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Covid 19 International Market Update

June 23, 2020



Chris Thompson
President & CEO





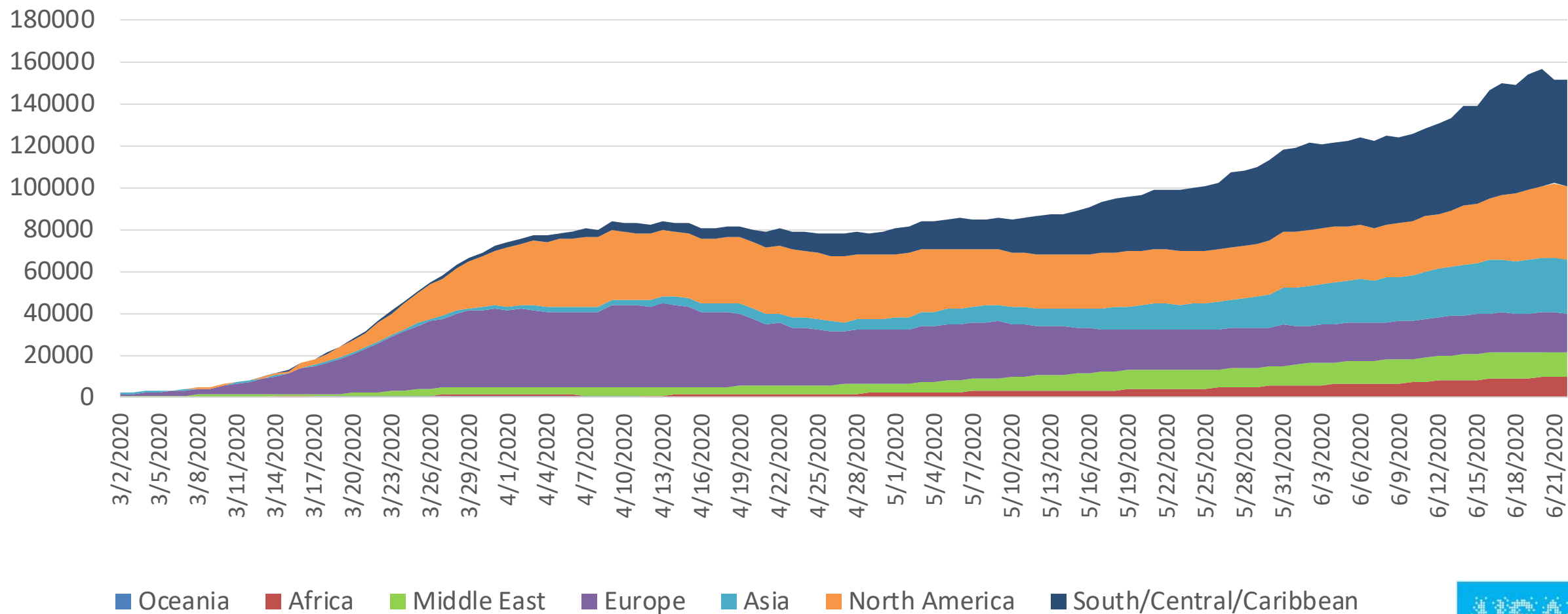
Carroll Rheem
VP, Research & Analytics





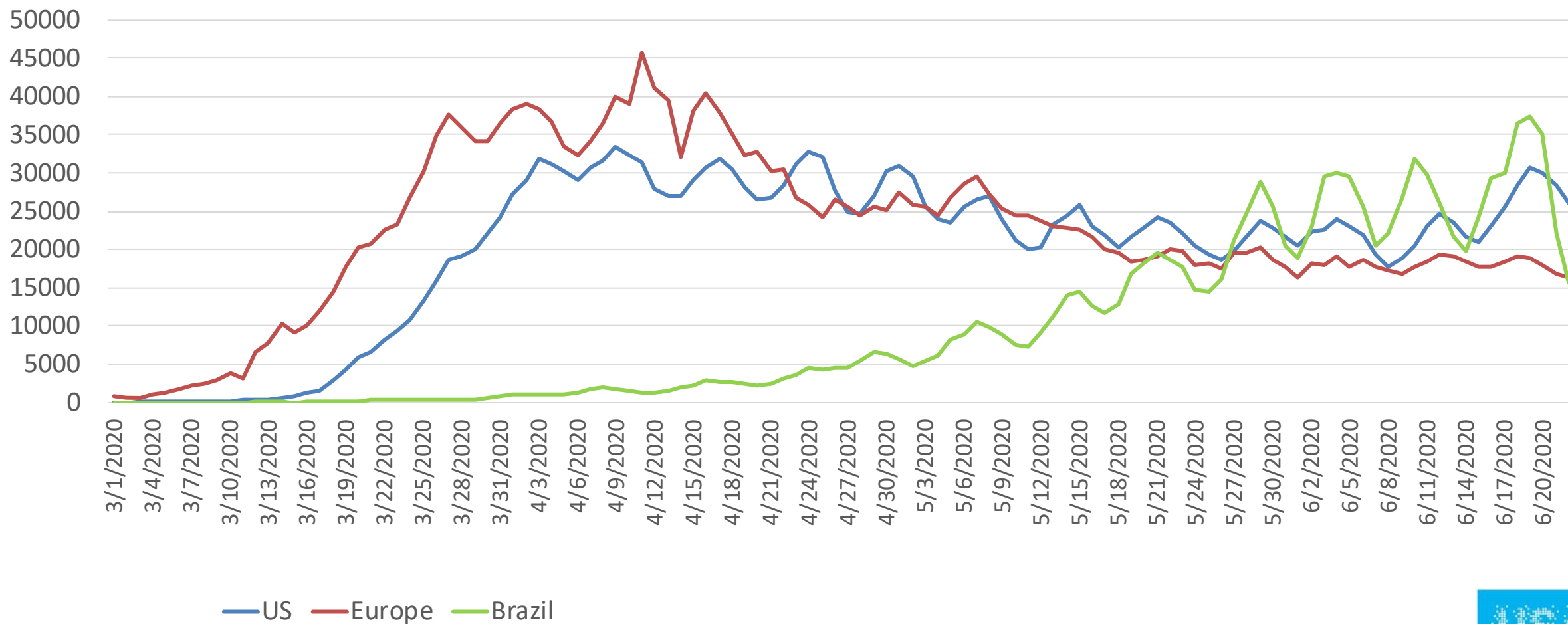
Pace of Coronavirus (Covid-19) Contagion

New Confirmed Cases (rolling average over 7 days)



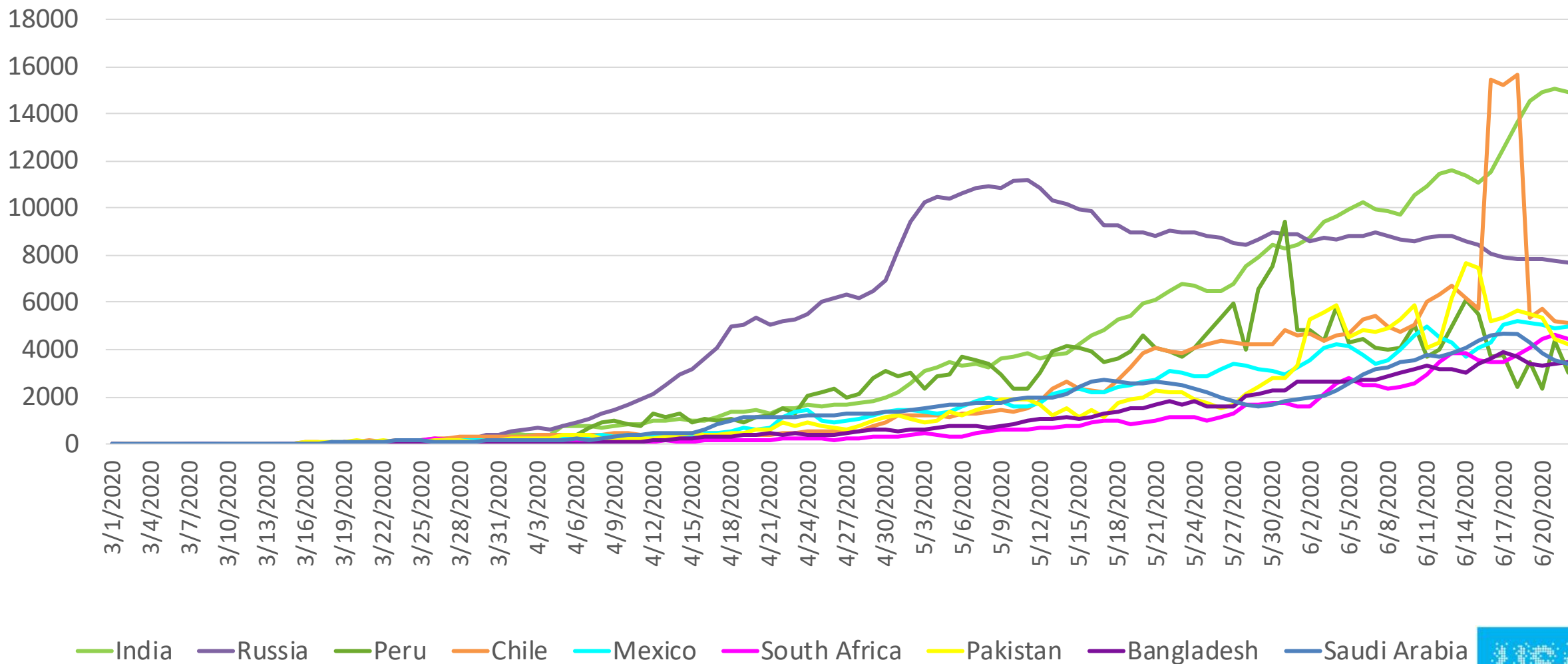
Source: Johns Hopkins

Daily New Confirmed Cases (rolling average over 3 days)



Source: Johns Hopkins

Daily New Confirmed Cases (rolling average over 3 days)

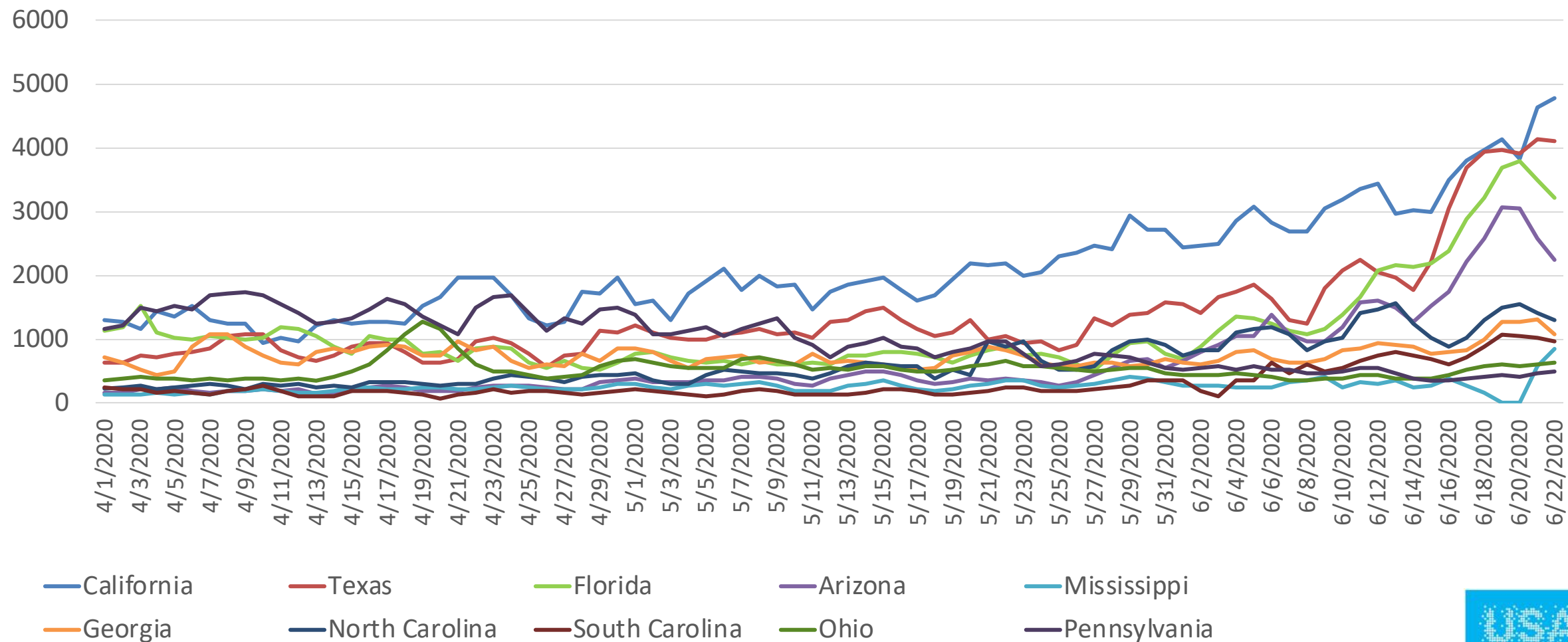


Source: Johns Hopkins



Daily New Confirmed Cases - Top 10 States

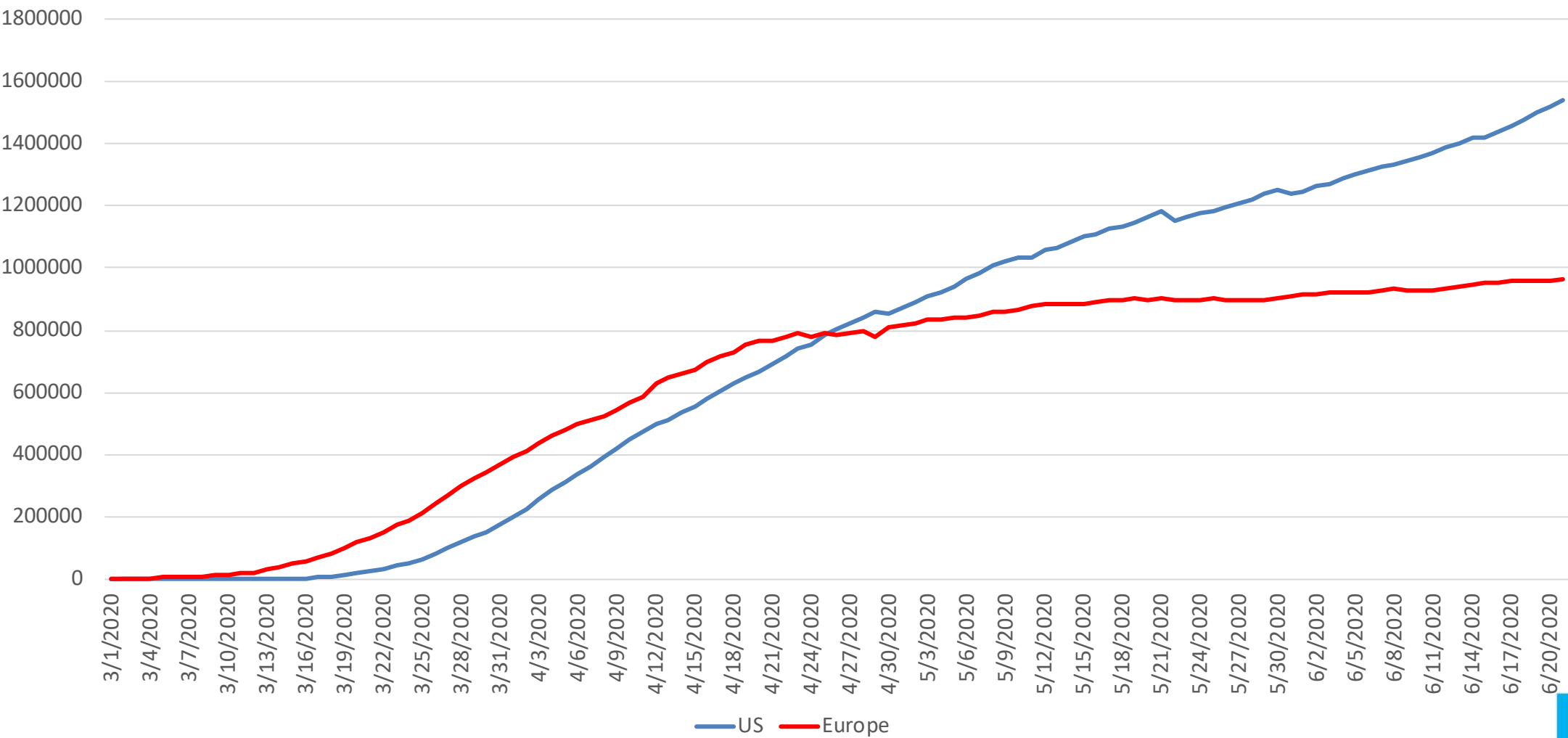
(rolling average over 3 days)



Source: Johns Hopkins



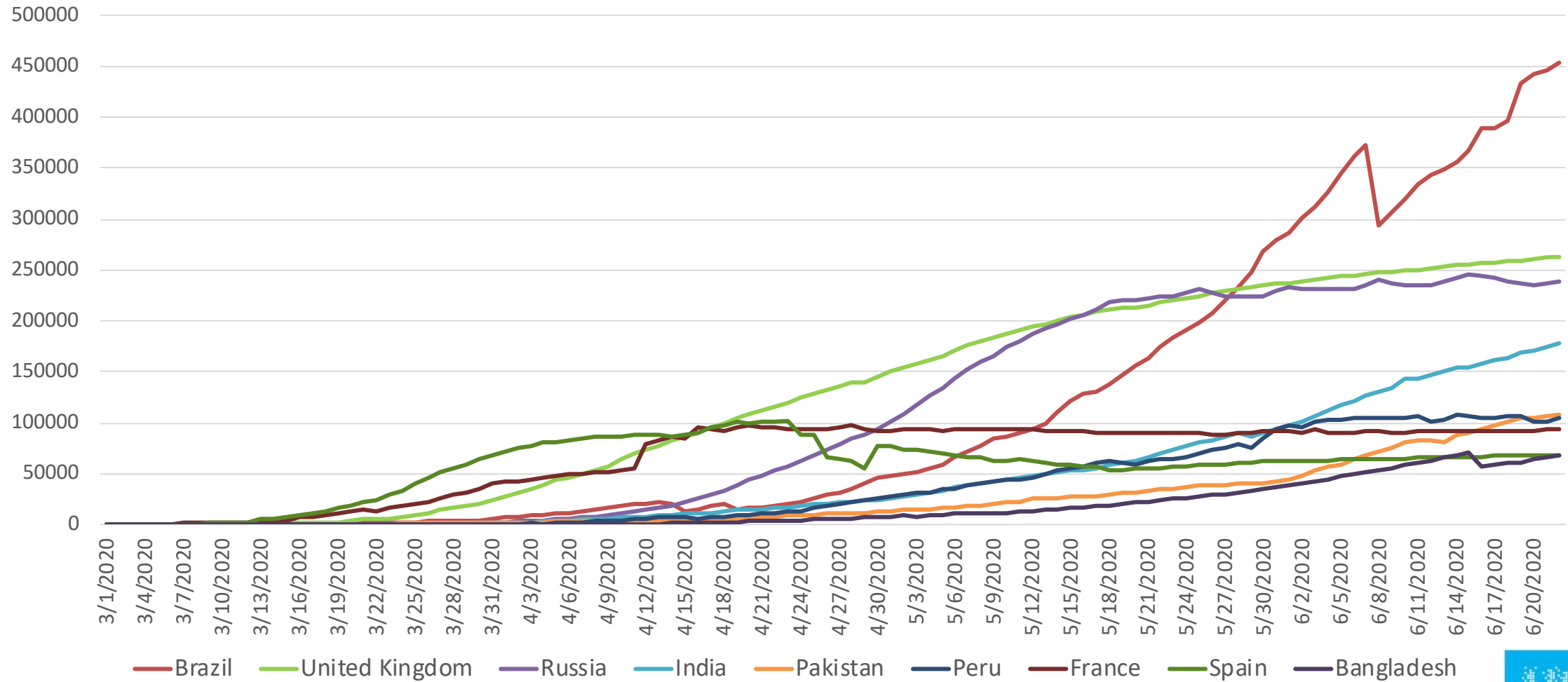
Active Cases (Total Confirmed – Recovered – Fatalities)



Source: Johns Hopkins



Active Cases (Total Confirmed – Recovered – Fatalities)

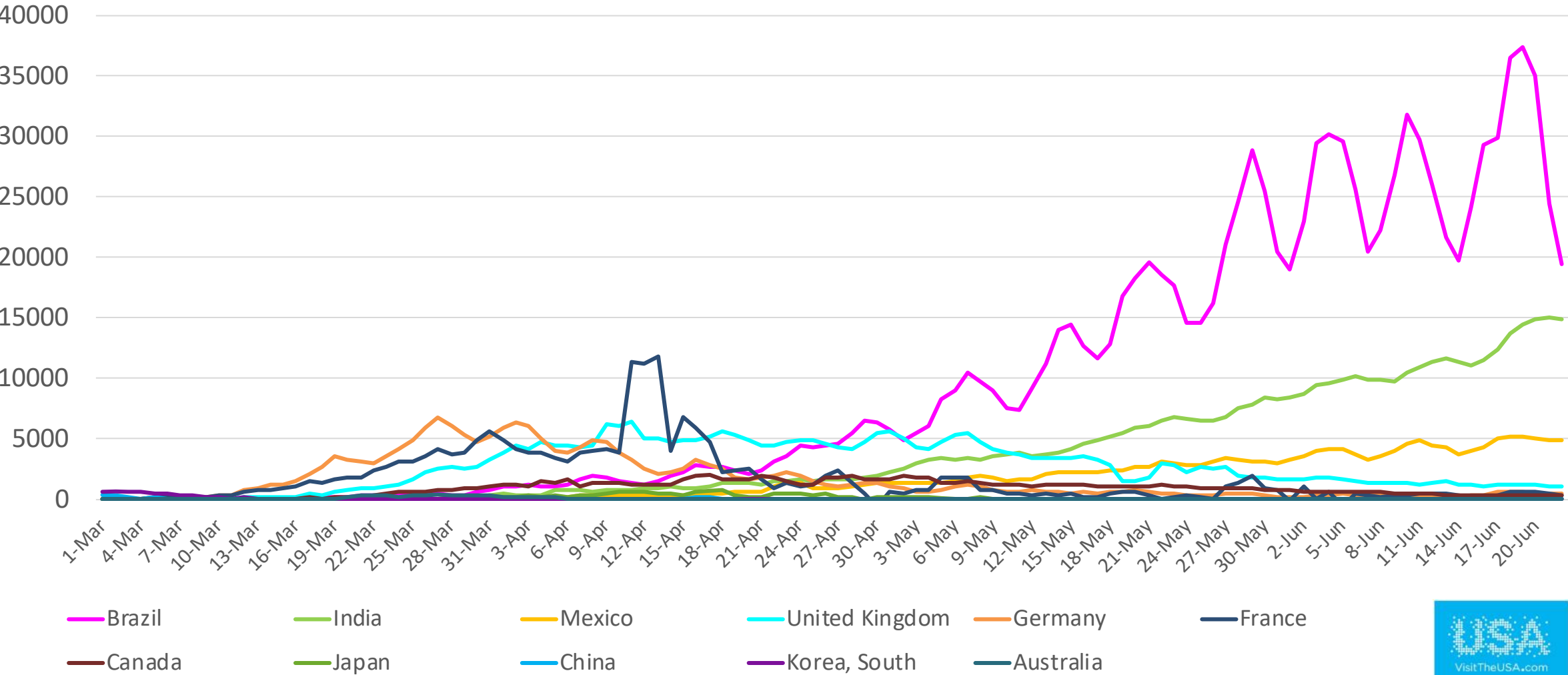


Source: Johns Hopkins



Daily New Confirmed Cases

(rolling average over 3 days)



Source: Johns Hopkins



Current Conditions Relative to Initial Peak

Accelerating

- Brazil
- India
- Mexico

Flattened

Decelerated

- China
- South Korea
- Japan
- France
- Germany
- Australia
- UK
- Canada

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



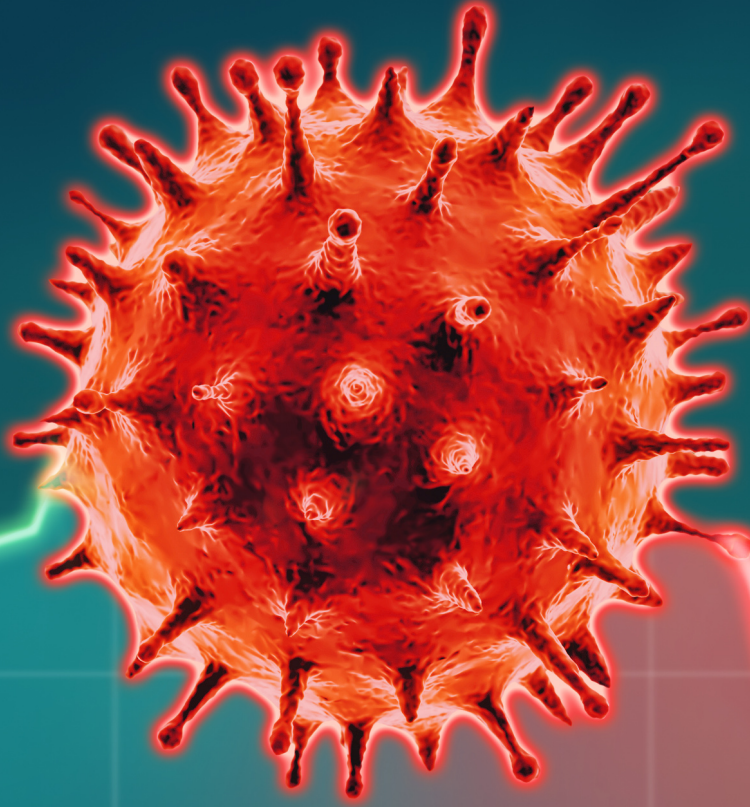
Effectiveness



Invasiveness



Economic Impact



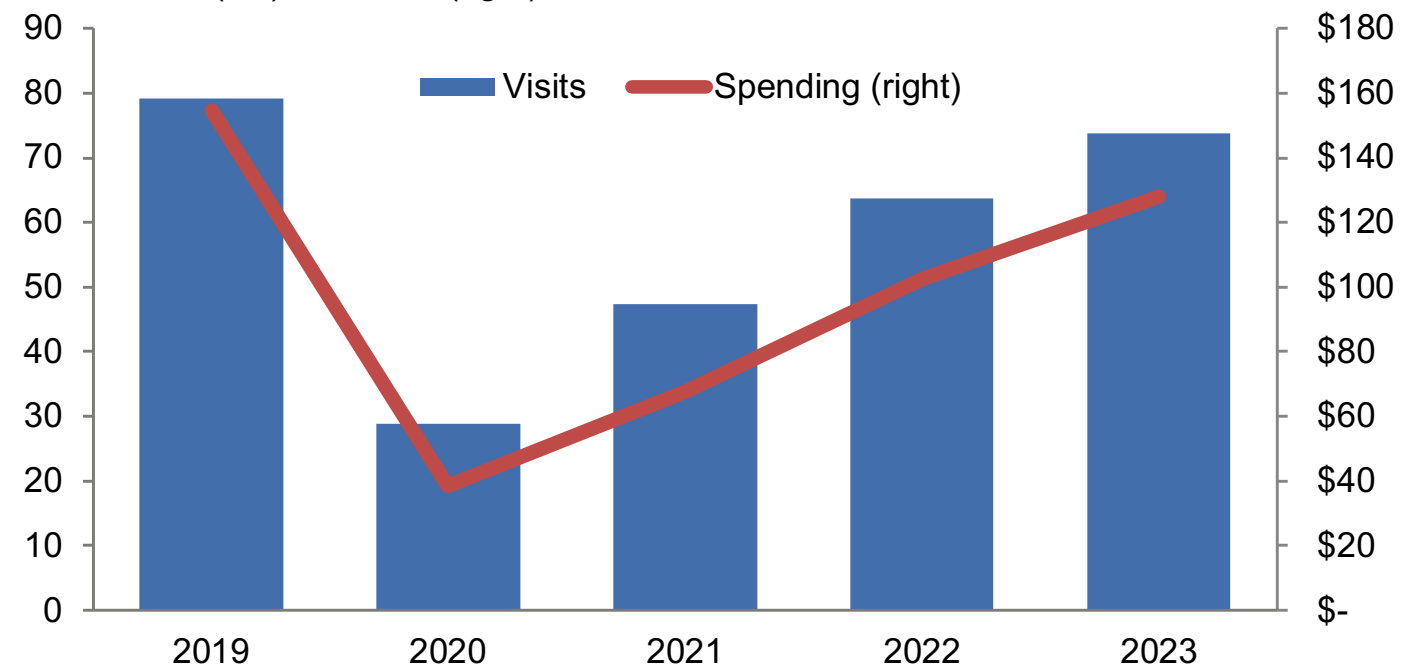
International markets will not fully recover for five years

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.

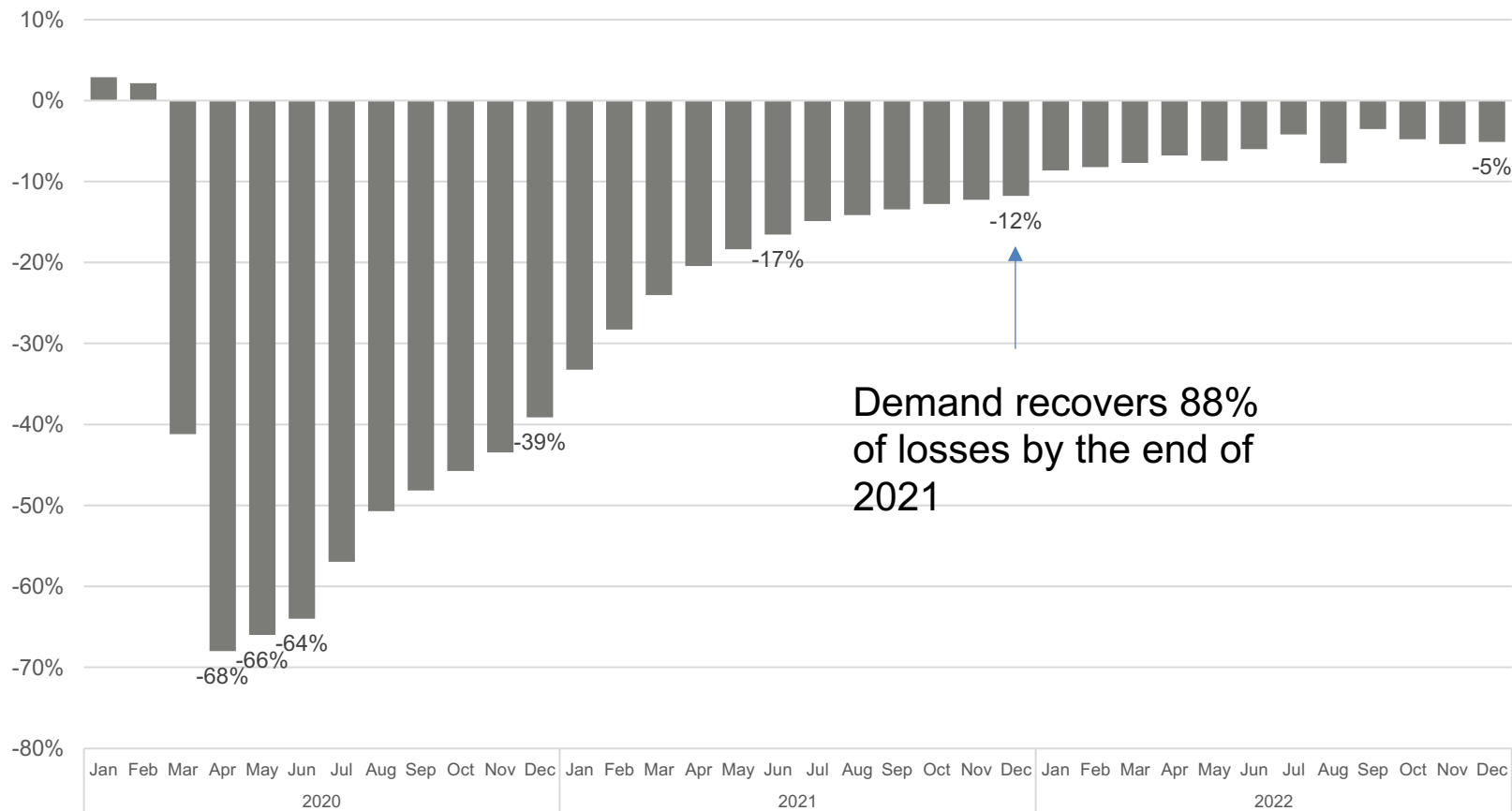
US International Inbound Travel	2019	2020	2021	2022	2023
International visits (thousands)	79,256	28,934	47,269	63,709	73,785
% change	-1%	-63%	63%	35%	16%
% change from 2019		-63%	-40%	-20%	-7%
International visitor spending* (\$ billions)	\$195	\$49	\$85	\$130	\$162
% change	-1%	-75%	75%	52%	25%
% change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

Traveler Sentiment

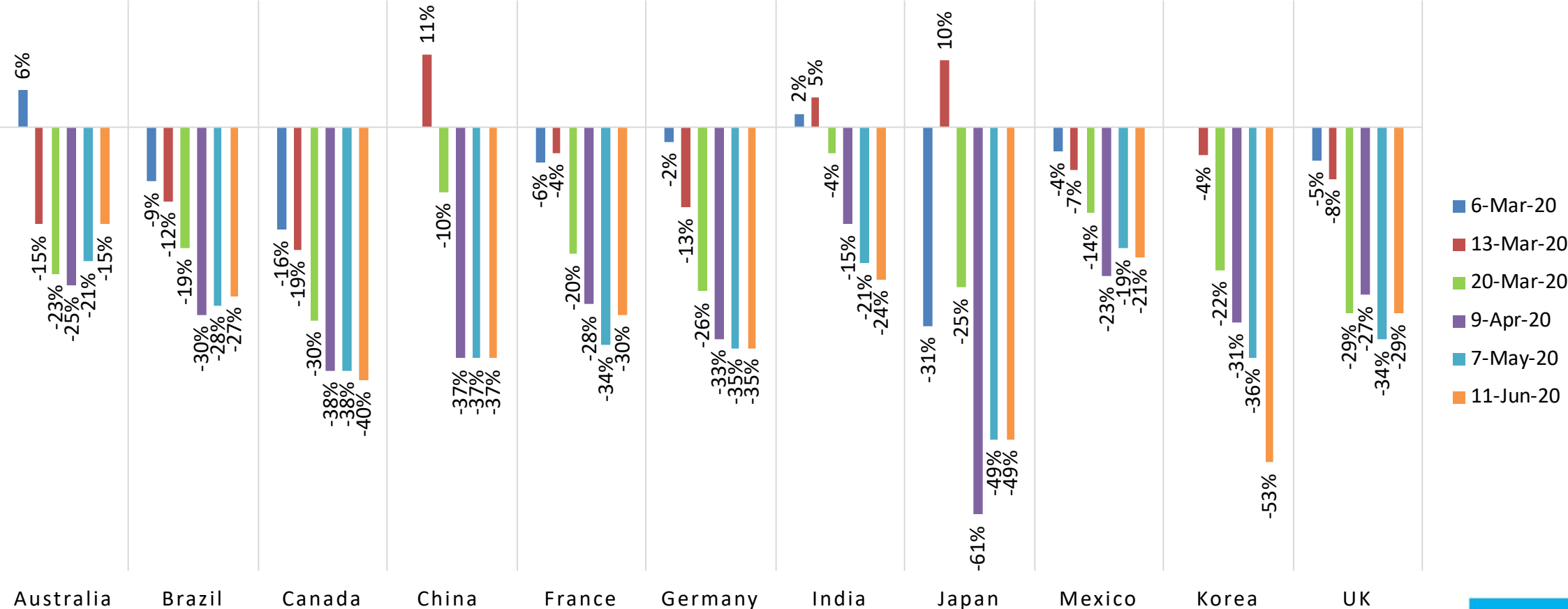


Anxiety remains
elevated



Likelihood to Travel Internationally in the Next 12 months

(% Change over 2019 average)



Base: All respondents
Source: Engine/ORC Custom Study

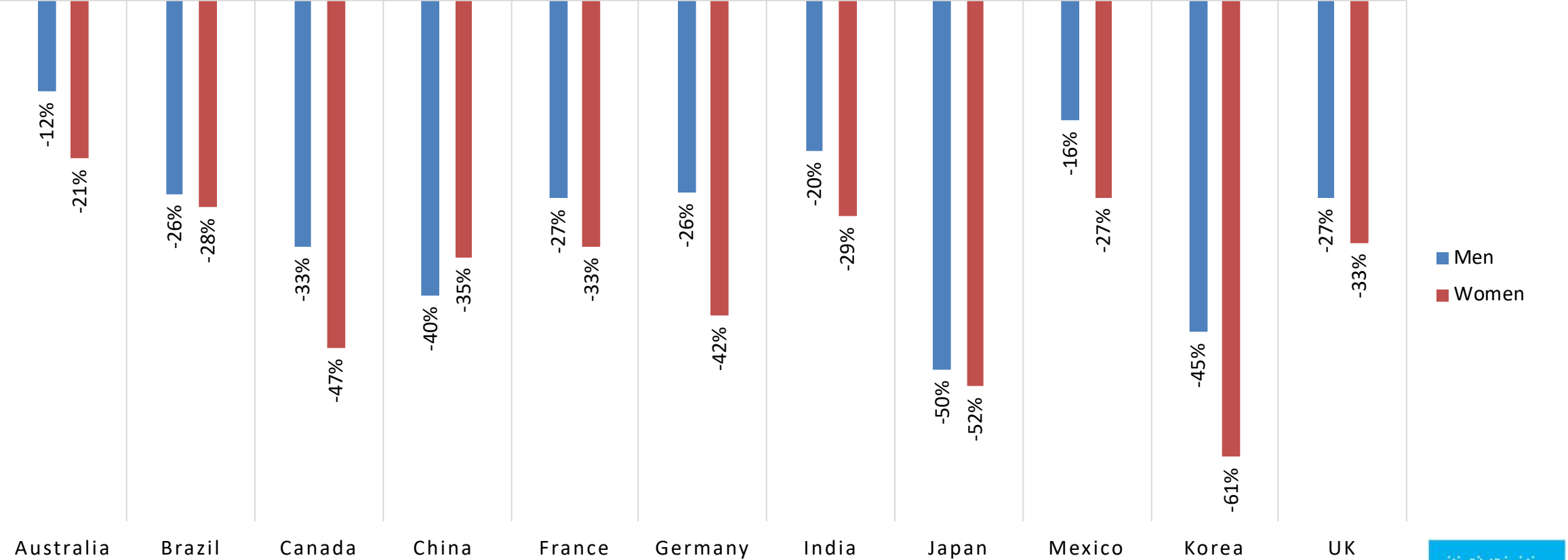


Gender Differences



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

(% Change over 2019 average)



Base: All respondents
Source: Engine/ORC Custom Study

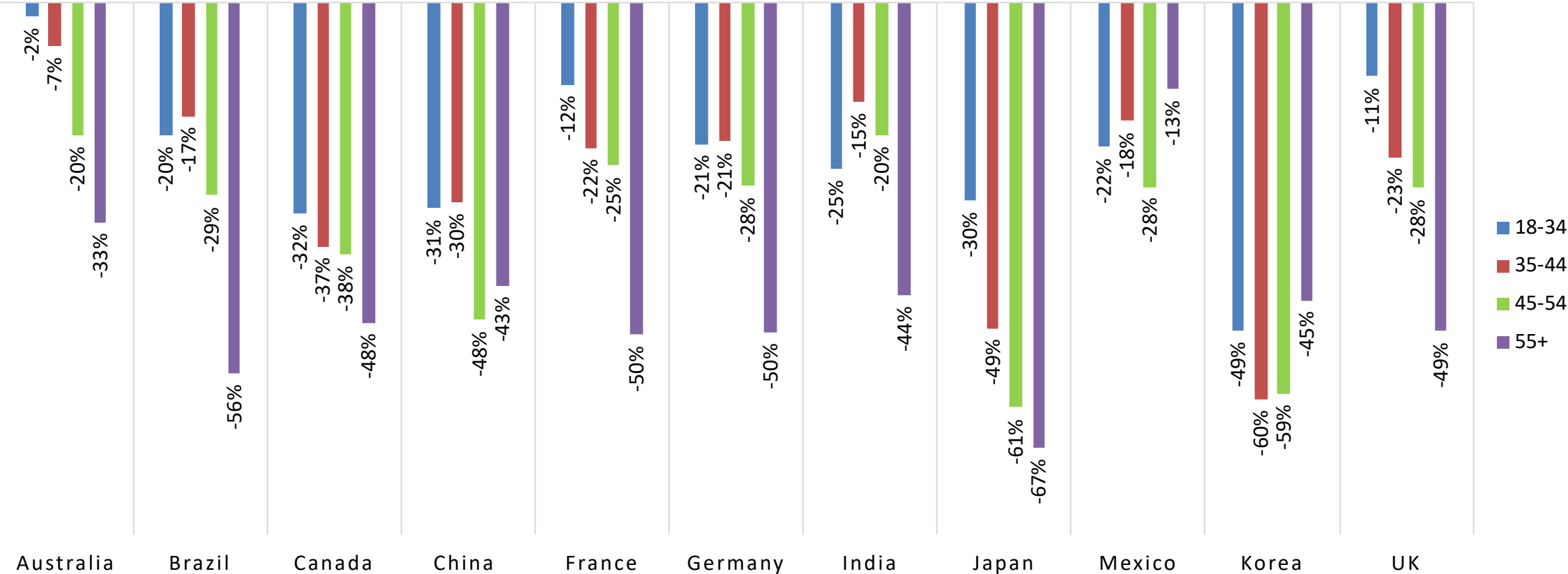


Age Factors



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

(% Change over 2019 average)



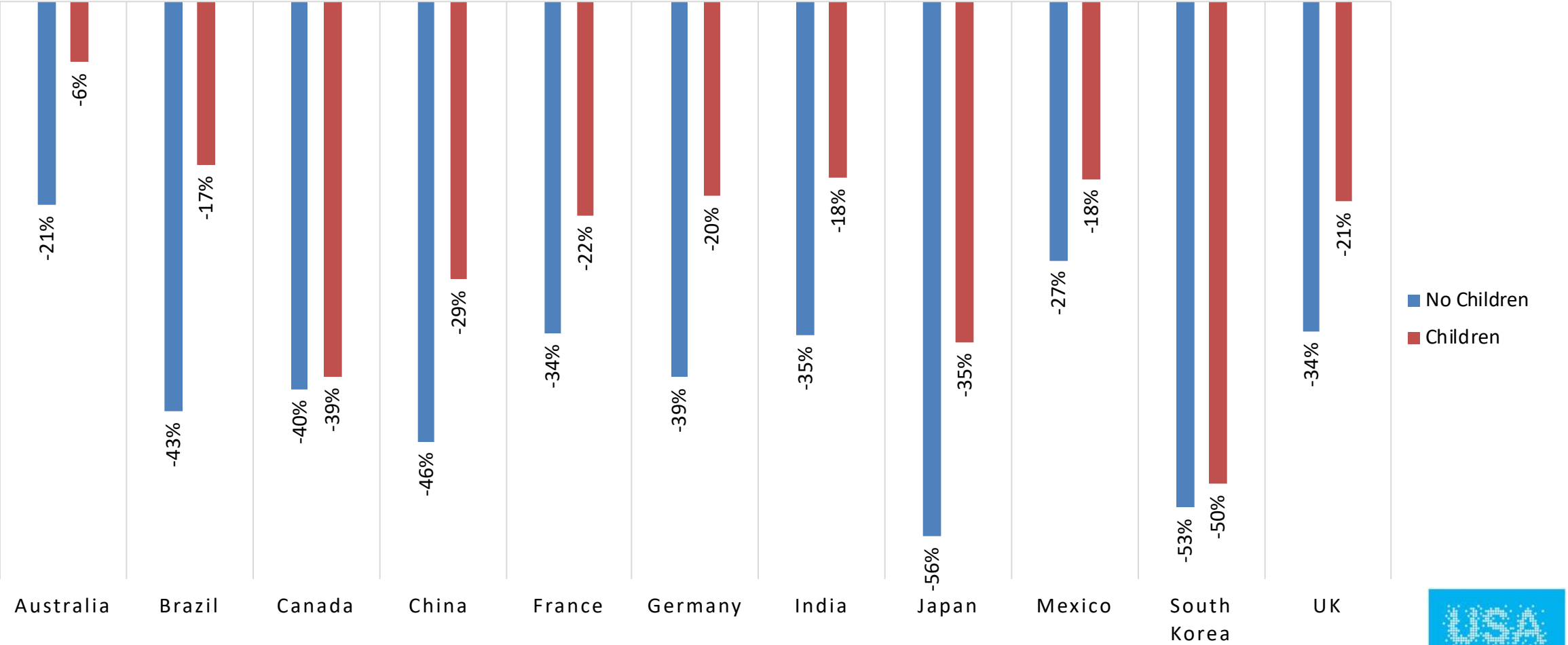
Base: All respondents
Source: Engine/ORC Custom Study





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

(% Change over 2019 average)



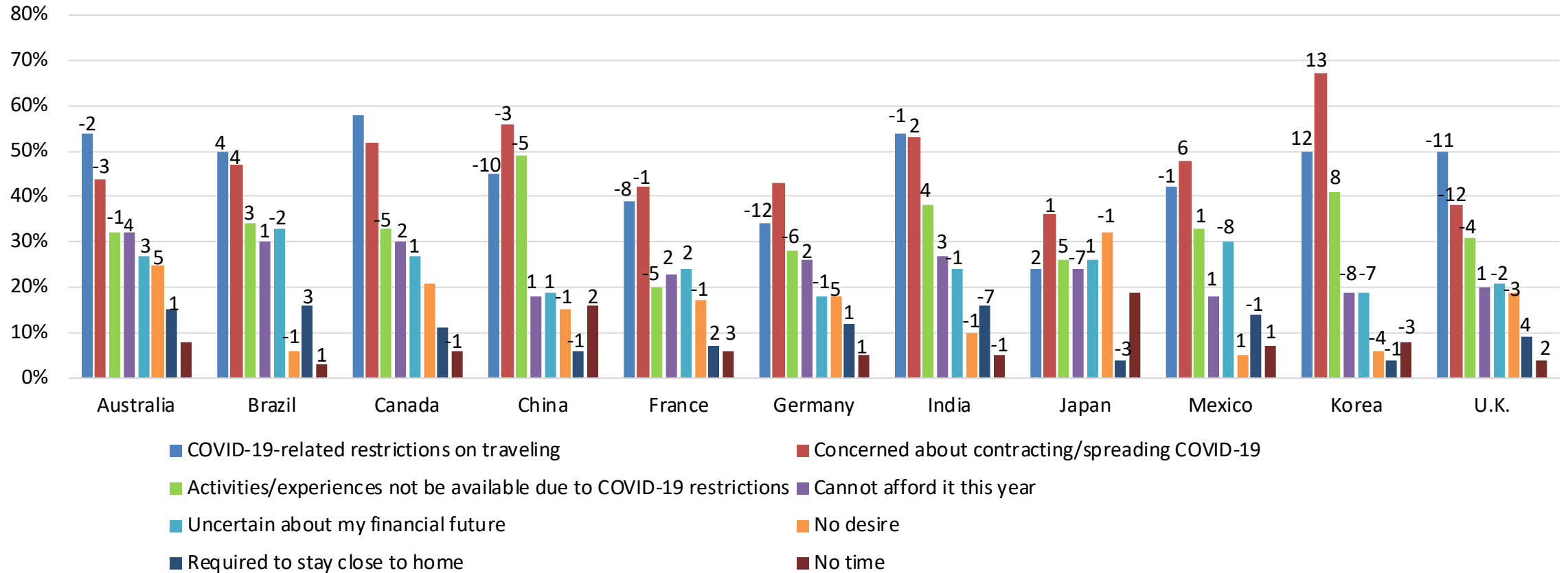
Base: All respondents
Source: Engine/ORC Custom Study





Reasons for Not Traveling Internationally in the Next 12 Months

(June 11, 2020)



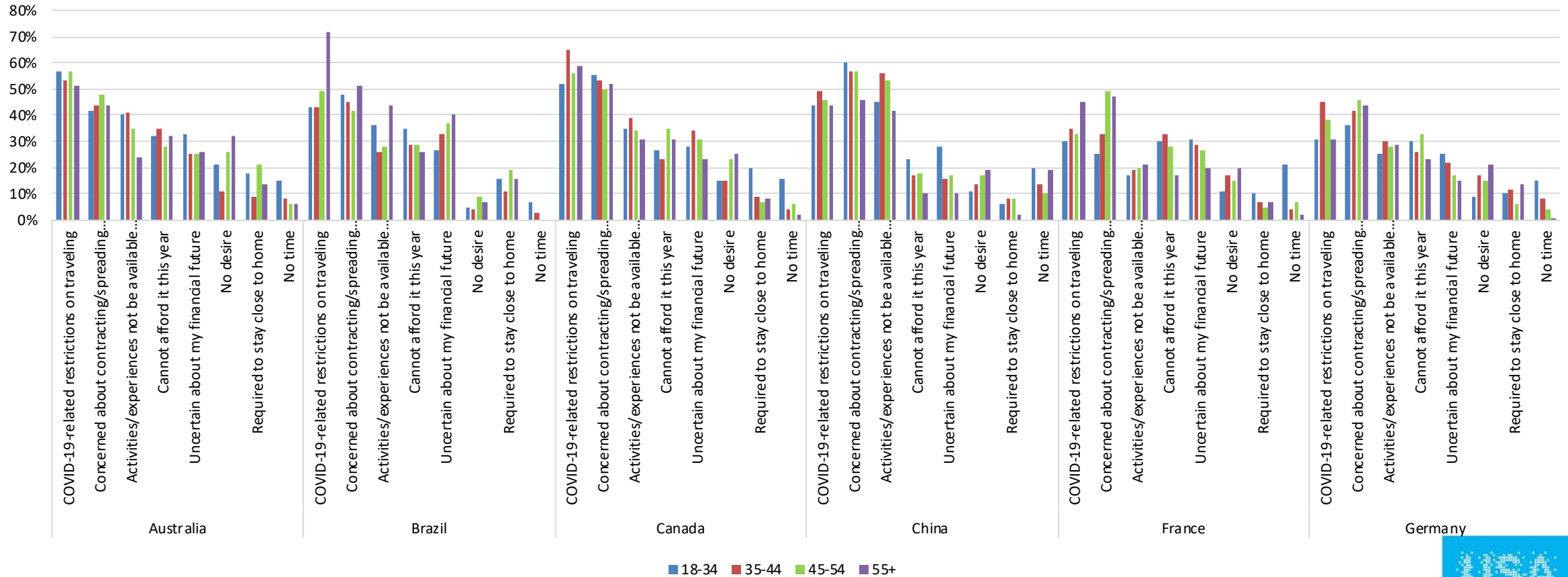
*Concerned about contracting/spreading COVID-19 replaced "Concerned about the Spread of COVID-19"

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

Source: Engine/ORC Custom Study

Reasons for Not Traveling Internationally in the Next 12 Months: By Age

(June 11, 2020)



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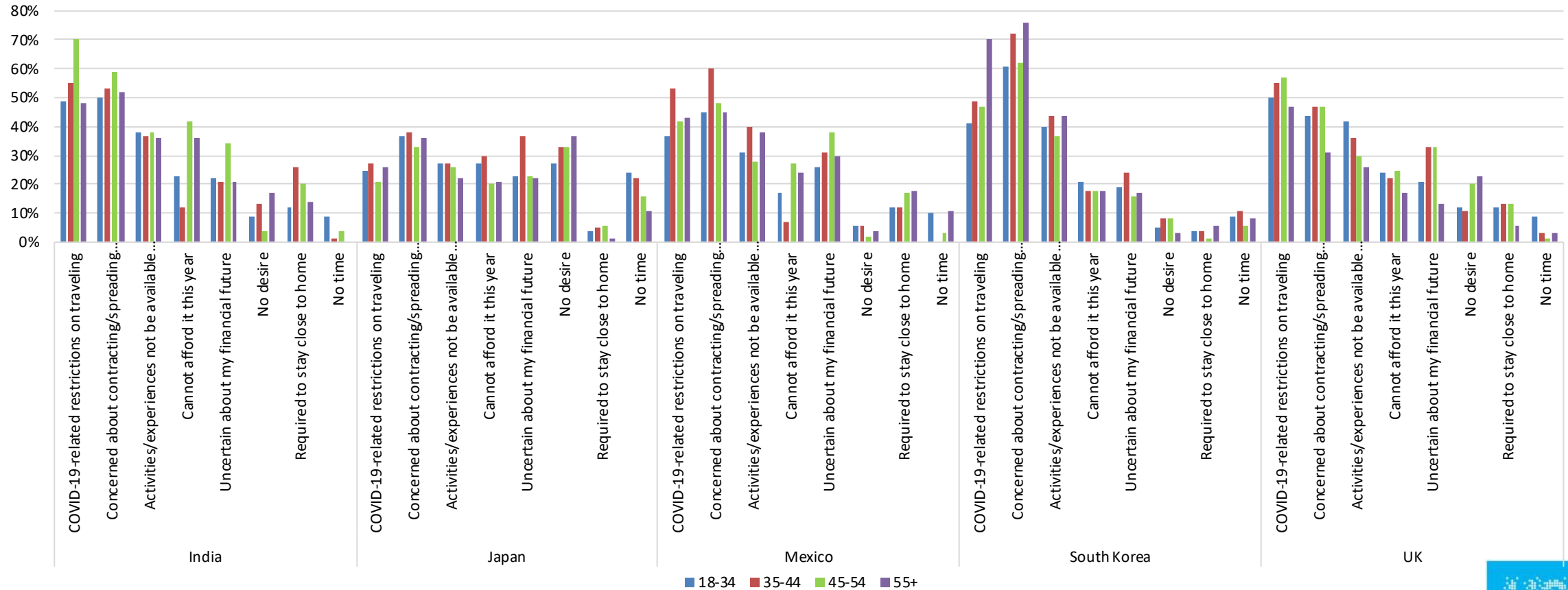
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Reasons for Not Traveling Internationally in the Next 12 Months: By Age

(June 11, 2020)



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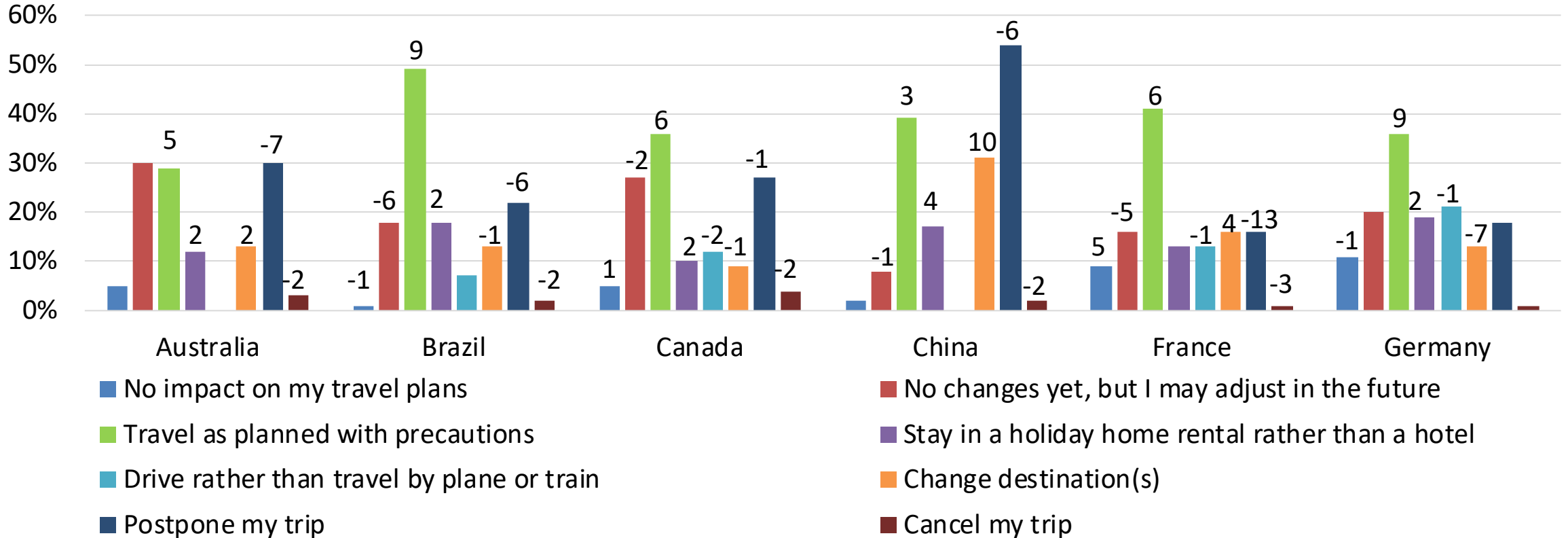


Vacation Planning



Travel Changes due to COVID-19: June 11

(PPS Difference Over May 7)



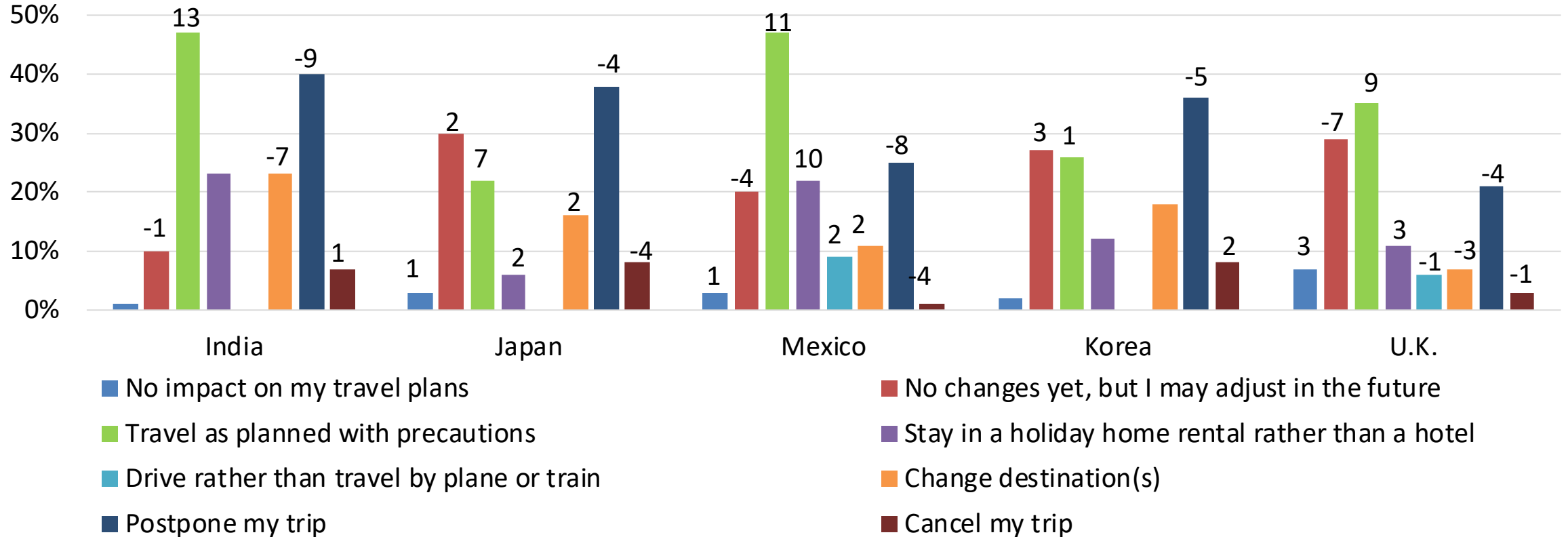
*New. Driving was excluded in Australia, China, India, Japan and Korea

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: June 11

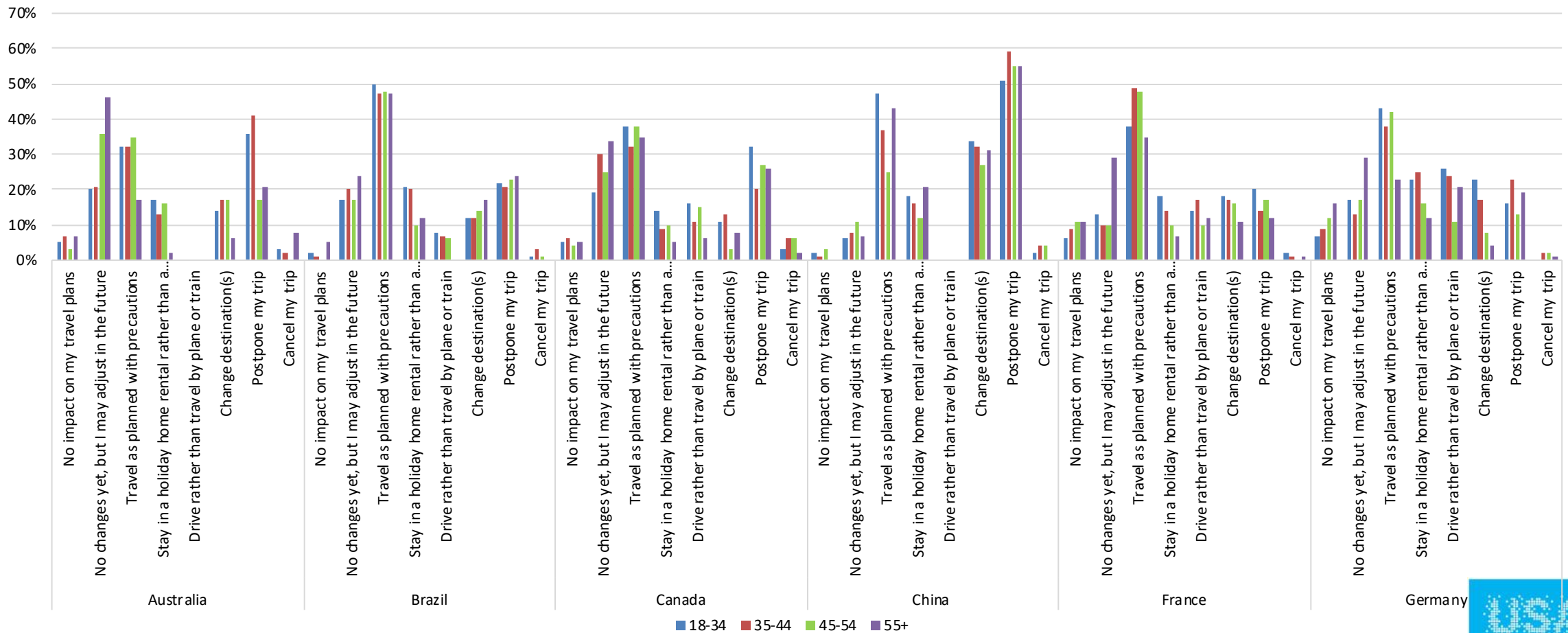
(PPS Difference Over May 7)



*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
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Travel Changes due to COVID-19: By Age

(June 11)



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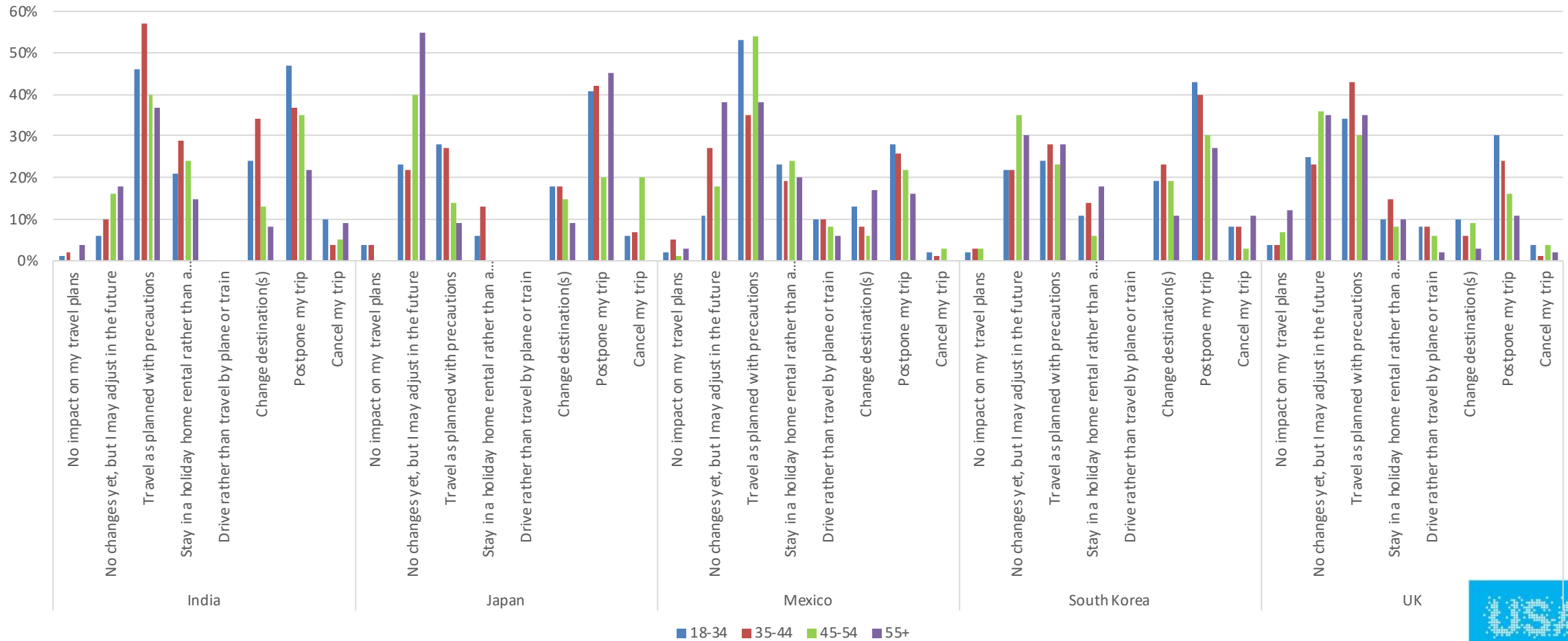
Base: Respondents who are likely to take an international trip in the next 12 months

Source: Engine/ORC Custom Study



Travel Changes due to COVID-19: By Age

(June 11)



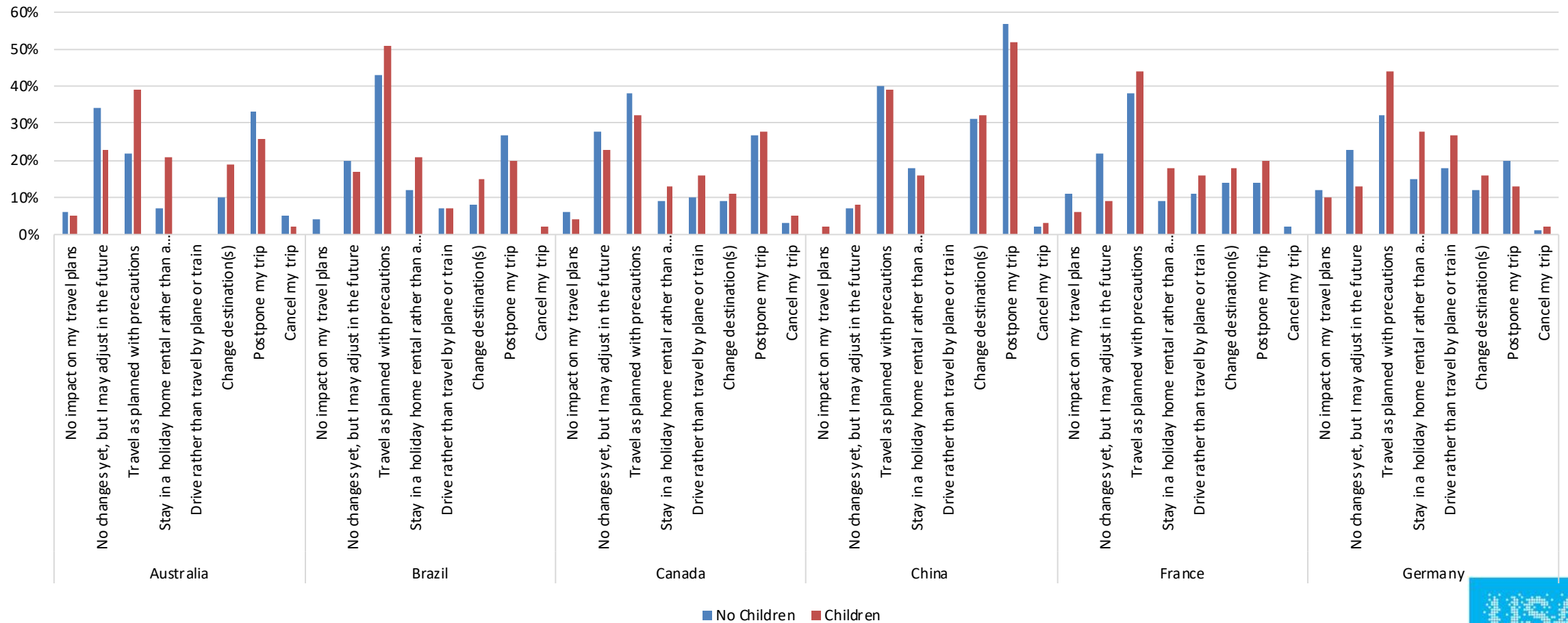
*New. Driving was excluded in Australia, China, India, Japan and Korea

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 Children in Household (June 11)



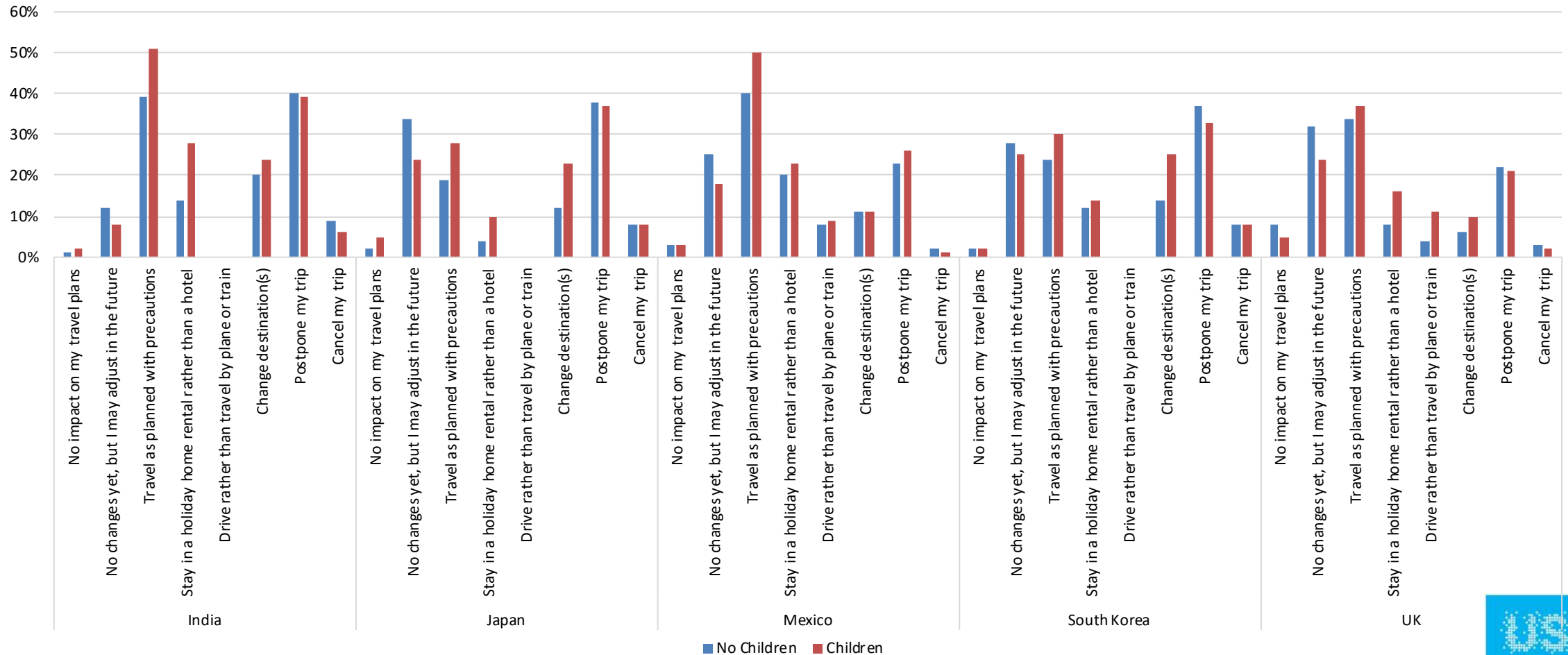
*New. Driving was excluded in Australia, China, India, Japan and Korea

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 Children in Household (June 11)



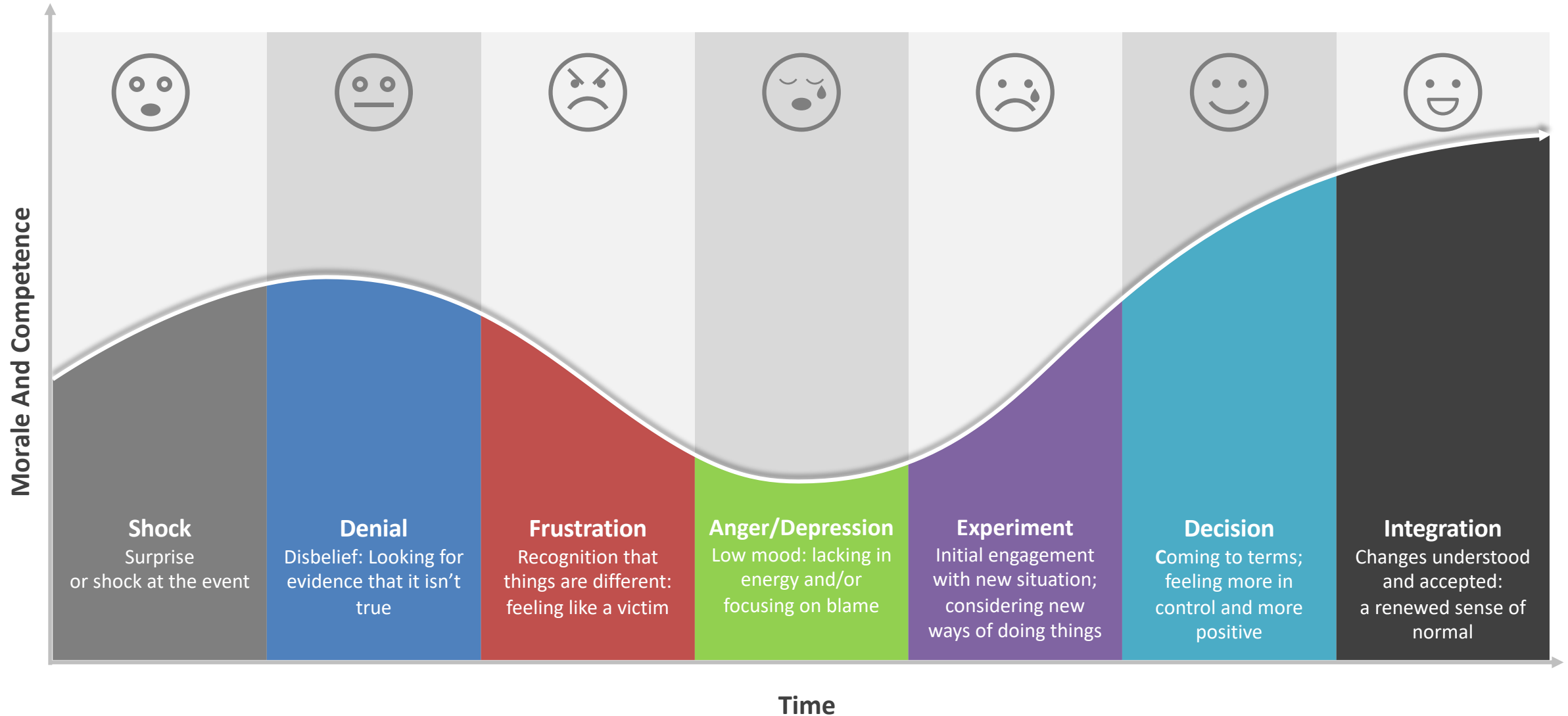
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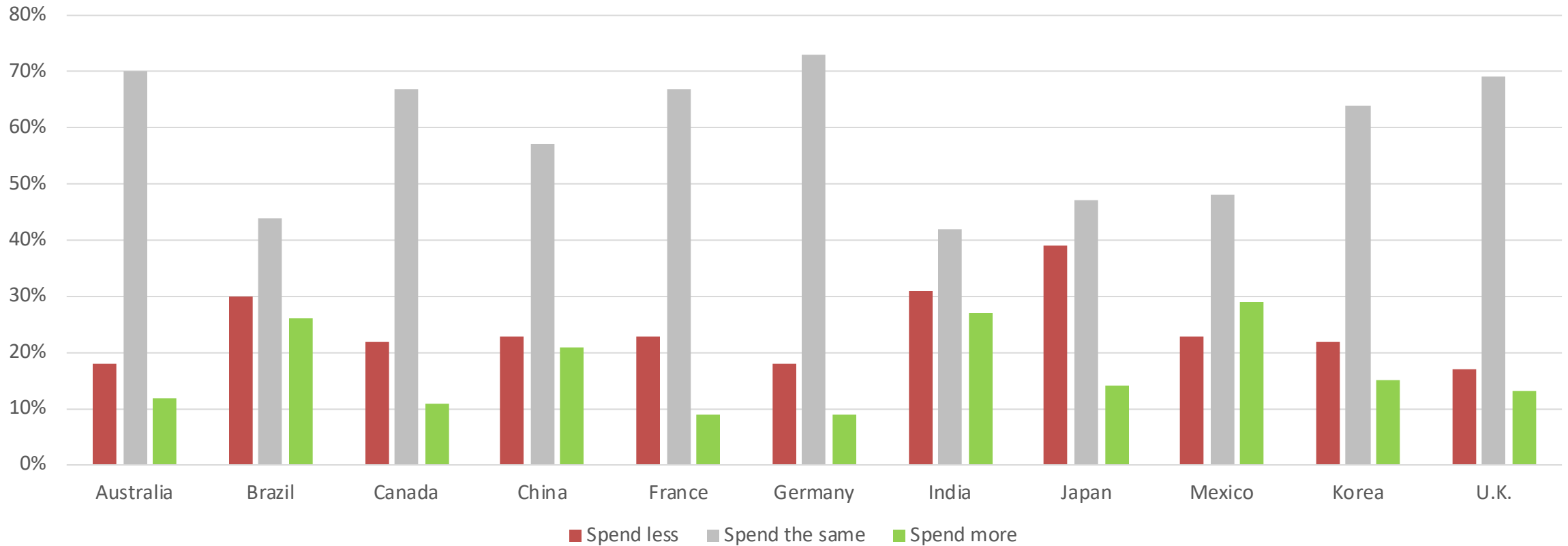
Source: Engine/ORC Custom Study



Kübler-Ross Emotional Response to Change



Budget for Traveling Internationally in the Next 12 Months (June 11)

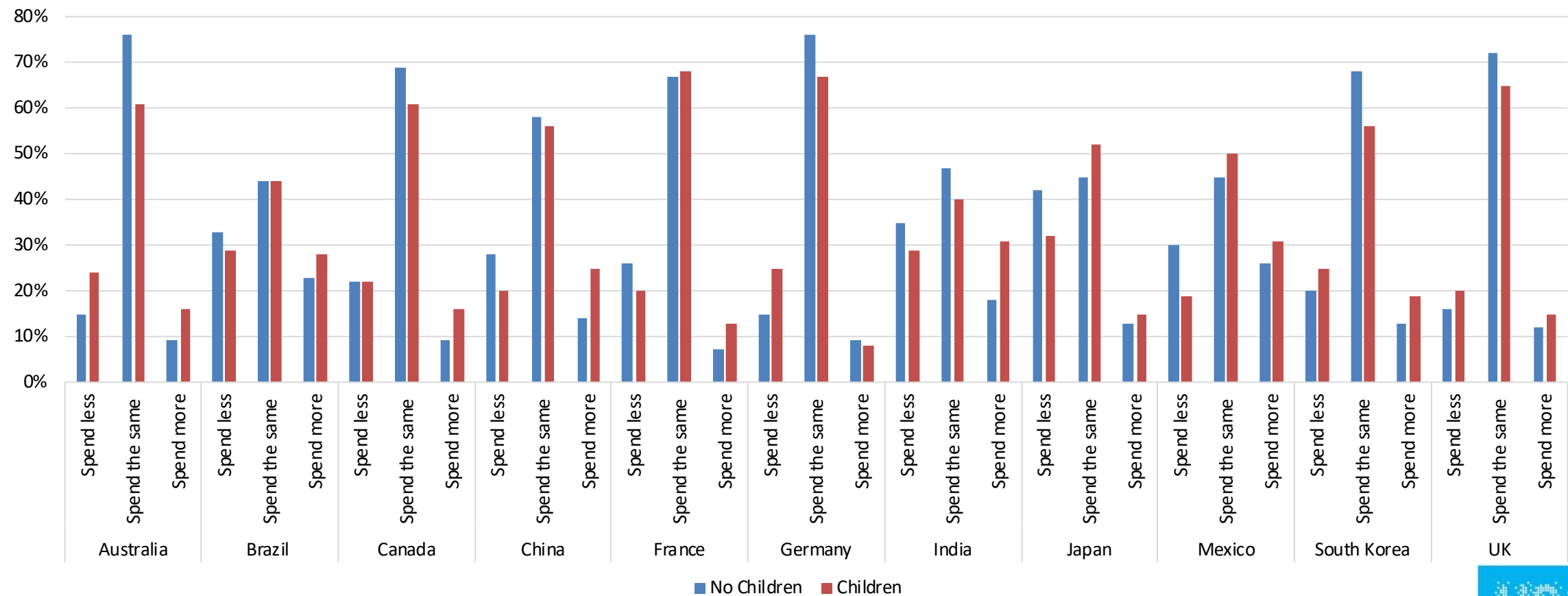


Base: Respondents who are likely to take an international trip in the next 12 months

Source: Engine/ORC Custom Study



Budget for Traveling Internationally in the Next 12 Months: By Children in Household (June 11)

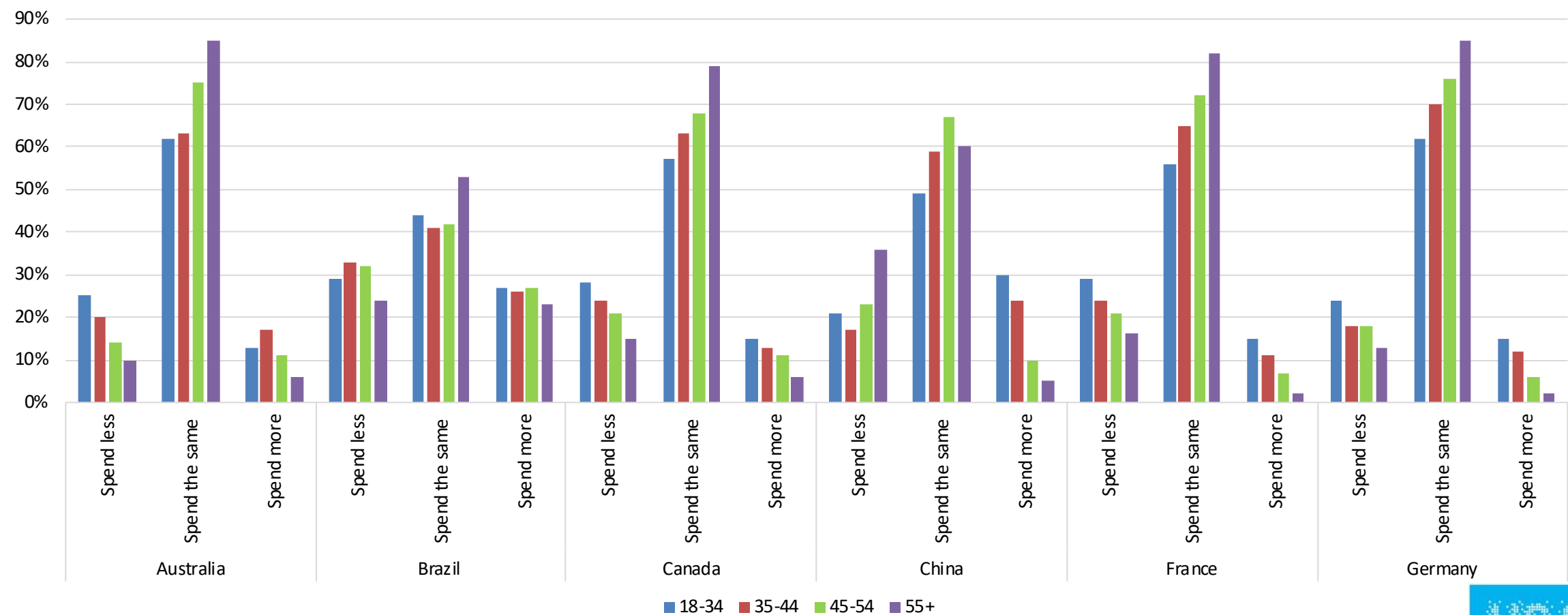


Base: Respondents who are likely to take an international trip in the next 12 months

Source: Engine/ORC Custom Study



Budget for Traveling Internationally in the Next 12 Months: By Age (June 11)

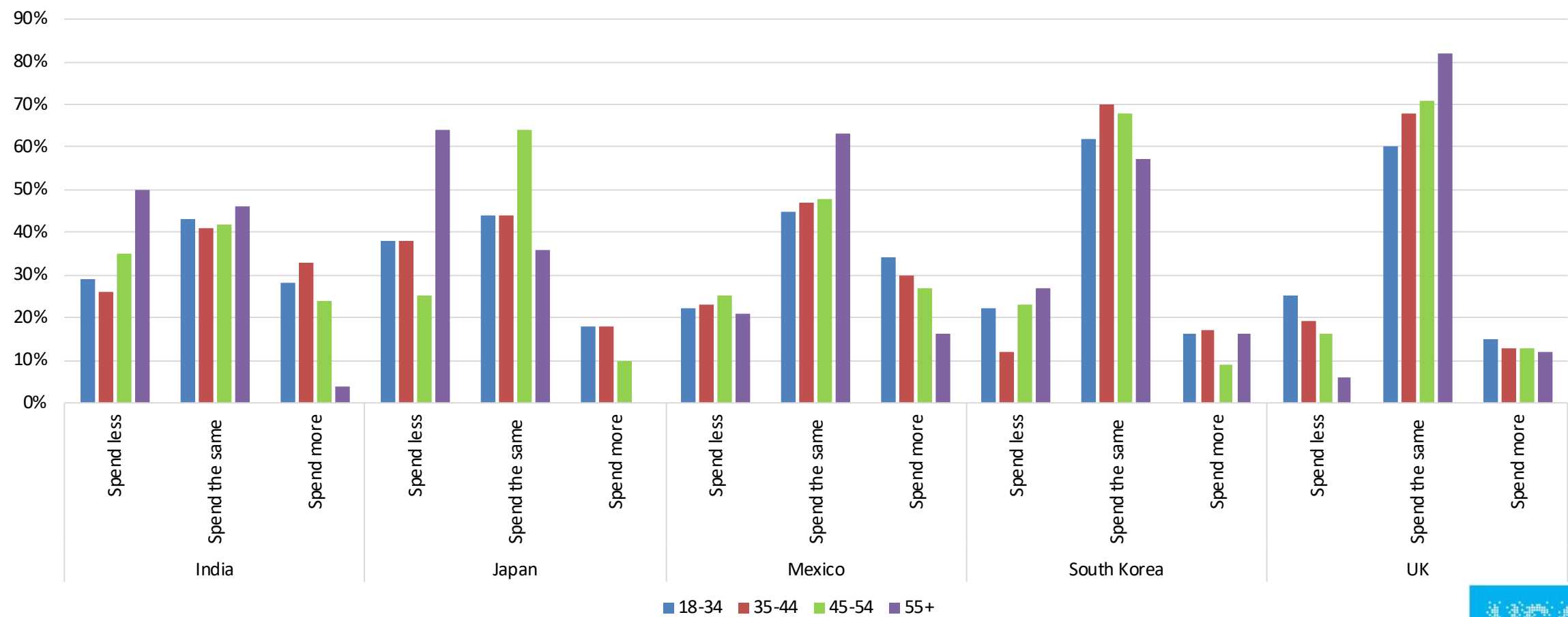


Base: Respondents who are likely to take an international trip in the next 12 months

Source: Engine/ORC Custom Study



Budget for Traveling Internationally in the Next 12 Months: By Age (June 11)



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

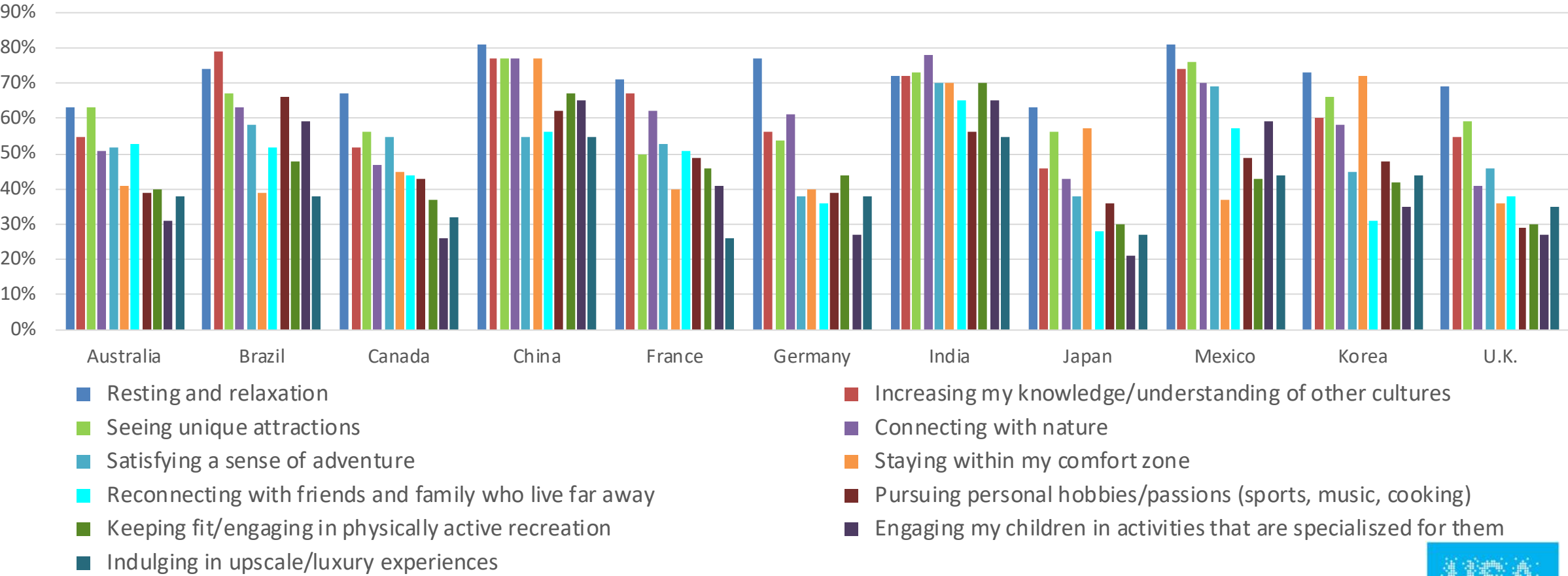
Source: Engine/ORC Custom Study





Personal Considerations When Deciding International Destination

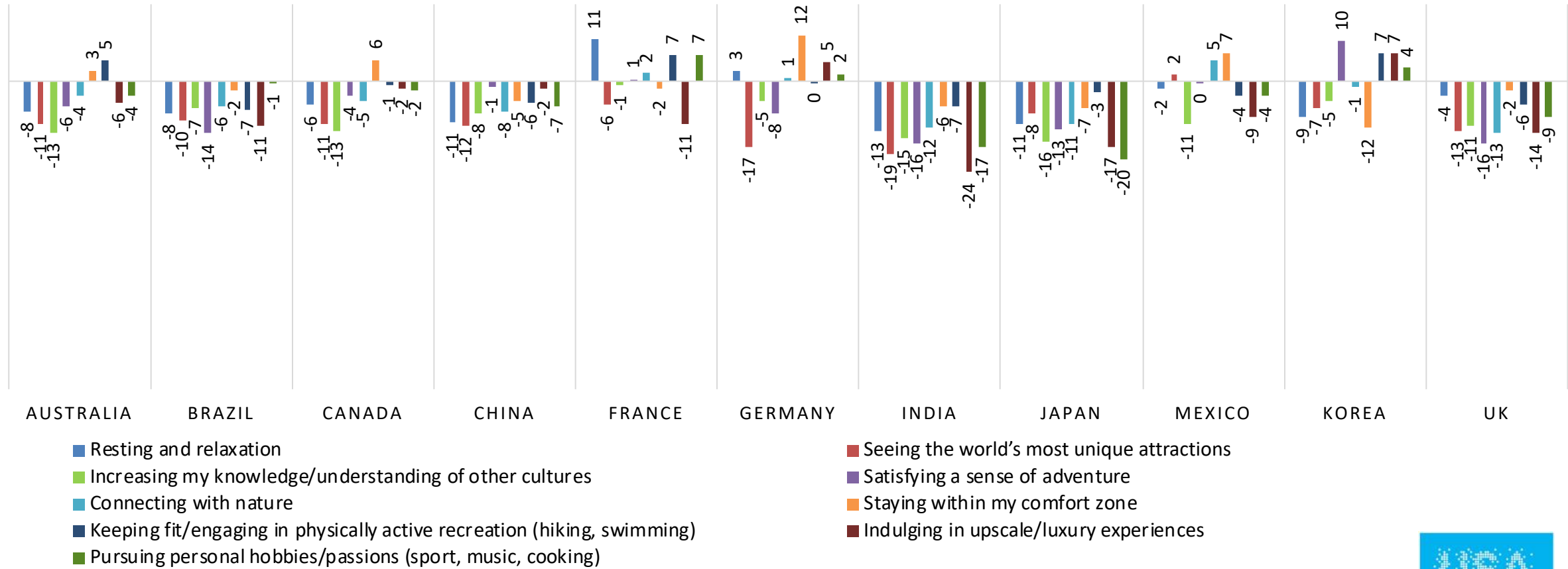
(June 11)



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: 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
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

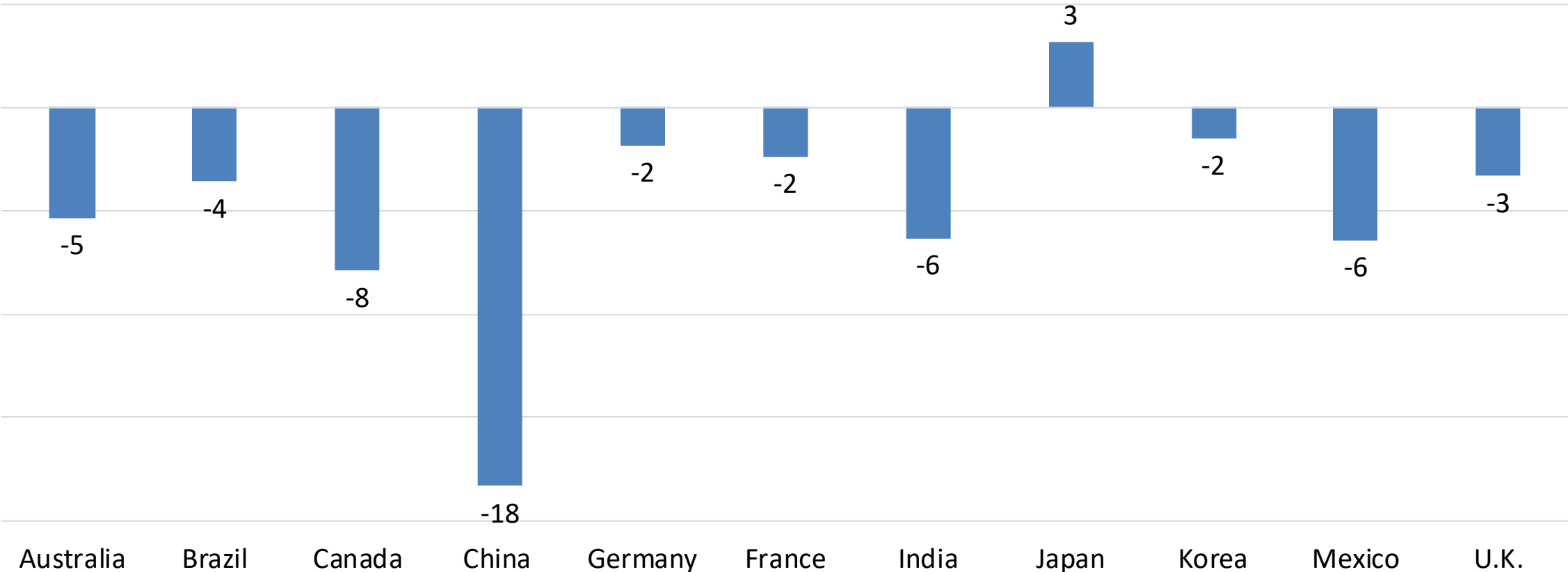
Financial

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



Likelihood to Travel to the USA in the Next 12 months

(PPS difference over 2019 average)

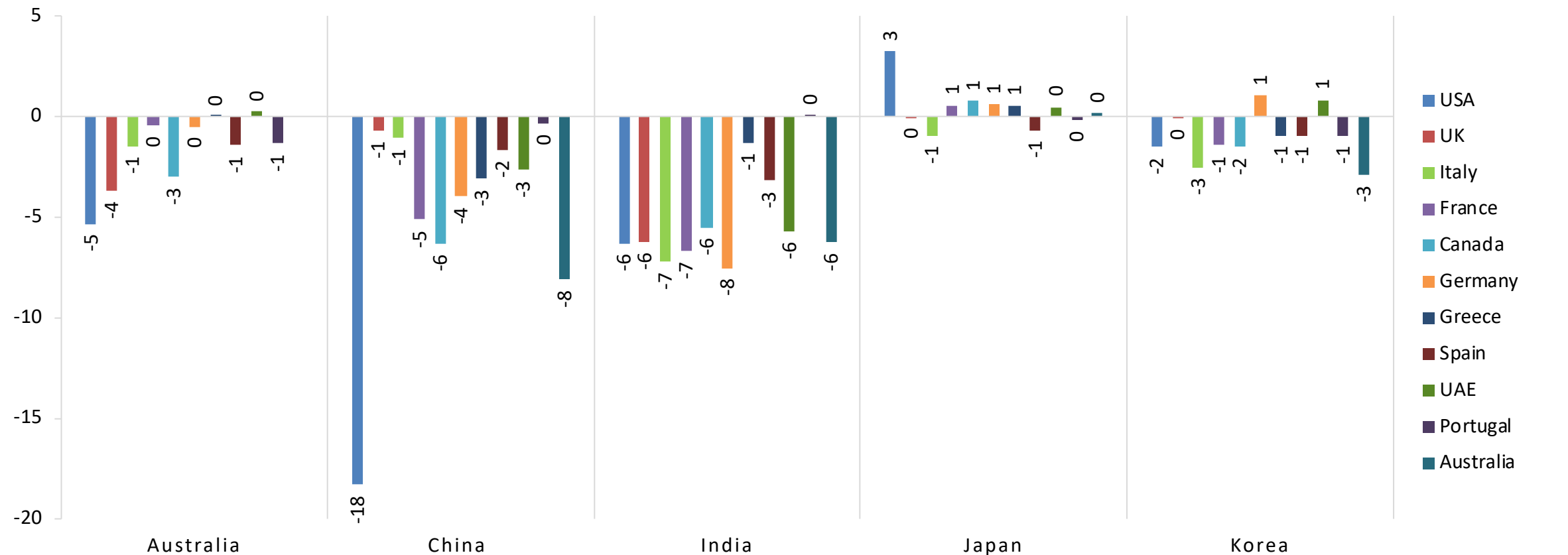


Base: All respondents
Source: Engine/ORC Custom Study



Asia-Pacific: Likelihood to Travel Long-Haul in the Next 12 months

(PPS difference over 2019 average)

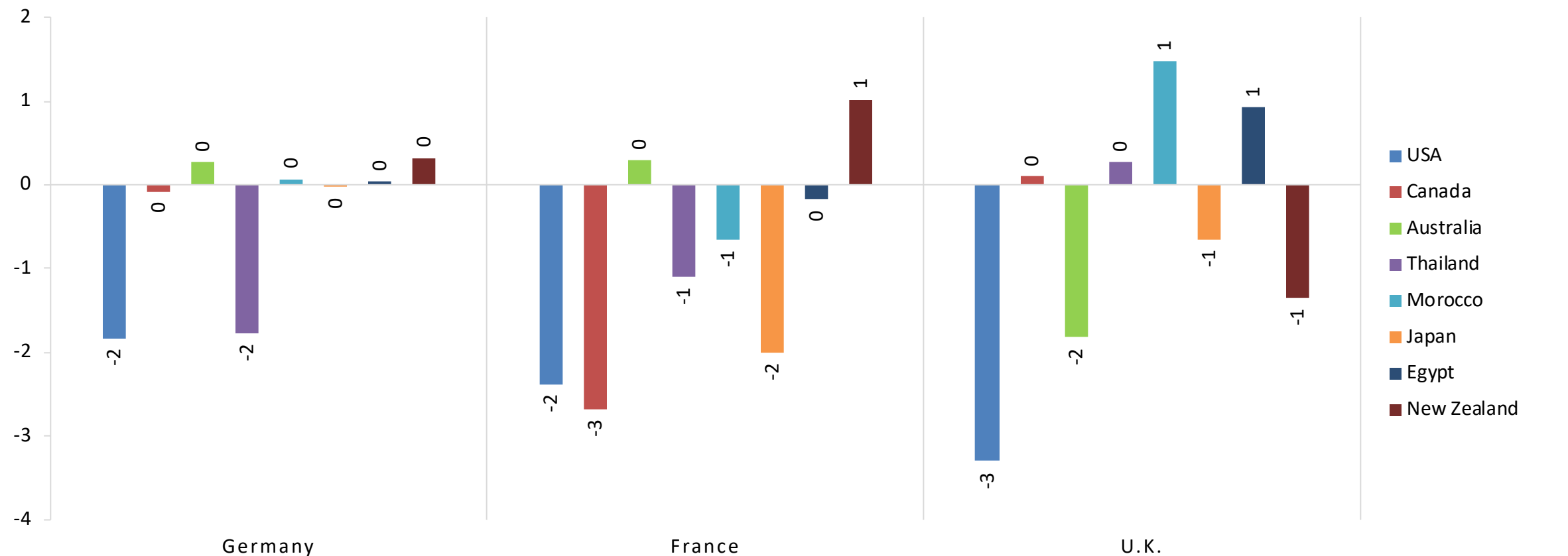


Base: All respondents
Source: Engine/ORC Custom Study



Europe: Likelihood to Travel Long-Haul in the Next 12 months

(PPS difference over 2019 average)

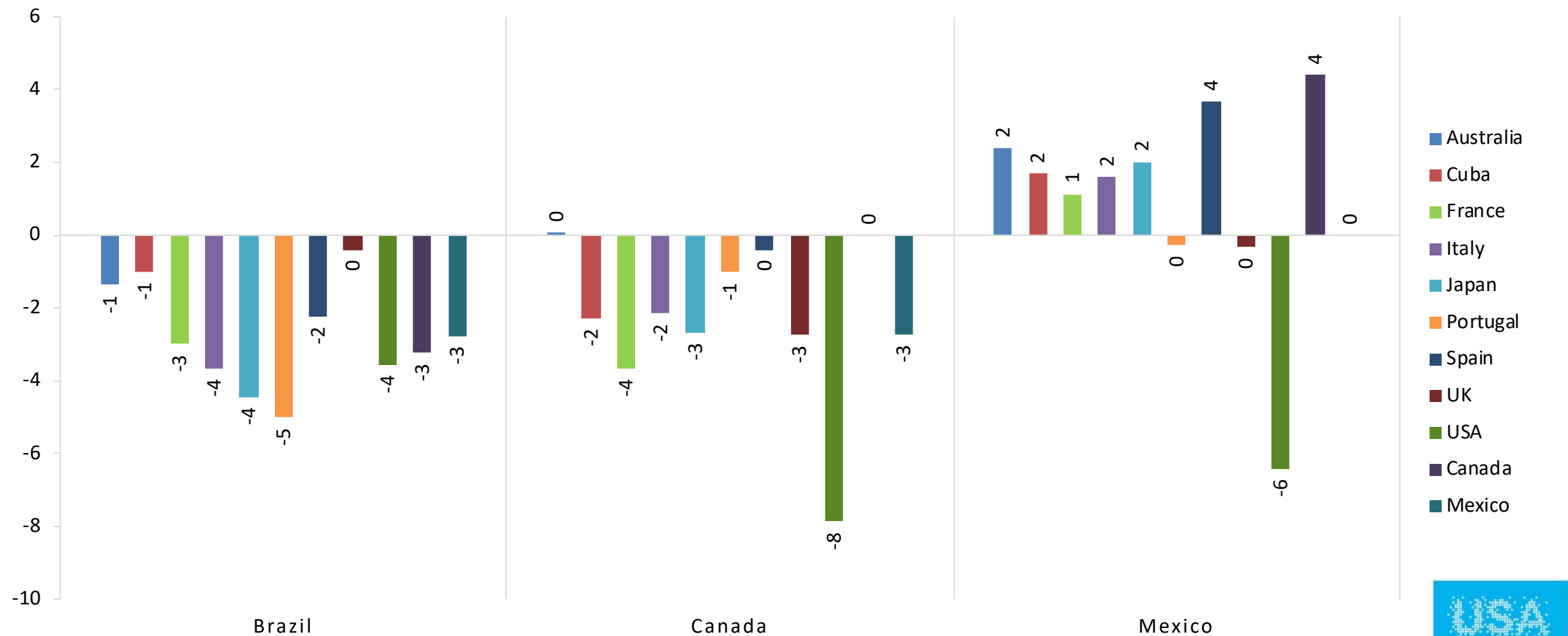


Base: All respondents
Source: Engine/ORC Custom Study



Americas: Likelihood to Travel International in the Next 12 months

(PPS difference over 2019 average)



Base: All respondents
Source: Engine/ORC Custom Study

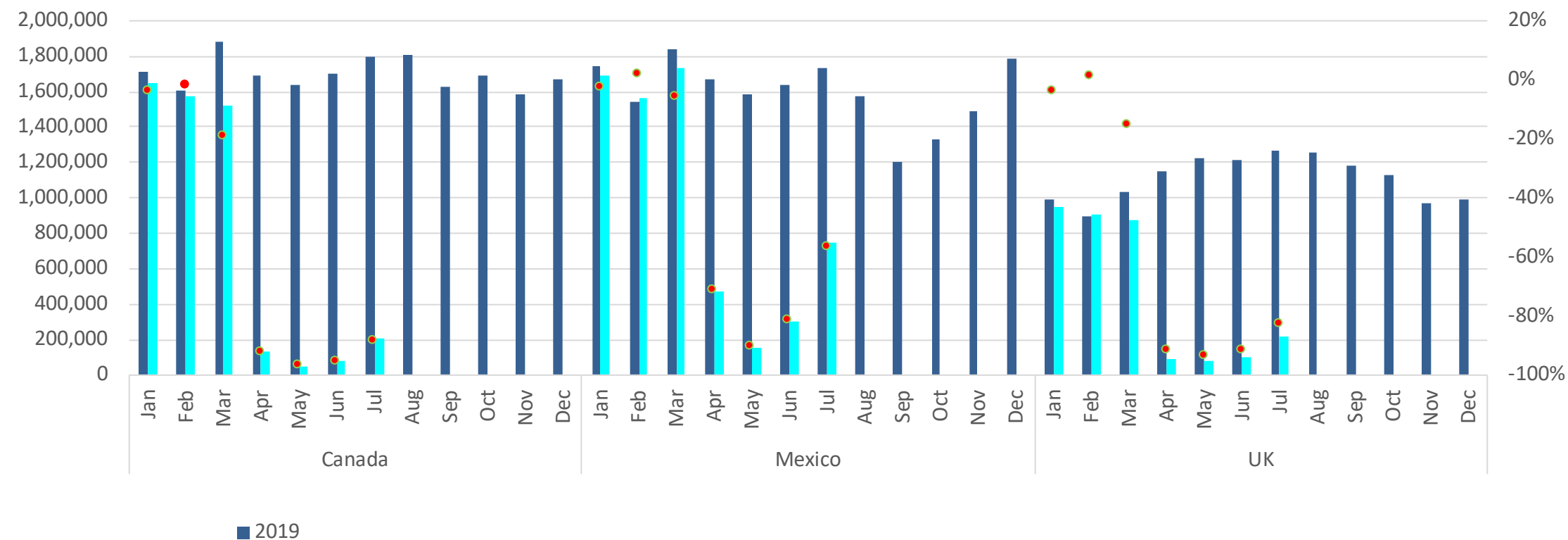




 DEPARTURES					
Time	Destination	Flight	Boarding	Boarding	Gate
	MADRID		GATE CLOSED		
	PARIS		BOARDING		
	MEXICO		CHECK-IN		
	AMSTERDAM		CHECK-IN		
			CANCELED		
			CANCELED		



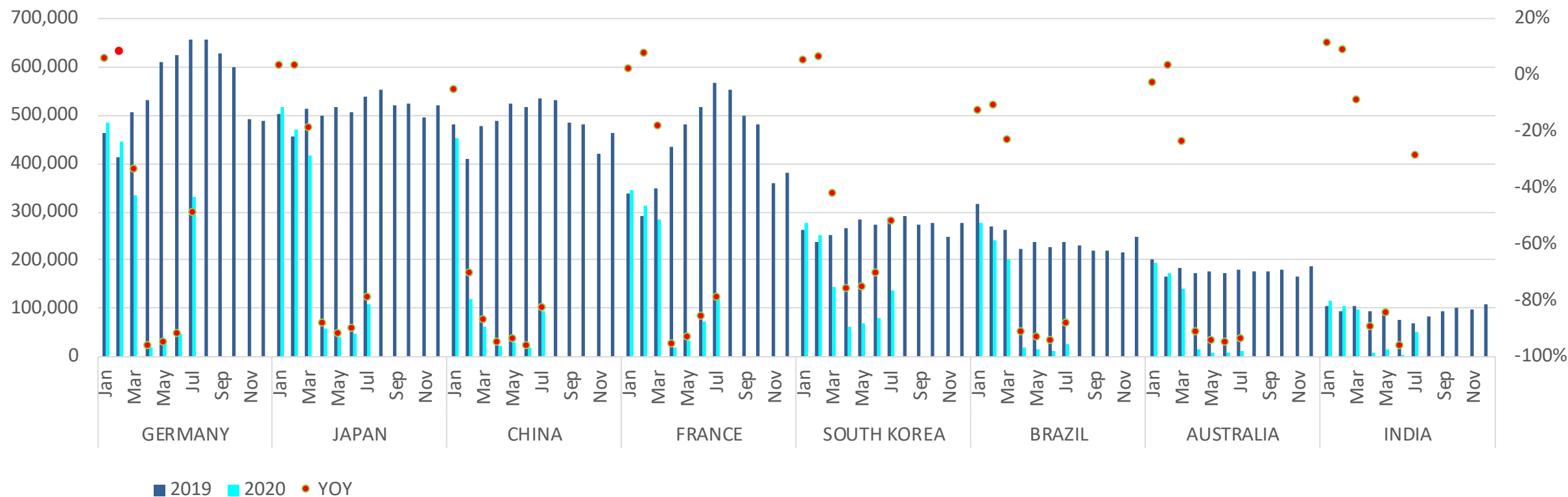
Inbound Flight Schedules



Source: SABRE



Inbound Flight Schedules



Source: SABRE

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 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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