

State of Aviation – Post COVID-19

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ATFM/SG/13 Meeting

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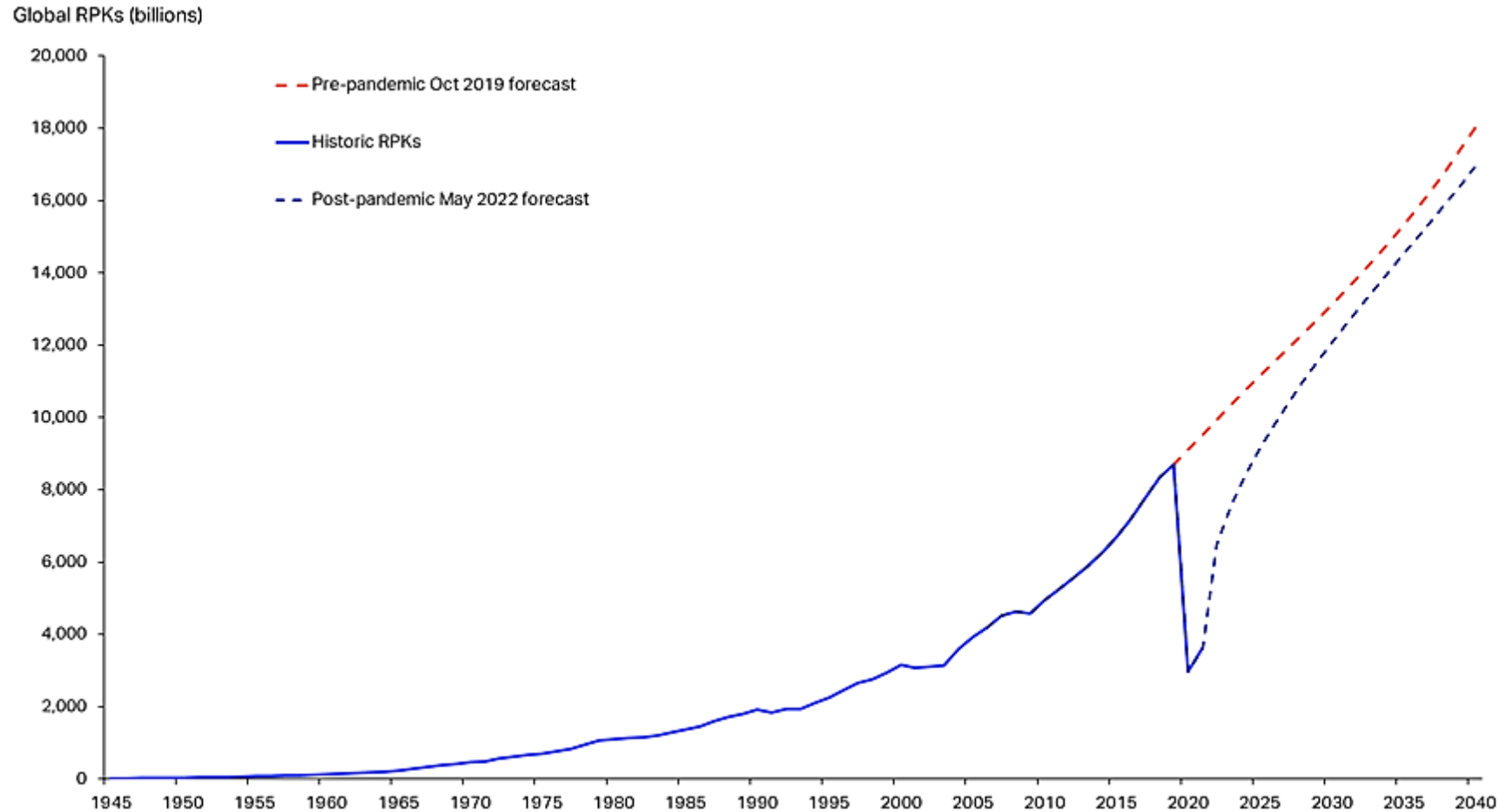


Update on COVID-19 impact on airlines



The greatest shock to aviation in its history

Global RPKs, with pre-pandemic (red) and current forecasts (blue), billion



- “Lost” travel between 2020 and 2022 is equivalent to 1.8 x 2019 RPKs.
- In 2040, if our current forecast is realized, traffic would still be 6% below our pre-pandemic forecast.

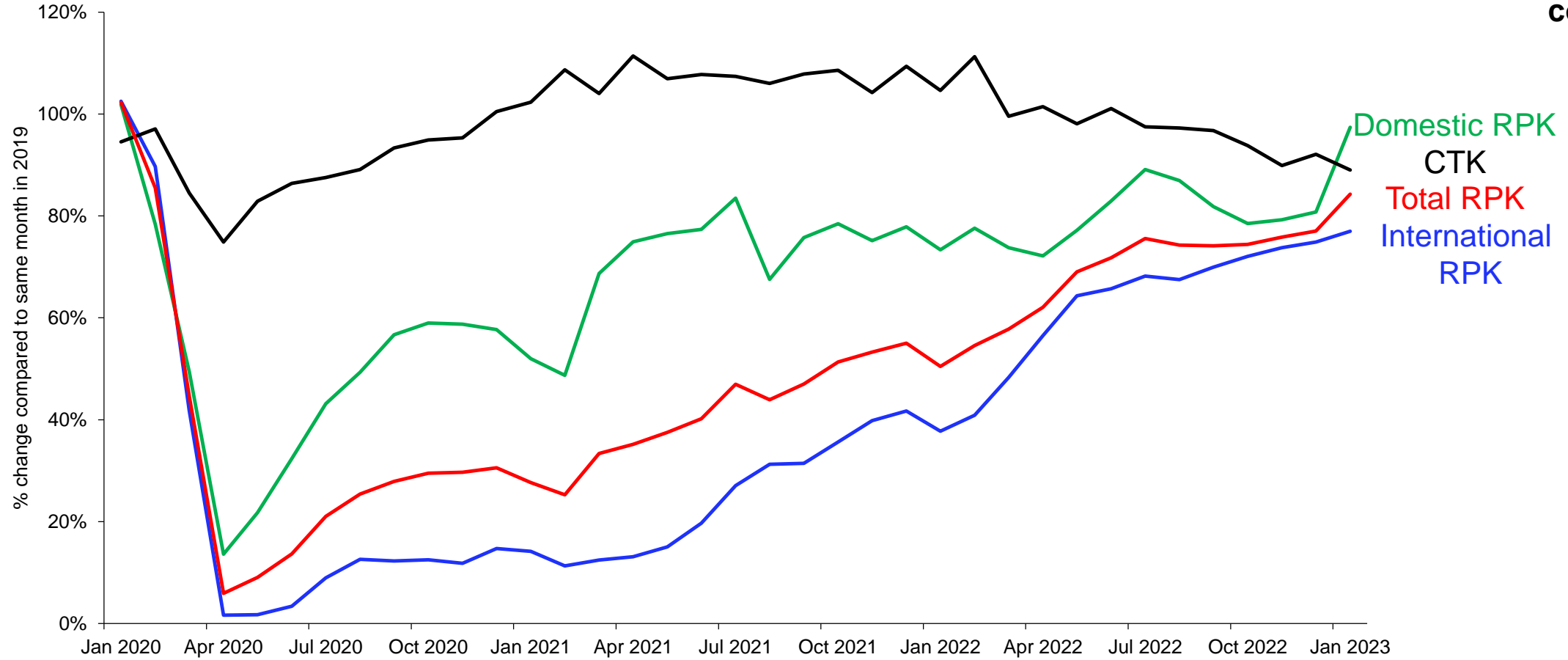
Source: IATA Annual airline traffic statistics, IATA Economics/Tourism Economics.



Recovery remains on track

RPKs are currently at 84% of 2019 levels

Global RPK and CTK growth



**Jan 2023
compared to
Jan 2019**

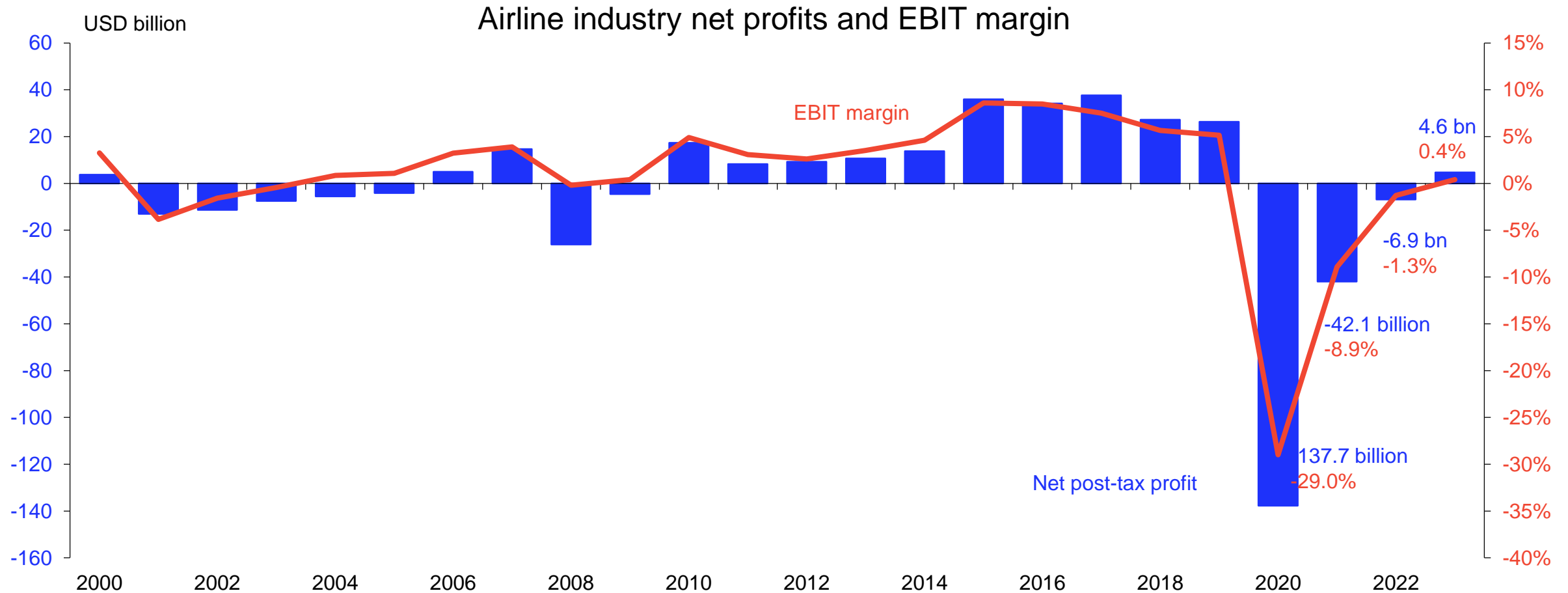
Domestic RPK 97%
CTK 89%
Total RPK 84%
International RPK 77%

Source: IATA Monthly Statistics; traffic



Financial performance improves strongly

With the industry returning to profitability in 2023 - global net profit of \$4.7 billion

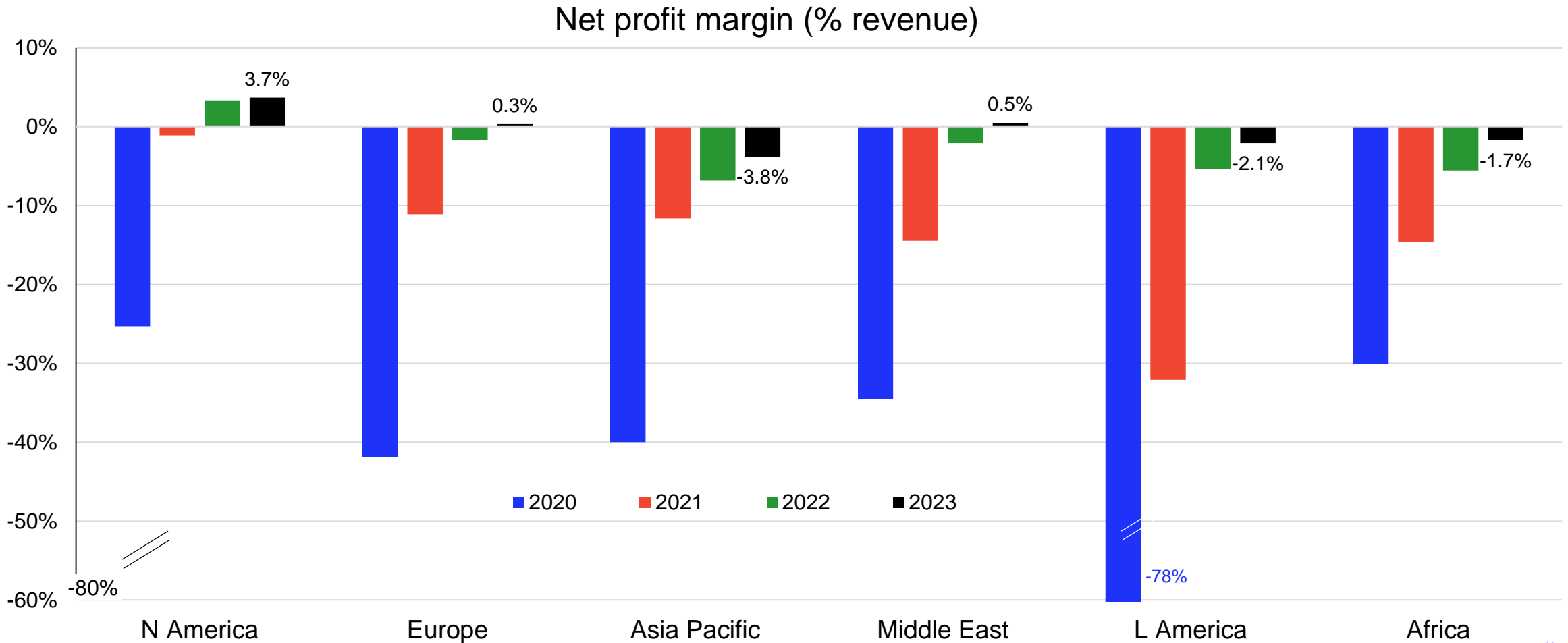


Source: IATA Economics



North America likely only profitable region in 2022

To be joined by Europe and the Middle East in 2023



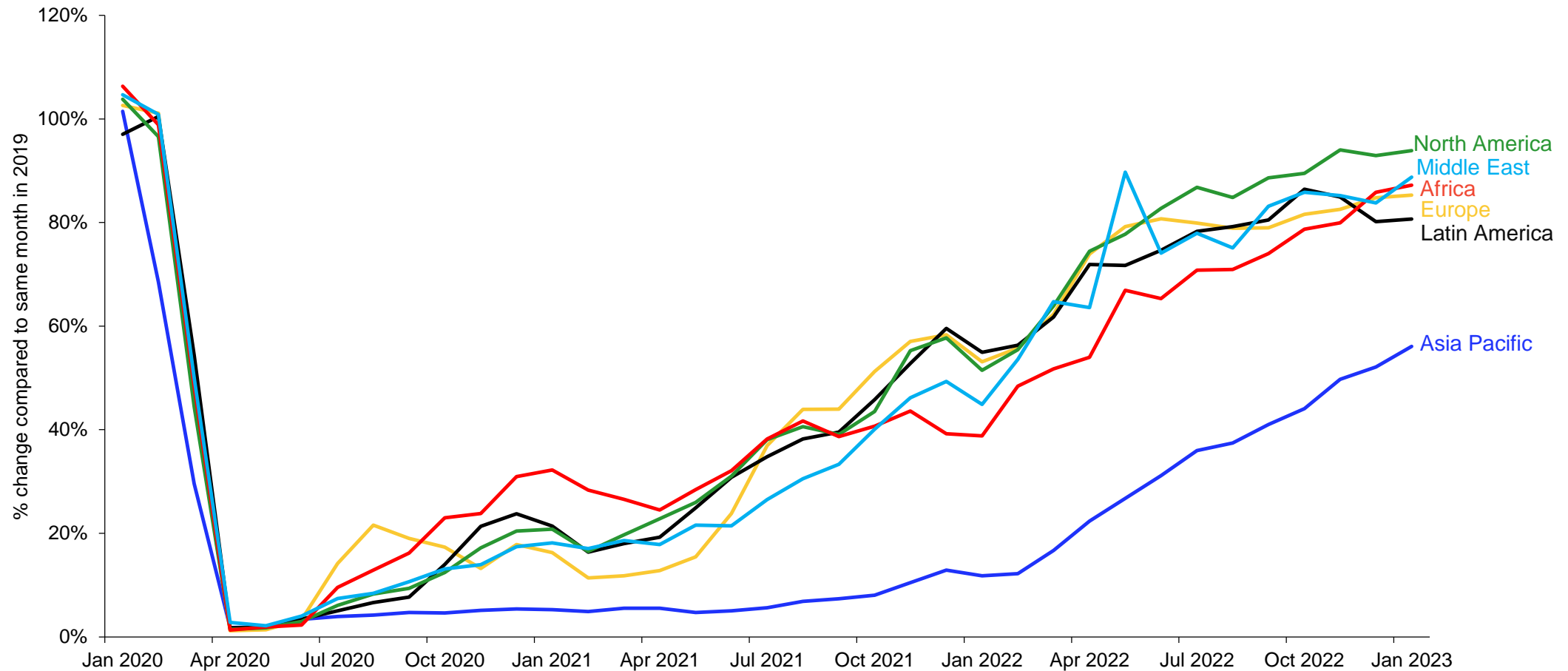
Source: IATA Economics



International traffic on the rise

Asia Pacific lags, as travel restrictions were lifted later

Growth in international air travel, RPKs by market



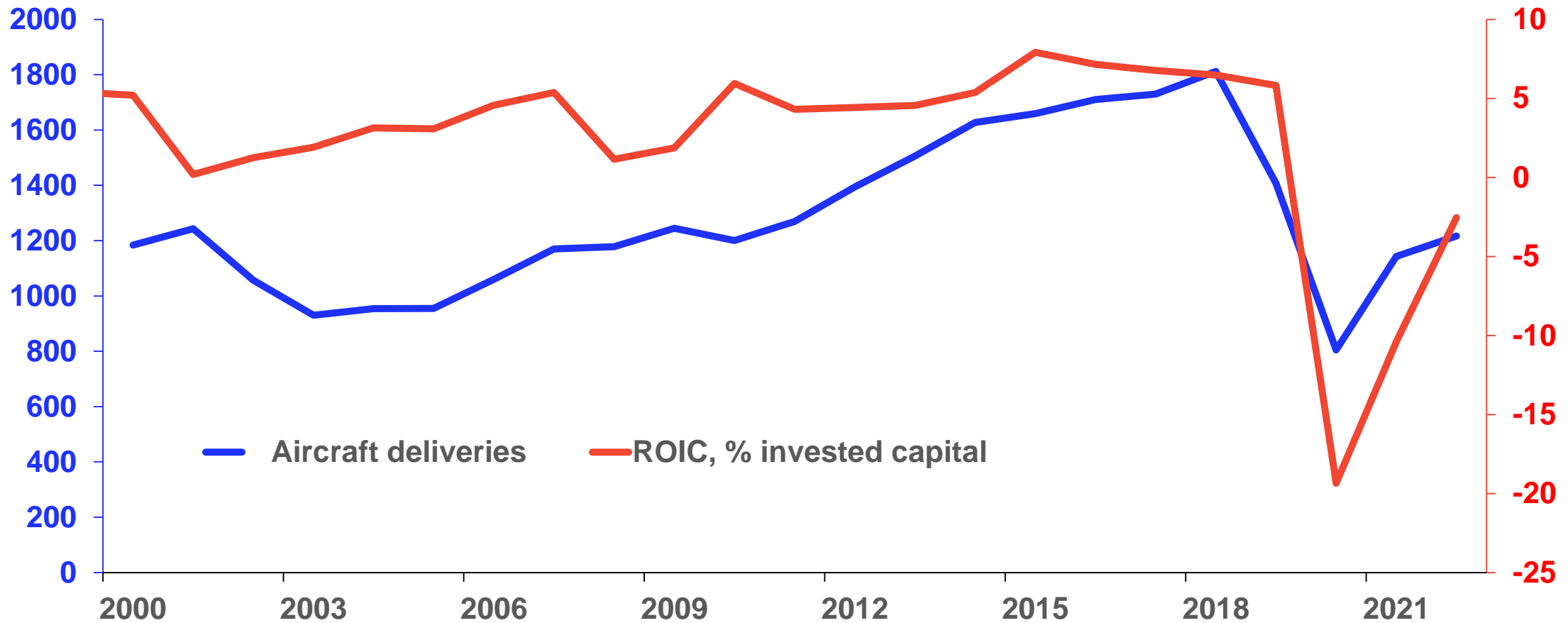
Source: IATA Monthly Statistics; traffic by **airline region of registration**



Industry confidence reflected in rising deliveries

Supported by improved financial performance

Aircraft deliveries and airline industry ROIC

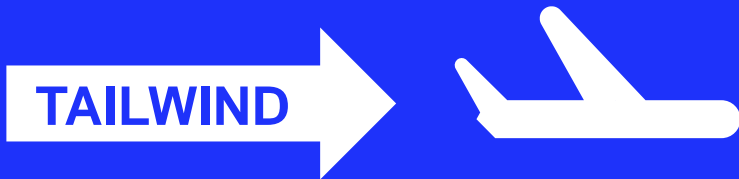


Source: IATA Economics.



Turbulent times

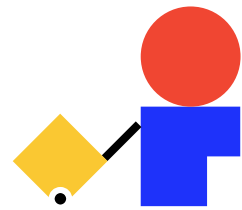
- Easing and lifting of travel restrictions
- Willingness to travel
- Cargo
- Business model development
- The possibility of energy abundance



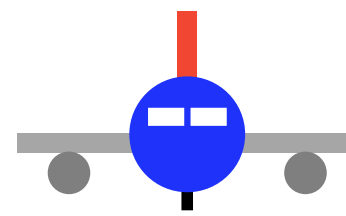
and

- Debt burden and cost
- Labor costs
- Energy costs
- Climate change costs
- Geopolitical conflict

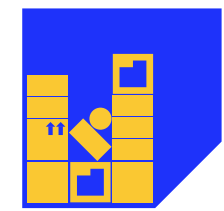




passengers
(millions)



flights



value of goods carried
(billions)

Every
day in ...

2019

12.4

106,600

\$17.8

2020

5.0

46,400

\$16.4

2021

6.0

54,900

\$20.7

2022

10.4

92,700

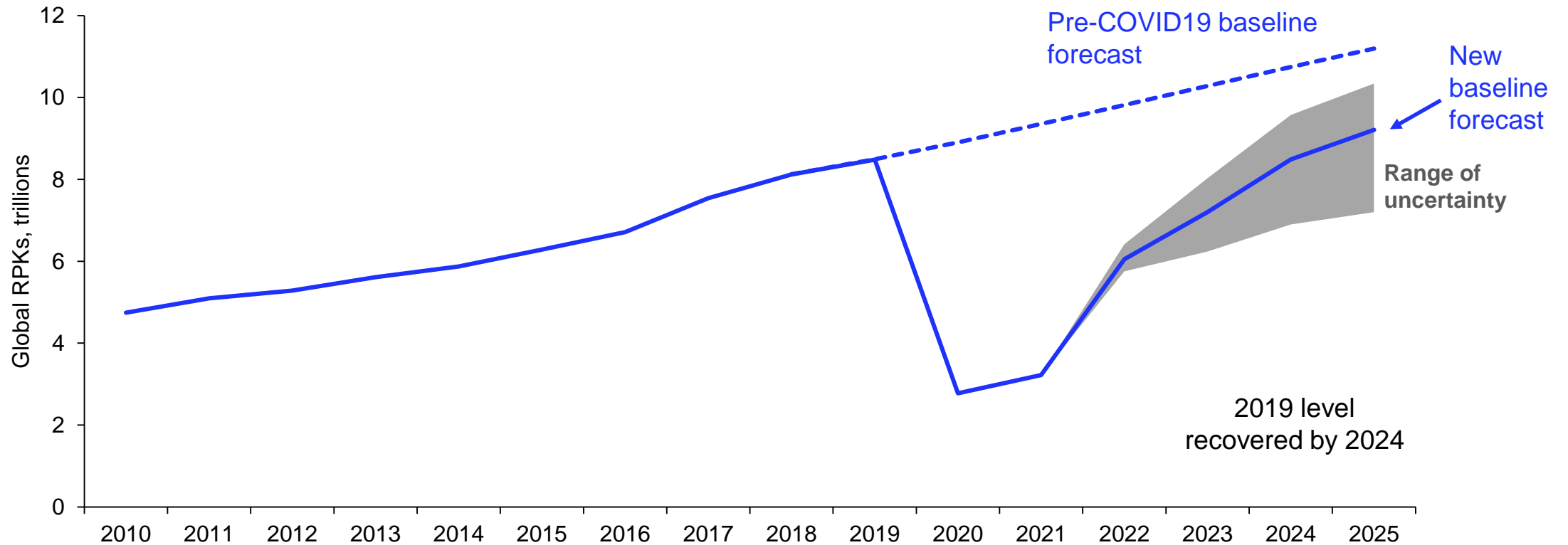
\$22.5

Forecast



Passenger traffic expected to recover in 2024

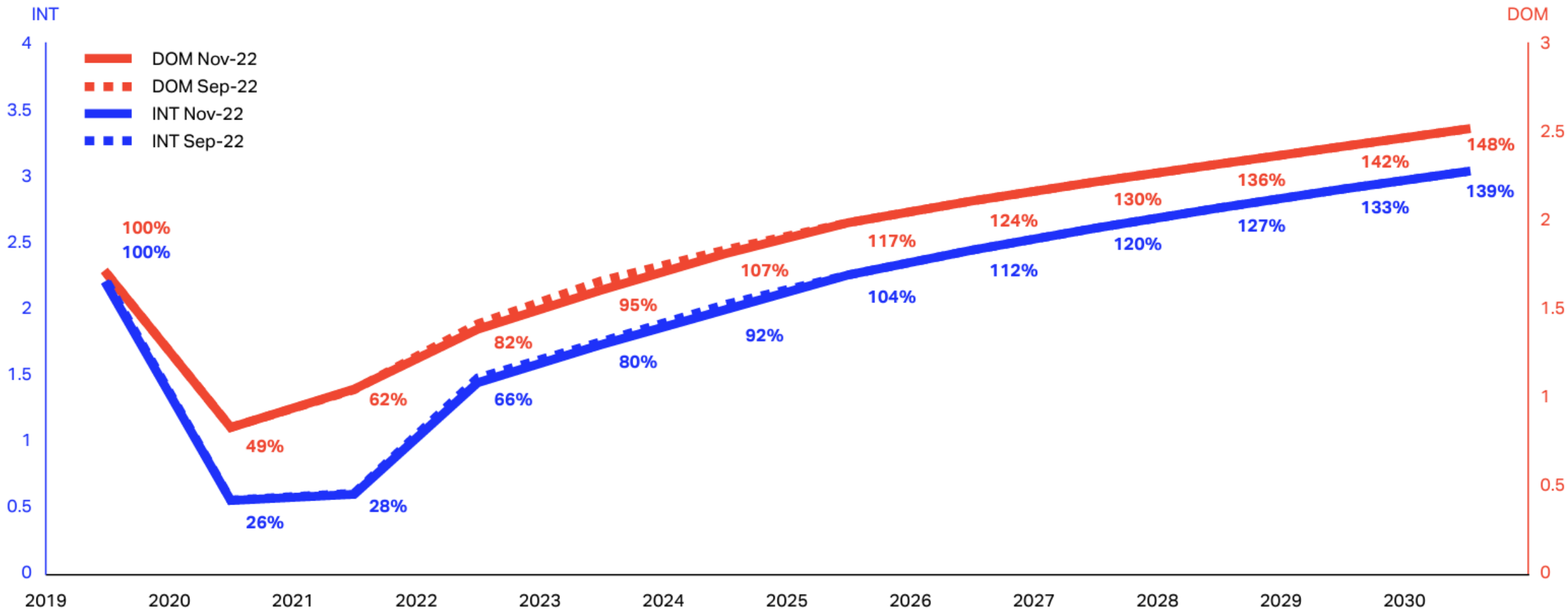
Risks are still tilted to the downside



Source: Tourism Economics/IATA Sustainability & Economics

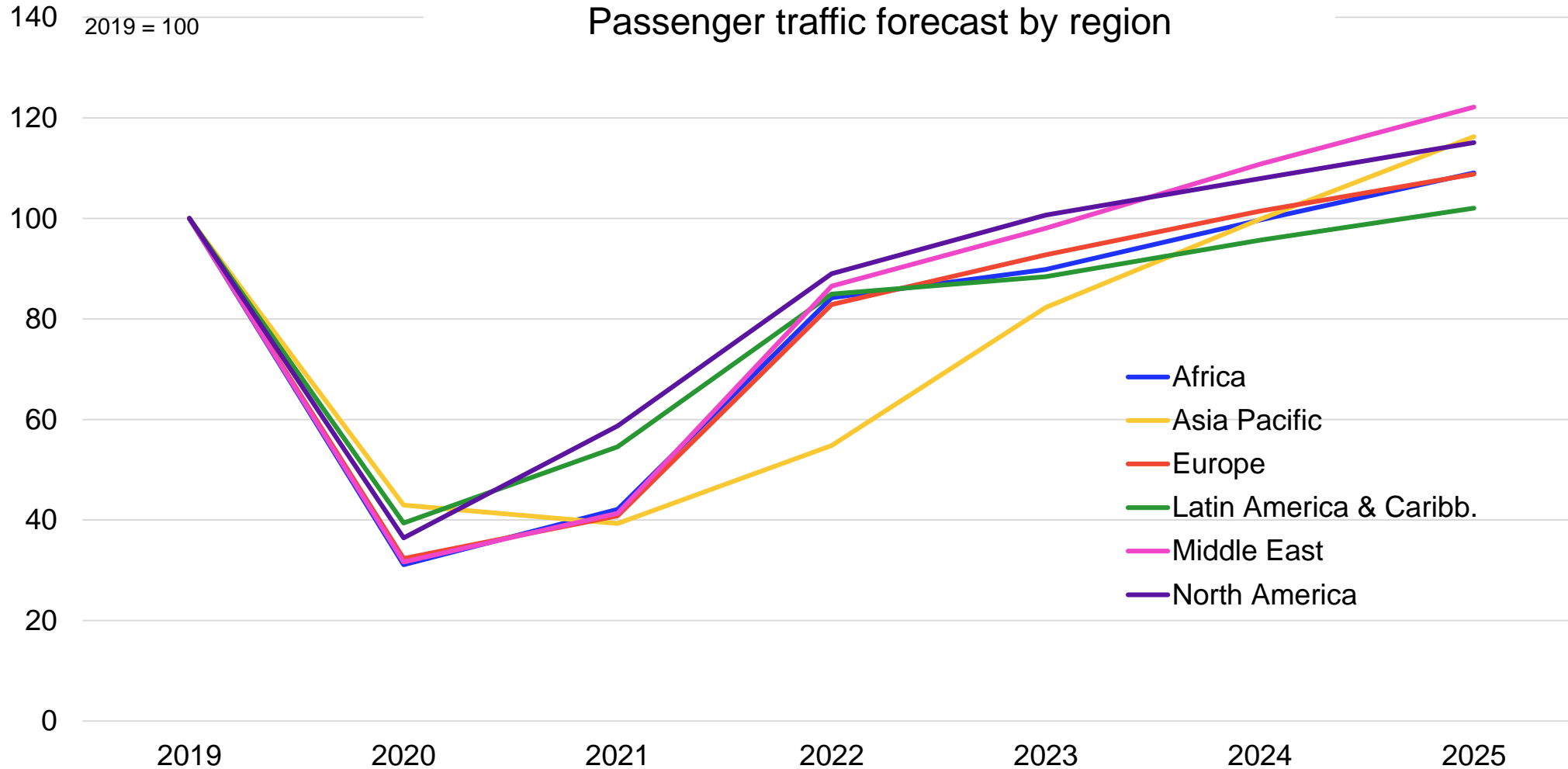


Domestic and international passengers still expected to recover to 2019 levels in 2024 and 2025 respectively



Asia Pacific lags in the regional recovery in the short term

North America leads

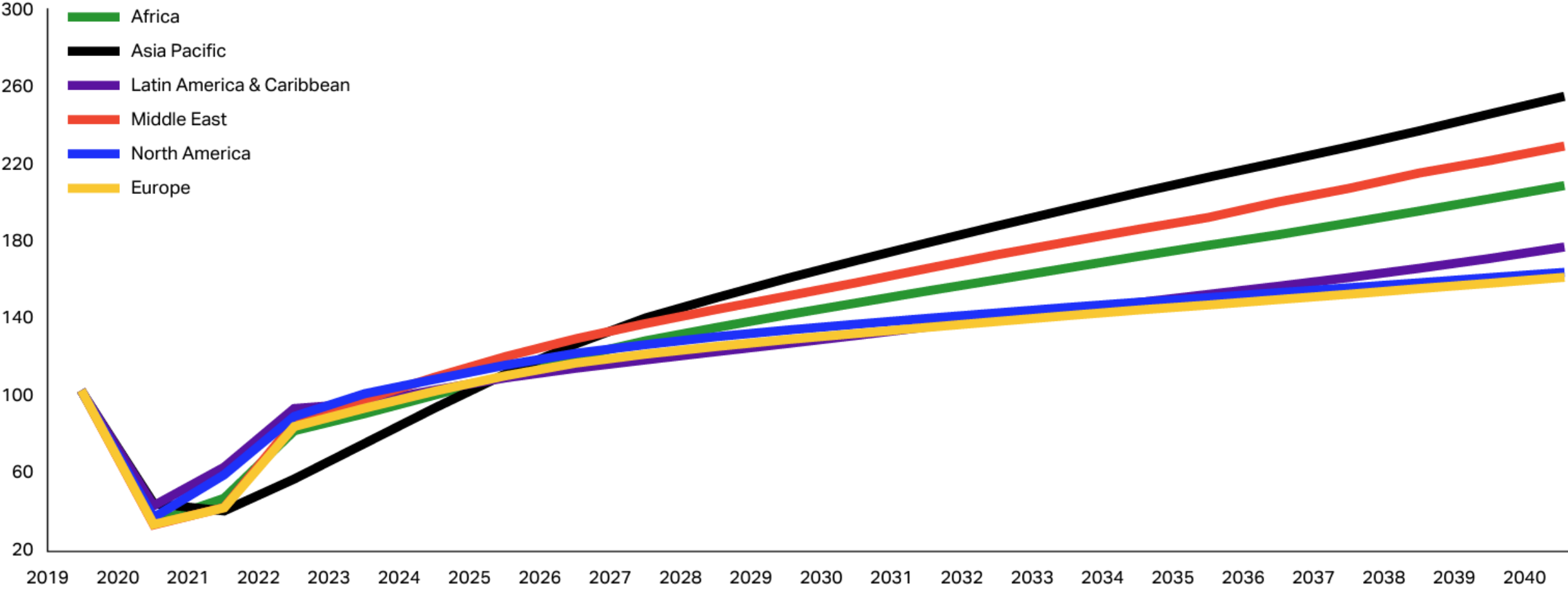


Source: IATA/Tourism Economics Air Passenger Forecasts



Asia Pacific to lead traffic growth in the longer term

Passenger traffic per region, indexed, 2019 = 100



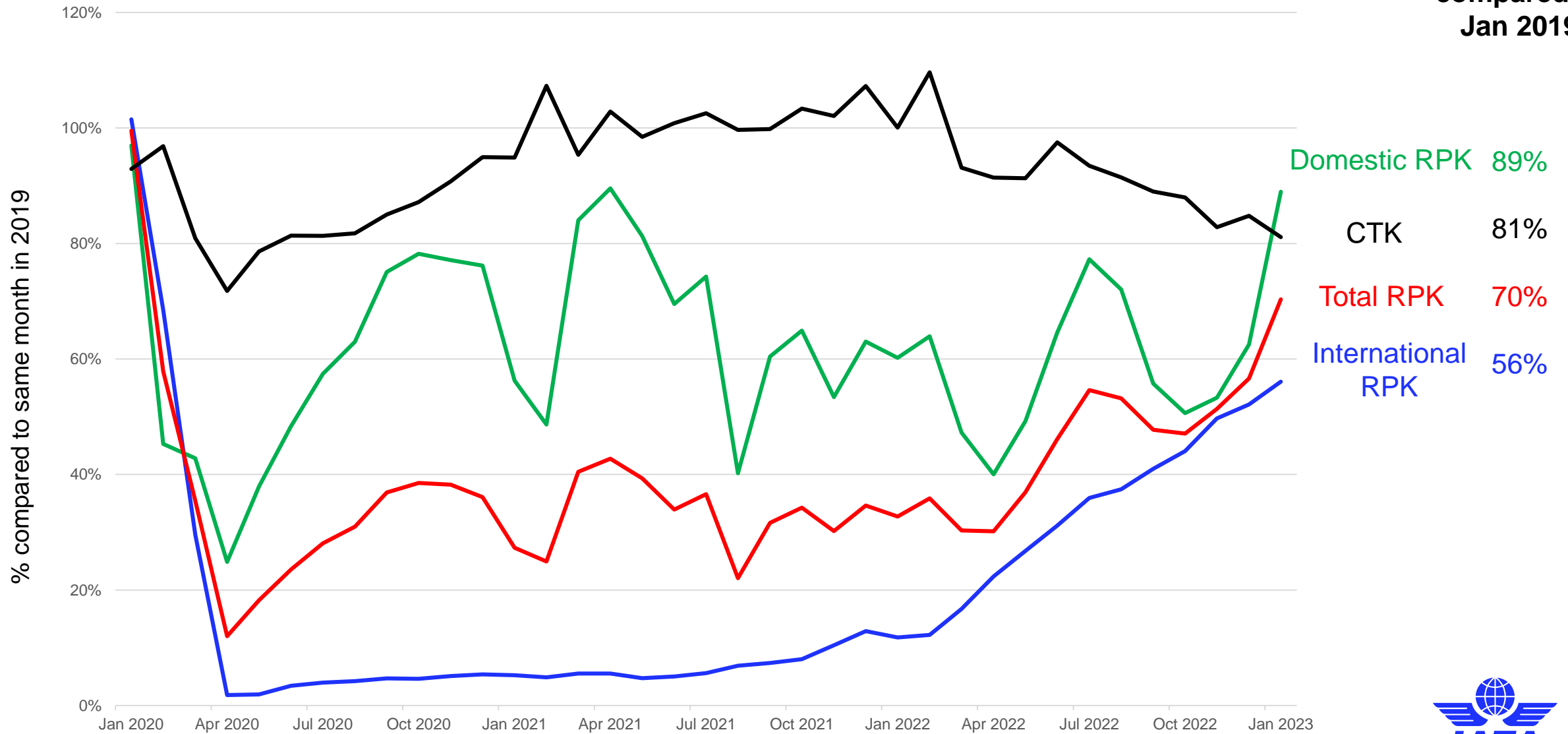
Source: IATA, Tourism Economics Air Passenger Forecasts

Update on COVID-19 impact in Asia-Pacific



Status of recovery in Asia Pacific

Jan 2023
compared to
Jan 2019



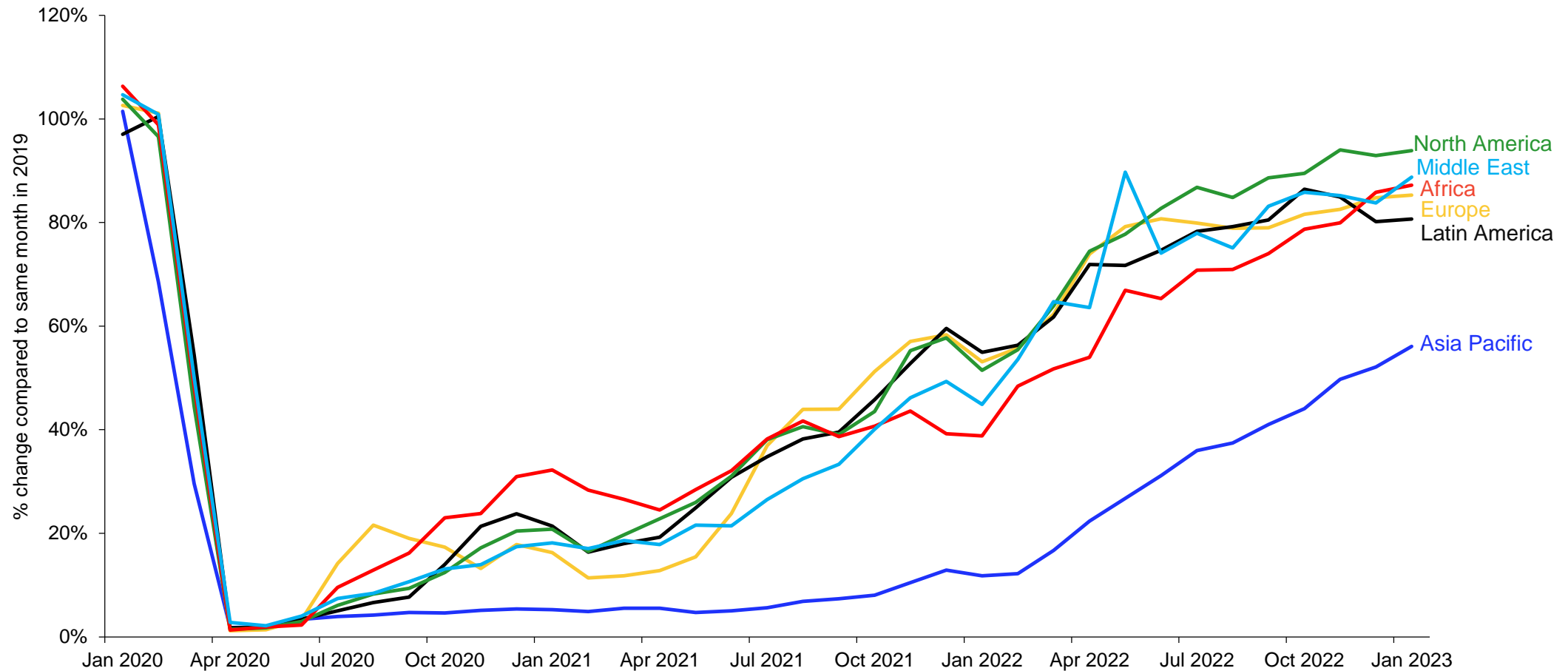
Source: IATA



International traffic on the rise

Asia Pacific lags, as travel restrictions were lifted later

Growth in international air travel, RPKs by market



Source: IATA Monthly Statistics; traffic by **airline region of registration**



In Asia Pacific, air transport supports:



...46.7 million
jobs and
\$944 billion
of GDP

IATA Economics

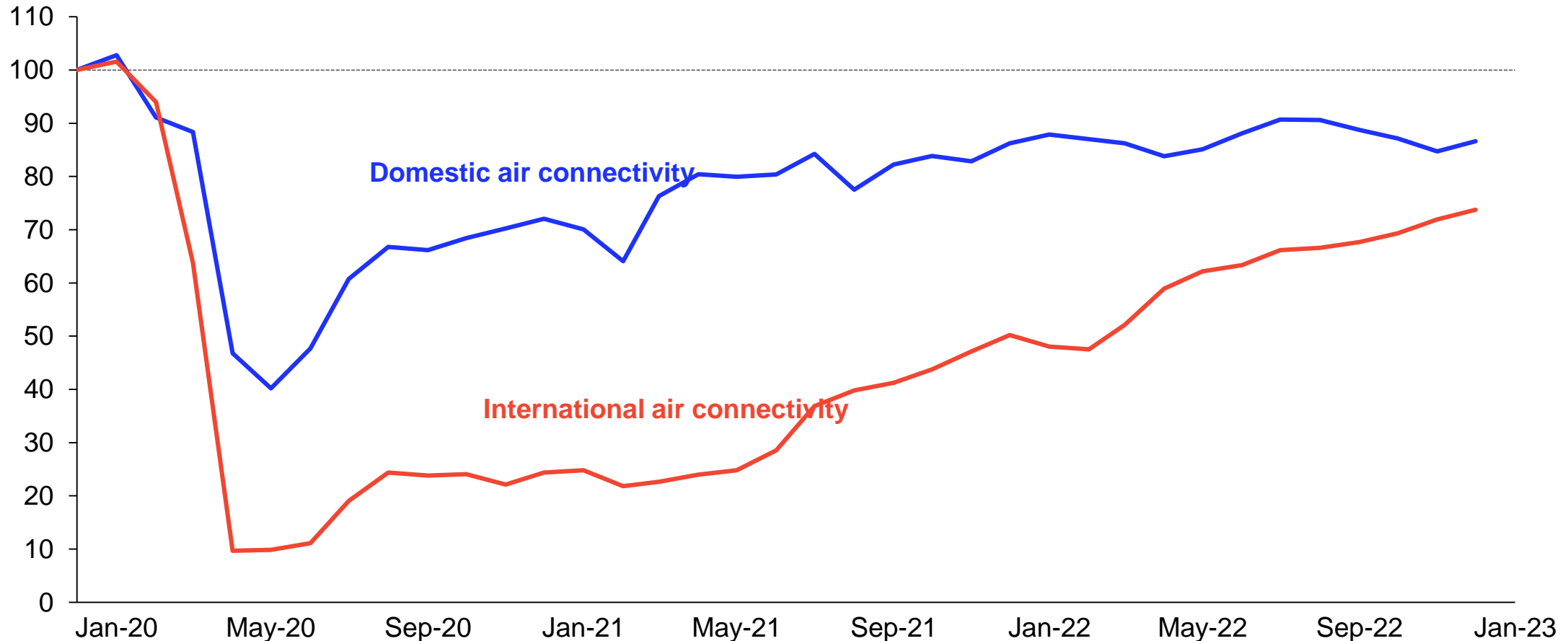
Air connectivity
Market reopening
(Asia Pacific)



Global international air connectivity in Dec 2022 at 74% of pre-crisis levels

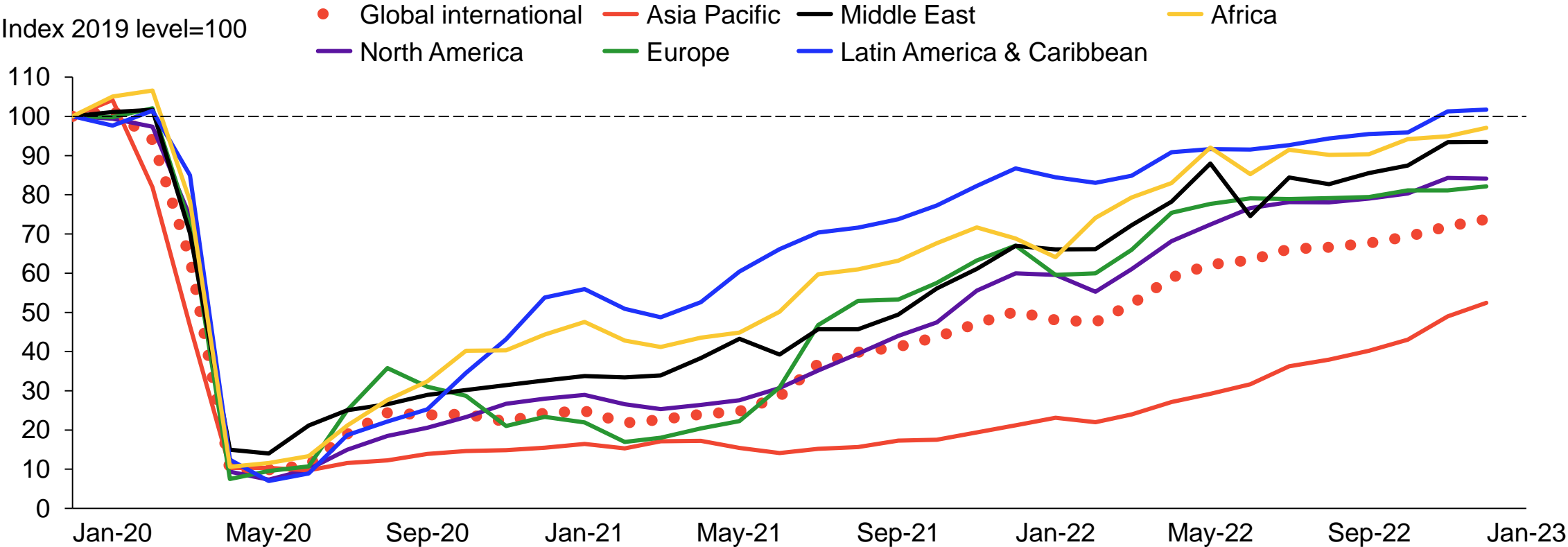
IATA Global Air Connectivity Index, monthly Jan 2020-Dec 2022

Index 2019 level=100



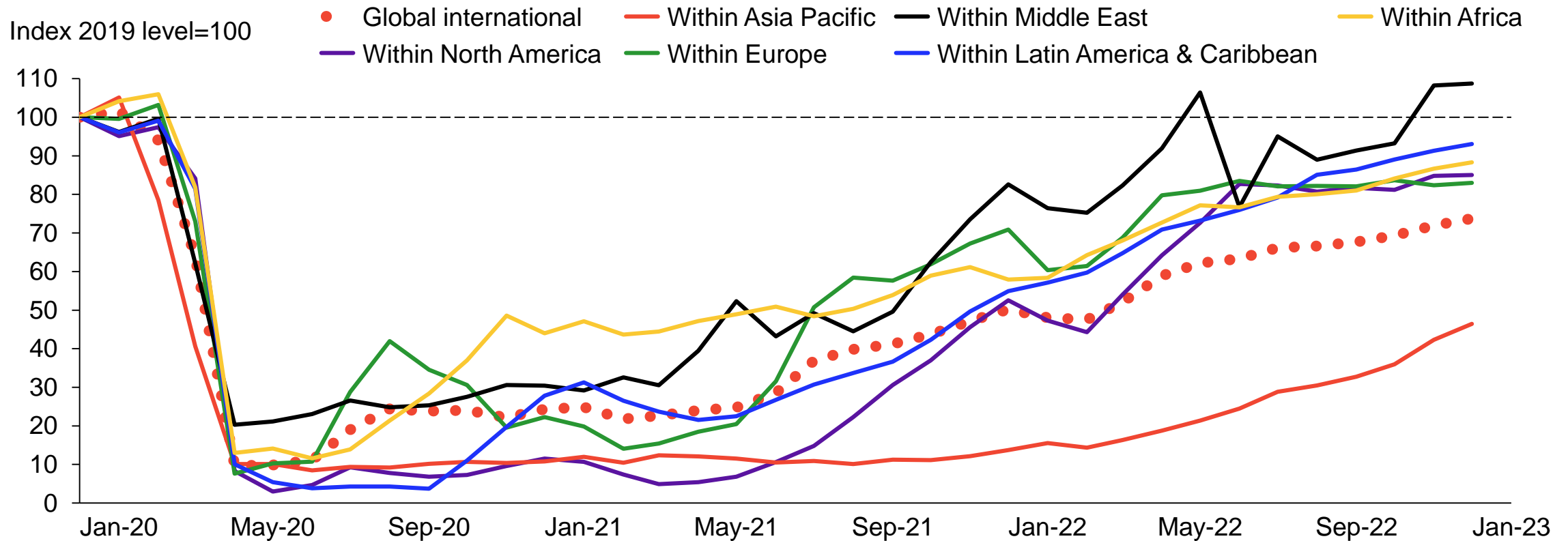
International air connectivity recovery by Dec 2022 varies significantly across regions

IATA International Air Connectivity Index by region for all international routes, monthly Jan 2020-Dec 2022



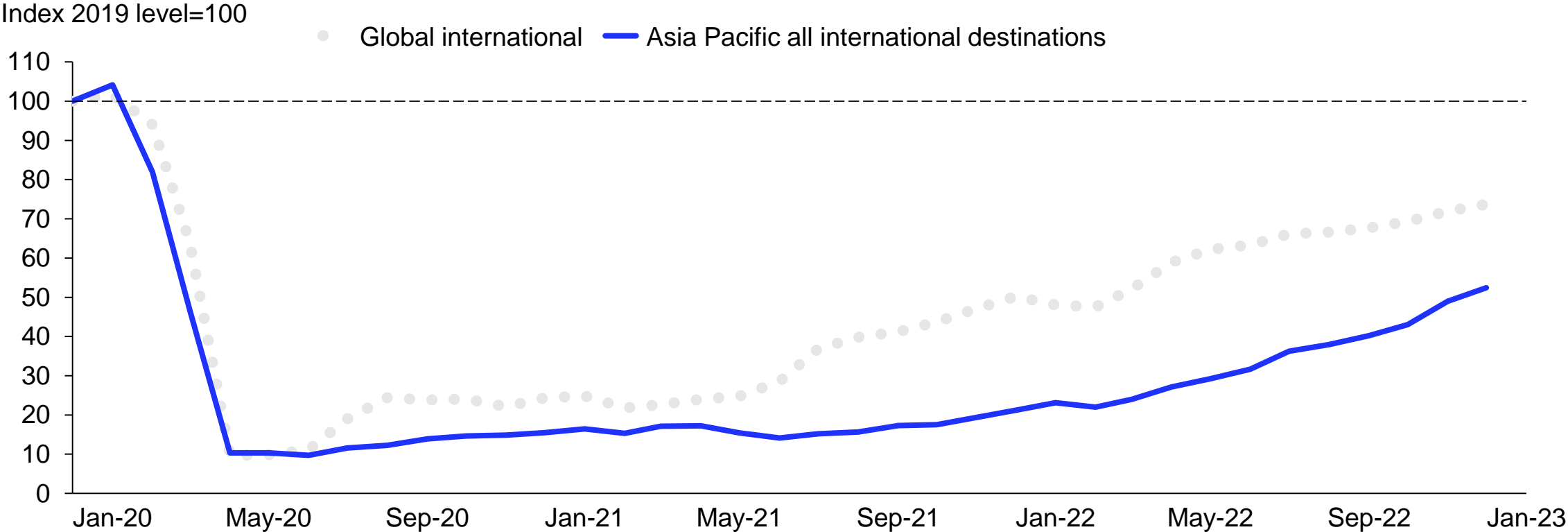
International air connectivity recovery within regions by Dec 2022 varies significantly

IATA International Air Connectivity Index for intra-regional international routes, monthly Jan 2020-Dec 2022



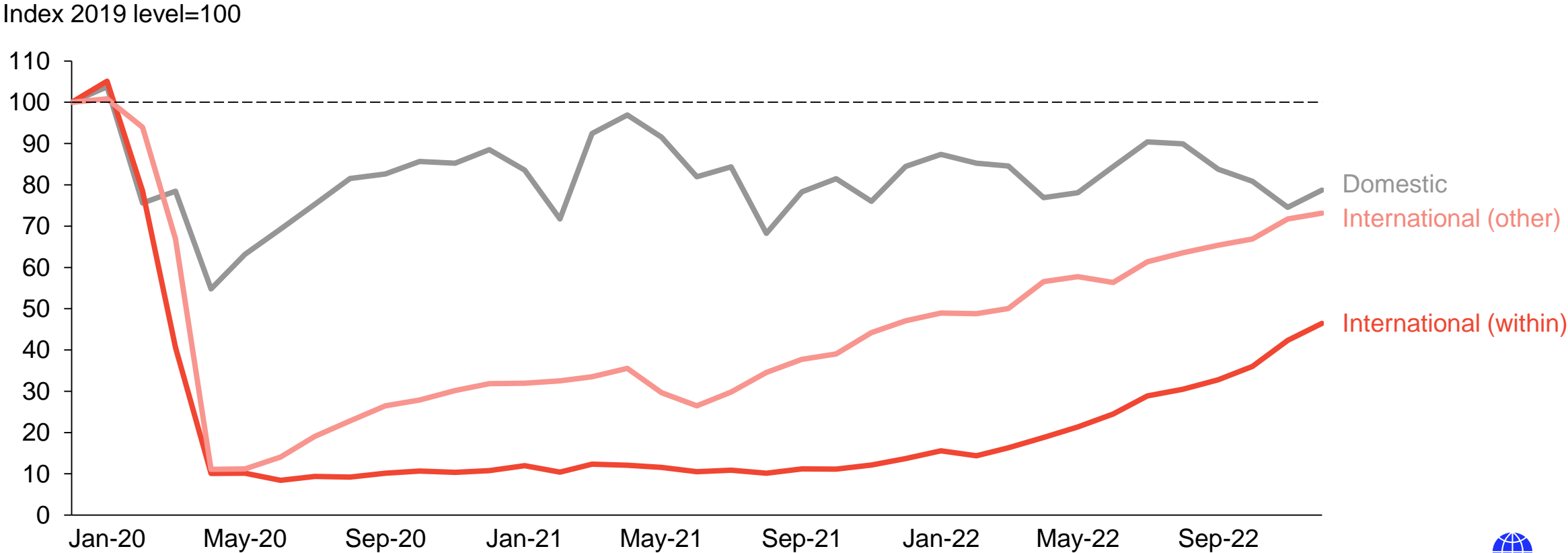
Asia Pacific total international air connectivity in Dec 2022 is 52% of pre-crisis levels

IATA International Air Connectivity Index, monthly Jan 2020-Dec 2022



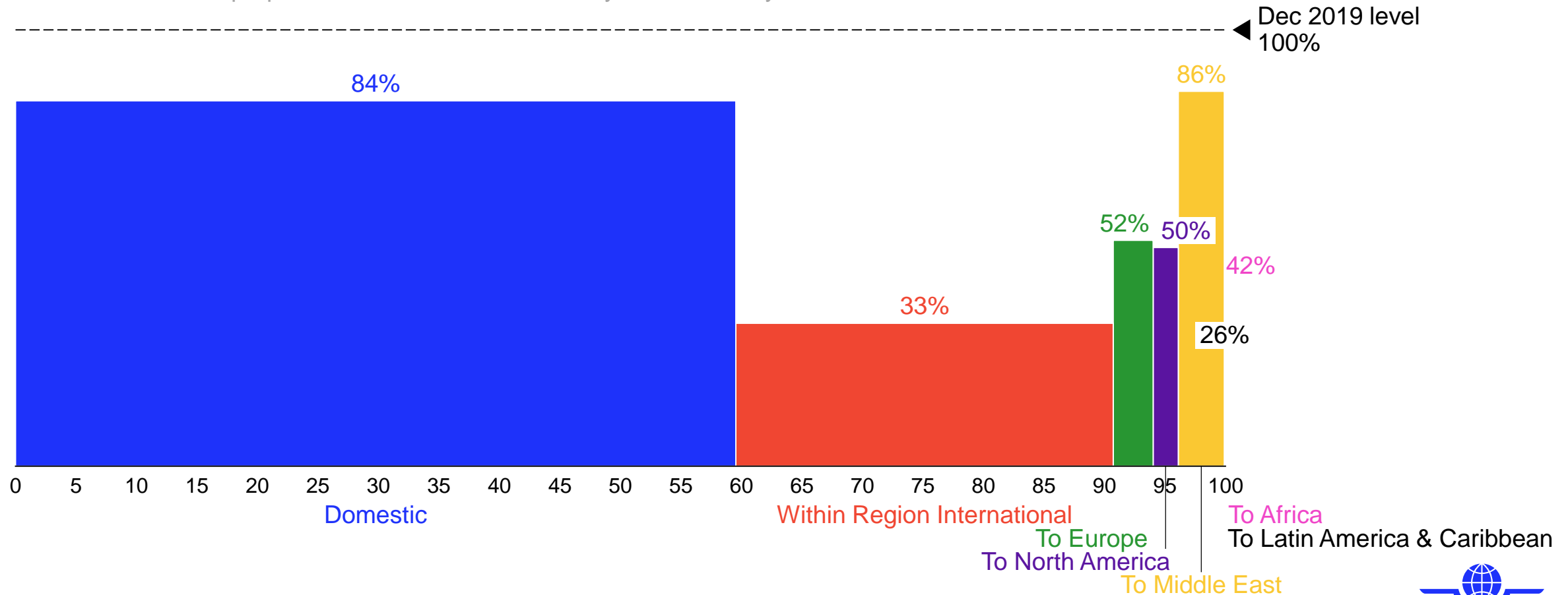
Within Asia Pacific international air connectivity in Dec 2022 is 46% of pre-crisis levels

IATA Air Connectivity Index for Asia Pacific by component, monthly Jan 2020-Dec 2022



Extent of recovery to Dec 2019 connectivity for Asia Pacific by Dec 2022

Asia Pacific connectivity recovery by route area in Dec 2022 as % of Dec 2019 level
Horizontal scale shows proportion of Dec 2019 connectivity contributed by each route area



IATA Connectivity Index using data from OAG



In closing:

- all markets continue to show strong recovery
- avoiding a relapse of pandemic conditions, and relying on geopolitical events being resolved, air traffic globally is expected to be fully recovered by 2025
- Asia Pacific recovery is predicted to be in the later stage
- it is expected that analyses of current quarter operations will show significant increases again



Thank you!

