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AIRLINES

United Airlines Ends Contract With Regional Carrier ExpressJet

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United Airlines is ending its contract with ExpressJet, the regional carrier which operates exclusively for United under the United Express brand.

Following the decision, United will consolidate its Embraer ERJ-145 flying with rival affiliate CommutAir. Both ExpressJet and CommutAir provide feed into United's hubs.

"We have been communicating for several months that we expect to be a smaller airline in response to the unprecedented impact the COVID-19 pandemic has had on our business," United said in a July 30 statement. "In February, we took our first step to simplify our partner landscape and consolidate our E145 flying. Today we are taking additional steps to further simplify our operation and right size our capacity for the future."

CommutAir will therefore become the sole operator of United's ERJ-145 operations, with the transition expected to take "a number of months."

The move to drop ExpressJet will come as a huge and potentially lethal blow to the Atlanta-based company, as United was its sole customer. Although it previously operated American Eagle flights for American Airlines, that contract was terminated in May 2018.

ExpressJet is owned by ManaAir, with United holding a minority stake in the parent.

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The Daily Memo

Strong ULCC Performance In June Bodes Well For Recovery Prospects

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U.S. ULCCs capitalized on a modest rebound in domestic air travel demand during the 2020 second quarter (Q2), but sentiment has soured as top leisure destinations became COVID-19 hotspots in recent weeks.

Still, the segment's strong showing in June suggests budget operators will be poised to thrive again when leisure demand eventually returns.

After bottoming out below 95% of 2019 levels in mid-April, passenger volumes tracked by TSA gradually recovered to around 25% of 2019 levels in June, with much of that traffic headed toward large outdoor leisure destinations like Florida beaches or the Rocky Mountains.

And while the overall pool of travelers was only a quarter of last year's level at its peak, ULCCs were well-positioned to capture an outsize portion of that smaller pie, helped by their domestic leisure profiles and ability to more nimbly flex capacity up or down in response to fluctuations in demand.

The two publicly owned U.S.-based ULCCs—Allegiant Air and Spirit Airlines—each posted sizable losses in Q2, but the headline figures mask a surprisingly strong June performance relative to the rest of the industry.

The two discount operators managed to nearly achieve breakeven cash burn in June, at a time when the country's large network carriers were bleeding over \$100 million per day combined. Spirit recorded an impressive load factor of nearly 80%, while Allegiant's was close to 60%, on a larger schedule. The strong results led both to add back the most capacity in the industry in July, with Spirit scheduling upwards of 80% of last year's level and Allegiant scheduling 90%, marking a rapid ramp-up in flying just a few months after both carriers cut the vast bulk of their schedules in April.

Las Vegas-based Allegiant carried 6% of all domestic travelers in the April-June period, compared to around 2%

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Prior to the coronavirus pandemic, the airline operated 3,300 weekly flights for United from bases in Chicago (ORD), Cleveland (CLE), Houston (IAH), Knoxville (TYS) and Newark (EWR) using 50-seat ERJ-145 jets.

Speaking to Aviation Daily sister publication Routes in April, ExpressJet CEO Subodh Kamik warned that the airline would struggle to survive the crisis.

"Unlike the European regional carriers that primarily get paid on a pro-rata and commercial basis, our business model is one where we are basically a private label provider," Kamik said. "We don't carry big balance sheets, we don't carry assets and so all of us are in complete shell shock on what it means, how to carry all our employees ... We're going a little crazy in terms of figuring out ways to reduce cash burn."

In a statement to Reuters following United's decision, ExpressJet said, "We are very disappointed that United Airlines did not select ExpressJet Airlines to be its future ERJ-145 United Express operator."

The carrier added it would explore all options for the company's future in 2021, but operations are expected to continue as normal for the remainder of this year.

In a statement, Air Line Pilots Association, International (ALPA) ExpressJet Airlines Master Executive Council (MEC) chairman Joe Mauro said United's decision was "extremely

disappointing" and "devastating news," noting "just a few short months ago, ExpressJet was positioned to be the foundation for United's regional consolidation."

"ExpressJet pilots have shown time and time again that we can adapt to changing circumstances, and this pandemic tested our resolve to take drastic steps to ensure our future," Mauro said. "Regrettably, our efforts were not enough. Unfortunately, when cost is the only focus, the years of dedication by this pilot group for our mainline partner are overlooked and discredited, and the human element is ignored."

The Regional Airlines Association (RAA) also weighed in, warning of the exponential economic impact of a potential ExpressJet wind-down and calling on the U.S. Congress to extend the CARES Act Payroll Support Program (PSP) before its Sept. 30 expiration.

"ExpressJet is not the canary in the coal mine; without intervention, this will be the fourth regional airline to fail," RAA president Faye Malarkey Black said in a July 31 statement. "When an airline shutsters, it's like a negative force multiplier. The airlines' direct employees are dealt a crushing blow which continues to reverberate as small communities lose air service and those communities in turn lose business and even more job losses follow."

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before the pandemic. The company was able to actually increase year-over-year capacity on peak days of the week, while making deep cuts on off-peak days like Tuesdays and Wednesdays.

Allegiant VP-revenue planning Drew Wells attributed the carrier's low-utilization business model for allowing it to "nimblely adjust capacity" to match demand in Q2, citing the quick snap back from being down 87% in scheduled flying in April to being down just 30% in June.

"This flexibility not only allowed Allegiant to take full advantage of the stronger demand in June, but also reduced direct operating expenses in April and May," Wells said. "In my opinion, we have the ability to flex ourselves to meet changing conditions better than any other carrier."

Leisure demand typically drops off following Labor Day in the U.S., and both Allegiant and Spirit reported deteriorating forward bookings, suggesting the U.S. Sun Belt surge in COVID-19 cases will set them up for a particularly weak

off-peak season this fall. The two airlines are retrenching, with both trimming their third-quarter capacity estimates and warning of possible layoffs after federal job protections associated with the CARES Act expire in October.

Still, their strong showings in June suggest that ULCCs are primed to succeed in the new demand environment when the latest surge in infections ebbs, potentially setting them up for another outsize performance in Winter 2021—or even next summer—assuming there will be no widely-available vaccine for at least another year.

"With the recent barrage of headlines regarding the increase in coronavirus cases, we've seen another setback in demand, and we expect the rest of the summer to remain challenging," Spirit president and CEO Ted Christie said on the South Florida-based company's Q2 earnings call. "However, when demand for leisure travel rebounds and stabilizes, as evidenced by our June results, our leading low-cost structure positions us well to be among the first to return to profitability."

REGULATORY/LEGISLATIVE

U.S. Lawmakers Debut Bill Mandating Mask Use In Airports And Inflight

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WASHINGTON—A group of 18 U.S. House Democrats led by the chairman of the Transportation Committee introduced a bill to mandate face coverings on airplanes and in airports, as debate continues over whether the federal government should issue new regulations or voluntary guidelines on masks.

The Healthy Flights Act of 2020, introduced July 30 by Transportation Committee Chairman Peter DeFazio (D-Oregon) and Aviation Subcommittee Chairman Rick Larsen (D-Washington), would make mask wearing mandatory in flight and at airports during any period of national emergency declared by the president under the National Emergencies Act.

The bill would require airlines to provide masks and personal protective equipment to all customer-facing crewmembers and would also introduce a civil penalty for passengers who disobey a pilot or flight attendant's instructions to cover their face in the cabin. Airlines have grappled with how to enforce their mask policies in the absence of federal regulations, and most carriers represented by Airlines for America have taken to banning noncompliant passengers from future flights during the pandemic.

"The Healthy Flights Act provides clear, consistent rules and guidelines that give flight and cabin crews the authority they need to keep passengers safe, mitigate the spread of this insidious disease and help our country prepare for future pandemics,"

DeFazio said in a statement.

The legislation gives the FAA broad authority to enact "any requirements necessary ... to protect the health and safety of airline workers and passengers," which would empower the agency to take more forceful steps to protect public health during a future pandemic. Many critics of the FAA's response to the COVID-19 pandemic have said the agency should have gone beyond issuing voluntary guidelines, particularly with regard to a federal mandate on mask wearing.

"The FAA administrator has the authority and duty to protect passenger health and safety," Association of Flight Attendants-CWA (AFA) president Sara Nelson said in a statement. "Requiring masks does that and clearly communicates expectations to the traveling public, which also reduces the potential for conflict on planes."

The law would also mandate the creation of a national aviation pandemic preparedness plan, as well as a special department within the FAA to advise the administrator on infectious diseases in air travel.

"Mandating a healthy flying environment to protect the traveling public will help restore public confidence in air travel and allow crewmembers to welcome passengers back aboard our plan," Air Line Pilots Association (ALPA) president Joe DePete said.

The legislation has the backing of 11 national aviation labor unions, including the AFA, ALPA, Allied Pilots Association, Airport Council International-North America and Transport Workers Union of America.

AIRLINES

KLM To Cut Up To 5,000 Jobs, Citing 'New Reality'

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Dutch airline KLM said it would cut 4,500-5,000 jobs as it embarks on a post-COVID-19 road to recovery that is set to be "long and fraught with uncertainty."

A full restructuring plan will be unveiled in October, KLM said July 31. The announcement comes a day after parent Air France-KLM reported a €2.6 billion (\$3 billion) net loss for the second quarter (Q2) and added that capacity would remain at least 20% below 2019 levels in 2021.

KLM said it had operated 30% of originally planned flights in July, but with load factors lagging behind. Capacity was up from 10% at the start of April, and the 15% averaged in Q2. "As a result, while the network is again being gradually and carefully expanded, revenues are lagging far behind," KLM said July 31.

"Prospects for the airline industry—and KLM in particular—are uncertain. Different countries are now beginning to tighten their more relaxed travel restrictions. This is making customers more cautious when it comes to booking a ticket. In all scenarios, demand is only expected to recover by 2023 or 2024 at the earliest," the airline said.

KLM has received a total of €3.4 billion in the form of state loans and guarantees—while larger partner Air France has also been granted €7 billion in state support—but KLM needs to adjust its size to the "new reality," the company said. That means cutting 4,500-5,000 out of 33,000 jobs over the course of 2021 to leave a total workforce of 28,000.

The airline will achieve these reductions partly through non-renewal of temporary contracts, a voluntary departure scheme and natural attrition through retirement, but said "alternative solutions" would need to be found for around 1,500 positions:

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AIRLINES

European Business Aviation Taking Customers From Airlines Amid COVID-19

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SALZBURG, Austria—The European Business Aviation Association (EBAA) has reported growing demand from passengers who would ordinarily use airlines but are not willing to anymore because of the pandemic.

EBAA said there has been an upswing in demand since mid-June, when the EU lifted internal border restrictions to allow passengers to once again travel within Europe. The recovery really began at the start of the summer period.

"The use of small aircraft favored during the crisis seems to continue. Turboprop and light jets account for 70% of the traffic," EBAA said.

"During the lockdown period starting from mid-March, we reduced our capacity by 82%. But currently, all our aircraft are flying around the clock," GlobeAir CEO Bernhard Fragner told Aviation Daily.

The Austria-based company operates 20 Cessna Mustang Jets all over Europe. Fragner added that GlobeAir has seen an 8.6% increase of flights to 1,288 in July compared to the same month in 2019, while monthly net sales rose 11.3% year-on-year and the number of passengers increased 6%.

There are currently 1,400 private jets based in Europe, 700 of which operate commercially. "About 300,000 passengers use business aviation per year. In 2019, there were 220,000 flights within Europe by private jet," Fragner said.

However, the largest-ever number of European business aviation flights in a year was back in 2007, when Europe registered 340,000 flight movements. "Global business aviation is dominated by North America with a share of 60%, followed by Europe with 35% (of the global business aviation market share)," Fragner said.

"Many passengers don't appreciate traveling with a mask on. Even the reduced offer from airlines helps our business. Therefore a sustainable change is coming, and individual air travel will increase," Fragner said, who is receiving more requests from regular Lufthansa business-class flyers.

Bio-security is another topic. Fragner explained that a passenger traveling on a normal scheduled flight has to pass through 700 to 800 touch points until they reach the aircraft, at the terminals and during check-in for example. "Reaching a private jet reduces the touch points to only about 20," he said.

Doha-based Qatar Executive—which operates 18 aircraft and specializes in long-haul routes—is also seeing a lot of new interest.

"The outlook is very bright indeed. Day by day, demand is growing. People want to travel and our product offers safety. So it is not only about efficiency and comfort," Qatar Executive acting EVP Mark Hardman told Aviation Daily in an exclusive interview.

"We are committed to the ultra-long-range private jet business. But 42% of our overall business is generated in Europe," he added.

Hardman said the COVID-19 pandemic creates both challenges and opportunities. "But now, there are a lot of operational challenges. Borders, travel restrictions ... which we have to take care off," he explained.

Qatar Executive's 18-strong fleet includes Gulfstream G650ER-, G500-, G700 and

BIZAV, P. 8

AIRLINES

British Airways Pilots Accept Jobs, Salary Deal

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LONDON—British Airways (BA) pilots have reluctantly accepted a new pay and conditions deal that will mitigate job losses at the cost of cuts to their salaries.

The British Airline Pilots Association (BALPA) announced late July 31 that a ballot on the deal had received an 85% acceptance vote on an 87% turnout of BA's 4,300 flight deck crew.

The vote came about after BA initially threatened to make 1,255 pilots redundant and then fire and rehire the remainder on

worse terms, the union said.

Following negotiations with BALPA, the union secured a deal involving a reduced number of redundancies—270, with the hope that this figure will be further trimmed—in exchange for a 20% pay cut, which will be reduced to 8% over the next two years and then zero over the longer term.

There will be no fire and rehire of pilots, BALPA said in a statement.

"Our members have made a pragmatic decision in the circumstances, but the fact that we were unable to persuade BA to avoid all compulsory redundancies is bitterly disappointing," BALPA general secretary Brian Strutton said.

AIRLINES

Hawaiian Airlines Rightsizing For Extended Demand Slump

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While Hawaiian Airlines is raising financing to ensure its survival in the short-term, it is also looking further ahead at what changes will be needed to adjust to the long-term industry outlook.

The carrier's "primary planning scenario" is that it will be 15-20% smaller in terms of capacity next summer compared to 2019 levels, Hawaiian CEO Peter Ingram said during the airline's 2020 second-quarter earnings call on July 28. The airline reported a net loss of \$106.9 million for the quarter.

Hawaiian is looking to "rightsizing our company for this new baseline, allowing us to build back the business over time from the smaller base," Ingram said. This will involve reducing staff numbers, and the carrier has begun to offer voluntary retirement packages to various work groups.

Ingram acknowledged that some involuntary furloughs will likely be needed, and employees who may be affected will be notified in coming days.

Discussions with Boeing continue regarding changes to the delivery timetable for the 10 787-9s Hawaiian has on order. While deferrals have yet to be finalized, Ingram said the first two 787s are not expected to enter service until 2022 or 2023, compared to the previous goal of 2021.

Hawaiian provided an update on its efforts to gain more financing to improve its liquidity. The carrier is issuing about \$260 million in enhanced equipment trust certificates secured against eight of its Airbus aircraft. Two sale-leaseback deals have also been closed to raise another \$114 million.

These moves will boost Hawaiian's liquidity position above \$1 billion. The airline will also have access to \$364 million in loans

through the U.S. government's economic relief program, which would increase liquidity to \$1.5 billion. This will be enough to weather the COVID-19 crisis, the carrier estimated, while noting that it still has four unencumbered A321neos which could be used to secure more financing.

Hawaiian's revenue and capacity were both down by about 92% year-on-year (YOY) in the second quarter. Demand was severely affected by the islands' 14-day quarantine requirement for visitors from the mainland and elsewhere.

However, the state plans to allow mainland travelers to bypass the quarantine requirement from Sept. 1 if they can provide proof of a negative COVID-19 test taken within 72 hours before departure. Ingram said this will help stimulate demand, although there is still uncertainty about details of the program.

After a brief surge of bookings, demand has slowed again recently, Hawaiian SVP for revenue management and network planning Brent Overbeek said. This has led Hawaiian to postpone its plans to reopen more of its U.S. mainland routes in August. The August schedule for the mainland market will now be similar to that in the second half of July. Hawaiian expects to operate less than 20% of its North America schedule in the third quarter. Overall capacity is forecast to be down 85% YOY in August.

Recovery of Hawaiian's international routes are a more distant prospect because of government travel restrictions. When international travel does resume, Hawaiian expects to reenter the Japanese and South Korean markets before Australia and New Zealand, Overbeek said.

Hawaiian also announced two new board members. One of them, Jayne Hrdlicka, is the former CEO of Australian LCC Jetstar and more recently advised Bain Capital in its bid to acquire Virgin Australia. The other new director is Michael McNamara, EVP and chief information officer of Target Corp.

REGULATORY/LEGISLATIVE

European Airlines, Airports Warn On Inconsistent COVID-19 Regulations

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PARIS—Europe's airline and airport associations have written to lawmakers across the continent warning that inconsistent COVID-19 travel restrictions are hampering consumer confidence.

The letter comes as the travel and tourism industry desperately tries to recoup some of this year's losses in the peak summer season.

Sent jointly by Airports Council International Europe (ACI Europe), Airlines for Europe (A4E) and IATA to Prime Ministers and those in charge of transport, health and home affairs in the EU, the UK and the Schengen zone, the letter criticized the introduction of new restrictions. The associations are particularly unhappy about measures that relate to selected countries, which they argue are inconsistent with the principles laid out by the World Health Organization (WHO) and the European Centre for Disease Prevention and Control (ECDC).

Among individual country travel restrictions, the British government announced July 25 that travelers from Spain would need to self-isolate for 14-days on arrival in the UK from July 26. That was a blow to airlines and the broader tourism industry, causing problems for the many Britons who were already vacationing in Spain at the time of the announcement; including UK transport secretary

Grant Shapps.

"The aviation sector has been dealt a crippling economic blow by the pandemic. Despite repeated calls for a science-based, harmonized and coordinated approach to new restrictions—differing national approaches have emerged," the associations wrote.

Some of the unilateral national measures go against expert guidance and further damage consumer confidence, they said. Introducing such restrictions fails to take into account other steps governments are taking, such as effective track-and-trace systems, they said.

"The European aviation sector is urging EU/Schengen States and the UK to reconsider restrictions to travel that have been imposed between them—including quarantines," the three associations said in the letter. "We fail to see any valid science-based and proportionate justification for such restrictions from a health policy perspective."

They called for renewed efforts to instead be put into coordinating and aligning responses to the evolving epidemiological situation at EU level and in close co-operation with the UK; reinforcing the principle of risk-based and proportionate measures, for example localized restrictions instead of blanket country bans and using quarantine as a last resort; ensuring the interoperability of contact-tracing apps; ensuring harmonized implementation of the EASA/ECDC and ICAO health protocols; and keeping the public informed, in cooperation with the travel and tourism industries.

AIRLINES

Travel Restrictions Force Air Canada To Cut Costs, Workforce

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Extensive home-country travel restrictions on top of downward pressure on air travel demand worldwide continues to constrict Air Canada, leaving the airline focusing on cargo revenues while it waits out the COVID-19 pandemic.

"Canada's federal and inter-provincial restrictions have been among the most severe in the world, effectively shutting down most commercial aviation in our country, which, together with otherwise fragile demand, resulted in Air Canada carrying less than 4% of the passengers carried during last year's second quarter," president and CEO Calin Rovinescu said.

Air Canada's 96% dip in 2020 second quarter (Q2) traffic came on a 92% decline in capacity compared to year-earlier figures. It is projecting third-quarter (Q3) capacity to be down 80% year-over-year, a slight decrease in capacity from its 75% estimate offered a few months ago, partly because of the ongoing restrictions related to the COVID-19 pandemic.

Among the travel restrictions Canada has in place is a ban on most travel to the country by non-Canadian citizens. This includes a jointly agreed-upon ban on all but essential transborder travel to and from the U.S. Air Canada was serving 53 U.S. markets. The transborder restrictions are slated to expire Aug. 22, but the monthly agreement has been extended several times since it was instated in March. Air Canada's Q3 modeling assumes the border will remain closed until at least October, Rovinescu told analysts on the carrier's Q2 earnings call July 31.

Provincial restrictions have reduced domestic demand as well—part of the reason Air Canada suspended 30 domestic regional routes and closed eight stations. The carrier's recovery model sees domestic travel coming back first; followed by broader leisure demand; then business travel within the available network; and international travel lagging behind. Current booking trends support this model, chief commercial officer Lucie Guillemette said, as the limited current demand is mostly for domestic leisure travel.

Air Canada generated 70% of its 2019 passenger revenue

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AIRLINES

IGAG Increases Capital, Proceeds With Air Europa Acquisition

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LONDON—International Airlines Group (IAG) has confirmed plans for a capital increase of up to €2.75 billion (\$3.2 billion) to bolster its cash reserves, as it announced a net loss of €3.8 billion for the first half of 2020.

Announcing its interim results July 31, IAG said that the capital infusion was fully backed by its largest single shareholder, Qatar Airways, which holds a 25.1% stake in the Group. The remaining 74.9% has been fully underwritten on a standby basis.

The cash injection “will allow us to strengthen our balance sheet and reduce leverage; [it] clearly enhances our liquidity and helps us to withstand a prolonged extended downturn in air travel,” outgoing IAG CEO Willie Walsh said. In an indication that IAG aims to extract any possible advantage out of the COVID-19 crisis, Walsh added the infusion would “provide us the opportunity to take advantage of any opportunities that present themselves as demand recovers.”

IAG reported half-year revenue down 55.7% at €5.3 billion compared to €12 billion a year ago. IAG’s net loss, including exceptional items, was €3.8 billion compared to a net profit of €806 million for the year-ago period. Excluding exceptionals, such as fuel hedging losses and an €808 million impairment caused by the early retirement of British Airways’ 32 Boeing 747-400s and Iberia’s 15 Airbus A340-600s, IAG’s operating loss was €1.9 billion.

Based on the current capacity planning scenario, IAG expects to reach break-even in terms of net cash flows from operating activities during 2020 fourth quarter(Q4).

Walsh said there was a clear structural shift in the market, and those airlines that believed the problem was temporary could face problems.

He noted that some airlines, notably Air France, “do not seem to be restructuring to take account of the historic change in the market. I worry for some of the others in the industry who are looking at strong liquidity and are not responding to the structural change that will be necessary. And I think it would be interesting to see the rate at which some of those companies burn through their cash as we go through the rest of this year and through 2021 and 2022.”

Like most in the industry, IAG now believes it will be 2023, or even 2024, before passenger demand recovered to 2019 levels, Walsh added.

Group-wide, IAG reduced capacity by 95% in Q2. The company is aiming for a 75% reduction for the third quarter.

“It’s true that we are going to increase the capacity from minus 85% in July to minus 62% by September, but it’s still very slow. And we estimate that [in] the fourth quarter, we will be around minus 46%. So, the total passenger capacity for 2020 is expected to be minus 59%, which is worse than what we expected last May—that was around 50%,” Walsh said.

“This is mainly due to the UK 14-day quarantine periods that we have right now and the slow return on U.S. and other long-haul routes,” Walsh added. “We are considering a slow return to service; in that way we can maximize the load factor and boost the cash for the group. And what we are trying to ensure is that each flight that we do is cash-positive.”

He noted that airlines in the Group were likely to recover at different rates.

Spain, for example, constituted the 11th largest domestic air travel market in the world, and recovery was progressing well there, with bookings currently running at 50% of 2019 levels.

Long-haul bookings remained the weakest, at around 20% of 2019, with no improvement since mid-June, reflecting the problems in the U.S. and Latin American markets. This particularly affects British Airways, which has a preponderance of long-haul routes.

To re-size the fleet to handle the slow anticipated upturn in demand, deliveries of 68 new aircraft scheduled to arrive from 2020 to 2022 have been deferred. Additionally, IAG intends to not replace the expiring leases of 20 aircraft through 2022.

Despite the current turmoil in the market, the Group plans to proceed with the acquisition of Spanish carrier Air Europa, with the hope of closing the deal by year-end. “The strategic argument remains strong and the synergies remain very encouraging,” IAG CFO Stephen Gunning said.

“We are in the middle of our negotiations,” Iberia chairman and CEO Luis Gallego added. The price for the airline had not yet been agreed.

Separately, IAG has approved the appointment of independent director Javier Ferrán as chairman, succeeding Antonio Vázquez.

UNITED, From P. 2

Earlier this month, United CEO Scott Kirby said the airline expects travel demand to recover over time but plateau at about 50% of 2019 levels until a COVID-19 vaccine is widely available. United cut capacity by 85% during the three months to June 30

and plans to grow it to 35% during Q3.

United Express flights are also operated by Air Wisconsin, GoJet Airlines, Mesa Airlines, Republic Airways and SkyWest Airlines.

KLM, From P. 3

up to 500 on the ground, 300 in the cabin and 300 in the cockpit. Another 400 roles at KLM subsidiaries and Air France-KLM group functions will need to go.

The airline left open the possibility of needing to make further cuts in the event of even lower than expected demand in 2021/22.

KLM said it would be working with unions and its works council ahead of presenting a finished restructuring plan in October.

"A great deal has already been done in recent months with respect to adjusting the size of our company in the face of a new reality. Unfortunately, more measures are needed in the short term to guarantee KLM's continued existence in the future," KLM CEO Pieter Elbers said.

Air France said earlier in July that it planned to cut 6,560 jobs by the end of 2022, with a further 1,020 to go from its subsidiary HOP!, as the French flag-carrier pushes ahead with its existing plans to shake up its domestic network that have been acceler-

ated by the COVID-19 crisis.

As it presented its half-year results July 30, Air France-KLM said that it expected capacity at 45% of 2019 levels for the third quarter and 65% for the fourth quarter. Capacity will remain at least 20% below 2019 levels in 2021 and a recovery to pre-crisis capacity is not expected until 2024.

The group's airlines are "carefully" increasing capacity for the summer months, aiming to rebuild their worldwide network "step-by-step" with a wide variety of destinations in the portfolio, Air France-KLM said.

Air France-KLM Group posted a net loss for the first half of the year of €4.4 billion and €2.6 billion in the second quarter, including a €520 million hit for the early phase-out of Airbus A380s and €72 million for its A340s phase-out, as well as €105 million in fuel over-hedging plus restructuring costs linked to voluntary departure plans. Group passenger numbers fell 61.7% to 19.3 million in the first half.

BIZAV, From P. 4

Global 5000 aircraft. "These aircraft give us a range from anywhere between four to 15 hours, up to 7,500 nm," Hardman said. Qatar Executive is a subsidiary of Qatar Airways Group and has close to 400 employees.

So far the outlook for this industry remains good, but the global economic crisis could also lead to consolidation as

there are still many small business aviation operators in Europe.

"Consolidation in our business is coming," Fagner said. "As soon as a smaller carrier goes into bankruptcy, it is almost impossible to get back, especially when they lose the AOC and funds for a new investment are not present."

AIR CANADA From P. 6

from transborder and international flying.

Like many carriers, Air Canada has shifted to all-cargo flying, which is not hampered by the same restrictions as passenger service. It plans to operate up to 100 all-cargo flights per week, using mostly widebody aircraft reconfigured to carry more cargo. It recently converted four passenger Boeing 777s and three Airbus A330s to carry main-deck cargo. The airline's Q2 cargo revenue increased 52%, to C\$269 million (US\$200 million).

Total Q2 revenue fell 89% to C\$527 million as the airline reported a net loss of C\$1.75 billion, compared to a C\$343 million net profit in the year-ago period. The airline remains one of the few large global network carriers that has not received state aid, as none of the Canadian government's financial support set up thus far has targeted aviation. Rovinescu said that industry and the government continue to discuss possible aid.

Air Canada sees industry-wide recovery taking "at least" three years, Rovinescu said, echoing the airline's stance taken in the pandemic's early days, before most peers accepted that 2019 traffic levels would not be seen again before 2024 at the earliest.

While the airline will emerge smaller, Rovinescu said the carrier

has no plans to deviate from its foundational strategy as a global network carrier.

"The global gateway strategy has not changed," Rovinescu said. "Air Canada trades in global traffic flow and that is the continued strategy for the company."

Meanwhile, the carrier continues to reduce costs, ramping up efforts to account for the prolonged demand slump. The airline has cut costs and spending plans by C\$1.3 billion, well beyond its C\$500 million target set early in the pandemic. It also has cut more 50% of its 40,000-strong, pre-pandemic workforce through both voluntary and involuntary programs. Air Canada's Q2 operating expenses were down 64%.

Earlier this year, the airline announced it would permanently retire 79 aircraft in the first quarter of 2020. Fifty aircraft were parked in Q2: 14 Embraer E190s, 30 767s and six A319s.

Air Canada said its total fleet numbered 177 aircraft on June 30, including many that are parked awaiting an uptick in demand, as well as 24 MAXs that have been grounded since March 2019. Global regulators grounded the fleet worldwide, and it remains parked as Boeing works to address safety and training issues.

Industry Data

**Network Airlines Full-Time Equivalent Employees*
By Month 2018 - 2020**

	2018	2019	2020	Percent Change 2019-2020
January	281,138	283,825	290,341	2.3
February	281,741	284,770	291,557	2.4
March	283,162	286,199	291,209	1.8
April	284,386	287,095	262,300	-8.6
May	285,804	288,107	247,649	-14.0
June	286,670	289,233		
July	289,632	288,938		
August	285,145	287,947		
September	284,976	287,739		
October	284,765	288,780		
November	283,294	288,147		
December	283,677	289,159		
Jan - May Average	283,246	285,999	276,611	-3.2
12-Month Average	284,533	287,495	115,255	-1.4

Source: Bureau of Transportation Statistics

* Full-time Equivalent Employee (FTE) calculations count two part-time employees as one full-time employee

AVIATION WEEK

UAM

AUGUST 11-13, 2020

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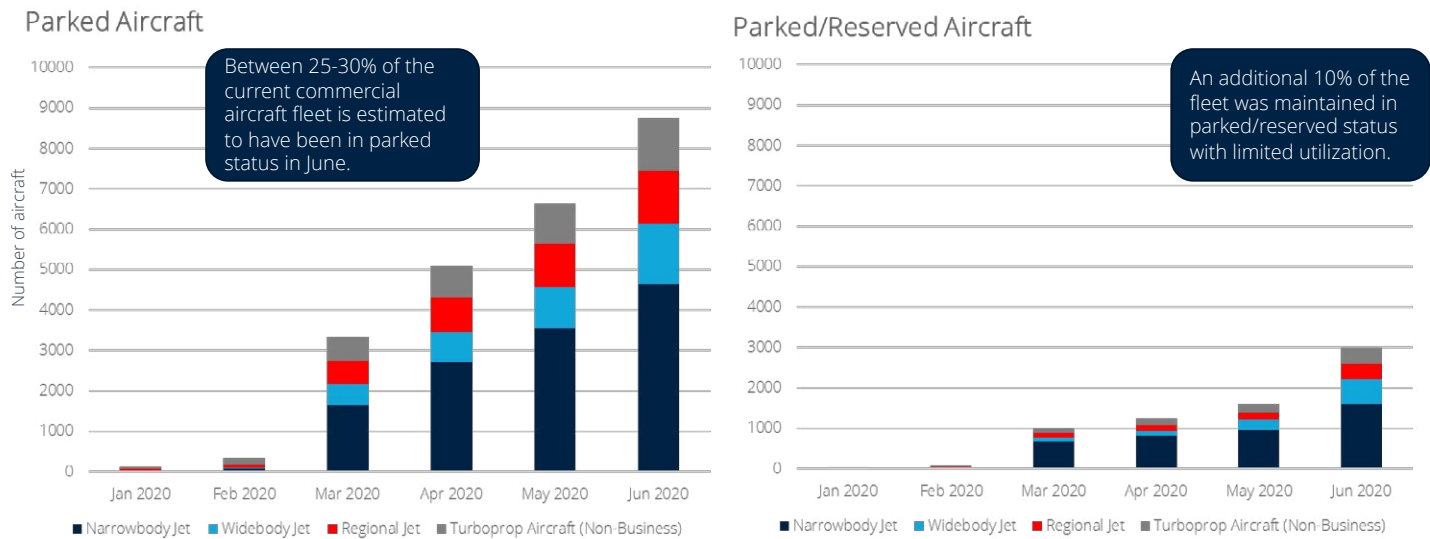
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Industry Data

COVID KPIs: Parked Aircraft – Short Term

Parked (On The Ground For 7+ Days) And Parked/Reserved (Flying 1-2 Days During 7 Day Period) Aircraft.



Source: Aviation Week Fleet Discovery

SpeedNews Commercial Aircraft & Engines Marketplace

COMPANY	COMMERCIAL AIRCRAFT FOR SALE OR LEASE	PHONE	E-MAIL	CONTACT
ALTAVAIR LTD	6- A330-300 (TRENT 772-60/19), DOM 2009-2011, 8F/32C/191Y, FOR SALE OR LEASE 16- A330-200 (TRENT 772-60/16), DOM 2005-2014, 22C/240Y, FOR SALE OR LEASE 2- A330-200 (CF6-80E1A4B), DOM 2008, MSN 947/956, FOR SALE OR LEASE, AVAILABLE NOW 1- 737-800 (CFM56-7B26), DOM 2000, MSN 27965, FOR SALE, AVAILABLE NOW	(44)20-7535-1602	clive.bowen@altavair.com	CLIVE BOWEN
AVENTURE AVIATION	1- 757-200 (RB211), MSN 27971, STORED IN ARIZONA, FOR SALE OR LEASE, AVAILABLE NOW	(1)770-632-7930	talha@aventureaviation.com	TALHA FURUQI
DORIC	2- 777-300ER (GE90-115B), DOM 2009, MSN 35592/36158, FOR SALE OR LEASE, AVAILABLE 2Q21	(49)69 247559931	maurick.groeneveld@doric.com	MAURICK GROENEVELD
JET MIDWEST	1- 777-200ER (TRENT 892), DOM 1997, MSN 28410, AIRCRAFT AND/OR ENGINES FOR SALE OR LEASE 1- 767-300ER (PW4056), DOM 1991, MSN 24953, AIRCRAFT AND/OR ENGINES FOR SALE OR LEASE	(1)913-706-2517	aircraft@jetmidwest.com	MARIZA BROWNING
JETRAN LCC	1- 757-200F (-S35E4), MSN 24235, DOM 1988, FOR SALE OR LEASE, AVAILABLE MAY 2020	(1)210-269-3471	blowers@jetran.aero	NICK BLOWERS
KAHALA AVIATION	1- A319-100 (CFM56-5B5/P), MSN 2843, WHOLE AIRCRAFT OR AIRFRAME ONLY, FOR SALE/LEASE, AVAIL DEC 2020	(353)870677466	mgarland@kahalaaviation.com	MIKE GARLAND
PRESIDIO AIRCRAFT LEASING	2- A330-200 (CF6-80E1A3), DOM 2002/2005, MSN 472/700, 345Y, FOR ACMI LEASE, AVAILABLE NOW 1- A330-200 (CF6-80E1A3), MSN 871, DOM 2007, FOR ACMI/DRY LEASE, AVAILABLE NOW 1- A330-200 (PW4168A), MSN 970, DOM 2008, FOR LEASE, AVAILABLE NOW	(1)312-772-1613	shaire@aefinc.com	STEPHEN HAIRE
COMPANY	ENGINES FOR SALE OR LEASE	PHONE	E-MAIL	CONTACT
ALPHA AVIATION PARTNERS	1- PW4060/4056-1C, SERVICEABLE, FRESH 8130, FOR SALE OR LEASE, AVAILABLE NOW	(1)601-421-7844	mark@alphaaviationpartners.com	MARK WALENCYK
ALTAVAIR LTD	8- TRENT 772-60/16, ESN & ESPR/CSPR TIMES AVAILABLE ON REQUEST, FOR SALE OR LEASE, AVAILABLE NOW 2- GE90-115B/1, ESN & ESPR/CSPR TIMES AVAILABLE ON REQUEST, FOR SALE OR LEASE, AVAILABLE NOW 2- CFM56-7B26, ESN & ESPR/CSPR TIMES AVAILABLE ON REQUEST, FOR SALE OR LEASE, AVAILABLE NOW 4- CF6-80E1A4B, FOR SALE/LEASE/EXCHANGE, AVAILABLE NOW	(44)20-7535-1602	clive.bowen@altavair.com	CLIVE BOWEN
ASI AERO	1- CFM56-7B24, ESN 890198, SERVICEABLE, FOR SALE OR LEASE, AVAILABLE NOW	(1)561-931-6650	daves@asiaero.com	DAVID SILVERS
CROSS OCEAN PARTNERS	1- CFM56-7B26 / 1- CF6-80C2B5F / 1- V2524-A5: FOR SALE OR LEASE, AVAILABLE NOW	(353)874-586-347	tm@crossoceanpartners.com	TIM MULLIGAN
FOUR CORNERS AVIATION	1- CF6-80C2B1F, FULL QEC, FOR SALE OR LEASE, AVAILABLE NOW 1- CFM56-7B QEC NEUTRAL KIT, SERVICEABLE, FOR SALE, AVAILABLE NOW	(31)6-5289-0484	twlinden@4caviation.com	TOM VAN DER LINDEN
GEICAS ENGINE LEASING	CF34-8C1/-8C5/-8E/-10E - CF6-80C2/-C2Bx/-80E - GE90 - GENX-1B - CFM56-3/5/7 AE3007 - RR TRENT 800 - P&W & RB211 PRODUCTS: AVAILABLE FOR SALE OR LEASE	(1)513-604-1210	engine.leasing@gecas.com	SHERRY RILEY
GLOBAL ENGINE MAINTENANCE, LLC	3- CFM56-3C1, AVAILABLE JULY/AUGUST 2020	(1)305-717-0951	jamie.d@global-engine.com	JAMIE DEVIN
GRYPHON AVIATION LEASING	2- CFM56-7B26, ESN 889376/889377, SERVICEABLE, FOR SALE/LEASE/EXCHANGE, AVAILABLE NOW 1- CFM56-5B3/3, ESN 697576, SERVICEABLE, FOR SALE/LEASE/EXCHANGE, AVAILABLE NOW	(1)786-468-6789	peter@gryphonleasing.com	PETER CURBELO
SKY LEASING	1- PW4060-3, SERVICEABLE, FOR LEASE	(1)415-860-9390	twiley@skyleasing.com	TRAVIS WILEY
WILLIS LEASE	GEax / LEAP / CFM56 / IAE / GE / P&W ENGINES AND APUS FOR LEASE, PLUS ENGINE STANDS	(1)415-408-4742	leasing@willislease.com	JENNIFER MERRIAM
COMPANY	AIRCRAFT/ENGINES WANTED	PHONE	E-MAIL/WEB ADDRESS	CONTACT
NORTHERN AVIATION SERVICES	SEEKING 767-300F AIRCRAFT & CF6-80C2B6 ENGINES OR NORTHERN AIR CARGO OPERATIONS SEEKING 737-300F/400F AIRCRAFT & CFM56-3C1 ENGINES OR NORTHERN AIR CARGO & ALOHA AIR CARGO OPS		solson@naservices.aero	SCOTT OLSON

Calendar

To list an event, send information in calendar format to Amy Hardcastle at amy.hardcastle@informa.com. For a complete list of Aviation Week Network's upcoming events, and to register, visit www.aviationweek.com/events (Bold type indicates new calendar listing.)

[Canceled] Aug. 11-13—Latin American Business Aviation Conference & Exhibition (LABACE), São Paulo, Brazil, <http://www.labace.com.br/en/labace-2020-en>

[Virtual Event] Aug. 11-13—Aviation Week Urban Air Mobility Virtual, <https://uam.aviationweek.com/en/home.html>

[In Person and Virtual] Aug. 23-25—25th International Aviation Forecast Summit, Hyatt Regency Cincinnati, Cincinnati, Ohio, <https://web.cvent.com/event/d19a1f7c-68ea-486c-a8bf-e9fe0dce258b/summary>

[Virtual Event] Aug. 25-26—SpeedNews Aerospace Manufacturing Conference, <https://amc.speednews.com>

[Virtual Event] Aug. 25-26—Bombardier Safety Standdown 2020, <https://safetystanddown.com/en>

[Canceled] Sept. 1—Triple Tree Aerodrome Nall in the Fall, South Carolina, <https://tta.aero/aviation-events>

[Postponed until May 19 -20, 2021] Sept. 1-2—Helicopter Technology Central And Eastern Europe 2020, Novotel Budapest Centrum, Budapest, Hungary, <https://www.smi-online.co.uk/defence/europe/Future-Helicopter-Technology>

[Virtual] Sept. 2—CAPA Australia Pacific Aviation Summit, Adelaide Convention Centre, Adelaide, Australia, <https://apas20.capaevents.com>

[Virtual Event] Sept. 3—Investing In Aviation Finance: Japan, Tokyo, Japan, <https://www.ishkaglobal.com/Events/Event/86/Investing-in-Aviation-Finance-Japan-Virtual-Event>

[Virtual Event] Sept. 15-16—SpeedNews Commercial Aviation Industry Suppliers Conference, <https://ace.speednews.com>

[Virtual Event] Sept. 16-17—Aviation Week Aero-Engines Europe,

<https://www.aeroengineconference.com/en/home.html>

[Virtual Event] Sept. 22-24—Aviation Week MRO Asia-Pacific, <https://mroasia.aviationweek.com/en/home.html>

[Virtual Event] Sept. 23-25—World Aviation Festival, <https://www.terrapinn.com/conference/aviation-festival/index.stm>

[Virtual Event] Sept. 26—Girls in Aviation Day, <https://www.wai.org/giad>

Sept. 28-30—Airline Economics Growth Frontiers Dubai, Ritz Carlton Dubai, Dubai UAE, <https://www.aviationnews-online.com/conferences/dubai>

[Postponed until Nov. 30] Oct 6—Airports Development Conference, Concorde Conference Centre, Manchester, UK, <https://www.built-environment-networking.com/event/airport-cities-development-conference>

[Canceled] Oct. 6-8—NBAA Business Aviation Convention & Exhibition (NBAA-BACE), Orange County Convention Center, Orlando, Florida, <https://nbaa.org/events/2020-nbaa-business-aviation-convention-exhibition>

[Postponed until 2021] Oct. 8-10—Routes Asia 2020, Chiang Mai, Thailand, <https://www.routesonline.com/events/211/routes-asia-2020>

Oct. 19—Aviation Week Network's 63rd Annual Laureate Awards, The Ritz-Carlton Tysons Corner, McLean, Virginia, <https://laureates.aviationweek.com/en/home.html>

Oct. 20-21—DefenseChain Conference, The Ritz-Carlton Tysons Corner, McLean, Virginia, <https://defensechain.aviationweek.com/en/home.html>

Oct. 20-22—Regional Air Cargo Carriers Association (RACCA) 2020 Spring Conference, Hilton Scottsdale Resort, Scottsdale, Arizona, <https://www.raccaonline.org/racca-spring-conference-registration>

[Canceled] Oct. 26-27—CAPA Airline Leader Summit: Making Money 2020. Dublin, Ireland, <https://ait20.capaevents.com>