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REALIZING POTENTIAL:

REGIONS REACHING RECOVERY

June 15th, 2022

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REALISING POTENTIAL – GROWTH BEYOND RECOVERY

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In this webinar we'll be looking at:

- Global round up of recovery
- A look at the regions where air services now exceed 2019 levels
- Are these the key aviation markets of the future?
- Focus on South East Asia

Followed by your Questions and Answers

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SPEAKERS

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CHIEF ANALYST

John Grant

Chief Analyst, OAG

With a wealth of experience across the global aviation industry, John provides expert commentary on market developments for OAG, making connections between what the data is telling us and the trends and events occurring in the sector.

GUEST SPEAKER

Hannah Pearson

Founding Partner, Pear Anderson

Hannah Pearson is the director of Pear Anderson, a tourism research and sales representation consultancy specialising in the Southeast Asian and Muslim tourism industry. She puts together a weekly report tracking the impact of COVID-19 on the SE Asian tourism industry, as well as co-hosts a podcast, The South East Asia Travel Show.

Brendan Sobie

Sobie Aviation

Brendan is an independent analyst and consultant based in Singapore. He has over 20 years experience in the industry, including eight years as Chief Analyst for CAPA – Centre for Aviation and 10 years at Flightglobal. Brendan has extensive experience covering emerging markets globally and now provides analysis throughout Asia Pacific, the Middle East, Africa and the CIS.

MODERATOR

Becca Rowland

Partner, MIDAS Aviation

Becca is a partner in an aviation consultancy providing meaningful insight and analysis to clients around the world. She works closely with OAG on their data analysis and publications.

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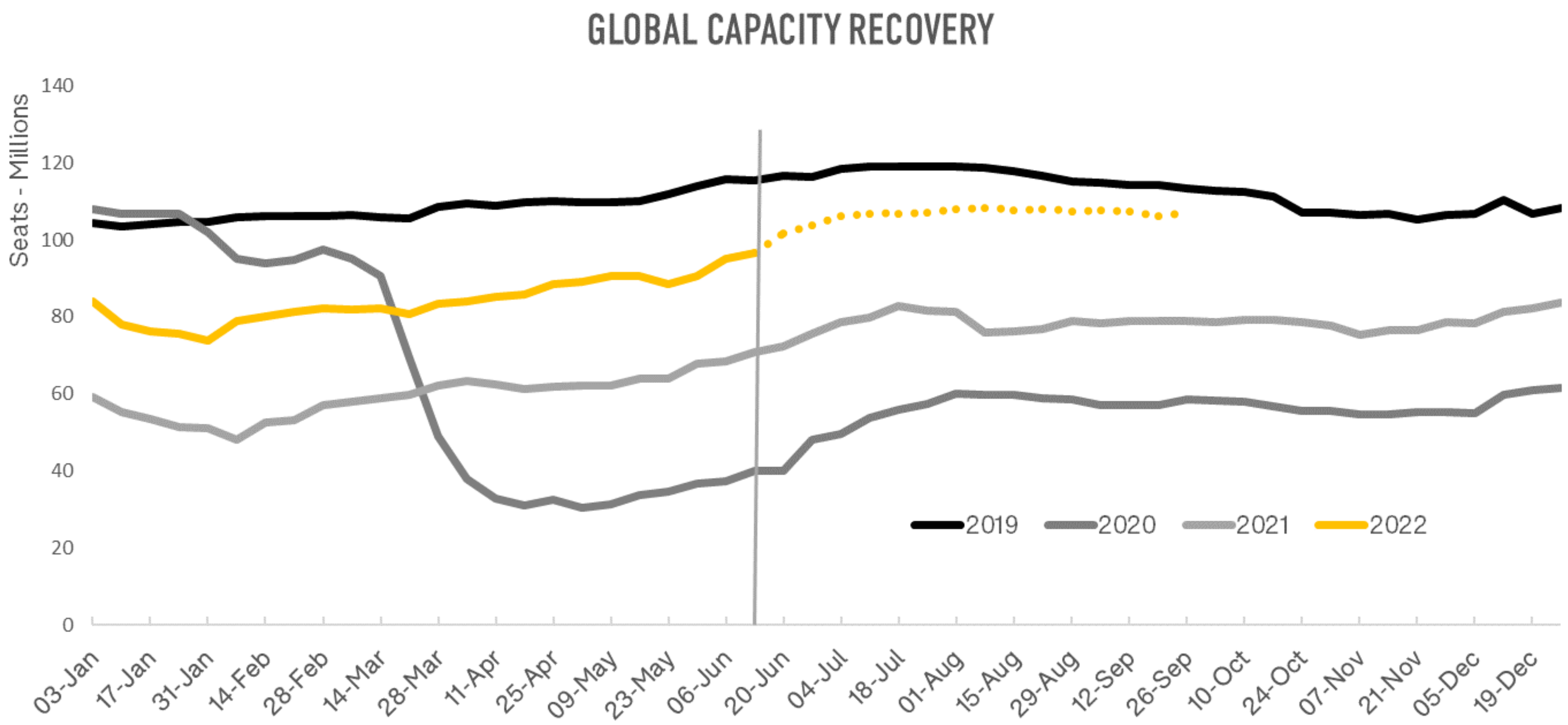
WEEKLY GLOBAL CAPACITY CLOSE TO 100M SEATS
But still 18% below 2019 level

- Global capacity reached 96.6 million seats this week helped by relaxing of lockdowns in China



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REGIONAL RECOVERY
A picture of continual recovery

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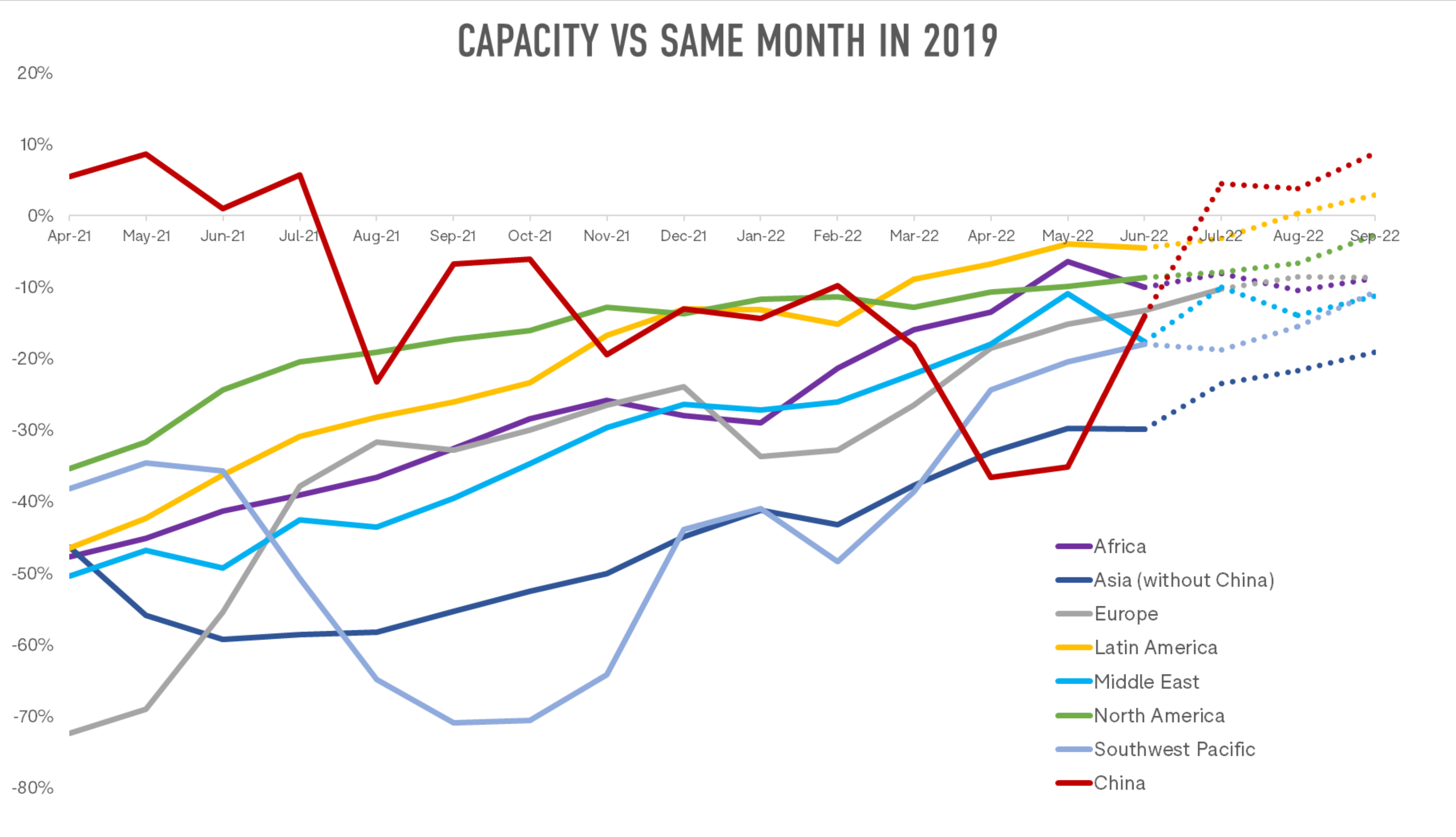
- China reduced capacity by 12.6m seats in April and put 15.7m seats back in in May and June
- Current schedule has a further 19.9m seats added in July but unlikely to be fully realised
- Elsewhere capacity trends are positive



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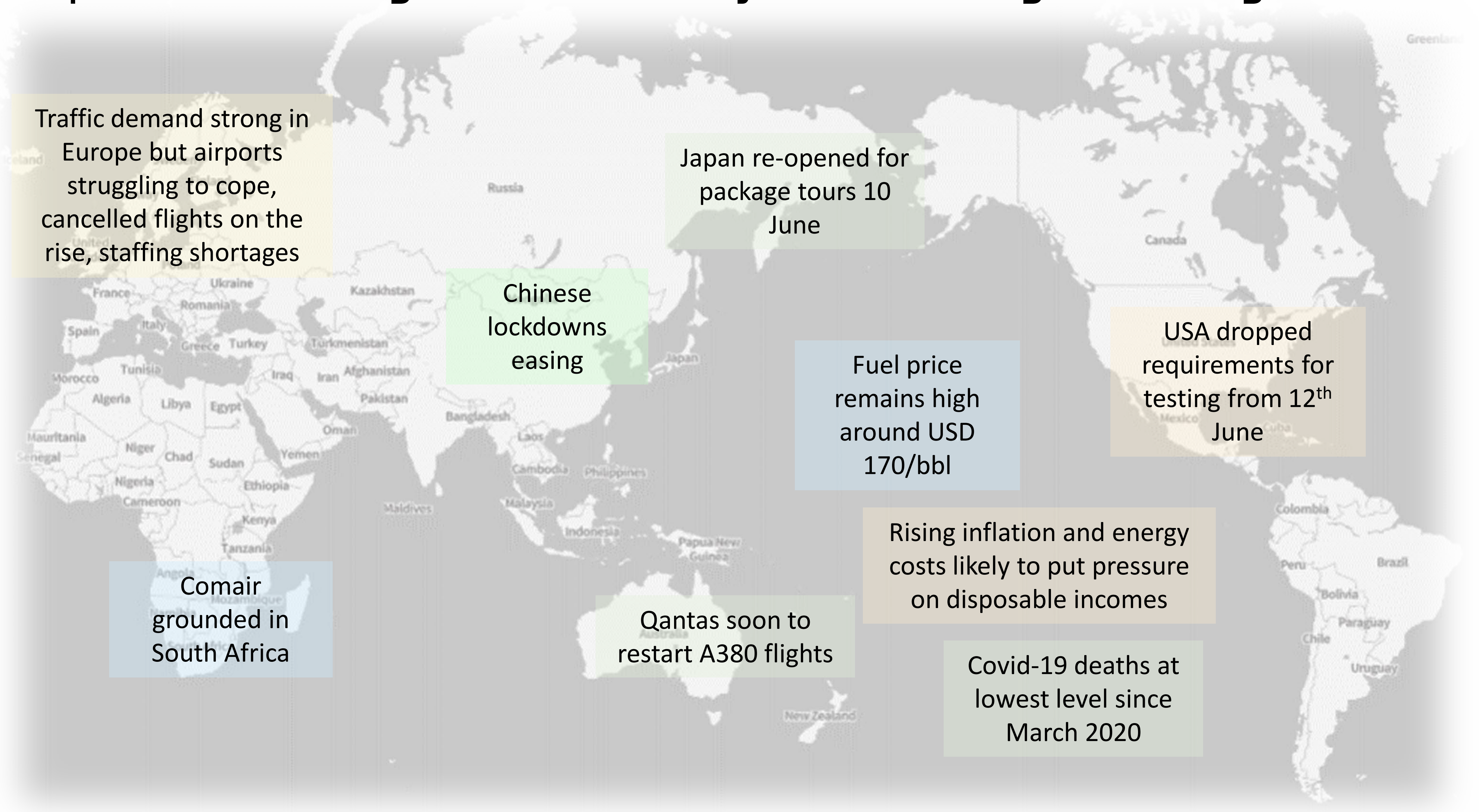
KEY MARKET DEVELOPMENTS
Pent-up demand being exacerbated by staff shortages and high costs



Traffic demand strong in Europe but airports struggling to cope, cancelled flights on the rise, staffing shortages

Japan re-opened for package tours 10 June

Chinese lockdowns easing

USA dropped requirements for testing from 12th June

Fuel price remains high around USD 170/bbl

Rising inflation and energy costs likely to put pressure on disposable incomes

Comair grounded in South Africa

Qantas soon to restart A380 flights

Covid-19 deaths at lowest level since March 2020

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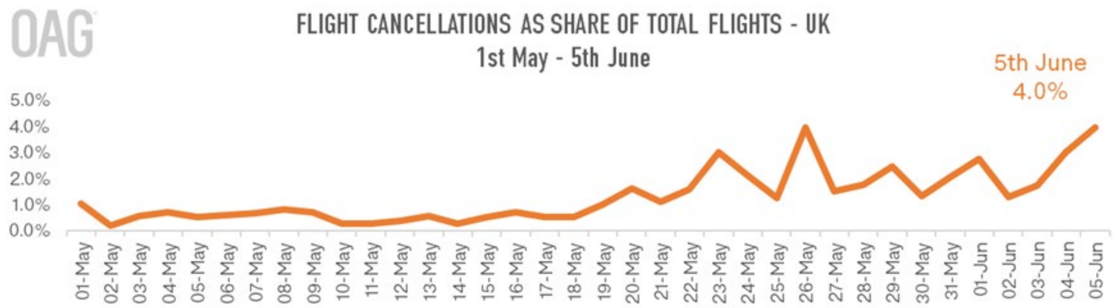
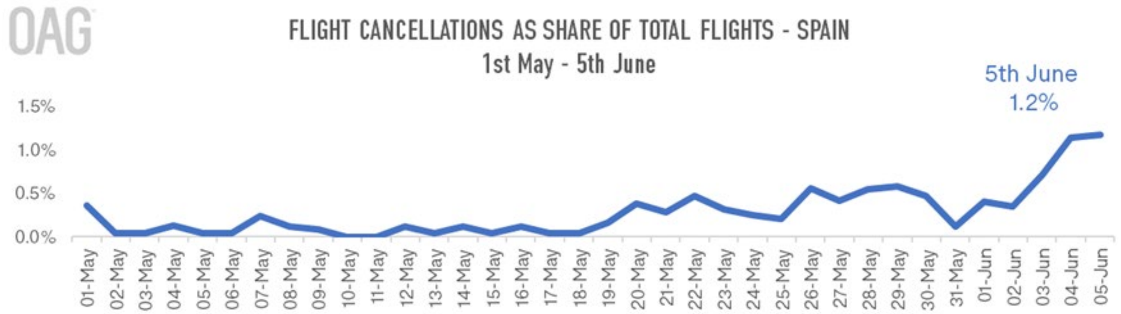
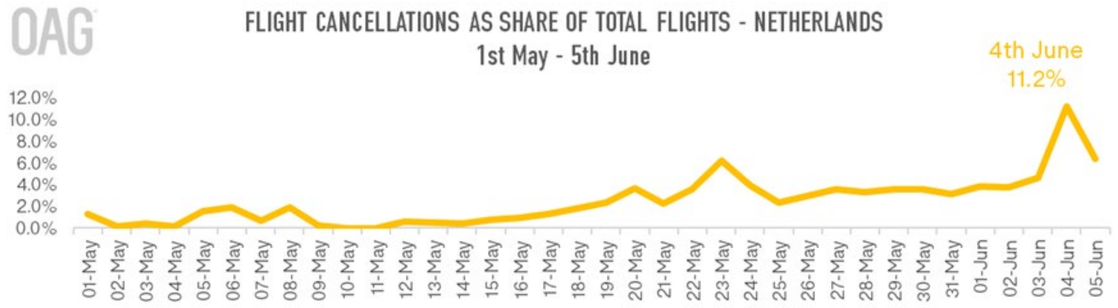
EUROPEAN AIRPORT CANCELLATIONS & STAFFING ISSUES

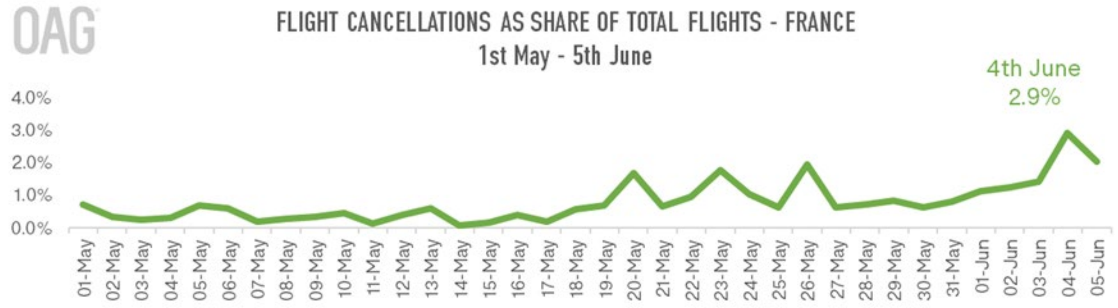
Cancellations risen to 4-5% on a few days

- Some European airports experiencing rise in cancelled flights
- Staff shortages causing issues at different stages of passenger experience
- Will take time to resolve









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ARE CANCELLATION RATES HIGH?
Not compared to before pandemic in Europe and North America

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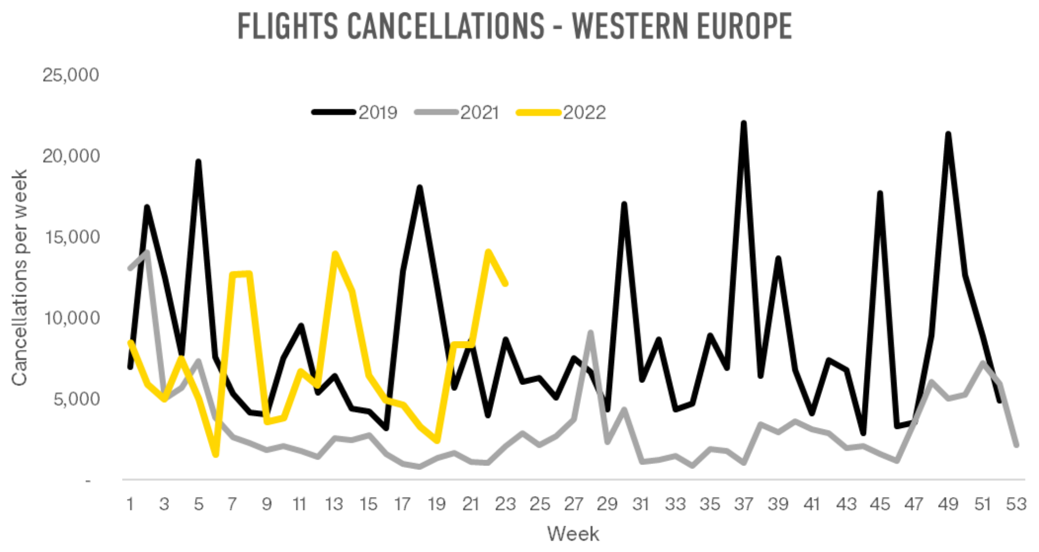
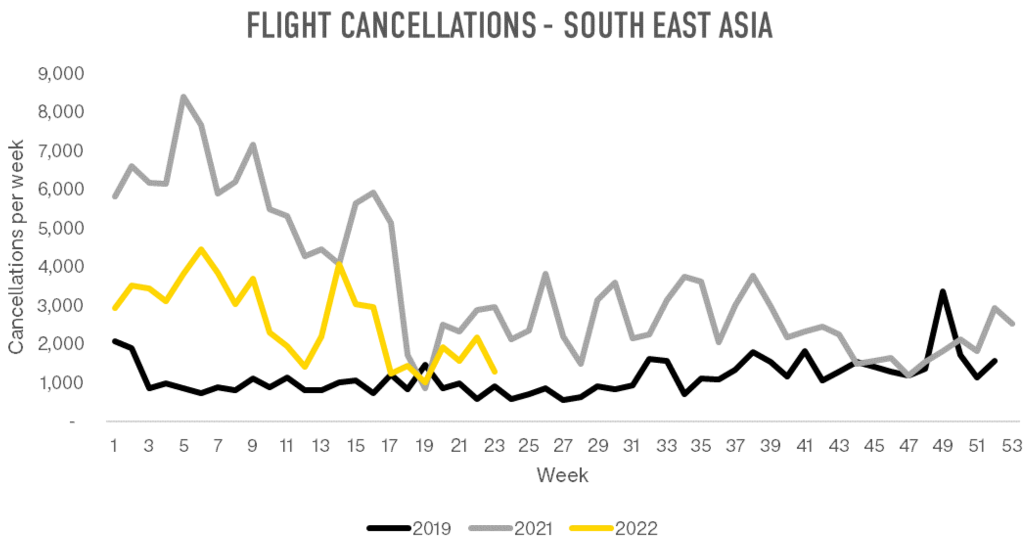
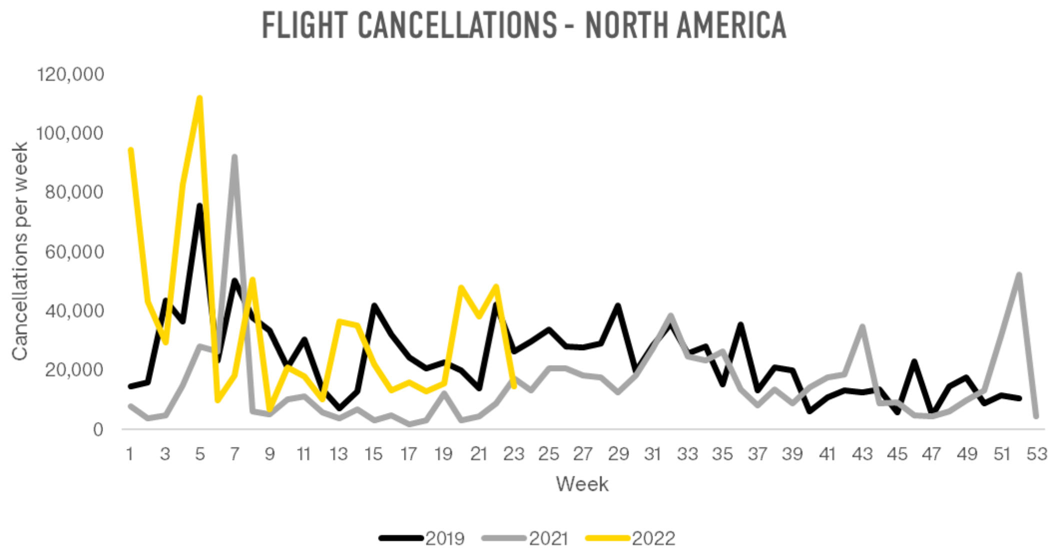
- Charts don't show 2020 as peak of cancellations in March/April 2020 was very high
- European cancellations show same peaks as in 2019 but not so high
- North America appears similar to 2019
- Cancellations in South East Asia are much higher than pre-pandemic







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CANCELLATION BY AIRLINE

KLM cancelling a high proportion of flights

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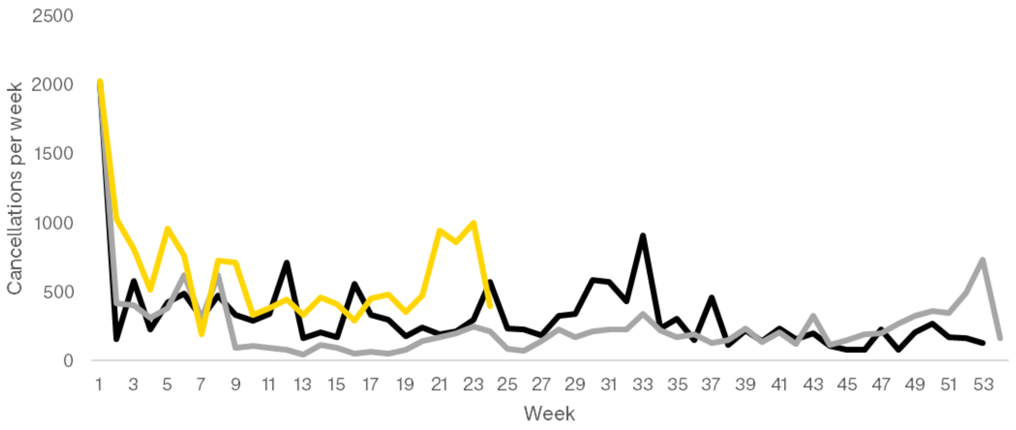
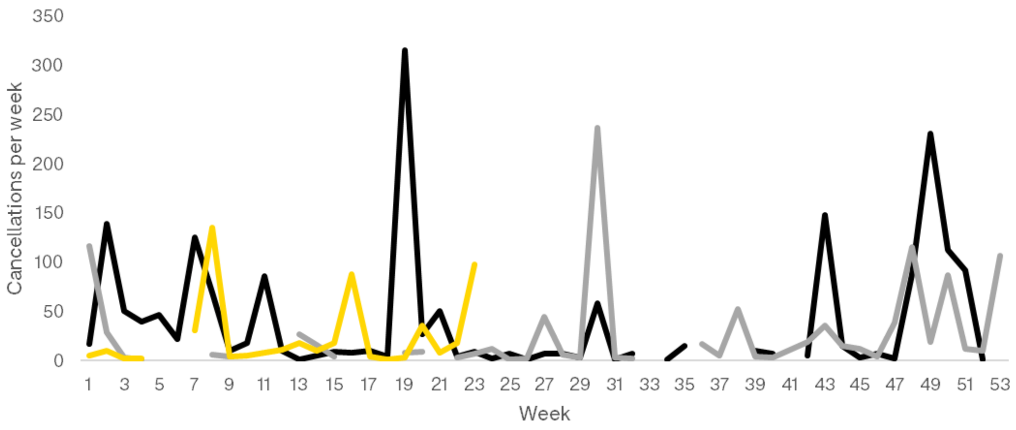
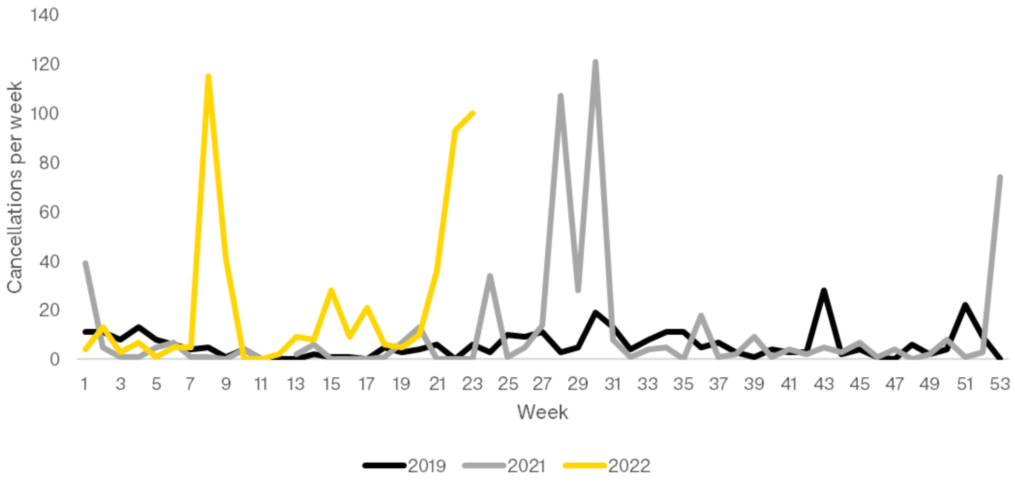
FLIGHT CANCELLATIONS - KLM



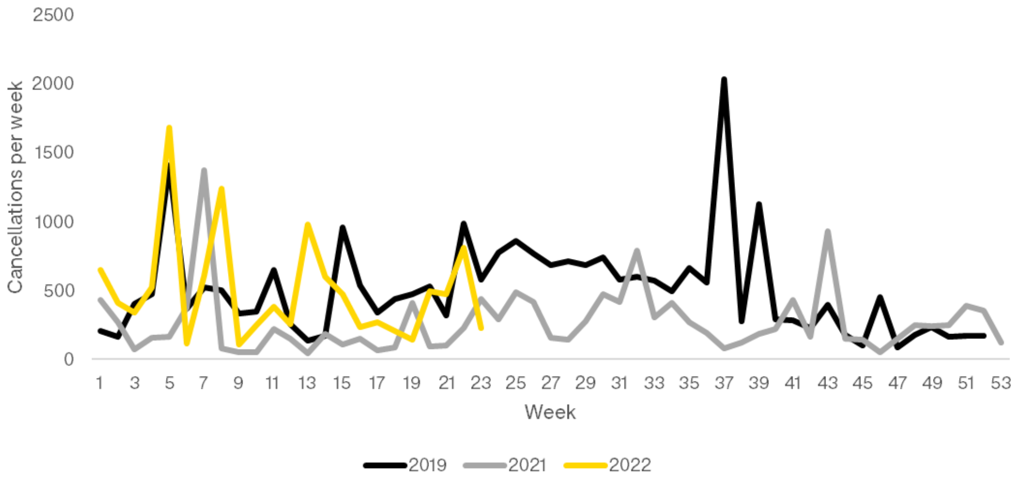
FLIGHT CANCELLATIONS - RYANAIR



FLIGHT CANCELLATIONS - WIZZ AIR



FLIGHT CANCELLATIONS - BRITISH AIRWAYS



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AIRLINE PERFORMANCE
Q1 results are in

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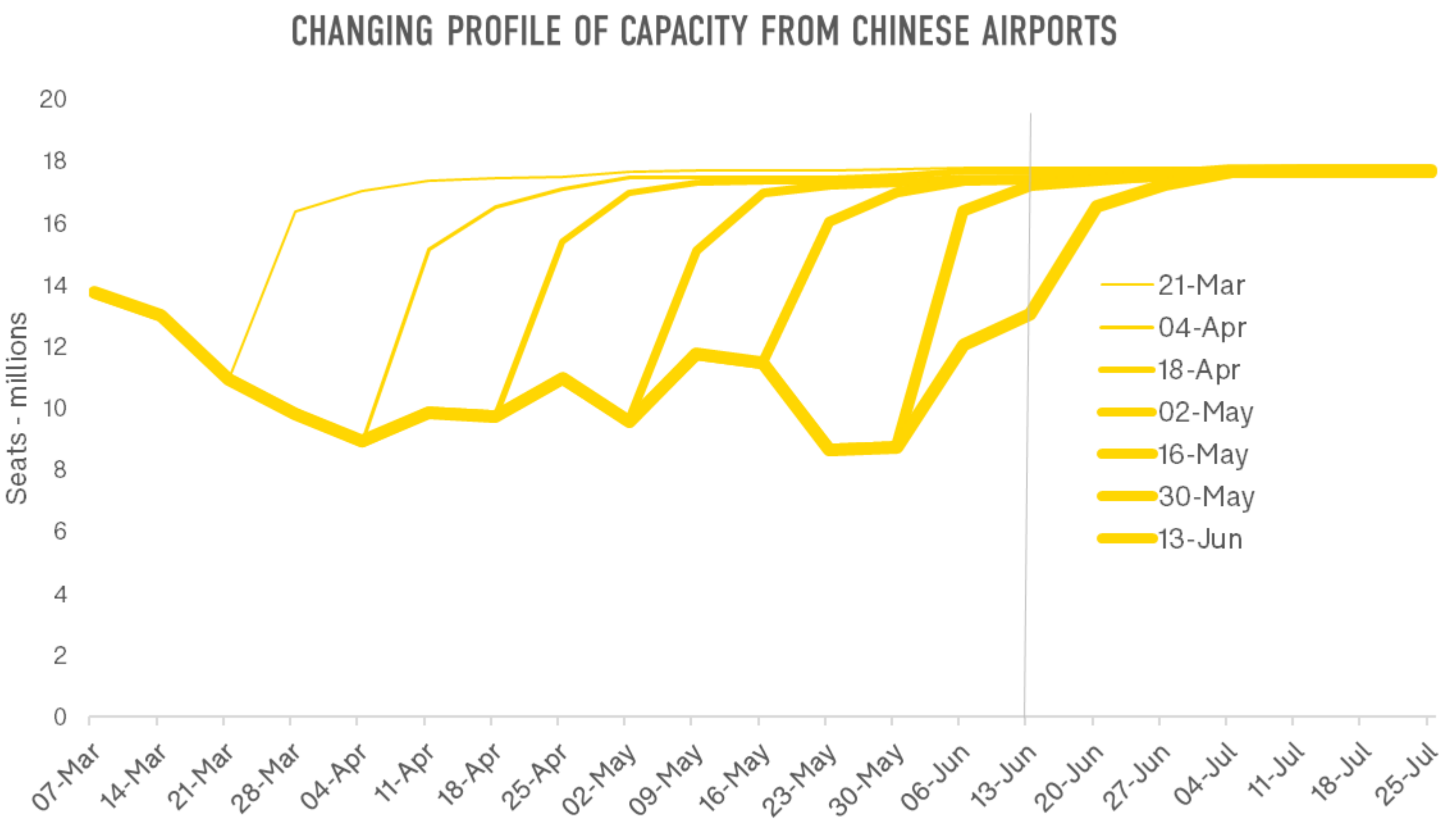
IAG	Operating loss of €731m. Expect to be profitable in Q2. Operating 80% of 2019 capacity in Q2.
Air France-KLM	Q1 net income -€552m. Expects Q2 ASKs to be 80-85% of 2019. Breakeven expected in Q2.
Deutsche Lufthansa	Q1 net loss -€584m. Capacity at 57% of pre-crisis (2019) level in Q1.
easyJet	H1 results (to end March 22) loss of £545m. More than 1.5m seats allocated to strongest markets.
Delta	Operating loss of $783 in Q1. March domestic corporate sales at 70% of 2019 but premium domestic cabin revenue achieving 2019 level.
American	Loss of $1.6bn. Revenue 84% for comparable 2019 period. Expects to be profitable in Q2.
Southwest	Q1 net loss of $278m, but profitable in March. Fuel hedging providing protection against rising oil prices.
Singapore Airlines	Net loss for 2021/22 of $962m. Record cargo revenue.
Malaysian Airlines	Group net loss of RM150.4m in Q1 traffic, Group revenue up 69% on 1Q2021.
Qantas	Expect to make a full year loss. Group capacity (ASKs) for Q3 at 37% 2019 level but leisure travel at 110% of 2019 for Easter holidays and corporate travel at 85%. 90% of group fuel needs are hedged through 2022.

CHINESE LOCKDOWNS EASING
Domestic market rebounding

- May saw massive further reductions in Chinese domestic air capacity, which are now being reversed
- Shanghai started to re-open from 1st June
- Premier Li speech on 25th May recognised impact of loss of international air services and concern about economic output
- Announcement followed of Chinese aviation stimulus package worth USD22.4bn
- When we create this chart for all capacity <u>except</u> China, we see almost no variation in the schedule week be week



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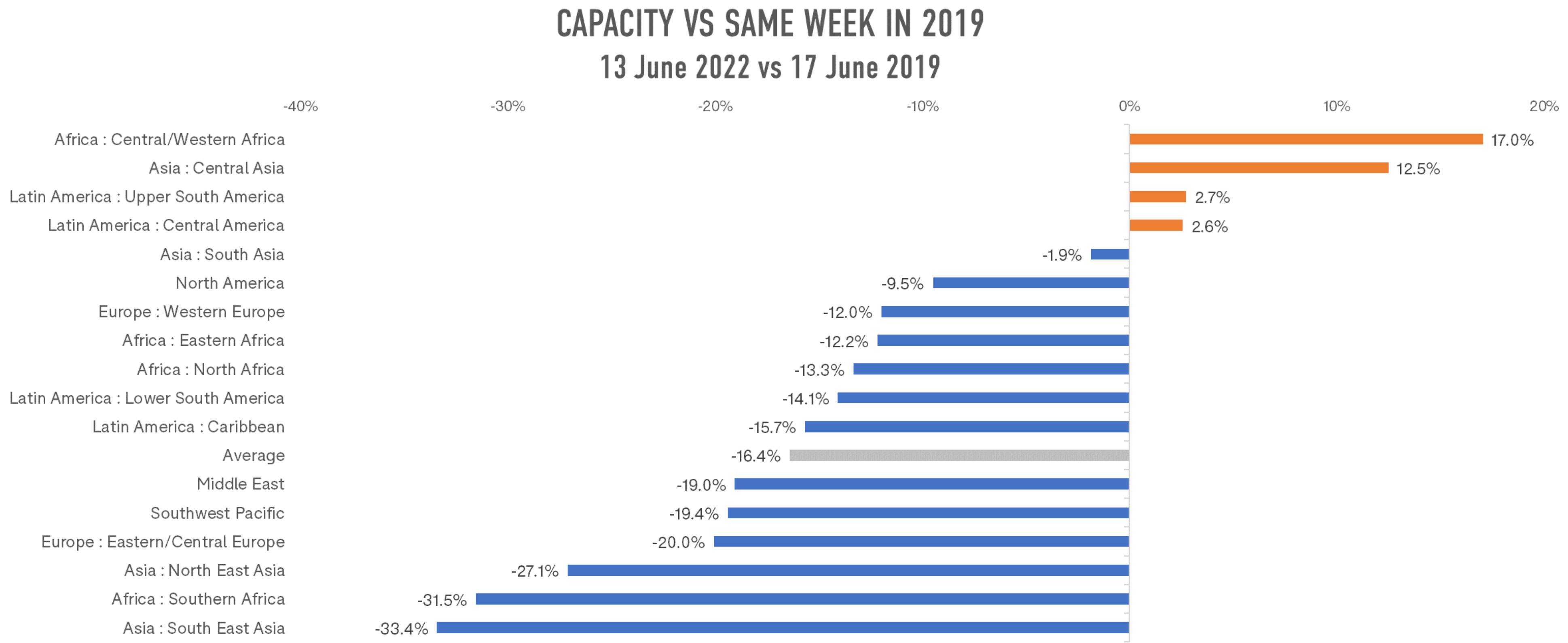
REGIONS BEYOND RECOVERY
Are there common factors?

- Nigeria and Kazakhstan account for much of the Central/Western Africa and Central Asia performance



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A FEW COUNTRIES DRIVING GROWTH IN ASIA
Seats vs 2019: Kazakhstan + 20.8%, India -0.2%, Viet Nam +3.2%

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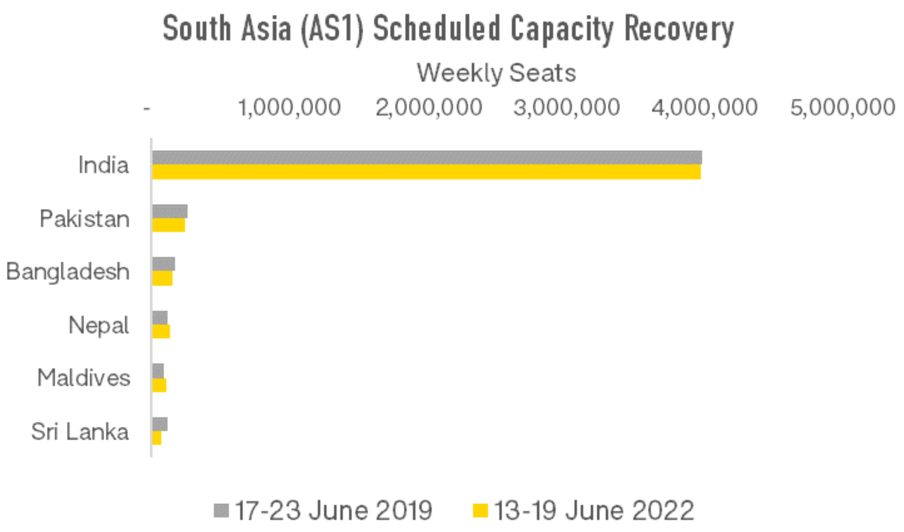

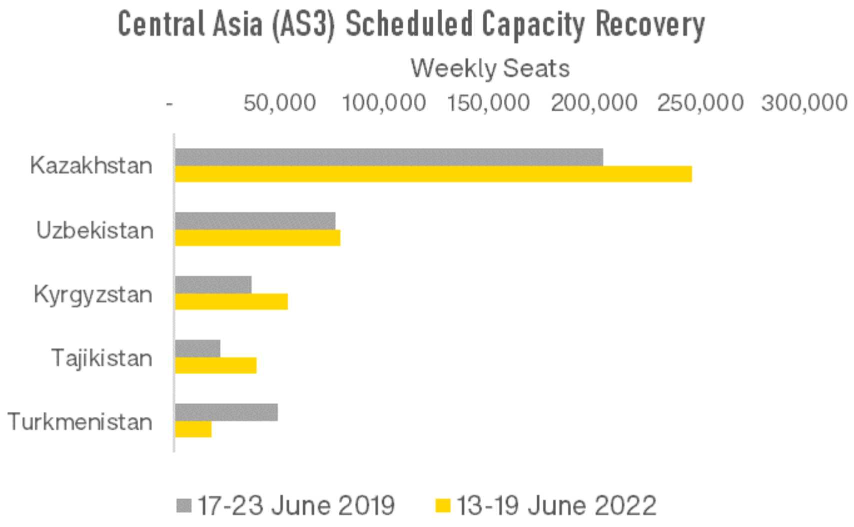

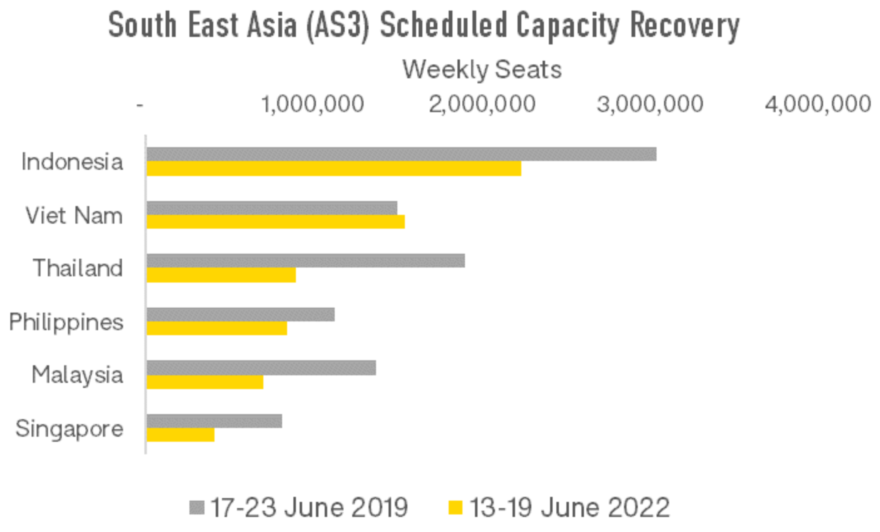

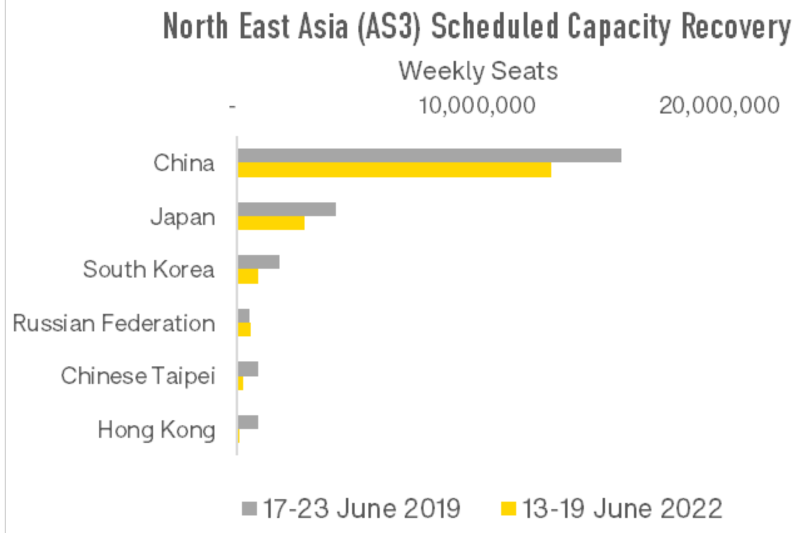

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SE ASIA INTERNATIONAL CAPACITY SLOW TO RETURN
Indonesia and Viet Nam performing relatively well due to domestic capacity

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	Capacity (seats) Week of 13 June 2022			% Change vs Week of 17 June 2019			Domestic Share Week of 13 June 2022
Country	Domestic	International	Total	Domestic	International	Total	Domestic Share
Indonesia	2,087,395	149,828	2,237,223	-19%	-68%	-26%	93%
Viet Nam	1,385,990	159,054	1,545,044	33%	-65%	3%	90%
Thailand	613,268	284,554	897,822	-31%	-72%	-53%	68%
Philippines	679,217	161,957	841,174	-8%	-59%	-26%	81%
Malaysia	498,086	202,182	700,268	-30%	-69%	-49%	71%
Singapore	-	415,457	415,457	-	-49%	-49%	0%
Myanmar	38,236	13,135	51,371	-43%	-80%	-62%	74%
Cambodia	952	32,498	33,450	-96%	-75%	-78%	3%
Laos	9,598	4,386	13,984	-48%	-87%	-73%	69%
Brunei Darussalam	-	6,672	6,772	-	-76%	-76%	0%
Timor-leste	-	2,234	2,234	-	-38%	-38%	0%
Cocos (keeling) Islands	-	324	324	-	0%	0%	0%
Grand Total	**5,312,742**	**1,426,783**	**6,745,023**	**-12%**	**-65%**	**-33%**	**79%**

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MARKET SHARE CHANGES IN SOUTH EAST ASIA
By country, by airline, by business model, by aircraft type

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	Domestic	International
June 2022	79%	21%
June 2019	60%	40%

	Legacy	Low Cost
June 2022	47%	53%
June 2019	50%	50%

Country	Capacity Share June 2022	Change vs June 2019
Indonesia	33.2%	+3.4%
Viet Nam	22.6%	+8.0%
Thailand	13.3%	-5.4%
Philippines	12.4%	+1.3%
Malaysia	10.9%	-3.1%

Aircraft	Capacity Share June 2022	Change vs June 2019
32S	52.3%	+4.2%
737	26.2%	+0.3%
787	4.0%	+1.1%
350	3.9%	+1.7%
A330	3.1%	-3.6%
777	3.0%	-2.2%

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SUMMARY OF CURRENT TRAVEL RESTRICTIONS
Open!

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COUNTRY	LOCKDOWN	INBOUND TRAVEL RESTRICTIONS	OUTBOUND TRAVEL RESTRICTIONS	WEEKLY CASES PER MIL	WEEKLY DEATHS PER MIL
Cambodia	None	Open	Permitted	0.00	0.00
Indonesia	Partial	Open	Permitted	0.00	0.00
Laos	None	Open	Permitted	10.44	0.14
Malaysia	None	Open	Permitted	338.54	0.76
Myanmar	Partial	Open	Permitted	1.08	0.00
Philippines	Partial	Open	Permitted	14.29	0.04
Singapore	None	Open	Permitted	4038.62	0.92
Thailand	Partial	Open	Permitted	258.32	2.33
Vietnam	None	Open	Permitted	68.14	0.03

Data accurate as of 20:51 (UTC+8) on 12 Jun 2022

Partial lockdown = closure of schools or some non-essential services (e.g., entertainment), recommendation to work from home

Lockdown = closure of all non-essential businesses, restricted movement

COVID-19 case & death statuses from Our World in Data

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HOPING FOR INDIAN OUTBOUND
Some markets barely served with direct air services

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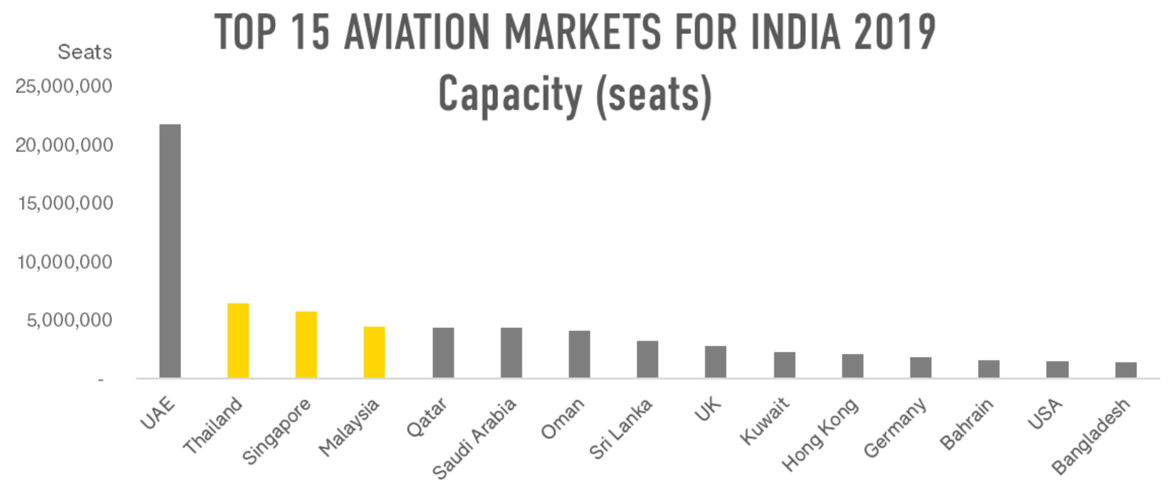
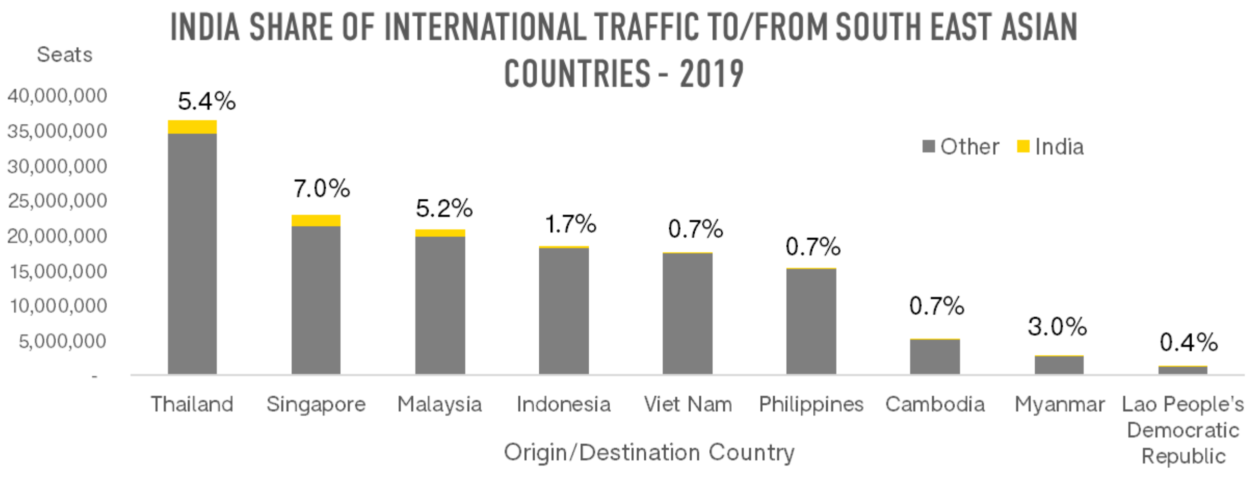
- South East Asia countries accounted for 21% of all India international capacity in 2019
- Capacity between India and the 2 biggest markets in South East Asia, Indonesia and Viet Nam, was negligible
- India to/from South East Asia has plenty of potential to grow





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MANAGE THE IMPACT:

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- INCREASE YOUR DATA FREQUENCY
- MONITOR CAPACITY CHANGES
- GAIN BUSINESS INSIGHT NOW
- ANALYSE – BE READY FOR GREEN SHOOTS

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