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COVID-19 International Market Update

July 21, 2020



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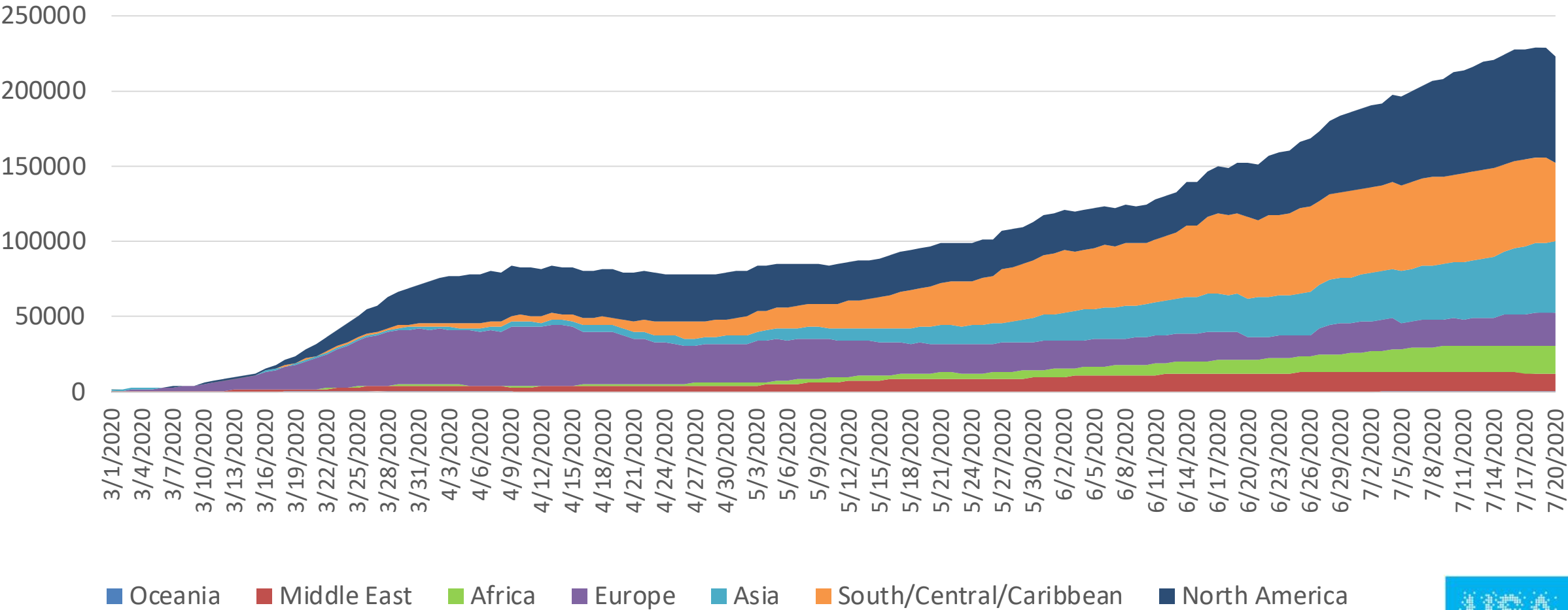




Pace of Coronavirus (Covid-19) Contagion

New Confirmed Cases

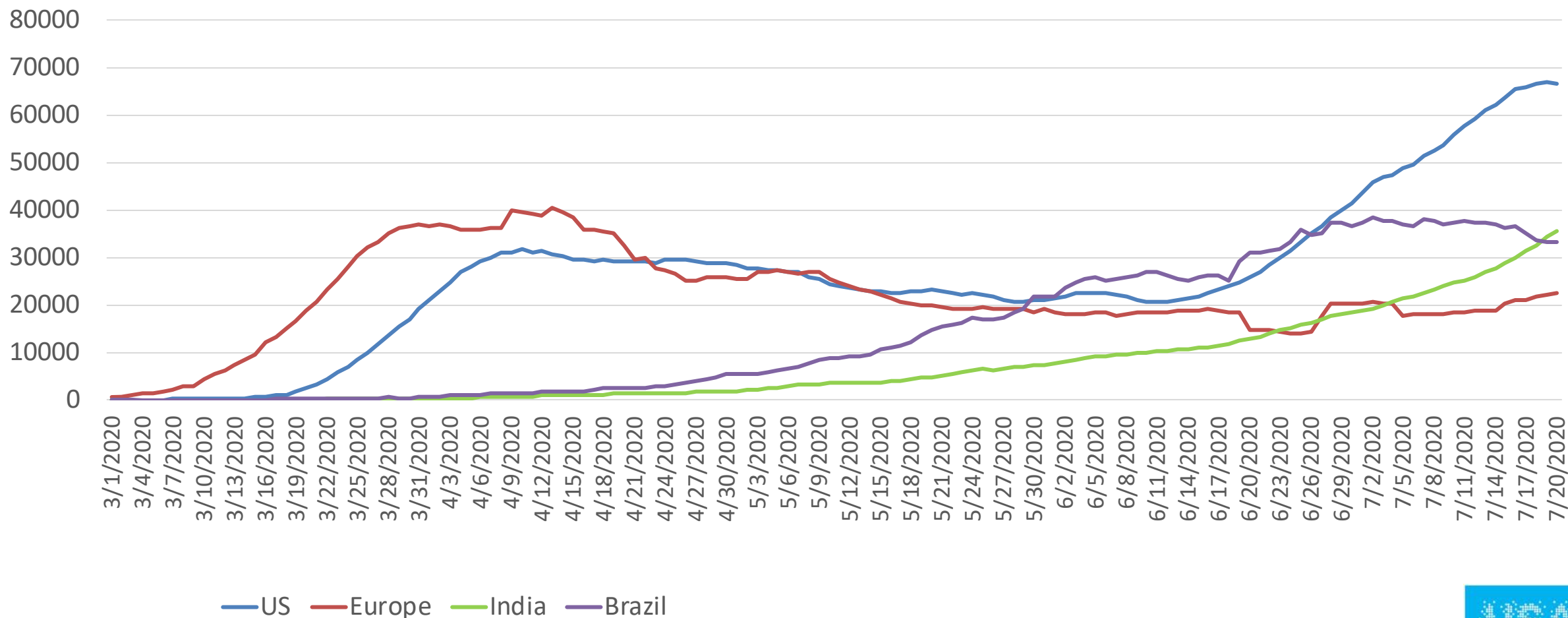
(rolling average over 7 days)



Source: Johns Hopkins



Daily New Confirmed Cases (rolling average over 7 days)

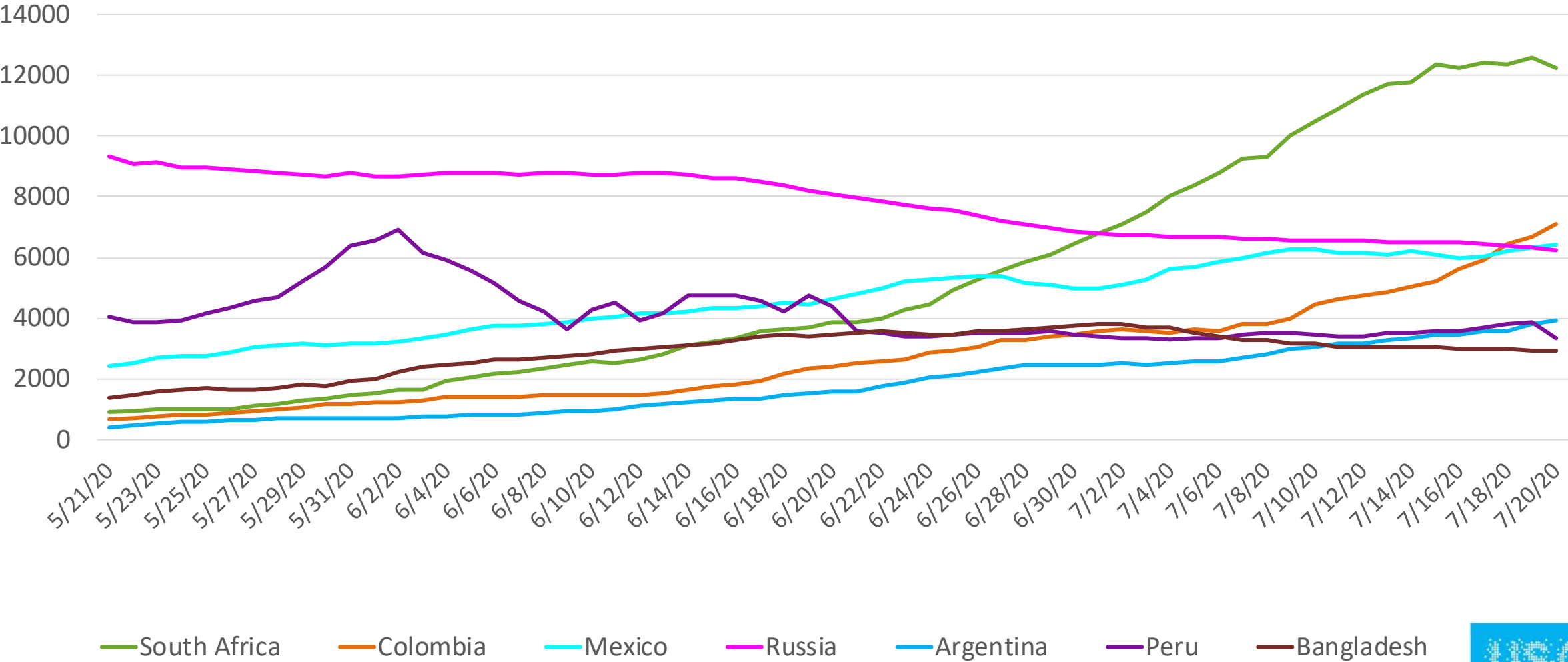


Source: Johns Hopkins



Daily New Confirmed Cases

(rolling average over 7 days)

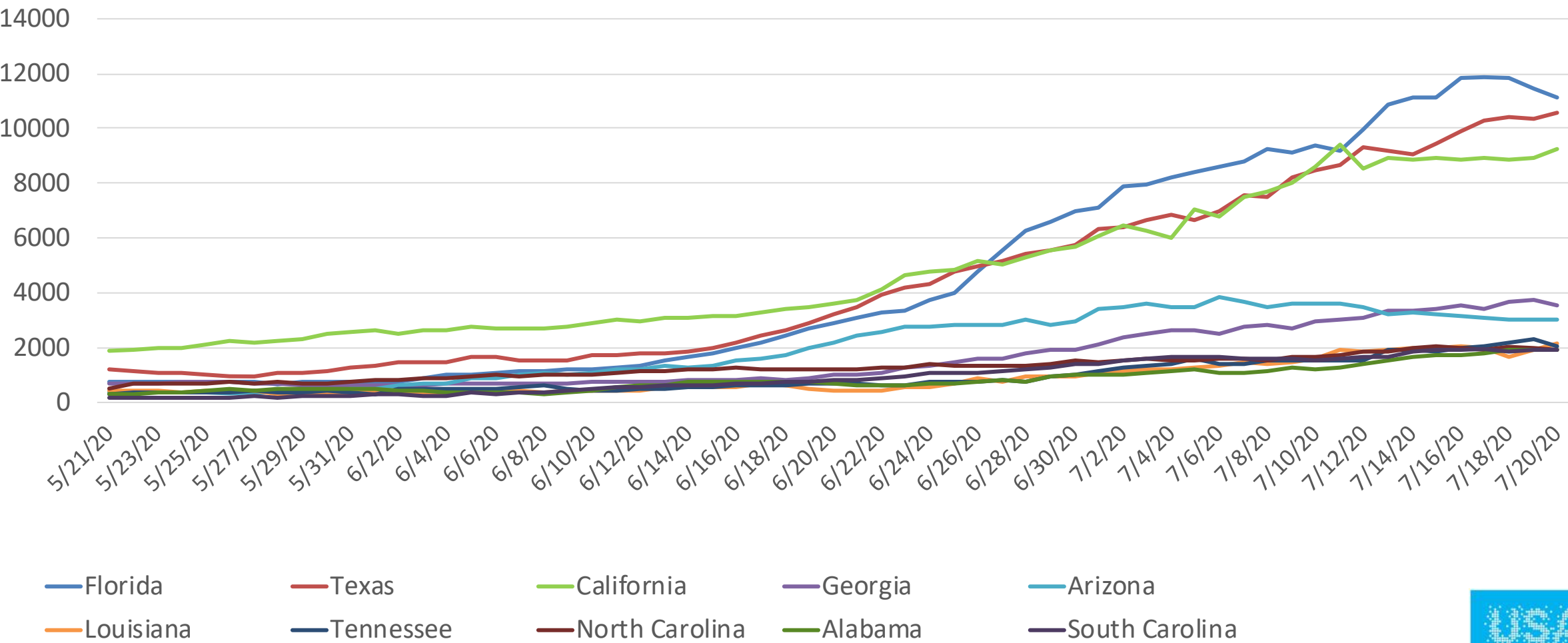


Source: Johns Hopkins



Daily New Confirmed Cases - Top 10 States

(rolling average over 7 days)

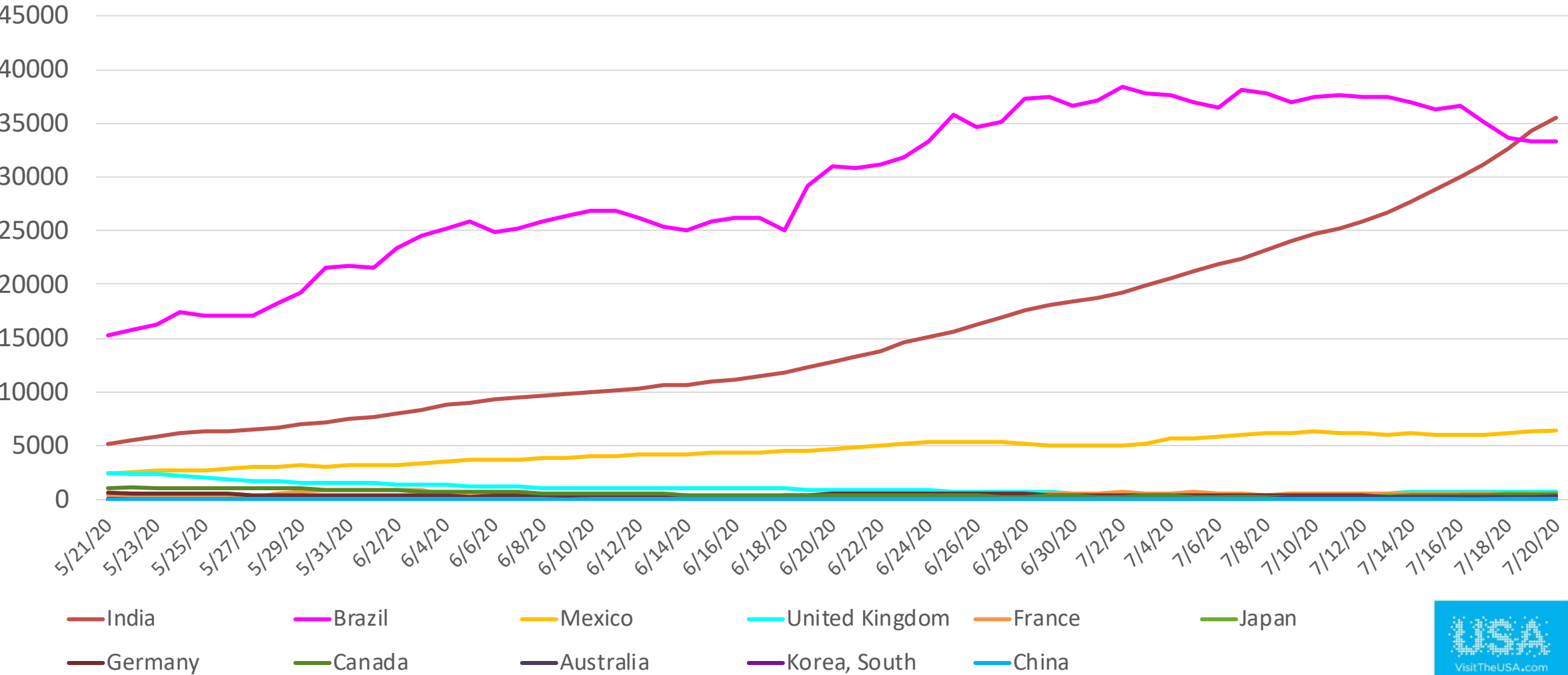


Source: Johns Hopkins



Daily New Confirmed Cases

(rolling average over 7 days)

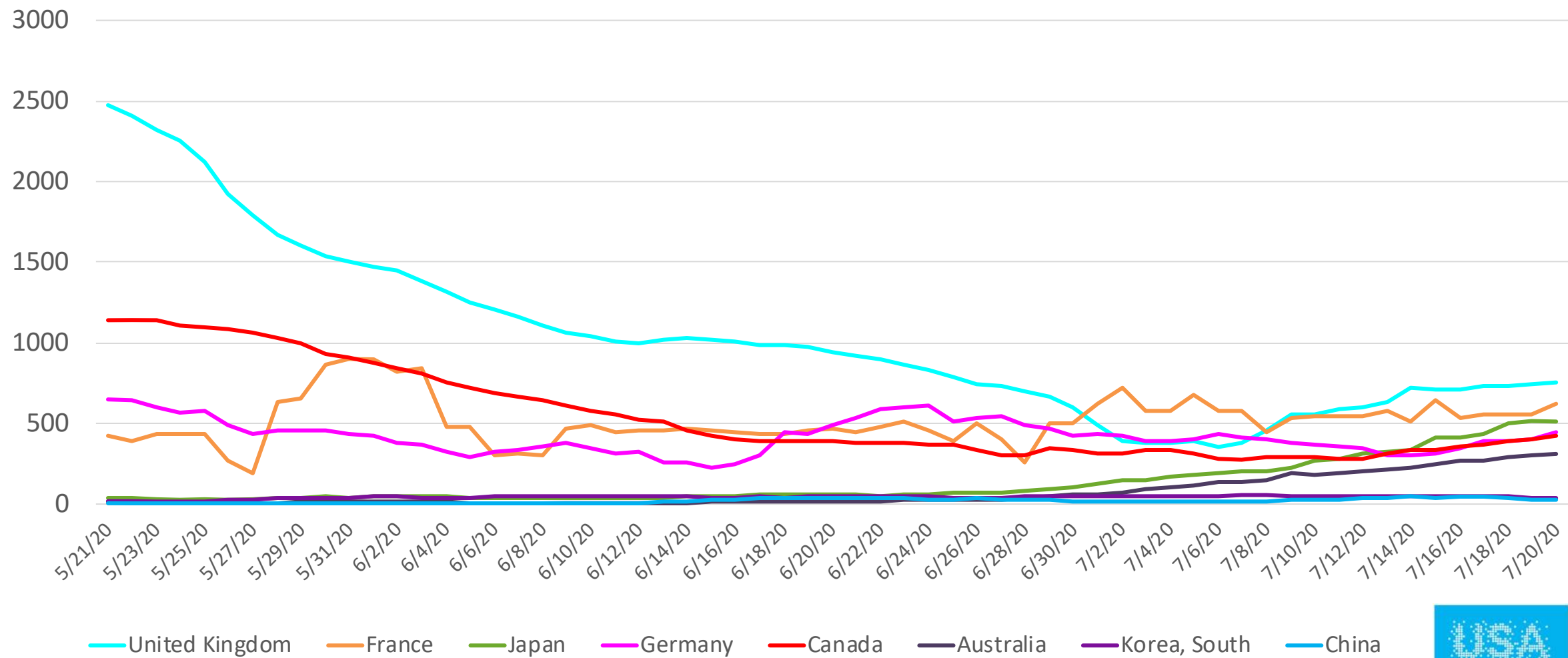


Source: Johns Hopkins



Daily New Confirmed Cases

(rolling average over 7 days)



Source: Johns Hopkins



Current Conditions Relative to Initial Peak

Accelerating

- Brazil
- India
- Mexico
- Japan
- Australia

Flattened

- France
- Germany
- Canada
- UK

Decelerated

- China
- South Korea

Restriction Easing Prerequisites Recommended By Health Experts

Hospital capacity normalization

- Hospitals must be able to accommodate all patients without resorting to crisis level standards of care

Testing

- At least all those with symptoms must be able to get tested

Monitoring

- Ability to trace confirmed cases and contacts

Sustained Case Reduction

- At least 14 days of sustained reduction in cases

Current Tactics for Combatting Travel-Related Spread

Non-invasive health screening

- Temperature screening

Mandatory quarantine

- 2 weeks

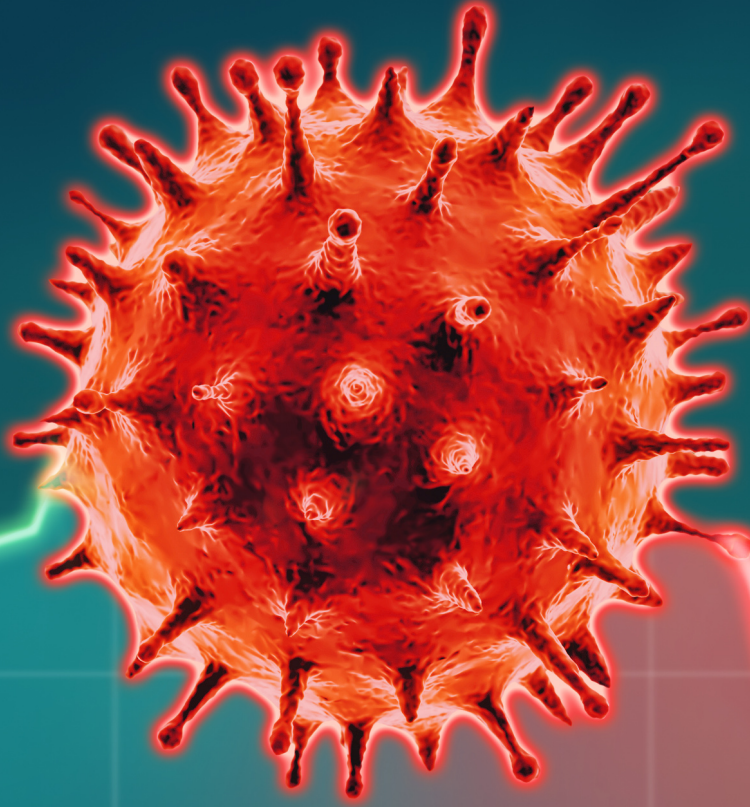
Technology-driven tracking

- Location (mobile) tracking/contact tracing

Testing

- Pre-entry swab/blood testing

Economic Impact



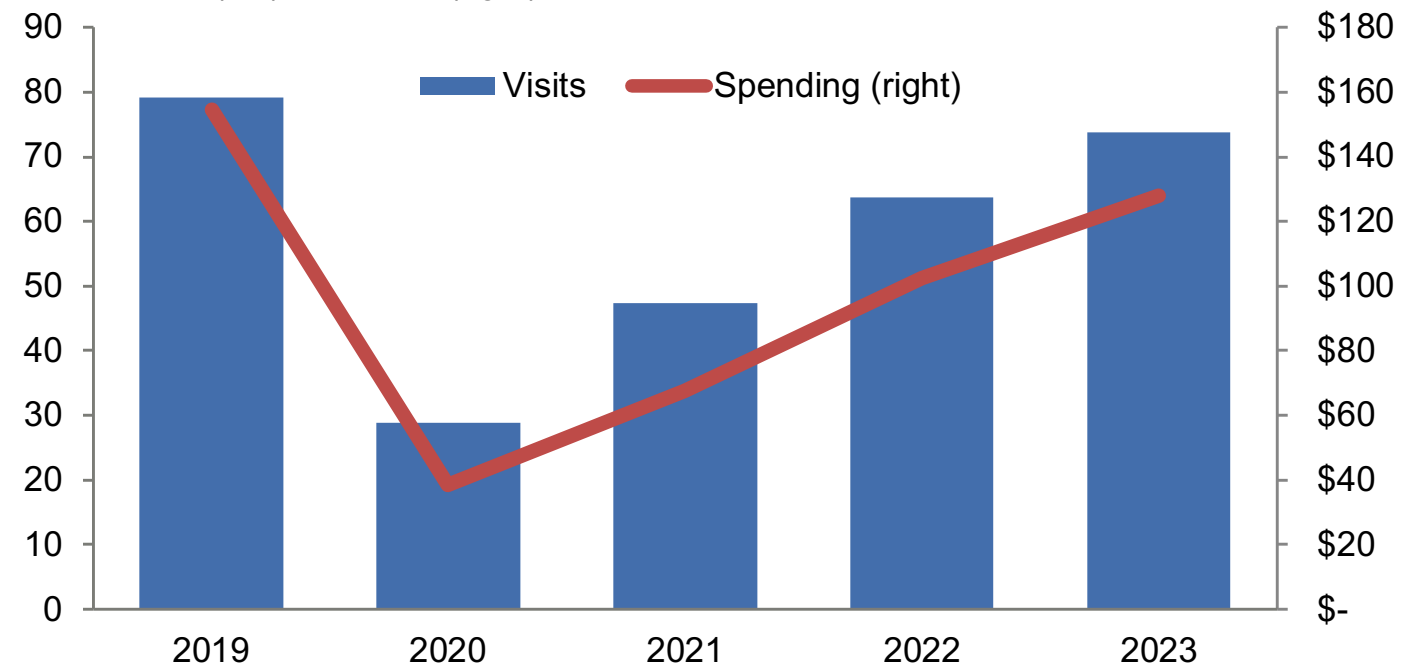
International markets will not fully recover for five years

International visits to the US are expected to drop by 50 million and spending is forecast to fall 75%.

Border closures, ongoing reluctance to travel internationally, and the residual effects of the global economic recession will weigh heavily on international markets over the next several years.

US international visits and spending

million visits (left), \$ billions (right)



Source: Oxford Economics

International visitor spending impacts

Losses from international markets will tally \$354 billion through 2023, representing 36% of the decline in travel spending.

- By the end of 2023, international visits to the US will remain 7% below 2019 levels. The spending of international visitors in the US is expected to still be 17% below 2019 levels in 2023, despite strong growth beginning in 2021.
- Domestic travel spending will fully recover to 2019 levels in 2024. However, losses will accrue to \$620 billion through 2023.
- International markets will represent more than one-third of all losses through the forecast horizon.

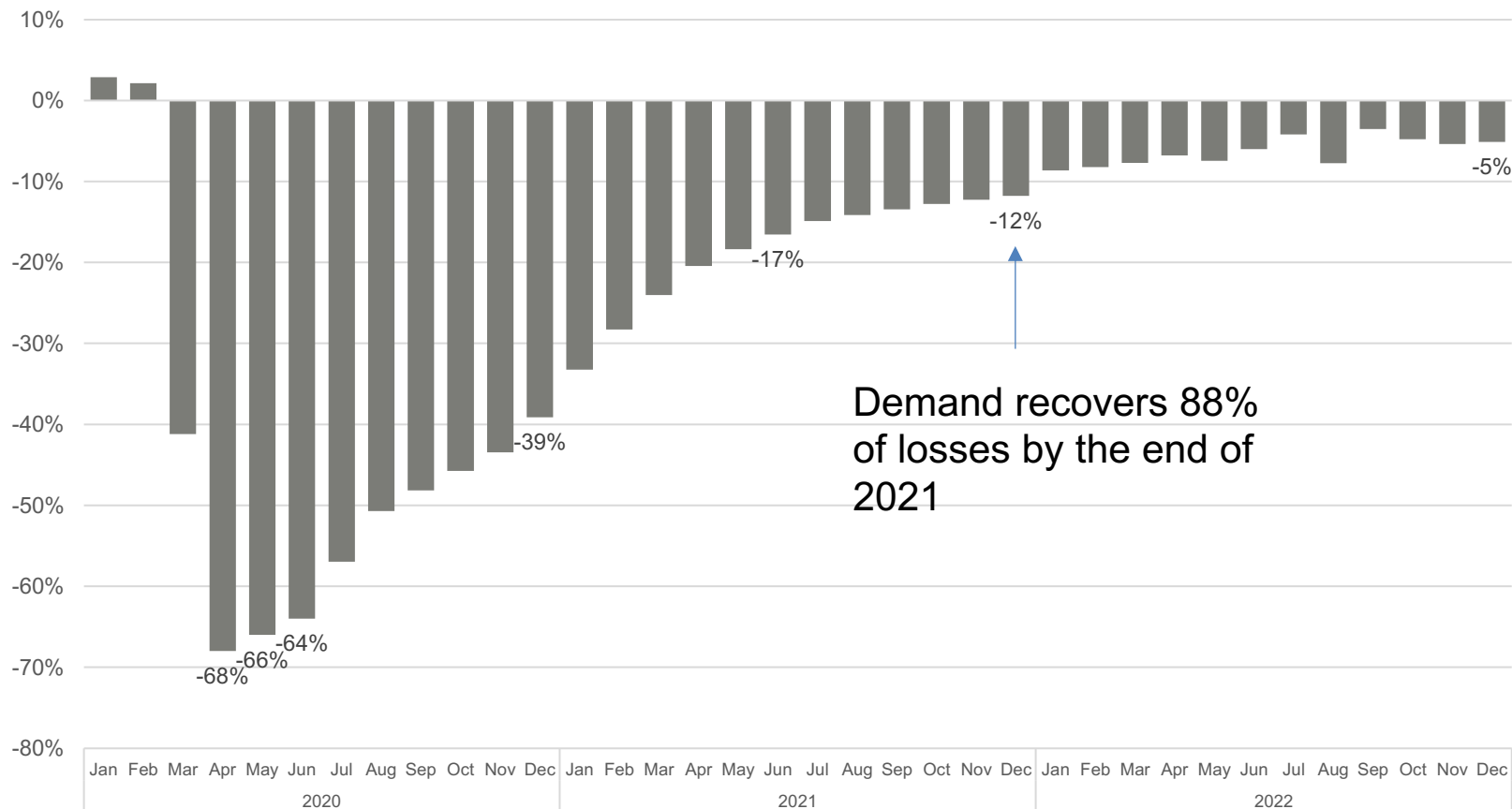
US International Inbound Travel	2019	2020	2021	2022	2023
International visits (thousands)	79,256	28,934	47,269	63,709	73,785
% change	-1%	-63%	63%	35%	16%
% change from 2019		-63%	-40%	-20%	-7%
International visitor spending* (\$ billions)	\$195	\$49	\$85	\$130	\$162
% change	-1%	-75%	75%	52%	25%
% change from 2019		-75%	-56%	-34%	-17%

Losses (\$ billions, compared to 2019)	2020	2021	2022	2023	Total
International visitor spending* (\$ billions)	-\$146	-\$110	-\$65	-\$33	-\$354
Share of total	29%	42%	46%	45%	36%
Domestic visitor spending	-\$354	-\$149	-\$77	-\$40	-\$620
Share of total	71%	58%	54%	55%	64%
Total	-\$500	-\$259	-\$142	-\$73	-\$974

Monthly demand: US outlook

Demand

Relative to 2019



Demand recovers its prior peak by the end of 2023 (14 quarters after trough)

Demand recovers 88% of losses by the end of 2021

Consumer Sentiment

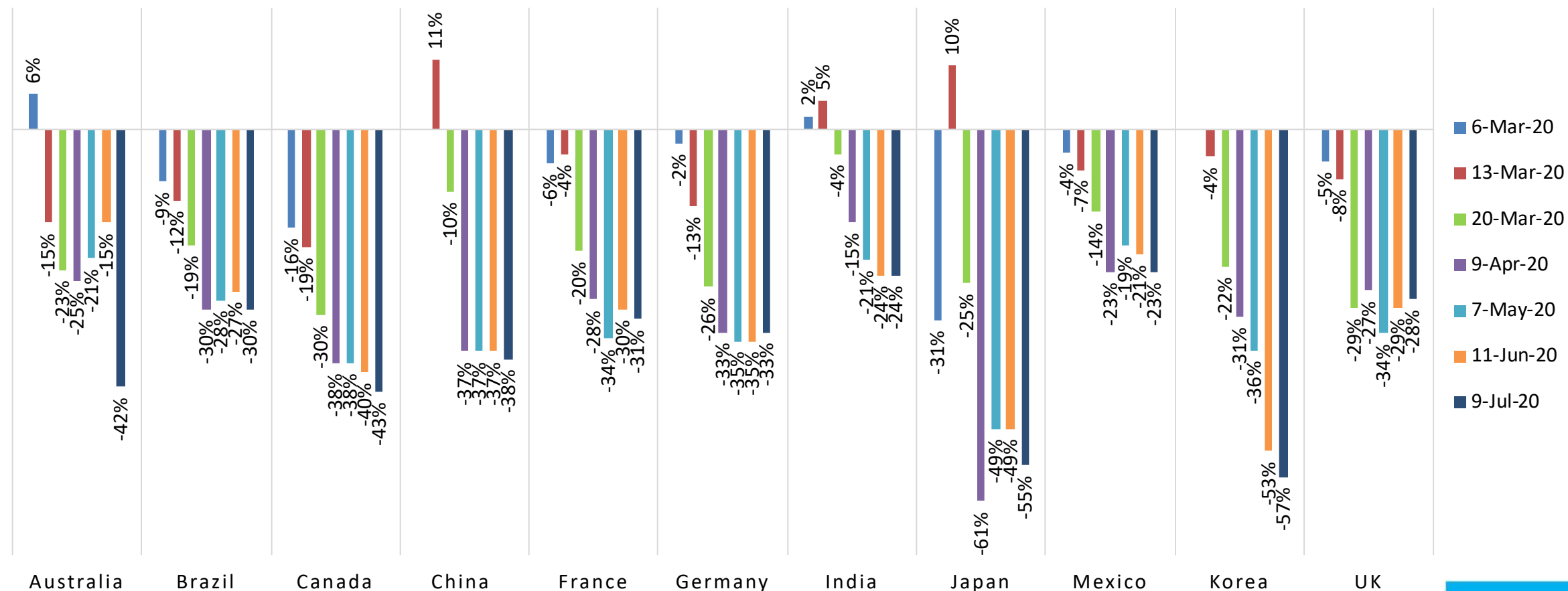


Anxiety remains
elevated



Likelihood to Travel Internationally in the Next 12 months

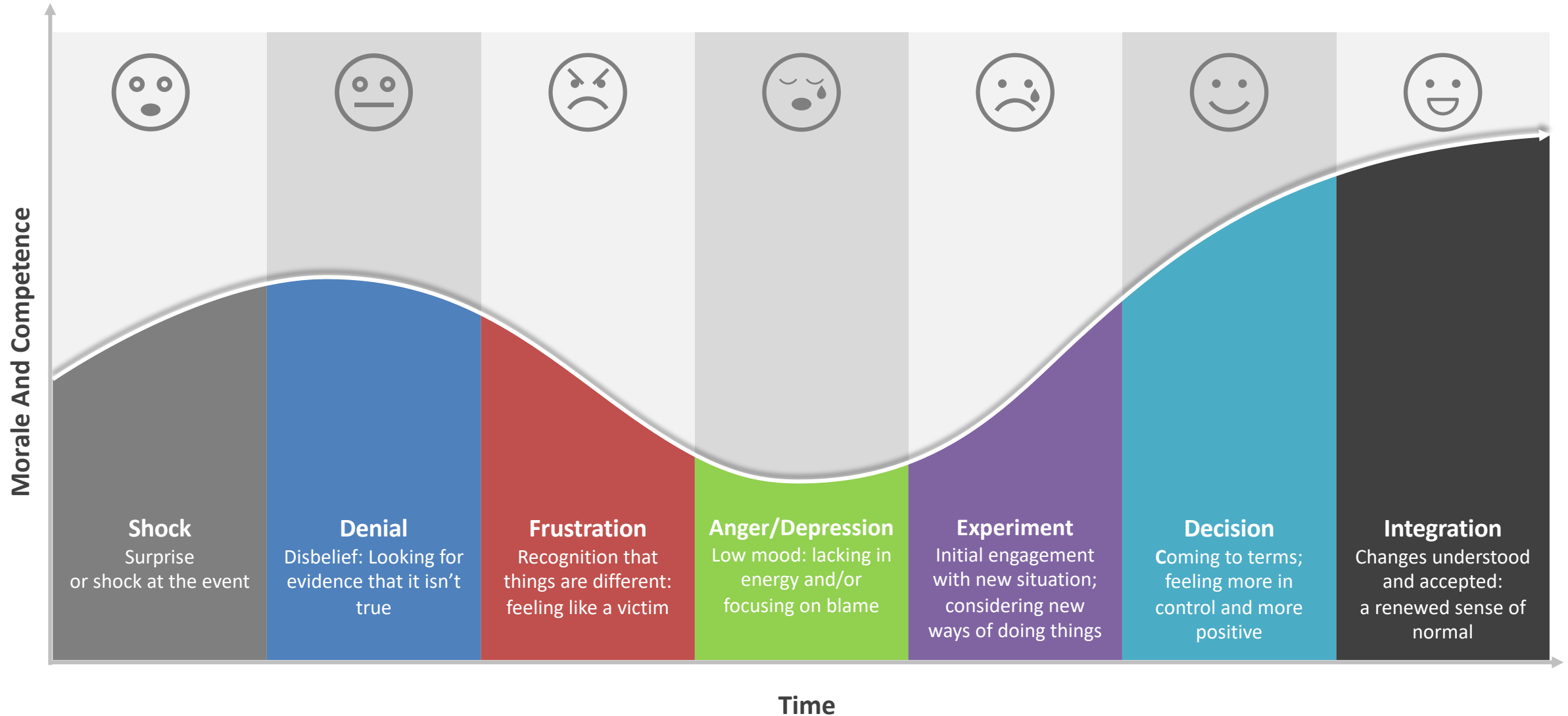
(% Change over 2019 average)



Base: All respondents
Source: Engine/ORC Custom Study



Kübler-Ross Emotional Response to Change





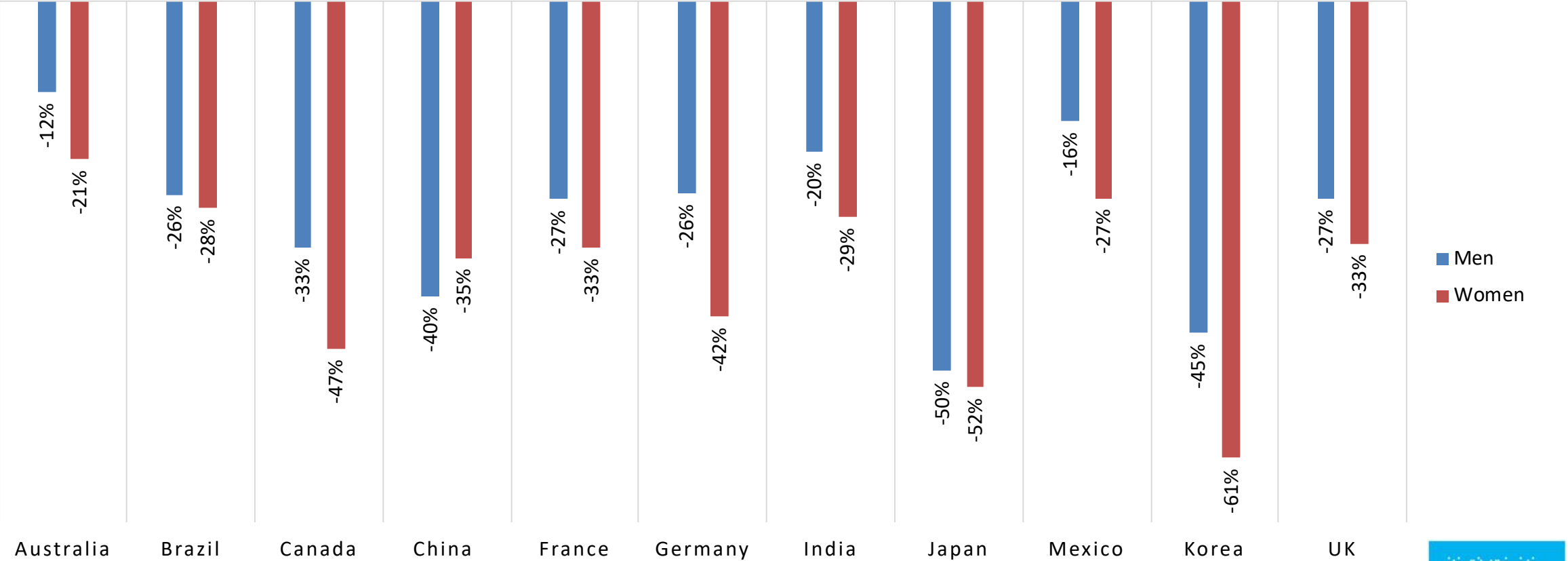
Consumer Impact

Gender Differences



Likelihood to Travel Internationally in the Next 12 months: By Gender

(% Change over 2019 average) JUNE

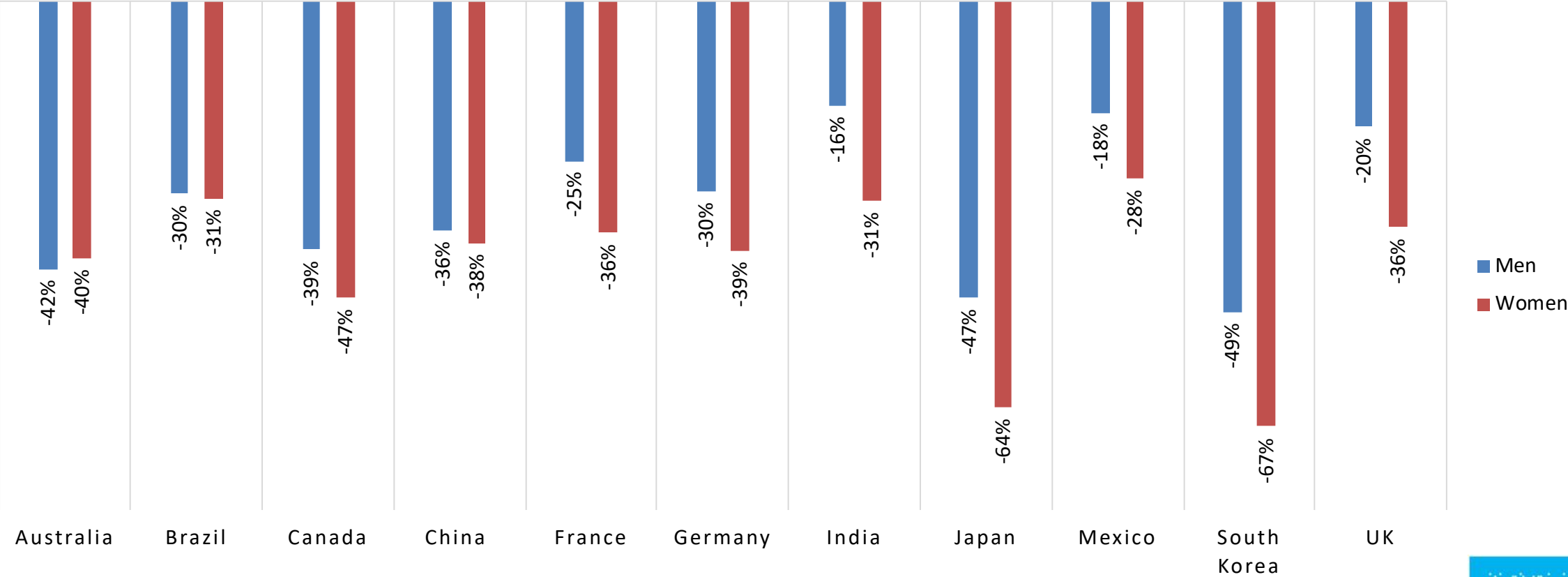


Base: All respondents
Source: Engine/ORC Custom Study



Likelihood to Travel Internationally in the Next 12 months: By Gender

(% Change over 2019 average) JULY



Base: All respondents
Source: Engine/ORC Custom Study

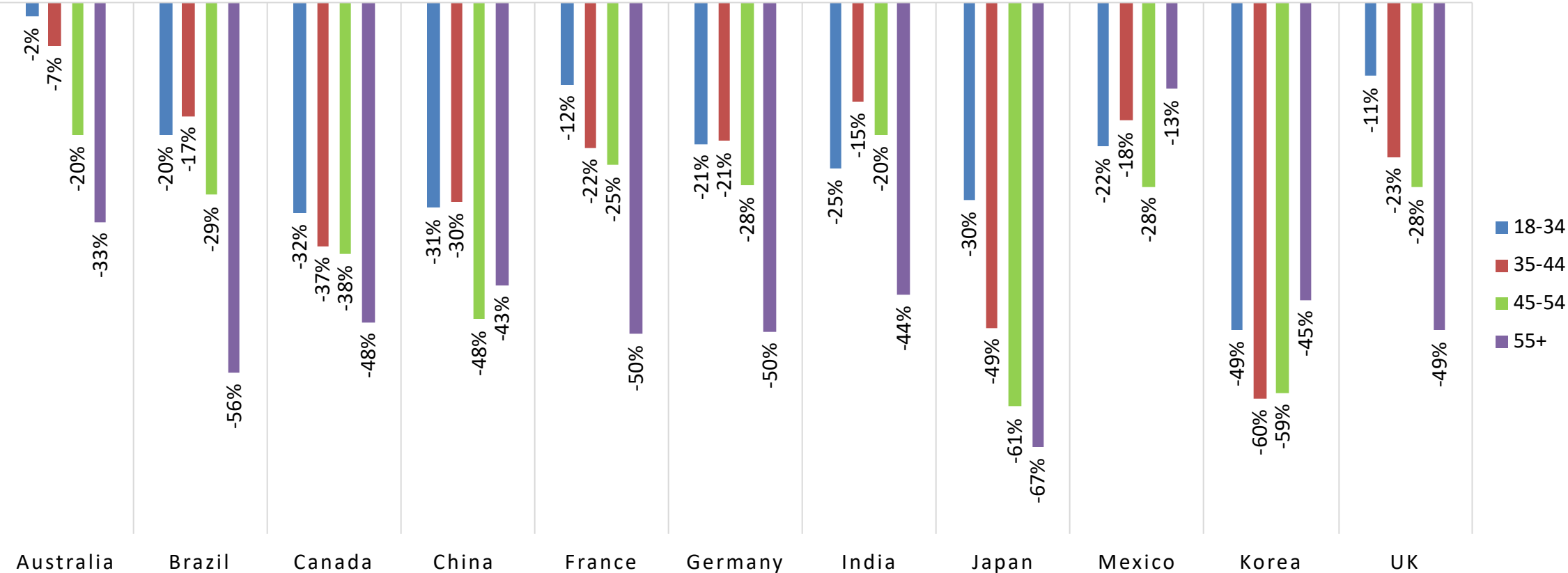


Age Factors



Likelihood to Travel Internationally in the Next 12 months: By Age

(% Change over 2019 average) - JUNE

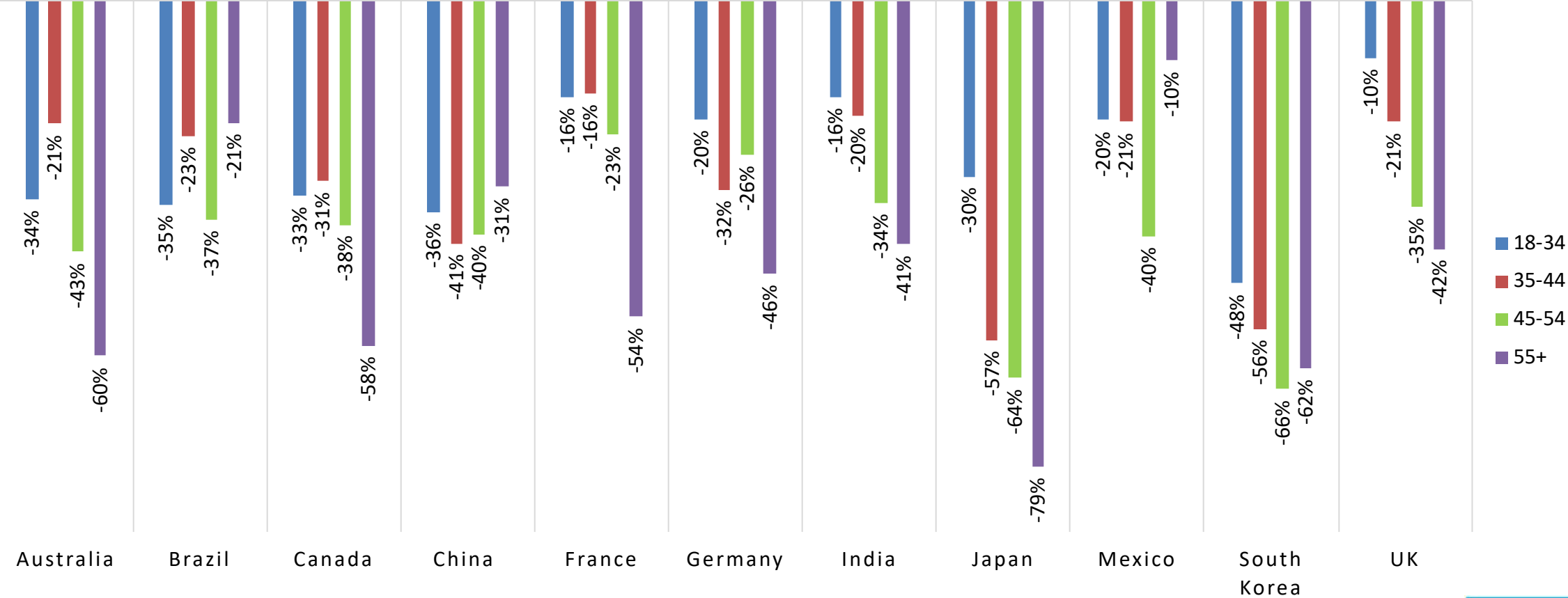


Base: All respondents
Source: Engine/ORC Custom Study



Likelihood to Travel Internationally in the Next 12 months: By Age

(% Change over 2019 average) JULY



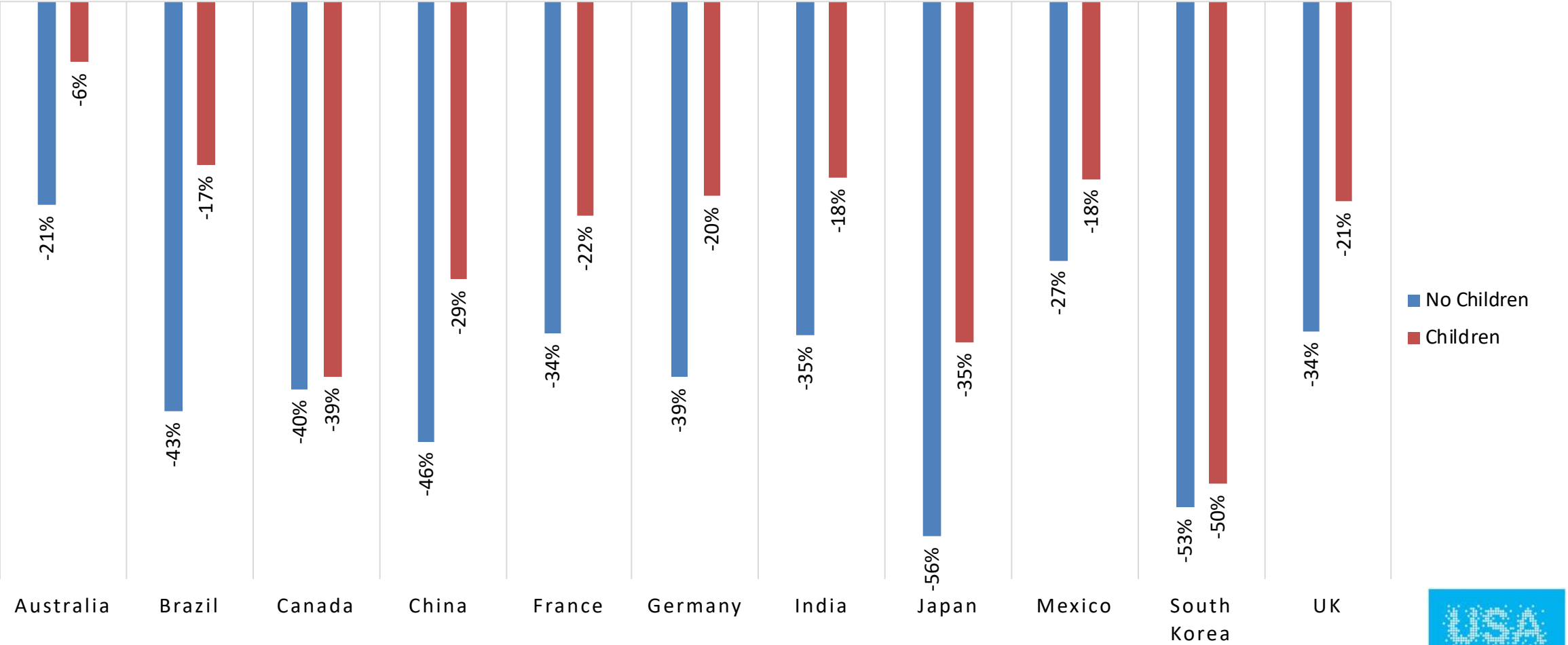
Base: All respondents
Source: Engine/ORC Custom Study





Likelihood to Travel Internationally in the Next 12 months: By Children in Household

(% Change over 2019 average)

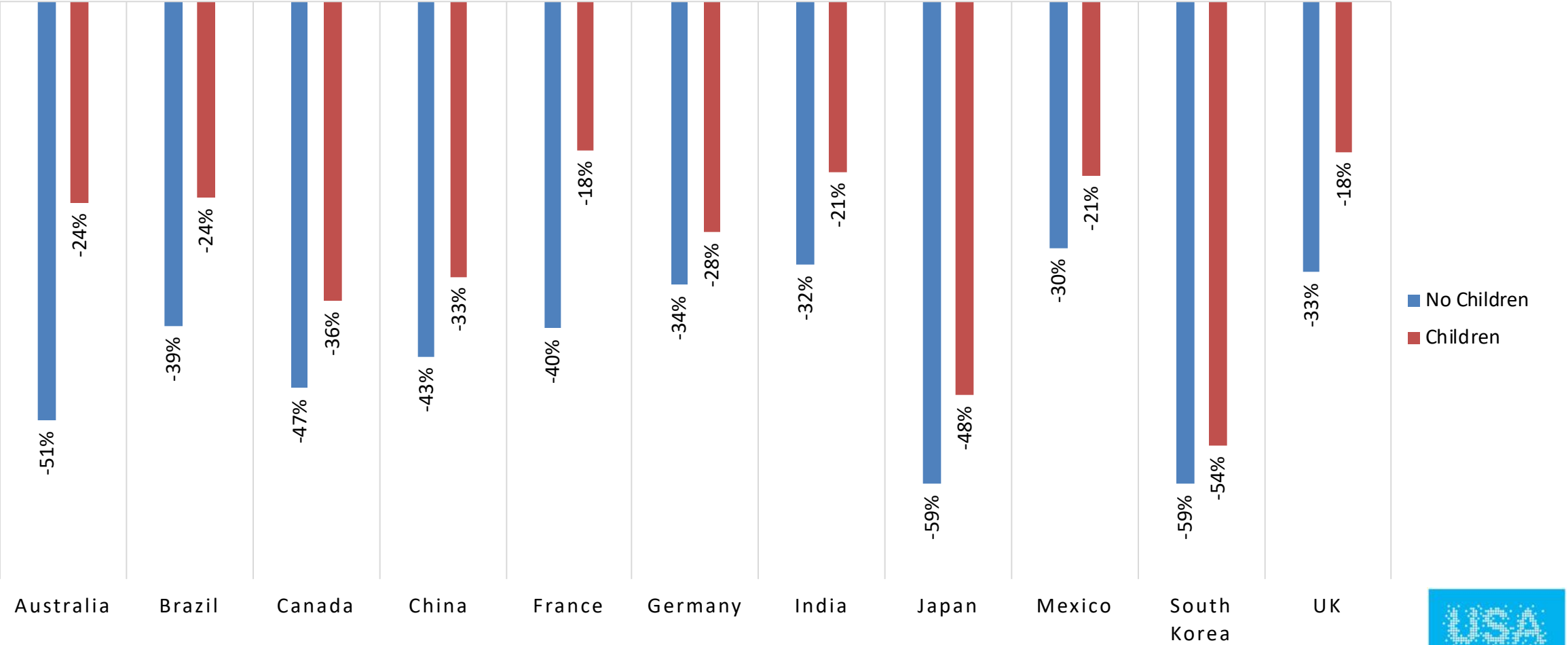


Base: All respondents
Source: Engine/ORC Custom Study



Likelihood to Travel Internationally in the Next 12 months: By Children in Household (July 9th)

(% Change over 2019 average)

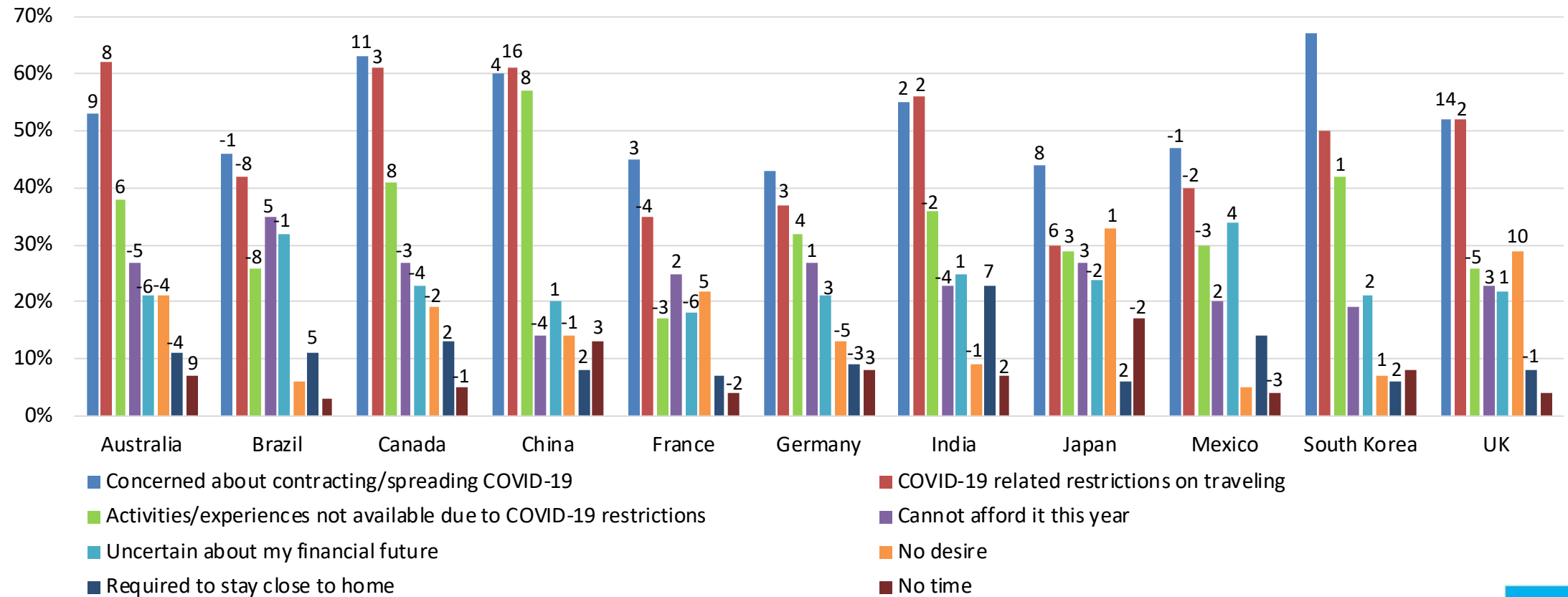


Base: All respondents
Source: Engine/ORC Custom Study





Reasons for Not Traveling Internationally in the Next 12 Months: July 9th (PPS Difference over June 11th)



*Concerned about contracting/spreading COVID-19 replaced "Concerned about the Spread of COVID-19"

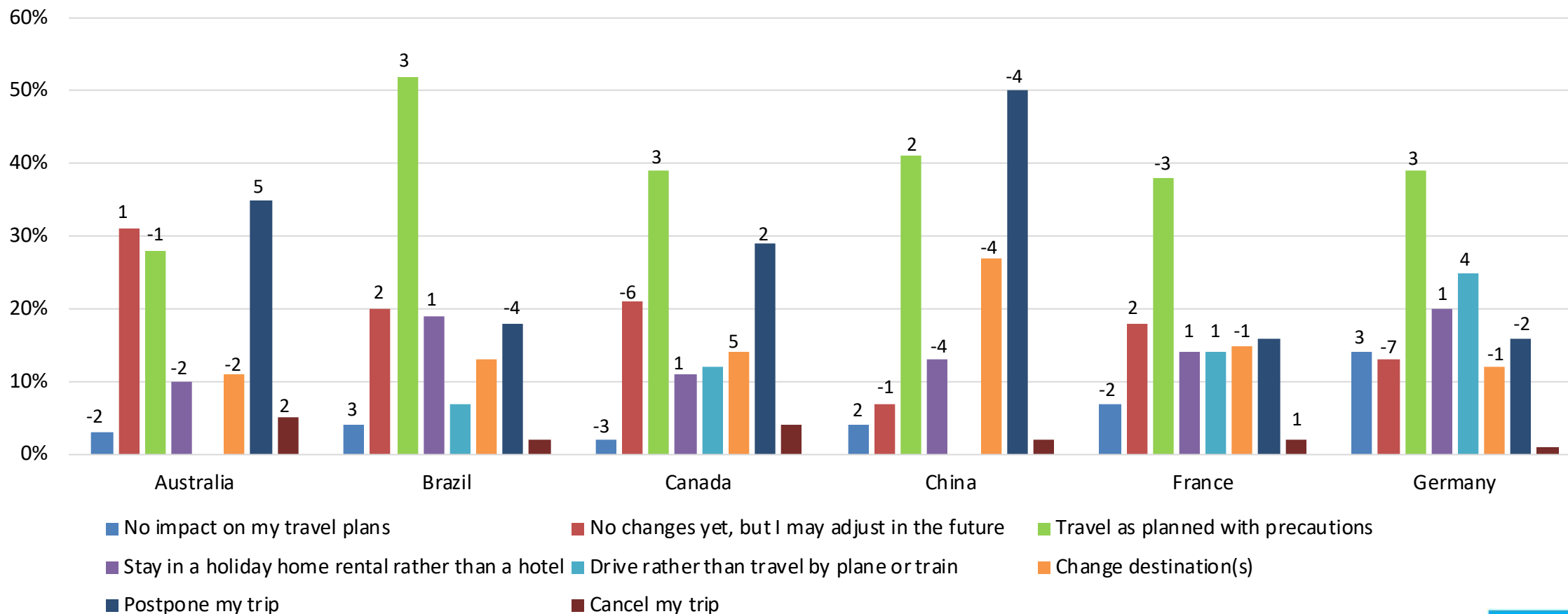
Base: Respondents who are unsure/unlikely to take an international trip in the next 12 months

Source: Engine/ORC Custom Study

Vacation Planning



Travel Changes due to COVID-19: July 9th (PPS Difference Over June 11th)



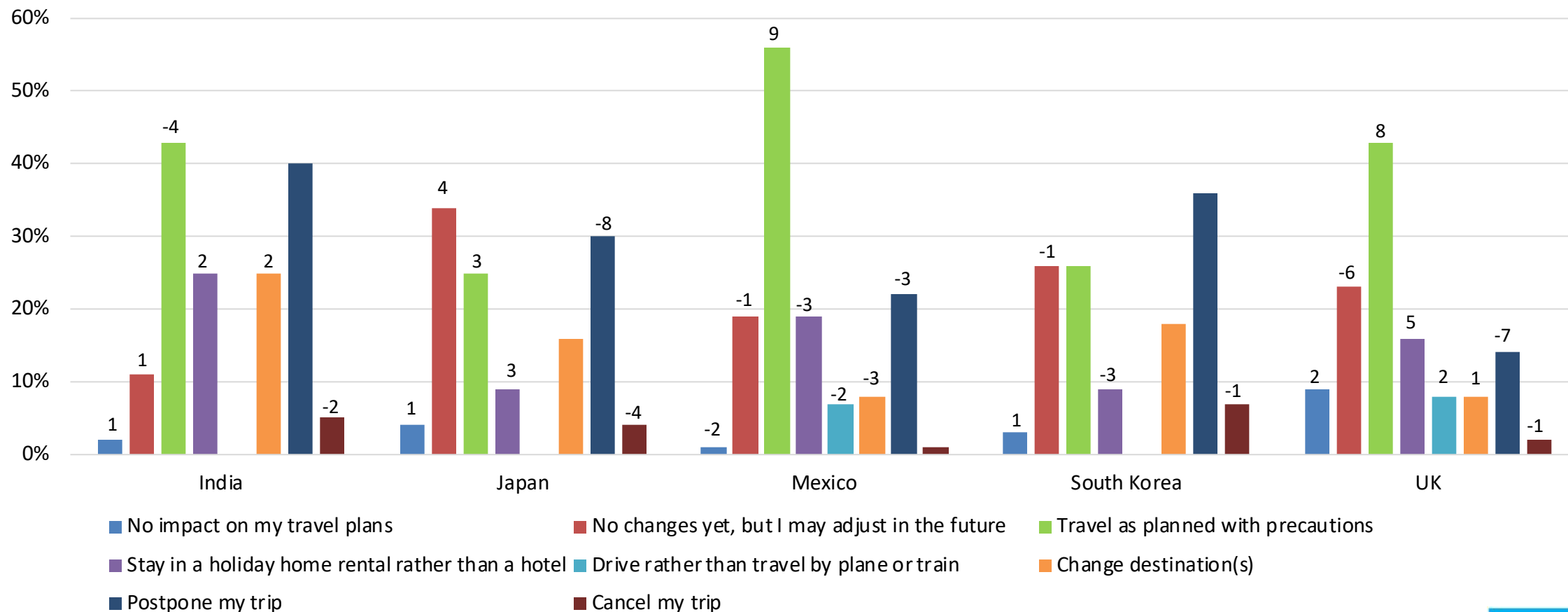
*Driving was excluded in Australia, China, India, Japan and Korea

Base: Respondents who are likely to take an international trip in the next 12 months

Source: Engine/ORC Custom Study



Travel Changes due to COVID-19: July 9th (PPS Difference Over June 11th)



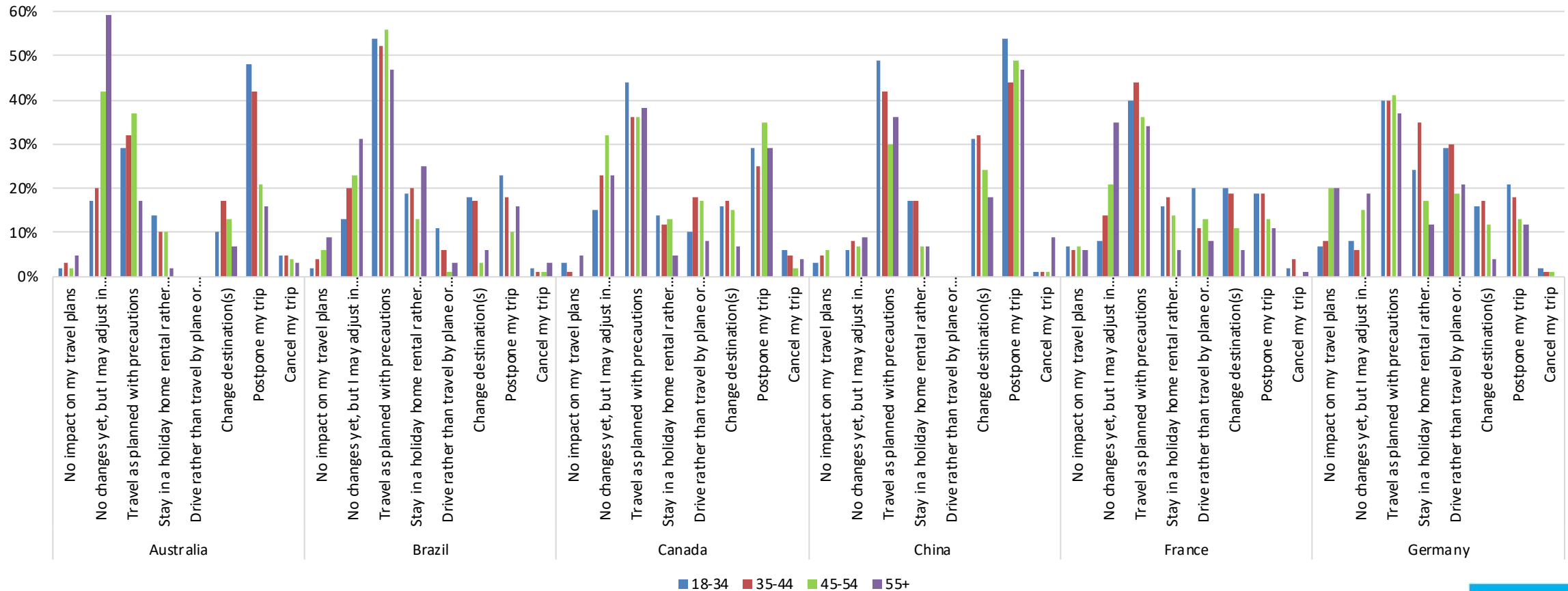
*Driving was excluded in Australia, China, India, Japan and Korea

Base: Respondents who are likely to take an international trip in the next 12 months

Source: Engine/ORC Custom Study



Travel Changes due to COVID-19: By Age (July 9th)



*New. Driving was excluded in Australia, China, India, Japan and Korea

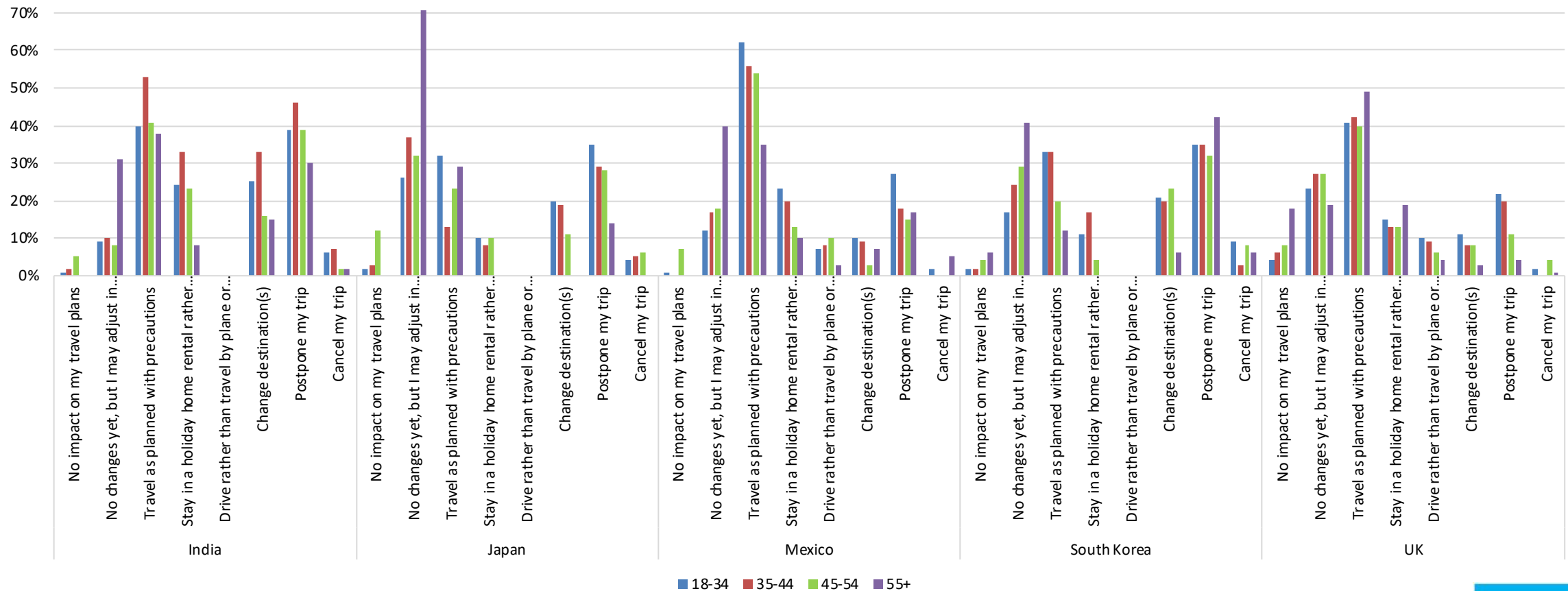
Base: Respondents who are likely to take an international trip in the next 12 months

Source: Engine/ORC Custom Study



Travel Changes due to COVID-19: By Age

(July 9th)

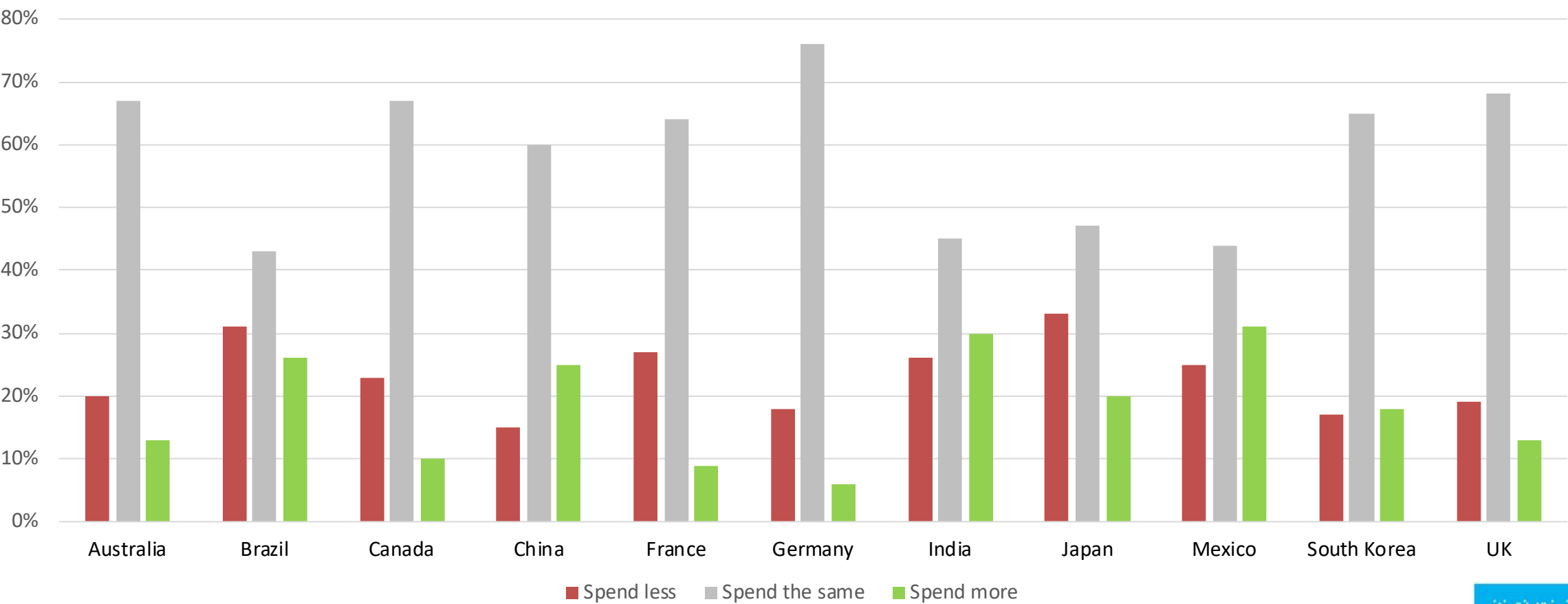


*New. Driving was excluded in Australia, China, India, Japan and Korea

Base: Respondents who are likely to take an international trip in the next 12 months

Source: Engine/ORC Custom Study

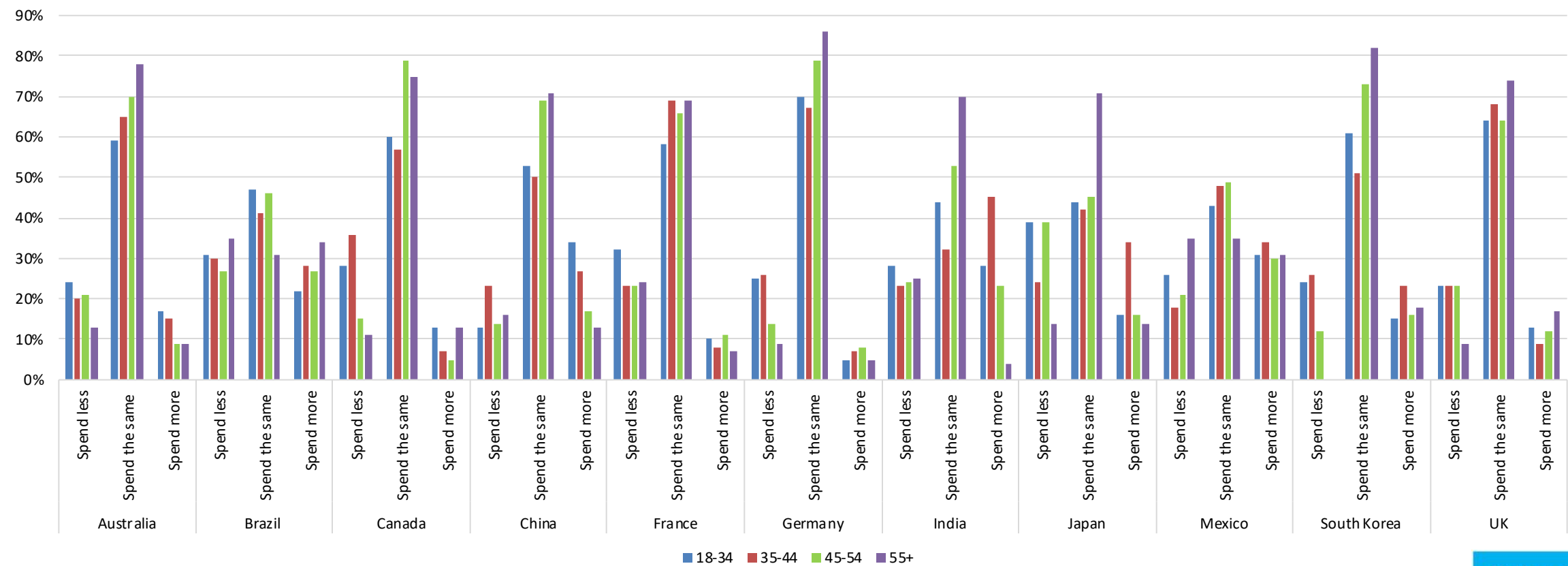
Budget for Traveling Internationally in the Next 12 Months (July 9th)



Base: Respondents who are likely to take an international trip in the next 12 months
Source: Engine/ORC Custom Study



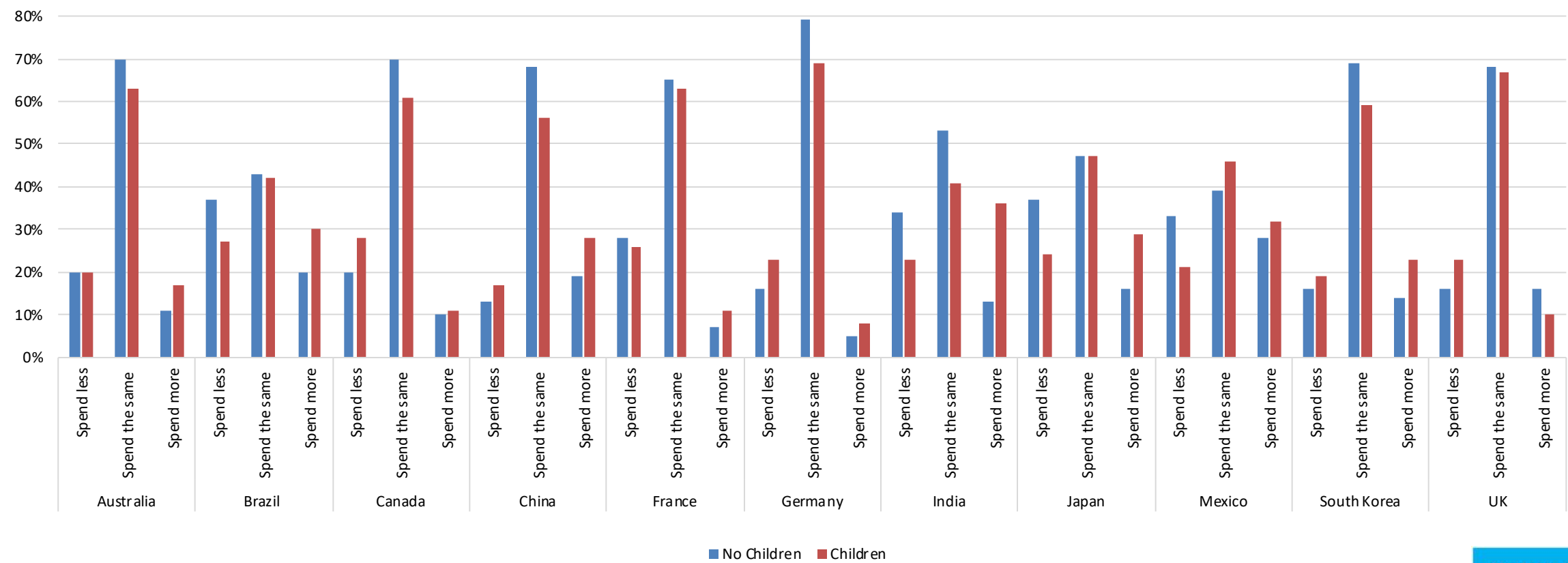
Budget for Traveling Internationally in the Next 12 Months: By Age (July 9th)



Base: Respondents who are likely to take an international trip in the next 12 months
Source: Engine/ORC Custom Study



Budget for Traveling Internationally in the Next 12 Months: By Children in Household (July 9th)

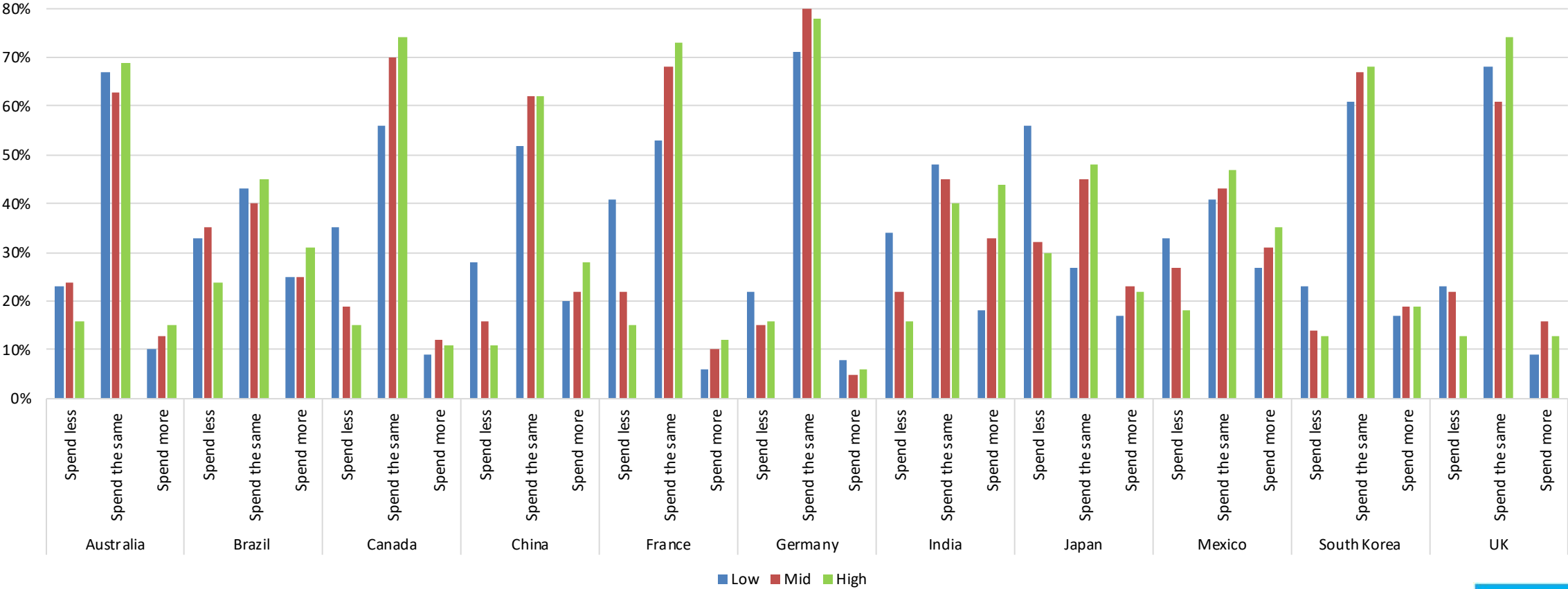


Base: Respondents who are likely to take an international trip in the next 12 months

Source: Engine/ORC Custom Study



Budget for Traveling Internationally in the Next 12 Months: By Household Income (July 9th)

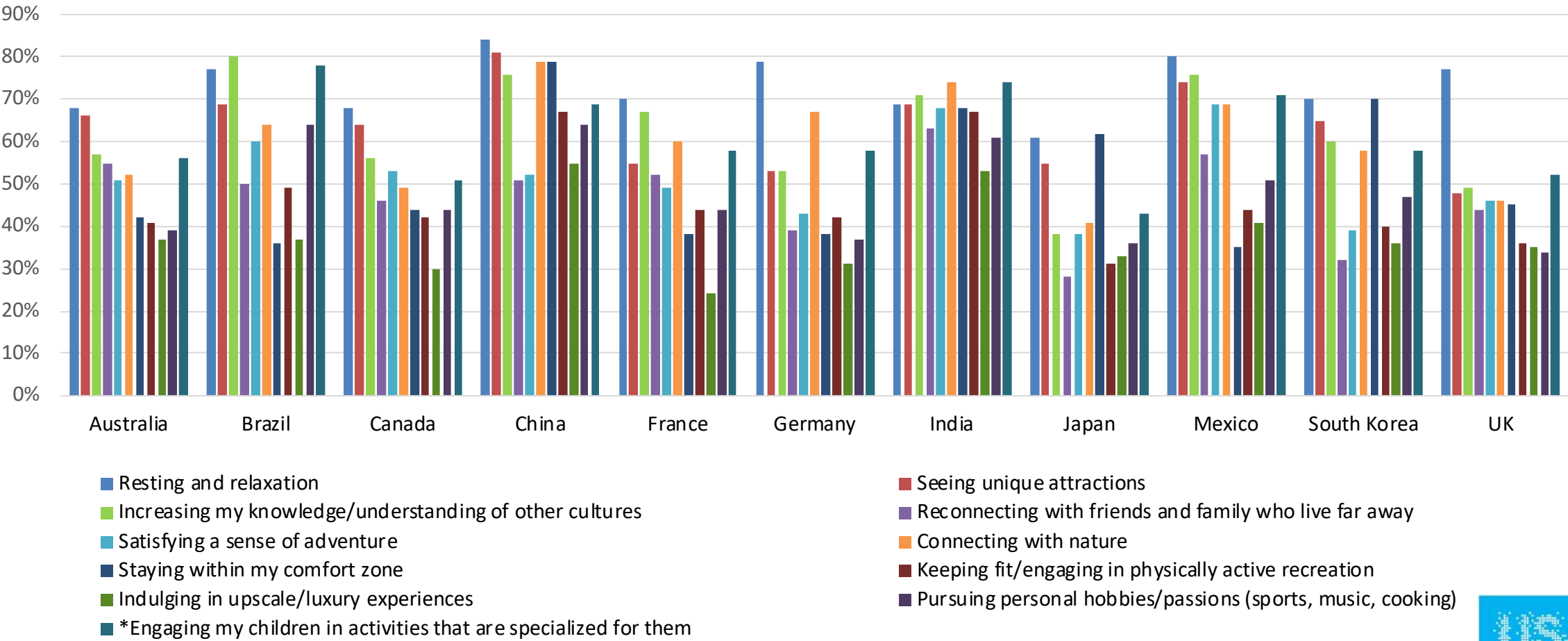


Base: Respondents who are likely to take an international trip in the next 12 months
Source: Engine/ORC Custom Study





Personal Considerations When Deciding International Destination (July 9th)



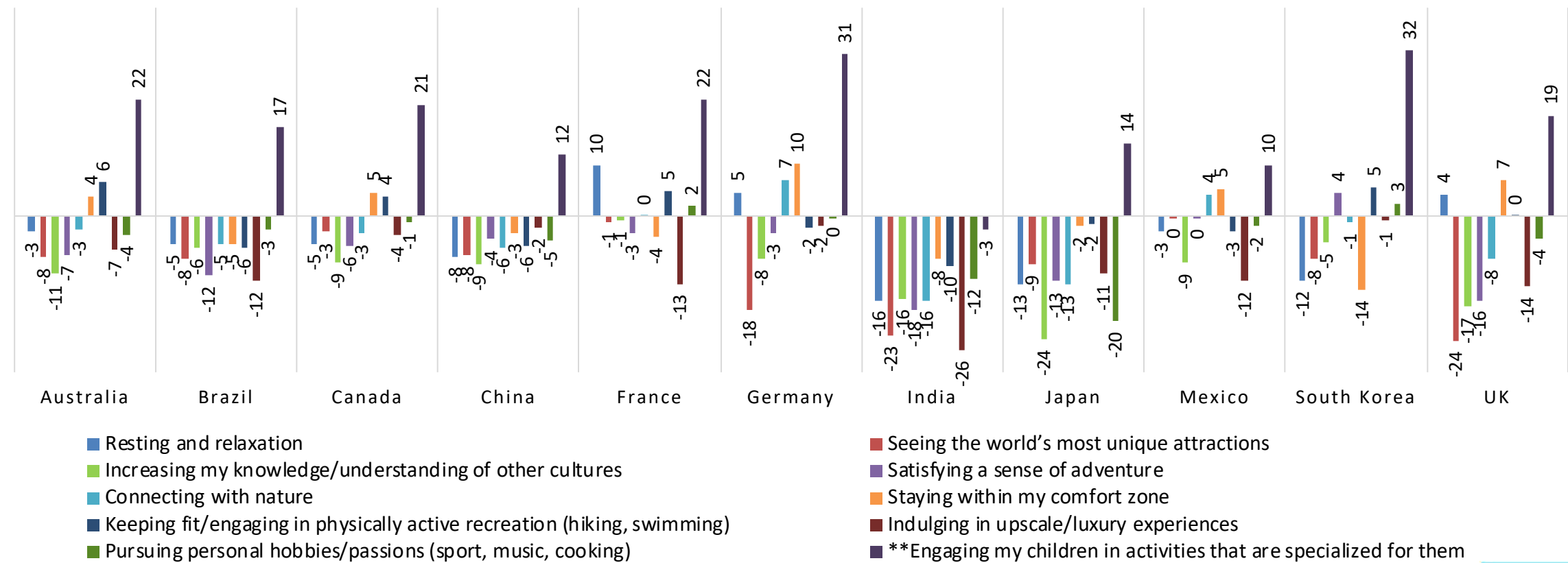
Base: Respondents who are likely to take an international trip in the next 12 months

*Base: Respondents with children in the household

Source: Engine/ORC Custom Study



Personal Considerations* When Deciding International Destination: Very Important and Extremely Important (PPS Difference Over 2019 Market Intelligence Study)



*Market Intelligence Study excludes VFR
Base: Respondents who are likely to take an international trip in the next 12 months
** Base: Respondents with children in the household
Source: Engine/ORC Custom Study



Traveler Priority: Minimize Risk

Health/Hygiene

- Minimizing shared facility use/ Visiting friends and relatives
- Crowd avoidance

Flexibility/Control

- Cancellation/change policy, insurance
- Car versus air travel
- Familiar/tried & true experiences

Keeping it simple

- Not trying to check all the boxes; focusing on what's most important

Reconnecting with loved ones

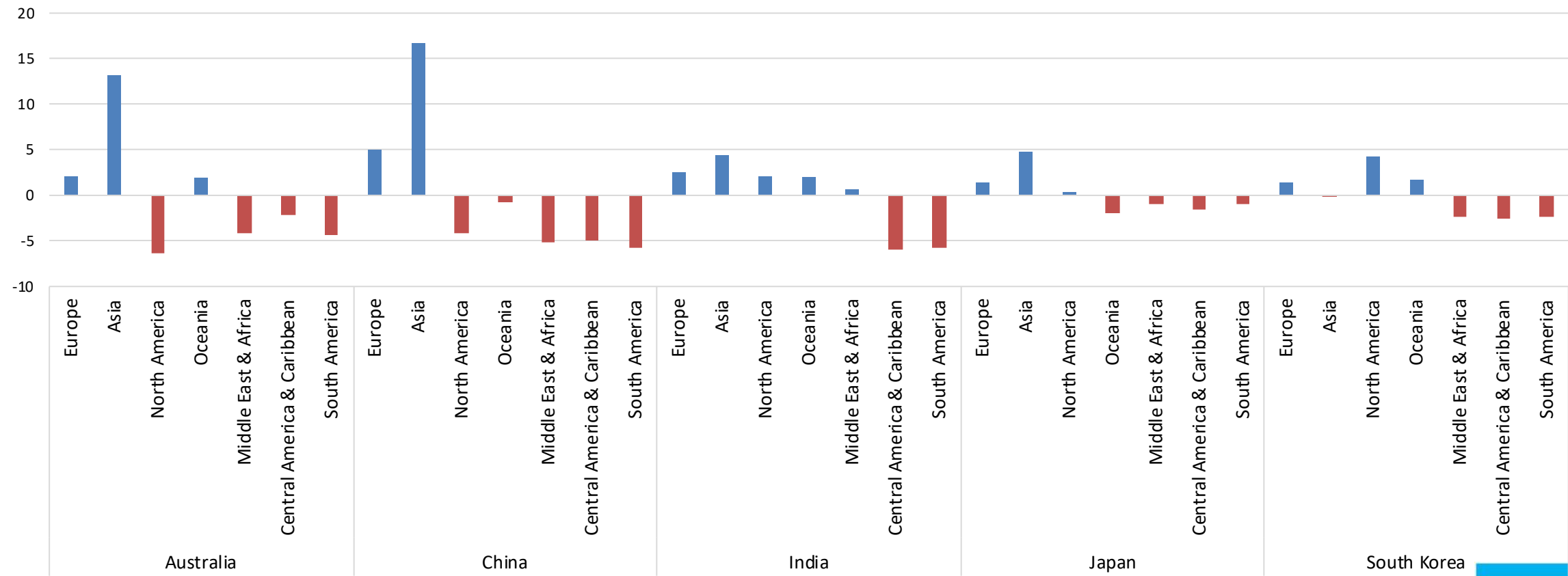
- Family/friends are a strong driver; child-focused activities are a top priority for parents

Financial

- Looking for deals/low prices – however, many would pay a premium for private space



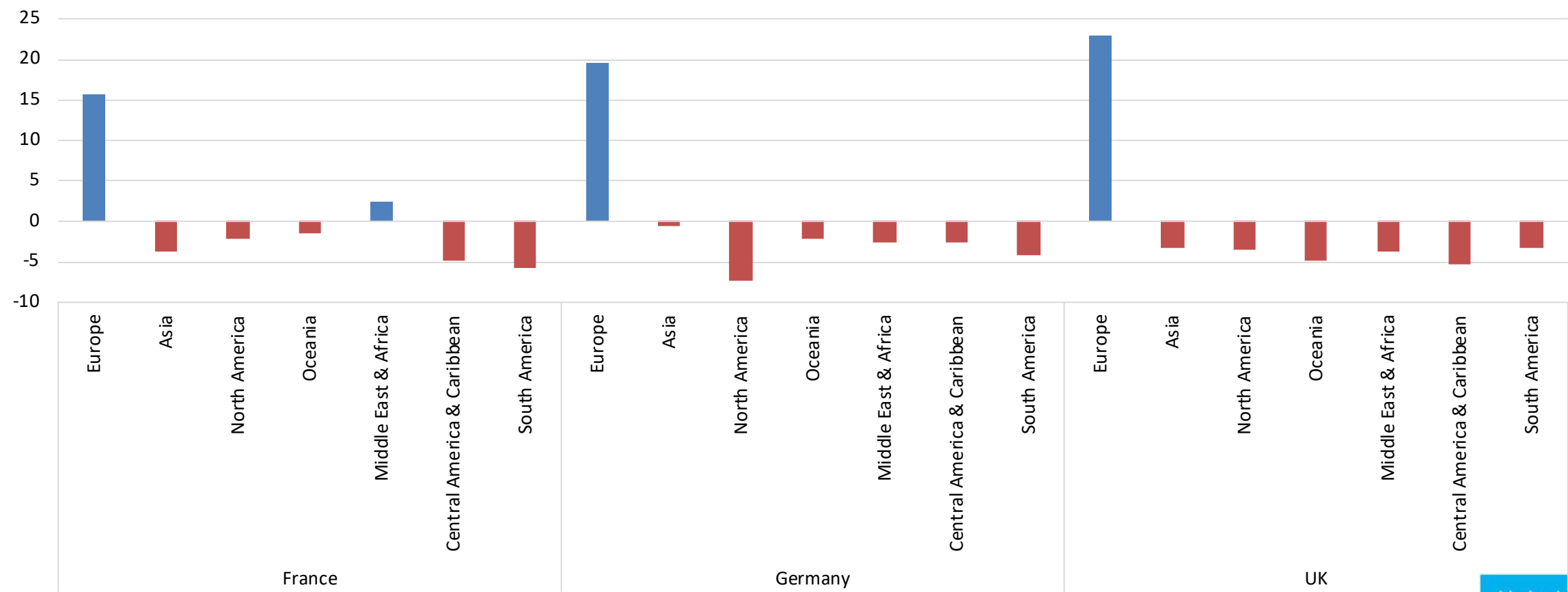
Asia-Pacific: Destination Share By Region for Next 12 Months (PPS Difference compared to 2019)



Base: Respondents who are likely to take an international trip in the next 12 months
Source: Engine/ORC Custom Study



Europe: Destination Share By Region for Next 12 Months (PPS Difference compared to 2019)

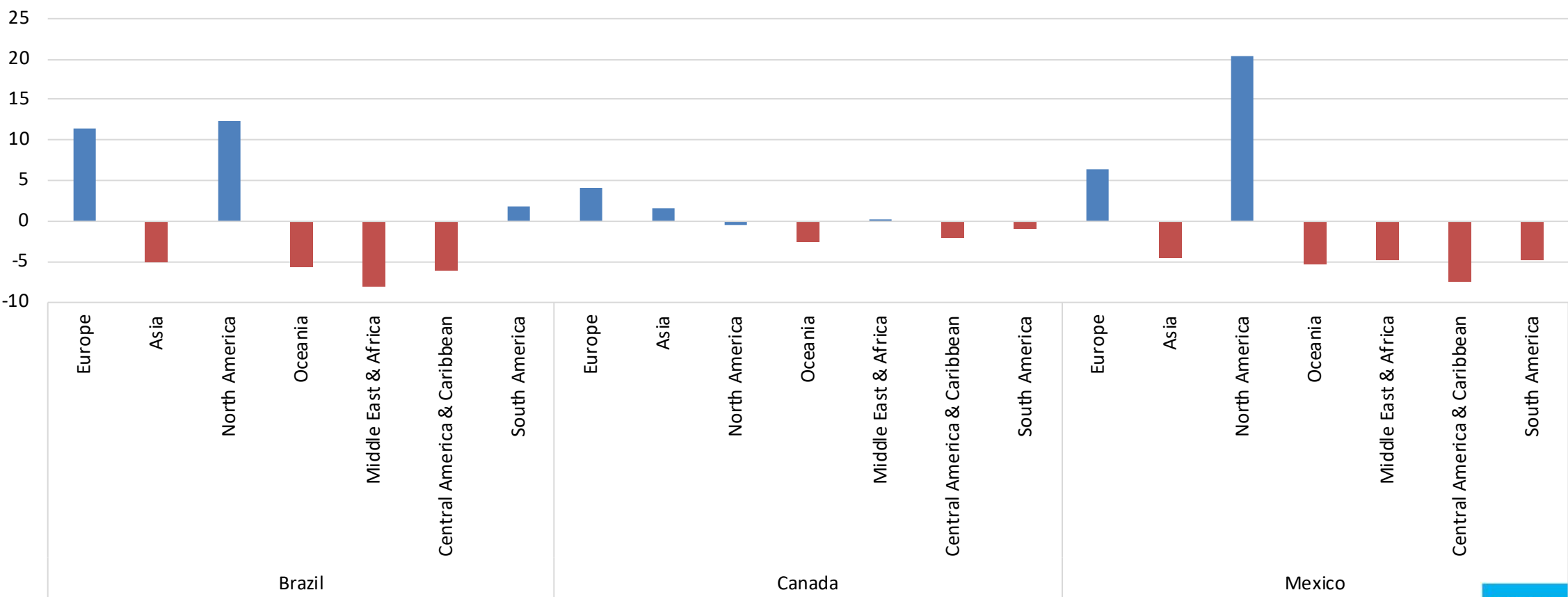


Base: Respondents who are likely to take an international trip in the next 12 months
Source: Engine/ORC Custom Study



Americas: Destination Share By Region for Next 12 Months

(PPS Difference compared to 2019)

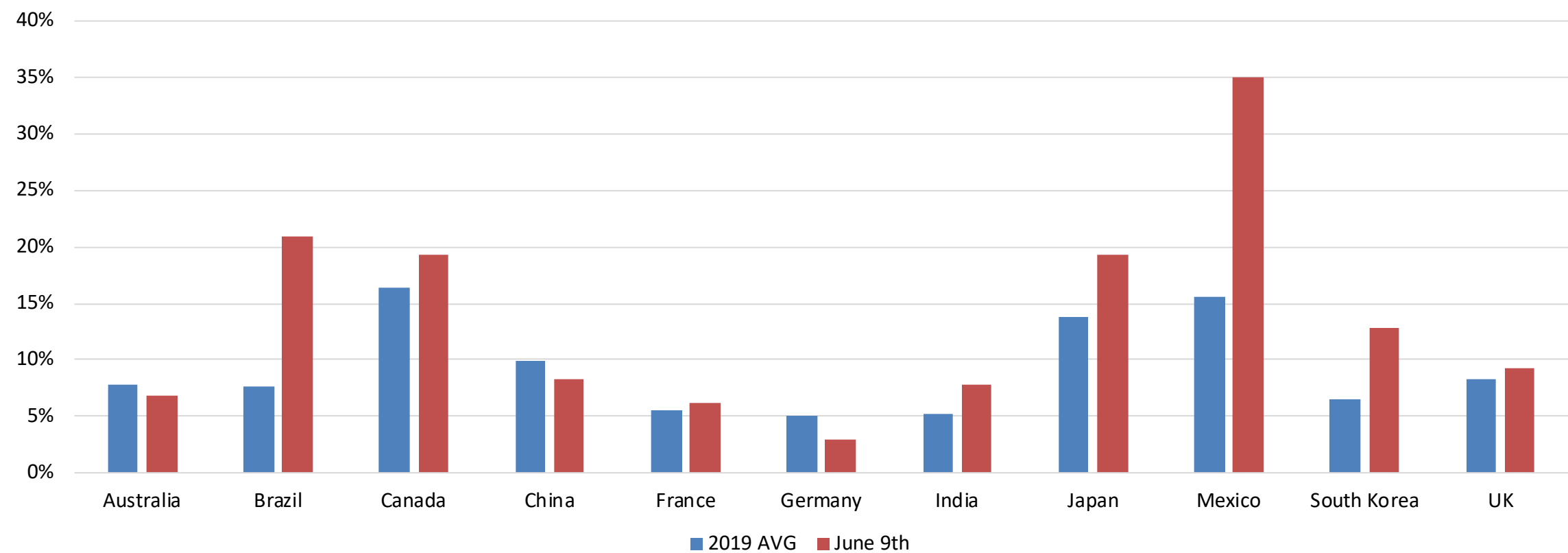


Base: Respondents who are likely to take an international trip in the next 12 months
Source: Engine/ORC Custom Study



Next Trip Destination Share: USA

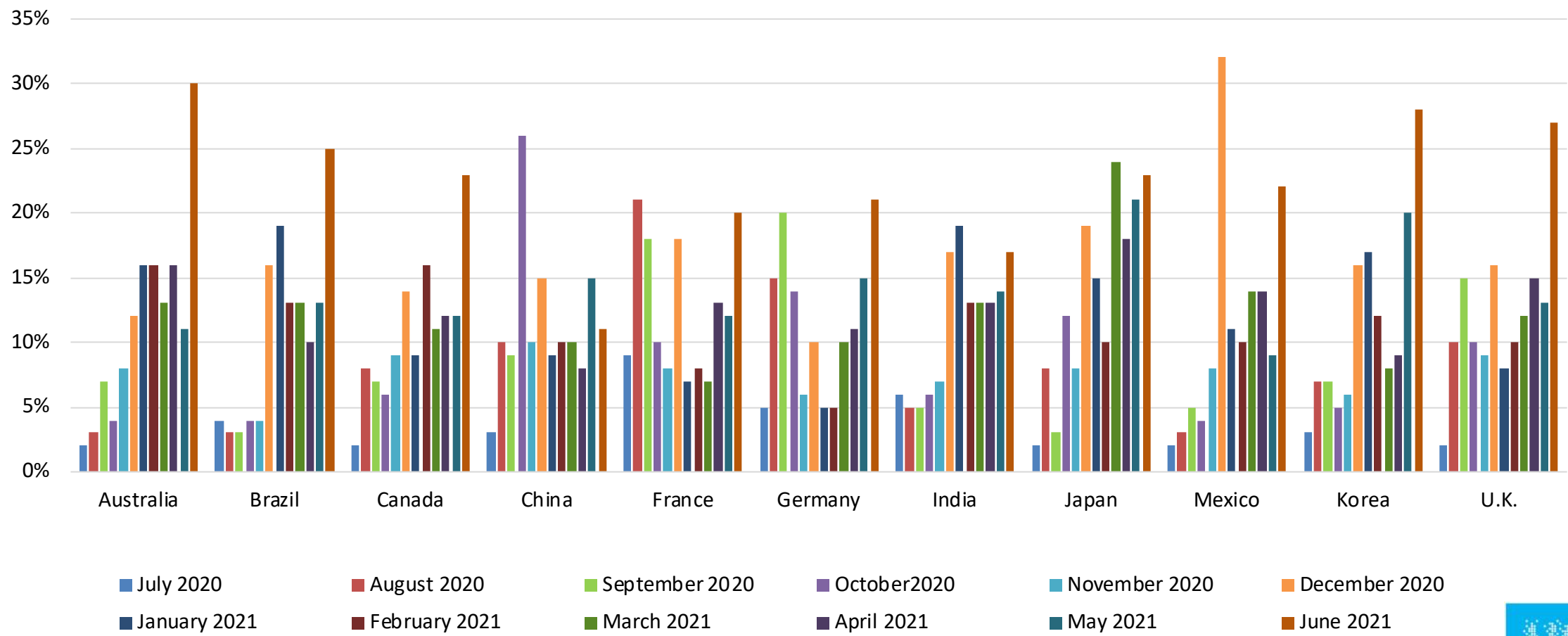
(Compared to 2019 Share of All Planned Trip Destinations)



Base: Respondents who are likely to take an international trip in the next 12 months
Source: Engine/ORC Custom Study



International Trip: Planning Departure Month (July 9th) (Next 12 Months)



Source: Engine/ORC Custom Study

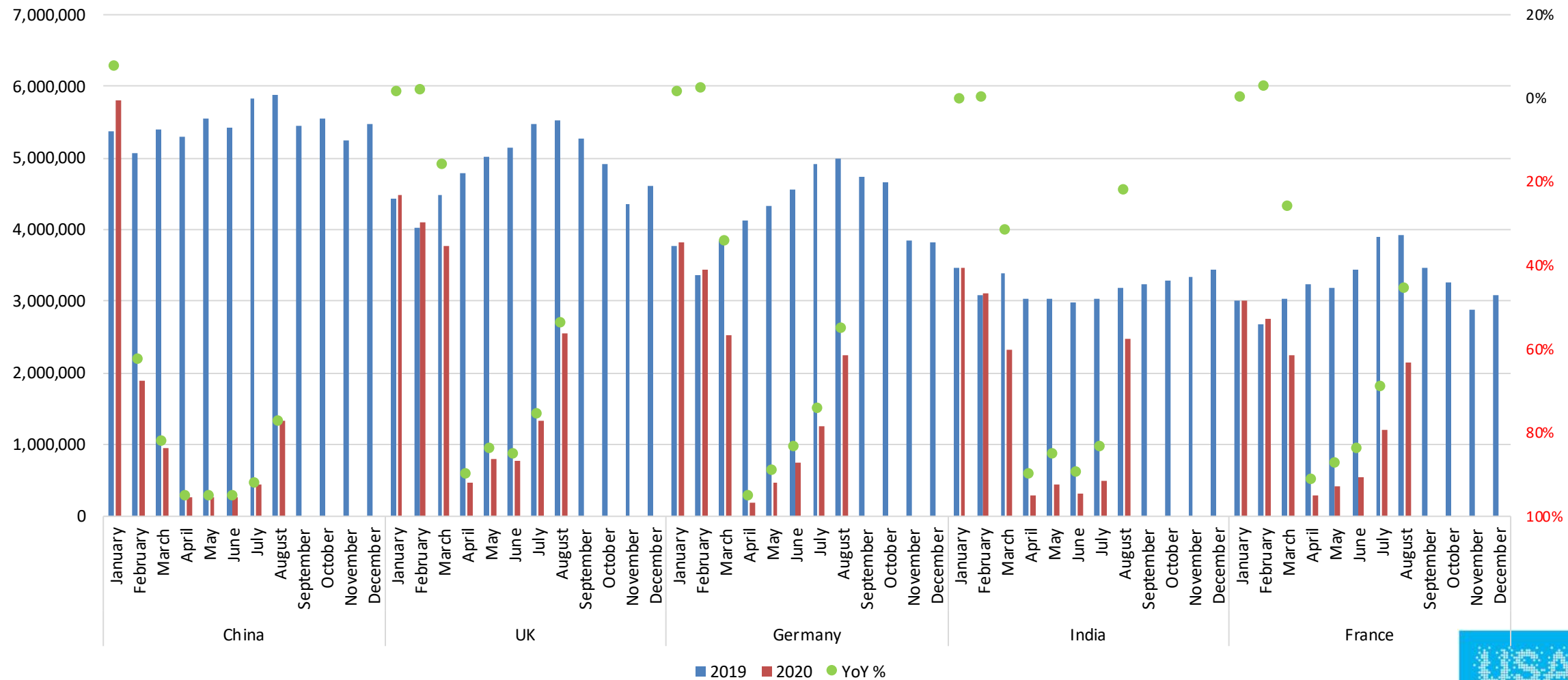




 DEPARTURES					
Time	Destination	Flight	Boarding	Boarding	Gate
	MADRID		GATE CLOSED		
	PARIS		BOARDING		
	MEXICO		CHECK-IN		
	AMSTERDAM		CHECK-IN		
			CANCELED		
			CANCELED		



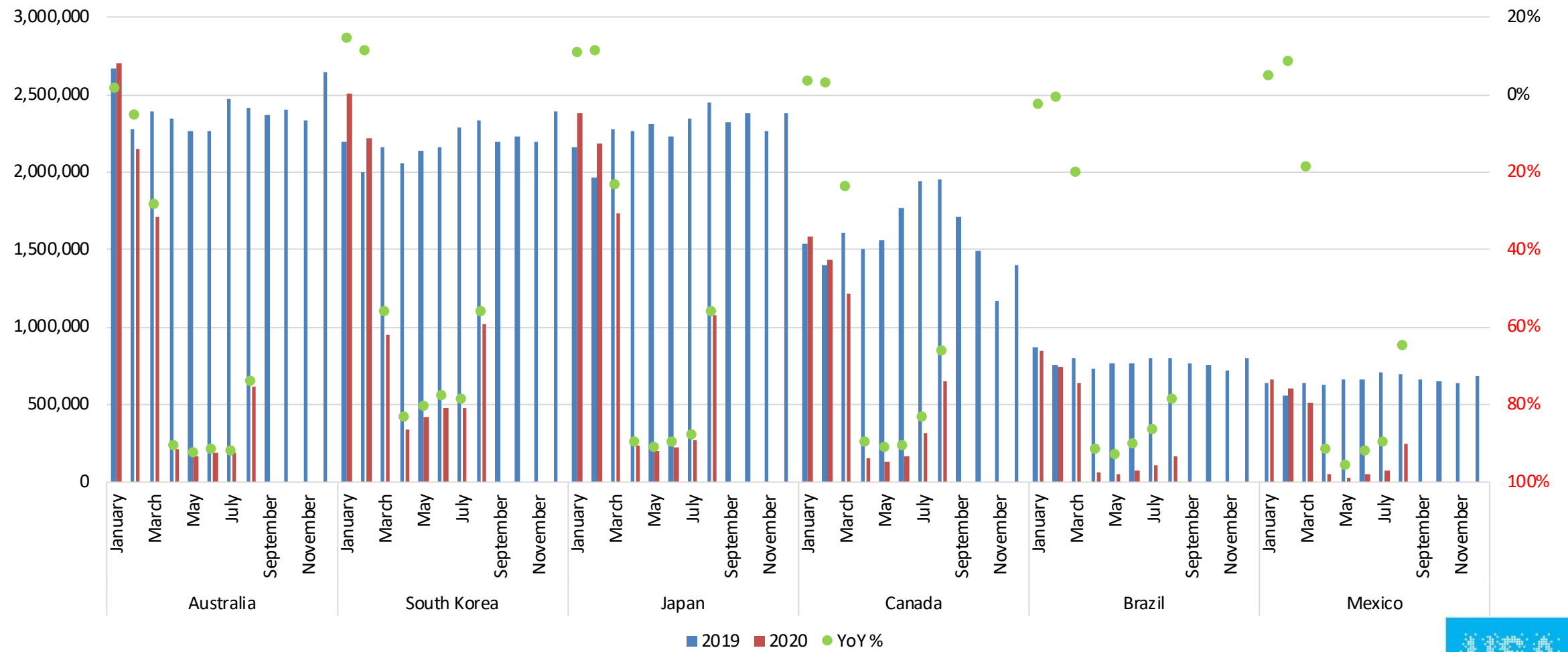
Long-Haul Outbound Operating Air Capacity Scheduled



Source: Sabre (July 20, 2020)



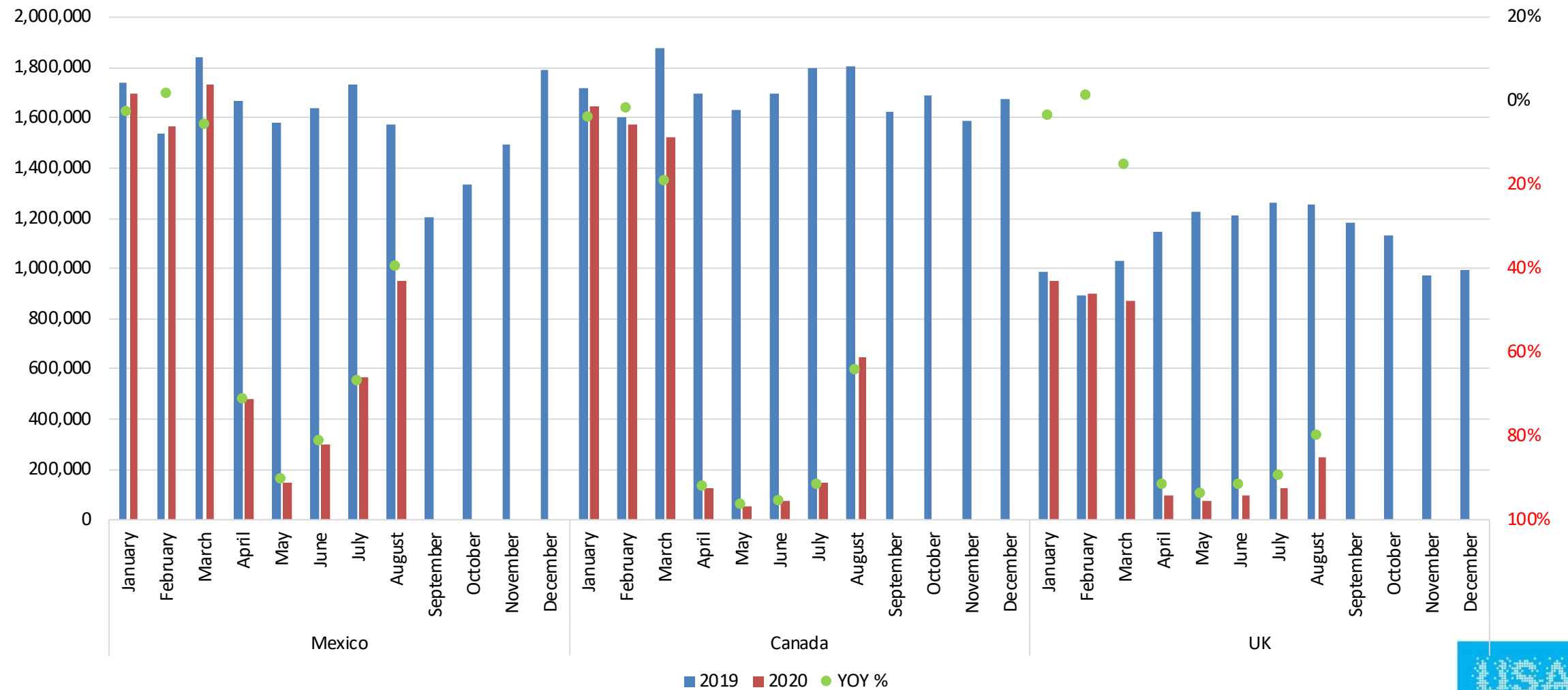
Long-Haul Outbound Operating Air Capacity Scheduled



Source: Sabre (July 20, 2020)



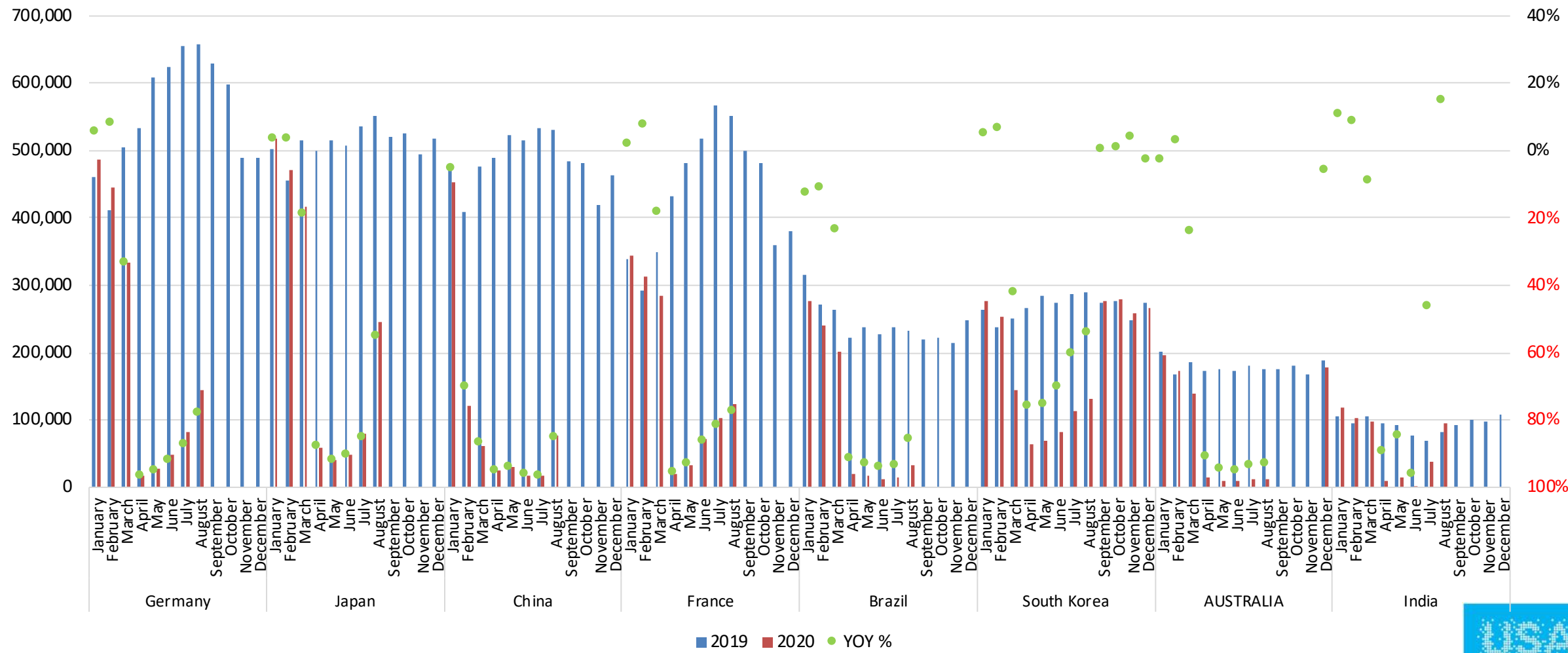
USA Inbound Operating Air Capacity Scheduled



Source: Sabre (July 20, 2020)



USA Inbound Operating Air Capacity Scheduled



Source: Sabre (July 20, 2020)





International Travel Prerequisites

POLICY- Freedom of Movement

- Lifting of restrictions and for most travelers, mandatory 2 week quarantine policies
- Low level of cases for both origin and destination

PRODUCT - Reconfiguration and Availability

- Return of flight capacity
- Reopening and sufficient capacity of key attractions/activities

POSITIVITY - Consumer Confidence

- Conditions are understood and risks/costs are at an acceptable level
 - May require willingness to be tested pre-entry and/or tracked in destination
 - Comfort with new processes and procedures that ensure distancing and hygiene

Thank you!



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