COVID-19
Outlook for airlines’ cash burn

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Financial markets pessimistic about airlines’ cash burn
Airline share prices remain 40% down, yet equity market has recovered

Worldwide share prices, airlines and all sectors

Indexed to equal 100 in January 2019

Source: IATA Economics using data from Refinitive Datastream
Airlines have been kept on life support with $160bn aid from government and another $20bn from suppliers.

Government aid made available to airlines due to COVID-19, by type (USD bn)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount (USD bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct aid (subsidies, loans, equity, cash injection)</td>
<td>99.7</td>
</tr>
<tr>
<td>Wage subsidies</td>
<td>40.1</td>
</tr>
<tr>
<td>Corporate taxation</td>
<td>12.0</td>
</tr>
<tr>
<td>Industry taxation</td>
<td>9.5</td>
</tr>
<tr>
<td>Fuel charges</td>
<td>0.7</td>
</tr>
<tr>
<td>Total</td>
<td>161.9</td>
</tr>
</tbody>
</table>

Government support for wages is starting to end
The restart is not strong enough to prevent substantial job losses

Most wage subsidies are coming to an end…

End date of 36 wage subsidy programmes globally

- All wage subsidy programmes: 36
- Ending Q2 2020: 8
- Ending Q3 2020: 13
- Ending Q4 2020: 7
- Ending Q1 2021: 4
- Ending Q2 2021: 2
- Ending Q3 2021: 0
- Ending Q4 2021: 2

*includes programmes where information on end date available

Source: IATA Economics using public information and data from SRS Analyser, DDS, FlightRadar 24, TTBS, ACIC, Platts, Airline Analyst, annual reports. Government measure included up until 1 Oct 2020
Passenger revenues not expected to recover quickly
By year-end RPKs only 1/3 of normal levels and yields down sharply

Source: IATA Economics
Airlines unable to downsize fleet proportionately
Short-haul flying requires a higher proportion of the aircraft fleet

Source: IATA Economics analysis based on data from Cirium Ascend

Commercial airlines' fleet of jets and turboprops

In service

In storage

-23%

Source: IATA Economics analysis based on data from Cirium Ascend
The challenge is to downsize costs sufficiently. Many costs are hard to avoid as we saw in the 2020Q2 results.

Source: IATA Economics analysis based on data from the Airline Analyst.
Cash burn was probably at its greatest in 2020 Q2
Cash ($51bn) drained by unavoidable costs, debt interest and refunds

Airline industry cash burn estimate for 2nd quarter of 2020

Source: IATA Economics analysis
Cash burn continuing during 2020 H2 by $77bn
Revenues weak, Government aid diminishing, restructuring beginning

Airline industry cash burn forecast for 2nd half of 2020

Source: IATA Economics analysis
Even after large cash raise many airlines at risk
Median airline’s cash would last just 8.5 months at H2 rate of cash burn

Source: IATA Economics using data from the Airline Analyst
Airlines not expected to turn cash positive until 2022
Extended weakness of revenues will delay financial turnaround

Airline industry quarterly cash burn forecast

Source: IATA Economics analysis