COVID-19 Impact on African Aviation and Imperatives for Recovery

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COVID-19 IS A MAJOR CHALLENGE...

... but recovery in Africa & Middle East has been smoother and steadier than in Europe and Asia
REGIONAL DISPARITIES IN THE RECOVERY

Nearing pre-pandemic levels

Following the global trend

Remaining close to its 2020 bottom
... BUT DRIVEN BY DIFFERENT MARKET DYNAMICS

**PASSENGER TRAFFIC**
- International
- Intra-Regional
- Domestic

**NUMBER OF SEATS DEPLOYED**

**Southern Africa**
- Apr to Sept 2019: 68% International, 13% Intra-Regional, 78% Domestic
- Apr to Sept 2021: 14% International, 18% Intra-Regional, 9% Domestic

**Northern Africa**
- Apr to Sept 2019: 9% International, 74% Intra-Regional, 69% Domestic
- Apr to Sept 2021: 17% International, 8% Intra-Regional, 23% Domestic

Data source: Milanamos
EACH COUNTRY FACING THEIR OWN CHALLENGES

NIGERIA
V-Shape
Recovery

ALGERIA
W-Shape
Recovery

EGYPT
U-Shape
Recovery

CAPE VERDE
L-Shape
Recovery

Data source: Milanamos
A TRUE NETWORK RESTART

More than 300 routes - representing 25% of the 2019 routes - have been shut down during COVID...

But at the same time, more than 90 new routes have been launched!

Out of the top 100 routes in Africa, 44% have higher frequencies in 2021 than in 2019!

Data source: Milanamos
COVID-19 CONFIRMED A FLEET MIX TREND

IN-SERVICE FLEET

- **Widebody**
- **Narrowbody**
- **Regional Aircraft**

Data source: Milanamos

... with a growing regional fleet, allowing a deeper market penetration and a better feed.
A BETTER USE OF THE FLEET

Aircraft are coming back to service faster than in the rest of the world

African carriers have demonstrated great flexibility in their fleet management in order to keep aircraft flying

Data source: Milanamos
African cargo capacity grew by **33%** since 2019
Cargo load factors improved by **9%** from pre-pandemic levels

**93%** of the cargo fleet is now back to service

*During the pandemic, Ethiopian’s own MRO operation temporarily converted 25 passenger aircraft to freighters*
REMAINING CHALLENGES...

- Lack of harmonized vaccination requirements between countries
- Need for government financial support as necessary
- Unclear strategic plans, sometimes at country level

... BUT A UNIQUE OPPORTUNITY TO...

- **Reshape networks** to focus on new, unexploited regional routes
- **Rethink fleets** to offer right-sized modules in line with future market requirements
- **Reset schedules** for a greater market stimulation and a better match with the passenger demand

... RESTART!
COVID-19 REVEALED KEY SUCCESS FACTORS FOR THE FUTURE

1. LOCAL AND REGIONAL FIRST
   “HOME” SHOULD REMAIN YOUR TERRITORY AND YOUR GUARANTEE FOR GROWTH!
   ➔ THINK FEED AND MARKET PENETRATION BEFORE STRETCHING TOO FAR AND TOO THIN
   ➔ PROFITABILITY SHOULD DRIVE SCHEDULE AND ROUTE DECISIONS

2. FLEET PLANNING AND REVENUE MANAGEMENT TEAMS CAN NO LONGER WORK IN ISOLATION
   PROFITABILITY OF AN AIRLINE IS DIRECTLY LINKED TO THE LEVEL OF COLLABORATION AND INTEGRATION BETWEEN THESE TWO TEAMS
   ➔ COST/SEAT IS NO LONGER THE RIGHT METRIC TO DEFINE FLEET REQUIREMENTS

3. MAKE SURE YOU KNOW YOUR CORE BUSINESS AND WHAT MAKES YOU UNIQUE!
   TIME TO REDEFINE STRATEGIC PLANS FOR THE NEXT FIVE YEARS
   ➔ BUSINESS MODELS ARE EVOLVING, MARKET SEGMENTATIONS ARE ACCELERATING
A UNIQUE AND EXTENSIVE ANALYTICAL CAPABILITY

• A team of experts coming from OEMs, airlines and lessors, allowing a 360° view on the business and a greater ability to assess risks

• 300+ customers network, 20+ successful product launches, supported by one of the largest industrial groups worldwide

• 400 years of combined commercial aviation experience both from the “buy side” and the “sell side”

• Our airline expertise: Network, fleet & product strategy, Cost & revenue optimization, Branding strategy, Market forecast and Business development
“Flightpath to Africa’s resilient travel ecosystem”