COVID-19
Air transport: a global perspective

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COVID19 trajectory highly uncertain
New case numbers still rising in many significant air travel markets

Source: IATA Economics using data from WHO and ECDC
Border restrictions not yet widely relaxed
International air travel markets will only open when COVID controlled

Current Border Restrictions, as of 30 June

Source: IATA Timatic (www.iatatravelcentre.com)
So air travel is lagging rise in business confidence

As lock-downs eased business confidence rose but air travel weak in May

Source: IATA Economics analysis using data from Oxford Economics and Markit
China’s domestic market added the most to growth
No improvement in international as quarantine equivalent to travel ban

Source: IATA Economics analysis using data from Oxford Economics and Markit
Some international markets opened with a quarantine. In practice, a quarantine seems equivalent to a full travel ban.

YoY change in net bookings (sales net of refunds) by country, 1-17 May 2020

- Ireland: -111%
- Finland: -105%
- Czechia: -103%
- Israel: -102%
- Iceland: -102%
- Greece: -101%
- Denmark: -100%
- Poland: -100%
- Slovakia: -100%
- Cyprus: -100%
- Austria: -100%
- Germany: -98%

Source: IATA Economics based on data from DDS
June/July saw a slow but continuing increase in flights. Rise still dominated by domestic, but international travel ‘corridors’ rising.

Businesses confidence has recovered strongly
Points to a rebound in GDP but not necessarily in corporate travel

Source: IATA Economics analysis using PMI survey data on manufacturing + services firms from Markit
Consumers are cautious about resuming air travel
Now only 45% will fly within 1-2 months. Previous survey shows 60%

Once the pandemic has subsided, how long would you wait, if at all, to return to your usual travel plans?

- Not wait at all: 12%
- Wait a month or two: 33%
- Wait six months or so: 36%
- Wait a year or so: 14%
- Total returning within a year: 95%
- Not returning in the foreseeable future: 5%

Source: IATA Economics using data from end May-early June passenger survey by Rockland Dutton for IATA
Unlike businesses, consumers confidence remains weak. Will be pent-up demand for VFR but leisure travel requires confidence.

Source: IATA Economics analysis using national survey data from Refinitiv Datastream.
Passengers are also booking much later
Last year 49% bookings 20+ days ahead, but only 29% this year

Number of days between booking and travel time, bookings worldwide made in May 2019 vs. 2020

Source: IATA Economics using data from DDS
Wider economic risk is that air connectivity could be lost. 94% airport-pairs connect indirectly, though most travel on trunk routes.

Share of origin-destination airport pairs and passengers where direct connection was available in 2019.

Source: IATA Economics using data from DDS and SRS Analyser
Very different experience in air cargo business
Disappearance of passenger belly capacity created significant shortage

Source: IATA Economics using data from IATA Statistics

Air cargo CTKs, available CTKs and cargo load factors

Indexed to 100 in Jan 2019

Available cargo tonne km (ACTKs)

Cargo tonne km flown (CTKs)

Cargo load factor

Source: IATA Economics using data from IATA Statistics
But collapse of passenger revenues means cash burn
On top of unavoidable cost, ticket refunds burning cash in 2020 Q2

Airline industry cash burn forecast for Q2 2020

Cash burn of ~$60bn in Q2

Governments have provided substantial cash aid
Airlines kept on life support in 2020 but majority of aid has to be repaid

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

<table>
<thead>
<tr>
<th>Type</th>
<th>Reimbursable / deferral only</th>
<th>Non-reimbursable / waiver/discount</th>
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<tr>
<td><strong>Total</strong></td>
<td><strong>123</strong></td>
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Airlines will enter ‘restart’ with very high levels of debt
$120bn rise in debt but <$30bn new equity ($11bn from Govt)

Even before COVID-19 much of the industry was fragile. Only around 30 airlines drove improvement. Long tail of weaker airlines.

Source: IATA Economics using data from a McKinsey study for IATA.
Global RPKs do not recover 2019 levels until 2023/24
More risk remains on the downside of our baseline forecast

Source: IATA/Tourism Economics 'Air Passenger Forecasts'
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