



The outlook for air transport markets and the industry

December 2011

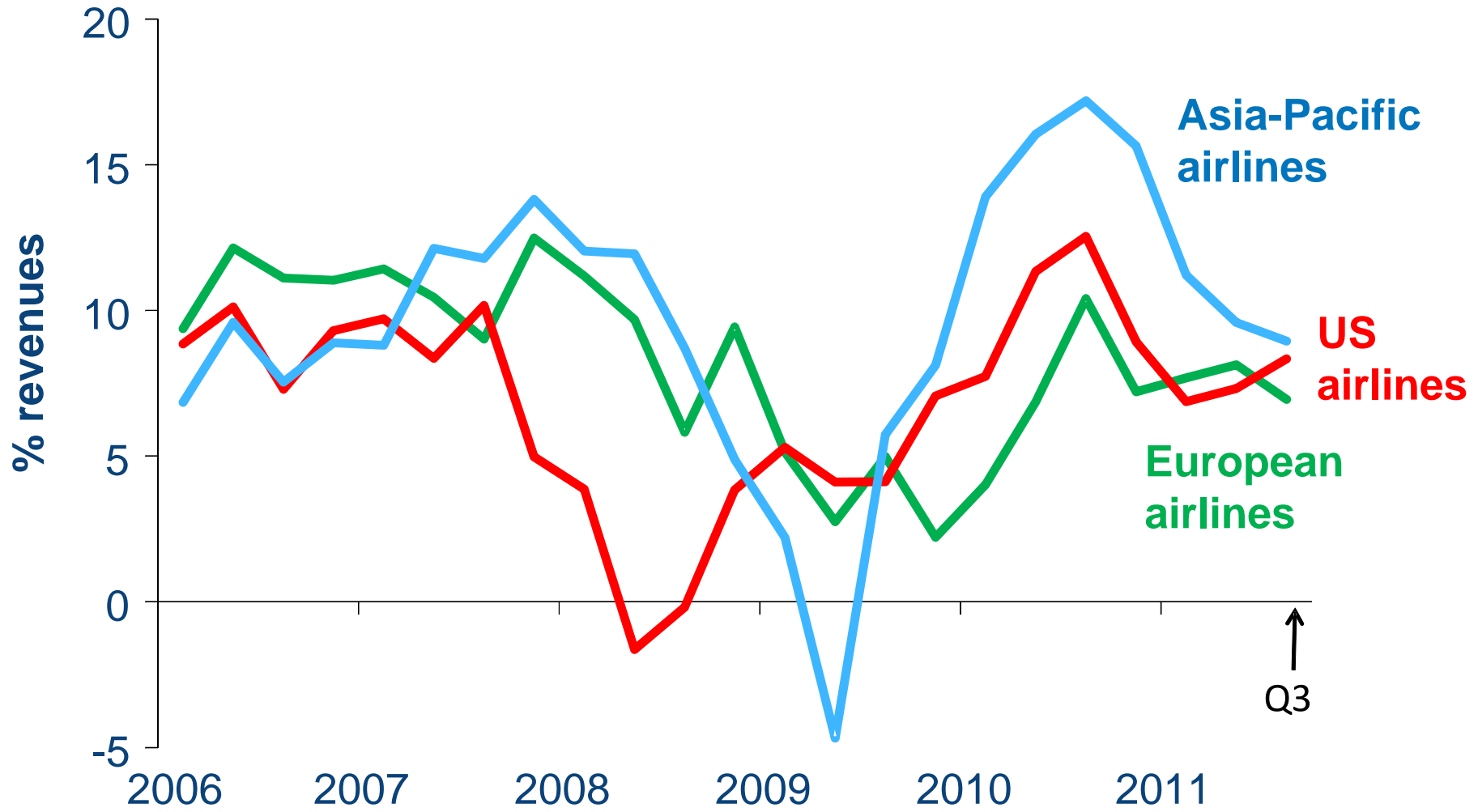
www.iata.org/economics

To represent, lead and serve the airline industry



Airline cash flows down by Q3 but not bad

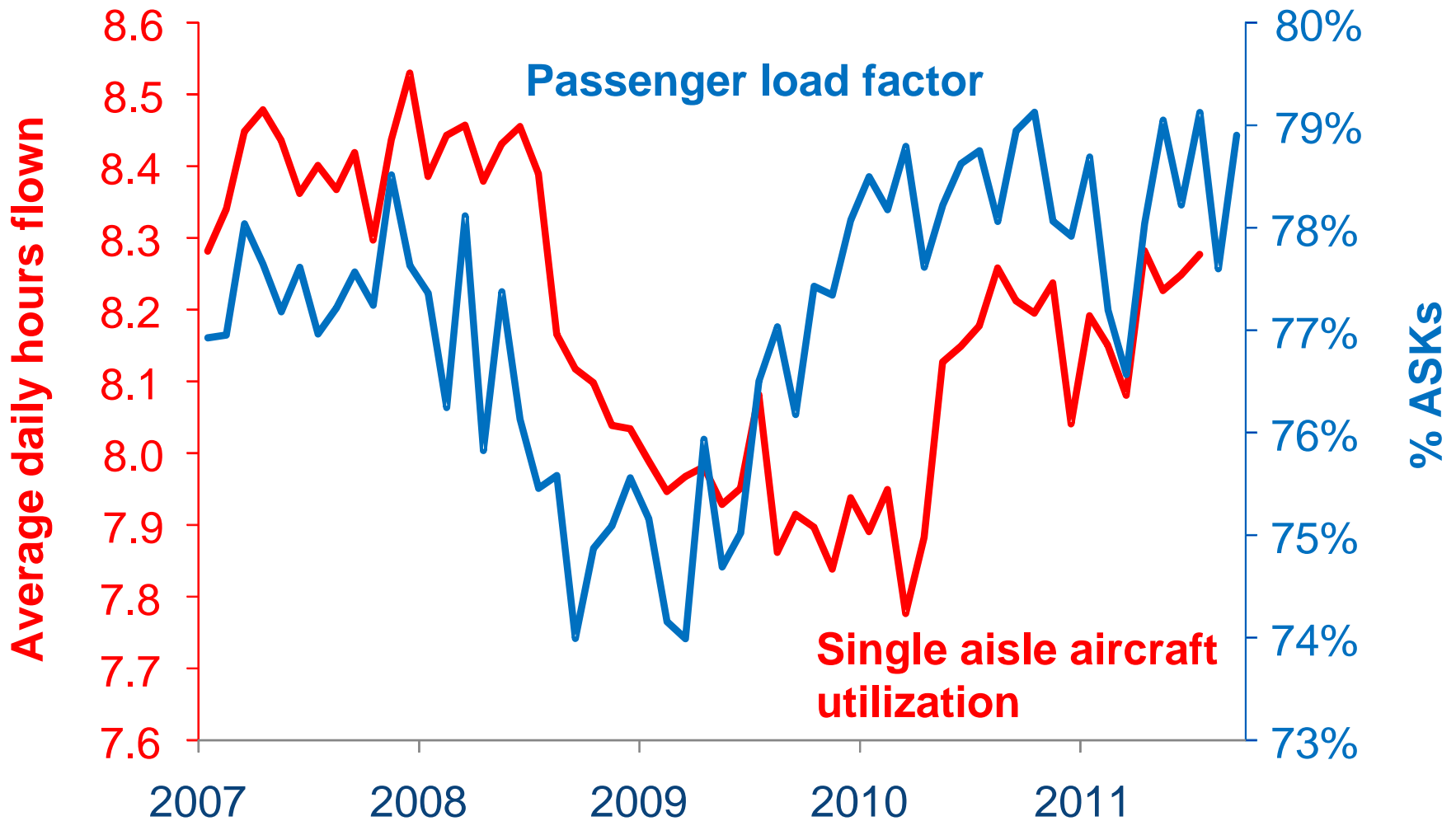
EBITDA as % revenues, seasonally adjusted



Source: Bloomberg

Asset utilization underpinned profitability

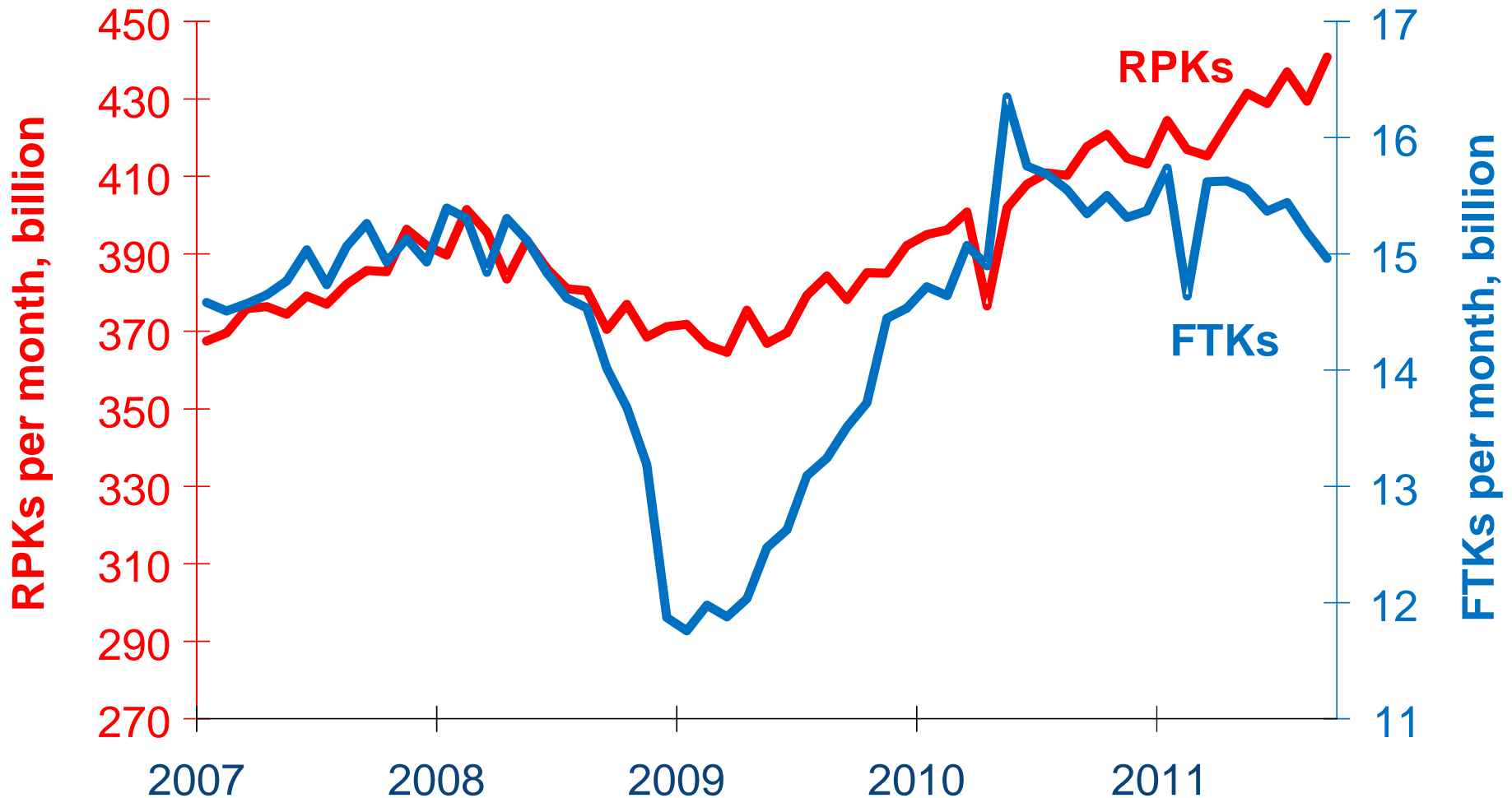
Passenger load factor and aircraft utilization, seasonally adjusted



Source: IATA

Fall of cargo: utilization hard to sustain

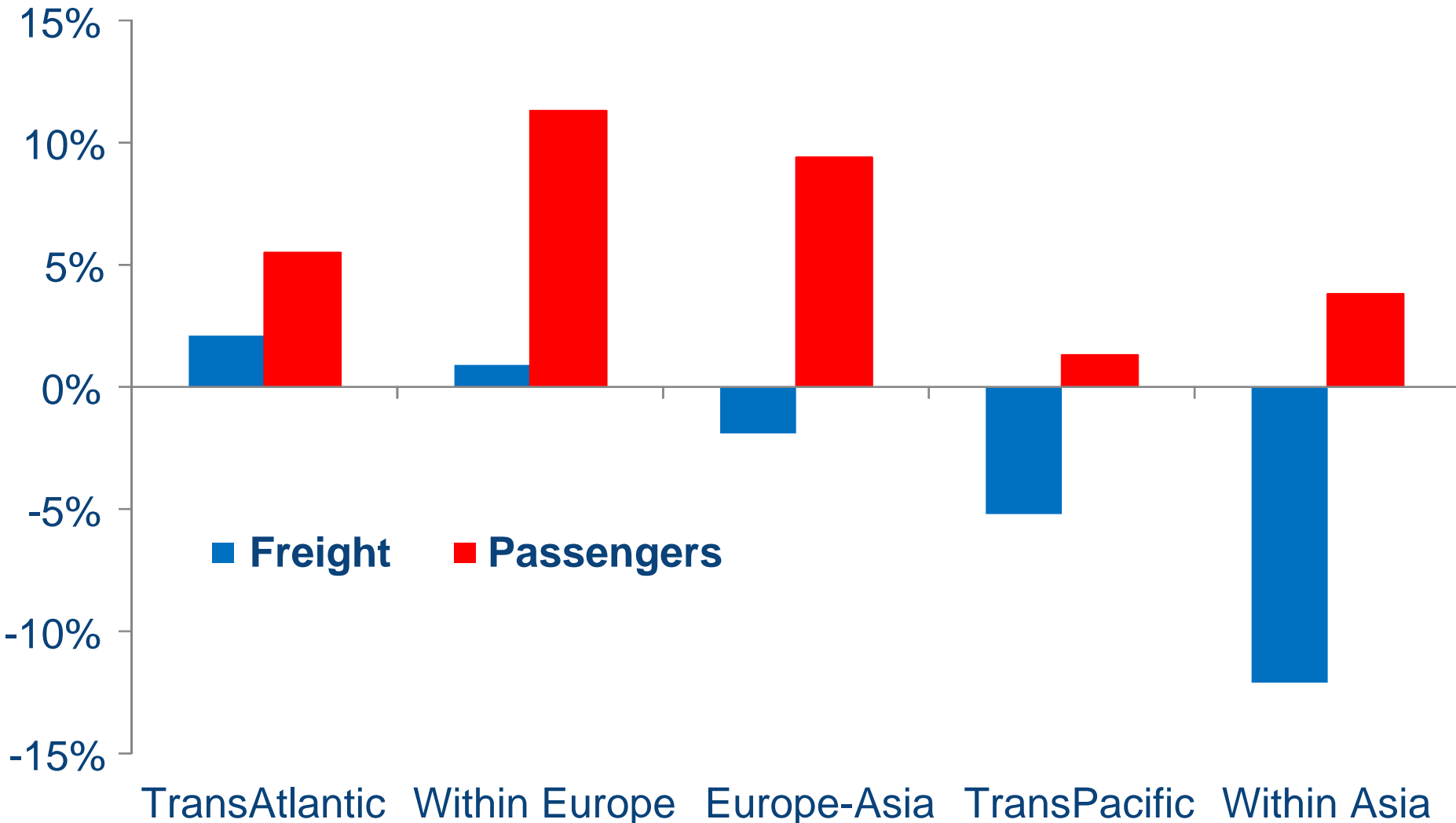
Total air travel and air freight volumes, seasonally adjusted



Source: IATA

Fragile EU foundation to air travel strength

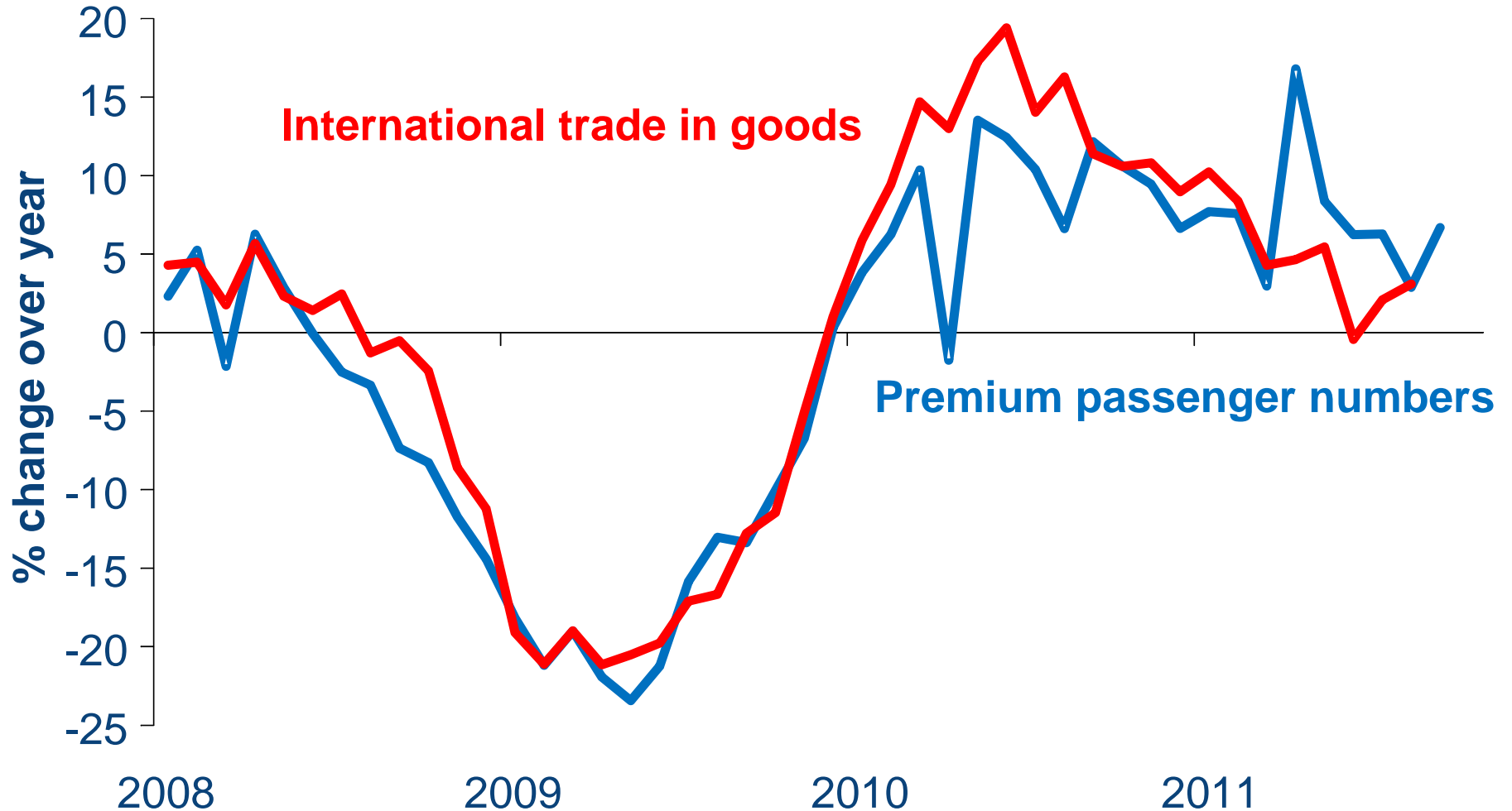
Segment flow data, % growth year to September



Sources: IATA

International trade has stopped growing

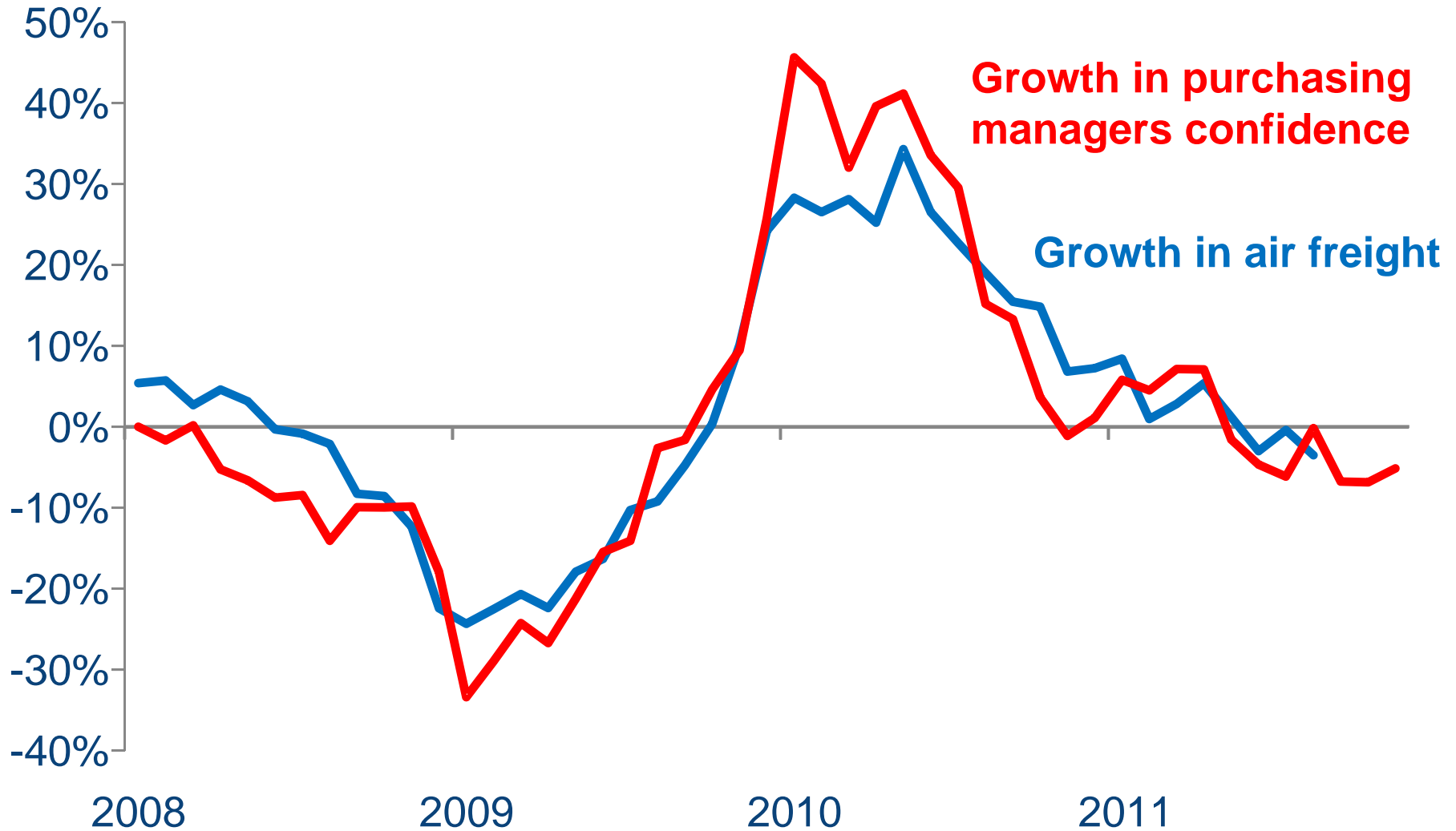
Premium passengers and world trade growth



Sources: IATA, CPB Netherlands

Business confidence has slumped

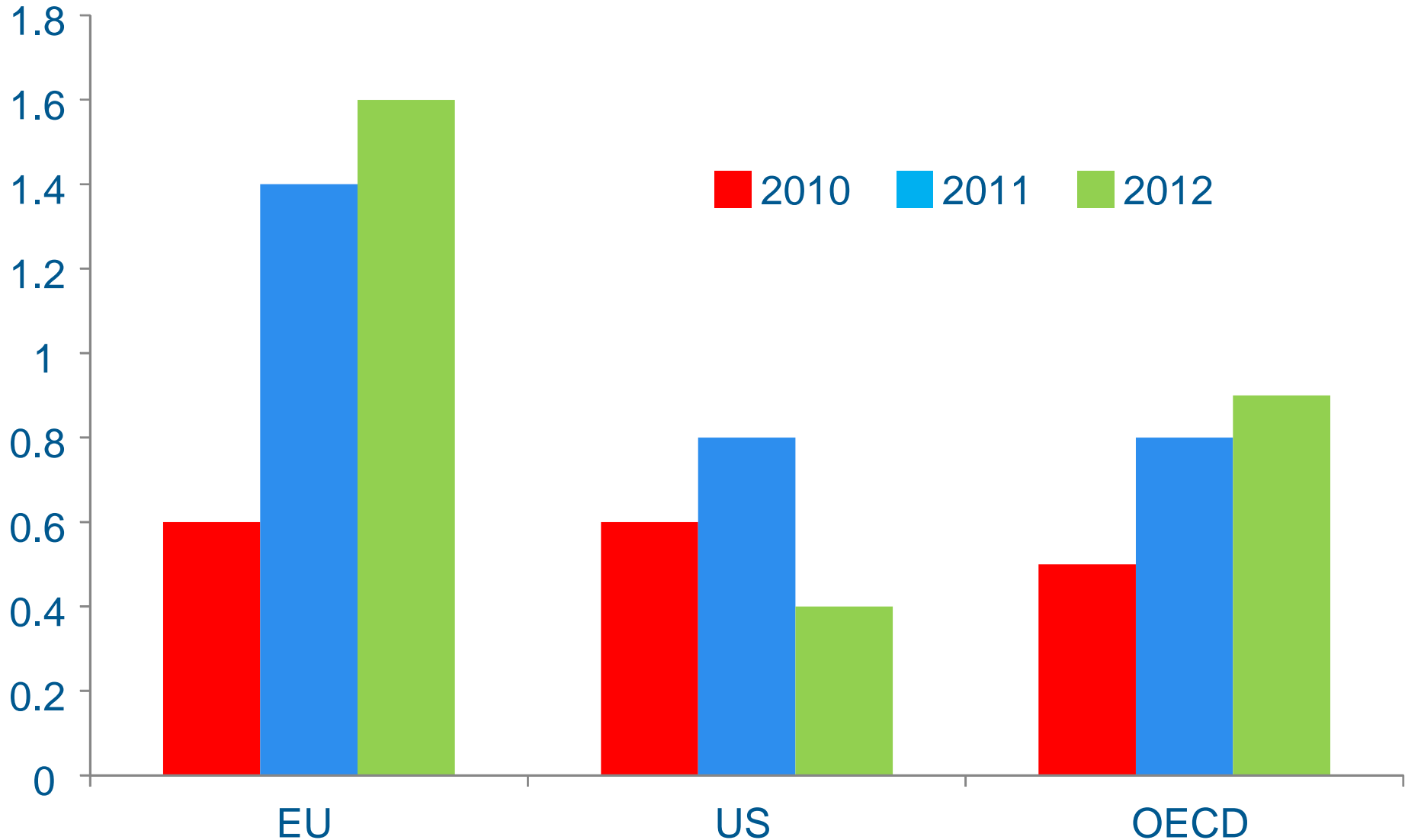
Air freight and purchasing managers confidence (advanced 2 months)



Sources: IATA, Haver

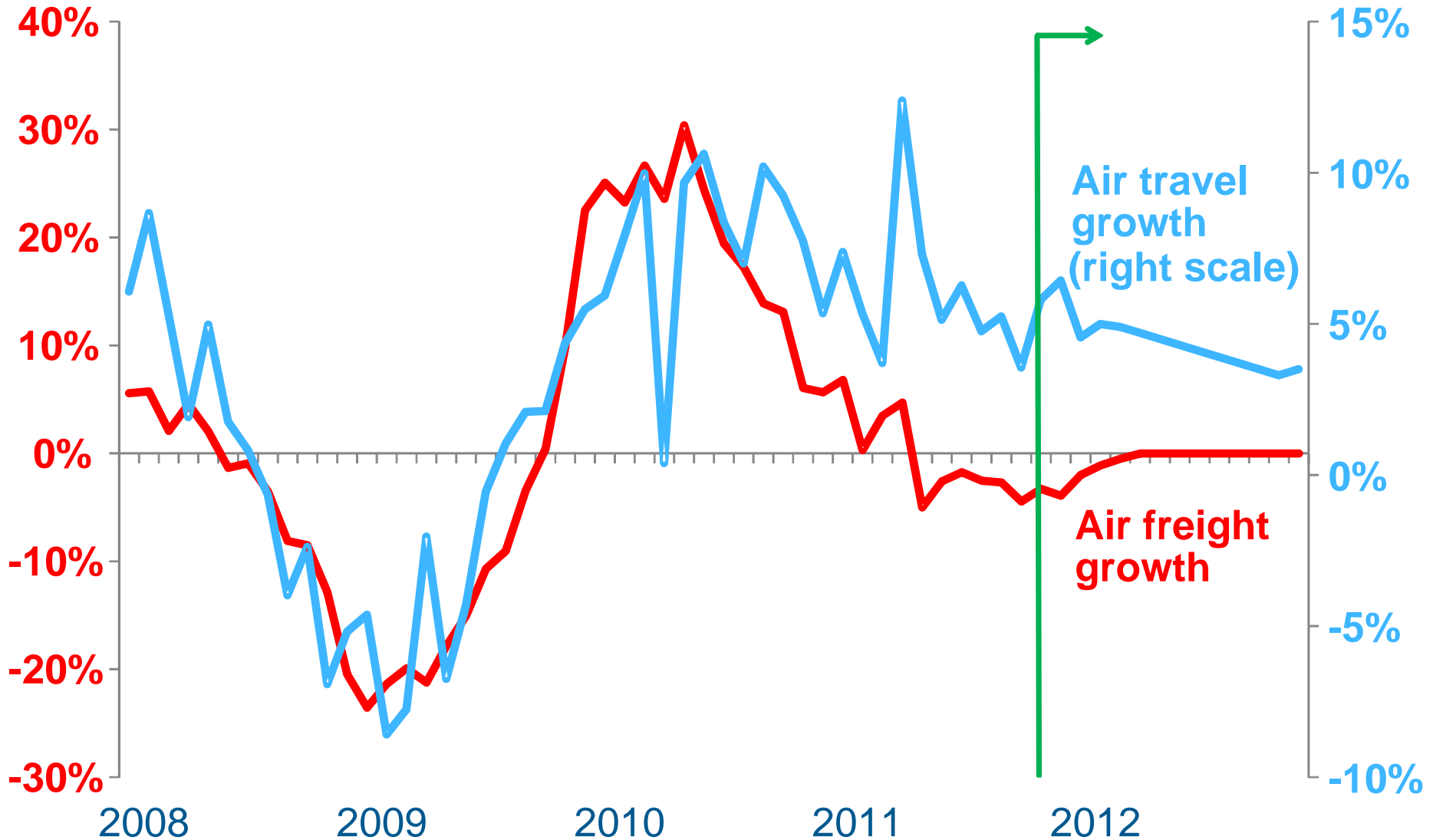
EU austerity budget measures increase

Change in non-interest Government deficit as a % of GDP



Airlines: slow or no growth markets in 2012

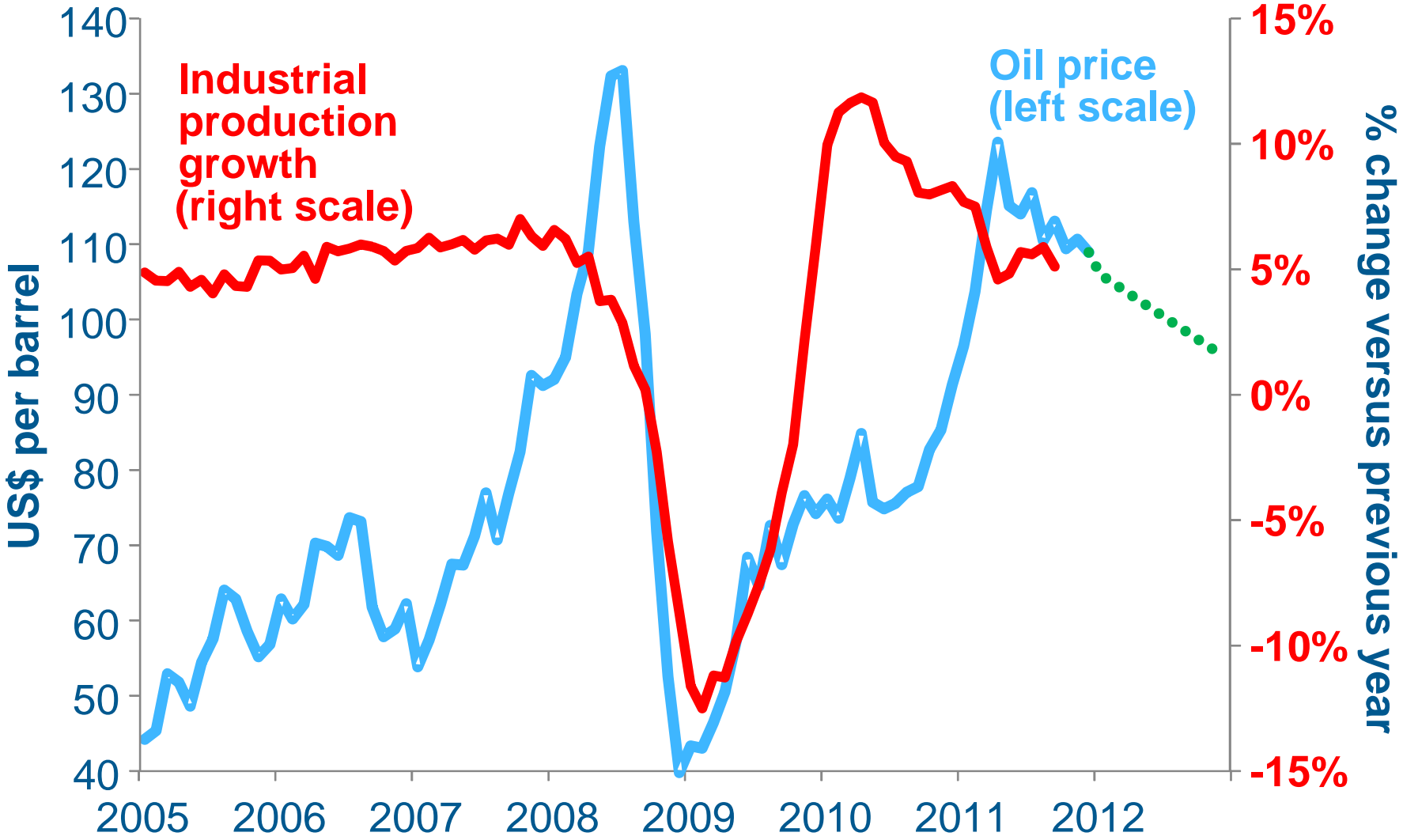
Growth in global air travel (RPK) and air freight (FTK)



Source: IATA

Supply squeeze keeps fuel price relatively high

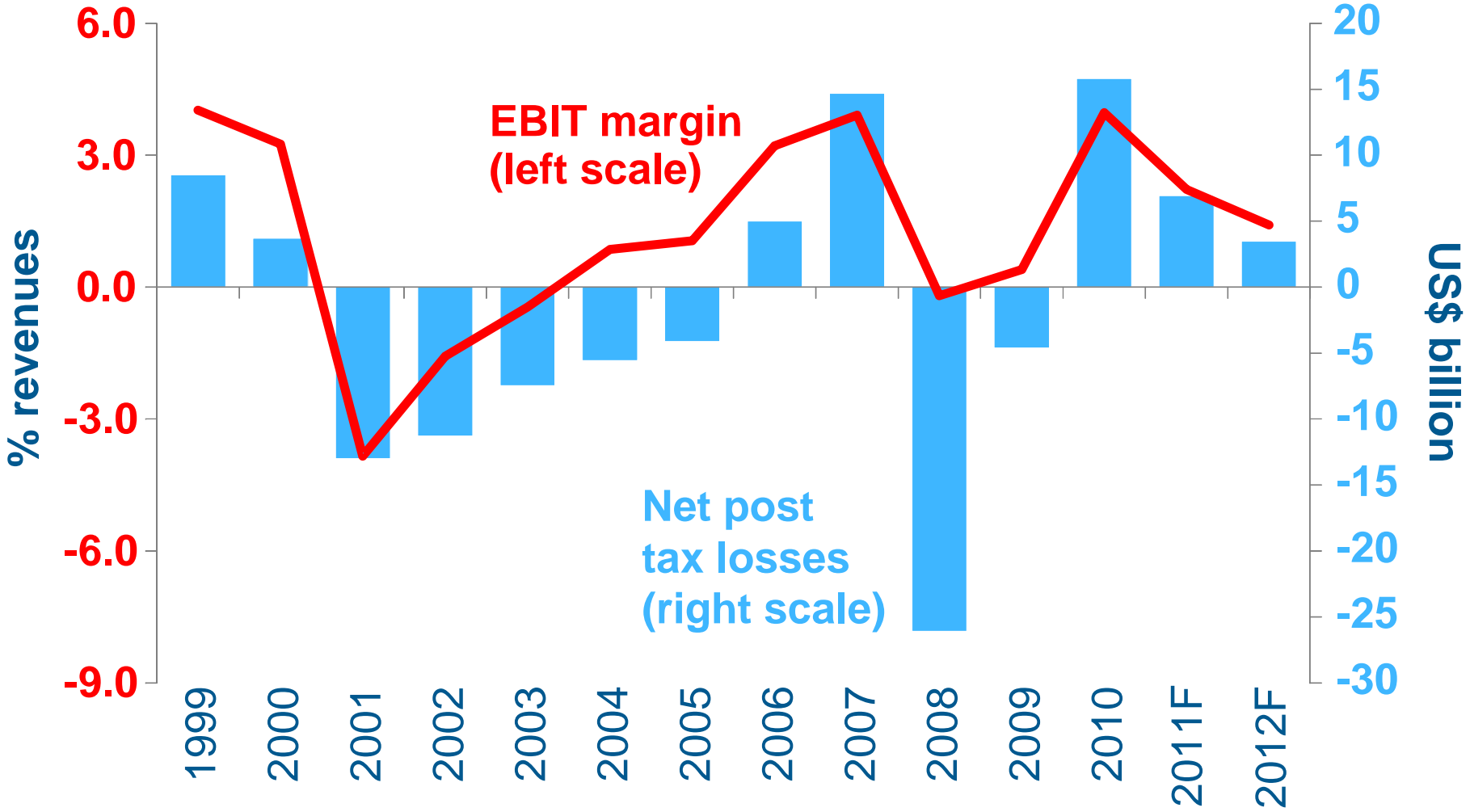
Brent oil price and world industrial production growth



Source: OECD

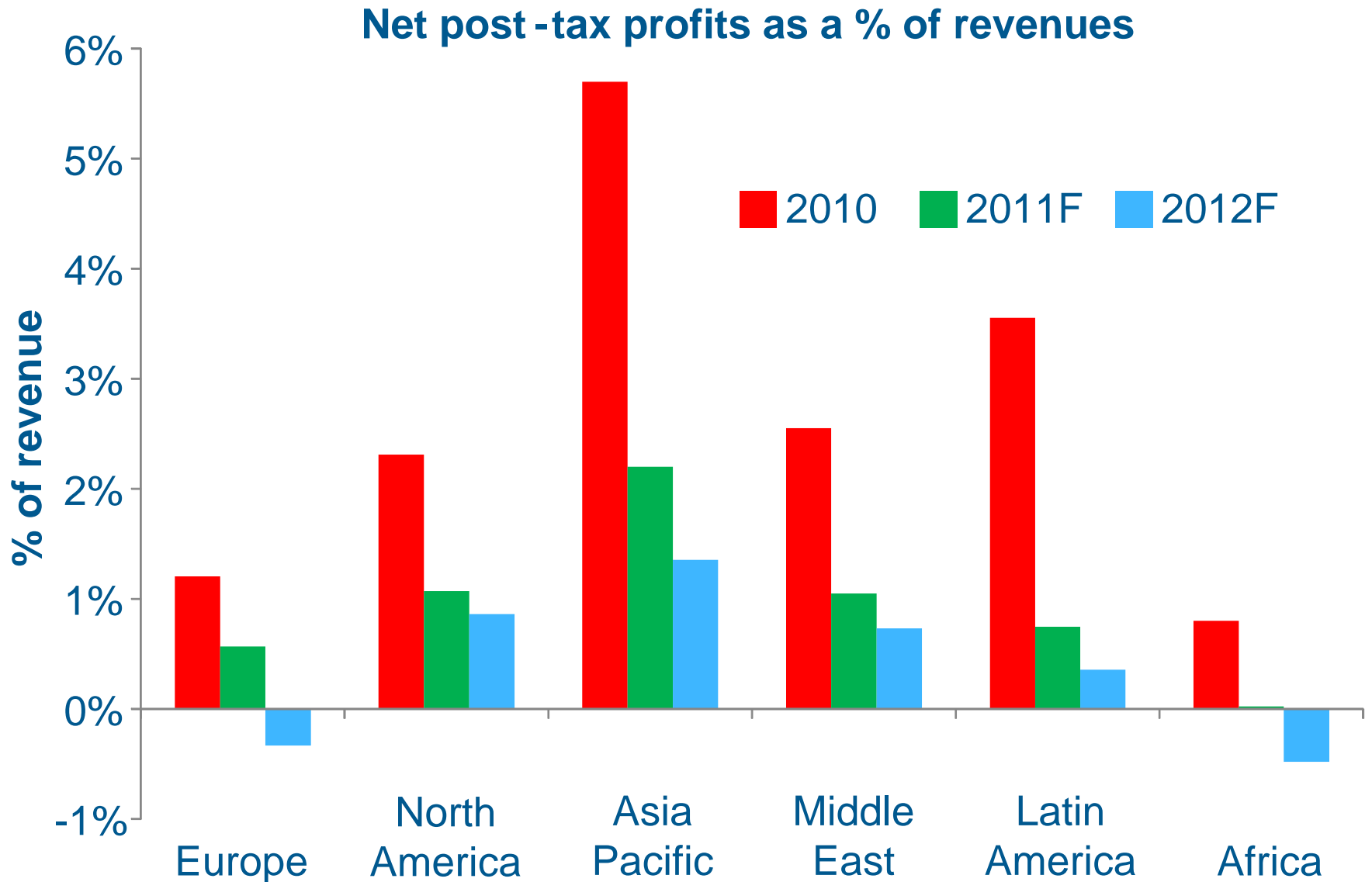
Airline profits forecast to fall further in 2012

Global commercial airline profitability



Source: IATA

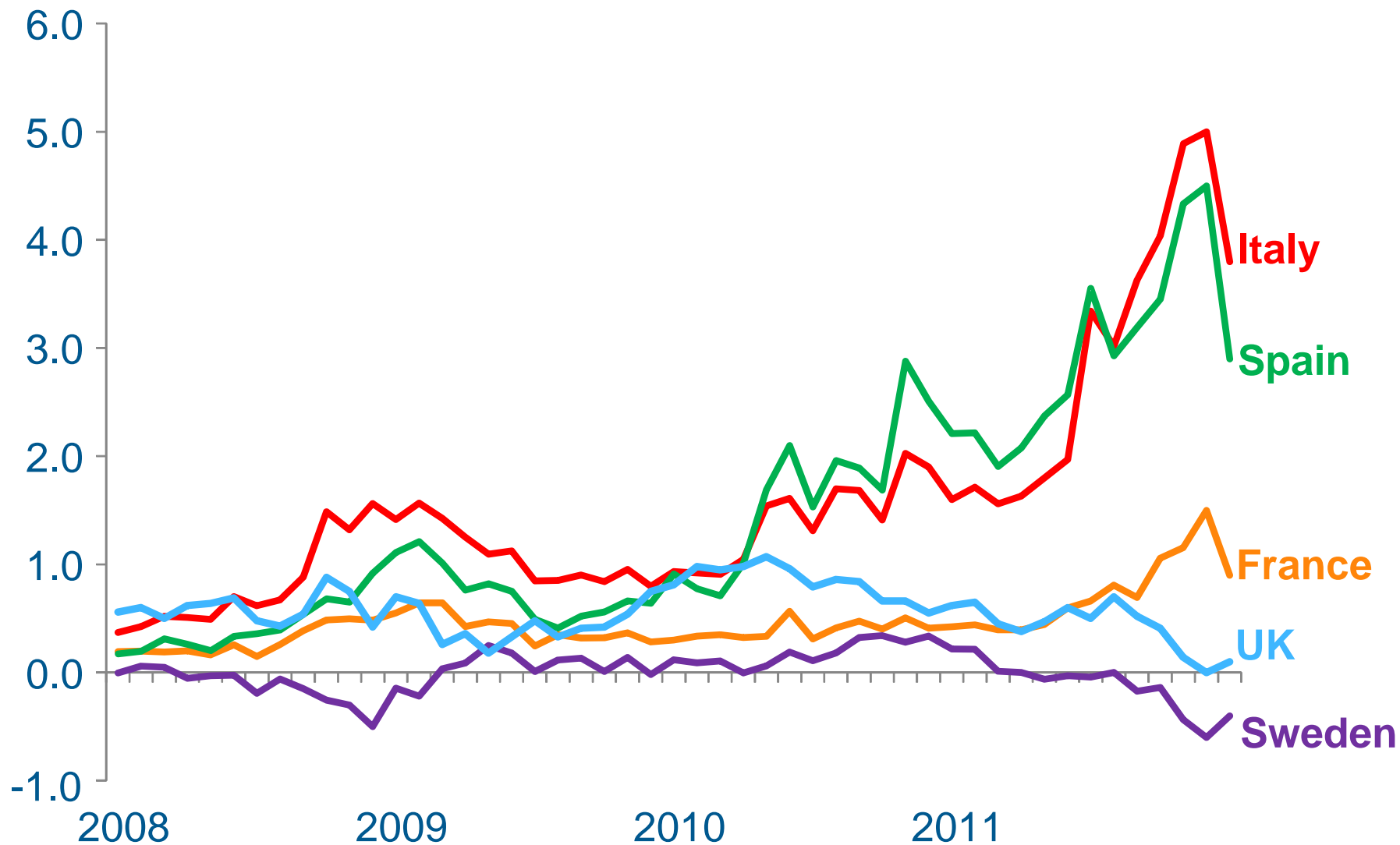
European airlines hit hardest in 2012



Source: IATA

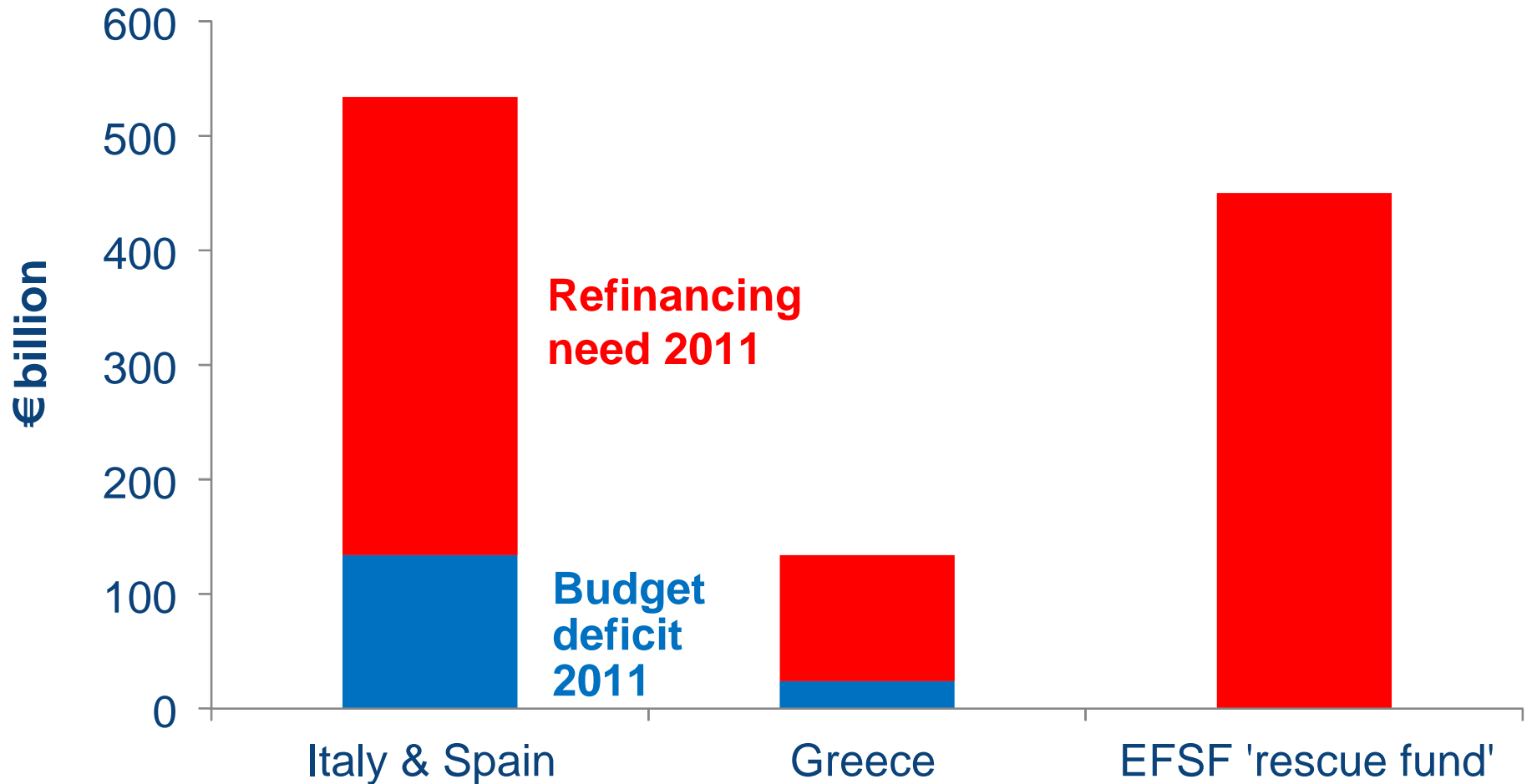
Eurozone is still not out of trouble

10-year Government bond spreads over Germany, % points



Eurozone will need additional financing

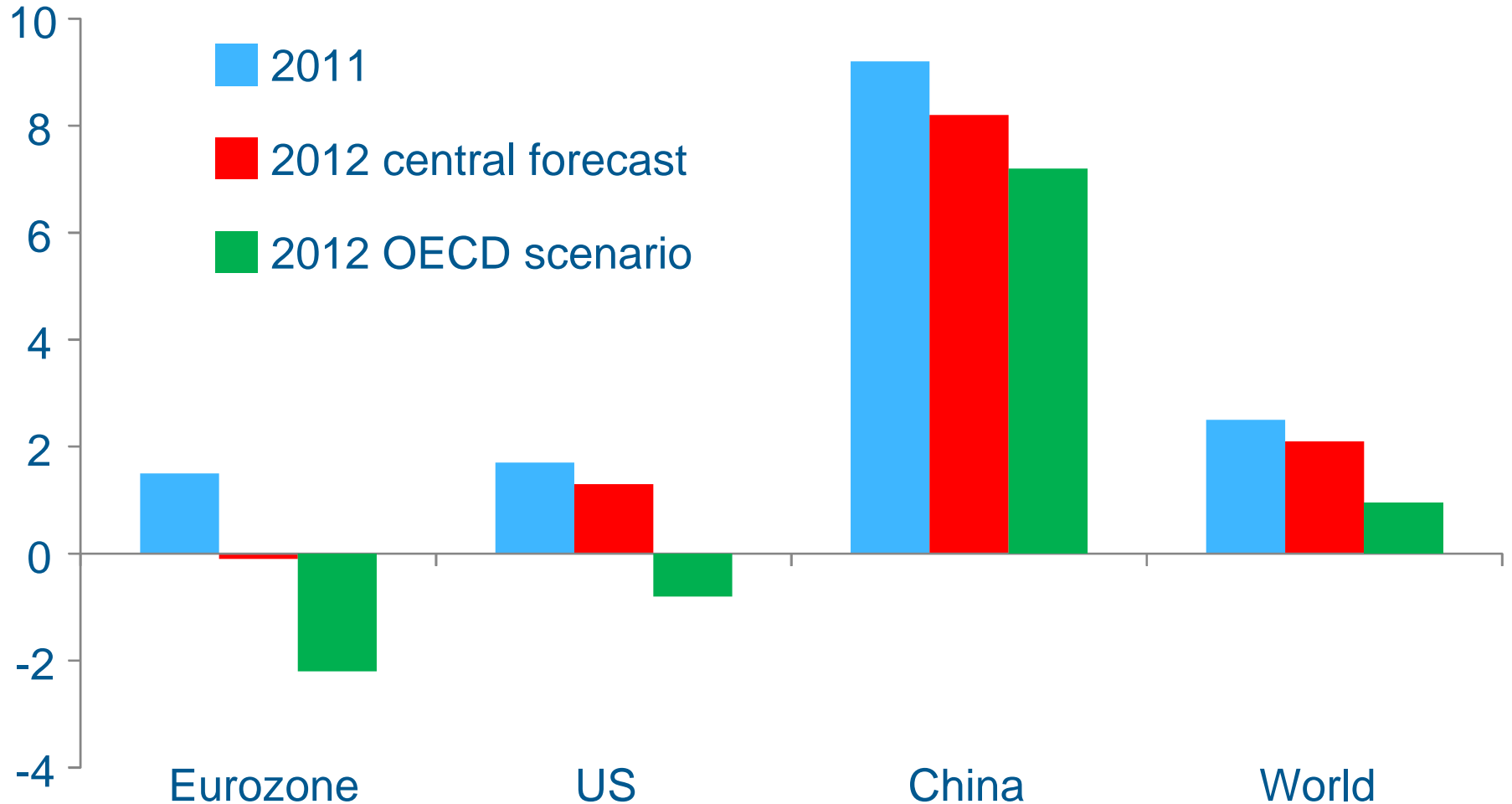
Budget deficits and refinancing needs



Sources: Bloomberg

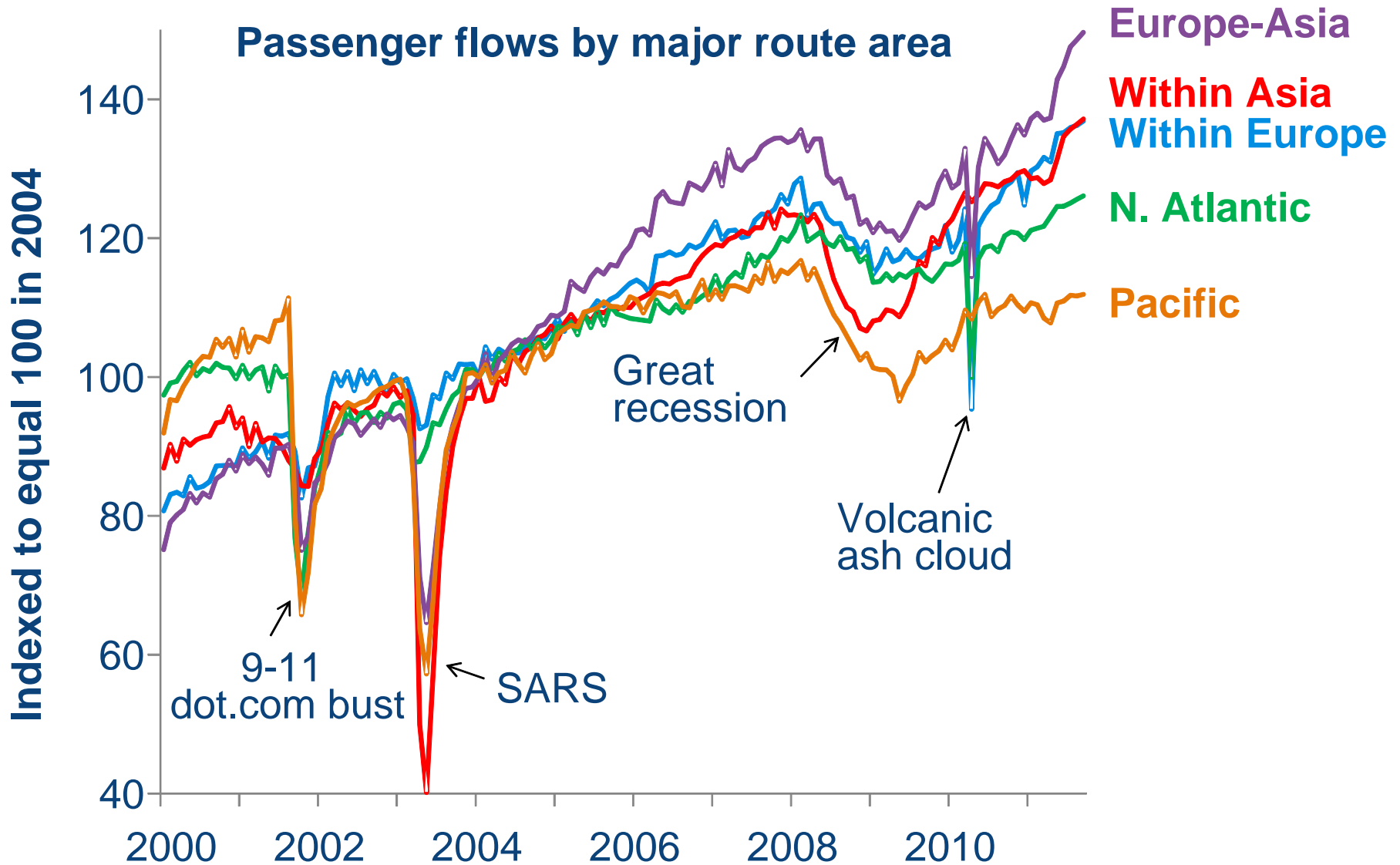
OECD's assessment of the downside risk

The OECD's assessment of the downside risk to GDP



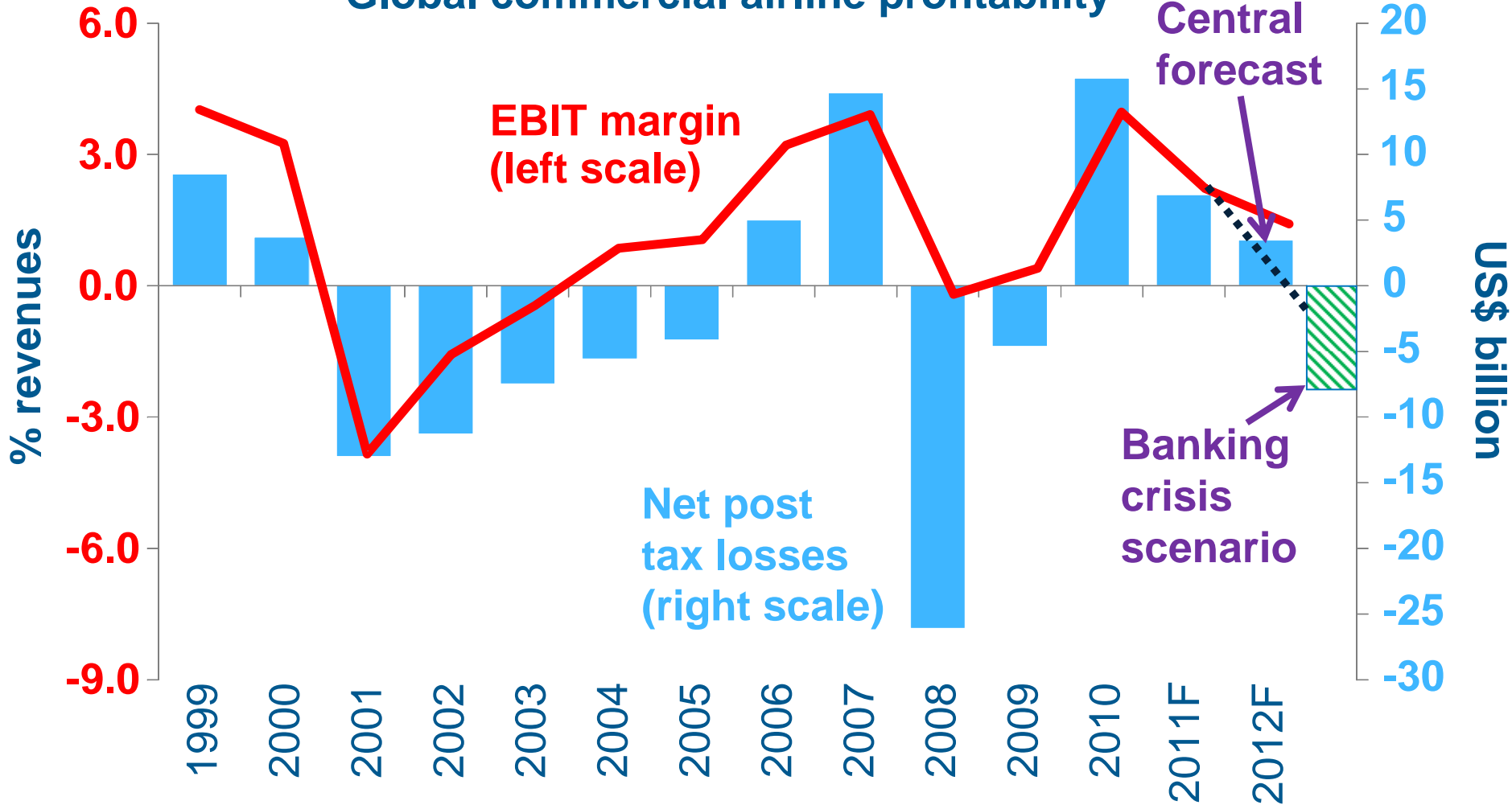
Little chance of other markets escaping EU crisis

Passenger flows by major route area



OECD scenario would push airlines back into loss

Global commercial airline profitability



Source: IATA