

Airline Industry Revenue - Cost Analysis

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.

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Website AirlineFinancials.com		How to use this chart ** move mouse here **		Email boh@airlinefinancials.com					
SEC 10-K 2009	2010 Projection		American Airlines		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
-833	\$515		Operating income/loss (million)(excludes special charges)		-\$130	-\$319	-\$298	\$196	\$419
\$4,399	\$5,059	15.0%	Unrestricted cash & equivalents (million)		\$4,112	\$4,399	\$4,546	\$5,084	\$5,237 3.0%
\$2,548	\$4,467	8.0%	Cash flow from operations (estimated daily average) (000)		-\$132	\$44	\$5,011	\$7,879	\$7,805
	\$1,736	8.0%	Projected min cash (% of operating expenses)(million)						
1.7%	-5.0%		Required breakeven fare increase percentage		4.1%	-0.8%	5.9%	-5.1%	-9.0%
(\$3.06)	\$9.61		Avg profit (loss) per passenger		(\$7.11)	\$1.41	(\$11.08)	\$9.93	\$17.53
Revenues (million)									
\$15,037	\$16,763	11.5%	Passenger		\$3,882	\$3,798	\$3,831	\$4,279	\$4,500 15.9%
\$578	\$717	24.0%	Cargo & freight		\$136	\$164	\$154	\$170	\$177 30.0%
\$2,290	\$2,565	12.0%	Other		\$586	\$582	\$585	\$625	\$674 15.0%
\$2,012	\$2,173	8.0%	Regional affiliate		\$523	\$519	\$498	\$600	\$628 20.0%
\$19,917	\$22,217	11.5%	Total consolidated operating revenue		\$5,127	\$5,063	\$5,068	\$5,674	\$5,979 16.6%
Expenses (million)									
\$6,807	\$6,943	2.0%	Wages, salaries & benefits		\$1,701	\$1,719	\$1,703	\$1,714	\$1,718 1.0%
\$5,553	\$6,285	13.2%	Fuel & oil		\$1,453	\$1,468	\$1,476	\$1,655	\$1,591 9.5%
\$1,353	\$1,367		Other rentals/landing fees		\$344	\$347	\$352	\$352	\$368
\$853	\$862		Commissions/booking fees, credit card & distribution		\$222	\$208	\$234	\$248	\$238
\$1,104	\$1,115		Depreciation/amortization		\$272	\$278	\$267	\$267	\$291
\$1,280	\$1,293	1.0%	Maintenance materials/repairs		\$329	\$332	\$351	\$340	\$352 7.0%
\$505	\$510		Aircraft rentals		\$126	\$129	\$129	\$145	\$135
\$487	\$492		Food/contracted & purchased passenger services		\$128	\$122	\$115	\$121	\$137
\$2,808	\$2,836		Other operating expenses		\$682	\$779	\$739	\$636	\$730
			Capacity purchase & miscellaneous expense						
\$20,750	\$21,702	4.6%	Total consolidated operating expenses		\$5,257	\$5,382	\$5,366	\$5,478	\$5,559 5.8%
-\$748	-\$808	8.0%	Other non operating Income/expense		-\$195	-\$208	-\$207	-\$207	-\$234 20.0%
\$284	\$71	-75.0%	Other income/expense (taxes/misc)		\$30	\$254	\$0	\$0	\$30 0.0%
\$930	\$1,630		Cash flow from operations (million)		-\$12	\$4	\$456	\$717	\$710
Operational data (mainline)									
608	584	-4.0%	Operating aircraft (mainline)		614	608	615	619	621 0.3%
2,499	2,499	0.0%	Fuel consumption (gallons) (million)		636	609	598	627	644 1.2%
\$2,007	\$2,278	13.5%	Fuel price/gallon		\$2,060	\$2,170	\$2,220	\$2,370	\$2,245 9.0%
122,418	125,234	2.3%	RPM's (millions)		32,352	29,908	28,700	32,215	33,484 3.5%
151,774	153,595	1.2%	ASM's (millions)		38,542	36,883	36,846	38,413	39,698 3.0%
80.7%	81.5%		Load Factor		83.9%	81.1%	77.9%	83.9%	84.3%
12.28	13.39	9.0%	Yield (cents)		12.00	12.70	13.35	13.28	13.44 12.0%
11.80	14.46	22.6%	RASM (operating unit revenue)(cents) [c]		11.95	12.32	12.40	13.21	13.48 12.8%
9.91	10.91	10.1%	PRASM (passenger unit revenue) (cents)		10.07	10.30	10.40	11.14	11.34 12.6%
12.22	12.03	-1.6%	CASM (unit cost)(cents)		12.05	12.68	12.76	12.62	11.95 -0.9%
85,719	86,576	1.0%	Passengers (million)		22,396	20,884	20,366	22,167	23,068 3.0%
\$175.42	\$193.62	10.4%	Average one way passenger fare (revenue to airline)		\$173.33	\$181.86	\$188.11	\$193.03	\$195.09 12.6%
\$72.54	\$72.98	0.6%	Average wage/salary/benefit expense per passenger fare		\$69.12	\$74.90	\$76.09	\$70.36	\$67.77 -1.9%
\$58.51	\$65.75	12.4%	Avg fuel expense per passenger fare		\$58.50	\$63.28	\$65.19	\$67.04	\$62.65 7.1%
\$178.48	\$184.01	3.1%	Avg net expense per passenger		\$180.44	\$180.45	\$199.18	\$183.11	\$177.56 -1.6%
Miscellaneous									
\$25,438			Total assets (millions)		\$25,754	\$25,438	\$25,525	\$25,885	
\$10,583			Long-term debt and capital lease obligations (millions)		\$10,461	\$10,583	\$10,420	\$9,668	
\$6,184			Net debt (long term debt - cash/equivalents)		\$6,349	\$6,184	\$5,874	\$4,584	
\$3,431			Air traffic liability/Advance ticket sales (millions)		\$3,573	\$3,431	\$3,906	\$4,179	
[c] May be calculated or estimated									
SEC 10-K	2010 Estimates		Earnings & Projections by AirlineFinancials.com				3rd qtr 2010 Estimates		
2009	Airline Financials .com	Industry Analyst estimates	American Airlines (millions except EPS)				Airline Financials .com	Industry Analyst estimates	
\$19,917	\$22,217	\$22,340	Total consolidated revenue		\$5,127	\$5,063	\$5,068	\$5,674	\$5,979
\$21,214	\$22,439	\$22,623	Operating expense without special charges		\$5,422	\$5,336	\$5,573	\$5,685	\$5,763
-\$171			Special charges & one time items		-\$64	-\$71			
\$21,385	\$22,439		Total consolidated expense		\$5,486	\$5,407	\$5,573	\$5,685	\$5,763
-\$1,468	-\$221		GAAP income/loss		-\$359	-\$344	-\$505	-\$11	\$215
-\$4.99	-\$0.67		GAAP earnings per share		-\$1.26	-\$1.03	-\$1.52	-\$0.03	\$0.65
\$107			Special charges & Impairment charge adjustment		\$94	-\$71	\$53		
294	333		Share count (diluted weighted average)		285	333	333	333	333
-\$1,361	-\$221	-\$283	Net income/loss (excludes special items/charges)		-\$265	-\$415	-\$452	-\$11	\$215
-\$4.63	-\$0.67	-\$0.85	Earnings per share * (excludes special items and charges)		-\$0.93	-\$1.25	-\$1.36	-\$0.03	\$0.65
	-\$1.77 to -\$0.21		* Industry analysts EPS estimates and range as of 7/25/10						+\$0.20 to +\$1.11

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

2009	2010 Projection	<u>American Airlines</u>	3rd qtr '09	4th qtr '09	1st Qtr '10	2nd Qtr '10	3rd qtr 2010 Projection
-4.18%	2.32%	Operating margin (excludes special charges)	-2.54%	-6.30%	-5.88%	3.45%	7.01%
-6.83%	-1.00%	Net earnings margin (excludes special charges)	-5.17%	-8.20%	-8.92%	-0.19%	3.60%
\$696	\$2,189	EBITDAR (million) (excludes special charges)	\$237	\$71	\$85	\$596	\$811
3.5%	9.9%	EBITDAR Margin (excludes special charges)	4.6%	1.4%	1.7%	10.5%	13.6%
4.48	4.52	unit labor costs	4.41	4.66	4.62	4.46	4.33
3.30	3.71	unit fuel costs (mainline)	3.40	3.58	3.60	3.87	3.64
8.92	8.32	Unit costs ex-fuel (mainline) (cents)	8.65	9.10	9.16	8.75	8.31
4.43	3.80	Unit costs ex-fuel and ex-labor (mainline) (cents)	4.24	4.44	4.54	4.29	3.98

Year over year change

estimates		<u>Financial</u>					estimates	
-17.5%	11.5%	Passenger revenue	-21.5%	-9.0%	4.1%	16.4%	15.9%	
-33.9%	24.0%	Cargo & freight revenue	-40.9%	-16.3%	6.9%	26.9%	30.0%	
5.4%	12.0%	Other revenue	1.6%	6.8%	4.8%	10.6%	15.0%	
-19.1%	8.0%	Regional affiliate revenue	-21.7%	-6.3%	9.0%	17.0%	20.0%	
-16.2%	11.5%	Total consolidated operating revenue	-20.2%	-7.4%	4.7%	16.1%	16.6%	
-15.1%	4.6%	Total consolidated operating expenses	-20.5%	-4.6%	6.9%	7.6%	5.8%	
2.3%	2.0%	Wage, salary & benefit expense	4.2%	-0.1%	0.9%	0.9%	1.0%	
-38.4%	13.2%	Fuel & oil expense	-46.6%	-19.3%	13.7%	24.1%	9.5%	
41.6%	15.0%	Unrestricted cash & short term investments	-11.0%	41.6%	58.7%	81.1%	27.3%	
1.0%		Total assets	-4.4%	1.0%	4.1%	7.2%		
4.8%		Net debt = (long-term debt - cash & equivalents)	29.2%	4.8%	-1.7%	-24.3%		
-7.5%		Air traffic liability/Advance ticket sales	-18.9%	-7.5%	1.6%	8.6%		
		<u>Operational (mainline)</u>						
-7.2%	0.0%	Fuel consumption	-7.8%	-4.4%	-3.1%	-1.7%	1.2%	
-33.7%	13.5%	Fuel price	-42.2%	-16.4%	16.2%	25.5%	9.0%	
-7.1%	2.3%	Revenue passenger miles (RPM's)	-6.2%	-1.6%	0.4%	2.1%	3.5%	
-7.2%	1.2%	Available seat miles (ASM's)	-8.2%	-4.9%	-2.5%	-0.4%	3.0%	
0.1%	1.0%	Passenger load factor (LF)	2.1%	3.6%	2.9%	2.6%	0.5%	
-11.3%	9.0%	Passenger yield	-16.3%	-7.6%	3.7%	14.0%	12.0%	
-9.3%	22.6%	Unit revenue (RASM)	-12.9%	-2.8%	6.9%	16.4%	12.8%	
-11.1%	10.1%	Passenger unit revenue (PRASM)	-14.6%	-4.3%	6.8%	16.9%	12.6%	
-7.0%	-1.6%	Unit costs (CASM)	-13.9%	-2.4%	8.3%	7.3%	-0.9%	
-7.6%	1.0%	Passengers	-6.7%	-2.6%	0.2%	0.4%	3.0%	
9.3%	-6.7%	Unit costs ex-fuel	6.5%	4.2%	5.7%	1.3%	-4.0%	
8.4%	-14.2%	Unit costs ex fuel and ex-labor	0.1%	3.3%	8.2%	1.4%	-6.1%	
-10.7%	10.4%	Average passenger fare (calculated by AF)	-15.9%	-6.6%	3.9%	15.9%	12.6%	
		<u>Line item ratio of total operating costs</u>						
32.8%	32.0%	Wages, salaries & benefits	32.4%	31.9%	31.7%	31.3%	30.9%	
26.8%	29.0%	Fuel & oil	27.6%	27.3%	27.5%	30.2%	28.6%	
6.5%	6.3%	Other rentals/landing fees	6.5%	6.4%	6.6%	6.4%	6.6%	
4.1%	4.0%	Commissions/booking fees, credit card & distribution	4.2%	3.9%	4.4%	4.5%	4.3%	
5.3%	5.1%	Depreciation/amortization	5.2%	5.2%	5.0%	4.9%	5.2%	
6.2%	6.0%	Maintenance materials/repairs	6.3%	6.2%	6.5%	6.2%	6.3%	
2.4%	2.4%	Aircraft rentals	2.4%	2.4%	2.4%	2.6%	2.4%	
2.3%	2.3%	Food/contracted & purchased passenger services	2.4%	2.3%	2.1%	2.2%	2.5%	
13.5%	13.1%	Other operating expenses	13.0%	14.5%	13.8%	11.6%	13.1%	
12.1%	12.1%	Capacity purchase & miscellaneous expense	9.8%	12.5%	11.7%	12.1%	12.1%	
-3.6%	-3.7%	Other non operating Income/expense	-3.7%	-3.9%	-3.9%	-3.8%	-4.2%	
1.4%	0.3%	Other income/expense (taxes/misc)	0.6%	4.7%	0.0%	0.0%	0.5%	
		<u>Line item ratio of total operating revenue</u>						
34.2%	31.3%	Wages, salaries & benefits	33.2%	34.0%	33.6%	30.2%	28.7%	
31.0%		Net debt = (long-term debt - cash & equivalents) TTM*	31.2%	31.0%	29.2%	21.9%		
3.35%	3.64%	Net interest expense ratio of total revenue	3.20%	3.77%	3.83%	3.44%	3.91%	
17.2%		Air traffic liability/Advance ticket sales TTM*	17.6%	17.2%	19.4%	20.0%		

* TTM = Trailing twelve months