



Airline industry outlook remains fragile

June 2009

www.iata.org/economics

To represent, lead and serve the airline industry

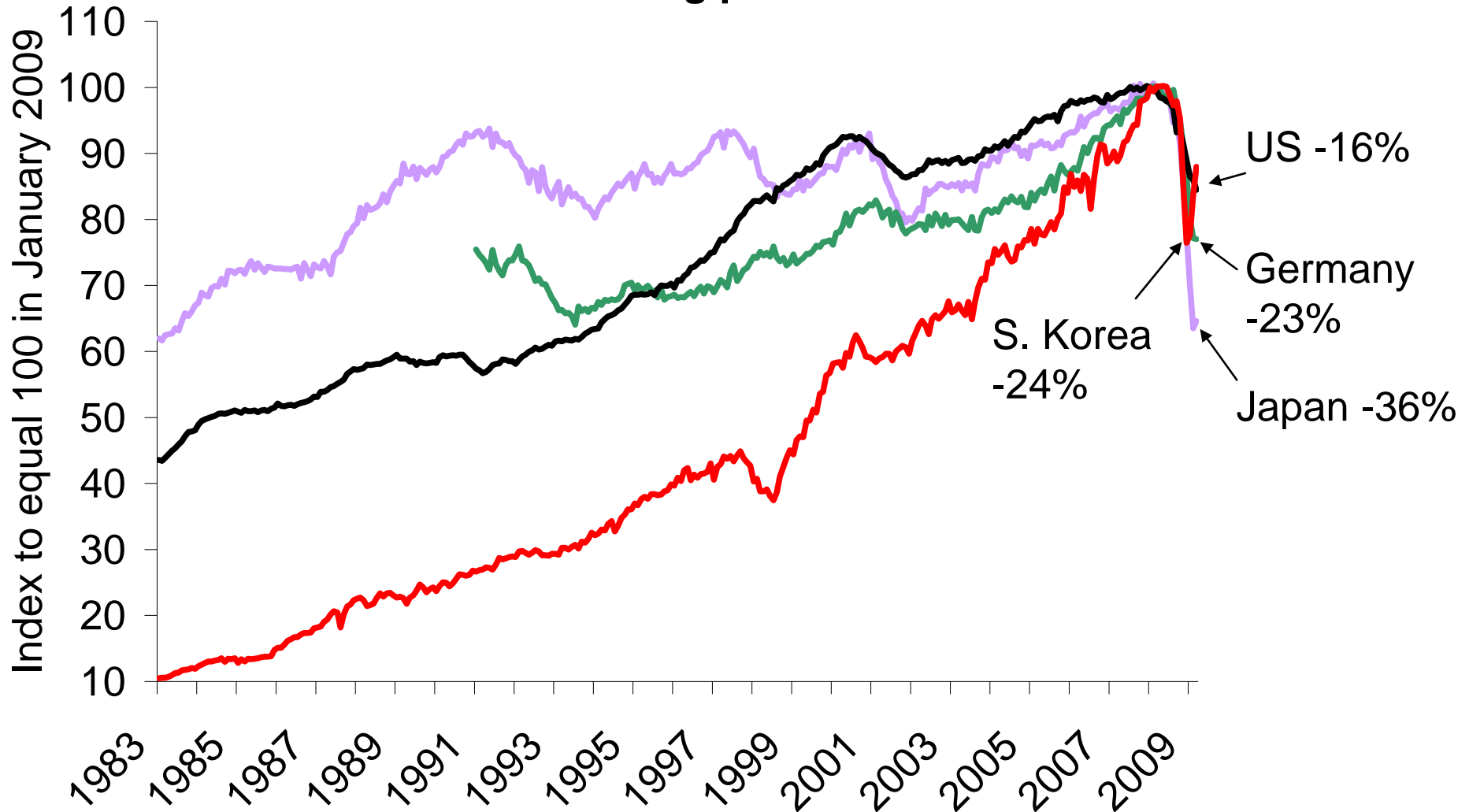


Airline industry outlook remains fragile

- ↗ Green shoots starting to appear
- ↗ Recovery faces strong headwinds
- ↗ Financial sustainability varies across industry
- ↗ Airlines are taking many steps to raise cash
- ↗ Revenue collapse likely to sustain losses

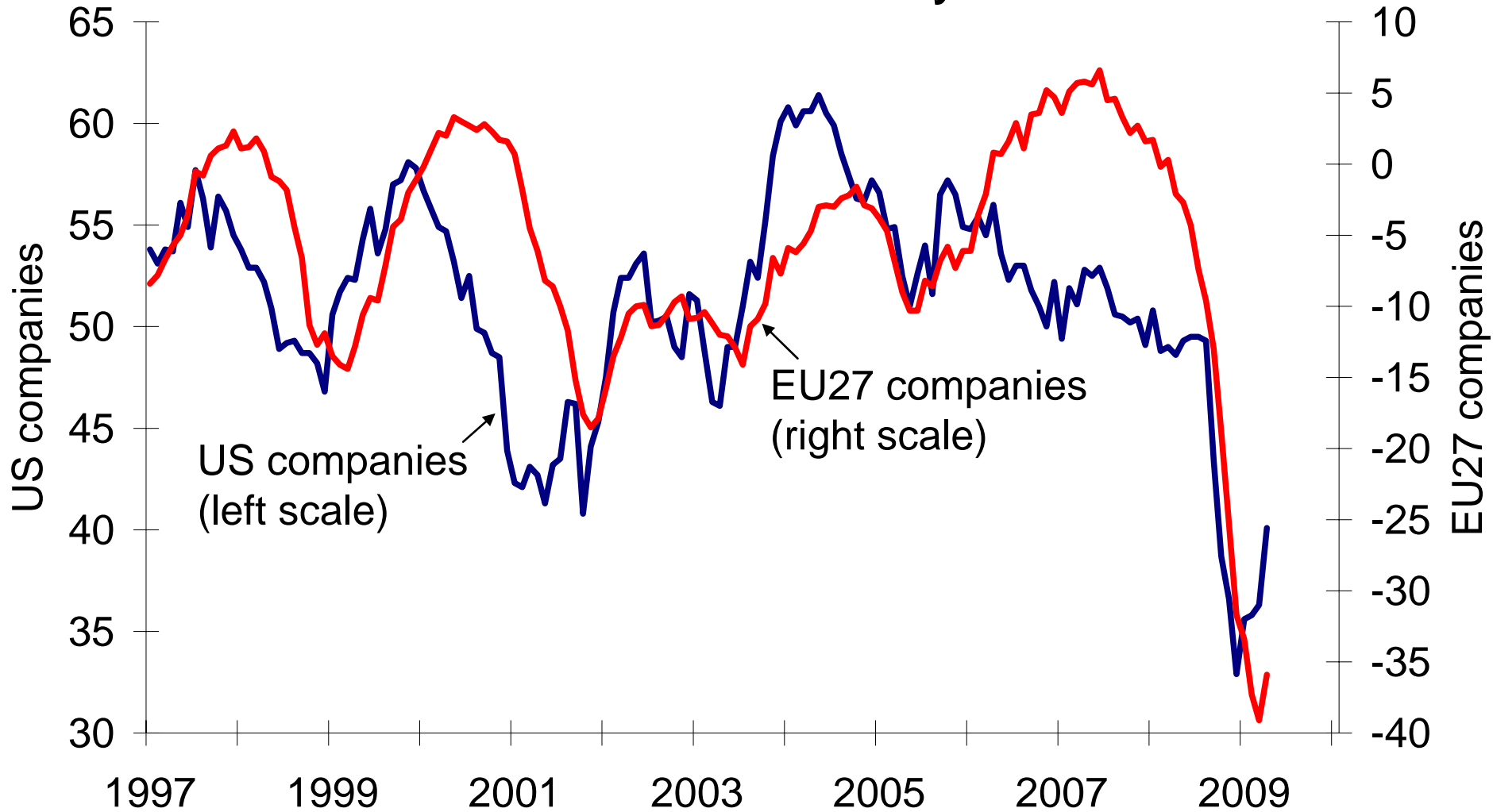
Hit by a synchronized very deep recession

Manufacturing production levels

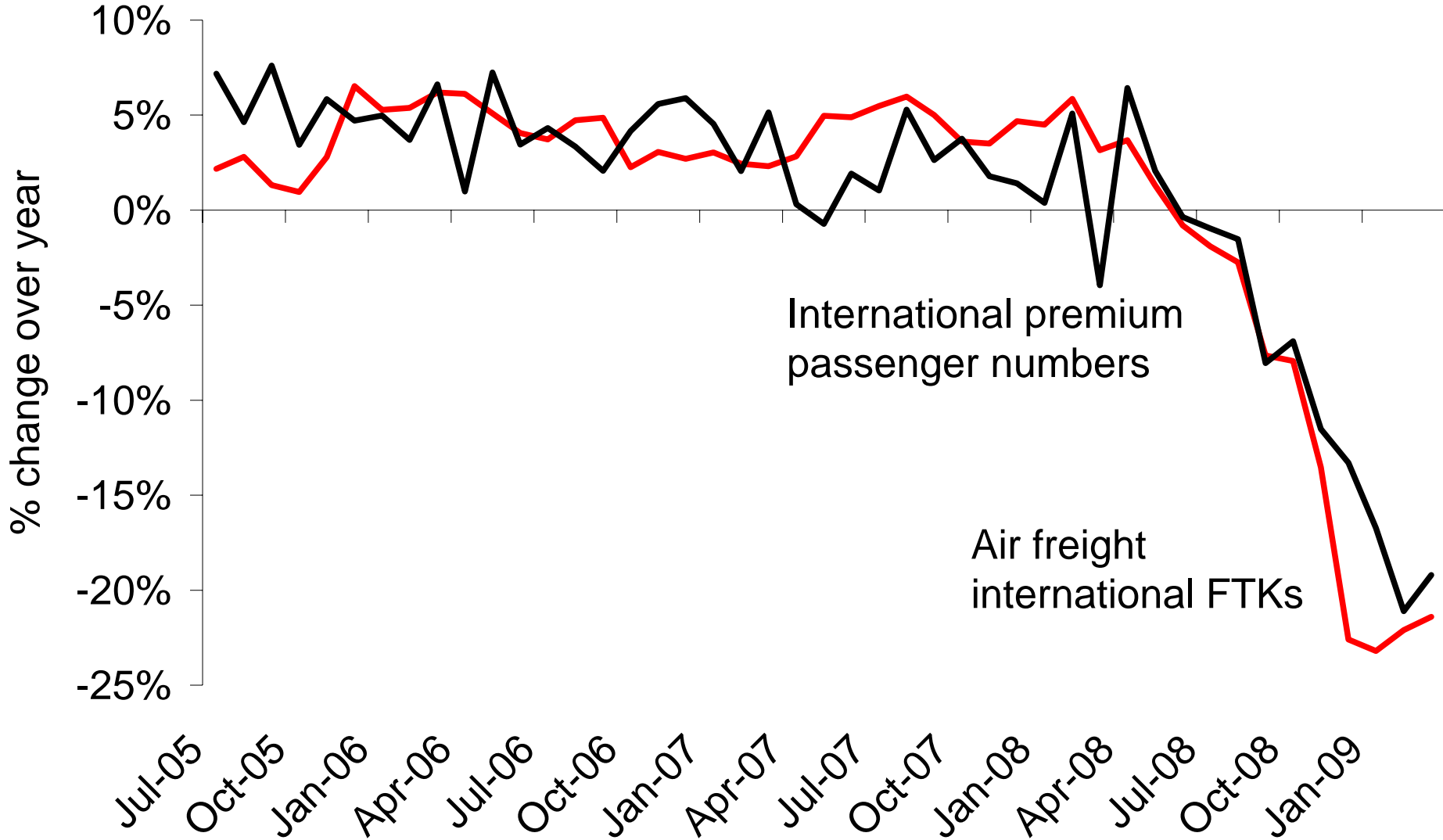


Business confidence has now turned up

Business confidence survey results

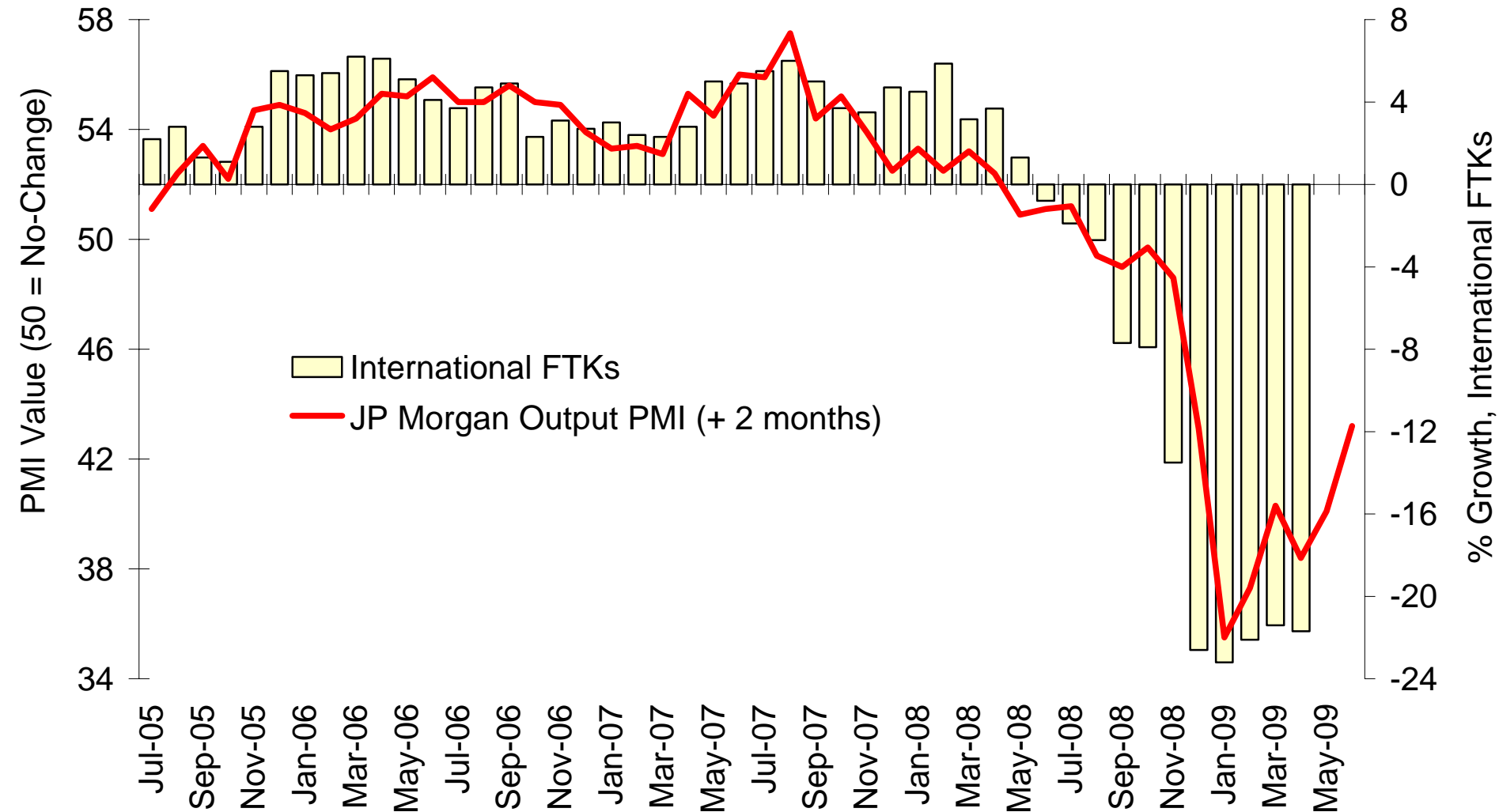


Key airline markets may have bottomed



Green shoots appearing

Purchasing Managers confidence survey and Air Freight Demand

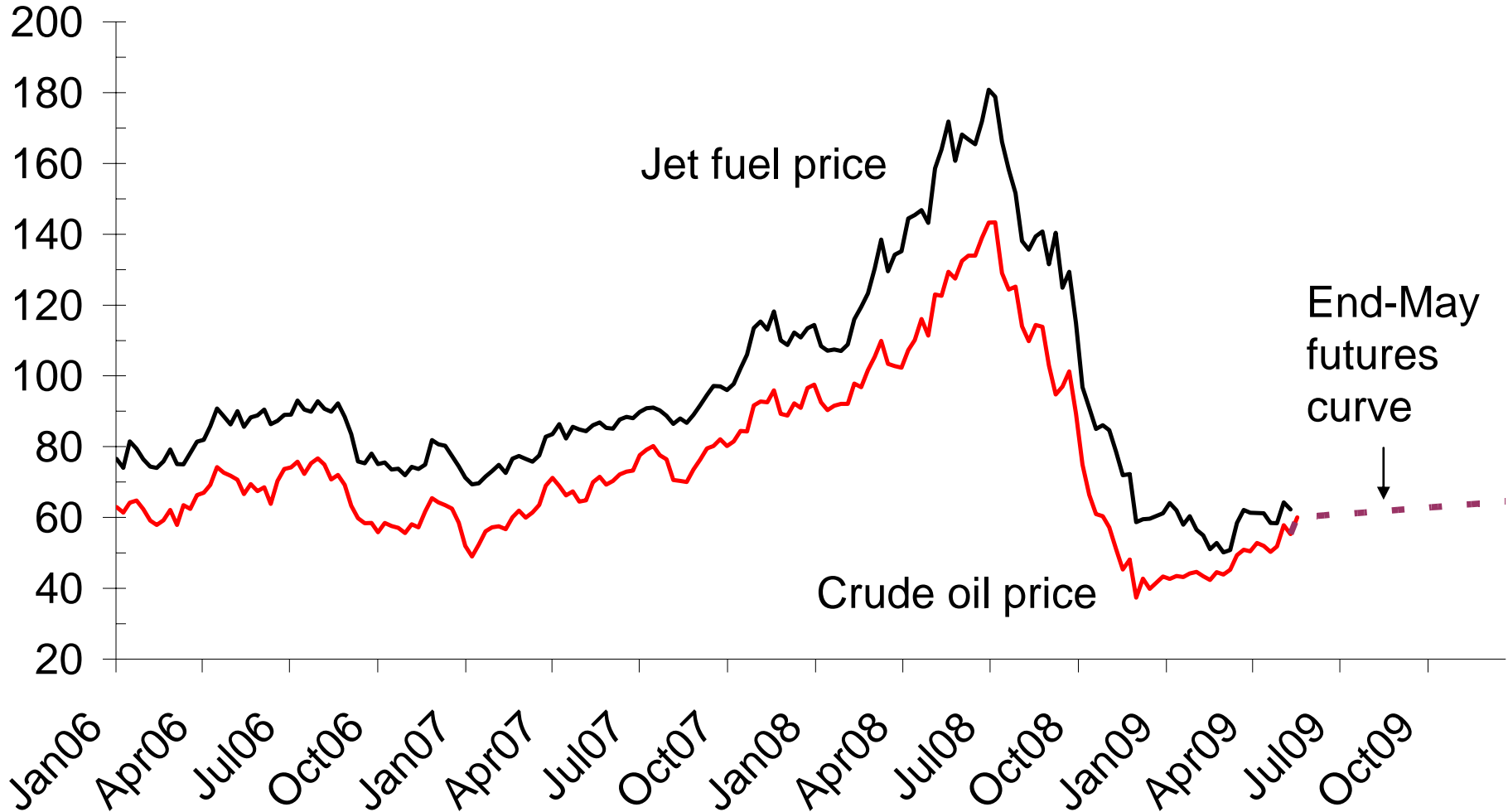


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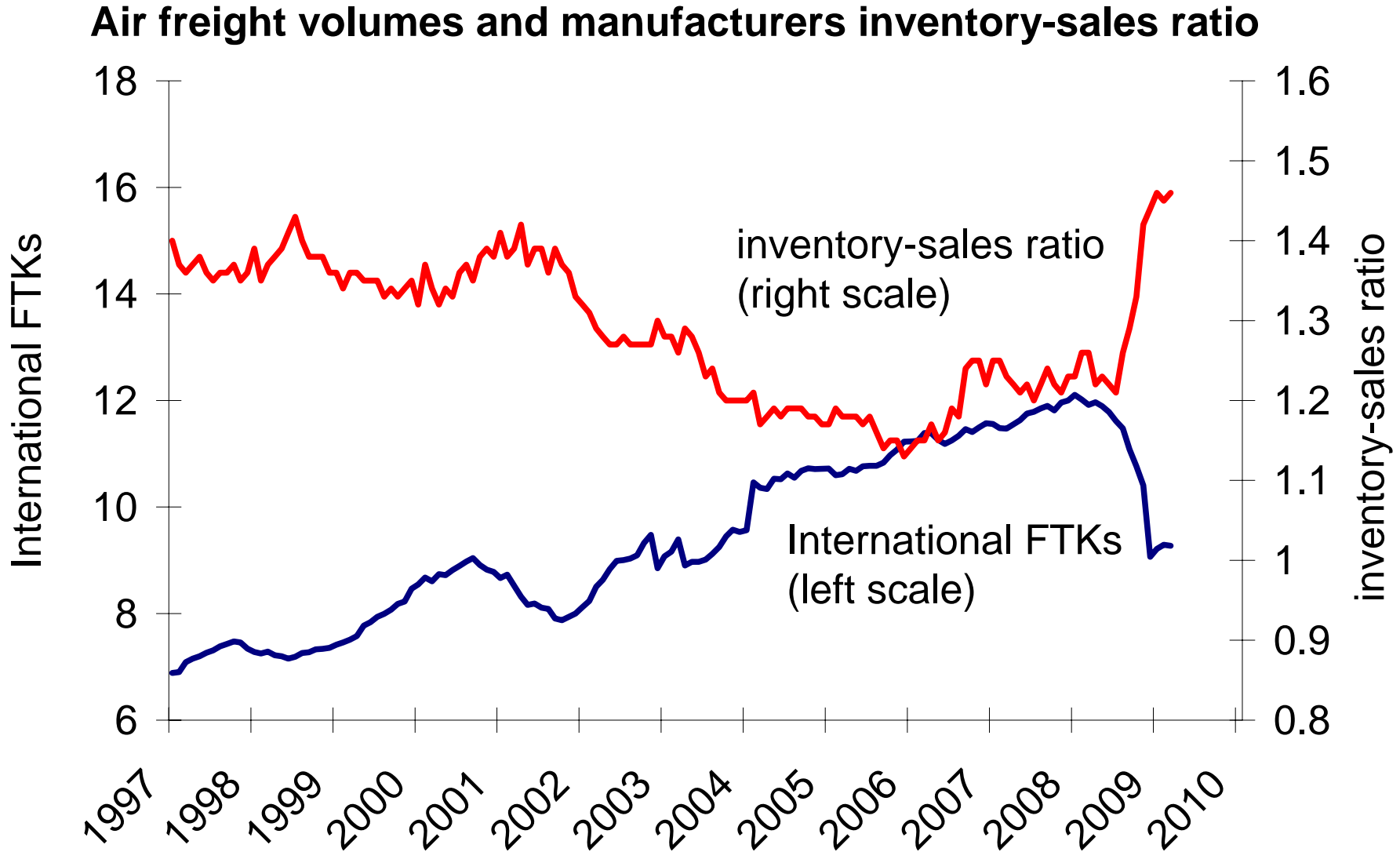
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Fuel prices now edging higher

Jet Fuel and Crude Oil Price (\$/barrel)

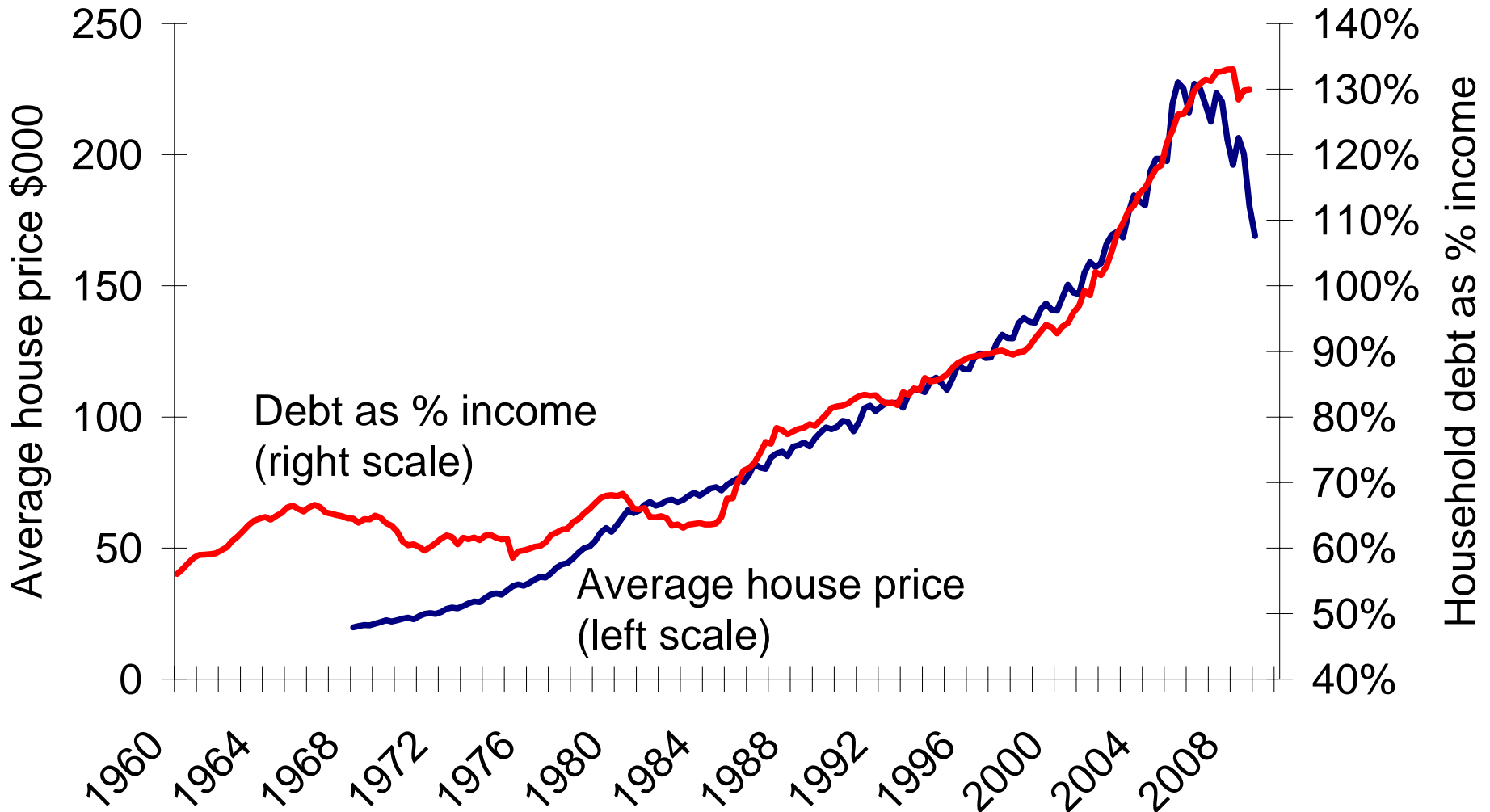


Manufacturers need to cut inventories



Households need to reduce debt

Household indebtedness and house prices in the US



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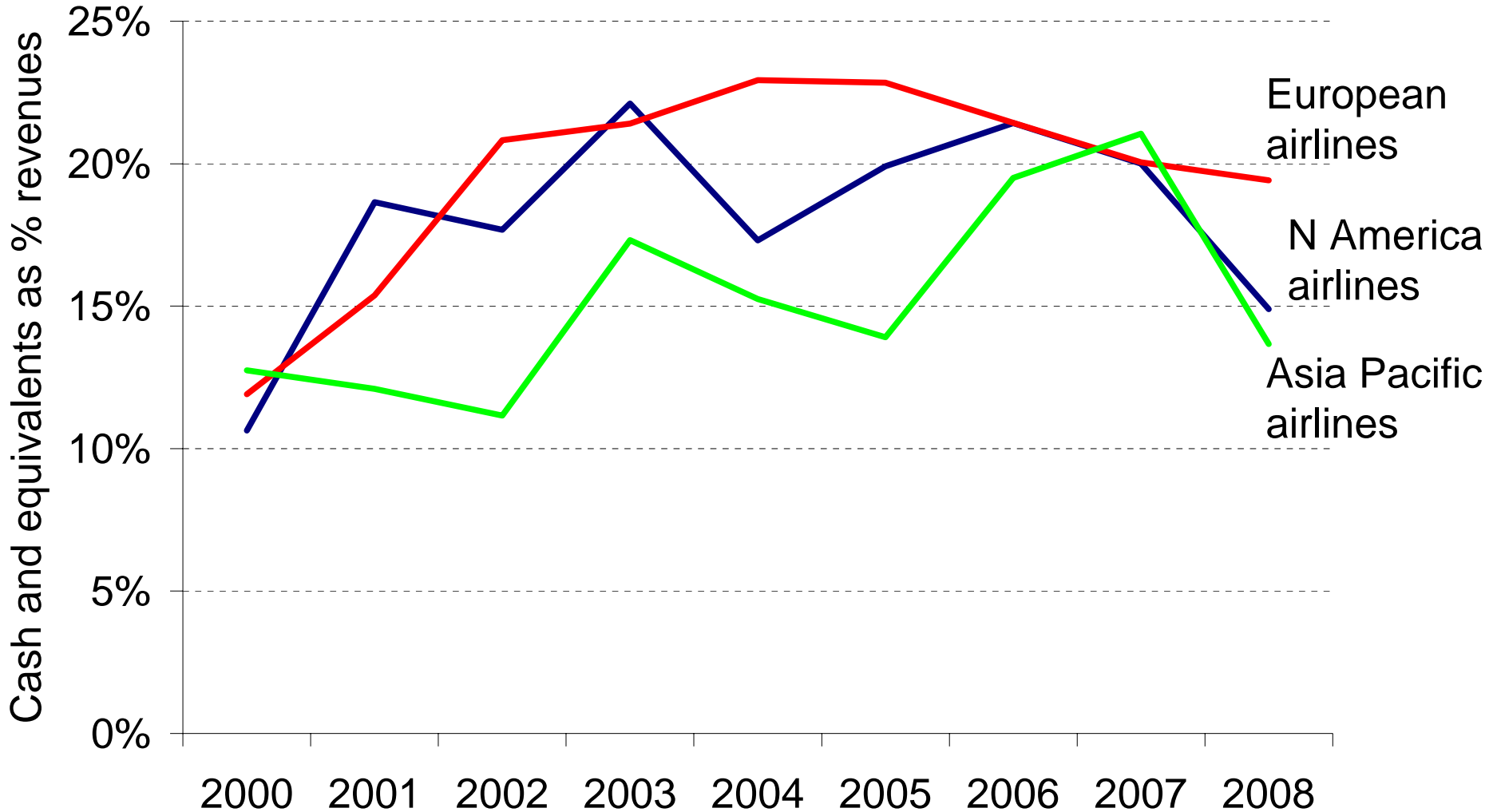
Airline losses still growing in 2009 Q1

# Airlines	In US \$ Million	Q1 2008		Q1 2009*	
		Operating	Net post-tax	Operating	Net post-tax
21	North America	1,433	(377)	1,184	(592)
10	European airlines	123	(943)	(1,998)	(1,892)
11	Asia-Pacific airlines	529	(176)	(998)	(850)
8	Other	123	91	118	65
50	Sample total	2,209	(1,405)	(1,694)	(3,270)

**Jazeera Airways, Royal Jordanian operating profit not included
Emirates, half year results included*

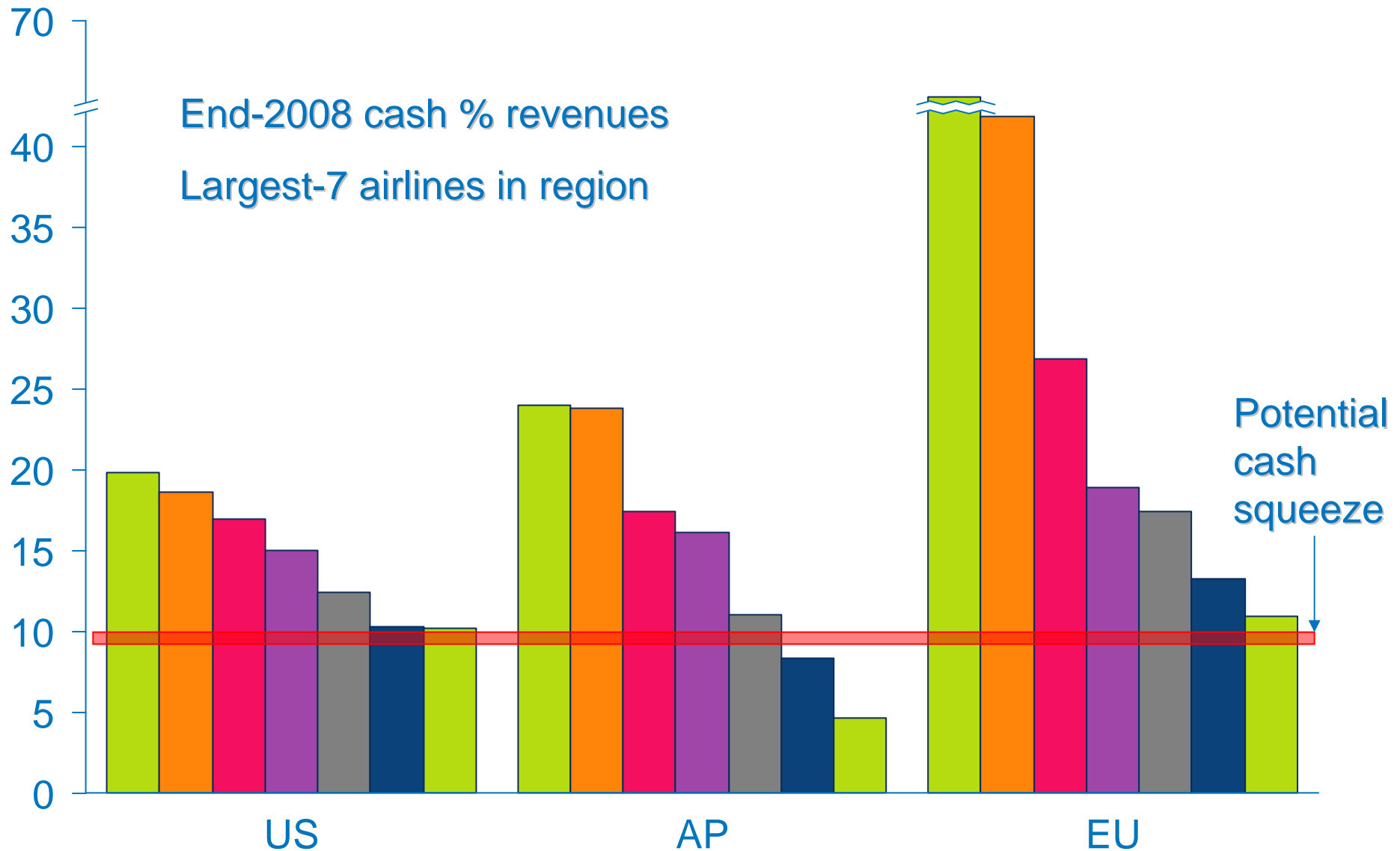
Cash higher than before 2001 recession

Cash and equivalent as a % of major airline revenues



Source: Airline reports

But only the major airlines are secure



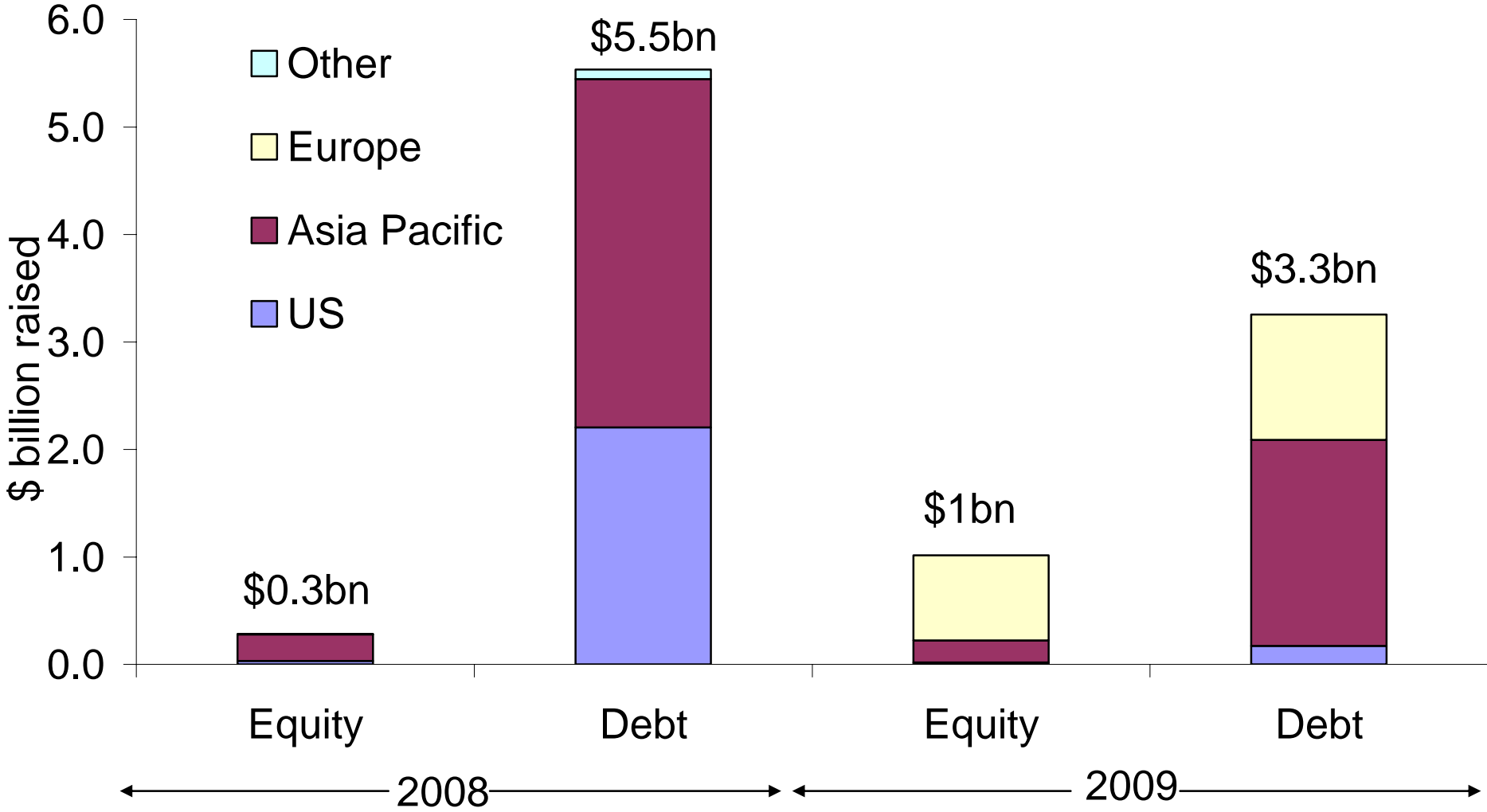
Source: Airline reports

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Cash has been raised on capital markets

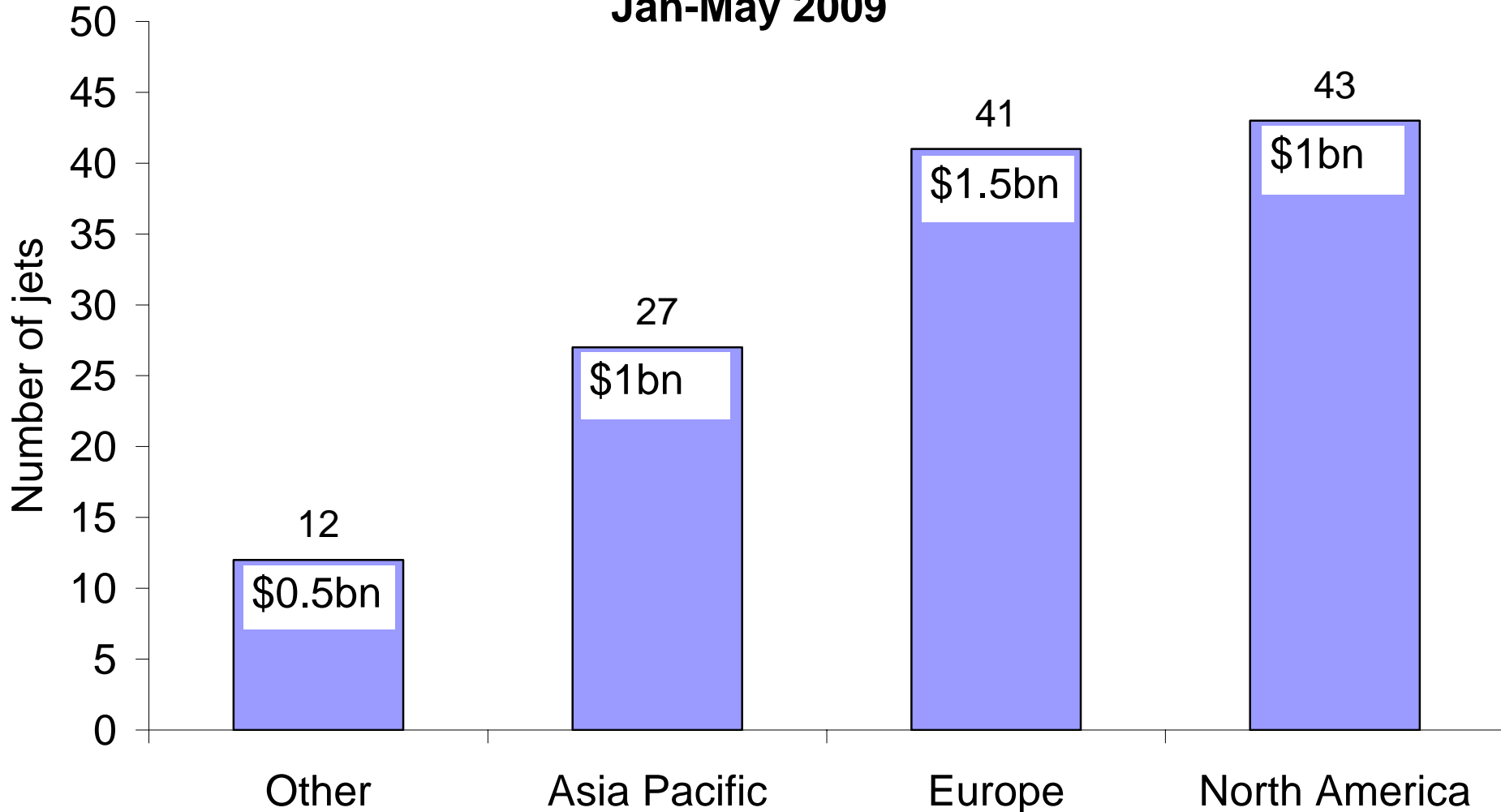
Capital market fund raising by airlines, \$ billion



Source: Haver

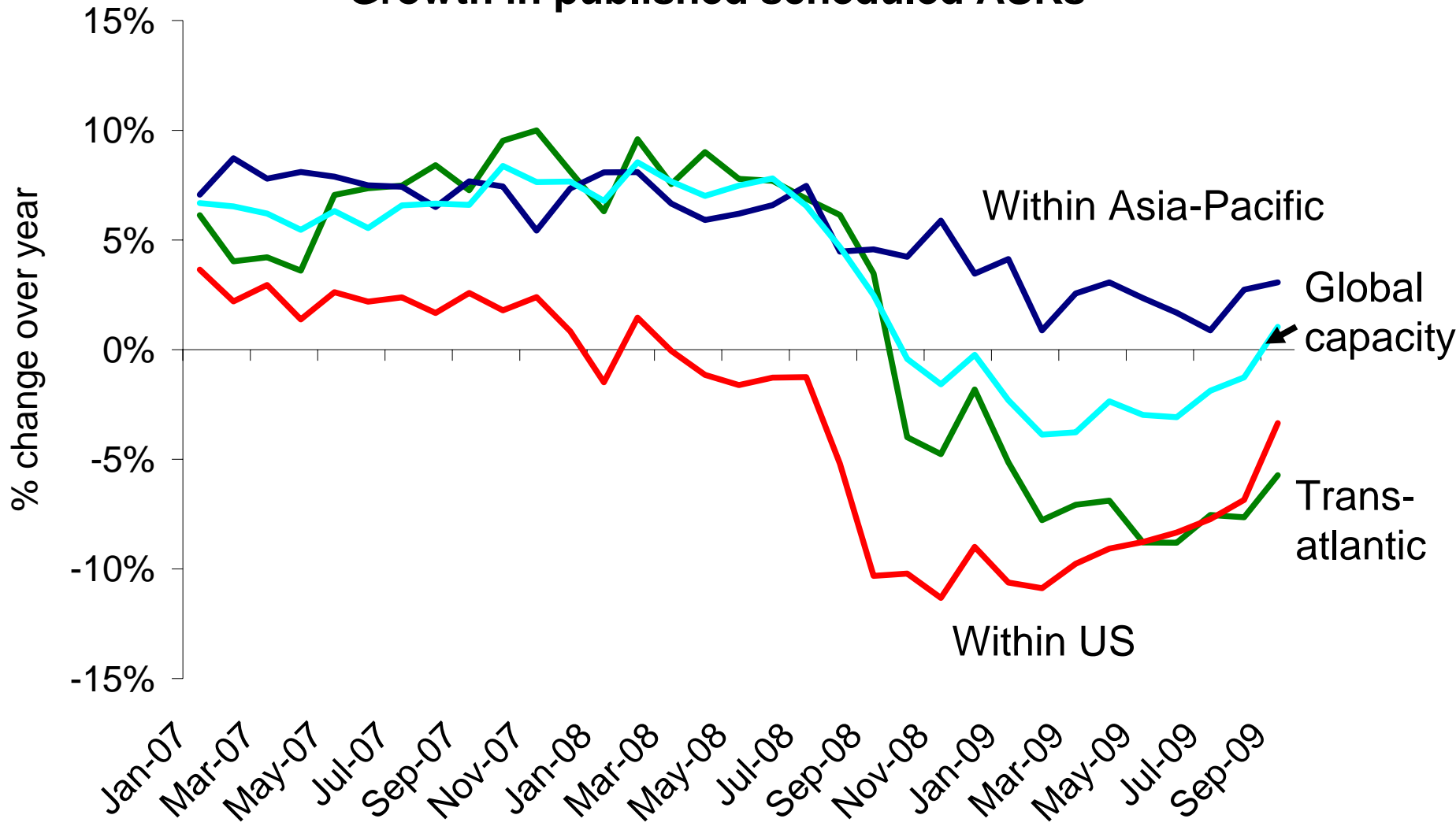
Cash has been raised by selling assets

**Sale and leaseback activity by region
Jan-May 2009**



Capacity is being resized and reshaped

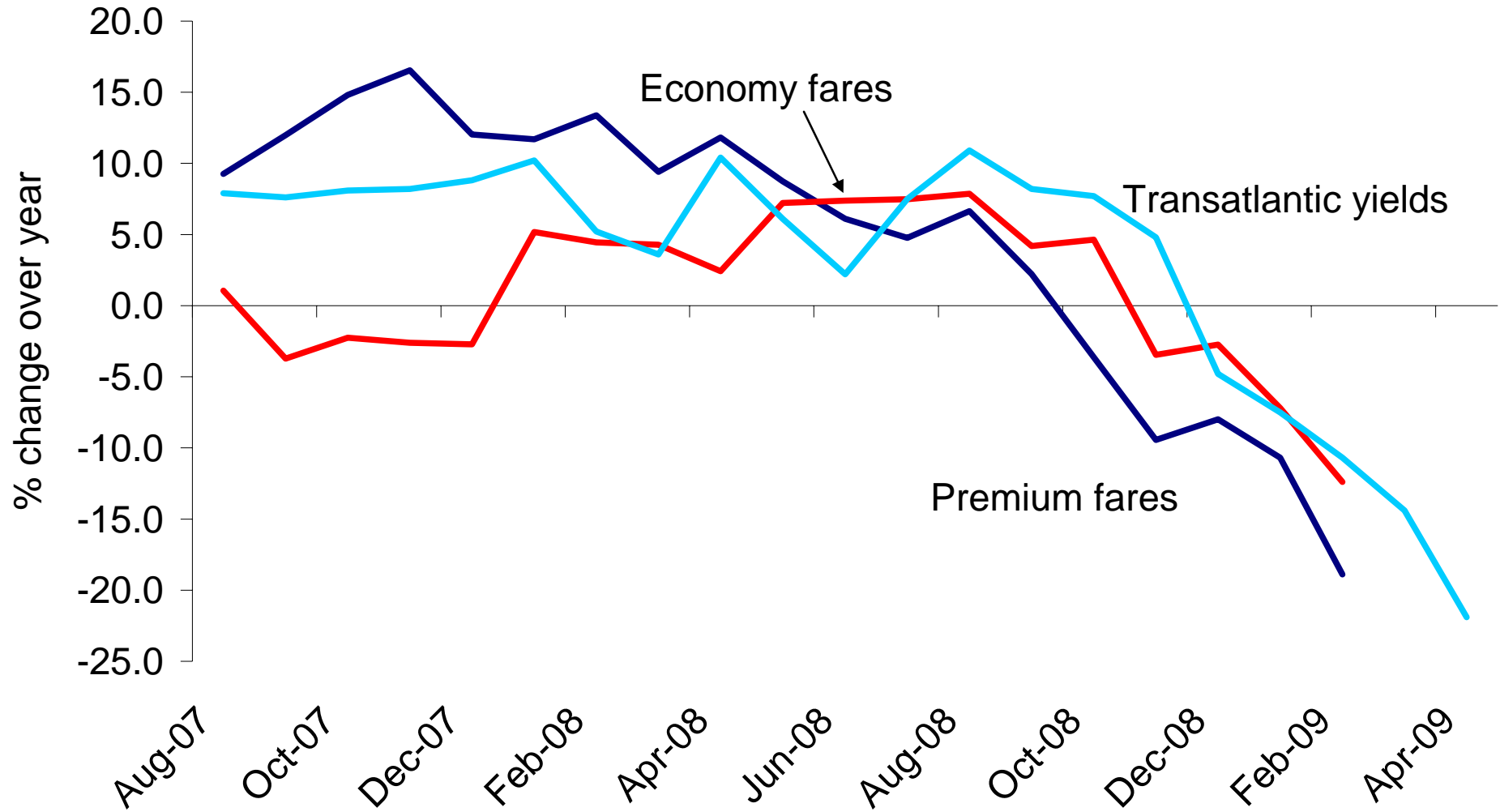
Growth in published scheduled ASKs



Source: SRS Analyser

Fares are being cut significantly

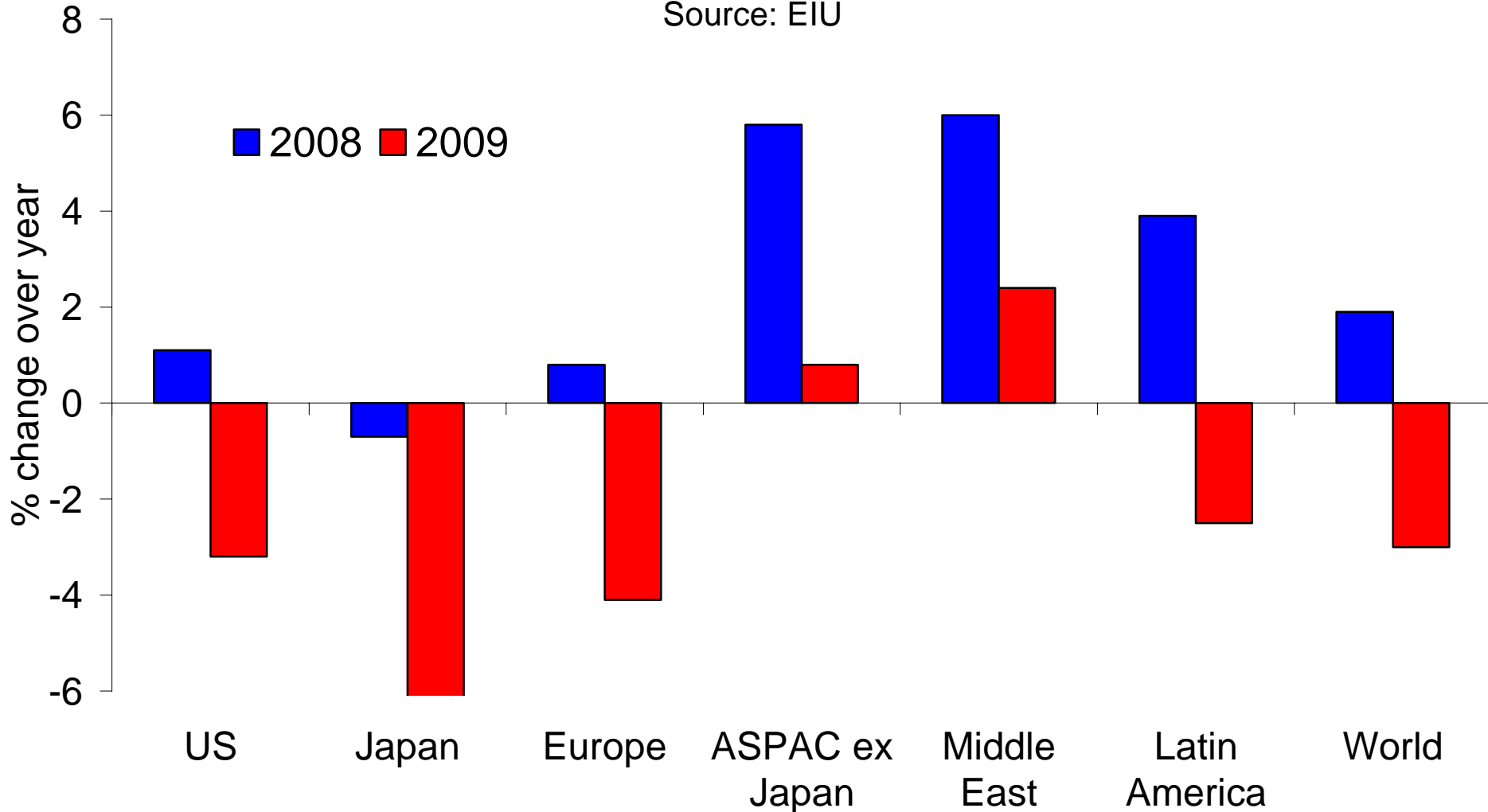
Fares and passenger yields on international markets



Source: PaxIS

But economic weakness will dominate

GDP growth forecasts
Source: EIU

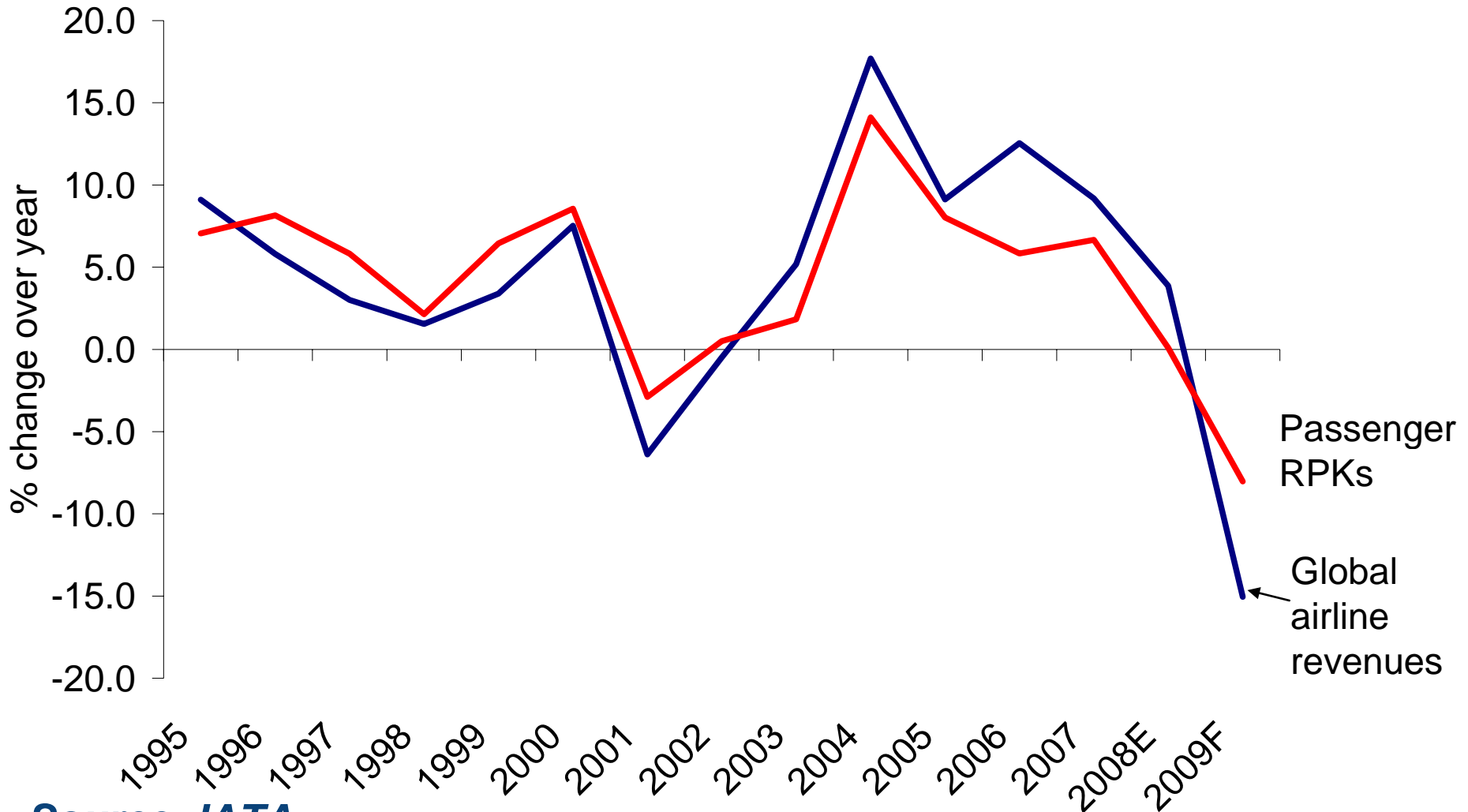


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Revenues set to fall 15% or \$80 billion

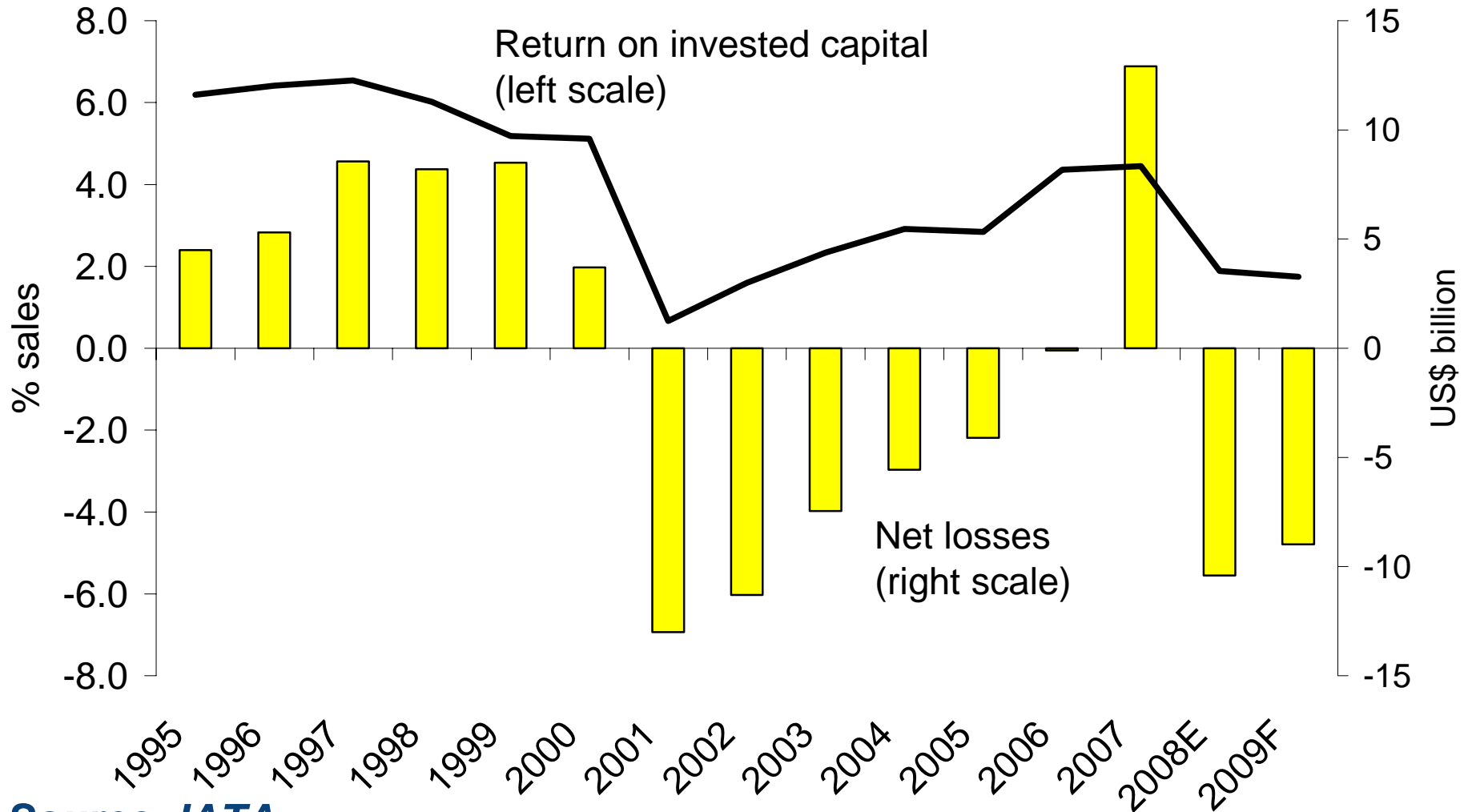
Passenger RPKs and global airline revenue growth



Source: IATA

Keeping losses up at \$9 billion in 2009

Global commercial airline profitability



Source: IATA