

IATA sees record profits for airlines in 2014

GENEVA, SWITZERLAND: Airlines are expected to post record profits next year, the International Air Transport Association said citing sliding oil prices and mergers for the sector's improving outlook.



Airline profits are set to soar next year as air travel increases. Image: Fotorek [Fotolia](#)

"The industry's fortunes are improving," IATA chief Tony Tyler said at the umbrella body's Geneva base.

"We are raising our global profit outlook for this year to US\$12.9bn and we see that increasing to US\$19.7bn year," he told reporters.

He said the figures for 2013 were US\$1.2bn better than a forecast issued in September, and US\$3.3bn higher than previous prediction for 2014.

"This is being led primarily by a slight fall in the high price of oil and the positive impact that mergers and joint ventures are having, generating better connectivity for passenger and driving efficiency," Tyler said.

"If the 2014 forecast proves to be accurate, it would be the sector's highest profit figure ever," he said before adding a note of caution.

Fortunes improving for airlines

"It sounds like a very large number. It is. But it is shared among hundreds of airlines. They will take in US\$743bn in revenues by transporting some 3.3bn passengers," he said, adding that the sector would "hardly be rolling in cash".

"Even a simple division of the profit by the number of passengers will quickly show that the industry will be taking a little less than six dollars per passenger carried," he explained.

IATA forecasts that the average rate of profitability of the globe's airlines should reach 2.6% in 2014, up from 1.8% this year and 1.1% in 2012, when the sector turned a profit of US\$7.4bn.



Bangkok Airlines might not be the most profitable but it is the most colourful having won an award for being the most colourful airline in the world. Image: Bangkok Air

"In 2012, we could afford a coffee, in 2013 a sandwich and in 2014, maybe both," Tyler said.

Passenger numbers up

IATA says that passenger traffic should be stronger than originally predicted this year, with passenger volumes rising by around 5.4% per year over the next five years.

But IATA says that air-freight levels remain weak with average annual growth of 3.2%.

"Clearly, much uncertainty remains in relation to the global economic and financial environment, but there are a number of important positive developments," IATA said.

Among them were the fact that the United States was building a solid foundation for sustained growth, the eurozone was emerging from a protracted recession and that global sentiment was being boosted by growth in China.



Airlines are set to get much busier next year as air travel picks up. Image: [Five Top](#)

"These dynamics are all supportive of the outlook for air transport services - both passenger and freight - over the five year forecasting horizon, to 2017," the organisation said.

US airlines should post good results in 2014, with profits expected to hit US\$8.4bn, up from a forecast US\$5.8bn this year.

Asian carriers are expected to hold the second rung on the ladder, though the gap between them and US airlines is expected to widen, with forecast profit of US\$4.1bn in 2014, up from an estimated US\$3.2bn this year and US\$4.0bn in 2012.

European airlines, meanwhile, are seen as making major progress, with profits expected to hit US\$3.2bn in 2014, up from US\$1.7bn this year, outstripping the US\$400m of 2012 and US\$300m of 2011.

Source: AFP via I-Net Bridge

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