

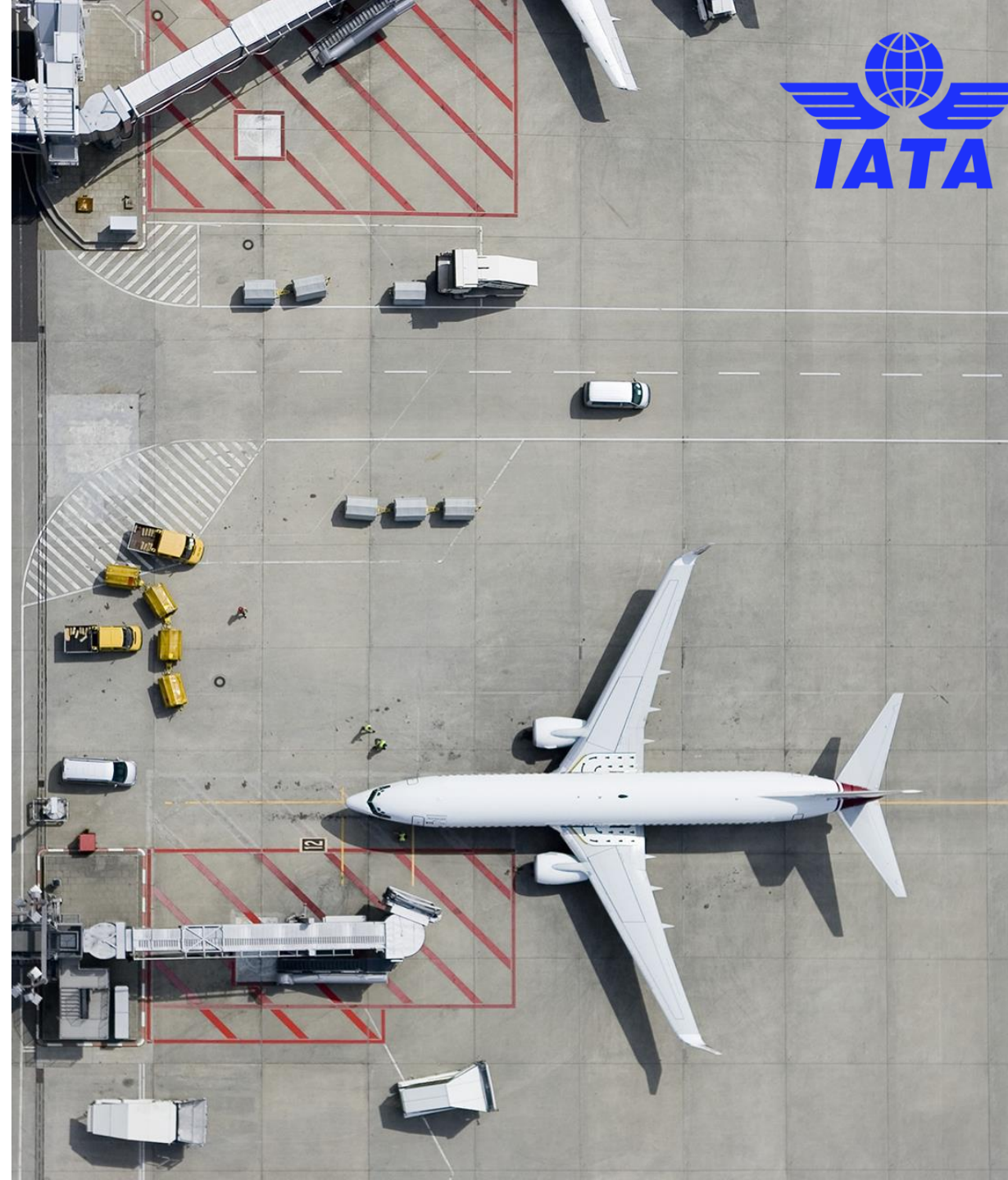
Air Transport Industry Outlook MEADFA Conference

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Accra, Ghana
19-21 Nov 2023

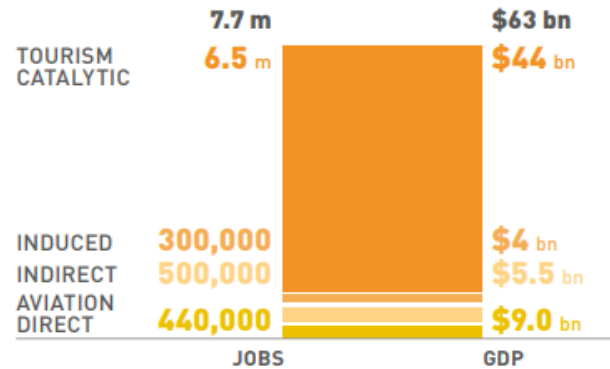


Macroeconomic Outlook

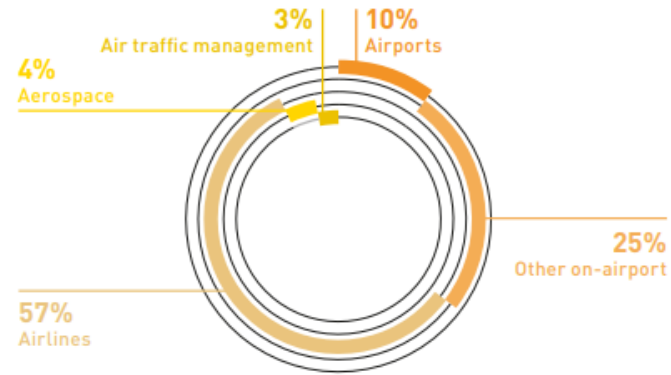


Aviation is an enabler of economic activity

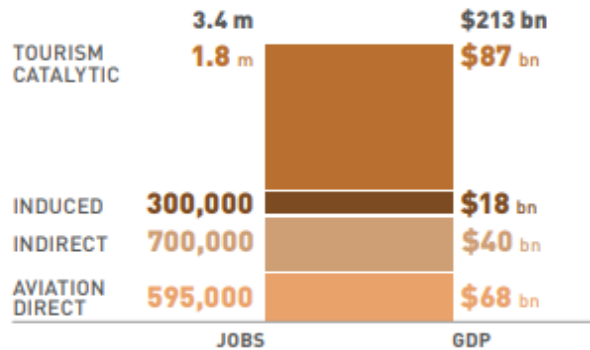
Total jobs and GDP generated by air transport in Africa, 2018.



Direct jobs generated by air transport in Africa.



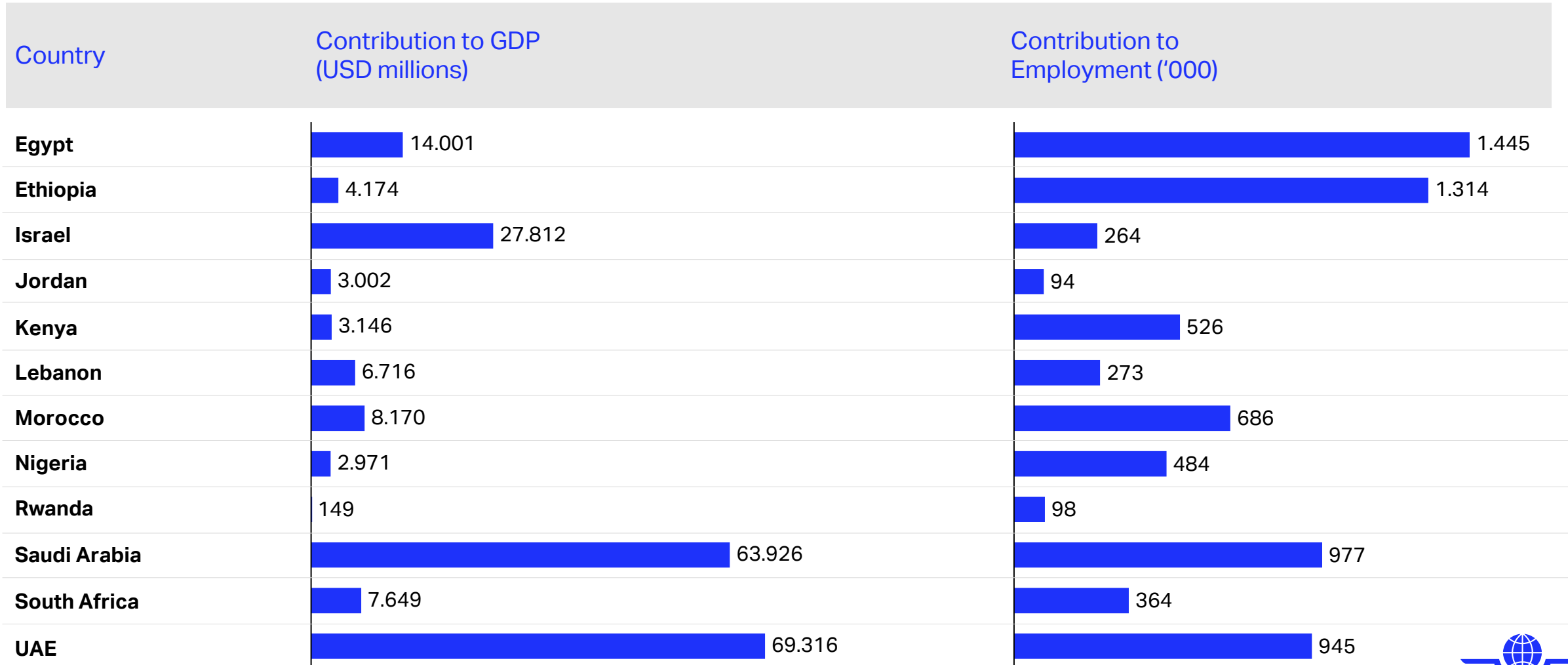
Total jobs and GDP generated by air transport in the Middle East, 2018.



Direct jobs generated by air transport in the Middle East.

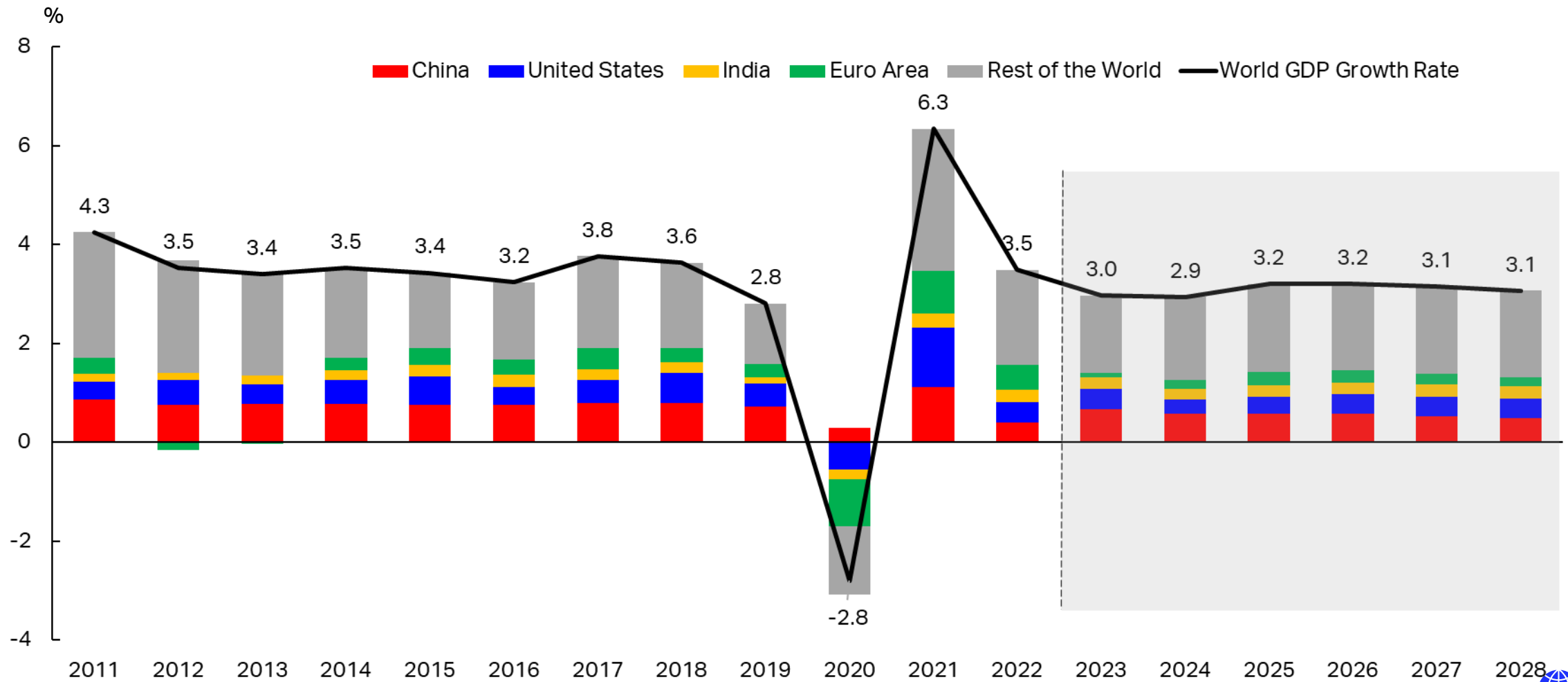


The economic contribution of airport hubs

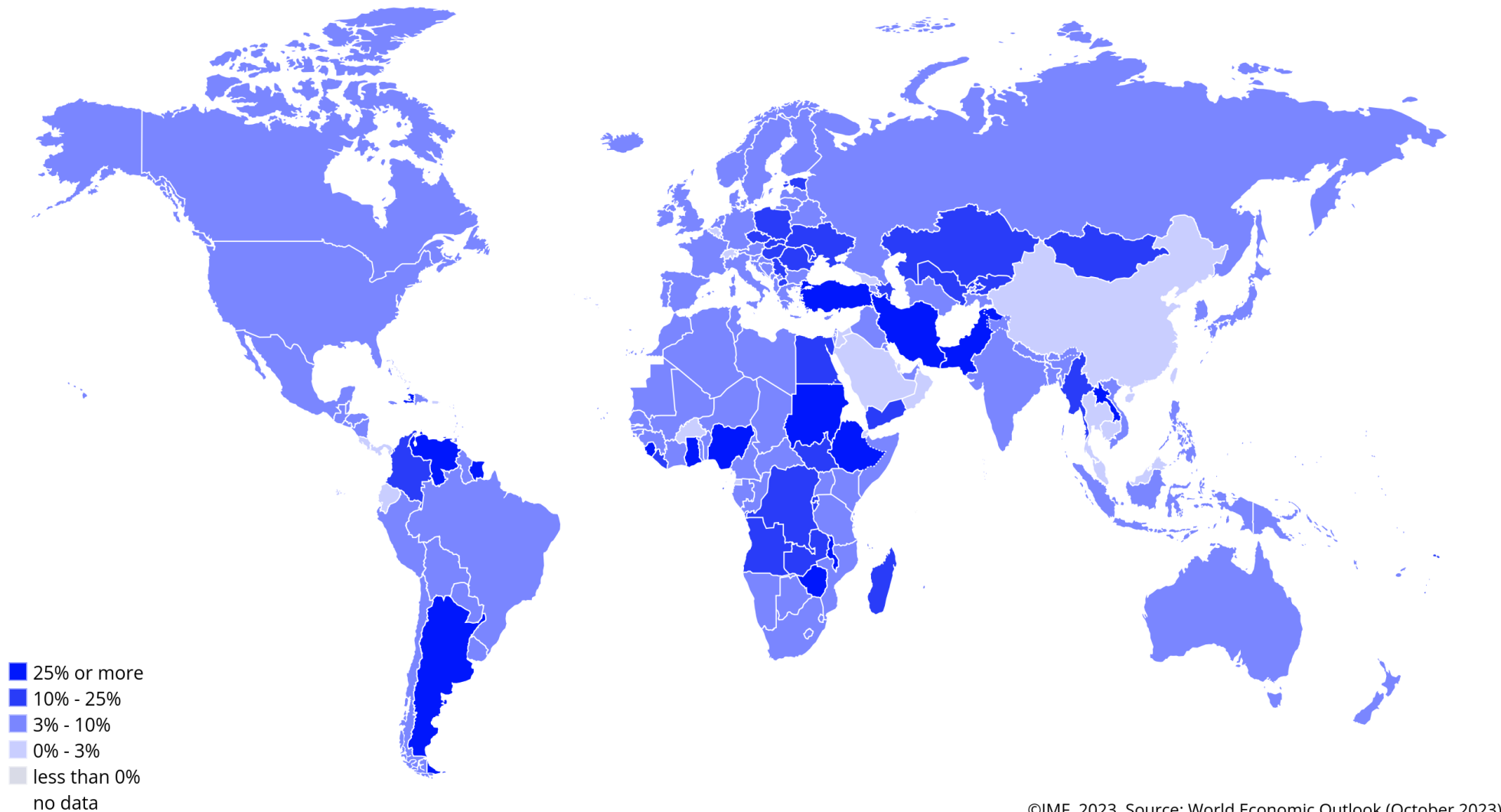


Global economic growth remains at 3%

China continues to play an important role in driving growth



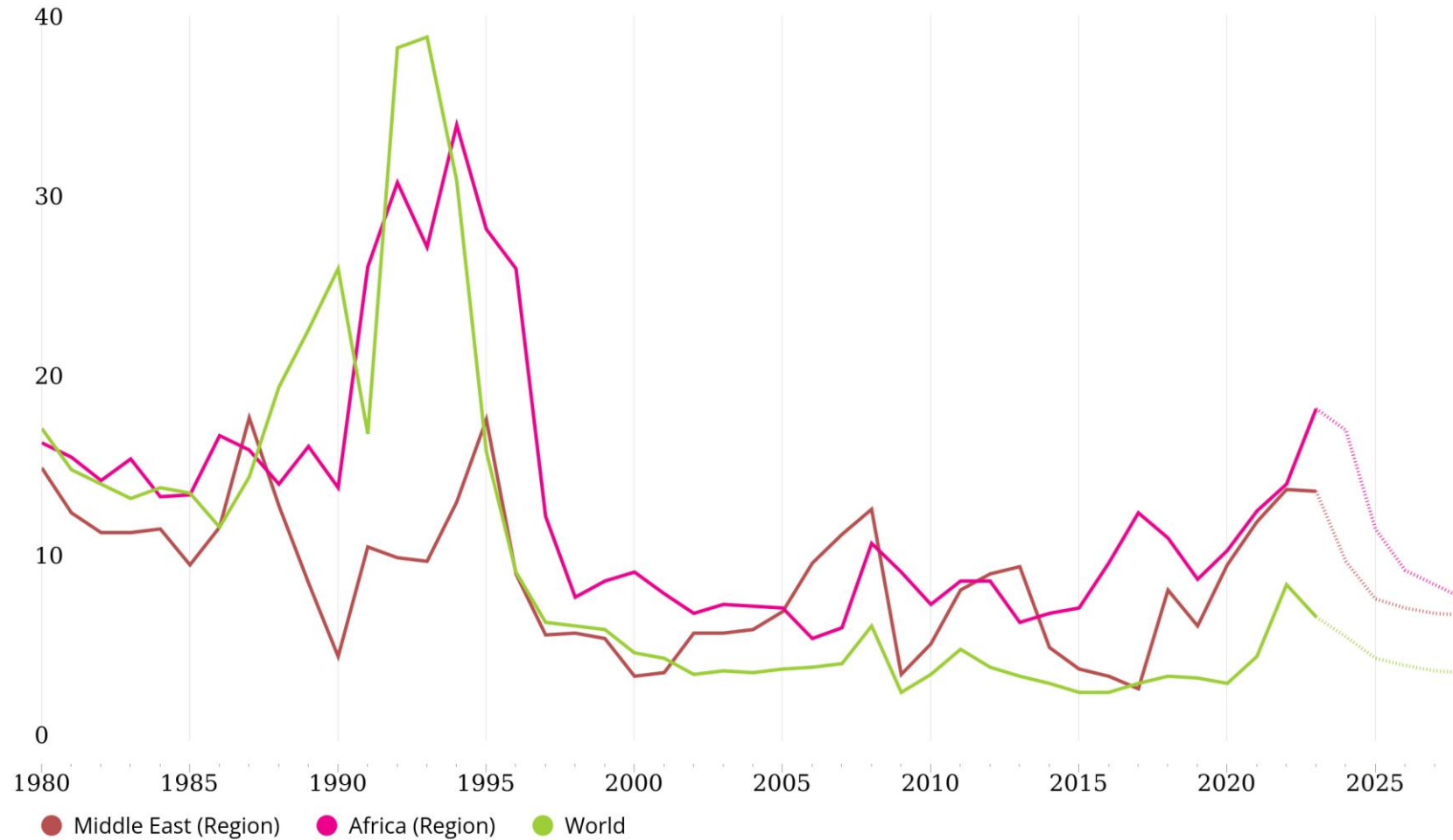
Easing of inflation around the world



©IMF, 2023, Source: World Economic Outlook (October 2023)

Inflation is still high in some African countries

Which increases economic vulnerability

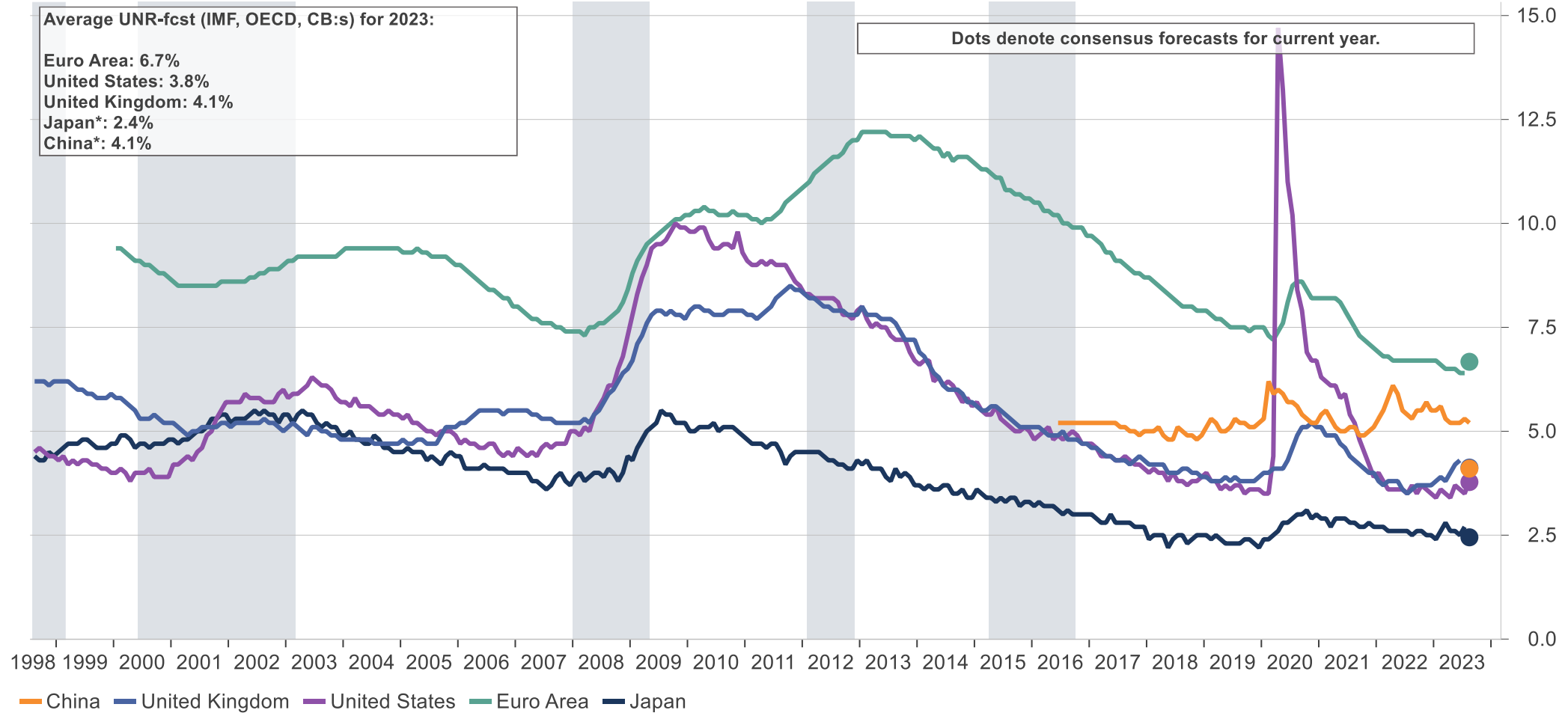


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Labor markets remain tight

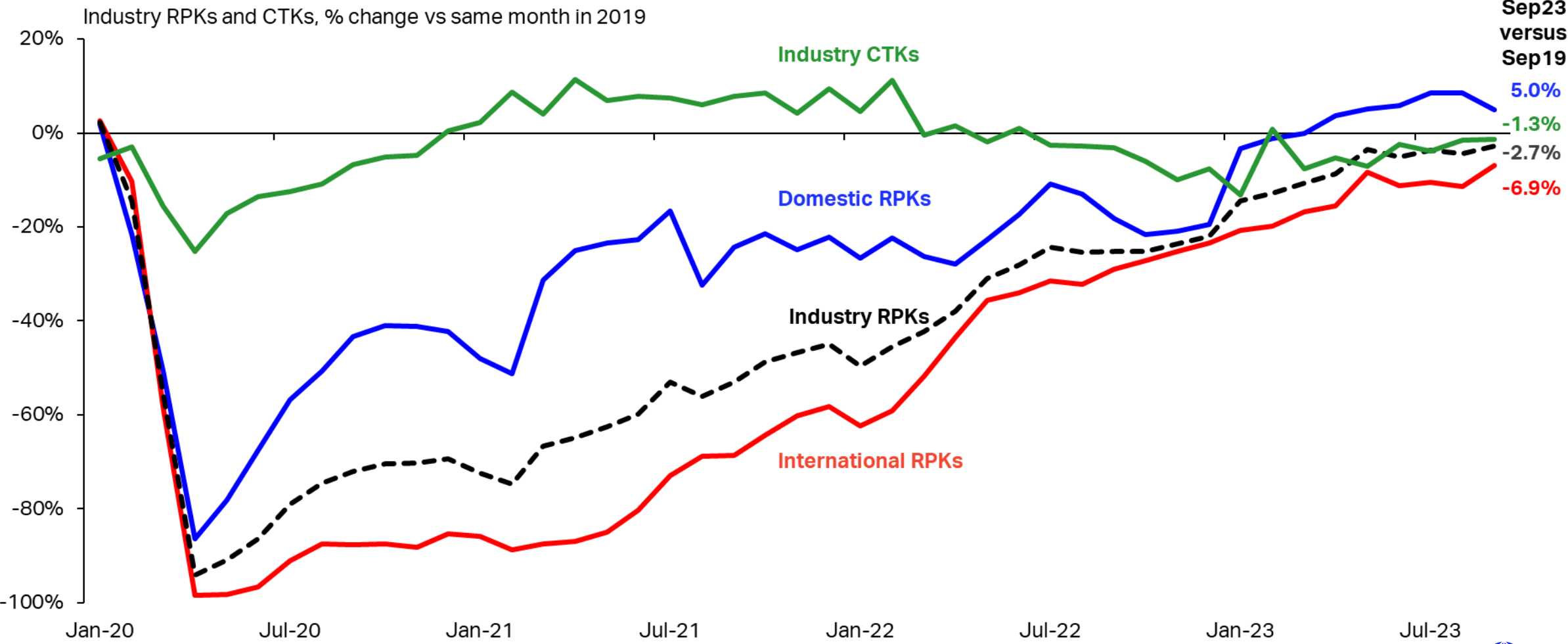
With the unemployment rate at historic lows for major economies

Unemployment rate (%): US, EA, JP, UK, CN



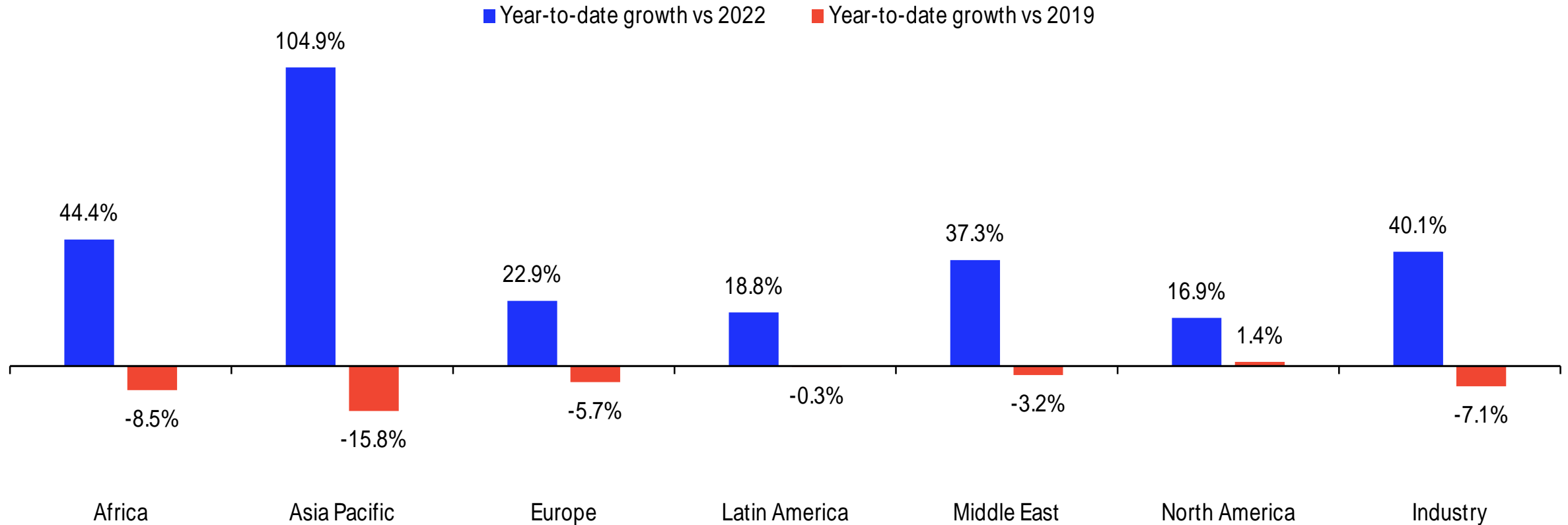
Total passenger traffic is 3% below of its 2019 level

Domestic RPKs have been above 2019 levels since April



Regions have faced different outcomes

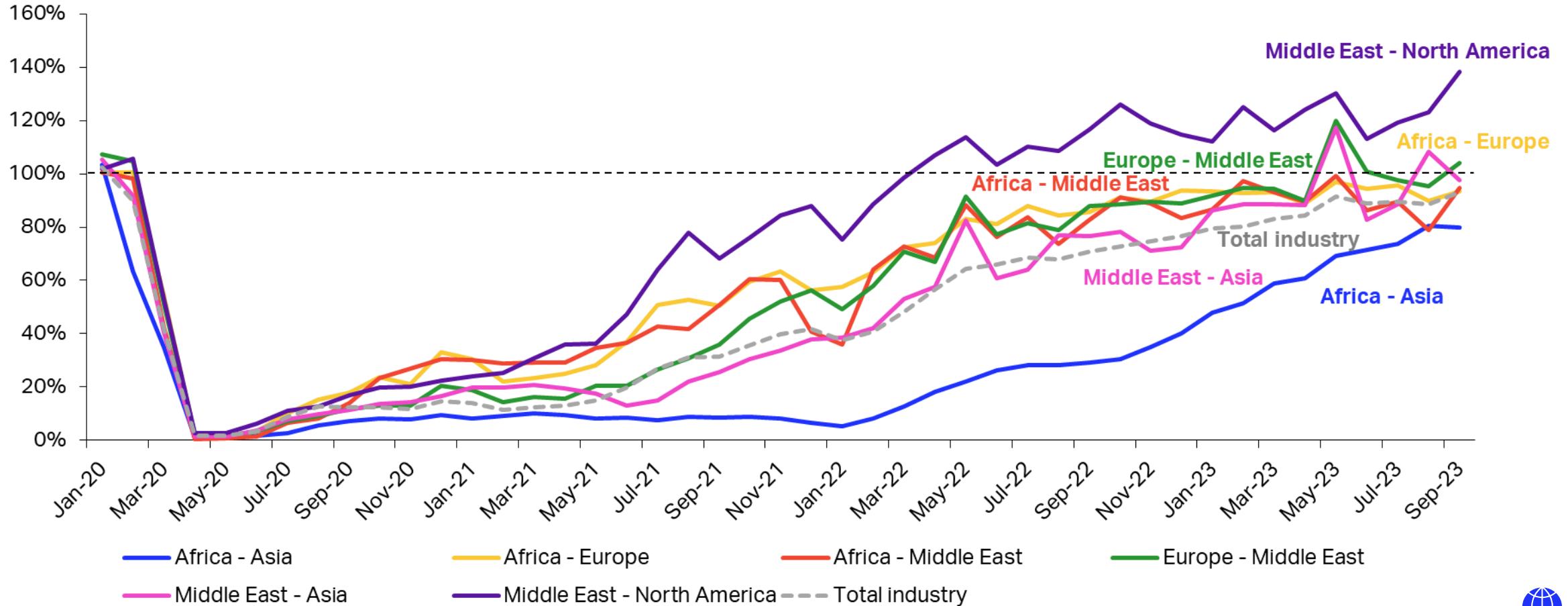
But still YoY growth in passenger traffic for all regions



Performance also varied across int'l markets

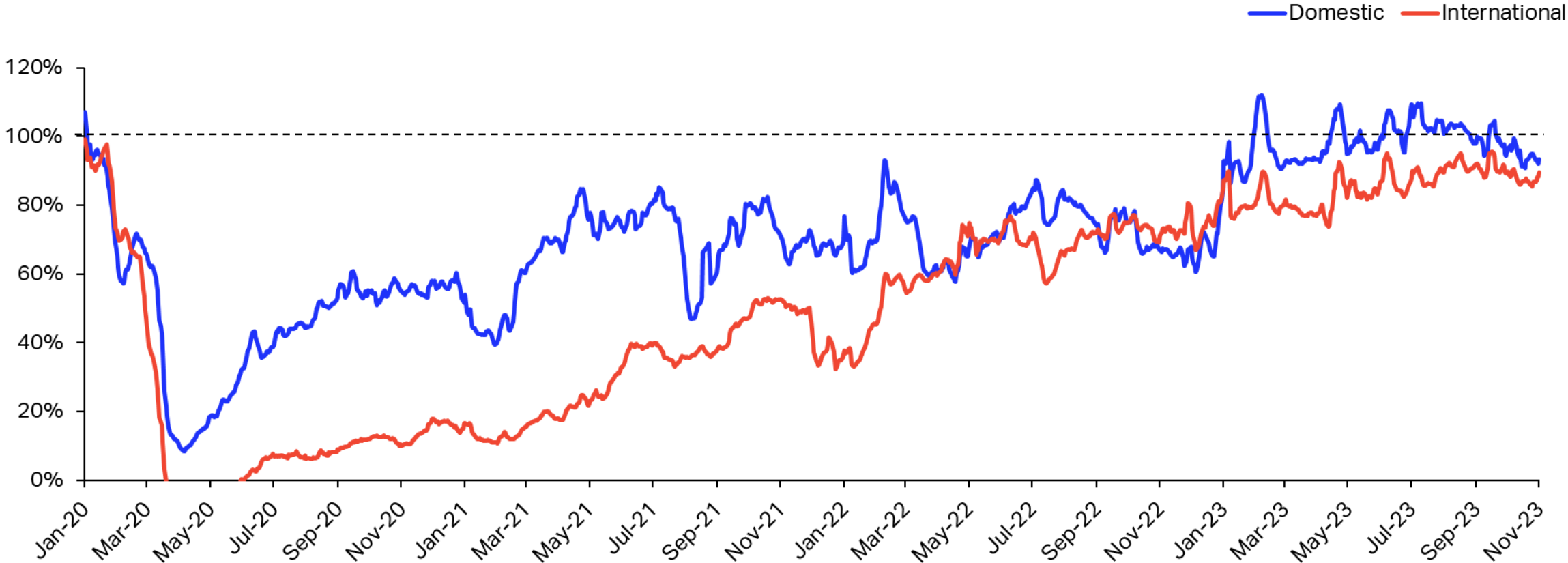
Middle East-North America driving the recovery

Revenue Passenger-Kilometers (RPK) as % of the same month in 2019 (region pairs)



Global ticket sales are also almost at pre-covid levels

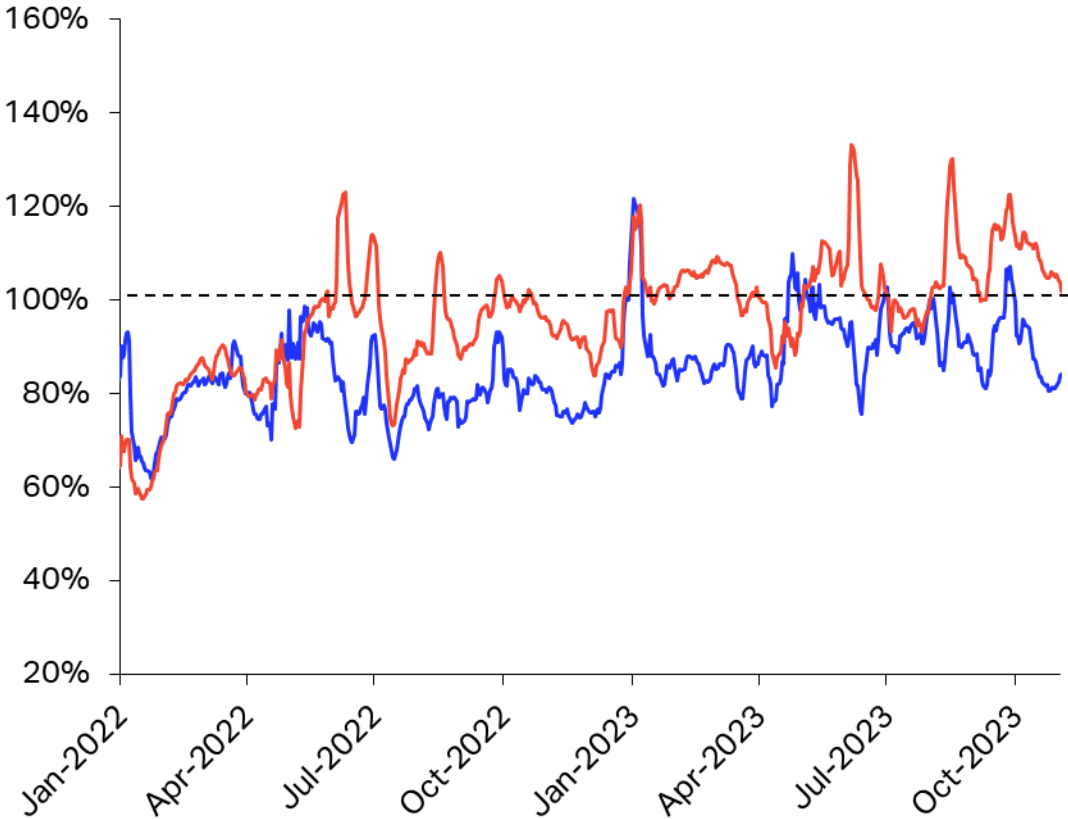
Ticket sales by type of travel (7 days moving avg) a % of the same period in 2019



Regional ticket sales are also almost at pre-covid levels

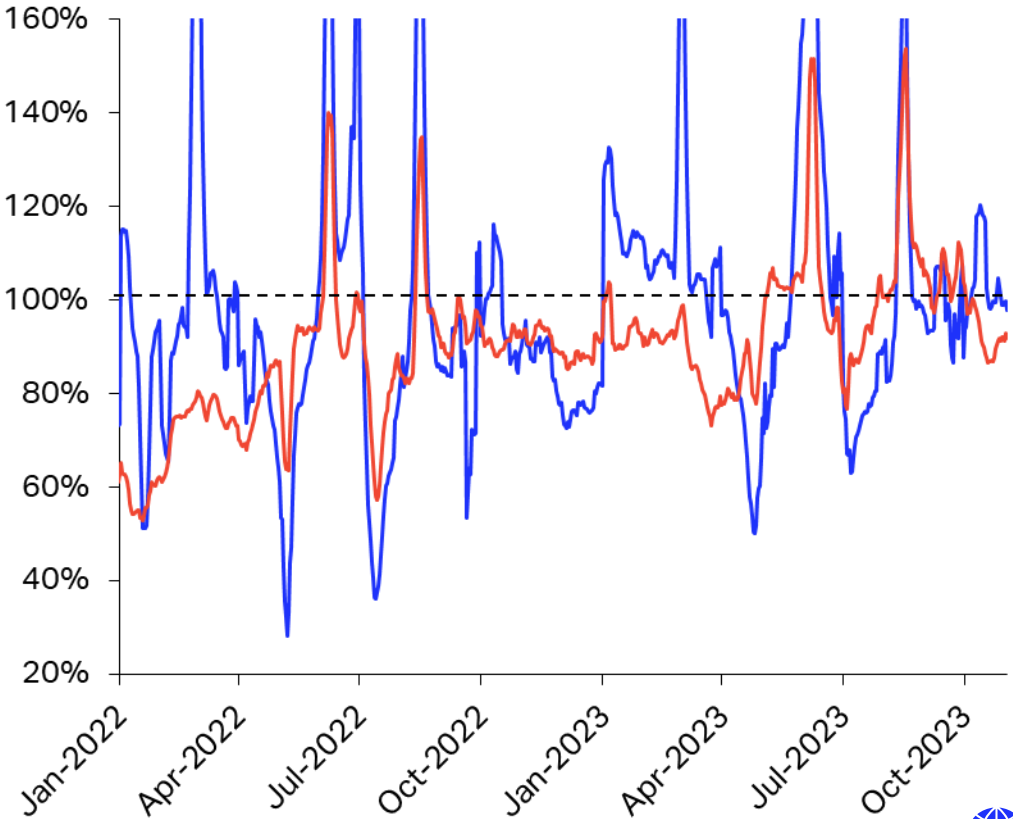
Ticket sales by type of travel (7 days moving avg) a % of the same period in 2019

Africa



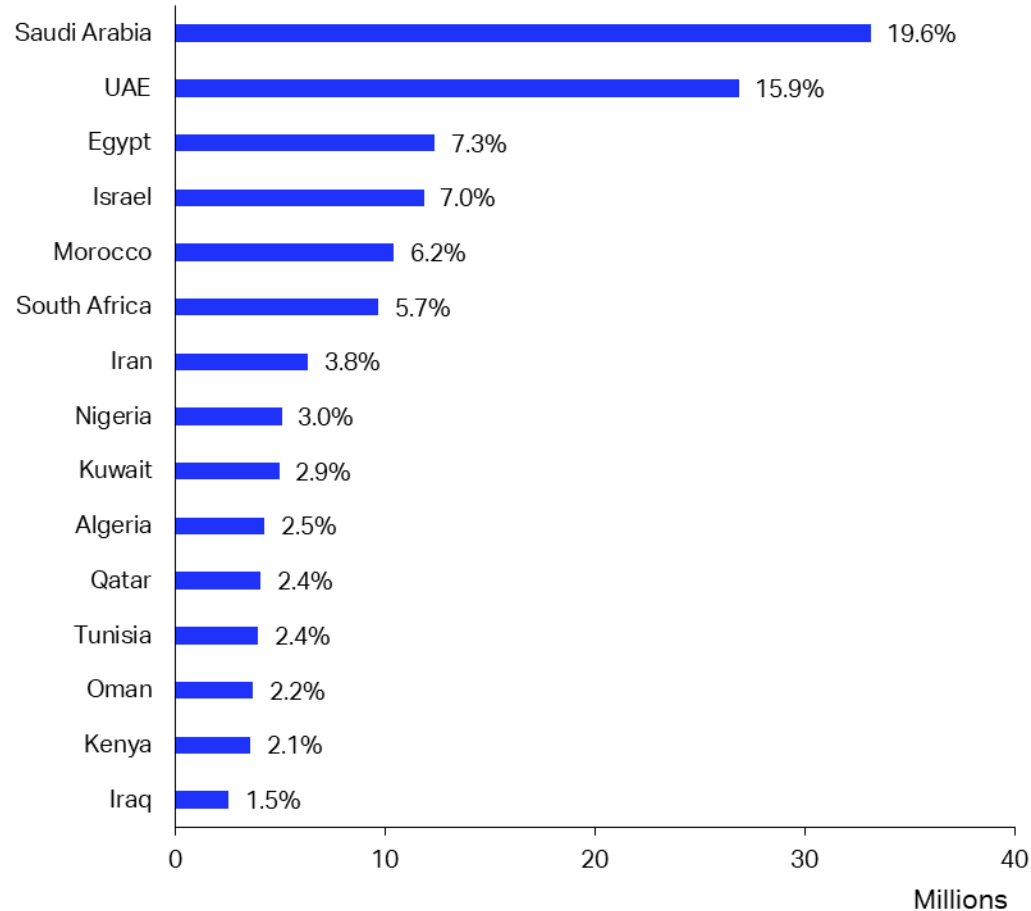
Middle East

■ Domestic ■ International

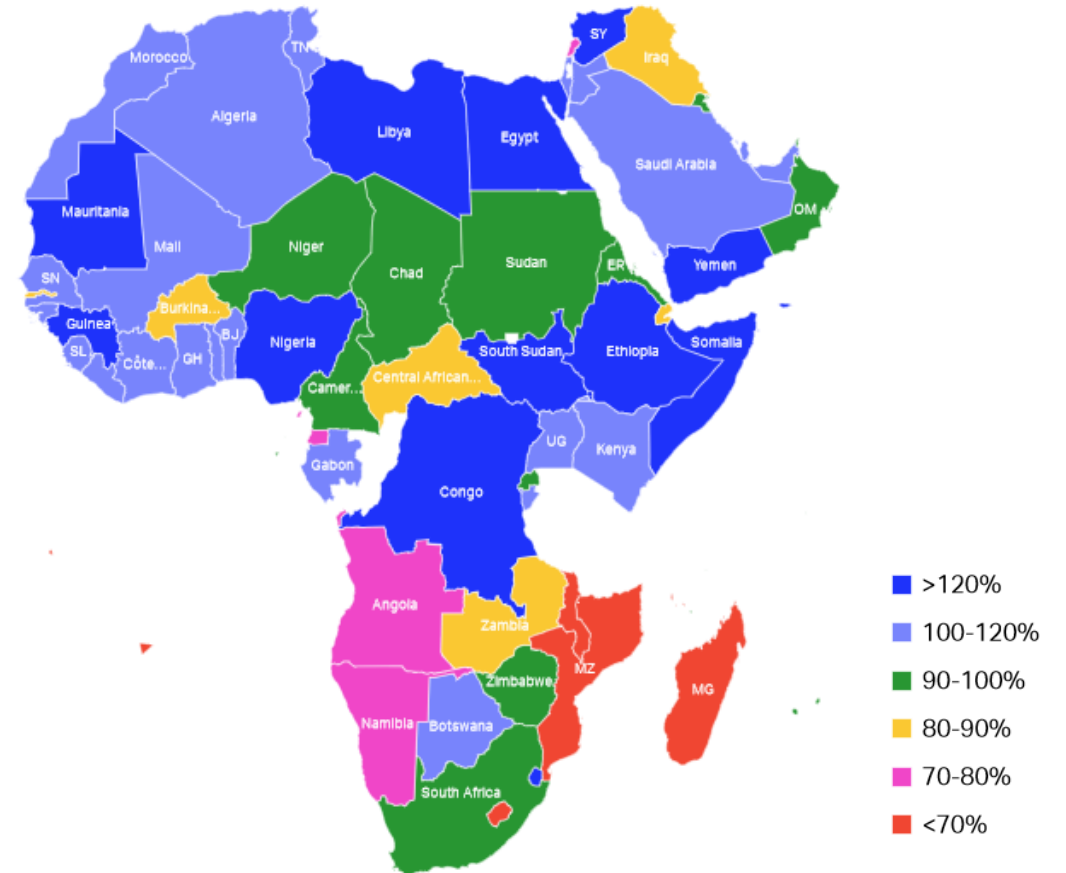


Passenger traffic in Middle East and Africa on recovery

Top 15 countries by O-D Passenger Traffic in H1 2023 (% share of total traffic in the Middle East and Africa)

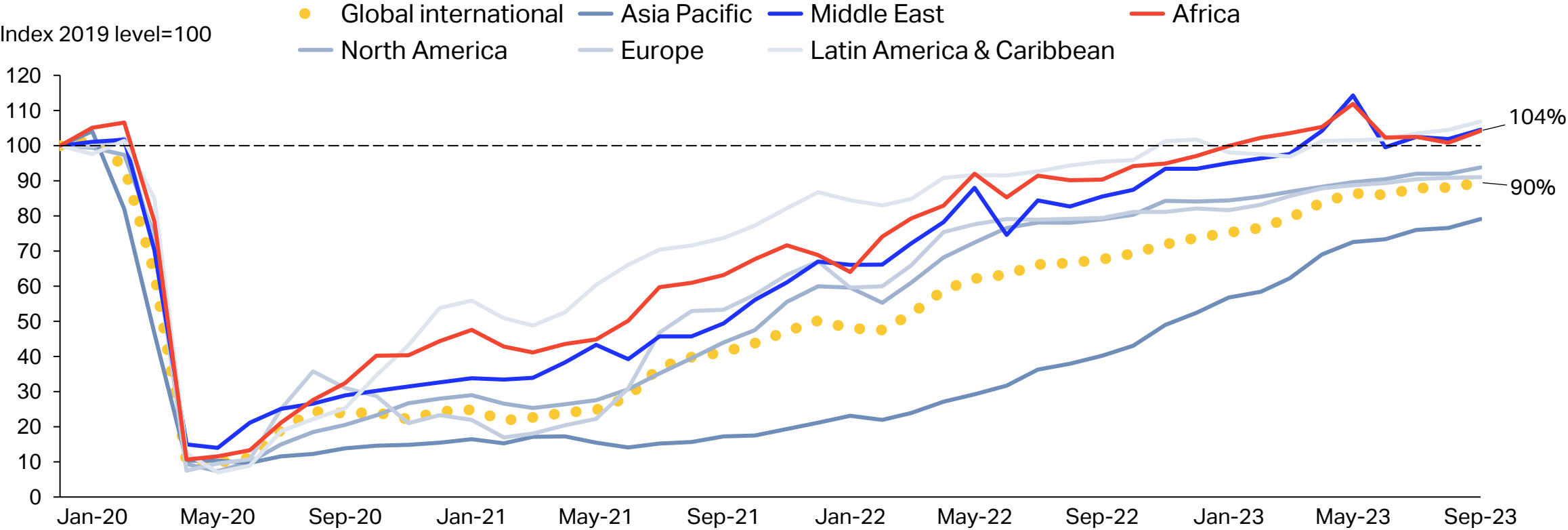


O-D Passenger Traffic in H1 2023 (% of H1 2019)



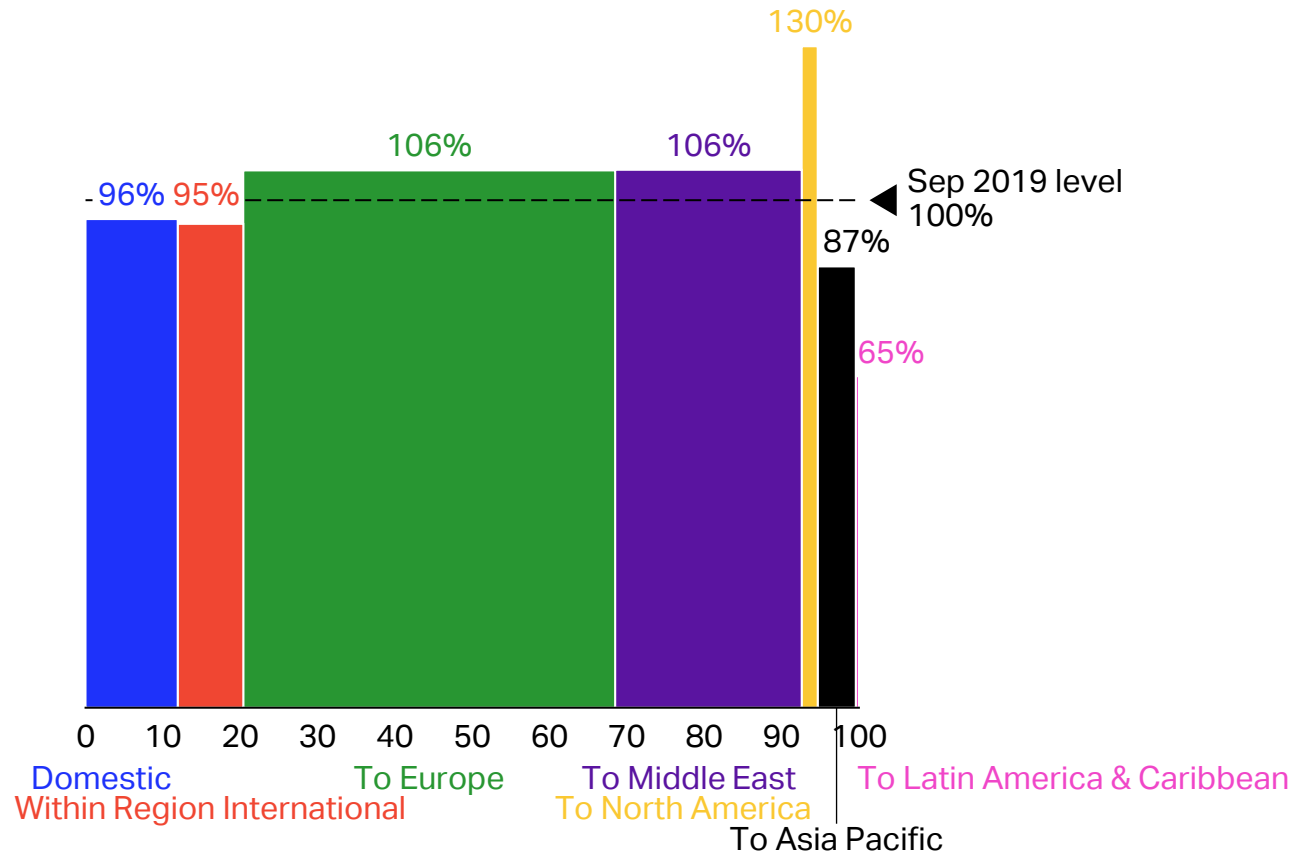
Africa and the Middle East leading the recovery of international air connectivity recovery

IATA International Air Connectivity Index by region for all international routes, monthly Jan 2020-Sep 2023

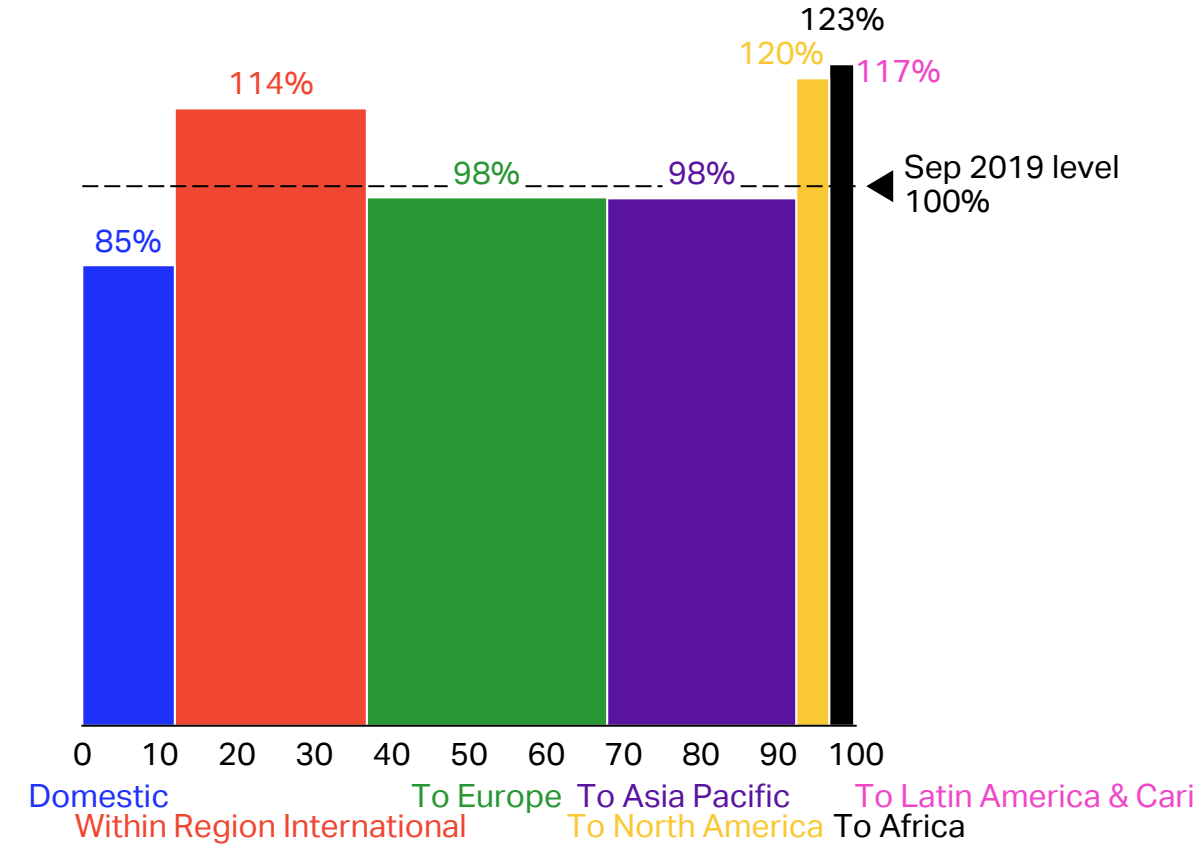


Recovery of major markets

Africa connectivity recovery by route area in Sep 2023 as % of Sep 2019 level



Middle East connectivity recovery by route area in Sep 2023 as % of Sep 2019 level

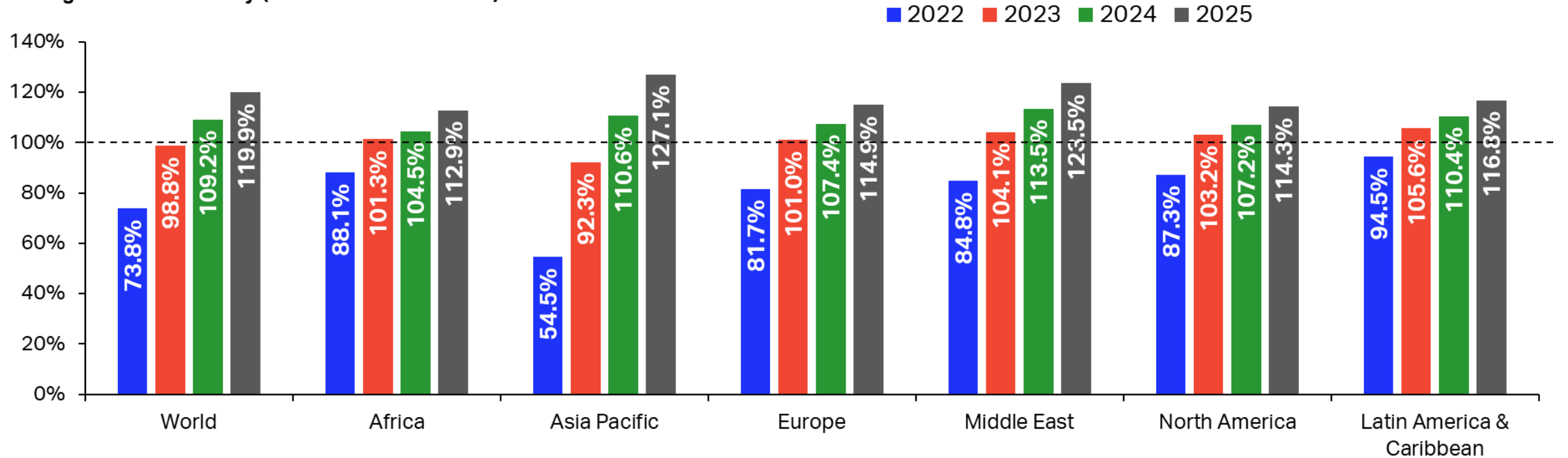


Horizontal scale shows proportion of Sep 2019 connectivity contributed by each route area

Passenger traffic expected to recover in 2024

Most regions to fully recover in 2023

Passenger traffic recovery (% share of 2019 levels)

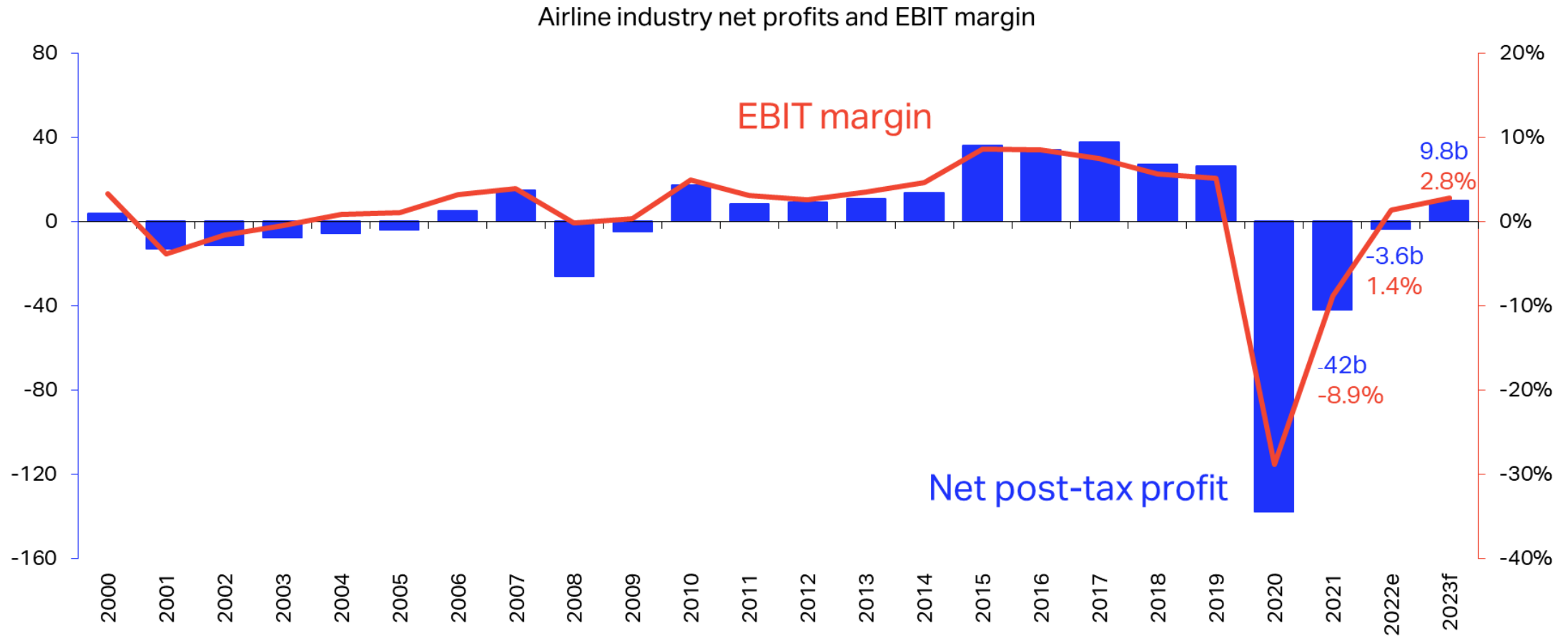


Recovery year						
2024	2023	2024	2023	2023	2023	2023

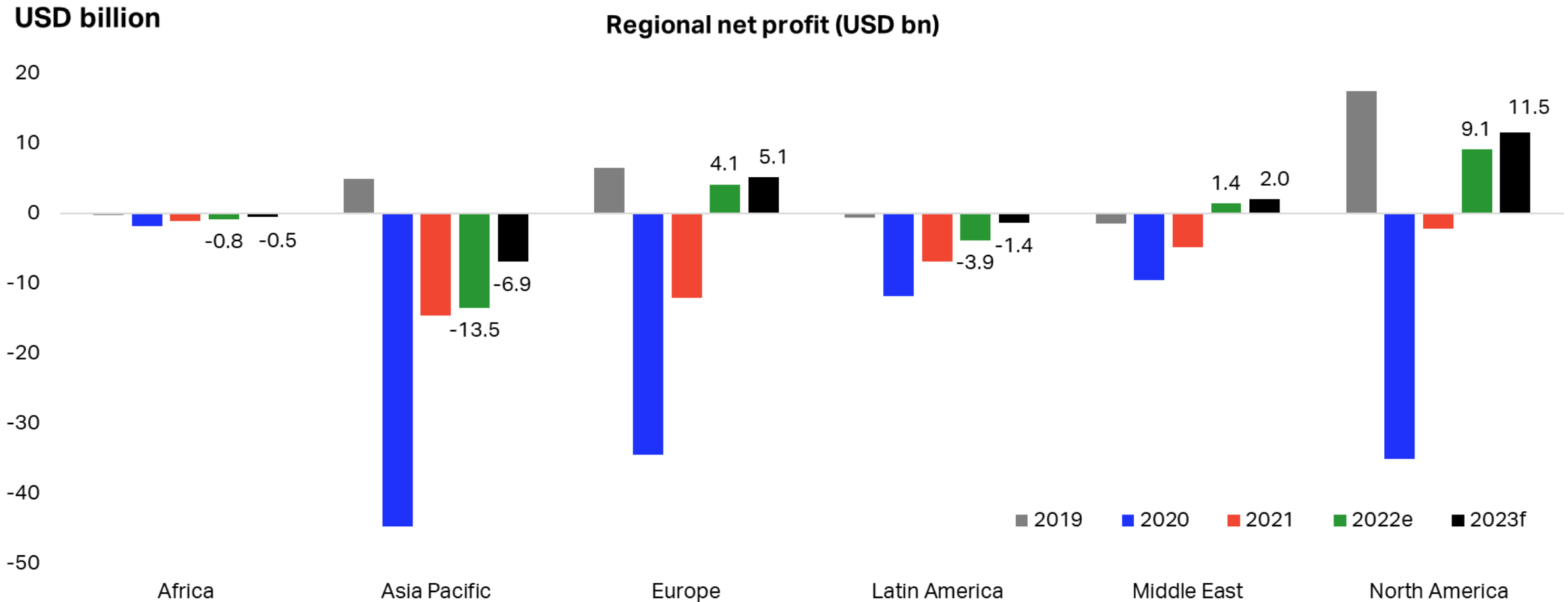
Source: IATA Sustainability & Economics, Tourism Economics



Net profit of USD 9.8bn forecast in 2023

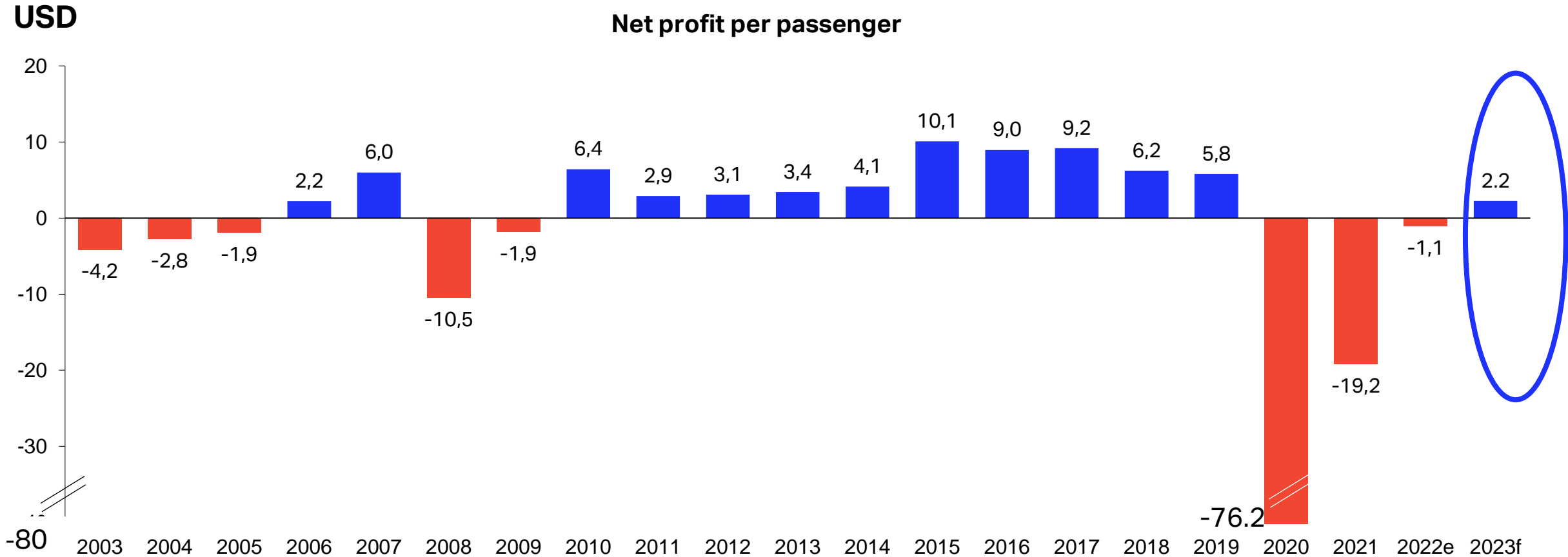


Profits vary across regions



Source: IATA Sustainability & Economics

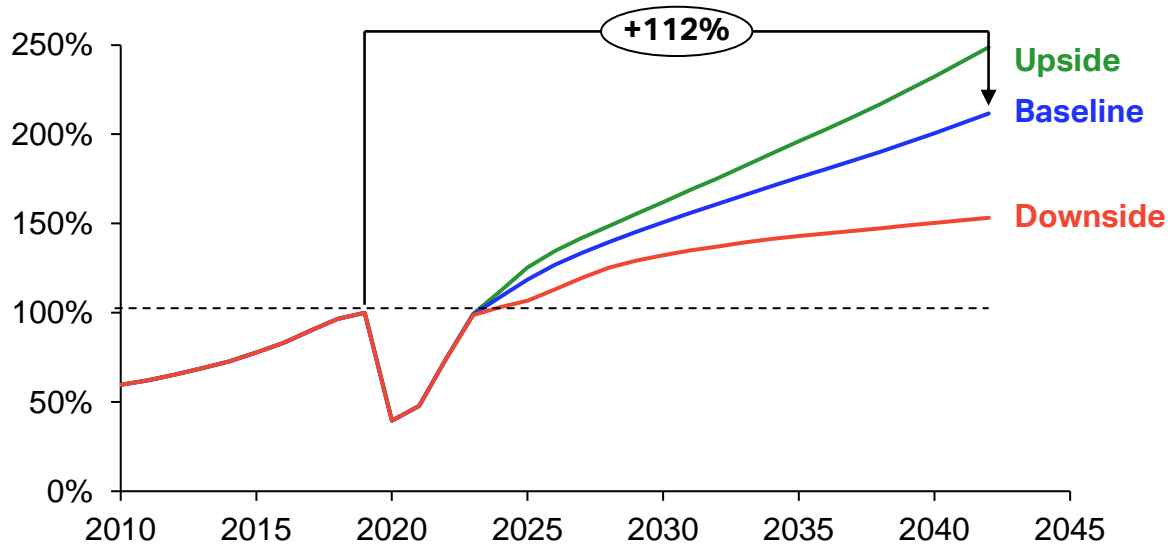
Slim profits at just USD 2.2 per passenger



Source: IATA Sustainability & Economics

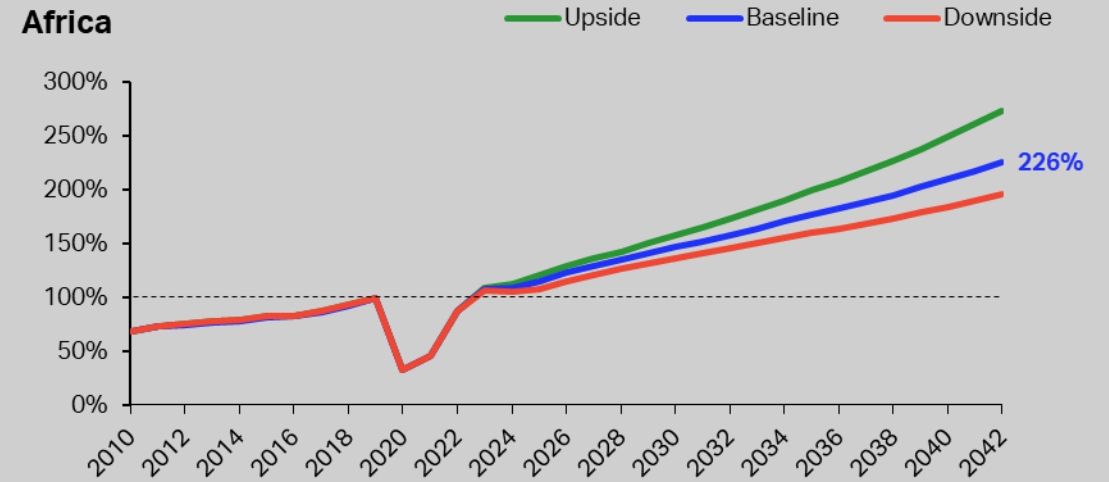
Passenger traffic is estimated to double by 2042

Global 20-year Passenger Demand Forecast by scenario (indexed to 2019)

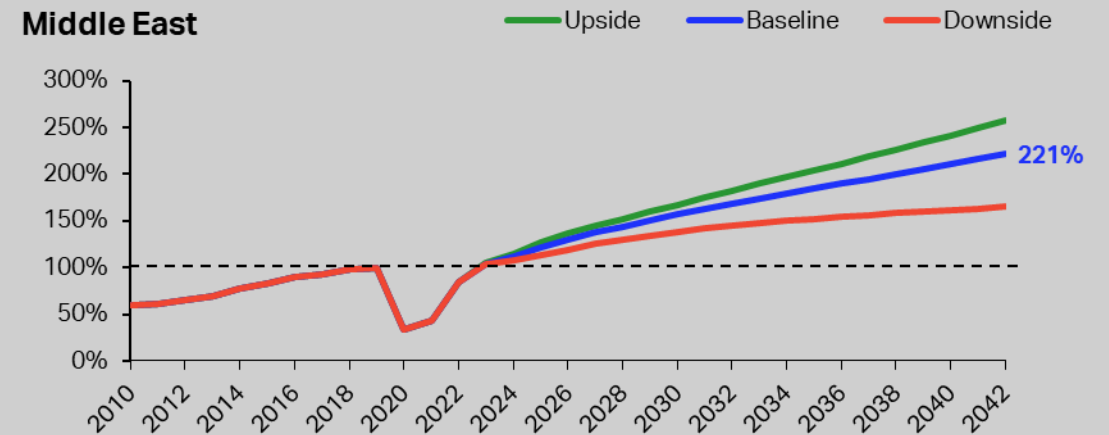


- Passenger traffic is estimated to double globally, as well as in Africa and the Middle East, estimated for around 350m in Africa and 530m in the Middle East by 2042.
- Main drivers are the increase of middle-income population and demographical growth

Africa



Middle East



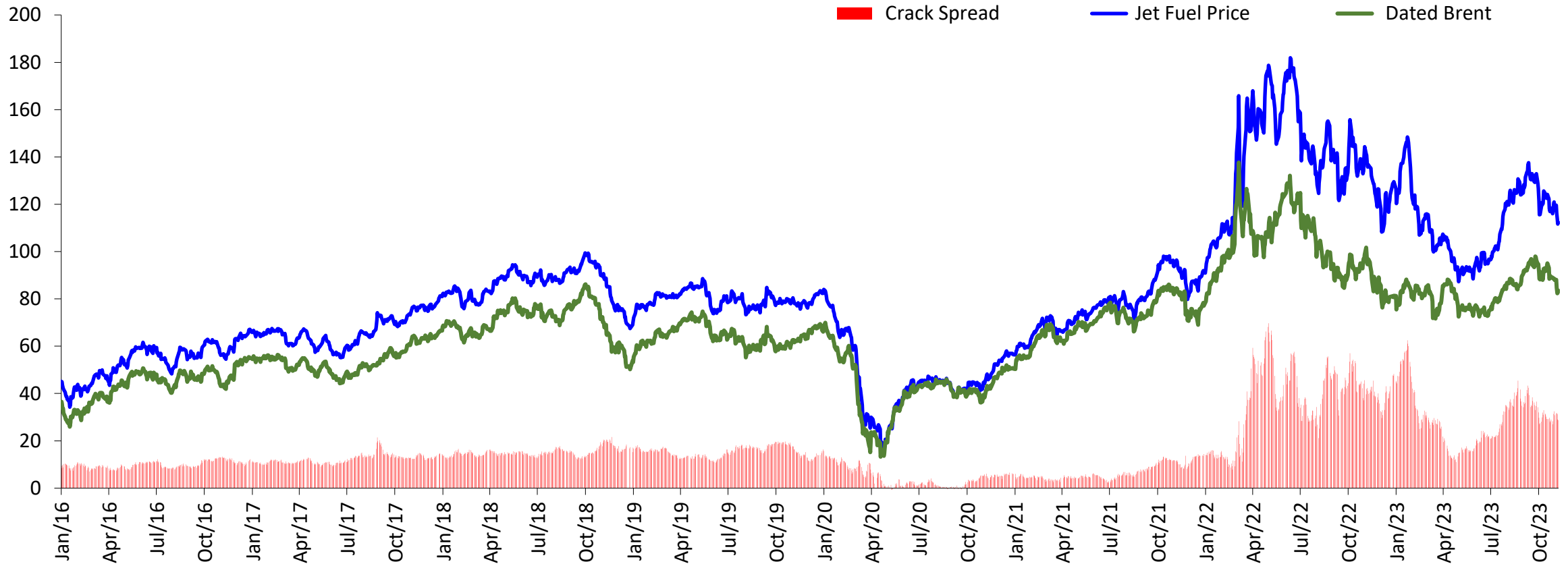
Challenges for African and Middle Eastern air traffic



Pressures on operating costs peaked in 2022

Jet crack spread also narrowed but is increasing again

Jet Fuel Price vs Crude Oil Price



Source: IATA Sustainability & Economics, Platts – S&P Global
Commodity Insights

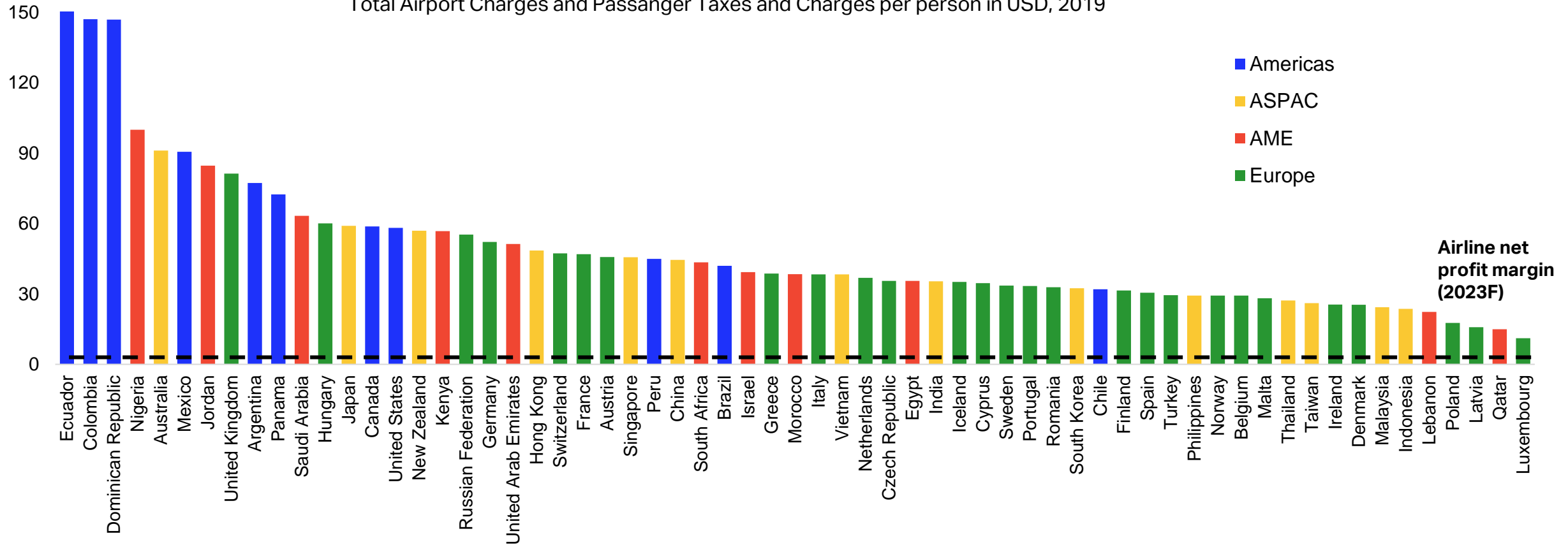
21 November 2023



Taxes & charges on aviation can vary widely

And are generally higher in the AME region

Total Airport Charges and Passenger Taxes and Charges per person in USD, 2019



Other Challenges and Risks

- SATAM
- High inflation and interest rates
- Recession
- Two major conflicts and their further escalation
- Supply chain issues
- Regulatory cost burdens and further increase in protectionism
- Climate change and net zero transition

An aerial photograph of a tropical beach. The top portion of the image shows a wide expanse of white sand. Below the sand, the water transitions from a shallow, clear turquoise to a deeper, darker blue. Several small white boats are anchored near the shore. The bottom right corner shows a rocky or coral reef area with white sand patches.

**Thank you for
your attention**

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21 November 2023