

ECONOMIC PERFORMANCE OF THE AIRLINE INDUSTRY

Industry Forecast – June 2017

System-wide global commercial airlines	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016E	2017F
REVENUES, \$ billion	413	465	510	570	476	564	642	706	720	767	720	705	743
% change	9.1	12.6	9.6	11.7	-16.5	18.4	14.0	9.8	2.1	6.5	-6.1	-2.0	5.3
Passenger, \$ billion	323	365	399	444	374	445	512	531	539	541	511	501	527
Cargo, \$ billion	47.9	53.2	58.8	62.6	48.4	66.1	66.9	63.5	60.7	62.4	52.5	47.6	50.7
Traffic volumes													
Passenger growth, rpk, %	8.9	6.9	7.9	2.4	-1.2	8.0	6.3	5.3	5.2	5.7	7.3	7.4	7.4
Sched passenger numbers, millions	2,139	2,258	2,456	2,493	2,483	2,700	2,864	2,999	3,152	3,328	3,561	3,810	4,085
Cargo growth, ftk+mtk, %	2.3	6.7	4.7	-0.7	-8.8	19.4	0.4	-0.9	0.6	4.8	1.9	3.6	7.5
Freight tonnes, millions	40.8	43.4	45.4	45.1	41.1	49.1	49.3	48.8	49.5	51.5	52.2	54.3	58.2
World economic growth, %	3.5	4.0	4.0	1.5	-2.0	4.1	2.9	2.4	2.5	2.7	2.7	2.4	2.9
Passenger yield, %	1.0	6.4	1.7	8.3	-13.7	9.5	7.5	-1.4	-3.9	-5.5	-11.9	-8.8	-2.0
Cargo yield %	0.5	4.0	5.6	7.0	-15.2	14.4	0.8	-4.2	-4.9	-2.0	-17.4	-12.5	-1.0
EXPENSES, \$ billion	409	450	490	571	474	536	623	687	695	732	659	643	687
% change	8.9	10.1	8.8	16.5	-16.9	13.1	16.2	10.4	1.1	5.3	-9.9	-2.4	6.8
Fuel, \$ billion	91	127	146	203	134	151	191	228	231	224	175	133	129
% of expenses	22.2	28.4	29.8	35.6	28.3	28.3	30.7	33.2	33.2	30.7	26.5	20.6	18.8
Crude oil price, Brent, \$/b	54.5	65.1	73.0	99.0	62.0	79.4	111.2	111.8	108.8	99.9	53.9	44.6	54.0
Jet kerosene price, \$/b	71.0	81.9	90.0	126.7	71.1	91.4	127.5	129.6	124.5	114.8	66.7	52.1	64.0
Fuel consumption, billion gallons	68	69	71	70	66	70	72	73	74	77	81	85	89
CO2 emissions, million tonnes	650	657	674	667	633	664	683	694	711	734	773	814	853
Non-fuel, \$ billion	318	324	344	367	340	385	431	459	464	507	484	511	558
cents per atk (non-fuel unit cost)	37.7	36.5	36.4	37.9	36.6	39.9	42.2	43.6	42.6	44.0	39.6	39.3	40.5
% change	-3.4	-3.1	-0.3	4.0	-3.4	9.1	5.8	3.3	-2.5	3.5	-10.0	-0.9	3.0
Capacity growth, atk, %	6.1	5.0	6.6	2.7	-4.2	3.7	6.0	3.0	3.7	5.6	6.0	6.4	6.3
Flights, million	24.9	25.5	26.7	26.5	25.9	27.8	30.1	31.2	32.0	33.0	34.0	35.8	37.5
Break-even weight load factor, %	61.2	60.7	60.3	62.2	61.8	63.5	64.1	64.7	64.5	63.9	61.2	61.0	62.7
Weight load factor achieved, %	61.8	62.7	62.7	62.1	62.0	66.8	66.1	66.4	66.8	67.0	66.9	66.9	67.8
Passenger load factor achieved, %	75.0	76.1	77.1	76.1	76.2	78.7	78.5	79.4	79.7	79.9	80.3	80.3	80.6
OPERATING PROFIT, \$ billion	4.4	15.0	19.9	-1.1	1.9	27.6	19.8	18.4	25.3	35.1	61.1	62.1	55.7
% margin	1.1	3.2	3.9	-0.2	0.4	4.9	3.1	2.6	3.5	4.6	8.5	8.8	7.5
NET PROFIT, \$ billion	-4.1	5.0	14.7	-26.1	-4.6	17.3	8.3	9.2	10.7	13.7	35.9	34.8	31.4
% margin	-1.0	1.1	2.9	-4.6	-1.0	3.1	1.3	1.3	1.5	1.8	5.0	4.9	4.2
per departing passenger, \$	-1.9	2.2	6.0	-10.5	-1.9	6.4	2.9	3.1	3.4	4.1	10.1	9.1	7.7
RETURN ON INVESTED CAPITAL, %	3.3	4.7	5.7	1.3	1.9	6.2	4.7	4.6	4.8	5.9	9.9	9.9	8.8

Data sources: Historic data to 2014 from ICAO, except fuel detail and global passenger and freight. 2017 forecasts by IATA and estimates for some 2014, 2015 & 2016 items. IATA Economic Industry Performance (IATA Economics)

Note: Bankruptcy reorganization and large non-cash costs are excluded.

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Financial Results

System-wide global commercial airlines	EBIT margin, % revenues							Net profit, \$ billion						
	2011	2012	2013	2014	2015	2016	2017 F	2011	2012	2013	2014	2015	2016	2017 F
Global	3.1%	2.6%	3.5%	4.6%	8.5%	8.8%	7.5%	8.3	9.2	10.7	13.7	35.9	34.8	31.4
Regions														
North America	3.0%	3.4%	6.8%	11.0%	14.8%	13.2%	11.6%	1.7	2.3	7.4	11.1	21.7	16.5	15.4
Europe	0.8%	0.7%	2.0%	2.0%	5.4%	6.1%	5.2%	0.3	0.4	1.0	1.9	7.4	8.6	7.4
Asia-Pacific	6.6%	4.7%	2.9%	2.0%	8.0%	10.0%	8.3%	5.0	5.8	2.3	0.3	7.3	8.1	7.4
Middle East	3.1%	3.0%	0.9%	2.4%	3.6%	2.0%	0.8%	1.0	1.0	0.3	1.1	2.1	1.1	0.4
Latin America	2.0%	1.5%	2.2%	2.1%	1.5%	4.2%	4.7%	0.2	-0.2	0.2	0.0	-1.6	0.6	0.8
Africa	0.6%	-0.4%	-0.5%	-2.4%	-4.3%	2.0%	1.7%	0.0	-0.1	-0.5	-0.8	-1.0	-0.1	-0.1

Data sources: ICAO revised data 2010-15. IATA estimates for regions in 2011-16. IATA forecast for 2017.

Note: Bankruptcy reorganization and large non-cash costs are excluded.

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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 F	2011	2012	2013	2014	2015	2016	2017 F
Global	6.3	5.3	5.2	5.7	7.3	7.4	7.4	6.6	4.0	4.8	5.5	6.7	7.5	7.0
Regions														
North America	2.9	1.0	2.3	2.7	5.3	4.2	4.0	2.8	0.0	2.0	2.5	5.0	4.6	4.4
Europe	8.4	4.6	3.9	5.7	6.0	5.4	7.0	8.9	2.6	2.7	5.1	4.8	5.7	6.9
Asia-Pacific	6.6	6.1	7.2	6.9	10.1	10.9	10.4	7.0	5.3	7.1	7.4	8.4	9.9	8.8
Middle East	10.0	14.7	11.6	12.1	10.4	11.3	7.0	9.8	12.0	12.3	10.9	12.9	13.1	6.9
Latin America	11.3	9.4	6.3	7.0	7.6	4.5	7.5	9.3	7.3	4.5	4.7	6.9	3.4	6.7
Africa	1.6	7.5	4.6	0.3	0.0	9.4	7.5	3.2	6.3	4.0	2.5	-0.2	8.2	7.9

Data sources: IATA. Domestic and international traffic. IATA Economic Industry Performance (IATA Economics)

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