



Airline industry outlook remains fragile

September 2009

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To represent, lead and serve the airline industry



Airline losses still growing in 2009 Q2

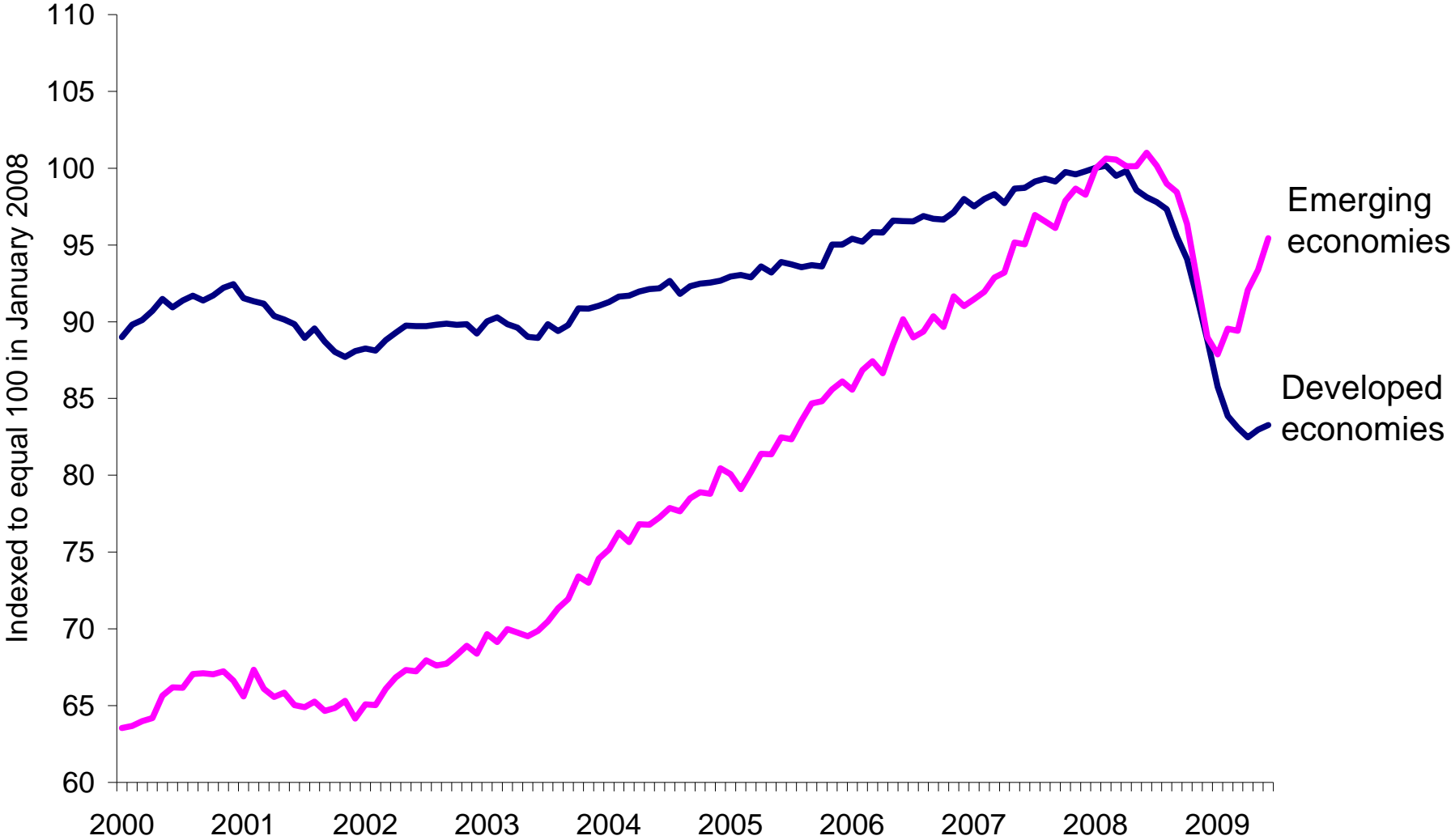
- totalling \$6 billion in first half of year

# Airlines	US\$ million	Q2 2008		Q2 2009	
		Operating	Net post-tax	Operating	Net post-tax
20	North America	513	(419)	1,018	(134)
12	Europe	1,327	439	(788)	(1,101)
16	Asia-Pacific	536	(958)	(723)	(1,290)
4	Latin America	(73)	5	31	485
2	Middle-East	0	7	(6)	20
54	Sample total	2,303	(926)	(468)	(2,021)

*Eva Airways, Thai Airways, Jazeera Airways, Royal Jordanian Op. Profit not included.
Air China, China Eastern half year results included*

Economic recovery underway but uneven

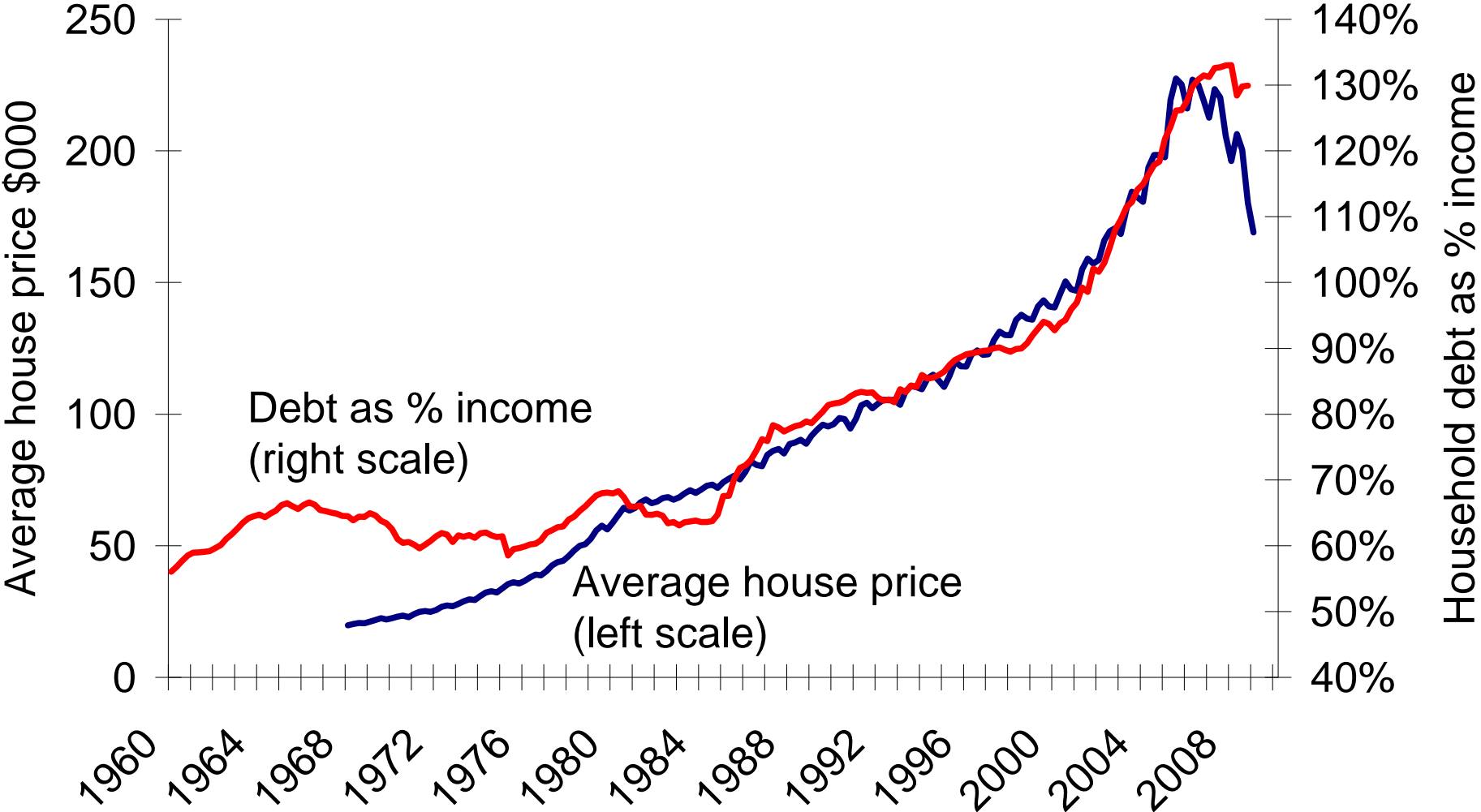
Industrial production levels



Source: Netherlands CPB

Debt is holding back developed economies

Household indebtedness and house prices in the US

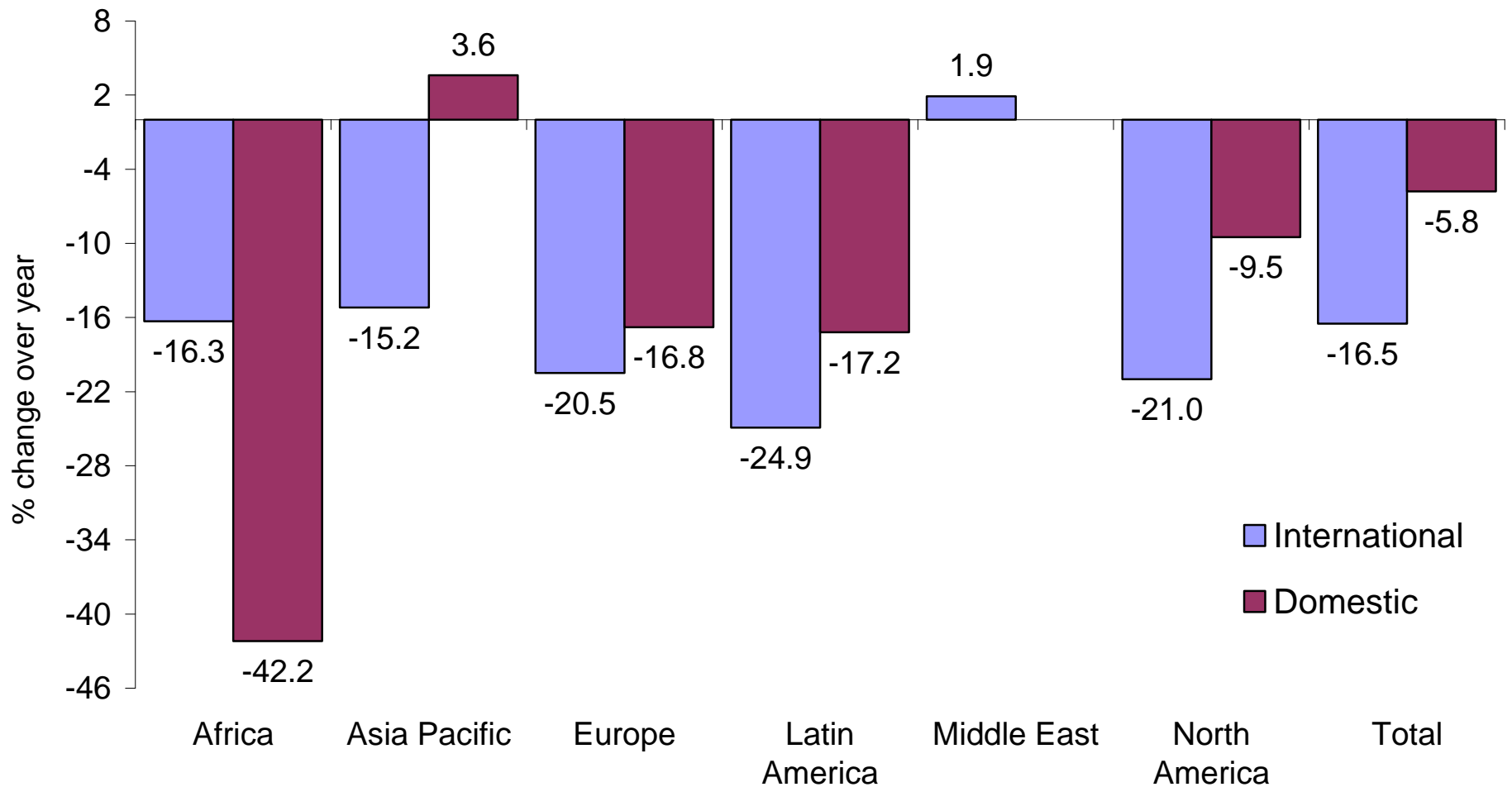


Source: Haver

Asia is seeing an early boost to air freight

Freight Traffic Growth by O-D Region - June 2009

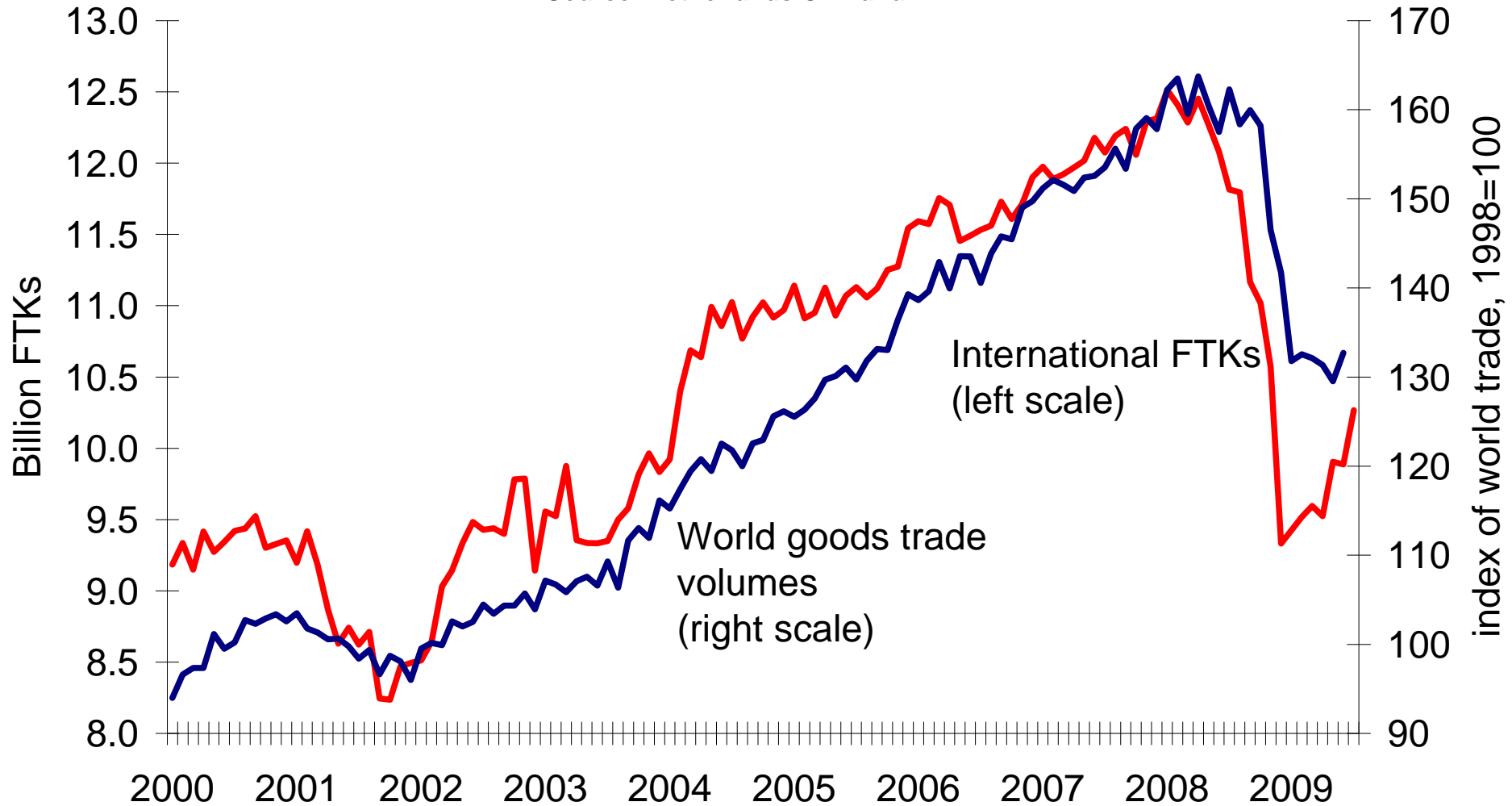
Source: ACI



Air freight is leading world trade pickup

World trade in goods and air FTKs

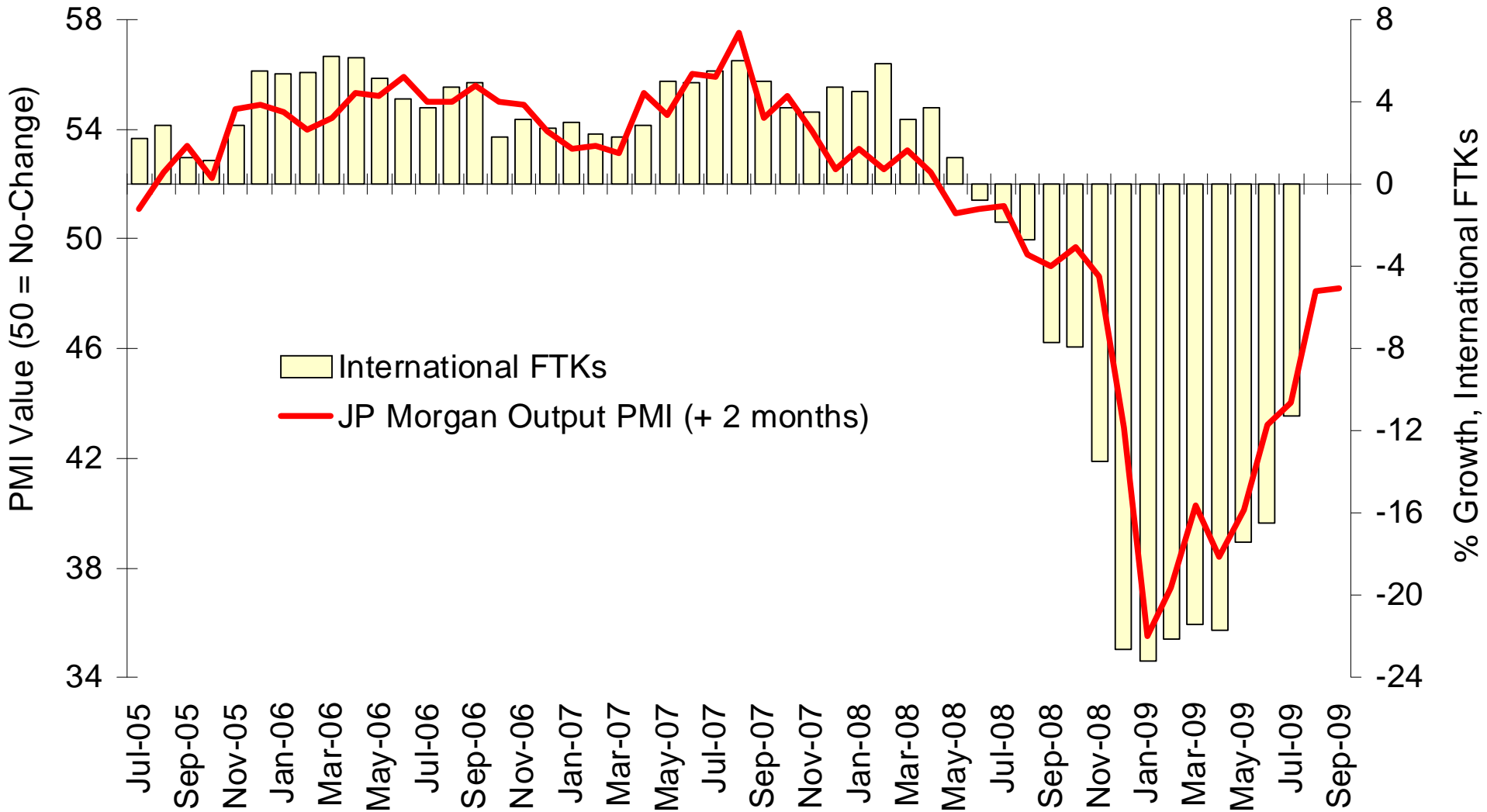
Source: Netherlands CFB and IATA



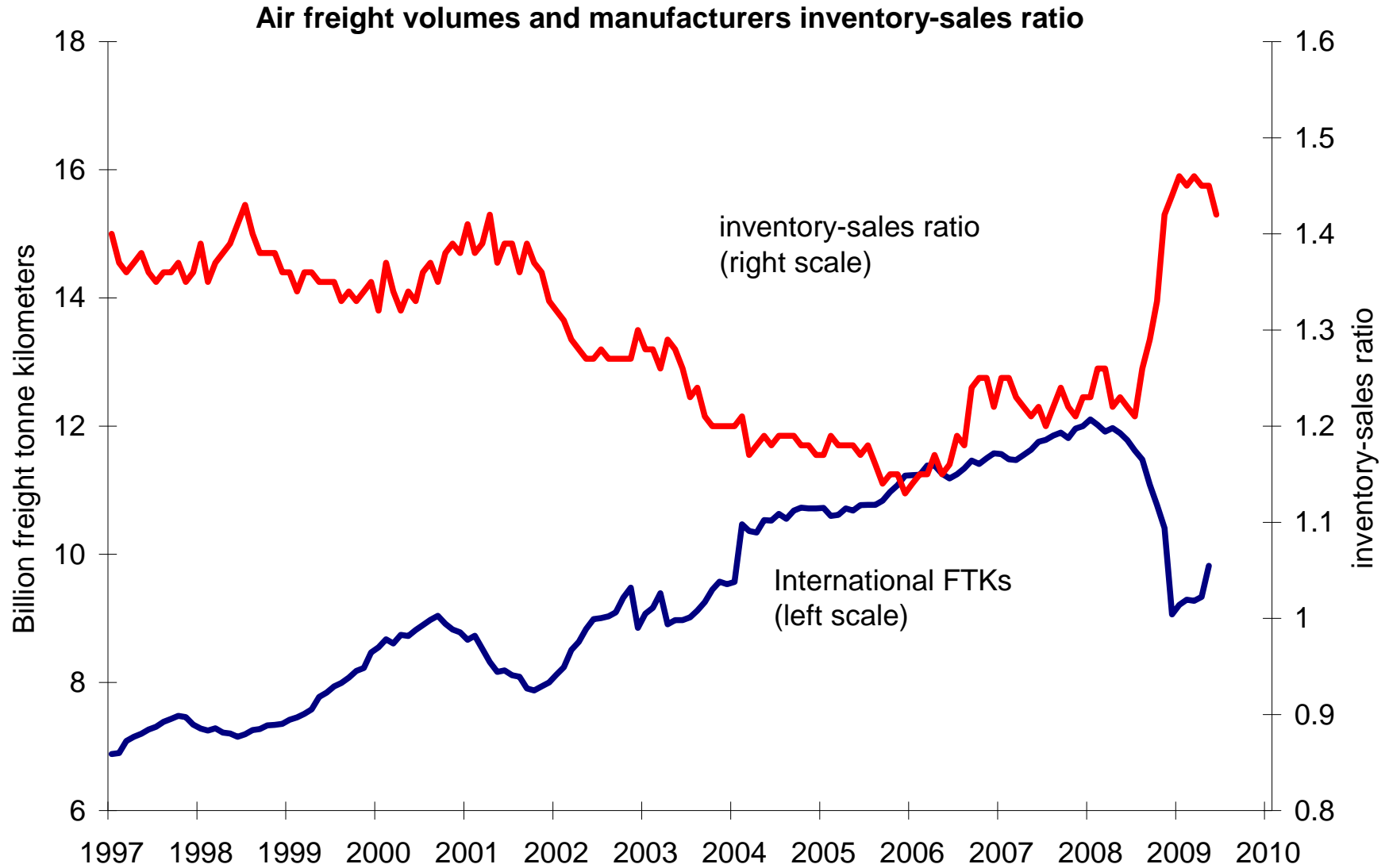
Source: Netherlands CFB and IATA

Further short-term improvements likely

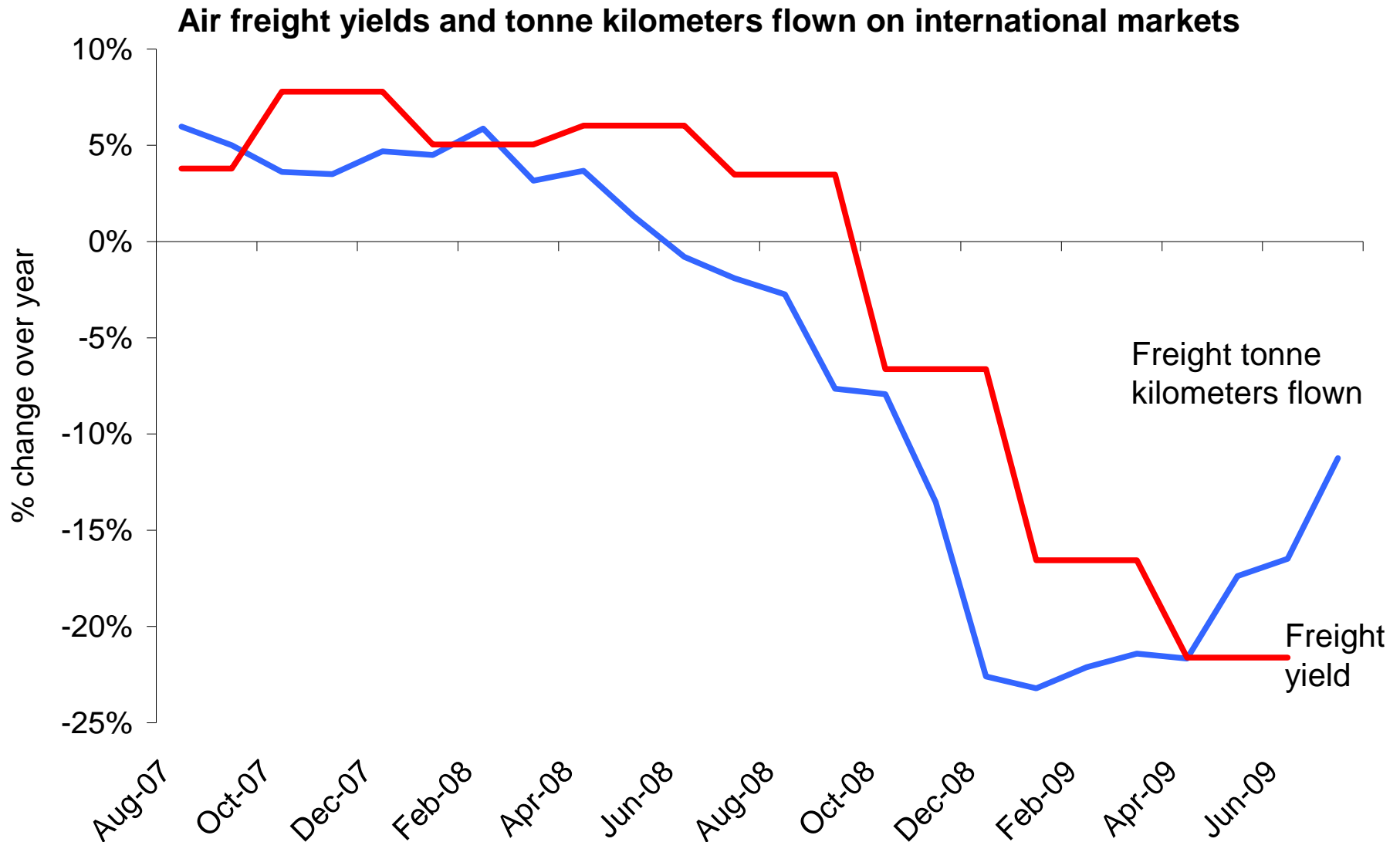
Purchasing Managers confidence survey and Air Freight Demand



As freight benefits from inventory cycle



But freight yields have fallen sharply



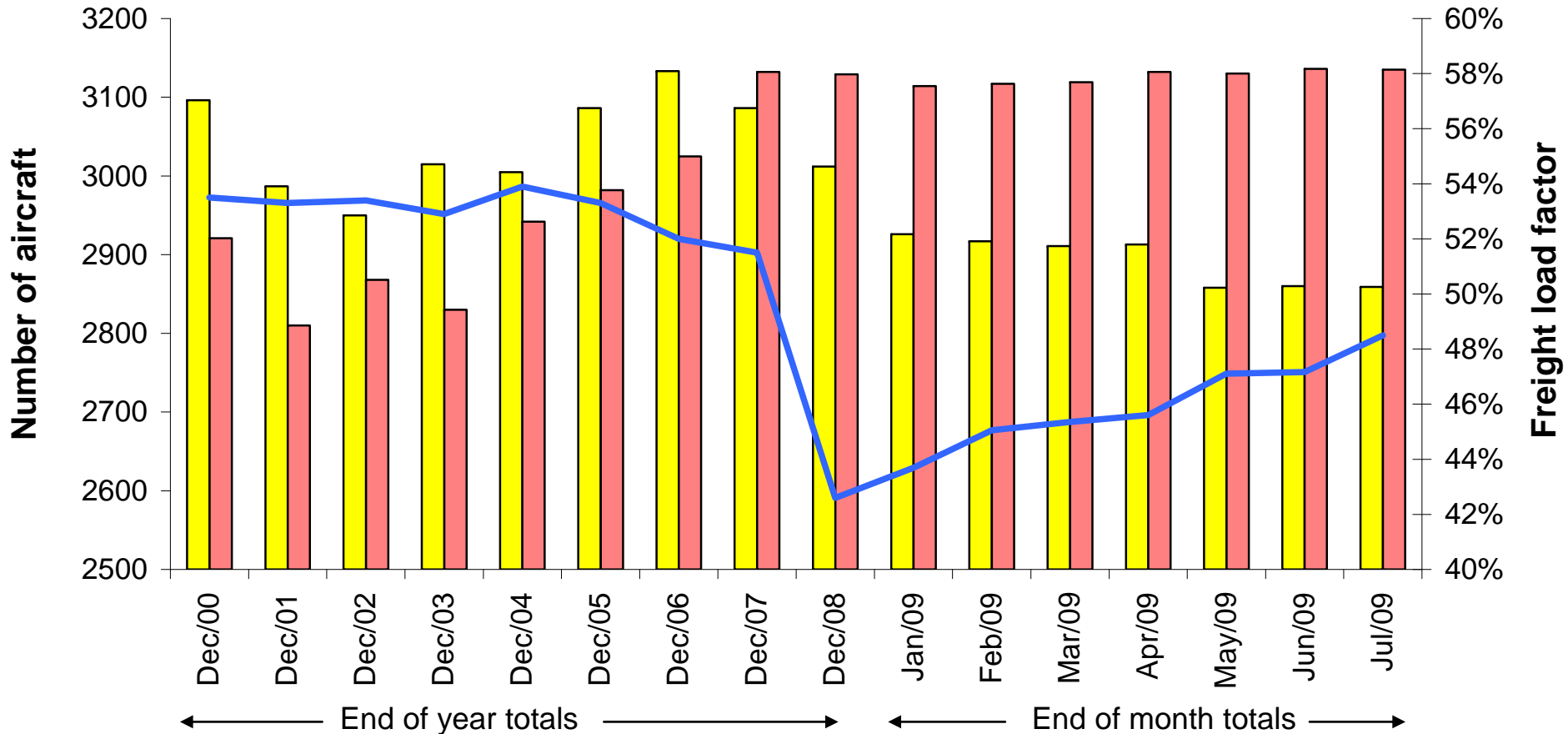
Source: IATA, CASS

As excess freight capacity remains

Cargo fleet composition

Source: Ascend

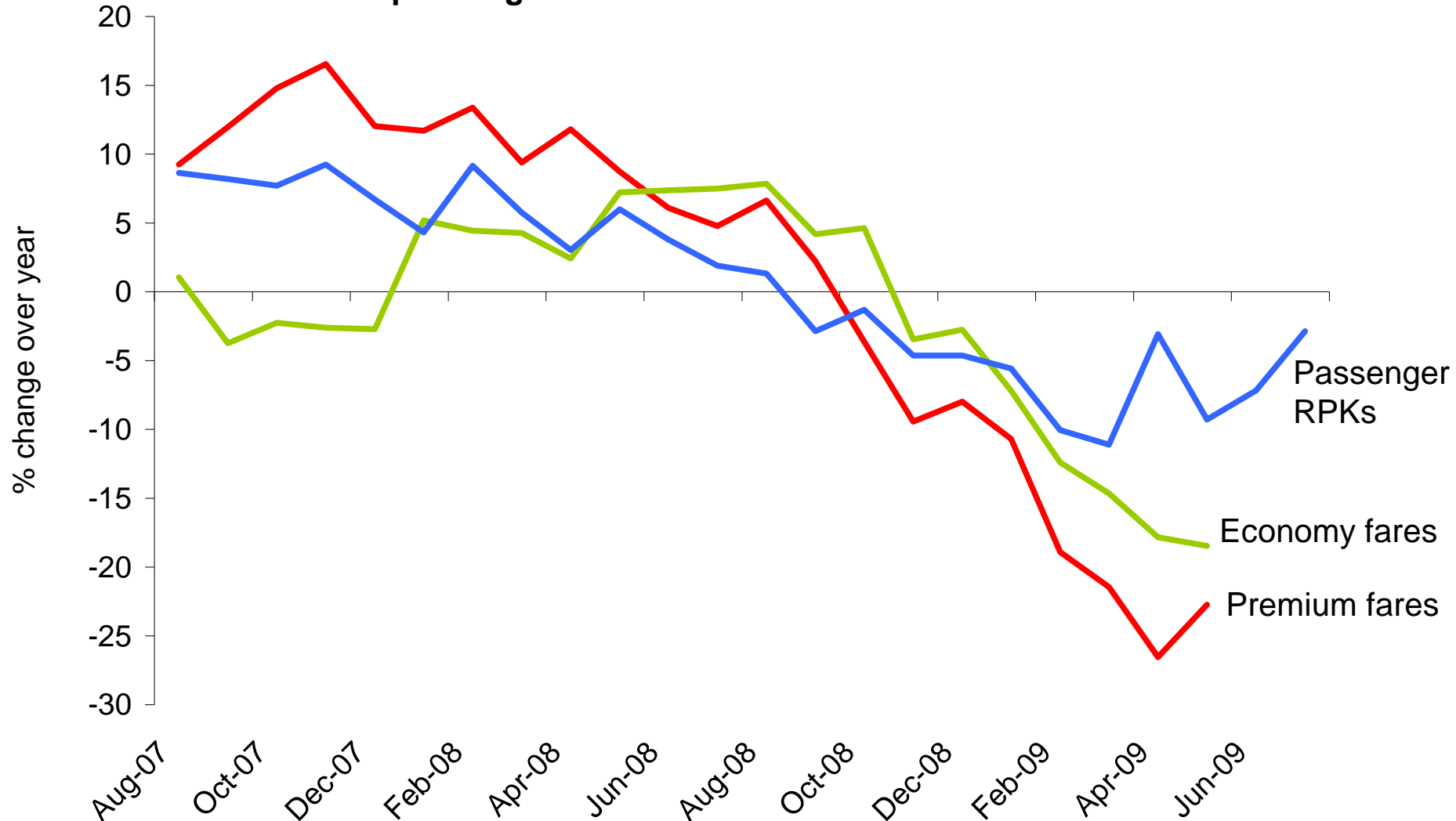
Freighter fleet in service Widebody pax fleet in service Seasonally adjusted load factor



Source: Ascend, IATA

Similar picture in passenger markets

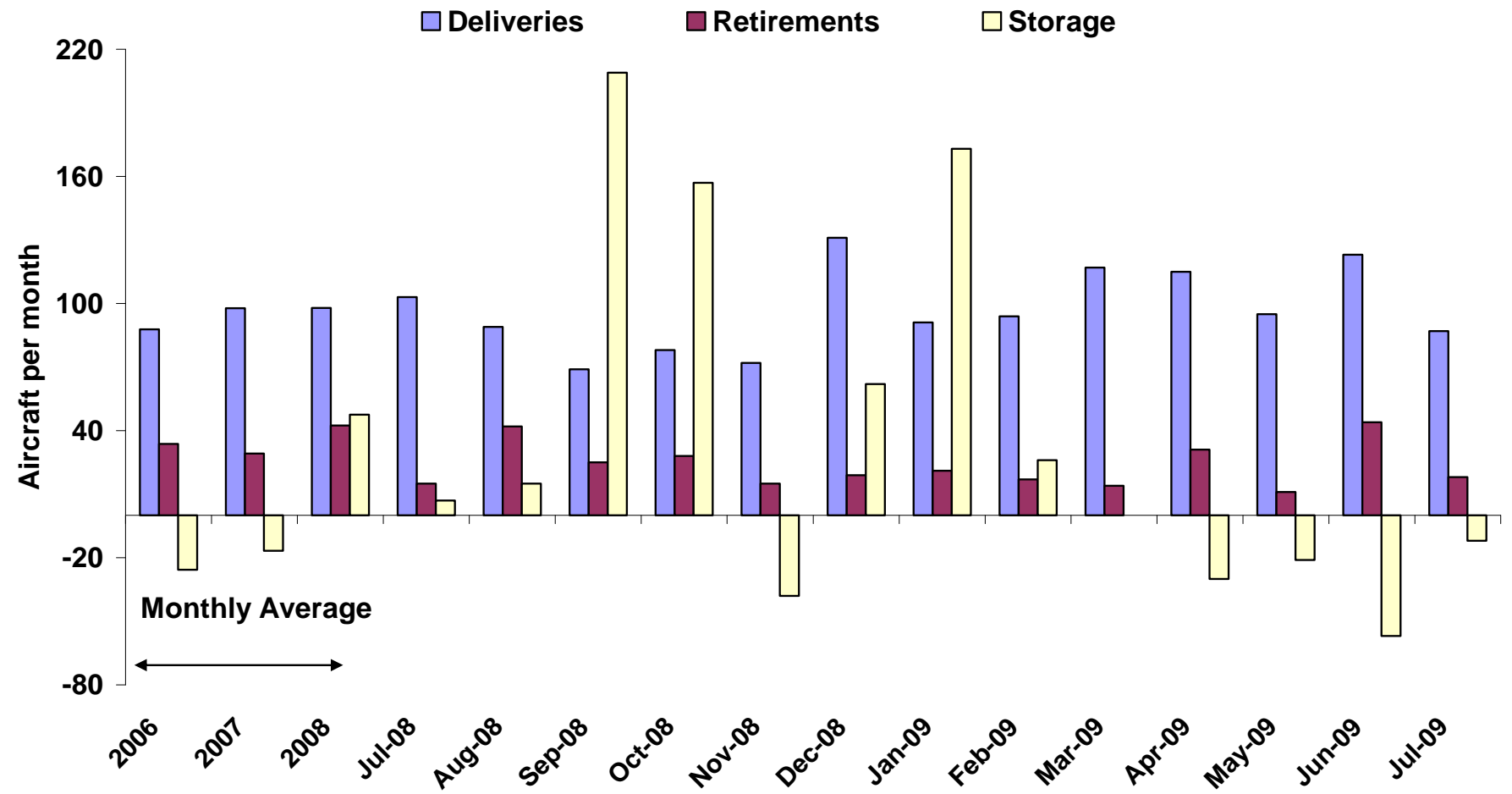
Fares and passenger kilometers flown on international markets



Capacity has been cut by reducing utilisation of aircraft not fleet size

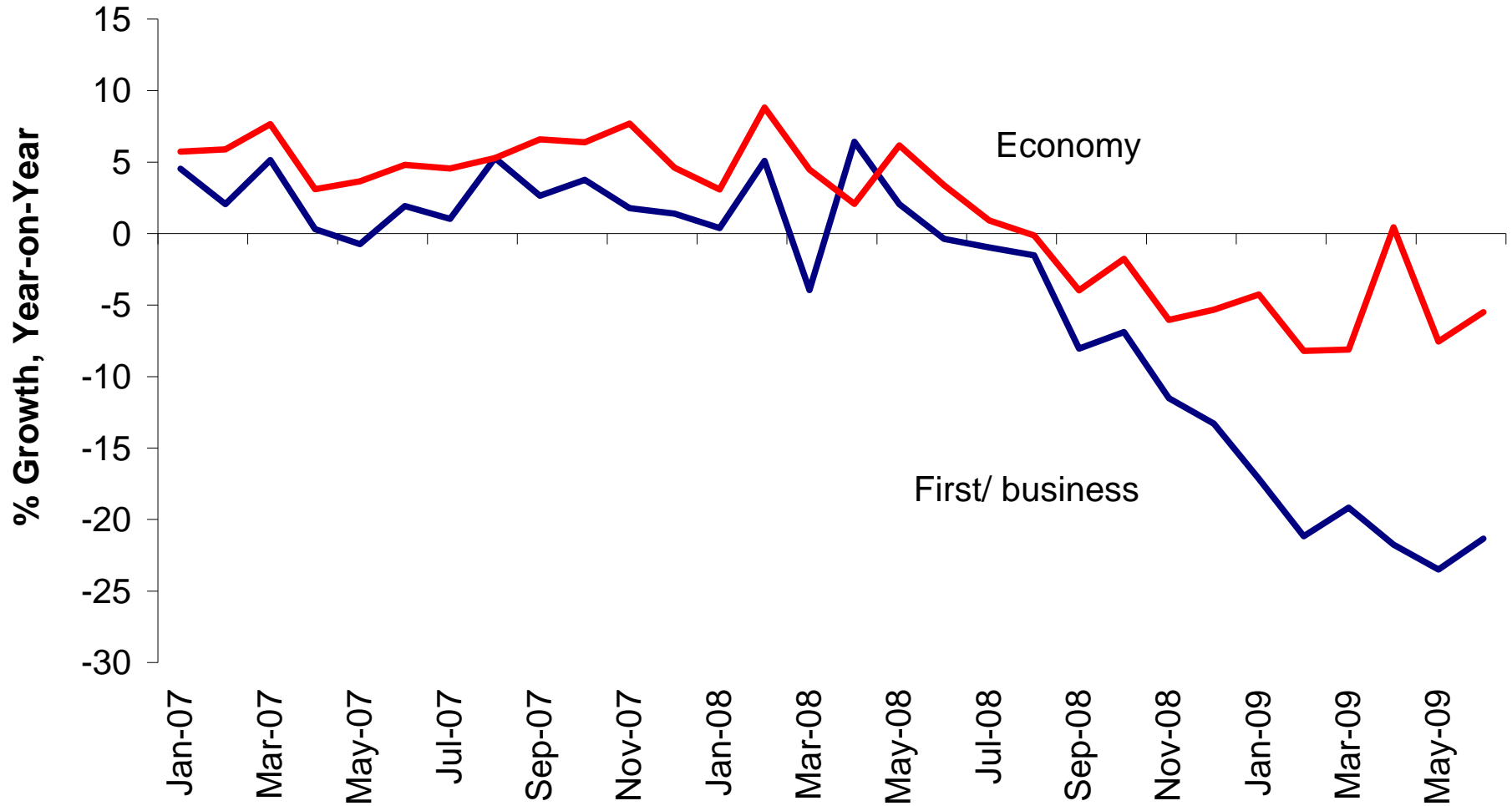
Aircraft Retirements and Deliveries

Source: Ascend



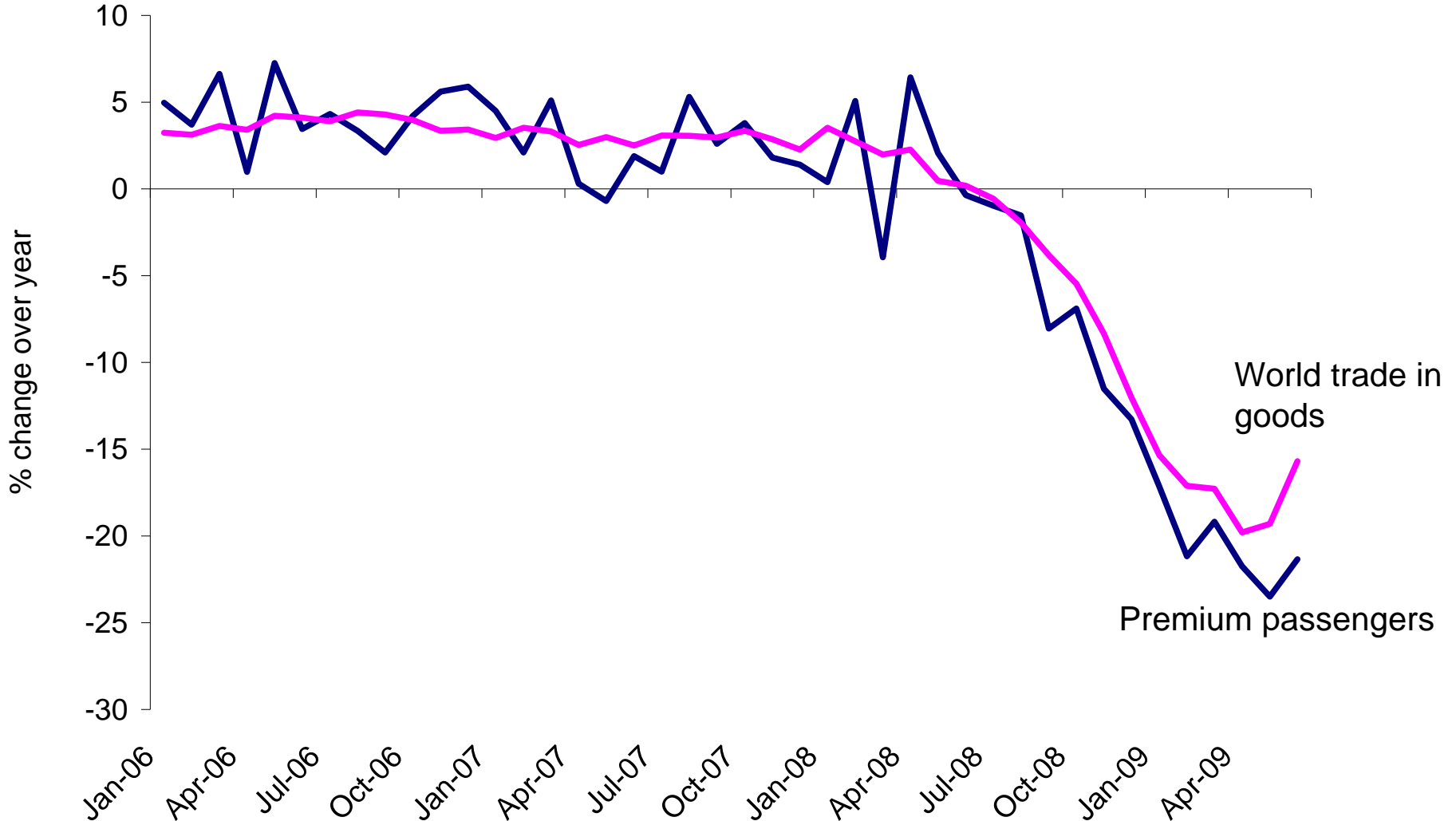
Yields have also been damaged by the mix

Passenger Traffic Growth by Ticket Type



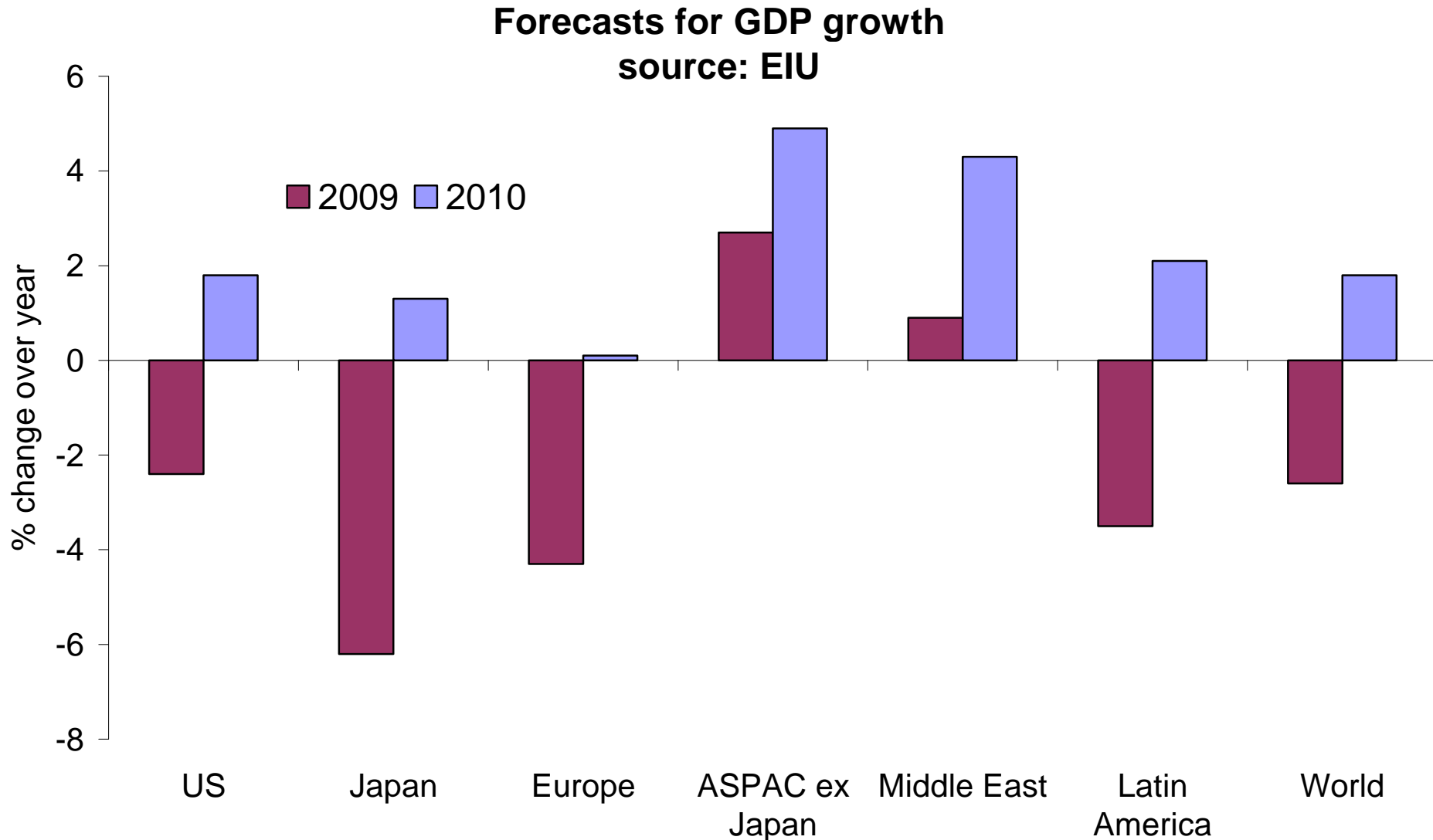
A turning point for premium tickets?

Premium passengers and world trade growth

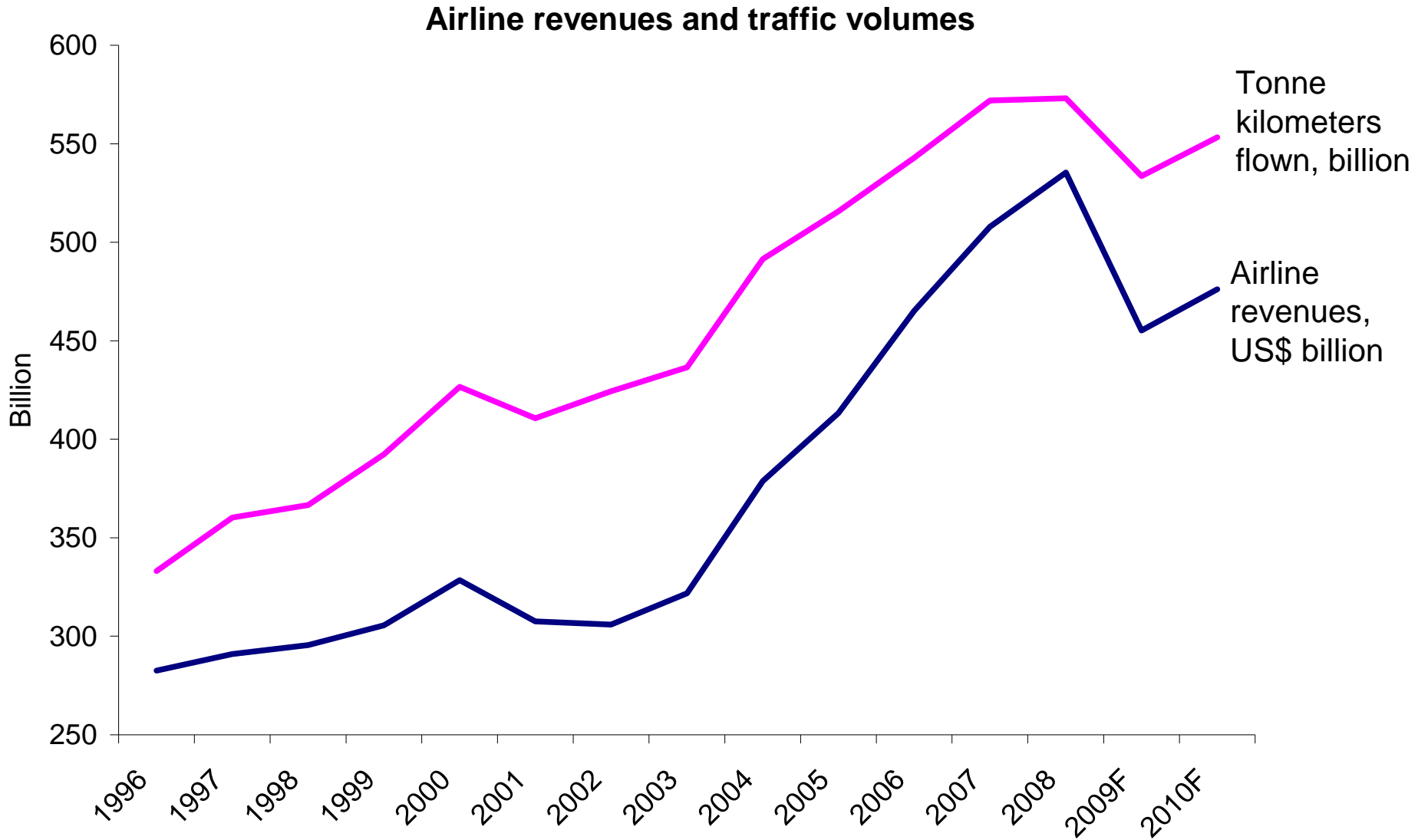


Source: Netherlands CFB, IATA

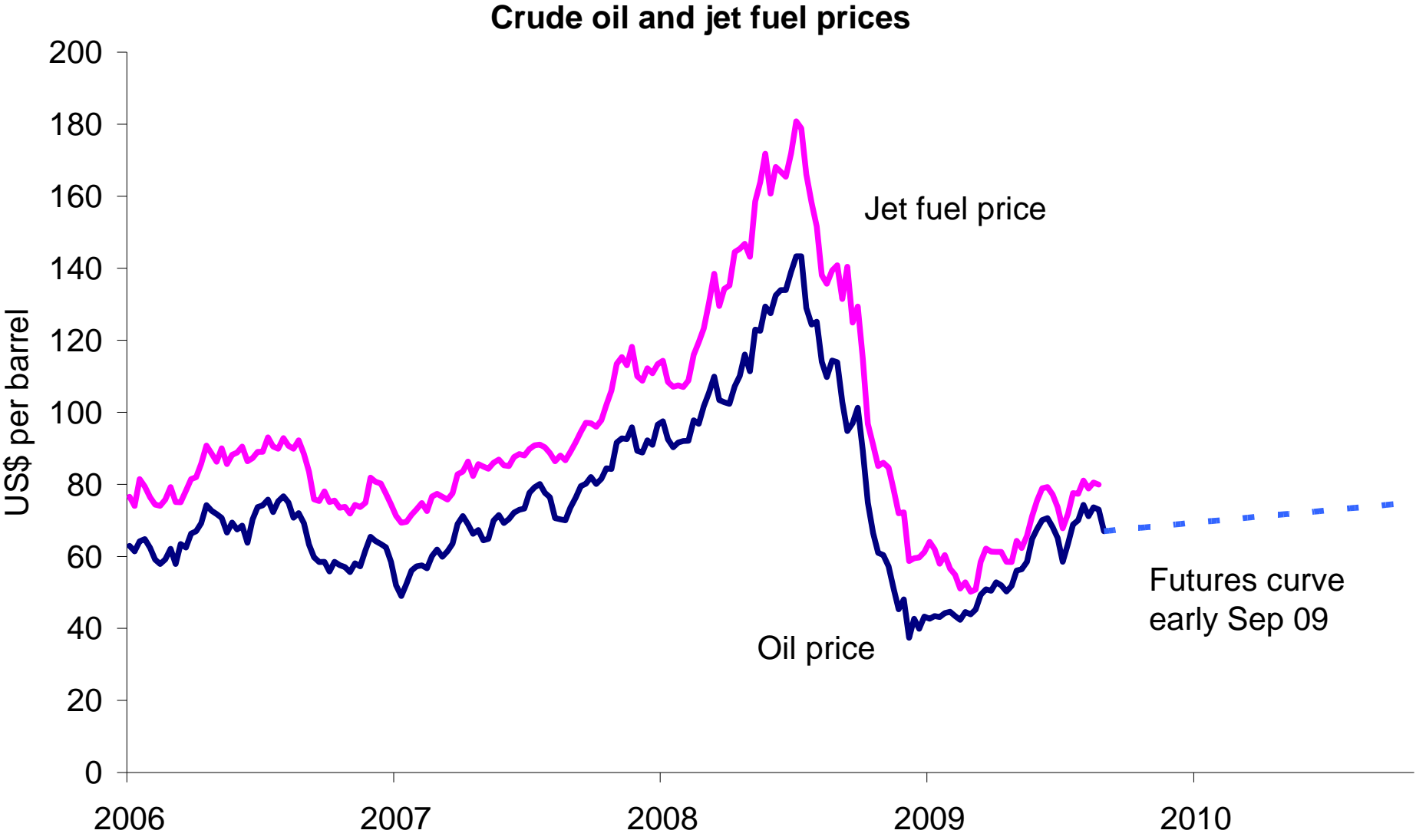
But 2010 economic growth weak and uneven



Revenues will remain weak in 2010

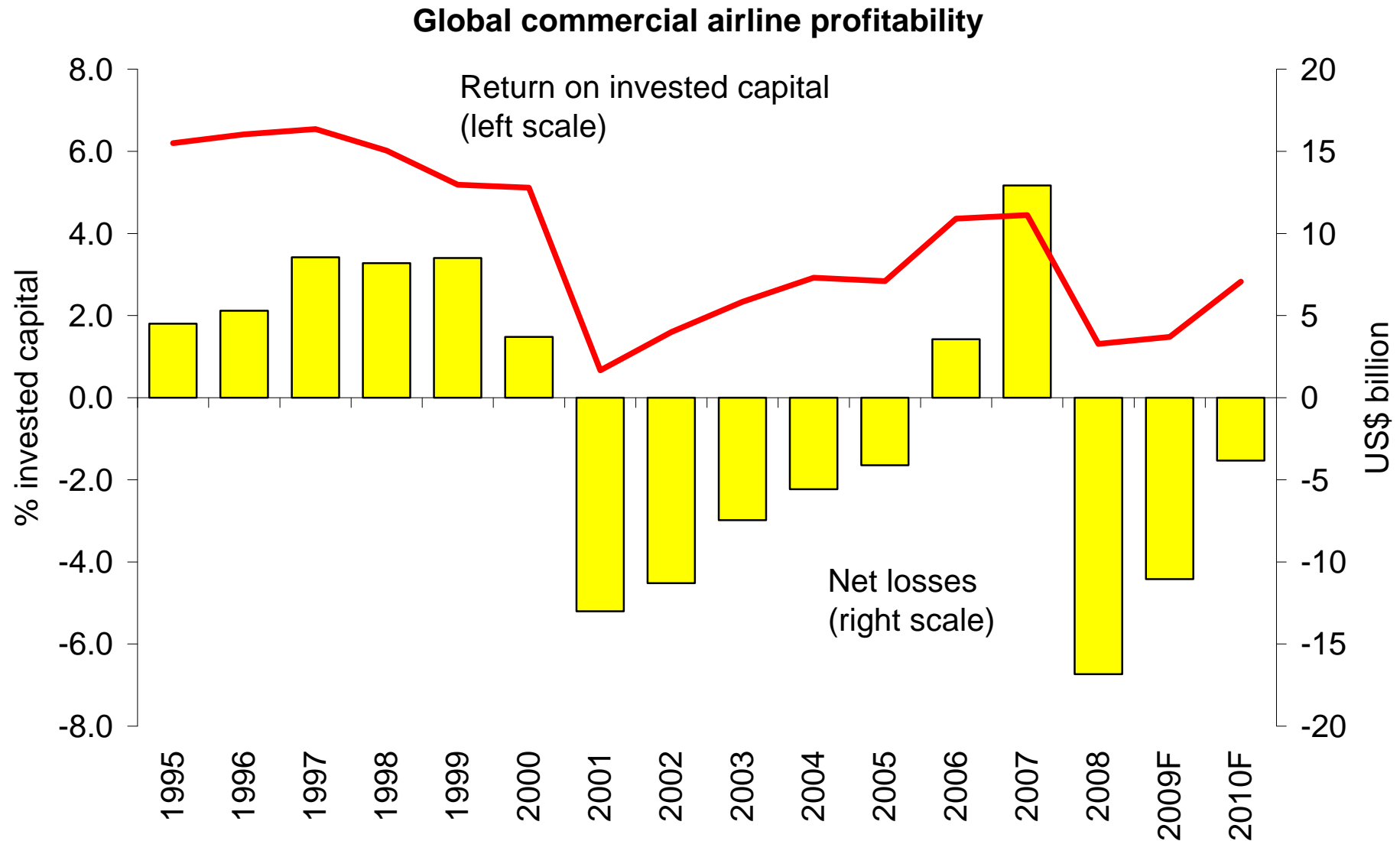


Fuel prices also squeezing cash flows



Source: Platts, Bloomberg

Industry losses to continue into 2010



So airlines remain in survival mode

Capital market cash raising by airlines, \$ billion

