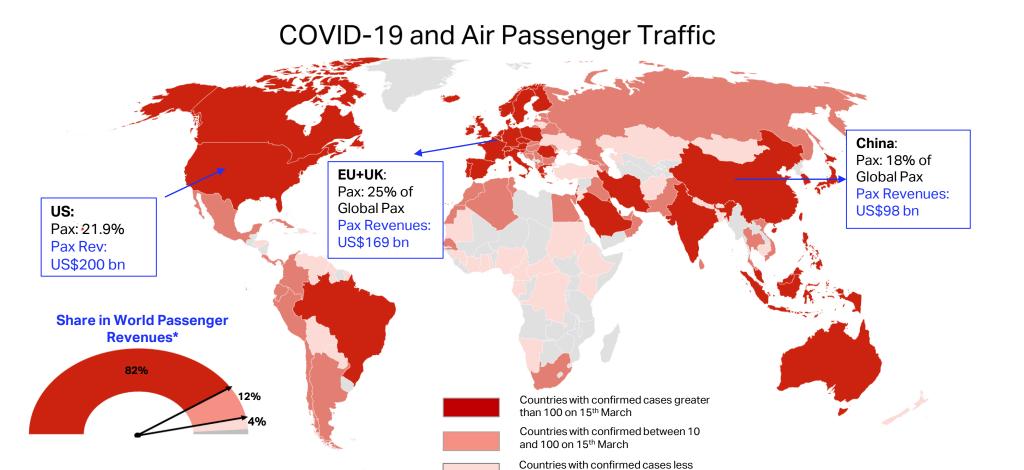
# COVID-19 Airlines' Liquidity Crisis

17<sup>th</sup> March 2020



#### COVID-19 & restrictions closed many markets to air travel Markets with >10 cases now cover 94% of global passenger revenues



than 10 on 15th March



© GeoNames, HERE, MSFT, Microsoft, NavInfo, Thinkware Extract, Wikipedia

Source: IATA Economics, WHO

\*Domestic & international travel, overlaps removed

## The situation has moved beyond our 'Extensive Spread' scenario implying \$113 bn loss of passenger revenues (19%) worldwide in 2020

Market	Impact on passenger numbers	Impact on passenger revenue (Billion US\$)*
Australia, China, Japan, Malaysia, Singapore, South Korea, Thailand, Vietnam	-23%	-49.7
APAC <i>excluding the above</i>	-9%	-7.6
Austria, France, Italy, Germany, Netherlands, Norway, Spain, Switzerland, Sweden, the United Kingdom	-24%	-37.3
Europe <i>excluding the above</i>	-9%	-6.6
Bahrain, Iraq, Iran, Kuwait, Lebanon, the United Arab Emirates	-23%	-4.9
Middle East <i>excluding the above</i>	-9%	-2.3
Canada, United States	-10%	-21.1

#### \* Note:

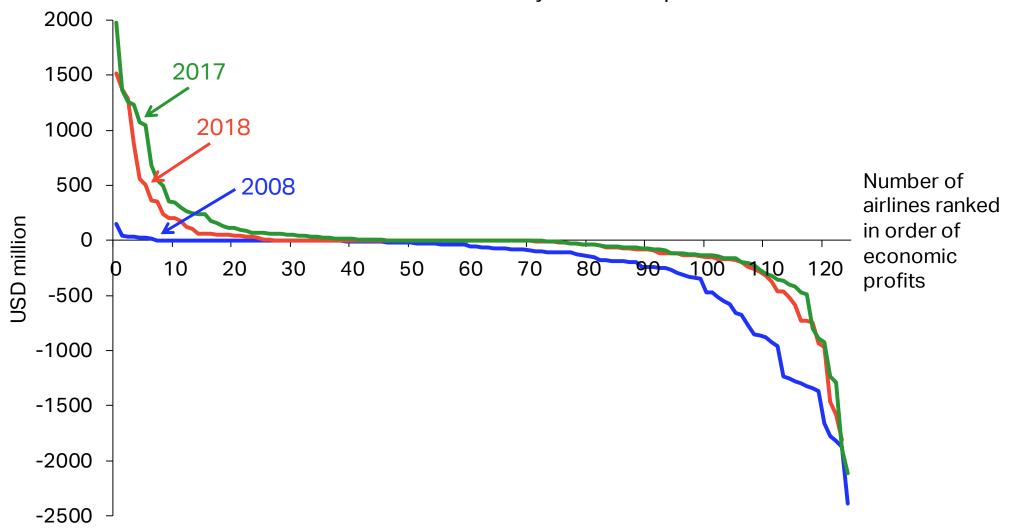
Revenue numbers do not add up to the \$113 bn global total because of route overlaps e.g. China and Japan include revenues on the China-Japan market. We adjust for overlaps in calculating the worldwide total. Revenues are base fare revenues for all airlines serving routes to, from and within each country



Source: IATA Economics

#### Even before COVID-19 much of the industry was fragile Only around 30 airlines drove improvement. Long tail of weaker airlines

World's airlines ranked by economic profits

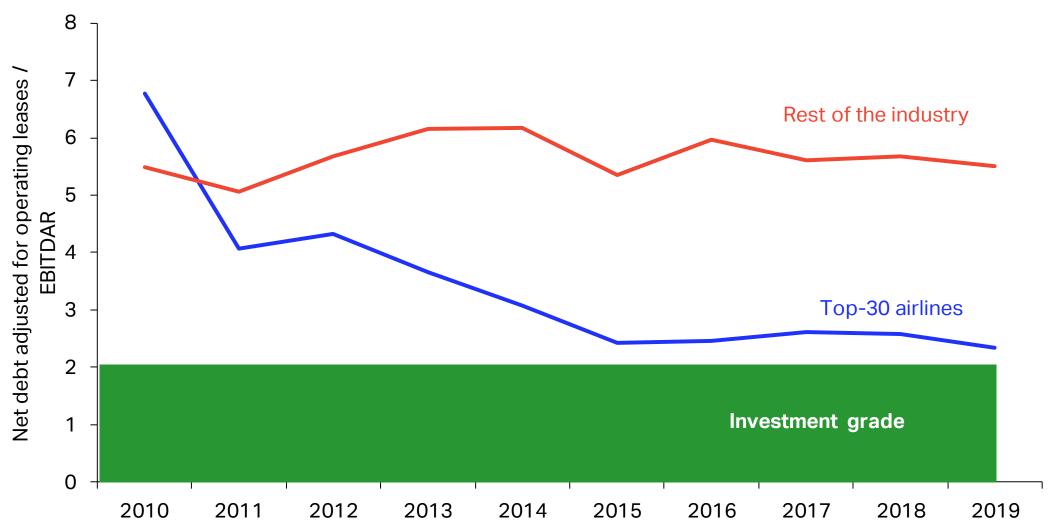




Source: IATA Economics using data from a McKinsey study for IATA

#### Outside the top-30 balance sheets debt levels are high So many airlines will have fixed obligations of debt to service and repay

Net debt adjusted for operating leases / EBITDAR

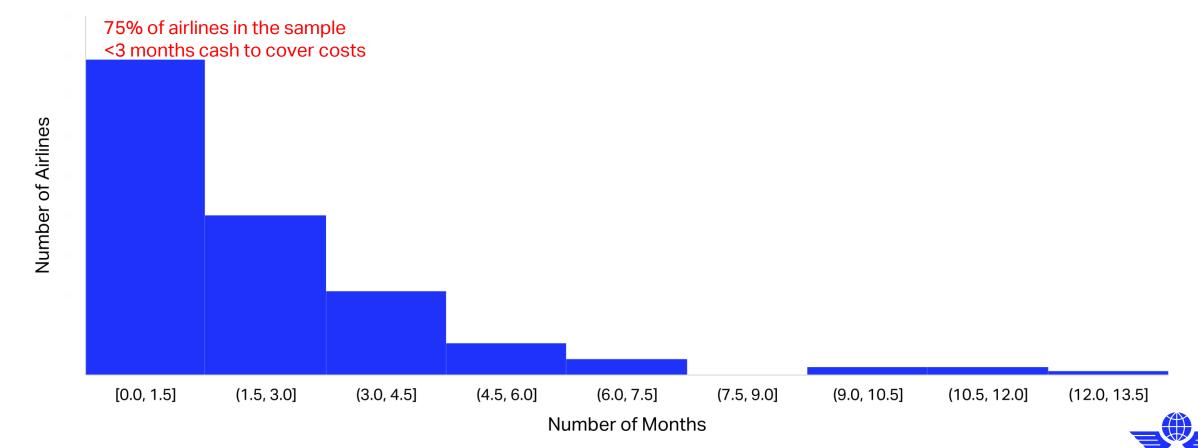




Source: IATA Economics using data from the Airline Analyst, own estimates

#### Cash covered less than 3 months of expenses for most Cash and equivalents at the start of 2020 as a ratio of non-avoidable costs

Number of Months Cash to Cover EBITDAR and Aircraft Rental Costs\*



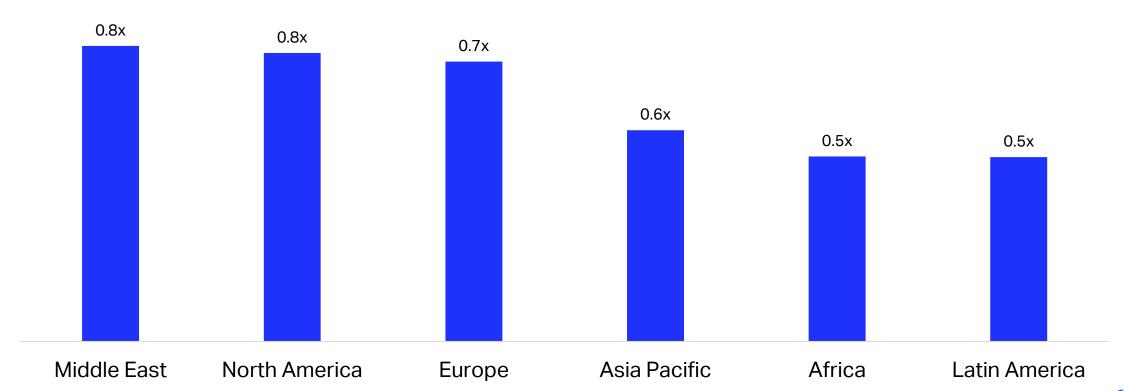
**Economics** 

\*Latest available 12 months cumulative data

Source: IATA Economics using the Airline Analyst

#### There are also short-term liabilities to service and repay Cash and equivalents as a ratio of loans and bonds with less 1 year maturity

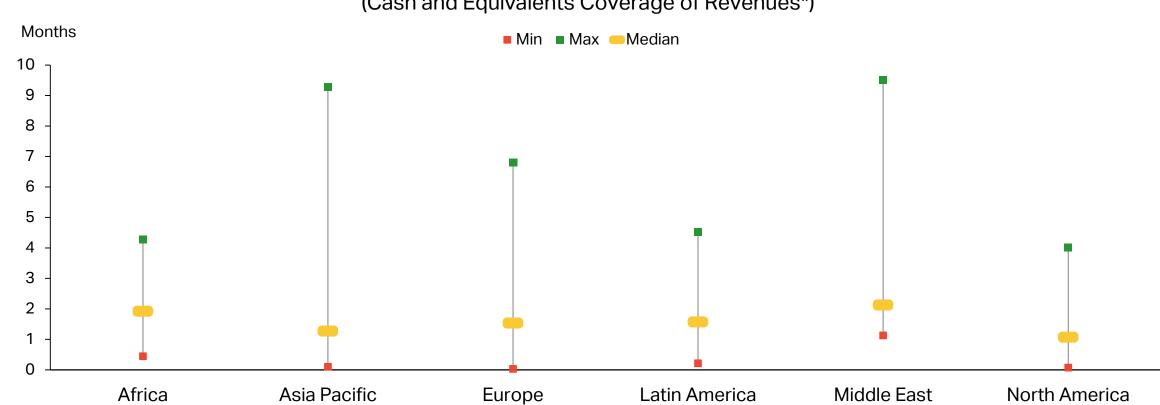
Quick Ratio (Cash and Receivables) / Current Liabilities





### Now airlines are fast running out of cash. The typical airline had 2 months of cash at the start of this year

Balance Sheet Liquidity
(Cash and Equivalents Coverage of Revenues\*)





<sup>\*</sup>Latest available 12 months cumulative revenues Africa, Latin America and the Middle East might not be representative due to small sample size.

#### Contacts

economics@iata.org www.iata.org/economics



