

COVID-19

Air cargo market outlook

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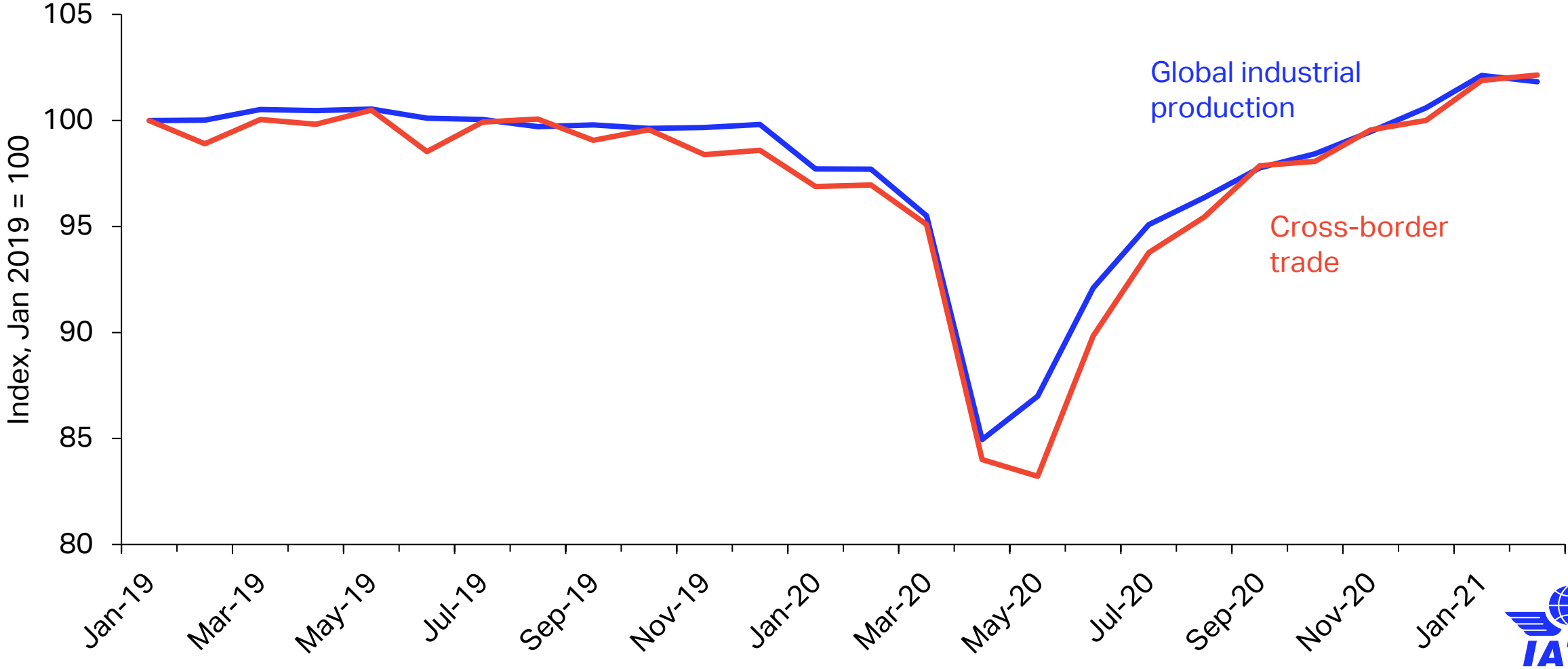
11th May 2021



Strong global economic rebound positive for air cargo

'V-shaped' recovery increasing demand for air cargo services

Global industrial production and cross-border trade, indexed

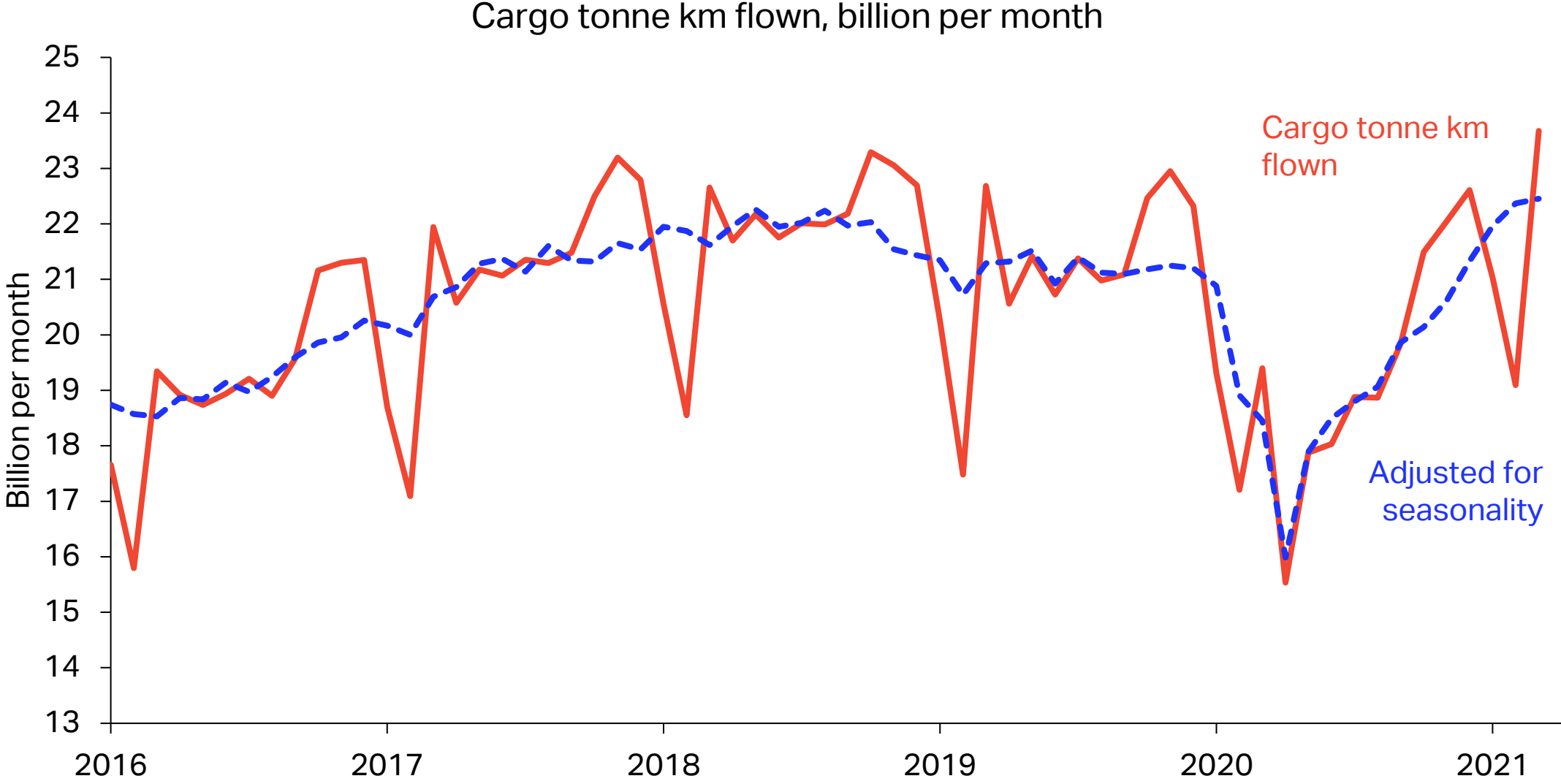


Source: IATA Economics using data from Netherlands CPB



Record high for air cargo tonne km flown in March

Cargo tonne km (CTKs) flown rise 4.4% above pre-crisis March 2019 level

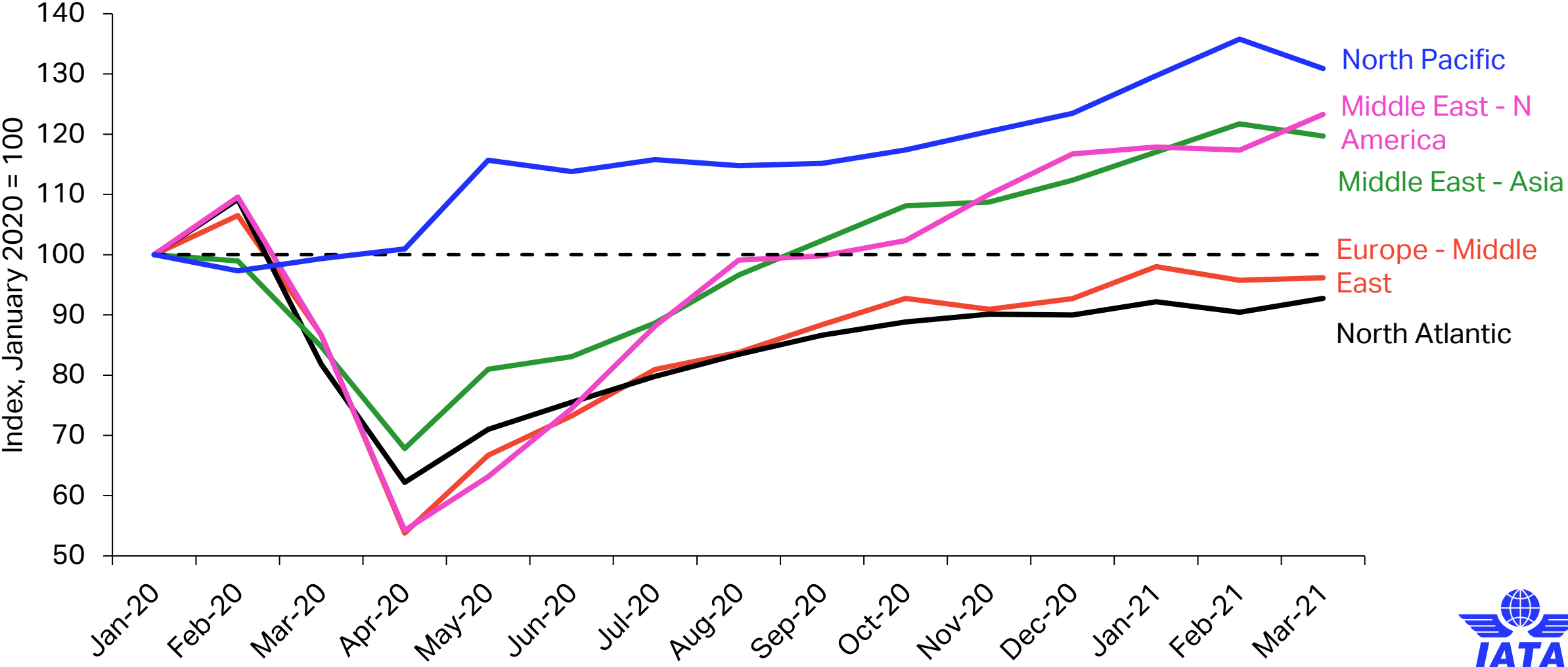


Source: IATA Economics using data from IATA Monthly Statistics

But cargo performance differs widely by trade lane

Segments across Pacific and Middle East hubs seeing strongest growth

Cargo tonne km flown by major trade lane, segment basis

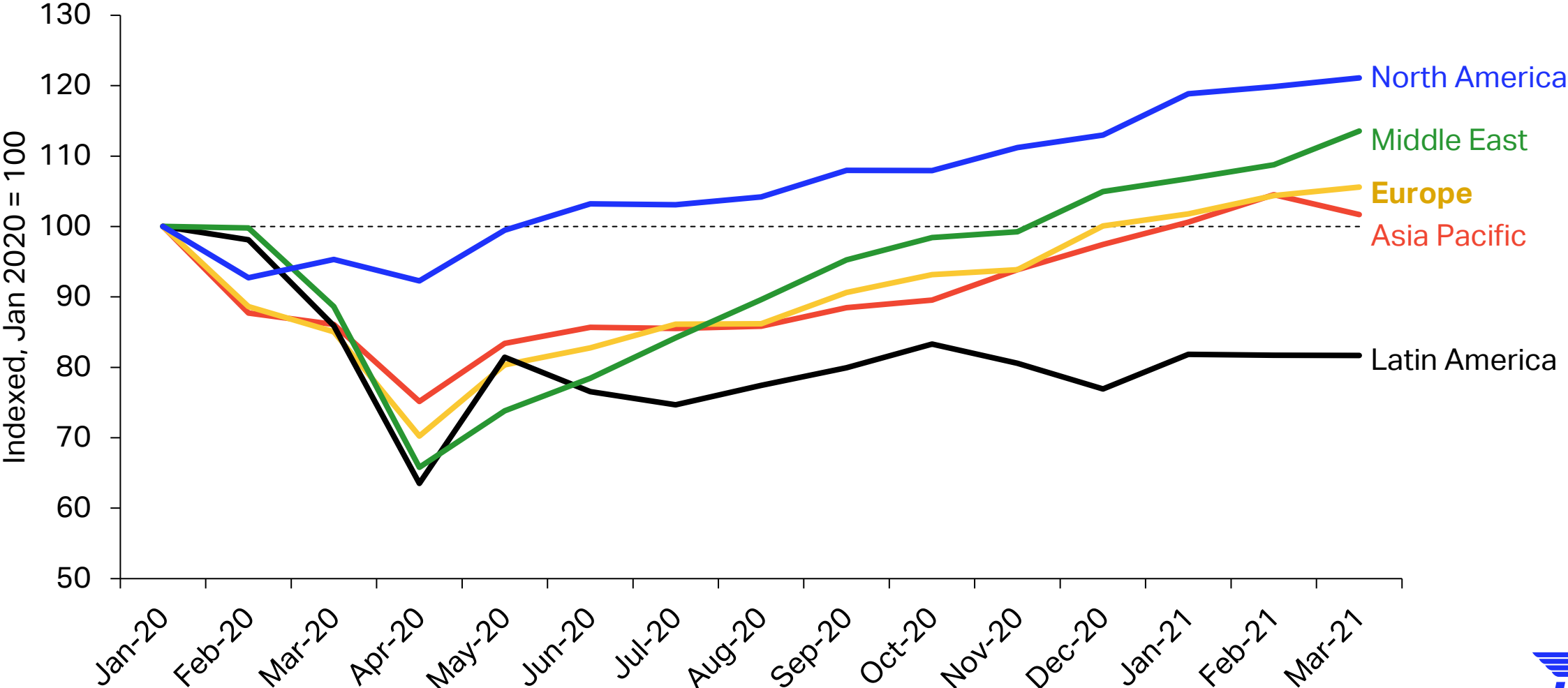


Source: IATA Economics using data from IATA Monthly Statistics

Airline performance depending on trade lane exposure

N American airlines strong growth in air cargo, in contrast to L America

International cargo tonne km flown, seasonally adjusted

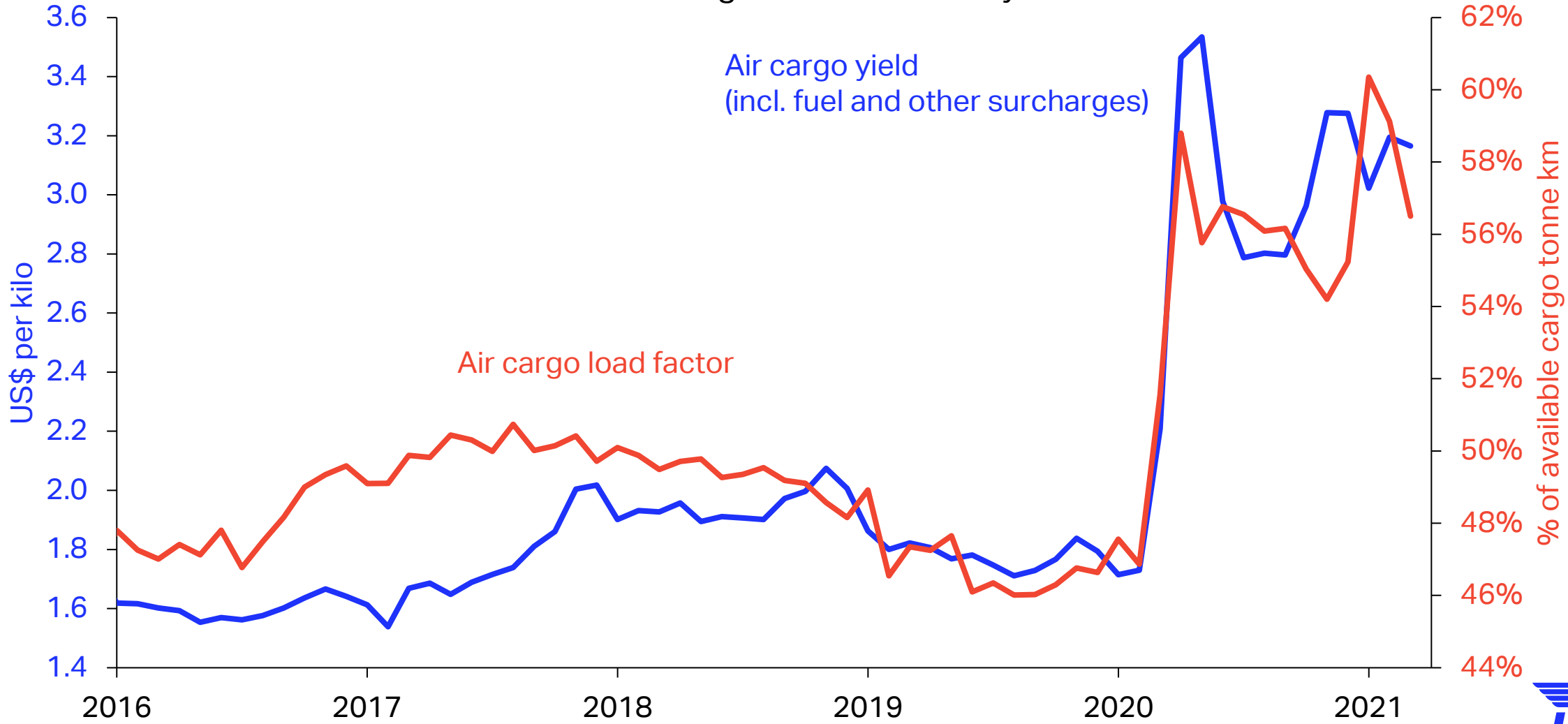


Source: IATA Economics using data from IATA Monthly Statistics

Yields and loads elevated due to capacity shortage

Load factors around 10% points and yields 50% higher than normal

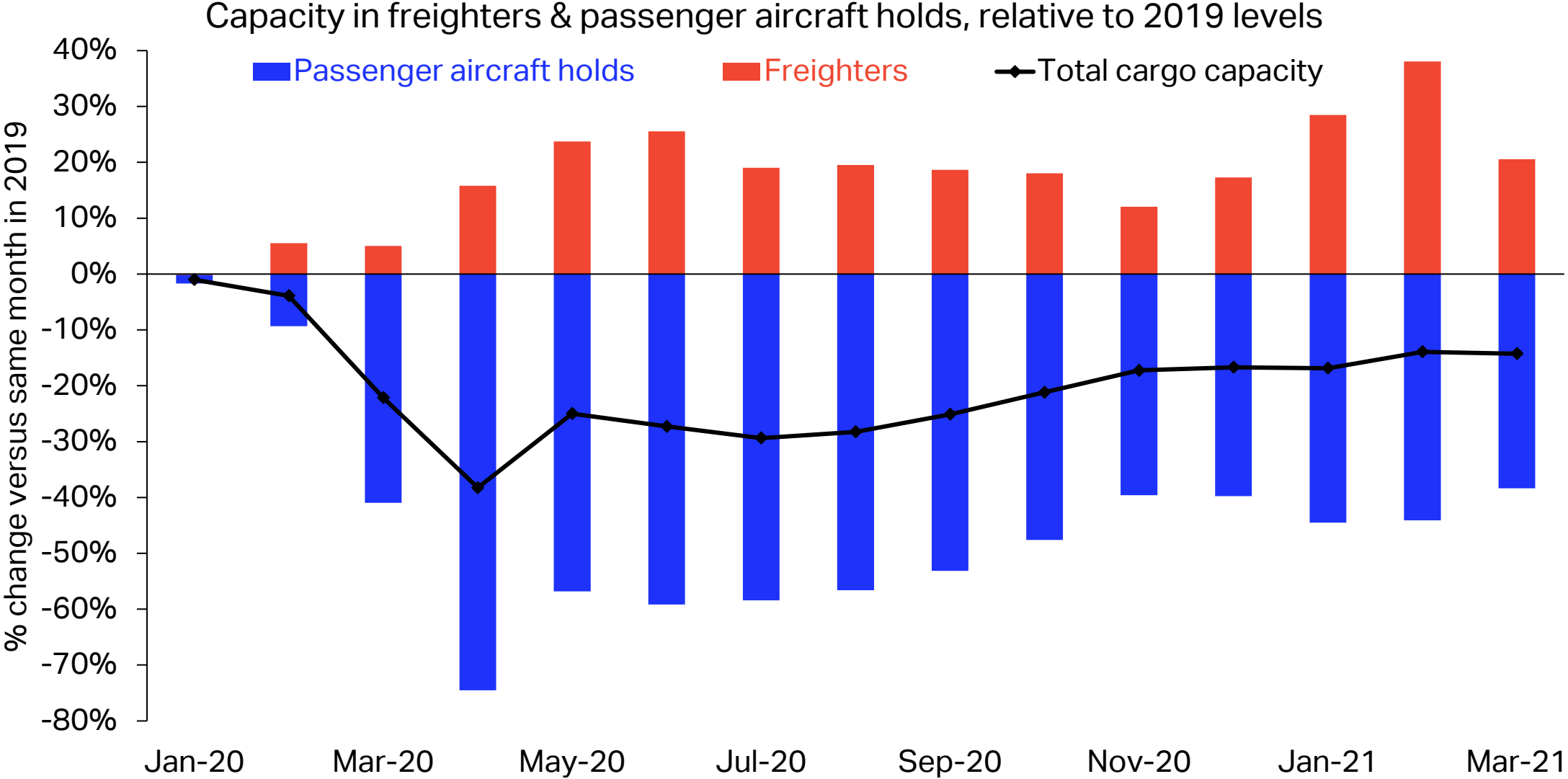
Global air cargo load factor and yield



Source: IATA Economics using data from IATA Monthly Statistics and CargoS

Cargo capacity shortage due to lack of passenger aircraft

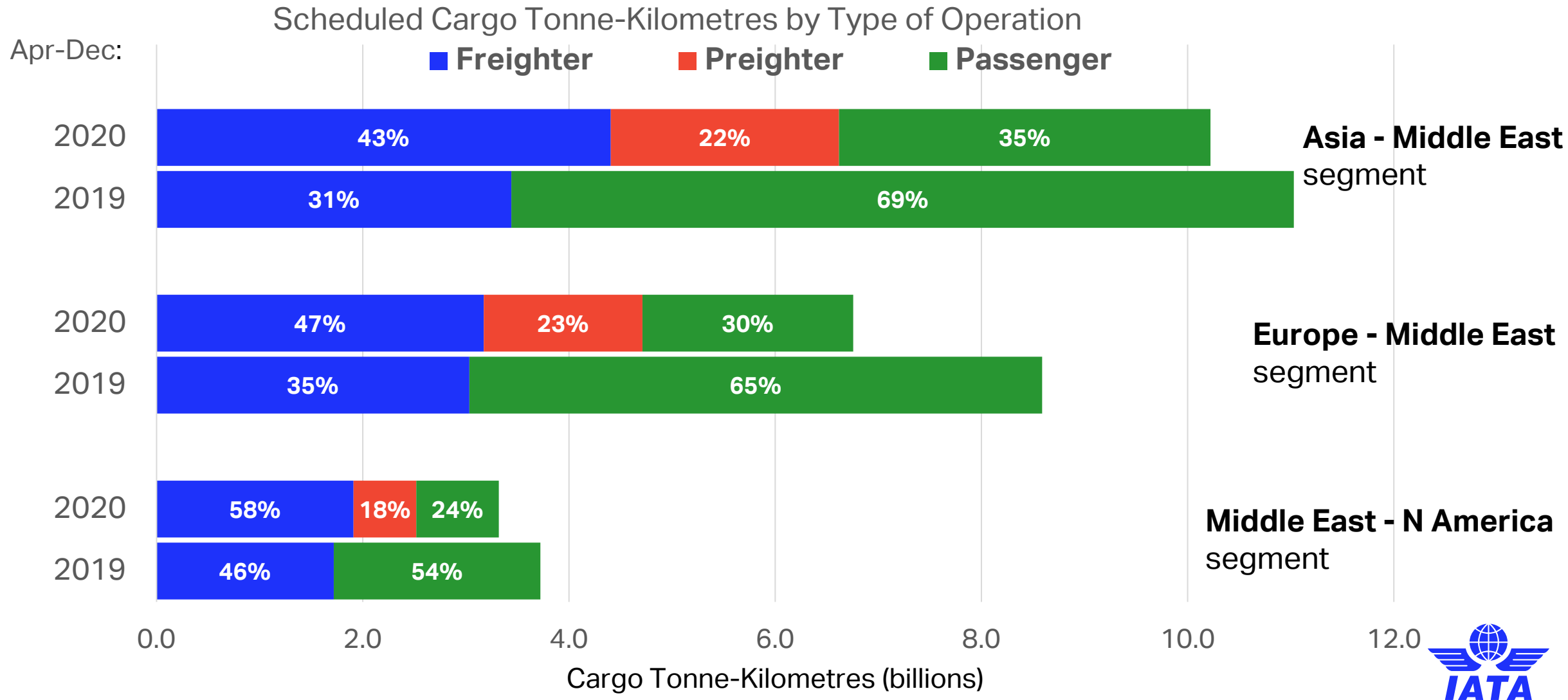
Capacity still 14% down on 2019, despite strong growth of freighters



Source: IATA Economics using data from IATA Monthly Statistics

'Preighters' have played important role on some markets

More than one fifth of cargo carried by preighters on top ME trade lanes



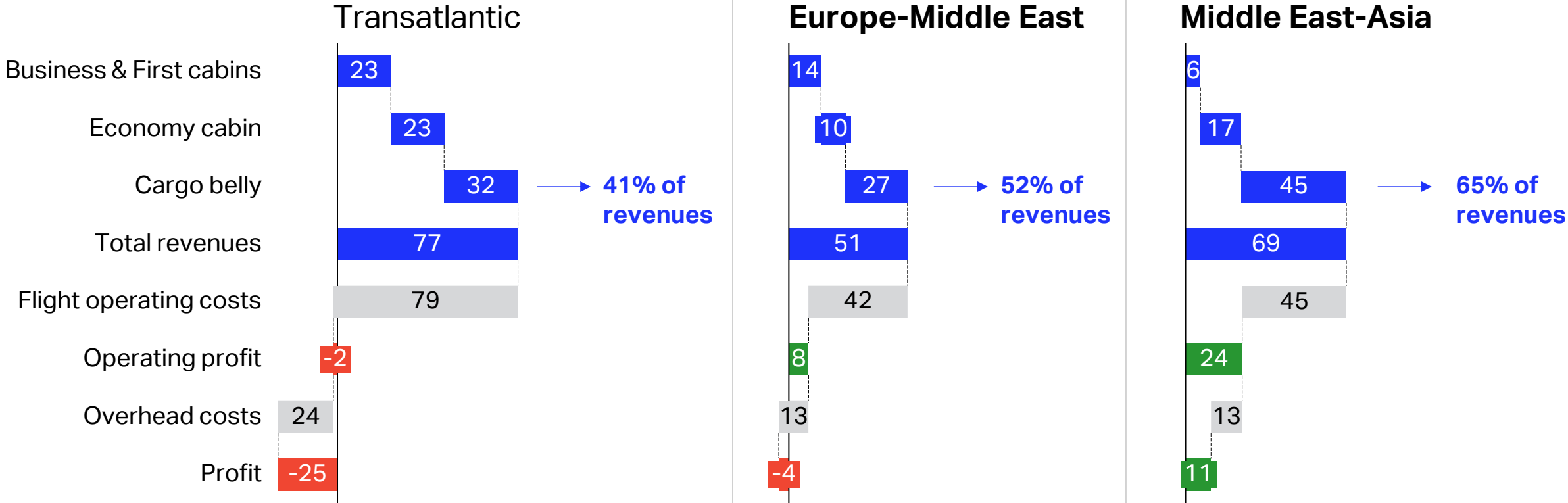
Source: IATA Economics using data from IATA Monthly Statistics

Cargo has kept some long-haul services cash positive

Strong cargo replaced loss of high yield passengers on some markets

Estimated economics of an average B777-300 operation on different route areas in Mar-Aug 2020, (USD '000s)

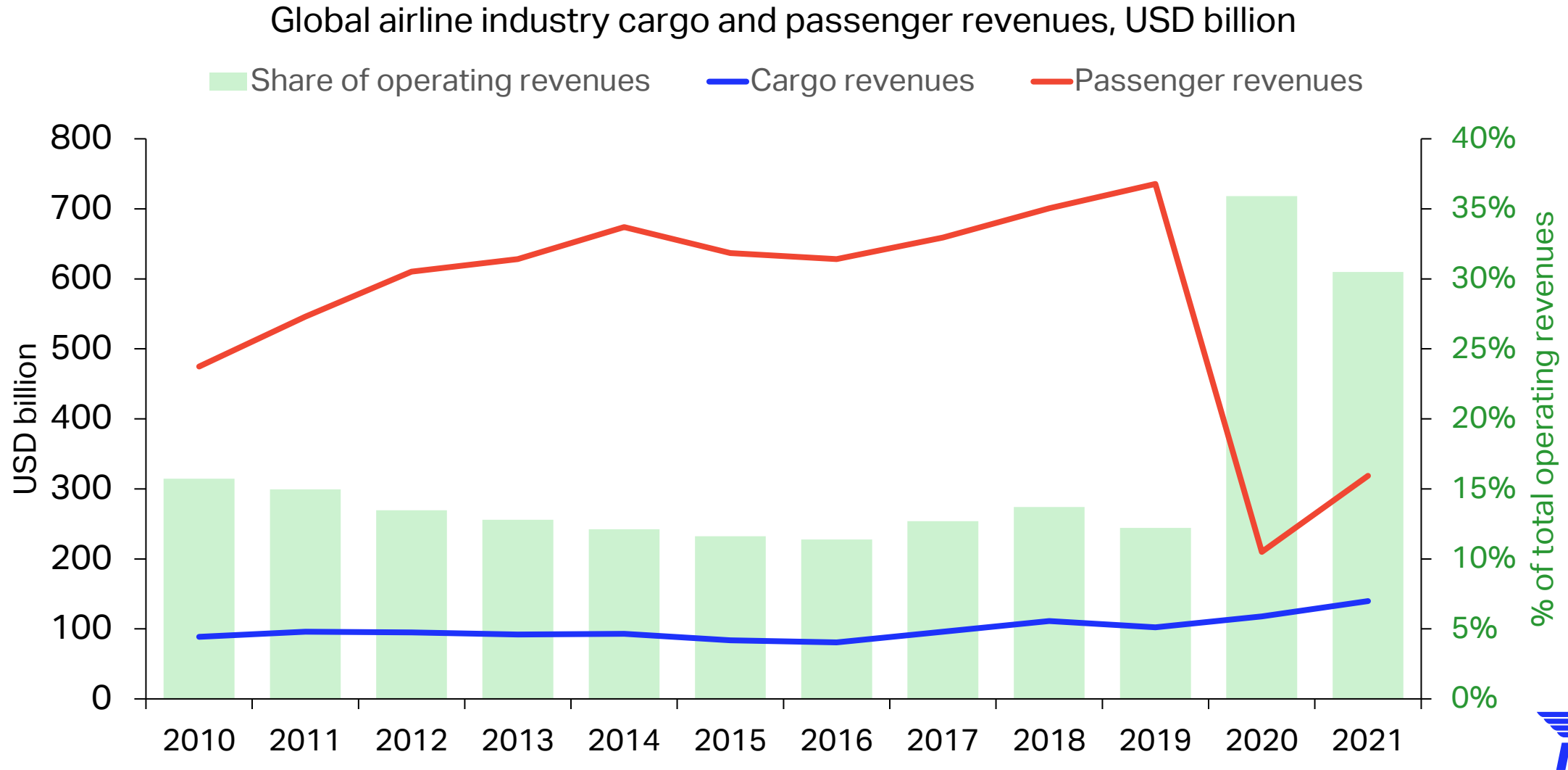
■ Revenues ■ Profit
■ Costs ■ Loss



Source: IATA Economics analysis based on data from SRS, DDS, ACMG, Cargo IS, IATA Statistics, Platts

Cargo is now one-third of the typical airline business

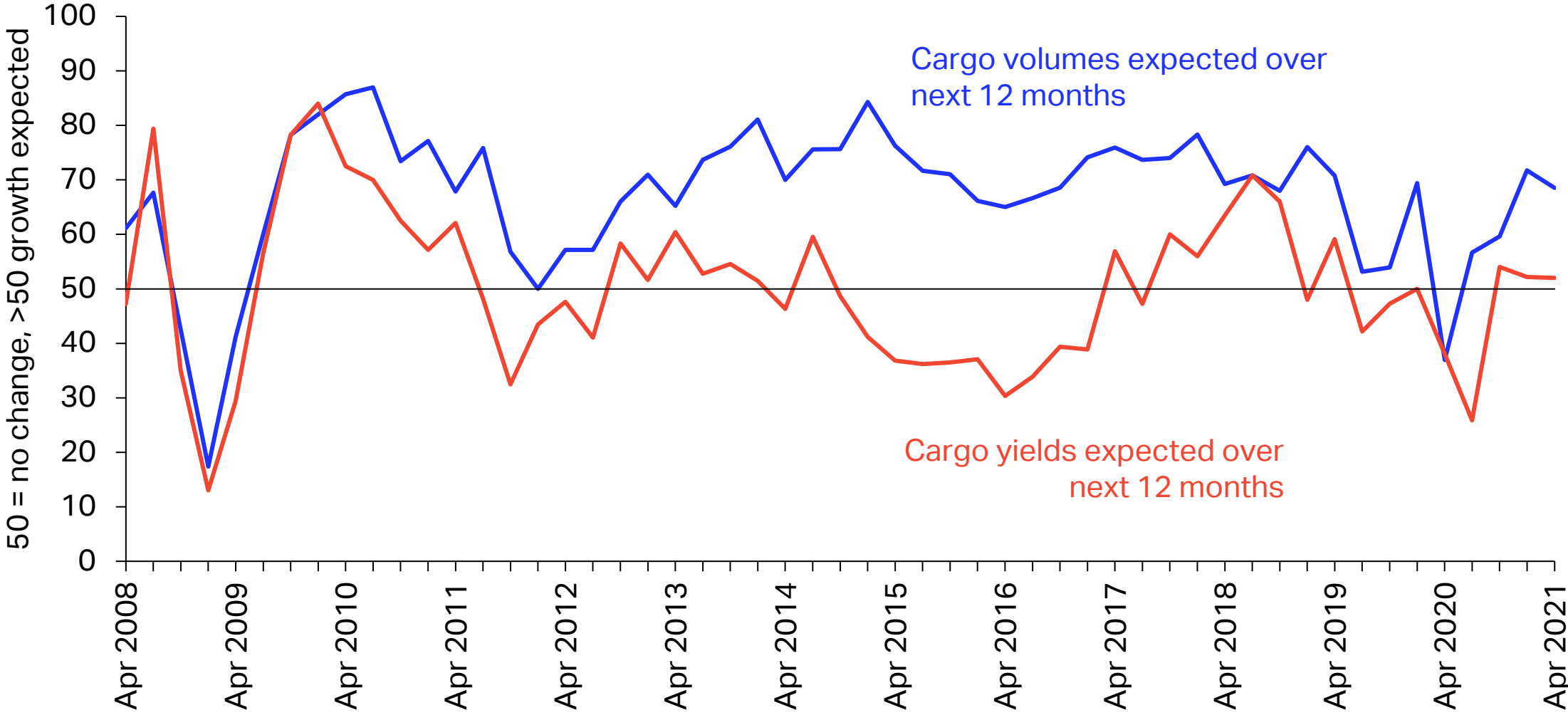
In the past air cargo was marginal at 10-15% revenues. 30% in 2021.



Airline heads of cargo positive about next 12 months

IATA survey shows growth expected in cargo volumes & stable yields

Heads of cargo responses to quarterly survey

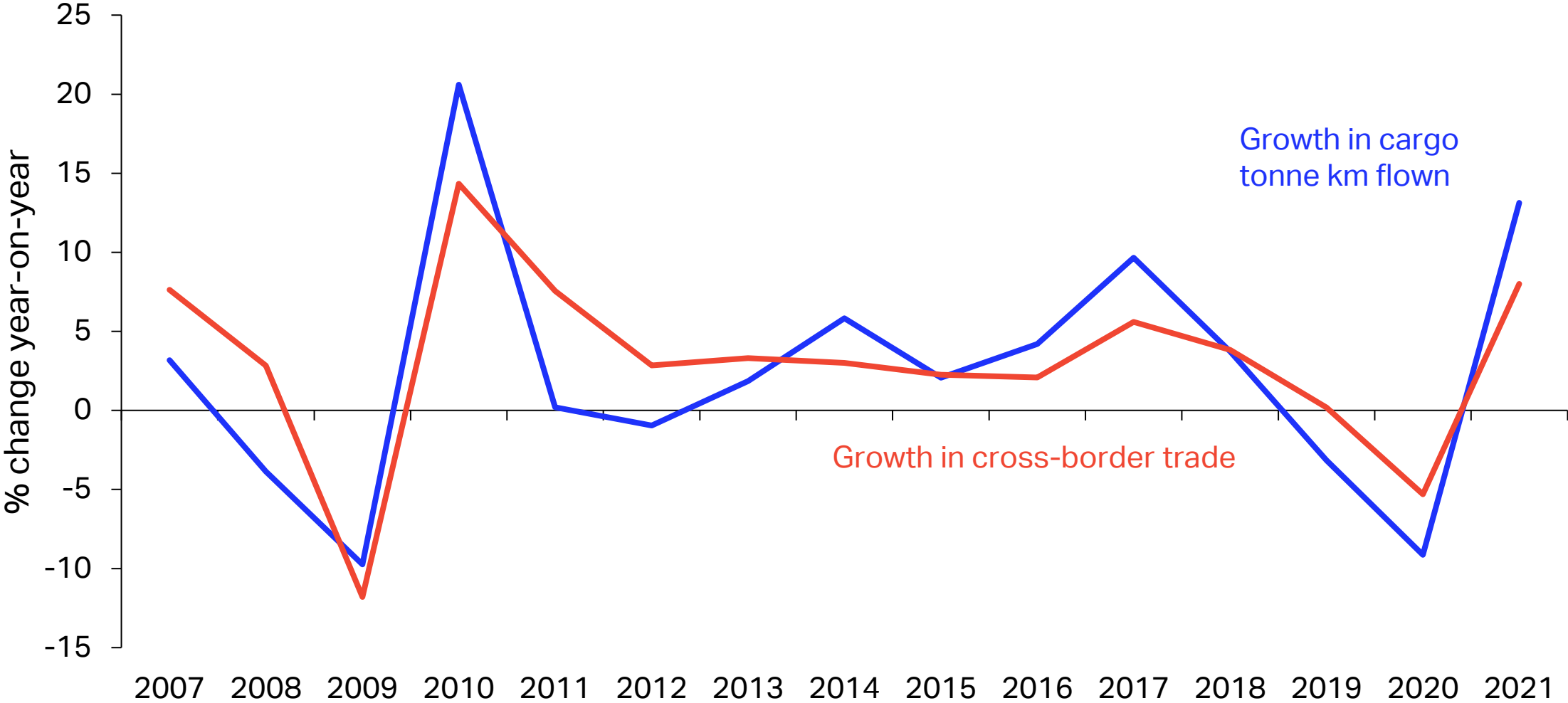


Source: IATA Economics using data from IATA quarterly Airlines Business Confidence survey

Air cargo expected to gain share of cross-border trade

CTKs forecast to grow 13.1% in 2021 vs. 8% world or cross-border trade

Growth in cross-border trade and air cargo tonne km



Source: IATA Economics Airlines Financial Forecast update, April 2021

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