



***EGYPTAIR***

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A STAR ALLIANCE MEMBER 

# **Within the Storm EgyptAir case study**



# “Revolution of 25 January”

The 2011 Egyptian revolution took place following a public uprising that began on Tuesday, 25 January 2011



led to the step-down of President Hosni Mubarak on Feb. 11



# “Revolution of 25 January”



EgyptAir business was affected following massive flight cancellations during the nearly three weeks of civil unrest in Egypt

- By the 28<sup>th</sup> of January many tourists became nervous and wanted to leave the country
- Internet, mobile service and text messaging were interrupted





# Aviation in Egypt

- Egypt accounts for 0.8% of global aviation
- Egypt is one of the busiest market in north Africa and middle east:
  - with some 31 million seats operating to/from the country in 2010, of which 86% were international.

source: CAPA Centre for Asia Pacific Aviation,

Egypt unrest: aviation in north Africa and middle east threatened by political turmoil, 1<sup>st</sup> February 2011



# Nature of Passengers

- Cairo International Airport - EgyptAir's main hub - is one of largest airports in Africa, handled around 16 million passengers in 2010.
- Many of them are tourists !





# Impact of the crisis on EgyptAir

The unrest and curfews hit the operation to/from Egypt





# Impact of the crisis on EgyptAir

Making matters worse, it was winter.

The high season for tourists !!!

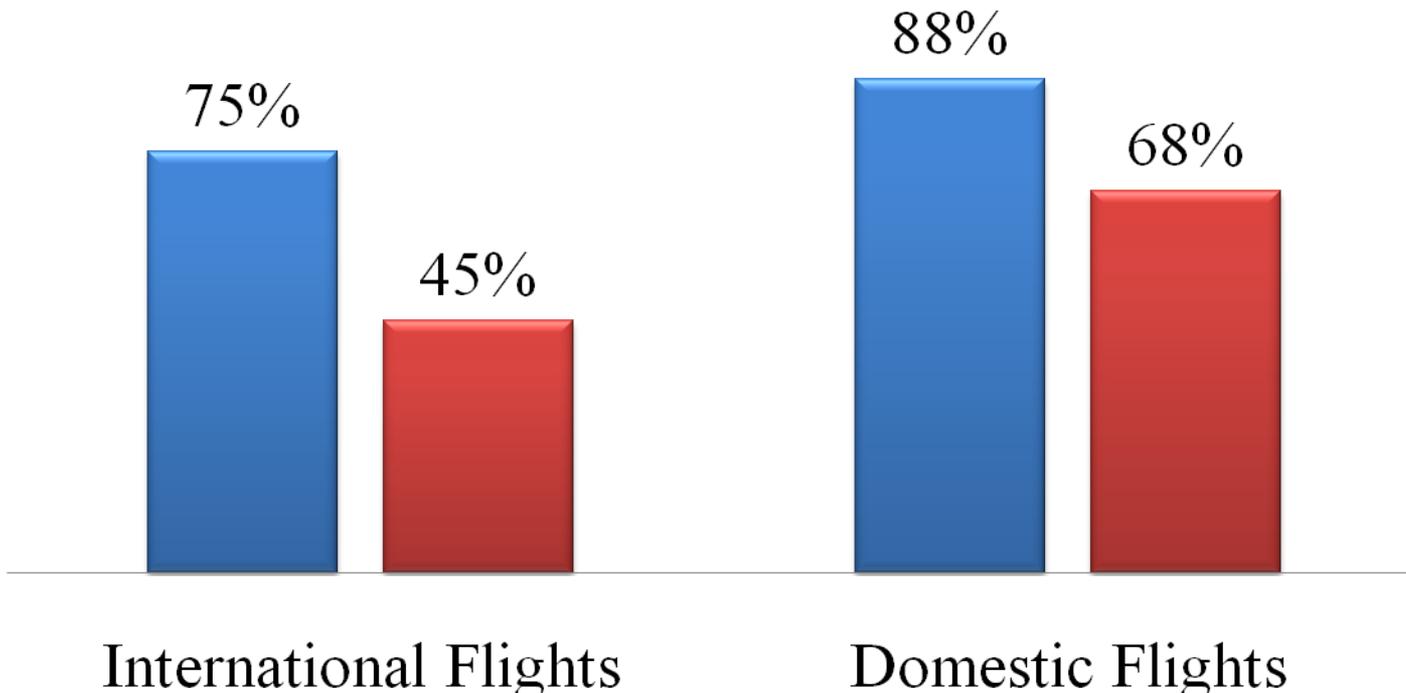




# Impact of the crisis on EgyptAir

## Average Load Factor

■ Before crisis ■ Feb-11





# Making matters worse

**Due to the unrest in the area and Japan's earthquake:**

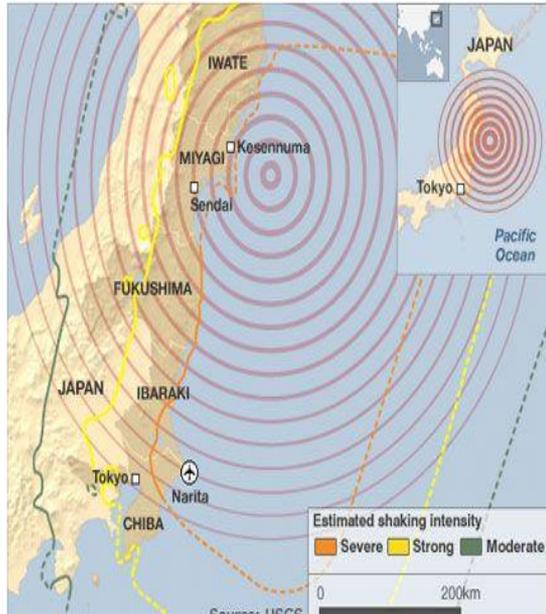
- The airline lost EGP 700 million
- Revenues in the first weeks of the revolution dropped by 80%
- Flight operation decreased by 50%
- Ticket sales shrunk by 60%
- Seat occupancy has fallen 50 % due to increased concerns to the region





# Making matters worse

**Due to the unrest in the area and Japan's earthquake:**



- Many airlines suspended their operation affecting the revenues generated from serving third party
- Some governments warned their citizens from travelling to the area



# In the wake of the storm



addressing possible measures to ease the impact of the drop in passenger traffic





# In the wake of the storm

**To avoid additional future losses:**  
Analyzing Strengths,  
Weakness,  
Opportunities,  
& Threats



## Concluding Recovery Plan !

- Reassessing costs and revenues of operation activities without impacting staff remunerations
- Reviewing the airline pricing



# In the wake of the storm

## Dynamic Scheduling :

➔ The airline had been forced to adjust its schedules to comply with the country-wide curfews imposed by the Egyptian government





# In the wake of the storm

## Dynamic Scheduling :

→ EgyptAir here stated and confirmed confidence in its capabilities and ability to respond to such situations



- We have carefully invested the unplanned readjustment of the schedule to enhance the power of the network;
- We reallocated and added new frequencies to some destinations and trimmed some others.



# In the wake of the storm

## Employees Engagement:

- Due to curfew and traffic breakdowns across the Egyptian capital, many EgyptAir employees had been unable to get to work
- The few number of staff, who was able to get to work, worked endless hours under considerably difficult conditions to keep EgyptAir flying as best as possible

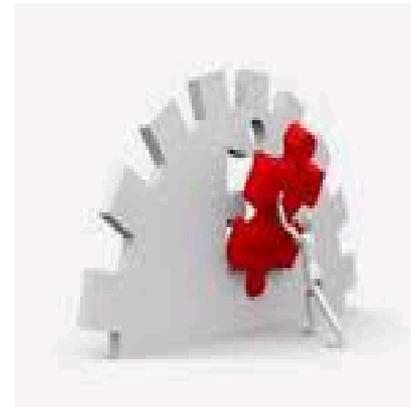




# In the wake of the storm

## Employees Engagement:

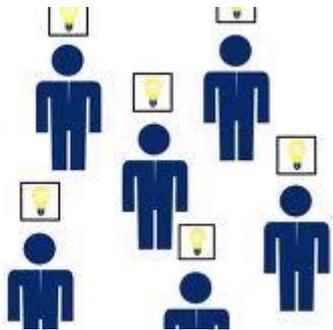
- Many employees wanted to do whatever they could to keep business running
  - I remember here a 25 years old Call Center Agent who worked 48 successive hours





# Recovery Plan

Weeks after the revolution,  
we were left with no choice,  
but working hard to regain our network



- Day and night meetings !!
- Direct email was set up to communicate directly with me; it was a source several new ideas for cost saving and other tactics to help the airline get through the crisis

Many came out with brilliant ideas





# Recovery Plan

## Rationalizing Expenditures :

- Saved money by reducing expenses
  - Decrease of frequencies to certain destinations
  - Suspension of operation of some identified routes with low load factors
  - Consolidation of operation to certain markets
- Preservation of 40% of the fleet during February and March 2011 to reduce insurance and maintenance costs





# Recovery Plan

## Generating revenue :

- In coordination with the Egyptian Board of Tourism, we created touristic summer programs that stimulated demand of local and Arab tourists





# Financial Recovery

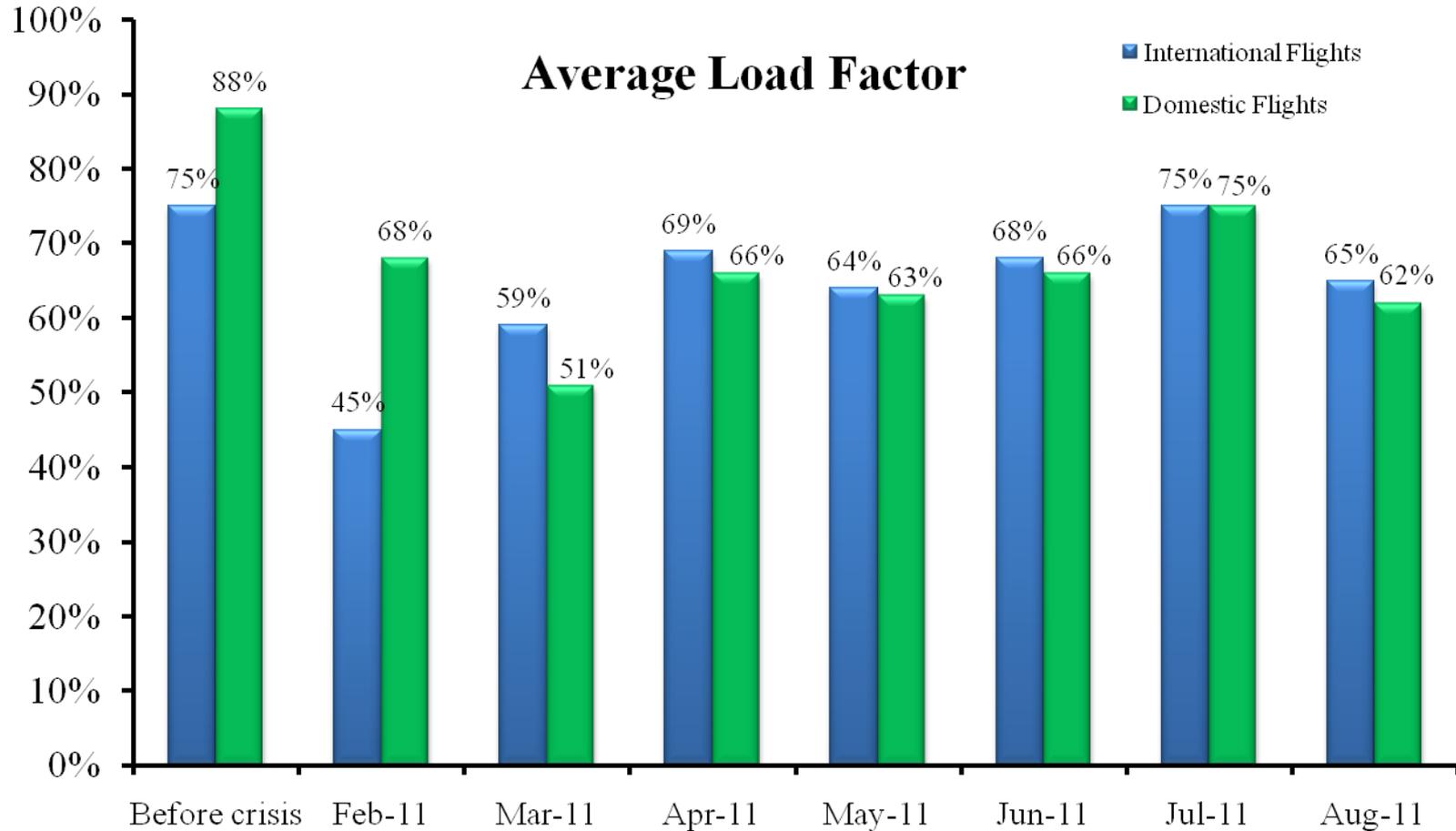
## Cutting costs :

- Reviewed the 2010/2011 investment plan and postponing some construction projects to be completed upon the return of the normal operation
  
- Decreased Allowances
  - Eliminating some of top managers allowances
  - rationalized the number of staff traveling on duty





# Load Factors Over View





# Reaching agreements to reschedule certain EgyptAir dues:

## Potentials to reschedule EgyptAir dues:

- ➔ Approached officials to defer the settlement of taxes, however the Ministry of Finance **denied the request**
- ➔ Reached agreement with the Ministry of Petroleum to reschedule the settlement fuel charges
- ➔ Negotiated with aircraft manufacturers the adjustment of new aircraft delivery schedule





# Lets Us Share Our Experiences

- These were the experiences we have gone through during the crisis.
- Both operational and financial  
I wanted to exchange it with you  
to get the benefit of it.





**We are very optimistic about our future**





**Let me at the end wish your airlines all the best**

*THANK YOU...*