

Time to look forward.

No doubt we are facing a **once in a lifetime challenge**. Since World War II there is no precedent of such an event impacting our societies at all levels.

For at least three generations, this pandemic will mark a milestone in our lives. In less than a quarter, global economy has unexpectedly shifted from a stable growth period to a total collapse mode in weeks. The strict isolation and social distancing measures, the lock-down of industries, economic agents, small and medium enterprises have ended up in a practically **total paralysis of the global mobility**.

As a result of this, most of the world's airline fleets are grounded. Airports crowded with aircraft standing on aprons, taxiways and even runways are leaving historic images for all our records. Aviation has nearly stopped in most of the world's regions, with severe financial consequences for the sector.

“Some major airlines have already announced strong fleet reduction measures”

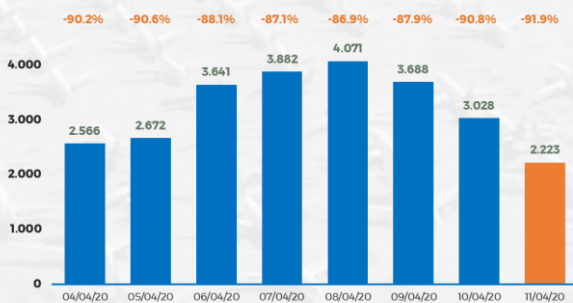
IATA, ACI and majority of airlines and airports individually are **calling** for governments and financial institutions to **support** the industry in this critical situation with the necessary liquidity **to protect aviation** as one of the key drivers for economic recovery and to enable the re-start of operations after the outbreak. Despite the supportive response from a number of governments, the shock caused by this event will most probably leave some players behind.

Some major airlines have already announced strong fleet reduction measures in order to adjust supply and newly forecasted demand. IAG declared existing fleet reductions and renegotiation of order delivery periods with Boeing and Airbus. Same situation with Lufthansa Group which will immediately decommission 42 aircraft with the respective impact on its hubs in Frankfurt and Munich.

As shown in the chart below published by Eurocontrol, European airports are experiencing daily traffic decreases on a year-on-year basis of around 90%, which is in effect a **practical shut-down of operations**.

Daily Network Traffic Evolution

% difference compared to the same operational day last year



Source: EUROCONTROL

“It is reasonable to foresee faster recovery in domestic passenger traffic. In the case of international passenger traffic, however, the recovery will take longer”

Angela Cittens, Director General, ACI World

“The industry is going through the biggest crisis that it has ever faced”

Alexandre de Juniac, CEO IATA

Nevertheless, despite the severity of the current situation's, **it is time to look forward**.

Understanding the new drivers of the business is key for the industry's stakeholders to re-assess their strategies with the necessary anticipation and to adapt the business accordingly.

Bearing in mind that the crisis is still ongoing, and the level of uncertainty is yet very high (different countries' response strategies, unexpected variations of the pandemic, etc), aviation players need to build up their plans based on scenario projection models with clear and traceable assumptions. Acknowledging that such uncertainty is given, **quantifying the boundaries will allow a better awareness** on the risks (and opportunities) **for decision to be taken**.

Leadin Aviation multi-disciplinary team of forecasting and airport planning experts is already working with our clients to: **i) understand the impact** of this unprecedented event on **traffic projections** and **ii) review** their **development plans** according to the new circumstances.

“Existing infrastructure will need to accommodate new sanitary controls and social distancing measures”

In addition to business plan inputs projections, it is of the essence to understand how **new procedures** will shape the way airports manage airside and landside operations. Existing infrastructure will need to accommodate new sanitary controls and social distancing measures, which will definitively have a significant impact on passenger operations throughout terminals. Not to forget commercial areas, airport staff procedures, resource allocation etc. **Causing a major impact on the passenger experience**.

Airports have a significant challenge ahead not only to adapt operations to the re-start and the transition phases but also to integrate these new procedures in future airport's operation with a minimum impact to the passenger experience.

As a direct consequence of Covid-19 airports will necessarily incorporate sanitary control points as part of the passenger journey. A debate on **how to standardize** this over the industry is now a crucial milestone for authorities, airports and airline associations.

All in all, without failing to manage the short-term challenges, it is paramount to take the time to look ahead and evaluate how to **transform the business for a new era in aviation**. In Leadin Aviation we are already deploying all our knowledge and tools to accompany our clients to overcome this situation and to pave the way for the future growth.

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