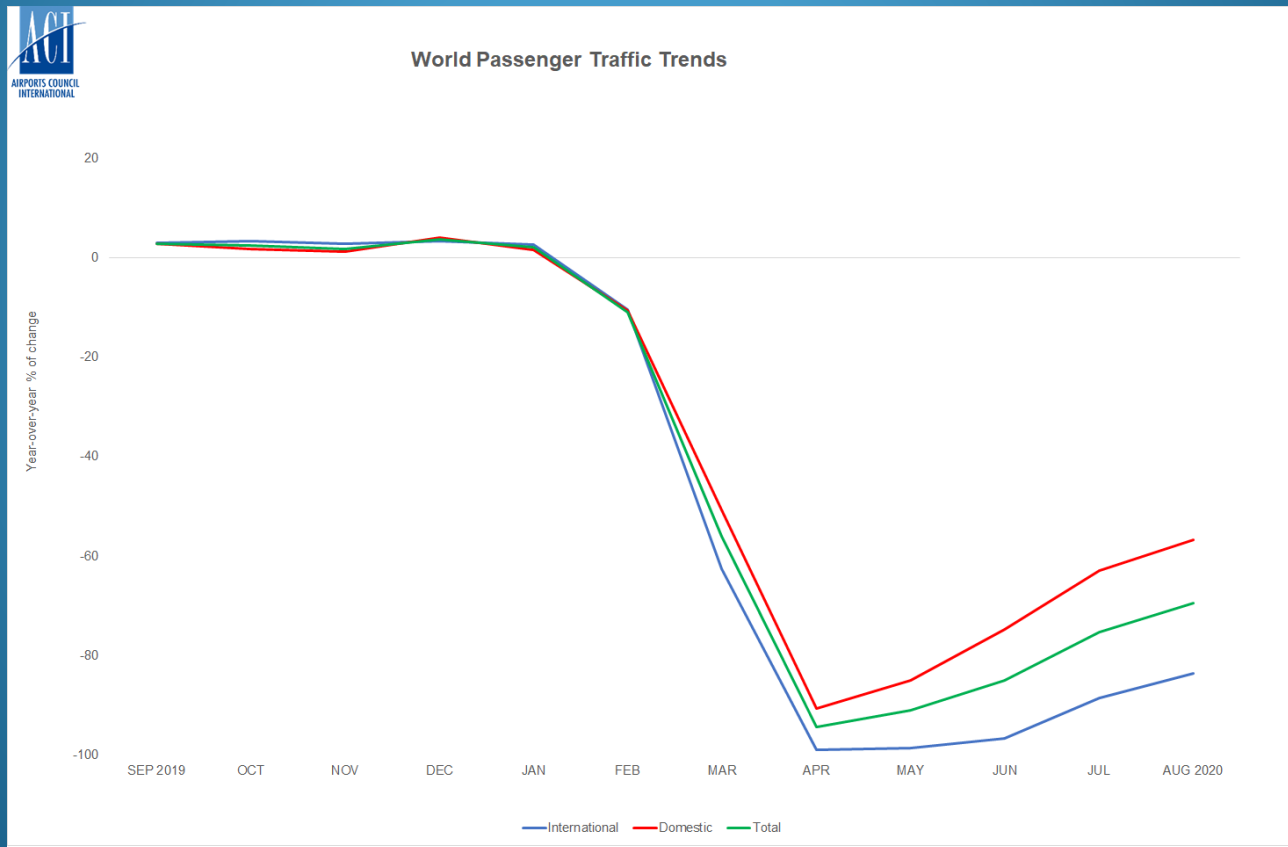


Travel Technology Initiative

The Fight Back-Airlines

John Strickland,
Director JLS Consulting
November 2020

Traffic Data

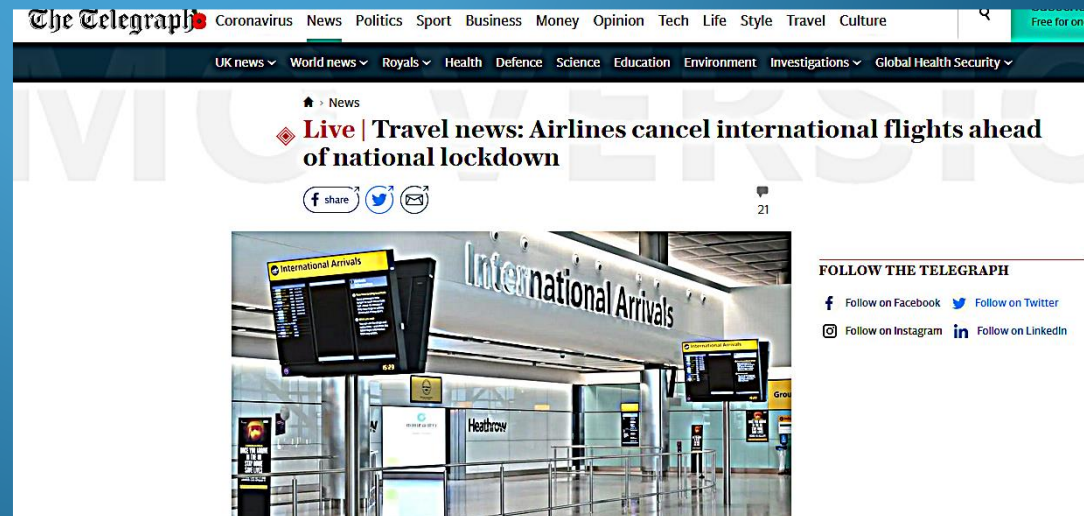


Lack of Customer Confidence

Traveller uncertainty



Reluctance to book



Traffic Data

- Some recovery in short haul VFR/ leisure markets
 - When not quarantine restricted
- Domestic markets also stronger
- Long haul massively impacted
 - Outlook still -90%
 - Most major markets almost closed
 - e.g. Europe-Trans Atlantic, Europe-Asia / Australia

Capacity Outlook

LUFTHANSA GROUP

- Maximum 25% of 2019 capacity in Q4



- Maximum 30% of 2019 capacity in Q4



- Winter (Nov – Mar) capacity \leq to 40% of prior year

Capacity Planning & Pricing

- Almost guesswork currently
 - Normal sources of historic data on demand / booking trends not reliable
 - Flight searches, one of few sources of clues
 - Expect new approach for the future

Future Traffic Mix?



- VFR- strongest source of recovery & pent up demand for leisure travel
- Premium cabin business future demand- big question
- Short term reduction driven by travel bans, budget cuts, health concerns
- Long term structural reduction likely due to impact of video conferencing and environmental considerations

What Aircraft?

Less of this:

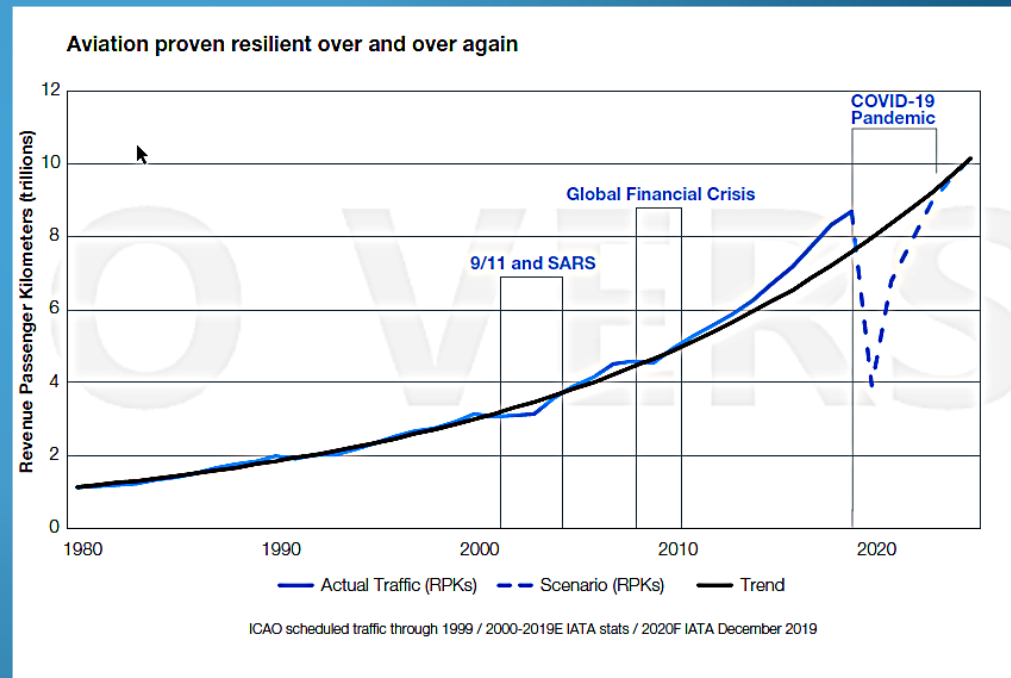


More of this:



What Aircraft?

- Boeing CMO 2020
(Commercial Market Outlook)
 - Project initial weak demand
 - Mainly replacement aircraft in next 4-5 years
 - More narrow body
 - Long term demand return to growth trend



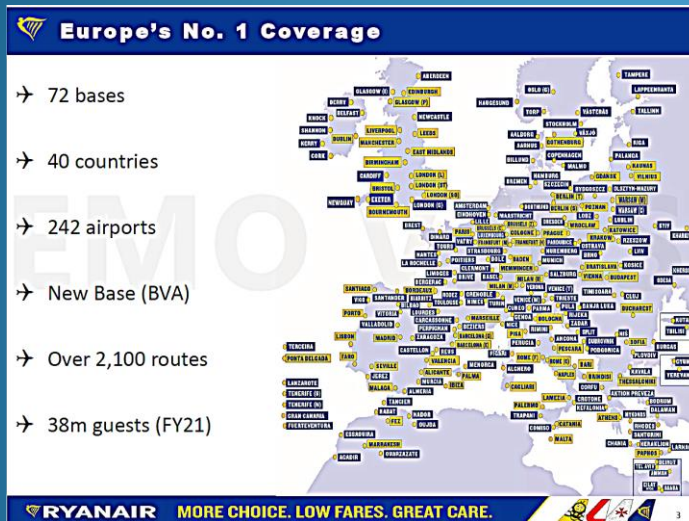
Hub Carriers

- Transfer still valid?
 - Many point to point markets too small to sustain direct flights
 - Probable smaller overall scale, reduction in size of typical long haul aircraft

Low Cost Carriers

- Winners in previous crises
 - Use price to stimulate demand
 - Flexible, nimble aircraft deployment
 - Exploit weakness of others

Low Cost Carriers



TAKING ADVANTAGE OF MARKET OPPORTUNITIES

- Frequency reduction on existing routes steers demand
- Redeployment of excess capacity
- 200+ new routes & 22 aircraft (re-)deployed
- Positioning for further growth in key markets
- Focus on low cost model and scalability



Wizzair “ we have been waiting 10 years for this”

Low Cost Long Haul



Popular with customers but
not profitable

Ultra long haul

Short term set back

- Qantas 787-9 sees future opportunities,
PER-LHR had performed well
- SQ A350 SIN-NYC (EWR) being reintroduced
- Likely to remain niche, could be
- preference to avoid stops



Recovery- Barriers / Timescales

- Slow recovery, especially long haul & international markets
 - Vaccine is ultimate goal but cannot assume a quick and easy fix
- Government attitudes
 - Need for collaboration with industry
 - Cannot be a zero risk approach

Aircraft Hygiene

- Multiple approaches to cleanliness
 - Hepa (hospital standard) air filters
 - UV
 - Surfaces
 - Sprays/disinfectants

Airport Processes

- Airports
 - Lose capacity due to social distancing
 - New technology essential
 - Contactless experience
 - Biometrics

Testing

- Pre Departure
 - Complex, multiple options
 - Variance in effectiveness
 - On/off airport?
 - How far in advance of departure?
 - Available capacity
 - Cost

Are There Opportunities?

- Dynamic innovative approach
- Willingness to trial markets with limited capacity
- Test new products

Thank you!

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