



ICAO

UNITING AVIATION

Effects of Novel Coronavirus (COVID-19) on Civil Aviation: Economic Impact Analysis

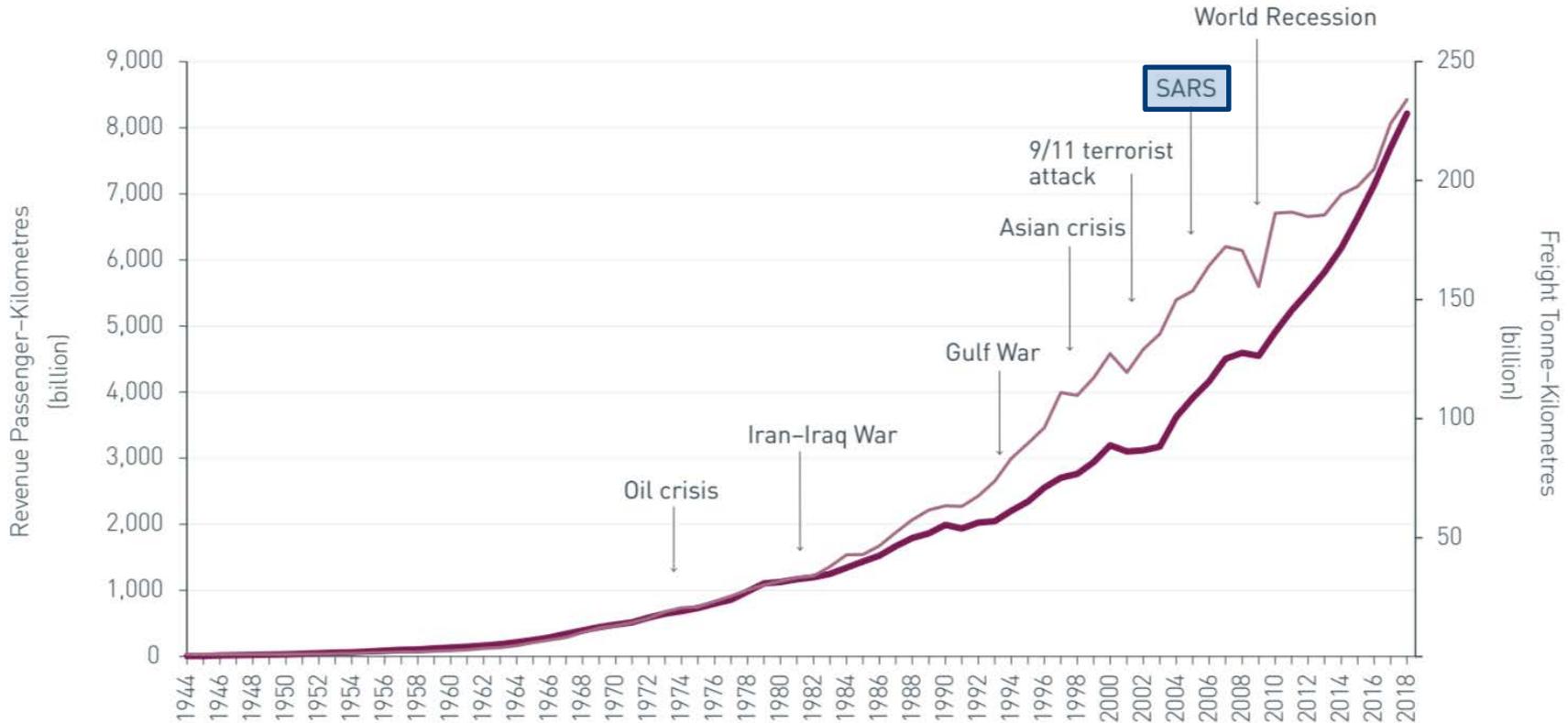
Montréal, Canada

3 March 2020



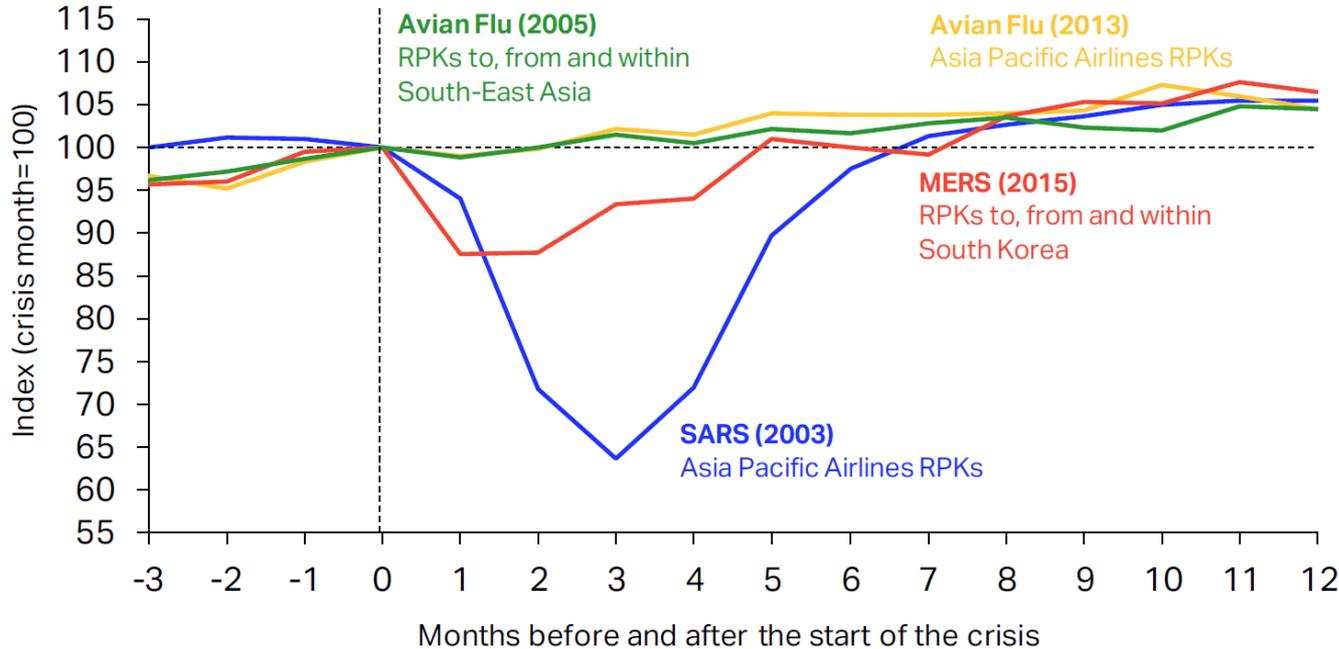


Air traffic has been vulnerable to external factors including disease outbreaks



What can we learn from past experience? SARS, Aviation flu and MERS

Impact of past outbreaks on aviation



History shows that SARS has the most serious impact on traffic. At the height of the outbreak (May 2003), monthly RPKs of Asia-Pacific airlines were 35% lower than their pre-crisis levels. Overall in 2003, Asia-Pacific airlines lost **8% of annual RPKs** and **\$6 billion of revenues**.

Source: IATA Economics

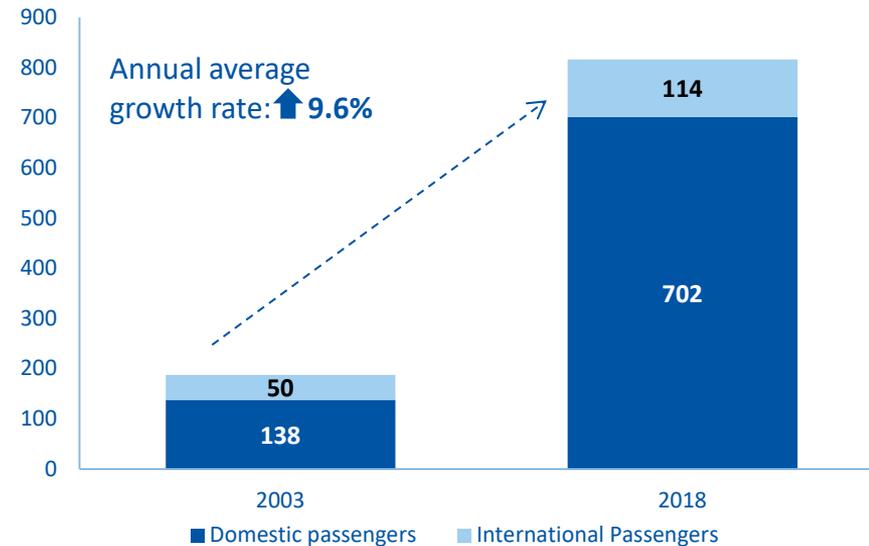


Chinese international traffic more than doubled since 2003 SARS spread

Total number of passenger moved through Chinese airports 2003-2018 (million of passengers)

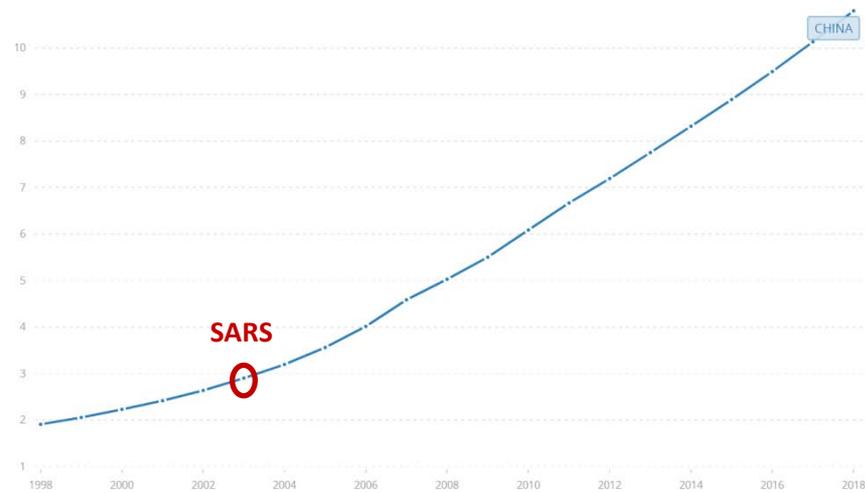


Passengers move to/from Chinese airports 2003 vs 2018

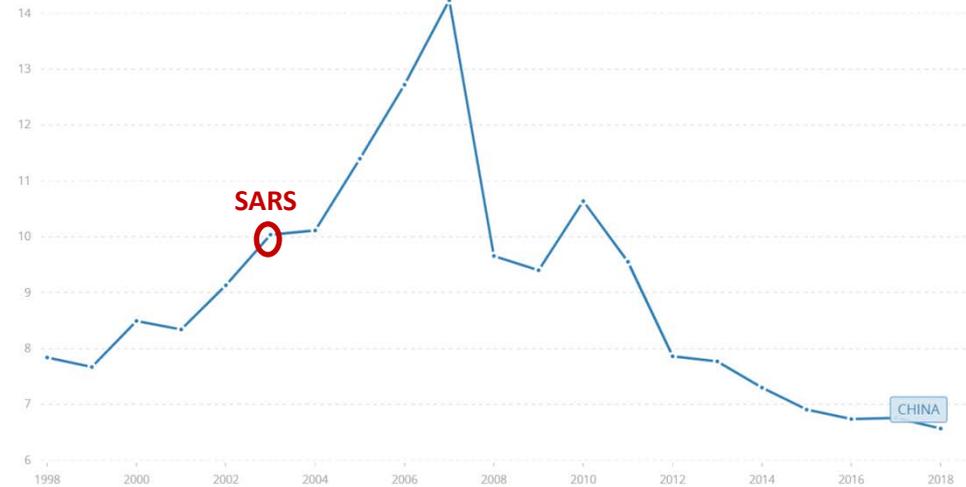


Chinese economic size quadrupled since 2003 but growth rate slowed down

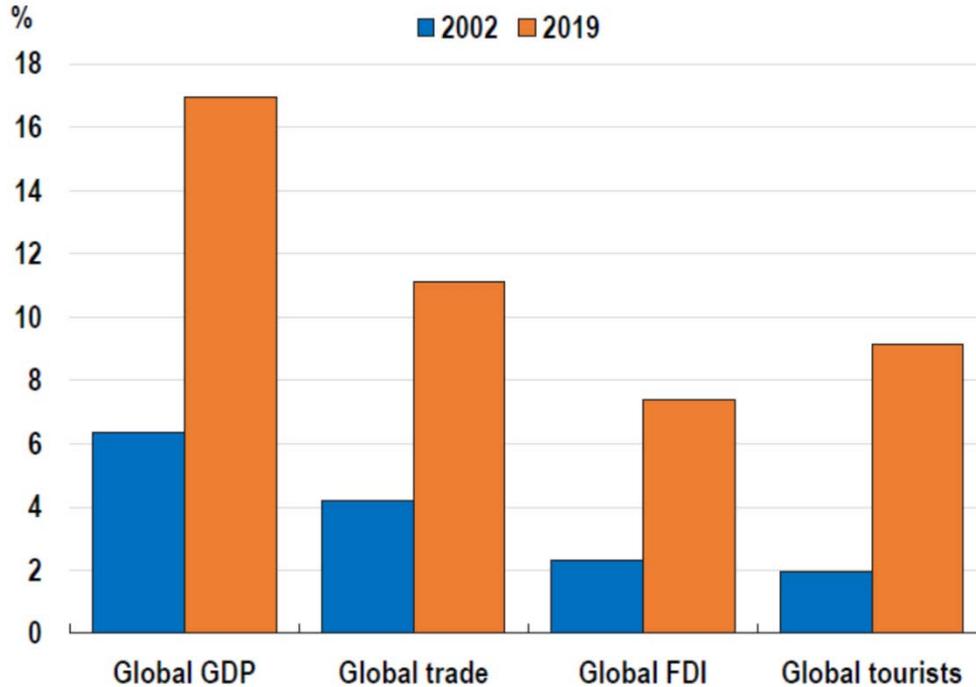
GDP of China (constant 2010 USD, trillion)



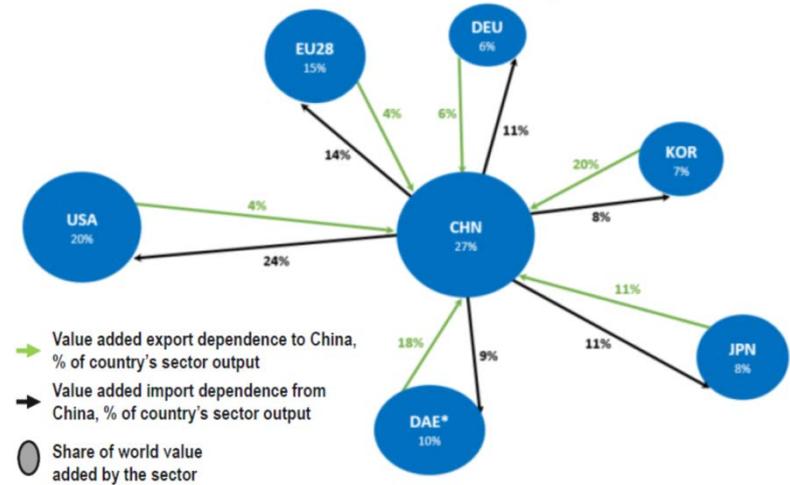
GDP Annual Growth of China (%)



Share of China in world



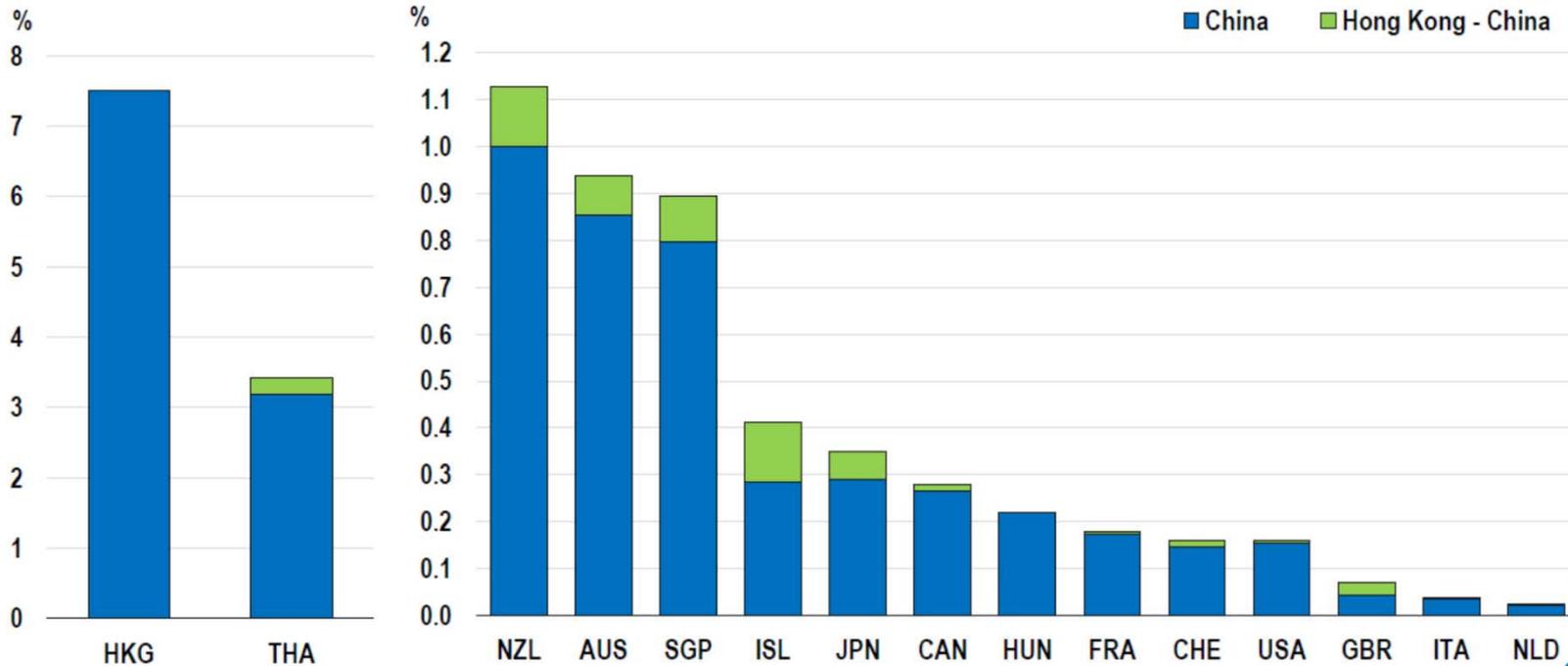
Computers, electronics and electrical equipment sector



Value added trade flows between China and key partners

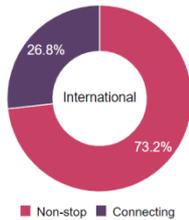
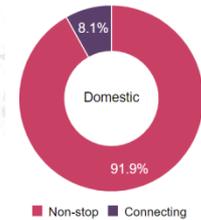
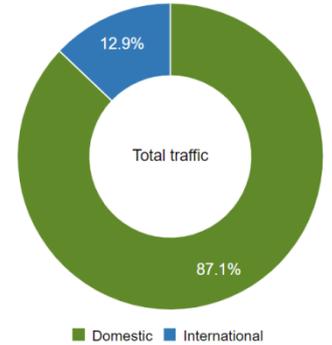
Travel services to China and Hong Kong-China, as a share of GDP

2018



Air connectivity of China in terms of O-D passenger movement

Major international air traffic originating from People's Republic of China in 2018



Air connectivity of Wuhan airport in terms of O-D passenger movement



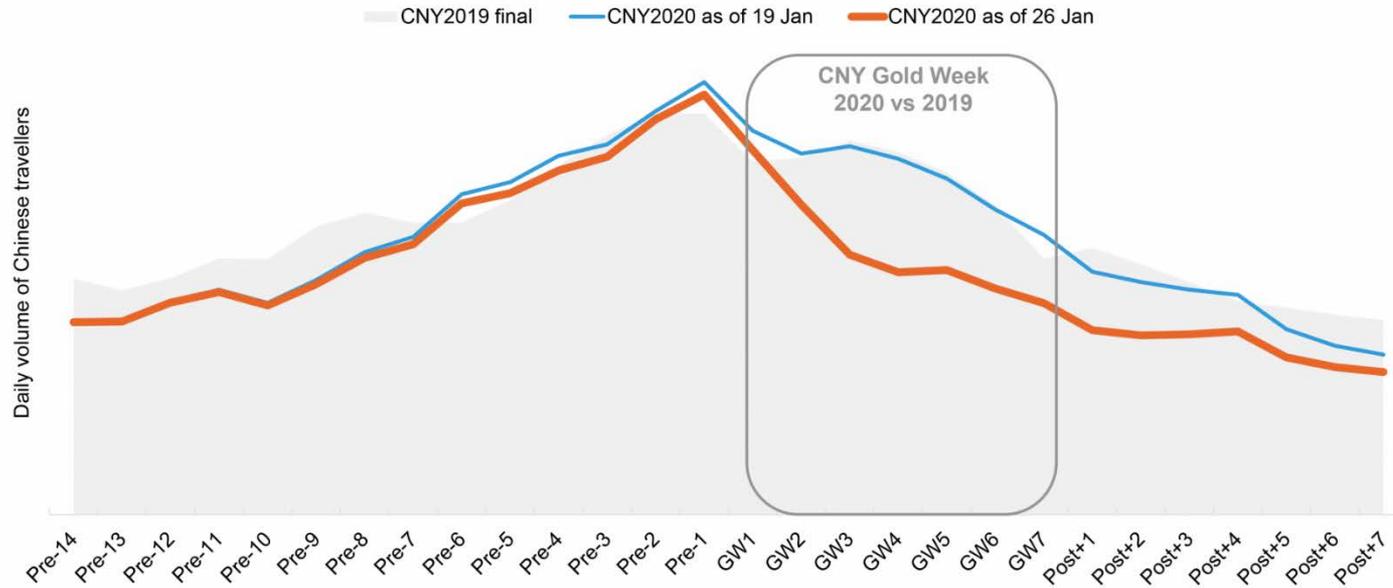
24,073,870
Total traffic



COVID-19 outbreak caused a substantial setback in flight bookings for Chinese New Year

Chinese air arrivals in worldwide regions for Chinese New Year, before vs one week after the travel restrictions

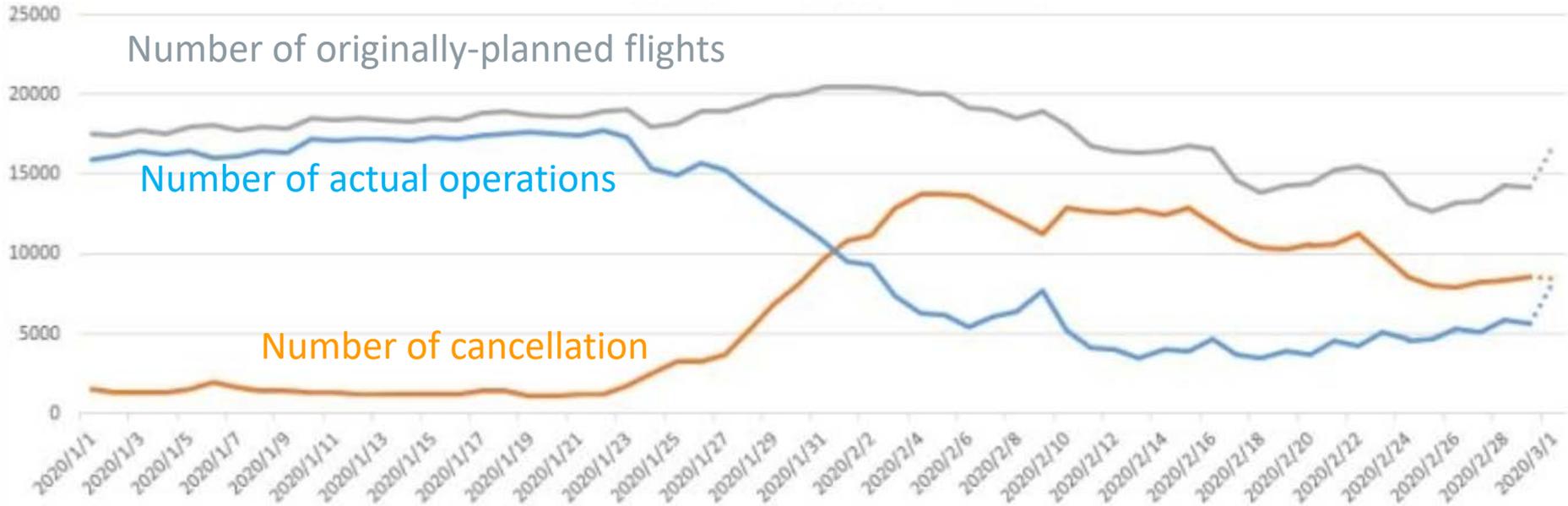
10 January – 6 February, Bookings made as of 19 January and 26 January 2020. Volumes of arrivals.



Travel dates from 10 January to 6 February 2020 vs. 21 January to 17 February 2020, according to bookings issued as of 19 January and 26 January 2020.
 Only considered pax staying 1 to 21 nights at destinations.
 Source: ForwardKeys air reservation data.



Flight cancellation has exceeded actual operations since 31 January 2020



Note: The above includes a) international from mainland China, Hong Kong SAR of China, Macao SAR of China, Taiwan, Province of China; b) domestic within mainland China, and c) regional between mainland China and Hong Kong SAR, Macao SAR and Taiwan Province



Scenario Analysis: International Services from/to Mainland China

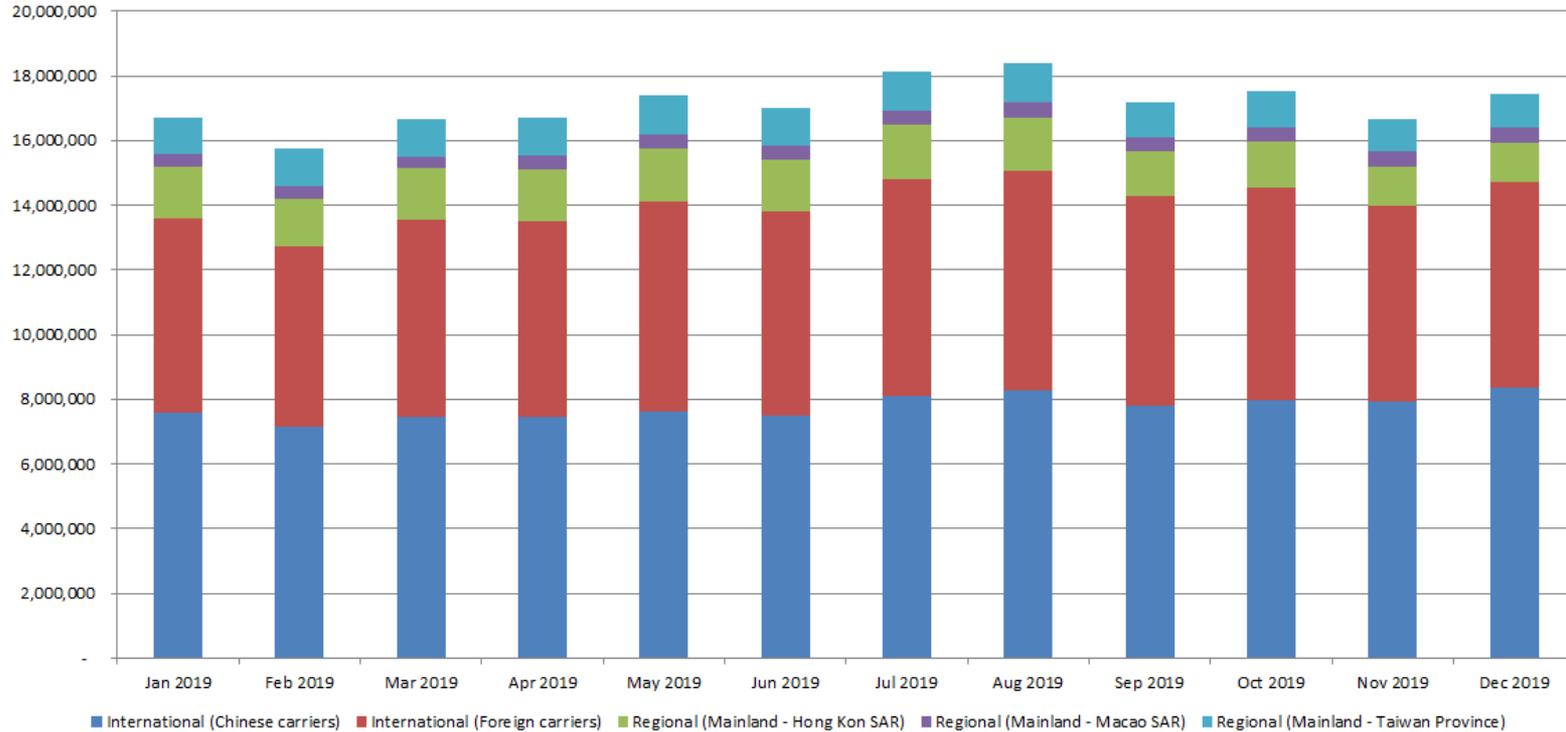
This is a preliminary analysis. Figures and estimates herein will be updated with the situation evolving and more information available.



- **“International”** refers to scheduled international passenger services from/to mainland China excluding:
 - scheduled passenger services between mainland China and Hong Kong Special Administrative Region (SAR) of China, Macao SAR of China and Taiwan, Province of China; and
 - scheduled international passenger services from/to Hong Kong SAR, Macao SAR of China and Taiwan, Province of China
- **“Regional”** refers to scheduled passenger services:
 - between mainland China and Hong Kong SAR of China
 - between mainland China and Macao SAR of China; and
 - between mainland China and Taiwan, Province of China



Number of seats offered by airlines (monthly, 2019)

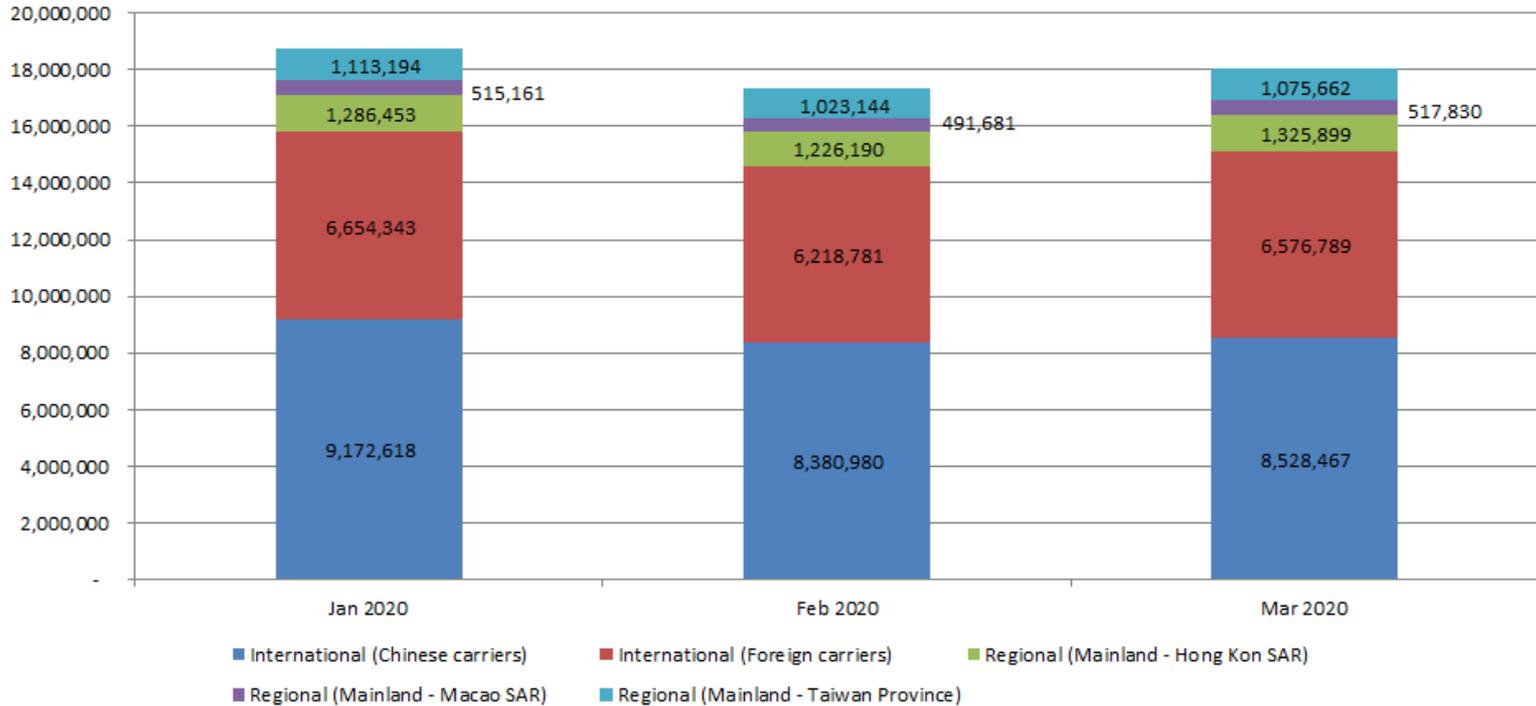


Capacity share 2019

- 45%: International by Chinese carriers
- 37%: International by foreign carriers
- 9% Regional (mainland China - Hong Kong SAR)
- 3% Regional (mainland China - Macao SAR)
- 7% Regional (mainland China - Taiwan Province)



Number of seats offered by airlines (1Q 2020 originally-planned)



Capacity share 1Q 2020

- 48%: International by Chinese carriers
- 36%: International by foreign carriers
- 7% Mainland China - Hong Kong SAR
- 3% Mainland China - Macao SAR
- 6% Mainland China - Taiwan Province



Over 130 airlines reduced international services or cancelled all operations from/to mainland China

International (136)

Aero Mongolia*	Beijing Capital Airlines
Air Algeria**	British Airways*
Air Astana*	Cambodia Airways Co. Ltd
Air Busan	Cambodia Angkor Air*
Air Canada*	Cebu Pacific Air*
Air China	Chengdu Airlines
Air Company SCAT*	China Eastern Airlines
Air France*	China Express Airlines
Air India*	China Southern Airlines
Air Koryo*	China United Airlines
Air Madagascar*	China West Air*
Air Mauritius*	Chongqing Airlines*
Air New Zealand*	Citilink Indonesia
Air Seoul, Inc*	Delta Air Lines*
AirAsia	Donghai Airlines*
Airasia X	Eastar Jet
All Nippon Airways	Egyptair**
American Airlines*	El Al Israel Airlines*
Asiana Airlines	Emirates
Austrian Airlines*	Ethiopian Airlines
Azerbaijan Airlines*	Etihad Airways
AZUR air*	Finnair*
Bangkok Airways*	Garuda Indonesia*
Batik Air	Guangxi Beibu Gulf Airlines
	Hainan Airlines
	Hebei Airlines*
	Himalaya Airlines*
	Iberia*
	IndiGo*
	IrAero*
	Iraqi Airways*
	Japan Airlines
	JC Cambodia Intl Airlines
	Jeju Airlines
	Jetstar Asia*
	Jetstar Japan*
	Jetstar Pacific Airlines*
	Jin Air*
	Juneyao Airlines
	Kenya Airways*
	KLM-Royal Dutch Airlines*
	Korean Air
	Kunming Airlines
	Lanmei Airlines
	Lao Airlines
	Lion Air
	LOT - Polish Airlines*
	Lucky Air Co. Ltd.
	Lufthansa German Airlines*
	Mahan Air*

Malaysia Airlines	Malindo Airways
MIAT - Mongolian Airlines*	MIAT - Mongolian Airlines*
Myanmar Airways Intl*	Myanmar Airways Intl*
Myanmar National Airlines*	Myanmar National Airlines*
Neos Air*	Neos Air*
Nok Air	Nok Air
NokScoot Airlines Co Ltd*	NokScoot Airlines Co Ltd*
NordStar*	NordStar*
Okay Airways	Okay Airways
Oman Air*	Oman Air*
Pakistan Intl Airlines*	Pakistan Intl Airlines*
PAL Express*	PAL Express*
Peach Aviation Limited*	Peach Aviation Limited*
Pegas Fly*	Pegas Fly*
Philippine Airlines*	Philippine Airlines*
Philippines AirAsia Inc.*	Philippines AirAsia Inc.*
Qantas Airways*	Qantas Airways*
Qatar Airways*	Qatar Airways*
Qingdao Airline Co, Ltd	Qingdao Airline Co, Ltd
Royal Air Maroc*	Royal Air Maroc*
Royal Brunei Airlines*	Royal Brunei Airlines*
Royal Flight Airlines*	Royal Flight Airlines*
Ruilu Airlines	Ruilu Airlines
RwandAir*	RwandAir*

SAS Scandinavian Airlines*	SAS Scandinavian Airlines*
Saudi Arabian Airlines*	Saudi Arabian Airlines*
Scoot*	Scoot*
Shandong Airlines	Shandong Airlines
Shanghai Airlines	Shanghai Airlines
Shenzhen Airlines	Shenzhen Airlines
Siberia Airlines*	Siberia Airlines*
Sichuan Airlines	Sichuan Airlines
SilkAir	SilkAir
Singapore Airlines	Singapore Airlines
Sky Angkor Airlines	Sky Angkor Airlines
Somon Air*	Somon Air*
Spring Airlines	Spring Airlines
Spring Airlines Japan	Spring Airlines Japan
Srilankan Airlines	Srilankan Airlines
SWISS*	SWISS*
Thai Air Asia X	Thai Air Asia X
Thai AirAsia	Thai AirAsia
Thai Airways International	Thai Airways International
Thai Lion Air	Thai Lion Air
Thai Smile Airways*	Thai Smile Airways*
TianJin Airlines	TianJin Airlines
Tibet Airlines*	Tibet Airlines*
Turkish Airlines**	Turkish Airlines**
Turkmenistan Airlines*	Turkmenistan Airlines*
T'way Air*	T'way Air*
Ukraine Interl Airlines*	Ukraine Interl Airlines*
United Airlines*	United Airlines*
Ural Airlines	Ural Airlines
Urumqi Airlines*	Urumqi Airlines*
US-Bangla Airlines	US-Bangla Airlines
Uzbekistan Airways*	Uzbekistan Airways*
Vietnam Airlines*	Vietnam Airlines*
Virgin Atlantic Airways*	Virgin Atlantic Airways*
Xiamen Airlines Company	Xiamen Airlines Company
Yakutia*	Yakutia*
Zhejiang Loong Airlines	Zhejiang Loong Airlines

Regional (25)

Air China
Air Macau
Cathay Dragon
Cathay Pacific Airways
China Airlines
China Eastern Airlines
China Southern Airlines
Chongqing Airlines
Donghai Airlines
EVA Airways
Far Eastern Air Transport*
Hainan Airlines

Regional (25)

Hebei Airlines*
HK Express
Hong Kong Airlines
Juneyao Airlines
Mandarin Airlines
Shandong Airlines
Shanghai Airlines
Shenzhen Airlines
Sichuan Airlines
Tigerair Taiwan Co. Ltd
Uni Airways
Xiamen Airlines Company
Zhejiang Loong Airlines*

Announced since late January 2020; Duration varies

*: Airlines with all service Cancelled
 **^: Airlines with all service cancelled but gradual resumption



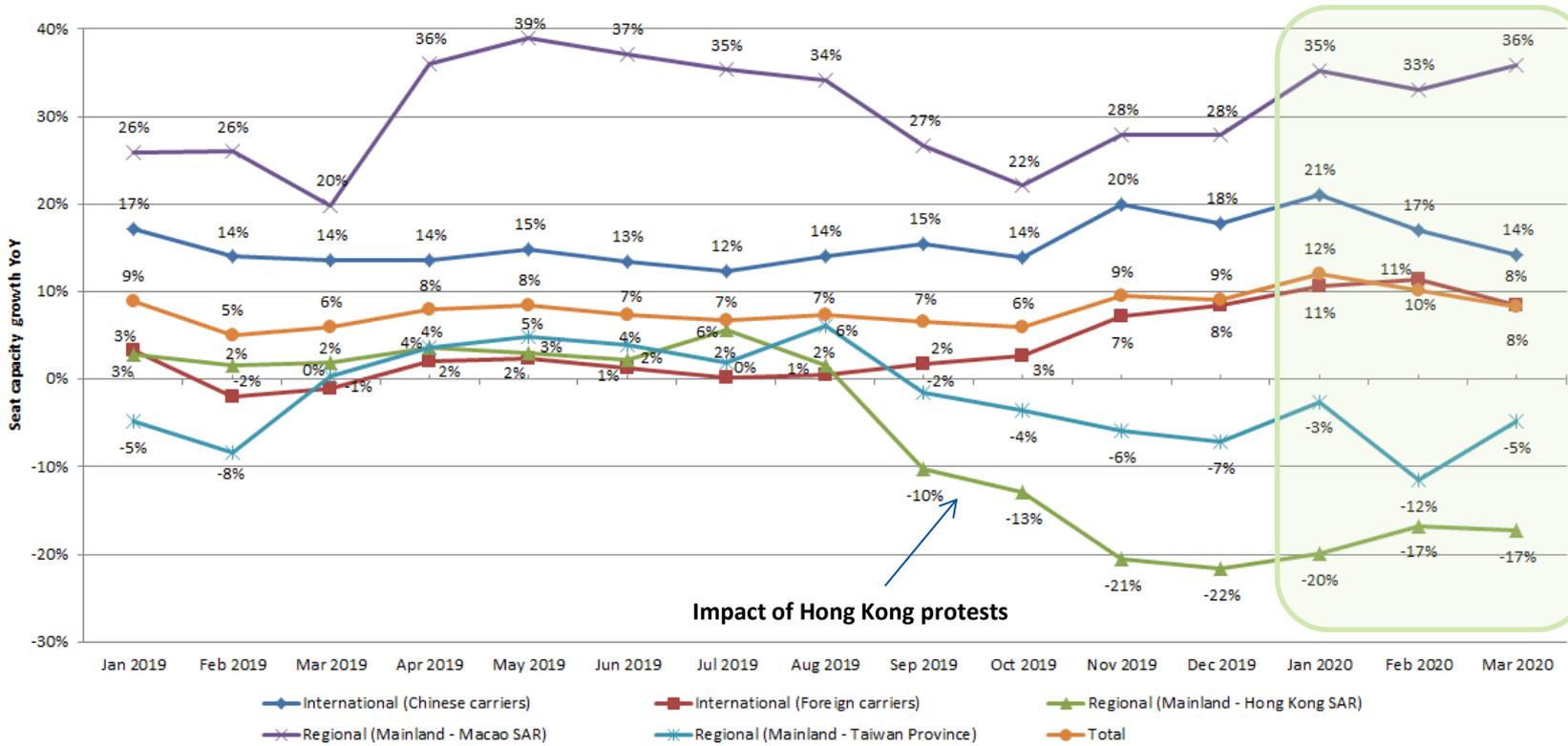
- **Baseline (hypothetical situation without COVID-19 outbreak)**
 - Seat capacity: used "originally-planned" winter schedule
 - Load factor: used 2018 actual results of airlines
- **Scenario 1**
 - Seat capacity in January and February: estimated by airlines' schedule changes
 - Seat capacity in March: estimated by preliminary airlines' schedules
 - Load factor: used 2018 actual results of airlines except Hong Kong SAR of China
- **Scenario 2**
 - Seat capacity in January and February: estimated by airlines' schedule changes
 - Seat capacity in March: assumed summer schedules not starting from 29 March
 - Load factor: decreased by 12 - 22% in February and by 7 - 17% in March



Assumptions		Baseline		Scenario 1		Scenario 2	
		Seat capacity reduction from originally-planned	Passenger load factor	Seat capacity reduction from originally-planned	Passenger load factor	Seat capacity reduction from originally-planned	Passenger load factor
January 2020	International from/to mainland China (Chinese carriers)	0%	78%	-1%	78%	-1%	78%
	International from/to mainland China (Foreign carriers)	0%	80%	0%	80%	0%	80%
	Regional between mainland China and Hong Kong SAR of China	0%	80%	0%	70%	0%	70%
	Regional between mainland China and Macao SAR of China	0%	80%	-1%	80%	-1%	80%
	Regional between mainland China and Taiwan, Province of China	0%	80%	-1%	80%	-1%	80%
February 2020	International from/to mainland China (Chinese carriers)	0%	78%	-57%	78%	-57%	58%
	International from/to mainland China (Foreign carriers)	0%	80%	-64%	80%	-64%	65%
	Regional between mainland China and Hong Kong SAR of China	0%	80%	-65%	70%	-65%	58%
	Regional between mainland China and Macao SAR of China	0%	80%	-67%	80%	-67%	58%
	Regional between mainland China and Taiwan, Province of China	0%	80%	-60%	80%	-60%	58%
March 2020	International from/to mainland China (Chinese carriers)	0%	78%	-73%	78%	-76%	63%
	International from/to mainland China (Foreign carriers)	0%	80%	-76%	80%	-78%	70%
	Regional between mainland China and Hong Kong SAR of China	0%	80%	-80%	70%	-82%	63%
	Regional between mainland China and Macao SAR of China	0%	80%	-64%	80%	-67%	63%
	Regional between mainland China and Taiwan, Province of China	0%	80%	-80%	80%	-82%	63%



10% seat capacity increase compared to 1Q 2019



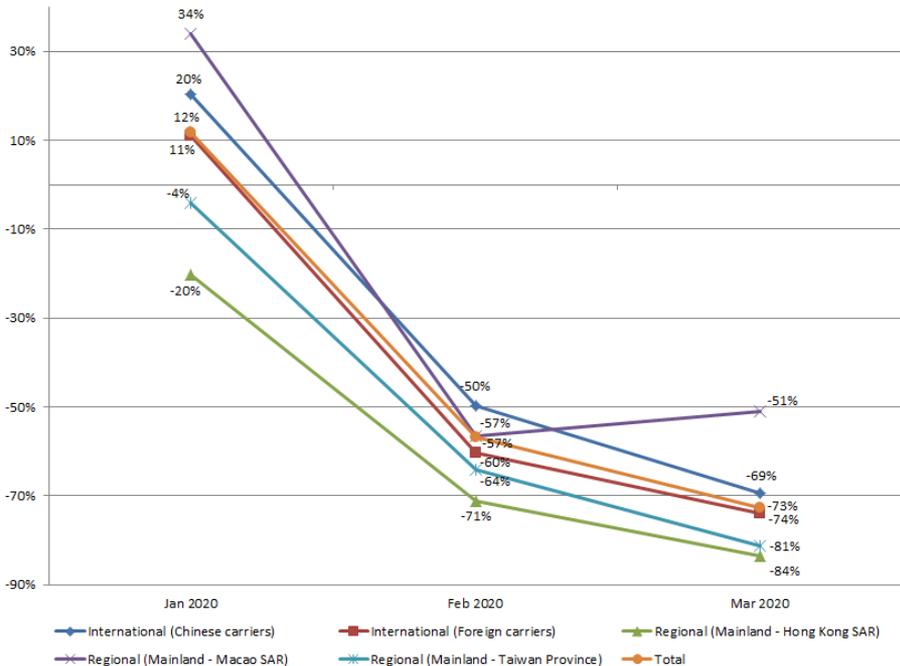
A total of YoY 10% seat capacity increase originally - planned for 1Q 2020 despite the reduction of capacity between mainland China and Hong Kong SAR and Taiwan Province

Impact of Hong Kong protests

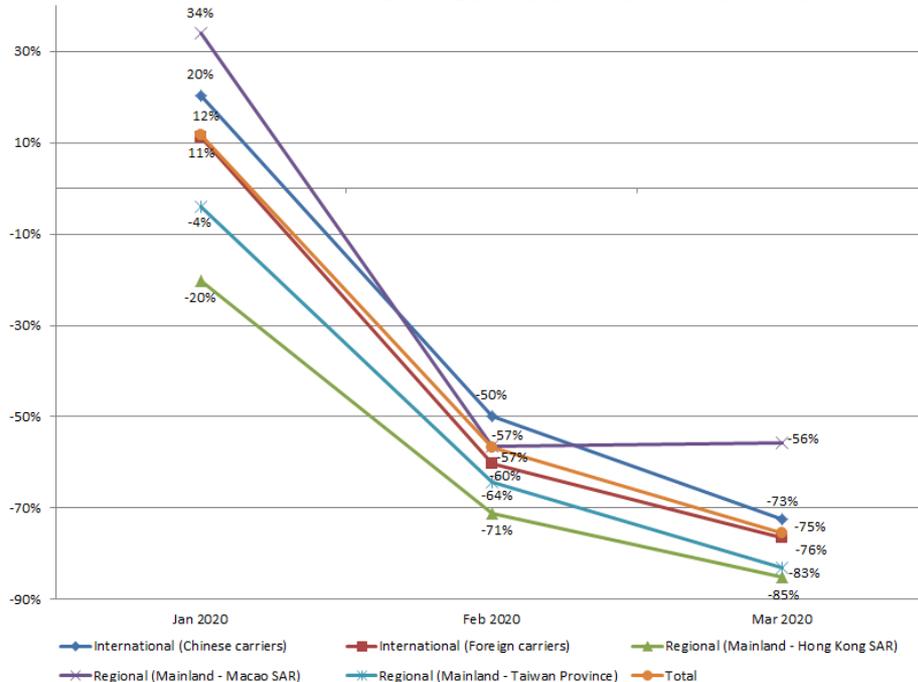


Scenarios 1 & 2: 45% seat capacity reduction from Baseline

Scenario 1: for 1Q 2020 a total of 39% reduction compared to 1Q 2019 and 45% reduction from Baseline

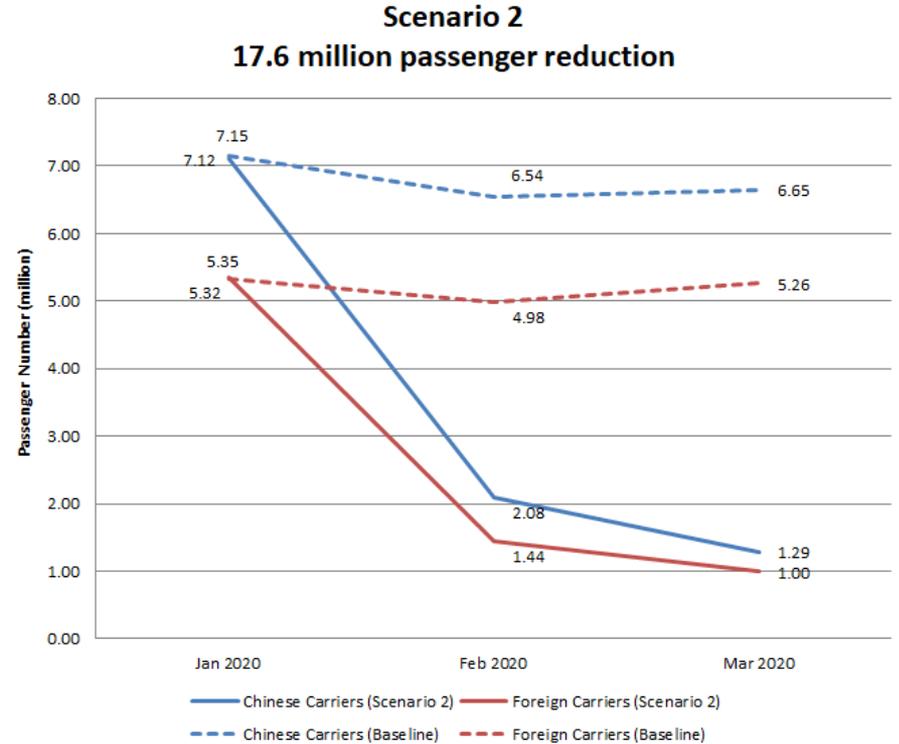
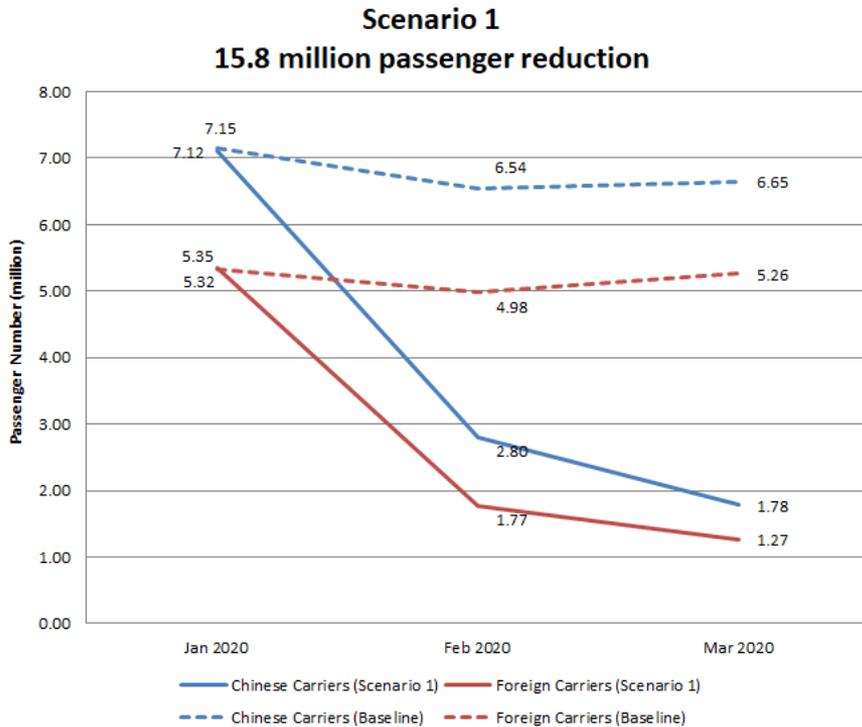


Scenario 2: for 1Q 2020 a total of 40% reduction compared to 1Q 2019 and 45% reduction from Baseline





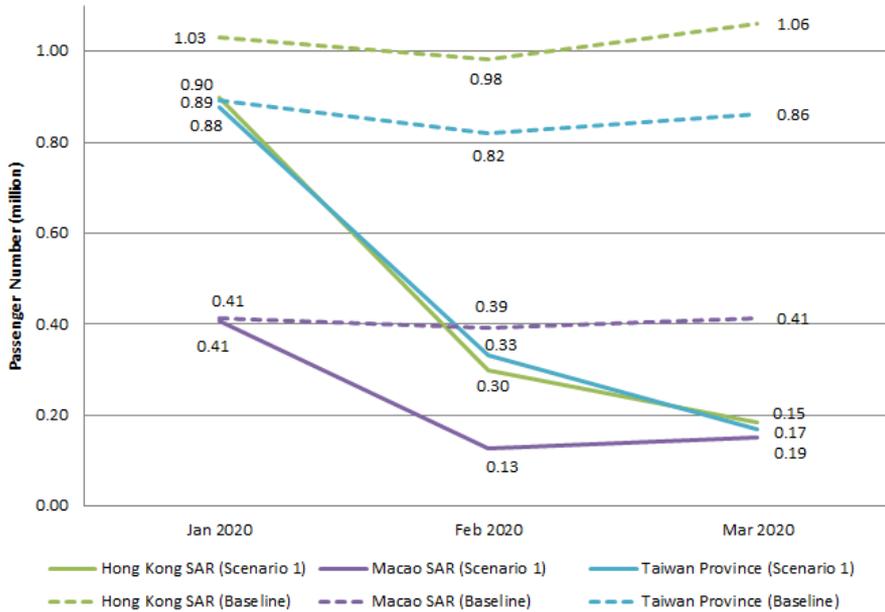
15.8 to 17.6 million “international” passenger reduction in 1Q 2020 compared to Baseline



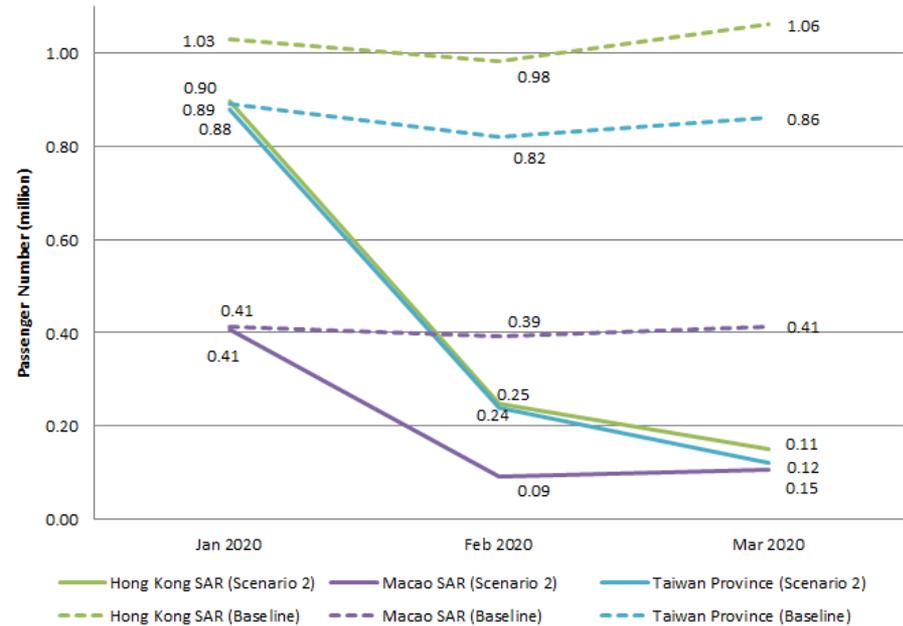


3.4 to 3.7 million “regional” passenger reduction in 1Q 2020 compared to Baseline

Scenario 1 3.4 million passenger reduction



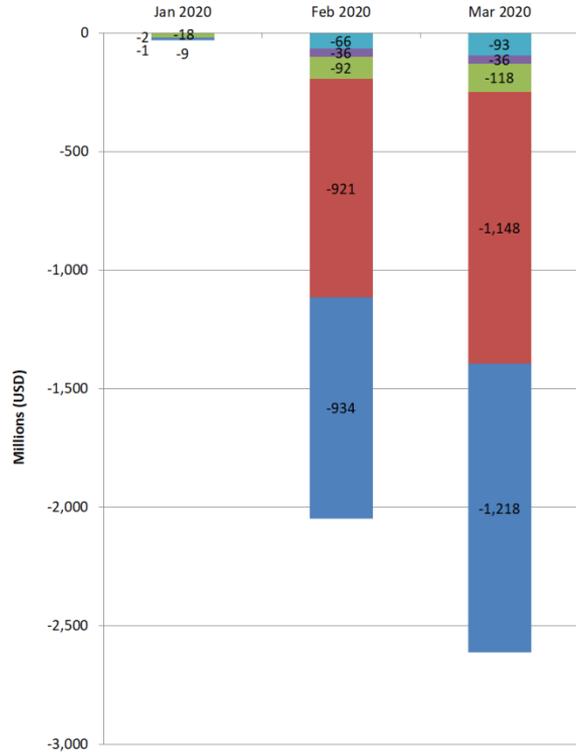
Scenario 2 3.7 million passenger reduction



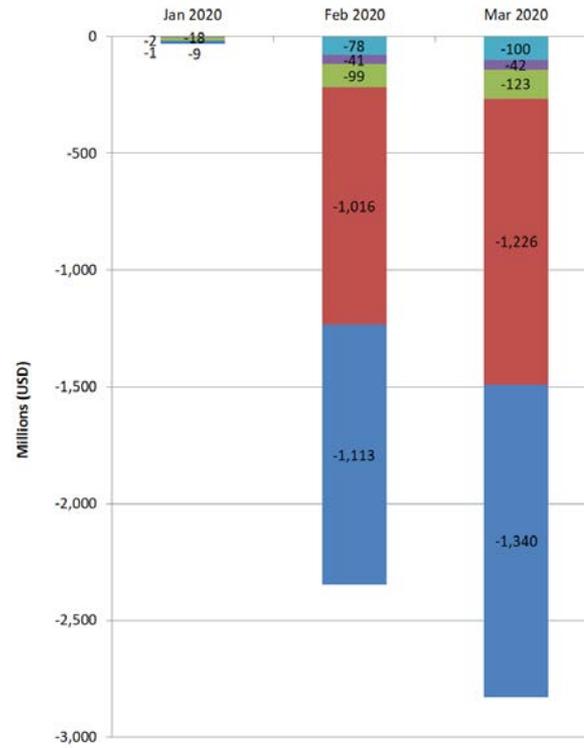


Approx. USD 4.7 to 5.2 billion potential loss of airline revenues for 1Q 2020 compared to Baseline

Scenario 1: USD 4.7 billion reduction



Scenario 2: USD 5.2 billion reduction



- International (Chinese carriers)
- International (Foreign carriers)
- Regional (Mainland - Hong Kong SAR)
- Regional (Mainland - Macao SAR)
- Regional (Mainland - Taiwan Province)

- International (Chinese carriers): calculated with an average fare of USD 250 per passenger based on traffic/financial reports of CA, CZ and MU;
- International (Foreign carriers): assumed 15% higher average fare than Chinese carriers;
- Regional: calculated with an average fare of USD 135 per passenger based on traffic/financial reports of CA, CZ and MU



The preliminary estimates indicate the impact in terms of scheduled international passenger traffic from/to mainland China (including between mainland China and Hong Kong SAR of China, Macao SAR of China and Taiwan, Province of China) during 1Q 2020 compared to originally-planned:

- Overall reduction of **45% of seats offered by airlines**
- Overall reduction of **19.3 to 21.4 million passengers**
- Approx. **USD 4.7 to 5.2 billion potential loss** of gross operating revenues of airlines

Scope of analysis	Estimated Impact on									
	Number of seats offered by airlines (000)				Number of passengers (000)				Gross operating revenues of airlines (USD, million)	
	Scenario 1		Scenario 2		Scenario 1		Scenario 2		Scenario 1	Scenario 2
International from/to mainland China (Chinese carriers)	-11,100	-42%	-11,300	-43%	-8,600	-42%	-9,900	-48%	-\$2,160	-\$2,460
International from/to mainland China (Foreign carriers)	-9,000	-46%	-9,200	-47%	-7,200	-46%	-7,800	-50%	-\$2,070	-\$2,240
Regional between mainland China and Hong Kong SAR of China	-1,900	-49%	-1,900	-49%	-1,700	-55%	-1,800	-58%	-\$230	-\$240
Regional between mainland China and Macao SAR of China	-700	-44%	-700	-45%	-500	-44%	-600	-50%	-\$70	-\$80
Regional between mainland China and Taiwan, Province of China	-1,500	-46%	-1,500	-47%	-1,200	-46%	-1,300	-52%	-\$160	-\$180
Total	-24,100	-45%	-24,600	-45%	-19,300	-45%	-21,400	-50%	-\$4,690	-\$5,210



Scenario Analysis: Hong Kong SAR of China and Macao SAR of China

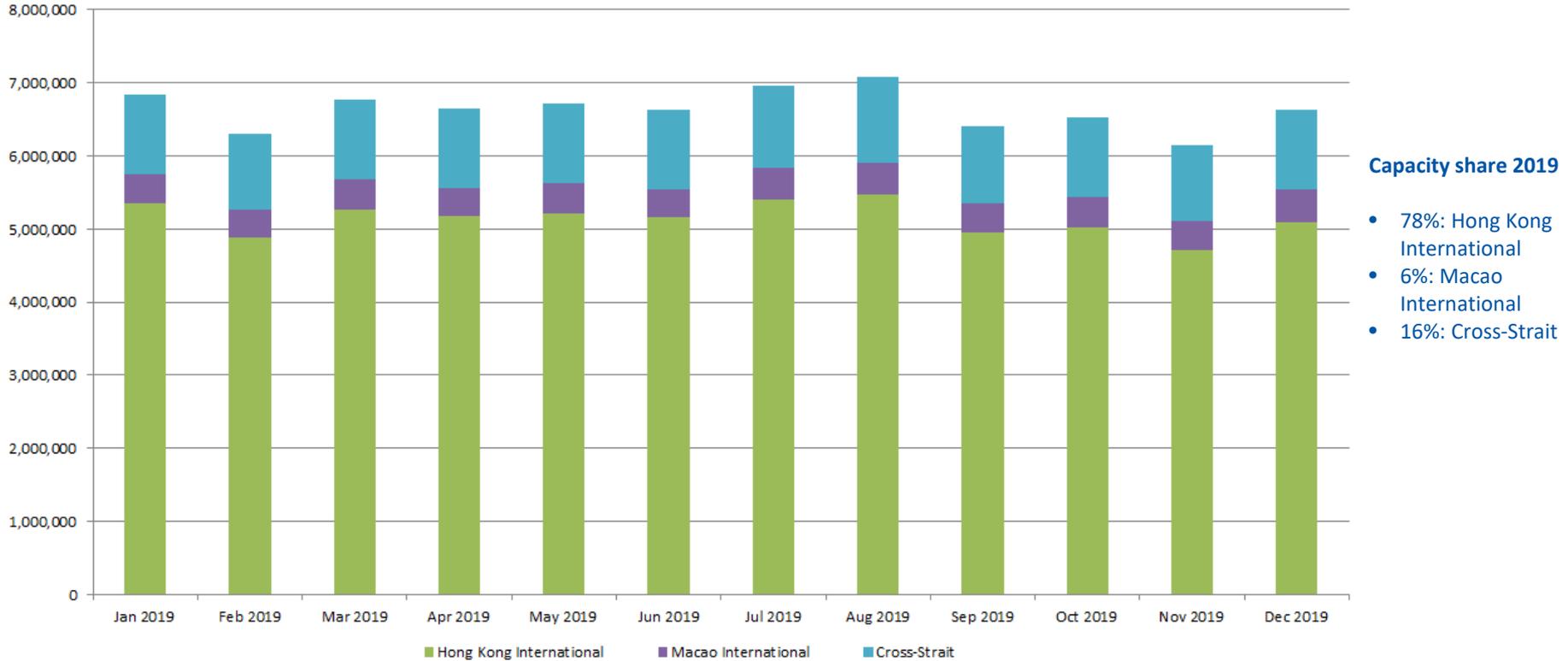
This is a preliminary analysis. Figures and estimates herein will be updated with the situation evolving and more information available.



- **“Hong Kong International”** refers to scheduled international passenger services from/to Hong Kong Special Administrative Region (SAR) of China excluding:
 - scheduled passenger services between Hong Kong SAR of China and mainland China, Macao SAR of China and Taiwan, Province of China
- **“Macao International”** refers to scheduled international passenger services from/to Macao SAR of China excluding:
 - scheduled passenger services between Macao SAR of China and mainland China, Hong Kong SAR of China and Taiwan, Province of China
- **“Cross-Strait”** refers to scheduled passenger services among Hong Kong SAR of China, Macao SAR of China and Taiwan, Province of China excluding:
 - **“Regional”** already included in the mainland China analysis

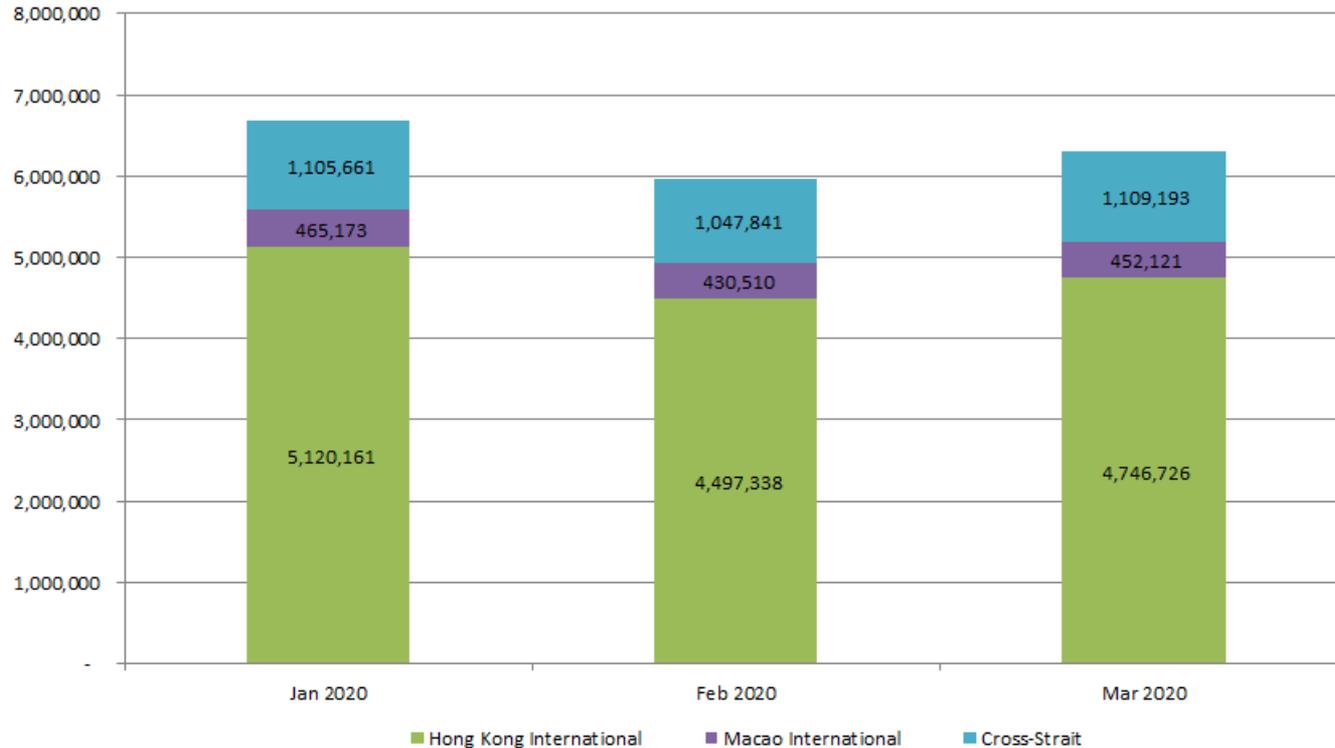


Number of seats offered by airlines (monthly, 2019)





Number of seats offered by airlines (1Q 2020 originally-planned)



Capacity share 1Q 2020

- 76%: Hong Kong International
- 7%: Macao International
- 17%: Cross-Strait

Airlines originally planned to reduce seat capacity slightly due to the impact of Hong Kong protests and the continued trade tension.



Some 70 airlines cancelled all services or reduced services from/to Hong Kong SAR and Macao SAR

Hong Kong International (64)					
Aeroflot Russian Airlines	Egyptair	Lufthansa German Airlines	T'way Air	Scoot	
Air Astana	El Al Israel Airlines*	Malaysia Airlines	United Airlines*	Thai AirAsia	
Air Busan*	Emirates	MIAT - Mongolian Airlines*	Vietjet	T'way Air*	
Air Canada	Ethiopian Airlines	Myanmar National Airlines	Vietnam Airlines	Vietnam Airlines*	
Air France	Etihad Airways*	Peach Aviation Limited	Virgin Atlantic Airways	Cross-Strait (9)	
Air India*	EZNIS AIRWAYS LLC*	Philippine Airlines*	Virgin Australia Intl*	Air Macau	
Air Mauritius*	Fiji Airways	Philippines AirAsia Inc.*	Macao International (17)	Cathay Dragon	
Air Niugini	Finnair	Qantas Airways	Air Busan*	Cathay Pacific Airways	
Air Seoul, Inc	Garuda Indonesia	Qatar Airways	Air Macau	China Airlines	
AirAsia	HK Express	Royal Brunei Airlines	AirAsia	EVA Airways	
All Nippon Airways	Hong Kong Airlines	Royal Jordanian	Bamboo Airways*	HK Express	
American Airlines*	IndiGo*	SAS Scandinavian Airlines*	Cambodia Airways Co. Ltd*	Hong Kong Airlines	
Asiana Airlines	Japan Airlines	Scoot	Cambodia Angkor Air*	Mandarin Airlines*	
Bangkok Airways	Jeju Airlines	Siberia Airlines*	Cebu Pacific Air*	Tigerair Taiwan Co. Ltd*	
British Airways	Jetstar Asia*	Singapore Airlines	Eastar Jet*		
Cathay Dragon	Jetstar Japan*	South African Airways*	Jeju Airlines		Announced since late January 2020; Duration varies
Cathay Pacific Airways	Jetstar Pacific Airlines*	SWISS	Jin Air*		
Cebu Pacific Air*^	KLM-Royal Dutch Airlines	Thai AirAsia	Lanmei Airlines*		*: Airlines with all service cancelled
Eastar Jet	Korean Air*	Thai Airways International	Philippine Airlines*		*^: Airlines with all service cancelled but gradual resumption
	Lanmei Airlines*	Turkish Airlines	Philippines AirAsia Inc.*		



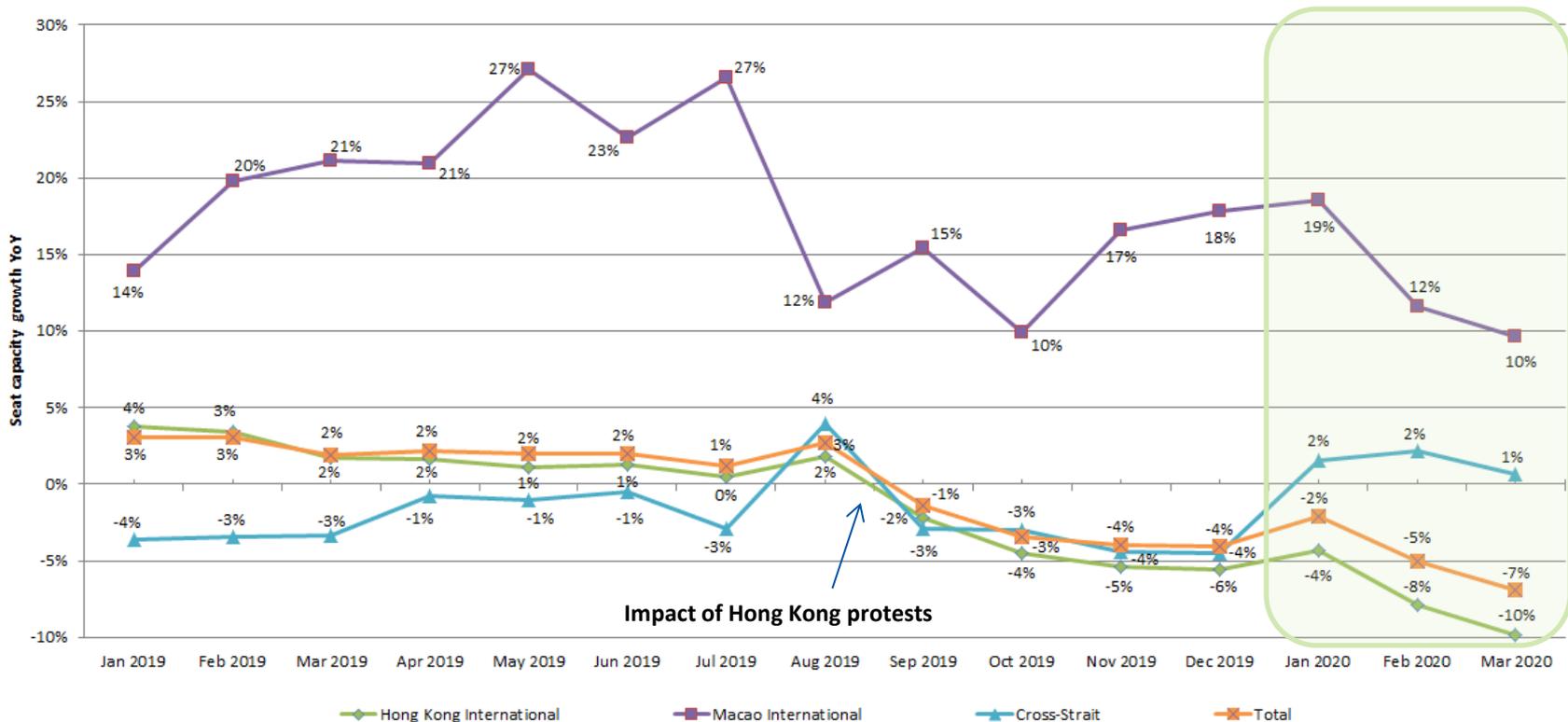
- **Baseline (hypothetical situation without COVID-19 outbreak)**
 - Seat capacity: used "originally-planned" winter schedule
 - Load factor: used the same percentage as "International from/to mainland China (Foreign carriers)" and "Regional"
- **Scenario 1**
 - Seat capacity in January and February: estimated by airlines' schedule changes
 - Seat capacity in March: estimated by preliminary airlines' schedules
 - Load factor: used the same percentage as Baseline
- **Scenario 2**
 - Seat capacity in January and February: estimated by airlines' schedule changes
 - Seat capacity in March: assumed summer schedules not starting from 29 March
 - Load factor: decreased by 22% in February and by 17% in March



Assumptions		Baseline		Scenario 1		Scenario 2	
		Seat capacity reduction from originally-planned	Passenger load factor	Seat capacity reduction from originally-planned	Passenger load factor	Seat capacity reduction from originally-planned	Passenger load factor
January 2020	Hong Kong International	0%	80%	0%	80%	0%	80%
	Macao International	0%	80%	0%	80%	0%	80%
	Cross-Strait	0%	80%	1%	80%	1%	80%
February 2020	Hong Kong International	0%	80%	-25%	80%	-25%	58%
	Macao International	0%	80%	-67%	80%	-67%	58%
	Cross-Strait	0%	80%	-52%	80%	-52%	58%
March 2020	Hong Kong International	0%	80%	-55%	80%	-60%	63%
	Macao International	0%	80%	-75%	80%	-77%	63%
	Cross-Strait	0%	80%	-83%	80%	-85%	63%



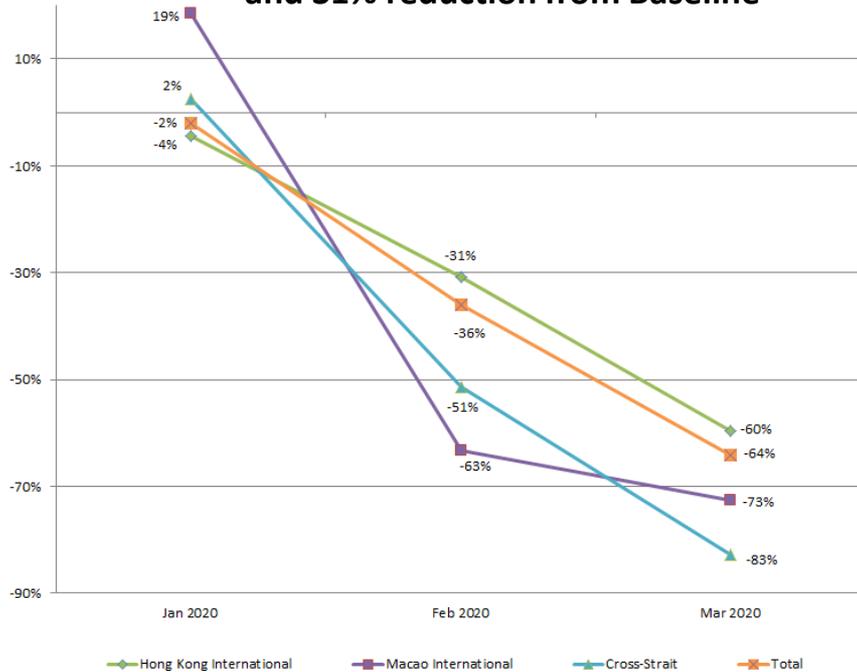
5% seat capacity reduction compared to 1Q 2019



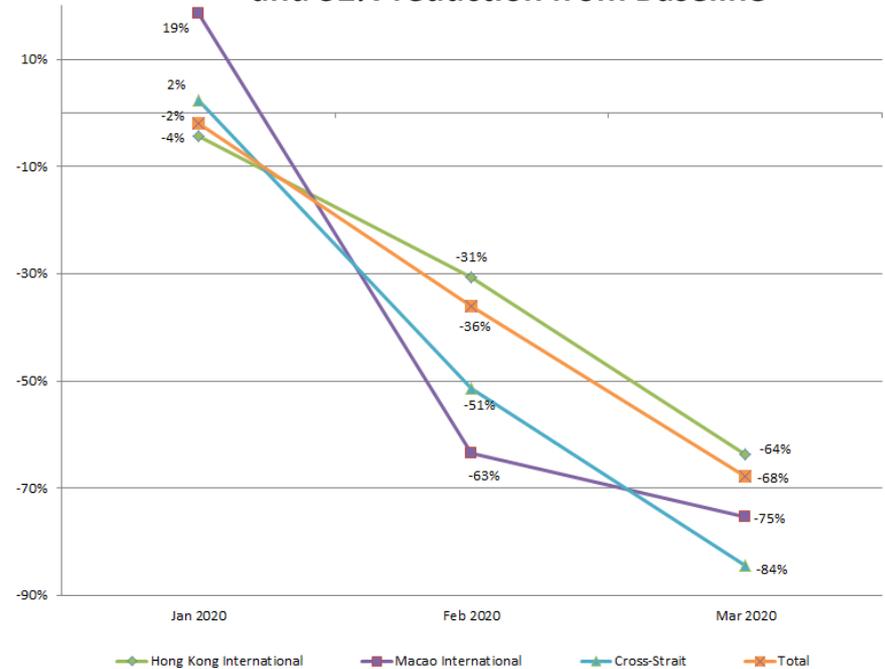
A total of YoY 5% seat capacity reduction originally planned for 1Q 2020 due to the expectation of continued weak demand for Hong Kong SAR and Taiwan Province

31 to 32% seat capacity reduction from Baseline

Scenario 1: for 1Q 2020 a total of 34% reduction compared to 1Q 2019 and 31% reduction from Baseline

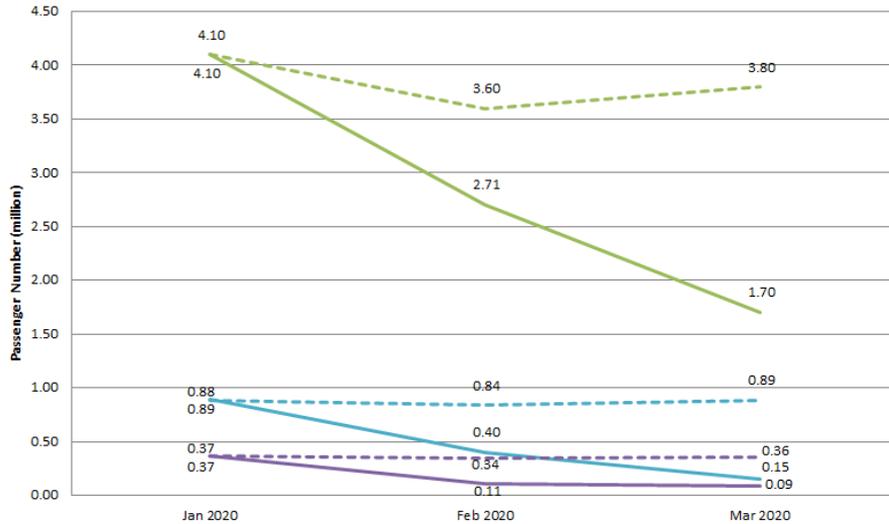


Scenario 2: for 1Q 2020 a total of 35% reduction compared to 1Q 2019 and 32% reduction from Baseline

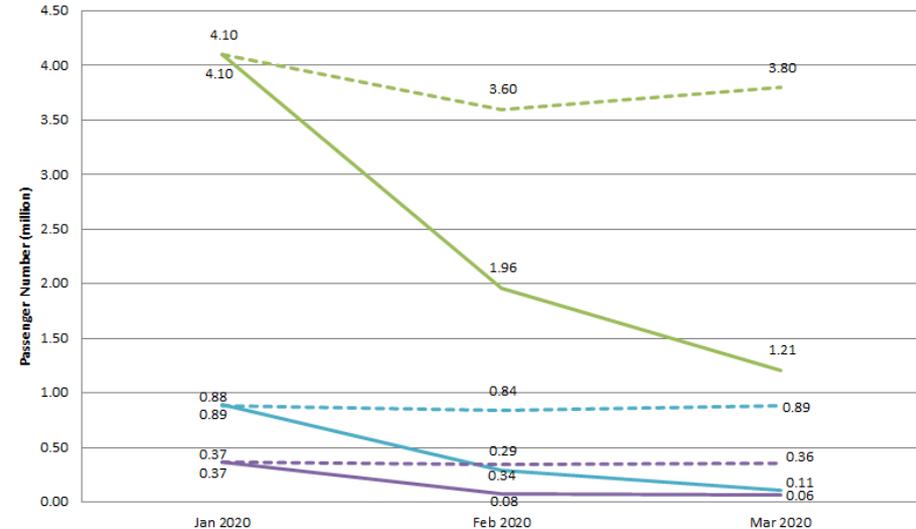


4.7 to 6.1 million passenger reduction in 1Q 2020 compared to Baseline

Scenario 1: a total of 4.7 million passenger reduction for 1Q 2020 from Baseline



Scenario 2: a total of 6.1 million passenger reduction for 1Q 2020 from Baseline



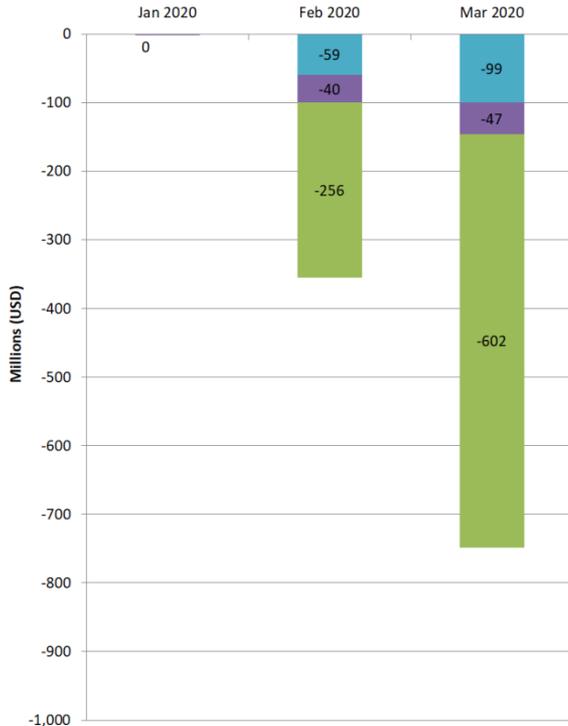
— Hong Kong International (Scenario 1)
 — Macao International (Scenario 1)
 — Cross-Strait (Scenario 1)
- - - Hong Kong International (Baseline)
 - - - Macao International (Baseline)
 - - - Cross-Strait (Baseline)

— Hong Kong International (Scenario 2)
 — Macao International (Scenario 2)
 — Cross-Strait (Scenario 2)
- - - Hong Kong International (Baseline)
 - - - Macao International (Baseline)
 - - - Cross-Strait (Baseline)

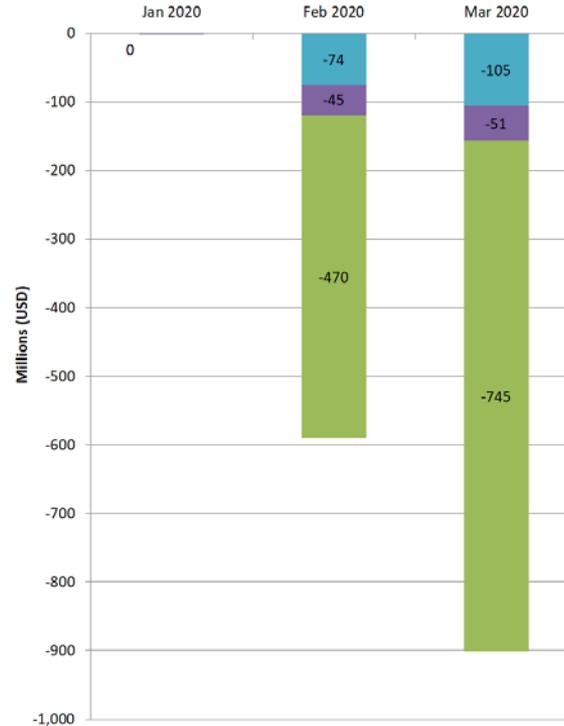


Approx. USD 1.1 to 1.5 billion potential loss of airline revenues for 1Q 2020 compared to Baseline

Scenario 1: USD 1.1 billion reduction



Scenario 2: USD 1.5 billion reduction



- Hong Kong International
- Macao International
- Cross-Strait

- Hong Kong International: calculated with an average fare of USD 287.6 per passenger (i.e. almost the same as “International (Foreign carriers)”);
- Macao International: calculated with an average fare of USD 172 per passenger;
- Cross-Strait: calculated with an average fare of USD 135 per passenger (i.e. the same as “Regional”)



The preliminary estimates indicate the impact in terms of scheduled international passenger traffic from/to Hong Kong SAR of China and Macao SAR of China, as well as scheduled passenger traffic among Hong Kong SAR of China, Macao SAR of China and Taiwan, Province of China, during 1Q 2020 compared to originally-planned:

- Overall reduction ranging from **31% to 32% of seats offered by airlines**
- Overall reduction of **4.7 to 6.1 million passengers**
- Approx. **USD 1.1 to 1.5 billion potential loss** of gross operating revenues of airlines

Scope of analysis	Estimated Impact on									
	Number of seats offered by airlines (000)				Number of passengers (000)				Gross operating revenues of airlines (USD, million)	
	Scenario 1		Scenario 2		Scenario 1		Scenario 2		Scenario 1	Scenario 2
Hong Kong International	-3,700	-26%	-3,900	-27%	-3,000	-26%	-4,200	-37%	-\$860	-\$1,220
Macao International	-600	-47%	-600	-47%	-500	-47%	-600	-52%	-\$90	-\$100
Cross-Strait	-1,500	-45%	-1,500	-45%	-1,200	-45%	-1,300	-51%	-\$160	-\$180
Total	-5,800	-31%	-6,100	-32%	-4,700	-31%	-6,100	-40%	-\$1,100	-\$1,490



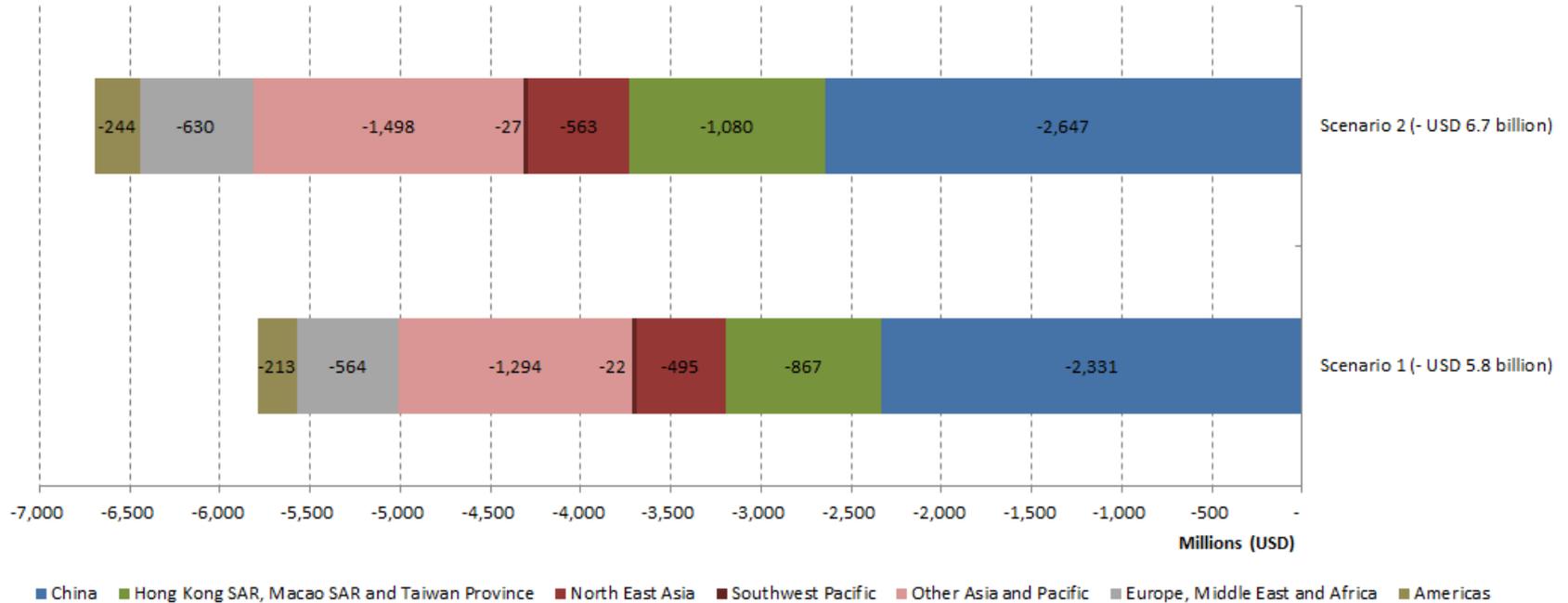
Summary of Scenario Analysis

This is a preliminary analysis. Figures and estimates herein will be updated with the situation evolving and more information available.



- The direct impact of COVID-19 outbreak is expected to be greater than that caused by SARS in 2003 due to higher scale of flight cancellations and bigger economic size/air travel market of China
- The preliminary estimates indicate the impact in terms of scheduled international passenger traffic from/to China (including Hong Kong SAR of China, Macao SAR of China and cross-strait services from/to Taiwan, Province of China) during 1Q 2020 compared to originally-planned:
 - Overall reduction ranging from **41% to 42% of seats offered by airlines**
 - Overall reduction of **23.9 to 27.5 million passengers**
 - Approx. **USD 5.8 to 6.7 billion potential loss** of gross operating revenues of airlines
- The above estimates exclude, inter alia, the impact of traffic reduction related to air cargo, Chinese domestic, as well as other international services

Break-down of revenue reduction by region of air carrier registration in 1Q 2020



55% and 85% of revenue reduction is estimated to be attributed to the loss from Chinese carriers and Asia/Pacific carriers (including Chinese carriers), respectively



Scope of analysis	Estimated Impact on									
	Number of seats offered by airlines (000)				Number of passengers (000)				Gross operating revenues of airlines (USD, million)	
	Scenario 1		Scenario 2		Scenario 1		Scenario 2		Scenario 1	Scenario 2
International from/to mainland China (Chinese carriers)	-11,100	-42%	-11,300	-43%	-8,600	-42%	-9,900	-48%	-\$2,160	-\$2,460
International from/to mainland China (Foreign carriers)	-9,000	-46%	-9,200	-47%	-7,200	-46%	-7,800	-50%	-\$2,070	-\$2,240
Regional between mainland China and Hong Kong SAR of China	-1,900	-49%	-1,900	-49%	-1,700	-55%	-1,800	-58%	-\$230	-\$240
Regional between mainland China and Macao SAR of China	-700	-44%	-700	-45%	-500	-44%	-600	-50%	-\$70	-\$80
Regional between mainland China and Taiwan, Province of China	-1,500	-46%	-1,500	-47%	-1,200	-46%	-1,300	-52%	-\$160	-\$180
Sub-total	-24,100	-45%	-24,600	-45%	-19,300	-45%	-21,400	-50%	-\$4,690	-\$5,210
Hong Kong International	-3,700	-26%	-3,900	-27%	-3,000	-26%	-4,200	-37%	-\$860	-\$1,220
Macao International	-600	-47%	-600	-47%	-500	-47%	-600	-52%	-\$90	-\$100
Cross-Strait	-1,500	-45%	-1,500	-45%	-1,200	-45%	-1,300	-51%	-\$160	-\$180
Sub-total	-5,800	-31%	-6,100	-32%	-4,700	-31%	-6,100	-40%	-\$1,100	-\$1,490
Grand total	-29,900	-41%	-30,600	-42%	-23,900	-41%	-27,500	-47%	-\$5,800	-\$6,700



Appendix

China Domestic

Tourism by Chinese Passengers

Republic of Korea

Iran (Islamic Republic of)

Mongolia

This section contains a very preliminary analysis. Figures and estimates herein will be updated with the situation evolving and more information available.



The preliminary estimates indicate the impact in terms of scheduled domestic passenger traffic within mainland China during 1Q 2020 compared to originally-planned:

- Overall reduction of **40% of seats offered by airlines**
- Overall reduction of **66.6 to 76.3 million passengers**
- Approx. **USD 6.8 to 7.8 billion potential loss** of gross operating revenues of airlines

Scope of analysis	Estimated Impact on									
	Number of seats offered by airlines (000)				Number of Passengers (000)				Gross operating revenues of airlines (USD, million)	
	Scenario 1		Scenario 2		Scenario 1		Scenario 2		Scenario 1	Scenario 2
Domestic within mainland China	-76,100	-40%	-76,100	-40%	-66,600	-42%	-76,300	-48%	-\$6,830	-\$7,825
PRELIMINARY	Assumption			Seat capacity is reduced by 3% in January 2020 and 60% in February and March 2020 from the originally-planned schedules (baseline)	Load factor is down from 83% (baseline) to 80% for 1Q 2020	Load factor is down from 83% (baseline) to 80% in January 2020, 58% in February 2020 and 63% in March 2020	Calculated with an average fare of USD 102.5 per passenger based on traffic/financial reports of CA, CZ and MU			



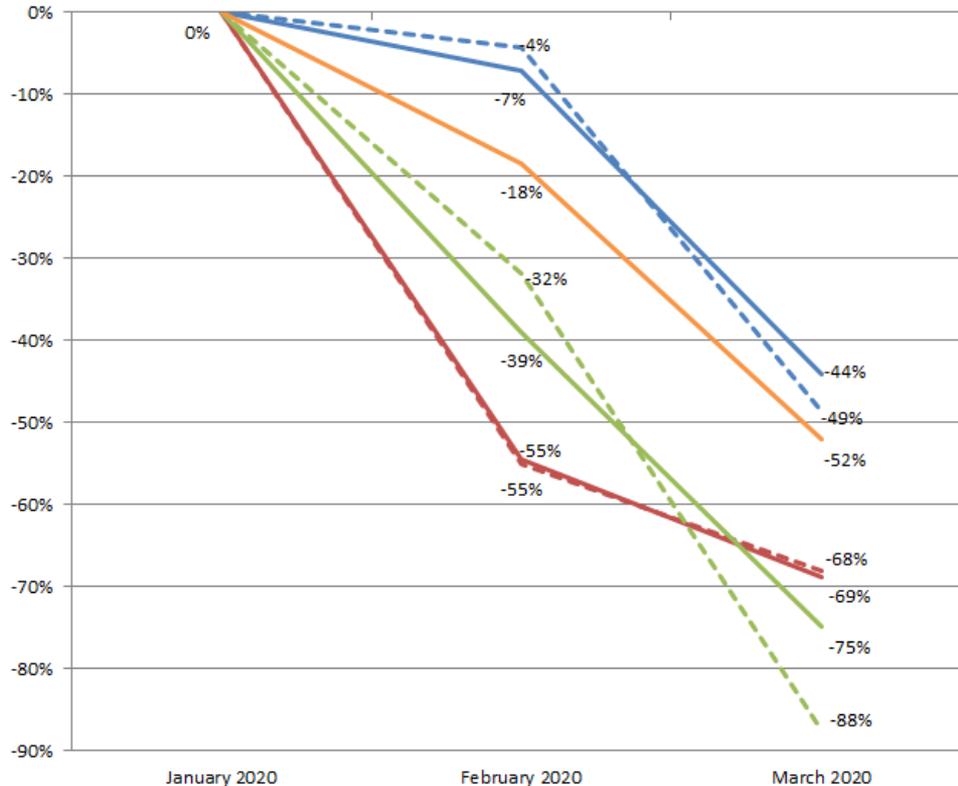
Potential loss of revenues from Chinese tourists to top 5 States in 1Q 2020

Top 5 States that Chinese traveller had the largest share		Baseline		Scenario 1		Scenario 2	
		Passenger number	Tourism revenue (in million USD)*	Passenger number	Tourism revenue (in million USD)*	Passenger number	Tourism revenue (in million USD)*
Australia		460,161	446.36	340,318	330.11	296,616	287.72
	Loss	-	-	-119,843	-116.25	-163,545	-158.64
France		240,523	233.31	137,867	133.73	120,670	117.05
	Loss	-	-	-102,656	-99.58	-119,853	-116.26
Japan		3,181,840	3,086.38	2,167,273	2102.25	1,855,034	1,799.38
	Loss	-	-	-1,014,567	-984.13	-1,326,806	-1287.00
Thailand		2,772,352	2,689.18	1,826,629	1771.83	1,589,458	1,541.77
	Loss	-	-	-945,723	-917.35	-1,182,894	-1147.41
United States		888,102	861.46	505,096	489.94	446,707	433.31
	Loss	-	-	-383,006	-371.52	-441,395	-428.15

- Data excludes Special Administrative Regions (SAR) of China (Hong Kong SAR and Macao SAR) and Taiwan, Province of China
- Calculated with average international tourism spending of China (USD 970) per tourist reported by UNWTO



International passenger services from/to Republic of Korea in 1Q 2020

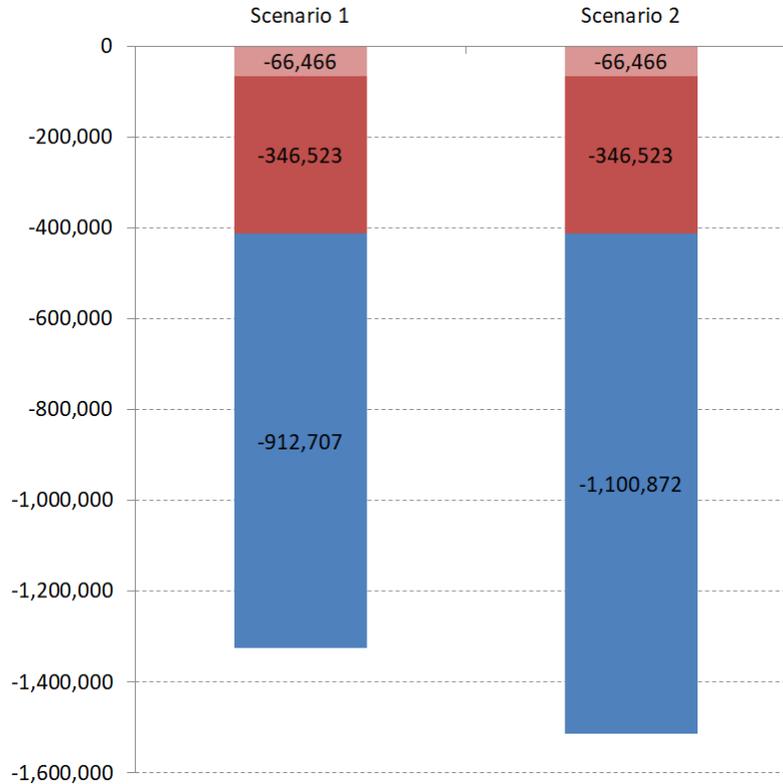


23% seat capacity reduction from originally-planned level in 1Q 2020

- From/to China (Korean carriers)
- From/to China (Foreign carriers)
- From to Hong Kong/Macao SARs of China (Korean carriers)
- From to Hong Kong/Macao SARs of China (Foreign carriers)
- From/to other international destinations (Korean carriers)
- From/to other international destinations (Foreign carriers)
- Total



International passenger services from/to Republic of Korea in Feb 2020



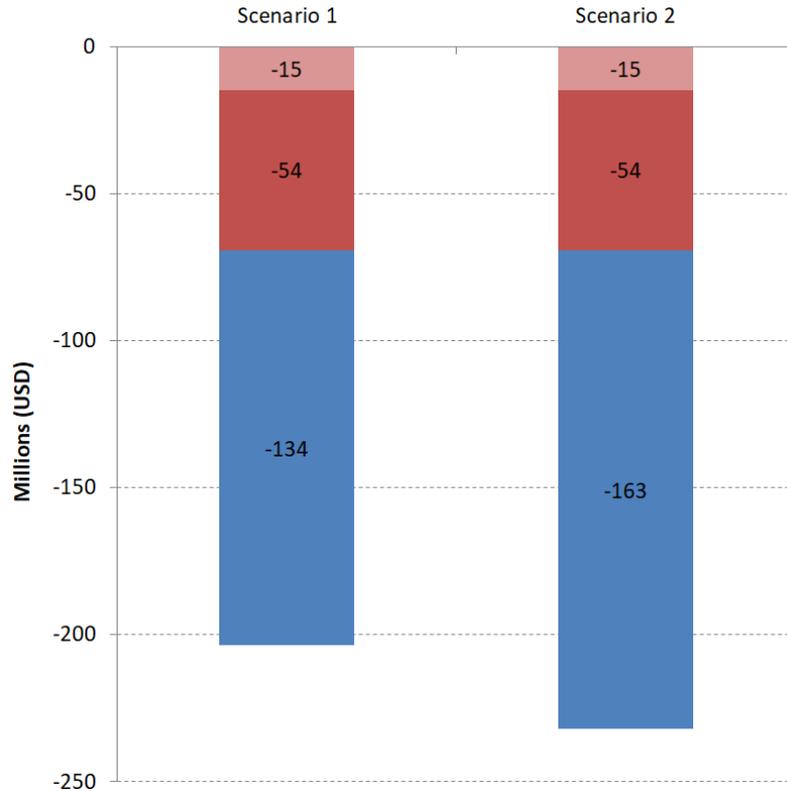
1.3 to 1.5 million passenger reduction in February 2020 compared to originally-planned

- From/to mainland China including Hong Kong/Macao SARs: extracted the impact involving Republic of Korea from scenarios 1 and 2;
- Other internal destinations: assumed 80% load factor

- From/to mainland China including Hong Kong/Macao SARs
- Other international destinations (Korean carriers)
- Other international destinations (Foreign carriers)



International passenger services from/to Republic of Korea in Feb 2020



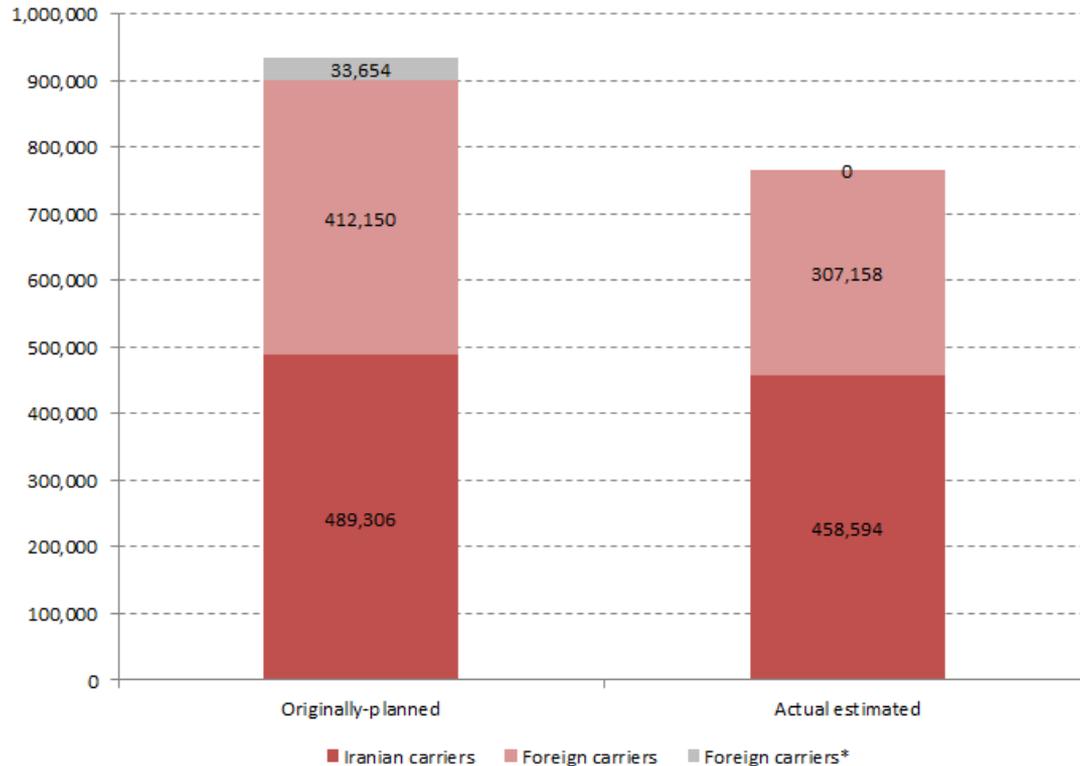
USD 204 to 232 million potential loss of airline revenues in February 2020 compared to originally-planned

- From/to mainland China including Hong Kong/Macao SARs: extracted the impact involving Republic of Korea from scenarios 1 and 2;
- Other internal destinations: calculated with an average fare of USD 287.6 per passenger (ranging from USD 155 to 485 by destination);

- From/to mainland China including Hong Kong/Macao SARs
- Other international destinations (Korean carriers)
- Other international destinations (Foreign carriers)



International passenger services from/to Iran (Islamic Republic of) in Feb 2020

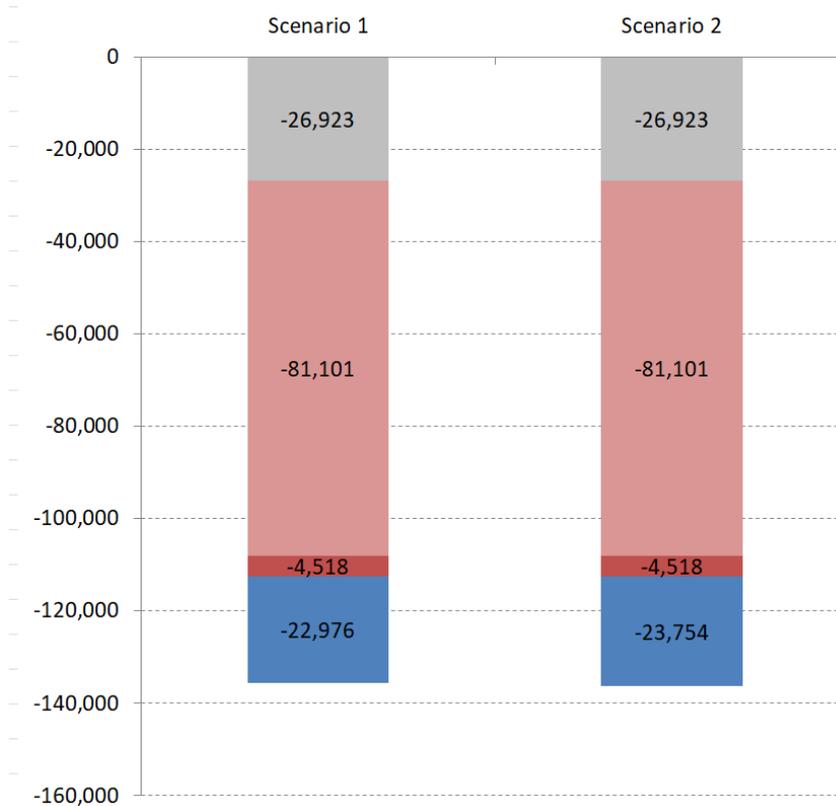


12% seat capacity reduction from originally-planned level in February 2020 due to COVID-19

- -6%: Iranian carriers
- -25%: Foreign carriers

*: Capacity change was announced and implemented before COVID-19 outbreak

International passenger services from/to Iran (Islamic Republic of) in Feb 2020



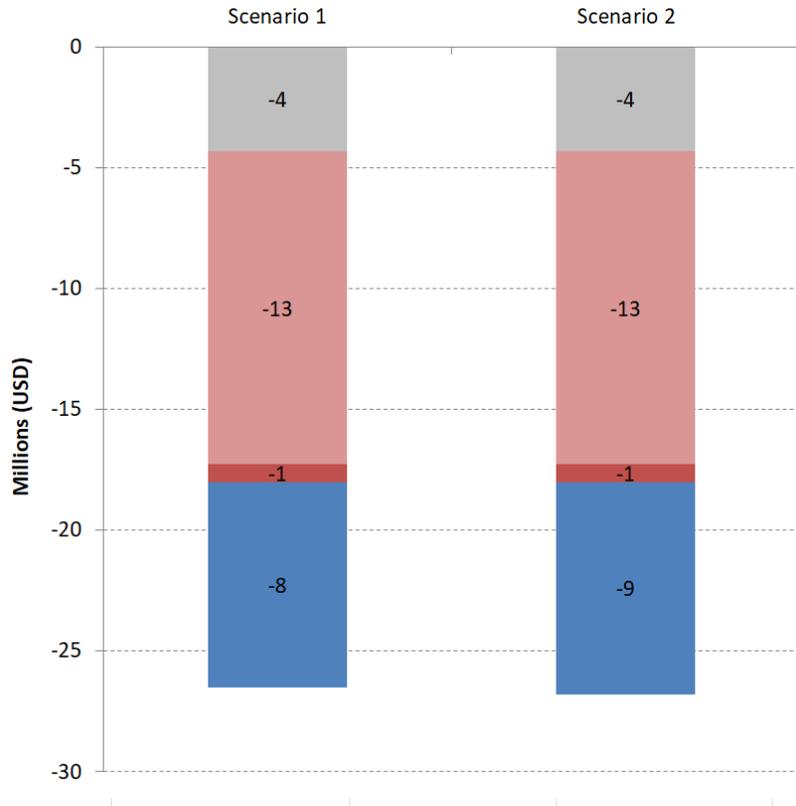
0.11 million passenger reduction in February 2020 compared to originally-planned due to COVID-19

- From/to mainland China: extracted the impact involving Republic of Korea from scenarios 1 and 2;
- Other internal destinations: assumed 80% load factor

- From/to mainland China
- Other international destinations (Iranian carriers)
- Other international destinations (Foreign carriers)
- Other international destinations (Foreign carriers*)

*: Capacity change was announced and implemented before COVID-19 outbreak

International passenger services from/to Iran (Islamic Republic of) in Feb 2020



USD 22 million potential loss of airline revenues in February 2020 compared to originally-planned due to COVID-19

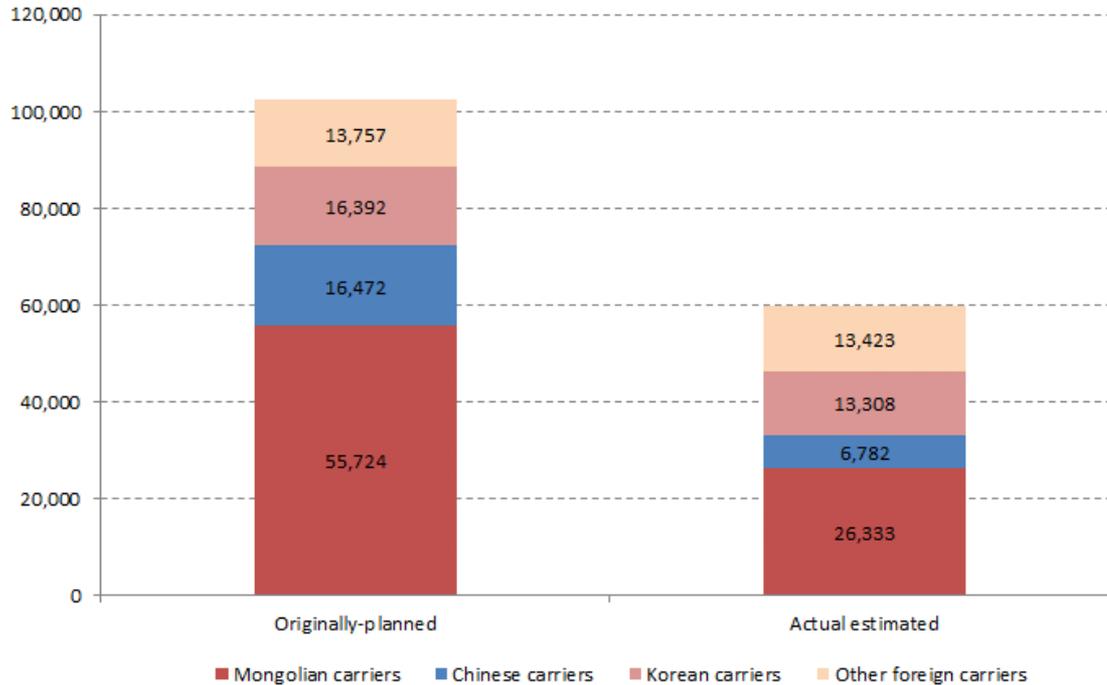
- From/to mainland China: extracted the impact involving Republic of Korea from scenarios 1 and 2;
- Other internal destinations: calculated with an average fare of USD 160 per passenger

- From/to mainland China
- Other international destinations (Iranian carriers)
- Other international destinations (Foreign carriers)
- Other international destinations (Foreign carriers*)

*: Capacity change was announced and implemented before COVID-19 outbreak



International passenger services from/to Mongolia in Feb 2020

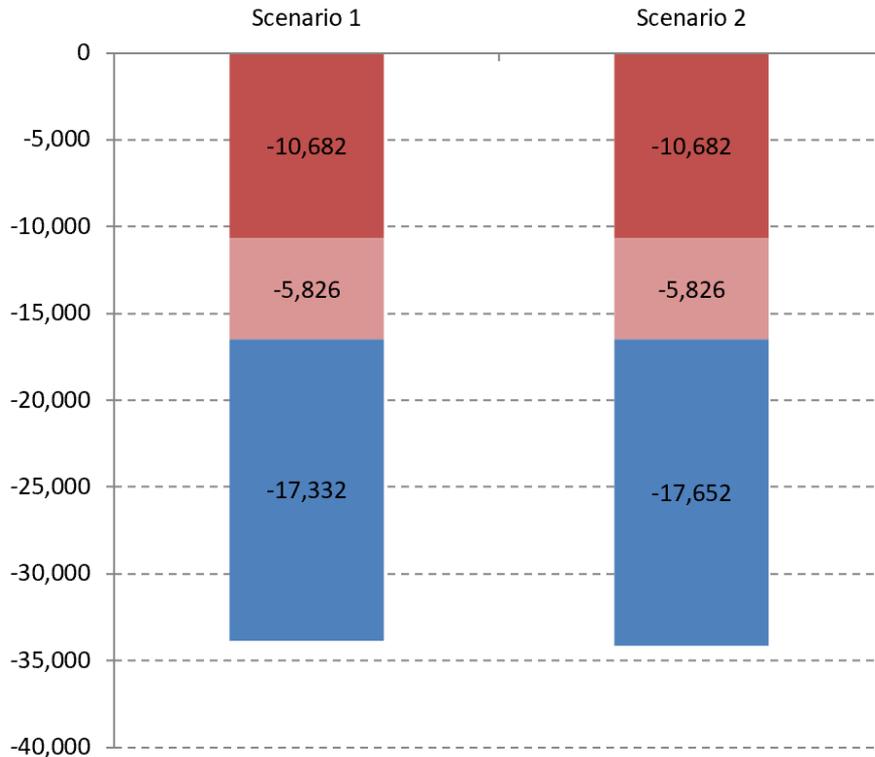


42% seat capacity reduction from originally-planned level in February 2020

- -53%: Mongolian carriers
- -59%: Chinese carriers
- -19%: Korean carriers
- -2%: Other foreign carriers



International passenger services from/to Mongolia in Feb 2020



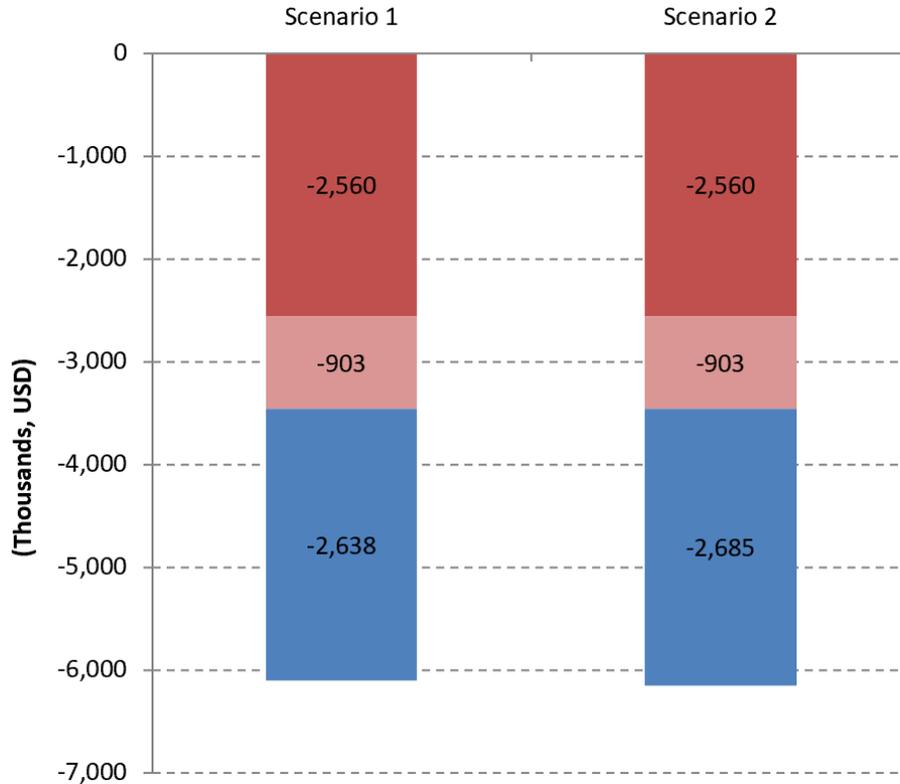
34,000 passenger reduction in February 2020 compared to originally-planned

- From/to mainland China: extracted the impact involving Mongolia from scenarios 1 and 2;
- From/to Republic of Korea and other internal destinations: assumed 80% load factor

- From/to mainland China and Hong Kong SAR
- From/to Republic of Korea
- Other international destinations



International passenger services from/to Mongolia in Feb 2020



USD 6.1 million potential loss of airline revenues in February 2020 compared to originally-planned

- From/to mainland China and Hong Kong SAR: extracted the impact involving Mongolia from scenarios 1 and 2;
- From/to Republic of Korea and other internal destinations: calculated with an average fare of USD 135 to 155 per passenger

- From/to mainland China and Hong Kong SAR
- From/to Republic of Korea
- Other international destinations



- Arrangement for the prevention and Management of Public Health Events in Civil Aviation (CAPSCA)
 - <https://www.capsca.org/CoronaVirusRefs.html>

- Aviation and COVID-19
 - <https://www.icao.int/Security/COVID-19/Pages/default.aspx>

- Updated analysis of the effects of the Novel Coronavirus (COVID-19) on air transport
 - [https://www.icao.int/sustainability/Documents/COVID-19/ICAO Coronavirus Econ Impact.pdf](https://www.icao.int/sustainability/Documents/COVID-19/ICAO%20Coronavirus%20Econ%20Impact.pdf)



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<https://www.icao.int/Newsroom/Pages/Economic-impact-estimates-due-to-COVID-19-travel-bans.aspx>



THANK YOU