

HAWAII AIR SERVICE UPDATE

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Hawaii Visitors and Convention Bureau

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HAWAII TOURISMTM
AUTHORITY

INDUSTRY OVERVIEW

The Airline Industry Remains In a Unique Position



Labor shortages including pilots, mechanics and ground staff have limited the ability to grow and have constrained day-to-day operations – not to mention the increased cost to airline P&L



Fuel cost increases, for some carriers > 100% higher versus pre-pandemic, are largely offsetting revenue performance

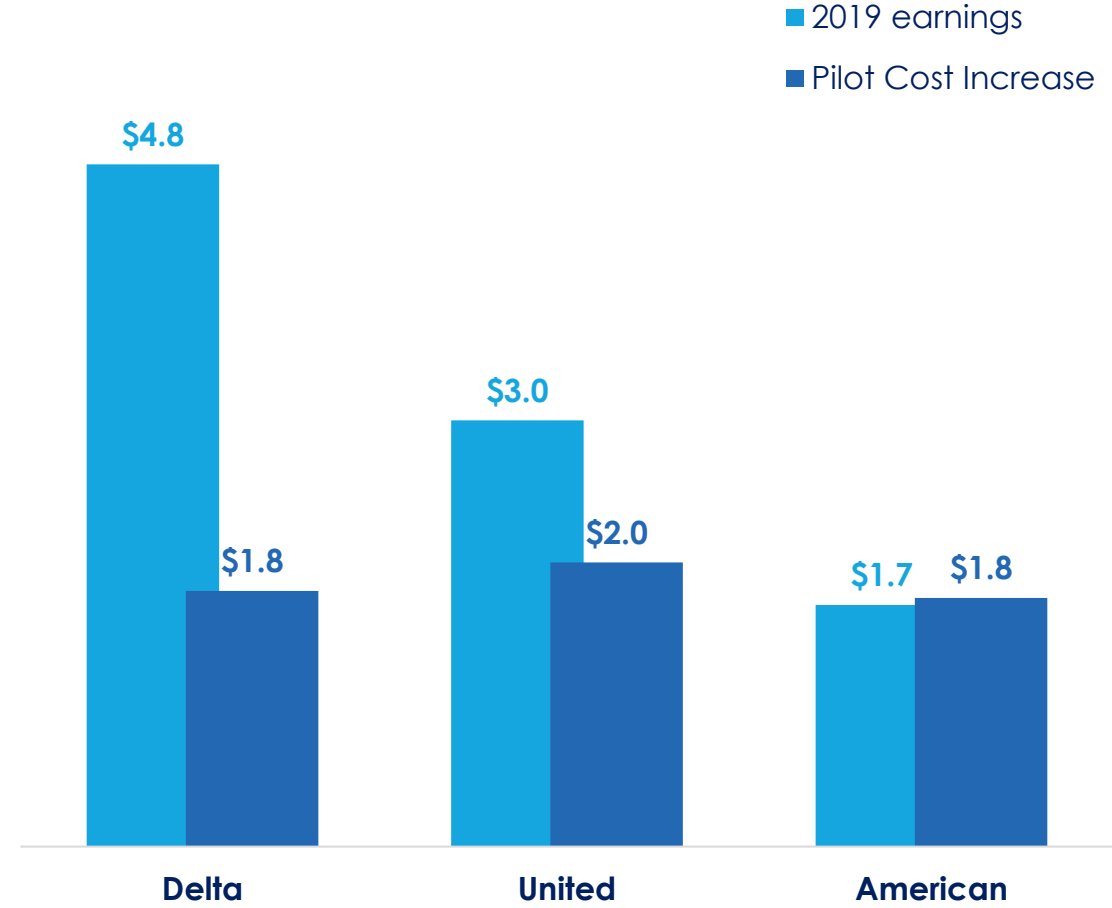


Record revenues driven by the recovery of leisure traffic and ongoing restoration of business travel demand; Yields (higher fares) are performing well; Transatlantic recovery is doing far better than Transpacific

New labor rates will add \$billions in new expense to airline balance sheets and put pressure on earnings

BIG 3 EARNINGS AND PILOT COST INCREASE

\$USD, billions



New pilot contracts to drive up costs at U.S. airlines

By Aishwarya Nair and Kannaki Deka

January 12, 2023 11:15 AM MST

"Margins are set to take a hit in 2023 as airlines ratify new contracts with labor groups," Cowen analyst Helene Becker said last month.

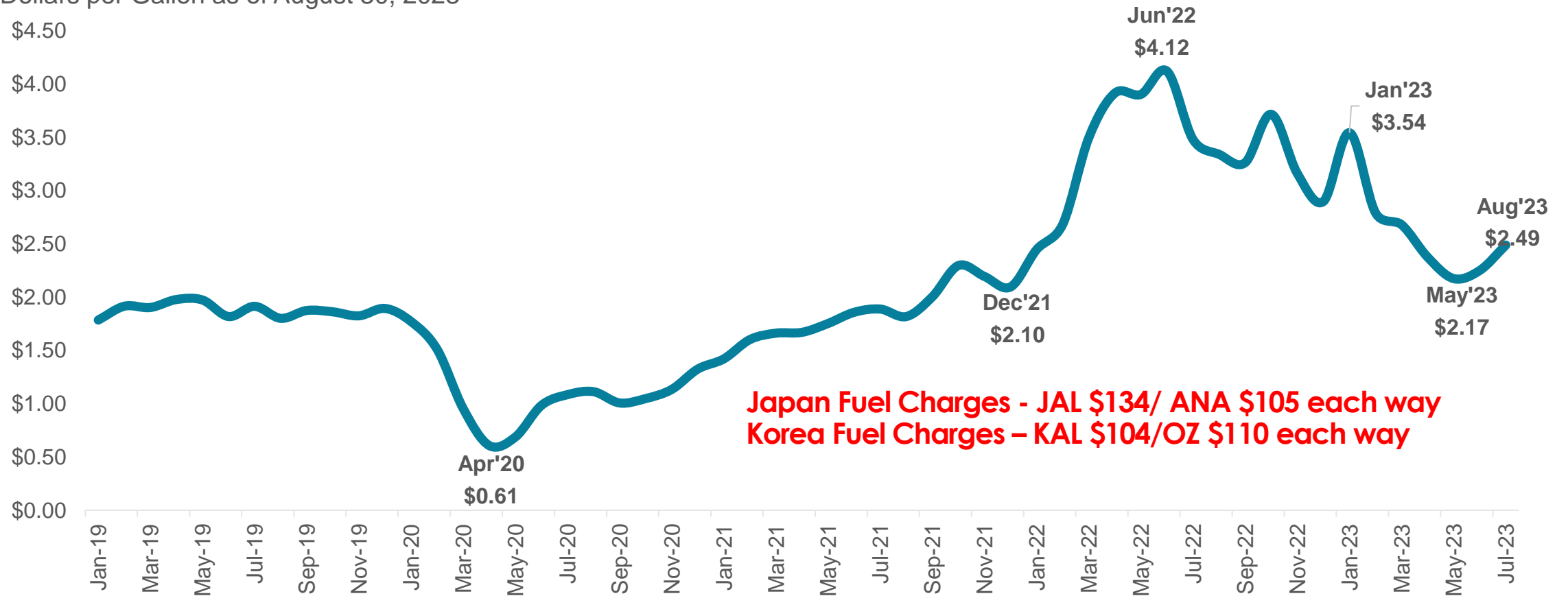
"We expect pilot pay, which represents approximately 40% of labor expense, will increase by 20% to 30% under the new agreements."

Source: Reuters, airline earnings calls and 10k filings; Ailevon Pacific Aviation Consulting analysis

Jet Fuel prices have almost come down to where they were pre-COVID, but remain volatile...outlook is negative due to Saudi & Russian cuts

U.S. GULF COAST KEROSENE-TYPE JET FUEL SPOT PRICE FOB

Dollars per Gallon as of August 30, 2023

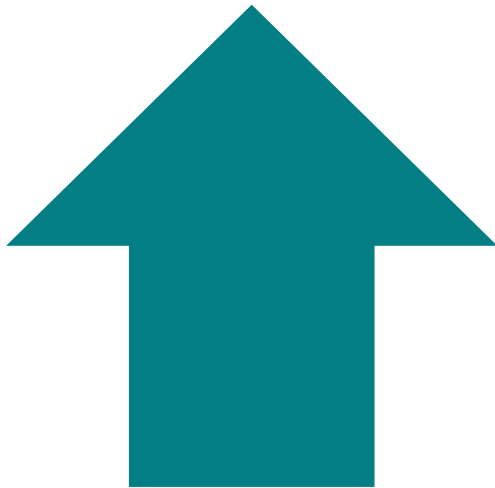


Source: US Energy Information Administration; Ailevon Pacific Aviation Consulting analysis

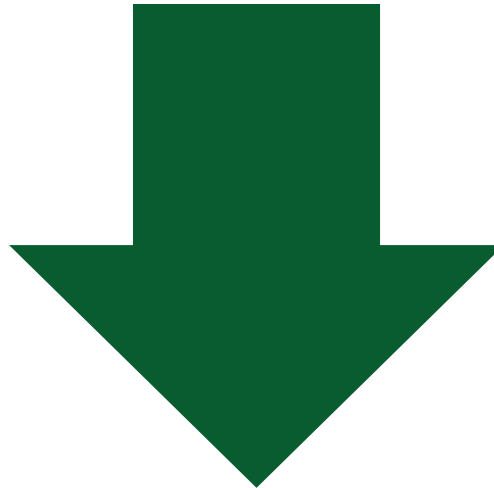
Airlines (Southwest) are revising RASM (Revenue Per Available Seat Mile) guidance to down -5% to -7% for Q3, others expected to follow



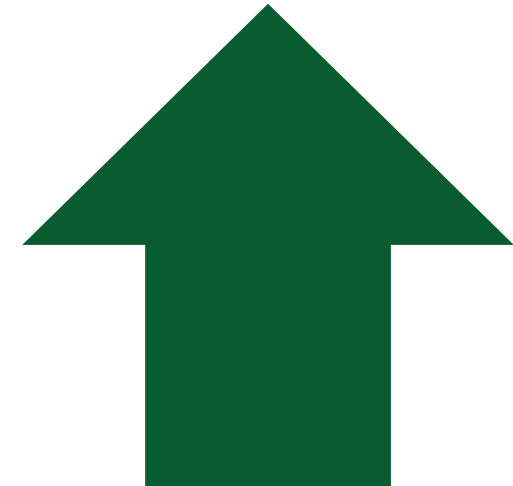
Capacity



Demand

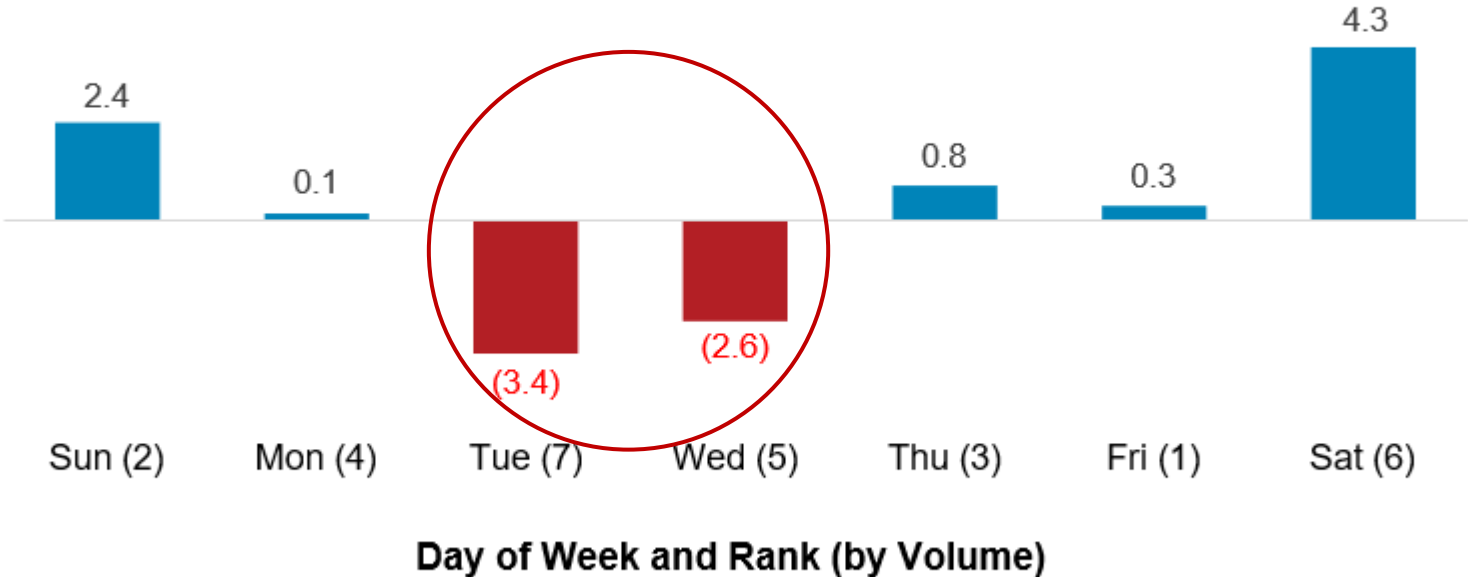


Costs



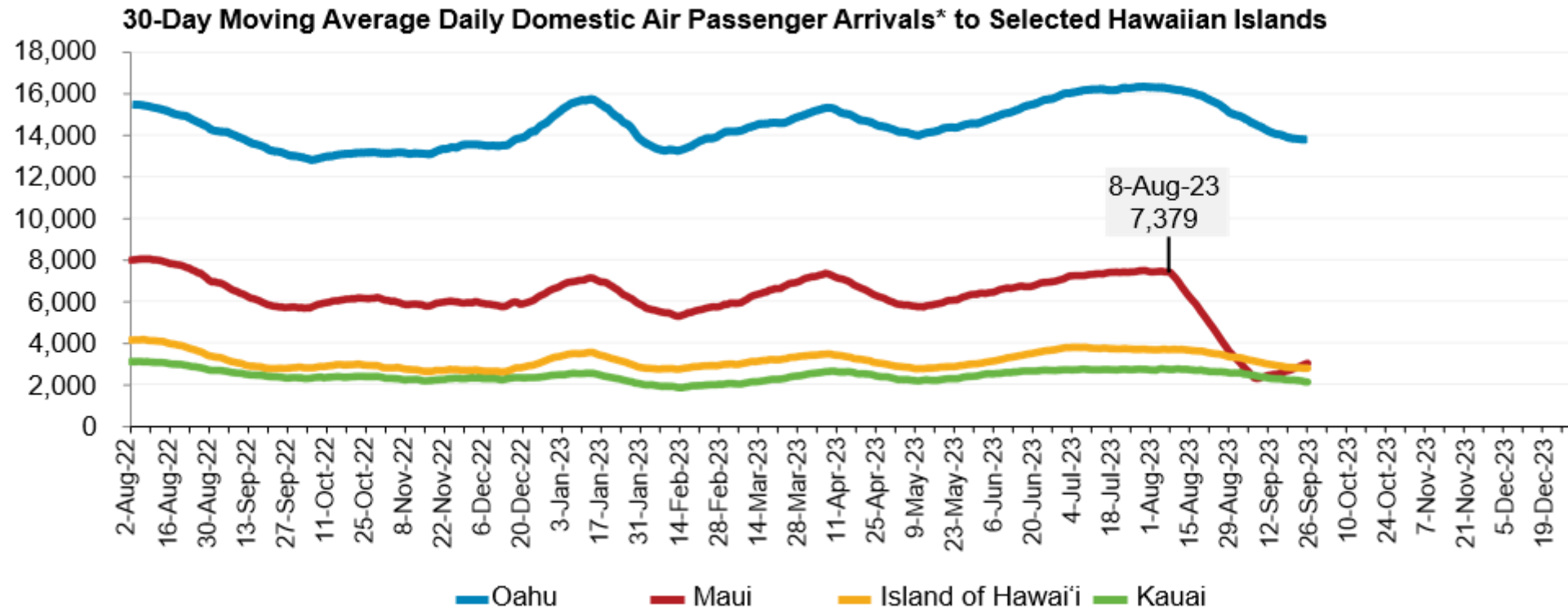
Change in Day-of-Week Air-Travel Patterns Provides Evidence of Increased Leisure Mix Saturday and Sunday, Known for Leisure, Are the Big Winners; Friday Remains the Busiest Day

Change (%) in TSA Checkpoint Volume: Jan-Aug 2023 vs. Jan-Aug 2019



Source: Transportation Security Administration (excludes Known Crewmembers)

Domestic Air Travel to Hawaiian Islands is Stabilizing, Maui again exceeds Island of Hawai'i in Daily Passenger Arrivals



Source: Hawaii Department of Business, Economic Development & Tourism

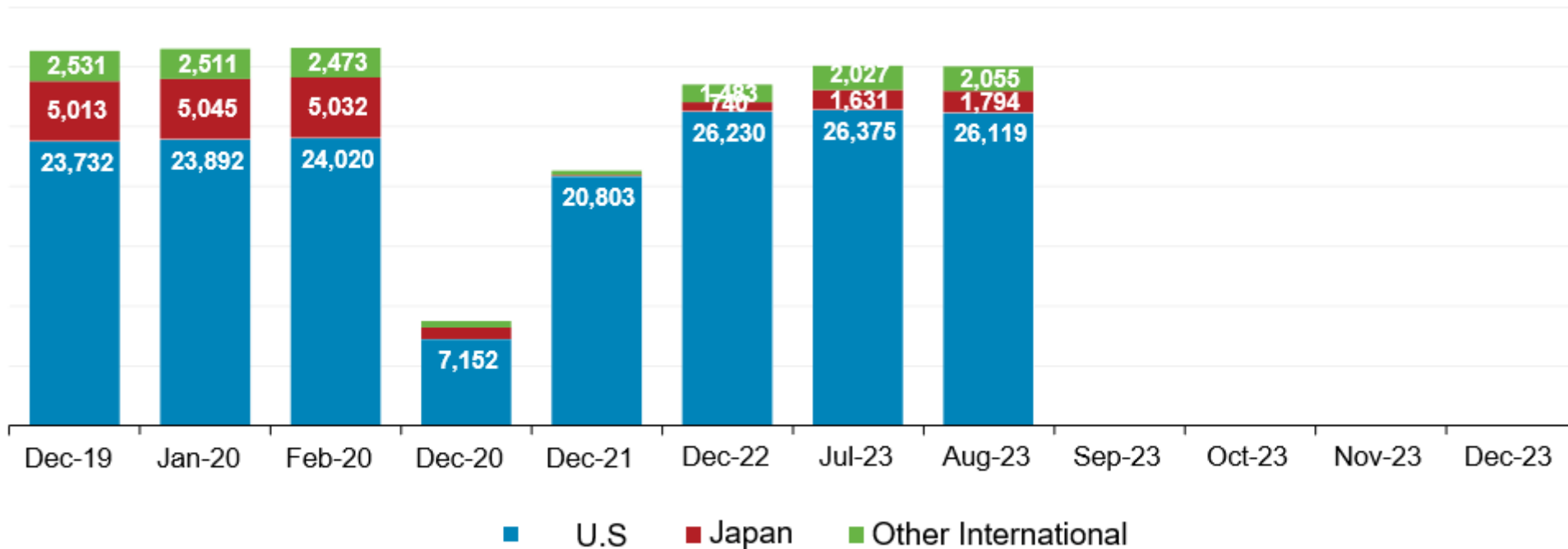
* Daily passenger counts include returning residents, intended residents and visitors but exclude interisland and Canada passengers



Source: Ailevon Pacific

International Arrivals (Esp. from JPN) to Hawai'i Remain Depressed U.S. Air Arrivals Have Overtaken Pre-Pandemic Highs

12-Month Moving Average Daily Air Passenger Arrivals* to Hawaii



Source: Hawaii Department of Business, Economic Development & Tourism

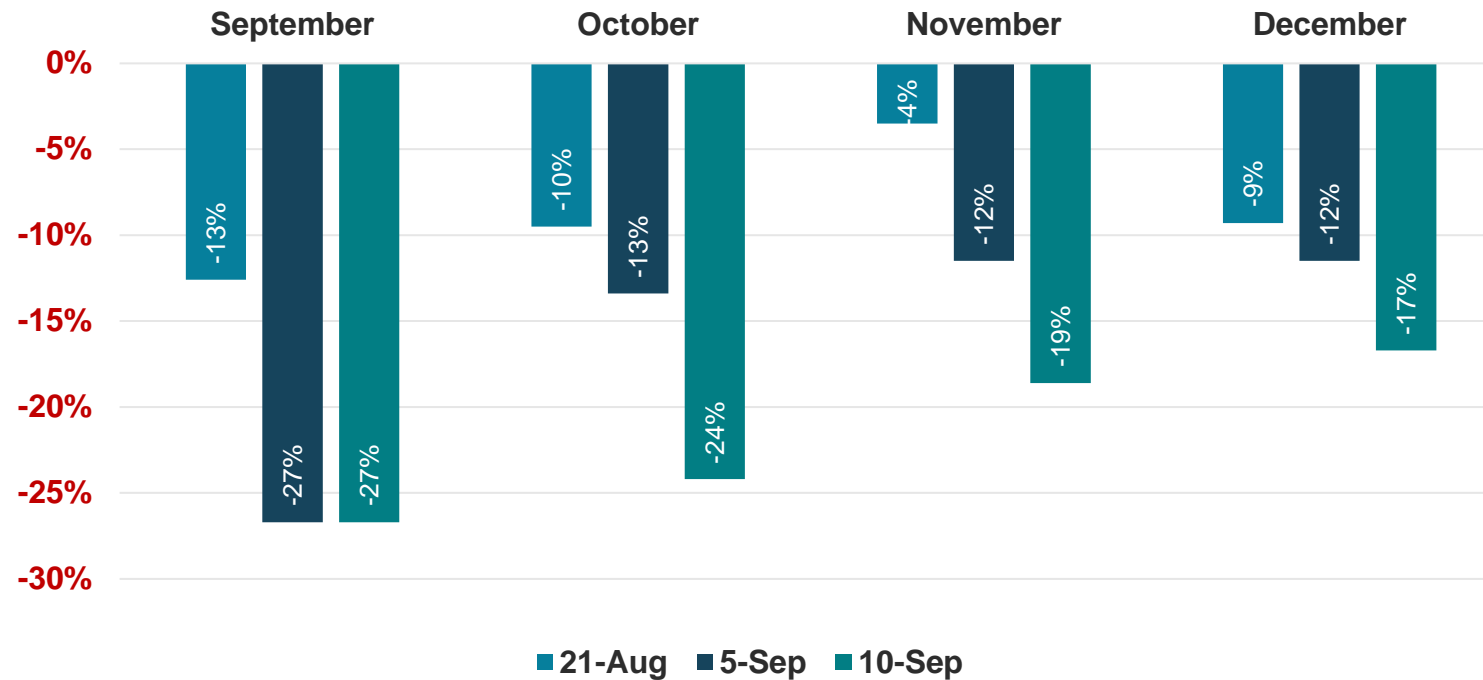
* Daily passenger counts include returning residents, intended residents and visitors but exclude interisland and Canada passengers



KAHULUI (OGG)

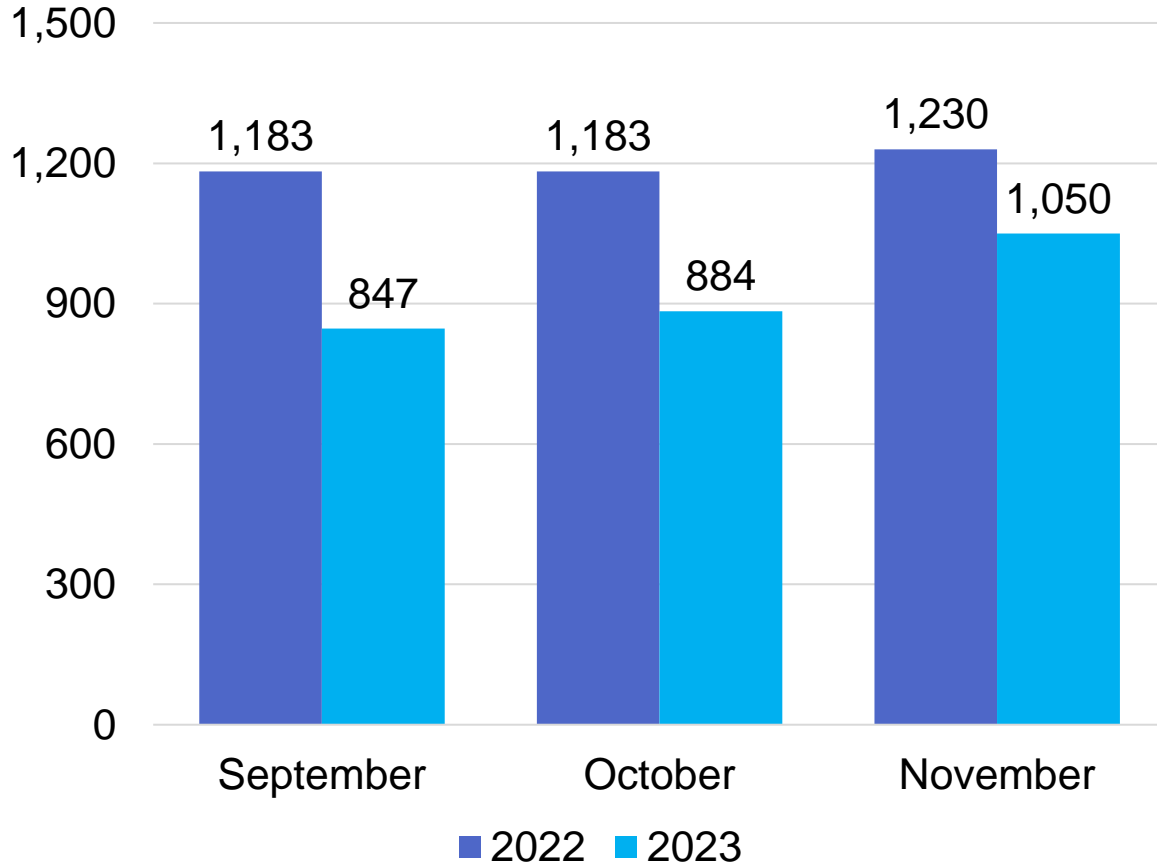
Kahului Airport Scheduled Air Service

Non-Stop Transpac Air Seat Reductions into OGG compared to 2022

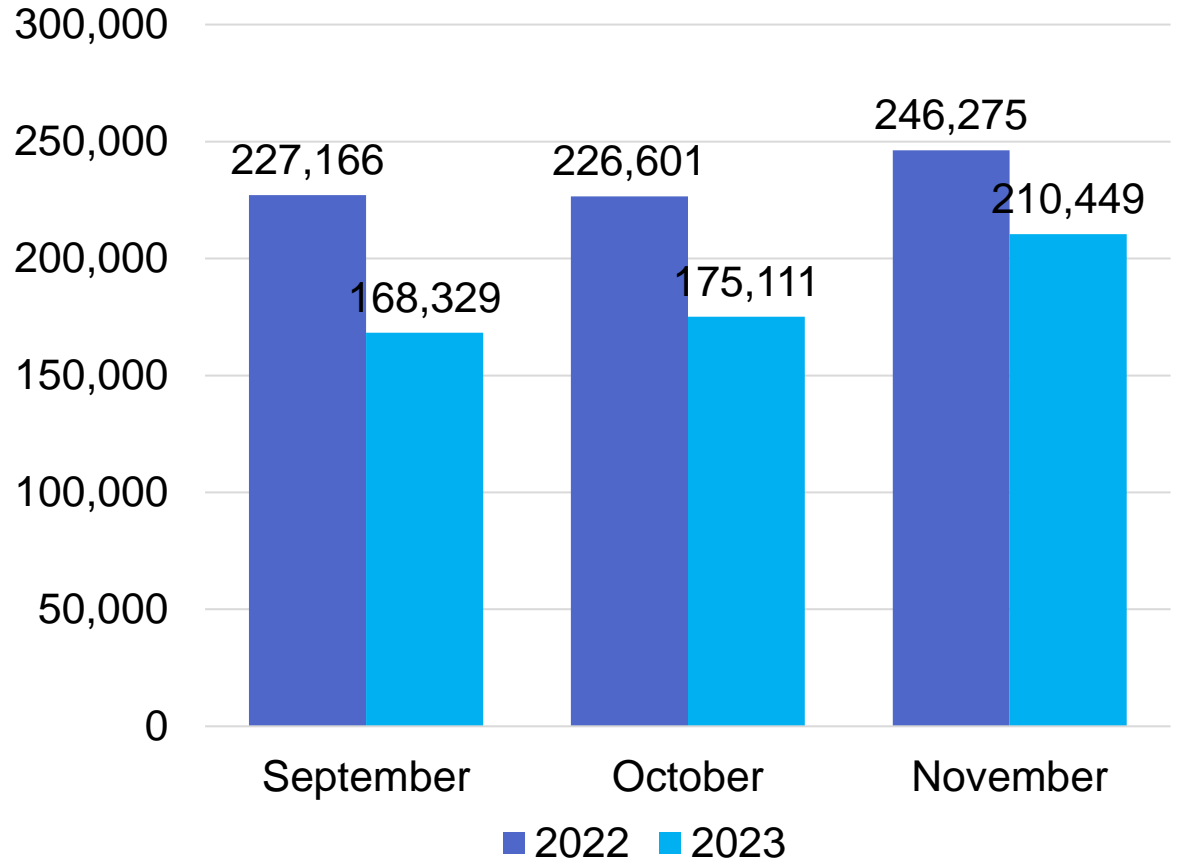


Kahului Airport Scheduled Air Service

Number of Scheduled Flights



Number of Scheduled Air Seats



Source: DBEDT Visitor Statistics | Air Seats Capacity Outlook, <https://dbedt.hawaii.gov/visitor/air-seats/>

Kahului (OGG) Highlights

Air Canada

Vancouver– Reduced 50% to 1x daily through April 2024

Westjet

Vancouver – Reduced to 1x daily for October, Operates 2x daily through April 2024
Edmonton and Calgary – Reduced Frequencies

Delta

Atlanta, Minneapolis – Cancelled
Los Angeles, – Reduced to 1x daily

Alaska

Anchorage, Los Angeles, Portland, San Jose, San Diego, San Francisco – Reduced Frequencies

Southwest

Los Angeles, Oakland, Phoenix, Sacramento, San Jose, Sacramento – Reduced Frequencies

United

Chicago, Denver, Los Angeles, Newark – Reduced Frequencies

American

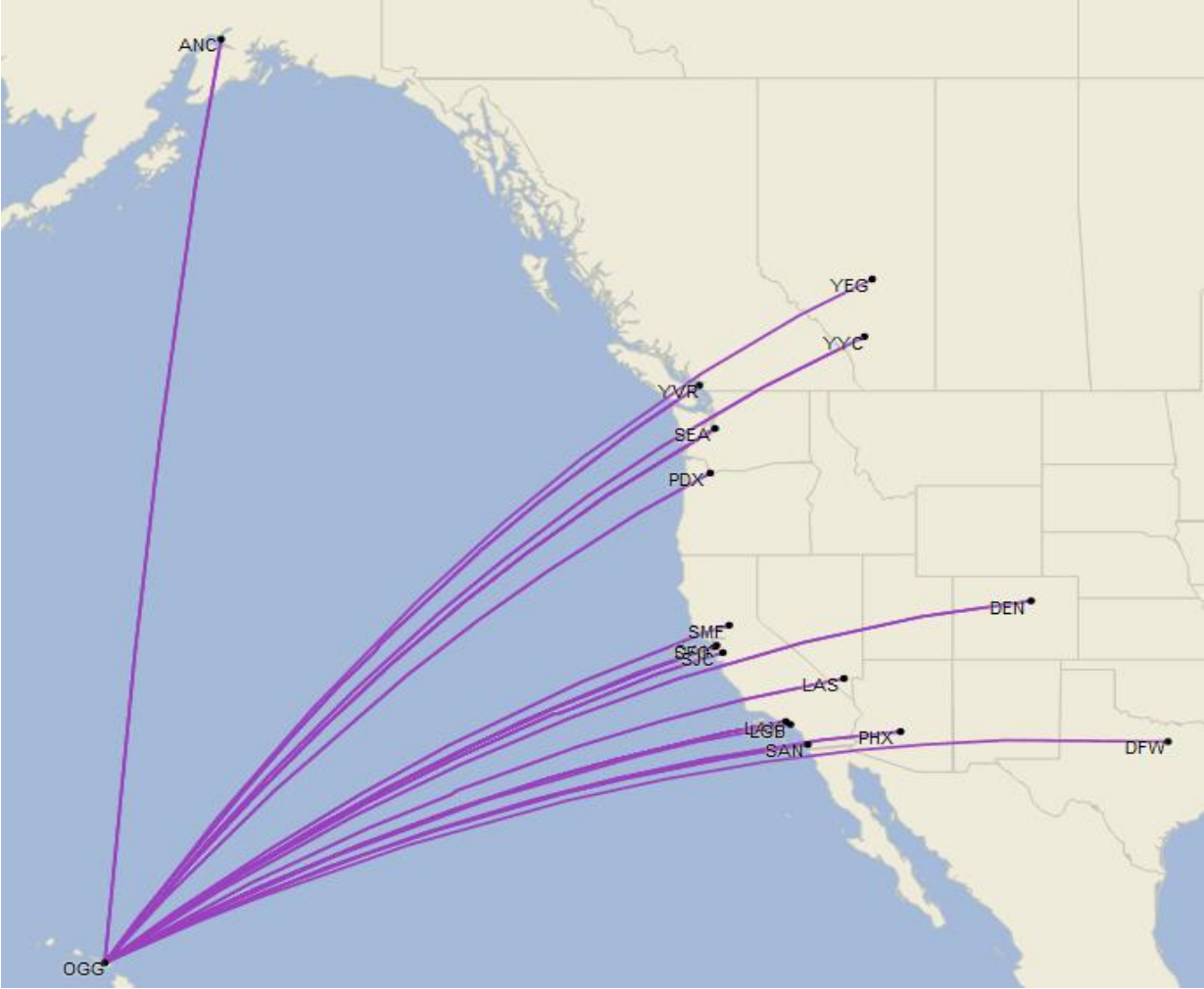
Dallas/Ft. Worth, Los Angeles, Phoenix – Reduced Frequencies

Hawaiian

San Diego, San Jose, San Francisco – Small Reductions



Non-Stop Origins into Kahului/Maui (OGG)



VANCOUVER AIRPORT AND AIRLINE ROUNDTABLE

Airline and Airport Roundtable

7 Airline Meetings

Air Canada

American

Delta

Alaska

Sun Country

United

WestJet

9 Airport Meetings

Metropolitan Washington Airport Authority

Oakland International

Las Vegas World Airports

Calgary International

Sacramento Airport

Vancouver International

Edmonton Airport

Albuquerque Airport

Ontario Airport

HAWAI‘I SERVICE OVERVIEW

(HISTORIC AND FORECASTED)

Air Carriers to Hawai'i



Starts December 31, 2023



2023P Scheduled Non-Stop Seats into Hawai'i (all airports) by Airline

Airline Name	Seats	Flights
Hawaiian Airlines	3,247,014	13,312
United Airlines	2,620,758	10,088
Alaska Airlines	1,723,723	9,992
Southwest Airlines	1,660,925	9,491
Delta Air Lines	1,326,717	6,080
American Airlines	1,119,204	5,223
Japan Airlines Co., Ltd.	325,491	1,458
All Nippon Airways Co. Ltd.	310,682	821
WestJet	273,598	1,465
Air Canada	205,449	1,177
Korean Air Lines	122,190	366
Jetstar Airways	85,090	254
Asiana Airlines	83,570	278
Qantas Airways Ltd.	80,784	272
Philippine Airlines	78,795	255
ZIPAIR Tokyo Inc.	54,810	189
Air New Zealand Limited	49,538	166
Fiji Airways	26,690	157
Air Premia Inc.	309	1
TOTAL	13,395,337	61,045

Non-Stop Origins into Hawai'i

Anchorage, AK, US
Atlanta, GA, US
Auckland, NZ
Calgary, AB, CA
Chicago-O'Hare, IL, US
Dallas/Fort Worth, TX, US
Denver, CO, US
Detroit, MI, US
Fukuoka, JP
Guam, TR, US
Houston-Intercontinental, TX, US
Kiritimati, KI
Las Vegas, NV, US
Long Beach, CA, US
Los Angeles, CA, US
Majuro, MH
Melbourne, VI, AU
Minneapolis/St. Paul, MN, US
Nagoya, JP
New York/Newark, US

Oakland, CA, US
Ontario, CA, US
Osaka-Kansai, JP
Phoenix, AZ, US
Portland, OR, US
Rarotonga, CK
Sacramento, CA, US
Salt Lake City, UT, US
San Diego, CA, US
San Francisco, CA, US
San Jose, CA, US
Sapporo, JP
Seattle, WA, US
Seoul, KR
Sydney, NS, AU
Tokyo-Haneda, JP
Tokyo-Narita, JP
Vancouver, BC, CA
Washington-Dulles, VA, US

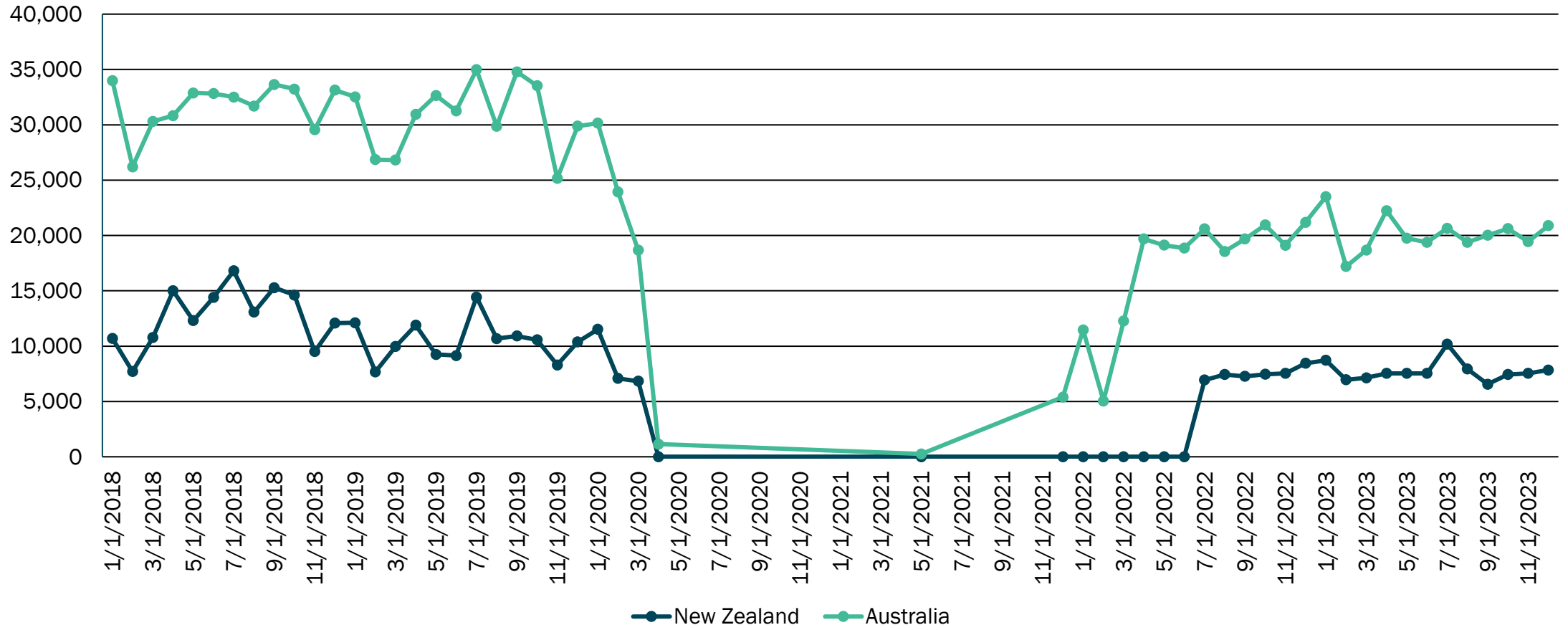
Non-Stop International Markets into Hawai'i (all airports)



HISTORIC SEATS BY MARKET

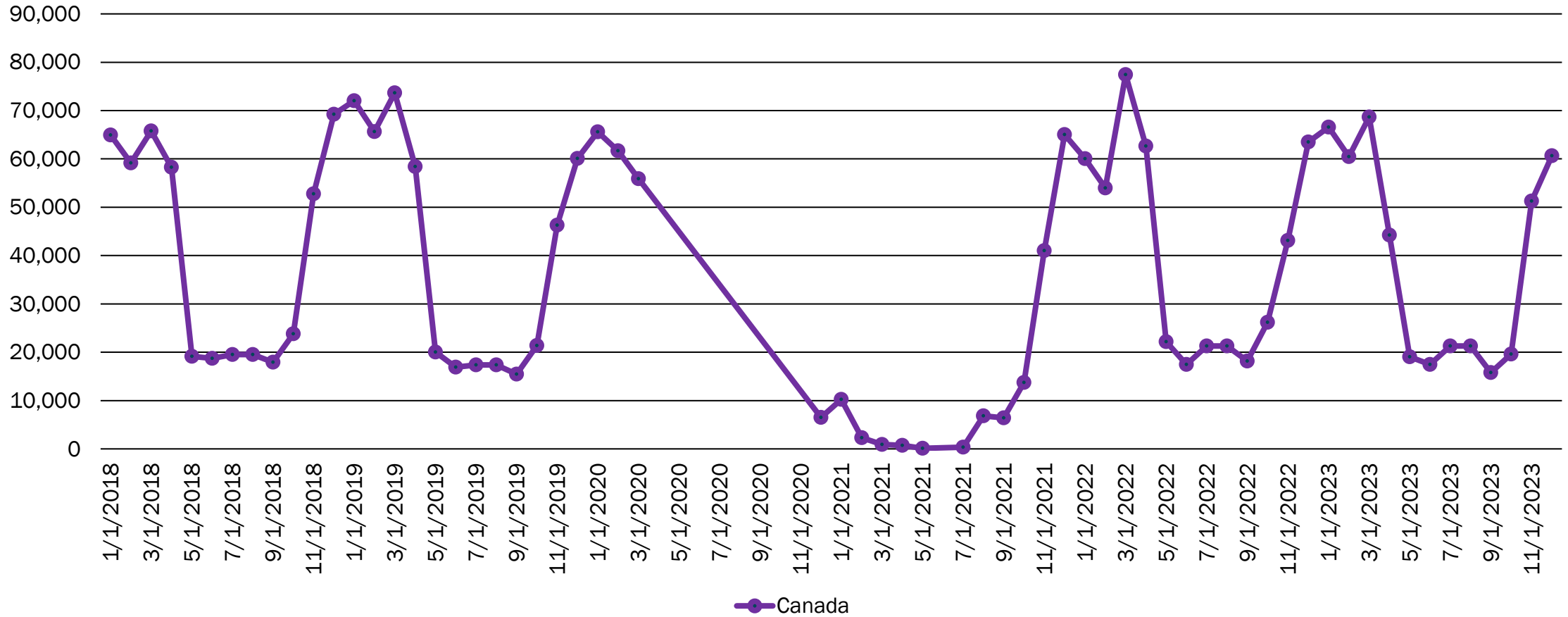
(BY MONTH MARCH 2018-JUNE 2023)

Australia & New Zealand Seats 2018-2023P

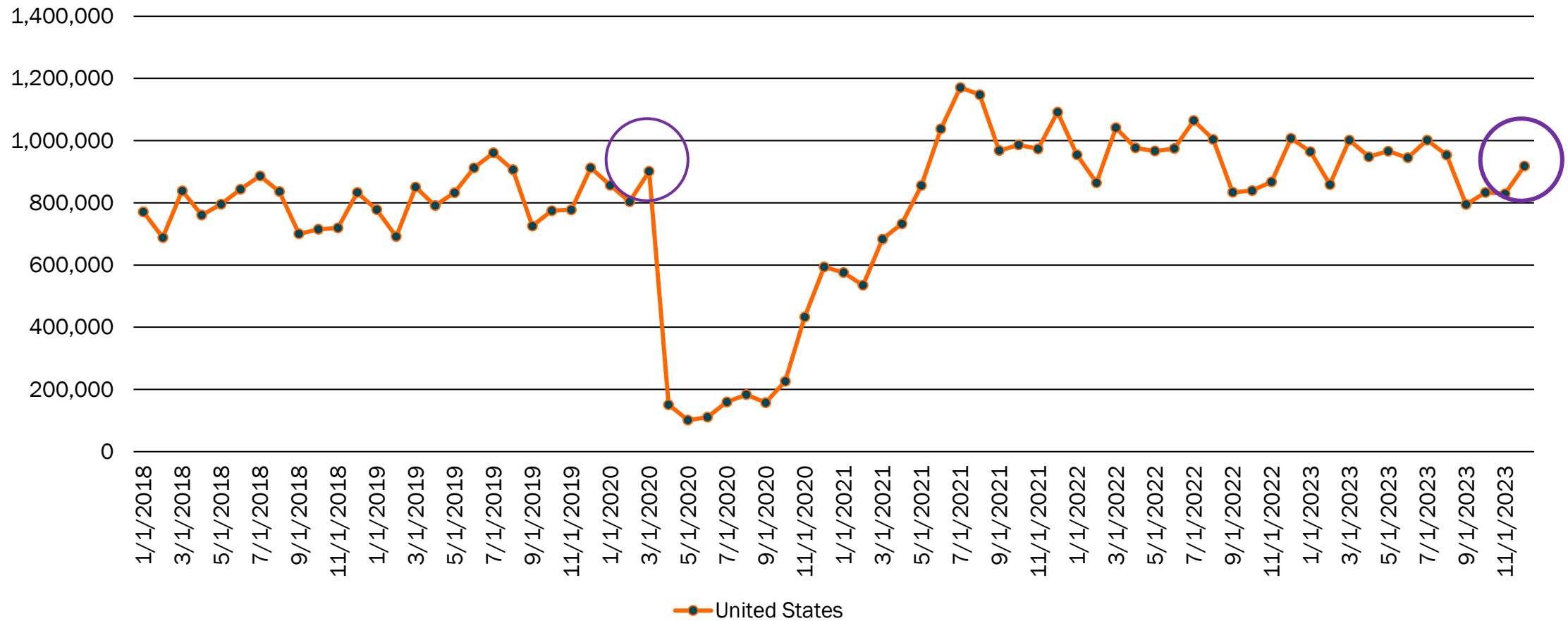


Source: DiO Mii

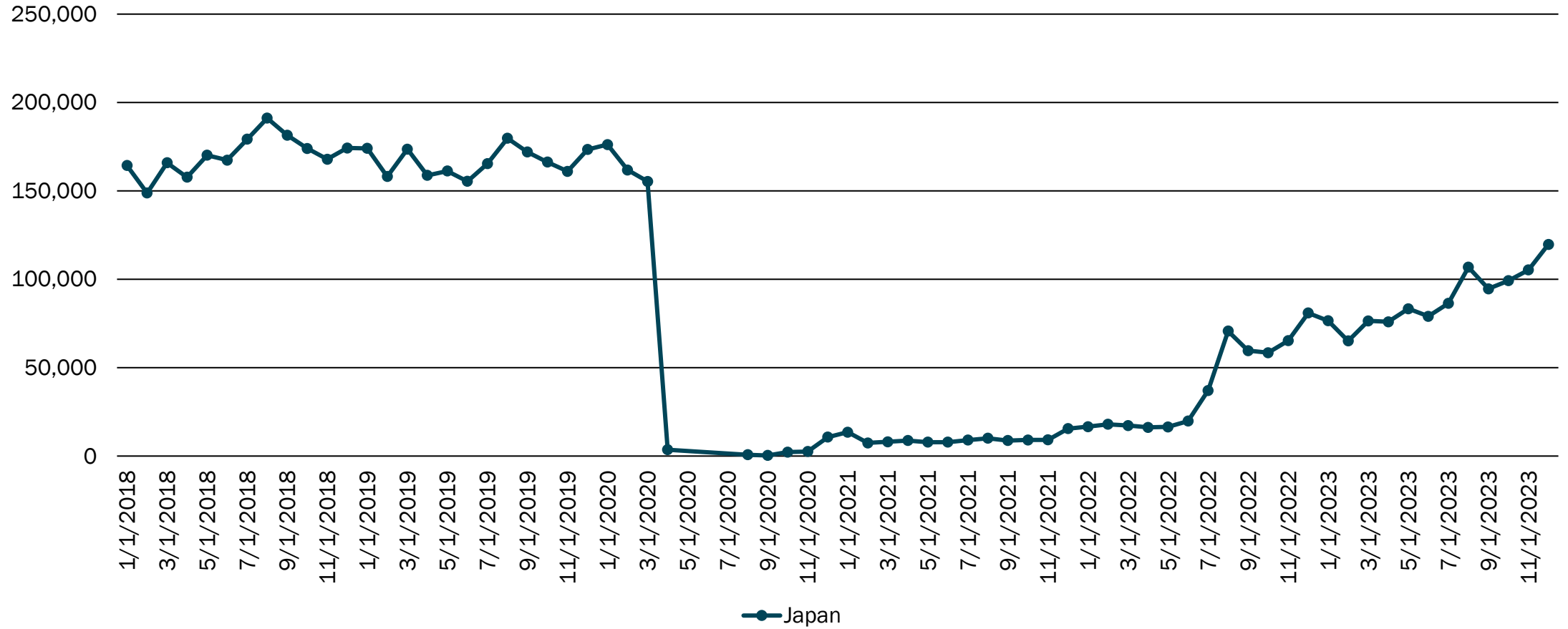
Canada Seats 2018-2023P



U.S. Seats 2018-2023P

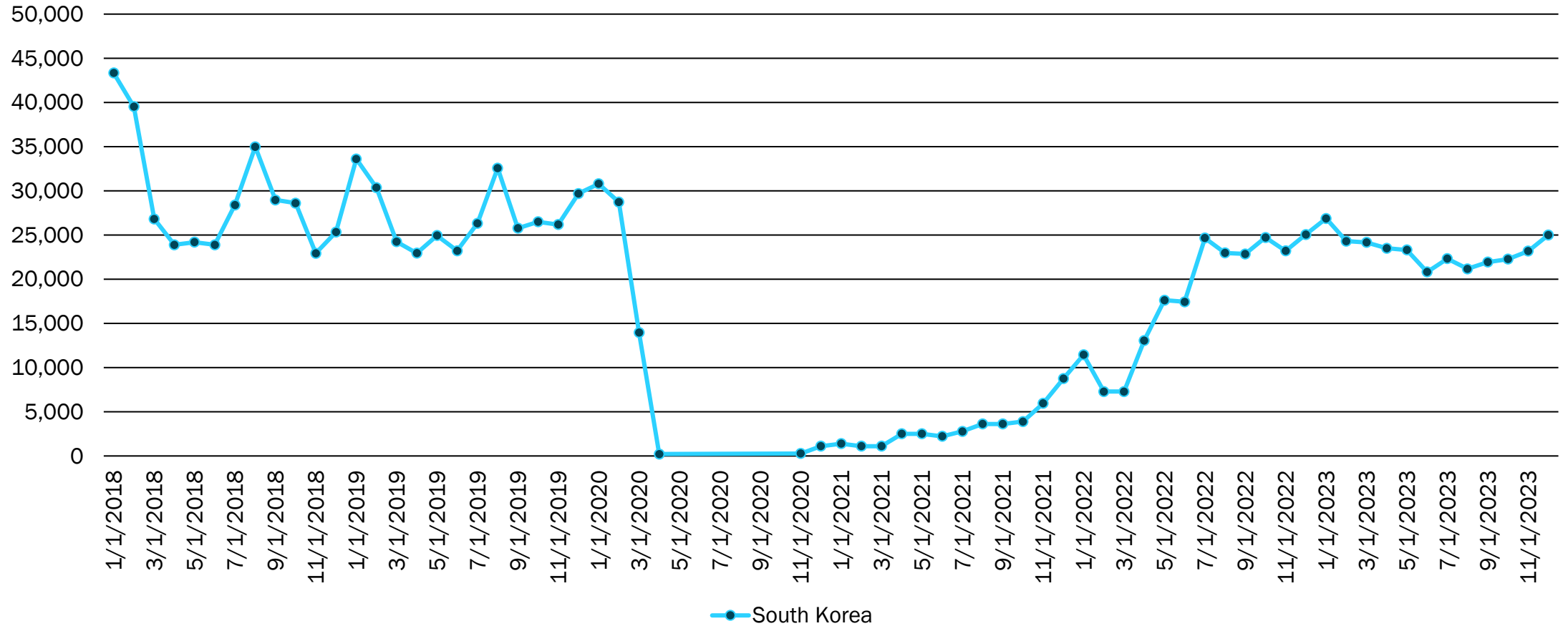


Japan Seats 2018-2023P

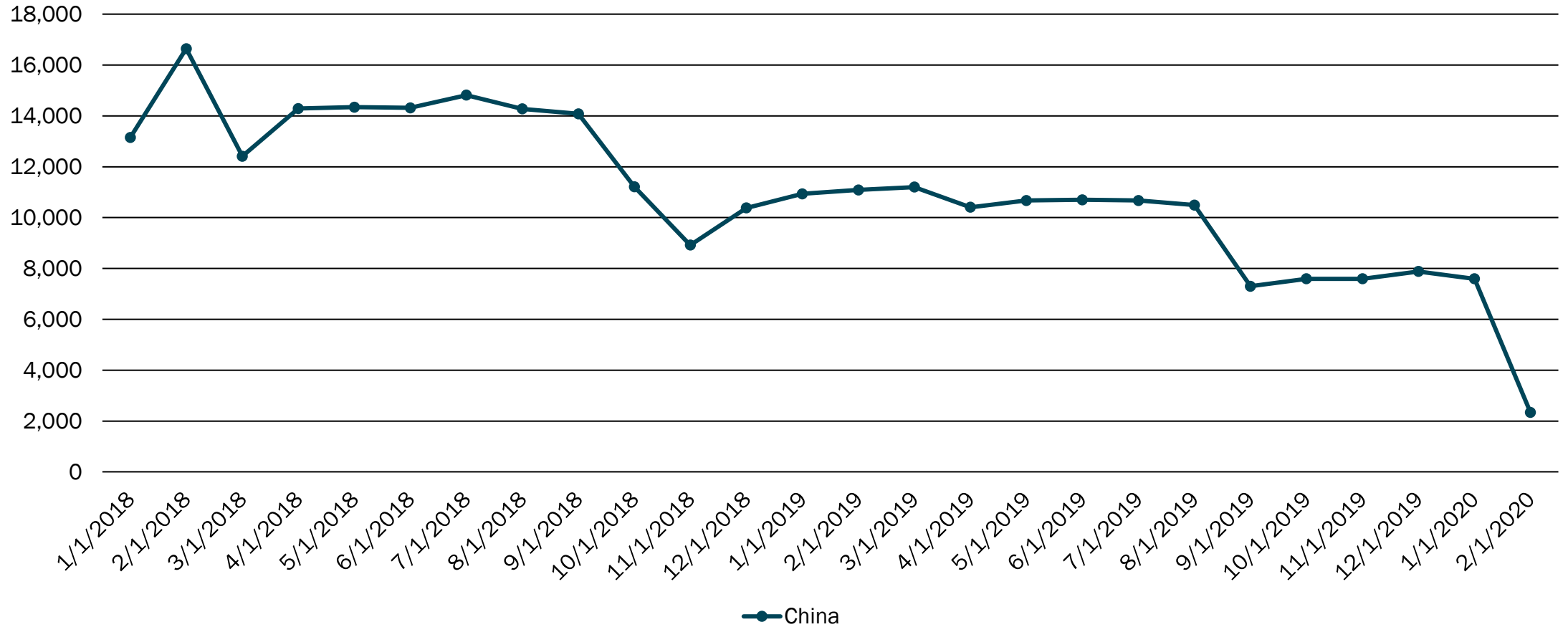


Source: DiO Mii

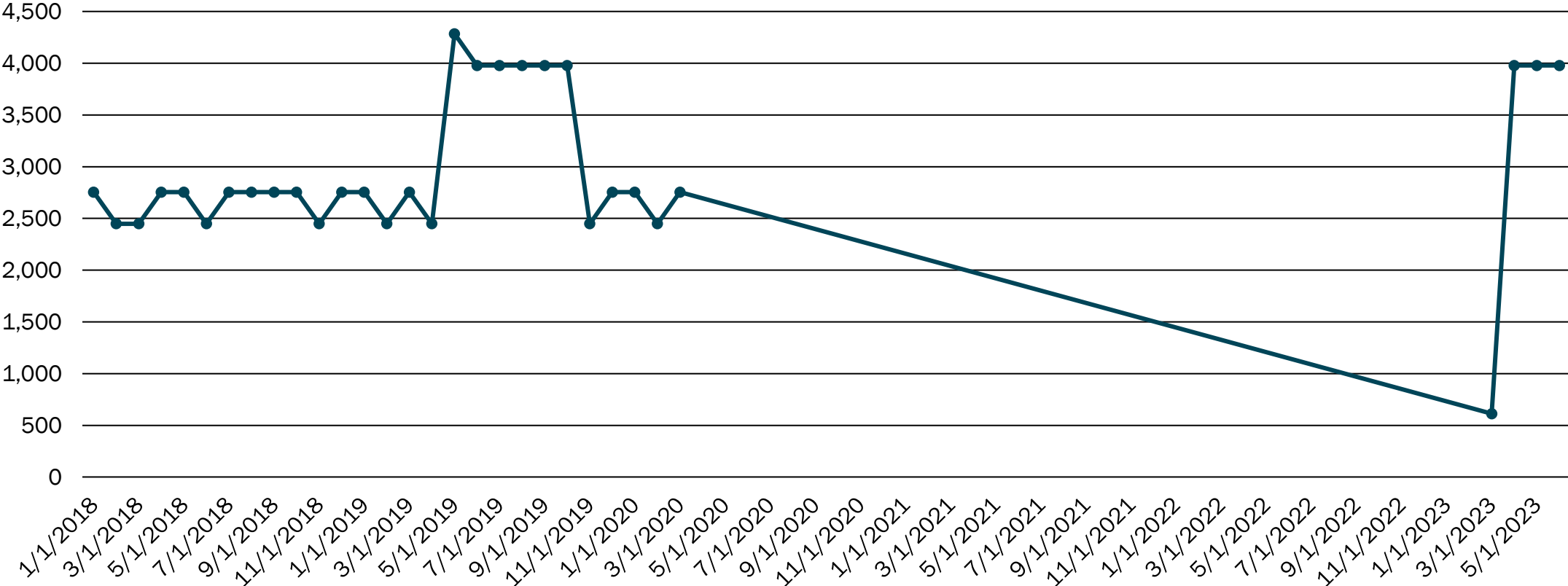
South Korea Seats 2018-2023P



China Seats 2018-2020



Taiwan Seats 2018-2023



—●— Taiwan



Source: DiIO Mii

SCHEDULED SEATS INTO HAWAII 2023P

Scheduled Non-Stop U.S. Seats to Hawai'i January – December 2019, 2022, 2023P

	# of SEATS 2019	# of SEATS 2022	# of SEATS 2023*	% Change 23/19	% Change 23/22
O'ahu	4,962,887	5,581,303	5,841,534	15.0%	4.5%
Maui	2,668,370	3,158,201	2,733,648	2.4%	-13.4%
Kona	1,104,675	1,312,548	1,324,361	19.9%	0.9%
Kaua'i	962,986	1,147,751	997,164	3.5%	-13.1%
Hilo	47,872	47,433	1,162	-97.6%	-97.6%
Total	9,746,790	11,247,236	10,897,869	11.8%	-3.1%

* A seat scheduled is not a seat flown.

Scheduled Non-Stop Seats By Country to Hawai'i 2019, 2023P

	# of SEATS 2019	# of SEATS 2023P*	% Change 23/19
Australia	369,282	241,490	-34.6%
Canada	484,613	468,231	-3.4%
China	116,539		
Cook Islands		6,237	
Fiji	8,414	11,900	41.4%
French Polynesia	18,718	14,456	-22.8%
Japan	1,999,204	1,068,431	-46.6%
Kiribati	6,848	5,950	-13.1%

* A seat scheduled is not a seat flown.

Scheduled Non-Stop Seats By Country to Hawai'i 2019, 2023P

	# of SEATS 2019	# of SEATS 2023*	% Change 23/19
Marshall Islands	34,448	29,714	-13.7%
New Zealand	125,300	93,184	-25.6%
Philippines	73,248	78,795	7.6%
South Korea	326,398	278,909	-14.5%
Taiwan	39,780		
United States	9,913,374	11,059,535	11.6%
Western Samoa	8,090	8,840	9.3%

* A seat scheduled is not a seat flown.

**FORECASTED SEATS INTO
HAWAII'
JANUARY – JUNE 2024P**

SCHEDULED U.S. TRANSPACIFIC AIR SEAT SYNOPSIS JAN – JUNE 2024P PROJECTIONS

	# of SEATS 2019 Jan-June	# of SEATS 2023 Jan-June	# of SEATS 2024P Jan-June	% Change 24/19	% Change 24/23
O'ahu	2,413,284	2,889,030	2,840,017	15.0%	-1.7%
Maui	1,275,965	1,507,009	1,323,734	3.7%	-12.2%
Kona	581,808	654,810	617,520	6.1%	-5.7%
Kaua'i	481,642	515,569	470,628	-2.3%	-8.7%
Hilo	21,654	1,162			
Total	4,774,353	5,567,580	5,251,899	10.0%	-5.7%

SCHEDULED TRANSPACIFIC AIR SEAT SYNOPSIS BY COUNTRY JAN – JUNE 2024P PROJECTIONS

	# of SEATS 2019 Jan-June	# of SEATS 2023 Jan-June	# of SEATS 2024P Jan-June	% Change 24/19	% Change 24/23
Australia	181,063	120,479	117,804	-34.9%	-2.2%
Canada	306,686	278,381	265,053	-13.6%	-4.8%
China	65,007				
Cook Islands		1,134	4,914		
Fiji	4,282	7,310	4,420	3.2%	-39.5%
French Polynesia	8,062	6,950	7,228	-10.3%	4.0%
Japan	981,290	456,408	770,289	-21.5%	68.8%
Kiribati	3,634	1,530	4,420	21.6%	188.9%

SCHEDULED TRANSPACIFIC AIR SEAT SYNOPSIS BY COUNTRY JAN – JUNE 2024P PROJECTIONS

	# of SEATS 2019 Jan-June	# of SEATS 2023 Jan-June	# of SEATS 2024P Jan-June	% Change 24/19	% Change 24/23
Marshall Islands	17,018	12,284	17,264	1.4%	40.5%
New Zealand	60,028	45,709	45,240	-24.6%	-1.0%
Philippines	37,095	39,861	40,170	8.3%	0.8%
South Korea	159,338	142,999	152,977	-4.0%	7.0%
Taiwan	18,666				
United States	4,856,169	5,647,888	5,330,055	9.8%	-5.6%
Western Samoa	4,282	4,420	4,420	3.2%	0.0%



MAHALO

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