

# CPWG Plenary

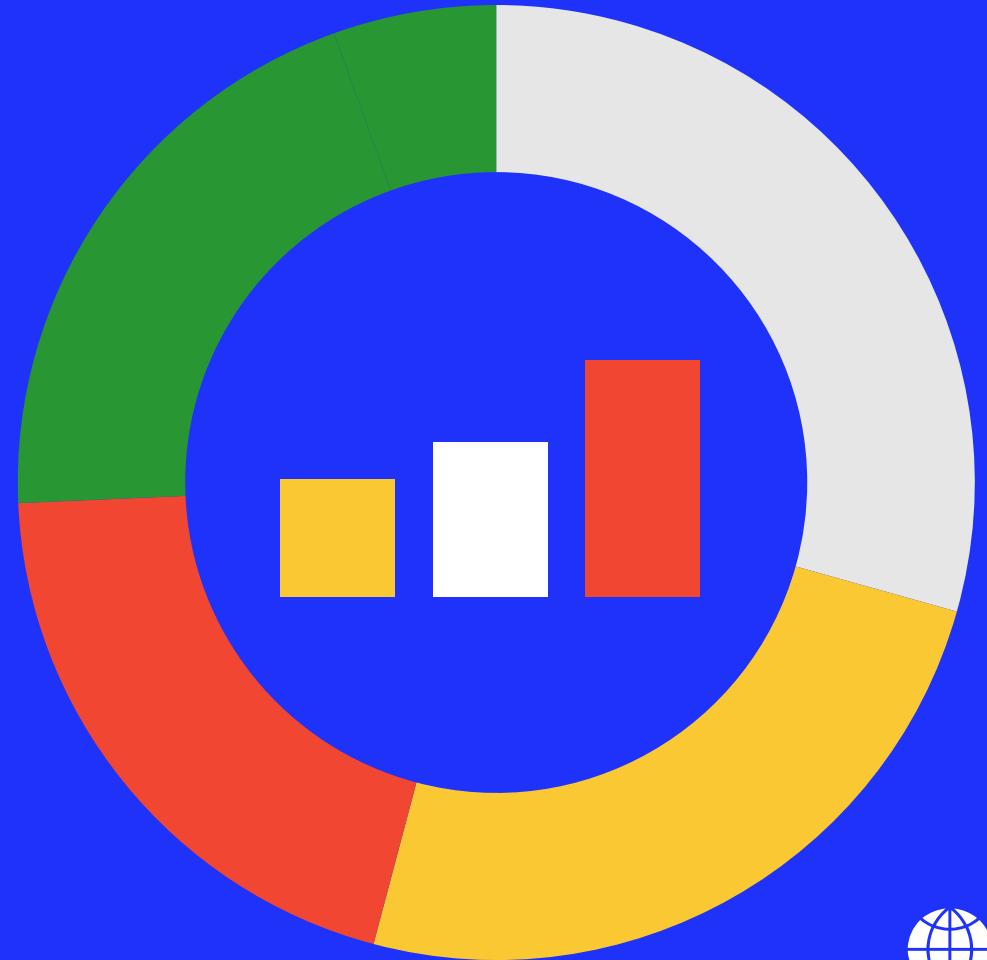
## COVID-19 impact on airlines

17 Nov 2020

**Blair Cowles**

**Regional Director**

**Safety & Flight Operations - ASPAC**

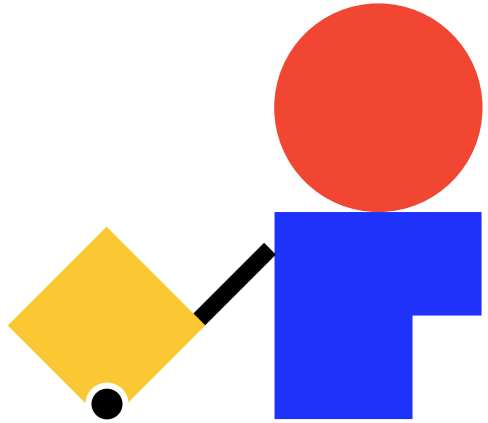


"If you want to be a millionaire, start with a billion dollars and launch a new airline"

Richard Branson

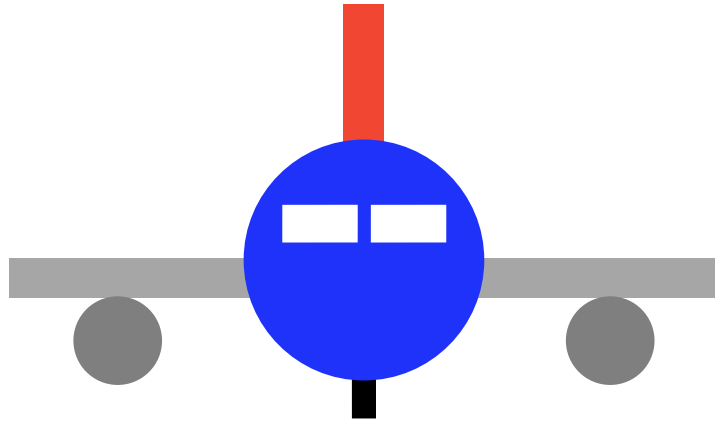


# Every day in 2019...



12.4

million  
passengers



106,600

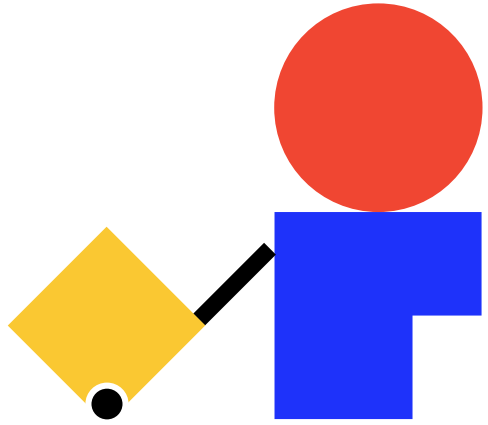
flights



\$17.8

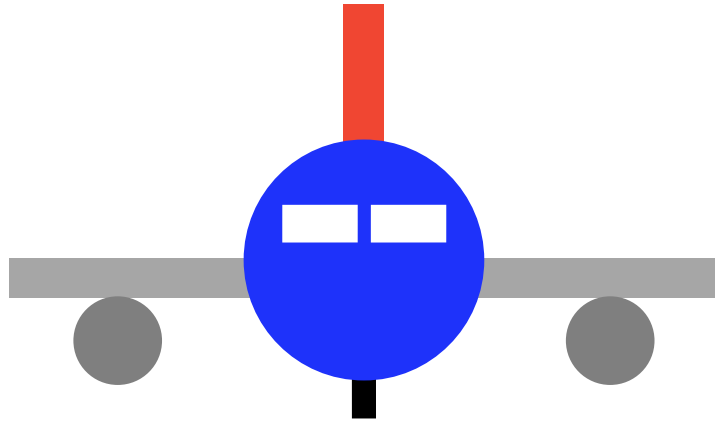
billion worth of  
goods carried

# Every day in 2020...



6.1

million  
passengers



63,000

flights

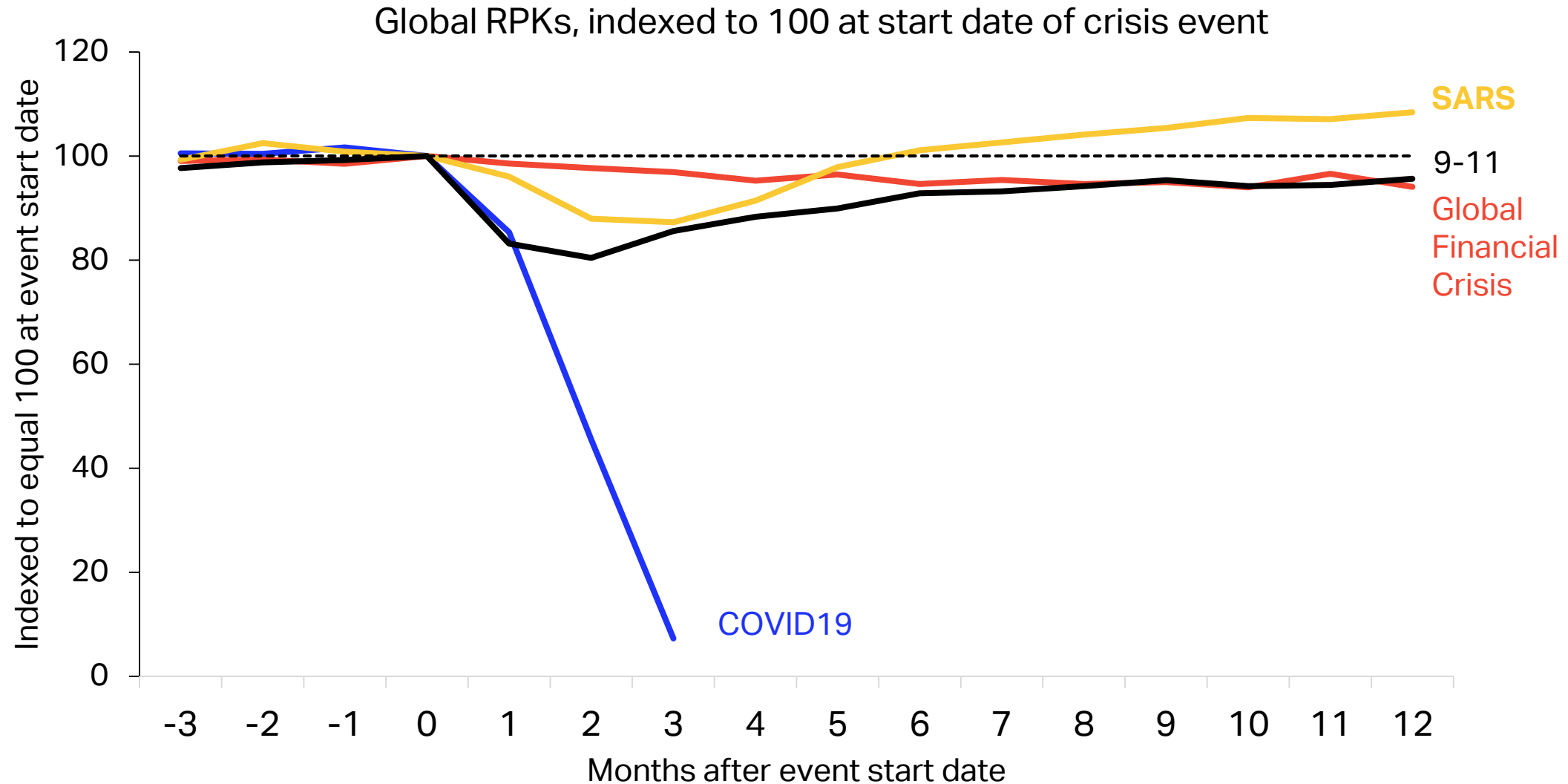


\$15.1

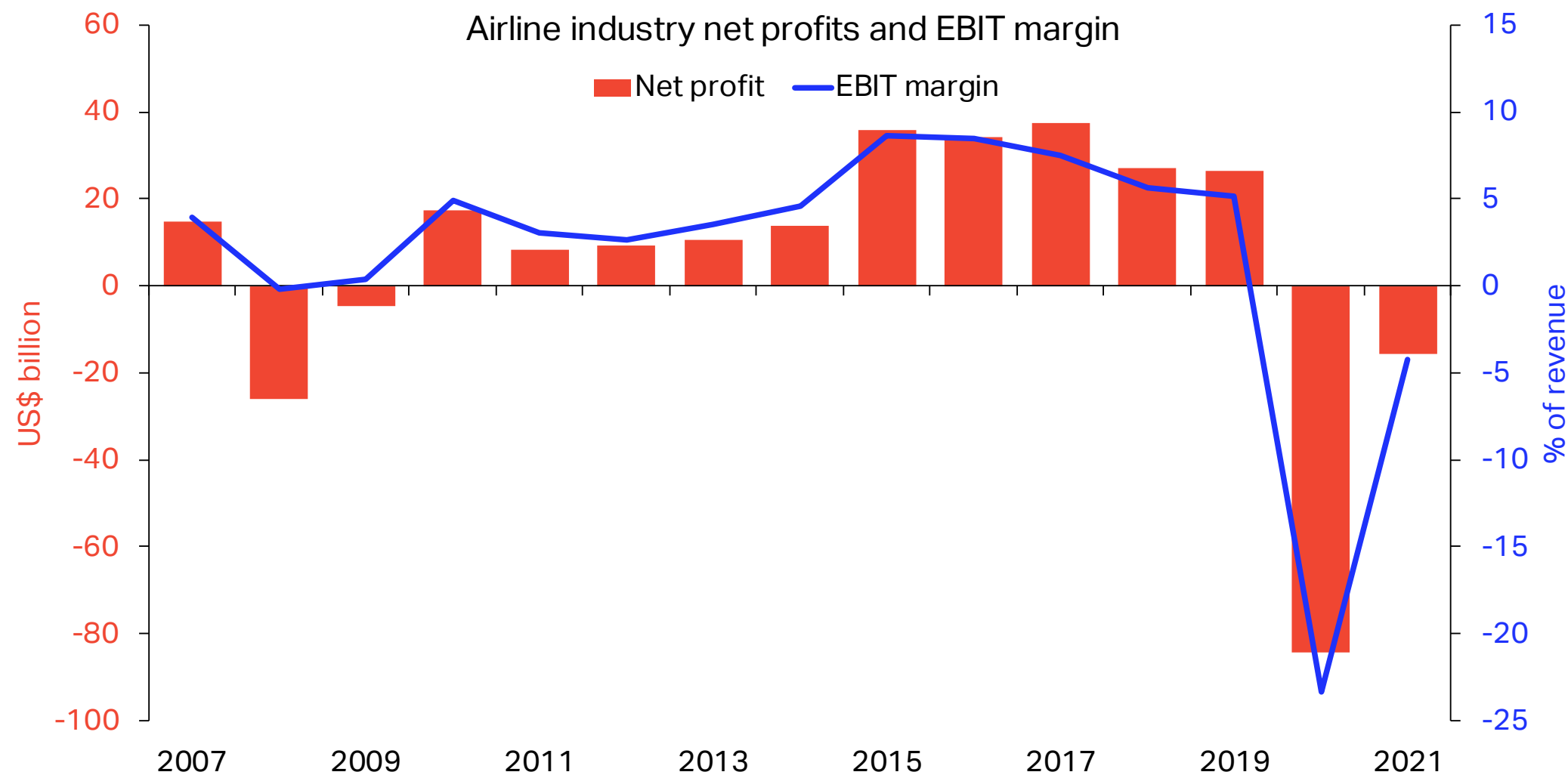
billion worth of  
goods carried

# Depth of COVID19 impact far exceeds previous crises

RPKs fell 20% after 9-11 and 12% after SARS vs **95%** fall in April 2020

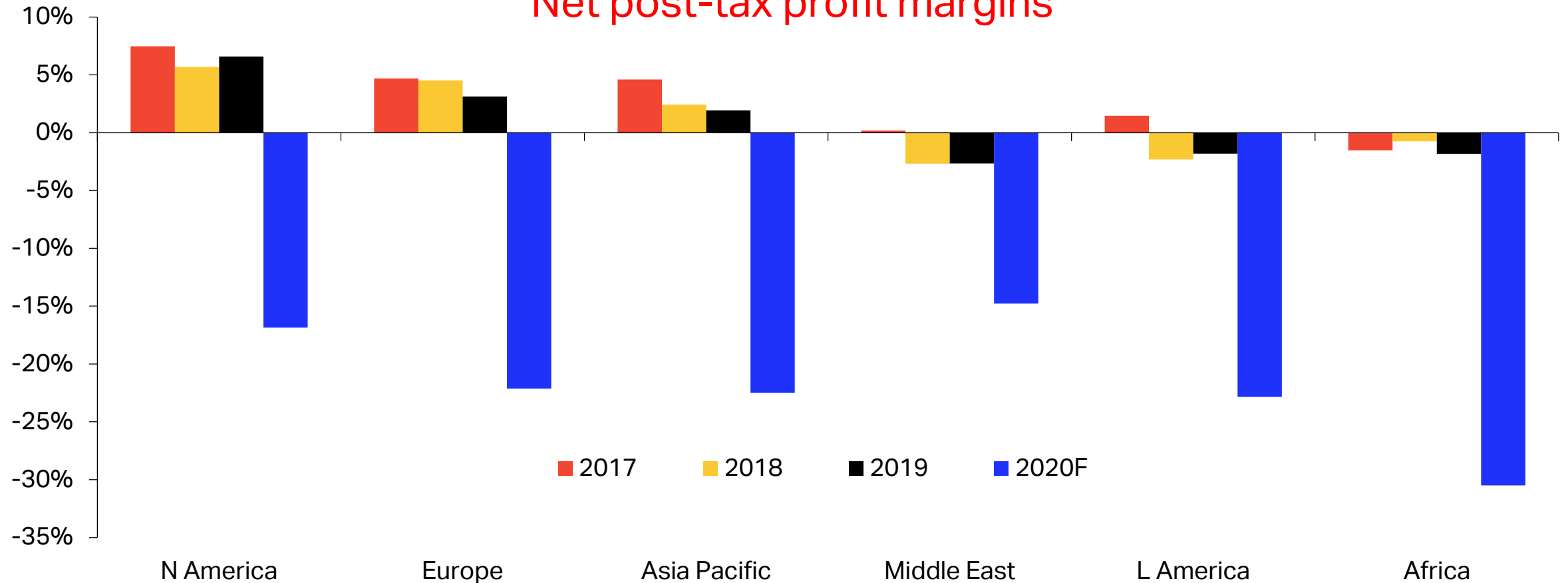


Global airline revenues will fall by half from \$838 billion in 2019 to \$419 billion in 2020  
After \$84 billion net loss this year we forecast further loss of \$15 billion in 2021



# The losses will vary across regions

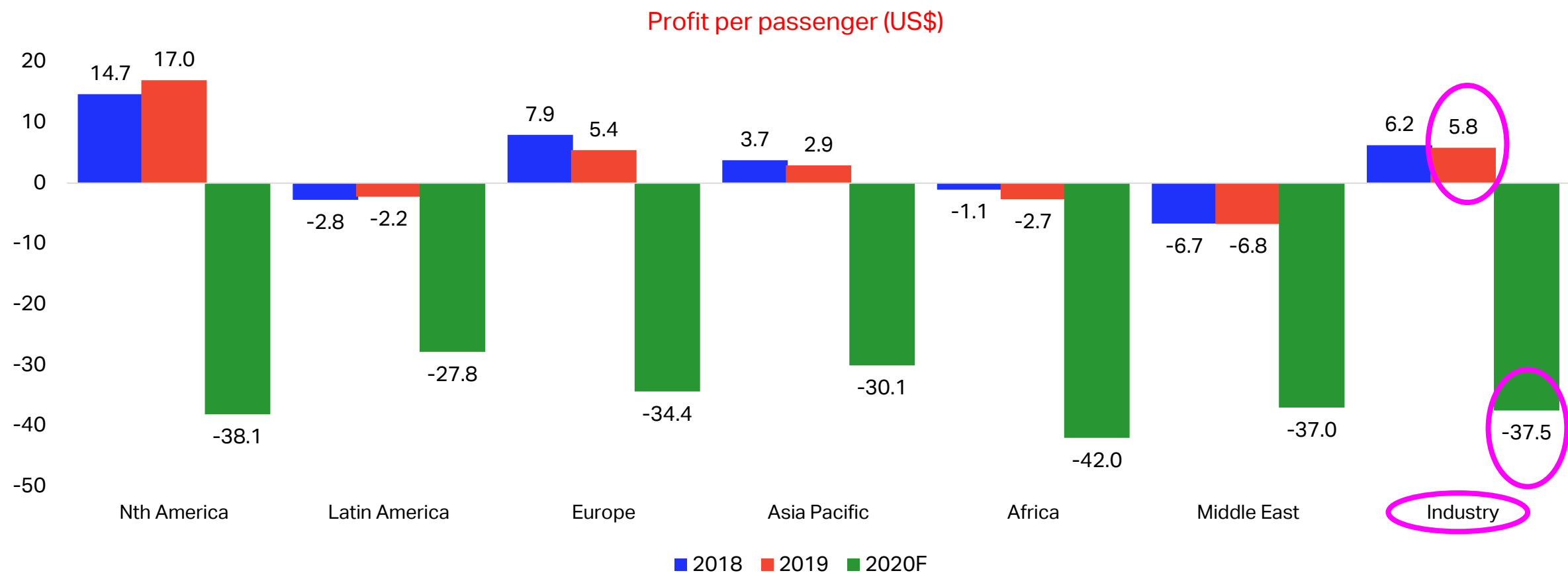
## Net post-tax profit margins



Source: IATA Economics using data from ICAO, The Airline Analyst, IATA forecasts



# Per passenger (net) losses show regional variation

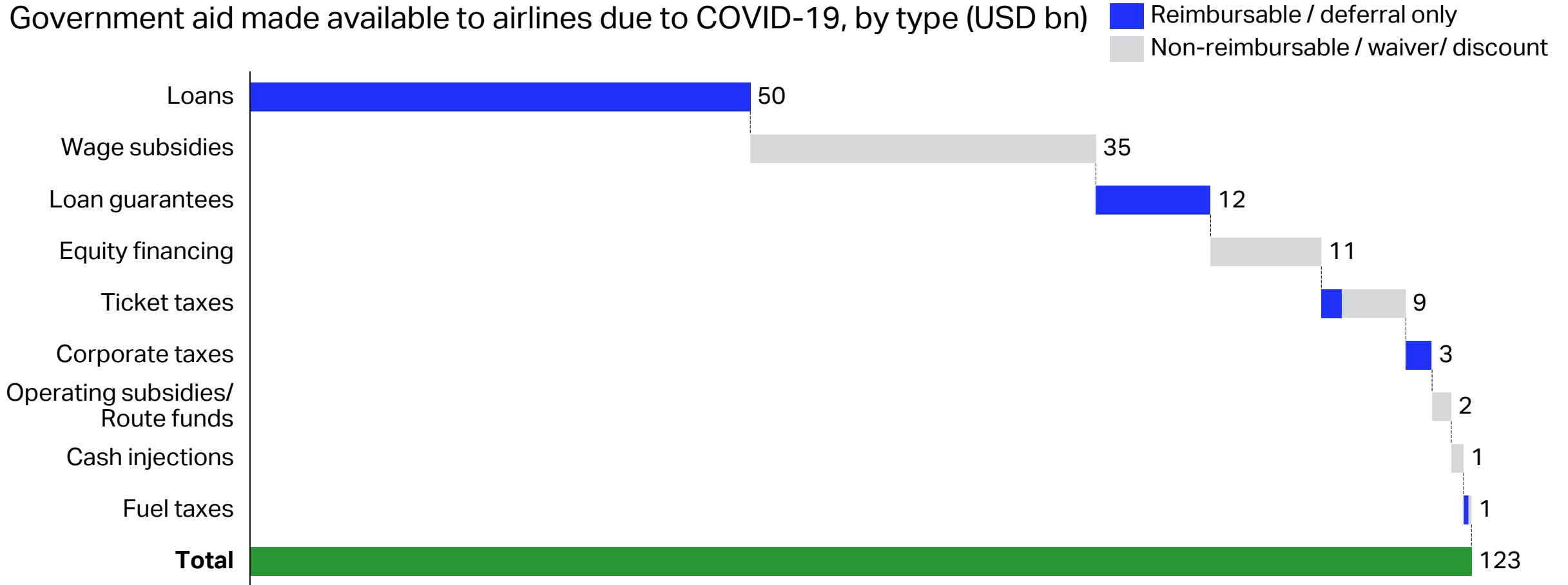


Source: IATA



# Governments have provided substantial cash aid

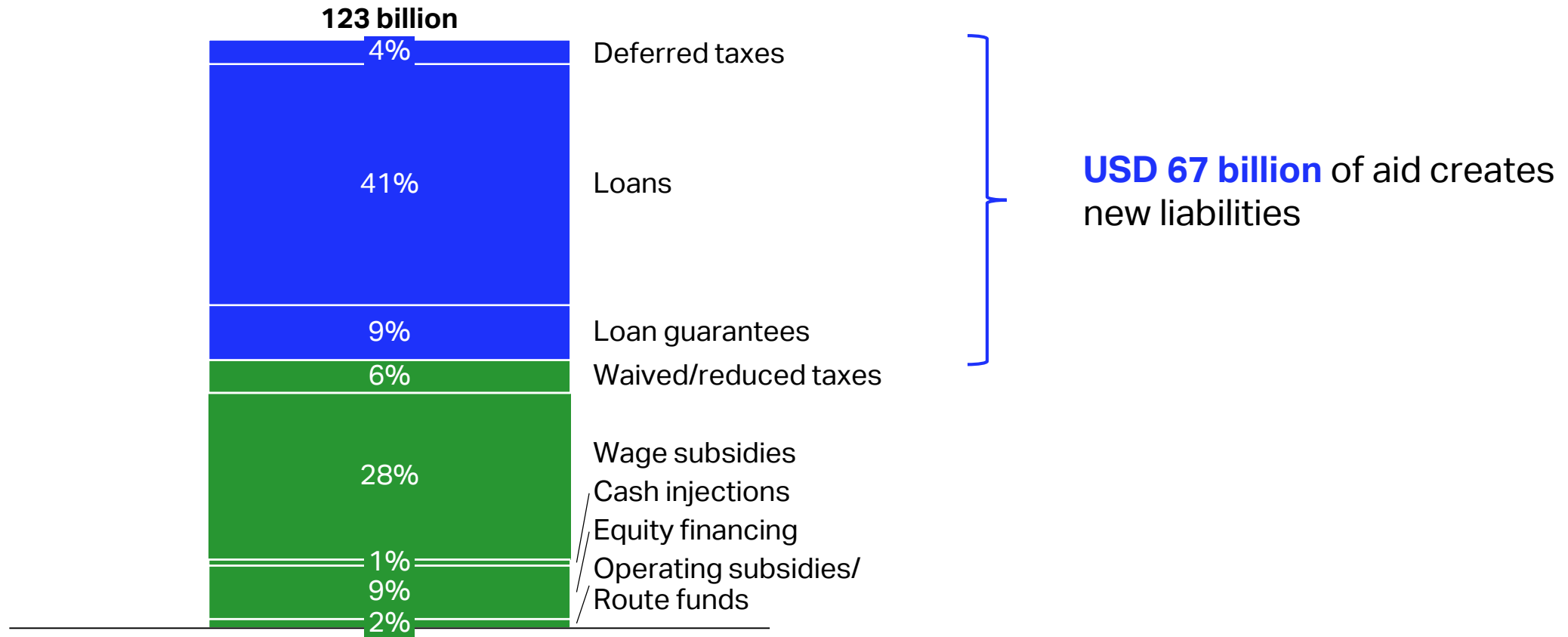
Airlines kept on life support in 2020 but majority of aid must be repaid



# Majority of aid will leave airlines with more debt

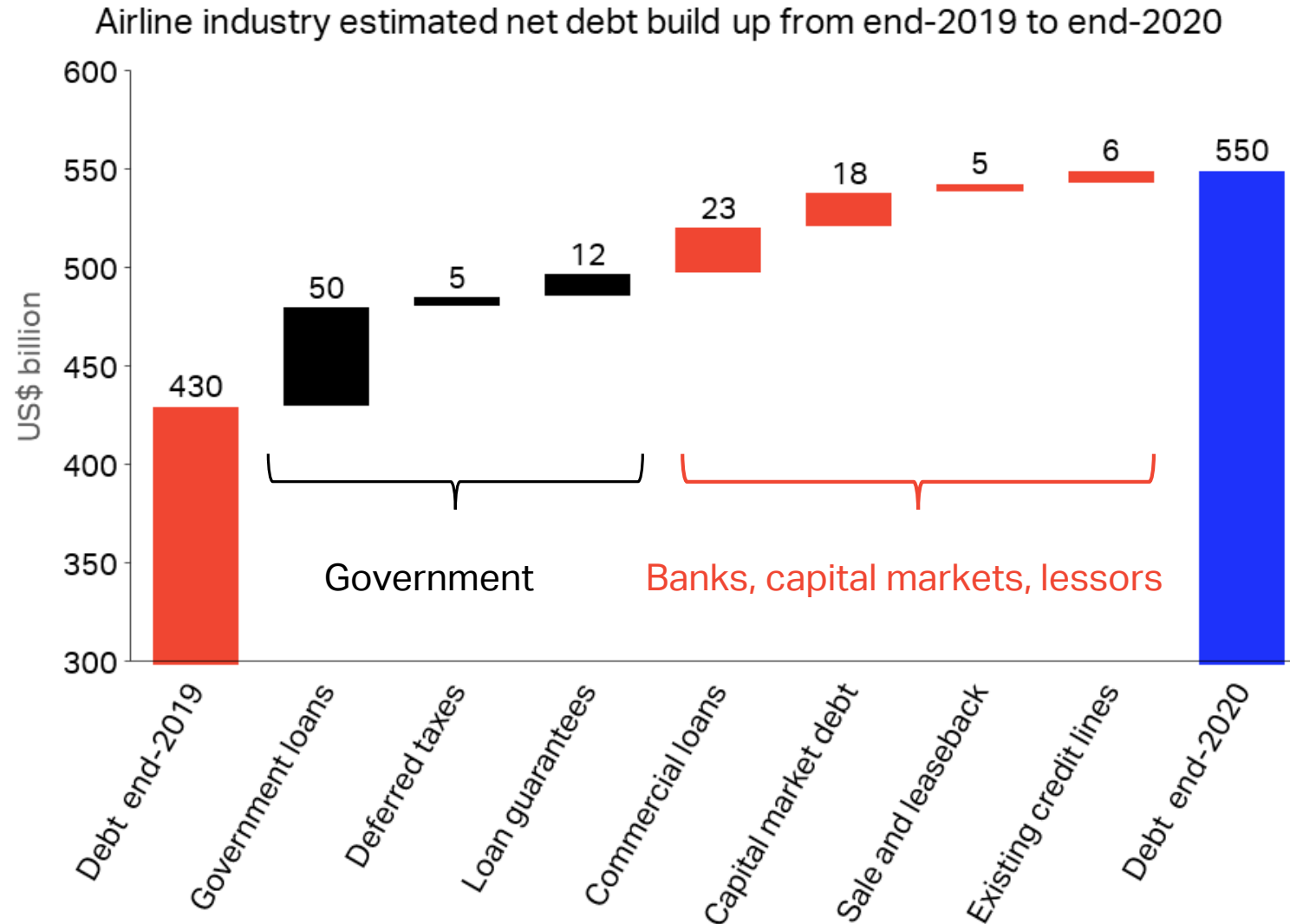
**\$67bn or 55% of Government aid creates debt – only \$11bn of equity**

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



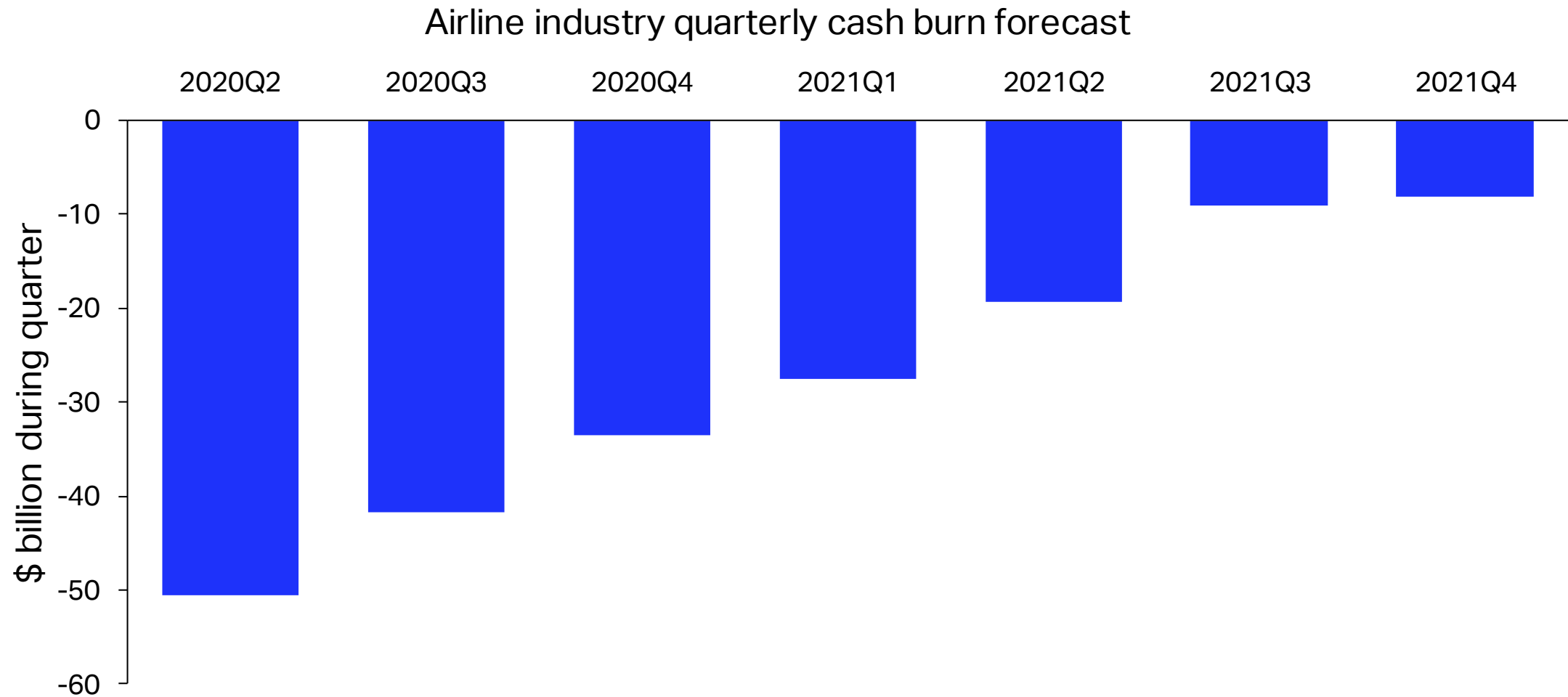
# Airlines will enter 'restart' with very high levels of debt

US\$120bn rise in debt but <\$30bn new equity (\$11bn from Govt)



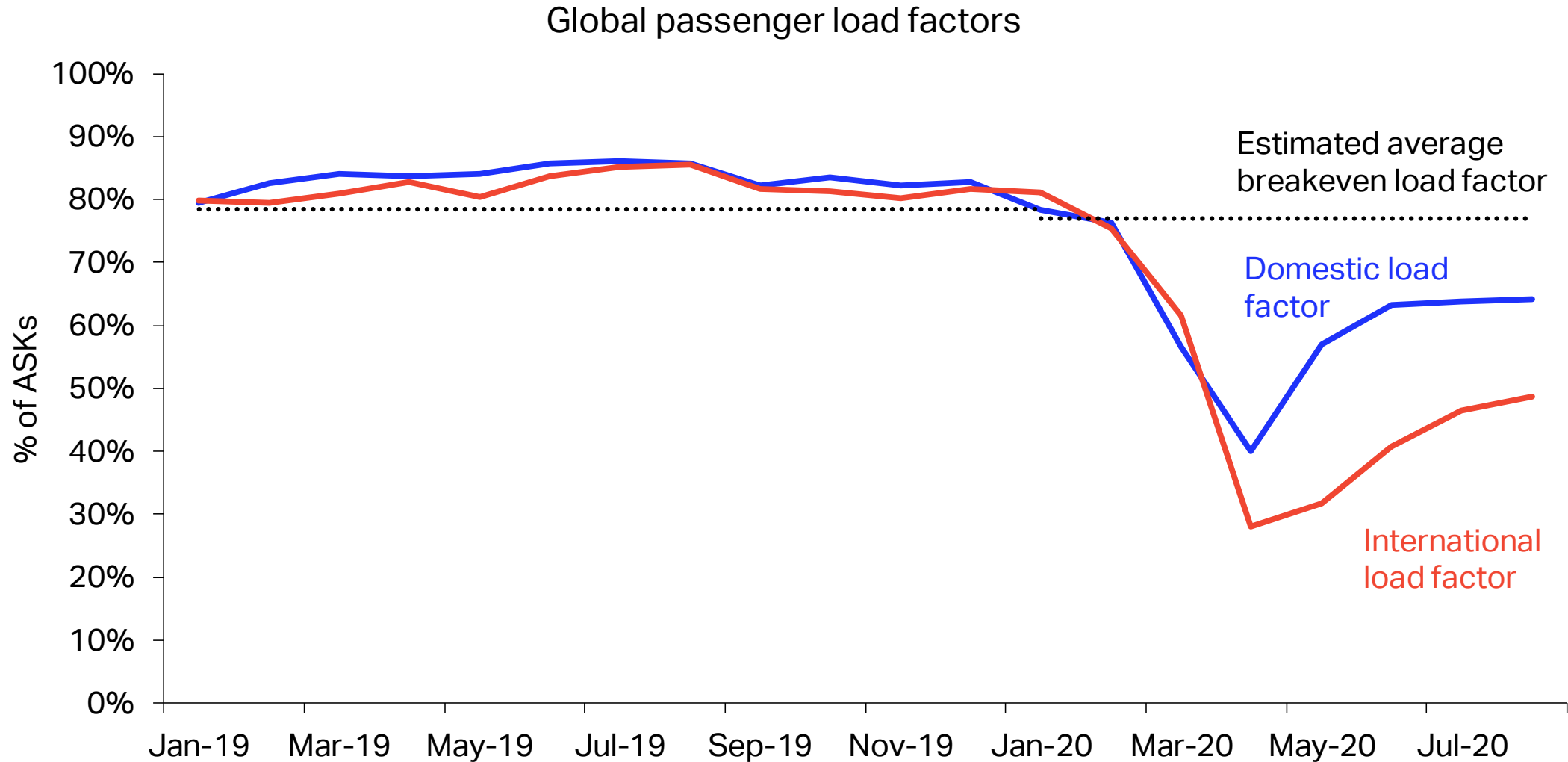
# Airlines not expected to turn cash positive until 2022

Extended weakness of revenues will delay financial turnaround



# Load factors remain well below breakeven

Airlines need to boost load factors to stop burning through cash



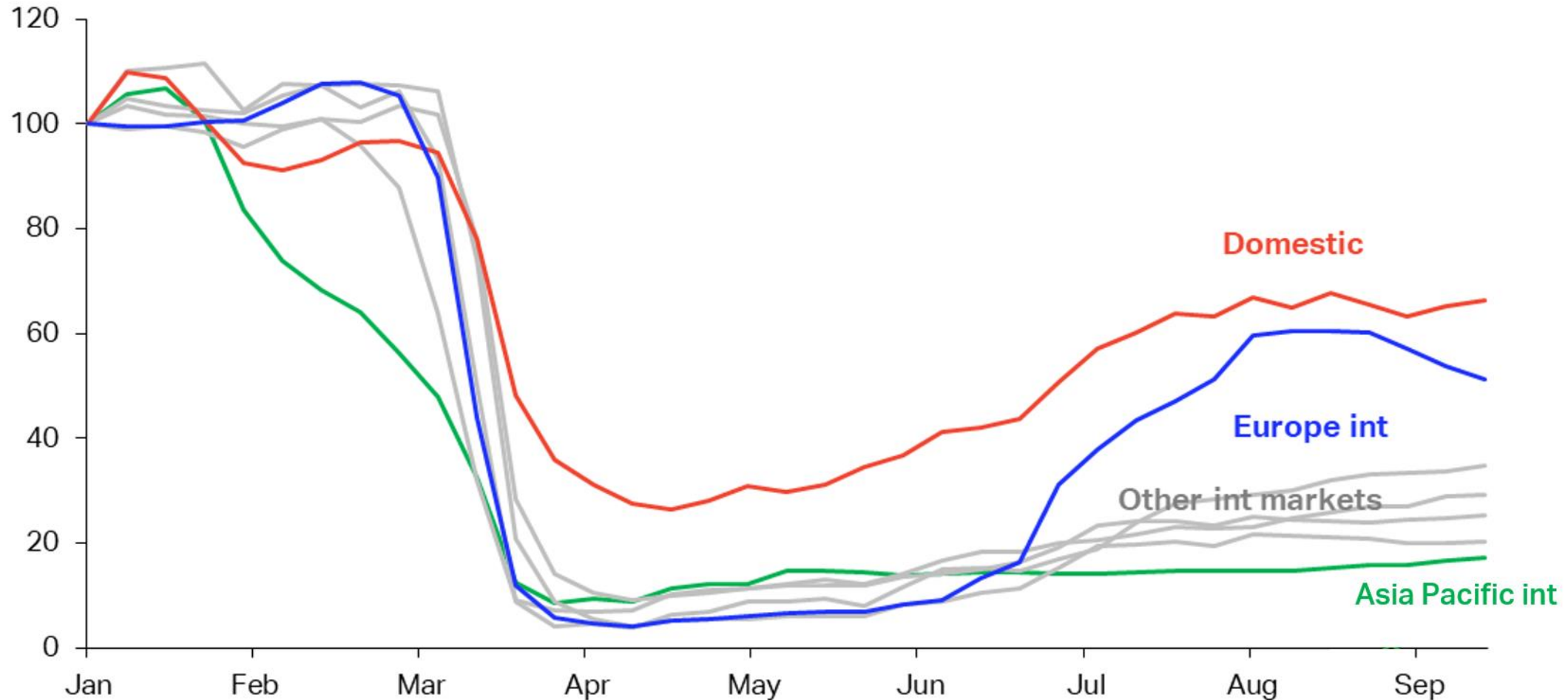
Source: IATA Economics analysis based on data from IATA Statistics



# Air travel growth stalled in mid-August and September

Rising COVID-19 cases stopped further progress

Weekly flights, indexed 2nd week = 100

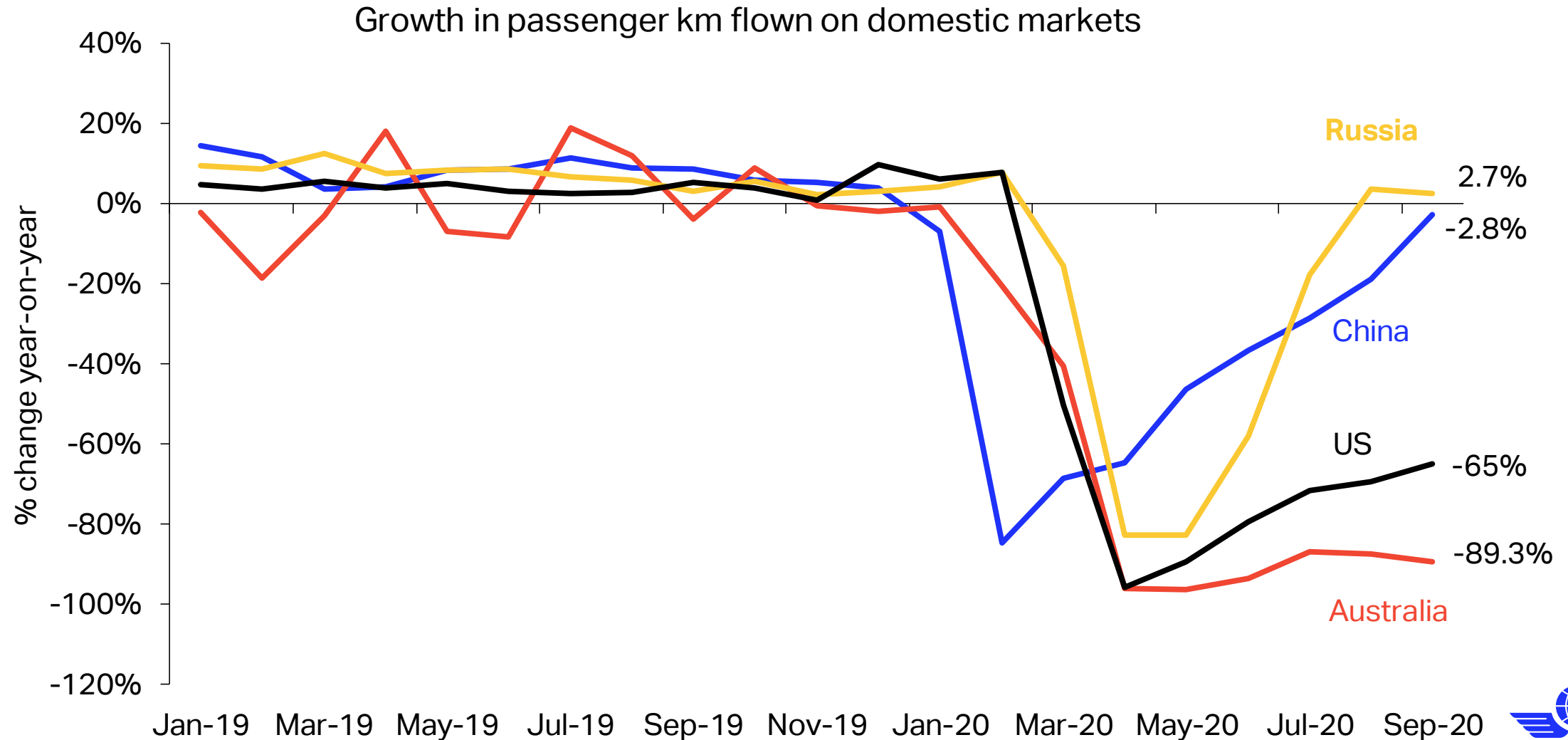


Source: IATA Economics analysis based on data provided under license by FlightRadar 24



# Huge divergence between domestic markets remains

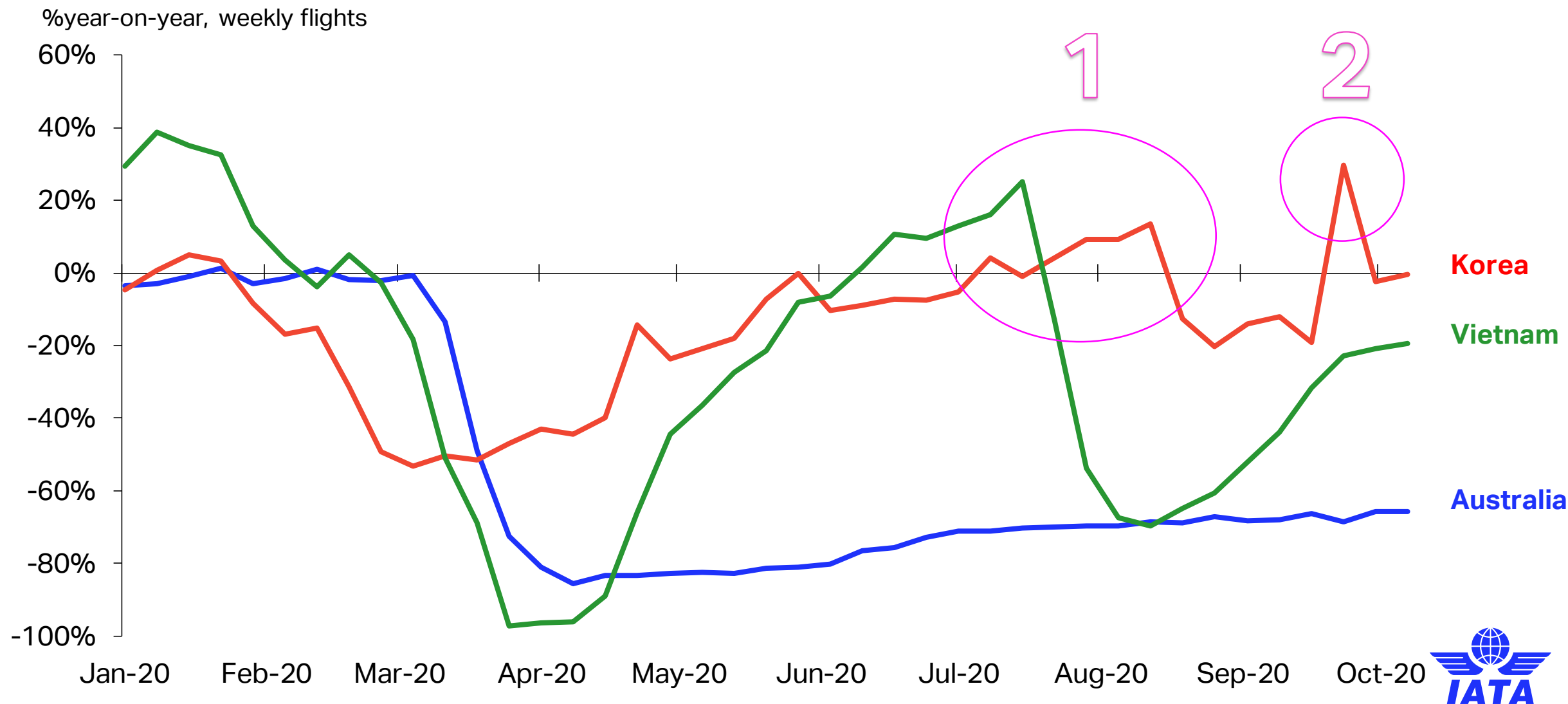
Russia and China fully recovered, but limited progress in US & Australia





# Sizeable variations on domestic air travel markets

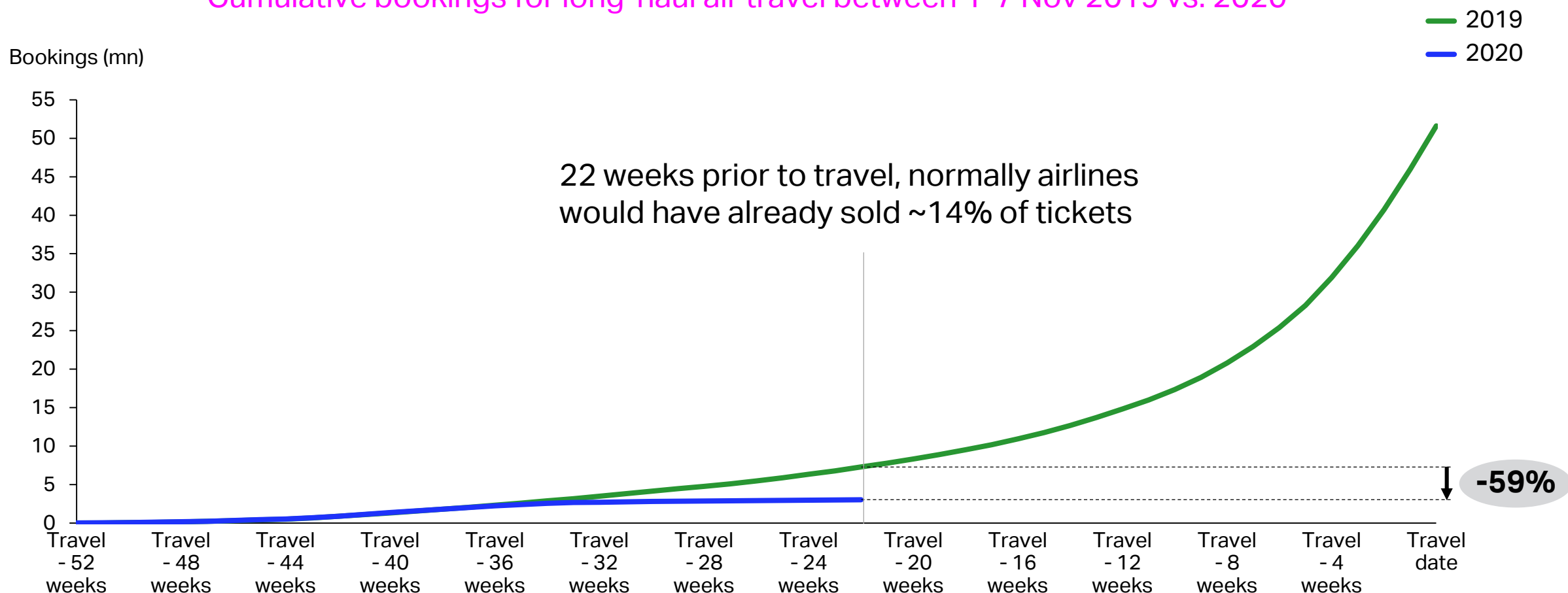
Demand affected by 2<sup>nd</sup> waves and renewed restrictions



# Demand for long-haul travel remains close to zero

Normally airlines would have sold 14% of tickets for start of winter season

Cumulative bookings for long-haul air travel between 1-7 Nov 2019 vs. 2020

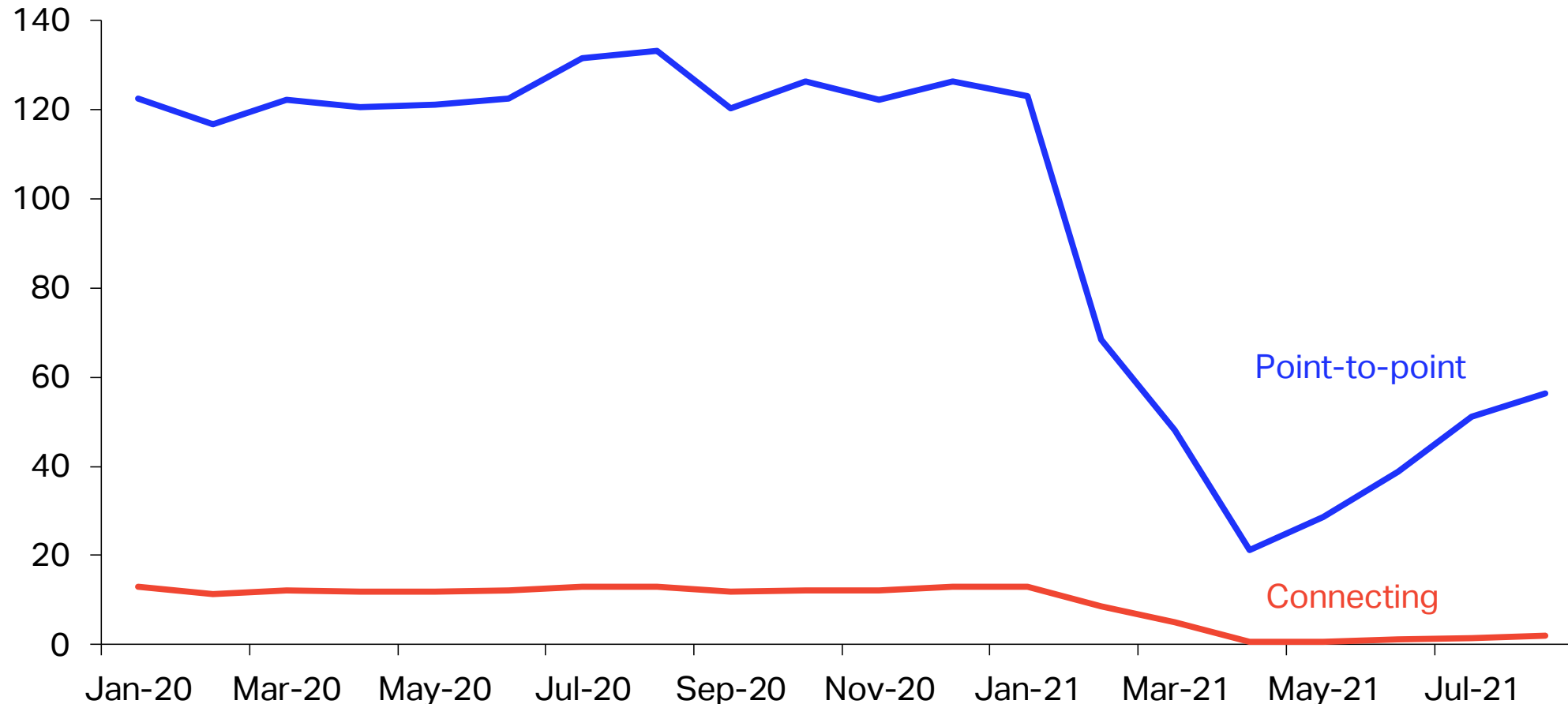


# Connecting passenger markets have not picked up

Before COVID-19 10% passengers connected – by August only 3.2%

Asia-Pacific ↔ Whole World

Total passengers, million



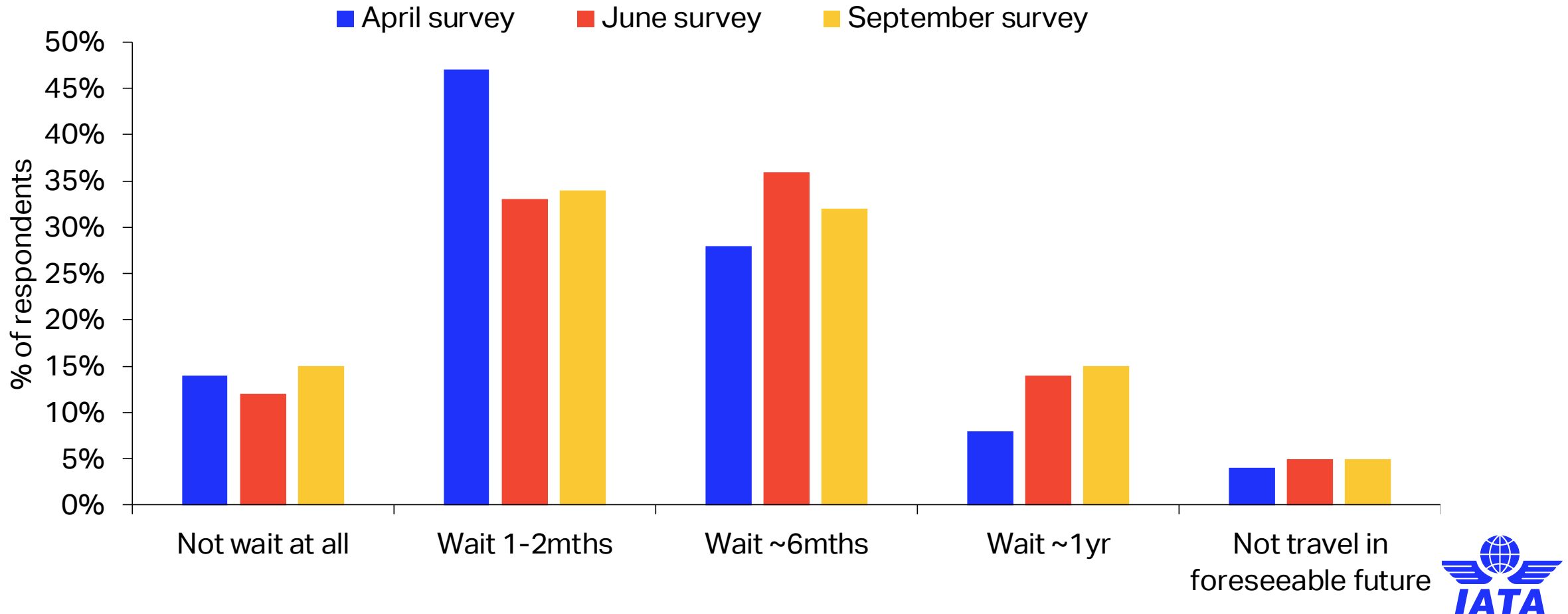
Source: IATA Economics using data from DDS



# There is a willingness to fly, but only 50% in 2020

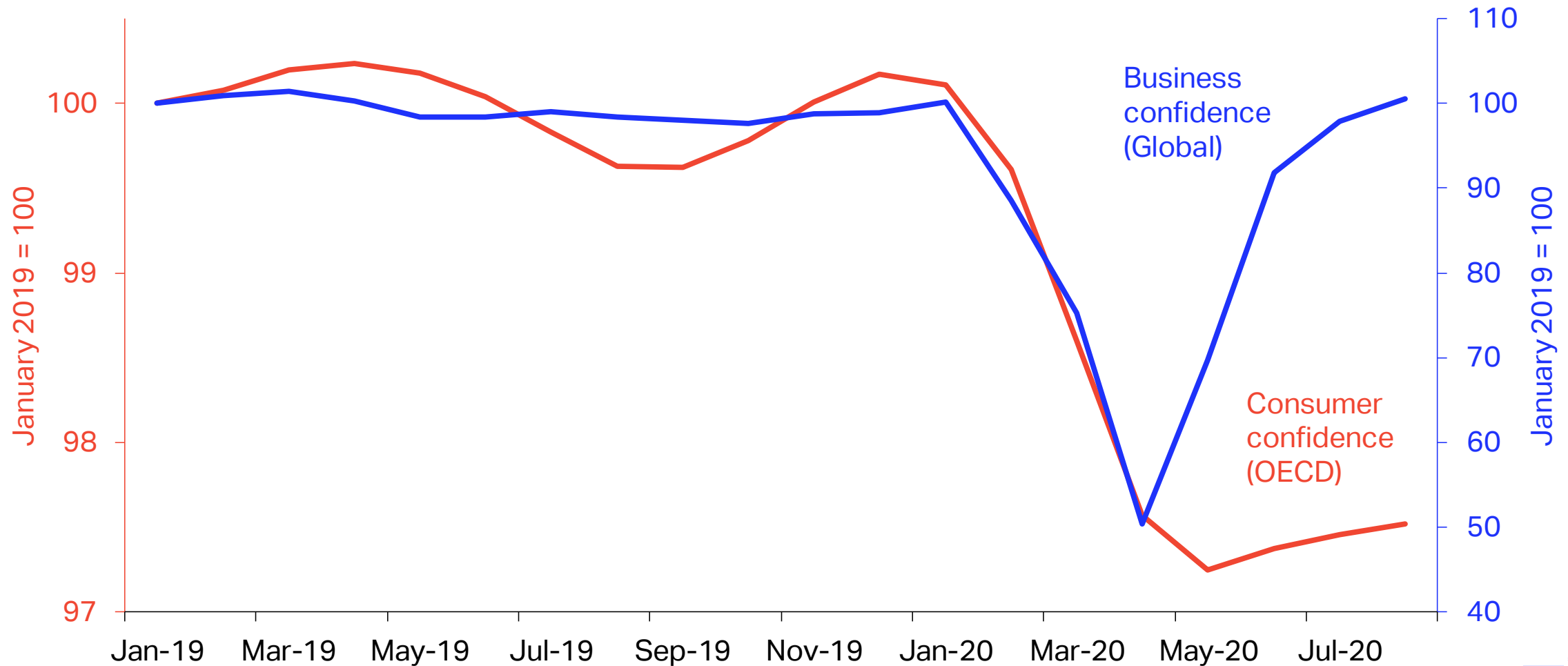
Consumer sentiment towards air travel did not improve in September

Survey question: When will you return to air travel?



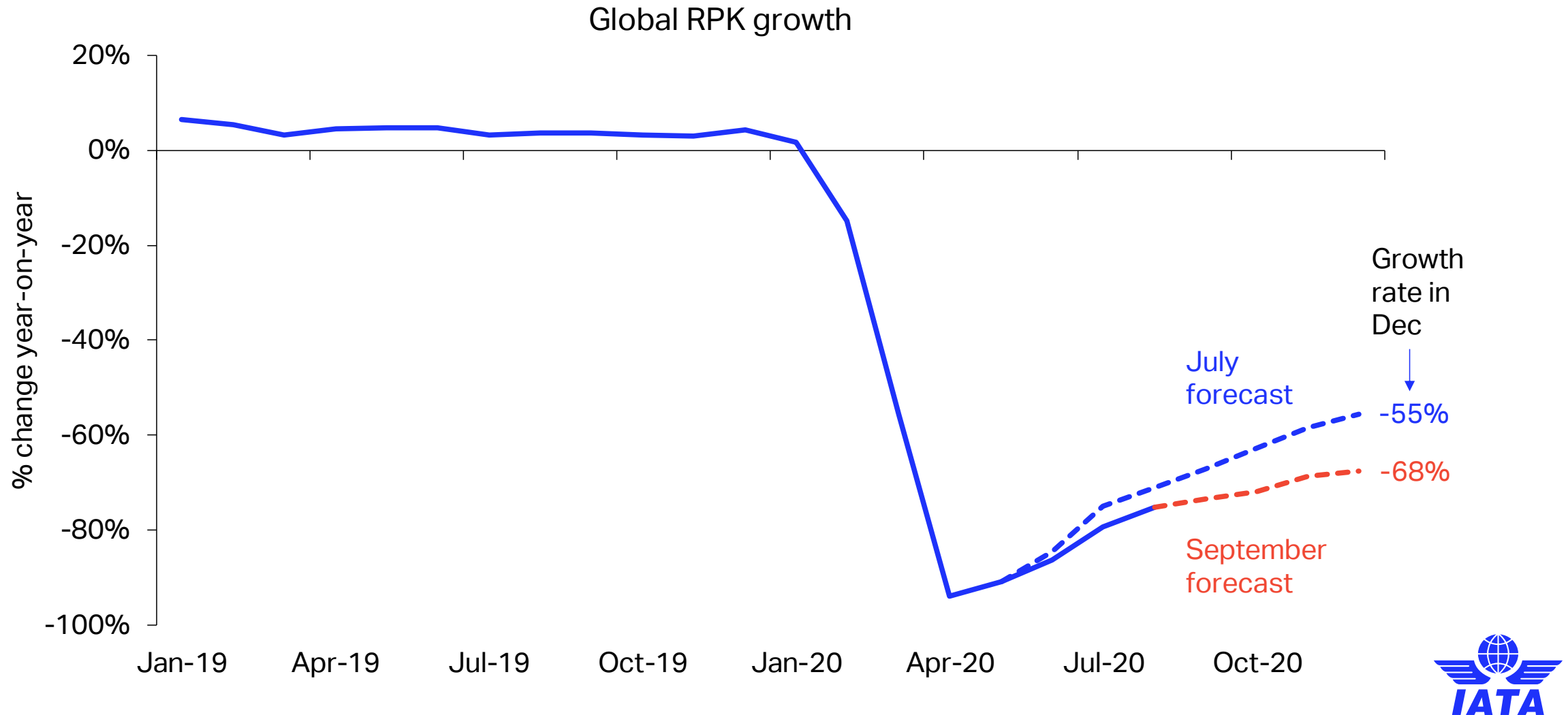
# Consumers also concerned about economic future

Business confidence recovered but job losses impacting consumers



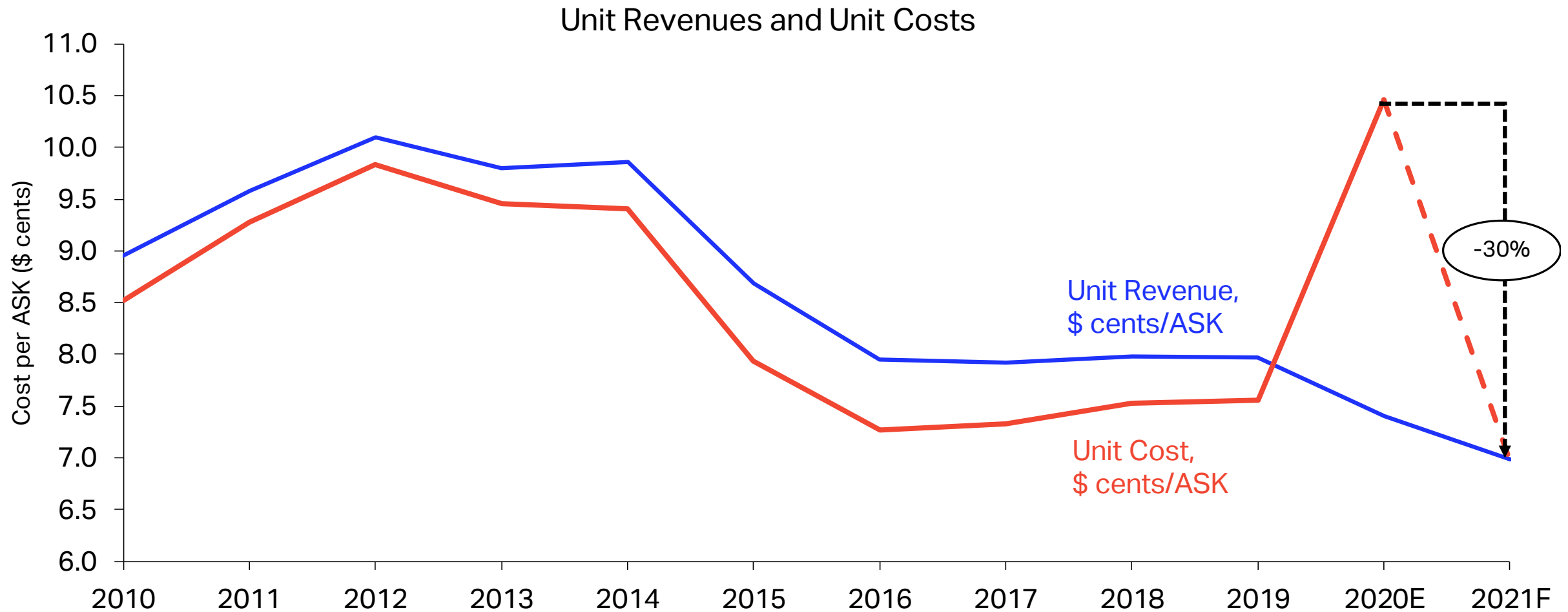
# Air travel forecast downgraded for rest of this year

Slower growth to year end means 2020 avg. growth of -66% (was -63%)



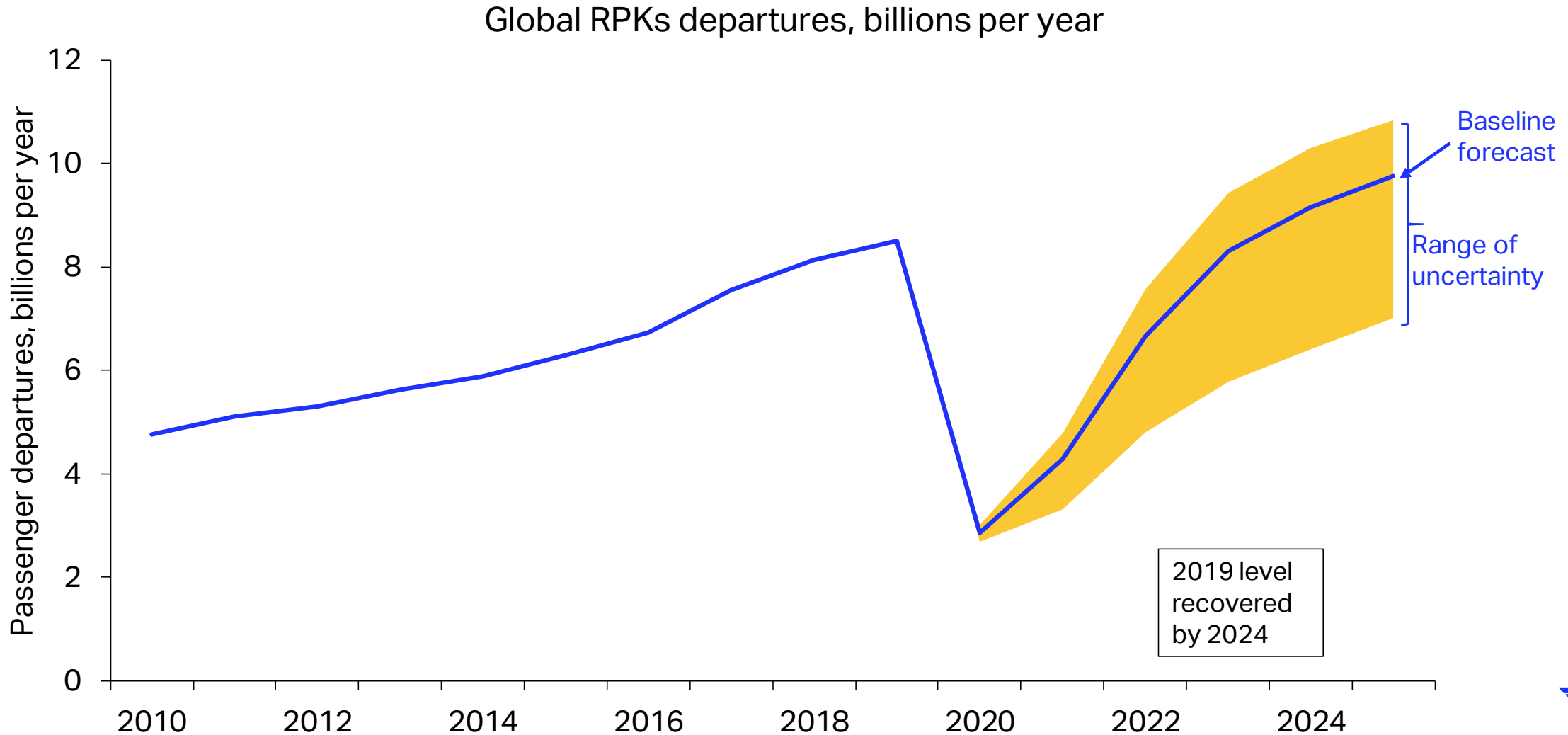
# This is the decline required in 2021 for unit costs

Unit costs need to fall by 30% from 2020 average to break-even in 2021



# Air transport industry & network will be smaller

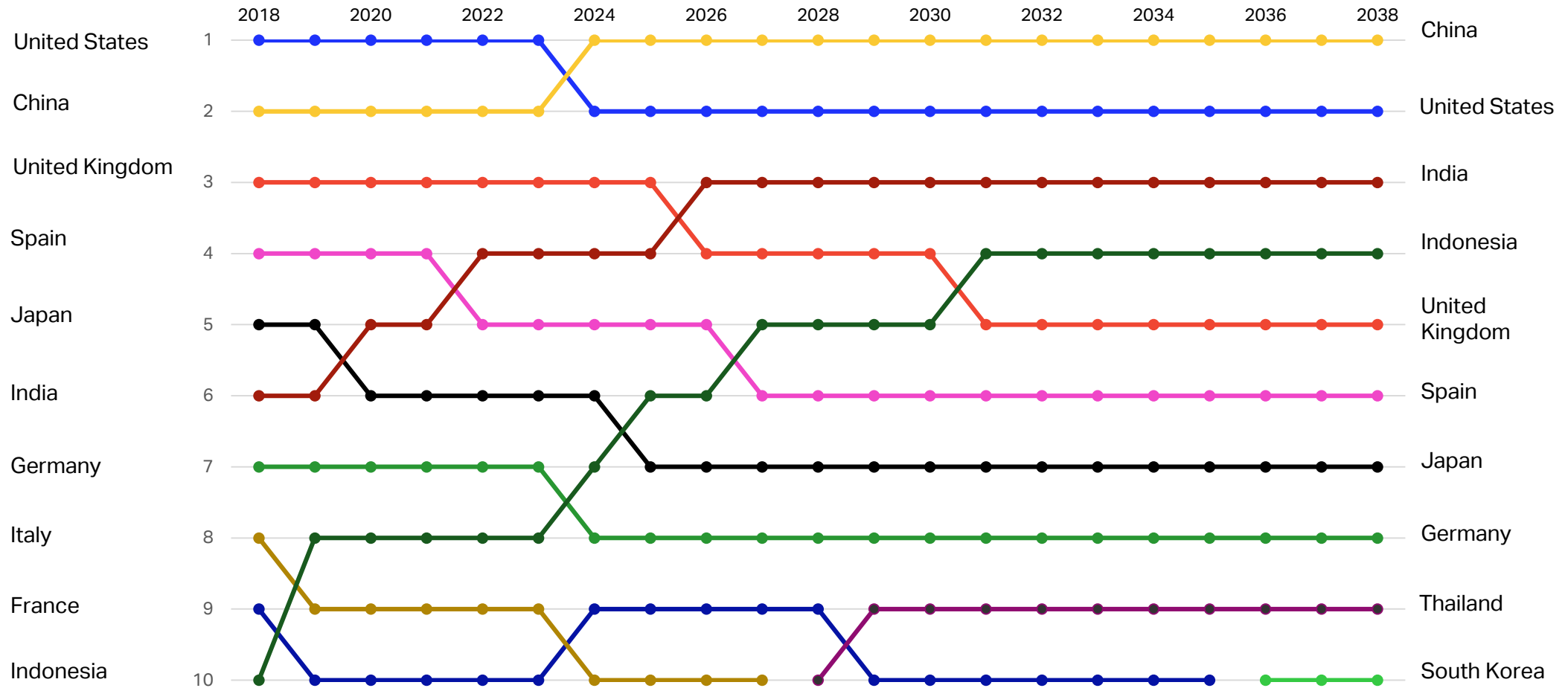
Even with vaccine in 2021 may take several years for air travel to recover





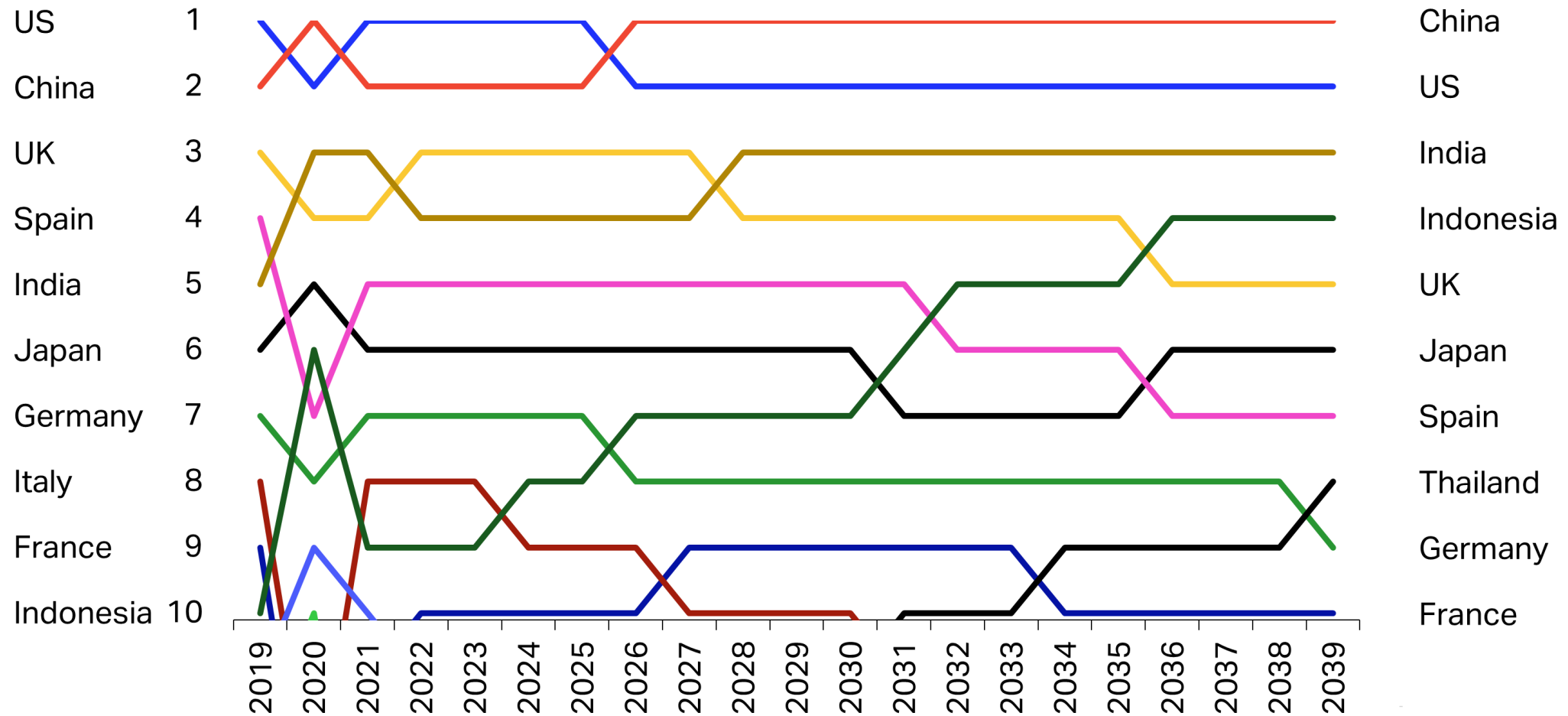
# Top 10 air passenger markets 2018-38

Top 10 largest air passenger markets over time (ranked by passenger numbers, to/from and within each country)



# Top 10 air passenger markets 2019-39

Top 10 largest air passenger markets over time (ranked by passenger numbers, to/from and within each country)



Why is this  
important?



# The global air transport industry

**87.7** million

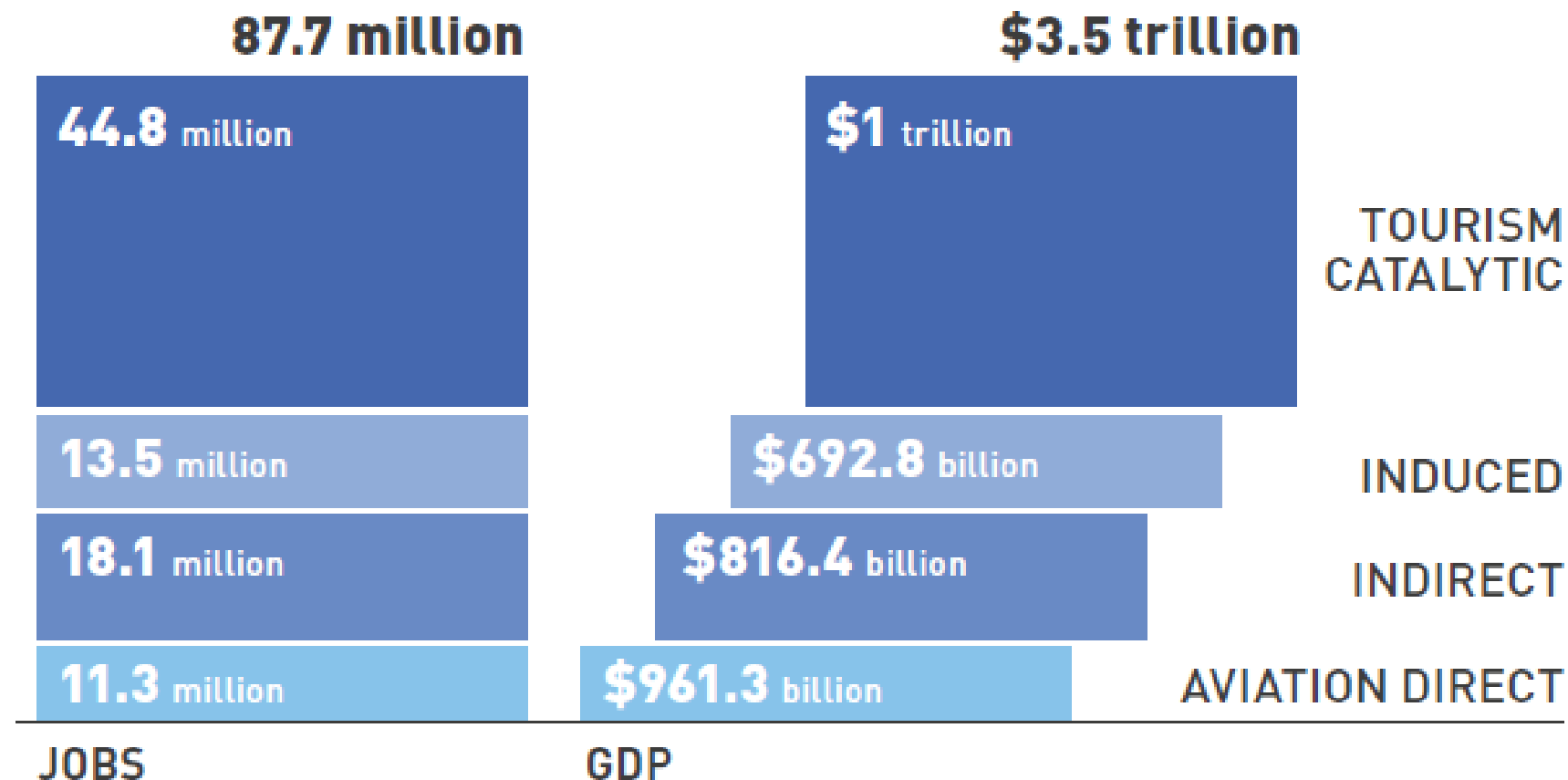
Jobs supported by aviation worldwide

**\$3.5** trillion

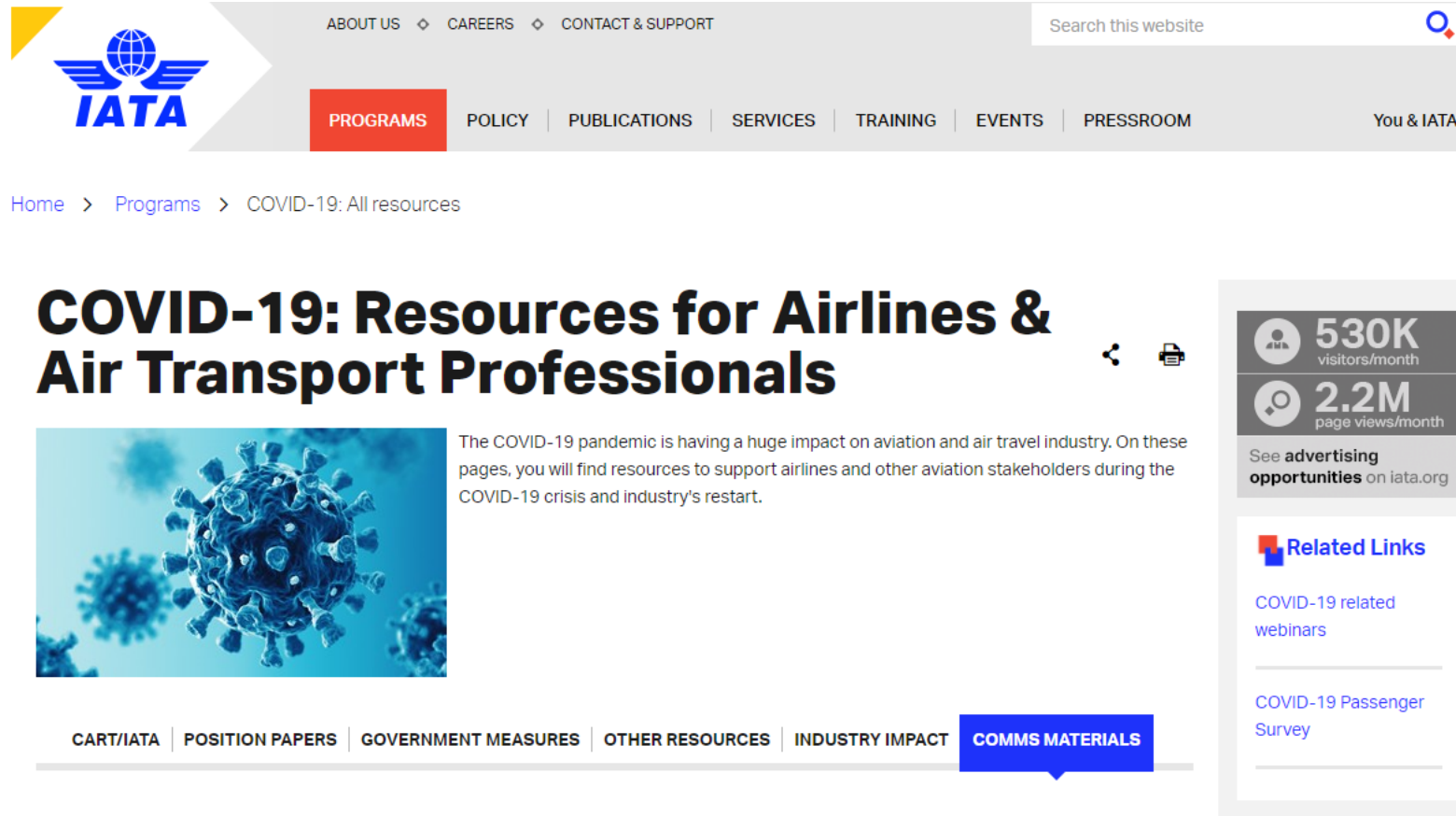
Aviation's global economic impact (including direct, indirect, induced and tourism catalytic)

**4.1%**

Global GDP supported by aviation



# IATA COVID Resources



The screenshot shows the IATA website's COVID-19 resources page. At the top is the IATA logo and a navigation bar with links: ABOUT US, CAREERS, CONTACT & SUPPORT, PROGRAMS (highlighted in red), POLICY, PUBLICATIONS, SERVICES, TRAINING, EVENTS, and PRESSROOM. A search bar is on the right. Below the navigation bar is a breadcrumb trail: Home > Programs > COVID-19: All resources. The main heading is "COVID-19: Resources for Airlines & Air Transport Professionals". To the left of the text is a blue-tinted image of a coronavirus particle. The text states: "The COVID-19 pandemic is having a huge impact on aviation and air travel industry. On these pages, you will find resources to support airlines and other aviation stakeholders during the COVID-19 crisis and industry's restart." Below this text is a horizontal menu with links: CART/IATA, POSITION PAPERS, GOVERNMENT MEASURES, OTHER RESOURCES, INDUSTRY IMPACT, and COMMS MATERIALS (highlighted in blue). On the right side, there is a sidebar with statistics: 530K visitors/month and 2.2M page views/month, followed by a link to "See advertising opportunities on iata.org". Below that is a "Related Links" section with links to "COVID-19 related webinars" and "COVID-19 Passenger Survey".

**COVID-19: Resources for Airlines & Air Transport Professionals**

The COVID-19 pandemic is having a huge impact on aviation and air travel industry. On these pages, you will find resources to support airlines and other aviation stakeholders during the COVID-19 crisis and industry's restart.

[CART/IATA](#) | [POSITION PAPERS](#) | [GOVERNMENT MEASURES](#) | [OTHER RESOURCES](#) | [INDUSTRY IMPACT](#) | [COMMS MATERIALS](#)

**530K** visitors/month  
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**Related Links**

- [COVID-19 related webinars](#)
- [COVID-19 Passenger Survey](#)

<https://www.iata.org/en/programs/covid-19-resources-guidelines/>

# Thank you

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 [www.iata.org](http://www.iata.org)

