

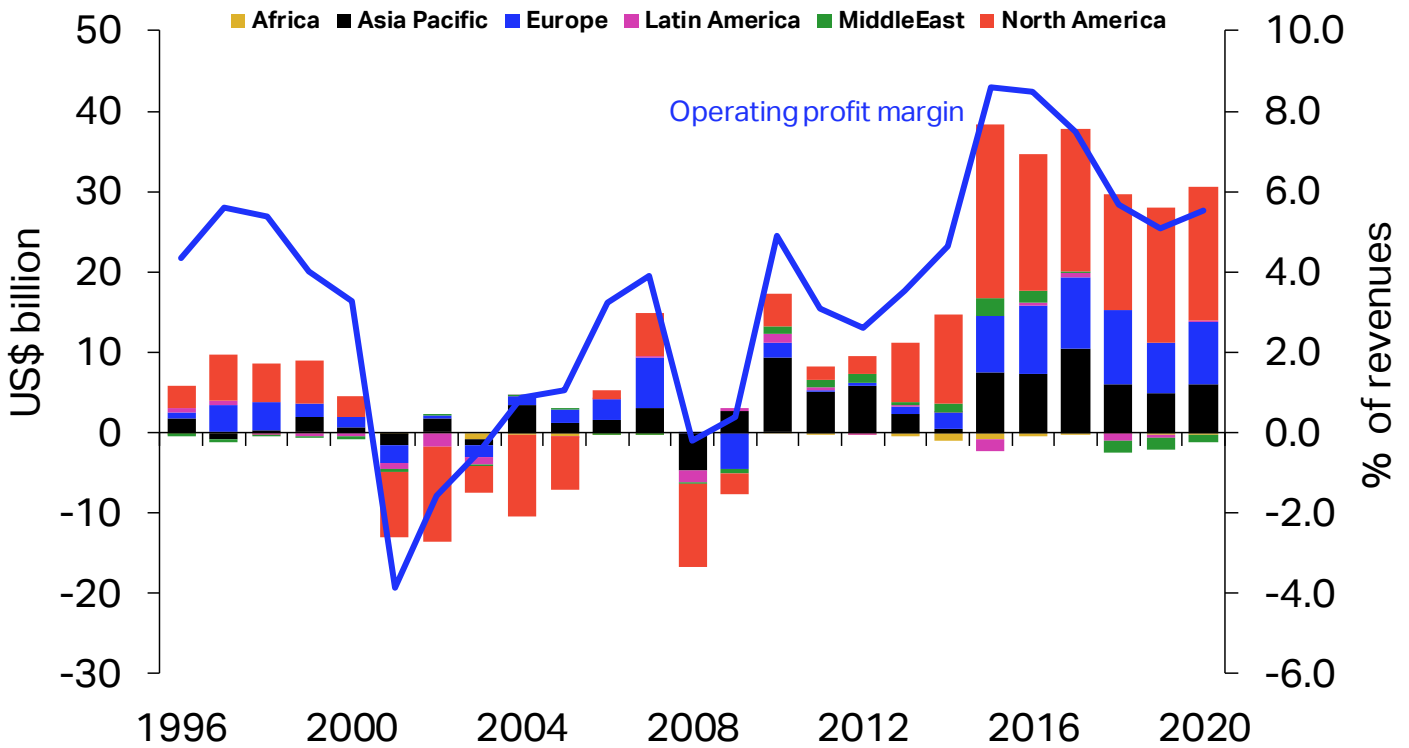


# IATA Economics' Chart of the Week

17 January 2020

## Diverse regional financial performance extends into 2020

Global commercial airline net profits and operating margin



Source: IATA Economics

- In our latest [Airline Industry Economic Performance](#) update, we forecast a small rise in net post-tax profits to \$29.3 billion and operating margin of 5.5% in 2020 on the back of improved economic growth and muted oil prices. However, this improvement in industry-wide profitability is not reflected in the performance of every region.
- North America is expected to continue to lead the way on financial performance. However, its share of industry profit is forecast to dip to 56% as accelerated capacity growth puts pressure on yields. On the other hand, more moderate capacity expansion plans for European airlines should support an improved net profit outcome this year.
- Asia-Pacific airlines, which bore the brunt of the trade tensions in 2019, are also expected to see their financial prospects improve this year. This forecast lift in profitability comes with the help of a modest recovery in world trade, based on our assumption that a trade war 'truce' is able to be maintained; the so-called 'phase 1' agreement between China and the US is consistent with that view.
- The outlooks for Latin America, Africa and the Middle East regions are a little brighter for 2020 than 2019, but the challenging business environment is likely to continue. The industry in Latin America is expected to turn from loss to small profit this year, benefiting from the stronger economic outlook in some major economies in the region. Airlines in the Middle East are expected to post a loss for a third consecutive year albeit smaller than previous, with the ongoing industry restructuring. Similarly, Africa is forecast to deliver a loss this year as structural issues such as high costs and limited connectivity continue.
- This divergence in financial performance means that despite the expected stabilization in both industry-wide profit and margin, vulnerabilities remain at the regional level.

Terms and Conditions for the use of this IATA Economics Report and its contents can be found here: [www.iata.org/economics-terms](http://www.iata.org/economics-terms)  
 By using this IATA Economics Report and its contents in any manner, you agree that the IATA Economics Report Terms and Conditions apply to you and agree to abide by them. If you do not accept these Terms and Conditions, do not use this report.

IATA Economics  
[economics@iata.org](mailto:economics@iata.org)