



المتحدة للأوراق المالية  
UNITED SECURITIES

## GCC Aviation sector

Trends that are taking flight

Sep 24, 2025



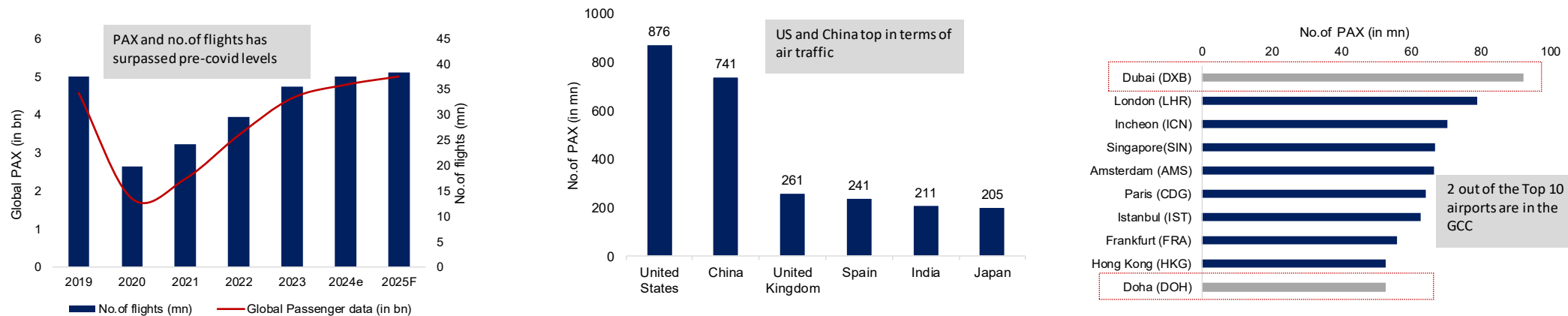
*The aviation industry is one of the most dynamic sectors that have a significant impact on the world economy, playing a vital role in international trade and tourism. In recent years, the industry has undergone significant transformation due to technological advancements, increased competition, and changes in passenger preferences. The emergence of low-cost carriers (LCC) has reshaped travel accessibility, making air transportation more affordable and widespread. We provide insights into global, regional trends, highlight how the GCC region outperforms its global peers, and offer a strategic perspective on listed companies in the GCC aviation sector...*

- Europe remained the largest market for international travel with a 46% share. The industry is witnessing faster growth in premium travel especially in Europe, Middle east and N.America. In the case of Middle East, it had the highest share of premium travelers, accounting for 14.7% of the total passengers in the region.
- IATA expects the global airline sector to maintain profit margins at around current levels (3-4%) in 2025, GCC operators have higher margins and are expected to beat global growth.
- The Middle East airline operators have higher margins and account for 11% of total global airline PAC market share, while Dubai retains the top spot as the busiest airport in the world.
- Flynas, a short-haul low-cost carrier, has joined the list of publicly traded companies in the GCC and now competes with two other players in the market. Air arabia has been a consistent player offering linear growth and stable margins. Jazeera airways has had a volatile past few years and is currently emerging stronger than before.

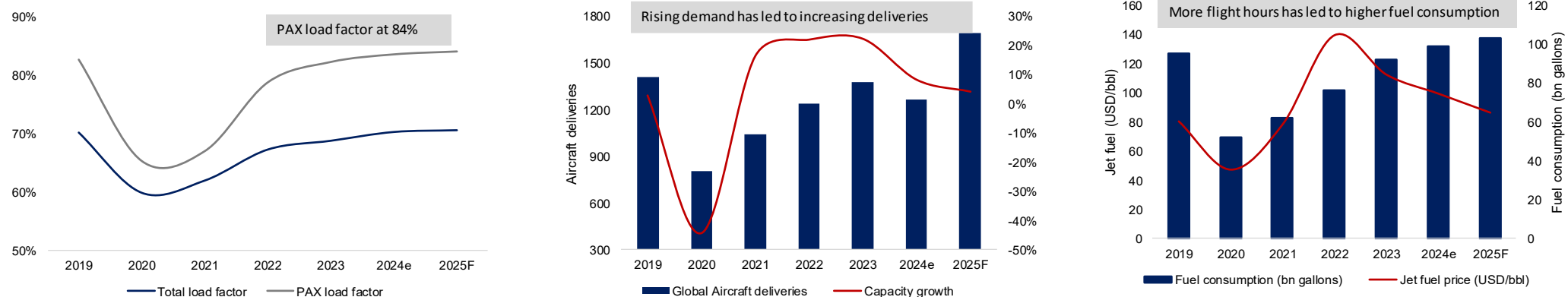
# Global trends remain positive...



## Global Passenger traffic is hitting new highs, US and China continue to dominate the trends, while Dubai retains top spot



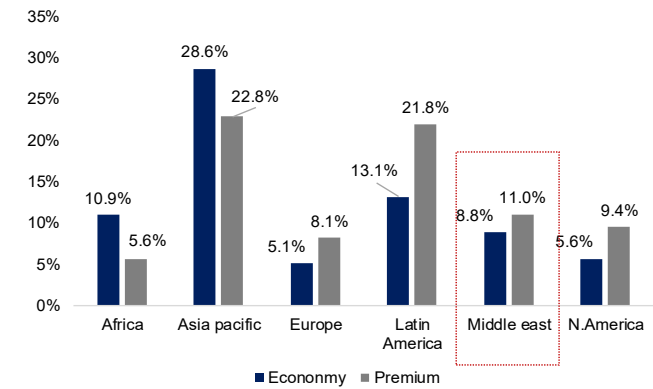
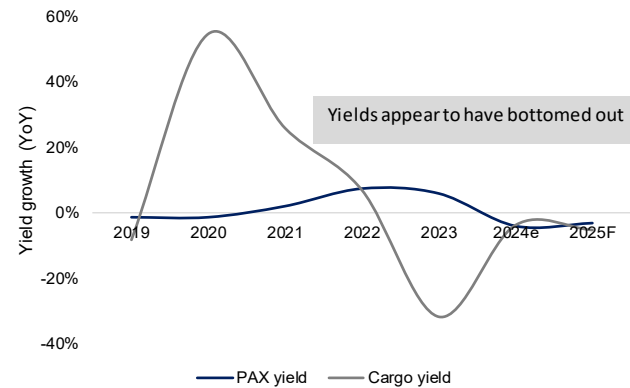
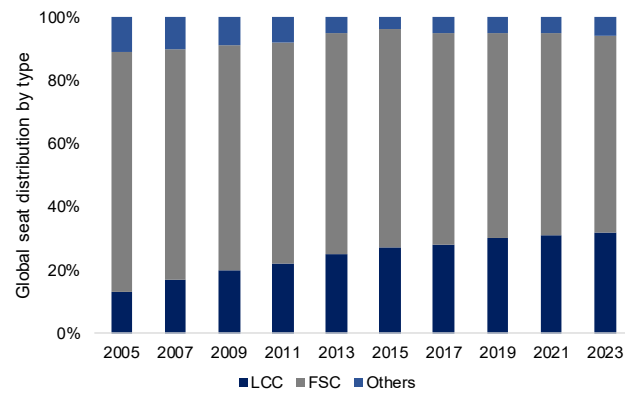
## Peak load factor, rising aircraft deliveries and increase in fuel consumption are clear evidences of structural demand in the industry



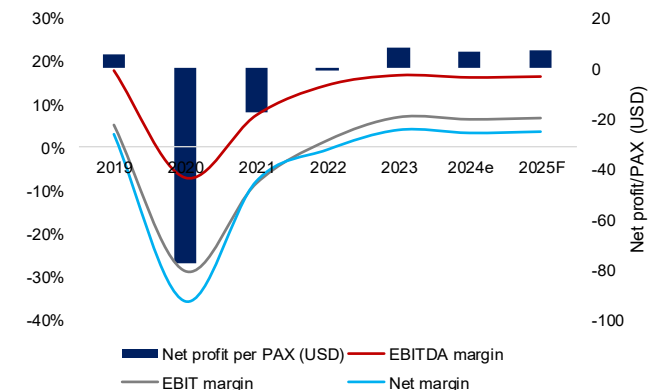
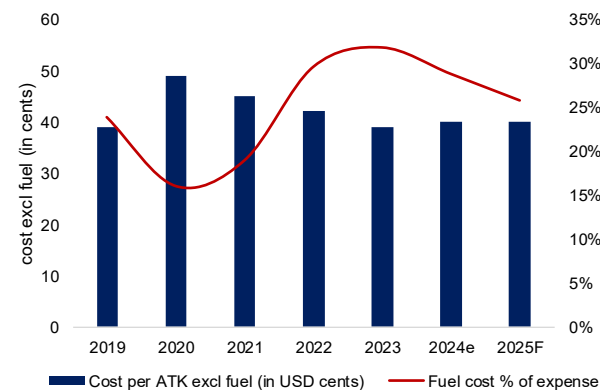
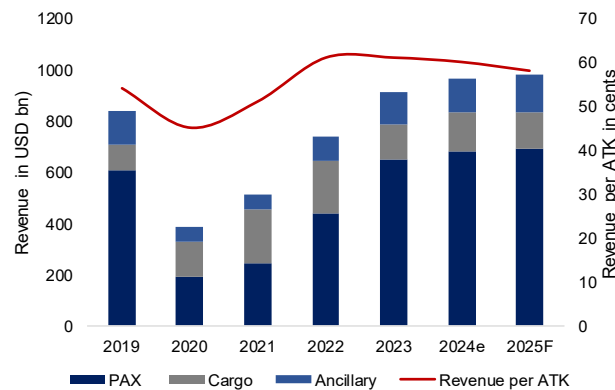


# New trends are emerging, profits remain steady ...

**Trends - faster growth in LCC compared to FSC, Yields have normalised post exponential surge in 2021-22, premium travel grows faster than economy in most regions**



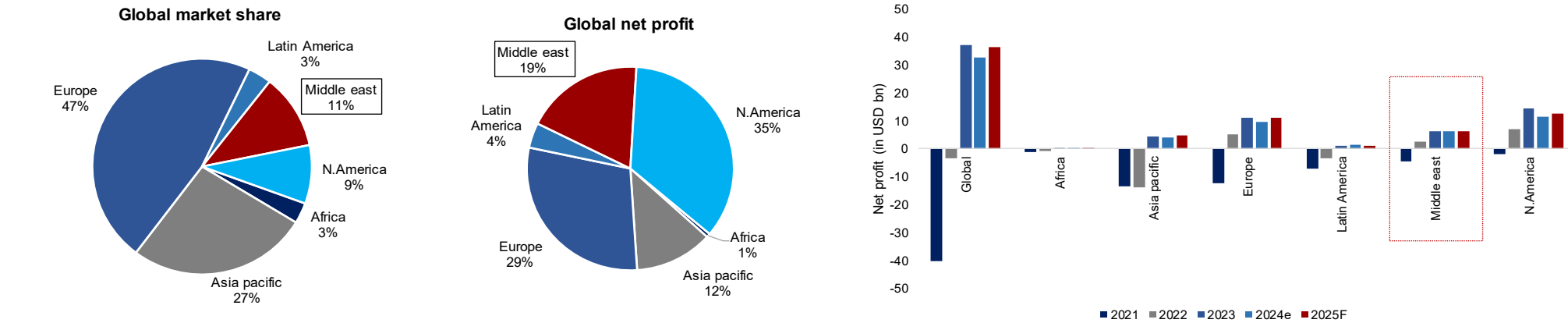
**Despite higher air traffic global airline revenue has stagnated due to lower yields and competition, cost is better managed resulting in steady margins and net profits**



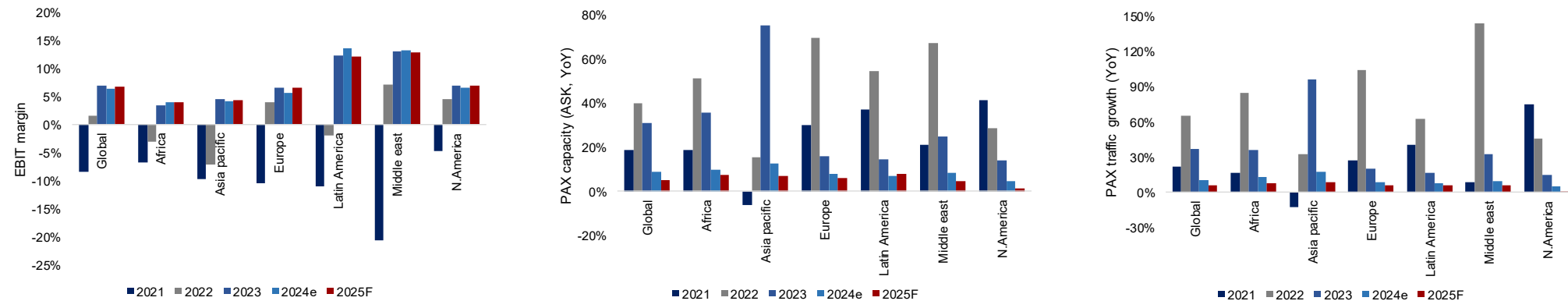


# Middle east airlines have scored above other regions ...

Middle east has a PAX market share of 11%, but contributes to 19% of the global airline profit due to higher margins



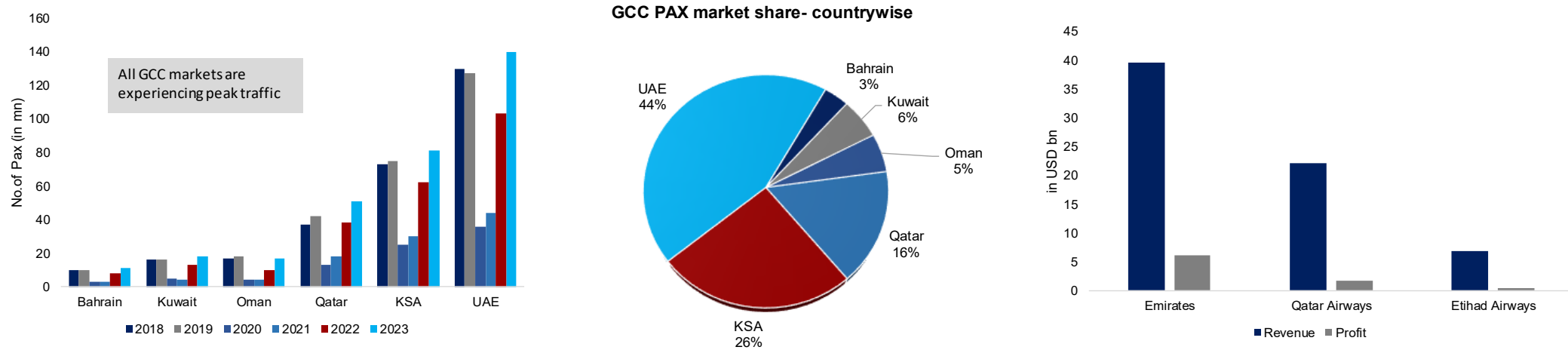
Margins have been the highest and remained steady for Middle east airline companies, capacity and traffic growth has normalised



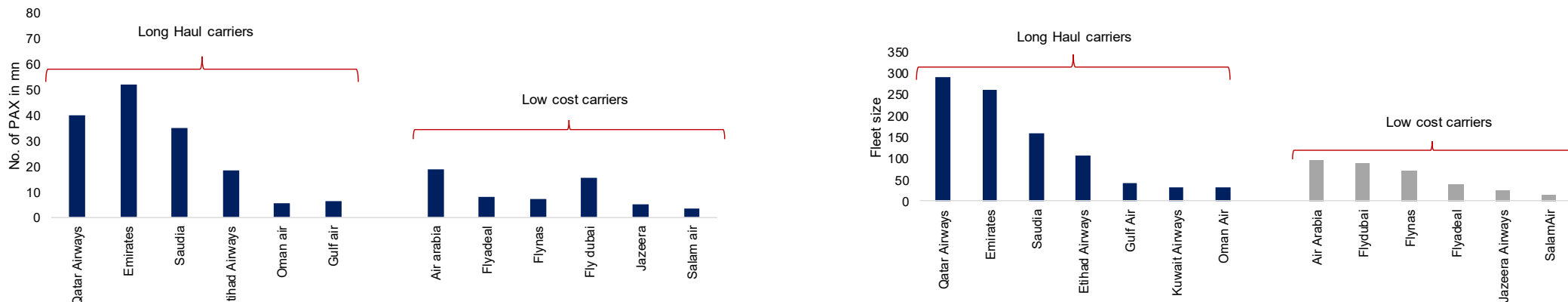


# GCC airline sector has been resilient despite challenges in the region...

GCC has witnessed huge investments to improve air traffic infrastructure, UAE and Saudi contribute 70% of the total traffic, record revenues in 2024



Emirates retains lead as the top airline in terms of PAX market share, while Qatar airways has the highest fleet size



**QATAR**  
AIRWAYS القطرية



**الإتحاد**  
**ETIHAD**  
**flydubai**

**AirArabia**  
العربية للطيران



**طيران أديل**  
**flyadeal**  
**flynas**  
طيران ناس

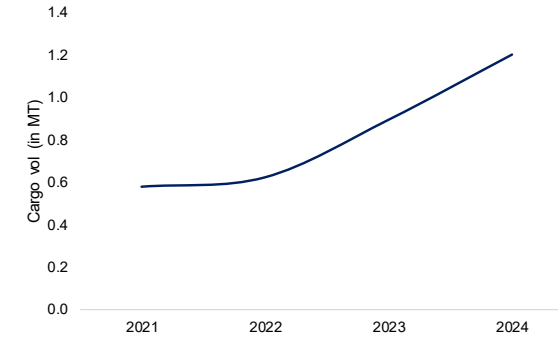
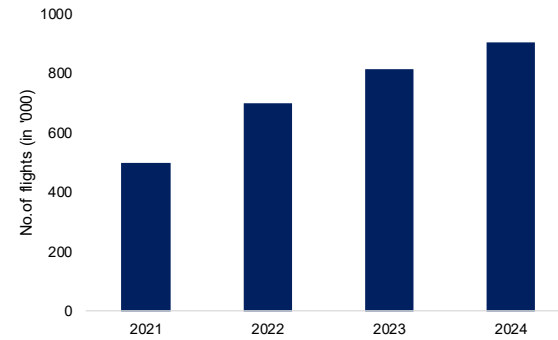
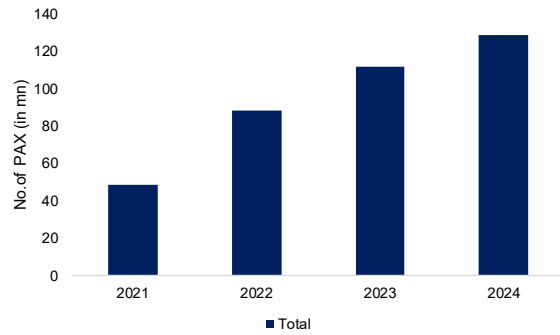
**الطيران العماني**  
**OMAN AIR**  
**السلام**  
**SalamAir**

**طيران الخليج**  
**GULF AIR**  
**الجزيرة**  
**Jazeera**

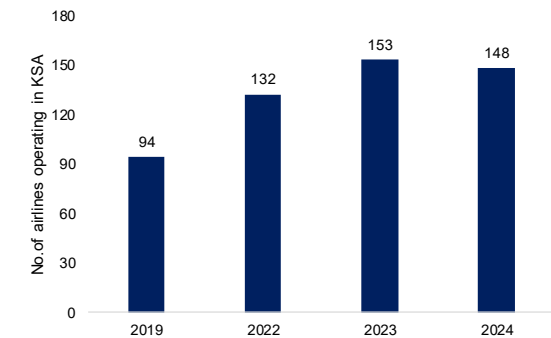
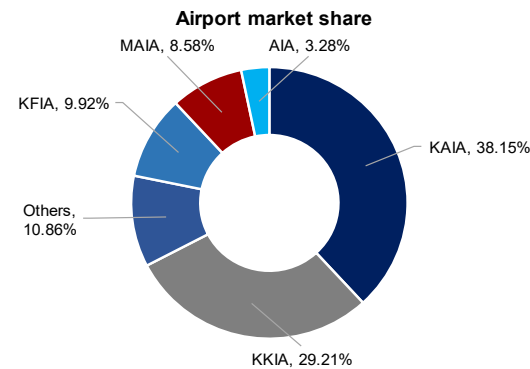
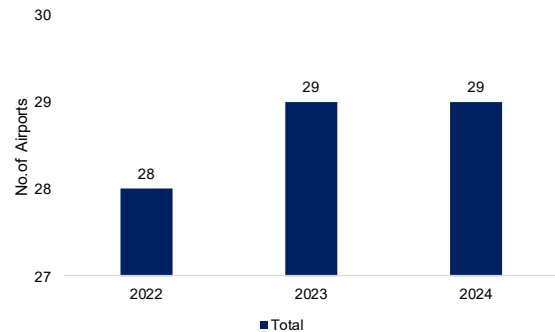


# Saudi air traffic to witness rapid growth over the next decade.....

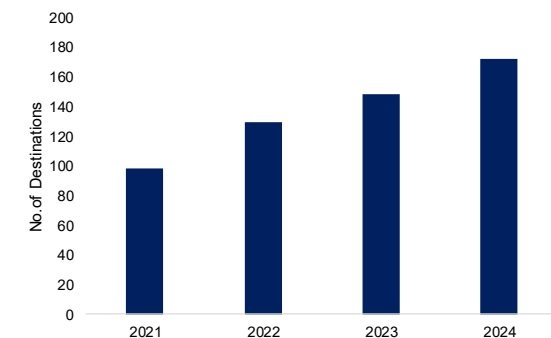
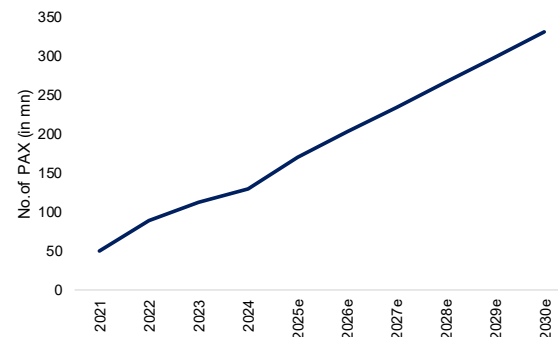
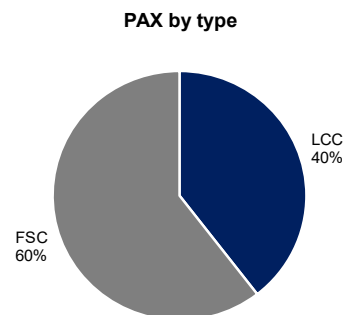
Saudi air traffic reaches record level of 128mn PAX in 2024 and on it way to reach a target of 300mn in 5-7years, rapid growth in cargo



Saudi has 29 airports, all of which are undergoing expansion and modernisation to accommodate the upcoming demand, more airlines to start operations



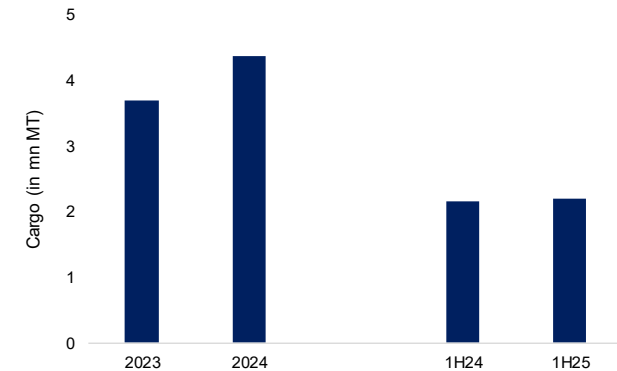
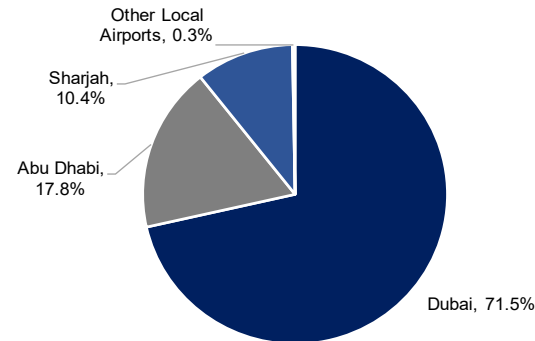
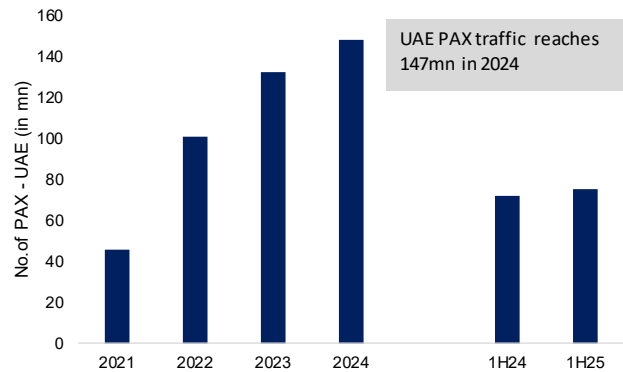
LCC seats are gaining more acceptance and market share has risen to 40%, outbound tourism has also increased over the past few years



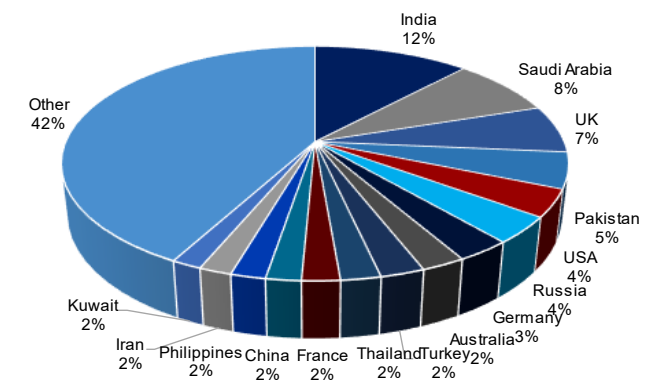
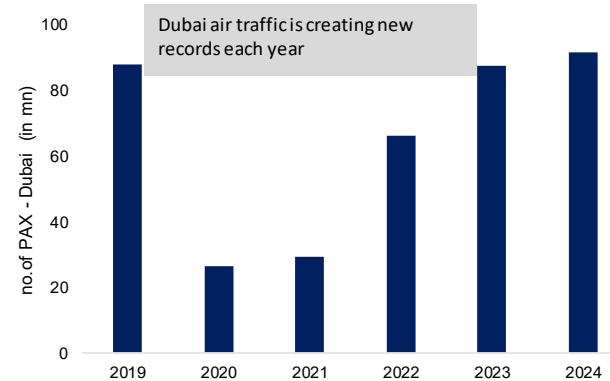
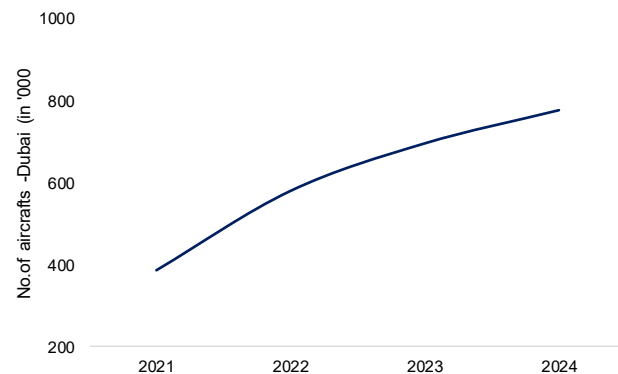


# UAE continues to dominate the skies in the middle east...

UAE air traffic hits a record of 147mn PAX in 2024 and expected to rise further, Dubai contributed the majority 71.5% of the traffic, cargo volumes are also rising



No. of aircrafts operating from Dubai rising to match the demand, India and Saudi are the top countries that fly to Dubai

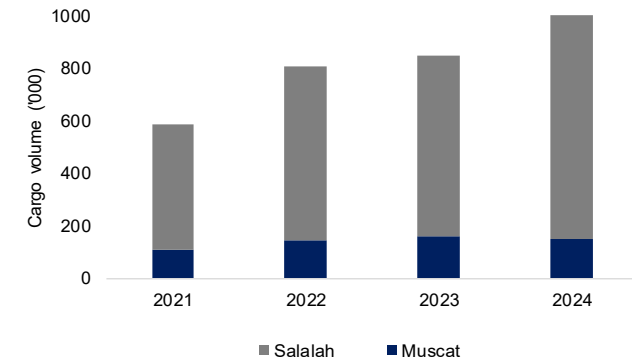
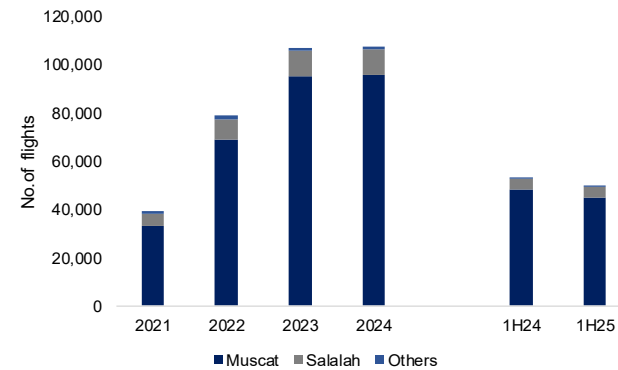
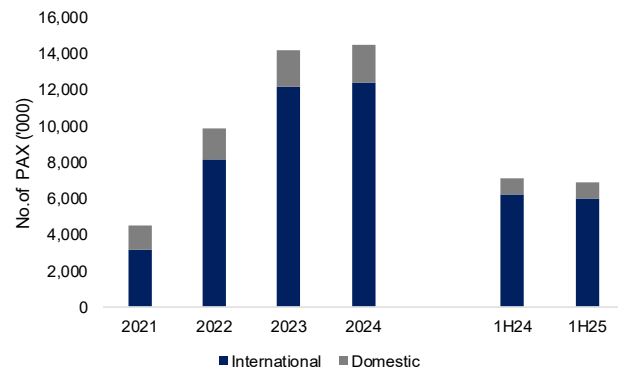




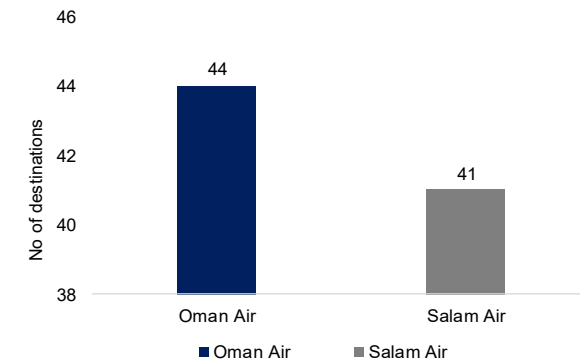
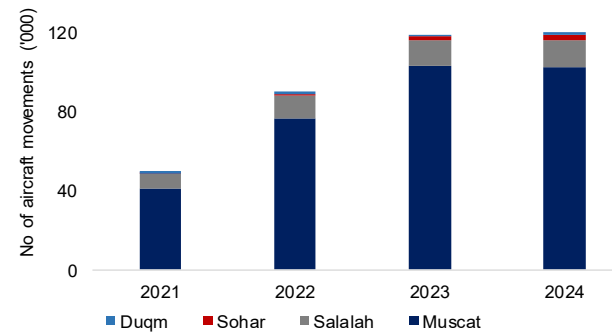
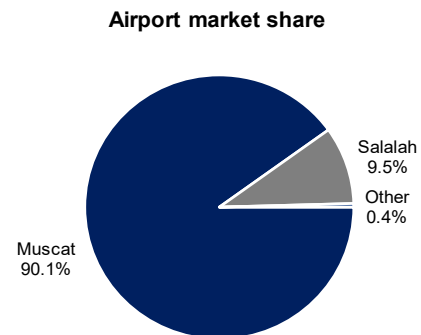
# Oman air traffic experience gradual growth, new LCC supports demand



Oman sees growth in both domestic and international travel, however 2025 numbers have been flattish, cargo volumes have improved especially in Salalah



Muscat dominates with 90% PAX traffic, Oman air is the lead carrier with complimenting operations from LCC carrier Salam Air





## Companies section

**AirArabia**  
العربية للطيران

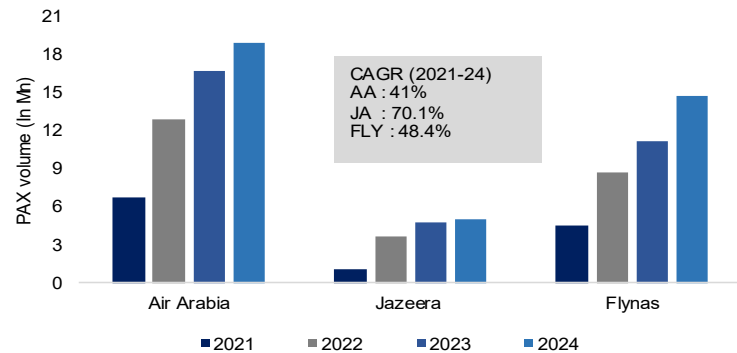


الجزيرة.  
**Jazeera.**

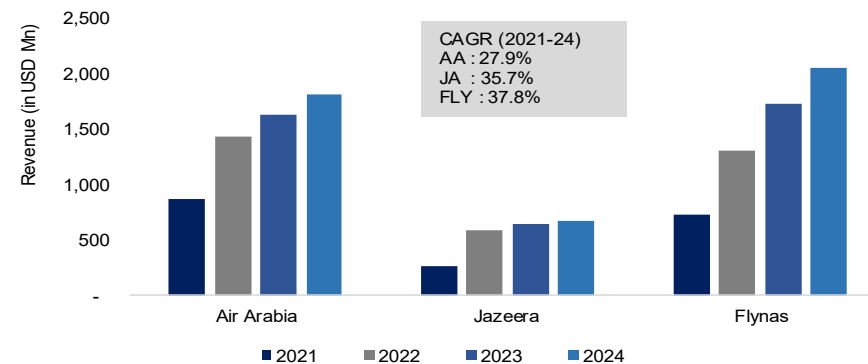


# Three listed players with differentiated offerings

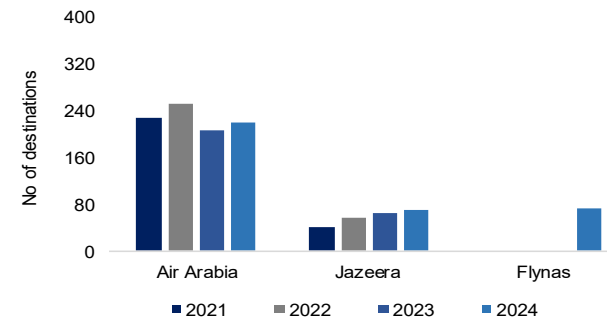
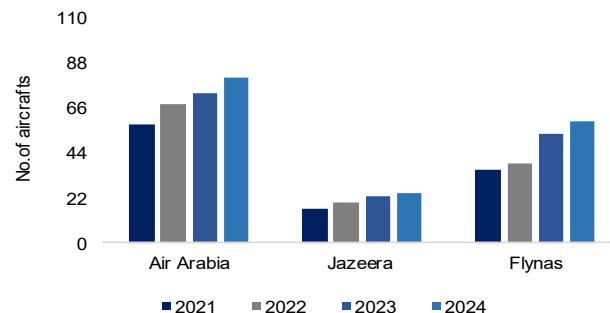
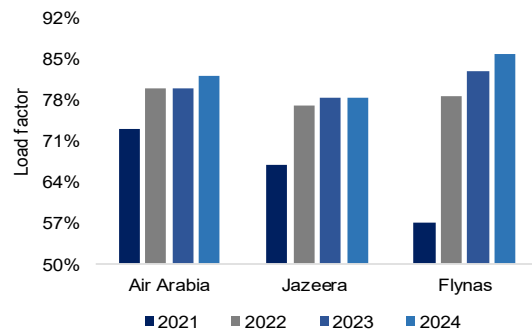
## Air Arabia leads, but Fly Nas a close second



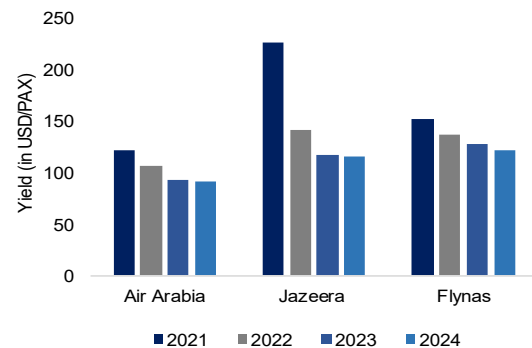
## PAX growth has translated into higher revenues



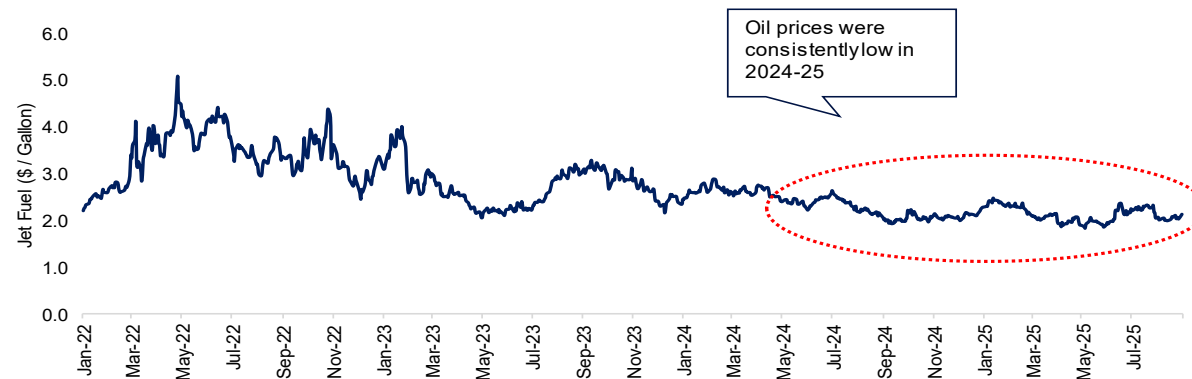
## Load factor has peaked on strong demand, resulting in aggressive fleet expansion and additional destinations



## ...while competition keeps yield low



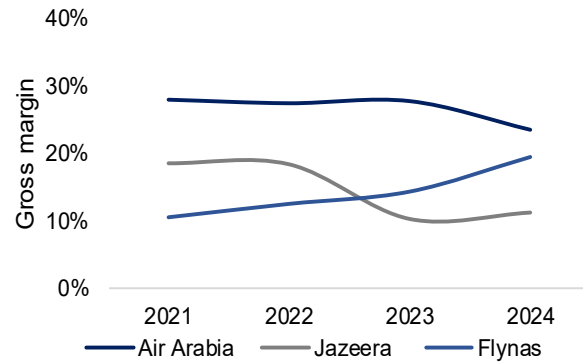
## Lower jet fuel prices in 2024-25 cushion airline margins in the last two years



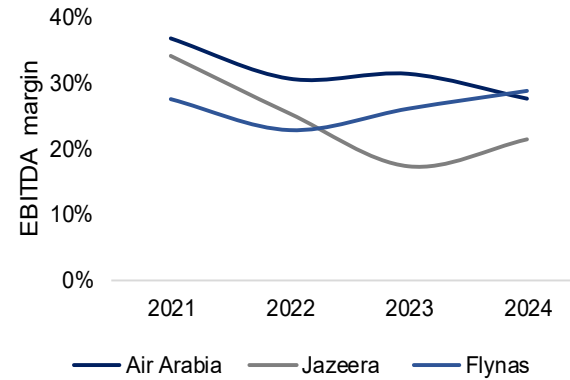
# Air Arabia tops in net margin, dividend and valuation...



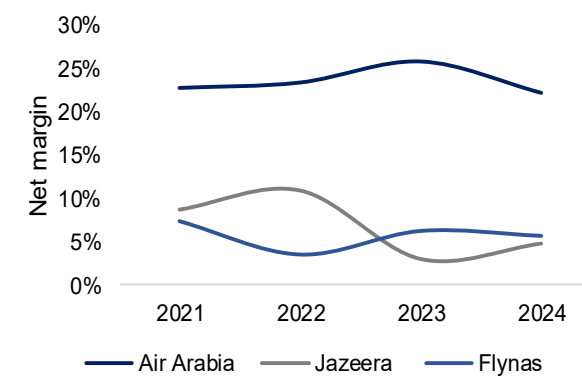
## ... Air Arabia enjoys highest gross margins



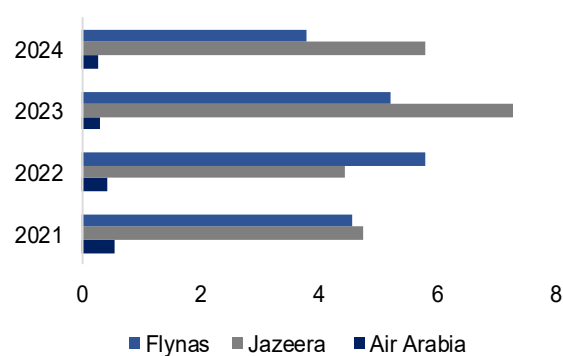
## Flynas had the highest EBITDA margin in 2024



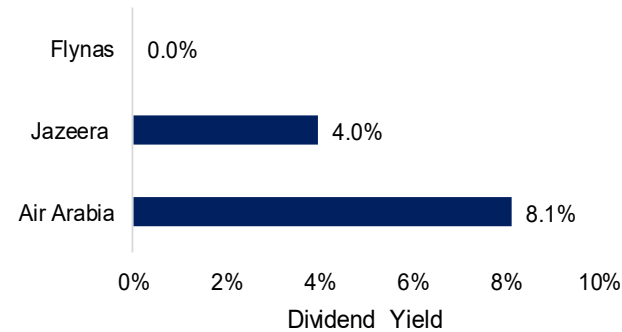
## ...but high finance cost reduced net margins



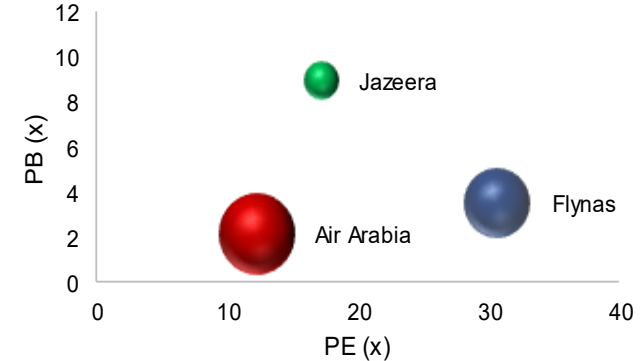
## Leasing cost high for airline operators except AA



## AA dividend yield highest in the industry at 8%



## ... makes it the most valuable airline in the GCC



\*for Fly Nas we have considered annualised earnings excl non recurring expense for comparison, for others 1H25 annualised numbers



*The COVID-19 pandemic exposed the aviation industry's vulnerability, resulting in severe revenue losses, grounded fleets, and widespread job cuts. Recovery efforts, however, have gained momentum as demand for air travel returns, despite persistent challenges such as fuel price volatility, regulatory hurdles, and geopolitical tensions. The industry has bounced back and proved to be resilient, we expect demand to continue especially in the LCC segment, driven by affordability, impetus on tourism, improvement in airport infrastructure. GCC has three listed companies that are in various stages of growth and offer significant upside potential*

- Air Arabia leads the GCC aviation market across multiple metrics, including passenger volumes, fleet size, destination network, and profit margins. The airline's strong fundamentals are further supported by an attractive dividend yield of 8% and a sizable market capitalization, making it the most valuable carrier in the region. Air Arabia also trades at a compelling valuation relative to its peers and we have a HOLD rating with a target price of AED 3.80.
- Jazeera Airways competes with regional peers despite operating with less than half their fleet size, while delivering superior return ratios. We assign a BUY rating with a target price of KD 1.56.
- Flynas was recently listed with a total offering size of SAR 4bn and holds the second-largest position by passenger volume in the LCC category, while operating with the highest load factor and EBITDA margin in 2024. In 1H25, however, the company reported a loss due to a one-off SAR 1bn IPO-related expense. On an adjusted basis, profits grew 22% YoY to AED 339mn, accompanied by a 140bps YoY improvement in net margin in 1H25.

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