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Covid 19 International Market Update

May 15, 2020



Chris Thompson
President & CEO





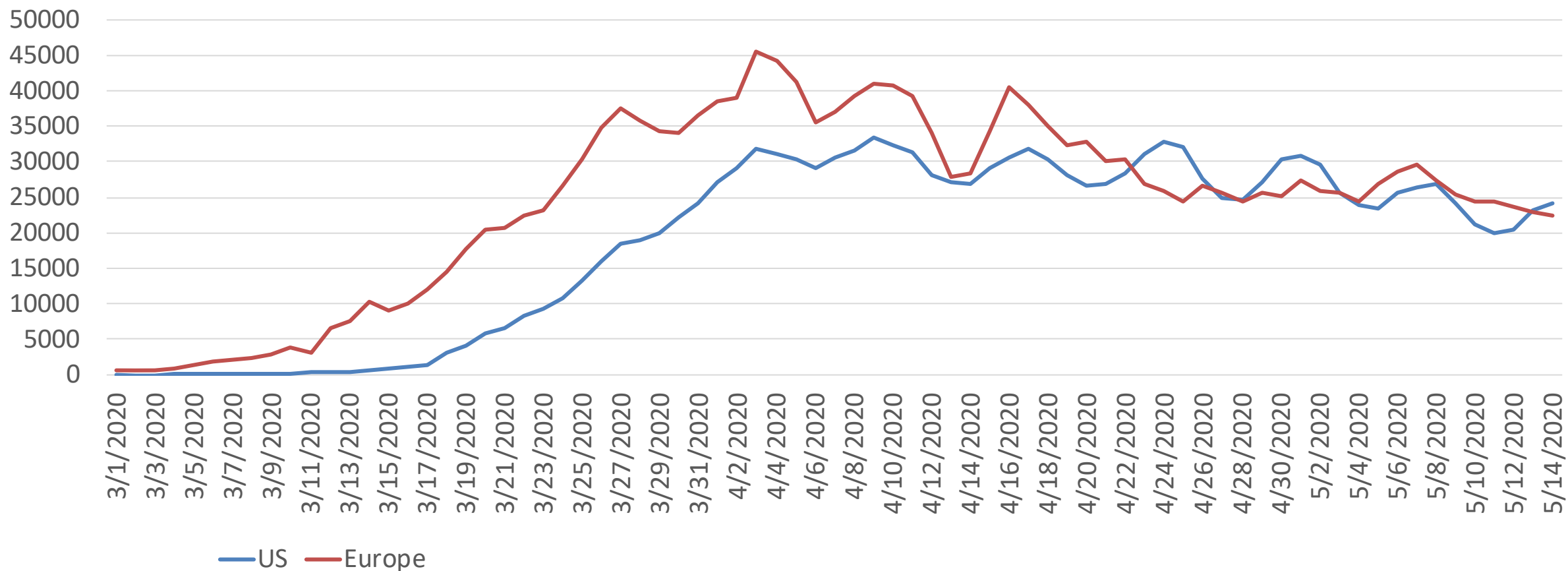
Carroll Rheem
VP, Research & Analytics





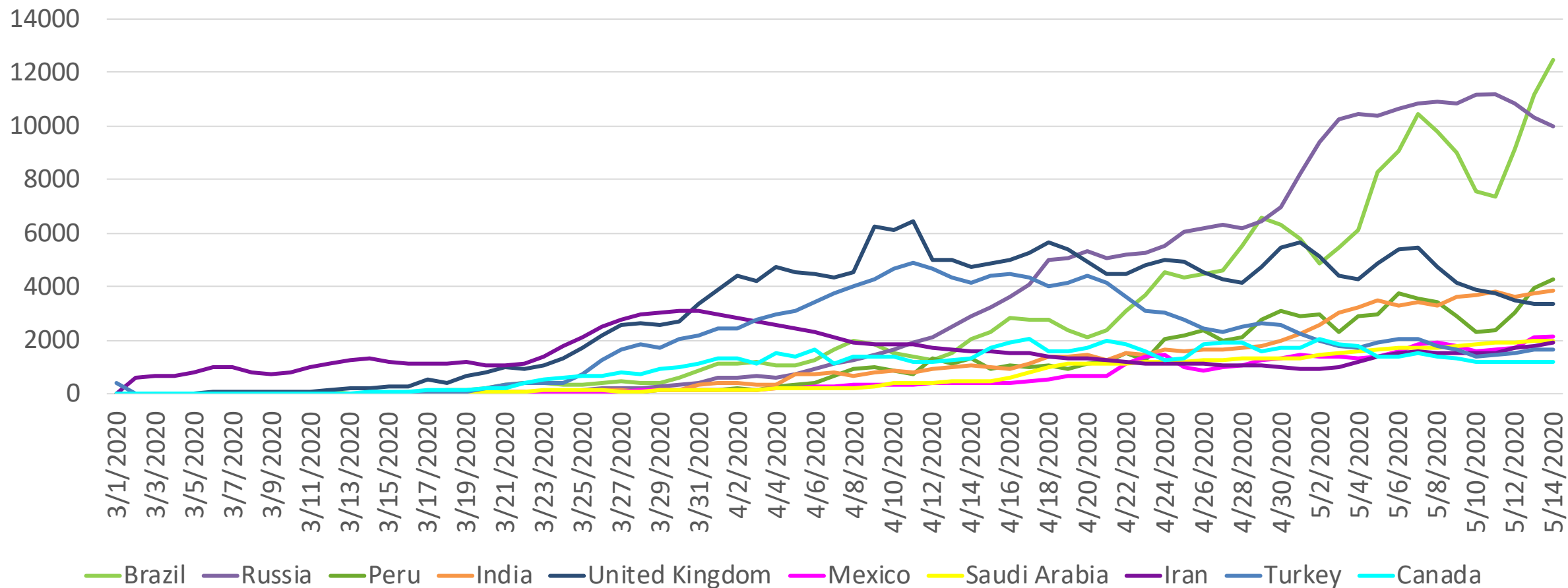
Pace of Coronavirus (Covid-19) Contagion

Daily New Confirmed Cases (rolling average over 3 days)



Source: Johns Hopkins

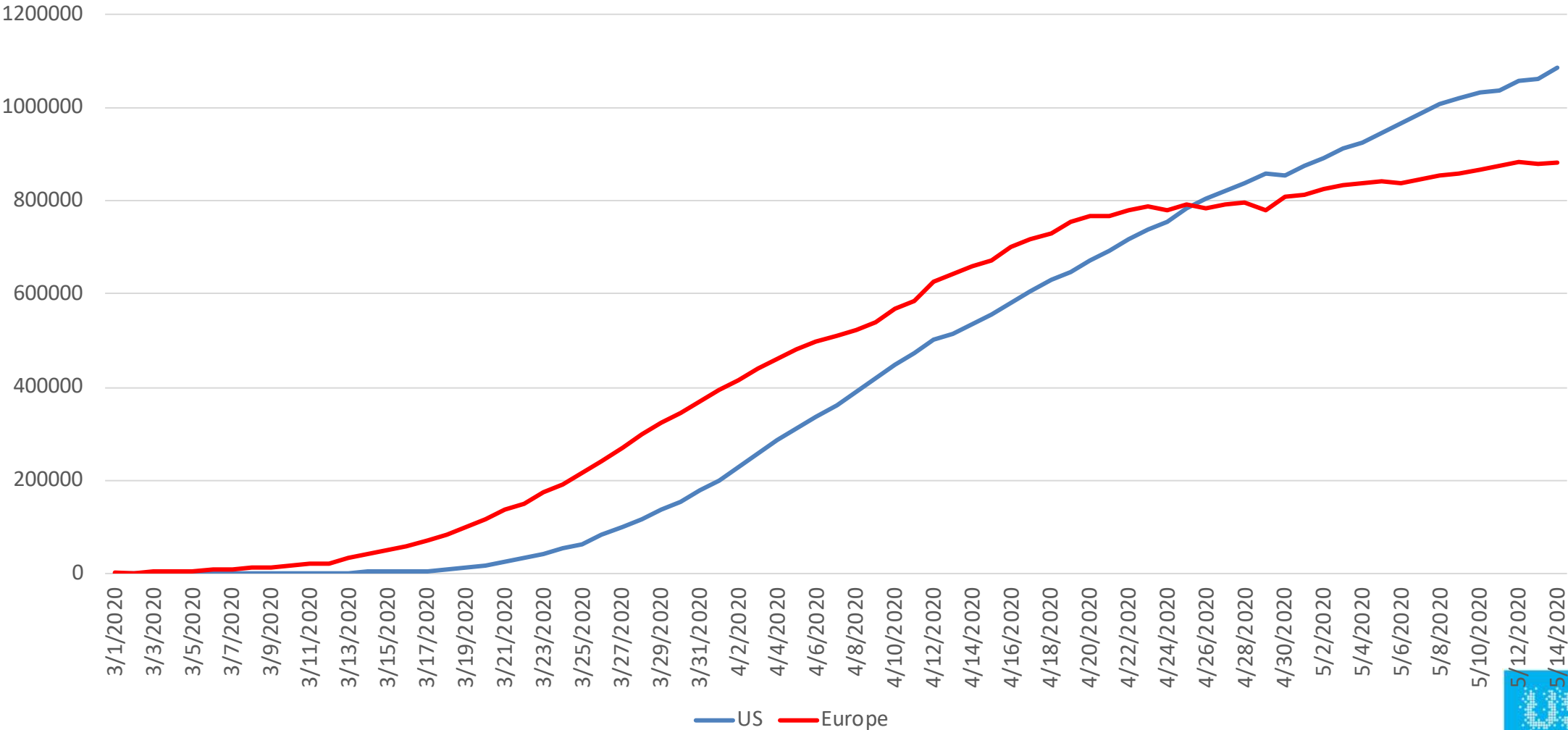
Daily New Confirmed Cases (rolling average over 3 days)



Source: Johns Hopkins



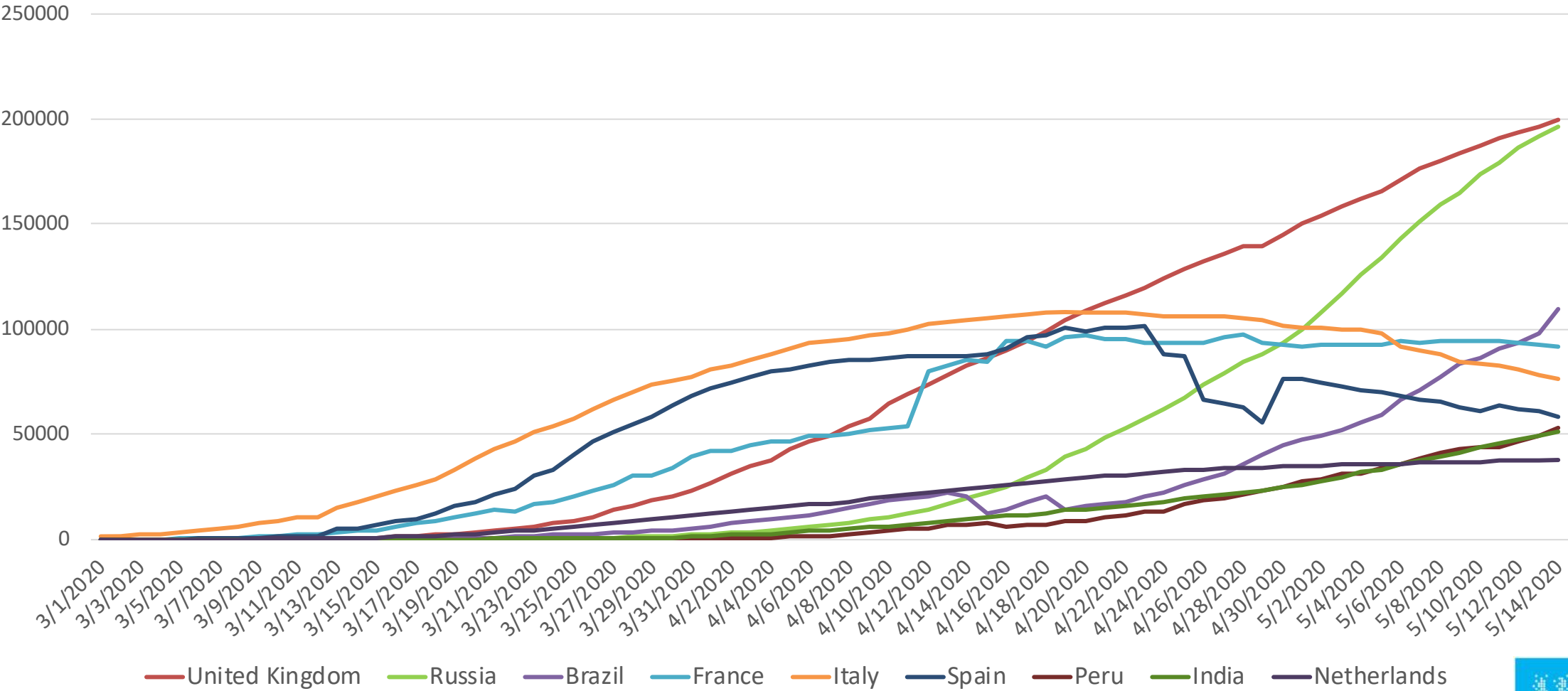
Active Cases (Total Confirmed – Recovered – Fatalities)



Source: Johns Hopkins



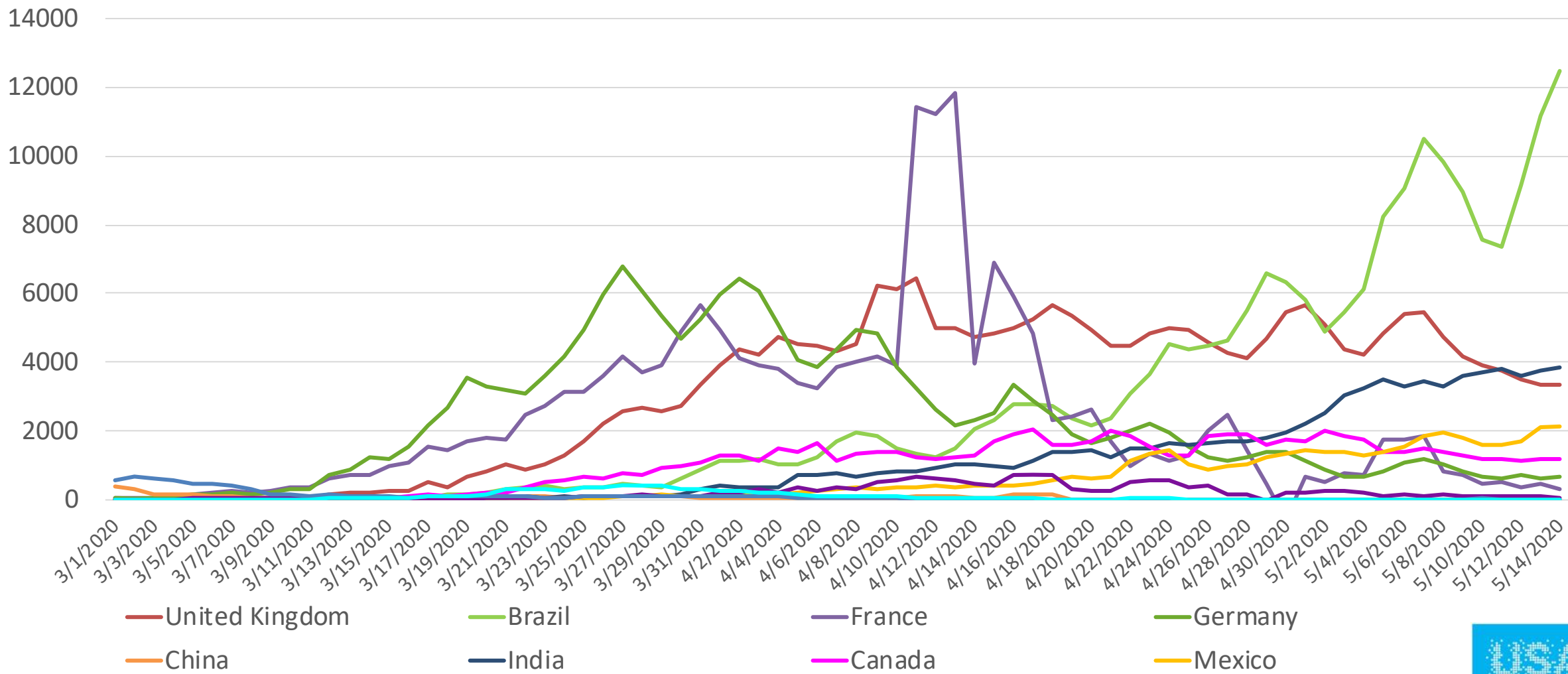
Active Cases (Total Confirmed – Recovered – Fatalities)



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

- UK
- Canada

Decelerated

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

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



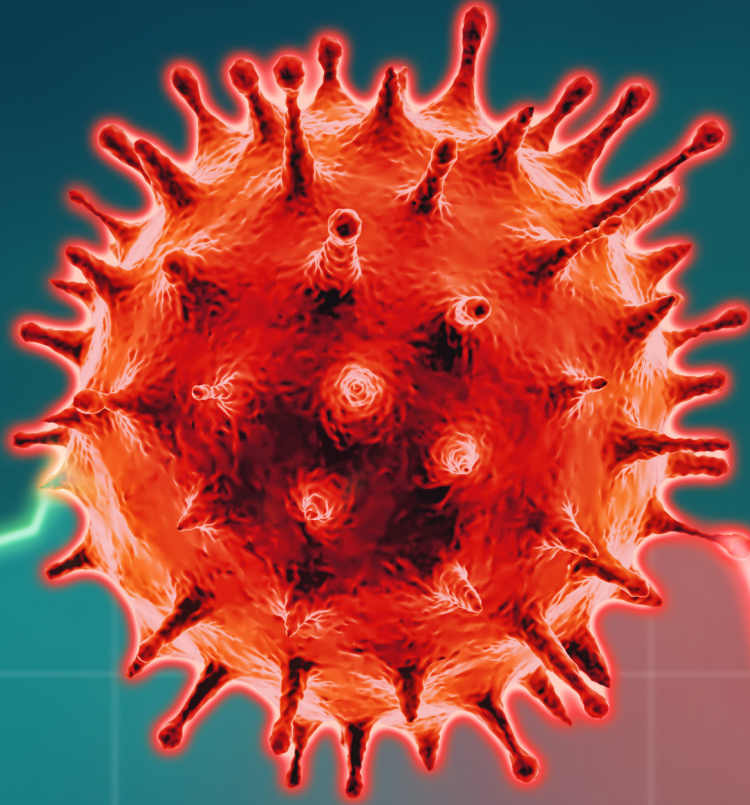
Effectiveness



Invasiveness



Economic Impact



Employment losses

The US economy is projected to lose 8.0 million jobs by the end of April as a result of travel declines in 2020. This alone will increase the unemployment rate to 8.4% in the second quarter.

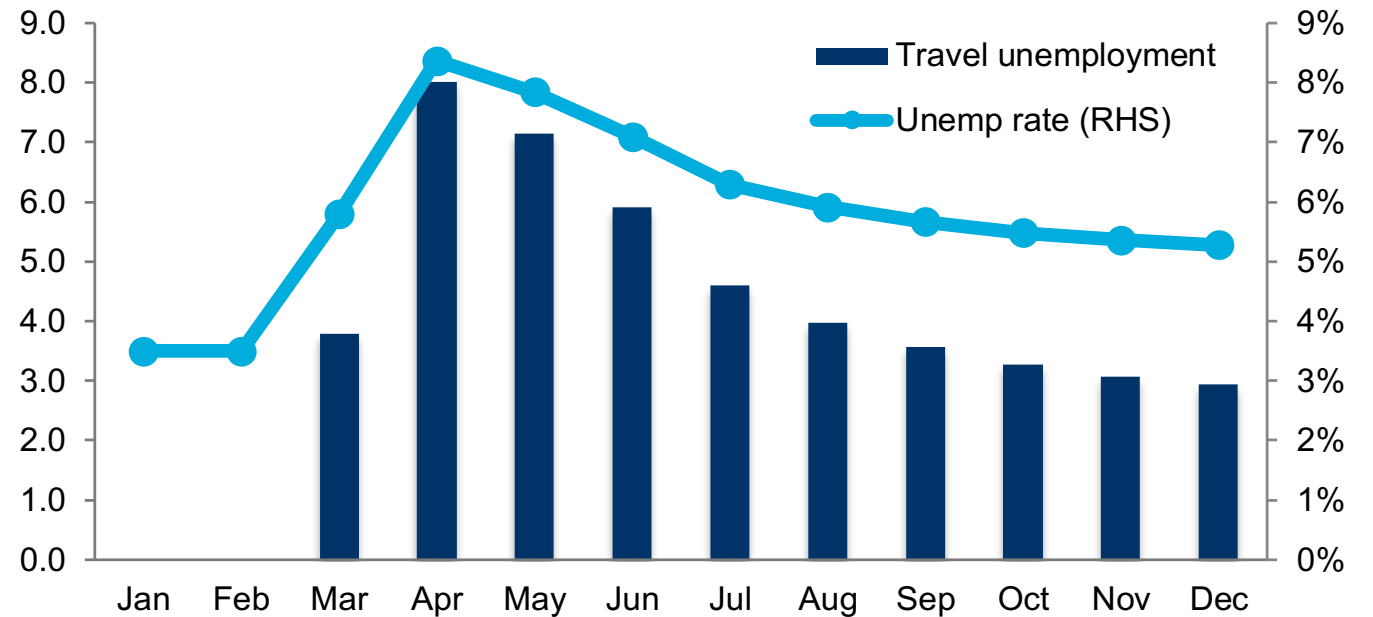
The unemployment rate rose to 4.4% in March from of 3.5% in February and will rise substantially in the coming months.

Travel-related employment losses alone will push the unemployment rate up to 8.4% over the next few months. Oxford Economics models predict the actual unemployment rate could reach 15% including job losses in all sectors.

This follows historical precedent of the job losses experienced in severe travel downturns.

Employment impacts of travel declines

Millions



Source: Oxford Economics

Employment losses

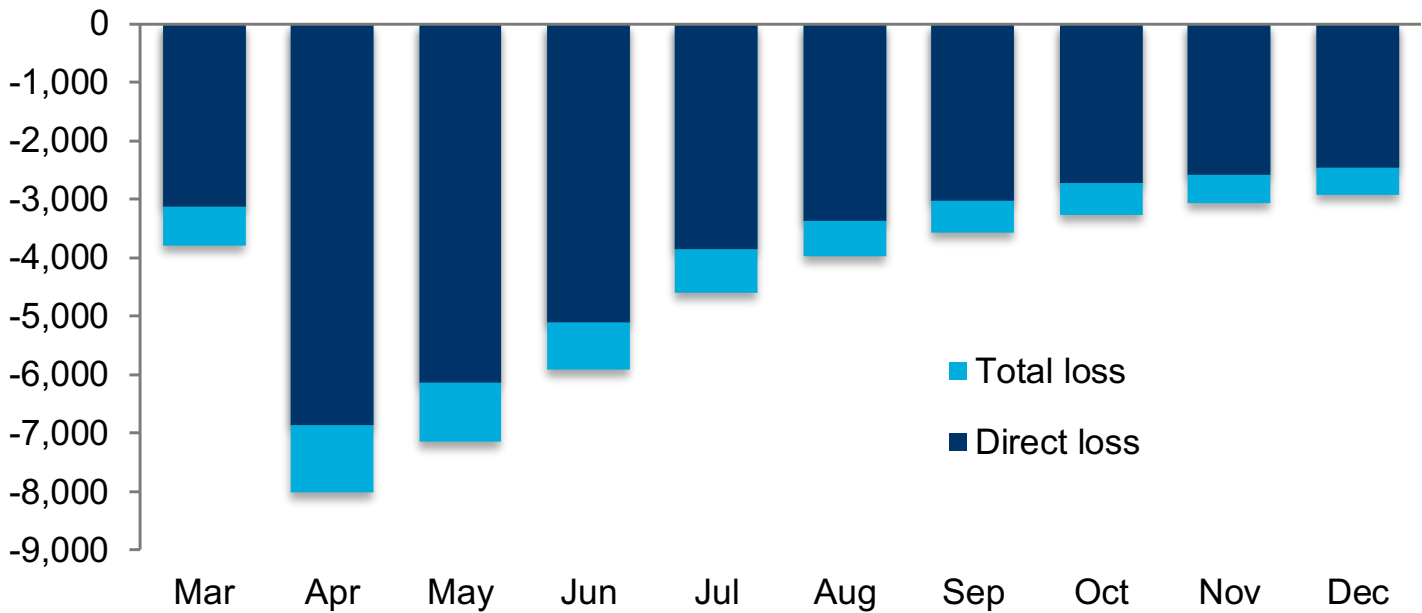
Jobs losses will spike in April and May but continue through the remainder of the year with 2.9 million jobs still lost in December.

At the lowest point, 8.0 million people will lose their jobs this year as a result of travel declines, including 6.9 million jobs directly in the travel industry.

Oxford Economics expects a 24 million job loss in April, implying that travel-related jobs will comprise one-third of this decline.

Tourism industry job loss

Thousands

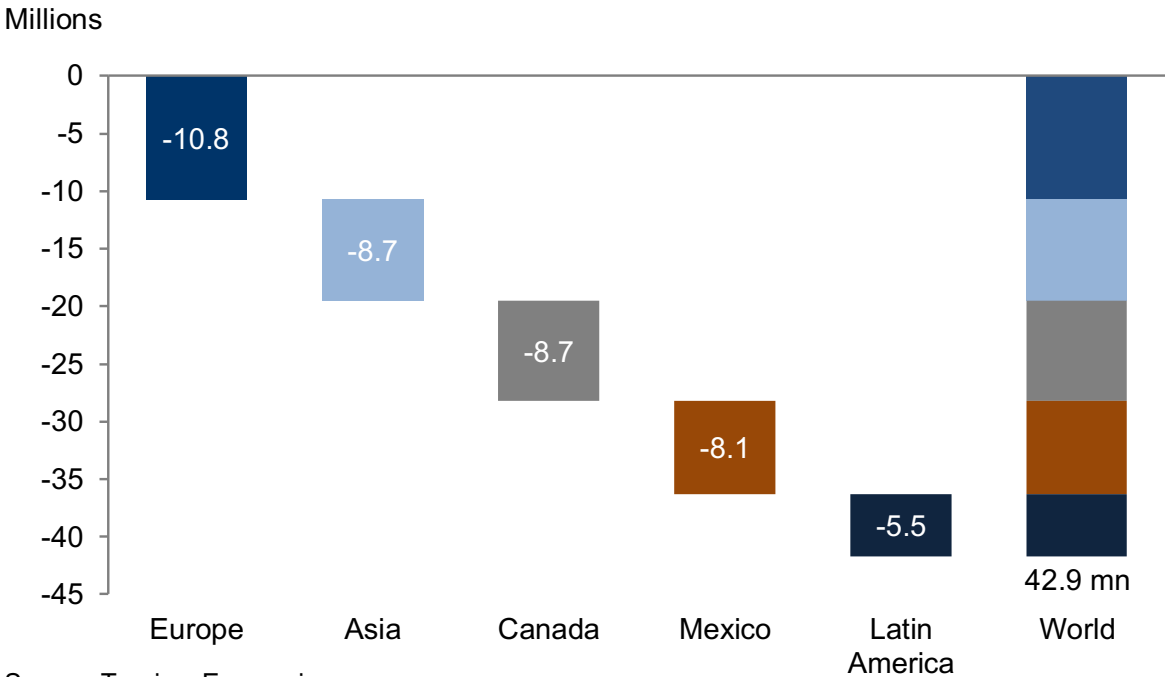


Source: Oxford Economics

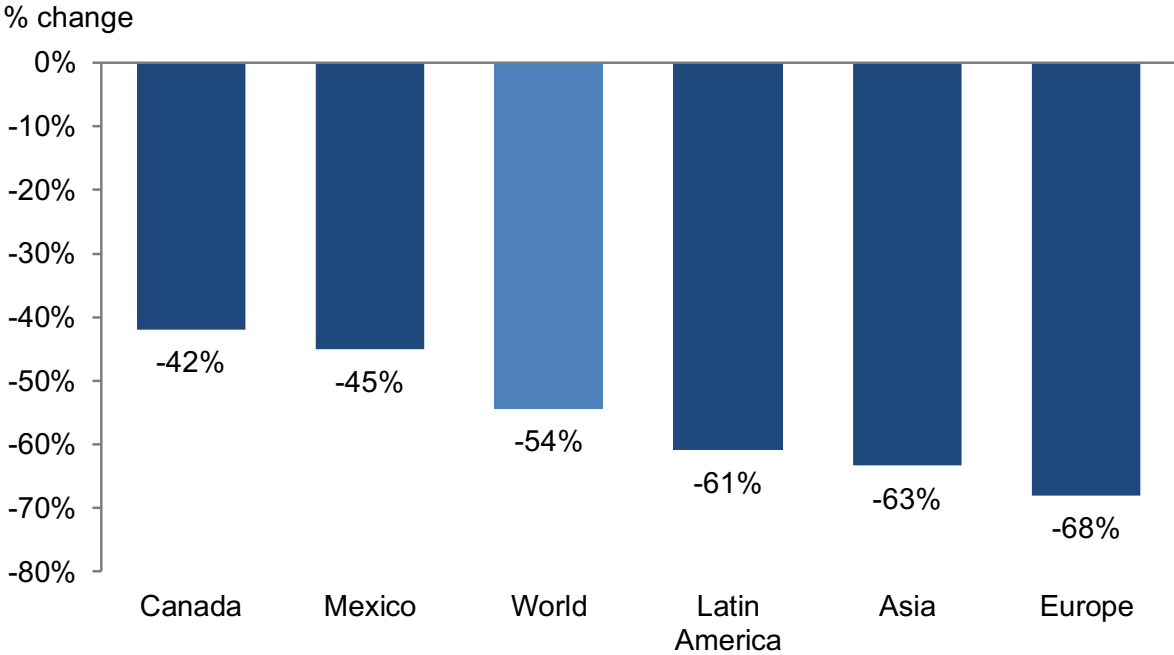
International markets will be hard hit

International visits to the US will decline 54% this year assuming partial opening of borders in the second half of 2020.

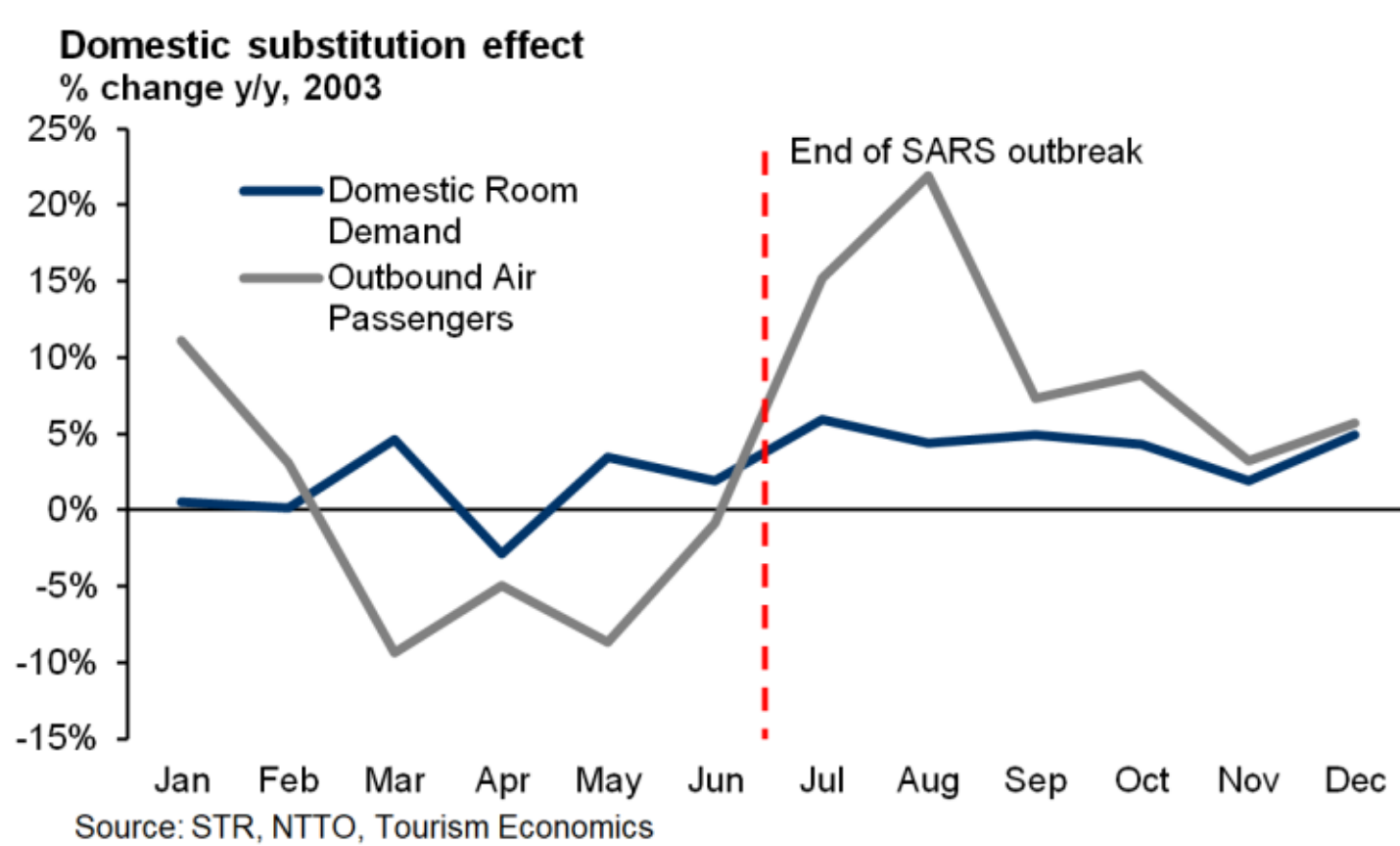
Decline in International Visitors to the US in 2020



Decline in International Visitors to the US in 2020



Domestic travel will help offset inbound declines



- US residents chose not to travel abroad in 2003 and outbound trips declined 5% in 2003. Meanwhile, domestic travel grew.
- A 50% drop in US outbound travel this year equals roughly 50 million trips—a share of which will convert to domestic.

Essential Drivers for Travel



Means



Motive



Opportunity





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A

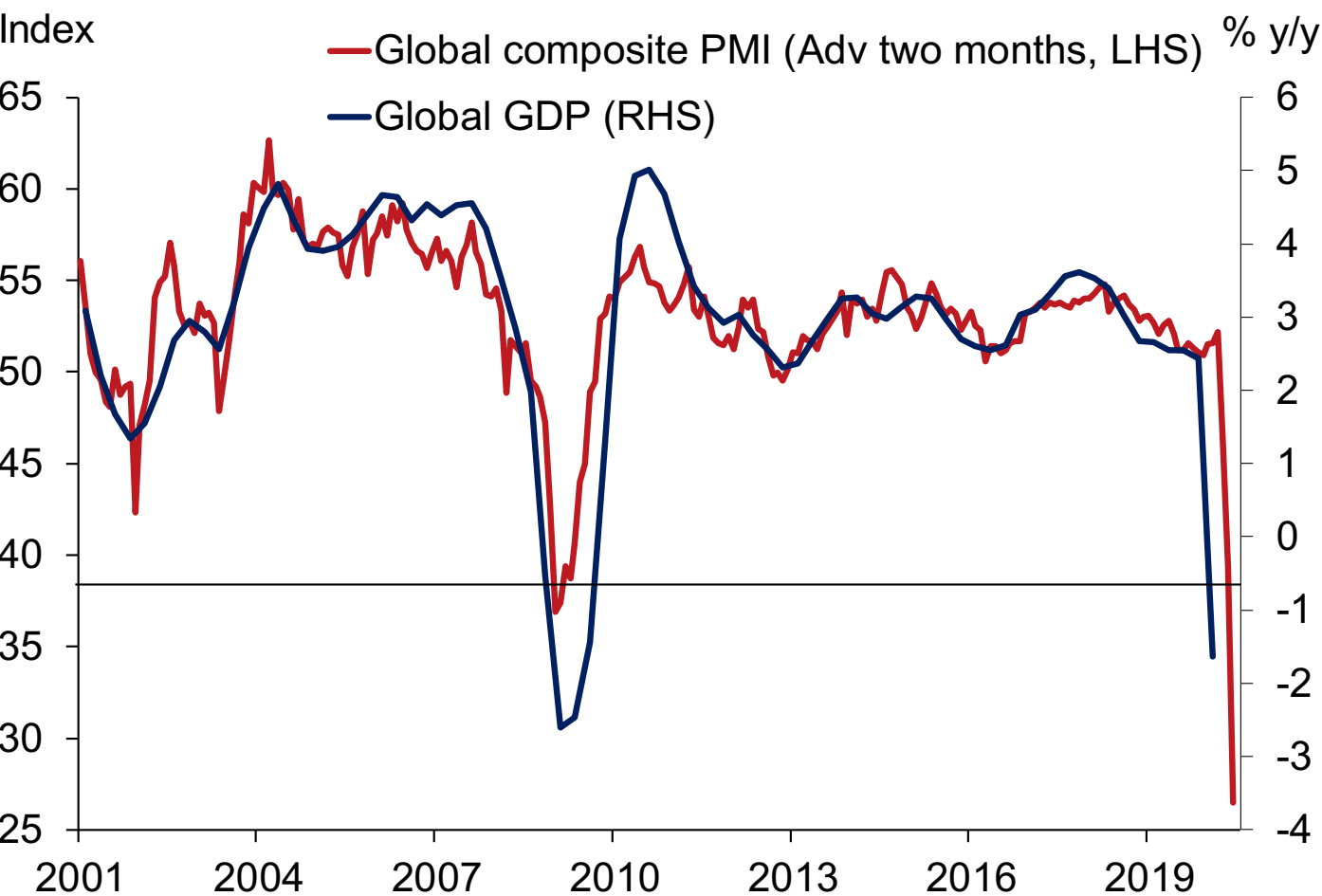
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Outlook for Q2 shows worsening trend

World: GDP & PMI



Source : Oxford Economics/Haver Analytics/IHS Markit



GDP Forecast

China may be the lone large economy that does not recede in 2020

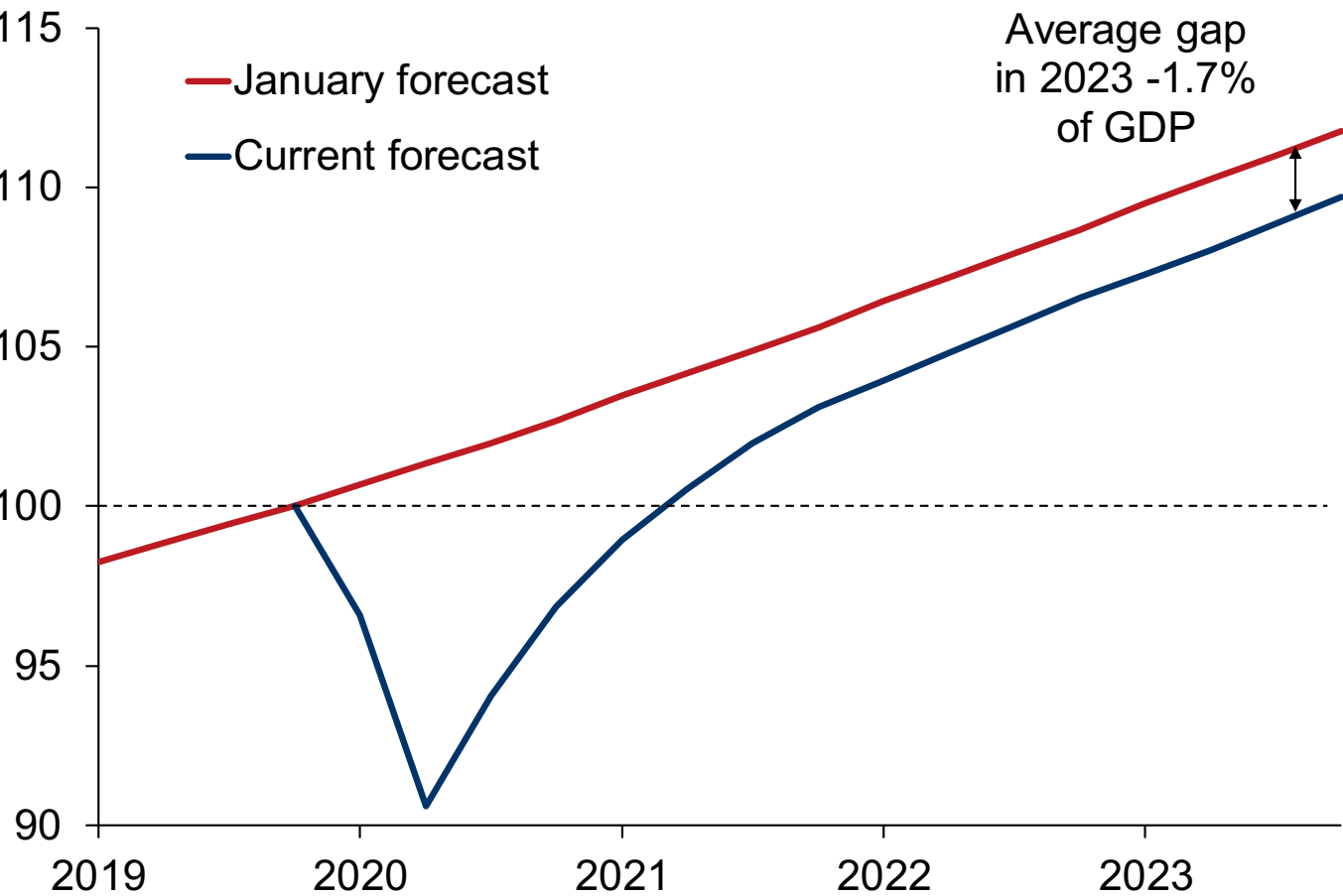


World GDP growth % change on previous year						
	2018	2019	2020	2021	2022	2023
Real GDP						
North America						
United States	2.9	2.3	-7.0	8.6	3.5	1.5
Canada	2.0	1.6	-10.7	11.0	4.9	1.5
Europe						
Eurozone	1.9	1.2	-7.6	6.2	3.1	1.8
Germany	1.5	0.6	-5.9	5.1	3.0	1.2
France	1.7	1.3	-9.4	7.8	2.9	2.7
Italy	0.7	0.3	-8.7	5.1	2.8	1.4
UK	1.3	1.4	-7.9	7.3	3.5	1.5
EU27	2.1	1.5	-7.0	6.0	3.1	1.9
Asia						
Japan	0.3	0.7	-6.0	3.7	2.7	1.7
Emerging Asia, excl Japan	6.0	5.3	-0.3	8.2	5.7	5.4
China	6.7	6.1	0.8	8.5	5.8	5.6
India	6.8	5.3	-3.0	11.3	7.4	7.2
World	3.1	2.5	-4.8	7.0	4.1	3.1
World 2005 PPPs	3.6	2.9	-4.0	7.0	4.5	3.7
World trade	4.7	0.2	-9.2	9.0	5.4	3.9
Commodity Prices						
Brent Oil (\$/bl)	71.1	64.4	37.8	44.4	49.4	53.2

Output remains below the pre-crisis path

Global GDP

Q4 2019 = 100



Source : Oxford Economics/Haver Analytics

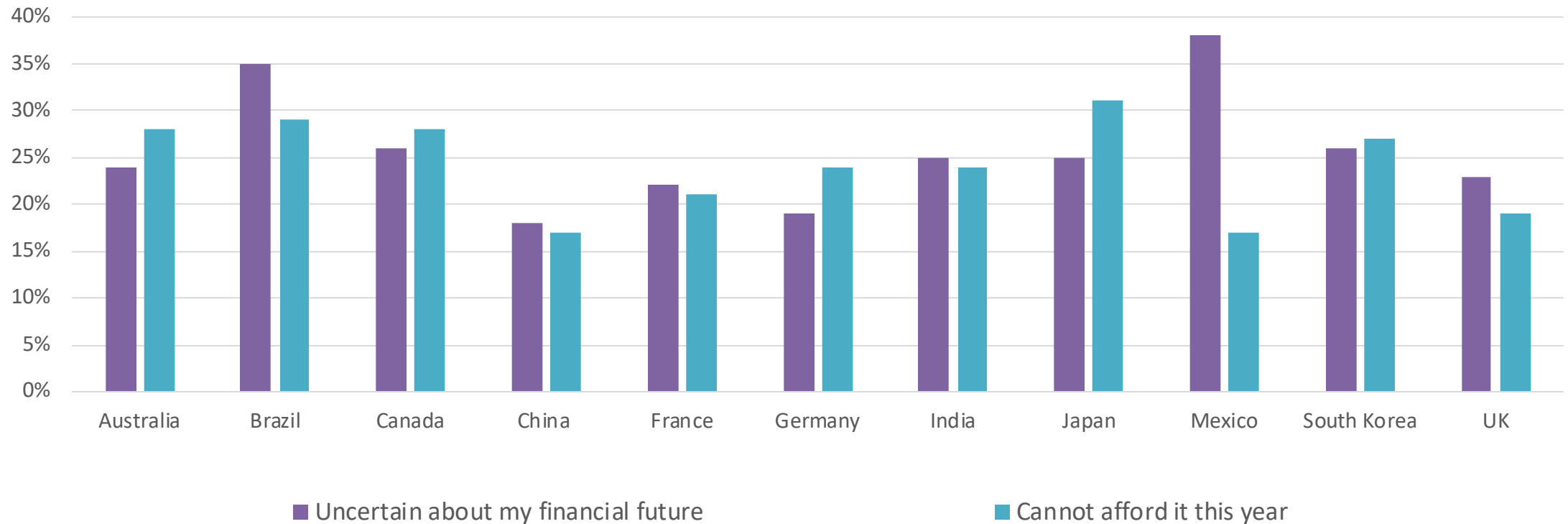


A woman with long brown hair, wearing a light blue surgical mask and blue nitrile gloves, is shown in profile from the chest up. She is looking out of a window with white curtains. Her right hand is resting on the window frame. The scene is softly lit, suggesting natural light from the window.

Consumer Impact

Reasons for Not Traveling Internationally in the Next 12 Months (select responses)

May 7, 2020

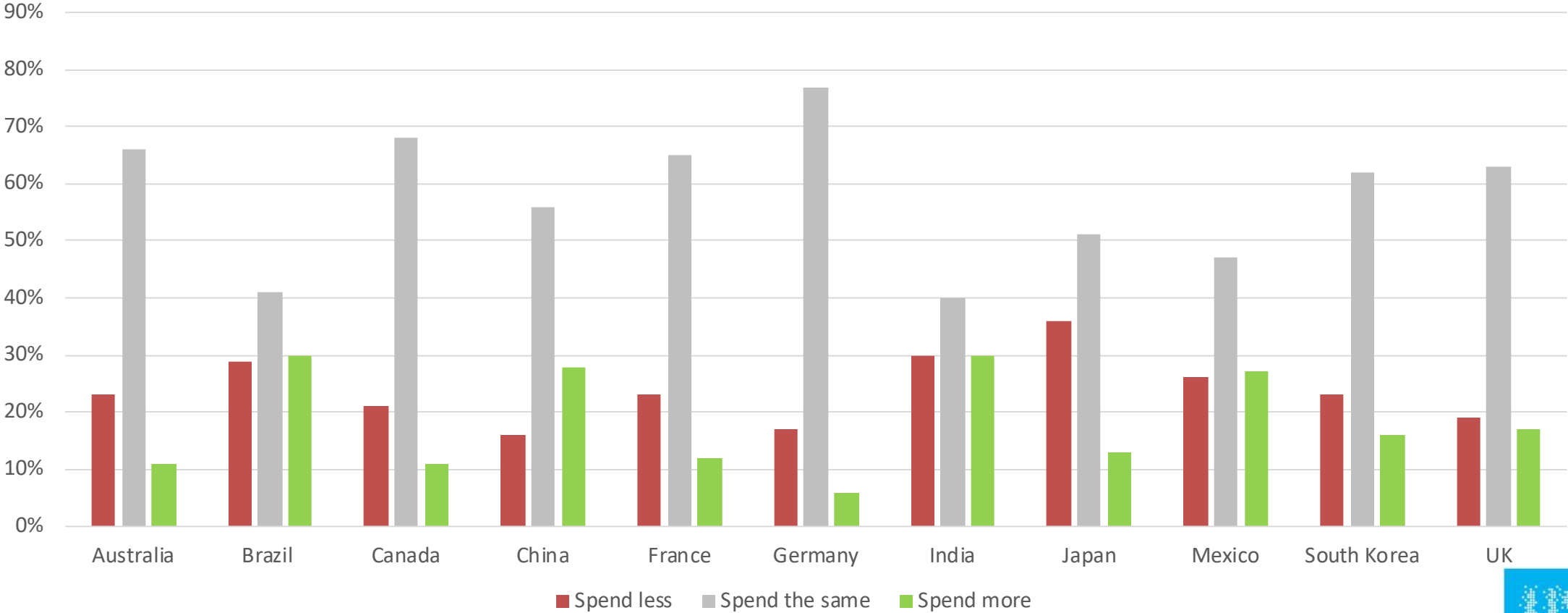


Base: Respondents who are unsure/unlikely to take an international trip in the next 12 months
Source: Engine/ORC Custom Study



Budget for Traveling Internationally in the Next 12 Months

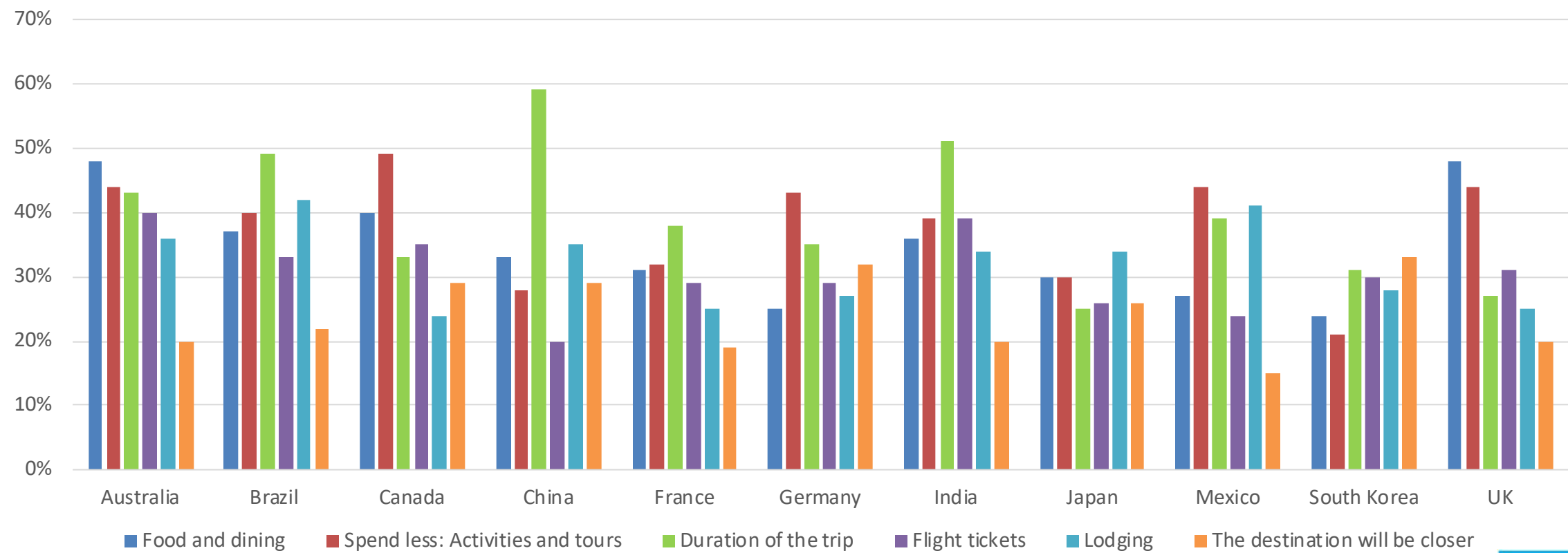
(May 7, 2020)



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



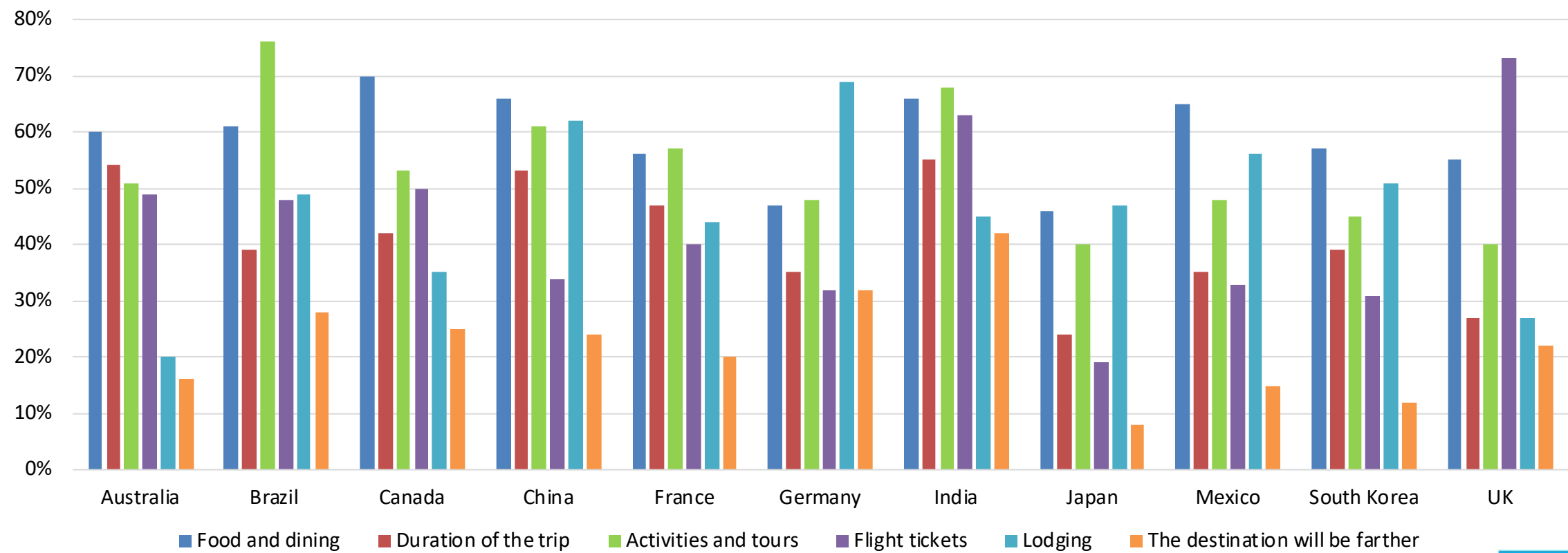
Budget for Traveling Internationally in the Next 12 Months: Spend Less (May 7, 2020)



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: Spend More (May 7, 2020)



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



Motive

AWARENESS

INTEREST

DESIRE

ACTION

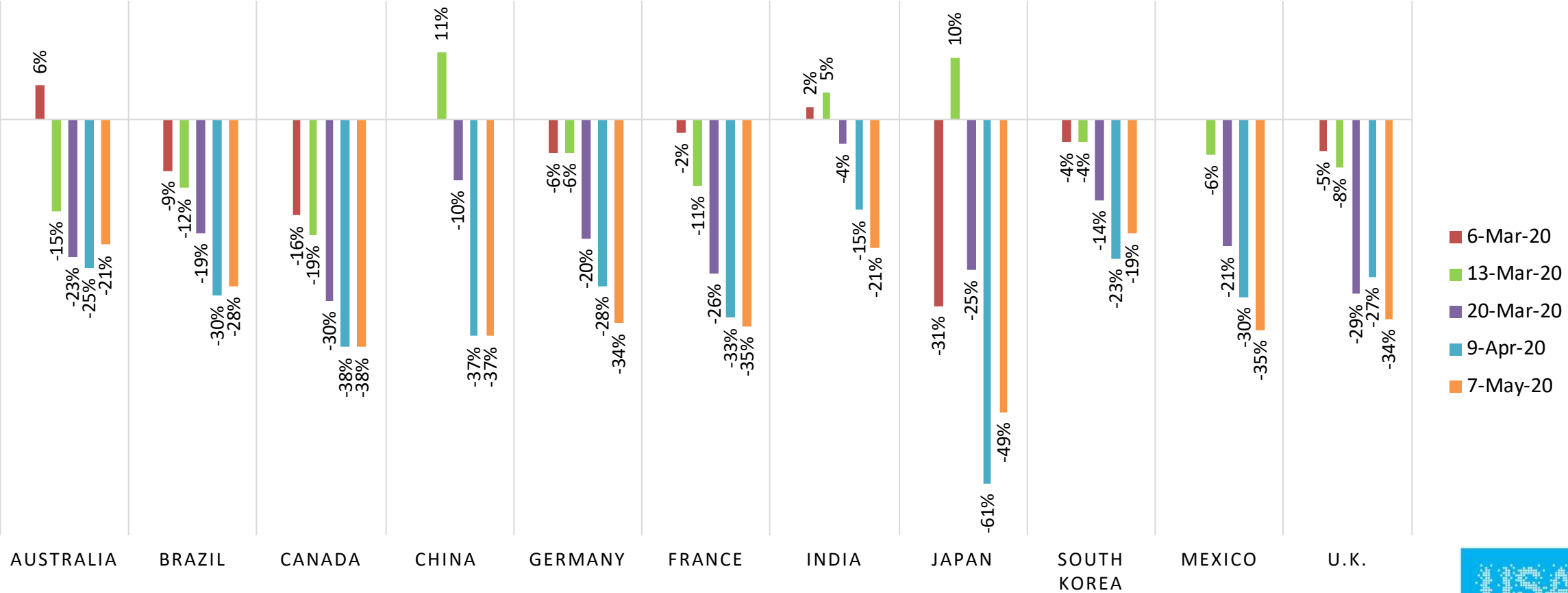


Anxiety remains
elevated



Likelihood to Travel Internationally in the Next 12 months

(% Change over 2019 average)



Source: Engine/ORC Custom Study

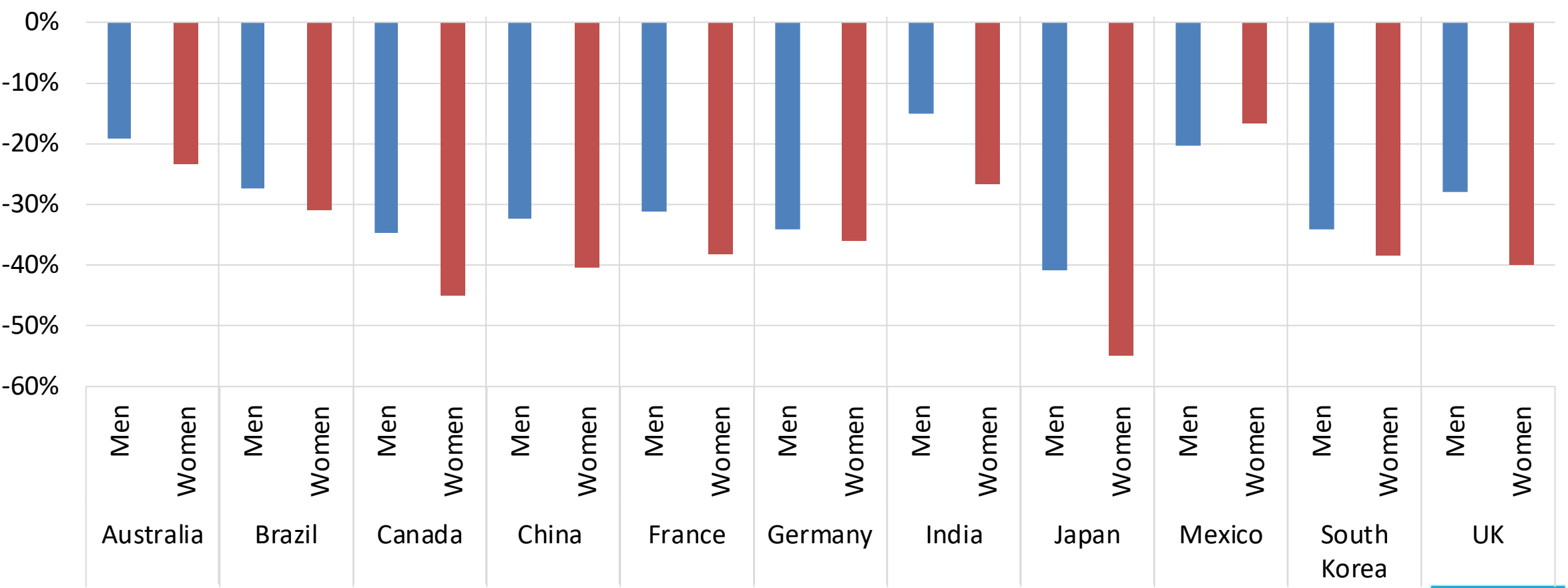


Gender Differences



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

(% Change over 2019 average)



Source: Engine/ORC Custom Study

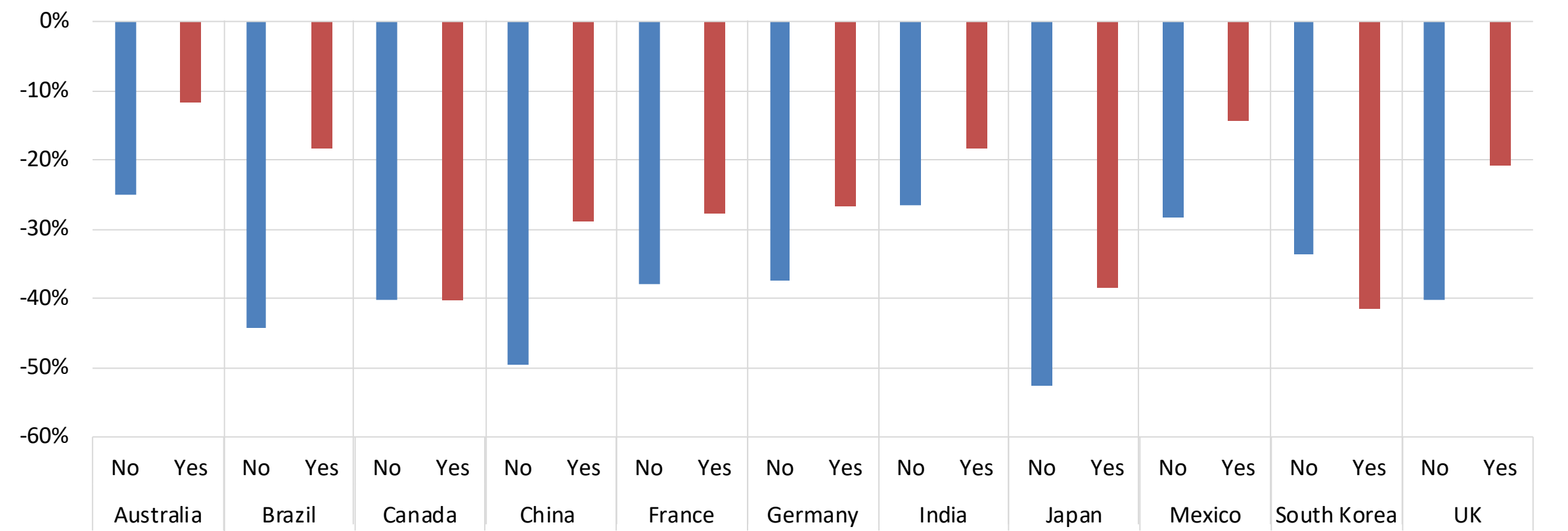






Likelihood to Travel Internationally in the Next 12 months: By Children in Household

(% Change over 2019 average)



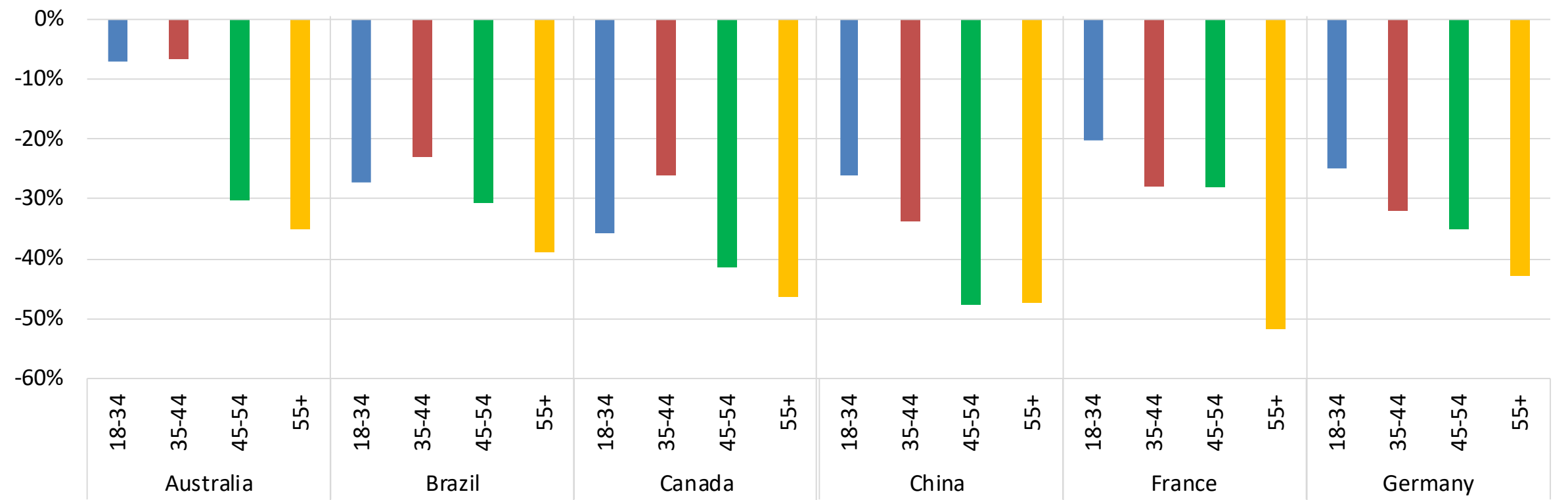
Source: Engine/ORC Custom Study





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

(% Change over 2019 average)

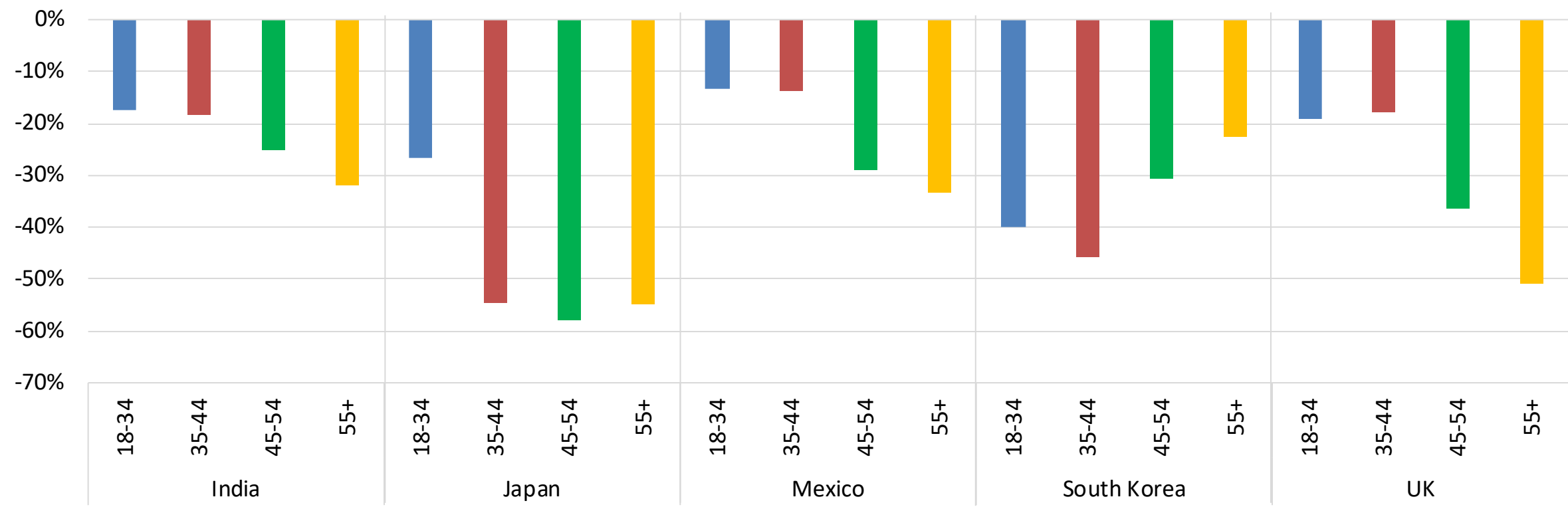


Source: Engine/ORC Custom Study



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

(% Change over 2019 average)



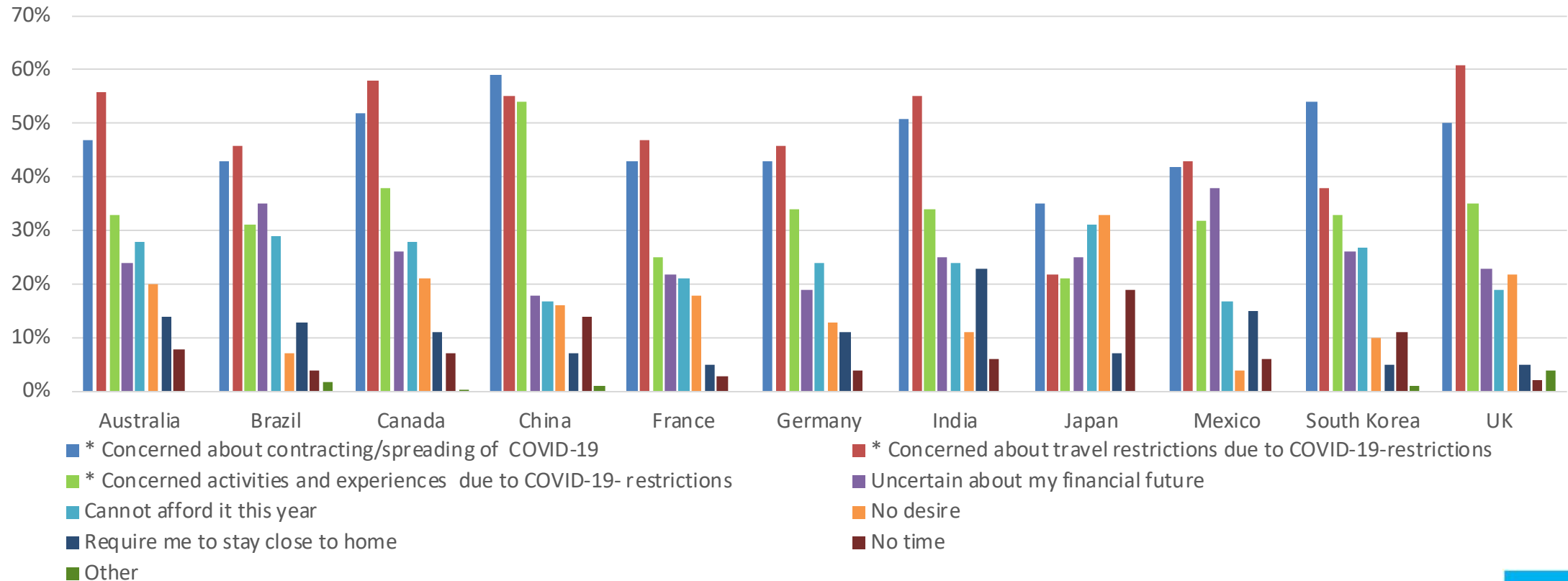
Source: Engine/ORC Custom Study





Reasons for Not Traveling Internationally in the Next 12 Months

(May 7, 2020)



* New. Concerned about contracting/spreading replaced “Concerned about the Spread of COVID-19”

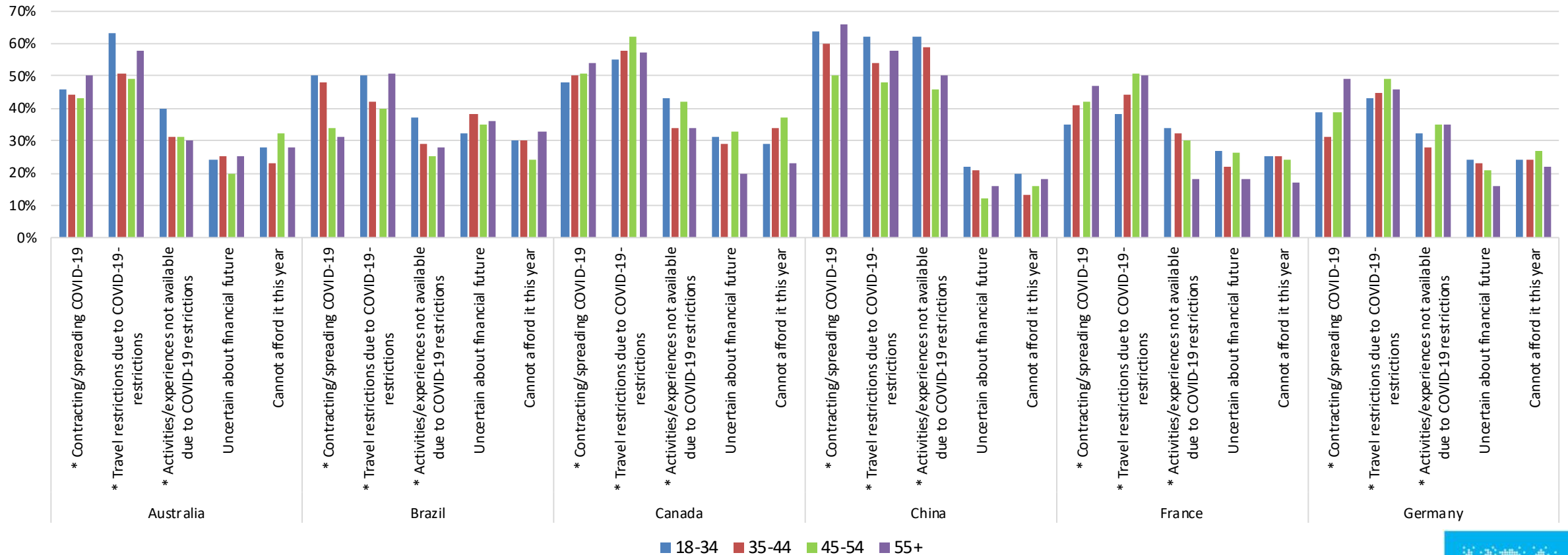
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Reasons for Not Traveling Internationally in the Next 12 Months: By Age

(May 7, 2020)



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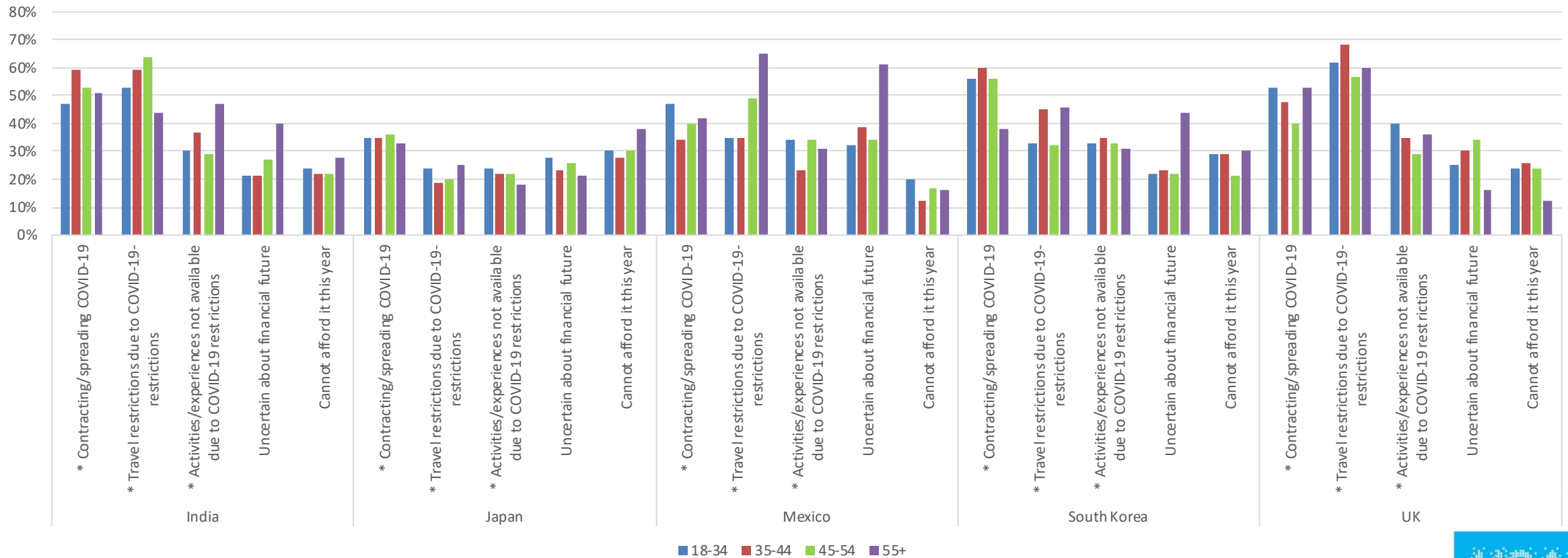
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Reasons for Not Traveling Internationally in the Next 12 Months: By Age

(May 7, 2020)



* New. Concerned about contracting/spreading 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



Risk Matrix

Severity

Likelihood

	Negligible	Minor	Moderate	Major	Catastrophic
Almost Certain					
Likely					
Probable					
Unlikely					
Rare					

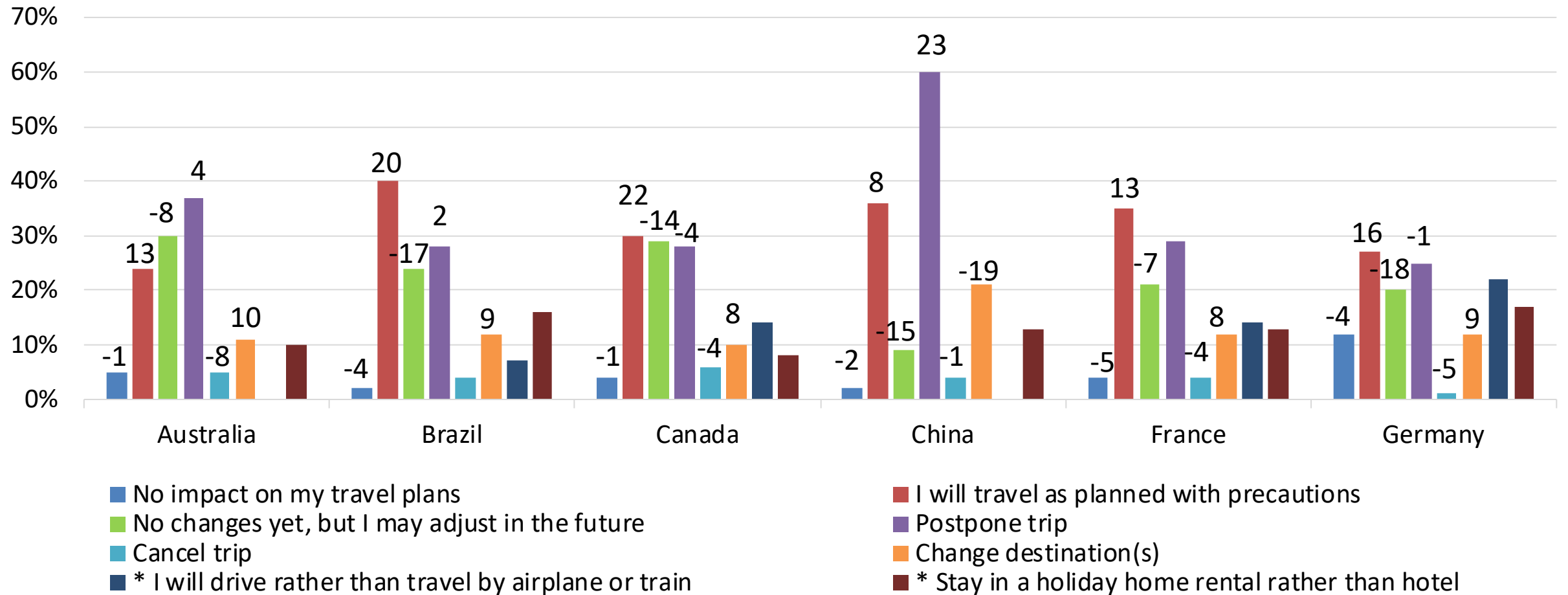


Vacation Planning



Travel Changes due to Coronavirus (COVID-19): May 7

(PPS Difference Over April 9, 2020)



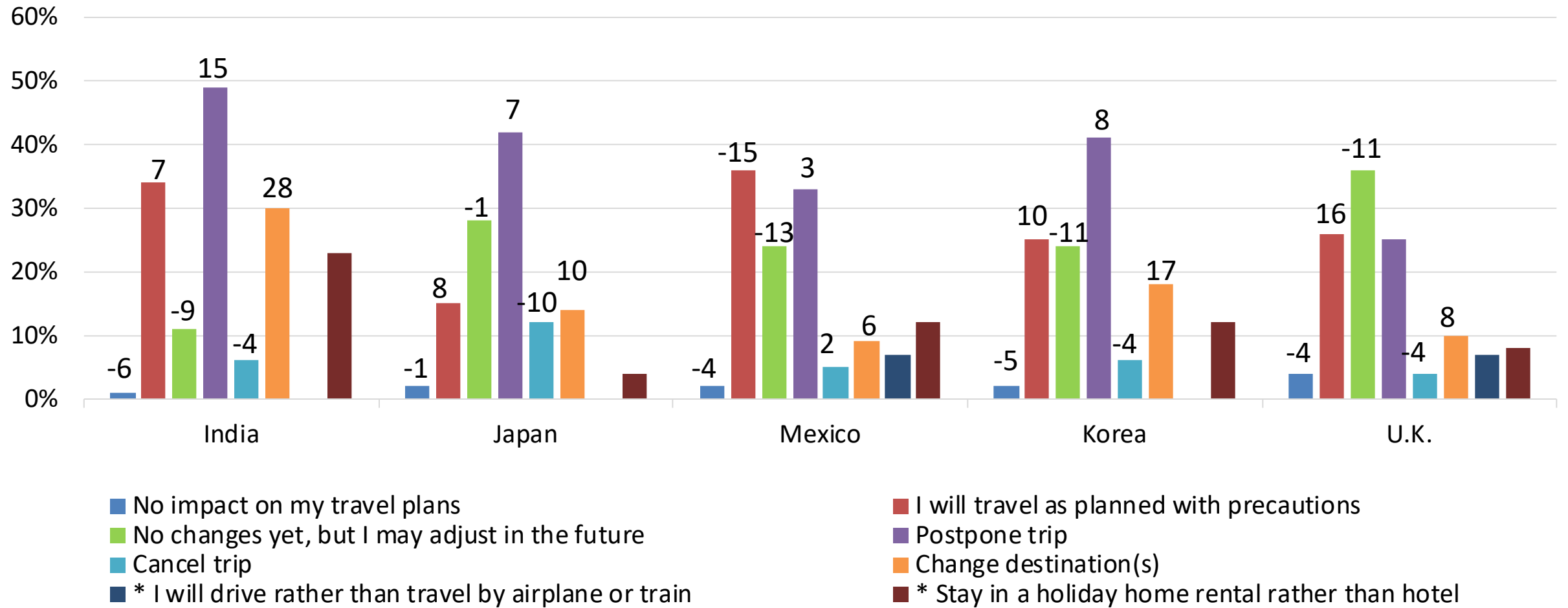
*New. Driving was excluded in Australia, China, India and Korea

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

Source: Engine/ORC Custom Study

Travel Changes due to Coronavirus (COVID-19): May 7

(PPS Difference Over April 9, 2020)

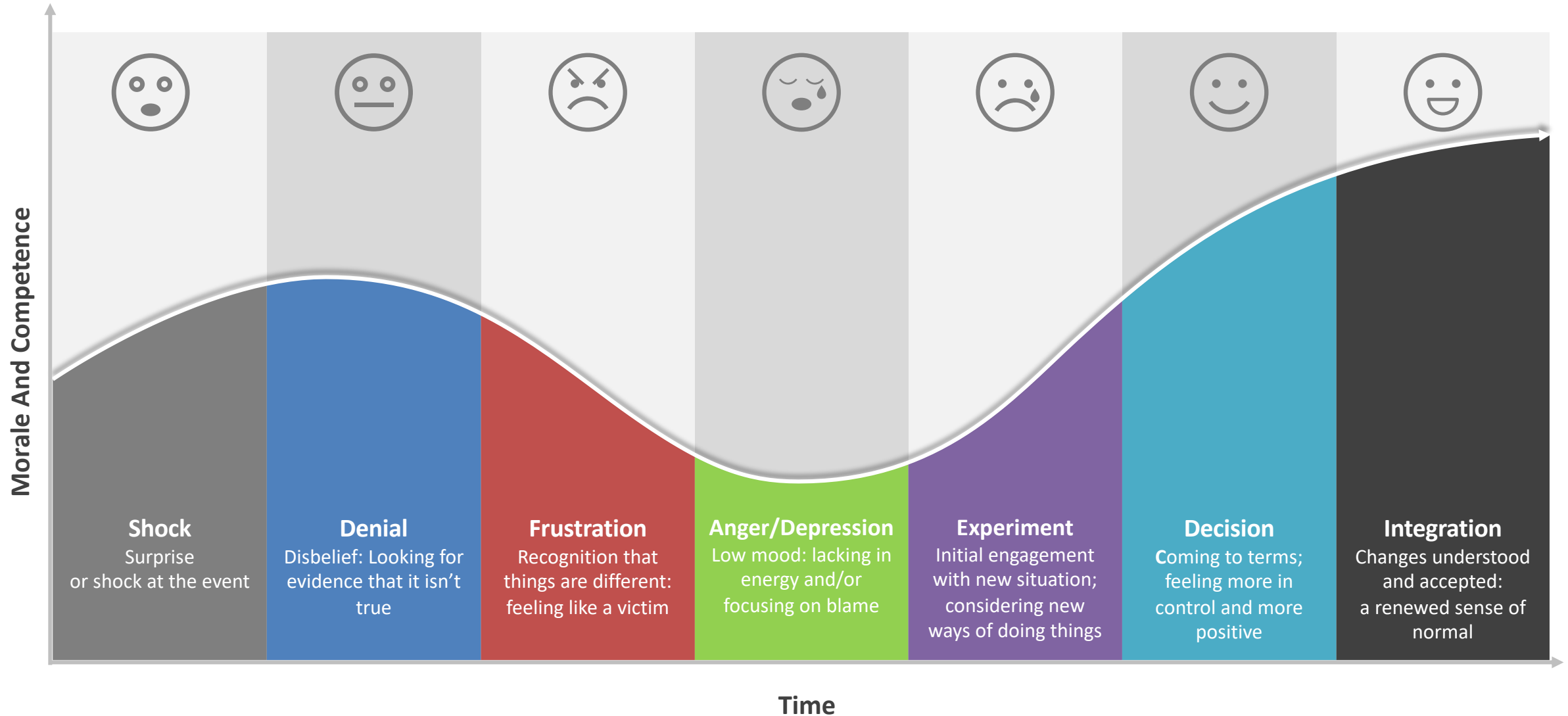


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Base: Respondents who are likely to take an international trip in the next 12 months

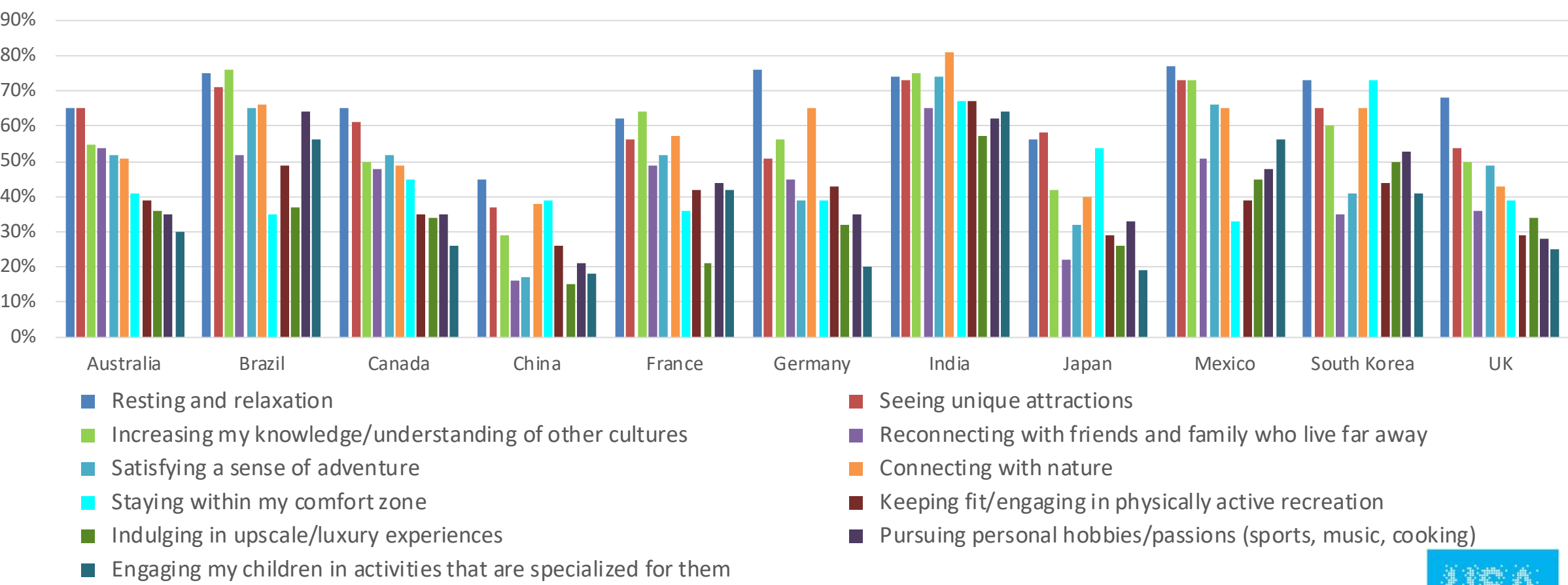
Source: Engine/ORC Custom Study

Kübler-Ross Emotional Response to Change



Personal Considerations When Deciding International Destination

(May 7, 2020)

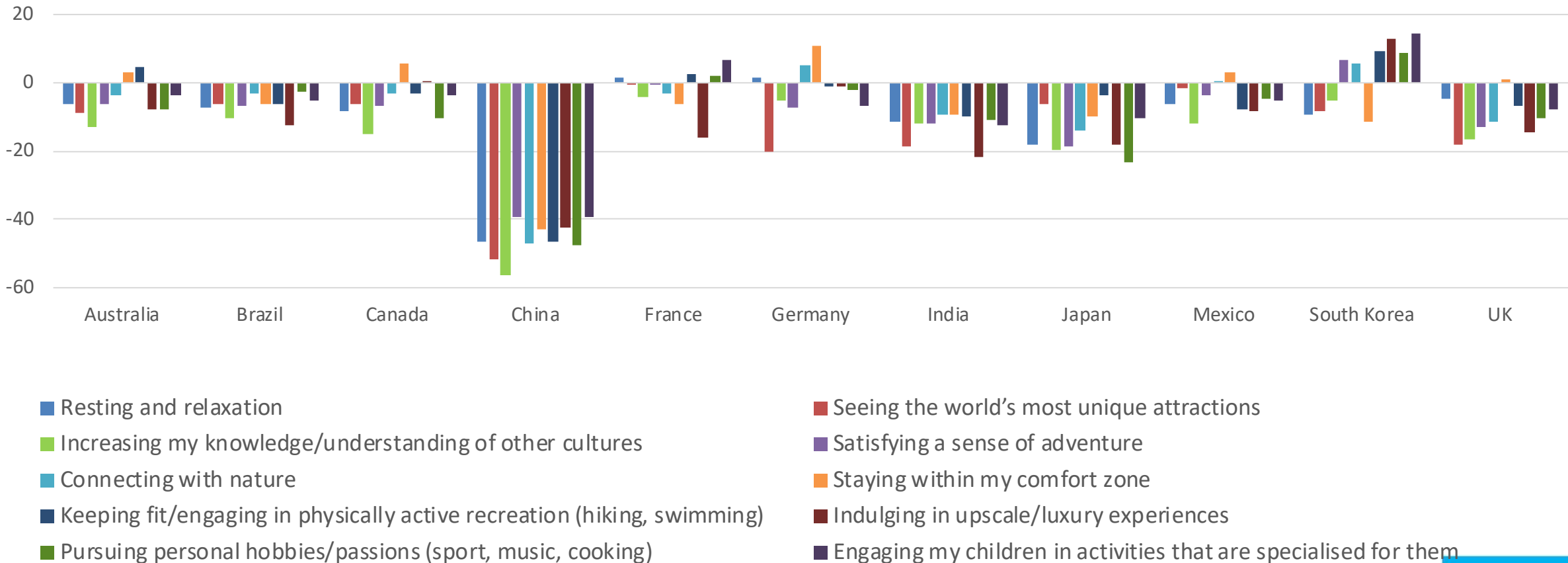


Base: Respondents who are likely to take an international trip in the next 12 months
Source: Engine/ORC Custom Study



Personal Considerations* When Deciding International Destination

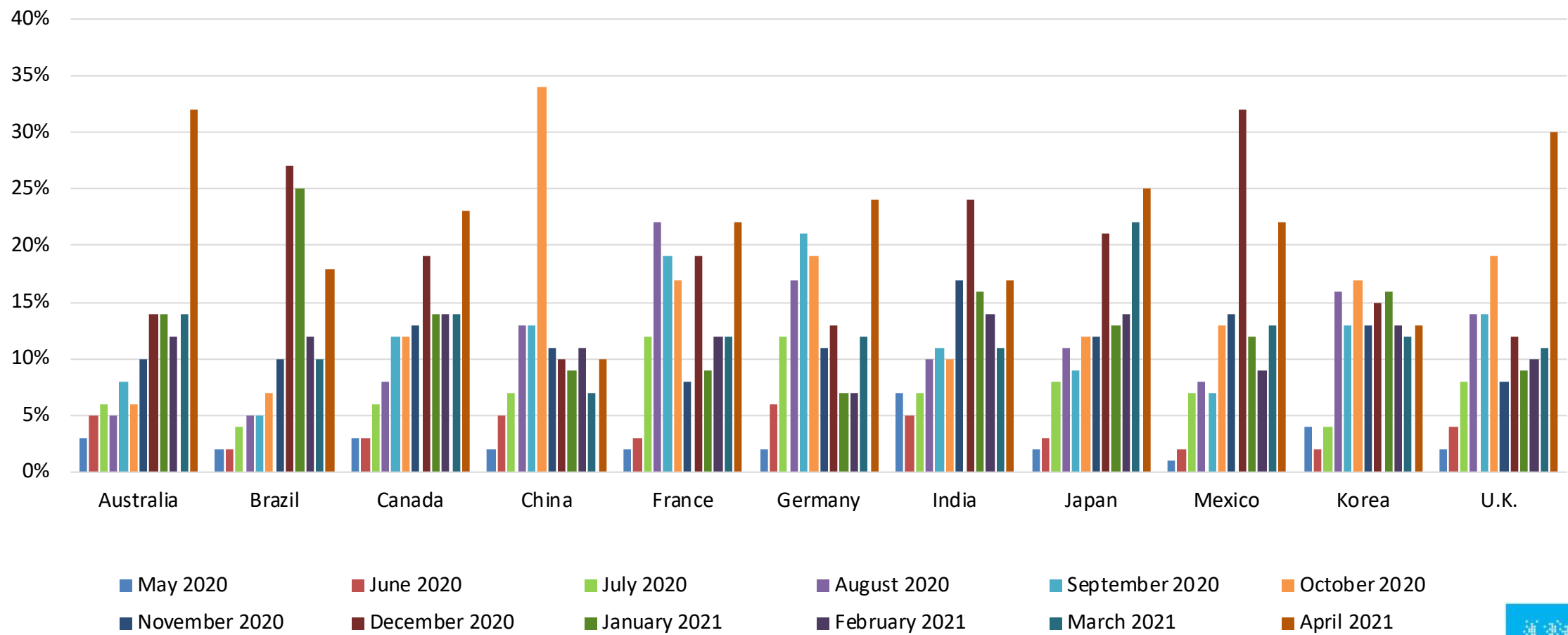
(PPS Difference Over 2019 Market Intelligence Study)



*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



International Trip: Planning Departure Month (Next 12 Months)



Source: Engine/ORC Custom Study



Traveler Priority: Minimize Risk

Health/Hygiene

- Minimizing shared facility use
- Crowd avoidance

Flexibility/Control

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

Financial

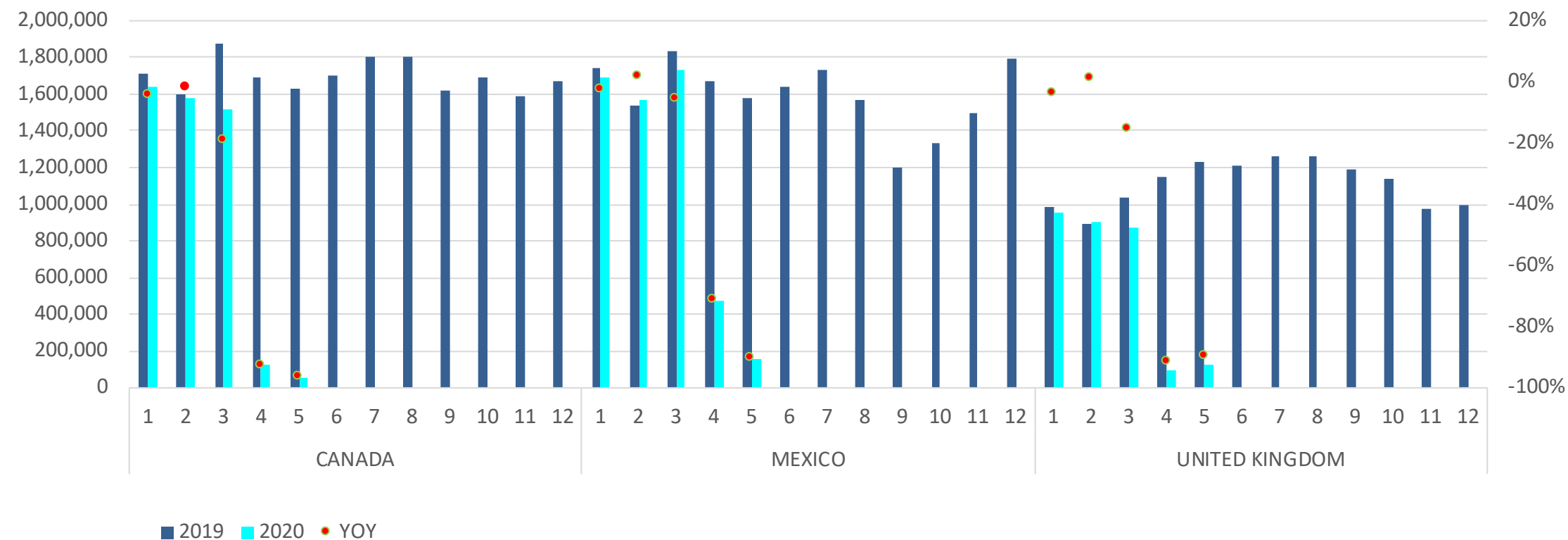
- Looking for deals/low prices

Opportunity



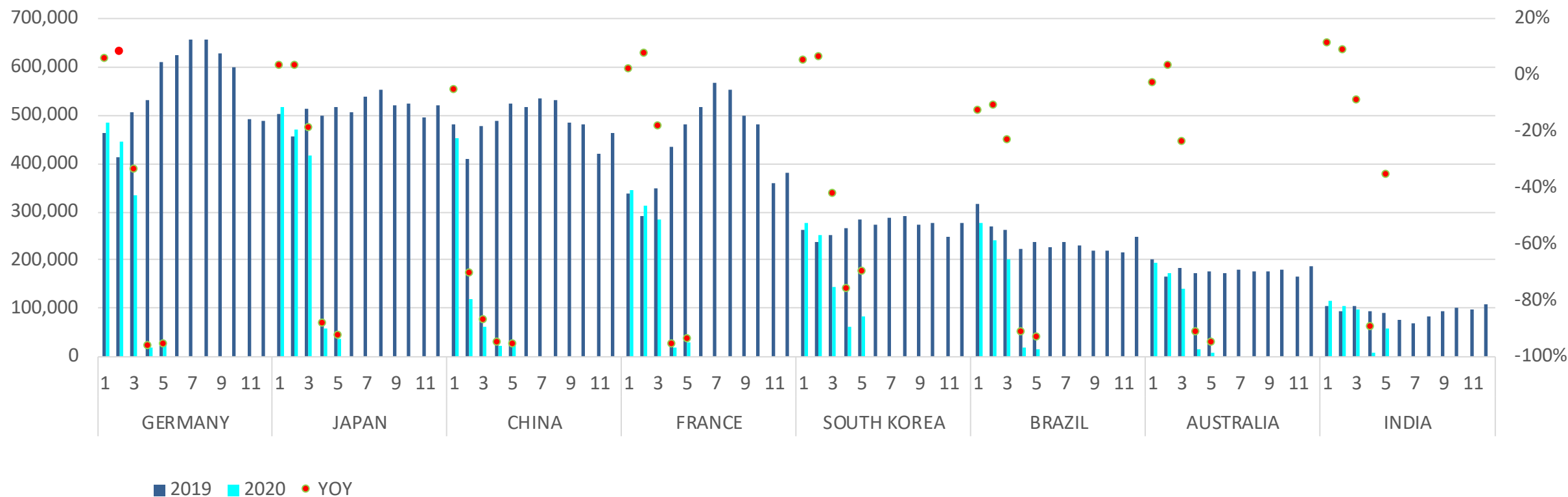


Inbound Flight Schedules



Source: SABRE

Inbound Flight Schedules



Source: SABRE



International Travel Prerequisites

Freedom of Movement

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

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

Product Reconfiguration and Availability

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



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