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A SPECIAL SUPPLEMENT

The airline top 50 2014

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THE AIRLINE TOP 50

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EDITORIAL

A new airline elite

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Welcome to the third annual Airline Top 50, a joint project between Airfinance Journal and The Airline Analyst that reviews the world's best performing airlines based on financial performance.

As last year we have split the supplement into two sections. The first presents profiles of the top 50 airlines which we have split by region. The second half has a detailed breakdown of the best performing airlines by specific criteria – eg, the top 50 airlines by RPKs, passenger yield, Rask-Cask margin and Ebitdar margin.

We wanted to use this introduction to explain the methodology we have used while creating this supplement.

How are the Top 50 airlines picked?

The top 50 airlines profiled are selected based on their ratings by The Airline Analyst Financial Ratings (TAAFRs) and size.

TAAFRs offers each airline which reports its financial results an overall financial ratings score based on five criteria: average fleet age, Ebitdar margin, fixed charge cover, liquidity and leverage. The Airline Analyst then applies a weighting to each of the five criteria to calculate the overall financial ratings score for each airline.

For the Airline Top 50 we took the 50 highest-rated airlines from this TAAFRS list. However, in order to match this list with the reality of what a bank or lessor would class as one of the 50 best carriers we need to include some weighting for scale. To do this we excluded any airlines which reported revenues of less than $500 million a year. In addition, we included the airlines which have a fleet of more than 250 mainline aircraft.

The result is the Airline Top 50 profiles the world's best-rated carriers but also includes some key airlines which are not highly rated but are simply too big to ignore. Using a weighting for size saw us remove several small, but highly rated airlines, and replace them with much larger carriers.

Jazeera Airways, for instance, is highly rated but has revenue of only $234 million a year. This was switched with Air France-KLM, which has a combined fleet of 635 aircraft.

Things are getting better... for some

The final Airline Top 50 list offers a snapshot of how well the industry is performing. Looking through the guide it is immediately obvious that some regions are performing much better than others. The Americas as a region dominates the profile section. This is not surprising. Carriers in both North and Latin America have undergone a relatively recent process of consolidation, and their improved financial results are the fruit of this process.

The International Air Transport Association (Iata) forecasts the airline industry will make a profit of $18 billion in 2014, more than $1 billion less than its earlier prediction because of high fuel costs and increasing competition. However, Iata predicts North American carriers alone will earn $8.6 billion in profits this year. These large airlines are soaking up the benefits of reduced financing and an improving economy. North American carriers are digesting the issue of what to do with too much cash on their books. It is striking that the most successful US and European carriers are managing towards return on invested capital (ROIC) and free cash-flow targets, which is not the case in much of the rest of the world.

Besides the US, the big three airlines in the Middle East – Emirates, Qatar Airways and Etihad – are sweeping away competition with their expansion plans. While the US, Latin American and Middle East carriers are boasting solid returns, with some notable exceptions, other regions are faring less well.

Competition between Asian operators is heating up, and many legacy Asian carriers are seeing low-cost rivals begin to establish a foothold in their markets. Legacy European airlines have had to contend with this for years but Europe is looking weak with sluggish or non-existent growth rates – something that is reflected by many European carriers' TAAFRS ratings.

Iata highlights that this is the third consecutive year of improved profits for the industry. Airline profits have risen from $6.1 billion in 2012 to $10.6 billion in 2013 and, assuming Iata is correct, will be about $18 billion this year. However, this is a profit margin of only 2.4%, which leaves no room for error. As Iata points out, the industry average for ROIC is expected to reach 5.4% in 2014, but this is still less than the cost of capital, which is estimated to be 7% to 8%.

Airlines are being better managed today but, as always, fuel costs and matching capacity growth with demand will ultimately dictate airline profitability. The best airlines can ride out fuel volatility to a certain degree but any unexpected rises in fuel prices spells real trouble for weaker carriers. And of even bigger concern would be any loss of discipline in managing growth in capacity.

Dickon Harris
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Airfinance Journal

Michael Duff
Managing Director,
The Airline Analyst

THE TOP 50 AIRLINES

Top 50 by Airline Financial Rating[1]

Airline	Region	TAA Financial Rating[2]
Copa Holdings	Latin America	AA-
Ryanair	Europe	AA-
Air Arabia	Middle East	A
Alaska Air Group	North America	A
Allegiant Travel Company	North America	A
Japan Airlines	Asia Pacific	A
Aer Lingus	Europe	A-
easyJet	Europe	A-
Luxair Group	Europe	A-
Qatar Airways	Middle East	A-
Singapore Airlines	Asia Pacific	A-
Spirit Airlines	North America	A-
WestJet	North America	A-
Air New Zealand	Asia Pacific	BBB+
Icelandair	Europe	BBB+
Southwest Airlines	North America	BBB+
Xiamen Airlines	Asia Pacific	BBB+
Aegean Airlines	Europe	BBB
Pegasus Airlines	Europe	BBB
British Airways	Europe	BBB-
Lufthansa Group	Europe	BBB-
AirAsia	Asia Pacific	BB+
ANA Holdings	Asia Pacific	BB+
Cathay Pacific	Asia Pacific	BB+
Delta Air Lines	North America	BB+
Hainan Airlines	Asia Pacific	BB+
International Airlines Group	Europe	BB
Republic Airways	North America	BB
American Airlines Group	North America	BB-
Avianca Holdings	Latin America	BB-
Cebu Pacific	Asia Pacific	BB-
Comair Limited	Africa	BB-
Emirates	Middle East	BB-
Hawaiian Airlines	North America	BB-
jetBlue	North America	BB-
Air Astana	Central Asia	B+
Air Canada	North America	B+
Air China	Asia Pacific	B+
China Southern Airlines	Asia Pacific	B+
EVA Airways	Asia Pacific	B+
GOL	Latin America	B+
Qantas Airways	Asia Pacific	B+
SkyWest, Inc.	North America	B+
Thai AirAsia	Asia Pacific	B+
Turkish Airlines	Europe	B+
Air France-KLM	Europe	B
Bangkok Airways	Asia Pacific	B
LATAM Airlines Group	Latin America	B
United Continental Holdings	North America	B
China Eastern Airlines	Asia Pacific	B-

[1] Note this excludes airlines with less than $500m of revenues and includes three lower rated airlines with more than 250 aircraft

[2] Note this is a rating of intrinsic financial strength based on historical values and ratios only; it is not forward looking and is not a credit rating

For more information visit http://ratings.theairlineanalyst.com

AIRLINE PROFILES

Americas

AIR CANADA	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	10,075.4
Cargo Revenue	433.3
Other Revenue	810.9
Total Revenue	11,319.6
EBITDAR	1,310.0
Net Income	5.5
EBITDAR Margin	11.6%
Summary Operating Drivers	
RPKs (m)	91,391
ASKs (m)	110,358
Passenger Load Factor	82.8%
Number of passengers (000)	35,800
Average Trip Length (RPKs/Passengers) (kms)	2,553
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	11.02
Total Revenue per ASK ('RASK') (US cents)	10.26
Total Operating Cost/ASK 'CASK' (US cents)	9.79
RASK-CASK Margin (US cents)	0.47
Employee Costs as % of Total Revenue	18.2%
Debt & Liquidity	
Adjusted Net Debt	4,268.2
Total Net Fixed Charges	582.3
Unrestricted Cash/Total Revenues	17.8%
EBITDAR/Net Fixed Charges (x)	2.2
Capitalisation & Leverage	
Book Equity	(1,277)
Equity Market Capitalisation (as of 6th June 2014)	2,474
Adjusted (Net) Debt/EBITDAR (x)	3.3
Adjusted (Net) Debt/Book Equity (x)	0.0
Cash Flow	
Free Cash Flow	(211.2)

Air Canada

Air Canada is Canada's largest airline and a founding member of the Star Alliance. It has an equity market capitalisation of $2.5 billion, and is enjoying a strong recovery since the global financial crisis.

In addition to operating its own aircraft, the carrier has a capacity purchase agreement with Chorus Aviation and commercial agreements with other regional airlines, operating under the brand name Air Canada Express.

Air Canada has recently launched a low-cost subsidiary – rouge – which will operate some older aircraft transferred from Air Canada at significantly higher seat density primarily on leisure routes.

Air Canada received its first Boeing 787 aircraft in May. The airline expects to receive three more in the second quarter. A delivery of 22 larger-capacity 787-9 aircraft is planned by July 2015.

Its record full-year 2013 results showed net income of only $5.5 million, but adjusted for non-recurring charges, net income was $340 million, an increase of $285 million from 2012. The airline also reported an unrestricted liquidity of $2 billion at December 31 2013.

Air Canada's ratings from Fitch, Moody's and Standard & Poor's are B/B3/B respectively.

Alaska Air Group

Alaska Air Group is a holding company for two operating subsidiaries, Alaska Airlines and Horizon Air. Alaska Airlines was founded in 1932. Alaska Airlines is expected to operate a fleet count of 134 by the end of 2014. The airline has 12 aircraft on order, which are set to arrive between 2014 and 2015.

The group continued to set profitability records in 2013, with net income of $508 million, up nearly 61% from a then-record $316 million for 2012.

It is facing new competition from Delta Air Lines' significant expansion of its hub operation at Alaska's home base of Seattle.

The airline's unsecured rating from Standard & Poor's was upgraded in July 2013 to BB with a stable outlook and to BB+ (stable) in December 2013.

The airline announced in May that it is to buy back $650 million-worth of stock. The buyback will equal about 10% of the company's market capitalisation.

>>>

ALASKA AIR GROUP	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	4,267.0
Cargo Revenue	113.0
Other Revenue	584.0
Total Revenue	4,964.0
EBITDAR	1,027.0
Net Income	508.0
EBITDAR Margin	20.7%
Summary Operating Drivers	
RPKs (m)	46,402
ASKs (m)	54,190
Passenger Load Factor	85.6%
Number of passengers (000)	27,414
Average Trip Length (RPKs/Passengers) (kms)	1,693
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	9.20
Total Revenue per ASK ('RASK') (US cents)	9.16
Total Operating Cost/ASK 'CASK' (US cents)	7.98
RASK-CASK Margin (US cents)	1.18
Employee Costs as % of Total Revenue	24.0%
Debt & Liquidity	
Adjusted Net Debt	493.0
Total Net Fixed Charges	136.0
Unrestricted Cash/Total Revenues	26.8%
EBITDAR/Net Fixed Charges (x)	7.6
Capitalisation & Leverage	
Book Equity	2,029
Equity Market Capitalisation (as of 6th June 2014)	6,822
Adjusted (Net) Debt/EBITDAR (x)	0.5
Adjusted (Net) Debt/Book Equity (x)	0.2
Cash Flow	
Free Cash Flow	415.0

AIRLINE PROFILES

Americas

ALLEGIANT TRAVEL COMPANY	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	651.3
Cargo Revenue	N/A
Other Revenue	344.8
Total Revenue	996.2
EBITDAR	241.2
Net Income	92.3
EBITDAR Margin	24.2%
Summary Operating Drivers	
RPKs (m)	11,474
ASKs (m)	13,110
Passenger Load Factor	87.5%
Number of passengers (000)	7,241
Average Trip Length (RPKs/Passengers) (kms)	1,585
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	5.68
Total Revenue per ASK ('RASK') (US cents)	7.60
Total Operating Cost/ASK 'CASK' (US cents)	6.36
RASK-CASK Margin (US cents)	1.24
Employee Costs as % of Total Revenue	15.9%
Debt & Liquidity	
Adjusted Net Debt	(43.2)
Total Net Fixed Charges	17.7
Unrestricted Cash/Total Revenues	35.2%
EBITDAR/Net Fixed Charges (x)	13.6
Capitalisation & Leverage	
Book Equity	377
Equity Market Capitalisation (as of 6th June 2014)	2,218
Adjusted (Net) Debt/EBITDAR (x)	0.0
Adjusted (Net) Debt/Book Equity (x)	-0.1
Cash Flow	
Free Cash Flow	18.6

Allegiant Travel Company

Allegiant Travel Company is the owner of Allegiant Air, a US low-cost airline focused on providing service from small cities in the US to major leisure destinations.

It began scheduled passenger service in 1999, but filed for bankruptcy in December 2000. Maurice Gallagher Jr, Allegiant's major creditor, gained control of the business during the reorganization.

Allegiant successfully moved out of bankruptcy in March 2002. At the same time it acquired its first MD-80 aircraft. Allegiant became a public company in 2006 under the name Allegiant Travel Company.

Allegiant operates a fleet of 57 MD-80s, six Boeing 757-200s and has recently acquired nine Airbus A319s and nine A320 aircraft, which were introduced throughout 2013 and the beginning of 2014.

The airline reported revenue of $996.2 million and net income of $92.3 million for 2013, up from $78.7 million the previous year. The airline has zero adjusted net debt and is highly liquid.

American Airlines

American Airlines Group (AAG) is the holding company of American Airlines and US Airways, after the merger completed in December. It has its headquarters in Dallas and is a founding member of the oneworld alliance.

The merger with US Airways makes AAG the largest airline in the world by passenger traffic, ahead of United and Delta.

AAG reported revenue of $26.7 billion for 2013 and a loss of $1.8 billion. On a pro-forma combined basis, excluding special charges, net income was $1.9 billion, a $1.5 billion improvement on 2012. Leverage was 3.7 times at December 31, substantially lower than the previous year.

Because of creditors' concessions from AMR's exit from bankruptcy and the benefits expected from the merger, AAG's market capitalisation has surged in 2014, reaching $30.6 billion as of June 6, making it the second most valuable airline after Delta.

AAG's credit ratings have been reinstated at B+, B1 and B from Fitch, Moody's and Standard & Poor's respectively.

>>>

AMERICAN AIRLINES GROUP	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	23,349.0
Cargo Revenue	685.0
Other Revenue	2,709.0
Total Revenue	26,743.0
EBITDAR	3,737.0
Net Income	(1,834.0)
EBITDAR Margin	14.0%
Summary Operating Drivers	
RPKs (m)	231,008
ASKs (m)	279,774
Passenger Load Factor	82.6%
Number of passengers (000)	114,046
Average Trip Length (RPKs/Passengers) (kms)	2,026
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	10.11
Total Revenue per ASK ('RASK') (US cents)	9.56
Total Operating Cost/ASK 'CASK' (US cents)	8.86
RASK-CASK Margin (US cents)	0.69
Employee Costs as % of Total Revenue	23.0%
Debt & Liquidity	
Adjusted Net Debt	13,724.0
Total Net Fixed Charges	1,608.0
Unrestricted Cash/Total Revenues	34.6%
EBITDAR/Net Fixed Charges (x)	2.3
Capitalisation & Leverage	
Book Equity	(2,731)
Equity Market Capitalisation (as of 6th June 2014)	30,570
Adjusted (Net) Debt/EBITDAR (x)	3.7
Adjusted (Net) Debt/Book Equity (x)	0.0
Cash Flow	
Free Cash Flow	(2,440.0)

AIRLINE PROFILES

Americas

AVIANCA HOLDINGS	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	3,862.4
Cargo Revenue	504.7
Other Revenue	242.5
Total Revenue	4,609.6
EBITDAR	825.6
Net Income	257.5
EBITDAR Margin	17.9%
Summary Operating Drivers	
RPKs (m)	31,253
ASKs (m)	38,761
Passenger Load Factor	80.6%
Number of passengers (000)	24,625
Average Trip Length (RPKs/Passengers) (kms)	1,269
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	12.36
Total Revenue per ASK ('RASK') (US cents)	11.89
Total Operating Cost/ASK 'CASK' (US cents)	10.91
RASK-CASK Margin (US cents)	0.99
Employee Costs as % of Total Revenue	14.6%
Debt & Liquidity	
Adjusted Net Debt	3,674.4
Total Net Fixed Charges	375.4
Unrestricted Cash/Total Revenues	16.9%
EBITDAR/Net Fixed Charges (x)	2.2
Capitalisation & Leverage	
Book Equity	1,215
Equity Market Capitalisation (as of 6th June 2014)	2,043
Adjusted (Net) Debt/EBITDAR (x)	4.5
Adjusted (Net) Debt/Book Equity (x)	3.0
Cash Flow	
Free Cash Flow	(155.7)

Avianca Holdings

Avianca Holdings is a Panamanian-registered airline holding company formed in February 2010 to acquire 100% of the share capital of Avianca of Colombia and Grupo Taca of El Salvador. The airlines are members of the Star Alliance.

Avianca Holdings generated revenue of \$4.6 billion in 2013 and net income of \$257.5 million, up from \$35.3 million the previous year.

In the first four months of 2014 Avianca carried 8.2 million passengers, a 4.4% increase over the same period in 2013. It reported operating profits of \$50.2 million during the first quarter of 2014.

During 2013 Avianca Holdings obtained unsecured ratings of BB- from Fitch and B+ from Standard & Poor's. Leverage was 4.5 times and unrestricted cash 16.9% of revenues.

The airline's market capitalisation of \$2 billion combines the value of its common shares listed in Bogota and its American depository share issue on the New York Stock Exchange.

Copa Airlines

Copa Airlines is a subsidiary of Copa Holdings, and serves as Panama's flag carrier. It is a member of the Star Alliance. The group includes Colombian airline AeroRepublica, now known as Copa Airlines Colombia.

The airline is a steady performer with consistent growth in revenues and profitability. Net income for 2013 of \$427.3 million was up 31% on the previous year. The Ebitdar (earnings before interest, taxes, depreciation, amortization and restructuring or rent costs) margin was a very creditable 28.6%.

For April 2014 Copa Holdings' system-wide passenger traffic increased 12.5% year-on-year, while capacity increased 8.1%. As a result, system load factor for April was 76.6%, a 3% increase compared with April 2013.

Copa Airlines has an operating fleet of 92 aircraft. The airline also has 42 737s on order, which will be delivered between 2015 and 2018.

COPA HOLDINGS	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	2,519.7
Cargo Revenue	N/A
Other Revenue	N/A
Total Revenue	2,608.3
EBITDAR	745.2
Net Income	427.5
EBITDAR Margin	28.6%
Summary Operating Drivers	
RPKs (m)	23,389
ASKs (m)	30,497
Passenger Load Factor	76.7%
Number of passengers (000)	7,779
Average Trip Length (RPKs/Passengers) (kms)	3,007
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	10.77
Total Revenue per ASK ('RASK') (US cents)	8.55
Total Operating Cost/ASK 'CASK' (US cents)	6.75
RASK-CASK Margin (US cents)	1.80
Employee Costs as % of Total Revenue	10.6%
Debt & Liquidity	
Adjusted Net Debt	1,138.8
Total Net Fixed Charges	107.8
Unrestricted Cash/Total Revenues	25.0%
EBITDAR/Net Fixed Charges (x)	6.9
Capitalisation & Leverage	
Book Equity	1,902
Equity Market Capitalisation (as of 6th June 2014)	6,202
Adjusted (Net) Debt/EBITDAR (x)	1.5
Adjusted (Net) Debt/Book Equity (x)	0.6
Cash Flow	
Free Cash Flow	646.6

AIRLINE PROFILES
Americas

Delta Air Lines

Delta is the largest US airline by market capitalisation and boasts the strongest net income. It is a founding member of the SkyTeam alliance. Delta ended the March 2014 quarter with $9.1 billion-worth of adjusted net debt, a reduction of $2.6 billion since the end of 2012 and nearly $8 billion since the company began its debt-reduction efforts in 2009.

Last year was an exemplary 12 months for the airline, which closed with $3.8 billion in unrestricted cash and reduced its adjusted net debt by almost 20% from the previous year, taking delivery of 44 aircraft in the process. Adjusted net income (after deducting an extraordinary tax credit of $8.3 billion) was $2.24 billion, making it the most profitable airline in the world.

Delta operates a fleet of 745 aircraft, of which 582 are owned and 163 on lease. Delta's share price has almost tripled compared with December 31 2011, and its current market capitalisation of $35.7 billion makes it the world's highest-valued airline. >>>

DELTA AIR LINES	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	32,942.0
Cargo Revenue	937.0
Other Revenue	3,894.0
Total Revenue	37,773.0
EBITDAR	5,393.0
Net Income	10,540.0
EBITDAR Margin	14.3%
Summary Operating Drivers	
RPKs (m)	313,803
ASKs (m)	374,559
Passenger Load Factor	83.8%
Number of passengers (000)	164,656
Average Trip Length (RPKs/Passengers) (kms)	1,906
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	10.50
Total Revenue per ASK ('RASK') (US cents)	10.08
Total Operating Cost/ASK 'CASK' (US cents)	9.14
RASK-CASK Margin (US cents)	0.94
Employee Costs as % of Total Revenue	21.8%
Debt & Liquidity	
Adjusted Net Debt	9,211.0
Total Net Fixed Charges	907.0
Unrestricted Cash/Total Revenues	10.1%
EBITDAR/Net Fixed Charges (x)	5.9
Capitalisation & Leverage	
Book Equity	11,643
Equity Market Capitalisation (as of 6th June 2014)	35,095
Adjusted (Net) Debt/EBITDAR (x)	1.7
Adjusted (Net) Debt/Book Equity (x)	0.8
Cash Flow	
Free Cash Flow	1,869.0

AIRLINE PROFILES

Americas

GOL	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	3,576.2
Cargo Revenue	N/A
Other Revenue	N/A
Total Revenue	3,943.4
EBITDAR	634.2
Net Income	(350.7)
EBITDAR Margin	16.1%
Summary Operating Drivers	
RPKs (m)	34,684
ASKs (m)	49,633
Passenger Load Factor	69.9%
Number of passengers (000)	36,306
Average Trip Length (RPKs/Passengers) (kms)	955
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	10.31
Total Revenue per ASK ('RASK') (US cents)	7.95
Total Operating Cost/ASK 'CASK' (US cents)	7.79
RASK-CASK Margin (US cents)	0.16
Employee Costs as % of Total Revenue	14.9%
Debt & Liquidity	
Adjusted Net Debt	3,695.2
Total Net Fixed Charges	499.9
Unrestricted Cash/Total Revenues	31.2%
EBITDAR/Net Fixed Charges (x)	1.3
Capitalisation & Leverage	
Book Equity	537
Equity Market Capitalisation (as of 6th June 2014)	1,540
Adjusted (Net) Debt/EBITDAR (x)	5.8
Adjusted (Net) Debt/Book Equity (x)	6.9
Cash Flow	
Free Cash Flow	3.9

Gol

Gol Linhas Aereas Inteligentes is the largest low-cost carrier in Latin America. It was established in 2000 and started operations on January 15 2001.

It is a subsidiary of Brazilian conglomerate Grupo Aurea, which has other transport interests including Brazil's largest long-distance bus company. It is listed on the Bovespa and New York stock exchanges, and had a market capitalisation of $1.5 billion in early June. Delta Air Lines is a 6.1% shareholder.

In 2013 Gol listed its loyalty programme, Smiles, raising important liquidity.

The carrier offers about 900 daily flights to 63 destinations, connecting the largest cities in Brazil as well as key destinations in Argentina, Bolivia, Chile, Paraguay, Uruguay, Venezuela and the Caribbean region. The airline has an operating fleet of about 140 Boeing aircraft.

For 2013 Gol reported total revenue of $3.9 billion and a net loss of $350.7 million, partly attributable to a foreign exchange loss of $215.5 million. Thanks to the monetization of its interest in Smiles, liquidity increased to 31.2% of revenues and leverage fell to 5.8 times.

Hawaiian Airlines

Hawaiian Airlines is the seventh-largest commercial airline in the US as measured by domestic revenue passenger miles. It has expanded rapidly over the past three years: 2013's available seat miles were 58% higher than in 2010.

Revenues were $2.2 billion in 2013 and net income $51.8 million. Operating income grew to $10 million in the first quarter of 2014 compared with an operating loss of $11.9 million in the same period the previous year.

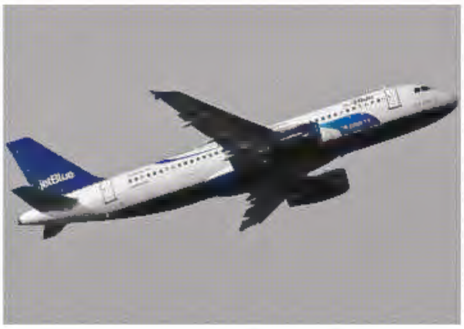
The airline has been undertaking a major refleeting exercise, replacing its ageing Boeing 767s with Airbus A330s. Adjusted net debt has grown from $805 million in 2010 to $1.3 billion in 2013.

During 2013 Hawaiian obtained unsecured ratings of B from Fitch and B3 from Moody's.

The airline raised $444.5 million through an enhanced equipment trust certificate to fund six A330-200s, which are set to deliver in 2014 and 2015.

HAWAIIAN AIRLINES	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	1,942.8
Cargo Revenue	N/A
Other Revenue	213.0
Total Revenue	2,155.9
EBITDAR	317.3
Net Income	51.9
EBITDAR Margin	14.7%
Summary Operating Drivers	
RPKs (m)	22,012
ASKs (m)	27,014
Passenger Load Factor	81.5%
Number of passengers (000)	9,936
Average Trip Length (RPKs/Passengers) (kms)	2,215
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	8.83
Total Revenue per ASK ('RASK') (US cents)	7.98
Total Operating Cost/ASK 'CASK' (US cents)	7.51
RASK-CASK Margin (US cents)	0.47
Employee Costs as % of Total Revenue	19.8%
Debt & Liquidity	
Adjusted Net Debt	1,251.1
Total Net Fixed Charges	145.7
Unrestricted Cash/Total Revenues	19.6%
EBITDAR/Net Fixed Charges (x)	2.2
Capitalisation & Leverage	
Book Equity	397
Equity Market Capitalisation (as of 6th June 2014)	836
Adjusted (Net) Debt/EBITDAR (x)	3.9
Adjusted (Net) Debt/Book Equity (x)	3.2
Cash Flow	
Free Cash Flow	(99.0)

AIRLINE PROFILES
Americas



JETBLUE	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	4,971.0
Cargo Revenue	N/A
Other Revenue	470.0
Total Revenue	5,441.0
EBITDAR	837.0
Net Income	168.0
EBITDAR Margin	15.4%
Summary Operating Drivers	
RPKs (m)	57,672
ASKs (m)	68,919
Passenger Load Factor	83.7%
Number of passengers (000)	30,463
Average Trip Length (RPKs/Passengers) (kms)	1,893
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	8.62
Total Revenue per ASK ('RASK') (US cents)	7.89
Total Operating Cost/ASK 'CASK' (US cents)	7.29
RASK-CASK Margin (US cents)	0.61
Employee Costs as % of Total Revenue	20.9%
Debt & Liquidity	
Adjusted Net Debt	3,483.0
Total Net Fixed Charges	266.0
Unrestricted Cash/Total Revenues	11.5%
EBITDAR/Net Fixed Charges (x)	3.1
Capitalisation & Leverage	
Book Equity	2,134
Equity Market Capitalisation (as of 6th June 2014)	3,036
Adjusted (Net) Debt/EBITDAR (x)	4.2
Adjusted (Net) Debt/Book Equity (x)	1.6
Cash Flow	
Free Cash Flow	113.0

JetBlue

JetBlue Airways Corporation, incorporated in August 1998, is the sixth-largest passenger carrier in the US based on revenue passenger miles.

It serves 75 destinations, mainly in the US, but also with flights to the Caribbean, Bahamas, Bermuda, Colombia, Costa Rica, Dominican Republic, Jamaica and Mexico.

On June 10 JetBlue announced it had completed the sale of its wholly owned subsidiary, LiveTV, to Thales Group for $399 million in cash. LiveTV provides in-flight entertainment, voice communication and data connectivity services for commercial and general aviation aircraft. JetBlue had owned it since 2002.

JetBlue has an operating fleet of 197 aircraft, consisting of 130 A320-200s, seven A321-200s and 60 Embraer 190 aircraft. In a strategic review JetBlue is reported to be considering reverting to a single aircraft type fleet.

JetBlue reported total revenue of $5.4 billion and net income of $168 million for 2013.

Latam Airlines Group

Latam Airlines Group, formerly called LAN Airlines, is a Latin American airline holding company formed under Chilean law and is the owner of TAM Airlines of Brazil. The group has subsidiaries in Argentina, Colombia, Ecuador, Paraguay and Peru. TAM joined Latam in the oneworld global alliance on March 31.

Revenues in 2014 were $13.3 billion but the group made a net loss after currency losses of $281.2 million. In the first quarter of 2014 Latam reported an operating income of $146.7 million, an increase of 28.5% compared with the first quarter of 2013. Net income reached $80.7 million in the first quarter of 2014 compared with $42.7 million in 2013.

Latam's BB credit ratings from Fitch and Standard & Poor's were under pressure in 2013 because of weakening liquidity and leverage but the airline closed two major transactions towards the end of the year – a future receivables financing of $450 million and an equity raising of $784 million – that addressed these issues.

>>>

LATAM	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	11,061.6
Cargo Revenue	1,863.0
Other Revenue	341.6
Total Revenue	13,266.1
EBITDAR	2,121.5
Net Income	(281.1)
EBITDAR Margin	16.0%
Summary Operating Drivers	
RPKs (m)	106,466
ASKs (m)	131,691
Passenger Load Factor	80.9%
Number of passengers (000)	66,696
Average Trip Length (RPKs/Passengers) (kms)	1,596
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	10.39
Total Revenue per ASK ('RASK') (US cents)	10.07
Total Operating Cost/ASK 'CASK' (US cents)	9.59
RASK-CASK Margin (US cents)	0.48
Employee Costs as % of Total Revenue	18.8%
Debt & Liquidity	
Adjusted Net Debt	11,374.8
Total Net Fixed Charges	830.8
Unrestricted Cash/Total Revenues	15.0%
EBITDAR/Net Fixed Charges (x)	2.6
Capitalisation & Leverage	
Book Equity	5,327
Equity Market Capitalisation (as of 6th June 2014)	7,376
Adjusted (Net) Debt/EBITDAR (x)	5.4
Adjusted (Net) Debt/Book Equity (x)	2.1
Cash Flow	
Free Cash Flow	(461.5)

AIRLINE PROFILES

Americas

REPUBLIC AIRWAYS HOLDINGS	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	46.3
Cargo Revenue	N/A
Other Revenue	1,300.2
Total Revenue	1,346.5
EBITDAR	485.5
Net Income	26.7
EBITDAR Margin	36.1%
Summary Operating Drivers	
RPKs (m)	16,560
ASKs (m)	21,704
Passenger Load Factor	76.3%
Number of passengers (000)	21,500
Average Trip Length (RPKs/Passengers) (kms)	770
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	N/A
Total Revenue per ASK ('RASK') (US cents)	6.20
Total Operating Cost/ASK 'CASK' (US cents)	5.23
RASK-CASK Margin (US cents)	0.98
Employee Costs as % of Total Revenue	25.4%
Debt & Liquidity	
Adjusted Net Debt	2,870.9
Total Net Fixed Charges	232.3
Unrestricted Cash/Total Revenues	20.6%
EBITDAR/Net Fixed Charges (x)	2.1
Capitalisation & Leverage	
Book Equity	551
Equity Market Capitalisation (as of 6th June 2014)	525
Adjusted (Net) Debt/EBITDAR (x)	5.9
Adjusted (Net) Debt/Book Equity (x)	5.2
Cash Flow	
Free Cash Flow	(175.1)

Republic Airways Holdings

Republic Airways Holdings is an airline holding company which owns Chautauqua Airlines, Republic Airlines and Shuttle America. It recently sold Frontier Airlines to Bill Franke's Indigo Partners group.

Republic Airways was founded in 1973 and has its headquarters in Indianapolis.

It operates a fleet of 281 aircraft comprising 126 E170/175LRs, 55 E145LRs, 16 E135/140LRs, 12 E190LRs, 37 A319s, 16 A320s, two A318s and 17 Q400s with an average age of 7.2 years. Of the total, 156 aircraft are owned and the remaining 125 are leased.

Republic Airways reported revenue of $1.4 billion and net income of $26.7 million for 2013. In the first quarter of 2014 the carrier's pre-tax income from continuing operations was $22.8 million, an 18.1% increase over the March 2013 quarter.

SkyWest

SkyWest is based in St George, Utah, and is the holding company for two major regional airlines, SkyWest Airlines and ExpressJet Airlines.

SkyWest Airlines provides regional jet and turboprop service in the mid-western and western United States. ExpressJet primarily operates as Delta Connection out of Atlanta and Cincinnati, and as United Express Connection out of Chicago and Washington Dulles.

SkyWest conducts its operations for United Express, Delta Connection, Alaska and US Airways Express from hubs located in Chicago, Denver, Los Angeles, Milwaukee, San Francisco and Salt Lake City.

The carrier has an operating fleet of 354 aircraft, consisting of six E175s, 36 CRJ900s, 108 CRJ700s, 159 CRJ200s and 45 Embraer regional jets.

SkyWest had revenue of $3.3 billion and net income of $59 million for the financial year 2013.

SKYWEST, INC.	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	3,024.6
Cargo Revenue	N/A
Other Revenue	273.1
Total Revenue	3,297.7
EBITDAR	723.5
Net Income	59.0
EBITDAR Margin	21.9%
Summary Operating Drivers	
RPKs (m)	51,233
ASKs (m)	63,099
Passenger Load Factor	81.2%
Number of passengers (000)	60,582
Average Trip Length (RPKs/Passengers) (kms)	846
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	5.90
Total Revenue per ASK ('RASK') (US cents)	5.23
Total Operating Cost/ASK 'CASK' (US cents)	4.98
RASK-CASK Margin (US cents)	0.24
Employee Costs as % of Total Revenue	36.7%
Debt & Liquidity	
Adjusted Net Debt	3,416.0
Total Net Fixed Charges	390.3
Unrestricted Cash/Total Revenues	20.0%
EBITDAR/Net Fixed Charges (x)	1.9
Capitalisation & Leverage	
Book Equity	1,435
Equity Market Capitalisation (as of 6th June 2014)	587
Adjusted (Net) Debt/EBITDAR (x)	4.7
Adjusted (Net) Debt/Book Equity (x)	2.4
Cash Flow	
Free Cash Flow	130.6

AIRLINE PROFILES
Americas

SOUTHWEST AIRLINES	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	16,721.0
Cargo Revenue	164.0
Other Revenue	814.0
Total Revenue	17,699.0
EBITDAR	2,529.0
Net Income	754.0
EBITDAR Margin	14.3%
Summary Operating Drivers	
RPKs (m)	167,932
ASKs (m)	209,768
Passenger Load Factor	80.1%
Number of passengers (000)	108,076
Average Trip Length (RPKs/Passengers) (kms)	1,554
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	9.96
Total Revenue per ASK ('RASK') (US cents)	8.44
Total Operating Cost/ASK 'CASK' (US cents)	7.82
RASK-CASK Margin (US cents)	0.62
Employee Costs as % of Total Revenue	28.5%
Debt & Liquidity	
Adjusted Net Debt	2,556.0
Total Net Fixed Charges	462.0
Unrestricted Cash/Total Revenues	17.8%
EBITDAR/Net Fixed Charges (x)	5.5
Capitalisation & Leverage	
Book Equity	7,336
Equity Market Capitalisation (as of 6th June 2014)	19,206
Adjusted (Net) Debt/EBITDAR (x)	1.0
Adjusted (Net) Debt/Book Equity (x)	0.3
Cash Flow	
Free Cash Flow	973.0

Southwest Airlines

Southwest was the pioneer of the low-cost carrier model adopted successfully by airlines such as Ryanair and AirAsia. Southwest provides domestic passenger service in the US. AirTran, which it acquired in 2011, flies to some international points in the Caribbean, and Southwest has announced it will commence service to the Caribbean from Atlanta, Orlando and Baltimore-Washington on July 1.

The airline is one of the most successful in the history of the industry, recording its 41st consecutive year of profitability in 2013, when it reported net income of $754 million, up from $421 million in 2012.

With its low leverage and high liquidity, Southwest has been rated BBB- by the major ratings agencies since the global financial crisis of 2008.

Southwest has an operating fleet of 594 aircraft consisting of 122 737-300s, 15 737-500s, 396 737-700s and 61 737-800s. It is in the process of phasing out the Boeing 717s previously operated by AirTran.

Spirit Airlines

Spirit Airlines is an American ultra-low-cost carrier with its headquarters in Miramar, Florida. Spirit operates more than 250 daily flights to over 50 destinations within the US, Latin America, the Caribbean and Canada.

The airline went public in mid-2011.

Spirit Airlines operates a fleet of 57 aircraft, which is set to increase to 65 by the end of 2014 and 143 by 2021.

The airline owns 29 A319s, 26 A320s and two A321s, and will receive delivery of eight A320s towards the end of 2014.

Spirit had net income of $176.9 million for 2013, a 63.1% increase on the previous year. It ended 2013 with $530.6 million in unrestricted cash and total assets of $1.2 billion.

Investment funds affiliated with Indigo Partners and Bill Franke divested their holdings in mid-2013.

>>>

SPIRIT AIRLINES	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	986.0
Cargo Revenue	N/A
Other Revenue	668.4
Total Revenue	1,654.4
EBITDAR	484.9
Net Income	176.9
EBITDAR Margin	29.3%
Summary Operating Drivers	
RPKs (m)	19,314
ASKs (m)	22,308
Passenger Load Factor	86.6%
Number of passengers (000)	12,414
Average Trip Length (RPKs/Passengers) (kms)	1,556
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	5.11
Total Revenue per ASK ('RASK') (US cents)	7.42
Total Operating Cost/ASK 'CASK' (US cents)	6.15
RASK-CASK Margin (US cents)	1.27
Employee Costs as % of Total Revenue	15.9%
Debt & Liquidity	
Adjusted Net Debt	827.0
Total Net Fixed Charges	169.3
Unrestricted Cash/Total Revenues	32.1%
EBITDAR/Net Fixed Charges (x)	2.9
Capitalisation & Leverage	
Book Equity	769
Equity Market Capitalisation (as of 6th June 2014)	4,405
Adjusted (Net) Debt/EBITDAR (x)	1.7
Adjusted (Net) Debt/Book Equity (x)	1.1
Cash Flow	
Free Cash Flow	105.3

AIRLINE PROFILES

Americas

UNITED CONTINENTAL HOLDINGS	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	33,122.0
Cargo Revenue	882.0
Other Revenue	4,275.0
Total Revenue	38,279.0
EBITDAR	4,861.0
Net Income	571.0
EBITDAR Margin	12.7%
Summary Operating Drivers	
RPKs (m)	330,184
ASKs (m)	394,859
Passenger Load Factor	83.6%
Number of passengers (000)	139,209
Average Trip Length (RPKs/Passengers) (kms)	2,372
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	10.03
Total Revenue per ASK ('RASK') (US cents)	9.69
Total Operating Cost/ASK 'CASK' (US cents)	9.24
RASK-CASK Margin (US cents)	0.46
Employee Costs as % of Total Revenue	22.5%
Debt & Liquidity	
Adjusted Net Debt	18,200.0
Total Net Fixed Charges	2,077.0
Unrestricted Cash/Total Revenues	13.4%
EBITDAR/Net Fixed Charges (x)	2.3
Capitalisation & Leverage	
Book Equity	2,984
Equity Market Capitalisation (as of 6th June 2014)	16,980
Adjusted (Net) Debt/EBITDAR (x)	3.7
Adjusted (Net) Debt/Book Equity (x)	6.1
Cash Flow	
Free Cash Flow	(949.0)

United Continental Holdings

UAL Corporation, the holding company for United Air Lines, acquired Continental Airlines on October 1 2010, and was renamed United Continental Holdings but is still referred to as UAL. UAL is a founding member of the Star Alliance.

In May Fitch Ratings affirmed a single-B rating for UAL and its primary operating subsidiary, United Air Lines. Moody's and Standard and Poor's ratings are B2 and B, respectively.

The airline reported a net loss of $609 million for the 2014 first-quarter period. The carrier said that severe weather increased this loss by about $200 million.

UAL appears to be lagging the other two major US airlines with regards to operating performance: Delta's Ebitdar margin in the first quarter of 2014 was 14.3% and American's was 14%, while UAL's was 12.7%. This is also reflected in UAL's market capitalisation, which at $17 billion on June 6 was less than half Delta's and 55% of American's.

WestJet Airlines

WestJet Airlines is Canada's second-largest carrier after Air Canada. The airline's fleet includes the Boeing 737-600, 737-700 and 737-800, as well as the Bombardier Q400 for its new regional airline subsidiary, WestJet Encore.

Of the total, 59 are owned and 44 are on operating lease. The airline has 42 aircraft leases expiring between 2014 and 2018, each with an option to renew.

Revenues in 2013 grew 6.9% to $3.4 billion, and net income was a record $247 billion.

WestJet announced net income of $81.8 million for the first quarter of 2014, a small decline on the previous year.

The airline recently obtained an unsecured credit rating of BBB- from Standard & Poor's, making it one of the few investment-grade airlines in the world.

WESTJET	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	3,051.2
Cargo Revenue	N/A
Other Revenue	N/A
Total Revenue	3,348.0
EBITDAR	709.4
Net Income	245.7
EBITDAR Margin	21.2%
Summary Operating Drivers	
RPKs (m)	31,529
ASKs (m)	38,577
Passenger Load Factor	81.7%
Number of passengers (000)	18,485
Average Trip Length (RPKs/Passengers) (kms)	1,706
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	9.68
Total Revenue per ASK ('RASK') (US cents)	8.68
Total Operating Cost/ASK 'CASK' (US cents)	7.73
RASK-CASK Margin (US cents)	0.95
Employee Costs as % of Total Revenue	19.7%
Debt & Liquidity	
Adjusted Net Debt	939.7
Total Net Fixed Charges	184.0
Unrestricted Cash/Total Revenues	34.3%
EBITDAR/Net Fixed Charges (x)	3.9
Capitalisation & Leverage	
Book Equity	1,453
Equity Market Capitalisation (as of 6th June 2014)	2,970
Adjusted (Net) Debt/EBITDAR (x)	1.3
Adjusted (Net) Debt/Book Equity (x)	0.6
Cash Flow	
Free Cash Flow	(125.4)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AIRLINE PROFILES

Asia/Australasia

AIRASIA	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	939.9
Cargo Revenue	N/A
Other Revenue	667.7
Total Revenue	1,607.6
EBITDAR	476.5
Net Income	112.8
EBITDAR Margin	29.6%
Summary Operating Drivers	
RPKs (m)	25,333
ASKs (m)	31,582
Passenger Load Factor	80.2%
Number of passengers (000)	21,853
Average Trip Length (RPKs/Passengers) (kms)	1,159
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	3.71
Total Revenue per ASK ('RASK') (US cents)	5.09
Total Operating Cost/ASK 'CASK' (US cents)	4.39
RASK-CASK Margin (US cents)	0.70
Employee Costs as % of Total Revenue	11.7%
Debt & Liquidity	
Adjusted Net Debt	3,195.8
Total Net Fixed Charges	172.7
Unrestricted Cash/Total Revenues	26.4%
EBITDAR/Net Fixed Charges (x)	2.8
Capitalisation & Leverage	
Book Equity	1,551
Equity Market Capitalisation (as of 6th June 2014)	2,137
Adjusted (Net) Debt/EBITDAR (x)	6.7
Adjusted (Net) Debt/Book Equity (x)	2.1
Cash Flow	
Free Cash Flow	445.5

AirAsia

AirAsia is a large low-fare airline serving the Asean region. The development of the airline was led by the Malaysian entrepreneur Tony Fernandes. Its market capitalisation on the Kuala Lumpur Stock Exchange was $2.1 billion as of June 6.

AirAsia has associate companies in Thailand and Indonesia and a long-haul budget carrier, AirAsia X.

It started joint-venture airlines in the Philippines and Japan in 2012, the latter with ANA Holdings. This was wound down in 2013 after disagreements on strategy but Fernandes has signalled an intention to re-enter the market at a later date.

AirAsia leases more than 40 aircraft to the joint ventures.

For 2013 AirAsia's revenue was $1.6 billion, with net income of $112.4 million (after foreign exchange losses of $159.4 million), down from $245 million the previous year (when there were foreign exchange gains of $67.4 million). Ebitdar margin has declined progressively from 43.2% in 2009 to 29.2% in 2013, as a result of growing capacity and competition in the region.

Air China

Air China is the flag carrier and one of the major airlines of the People's Republic of China. Its flight operations are based out of Beijing Capital International Airport.

Air China was established in 1988 as a result of the Chinese government's plan to split the operations of the Civil Aviation Administration of China (CAAC) into a series of regional operating companies. After a further round of consolidation, Air China was merged with China Southwest Airlines.

The airline's parent and ultimate holding company is China National Aviation Holding Company, a state-owned enterprise under the supervision of the State Council.

Air China holds a near 30% stake in Cathay Pacific, which has a 20% holding in Air China. They also have a large cargo joint venture, China Cargo, based in Shanghai. Air China has an operating fleet of more than 300 aircraft.

Air China recorded total revenue of $15.8 billion and net income of $529 million for 2013. Leverage was 6.9 times.

AIR CHINA	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	10,440.5
Cargo Revenue	1,419.8
Other Revenue	3,754.4
Total Revenue	15,614.7
EBITDAR	2,742.2
Net Income	184.2
EBITDAR Margin	17.6%
Summary Operating Drivers	
RPKs (m)	68,475
ASKs (m)	102,498
Passenger Load Factor	66.8%
Number of passengers (000)	49,005
Average Trip Length (RPKs/Passengers) (kms)	1,397
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	15.25
Total Revenue per ASK ('RASK') (US cents)	15.23
Total Operating Cost/ASK 'CASK' (US cents)	14.63
RASK-CASK Margin (US cents)	0.61
Employee Costs as % of Total Revenue	0.0
Debt & Liquidity	
Adjusted Net Debt	10,666.3
Total Net Fixed Charges	891.4
Unrestricted Cash/Total Revenues	23.3%
EBITDAR/Net Fixed Charges (x)	3.1
Capitalisation & Leverage	
Book Equity	7,327
Equity Market Capitalisation (as of 6th June 2014)	7,861
Adjusted (Net) Debt/EBITDAR (x)	3.9
Adjusted (Net) Debt/Book Equity (x)	1.5
Cash Flow	
Free Cash Flow	159.8

AIRLINE PROFILES

Asia/Australasia

AIR NEW ZEALAND	
FYE 30-June-2013	US$m
Summary Financial Performance	
Passenger Revenue	3,182.6
Cargo Revenue	254.4
Other Revenue	466.6
Total Revenue	3,903.6
EBITDAR	725.3
Net Income	153.8
EBITDAR Margin	18.6%
Summary Operating Drivers	
RPKs (m)	27,733
ASKs (m)	33,167
Passenger Load Factor	83.6%
Number of passengers (000)	13,411
Average Trip Length (RPKs/Passengers) (kms)	2,068
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	11.48
Total Revenue per ASK ('RASK') (US cents)	11.77
Total Operating Cost/ASK 'CASK' (US cents)	10.96
RASK-CASK Margin (US cents)	0.81
Employee Costs as % of Total Revenue	23.2%
Debt & Liquidity	
Adjusted Net Debt	1,284.1
Total Net Fixed Charges	155.5
Unrestricted Cash/Total Revenues	24.9%
EBITDAR/Net Fixed Charges (x)	4.7
Capitalisation & Leverage	
Book Equity	1,535
Equity Market Capitalisation (as of 6th June 2014)	2,051
Adjusted (Net) Debt/EBITDAR (x)	1.8
Adjusted (Net) Debt/Book Equity (x)	0.8
Cash Flow	
Free Cash Flow	311.1

Air New Zealand

Air New Zealand is engaged in the transportation of passengers and cargo on scheduled airline services to, from and within New Zealand. It is a founder member of the Star Alliance.

The company was privatized in 1989, but returned to government ownership in 2001 after the failure of Air New Zealand's subsidiary, Ansett Australia.

Air New Zealand has a total operating fleet of 108 aircraft consisting of two 747-400s, five 777-300ERs, eight 777-200ERs, five 767-300ERs, 12 737-300s, 22 A320-200s, two ATR 72-600s, 11 ATR 72-500s, 23 Bombardier Q300s and 18 Beech 1900Ds.

The carrier owns a 14.99% stake in Virgin Australia.

Air New Zealand reported total revenue of \$3.9 billion for the year ended June 30 2013 and net income of \$153.8 million, up from \$60.5 million the previous year. For the half year ended December 31 2013 net income was up 40% to \$119.8 million. Moody's rates the airline Baa3.

All Nippon Airways

All Nippon Airways (ANA) adopted a holding company structure in 2013. It has its headquarters in Tokyo, Japan, and is a member of the Star Alliance.

The airline was founded in 1952, and flies to 84 domestic and international cities serving a network of 180 routes. ANA operates a frequent-flyer programme, ANA Mileage Club, with about 25 million members. The airline has a joint venture with Lufthansa, on Japan-Europe routes, that has anti-trust immunity.

ANA is the 24th-largest carrier in the world in terms of revenue passenger kilometres. However, with its large domestic network in Japan, it ranked 18th by number of passengers carried. As of 2013 the group operated a fleet of 235 aircraft with an average age of 10 years, of which 181 are owned; the remaining 54 are on lease.

The airline reported total revenue of \$15.6 billion and net income of \$184.2 million for the 2013/14 financial year.

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ANA HOLDINGS	
FYE 31-Mar-2014	US$m
Summary Financial Performance	
Passenger Revenue	10,440.5
Cargo Revenue	1,419.8
Other Revenue	3,754.4
Total Revenue	15,614.7
EBITDAR	2,742.2
Net Income	184.2
EBITDAR Margin	17.6%
Summary Operating Drivers	
RPKs (m)	68,475
ASKs (m)	102,498
Passenger Load Factor	66.8%
Number of passengers (000)	49,005
Average Trip Length (RPKs/Passengers) (kms)	1,397
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	15.25
Total Revenue per ASK ('RASK') (US cents)	15.23
Total Operating Cost/ASK 'CASK' (US cents)	14.63
RASK-CASK Margin (US cents)	0.61
Employee Costs as % of Total Revenue	0.0
Debt & Liquidity	
Adjusted Net Debt	10,666.3
Total Net Fixed Charges	891.4
Unrestricted Cash/Total Revenues	23.3%
EBITDAR/Net Fixed Charges (x)	3.1
Capitalisation & Leverage	
Book Equity	7,327
Equity Market Capitalisation (as of 6th June 2014)	7,861
Adjusted (Net) Debt/EBITDAR (x)	3.9
Adjusted (Net) Debt/Book Equity (x)	1.5
Cash Flow	
Free Cash Flow	159.8

AIRLINE PROFILES

Asia/Australasia

BANGKOK AIRWAYS	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	505.6
Cargo Revenue	7.7
Other Revenue	36.5
Total Revenue	549.8
EBITDAR	115.6
Net Income	29.4
EBITDAR Margin	21.0%
Summary Operating Drivers	
RPKs (m)	N/A
ASKs (m)	N/A
Passenger Load Factor	N/A
Number of passengers (000)	N/A
Average Trip Length (RPKs/Passengers) (kms)	N/A
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	N/A
Total Revenue per ASK ('RASK') (US cents)	N/A
Total Operating Cost/ASK 'CASK' (US cents)	N/A
RASK-CASK Margin (US cents)	N/A
Employee Costs as % of Total Revenue	15.9%
Debt & Liquidity	
Adjusted Net Debt	747.7
Total Net Fixed Charges	102.9
Unrestricted Cash/Total Revenues	17.4%
EBITDAR/Net Fixed Charges (x)	1.1
Capitalisation & Leverage	
Book Equity	203
Equity Market Capitalisation (as of 6th June 2014)	-
Adjusted (Net) Debt/EBITDAR (x)	6.5
Adjusted (Net) Debt/Book Equity (x)	3.7
Cash Flow	
Free Cash Flow	42.0

Bangkok Airways

Bangkok Airways is a regional airline based in Bangkok, Thailand. It operates scheduled services to destinations in Thailand, Cambodia, China, Hong Kong, Laos, Maldives, Burma, India and Singapore.

The airline was established in 1968 as Sahakol Air, operating air-taxi services under contract from Overseas International Construction Company, United States Operations Mission and a number of other organizations engaged in oil and natural-gas exploration in the Gulf of Thailand.

In February Bangkok Airways signed a firm order for six ATR 72-600s. The deal was valued at $200 million. Before this the most recent delivery was an A320 aircraft in December.

Its fleet is comprised of eight ATR 72-500s, 10 A319s and seven A320s.

Bangkok Airways reported total revenue of $549.8 million and net income of $29.4 million at the end of the 2013 financial year. Ebitdar margin was a respectable 21%.

Bangkok Airways is reported to be planning an initial public offering this year, despite the recent political turmoil in Thailand.

Cathay Pacific

Cathay Pacific is a Hong Kong-based airline founded in 1946. It offers scheduled passenger and cargo services to 167 destinations in 42 countries and territories. It is a founding member of the oneworld global alliance. Its subsidiary, Dragonair, is an affiliate member of oneworld.

In 2013 Cathay took delivery of 19 new aircraft: five Airbus A330-300s (including one for Dragonair), nine Boeing 777-300ERs and five 747-8 Freighters. Five 747-400 passenger aircraft were retired during the period. The airline has a total operating fleet of 117 aircraft.

Cathay's profitability peaked at $1.8 billion in 2010 before dropping to $111.3 million in 2012 because of weakness in the air cargo market and increased competition from carriers in the Middle East and East Asia.

The carrier achieved a modest improvement in net income in 2013 to $338 million. Credit metrics remain strong.

Cathay Pacific is listed on the Hong Kong Stock Exchange, as are its substantial shareholders, Swire Pacific Ltd and Air China.

CATHAY PACIFIC	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	9,265.6
Cargo Revenue	3,052.5
Other Revenue	644.4
Total Revenue	12,962.4
EBITDAR	1,832.6
Net Income	338.0
EBITDAR Margin	14.1%
Summary Operating Drivers	
RPKs (m)	104,571
ASKs (m)	127,215
Passenger Load Factor	82.2%
Number of passengers (000)	29,920
Average Trip Length (RPKs/Passengers) (kms)	3,495
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	8.86
Total Revenue per ASK ('RASK') (US cents)	10.19
Total Operating Cost/ASK 'CASK' (US cents)	9.81
RASK-CASK Margin (US cents)	0.38
Employee Costs as % of Total Revenue	17.0%
Debt & Liquidity	
Adjusted Net Debt	8,532.1
Total Net Fixed Charges	505.4
Unrestricted Cash/Total Revenues	25.9%
EBITDAR/Net Fixed Charges (x)	3.6
Capitalisation & Leverage	
Book Equity	8,129
Equity Market Capitalisation (as of 6th June 2014)	7,318
Adjusted (Net) Debt/EBITDAR (x)	4.7
Adjusted (Net) Debt/Book Equity (x)	1.0
Cash Flow	
Free Cash Flow	(1,013.7)

AIRLINE PROFILES

Asia/Australasia

CEBU PACIFIC	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	724.4
Cargo Revenue	59.7
Other Revenue	154.0
Total Revenue	938.2
EBITDAR	192.2
Net Income	11.7
EBITDAR Margin	20.5%
Summary Operating Drivers	
RPKs (m)	12,928
ASKs (m)	16,207
Passenger Load Factor	79.8%
Number of passengers (000)	14,400
Average Trip Length (RPKs/Passengers) (kms)	898
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	5.60
Total Revenue per ASK ('RASK') (US cents)	5.79
Total Operating Cost/ASK 'CASK' (US cents)	5.42
RASK-CASK Margin (US cents)	0.37
Employee Costs as % of Total Revenue	0.0
Debt & Liquidity	
Adjusted Net Debt	958.2
Total Net Fixed Charges	67.7
Unrestricted Cash/Total Revenues	14.8%
EBITDAR/Net Fixed Charges (x)	2.8
Capitalisation & Leverage	
Book Equity	482
Equity Market Capitalisation (as of 6th June 2014)	779
Adjusted (Net) Debt/EBITDAR (x)	5.0
Adjusted (Net) Debt/Book Equity (x)	2.0
Cash Flow	
Free Cash Flow	(182.2)

Cebu Pacific

Cebu Pacific entered the aviation industry in March 1996. It has flown more than 80 million passengers.

Revenue has grown steadily over the past five years, and reached $938.2 million in 2013. But net income declined from $81.7 million to $11.7 million, mainly because a $47.6 million foreign exchange loss reversed from a gain of $27.6 million.

Cebu Pacific operates a fleet of 10 A319s, 30 A320s, three A330s and eight ATR 72-500 aircraft. The carrier will take delivery of 12 more A320s and 30 A321neos between this year and 2021.

The airline began long-haul services in the third quarter of 2013, and expects the arrival of three more A330 aircraft from 2014 to 2015.

In February Cebu Pacific secured a $154 million commercial financing from DVB Bank and KfW Ipex-Bank. The facility will fund a portfolio of new A320s and spare engines for the airline.

China Eastern Airlines

China Eastern Airlines Corporation is one of the three-largest airlines in China, along with Air China and China Southern Airlines.

The airline was established from the CAAC Eastern Division in 1988 and is based in Shanghai.

China Eastern has an operating fleet of more than 350 aircraft. It is a member of the SkyTeam alliance. In February China Eastern announced an order for 70 A320neos from Airbus, as well as the sale of seven A300-600s. The aircraft should be delivered between 2018 and 2020.

China Eastern reported net income of $384.6 for 2013. Leverage was on the high side at 7.6 times, with adjusted net debt having increased by $3.2 billion over the past three years.

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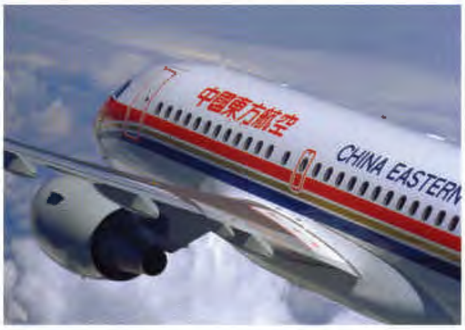

CHINA EASTERN AIRLINES	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	11,821.6
Cargo Revenue	1,232.5
Other Revenue	1,634.6
Total Revenue	14,688.7
EBITDAR	2,305.1
Net Income	384.6
EBITDAR Margin	15.7%
Summary Operating Drivers	
RPKs (m)	120,461
ASKs (m)	152,075
Passenger Load Factor	79.2%
Number of passengers (000)	79,094
Average Trip Length (RPKs/Passengers) (kms)	1,523
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	9.81
Total Revenue per ASK ('RASK') (US cents)	9.66
Total Operating Cost/ASK 'CASK' (US cents)	9.51
RASK-CASK Margin (US cents)	0.15
Employee Costs as % of Total Revenue	14.9%
Debt & Liquidity	
Adjusted Net Debt	17,574.0
Total Net Fixed Charges	973.6
Unrestricted Cash/Total Revenues	2.4%
EBITDAR/Net Fixed Charges (x)	2.4
Capitalisation & Leverage	
Book Equity	4,633
Equity Market Capitalisation (as of 6th June 2014)	4,725
Adjusted (Net) Debt/EBITDAR (x)	7.6
Adjusted (Net) Debt/Book Equity (x)	3.8
Cash Flow	
Free Cash Flow	(2,317.8)

AIRLINE PROFILES

Asia/Australasia

CHINA SOUTHERN AIRLINES	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	14,308.7
Cargo Revenue	1,039.5
Other Revenue	626.2
Total Revenue	15,974.5
EBITDAR	2,635.6
Net Income	321.9
EBITDAR Margin	16.5%
Summary Operating Drivers	
RPKs (m)	148,417
ASKs (m)	186,800
Passenger Load Factor	79.5%
Number of passengers (000)	91,791
Average Trip Length (RPKs/Passengers) (kms)	1,617
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	9.64
Total Revenue per ASK ('RASK') (US cents)	8.55
Total Operating Cost/ASK 'CASK' (US cents)	8.31
RASK-CASK Margin (US cents)	0.25
Employee Costs as % of Total Revenue	14.7%
Debt & Liquidity	
Adjusted Net Debt	18,370.9
Total Net Fixed Charges	874.0
Unrestricted Cash/Total Revenues	11.9%
EBITDAR/Net Fixed Charges (x)	3.0
Capitalisation & Leverage	
Book Equity	6,881
Equity Market Capitalisation (as of 6th June 2014)	3,660
Adjusted (Net) Debt/EBITDAR (x)	7.0
Adjusted (Net) Debt/Book Equity (x)	2.7
Cash Flow	
Free Cash Flow	(3,217.4)

China Southern Airlines

China Southern Airlines is one of the largest airlines in the People's Republic of China. It is a member of the SkyTeam alliance.

The airline's corporate headquarters is located in Guangzhou. The group operates from Guangzhou, its core hub, and Beijing, its major hub, covering China and the rest of Asia and connecting Europe, America, Australia and Africa.

China Southern was established in 1995 as a joint stock limited company as part of the reorganization of its direct parent, China Southern Air Holding Company.

It reported net income of $323 million for 2013, well down from the $942.2 million in 2010, primarily because of a constant decline in the Ebitdar margin from 25.5% to 16.5%. This reflects the heightened competition and gradual slowing of Chinese economic growth.

China Southern has expanded rapidly, like the other major Chinese airlines. Adjusted net debt reached $18.4 billion at the end of 2013, with leverage of seven times.

EVA Airways

EVA Airways Corporation was founded in Taiwan as a privately owned airline in March 1989 by Chang Yung-Fa, the founder of Evergreen Marine Corporation, the world's leading container-shipping line.

The airline flies passengers and cargo to more than 63 destinations covering Asia, Australia, Europe and North America. It started flying as part of the Star Alliance from June 18 2013.

EVA is a public limited company and has been listed on the Taiwan Stock Exchange since September 2001. It had a market capitalisation of $1.6 billion as of June 6.

The airline has a diverse fleet that includes five 747-400s, 17 777-300ERs, three A330-300s, 11 A330-200s, nine A321-200s, seven MD-90s, six MD-11s and nine 747-400Fs.

EVA reported total revenue of $4.1 billion and net income of $24.9 million for 2013. Cargo accounted for 25.8% of total revenues.

EVA AIRWAYS	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	2,368.3
Cargo Revenue	1,067.0
Other Revenue	700.6
Total Revenue	4,135.9
EBITDAR	759.1
Net Income	24.9
EBITDAR Margin	18.4%
Summary Operating Drivers	
RPKs (m)	27,681
ASKs (m)	34,765
Passenger Load Factor	79.6%
Number of passengers (000)	8,009
Average Trip Length (RPKs/Passengers) (kms)	3,456
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	8.56
Total Revenue per ASK ('RASK') (US cents)	11.90
Total Operating Cost/ASK 'CASK' (US cents)	11.56
RASK-CASK Margin (US cents)	0.33
Employee Costs as % of Total Revenue	N/A
Debt & Liquidity	
Adjusted Net Debt	3,891.8
Total Net Fixed Charges	331.8
Unrestricted Cash/Total Revenues	20.1%
EBITDAR/Net Fixed Charges (x)	2.3
Capitalisation & Leverage	
Book Equity	1,341
Equity Market Capitalisation (as of 6th June 2014)	1,639
Adjusted (Net) Debt/EBITDAR (x)	5.1
Adjusted (Net) Debt/Book Equity (x)	2.9
Cash Flow	
Free Cash Flow	348.2

AIRLINE PROFILES

Asia/Australasia

HAINAN AIRLINES	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	4,291.9
Cargo Revenue	143.6
Other Revenue	386.0
Total Revenue	4,821.4
EBITDAR	1,290.2
Net Income	341.2
EBITDAR Margin	26.8%
Summary Operating Drivers	
RPKs (m)	45,486
ASKs (m)	52,622
Passenger Load Factor	86.4%
Number of passengers (000)	26,260
Average Trip Length (RPKs/Passengers) (kms)	1,732
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	9.44
Total Revenue per ASK ('RASK') (US cents)	9.16
Total Operating Cost/ASK 'CASK' (US cents)	8.19
RASK-CASK Margin (US cents)	0.98
Employee Costs as % of Total Revenue	6.1%
Debt & Liquidity	
Adjusted Net Debt	10,196.6
Total Net Fixed Charges	735.9
Unrestricted Cash/Total Revenues	56.1%
EBITDAR/Net Fixed Charges (x)	1.8
Capitalisation & Leverage	
Book Equity	4,137
Equity Market Capitalisation (as of 6th June 2014)	3,950
Adjusted (Net) Debt/EBITDAR (x)	7.9
Adjusted (Net) Debt/Book Equity (x)	2.5
Cash Flow	
Free Cash Flow	(825.4)

Hainan Airlines

Hainan Airlines was founded in 1993 on the back of the formation of the Hainan special economic region and the elevation of Hainan Island to provincial status.

Passenger transportation is Hainan Airlines' core business but, together with its group companies, it also engages in cargo transportation, tourism services, airport management, logistics, hotel management, retailing, finance and other related businesses.

Hainan Airlines is the fourth-largest carrier in China. The company also controls several regional airline subsidiaries, including Xinhua Airlines, Chang'an Airlines and Shanxi Airlines. Revenues were $4.8 billion in 2013 and net income was $341.2 million.

Hainan Airlines has a total operating fleet of 150, consisting of 14 A330s, two A340s, 103 737s, three 767s, six 787 Dreamliners and 22 Dornier Do-328s.

On October 24 2012 HNA Group acquired a 48% equity interest in France's Aigle Azur Transports Aerien, marking the first investment made by a Chinese airline in a European carrier.

Japan Airlines

Japan Airlines was established in 1951 and became the national carrier of Japan in 1953. It is a member of the oneworld global alliance. The airline was privatized in 1987. In January 2010, after growing cost problems, it filed for bankruptcy protection. It emerged from bankruptcy in March 2011 with a substantially restructured balance sheet and lowered operating costs.

Japan Airlines has an operating fleet of 222 aircraft, of which 174 are owned and 48 leased.

Its owned fleet is made up of 15 787-8s, 13 777-300ERs, seven 777-300s, 11 777-200ERs, 15 777-200s, 18 767-300ERs, 15 767-300s, 21 737-800s, 11 737-400s, 15 Embraer 170s, nine Bombardier DHC8-Q400s, one DHC8-Q300, four DHC8-Q100s, nine Bombardier CRJ200s and 10 Saab 340Bs.

For the financial year ended March 31 2014 Japan Airlines reported revenue of $12.8 billion and net income of $1.6 billion, making it one of the most profitable airlines in the world. Leverage was negligible.

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JAPAN AIRLINES	
FYE 31-Mar-2014	US$m
Summary Financial Performance	
Passenger Revenue	9,021.4
Cargo Revenue	896.5
Other Revenue	2,852.1
Total Revenue	12,770.0
EBITDAR	2,740.7
Net Income	1,621.4
EBITDAR Margin	21.5%
Summary Operating Drivers	
RPKs (m)	59,136
ASKs (m)	83,319
Passenger Load Factor	71.0%
Number of passengers (000)	38,942
Average Trip Length (RPKs/Passengers) (kms)	1,519
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	15.26
Total Revenue per ASK ('RASK') (US cents)	15.33
Total Operating Cost/ASK 'CASK' (US cents)	13.37
RASK-CASK Margin (US cents)	1.95
Employee Costs as % of Total Revenue	18.0%
Debt & Liquidity	
Adjusted Net Debt	156.5
Total Net Fixed Charges	319.8
Unrestricted Cash/Total Revenues	28.2%
EBITDAR/Net Fixed Charges (x)	8.6
Capitalisation & Leverage	
Book Equity	6,935
Equity Market Capitalisation (as of 6th June 2014)	9,568
Adjusted (Net) Debt/EBITDAR (x)	0.1
Adjusted (Net) Debt/Book Equity (x)	0.02
Cash Flow	
Free Cash Flow	812.9

AIRLINE PROFILES

Asia/Australasia

QANTAS AIRWAYS	
FYE 30-Jun-2013	
Summary Financial Performance	
Passenger Revenue	12,713.2
Cargo Revenue	869.4
Other Revenue	1,086.9
Total Revenue	14,669.5
EBITDAR	2,209.2
Net Income	4.6
EBITDAR Margin	15.1%
Summary Operating Drivers	
RPKs (m)	110,905
ASKs (m)	139,909
Passenger Load Factor	79.3%
Number of passengers (000)	48,276
Average Trip Length (RPKs/Passengers) (kms)	2,297
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	11.46
Total Revenue per ASK ('RASK') (US cents)	10.49
Total Operating Cost/ASK 'CASK' (US cents)	10.22
RASK-CASK Margin (US cents)	0.27
Employee Costs as % of Total Revenue	24.2%
Debt & Liquidity	
Adjusted Net Debt	6,940.6
Total Net Fixed Charges	643.4
Unrestricted Cash/Total Revenues	17.8%
EBITDAR/Net Fixed Charges (x)	3.4
Capitalisation & Leverage	
Book Equity	5,536
Equity Market Capitalisation (as of 6th June 2014)	2,824
Adjusted (Net) Debt/EBITDAR (x)	3.1
Adjusted (Net) Debt/Book Equity (x)	1.3
Cash Flow	
Free Cash Flow	146.9

Qantas

Qantas is one of the founding members of the oneworld alliance. Its shares are listed on the Australian Stock Exchange, and the airline had a market capitalisation of $2.8 billion on June 6.

In the financial year 2012/13 Qantas reported total revenue of $14.7 billion but only a tiny net profit of $4.6 million because of the effects of revenue and cost pressures.

Qantas is in the middle of a major restructuring of its international operations. In 2013 it terminated its joint venture with British Airways on the so-called kangaroo routes between Australia and the UK. This was replaced by an agreement with Emirates, which will result in reduced flying to Europe by Qantas aircraft.

Domestically, Qantas believes it is facing unfair competition from Virgin Australia, which counts three government-owned foreign carriers – Air New Zealand, Etihad and Singapore Airlines – among its shareholders.

Last year Qantas was downgraded from investment grade to Ba1 by Moody's and BB+ by Standard & Poor's.

Singapore Airlines

Singapore International Airlines (SIA) is the flag carrier of Singapore operating from its hub at Changi Airport. It is a diversified group with activities in passenger and cargo transportation, as well as maintenance and catering. It is a founding member of the Star Alliance.

SIA had a fleet of 104 aircraft as of May 1, including 19 A380s, for which it was the launch customer.

In addition to its core passenger and cargo businesses SIA has a leisure airline subsidiary, Silkair, and owns 33% of Singapore-based low-cost carrier Tigerair and a 20% shareholding in Virgin Australia. SIA sold its 49% stake in Virgin Atlantic to Delta Air Lines for $360 million in December 2012.

For 2013/14 SIA reported net income of $287.3 million, well below a peak of $1.2 billion in 2007/08. Leverage was minimal. Its market capitalisation was $9.8 billion as of June 6, making it the ninth most valuable airline group in the world.

SINGAPORE AIRLINES	
FYE 31-Mar-2014	US$m
Summary Financial Performance	
Passenger Revenue	9,907.2
Cargo Revenue	1,789.9
Other Revenue	338.4
Total Revenue	12,035.5
EBITDAR	1,868.2
Net Income	286.2
EBITDAR Margin	15.5%
Summary Operating Drivers	
RPKs (m)	100,580
ASKs (m)	128,430
Passenger Load Factor	78.3%
Number of passengers (000)	22,039
Average Trip Length (RPKs/Passengers) (kms)	4,564
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	9.85
Total Revenue per ASK ('RASK') (US cents)	9.37
Total Operating Cost/ASK 'CASK' (US cents)	9.31
RASK-CASK Margin (US cents)	0.06
Employee Costs as % of Total Revenue	15.5%
Debt & Liquidity	
Adjusted Net Debt	748.2
Total Net Fixed Charges	496.3
Unrestricted Cash/Total Revenues	34.5%
EBITDAR/Net Fixed Charges (x)	3.8
Capitalisation & Leverage	
Book Equity	10,807
Equity Market Capitalisation (as of 6th June 2014)	9,812
Adjusted (Net) Debt/EBITDAR (x)	0.4
Adjusted (Net) Debt/Book Equity (x)	0.1
Cash Flow	
Free Cash Flow	(391.9)

AIRLINE PROFILES

Asia/Australasia

THAI AIRASIA	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	563.5
Cargo Revenue	5.6
Other Revenue	151.2
Total Revenue	720.3
EBITDAR	168.6
Net Income	59.7
EBITDAR Margin	23.4%
Summary Operating Drivers	
RPKs (m)	10,829
ASKs (m)	12,951
Passenger Load Factor	83.6%
Number of passengers (000)	10,500
Average Trip Length (RPKs/Passengers) (kms)	1,031
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	5.20
Total Revenue per ASK ('RASK') (US cents)	5.56
Total Operating Cost/ASK 'CASK' (US cents)	5.13
RASK-CASK Margin (US cents)	0.44
Employee Costs as % of Total Revenue	10.6%
Debt & Liquidity	
Adjusted Net Debt	857.7
Total Net Fixed Charges	105.8
Unrestricted Cash/Total Revenues	27.4%
EBITDAR/Net Fixed Charges (x)	1.6
Capitalisation & Leverage	
Book Equity	180
Equity Market Capitalisation (as of 6th June 2014)	-
Adjusted (Net) Debt/EBITDAR (x)	5.1
Adjusted (Net) Debt/Book Equity (x)	4.8
Cash Flow	
Free Cash Flow	(124.8)

Thai AirAsia

Thai AirAsia is a joint venture of Malaysian low-fare airline AirAsia and Thailand's Asia Aviation. It provides scheduled domestic and international flights from Bangkok and other cities in Thailand.

Thailand is becoming a very competitive market place, with competition coming from Thai Airways, Bangkok Airways, Nok and new entrant Thai Lion air.

The airline has an operating fleet of 37 A320-200 aircraft.

Revenue reached $720.3 million in 2013, up 21% from the previous year. With the increasingly competitive environment, Ebitdar margin has declined from 31% in 2010 to 23% in 2003 resulting in flat net profitability in the $50 million to $62 million range. Liquidity was comfortable at the end of 2013 at 27.4% of revenues.

Xiamen Airlines

Xiamen Airlines was established in 1984 by the Civil Aviation Administration of China and Fujian provincial government. It is 51% owned by China Southern Airlines. The airline operates 218 domestic routes and 26 international and regional routes, and offers more than 3,200 weekly flights.

Xiamen Airlines operates an all-Boeing fleet of 102 aircraft consisting of 737-700s, 737-800s and 757-200s.

The airline reported revenues of $2.6 billion in 2013 and net income of $184.2 million, down from $259 million the previous year. However, the Ebitdar margin remained a healthy 21.3%.

XIAMEN AIRLINES	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	N/A
Cargo Revenue	N/A
Other Revenue	N/A
Total Revenue	2,609.2
EBITDAR	554.9
Net Income	184.2
EBITDAR Margin	21.3%
Summary Operating Drivers	
RPKs (m)	N/A
ASKs (m)	N/A
Passenger Load Factor	N/A
Number of passengers (000)	N/A
Average Trip Length (RPKs/Passengers) (kms)	N/A
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	N/A
Total Revenue per ASK ('RASK') (US cents)	N/A
Total Operating Cost/ASK 'CASK' (US cents)	N/A
RASK-CASK Margin (US cents)	N/A
Employee Costs as % of Total Revenue	N/A
Debt & Liquidity	
Adjusted Net Debt	2,123.1
Total Net Fixed Charges	99.8
Unrestricted Cash/Total Revenues	25.3%
EBITDAR/Net Fixed Charges (x)	5.6
Capitalisation & Leverage	
Book Equity	1,537
Equity Market Capitalisation (as of 6th June 2014)	-
Adjusted (Net) Debt/EBITDAR (x)	3.8
Adjusted (Net) Debt/Book Equity (x)	1.4
Cash Flow	
Free Cash Flow	(301.3)

AIRLINE PROFILES

Central Asia

Air Astana

Air Astana is the principal airline and flag carrier of the Republic of Kazakhstan, based in Almaty. It operates scheduled domestic and international services on 63 routes from its main hub, Almaty International Airport.

It is a joint venture between Kazakhstan's sovereign wealth fund Samruk-Kazyna (51%) and BAE Systems (49%). It was incorporated in October 2001 and started commercial flights on May 15 2002.

The Air Astana fleet consists of Boeing 767, 757, Airbus A321, A320 and A319 and Embraer 190 aircraft. Air Astana operates 30 aircraft and has plans to increase its fleet size to 36 by the end of 2017.

For 2013 Air Astana reported total revenue of $966 million and net income of $54.1 million, down from $61.1 million. Leverage increased from 4.2 times to 5.2 times because of a $260 million increase in balance sheet debt.

AIR ASTANA	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	720.8
Cargo Revenue	29.4
Other Revenue	215.9
Total Revenue	966.1
EBITDAR	179.0
Net Income	51.4
EBITDAR Margin	18.6%
Summary Operating Drivers	
RPKs (m)	N/A
ASKs (m)	N/A
Passenger Load Factor	N/A
Number of passengers (000)	3,683
Average Trip Length (RPKs/Passengers) (kms)	N/A
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	N/A
Total Revenue per ASK ('RASK') (US cents)	N/A
Total Operating Cost/ASK 'CASK' (US cents)	N/A
RASK-CASK Margin (US cents)	N/A
Employee Costs as % of Total Revenue	10.3%
Debt & Liquidity	
Adjusted Net Debt	926.3
Total Net Fixed Charges	84.2
Unrestricted Cash/Total Revenues	13.2%
EBITDAR/Net Fixed Charges (x)	2.1
Capitalisation & Leverage	
Book Equity	308
Equity Market Capitalisation (as of 6th June 2014)	-
Adjusted (Net) Debt/EBITDAR (x)	5.2
Adjusted (Net) Debt/Book Equity (x)	3.0
Cash Flow	
Free Cash Flow	(231.4)

AIRLINE PROFILES

Europe

AEGEAN AIRLINES	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	891.0
Cargo Revenue	N/A
Other Revenue	74.2
Total Revenue	965.2
EBITDAR	221.1
Net Income	78.6
EBITDAR Margin	22.9%
Summary Operating Drivers	
RPKs (m)	7,912
ASKs (m)	9,963
Passenger Load Factor	79.4%
Number of passengers (000)	7,186
Average Trip Length (RPKs/Passengers) (kms)	1,101
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	11.26
Total Revenue per ASK ('RASK') (US cents)	9.69
Total Operating Cost/ASK 'CASK' (US cents)	8.63
RASK-CASK Margin (US cents)	1.06
Employee Costs as % of Total Revenue	10.9%
Debt & Liquidity	
Adjusted Net Debt	562.8
Total Net Fixed Charges	99.6
Unrestricted Cash/Total Revenues	32.0%
EBITDAR/Net Fixed Charges (x)	2.2
Capitalisation & Leverage	
Book Equity	290
Equity Market Capitalisation (as of 6th June 2014)	802
Adjusted (Net) Debt/EBITDAR (x)	2.5
Adjusted (Net) Debt/Book Equity (x)	1.9
Cash Flow	
Free Cash Flow	142.7

Aegean Airlines

Aegean Airlines is the largest Greek airline by total number of passengers carried, by number of destinations served and by fleet size.

In 2013 the airline reported carrying 6.9 million passengers, an increase of 12% compared with 2012. The airline also reported a 12% rise in passenger traffic in its first-quarter 2014 financial report.

The airline has staged a strong financial recovery amid improving economic conditions in Greece. Revenue grew 25% in 2013, to $965 million, and net income was $78.6 million after three years of losses. Through the downturn the airline had consistently comfortable levels of liquidity of more than 25% of revenues.

On October 21 2012 Aegean Airlines announced it had struck a deal to acquire Olympic Air; the European Commission approved the buyout on October 9 2013.

Aegean Airlines' fleet consists of 25 A320s, four A321s and one A319.

Aer Lingus

The Irish government founded Aer Lingus Group in April 1936. It is based in Dublin and flies to more than 68 short-haul destinations across the British Isles and continental Europe, and eight long-haul destinations in North America.

The airline is 25% owned by the Irish government and 30% by Ryanair. Ryanair's proposal to acquire the airline outright has been rebuffed by various authorities on competition grounds.

Aer Lingus operates a fleet of 44 aircraft consisting of three A321s, 32 A320s, seven A330s and two A319s: 16 are on operating leases and the remaining 28 are either wholly owned or held through finance leases.

Aer Lingus reported 2013 net income of $46.4 million, but has recently issued a profit warning for 2014.

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AER LINGUS	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	1,593.2
Cargo Revenue	59.4
Other Revenue	287.0
Total Revenue	1,939.6
EBITDAR	259.7
Net Income	46.4
EBITDAR Margin	13.4%
Summary Operating Drivers	
RPKs (m)	14,807
ASKs (m)	18,898
Passenger Load Factor	78.4%
Number of passengers (000)	9,625
Average Trip Length (RPKs/Passengers) (kms)	1,538
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	10.76
Total Revenue per ASK ('RASK') (US cents)	10.26
Total Operating Cost/ASK 'CASK' (US cents)	9.81
RASK-CASK Margin (US cents)	0.45
Employee Costs as % of Total Revenue	19.5%
Debt & Liquidity	
Adjusted Net Debt	144.4
Total Net Fixed Charges	69.3
Unrestricted Cash/Total Revenues	51.4%
EBITDAR/Net Fixed Charges (x)	3.7
Capitalisation & Leverage	
Book Equity	1,161
Equity Market Capitalisation (as of 6th June 2014)	1,120
Adjusted (Net) Debt/EBITDAR (x)	0.6
Adjusted (Net) Debt/Book Equity (x)	0.1
Cash Flow	
Free Cash Flow	85.3

AIRLINE PROFILES

Europe

AIR FRANCE-KLM	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	27,372.4
Cargo Revenue	3,832.6
Other Revenue	3,541.3
Total Revenue	34,746.3
EBITDAR	3,755.0
Net Income	(2,486.5)
EBITDAR Margin	10.8%
Summary Operating Drivers	
RPKs (m)	228,316
ASKs (m)	272,419
Passenger Load Factor	83.8%
Number of passengers (000)	78,444
Average Trip Length (RPKs/Passengers) (kms)	2,911
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	11.99
Total Revenue per ASK ('RASK') (US cents)	12.75
Total Operating Cost/ASK 'CASK' (US cents)	12.69
RASK-CASK Margin (US cents)	0.06
Employee Costs as % of Total Revenue	29.3%
Debt & Liquidity	
Adjusted Net Debt	19,616.2
Total Net Fixed Charges	1,792.4
Unrestricted Cash/Total Revenues	14.9%
EBITDAR/Net Fixed Charges (x)	2.1
Capitalisation & Leverage	
Book Equity	3,117
Equity Market Capitalisation (as of 6th June 2014)	4,779
Adjusted (Net) Debt/EBITDAR (x)	5.2
Adjusted (Net) Debt/Book Equity (x)	6.3
Cash Flow	
Free Cash Flow	398.8

Air France-KLM

Air France-KLM Group has its headquarters at Paris-Charles de Gaulle Airport. It is one of the largest and the oldest airline groups in the world, comprising Air France and KLM of the Netherlands and various other subsidiary airlines, including BritAir, Transavia, Martinair and Transavia France. Air France was a founding member of the SkyTeam alliance.

Air France-KLM Group is the fourth largest in the world by revenue passenger kilometres. It is in the process of a major restructuring aimed at reducing operating costs and improving competitiveness.

It has reported losses for four of the past five years. For 2013 Air France-KLM revealed total revenue of $34.7 billion and a net loss of $2.5 billion as a result of impairment charges, restructuring provisions and write-off of a large deferred tax asset.

The balance sheet is on an improving trend, with leverage reduced from 6.5 times at the end of 2012 to 5.2 times at the end of 2013, but the airline plans continued deleveraging. Liquidity was high at 35% of revenues.

British Airways

British Airways, a subsidiary of International Airlines Group (IAG), is one of the largest long-haul premium airlines in the world and the UK's national carrier. The airline is a founding member of the oneworld global alliance.

IAG was formed in 2010 as the holding company of British Airways and Iberia. The merger is expected to deliver synergies of €560 million ($720 million) by 2015.

The airline has an operating fleet of 245 aircraft. British Airways expects to take delivery of five A380s this year and 12 A380s by 2016.

In 2013 the carrier achieved an improvement in net income to $443.1 million but still far below 2011's peak level of $1.1 billion. Credit metrics remained strong, perhaps better than its credit ratings of Ba3 from Moody's and BB from Standard & Poor's would suggest.

BRITISH AIRWAYS	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	16,983.3
Cargo Revenue	1,155.2
Other Revenue	1,039.6
Total Revenue	19,178.1
EBITDAR	2,481.5
Net Income	442.6
EBITDAR Margin	12.9%
Summary Operating Drivers	
RPKs (m)	131,333
ASKs (m)	161,444
Passenger Load Factor	81.4%
Number of passengers (000)	39,960
Average Trip Length (RPKs/Passengers) (kms)	3,287
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	12.93
Total Revenue per ASK ('RASK') (US cents)	11.88
Total Operating Cost/ASK 'CASK' (US cents)	11.16
RASK-CASK Margin (US cents)	0.72
Employee Costs as % of Total Revenue	20.9%
Debt & Liquidity	
Adjusted Net Debt	4,439.7
Total Net Fixed Charges	415.8
Unrestricted Cash/Total Revenues	16.2%
EBITDAR/Net Fixed Charges (x)	6.0
Capitalisation & Leverage	
Book Equity	4,116
Equity Market Capitalisation (as of 6th June 2014)	-
Adjusted (Net) Debt/EBITDAR (x)	1.8
Adjusted (Net) Debt/Book Equity (x)	1.1
Cash Flow	
Free Cash Flow	(558.3)

AIRLINE PROFILES

Europe

EASYJET	
FYE 30-Sep-2013	US$m
Summary Financial Performance	
Passenger Revenue	7,032.1
Cargo Revenue	N/A
Other Revenue	107.3
Total Revenue	7,139.4
EBITDAR	1,192.1
Net Income	667.3
EBITDAR Margin	16.7%
Summary Operating Drivers	
RPKs (m)	67,573
ASKs (m)	74,223
Passenger Load Factor	91.0%
Number of passengers (000)	60,758
Average Trip Length (RPKs/Passengers) (kms)	1,112
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	10.41
Total Revenue per ASK ('RASK') (US cents)	9.62
Total Operating Cost/ASK 'CASK' (US cents)	8.50
RASK-CASK Margin (US cents)	1.12
Employee Costs as % of Total Revenue	12.1%
Debt & Liquidity	
Adjusted Net Debt	432.4
Total Net Fixed Charges	189.5
Unrestricted Cash/Total Revenues	29.1%
EBITDAR/Net Fixed Charges (x)	6.3
Capitalisation & Leverage	
Book Equity	3,382
Equity Market Capitalisation (as of 6th June 2014)	10,590
Adjusted (Net) Debt/EBITDAR (x)	0.4
Adjusted (Net) Debt/Book Equity (x)	0.1
Cash Flow	
Free Cash Flow	469.5

easyJet

EasyJet is Europe's second-largest low-cost carrier after Ryanair, and one of the longest established in Europe. The airline operates a fleet of 220 Airbus A319 and A320 aircraft. EasyJet owns 71% of its fleet. A quarter of it is on operating lease and 5% is finance leased.

For the year ending September 30 2013 total revenue stood at $7.1 billion and net income was $667.3 million. The carrier ended the financial year with more than $2 billion of cash, an increase of $590 million on the previous year. In the half year ending March 31 2014 easyJet reported a reduced loss of $68.7 million in what is its seasonally weaker half.

The carrier recently placed an order for 35 A320ceo aircraft for delivery between 2015 and 2017. EasyJet's equity market capitalisation has increased by 51% in dollar terms over the past year. The delivery of 100 A320neo aircraft is scheduled between 2017 and 2022.

Icelandair Group

Icelandair Group is a holding company based in Reykjavik, Iceland. Its largest subsidiary is flag carrier Icelandair, which operates services to 31 cities in 12 countries on both sides of the Atlantic.

The group has further interests in numerous travel and cargo-related businesses, both in Iceland and other parts of Europe.

The group operates a fleet of 37 aircraft, of which 23 are owned and 14 are on operating lease. Its most common type in operation is the Boeing 757, of which the group operates 23 in both passenger and cargo configurations.

In December 2012 Icelandair Group signed an agreement with Boeing to purchase 12 737 Max aircraft, valued at $1.2 billion. The delivery of these aircraft is scheduled to start in the first half of 2018.

The group has made a strong recovery from the financial crisis that engulfed Iceland in 2008. Icelandair reported total revenue of $1 billion and net income of $56.4 million for the financial year 2013.

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ICELANDAIR	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	660.0
Cargo Revenue	42.9
Other Revenue	319.0
Total Revenue	1,021.9
EBITDAR	177.2
Net Income	56.4
EBITDAR Margin	17.3%
Summary Operating Drivers	
RPKs (m)	6,708
ASKs (m)	8,475
Passenger Load Factor	79.2%
Number of passengers (000)	2,565
Average Trip Length (RPKs/Passengers) (kms)	2,615
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	9.84
Total Revenue per ASK ('RASK') (US cents)	12.06
Total Operating Cost/ASK 'CASK' (US cents)	11.21
RASK-CASK Margin (US cents)	0.85
Employee Costs as % of Total Revenue	23.4%
Debt & Liquidity	
Adjusted Net Debt	199.3
Total Net Fixed Charges	40.6
Unrestricted Cash/Total Revenues	19.5%
EBITDAR/Net Fixed Charges (x)	4.4
Capitalisation & Leverage	
Book Equity	346
Equity Market Capitalisation (as of 6th June 2014)	778
Adjusted (Net) Debt/EBITDAR (x)	1.1
Adjusted (Net) Debt/Book Equity (x)	0.6
Cash Flow	
Free Cash Flow	140.5

AIRLINE PROFILES

Europe

IAG	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	22,135.3
Cargo Revenue	1,460.4
Other Revenue	1,821.0
Total Revenue	25,416.7
EBITDAR	3,073.1
Net Income	166.0
EBITDAR Margin	12.1%
Summary Operating Drivers	
RPKs (m)	186,304
ASKs (m)	230,573
Passenger Load Factor	80.8%
Number of passengers (000)	67,224
Average Trip Length (RPKs/Passengers) (kms)	2,771
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	11.88
Total Revenue per ASK ('RASK') (US cents)	11.02
Total Operating Cost/ASK 'CASK' (US cents)	10.57
RASK-CASK Margin (US cents)	0.45
Employee Costs as % of Total Revenue	18.9%
Debt & Liquidity	
Adjusted Net Debt	7,274.5
Total Net Fixed Charges	930.9
Unrestricted Cash/Total Revenues	19.5%
EBITDAR/Net Fixed Charges (x)	3.3
Capitalisation & Leverage	
Book Equity	5,738
Equity Market Capitalisation (as of 6th June 2014)	14,328
Adjusted (Net) Debt/EBITDAR (x)	2.4
Adjusted (Net) Debt/Book Equity (x)	1.3
Cash Flow	
Free Cash Flow	(1294.3)

International Airlines Group

International Airlines Group (IAG) – full name International Consolidated Airlines Group – is a Spanish holding company registered in Madrid. Formed on January 21 2011, it is the parent company for British Airways, Iberia and Vueling Airlines, which are members of the oneworld alliance.

IAG reported revenue up 3.1% at $25.4 billion for the financial year 2013. Net income of $166 million came after a loss of $969.2 million the previous year, mainly because of improving results at Iberia as a result of restructuring.

The group is expecting to generate annual synergies of $879 million by 2015.

IAG has a fleet of 431 aircraft. In April 2013 it signed an agreement with Airbus to purchase 18 A350-1000s, with an option for an additional 18 of the type. The existing 787 orders and new A350-1000 firm orders will be used to replace 30 747-400s between 2017 and 2023.

Lufthansa Group

Lufthansa is engaged in all aspects of the industry, including passenger and cargo transportation, maintenance, consultancy and catering.

It is the flag carrier of Germany and among the largest airlines in Europe in terms of passengers carried. It is a founding member of the Star Alliance.

Equity market capitalisation as of June 6 was $12.3 billion, making it the seventh most valuable airline group after the four largest US carriers, IAG and Ryanair.

Lufthansa reported revenue of $41.9 billion and net income of $424.2 million for 2013. The airline is engaged in a restructuring of its business in an effort to regain competitiveness.

Lufthansa recently adjusted its forecast for 2014 as a result of worse-than-expected revenue development. The company is projecting an operating profit of about $1.4 billion, down from $1.8 to $2 billion.

Despite these challenges, Lufthansa remains highly liquid and with a conservative balance sheet, factors that have supported its continued BBB-unsecured rating from Standard & Poor's and Ba1 from Moody's.

LUFTHANSA GROUP	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	29,592.2
Cargo Revenue	3,840.7
Other Revenue	8,680.5
Total Revenue	42,113.4
EBITDAR	3,959.1
Net Income	426.0
EBITDAR Margin	9.4%
Summary Operating Drivers	
RPKs (m)	209,649
ASKs (m)	262,682
Passenger Load Factor	79.8%
Number of passengers (000)	104,587
Average Trip Length (RPKs/Passengers) (kms)	2,005
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	14.12
Total Revenue per ASK ('RASK') (US cents)	16.03
Total Operating Cost/ASK 'CASK' (US cents)	15.41
RASK-CASK Margin (US cents)	0.62
Employee Costs as % of Total Revenue	25.5%
Debt & Liquidity	
Adjusted Net Debt	4,706.2
Total Net Fixed Charges	571.6
Unrestricted Cash/Total Revenues	15.2%
EBITDAR/Net Fixed Charges (x)	6.9
Capitalisation & Leverage	
Book Equity	8,313
Equity Market Capitalisation (as of 6th June 2014)	12,318
Adjusted (Net) Debt/EBITDAR (x)	1.2
Adjusted (Net) Debt/Book Equity (x)	0.6
Cash Flow	
Free Cash Flow	831.6

AIRLINE PROFILES

Europe

LUXAIR GROUP	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	184.2
Cargo Revenue	N/A
Other Revenue	487.9
Total Revenue	672.1
EBITDAR	47.8
Net Income	11.1
EBITDAR Margin	7.1%
Summary Operating Drivers	
RPKs (m)	1,718
ASKs (m)	2,282
Passenger Load Factor	75.3%
Number of passengers (000)	1,505
Average Trip Length (RPKs/Passengers) (kms)	1,142
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	10.72
Total Revenue per ASK ('RASK') (US cents)	29.45
Total Operating Cost/ASK 'CASK' (US cents)	29.65
RASK-CASK Margin (US cents)	-0.20
Employee Costs as % of Total Revenue	29.4%
Debt & Liquidity	
Adjusted Net Debt	(224.6)
Total Net Fixed Charges	0.9
Unrestricted Cash/Total Revenues	42.1%
EBITDAR/Net Fixed Charges (x)	53.1
Capitalisation & Leverage	
Book Equity	476
Equity Market Capitalisation (as of 6th June 2014)	-
Adjusted (Net) Debt/EBITDAR (x)	-
Adjusted (Net) Debt/Book Equity (x)	-0.5
Cash Flow	
Free Cash Flow	0.0

Luxair Group

Luxair is the flag carrier of the Grand Duchy of Luxembourg. Its main base is Luxembourg Findel Airport.

The airline was set up in 1961 to meet the growing demand for air links between Luxembourg and other European cities.

Luxair has a fleet consisting of six Embraer ERJ-145s, one 737-800, four 737-700s and six Bombardier Q400s. It is expecting the delivery of a 737-800 at the beginning of 2015.

The carrier's other principal assets are the Luxair Cargo Centre, the fifth-largest air cargo hub in Europe, and a 43.2% stake in Cargolux.

For 2013 Luxair's revenue was $672.1 million, with net income of $11.1 million. The airline has no net debt and is highly liquid, with unrestricted cash at 42.1% of revenues.

Pegasus

Pegasus is a leading low-cost airline in Turkey. It was founded as a joint venture in 1990 by Aer Lingus Group, Silkar and Net Holding, and was acquired in 2005 by Esas Holding, which is owned by Sevket Sabanci, the Turkish businessman and philanthropist, and his family.

After an initial public offering in 2013, Esas Holdings' interest fell to 65.5% – 34.5% was floated on the Istanbul stock exchange.

Pegasus has an operating fleet of 46 aircraft: 42 737s and four A320-200s.

Since 2005 Pegasus has placed firm orders with Boeing for 40 737-800 aircraft, of which 38 had been delivered as of March 31. Pegasus expects to take delivery of the remaining two aircraft in 2015.

In July 2012 Pegasus placed an order with Airbus for 57 A320s and 18 A321s, and an additional 25 optional aircraft.

Pegasus reported total revenue of $1.1 billion and net income of $43.5 million for 2013.

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PEGASUS AIRLINES	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	951.0
Cargo Revenue	N/A
Other Revenue	189.5
Total Revenue	1,140.5
EBITDAR	245.9
Net Income	43.5
EBITDAR Margin	21.6%
Summary Operating Drivers	
RPKs (m)	16,170
ASKs (m)	20,162
Passenger Load Factor	80.2%
Number of passengers (000)	16,820
Average Trip Length (RPKs/Passengers) (kms)	961
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	5.88
Total Revenue per ASK ('RASK') (US cents)	5.66
Total Operating Cost/ASK 'CASK' (US cents)	5.01
RASK-CASK Margin (US cents)	0.64
Employee Costs as % of Total Revenue	11.4%
Debt & Liquidity	
Adjusted Net Debt	796.1
Total Net Fixed Charges	35.7
Unrestricted Cash/Total Revenues	36.5%
EBITDAR/Net Fixed Charges (x)	6.9
Capitalisation & Leverage	
Book Equity	544
Equity Market Capitalisation (as of 6th June 2014)	1,377
Adjusted (Net) Debt/EBITDAR (x)	3.2
Adjusted (Net) Debt/Book Equity (x)	1.5
Cash Flow	
Free Cash Flow	77.3

AIRLINE PROFILES

Europe

RYANAIR	
FYE 31-Mar-2014	US$m
Summary Financial Performance	
Passenger Revenue	5,157.5
Cargo Revenue	N/A
Other Revenue	1,697.4
Total Revenue	6,854.9
EBITDAR	1,513.3
Net Income	711.5
EBITDAR Margin	22.1%
Summary Operating Drivers	
RPKs (m)	N/A
ASKs (m)	N/A
Passenger Load Factor	N/A
Number of passengers (000)	81,700
Average Trip Length (RPKs/Passengers) (kms)	N/A
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	N/A
Total Revenue per ASK ('RASK') (US cents)	N/A
Total Operating Cost/ASK 'CASK' (US cents)	N/A
RASK-CASK Margin (US cents)	N/A
Employee Costs as % of Total Revenue	9.2%
Debt & Liquidity	
Adjusted Net Debt	907.7
Total Net Fixed Charges	228.9
Unrestricted Cash/Total Revenues	64.1%
EBITDAR/Net Fixed Charges (x)	6.6
Capitalisation & Leverage	
Book Equity	4,472
Equity Market Capitalisation (as of 6th June 2014)	14,092
Adjusted (Net) Debt/EBITDAR (x)	0.6
Adjusted (Net) Debt/Book Equity (x)	0.2
Cash Flow	
Free Cash Flow	733.3

Ryanair

Ryanair is Europe's first and largest low-fare airline. Founded in 1985, Ryanair's main hub is based at London Stansted Airport. The carrier has as many as 58 bases around Europe.

Ryanair operates a fleet of 303 Boeing 737-800 aircraft. In March 2013 the airline entered into a contract with Boeing to purchase 175 additional 737-800s, to be delivered from September 2014 to December 2018. The total commitment to acquire these aircraft amounts to about $14.2 billion.

Ryanair holds a 29.8% interest in Aer Lingus Group, the partly privatized national carrier of Ireland.

This year Ryanair secured a corporate credit rating of BBB+ from rating agencies Fitch and Standard and Poor's, making it the world's highest-rated airline.

For the financial year ending March 31 2014 Ryanair reported revenue of $6.8 billion and net income of $712 million, down from $771 million the previous year.

In June it launched its debut €850 million ($1.2 billion) seven-year unsecured bond issue. With a coupon of 1.875%, Ryanair achieved the lowest-ever coupon in the airline sector, as well as the lowest coupon for an Irish corporate.

Turkish Airlines

Turkish Airlines is the national airline of Turkey. It was founded in Ankara in 1933. Its headquarters are on the grounds of Ataturk Airport in Istanbul.

Apart from its primary hub at Ataturk, the airline also has hubs at International Airport (ESB), Ankara and Sabiha Gokcen International Airport, Istanbul.

Turkish Airlines has expanded rapidly in the past two to three years, adding nearly 50 new destinations and almost 60 new aircraft to its fleet. The Turkish flag carrier is a member of the Star Alliance, and flies to more countries than any other airline.

Turkish Airlines has an operating fleet of 251 aircraft consisting of six A340-300s, 16 A330-300s, 11 A330-200s, six A330-200Fs, 43 A321-200s, 33 A320-200s, 14 A319-132/-100s, three A310s, 15 777-300ERs, 10 737-900ERs, 82 737-800s and 12 737-700s.

Turkish Airlines reported total revenue of $9 billion and net income of $323.9 million for 2013. It had a market capitalisation of $4.7 billion as of June 6 2014. ▲

TURKISH AIRLINES	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	7,946.3
Cargo Revenue	777.2
Other Revenue	227.3
Total Revenue	8,950.8
EBITDAR	1,558.1
Net Income	323.9
EBITDAR Margin	17.4%
Summary Operating Drivers	
RPKs (m)	92,003
ASKs (m)	116,423
Passenger Load Factor	79.0%
Number of passengers (000)	48,270
Average Trip Length (RPKs/Passengers) (kms)	1,906
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	8.64
Total Revenue per ASK ('RASK') (US cents)	7.69
Total Operating Cost/ASK 'CASK' (US cents)	7.21
RASK-CASK Margin (US cents)	0.48
Employee Costs as % of Total Revenue	16.0%
Debt & Liquidity	
Adjusted Net Debt	8,111.4
Total Net Fixed Charges	496.4
Unrestricted Cash/Total Revenues	7.3%
EBITDAR/Net Fixed Charges (x)	3.1
Capitalisation & Leverage	
Book Equity	3,303
Equity Market Capitalisation (as of 6th June 2014)	4,720
Adjusted (Net) Debt/EBITDAR (x)	5.2
Adjusted (Net) Debt/Book Equity (x)	2.5
Cash Flow	
Free Cash Flow	(568.2)

AIRLINE PROFILES

Middle East/Africa

AIR ARABIA	
FYE 31-Dec-2013	US$m
Summary Financial Performance	
Passenger Revenue	753.4
Cargo Revenue	21.7
Other Revenue	124.4
Total Revenue	899.4
EBITDAR	204.4
Net Income	114.6
EBITDAR Margin	22.7%
Summary Operating Drivers	
RPKs (m)	12,380
ASKs (m)	15,270
Passenger Load Factor	81.1%
Number of passengers (000)	6,100
Average Trip Length (RPKs/Passengers) (kms)	2,030
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	6.09
Total Revenue per ASK ('RASK') (US cents)	5.89
Total Operating Cost/ASK 'CASK' (US cents)	5.27
RASK-CASK Margin (US cents)	0.62
Employee Costs as % of Total Revenue	13.3%
Debt & Liquidity	
Adjusted Net Debt	675.7
Total Net Fixed Charges	47.6
Unrestricted Cash/Total Revenues	42.1%
EBITDAR/Net Fixed Charges (x)	4.3
Capitalisation & Leverage	
Book Equity	1,518
Equity Market Capitalisation (as of 6th June 2014)	1,258
Adjusted (Net) Debt/EBITDAR (x)	3.3
Adjusted (Net) Debt/Book Equity (x)	0.4
Cash Flow	
Free Cash Flow	(166.8)

Air Arabia

Sharjah-based carrier Air Arabia was the first – and is the second-largest – low-cost carrier to operate in the Middle East and North Africa region.

It was established as a limited liability company in 2003, but was converted to a public joint stock company (Air Arabia PJSC) in 2007 after it underwent an initial public offering and raised new equity of $699 million.

Air Arabia Group includes two other affiliated airlines, Air Arabia Maroc and Air Arabia Egypt, along with the parent, Air Arabia UAE.

In May 2013 the company secured a $350 million financing facility with Qatar National Bank and Commercial Bank International to support the acquisition of 10 A320s.

Reportedly, Air Arabia is planning another order next year that could be for A320neo, 737 Max or Bombardier's CSeries aircraft.

The airline finished the 2013 financial year with net income of $114.6 million, total equity of $1.5 billion and equity market capitalisation of $1.3 billion.

Emirates

Emirates is wholly owned by the government of Dubai through the Investment Corporation of Dubai. Emirates operates more than 1,200 flights a week from its hub at Dubai International Airport, to over 122 destinations in 72 countries across six continents.

Emirates is the world's largest airline in terms of scheduled international passenger kilometres flown.

It operates a fleet of 169 aircraft, consisting of 26 A330s, 18 A340s, 21 A380-800s, 98 777 passenger aircraft, four 777-200LRFs and two 747-400ERFs.

Emirates is the largest A380 operator in the world and placed an order for an additional 50 last year. Most recently it cancelled an order for 70 A350XWB aircraft from Airbus.

In the financial year ending March 31 2014 Emirates reported revenue of $22.2 billion and net income of $886.1 million, making it one of the most profitable airlines in the world.

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EMIRATES	
FYE 31-Mar-2014	US$m
Summary Financial Performance	
Passenger Revenue	17,809.8
Cargo Revenue	3,066.9
Other Revenue	1,318.2
Total Revenue	22,194.9
EBITDAR	4,384.6
Net Income	886.1
EBITDAR Margin	19.8%
Summary Operating Drivers	
RPKs (m)	215,353
ASKs (m)	271,133
Passenger Load Factor	79.4%
Number of passengers (000)	44,537
Average Trip Length (RPKs/Passengers) (kms)	4,835
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	8.27
Total Revenue per ASK ('RASK') (US cents)	8.19
Total Operating Cost/ASK 'CASK' (US cents)	7.87
RASK-CASK Margin (US cents)	0.31
Employee Costs as % of Total Revenue	12.6%
Debt & Liquidity	
Adjusted Net Debt	21,308.5
Total Net Fixed Charges	2,036.8
Unrestricted Cash/Total Revenues	20.3%
EBITDAR/Net Fixed Charges (x)	2.2
Capitalisation & Leverage	
Book Equity	6,936
Equity Market Capitalisation (as of 6th June 2014)	-
Adjusted (Net) Debt/EBITDAR (x)	4.9
Adjusted (Net) Debt/Book Equity (x)	3.1
Cash Flow	
Free Cash Flow	(2,517.7)


THE NEW
747-8
INTERCONTINENTAL
MOVE UP TO THE 747-8.
BOEING
747-8
BOEING

AIRLINE PROFILES

Middle East/Africa

Qatar Airways

Qatar Airways has been fully controlled by the Qatari government since July 2013 after the buyout of a 50% stake from a former foreign minister and other shareholders. The airline recently became the first major Middle Eastern carrier to join a global alliance – oneworld.

Qatar Airways, the second largest of the big three Middle Eastern carriers, has an operating fleet of two A319s, 31 A320s, 10 A321-200s, 16 Airbus A330-200s, 13 A330-300s, four A340-600s, nine 777-200s, 25 777-300s, 12 787-8s and three A300 Freighters.

Qatar has 230 aircraft on order, including 80 A320s, 80 A350s, 51 787-8s, 11 Boeing 777s and one A320.

In the year ending March 31 2013 the airline reported revenue of $7.6 billion, up from $6.8 billion the previous year, and net income of $45.4 million.

QATAR AIRWAYS	
FYE 31-Mar-2013	US$m
Summary Financial Performance	
Passenger Revenue	N/A
Cargo Revenue	N/A
Other Revenue	N/A
Total Revenue	7,638.5
EBITDAR	451.4
Net Income	45.4
EBITDAR Margin	5.9%
Summary Operating Drivers	
RPKs (m)	N/A
ASKs (m)	N/A
Passenger Load Factor	N/A
Number of passengers (000)	N/A
Average Trip Length (RPKs/Passengers) (kms)	N/A
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	N/A
Total Revenue per ASK ('RASK') (US cents)	N/A
Total Operating Cost/ASK 'CASK' (US cents)	N/A
RASK-CASK Margin (US cents)	N/A
Employee Costs as % of Total Revenue	N/A
Debt & Liquidity	
Adjusted Net Debt	(456.2)
Total Net Fixed Charges	117.5
Unrestricted Cash/Total Revenues	47.7%
EBITDAR/Net Fixed Charges (x)	3.8
Capitalisation & Leverage	
Book Equity	7,239
Equity Market Capitalisation (as of 6th June 2014)	-
Adjusted (Net) Debt/EBITDAR (x)	-
Adjusted (Net) Debt/Book Equity (x)	-0.1
Cash Flow	
Free Cash Flow	N/A

Comair Limited

Comair Limited is a leading South African aviation company which operates scheduled and non-scheduled airline flights as its main business under both its Kulula and British Airways brands, the latter under licence from British Airways.

It is an affiliate member of the oneworld alliance.

Comair has an operating fleet of 26 aircraft consisting of Boeing 737-800s, 737-400s and 737-300s. The airline has a further 13 737 aircraft on order for delivery between 2015 and 2022.

Under the British Airways banner services are operated from Johannesburg to Durban, Port Elizabeth, Cape Town, Harare, Victoria Falls, Livingstone and Windhoek, and between Cape Town and Durban.

Comair reported revenue of $502.5 million and net income of $21.2 million for the year ended June 30 2013.

COMAIR LIMITED	
FYE 30-Jun-2013	US$m
Summary Financial Performance	
Passenger Revenue	477.2
Cargo Revenue	N/A
Other Revenue	25.3
Total Revenue	502.5
EBITDAR	85.8
Net Income	21.2
EBITDAR Margin	17.1%
Summary Operating Drivers	
RPKs (m)	N/A
ASKs (m)	N/A
Passenger Load Factor	N/A
Number of passengers (000)	5,051
Average Trip Length (RPKs/Passengers) (kms)	N/A
Unit Costs & Revenues	
Passenger Yield per RPK (US cents)	N/A
Total Revenue per ASK ('RASK') (US cents)	N/A
Total Operating Cost/ASK 'CASK' (US cents)	N/A
RASK-CASK Margin (US cents)	N/A
Employee Costs as % of Total Revenue	12.8%
Debt & Liquidity	
Adjusted Net Debt	261.4
Total Net Fixed Charges	30.6
Unrestricted Cash/Total Revenues	14.1%
EBITDAR/Net Fixed Charges (x)	2.8
Capitalisation & Leverage	
Book Equity	95
Equity Market Capitalisation (as of 6th June 2014)	221
Adjusted (Net) Debt/EBITDAR (x)	3.0
Adjusted (Net) Debt/Book Equity (x)	2.7
Cash Flow	
Free Cash Flow	67.7

AIRLINE TREASURY TEAM OF THE YEAR

American considers cash position

Cash-rich, despite being fresh from bankruptcy, American Airlines is in the middle of its integration with US Airways. Dickon Harris speaks with Derek Kerr, American's chief financial officer, and Tom Weir, its treasurer, on the carrier's plans.

Last year American Airlines (AA) completed its merger with US Airways to become the largest airline in the world by traffic. The restructuring was the most successful in airline history, with American Airlines raising nearly $5.9 billion in debt with the help of four enhanced equipment trust certificates (EETCs), three term loans and one revolving credit facility. In April the carrier reported record first-quarter results.

Airfinance Journal speaks to the management team on the sidelines of the 34th Annual New York Airfinance conference to discover its immediate plans.

"So far everything is going really well," says Derek Kerr, American Airlines' chief financial officer. "The first quarter was the best in the history of the airline, which is really good as we are only five months into the merger. In April we had the best completion factor that American Airlines has ever had in the month of April. It is an important thing. To get where we want to be the focus has to be on running a good operation. Robert Isom [executive vice-president and chief operating officer of American Airlines] and his team have done a tremendous job of getting us off the ground right off the bat and turning the operations around in the fourth month.

"We have already agreed the biggest code share in the history of the two airlines and already transitioned from Star Alliance to oneworld. Both of those have gone without a blip."

Airfinance Journal: AA has exited bankruptcy with a $7 billion cash cushion. Several other US carriers have offered dividends, or invested in their own stock. What do you plan to do with the cash?

Kerr: "It is a discussion we will have with our board. We know that our cash position is high at the moment. We are deciding with the board what are the next steps of capital deployment?

"First of all we need to make sure we have enough cash to integrate the two airlines. The second thing is paying off debt. Third is making sure any excess cash can be returned to shareholders. This could include things like share buyback and dividends. We have stated that by the end of the year we will announce our cash deployment initiatives."

Derek Kerr decides how to put American's considerable cash cushion to best use.

I am curious what your immediate financing plans are. American Airlines raised close to $5.9 billion last year. You bave already refinanced all your debt. Speaking to the banks no one expects you to finance anything much this year because of all the liquidity you have already raised.

Kerr: "In 2014 we have 20 aircraft which are not committed to financing today. In 2015 we only have four aircraft which are commited. So there are 76 aircraft that are not committed in 2015. Our financing needs in 2014 are much less, but we still have to look at those 20 aircraft and how we are going to fund them. Should we access finance or pay cash? It will be a board decision.

"The odds of us going to the market to finance some of the aircraft we have coming over the next two years is pretty high, whether it is going to be EETC or to the bank market. Whatever market is available at the time and the best financing at the time is what we will take advantage of. I don't think you will see us pay cash for every plane. But we will finance a portion of deliveries as they come with cash."

As things stand does the EETC market appeal more than the bank market?

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"We are the number one carrier that goes there and we would like to continue that, but we would also like to repatriate the funds we have. It is in negotiation between us and the Venezuelan government."

Derek Kerr

Tom Weir: "At US Airways we had a higher percentage of floating-rate debt compared to American Airlines. As we come together we could probably use a bit more floating rate. I am leaning towards floating rate, which I still need to convince Derek about. Obviously fixed rate is very compelling now but there is still an appetite for some floating rate, which would probably bring us into the bank market to see what's there. Again, depending on volume constraints and so forth we could still end up in the EETC market.

"In terms of theoretically balancing fixed versus floating, I would have a preference towards looking at the bank market. We also like the flexibility of the bank market. With the EETC transaction you would really find yourself with different fleet decisions down the road. You are locked into those kind of agreements, or sub-leasing the aircraft out, as opposed to buying them out and paying make-wholes. We do like the flexibility of the floating-rate debt. You can just pay it off, particularly now when we are bringing two fleets together and the fleet plan is still in flux. As we define that fleet plan we will certainly appreciate the flexibility under that structure."

What does that look like in practice?
Weir: "It would be similar to some of the transactions we have done in the past, like a club deal with a facility of four or five banks. Prefunding, given our cash balance, is probably unnecessary but I do think that a club facility of four or five banks could provide some aggressive financing in this market right now."

You are the number one airline flying to Venezuela but the government has introduced currency controls, which means you are leaving a lot of money in the country. Can you comment on the situation?
Kerr: "I can't talk about this too much as we are in conversations with the Venezuelan government to work with them to repatriate the funds. Right now we are just going back and forth with them. It is hard to talk about because of everything going on right now. It is a place we have flown

American Airlines's treasury team oversaw the most successful restructuring in airline history.

to for a very long time. We are the number one carrier that goes there and we would like to continue that, but we would also like to repatriate the funds we have. It is in negotiation between us and the Venezuelan government."

How much money does that represent?
Kerr: "It is about $700 million at the moment. The thing you try and do is not have that grow a lot. There are expenses you have when you fly there, such as buying fuel and the local workers – all of the in-country expenses. Every month the airline submits the net amount, which is the amount of revenue sold in bolivars, minus the expenses in bolivars. You try and limit that amount. That number grows each month but the key is to keep that at a manageable level.

"Other airlines have pulled out, and reduced their flights. Those are discussions we are constantly having. What you do is lower the booking window and limit the net of the revenue versus the expenses you have in Venezuela."

You are the only airline of your size not to have a fuel hedge. Any reason for that?
Kerr: "We are going to continue not to hedge. I think it is insurance, and it is expensive insurance. We believe the right move is to stay out of the market and not hedge. The fact that you have a higher cash balance makes you not want to hedge, right? It all comes down to what I said. It is expensive. US Airways has shown that over the time period 2008 to now it had the lowest rate of fuel of any carrier. I think that is going to show itself at American Airlines too.

"Airlines are not that much hedged in today's world. The only time it became an advantage for another airline was when Southwest was hedged at $60 a barrel for two years out. Today no one is hedged more than 50% six months out. It is not a huge advantage to be hedged. We ask ourselves, what is the right decision from a cost perspective? The right decision from a cost perspective is not to hedge and pay the expensive premiums that are out there."

What should we expect next from American Airlines?
Kerr: "We are focused on integrating the two airlines and doing it in an efficient manner. In the past American has tried to be other things and buy other companies. We are going to be an airline and we are not going to be anything else. It is a noble profession, and that is all we are going to focus on. We understand this is a global business and we will not just be looking domestically but also at the rest of the world.

"We need to focus on a network that the customer wants and providing the products the customer wants. The merger allowed us to create a network that was comparableto Delta and United, and we can compete with those two on a network position. We need to be an industry leader in safe and reliable operations."

AIRLINE OF THE YEAR

Cash is king at Delta

This year's Airline of the Year is in the process of deleveraging. Sophie Segal explores how Delta Air Lines will reduce its debts and pay cash for a new fleet.

In 2008 Delta Air Lines was staring up at a mountain of debt – about $17 billion – and a fleet of more than 1,000 aircraft. The Atlanta-based airline was also grappling with a fleet consisting of 25 different models. Still in bankruptcy, it was also beginning merger talks with Northwest Airlines.

Today Delta is the largest US flag-carrier by market capitalization and boasts the strongest net income. Last year was an exemplary year for the airline, which closed with $3.8 billion in unrestricted cash and reduced its adjusted net debt by about 20% from the previous year, meanwhile taking delivery of 44 aircraft.

A very good year

Back in 2008 Delta was burdened by crippling debt maturities. After a successful integration of Northwest, the company has significantly

Delta's push to develop Seattle as a hub has paid off with record profits.

reduced its debt obligations to about $11 billion, restructured its balance sheet and rationalized its aircraft portfolio. The airline continues on its path of deleveraging; meeting cash-flow targets, reducing its liabilities and streamlin

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Delta Air Lines' current fleet

Aircraft type	Owned	Leased	Total	Average age
717-200		13	13	12.1
737-700	10	–	10	4.9
737-800	73	–	73	12.9
737-900ER	12	–	12	0.1
747-400	4	12	16	20.1
757-200	100	38	138	19.7
757-300	16	–	16	10.8
767-300	10	6	16	22.9
767-300ER	51	7	58	17.8
767-400ER	21	–	21	12.8
777-200ER	8	–	8	13.9
777-200LR	10	–	10	4.8
A319-100	55	2	57	11.9
A320-200	50	19	69	18.8
A330-200	11	–	11	8.8
A330-300	21	–	21	8.4
MD-88	71	46	117	23.5
MD-90	57	8	65	16.7
DC-9	12	–	12	34.9
Total	**592**	**151**	**743**	**17.1**

Source: Delta Air Lines, excludes aircraft operated by third-party carriers on Delta's behalf

"Delta's profit before tax for 2013 was $2.5 billion, a 146% increase over the $1 billion profit in 2012."

DELTA'S NEW BUSINESS MODEL

Michael Duff, managing director, The Airline Analyst, *highlights the key reasons for selecting Delta Air Lines as the* Airfinance Journal *Airline of the Year.*

Improved operational performance
Delta took significant strides in 2013 to strengthen both its operational and financial performances.

Although Delta has arguably the weakest network of the big three legacy US carriers, it has invested heavily in its New York and west coast presence through its development of Seattle as a hub. This has helped improve revenues and profit margins, including:

- improvement in revenue per available seat-mile (RASM) to 16.23 cents; and
- 34% improvement in RASM minus cost per available seat-mile (CASM) margin from 1.13 to 1.51 cents.

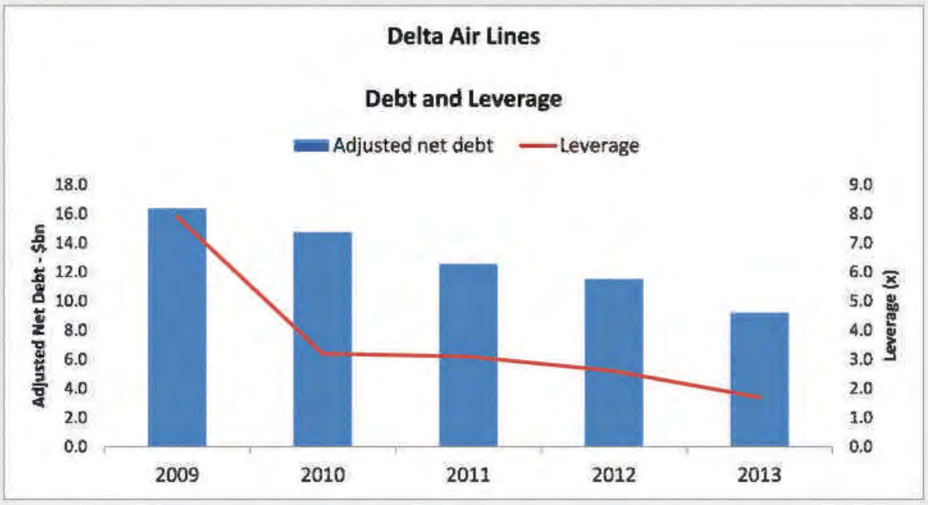
Significantly improved financial metrics
Excluding special items, Delta's profit before tax for 2013 was $2.5 billion, a 146% increase over the $1 billion profit in 2012. Other key parameters included:

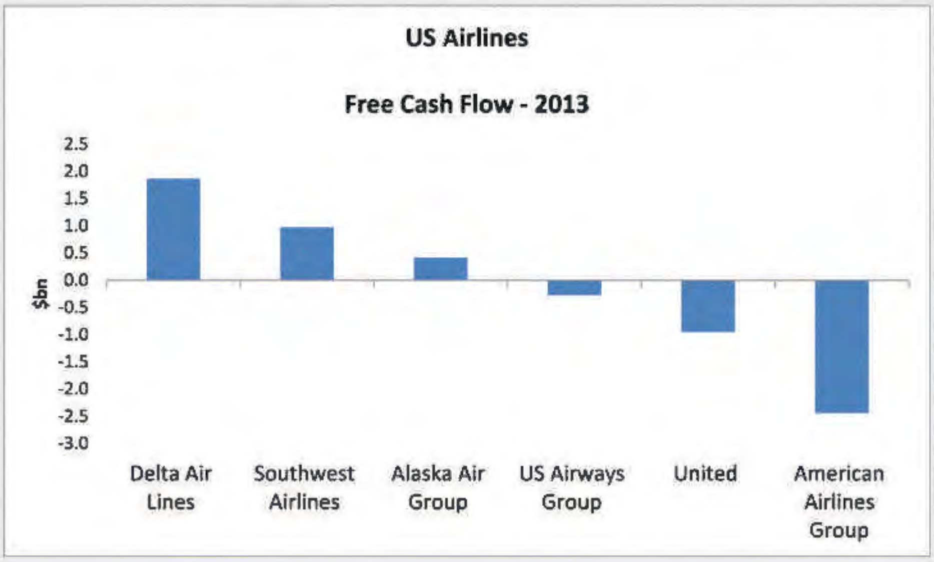
- adjusted net debt reduced from $11.5 billion to $9.2 billion;
- leverage (adjusted net debt*/Ebitdar**) reduced from 2.6x to 1.7x;
- positive free cash flow of $1.9 billion;
- return on invested capital of 13%; and
- more than doubling of its equity market capitalization.

* *Net balance sheet debt plus eight aircraft operating lease rentals.*
** *Earnings before interest, tax, depreciation, amortization and rents.*

The company's progress is summed up by the statement of Richard Anderson, chief executive officer, in the airline's earnings call for 2013, when he said: "[Delta has] been on a path to fundamentally transform its business model," and that he believed the 2013 results "show that we are a high-quality S&P 500 enterprise with consistent earnings, double-digit returns on capital and, most importantly, strong free cash flow, the ultimate measure of our success."

This performance as shown in the charts puts Delta well ahead of its major US competitors in 2013 and of the major airlines from the rest of the world. ▲





"After running the analytics, Delta realized that it could operate 15-year-old MD-90s more profitably than new 737-800s or A320s."

ing its fleet, purchasing a mix of old and new equipment while it continues to reduce its balance sheet.

In 2013 the company took steps to strengthen its position at key airports: trading slots at Washington Reagan National, with US Airways, for slots at New York LaGuardia (LGA), investing $380 million in renovation programmes at New York Kennedy airport (JFK) and LGA. The carrier also paid $360 million for a 49% stake in Virgin Atlantic, which will give Delta a strategic foothold on routes between the US and UK. Such a bumper year makes Delta confident about the 12 months to come.

Updating a diverse fleet

Major competitors, American Airlines and United Air Lines, have fleets with an average age of 13 years and 13.5 years respectively. Delta's fleet is significantly older at 17.1 years, in part because of the diverse portfolio it inherited after its merger with Northwest (see table).

Since 2008, however, the company has been updating its fleet with a blend of new and old equipment. Unusually, Delta has not only invested in younger equipment.

When evaluating the profitability of each aircraft type, Delta takes into account several costs – such as crew, fuel and maintenance – but also ownership cost is a core part of the analysis. Given these metrics, the company has been able to make sense of using this less fuel-efficient equipment.

In contrast to many of its competitors, Delta has been able to deploy older aircraft profitably. After running the analytics, the airline realized that it could operate 15-year-old MD-90s more profitably than new 737-800s or A320s.

"Delta's diverse fleet allows us to be opportunistic in our approach to aircraft acquisition, as we can seamlessly add new or used aircraft made by Airbus or Boeing to our existing fleet," says Nathaniel Pieper, vice-president, fleet strategy and transactions, Delta.

The carrier spent much of 2008 and 2009 increasing its 16 MD-90 fleet by purchasing an additional 49 aircraft from airlines such as China Eastern, China Southern, JAL and SAS. Notably, Delta has not placed firm orders for 737 Maxs or A320neos.

The company operates almost 140 757s with an average age of about 20 years. Delta has chosen to replace these types with an order for 100 737-900ERs placed in August 2011. There is an option to convert these orders to the 737 Max.

While most of its competitors have gobbled up orders for these updated narrowbodies – with Airbus and Boeing showing strong order books for the next five years – management at Delta approaches the re-engining debate with a different philosophy.

Richard Anderson, chief executive officer of Delta, has publicly stated that the carrier would prefer to take delivery of a re-engined aircraft towards the end of the production line, after any technological kinks have been resolved.

In addition to the 737-900ER order, Delta signed for 40 Bombardier CRJ900s in November 2012. The company also agreed a deal with Southwest and Boeing Capital to lease 88 717-200s. These aircraft, which Southwest did not want to incorporate into its fleet after merging with Air Tran, are part of Delta's 757 renewal strategy.

Buying for cash

At the end of 2013 Delta had remaining purchase commitments for 146 aircraft and lease agreements with Southwest for 75 717-200s. As part of its strategy to reduce debt, the airline will use cash to fund aircraft acquisitions.

The deleveraging strategy goes hand in hand with the fleet decisions Delta has made. Between purchasing some older equipment and balancing its capital requirements, the company has improved the economic efficiency of the airline, while simultaneously improving its balance sheet health.

Paying cash for aircraft allows the company to replace older equipment, injecting new equipment into the fleet, and all the while without adding any debt to the balance sheet.

Historically, when a US carrier had multiple aircraft purchases in a single year it often turned to the capital markets to raise funds with an enhanced equipment trust certificate (EETC). But, instead of being forced to the capital markets to raise a large sum of debt, Delta will only use an EETC if the terms are attractive.

In 2013 the company met its targets for cash flow – using it to buy back shares as well as equipment in a bid to deleverage. Its management is confident that 2014 will produce similar results.

Delta's 2013 annual report says it anticipates about $1.4 billion in lease payments and $1.5 billion-worth of purchases for 2014. Debt funding is available to the carrier, but the airline simply states it is "open to opportunistic deals and attractive funding". Sources at the airline add that given consistent cash flows in 2013 and the first quarter of 2014, Delta is not actively seeking debt for its deliveries this year.

Widebodies under consideration

In April Delta sent out a request for proposal (RFP) to Airbus and Boeing to replace 50 large widebodies. Today Delta operates more than 100 747s and 767s with an average age of over 15 years.

It is, therefore, unsurprising that the carrier is looking to upgrade its widebody fleet, specifically 16 747-400s and 60 767-300ERs.

"We will not replace all of the 747-400s and 767-300s with this RFP," says Pieper. "We will decide what to replace based on how the aircraft offerings fit the needs of our network."

Proposals are likely to include A330s, A350s, 777-300ERs and 787s, and the airline is flexible to upsize the order if the terms are attractive.

Smooth sailing into 2014

While competition issues remain, Delta is an example of the benefits of consolidation and rigorous financial discipline.

Five years after integrating with another insolvent airline and exiting bankruptcy, Delta – now the largest airline in the world – has emerged an enviable bastion in both the US and global airline industry. Its strong balance sheet gives the carrier a tremendous amount of flexibility to fund its fleet replacement plans, as well as continue to expand its strategic partnerships.

Already, load factors are up year-on-year for each month of 2014. As long as cash flows remain buoyant, Delta will continue to purchase equipment directly from the manufacturers using cash as it continues to pay down debt, reward shareholders and further improve its financial health. ▲

THE TOP 50 AIRLINES

Methodology

We have evaluated the world's airlines on a number of operational and financial criteria using data from The Airline Analyst. The sample includes a total of 164 companies (up from 147 last year): 161 airlines and three tour operators whose financials are available in the public domain and which have released financial statements for periods ending between December 2012 and March 2014. Of the 164, 27 are separately reported subsidiaries, such as British Airways, Iberia, Air France and KLM, meaning that we have 137 parent groups.

The sample does not include airlines whose financial statements are not available publicly, or those whose most recent available financials fall before December 2012 – for example, Ethiopian Airlines. However, the sample is estimated to include airlines representing about 90% of global revenue passenger kilometres (RPKs). New additions to the sample since the Airline Top 50 was last published include Azul, Bangkok Airways, Interjet, Juneyao Airlines, Qatar Airways, Spring Airlines, Vietnam Airlines and VivaAerobus.

Data for 142 of the 164 companies represents financial years ending in 2013 or on March 31 2014. By going back to December 2012 we capture an additional 22 airlines which have not yet released 2013 data. By publishing a little later this year the data includes the most recent March 31 2014 releases for ANA Holdings, Japan Airlines, Jet Airways, Ryanair, Singapore Airlines and Skymark.

Since last year the most significant changes in our sample are the addition of four Latin American carriers and nine in the Asia-Pacific. The new additions are mostly low-cost carriers, whose number in the sample has increased from 20 to 32.

The sample includes the following categories of airline, each of which has its unique characteristics:

Airline Top 50 sample by business model

Category	Number
Cargo	13
Low-cost carrier	32
Leisure/charter	11
National	9
Network	80
Regional	16
Tour operator	3
Total	**164**

Airline Top 50 sample by region

by region	Number
Africa	6
Asia-Pacific	42
Central Asia	1
Europe	46
Latin America	9
Middle East	8
North America	41
Russia	4
South Asia	7
Total	**164**

We have used the following 16 parameters on which to evaluate the airlines' financial and operational performance:

Evaluation criteria

Total revenue	Net income
Net income margin	Cargo revenue
RPKs	Passenger load factor
Passenger revenue per passenger	Passenger yield
Staff costs to revenue	Rask-Cask margin
Ebitdar margin	Leverage
Fixed charge cover	Liquidity
Return on equity	Equity market capitalisation

Weaknesses in the methodology are acknowledged. Foremost among these is that different airlines report to different year-ends. As a consequence, the comparisons are not like-for-like regarding the economic or fuel price environment prevailing in their respective financial periods. Note that in The Airline Analyst we offer the ability to create comparisons for the same financial periods by aggregating quarterly data, when available, but this is not possible for the full sample of airlines.

In addition, while in the majority of cases the financial statements are consolidated, in some only parent unconsolidated financials are available. One final weakness is the need to convert to a common currency and the validity of the exchange rate chosen. We have converted into dollars using the spot rates prevailing on June 6 2014. We believe using the spot rates rather than the historic exchange rates produces a more valid comparison.

The haves and the have nots

The total revenues in our sample of 164 airlines and tour operators whose financials are available in the public domain are $716.8 billion (after eliminating double counting of subsidiaries that are included in the sample separately). The total revenues for our Top 50 by revenue airlines are $575.4 billion, or 80% of the total sample. The degree of concentration even within the Top 50 is apparent from the table. The top 10 airlines account for 49.7% of the Top 50's revenues.

Of the total sample of 137 parent groups, 92 recorded aggregate positive net income of $24.8 billion, while 45 reported losses aggregating $11 billion for a net positive figure of $13.8 billion. These figures, however, include Delta's extraordinary tax credit of $8.3 billion.

Overall, the Top 50 by net income (excluding Delta's tax credit) had a net profit margin of 2.6%. The net profit margin for all 137 parent groups combined was only 0.9%. Much is made in the media of this paltry 0.9% aggregate net profit margin for the world's airline industry. However, this overall figure obscures the fact that some of the world's airlines enjoy a very high level of profitability.

As we can see from the Top 50 by net income margin, 11 airlines achieved a margin of more than 10%, headed by North American, Delta (boosted by its tax credit), Jazeera, Copa, Air Arabia and Japan Airlines. Low-cost carriers, including Spring, Spirit and Ryanair, are prominent towards the top of the ranking. Alaska Air is a very creditable number 10. Some have fallen in the ranking, including AirAsia, Skymark and Cebu Pacific. Most notably we have seen falls in profitability in Asia offset by growth in North America and Latin America.

Only Delta among the mega-carrier groupings makes it on to the list and that thanks to the tax credit. Excluding the tax credit Delta would be ranked 28 at 5.9%. None of IAG, Air France-KLM or the other US majors are in the Top 50. Not even that bell-weather of Singapore Airlines has a net income margin high enough to make the cut, though competitors Emirates and Turkish Airlines do.

>>>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THE TOP 50 AIRLINES

Analysis: revenue and income

Top 50 by Total Revenue

Rank	Airline	US$m
1	Lufthansa Group	42,113.4
2	United Continental Holdings	38,279.0
3	Delta Air Lines	37,773.0
4	Air France-KLM	34,746.3
5	American Airlines Group	26,743.0
6	International Airlines Group	25,416.7
7	TUI Travel PLC	25,236.0
8	Lufthansa Parent	22,947.8
9	Emirates	22,194.9
10	Air France	21,962.5
11	British Airways	19,178.1
12	Southwest Airlines	17,699.0
13	China Southern Airlines	15,974.5
14	Air China	15,783.7
15	Thomas Cook Group Plc	15,617.6
16	ANA Holdings	15,614.7
17	China Eastern Airlines	14,688.7
18	Qantas Airways	14,669.5
19	US Airways Group	14,607.0
20	LATAM	13,266.1
21	KLM - Royal Dutch Airlines	13,185.4
22	Cathay Pacific	12,962.4
23	Japan Airlines	12,770.0
24	Singapore Airlines	12,035.5
25	Korean Air	11,481.6
26	Air Canada	11,319.6
27	Aeroflot	9,135.8
28	Turkish Airlines	8,950.8
29	Qatar Airways	7,638.5
30	easyJet	7,139.4
31	Ryanair	6,854.9
32	Iberia Opco	6,411.7
33	Thai Airways	6,385.3
34	SAS	6,340.0
35	Air Berlin	5,661.8
36	jetBlue	5,441.0
37	Asiana Airlines	5,355.7
38	Alaska Air Group	4,964.0
39	Gruppo Alitalia	4,891.5
40	Hainan Airlines	4,821.4
41	China Airlines	4,720.1
42	Malaysia Airlines	4,684.5
43	Avianca Holdings	4,609.6
44	EVA Airways	4,135.9
45	GOL	3,943.4
46	Air New Zealand	3,903.6
47	Virgin Atlantic	3,745.6
48	Virgin Australia	3,720.9
49	Garuda Indonesia	3,716.1
50	TAP Group	3,640.5

Top 50 by Net Income

Rank	Airline	US$m
1	Delta Air Lines	10,540.0
2	Japan Airlines	1,621.4
3	Emirates	886.1
4	Lufthansa Parent	805.7
5	Southwest Airlines	754.0
6	Ryanair	711.5
7	easyJet	667.3
8	United Continental Holdings	571.0
9	Air China	529.0
10	Alaska Air Group	508.0
11	British Airways	442.6
12	Copa Holdings	427.5
13	Lufthansa Group	426.0
14	US Airways Group	392.0
15	China Eastern Airlines	384.6
16	Hainan Airlines	341.2
17	Cathay Pacific	338.0
18	Turkish Airlines	323.9
19	Thomson Airways	323.6
20	China Southern Airlines	321.9
21	Singapore Airlines	286.2
22	Avianca Holdings	257.5
23	Aeroflot	251.8
24	WestJet	245.7
25	ANA Holdings	184.2
26	Xiamen Airlines	184.2
27	KLM - Royal Dutch Airlines	179.7
28	Spirit Airlines	176.9
29	jetBlue	168.0
30	International Airlines Group	166.0
31	Air New Zealand	153.8
32	Thomas Cook Airlines Limited	133.5
33	IndiGo	133.4
34	Spring Airlines	118.7
35	Air Arabia	114.6
36	AirAsia	112.8
37	TUI Travel PLC	100.6
38	Atlas Air Worldwide	93.8
39	Allegiant Travel Company	92.3
40	Grupo Aeromexico	83.7
41	Aegean Airlines	78.6
42	Frontier Airlines	77.0
43	Atlas Air, Inc.	67.1
44	SilkAir	64.2
45	North American Airlines	64.1
46	Shandong Airlines	63.1
47	Air Astana	61.1
48	Thai AirAsia	59.7
49	Jazeera Airways	59.2
50	SkyWest, Inc.	59.0

Top 50 by Net Income Margin

Rank	Airline	%
1	North American Airlines	33.8%
2	Delta Air Lines	27.9%
3	Jazeera Airways	25.4%
4	Copa Holdings	16.4%
5	Air Arabia	12.7%
6	Japan Airlines	12.7%
7	Spring Airlines	11.2%
8	Spirit Airlines	10.7%
9	Ryanair	10.4%
10	Alaska Air Group	10.2%
11	Thomson Airways	10.0%
12	Nok Air	9.5%
13	SilkAir	9.4%
14	easyJet	9.3%
15	Allegiant Travel Company	9.3%
16	Thomas Cook Airlines Limited	8.9%
17	IndiGo	8.6%
18	Thai AirAsia	8.3%
19	Aegean Airlines	8.1%
20	WestJet	7.3%
21	Hainan Airlines	7.1%
22	Xiamen Airlines	7.1%
23	AirAsia	7.0%
24	Air Astana	7.0%
25	Shuttle America Corporation	6.7%
26	Omni Air International	6.4%
27	Compass Airlines	6.1%
28	Air Niugini	5.7%
29	Frontier Airlines	5.7%
30	Juneyao Airlines	5.7%
31	Atlas Air Worldwide	5.7%
32	Avianca Holdings	5.6%
33	Icelandair	5.5%
34	Regional Express Holdings	5.4%
35	Bangkok Airways	5.3%
36	GoAir	5.0%
37	Interjet	4.8%
38	Atlas Air, Inc.	4.4%
39	GoJet Airlines	4.3%
40	Southwest Airlines	4.3%
41	Comair Limited	4.2%
42	Emirates	4.0%
43	Air New Zealand	3.9%
44	Pegasus Airlines	3.8%
45	Chorus Aviation	3.7%
46	Turkish Airlines	3.6%
47	Wizz Air	3.6%
48	Lufthansa Parent	3.5%
49	Air Greenland	3.5%
50	Shandong Airlines	3.4%

THE TOP 50 AIRLINES

Analysis: revenue and income

Top 50 by cargo revenue
Network carriers from Europe and Asia dominate the Top 50 by cargo revenue ranking. Cargolux also makes it into the top 10 with revenues of $1.9 billion.

Other dedicated cargo providers in the list include Martinair, Kalitta Air, Centurion Cargo and Polar Air Cargo. Many of these enjoyed bumper years of growth as a result of the US military airlift to Iraq and Afghanistan but are now experiencing a sharp reduction in business from these sources. Evergreen International is one such carrier that closed down in 2013 as a result.

Historically, seen as a diversification of risk for network carriers otherwise dependent solely on passenger revenues, we have seen in recent years how fickle cargo revenues are to a slowdown in world trade and shipment of technology and fashion products from Asia. Many airlines have not yet achieved a return to the pre-financial crisis peak level of cargo revenues.

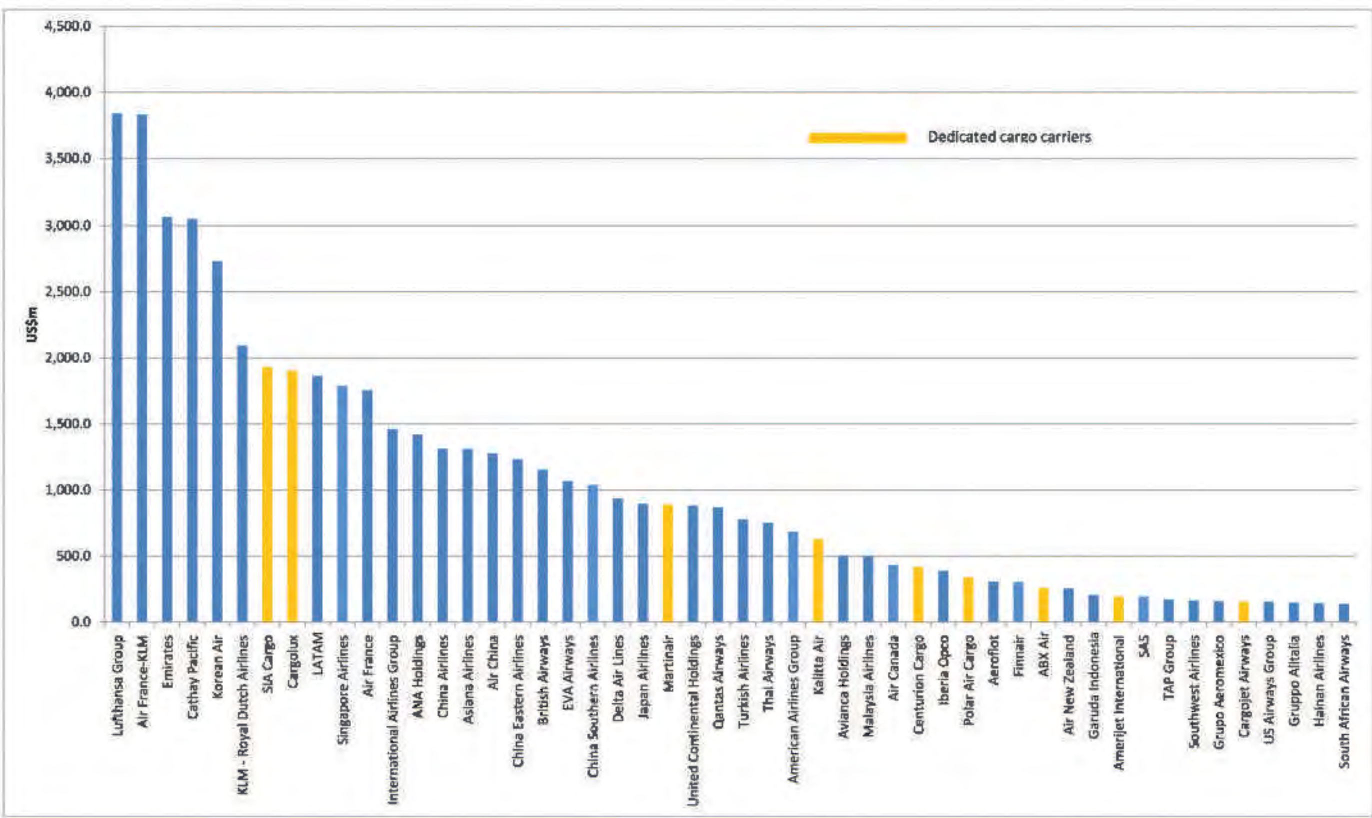
For many of the Asian carriers and selected Middle Eastern and Latin American carriers, cargo revenues remain a very high percentage of total revenues, as shown in the table.

>>>

Cargo Revenues as % of Total Revenues

Rank	Airline	%
1	China Airlines	27.8%
2	USA Jet	26.8%
3	EVA Airways	25.8%
4	Asiana Airlines	24.5%
5	Korean Air	23.8%
6	Cathay Pacific	23.5%
7	KLM - Royal Dutch Airlines	15.9%
8	Singapore Airlines	14.9%
9	LATAM	14.0%
10	Emirates	13.8%
11	Thai Airways	11.8%
12	Air France-KLM	11.0%
13	Avianca Holdings	10.9%
14	SriLankan Airlines	10.7%
15	Malaysia Airlines	10.7%

Top 50 by Cargo Revenue



THE TOP 50 AIRLINES

Analysis: passenger revenue and yield

Top 50 by Passenger Revenue per Passenger*

Rank	Airline	Ave trip length** (km)	US$
1	Singapore Airlines	4,564	450
2	EL AL Israel Airlines	4,094	435
3	British Airways	3,287	425
4	Air Greenland	1,177	414
5	Emirates	4,835	400
6	KLM - Royal Dutch Airlines	3,350	389
7	Air France	2,696	349
8	Air France-KLM	2,911	349
9	International Airlines Group	2,771	329
10	Copa Holdings	3,007	324
11	Cathay Pacific	3,495	310
12	Korean Air	2,897	302
13	Air Mauritius	4,511	298
14	EVA Airways	3,456	296
15	Lufthansa Parent	2,004	291
16	Lufthansa Group	2,005	283
17	TAP Group	2,673	282
18	Air Canada	2,553	281
19	Atlantic Airways	973	270
20	Kenya Airways	2,614	270
21	Qantas Airways	2,297	263
22	Icelandair	2,615	257
23	Finnair	2,673	250
24	Aeroflot	2,716	248
25	Thai Airways	2,951	246
26	TRANSAERO Airlines	3,970	242
27	United Continental Holdings	2,372	238
28	Air New Zealand	2,068	237
29	Austrian Airlines	1,566	235
30	Japan Airlines	1,519	232
31	Asiana Airlines	2,148	215
32	ANA Holdings	1,397	213
33	Regional Express Holdings	377	209
34	Air Astana	1,972	208
35	PAL Holdings	2,860	208
36	Royal Jordanian Airlines	2,581	207
37	American Airlines Group	2,026	205
38	Virgin America	2,503	204
39	Malaysia Airlines	2,748	203
40	Sun Country Airlines	2,155	203
41	Delta Air Lines	1,906	200
42	Pakistan International Airlines	2,751	196
43	Hawaiian Airlines	2,215	196
44	Adria Airways	1,072	192
45	Gruppo Alitalia	1,450	188
46	South African Airways	2,813	187
47	Oman Air	2,268	186
48	Air China	1,828	181
49	Grupo Aeromexico	1,615	181
50	SriLankan Airlines	3,048	178

* Passenger revenue divided by number of passengers
** RPKs divided by number of passengers

Top 50 by Passenger Yield*

Rank	Airline	Ave trip length** (km)	Yield US cents
1	Regional Express Holdings	377	55.60
2	Air Greenland	1,177	35.20
3	Miami Air International	1,463	33.62
4	Atlantic Airways	973	27.77
5	Flybe	472	25.77
6	Estonian Air	679	24.33
7	Croatia Airlines	736	17.93
8	Adria Airways	1,072	17.88
9	Air Wisconsin	568	17.80
10	North American Airlines	5,982	17.30
11	Precision Air	551	17.09
12	Atlas Air, Inc.	5,615	17.04
13	Japan Airlines	1,519	15.26
14	ANA Holdings	1,397	15.25
15	SAS	1,099	15.19
16	Austrian Airlines	1,566	15.01
17	Lufthansa Parent	2,004	14.51
18	Lufthansa Group	2,005	14.12
19	NIKI	896	13.60
20	Gruppo Alitalia	1,450	12.97
21	Air France	2,696	12.94
22	British Airways	3,287	12.93
23	Avianca Holdings	1,269	12.36
24	Air France-KLM	2,911	11.99
25	Azul	773.0	11.93
26	International Airlines Group	2,771	11.88
27	KLM - Royal Dutch Airlines	3,350	11.61
28	Omni Air International	5,072	11.59
29	Air New Zealand	2,068	11.48
30	Qantas Airways	2,297	11.46
31	Aegean Airlines	1,101	11.26
32	PSA Airlines	610	11.25
33	Grupo Aeromexico	1,615	11.18
34	Air Canada	2,553	11.02
35	Copa Holdings	3,007	10.77
36	Aer Lingus	1,538	10.76
37	Luxair Group	1,142	10.72
38	Air Berlin	1,540	10.69
39	EL AL Israel Airlines	4,094	10.62
40	TAP Group	2,673	10.56
41	Horizon Air	491	10.56
42	US Airways Group	1,451	10.55
43	Air Astana	1,972	10.55
44	Delta Air Lines	1,906	10.50
45	Korean Air	2,897	10.43
46	easyJet	1,112	10.41
47	LATAM	1,596	10.39
48	Kenya Airways	2,614	10.33
49	GOL	955	10.31
50	Virgin Australia	1,622	10.28

* Passenger revenue divided by number of passengers
** RPKs divided by number of passengers

THE TOP 50 AIRLINES

Analysis: passenger revenue and yield

Top 50 by passenger revenue per passenger
The Top 50 by passenger revenue per passenger shows the expected correlation with average trip length (RPKs divided by number of passengers). Exceptions to that include Air Greenland, Atlantic Airways and Regional Express. The two main Japanese carriers, Japan Airlines and ANA Holdings, are also exceptions, where the high yields in the domestic business support high revenue per passenger despite average trip lengths of only 1,400kms to 1,500kms.

There are no low-cost carriers appearing on this ranking, reflecting their relatively short average stage length and no frills offerings.

Top 50 by passenger yield
This ranking, while also influenced by average trip length, shows the influence of flying on less-competitive routes, such as for Regional Express, Air Greenland and Atlantic Airways. Yields for Japan Airlines and ANA Holdings are also at the high end but are

trending down because of increased competition and the weakening yen. Flybe may be at the higher end of the scale but should be seen in the context of its short average trip length of 472kms.

Despite the competitive pressures from Norwegian Air Shuttle, Ryanair and others, SAS continues to realize relatively high yields, higher than its European network competitors.

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THE TOP 50 AIRLINES

Analysis: RPKs and passenger load factor

Top 50 by RPKs

Of all of our rankings, probably the most predictable is the Top 50 by RPKs. Increasingly dominated by the major mega groups, the top 10 airline groups comprise 41% of the total RPKs for the sample of 137 and the Top 50 comprises a staggering 80% of the total.

The phenomenon of Emirates' growth is evident from its ranking in fifth place, up from eighth last year, edging out Lufthansa and IAG. The Chinese majors come in at numbers 10, 11 and 15. Latam, at number 17 is the largest of the Latin American carriers. Ryanair does not feature because its RPK data is not yet available for 2013/14.

Top 50 by passenger load factor

The UK charter or leisure airlines of Thomas Cook and Thomson come out ahead, as do other leisure airlines such as Allegiant and Jet2.com. Several other prominent low-cost carriers, including Spring Airlines, easyJet and Frontier Airlines, also managed to achieve very high load factors. Perhaps surprising, all of the Top 50 achieved load factors of more than 80%, including all three US and three European mega-carrier groups.

Top 50 by RPKs

Rank	Airline	RPKs (m)
1	United Continental Holdings	330,184
2	Delta Air Lines	313,803
3	American Airlines Group	231,008
4	Air France-KLM	228,316
5	Emirates	215,353
6	Lufthansa Group	209,649
7	International Airlines Group	186,304
8	Southwest Airlines	167,932
9	Lufthansa Parent	149,780
10	China Southern Airlines	148,417
11	Air China	141,968
12	Air France	139,824
13	British Airways	131,333
14	US Airways Group	123,377
15	China Eastern Airlines	120,461
16	Qantas Airways	110,905
17	LATAM	106,466
18	Cathay Pacific	104,571
19	Singapore Airlines	100,580
20	Turkish Airlines	92,003
21	Air Canada	91,391
22	KLM - Royal Dutch Airlines	89,039
23	Aeroflot	85,273
24	ANA Holdings	68,475
25	Korean Air	68,360
26	easyJet	67,573
27	Thai Airways	63,479
28	Japan Airlines	59,136
29	jetBlue	57,672
30	SkyWest, Inc.	51,233
31	Air Berlin	48,570
32	Iberia Opco	48,068
33	Malaysia Airlines	47,286
34	Alaska Air Group	46,402
35	Hainan Airlines	45,486
36	TRANSAERO Airlines	41,004
37	GOL	34,684
38	Gruppo Alitalia	34,581
39	Asiana Airlines	34,523
40	China Airlines	34,210
41	Virgin Atlantic	33,898
42	SAS	33,451
43	Jet Airways	32,609
44	Thomson Airways	31,957
45	Garuda Indonesia	31,950
46	WestJet	31,529
47	Virgin Australia	31,300
48	Avianca Holdings	31,253
49	Air New Zealand	27,733
50	EVA Airways	27,681

Top 50 by Passenger Load Factor

Rank	Airline	LF %
1	Thomas Cook Airlines Limited	93.9%
2	Thomson Airways	93.5%
3	Spring Airlines	93.5%
4	easyJet	91.0%
5	Frontier Airlines	90.7%
6	Jet2.com	89.3%
7	Allegiant Travel Company	87.5%
8	Spirit Airlines	86.6%
9	Hainan Airlines	86.4%
10	KLM - Royal Dutch Airlines	85.8%
11	Alaska Air Group	85.6%
12	Monarch Airlines	85.1%
13	Air Berlin	84.8%
14	Grupo VivaAerobus	84.0%
15	Nok Air	84.0%
16	Delta Air Lines	83.8%
17	Air France-KLM	83.8%
18	US Airways Group	83.7%
19	jetBlue	83.7%
20	Juneyao Airlines	83.7%
21	United Continental Holdings	83.6%
22	Air New Zealand	83.6%
23	Thai AirAsia	83.6%
24	EL AL Israel Airlines	82.9%
25	Air Canada	82.8%
26	Tigerair Australia	82.7%
27	American Airlines Group	82.6%
28	Volaris	82.6%
29	Air France	82.5%
30	TRANSAERO Airlines	82.5%
31	Cathay Pacific	82.2%
32	AirAsia X	82.1%
33	Iberia Opco	81.8%
34	WestJet	81.7%
35	Hawaiian Airlines	81.5%
36	British Airways	81.4%
37	SriLankan Airlines	81.3%
38	SkyWest, Inc.	81.2%
39	IndiGo	81.1%
40	Air Arabia	81.1%
41	Malaysia Airlines	81.0%
42	LATAM	80.9%
43	International Airlines Group	80.8%
44	Air China	80.8%
45	Horizon Air	80.8%
46	Avianca Holdings	80.6%
47	AirAsia	80.2%
48	Pegasus Airlines	80.2%
49	Virgin America	80.2%
50	Southwest Airlines	80.1%

THE TOP 50 AIRLINES

Analysis: staff costs

Top 50 by lowest staff costs to revenue
Employee costs are typically the second-largest Ebitdar (earnings before interest, taxes, depreciation, amortization, and restructuring or rent costs) item, after fuel, for the world's airlines. Labour relations and compensation structures tend to put the old legacy airlines at a serious competitive disadvantage to start-up low-cost carriers and carriers based in emerging economies. The Top 50 by lowest staff costs to revenue ranking shows this all too clearly.

Some of the dedicated cargo carriers show very low employee costs/revenue ratios, perhaps in part because of costs being in other companies within the group. Cargolux, by comparison, comes in at 12.3%, handicapped by its average employee cost of $151.9.

While some care should be taken in interpreting this data because of varying accounting treatments and disclosure, the next grouping of carriers in the ranking have ratios below 10%, while Ryanair, as a major airline based in a developed economy, achieves a startling 9.2%, down from 9.6% in the previous Airline Top 50.

They are followed by creditable performances by other low-cost carriers and leisure airlines (including Wizz Air, Indigo, Vueling, Volaris and Jetstar Asia), and some flag carriers from emerging economies such as Biman Bangladesh, PAL, Air Astana and Copa Holdings. The three major Chinese carriers all have ratios between 14.4% and 14.9%, notably higher than in the previous Airline Top 50. Their average staff costs ranged from $30,200 to $36,600.

By comparison, the developed mega-carrier groupings do not qualify for a Top 50 ranking. Lufthansa's ratio is 25.5%, while IAG and Air France-KLM are 18.9% and 29.3%, respectively.

The US majors show a little better because of lower average employee costs. Delta's ratio is 21.8%, United Airlines' 22.5% and American Airlines is 23% (down from 27.8% last year). Southwest was an unexpectedly high 28.5%,

presumably reflecting the shorter average trip length.

Virgin Atlantic and Emirates make the list but Singapore Airlines slips off with a ratio of 15.5%. The major Latin American carriers had quite varied results. Copa made it into the Top 50 at number 21 with a ratio of 10.6%, while Latam lagged at 18.8% and Gol recovered to 14.9% compared with 19.4% last year, thanks to a revenue recovery. Avianca was 14.6%. >>>

Top 50 by Lowest Staff Costs to Revenue

Rank	Airline	Ave cost per Employee (US$k)	Employee Costs as % of Revenue	Rank	Airline	Ave cost per Employee (US$k)	Employee Costs as % of Revenue
1	Polar Air Cargo	N/A	2.5%	26	USA Jet	N/A	10.9%
2	SIA Cargo	92.6	4.7%	27	Germania	58.7	10.9%
3	Interjet	N/A	4.8%	28	Blue Panorama	54.8	10.9%
4	Wizz Air	46.6	5.3%	29	Royal Jordanian Airlines	27.9	11.1%
5	Hainan Airlines	29.4	6.1%	30	Jazeera Airways	61.7	11.1%
6	Nok Air	N/A	7.0%	31	Thomas Cook Group Plc	65.7	11.1%
7	Air Niugini	N/A	7.6%	32	Monarch Airlines	74.5	11.3%
8	GoAir	N/A	7.7%	33	Pegasus Airlines	50.6	11.4%
9	IndiGo	N/A	8.0%	34	AirAsia	N/A	11.7%
10	Centurion Cargo	N/A	8.5%	35	Asiana Airlines	64.8	11.8%
11	Vueling Airlines	81.7	8.7%	36	Virgin Atlantic	53.4	11.9%
12	Biman Bangladesh	N/A	9.1%	37	Fiji Airways	N/A	11.9%
13	SpiceJet	N/A	9.1%	38	Volaris	46.0	12.0%
14	Ryanair	N/A	9.2%	39	easyJet	99.7	12.1%
15	PAL Holdings	25.2	9.7%	40	Air Berlin	75.5	12.1%
16	Grupo VivaAerobus	38.6	9.9%	41	Jetstar Asia	N/A	12.2%
17	Scoot	66.5	10.0%	42	Cargolux	151.9	12.3%
18	Transat A.T.	67.4	10.1%	43	Estonian Air	60.6	12.4%
19	AirAsia X	N/A	10.2%	44	SilkAir	67.4	12.6%
20	Air Astana	23.6	10.5%	45	Emirates	55.6	12.6%
21	Copa Holdings	32.6	10.6%	46	Garuda Indonesia	N/A	12.8%
22	Thomson Airways	89.6	10.6%	47	Comair Limited	33.8	12.8%
23	Thai AirAsia	N/A	10.6%	48	Shandong Airlines	37.0	13.1%
24	Jet Airways	26.3	10.7%	49	Kenya Airways	34.4	13.2%
25	Aegean Airlines	54.9	10.9%	50	Air Arabia	N/A	13.3%

THE TOP 50 AIRLINES

Analysis: financial flexibility

Top 50 by Lowest Leverage*

Rank	Airline	Times
1	Luxair Group	0.0
2	Compass Airlines	0.0
3	Qatar Airways	0.0
4	Allegiant Travel Company	0.0
5	Envoy Air	0.0
6	Japan Airlines	0.1
7	easyJet	0.4
8	Singapore Airlines	0.4
9	Alaska Air Group	0.5
10	Ryanair	0.6
11	Aer Lingus	0.6
12	SilkAir	0.7
13	Air Greenland	0.7
14	Regional Express Holdings	1.0
15	Southwest Airlines	1.0
16	Atlantic Airways	1.1
17	Icelandair	1.1
18	USA Jet	1.1
19	Lufthansa Group	1.2
20	Kalitta Air	1.2
21	WestJet	1.3
22	Copa Holdings	1.5
23	Spirit Airlines	1.7
24	Delta Air Lines	1.7
25	Air New Zealand	1.8
26	British Airways	1.8
27	Transat A.T.	1.9
28	Tyrolean Airways	2.2
29	Thomas Cook Airlines Limited	2.2
30	SIA Cargo	2.2
31	Thomas Cook Group Plc	2.3
32	International Airlines Group	2.4
33	Aegean Airlines	2.5
34	Jazeera Airways	2.7
35	Jet2.com	2.7
36	TUI Travel PLC	2.7
37	Nok Air	2.9
38	Grupo VivaAerobus	2.9
39	Comair Limited	3.0
40	Air Transport Services Group	3.1
41	Qantas Airways	3.1
42	Air Niugini	3.2
43	Pegasus Airlines	3.2
44	Thomson Airways	3.2
45	Air Arabia	3.3
46	Air Canada	3.3
47	American Airlines Group	3.7
48	United Continental Holdings	3.7
49	Xiamen Airlines	3.8
50	US Airways Group	3.8

* Adjusted Net Debt / EBITDAR

Top 50 by lowest leverage

Leverage for the Top 50 ranges from zero for those airlines with no adjusted net debt to a high of 3.8 times for Xiamen Airlines and US Airways. As to be expected, the list includes most airlines with investment-grade credit ratings, including the recent additions of Ryanair and WestJet.

Noticeably highly placed on the list is Japan Airlines after the debt forgiveness achieved through its restructuring. ANA Holdings, by comparison, is not on the list but features at number 52 with 3.9 times. Other majors on the list include Singapore Airlines, Lufthansa, Delta, British Airways, IAG, Qantas, American Airlines and United but Air France-KLM, Emirates and Cathay Pacific are not in the Top 50. Other absentees include all the Latin American carriers except Copa and VivaAerobus.

A number of the major low-cost carriers make the ranking with strong cash generation supporting their debt loads from recent fleet expansion.

Top 50 by highest fixed charge cover

"Who cares what our leverage is as long as we pay our rent/interest and you have our aircraft as collateral anyway?" is a question heard often by aviation financiers, and there is an element of truth to it. A meaningful fixed charge cover ratio and/or covenant can however help protect the asset financier against the likelihood of default.

As is to be expected, our Top 50 for fixed charge cover is similar to the Top 50 by lowest leverage. Those airlines with no or minimal adjusted net debt are at the top but some notable airlines make this list despite their higher leverage, such as Cathay Pacific, Turkish Airlines, China Airlines, Air China, China Southern, Korean Air,

Cebu Pacific and AirAsia. All of these airlines have a fixed charge cover comfortably above two times, which translates into the financier being protected for rent and interest (if not principal) payments even if Ebitdar declines by 50% to 60%

THE TOP 50 AIRLINES

Analysis: financial flexibility

Top 50 by highest liquidity

Liquidity is another major indicator of financial flexibility for an airline and its ability to withstand sudden shocks, such as a strike, natural disaster or grounding of all or a portion of its fleet.

Top of the list for liquidity are a number of very successful low-cost carrier start-ups of the past two decades, whose financial analysis may be focused on whether to return some surplus cash to shareholders or buy new aircraft.

At the other end of the scale, many market participants consider that liquidity of three months of revenues is the minimum level required for comfortable operation of an airline. That is equivalent to a figure of at least 25% of revenues as a liquidity buffer in the table opposite.

Perhaps surprisingly, only 27 airlines achieve this level, so we should perhaps rename this list the Top 27. One reason may be that some airlines rely on committed liquidity facilities that are not captured in our data, as with Delta, Qantas and Finnair. Others may keep a buffer of unencumbered aircraft to be converted into cash if required. It is notable that American Airlines made it into the Top 50 by liquidity at number 12, despite having been in bankruptcy. Emirates made it into this Top 50 but not the other two.

>>>

Top 50 by Highest Fixed Charge Cover*

Rank	Airline	Times
1	Luxair Group	53.1
2	Air Greenland	13.8
3	Allegiant Travel Company	13.6
4	Scoot	9.5
5	Japan Airlines	8.6
6	Alaska Air Group	7.6
7	Lufthansa Group	6.9
8	Copa Holdings	6.9
9	Pegasus Airlines	6.9
10	USA Jet	6.7
11	Ryanair	6.6
12	Kalitta Air	6.6
13	easyJet	6.3
14	British Airways	6.0
15	Delta Air Lines	5.9
16	SilkAir	5.8
17	Regional Express Holdings	5.7
18	Xiamen Airlines	5.6
19	Southwest Airlines	5.5
20	Air New Zealand	4.7
21	Jazeera Airways	4.6
22	Atlantic Airways	4.5
23	Icelandair	4.4
24	Air Transport Services Group	4.4
25	Air Arabia	4.3
26	TransAsia Airways	4.3
27	WestJet	3.9
28	Qatar Airways	3.8
29	Singapore Airlines	3.8
30	Aer Lingus	3.7
31	Tyrolean Airways	3.7
32	Cathay Pacific	3.6
33	Qantas Airways	3.4
34	International Airlines Group	3.3
35	Horizon Air	3.3
36	ANA Holdings	3.1
37	jetBlue	3.1
38	Turkish Airlines	3.1
39	China Airlines	3.0
40	Air China	3.0
41	China Southern Airlines	3.0
42	Korean Air	3.0
43	Spirit Airlines	2.9
44	Comair Limited	2.8
45	Cebu Pacific	2.8
46	AirAsia	2.8
47	Transat A.T.	2.6
48	Thomas Cook Airlines Limited	2.6
49	Thomson Airways	2.6
50	Shuttle America Corporation	2.6

* EBITDAR / Net Fixed Charges (Interest and Aircraft Rent)

Top 50 by Highest Liquidity*

Rank	Airline	%
1	Scoot	80.8%
2	Jazeera Airways	66.7%
3	Ryanair	64.1%
4	Hainan Airlines	56.1%
5	Aer Lingus	51.4%
6	Nok Air	47.9%
7	Qatar Airways	47.7%
8	Luxair Group	42.1%
9	Air Arabia	42.1%
10	Pegasus Airlines	36.5%
11	Allegiant Travel Company	35.2%
12	American Airlines Group	34.6%
13	Singapore Airlines	34.5%
14	WestJet	34.3%
15	Spirit Airlines	32.1%
16	Aegean Airlines	32.0%
17	GOL	31.2%
18	Vueling Airlines	30.9%
19	TransAsia Airways	30.2%
20	easyJet	29.1%
21	Japan Airlines	28.2%
22	Thai AirAsia	27.4%
23	Alaska Air Group	26.8%
24	AirAsia	26.4%
25	Cathay Pacific	25.9%
26	Xiamen Airlines	25.3%
27	Copa Holdings	25.0%
28	Air New Zealand	24.9%
29	Malaysia Airlines	24.8%
30	Thomas Cook Airlines Limited	23.4%
31	Tigerair	23.4%
32	ANA Holdings	23.3%
33	Atlantic Airways	23.2%
34	Spring Airlines	22.5%
35	US Airways Group	22.3%
36	Air Malta	21.2%
37	Republic Airways	20.6%
38	Emirates	20.3%
39	EVA Airways	20.1%
40	Atlas Air Worldwide	20.1%
41	SkyWest, Inc.	20.0%
42	Hawaiian Airlines	19.6%
43	Icelandair	19.5%
44	International Airlines Group	19.5%
45	Jet2.com	19.1%
46	Finnair	19.0%
47	Volaris	18.9%
48	Shuttle America Corporation	18.6%
49	Southwest Airlines	17.8%
50	Qantas Airways	17.8%

* Unrestricted Cash as percentage of Total Revenues

THE TOP 50 AIRLINES

Analysis: Rask-Cask margin

Top 50 by Rask-Cask margin

The cost per available seat-kilometre and revenue per available seat-kilometre (Rask-Cask) margin has become one of the key ratios monitored by airline management and analysts alike in assessing competitiveness and trends.

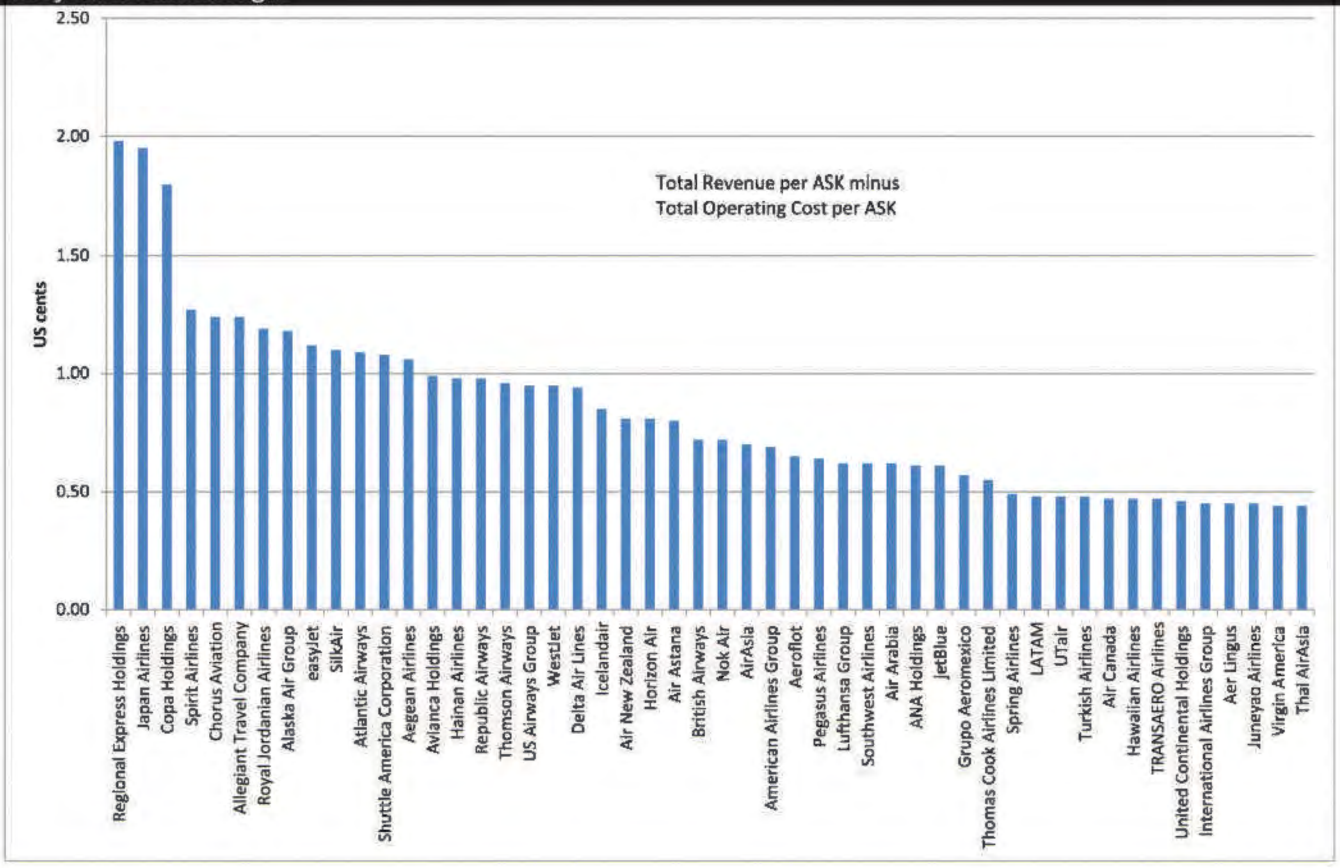
In the ever-competitive airline industry very slim margins and competitive advantages mean the difference between success and failure. Having a marginally higher cost structure can be sustainable if it is supporting a premium revenue structure such as with British Airways or the US majors. However, if it is not, the strength of competitive forces will root out the airline's weakness.

Considering many airline management teams would die to have a Rask-Cask margin in excess of one cent, it is striking that 13 of our Top 50 did just that, with Regional Express achieving almost two cents and Japan Airlines, a major network carrier, coming in at 1.95 cents (but down from 2.43 cents last time, partly because of the weakening of the yen). The more-than-one-cent club also includes Copa Holdings, Spirit, Chorus, Allegiant, Royal Jordanian, Alaska Air Group, easyJet and Silkair. Aegean Airlines made a huge turnaround to join the club this year.

Delta, the first of the mega-carrier groupings, is at a creditable 0.94 cents, though recognition should also be given to US Airways, just edging out Delta at 0.95 cents. American is further down at 0.69 cents. Southwest made number 32 at 0.62 cents. Lufthansa Group ranked 31st this year and IAG 46th, but Air-France-KLM did not make it into the Top 50.

Other notables include the two initial public offering (IPO)-bound Chinese airlines, Spring Airlines and Juneyao Airlines, making the list and also Virgin America, also with intent on an IPO.

Top 50 by Rask-Cask margin



THE TOP 50 AIRLINES

Analysis: Ebitdar margin

Top 50 by Ebitdar margin

Unlike some other measures Ebitdar margin is neutral to the means of aircraft financing (owned or leased) and the degree of financial leverage of an airline. While a high Ebitdar margin will therefore not alone make a financially successful airline, it is a very appealing measure of management's success in running the airline and the viability of the airline's core business, independent of the financing strategies chosen.

Not surprisingly, we see many of the low-cost carriers in the ranking, headed by Jazeera. AirAsia slipped from second position to seventh this year, joined in the top 30 by Spirit, Indigo, Allegiant, Nok Air, Thai AirAsia and Ryanair.

Some niche players also rank highly, having successfully exploited the market opportunity they are focused on. Shuttle America is a creditable

third and Republic Airways fourth.

Copa, Hainan Airlines, Aegean Airlines, UTair and Japan Airlines and are the highest-ranked network carriers. Otherwise, the network carriers on the list are predominantly from Asia and Latin America.

Reflecting their lower staff costs, some of the cargo carriers also appear high on the list. These include Polar Air Cargo, Air Transport Services Group, ABX Air and Atlas Air Worldwide.

Notable by their absence are the mega-carrier groupings of the US and Europe but Emirates makes the list at 19.8%, as does Air China at 19.3%.

Financial flexibility

We have assessed financial flexibility on three key financial parameters: leverage, fixed charge cover and liquidity.

Leverage is calculated as adjusted net debt (net balance sheet debt plus eight times aircraft rent) to Ebitdar (fixed charge cover as Ebitdar divided by net interest plus aircraft rent) and liquidity as unrestricted cash as a percentage of revenue.

A cash-flow measure of leverage is preferred because traditional ratios based on book equity can mislead. A leverage

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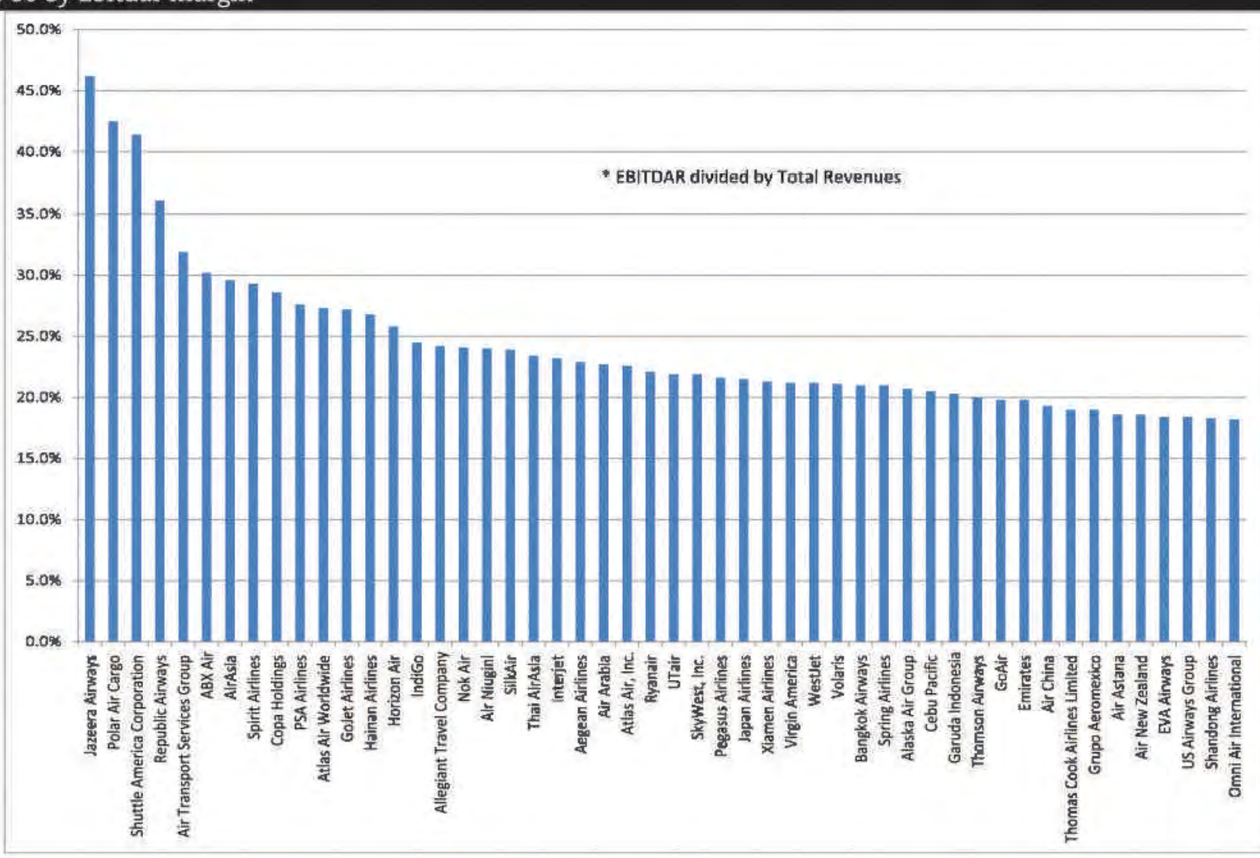
Top 50 by Ebitdar margin



THE TOP 50 AIRLINES

Analysis: equity market capitalisation and return on equity

Top 50 by equity market capitalisation
The period since the Airline Top 50 was last published has been very good for airline stocks, supported by some stability in fuel prices, a quieting of the euro crisis and continued capacity constraint in the US market. Two years ago the top 50 airline stocks had a total value of $165 billion, which had risen to $214 billion a year ago and this year reached $294 billion. Delta continues to be the top-ranked airline with a market capitalisation of $35.9 billion, up from $15.2 billion last year. The recently bankrupt American Airlines Group comes in second at $30.6 billion and two other US carriers make up the top four.

Only six of the top 20 are from Asia, down from eight last year, while the mega-European carriers of IAG, Lufthansa and Air France-KLM make it into positions five, seven and 18 respectively. Latam remains the highest-ranked Latin American carrier in 13th position (down from seventh), followed by Copa in 17th.

Southwest leads the low-cost carrier stakes at number three, ahead of Ryanair (six), easyJet (eight), Spirit (21), WestJet (26) and AirAsia (30). The two major Japanese carriers come in at number 10 and 11.

TUI Travel PLC, representing the tour operator segment, and which owns a number of airlines and operates many aircraft, comes in a respectable 12th, at $7.7 billion, and is joined by Thomas Cook Group at number 22, up from $1.4 billion last year to $3.9 billion.

Top 50 by return on equity
The top 50 by return on equity shows the airline sector can generate high returns for equity investors. However, it is the chosen few that can generate such returns, benefiting from one or more competitive advantages, which may be short lasting.

The highest were two low-cost carriers, Indigo and Frontier Airlines. Delta comes in at number four because of its tax credit of $8.3 billion. Other low-cost carriers also performed well on this measure, including IPO candidates VivaAerobus, Wizz Air and Spring Airlines. Among the better performing network carriers were Aegean Airlines, Japan Airlines, Air Astana, Avianca and Aeroflot. Emirates just made the list at number 50.

Top 50 by Equity Market Capitalisation*

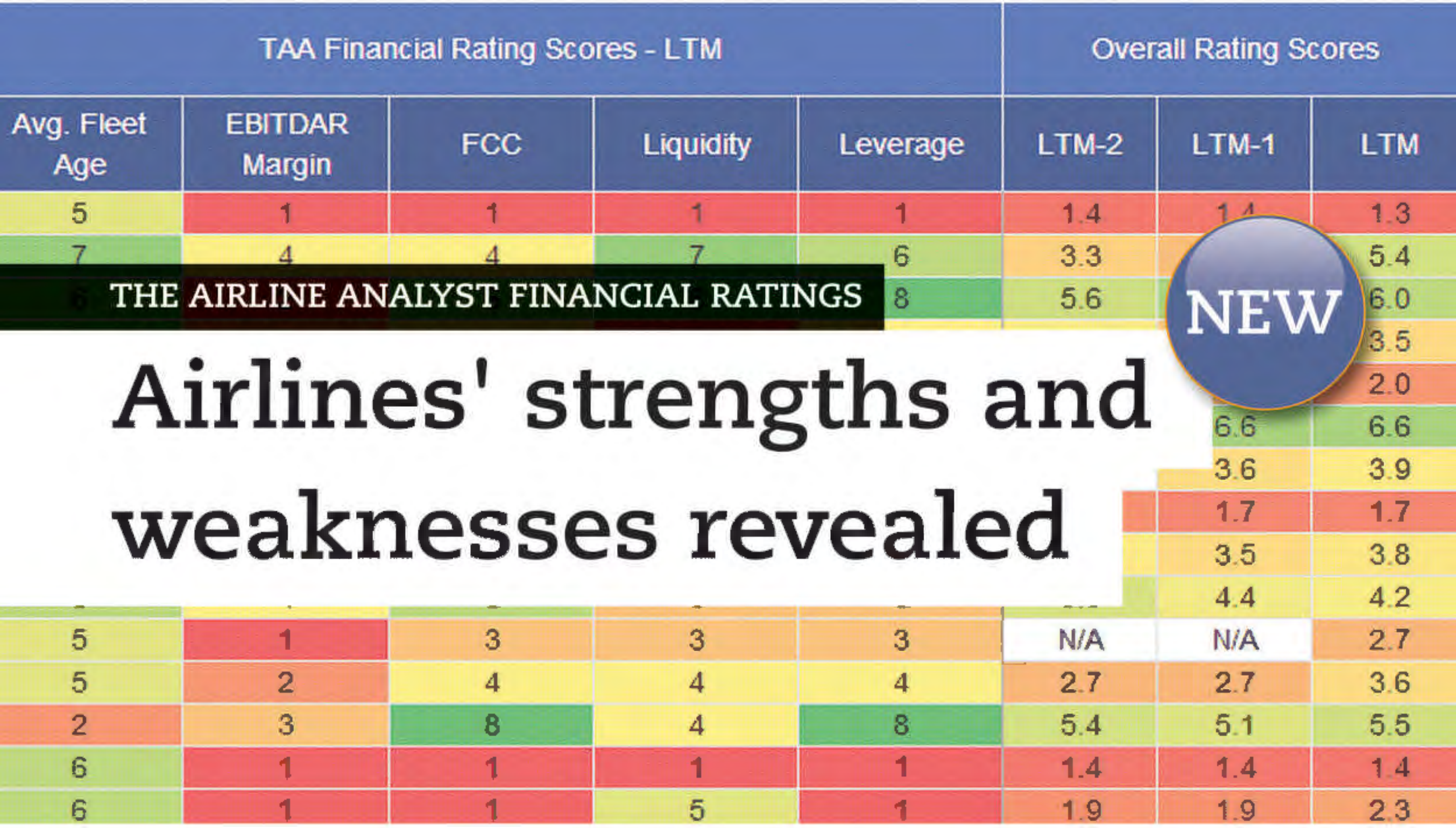
Rank	Airline	US$m
1	Delta Air Lines	35,905
2	American Airlines Group	30,570
3	Southwest Airlines	19,206
4	United Continental Holdings	16,980
5	International Airlines Group	14,328
6	Ryanair	14,092
7	Lufthansa Group	12,318
8	easyJet	10,590
9	Singapore Airlines	9,812
10	Japan Airlines	9,568
11	ANA Holdings	7,861
12	TUI Travel PLC	7,682
13	LATAM	7,376
14	Cathay Pacific	7,318
15	Air China	6,936
16	Alaska Air Group	6,822
17	Copa Holdings	6,202
18	Air France-KLM	4,779
19	China Eastern Airlines	4,725
20	Turkish Airlines	4,720
21	Spirit Airlines	4,405
22	Thomas Cook Group Plc	3,865
23	China Southern Airlines	3,660
24	PAL Holdings	3,154
25	jetBlue	3,036
26	WestJet	2,970
27	Qantas Airways	2,824
28	Air Canada	2,474
29	Allegiant Travel Company	2,218
30	AirAsia	2,137
31	Air New Zealand	2,051
32	Avianca Holdings	2,043
33	Korean Air	1,959
34	China Airlines	1,757
35	Aeroflot	1,736
36	EVA Airways	1,639
37	GOL	1,540
38	Norwegian Air Shuttle	1,380
39	Pegasus Airlines	1,377
40	Air Arabia	1,258
41	Grupo Aeromexico	1,234
42	Aer Lingus	1,120
43	Virgin Australia	979
44	Atlas Air Worldwide	960
45	Thai Airways	957
46	Malaysia Airlines	932
47	Asiana Airlines	920
48	TRANSAERO Airlines	884
49	Volaris	842
50	Hawaiian Airlines	836

* Based on closing prices on 6th June, 2014

Top 50 by Return on Equity*

Rank	Airline	%
1	IndiGo	147.9%
2	Frontier Airlines	120.1%
3	North American Airlines	93.0%
4	Delta Air Lines	90.5%
5	USA Jet	62.8%
6	Grupo VivaAerobus	43.0%
7	Wizz Air	40.1%
8	Thomas Cook Airlines Limited	33.4%
9	Chorus Aviation	33.3%
10	Thai AirAsia	33.2%
11	Air Wisconsin	31.9%
12	Compass Airlines	29.0%
13	Omni Air International	27.9%
14	Jet2.com	27.3%
15	Aegean Airlines	27.1%
16	Envoy Air	27.0%
17	Spring Airlines	26.7%
18	S7 Airlines	26.3%
19	Thomson Airways	25.8%
20	Miami Air International	25.6%
21	Alaska Air Group	25.0%
22	Allegiant Travel Company	24.5%
23	Nok Air	23.5%
24	Japan Airlines	23.4%
25	Spirit Airlines	23.0%
26	Copa Holdings	22.5%
27	Jazeera Airways	22.3%
28	Comair Limited	22.2%
29	GoJet Airlines	21.7%
30	Air Astana	21.6%
31	Monarch Airlines	21.5%
32	Avianca Holdings	21.2%
33	easyJet	19.7%
34	United Continental Holdings	19.1%
35	Juneyao Airlines	19.1%
36	Interjet	17.5%
37	WestJet	16.9%
38	Amerijet International	16.7%
39	Air Niugini	16.4%
40	Icelandair	16.3%
41	Ryanair	15.9%
42	Aeroflot	15.1%
43	Lufthansa Parent	14.9%
44	Bangkok Airways	14.5%
45	Shandong Airlines	14.4%
46	EL AL Israel Airlines	14.1%
47	Grupo Aeromexico	13.1%
48	Transat A.T.	13.1%
49	Hawaiian Airlines	13.1%
50	Emirates	12.8%

* Net Income divided by Equity



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