

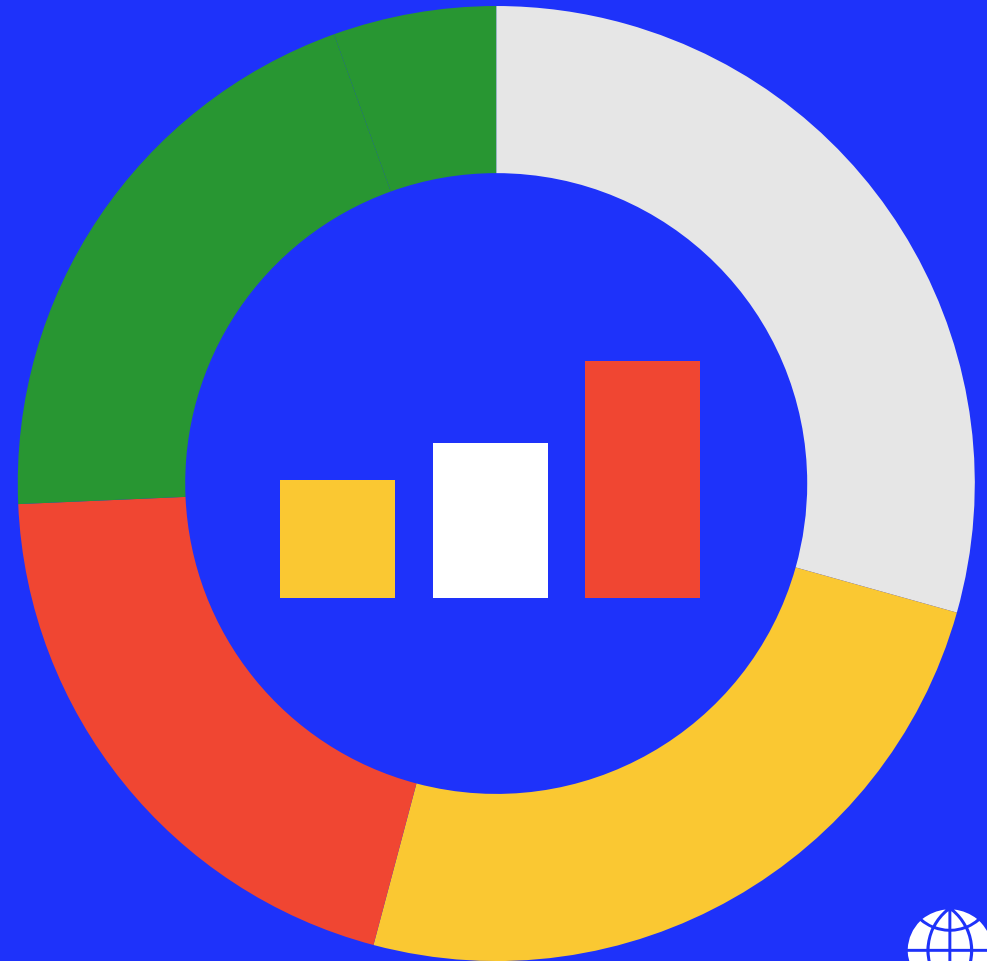
COVID-19

Impact on the outlook for global aviation

Brian Pearce

Chief Economist

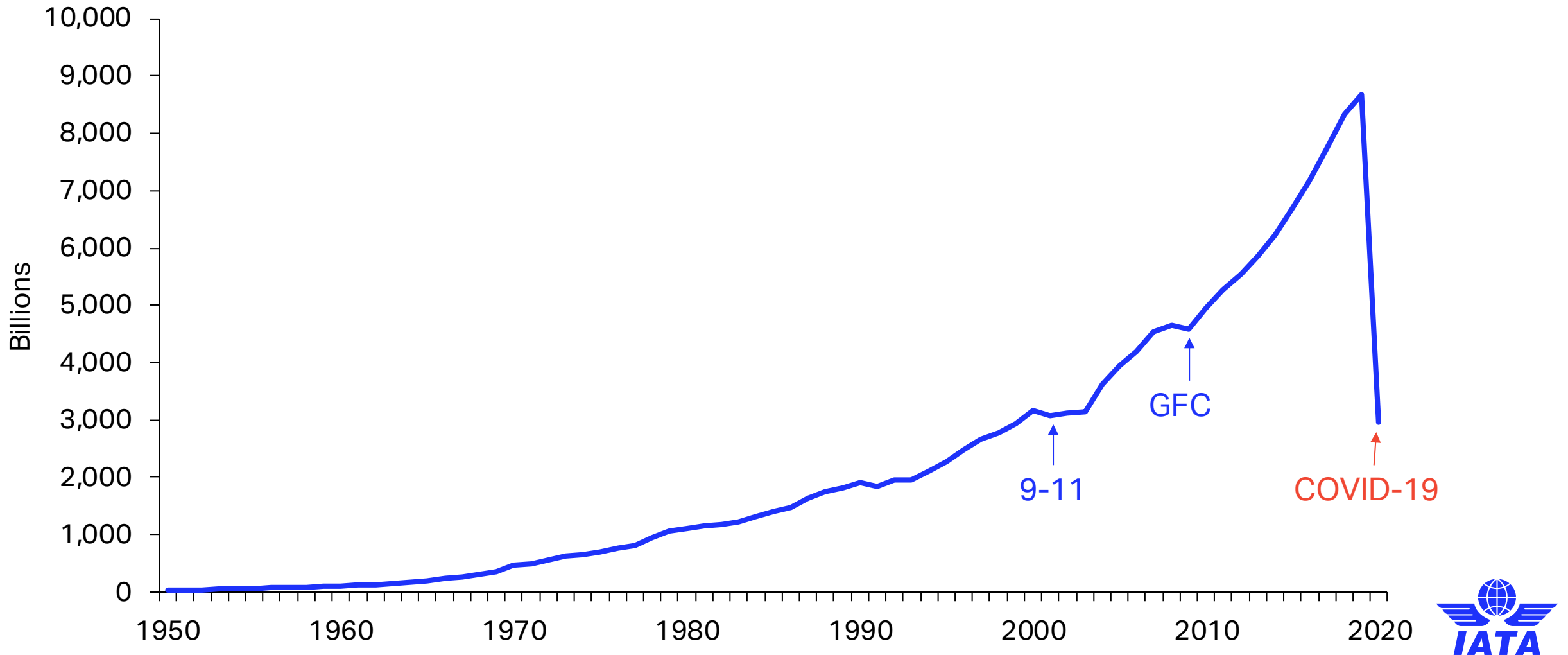
17th November 2020



Largest shock to commercial air travel since WW2

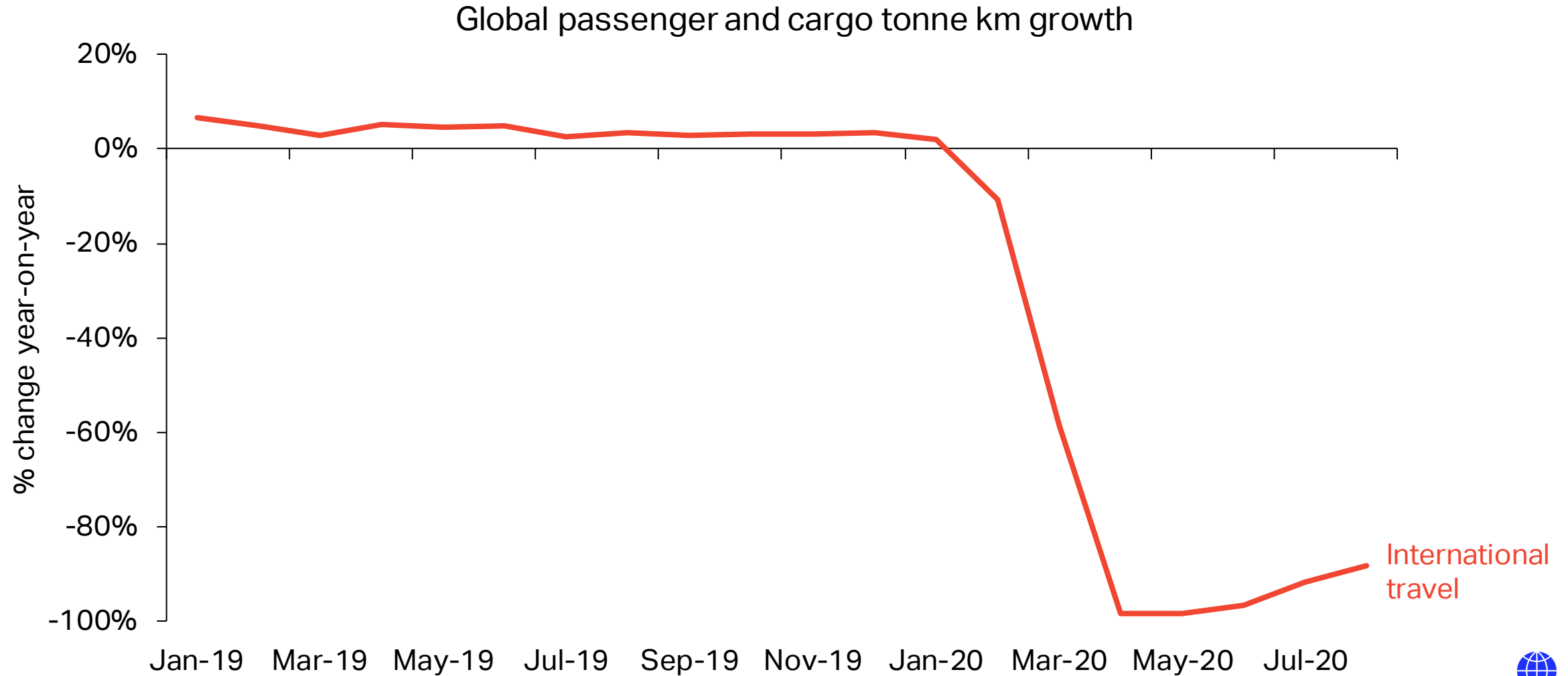
In April global RPKs were -94% y-o-y. 2020 average is forecast at -66%.

Worldwide passengers kilometers flown (RPKs) annually



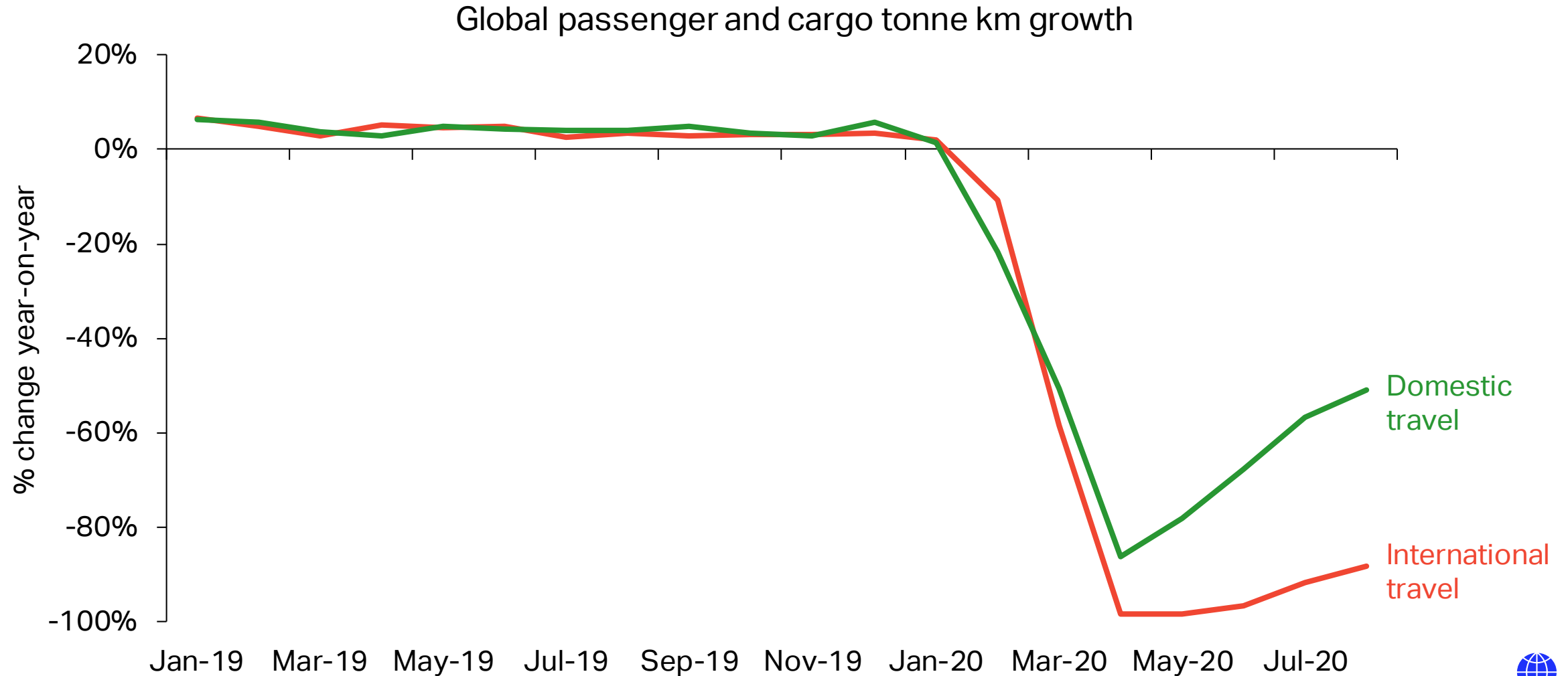
International air travel shows little sign of recovery

Having fallen 98% in April, international RPKs only -88% by September



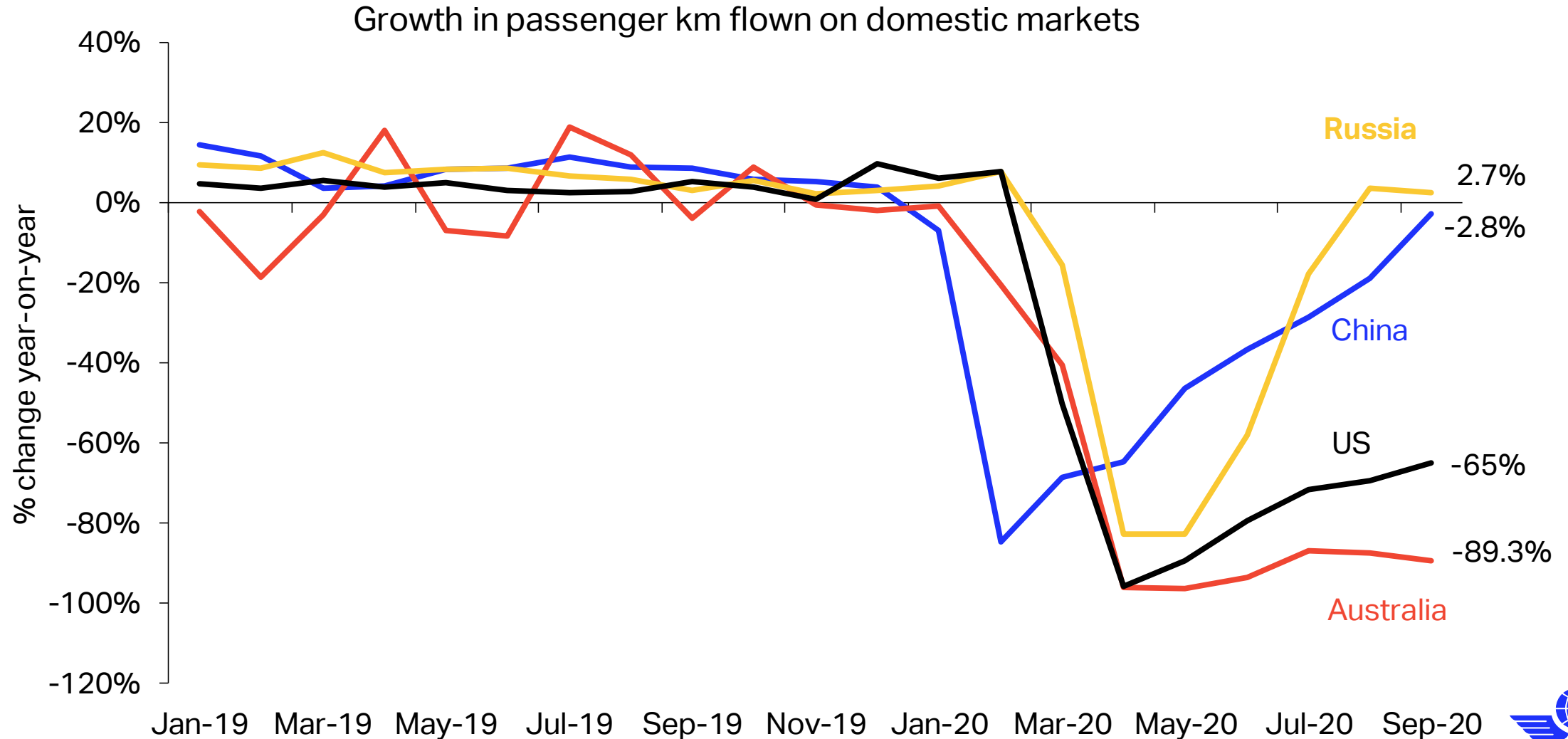
Domestic air travel suggests there is a demand to fly

However, this is highly dependent on success in controlling COVID-19



Huge divergence between domestic markets remains

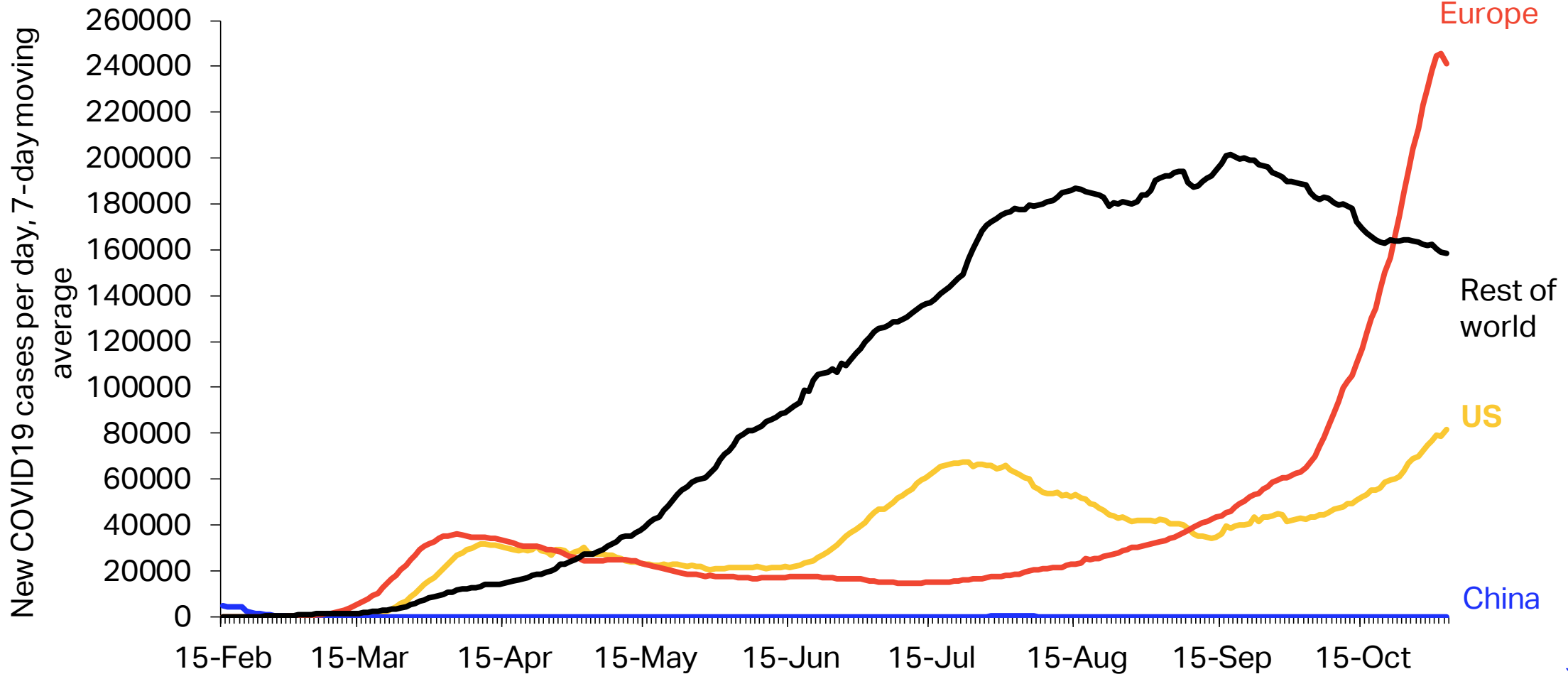
Russia and China fully recovered, but limited progress in US & Australia



2nd waves hitting air travel in many developed markets

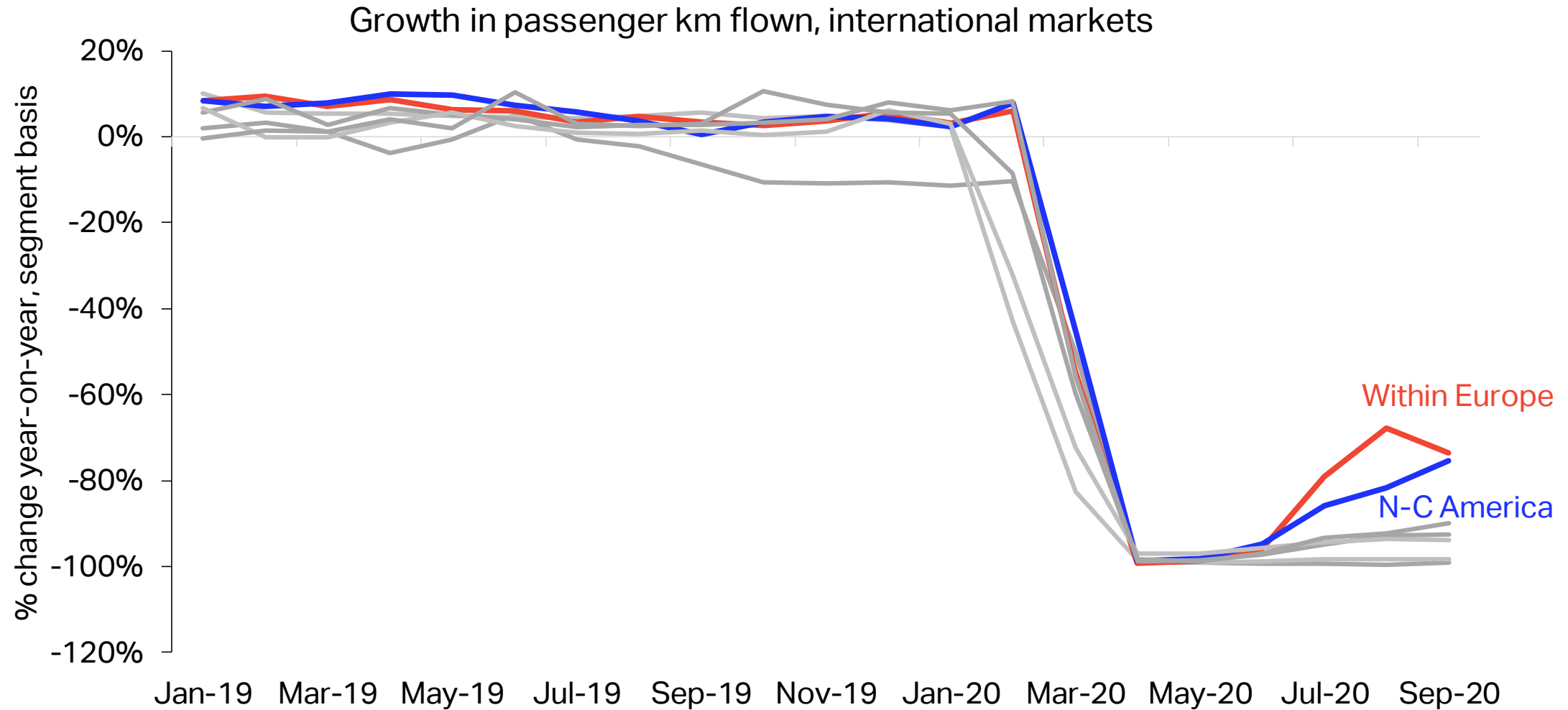
Large rise in COVID cases in Europe leading to renewed lock-downs

New COVID19 cases per day, 7-day moving average



2nd wave caused reverse in Europe international revival

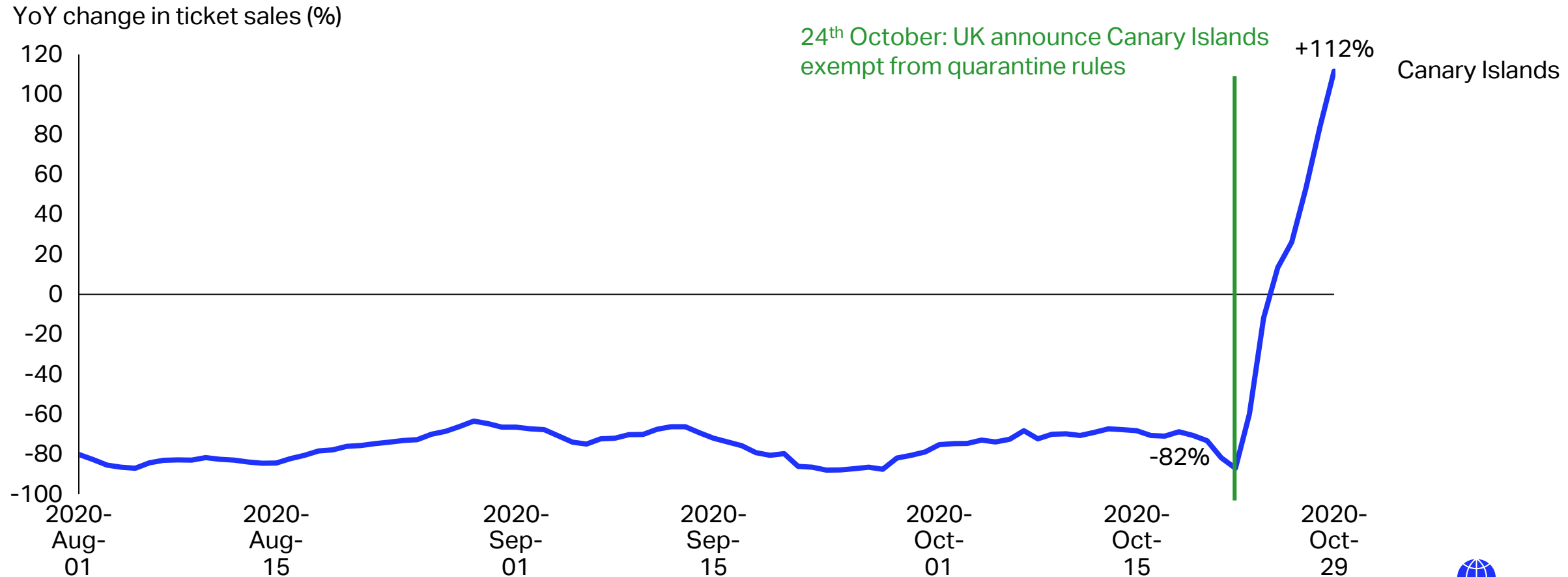
Central-N America market rising but <10% of within-Europe market



Clear signs of willingness to fly within Europe

Surge in October bookings once UK drops quarantine for Canary Islands

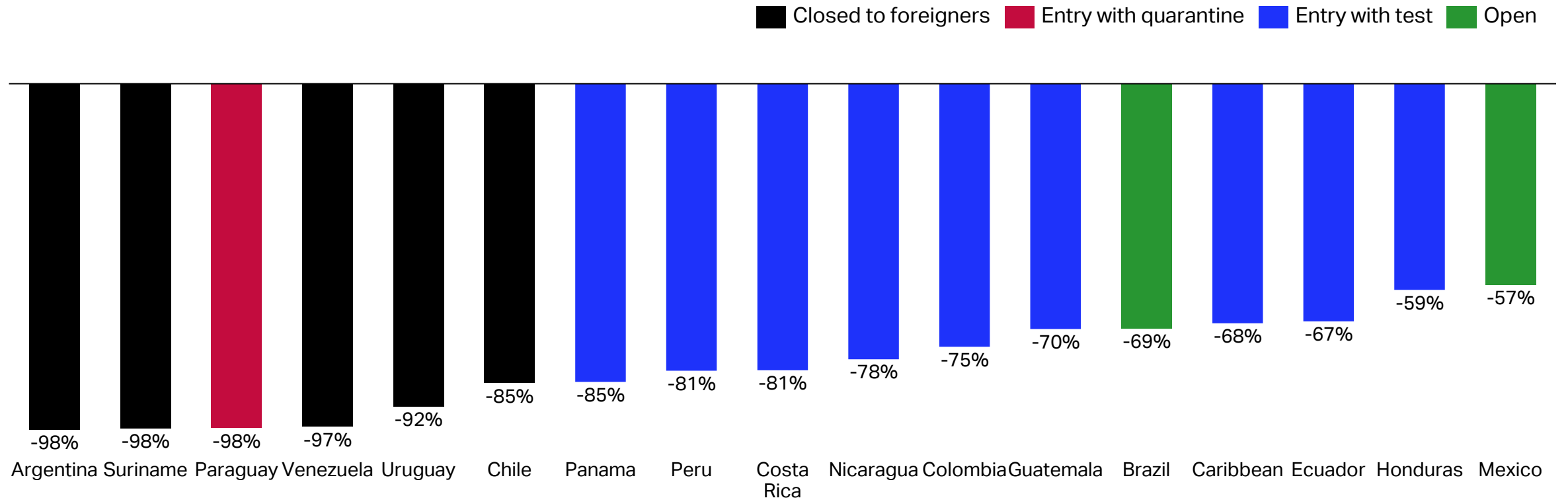
YoY change in ticket sales between the UK and the Canary Islands, Aug-Oct 2020



Latin America shows entry with testing can boost travel

October booking significantly higher if testing rather than quarantine

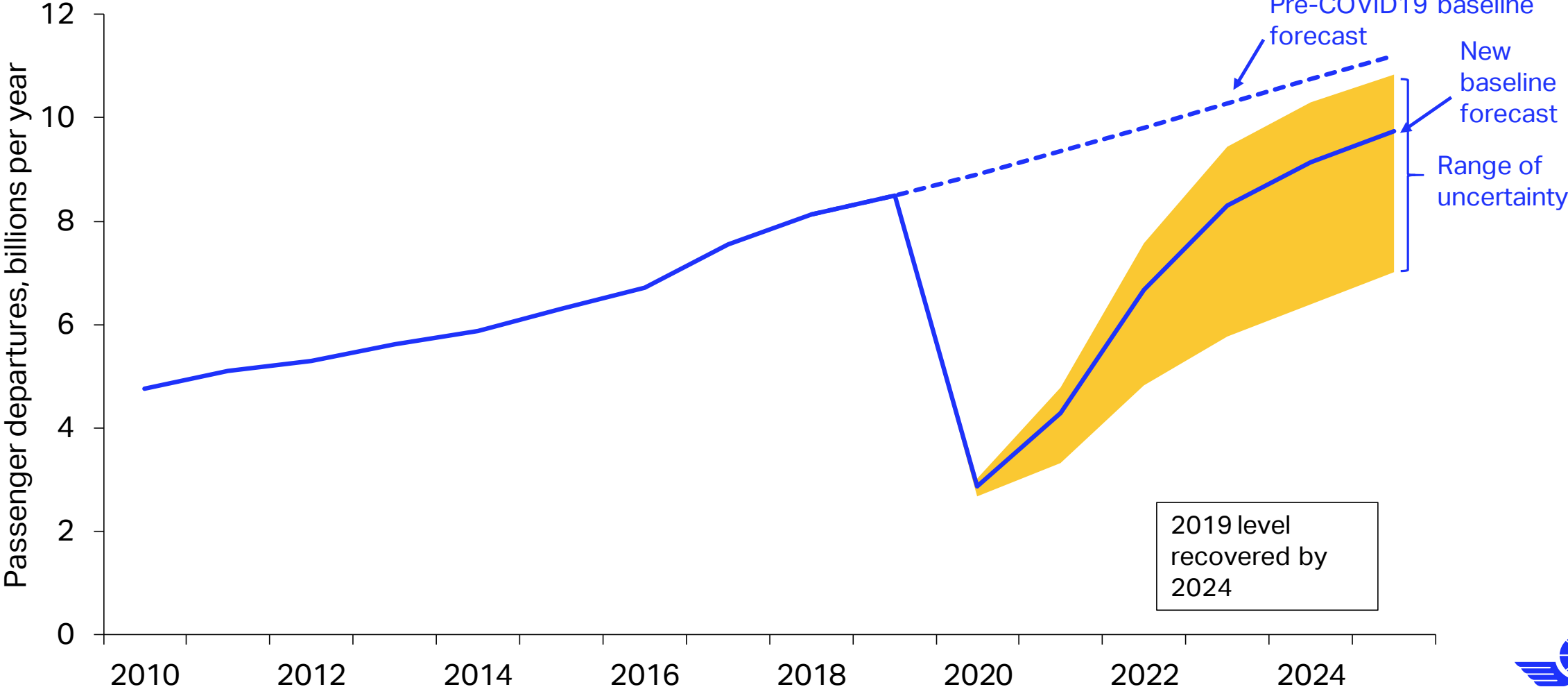
% change year-on-year in net bookings, 1-15 Oct 2020 vs. 2019



Recovery in air travel will be slow even with a vaccine

Issues with vaccine implementation and the impact of economic damage

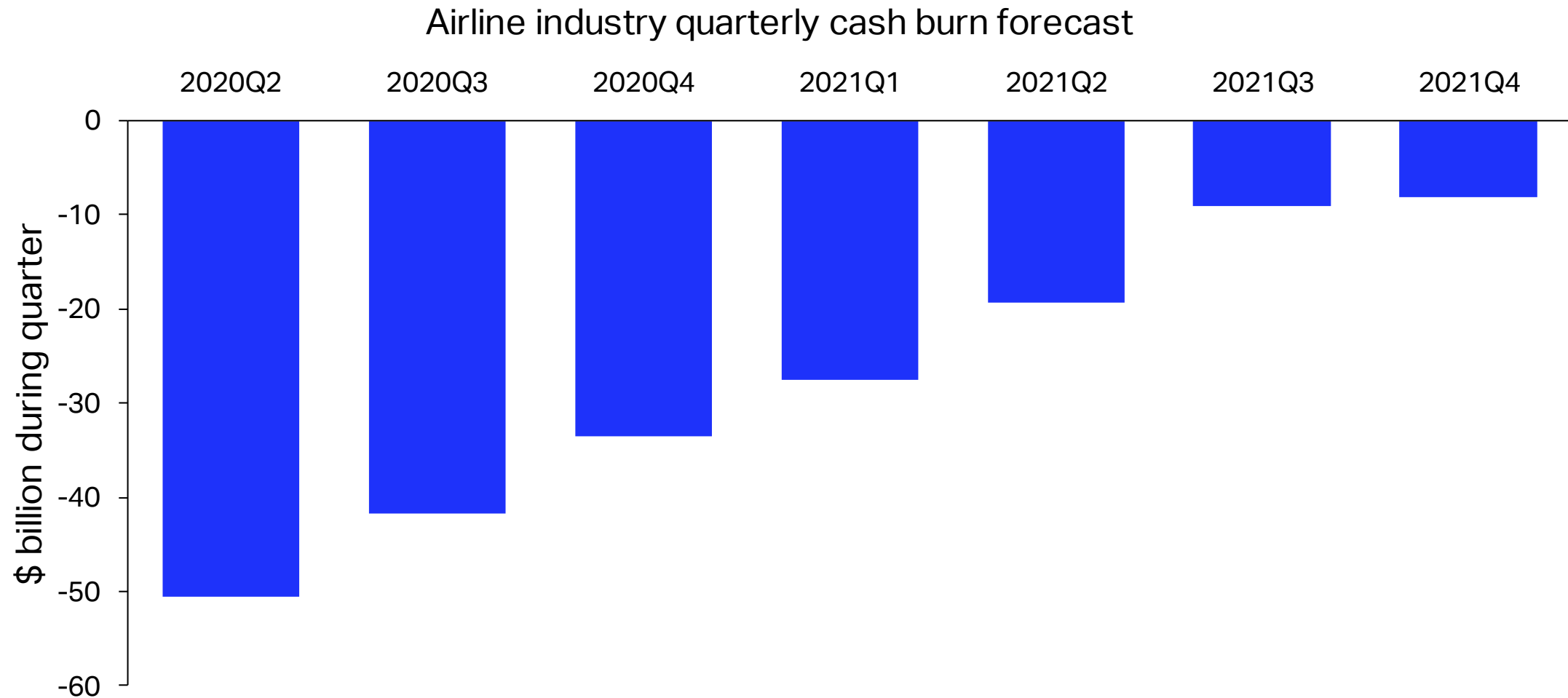
Global RPKs departures, billions per year



Source: IATA/Tourism Economics 'Air Passenger Forecasts' July 2020

Airlines not expected to turn cash positive until 2022

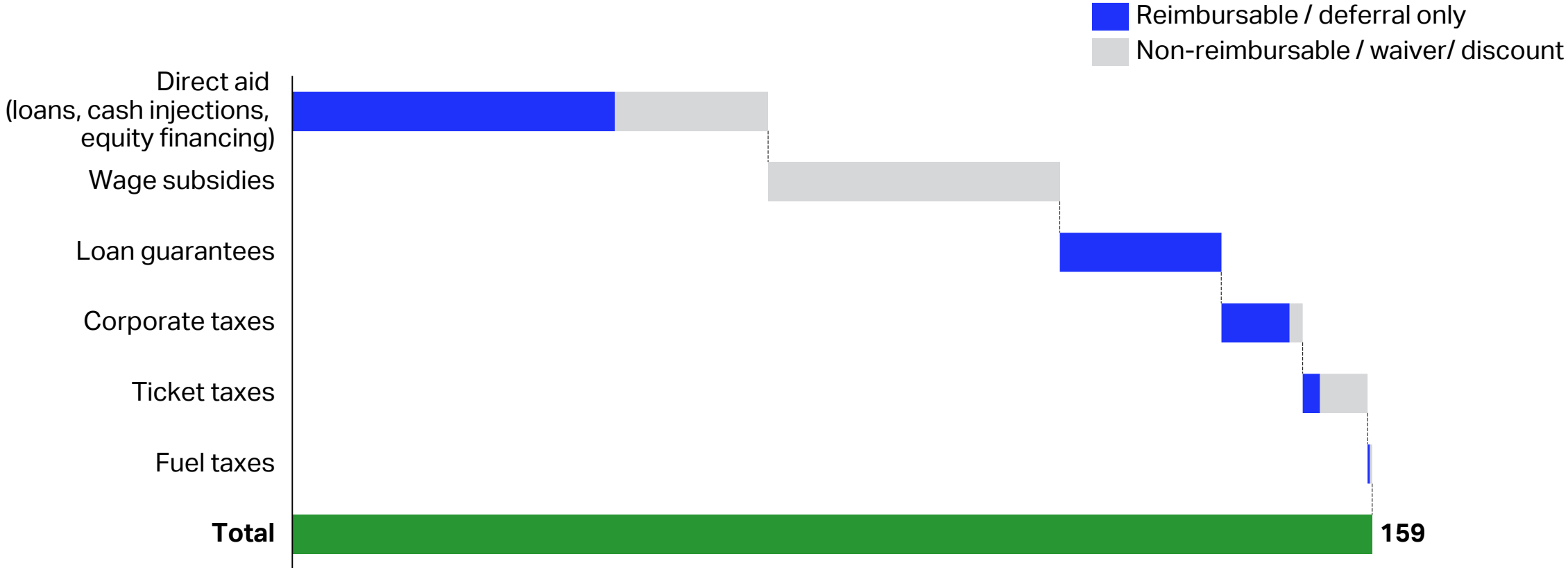
Extended weakness of revenues will delay financial turnaround



Government aid has kept airlines on life support

~ USD 160 Bn of aid from governments worldwide so far

Government aid made available to airlines due to COVID-19, by type (USD Bn)



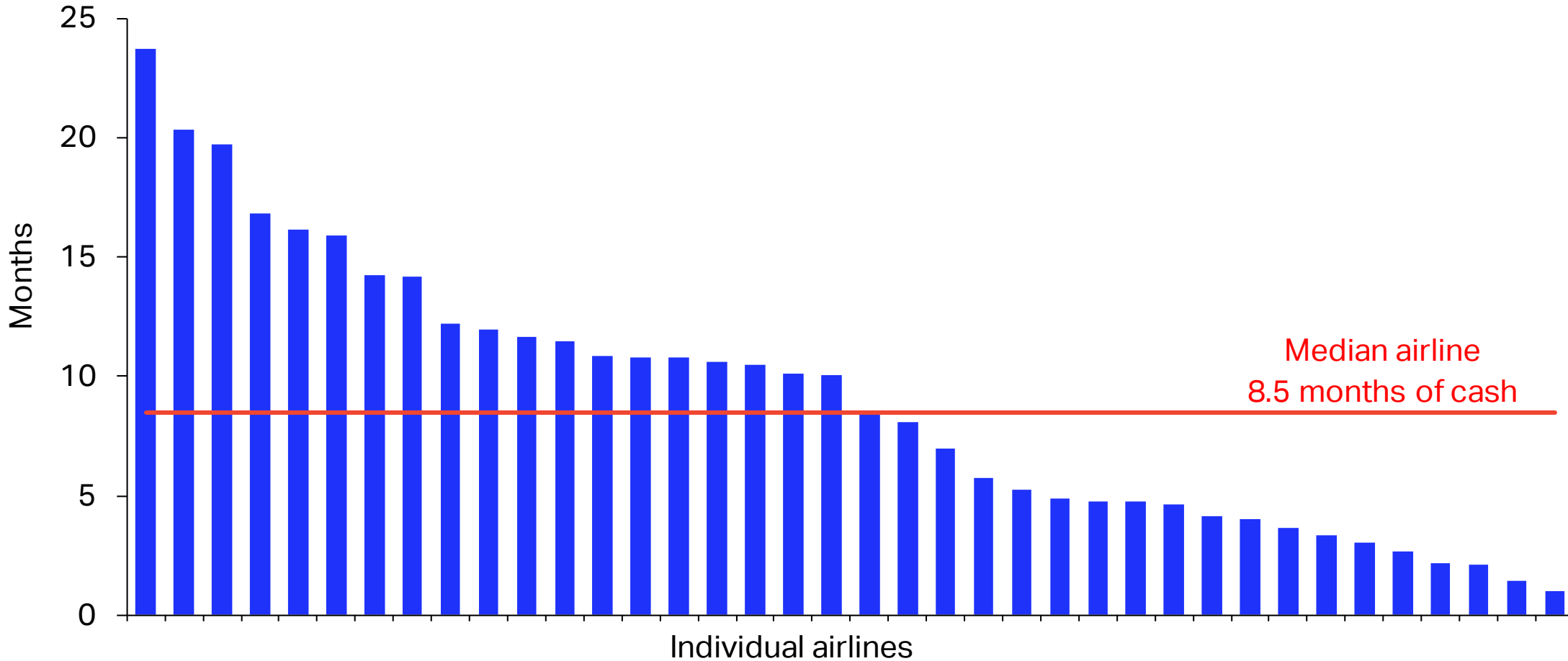
Source: IATA Economics analysis using public information and data from SRS Analyser, DDS, FlightRadar 24, TTBS, ACIC, Platts, Airline Analyst, annual reports



Even after large cash injections many airlines at risk

Median airline's cash would last 8.5 months at 2020H2 rate of cash burn

2020 end June cash+cash equivalents/2020 H2 monthly cash burn

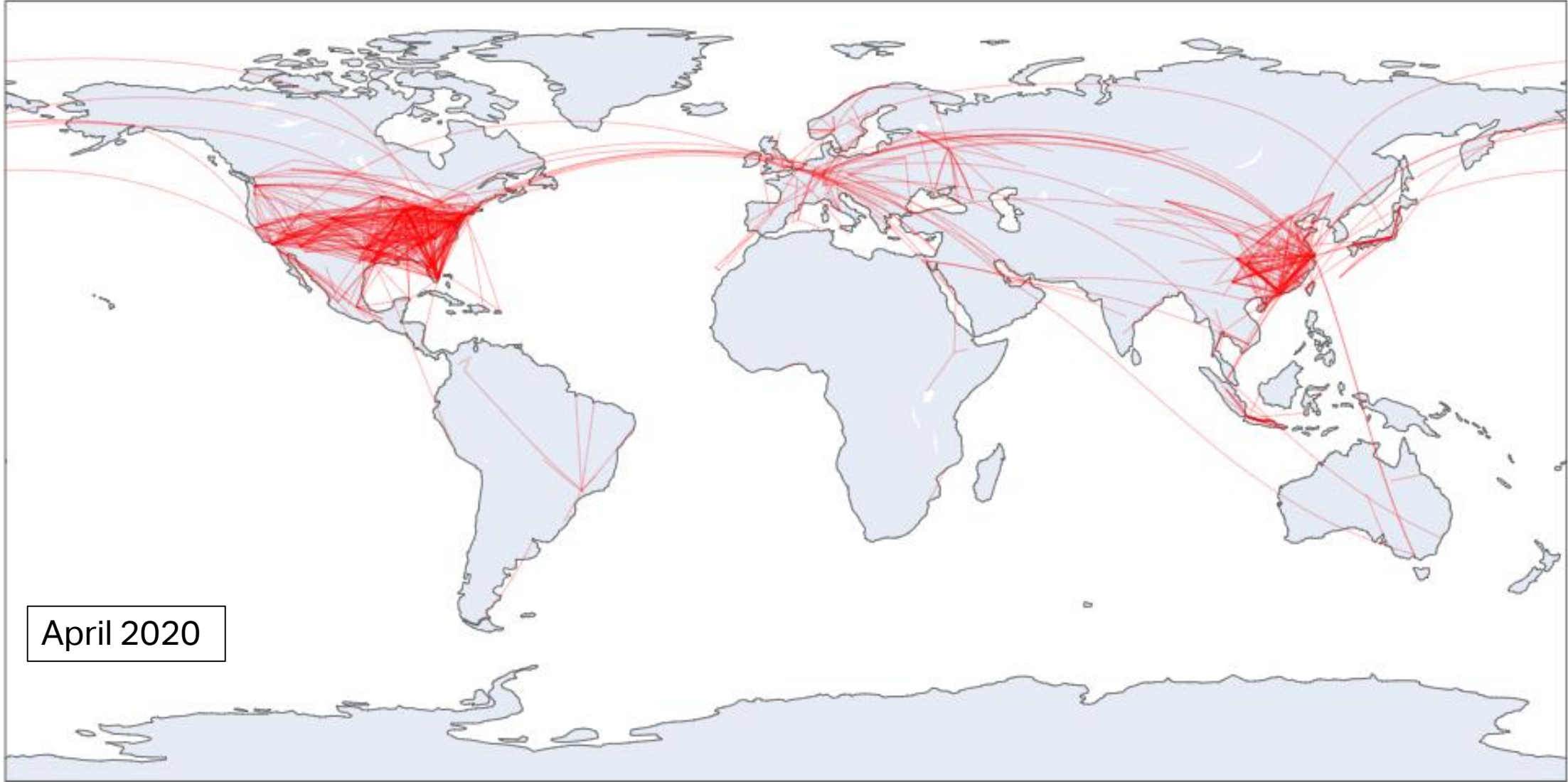


Median airline
8.5 months of cash



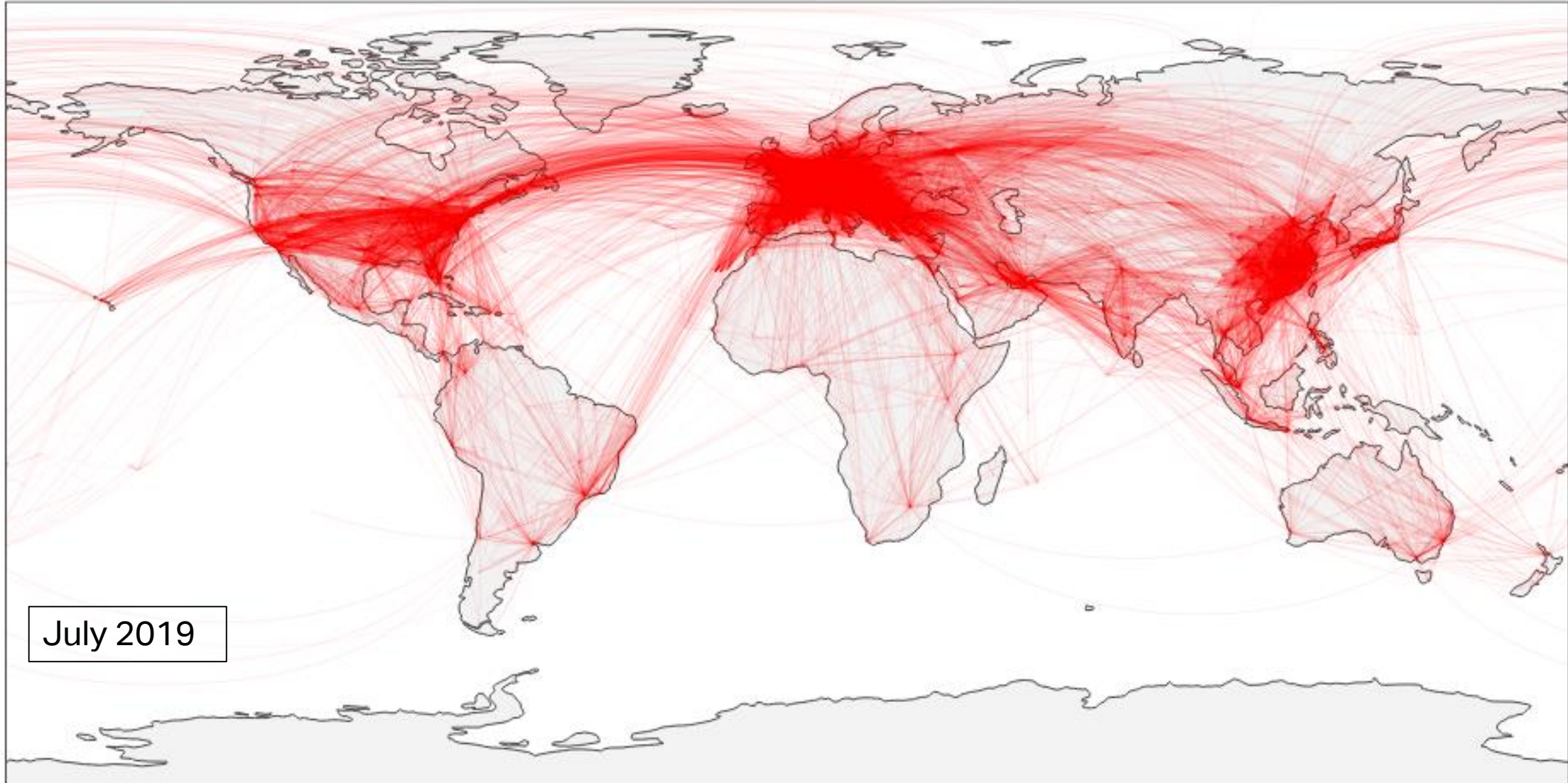
This matters for the economy beyond air transport

City connections support supply chains, trade, tourism and investment



We need to restore pre-crisis air connectivity

46 million out of 87.7 million jobs supported by aviation could be lost



Contacts

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