



# Economic performance of the airline industry – end-2017 update

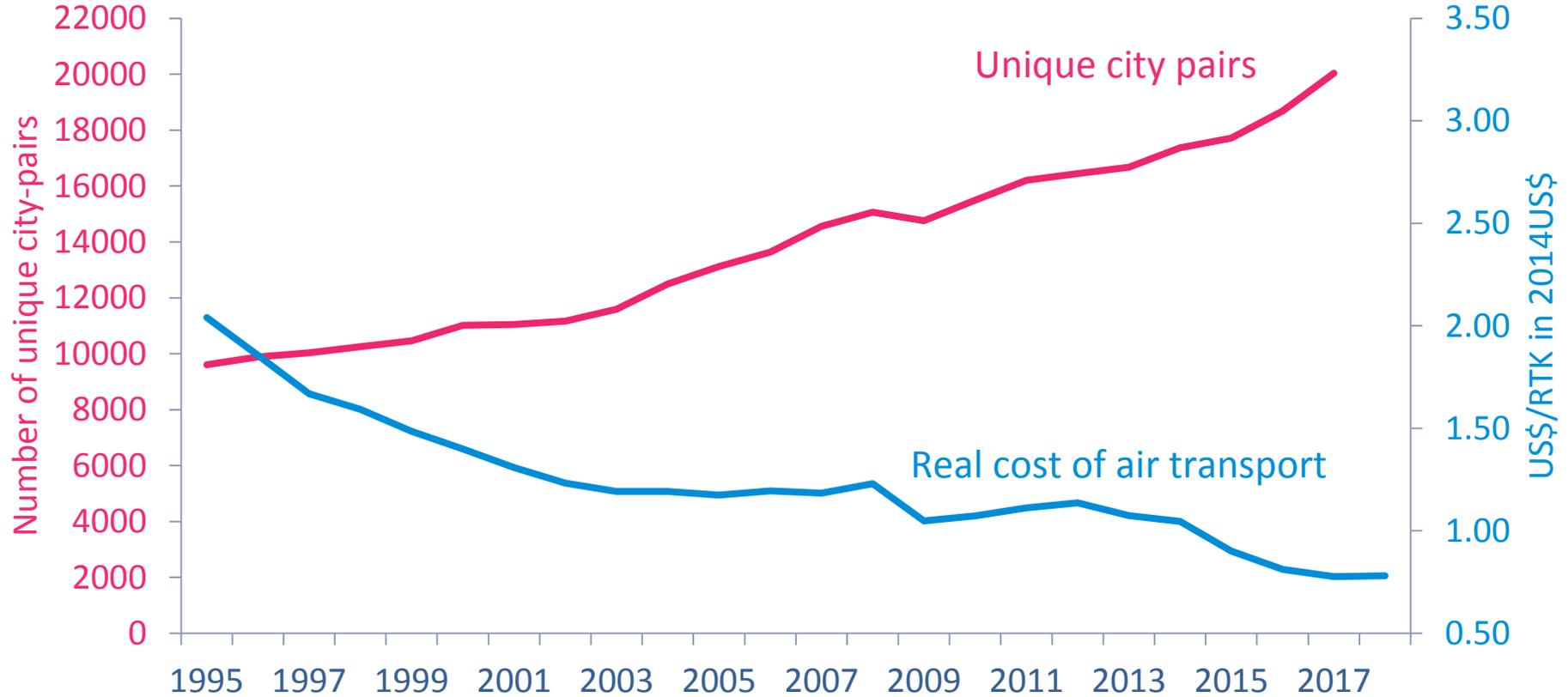
December 2017

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[www.iata.org/economics](http://www.iata.org/economics)

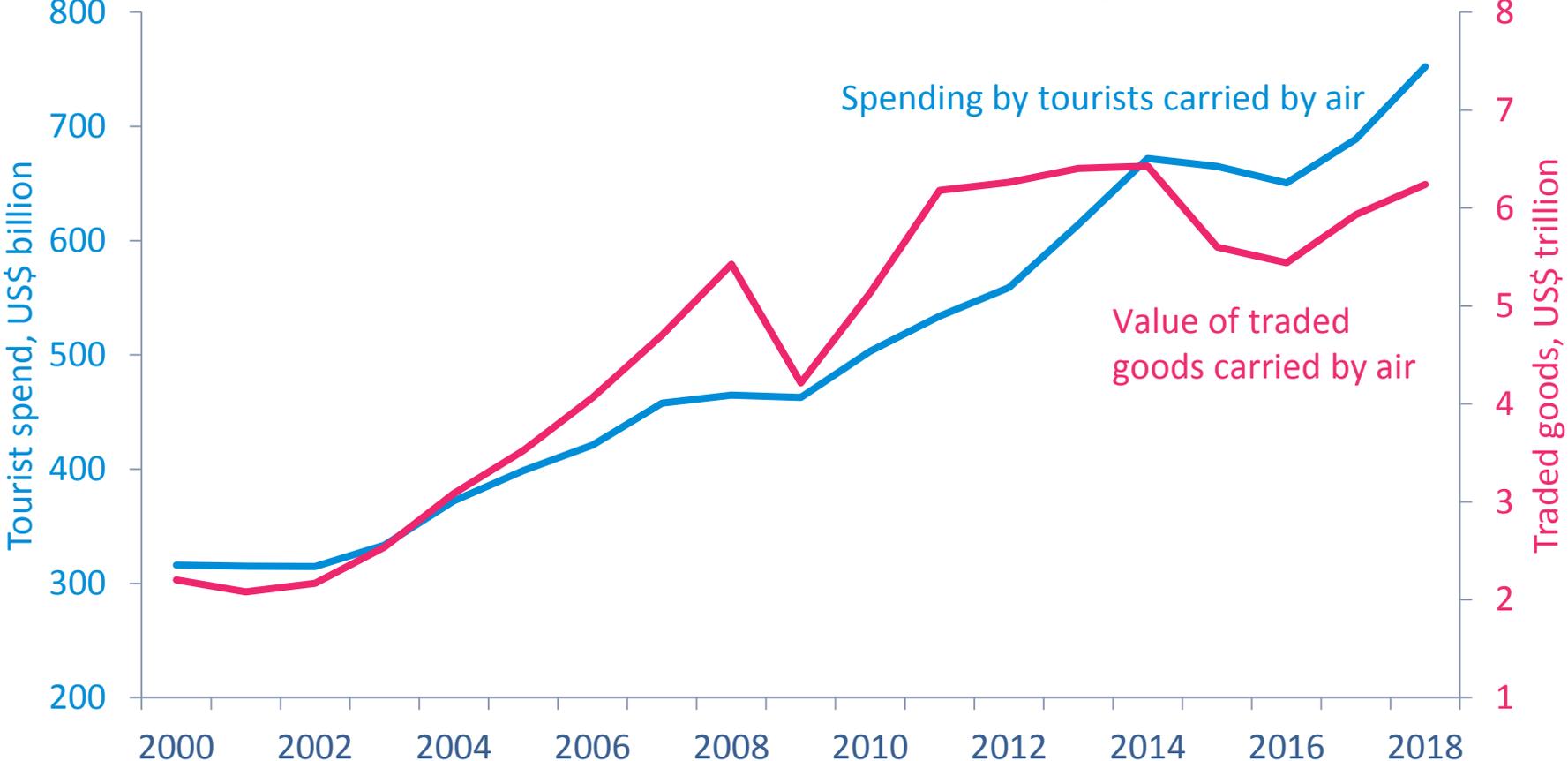
# City-pair connections exceed 20,000 this year

## Unique city-pairs and real transport costs



# Boosting trade and tourism

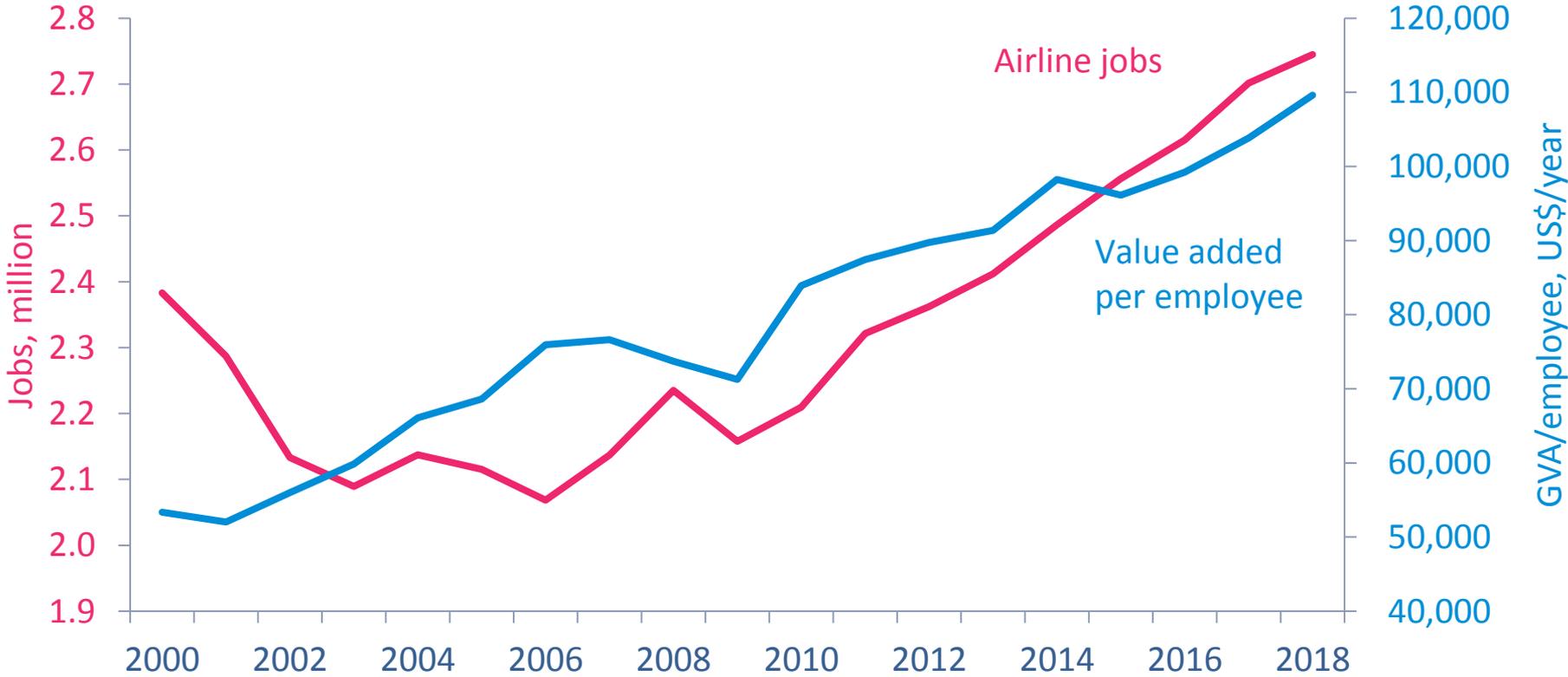
## Value of trade carried by air and the spending of tourists



Source: IATA Economics using data from UNWTO, IHS, IATA forecasts

# Airline jobs exceed 2.7 million in 2018

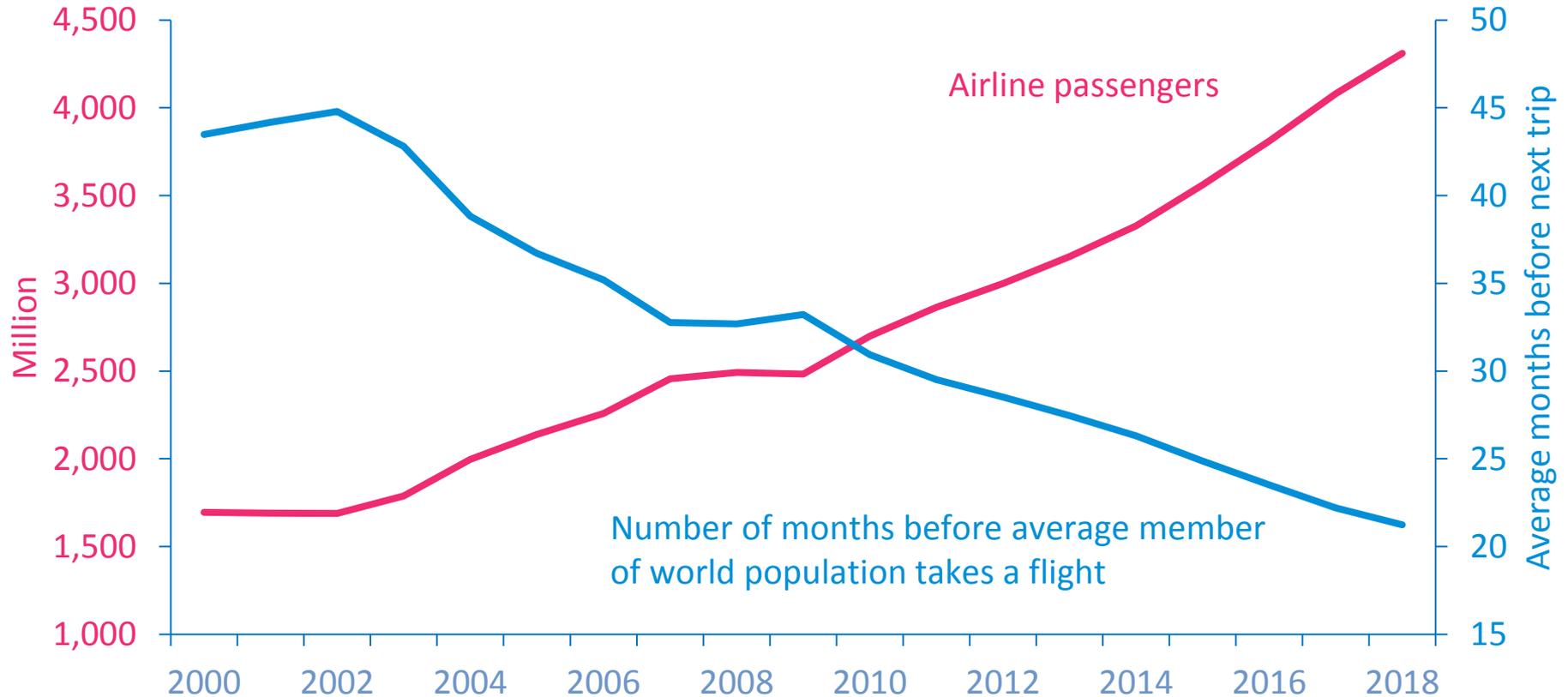
## Airline industry jobs and value added (GVA) per employee



Source: IATA Economics using data from ICAO, ATAG, IATA forecasts

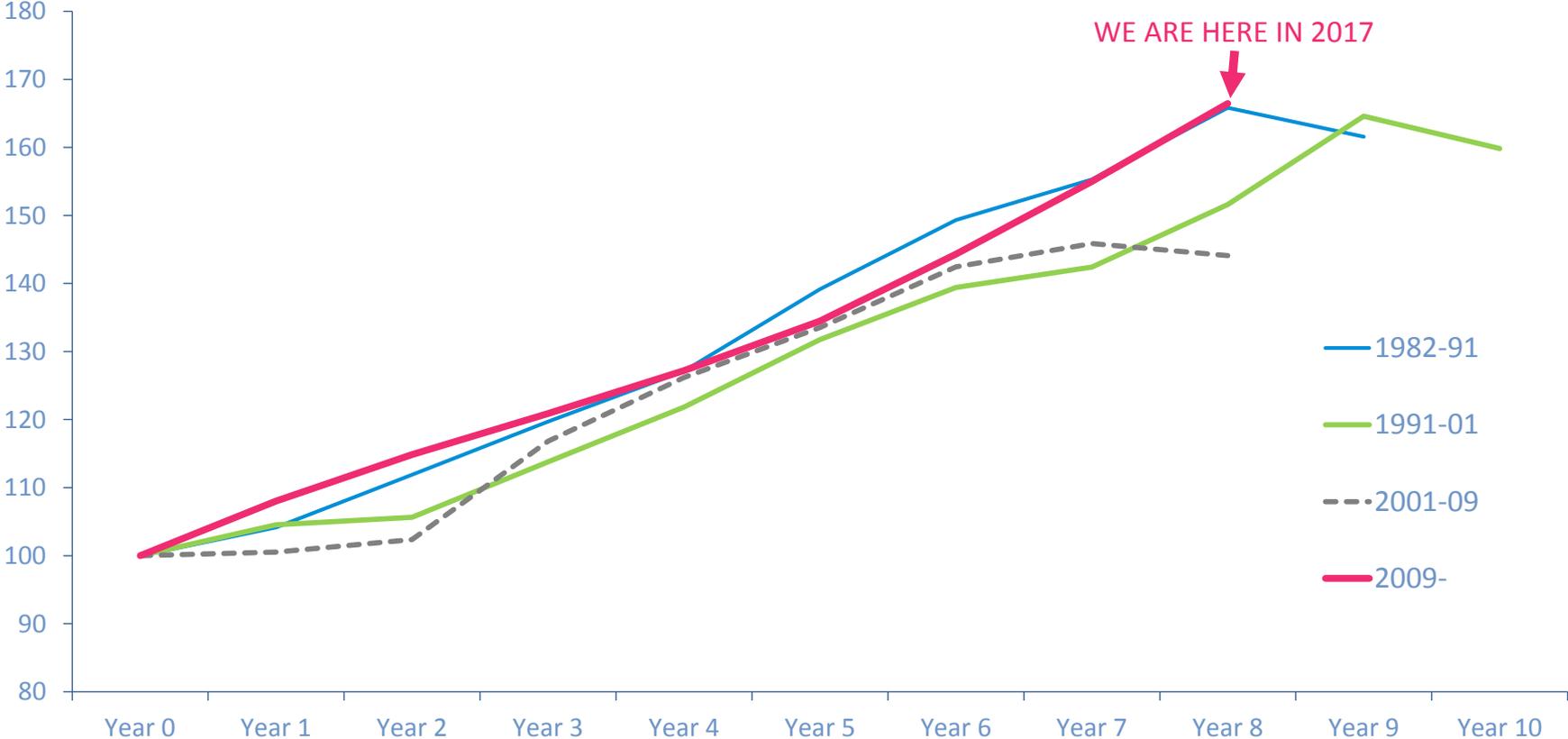
# Increasing accessibility of air travel

Passenger numbers and months before next trip for world population



# Air travel cycles have typically ended after 8 years

Worldwide RPK cycles, indexed to low point



Source: IATA Economics using data from ICAO, IATA Statistics, IATA forecasts

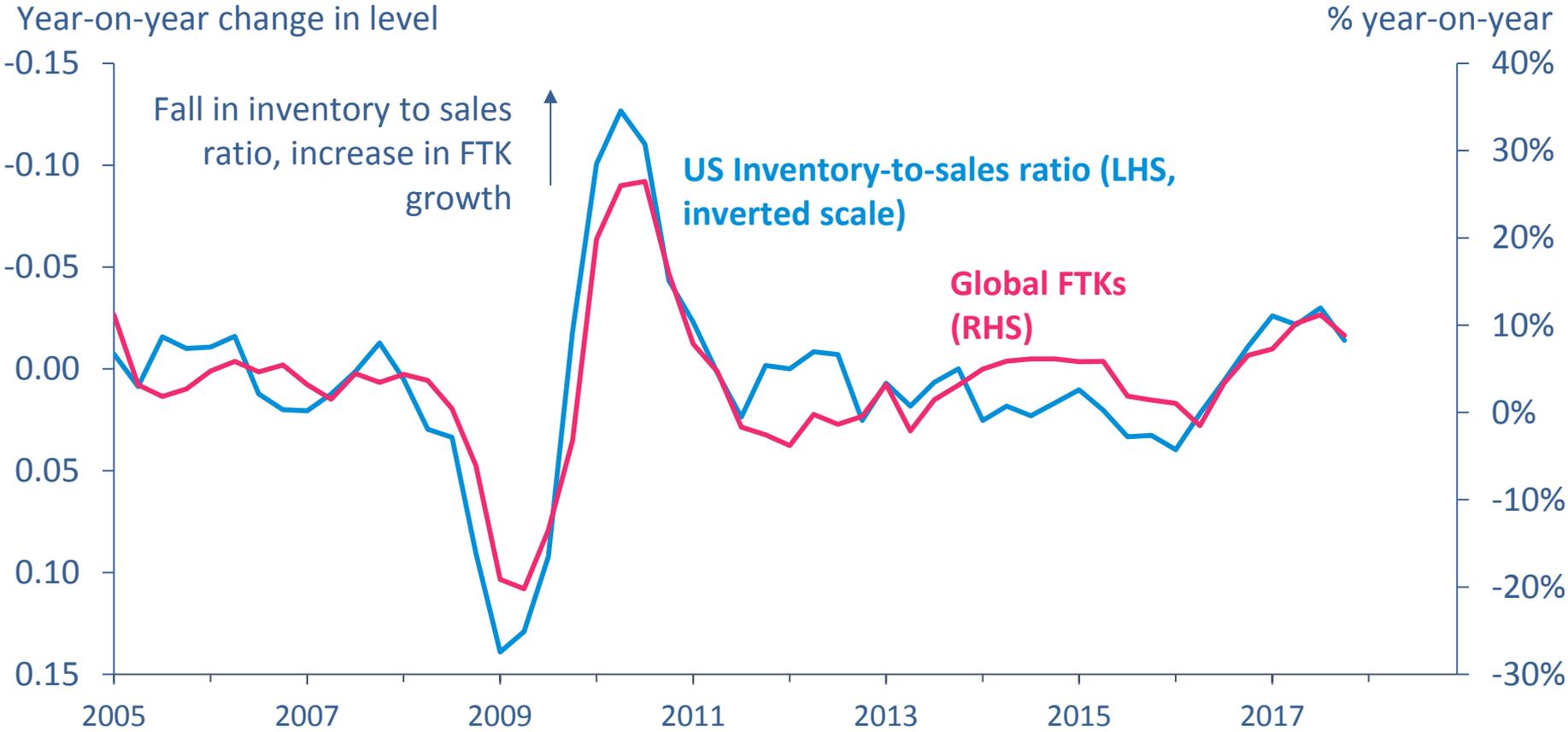
# Strong GDP growth extends this air travel cycle further

## Worldwide RPK growth and GDP growth



Source: IATA Economics using data from ICAO, IMF World Economic Outlook, IATA forecasts

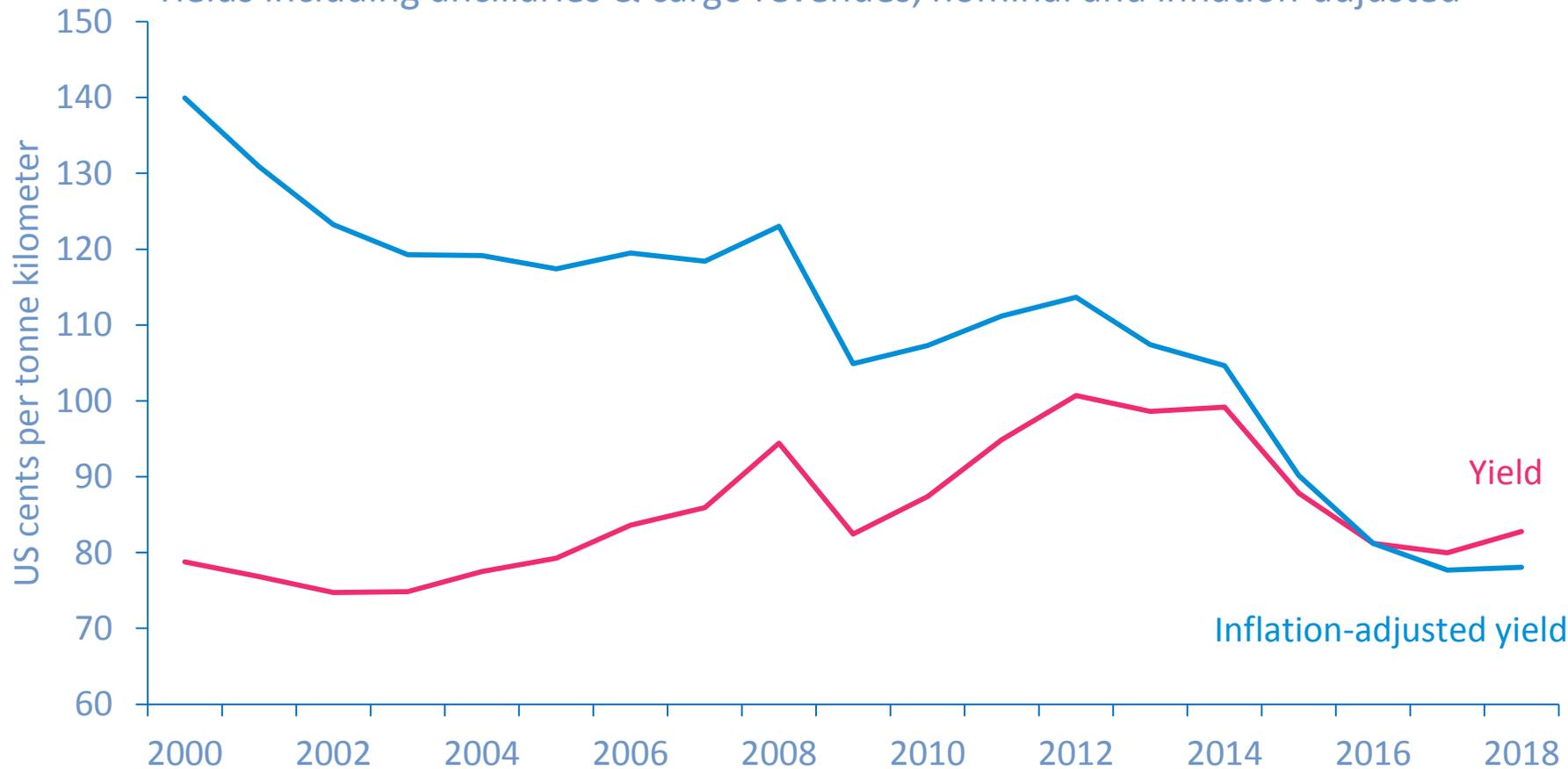
# A strong re-stocking cycle has boosted air cargo



Source: IATA Economics using data from IATA Statistics and Datastream

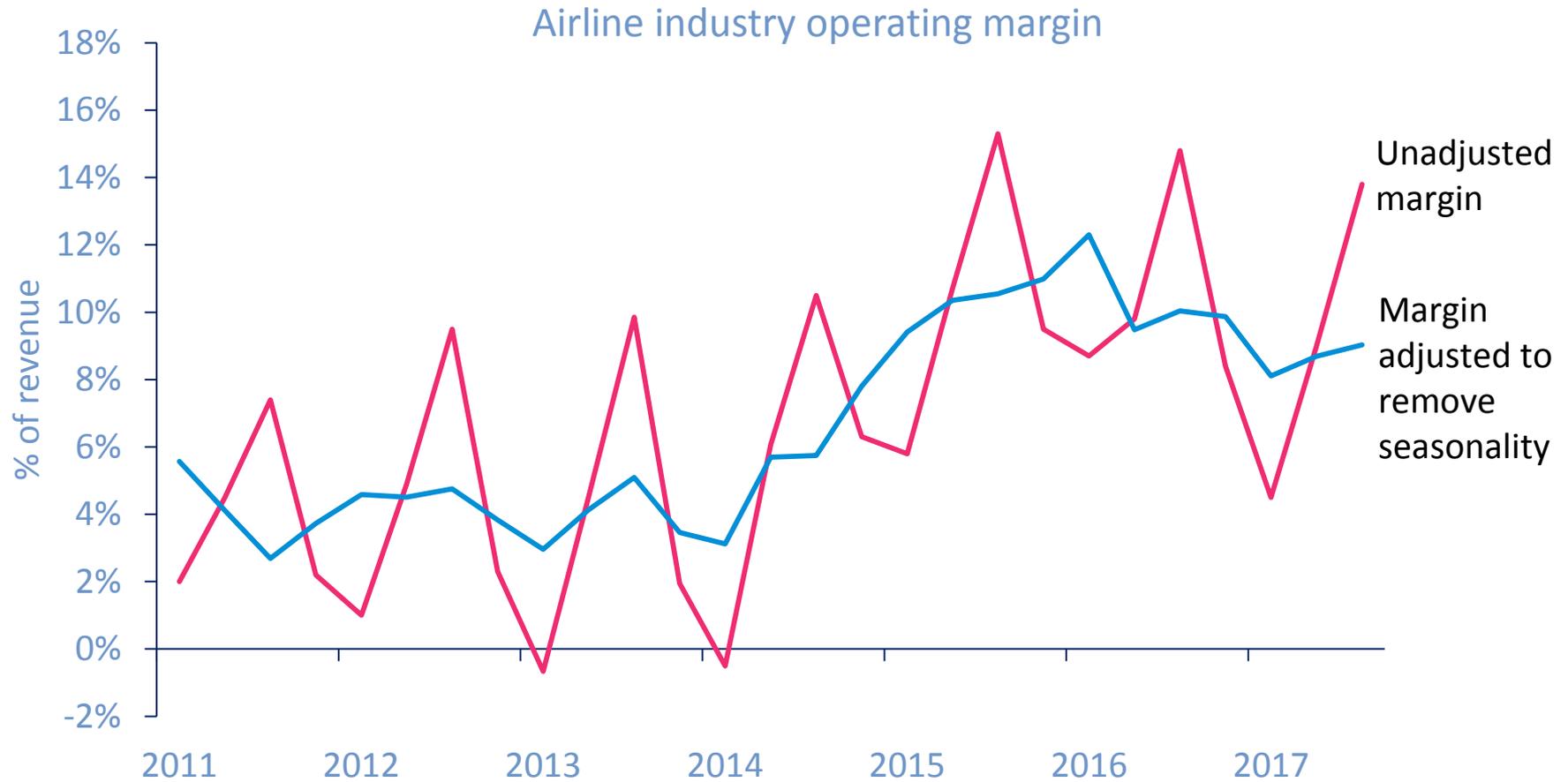
# Fares and yields rising in 2018, but flat in real terms

Yields including ancillaries & cargo revenues, nominal and inflation-adjusted



Source: IATA Economics using data from ICAO, PaxIS+, Datastream, IATA forecasts

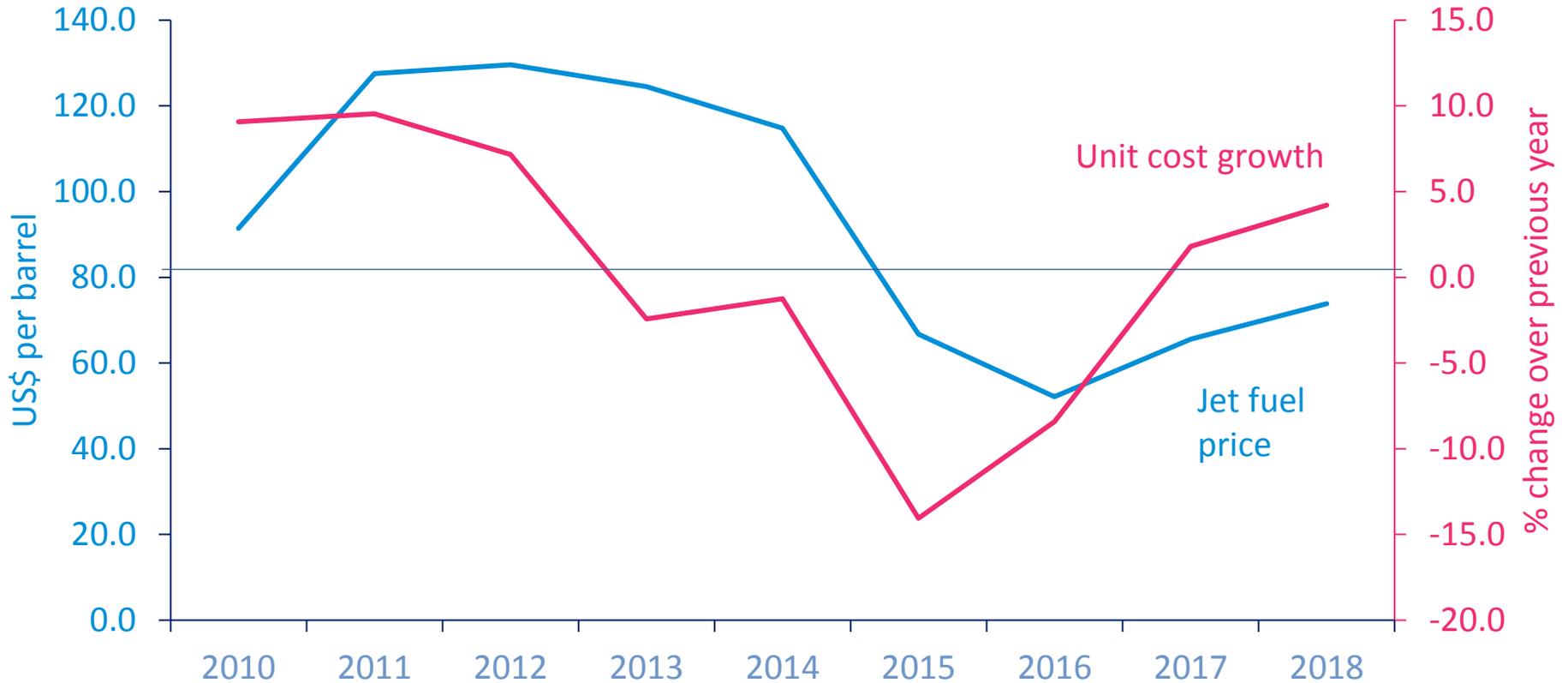
# Industry profitability still high and now stabilizing



Source: IATA Economics using data from The Airline Analyst and airline releases

# Rising costs are the biggest challenge

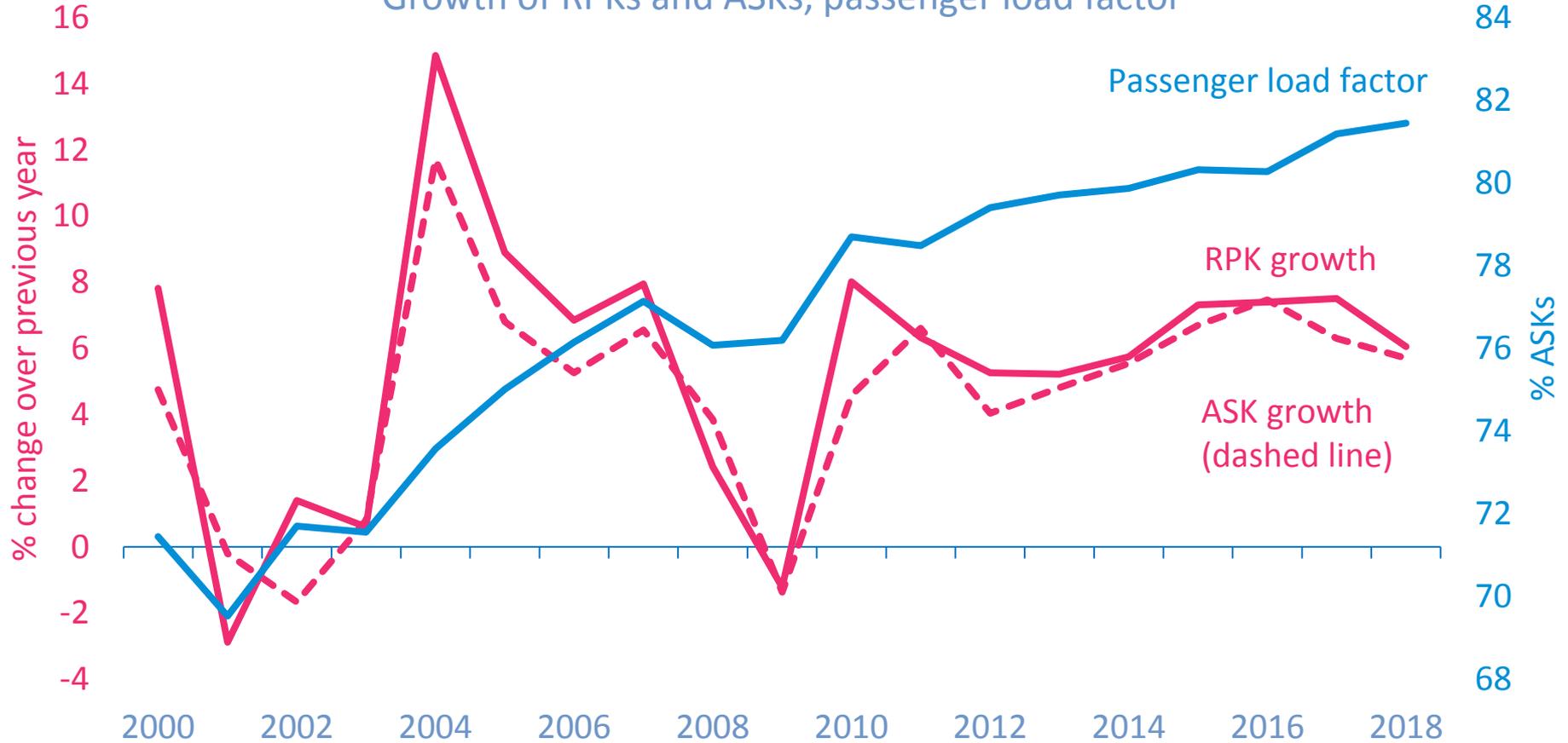
## Jet fuel price and growth in unit costs



Source: IATA Economics using data from The Airline Analyst, Platts, IATA forecasts

# Announced capacity growth slowing in 2018

Growth of RPKs and ASKs, passenger load factor



Source: IATA Economics using data from IATA statistics, IATA forecasts

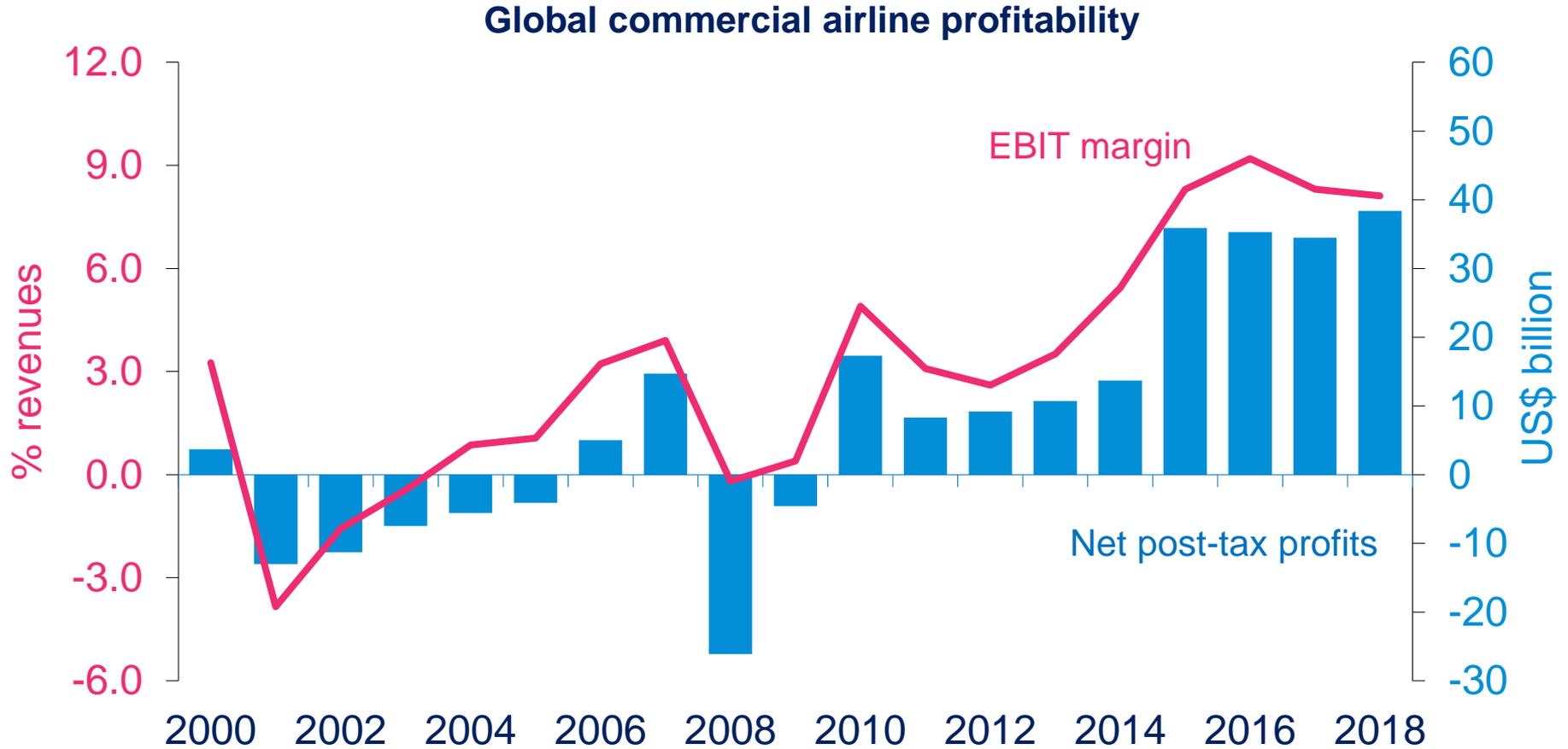
# Load factor gap above breakeven being sustained

Breakeven and achieved weight load factors



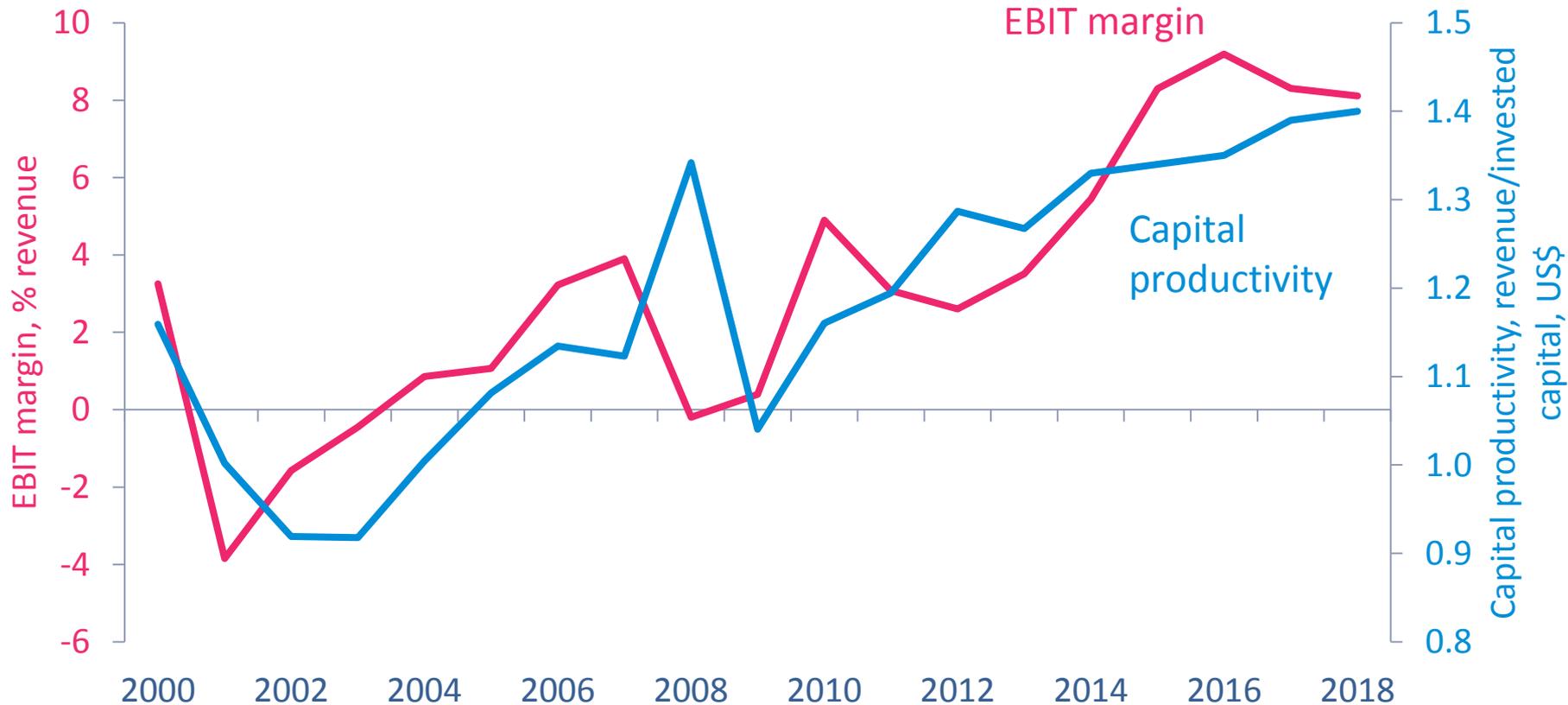
Source: IATA Economics using data from ICAO, IATA Statistics, IATA forecasts

# A further year of solid profits forecast for 2018



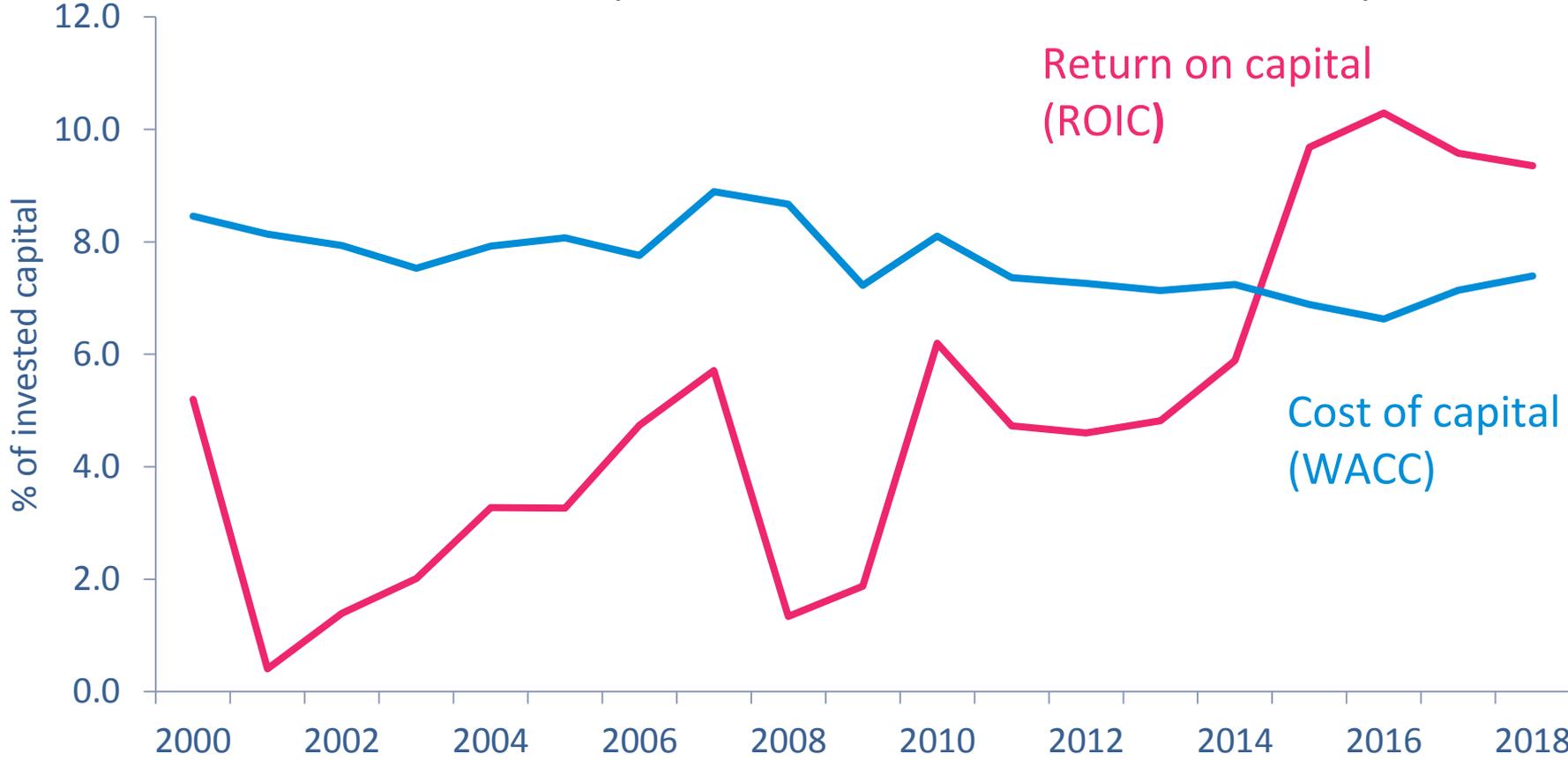
# Airlines sweating assets as well as improving margins

Components of return on capital



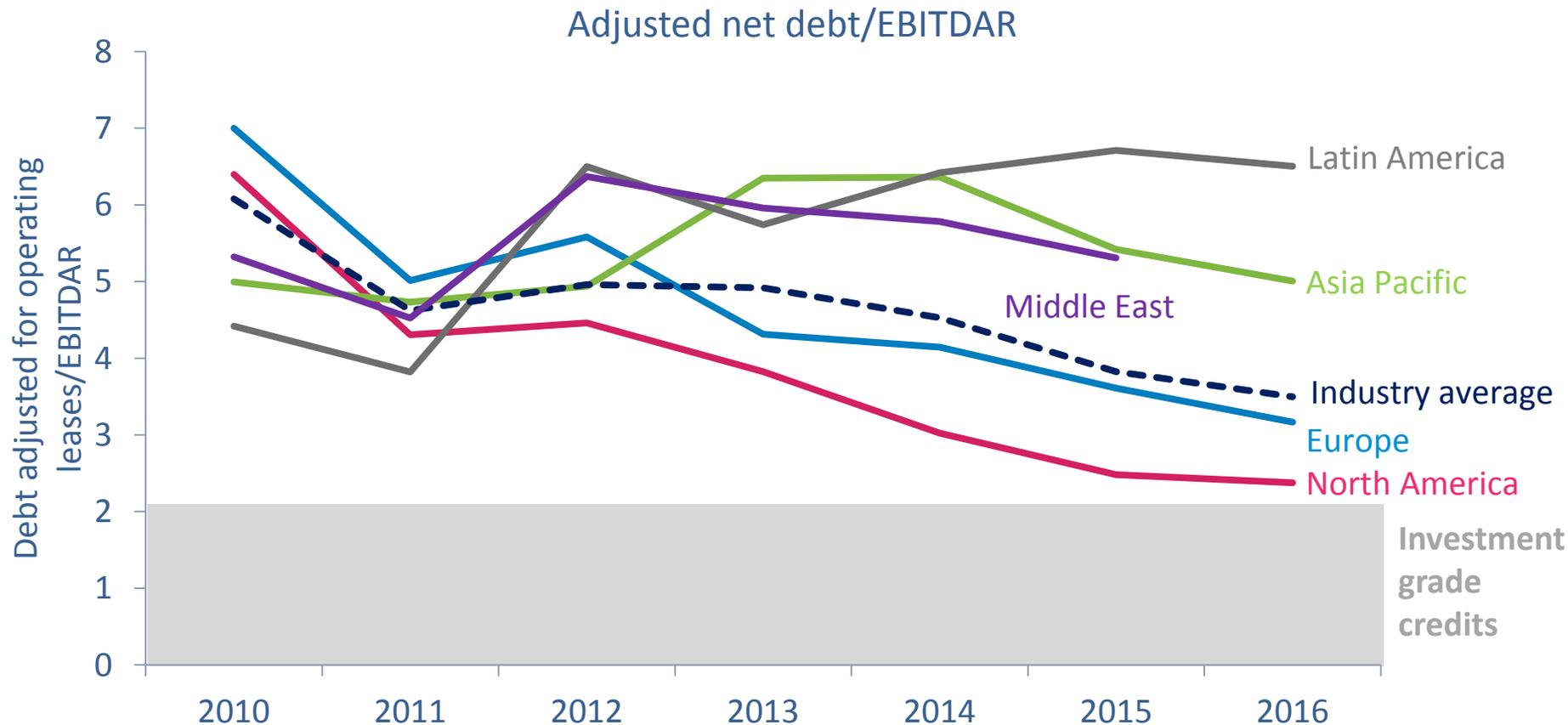
# Producing good returns for investors for a 4<sup>th</sup> year

Return on capital invested in airlines and their cost of capital



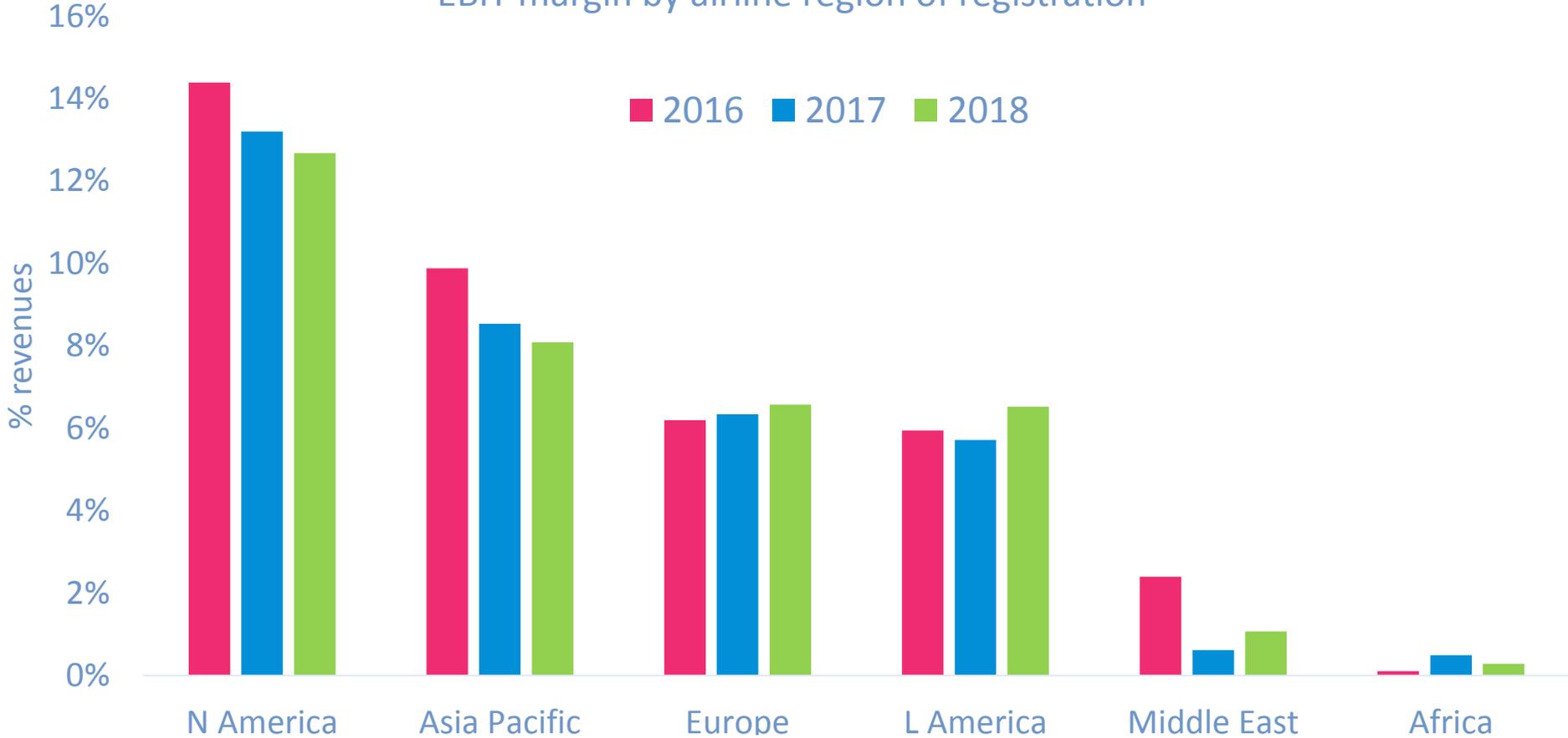
Source: IATA Economics using data from McKinsey, The Airlines Analyst, IATA forecasts

# Further improvements in balance sheets forecast



# Regional performance still differs but some convergence

EBIT margin by airline region of registration



Source: IATA Economics using data from ICAO, The Airline Analyst, IATA forecasts

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