



ICAO

UNITING AVIATION

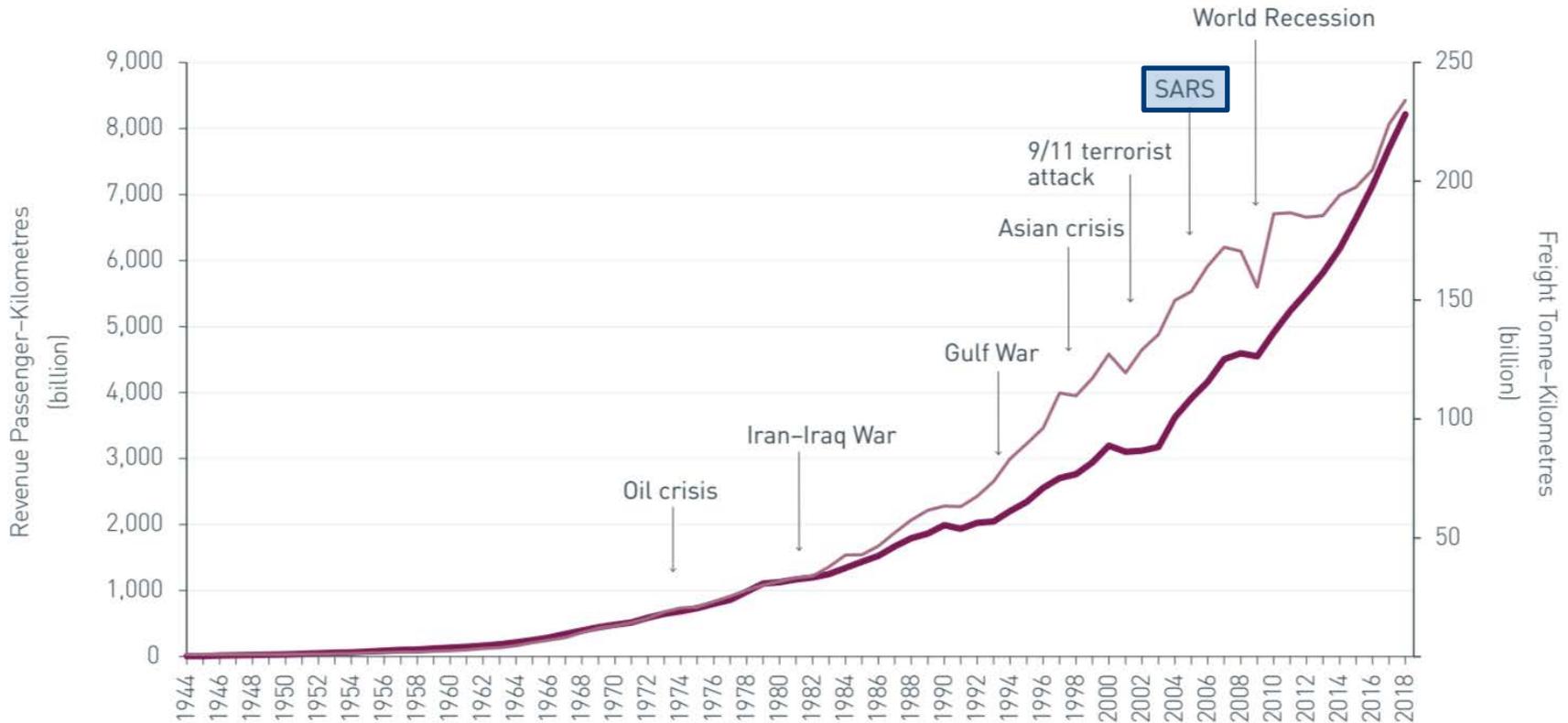
Effects of Novel Coronavirus (COVID-19) on Civil Aviation: Economic Impact Analysis

Montréal, Canada
As of 26 February 2020



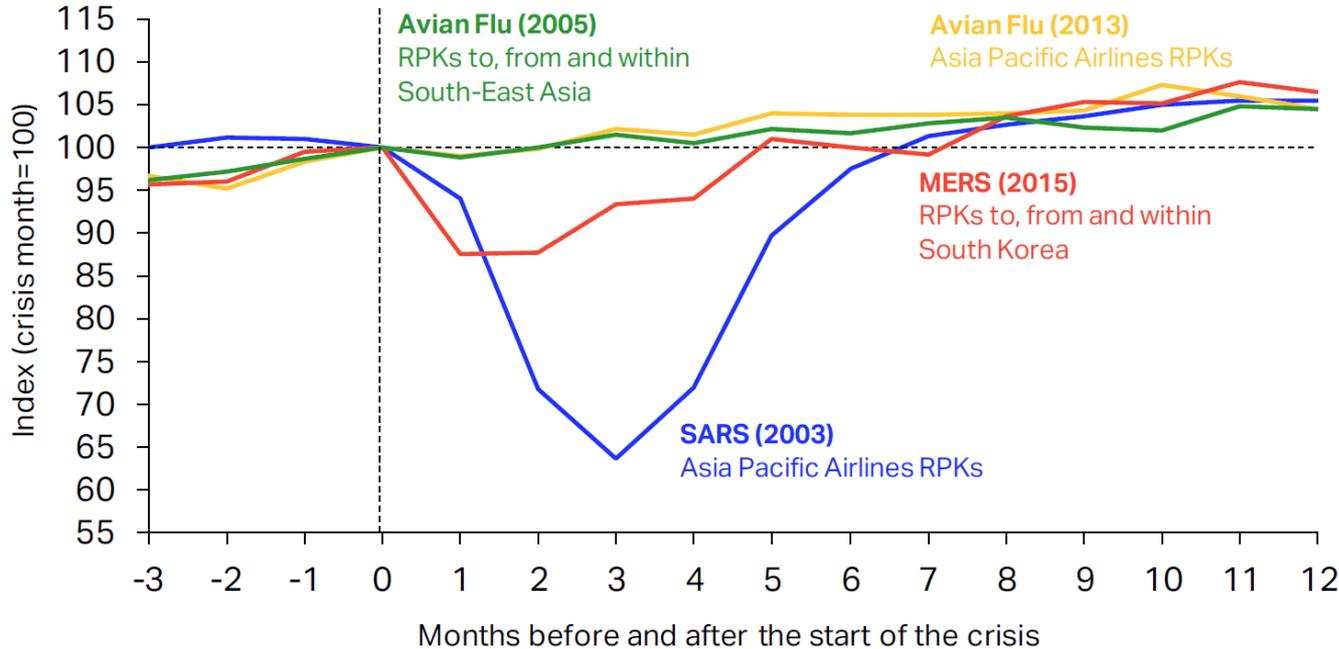


Air traffic has been vulnerable to external factors including disease outbreaks



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

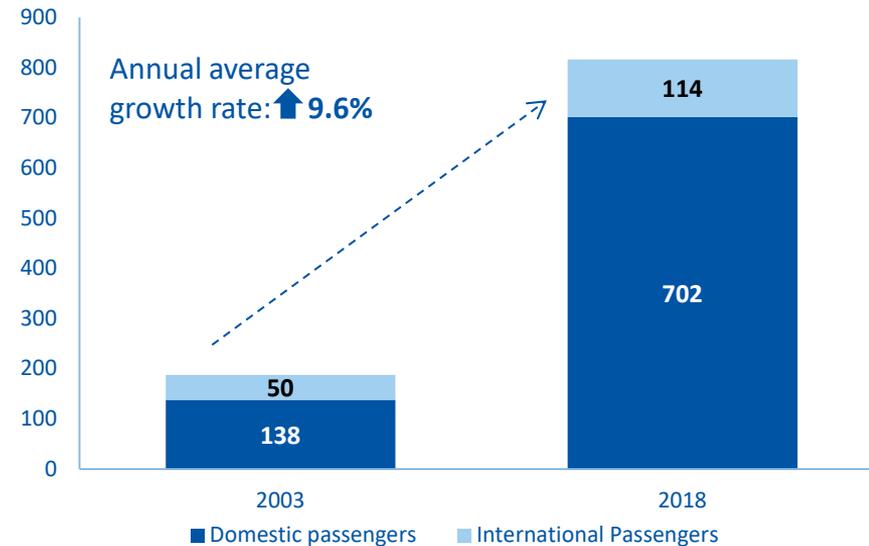


Chinese international traffic more than doubled since 2003 SARS spread

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

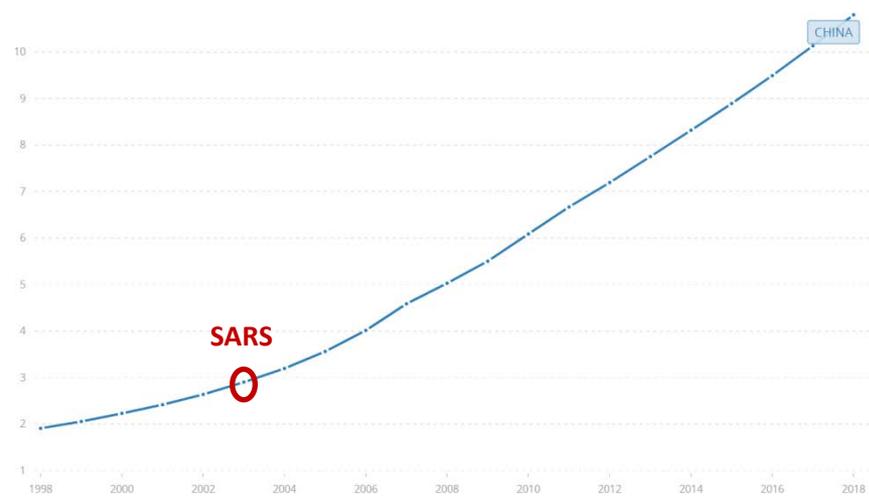


Passengers move to/from Chinese airports 2018 vs 2003

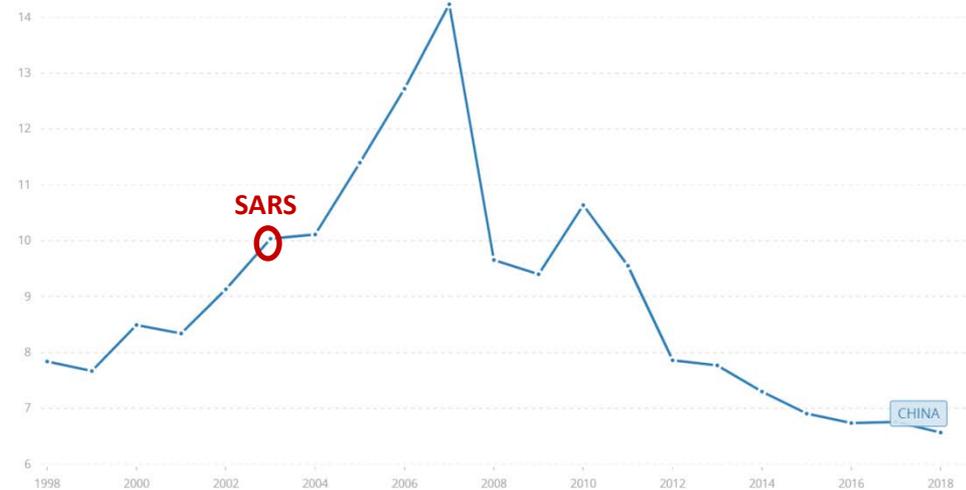


Chinese economic size quadrupled since 2003 but growth rate slowed down

GDP of China (constant 2010 USD, trillion)

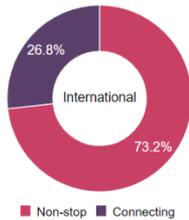
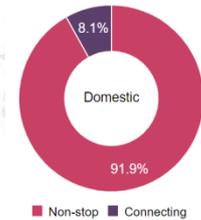
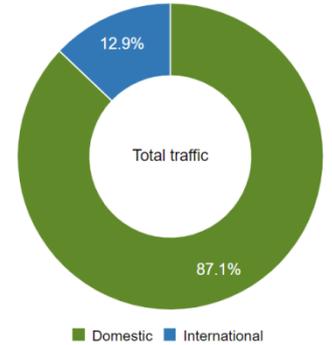


GDP Annual Growth of China (%)



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



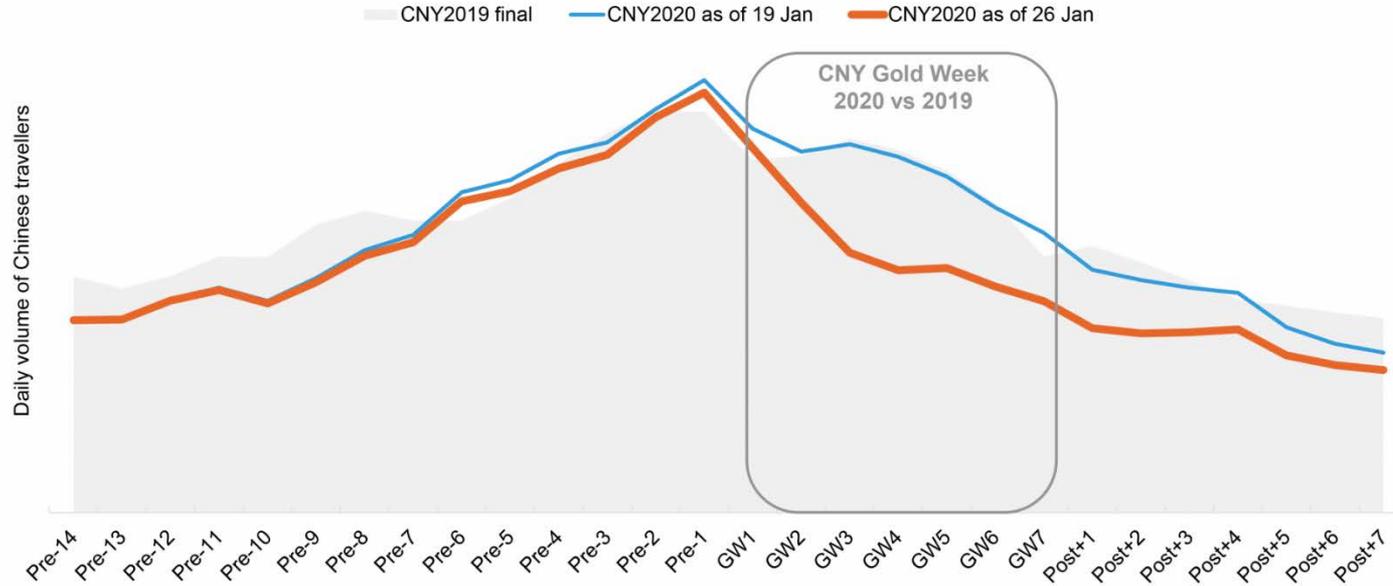
24,073,870
Total traffic



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

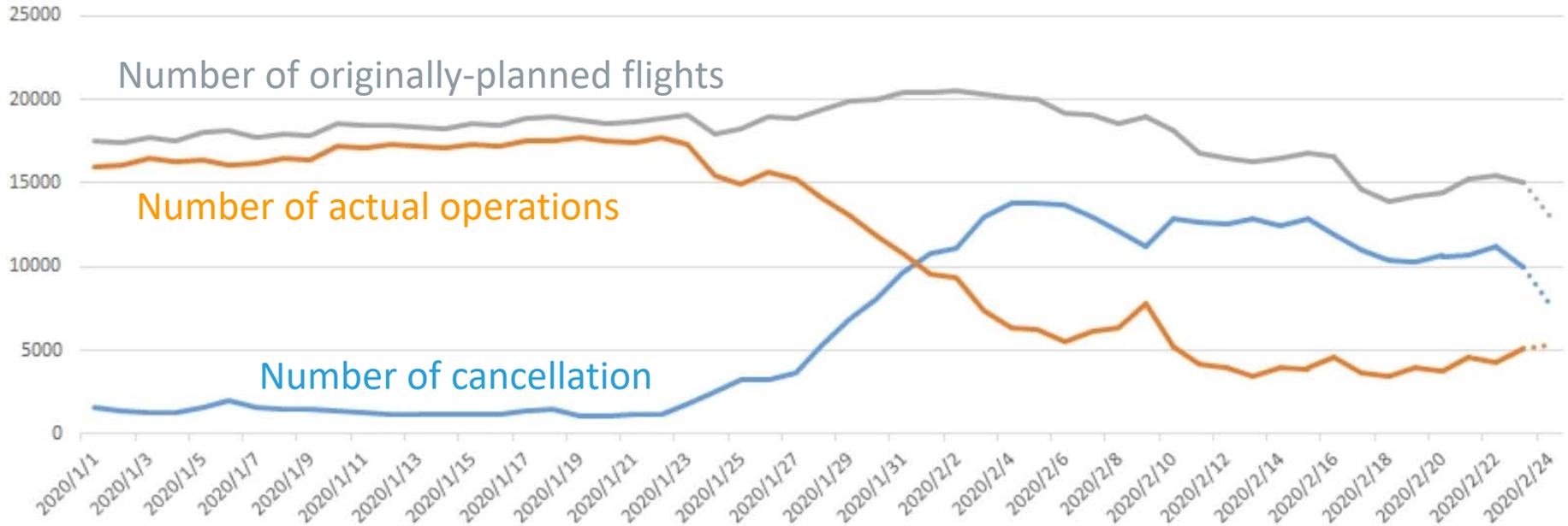
10 January – 6 February, Bookings made as of 19 January and 26 January 2020. Volumes of arrivals.



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

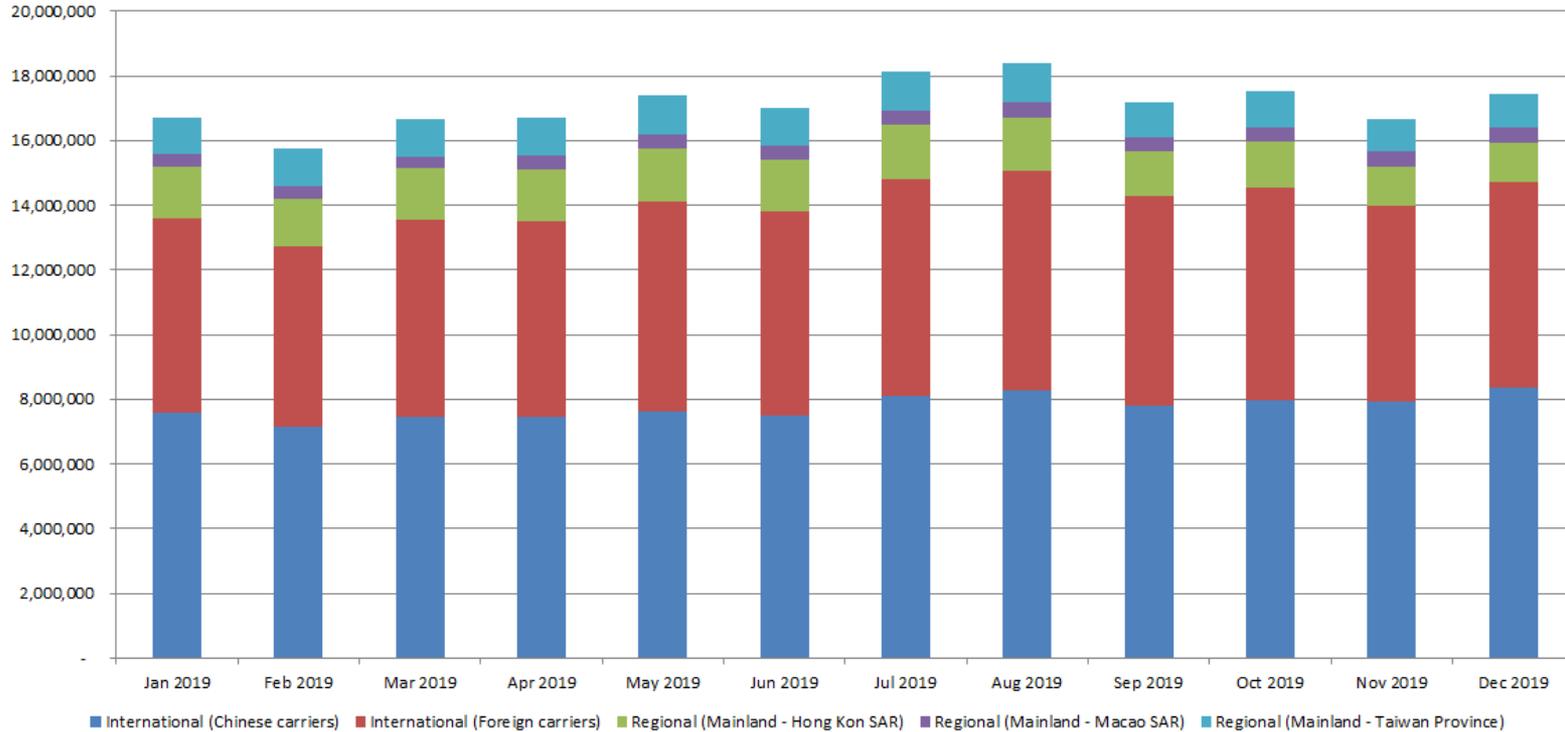
This is a preliminary analysis. Figures and estimates herein will be updated with the situation evolving and more information available.



- **“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)

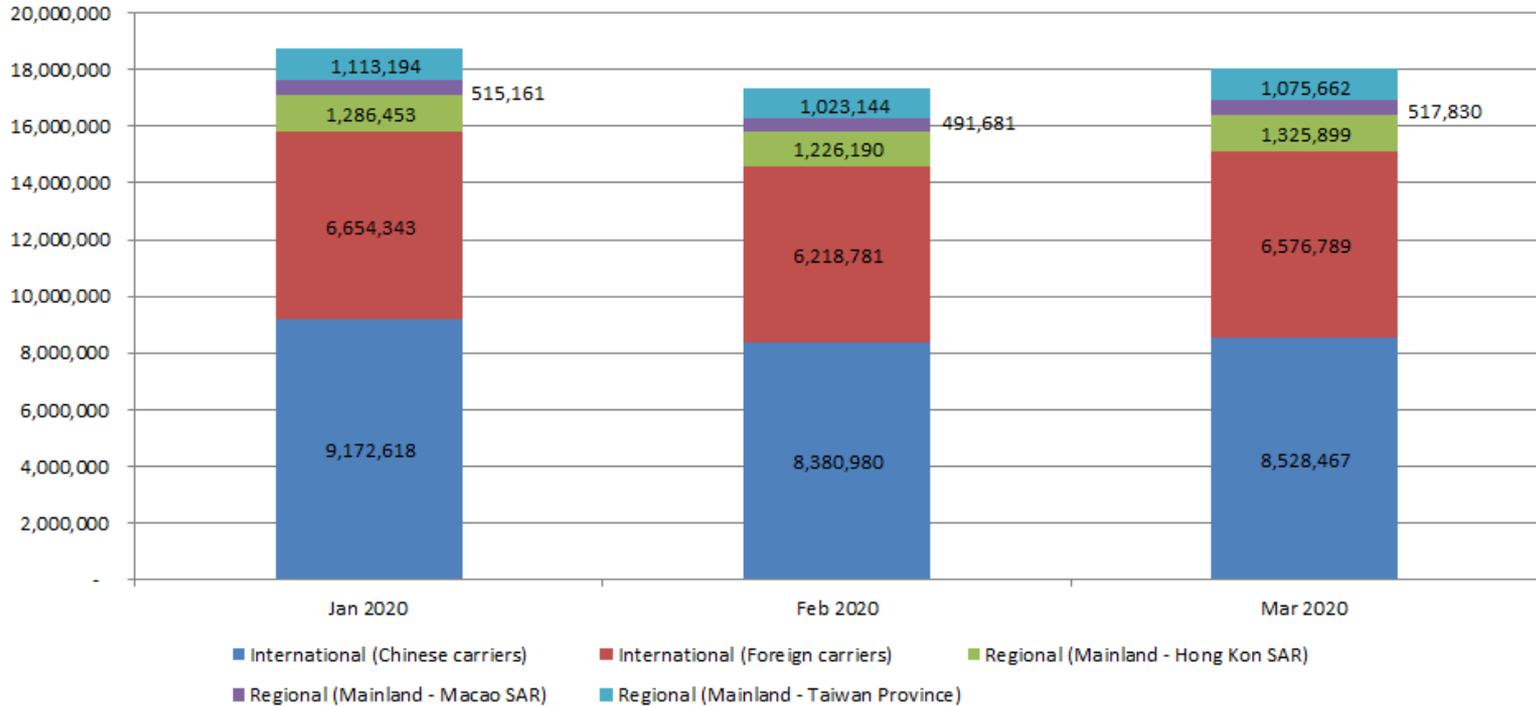


Capacity share 2019

- 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 (133)

Air Algerie*	Cambodia Airways Co. Ltd	Iberia*	MIAT - Mongolian Airlines*	Scoot*
Air Astana*	Cambodia Angkor Air*	IndiGo*	Myanmar Airways Intl*	Shandong Airlines
Air Busan	Cebu Pacific Air*	IrAero*	Myanmar National Airlines*	Shanghai Airlines
Air Canada*	Chengdu Airlines	Iraqi Airways*	Neos Air*	Shenzhen Airlines
Air China	China Eastern Airlines	Japan Airlines	Nok Air	Siberia Airlines*
Air Company SCAT*	China Express Airlines	JC Cambodia Intl Airlines	NokScoot Airlines Co Ltd*	Sichuan Airlines
Air France*	China Southern Airlines	Jeju Airlines	NordStar*	SilkAir
Air India*	China United Airlines	Jetstar Asia*	Okay Airways	Singapore Airlines
Air Koryo*	China West Air*	Jetstar Japan*	Oman Air*	Sky Angkor Airlines
Air Madagascar*	Chongqing Airlines*	Jetstar Pacific Airlines*	Pakistan Intl Airlines*	Spring Airlines
Air Mauritius*	Citilink Indonesia	Jin Air*	PAL Express*	Spring Airlines Japan
Air New Zealand*	Delta Air Lines*	Juneyao Airlines	Peach Aviation Limited*	Srilankan Airlines
Air Seoul, Inc*	Donghai Airlines*	Kenya Airways*	Pegas Fly*	SWISS*
AirAsia	Eastar Jet	KLM-Royal Dutch Airlines*	Philippine Airlines*	Thai Air Asia X
Airasia X	Egyptair*^	Korean Air	Philippines AirAsia Inc.*	Thai AirAsia
All Nippon Airways	El Al Israel Airlines*	Kunming Airlines	Qantas Airways*	Thai Airways International
American Airlines*	Emirates	Lanmei Airlines	Qatar Airways*	Thai Lion Air
Asiana Airlines	Ethiopian Airlines	Lao Airlines	Qingdao Airline Co, Ltd	Thai Smile Airways*
Austrian Airlines*	Etihad Airways	Lion Air	Royal Air Maroc*	TianJin Airlines
AZUR air*	Finnair*	LOT - Polish Airlines*	Royal Brunei Airlines*	Tibet Airlines*
Bangkok Airways*	Garuda Indonesia*	Lucky Air Co. Ltd.	Royal Flight Airlines*	Turkish Airlines*^
Batik Air	Guangxi Beibu Gulf Airlines	Lufthansa German Airlines*	Ruili Airlines	Turkmenistan Airlines*
Beijing Capital Airlines	Hainan Airlines	Mahan Air*	RwandAir*	T'way Air*
British Airways*	Hebei Airlines*	Malaysia Airlines	SAS Scandinavian Airlines*	Ukraine Interl Airlines*
	Himalaya Airlines*	Malindo Airways	Saudi Arabian Airlines*	United Airlines*

Ural Airlines	Juneyao Airlines
Urumqi Airlines*	Mandarin Airlines
US-Bangla Airlines	Shandong Airlines
Uzbekistan Airways*	Shanghai Airlines
Vietnam Airlines*	Shenzhen Airlines
Virgin Atlantic Airways*	Sichuan Airlines
Xiamen Airlines Company	Tigerair Taiwan Co. Ltd
Yakutia*	Uni Airways
Zhejiang Loong Airlines	Xiamen Airlines Company
Regional (25)	Zhejiang Loong Airlines*
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	
Hebei Airlines*	
HK Express	
Hong Kong Airlines	

Announced since late January 2020; Duration varies

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



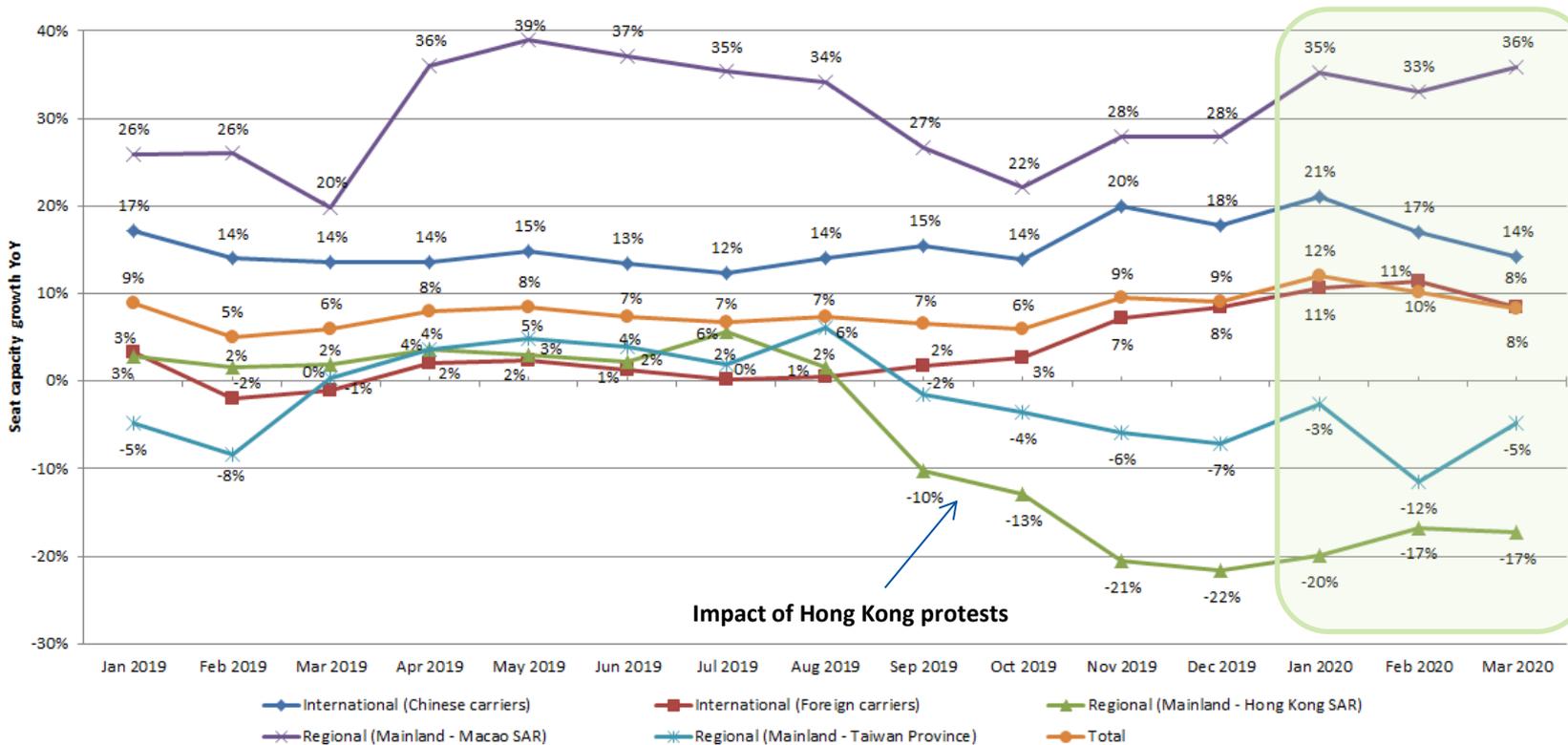
- **Baseline (hypothetical situation without COVID-19 outbreak)**
 - Seat capacity: used "originally-planned" winter schedule
 - Load factor: used 2018 actual results of airlines
- **Scenario 1**
 - Seat capacity in January and February: estimated by airlines' schedule changes
 - Seat capacity in March: applied the same reduction rate as February
 - 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: reduced by further 10% from February;
 - 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%	-57%	78%	-67%	63%
	International from/to mainland China (Foreign carriers)	0%	80%	-64%	80%	-74%	70%
	Regional between mainland China and Hong Kong SAR of China	0%	80%	-65%	70%	-75%	63%
	Regional between mainland China and Macao SAR of China	0%	80%	-67%	80%	-77%	63%
	Regional between mainland China and Taiwan, Province of China	0%	80%	-60%	80%	-70%	63%



10% seat capacity increase compared to 1Q 2019



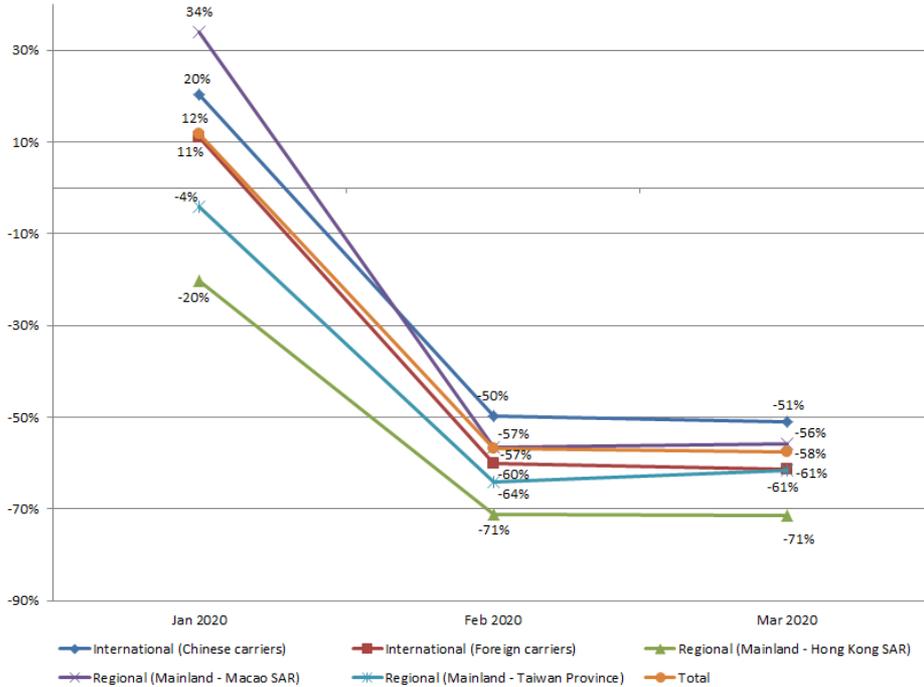
A total of YoY 10% seat capacity increase originally - planned for 1Q 2020 despite the reduction of capacity between mainland China and Hong Kong SAR and Taiwan Province

Impact of Hong Kong protests

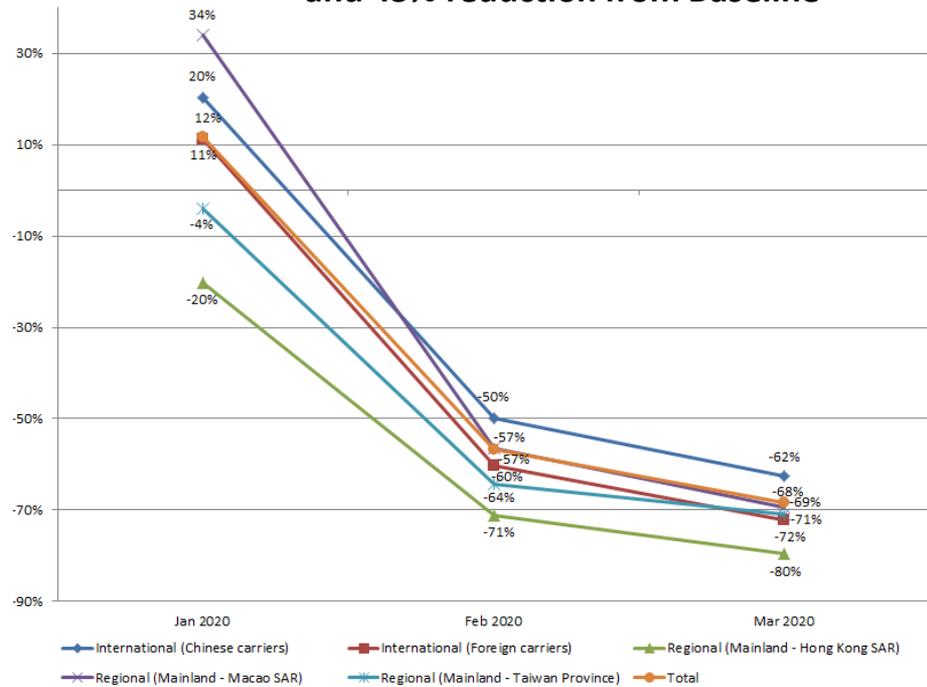


40 to 43% seat capacity reduction from Baseline

Scenario 1: for 1Q 2020 a total of 34% reduction compared to 1Q 2019 and 40% reduction from Baseline

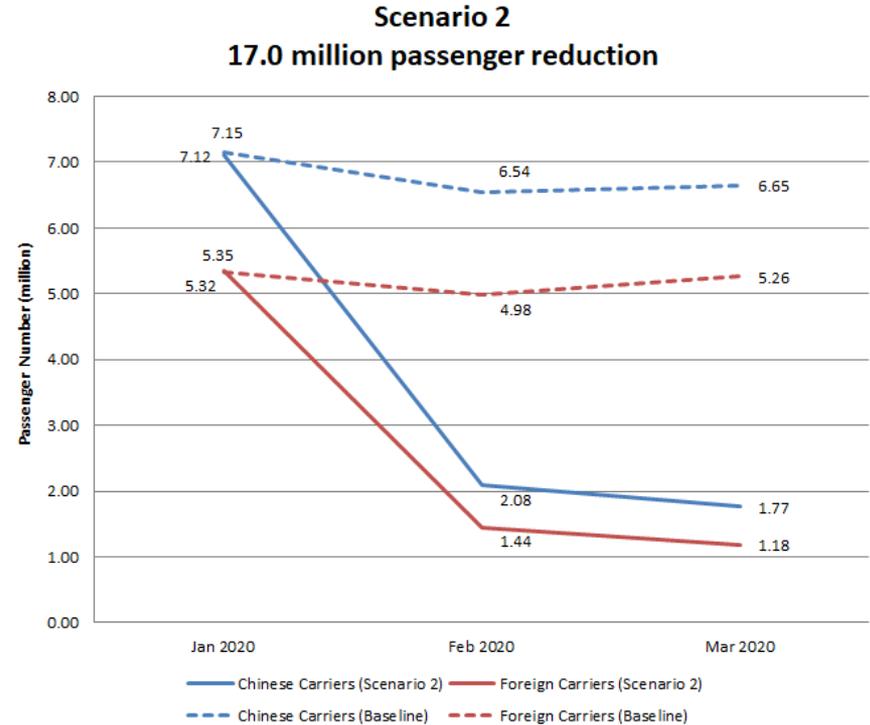
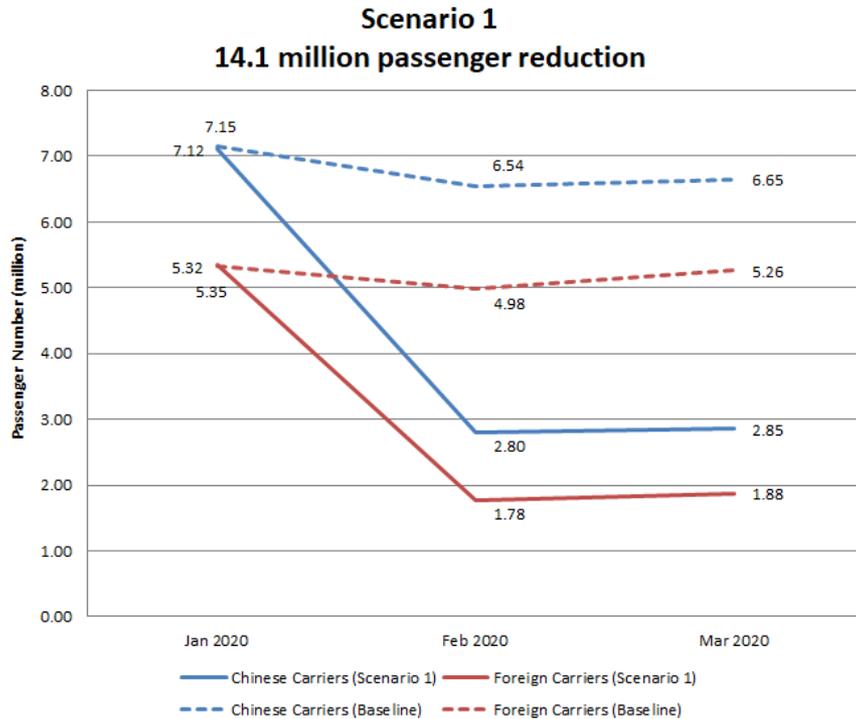


Scenario 2: for 1Q 2020 a total of 37% reduction compared to 1Q 2019 and 43% reduction from Baseline





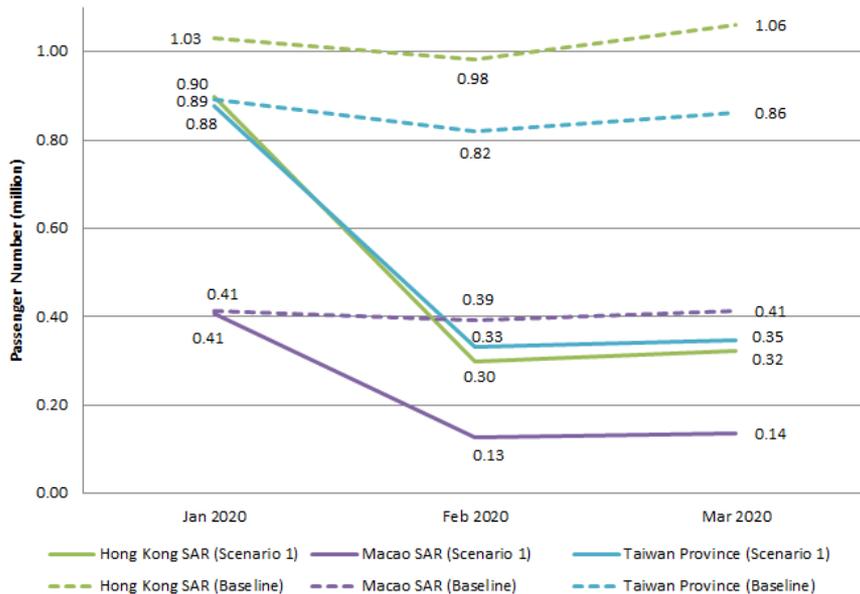
14.1 to 17.0 million “international” passenger reduction in 1Q 2020 compared to Baseline



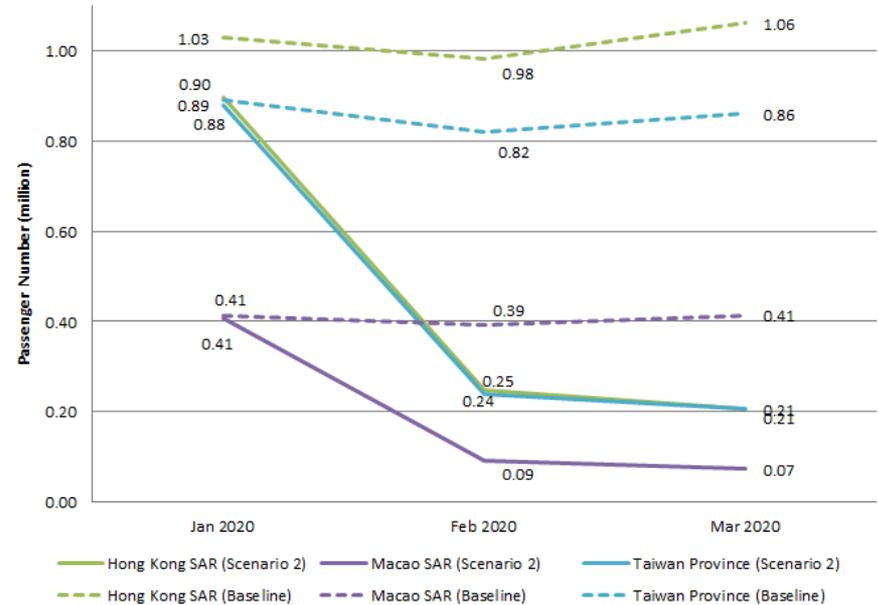


3.1 to 3.6 million “regional” passenger reduction in 1Q 2020 compared to Baseline

Scenario 1 3.1 million passenger reduction



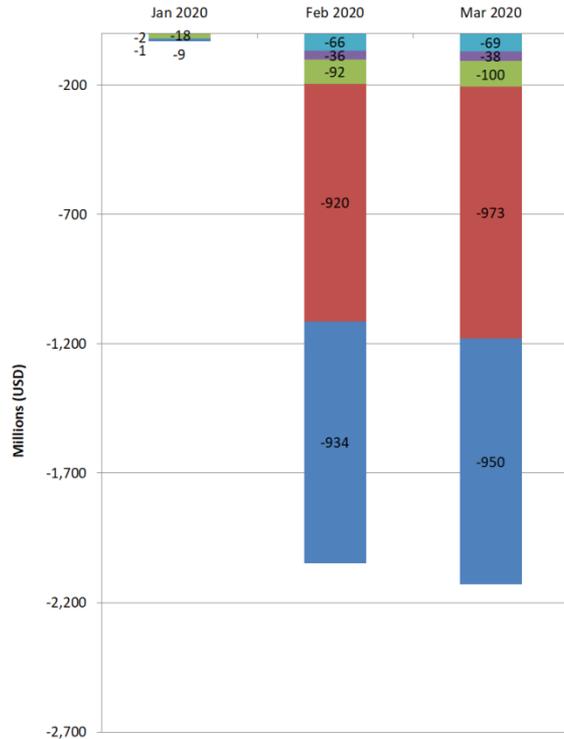
Scenario 2 3.6 million passenger reduction



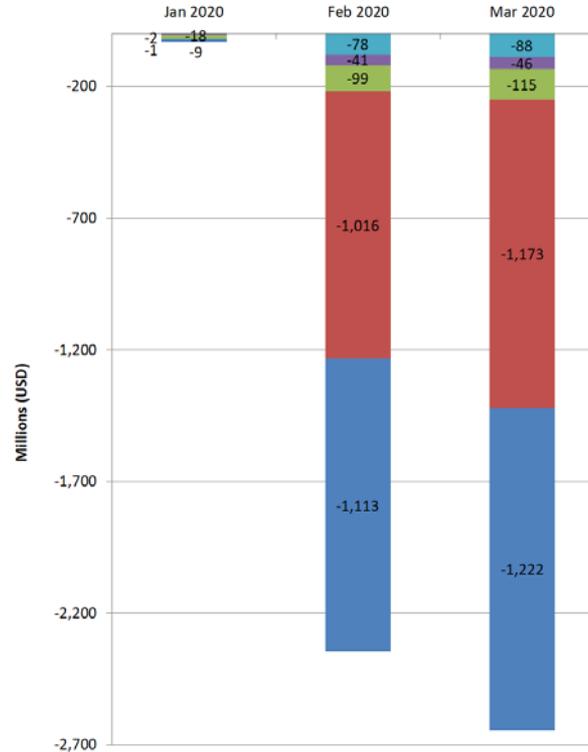


Approx. USD 4.2 to 5.0 billion potential loss of airline revenues for 1Q 2020 compared to Baseline

Scenario 1: USD 4.2 billion reduction



Scenario 2: USD 5.0 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 ranging from **40% to 43% of seats offered by airlines**
- Overall reduction of **17.2 to 20.6 million passengers**
- Approx. **USD 4.2 to 5.0 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)	-9,700	-37%	-10,600	-41%	-7,600	-37%	-9,400	-46%	-\$1,890	-\$2,340
International from/to mainland China (Foreign carriers)	-8,200	-42%	-8,900	-46%	-6,600	-42%	-7,600	-49%	-\$1,890	-\$2,180
Regional between mainland China and Hong Kong SAR of China	-1,700	-44%	-1,800	-47%	-1,600	-51%	-1,700	-56%	-\$210	-\$230
Regional between mainland China and Macao SAR of China	-700	-45%	-700	-48%	-500	-45%	-600	-53%	-\$70	-\$90
Regional between mainland China and Taiwan, Province of China	-1,300	-39%	-1,400	-43%	-1,000	-39%	-1,200	-48%	-\$140	-\$170
Total	-21,500	-40%	-23,300	-43%	-17,200	-40%	-20,600	-48%	-\$4,200	-\$5,010



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

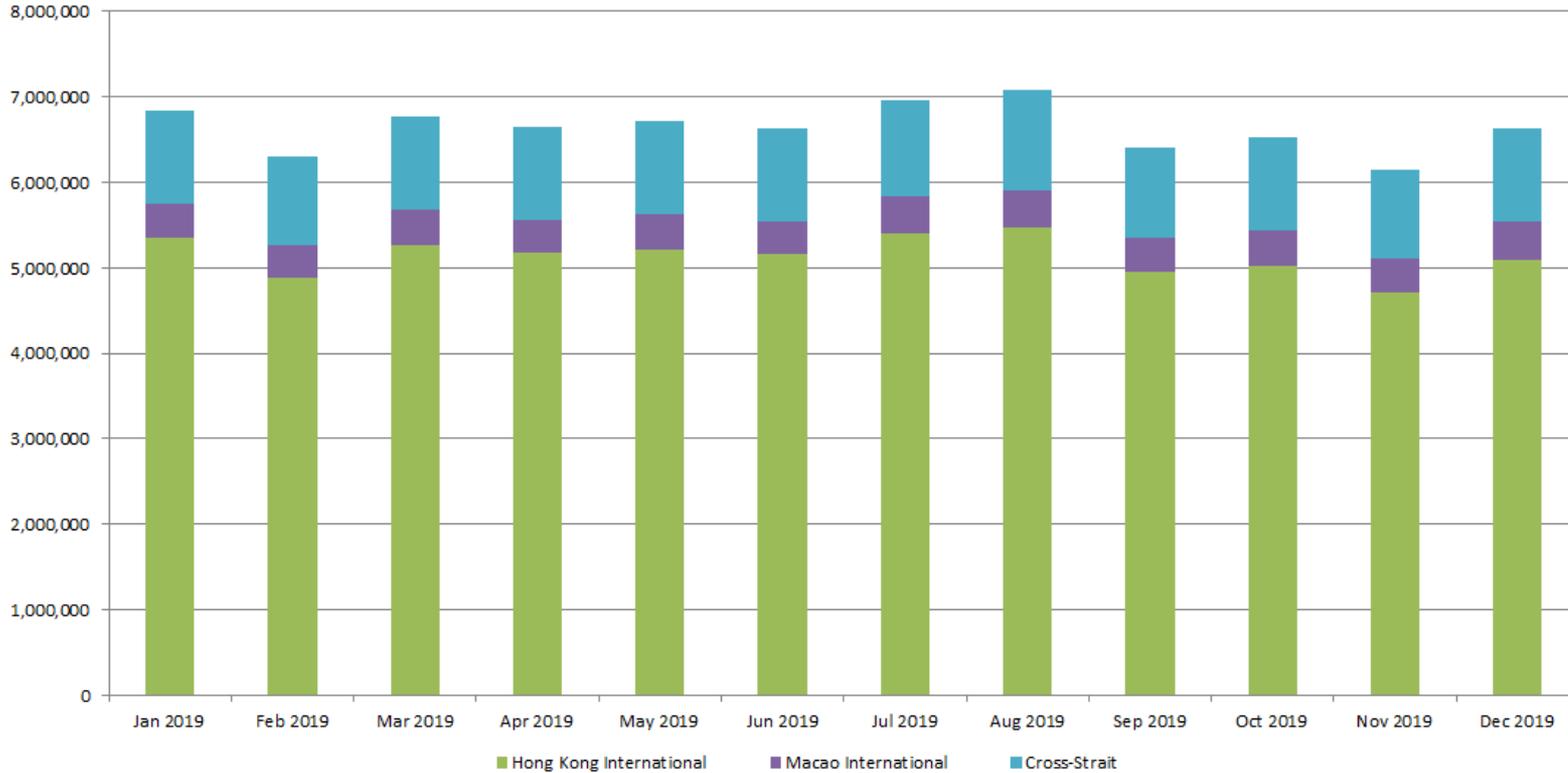
This is a preliminary analysis. Figures and estimates herein will be updated with the situation evolving and more information available.



- **“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)

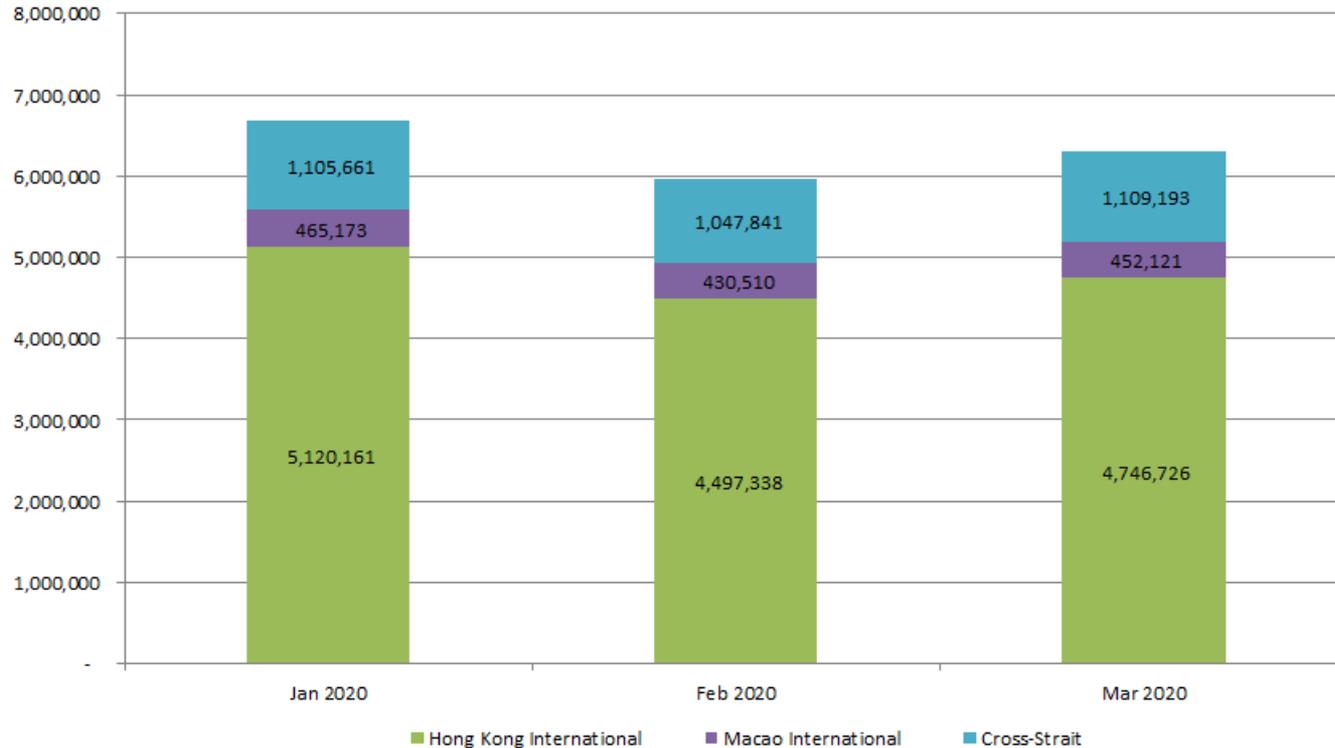


Capacity share 2019

- 78%: Hong Kong International
- 6%: Macao International
- 16%: Cross-Strait



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

Announced since late January 2020;
Duration varies

*: Airlines with all service cancelled



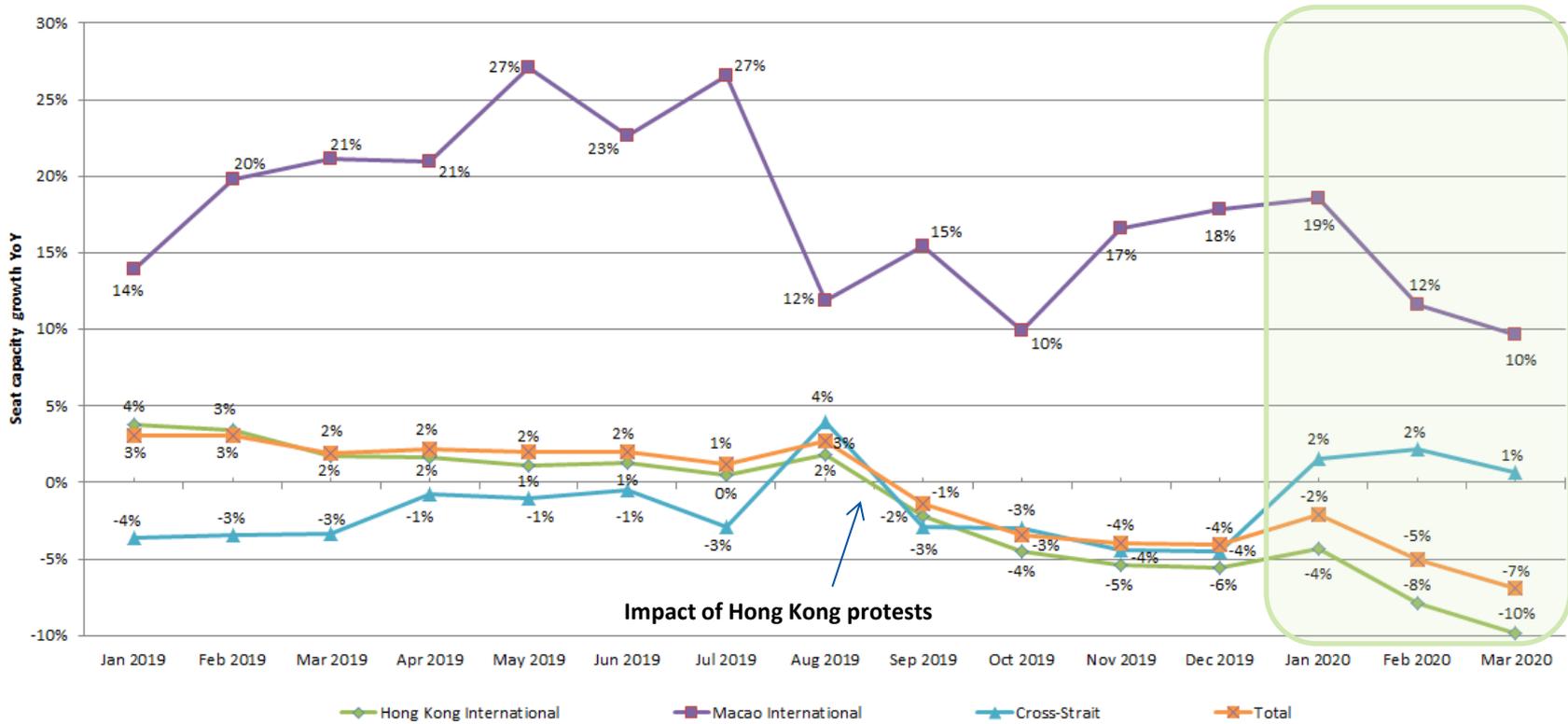
- **Baseline (hypothetical situation without COVID-19 outbreak)**
 - Seat capacity: used "originally-planned" winter schedule
 - Load factor: used the same percentage as "International from/to mainland China (Foreign carriers)" and "Regional"
- **Scenario 1**
 - Seat capacity in January and February: estimated by airlines' schedule changes
 - Seat capacity in March: applied the same reduction rate as February
 - 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: reduced by further 10% from February;
 - 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%	-25%	80%	-35%	63%
	Macao International	0%	80%	-67%	80%	-77%	63%
	Cross-Strait	0%	80%	-52%	80%	-62%	63%



5% seat capacity reduction compared to 1Q 2019

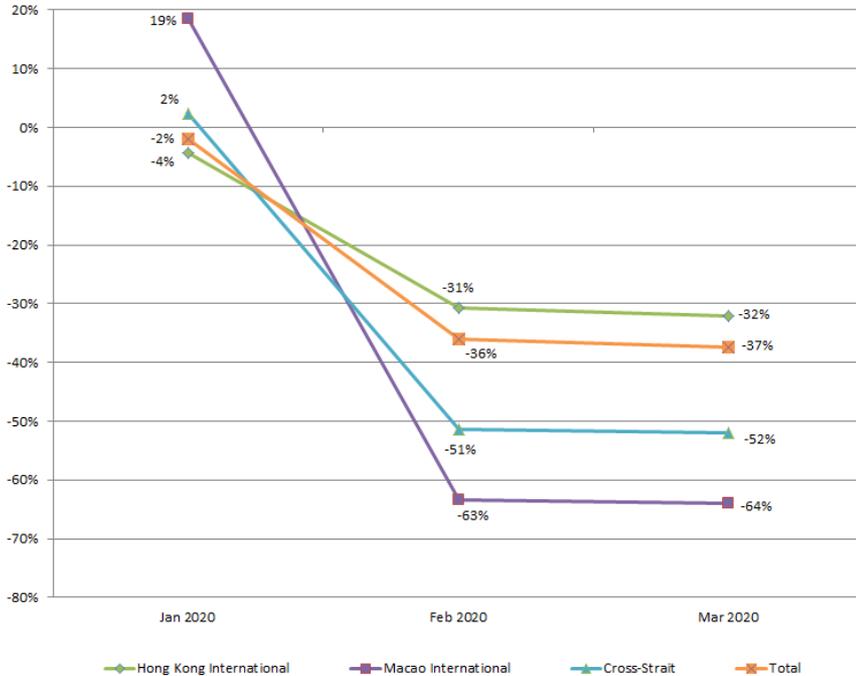


A total of YoY 5% seat capacity reduction originally - planned for 1Q 2020 due to the expectation of continued weak demand for Hong Kong SAR and Taiwan Province

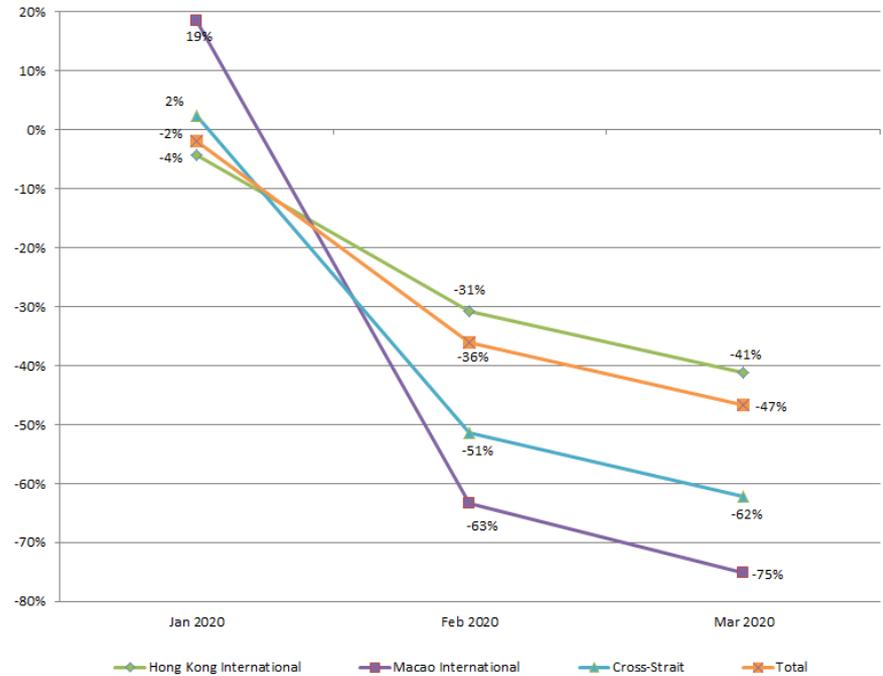


21 to 24% seat capacity reduction from Baseline

Scenario 1: for 1Q 2020 a total of 25% reduction compared to 1Q 2019 and 21% reduction from Baseline



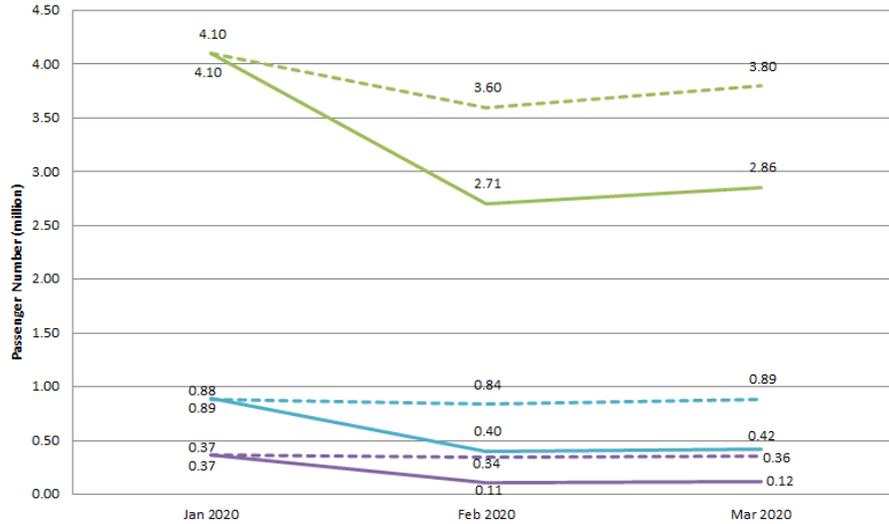
Scenario 2: for 1Q 2020 a total of 28% reduction compared to 1Q 2019 and 24% reduction from Baseline



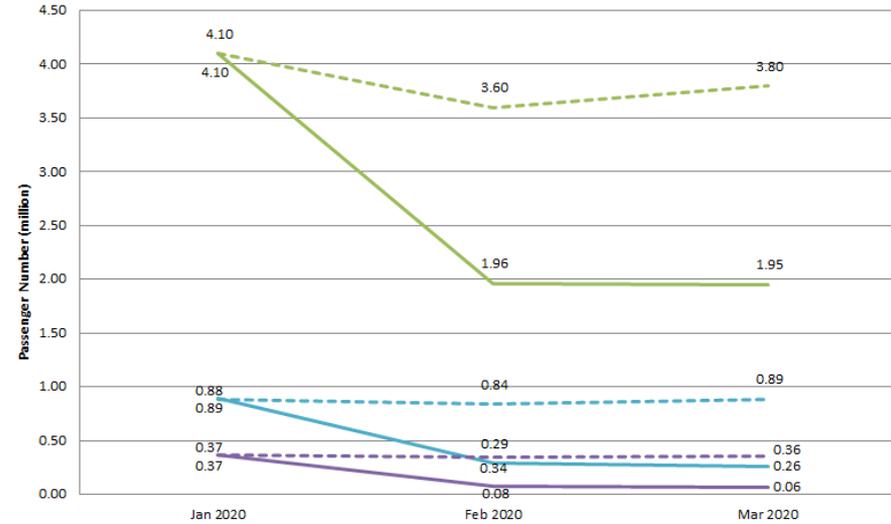


3.2 to 5.2 million passenger reduction in 1Q 2020 compared to Baseline

Scenario 1: a total of 3.2 million passenger reduction for 1Q 2020 from Baseline



Scenario 2: a total of 5.2 million passenger reduction for 1Q 2020 from Baseline



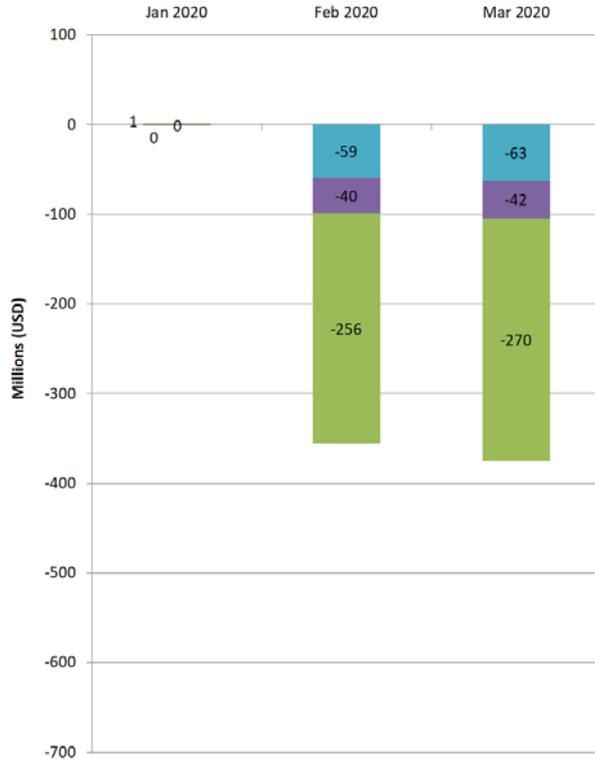
— Hong Kong International (Scenario 1)
 — Macao International (Scenario 1)
 — Cross-Strait (Scenario 1)
- - - Hong Kong International (Baseline)
 - - - Macao International (Baseline)
 - - - Cross-Strait (Baseline)

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

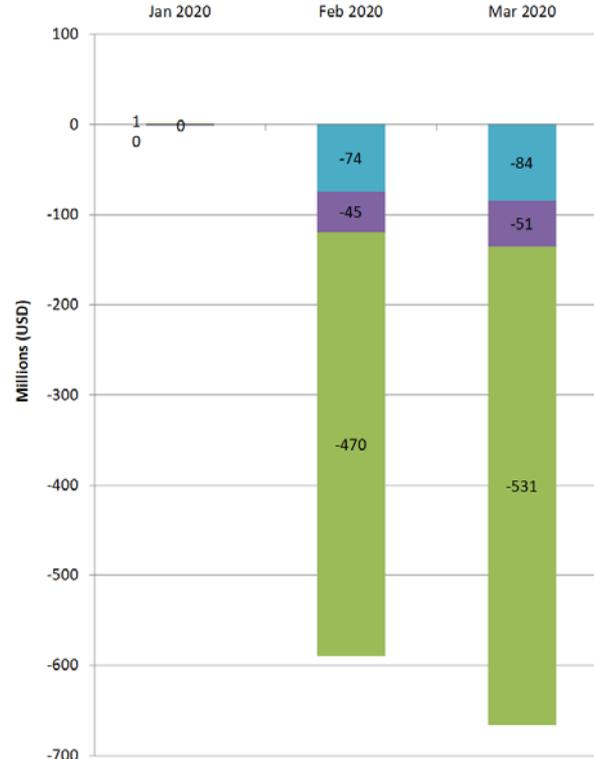


Approx. USD 0.7 to 1.3 billion potential loss of airline revenues for 1Q 2020 compared to Baseline

Scenario 1: USD 0.7 billion reduction



Scenario 2: USD 1.3 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 **21% to 24% of seats offered by airlines**
- Overall reduction of **3.2 to 5.2 million passengers**
- Approx. **USD 0.7 to 1.3 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	-2,300	-16%	-2,800	-19%	-1,800	-16%	-3,500	-30%	-\$530	-\$1,000
Macao International	-600	-44%	-600	-47%	-500	-44%	-600	-52%	-\$80	-\$100
Cross-Strait	-1,100	-34%	-1,200	-38%	-900	-34%	-1,200	-45%	-\$120	-\$160
Total	-4,000	-21%	-4,600	-24%	-3,200	-21%	-5,200	-34%	-\$730	-\$1,250



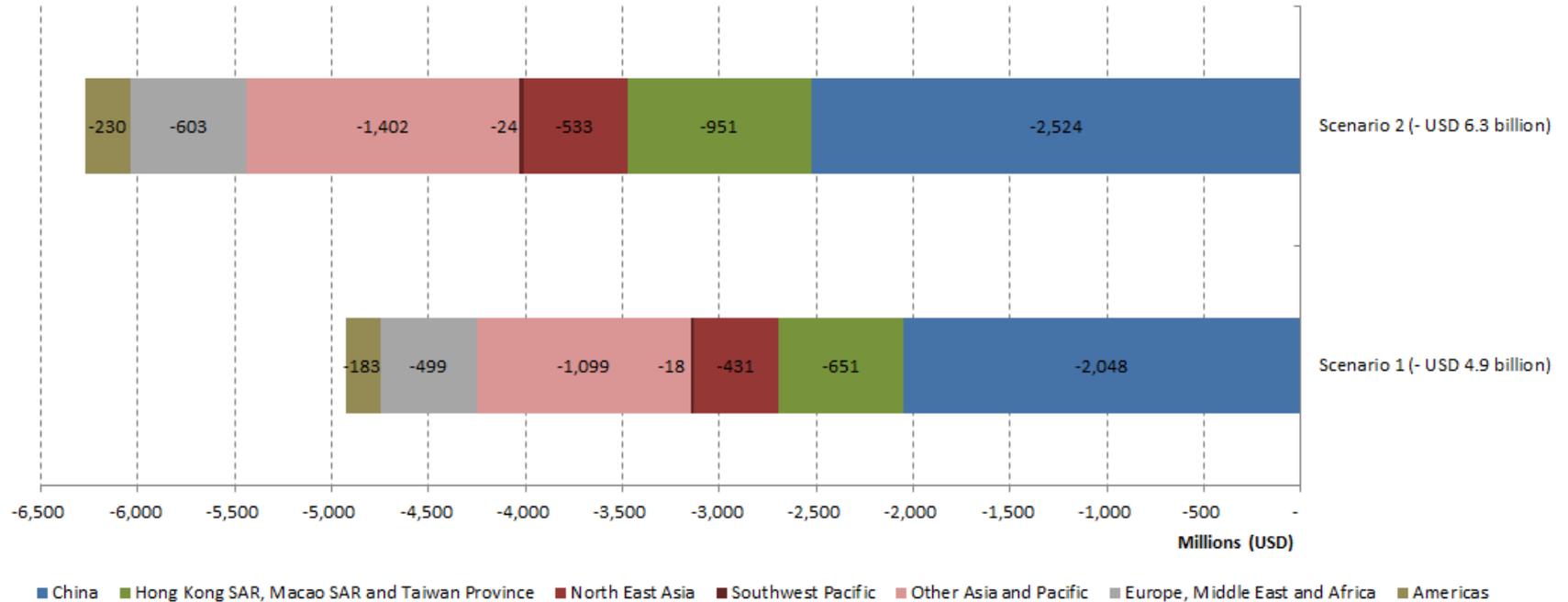
Summary of Scenario Analysis

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 **35% to 38% of seats offered by airlines**
 - Overall reduction of **20.4 to 25.8 million passengers**
 - Approx. **USD 4.9 to 6.3 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)	-9,700	-37%	-10,600	-41%	-7,600	-37%	-9,400	-46%	-\$1,890	-\$2,340
International from/to mainland China (Foreign carriers)	-8,200	-42%	-8,900	-46%	-6,600	-42%	-7,600	-49%	-\$1,890	-\$2,180
Regional between mainland China and Hong Kong SAR of China	-1,700	-44%	-1,800	-47%	-1,600	-51%	-1,700	-56%	-\$210	-\$230
Regional between mainland China and Macao SAR of China	-700	-45%	-700	-48%	-500	-45%	-600	-53%	-\$70	-\$90
Regional between mainland China and Taiwan, Province of China	-1,300	-39%	-1,400	-43%	-1,000	-39%	-1,200	-48%	-\$140	-\$170
Sub-total	-21,500	-40%	-23,300	-43%	-17,200	-40%	-20,600	-48%	-\$4,200	-\$5,010
Hong Kong International	-2,300	-16%	-2,800	-19%	-1,800	-16%	-3,500	-30%	-\$530	-\$1,000
Macao International	-600	-44%	-600	-47%	-500	-44%	-600	-52%	-\$80	-\$100
Cross-Strait	-1,100	-34%	-1,200	-38%	-900	-34%	-1,200	-45%	-\$120	-\$160
Sub-total	-4,000	-21%	-4,600	-24%	-3,200	-21%	-5,200	-34%	-\$730	-\$1,250
Grand total	-25,500	-35%	-28,000	-38%	-20,400	-35%	-25,800	-44%	-\$4,930	-\$6,270



Appendix: Additional Initial Estimates

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			



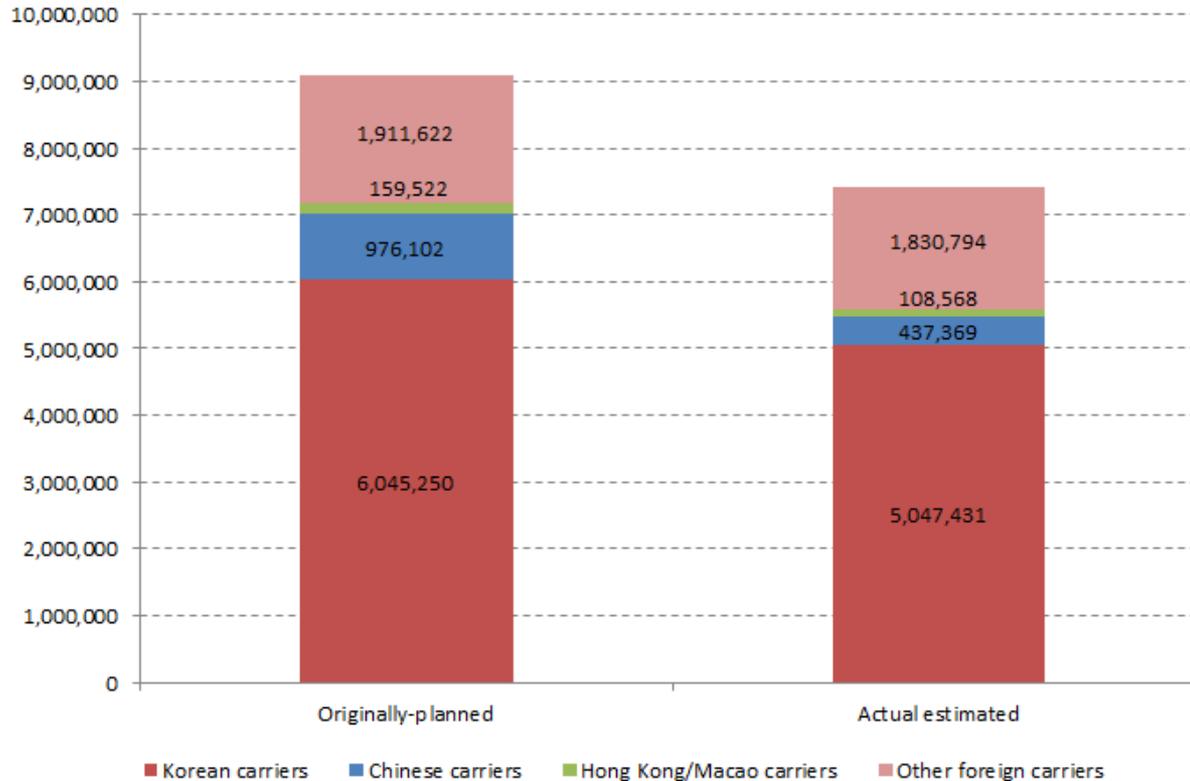
Potential loss of revenues from Chinese tourists to top 5 States in 1Q 2020

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 Feb 2020

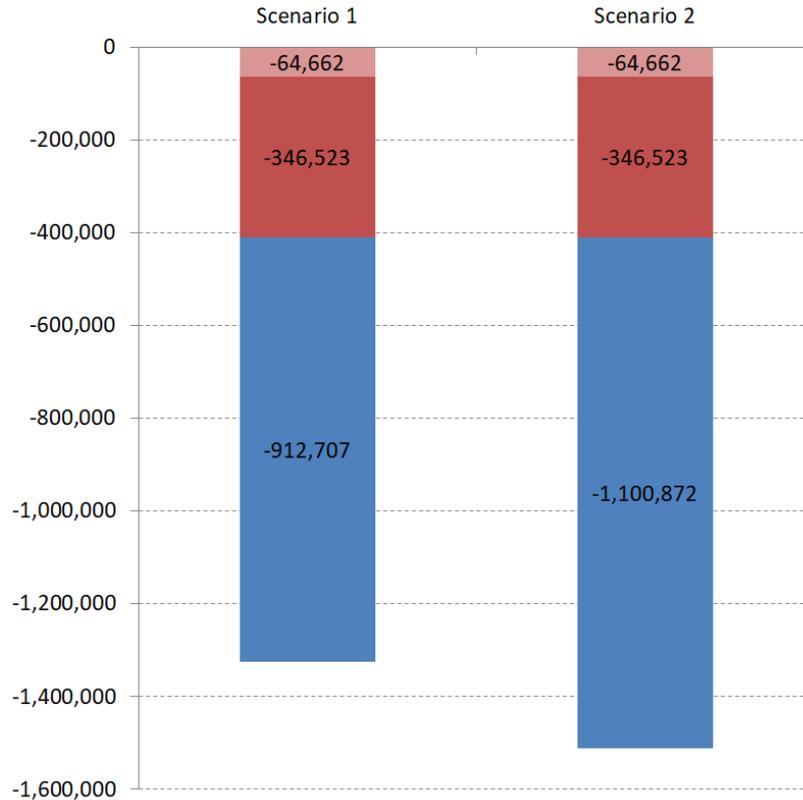


18% capacity reduction from originally-planned level in February 2020

- -17%: Korean carriers
- -55%: Chinese carriers
- -32%: Carriers of Hong Kong/Macao SARs
- -4%: Other foreign carriers



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



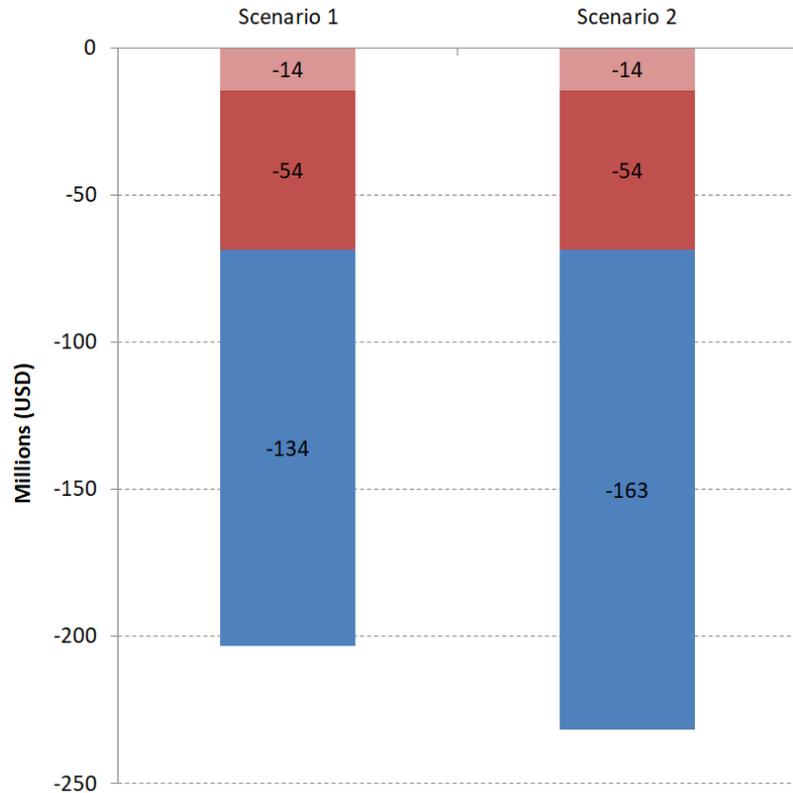
1.3 to 1.5 million passenger reduction in February 2020 compared to originally-planned

- 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 0.20 to 0.23 billion 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)



ICAO

North American
Central American
and Caribbean
(NACC) Office
Mexico City

South American
(SAM) Office
Lima

ICAO
Headquarters
Montréal

Western and
Central African
(WACAF) Office
Dakar

European and
North Atlantic
(EUR/NAT) Office
Paris

Middle East
(MID) Office
Cairo

Eastern and
Southern African
(ESAF) Office
Nairobi

Asia and Pacific
(APAC) Sub-office
Beijing

Asia and Pacific
(APAC) Office
Bangkok



THANK YOU

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