AIRLINE MARKET REVIEW 2015
REVIEW OF 2015

While 2015 will be a record year for airline profits, the differing conditions across the regions means fortunes have varied widely – particularly between those in mature and emerging markets.

IATA’s latest industry outlook underlines the extent to which North America and Europe are driving the industry’s current run which sees it set to post consecutive years of net profit. While profits in emerging markets have stalled amid economic and currency woes, airlines in mature markets are faring strongly.

North American carriers continue to dominate the strong airline performance, contributing $19.4 billion of the $33 billion industry profit IATA expects for 2015. But European carriers are expected to generate net profits of $6.9 billion.

Combined it means aviation’s two most established markets will account for almost four-fifths of industry profits in 2015.

NORTH AMERICA

“North America was doing really well in 2014 because we had a strong economy and restructured industry. We also started to see some of the European airlines do well because of the North Atlantic joint ventures, which proved to be a successful model,” says IATA chief economist Brian Pearce.

It meant the fall in oil prices, which benefited many US carriers more because of relatively low hedging levels and no additional exchange costs, coming at the same time as economic growth, proved a recipe for North American airline profits. “In the USA most of the fuel benefit has come through,” says Pearce.

Against this backdrop every major US airline is expected to report net profits for the year, having already racked up $17.9 billion in profit during the first nine months of 2015, industry body Airlines for America (A4A) data shows.

Lower fuel expenses are the biggest driver of the rising tide, having fallen nearly 36% during the period, the A4A data shows.

US airlines have used their fuel savings to broadly reduce debt, return cash to shareholders and – in some cases – make equity investments abroad (see page 5).

Operating revenues held nearly steady, increasing fractionally over the first nine months A4A data shows. This flat performance was driven in part by faster-than-economic growth industry capacity expansion and mainline carriers’ decision to match low-cost and ultra low-cost carrier pricing in many markets.

“Capacity expansion outpaced GDP [gross domestic product] in 2015 for the first time since the financial crisis and industry consolidation,” says Julie Yates, an analyst at Credit Suisse, in a December report.

Source: IATA forecasts, 2015 and 2016 estimates. Other includes net total for Africa, Latin America, Middle East
EUROPE
Europe’s carriers were boosted by a bumper summer – a string of airlines, particularly in the low-cost sector lifted their profits outlook – as demand stayed strong.

While much of the fuel gains are still to flow through because of hedging and currency exchange changes, IATA expects European carriers to make a profit of $6.9 billion this year. This will be largest collective profit in absolute terms for European carriers on record – though not in terms of margins.

That performance is driven by strong profits from a number of Europe’s bigger airlines, such as IAG, EasyJet, Ryanair, Turkish Airlines and, despite all its labour battles, Lufthansa.

But while others too have increased profits or cut losses in the benign environment, some in the region struggled. No region saw as many airline casualties as Europe in 2015 – as the likes of Cyprus Airways, Estonian Air and Eurolot – ran out of options.

Nowhere were conditions tougher for airlines than in Russia, where the country’s economic woes and the rapid fall in the value of the rouble were taking a heavy toll, even before security concerns hit the key Russian outbound markets to Egypt and Turkey. All Russian carriers struggled as they tried to restructure and the crisis claimed Transaero as the biggest airline scalp of the year.

Low-cost carriers continued to enjoy strong fortunes in 2015, with most lifting profit expectations after the strong summer. Ryanair, which followed EasyJet on its successful path upmarket, has had a particularly bright year as it returned to strong growth and is poised to pass the 100 million annual passenger mark on an earned seat basis.

Among the big network carriers IAG has been the most successful. Driven by the strong performance of British Airways and the restructuring of Iberia, it has returned to the front foot. By contrast rivals Air France-KLM and Lufthansa have been beset by labour problems as they bid to restructure their cost base to battle competitors across all fronts. After a year of strikes at Lufthansa and ugly scenes in which Air France executives had the shirts ripped off their back by angry staff, both carriers will be hoping the worst of their labour pains are behind them.

ASIA-PACIFIC
2015 brought some relief to Asia-Pacific carriers following the air disasters of a year earlier. Profitability was decent across the region, but some carriers struggled and Southeast Asia’s low-cost carrier revolution appeared to lose steam.

Generally, the region’s major full service carriers enjoyed a good year owing to strong traffic flows and the lower cost of fuel – although previously placed hedges prevented many from enjoying the full benefits of weak fuel prices.

Qantas Airways staged the most notable comeback, turning round heavy losses with a pre-tax profit of A$975 million ($703 million). This in part reflects the benefits from Qantas’s joint venture with Emirates, originally announced in 2012, which helped its international operation return to the black. Qantas, for its part, attributed its return to glory to its extensive cost cutting efforts.

The apparent success of Qantas’s teaming with a Middle East juggernaut did not go unobserved, for in early December Malaysia Airlines announced that it too would join the Emirates camp with an extensive codeshare deal.

Malaysia Airlines entered 2015 reeling from the twin 2014 disasters of MH370 and MH17. Under the fresh leadership of new chief executive Christophe Mueller since March, the ailing carrier is undergoing a painful restructuring with an uncertain future.

One area where concerns started to emerge this year was Southeast Asia’s low-cost juggernauts, especially as true open skies in the region has yet to take off. AirAsia felt much of the heat as it contended with continued losses at Indonesia AirAsia, which lacks the scale to take on Lion Air and its Philippines affiliate. Long-haul, low-cost affiliate AirAsia X also continued to bleed.

Throughout 2015 Asia-Pacific operators continued to receive about half of the world’s new aircraft deliveries on a monthly basis, with China accounting for roughly a quarter of all global deliveries. Despite much consternation about China’s economic growth prospects, its airlines were profitable.
There was strong growth in the Indian sector. Much of the attention focused on low-cost carriers. SpiceJet survived a near-death experience and is on the road to recovery after a takeover by its founder Ajay Singh. IndiGo, meanwhile, cemented its position in the market, and staged its long awaited IPO in October.

**LATIN AMERICA**

Slowing economic growth and depreciation of local currencies in the region impacted traffic and yields of Latin American carriers, which saw business travel demand fall.

The economic recession in Brazil – the region’s biggest passenger market – was a major contributor to the airlines’ woes, especially in South America. Severe depreciation of the Brazilian real led to heavy losses at Gol, and to a lesser extent, LATAM Airlines Group – the parent of Brazil’s TAM.

IATA expects Latin American airlines to post losses of $300 million this year, down from the $600 million profit it was forecasting just six months ago.

The region’s airlines have taken measures in recent quarters to stem losses. Gol, LATAM and Panama’s Copa Airlines have all announced plans to defer aircraft deliveries and reduce capacity, especially in Brazil.

Among Latin American’s airlines, Mexican carriers have emerged from the storm of 2015 relatively unscathed. This is largely due to the airlines taking advantage on the US transborder market, which has continued to grow in the past year.

**MIDDLE EAST**

The row over US airline complaints over alleged Gulf carrier subsidies, which ignited early in the year when the big three US carriers called for the US government to review open skies agreement with Qatar and the UAE, was the burning issue covering Middle East aviation during 2015. The big three Gulf carriers Emirates, Etihad Airways and Qatar Airways robustly refuted the claims, prompting an ever widening debate around protectionism, liberalisation and state support which divides opinion within the industry, not least among the US industry itself.

But what is not in doubt is that the Gulf carriers continued to expand rapidly, launching a host of new routes including new US services. While the year – including the Dubai air show – passed with relatively little new order action, the airlines continued to roll-out new aircraft. That included Etihad Airways’ new Boeing 787s and Airbus A380s, while Airbus A350 launch customer Qatar Airways debuted the type in January.

The big Gulf operators are driving much of the $1.4 billion net profits IATA expects the region’s carriers to generate in 2015 – though challenges from impact of lower oil revenues and political conflict for regionally-focused operators means its profit forecast is lower than originally envisaged for the region.

**AFRICA**

While the devastating Ebola outbreak which had ravaged parts of Africa, and hit air travel demand in the process, was gradually brought under control during 2015, there was very little to bring cheer to the African market as many in the region were hit by all too familiar problems.

North African markets, already struggling to rebuild their key tourism business, were dealt a further blow first by the terrorist attacks in Tunisia and then the crash of a MetroJet Airbus A321 over the Sinai at the end of October.

This hit on demand in part was behind IATA’s downgrading of its profit forecast for the region from the small profit for 2015 it was projecting six months ago to a loss of $300 million it now expects African carriers to incur.
But it is familiar wider geopolitical, infrastructure and economic issues which continue to prevent African carriers from tapping their full potential, especially given competitive pressure from Europe and Middle East carriers and the lack of liberalised African skies.

While some of the region’s bigger carriers have been enjoying success – Ethiopian Airlines is profitably expanding and Royal Air Maroc’s turnaround efforts have progressed – the previously profitable Kenya Airways is struggling, EgyptAir continues to battle a tough market, and the region’s biggest carrier South African Airways remains in the mire.

CONSOLIDATION
Profitable US carriers have shown a continued to appetite to invest, cementing alliances and partnerships further afield through equity stakes further, in particular into South America.

United in June invested $100 million to take a 5% stake in Brazilian carrier Azul, as part of a wide-ranging partnership. Delta meanwhile lifted its stake in Brazilian carrier Gol from 6.6% to almost 9.5% and plans to increase its stake in Aeromexico from 17% to 49%.

The US carrier also sealed a partnership with another SkyTeam partner, China Eastern Airlines, under which it is acquired a 10% stake in the airline. But Delta’s move for another Asian operator – restructuring Japanese carrier Skymark Airlines – failed when creditors voted in favour of a rehabilitation plan backed by ANA Holdings.

US carriers were not the only ones to see investment potential in South America. China’s HNA Group is investing $450 million in Brazil’s Azul for a 23.7% stake.

Both Azul owner David Neeleman and HNA were also busy with deals elsewhere. HNA acquired a 6% stake in South African carrier Comair during the summer. Neeleman meanwhile led the Atlantic Gateway consortium which took a 61% stake in TAP Portugal.

Aer Lingus was the other high profile European airline sale in 2015. IAG, after launching a first bid in December 2014, successfully completed its pursuit of the Irish carrier in the summer.

IAG was itself subject to a new investor, when Qatar Airways in January took a 10% stake in the airline holding group.

EDITOR’S NOTE: These are extracts from articles first published and available in full on the Flightglobal Dashboard (flightglobal.com/dashboard)

<table>
<thead>
<tr>
<th>SELECTED AIRLINE ACQUISITIONS: 2015</th>
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<tbody>
<tr>
<td><strong>Aer Lingus</strong></td>
<td>IAG</td>
</tr>
<tr>
<td>IAG takes 100% stake and Aer Lingus becomes part of group</td>
<td></td>
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<tr>
<td><strong>Aeromexico</strong></td>
<td>Delta</td>
</tr>
<tr>
<td>Delta plans to increase stake from 26% to 49%</td>
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</tr>
<tr>
<td><strong>Azul</strong></td>
<td>HNA/United</td>
</tr>
<tr>
<td>HNA takes 23% stake in Azul, United having earlier taken 5% stake</td>
<td></td>
</tr>
<tr>
<td><strong>China Eastern</strong></td>
<td>Delta</td>
</tr>
<tr>
<td>Delta takes 4% stake as part of wider partnership</td>
<td></td>
</tr>
<tr>
<td><strong>Comair</strong></td>
<td>HNA Group</td>
</tr>
<tr>
<td>China’s HNA Group takes 6.3% stake</td>
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<tr>
<td><strong>Petra Airlines</strong></td>
<td>Air Arabia</td>
</tr>
<tr>
<td>Established Air Arabia Jordan after acquiring 49% stake in Petra Airlines</td>
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<tr>
<td><strong>IAG</strong></td>
<td>Qatar Airways</td>
</tr>
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<td>Gulf carrier took a 10% stake in IAG</td>
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<tr>
<td><strong>Sol Airlines</strong></td>
<td>Air Nostrum</td>
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<tr>
<td>Spanish carrier acquires 49% stake in Argentinian regional operator</td>
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<tr>
<td><strong>TAP Portugal</strong></td>
<td>Atlantic Gateway</td>
</tr>
<tr>
<td>Consortium led by Azul owner David Neeleman takes 61% stake</td>
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<tr>
<td><strong>Tigerair</strong></td>
<td>Singapore Airlines</td>
</tr>
<tr>
<td>SIA, which holds 55% in Tigerair, launches bid for remaining shares</td>
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</table>
TIMELINE OF 2015

January
Launch customer Qatar Airways carries out inaugural A350 service
Japan’s Skymark Airlines enters bankruptcy protection; it was ultimately recapitalised in September

February (ongoing)
Big three US carriers outline concerns over Gulf carrier subsidies, prompting a year of fierce debate on the issue which remains ongoing and divides opinion

March
Devastating Germanwings A320 crash, ultimately prompting rethink of rules around single-occupancy in the cockpit

April
Avianca Brazil joins Star Alliance, the only airline to join a global alliance in 2015

May
Irish government accepts IAG offer for Aer Lingus clearing way to acquisition

June
Lufthansa reignites GDS battle by introducing distribution cost charge

July
Avianca Brazil joins Star Alliance, the only airline to join a global alliance in 2015

Delta expands its equity partnership strategy to Asia with China Eastern stake

September
Resignation of three United Airlines executives including chief Jeff Smisik

October
Russia’s second biggest airline Transaero ceases operations

Europe airline labour troubles flare as Air France executives have shirts ripped from their backs by angry staff

October (onwards)
Security suspicions around Metrojet crash provide fresh hit to North African market

November
Hainan Airlines takes 24% stake in Azul, United having earlier taken 5% share
START-UPS AND AIRLINE FAILURES IN 2015

While 2015 was one of the most profitable years for European carriers as a whole, the wide spectrum of fortunes covering airlines in the region is evident in the relatively large number of failed operators in the last 12 months.

Data collated by Flightglobal shows that 15 of the airlines to cease operations in 2015 were European. This accounts for three-quarters of the total airline collapses during the year. Another dozen European carriers are among the 34 airlines which have temporarily suspended flights during the year.

Seven of the failures – including the largest airline casualty in the guise of Transaero – have come from Russia.

Geopolitical developments have continued to hit Russian carriers since the dispute around the Crimea escalated in 2014, which prompted the introduction of sanctions against the country. As economic conditions in Russia have deteriorated, the Russian rouble plummeted further against the strong US dollar, adding further pain to carriers in the region.

While all Russian carriers battled the tough climate, Transaero was the biggest carrier to fall. The privately-owned operator had grown rapidly – more than quadrupling in size since 2007 – to carry over 13 million passengers by 2014.

But its financial problems mounted, and reached crisis point in the autumn, when its proposed acquisition by national carrier Aeroflot broke down. It subsequently ceded operations to other Russian airlines and in October, Russia’s federal aviation regular Rosaviatsia finally grounded Transaero.

At that point, around 60% of Transaero’s 9,500-strong workforce were set to be employed by Aeroflot and a newly created Moscow subsidiary of St Petersburg-based Rossiya.

Other notable casualties in Europe included national carriers Cyprus Airways and Estonian Air, both of which had their last survival options closed down after European Commission rulings ordered them to repay state aid. Both struggling carriers immediately ceased operations after the Commission confirmed the state aid judgements.

The collapse of Cyprus Airways in January, after the Cypriot government failed to attract a new investor, has since seen a number of carriers – notably Aegean Airlines – expand to fill some of the Larnaca routes left empty by Cyprus Airways.

Estonian Air ceased operations in November immediately after it was ordered to pay back over €85 million ($91 million) in funding. That combined with the earlier collapse of another carrier in the region, Air Lituanica, has boosted Air Baltic’s ambitions to become a pan-Baltic carrier – it has lifted its presence in the Estonian capital Tallinn. But local operation Nordic Aviation, setup by the Estonian government to ensure continuity of links to the country in the event of Estonian Air’s collapse, is also making a play for the market.

Nordic Aviation is one of a few, relatively small start-up...
European carriers to emerge in 2015. Indeed that has been a continued theme over recent years in Europe. Only one European carrier established over the last decade has grown to rank among the top 100 biggest carriers – Turkish Airlines low-cost unit Anadolu Jet – while central European carrier Wizz Air is the only European carrier not affiliated to a major airline and which has launched since 2000 to make it into the top 100 biggest carriers.

That underlines the challenging market since the financial downturn, where low-cost operator Volotea – which expects to carry 2.5 million passengers – is probably the most prominent non-affiliated new European entrant.

IAG chief executive Willie Walsh highlighted that change during the airline group’s recent capital markets day.

“We don’t see as many new entrants coming into the market, and that’s been a structural change that dates back to 2008 and 2009 as well,” says Walsh. “I think that reflects the strength of the low-cost carriers in Europe, where most of the white space is occupied now and if you are a new entrant in the European arena, you are going to come head-to-head with a very efficient low-cost carrier in probably every market you touch.”

Peter Morris, chief economist at Flightglobal advisory service Ascend, notes that in mature markets the conditions that allowed start-ups to thrive – struggling incumbent carriers and green-field opportunities – have changed, in part because of the success of those new entrants.

“In America you will be fighting the LCCs and the restructured majors – and they have deep pockets,” he says. “Plus a lot of the territory is taken.”

That said one start-up, albeit with a familiar name, did take to the US skies in 2015. Eastern Air Lines – the Miami-based

Start-up Eastern Air Lines operated its inaugural charter flights in May, reviving the brand of a similarly-named carrier that shut down in 1991.

EDITOR’S NOTE:
Profiles for all 2015 airline start-ups are available on Flightglobal’s Dashboard at flightglobal.com/dashboard
relaunch of the iconic US airline brand that disappeared in 1991 – launched as a new charter carrier in May. It operated its first flight to Havana in partnership with tour operator HavanaAir on a leased Boeing 737-800 painted in its predecessor’s last livery.

Start-ups though continue to thrive in the emerging markets of Asia-Pacific and Latin America. Five all-new start-ups from these two regions – Azul, SpiceJet, Spring Airlines, Volaris and Interjet – have broken into the top 100 biggest carriers since their launch during the last decade.

Asia-Pacific was again a busy region for start-ups in 2015, with 21 new operators recorded by Flightglobal. That includes several carriers affiliated to existing operators, including the launch of Indonesian AirAsia X; NokScoot, the Bangkok-based long-haul low-cost joint venture from Nok Air and Singapore Airlines’ unit Scoot; and Singapore Airlines Indian joint venture with Tata Sons, Vistara.

Overall Flightglobal figures shows a roughly equal balance between airline start-ups and failures during the years. It records 58 airline start-ups and 55 operators either ceased or suspended – though the latter includes some airlines which are being integrated into other airlines, such as Finnish carrier Blue1 which has been acquired by CityJet.

Russia’s second biggest airline Transaero ceased operations on the 26th of October.

**FEATURED FAILED AIRLINES**

<table>
<thead>
<tr>
<th>AIRLINE</th>
<th>Country</th>
<th>Airline type</th>
<th>Main base</th>
<th>Launched</th>
<th>Suspended</th>
<th>Fleet</th>
<th>Employees</th>
<th>Destinations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TRANSAERO AIRLINES</strong></td>
<td>Russia</td>
<td>Mainline</td>
<td>Moscow Domodedovo</td>
<td>5 Nov 1991</td>
<td>26 Oct 2015</td>
<td>79</td>
<td>12,000</td>
<td>156</td>
</tr>
<tr>
<td><strong>CYPRUS AIRWAYS</strong></td>
<td>Cyprus</td>
<td>Mainline</td>
<td>Larnaca</td>
<td>18 Apr 1948</td>
<td>9 Jan 2015</td>
<td>6</td>
<td>12</td>
<td>9</td>
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<tr>
<td><strong>ESTONIAN AIR</strong></td>
<td>Estonia</td>
<td>Mainline</td>
<td>Tallinn</td>
<td>1991</td>
<td>8 Nov 2015</td>
<td>8</td>
<td>11</td>
<td></td>
</tr>
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</table>
CAPACITY SNAPSHOT

Despite some slowing in the rapid growth of low-cost carriers in southeast Asia, carriers in the Asia-Pacific increased regional capacity the most in absolute terms last year.

Data from Flightglobal’s schedules specialist Innovata for 2015 shows carriers increased capacity as measured in ASKs on routes within Asia-Pacific just over 7% in 2015. Asia-Pacific is already the biggest regional market and only airlines in the relatively small intra-Middle East sector lifted capacity at a faster rate, 9%, last year.

Airlines increased capacity within the intra-European and North American by 5.7% and 5.5% respectively. Capacity increases were again led by low-cost carriers in both regions. That marked an increased rate of growth in intra-regional capacity growth for both Europe and North America, which had increased 4.6% and 3.6% respectively in 2014.

Intra-Latin American capacity, where several key markets including Brazil have endured tough economic conditions, was increased 3.4% in 2015. This though compared to growth of 7% in 2014.

Airline capacity on intra-African routes returned to small growth in 2015, after it was cut in 2014. African capacity was hit in both years by the travel demand from the Ebola outbreak.

### INTRA-REGIONAL CAPACITY

<table>
<thead>
<tr>
<th>REGION</th>
<th>ASK 2015 (bn)</th>
<th>ASK 2014 (bn)</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFRICA</td>
<td>86,131</td>
<td>84,903</td>
<td>+1.4%</td>
</tr>
<tr>
<td>ASIA-PACIFIC</td>
<td>1,983,656</td>
<td>1,848,768</td>
<td>+7.3%</td>
</tr>
<tr>
<td>EUROPE</td>
<td>1,035,507</td>
<td>979,915</td>
<td>+5.7%</td>
</tr>
<tr>
<td>LATIN AMERICA</td>
<td>252,724</td>
<td>244,313</td>
<td>+3.4%</td>
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<tr>
<td>MIDDLE EAST</td>
<td>82,283</td>
<td>75,308</td>
<td>+9.4%</td>
</tr>
<tr>
<td>NORTH AMERICA</td>
<td>1,450,767</td>
<td>1,374,580</td>
<td>+5.5%</td>
</tr>
</tbody>
</table>

Source: Innovata from Flightglobal
Airlines lifted capacity between the Middle East and North America more than a fifth in 2015, making it one of the fastest growing intercontinental markets in capacity terms last year.

Data from Flightglobal’s schedules specialist Innovata for 2015 shows that airline capacity on routes linking the Middle East and North America increased 22.5% compared with 2014. Only the relatively small market between Latin America and Asia-Pacific, where capacity was increased by a third, was the percentage growth rate larger.

The big Gulf carriers have driven this expansion, Emirates adding service to Boston, Chicago O’Hare and Orlando, Qatar Airways service to Dallas/Fort Worth, Miami and Philadelphia, and Etihad to Dallas/Fort Worth during the past two years. By contrast US carriers Delta Air Lines and United Airlines will both drop their services to Dubai during the first quarter of this year, after which no US carrier will serve the Persian Gulf.

There was also double-digit capacity growth in the markets linking the Middle East with Africa, Asia-Pacific and Europe. Indeed the intercontinental market with the biggest increase in capacity in volumes terms last year was the Middle East and Asia-Pacific.

The largest intercontinental market by ASK capacity remains Europe-North America.

<table>
<thead>
<tr>
<th>REGION PAIRING</th>
<th>ASK 2015 (bn)</th>
<th>ASK 2014 (bn)</th>
<th>CHANGE</th>
</tr>
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<tbody>
<tr>
<td>ASIA-PACIFIC LATIN AMERICA</td>
<td>5,128,974</td>
<td>3,840,691</td>
<td>33.5%</td>
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<tr>
<td>MIDDLE EAST NORTH AMERICA</td>
<td>118,665,851</td>
<td>96,866,651</td>
<td>22.5%</td>
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<tr>
<td>AFRICA MIDDLE EAST</td>
<td>101,697,309</td>
<td>91,507,142</td>
<td>11.1%</td>
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<tr>
<td>EUROPE MIDDLE EAST</td>
<td>289,216,813</td>
<td>258,726,493</td>
<td>11.8%</td>
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<tr>
<td>ASIA-PACIFIC MIDDLE EAST</td>
<td>410,942,240</td>
<td>371,879,398</td>
<td>10.5%</td>
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<td>ASIA-PACIFIC NORTH AMERICA</td>
<td>466,805,457</td>
<td>431,369,736</td>
<td>8.2%</td>
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<tr>
<td>LATIN AMERICA NORTH AMERICA</td>
<td>233,687,727</td>
<td>219,859,294</td>
<td>6.3%</td>
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</table>

NOTE: figures cover combined capacity between both regions Source: Innovata from Flightglobal

EDITOR’S NOTE:
Find out more about Innovata schedules and analytics services at Flightglobal.com/Innovata
SHARE PRICE MOVEMENTS

There were mixed fortunes for airline shares during 2015 among the biggest operators, with strong individual performances for some and wider economic concerns dragging others down.

Shares among European carriers finished the year strongly, few more so than SAS, which at 31 December was 60% higher than on 1 January. It in December disclosed a return to profit for the year ending 31 October.

Ryanair’s reinvention, aided by helpful market conditions, drove more than 50% rise in its share price across the year. But the share prices of Air France-KLM and Air Berlin both lost ground during a difficult year for the restructuring pair.

After first half gains, US airline stocks slipped amid concern around capacity and softer yields. Of the big-three carriers, Delta saw its share price recover to end the year slightly ahead of January. But American and United’s share price was down. One of the biggest winners among the big US carriers was JetBlue Airways. Despite an end-of-year dip, its share price rose more than 40% during the year.

Unsurprisingly, given the economic challenges Brazil faced during 2015, the share prices of both Gol and TAM’s parent LATAM were hard hit.

The most volatile of markets in 2015 was China. While Chinese carriers were heavily impacted such were the gains during the first half of the year that the share prices of both China Eastern and China Southern ended the year higher than in January. Qantas – which enjoyed a strong turnaround in its financial fortunes during its last financial year – saw its share price rise 70%.

<table>
<thead>
<tr>
<th>Ticker</th>
<th>2015 High</th>
<th>01 Jan ‘15 Close</th>
<th>31 Dec ‘15 Close</th>
<th>Period Change (%)</th>
<th>Period Trend</th>
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<tbody>
<tr>
<td>SAS</td>
<td>SAS.ST</td>
<td>SEK 24.80</td>
<td>15.20</td>
<td>24.40</td>
<td>▲ 60.5</td>
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<td>Ryanair</td>
<td>RYA.L</td>
<td>EUR 15.30</td>
<td>9.79</td>
<td>14.95</td>
<td>▲ 52.7</td>
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<td>International Airlines Group</td>
<td>IAG.L</td>
<td>GBP 617.00</td>
<td>486.10</td>
<td>610.50</td>
<td>▲ 25.6</td>
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<td>Norwegian</td>
<td>NAS.OL</td>
<td>NOK 379.50</td>
<td>276.20</td>
<td>323.70</td>
<td>▲ 17.2</td>
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<td>Lufthansa Group</td>
<td>LHA.DE</td>
<td>EUR 15.35</td>
<td>13.83</td>
<td>14.57</td>
<td>▲ 5.3</td>
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<td>EasyJet</td>
<td>EZJ.L</td>
<td>GBP 1915.00</td>
<td>1671.00</td>
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<td>Air France-KLM Group</td>
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<td>EUR 8.44</td>
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Source: Yahoo Finance
AIRLINE MARKET REVIEW 2015

AIRCRAFT DELIVERIES REVIEW

Preliminary data from Flightglobal’s Fleets Analyzer database shows airlines took delivery of more than 1,700 aircraft in 2015, roughly on a par with the previous year.

Boeing delivered more than 730 commercial aircraft – a record year for the US company – while Airbus totalled over 600 units.

American Airlines came out as the operator with the most aircraft delivered during the year with 70 units, followed by China Eastern Airlines who took in 65. Four of the top 10 deliveries for airlines are based in China, three in the US, while Turkish Airlines and Ryanair are the two European airlines featured. Gulf carrier Emirates took delivery of 26 aircraft in 2015.

Asia-Pacific operators took the largest share of aircraft in 2015, accounting for 40% of commercial deliveries last year.

Around a quarter of deliveries were to North American operators and a further 17% to European airlines. Remaining deliveries were spread across Latin America, the Middle East and Africa.

Narrowbody aircraft accounted for 55% of all deliveries, while 23% were for widebodies. Turboprops follow with 13% and regional jets counted for the remaining 10% of the world’s deliveries in 2015.

Widebody deliveries totalled nearly 400 units with the Boeing 787 being the most delivered widebody with just over 130 units.

More than 1,700 deliveries were made in 2015

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EDITOR’S NOTE:
Find out more about Fleets Analyzer at Flightglobal.com/FleetsAnalyzer

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DELIVERIES BY REGION

Source: Fleets Analyzer database

Deliveries by Year

Source: Fleets Analyzer database

2015 Deliveries by Region and Customer Type

Source: Fleets Analyzer database
The information contained in our database and used in this presentation has been assembled from many sources, and whilst reasonable care has been taken to ensure accuracy, the information is supplied on the understanding that no legal liability whatsoever shall attach to Flightglobal, its offices, or employees in respect of any error or omission that may have occurred.

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