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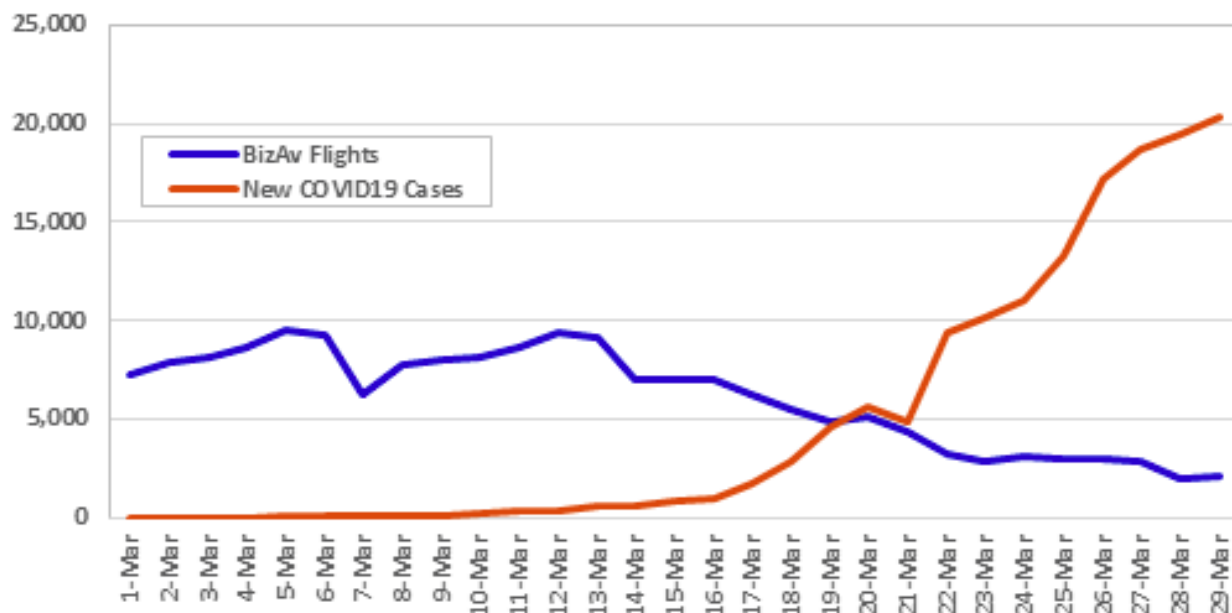
COVID-19 and the Impact on the Business Aviation Industry

BUSINESS AVIATION FLIGHT ACTIVITY & COVID-19 SOCIAL DISTANCING

The aviation industry, and the world for that matter, have truly entered unprecedented times. Over the last 4 weeks, we have watched normal life come to halt across the planet, and business aviation has not been immune to these changes. The rapid draw-down of flight activity by airlines and business aviation operators has been swift and dramatic.

We have reviewed and analyzed data through the first 29 days of March. When we calendar day adjust and compare to the same time period in 2019, nationwide business aviation activity is down 29.4%. Review of the first 10 days of March, compared to the same period in 2019, showed that activity was only down about 5%, but when states started locking down (around March 15th) activity changed significantly. We recorded 56,154 business aviation flights from March 11th – 17th, but, after nationwide social distancing and shelter in home orders were issued, we saw flight activity for March 18th – 24th record 28,899 flights; a drop of 46.8%. We're now seeing activity levels that are closer to

BUSINESS AVIATION FLIGHT ACTIVITY & COVID-19 CASES



Christmas day activity, rather than one of the busiest months on the calendar. All available data seems to indicate that March 2020 will finish down 27.8% from March 2019.

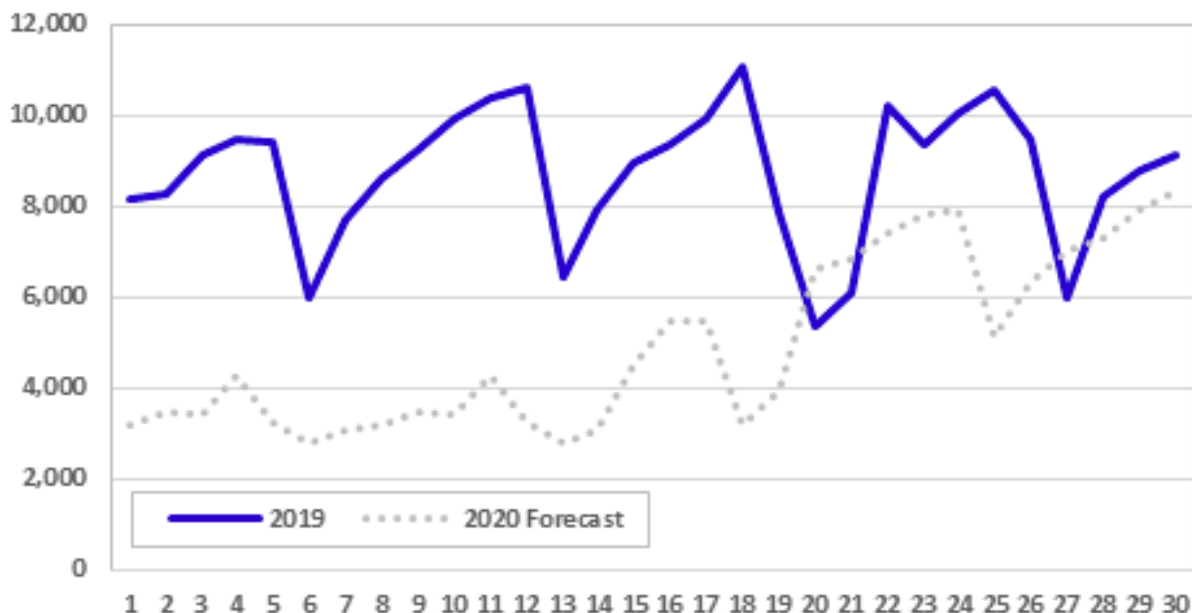
Unlike 2008, the drawdown in flight activity does not appear to be bolstered by the drops on Wall Street. While the Dow started to accelerate downward on February 24th, to date business aviation flight activity has not kept pace. In fact, it wasn't until March 15th that we started to see a dramatic shift in flight activity. March 15th was the first recorded double-digit change in year over year flight activity with a recorded drop of 13%. Since that date, positive cases of COVID19 have risen sharply, along with subsequent shelter in place orders, and activity has dropped accordingly. Given the importance that Washington has placed on air travel, and the overall logistical nightmare of shutting it all down, it does not seem likely that we will reach a day of zero operations. While we are currently predicting the lowest weekday to be around 3,000 flights, we may drop down to 2,000 or so flights per day but it's more likely that business aviation is in the bottom, as drops in activity have plateaued from previous days.

ASSUMPTIONS AND PREDICTIONS

So what does the immediate future hold in store for business aviation? Frankly, it's not exactly clear, but there are some indications that we're not too far from blue skies and tailwinds again. Many estimates assume a peak in COVID19 cases, in the US, sometime in April. While we have no way of knowing, the data indicates the sooner the better for our overall health, the health of our country and the health of business aviation. The longer this shelter in place and work from home order goes on the more difficult the restart scenario will be, and aviation will face its own logistical challenges as demand and activity come back online.

A later peak also indicates that our recovery is going to be slower because the longer companies are placed on hold burning through cash, the longer it will take to restart. Even the airlines, while bigger and different than business aviation, have stated it takes time to reposition crews, airplanes and restart their business model. The good news is that business aviation is certainly more agile and can respond faster, but it will still have its own

APRIL BUSINESS AVIATION FLIGHT ACTIVITY 2019 VS 2020



restart challenges. Our analysis indicates that demand will remain relatively lethargic in the immediate weeks following a peak in the US. But after that, all bets are off.

Overall in April, predictions indicate that 6 days after a peak, we return to around 50% demand. It is important to point out that the number is based on 50% of weekend demand. Given the current scenario, any past patterns, and the ability to predict from those scenarios are essentially useless. So, while 50% might seem like a big increase it's only 50% of a normal weekend, which is a relatively small number of flights as we expect most initial business flying patterns might be related to business survival mode. Therefore, it is likely we will see more accelerated activity than expected on the first few weekends, as companies pursue low hanging fruit to get their businesses restarted. After that, it seems reasonable that the next week returns to 75% of normal and the final week at 80% of normal. If we peak sooner then we will most likely see this bounce back faster, but it seems unlikely that we can expect normal activity during April.

An initial prediction for April shows that April activity will drop 43.8%, from April 2019, but it could be as high as 60% if shelter in place and overall nationwide lockdown orders remain. It could be less if the situation were to stabilize sooner. Additional projections show that the first 14 days of April will be down 61% year over year while the last 16 days will be down 28%. One factor that will play a significant role in aviation's resumption will be the idea of opening parts of the country first. The situations in New York, Washington, and California are dire and show how awful this hidden virus is. Understanding the gravity of the situation in those states, it is unlikely that they will be part of the initial recovery for business aviation. That is important because California was the #1 state in 2019, in terms of flight activity and New Jersey (Teterboro) was #4. This means our industry needs to be focused on Texas (#2), Florida (#3) and Georgia (#5) when it comes to a rebound in flight activity. For comparison, those 3 states combined for 21% of all business aviation activity in 2019. If those 3 states come back online within the first weeks, following the peak, then our recovery could be faster, but if they lag the overall industry is going to lag with it.



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