

Press Release

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European network carriers brace for tough 2012

Europe's leading network airlines are expected to generate a €1.5 billion EBIT in 2011, but Europe's economic turmoil is threatening to push the sector to a loss in 2012.

"Most of our members have posted good results over the first nine months of 2011. Passenger numbers are up 8% and the outlook for the full year is positive," said Ulrich Schulte-Strathaus, Secretary General of the Association of European Airlines (AEA). *"However, freight figures have been faltering since mid-year and third-quarter yields are beginning to weaken. The fourth quarter will mark the start of a tough ride ahead."*

AEA's 35 airline members have made significant progress in cutting their internal costs, streamlining their operations to offer extremely competitive products. But soaring external costs, such as fuel and taxation, continue to hamper industry profitability. For example, in 2012 fuel costs are expected to be 40% up on 2009 levels, accounting for a massive 29% of total operating expenses.

"There is one certainty for 2012: it will not be an easy ride for European airlines. The prospect of high external costs and depressed demand is not a good combination," said Mr Schulte-Strathaus. *"Reflecting the uncertain political climate, AEA's membership is expected to post a €1-2 billion EBIT loss for 2012. This forecast is heavily dependent on a swift and effective political solution to the sovereign debt crisis."*

Europe's network airlines urge the European institutions and Member States to take concrete actions to improve this outlook.

"There is little our regulators can do to cut the cost of fuel, but national governments can cut airline fuel burn by delivering on their Single European Sky promises," said Mr Schulte-Strathaus. *"They can recognise the fact that aviation taxation damages the economy. Finally, they can cut uncertainty by resolving conflict around the emissions trading debate. A globally acceptable solution to ETS is a must for 2012."*

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Note to the Editor: The Association of European Airlines (AEA) brings together 35 European established scheduled network carriers. These collectively carry 380 million passengers and 6.2 million tonnes of cargo each year, operating 2,670 aircraft serving 650 destinations in 167 countries with 11,100 flights a day. They provide around 405,000 jobs directly, and generate a total turnover of €86 billion.