

# Airline Industry Revenue - Cost Analysis

[AirlineFinancials.com](http://AirlineFinancials.com)

*Note: To use the interactive functions will require the Excel version of this report. Clicking tab at bottom will pull up data sheet for specific airline.*

Green and yellow boxes provide projected year-over-year change to that specific metric. User input changes to the yellow boxes will re-calculate historical metrics and provide projections for year 2010 and/or the next quarter. (Note: Plus or minus changes can be made).

## General Information-

Unless noted, data is from parent company. Calculations do not consider unknown and potential changes to debt and financing metrics.

Moving the mouse over some labels and data will provide additional clarification.

The projections for year 2010 and current quarter are based on company guidance and estimates from AirlineFinancials.com.

The earnings per share summary provides estimates and projections that may or may not prove to be accurate.

## Glossary of Terms-

[SEC--](#) U.S. Securities and Exchange Commission

[BTS--](#) Bureau of Transportation Statistics

**ASM**— Available Seat Mile. A measure of capacity. ASM's equal the total number of seats available for transporting passengers during a reporting period multiplied by the total number of miles flown during that period.

**RPM**— Revenue Passenger Mile. One revenue-paying passenger transported one mile. RPM's equal the number of revenue passengers during a reporting period multiplied by the number of miles flown by those passengers during that period, RPM's are also referred to as "traffic".

**Yield**— The amount of passenger revenue earned per RPM during a reporting period.

**RASM**— Operating Revenue per ASM. The amount of operating revenue earned per ASM during a reporting period. RASM is also referred to as "unit revenue."

**PRASM**— Passenger Revenue per ASM. The amount of passenger revenue earned per ASM during a reporting period. Passenger RASM is also referred to as "passenger unit revenue."

**CASM**— (Operating) Cost per Available Seat Mile. The amount of operating cost incurred per ASM during a reporting period, also referred to as "unit cost".

**LF-- Passenger Load Factor** — A measure of utilized available seating capacity calculated by dividing RPMs by ASM's for a reporting period.

**Average fare--** Represents the average one-way fare paid per flight segment by a revenue passenger that is kept by the airline.

**EBITDAR-** Operating income ex special charges & before depreciation, amortization and aircraft rent.

[c] May be calculated or estimated from other data.

Disclaimer: Data source includes DOT41, SEC and Corporate Reports. Delta reports most of their data in consolidated form and as such may not be analogous with other carriers. Capital expenditures and debt servicing metrics are not reconciled in these charts. For analogous comparisons, some data may be estimated.

Nothing on this website is intended as a recommendation to purchase stock in any company. The owner of AirlineFinancials.com and his family may or may not hold equity or/and derivative positions in the companies covered by this website. Data and calculations may include unintentional errors.

Website <a href="http://AirlineFinancials.com">AirlineFinancials.com</a>		How to use this chart ** move mouse here **		Email <a href="mailto:bobh@airlinefinancials.com">bobh@airlinefinancials.com</a>								
SEC 10-K 2009	2010 Projection		<b>Air Tran Airways</b>		SEC 10-Q 3rd qtr '09	SEC 10-Q 4th qtr '09	SEC 10-Q 1st Qtr '10	SEC 10-Q 2nd Qtr '10	3rd qtr 2010 Projection			
\$174	\$135		Operating income/loss (million)(excludes special charges)		\$31	\$26	\$3	\$68	\$77			
\$544	\$546	2.0%	Unrestricted cash & equivalents (million)		\$408.2	\$544.3	\$534.0	\$535.3	\$535.3 0.0%			
\$324	\$546		Cash flow from operations (estimated daily average) (000)		\$135	-\$45	\$1,472	\$232	\$1,002			
	\$203	8.0%	Projected min cash (% of operating expenses)(million)									
-6.3%	-2.9%		Required breakeven fare increase percentage		-0.8%	-3.2%	2.2%	-2.0%	-5.0%			
\$5.49	\$2.76		Avg profit (loss) per passenger		\$0.62	\$2.91	(\$2.18)	\$1.89	\$4.68			
<b>Revenues (million)</b>												
\$2,089	\$2,395		Passenger		\$529.4	\$536.5	\$541.7	\$634.1	\$620.5			
\$252	\$273	8.0%	Other		\$68.0	\$62.0	\$63.4	\$66.5	\$68.0 0.0%			
\$2,341	\$2,667	13.9%	Total consolidated operating revenue		\$597.4	\$598.4	\$605.1	\$700.6	\$688.5 15.2%			
<b>Expenses (million)</b>												
\$488	\$532	9.0%	Wages, salaries & benefits		\$122.9	\$124.7	\$130.1	\$131.3	\$132.7 8.0%			
\$679	\$874	28.8%	Fuel & oil		\$190.2	\$195.8	\$200.2	\$228.9	\$222.6 17.0%			
\$145	\$163		Other rentals/landing fees		\$37.6	\$36.0	\$36.5	\$42.5	\$39.8			
\$95	\$107		Commissions/booking fees, credit card & distribution		\$25.3	\$24.1	\$25.4	\$29.1	\$25.3			
\$57	\$64		Depreciation/amortization		\$13.9	\$14.8	\$14.9	\$14.9	\$13.9			
\$199	\$224	12.5%	Maintenance materials/repairs		\$50.0	\$53.0	\$59.3	\$57.7	\$50.0 6.0%			
\$242	\$273		Aircraft rentals		\$60.6	\$60.6	\$60.6	\$60.6	\$60.6			
\$38	\$43		Marketing and advertising		\$9.3	\$7.2	\$9.6	\$8.9	\$9.3			
\$225	\$253		Other operating expenses		\$56.9	\$56.0	\$65.6	\$58.5	\$56.9			
\$2,167	\$2,532	16.8%	Total consolidated operating expenses		\$566.7	\$572.2	\$602.1	\$632.3	\$611.2 7.8%			
-\$42	-\$65	55.0%	Other non operating Income/expense		-\$26.4	-\$9.3	-\$15.1	-\$55.8	-\$46.2 75.0%			
-\$1	-\$2	200.0%	Other income/expense (taxes/misc)		-\$0.2	\$0.3	\$0.0	\$0.0	-\$0.2 0.0%			
\$118	\$199		Cash flow from operations (million)		\$12.3	-\$4.1	\$134.0	\$21.1	\$91.2			
<b>Operational data (mainline)</b>												
138	138	0.0%	Operating aircraft (mainline)		136	138	138	138	138 0.0%			
363	374	3.0%	Fuel consumption (gallons) (million)		96	91	88	97	96 0.0%			
\$1,870	\$2,338	25.0%	Fuel price/gallon		\$1,980	\$2,090	\$2,250	\$2,360	\$2,317 17.0%			
18,588	19,369	4.2%	RPM's (millions)		5,172	4,511	4,391	5,201	5,224 1.0%			
23,294	24,109	3.5%	ASM's (millions)		6,171	5,796	6,684	6,259	6,233 1.0%			
79.8%	80.3%		Load Factor		83.8%	77.8%	77.2%	83.1%	83.8%			
11.24	12.36	10.0%	Yield (cents)		10.24	11.89	12.34	12.19	11.88 16.0%			
10.05	11.06	10.1%	RASM (operating unit revenue)(cents)		9.68	10.33	10.65	11.19	11.05 14.1%			
8.97	9.93	10.7%	PRASM (passenger unit revenue) (cents)		8.58	9.26	9.53	10.13	9.96 16.0%			
9.29	10.50	13.0%	CASM (unit cost)(cents)		9.18	9.87	10.59	10.1	9.81 6.8%			
23,998	24,958	4.0%	Passengers (million)		6,533	5,912	5,526	6,535	6,599 1.0%			
\$87.05	\$95.95	10.2%	Average one way passenger fare (revenue to airline)		\$81.04	\$90.75	\$98.02	\$97.03	\$94.04 16.0%			
\$20.35	\$21.33	4.8%	Average wage/salary/benefit expense per passenger fare		\$18.81	\$21.10	\$23.54	\$20.09	\$20.11 6.9%			
\$28.30	\$35.04	23.8%	Avg fuel expense per passenger fare		\$29.12	\$32.16	\$35.84	\$35.08	\$33.74 15.8%			
\$81.56	\$93.20	14.3%	Avg net expense per passenger		\$80.42	\$87.84	\$100.20	\$95.13	\$89.36 11.1%			
<b>Miscellaneous</b>												
\$2,284.2			Total assets (millions)		\$2,157.0	\$2,284.2	\$2,285.8	\$2,257.2				
\$931.9			Long-term debt and capital lease obligations (millions)		\$833.4	\$931.9	\$921.5	\$918.9				
\$388			Net debt (long term debt - cash/equivalents)		\$425	\$388	\$387	\$384				
\$226.9			Air traffic liability/Advance ticket sales (millions)		\$268.4	\$226.9	\$339.9	\$332.5				
[c] May be calculated or estimated												
SEC 10-K 2009	2010 Estimates		<b>Earnings &amp; Projections by</b> <a href="http://AirlineFinancials.com">AirlineFinancials.com</a>				SEC 10-Q 3rd qtr '09	SEC 10-Q 4th qtr '09	SEC 10-Q 1st Qtr '10	SEC 10-Q 2nd Qtr '10	3rd qtr 2010 Estimates	
	Airline Financials .com	Industry Analyst estimates	<b>Air Tran Airways</b> (millions except EPS)								Airline Financials .com	Industry Analyst estimates
\$2,341	\$2,667	\$2,670	Total consolidated revenue				\$597.4	\$598.4	\$605.1	\$700.6	\$688.5	\$691.8
\$2,210	\$2,599	\$2,608	Operating expense without special charges				\$593.4	\$581.2	\$617.2	\$688.2	\$657.6	\$667.5
\$3.0			Special charges & one time items				\$6.4	-\$0.1				
\$2,207	\$2,599		Total consolidated expense				\$587.0	\$581.3	\$617.2	\$688.2	\$657.6	
\$134.7	\$68.8		<b>GAAP income/loss</b>				\$10.4	\$17.1	-\$12.0	\$12.4	\$30.9	
\$0.92	\$0.51		GAAP earnings per share				\$0.07	\$0.10	-\$0.09	\$0.07	\$0.23	
-\$41.1			Special charges & Impairment charge adjustment				\$0.2	-\$7.0	-\$4.7	\$26.4		
146.9	134.8		Share count (diluted weighted average)				140.6	168.6	135.0	172.7	134.8	
\$93.6	\$68.8	\$62.0	<b>Net income/loss (excludes special items/charges)</b>				\$10.6	\$10.1	-\$16.7	\$38.8	\$30.9	\$24.3
\$0.64	\$0.51	\$0.46	Earnings per share * (excludes special items and charges)				\$0.08	\$0.06	-\$0.12	\$0.22	\$0.23	\$0.18
	+\$0.34 to +\$0.64		* Industry analysts EPS estimates and range as of 7/26/10								+\$0.12 to +\$0.32	

Below are calculated ratios as noted. Airlines may use different expense labels from what are listed

2009	2010 Projection	<u>Air Tran Airways</u>	3rd qtr '09	4th qtr '09	1st Qtr '10	2nd Qtr '10	3rd qtr 2010 Projection
7.43%	5.08%	Operating margin (excludes special charges)	5.13%	4.38%	0.50%	9.74%	11.22%
4.00%	2.58%	Net earnings margin (excludes special charges)	1.78%	1.69%	-2.76%	5.53%	4.49%
\$473	\$514	EBITDAR (million) (excludes special charges)	\$105	\$102	\$78	\$144	\$152
20.2%	19.3%	EBITDAR Margin (excludes special charges)	17.6%	17.0%	13.0%	20.5%	22.1%
2.10	2.21	unit labor costs	1.99	2.15	2.29	2.10	2.13
2.92	3.63	unit fuel costs	3.08	3.28	3.48	3.66	3.57
6.37	6.88	Unit costs ex-fuel (mainline) (cents)	6.10	6.59	7.11	6.44	6.23
4.28	4.67	Unit costs ex-fuel and ex-labor (mainline) (cents)	4.11	4.44	4.82	4.34	4.11

## Year over year change

estimates	estimates	Financial	estimates
-13.5%	14.6%	Passenger revenue	17.2%
81.8%	8.0%	Other revenue	0.0%
<b>-8.3%</b>	<b>13.9%</b>	<b>Total consolidated operating revenue</b>	<b>15.2%</b>
<b>-17.9%</b>	<b>16.8%</b>	<b>Total consolidated operating expenses</b>	<b>7.8%</b>
2.8%	9.0%	Wage, salary & benefit expense	8.0%
-43.2%	28.8%	Fuel & oil expense	17.0%
62.5%	0.3%	Unrestricted cash & short term investments	31.1%
9.5%		Total assets	
-36.3%		Net debt = (long-term debt - cash & equivalents)	
-10.0%		Air traffic liability/Advance ticket sales	
		<b>Operational</b>	
-1.1%	3.0%	Fuel consumption	0.0%
-42.5%	25.0%	Fuel price	17.0%
-1.9%	4.2%	Revenue passenger miles (RPM's)	1.0%
-2.2%	3.5%	Available seat miles (ASM's)	1.0%
0.3%	0.7%	Passenger load factor (LF)	0.0%
-11.7%	10.0%	Passenger yield	16.0%
-6.3%	10.1%	Unit revenue (RASM)	14.1%
-11.5%	10.7%	Passenger unit revenue (PRASM)	16.0%
-15.9%	13.0%	Unit costs (CASM)	6.8%
-2.5%	4.0%	Passengers	1.0%
5.7%	7.9%	Unit costs ex-fuel	2.3%
6.1%	9.1%	Unit costs ex fuel and ex-labor	0.0%
-11.2%	10.2%	Average passenger fare (calculated by AF)	16.0%
		<b>Line item ratio of total operating costs</b>	
22.5%	21.0%	Wages, salaries & benefits	21.7%
31.3%	34.5%	Fuel & oil	36.4%
6.7%	6.4%	Other rentals/landing fees	6.5%
4.4%	4.2%	Commissions/booking fees, credit card & distribution	4.1%
2.6%	2.5%	Depreciation/amortization	2.3%
9.2%	8.8%	Maintenance materials/repairs	8.2%
11.2%	10.8%	Aircraft rentals	9.9%
1.8%	1.7%	Food/contracted & purchased passenger services	1.5%
10.4%	10.0%	Other operating expenses	9.3%
0.0%	0.0%	Capacity purchase & miscellaneous expense	0.0%
-1.9%	-2.6%	Other non operating Income/expense	-7.6%
0.0%	-0.1%	Other income/expense (taxes/misc)	0.0%
		<b>Line item ratio of total operating revenue</b>	
20.9%	20.0%	Wages, salaries & benefits	19.3%
16.6%		Net debt = (long-term debt - cash & equivalents) TTM*	15.3%
3.09%	2.42%	Net interest expense ratio of total revenue	6.70%
9.7%		Air traffic liability/Advance ticket sales TTM*	

\* TTM = Trailing twelve months