



Industry Outlook

Q4 Update, December 2008

IATA Economics

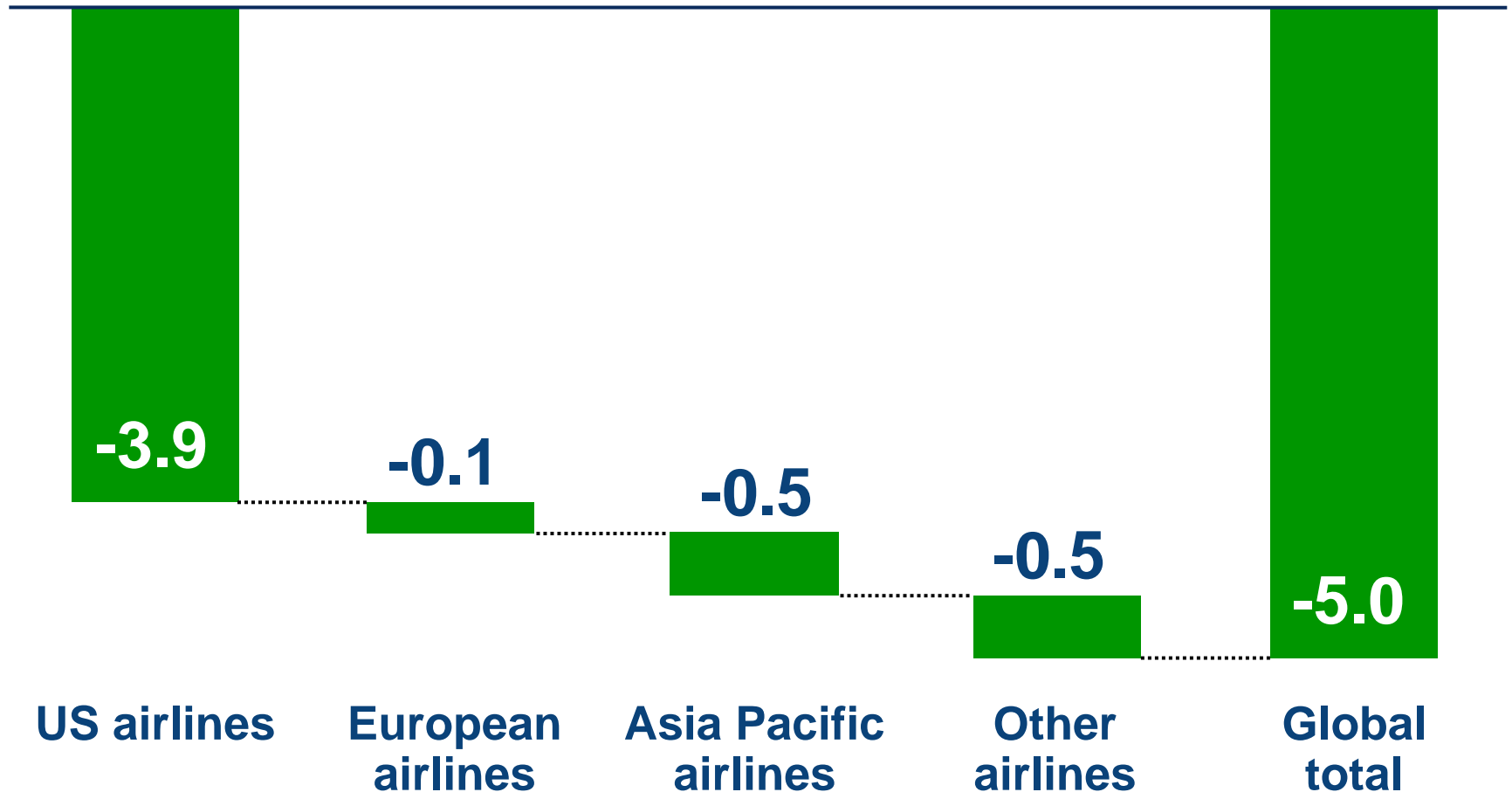
www.iata.org/economics

To represent, lead and serve the airline industry



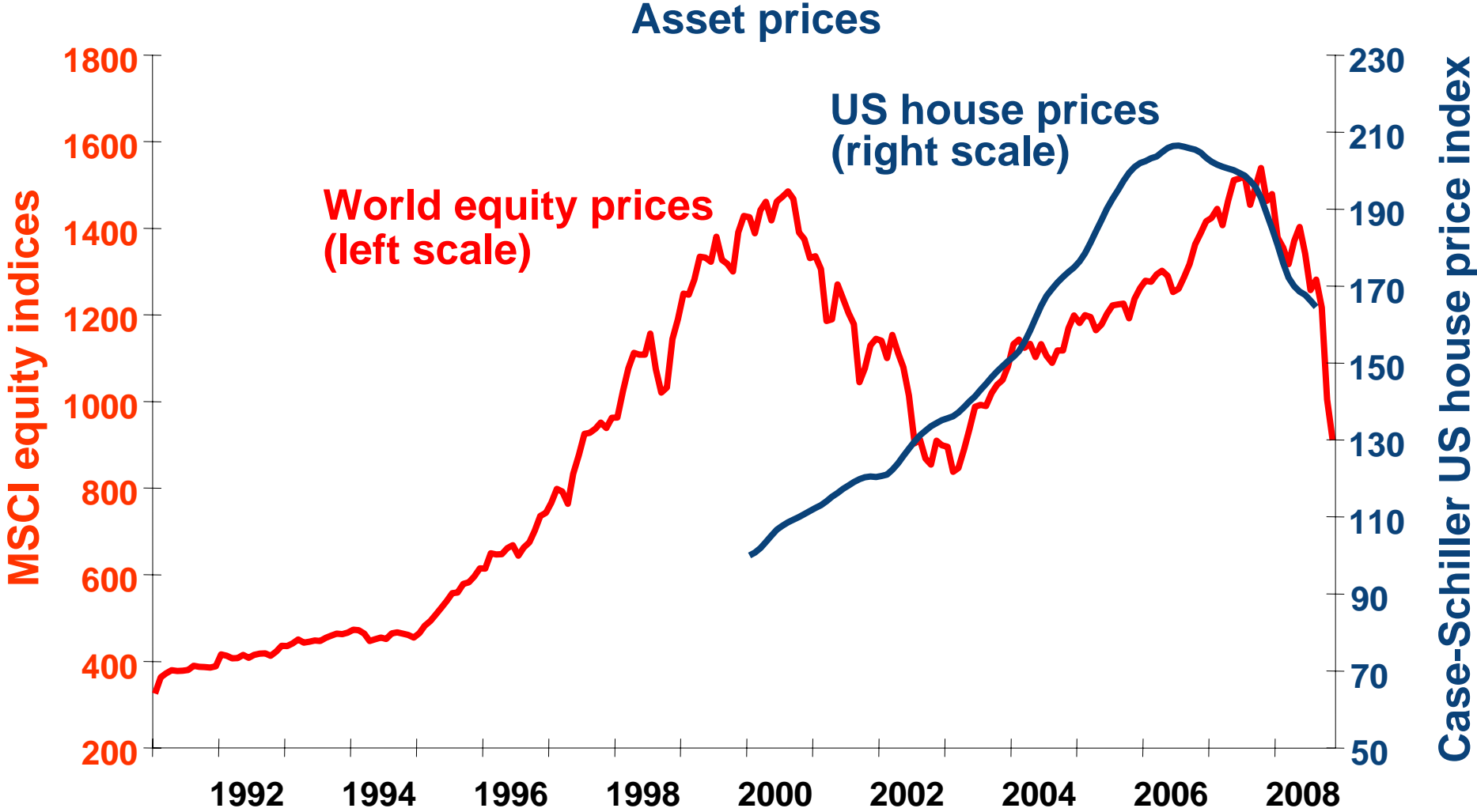
High fuel prices have caused losses forecast at US\$5 billion for 2008

Net post-tax profits, US\$ billion



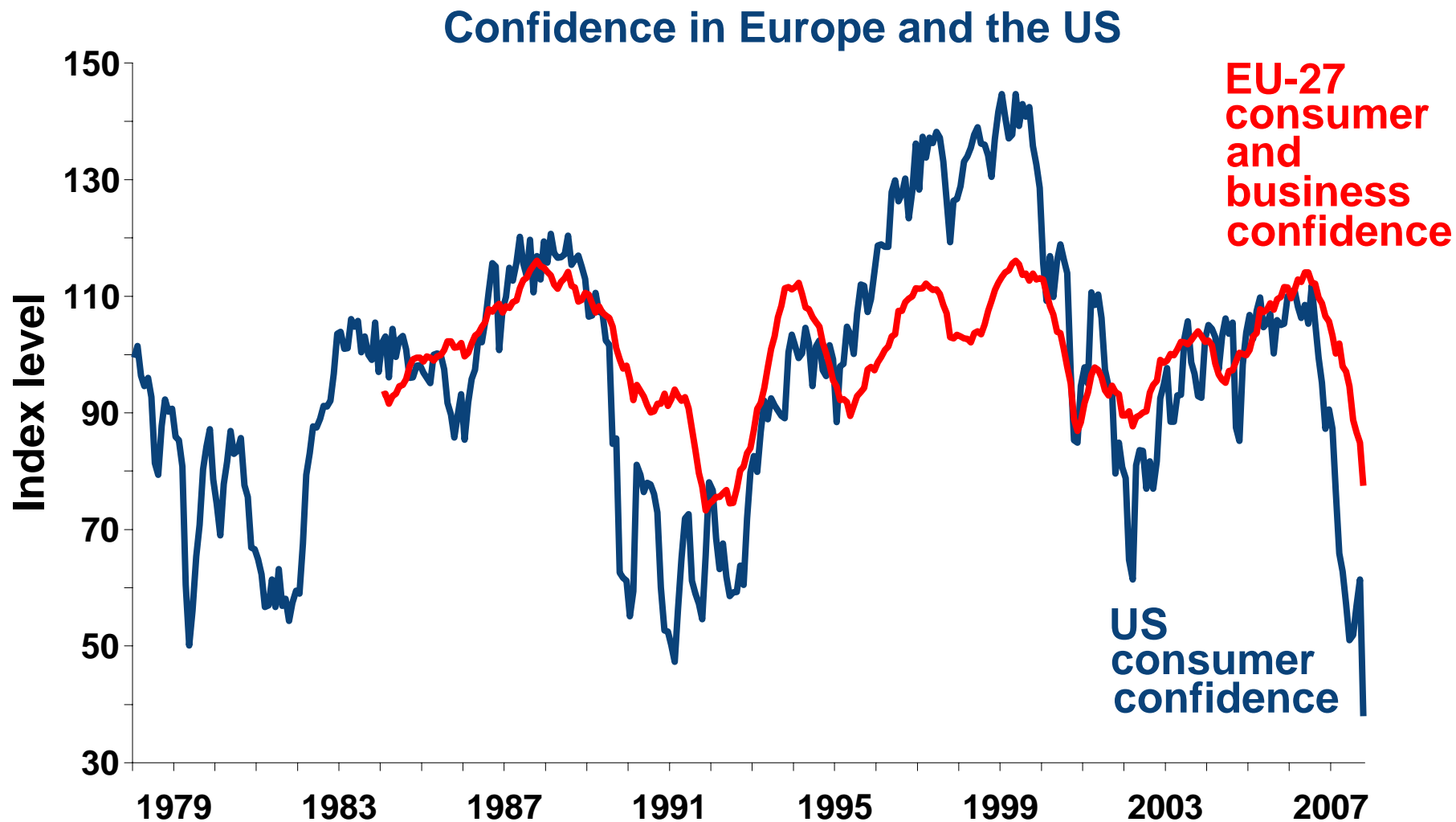
Source: IATA

Now recession has led to big losses in household wealth



Source: Haver

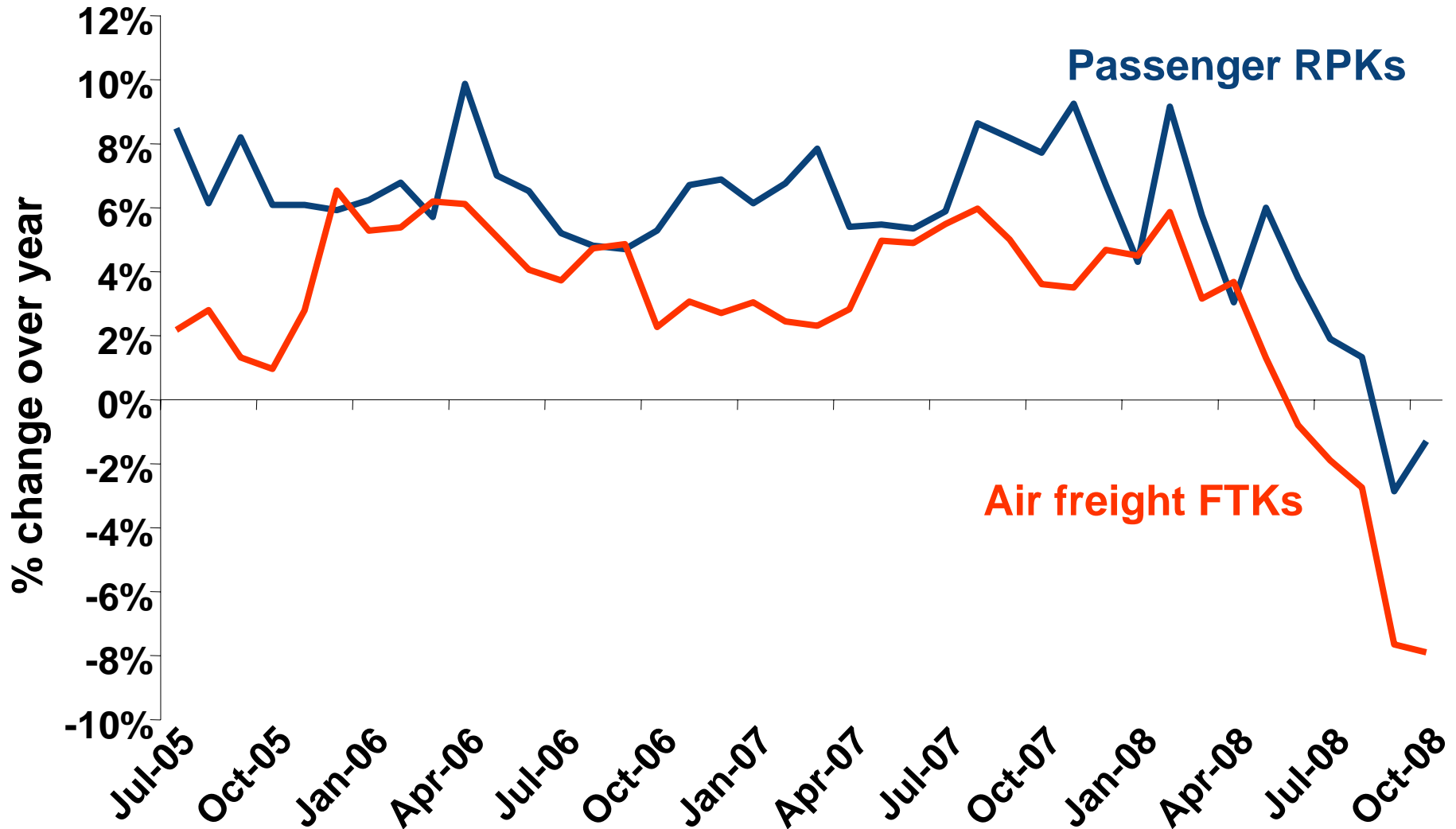
Causing new lows for consumer and business confidence



Source: Haver

Aviation markets hit hard as a result

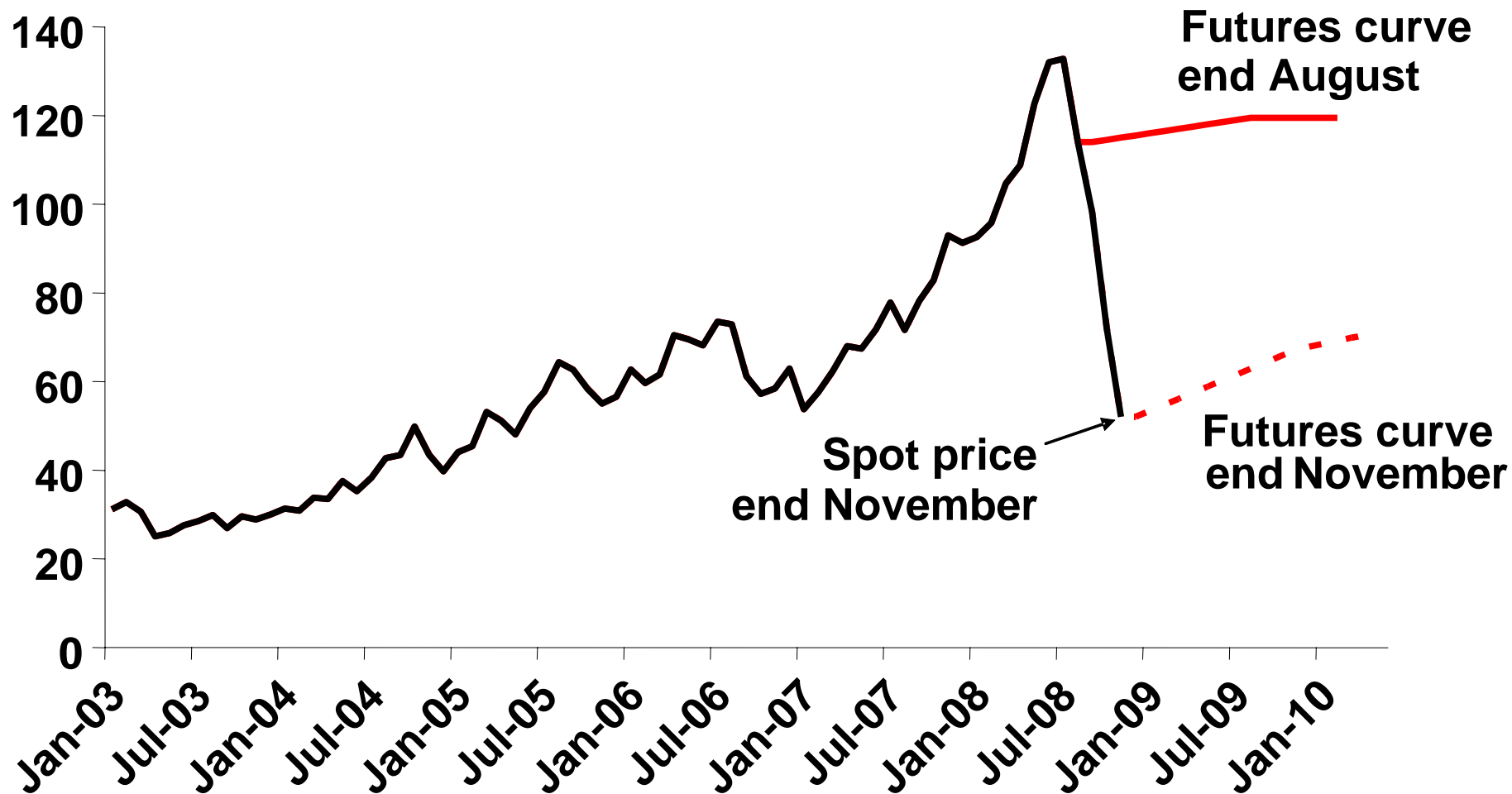
International RPKs and FTKs



Source: IATA

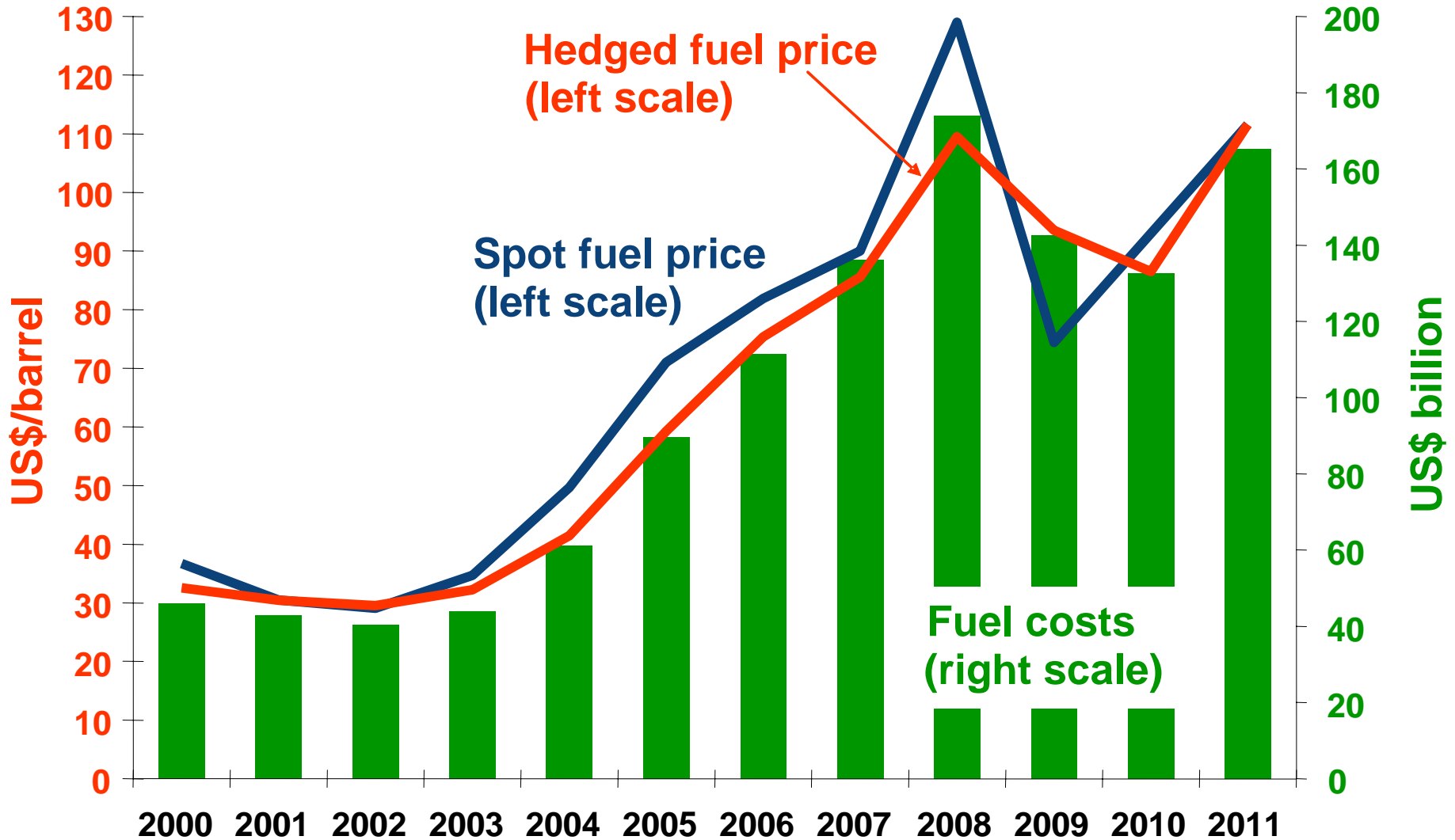
The good news is lower oil prices

Brent oil price, US\$ per barrel



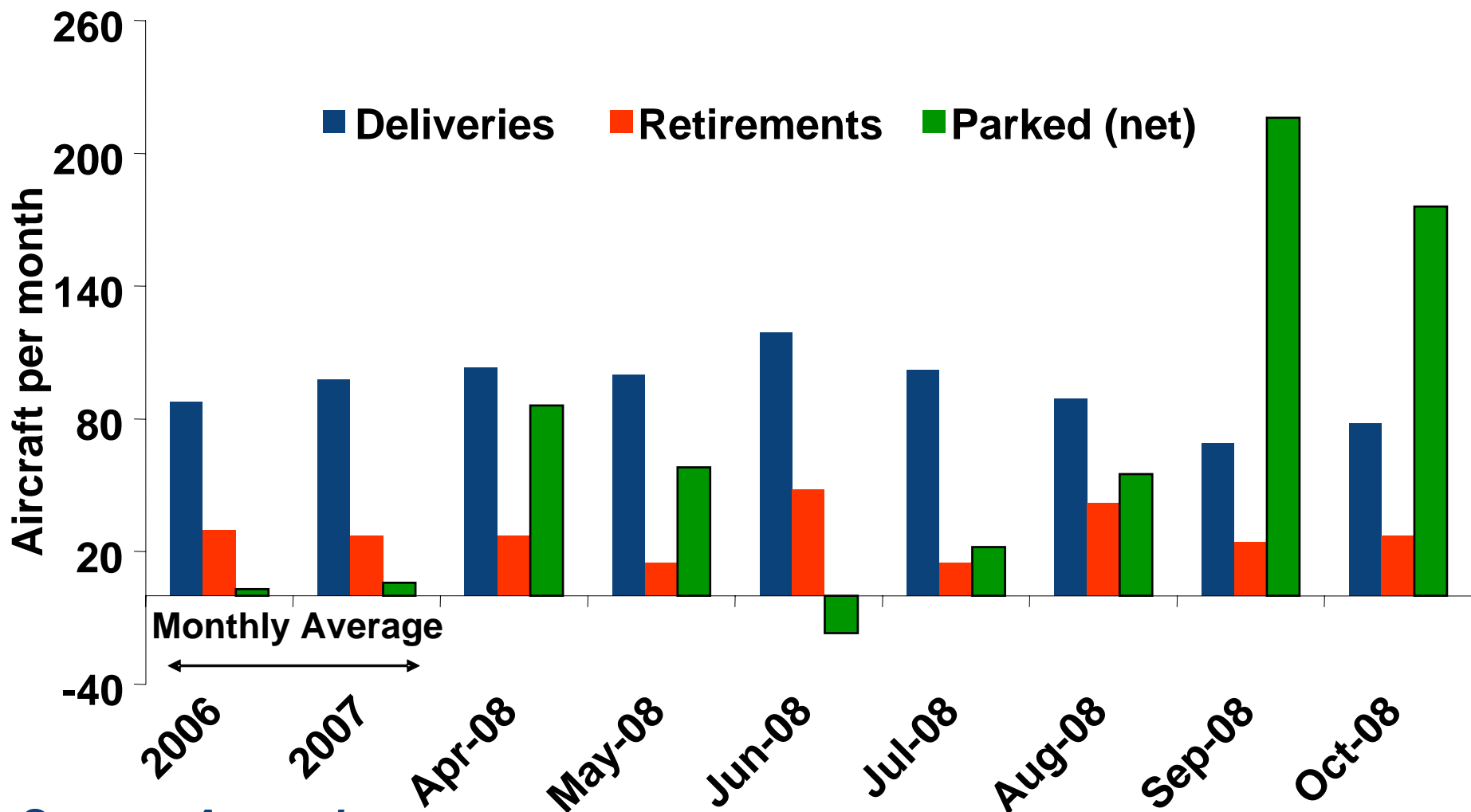
Source: RBS

But fuel cost fall delayed by hedging



Source: IATA

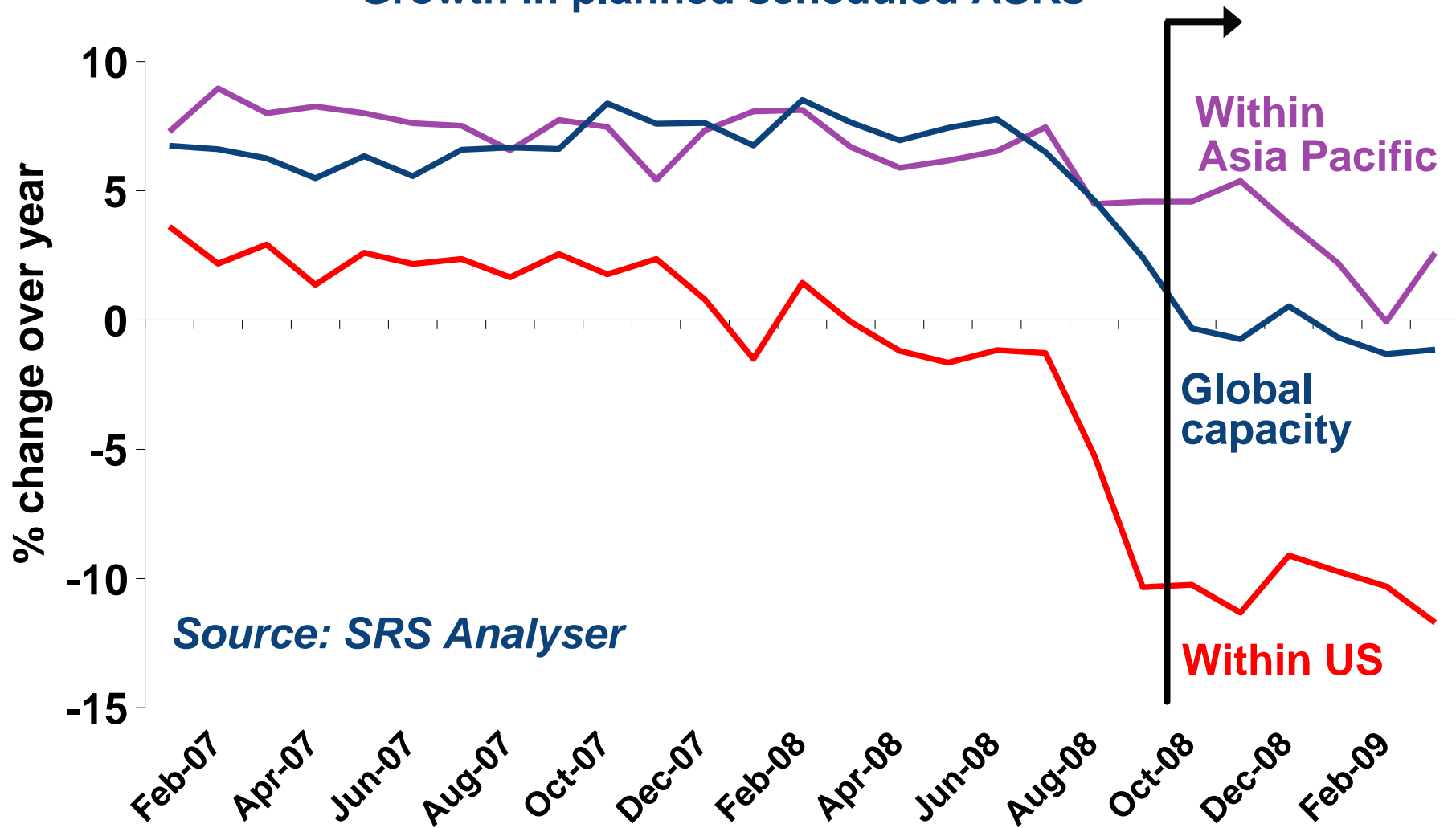
Many aircraft are being parked in response to high fuel costs



Source: Ascend

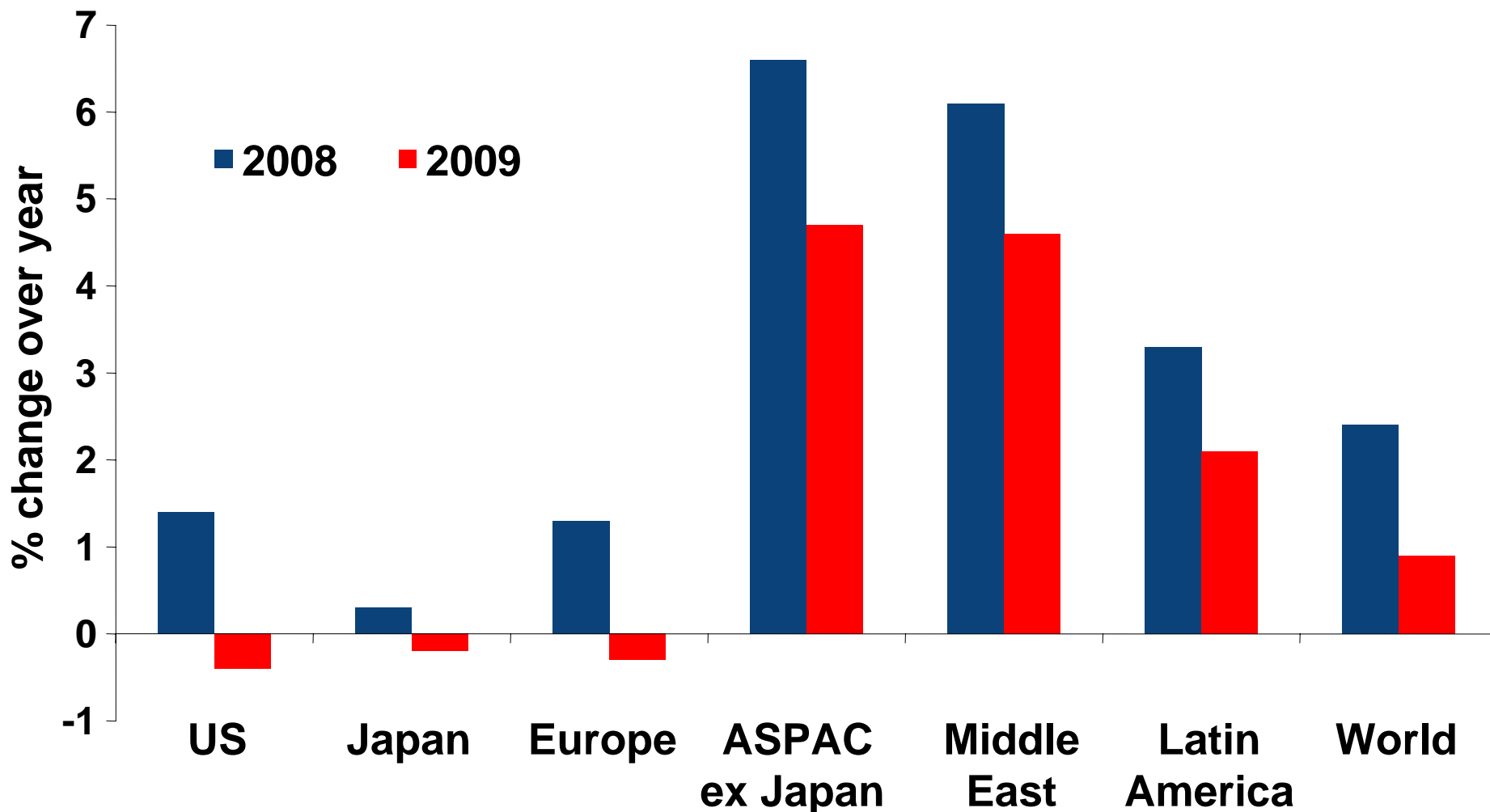
And published capacity plans show sharp cut-backs, particularly in US

Growth in planned scheduled ASKs



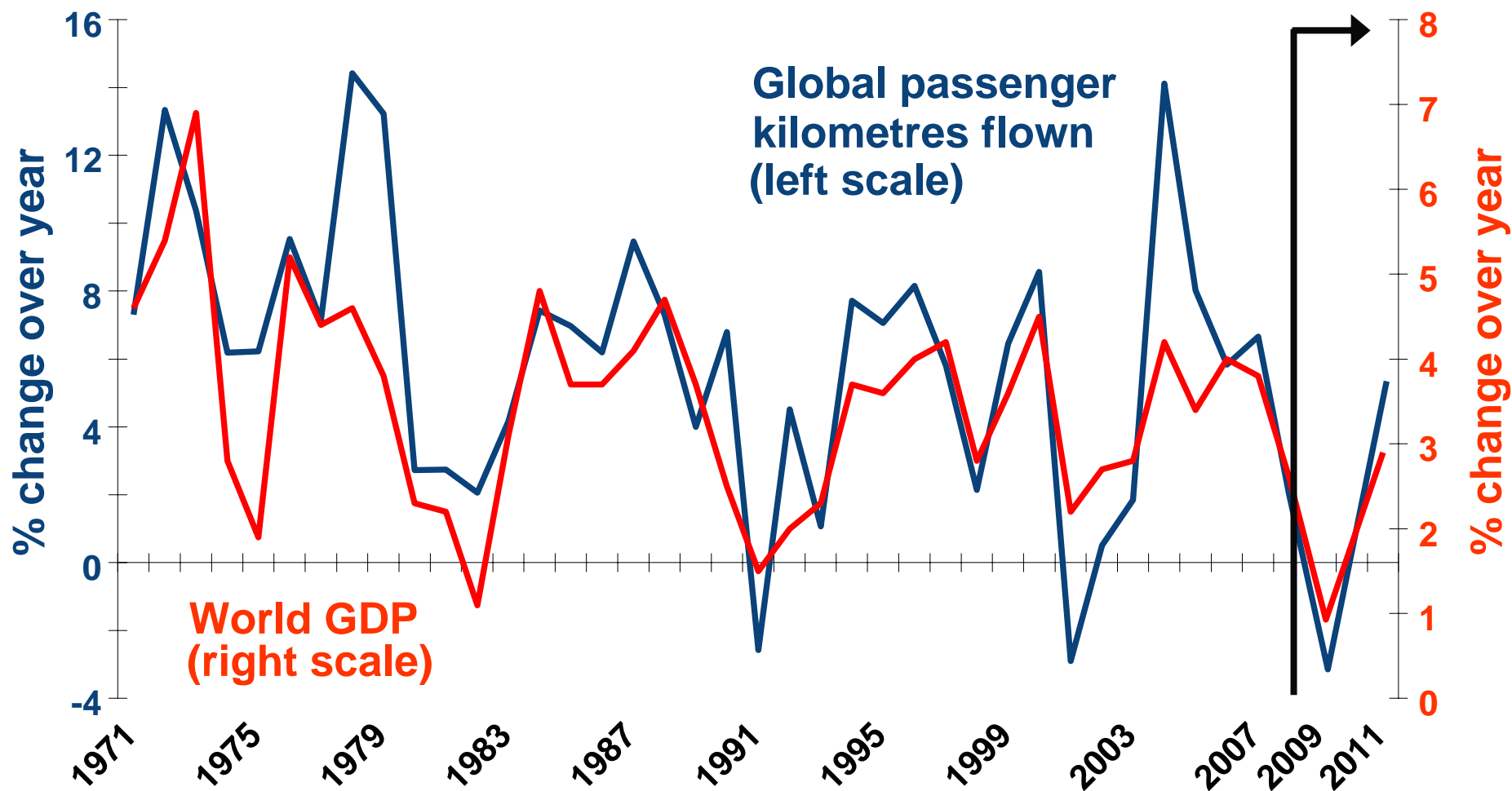
The bad news is a deep recession

Latest forecasts for GDP growth



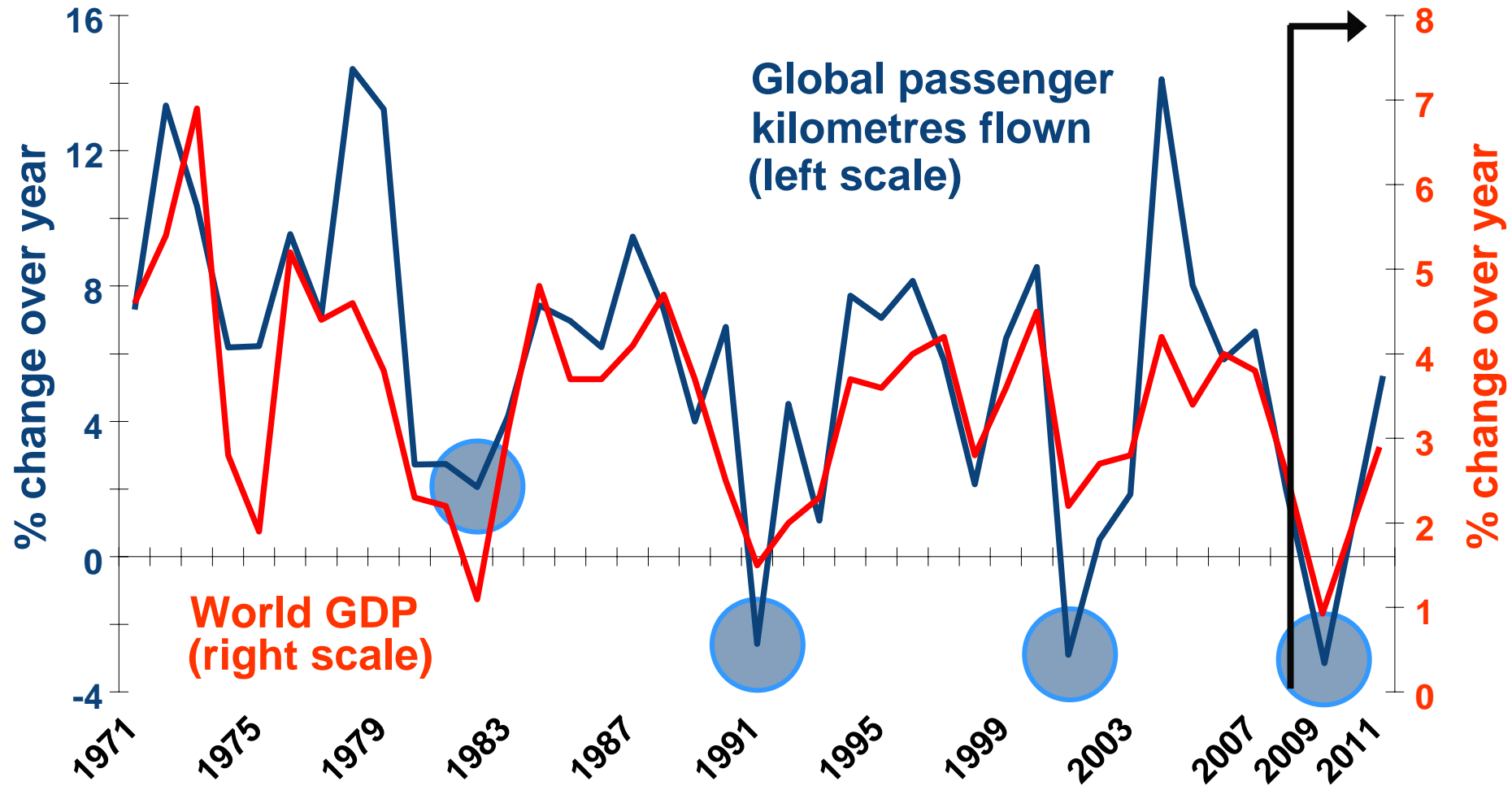
Source: EIU

Passenger markets likely to fall 3% in 2009



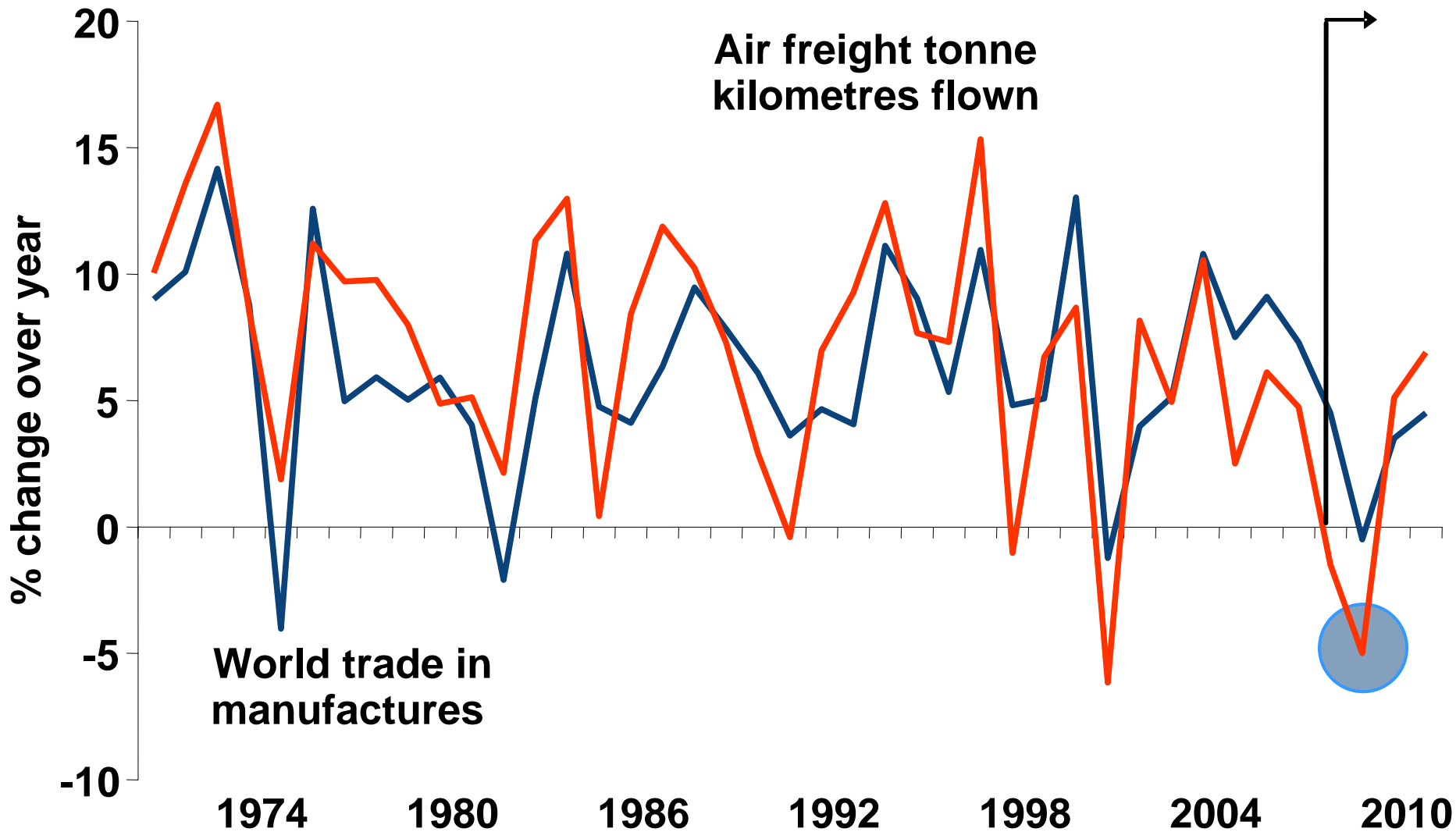
Source: EIU/IATA

Passenger markets likely to fall 3% in 2009

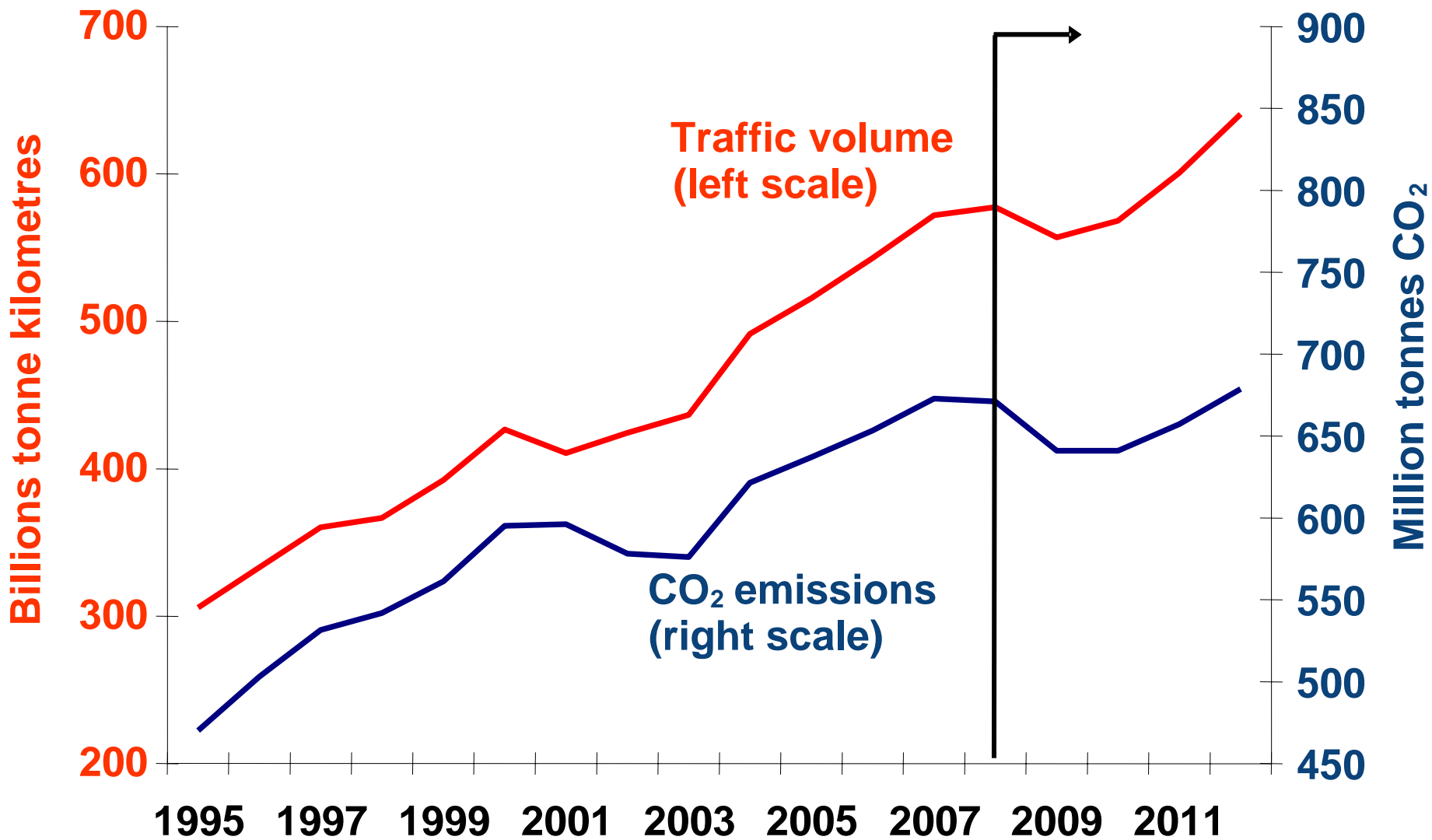


Source: EIU/IATA

Air freight forecast to fall 5% next year

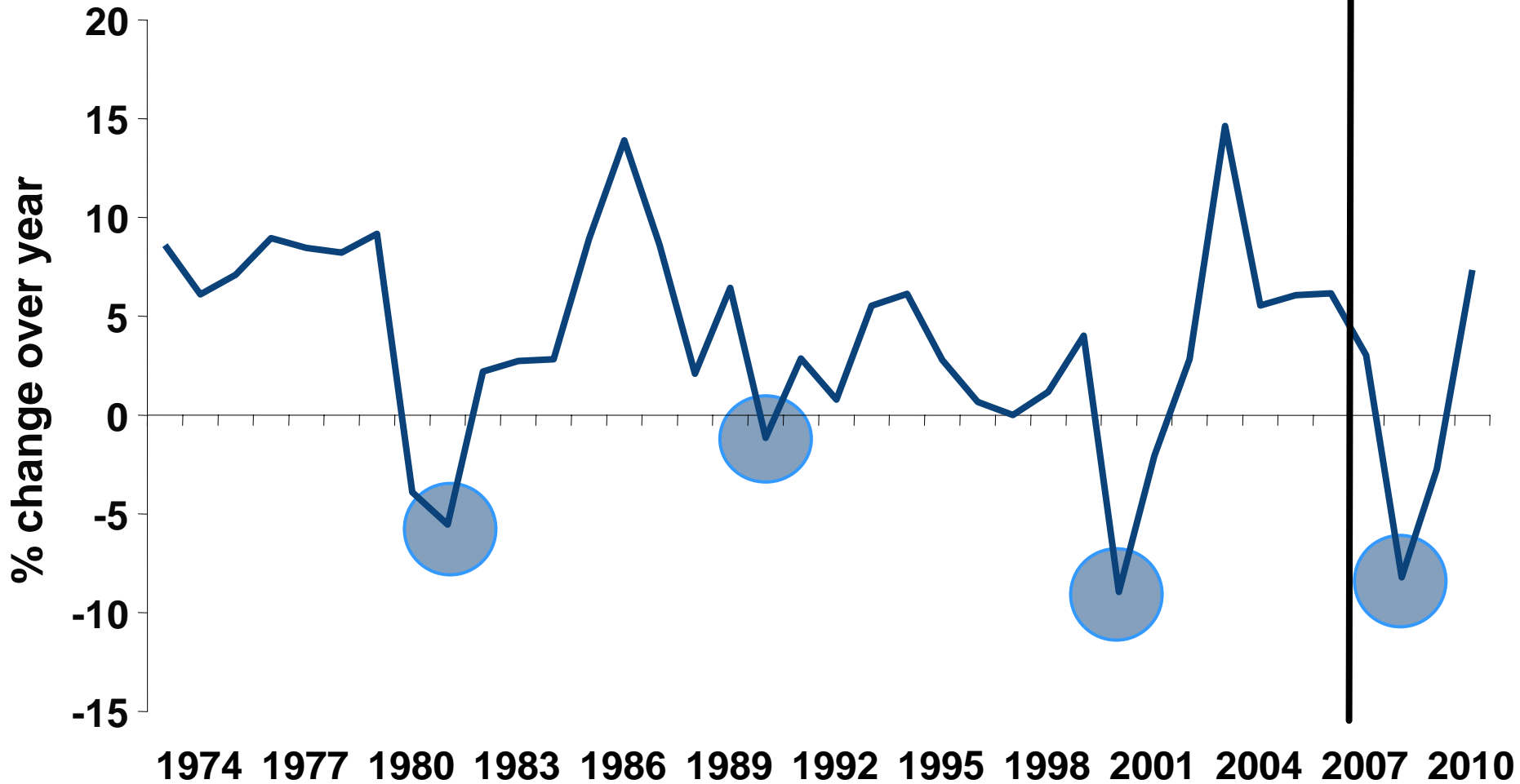


CO₂ emissions from aviation will fall due to recession and fleet changes



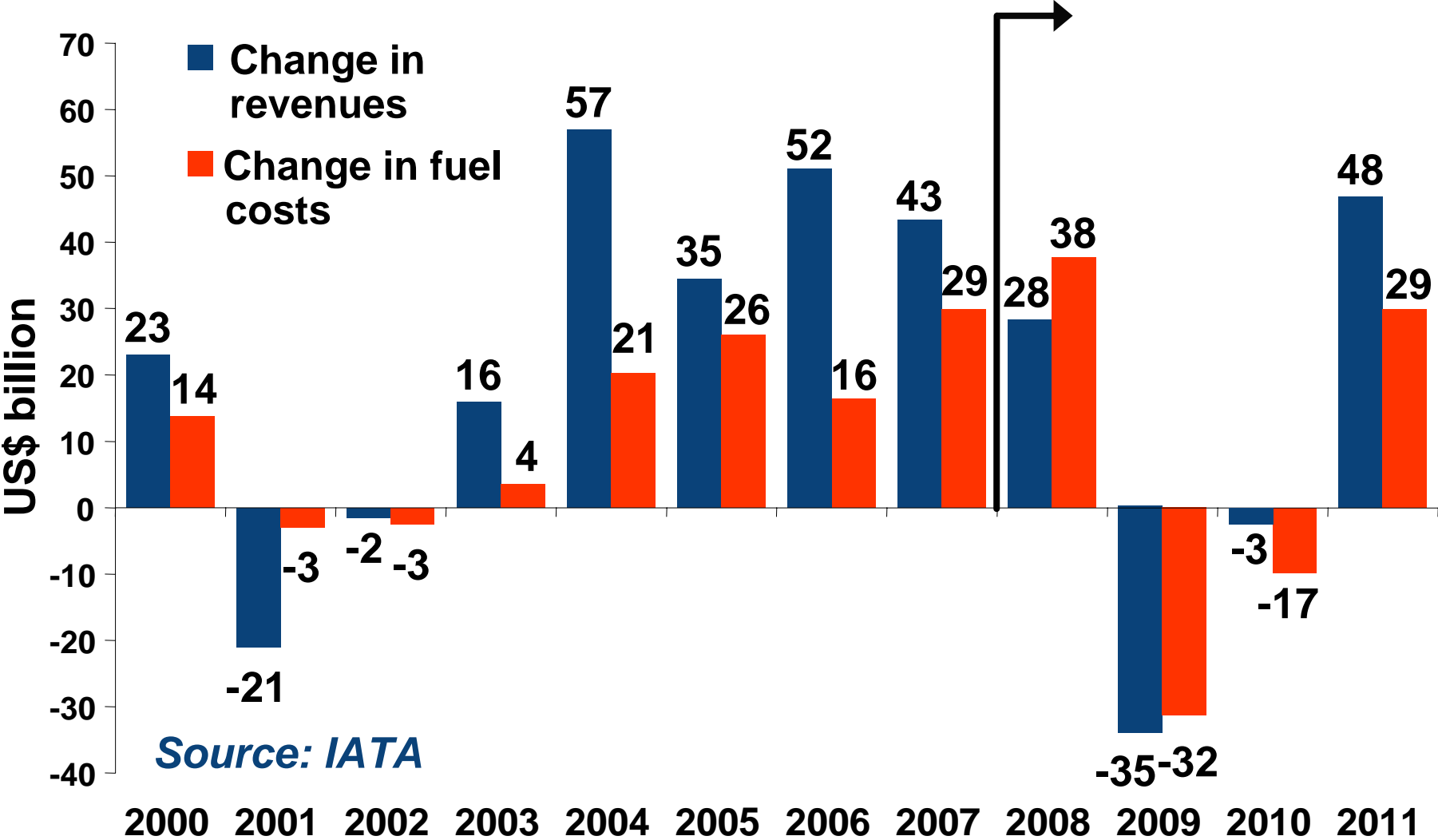
Worst ever 2-year revenue outlook

Airline revenue growth, adjusted for inflation

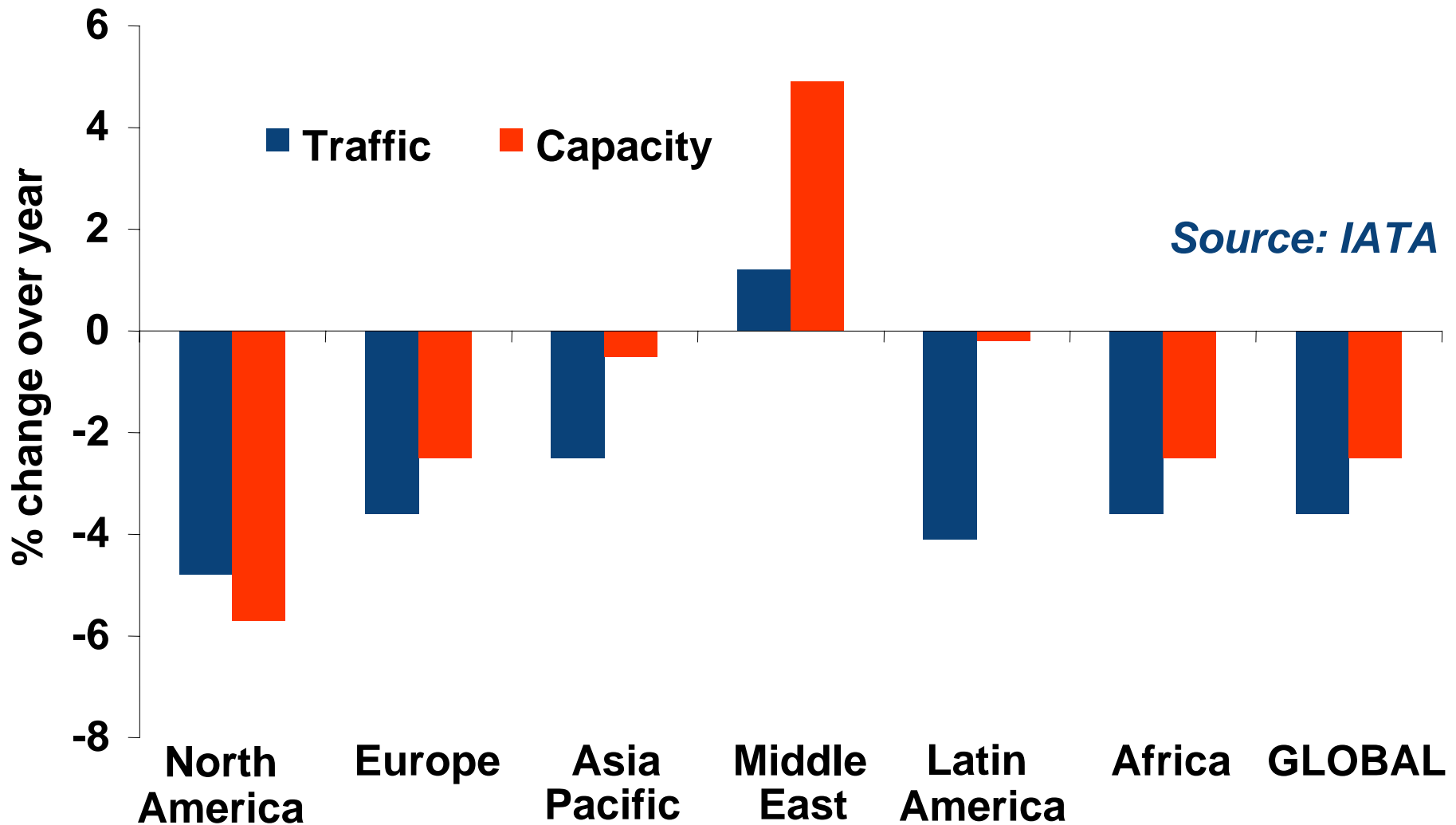


Source: EIU/IATA

Fall in revenues offsets fuel cost reduction in 2009

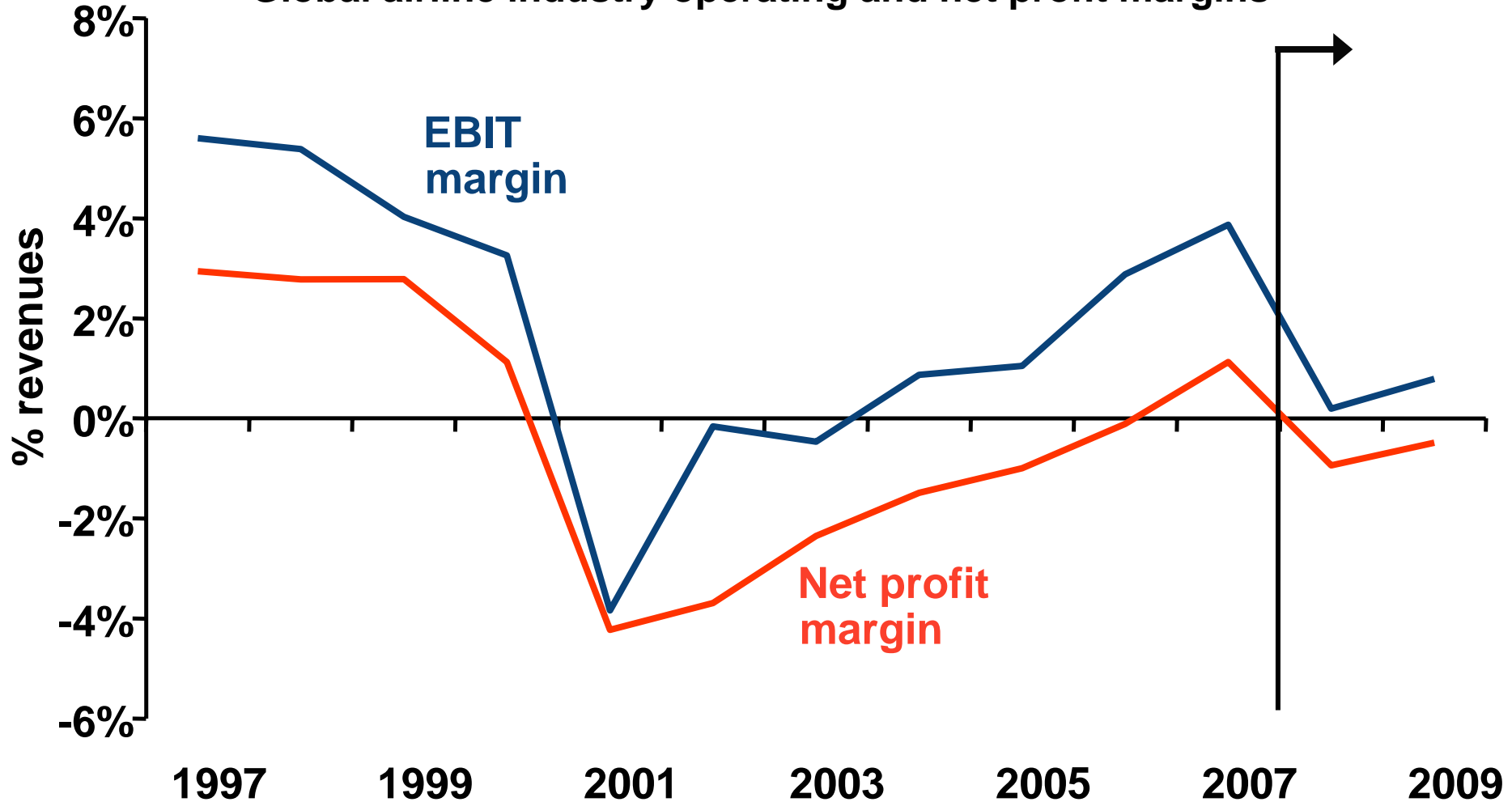


In 2009 capacity cut but only US airlines manage to get ahead of traffic



Two years of net losses forecast

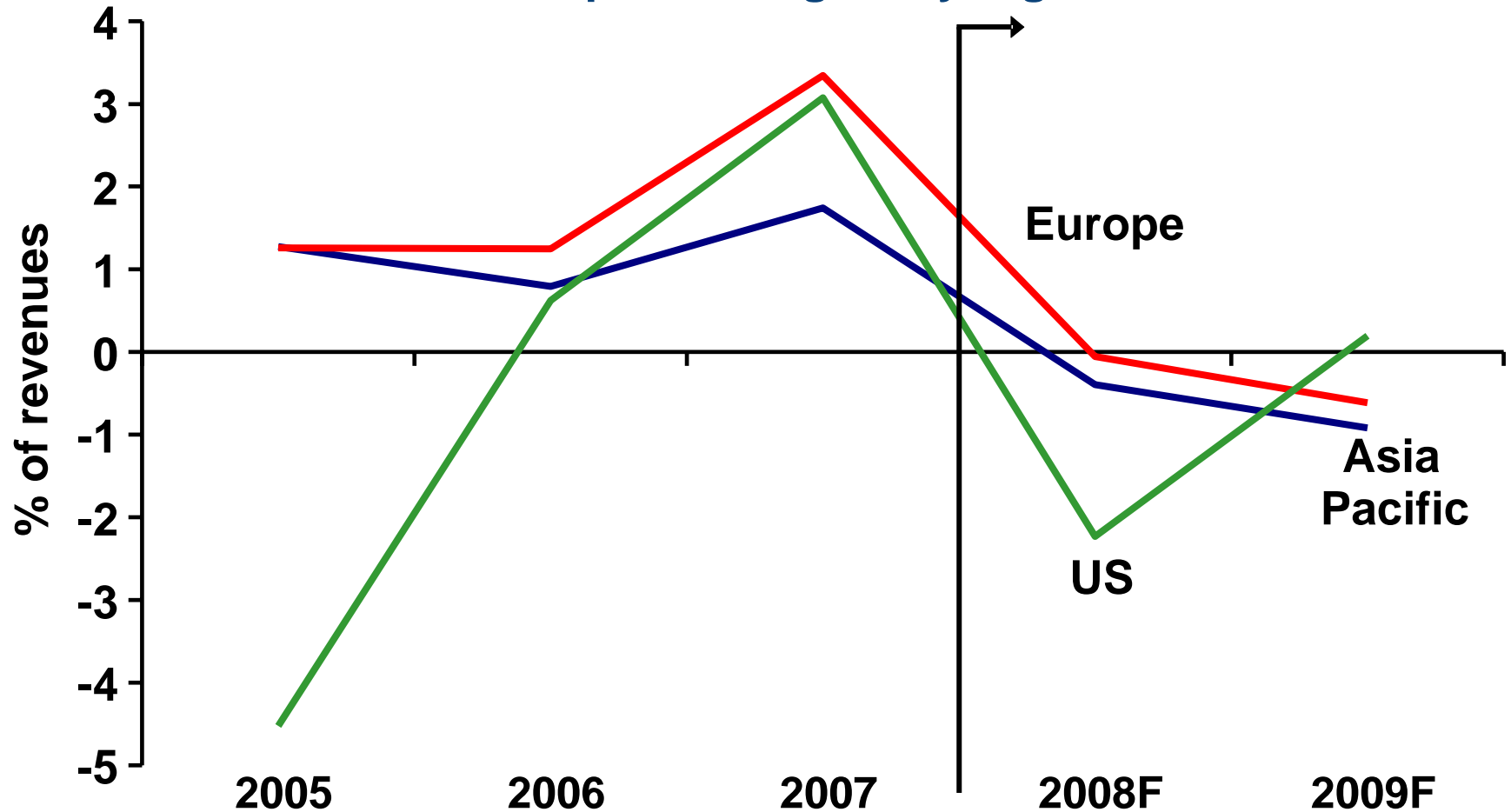
Global airline industry operating and net profit margins



Source: IATA

Losses deepen in 2009 in all regions, except the US

Net profit margins by region



Source: IATA