

The Business Daily of the Global Scheduled Airline Industry Since 1939

August 20, 2020

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AIRLINES

Incumbent Carriers Gain From China-U.S. Capacity Boost

BRADLEY PERRETT, perrett@aviationweek.com

BEIJING—Incumbent carriers will gain the benefits from an agreement between China and the U.S. to double air service capacity between them.

Routes are also unchanged, according to the U.S. Transportation Department (DOT), which announced the increase in services Aug. 18.

This rule will disappoint two Chinese carriers, Sichuan Airlines and Hainan Airlines, after having applied to reopen open routes to the U.S. that were closed earlier in the COVID-19 pandemic. One of the incumbents, China Southern Airlines, had also hoped to reopen routes.

On Aug. 12, the Civil Aviation Administration of China (CAAC) permitted U.S. airlines to increase total services to eight from four per week, the DOT said. In response, the U.S. has permitted the same volume for Chinese airlines.

The two U.S. carriers, Delta Air Lines and United Airlines, currently connecting both countries will double their current services, all of which serve Shanghai, according to representatives of the companies in China.

While no Chinese airline has announced a new schedule, the DOT indicated that the Chinese side of the business would also add no new airlines or routes to the market.

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Pandemic Disrupts South Korean Airline Takeover Plans

ADRIAN SCHOFIELD, adrian.schofield@informa.com

The COVID-19 crisis has interrupted an important phase of mergers and acquisitions in the South Korean airline industry, leaving the future of at least two of the country's carriers under serious threat.

The pandemic arrived at a particularly sensitive time for South Korea's airline sector. Tentative agreements had been signed for the takeovers of Asiana Airlines and Eastar Jet, but the industry was rocked by the novel coronavirus outbreak before the purchases could close. Now one of the acquisitions has been canceled, and the other remains in limbo as last-ditch talks are

underway to attempt to save it.

Eastar Jet was primed to be taken over by fellow South Korean LCC Jeju Air, but Jeju backed out of the agreement on July 23. This posed a serious headache for Eastar, which appeared to have limited survival options. However, two private equity groups have since expressed interest in investing, according to Eastar executives cited by the Yonhap News Agency.

Any new rescue plan for Eastar faces challenging hurdles. Eastar carries substantial debt and owes wages to its staff. The airline's operations have been suspended since March, and its

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Software for Hangars, Lines, and Shops
Mobile-enabled and in the Cloud

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“CAAC further informed the department that the four Chinese carriers currently providing scheduled passenger service to the United States have likewise qualified to increase their respective frequency of service from one-time weekly to two-times weekly,” the DOT said. “Accordingly, the Department’s Order will modify the previous decisions made in June to enable those qualified Chinese carriers to increase services to the United States, as China has permitted for U.S. carriers.”

Why more flexibility has not been allowed is not entirely clear. But since the Chinese side already has more airlines and more routes in this traffic, the U.S. side is likely to have demanded reciprocity in any expansion. Since U.S. airlines sought in May to restore services they had cut at the height of China’s pandemic, a theme in commercial aviation relations between the two countries has been Chinese restrictiveness and U.S. advocacy of a return to a free market.

A common view among Chinese airlines is that they are more deserving, because they persevered with minimal, unprofitable international services from February to April—for the national

benefit and under government orders—after foreign carriers, including those from the U.S., severed connections with China. Furthermore, much of the demand between China and the U.S. now is from Chinese students abroad wanting to travel home.

The CAAC issued no statement in response to the U.S. announcement.

The four Chinese airlines that currently each fly once weekly between the two countries are Air China (between Beijing and Los Angeles), China Eastern Airlines (Shanghai and New York), China Southern Airlines (Guangzhou and Los Angeles) and Xiamen Airlines (Xiamen and Los Angeles).

Delta has been flying once a week to Shanghai from Seattle and once a week from Detroit, both services stopping in Seoul. United has applied both of its weekly flights to the route between San Francisco and Shanghai. All of these services will double, according to the company representatives.

Sichuan Airlines applied to the CAAC in July to fly once a week between Los Angeles and Hangzhou with an extension to

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air operator’s certificate has now lapsed, meaning it would have to be renewed.

Jeju signed an MOU to buy a controlling 51.17% stake in Eastar in December 2019. At that time, Jeju saw the potential of adding scale to its operation through acquisition. Jeju is the largest of South Korea’s LCCs, and Eastar was the fifth-largest before the pandemic struck.

As well as putting Jeju in an even more dominant position, the Eastar acquisition would have been an important first step towards consolidation of an increasingly crowded LCC market in South Korea. In addition to six incumbents, two more LCCs were approved by the government last year.

However, the new market dynamics created by the COVID-19 crisis changed the equation for Jeju. Suddenly, expansion does not look so attractive, and taking on more debt even less so.

This is also a factor in an even larger South Korean airline acquisition deal that is at risk of falling through. Hyundai Development Co. (HDC) is leading a consortium that won the right to take over Asiana, although there is now a strong possibility that HDC will pull out.

An initial agreement was reached in December 2019 after HDC was selected as the successful bidder for Asiana with the support of Mirae Asset Daewoo. Asiana had been struggling financially, and its largest shareholder Kumho Industrial had to

sell its 31% stake to resolve its own liquidity issues.

The worsening state of the airline industry has complicated the closing of the deal. HDC and Kumho have been in dispute over whether each side has been meeting their obligations under the initial agreement. The prospective purchasers appear to have less appetite for the deal now—at least in its current form.

HDC wants to conduct a fresh 12-week due diligence assessment of Asiana and has said it wants to renegotiate the terms. This has caused disagreements with Kumho and Asiana’s largest creditors, resulting in the deadline for closing the deal being postponed more than once.

Kumho and the main creditor—state-backed Korea Development Bank—have grown frustrated at the delay. Last week the matter came to a head when they issued an ultimatum to the HDC consortium to close the sale. At that point the deal seemed close to being canceled. However, the two sides have resumed negotiations in a last-ditch effort to see if they can reach consensus.

The collapse of the takeover would leave limited options for Asiana and its creditors to come up with a new plan to secure the airline’s future. There is a smaller pool of investors now with the ability or appetite to pour money into airlines. Failure to secure a deal would also present a dilemma for the government, which wants Asiana to survive to keep two major full-service carriers in the South Korea market.

AIRLINES

EasyJet Pilot Talks Collapse; Three UK Bases To Close

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LONDON—UK LCC easyJet is to close three UK bases at London Southend, London Stansted and Newcastle after ending redundancy consultations with pilots' union BALPA, triggering further potential redundancies at airports operator and ground handling provider Stobart Group.

On Aug. 17, BALPA said easyJet had “unilaterally” shut down redundancy negotiations, which have been underway for several weeks.

“We have put forward tough measures such as part-time and part-year working, which would have significantly reduced the need for compulsory redundancies. Rather than considering these proposals, easyJet have walked away,” BALPA general secretary Brian Strutton said.

EasyJet confirmed that it had closed the consultation, but said it remains committed to working with BALPA on the next phase, which includes voluntary redundancies and individual consultations.

“EasyJet has engaged with BALPA in a meaningful consultation as required by law,” an easyJet spokeswoman said. “We remain committed to continue to work with our employee representatives on the next phase of the consultation while focusing on reducing the number of compulsory redundancies alongside reducing job losses overall.”

The airline also referenced its agreement with its cabin crews' union Unite. “Through the consultation process with Unite, 93% of our cabin crew who were at risk of redundancy have opted for an enhanced voluntary redundancy package,” easyJet said.

In the same statement, easyJet firmed plans to axe its Newcastle (NCL), Southend (SEN) and Stansted (STN) bases,

effective Aug. 31.

Stansted and Newcastle will continue to be served by inbound aircraft, maintaining Newcastle-originating flights to Belfast, Bristol and Nice, as well as Stansted to Amsterdam, Belfast, Edinburgh and Glasgow. The LCC is withdrawing from Southend completely, leaving easyJet with eight UK bases.

EasyJet CEO Johan Lundgren described the base closures as a “very difficult decision,” triggered by lower demand in light of the COVID crisis. Other bases and routes will continue to be reviewed.

The base closures have had a knock-on impact on Southend Airport owner and operator Stobart Group, which also supplies easyJet with check-in and baggage handling at both Southend and Stansted.

“As a result of the decision to close these airport bases, Stobart Aviation Services will enter a consultation process with the teams affected by this as part of a wider cost-management program within the aviation division. London Southend Airport has also commenced a consultation process with its team in view of the challenges presented by COVID-19 and the resulting impact of blanket quarantine measures implemented by the UK government, which now includes key markets such as France, Spain, Malta, the Netherlands and Portugal,” Stobart Group said Aug. 18.

EasyJet currently has four aircraft based at Southend, serving 21 leisure destinations, which has so far generated 1.05 million passengers in fiscal 2020. All of easyJet's Southend flights will be canceled from Sept. 1.

“The Stobart Group board carefully stress tested the group's liquidity position under a variety of operating scenarios at the time of its successful capital raise in June 2020. As a result, the board remains confident in the Group's balance sheet, liquidity position and the medium-term opportunity for its key strategic London airport asset,” Stobart Group said.

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Chengdu and once a week between Los Angeles and Jinan, also with the Chengdu tag.

Hainan Airlines applied in June to reopen five routes, connecting various Chinese cities with Boston, New York and Seattle. Also in June, China Southern sought rights for four U.S. routes, the destinations being Los Angeles, New York and San Francisco.

But approval would have exceeded the mutual Chinese-U.S. flight limit, then at four a week for each side. The CAAC could have approved some of these applications now but, according to

the DOT's statement, has not, instead just doubling the services that are already running.

Shanghai is and will continue to be the Chinese destination for five-eighths of services between the two countries. Flights to Beijing, China's other main intercontinental gateway, are hampered by a CAAC requirement that they first arrive in another Chinese city for the health of passengers to be checked. This procedure reflects the high political importance to the Communist Party of China of protecting the national capital from a renewed novel coronavirus outbreak.

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AIRFRAMERS

Boeing Seeks More Voluntary Worker Departures

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Boeing will seek more voluntary layoffs in its commercial aircraft, MRO services and corporate offices, the company's chief executive revealed in an internal memo, as the giant airliner manufacturer tries to scale down its operations to meet a diminished market-place in coming years.

"I truly wish the current market demand could support the size of our workforce," CEO David Calhoun told employees. "Unfortunately, layoffs are a hard but necessary step to align to our new reality, preserve liquidity and position ourselves for the eventual return to growth."

The latest reductions bring the expected total cuts at Boeing to more than the 10% previously targeted. However, according to Calhoun, they should lower the number of involuntary layoffs pursued later. Boeing Defense and Space workers will not be as eligible for the voluntary opt-outs.

Boeing's total workforce at the end of 2019 counted around 161,100.

The Boeing cuts come as the COVID-19 pandemic and subsequent economic recession have forced aerospace manufacturers and MRO shops to announce tens of thousands of permanent workforce reductions, separate from temporary reductions. U.S. airlines could nearly double the tally come October if no further federal aid is provided and they follow through on letting go thousands more workers.

AIRPORTS

Kenya Airport Operator Warns It Will Auction Abandoned Aircraft

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More than 100 abandoned aircraft, ranging from McDonnell Douglas DC-8s to general aviation types, are to be auctioned off by Kenya's airport operator.

The Kenya Airports Authority (KAA) is attempting to remove potential safety hazards from four of its sites and recoup some of the costs the aircraft owners have incurred for parking there, sometimes for many years.

In the Aug. 14 issue of the East African nation's official government gazette, the KAA gave the owners of the aircraft 30 days to pay all outstanding charges relating to their aircraft and remove them. Failure to do so would result in the aircraft being auctioned off, the KAA said.

The list of aircraft scheduled for disposal are parked "at various airports' apron/airside areas or ... in the airports' movement area in absolute contravention of ICAO safety standards," the KAA said.

There are more than 40 airliners, ranging from small, Soviet-era regional turboprops to solitary examples of the Lockheed L-1011, Boeing 707 and De Havilland Canada Dash 7. Possibly the most exotic aircraft are two Douglas DC-6s. The most numerous type is the Fokker F50, of which seven are taking up valuable airport real estate.

According to the KAA, most of the aircraft belong to owners that have either long gone out of business or who have yet to get the aircraft airborne. The serviceability of most of the aircraft is likely to be low or non-existent.

Any buyer seeking a bargain will have to pay any outstanding parking dues or other charges, as well as the purchase price of the aircraft.

AIRLINES

Poland's Enter Air Places First 737 MAX Order Of 2020

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Boeing has garnered its first new sale for the grounded 737 MAX this year, after Polish charter airline Enter Air placed a firm order for two MAX 8s, with options to take two more.

"We are humbled by Enter Air's commitment to the Boeing 737 family," Boeing SVP-commercial sales and marketing Ihsane Mounir said in an Aug. 19 statement. "Their order for additional 737-8s underscores their confidence in the airplane and the men and women of Boeing."

Warsaw-based Enter Air took delivery of two MAX 8s prior to the type's global grounding last year, and currently has four more on firm order, according to Aviation Week Intelligence Network Fleet Data Services. Should it exercise the options included in the latest order, Enter Air's MAX fleet would rise to 10 aircraft.

The order, while small, signals confidence in the beleaguered jetliner, which has remained grounded since two deadly crashes killed 346 people within five months prior to the type's March 2019 grounding.

"Despite the current crisis, it is important to think about the future. To that end, we have agreed to order additional 737-8 aircraft," Enter Air general director and board member Grzegorz Polaniecki said in a statement. "Following the rigorous checks that the 737 MAX is undergoing, I am convinced it will be the best aircraft in the world for many years to come."

Boeing and Enter Air also finalized a settlement to address the financial damage caused by the global MAX grounding, which will provide compensation "in a number of forms and staggered over time," according to the companies.

"In the settlement with Boeing, we agreed to revise the delivery schedule for the previously-ordered airplanes in response to current market conditions," Polaniecki added. "The specific terms of the settlement are strictly confidential, but we are pleased with the way Boeing has treated us as its customer."

The 737 MAX received 430 cancellations and no new orders year-to-date through July 31, leaving its backlog of unfilled orders at 4,129 jets, according to Boeing's website. Included in that total are more than 450 aircraft that have been built but not delivered during the model's global grounding.

AIRLINES

Scandinavian Charter Operator Sunclass To Cut Third Of Staff

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Danish charter specialist Sunclass Airlines plans to lay off up to 375 personnel as it struggles with a drop in the number of passengers taking holidays amid the continuing COVID-19 pandemic.

Sunclass, formerly known as Thomas Cook Airlines Scandinavia until the UK-based holiday company collapsed in late 2019, was acquired by a Norwegian businessman and two private equity companies.

The rebranded carrier specializes in package holidays for several major Scandinavian tour operators.

Sunclass communications director Lisbeth Nedergaard told Aviation Daily Aug. 19 that "up to 200" jobs would be lost in Denmark across the full range of positions including pilots, technical staff and ground personnel, while a further 175 would be lost from Sweden-based cabin crew.

Job losses among Denmark-based pilots will be realized on a seniority basis, with some captains being demoted to first officers to prevent a glut of left-hand seat personnel.

Nedergaard said negotiations had been continuing over the summer over the number of layoffs, together with salary reductions averaging roughly 10% for those personnel who remained.

Nine out of 10 unions had agreed to this, Nedergaard said, but when the Swedish union representing cabin crew put it to a vote of their members there was a stipulation that the vote in favor had to be unanimous.

"Unfortunately, fewer than five of the 175 cabin crew voted 'no' and that put us in the situation where we had no other option [but] to let them all go," Nedergaard said.

Sunclass had a workforce of around 1,100 before the pandemic. The reduction in numbers became necessary because of a roughly 50% drop in the number of flights the carrier operated compared to normal. This decline was caused by general uncertainty over the novel coronavirus pandemic, particularly the rapidly-changing situation regarding quarantine regulations among European nations, Nedergaard said.

Nedergaard added that the forthcoming winter season "doesn't look too good" although she was slightly more optimistic about the summer 2021 season. People wanted to go on vacation and package holidays, with their financial guarantees for passengers in the event of cancellation, were likely to be fastest to return to normal business, she suggested.

Sunclass currently operates five Airbus A321s, with an additional two A321s in parked/reserve status, and one more parked, according to Aviation Week Intelligence Network Fleet Data. Its four A330s are in storage.

TECHNOLOGY

Honeywell Marks Additive Engine Milestone

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An additively manufactured bearing housing developed by Honeywell for the ATF3-6 turbofan has become what is claimed to be the first 3D-printed flight-critical engine part to be certified for service on an operational engine.

The milestone, which follows FAA approval, marks a significant step for production of safety critical engine components made using additive manufacturing rather than conventional casting processes.

Honeywell, which has been developing metal additive techniques since 2007, said the certification paves the way for production of additional 3D-printed qualified flight-critical parts on other engines.

The company pursued certification of the lower cost, faster manufacturing method for the number 4/5 bearing housing on the aging ATF3-6 because of the increasing costs of supporting the dwindling fleet. Originally developed by Honeywell heritage company Garrett in the 1960s, only around a dozen engines remain in service powering a handful of Dassault Falcon 20Gs operated by the French Navy.

Honeywell Aerospace VP of manufacturing engineering Jon Hobgood said the adoption of additive manufacturing has cut lead time from “approximately two years to two weeks.” Honeywell added that, following certification, multiple new bearing housings are expected to be produced through the end of 2020. The company also mass produces non-flight critical 3D-printed aircraft components.

Other engine makers, most notably General Electric, are similarly building up additive manufacturing capacity and investing heavily in 3D printing for parts in commercial engines ranging from the CFM LEAP-1 to the Catalyst turboprop. Additively manufactured components, including safety critical parts, are also included in the GE9X, which is expected to be certified shortly for use on the Boeing 777X.

Rolls-Royce developed an experimental large front bearing housing for testing on the Trent XWB in 2015 using electron beam melting technology. Rolls plans to certify that process for making parts of the UltraFan engine.

Pratt & Whitney also uses additive manufacturing for parts of the PW1000G geared turbofan and—working with Singapore-based ST Engineering—plans to introduce a 3D-printed fuel system component this summer for the maintenance, repair and overhaul of an unspecified engine model.

AIRLINES

Delta Air Lines On Track To Test 100% Of Its Workers For COVID-19

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Delta Air Lines is on track to test its entire workforce for COVID-19, as the carrier looks to reassure passengers about the safety of flying during the COVID-19 pandemic.

Atlanta-based Delta reported that half its 75,000 total employees have been tested for the illness, and confirmed it is “well on its way” toward reaching its goal of testing all employees. The company had 91,000 employees at year end 2019; management estimates around 17,000 employees volunteered to exit over the last several months.

Delta recently rolled out on-site testing in several hub cities where the largest number of employees reside, including Atlanta, Minneapolis and New York. Staff can also take tests at home, with the option to receive self-collection kits by mail upon request. Additionally, the company is offering free tests for COVID-19 antibodies at all its major domestic hubs, as well as more than 2,000 Quest Diagnostic facilities nationwide.

The testing initiative is part of a health and safety partnership between Delta, Quest and the Mayo Clinic.

Delta chief people officer Joanne Smith said the infection rate recorded so far among customer-facing employees is below the national average, which she said affirms the efficacy of the company’s layered approach to safety.

“While we’re encouraged by our results, we know we can’t afford to let up now,” Smith said. “Health experts agree that a multi-layered approach—one that includes testing, symptom-checking, mask-wearing, environmental cleaning and physical distancing—is the greatest inhibitor to spreading COVID-19 and will play a critical role in keeping our people safe in the weeks and months ahead.”

It is not clear what Delta’s approach to re-testing employees will be. When the program was first announced in June, the company said it would consult with the Mayo Clinic to decide on re-testing options, although it has not provided any update on what those plans will look like. A Delta spokeswoman told Aviation Daily the “goal is to get everyone tested right now before we retest.”

A Delta spokesperson did not immediately respond to a request for comment on re-testing plans. Under its current testing initiative, Delta employees who receive a positive result are required to isolate at home with full pay for at least 10 days. All employees who worked with the infected worker are required to remain out of the workforce for 14 days from the date of exposure, also with full pay.

AIRLINES

Icelandair Share Offering Slips To September

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Icelandair has pushed back the time line for its planned ISK20-23 billion (\$147–\$169 million) share offering to September, as the carrier continues to finalize a state-backed credit facility and secure shareholder approval for the capital increase.

Shortly after the COVID-19 outbreak hit, Icelandair started a financial restructuring process. This kicked off a series of negotiations with staff, lenders, shareholders, the Icelandic government, lessors and other suppliers.

Through these talks, Icelandair planned to reach new creditor and labor agreements, paving the way for new shares to be issued, as a prerequisite to access a government-guaranteed credit facility.

These negotiations, which were meant to be completed by mid-June, took longer than expected. On Aug. 11, Icelandair said agreements had been reached with all its key stakeholders, including its creditors and Boeing, although these remain conditional on the

share offering and the government-guaranteed credit facility.

Likewise, the offering was scheduled to be finalized in August, but in an Aug. 17 market update, Icelandair said, “the time line for the offering of shares has been adjusted and the offering will be held in September.”

The carrier plans to convene a shareholders’ meeting to approve the capital increase over the upcoming days.

“The company aims to sell new shares of ISK20 billion in nominal terms for a price of ISK1 per share,” Icelandair said. “Furthermore, in case of oversubscription, the board of directors would be authorized to increase the share offering by up to ISK3 billion resulting in a maximum offering size of ISK23 billion.”

The airline said negotiations with the Icelandic government, Íslandsbanki and Landsbankinn over a government-guaranteed credit facility are “in the final stages.”

“Conditioned upon the approval of the government for the credit facility (which will be subject to a further approval of the Icelandic Parliament), the company expects to publish an information memorandum for potential investors in the upcoming days,” Icelandair said.

AIRLINES

Alaska Airlines Sees Q3 Capacity Reaching 50% Of 2019 Level

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Alaska Airlines sees its 2020 third-quarter (Q3) capacity improving to half of its corresponding 2019 level, incrementally restoring flights while other U.S. carriers trim their schedules.

Seattle-based Alaska has gradually added back flights since cutting its schedule by 80% in April and May, with capacity improving sequentially to 32% of 2019’s level in June, 37% in July and 50% in August, according to a recent securities filing.

Despite the added flying, passenger revenues have flatlined to around 25% of last year’s level since July, coinciding with a national stagnation in air travel demand attributable to rising COVID-19 cases and new travel restrictions in many states.

Load factors have weakened moderately since peaking at 54% in July and are now back down to a range between 40% and 45%, indicating that additional capacity has not been accompanied by a commensurate increase in passenger volumes.

Still, Alaska plans to increase capacity to 60% of the 2019 level in September, according to schedule data from Bloomberg analyst George Ferguson, although that figure does not take into account the 60% load factor caps in place across its fleet. By comparison, the industry average for year-ago domestic capacity among the 10 largest carriers in September is 55%, with

Allegiant Air scheduling the most domestic capacity (91%) and United Airlines offering the least (41%).

According to Ferguson, Alaska is one of just a handful of U.S. carriers to grow capacity from August to September, alongside American Airlines, Delta Air Lines and JetBlue Airways. The rest of the industry will either hold their schedules steady or cut from August levels.

Alaska has taken a number of actions in 2020 that management hopes will position it to increase its market share through what is expected to be a multi-year recovery from the COVID-19 pandemic. In the past year, the company has cemented a west coast-focused codeshare alliance with American Airlines; announced a substantial expansion at Los Angeles International (LAX); and accelerated plans to join the oneworld alliance by year-end.

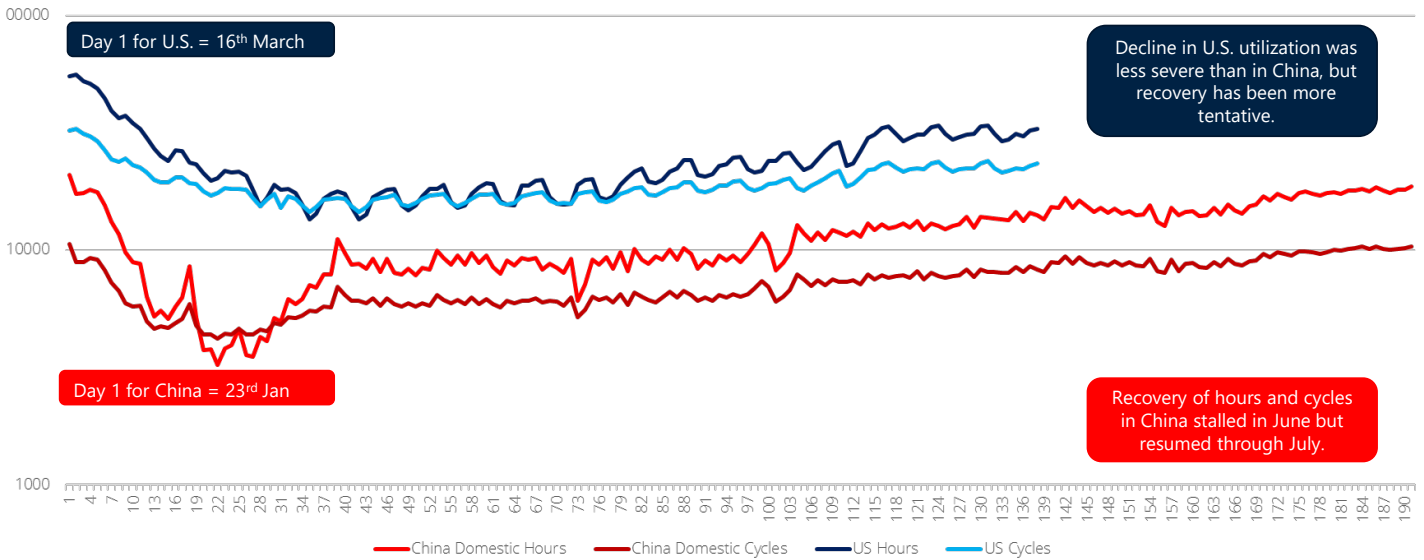
Still, Alaska is on track to burn through \$125 million in August, or roughly \$4 million per day. While that is a substantial improvement from monthly cash burn of \$175 million in July, the company has acknowledged the need to further slash labor costs to achieve breakeven cash burn by year-end.

Management has inked a deal with pilots to avoid involuntary furloughs until 2021, although other workgroups may not be as lucky. Around 4,200 employees at the company and its Horizon Air regional subsidiary recently received formal warnings of possible furloughs come Oct. 1.

Industry Data

COVID KPIs: Utilization – China And U.S. Comparison

Chinese Domestic Utilization Compared With Scheduled U.S. Utilization – Days Since Initial Utilization Fall



Source: Flight Tracking Data, Aviation Week Intelligence Network, Copyright 2020

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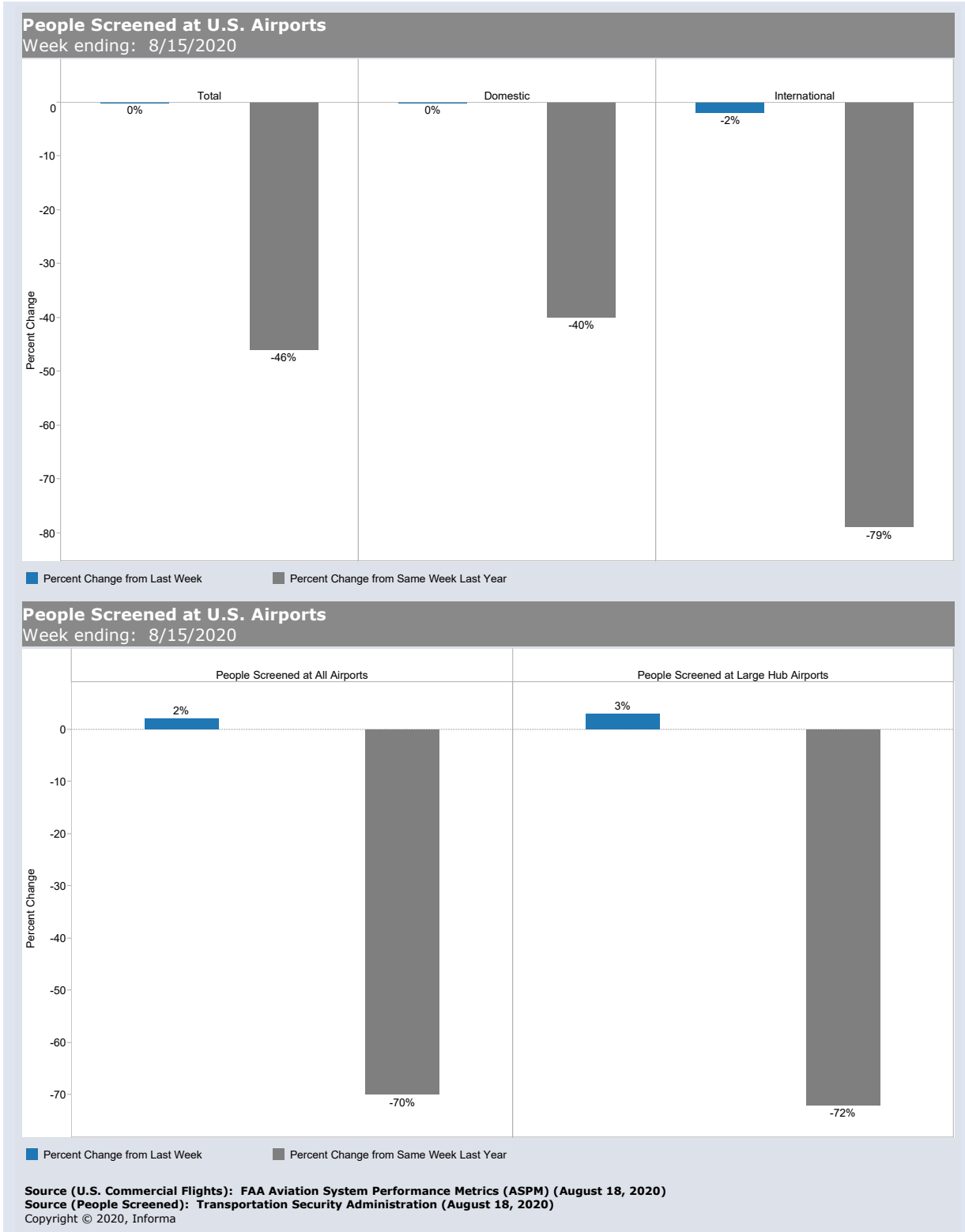
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- ➔ Executives in production, operations, research & development, technology and engineering



Industry Data

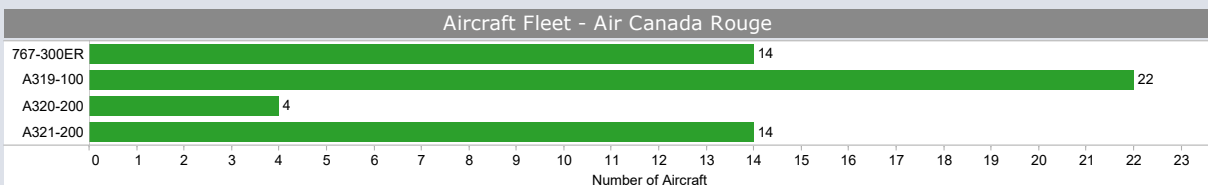
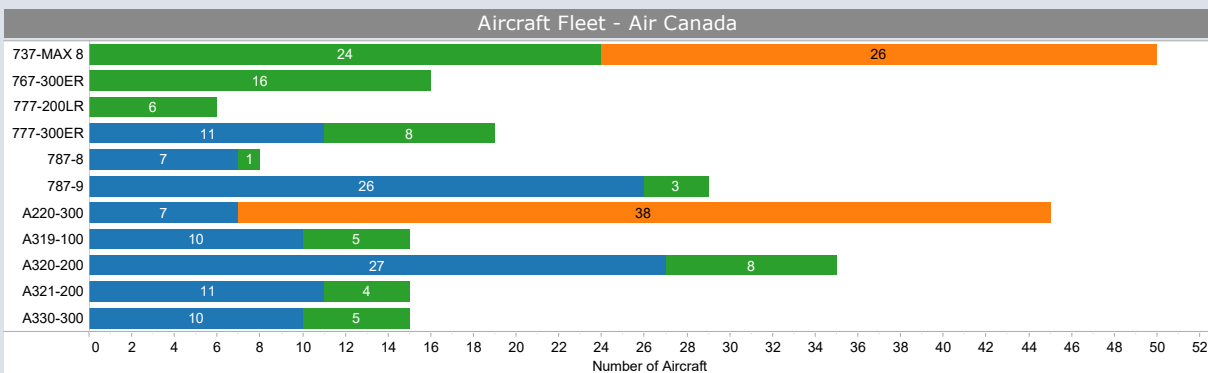
Variations In U.S. Total Commercial Flights; U.S. Airport TSA Screenings Week Ending August 15 Vs. Previous Week And Year-Ago Week



Airline Snapshot

Air Canada

Company Name: Air Canada
Year Founded: 1937
Website: www.aircanada.com
Company Description: Scheduled & charter passenger & cargo carrier
IATA Code: AC
ICAO Code: ACA
Alliance: Star Alliance



Status In Service (blue) Stored (green) On Order (orange)

Financial Metrics				Operating Statistics					
(Canadian dollars in millions)	2Q 2020	2Q 2019	First Six Months 2020	First Six Months 2019	(Canadian dollars)	2Q 2020	2Q 2019	First Six Months 2020	First Six Months 2019
Operating revenues	527	4,738	4,249	9,172	Revenue passenger miles (RPM) (millions)	783	23,463	18,290	44,756
Operating income (loss)	(1,555)	422	(1,988)	549	Available seat miles (ASM) (millions)	2,243	27,910	25,754	53,927
Income (loss) before income taxes	(1,481)	440	(2,757)	725	Average stage length (miles)	1,664	1,749	1,660	1,719
Net income (loss)	(1,752)	343	(2,801)	688	Revenue passengers carried (000)	480	12,837	10,407	24,868
EBITDA	(832)	916	(761)	1,499	Passenger load factor %	34.90	84.10	71.00	83.00
					Passenger revenue per RPM (Yield) (cents)	26.40	18.40	18.60	18.10
					Passenger revenue per ASM (PRASM) (cents)	9.20	15.50	13.20	15.10
					Operating revenue per ASM (cents)	23.50	17.00	16.50	17.00
					Operating expense per ASM (CASM) (cents)	92.90	15.50	24.20	16.00
					Adjusted CASM (cents)	76.90	11.10	18.70	11.30
					Fuel cost per litre (cents)	51.80	79.20	66.30	77.40

Source (aircraft fleet): Aviation Week Fleet Data Services (Fleet Update - August 14, 2020)
 Source (financial, operating data): Air Canada Reports Second Quarter 2020 Results (July 31, 2020)
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