Airline Industry Update and Outlook

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Global GDP growth slows sharply in 2022 and 2023

Source: Oxford Economics
Rates and jobs are **GDP-Positives**

Rising real rates but still mostly negative

Change in unemployment rate for OECD countries, Sep 2022 compared with Feb 2020, percentage points

Source: IMF World Economic Outlook, October 2022; Unemployment Rates, OECD - Updated: November 2022.
Oil and USD are **GDP-Negatives**

Jet fuel price and crude oil price

USD per barrel

Real broad dollar index

USD Index, real

Source: IATA Economics using data from Platts.

6 December 2022
Recovery remains on track despite headwinds
RPKs are currently 74% of 2019 level, trailing CTKs at nearly 94%

Source: IATA Monthly Statistics
Global demand for air travel remains solid
With international catching up with domestic traffic

Bookings by purchase date, year-on-year vs 2019, 7-day

Source: IATA Economics based on data from DDS
Risks are skewed to the downside
Industry recovers to 2019 in 2024

Source: IATA/Tourism Economics Air Passenger Forecasts
Asia Pacific lags in the regional recovery
North America leads

Source: IATA/Tourism Economics Air Passenger Forecasts
Financial performance improves strongly
With the industry returning to profitability in 2023

Airline industry net profits and EBIT margin

Net post-tax profit

EBIT margin

USD billion

Source: IATA Economics.

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Industry revenue is rising

With cargo revenue moderating but higher than in 2019

Source: IATA Economics.

10  6 December 2022
North America likely only profitable region in 2022
To be joined by Europe and the Middle East in 2023

### Net profit margin (% revenue)

<table>
<thead>
<tr>
<th>Region</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
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<tbody>
<tr>
<td>N America</td>
<td>-60%</td>
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<tr>
<td>Europe</td>
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Source: IATA Economics.

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Total load factor is trending up towards breakeven.

Cargo load factor eases on added belly capacity.
Connectivity is being restored
Though frequency (capacity) will take longer to recover

Unique city-pairs and real transport costs

Source: IATA Economics.

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