

Air Transport Colloquium

**The impact of COVID-19 on European air transport.
Observed reactions from airlines and airports.**

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C-MAT

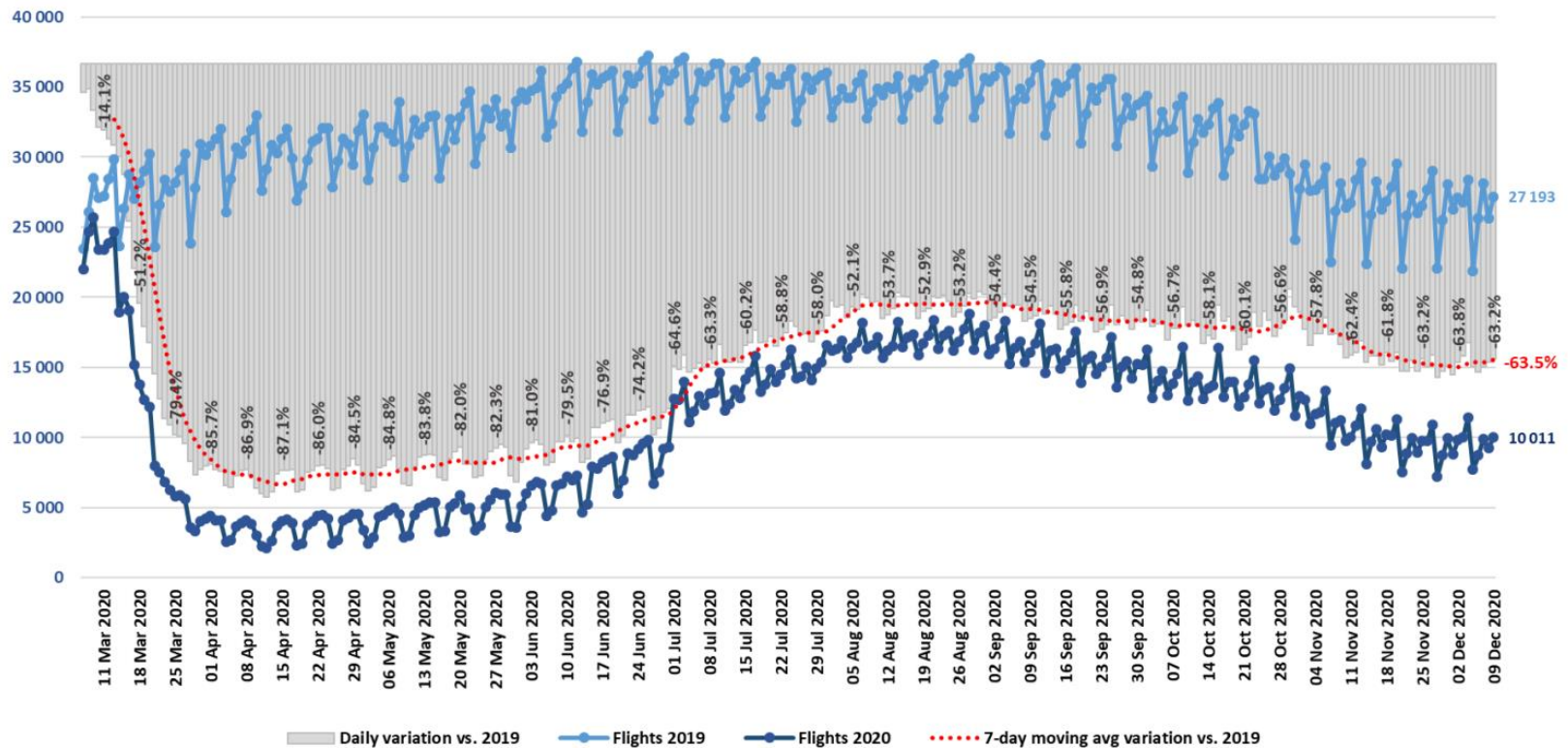
Centre for Maritime & Air Transport Management
University of Antwerp

11 December 2020

Impact of the COVID-19 crisis on traffic



EUROCONTROL Network
Daily Variation (Flights) compared with equivalent days in 2019

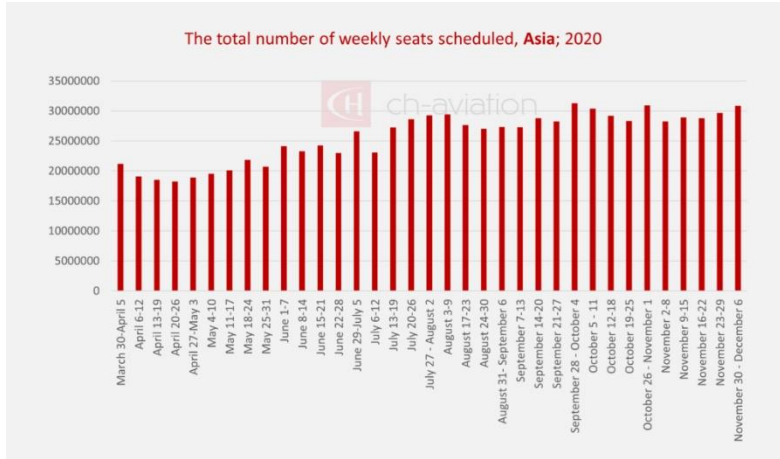


Source: EUROCONTROL comprehensive assessment, 10 December 2020

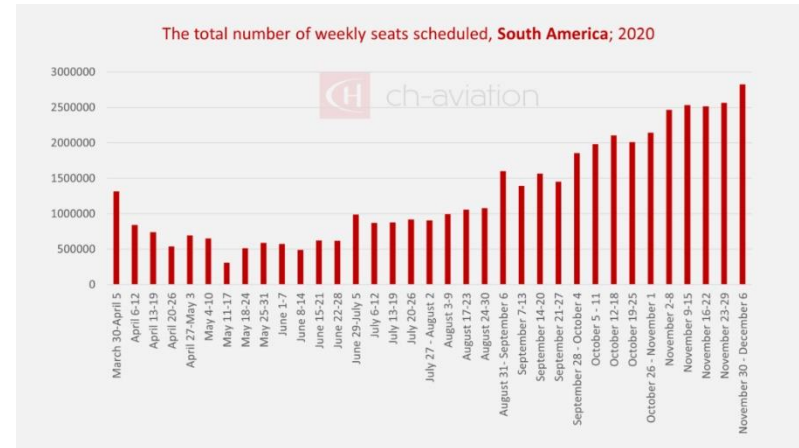


While traffic in the global South grows...

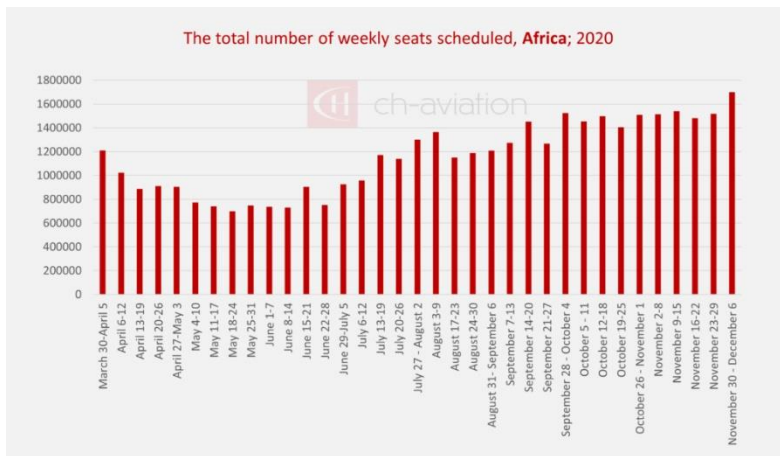
Asia



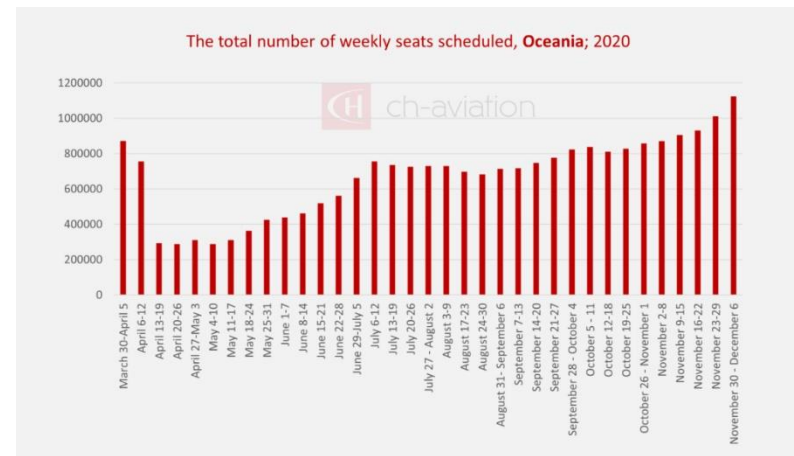
South America



Africa



Oceania

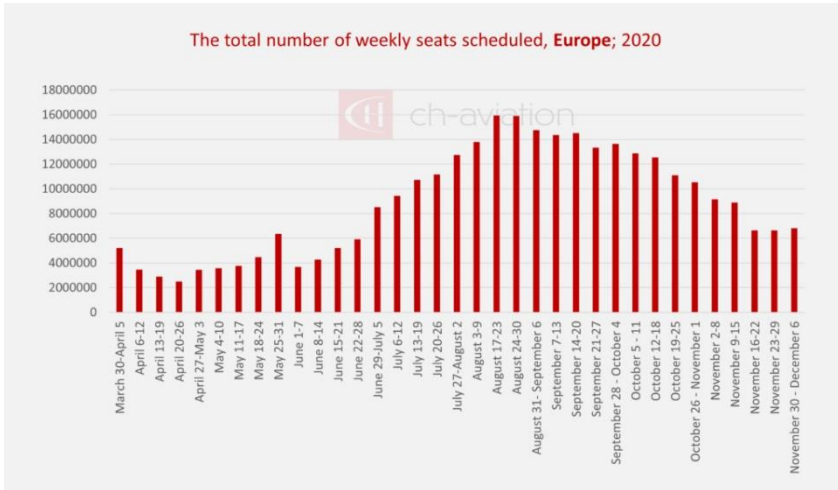


Source: CH aviation (2020)

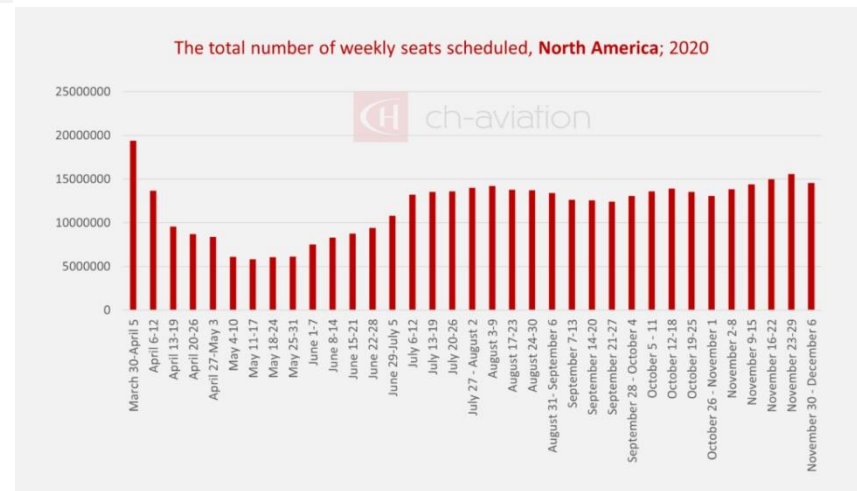


...traffic in the global North suffers

Europe



North America

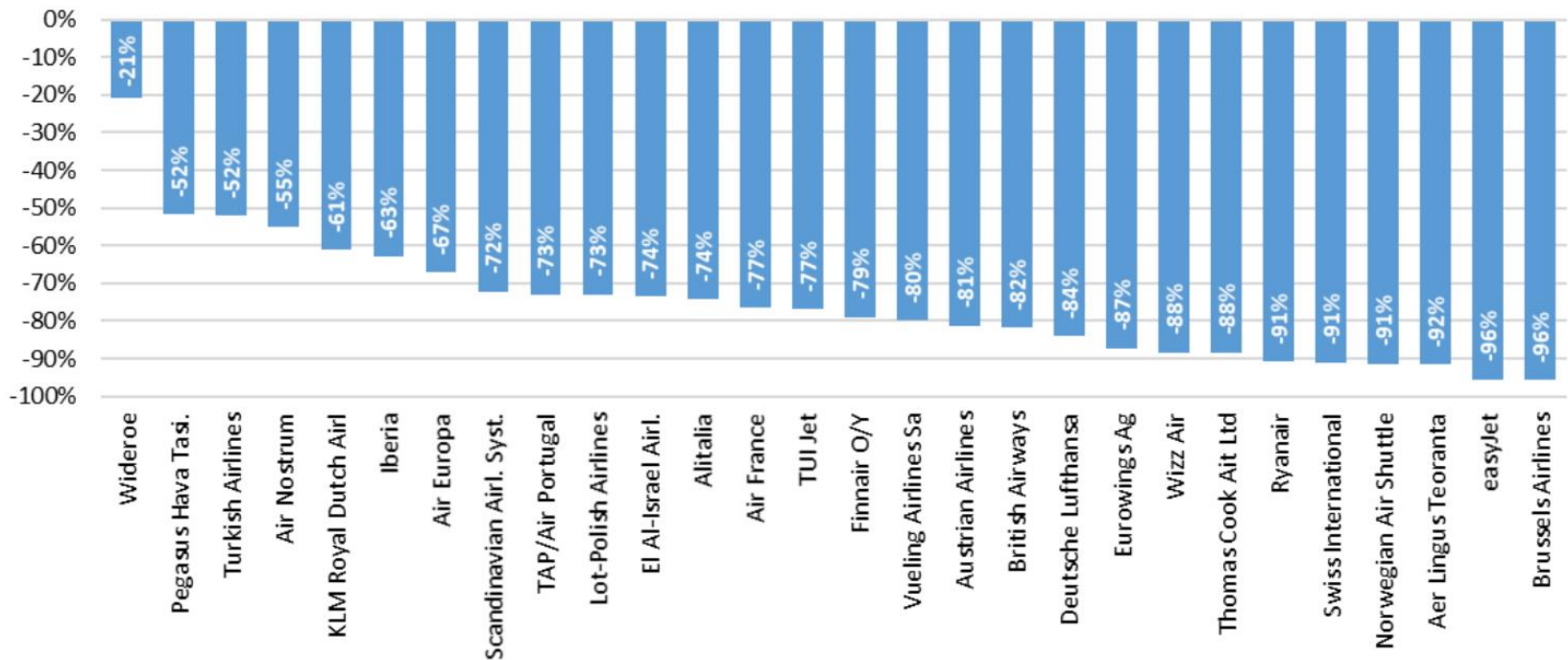


Source: CH aviation (2020)

Current traffic levels



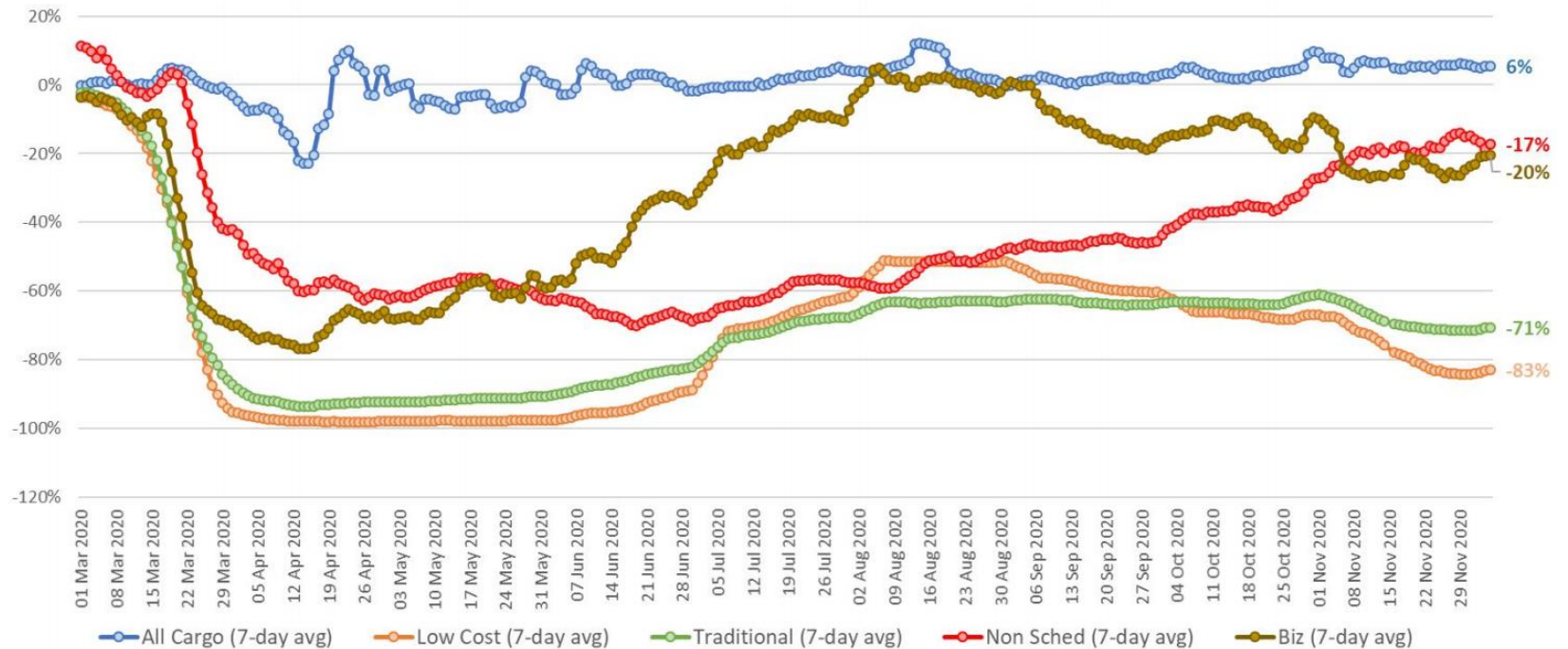
Aircraft Operators in EUROCONTROL Network
(compared with equivalent days in 2019)
Daily Variation (IFR Flights) - Wed 09 Dec 2020



Source: EUROCONTROL comprehensive assessment, 10 December 2020

Impact by segment

Market segments in EUROCONTROL Network
(compared with equivalent days in 2019)
Daily Variation (Flights)



Source: EUROCONTROL comprehensive assessment, 10 December 2020



Main reaction strategies during COVID-19

1. Retrenchment

- Substantial cost and asset reduction
- Focus on short-term survival

2. Persevering the status quo of the organization

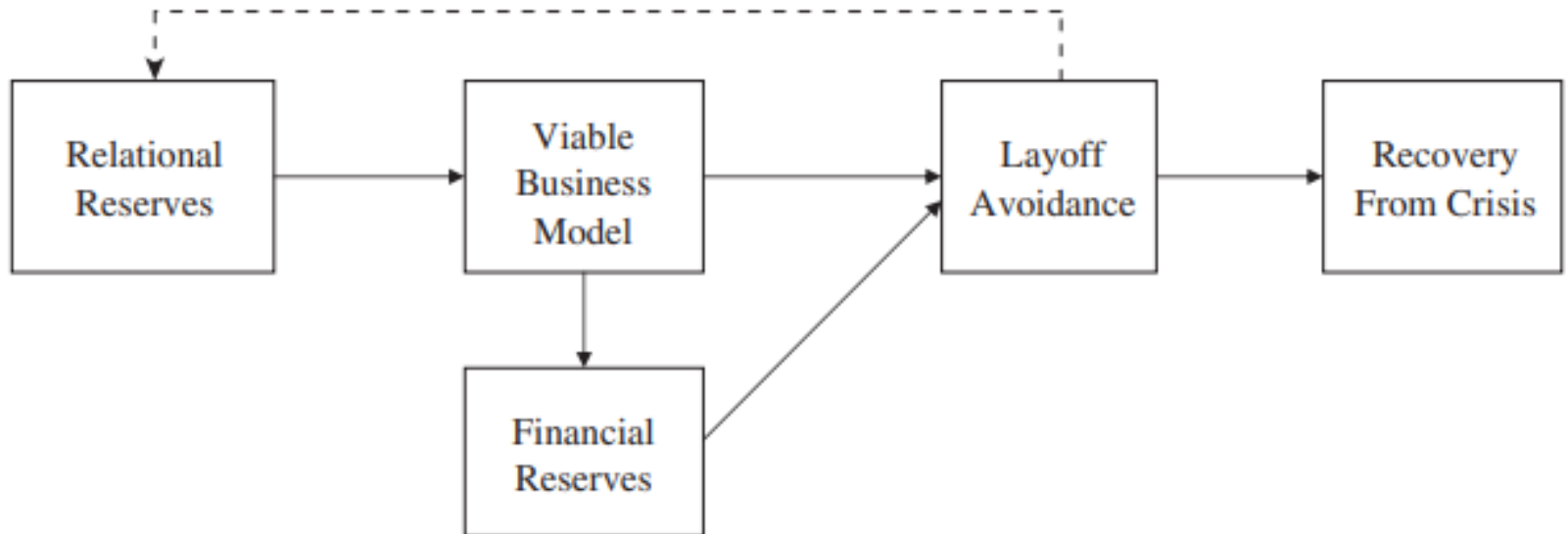
- Governmental aid and debt financing
- Effective in the medium-run

3. Innovating

4. Exit

- Bankruptcy or Chapter 11 procedures
- Withdrawal from certain markets

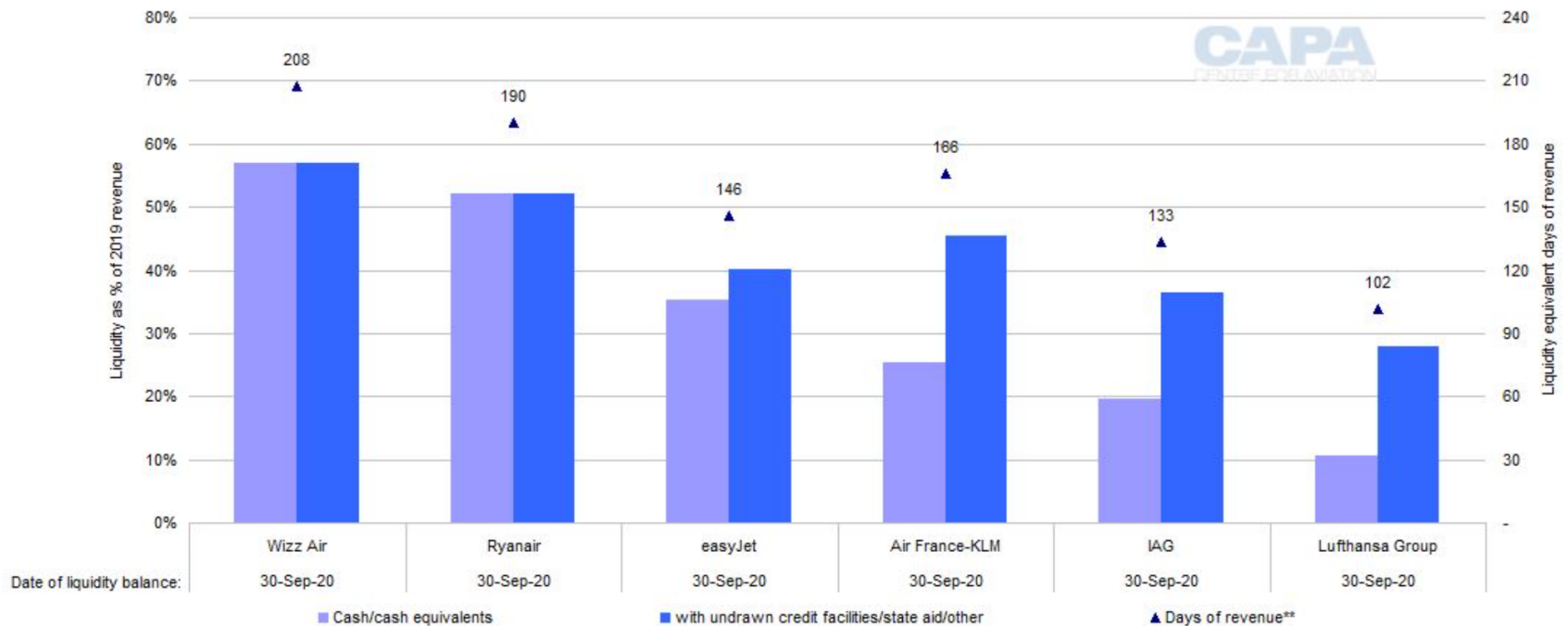
Lessons from 9/11



Source: Gittel et al. (2006)

LCCs had the better cash position

Europe's leading airline groups: available liquidity as a percentage of 2019 revenue*



*Calendar 2019 revenue.

**Equivalent days of revenue for liquidity including undrawn facilities.

Source: Centre for Aviation (2020)

Government aid

Airline	Government aid in million EUR
Lufthansa Group	9 000
<i>Brussels Airlines</i>	290
Air France	7 000
KLM	3 400
Alitalia	3 000
TUI	1 800
IAG Group	1 350
TAP Portugal	1 200
Ryanair	670
EasyJet	670

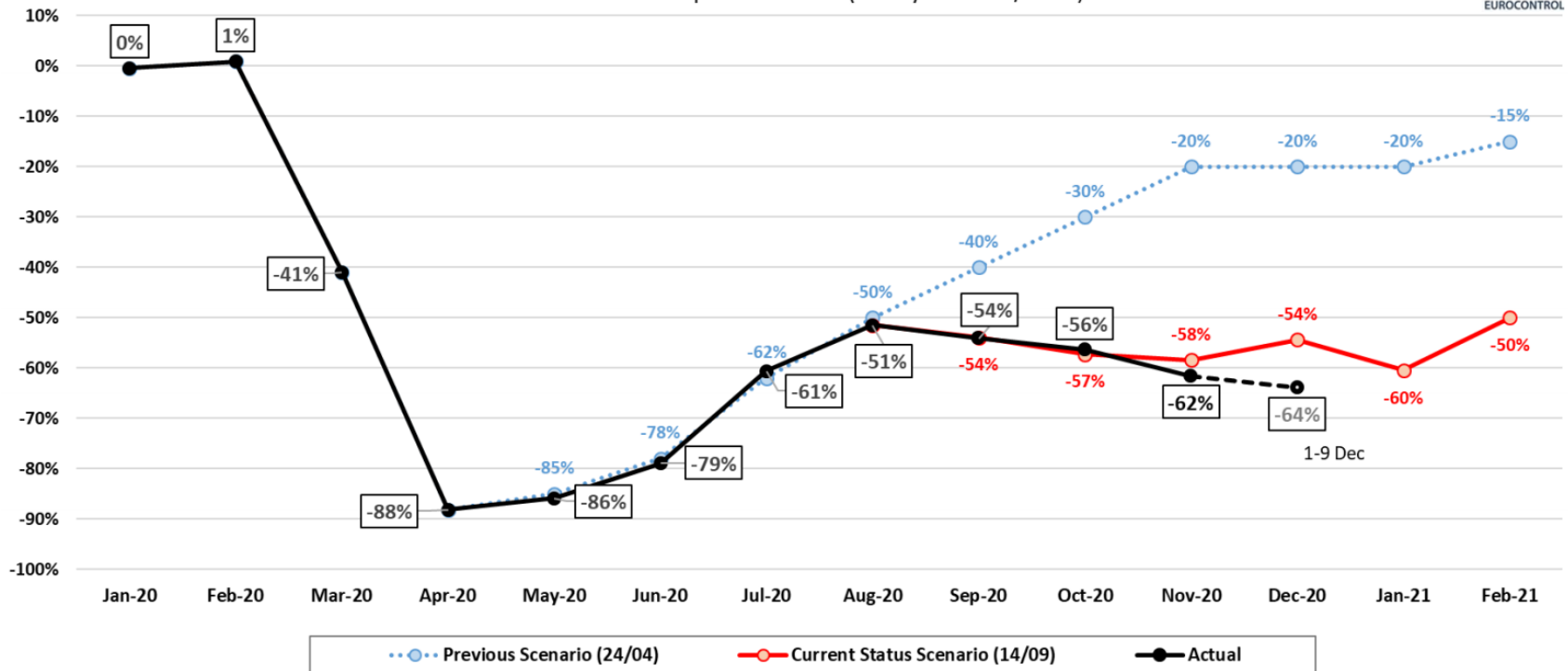
Source: Trends (19 nov. 2020)

Innovation



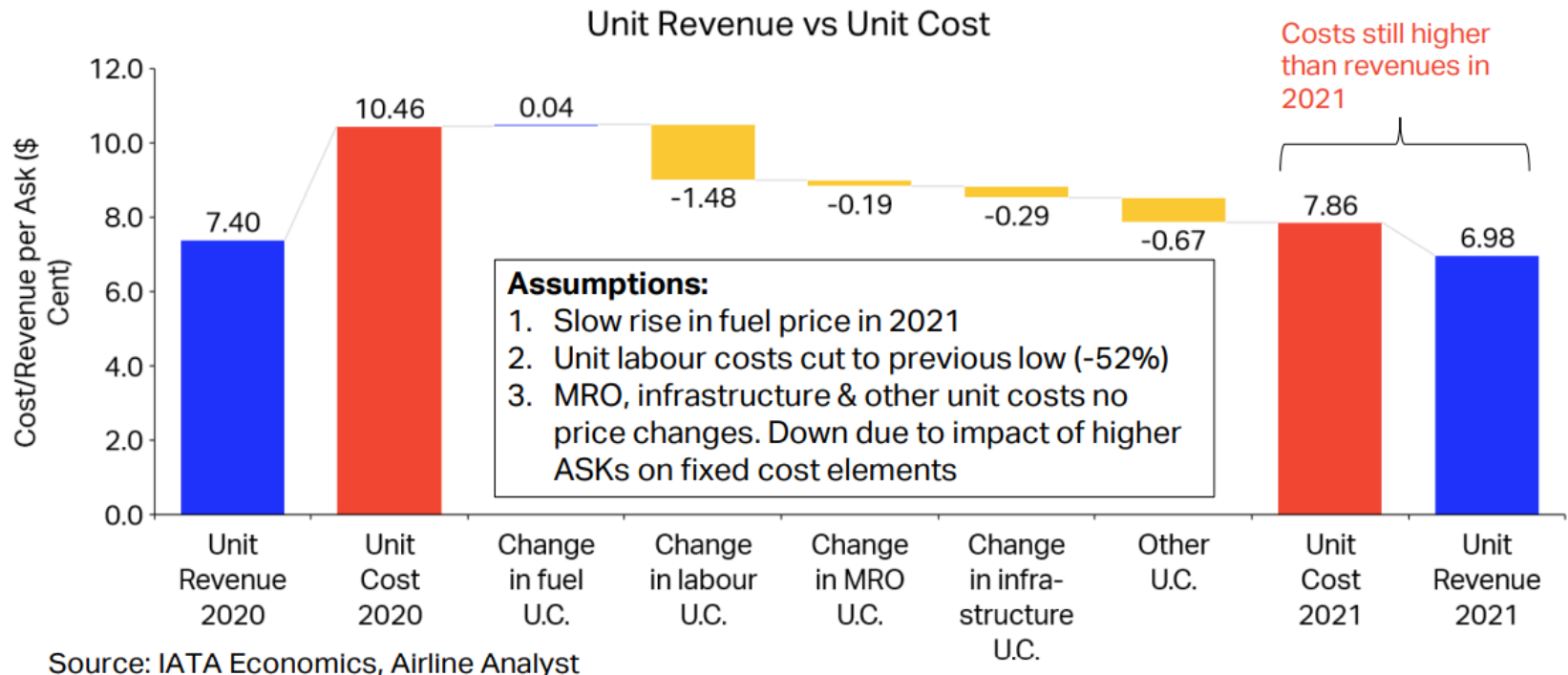
Traffic outlook

EUROCONTROL Draft Traffic Scenarios
Published on 14 September 2020 (base year 2019/2020)

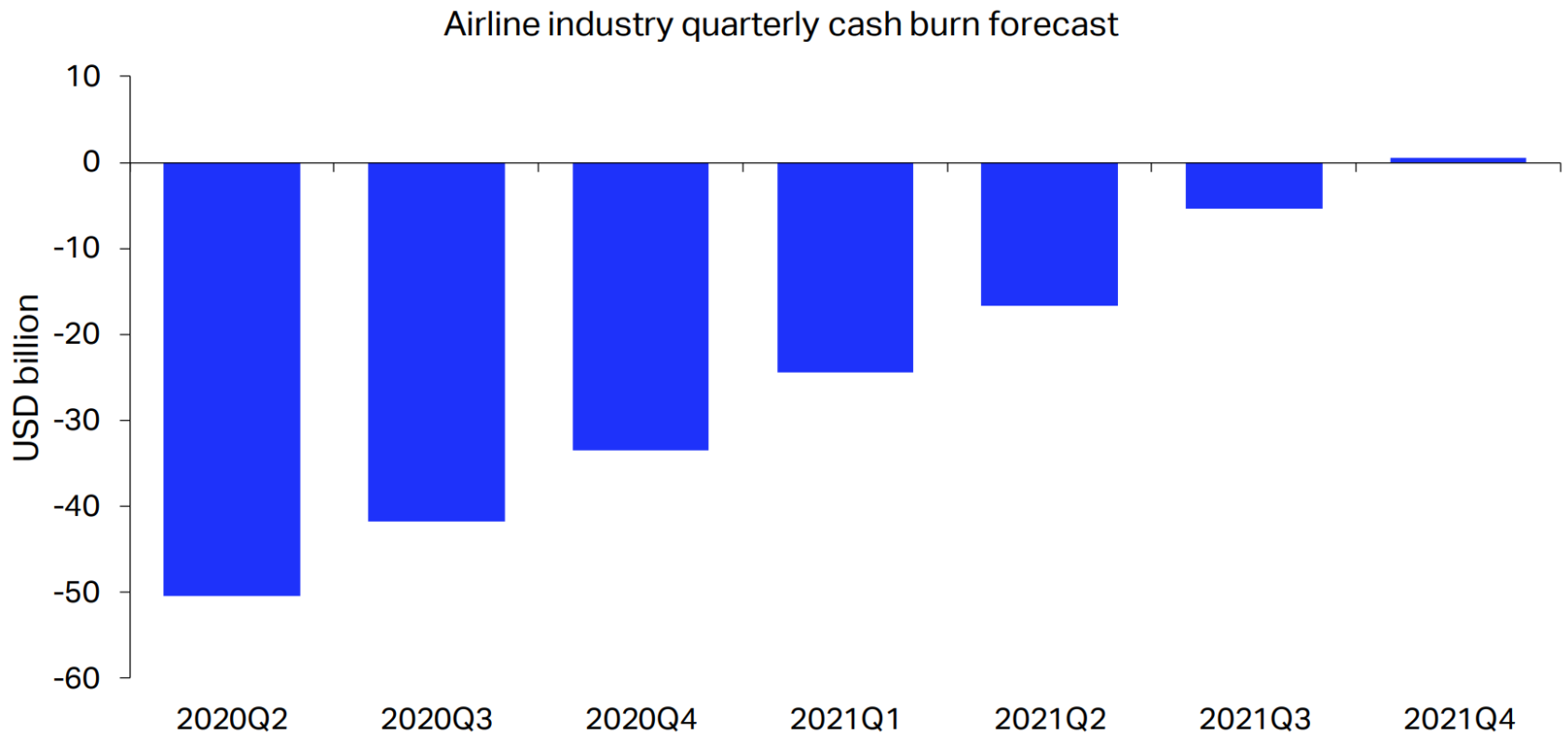


Source: EUROCONTROL comprehensive assessment, 10 December 2020

Is cash break-even possible in 2021?

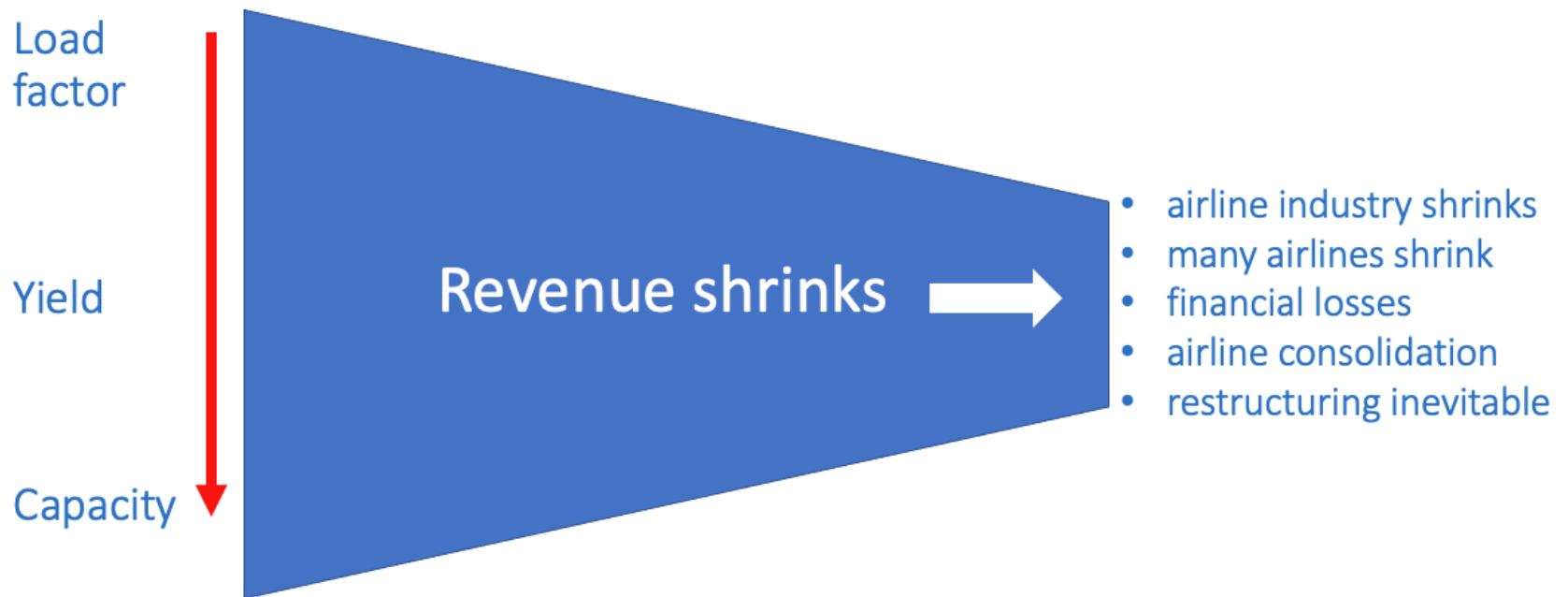


Vaccines might bring an end to cash burn



Source: IATA Economics

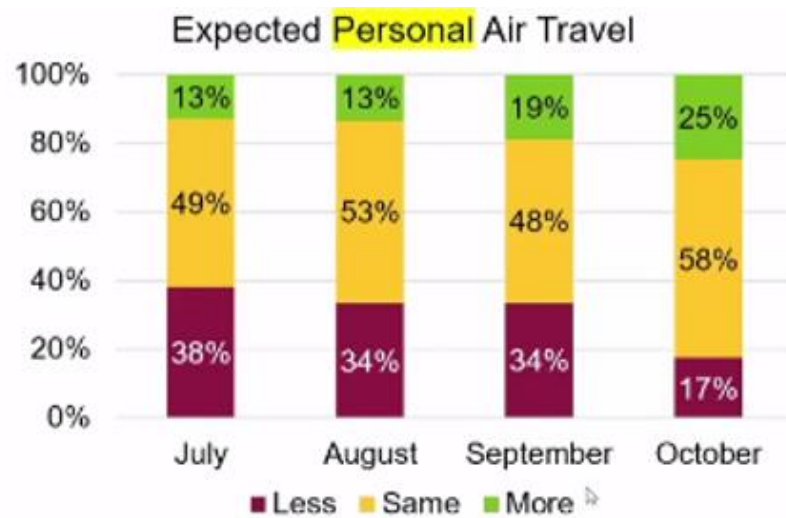
The revenue funnel



Lower industry revenues will lead to
fundamental change in market structure

Source: Centre for Aviation (2020)

Will travel behaviour change post-COVID?



Source: Arizona State University (2020)