

AESATA Travel Agents Conference

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Head of Region
South & East Africa

11 October 2024

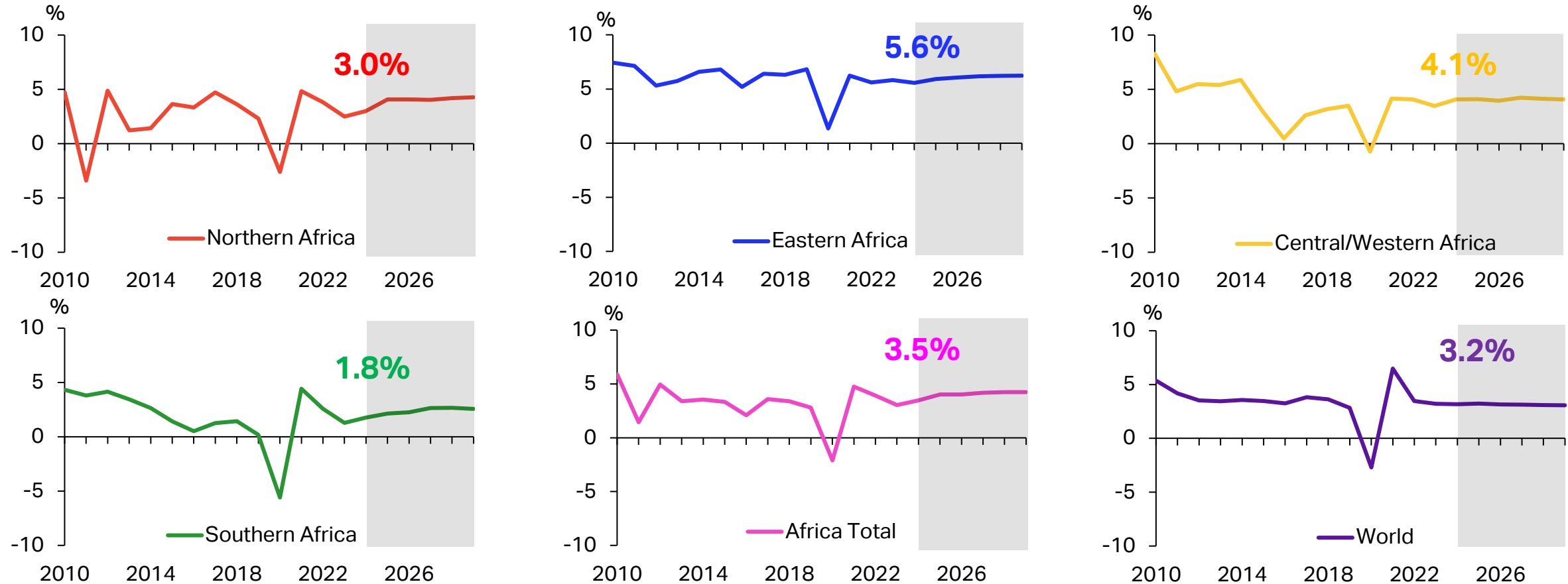


Economic overview & industry performance



Eastern Africa GDP growth is leading

Real GDP growth by region, % YoY, 2010-2030



Source: IATA Sustainability and Economics, IMF World Economic Outlook, April 2023, IATA grouping of Africa subregions

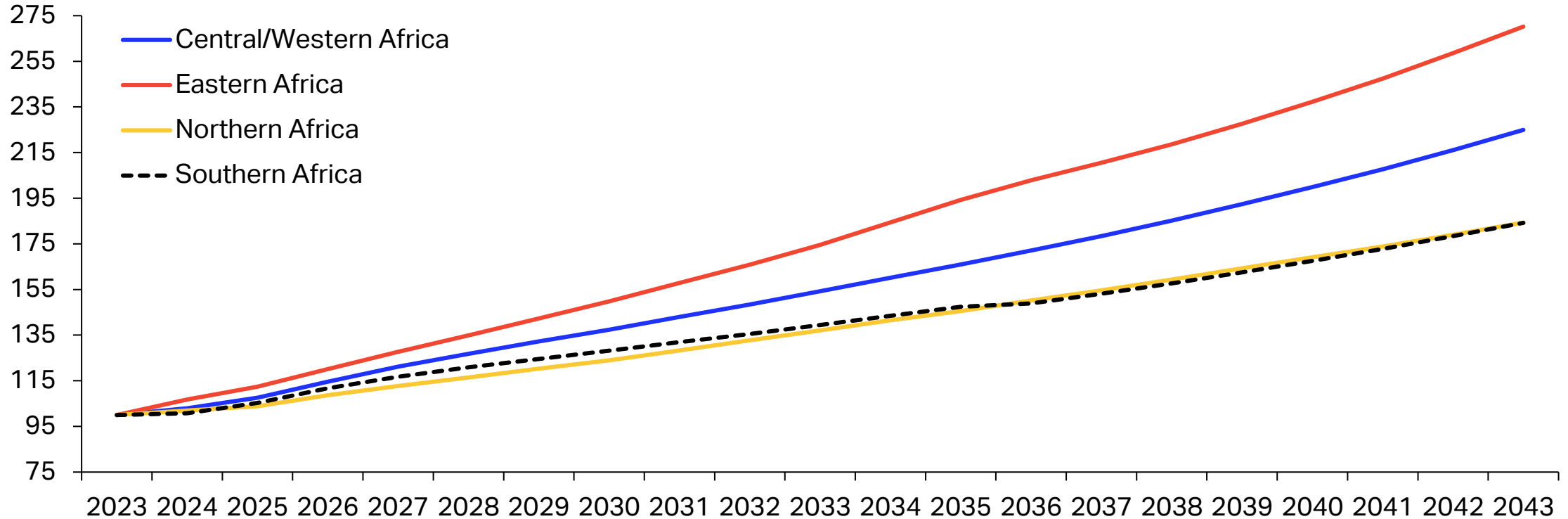
Notes: The shaded area represents forecasts, starting in 2024.



East Africa leads the expected pax growth in Africa

Africa, air passengers, indexed to 2023 = 100

Index, 2023 = 100

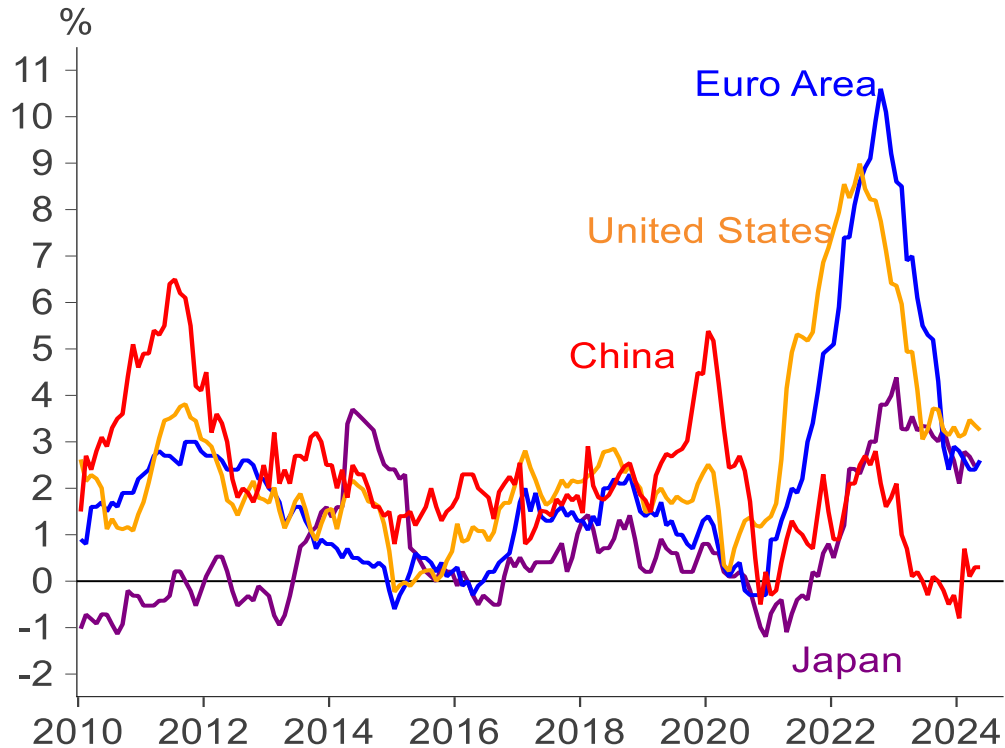


Source: IATA Air Passenger Forecasts – June 2024 update

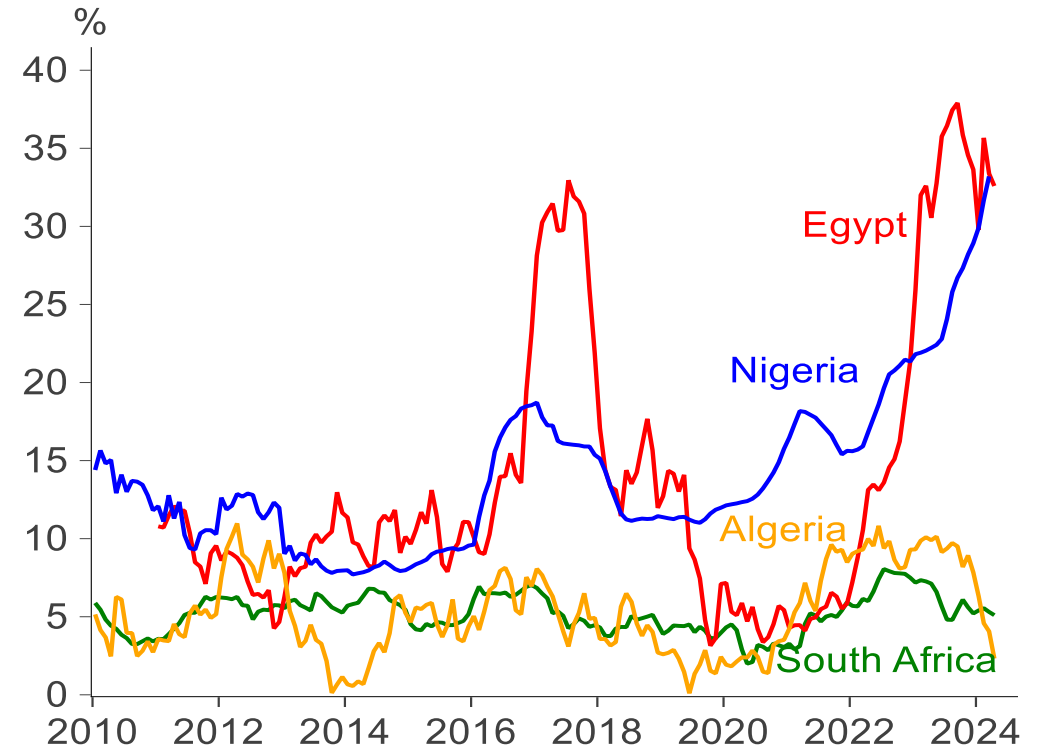
Inflation is a big concern in some African countries

Inflation rate, % YoY, 2010-2025

Major economies



Major African economies

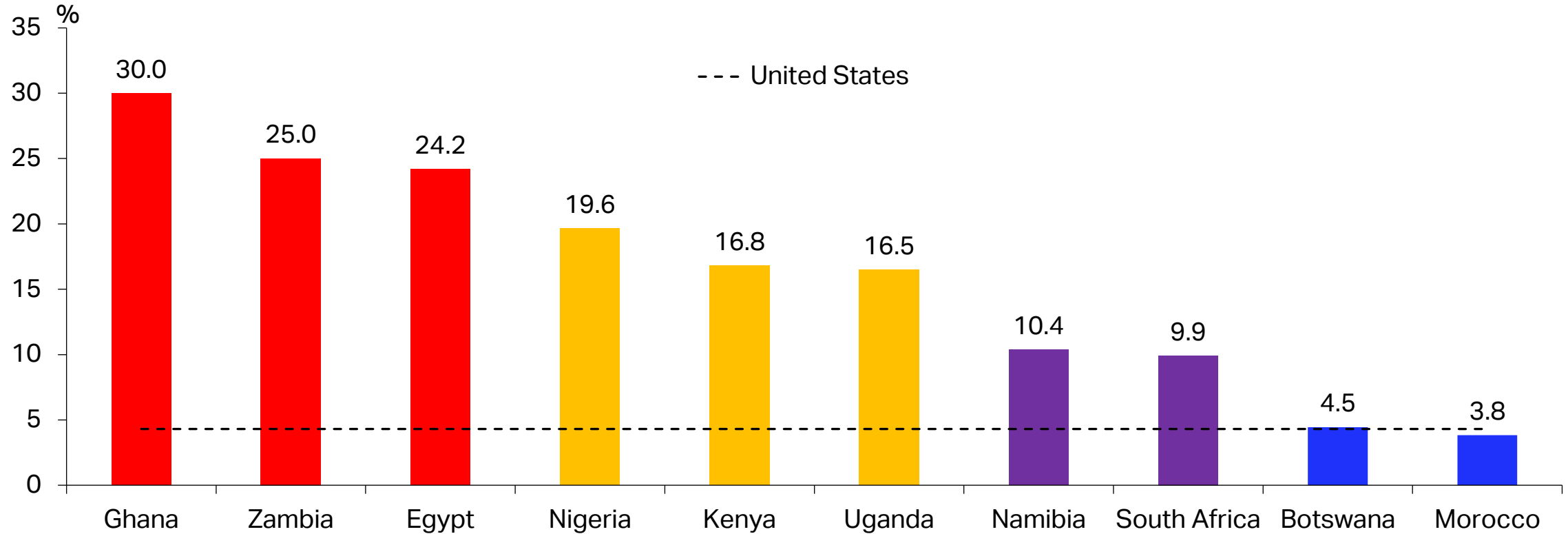


Source: MacroBond



Borrowing costs are higher in Africa

10-year government bond yields, %, as of June 2024

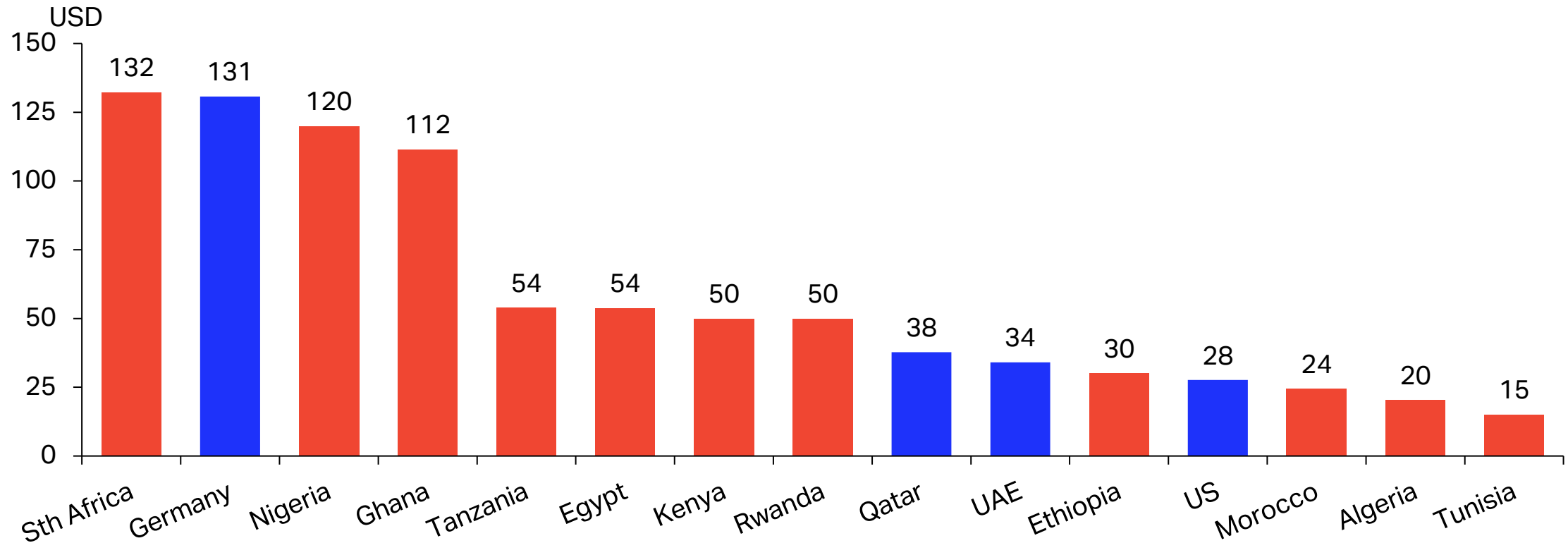


Source: Refinitiv, data as of June 18, 2024.

Ticket taxes and charges vary widely across Africa

Adding significantly to travel costs in some countries

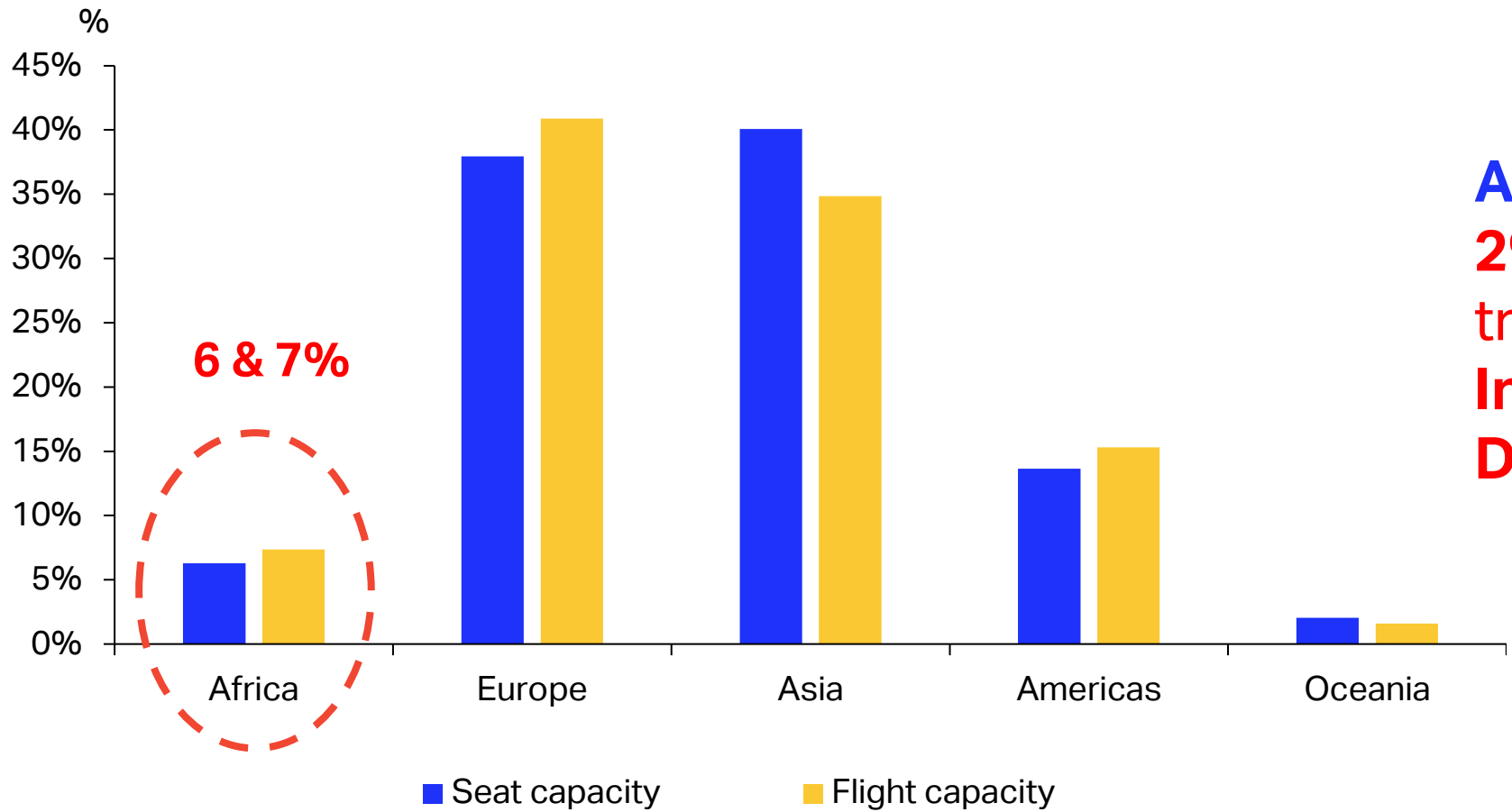
International passenger ticket taxes and charges (economy cabin, highest applicable rate), USD per ticket, 2024



Source: IATA Sustainability and Economics, IATA TTBS, xe.com

Poor connectivity = poor economic outcomes

Global **international** seat and flight capacity by region (non-stop), 2016-2021



Africa:
2% of total air transportation:
International + Domestic

Source: IATA Sustainability and Economics, OAG



Africa's opportunities

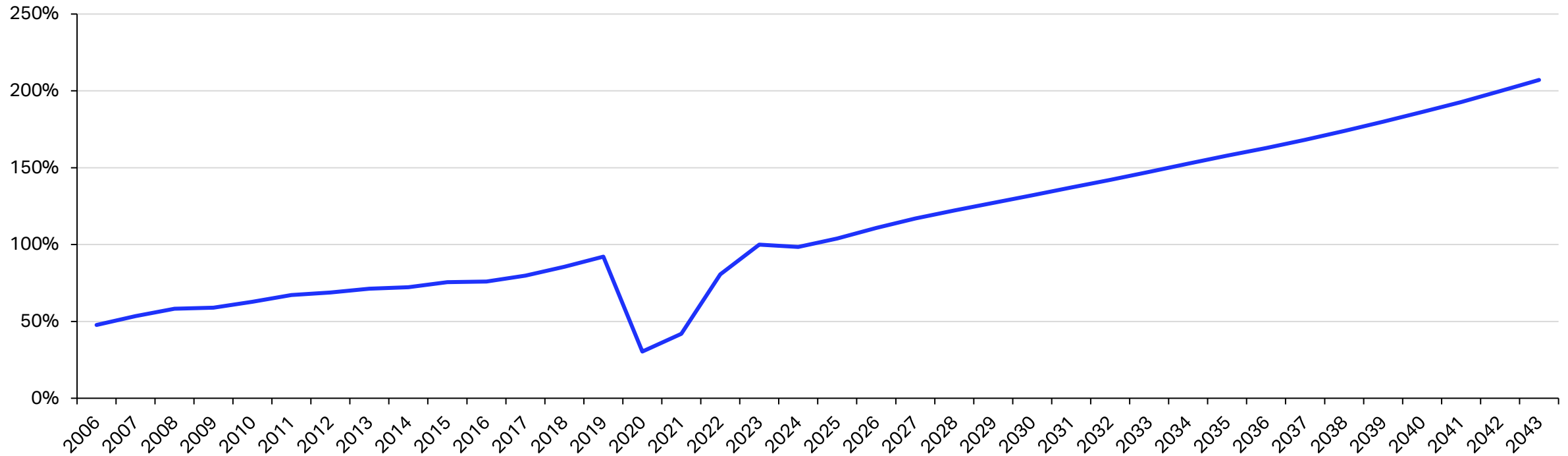
Africa is home to over 18% of the world's population, despite this Africa's presence in the aviation industry accounts for just 2.1% of air global passengers.



Huge potential

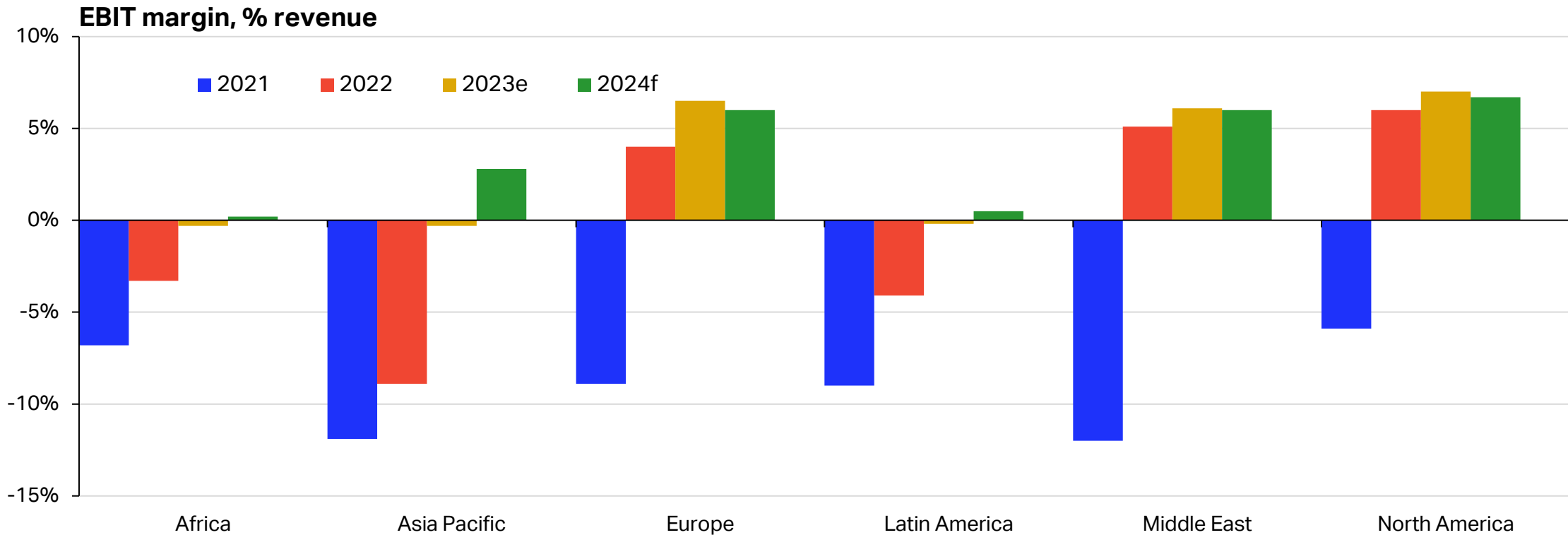
Africa traffic is projected to reach 345 million in 2043, more than doubling from 2023

Passengers, % share of 2023



Why Focus Africa?

Africa net profit is still negative in 2024 but a positive operating profit



What is Focus Africa?

Six Prioritized Areas




- **Safety:** Improve operational safety through a data driven, collaborative program to reduce safety incidents and accidents, in the air and on the ground.
- **Infrastructure:** Facilitate the growth of efficient, secure, and cost-effective aviation infrastructure.
- **Connectivity:** Promote the liberalization of intra-African market access through the Single African Air Transport Market (SAATM).
- **Finance and Distribution:** Accelerate the implementation of secure, effective and cost-efficient financial services and adoption of modern retailing standards.
- **Sustainability:** Assist Africa's air transport industry to achieve the "Net Zero by 2050" emissions targets agreed to by industry and the UN's International Civil Aviation Organisation (ICAO).
- **Future Skills:** Promote aviation-related career paths and ensure a steady supply of diverse and suitably skilled talent to meet the industry's future needs.

IATA Finance and Distribution Programs – For Travel Agents



Serving Airlines & their Partners – through BSP participation

Safer, faster and cheaper

	<p>675M transactions</p> <p>\$240B USD Settled in 2023</p>		<p>Across 182 markets</p>
<p>400+ Airlines</p> <p>58K+ Accredited travel agencies</p>		<p>100%* on time settlement</p> <p>0.006% Agents unrecovered amount*</p>	

* Q1 2024

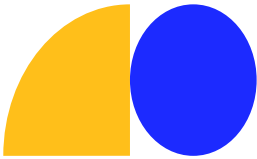


IATA Agency Program – Agent's value adds

Become part of a global travel distribution network



Boost Travel Agents credibility as a trusted partner with Global Industry recognition



Automate financial interaction with Airlines and streamline Travel Agents back-office operation with the BSP



Enhance Travel Agents' reputation with customers (passengers)

- Agents' recognition by the travel industry as financially sound and trustworthy, sustained by a transparent risk-management framework.
- Access to over 400 Airlines participating in the BSPs worldwide with a single agreement
- A single standard interface for remittance and access to multiple form of payments in the BSP
- Standard procedures for a fair and uniform operating model
- Valuable input for agency's treasury management process
- Global consumer confidence due to recognition of IATA accredited travel agents meeting industry standards
- IATA Travel & Tourism Training will help Travel Agency Staff improve Travel customers' experience
- Stay on the top of the evolving environment through IATA free of charge educational webinars and Workshops



Benefit of BSP



Simplification

- Agents issue one sales report and remit one amount to a central point
- Airlines receive one settlement covering all agents
- Simplifies and reduces work via electronic ticketing on behalf of all BSP Airlines
- Agents' sales are reported electronically



Saving

- Fewer resources required for billing and collection
- Electronic distribution of billing reports and generation of debit/credit memos (ADMs/ACMs) via BSPlink

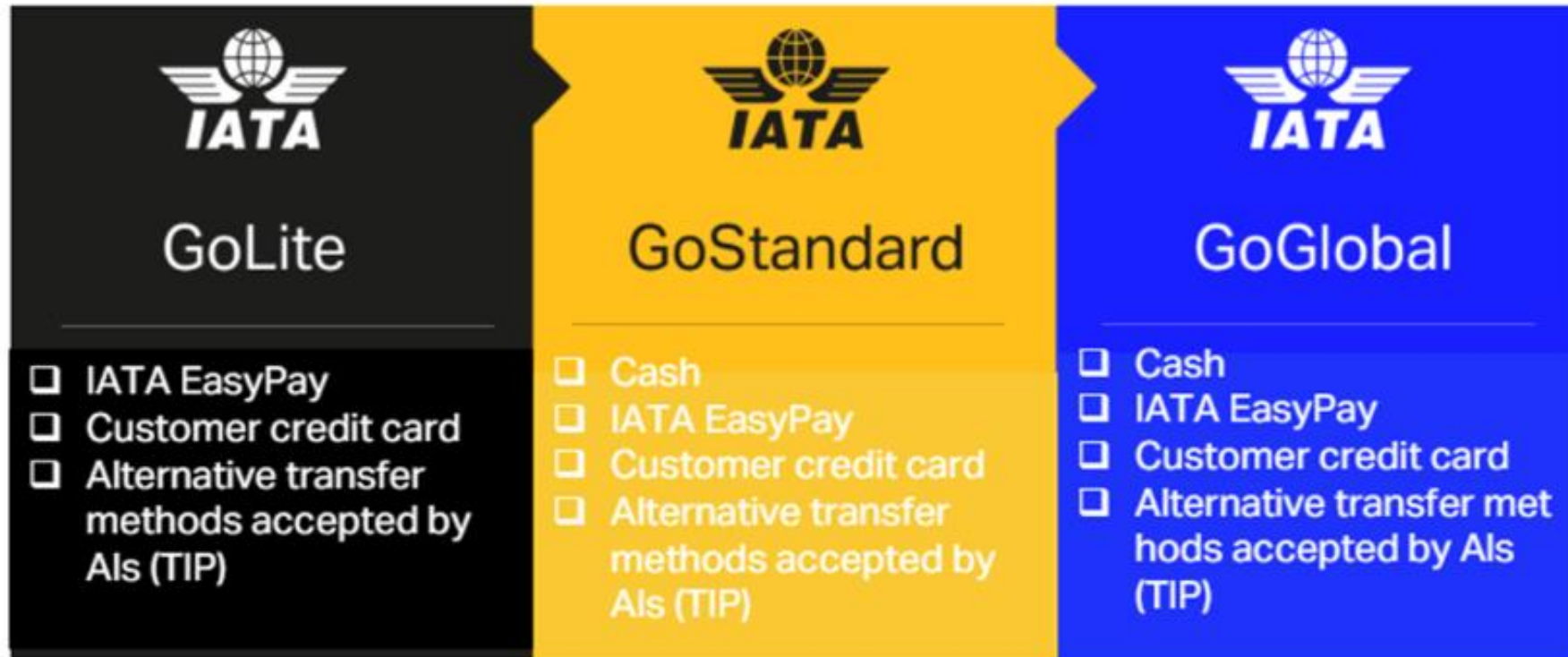


Enhanced Control

- Increased financial control thanks to centralization and grouping
- Consolidated document flow, permitting accelerated quality controls
- Overall process monitoring by a neutral body

Who are the IATA accredited agents?

Deliver a **safe, secure, and relevant BSP** through the three levels of accreditation



Towards 100% Offers and Orders – The context

10/11/2024

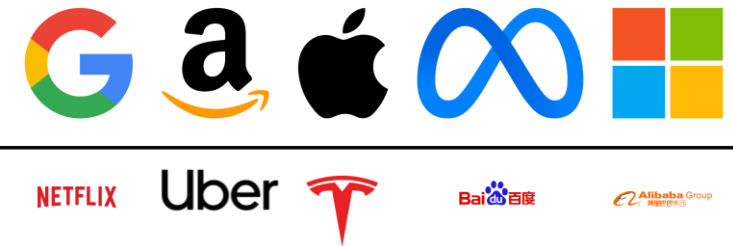


Forces outside the airline industry are shaping customer expectations

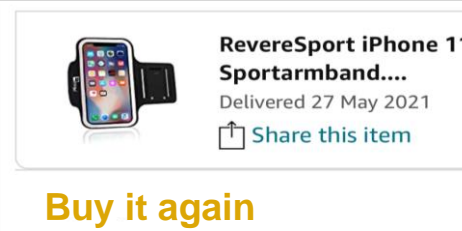
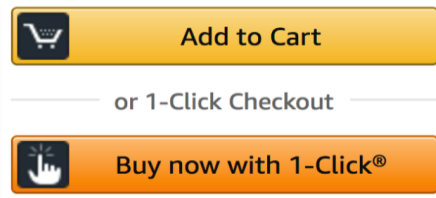
Digital and data-native companies



Tech giants



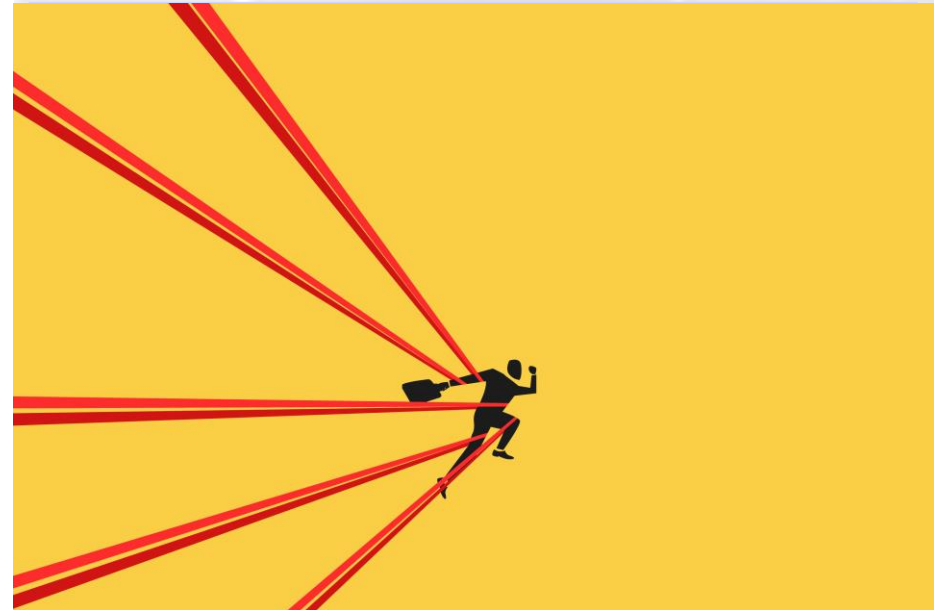
World Class Digital Retailing



One-click shop and order & pay, bundling, one single customer record,

... while our industry have been dependent on legacy technology

- ✓ Pre-internet technology
- ✓ No innovation
- ✓ Multiple records (PNR, E-ticket, EMD)
- ✓ No customer centricity



The Modern Airline Retailing program

Customer identification

Standards enabling airlines and their value chain partners to better **identify their customers** and **process the digital identity** of each other in retailing and service delivery;

Retailing with offers

Standards enabling the airlines to **create their products and build new partnerships**, distributing **dynamically priced** and personalized offers and creating further value through **cost-effective digital payment options**

Delivering with orders

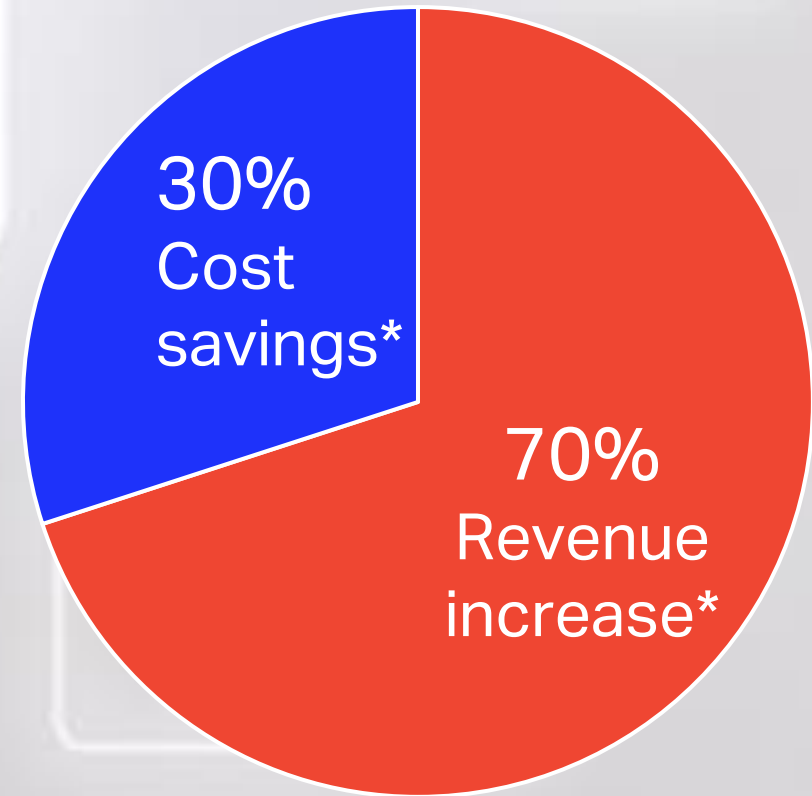
Standards enabling customers to access their **Order in a single record** (without the need for PNRs, e-tickets & EMDs) as the sole reference for the purchased services and enabling **simplified financial processes**

The Industry benefits can be significant

- ✓ +40bn USD additional annual value creation*
- ✓ Equivalent to 4% current industry revenues*
- ✓ Equivalent to \$7 per passenger*

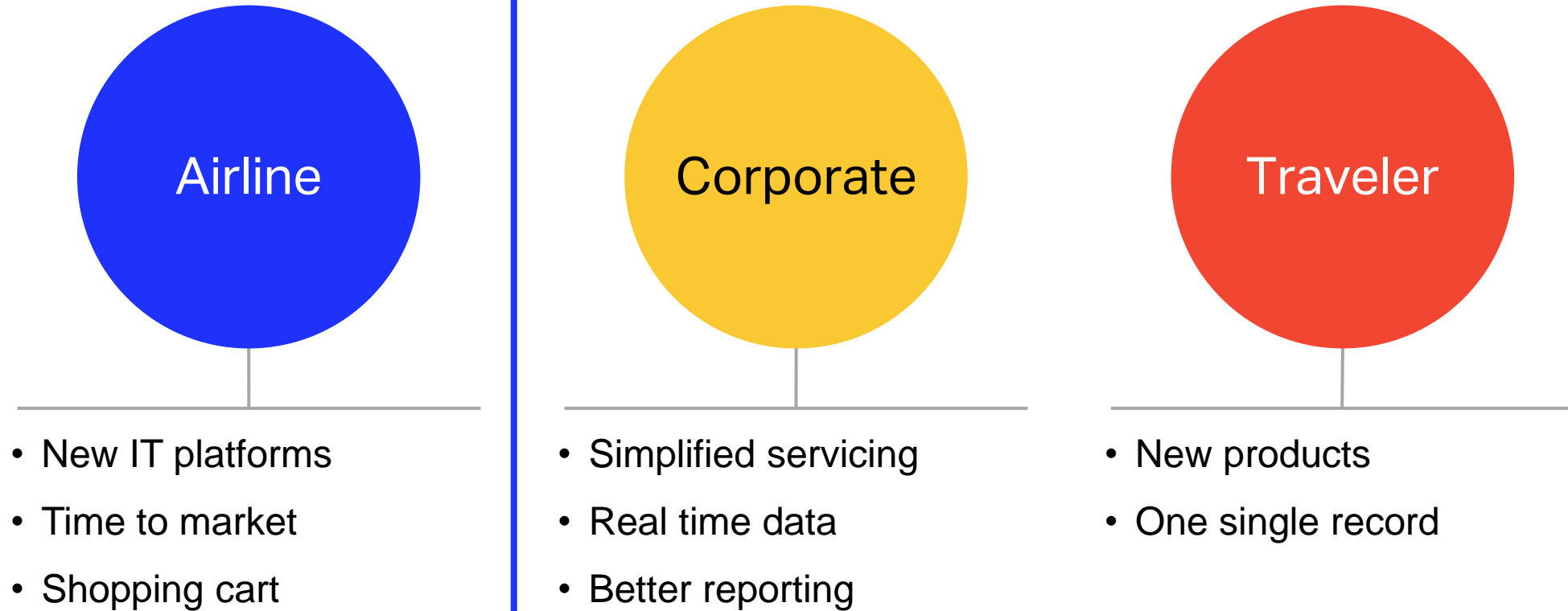
* **Note** : McKinsey study November 2019
Numbers are industry average and will depend on each airlines' individual strategy

40-45 bn USD
annual value creation



Source: McKinsey study November 2019

The value of Modern Airline Retailing



Modern retailing will enable TMCs to better serve their customers

Simplified servicing: easy change/cancel/refund of flights, products and services and servicing of continuous fares

More products and services: orders complement NDC to accelerate the creation of new products and services (streamlined fulfillment)

Better and faster reporting to airlines or corporates: leverage real-time data flow

Better Business insights: real time data flow enables faster decision making

Enhanced Duty of Care: order updated along the customer journey



And finally, here is a lot of information publicly available



MAR web section

iata.org/Retailing



Consortium releases

iata.org/Retailing-Consortium



MAR webinars

iata.org/Retailing-Webinars

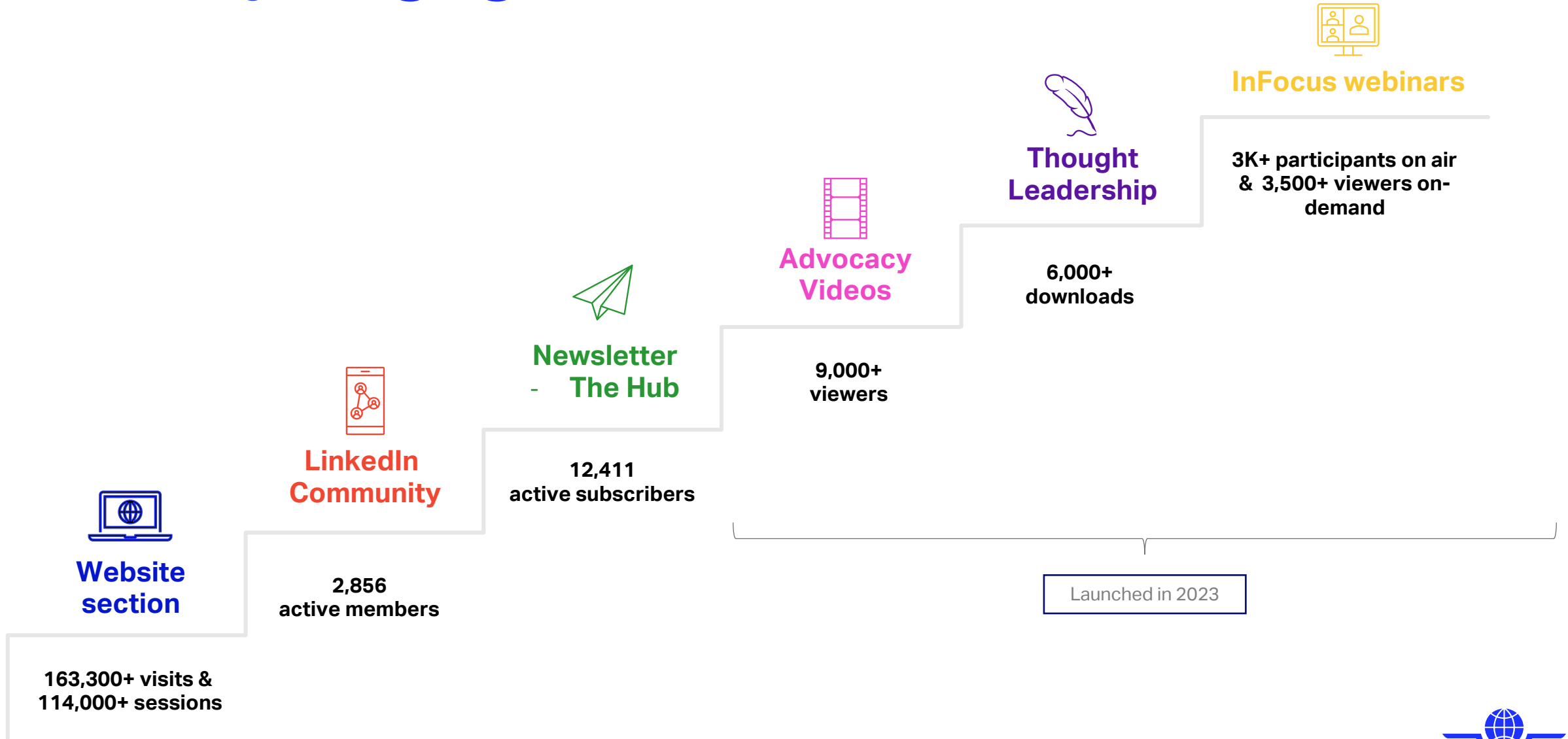


Implementation Soundbites

bit.ly/MAR-Soundbites



Industry engagement: leave no one behind



Thank you

11 October 2024

