AFRAA AIR TRANSPORT REPORT

Quarter 3&4 - 2022

Better Skies for Africa

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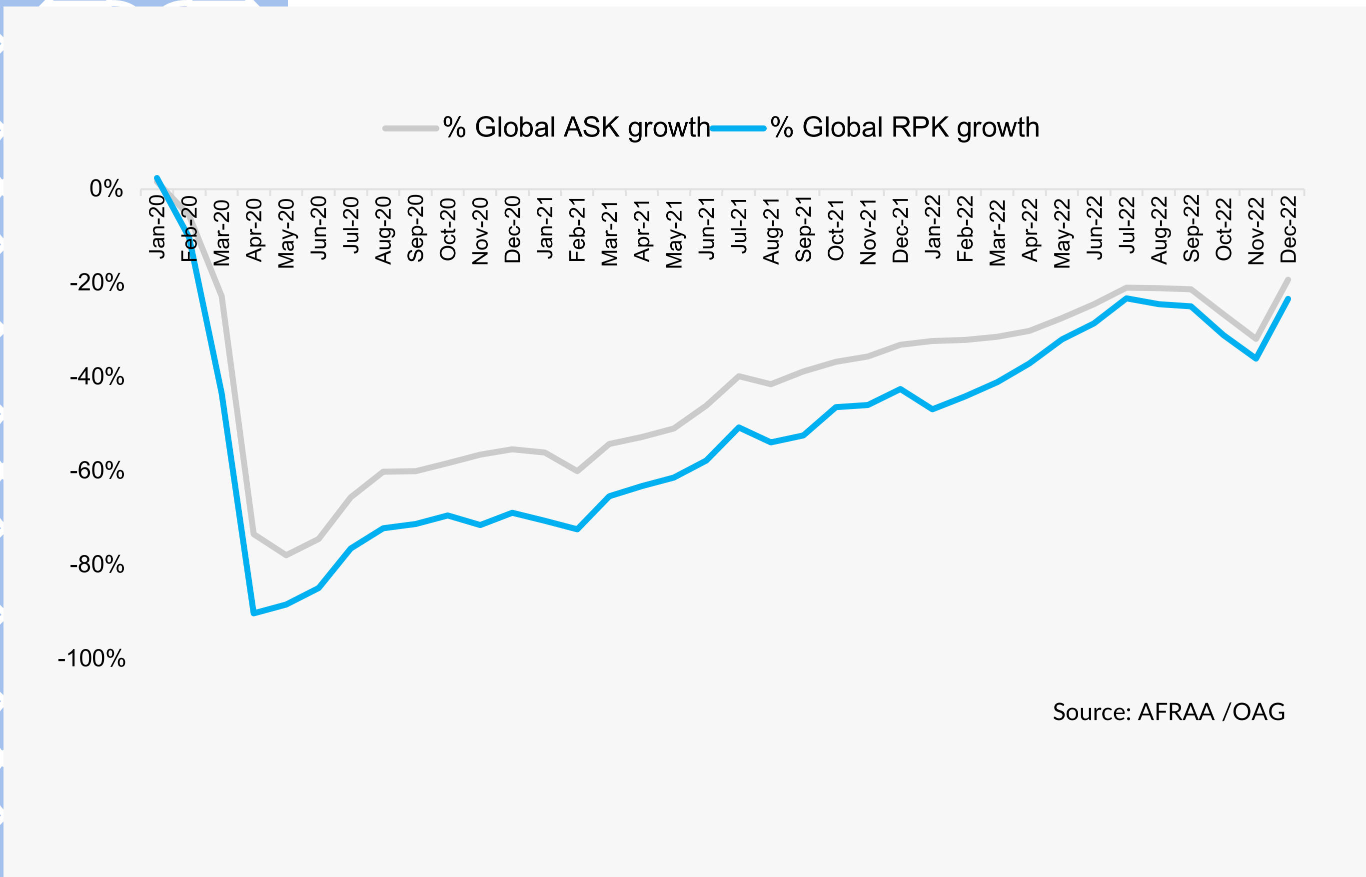
Global Airline industry performance

The second semester of 2022 saw traffic growth continue to move closer to 2019 levels. According to IATA, the remaining international traffic restrictions in the Asia Pacific regions were eased, encouraging the resumption if international traffic. However zero Covid strategy applied in China affected the global performance, particularly the domestic traffic.
The Jet fuel prices gradually reduced from July 2022 and the downward trend will continue during the first half of 2023.

During the third quarter of 2022, ASKs and RPKs reached 78.9% and 75.8% of 2019 levels, respectively. For the fourth quarter, ASKs reached 79.8% of 2019 levels, while RPKs reached 77.5%.

Figure 1: Global Industry ASK and RPK growth



IATA reports that the drop in air cargo traffic continued during the second semester of 2022. The ongoing war in Ukraine still affects cargo capacity and trade flows, while the high inflation rate and the unusual strength in US dollar affect the demand.

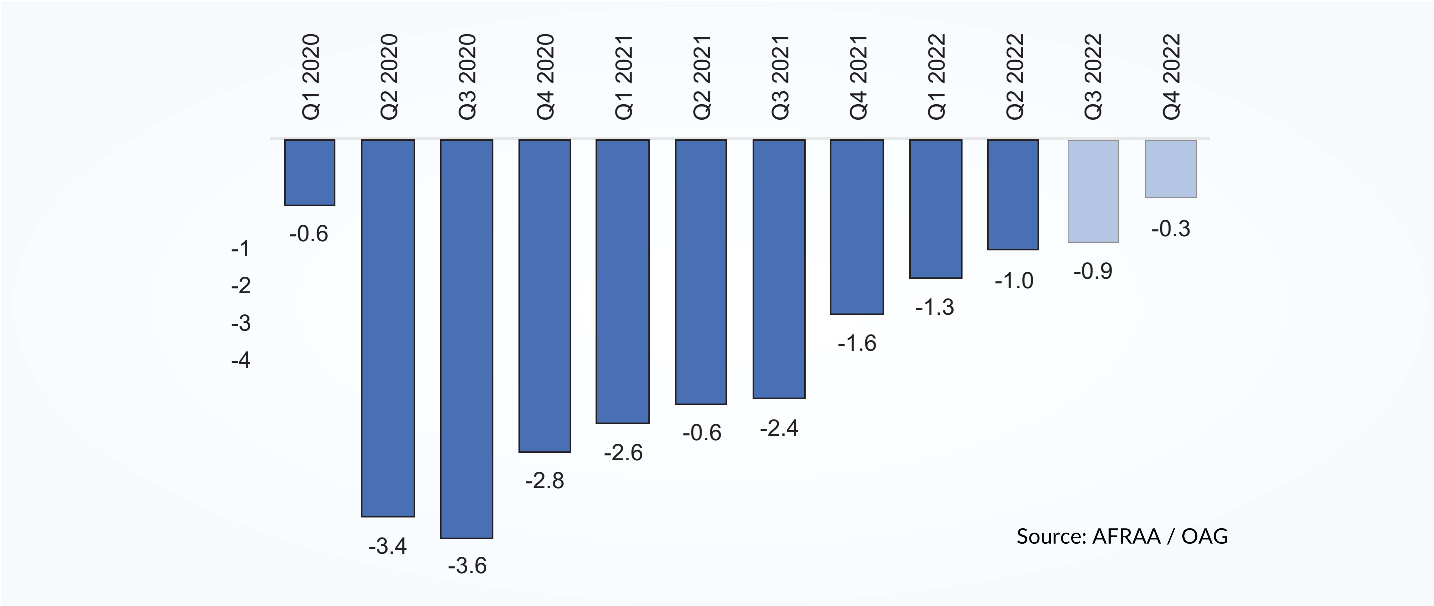
Industry-wide, cargo ton kilometers (CTKs) decreased in July 2022 by 9.7% year-on-year (YoY). In December, CTKs decreased by 10% compared to the same month in 2021. However, CTKs remain slightly above 2019 level : over the year 2022, CTKs level were 13.2% higher compared to 2019.

African airlines performance

Financial performance

The financial slowly recovered from the critical phase of the Covid 19 outbreak in 2019. Passenger revenue losses were estimated at USD 10.21 billion in 2020 and USD 8.6 billion in 2021. Losses are expected to reduce to USD 3.5 billion in 2022, representing 20% of 2019 revenues.

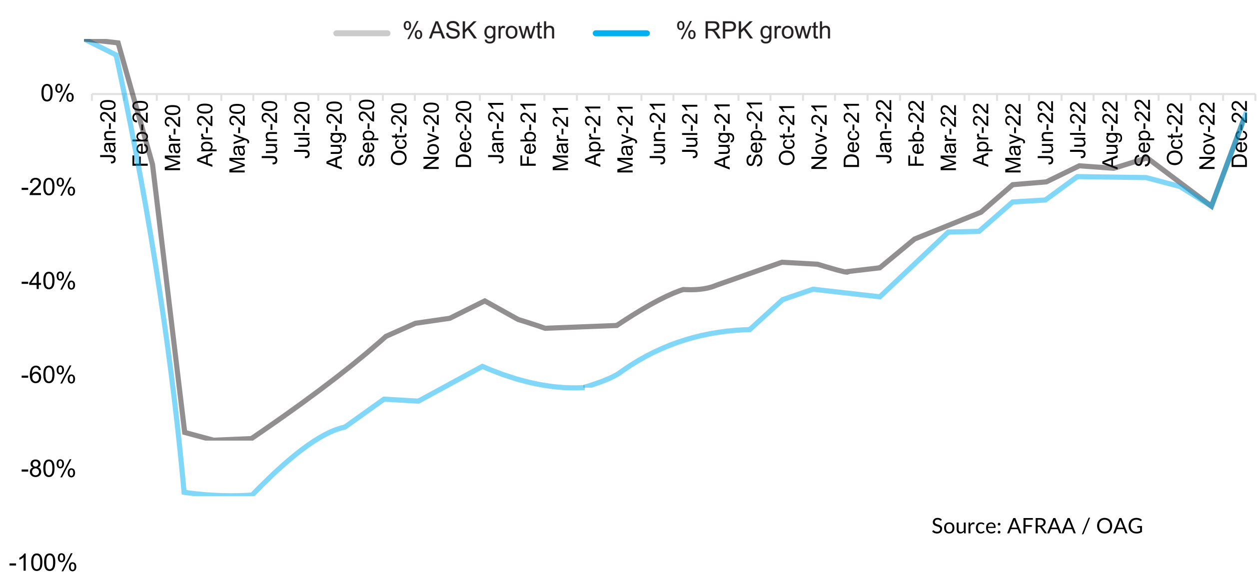
Figure 2: Quarterly Passenger Revenue Loss



During the third and fourth quarters of 2022, the revenue loss was estimated at USD 0.9 billion and USD 0.5 billion, respectively.

Passenger traffic Evolution

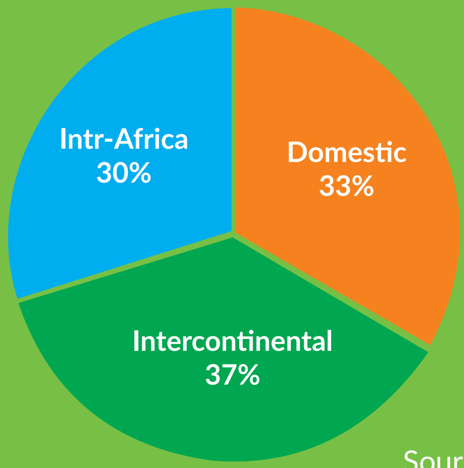
Figure 3: African airlines ASK and RPK growth

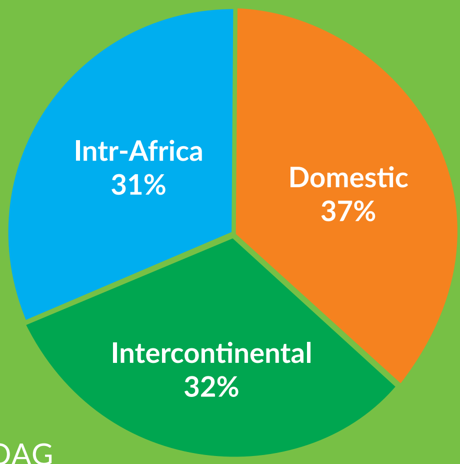


African airlines also benefitted from the gradual traffic recovery during the second semester of the year. During Q3 2022, African airlines' ASKs and RPKs reached 80.7% and 78.5% of 2019 levels, respectively. The situation is slowly improving and ASKs reached 85% of 2019 levels in Q4, while RPKs reached 86.3%.

Passenger traffic distribution

Figure 4 – 5: African airlines passenger distribution Q3 & 4 - 2022

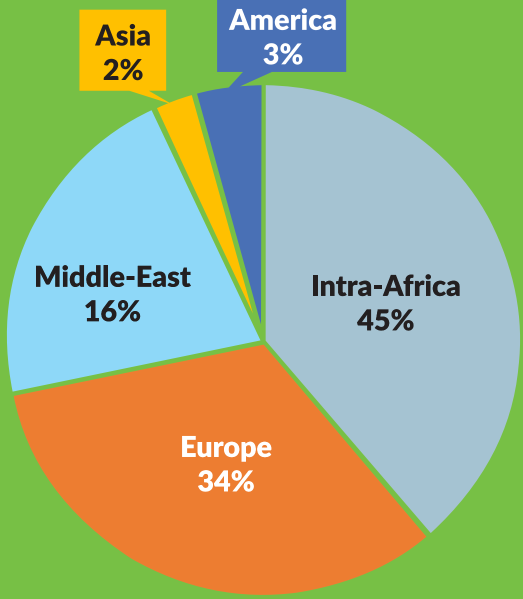


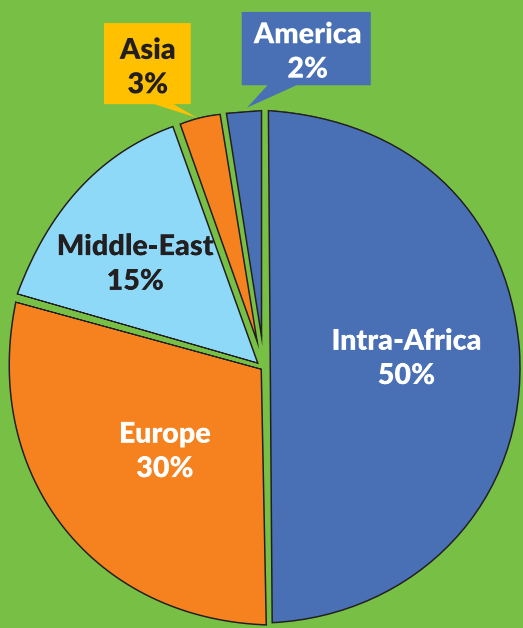


Source: AFRAA /OAG

During the third quarter of 2022, the share of intercontinental increased, mainly driven by the summer traffic to/from Europe and Middle East. As a result, the share of domestic traffic reduce, while intra-african remained stable. This trend was reversed during the 4th quarter and domestic traffic once again took the lead. The leading carriers in terms of Domesc traffic are airlines like Safair, Air peace, Air Algerie, and Ethiopian Airlines. Those 4 airlines carried 5.7 million passengers on domestic routes during the second semester.

Figure 6 – 7: African Airlines international passengers destinations Q3 & 4 - 2022





Source: AFRAA /OAG

International traffic was dominated by intra-African during the third and fourth quarters (45% and 50%, respectively). Europe is the first destination region of African airlines outside the continent, representing 34% of the traffic during Q3 and 30% during Q4. Morocco is the leading origin country,while France is the primary destination. Traffic to the Middle East is also significant, around 16% in Q3 and 15% in Q4.

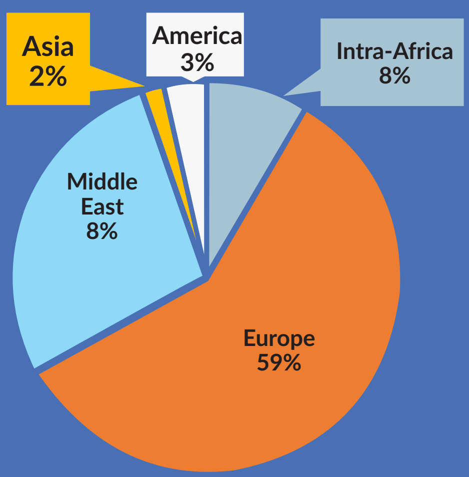
Regional Insights

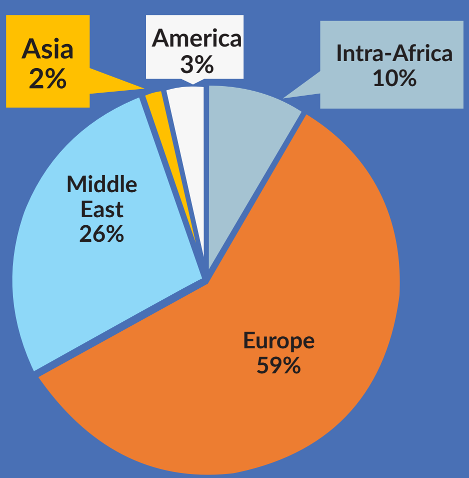
- **Northern African** was the lead contributing region in the continental traffic by 43.3% and 40% during the third and fourth quarters, respectively.

The share of domestic traffic remained low, with less than 20% of the regional traffic. Europe is the main destination from the region, with almost 60% of the traffic. Foreign low cost carriers like Ryanair and Transavia France are leading on the market. They are followed by Air Algerie.

Middle-East the second leading region.
Intra-African traffic is limited and represents no more than 10% of the traffic to/from Northern Africa.

Figure 8 – 9: Traffic repartition - Northern Africa Q3 & 4 2022

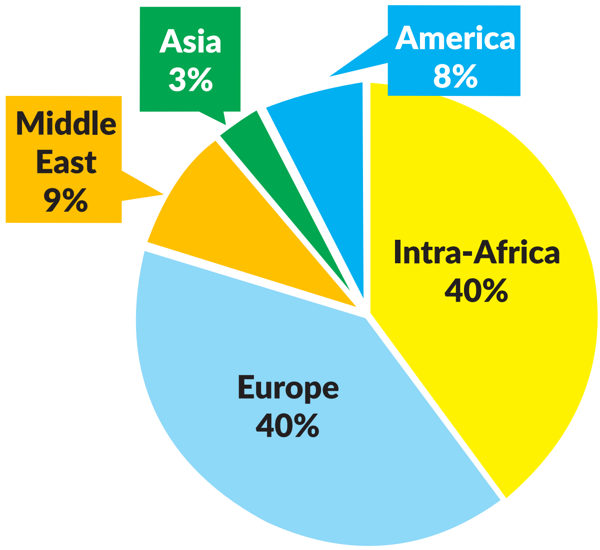


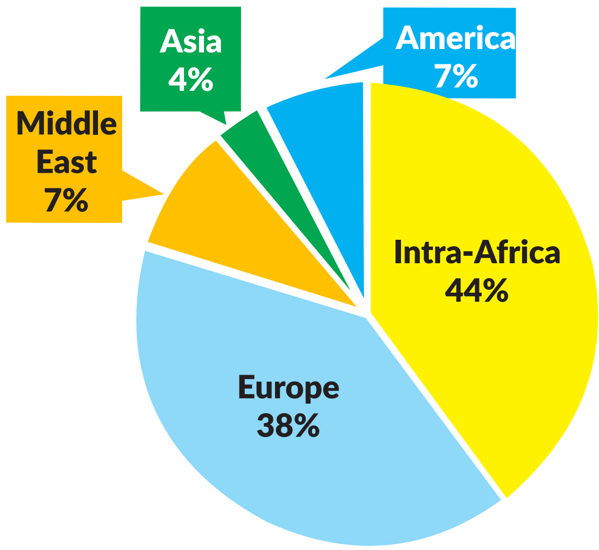


Source: AFRAA /OAG

- **Central and Western Africa** region had the second highest contribution to the continental traffic, representing 20.9% and 20.3% in Q3 and Q4 2022 respectively.

Figure 10 – 11: Traffic repartition - Central and Western Africa Q3 & 4 2022



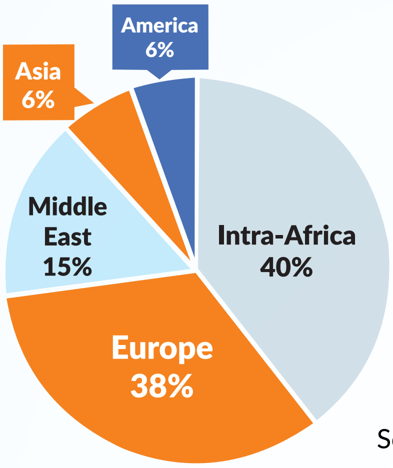


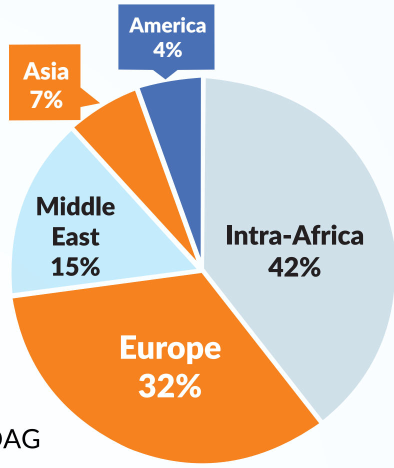
Source: AFRAA /OAG

During Q3, intra-African traffic represented 40% of the traffic to/from the region.
Traffic to Europe also represented 40%. The main destinations in this continent are France and UK
Traffic to the Middle East, America, and Asia share are all below 10%.
The Domestic market was dominant, with 44% during the third quarter and 48% during the fourth.

- The contribution of the **Eastern African** region in the continental traffic was 19.2% during Q3 and Q4. The Domestic is dominant in this region, representing 43% during the third quarter and 44% during the fourth.

Figure 12 -13: Traffic repartition - Eastern Africa Q3 & 4 2022



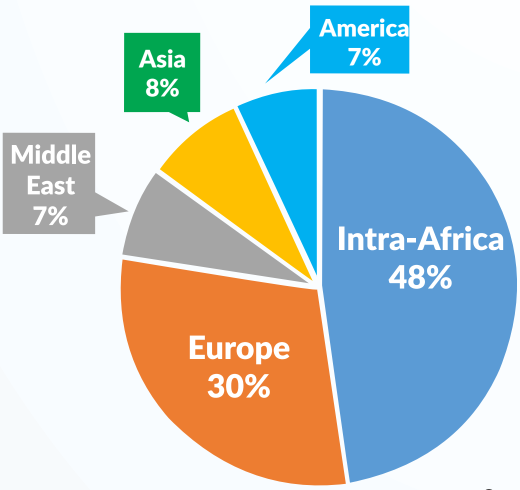


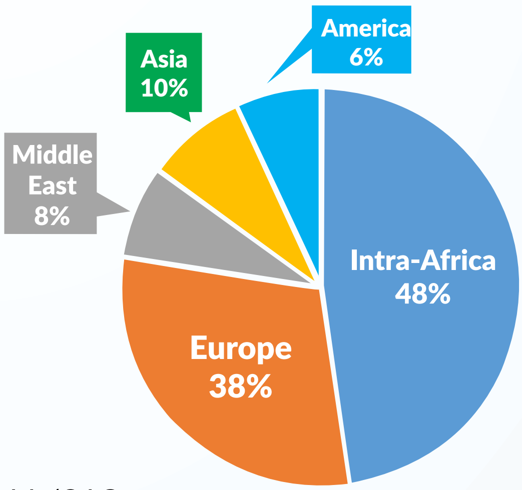
Source: AFRAA /OAG

The non-domestic traffic is dominated intra-African traffic especially between Ethiopia, Kenya, and Tanzania.
Mauritius, Reunion, and Kenya lead the traffic to Europe, and the main destinations are France, the UK, and Germany.
Traffic to Middle East is around 15%.

- **Southern Africa** represented 17.2% and 20% of the continental traffic during the third and fourth quarters of 2022, respectively. Domestic traffic is prominent and represents more than 60%, South Africa being the main market.Intra-African travel dominates the international traffic, with a percentage of 48%. The main market pair is South Africa - Zimbabwe. The traffic to Europe is also significant. The main destinations are UK, Germany, and Portugal.

Figure 14 – 15: Traffic repartition - Southern Africa Q3 & 4 2022

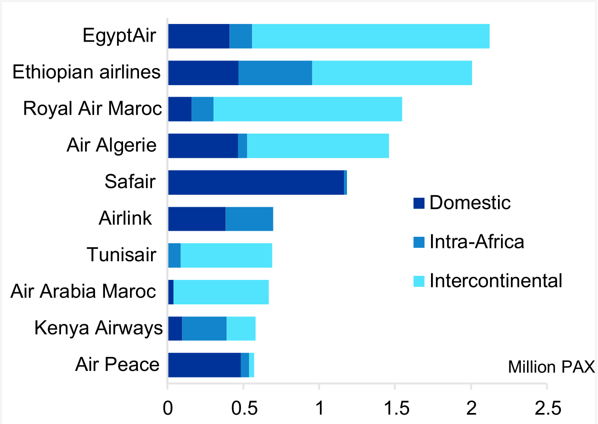


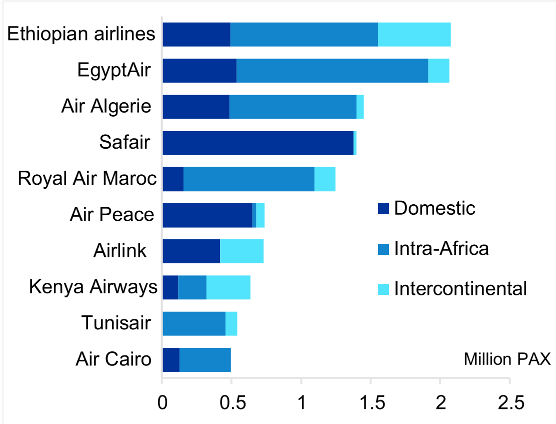


Source: AFRAA /OAG

African airlines ranking by traffic (AFRAA estimations)

Figure 16 – 17: African airlines ranking by traffic Q3 & Q4 2022
(*) The data here are estimations and have not been confirmed by airlines



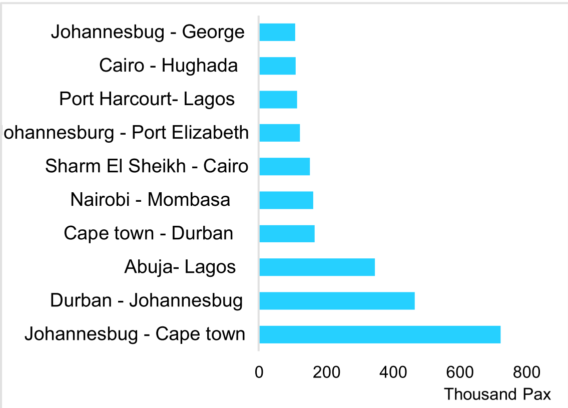


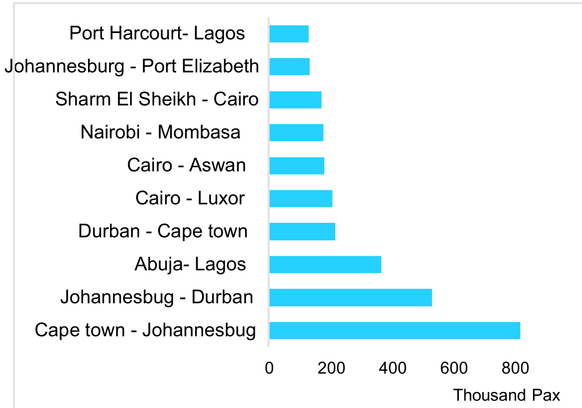
Source: AFRAA /OAG

Routes ranking by traffic (AFRAA estimations)

- Top 10 domestic routes by passengers carried Q3 & Q4 2022 (AFRAA estimations)

Figure 18 – 19: Domestic routes ranking

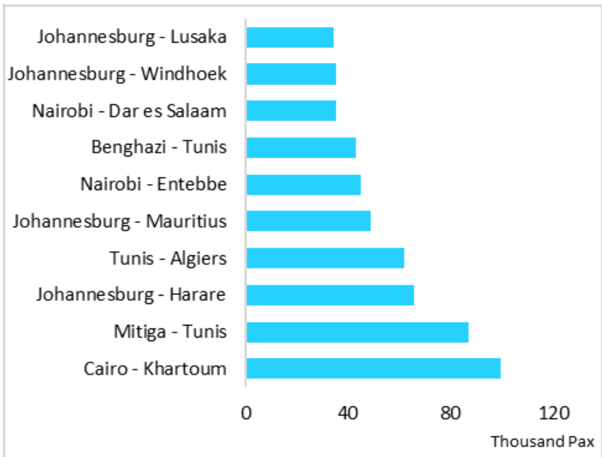


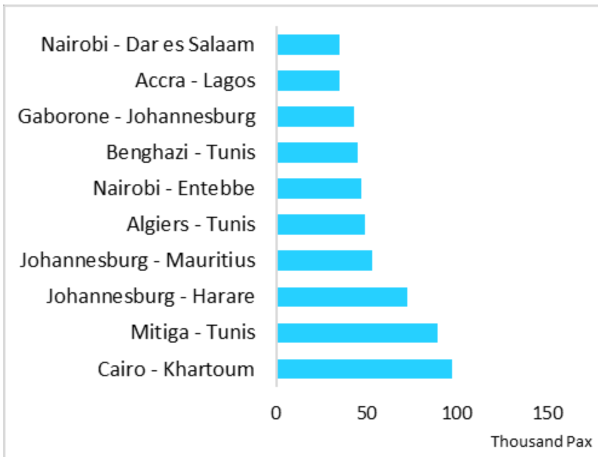


Source: AFRAA / OAG

South Africa is the dominant markets in terms of domestic traffic in Africa, with five routes in this top 10. Egypt, Kenya and Nigeria also have domestic routes among the ten busiest.
Top 10 Intra - African routes by passengers carried Q3 & Q4 2022 (AFRAA estimations

Figure 20 – 21: Intra-African routes ranking



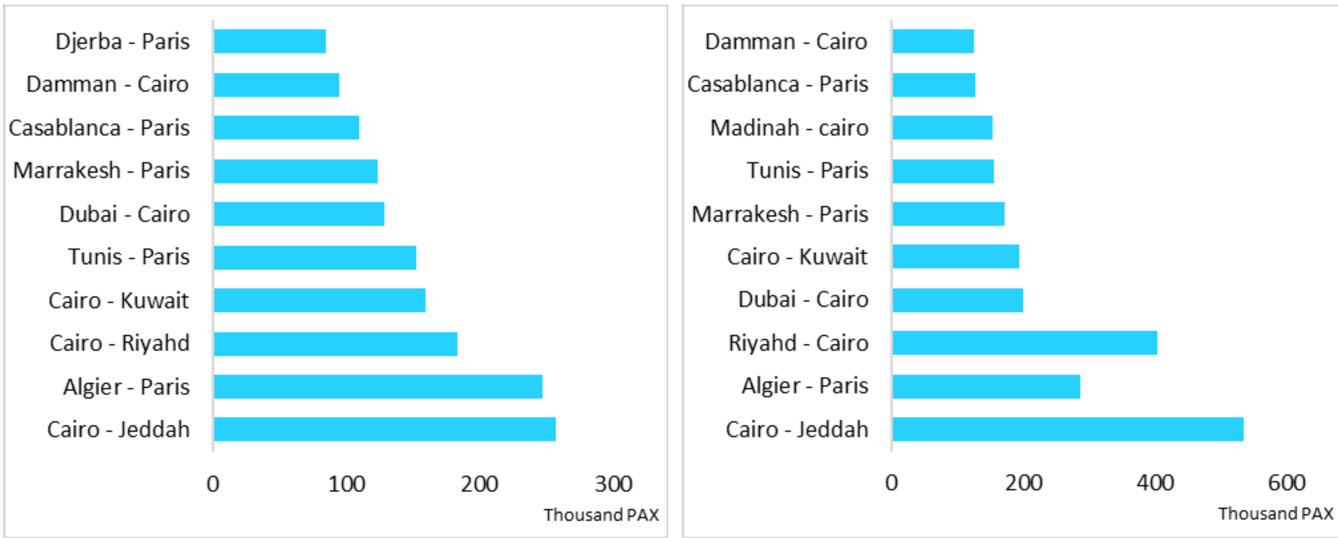


Source: AFRAA / OAG

The ten busiest Intra-African routes are generally within Southern, Eastern, and Northern. Only one Western African route (Accra – Lagos) appeared in the top 10 during Q4.

- Top 10 Intercontinental routes by passengers carried Q3 & Q4 2022 (AFRAA estimations)

Figure 22 -23: Intra-African routes ranking

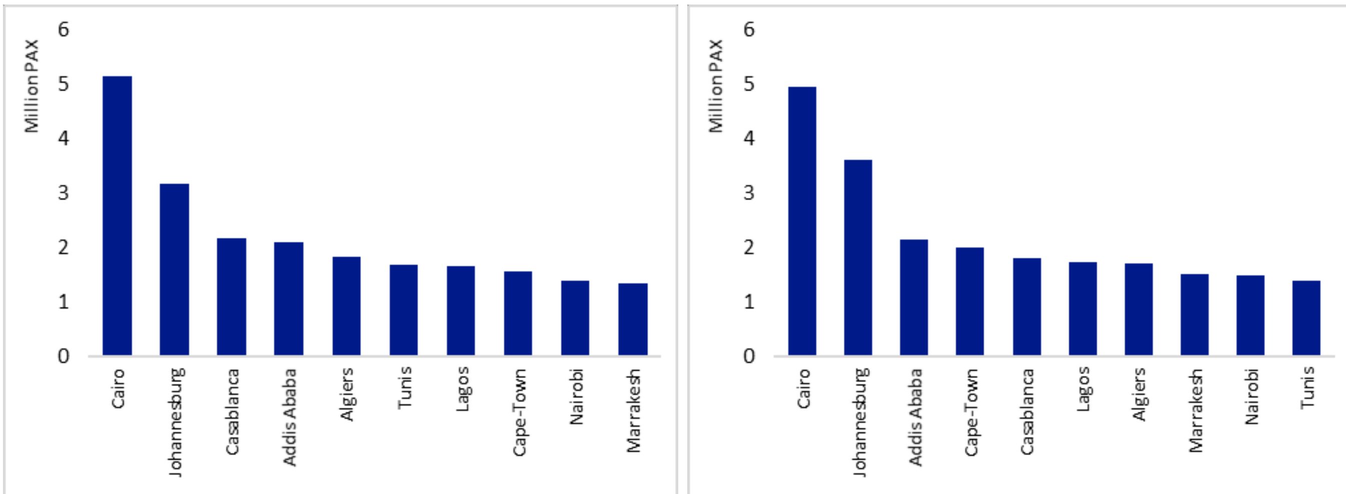


Source: AFRAA / OAG

This top 10 shows the strength of the traffic between North Africa and the Middle East, particularly from Cairo. Egypt air is the leading carrier on these routes.

Airport Ranking by Passengers

Figure 24 – 25: African airports ranking by passengers Q3 & Q4 2022 (AFRAA estimations)



Source: AFRAA / OAG

Airport charges

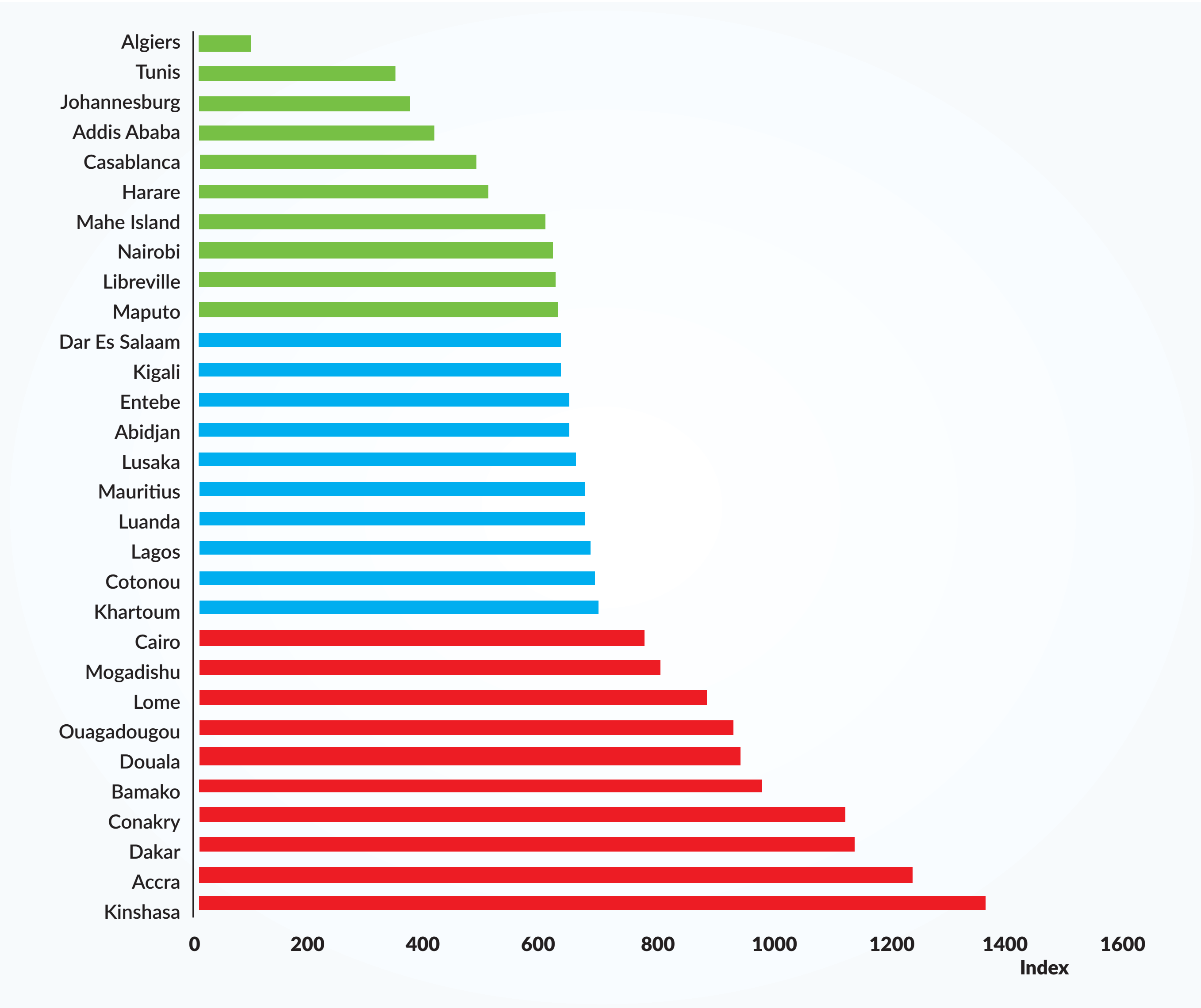
Methodology:
A comparative study based on a single aircraft type applies to all airports with more than 300 thousand passengers in 2021.

The aircraft type chosen is the B737, the most popular aircraft type in the region.

Following the applied criteria:

Aircraft Type	B737
MTOW	70.08 Metric Ton
Flight Type	International
Origin & Destination Pax	100
Total Departing Pax	100
Parking Time	2 Hour
Boarding bridge time	1 Hour
Arrival Time	12:00
Cargo	0 Kilograms

Figure 28: African airports ranking by charge index Q3&4 2022



Kinshasa has the highest level of charges among the selected airports, and Algiers has the lowest level. Addis, Johannesburg, Casablanca and Nairobi, among the busiest airports in Africa, charge less than the average. This indicates that lowering airport charges can have a positive effect on traffic.

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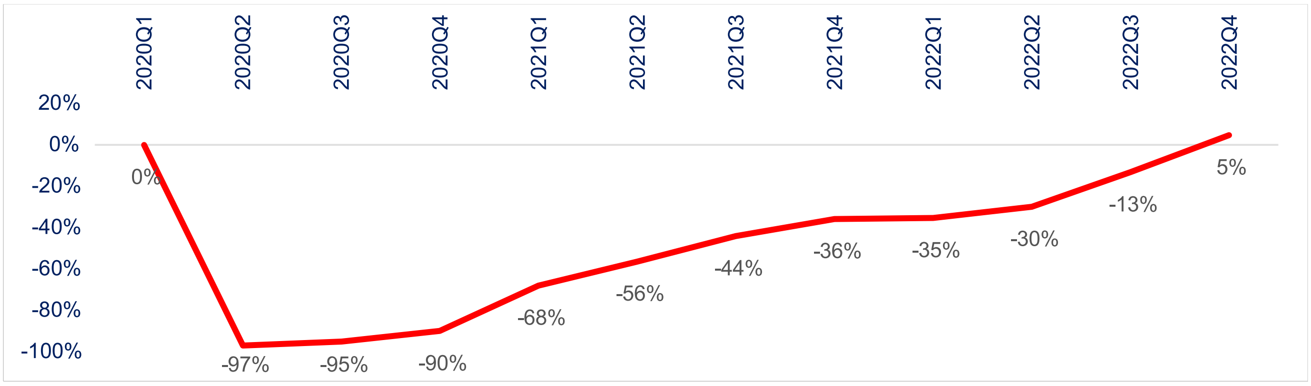
Intra-African Connectivity

Methodology:
We calculate the total number of possible Intra-African connections between inbound and outbound flights on 20 important African hubs in Q1&2 2022.
The rules selected for the computation are as follows:

- Single connections only to/from the chosen airports,
- Minimum Connection Time from OAG table,
- Maximum Connection Window of 6 hours

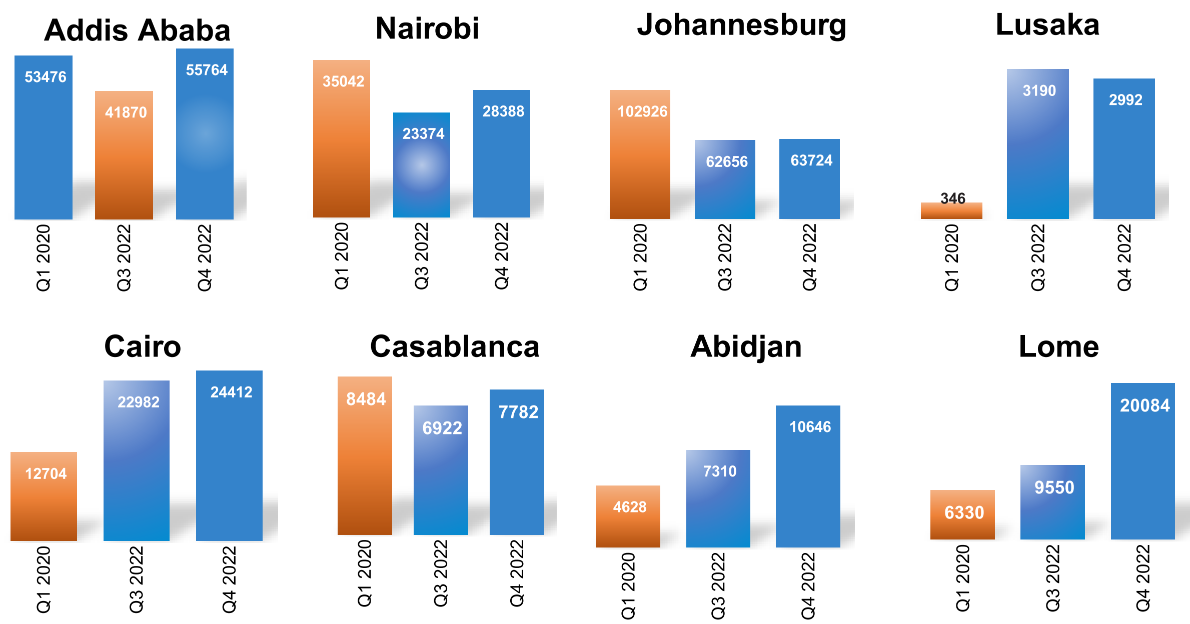
The Covid19 situation dramatically affected connectivity within Africa, with a sharp drop of 97% during the second quarter. The situation gradually improved, and the intra-African connectivity reached 87% of the pre-Covid level during Q3 2022 and exceeded the pre-covid level during Q4.

Figure 29: Intra-African connectivity growth by quarter



Source: AFRAA / OAG

Table 1: Intra-African connectivity index per Regional Q3 & 4 2022



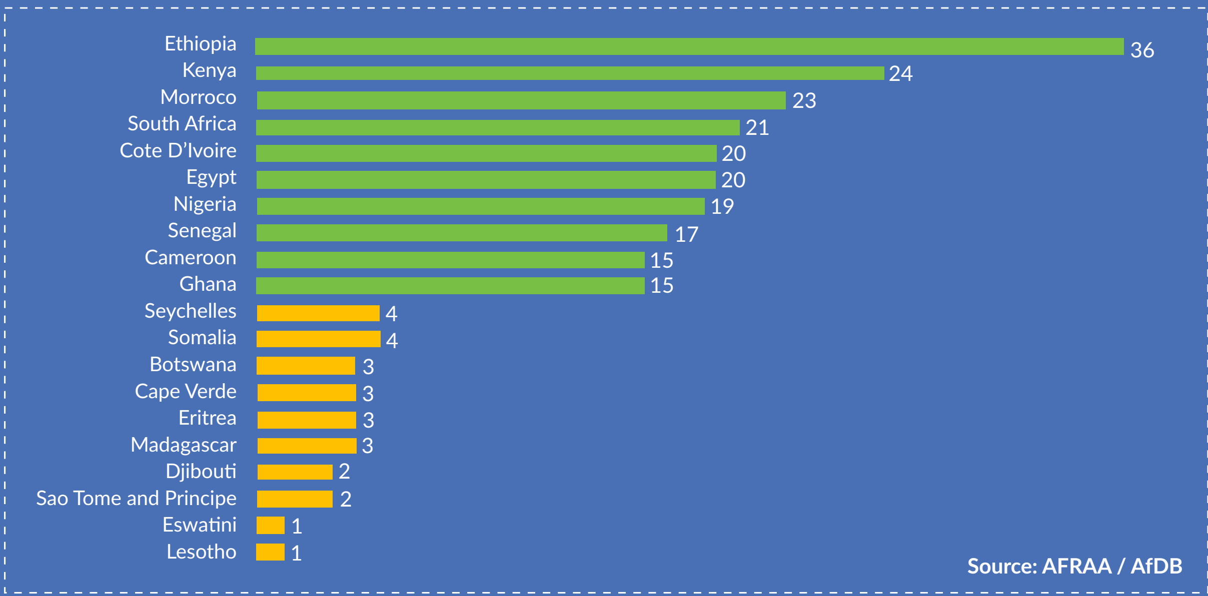
Source: AFRAA / OAG

The connectivity at the Johannesburg hub improved and it regained its place as the most intra – African connected airport. However, it is still far from the pre-Covid Level. Airports like Addis Ababa, Lome and Abidjan have exceeded the per-Covid situation, benefiting from the expansion of regional airlines.

Direct flights between African countries

During the second semester of 2022, the regional traffic represented around 30% of African carriers' operations. It is essential to facilitate travel within Africa by removing barriers that hinder intra-African traffic.

Figure 30: Number of direct flights between African countries



Among the 54 countries in the African continent, only 4 have direct flights to more than 20 African countries, a decline compared to 2020 (13 countries used to have direct flights toward other countries). Ethiopia is leading with 36 direct flights to other countries within Africa.

Table 1: Connectivity between African regions

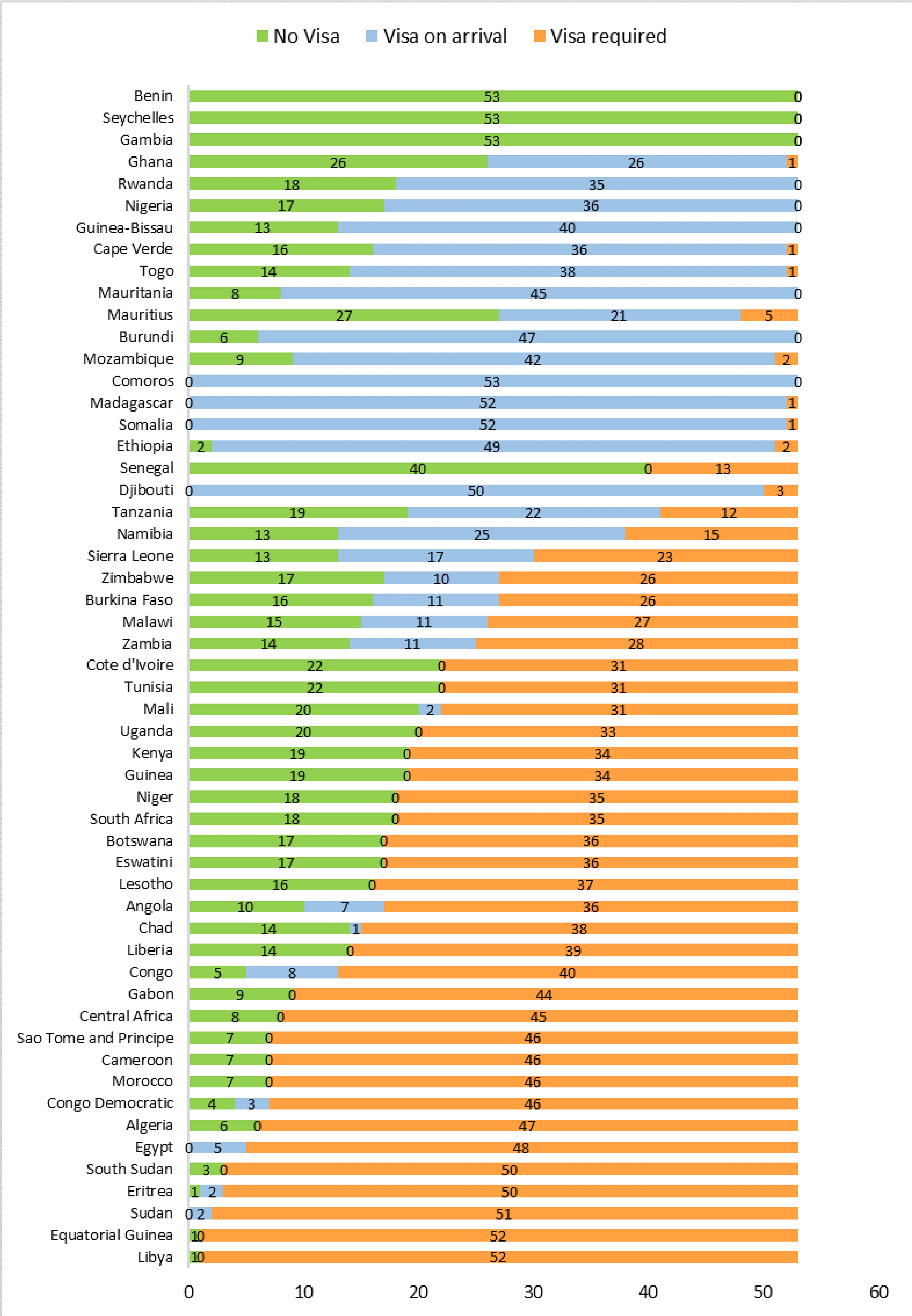
	Central Africa	Eastern Africa	Northern Africa	Southern Africa	Western Africa
Central Africa	28%	19%	18%	6%	17%
Eastern Africa		56%	14%	16%	8%
North Africa			37%	1%	32%
Southern Africa				22%	2%
Western Africa					49%

Source: AFRAA / OAG

The table above represents the percentage of direct connections between all the countries within a region or toward another African region in relation to the total number of possible connections. While intra-connectivity is relatively high within Western Africa (49%), we can see that connectivity across regions remains poor. The highest rate is between Northern and western Africa, with only 32% (this is a decline, as this percentage used to be 41%).
Southern Africa is the less connected with other regions, particularly with the Northern (only 1%).

Visa Openness within Africa 2022

Figure 20: Visa openness in African countries



In terms of Visa openness within, more and more countries are opening their borders to other African countries. In 2020, The Gambia joined Seychelles and Benin in the group of totally Visa-free countries. 44% of the African countries now accept visas on arrival. Unfortunately, in 2022, 47% of Africans still needed a visa to travel to another African country compared to 51% in 2021, which is a decline that needs to be addressed.

ANNEX: GLOSSARY

ACIC:	Aviation Charges Intelligence Center
AFDB:	African Development Bank
AFRAA:	African Airlines Association
FMTK:	Freight and Mail Tons Kilometers
ICAO:	International Civil Aviation Organization
IATA:	International Air Transport Association
MoM:	Month on month
RPK:	Revenue Passenger Kilometers
WCAF:	West and Central Africa
YoY:	Year on Year

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