



VIETNAM AVIATION MARKET



LT-03

Highlights

Vietnam's aviation sector is growing rapidly

- Remarkable annual passenger growth rate of 16% between 2010-2017 and further growth forecasts of 14% to 2020 and 10% to 2030 - among the top 3 in SEA
- Now one of the 20 largest domestic markets in the world and among the lowest Low Cost Carrier (LCC) penetration in SEA, which indicates high future growth potential
- Ministry of Transport plans to spend \$15bn to develop the country's aviation infrastructure by 2030
- Vietnam has 22 airports (9 international and 13 domestic), managed by the Airports Corporation of Vietnam (ACV). Airport infrastructure is under pressure to expand to meet the high aviation growth rate
- Number of aircraft expected to grow to over 220 units by 2020 and 400 by 2030

Airport development

Three major projects planned:

- **Tan Son Nhat Expansion** (over \$1bn investment), including the construction of an additional terminal of 20m pax/year, parallel and connecting taxiways and apron in the first phase. Expansion plan and adjustment to masterplan already approved by the Government. Priority at this stage is the construction of a new terminal (T3) to begin in Q3 2020 and complete by 2022. Estimated investment is US\$400 million. MOT is working on investor selecting.
- **Noi Bai Airport Expansion** (\$3.7bn investment) from 2018-2021 includes phase 2 of Terminal 2 to increase capacity to 15m pax/year, a new domestic terminal and additional parking bay. Estimated investment for phase 2 of T2 is US\$100 million. Bidding for the review of the airport master plan for expansion is scheduled for early 2019.
- **Long Thanh International Airport** (\$16bn investment), green field project. Phase 1: A new international airport with capacity of 25m pax/year and 1.2m tonnes of cargo by 2025. JV between JAC (Japan), ADPi (France), ADC and Tedi (Vietnam) is working on FS report to be completed by Oct 2019.

There are also plans to upgrade a number of tier 2 airports, including Cat Bi, Phu Bai, Chu Lai and Phu Quoc. One airport (Van Don) is being developed by the private sector and there is increasing interest from private investors in airport development projects.

Airlines

Five licensed airlines: Vietnam Airlines (VNA), Jetstar Pacific Airlines, Vietjet Air (VJ), Vietnam Air Services Company and Bamboo Airways. The market is dominated by VNA (national flag carrier) and VietJet (private LCC) with domestic market share of 42% and 43% respectively. Bamboo Airways launched its first commercial flight on 16th Jan 2019. Air Asia is planning to penetrate the Vietnam market through a JV.

Following the award of CAT 1 to Vietnam, VNA, Vietjet Air and Bamboo Airways all are planning to launch direct flights to the US.



Vietnam Airlines Fleet (as of April 2018):

57 A321-200, 5 A321neo, 2 A330, 12 A350, 3 ATR42/72, 11 Boeing 787, and 5 A321 and 2 A350 on order.

Vietjet Air Fleet (as of March 2018):

23 A320-200 and 41 A321 (including 7 A321neo and 34 A321-200). The two MOU with Boeing for 100 Boeing 737 MAX200 50 A321neo have both been finalised.

Bamboo Airways signed MOUs with Airbus in March 2018 for 24 A321neo aircraft and with Boeing in June 2018 for 20 B787-9 Dreamliner and in Feb 2019 for another 10 B787-9 Dreamliner.

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