

AFRAA – 10th Aviation Stakeholders Convention
“Beyond the Crisis”



Opportunities and strategies for route planning and network development

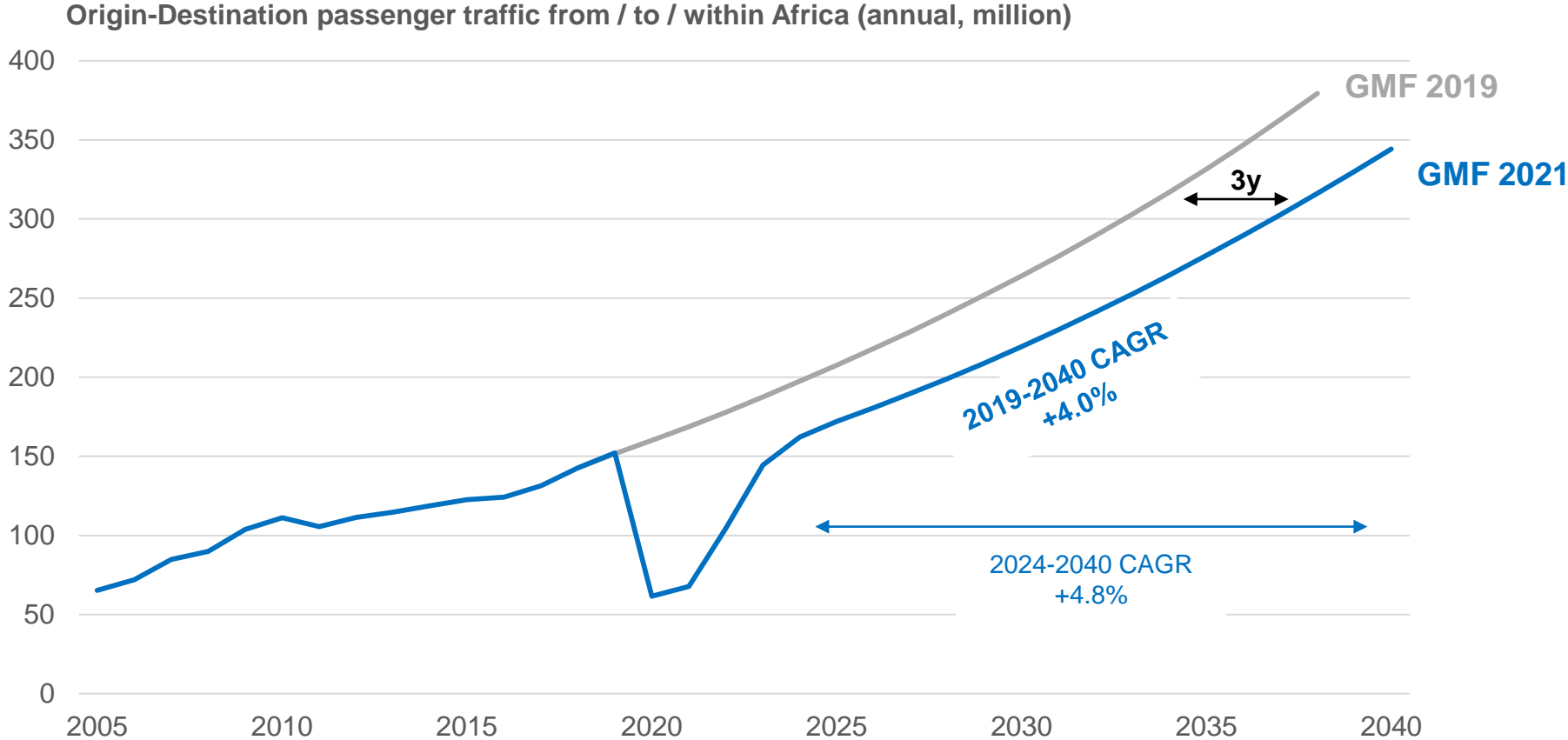
Nairobi
May 2022

Geert Lemaire
Airbus Market Intelligence and Consulting

AIRBUS

Airbus Global Market Forecast – Africa

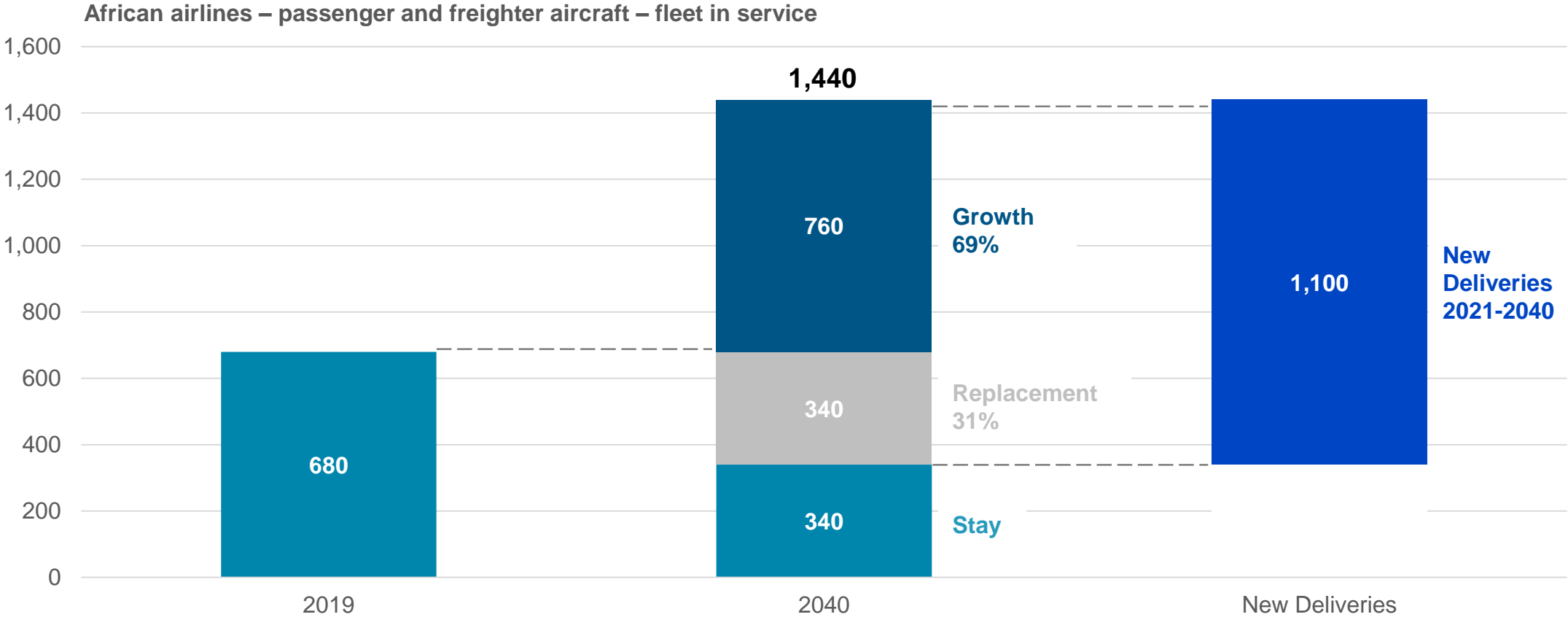
Traffic forecasted to reach 2019 level from Q4 2023 and to grow beyond



Beyond the crisis

- Air traffic forecasted to grow further
- New potential to launch new routes and expand networks

The African airlines' fleet is forecasted to increase by factor 2.1 over 2019-2040



Demand for ~1,100 aircraft for African airlines in the period to 2040

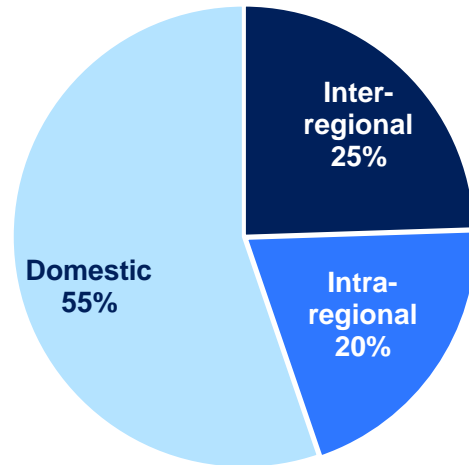


Small: <210 seat, **Medium:** <300 seat, **Large:** >300 seat
Passenger aircraft (≥ 100 seats) | Jet freight aircraft (>10 tons)
Source: Airbus GMF 2021

2019 Traffic Split

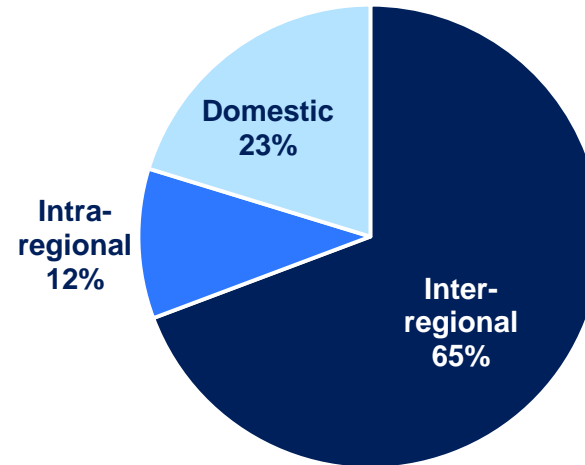
Global traffic vs. Traffic to / from / within Africa

Global traffic



Source: Sabre – Passenger numbers

Traffic to / from / within Africa



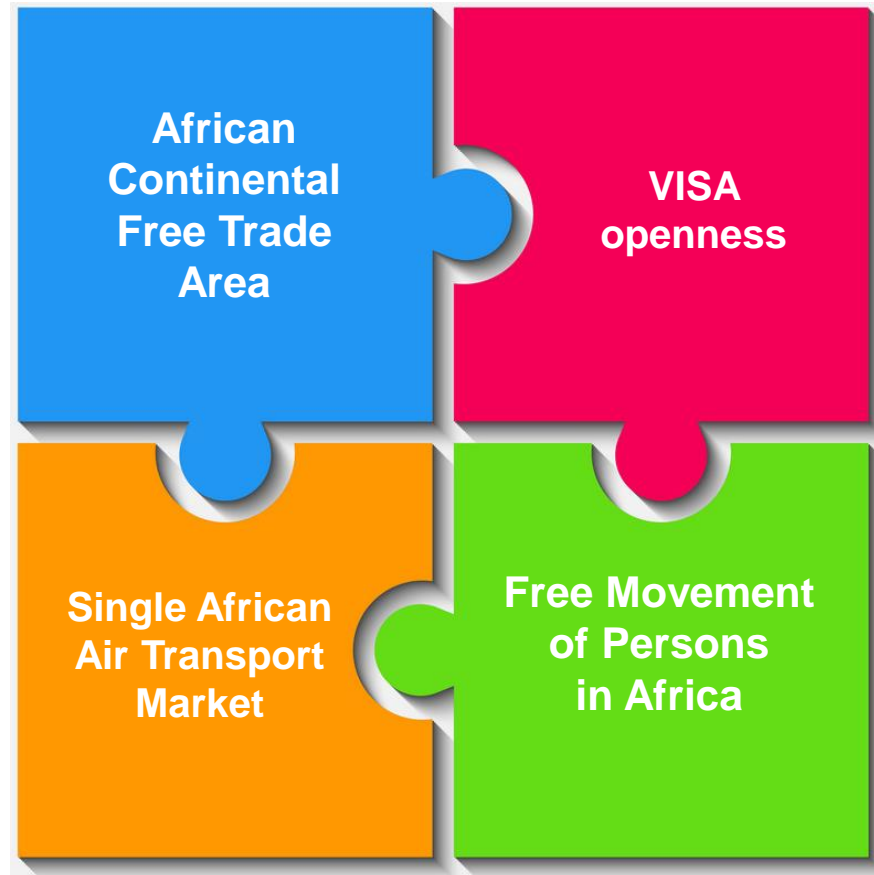
Total (2019): \approx 175 million passengers

**2019's
intra-regional traffic in
Africa
-
Equivalent to only 1/4th of
all passengers travelling
from / to / via
London Heathrow airport
in 2019**

Africa's intra-regional traffic is still very small – Significant growth potential remains

Africa's Integration : promising prospect for intra-African air transport growth

African Union initiatives



- Increased trade inside Africa
- People moving abroad for education, work, living, medical treatment, etc.
- Simplify travel and reduce the cost of travel
- Add choice to organise travel

So what is the growth we need to gear up for?



Reference Network

NETWORK

- New Routes



ORGANIC

- Growth on the existing network

Future Network

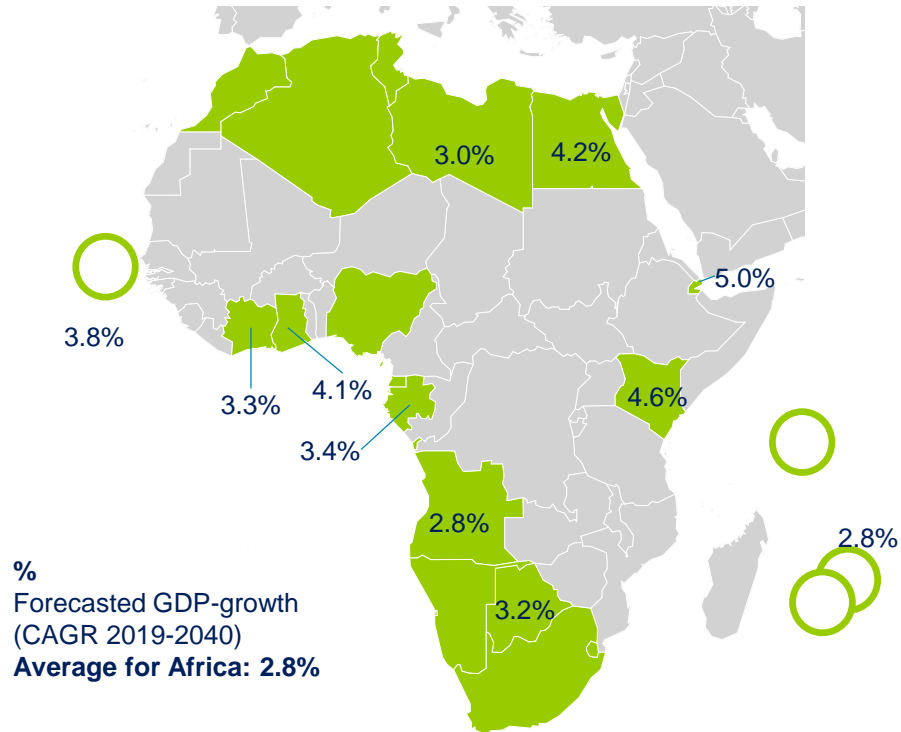
Fundamental drivers for air transport development

Focus on Africa

Economic growth, middle class growth

Top 20 African countries by GDP per capita

Source: IHS markit, 2019

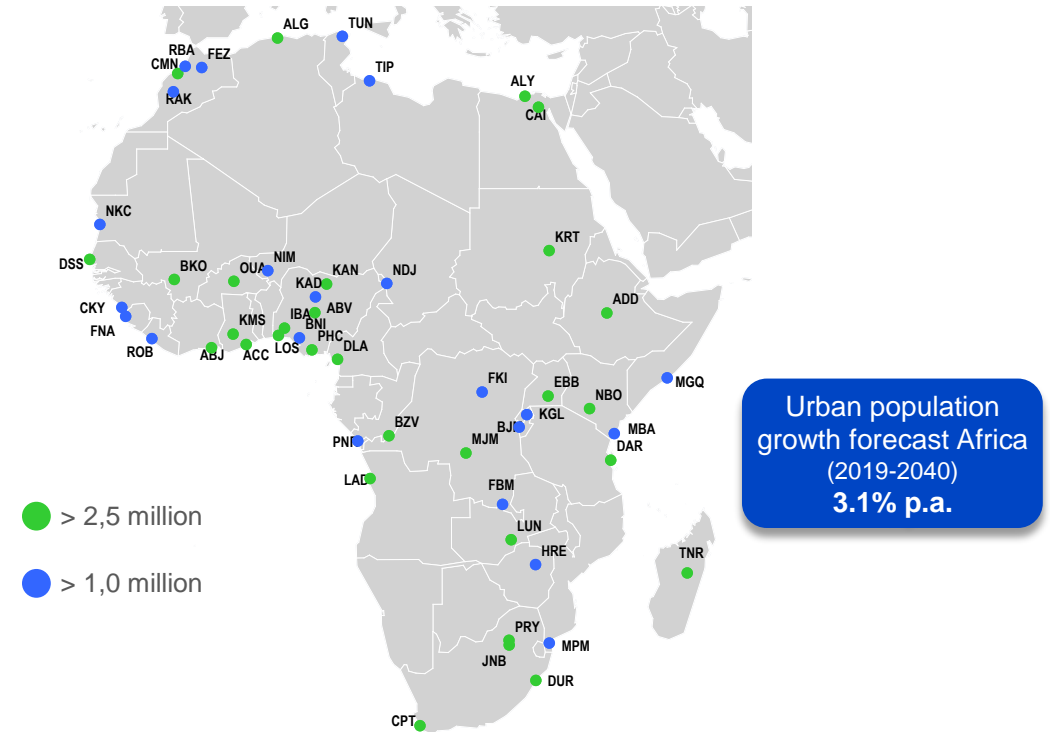


Propensity for travel will grow fastest in the identified countries

Population density and growth, urbanisation

Urban Agglomerations in Africa with Population above 1.0 million

Source: United Nations, 2018



Large and densely populated centres generate and attract air traffic

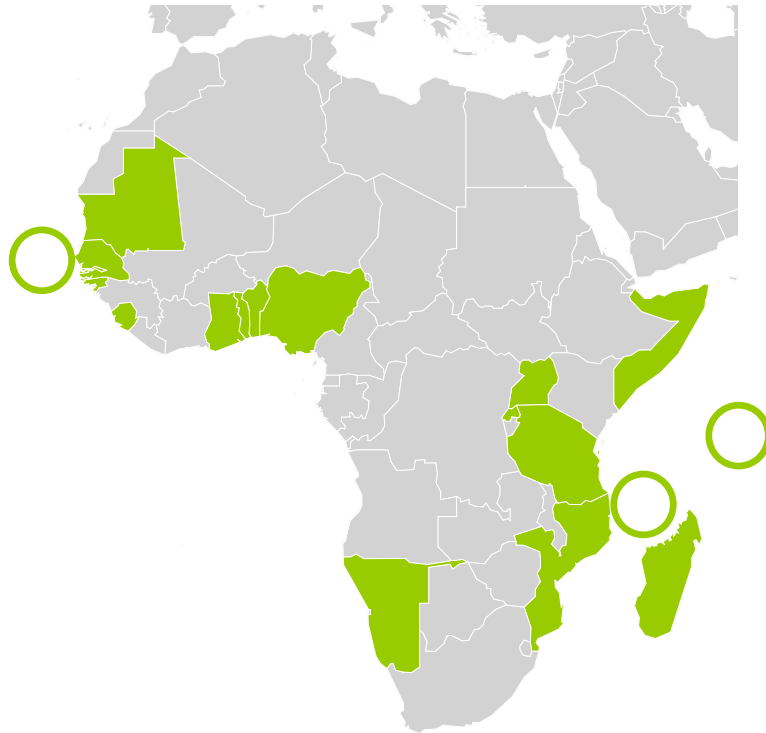
Fundamental drivers for air transport development

Focus on Africa

Front runners for VISA-openness

Top 20 African countries by Visa Openness Ranking

Source: African Union, African Development Bank Group, visaopenness.org, 2021

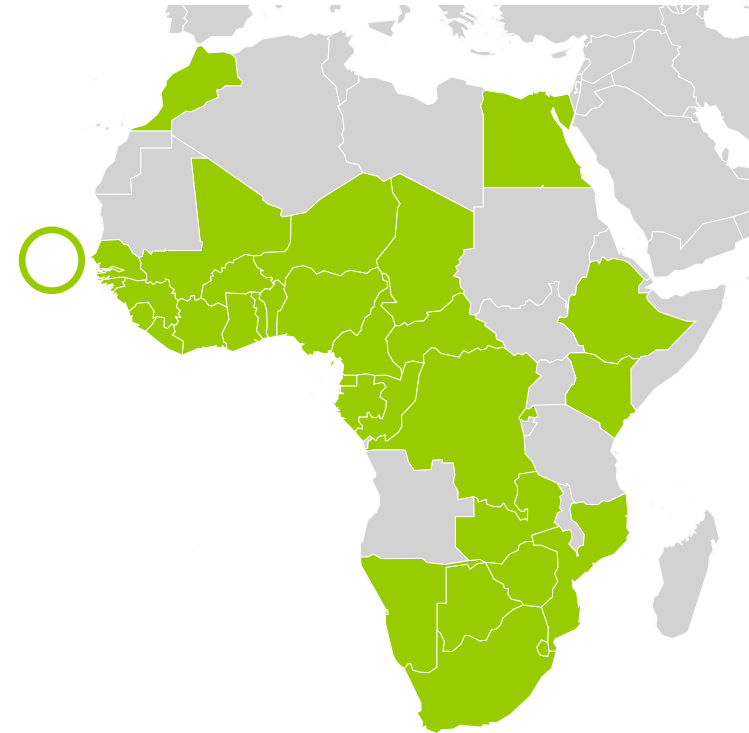


VISA-openness removes barriers and simplifies travel

Single African Air Transport Market

Signatory African Union member states

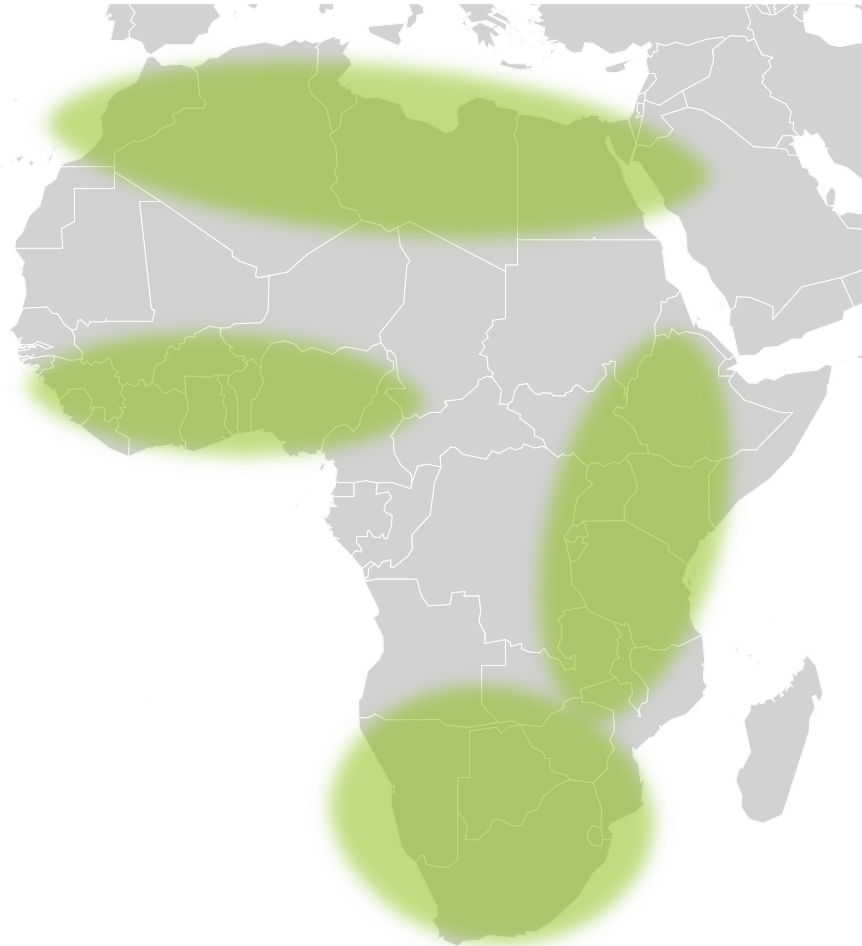
Source: African Union, 2022



Less restrictions, more choice for travel,
more competition, lower fares

Combining all elements allows identifying Africa's future aviation key zones

Drivers of the future intra-regional air transport demand growth

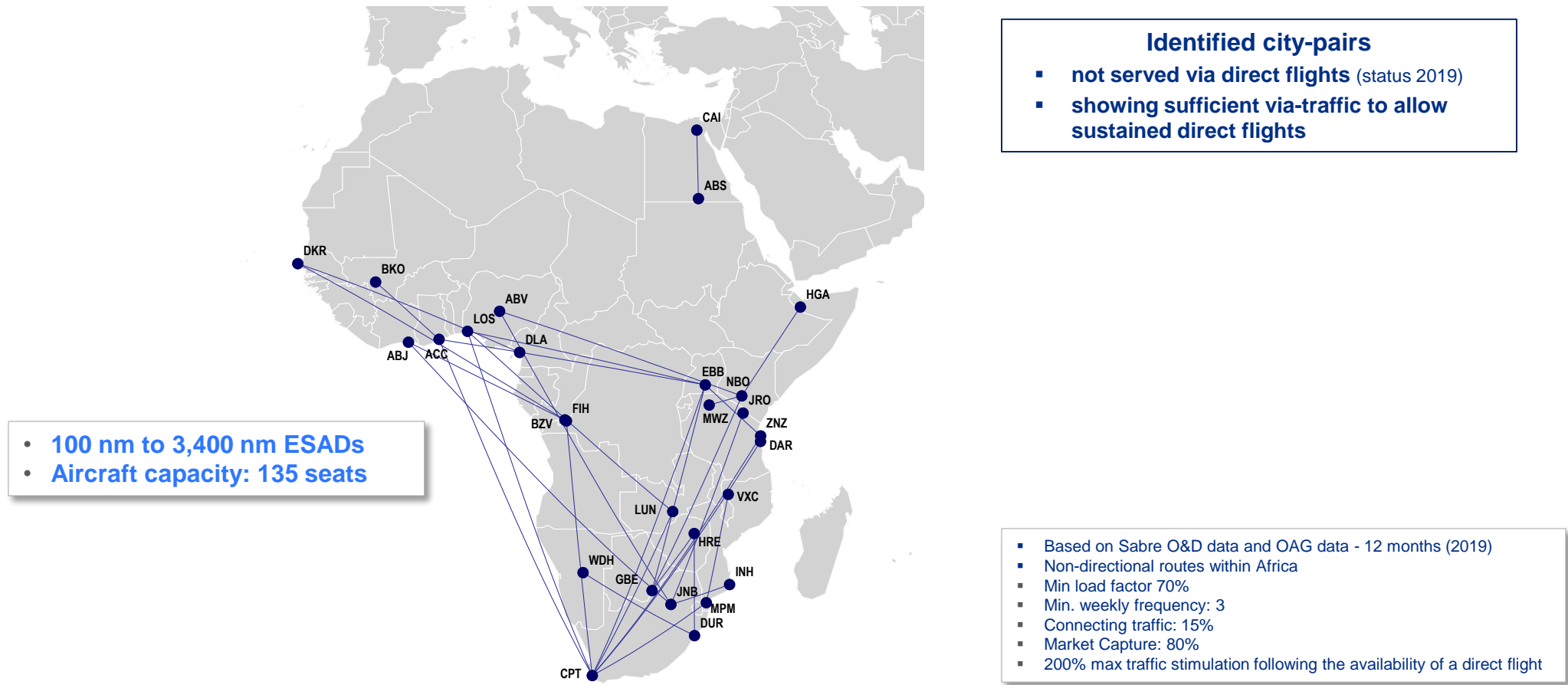


Intra-regional air transport demand in Africa is all set to gear up between:

- **Northern region**
- **West Africa**
- **East / South-East Africa**
- **Southern region**

Unserved city-pairs in Africa featuring sufficient traffic to allow sustained direct flights

Status in 2019



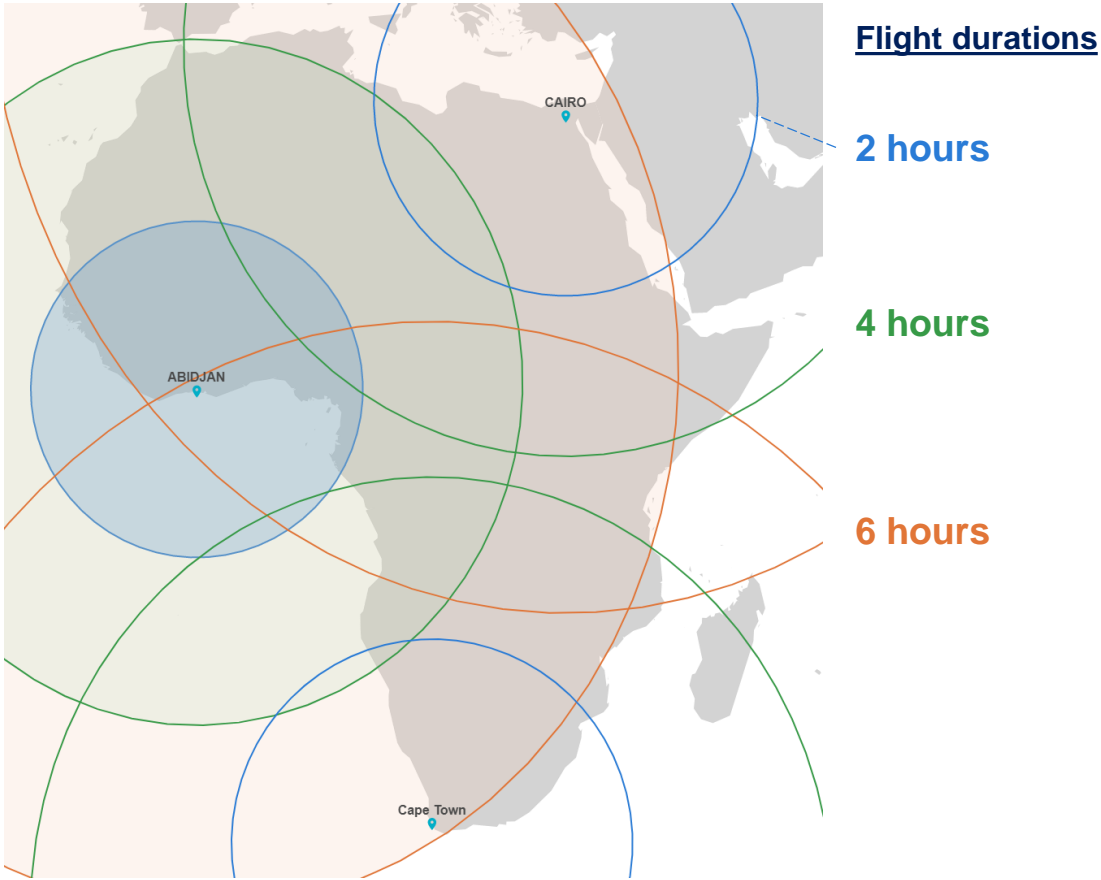
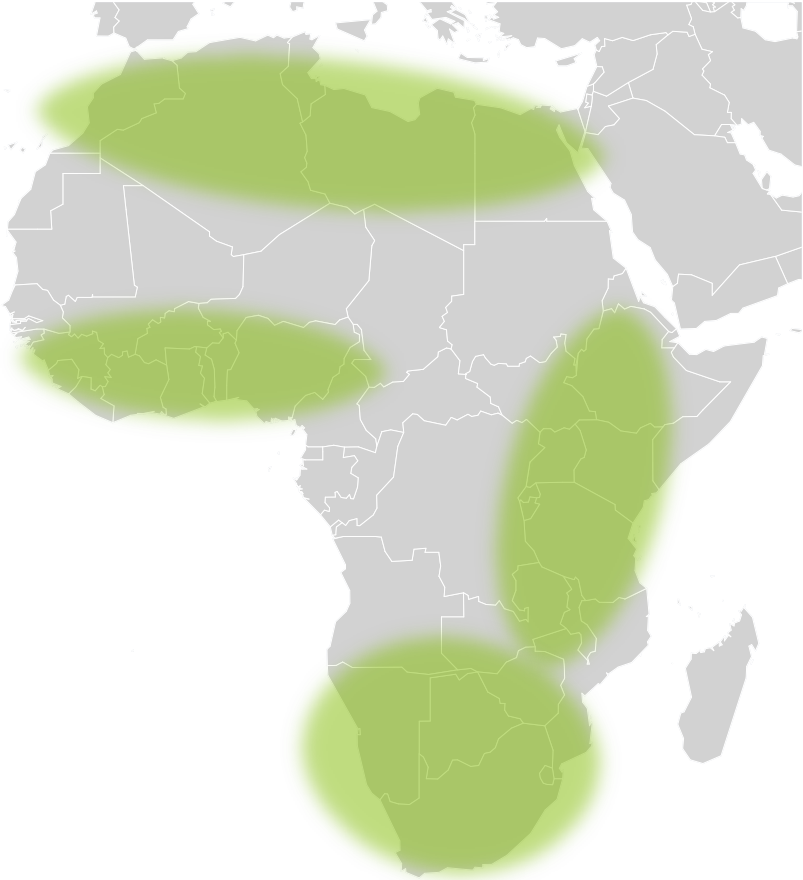
Notes:

- Identified routes are O&D pairs for which no direct flight existed in 2019, but for which sufficient traffic exists (i.e. connecting traffic as identified by means of 2019 traffic data) to allow operating a direct flight with a widebody aircraft, based on the listed assumptions.

- ESAD: equivalent still air distance - O&D: origin & destination

Aviation key zones in Africa

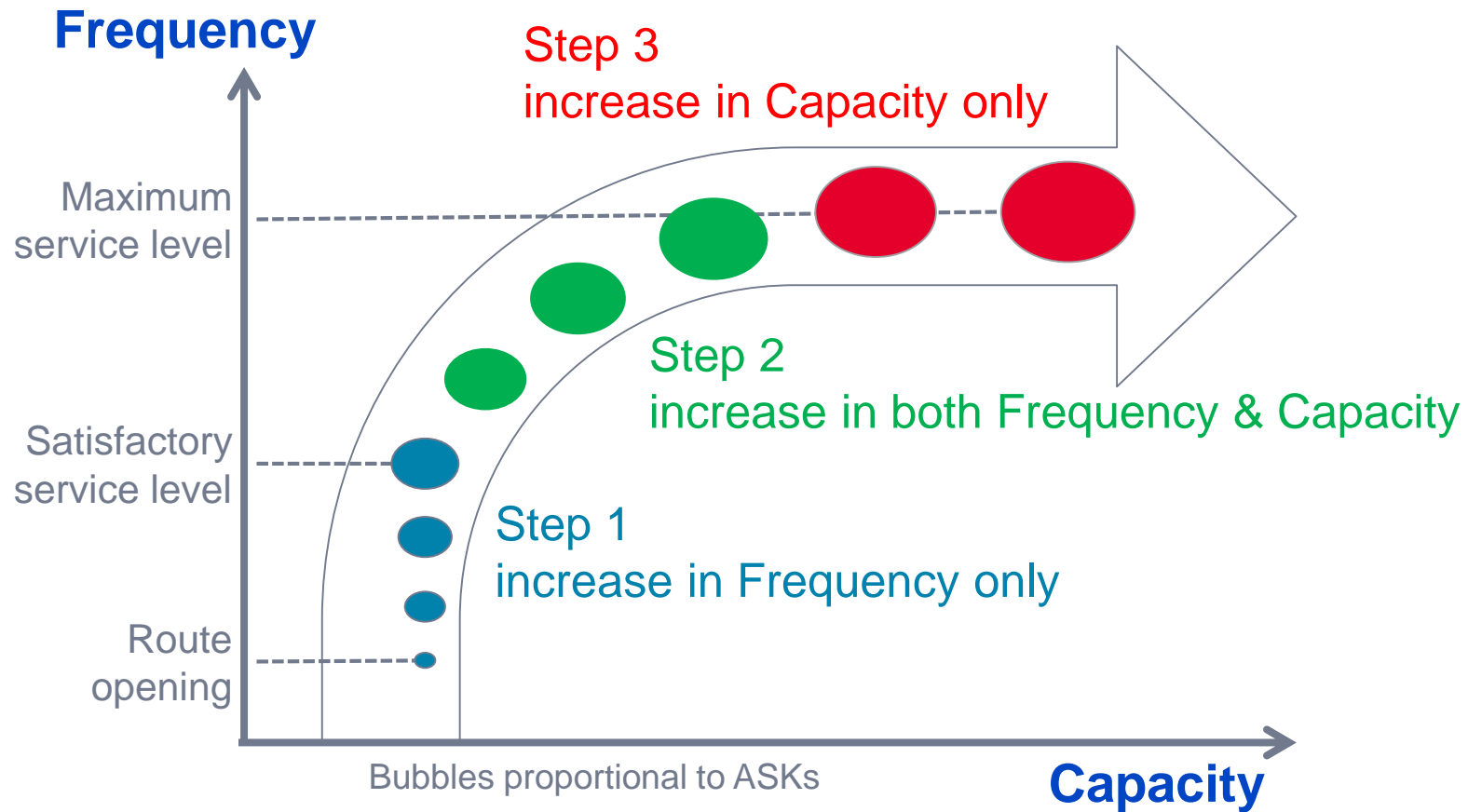
Drivers of the future intra-regional air transport demand growth



Many city-pairs in the aviation key zones are about 6 flight hours apart

The route-planner's mantra

Build-up frequency first, then increase capacity



Note:
- ASK: available seat kilometer

So what strategy to adopt?

Challenge

- Launch new routes
- Rather long flight times
- Rather low traffic levels at launch
- Stimulate traffic
 - ⇒ need to quickly build-up frequencies
- Profitability is key

Solution

Newest generation of single aisle aircraft

- Superior performance and range capability
- Superior cabin comfort-level
- Best in-class operating economics
- Versatility

Example: Air Canada

Montreal - San Francisco



Calendar year 2022
Up to 3 daily frequencies one way
A220 operations only

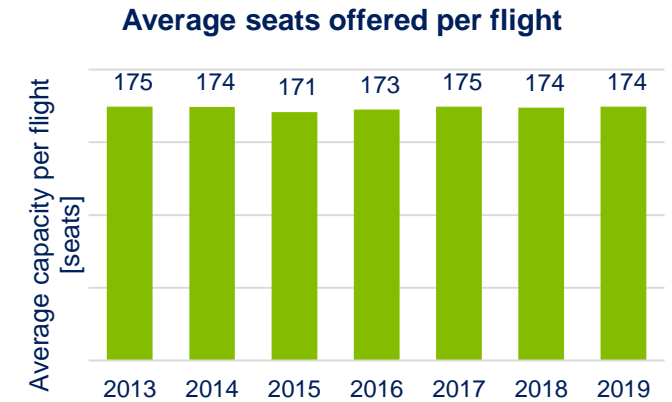
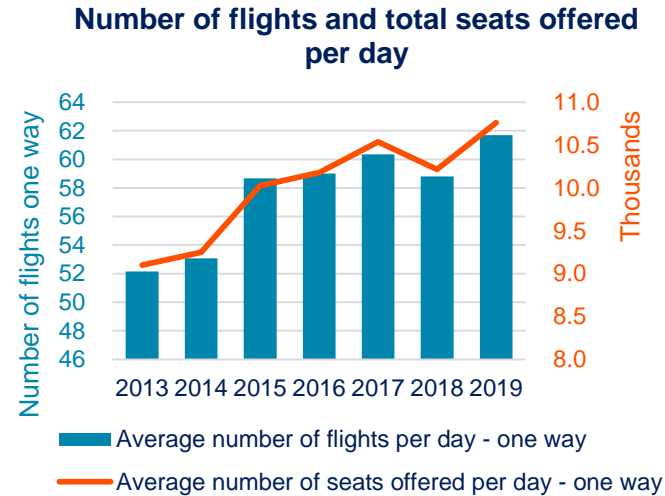


Africa will also need the largest single aisle aircraft

Africa's top 10 routes based on passengers carried in 2019



Cape Town - Johannesburg



Adding frequencies beyond 62 flights per day one way may no longer be viable

A transition to the largest single aisle aircraft becomes the most logical way forward

Conclusion

- **Intra-African air transport development may well become the next BIG thing in commercial aviation**
- **Significant potential identified to grow by opening new routes:**
 - all fundamental drivers for air transport development are present
 - future removal of currently-present barriers will accelerate air traffic growth
- **Enablers to launch these new routes: newest generation of single aisle aircraft**
 - performance
 - comfort-levels
 - operating economics
 - versatility
- **Use of the largest single aisle aircraft: next logical step to cater for growth on the trunk routes in the continent**