

Cross Polar Work Group

IATA Industry Update

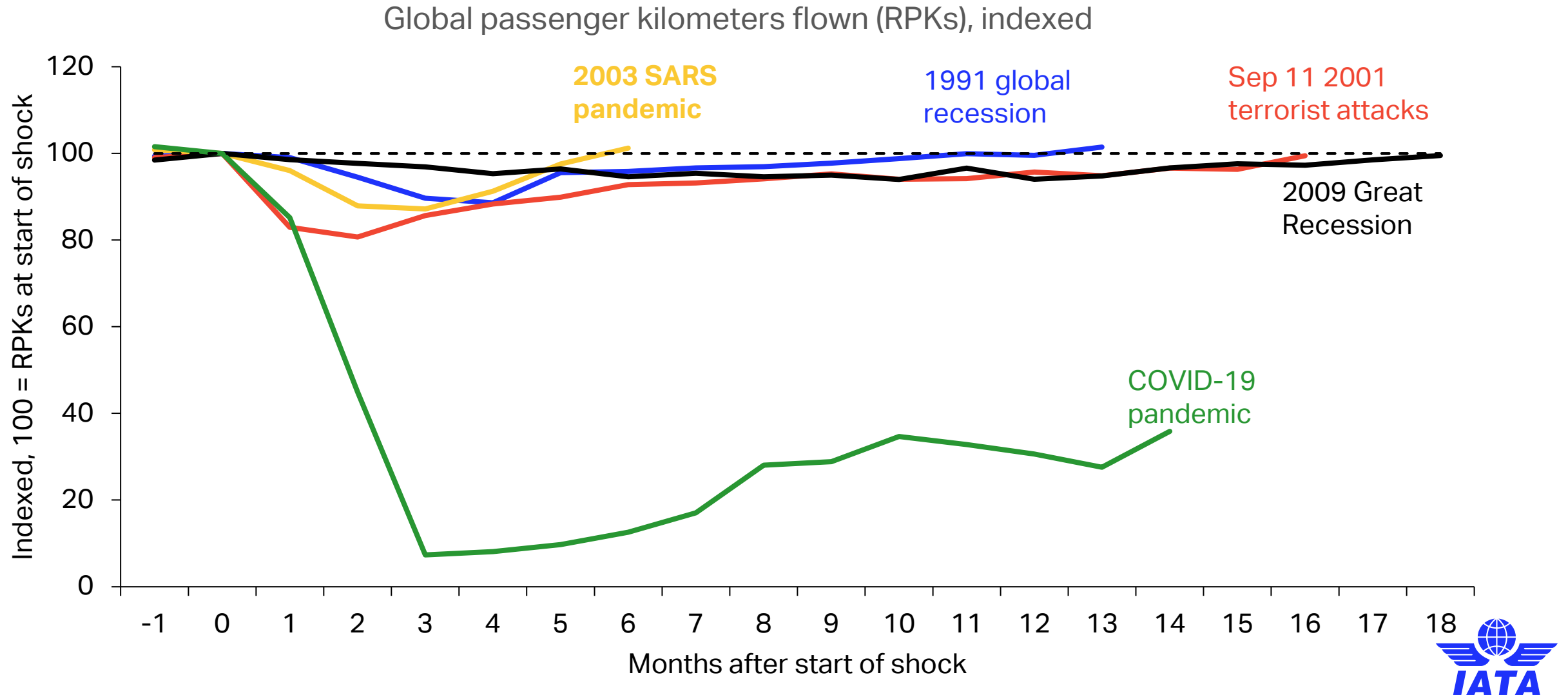
Blair Cowles

14 September 2021



Demand shocks do not usually have long-lasting impacts

Previous shocks cut 5-20% from RPKs but recovered after 6-18 months

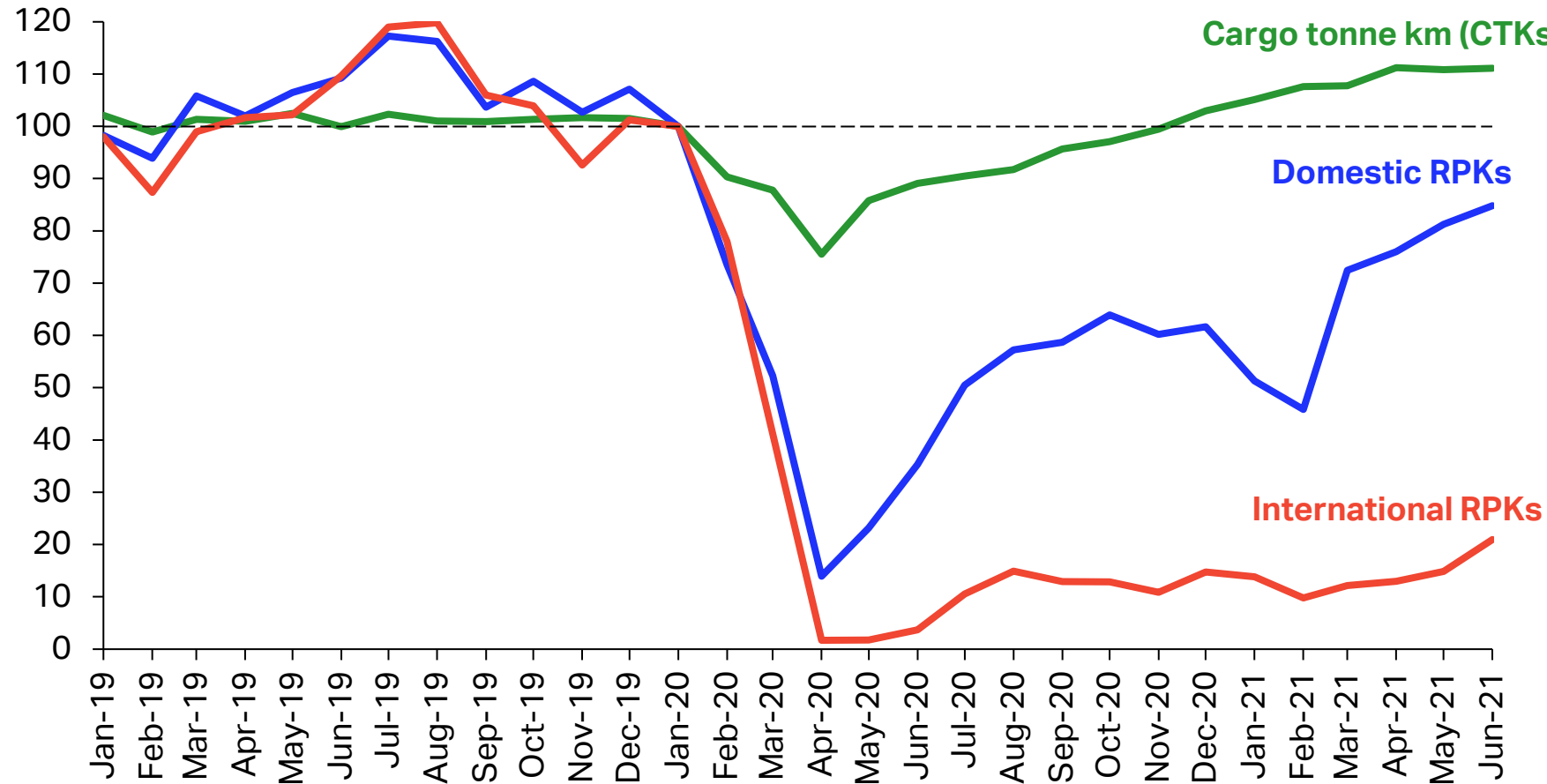


Source: IATA Economics using data from IATA Monthly Statistics. Data is adjusted for seasonality.

Mid-year but not mid-of the crisis for international travel

Int. RPKs -80.9%, domestic RPKs -22.4%, CTKs +9.9% (Jun 21 vs Jun19)

RPKs and Seasonally adjusted CTKs (indexed, Jan 2020 = 100)

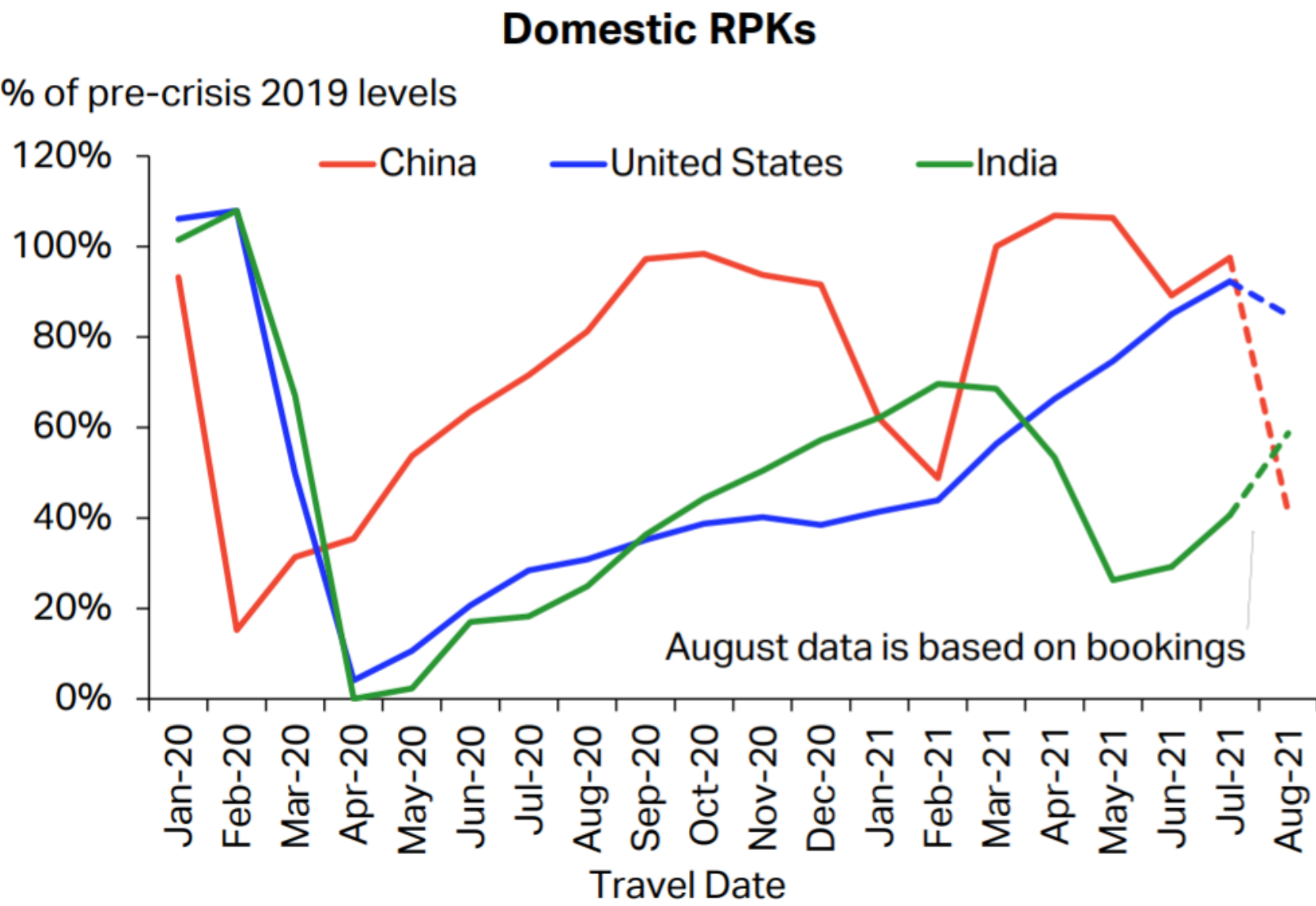


1st Half 2021 vs 1st Half 2019

- ✓ **Revenue Passenger Kilometers (RPKs): -66.7%**
 - ✓ **Domestic: -33.1%**
 - ✓ **International: -85.8%**
- ✓ **Cargo Tonne Kilometers (CTKs): +8.0%**



Domestic recovery varies dependent on domestic restrictions



Source: IATA Economics using IATA Monthly Statistics and DDS ticketing data



Covid-19 variants are new source of uncertainty

These concerns have not affected domestic travel bookings



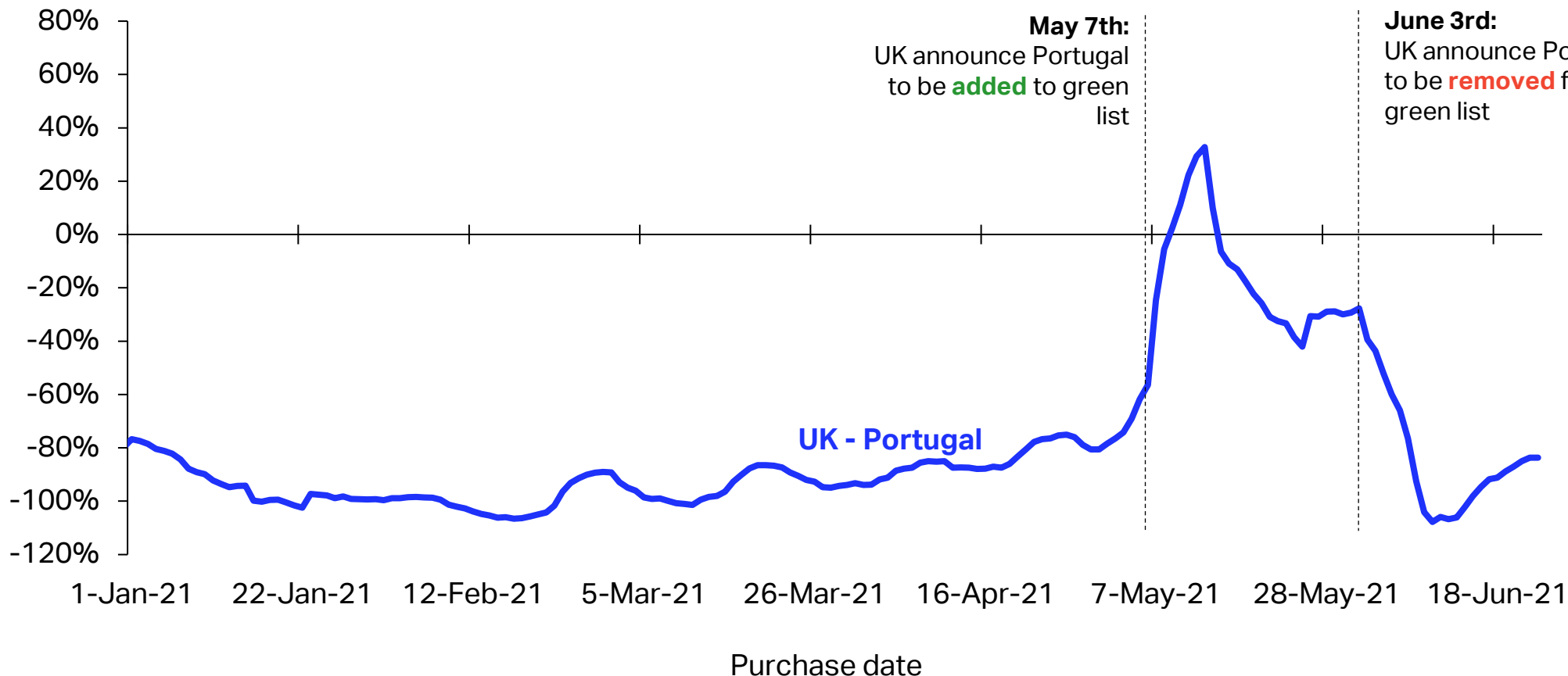
Source: IATA Economics using data from DDS

Demand is fragile amidst COVID-19 variant concerns

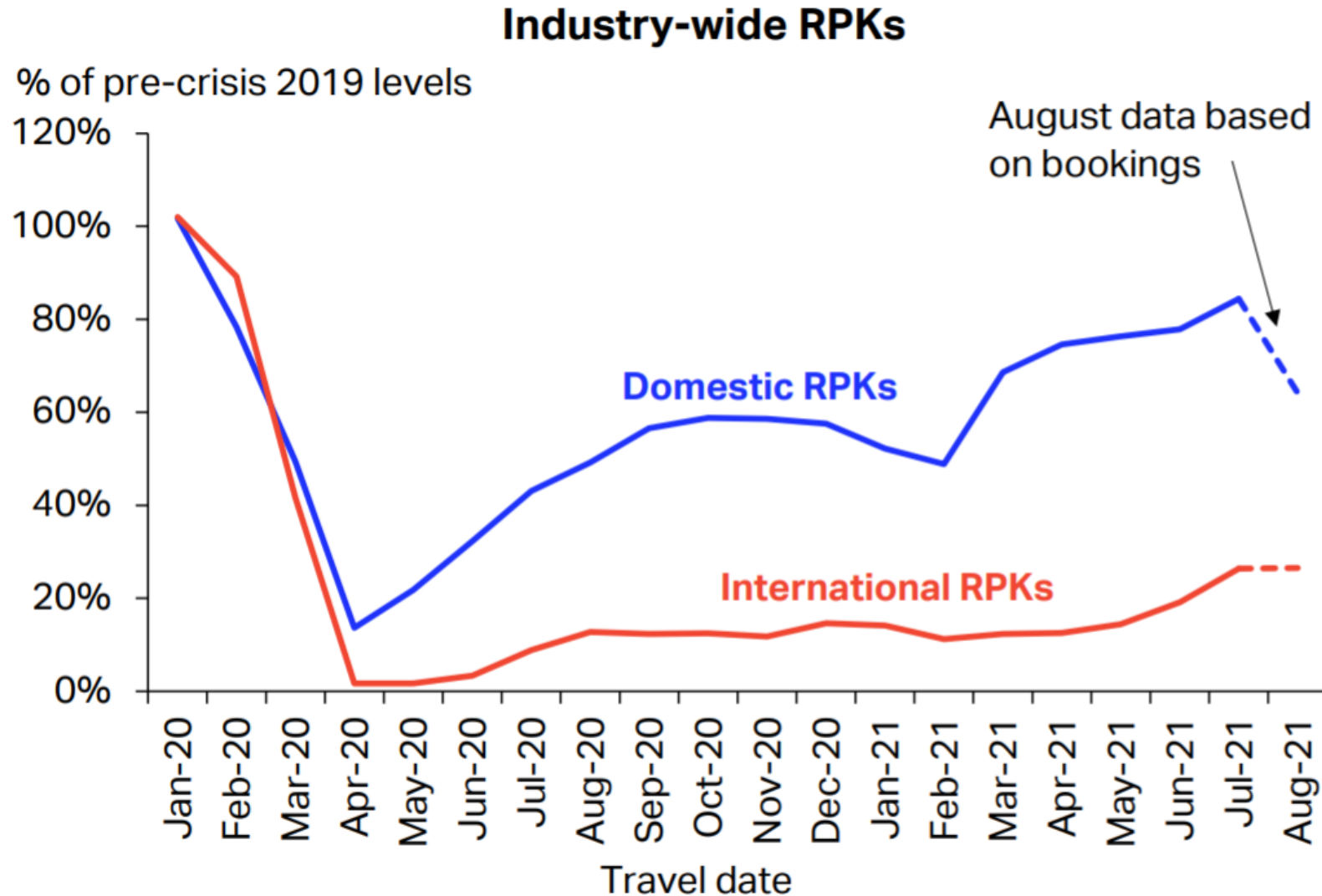
Surge of bookings from the UK to Portugal reversed in a month

Forward bookings, UK - Portugal travel

% change vs the same period in 2019, 7-day MA



Domestic RPKs dropping, International RPK stalling

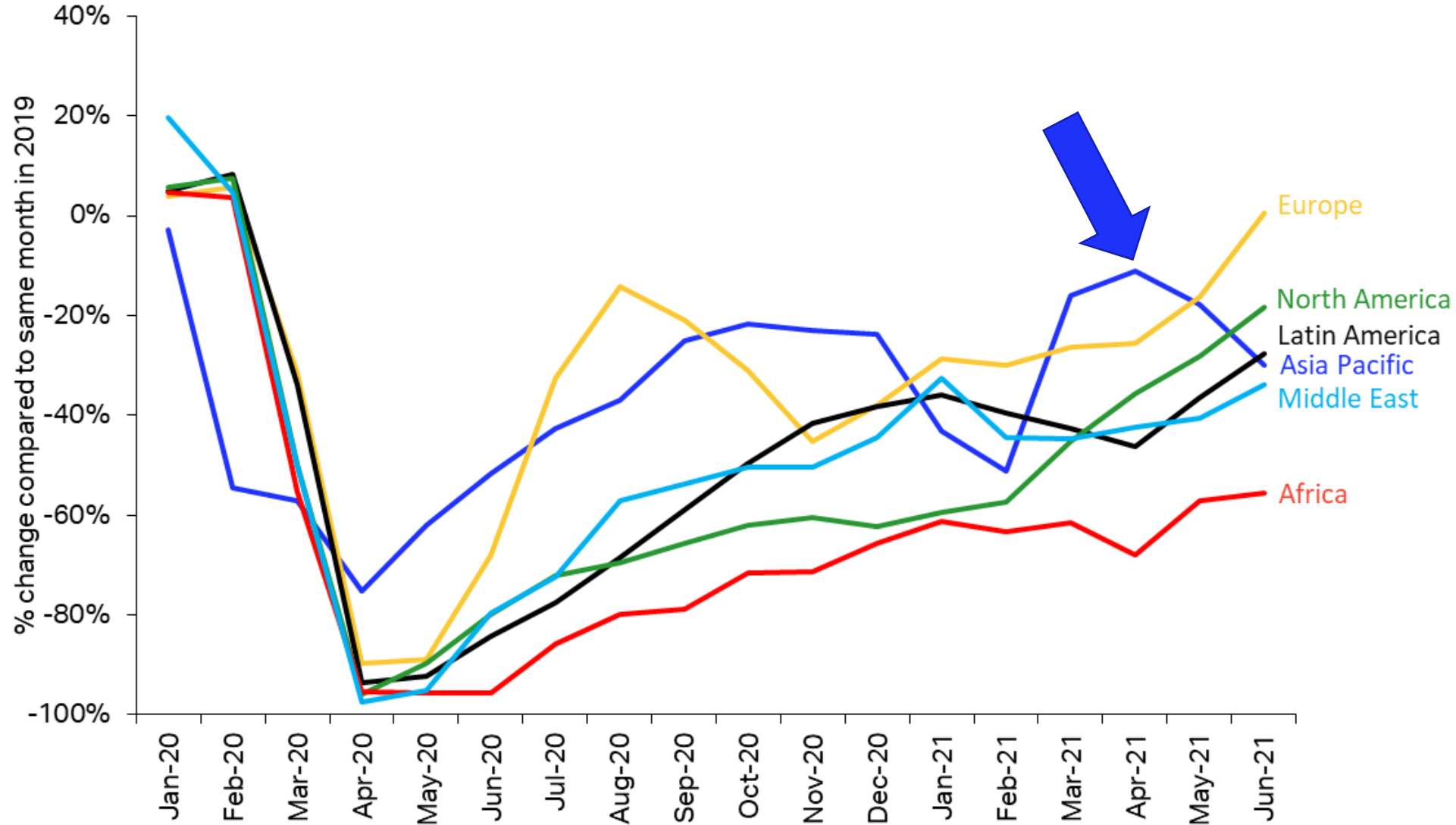


Source: IATA Economics using IATA Monthly Statistics and DDS ticketing data



Domestic traffic recovery in Asia Pacific has stumbled

Growth in domestic air travel, RPKs by market

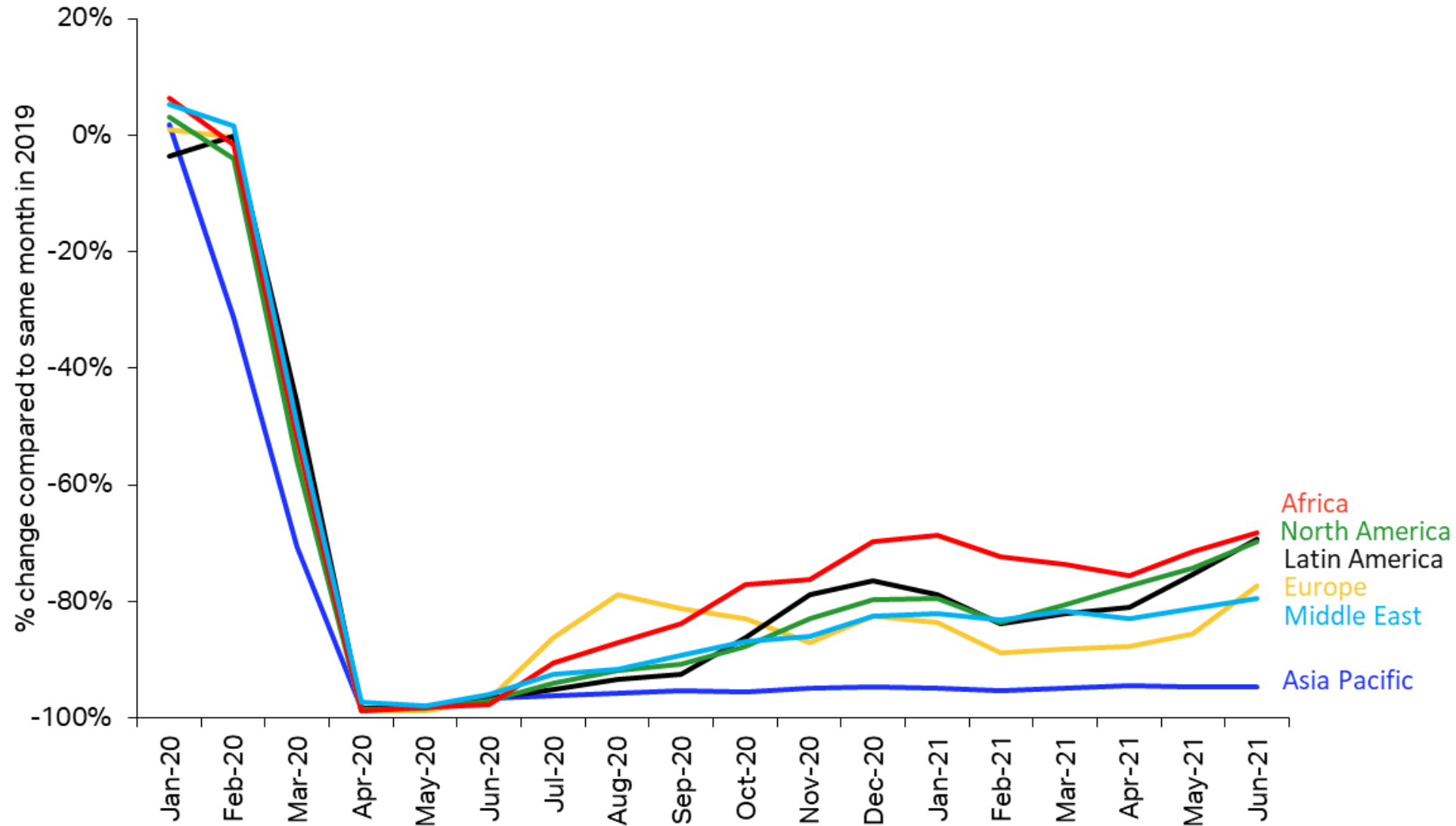


Source: IATA Monthly Statistics



International traffic in Asia Pacific worst performing

Growth in international air travel, RPKs by market

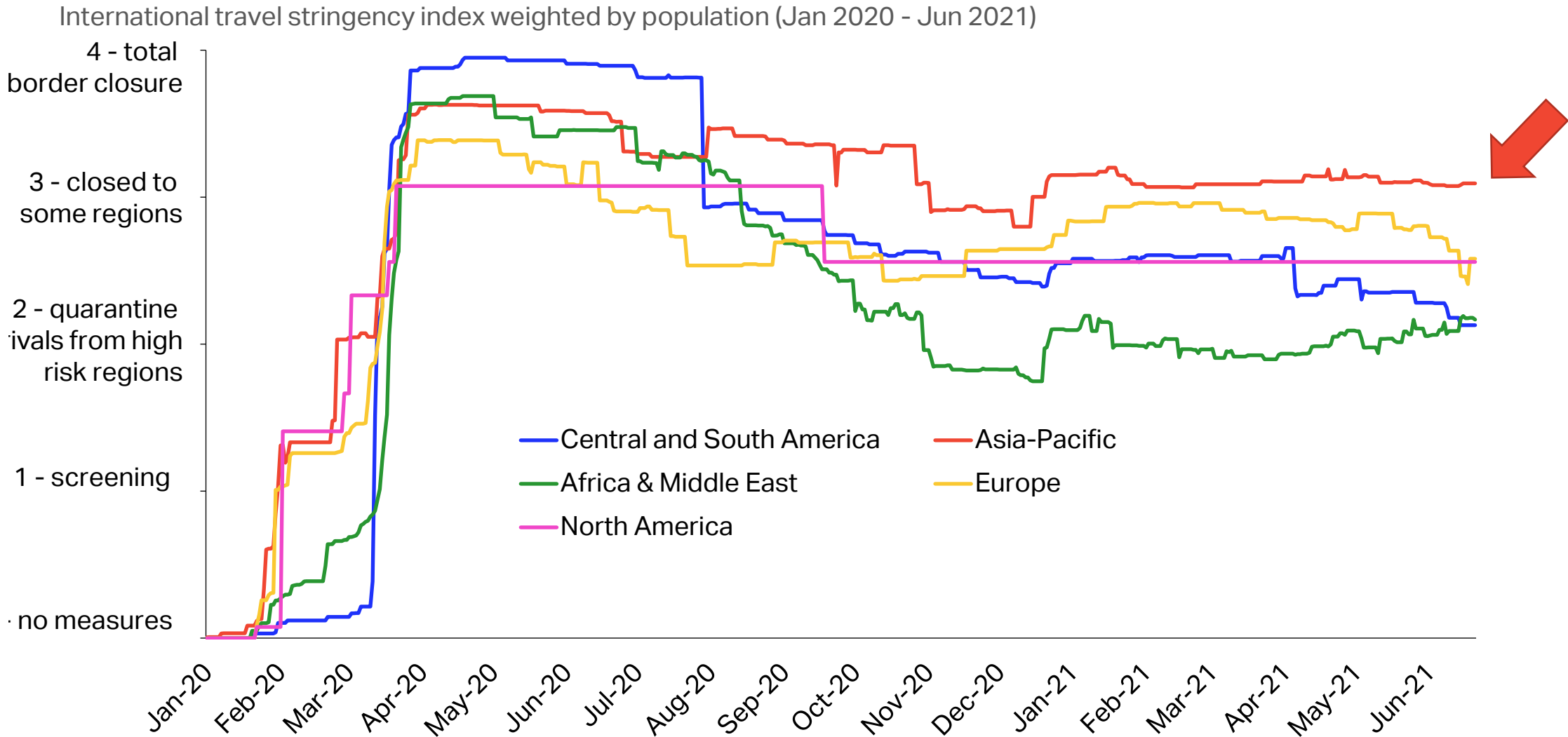


Source: IATA Monthly Statistics



International travel restrictions remain high

Most international air travel markets are at less than 25% of 2019 RPKs

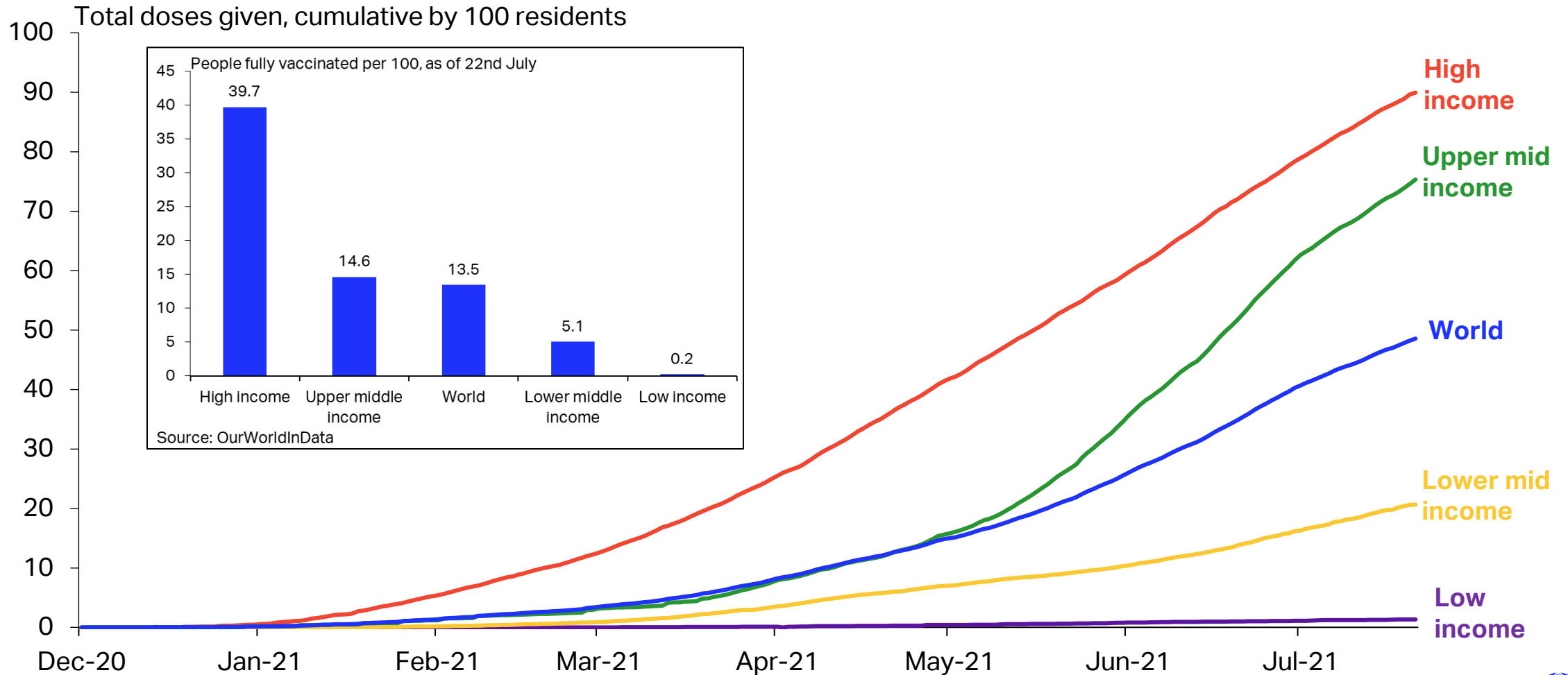


Source: IATA Economics analysis based on Oxford University data



Pace of vaccination a key driver of the forecast

Due to impact on gov restrictions. Now 13.5% fully vaccinated globally

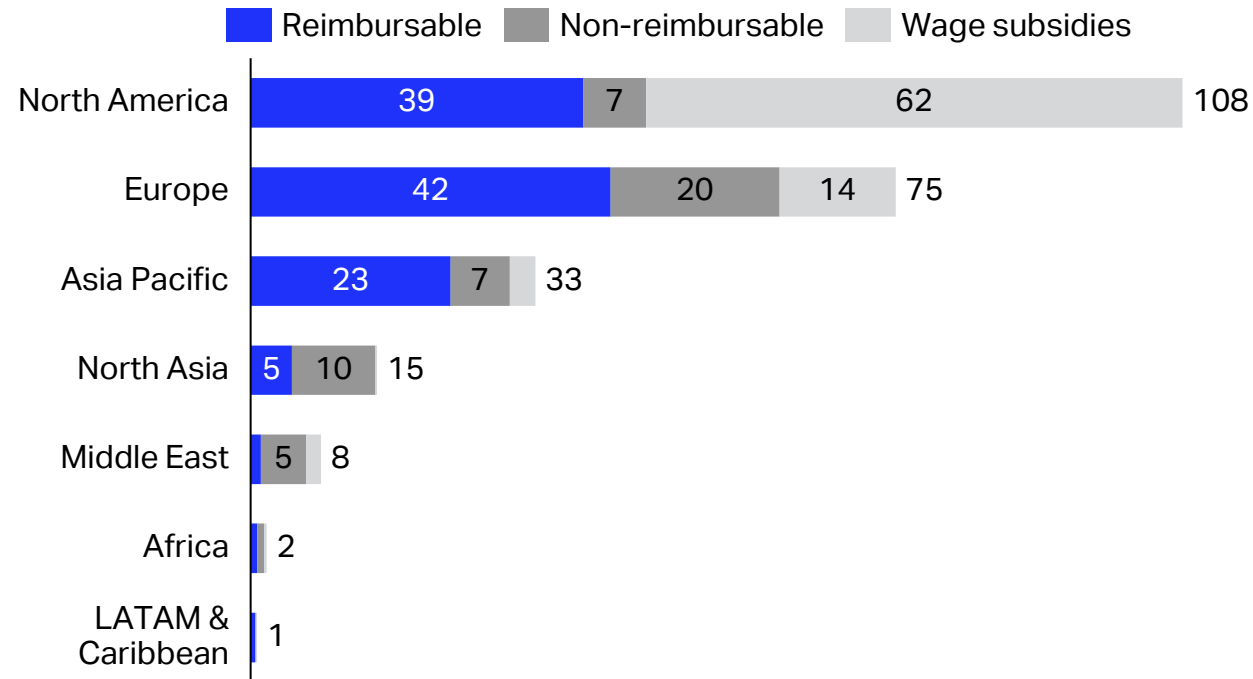


Source: Our World In Data



Regional breakdown of government aid shows large variation

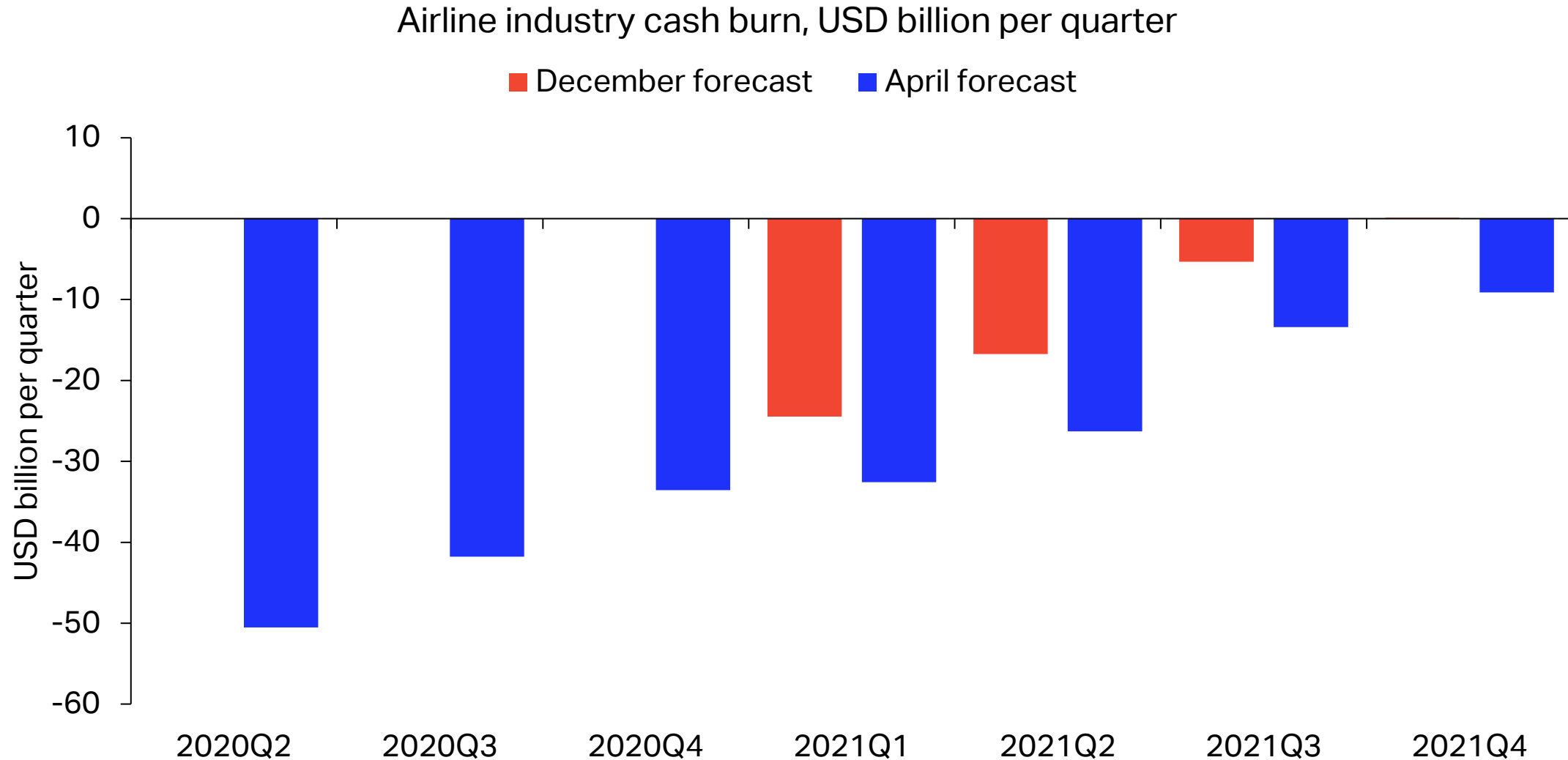
Government aid made available to airlines due to COVID-19, by region (USD bn)



Source: IATA Economics analysis

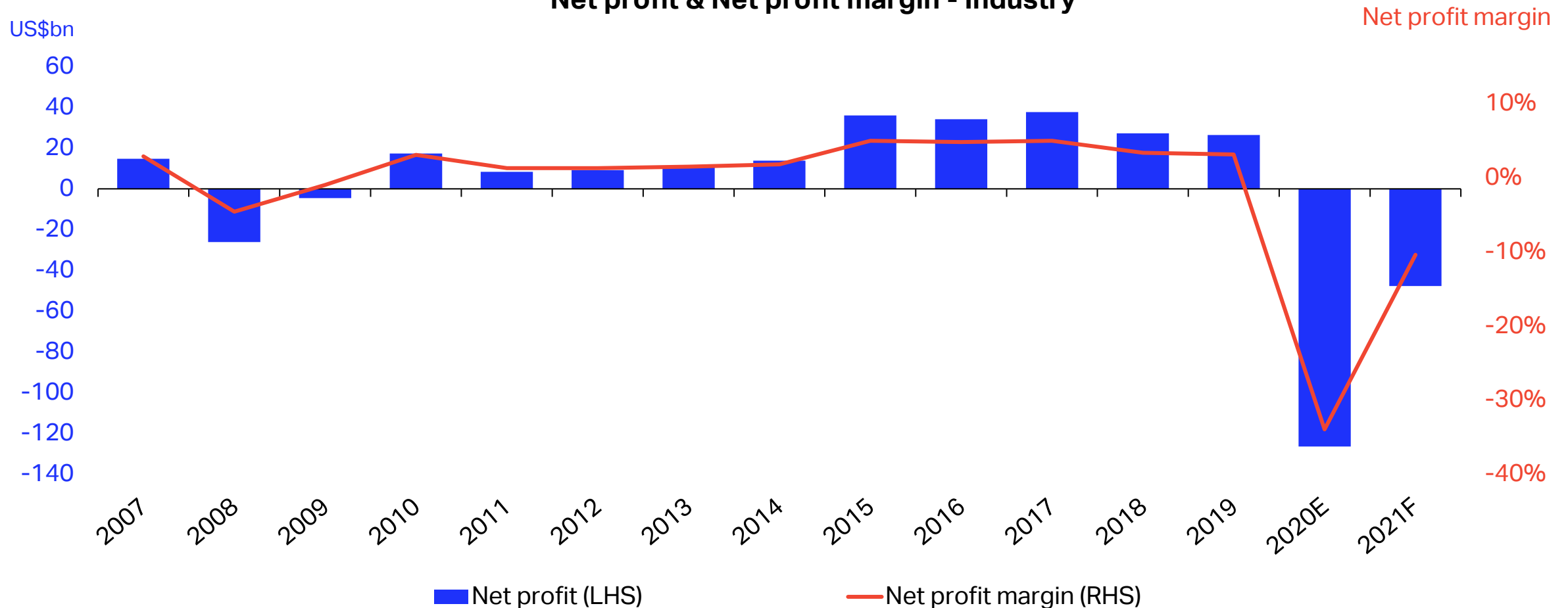
Recovery in the H2 is crucial to reduce the cash burn

Stronger H2 will reduce cash burn but +ve cash flow delayed to 2022



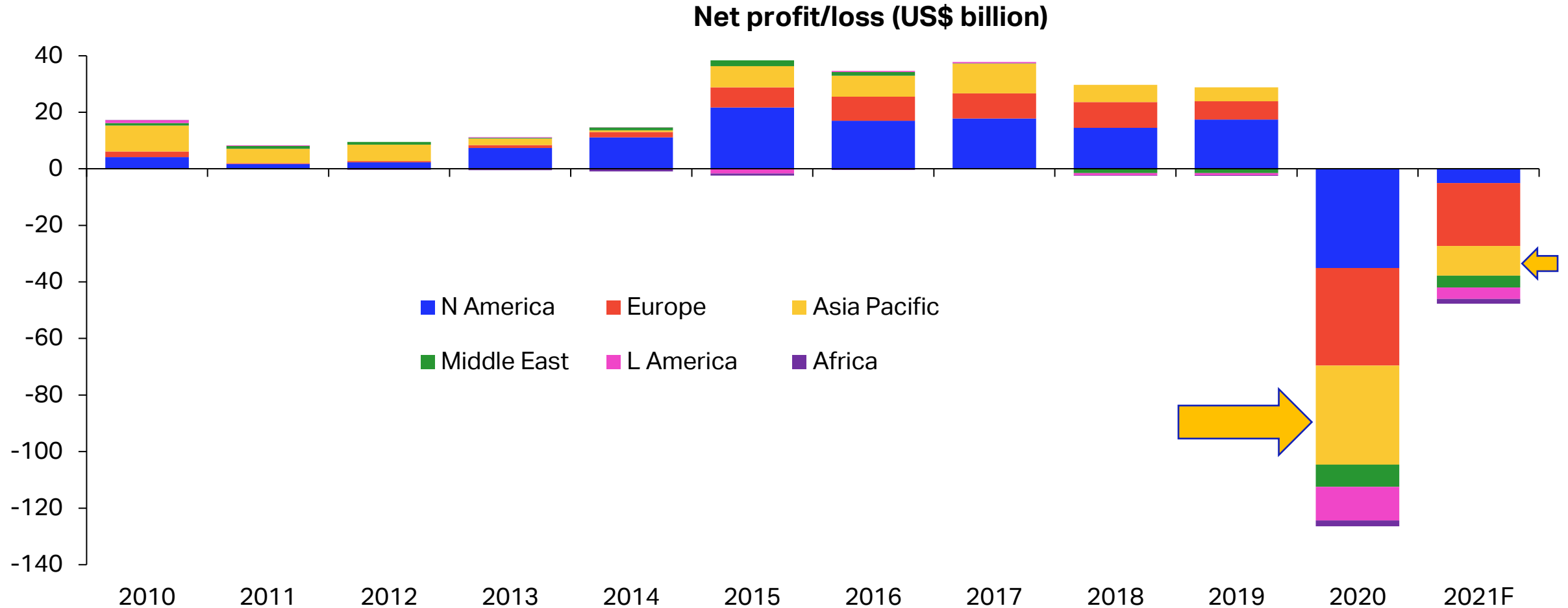
Airlines expected to post a \$126.4bn loss in 2020; \$47.7bn in 2021

Net profit & Net profit margin - Industry



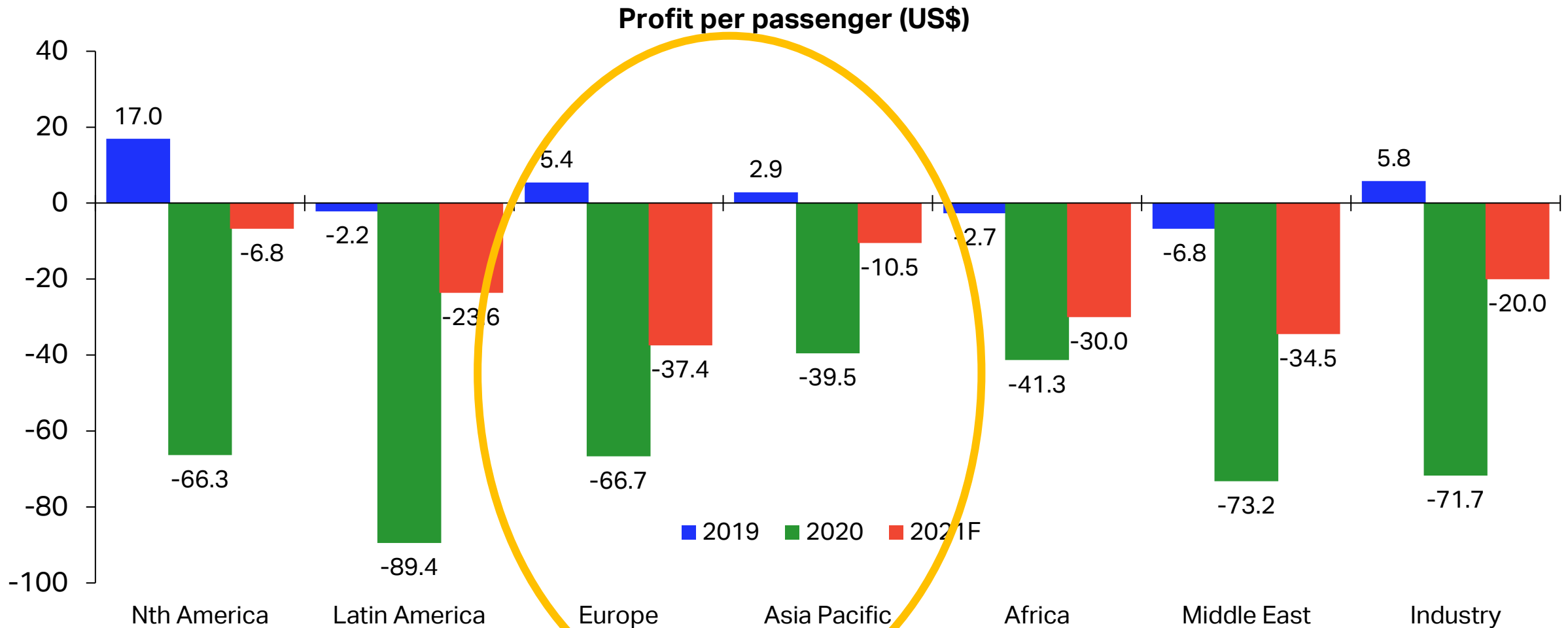
Source: IATA Economics, April 2021 forecast update

Driven largely by Europe and Asia Pacific



Source: IATA Economics using data from ICAO, The Airline Analyst, IATA forecasts, April 2021 update

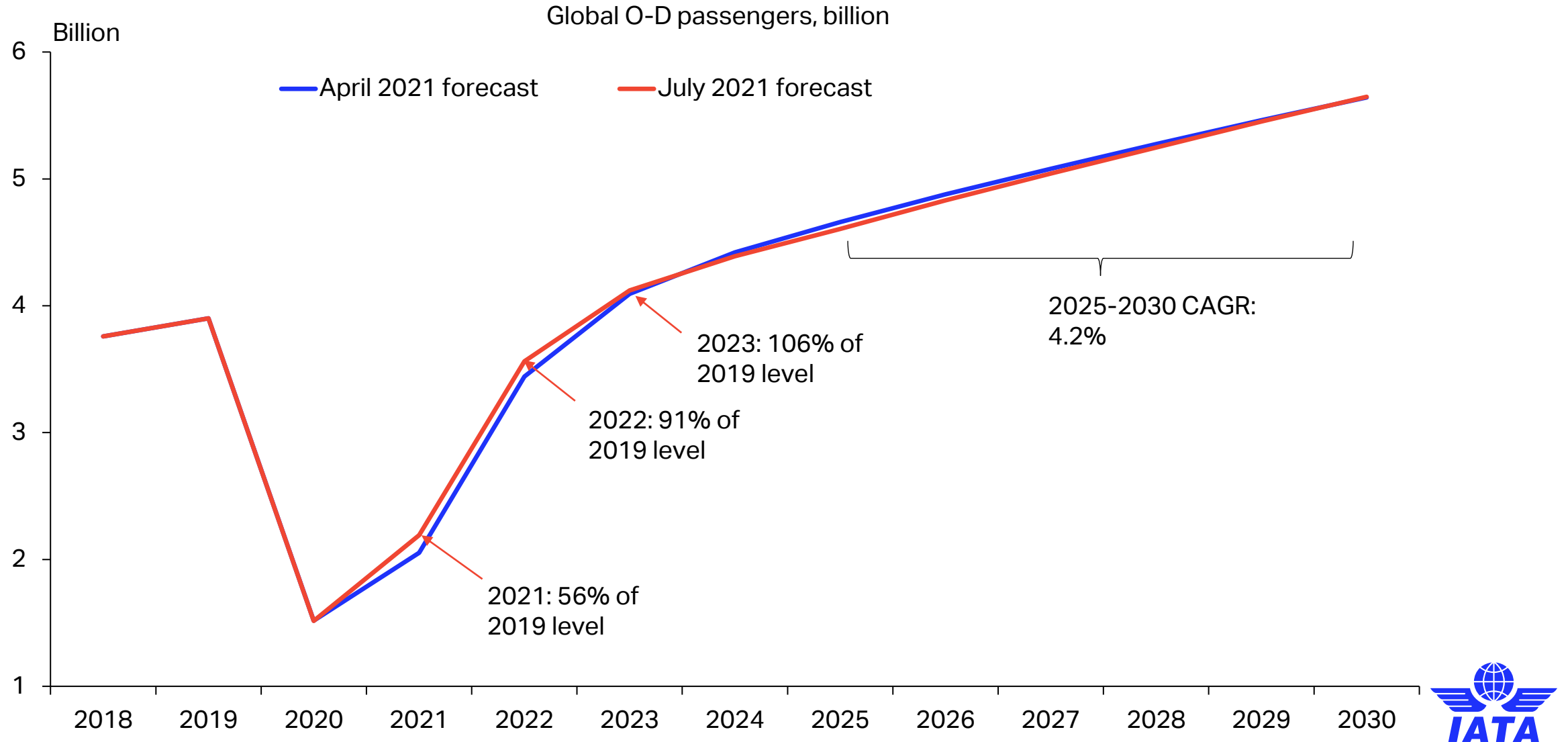
Per passenger (net) losses show regional variation



Source: IATA Economics, forecast update April 2021

Slow start to global air travel recovery but strong 2022/3

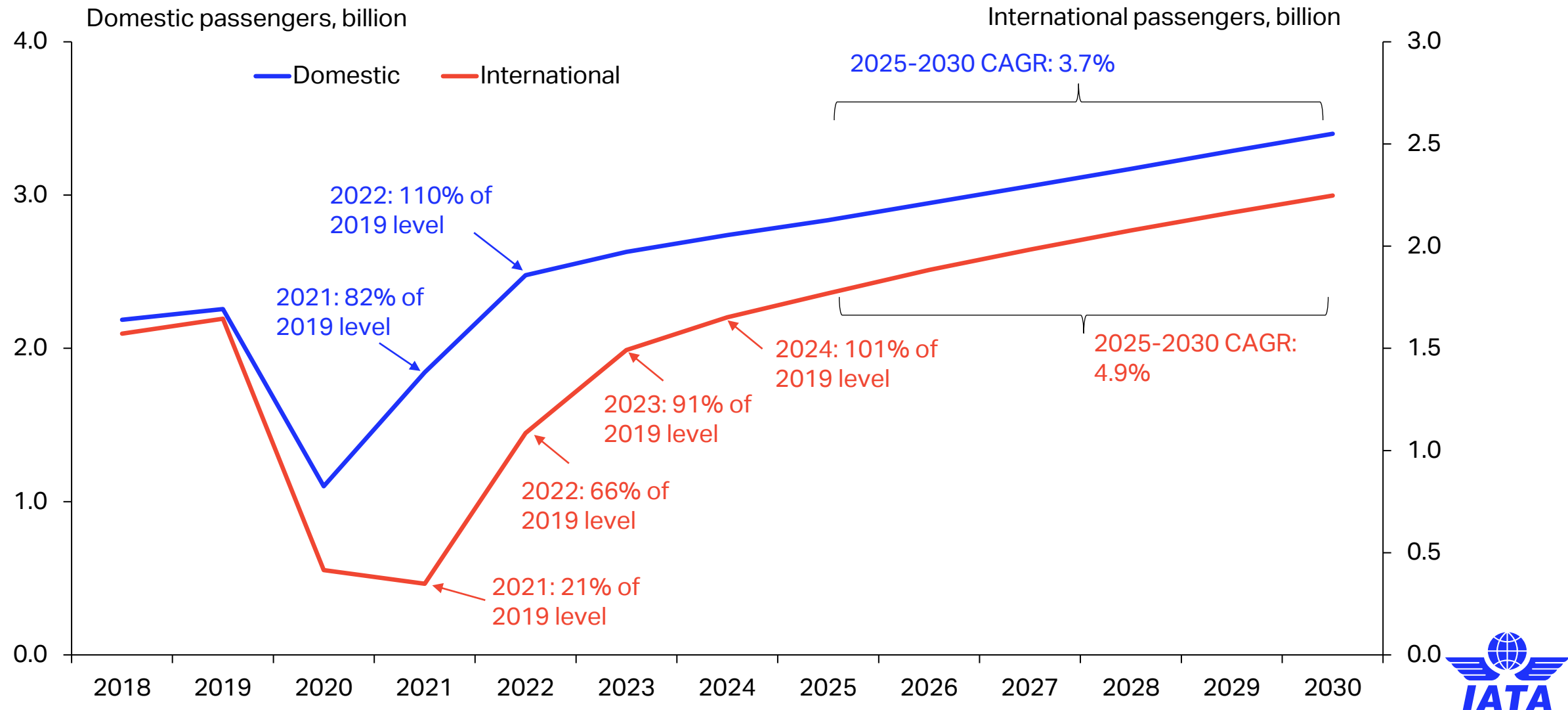
Global O-D passenger numbers exceed 2019 levels by 2023



Source: IATA Economics using data from Tourism Economic/IATA Air Passenger Forecast, July 2021.

Rapid recovery in domestic air travel, unlike international

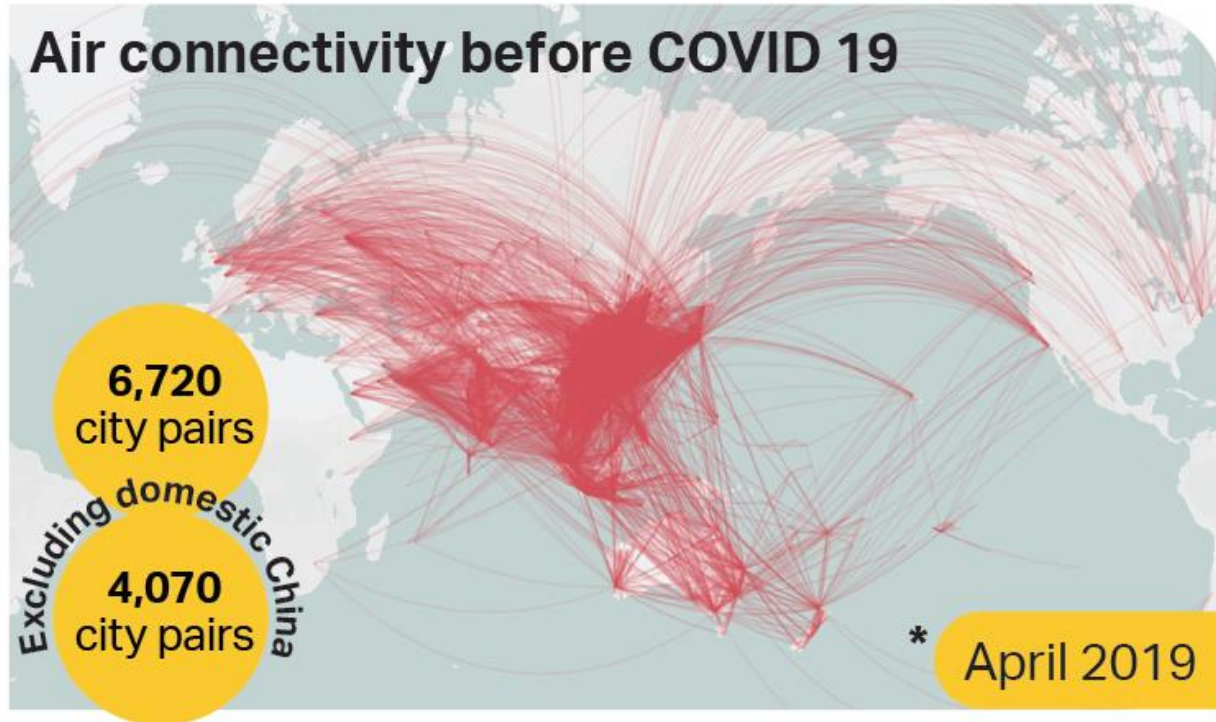
Domestic above 2019 level by next year. International not until 2024



Source: IATA Economics using data from Tourism Economic/IATA Air Passenger Forecast, July 2021



Air connectivity in Asia Pacific has been seriously disrupted by COVID-19



International traffic within Asia and between S/W Pacific and N/S America worst performing

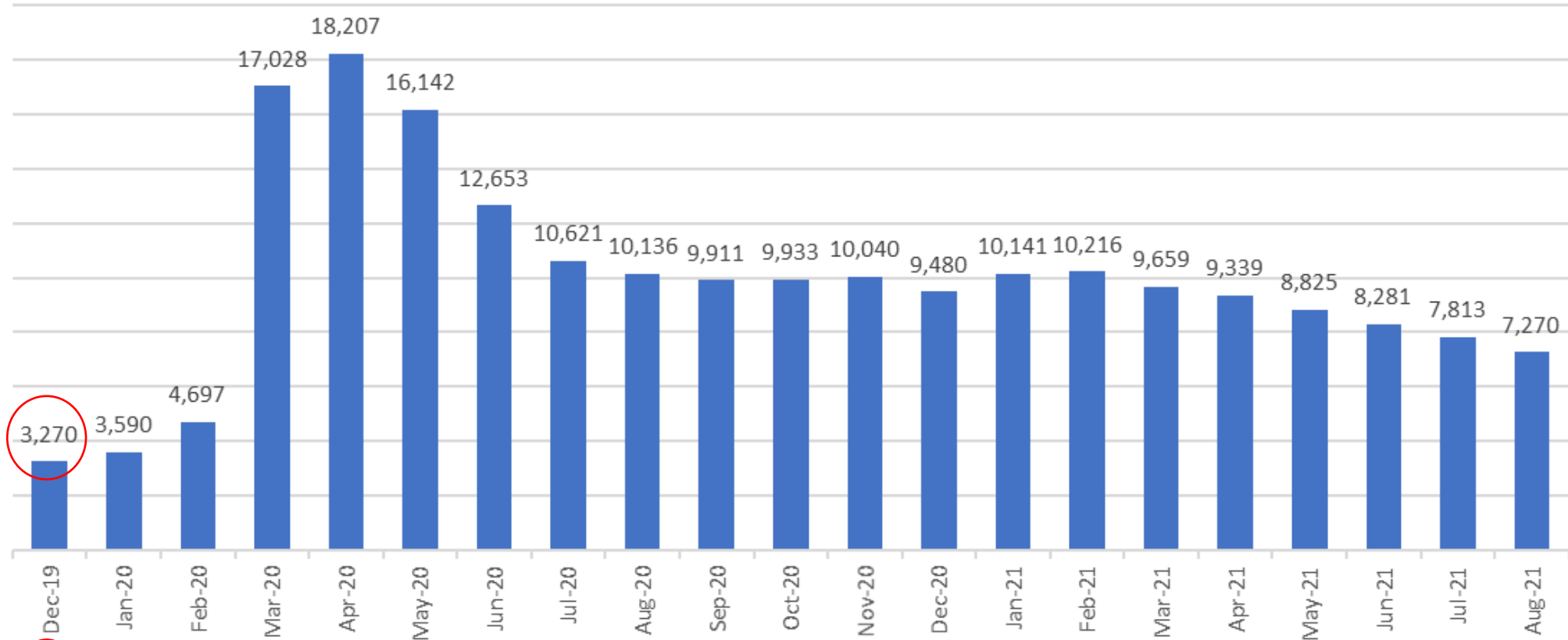
Comparison of RPKs for selected markets in Asia Pacific

<i>% ch vs. the same period in 2019</i>	2020	Apr-21	May-21	Jun-21
Region (registration basis)				
Asia Pacific	-62.0	-57.5	-59.8	-65.6
World	-65.9	-65.2	-62.9	-60.1
Routes (segment basis)				
India domestic	-55.7	-46.7	-73.8	-70.8
Japan domestic	-53.6	-54.9	-68.0	-67.6
Australia domestic	-69.3	-34.4	-34.7	-40.7
Asia - Europe	-79.0	-92.3	-92.7	-91.0
Within Asia	-84.1	-97.4	-97.5	-97.4
Asia - Nth America	-80.1	-93.0	-93.0	-91.5
Asia - Middle East	-73.6	-83.3	-83.8	-84.5
S/w Pacific - N/S America	-74.0	-98.2	-97.1	-96.1
Asia - Africa	-79.7	-90.5	-91.1	-92.8

Source: IATA Economics Note: historical data may be subject to revision



Grounded fleet size continues to decrease in August 2021

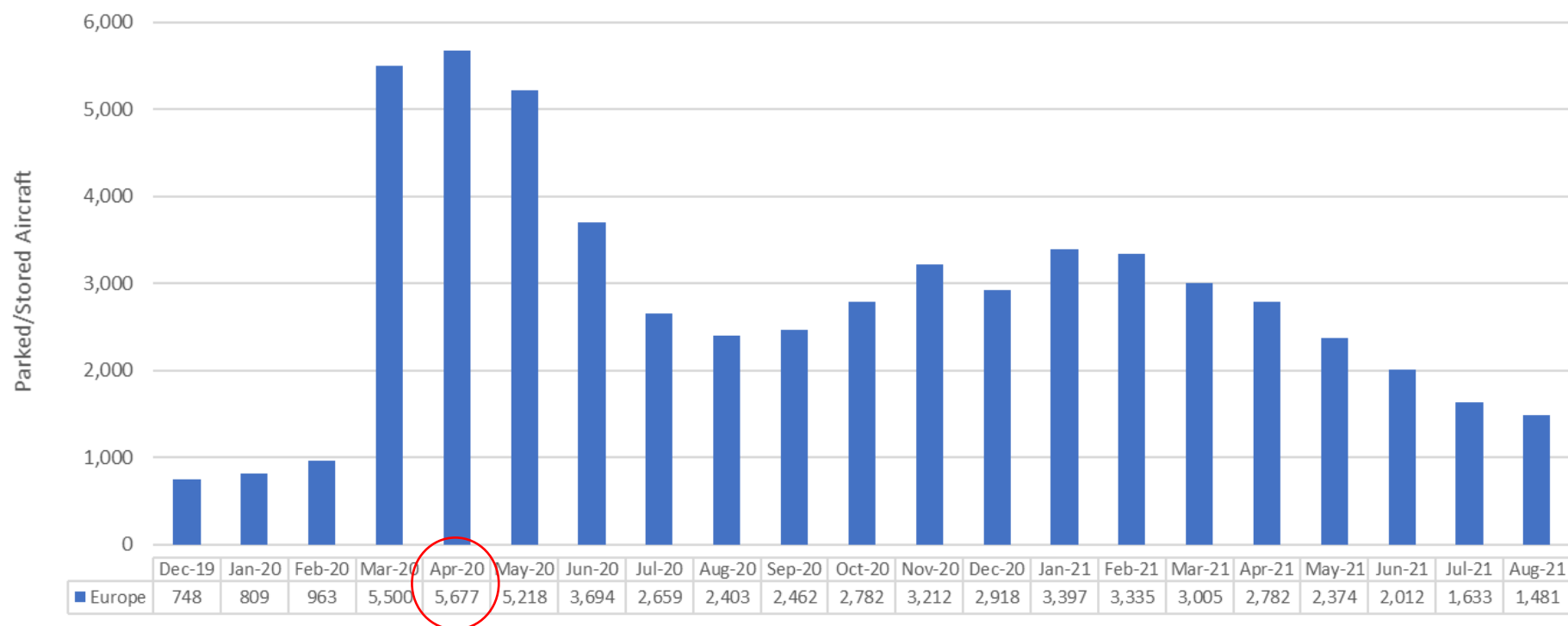


	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21
AC Utilization (hrs/day)	>9	>9	>9	>9	5	<6	<6	6	<7	<7	<7	<7	<7	<7	7	<7	7	<7	<7	<7	<7
PLF%	82.3%	80.3%	75.9%	60.6%	36.6%	50.7%	57.6%	57.9%	58.5%	60.1%	60.2%	58.0%	57.5%	54.1%	55.4%	62.3%	63.3%	65.8%	69.6%	73.1%	n/a

Source: Cirium and IATA Economics

Parked/Stored AC by Region

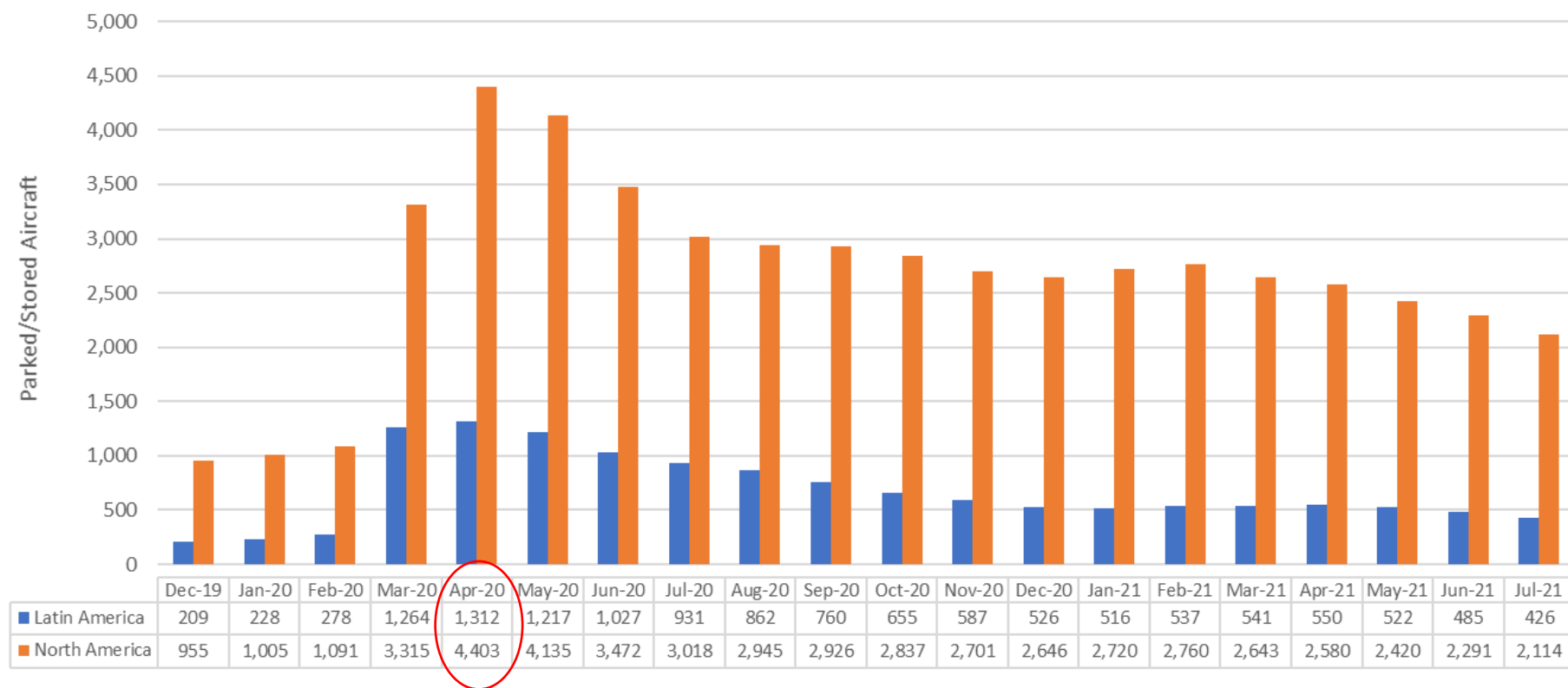
Europe



Source: Cirium

Parked/Stored AC by Region

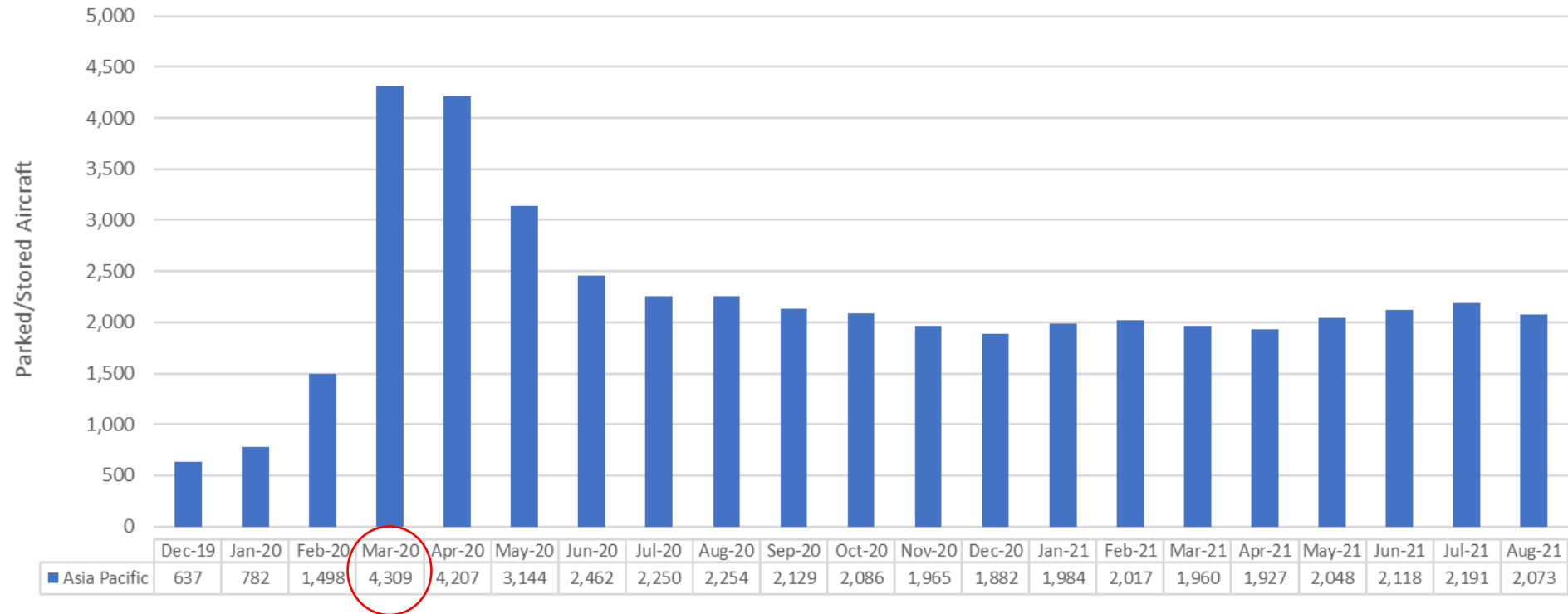
Americas



Source: Cirium

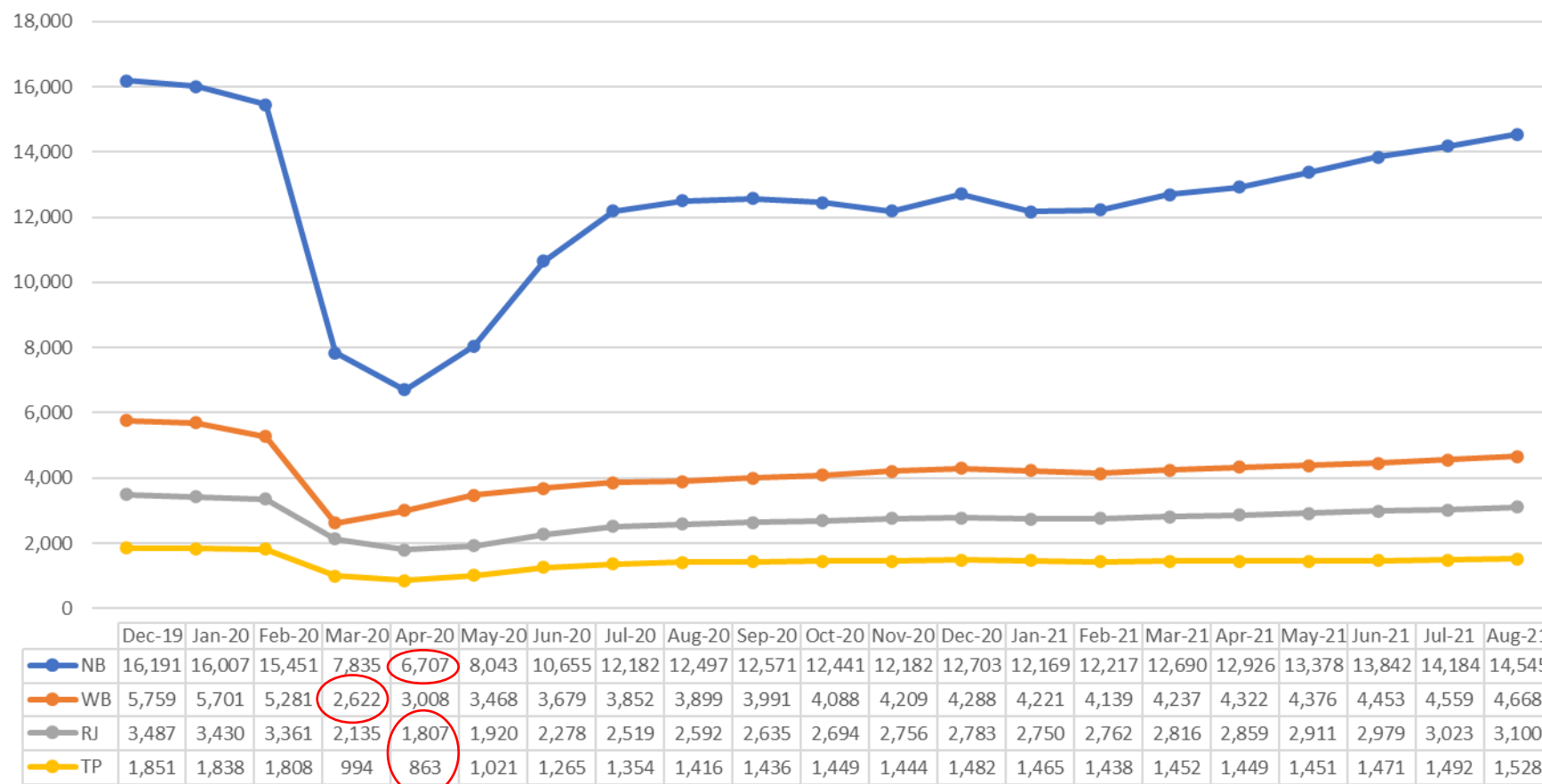
Parked/Stored AC by Region

ASPAC (includes North Asia)



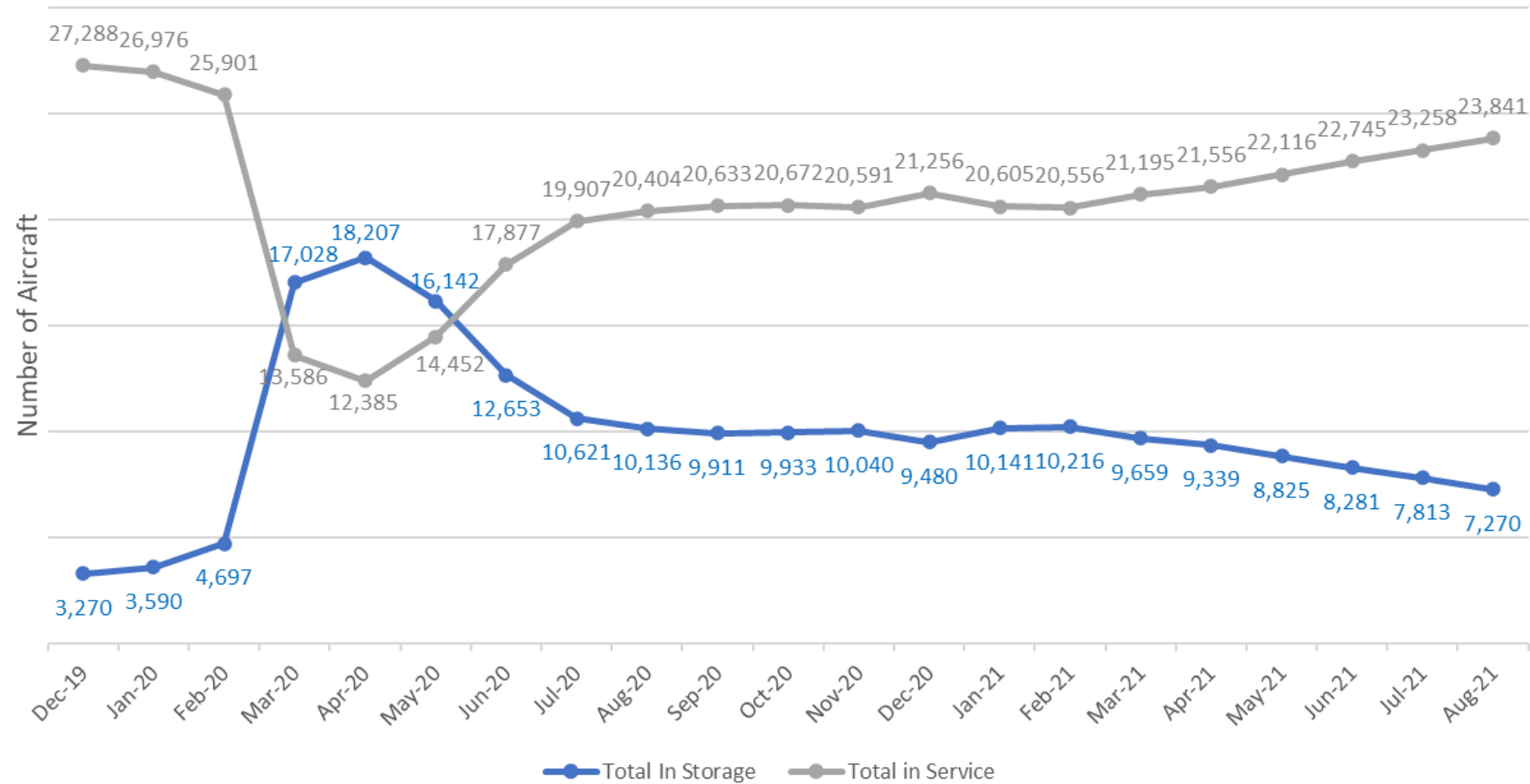
Source: Cirium

Active Fleet by AC category



Source: Cirium

Active AC vs Parked/Stored AC





Source: Cirium


IATA Resources

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



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Thank you!

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