



Travel Industry Update

December 2, 2020

American, United pause nonstop flights to Shanghai amid concerns over restrictions facing overseas crews

- American Airlines and United Airlines are pausing plans to operate nonstop flights to Shanghai from the U.S. following reports of lengthy waits facing airline crews upon arrival, limited local accommodations and restrictions on their movement in the country, according to people familiar with the matter.
- American Airlines planned to begin nonstop flights carrying only cargo from Los Angeles to Shanghai this month but will continue to operate the flight with a stop in Seoul, South Korea, on the way to Asia, the people said. It will fly nonstop from Shanghai back to Los Angeles, however. American is also continuing to include a stop in Seoul on its cargo-only flights from Dallas-Fort Worth and from Los Angeles to Beijing because of similar concerns, one of the people said.
- Long waits to enter the country and get to hotels are a problem for airlines because it can eat into federally mandated crew rest requirements.
- Last month, American resumed China service with flights between Dallas-Fort Worth International Airport and Shanghai with a stop in Seoul.

Easyjet On Course To Raise Cash Next Year

- EASYJET faces having to raise more money from shareholders next year to repair its finances, industry experts say.
- Andrew Lobbenberg, an analyst at HSBC, said the airline could raise cash by issuing more shares to investors or by offering them so-called convertible bonds — loans that can be turned into shares.
- Aviation consultant Richard Maslen said a further injection of cash from next summer 'can't be ruled out'.
- Lobbenberg said: 'We would not be surprised to see the company take moves to repair its balance sheet in 2021...once cash flow generation is in sight.'
- EasyJet is operating at just 20 per cent of its capacity over the winter. It posted its biggest ever loss — £1.3billion — earlier this month.
- Lobbenberg said easyJet does 'struggle slightly' compared to low-cost rivals Ryanair and Wizz Air, which both have bold expansion plans to increase market share once passenger demand picks up.
- Earlier this month, Wizz Air won 1,052 more takeoff and landing slots at Gatwick for the 2021 summer flying season. Ryanair has taken over easyJet's 312 weekly slots at Stansted after easyJet closed its base at the airport.
- EasyJet has £2.7billion in cash after raising £400million through selling and leasing back aircraft. But it burned through £651million in the three months to September.
- Last week, the airline saw a surge of bookings for domestic flights in December after the Government announced the easing of restrictions for the festive period.

Ryanair and Wizz Air traffic still down more than 80% as vaccine recovery hopes grow

- The two London-listed low-cost airlines released up-to-date passenger data on Wednesday.
- Ryanair figures show it flew 2 million passengers in November, down 82% on the 10.9 million flown in the same month last year.
- Traffic over the past year totals 61.4 million, a 60% decline compared to the previous year.
- Meanwhile Wizz Air said in its own update on November flying that passenger numbers were down 84.7% to 456,000. The airline ran at just 21% of capacity.
- Total traffic in the year to 30 November came in at 19.3 million, a 50.6% decline.

Singapore Air Rolls Out New Economy Class Meal Concept

- Singapore Airlines and SilkAir have introduced a new economy class meal concept on short-haul flights under three-and-a-half hours. Beginning Dec. 1, customers are able to choose from more than 40 new dishes featuring a wider variety of local Singaporean and international favorites.
- The airline can make the menu items available in economy class thanks to a new packaging solution that replaces plastic casserole service ware. The food is served in a unique leak-proof box and cup made of Forest Stewardship Council certified paper, with a dessert box and a cutlery pack made of bamboo with a paper wrap.
- The eco-friendlier box holds the same amount of food as the casserole but is deeper and more secure, so gravy and soupy dishes can be served without any leakage. It is also oven-safe and resistant to overheating, ensuring that food quality is preserved even after reheating.
- The amount of single-use plastics, including cups and polybags for cutlery, on the meal tray are reduced by 80 percent by weight. Leftovers, including service ware items, are processed by an eco-digester at SATS into refuse-derived fuel that can replace fossil fuel and coal. In addition, using lighter paper products helps reduce fuel consumption on flights.

Nearly 10 Million People Flew Over Thanksgiving, According to TSA

- The 10 days surrounding the Thanksgiving holiday had some of the highest passenger traffic numbers since the pandemic began, according to the Transportation Security Administration. TSA processed 9.5 million passengers during the peak holiday travel window, which was longer this year as an influx of remote workers extended trips and worked around quarantine requirements.
- On four separate days over the holiday travel period, more than 1 million daily passengers flew, with numbers on most of the other six peak days hovering just below that benchmark. Traffic crested on Sunday, November 29, when nearly 1.2 million fliers took to the skies—a significant improvement over this year's nadir in traffic on April 14 when passenger volume dropped 96 percent and just 87,500 passengers flew.
- Still, this year's traffic numbers were down almost 60 percent compared to last year. Over the Thanksgiving 2019 travel period, a total of 26 million passengers were screened

by TSA, and the agency recorded its single busiest day ever, processing more than 2.8 million fliers on the Sunday following the holiday.

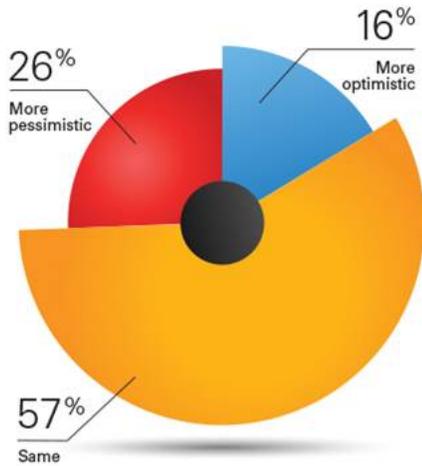
- Analysts predict another, possibly stronger, spike in fliers surrounding Christmas—even if COVID-19 case counts continue to climb. “If cases rise over the next two weeks, there will likely be concern about travel for Christmas,” Helane Becker, an airline analyst at Cowen investment bank, wrote in an email Tuesday. “That said, we expect Christmas travel to be better than Thanksgiving as Christmas travel plans are typically more resilient than those for Thanksgiving.”

Industry Reassesses as Covid-19 Surges

- The startling increase in the number of Covid-19 cases in the United States, Europe and some other parts of the world appears to be denting not only the pace of travel’s recovery but also the attitudes toward it. Airlines Recovery Corp. sales figures show a reversal of positive trends, while travel suppliers’ pessimism is on the rise, and British business owners don’t appear eager to see employees take to the skies again. Meanwhile, Hertz detailed the effect of the pandemic on its on-airport rental volume.

LITTLE OPTIMISM AMONG TRAVEL SUPPLIERS

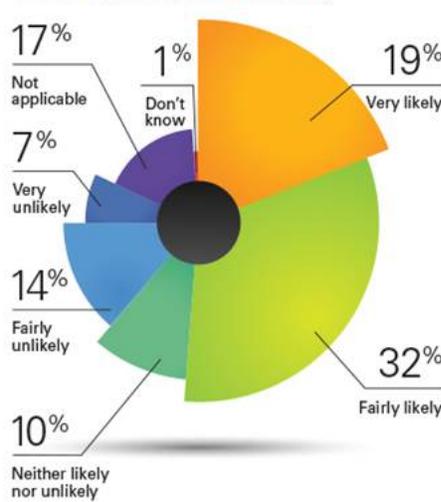
Attitude toward travel industry recovery vs. one week prior



Source: Global Business Travel Association Oct. 12-17 survey of 330 supplier and travel management company members

U.K. BUSINESS OWNERS BEARISH ON INT’L TRAVEL

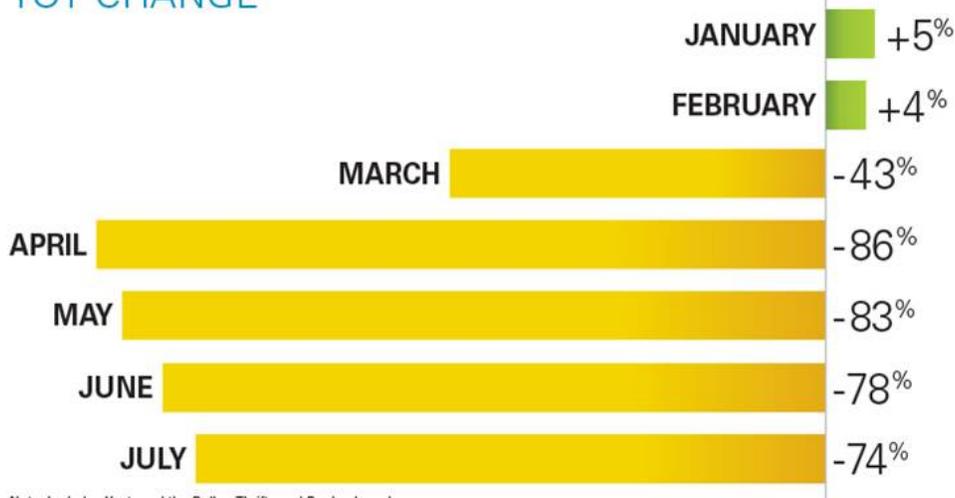
Respondents who indicated it no longer will be necessary for staff to travel internationally for their work due to videoconferencing



Source: An Oct. 7-16 Ipsos MORI survey of 505 Confederation of Business Industry business owners whose staff traveled in 2019

46% INTERNATIONAL AIR TRANSPORT ASSOCIATION FORECAST DECLINE IN 2021 GLOBAL AIRLINE REVENUE COMPARED WITH 2019; IT PREVIOUSLY ESTIMATED A 29 PERCENT DECLINE.

HERTZ'S 2020 ON-AIRPORT TRANSACTION DAYS: YOY CHANGE



Note: Includes Hertz and the Dollar, Thrifty and Donlen brands
Source: Hertz Corp.

ARC: U.S. AGENCIES' AIR TICKET SALES RECOVERY STALLS

7-Day Period Ending	Agency type, YOY change		
	Corporate	Online	Leisure/ Other
Oct. 4	-86.1%	-51.0%	-71.5%
Oct. 11	-85.7%	-49.8%	-69.7%
Oct. 18	-85.4%	-48.1%	-69.2%
Oct. 25	-84.8%	-49.6%	-67.6%
Nov. 2	-85.3%	-53.8%	-69.6%
YTD	-69.46%	-53.57%	-61.50%

Source: ARC

Royal Caribbean is about to cruise again – but only this country's residents can sail

- In a significant milestone for the comeback of cruising, Royal Caribbean is resuming sailings today in Asia, where it long has had a significant operation.
- The world's largest cruise line is launching short cruises from Singapore with a single vessel – the 4,180-passenger Quantum of the Seas.
- For now, they're only open to residents of Singapore.
- Singapore is allowing cruise ships to resume sailings out of the city-state for locals only in the wake of a sharp drop in COVID-19 cases since the summer. The island nation has almost completely eradicated the illness, recording fewer than 10 cases a day on most days for the past two months.
- Royal Caribbean is implementing a wide range of anti-COVID health measures on the sailings – many of which we're likely to see when the line resumes sailings in North America.
- The measures include reducing the number of passengers allowed on the ship by as much as 50%. The initial sailing today will be capped at around 1,000 passengers.

- Royal Caribbean also is requiring COVID-19 tests for passengers before boarding and social distancing on board. In addition, Quantum of the Seas' ventilation system has been enhanced with new filtration, and new cleaning measures have been put in place.
- Quantum of the Seas is scheduled to continue the new short sailings from Singapore for the next four months.