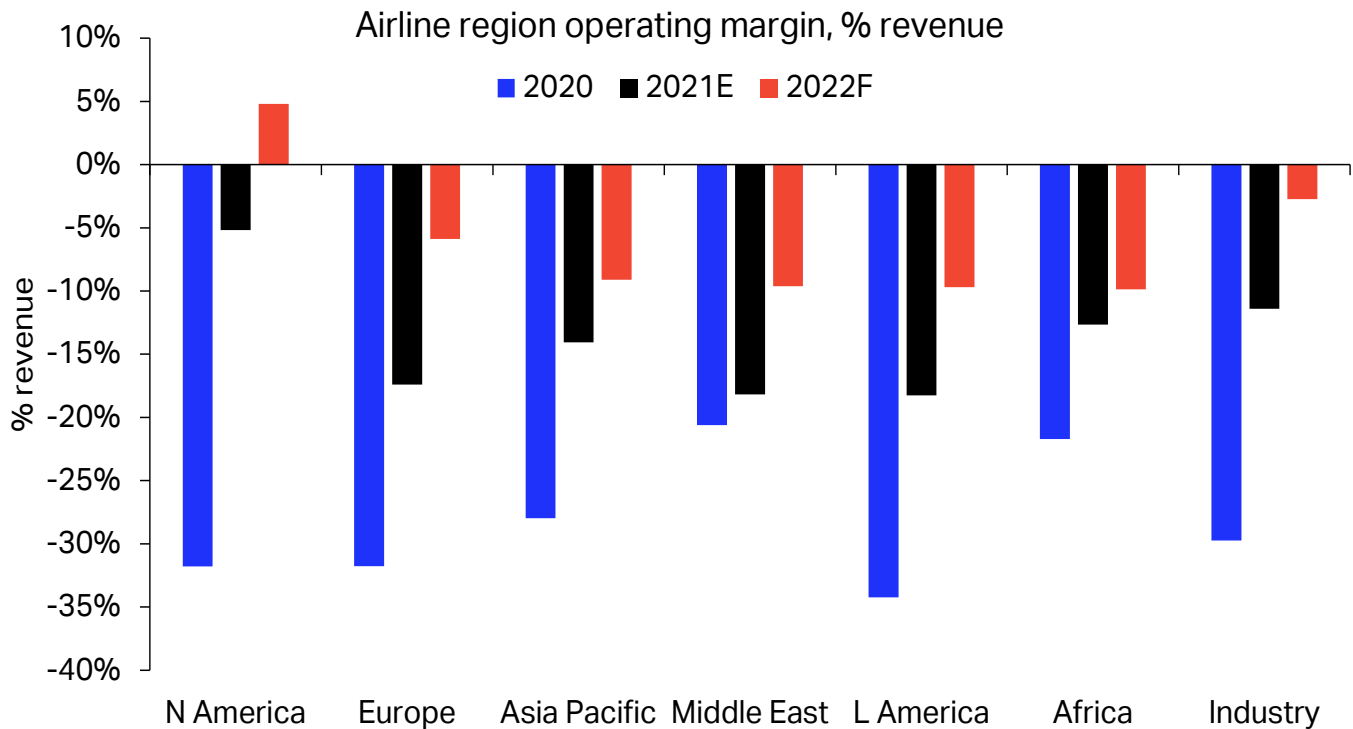




IATA Economics' Chart of the Week

08 October 2021

Robust but uneven recovery expected in regional EBIT margins



Source: IATA Economics Airline Industry Financial Forecast update, October 2021

- IATA recently released an [Industry Financial Forecast](#) update. In today's chart, we zoom in on regional EBIT margin forecasts. Overall, the financial situation of the airlines is improving but the recovery is uneven across regions. Net industry losses are forecast to decline by 75% from \$52bn in 2021, to \$12bn in 2022.
- The chart shows operating margins will improve in all regions in 2022. The improvement is most significant for North American airlines, that are, in aggregate, expected to turn to operating profitability in 2022 (EBIT margins at 3.7% of revenues). This is driven by the strong recovery in the large domestic US market, resilient traffic to/from Latin America and the reopening of North Atlantic. EBIT losses of European airlines are also expected to fall, as the recovery in international traffic gains pace amid a fast vaccine rollout. In Latin America, operating performance will strengthen, but losses will remain high since local airlines are restructuring at a slow pace. On the other hand, operating profitability will improve only slightly in Africa and Asia Pacific, since slow vaccination in the former and government risk aversion in the latter will limit their traffic recovery.
- The industry EBIT margin for 2021 (-11.4%) is weaker than anticipated in the previous forecast update in April 2021 (-9.4%), mainly due to travel restrictions remaining in place for longer expected. However, the robust and widespread improvement in profitability shows the peak of the crisis has passed.

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