

COVID-19

Airline industry outlook

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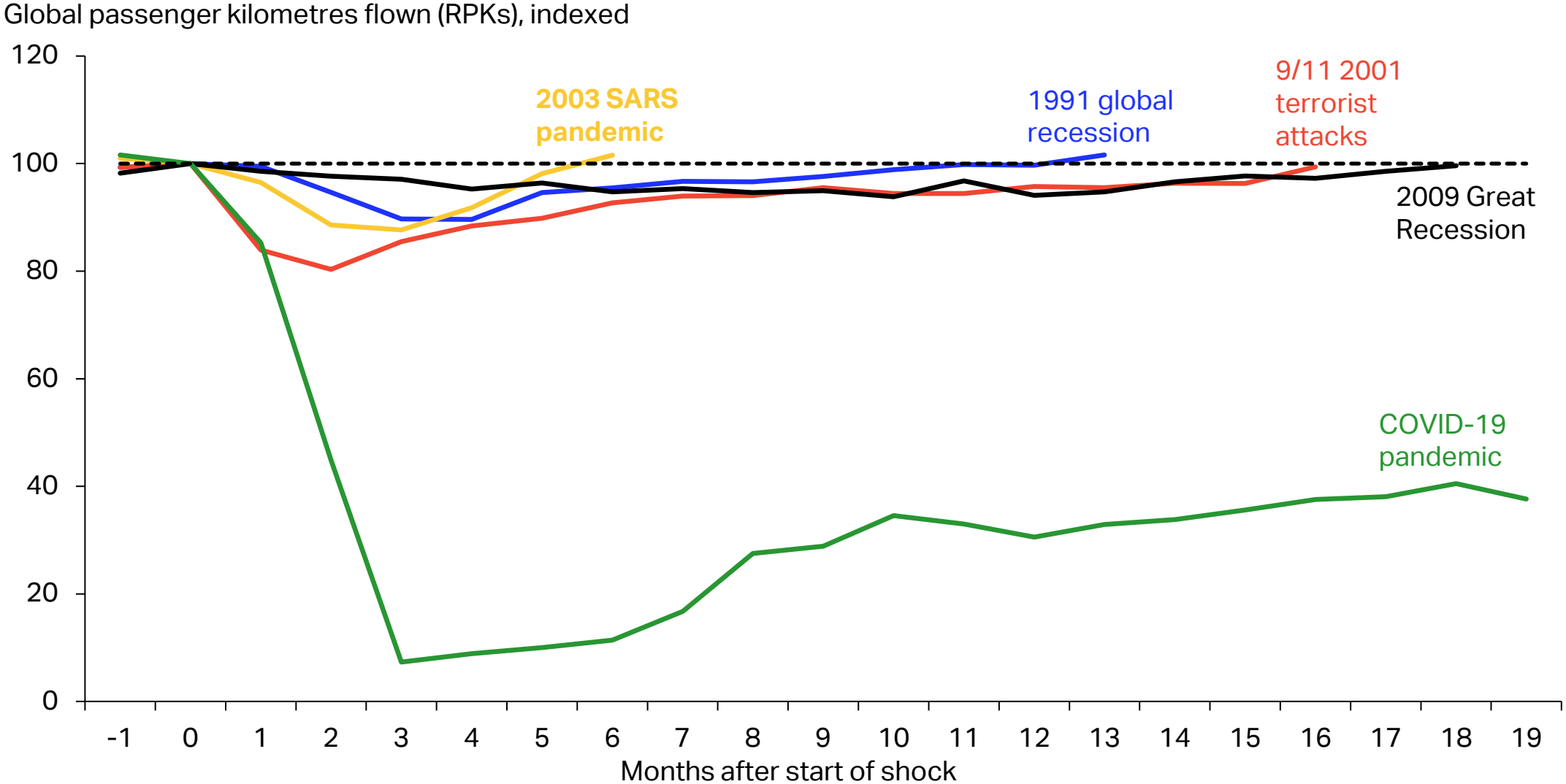
Senior Economist

4th October 2021



COVID-19 is the biggest and longest shock to hit aviation

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

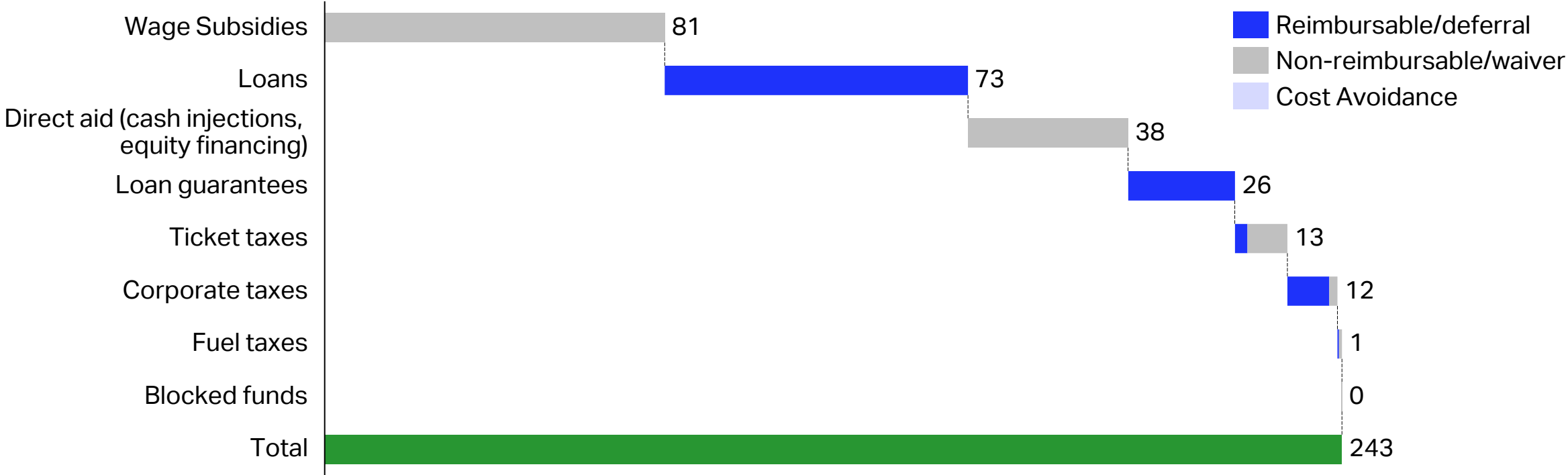


Source: IATA Economics using data from IATA Monthly Statistics. Data is adjusted for seasonality.

Financial aid has kept airline industry on life support

Airlines received \$243bn of financial aid worldwide so far

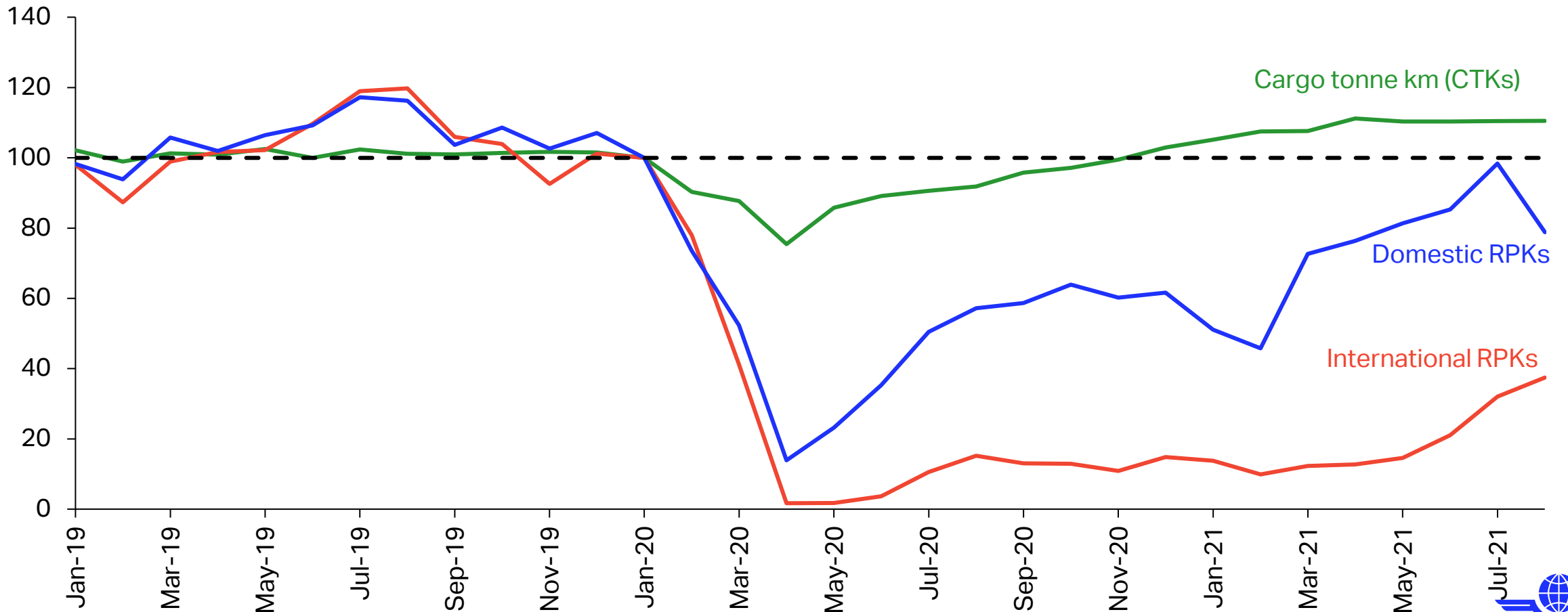
Financial aid made available to airlines due to COVID-19, by type (USD bn)



Economic recovery boost air cargo and domestic travel

Int. RPKs -68.8%, domestic RPKs -32.2%, CTKs +7.7% (Aug 21 vs Aug 19)

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

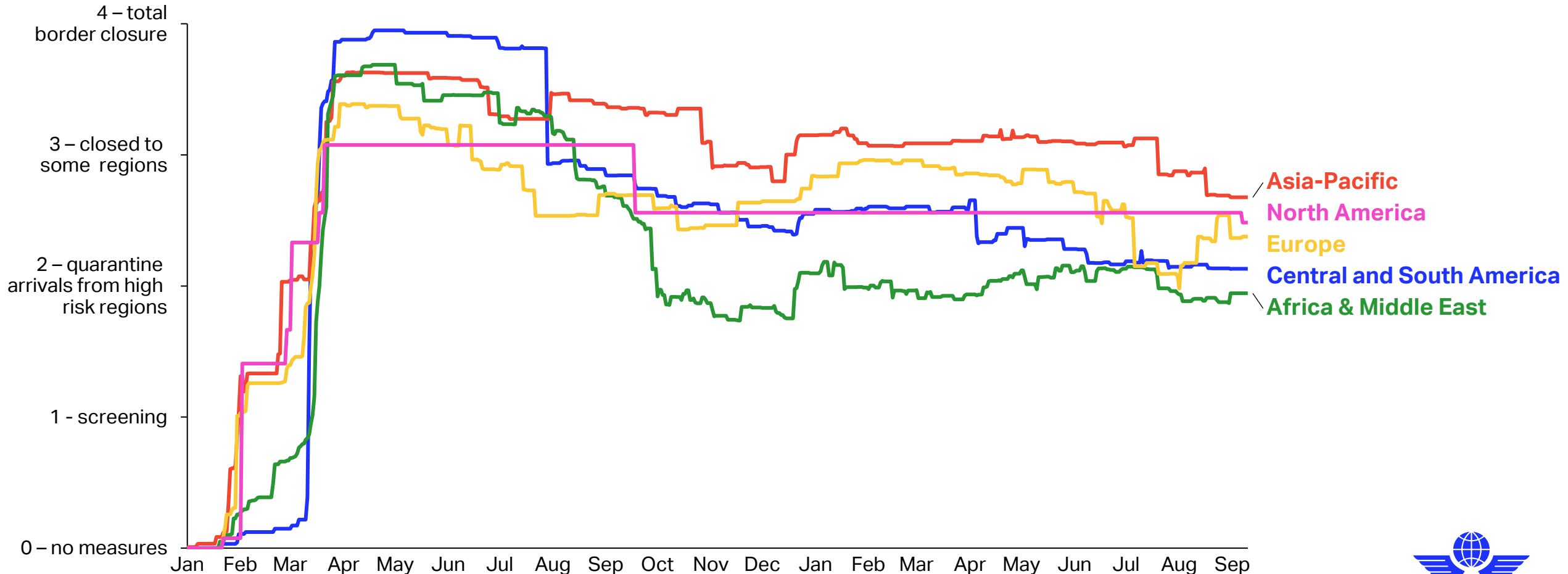


Source: IATA Economics using data from IATA Monthly Statistics. Data is adjusted for seasonality.

Travel restrictions limit the international travel recovery

There has been a modest easing of travel restrictions

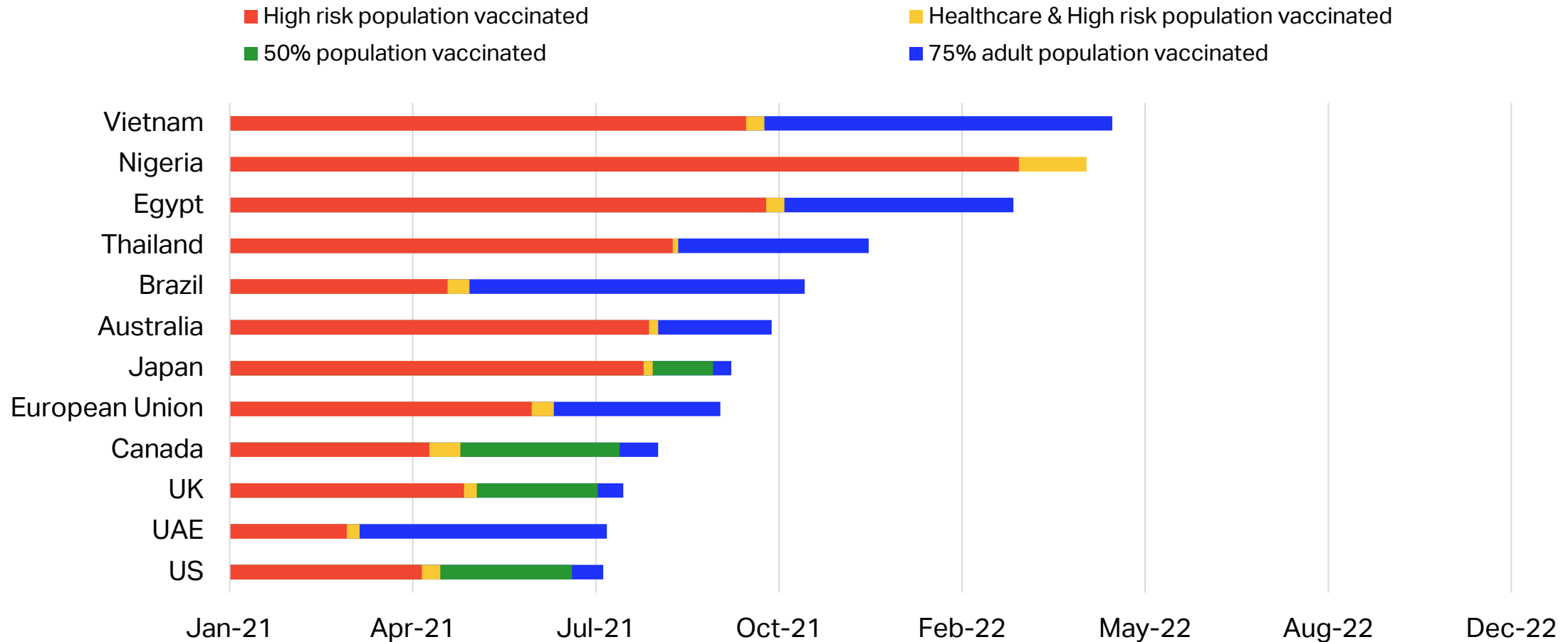
International travel stringency index weighted by population (Jan 2020-Sep 2021)



Progress in vaccination would allow ease of restrictions

Widespread vaccination has been achieved in major developed markets

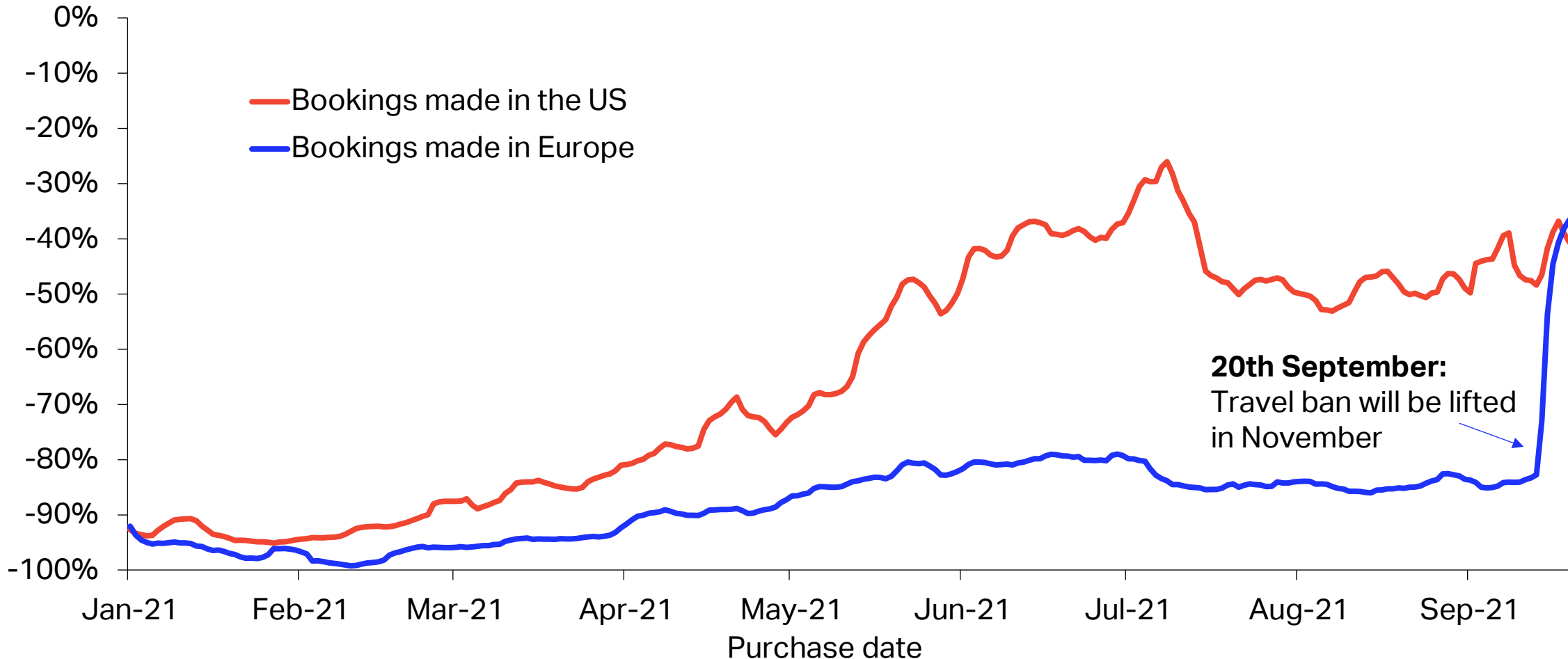
Airfinity's vaccination rollout forecast



There is a substantial pent-up demand for travel

US-Europe reopening followed by surge in bookings

Bookings US-Europe, 7-day MA in % change vs 2019



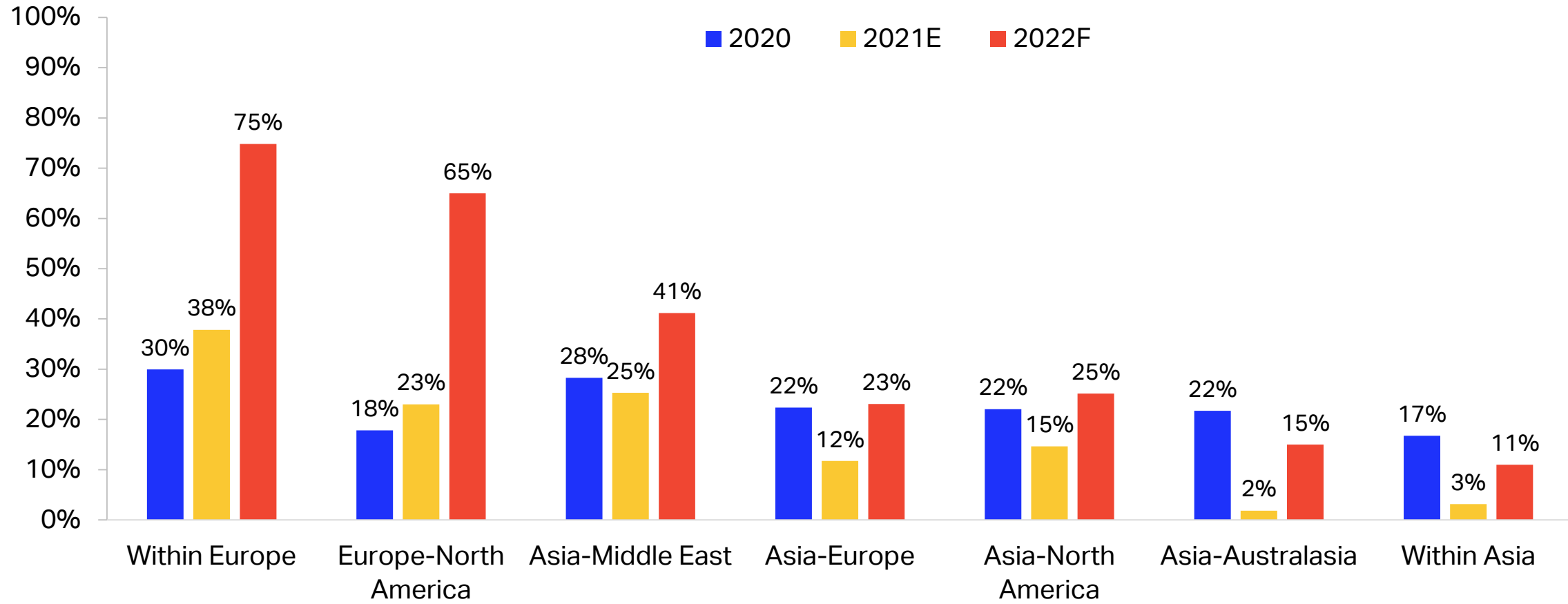
20th September:
Travel ban will be lifted
in November



Recovery in international travel will be uneven in 2022

Intra-Europe and Europe-Nth America travel will outpace Asia

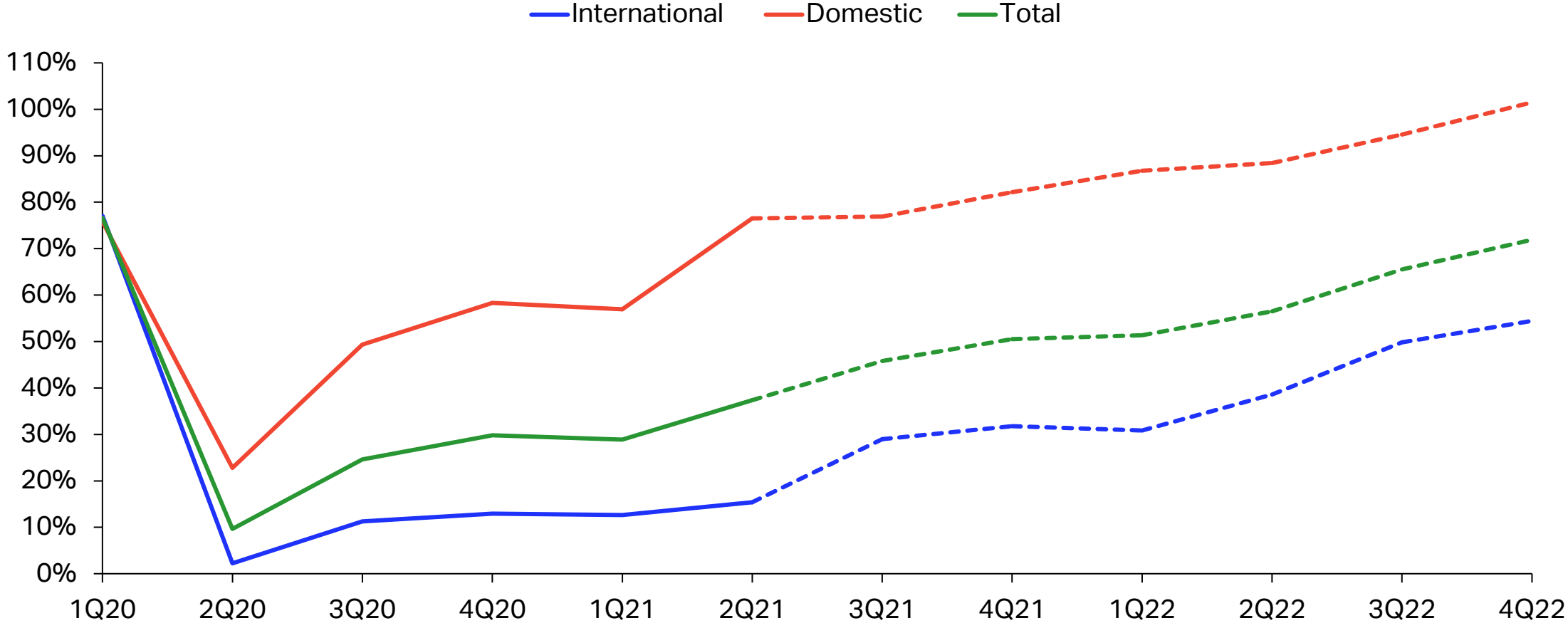
Main International Routes (RPKs % of 2019 levels)



Domestic travel demand will continue to be strong

Domestic RPKs will be 93%, international 44% of pre-crisis levels in 2022

Global Revenue Passenger Km (Quarterly RPKs % of 2019)

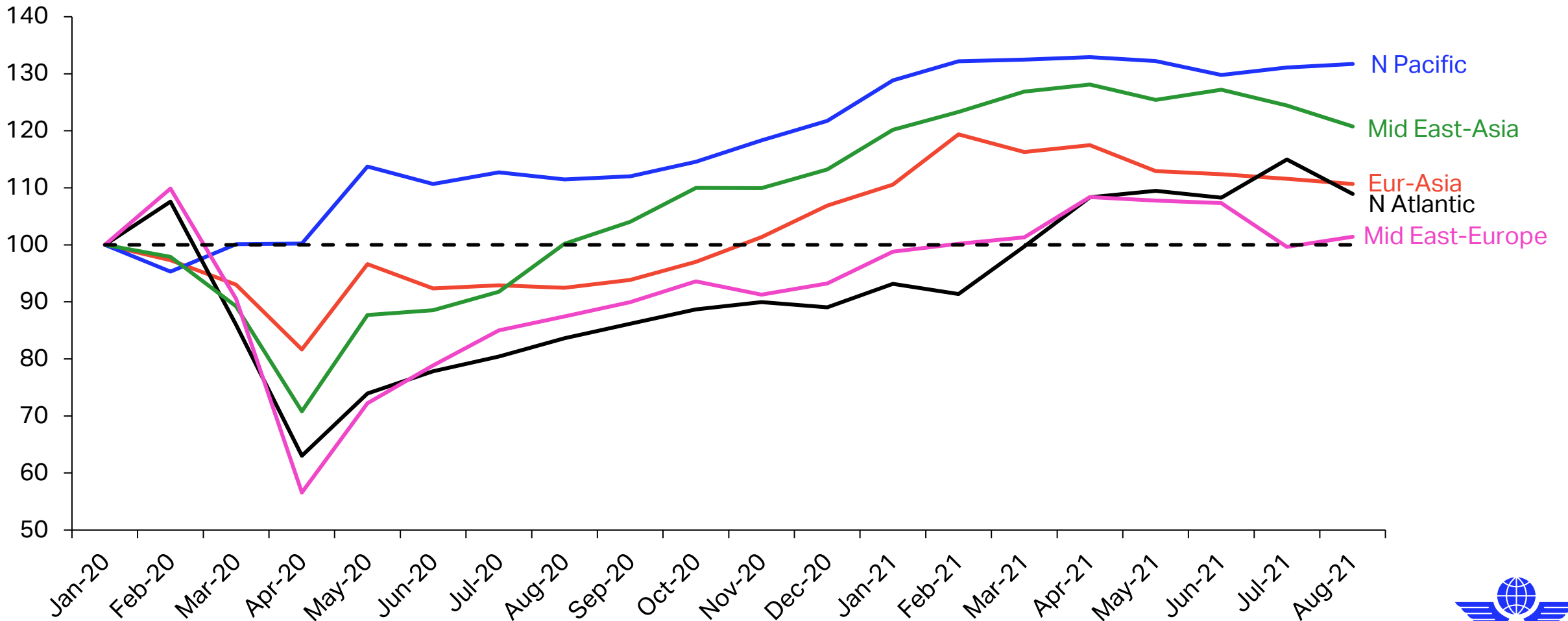


Source: IATA Economics Airline Industry Financial Forecast update, October 2021

Air cargo strong across the board with high demand

But capacity and supply chain issues limit further gains

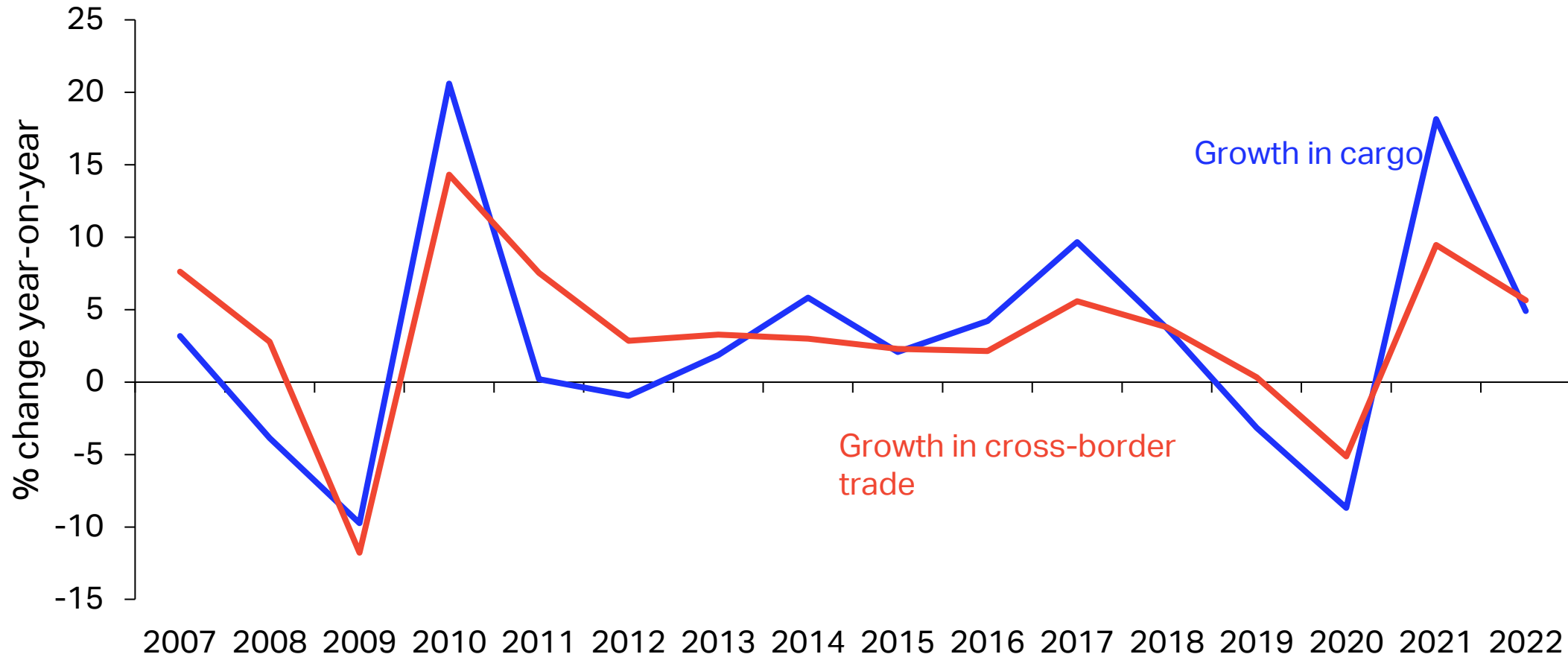
Seasonally adjusted segment-based CTKs for main trade lanes, indexed, Jan 2020 = 100)



Strong trade growth will sustain robust air cargo traffic

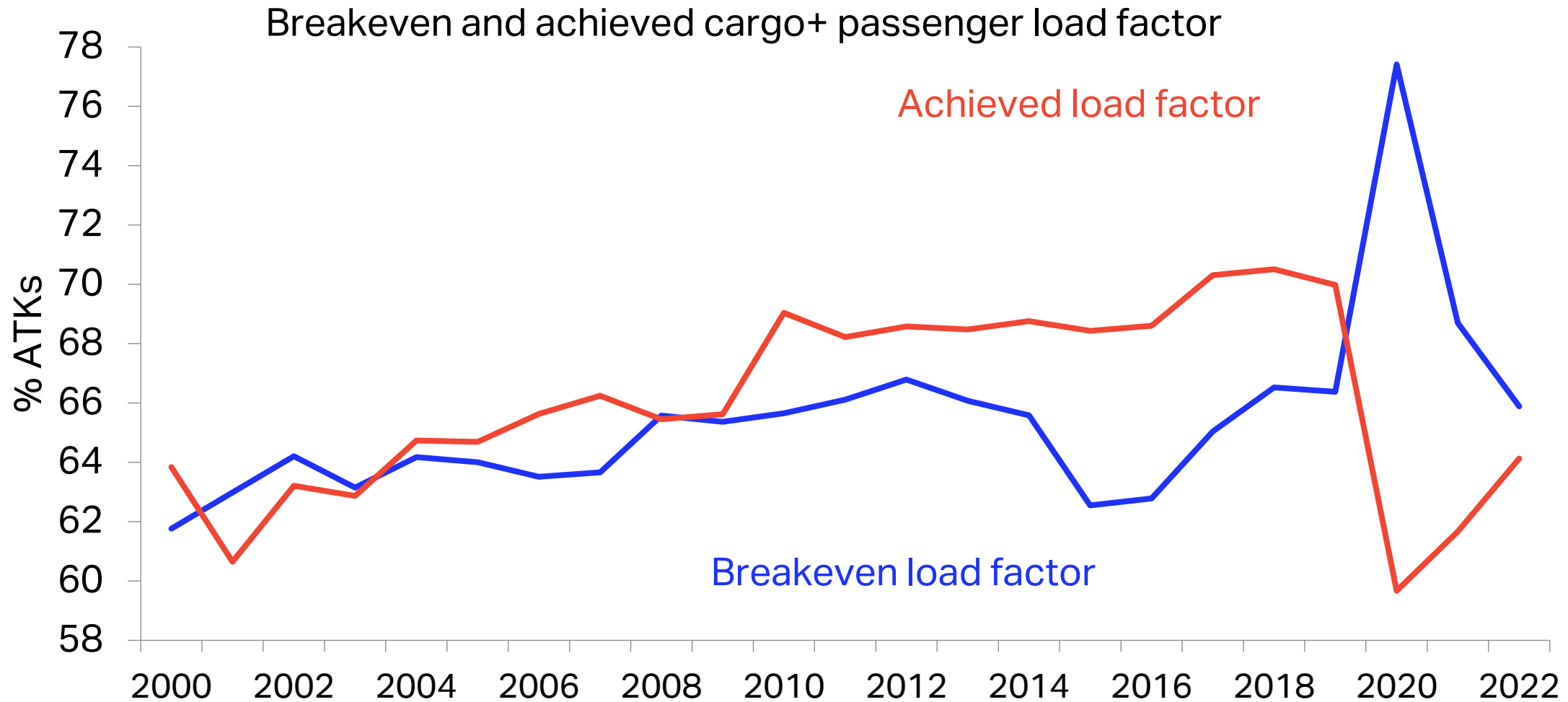
Air cargo demand is expected to rise 13% above 2019 levels

Growth in cross-border trade and air cargo tonne km



Load factors will improve but still below break-even level

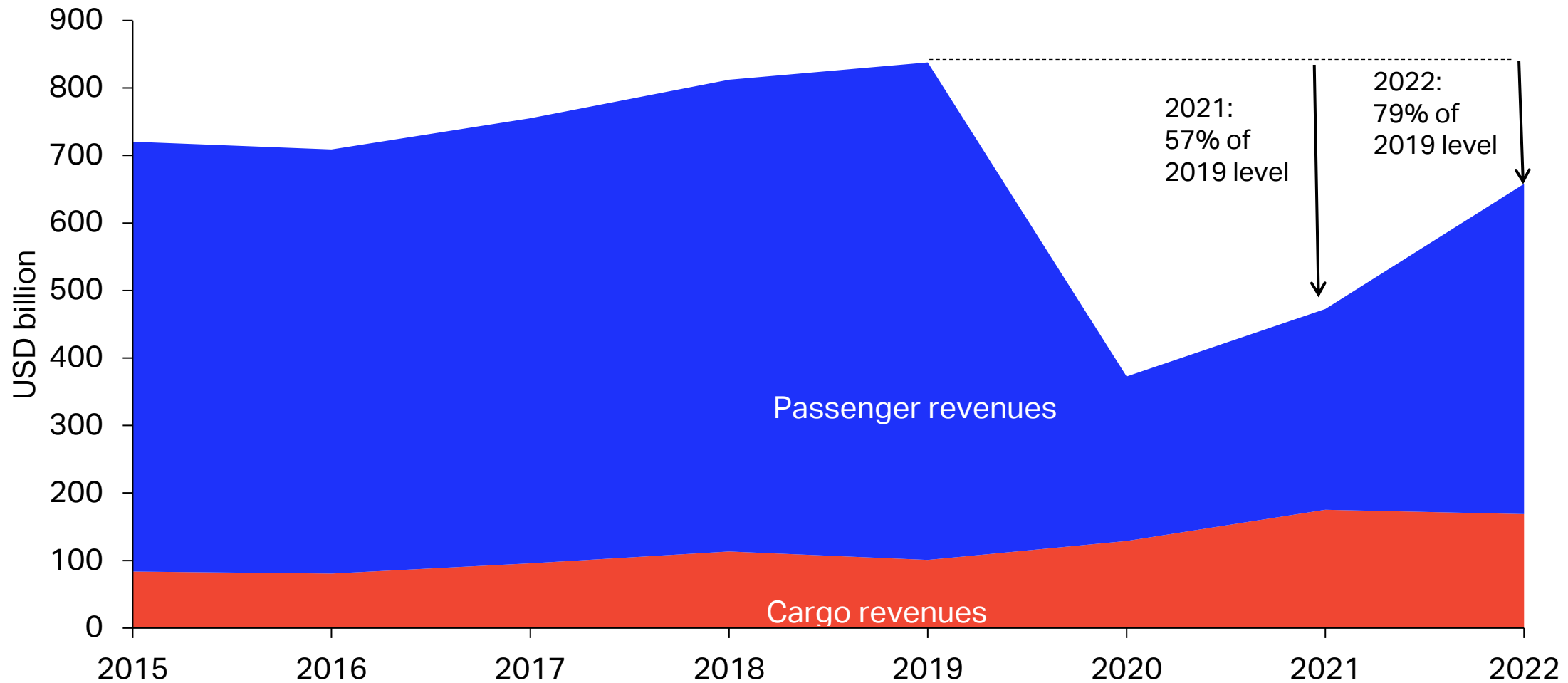
Passenger load factors is expected to recover to 75% in 2022



Revenue recovery will continue in 2022 - to 79% of 2019

Strong cargo revenues will be insufficient to offset loss in pax revenues

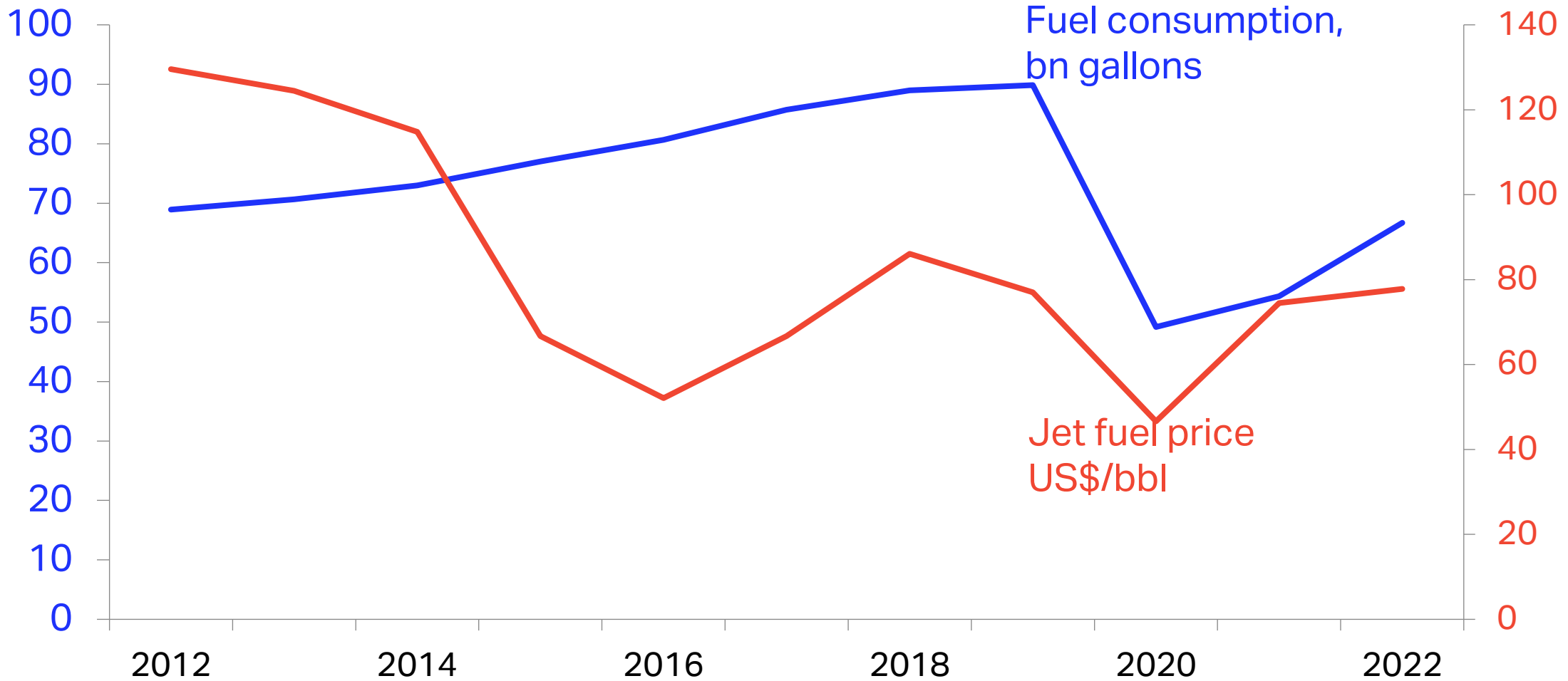
Global airlines revenue, USD billion



Fuel cost will rise with the higher traffic and fuel prices

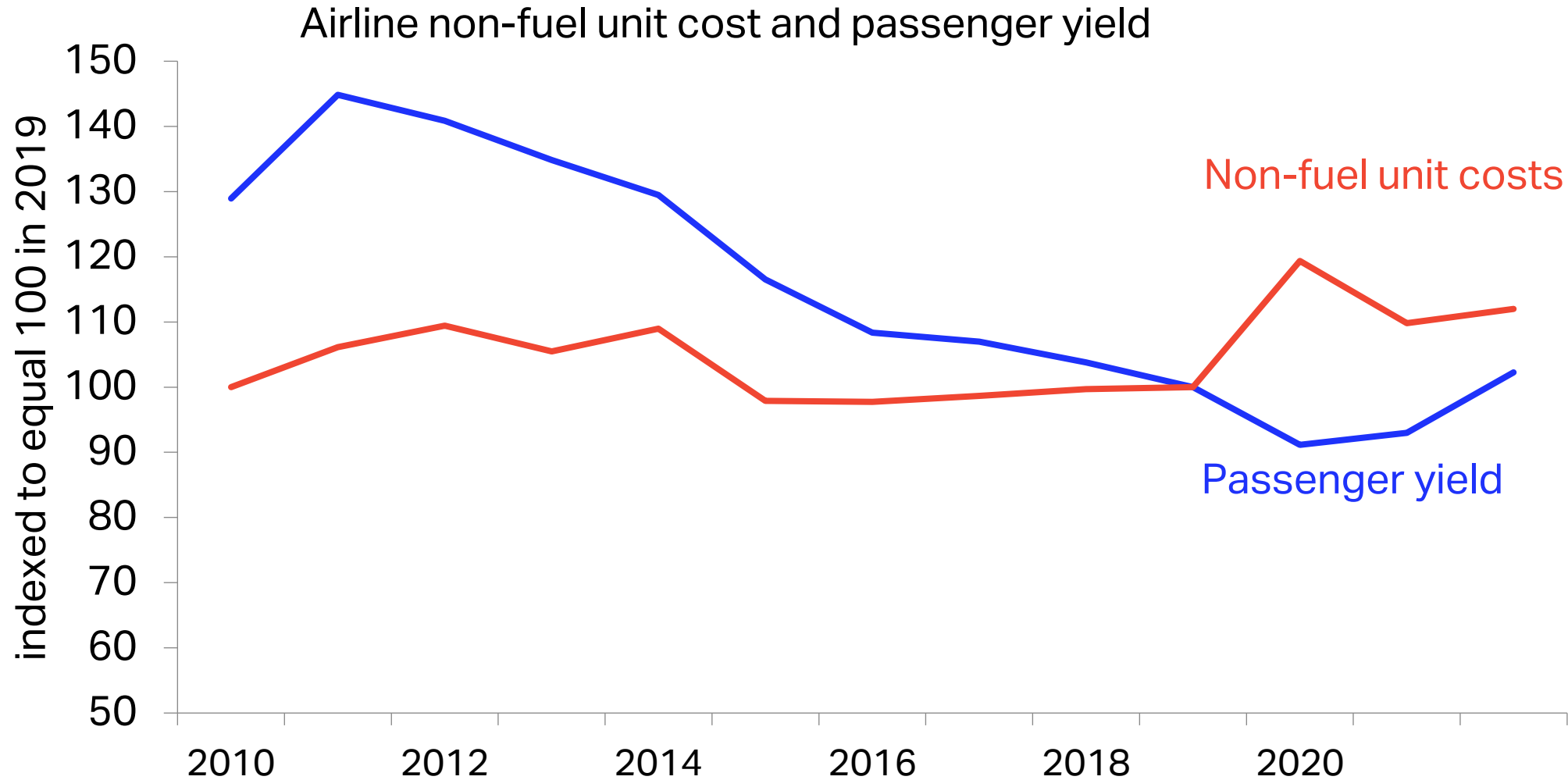
Jet fuel price is expected to be \$77.8/bbl in 2022 vs \$74.5/bbl in 2021

Fuel Consumption and the price of jet fuel



Unit costs will continue to surpass passenger yields

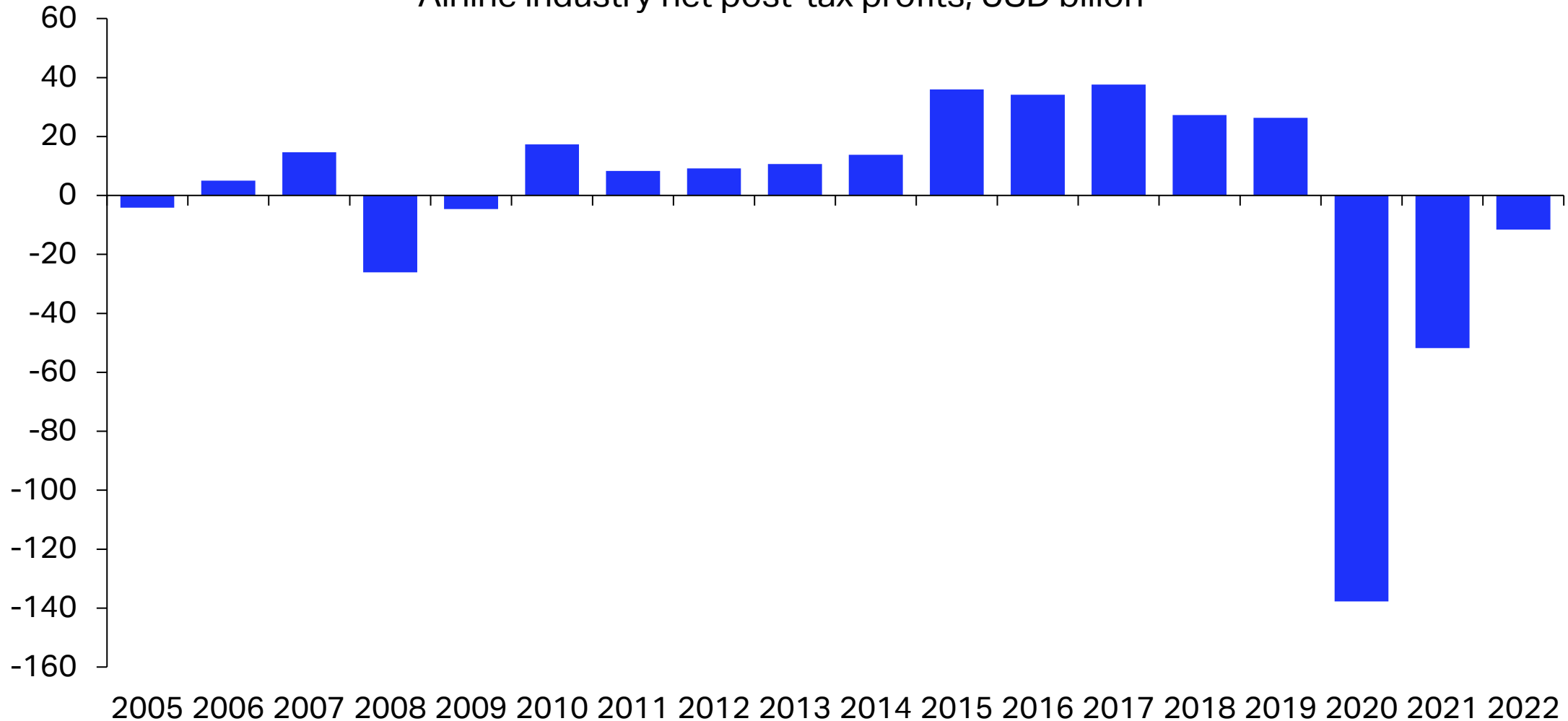
Passenger yields are expected to rise both in 2021 and 2022



Return to profitability will be delayed another year...

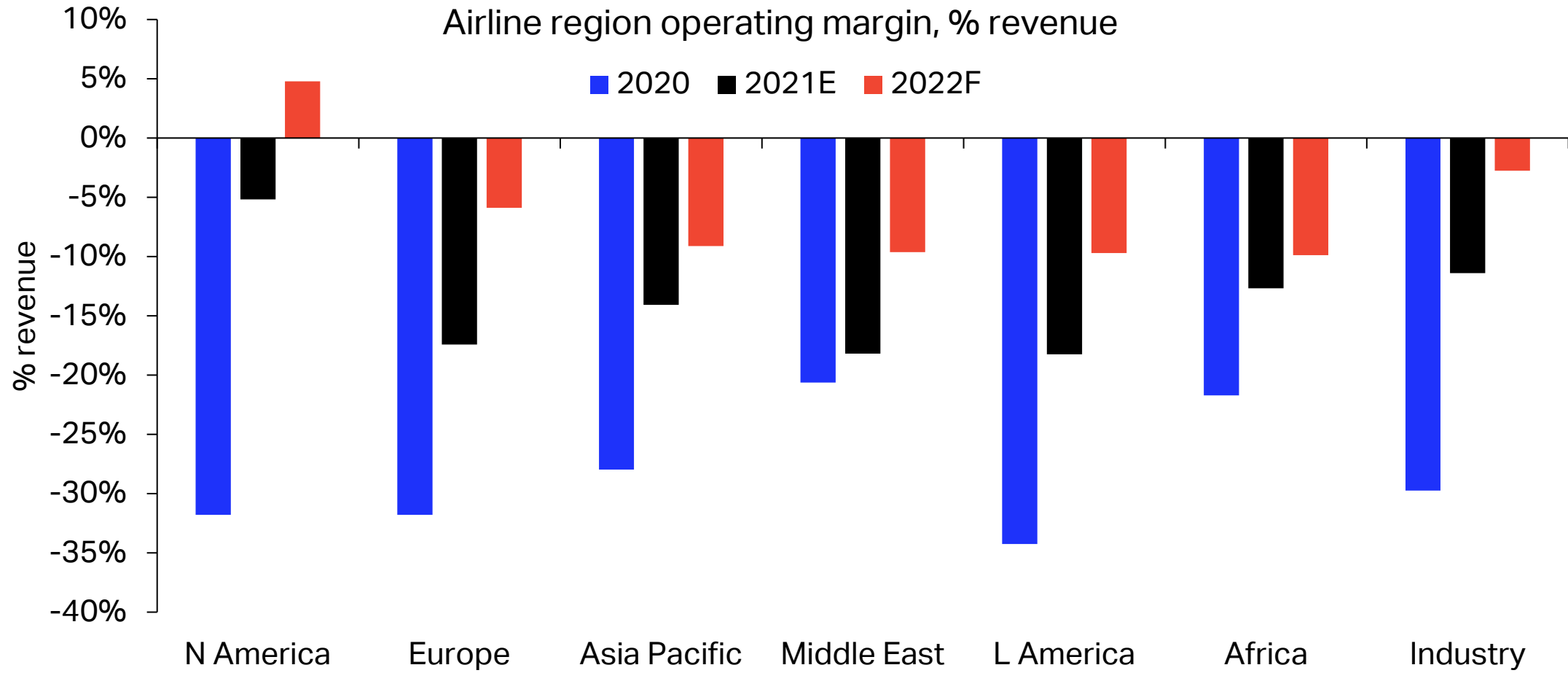
With gradual traffic recovery, 2022 another year of loss

Airline industry net post-tax profits, USD billion



N American airlines improving fast, other regions lag

Operating margins will be negative in most of the regions



Contacts

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