Aviation Strategy

Issue No: 175 May 2012

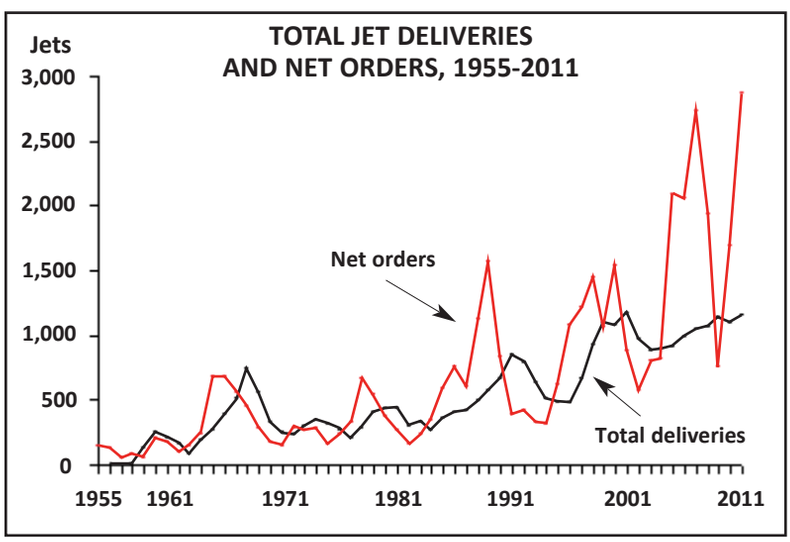
# Blowing bubbles in Barcelona

The renowned February Geneva Forum, the 26th in the series, took place this year in Barcelona in March. Unusually this year there was no clear consensus on the direction of the industry.

The outlook for the economy - headlined by a presentation from Norbert Walter (former chief economist at Deutsche Bank) - was unsurprisingly shown as being in severe doubt, depending on the outcome of the Euro debt crisis. The dynamic growth in the BRICs and static performance in the developed world was seen as continuing, with some risks of a reduction in world economic growth from a lack of consumption in the developed world.

As usual the delegates were polled on various questions (see table, page 2). On the economy the audience seemed relatively positive - with most believing that the world economy would show growth of over 2.5% in 2012 (although less than 3%). Given the news flow it is hardly surprising that the biggest risk to economic growth was seen as a renewed crisis in the Eurozone. A notable 26% considered fuel prices as the major risk. On oil prices themselves, most of the delegates understandably plumped for little change to the current position, just 5% expected a dip below $90/bbl over the next 3-5 years, and 14% looked at prices over $150/bbl.

On the outlook for aircraft finance, the delegates expected most new aircraft finance to come roughly equally from leasing companies and the capital markets although a notable minority thought that the ECAs would be relevant despite the changes in

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export credit rules. When asked about the impact on the ability to raise capital of the introduction of new generation aircraft, more than a third of respondents thought there would be no impact, while a notable 30% thought it would make it easier. However, on the question of the impact of increased narrow-body production by the manufacturers, the majority expressed concern that it would lead to reduced residual values of older aircraft; and the question of the manufacturers' production rates has been a concern of the conference delegates for the past few years for this very reason. Finally, when asked for the most influential factor on the leasing industry in years to come, a third of the respondents selected lack of availability of bank finance.

There were observations - mostly from US based presenters - concerning a "bubble" in aircraft orders. Adam Pilarski of Avitas, in particular remarked on the fact that the backlog is approaching 50% of the active world fleet and represents more than seven years of current production rates (or twelve years' production of the widebody backlog). Richard Aboulafia of The Teal Group expressed further concerns about the actual money value of the order backlog. He did not go so far as saying it was a bubble, but cast doubts on the validity of some of the orders in the backlog, noting in particular that the Gulf superconnectors' widebody orders, $82bn at list prices, accounted for 26% of the total value on order (and 62% of that with Airbus).

Can this really represent a bubble? A pre-condition for market bubbles is that there is an excess of finance available for particular asset types, and that financiers throw cash irrationally at an investment whose price is expected to continue to rise for ever. In this, the post-Lehman world, this should be unlikely; the capital requirements imposed on the banking industry under Basel III are reining in the ability to lend, as well as the appetite. Some notable banking names have withdrawn from funding the aviation industry. The new rules on ECA funding coming in next year will further remove capacity for cheap debt capital. There may be the concern that some will have difficulty finding the funding to acquire the aircraft more than there is a liquidity inspired bubble.

The current commercial order backlog stands at around 9,400 aircraft represent-

**POLL RESULTS**

| | |
|---|---|
| **How strong will world GDP growth be during the next 5 years?** | |
| Stronger than 4% | **1%** |
| 3.5 – 4% | **7%** |
| 3 – 3.5% | **29%** |
| 2.5 – 3% | **37%** |
| Weaker than 2.5% | **26%** |
| | **100%** |
| **What is the biggest risk to economic growth during the next 5 years?** | |
| A renewed crisis in the Euro-zone | **30%** |
| A hard-landing for the Chinese economy | **16%** |
| Private sector debt | **15%** |
| The banks | **14%** |
| Oil prices | **26%** |
| | **100%** |
| **Where will oil prices be in 3-5 years time?** | |
| Higher than $150 / b | **15%** |
| $130 – 150 / b | **31%** |
| $110 – 130 / b | **26%** |
| $90 – 110 / b | **23%** |
| Less than $90 / b | **5%** |
| | **100%** |
| **Where will capital come from for the purchase of aircraft?** | |
| Operating leases | **45%** |
| Pre-delivery financing | **2%** |
| Capital markets | **40%** |
| ECAs | **9%** |
| Manufacturers | **4%** |
| | **100%** |
| **What will be the impact of new-generation aircraft upon ability to raise capital?** | |
| Easier to raise | **30%** |
| Harder to raise | **22%** |
| It will have to come from new sources | **11%** |
| No impact | **37%** |
| | **100%** |
| **What will be most influenced by increased delivery schedules of narrowbody aircraft from the OEMs?** | |
| Residual values of older aircraft | **52%** |
| Ability to raise capital | **12%** |
| Economic life of the aircraft | **36%** |
| The interest of investors in leasing companies | **0%** |
| | **100%** |
| **What will be the most important influence on the leasing environment in the future?** | |
| Capital available in the Far Eastern market | **18%** |
| Influx of new aircraft | **22%** |
| Decreased availability of bank financing | **36%** |
| Interest from investors in aircraft leasing | **18%** |
| None of the above | **5%** |
| | **100%** |

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ing over eight years of current production (the highest ratio it has ever been) and 45% of the fleet at the end of 2011. We have analysed the current order backlog - and present the analysis in the following tables. There are a large number of aircraft on order, but little sign of a bubble. Even the lessors only account for 15% of the backlog (even though there may be some duplication), slightly less than the 1991 GPA peak. The industry has been delivering around 1,000 aircraft in the past three years but this is set to increase in the short run. The current dated orders call for annual deliveries of between 1,300 and 1,400 a year to 2015 - seemingly a significant jump. But this level of deliveries would still only represent 5-6% of the active fleet each year and is consistent with a 20 year useful life; existing aircraft almost certainly have a shorter economic life than hitherto because of the need to go for fuel efficiency.

By James Halstead
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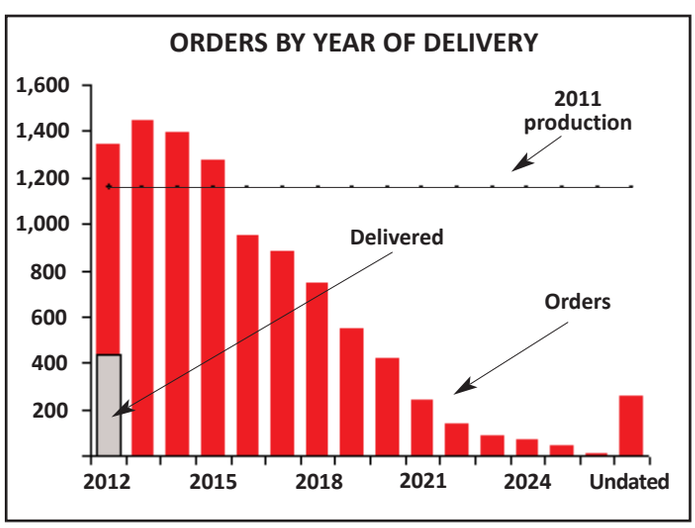
# Order backlog summaries

There is a current commercial passenger and freight aircraft order backlog of some 9,400 units equivalent to 45% of the current commercial active fleet (according to our analysis of the data from *Ascend Online*)




## Prolongation of order backlog

- The current backlog is equivalent to more than eight years' current production levels -- the highest level the industry has seen.
- 53% of the backlog is due for delivery by 2015.
- There are some significant long dated orders. A third of the backlog for the A320/737 and variants are for delivery beyond 2016 (with another 3% -- probably speculative - that have no firm delivery dates).
- The dated orders extend over the next 14 years to 2026 -- with Lion Air, IndiGo and Air Asia extending firm orders for 737s/A320s beyond 2023.
- There is a level of undated orders which may be deemed unlikely to be fulfilled -- but this only accounts for 3% of the total backlog.

## Orders by type of customer

- The lessors account for 15% of the total order book.
- The European Legacy, US Legacy carriers and the three Gulf super-connectors each account for around 5% of the total backlog.
- LCCs make up 30% of the customer base. Notably only 37% of their orders are for delivery before 2016.
- Other airlines make up 40% of the order book - and nearly 70% of their orders are for delivery by 2015.
- The largest individual orders are from Southwest, Lion Air and AirAsia.
- The top 25 customers account for 45% of the total backlog.

**ORDERS BY CUSTOMER TYPE**

| Orders by Customer type | 2012-2015 | 2016-2020 | 2020-2026 | Undated | Total | |
|---|---|---|---|---|---|---|
| European Legacy | 233 | 148 | 9 | - | 390 | 4% |
| US Legacy | 278 | 184 | 12 | 49 | 523 | 6% |
| LCC | 1,054 | 1,291 | 433 | 13 | 2,791 | 30% |
| Gulf superconnectors | 214 | 286 | 17 | - | 517 | 5% |
| Other airlines | 2,521 | 1,018 | 35 | 191 | 3,765 | 40% |
| Lessor | 699 | 599 | 63 | 4 | 1,365 | 15% |
| OEM | 23 | 14 | 14 | - | 51 | 1% |
| **Total** | **5,022** | **3,540** | **583** | **257** | **9,402** | **100%** |
| | **53%** | **38%** | **6%** | **3%** | **100%** | |

**ORDERS BY CUSTOMER**

| | 2012-2015 | 2016-2020 | 2020-2026 | Total | |
|---|---|---|---|---|---|
| Southwest Airlines | 141 | 142 | 64 | 347 | 3.71% |
| Lion Air | 64 | 169 | 112 | 345 | 3.69% |
| AirAsia | 59 | 92 | 124 | 275 | 2.94% |
| Emirates Airline | 108 | 128 | - | 236 | 2.52% |
| IndiGo | 44 | 109 | 66 | 219 | 2.34% |
| Aeroflot | 102 | 86 | 16 | 204 | 2.18% |
| ILFC | 41 | 147 | - | 188 | 2.01% |
| Qatar Airways | 63 | 114 | 10 | 187 | 2.00% |
| Norwegian | 41 | 132 | 8 | 181 | 1.93% |
| GECAS | 93 | 66 | - | 159 | 1.70% |
| China Eastern Airlines | 129 | 18 | - | 147 | 1.57% |
| American Airlines | 101 | 42 | - | 143 | 1.53% |
| Jetstar | 51 | 73 | 15 | 139 | 1.48% |
| CIT Aerospace | 70 | 66 | - | 136 | 1.45% |
| Aviation Capital Group | 93 | 37 | 4 | 134 | 1.43% |
| LAN Airlines | 87 | 45 | - | 132 | 1.41% |
| China Southern Airlines | 125 | 5 | - | 130 | 1.39% |
| Not Known | 109 | 17 | - | 126 | 1.35% |
| United Airlines | 61 | 64 | - | 125 | 1.34% |
| JetBlue Airways | 45 | 68 | 10 | 123 | 1.31% |
| Air China | 90 | 24 | 5 | 119 | 1.27% |
| Delta Air Lines | 50 | 56 | 12 | 118 | 1.26% |
| TAM Linhas Aereas | 58 | 54 | - | 112 | 1.20% |
| Spirit Airlines | 29 | 62 | 13 | 104 | 1.11% |
| ALAFCO | 7 | 50 | 42 | 99 | 1.06% |
| Other 277 | 3,362 | 1,690 | 82 | 5,134 | 54.84% |
| TOTAL | **5,223** | **3,556** | **583** | **9,362** | **100%** |

## Geography

• Over a third of the orders are from operators in the Far East and a quarter in North America -- although half of the North American orders are from leasing companies.

• Europe appears slightly under-represented with only 18% of the total backlog (and 15% of the backlog ordered by airlines).

• Two-thirds of the European orders are for delivery before 2016.

• The majority of the orders from the Middle East are for delivery after 2015.

**ORDERS BY OPERATOR AREA**

| | 2012-2015 | 2016-2020 | 2020-2026 | Undated | Total | |
|---|---|---|---|---|---|---|
| Africa | 150 | 36 | - | 8 | 194 | 2% |
| Asia Pacific | 1,880 | 1,245 | 360 | 11 | 3,496 | 37% |
| Europe | 1,130 | 504 | 47 | 28 | 1,709 | 18% |
| Latin America and Caribbean | 366 | 267 | 13 | 4 | 650 | 7% |
| Middle East | 376 | 405 | 59 | 49 | 889 | 9% |
| North America | 1,043 | 1,070 | 104 | 53 | 2,270 | 24% |
| Unknown | 77 | 13 | - | 104 | 194 | 2% |
| TOTAL | 5,022 | 3,540 | 583 | 257 | 9,402 | **100%** |
| | 53% | 38% | 6% | 3% | 100% | |

## Types on order

• Narrowbody aircraft account for two-thirds of the aircraft on order and widebody aircraft a quarter of the total.

• The delays in the production programmes have impacted some widebody replacement programmes, so the scale of widebody deliveries is going to be substantially higher at 250 a year than in the past decade.

• Only a quarter of the A380/747 deliveries are scheduled for after 2015.

**ORDERS BY AIRCRAFT TYPE**

| | 2012-2015 | 2016-2020 | 2020-2026 | Undated | Total | |
|---|---|---|---|---|---|---|
| Regional Jet | 369 | 199 | 44 | 31 | 643 | 7% |
| 737/A320 | 3,164 | 2,039 | 488 | 179 | 5,870 | 62% |
| Other single aisle | 228 | 251 | 17 | 4 | 500 | 5% |
| Widebody | 1,067 | 989 | 34 | 37 | 2,127 | 23% |
| Large (747/A380) | 193 | 62 | - | 6 | 261 | 3% |
| TOTAL | **5,021** | **3,540** | **583** | **257** | **9,401** | **100%** |

## By manufacturer

• Airbus appears slightly ahead in the duopoly fight - with 46% of the commercial backlog against Boeing's 42%.

• Boeing is slightly ahead on deliveries scheduled before 2016 - where the market shares are reversed - helped by the 787. (The A350 deliveries are expected to start in 2014 but only start to kick in reasonably from 2016).

• Substantially all Embraer's orders are for delivery in the next three years.

**ORDERS BY MANUFACTURER**

| | 2012-2015 | 2016-2020 | 2020-2026 | Undated | Total | |
|---|---|---|---|---|---|---|
| Airbus | 2,122 | 1,806 | 310 | 79 | 4,317 | 46% |
| Boeing | 2,302 | 1,284 | 212 | 143 | 3,941 | 42% |
| COMAC | 101 | 194 | 17 | - | 312 | 3% |
| Embraer | 184 | 26 | - | 17 | 227 | 2% |
| Bombardier (Canadair) | 109 | 62 | - | 14 | 185 | 2% |
| Sukhoi | 133 | 27 | - | - | 160 | 2% |
| Irkut Corporation | - | 84 | 44 | - | 128 | 1% |
| Mitsubishi | 8 | 57 | - | - | 65 | 1% |
| Antonov | 51 | - | - | - | 51 | 1% |
| Ilyushin | 10 | - | - | - | 10 | 0% |
| Tupolev | 2 | - | - | 4 | 6 | 0% |
| TOTAL | **5,022** | **3,540** | **583** | **257** | **9,402** | **100%** |

# Virgin America: Rapid growth, elusive profitability

Now almost five years old, having achieved "major carrier" status with over $1bn revenues in 2011, and with an ambitious fleet plan to fund, Virgin America is feeling some pressure to complete an IPO. Unfortunately, the run-up in oil prices meant financial losses again in 2011, so the earliest that the San Francisco-based LCC could now enter the public markets would be 2013 or 2014.

Virgin America has incurred net losses totalling $460m since the beginning of 2008, when it began reporting its results (operations launched in August 2007). It has seen operating profits in only three quarters (see chart, page 6) and a net profit only once (3Q10). But Virgin America has deep-pocketed and patient investors, including Cyrus Capital, which recapitalised it in late 2009 and helped it raise $150m through a debt offering in December 2011.

Profitability has eluded Virgin America for a number of reasons. First, its start was delayed by two years due to questions about its ownership and control structure, so the airline launched into an extremely tough economic environment (the 2008 oil price surge, followed by the global recession). Then in 2009 one of its founding investors exercised an option to sell their stake back to the UK-based Virgin Group, which led to an almost year-long Department of Transportation (DOT) enquiry about the airline's US citizenship status. Virgin America lost about a year of growth since it was unable to obtain any aircraft financing during the DOT enquiry. After a successful recapitalisation and DOT clearance, the airline staged its second "take-off" in January 2010.

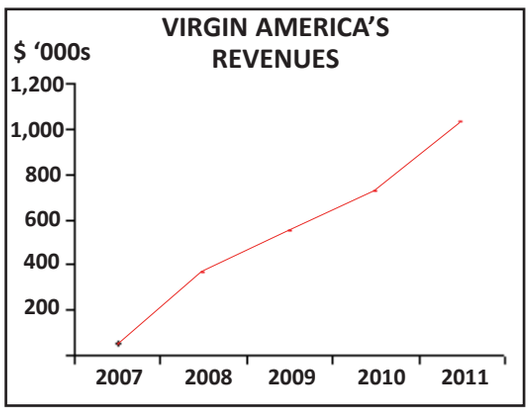
Difficulties in obtaining gates and slots at desirable airports have also impeded Virgin America's progress. Many LCCs need large primary markets to be profitable, and that is especially the case with Virgin America because of its upscale service and desire to attract business traffic.

However, Virgin America has accomplished a great deal in the past 18 months in terms of building a foundation for a successful future. First of all, it has been able to venture into several important (and potentially more profitable) new markets, including Dallas Fort Worth (December 2010), Chicago O'Hare (May 2011), Philadelphia (April 2012) and Washington DCA (this summer).

## Network expansion

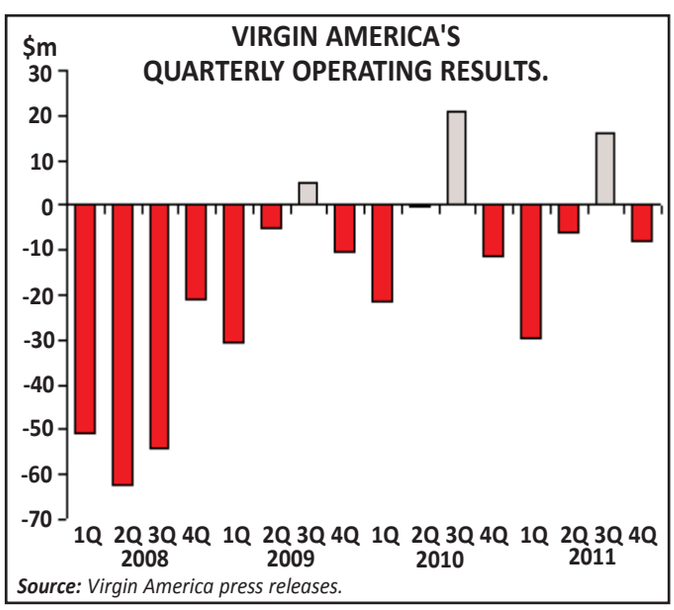
When it became clear that the Toronto-US West Coast markets did not have sufficient demand, Virgin America suspended what was its first international destination in April 2011 (after just 10 months), in favour of focusing on larger and more lucrative markets. Its first target was Dallas Fort Worth, one of the largest business and leisure travel markets from the West Coast. The airline boosted its DFW flights from one to three per day from both LAX and SFO, aggressively challenging AMR on its home turf. One year on, it appears that the Virgin brand and service have been well received in Dallas, though fare wars have been intense so the routes may not yet be profitable. This spring Virgin America has targeted US Airways' Philadelphia hub, adding service there from both LAX and SFO in April.

Gaining access to slot-controlled Chicago O'Hare in May 2011 was a major victory. The opportunity came when Delta and Northwest consolidated operations at the hub after their merger and were forced to renegotiate contracts with the airport. Chicago is one of Virgin America's most competitive markets, given that it is a hub for both American and United, though it is the only LCC serving the West Coast from Chicago O'Hare.




Virgin America recently again failed to secure slots at congested Newark (it was outbid by United). But it is one of four new entrants that have been granted slots at Washington DCA for new flights longer than 1,250 miles this summer (resulting from a relaxation of a law from the 1960s). The airline will be able to add a daily flight to DCA from SFO; however, the second frequency it had wanted went to United, meaning the two will compete head-on on that route.

So, Virgin America has finally made good progress towards its stated goal of serving all the major US hubs. The biggest omissions are Atlanta and Houston – both on the management's shortlist. The two additions this summer (Washington DCA and Portland) will bring the airline's network to 19 points: LAX, SFO, JFK, Washington Dulles and DCA, Boston, Ft. Lauderdale, Seattle, Las Vegas, San Diego, Orlando, Dallas Fort Worth, Chicago, Palm Springs, Philadelphia, Portland and three points in Mexico.




***Source:*** *Virgin America press releases.*

Second, Virgin America has made stunning progress on the liquidity and aircraft financings fronts. The late-2011 fund-raising gave it decent cash reserves for the first time in its history - $160m or 15.4% of annual revenues at year-end. Lease financing commitments are in place for all 13 A320-family aircraft slated for delivery through September 2013. And a pre-delivery payment facility is in place for the first 20 A320s VA is due to take directly from Airbus from mid-2013.

All of that means that Virgin America can wait another 12-24 months before going public. But it cannot really wait longer than that because of the start of deliveries of the $5.1bn, 60-aircraft Airbus order placed in January 2011. It will want to tap the public markets (debt or equity) to fund those deliveries. Therefore Virgin America must become profitable in 2012 or 2013.

Third, Virgin America has already made important technology investments such as switching to the Sabre reservations platform in late 2011 (something other US LCCs have typically done much later). The new system will accommodate the significant growth the airline forecasts, improve codeshare and interline capability and facilitate FFP enhancements.

## Ambitious Virgin?

The Virgin brand has gone down extremely well in the US. Virgin America has been a huge hit in the marketplace with its upmarket product that features "mood-lit" cabins, superior in-flight entertainment systems and other amenities. It continues to win "best airline" type awards.

It is also clear that San Francisco is an excellent base. The product has been keenly embraced by the typical younger Silicon Valley business travellers, as well as small and medium-sized businesses in

| VIRGIN AMERICA'S FLEET | In Service | On order | Options |
|---|---|---|---|
| A319-100 | 10 | | |
| A320-200 | 41 | 31 | 38 |
| A320neo | | 30 | |
| TOTAL | 51 | 41 | 38 |

the Bay Area generally. As California's only airline, Virgin America is in a position to develop an attractive niche as San Francisco's hometown or business airline, mirroring what JetBlue has done at JFK and Boston.

Virgin America has been very successful on the revenue side. Among LCCs, it has been closest to industry-average RASM because of its full GDS participation, three-class service, upmarket product, extensive use of alliances and legacy-style revenue management. But Virgin America has not performed so well on the cost side; in the past four years, its ex-fuel CASM has not improved despite significant ASM growth. The reason for this is continued havy spending to facilitate growth (facilities, training etc).

Rapid growth - specifically the large number of new markets in Virgin America's network – is exerting considerable pressure on profit margins. The management said recently that established markets (those added in 2010 or earlier) were in fact profitable in 2011, and the new markets added last year are expected to become profitable this year. Given that the 2010-2011 operating losses were only marginal (1.7-2.6%), and now that oil prices appear to be moderating, an operating profit in 2012 may be achievable.

Virgin America's aircraft orderbook indicates that it has ambitions to become a much bigger player, operating perhaps 120-130 aircraft by the end of 2018, compared to the current 51 (as of May 1). The airline is due to receive 30 A320s in 2013-2016 and 30 A320neos in 2016-2018. Because of its greater range, the A320neo would allow Virgin America to expand its network to Hawaii.

One interesting new development is the tightening of links between the Virgin Group airlines, made possible by the Sabre transition. In early May Virgin Atlantic, Virgin America and Virgin Australia announced that they had teamed up to launch a joint "Virgin Skies" media campaign, to mark their global FFP partnership – perhaps a step towards deeper cooperation.

By Heini Nuutinen
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# Copa: the new SIA for global airline investors?

With virtually all the world's major airlines posting either losses or meagre profits for the high fuel-cost impacted March quarter, Panama's Copa is in a category of its own with its stunning 20.5% and 17.6% operating and net margins in the latest period. Unlike its peers, Copa is also very much in the growth mode: its capacity is slated to increase by 23% in 2012, following similar growth last year.

Of course, Copa has been profitable at this level for almost a decade. Its annual operating margins have been in the 17-21% range since 2003. In the past five years, its earnings per share have increased at an 18% CAGR, despite 14% annual growth for ASMs. The airline has long been creating buzz with its hugely successful "Hub of the Americas" strategy, which channels traffic between North, South and Central America via the Panama City hub. Ever since Copa made its debut on the NYSE in December 2005, many investors have seen it as a safe and attractive way to participate in the rapidly growing Latin American airline industry.

What has now changed is that the other former high-flyers in the airline industry have stumbled, while Copa's performance has only continued to improve. Most notably, Singapore Airlines, the leader in the global airline profit league until the late 2000s and a carrier that also relies on sixth freedom traffic, has just reported its first quarterly loss in more than two years. SIA has been hit by higher fuel costs, weaker demand from Europe and intensifying competition from Middle Eastern carriers. Among the former Latin American high-flyers, Brazil's Gol and TAM also reported poor results for the first quarter, amid higher fuel costs and a weakening GDP and air travel demand growth in Brazil.

"With Singapore Air's surprise loss, buy Copa instead?" read a headline from *Seeking Alpha* in early May. Noting that even "Middle Eastern behemoth" Emirates has seen its profits fall sharply because of fuel, the stock market analysis website commended Copa for its continued rapid growth and strong profits "even in times of elevated crude oil".

In recent months Copa has performed some amazing feats. In particular, analysts were impressed by the carrier's yield performance in the March quarter: the yield rose by 7% despite capacity being up by 23% and the average length of haul increasing by 16%.

Such yield performance was possible because of an exceptionally strong demand environment, resulting from continued robust GDP growth in most of Copa's markets. It meant strong growth in business travel and an overall healthy pricing environment, allowing the airline to more than offset a significant hike in fuel prices. Copa's operating income rose by 12% to US$111.6m in the March quarter, despite a 19.5% increase in the effective price of fuel.

Copa stands out from its peers also because of its promising outlook. Panama is now the fastest-growing economy in Latin America, with 10% GDP growth seen in 2011 and at least 7-8% expected in 2012. The Latin America region as a whole is projected to see 4% GDP growth this year. Copa has not detected any softening in Brazil-originating demand.

So, Copa is poised for another year of industry-leading results. Yield, RASM and load factors are all expected to improve, despite a 23% capacity addition. The management is projecting an 18-20% operating margin in 2012, which some analysts feel is a conservative estimate.

Copa's ROIC exceeded 15% in 2011 and is expected to rise to 17-20% in the next couple of years. Its balance sheet has strengthened significantly over the past five years. Its leverage ratios are now similar to Southwest's, and its cash reserves amount to a very healthy 33% of lagging 12-month revenues. So Copa is well positioned to fund its fleet plans, which include firm orders for 45 737-800s plus 16 options,

scheduled for delivery in 2012-2018.

Copa's annual investor day in March and its 1Q earnings call in early May also provided reminders of one important advantage enjoyed by the carrier: lack of infrastructure constraints at its Panama hub. Tocumen International Airport is expanding to accommodate Copa's growth. The current quarter will see the opening of a new North Terminal, which will increase the total gates from 22 to 34. And in the coming months the Panamanian government will be inviting bids for a new South Terminal, which will provide 20-30 additional gates in two to three years' time.

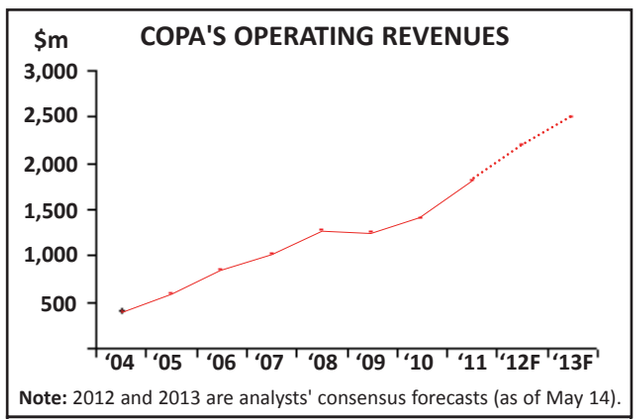
In the longer term, the question remains whether Copa's excessive reliance on connecting traffic will crimp its growth prospects. However, right now it seems that the airline is benefiting from a stronger confluence of positive factors than at any point in its history. Copa is well positioned for the market share battles that may result from the current industry consolidation phase, which will essentially lead to five carriers (LAN/TAM, AviancaTaca, Aeromexico, Gol and Copa) competing for intra-Latin America traffic.

Interesting questions include: Where will Copa put all that significant additional capacity? Could there be units similar to Copa Colombia in more Latin American countries? How will Copa tackle the Brazilian market?

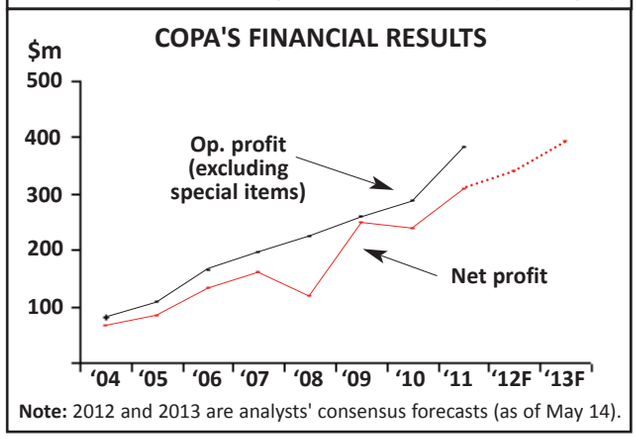
## Copa's background

Copa's background and growth path have been unusual. Established in 1947 as a joint venture between Pan Am and local Panamanian investors, the airline led a very quiet existence until new owners and management arrived in the late 1980s. CIASA, which is controlled by the Motta, Heilbron and Arias families and is a major economic force in Panama with interests in banking, insurance and other sectors, purchased 99% of Copa in 1986, which led to a growth phase in the 1990s.

A new management team, led by the current CEO Pedro Heilbron, took over in 1988 and guided the airline through several important strategies. First and most significantly,




**Note:** 2012 and 2013 are analysts' consensus forecasts (as of May 14).




**Note:** 2012 and 2013 are analysts' consensus forecasts (as of May 14).

the new management saw an opportunity to develop connecting traffic via Tocumen, and Copa began a hub operation there in 1992.

Second, the management took Copa into international alliances. After initially teaming up with TACA and American, in 1998 Copa forged a comprehensive alliance with Continental, which also involved the Houston-based carrier acquiring a 49% stake in Copa. Since Panama had signed an open skies ASA with the US in 1997, the alliance secured early antitrust immunity in the US. The Continental alliance developed into a deep and long-lasting partnership, one that has been highly beneficial for Copa.

Third, in 1999 the management initiated a vital part of Copa's transformation into a successful modern airline: complete fleet renewal. The process, which was completed in 2005, replaced the carrier's 737-200 fleet with new 737-700/800s and E190s.

Copa got an opportunity to go public in December 2005 simply because Continental needed cash. The Houston-based airline and CIASA both sold shares in the IPO, collecting

about $172m each in proceeds, which for Continental represented a nice gain on the $53m it paid for the 49% stake in 1998 (of course, Continental also collected significant amounts in profits and dividends from Copa). Continental further reduced its stake from 27.3% to 10% in a follow-on offering in June 2006, before selling its remaining shares in the public market in May 2008.

The IPO gave Copa a listing on the NYSE. CIASA has remained in control through its ownership of 100% of Copa's Class B shares, which carry voting rights and the right to designate 6-7 directors (there are also three independent directors and one designated by United Continental). The class B shares represent about 25% of Copa's capital stock; the rest is held publicly in the form of Class A shares. Copa's board directors and executive officers as a group hold about 1% of the A shares. Major institutional investors include FMR and Ameriprise Financial.

The Copa-Continental partnership has been so strong that Copa left the SkyTeam alliance concurrently with its partner in October 2009. All of the service and alliance agreements with Continental were extended to the new United and are currently in force until 2015.

In April 2005 Copa acquired an initial 85.6% stake for $23.4m in AeroRepublica, now Copa Colombia, which at that time was Colombia's second largest carrier. The ownership interest has since then been increased to 99.9%. It was a strategic move to gain a foothold in Latin America's third largest market in terms of population (45.5m in 2010). The country shares a border with Panama and represents a significant market for many Panamanian businesses (for historic, cultural and business reasons). But Copa also faced the challenging task of replacing the smaller carrier's old fleet and turning it around financially, while fending off growing competition.

## The Panama hub advantage

The Panama hub has grown to become Copa's most valuable asset, now offering connections between 2,900-plus city pairs. First of all, it is geographically well located, allowing 737NGs to fly nonstop to practically anywhere in the Americas. The airport benefits from a sea-level location – the two key competing airports in the region are at hot and high locations – and favourable weather, which has given Copa excellent on-time performance and completion factors.

Because of its manageable size and Panama's policies accommodating transfer passengers, the airport offers easy transfers and short connecting times.

Tocumen is the only airport in Central America with two operational runways. It is not gate-constrained and has ample room to grow. Two expansion phases since 2004 have increased the airport's total gates from 14 to 34 and have provided new taxiways and ramp and support areas, facilitating Copa's planned growth for the next 3-5 years. The next expansion phase, which will kick off this year, will see a new terminal built to the south, along with expanded customs, immigration, security and baggage handling facilities.

Tocumen also has competitive user fees. Copa, which accounts for around 80% of the airport's traffic, previously estimated that the airport was in the lowest third in terms of costs in Latin America and probably in the world. Tocumen is operated by a government-owned entity that is by law required to use a significant portion of its revenues for airport expansion and improvements.

Copa benefits from Panama's stable, dollar-based economy, free-trade zone and growing tourism. According to IMF, between 1999 and 2010 Panama's real GDP grew at an average annual rate of 5.7%, while inflation averaged 2.4% annually. Copa faces much less currency risks than many other Latin American carriers (also because of its diversified network), and the low tax environment meant that it had only a 10.3% effective income tax rate in 2011.

Panama has been enjoying an economic boom in recent years because of the expansion of the Panama Canal, a $5.25bn project that kicked off in late 2007 and which will double the canal's capacity by 2014 or 2015. In 2010 Fitch, S&P and Moody's all upgraded Panama's sovereign ratings to investment grade, citing the strong growth supported by the canal expansion and improvements in

the country's fiscal and debt positions.

As a result, Panama has attracted significant new foreign investment and strengthened its role as a major financial, trade, shipping and international business centre. Having long been home to many regional offices of multinational corporations, Panama has now seen this activity accelerate sharply. Last year 68 new regional headquarters were established there by multinationals, compared to 46 in 2010, 39 in 2009, 18 in 2008 and seven in 2007. As a result, having long generated international business traffic way beyond the size of the population (about 3.5m in 2010, the majority living in Panama City), business travel to and from Panama is booming.

Panama is also a growing tourist destination, following in Costa Rica's footsteps. Recent years have seen a construction boom, fuelled by tourism and retirees from the US, Canada and Spain buying second and third homes in Panama (a trend that may have accelerated because of the drug-related violence in Mexico).

Copa noted in its latest annual report that Panama's stable, service-oriented economy and steady population growth have also boosted locally generated traffic. Panama still has extensive poverty but, like other Latin American countries, is seeing the emergence of middle classes.

These trends have meant that Panama O&D traffic has grown to account for 48% of Copa's total traffic at Tocumen; the remaining 52% is in-transit traffic. Strong local traffic will make Copa's business model more sustainable in the longer term.

All of this has enabled Copa to significantly strengthen the Tocumen hub. According to the investor day presentation, Copa now offers nonstop service to 60 destinations from Panama (including cities to be added in June), which is far more than key competitors at their hubs (Avianca serves 24 cities from Bogotá, Taca 17 from Costa Rica, Taca 20 from Lima and LAN 20 from Lima). Copa also leads in terms of frequencies offered: nine destinations with at least four daily flights (Avianca has one such destination from Bogotá and LAN one from Lima). Copa has at least daily flights to 34 destinations from Panama - more than twice as many as the other airlines from their key hubs.

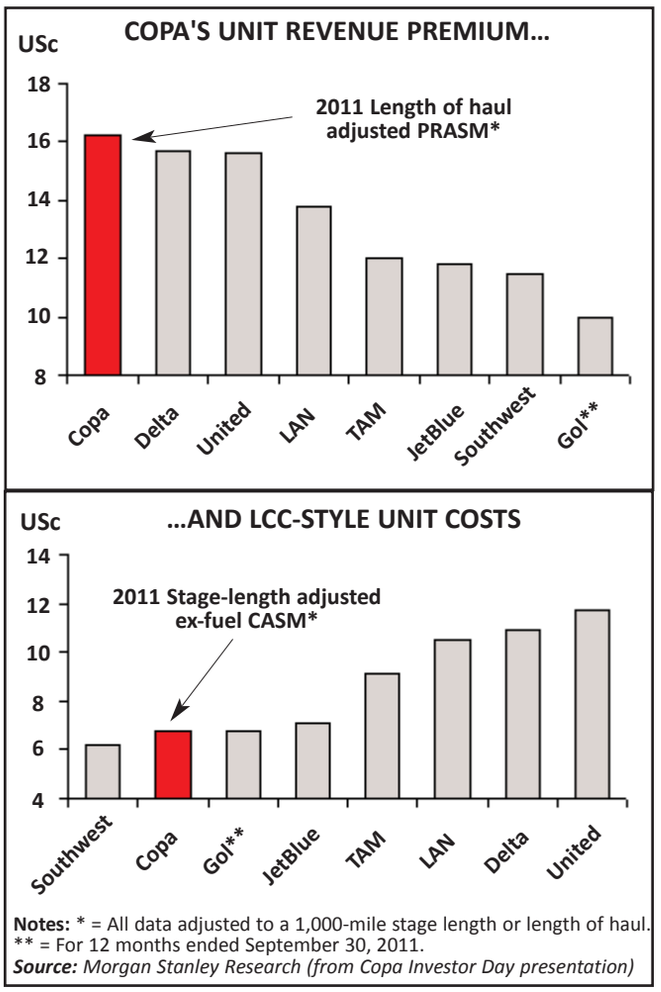
Last year Copa switched from a four-bank to a six-bank hub operation at Tocumen by adding new early morning and afternoon banks of flights. This has had a number of benefits: facilitating growth without affecting on-time performance, more efficient use of airport facilities and other fixed assets, improved schedules in many markets, more time of day choices for passengers and improved passenger convenience through a greater use of jetways. The average connecting time for transfer passengers has remained unchanged (one hour 13 minutes), while the daily hub capacity has almost doubled from 124 to 240 departures.

Copa has a nicely diversified revenue base within the Americas. In 2011 its revenues were generated as follows (based on point of sale): Panama 12%, North America 17%, Central America and the Caribbean 13%, Colombia 15%, Brazil 13%, Venezuela 10% and other South America 21%. Copa and Copa Colombia currently operate a 65-point network covering 29 counties. Over 130 other destinations are served through codesharing with United. Copa also has some codeshares with KLM, Gol and Aeromexico.

Copa does not currently operate domestic service. Travel within Panama is mostly by ground transport, as distances are short. The main local airline is Air Panama, which operates turboprops of mostly less than 50 seats and also offers limited international flights. The local airlines operate to a domestic terminal in Panama City that is a 30-minute drive from Tocumen.

## Business model and strategy

Along with the Panama hub advantage, Copa's key strength is that it focuses on underserved thin markets. More than 70% of its O&D city pairs have fewer than 20 passengers per day in each direction, and another 10% have only 21-50 passengers per day. The airline consolidates traffic from numerous points via the hub to achieve a satisfactory load factor to every destination city. These markets really need a hub. They would not be profitable as point-to-point operations.




**Notes:** * = All data adjusted to a 1,000-mile stage length or length of haul.
** = For 12 months ended September 30, 2011.
***Source:*** *Morgan Stanley Research (from Copa Investor Day presentation)*

This makes Copa's business model highly defensible. It is not easy for LCCs or any other competitors to profitably bypass the hub in most markets. It means that Copa enjoys benign competitive conditions – something that gives it added pricing power. According to the management, in about 50% of its O&D markets it has at least a 70-75% market share. In markets that make up half of its revenues, it has a 60%-plus market share. Competition for Copa is mainly from other hubs, hence the efforts to make sure that Panama offers the fastest and most convenient transfers.

Another factor that distinguishes Copa is that it enjoys the very unusual combination of premium unit revenues and low unit costs. Its RASM is strong because of its high business traffic content (about 50%) and the lack of competition. According to a comparison by Morgan Stanley Research, Copa had the highest length-of-haul adjusted PRASM in 2011 among a group of carriers that included Delta, United and LAN (see chart, left).

The Morgan Stanley analysis found that Copa has LCC-level unit costs. Its stage-length adjusted ex-fuel CASM in 2011 was a little higher than Southwest's, the same as Gol's and lower than JetBlue's (see chart, left).

The cost structure is amazing for a hub-and-spoke carrier that operates in a healthy economic and revenue environment. Copa attributes it to its modern fleet, efficient operations and Panama's low labour costs. Copa's aircraft utilisation is relatively high (11 hours daily) because of its high average stage length.

In the mid-2000s Copa was in the middle of the pack in terms of CASM – lower than the US legacies but higher than the LCCs. But since then Copa's ex-fuel CASM has declined, partly due to ASM growth but also because of a reduction in distribution costs and efficiency improvements through technology and automation. Between 2007 and 2011, Copa reduced its ex-fuel CASM by 7%, which almost offset the 21% hike in fuel unit costs, meaning that total CASM remained virtually unchanged in the four-year period. Thanks to continued rapid ASM growth and further anticipated distribution cost savings, Copa expects to keep its ex-fuel CASM flat in 2012.

Copa benefits from excellent labour relations. However, given the strong profits and the fact that the airline is 58% unionised, some analysts are concerned about potential labour cost pressure.

Copa is also notable for its world-class product and strong brand. In that area it has benefited greatly from the unusually comprehensive alliance with Continental. From the start, Copa's brand was closely associated with Continental's. Its logo, livery and aircraft interiors are similar (the new United uses the former Continental livery and logo). Copa also adopted Continental's OnePass FFP (now MileagePlus) and participates in the airport lounge programme. Copa's latest annual report notes that the co-branding "helped leverage the brand recognition that Continental already enjoyed across Latin America" and has enabled Copa to compete more effectively against AviancaTaca, American and others.

Copa has also benefited enormously from Continental's technology, know-how and economies of scale. Among other things, it shares Continental's Sceptre inventory management system, which allows it to pool spare parts with the larger carrier. The partnership has also enabled it to negotiate more competitive rates for spare parts and third-party maintenance work.

JP Morgan analyst Jamie Baker said some years ago that Copa had one of the highest quality management teams he had come across. One of their accomplishments has been to create a Southwest/Gol-style employee culture "based on teamwork and focused on continuous improvement". The highly motivated workforce benefits from the best training practices, performance bonuses, profit sharing, etc.

At the investor day Copa's executives summarised the company's strategic focus as follows: further strengthening of intra-Latin America network and regional growth opportunities, continuous improvement of passenger experience, keeping costs competitive and maintaining company culture.

## Growth plans

Copa's 2012 plan calls for another year of heady 20%-plus ASM growth, though most of it will be the result of last year's expansion (when nine new destinations were added) and new frequencies. So far Copa has announced five new cities for 2012, four of them starting in June: Las Vegas, Recife (Brazil), Liberia (Costa Rica), Curacao and Iquitos (Peru).

The management made the point that the opportunities to grow via additional frequencies are particularly good, because more than 40% of Copa's current destinations have been served for less than five years. Including the June additions, 18 cities have less than daily service and another 15 cities have only daily flights.

This year's growth will be facilitated by the net addition of 10 aircraft – 13 new 737-800 deliveries and the return to lessors of three 737-700s. At the end of March, the consolidated fleet consisted of 77 aircraft, including 31 737-800s, 20 737-700s and 26 E190s. By the end of 2014, Copa expects to operate 94 aircraft – 50 737-800s, 18 737-700s and 26 E190s.

Capitalising on opportunities at Copa Colombia is a key element of Copa's growth strategy. The venture has been a demanding project but is finally yielding positive results. It has contracted sharply domestically and is focusing its efforts on international expansion. This means that Copa Colombia should not be greatly impacted by VivaColombia, the Medellin-based LCC start-up that is planning to start flying at the end of May.

Almost all of Copa's Panama-Colombia service is now provided by Copa Colombia. The venture, which currently operates 14 E190s and three 737NGs, has launched six international destinations (Guayaquil, San Jose, Guatemala City, Mexico City, Havana and Cancun) and is authorised to fly to a handful of others. A new Colombia-US open skies ASA, due to take effect in January 2013, will provide added opportunities.

Copa is due to officially join the Star alliance in the coming weeks, after a slight delay from the originally scheduled April entry. The management considers FFP reciprocity with the 26-27 members as the main benefit; after all, the key alliance, with United, is already in place and working extremely well, with extensive codesharing and other forms of cooperation. There seems to be some unease about entering the same alliance with AviancaTaca. Copa's latest annual report mentioned it under the "risk factors": "We cannot predict the extent to which participating in the same alliance as one of our direct competitors may impact on our revenues, our ability for future growth" and so on.

While Copa's business model is clearly very "defensible", the airline is wise to diversify with ventures such as Copa Colombia, because in the future some of its larger (and most lucrative) markets are likely to attract point-to-point operators. As air travel demand increases in Latin America, more city pairs will become candidates for non-stop service, particularly by LCCs.

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# Jet values and lease rates

The following tables reflect the current values (not "fair market") and lease rates for narrowbody and widebody jets. Figures are provided by The Aircraft Value Analysis Company (see following page for contact details) are are not based exclusively on recent market transactions but more reflect AVAC's opinion of the worth of the aircraft.

These figures are not solely based on market averages. In assessing current values, AVAC bases its calculations on many factors such as number of type in service, number on order and backlog, projected life span, build standard, specification etc. Lease rates are calculated independently of values and are all market based.

## NARROWBODY VALUES (US$m)

| | NEW | 5 years old | 10 years old | 20 years old | | NEW | 5 years old | 10 years old | 20 years old |
|---|---|---|---|---|---|---|---|---|---|
| **A318 (CFM)** | 26.1 | 17.9 | | | **717-200** | | | 7.3 | |
| **A319 (IGW)** | | 26.1 | 20.1 | | **737-300 (LGW A)** | | | | 3.1 |
| **A320-200 (IGW)** | | 30.8 | 24.0 | 10.3 | **737-400 (LGW A)** | | | | 3.0 |
| **A321-200 (LGW)** | | | 26.2 | | **737-500 (LGW A)** | | | | 2.6 |
| | | | | | **737-600 (LGW)** | | | 12.3 | |
| | | | | | **737-700 (LGW)** | | 26.3 | 20.5 | |
| | | | | | **737-800 (LGW)** | | 33.2 | 25.3 | |
| | | | | | **737-900** | | | 18.0 | |
| | | | | | **757-200 (RB 211)** | | | | 8.8 |
| | | | | | **757-200ER (PW)** | | | 14.3 | 8.8 |
| | | | | | **757-300 (LGW)** | | | 16.7 | |
| | | | | | **MD-82** | | | | 1.1 |
| | | | | | **MD-83** | | | | 1.6 |
| | | | | | **MD-87** | | | | 1.2 |
| | | | | | **MD-88** | | | | 1.6 |

## WIDEBODY VALUES (US$m)

| | NEW | 5 years old | 10 years old | 20 years old | | NEW | 5 years old | 10 years old | 20 years old |
|---|---|---|---|---|---|---|---|---|---|
| **A300B4-600** | | | | 3.8 | **747-400 (PW)** | | | 37.8 | 17.9 |
| **A300B4-600R** | | | | 7.4 | **767-200 (CF6)** | | | | 3.6 |
| **A310-300 (IGW)** | | | | 5.0 | **767-300 (CF6)** | | | | 7.7 |
| **A330-200** | | | 51.2 | | **767-300ER (LGW)** | | | 24.7 | 13.5 |
| **A330-300 (IGW)** | | | 40.7 | | **777-200 (PW)** | | | 34.9 | |
| **A340-300 (LGW)** | | | 29.5 | | **777-200ER** | 98.5 | 77.9 | 57.2 | |
| **A340-300 (HGW)** | | | 34.5 | | **777-300** | | | 51.9 | |
| **A340-300ER** | | | 36.2 | | **787-8** | 107.7 | | | |
| **A340-500 (IGW)** | | | 41.9 | | | | | | |
| **A340-600 (IGW)** | | | 48.4 | | **MD-11P** | | | | 12.7 |
| **A380-800** | 202.0 | 161.6 | | | | | | | |

***Source:*** *AVAC*
**Note:** As assessed at end-April 2012; mid-range values for all types

## Jet lease rates

### NARROWBODY LEASE RATES (US$000s per month)

| | NEW | 5 years old | 10 years old | 20 years old | | NEW | 5 years old | 10 years old | 20 years old |
|---|---|---|---|---|---|---|---|---|---|
| **A318 (CFM)** | 215 | 163 | | | **717-200** | | | 107 | |
| **A319 (IGW)** | | 233 | 187 | | **737-300 (LGW A)** | | | | 68 |
| **A320-200 (IGW)** | | 241 | 212 | 118 | **737-400 (LGW A)** | | | | 57 |
| **A321-200 (LGW)** | | | 245 | | **737-500 (LGW A)** | | | | 51 |
| | | | | | **737-600 (LGW)** | | | 114 | |
| | | | | | **737-700 (LGW)** | | 240 | 192 | |
| | | | | | **737-800 (LGW)** | | 274 | 222 | |
| | | | | | **737-900** | | | 151 | |
| | | | | | **757-200 (RB 211)** | | | | 124 |
| | | | | | **757-200ER (PW)** | | | 145 | 125 |
| | | | | | **757-300 (LGW)** | | | 159 | |
| | | | | | **MD-82** | | | | 48 |
| | | | | | **MD-83** | | | | 53 |
| | | | | | **MD-87** | | | | 42 |
| | | | | | **MD-88** | | | | 55 |

### WIDEBODY LEASE RATES (US$000s per month)

| | NEW | 5 years old | 10 years old | 20 years old | | NEW | 5 years old | 10 years old | 20 years old |
|---|---|---|---|---|---|---|---|---|---|
| **A300B4-600** | | | | 115 | **747-400 (PW)** | | | 378 | 243 |
| **A300B4-600R** | | | | 97 | **767-200 (CF6)** | | | | 88 |
| **A310-300 (IGW)** | | | | 102 | **767-300 (CF6)** | | | | 113 |
| **A330-200** | | | 516 | | **767-300ER (LGW)** | | | 285 | 210 |
| **A330-300 (IGW)** | | | 439 | | **777-200 (PW)** | | | 367 | |
| **A340-300 (LGW)** | | | 393 | | **777-200ER** | 976 | 701 | 657 | |
| **A340-300 (HGW)** | | | 431 | | **777-300** | | | 529 | |
| **A340-300ER** | | | 440 | | **787-8** | 830 | | | |
| **A340-500 (IGW)** | | | 495 | | | | | | |
| **A340-600 (IGW)** | | | 573 | | **MD-11P** | | | | 157 |
| **A380-800** | 1,784 | 1,518 | | | | | | | |

***Source:*** *AVAC*
**Note:** As assessed at end-April 2012; mid-range values for all types

| | | Group revenue US$m | Group costs US$m | Group op. profit US$m | Group net profit US$m | Operating margin | Net margin | Total ASK m | Total RPK m | Load factor | Total pax. 000s | Group emp. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Air France/** | Jul-Sep 09 | 8,015 | 8,082 | -67 | -210 | -0.8% | -2.6% | 66,862 | 56,141 | 84.0% | 19,668 | 105,444 |
| **KLM Group** | Oct-Dec 09 | 7,679 | 8,041 | -362 | -436 | -4.7% | -5.7% | 61,407 | 49,220 | 80.2% | 17,264 | 105,925 |
| **YE 31/03** | **Year 2009/10** | **29,096** | **31,357** | **-2,261** | **-2,162** | **-7.8%** | **-7.4%** | **251,012** | **202,453** | **80.7%** | **71,394** | **104,721** |
| | Apr-Jun 10 | 7,301 | 7,469 | -168 | 939 | -2.3% | 12.9% | 60,345 | 49,283 | 81.7% | 17,623 | 102,918 |
| | Jul-Sep 10 | 8,579 | 7,835 | 743 | 374 | 8.7% | 4.4% | 66,558 | 56,457 | 84.8% | 19,704 | |
| | Oct-Dec 10 | 7,956 | 7,847 | 109 | -62 | 1.4% | -0.8% | 62,379 | 50,753 | 81.4% | 17,551 | 101,946 |
| | **Year 2010/11** | **31,219** | **19,236** | **1,171** | **810** | **3.8%** | **2.6%** | **250,836** | **204,737** | **81.6%** | **71,320** | **102,012** |
| | Apr-Jun 11 | 8,947 | 9,153 | -206 | -283 | -2.3% | -3.2% | 66,531 | 53,931 | 81.1% | 19,653 | |
| **Note: FY 31/12** | Apr -Sep 11 | 18,600 | 18,240 | 360 | -257 | 1.9% | -1.4% | 137,282 | 114,846 | 83.7% | 40,605 | 102,516 |
| **Proforma** | **Year 2011** | **34,109** | **34,602** | **-493** | **-1,131** | **-1.4%** | **-3.3%** | **264,895** | **217,169** | **81.8%** | | **102,012** |
| | Jan - Mar 12 | 7,400 | 8,058 | -658 | -482 | -8.9% | -6.5% | 63,391 | 51,733 | 81.6% | 17,463 | 101,222 |
| **British Airways** | **Year 2009/10** | **12,761** | **13,130** | **-369** | **-678** | **-2.9%** | **-5.3%** | **141,178** | **110,851** | **78.5%** | **31,825** | **37,595** |
| **YE 31/03** | Apr-Jun 10 | 3,092 | 3,207 | -115 | -195 | -3.7% | -6.3% | 32,496 | 24,192 | 74.4% | 7,013 | |
| | Jul-Sep 10 | 3,908 | 3,332 | 576 | 365 | 14.7% | 9.3% | 37,163 | 31,066 | 83.6% | 9,339 | |
| **IAG Group** | Oct-Dec 10 | 5,124 | 5,116 | 8 | 121 | 0.2% | 2.4% | 50,417 | 39,305 | 78.0% | | 56,243 |
| **YE 31/12** | Jan-Mar 11 | 4,969 | 5,109 | -139 | 45 | -2.8% | 0.9% | 51,118 | 37,768 | 73.9% | 11,527 | 56,159 |
| | Apr-Jun 11 | 5,951 | 5,678 | 273 | 135 | 4.6% | 2.3% | 53,425 | 42,635 | 79.8% | 13,288 | 56,649 |
| | Jul - Sep 11 | 6,356 | 5,842 | 514 | 401 | 8.1% | 6.3% | 55,661 | 47,022 | 84.5% | 14,553 | 57,575 |
| | **Year 2011** | **22,781** | **22,105** | **676** | **735** | **3.0%** | **3.2%** | **213,193** | **168,617** | **79.1%** | **51,687** | **56,791** |
| | Jan - Mar 12 | 5,136 | 5,463 | -326 | -240 | -6.4% | -4.7% | 51,425 | 39,140 | 76.1% | 11,384 | 56,532 |
| **Iberia** | **Year 2009** | **6,149** | **6,796** | **-647** | **-381** | **-10.5%** | **-6.2%** | **62,158** | **49,612** | **79.8%** | | **20,671** |
| **YE 31/12** | Jan-Mar 10 | 1,453 | 1,552 | -98 | -72 | -6.8% | -5.0% | 14,360 | 11,605 | 80.8% | | 19,643 |
| | Apr-Jun 10 | 1,502 | 1,498 | 27 | 40 | 1.8% | 2.6% | 15,324 | 12,648 | 82.5% | | 20,045 |
| | Jul-Sep 10 | 1,730 | 1,637 | 93 | 95 | 5.4% | 5.5% | 16,834 | 14,404 | 85.6% | | 20,668 |
| **Lufthansa** | **Year 2009** | **31,077** | **30,699** | **378** | **-139** | **1.2%** | **-0.4%** | **206,269** | **160,647** | **77.9%** | **76,543** | **112,320** |
| **YE 31/12** | Jan-Mar 10 | 7,978 | 8,435 | -457 | -413 | -5.7% | -5.2% | 52,292 | 39,181 | 74.9% | 19,031 | 117,732 |
| | Apr-Jun 10 | 8,763 | 8,560 | 203 | 248 | 2.3% | 2.8% | 57,565 | 45,788 | 79.5% | 22,713 | 116,844 |
| | Jul-Sep 10 | 9,764 | 8,754 | 1,010 | 810 | 10.3% | 8.3% | 63,883 | 53,355 | 83.5% | 26,089 | 116,838 |
| | **Year 2010** | **36,057** | **34,420** | **1,636** | **1,492** | **4.5%** | **4.1%** | **235,837** | **187,700** | **79.3%** | **91,157** | **117,019** |
| | Jan-Mar 11 | 8,792 | 9,031 | -239 | -692 | -2.7% | -7.9% | 60,326 | 43,726 | 72.5% | 22,078 | 117,000 |
| | Apr-Jun 11 | 10,967 | 10,636 | 331 | 433 | 3.0% | 3.9% | 68,763 | 53,603 | 78.0% | 28,147 | 118,766 |
| | Jul- Sep 11 | 11,430 | 10,616 | 814 | 699 | 7.1% | 6.1% | 73,674 | 60,216 | 81.7% | 30,408 | 120,110 |
| | **Year 2011** | **40,064** | **38,920** | **1,143** | **-18** | **2.9%** | **0.0%** | **268,939** | **207,536** | **77.2%** | **106,335** | **120,055** |
| | Jan - Mar 12 | 8,675 | 9,174 | -499 | -520 | -5.8% | -6.0% | | | | | |
| **SAS** | **Year 2009** | **5,914** | **6,320** | **-406** | **-388** | **-6.9%** | **-6.6%** | **35,571** | **25,228** | **70.9%** | **24,898** | **18,786** |
| **YE 31/12** | Jan-Mar 10 | 1,322 | 1,428 | -106 | -99 | -8.0% | -7.5% | 7,951 | 5,471 | 68.8% | 5,735 | 15,835 |
| | Apr-Jun 10 | 1,321 | 1,367 | -46 | -66 | -3.5% | -5.0% | 8,769 | 6,612 | 75.4% | 6,282 | 15,709 |
| | Jul-Sep 10 | 1,471 | 1,538 | -67 | -145 | -4.6% | -9.8% | 9,180 | 7,239 | 78.9% | 6,655 | 15,570 |
| | Oct-Dec 10 | 1,556 | 1,606 | -51 | 7 | -3.2% | 0.4% | 8,761 | 6,389 | 72.9% | 6,557 | 15,123 |
| | **Year 2010** | **5,660** | **5,930** | **-270** | **-308** | **-4.8%** | **-5.4%** | **34,660** | **25,711** | **74.2%** | **25,228** | **15,559** |
| | Jan-Mar 11 | 1,336 | 1,395 | -59 | -54 | -4.4% | -4.0% | 8,528 | 5,655 | 66.3% | 6,093 | 14,972 |
| | Apr-Jun 11 | 1,793 | 1,648 | 145 | 88 | 8.1% | 4.9% | 9,848 | 7,494 | 76.1% | 7,397 | 15,264 |
| | Jul-Sep 11 | 1,642 | 1,565 | 77 | 33 | 4.7% | 2.0% | 9,609 | 7,579 | 78.9% | 6,928 | 15,375 |
| | Oct-Dec 11 | 1,507 | 1,559 | -51 | -308 | -3.4% | -20.5% | 9,019 | 6,446 | 71.5% | 6,788 | 14,958 |
| | **Year 2011** | **6,386** | **6,286** | **100** | **-260** | **1.6%** | **-4.1%** | **37,003** | **27,174** | **73.4%** | **27,206** | **15,142** |
| | Jan - Mar 12 | 1,419 | 1,548 | -128 | -108 | -9.0% | -7.6% | 8,701 | 5,943 | 68.3% | 6,416 | 14,836 |
| **Ryanair** | **Year 2009/10** | **4,244** | **3,656** | **568** | **431** | **13.5%** | **10.2%** | | | **82.0%** | **66,500** | |
| **YE 31/03** | Apr-Jun 10 | 1,145 | 992 | 152 | 120 | 13.3% | 10.5% | | | 83.0% | 18,000 | 7,828 |
| | Jul-Sep 10 | 1,658 | 1,150 | 508 | 426 | 30.7% | 25.7% | | | 85.0% | 22,000 | 8,100 |
| | Oct-Dec 10 | 1,015 | 1,016 | -1 | -14 | -0.1% | -1.3% | | | 85.0% | 17,060 | 8,045 |
| | **Year 2010/11** | **4,797** | **4,114** | **682** | **530** | **14.2%** | **11.0%** | | | **83.0%** | **72,100** | |
| | Apr-Jun 11 | 1,661 | 1,418 | 245 | 201 | 14.7% | 12.1% | | | 83.0% | 21,300 | |
| | Jul-Sep 11 | 2,204 | 1,523 | 681 | 572 | 30.9% | 25.9% | | | 87.0% | 23,000 | |
| | Oct - Dec 11 | 1,139 | 1,099 | 39 | 20 | 3.4% | 1.8% | | | 81.0% | | |
| | **Year 2011/12** | **6,053** | **5,112** | **942** | **772** | **15.6%** | **12.8%** | | | **82.0%** | **75,800** | |
| **easyJet** | **Year 2007/08** | **4,662** | **4,483** | **180** | **164** | **3.9%** | **3.5%** | **55,687** | **47,690** | **85.6%** | **43,700** | **6,107** |
| **YE 30/09** | Oct 08-Mar 09 | 1,557 | 1,731 | -174 | -130 | -11.2% | -8.3% | 24,754 | 21,017 | 84.9% | 19,400 | |
| | **Year 2008/09** | **4,138** | **3,789** | **93** | **110** | **2.3%** | **2.7%** | **58,165** | **50,566** | **86.9%** | **45,200** | |
| | Oct 09 - Mar10 | 1,871 | 1,995 | -106 | -94 | -5.6% | -5.0% | 27,077 | 23,633 | 87.3% | 21,500 | |
| | **Year 2009/10** | **4,635** | **4,364** | **271** | **240** | **5.9%** | **5.2%** | **62,945** | **56,128** | **87.0%** | **48,800** | |
| | Oct 10 - Mar 11 | 1,950 | 2,243 | -229 | -181 | -11.7% | -9.3% | 29,988 | 26,085 | 87.0% | 23,900 | |
| | **Year 2010/11** | **5,548** | **5,115** | **432** | **362** | **7.8%** | **6.5%** | **69,318** | **61,347** | **88.5%** | **54,500** | |
| | Oct 11 - Mar 12 | 2,302 | 2,458 | -156 | -141 | -6.8% | -6.1% | 30,785 | 27,329 | 88.8% | 25,200 | |

**Note:** Annual figures may not add up to sum of interim results due to adjustments and consolidation.

| | | Group revenue US$m | Group costs US$m | Group op. profit US$m | Group net profit US$m | Operating margin | Net margin | Total ASK m | Total RPK m | Load factor | Total pax. 000s | Group emp. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Alaska** | Jul - Sep 10 | 1,068 | 851 | 216 | 122 | 20.2% | 11.4% | 10,531 | 8,980 | 85.3% | 4,562 | 8,737 |
| | Oct - Dec 10 | 959 | 839 | 119 | 65 | 12.4% | 6.8% | 10,037 | 8,410 | 83.8% | 4,141 | 8,711 |
| | **Year 2010** | **3,832** | **3,361** | **472** | **251** | **12.3%** | **6.6%** | **44,636** | **36,758** | **82.4%** | **23,334** | **11,696** |
| | Jan - Mar 11 | 965 | 831 | 134 | 74 | 13.9% | 7.7% | 11,445 | 9,419 | 82.3% | 5,752 | 11,884 |
| | Apr - Jun 11 | 1,110 | 1,052 | 58 | 29 | 5.2% | 2.6% | 12,020 | 10,127 | 84.3% | 6,246 | 11,907 |
| | Jul - Sep 11 | 1,198 | 1,055 | 143 | 77 | 11.9% | 6.4% | 12,469 | 10,787 | 86.5% | 6,709 | 11,859 |
| | Oct - Dec 11 | 1,044 | 930 | 114 | 64 | 10.9% | 6.1% | 11,745 | 9,950 | 84.7% | 6,083 | 11,807 |
| | **Year 2011** | **4,318** | **3,869** | **449** | **245** | **10.4%** | **5.7%** | **47,679** | **40,284** | **84.5%** | **24,790** | **11,840** |
| | Jan - Mar 12 | 1,039 | 967 | 72 | 41 | 6.9% | 3.9% | 11,819 | 10,029 | 84.9% | 5,995 | 11,832 |
| **American** | **Year 2010** | **22,170** | **21,862** | **308** | **-471** | **1.4%** | **-2.1%** | **246,611** | **201,945** | **81.9%** | **86,130** | **78,250** |
| | Jan - Mar 11 | 5,533 | 5,765 | -232 | -436 | -4.2% | -7.9% | 60,912 | 46,935 | 77.1% | 20,102 | 79,000 |
| | Apr-Jun 11 | 6,114 | 6,192 | -78 | -286 | -1.3% | -4.7% | 63,130 | 52,766 | 83.6% | 22,188 | 80,500 |
| | Jul- Sep 11 | 6,376 | 6,337 | 39 | -162 | 0.6% | -2.5% | 64,269 | 54,552 | 84.9% | 22,674 | 80,600 |
| **Delta** | Jul - Sep 10 | 8,950 | 7,947 | 1,003 | 363 | 11.2% | 4.1% | 102,445 | 87,644 | 85.6% | 44,165 | 79,005 |
| | Oct - Dec 10 | 7,789 | 7,495 | 294 | 19 | 3.8% | 0.2% | 91,774 | 74,403 | 81.1% | 39,695 | 79,684 |
| | **Year 2010** | **31,755** | **29,538** | **2,217** | **593** | **7.0%** | **1.9%** | **374,458** | **310,867** | **83.0%** | **162,620** | **79,684** |
| | Jan - Mar 11 | 7,747 | 7,839 | -92 | -318 | -1.2% | -4.1% | 90,473 | 69,086 | 76.4% | 36,764 | 81,563 |
| | Apr-Jun 11 | 9,153 | 8,672 | 481 | 198 | 5.3% | 2.2% | 96,785 | 81,054 | 83.7% | 42,918 | 82,347 |
| | Jul - Sep 11 | 9,816 | 8,956 | 860 | 549 | 8.8% | 5.6% | 101,807 | 87,702 | 86.1% | 44,713 | 79,709 |
| | **Year 2011** | **35,115** | **33,140** | **1,975** | **854** | **5.6%** | **2.4%** | **377,642** | **310,228** | **82.1%** | **163,838** | **78,392** |
| | Jan - Mar 12 | 8,413 | 8,031 | 382 | 124 | 4.5% | 1.5% | 87,559 | 69,765 | 79.7% | 37,557 | 78,761 |
| **Southwest** | Jul - Sep 10 | 3,192 | 2,837 | 355 | 205 | 11.1% | 6.4% | 41,130 | 33,269 | 80.9% | 22,879 | 34,836 |
| | Oct - Dec 10 | 3,114 | 2,898 | 216 | 131 | 6.9% | 4.2% | 38,891 | 32,196 | 80.7% | 22,452 | 34,901 |
| | **Year 2010** | **12,104** | **11,116** | **988** | **459** | **8.2%** | **3.8%** | **158,415** | **125,601** | **79.3%** | **88,191** | **34,901** |
| | Jan - Mar 11 | 3,103 | 2,989 | 114 | 5 | 3.7% | 0.2% | 39,438 | 30,892 | 78.3% | 25,599 | 35,452 |
| | Apr- Jun 11 | 4,136 | 3,929 | 207 | 161 | 5.0% | 3.9% | 50,624 | 41,654 | 82.3% | 27,114 | 43,805 |
| | Jul - Sep 11 | 4,311 | 4,086 | 225 | -140 | 5.2% | -3.2% | 53,619 | 43,969 | 82.0% | 28,208 | 45,112 |
| | Oct - Dec 11 | 4,108 | 3,961 | 147 | 152 | 3.6% | 3.7% | 50,368 | 40,524 | 80.5% | 27,536 | 45,392 |
| | **Year 2011** | **15,658** | **14,965** | **693** | **178** | **4.4%** | **1.1%** | **194,048** | **157,040** | **80.9%** | **103,974** | **45,392** |
| | Jan - Mar 12 | 3,991 | 3,969 | 22 | 98 | 0.6% | 2.5% | 49,298 | 38,116 | 77.3% | 25,561 | 46,227 |
| **Continental** | **Year 2009** | **12,586** | **12,732** | **-146** | **-282** | **-1.2%** | **-2.2%** | **176,305** | **143,447** | **81.4%** | **62,809** | **41,000** |
| | Jan - Mar 10 | 3,169 | 3,220 | -51 | -146 | -1.6% | -4.6% | 42,350 | 33,665 | 79.5% | 14,535 | 39,365 |
| | Apr - Jun 10 | 3,708 | 3,380 | 328 | 233 | 8.8% | 6.3% | 39,893 | 33,910 | 85.0% | 16,300 | 38,800 |
| | Jul - Sep 10 | 3,953 | 3,512 | 441 | 354 | 11.2% | 9.0% | 46,844 | 40,257 | 85.9% | 16,587 | 38,900 |
| **United** | **Year 2009** | **16,335** | **16,496** | **-161** | **-651** | **-1.0%** | **-4.0%** | **226,454** | **183,854** | **81.2%** | **81,246** | **43,600** |
| | Jan - Mar 10 | 4,241 | 4,172 | 69 | -82 | 1.6% | -1.9% | 53,023 | 42,614 | 80.4% | 18,818 | 42,800 |
| | Apr - Jun 10 | 5,161 | 4,727 | 434 | 273 | 8.4% | 5.3% | 58,522 | 49,319 | 84.3% | 21,234 | 42,600 |
| | Jul - Sep 10 | 5,394 | 4,859 | 535 | 387 | 9.9% | 7.2% | 61,134 | 52,534 | 85.9% | 22,253 | 42,700 |
| **United/Continental** | Oct-Dec 10 | 8,433 | 8,515 | -82 | -325 | -1.0% | -3.9% | 100,201 | 82,214 | 82.0% | 35,733 | 80,800 |
| Pro-forma FY 2010 | **Year 2010** | **34,013** | **32,195** | **1,818** | **854** | **5.3%** | **2.5%** | **407,304** | **338,824** | **83.2%** | **145,550** | **81,500** |
| | Jan - Mar 11 | 8,202 | 8,168 | 34 | -213 | 0.4% | -2.6% | 96,835 | 75,579 | 78.0% | 32,589 | 82,000 |
| | Apr-Jun 11 | 9,809 | 9,001 | 808 | 538 | 8.2% | 5.5% | 104,614 | 87,296 | 83.4% | 37,000 | 81,100 |
| | Jul - Sep 11 | 10,171 | 9,236 | 935 | 653 | 9.2% | 6.4% | 107,236 | 91,494 | 85.3% | 38,019 | 80,500 |
| | Oct - Dec 11 | 8,928 | 8,883 | 45 | -138 | 0.5% | -1.5% | 97,707 | 79,610 | 81.5% | 34,191 | 82,700 |
| | **Year 2011** | **37,110** | **35,288** | **1,822** | **840** | **4.9%** | **2.3%** | **406,393** | **333,977** | **82.2%** | **141,799** | **81,600** |
| | Jan - Mar 12 | 8,602 | 8,873 | -271 | -448 | -3.2% | -5.2% | 97,112 | 75,809 | 78.1% | 32,527 | 83,700 |
| **US Airways Group** | Jul - Sep 10 | 3,179 | 2,864 | 315 | 240 | 9.9% | 7.5% | 36,808 | 30.604 | 83.1% | 20,868 | 30,445 |
| | Oct - Dec 10 | 2,907 | 2,802 | 105 | 28 | 3.6% | 1.0% | 33,823 | 27,271 | 80.6% | 20,118 | 30,871 |
| | **Year 2010** | **11,908** | **11,127** | **781** | **502** | **6.6%** | **4.2%** | **138,107** | **111,996** | **81.1%** | **79,560** | **30,871** |
| | Jan - Mar 11 | 2,961 | 3,000 | -39 | -114 | -1.3% | -3.9% | 33,034 | 25,762 | 78.0% | 18,851 | 30,621 |
| | Apr-Jun 11 | 3,503 | 3,326 | 177 | 92 | 5.1% | 2.6% | 36,698 | 30,754 | 83.8% | 21,209 | 31,321 |
| | Jul - Sep 11 | 3,436 | 3,256 | 180 | 76 | 5.2% | 2.2% | 36,357 | 30,911 | 85.0% | 20,655 | 31,327 |
| | Oct - Dec 11 | 3,155 | 3,047 | 108 | 18 | 3.4% | 0.6% | 33,393 | 27,352 | 81.9% | 19,857 | 31,548 |
| | **Year 2011** | **13,055** | **12,629** | **426** | **71** | **3.3%** | **0.5%** | **139,483** | **114,777** | **82.3%** | **80,572** | **31,548** |
| | Jan - Mar 12 | 3,266 | 3,207 | 59 | 48 | 1.8% | 1.5% | 34,032 | 26,970 | 79.2% | 19,822 | 31,186 |
| **JetBlue** | Jul - Sep 10 | 1,039 | 890 | 140 | 59 | 13.5% | 5.7% | 14,648 | 12,390 | 84.6% | 6,573 | 10,669 |
| | Oct - Dec 10 | 940 | 883 | 57 | 9 | 6.1% | 1.0% | 13,727 | 11,239 | 81.9% | 6,039 | 11,121 |
| | **Year 2010** | **3,779** | **3,446** | **333** | **97** | **8.8%** | **2.6%** | **55,914** | **45,509** | **81.4%** | **24,254** | **11,121** |
| | Jan - Mar 11 | 1,012 | 967 | 45 | 3 | 4.4% | 0.3% | 13,696 | 11,143 | 81.4% | 6,039 | 11,281 |
| | Apr - Jun 11 | 1,151 | 1,065 | 86 | 25 | 7.5% | 2.2% | 15,193 | 12,379 | 81.5% | 6,622 | 11,609 |
| | Jul - Sep 11 | 1,195 | 1,087 | 108 | 35 | 9.0% | 2.9% | 15,856 | 13,409 | 84.6% | 7,016 | 11,443 |
| | Oct - Dec 11 | 1,146 | 1,063 | 83 | 23 | 7.2% | 2.0% | 15,168 | 12,472 | 82.2% | 6,693 | 11,733 |
| | **Year 2011** | **4,504** | **4,182** | **322** | **86** | **7.1%** | **1.9%** | **59,917** | **49,402** | **82.5%** | **26,370** | **11,733** |
| | Jan - Mar 12 | 1,203 | 1,114 | 89 | 30 | 7.4% | 2.5% | 15,346 | 12,726 | 82.9% | 6,853 | 11,965 |

**Note:** Annual figures may not add up to sum of interim results due to adjustments and consolidation. 1 ASM = 1.6093 ASK. All US airline financial year ends are December 31st.

| | | Group revenue US$m | Group costs US$m | Group op. profit US$m | Group net profit US$m | Operating margin | Net margin | Total ASK m | Total RPK m | Load factor | Total pax. 000s | Group emp. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ANA | Year 2006/07 | 12,763 | 11,973 | 790 | 280 | 6.2% | 2.2% | 85,728 | 58,456 | 68.2% | 49,500 | 32,460 |
| YE 31/03 | Year 2007/08 | 13,063 | 12,322 | 740 | 563 | 5.7% | 4.3% | 90,936 | 61,219 | 67.3% | 50,384 | |
| | Year 2008/09 | 13,925 | 13,849 | 75 | -42 | 0.5% | -0.3% | 87,127 | 56,957 | 65.4% | 47,185 | |
| | Year 2009/10 | 13,238 | 13,831 | -582 | -614 | -4.4% | -4.6% | 83,827 | 55,617 | 66.3% | 44,560 | |
| | Year 2010/11 | 15,889 | 15,093 | 796 | 269 | 5.0% | 1.7% | 85,562 | 59,458 | 69.5% | 45,748 | 33,000 |
| Cathay Pacific | Year 2007 | 9,661 | 8,670 | 991 | 900 | 10.3% | 9.3% | 102,462 | 81,101 | 79.8% | 23,250 | 19,840 |
| YE 31/12 | Year 2008 | 11,119 | 12,138 | -1,018 | -1,070 | -9.2% | -9.6% | 115,478 | 90,975 | 78.8% | 24,959 | 18,718 |
| | Year 2009 | 8,640 | 7,901 | 740 | 627 | 8.6% | 7.3% | 111,167 | 96,382 | 86.7% | 24,558 | 18,511 |
| | Year 2010 | 11,522 | 10,099 | 1,813 | 1,790 | 15.7% | 15.5% | 115,748 | 96,548 | 84.0% | 26,796 | 21,592 |
| | Year 2011 | 12,635 | 11,929 | 706 | 706 | 5.6% | 5.6% | 126,340 | 101,535 | 79.3% | 27,581 | |
| JAL | Year 2005/06 | 19,346 | 19,582 | -236 | -416 | -1.2% | -2.2% | 148,591 | 100,345 | 67.5% | 58,040 | 53,010 |
| YE 31/03 | Year 2006/07 | 19,723 | 19,527 | 196 | -139 | 1.0% | -0.7% | 139,851 | 95,786 | 68.5% | 57,510 | |
| | Year 2007/08 | 19,583 | 18,793 | 790 | 148 | 4.0% | 0.8% | 134,214 | 92,173 | 68.7% | 55,273 | |
| | Year 2008/09 | 19,512 | 20,020 | -508 | -632 | -2.6% | -3.2% | 128,744 | 83,487 | 64.8% | 52,858 | |
| Korean Air | Year 2006 | 8,498 | 7,975 | 523 | 363 | 6.2% | 4.3% | 71,895 | 52,178 | 72.6% | 22,140 | 16,623 |
| YE 31/12 | Year 2007 | 9,496 | 8,809 | 687 | 12 | 7.2% | 0.1% | 76,181 | 55,354 | 72.7% | 22,830 | 16,825 |
| | Year 2008 | 9,498 | 9,590 | -92 | -1,806 | -1.0% | -19.0% | 77,139 | 55,054 | 71.4% | 21,960 | 18,600 |
| | Year 2009 | 7,421 | 7,316 | 105 | -49 | 1.4% | -0.7% | 80,139 | 55,138 | 68.8% | 20,750 | 19,178 |
| | Year 2010 | 10,313 | 8,116 | 120 | 421 | 1.2% | 4.1% | 79,457 | 60,553 | 76.2% | 22,930 | |
| | Year 2011 | 11,094 | 10,678 | 416 | -89 | 3.7% | -0.8% | 84,285 | 64,483 | 76.9% | 22,934 | |
| Malaysian | Year2006 | 3,696 | 3,751 | -55 | -37 | -1.5% | -1.0% | 58,924 | 41,129 | 69.8% | 15,466 | 19,596 |
| YE 31/12 | Year 2007 | 4,464 | 4,208 | 256 | 248 | 5.7% | 5.6% | 56,104 | 40,096 | 71.5% | 13,962 | 19,423 |
| | Year2008 | 4,671 | 4,579 | 92 | 74 | 2.0% | 1.6% | 52,868 | 35,868 | 67.8% | 12,630 | 19,094 |
| | Year 2009 | 3,296 | 3,475 | -179 | 140 | -5.4% | 4.3% | 42,790 | 32,894 | 76.9% | 11,950 | 19,147 |
| | Year 2010 | 4,237 | 4,155 | 82 | 73 | 1.9% | 1.7% | 49,624 | 37,838 | 76.2% | 13,110 | |
| | Year 2011 | 4,549 | 5,300 | -751 | -825 | -16.5% | -18.1% | 52,998 | 39,731 | 75.0% | 13,301 | |
| Qantas | Year 2007/08 | 14,515 | 13,283 | 1,232 | 869 | 8.5% | 6.0% | 127,019 | 102,466 | 80.7% | 38,621 | 33,670 |
| YE 30/6 | Year 2008/09 | 10,855 | 10,733 | 152 | 92 | 1.4% | 0.8% | 124,595 | 99,176 | 79.6% | 38,348 | 33,966 |
| | Year 2009/10 | 12,150 | 11,926 | 223 | 102 | 1.8% | 0.8% | 124,717 | 100,727 | 80.8% | 41,428 | 32,490 |
| | Year 2010/11 | 14,842 | 14,200 | 642 | 249 | 4.3% | 1.7% | 133,281 | 106,759 | 80.1% | 44,456 | 32,629 |
| Singapore | Year 2005/06 | 6,201 | 5,809 | 392 | 449 | 6.3% | 7.2% | 109,484 | 82,742 | 75.6% | 17,000 | 13,729 |
| YE 31/03 | Year 2006/07 | 9,555 | 8,688 | 866 | 1,403 | 9.1% | 14.7% | 112,544 | 89,149 | 79.2% | 18,346 | 13,847 |
| | Year 2007/08 | 10,831 | 9,390 | 1,441 | 1,449 | 13.3% | 13.4% | 113,919 | 91,485 | 80.3% | 19,120 | 14,071 |
| | Year 2008/09 | 11,135 | 10,506 | 629 | 798 | 5.6% | 7.2% | 117,789 | 90,128 | 76.5% | 18,293 | 14,343 |
| | Year 2009/10 | 8,908 | 8,864 | 44 | 196 | 0.5% | 2.2% | 105,674 | 82,882 | 78.4% | 16,480 | |
| | Year 2010/11 | 10,911 | 9,956 | 955 | 863 | 8.8% | 7.9% | 108,060 | 81,801 | 75.7% | 16,647 | |
| Air China | Year 2006 | 5,647 | 5,331 | 316 | 338 | 5.6% | 6.0% | 79,383 | 60,276 | 75.9% | 31,490 | 18,872 |
| YE 31/12 | Year 2007 | 6,770 | 6,264 | 506 | 558 | 7.5% | 8.2% | 85,257 | 66,986 | 78.6% | 34,830 | 19,334 |
| | Year 2008 | 7,627 | 7,902 | -275 | -1,350 | -3.6% | -17.7% | 88,078 | 66,013 | 74.9% | 34,250 | 19,972 |
| | Year 2009 | 7,523 | 6,718 | 805 | 710 | 10.7% | 9.4% | 95,489 | 73,374 | 76.8% | 39,840 | 23,506 |
| | Year 2010 | 12,203 | 10,587 | 1,616 | 1,825 | 13.2% | 15.0% | 107,404 | 86,193 | 80.3% | 46,420 | |
| China Southern | Year 2006 | 5,808 | 5,769 | 39 | 26 | 0.7% | 0.4% | 97,044 | 69,575 | 71.7% | 49,200 | 45,575 |
| YE 31/12 | Year 2007 | 7,188 | 6,974 | 214 | 272 | 3.0% | 3.8% | 109,733 | 81,172 | 74.0% | 56,910 | 45,474 |
| | Year 2008 | 7,970 | 8,912 | -942 | -690 | -11.8% | -8.7% | 112,767 | 83,184 | 73.8% | 58,240 | 46,209 |
| | Year 2009 | 8,022 | 7,811 | 211 | 48 | 2.6% | 0.6% | 123,440 | 93,000 | 75.3% | 66,280 | 50,412 |
| | Year 2010 | 11,317 | 10,387 | 930 | 857 | 8.2% | 7.6% | 140,498 | 111,328 | 79.2% | 76,460 | |
| China Eastern | Year 2006 | 3,825 | 4,201 | -376 | -416 | -9.8% | -10.9% | 70,428 | 50,243 | 71.3% | 35,020 | 38,392 |
| YE 31/12 | Year 2007 | 5,608 | 5,603 | 5 | 32 | 0.1% | 0.6% | 77,713 | 57,180 | 73.6% | 39,160 | 40,477 |
| | Year 2008 | 6,018 | 8,192 | -2,174 | -2,201 | -36.1% | -36.6% | 75,919 | 53,754 | 70.8% | 37,220 | 44,153 |
| | Year 2009 | 5,896 | 5,629 | 267 | 25 | 4.5% | 0.4% | 84,422 | 60,918 | 72.2% | 44,030 | 45,938 |
| | Year 2010 | 11,089 | 10,248 | 841 | 734 | 7.6% | 6.6% | 119,451 | 93,153 | 78.0% | 64,930 | |
| Air Asia (Malaysia) | Year 2008 | 796 | 592 | 203 | -142 | 25.5% | -17.9% | 14,353 | 10,515 | 73.3% | 9,183 | 4,593 |
| YE 31/12 | Year 2009 | 905 | 539 | 366 | 156 | 40.4% | 17.3% | 21,977 | 15,432 | 70.2% | 14,253 | |
| | Year 2010 | 1,245 | 887 | 358 | 333 | 28.8% | 26.7% | 24,362 | 18,499 | 75.9% | 16,050 | |
| | Year 2011 | 1,464 | 1,072 | 392 | 185 | 26.8% | 12.6% | 26,074 | 21,307 | 81.7% | 17,986 | |

**Note:** Annual figures may not add up to sum of interim results due to adjustments and consolidation..

| | Intra-Europe | | | North Atlantic | | | Europe-Far East | | | Total long-haul | | | Total International | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | ASK bn | RPK bn | LF % | ASK bn | RPK bn | LF % | ASK bn | RPK bn | LF % | ASK bn | RPK bn | LF % | ASK bn | RPK bn | LF % |
| **1993** | 137.8 | 79.8 | 57.9 | 145.1 | 102.0 | 70.3 | 96.3 | 68.1 | 70.7 | 319.1 | 223.7 | 70.1 | 479.7 | 318.0 | 66.3 |
| **1994** | 144.7 | 87.7 | 60.6 | 150.3 | 108.8 | 72.4 | 102.8 | 76.1 | 74.0 | 334.0 | 243.6 | 72.9 | 503.7 | 346.7 | 68.8 |
| **1995** | 154.8 | 94.9 | 61.3 | 154.1 | 117.6 | 76.3 | 111.1 | 81.1 | 73.0 | 362.6 | 269.5 | 74.3 | 532.8 | 373.7 | 70.1 |
| **1996** | 165.1 | 100.8 | 61.1 | 163.9 | 126.4 | 77.1 | 121.1 | 88.8 | 73.3 | 391.9 | 292.8 | 74.7 | 583.5 | 410.9 | 70.4 |
| **1997** | 174.8 | 110.9 | 63.4 | 176.5 | 138.2 | 78.3 | 130.4 | 96.9 | 74.3 | 419.0 | 320.5 | 76.5 | 621.9 | 450.2 | 72.4 |
| **1998** | 188.3 | 120.3 | 63.9 | 194.2 | 149.7 | 77.1 | 135.4 | 100.6 | 74.3 | 453.6 | 344.2 | 75.9 | 673.2 | 484.8 | 72.0 |
| **1999** | 200.0 | 124.9 | 62.5 | 218.9 | 166.5 | 76.1 | 134.5 | 103.1 | 76.7 | 492.3 | 371.0 | 75.4 | 727.2 | 519.5 | 71.4 |
| **2000** | 208.2 | 132.8 | 63.8 | 229.9 | 179.4 | 78.1 | 137.8 | 108.0 | 78.3 | 508.9 | 396.5 | 77.9 | 755.0 | 555.2 | 73.5 |
| **2001** | 212.9 | 133.4 | 62.7 | 217.6 | 161.3 | 74.1 | 131.7 | 100.9 | 76.6 | 492.2 | 372.6 | 75.7 | 743.3 | 530.5 | 71.4 |
| **2002** | 197.2 | 129.3 | 65.6 | 181.0 | 144.4 | 79.8 | 129.1 | 104.4 | 80.9 | 447.8 | 355.1 | 79.3 | 679.2 | 507.7 | 74.7 |
| **2003** | 210.7 | 136.7 | 64.9 | 215.0 | 171.3 | 79.7 | 131.7 | 101.2 | 76.8 | 497.2 | 390.8 | 78.6 | 742.6 | 551.3 | 74.2 |
| **2004** | 220.6 | 144.2 | 65.4 | 224.0 | 182.9 | 81.6 | 153.6 | 119.9 | 78.0 | 535.2 | 428.7 | 80.1 | 795.7 | 600.7 | 75.5 |
| **2005** | 309.3 | 207.7 | 67.2 | 225.9 | 186.6 | 82.6 | 168.6 | 134.4 | 79.7 | 562.6 | 456.4 | 81.1 | 830.8 | 639.3 | 76.9 |
| **2006** | 329.9 | 226.6 | 68.7 | 230.5 | 188.0 | 81.5 | 182.7 | 147.5 | 80.7 | 588.2 | 478.4 | 81.3 | 874.6 | 677.3 | 77.4 |
| **2007** | 346.6 | 239.9 | 69.2 | 241.4 | 196.1 | 81.2 | 184.2 | 152.1 | 82.6 | 610.6 | 500.4 | 81.9 | 915.2 | 713.9 | 78.0 |
| **2008** | 354.8 | 241.5 | 68.1 | 244.8 | 199.2 | 81.4 | 191.1 | 153.8 | 80.5 | 634.7 | 512.4 | 80.7 | 955.7 | 735.0 | 76.9 |
| **2009** | 322.1 | 219.3 | 68.1 | 227.8 | 187.7 | 82.4 | 181.2 | 145.8 | 80.5 | 603.8 | 488.7 | 80.9 | 912.7 | 701.1 | 76.8 |
| **2010** | 332.3 | 232.6 | 70.0 | 224.2 | 188.1 | 83.9 | 180.2 | 150.0 | 83.2 | 604.1 | 500.4 | 82.8 | 922.7 | 752.8 | 78.7 |
| **2011** | 349.6 | 248.8 | 71.2 | 248.5 | 205.4 | 82.7 | 204.9 | 163.3 | 79.7 | 670.3 | 544.9 | 81.3 | 1,006.8 | 785.0 | 78.0 |
| **Feb 12** | 24.2 | 15.9 | 65.7 | 16.2 | 11.7 | 72.5 | 15.9 | 12.5 | 78.4 | 50.2 | 38.9 | 77.5 | 73.7 | 54.3 | 73.7 |
| **Ann. change** | 1.3% | 5.3% | 2.5 | 1.7% | 6.7% | 3.4 | 6.7% | 5.0% | -1.3 | 6.1% | 8.2% | 1.5 | 4.9% | 7.8% | 2.0 |
| **Jan - Feb 12** | 49.7 | 32.3 | 65.1 | 34.3 | 25.6 | 74.8 | 32.9 | 25.9 | 78.5 | 105.1 | 82.7 | 78.7 | 153.4 | 114.3 | 74.5 |
| **Ann. change** | 0.5% | 5.5% | 3.1 | 0.8% | 5.1% | 3.0 | 4.6% | 3.0% | -1.2 | 4.5% | 6.4% | 1.3 | 3.4% | 6.3% | 2.0 |

## JET ORDERS

| | Date | Buyer | Order | Delivery/other information |
|---|---|---|---|---|
| **Boeing** | 09 May | EVA Air | 3 x 777-300ER | plus 4 purchase rights |
| | 09 April | Transaero Airlines | 4 x 787-8 | |
| | 02 April | TAAG Angola | 3 x 777-300ER | plus 3 purchase rights |
| **Airbus** | 11 April | Garuda Indonesia | 11 x A330-300 | RR Trent 700 engines |

**Note:** Only firm orders from identifiable airlines/lessors are included. **Source:** Manufacturers.

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