WEBINAR

SUMMER HOLIDAYS: WILL THEY PROVIDE THE SUNSHINE AIRLINES NEED, OR IS IT A CASE OF SUMMERTIME BLUES?

Wednesday 14th April, 2021

SUMMER HOLIDAYS:
WILL THEY PROVIDE THE SUNSHINE AIRLINES NEED, OR IS IT A CASE OF SUMMERTIME BLUES?

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We aim to consider:

- International scheduled capacity in key international and leisure markets
- Implications for airline revenues
- Patterns in the new routes being

Followed by your Questions and Answers

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SPEAKERS

GUEST SPEAKER

Matthew Findlay

Director Global Markets, Ailevon Pacific Aviation Consulting

Matthew has considerable experience in the airports & aviation industry having worked in a variety of roles and countries since joining the sector in 1996, including airport property development, retail, corporate affairs, aeronautical pricing and especially air service development, as well as airport capital investment delivery. Matt currently leads the global business development function, supporting clients globally.

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.

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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CAPACITY STORY SO FAR
Regions – Year-over-year and week-over-week

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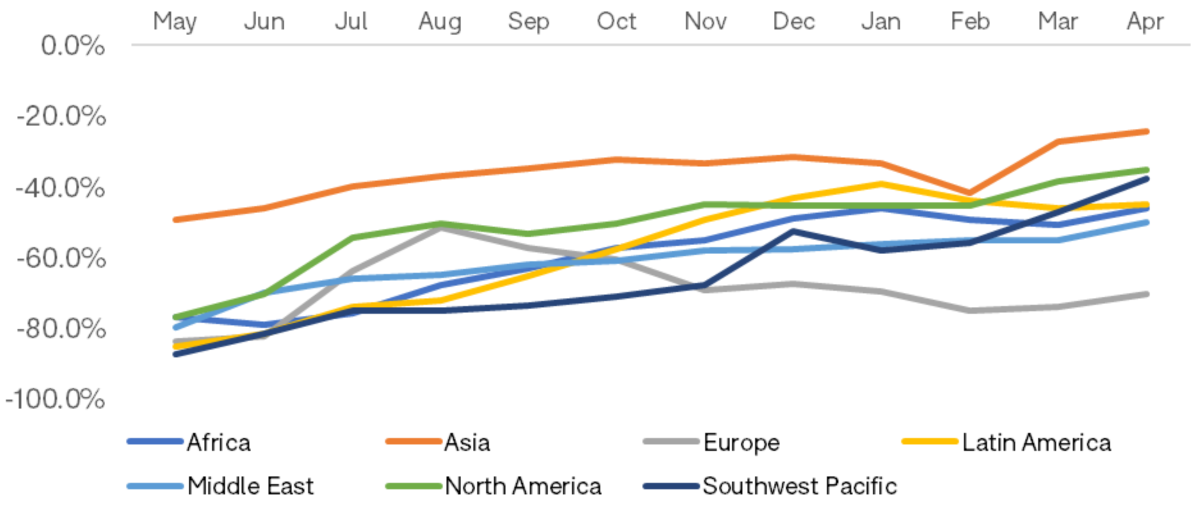
Scheduled seats by month compared with the same month in 2019

	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Africa	-77.0%	-79.2%	-75.7%	-67.9%	-63.1%	-57.4%	-55.2%	-48.9%	-46.1%	-49.1%	-50.7%	-45.9%
Asia	-49.3%	-45.9%	-39.8%	-36.9%	-34.9%	-32.4%	-33.3%	-31.6%	-33.4%	-41.7%	-27.4%	-24.2%
Europe	-83.5%	-82.1%	-63.7%	-51.3%	-57.1%	-60.5%	-69.1%	-67.3%	-69.5%	-75.2%	-73.9%	-70.2%
Latin America	-85.1%	-81.5%	-73.9%	-72.0%	-65.2%	-57.6%	-49.3%	-43.3%	-39.3%	-43.8%	-46.2%	-45.0%
Middle East	-79.6%	-70.0%	-66.1%	-64.8%	-62.1%	-60.7%	-58.1%	-57.7%	-56.2%	-55.1%	-55.1%	-49.9%
North America	-76.9%	-70.2%	-54.2%	-50.5%	-53.5%	-50.5%	-45.0%	-45.5%	-45.3%	-45.2%	-38.5%	-35.3%
Southwest Pacific	-87.4%	-81.5%	-75.1%	-75.0%	-73.6%	-71.2%	-67.8%	-52.7%	-58.2%	-55.9%	-47.0%	-37.8%
Global	-70.1%	-66.6%	-55.1%	-49.4%	-50.1%	-48.4%	-48.0%	-45.9%	-46.7%	-51.4%	-44.8%	-42.0%

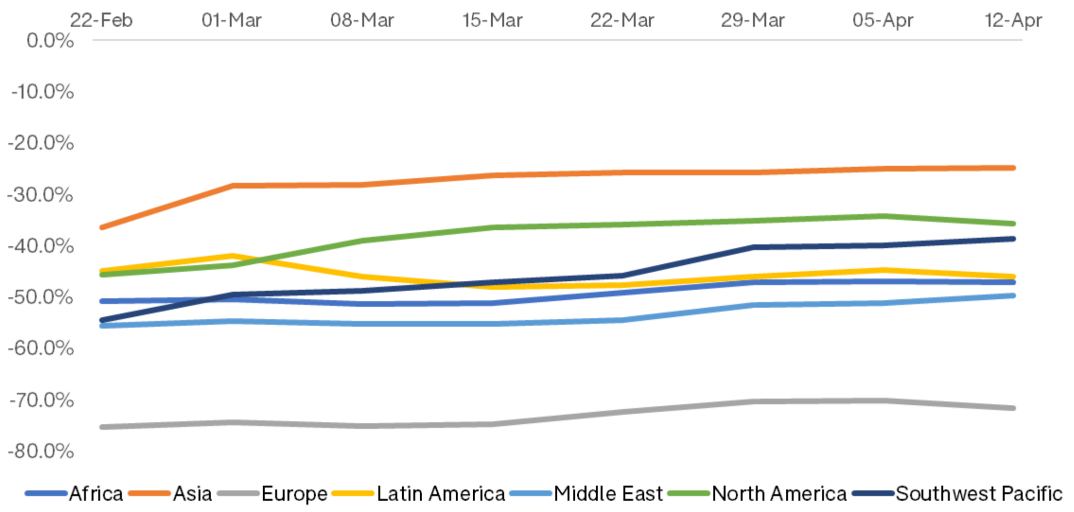
Scheduled seats by week compared to same week in 2019

	22-Feb	01-Mar	08-Mar	15-Mar	22-Mar	29-Mar	05-Apr	12-Apr
Africa	-50.8%	-50.4%	-51.5%	-51.2%	-49.2%	-47.2%	-47.1%	-47.2%
Asia	-36.5%	-28.4%	-28.2%	-26.3%	-25.8%	-25.8%	-25.0%	-24.8%
Europe	-75.4%	-74.6%	-75.3%	-74.8%	-72.5%	-70.4%	-70.3%	-71.6%
Latin America	-44.9%	-42.0%	-46.1%	-48.2%	-47.7%	-46.1%	-44.8%	-46.1%
Middle East	-55.7%	-54.7%	-55.4%	-55.4%	-54.6%	-51.7%	-51.3%	-49.8%
North America	-45.8%	-43.8%	-39.0%	-36.5%	-36.0%	-35.3%	-34.2%	-35.7%
Southwest Pacific	-54.6%	-49.7%	-48.8%	-47.2%	-46.0%	-40.4%	-40.1%	-38.6%
Global	-50.0%	-46.1%	-45.6%	-44.4%	-43.4%	-42.8%	-42.2%	-42.8%

Seat Capacity % Change - Last 12 Months v's 2019



Change in Seat Capacity v's same week in 2019



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CAPACITY IN THE SCHEDULE REMAINS SUBJECT TO CHANGE

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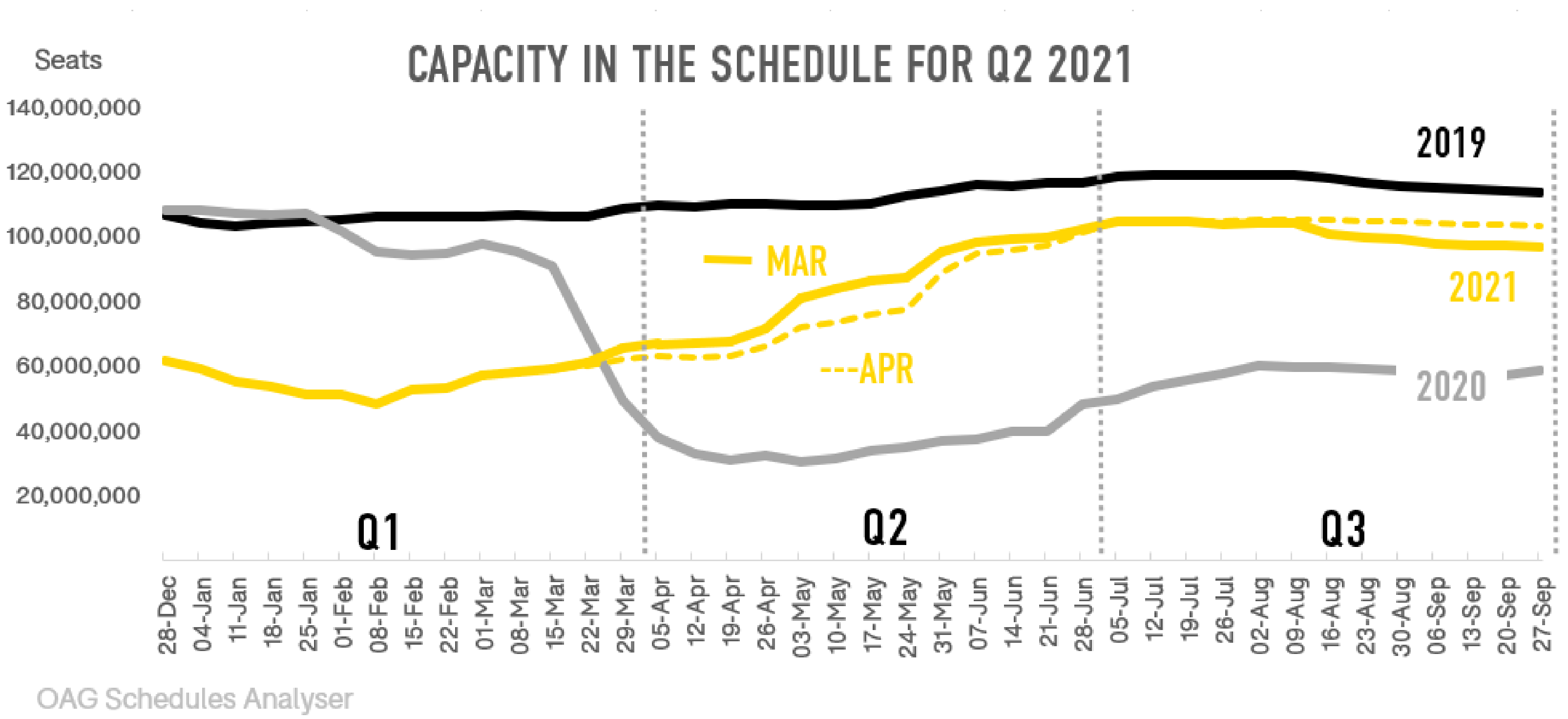

- Month on month changes between March and April see capacity being pushed back
- 77m seats removed in Q2 and 43m added towards the end of Q3
- In May alone 46m seats were removed between mid March and mid April
- By the end of September, carriers assume that global weekly capacity will reach 9% below 2019 levels

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INTRA EUROPE INTERNATIONAL CAPACITY

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July 2021 vs July 2019

- Spain-UK has most capacity planned for July, only 20% below 2019 level
- Germany-Turkey had second largest capacity in 2019; July 2021 capacity is almost back to 2019 level
- Capacity between Russia and Western Europe is 60-80% below 2019 levels, while capacity between Russia and Ukraine is stronger relative to 2019

July 2021 Seats

	Germany	Greece	Ireland	Italy	Netherlands	Russia	Spain	Turkey	Ukraine	UK
France	1,003,098	1,075,726	415,310	2,192,270	576,424	103,746	2,871,858	596,100	123,104	1,894,760
Germany		2,935,856	388,480	2,603,832	686,844	289,374	5,075,026	4,507,006	410,488	1,636,934
Greece			96,828	1,710,916	695,944	253,580	264,242	224,536	180,346	3,137,568
Ireland				377,252	264,636	5,976	805,328	80,640	6,804	1,886,912
Italy					1,083,236	239,264	3,197,668	536,104	445,796	2,855,354
Netherlands						83,564	1,818,738	611,684	86,772	1,253,472
Russia							122,228	2,495,452	1,643,824	142,192
Spain								321,250	148,540	8,802,874
Turkey									579,124	2,349,564
Ukraine										89,420

July 2019 Seats

	Germany	Greece	Ireland	Italy	Netherlands	Russia	Spain	Turkey	Ukraine	UK
France	1,966,374	950,092	527,544	2,742,134	801,696	449,028	3,270,870	594,500	134,630	3,067,032
Germany		2,485,334	571,608	3,967,744	935,324	943,196	6,798,254	4,541,154	391,224	3,135,864
Greece			77,436	1,676,448	721,346	407,860	274,590	269,932	132,062	2,915,476
Ireland				427,264	299,756	20,680	1,230,158	70,780	6,048	2,828,818
Italy					1,187,328	750,876	3,787,786	548,912	302,524	3,729,664
Netherlands						187,940	1,985,114	615,962	45,084	2,231,400
Russia							596,552	2,384,216	1,443,800	219,024
Spain								323,230	182,474	11,036,806
Turkey									664,020	2,021,568
Ukraine										118,636

July 21 vs July 19

	Germany	Greece	Ireland	Italy	Netherlands	Russia	Spain	Turkey	Ukraine	UK
France	-49%	13%	-21%	-20%	-28%	-77%	-12%	0%	-9%	-38%
Germany		18%	-32%	-34%	-27%	-69%	-25%	-1%	5%	-48%
Greece			25%	2%	-4%	-38%	-4%	-17%	37%	8%
Ireland				-12%	-12%	-71%	-35%	14%	13%	-33%
Italy					-9%	-68%	-16%	-2%	47%	-23%
Netherlands						-56%	-8%	-1%	92%	-44%
Russia							-80%	5%	14%	-35%
Spain								-1%	-19%	-20%
Turkey									-13%	16%
Ukraine										-25%

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INTRA ASIA INTERNATIONAL CAPACITY

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July 2021 vs July 2019

- Largest intra Asia country pair in July 2019 was China-Japan; July 2021 capacity still 41% below that July 2019
- Some capacity flows still down by 75-85% vs July 2019, while some closer to -20% (e.g. Indonesia-South Korea, Japan-Singapore)
- Most positive are Taiwan-Indonesia (+4%) and South Korea-Singapore (+4%), but will these be adjusted closer to the date of travel – probably!

July 2021 Seats

	Chinese Taipei	Hong Kong	Indonesia	Japan	South Korea	Malaysia	Singapore	Thailand	Viet Nam
China	1,248,978	929,394	94,646	2,484,984	1,795,578	520,076	783,340	719,312	284,396
Chinese Taipei		1,333,038	152,644	1,910,724	625,416	267,586	311,116	464,790	395,928
Hong Kong			270,658	1,273,152	477,830	137,340	571,184	775,526	214,016
Indonesia				74,444	136,264	1,083,840	1,045,988	203,452	14,616
Japan					1,884,608	165,622	539,716	261,324	250,088
South Korea						253,328	336,488	406,720	990,708
Malaysia							748,724	243,680	116,012
Singapore								684,692	352,072
Thailand									387,196

July 2019 Seats	Chinese Taipei	Hong Kong	Indonesia	Japan	South Korea	Malaysia	Singapore	Thailand	Viet Nam
China	2,348,912	3,373,206	700,198	4,237,924	3,956,302	1,418,814	1,544,432	4,448,558	1,236,966
Chinese Taipei		1,800,158	146,512	2,770,364	927,430	317,646	415,320	641,006	703,336
Hong Kong			364,894	1,970,358	798,584	450,256	660,296	1,200,880	396,972
Indonesia				269,508	176,512	2,229,998	1,840,066	393,820	41,012
Japan					4,670,260	320,672	685,176	1,302,644	657,726
South Korea						525,134	322,568	956,456	1,937,924
Malaysia							1,600,436	1,079,900	509,368
Singapore								1,259,136	585,840
Thailand									995,742

July 21 vs July 19

	Chinese Taipei	Hong Kong	Indonesia	Japan	South Korea	Malaysia	Singapore	Thailand	Viet Nam
China	-47%	-72%	-86%	-41%	-55%	-63%	-49%	-84%	-77%
Chinese Taipei		-26%	4%	-31%	-33%	-16%	-25%	-27%	-44%
Hong Kong			-26%	-35%	-40%	-69%	-13%	-35%	-46%
Indonesia				-72%	-23%	-51%	-43%	-48%	-64%
Japan					-60%	-48%	-21%	-80%	-62%
South Korea						-52%	4%	-57%	-49%
Malaysia							-53%	-77%	-77%
Singapore								-46%	-40%
Thailand									-61%

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INTRA ASIA CAPACITY

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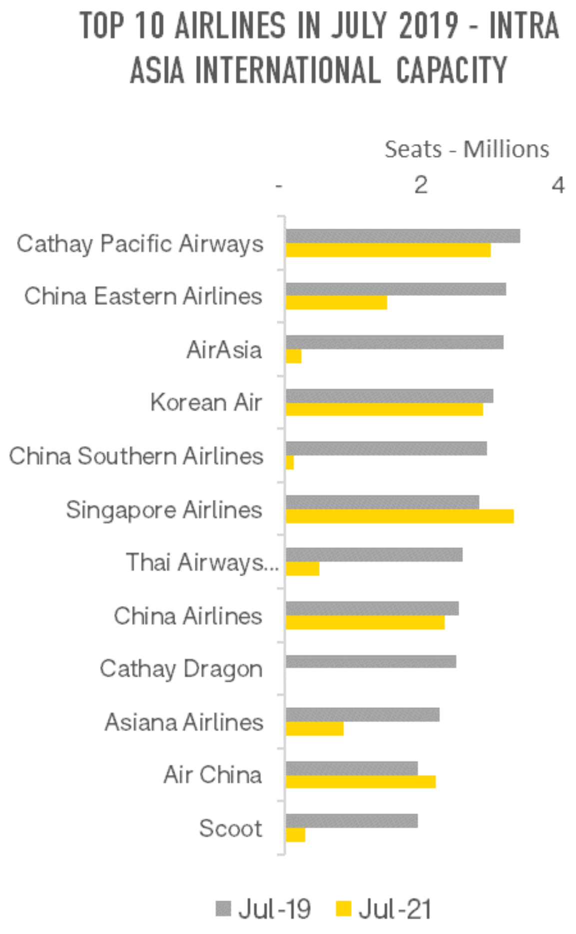
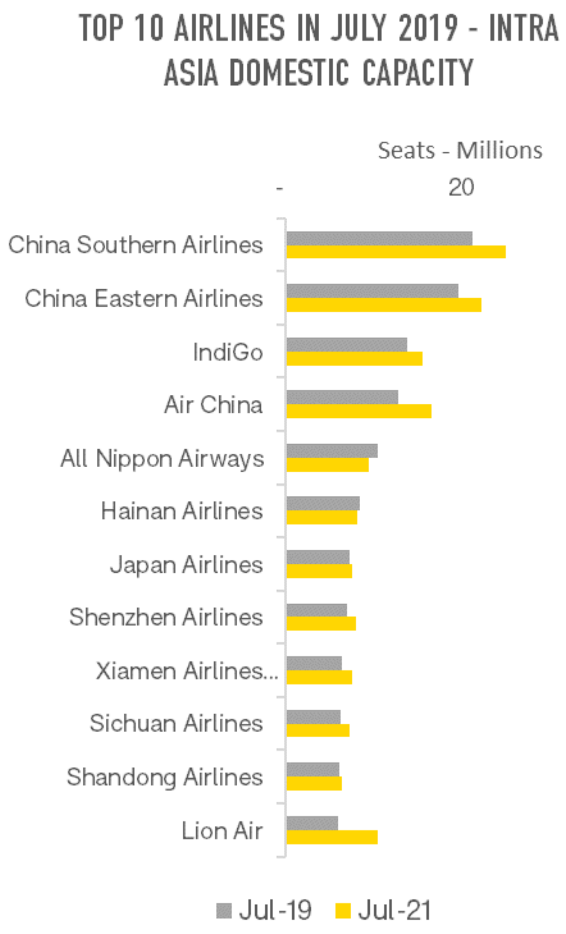
July 2021 vs July 2019

- Intra Asia capacity was 332m seats in July 2019 of which domestic share was 76%
- Total July 2021 capacity down 5% vs July 2019 – domestic up 10% while international down 53%
- Carriers based in markets with large domestic markets – China, India, Japan, Indonesia – are able to grow domestic capacity
- SQ and AC schedules for July 2021 shows more capacity than July 2019 – how realistic? Are these being used for freight?





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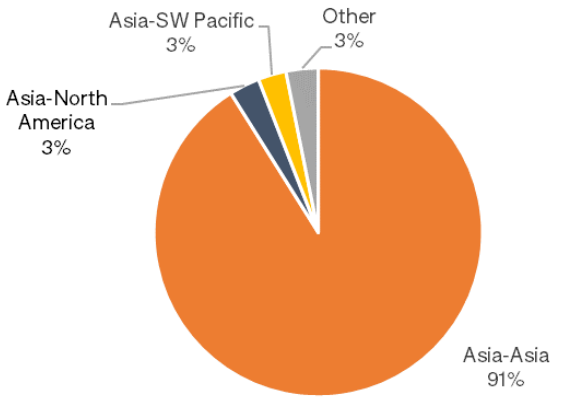
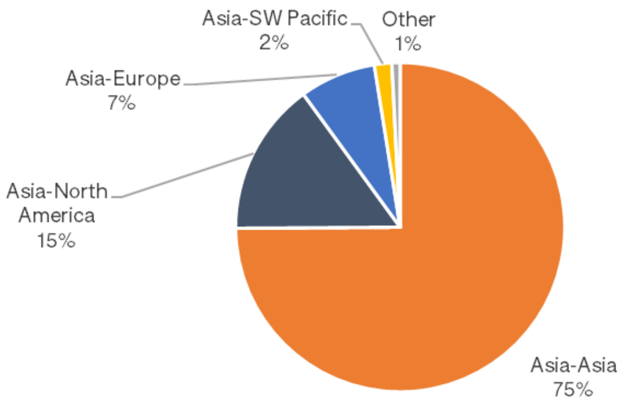
ASIAN CARRIERS – WHERE REVENUES COME FROM

- Revenues by region for 2019
- CZ and JL heavily dependent on intra Asia revenues in 2019 and that share has increased in 2020 as domestic capacity has been maintained better than international
- SQ revenues in 2019 were generated across a broad range of regions – in 2020 their intra Asia revenues fell from 37% to 29%
- QF dependent on traffic within SW Pacific – increasingly so in 2020

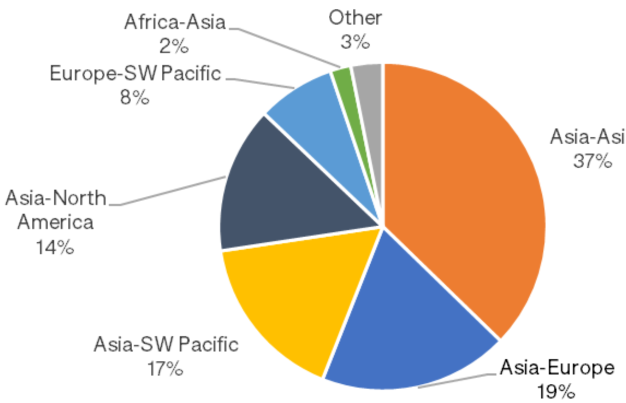
CHINA SOUTHERN AIRLINES REVENUE BY MARKET 2019



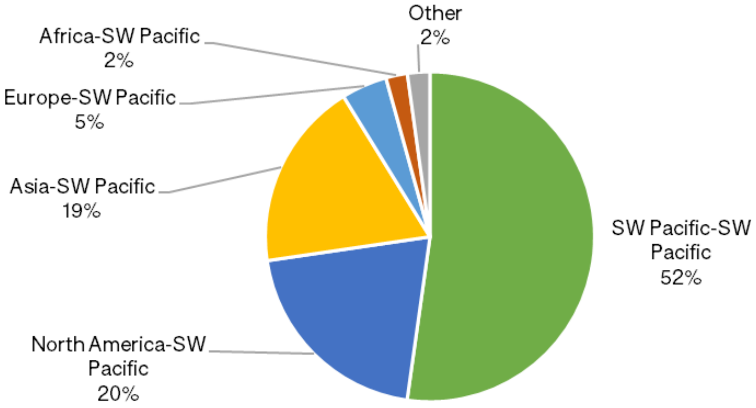
JAPAN AIRLINES REVENUE BY MARKET 2019



SINGAPORE AIRLINES REVENUE BY MARKET 2019



QANTAS REVENUE BY MARKET 2019



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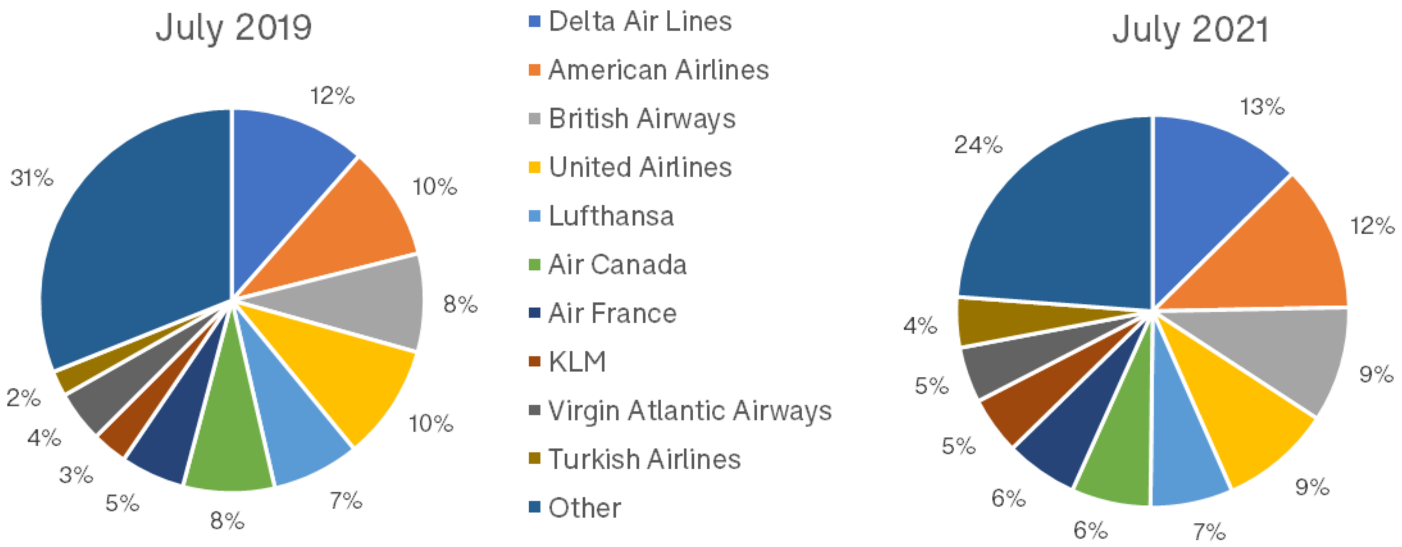
TRANSATLANTIC CAPACITY

July 2021 vs July 2019

- 35% fewer airline seats in schedule for July 2021 vs July 2019
- Top 10 carriers increased share from 69% to 76% as a quarter of airlines no longer operating
- Changing fleet composition
  - 39% of BA seats in July 2019 were on 747s, but they are gone
  - July 2021 sees 12% of BA seats on A350s (0% in 2019) and 32% on 781/788/789 aircraft (up from 6%)
  - AA has stopped using A330/757/767 on these routes, and increased 788/789 share
  - LH has stopped using 340/380 types



North America – Western Europe Scheduled Capacity July 2019 vs July 2021		
11.3m	Seats	7.4m
49	Airlines	38
69%	Top 10 share	76%

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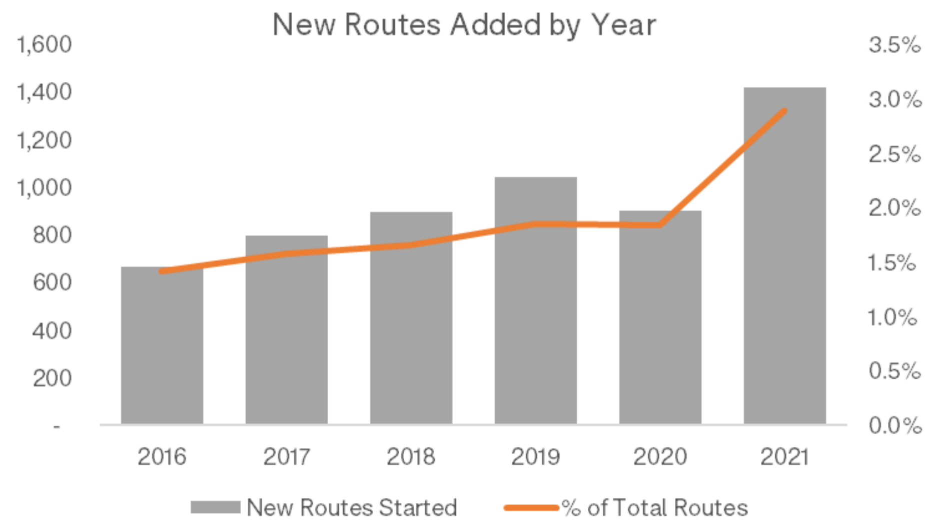
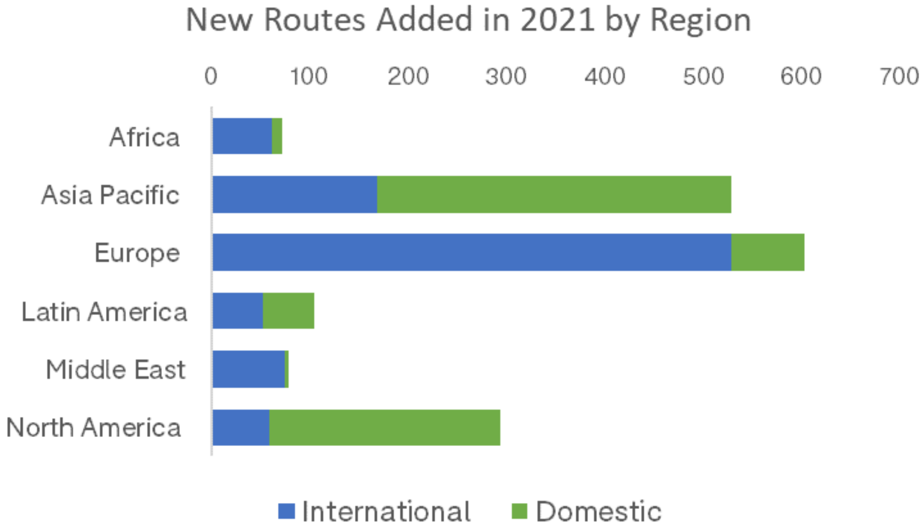
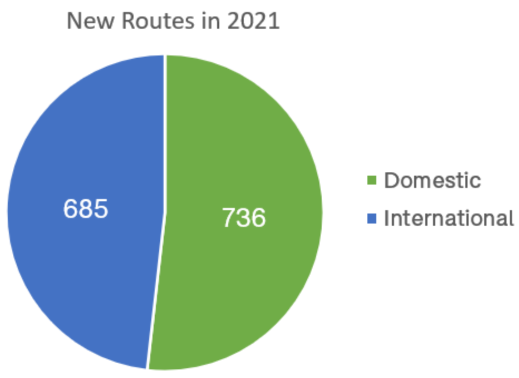
NETWORK EXPERIMENTATION
New routes continue to be launched

- Over 1,400 new routes* launched in 2021, the highest for a number of years – reflecting the current uncertainty
- Largest amount of routes added is in Europe, with 360 new international routes operating within Europe. Over half of these (244) are operated by LCCs. Wizz have launched 74 new routes in 2021.
- The majority of other new routes are operating in the big global domestic markets in China and the USA.
- There are 210 new domestic routes in China in 2021, and 235 in the USA







*Defined as routes that have not operated in the last 10 years, and have more than 26 flights scheduled in 2021

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NETWORK EXPERIMENTATION
How airlines are trying new routes

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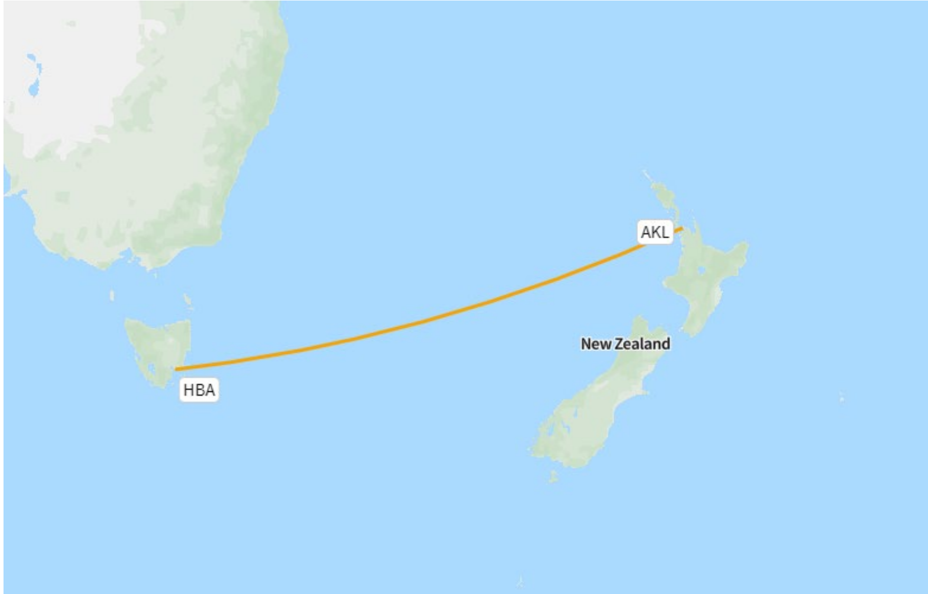
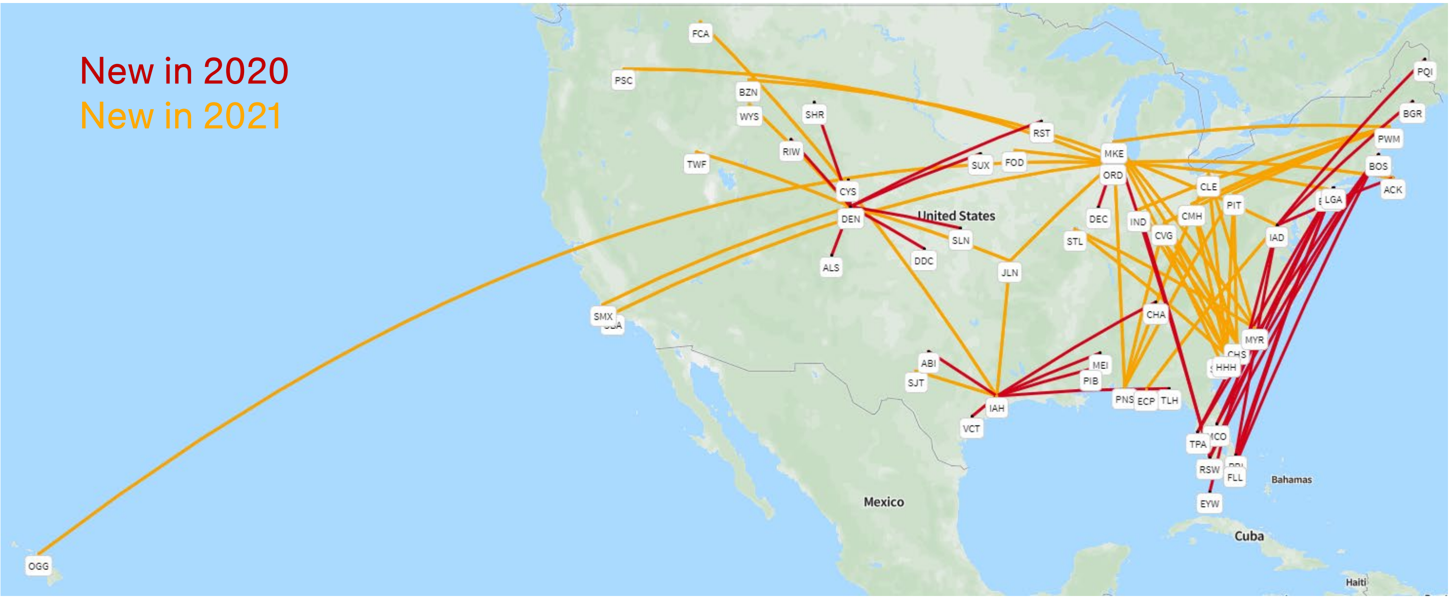
- **Air New Zealand** announced Auckland-Hobart, the first time this route has had scheduled air service.
- 2019 passenger traffic was about 10,500 passengers each way

- **United Airlines** added 31 new domestic routes (>3,000 seats) in 2020 - strong Florida focus
- 39 new routes being operated by United Airlines in 2021 (>3,000 seats in 2021) which have not been operated previously by the airline





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NETWORK EXPERIMENTATION
How airlines are trying new routes

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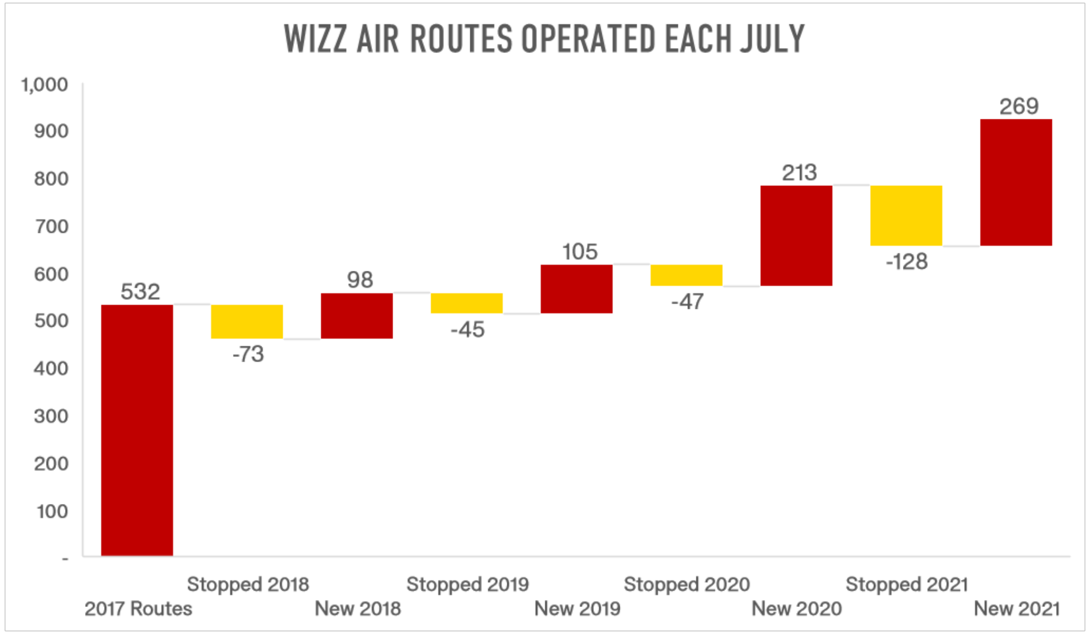
- Huge network churn at Wizz Air – July 2021 sees 128 routes that were flown in July 2020 dropped but 269 new routes added
- Wizz Air launched base in Oslo, Norway



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TASMAN BUBBLE
From 19th April

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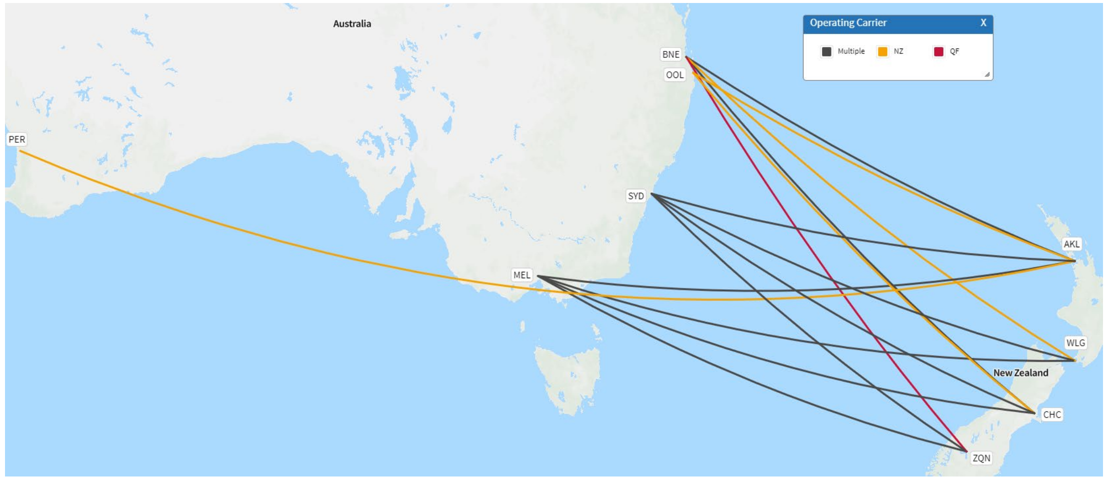
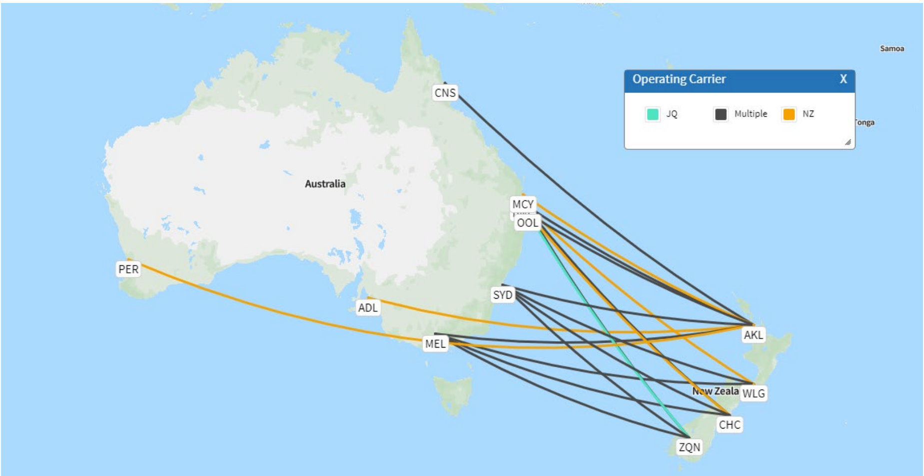


Routes Week of 19th-25rd April 2021



Routes July 2021

- Virgin Australia not participating

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WHERE WILL AUSTRALIA/NEW ZEALAND OUTBOUND TRAVEL GO NOW?

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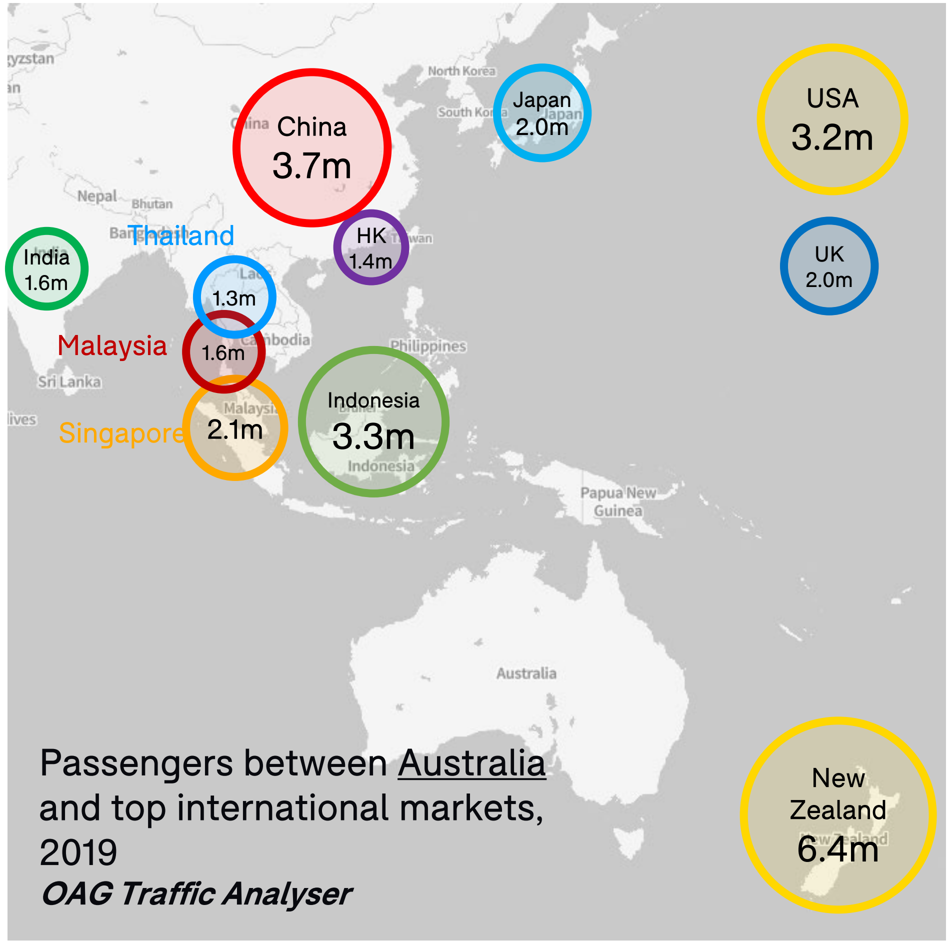

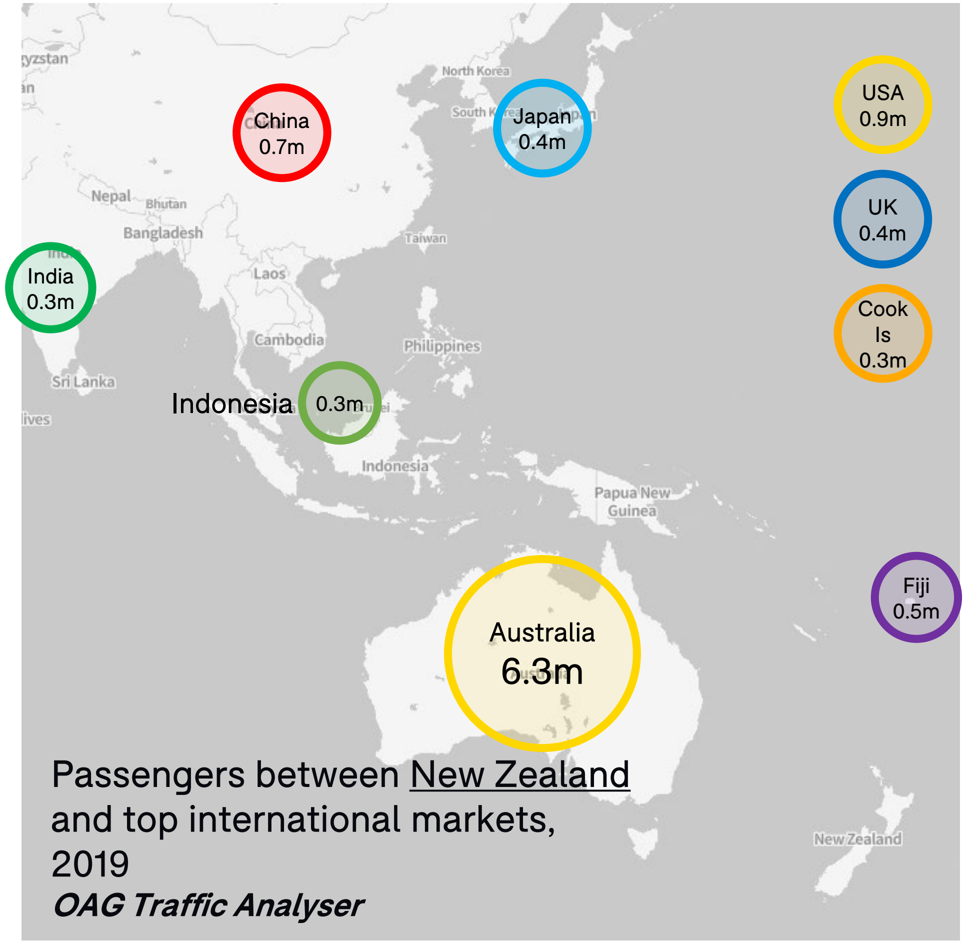

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WILL AUSTRALIA - CHINA TRAFFIC RETURN?

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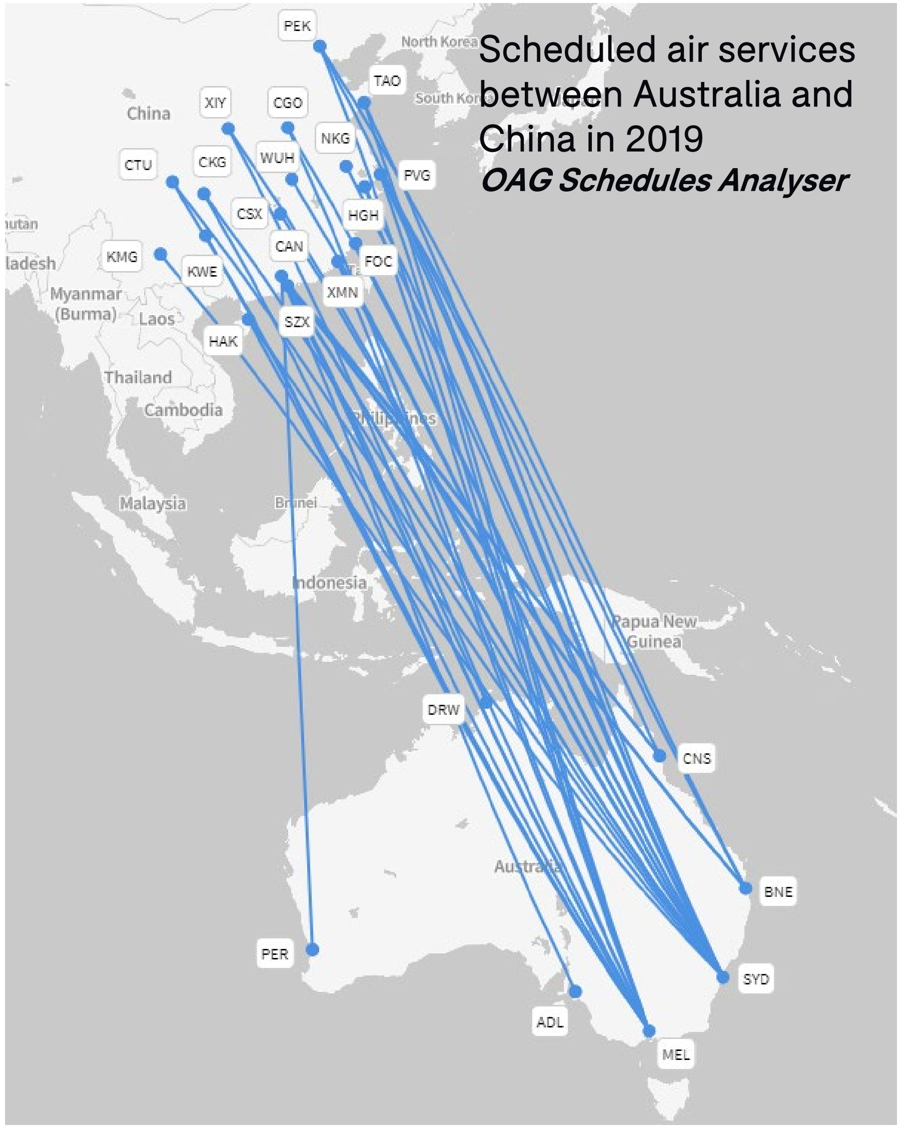
- In 2019, there were 4.4m scheduled seats between China and Australia, and 16,500 flights
- 91% of capacity was operated by 9 Chinese carriers
- 40 unique airport pairs
- PVG-SYD alone had 2,000 flights and over 500,000 seats
- In April 2021 there are just 3 Chinese airlines flying 56 flights and 19,000 seats
- There are about 1.2m people living in Australia with Chinese ancestry, or 5.6% of the population



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MANAGE THE IMPACT

OAG RECOMMENDS

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

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