

Airline profits set to rise again

GENEVA, SWITZERLAND: Airline profits will be higher than expected this year and next according to the the International Air Transport Association (IATA).



IATA told reporters in Geneva on Thursday (13 December) that airlines globally are now expected to post total profits of US\$6.7bn, up from October's estimate of US\$4.1bn.

IATA said the increase was mainly due to restructuring efforts in the airline industry and had little to do with the overall economic climate, which remained depressed.

The organisation's outlook for 2013 was more optimistic, with industry-wide profits now expected to come in at US\$8.4bn instead of the previous estimate of US\$7.5bn.

The net margin this year is expected to be just one percent but to swell to 1.3% in 2013.

In 2011, considered a good year, the net margin was 1.4%.

IATA cautioned meanwhile that the airline industry remained weak, pointing out that the revised profit estimate for 2012 was still far below the US\$8.8bn pocketed last year.

And the expected one percent margin remained far below the 7.0% to 8.0% needed to cover the capital needs of the sector.

"It is good news that the outlook is moving in a positive direction. But let's keep the figures in perspective," IATA's chief executive Tony Tyler said, pointing out that "the industry is keeping its head above water. But only just."

Broken down by region, the organisation said hard-hit European carriers were expected to breakeven this year.

That is much worse than the US\$400m profit in 2011 but far better than the US\$1.2bn loss IATA expected in its October forecast.

North American carriers were expected to end 2012 with a collective US\$2.4bn profit, up from US\$1.7bn in 2011.

And Asia Pacific airlines should post a net profit of US\$3.0bn, down from US\$5.4bn last year amid a weak cargo market and slower growth in China, IATA said.

IATA said passenger numbers were expected to grow 4.5% next year, compared with 5.3% forecast for this year.

Source: *AFP* via I-Net Bridge

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