

CPWG Plenary

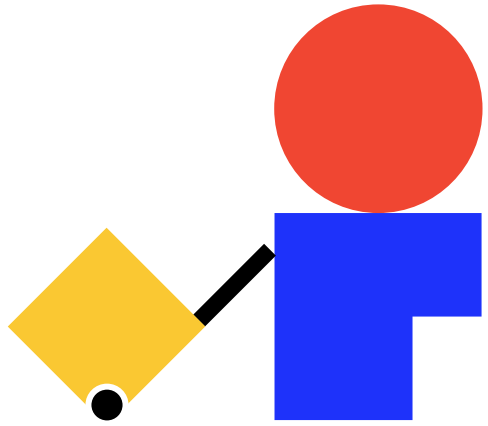
**COVID-19 impact on
airlines**

9 March 2021

**Blair Cowles
Regional Director
Safety & Flight Operations - ASPAC**

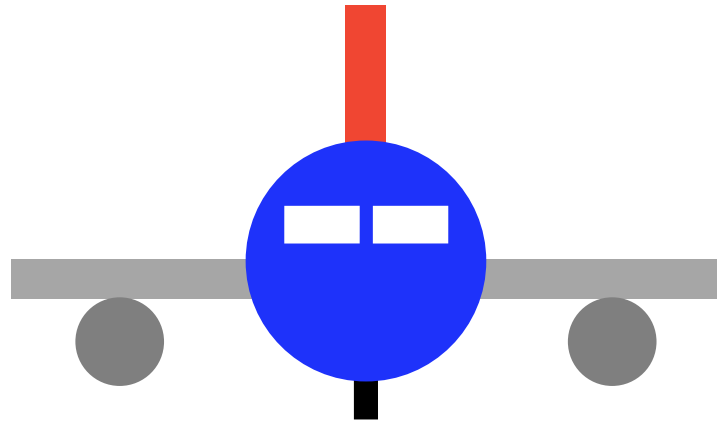


Every day in 2019...



12.4

million
passengers



106,600

flights

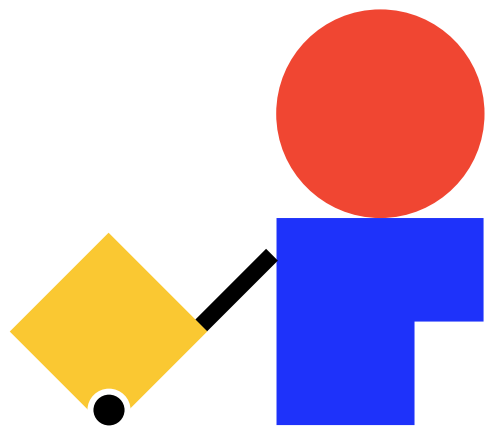


\$17.8

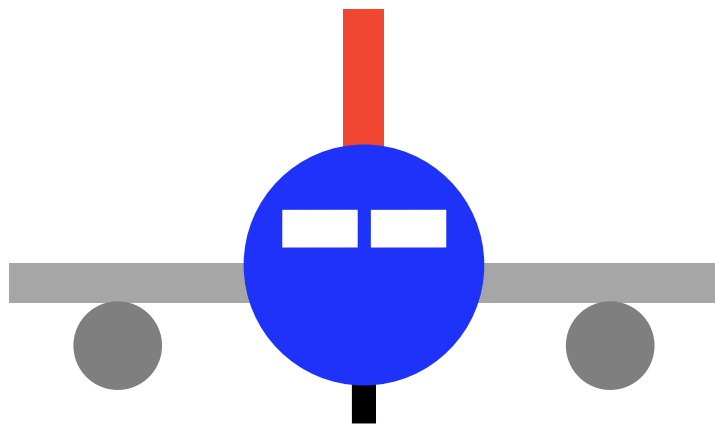
billion worth of
goods carried



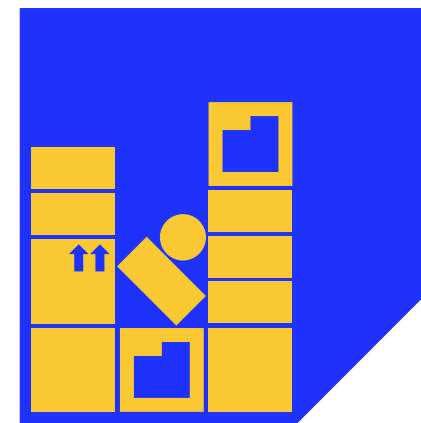
Every day in 2020...



4.9
million
passengers



44,900
flights



\$16
billion worth of
goods carried

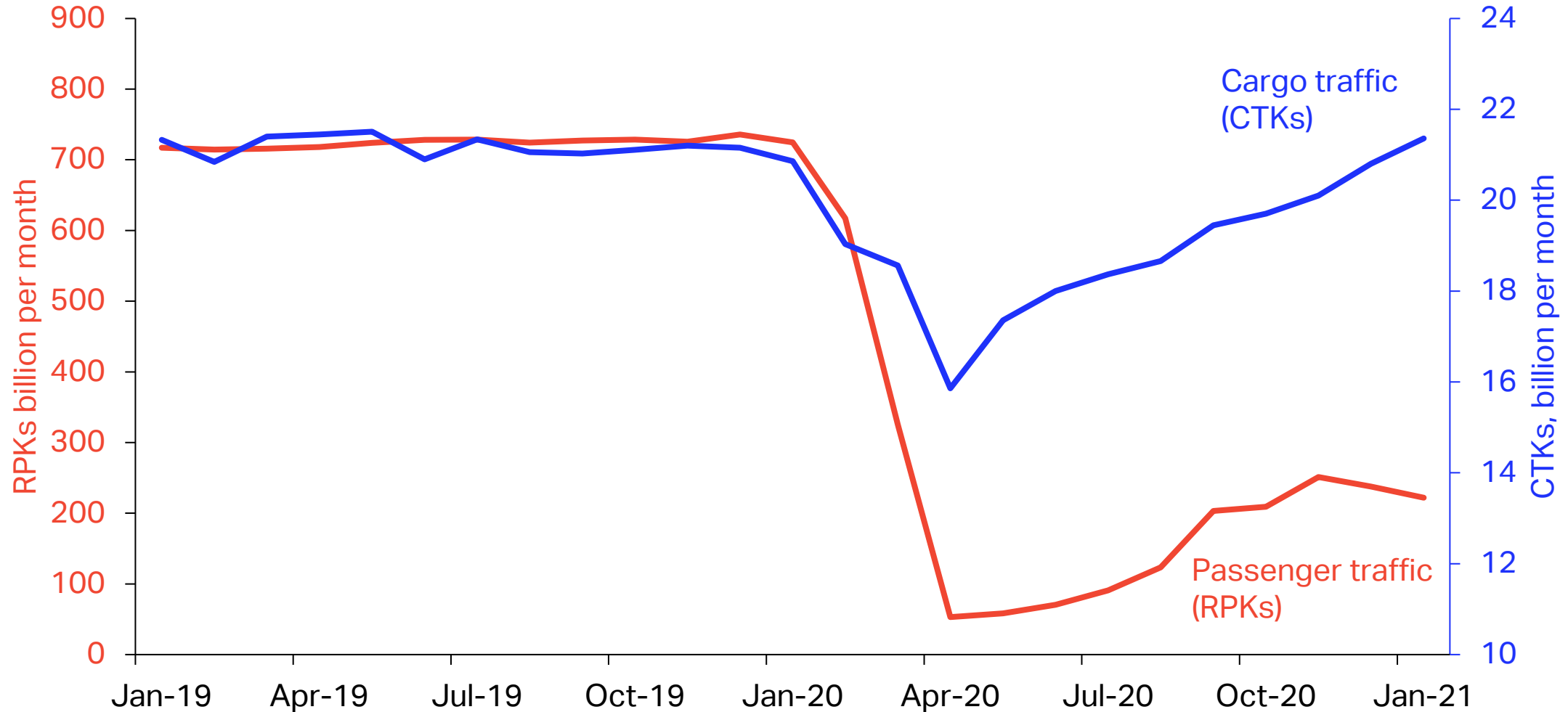
INDUSTRY IN CRISIS
TOTAL LOSSES IN 2020: \$118 BILLION
DEMAND: DOWN 65.9% vs 2019



Setback to air travel, but cargo regains pre-crisis traffic

Global RPKs fell to -72% vs Jan 2019, but cargo tonne km 1.1% higher

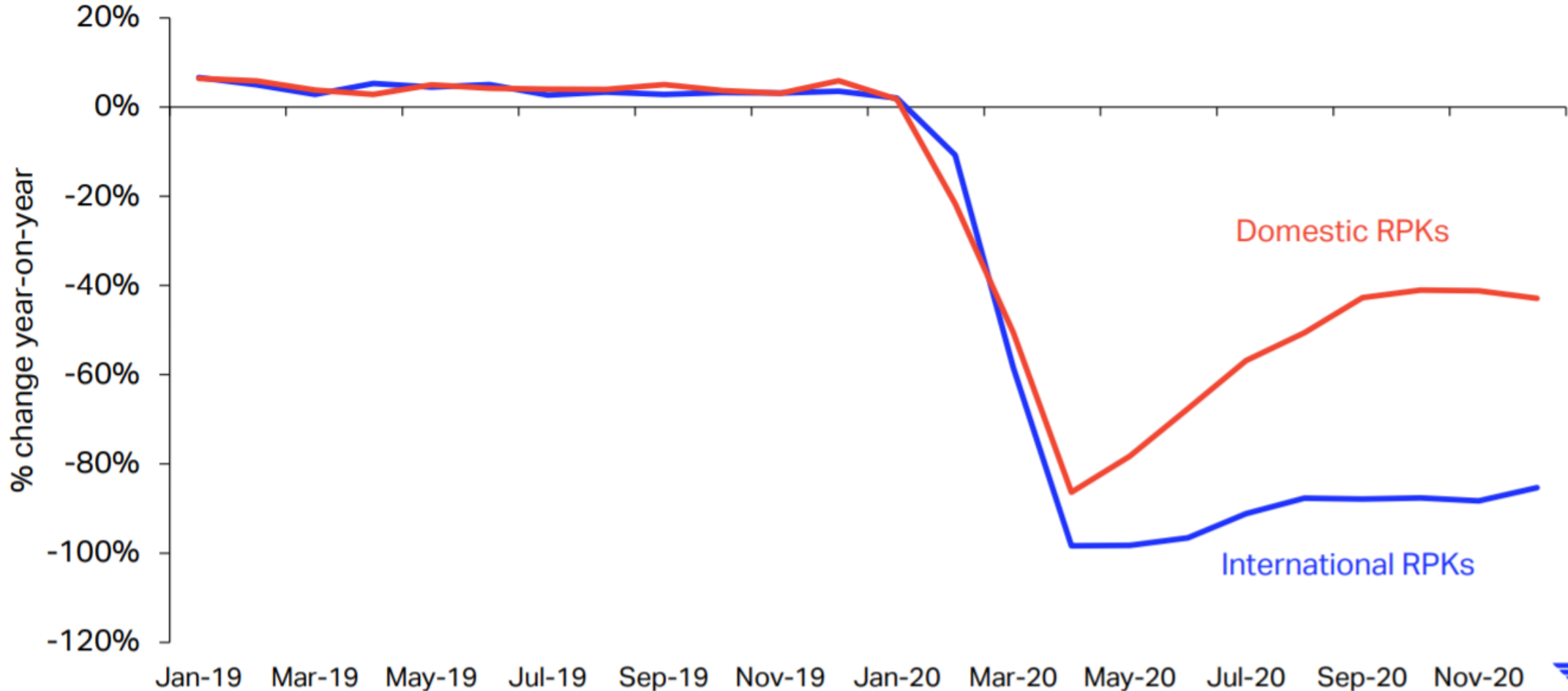
Passenger and cargo tonne km flown (RPKs, CTKs), billion per month



Air travel recovery in 2020 stalled after the summer

RPKs ended year down 70%: domestic -43%, international -85% y-o-y

Growth in international and domestic RPKs



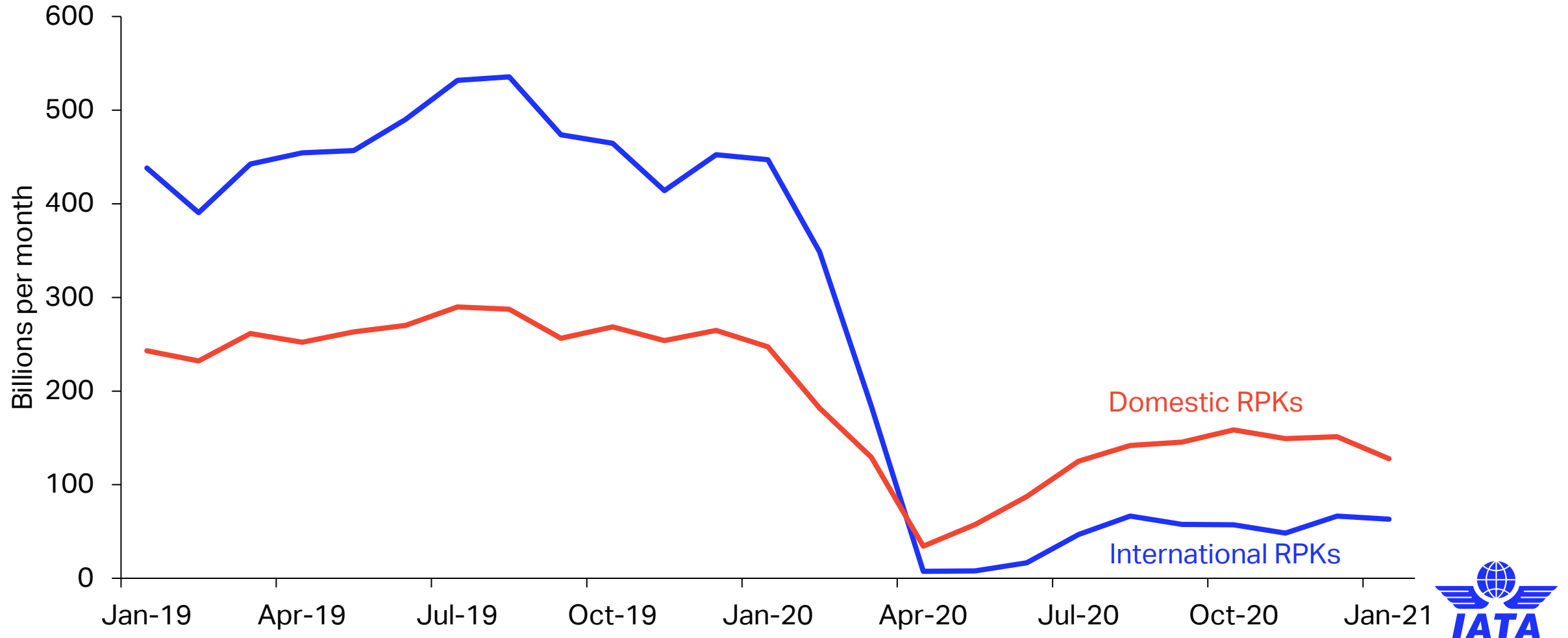
Source: IATA Economics using data from IATA Statistics



January weakness due to a fall in domestic air travel

Domestic RPKs down 47.4% on pre-crisis level. International down 85.6%

Global RPKs on international and domestic markets, billions per month

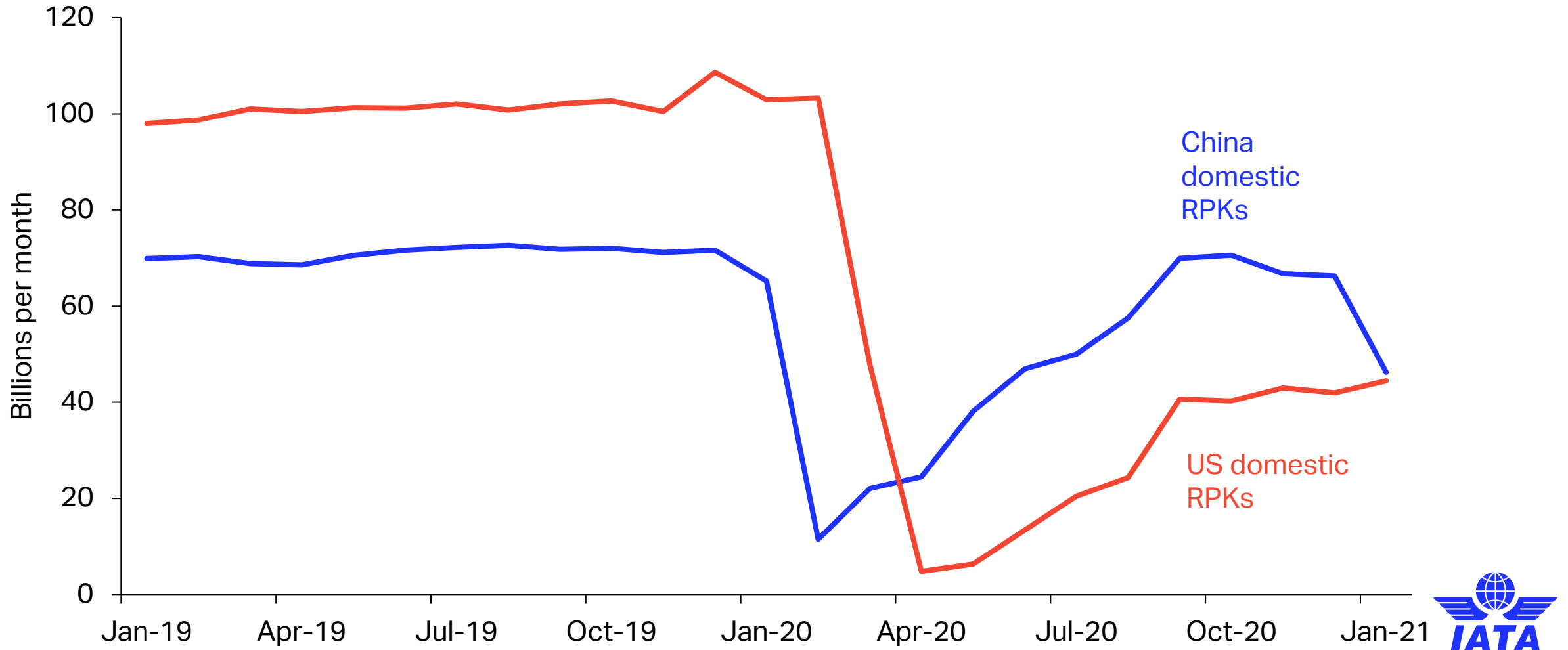


Source: IATA Economics using data from IATA Statistics. Data is not adjusted for seasonality.

Air travel setback due to China domestic market fall

Travel restrictions weakened China. US domestic increases but slow

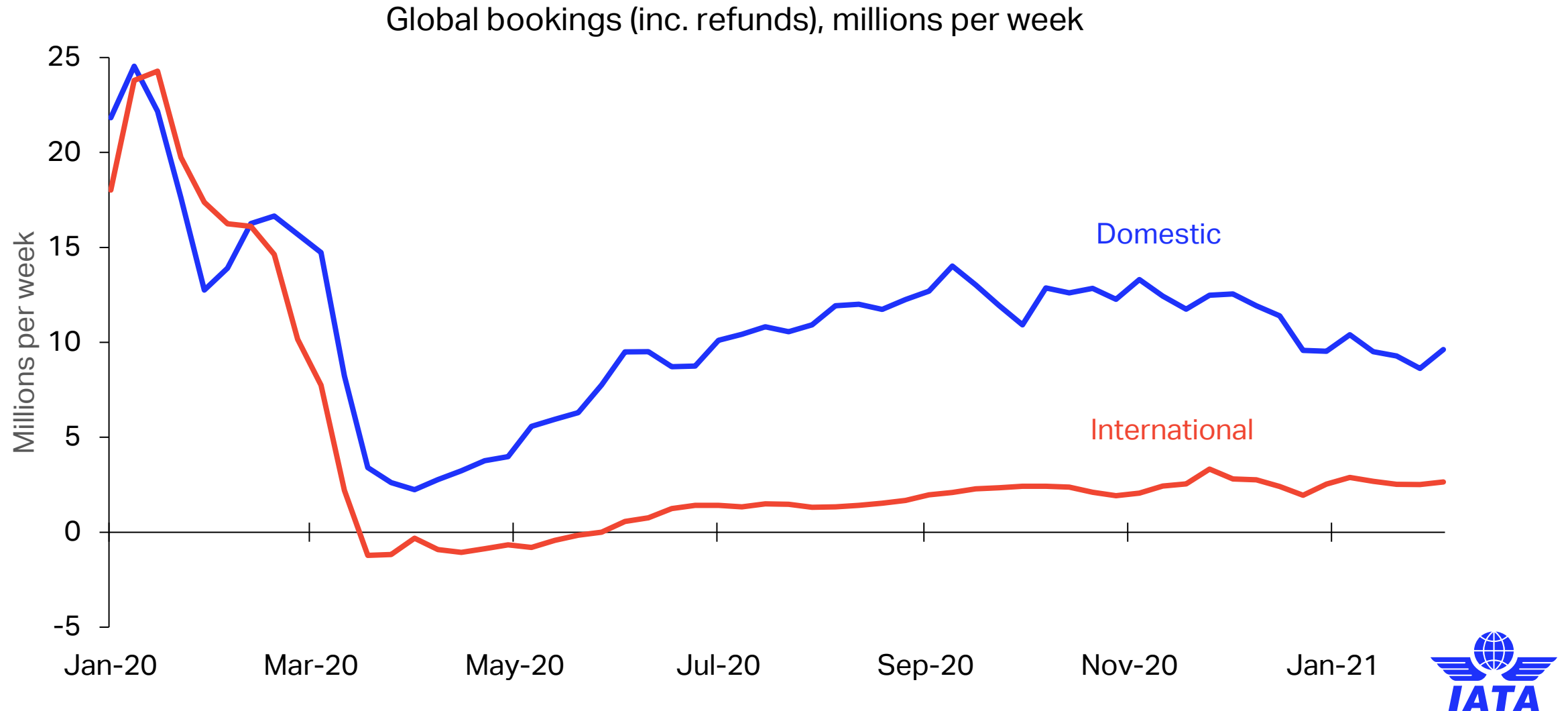
Passenger km flown (RPKs) on domestic markets, billions per month



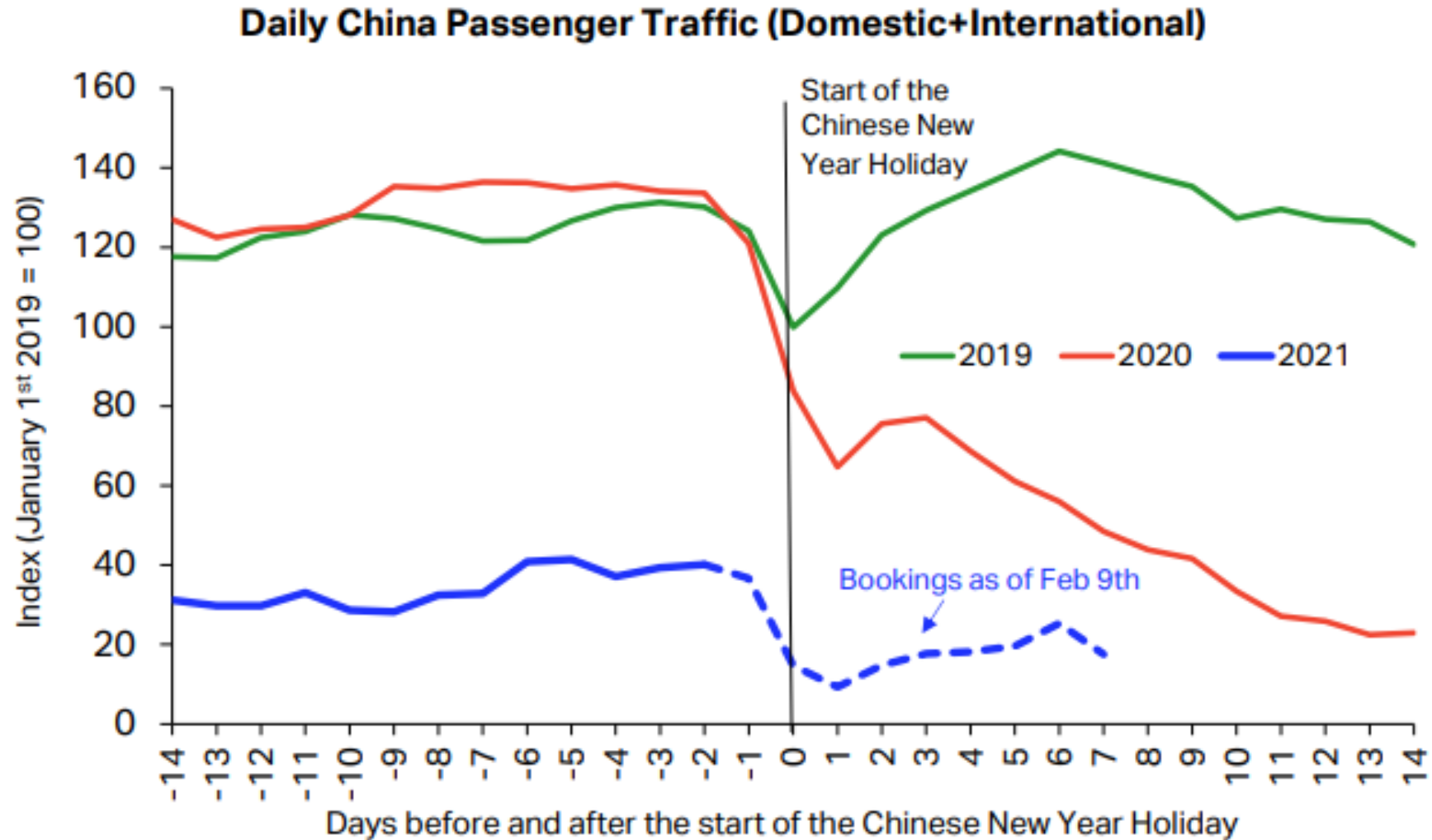
Source: IATA Economics using data from IATA Statistics. Data is adjusted for seasonality

The air passenger business will worsen before improving

Travel restrictions still tightening, and China domestic travel fell in Feb



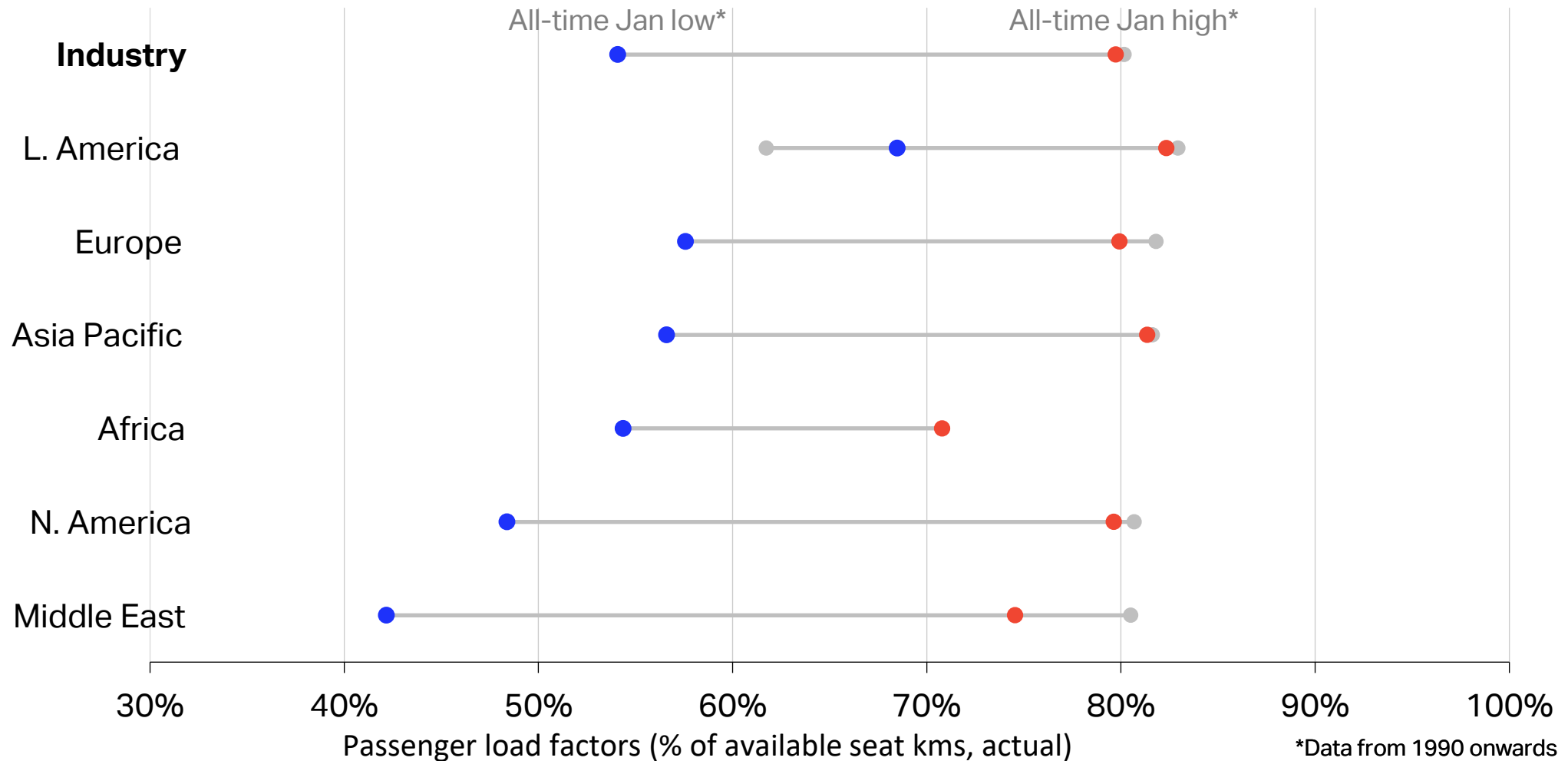
Air travel revenue boost from Chinese New Year absent



Passenger load factors low despite service cutbacks

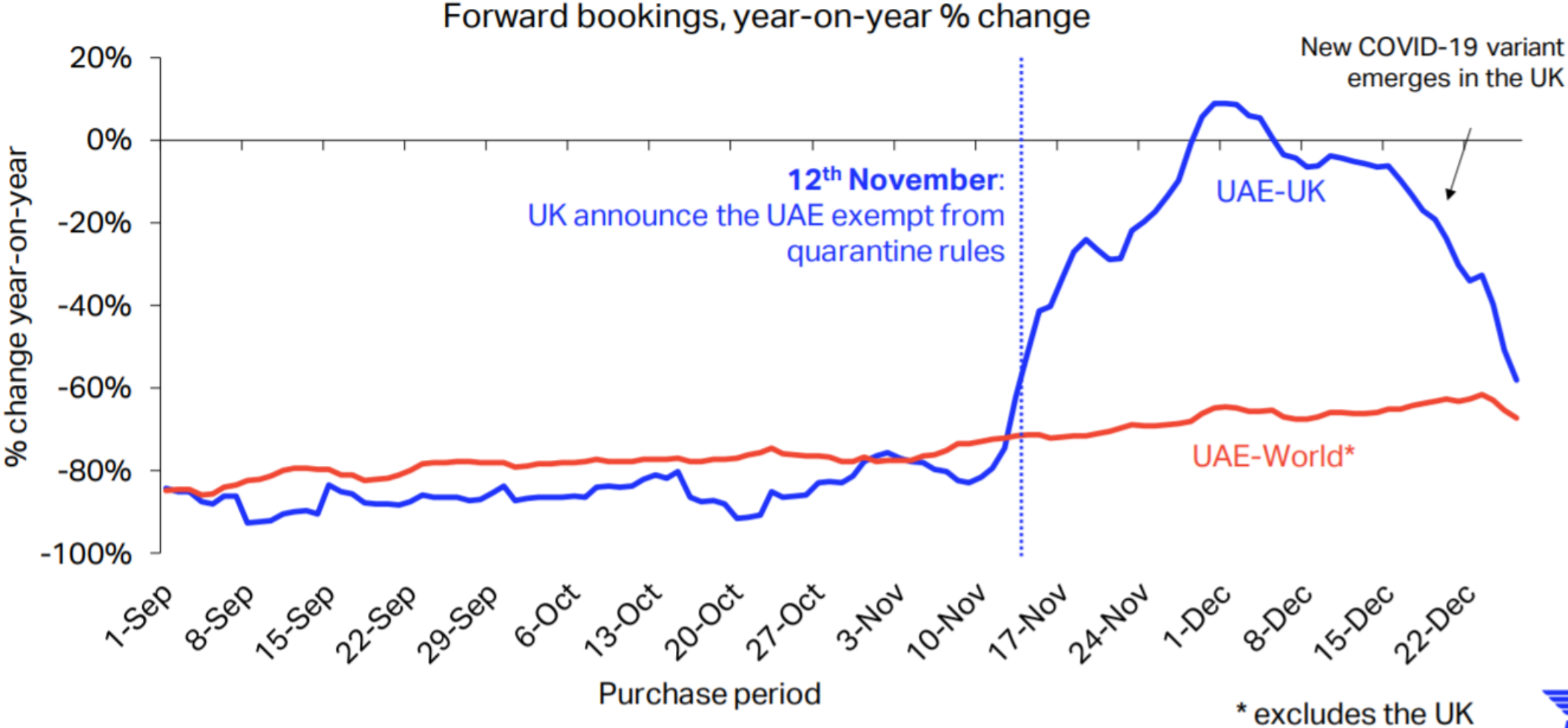
Industry load factor 25.7 % points lower than pre-crisis levels at 54.1%

Passenger load factors, Jan 2021 vs Jan 2019



Substantial pent-up demand but vulnerable to shocks

Bookings surged when quarantine relaxed, here for UK-UAE market



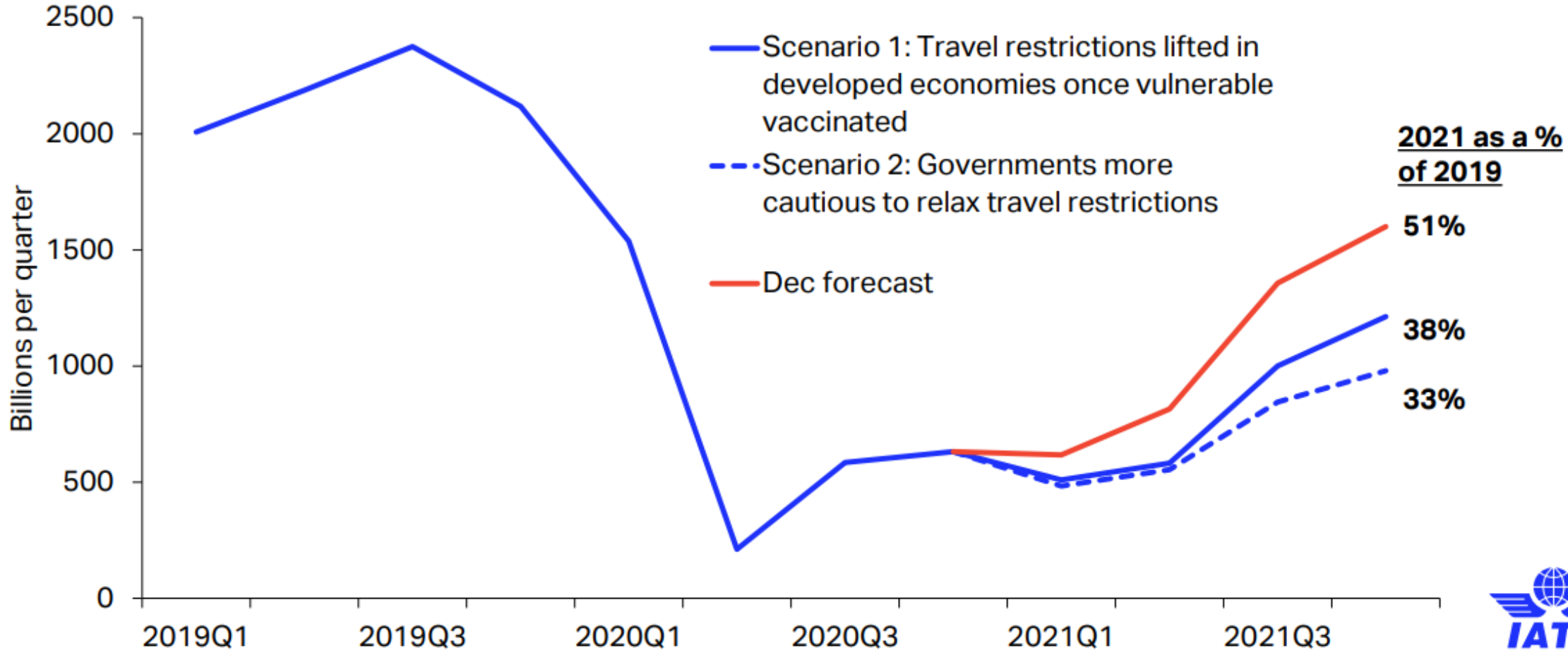
Source: IATA Economics using data from DDS



2021 H1 will be weaker than expected in December

There is also a risk to H2 from policy response to new virus variants

Global RPKs, billions per quarter



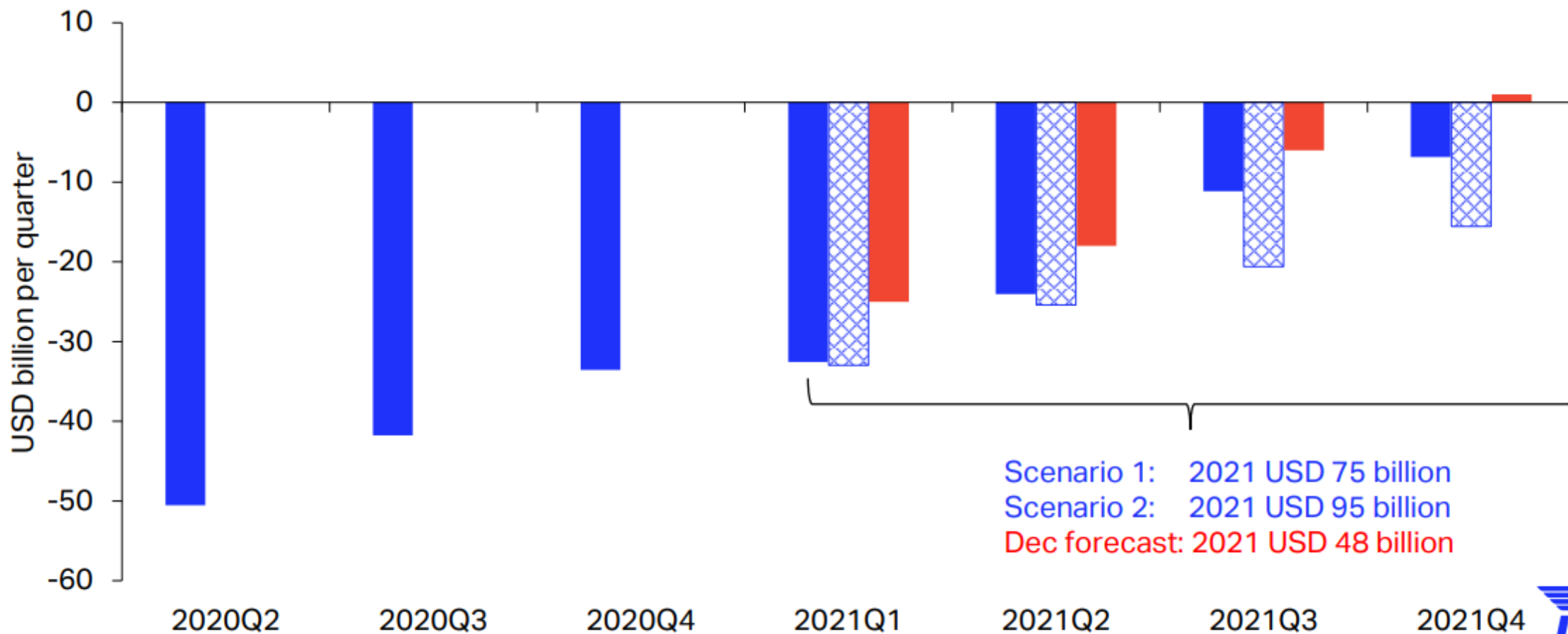
Source: IATA Economics

Airlines' cash burn worse than forecast in December

Delay in travel recovery implies 2021 cash burn of USD 75-95 billion

Global airline industry cash burn forecast, USD billion per quarter

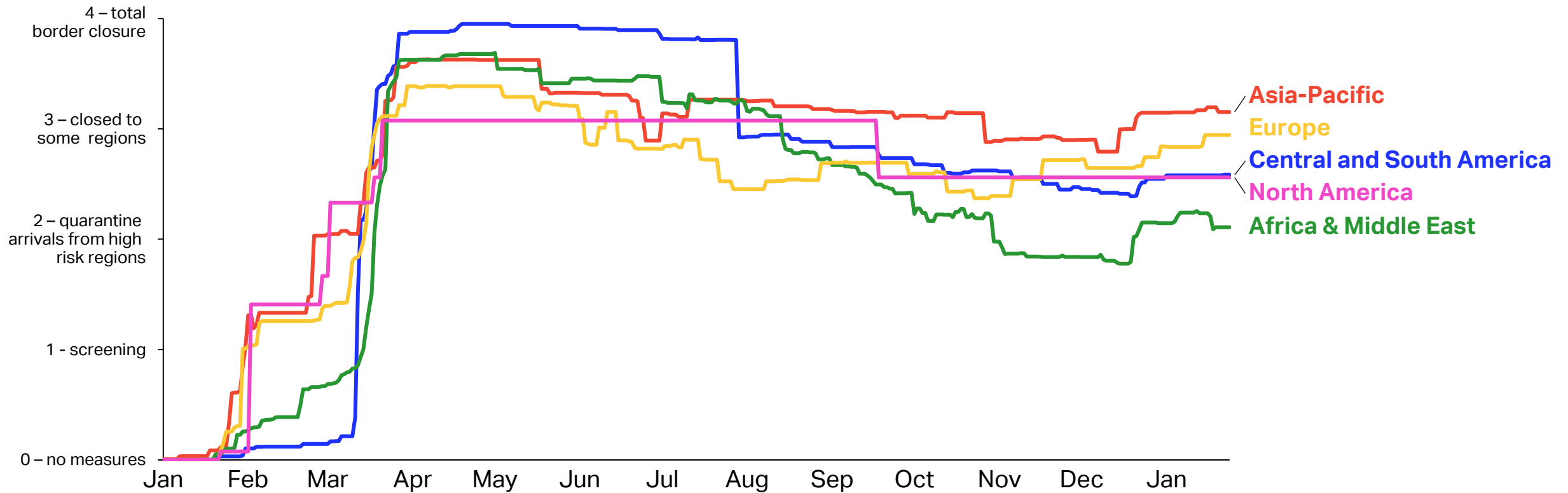
■ Scenario1 ▨ Scenario2 ■ Dec forecast



Travel fell as governments imposed tighter restrictions

International travel restrictions up, and domestic restrictions also rose

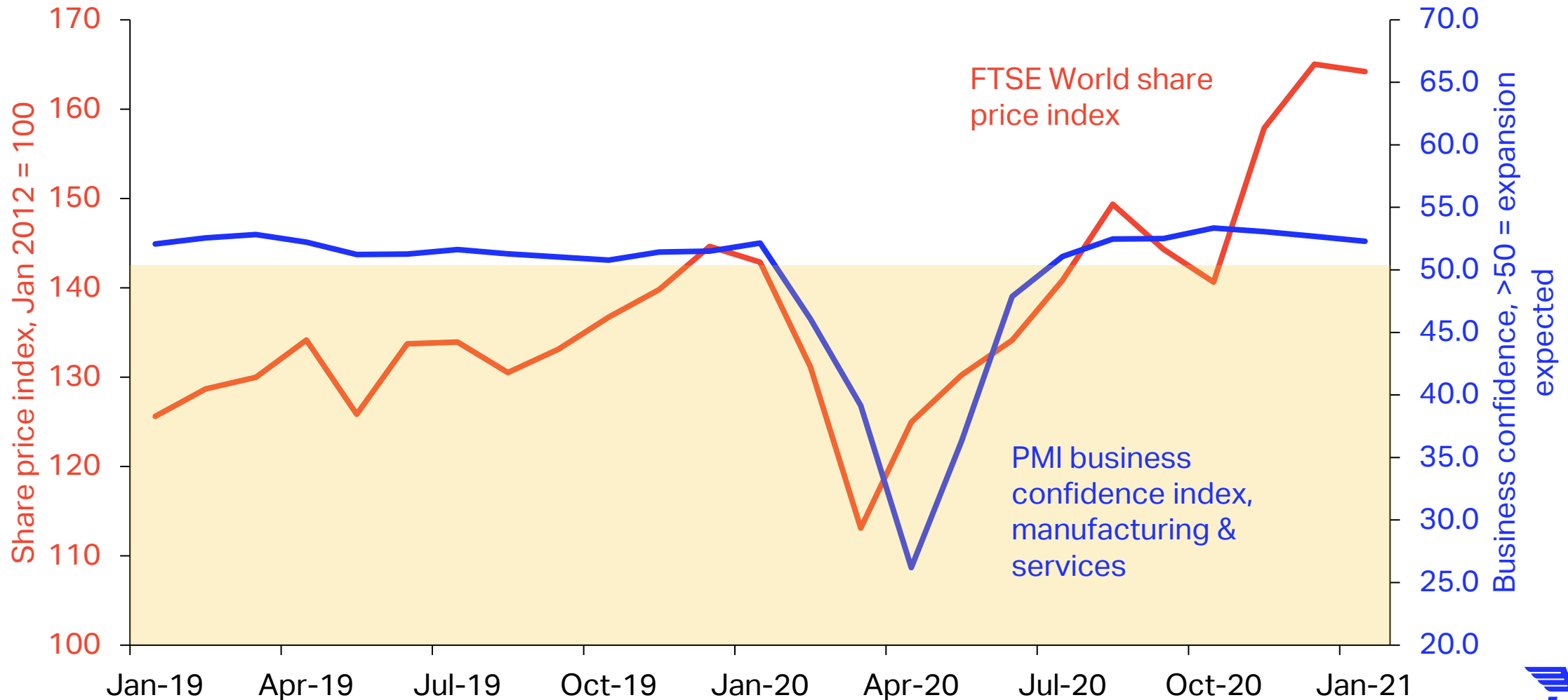
International travel stringency index weighted by population (Jan 2020-Jan 2021)



But business and market confidence reaching new highs

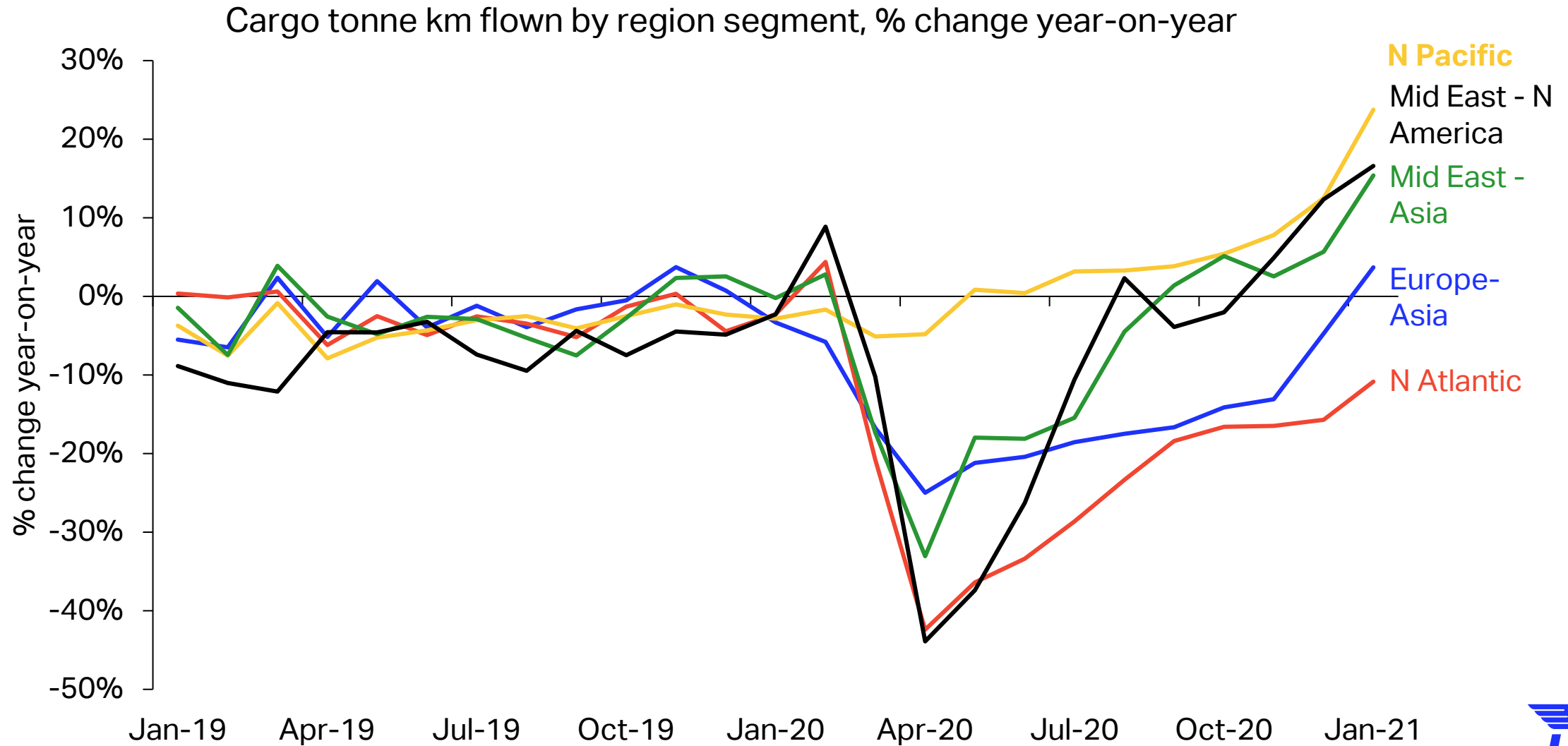
Business and financial markets expecting strong economic rebound

Global business confidence and share prices

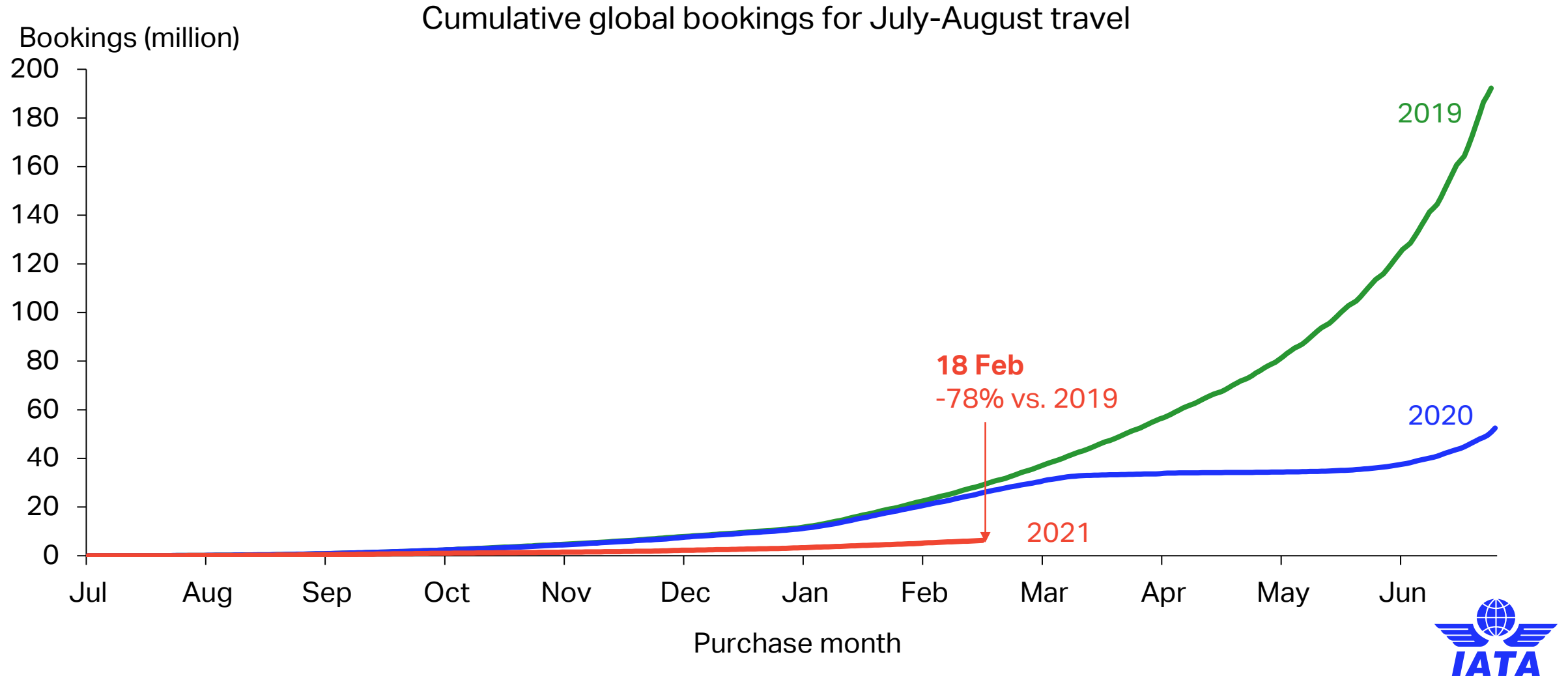


Driving strong demand for air cargo services

Strongest trade lanes between Asia & N America and over M East hubs



Bookings for critical summer period remain weak

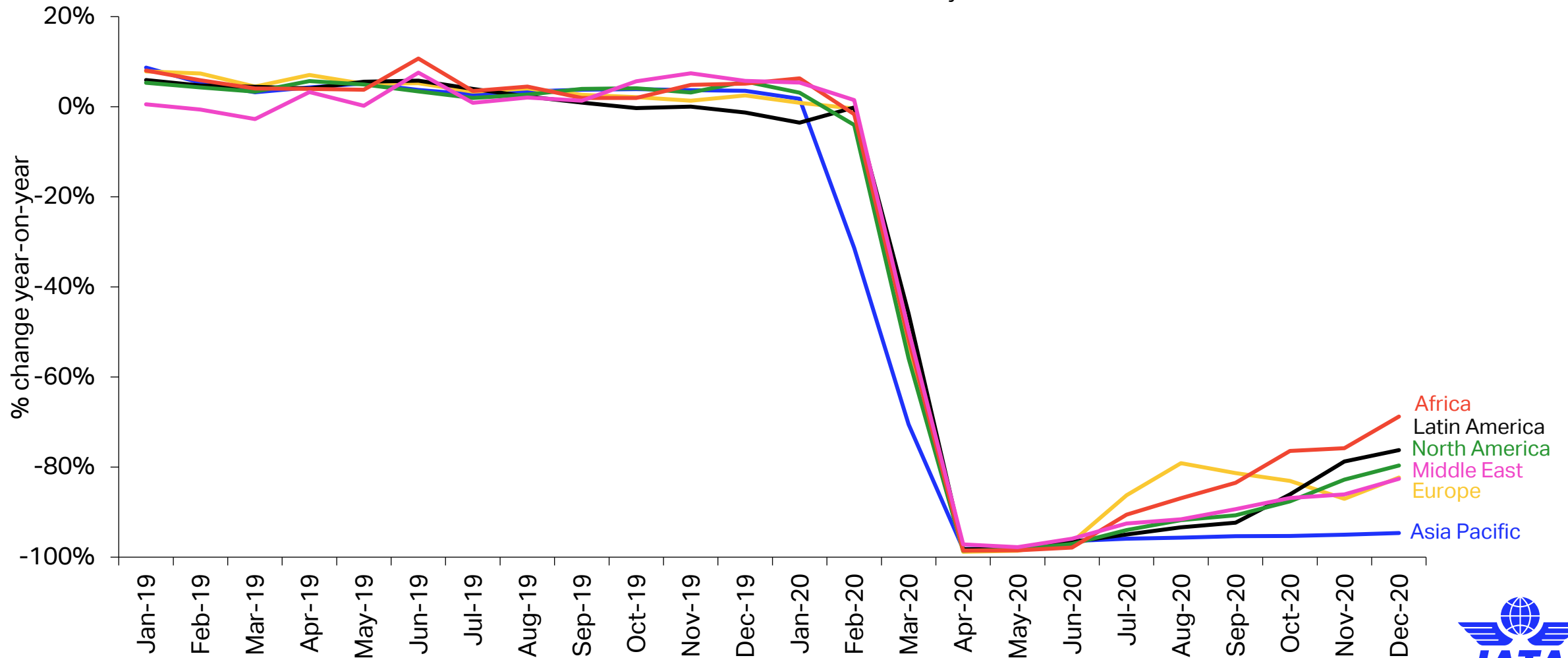


Source: IATA Economics using data from DDS

International traffic in Asia Pacific worst performing

Resurgence of COVID-19 stopped further progress

Growth in international air travel, RPKs by market

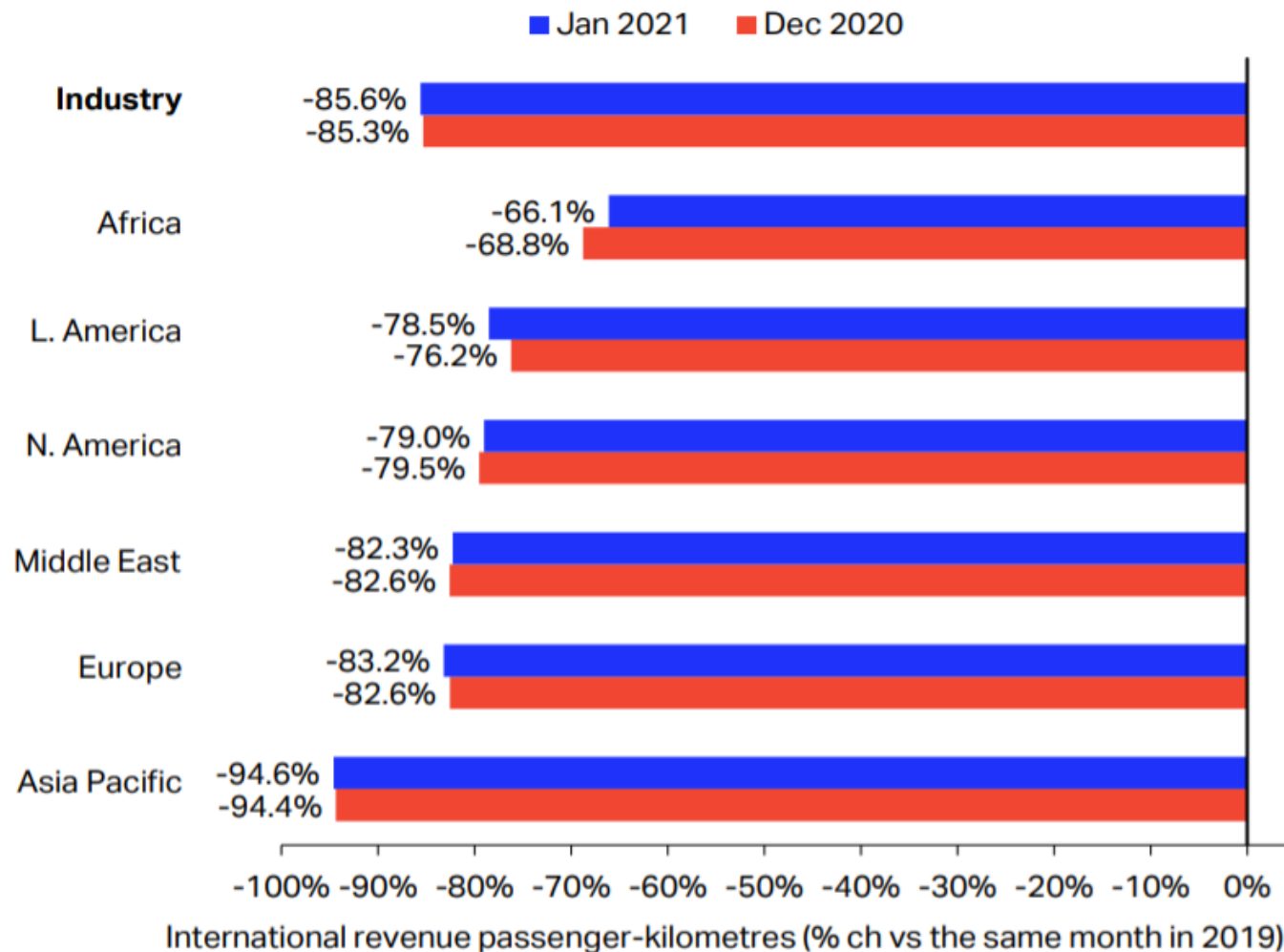


Source: IATA Economics, IATA Monthly Statistics



International traffic in Asia Pacific worst performing

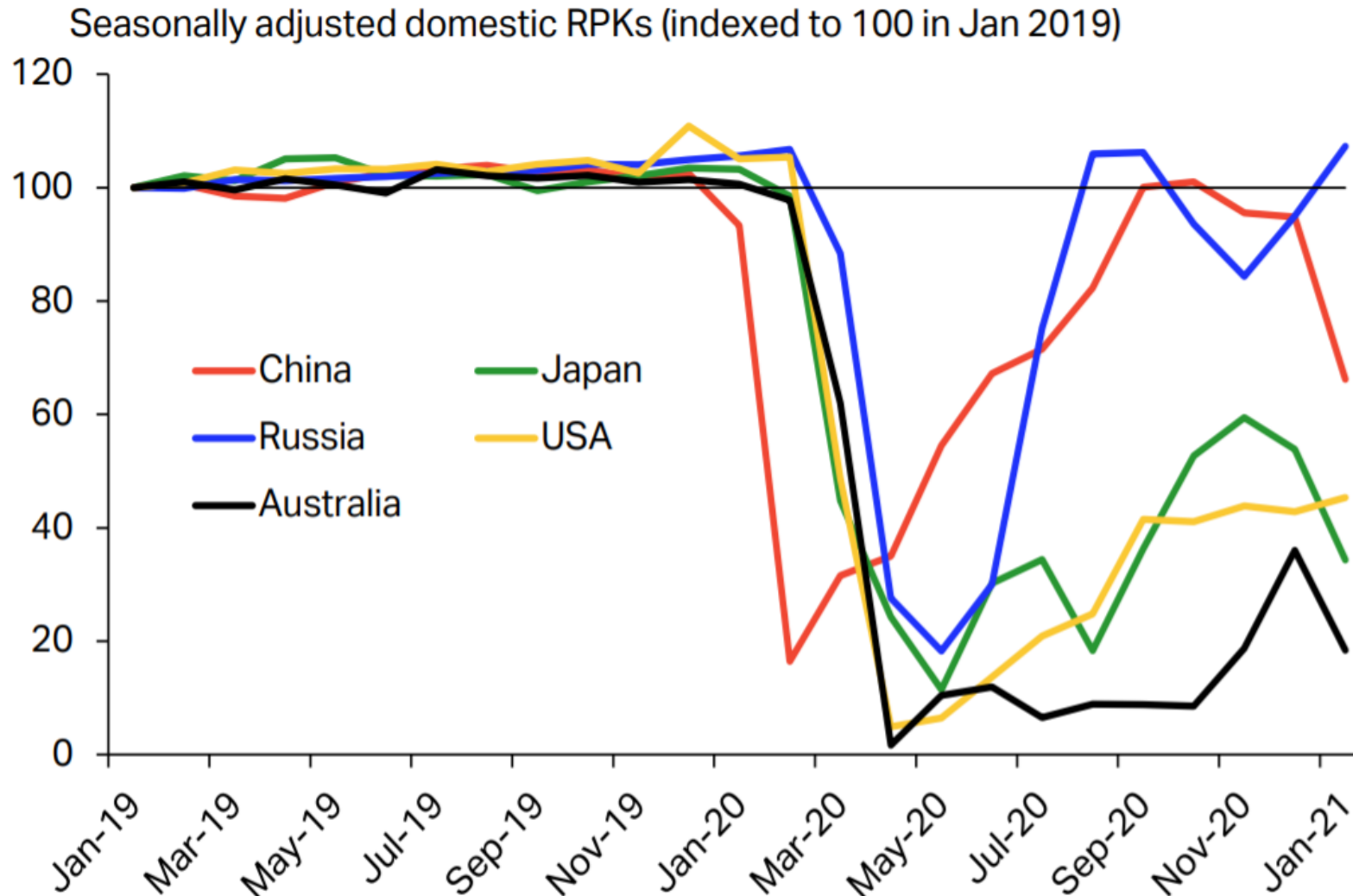
International RPK growth, yearly (airline region of registration basis)



Sources: IATA Economics, IATA Monthly Statistics



Domestic markets showed there is a demand to fly Russia near full recovery, but others revealed fragility

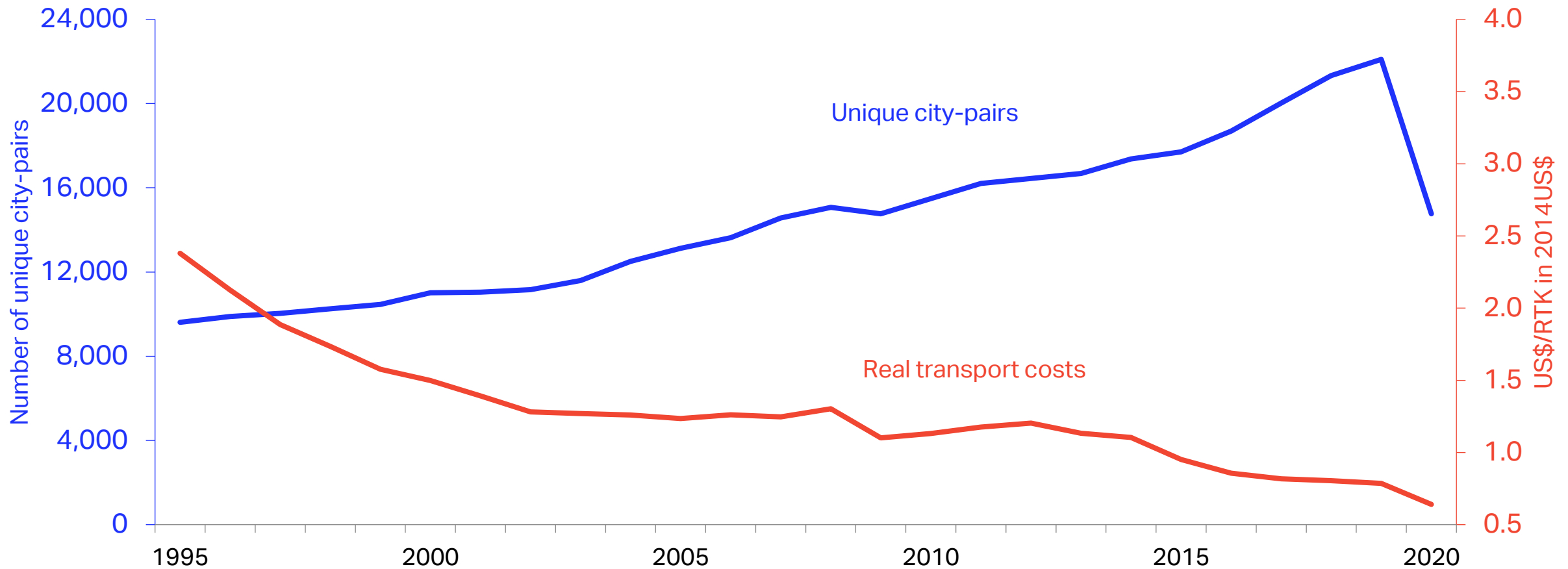


Source: IATA Monthly Statistics



of unique city-pairs down amid COVID-19

Unique city-pairs and real transport costs

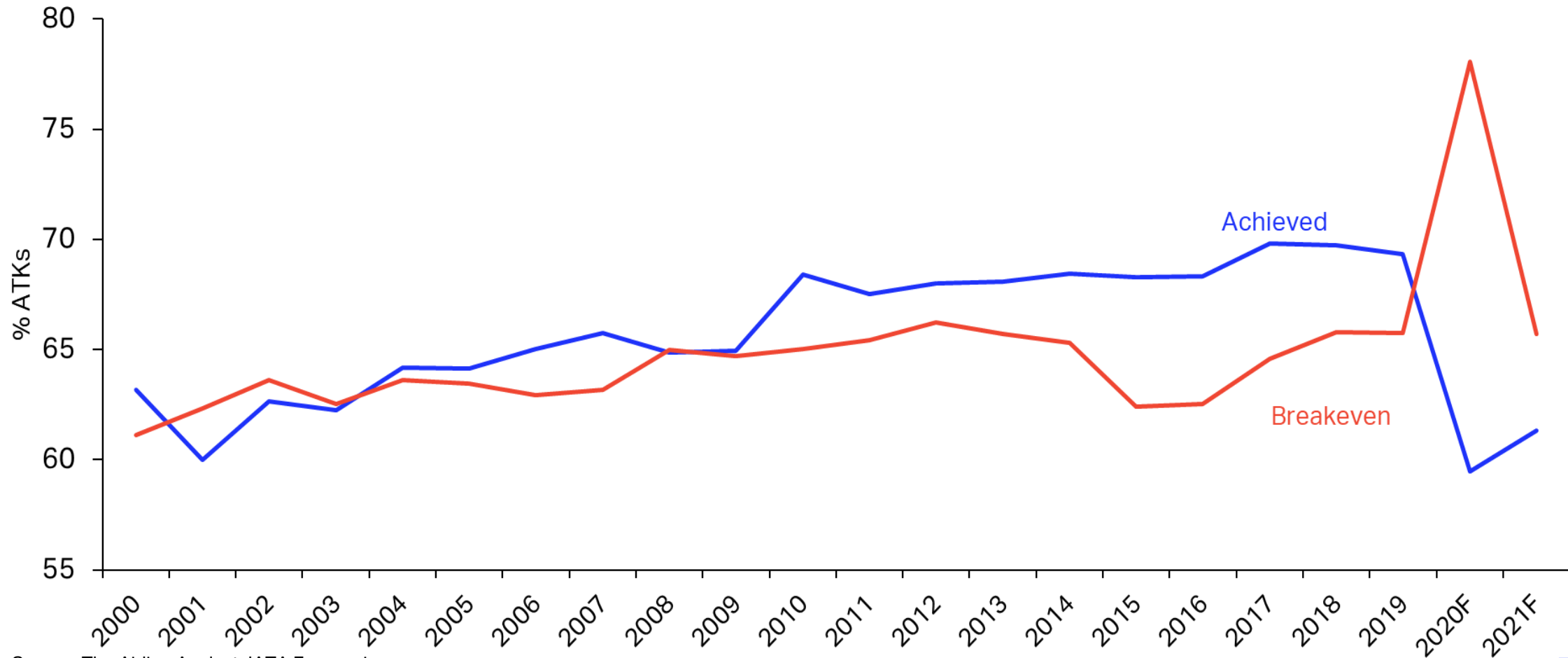


Source: IATA Economics using data from ICAO, IATA Statistics, SRS Analyzer and our own forecasts



Breakeven will not be achieved in 2021

Breakeven and achieved load factor

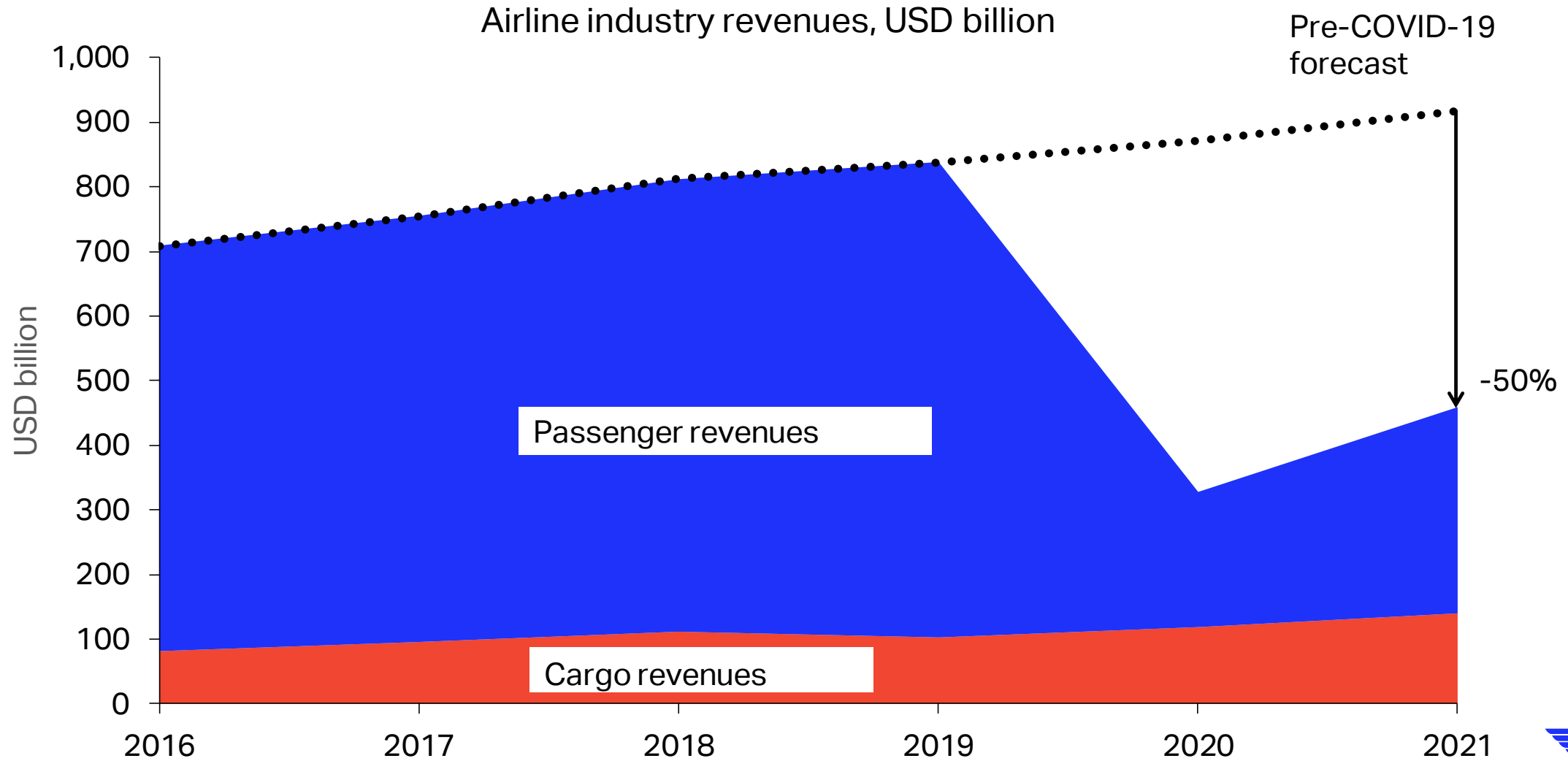


Source: The Airline Analyst, IATA Economics



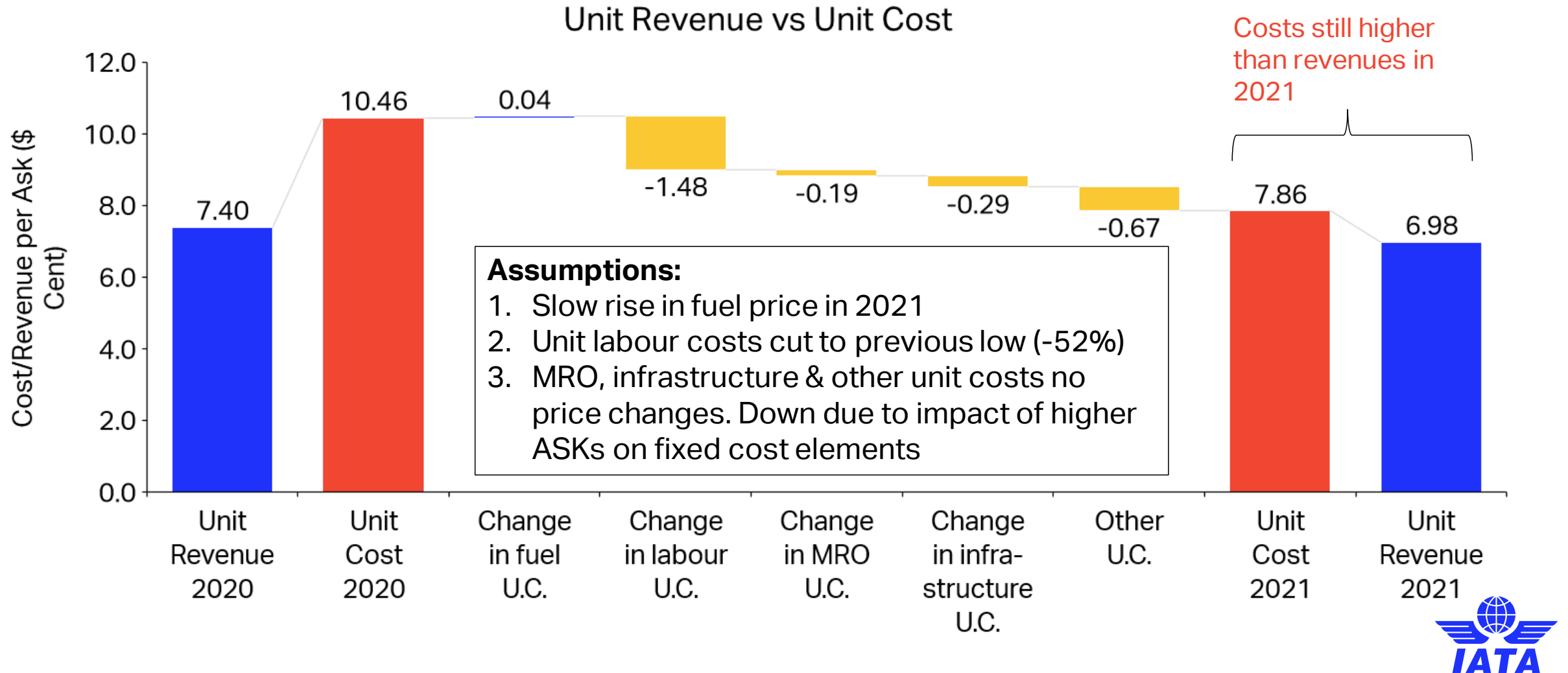
Costs need to be downsized to match lower revenues

Revenues in 2021 are estimated to be ~50% of pre-crisis expectations

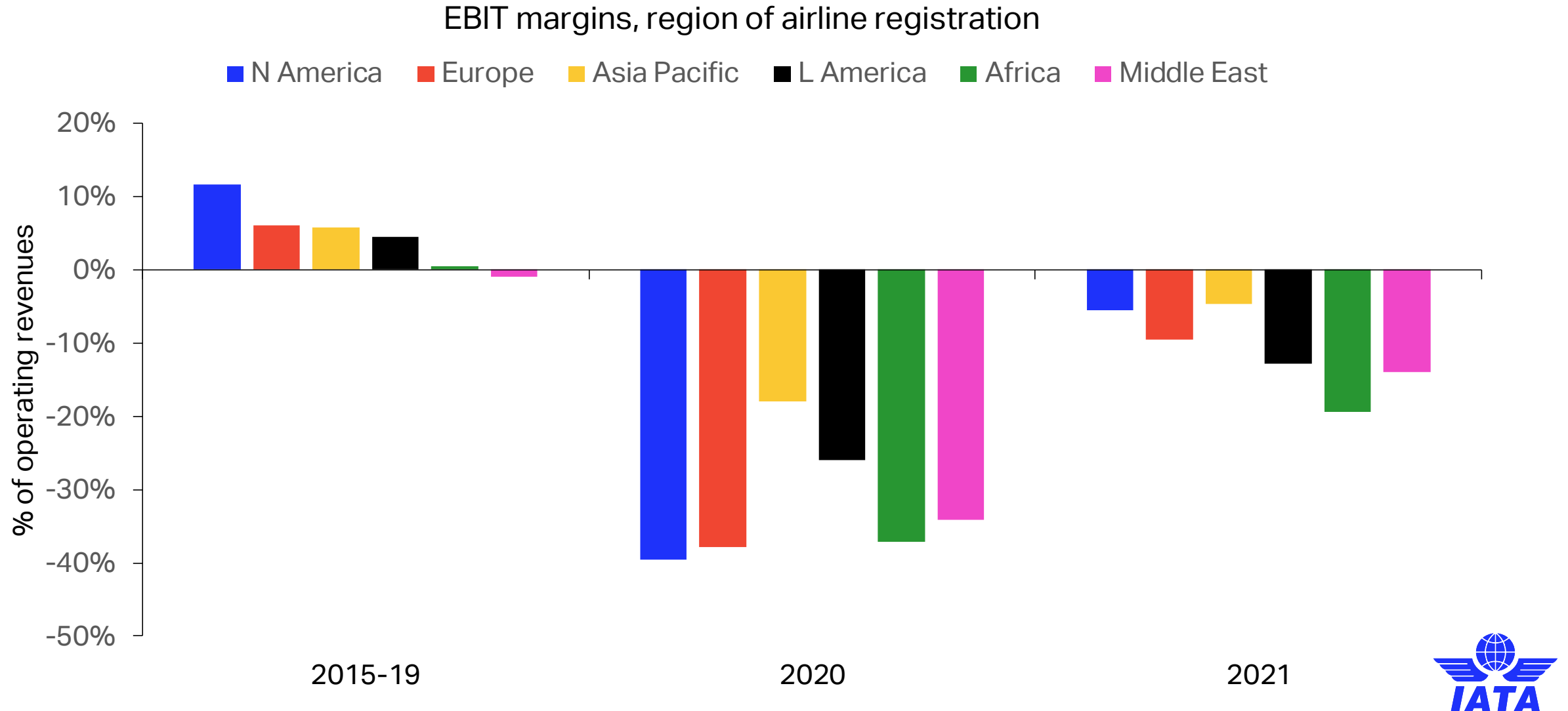


Even with big labor cost cuts, break-even not achieved

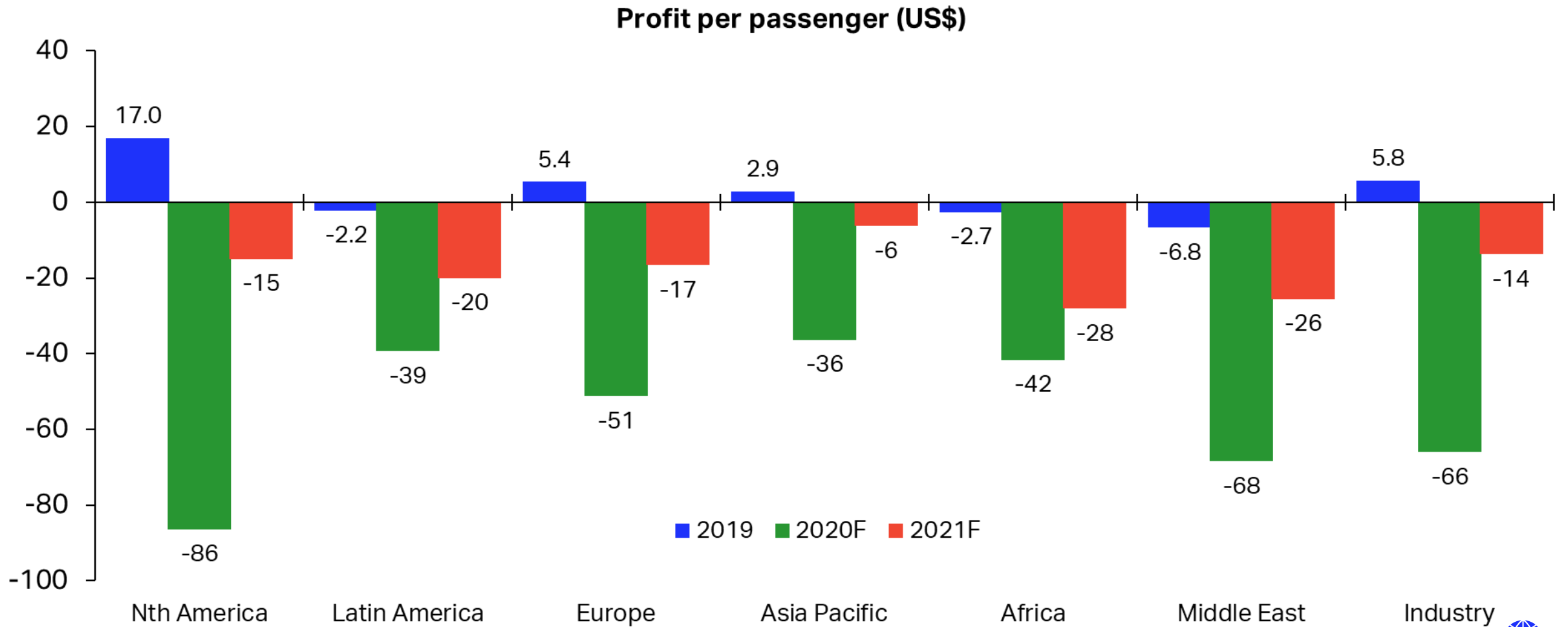
Airlines need further support to stop continuing cash burn



Asia-Pacific turns around 1st then developed markets



Per passenger (net) losses show regional variation



Source: IATA Economics



Thank you



cowlesb@iata.org



www.iata.org

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

