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## Airlines: Global Traffic Results for 2013



In the beginning of 2014, the International Air Transport Association (IATA) announced full-year traffic results for the previous year. For 2013 these results showed a 5.2% increase in passenger demand compared to 2012. The 2013 performance is in alignment with the average annual growth rate of the past 30 years. Capacity rose 4.8% and load factor averaged 79.5% up 0.4% compared to 2012. Tony Tyler, IATA's Director General & CEO stated that "We saw

healthy demand growth in 2013 despite the very difficult economic environment. There was a clear improvement trend over the course of the year which bodes well for 2014. Last year's demand performance demonstrates the essential and growing role that aviation-enabled connectivity plays in our world. And with system-wide load factors at 79.5% it is also clear that airlines are continuing to drive efficiencies to an ever-higher level".

| April 2011    | Passengers' Demand | Capacity Expansion | Load Factor |
|---------------|--------------------|--------------------|-------------|
| Europe        | 3.8%               | 2.8%               | 81.0%       |
| Middle East   | 12.1%              | 12.8%              | 77.3%       |
| North America | 3.0%               | 2.2%               | 82.8%       |
| South America | 8.1%               | 7.4%               | 79.2%       |
| Asia Pacific  | 5.3%               | 5.2%               | 77.7%       |
| Africa        | 5.5%               | 5.2%               | 69.0%       |

For the region of Asia-Pacific airlines' traffic showcased an annual growth of 5.3% in 2013 slightly above the annual growth of 2012 which reached 5.2%. Capacity expanded by 5.2%, whereas load factor was at 77.7%.

European airlines' saw traffic rise of 3.8% in 2013 compared to 2012, a slowdown compared to annual growth of 5.3% in 2012. Capacity rose by 2.8% and load factor by 0.5% compared to 2012 reaching 81%.

The slowest passenger growth was reported by North American carriers which showcased an annual growth of 3.0% compared to 2012. This was an improvement compared to 2012 growth of 1.3%. Capacity was up by 2.2%, while load factors rose by 0.8% reaching 82.8%.

Middle East airlines recorded the strongest increase in passenger traffic in 2013, rising by 12.1% compared to 2012, but below the 15.4% annual growth recorded in 2012. However,



capacity grew faster than passenger traffic by 12.8% and load factor declined slightly by 0.1% to 77.3% from 77.4% in 2012.

Latin American airlines showcased an 8.1% rise in demand in 2013 over 2012, the strongest performance after Middle East. Capacity expanded by 7.4% year over year and load factor climbed to 79.2%, 1.3% higher compared to 2012.

Finally, African airlines' demand rose by 5.5%, whereas capacity expanded by 5.2% and load factors by 1.9%, reaching 69%, the lowest among all the regions.

Kyriazis Vasileios,  
Epicos Newsletter Head Editor

## Airlines: Economic Monitor



On June 6<sup>th</sup>, 2014, The International Air Transport Association (IATA) released its airline financial monitor. According to this airline share prices rose 5% in May compared to April, a fact that must be largely attributed to the US airlines performance. This performance is stronger than the broader market which gained 2% for the same period. Additionally, it is worth

mentioning that financial results for the first quarter of the year show strong gains in US airlines' performance, but weakness in Asia Pacific.

As it is already mentioned, worldwide airline shares picked up in May, rising 5% compared to April, reaching a 17% increase since the beginning of the year. US airlines' shares increased by 10% in May compared to April as the airlines of the region post significant profitability improvements. Share prices on other regions, namely Europe and Asia Pacific remained broadly stable.

## Airline Share Prices

US\$ based index (100 = 2007)



Source: Thomson Reuters Datastream

Regarding the financial results of the first quarter it must be stressed that airlines continue to improve their financial performance. More specifically, from the sample of 52 airlines that were taken into consideration shows a significant increase in operating profits. North American airlines were on the forefront of this development whereas these in Asia Pacific continue to show weakness.

| In US \$ Million |                     | Q1 2013          |                     | Q1 2014          |                     |
|------------------|---------------------|------------------|---------------------|------------------|---------------------|
| # Airlines       | Regions             | Operating profit | Net post-tax profit | Operating profit | Net post-tax profit |
| 13               | North America       | 418              | -715                | 1497             | 91                  |
| 17               | Asia-Pacific        | 498              | 416                 | -557             | -276                |
| 13               | Europe              | -1768            | -2679               | -1732            | -2100               |
| 5                | Latin America       | 316              | 104                 | 353              | 31                  |
| 4                | Others              | 507              | 395                 | 890              | 830                 |
| <b>52</b>        | <b>Sample total</b> | <b>-29</b>       | <b>-2479</b>        | <b>451</b>       | <b>-1424</b>        |

Economic performance of airlines is relatively good despite the fact that there are several negative developments that could affect it. One of these is that jet fuel prices are still on high levels, around \$120/bbl, mainly due to the rising tensions in Ukraine and Russia.

Kyriazis Vasileios,  
Epicos Newsletter Head Editor

## Airlines: Global Traffic Results for May



On July 3rd, 2014 the International Air Transport Association (IATA) announced global traffic results for May. According to this report the total passenger demand rose by 6.2% compared with the same month last year. Capacity for this month rose by 5.2% and load factor climbed 0.7 percentage points to 79.0%. Regarding the results Mr. Tony Tyler, IATA Director General and CEO stated: "We are seeing healthy demand for air traffic to support and help sustain the pick-up in

global economic activity".

The carriers of the Asia-Pacific region recorded a year-on-year increase of 7.3% compared to May 2013. Capacity rose by 7.5%, pushing down load factor by 0.1% to 74.1%.

Regarding European carriers', international traffic climbed by 6.1% in May compared to the same month last year. Economy of European Union is slowly but steadily recovering and this is helping European air traffic to "rebound". Capacity rose 5.3% and load factor rose 0.6% reaching 80.3%.



In North America airlines saw demand rise by 4.4% in May over a year ago, whereas capacity rose by 4.8%, pushing down load factor by 0.3% points to 83.0%.

Middle East carriers had the strongest year-over-year traffic growth in May at 13.2% mainly due to the strength regional economies have. Capacity rose 6.9% while load factor climbed to 78.0%.

| May 2014      | Passengers' Demand | Capacity Expansion | Load Factor |
|---------------|--------------------|--------------------|-------------|
| Europe        | 6.1%               | 5.3%               | 80.3%       |
| Middle East   | 13.2%              | 6.9%               | 78.0%       |
| North America | 4.4%               | 4.8%               | 83.0%       |
| Latin America | 9.1%               | 6.0%               | 79.6%       |
| Asia Pacific  | 7.3%               | 7.5%               | 74.1%       |
| Africa        | 1.9%               | 4.7%               | 64.4%       |

The Latin American airlines recorded a 9.1% growth in demand whereas capacity rose by 6.0% and load factor climbed 2.2 percentage points to 79.6%. Finally, African Airlines experienced the slowest demand growth (1.9%) compared to May 2013, whereas capacity rose by 4.7% and load factor fell by 1.8% points to 64.4%

Kyriazis Vasileios,  
Epicos Newsletter Head Editor

## Epicos "Industrial Cooperation and Offset Projects"



Epicos "Industrial Cooperation and Offset Projects" provides a unique set of online tools enabling the structure, identification and implementation of comprehensive Offsets programs, through a searchable database. By introducing different offset projects and ideas proposed by local A&D industry it ensures the optimum cost for Prime Contractors and reassures that the priorities of local industry are fully met...

[For Further Information Press Here](#)

### **Design and manufacturing of advanced retractable light weight landing gear for Medium Altitude Long Endurance (MALE) Unmanned Aerial Vehicle (UAV) systems and general aviation aircraft under FAR PART 23**



A company with long extensive experience in providing cutting edge technological services and products for the aeronautical and automotive markets is proposing, in the frame of an offset program, the collaboration with Aerospace and Defense Prime contractors for the design and manufacturing of advanced retractable light weight landing gear for Medium Altitude Long Endurance (MALE) Unmanned Aerial Vehicles (UAV) systems.

[For Further Information Contact our ICO Department](#)

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### **Development of an effective Text Mining and Trends Prediction software application**



A company providing solutions for corporate and/or governmental organizations critical information systems is proposing the development of a robust Text Mining and Trends Prediction software application. This application will identify trends by analyzing data which is held in unstructured formats such as documents. It will find possible applications in several research, academic, governmental or corporate organizations where fast and accurate exploitation of data hidden within large document volumes is required.

[For Further Information Contact our ICO Department](#)

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**MilSatCom Latin America 2014**

Following the success of our MilSatCom Portfolio including the world-renowned Global MilSatCom the SMi Group is proud to present the launch of MilSatCom Latin America 2014.

<http://www.epicos.com/Portal/Main/Home/Pages/ItemDetails.aspx?sw1S1IEN8B0wr9bHPPQBRbtHjVQsOz%2fGFkOZ0FyHwYQ%3d>

**Military Logistics Kuwait 2014**

Officially supported by the Kuwait Armed Forces, represented by the Logistics & Supply Authority (J4), the 2nd annual Military Logistics Kuwait summit will take place on 23 and 24 September 2014 at the Radisson Blu, Salwa.

<http://www.epicos.com/Portal/Main/Home/Pages/ItemDetails.aspx?sw1S1IEN8B2Vq5InJrf5YGRhbYsodcHaSDaVtlomMU%3d>

**GDI APAC 2014**

Providing Timely, Relevant, and Accurate Geospatial Intelligence In Support Of National Security.

<http://www.epicos.com/Portal/Main/Home/Pages/ItemDetails.aspx?sw1S1IEN8B3sYMKVKVrvzo6MguJquCbFc%2buMbRsOKJ4%3d>

**SPIE Security + Defence 2014**

SPIE Security + Defence 2014 is a leading defence and security event in Europe. Interact with fellow researchers where technological advancements continue to have an impact in the areas of sensing, data and signal analysis, tracking and targeting, communications, networks, sensor platforms, energy topics, materials and more.

<http://www.epicos.com/Portal/Main/Home/Pages/ItemDetails.aspx?sw1S1IEN8B088L6zLf9cZSutjs9GZZVMh0vvCqRf6bY%3d>

**The Second Exhibition for Military and Defense Security, Libya**

The exhibition is opened to public, but it is mainly for professionals, main visitor will be government officials from Ministry of Defense to military high ranking officials in the army, bringing together navy and air force.

<http://www.epicos.com/Portal/Main/Home/Pages/ItemDetails.aspx?sw1S1IEN8B0wojCQci3T5B7NeER%2bYxAZJbxaxN%2bpf%2bA%3d>