lease or sale-leasebacks of used aircraft. We have included the average age by value of aircraft acquired in this analysis because it helps to understand the strategies of the different participants.

Most of the lessors buying younger aircraft (ABC, Aviation Capital Group, Avilease, Avolon, CCB, DAE Capital, Macquarie, SMBC, SPDB) are seeking to grow their balance sheets and cannot access enough direct purchases from the aircraft manufacturers or sale-leasebacks to meet their targets. Aircastle does not fit this model as it has a particular focus on what it describes as the secondary market, although it is institutionally owned and has an investment-grade credit rating.

The asset managers (Aero Capital Solutions, Altavair, BBAM, Castlelake, ORIX) include most of the buyers of older aircraft but there are some that buy younger equipment. These differences reflect the investor base that they are serving, with BBAM and ORIX having important franchises in the Japanese investor market which is more tax-motivated and tends to prefer the perceived lower risk associated with younger aircraft. Aero Capital Solutions, Altavair and Castlelake raise finance through investment funds which are either dedicated aircraft funds or diversified funds that include aircraft. In all cases investment strategies are IRR-driven so the higher yields available on older aircraft make these attractive assets.

FTAI describes itself as “an integrated full-service provider of aftermarket power and maintenance for the most widely used commercial jet engines”. Its primary business focus is the leasing and maintenance of CFM-56 and V2500 engines, but it is also a heavy buyer of aircraft to provide feedstock for its these activities. In terms of the classification, we are using here it is probably best considered as an asset manager as its aircraft are held in the FTAI SCI I fund.

Top 12 Sellers by Value – Used Aircraft

2024				2025			
Aircraft Manager	Units	Value (\$MN)	Av. Age	Aircraft Manager	Units	Value (\$MN)	Av. Age
Air Lease Corp.	64	1,978	8.3	Castlelake	132	5,095	6.6
Avolon	43	1,614	7.0	Avolon	77	3,079	6.6
Aviation Capital Group	56	1,542	8.3	DAE Capital	114	2,250	11.2
AerCap	64	1,414	9.6	Aviation Capital Group	57	1,571	10.3
British Airways	13	1,174	0.3	AerCap	76	1,531	12.5
Southwest Airlines	36	957	10.6	CALC	37	1,473	3.3
ALAFCO	19	866	5.8	Air Lease Corp.	40	1,394	8.3
ORIX Aviation	23	781	8.5	SMBC Aviation Cap.	40	1,310	10.5
SMBC Aviation Cap.	27	767	10.4	ORIX Aviation	38	1,162	9.1
BOC Aviation	26	760	9.6	Vmo Aircraft Leasing	22	1,136	7.3
CALC	22	736	5.1	SKY Leasing	25	1,074	5.3
Carlyle	30	729	14.2	BOC Aviation	29	999	7.3

Most of the large sellers of used aircraft are lessors who generally acquire new aircraft and conduct these sales to generate trading profits and manage their portfolios (AerCap, Air Lease, Aviation Capital Group, Avolon, BOC, CALC, DAE Capital, SMBC). The other lessors that feature in these rankings (ALAFCO, SKY, Vmo) are less frequent traders and their sales activity was driven by one-off events.

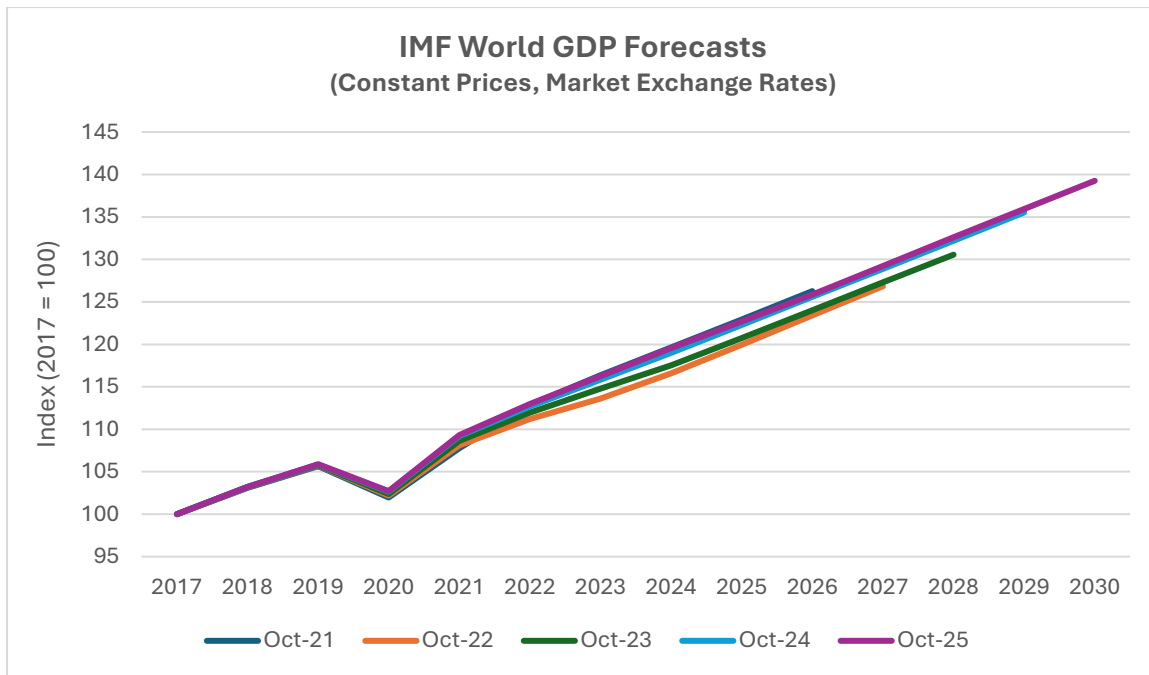
ORIX is the only asset manager that features in both the 2024 and 2025 rankings. This is likely because part of their business model is to buy aircraft for their own account and then sell on to investors rather than act as an arranger. Other asset managers do sell aircraft on behalf of investors as part of their normal course of business, but the aircraft are generally old and low value - Carlyle appears in the 2024 rankings because it had an unusually busy year. Castlelake's large sales volume in 2025 was the result of a one-off transaction involving the sale of a relatively young aircraft portfolio to Avolon.

Two airlines, British Airways and Southwest, feature in the 2024 rankings because they undertook significant sale-leasebacks of used aircraft. These transactions by airlines tend to be one-off events unlike sale-leasebacks of new aircraft which are conducted on a more regular basis.

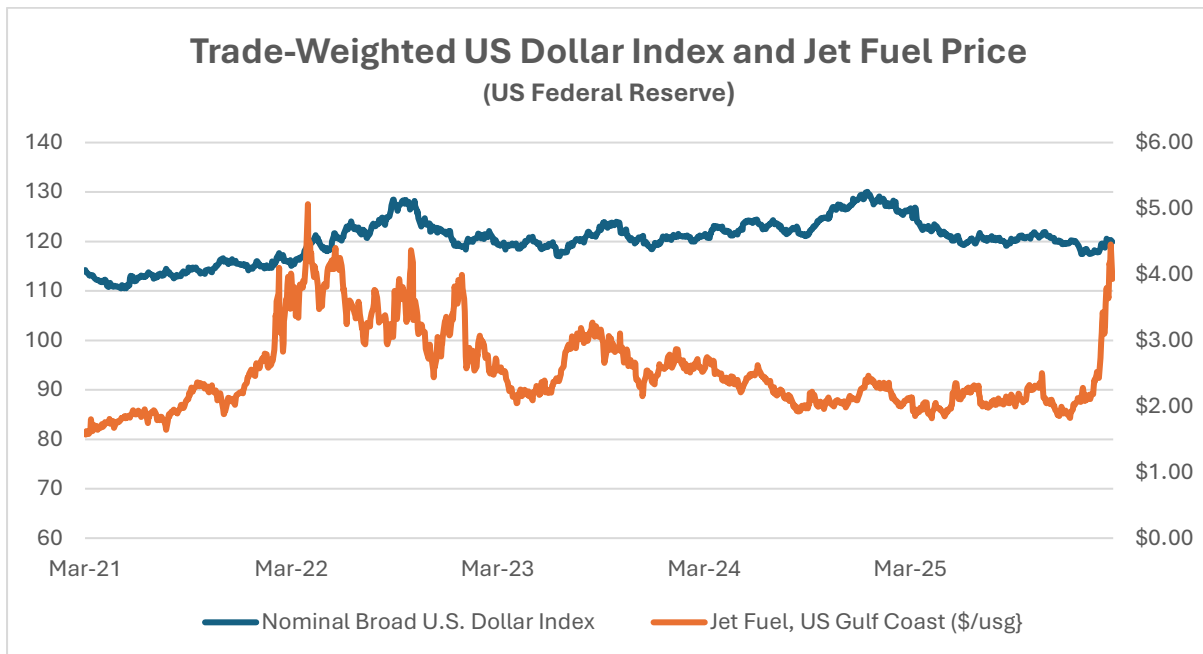
Regular Topics

Macro-Economic Background

The IMF's latest update to its World Economic Outlook, published in January 2026, was reasonably positive (strapline - "Steady amid Divergent Forces"). The next full forecast will be published in April and will have to consider the impact of war in the Middle East on the global economy. It seems unlikely that the result will be a radical reduction in forecast growth. The chart below compares the combined history and forecast published each October from 2021 and it is striking that even the pandemic lockdowns only had a modest and temporary effect.



Economic growth is a key driver of long-term growth of air travel. However, since early 2020 its impact has been overshadowed by the fall and recovery in traffic associated with the pandemic. In time the influence of overall economic conditions on air travel is likely to reassert itself, but industry forecasts published by Airbus, Boeing and IATA assume much higher rates of traffic growth than GDP growth over the rest of the 2020s as the former catches up to its long-term trend (see our Q1 2024 Industry Update for a more detailed discussion).

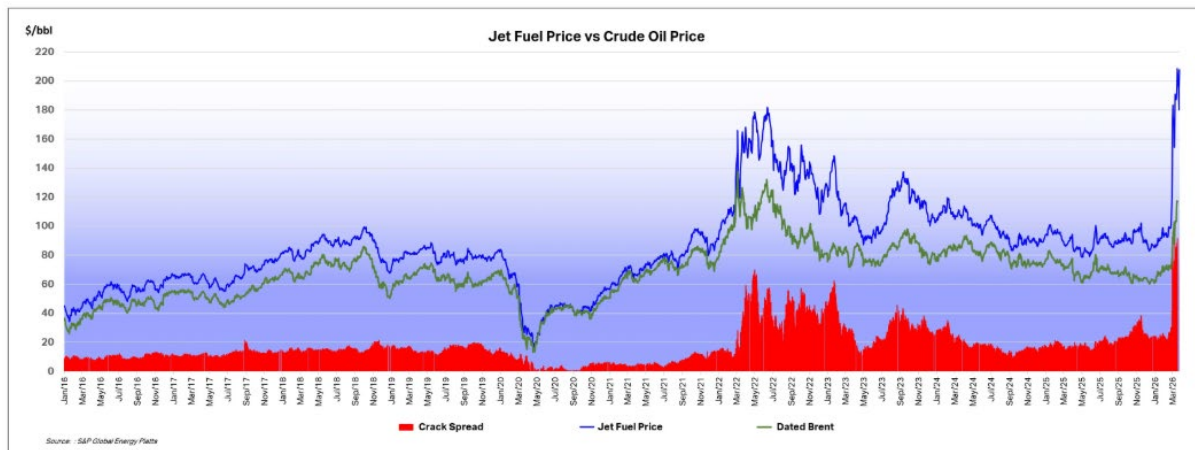


The US Dollar remains much weaker than in early 2025, which helps airlines outside the US for dollar-denominated costs such as fuel, aircraft rents and aircraft spares. However, the war has had a dramatic and unfavourable impact on the cost of jet fuel which has more than doubled. This will put airlines without a fuel hedging programme in immediate difficulty and will have an adverse effect on the rest if this situation persists.

Jet fuel has increased by much more than the price of crude oil as the “crack spread” has widened to extreme levels compared to history and has been high ever since the Russian invasion of Ukraine. We have no expertise in the jet fuel market, but the following extract from IATA’s Global Outlook for Air Transport (December 2025) provides some level of explanation for the situation prior to 2026, and we can only assume that the factors identified as driving the level of the “crack spread” have intensified.

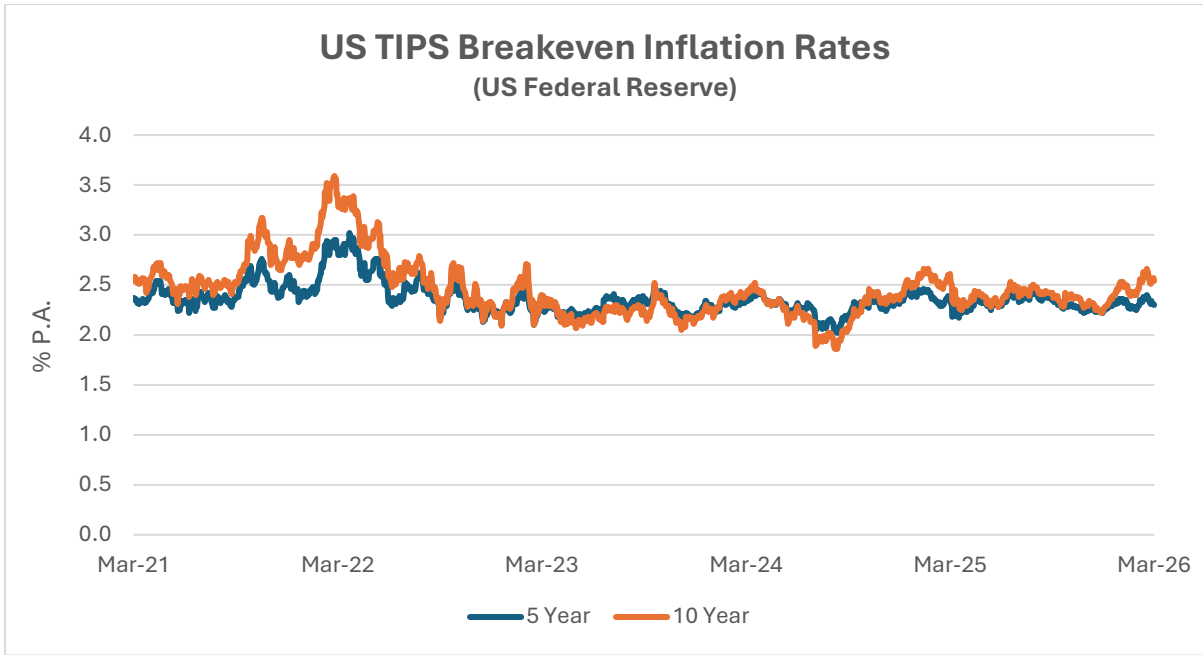
“...the crack spread, is a function not only of the price of Brent, but also of competition for production space at the refineries.

Demand for jet fuel is projected to grow by nearly 4% in 2025 and 3% in 2026. Nevertheless, jet fuel represents a mere 9% of total global refined output and is not a priority for refineries. Instead, refineries optimize their product mix by prioritizing the production of other refined products, notably diesel and gasoline, due to higher demand and profit margins. Diesel production, in turn, competes with (non-refined) LNG (liquefied natural gas) and its price developments. These factors, along with strong freight activity, seasonal heating demand, and a significant decrease in Russian refinery activity, have tightened middle distillate balances.”

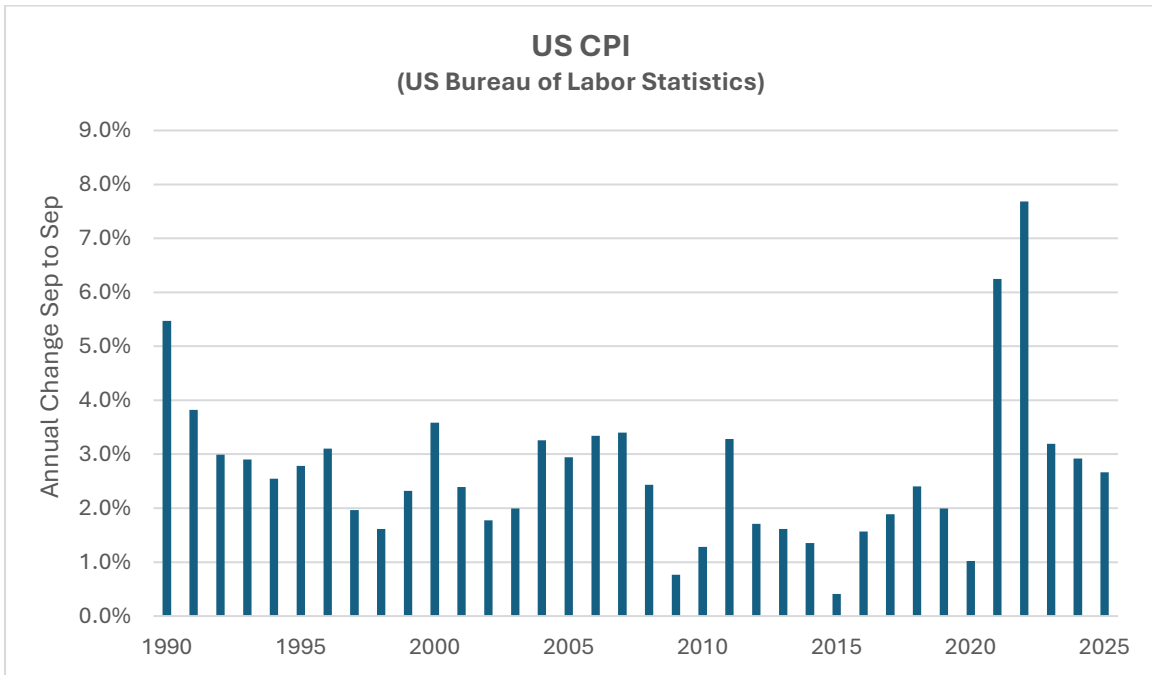


Another indicator that is potentially important to aircraft investors is the breakeven inflation rate on US Treasury Inflation-Protected Securities (TIPS). This indicator measures inflation expectations and it matters because used aircraft values are strongly influenced by the cost of new aircraft and over time this cost is linked to US Dollar inflation. In the short term this linkage is driven by escalation clauses in aircraft purchase contracts and in the long term by the general input cost environment for the aircraft manufacturers. The chart below compares the breakeven rate for 10-year and 5-year TIPS.

It is striking that the chart shows a very subdued reaction to war in the Middle East compared to the Russian invasion of Ukraine in 2022, and this is echoed in the relatively small sell-off in global equity markets since February 28th. This suggests that investors are expecting an early resolution to the latest conflict despite widespread concerns about its economic impact.

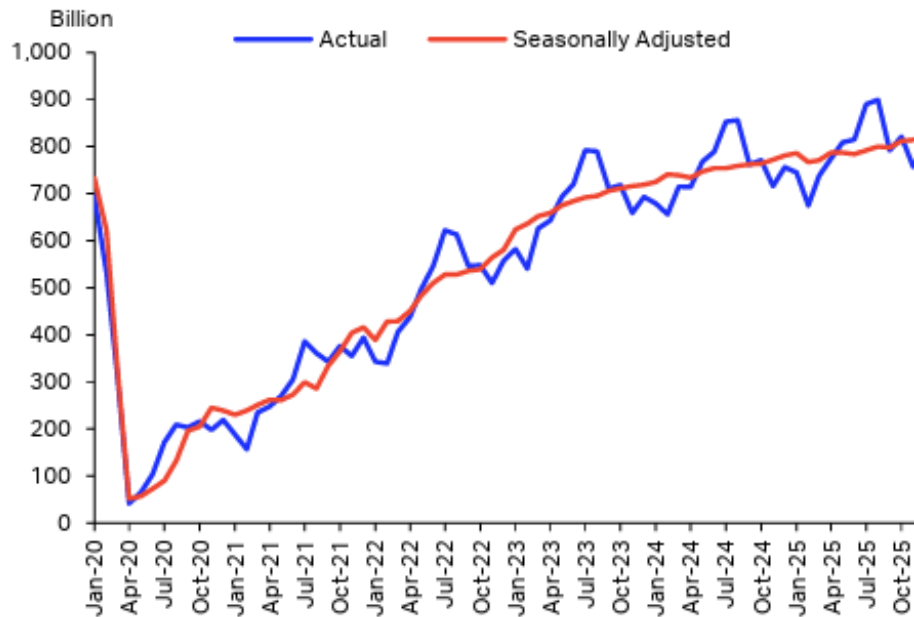


Although medium or long-term inflation expectations have never gone higher than 3.5%, actual inflation experience has been much higher in the last few years. This has led to higher appraised values for new aircraft and our independent research suggests that this reflects a significant increase in the cost of new aircraft.



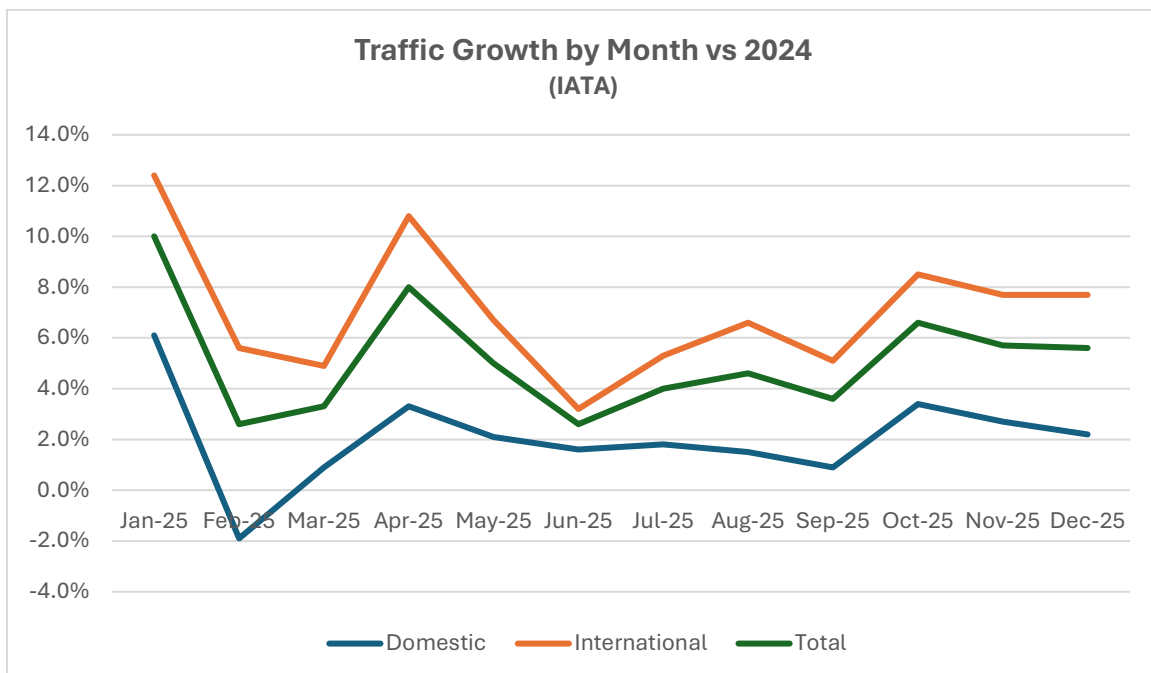
Traffic and Aircraft Demand

Monthly Aggregate Industry RPKs



Source: IATA Sustainability and Economics, IATA Information and Data - Monthly Statistics

Although 2024 saw traffic recover strongly to above pre-pandemic levels, after a very strong start traffic growth weakened in 2025 although RPKsⁱⁱⁱ overall were up 5.3% and a slightly lower increase in ASKs^{iv} allowed for a modest improvement in load factor.



The key growth driver in 2025 has been international traffic in Asia-Pacific which previously lagged other markets in its post-pandemic recovery. This was significantly offset by weakness in both domestic and international North American traffic where volatile economic policy in the US appears to have had a negative impact on consumer confidence.

2025 growth has been below industry expectations and as a result commentators such as IATA have lowered their growth forecasts for 2026. Traffic growth relative to global GDP is well below historic levels and it remains to be seen if this is temporary or permanent.

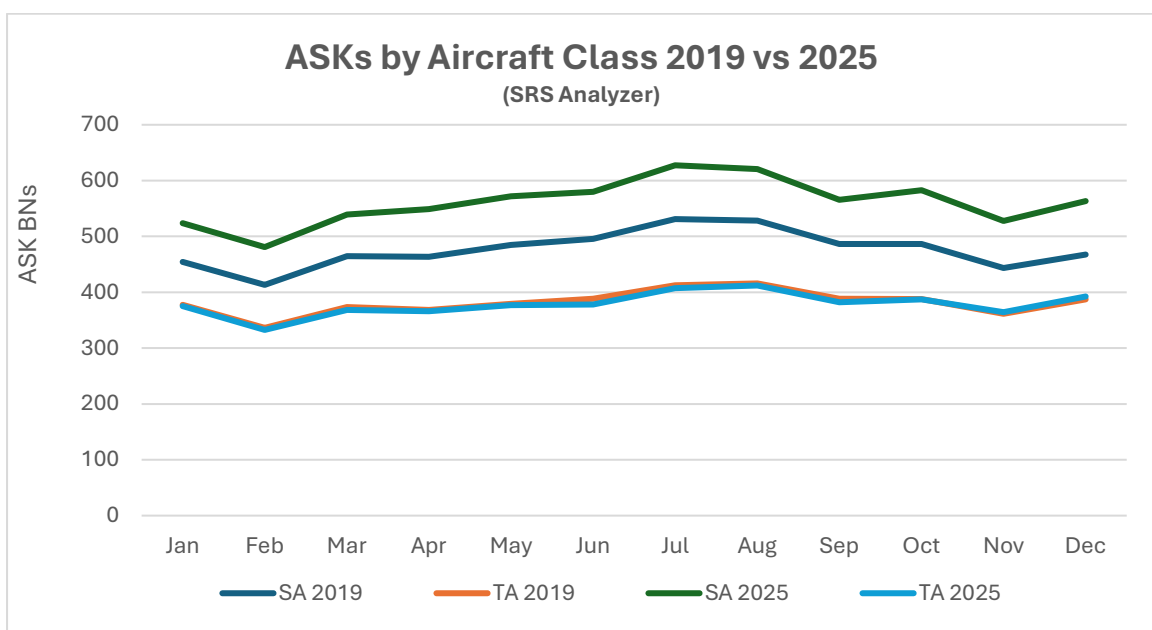
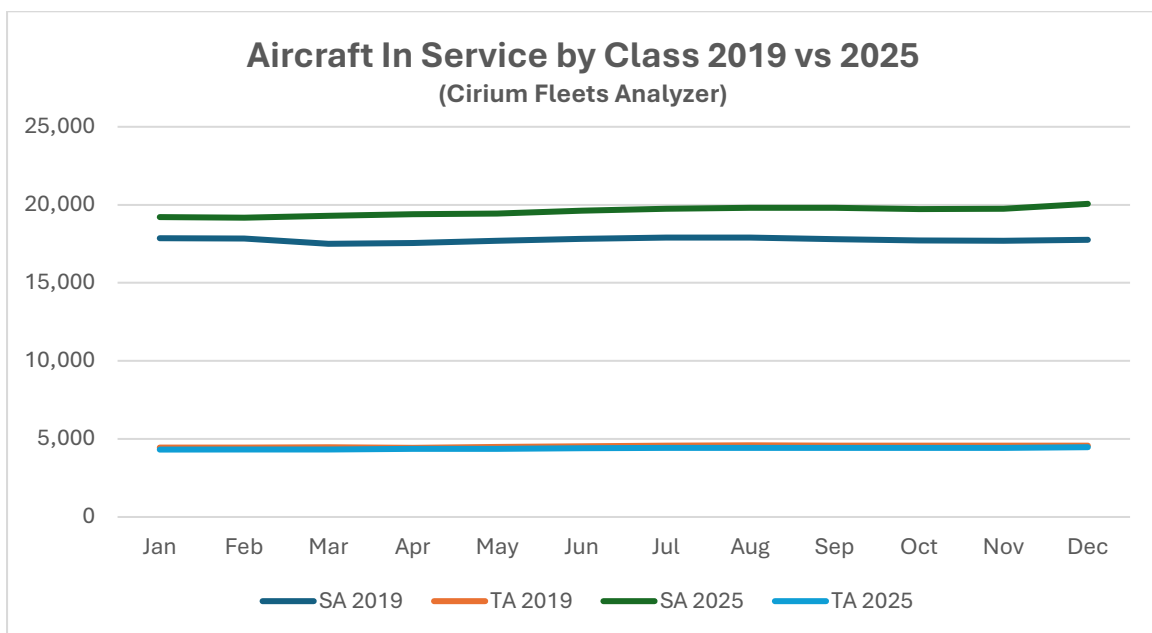
Total Market 2025 vs 2024 – IATA Data (all figures in %)			
	Year to December 2025 vs Year to December 2024		
	RPK Change	Load Factor Change	Load Factor Level (2025)
World	5.3	0.1	83.6
Africa	9.4	0.7	75.3
Asia-Pacific	7.8	1.0	84.2
Europe	5.3	0.1	84.8
Latin America	7.0	-0.4	83.4
Middle East	6.8	0.7	81.5
North America	0.4	-1.3	82.9
Total Domestic	2.4	-0.1	83.7
Total International	7.1	0.2	83.5

International Markets 2025 vs 2024 – IATA Data (all figures in %)			
	Year to December 2025 vs Year to December 2024		
	RPK Change	Load Factor Change	Load Factor Level (2025)
World	7.1	0.2	83.5
Africa	7.8	0.9	74.9
Asia-Pacific	10.9	0.5	84.4
Europe	6.0	0.1	84.1
Latin America	8.6	-1.2	83.6
Middle East	6.7	0.7	81.6
North America	2.1	-0.2	83.9

Select Domestic Markets 2025 vs 2024 – IATA Data (all figures in %)			
	Year to December 2025 vs Year to December 2024		
	RPK Change	Load Factor Change	Load Factor Level (2025)
World	2.4	-0.1	83.7
Australia	2.2	0.0	81.2
Brazil	11.1	1.4	83.3
China	4.7	1.6	84.2
India	5.2	-1.2	85.2
Japan	4.8	3.4	81.4
US	-0.6	-1.9	82.1

Although some short-haul aircraft serve international routes nearly all long-haul aircraft do so, and this is reflected in the relative demand for single-aisle (narrowbody) and twin-aisle (widebody) aircraft. Aircraft demand can be measured in terms of aircraft in service and ASKs, the standard measure of aircraft capacity deployed by airlines which indicates how intensively aircraft are being flown. Single aisle aircraft demand on both metrics is higher so far in 2025 than in 2019 whereas twin-aisle aircraft are in line.

The softer recovery for twin-aisle aircraft is mainly due to weak traffic to and from, and within the Asia-Pacific region. The figures by region in the tables above are based on airline domicile, so weak Europe to Asia traffic reduces recorded international RPKs in other regions. This effect is accompanied by a slow long-term increase in single-aisle aircrafts' share of global airline capacity at the expense of twin-aisle aircraft, which is caused by better operator economics and an increase in the number of markets where single-aisle aircraft can be deployed because of the greater range of new technology aircraft such as the A320 Neo and the B737 Max.



New Aircraft Supply

Airbus Deliveries		Full Year						
Aircraft Family	2018	2019	2020	2021	2022	2023	2024	2025
A220	20	48	38	50	53	68	75	93
A320	626	642	446	483	516	571	602	607
A330	49	53	19	18	32	32	32	36
A350	93	112	59	55	60	64	57	57
A380	12	8	4	5	-	-	-	-
Total	800	863	566	611	661	735	766	793

Airbus delivered 27 (3.5%) more aircraft in 2025 than in 2024, less than its original guidance of 820, and continues to suffer from supply chain constraints. The biggest problems relate to engines and in February the Airbus CEO publicly criticised P&W for prioritising spare engines to support the existing fleet over deliveries to support new aircraft production. There have also been problems with airframe panels. Guidance for 2026 is 870 deliveries.

Aircraft Family	Current Announced Monthly Rate ^v	Actual 2025 Monthly Rate	Target Rate	Target Timeframe
A220	8	7.8	13	2028
A320	50	52.3	70 to 75	YE 2027
A330	3	3.0	5	2029
A350	6	4.8	12	2028

There has been no change in Airbus's medium-term production plans apart from a drop in the Airbus increased its target monthly rate for the A220 from 12 to 13 but with the higher figure kicking in in 2028 rather than 2026. More significantly the A320 Neo family target was "hedged" somewhat by changing from 75 per month in 2027 to 70 to 75 per month by the end on 2027 (the current production figures in the table above include some external estimates as well as official Airbus guidance).

Boeing Deliveries		Full Year						
Aircraft Family	2018	2019	2020	2021	2022	2023	2024	2025
B737	580	127	43	263	387	396	265	447
B747	6	7	5	7	5	1	-	-
B767	27	43	30	32	33	32	18	30
B777	48	45	26	24	24	26	14	35
B787	145	158	53	14	31	73	51	88
Total	806	380	157	340	480	528	348	600

Boeing's deliveries increased significantly year-on-year across all aircraft programs. Also, there is a lot more clarity around actual production rates, so we have stopped estimating production rates adjusted for movements in inventory. Boeing achieved its initial target production rate of 38 per month for the B737 by June and subsequently achieved a further increase to 42. At the end of 2025 undelivered inventory consisted of 35 -7 and -10 variants awaiting certification in 2026. Further increases in the B737 production rate are subject to additional FAA approvals and

Boeing have not provided a definite timeframe for when they will occur, but management has said they expect future increases to come in increments of 5 aircraft per month.

Boeing achieved its objective to increase production of the B787 from 5 to 7 by the end of 2025 and plans a further increase to 10 in 2026. By the end of 2025 production was increasing to 8 per month and inventory had reduced to 5 aircraft.

In contrast to these successes planned entry into service for the B777-9 was again deferred, this time from 2026 to 2027.

Aircraft Family	Current Announced Monthly Rate	Actual 2025 Monthly Rate	Target Rate	Target Timeframe
B737	42	37.3	42	2025
B767	3	2.5	3	-
B777	3	3.0	4	2027
B787	7	7.3	10	2026

Despite the B777X, 2025 has seen Boeing make substantial progress in fixing its problems and it has regained its traditional lead in the twin-aisle market even if one doesn't include non-passenger deliveries. Barring unforeseen events Boeing should deliver over 600 passenger aircraft in 2026.

Other Jet Deliveries	Full Year							
Aircraft Type	2018	2019	2020	2021	2022	2023	2024	2025
C909/ARJ 21	6	12	23	21	34	22	34	25
C919	-	-	-	-	1	3	13	16
CRJ 700/900/1000	20	26	17	3	-	-	-	-
E-Jet/ E-Jet E2	90	89	46	48	56	62	73	79
Superjet 100	28	6	18	26	8	4	2	1
Total	144	133	104	98	99	91	122	121

The number of deliveries by other aircraft manufacturers was roughly the same in 2025 as in 2024, with an increase in deliveries by Embraer offset by a fall for COMAC. Cirium has reported informal guidance that COMAC had planned to deliver 30 C919s in 2025 compared to 13 in 2024 but the actual number was only 16.

Airline Industry Financial Performance

The increase in the cost of jet fuel and traffic disruption caused by war in the Middle East are obvious short-term challenges for the airline industry and as of our date of publication it is not possible to know if and when they will abate. We are sticking to our normal topics for discussion in this area as we don't have any special knowledge of the near future, but financial markets performance suggests that there will not be a long-term disruption to the world economy (see above).

IATA released a new airline industry financial forecast in December 2025 as part of its semi-annual Global Outlook for Air Transport. The table below compares key metric estimates for 2025 with IATA's forecast published in December 2024 and its new forecast for 2026.

Forecast Date	December 2024	December 2025	December 2025
Forecast Period	2025 (Forecast)	2025 (Estimate)	2026 (Forecast)
RPKs (BN)	9,814	9,505	9,971
RPK Growth	8.0%	5.2%	4.9%
Passenger Load Factor	83.4%	83.7%	83.8%
Airline Industry Revenue (\$BN)	1,007	1,008	1,053
Change in Passenger Total Yield	-3.4%	-0.9%	-0.1%
Jet Fuel Price \$/b	87	90	88
EBITDAR (\$BN)	177.7	161.9	173.5
EBITDAR Margin	17.6%	16.1%	16.5%
Net Profit (\$BN)	36.6	39.5	41.0
Net Profit Margin	3.6%	3.9%	3.9%

We should start this discussion by noting that 2025 marks the first year when the airlines “officially” became a trillion-dollar industry, although they might in fact have got there a year earlier as IATA’s figures do not cover all industry participants – a milestone, nonetheless.

The key difference between the 2025 forecast and the estimated outcome for the year is that traffic growth was lower than expected (see more detailed discussion above). However, this did not materially hurt profitability as load factors increased, unit revenues (passenger yield) held up better than expected and the cost of fuel was only slightly higher than forecast. One interpretation of these figures is that the low level of new aircraft deliveries has given the airlines a bit more pricing power than would normally be the case. The forecast for 2026 is essentially more of the same, which is a very solid performance by historical standards.

NYSE Arca Global Airline Index vs S&P Global 1200 Index

(Google Finance)



NYSE Arca Global ...	1,368.79	+249.06	↑ 22.24%
S&P Global 1200	4,835.70	+819.79	↑ 20.41% ×

It is not surprising that airline stocks have fallen significantly since February 28th but, as with the broader indices the market response to events has been short of apocalyptic. Certainly, the impact of the pandemic was much greater. The reason airlines had so much to “give back” relative to the broader market is that they were coming off a low base having sold off after several profit warnings in early 2025.

The two big airline failures in 2025 were Azul and Spirit Airlines. Azul’s bankruptcy is another example of how difficult it is to avoid this procedure if all one’s competitors have availed of it (GOL emerged from bankruptcy in June). Spirit has been the victim of a continuing adverse market for US low-cost airlines and its own failure to use its first bankruptcy to do more than just buy time (Spirit filed for bankruptcy in November 2024 and emerged from bankruptcy in March 2025). This time around management have said they plan to significantly shrink the airline to improve its future viability.

As expected, the number of small airlines failing increased in the second half of 2025 after running at an abnormally low level before then. The table below omits two very small airlines that were reported as failing, Bees Airlines of Romania (January) and RAVN Alaska (August). In neither case was it possible to identify any aircraft they operated as of year-end 2024. We obviously exclude any “virtual airlines^{vi}” that failed in 2025 on the same rationale.

Airline Failures in 2025 (various sources)				
Airline	Country	Month	Aircraft Types	# Aircraft ^{vii}
SKS Airways	Malaysia	January	DHC-6-300	2
Air Belgium	Belgium	April	A330-200, B747-8	4
Joy Air	China	April	B737-800, MA60	28
Cityjet	Ireland	May	CRJ-900	6
Azul	Brazil	May	A321-200F, A320 Neo, A321 Neo, A330-200, A330-300, A330-900, ATR-72-600, B737-400F, E195, E195-E2	193
VoePass	Brazil	June	ATR72-500	11
Spirit Airlines	US	August	A319-100, A320-200, A321-200, A320 Neo, A321 Neo	213
Braathens Int. Airways	Sweden	September	A319-100, A320-200	7
PLAY	Iceland	September	A320 Neo, A321 Neo, B737-800	10
Eastern Airways	UK	October	ATR72-600, E170, Jetstream 41	14
Lumiwings	Greece	October	E195	1
SmartLynx Airlines	Latvia	October	A320-200, A321-200	6
Blue Islands	Guernsey	November	ATR72-500	4
New Pacific Airlines	US	November	B757-200, DHC-8-100, DHC-8-300	9

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End Notes

ⁱ We use the following adjustments to filter Cirium's list of aircraft purchases:

- we exclude transactions where the owner does not change
- we exclude sale-leasebacks of new aircraft where the manager after the sale-leaseback is an airline – this approach captures situations where there is a new owner, but this party is a subsidiary of the airline
- where Cirium describes a transaction as a securitisation we exclude it unless our due diligence shows that it did involve a change of economic ownership.

ⁱⁱ A Japanese Operating Lease with Call Option (JOLCO) is a structured financing tool, primarily used in aviation and shipping, allowing lessees to finance 100% of an asset. It combines an operating lease from a Japanese Special Purpose Vehicle (SPV) with a pre-agreed option for the lessee to purchase the asset, offering tax benefits.

ⁱⁱⁱ RPKs is the acronym for revenue passenger kilometres, which is the product of the number of paying passengers times distance flown.

^{iv} ASKs is the acronym for available seat kilometres, which is the product of the number of available seats flown times distance flown.

^v Airbus normally quotes its production rates based on an 11.5-month year for single-aisle aircraft.

^{vi} A virtual airline is an airline that has outsourced as many possible operational and business functions as it can but still maintains effective control of its core business. The term is often used to describe travel companies and ticket agencies that market themselves as airlines, but do not possess an air operator's certificate and contract with one or more certificated operators to fly and maintain aircraft, often under an air charter or wet lease arrangement. Although operated by others from a regulatory standpoint, the aircraft may display the virtual airline's livery and may be owned or leased by that company.

^{vii} Fleet numbers are as of December 31st, 2024.