Economic performance of the airline industry – end-2017 update

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www.iata.org/economics
City-pair connections exceed 20,000 this year

Unique city-pairs and real transport costs

Source: IATA Economics using data from SRS Analyser, ICAO, HIS. IATA forecasts
Boosting trade and tourism

Value of trade carried by air and the spending of tourists

Spending by tourists carried by air

Value of traded goods carried by air

Source: IATA Economics using data from UNWTO, IHS, IATA forecasts
Airline jobs exceed 2.7 million in 2018

Source: IATA Economics using data from ICAO, ATAG, IATA forecasts
Increasing accessibility of air travel

Passenger numbers and months before next trip for world population

Airline passengers

Number of months before average member of world population takes a flight

Source: IATA Economics using data from IATA Statistics, UN, IATA forecasts
Air travel cycles have typically ended after 8 years.

Source: IATA Economics using data from ICAO, IATA Statistics, IATA forecasts.
Strong GDP growth extends this air travel cycle further.

Worldwide RPK growth and GDP growth

Source: IATA Economics using data from ICAO, IMF World Economic Outlook, IATA forecasts
A strong re-stocking cycle has boosted air cargo

Source: IATA Economics using data from IATA Statistics and Datastream
Fares and yields rising in 2018, but flat in real terms

Yields including ancillaries & cargo revenues, nominal and inflation-adjusted

Source: IATA Economics using data from ICAO, PaxIS+, Datastream, IATA forecasts
Industry profitability still high and now stabilizing

Source: IATA Economics using data from The Airline Analyst and airline releases
Rising costs are the biggest challenge

Jet fuel price and growth in unit costs

Jet fuel price

Unit cost growth

Source: IATA Economics using data from The Airline Analyst, Platts, IATA forecasts
Announced capacity growth slowing in 2018

Growth of RPKs and ASKs, passenger load factor

Source: IATA Economics using data from IATA statistics, IATA forecasts
Load factor gap above breakeven being sustained

Breakeven and achieved weight load factors

Load factor achieved

Breakeven load factor

Source: IATA Economics using data from ICAO, IATA Statistics, IATA forecasts
A further year of solid profits forecast for 2018

Source: IATA Economics using data from ICAO, IATA estimates and forecasts
Airlines sweating assets as well as improving margins

Components of return on capital

- EBIT margin
- Capital productivity

Producing good returns for investors for a 4th year

Return on capital invested in airlines and their cost of capital

- **Return on capital (ROIC)**
- **Cost of capital (WACC)**

Further improvements in balance sheets forecast

Source: IATA Economics using data from IATA and The Airline Analyst
Regional performance still differs but some convergence

EBIT margin by airline region of registration

Source: IATA Economics using data from ICAO, The Airline Analyst, IATA forecasts
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