



ECONOMIC PERFORMANCE OF THE AIRLINE INDUSTRY

Industry Forecast – June 2018

System-wide global commercial airlines	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018F
REVENUES, \$ billion	379	413	465	510	570	476	564	642	706	720	767	721	709	754	834
% change	17.7	9.1	12.6	9.6	11.7	-16.5	18.4	14.0	9.8	2.1	6.5	-6.1	-1.6	6.3	10.7
Passenger, \$ billion	294	323	365	399	444	374	445	509	528	537	538	509	498	534	590
Cargo, \$ billion	66.7	68.6	76.2	84.1	87.9	70.6	88.6	96.1	95.1	92.1	92.9	83.8	80.8	95.9	104.8
Traffic volumes															
Passenger growth, rpk, %	14.8	8.9	6.9	7.9	2.4	-1.2	8.0	6.3	5.3	5.7	6.0	7.4	7.4	8.1	7.0
Sched passenger numbers, millions	1,994	2,135	2,255	2,452	2,489	2,479	2,695	2,859	2,991	3,143	3,326	3,565	3,815	4,093	4,358
Cargo growth, ftk+mtk, %	12.9	3.8	4.8	3.3	-3.3	-8.8	19.9	0.5	-1.1	1.8	5.8	2.3	3.6	9.7	4.0
Freight tonnes, millions	40.9	41.9	44.6	46.7	46.4	42.3	50.5	50.7	50.7	51.7	54.0	54.8	57.0	61.5	63.6
World economic growth, %	4.0	3.5	4.0	4.0	1.5	-2.0	4.1	2.9	2.4	2.5	2.7	2.7	2.5	3.2	3.4
Passenger yield, %	2.6	0.9	5.9	1.3	8.5	-14.8	10.4	7.5	-1.4	-3.9	-5.5	-11.9	-8.8	-0.8	3.2
Cargo yield %	2.7	-0.9	5.9	6.9	8.0	-11.9	4.7	8.0	0.0	-4.8	-4.7	-11.9	-6.9	8.1	5.1
EXPENSES, \$ billion	376	409	450	490	571	474	536	623	687	695	731	659	649	697	778
% change	16.2	8.9	10.1	8.8	16.5	-16.9	13.1	16.2	10.4	1.1	5.3	-10.0	-1.5	7.5	11.5
Fuel, \$ billion	65	91	127	146	203	134	151	191	228	230	224	174	135	149	188
% of expenses	17.3	22.2	28.4	29.8	35.6	28.3	28.3	30.7	33.2	33.2	30.6	26.4	20.8	21.4	24.2
Crude oil price, Brent, \$/b	38.3	54.5	65.1	73.0	99.0	62.0	79.4	111.2	111.8	108.8	99.9	53.9	44.6	54.9	70.0
Jet kerosene price, \$/b	49.7	71.0	81.9	90.0	126.7	71.1	91.4	127.5	129.6	124.5	114.8	66.7	52.1	66.7	84.0
Fuel consumption, billion gallons	66	68	69	71	70	66	70	72	73	74	77	81	85	90	94
CO2 emissions, million tonnes	627	650	657	674	667	633	664	683	694	710	733	770	811	859	897
Non-fuel, \$ billion	311	318	324	344	367	340	385	431	459	464	507	485	514	548	590
cents per atk (non-fuel unit cost)	38.8	37.1	36.0	36.3	38.0	36.6	39.1	41.4	42.9	41.6	43.1	38.7	38.6	38.8	39.3
% change	0.4	-4.5	-2.8	0.9	4.7	-3.9	7.0	5.9	3.6	-3.2	3.7	-10.2	-0.4	0.5	1.5
Capacity growth, atk, %	10.8	7.2	4.7	5.3	2.0	-3.7	5.8	5.9	2.7	4.5	5.4	6.3	6.4	6.1	6.0
Flights, million	23.8	24.9	25.5	26.7	26.5	25.9	27.8	30.1	31.2	32.0	33.0	34.0	35.4	36.8	39.0
Break-even weight load factor, %	63.1	63.0	62.4	62.7	64.5	64.2	64.6	65.0	65.7	65.2	64.8	61.9	62.0	64.0	64.6
Weight load factor achieved, %	63.7	63.6	64.5	65.2	64.4	64.5	67.9	67.0	67.5	67.6	67.9	67.7	67.7	69.2	69.3
Passenger load factor achieved, %	73.7	75.2	76.3	77.3	76.3	76.4	78.9	78.7	79.5	79.9	80.0	80.6	80.5	81.5	81.7
OPERATING PROFIT, \$ billion	3.3	4.4	15.0	19.9	-1.1	1.9	27.6	19.8	18.4	25.3	35.5	62.0	60.1	56.3	56.3
% margin	0.9	1.1	3.2	3.9	-0.2	0.4	4.9	3.1	2.6	3.5	4.6	8.6	8.5	7.5	6.8
NET PROFIT, \$ billion	-5.6	-4.1	5.0	14.7	-26.1	-4.6	17.3	8.3	9.2	10.7	13.8	36.0	34.2	38.0	33.8
% margin	-1.5	-1.0	1.1	2.9	-4.6	-1.0	3.1	1.3	1.3	1.5	1.8	5.0	4.8	5.0	4.1
per departing passenger, \$	-2.8	-1.9	2.2	6.0	-10.5	-1.9	6.4	2.9	3.1	3.4	4.2	10.1	9.0	9.3	7.8
RETURN ON INVESTED CAPITAL, %	3.3	3.3	4.7	5.7	1.3	1.9	6.2	4.7	4.6	4.8	5.9	9.7	9.7	9.0	8.5

Note & Sources: Significant revisions to a number of historic data series have been made. We have replaced ICAO traffic and capacity series with those collected by IATA. This has changed yields, unit costs and breakeven load factors. Unscheduled cargo revenues have been moved from 'other' revenue to be included in the main cargo revenue series. Regional and global operating profits have also been updated from 2014 to reflect new data collections. Finally 2017 traffic and capacity data have been taken from the annual WATS collection. Includes all commercial airlines.

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Financial Results

System-wide global commercial airlines	EBIT margin, % revenues								Net profit, \$ billion							
	2011	2012	2013	2014	2015	2016	2017	2018F	2011	2012	2013	2014	2015	2016	2017	2018F
Global	3.1%	2.6%	3.5%	4.6%	8.6%	8.5%	7.5%	6.8%	8.3	9.2	10.7	13.8	36.0	34.2	38.0	33.8
Regions																
North America	3.0%	3.4%	6.8%	9.1%	14.4%	13.7%	11.1%	9.9%	1.7	2.3	7.4	11.0	21.7	17.0	18.4	15.0
Europe	0.8%	0.7%	2.0%	3.1%	5.5%	6.1%	6.8%	6.4%	0.3	0.4	1.0	1.9	7.1	8.5	8.1	8.6
Asia-Pacific	6.6%	4.7%	2.9%	2.4%	6.9%	7.4%	5.5%	4.9%	5.0	5.8	2.3	0.5	7.5	7.4	10.1	8.2
Middle East	3.1%	3.0%	0.9%	3.0%	6.3%	2.2%	3.4%	3.1%	1.0	1.0	0.3	1.1	2.1	1.3	1.0	1.3
Latin America	2.0%	1.5%	2.2%	5.0%	5.0%	5.6%	6.9%	6.7%	0.2	-0.2	0.2	0.1	-1.6	0.4	0.5	0.9
Africa	0.6%	-0.4%	-0.5%	-2.7%	-2.1%	1.1%	2.2%	1.8%	0.0	-0.1	-0.5	-0.9	-0.8	-0.4	-0.1	-0.1

Note: Regional & global operating profits have been updated from 2014 to reflect new data collections. Bankruptcy reorganization & large non-cash costs are excluded. Includes all commercial airlines.

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Traffic Results

System-wide global commercial airlines	Passenger traffic (RPK), % Year-on-Year								Passenger capacity (ASK) % Year-on-Year							
	2011	2012	2013	2014	2015	2016	2017	2018F	2011	2012	2013	2014	2015	2016	2017	2018F
Global	6.3	5.3	5.7	6.0	7.4	7.4	8.1	7.0	6.6	4.2	5.2	5.8	6.7	7.5	6.7	6.7
Regions																
North America	2.9	1.0	2.3	2.7	5.3	4.2	3.9	4.0	2.8	0.0	2.0	2.5	5.0	4.6	3.8	4.4
Europe	8.4	4.6	3.9	5.7	6.0	5.4	9.1	7.0	8.9	2.6	2.7	5.1	4.8	5.7	6.7	7.3
Asia-Pacific	6.6	6.1	7.2	6.9	10.1	10.9	10.9	9.5	7.0	5.3	7.1	7.4	8.4	9.9	9.1	8.8
Middle East	10.0	14.7	11.6	12.1	10.4	11.3	6.8	5.9	9.8	12.0	12.3	10.9	12.9	13.1	6.7	4.0
Latin America	11.3	9.4	6.3	7.0	7.6	4.5	7.4	6.5	9.3	7.3	4.5	4.7	6.9	3.4	5.5	6.0
Africa	1.6	7.5	4.6	0.3	0.0	9.4	7.0	4.5	3.2	6.3	4.0	2.5	-0.2	8.2	3.5	4.3

Note: We have replaced ICAO traffic and capacity series with those collected by IATA. Domestic and international traffic. Includes all commercial airlines.

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