Airline industry outlook 2019

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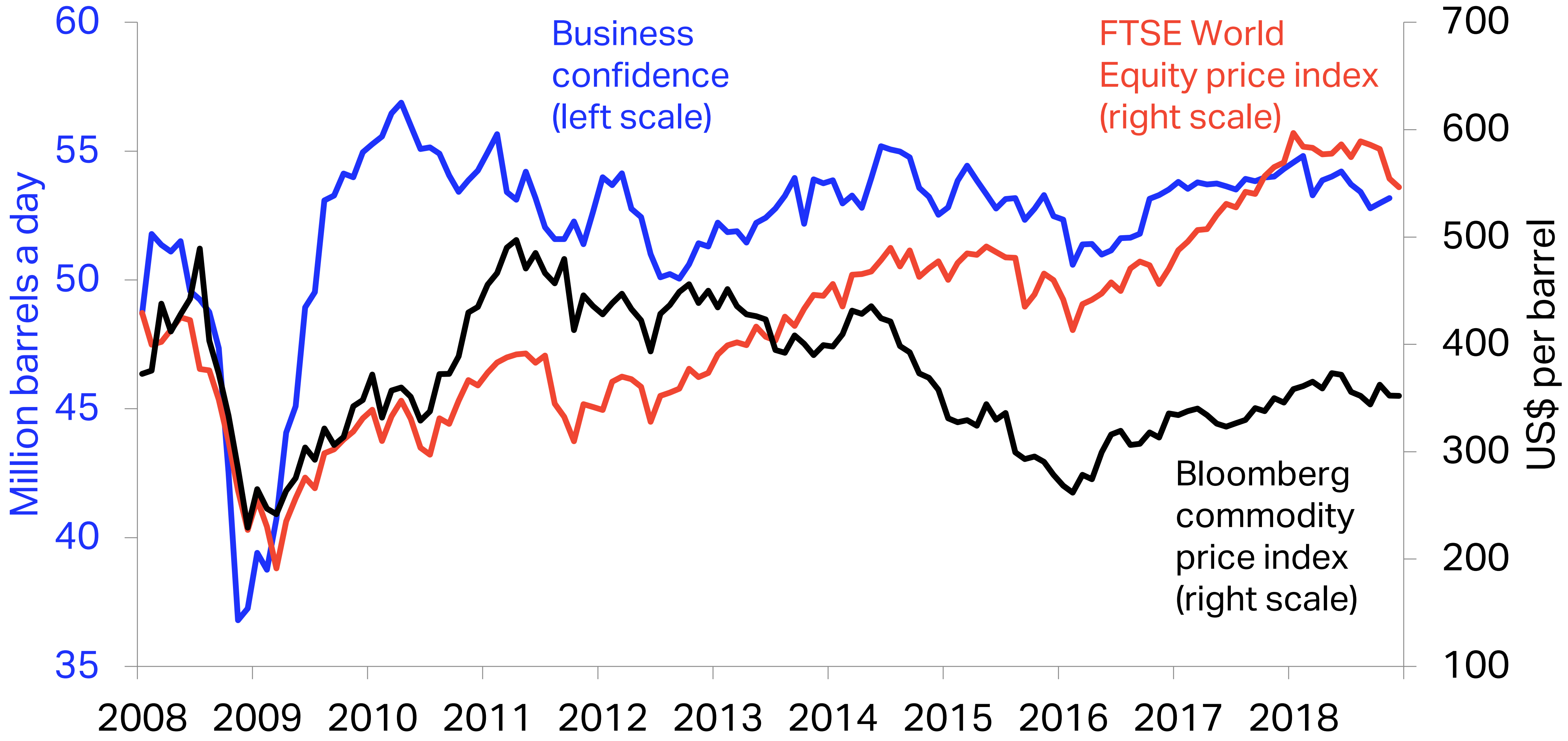
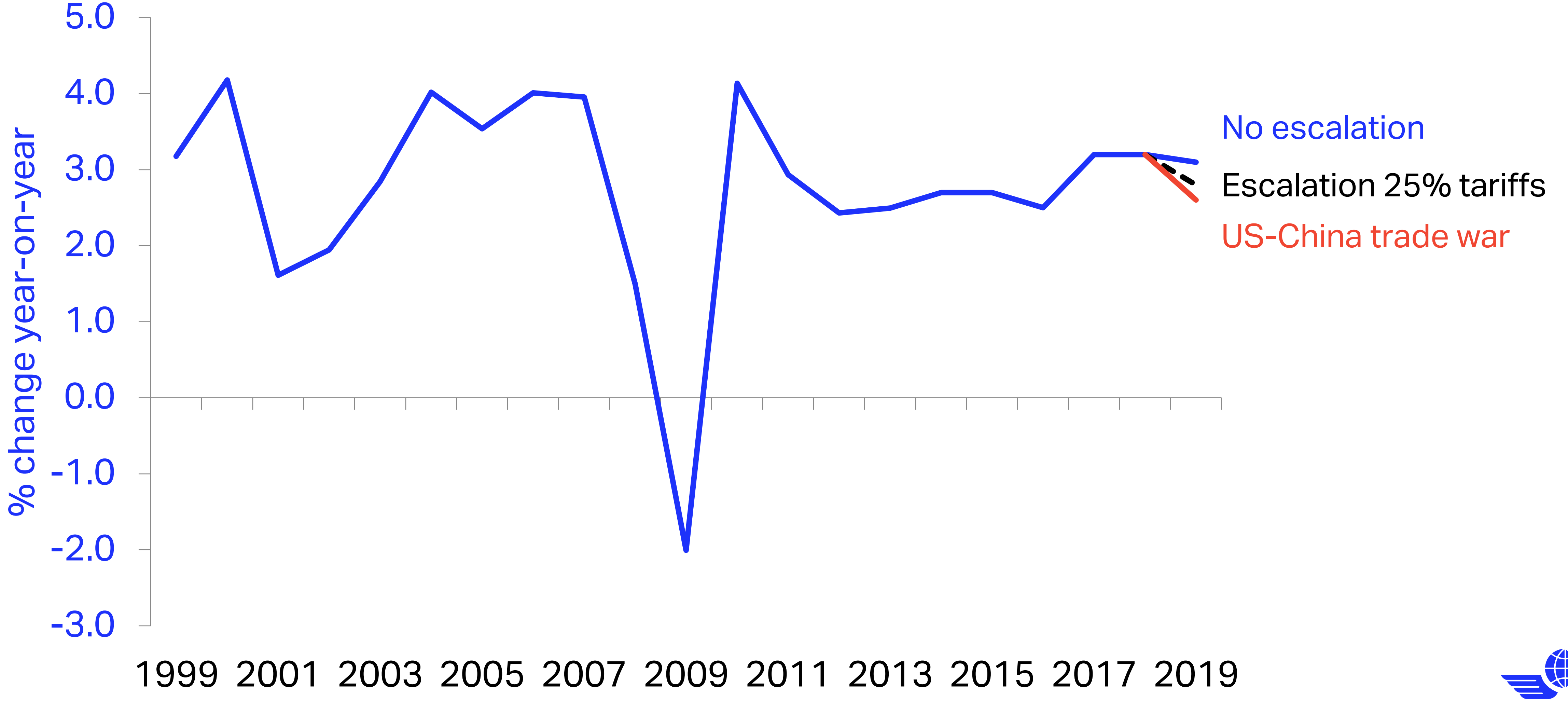
Are the markets signalling recession ahead?



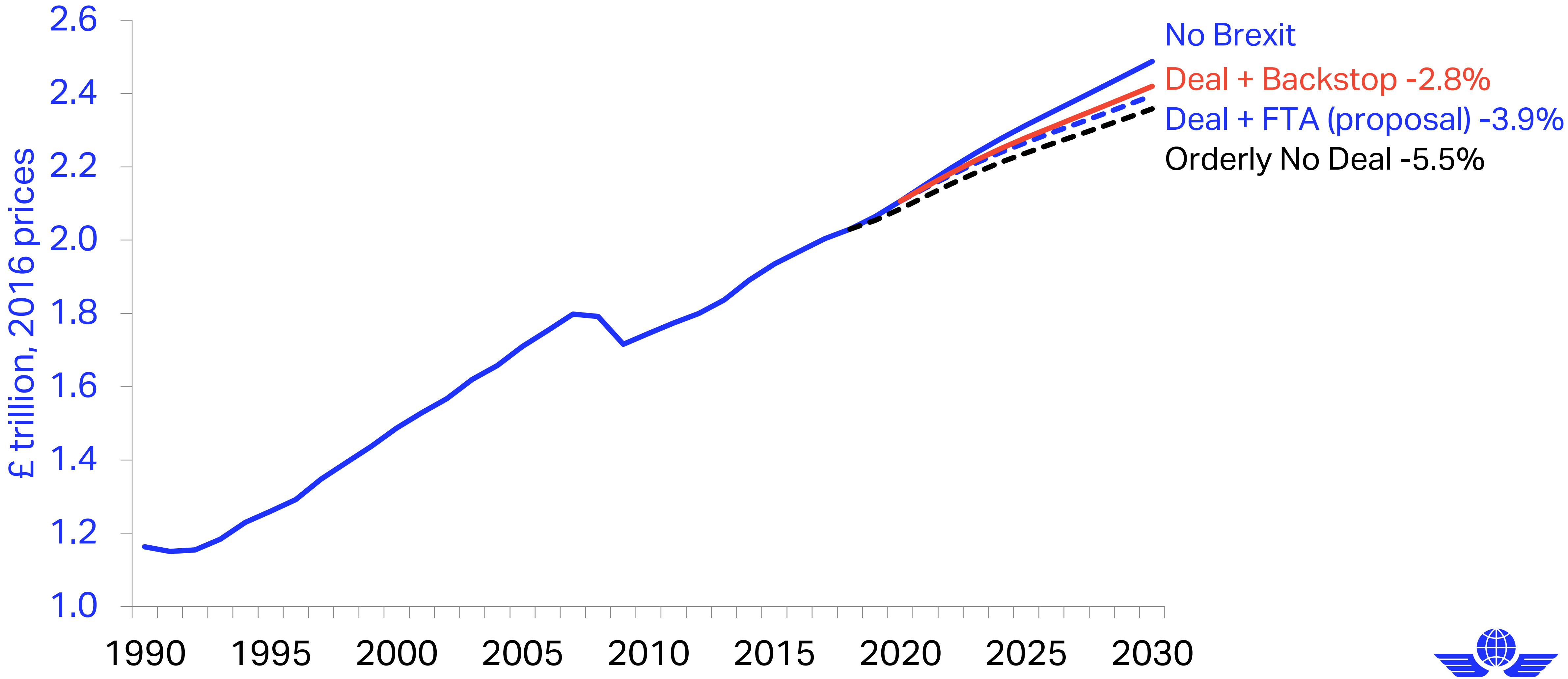
Source: Datastream, Markit

Trade wars damaging but not expansion stoppers



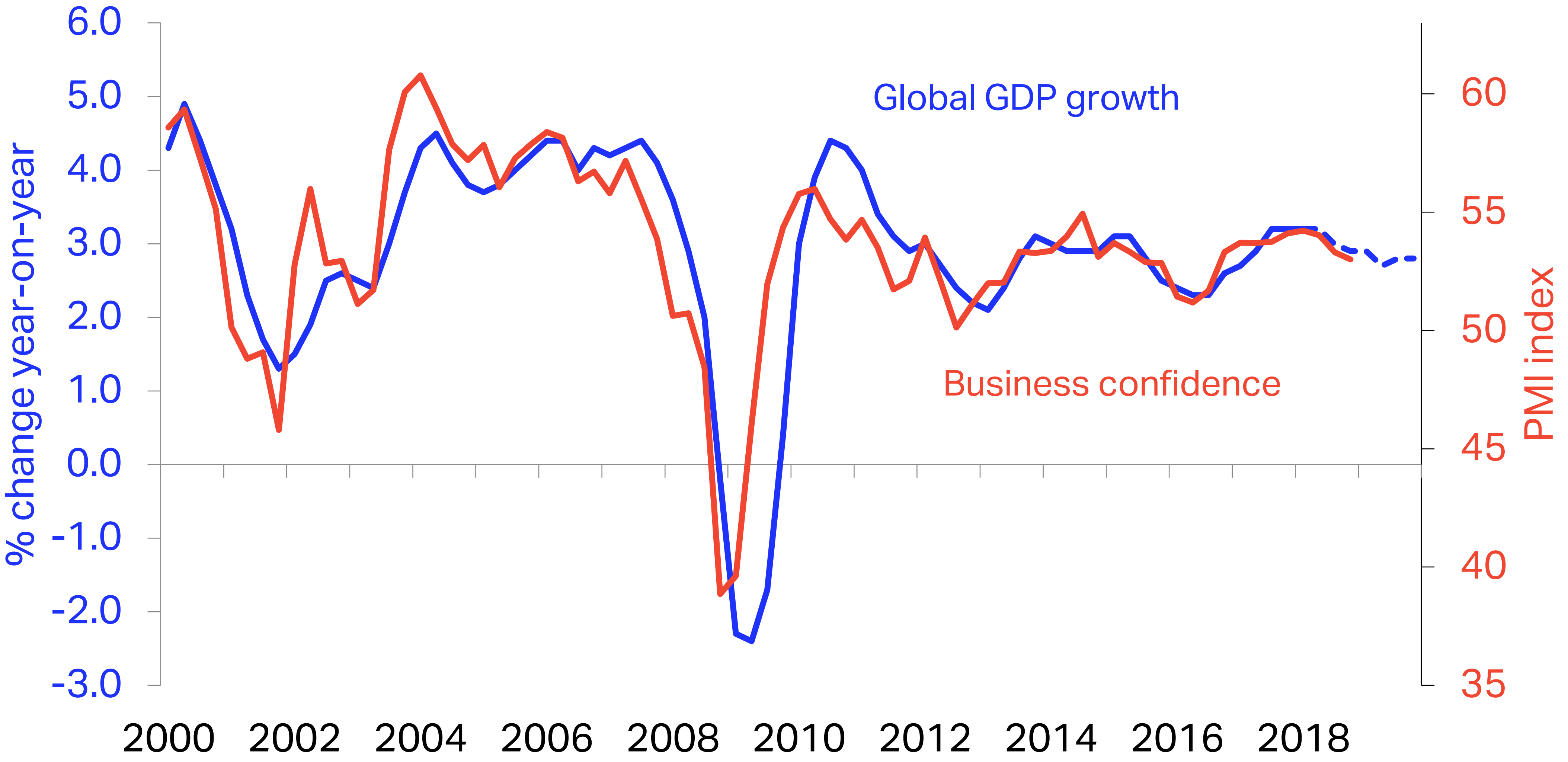
Source: IMF, Citi 'US-China Tariffs-Limbo on the Verge of Trade Wars' 3 December 2018

Brexit chaotic but slows rather than stops long-term



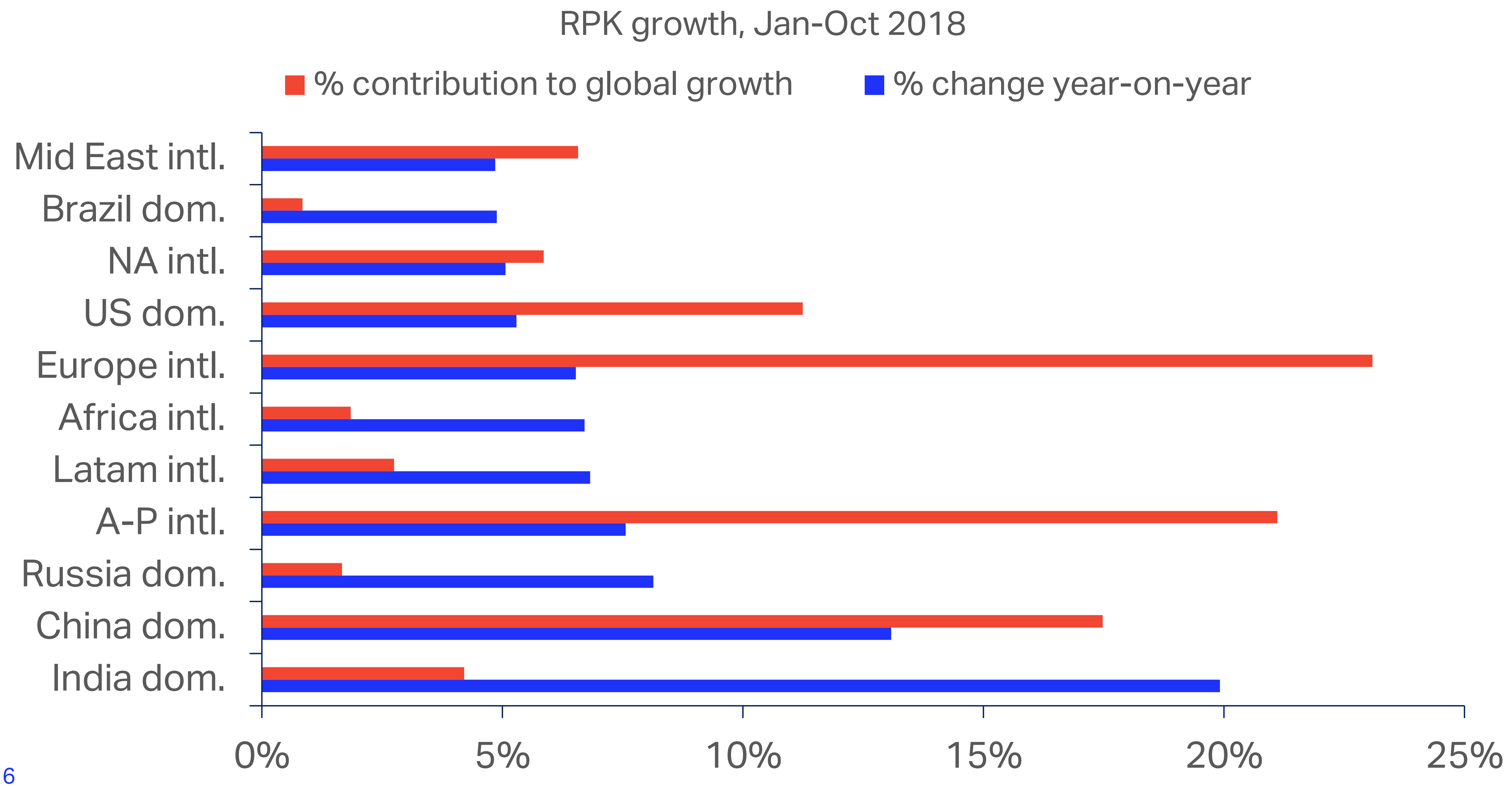
Source: Oxford Economics, NIESR Brexit Impacts Report 26th November 2018

Forecasters still expect economic growth in 2019



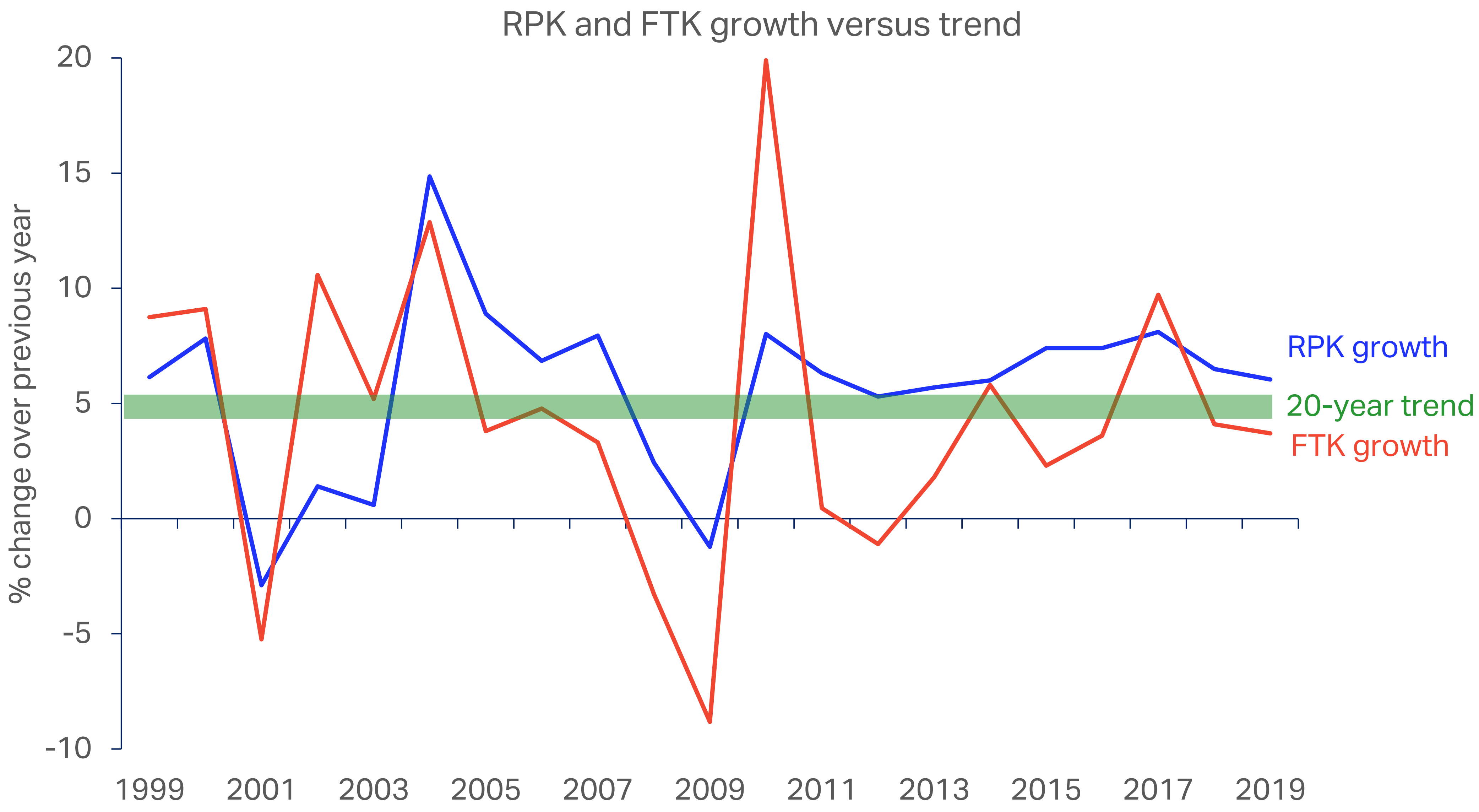
Source: Markit, IMF World Economic Outlook October 2018

Air travel has certainly got a lot of momentum



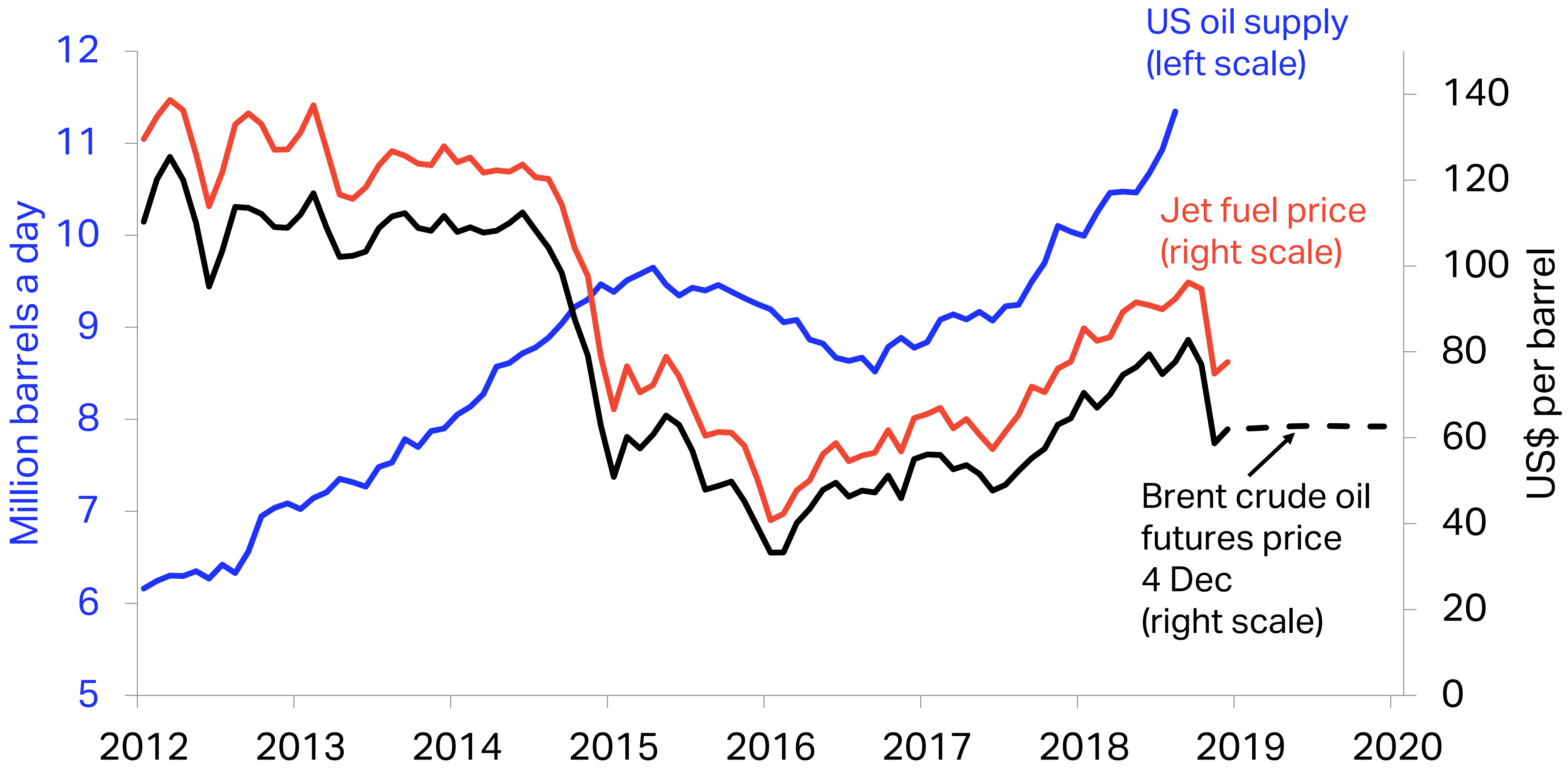
Source: IATA Statistics

Expect slower travel growth, but still above trend



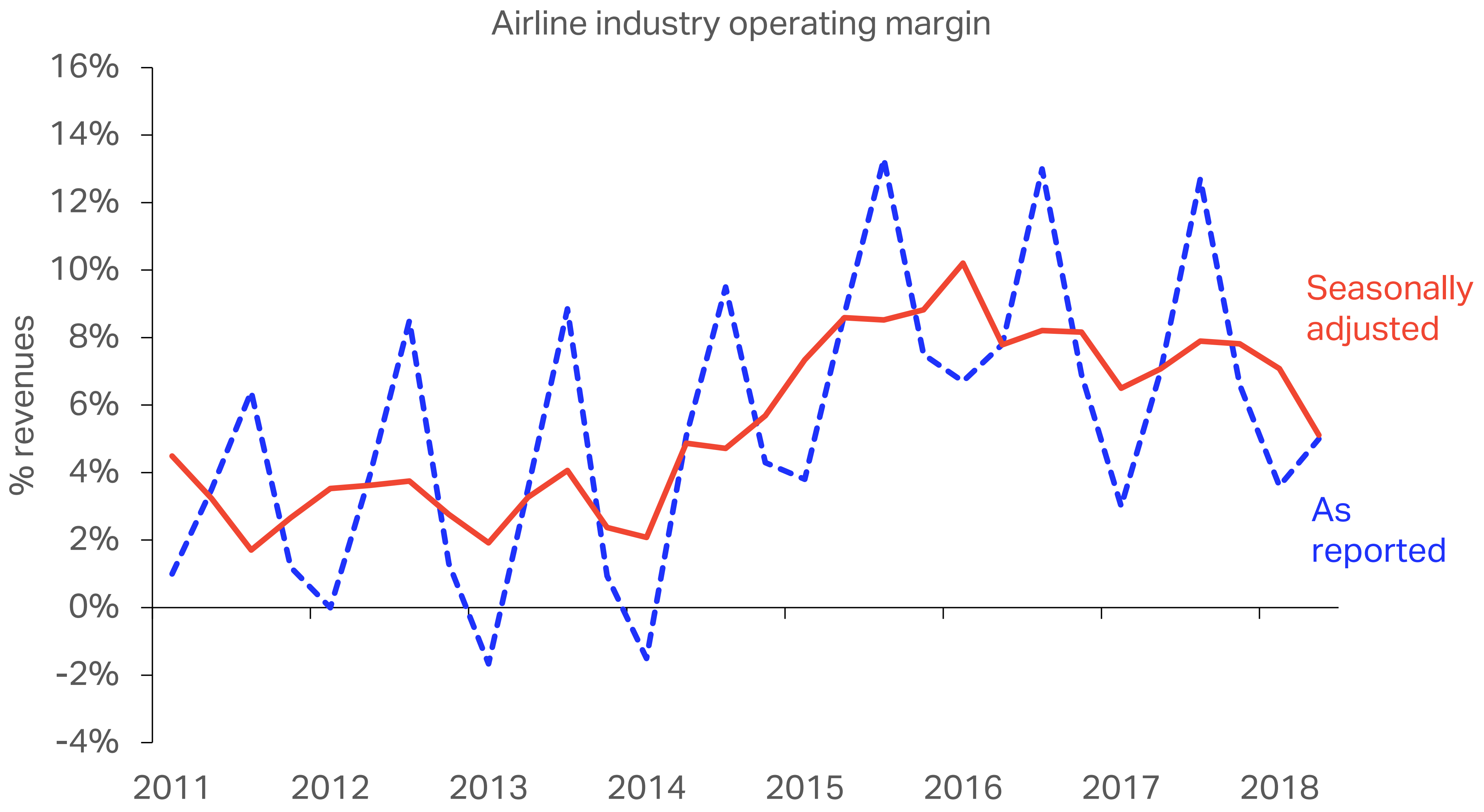
Source: IATA Statistics, IATAs own forecasts

Jet fuel price lower as market over-supplied



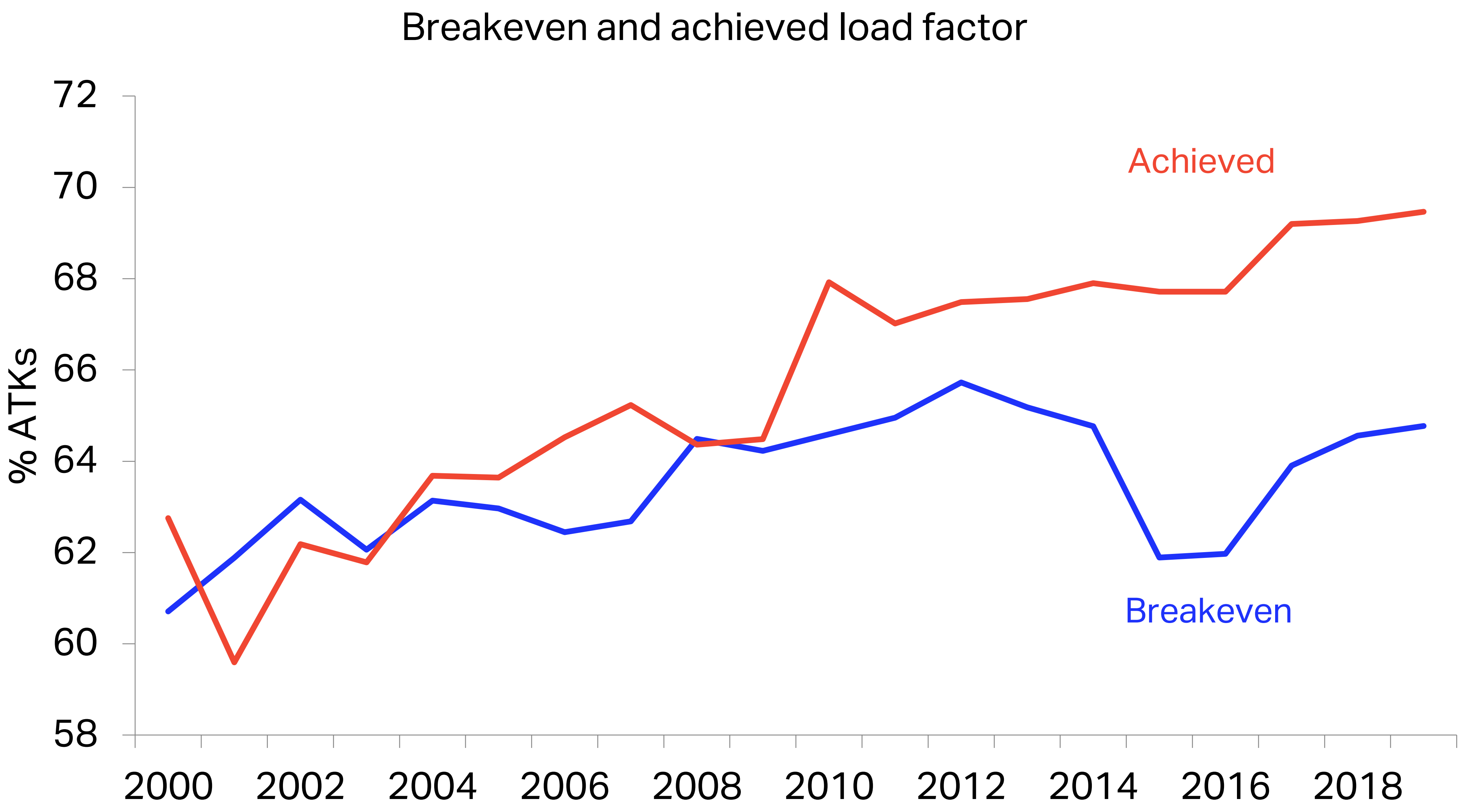
Source: Datastream, Platts

Relieving the downward pressure on margins



Source: IATA Economics using data from The Airline Analyst

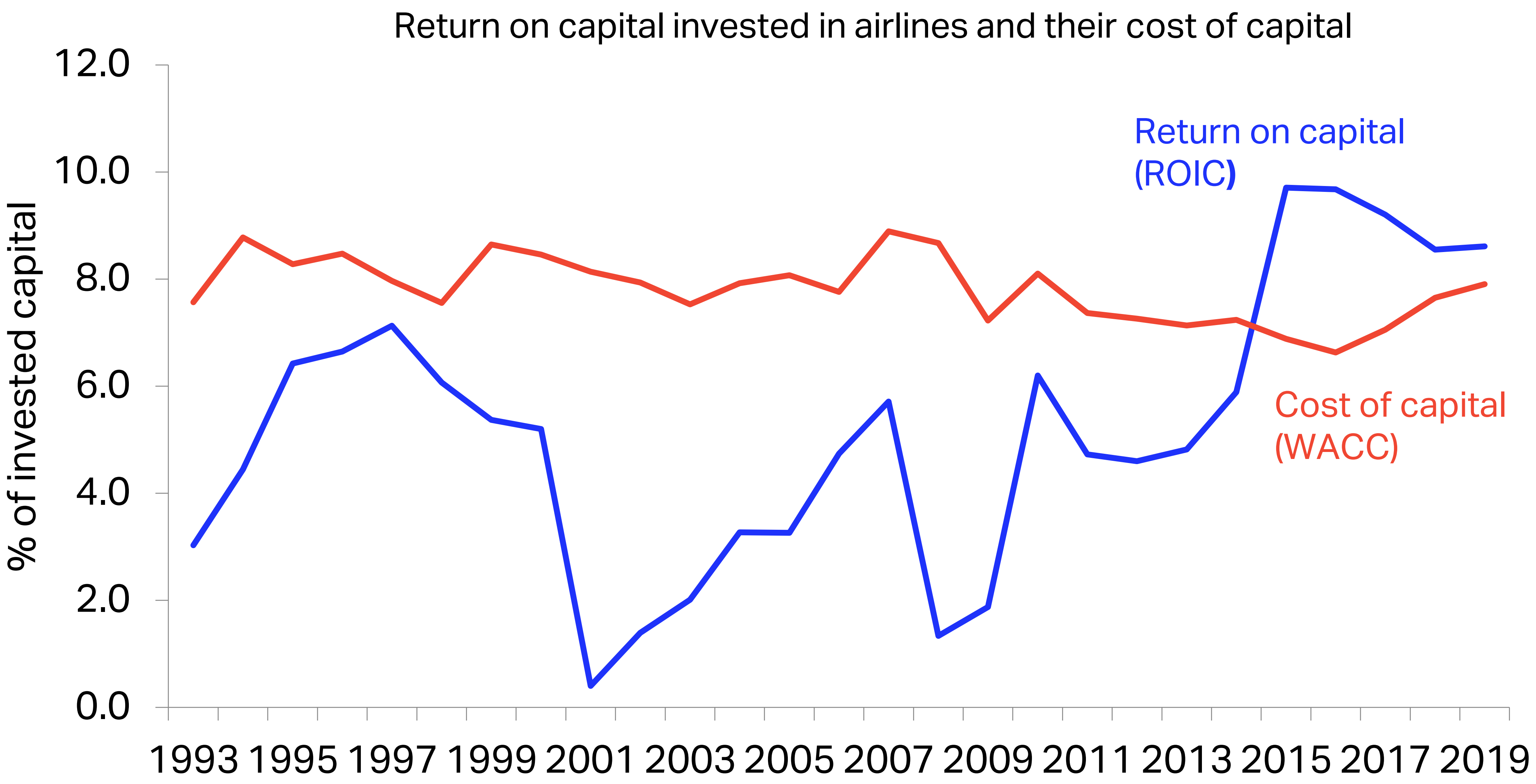
Breakeven stabilizing and asset utilization rising



Source: ICAO, IATA Statistics, IATA forecasts

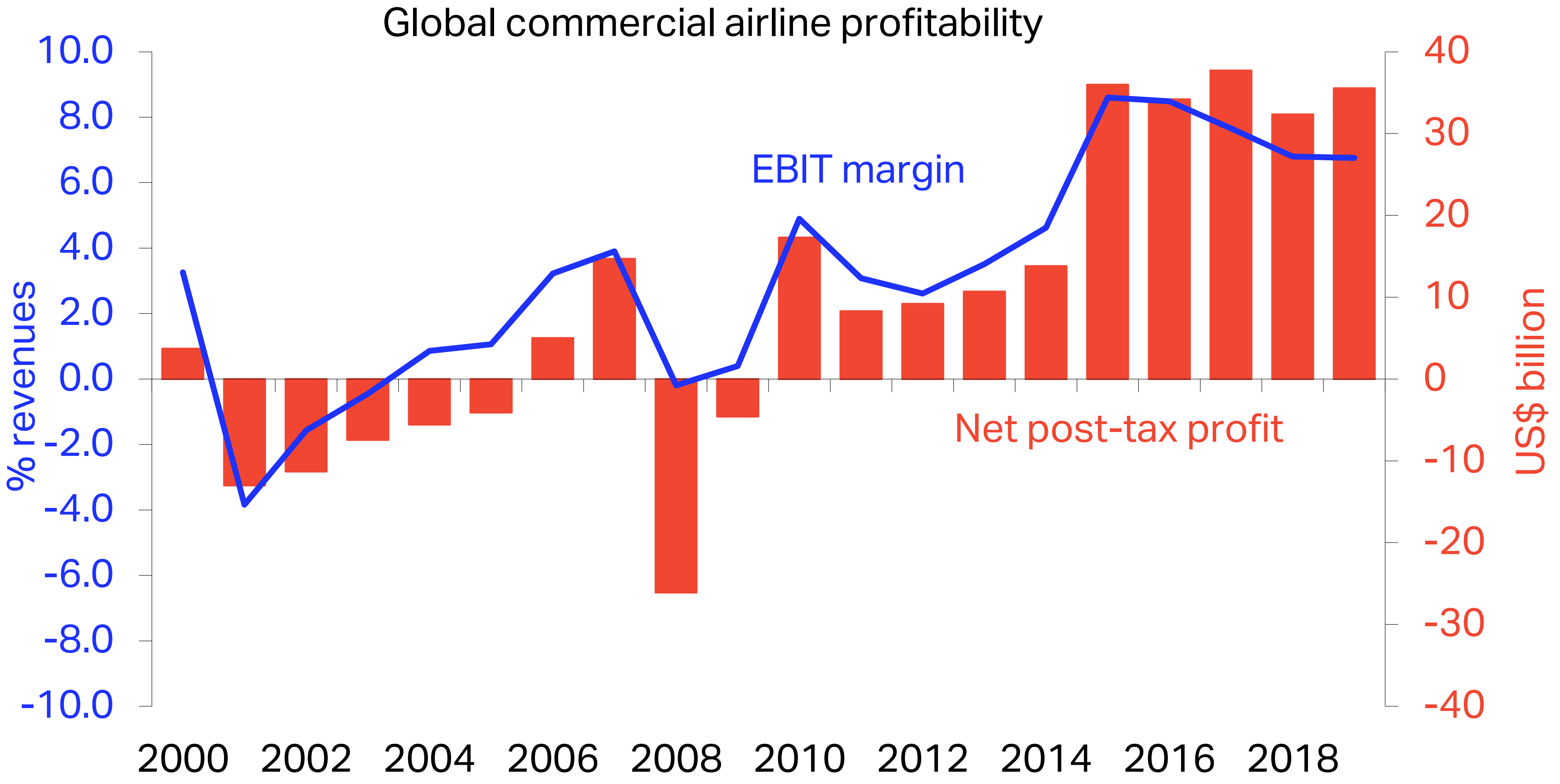
IATA

Airlines' return on capital should stabilize in 2019



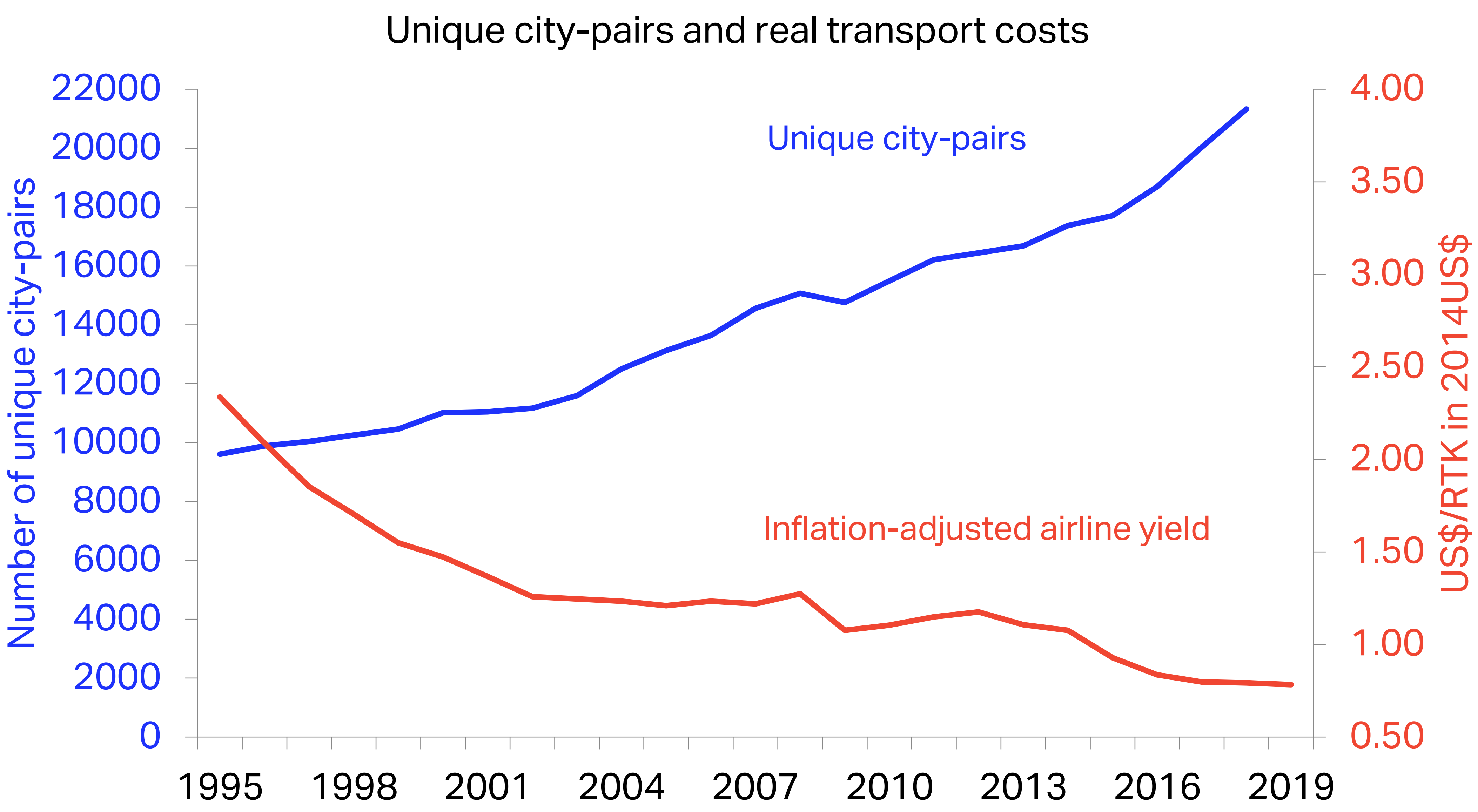
Source: McKinsey, The Airline Analyst, IATA forecasts

Stable margins and 10th consecutive year of profit



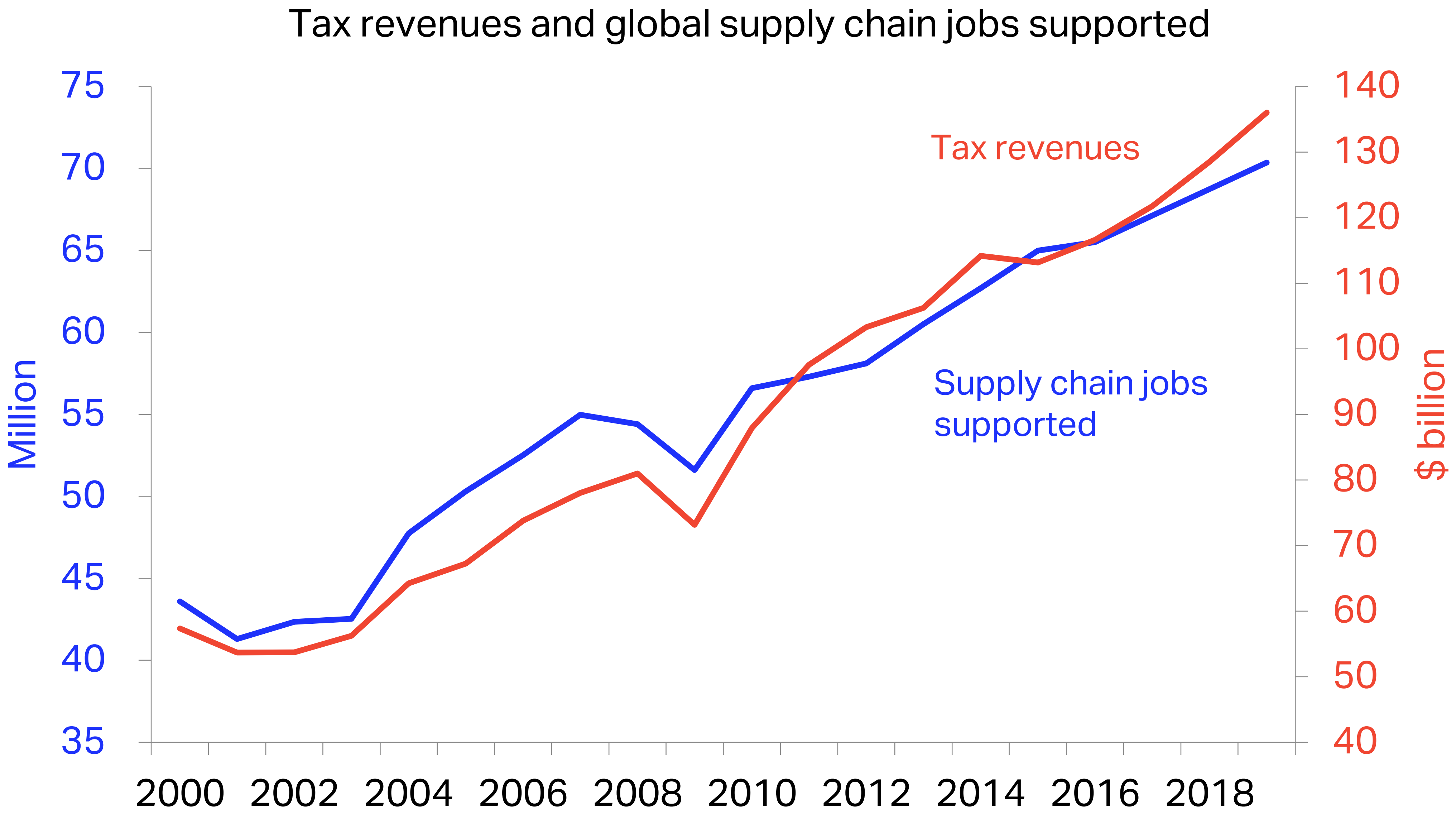
Source: ICAO, IATA Statistics, IATA forecasts

Increasing value for consumers and businesses



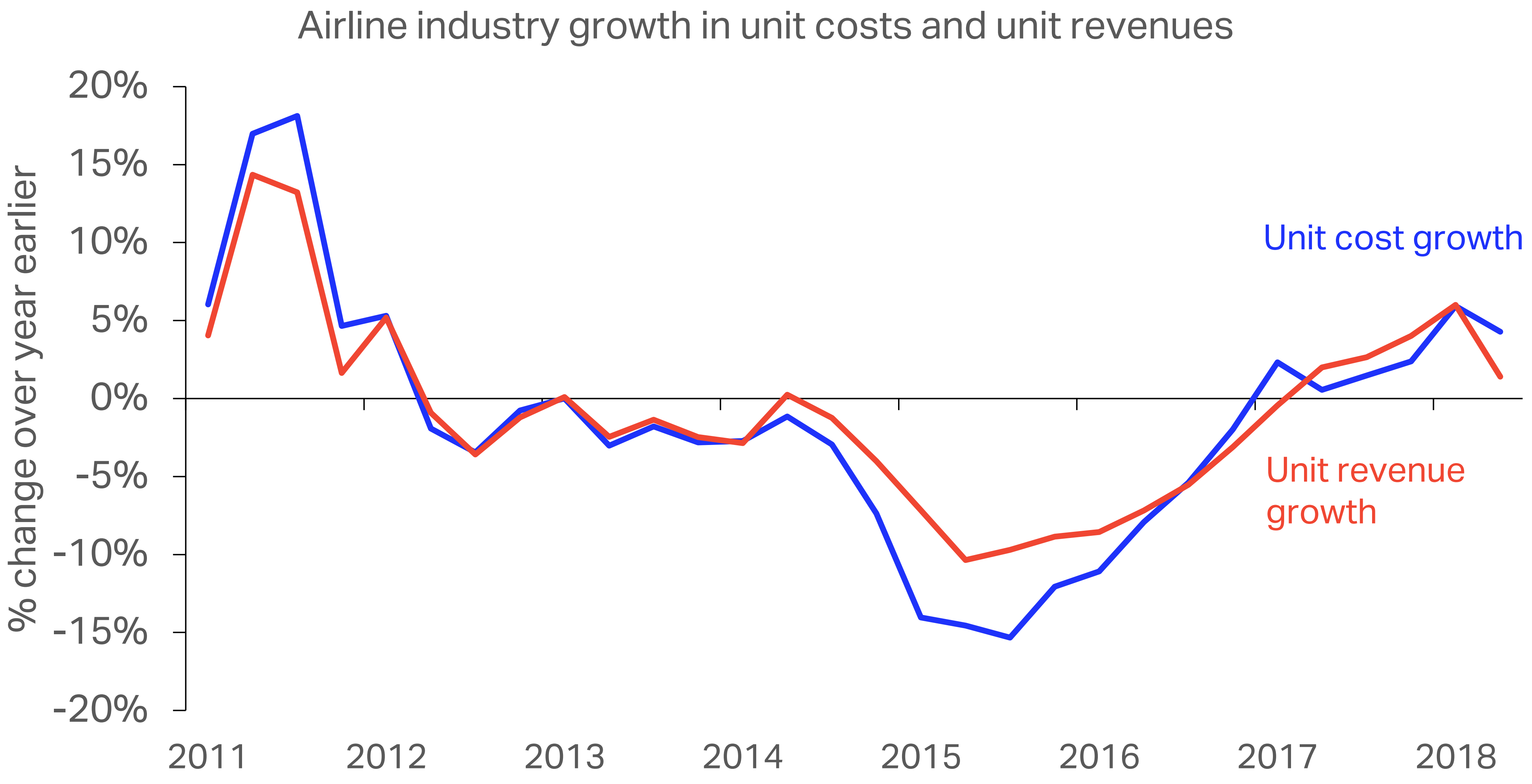
Source: SRS Analyser, ICAO, IATA Statistics, IATA forecasts

More revenues for governments and more jobs



Source: ATAG Benefits Beyond Borders 2018, Oxford Economics, IATA forecasts

However, rising non-fuel costs are a challenge



Source: The Airline Analyst

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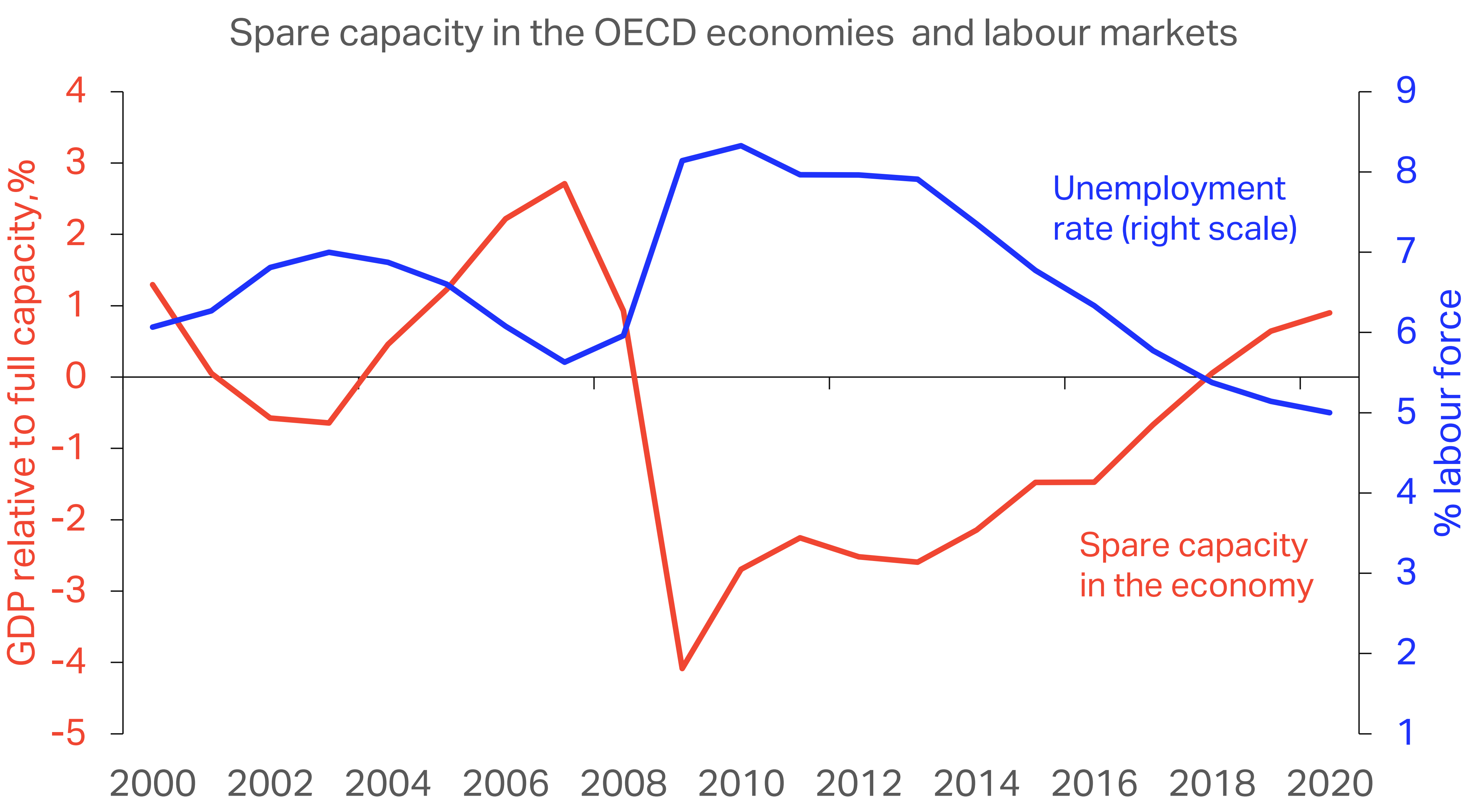
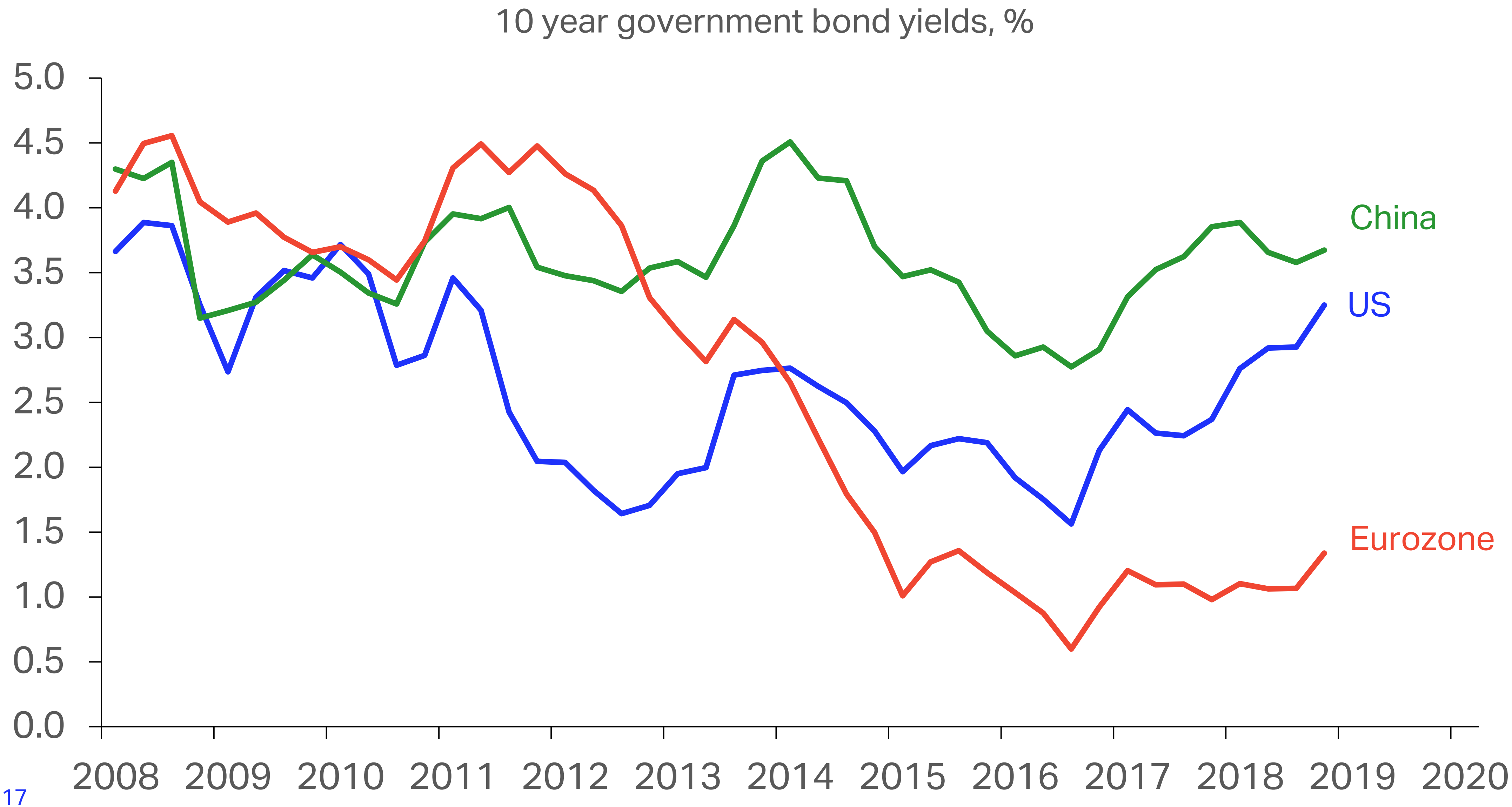
It will take a recession to stop cost pressures rising



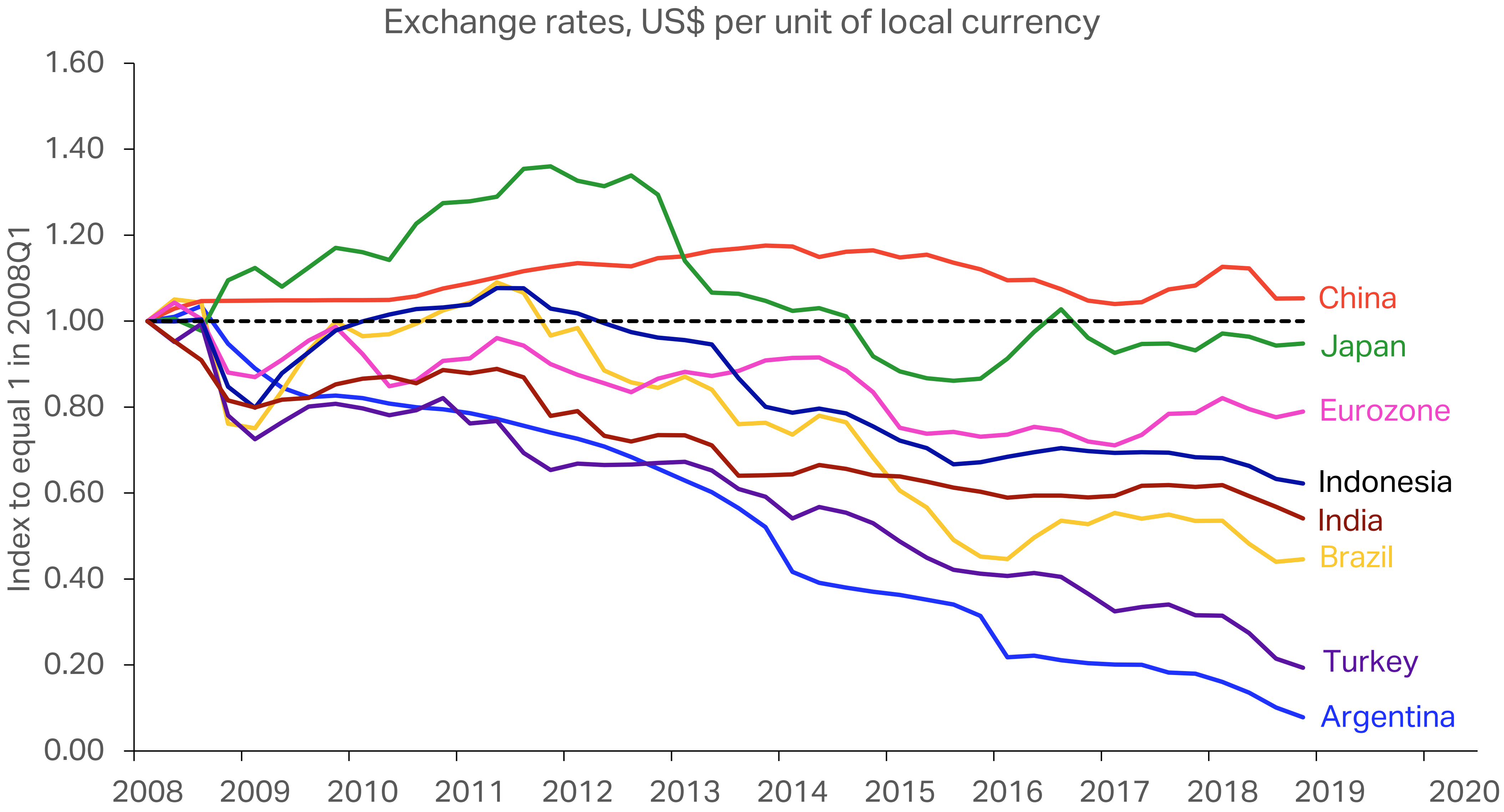
Source: OECD Economic Outlook October 2018

Interest rates will be pushed higher



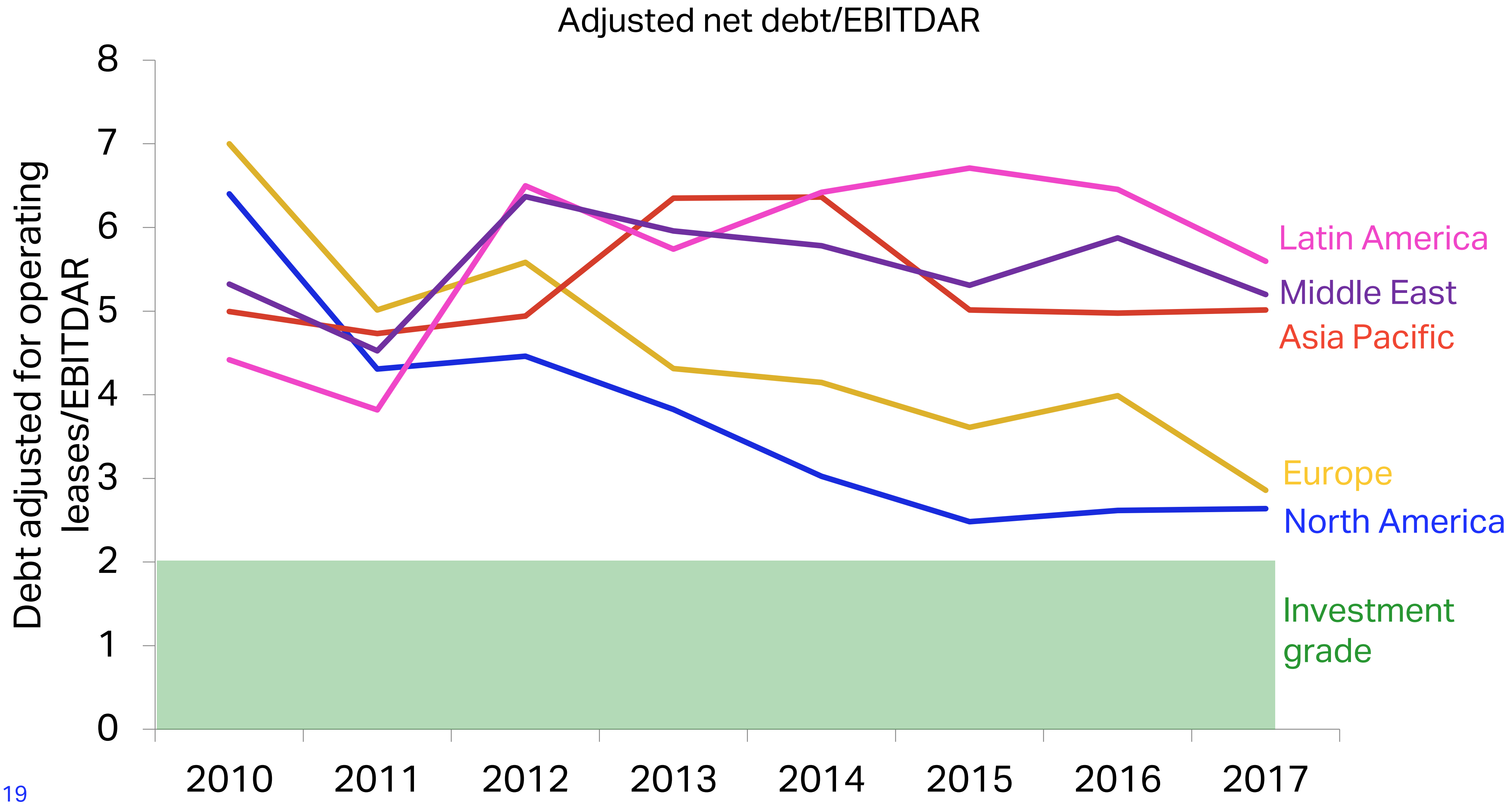
Source: Datastream

Problems from a strong US$ likely to continue



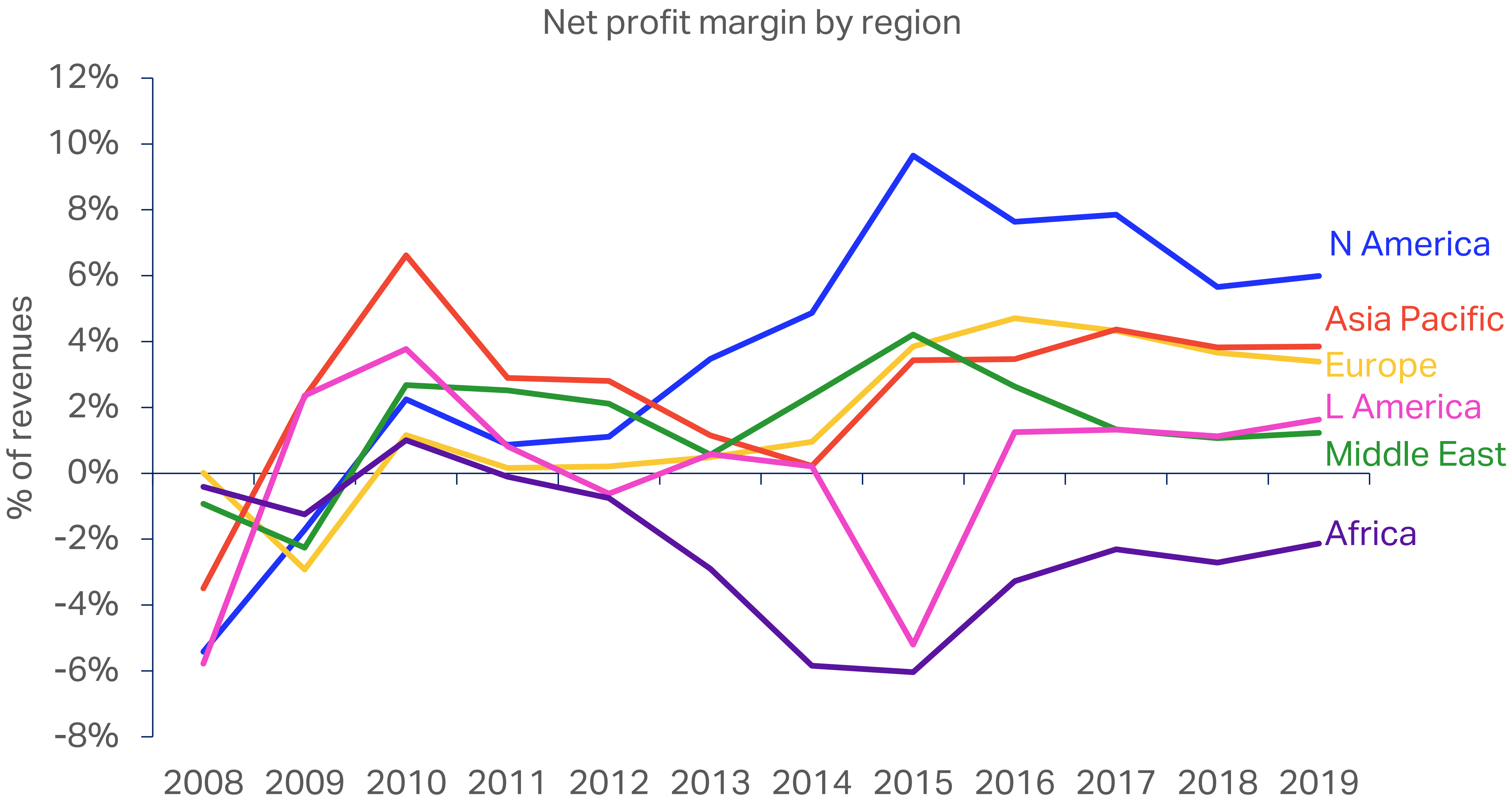
Source: Datastream

Debt remains an issue for airlines in some regions



Source: The Airline Analyst

Performance will continue to diverge by region



Source: ICAO, IATA Statistics, The Airline Analyst, IATA forecasts

Thank you

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