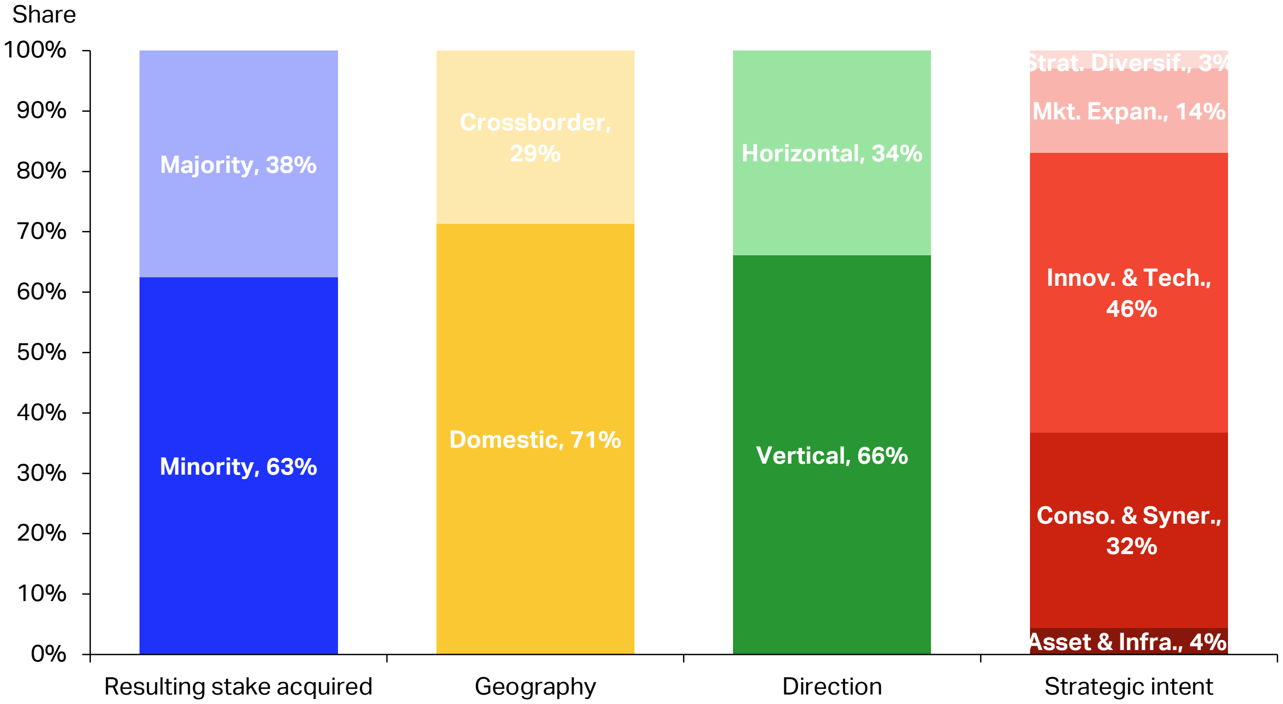
Chart of the Week

5 September 2025

Vertical deals dominate airline M&A* landscape

Key characteristics of the M&A activity in the airline industry, 2020-2025



Source: IATA Sustainability and Economics using data from Bloomberg, based on 136 airline transactions between 2020 and June 2025 for listed airlines
*) Mergers and acquisitions; Note: Domestic transactions include deals within EU.

- After a sharp drop in 2020, M&A activity in the airline sector rebounded strongly in 2021 and peaked in 2022. This surge was driven by carriers seeking to restructure, expand networks, and capitalize on strategic opportunities as travel demand returned. The pace of transactions has moderated since, with 2023 and 2024 showing stable but lower volumes than in 2022.
- Recent activity highlights a focus on innovation and technology investment followed by consolidation to strengthen networks and to unlock cost efficiencies. However, deal volume remains modest with 26 and 29 disclosed transactions in 2023 and 2024 respectively.
- The structure of these deals reveals important dynamics. Two-thirds involved minority ownership stakes, and 71% of transactions were domestic. The United States leads the domestic-market M&A activity with 26 deals, followed by China with 13, the EU with 12, and Japan with 11. This suggests a preference for strategic partnerships over full takeovers and likely also reflects the limits that national ownership laws and bilateral air service agreements often put on cross-border consolidation in the airline industry.
- Add political sensitivities to the mix, and the barriers to horizontal consolidation are significant. As a result, two-thirds of recent transactions were vertical in nature—targeting suppliers, service providers, or technology firms—while only one-third involved airline-to-airline acquisitions. Regulatory conditions, such as slot divestitures and route concessions, are increasingly common, particularly in Europe and North America. Taken together, this highlights the structural and regulatory complexities that continue to shape a cautious and selective M&A landscape in the airline industry.

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