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Capacity Building: Strategies to overcome the shortage in licensed personnel

AACO & IATA Technical Forum

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aaco
arab air carriers' organization

IATA

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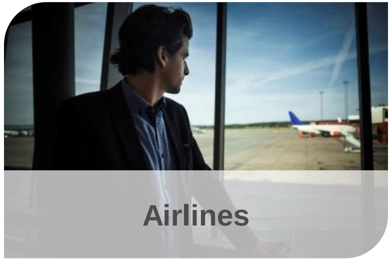

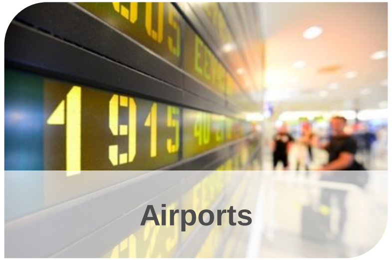

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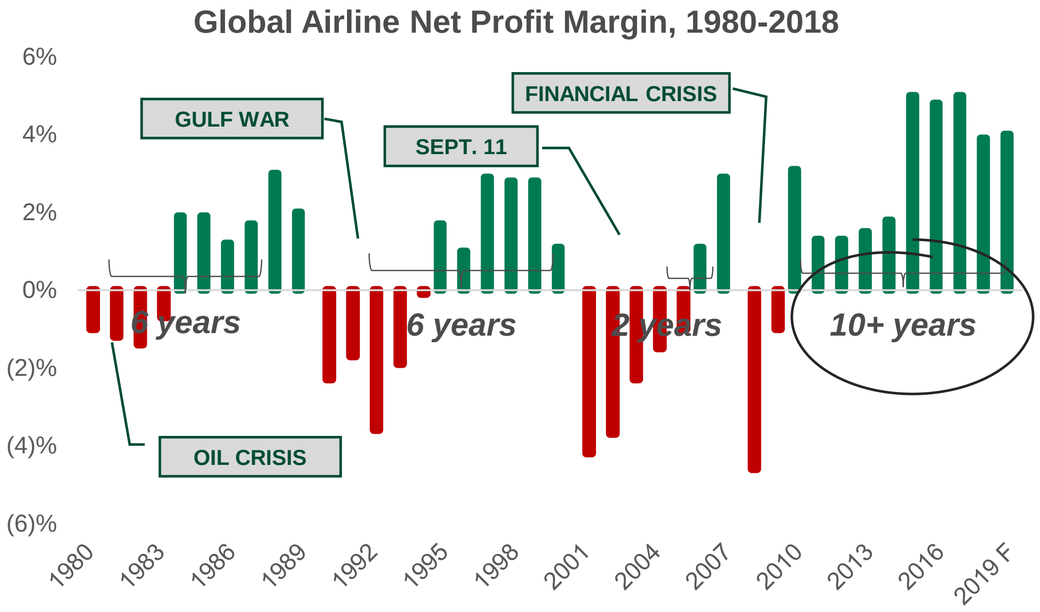
The airline industry is experiencing its longest cycle of profitability in a post-deregulation industry with an estimated profit of $28.1 billion in 2019



Alton Insight

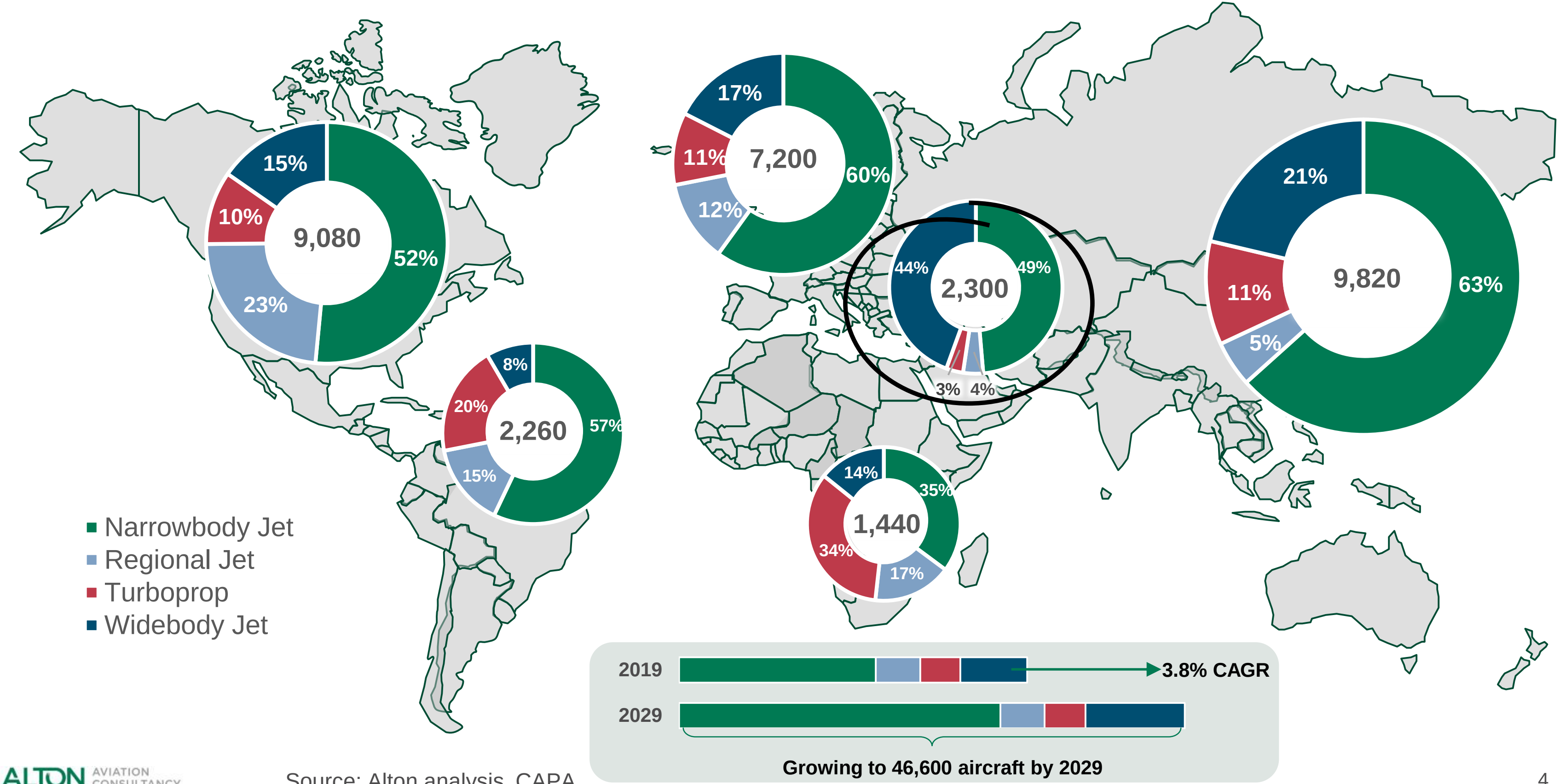
Factors sustaining current momentum:

- Continued strong growth in air traffic demand
- Airline consolidation in mature markets driving capacity & pricing discipline
- Stable and moderate fuel prices and interest rates

Recent forecasts, however, have lowered the outlook

Source: IATA, Alton analysis

Today's commercial air transport fleet consists of approximately 32,000 aircraft which will grow to over 46,000 in the next 10 years



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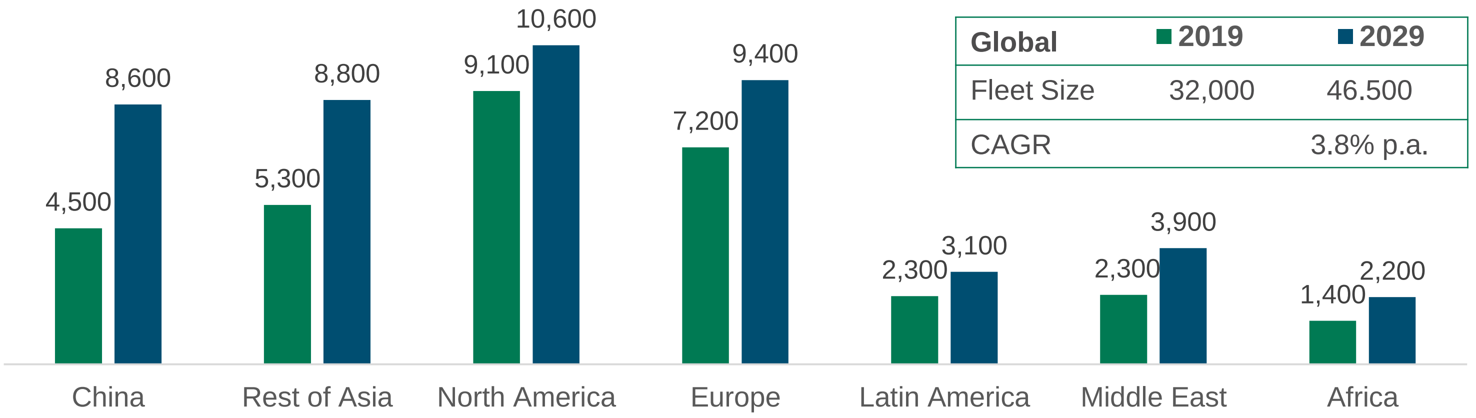
Source: Alton analysis, CAPA

Over the coming decade, the Middle East is estimated to add more than 1,600 aircraft to the fleet; a 5.3% annual growth rate

2019 - 2029 Fleet Forecast by Region



Global	**2019**	**2029**
Fleet Size	32,000	46.500
CAGR		3.8% p.a.

	China	Rest of Asia	North America	Europe	Latin America	Middle East	Africa
2019-2029 Net Fleet Growth	**+4,100**	**+3,500**	**+1,500**	**+2,200**	**+800**	**+1,600**	**+800**
Annual Growth Rate	**6.7%**	**5.2%**	**1.6%**	**2.7%**	**3.1%**	**5.3%**	**4.5%**

Fleet numbers rounded to nearest hundred

Source: Alton analysis

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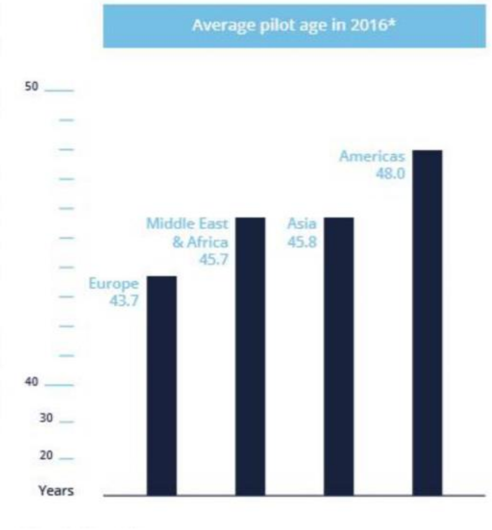
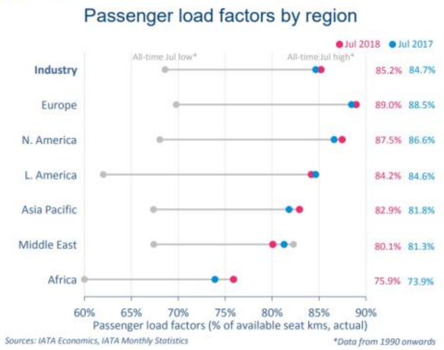
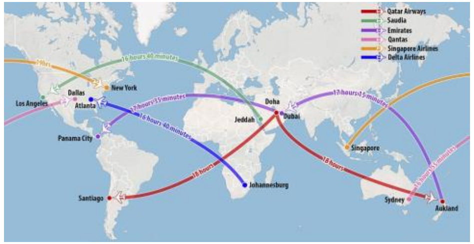
Personnel replacement, average fleet utilization numbers, seat load factors at a maximum and new gen aircraft are additional factors in the equation…







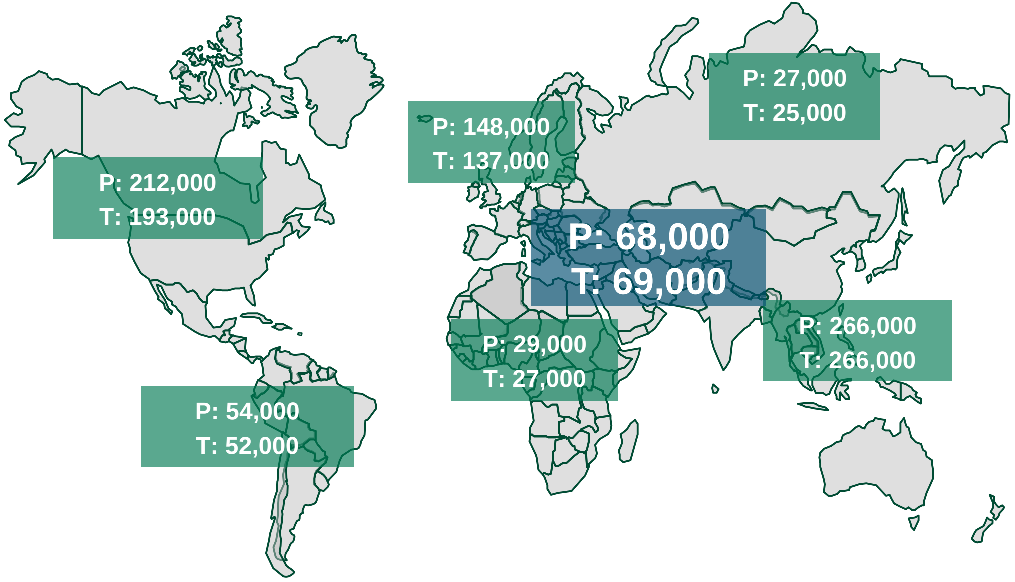
Alton Insight

- Maturing population (retirement and attrition) in licensed personnel mandate for replacement
- Airlines aim for efficiency (increasing Seat Load Factor and higher average fleet utilization) leading to higher pilot / aircraft ratios
- New generation aircraft enable airlines to fly longer sectors, leading to the regulatory mandated placement of relief crews

Source: IATA, CAE, dailymail, Alton analysis

<u>People</u>: Future Outlook for Civil Pilots and Technicians over the coming 20 years show huge growth

Civil Pilots / Technician Outlook by Region



Recruitment	▪ Social & educational "influencers" ▪ Build, acquire or rent?

Training	▪ Supply / Demand Assessment
	  ▪ *Skillsets needed for the future?*
	  ▪ *Where are the gaps?*
	▪ Training Outcomes
	  ▪ *Competency, knowledge retention*
	▪ Enablers
	  ▪ *Methods (AR/VR, gamification)*
	  ▪ *Virtual / e-learning*

Performance & Retention	▪ HRTech: performance, feedback & analytics ▪ Culture: inter-generational, cross-cultural, multi-lingual ▪ Organizational leadership ▪ Compensation

Source: Boeing, Alton analysis

Questions

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- Are the AACO carriers prepared for the challenge to have adequate numbers of licensed personnel (today and in the future)?
- What are the main strategies on building up numbers for
  - Civil Pilots
  - Technicians
- Will a possible recession in the airline industry have any effect (short-term / long-term)?
- To poach or not to poach and how to deal with it?
- Will new gen aircraft with new technologies drive further outsourcing of MRO work?
- Will the Max return have an impact on licensed personnel shortage?
- Is the climate debate (flight shaming) going to have an impact?

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