CEO Roundtable
Journey to Recovery: Effective Collaborative Strategies for Recovery and Sustainability

Moderator:
Catrin Drawer, Associate Partner, Lufthansa Consulting

Panellists:
Ms. Yvonne Makolo, Chief Executive Officer – RwandAir
Mr. Busera Awel, Group Vice President Strategic Planning and Alliances - Ethiopian Airlines Group
Mr. Allan Kilavuka, Group MD & CEO – Kenya Airways
Mr. Sanjeev Gadhia, CEO – Astral Aviation
Covid-19 impacts – worldwide vs. in Africa

Covid-19 figures in Africa rising at slower speed compared to most developed countries – however, related uncertainty and volatility fully impacting African aviation ecosystem

Notes: Use map for illustration purposes only (no liability assumed).
1) All figures are based on the date 29 Oct 2020 from https://www.worldometers.info/coronavirus/

- 10.9M cases +95k cases per day in Oct 2020
- 9.1M cases +246k cases per day in Oct 2020
- 13.4M cases +93k cases per day in Oct 2020
- 9.5M cases +58k cases per day in Oct 2020
- 1.8M cases +12k cases per day in Oct 2020
Aviation stakeholders

Multitude of stakeholders in commercial aviation required to work together in facing Covid-19-induced adversity

Jointly implementing harmonized, visible and tangible Covid-19 health and safety regulations, creating a measurable feeling of safety for the passengers, which is openly marketed.
Spectrum of airline partnership models

Airline partnerships can deliver an efficient solution to balance the desire for expansion with the risk of overcapacity

- Higher load factors by two (or more) cooperating airlines observing mutual capacity discipline
- Deeper market access
- Additional revenue streams
- Lowered commercial risk

- Cooperation in sales, sourcing and operations
- Further lowered financial risk by leveraging economies of scale and sharing best practices
- Arguably more “permanent”

AFRAA 52nd Annual General Assembly & Summit
## Anticipated airline partnership dynamics

We expect that three types of partnerships to be forged/deepened

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<th>Type</th>
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| **1** Among airlines operating in a competitive domestic space | • Growing domestic markets tend to be highly internecine with cutthroat competition often driven by price | • **Azul and LATAM** in Brazil historically fierce competitors  
• Initial codeshare on 64 domestic routes, of which 2/3 only served by one of the players, significantly increasing network reach of each  
• JV or merger floated as a possibility |
| **2** International operators and regional or domestic carriers | • Key role of regional airlines in supporting industry recovery  
• Winning position of ‘domestic champions’ | • **Ethiopian Airlines (ET) and Asky Airlines** in which ET became the technical and strategic partner for the first years of operation. Ethiopian Airlines strengthen their hub and West Afrika benefits from increased connectivity  
• **American Airlines and JetBlue** entered strategic partnership, given presence in BOS and NYC |
| **3** International carriers with other international carriers | • Intercontinental traffic hit particularly hard  
• Airlines joining hands to avoid competition and/or drive greater volumes on their respective networks | • **Malaysia Airlines and Japan Airlines** launched extensive “joint business partnership”, with commercial cooperation on flights  
• Jointly driving discussions with governments to ensure high safety standards and reopen traffic between the countries |
Key international partnership examples

Partnerships forged pre-Covid-19 can enable partners to address current challenges more powerfully

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**Case Study Travel Bubbles**

- **Travel bubbles (or corridors)** denote usually reciprocally agreed travel lanes between countries for some or all travelers without the need for quarantine
- Mutually agreed **safety/hygiene & testing** protocols
- Several currently in discussion or being implemented, incl.
  - Between Australia and New Zealand
  - Between Hong Kong and Singapore
  - Between India and Germany
  - Between India and Kenya
  - Within Southern Africa (with focus on regional tourism)
  - Between North America and Europe

**North America-Europe envisioned to be enabled by antigen testing** of all passengers before boarding, each way, starting at specific airports – **stakeholder dialog with governments enabled by A++ JV partners LH Group, Air Canada, United**
Some partnerships exist in Africa in addition to traditional code sharing – new approaches in light of Covid-19 to be discussed.

- **Ethiopian Airlines offers pilots and aircraft to SAA**
- **Qatar Airways confirms purchase of 49% stake in RwandAir**
- **Kenya Airways and Air France-KLM to revise JV**
- **Ethiopian Airlines operates Malawian Airlines under a management contract and owns 49% of the airline**
- **Ethiopian Airlines holds 40% of Asky Airlines**
- **Ethiopian Airlines holds 49% in Chad's new national carrier**
- **Ghana signed a joint airline deal with Egypt**
- **Ethiopian Airlines holds 49% in Chad’s new national carrier**
- **Ethiopian Airlines operates Malawian Airlines under a management contract and owns 49% of the airline**
- **Kenya Airways and Air France-KLM to revise JV**
CEO Panel

Let's give a warm welcome to...

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