AFRAA
AIR TRANSPORT REPORT 2020

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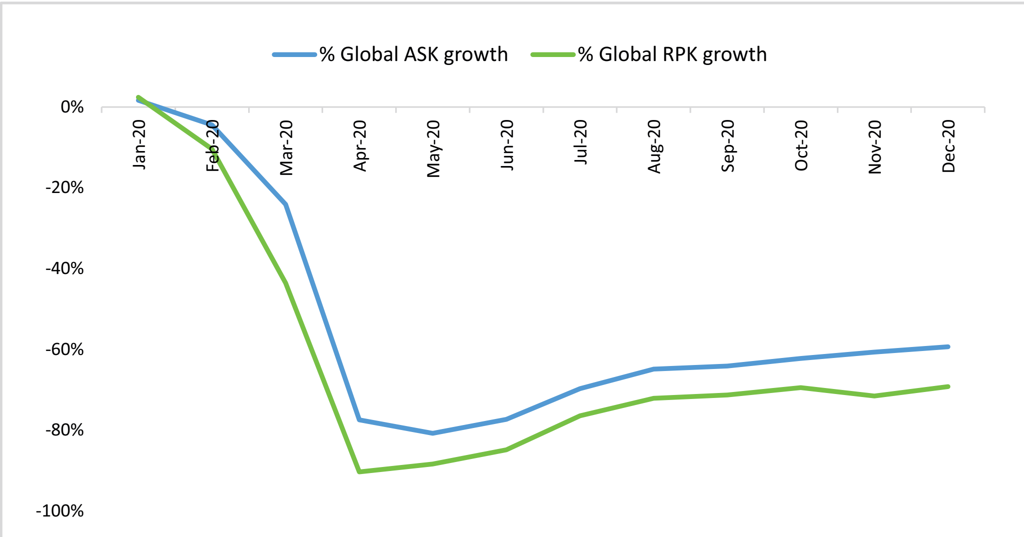
GLOBAL AIRLINE INDUSTRY PERFORMANCE

The Covid 19 pandemic hit the air transport sector hard in 2020. All regions have experienced a drastic drop in traffic due to border closures and travel restrictions. Both capacity and traffic dropped globally: ASKs and RPKs declined by 55% and 65% respectively. From February 2020, air traffic recorded a drop of 31% on the Asian market and 3% on the North American market. In March the traffic is down 45% and more than 95% in April. Traffic resumed significantly from July till October, but the recovery was hampered by the second wave of infection during the fourth quarter of the year. Few months after the traffic restart, some countries imposed new travel bans and borders closing, impacting international markets and causing an 11% drop in the traffic.

Global industry ASK and RPK growth



Source: AFRAA /OAG

Air cargo was also affected by the Covid situation. The lockdowns and travel ban affected belly cargo capacity, leading to an overall yearly drop of 23%, according to IATA. Cargo traffic also declined, affected by the disruptions in manufacturing and trade worldwide. However, the recovery from Q3 led to a 10.6% year-on-year traffic drop, but an improved Cargo load factor since capacity decrease was greater than traffic decline.

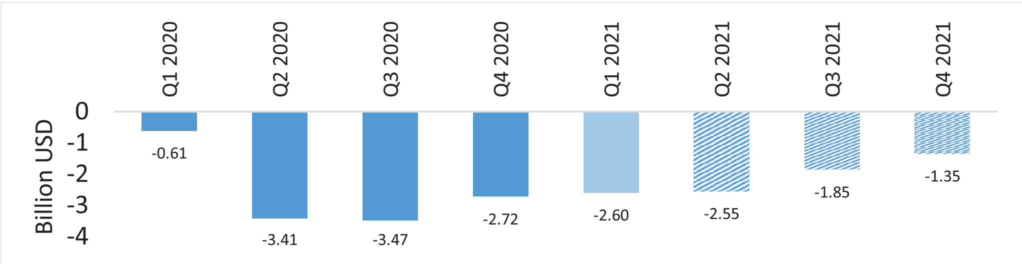
AFRICAN AIRLINES PERFORMANCE

Africa airlines operations were severely impacted by the Covid19 crisis. If the first cases on the continent appeared at the end of February in the northern region, the restrictive measures started to be applied in March. The impact was drastic for the traffic.

Financial performance

The Covid19 crisis had a devastating impact on airlines finance around the world. For African airlines, whose financial situation was already precarious, the impact was even greater. For the year 2020, the Passenger revenue loss is estimated at USD 10.21 billion.

African Airlines' Passenger Revenue Loss

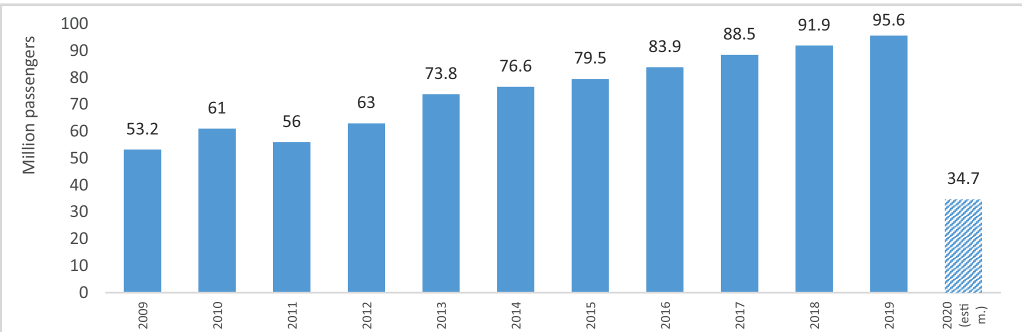


Source: AFRAA /OAG

Quarter 2 and 3 was the most affected, before a smooth recovery on the 4th quarter.According to our forecasts, African airlines will continue to lose money in 2021, even if the amount will reduce. We estimate the overall Passenger revenue losses for 2021 at USD 8.35 billion.

Passenger Traffic Evolution

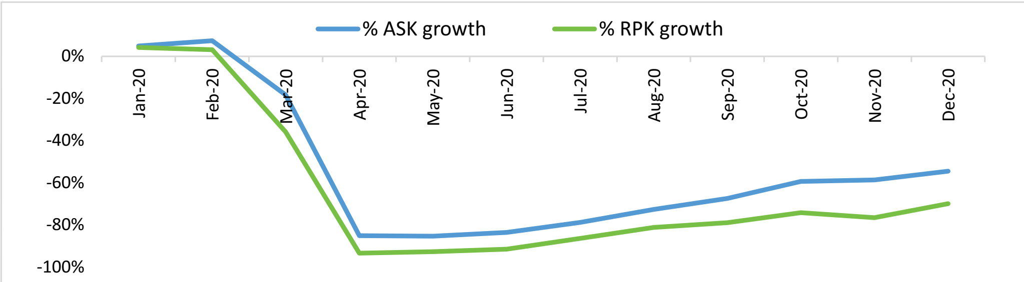
Scheduled passengers carried by African airlines



Source: AFRAA / IATA Watts

The number of scheduled Passengers carried by African Airlines is estimated to drop from 95 million in 2019 to 34.7 million in 2020, representing a year-on-year decline of 63.7%.

African airlines ASK and RPK growth



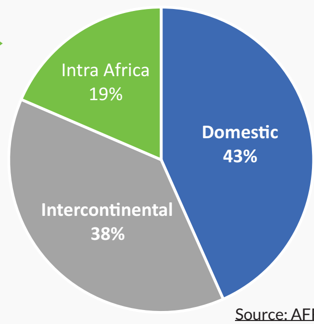
Source: AFRAA /OAG

African airlines' Asks and RPKs followed the same trend as the global industry. From the end of March, the majority of carriers grounded their aircraft, causing a drastic ASK and RPK drop of 85% and 94% respectively in April. The reduction in traffic continued until June, before reversing with the gradual opening of borders.

Passenger Traffic Distribution

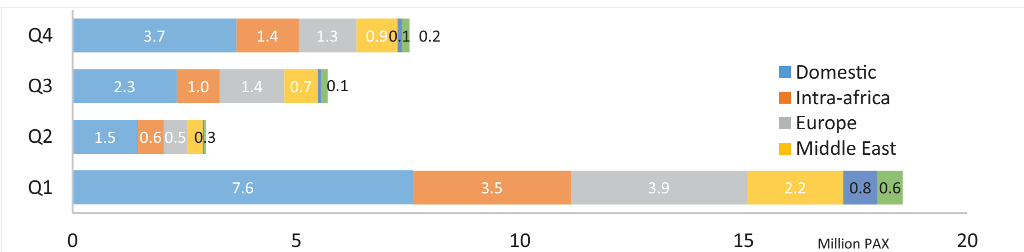
The traffic repartition shows that African airlines globally carried more domestic traffic in 2020, around 43% of the total traffic compared to. The leading carriers in terms of Domestic traffic are airlines like Safair, Ethiopian Airlines, Mango airlines, and Air Algerie. Those 5 airlines carried 4.8 million passengers on domestic routes during the year. International traffic represented 57%, breaking down into 19% of Intra-African and 38% of intercontinental passengers.

African airlines passenger distribution 2020



Source: AFRAA /OAG

African airlines international passenger destinations per quarter in 2020



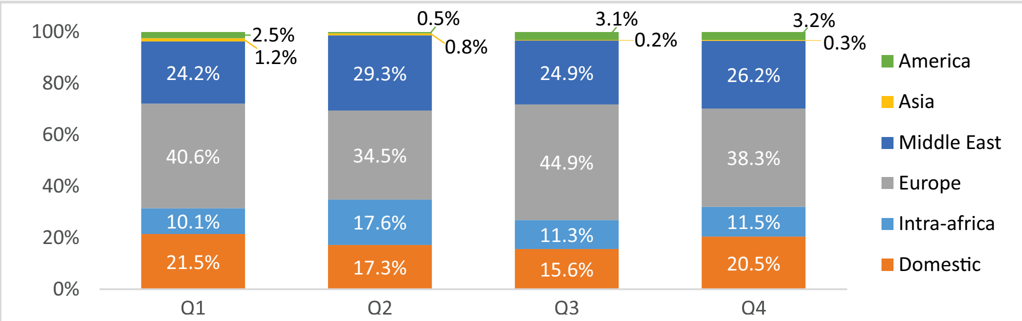
Source: AFRAA /OAG

At the continental level, Europe is the first international destination of African airlines, representing 21% and even exceeding Intra African traffic (19%), domestic excluded. Traffic to Middle-East tended to increase, while traffic to Asia reduced due to Covid.

Regional Insights

Northern Africa is the leading region in terms of passengers, representing 36.6% of the total continental traffic. In this region, the major part of this traffic is directed outside the continent, in particular to Europe: 45% before Covid. This can be explained by the tourism that is developed in the region and attracts Europeans. Middle-East is also a preferred destination from Northern Africa (22% of the traffic in 2019) due to the strong cultural and economic relationship between the Maghreb and Middle-East. The Covid19 outbreak caused a year-on-year drop of 61% of the regional traffic. The traffic toward Europe declined by 5%, in favor of Middle-East (+2.6%) and intra-African (+2.1%). The part of the domestic market is around 20%, which is far from the continental average that is 43%.

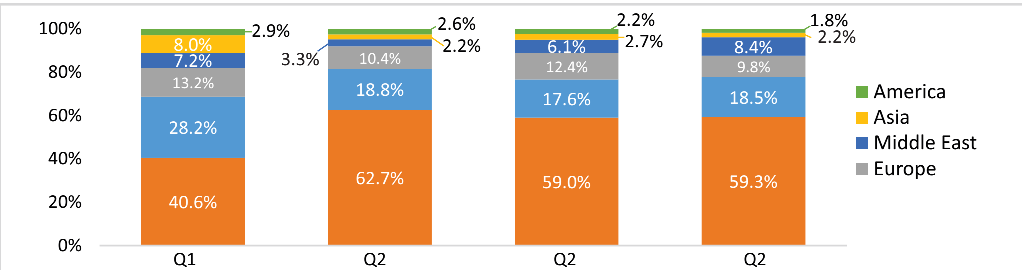
Traffic repartition - Northern Africa



Source: AFRAA /OAG

Eastern Africa is the second region in terms of passenger traffic volumes with a share of 22.2%. Domestic and Intra-African traffic are dominant in this region, both representing 70% of the traffic in 2020. Europe is the major destination outside the continent followed by Asia (12% and 7% respectively). After the beginning of the Covid crisis, the share of the domestic market rose by 20%. On the other hand, Intra-African traffic reduced by 10%. Asia also lost some shares, from 8% to 2% from quarter two.

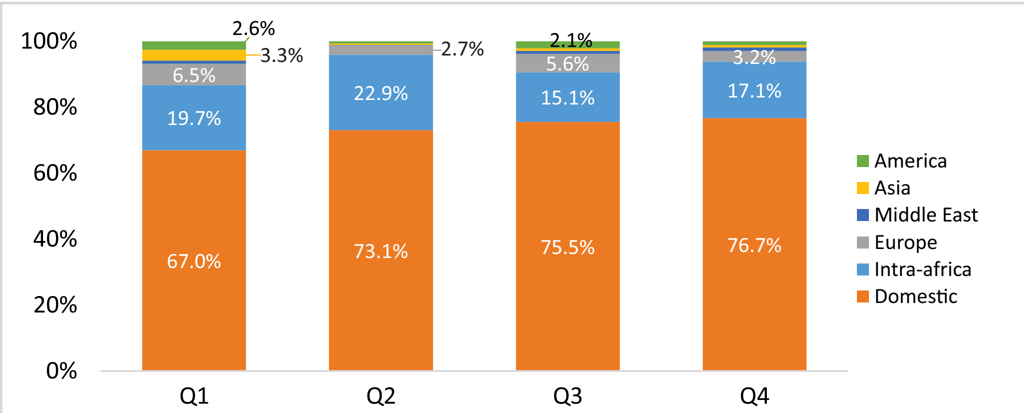
Traffic repartition - Eastern Africa



Source: AFRAA /OAG

In Southern Africa, the traffic drop related to Covid reached 63.6% compared to 2019. In this region representing 21% of the continental traffic, the domestic market is clearly dominant: from 66% before the Covid, the part of domestic traffic increased up to 77% in the last quarter of 2020. On the other end, intra-African traffic reduced, as well as traffic outside the continent.

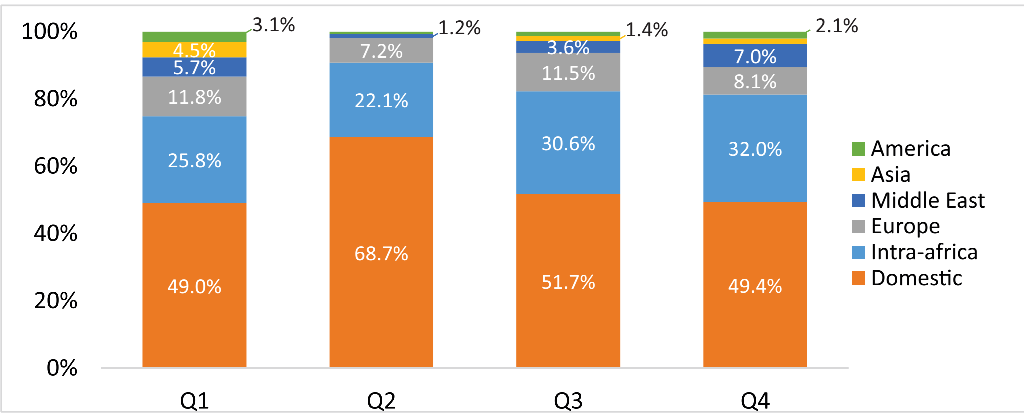
Traffic repartition - Southern Africa



Source: AFRAA /OAG

Central and Western African regions both represented 19.7% of the traffic in Africa. Domestic traffic represented around 40% in 2019, Intra-African following with 32%. In 2020, with the Covid situation, the share of domestic increased, particularly in the second quarter with 68% with the boarders closing. The share of Europe, the principal destination outside Africa reduced from 12% in 2019 to 10% in 2020. The traffic to Asia also declined from 5.8% to 2.4%.

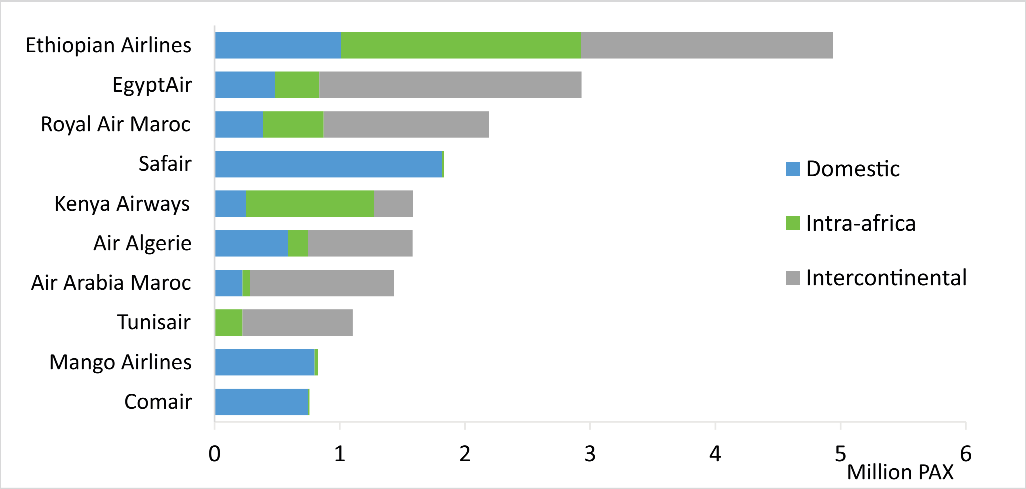
Traffic repartition - Central and Western Africa



Source: AFRAA /OAG

African Airlines Ranking By Traffic (AFRAA Estimations)

African airlines ranking by traffic (AFRAA estimations)

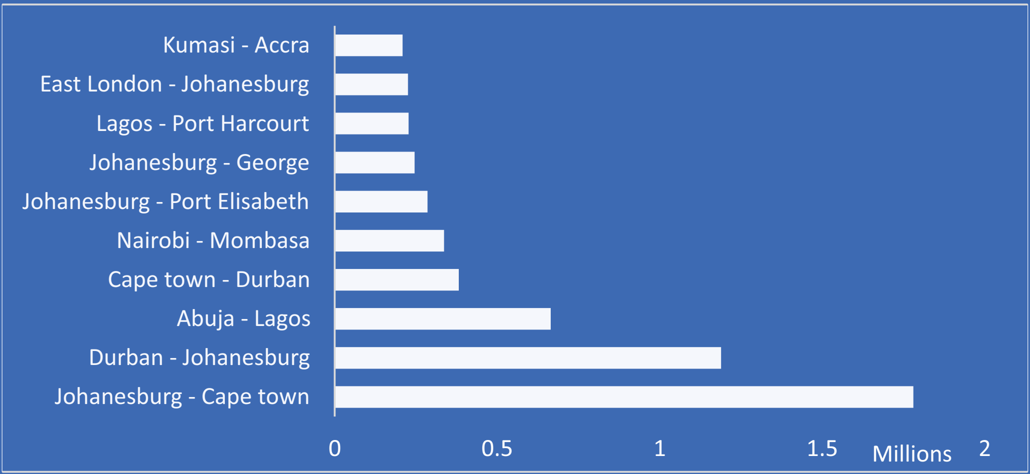


Source: AFRAA /OAG

Routes Ranking By Traffic (AFRAA Estimations)

Top 10 domestic routes by passengers carried (AFRAA estimations)

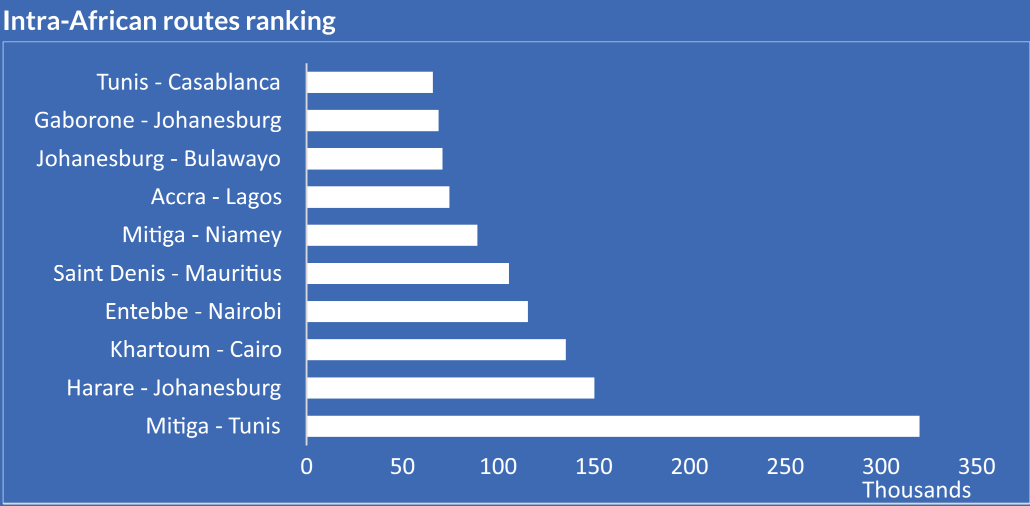
Domestic routes ranking



Source: AFRAA /OAG

6 of the 10 busiest domestic routes in Africa are within South Africa showing the strength of this market. Western Africa is represented with 3 routes: Abuja – Lagos, Lagos – Port Harcourt, and Kumasi - Accra.

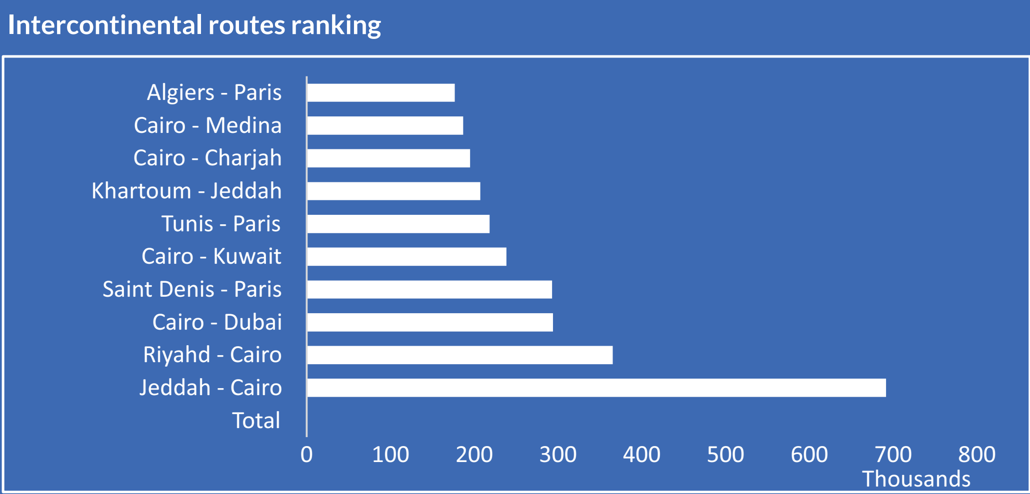
Top 10 Intra - African routes by passengers carried (AFRAA estimations)



Source: AFRAA /OAG

Almost all the regions are represented in this top 10: Southern Africa with 5 routes, 1 route in Eastern Africa, 2 in Northern Africa, and 2 in Western Africa.

Top 10 Intercontinental routes by passengers carried (AFRAA estimations)

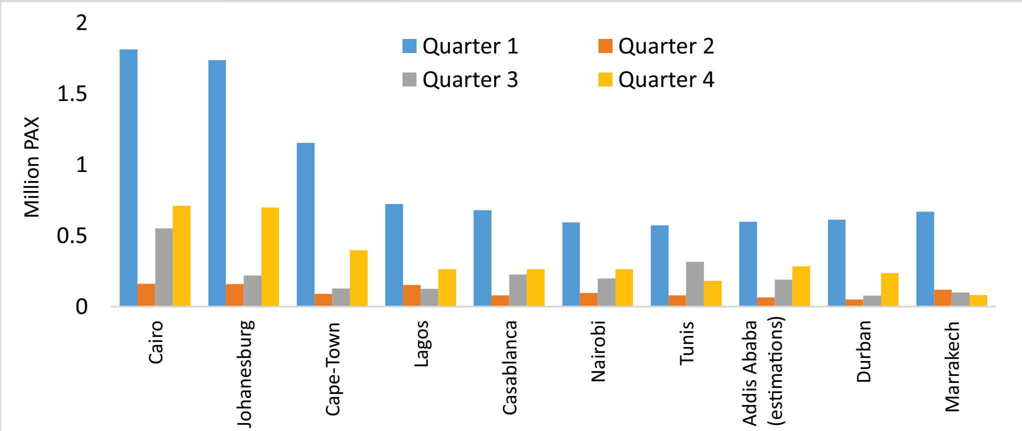


Source: AFRAA /OAG

This top 10 shows the strength of traffic between North Africa and Middle East, particularly from Cairo. Egyptair is the leading carrier on these routes.

Airport Ranking By Passengers

African airports ranking by passengers

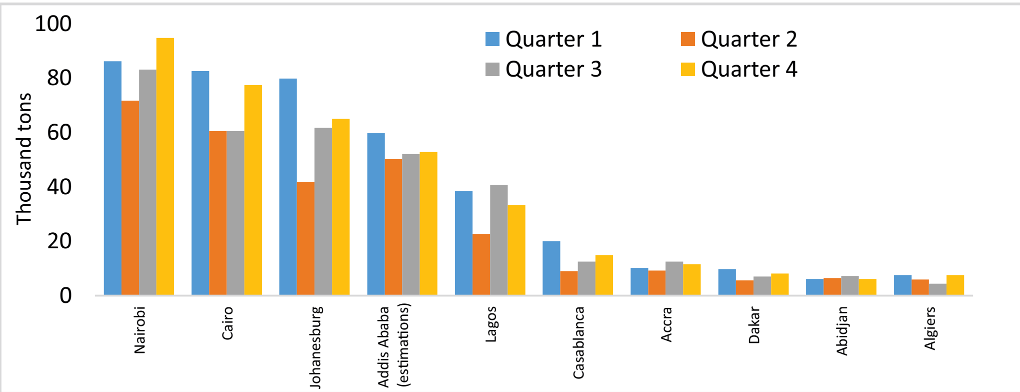


Source: AFRAA / ACI AFRICA

Johannesburg and Cairo are the busiest airports in Africa. Addis Ababa and Nairobi are also part of the top ranking. The only WCAF airport in this top 10 is Lagos. (Addis Ababa data are estimations). After the severe drop in traffic on Quarter 2, Cairo, Casablanca, Addis, and Nairobi airports saw a rise in traffic. South African airports had to wait for the last quarter of the year to have a noticeable improvement. Lagos and Marrakech on the other hand saw a decrease in traffic during the third quarter.

Airport Ranking by Freight Traffic

African airports ranking by freight



Source: AFRAA / ACI AFRICA

Nairobi Jomo Kenyatta airport handled more than 330 thousand tons of freight during the year 2020. Cairo followed with 280 thousand tons. Four West Africa are part of the top 10, namely Lagos, Accra, Dakar, and Abidjan. For the majority of these airports, freight traffic strongly rebounded after the drop of Quarter 2. Nairobi even performed in Quarter 4 compared to Quarter 1. (Addis Ababa data are estimations)

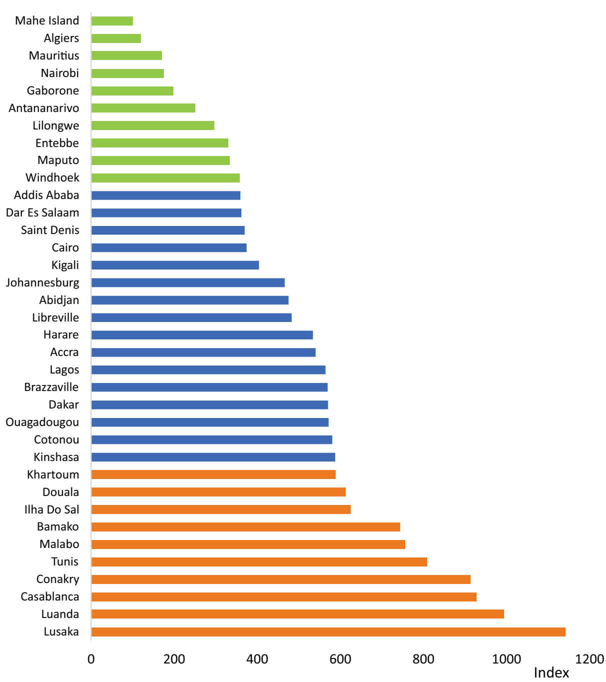
AIRPORT CHARGES

Methodology:
A comparative study based on a single aircraft type applies to all airports of more than 500 thousand passengers yearly.

The type of aircraft chosen is the B737, the most popular aircraft type in the region.
Following the applied criteria:

Aircraft Type	B737
MTOW	70.08 Metric
Flight Type	International
Origin & Destination	100
Total Departing Pax	100
Parking Time	2 Hour
Boarding bridge time	1 Hour
Arrival Time	12:00
Cargo	0 Kilograms

African airports ranking by charge index



Source: AFRAA / IATA ACIC

Lusaka has the highest level of charges while Mahe Island has the lowest among the selected airports. Some of the busiest airports in Africa like Johannesburg, Addis, Algiers are among the least expensive. This indicates that lowering the airport charges can have a positive effect on traffic.

INTRA-AFRICAN CONNECTIVITY

Methodology:

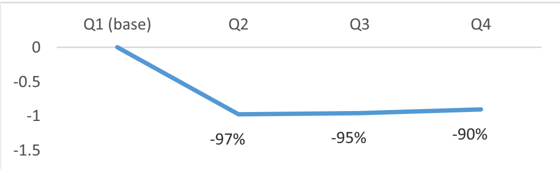
We calculate the total number of possible Intra-African connections between inbound and outbound flights on 20 important African hubs in 2020.

The rules selected for the computation are as follows:

- Single connections only to/from the chosen airports,
- Minimum Connection Time from OAG table,
- Maximum Connection Window of 6 hours

The Covid19 situation dramatically affected connectivity within Africa with a sharp drop of 97% during the second quarter. Until the end of 2020, the level of intra-African connectivity was 90% under the level of quarter 1.

Intra-African connectivity growth by quarter



Source: AFRAA / OAG

Intra-African connectivity index 2020

Airport	Index 2020
Johannesburg	12527
Addis Ababa	9744
Nairobi	4548
Algiers	1829
Cairo	1163
Zanzibar	1162
Lome	744
Abuja	648
Casablanca	632
Abidjan	493
Kigali	409
Accra	364
Antananarivo	195
Khartoum	184
Luanda	178
Mauritius	131
Dakar	128
Libreville	125
Entebbe	114
Ouagadougou	107
Lilongwe	100

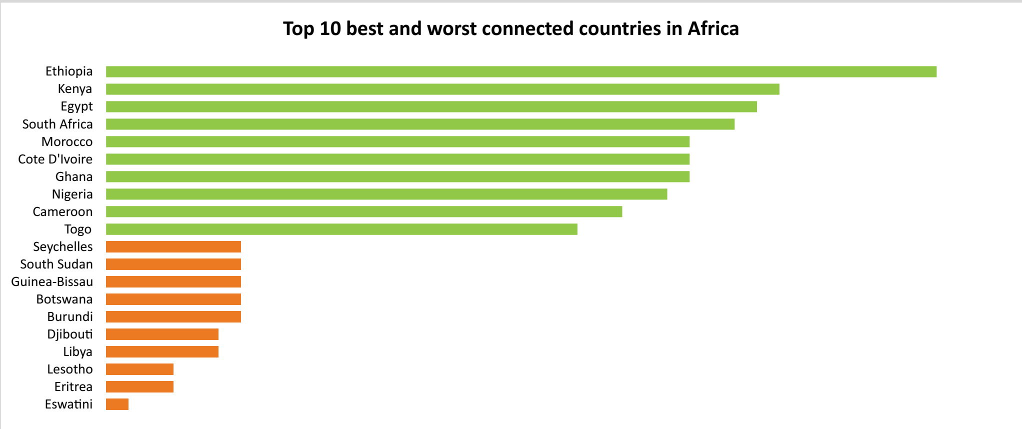
Source: AFRAA / OAG

Johannesburg remains the most connected airport, even if severely affected by the lockdown measures. Mauritius completely ceased operations during Quarters 2 and 3, bringing connectivity level to zero. Airports like Madagascar, Lome, and Khartoum saw a quick improvement from the beginning of Quarter 3, benefiting from less strict restrictions.

AFRICAN COUNTRIES CONNECTIVITY AND OPENNESS

In 2020, the regional traffic represented only 19% of African carriers' operations. Furthermore, the Covid19 situation depleted the Intra African connectivity that was already low. It is important to facilitate travels within Africa by removing the barriers that prevent travels within the continent.

African airports ranking by passengers



Source: AFRAA / AfDB

Among the 54 countries in the African continent, 13 have direct flights to more than 20 African countries. Ethiopia and Kenya lead with 30 direct flights and more to other countries within Africa. However, the intra-African connectivity remains poor. African airlines should take the opportunity to develop their Intra-African Network, especially in this period where the EU has limited travels to Europe.

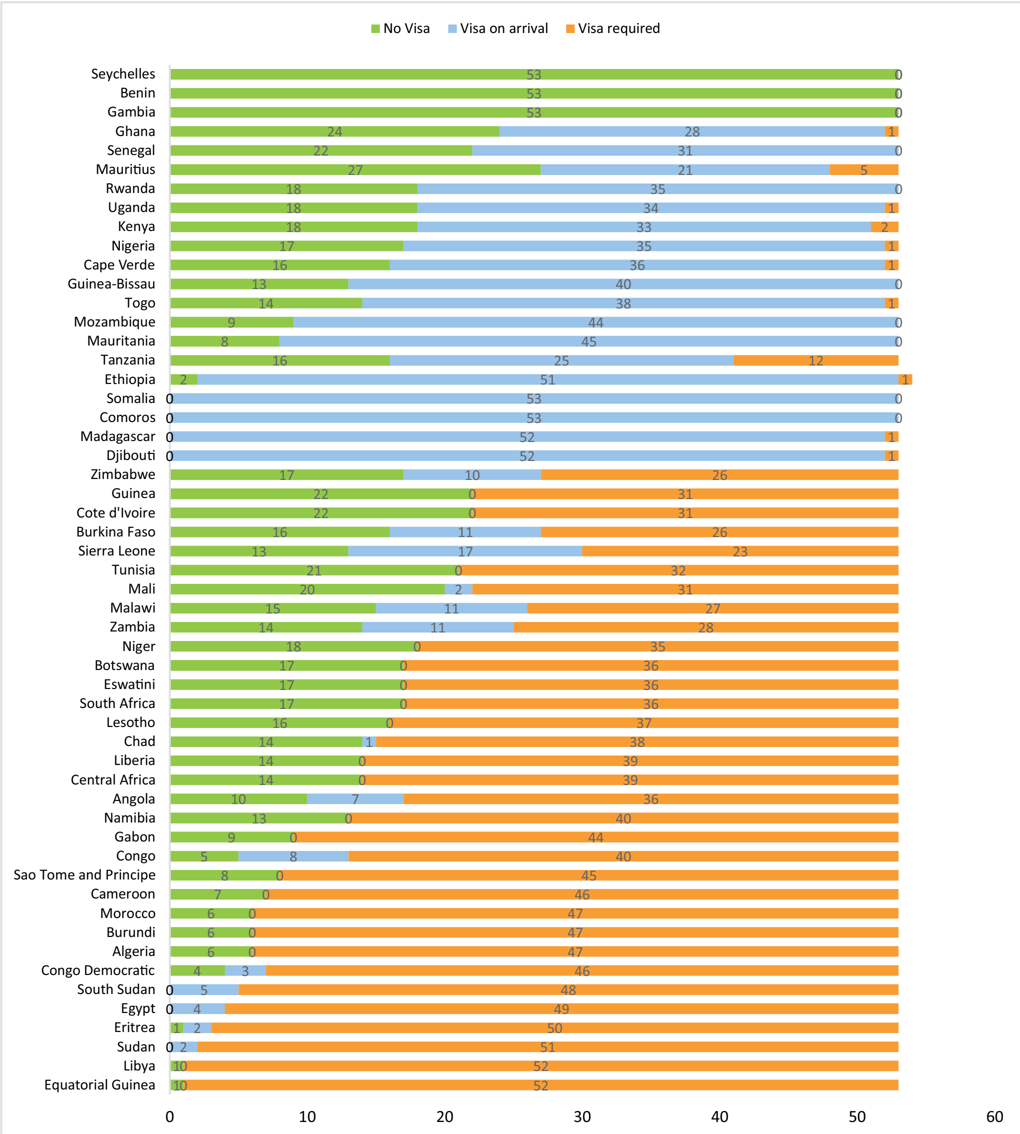
Connectivity between African regions

	Central Africa	Eastern Africa	Northern Africa	Southern Africa	Western Africa
Central Africa	64%	16%	34%	15%	33%
Eastern Africa		45%	16%	21%	7%
Northern Africa			69%	4%	41%
Southern Africa				57%	3%
Western Africa					65%

Source: AFRAA / AfDB

The table above represents the percentage of direct connections existing between all the countries within a region or toward another African region in relation to the total number of possible connections. While intra-connectivity is relatively high within Northern Africa (more than 69%), we can see that connectivity across regions remains poor. The highest rate is between Northern and western Africa with only 41%. Southern Africa is the less connected with other regions, particularly with the western (only 3%). Visa Openness within Africa 2020.

Visa Openness within Africa 2020



Source: AFRAA / AfDB

In terms of Visa openness within, more and more countries are opening their borders to other African countries. In 2010, The Gambia joined Seychelles and Benin in the group of totally Visa-free countries. Visa on arrival is adopted by 32 countries across Africa. Unfortunately, in 2020 46% of Africans still need a visa to travel to another African country compared to 50% in 2019, which is a small improvement.

ANNEX: GLOSSARY

ACIC: Aviation Charges Intelligence Center

AFDB: African Development Bank

AFRAA: African Airlines Association

ICAO: International Civil Aviation Organization

IATA: International Air Transport Association

RPK: Revenue Passenger Kilometers

YoY: Year on Year

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