COVID 19 Impact on European Aviation

EUROCONTROL Comprehensive Assessment

EUROCONTROL

Thursday 25 February 2021

HEADLINES (for Wed 24 February):

- **9,559** flights (35% of 2019 levels)
- **-66%** of 2019 (7-day rolling average)
- Some growth trends over the last 2 weeks (24 Feb Vs 10 Feb):
  - February traffic slightly increasing with Network +6% (+563 flights)
  - for DHL Express (+20%)
  - in Germany (+22% - driven by domestic)
- All-Cargo (+7% vs 2019) with 4 freight aircraft operators in the top 30.
- LCCs Carriers -87% vs 2019 – most outside the top 10 (Ryanair 18th, easyJet 32nd, Wizz Air 41st).

AIRCRAFT OPERATORS:

Top 10 Aircraft Operators on Wed 24-02-2021

Aircraft Operator	Dep/Arr Flights	% over 2 weeks	% vs 2019
TURKISH AIRLINES	586	→ +0%	↓ -52%
AIR FRANCE	341	↓ -8%	↓ -68%
WIDEROE	321	↑ +2%	↓ -12%
DHL EXPRESS	285	↑ +20%	↑ +6%
PEGASUS HAVA TASI.	242	↓ -0%	↓ -41%
KLM ROYAL DUTCH AIRL	207	↓ -2%	↓ -69%
DEUTSCHE LUFTHANSA	185	↑ +6%	↓ -88%
QATAR AIRWAYS COMP.	175	↑ +2%	↓ -27%
SCANDINAVIAN AIRLINES SYSTEM	123	↑ +13%	↓ -86%
BRISTOW NORWAY AS	114	↑ +6%	↑ +33%

AIRPORTS:

Top 10 Airports on Wed 24-02-2021

Airport	Dep/Arr Flights on 24-02-2021	Δ over 2 weeks	% over 2 weeks
IGA Istanbul Airport	496	↑ 2	→ +0%
Paris/Charles-De-Gaulle	424	↓ -18	↓ -4%
Amsterdam	387	↑ 1	→ +0%
Frankfurt	361	↓ -12	↓ -3%
Istanbul/Sabiha Gokcen	327	↓ -9	↓ -3%
Madrid/Barajas	326	↓ -25	↓ -7%
London/Heathrow	260	↓ -19	↓ -7%
Leipzig/Halle	227	↑ 79	↑ +53%
Oslo/Gardermoen	195	↑ 10	↑ +5%
Cologne/Bonn	191	↓ -17	↓ -8%

STATES:

Top 10 States on Wed 24-02-2021

State	Dep/Arr Flights on 24-02-2021	Δ over 2 weeks	% over 2 weeks
Germany	1631	↑ 295	↑ +22%
France	1531	↑ 40	↑ +3%
Turkey	1117	↑ 17	↑ +2%
Spain	940	↑ 30	↑ +3%
United Kingdom	929	↑ 3	→ +0%
Norway	789	↑ 23	↑ +3%
Italy	728	↑ 107	↑ +17%
Netherlands	486	↑ 17	↑ +4%
Switzerland	330	↑ 75	↑ +29%
Belgium	327	↓ -34	↓ -9%

PASSENGERS (12 Feb 2021):

- 1.1 million pax
- -4.8 million vs 2019 (-82%)

Source : ACI

TOP TRAFFIC FLOWS WITH EUROPE:

- **"Middle-East"** (495 flights, +2%)
- **"North-Atlantic"** (407 flights,+0%)
- **"Asia/Pacific"** (370 flights, -14%)

EUROPEAN DOMESTIC FLOWS:

- Increase over 2 weeks for:
  - **Germany** (+63%)
  - **Italy** (+20%)
  - **France** (+12%)

FUEL PRICE:

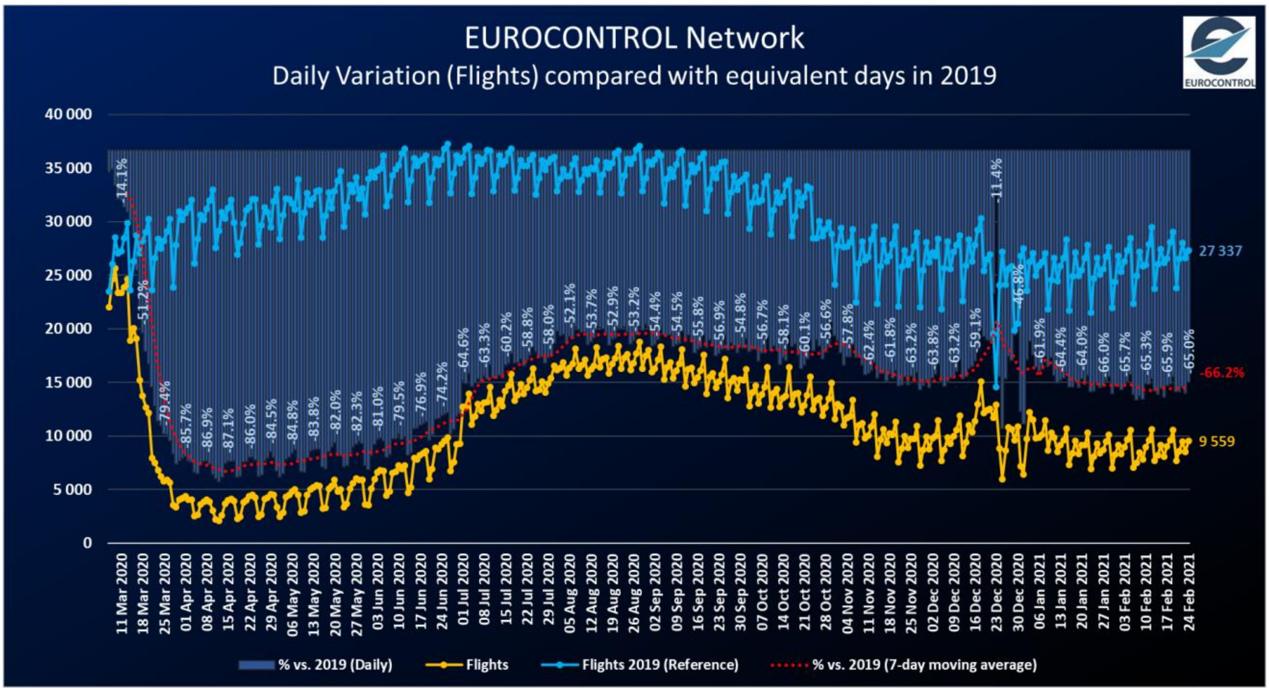
161 cts/gal ↑

WORLDWIDE DOMESTIC FLOWS:

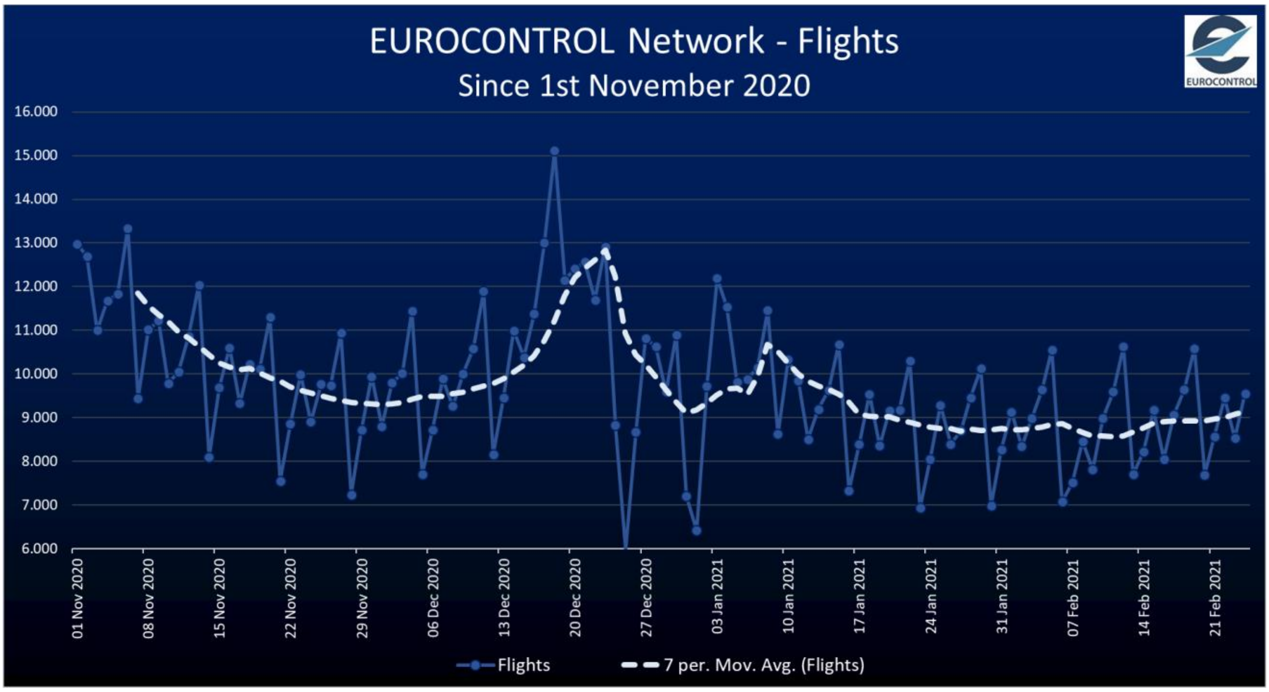
- Intra-Europe (-67% →)
- China (-24% ↑)
- US (-51% ↓)

1. Traffic Situation and Airlines Recovery

- The network recorded 9,559 flights on Wednesday 24 February (+6% with +563 flights compared to Wednesday 10 February). This is 35% of 2019 traffic levels. Based on a 7-day moving average, the decrease is -66% compared to 2019.



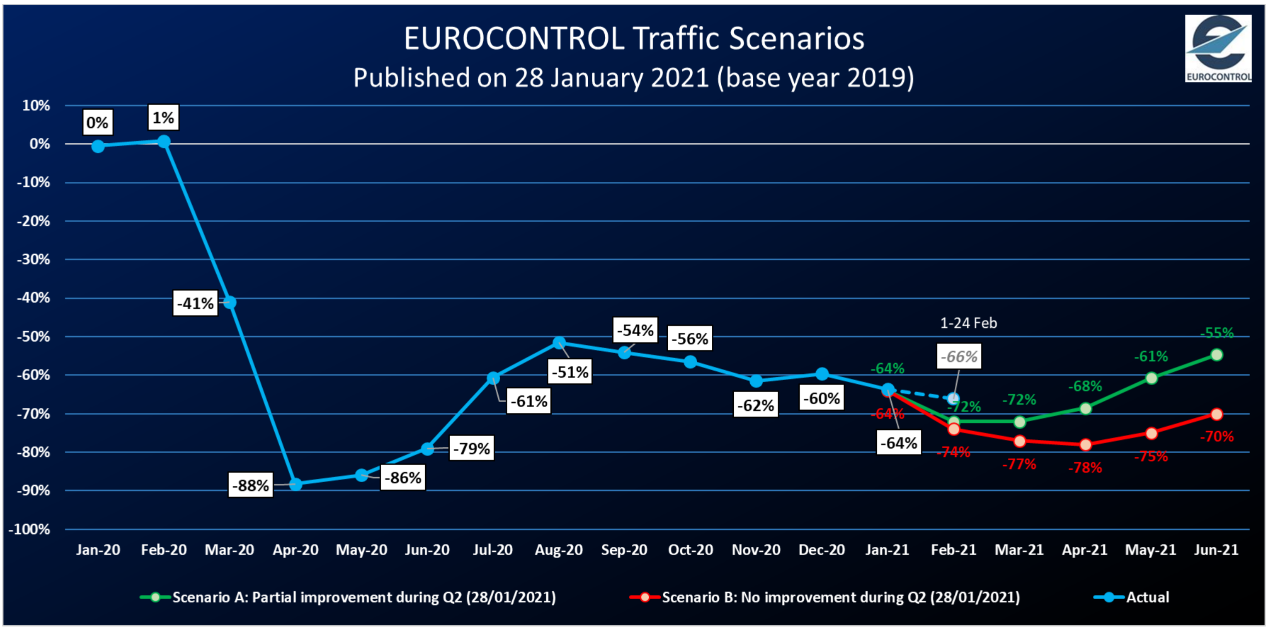
- After having reached a minimum, the traffic has stabilized at network level and is showing a positive trend over the last week.



Overall situation against EUROCONTROL traffic scenarios:

- **Over the first 24 days of February, traffic is -66% compared to the same days in 2019**.

  This is slightly above the latest EUROCONTROL traffic scenarios published on 28 January 2021, mainly due to a very active cargo traffic as well as slightly higher operations for top airlines than anticipated (Note that a significant proportion of flight operations for some of the largest airlines are actually non-commercial, i.e. training flights and circular flights to maintain pilot ratings).

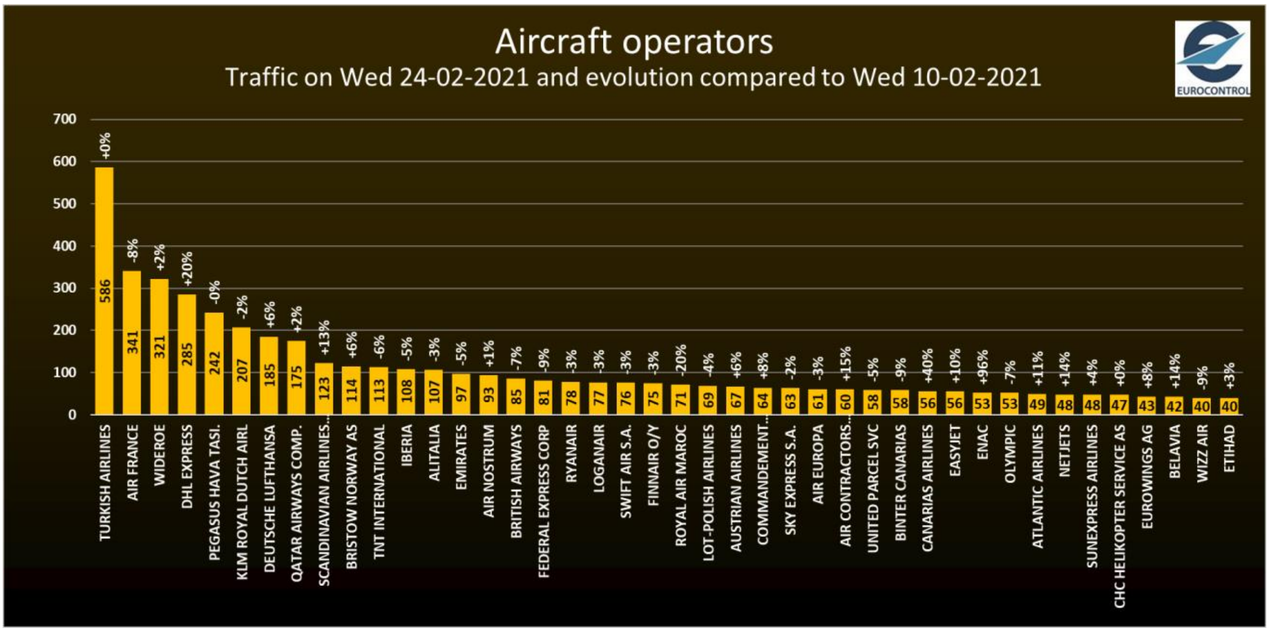


European Airlines:

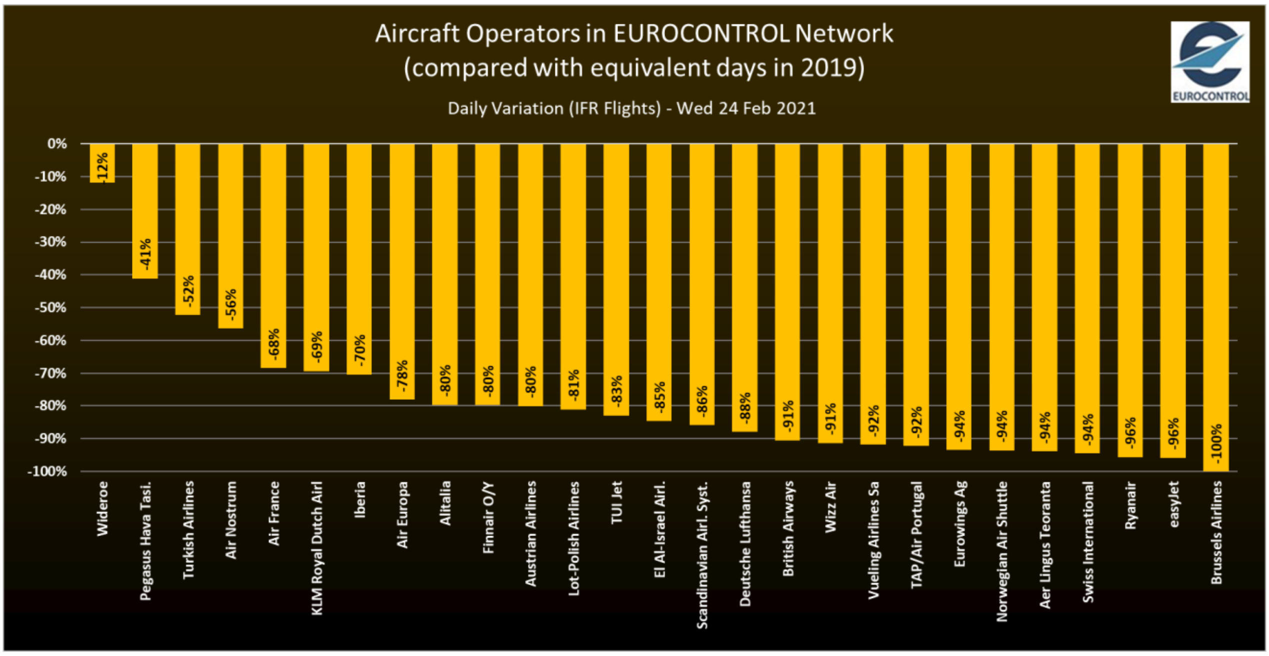
- **Turkish Airlines** was the airline with the highest number of flights (586 flights) on Wednesday 24 February, increasing by +0% compared to Wednesday 10 February (+2 flights), followed by **Air France** (341 flights, -8%, -29 flights), **Widerøe** (321, +2%, +5), **DHL Express** (285, +20%, +48), **Pegasus** (242, -0%, -1), **KLM** (207, -2%, -4), **Lufthansa** (185, +6%, +11), **Qatar** (175, +2%, +4) and **SAS** (123, +13%, +14).

  Yesterday, **British Airways** was ranked **16th** (85 flights, -7%), **Ryanair** was **18th** (78 flights, -3%), **easyJet** was **32nd** (56 flights, +10%) and **Wizz Air** was **41st** (40 flights, -9%).

- Compared to two weeks ago, the **airlines which increased the most** their capacity were **Canarias Airlines** (+16, +40%), **SAS** (+14, +13%) and **Lufthansa** (+11, +6%). **Airlines which decreased the most** were **Air France** (-29, -8%) and **Royal Air Maroc** (-18, -20%).



- Compared to 2019, Widerøe operated at -12% on Wednesday 24 February followed by Pegasus (-41%), Turkish Airlines (-52%), Air Nostrum (-56%), Air France (-68%), KLM (-69%), Iberia (-70%), Lufthansa (-88%), British Airways (-91%), Ryanair (-96%) and easyJet (-96%).



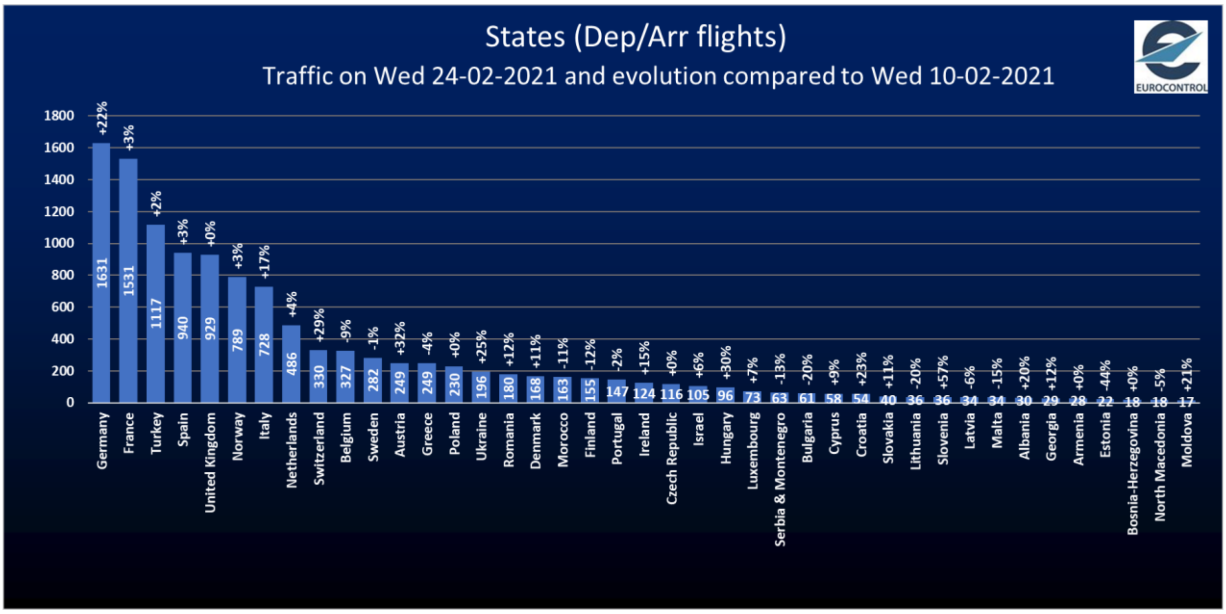
News from key European airlines:

- **Air France-KLM** reports revenue in 2020 down 59% and an operating loss of €4.6 billion; reports it decreased FTEs by 10% in 2020 to 76,900 and expects to decrease the number of FTEs by a further 6,000; its net debt in 2020 increased by €4.9 billion.
- **Air France** phasing out four 777-200ERs in favour of A350-900s.
- **El Al** further extending unpaid leave for 5,000 employees until the end of March; plans to make 1,600 staff redundant.
- **Finnair** reports revenue in 2020 down 73% and an operating loss of €465 million; states it has sufficient liquidity of the next 12 months even with ‘very few flights’.

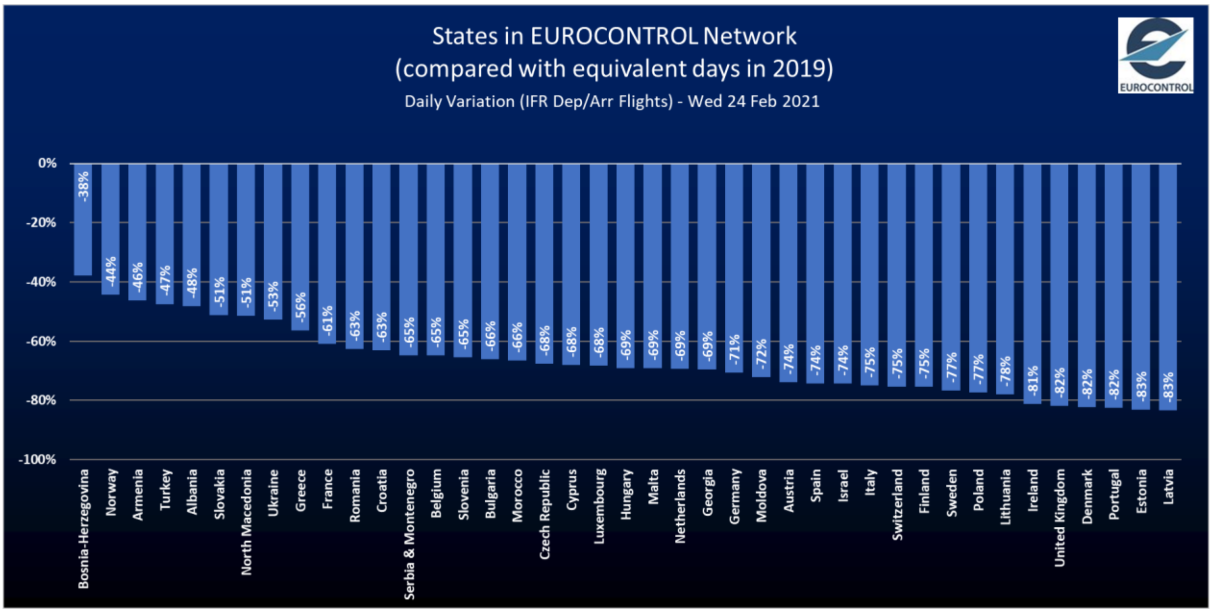
- **Lufthansa Group** CEO says it is considering decreasing the size of business class cabins and increasing premium economy.
- **TAP Air Portugal** stated that the carrier has an excess of 458 pilots.

States

- The top 8 busiest states[1] remained broadly stable. **Germany** was the State with the highest number of dep/arr flights with 1,631 flights on Wednesday 24 (+22% over 2 weeks) followed by **France** (1,531, +3%), **Turkey** (1,117, +2%), **Spain** (940, +3%), **UK** (929, +0%), **Norway** (789, +3%), **Italy** (728, +17%) and **the Netherlands** (486, +4%).



- Compared to 2019, Departure/Arrival traffic on Wednesday 24 February for the top 8 States was: **Norway** (-44%), **Turkey** (-47%), **France** (-61%), **Netherlands** (-69%), **Germany** (-71%), **Spain** (-74%), **Italy** (-75%) and **UK** (-82%).



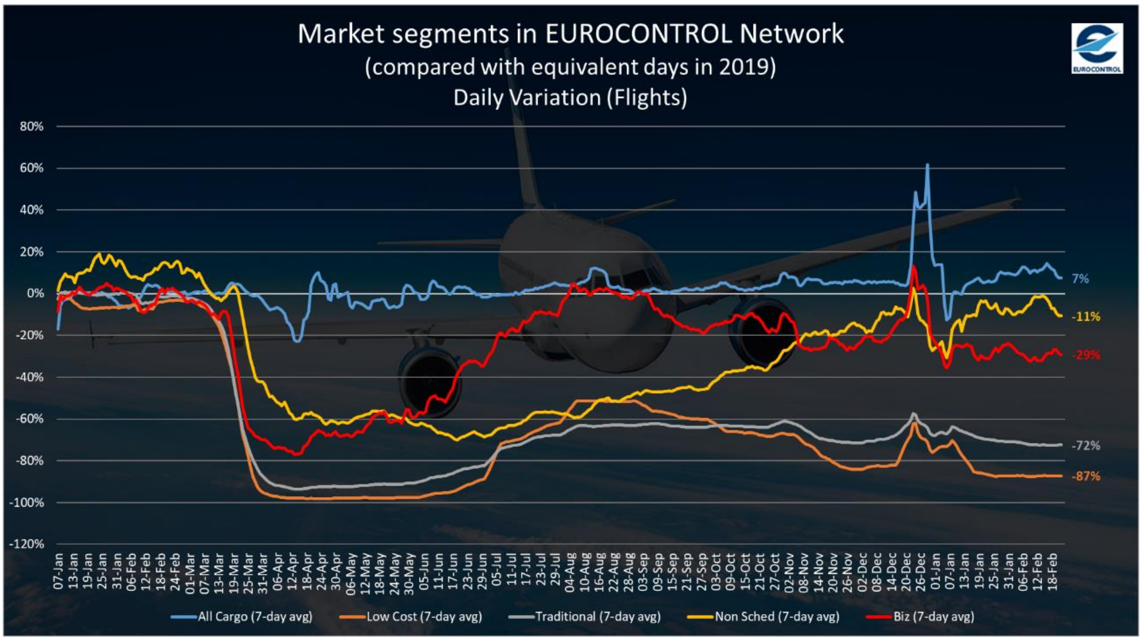
[1] excluding overflights.

News from States and industry:

- **Airbus** reports a net loss of €1.1 billion in 2020 (EBIT of €-510 million before adjustments of €-2.2 billion); targets 2021 deliveries at same level as in 2020 and an adjusted EBIT of €2 billion.
- **Boeing** recommends suspension of 777 aircraft powered by Pratt & Whitney 4000-112 engines; fan blades to be inspected by P&W using Thermal Acoustic Imaging.
- **China** reports that Chinese airlines saw passenger numbers decline by 37% in 2020 (domestic -30%, HK, Macau & Taiwan -91%, international -87%).
- **ENAIRE** states that it will reduce route charges by 11% in 2021 (8.5% in Canaries airspace), in order to support the recovery of traffic.
- **Ireland's** Deputy Prime Minister states that Aer Lingus will not be allowed to fail.
- **India** – domestic airlines passenger numbers down 40% in January.
- **UK** states that international travel will not resume before 17 May; holiday bookings surge after timetable is announced.

Market Segments:

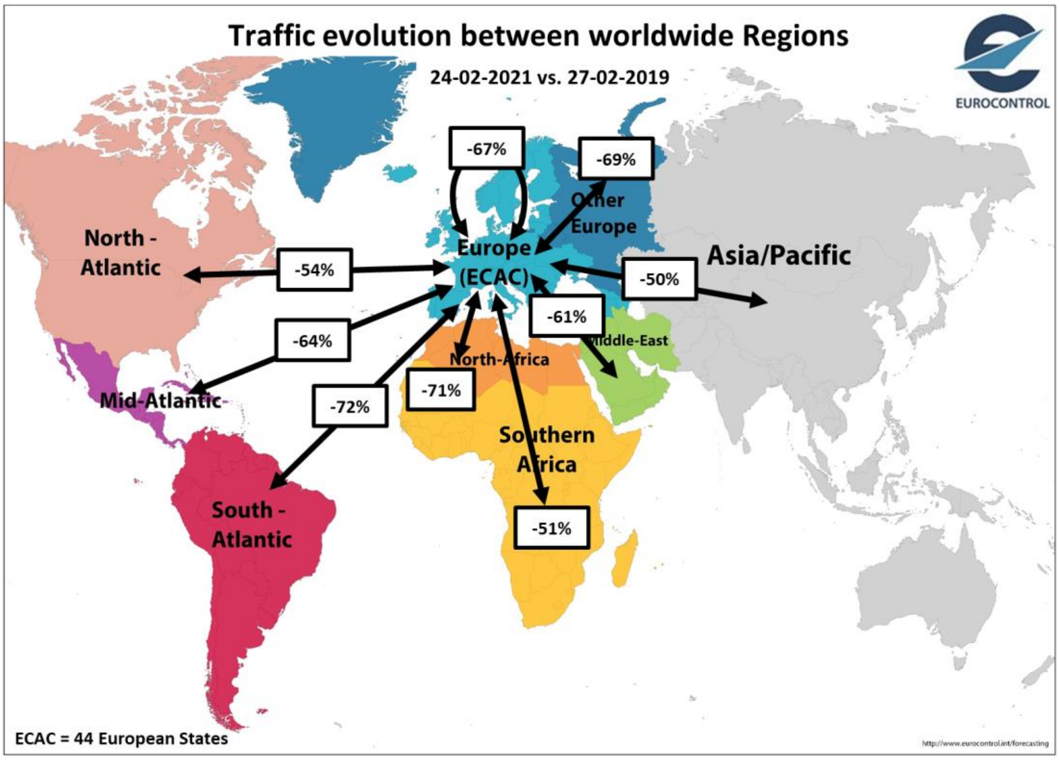
- On Monday 22 February:
  - **All-cargo** is the only segment consistently growing, posting a **+7%** increase at the (vs 2019).
  - **Charter** has recently slowed down to **-11%** (vs 2019).
  - **Business Aviation** has stabilised at **-29%** (vs 2019).
  - **Traditional** and **Low-Cost,** while accounting the majority of flights (respectively 49% and 26% of all flights in 2020), remain severely depressed. Recent days showed they are down to **-72%** and **-87%** respectively (vs 2019). The reinstated travel restrictions across Europe from late January forced the airlines to reduce their capacities to a minimum level of service.



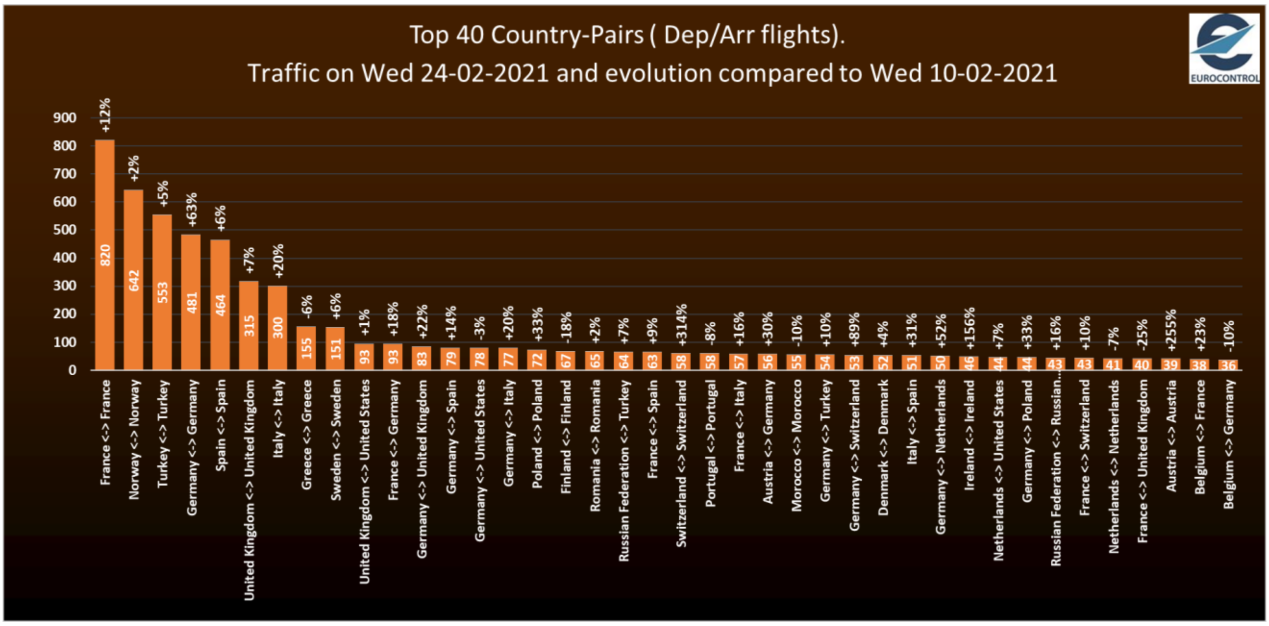
2. Traffic Flows & Country Pairs

- The main traffic flow is the intra-Europe flow with 7,111 flights on Wednesday 24 February, which is increasing (+10%) over 2 weeks.
- The top traffic flows with Europe were with “Middle-East” (495 flights, +2%) followed by “North-Atlantic” (407 flights, +0%), “Asia/Pacific” (370 flights, -14%), “Other Europe” (236 flights, -11%) and “North-Africa” (233 flights, -8%).
- Intra-Europe flights are at -67% compared to 2019 while intercontinental flows are at -61%.

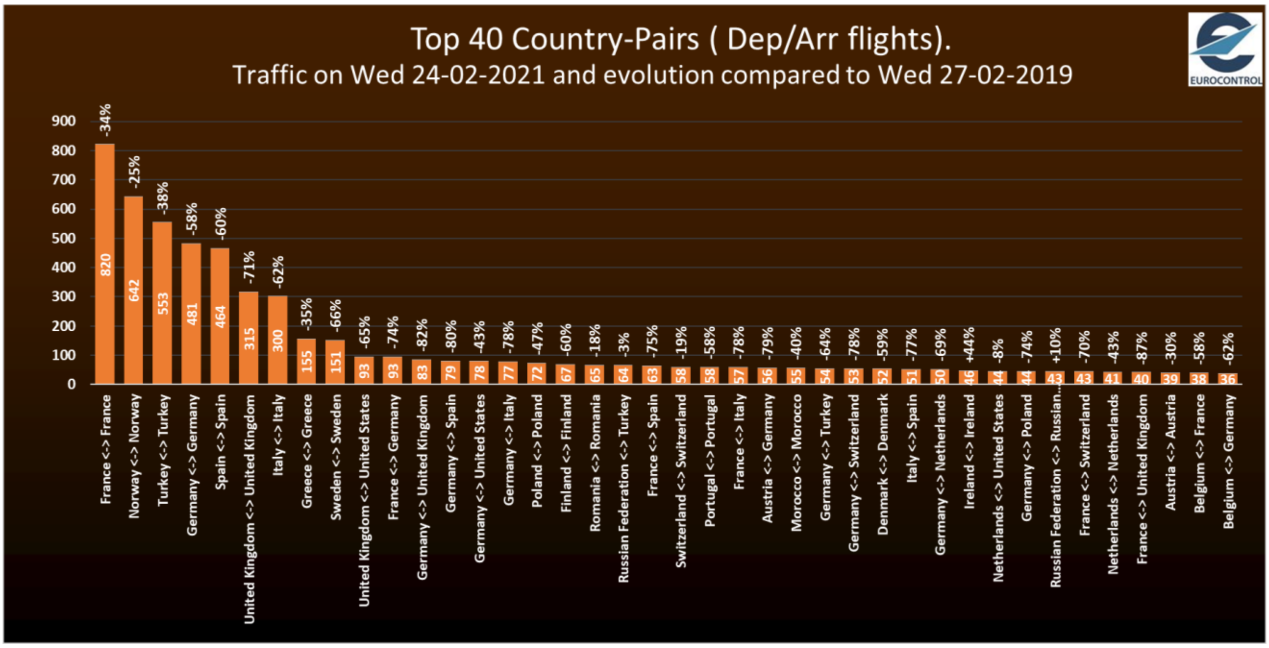
REGION	10-02-2021	24-02-2021	%	vs. 2019
Intra-Europe	**6 441**	**7 111**	***+10%***	***-67%***
Europe<->Asia/Pacific	428	370	*-14%*	*-50%*
Europe<->Mid-Atlantic	77	66	*-14%*	*-64%*
Europe<->Middle-East	485	495	*+2%*	*-61%*
Europe<->North Atlantic	405	407	*+0%*	*-54%*
Europe<->North-Africa	253	233	*-8%*	*-71%*
Europe<->Other Europe	266	236	*-11%*	*-69%*
Europe<->South-Atlantic	54	49	*-9%*	*-72%*
Europe<->Southern Africa	172	163	*-5%*	*-51%*
Non Intra-Europe	**2 140**	**2 019**	***-6%***	***-61%***



- **Domestic flows are the most active** flows (i.e. 9 of the top 10 flows are domestic). The highest domestic flows were within **France** (820 flights, +12% over 2 weeks), **Norway** (642, +2%), **Turkey** (553, +5%), **Germany** (481, +63%), **Spain** (464, +6%), **UK** (315, +7%), **Italy** (300, +20%), **Greece** (155, -6%) and **Sweden** (151, +6%). All top domestic flows showed an increase, in particular **Germany** (+63%), **Italy** (+20%) and **France** (+12%).
- The busiest non-domestic flows were **UK-US** (93 flights), **France-Germany** (93 flights) and **Germany-UK** (83 flights).

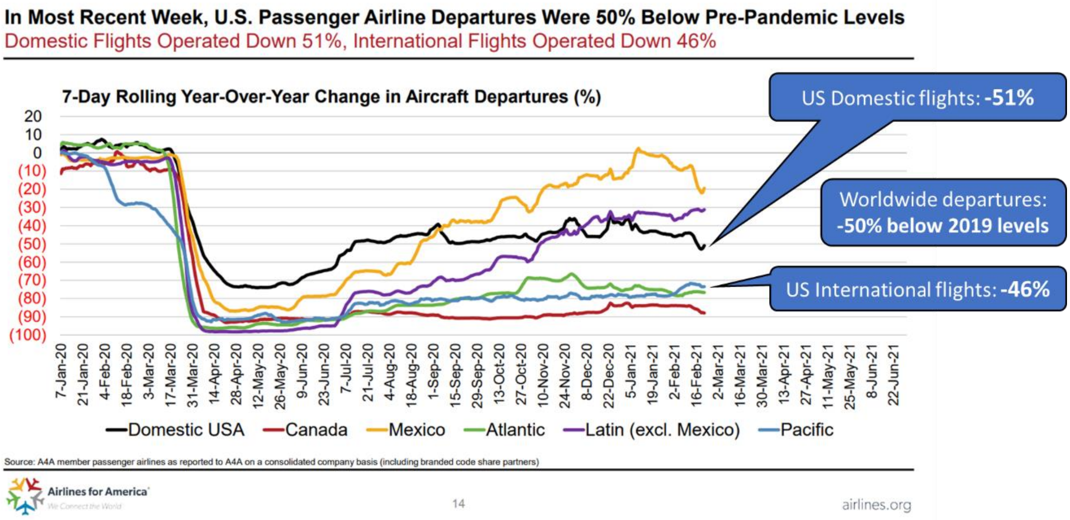


- Compared to 2019, the largest domestic flows on Wednesday 24 February were at -34% for France, -25% for Norway, -38% for Turkey, -58% for Germany, -60% for Spain, -71% for the UK, -62% for Italy, -35% for Greece and -66% for Sweden.



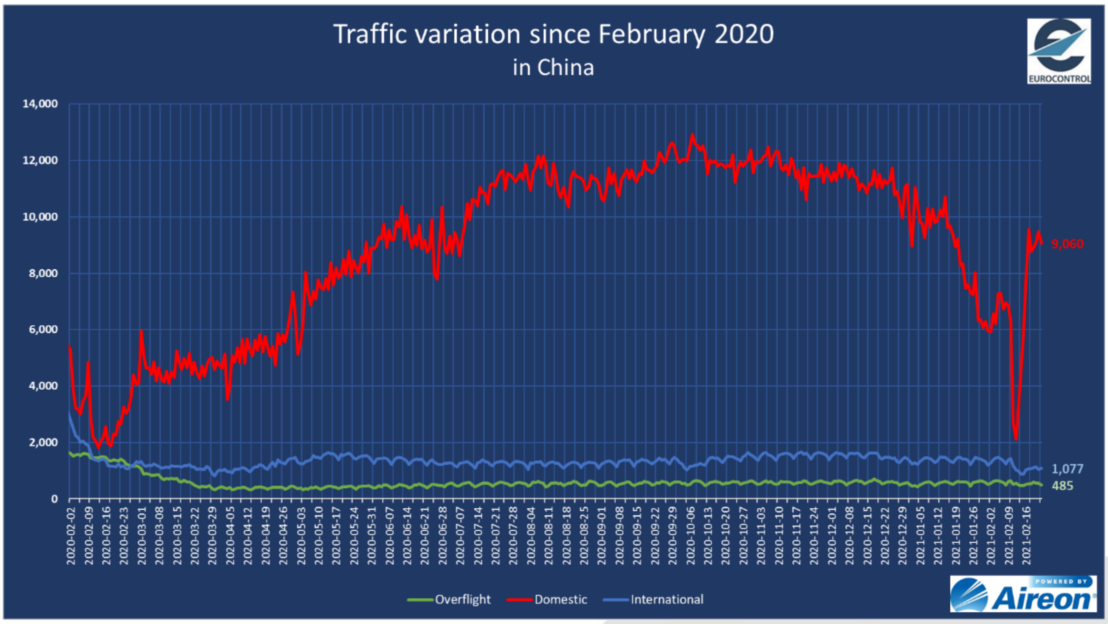
3. Situation outside Europe

- **United-States (A4A members):**
  - Peak in COVID-19 cases was reached early January in the US but declined steadily since (number of new cases). Air-travel demand remains severely depressed but could pick up meaningfully as vaccination rates increase and travel restrictions are loosened.
  - US domestic recorded a decline of 51% (vs 2019) and International traffic recorded a decline of 46% (vs 2019) on 23 February.
  - On 23 February, U.S. airlines passenger volumes were 61% below 2019 levels with Domestic down 60% and International down 70%.
  - The domestic U.S. Load Factor averaged 65% in most recent week, versus 86% a year earlier.

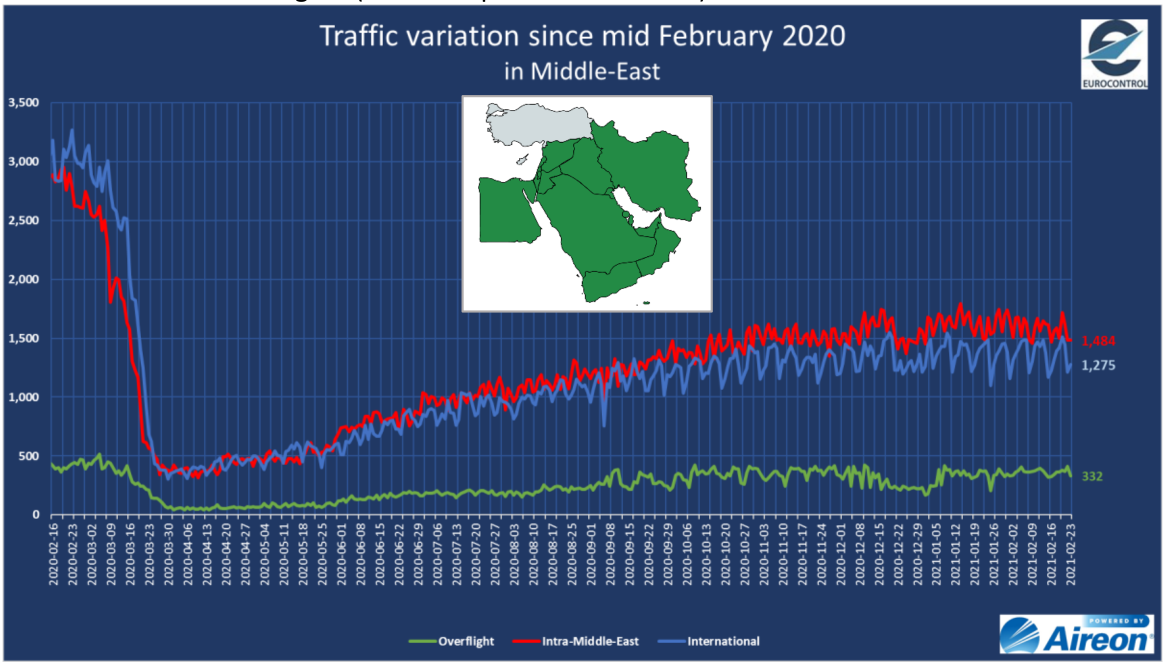


- **China:**
  - Chinese domestic flights, recorded a huge drop on Chinese New Year (12 Feb) but have rebounded since to just above 9,000 flights on 22 Feb (-24% compared to 1 Jan 2019).

    International flights have been stable since March although slightly decreasing with 1,077 flights (-73% compared to 1 Jan 2019). The same is true for overflights with 485 flights (-70% compared to 1 Jan 2019).



- **Middle East:**
  - Intra-Middle-East traffic stabilised just below 1,500 flights on 23 February (-44% compared to Feb 2019). International traffic is at 1,275 flights (-57% compared to Feb 2019). Overflights are stable around 332 flights (-20% compared to Feb 2019).

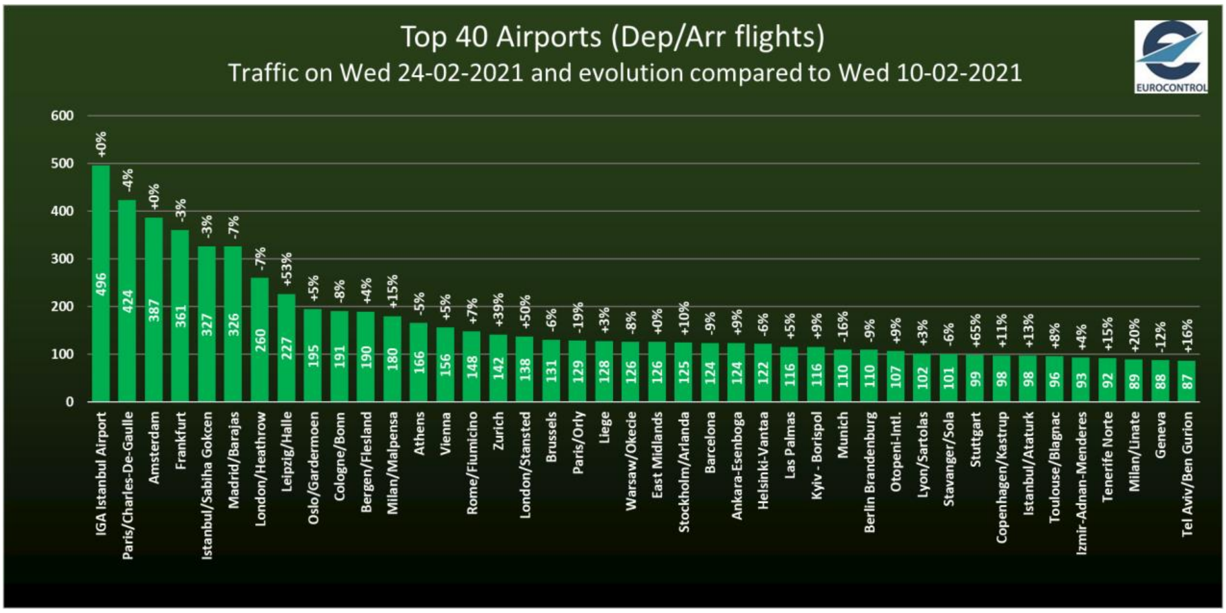


News for worldwide airlines:

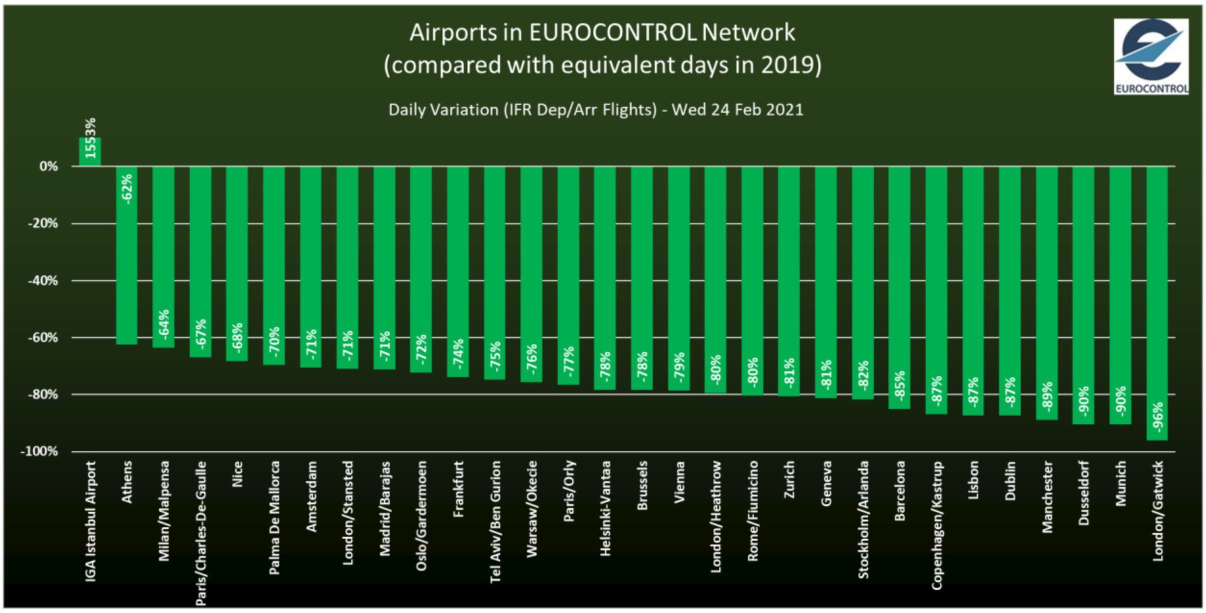
- **Aeromexico** states that unsecured creditors are not expected to be paid in full and may need to convert debts into stock.
- **Asiana Airlines** modifying two additional A350-900 aircraft for cargo operations.
- **Cathay Pacific** reports fewer than 1000 passengers/day in January, the first time this figure has been below 1,000 since June.
- **Emirates Airline** reports that 26,000 (44%) of its frontline staff have received two vaccine doses.

4. Airport Information

- **İGA Istanbul Airport** was the busiest airport on Wednesday 24 February with 496 Dep/Arr flights (+0% over 2 weeks) followed by **Paris CDG** (424, -4%), **Amsterdam** (387, +0%), **Frankfurt** (361, -3%), **Istanbul/Sabiha** (327, -3%), **Madrid** (326, -7%), **London/Heathrow** (260, -7%), **Leipzig/Halle** (227, +53%), **Oslo** (195, +5%) and **Cologne/Bonn** (191, -8%).
- **The highest increases over 2 weeks** in the top 10 airports were for **Leipzig/Halle** (+53%). The highest decreases were for **Cologne/Bonn** (-8%), **Madrid** (-7%) and **London/Heathrow** (-7%).



- Compared to 2019, Paris CDG operated at -67% on Wednesday 24 February, Madrid (-71%), Amsterdam (-71%), Oslo (-72%), Frankfurt (-74%) and London Heathrow (-80%). [*Please note: İGA Istanbul Airport was not in operation in January 2019 and therefore the comparison will be meaningless until mid-April].

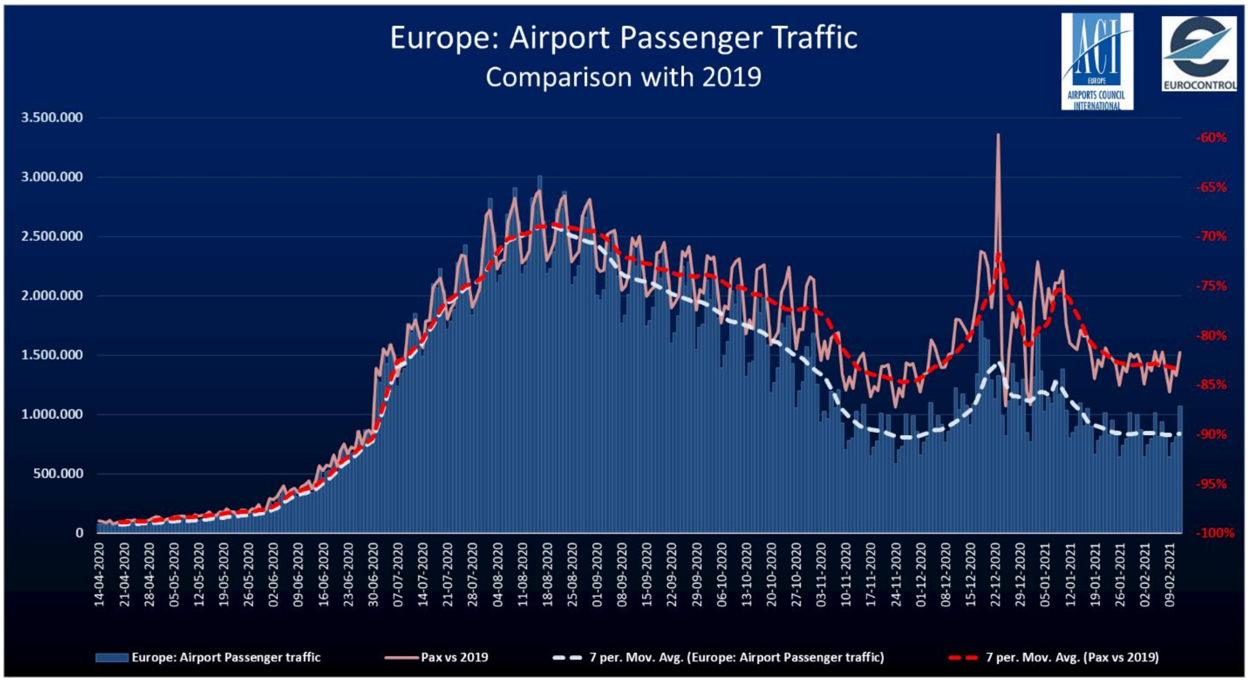


News from European and worldwide airports:

- **Cape Town Airport** January passenger numbers down 71% year on year (domestic -64%, regional -85%, international -88%).
- **Geneva Airport** launches a 10 year CHF180 million bond with a coupon of 0.95%.
- Johannesburg Airport January passenger numbers down 73% year on year (domestic -62%, regional -80%, international -85%).
- **ONDA** reports that for Moroccan airports in January passenger numbers were down 68% year on year (domestic -49%, international -71%).
- **Schiphol Group** reports a net loss of €568 million for 2020; notes that the opening of Lelystad Airport is scheduled for Nov. 2021; anticipates pax volumes to reach 2019 levels around 2023-2025.
- **Singapore Changi Airport** passenger numbers down 97.6% in January.

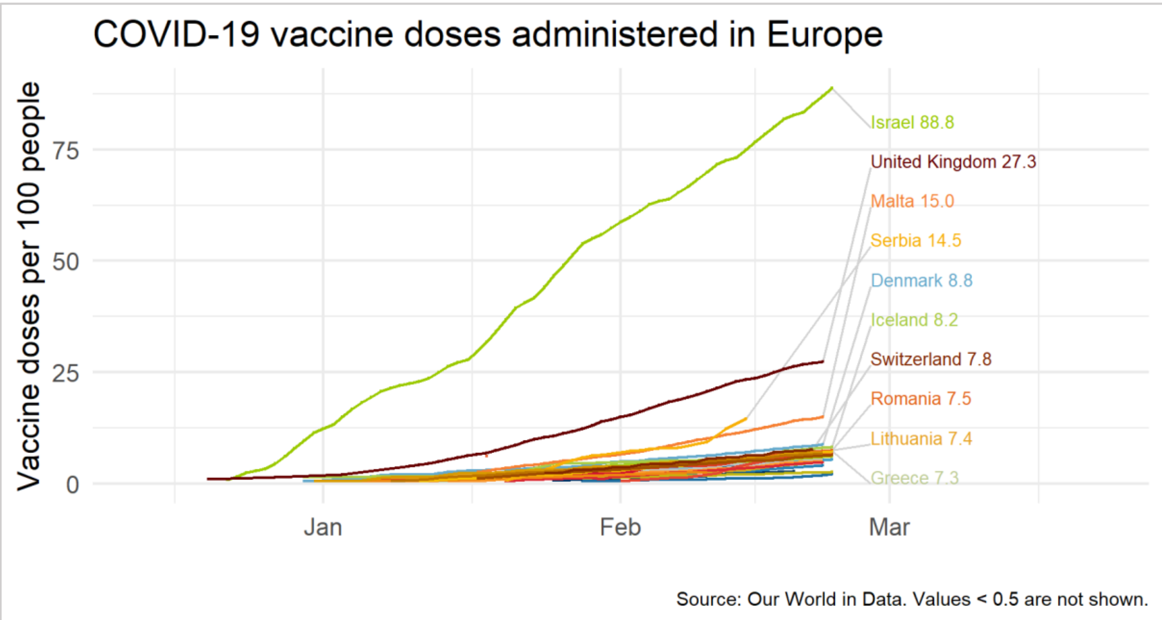
Passengers:

- **ACI** recorded just above one million passengers on 12 February 2021, a loss of 4.8 million passengers compared to the equivalent day in 2019 (i.e. -82%).



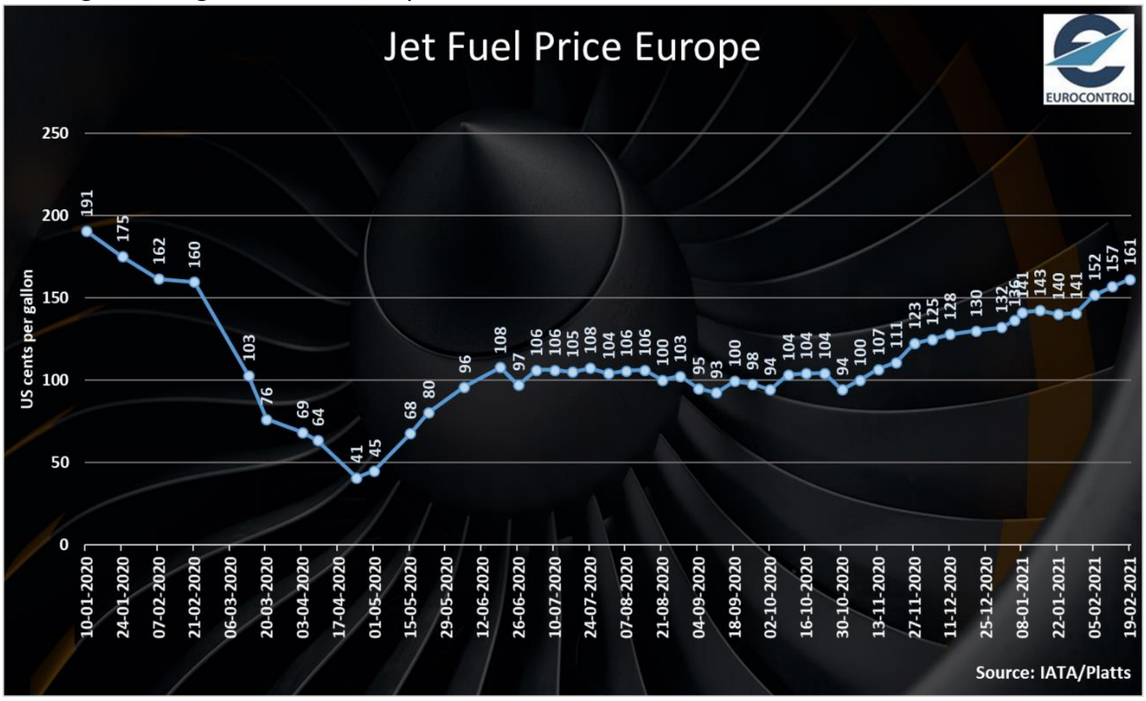
5. Other facts and factors:

- **Vaccination:** inoculations against COVID-19 have started at the end of 2020 as shown with the daily number of COVID-19 vaccination doses administered *per 100 people* graph below. Except for Israel and UK, most of the States reported fewer than 15% of people have received even one dose.



Notes: *rolling seven-day average shown for EUROCONTROL Member States. This is counted as a single dose, and may not equal the total number of people vaccinated, depending on the specific dose regime (e.g. people receive multiple doses).*

- **Fuel Price:** Jet fuel prices continue to record a recent but steady increase early February 2021, reaching 161 cts/gal on 19 February.



To further assist you in your analysis, EUROCONTROL provides the following additional information on a daily basis (<u>daily updates at approximately 7:00 CET for the first item and 12:00 CET for the second</u>) and every Friday for the last item:

1. **EUROCONTROL Daily Traffic Variation dashboard:**
   www.eurocontrol.int/Economics/DailyTrafficVariation (or via the COVID-19 button on the top of our homepage www.eurocontrol.int)
   - This dashboard provides traffic for Day+1 for all European States; for the largest airports; for each Area Control Centre (ACC); and for the largest airline operators.

2. **COVID Related-NOTAMS with Network Impact (i.e. summary of airspace restrictions):**
   https://www.public.nm.eurocontrol.int/PUBPORTAL/gateway/spec/index.html
   - The Network Operations Portal (NOP) under "Latest News" is updated daily with a summary table of the most significant COVID-19 NOTAMs applicable at 12.00 UTC.

3. **NOP Recovery Plan:**
   https://www.public.nm.eurocontrol.int/PUBPORTAL/gateway/spec/index.html
   - This report, updated every Friday, is a special version of the Network operation Plan supporting aviation response to the COVID-19 Crisis. It is developed in cooperation with the operational stakeholders ensuring a rolling outlook.