

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		Continental		SEC 10-Q 3rd qtr '09	SEC 10-Q 4th qtr '09	SEC 10-Q 1st Qtr '09	SEC 10-Q 2nd Qtr '09	3rd qtr 2010 Projection			
-\$1	\$1,004		Operating income/loss (million)(excludes special charges)		\$81	\$78	-\$41	\$352	\$462			
\$2,856	\$3,311	5.0%	Unrestricted cash & equivalents (million)		\$2,542	\$2,856	\$3,153	\$3,504	\$3,153 0.0%			
\$992	\$4,145		Cash flow from operations (estimated daily average) (000)		-\$1,890	\$1,923	\$4,736	\$6,264	\$6,502			
	\$1,067	8.0%	Projected min cash (% of operating expenses)(million)									
6.8%	0.1%		Required breakeven fare increase percentage		6.0%	-0.3%	11.6%	-1.4%	-3.3%			
(\$13.78)	(\$0.23)		Avg profit (loss) per passenger		(\$11.93)	\$0.64	(\$25.39)	\$3.27	\$7.82			
Revenues (million)												
\$9,244	\$10,654	15.3%	Passenger		\$2,442	\$2,305	\$2,322	\$2,713	\$2,875 17.7%			
\$366	\$458	25.0%	Cargo & freight		\$92	\$107	\$102	\$111	\$113 23.0%			
\$1,082	\$1,179	9.0%	Other		\$278	\$268	\$264	\$286	\$292 5.0%			
\$1,894	\$2,046	8.0%	Regional affiliate		\$505	\$502	\$481	\$598	\$657 30.0%			
\$12,586	\$14,337	13.9%	Total consolidated operating revenue		\$3,317	\$3,182	\$3,169	\$3,708	\$3,937 18.7%			
Expenses (million)												
\$3,137	\$3,294	5.0%	Wages, salaries & benefits		\$794	\$779	\$796	\$822	\$850 7.0%			
\$3,317	\$3,747	13.0%	Fuel & oil		\$881	\$809	\$854	\$968	\$987 12.0%			
\$841	\$866		Other rentals/landing fees		\$222	\$194	\$213	\$215	\$233			
\$624	\$643		Commissions/booking fees, credit card & distribution		\$160	\$157	\$171	\$190	\$168			
\$494	\$509		Depreciation/amortization		\$124	\$141	\$134	\$122	\$130			
\$617	\$636	3.0%	Maintenance materials/repairs		\$159	\$144	\$147	\$136	\$167 5.0%			
\$934	\$962		Aircraft rentals		\$233	\$229	\$229	\$230	\$245			
\$373	\$384		Food/contracted & purchased passenger services		\$99	\$91	\$93	\$100	\$104			
\$1,402	\$1,444		Other operating expenses		\$353	\$354	\$372	\$362	\$371			
\$848	\$848	0.0%	Capacity purchase & miscellaneous expense		\$211	\$206	\$201	\$211	\$222 5.0%			
\$12,587	\$13,333	5.9%	Total consolidated operating expenses		\$3,236	\$3,104	\$3,210	\$3,356	\$3,475 7.4%			
-\$293	-\$343	17.0%	Other non operating Income/expense		-\$79	-\$73	-\$95	-\$95	-\$87 10.0%			
\$157	-\$79	-150.0%	Other income/expense (taxes/misc)		\$0	\$157	\$0	\$0	\$0 0.0%			
\$362	\$1,513		Cash flow from operations (million)		-\$172	\$175	\$431	\$570	\$592			
Operational data (mainline)												
337	350	3.9%	Operating aircraft (mainline)		338	337	330	337	348 3.2%			
1,395	1,405	0.7%	Fuel consumption (gallons) (million)		369	334	330	354	373 1.0%			
\$1,980	\$2,237	13.0%	Fuel price/gallon		\$1,990	\$2,000	\$2,140	\$2,260	\$2,229 12.0%			
79,824	81,420	2.0%	RPM's (millions)		22,127	19,235	18,727	21,075	22,260 0.6%			
97,407	98,381	1.0%	ASM's (millions)		25,803	23,288	23,393	24,793	25,880 0.3%			
81.9%	82.8%		Load Factor		85.8%	82.6%	80.1%	85.0%	86.0%			
11.58	13.09	13.0%	Yield (cents)		11.04	11.98	12.40	12.87	12.92 17.0%			
10.92	14.57	33.4%	RASM (operating unit revenue)(cents)		10.84	11.44	11.44	12.50	12.67 16.9%			
9.49	10.83	14.1%	PRASM (passenger unit revenue) (cents)		9.46	9.90	9.92	10.94	11.11 17.4%			
10.62	12.08	13.7%	CASM (unit cost)(cents)		10.36	10.94	11.31	10.90	11.97 15.5%			
45.573	46.484	2.0%	Passengers (million)		12.181	10.954	10.562	11.611	12.242 0.5%			
\$202.84	\$229.20	13.0%	Average one way passenger fare (revenue to airline)		\$200.48	\$210.43	\$219.84	\$233.66	\$234.87 17.2%			
\$65.39	\$67.32	2.9%	Average wage/salary/benefit expense per passenger fare		\$62.15	\$69.11	\$71.67	\$67.09	\$65.24 5.0%			
\$60.61	\$67.61	11.6%	Avg fuel expense per passenger fare		\$60.28	\$60.98	\$66.86	\$68.90	\$67.85 12.6%			
\$216.62	\$229.43	5.9%	Avg net expense per passenger		\$212.41	\$209.79	\$245.24	\$230.39	\$227.05 6.9%			
Miscellaneous												
\$12,781			Total assets (millions)		\$12,596	\$12,781	\$13,318	\$13,599				
\$5,291			Long-term debt and capital lease obligations (millions)		\$5,290	\$5,291	\$5,272	\$4,912				
\$2,435			Net debt (long term debt - cash/equivalents)		\$2,748	\$2,435	\$2,119	\$1,408				
\$1,855			Air traffic liability/Advance ticket sales (millions)		\$1,936	\$1,855	\$2,473	\$2,607				
[c] May be calculated or estimated												
SEC 10-K	2010 Estimates		Earnings & Projections by AirlineFinancials.com				SEC 10-Q	SEC 10-Q	SEC 10-Q	SEC 10-Q	3rd qtr 2010 Estimates	
2009	Airline Financials .com	Industry Analyst estimates	Continental (millions except EPS)				3rd qtr '09	4th qtr '09	1st Qtr '09	2nd Qtr '09	Airline Financials .com	Industry Analyst estimates
\$12,586	\$14,337	\$14,300	Total consolidated revenue				\$3,317	\$3,182	\$3,169	\$3,708	\$3,937	\$3,900
\$12,723	\$13,754	\$13,729	Operating expense without special charges				\$3,315	\$3,020	\$3,305	\$3,451	\$3,562	\$3,551
-\$145			Special charges & one time items				-\$20	-\$77	-\$10	-\$24		
\$12,868	\$13,754		Total consolidated expense				\$3,335	\$3,097	\$3,315	\$3,475	\$3,562	
-\$282	\$583		GAAP income/loss				-\$18	\$85	-\$146	\$233	\$375	
-\$2.19	\$3.49		GAAP earnings per share				-\$0.14	\$0.60	-\$1.05	\$1.40	\$2.24	
-\$13			Special charges & Impairment charge adjustment				\$20	-\$81	\$10	\$24		
129.0	167.0		Share count (diluted weighted average)				132.0	142.0	139.0	167.0	167.0	
-\$295	\$583	\$571	Net income/loss (excludes special items/charges)				\$2	\$4	-\$136	\$257	\$375	\$349
-\$2.29	\$3.49	\$3.42	Earnings per share * (excludes special items and charges)				\$0.02	\$0.03	-\$0.98	\$1.54	\$2.24	\$2.09
	+\$2.30 to +\$4.46		* Industry analysts EPS estimates and range as of 7/25/10								+\$1.22 to +\$3.09	

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

2009	2010 Projection	<u>Continental</u>	3rd qtr '09	4th qtr '09	1st Qtr '10	2nd Qtr '09	3rd qtr 2010 Projection
-0.01%	7.00%	Operating margin (excludes special charges)	2.44%	2.45%	-1.29%	9.49%	11.72%
-2.34%	4.06%	Net earnings margin (excludes special charges)	0.06%	0.13%	-4.29%	6.93%	9.52%
\$1,456	\$2,424	EBITDAR (million) (excludes special charges)	\$440	\$458	\$312	\$694	\$859
11.6%	16.9%	EBITDAR Margin (excludes special charges)	13.3%	14.4%	9.8%	18.7%	21.8%
3.22	3.35	unit labor costs	3.08	3.35	3.40	3.32	3.28
2.84	3.19	unit fuel costs (mainline)	2.85	2.87	3.02	3.23	3.21
7.78	8.88	Unit costs ex-fuel (mainline) (cents)	7.51	8.07	8.29	7.67	8.76
4.56	5.53	Unit costs ex-fuel and ex-labor (mainline) (cents)	4.44	4.73	4.89	4.36	5.48

Year over year change

estimates		<u>Financial</u>					estimates
-18.8%	15.3%	Passenger revenue	-22.4%	-10.4%	5.6%	18.0%	17.7%
-26.4%	25.0%	Cargo & freight revenue	-28.7%	-6.1%	20.0%	35.4%	23.0%
7.4%	9.0%	Other revenue	4.1%	5.5%	1.5%	3.2%	5.0%
-19.6%	8.0%	Regional affiliate revenue	-17.8%	-5.6%	14.8%	28.1%	30.0%
-17.4%	13.9%	Total consolidated operating revenue	-20.2%	-8.4%	7.0%	18.6%	18.7%
-18.1%	5.9%	Total consolidated operating expenses	-23.3%	-10.2%	6.5%	3.7%	7.4%
6.1%	5.0%	Wage, salary & benefit expense	3.8%	2.5%	4.1%	2.9%	7.0%
-44.0%	13.0%	Fuel & oil expense	-51.2%	-32.4%	16.2%	8.6%	12.0%
8.1%	15.9%	Unrestricted cash & short term investments	-11.9%	8.1%	19.1%	26.6%	24.0%
0.7%		Total assets	-3.1%	0.7%	4.3%	7.4%	
-10.1%		Net debt = (long-term debt - cash & equivalents)	19.7%	-10.7%	-21.9%	-35.9%	
-1.4%		Air traffic liability/Advance ticket sales	-18.4%	-1.4%	12.8%	22.5%	
		<u>Operational (mainline)</u>					
-6.9%	0.7%	Fuel consumption	-5.1%	-1.5%	-0.9%	-1.1%	1.0%
-39.5%	13.0%	Fuel price	-48.4%	-31.6%	16.9%	8.7%	12.0%
-3.6%	2.0%	Revenue passenger miles (RPM's)	-0.9%	3.7%	5.9%	1.5%	0.6%
-5.0%	1.0%	Available seat miles (ASM's)	-4.1%	-0.5%	0.2%	-0.7%	0.3%
1.4%	1.1%	Passenger load factor (LF)	3.5%	4.2%	5.7%	2.2%	0.2%
-15.8%	13.0%	Passenger yield	-21.7%	-13.6%	-0.2%	16.3%	17.0%
-12.7%	33.4%	Unit revenue (RASM)	-17.1%	-8.6%	5.6%	18.0%	16.9%
-14.5%	14.1%	Passenger unit revenue (PRASM)	-19.1%	-9.9%	5.4%	18.8%	17.4%
-13.6%	13.7%	Unit costs (CASM)	-21.5%	-10.8%	7.3%	2.2%	15.5%
-6.4%	2.0%	Passengers	-2.7%	-0.1%	0.0%	-1.1%	0.5%
3.7%	14.1%	Unit costs ex-fuel	-1.3%	0.5%	4.5%	-0.2%	16.6%
-1.2%	21.2%	Unit costs ex fuel and ex-labor	-7.1%	-1.2%	5.0%	-2.9%	23.4%
-13.2%	13.0%	Average passenger fare (calculated by AF)	-20.2%	-10.3%	5.6%	19.3%	17.2%
		<u>Line item ratio of total operating costs</u>					
24.9%	24.7%	Wages, salaries & benefits	24.5%	25.1%	24.8%	24.5%	24.4%
26.4%	28.1%	Fuel & oil	27.2%	26.1%	26.6%	28.8%	28.4%
6.7%	6.5%	Other rentals/landing fees	6.9%	6.3%	6.6%	6.4%	6.7%
5.0%	4.8%	Commissions/booking fees, credit card & distribution	4.9%	5.1%	5.3%	5.7%	4.8%
3.9%	3.8%	Depreciation/amortization	3.8%	4.5%	4.2%	3.6%	3.7%
4.9%	4.8%	Maintenance materials/repairs	4.9%	4.6%	4.6%	4.1%	4.8%
7.4%	7.2%	Aircraft rentals	7.2%	7.4%	7.1%	6.9%	7.0%
3.0%	2.9%	Food/contracted & purchased passenger services	3.1%	2.9%	2.9%	3.0%	3.0%
11.1%	10.8%	Other operating expenses	10.9%	11.4%	11.6%	10.8%	10.7%
6.7%	6.4%	Capacity purchase & miscellaneous expense	6.5%	6.6%	6.3%	6.3%	6.4%
-2.3%	-2.6%	Other non operating Income/expense	-2.4%	-2.4%	-3.0%	-2.8%	-2.5%
1.2%	-0.6%	Other income/expense (taxes/misc)	0.0%	5.1%	0.0%	0.0%	0.0%
		<u>Line item ratio of total operating revenue</u>					
24.9%	23.0%	Wages, salaries & benefits	23.9%	24.5%	25.1%	22.2%	21.6%
19.3%		Net debt = (long-term debt - cash & equivalents) TTM*	21.3%	19.3%	16.6%	10.5%	
2.56%	2.39%	Net interest expense ratio of total revenue	2.44%	2.61%	2.68%	2.29%	2.21%
14.7%		Air traffic liability/Advance ticket sales TTM*	15.0%	14.7%	19.3%	19.5%	

* TTM = Trailing twelve months