Impact of Ukraine conflict on aviation

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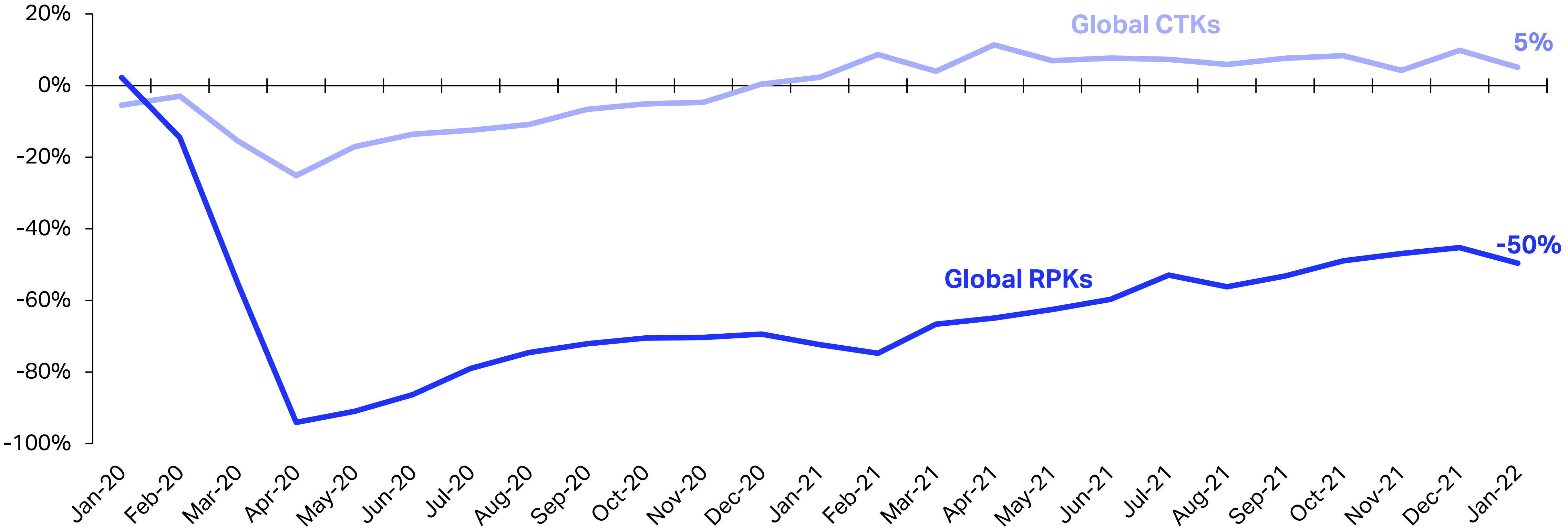
Aviation still hadn't recovered from COVID pandemic when new crisis hit

Revenue-passenger-kms and cargo-tonne-km-s, % change vs. same month in 2019



Source: IATA Monthly Statistics

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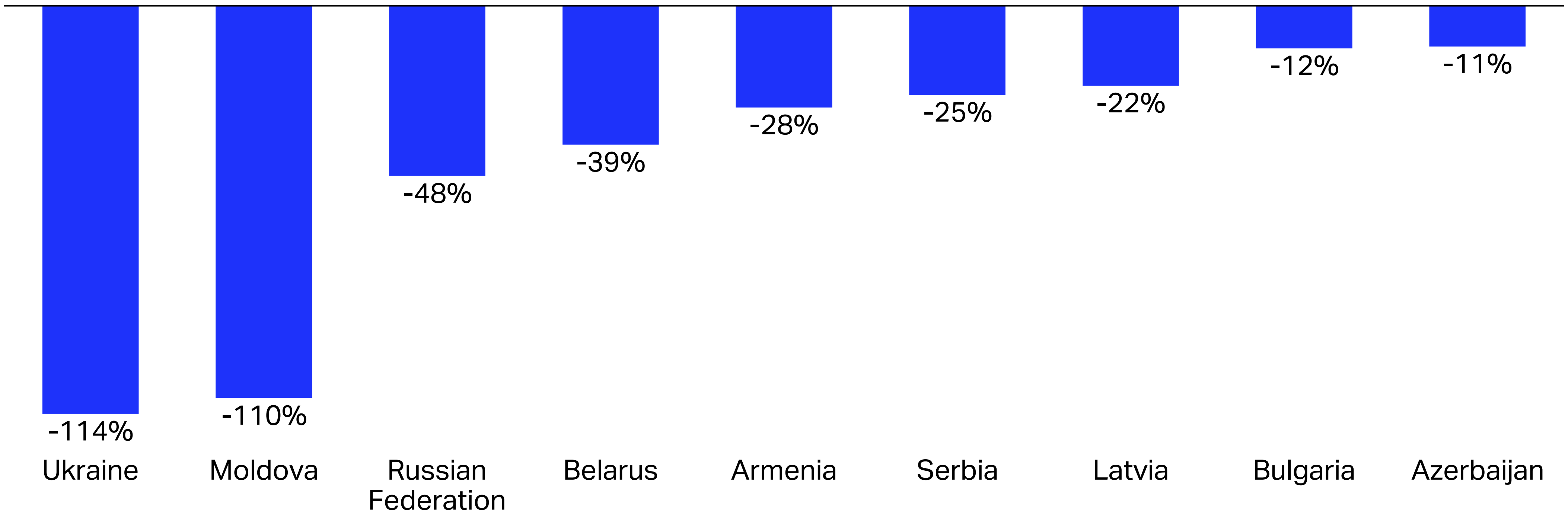
Demand most affected in Eastern Europe

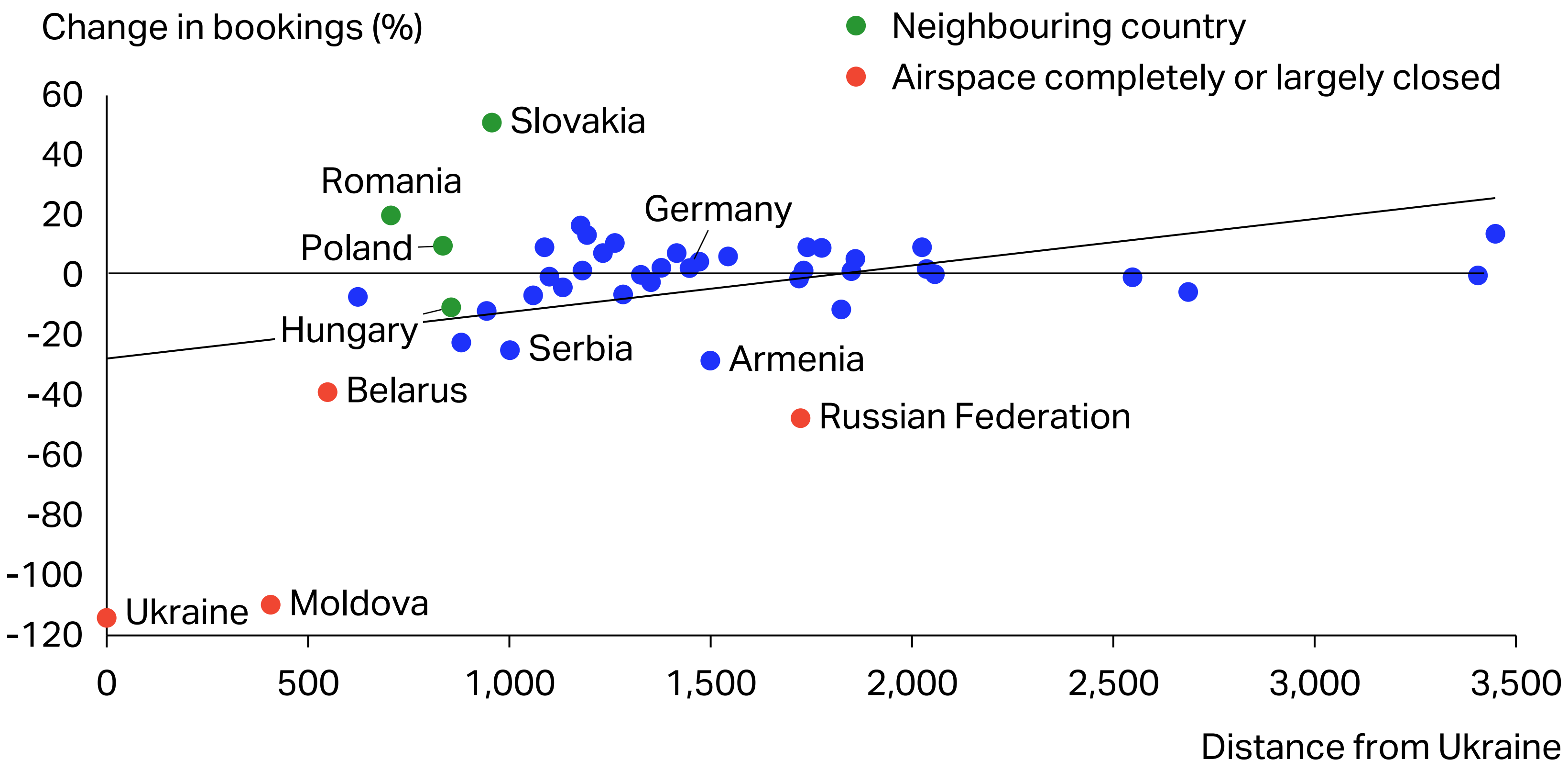
Difference in net airline bookings (sales minus refunds) made during the month starting 24 Feb vs. the month prior for travel at any future date to/from the wider Europe region, %



** Difference in net bookings < -100% can occur if there were more refunds than new bookings processed the week of 24 Feb so net bookings for that week were negative.*

Distance from Ukraine matters but increasing demand out of Ukraine's neighbouring countries

Distance from Ukraine in km (flown average) vs. % difference in net airline bookings (sales minus refunds) made during the month starting 24 Feb vs. the month prior



NB: data is based on BSP sales, therefore excludes European LCCs that have also added capacity on a number of intra-European routes departing from countries neighbouring Ukraine

IATA Economics using data from DDS

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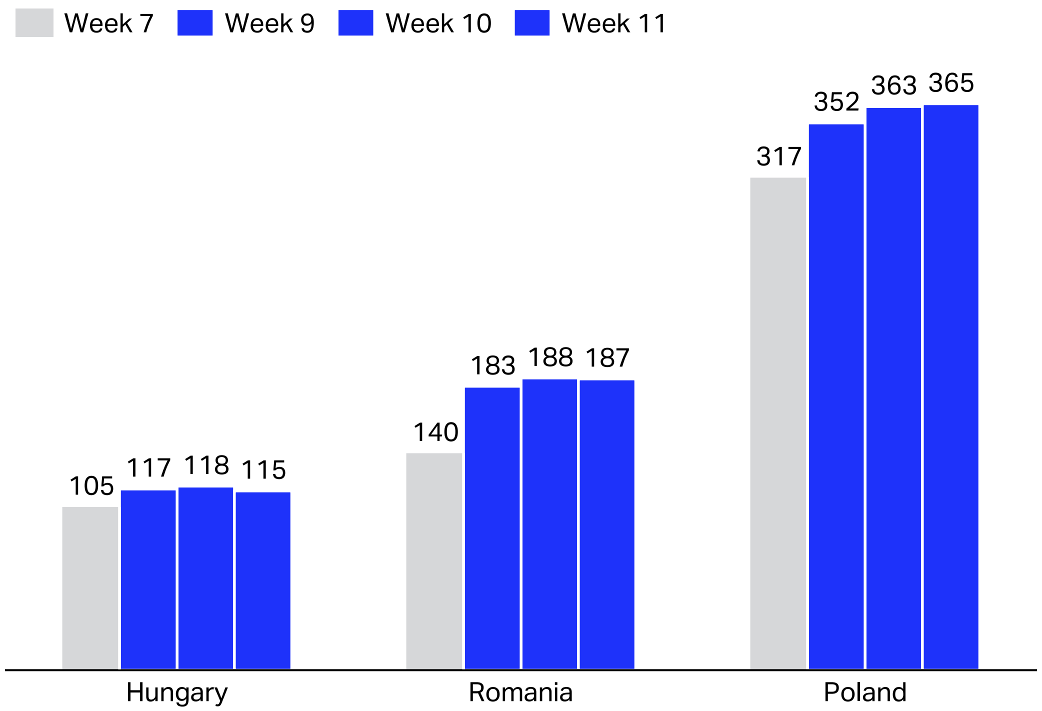
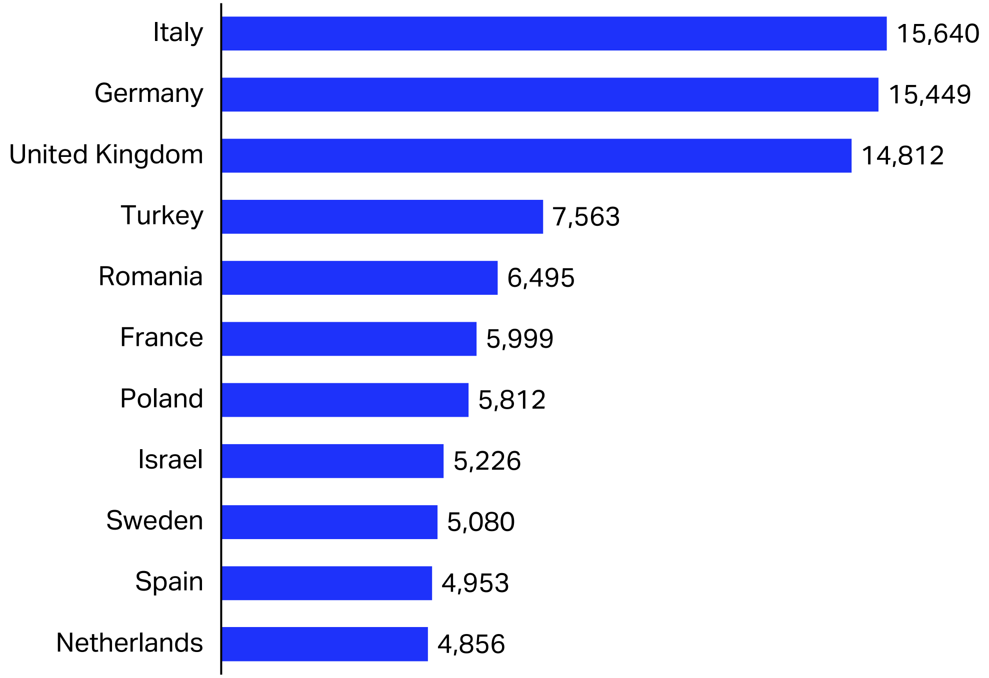
Airlines have added capacity on routes from neighbouring countries

Weekly number of seats (thousands) flown out of Ukraine's neighbouring countries, Week 7 (before invasion) vs. Weeks 9-11



Additional seats per week flown out of Hungary, Romania and Poland in Weeks 9-11 (average) vs. Week 7



 IATA Economics using FR24 data

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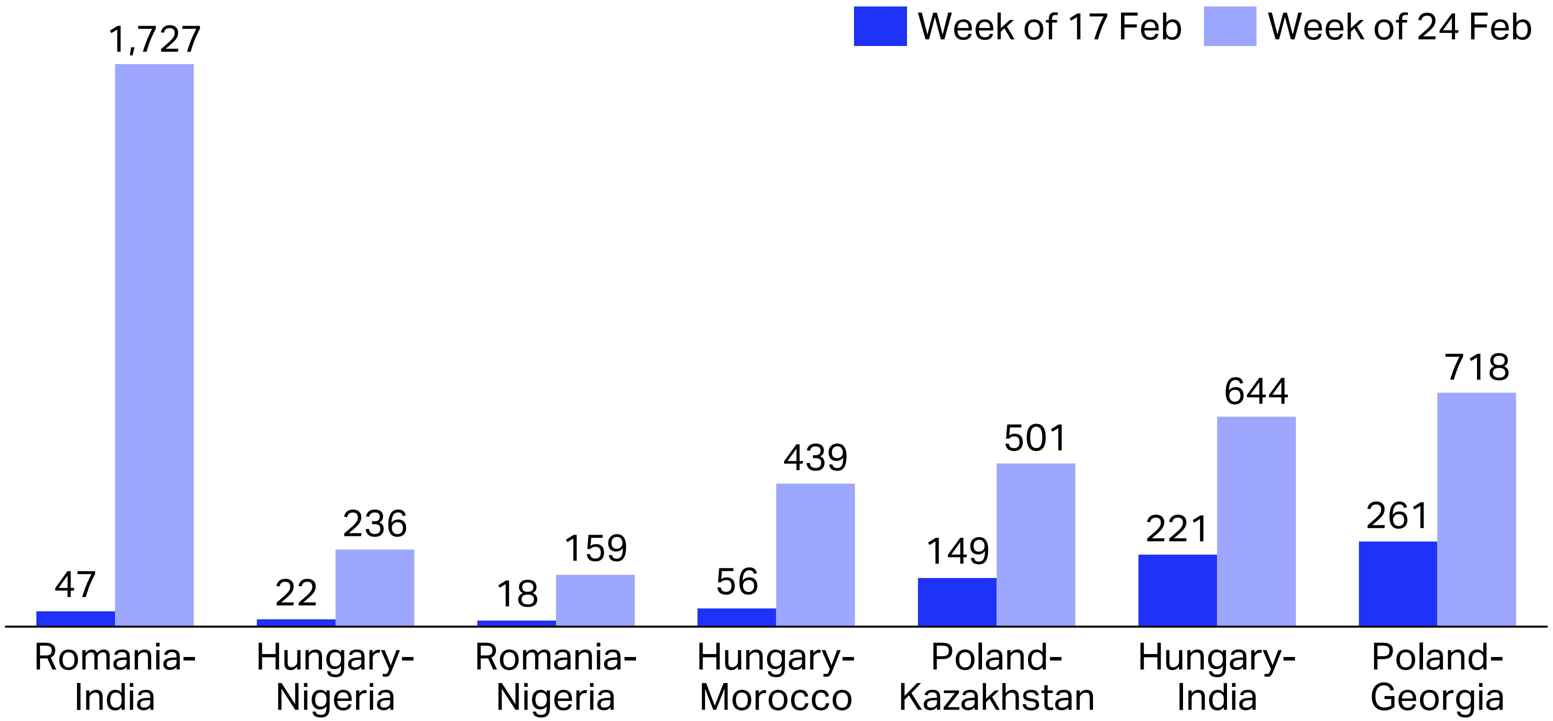
Certain thin routes have also had more demand recently

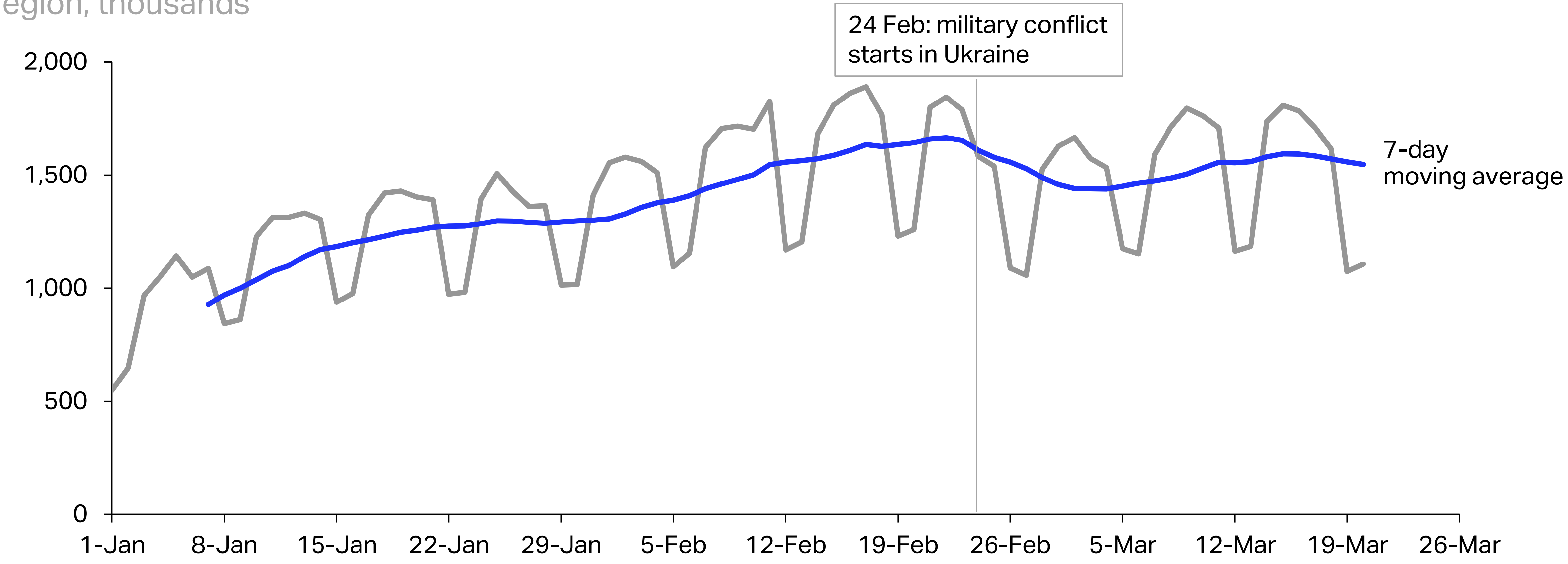
Net airline bookings (sales minus refunds) made during the week of 24 Feb vs. the week prior for travel on selected routes out of countries neighbouring Ukraine



NB: data is based on BSP sales, therefore excludes European LCCs that have also added capacity on a number of intra-European routes departing from countries neighbouring Ukraine

Overall, bookings to Europe slowed for a few days but seem to be recovering now

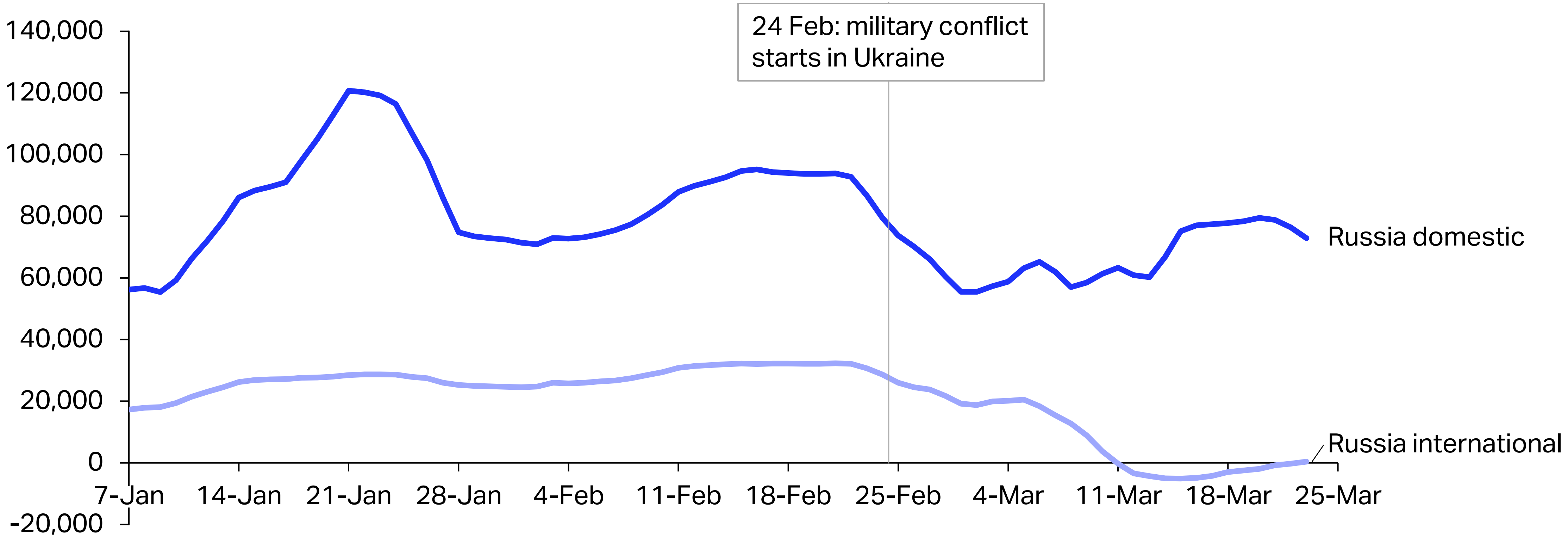
Daily net airline bookings (sales minus refunds) for travel at any future date to/from the wider Europe region, thousands



IATA Economics using data from DDS

Ongoing sanctions continue to affect demand within and to/from Russia

Daily net airline bookings (sales minus refunds) for travel at any future date on domestic routes within Russia and international routes to/from Russia



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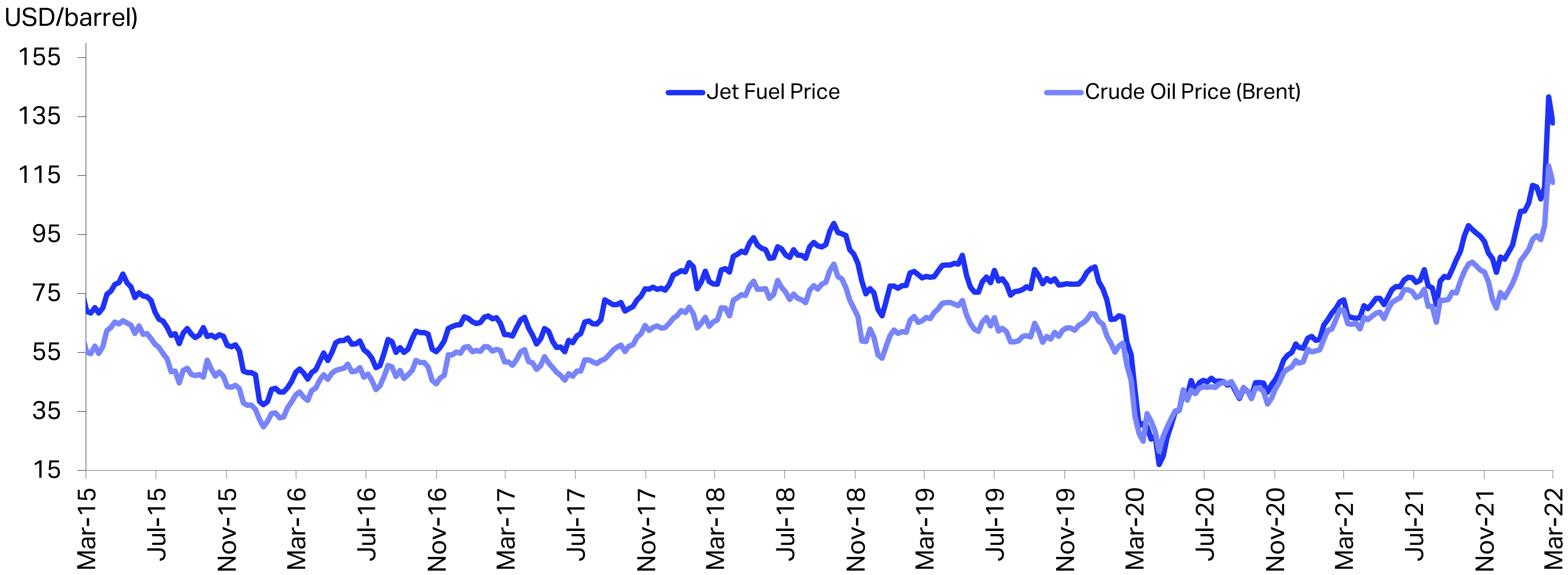
Going forward, high fuel prices might also impact demand

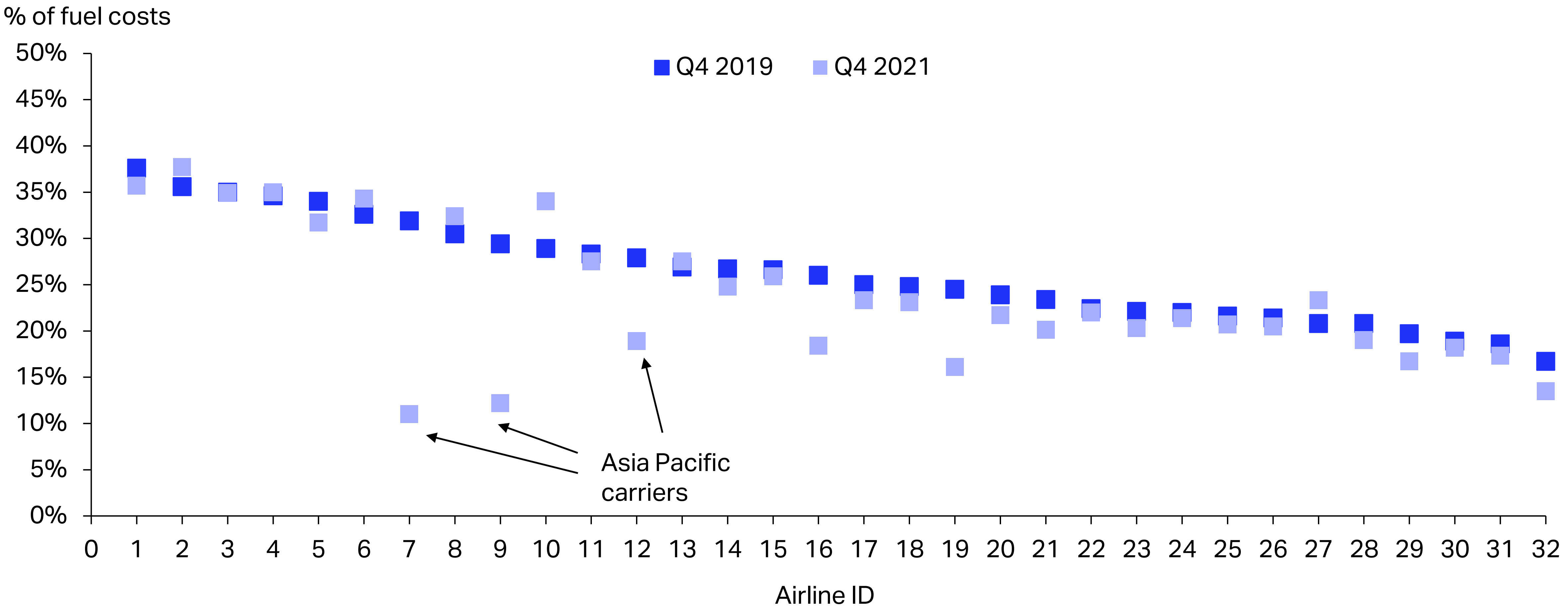
Price of jet fuel and crude oil, USD per barrel



Source: Refinitiv Eikon Datastream, Platts

Fuel represents 24% of airline costs

Share of fuel costs as % of total costs in Q4 2019 and Q4 2021, sample of 32 individual airlines



Source: IATA Economics using Airline Analyst

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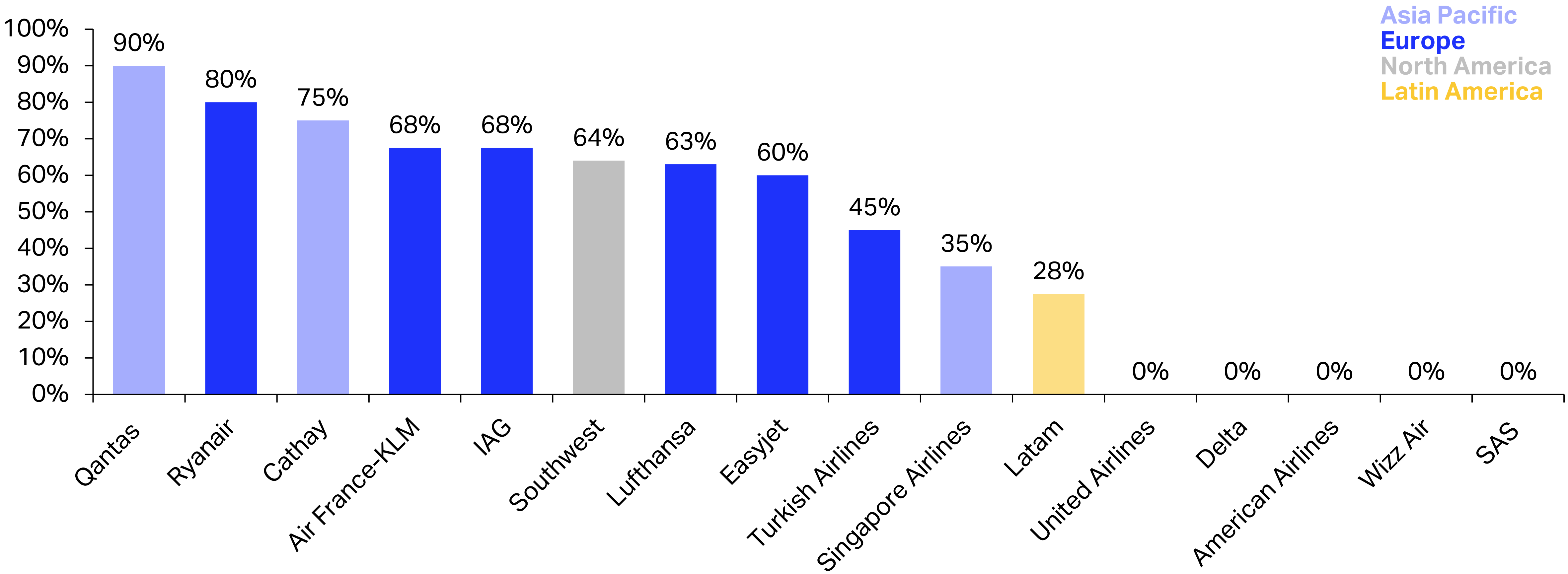
Airlines are exposed to high fuel prices to varying degrees

Share of fuel consumption hedged in H1 2022



Source: Airlines investor relations, Reuters

30 March 2022

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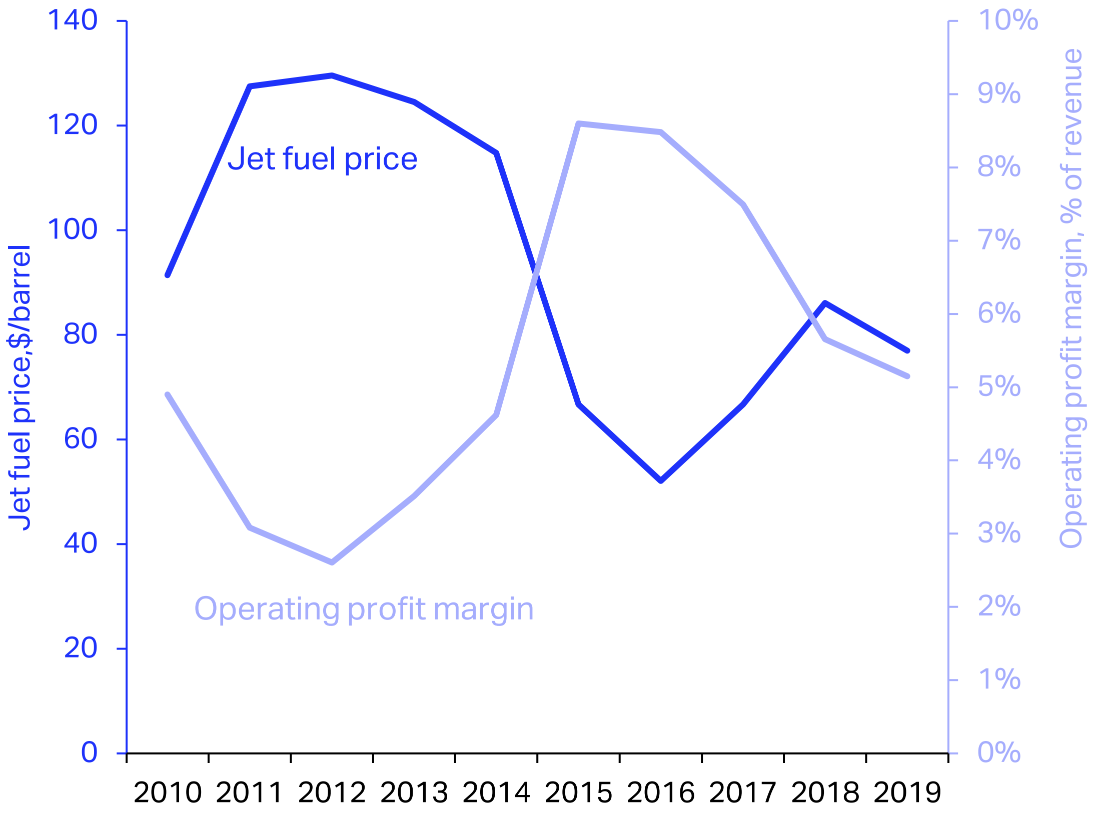
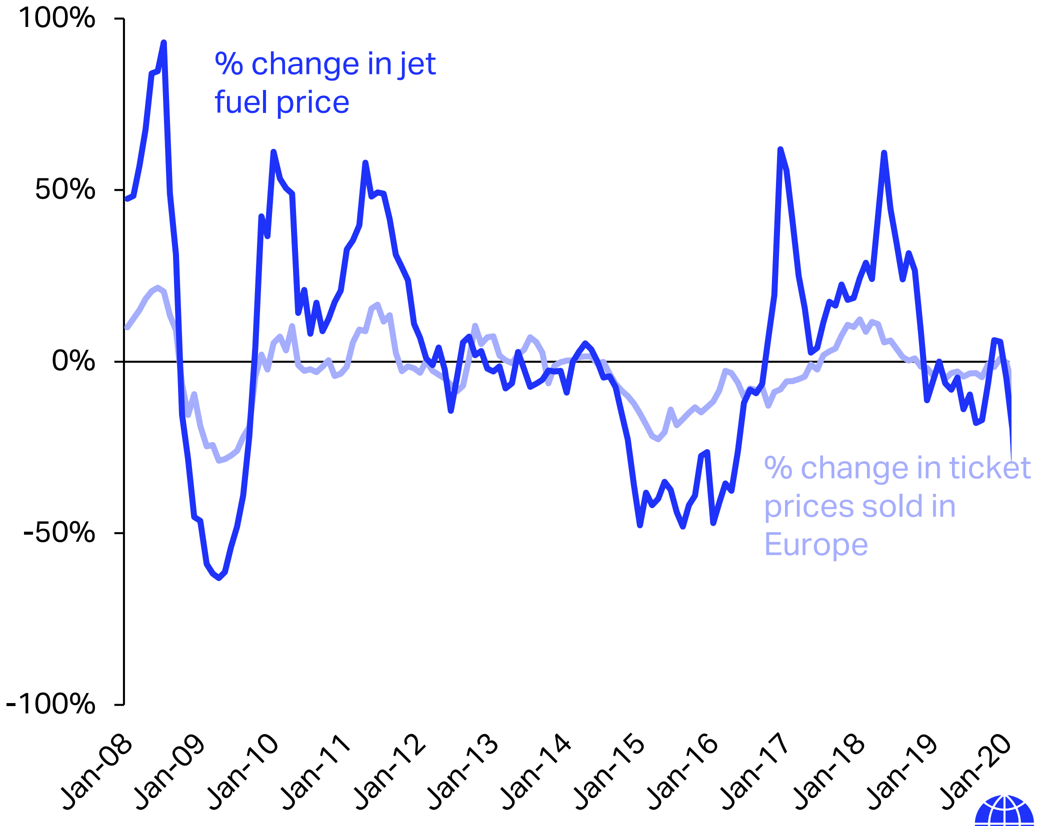
Historically, part of costs was absorbed, other part passed on to passengers

Fuel price vs. industry operating profit margin



% YoY change in jet fuel prices and European ticket prices



 Source: IATA Economics, Platts

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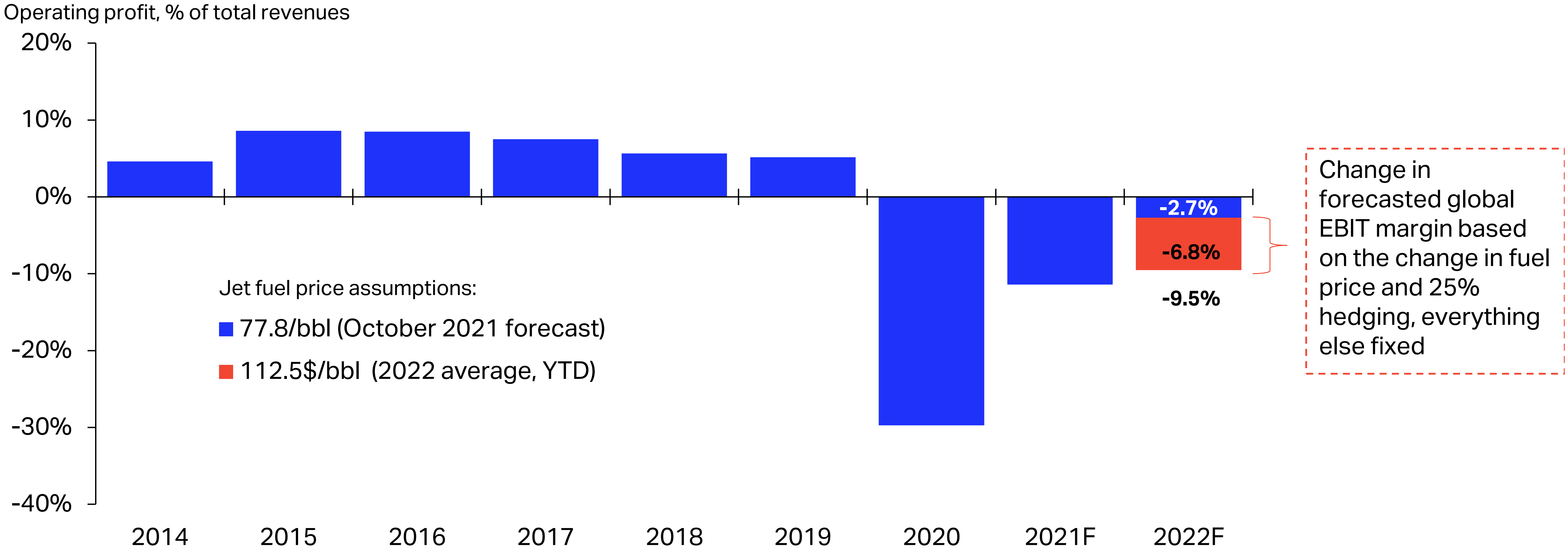
If airlines absorbed the higher cost, profitability would further deteriorate

Industry-wide operating profit margin (% of revenues) under Scenario where airlines absorb higher fuel costs

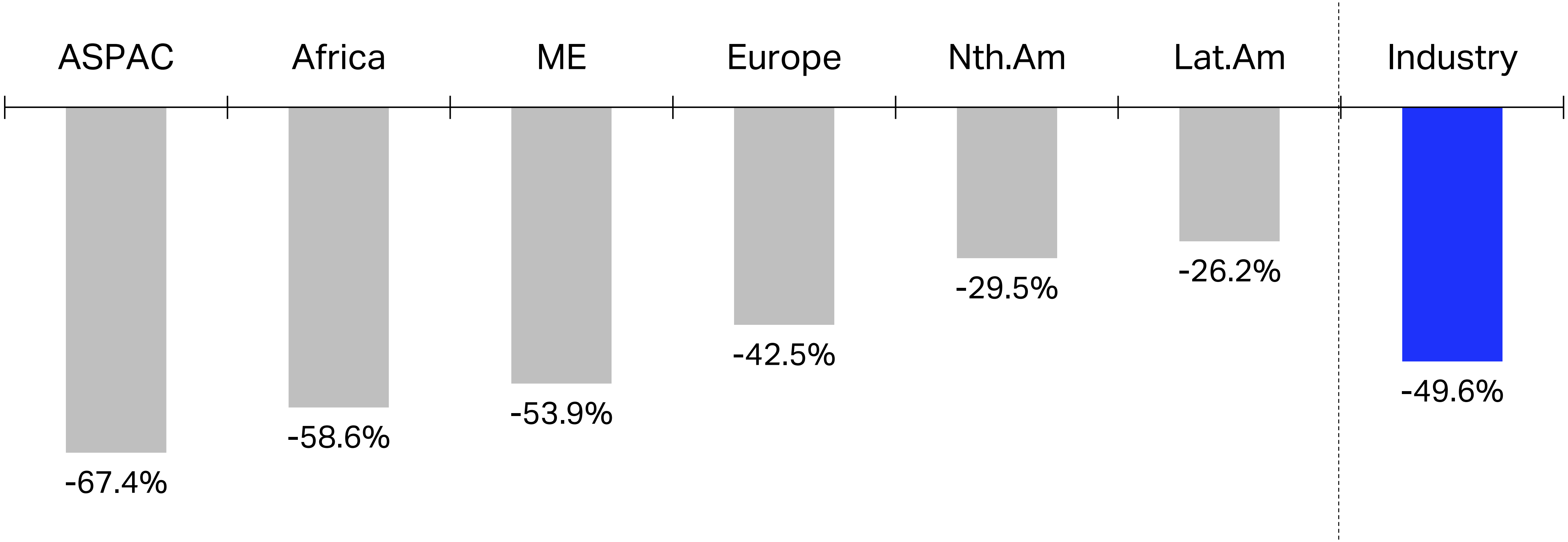


 Source: IATA Economics analysis, Platts

30 March 2022

But travel demand also remains fragile in most markets and recovery led by price-sensitive leisure segment

RPKs in January 2022, % change vs. Jan 2019



 Source: IATA Monthly Statistics

Thank you for your attention!

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