Financial performance of the airline industry

22nd February 2018, New York

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www.iata.org/economics
Decoupling from the economic cycle

Airline industry EBIT margin and global GDP growth

Source: IATA Economics using data from ICAO, IATA Statistics, IMF and our own forecasts
Good returns for investors for a 4\textsuperscript{th} year

Return on capital invested in airlines and their cost of capital

From value destruction to value creation

Difference between investing in airlines and investing in similar assets elsewhere

Change happened before 2015 fall in fuel prices

Source: IATA Economics using data from ICAO, IATA Statistics, IATA forecasts
Successfully sweating assets as well as improving margins

US ahead on ROIC

Source: IATA Economics using data from The Airline Analyst
US ahead on free cash flow too

Free cash flow yield (% invested capital)

North America
Industry average
Latin America
Asia Pacific
Europe
Middle East

Source: IATA Economics using data from The Airline Analyst
And balance sheets strongest in the US

Source: IATA Economics using data from The Airline Analyst
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