

# WEBINAR



MATRIX RELOADED: THE COMPLEXITY OF RECOVERY FOR LEGACY AIRLINES  
22.07.20

# SPEAKERS

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.

SPEAKER



**John Grant**  
Senior 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.

DATA EXPERT



**Mark Clarkson**  
EVP Product Management, OAG

Mark has almost 20 years' industry experience across Airports, Air Service Development consultancy and product management. At OAG, he is responsible for Product Management focussed around Schedules and OAG's Analyser platform.



# MATRIX RELOADED: THE COMPLEXITY OF RECOVERY FOR LEGACY AIRLINES

**We aim to consider**

- Update on the latest position regarding frequency and capacity
- Insights into how travel restrictions are impacting the ability of global legacy carriers to resume flying
  - Impact of border closures on airline networks
  - Proportion of potential revenues which are off-limits
  - Month by month build of forward bookings and airline response through capacity adjustments



**Followed by your Questions and Answers**

**MAKE SMARTER MOVES**

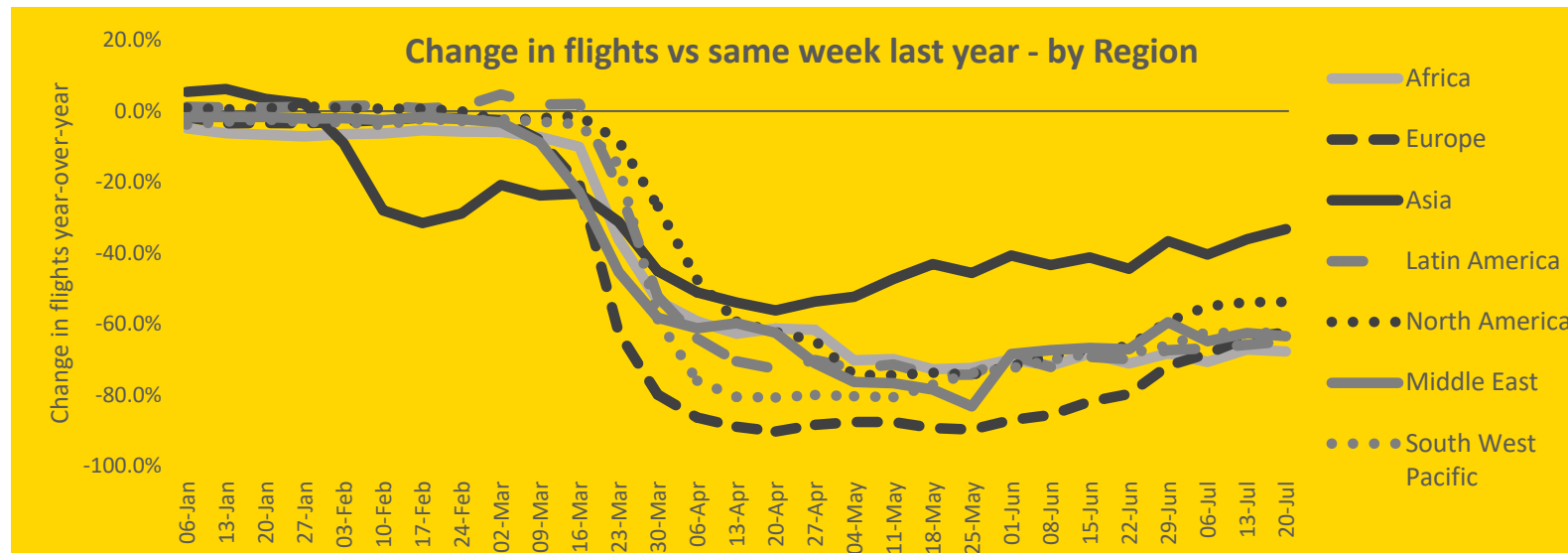


# COVID-19 IMPACT ON GLOBAL AVIATION

## Scheduled Flights by Month & Week for selected markets

Month/Week compared with equivalent month/week in previous year

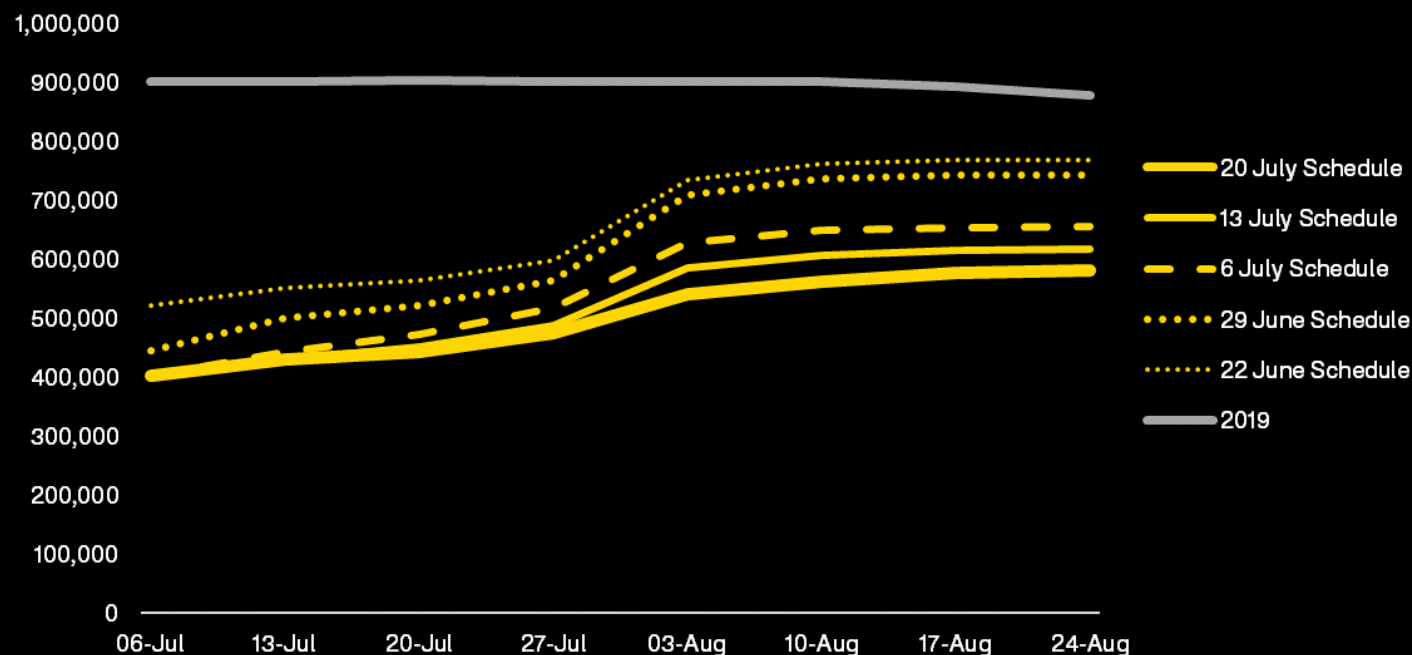
	January	February	March	April	May	June	06-Jul	13-Jul	20-Jul
Africa	-6.2%	-6.0%	-22.4%	-61.2%	-71.3%	-69.9%	-70.7%	-67.2%	-67.7%
Europe	-3.0%	-2.4%	-35.7%	-88.5%	-88.6%	-81.1%	-68.4%	-63.9%	-62.3%
Asia	4.2%	-24.4%	-28.8%	-53.7%	-47.1%	-41.3%	-40.4%	-36.1%	-33.3%
Latin America	1.1%	1.2%	-12.9%	-69.3%	-73.1%	-69.5%	-66.8%	-65.9%	-64.9%
North America	0.9%	0.5%	-8.2%	-58.4%	-74.2%	-66.9%	-55.0%	-53.9%	-53.7%
Middle East	-1.8%	-2.2%	-27.5%	-63.6%	-78.7%	-65.8%	-64.8%	-62.5%	-63.4%
South West Pacific	-3.1%	-3.1%	-16.6%	-79.2%	-78.0%	-69.0%	-62.3%	-62.8%	-62.1%
GLOBAL	0.8%	-8.6%	-21.4%	-64.5%	-68.7%	-62.3%	-55.3%	-52.4%	-51.1%





# 25% OF AUGUST FLIGHTS REMOVED IN PAST 4 WEEKS

2020 GLOBAL FREQUENCY CHANGES JULY-AUGUST 2020



Flights taken out of schedule for August over past 4 weeks

770,909

Proportion of flights taken out of schedule for August over past 4 weeks

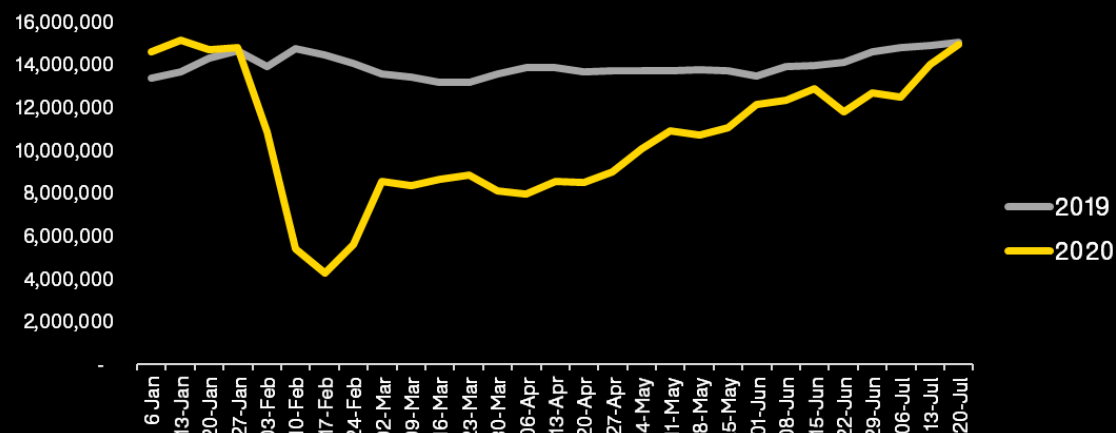
25%

	Weekly Frequencies through August 2020				
	3-9 August	10-16 August	17-23 August	24-29 August	Total
Schedule on 22 June	733,310	761,004	767,158	768,300	3,029,772
Schedule on 20 July	540,800	561,972	576,948	579,143	2,258,863

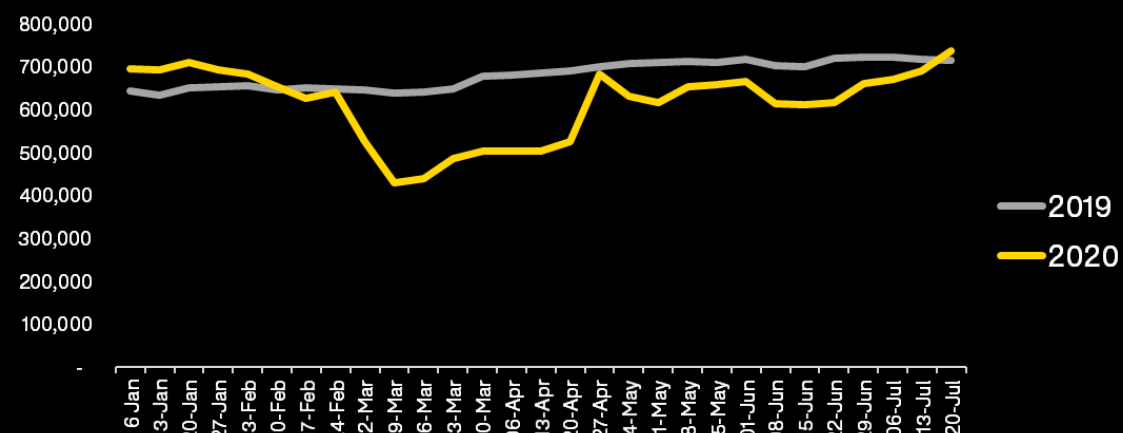


# RECOVERY IN SOME ASIAN DOMESTIC MARKETS

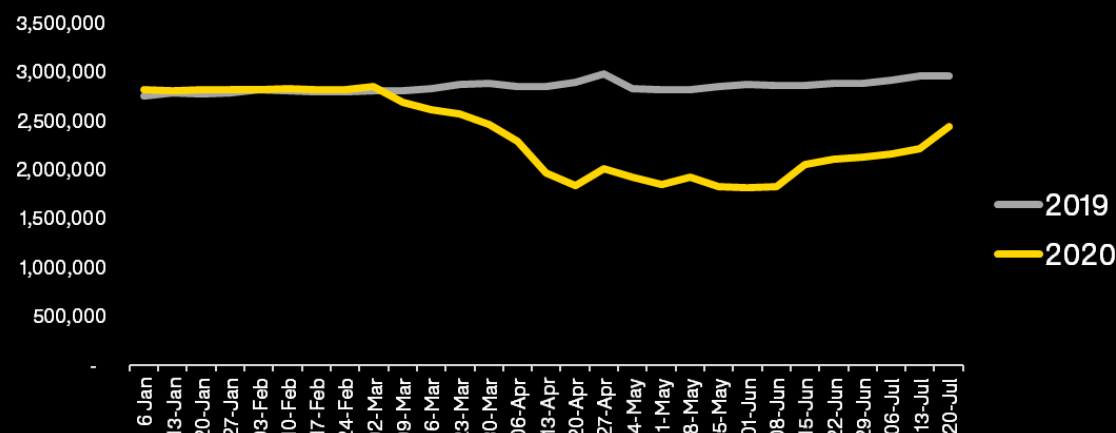
## CHINA'S DOMESTIC SEATS



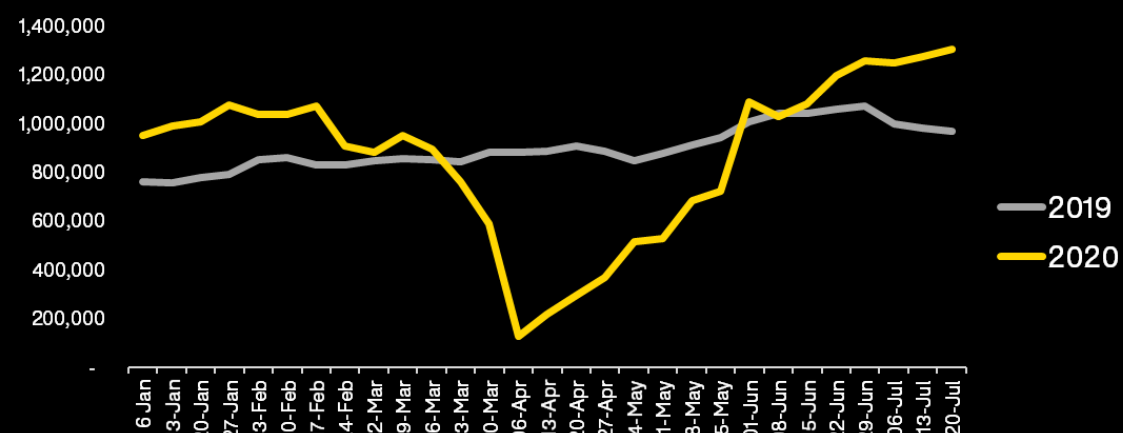
## SOUTH KOREA DOMESTIC SEATS



## JAPAN'S DOMESTIC SEATS



## VIET NAM DOMESTIC SEATS





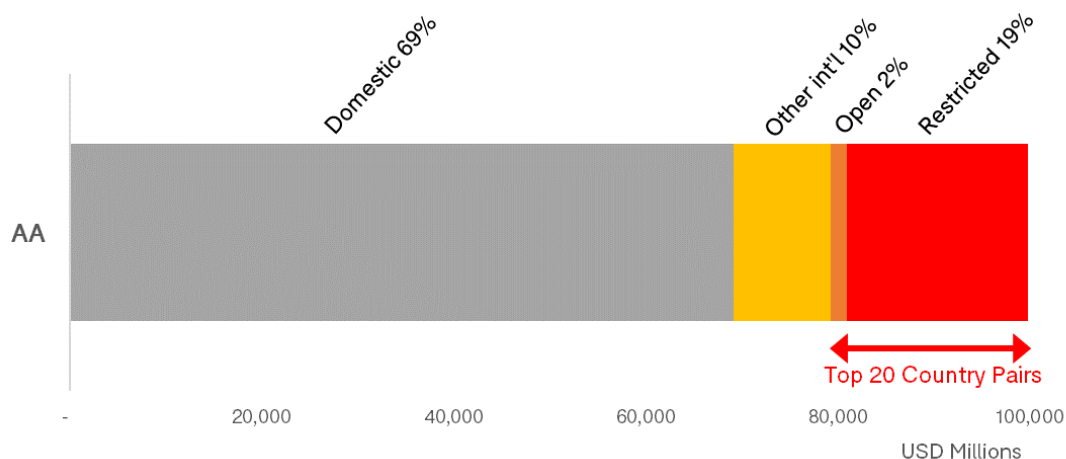
# GLOBAL LEGACY AIRLINES

## Impact of travel restrictions

- Network recovery hampered by travel restrictions on key revenue earning markets (country pairs)
- Domestic markets provide some protection

### AMERICAN AIRLINES

Source of 2019 revenues by market



Top 20 Country Pairs as proportion of all revenue earning country pairs for this airline (918)

Revenue from Top 20 Country Pairs as proportion of international revenue

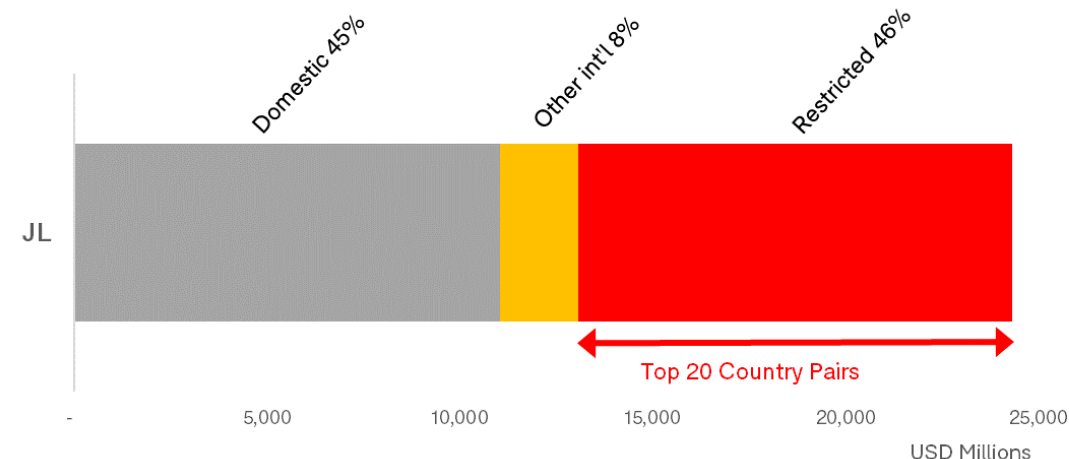
AA

2%

67%

### JAPAN AIRLINES

Source of 2019 revenues by market



Top 20 Country Pairs as proportion of all revenue earning country pairs for this airline (190)

Revenue from Top 20 Country Pairs as proportion of international revenue

JL

11%

85%

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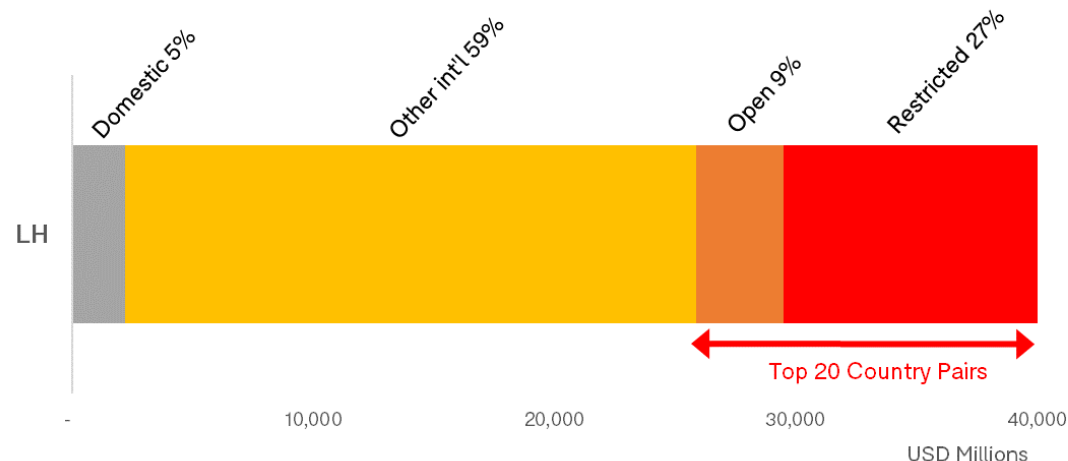
# LONG HAUL KEY FOR EUROPEAN NETWORK CARRIERS



## Intra Europe restrictions eased but non-Europe markets had more value

- Network carriers earned considerable revenue from non-European markets in 2019
- Easing of restrictions within Europe help but demand cannot return without more access

LUFTHANSA  
Source of 2019 revenues by market



Top 20 Country Pairs as proportion of all revenue earning country pairs for this airline (3494)

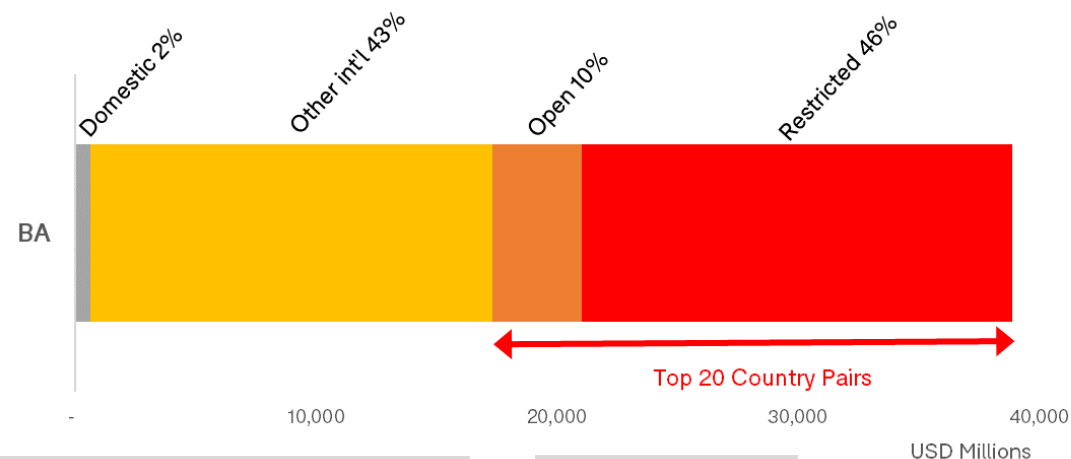
Revenue from Top 20 Country Pairs as proportion of international revenue

LH

1%

38%

BRITISH AIRWAYS  
Source of 2019 revenues by market



Top 20 Country Pairs as proportion of all revenue earning country pairs for this airline (2076)

Revenue from Top 20 Country Pairs as proportion of international revenue

BA

1%

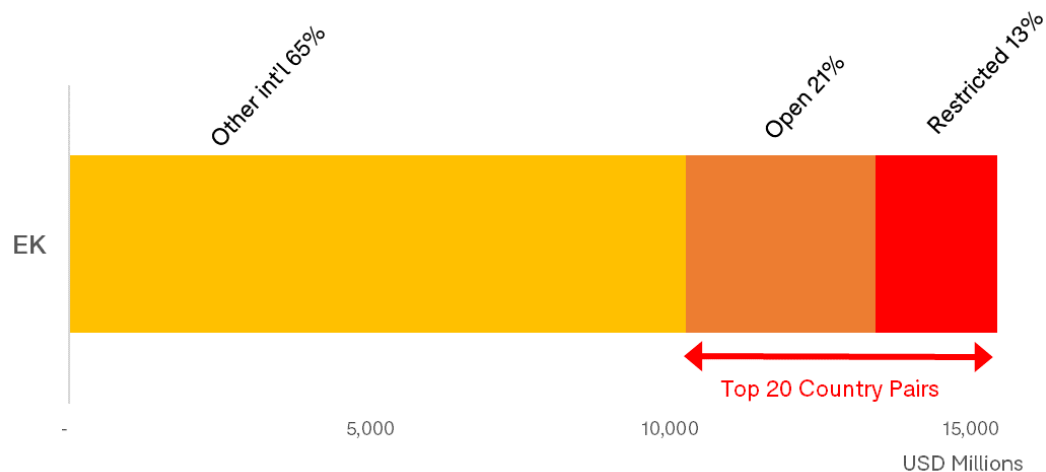
56%

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# HUBS WITH NO DOMESTIC MARKET VULNERABLE

## UAE action to allow travel will help Emirates

EMIRATES  
Source of 2019 revenues by market



Top 20 Country Pairs as proportion of all revenue earning country pairs for this airline (3262)

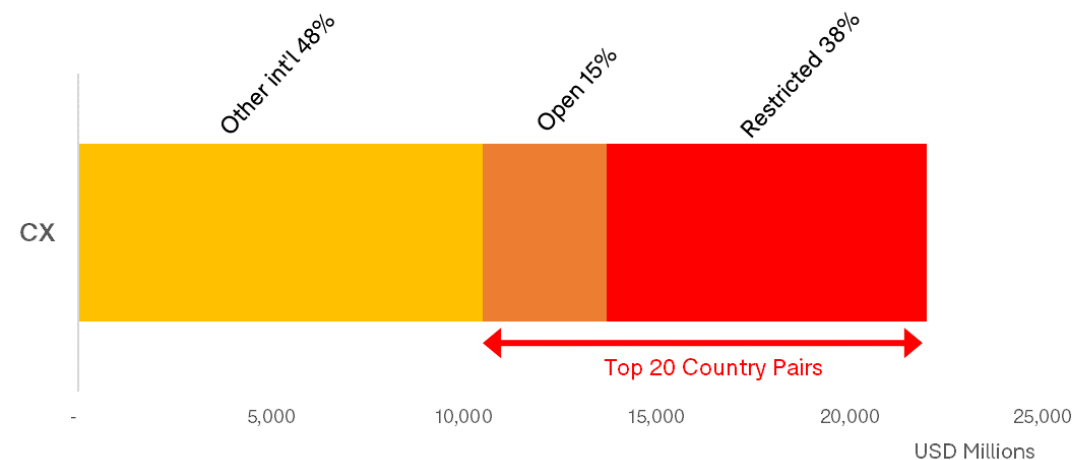
Revenue from Top 20 Country Pairs as proportion of international revenue

EK

1%

34%

CATHAY PACIFIC  
Source of 2019 revenues by market



Top 20 Country Pairs as proportion of all revenue earning country pairs for this airline (931)

Revenue from Top 20 Country Pairs as proportion of international revenue

CX

2%

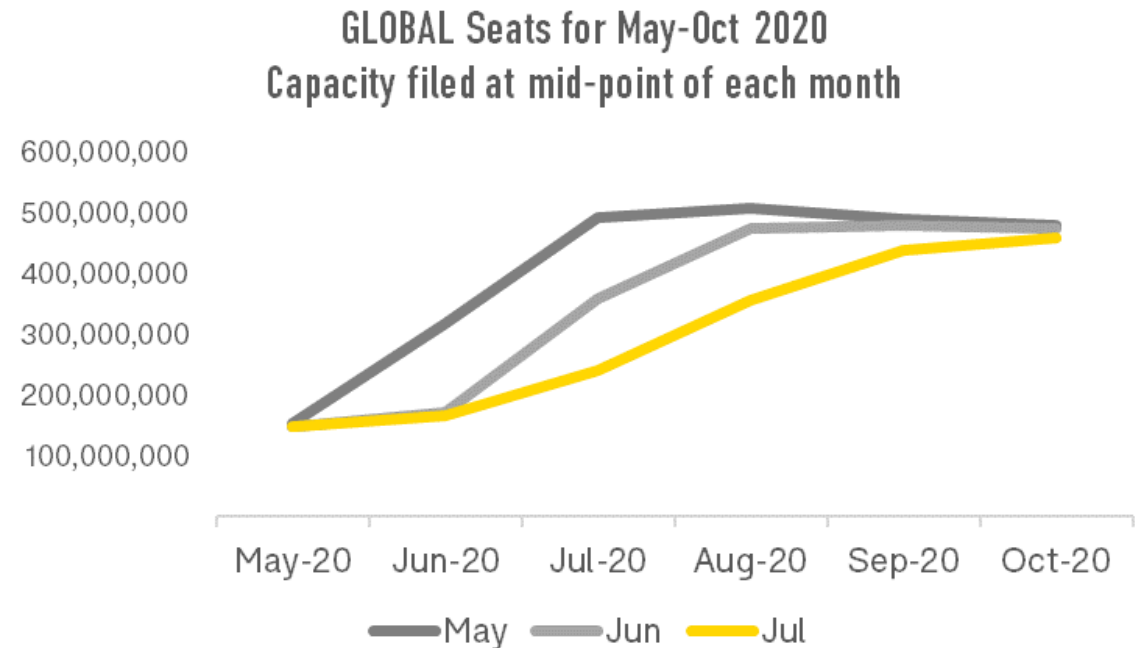
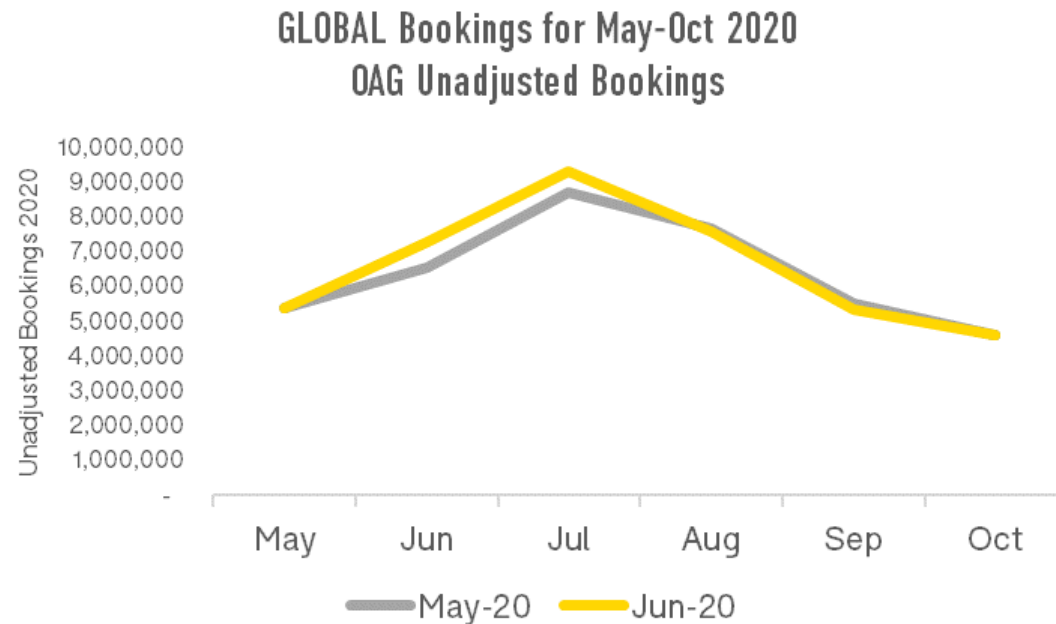
52%

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# GLOBAL SUPPLY FOLLOWING DEMAND

## Limited increase in global bookings between May and June



Global unadjusted bookings for July 2020 (as of June 2020) are 17% of the volume at the same point last year.

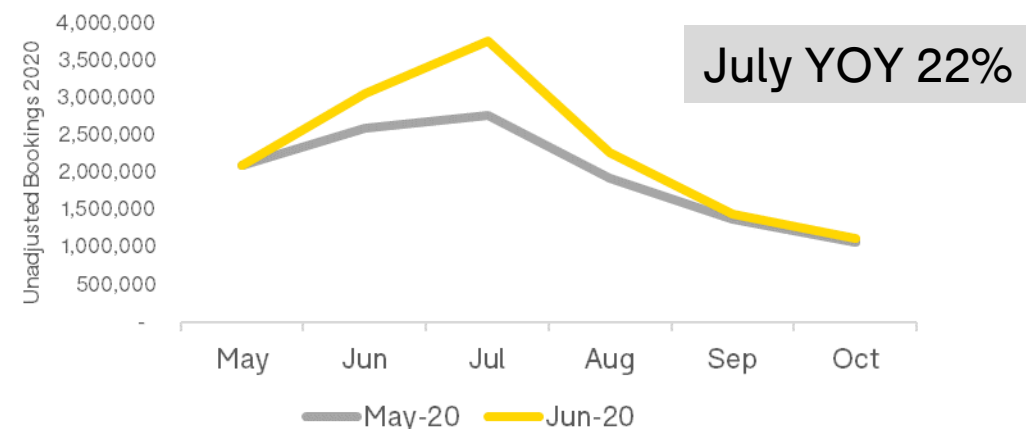
# SHORT TERM DEMAND IN NORTH AMERICA AND ASIA PACIFIC

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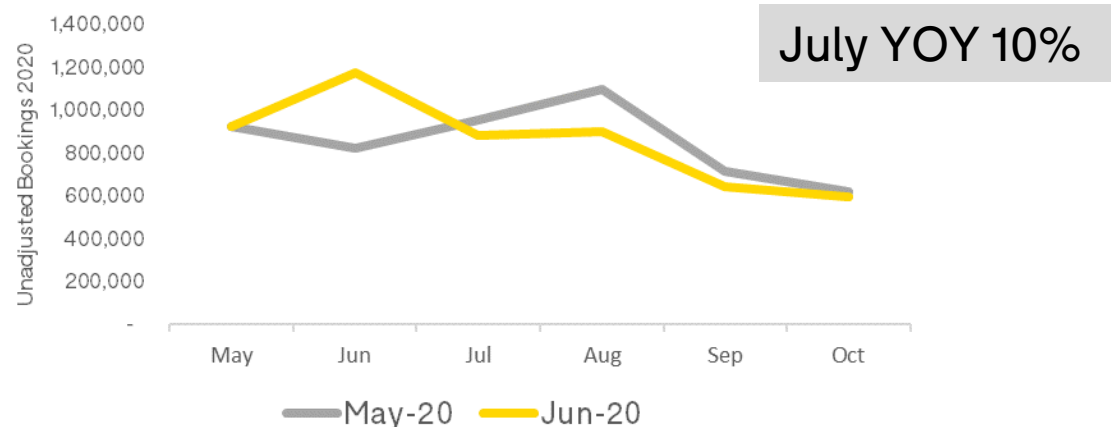
## Bookings being made in 4-6 weeks before travel

- North America – 980,000 more bookings for July travel in June than in May, up 35%
- Asia – Bookings for June travel 43% higher in June than on the books in May
- SW Pacific – Bookings for June travel 42% higher in June than on the books in May
- Net decrease in bookings from August onwards in Asia Pacific

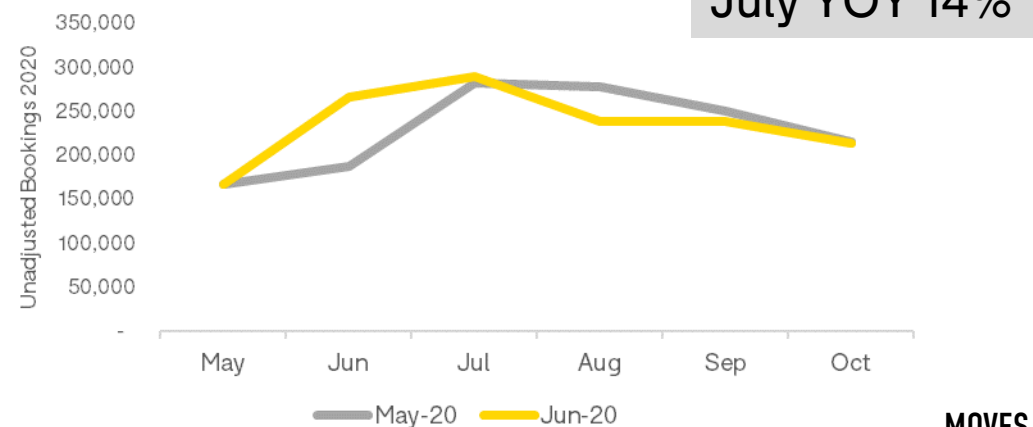
North America (NA1) Bookings for May-Oct 2020  
OAG Unadjusted Bookings



Asia Bookings for May-Oct 2020 (AS1/AS2/AS3/AS4)  
OAG Unadjusted Bookings



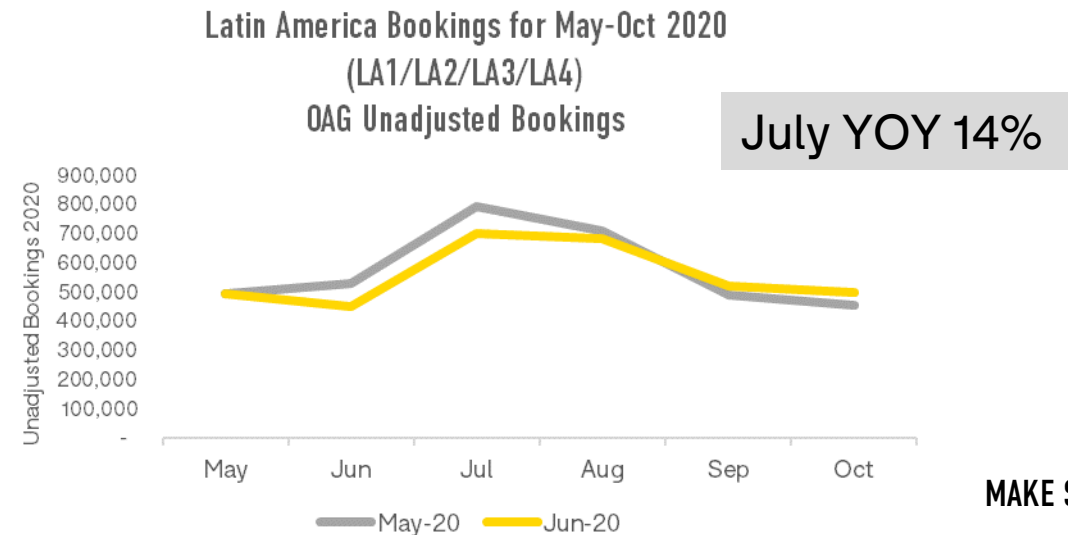
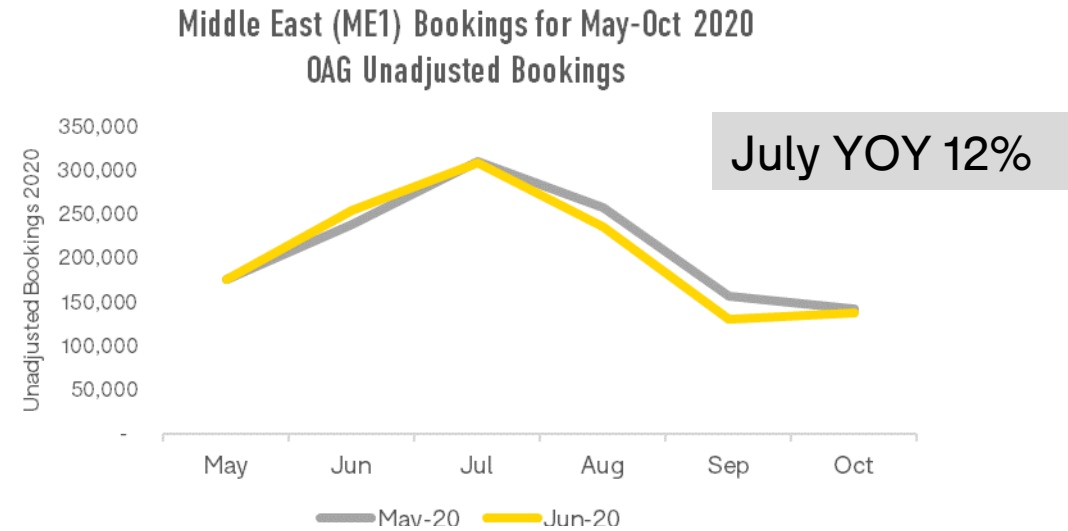
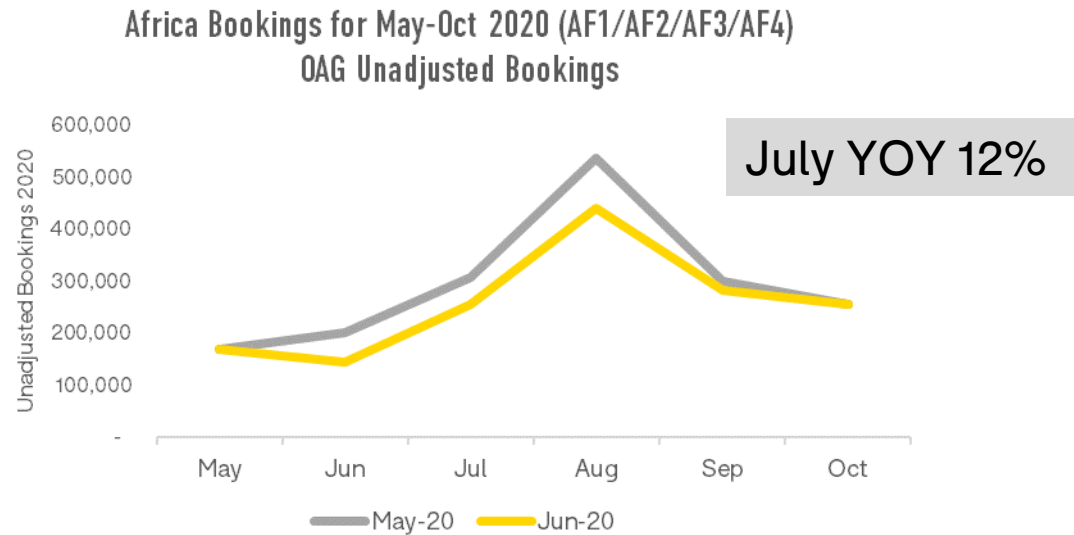
SW Pacific Bookings for May-Oct 2020 (SW1)  
OAG Unadjusted Bookings





# NET BOOKINGS REDUCED IN OTHER MARKETS

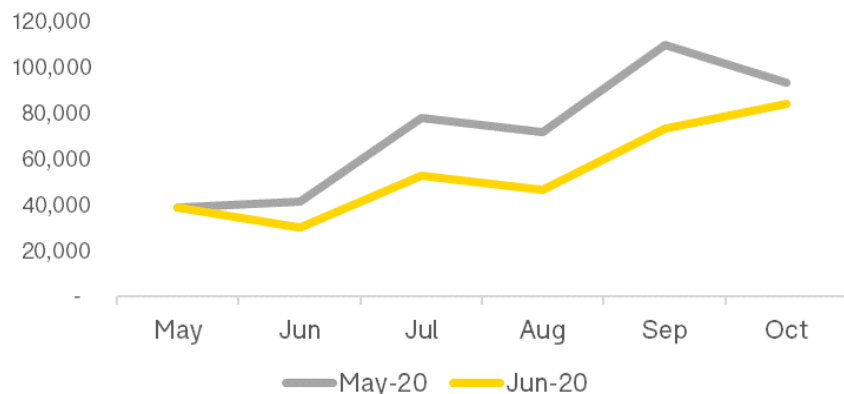
Africa, Middle East and Latin America see bookings decrease month over month



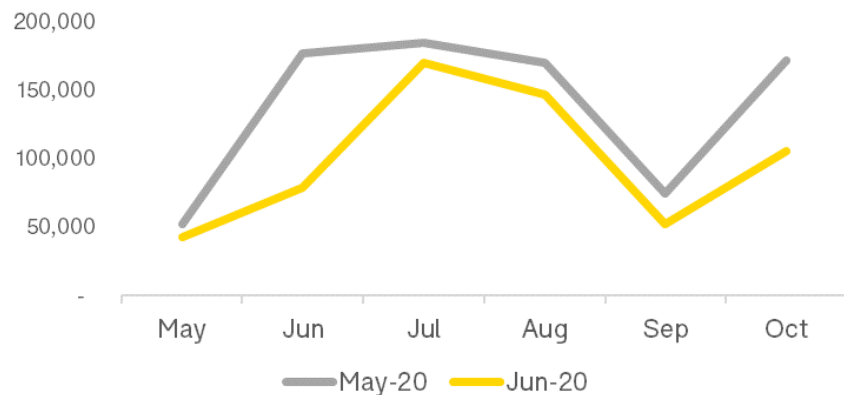
# BRITISH AIRWAYS – REDUCING CAPACITY GIVEN LOWER DEMAND

Bookings being made in 4-6 weeks before travel

BA International Bookings <3000km for May-Oct 2020  
OAG Unadjusted Bookings

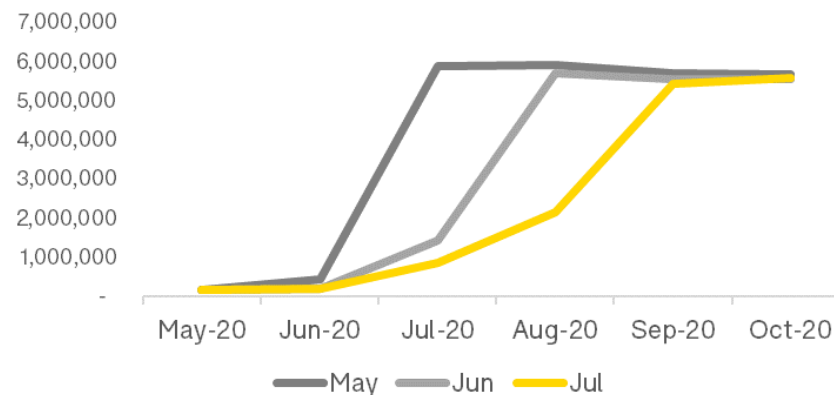


BA International Bookings >3000km for May-Oct 2020  
OAG Unadjusted Bookings



- Bookings for August are down 36% compared to back in May for international flights up to 3000km
- For flights over 3000km they are down 14%
- Capacity of 5.5m seats looks unrealistic for September and October

BA Seats for May-Oct 2020  
Capacity filed at mid-point of each month



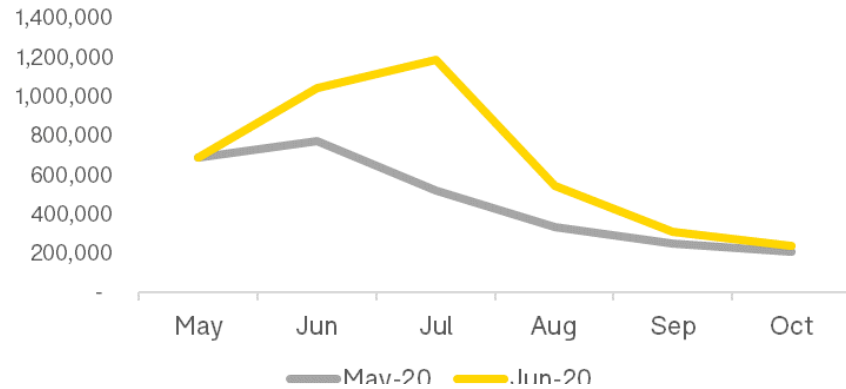


# AMERICAN AIRLINES HAS SEEN BOOST TO TRAFFIC FOR JUNE-AUGUST

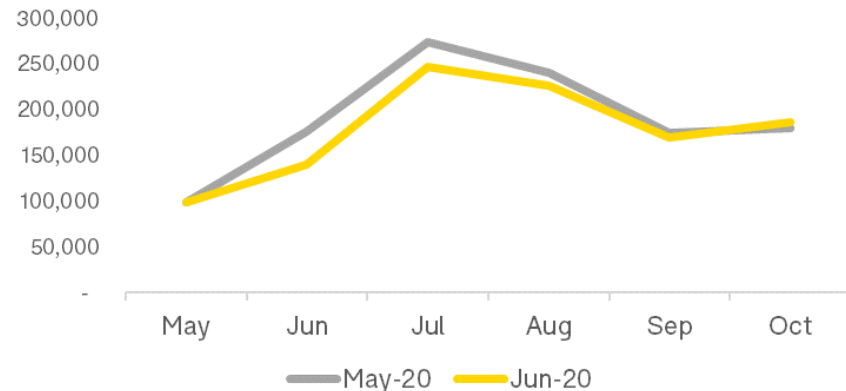
## 670,000 additional domestic bookings for July



AA Domestic Bookings for May-Oct 2020  
OAG Unadjusted Bookings

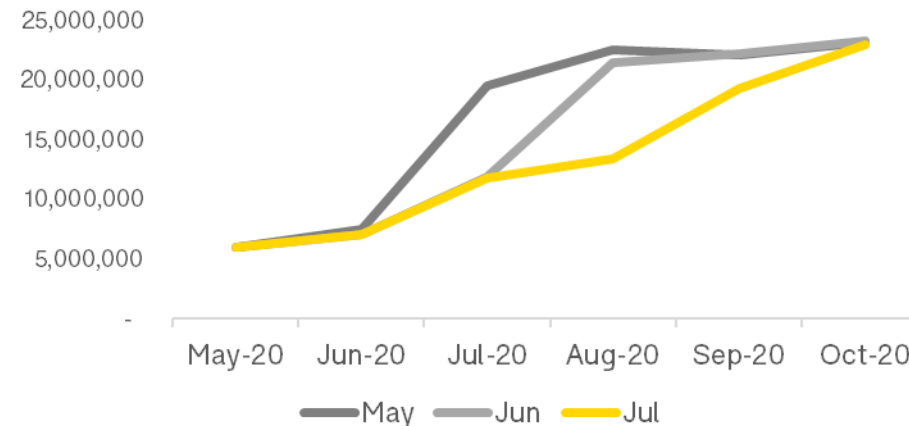


AA International Bookings for May-Oct 2020  
OAG Unadjusted Bookings



- Bookings for domestic travel in July up 130% compared to previous month
- International bookings down 10% for July
- Recent capacity adjustments look realistic and achievable

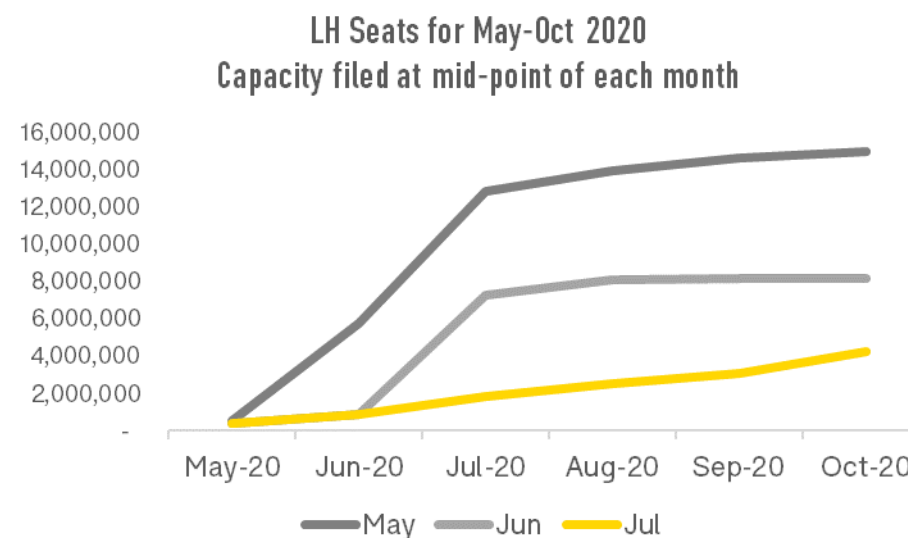
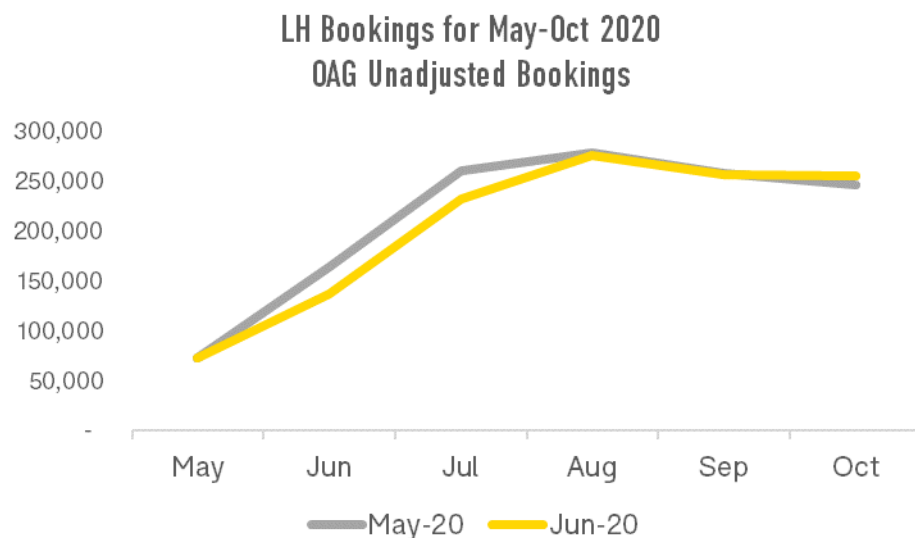
AA Seats for May-Oct 2020  
Capacity filed at mid-point of each month



# LUFTHANSA STRUGGLING TO GROW BOOKINGS

## Before loosening of EU travel restrictions

- Bookings hardly changed between May and June; will loosening of EU travel restrictions help?
- LH looking to operate slightly more than a quarter of the capacity originally planned for October





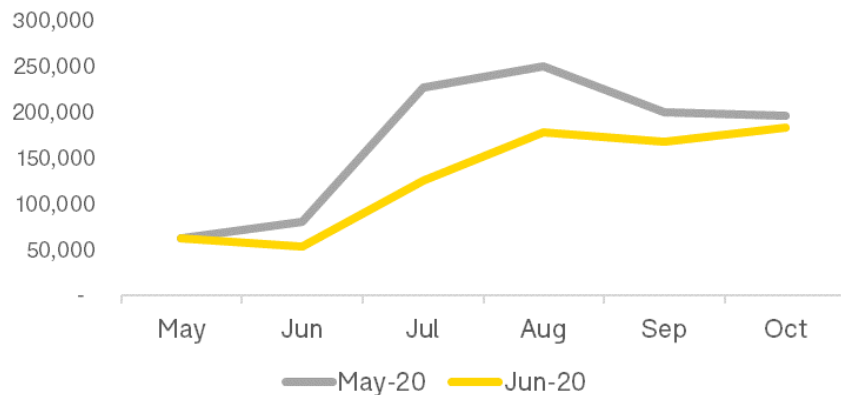
# EMIRATES – DESPITE NET DECREASE IN BOOKINGS, THERE IS GROWTH

## Bookings for travel in October 350% higher than bookings for travel in June

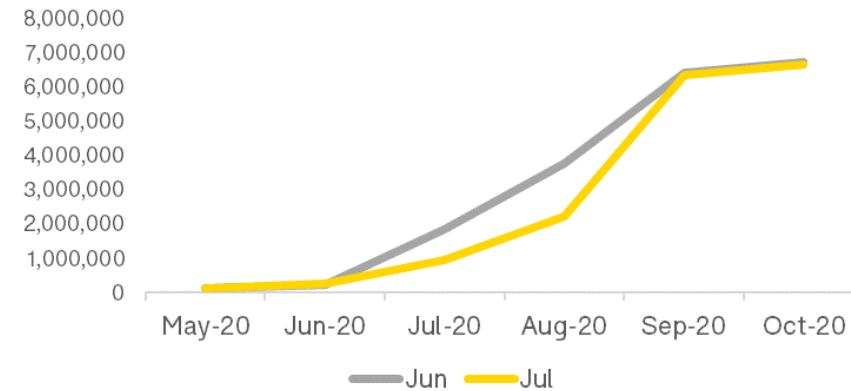


- Volume of bookings growing through 2Q and 3Q
- Capacity also growing steadily from zero base in May

EK Bookings for May-Oct 2020  
OAG Unadjusted Bookings



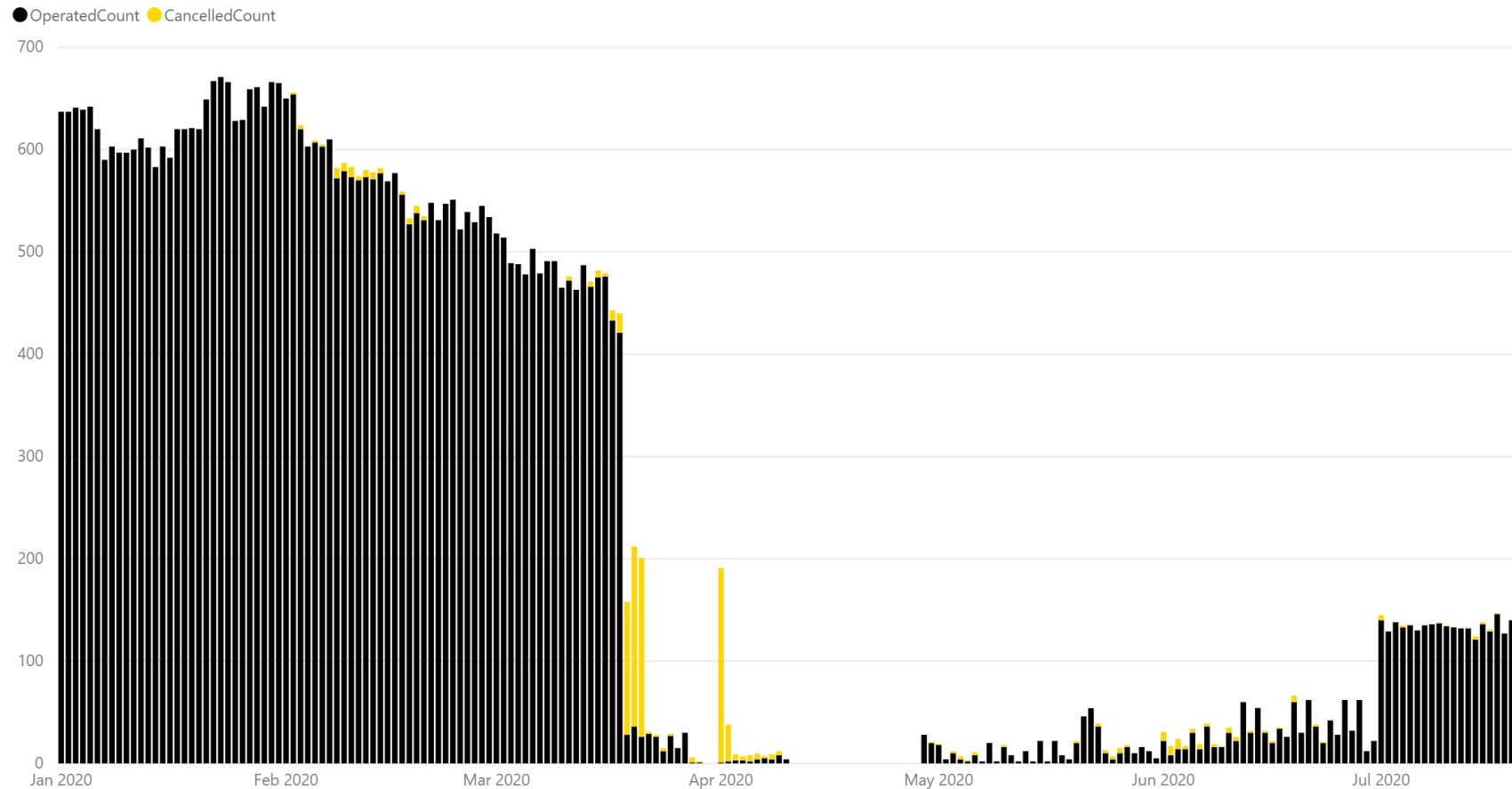
EK Seats for May-Oct 2020  
Capacity filed at mid-point of each month



# AIRASIA TAKEN TIME TO GET OFF THE GROUND



Daily Flights Operated, Cancelled and Unknown



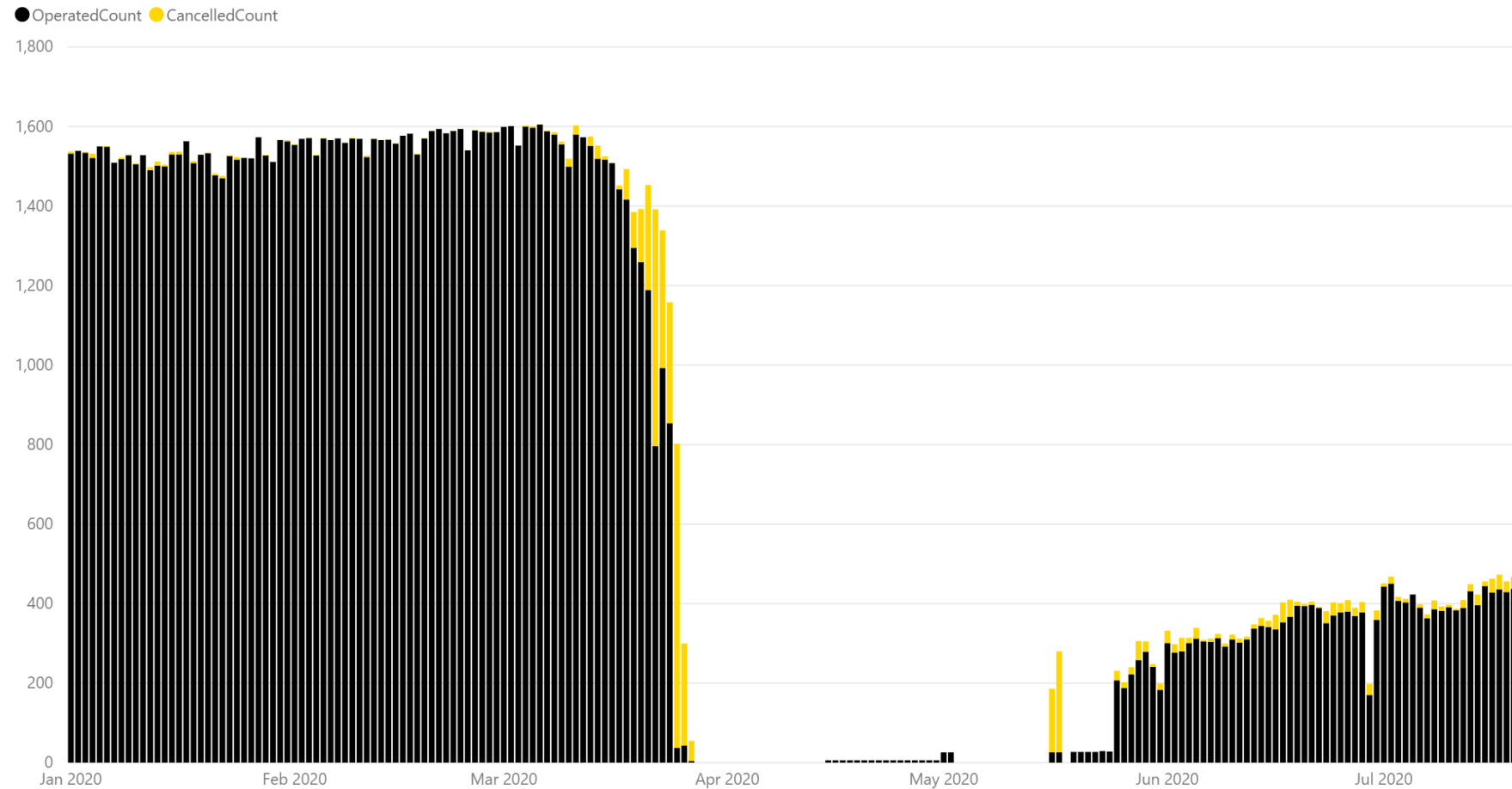
**Source:** OAG Flight Status data and ECDC's Covid19 data.

**Coverage:** The world's largest 200 airlines, by frequency, based on OAG's Schedules data as at Jan 6th 2020

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# INDIGO MOVING IN THE RIGHT DIRECTION

Daily Flights Operated, Cancelled and Unknown



**Source:** OAG Flight Status data and ECDC's Covid19 data.

**Coverage:** The world's largest 200 airlines, by frequency, based on OAG's Schedules data as at Jan 6th 2020

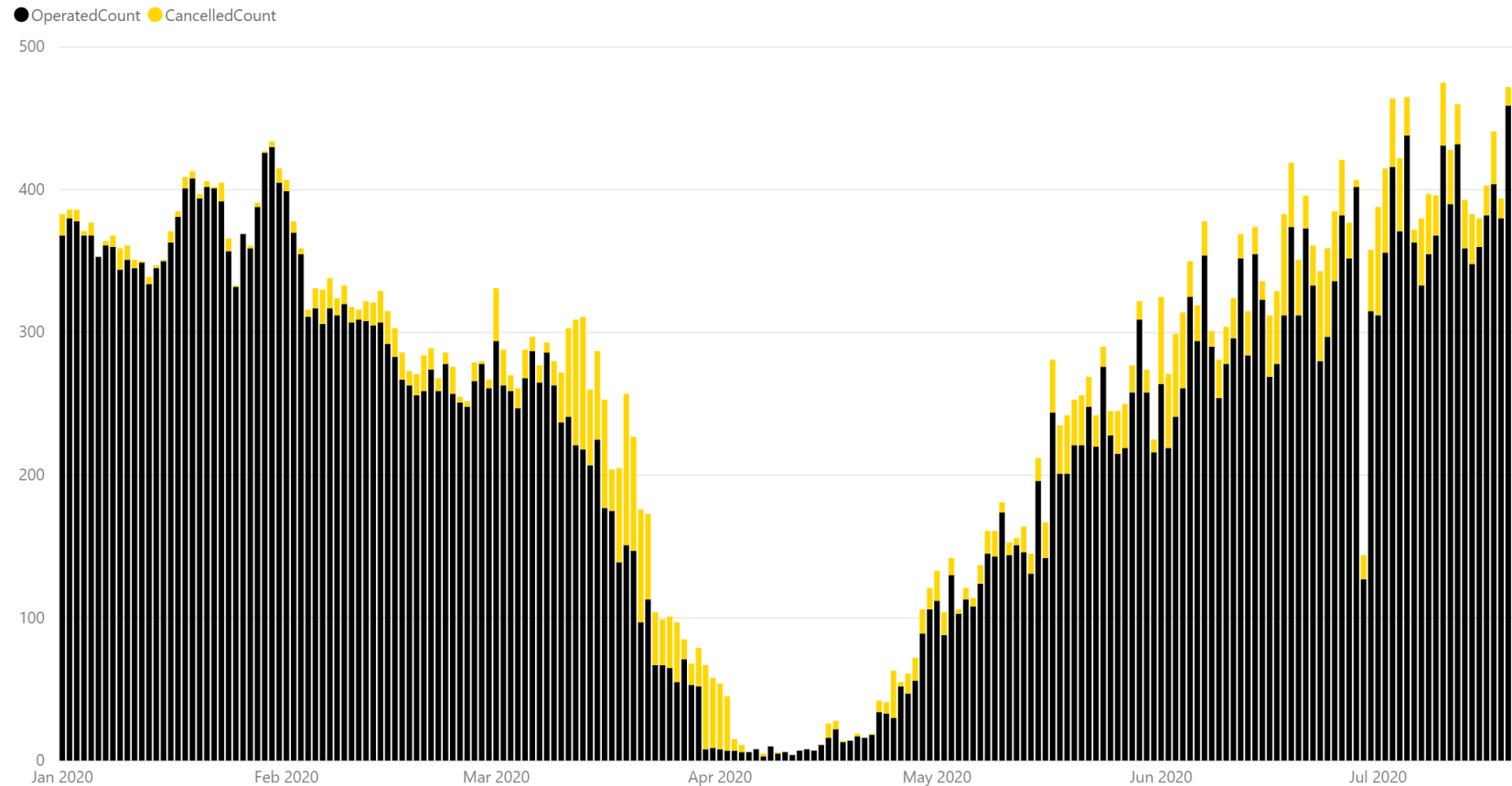
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# VIETNAM AIRLINES FINDING STRENGTH IN DOMESTIC MARKET



Daily Flights Operated, Cancelled and Unknown



**Source:** OAG Flight Status data and ECDC's Covid19 data.

**Coverage:** The world's largest 200 airlines, by frequency, based on OAG's Schedules data as at Jan 6th 2020

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# QUESTIONS AND ANSWERS

Covid-19

# WEBINAR



COVID-19 and  
travel: what's  
your view?

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