

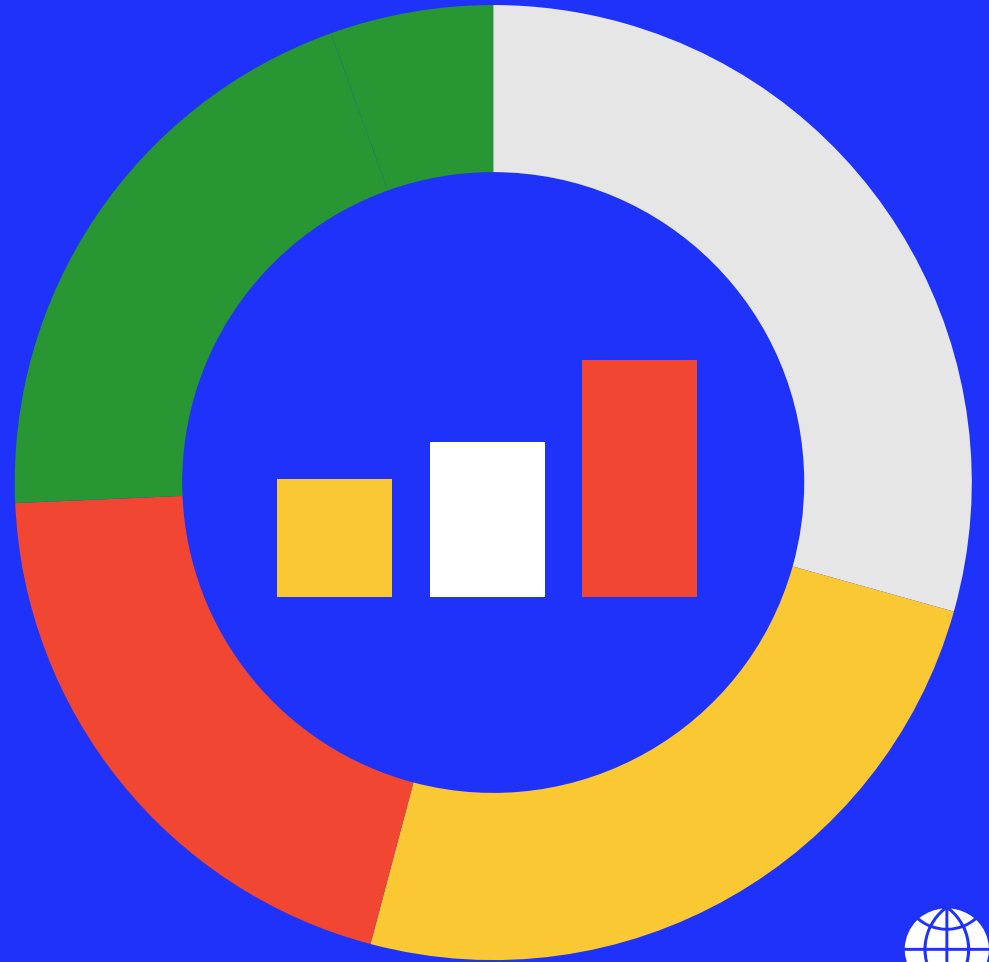
COVID-19

Air cargo market outlook

Brian Pearce

Chief Economist

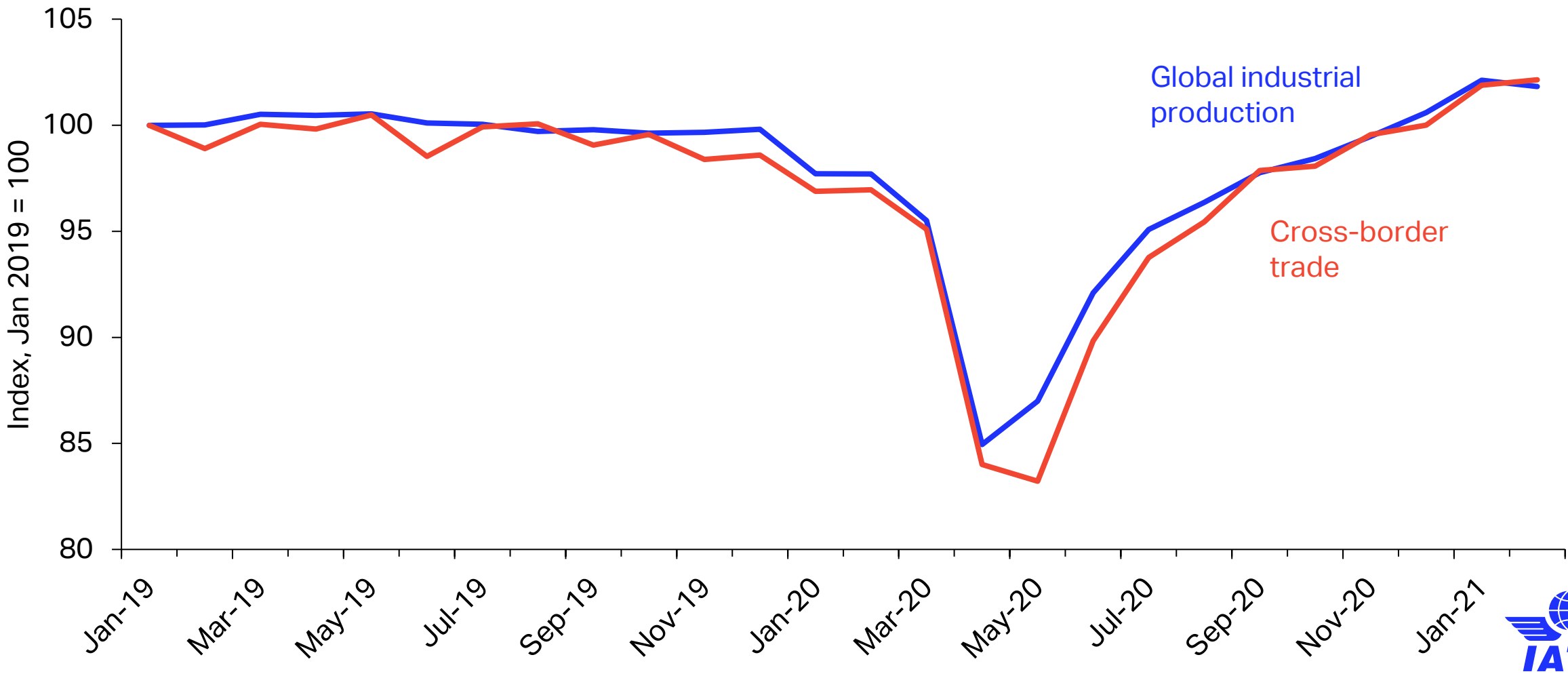
11th May 2021



Strong global economic rebound positive for air cargo

'V-shaped' recovery increasing demand for air cargo services

Global industrial production and cross-border trade, indexed

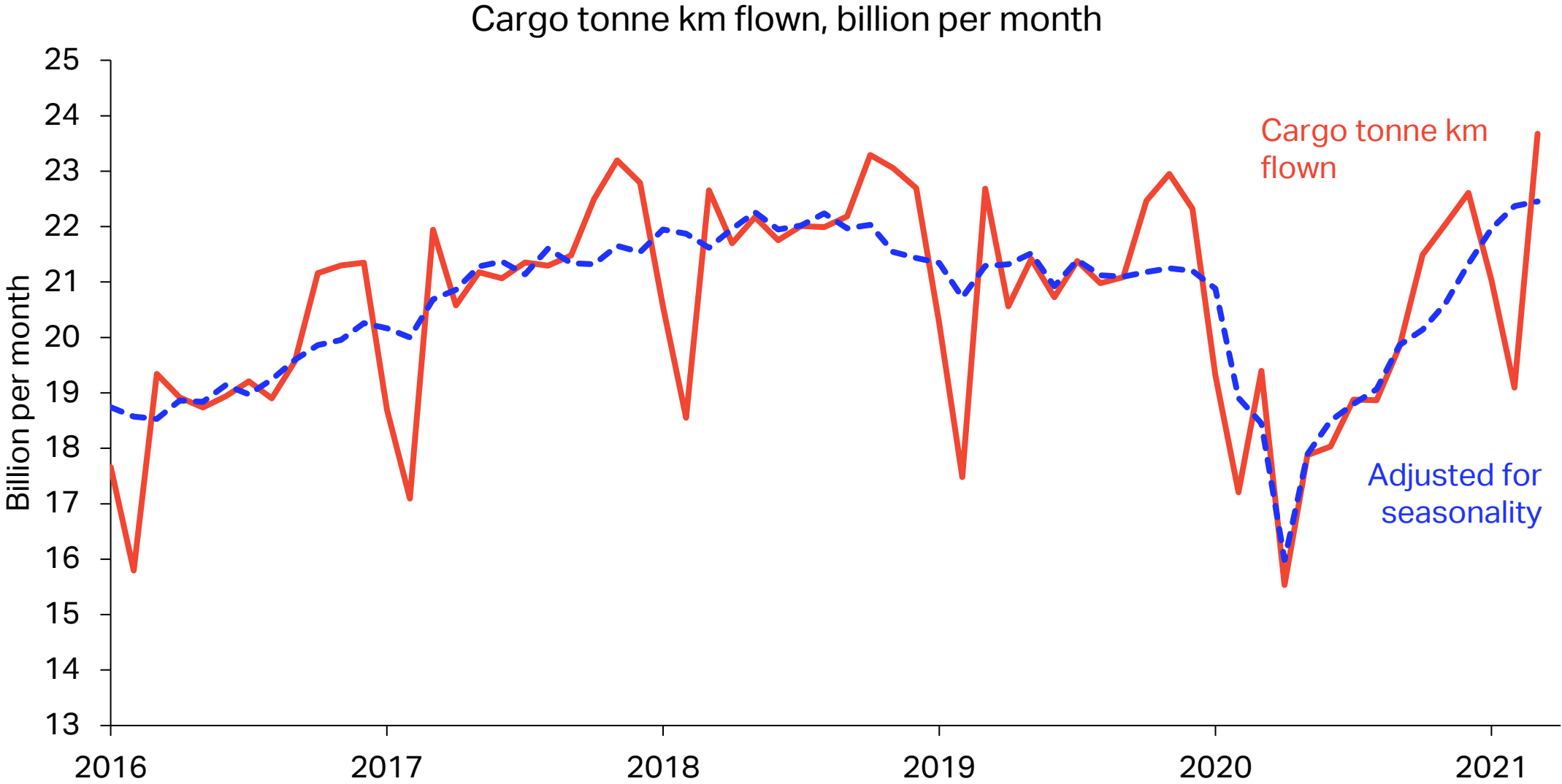


Source: IATA Economics using data from Netherlands CPB



Record high for air cargo tonne km flown in March

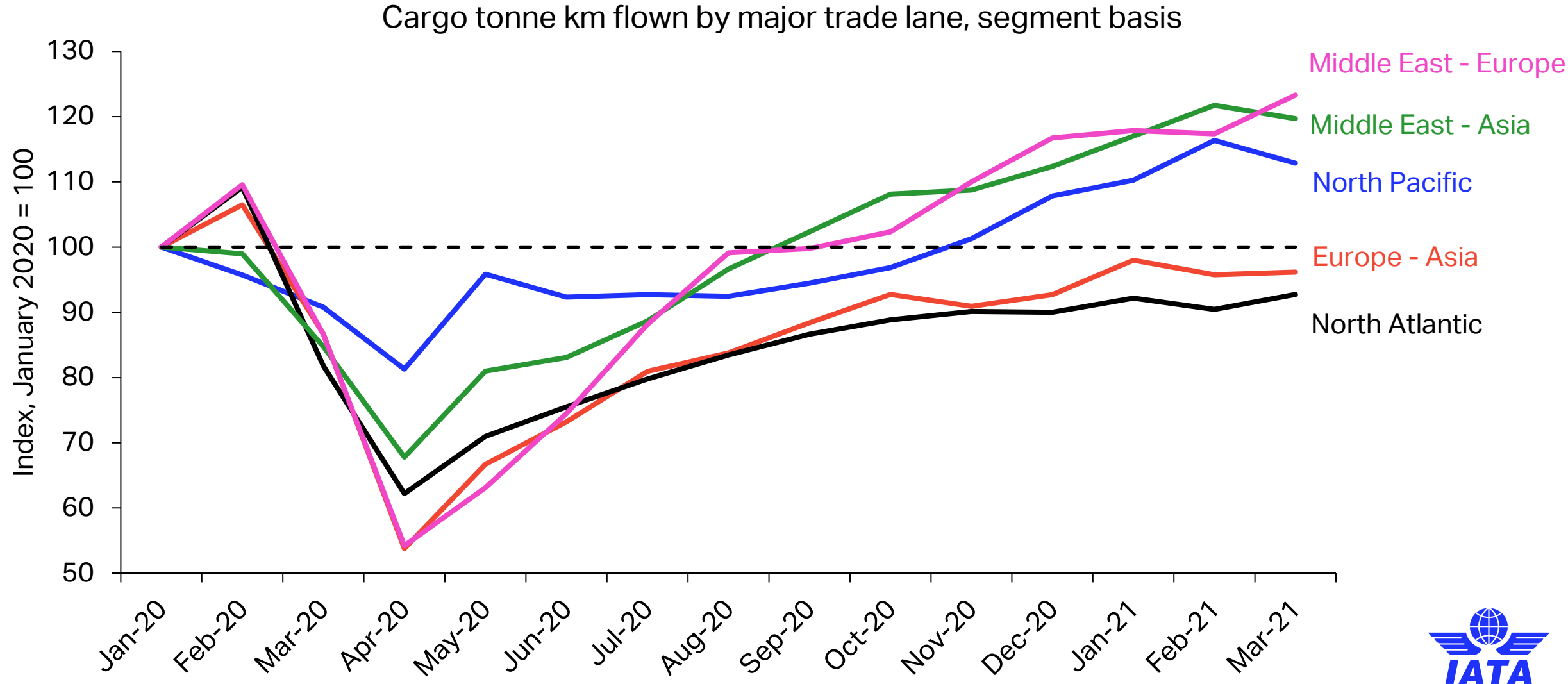
Cargo tonne km (CTKs) flown rise 4.4% above pre-crisis March 2019 level



Source: IATA Economics using data from IATA Monthly Statistics

But cargo performance differs widely by trade lane

Segments across Pacific and Middle East hubs seeing strongest growth



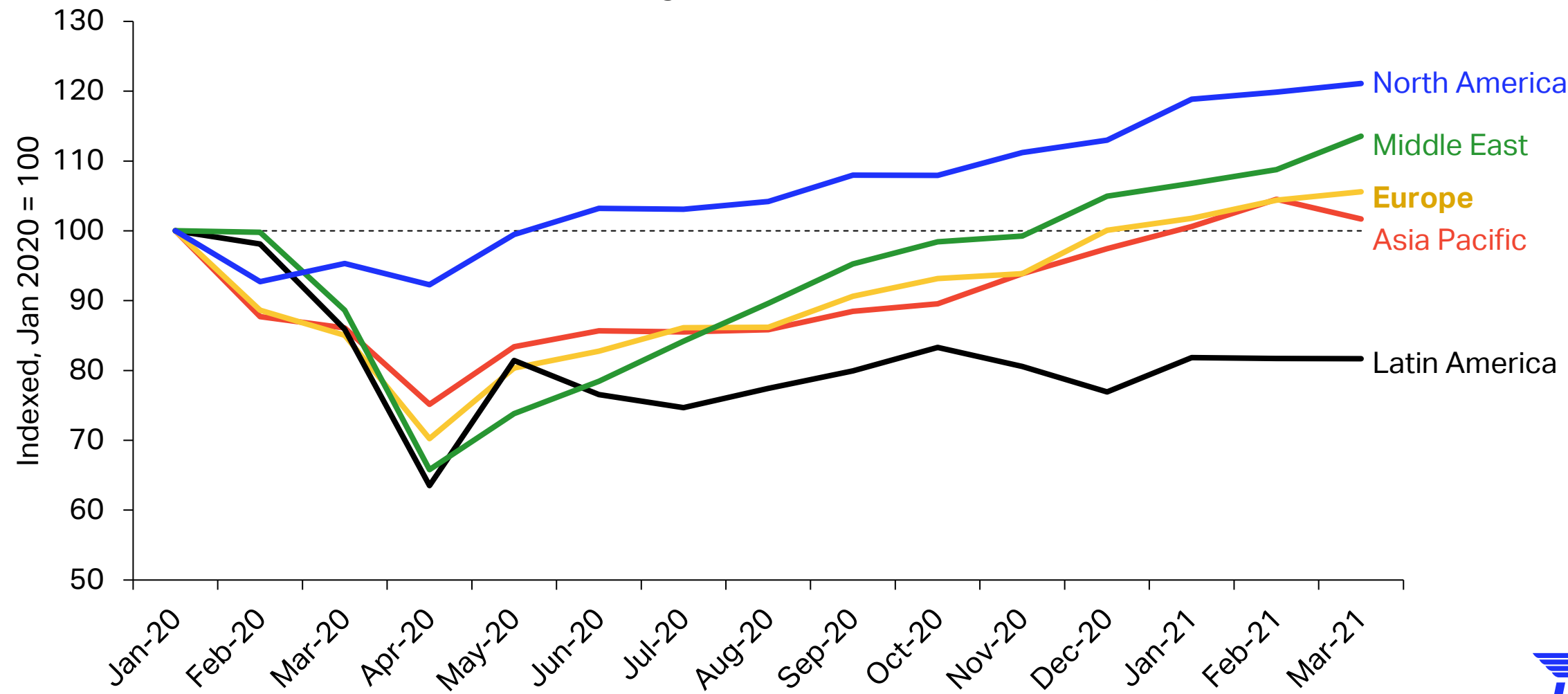
Source: IATA Economics using data from IATA Monthly Statistics



Airline performance depending on trade lane exposure

N American airlines strong growth in air cargo, in contrast to L America

International cargo tonne km flown, seasonally adjusted

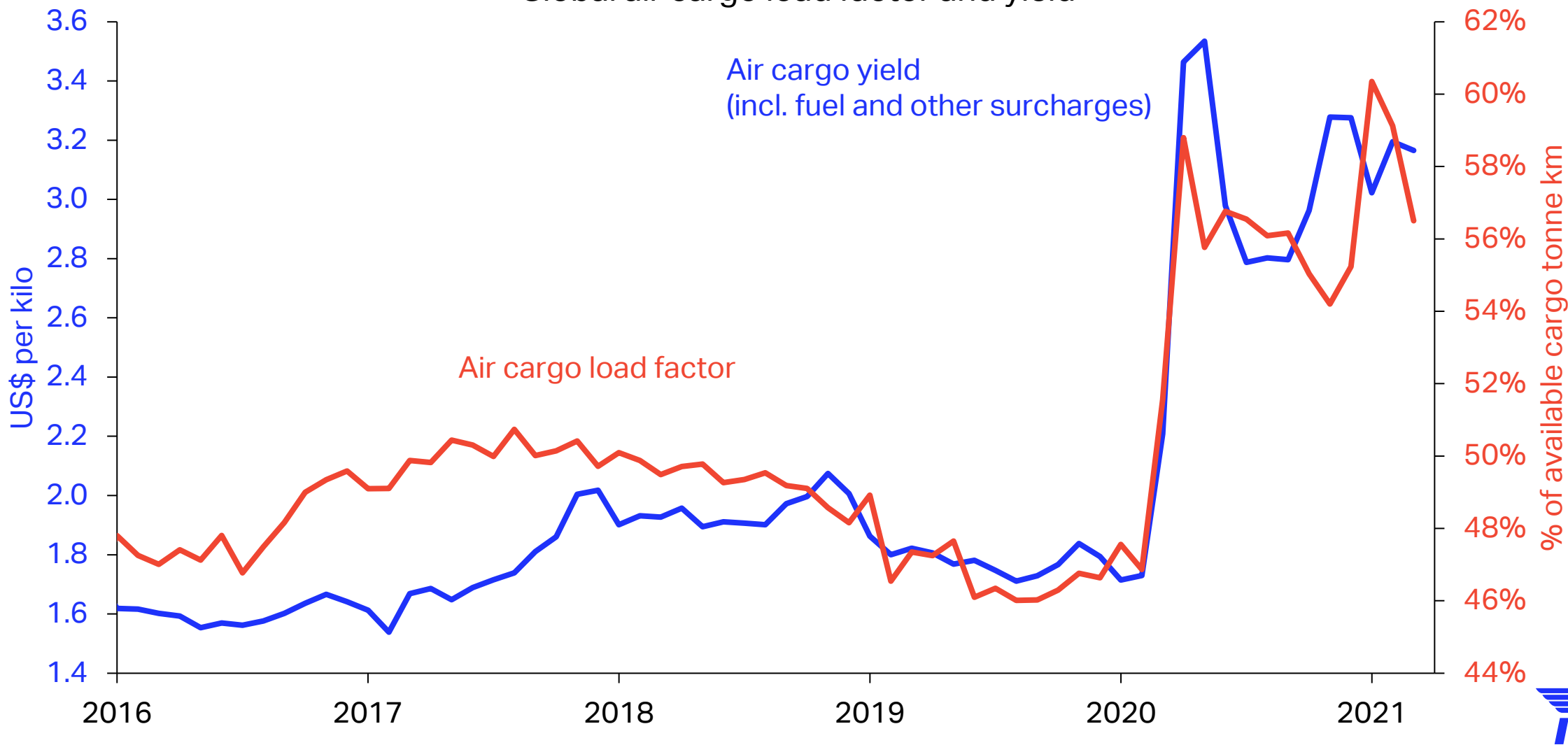


Source: IATA Economics using data from IATA Monthly Statistics

Yields and loads elevated due to capacity shortage

Load factors around 10% points and yields 50% higher than normal

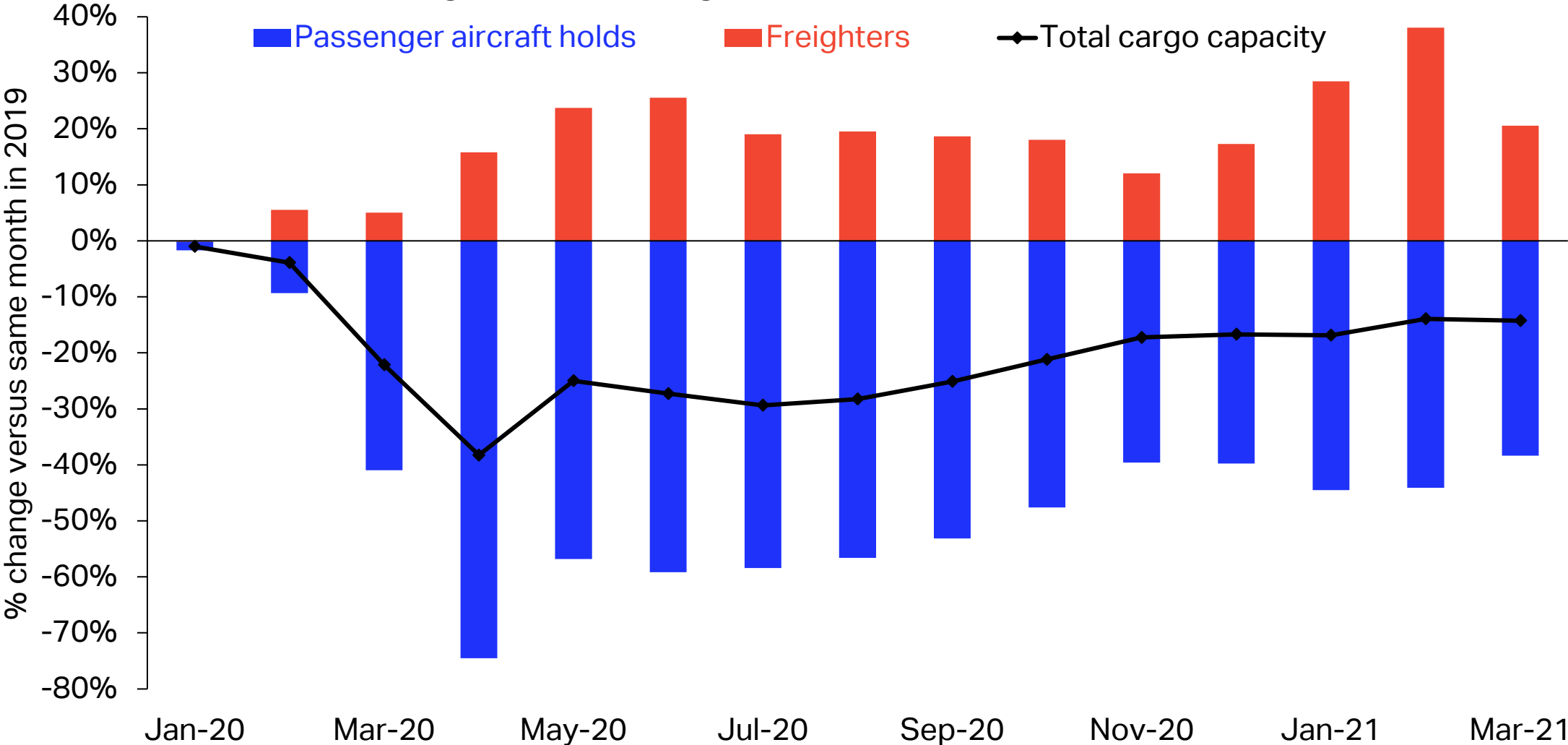
Global air cargo load factor and yield



Cargo capacity shortage due to lack of passenger aircraft

Capacity still 14% down on 2019, despite strong growth of freighters

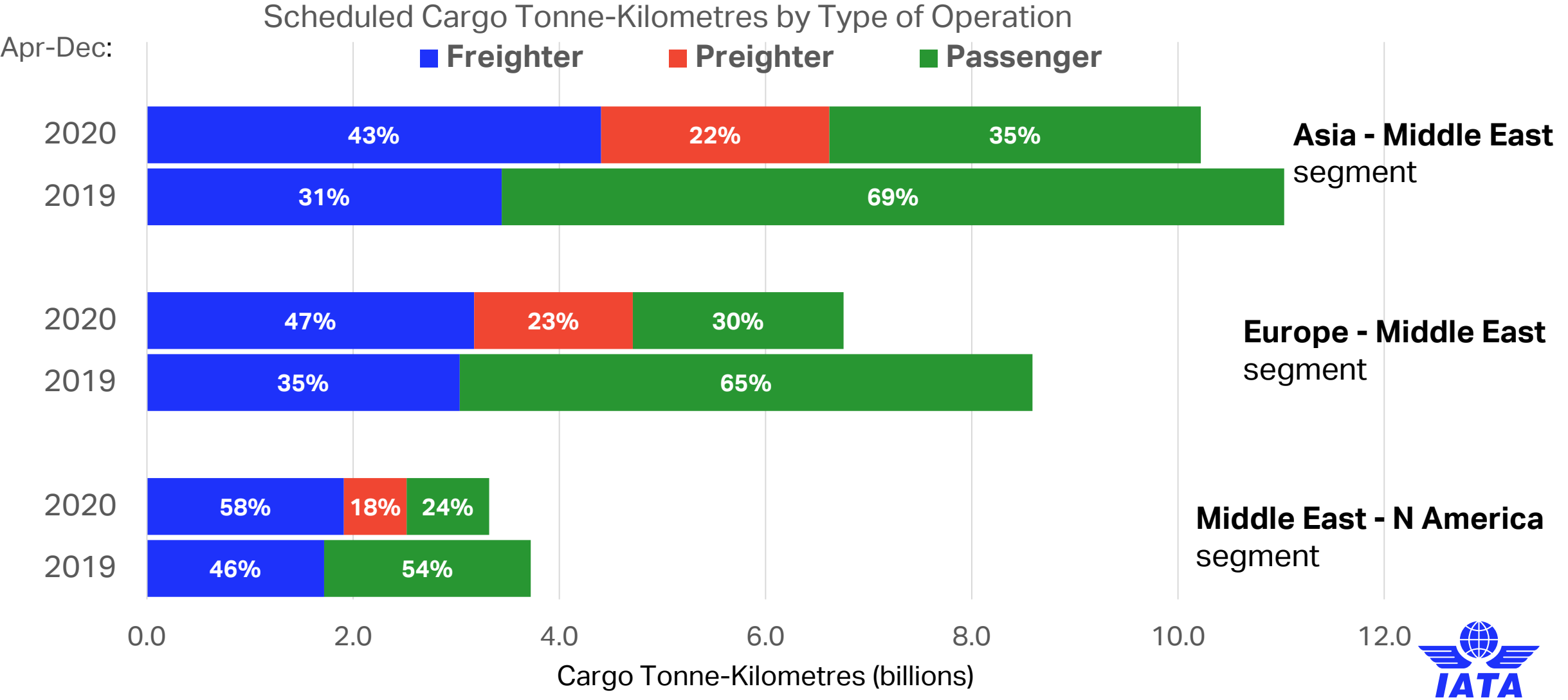
Capacity in freighters & passenger aircraft holds, relative to 2019 levels



Source: IATA Economics using data from IATA Monthly Statistics

'Freighters' have played important role on some markets

More than one fifth of cargo carried by freighters on top ME trade lanes



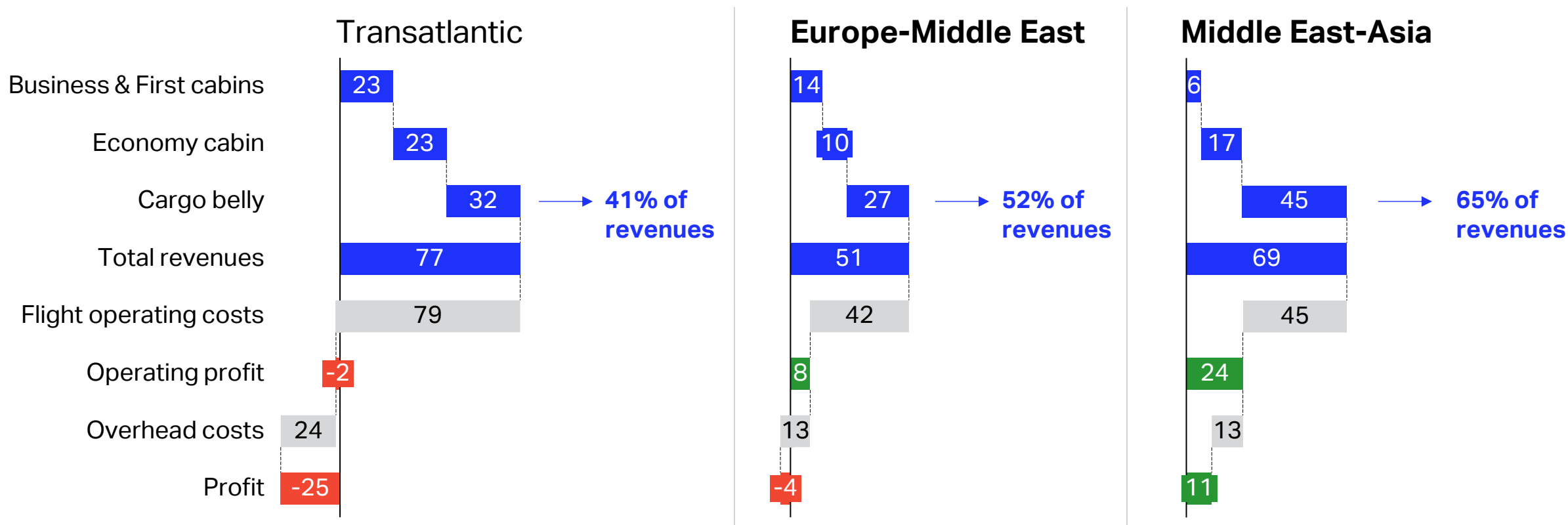
Source: IATA Economics using data from IATA Monthly Statistics

Cargo has kept some long-haul services cash positive

Strong cargo replaced loss of high yield passengers on some markets

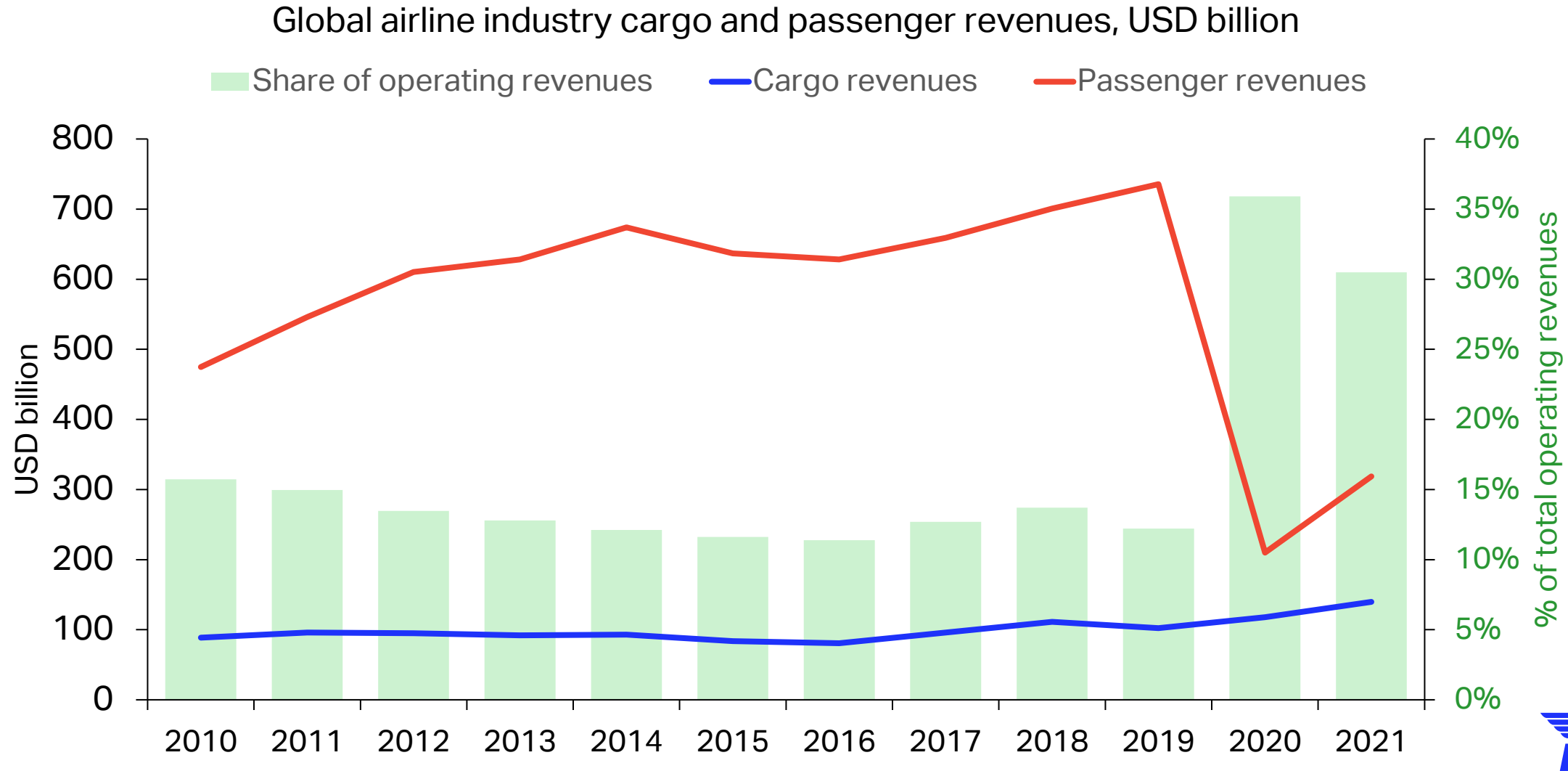
Estimated economics of an average B777-300 operation on different route areas in Mar-Aug 2020, (USD '000s)

Revenues Profit
Costs Loss



Cargo is now one-third of the typical airline business

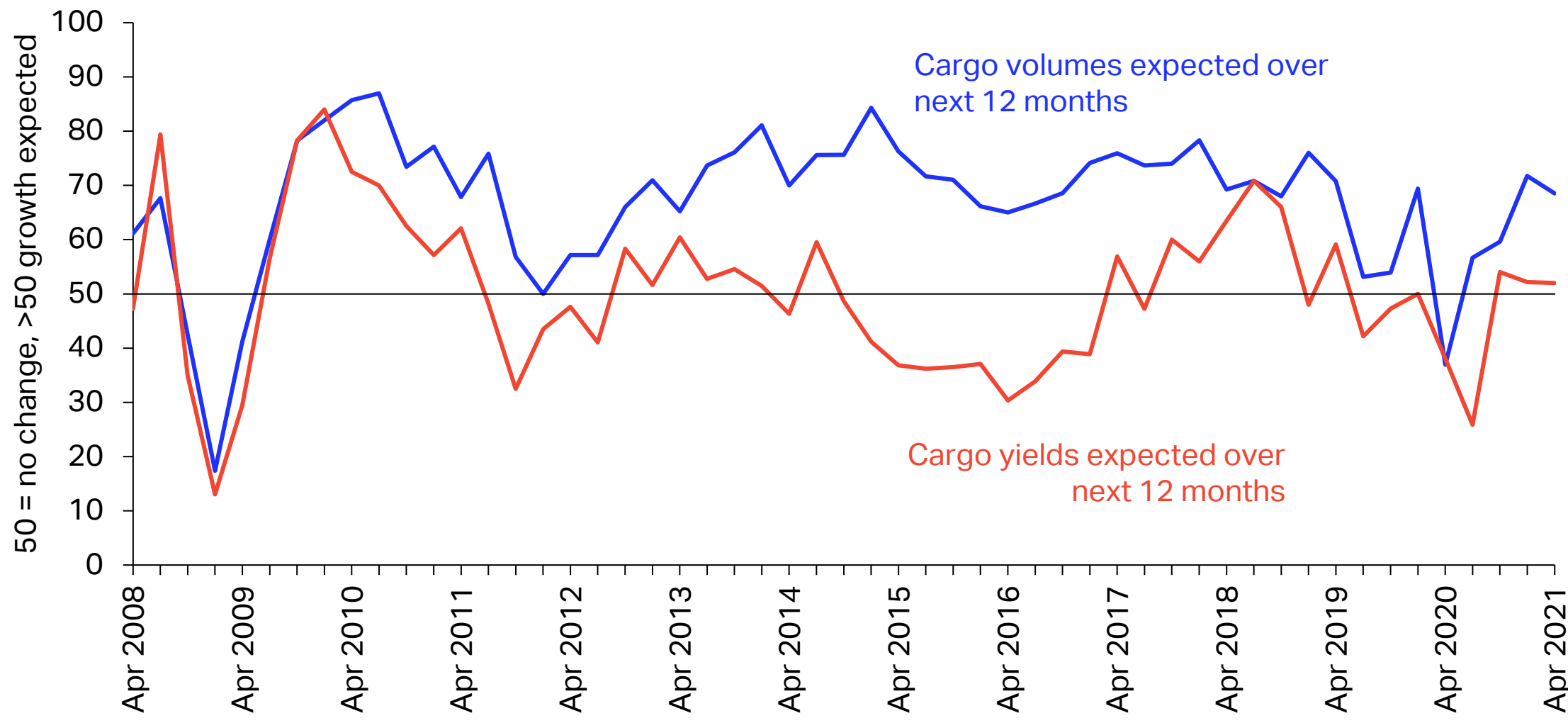
In the past air cargo was marginal at 10-15% revenues. 30% in 2021.



Airline heads of cargo positive about next 12 months

IATA survey shows growth expected in cargo volumes & stable yields

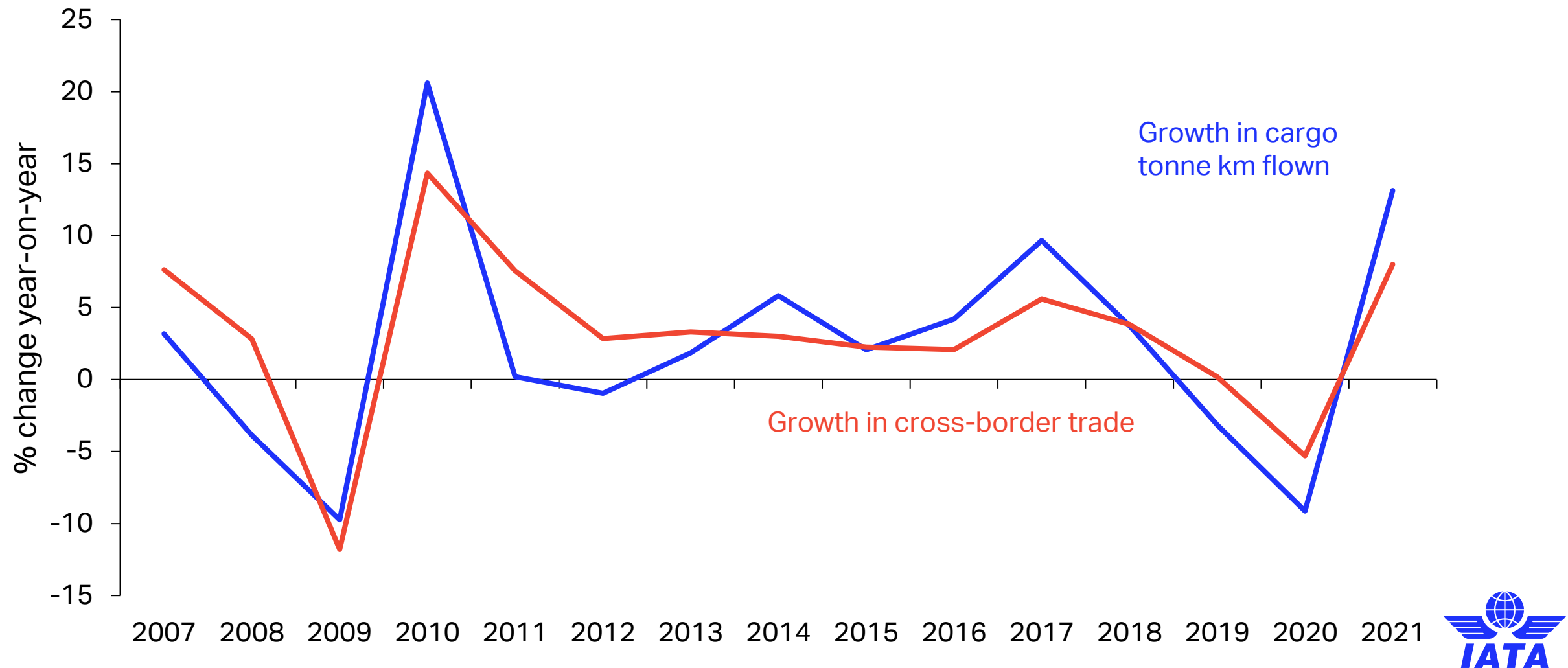
Heads of cargo responses to quarterly survey



Air cargo expected to gain share of cross-border trade

CTKs forecast to grow 13.1% in 2021 vs. 8% world or cross-border trade

Growth in cross-border trade and air cargo tonne km



Source: IATA Economics Airlines Financial Forecast update, April 2021

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