



**'Changing the landscape of the Enlarged Europe'
3rd Annual Conference on CEE Air Transport
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***The Strategic Direction of the Industry:
Network Carriers or Low Cost?***

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Association of European Airlines**

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The Association of European Airlines



33 member airlines
11,115 flights a day
375,600 employees
605 destinations in 161 countries
346 million passengers
6 million tonnes of cargo
Total turnover of €75 billion



Most European countries are represented



EU27

Austria: OS

Belgium: SN

Bulgaria: -

Cyprus: CY

Czech Republic: OK

Denmark: SK

Estonia: -

Finland: AY

France: AF

Germany: LH

Greece: OA

Hungary: MA

Ireland: EI

Italy: AP, AZ

Latvia: -

Lithuania: -

Luxembourg: CV, LG

Malta: KM

Netherlands: KL

Poland: LO

Portugal: TP

Romania: RO

Slovakia: -

Slovenia: JP

Spain: IB, JK

Sweden: SK

UK: BA, BD, VS

European Economic Area

Iceland: FI

Norway: SK

Switzerland: LX

EU candidate countries

Croatia: OU

Macedonia: -

Turkey: TK

EU potential candidates:

Albania: -

Bosnia & Herzegovina: -

Montenegro: -

Serbia: JU

Ukraine: PS, VV

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EU New members' economic indicators 2007



	Rank by GDP	GDP per capita (US\$)	GDP growth %
EU27		29,342	2.8
Slovenia	21	25,265	4.5
Czech Republic	16	24,679	4.8
Hungary	18	20,700	2.8
Estonia	26	20,114	9.9
Poland	9	19,600	6.5
Slovakia	19	19,172	8.2
Latvia	24	17,364	10.5
Lithuania	23	16,863	7.0
Bulgaria	22	10,677	6.0
Romania	17	10,661	6.5

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AEA Members from Central/E Europe



JAT	1971
MALEV	1987
CSA	1991
Balkan	1992 - 2000
Adria	1995
Croatia	1998
TAROM	2000
LOT	2002
AeroSvit	2008
Ukraine International	2008

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What AEA stands for today



- **The Association of European Airlines has been the trusted voice of the European airline industry for over 50 years.**
- **AEA is a non-profit, airline-driven lobbying organisation, representing the common interests of its members at international and governmental level.**
- **AEA members comprise European, international, domestic, scheduled and charter passenger operators and all-cargo operators.**

AEA – The authentic voice of European airlines

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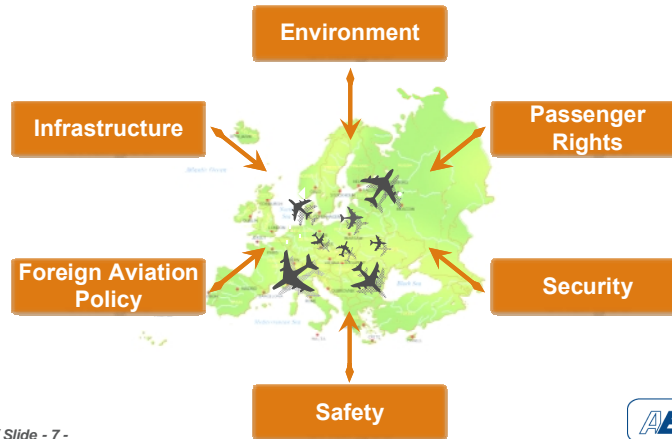


EU legislation – and global issues...



➤ Airlines have to address

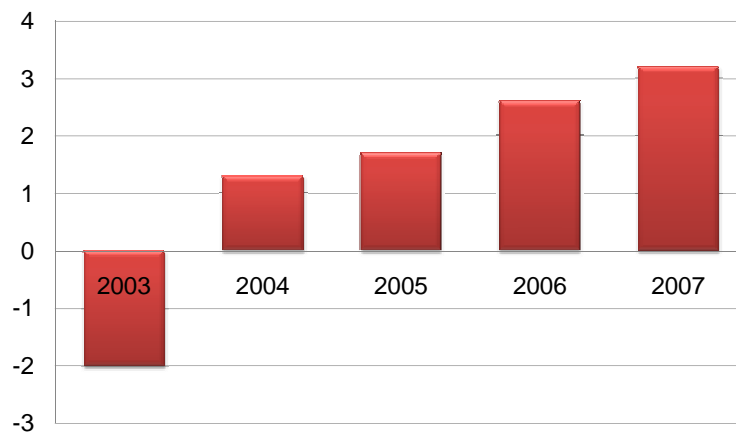
- A proliferation of fast-evolving issues and political developments
 - A multiplicity of stakeholders
 - A need for analysis, strategy and lobbying



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Consolidated AEA profit in € bn



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Key performance indicators on European routes, 2006



	Five CEE Airlines (JP,LO,MA,OK,OU)	Four mid-size Airlines (AY,LX,OS,SN)
Operating ratio	98.4	102.3
Psgr load factor	63.0	69.2
Psgr yield ¢/RPK	12.5	13.4
Unit cost ¢/ATK	81.8	89.9

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Key performance indicators on European routes, 2006



Conclusions?

The disadvantage faced by the CEE carriers in yields (-3.4%) is more than compensated by their cost advantage (-8.9%)

HOWEVER of more importance is the disadvantage they face in load factor (-9.0%)

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Load factor on intra-European services:

2001 – 43.4

2007 – 64.4

Average seats per flight:

2001 – 86.1

2007 – 75.7

Due to:

Introduction RJ170 fleet (70 seats)

Reduction B737 fleet (108/145 seats)



... the picture is less rosy ...

Operating Ratio on long haul routes 2006

Three CEE airlines (LO, MA, OK) 93.1

Four mid-size airlines (AY, LX, OS, SN) 102.8

Three large airlines (AF, BA, LH) 110.0

A New Deal on the North Atlantic?



30th March 2008: 'Open Skies' between EU and US:

- Any US airline can fly to any point in the EU
- Any EU airline can fly from any point in its own territory to the US
- Any EU airline can fly from any point in any other EU territory to the US

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How things stood before 30th March



'Open Skies' bilaterals

Czech Republic
Romania
Slovakia
Poland

Restrictive bilaterals

Bulgaria
Estonia
Hungary
Latvia
Lithuania
Slovenia

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CEE – US schedules, April 2008



Schedule pattern for April 2008 compared with April 2007

source:OAG

LOT Warsaw – New York JFK/Newark
 Warsaw – Chicago
 Krakow – Chicago

CSA Prague – New York JFK
Delta Prague – Atlanta ****NEW****

Delta Budapest – New York JFK

Delta Bucharest – New York JFK ****NEW****

plus Uzbekistan Airways once weekly Riga – New York JFK
 Malev will restart Budapest – JFK services in May

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AEA Airlines: high-quality √√√ ... high-fare ???



Spot the low-fare airline

Aer Lingus	Dublin – Prague	€ 33
British Airways	London – Krakow	€ 55
Brussels Airlines	Brussels – Budapest	€ 50
Lufthansa	Frankfurt – Sofia	€ 139 roundtrip
LOT	Warsaw – Madrid	€ 128 roundtrip
Malev	Budapest – Munich	€ 85 roundtrip
Swiss	Basle – Prague	€ 63 roundtrip

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THANK YOU



**For more information, please visit the
AEA website:**

www.aea.be

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