

Commercial Challenges in Aviation Today

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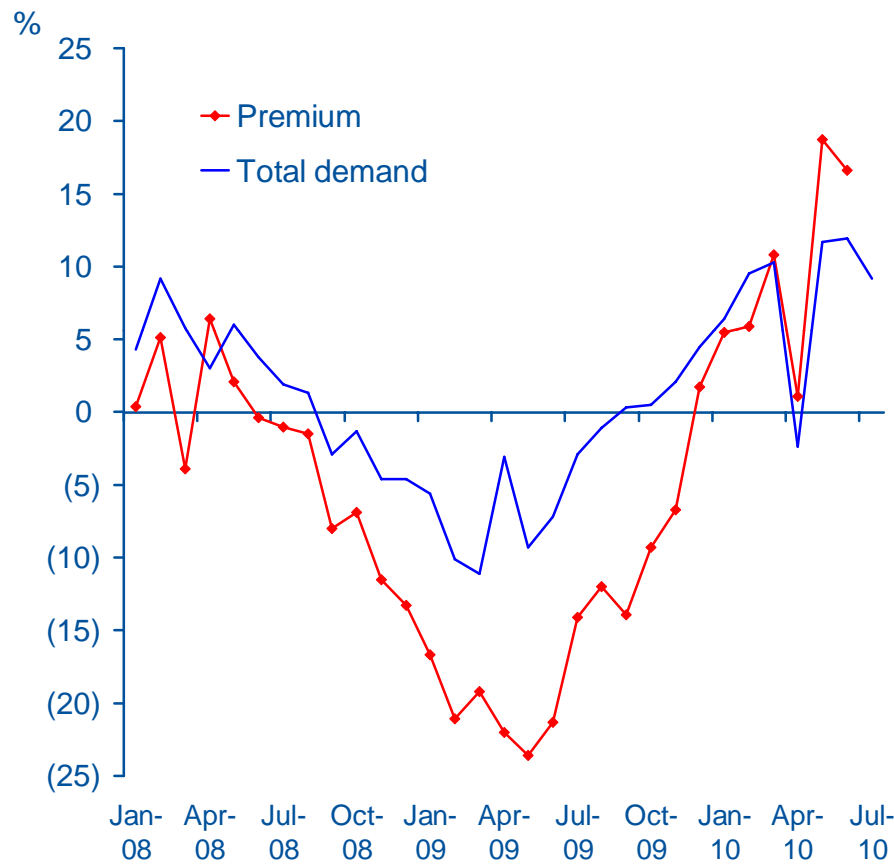
British Airways



Produced by Economics & Market Intelligence

Market environment stronger... but many risks remain

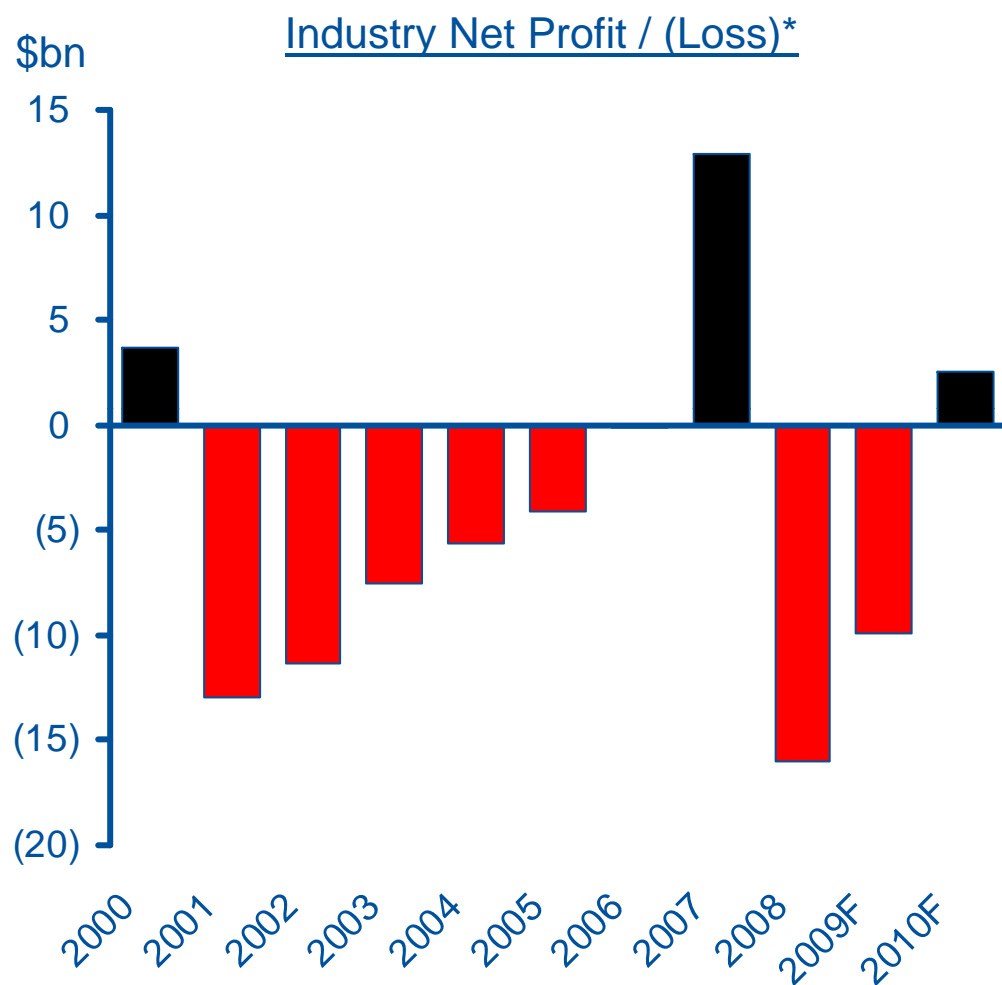
Global Traffic Growth



- Economic risks
- Government finances
- Environmental legislation/taxation
- Infrastructure
- Regional differences

Source: IATA

Profitability recovering... but finances still weak

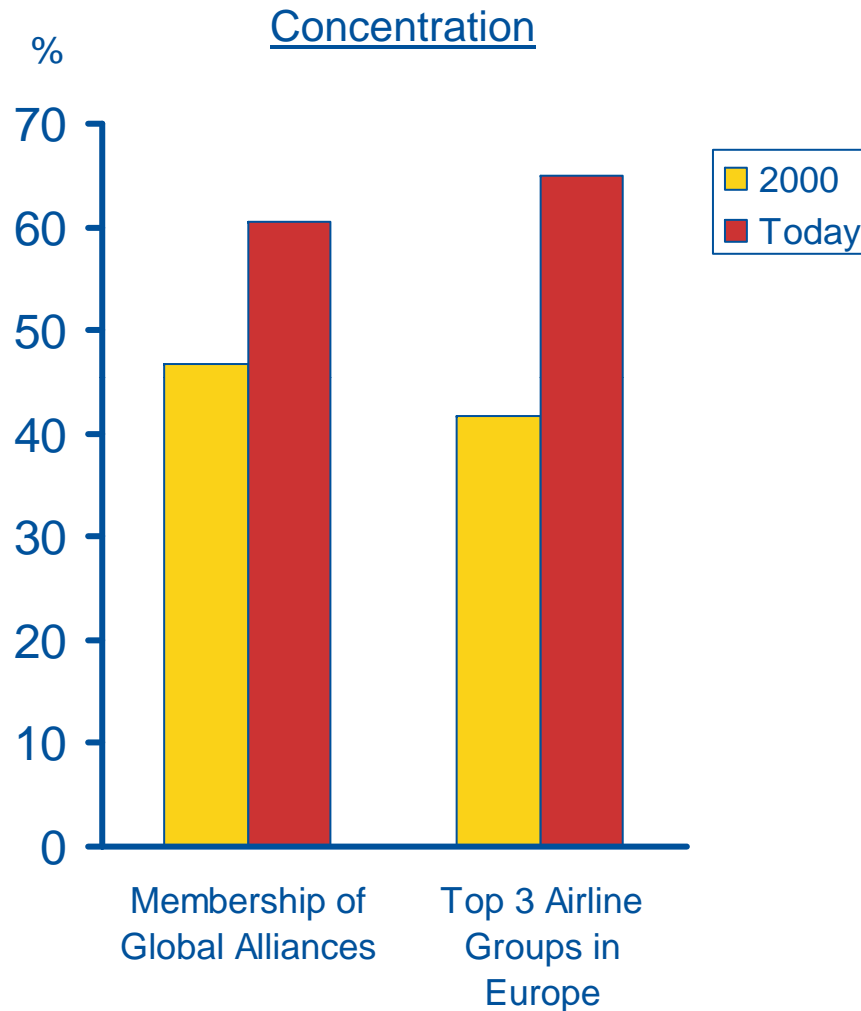


- Margins still unsustainably low, despite big cost cuts
- Balance sheets weakened
- Investments delayed
- Availability and terms of financing

Source: IATA

* Excluding exceptional items

Consolidation phase firmly established



- Global alliances
- Deeper alliance relationships
- Regional consolidation
- Questions and challenges:
 - Endgame
 - Implementation
 - Global consolidation?
 - LCC/network airline deals?