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BTS Releases Fourth Quarter 2003 Airline Financial Data; Regional Passenger Airlines Report Highest Rate of Domestic Profit

The seven largest regional airlines had the highest domestic operating margins — an industry measure of profitability — of any carrier groups during the fourth quarter of 2003, the Bureau of Transportation Statistics (BTS) of the U.S. Department of Transportation reported today in a release of preliminary data.

This group of regional carriers reported a domestic operating profit margin of 14.1 percent for the fourth quarter, above the profit margin of 5.3 percent reported by the seven largest low-cost air carriers and the 7.9 percent loss margin reported by seven largest network carriers (Table 1). Domestic operating margin measures operating profit or loss as a percentage of the airline's total domestic operating revenue.

The industry operating margin declined from the third quarter to the fourth quarter. Quarter-to-quarter changes may be affected by seasonal factors.

For the full year, the group of regional airlines had domestic operating profit margins of 13.2 percent, above the 6.5 percent profit margin reported by the low-cost carriers and the 9.2 percent loss margin reported by the network carriers. The network carriers reported a domestic operating loss of \$4.7 billion for full year 2003, while the regional carriers reported profits of \$860.0 million and the low-cost carriers reported profits of \$799.7 million (Table 1A)

The selected low-cost carriers showed an improved profit margin over the fourth quarter of 2002 while the selected network carriers reduced their operating loss margin from a year earlier.

The largest operating loss margins were reported by American Airlines, United Airlines and Continental Airlines, all network carriers (Table 2). The top operating profit margins were reported by JetBlue Airways, a low-cost carrier (Table 3), American Eagle and Comair, both regional carriers (Table 4).

Network carriers operate a significant portion of their flights using at least one hub where connections are made for flights on a spoke system. Low-cost carriers are those that the industry generally recognizes as operating under a low-cost business model. Regional carriers provide service from small cities, using primarily regional jets to support the network carriers' hub and spoke systems. The selected groups consist of the seven carriers with the highest annual reported revenue in each group.

AIRLINE FINANCES QUARTERLY RELEASE
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The regional/commuter carriers had the highest unit revenues with 15.2 cents per available seat mile. (Table 5). These higher unit revenues generally reflect the shorter flights flown by these carriers. They average flights of 300 to 450 miles, compared to the 1,000-mile average stage length for the network carriers. Domestic unit revenue measures revenues against capacity by dividing domestic operating revenues by domestic available seat miles.

Overall, the highest unit revenues were reported by Atlantic Coast Airlines, Air Wisconsin and American Eagle Airlines (Table 8). The lowest unit revenues were reported by ATA Airlines, JetBlue and Spirit Airlines (Table 7). US Airways reported the highest unit revenues among the selected network carriers (Table 6).

The regional carriers also reported the highest domestic unit costs – 13.0 cents per available seat mile (Table 9). The low-cost carriers reported the lowest unit costs – 7.5 cents per available seat mile. All of the selected low-cost carriers had lower unit costs than any of the regional or network carriers. (Tables 10, 11 and 12). Domestic unit cost measures expenses against capacity by dividing domestic operating expenses by domestic available seat miles.

The carriers with the top unit costs were Atlantic Coast, US Airways and Air Wisconsin. The carriers with the lowest unit costs were JetBlue, ATA and Southwest Airlines.

The regional carriers also reported the highest domestic passenger revenue yields — at 24.4 cents per revenue passenger mile, nearly twice the rate compared to the network and low-cost carriers (Table 13). Domestic passenger revenue yield measures passenger revenues against total travel by dividing domestic passenger revenues by domestic revenue passenger miles.

The top passenger revenue yields were reported by Atlantic Coast, American Eagle and Air Wisconsin (Table 16). The lowest passenger revenue yields were reported by ATA, JetBlue and Spirit (Table 15). US Airways reported the highest revenue yield of any network carrier (Table 14).

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Table 1: Quarterly Domestic Operating profit/loss margin (in percent)

Passenger Airlines by Group

Ranked by 4th Quarter 2003 Margin

(Operating Profit/Loss as Percent of Total Operating Revenue)

4Q 2003 Rank	Group	4th Quarter 2002 (%)	1st Quarter 2003 (%)	2nd Quarter 2003 (%)	3rd Quarter 2003 (%)	4th Quarter 2003 (%)	4 th Quarter Operating Profit/Loss \$(Millions)
1	Regionals	8.2	9.0	14.2	15.3	14.1	243.6
2	Low-Cost	2.0	0.7	8.4	11.2	5.3	164.5
3	Network	-18.3	-18.7	-5.4	-2.6	-7.9	-1,034.1
	21-Carrier Total	-12.3	-12.8	-1.2	1.4%	-3.5	-626.0

Source: Form 41; Schedule P1.2

Table 1A: Annual Domestic Operating profit/loss margin (in percent)

Passenger Airlines by Group

Ranked by Full Year 2003 Margin

(Operating Profit/Loss as Percent of Total Operating Revenue)

2003 Rank	Group	2003 (%)	2003 Operating Profit/Loss (\$Millions)
1	Regionals	13.2	860.0
2	Low-Cost	6.5	799.7
3	Network	-9.2	-4,719.0
	21-Carrier Total	-4.4	- 3,059.3

Source: Form 41; Schedule P1.2

Table 2: Quarterly Domestic Operating profit/loss margin (in percent)

Network Carriers

Ranked by 4th Quarter 2003 Margin

(Operating Profit/Loss as Percent of Total Operating Revenue)

4Q 2003 Rank	Network Carriers	4th Quarter 2002 (%)	1st Quarter 2003 (%)	2nd Quarter 2003 (%)	3rd Quarter 2003 (%)	4th Quarter 2003 (%)	4 th Quarter Operating Profit/Loss \$(Millions)
1	Northwest	-16.6	-11.9	0.3	5.4	-0.2	-3.1
2	US Airways	-13.2	-13.9	-7.1	-5.7	-4.8	-72.0
3	Alaska	-12.3	-13.5	1.6	10.6	-5.2	-25.6
4	Delta	-5.8	-12.4	-7.0	-6.0	-6.7	-199.3
5	Continental	-13.1	-19.2	8.8	-4.3	-8.5	-106.7
6	United	-34.7	-30.2	-12.0	0.1	-8.9	-211.6
7	American	-22.2	-30.2	-13.9	-6.4	-13.8	-415.8
	Group Total	-18.3	-18.7	-5.4	-2.6	-7.9	-1,034.1

Source: Form 41; Schedule P1.2

AIRLINE FINANCES QUARTERLY RELEASE
ADD THREE

Table 3: Quarterly Domestic Operating profit/loss margin (in percent)

Low-Cost Carriers

Ranked by 4th Quarter 2003 Margin

(Operating Profit/Loss as Percent of Total Operating Revenue)

4Q 2003 Low Cost		4th	1st	2nd	3rd	4th	4 th Quarter
Rank	Carriers	Quarter	Quarter	Quarter	Quarter	Quarter	Operating
		2002 (%)	2003 (%)	2003 (%)	2003 (%)	2003 (%)	Profit/Loss
							\$(Millions)
1	Jet Blue	17.0	15.9	18.7	19.7	13.3	35.1
2	AirTran	7.2	4.0	13.1	11.1	8.7	20.8
3	Frontier	-5.0	-13.6	4.4	13.5	7.6	12.6
4	Southwest	6.2	3.4	9.2	12.0	7.4	110.9
5	America West	-7.9	-9.3	2.3	8.1	1.0	5.6
6	Spirit	-3.8	1.1	6.8	1.7	-2.9	-3.3
7	ATA	-14.0	-3.5	5.6	7.9	-6.6	-17.3
	Group Total	2.0	0.7	8.4	11.2	5.3	164.5

Source: Form 41; Schedule P1.2

Table 4: Quarterly Domestic Operating profit/loss margin (in percent)

Regional Carriers

Ranked by 4th Quarter 2003 Margin

(Operating Profit/Loss as Percent of Total Operating Revenue)

4Q 2003 Regional		4th	1st	2nd	3rd	4th	4 th Quarter
Rank	Carriers	Quarter	Quarter	Quarter	Quarter	Quarter	Operating
		2002 (%)	2003 (%)	2003 (%)	2003 (%)	2003 (%)	Profit/Loss
							\$(Millions)
1	American Eagle	8.5	9.6	16.2	15.7	20.6	61.9
2	Comair	-1.8	5.6	13.6	15.9	16.5	47.6
3	Express Jet	13.5	13.4	12.4	12.9	12.9	41.6
4	Air Wisconsin	8.2	6.8	11.6	21.4	12.5	17.4
5	Sky West	13.8	9.7	11.4	15.3	12.1	28.9
6	Atlantic Coast	-2.1	1.5	18.3	16.5	11.4	25.6
7	Atlantic Southeast	11.7	11.2	15.2	12.7	9.7	20.7
	Group Total	8.2	9.0	14.2	15.3	14.1	243.6

Source: Form 41; Schedule P1.2

AIRLINE FINANCES QUARTERLY RELEASE
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Table 5. Airline Domestic Unit Revenue (Cents Per Mile)

Passenger Airlines by Group

Ranked by 4th Quarter 2003 Domestic Unit Revenue

(Domestic Operating Revenue Per Available Seat Mile)

Rank	Group	4th Quarter 2002	1st Quarter 2003	2nd Quarter 2003	3rd Quarter 2003	4th Quarter 2003	Operating Revenue \$(Millions)
1	Regionals	16.1	16.6	15.8	15.3	15.2	1,724.5
2	Network	9.9	10.7	11.4	11.5	11.5	13,167.3
3	Low-Cost	7.7	7.6	8.2	8.3	7.9	3,092.8
	21-Carrier Total	9.8	10.3	10.9	11.0	10.9	17,984.6

Source: Form 41; Schedule P1.2. T100; T2 Data

Table 6. Airline Domestic Unit Revenue (Cents Per Mile)

Network Carriers

Ranked by 4th Quarter 2003 Domestic Unit Revenue

(Domestic Operating Revenue Per Available Seat Mile)

Rank	Group	4th Quarter 2002	1st Quarter 2003	2nd Quarter 2003	3rd Quarter 2003	4th Quarter 2003	4 th Quarter Operating Revenue \$(Millions)
1	US Airways	13.9	13.8	15.1	14.5	15.2	1,509.1
2	Delta	9.9	11.9	13.0	12.6	12.5	2,976.8
3	Northwest	10.9	10.5	11.3	11.4	11.7	1,550.4
4	Alaska	9.3	9.4	10.0	10.5	10.8	496.0
5	United	9.2	9.2	9.8	11.5	10.7	2,369.0
6	American	8.8	10.1	10.6	10.4	10.4	3,004.3
7	Continental	9.7	9.9	10.7	9.9	10.3	1,261.5
	Group Total	9.9	10.7	11.4	11.5	11.5	13,167.3

Source: Form 41; Schedule P1.2. T100; T2 Data

Table 7. Airline Domestic Unit Revenue (Cents Per Mile)

Low-Cost Carriers

Ranked by 4th Quarter 2003 Domestic Unit Revenue

(Domestic Operating Revenue Per Available Seat Mile)

Rank	Group	4th Quarter 2002	1st Quarter 2003	2nd Quarter 2003	3rd Quarter 2003	4th Quarter 2003	Operating Revenue \$(Millions)
1	Frontier	7.9	7.8	8.7	9.8	9.3	163.4
2	AirTran	9.0	8.9	9.5	9.1	8.9	238.8
3	Southwest	8.0	7.8	8.5	8.5	8.3	1,516.9
4	America West	7.4	7.5	8.1	8.3	7.9	533.4
5	Spirit	7.2	7.6	7.8	7.7	7.8	112.7
6	Jet Blue	7.6	7.4	7.5	7.4	7.0	262.9
7	ATA	6.2	6.5	6.8	6.9	6.1	264.6
	Group Total	7.7	7.6	8.2	8.3	7.9	3,092.8

Source: Form 41; Schedule p1.2. T100; T2 Data.

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Table 8. Airline Domestic Unit Revenue (Cents Per Mile)

Regional Carriers

Ranked by 4th Quarter 2003 Domestic Unit Revenue

(Domestic Operating Revenue Per Available Seat Mile)

Rank	Group	4th	1st	2nd	3rd	4th	4 th Quarter
		Quarter	Quarter	Quarter	Quarter	Quarter	Operating
		2002	2003	2003	2003	2003	Revenue
1	Atlantic Coast	18.1	18.5	20.0	18.4	18.3	224.0
2	American Eagle	19.6	18.3	17.6	18.1	17.0	300.0
3	Air Wisconsin	19.1	20.2	17.7	17.1	16.8	138.1
4	Sky West	17.0	15.8	15.4	14.7	15.2	237.5
5	Express Jet	17.9	17.5	15.6	15.3	14.8	321.7
6	Atlantic Southeast	15.2	15.1	14.1	13.4	13.3	214.9
7	Comair	13.6	13.5	13.0	12.9	13.0	288.4
	Group Total	16.1	16.6	15.8	15.3	15.2	1,724.5

Source: Form 41; Schedule p1.2. T100; T2 Data.

Table 9. Airline Domestic Unit Costs (Cents per Mile)

Passenger Airlines by Group

Ranked by 4th Quarter 2003 Domestic Unit Costs

(Domestic Operating Expenses per Available Seat Mile in cents)

Rank	Group	4th	1st	2nd	3rd	4th	4 th Quarter
		Quarter	Quarter	Quarter	Quarter	Quarter	Operating
		2002	2003	2003	2003	2003	Expenses
1	Regionals	14.8	15.1	13.5	13.0	13.0	\$1,481.0
2	Network	11.7	12.6	12.0	11.8	12.4	14,201.4
3	Low-Cost	7.5	7.6	7.5	7.3	7.5	2,928.4
	21-Carrier Total	11.0	11.6	11.0	10.8	11.3	18,610.8

Source: Form 41; Schedule p1.2. T100; T2 Data.

Table 10. Airline Domestic Unit Costs (Cents per Mile)

Network Carriers

Ranked by 4th Quarter 2003 Domestic Unit Costs

(Domestic Operating Expenses per Available Seat Mile in cents)

Rank	Group	4th	1st	2nd	3rd	4th	Operating
		Quarter	Quarter	Quarter	Quarter	Quarter	Expenses
		2002	2003	2003	2003	2003	\$(Millions)
1	US Airways	15.7	15.7	16.2	15.4	15.9	1,581.2
2	Delta	10.5	13.4	13.9	13.3	13.3	3,176.1
3	American	10.8	13.1	12.1	11.0	11.9	3,420.1
4	United	12.4	11.9	11.0	11.5	11.7	2,580.6
5	Northwest	12.8	11.7	11.3	10.8	11.7	1,553.5
6	Alaska	10.4	10.7	9.8	9.3	11.3	521.6
7	Continental	11.0	11.8	9.7	10.4	11.1	1,368.2
	Group Total	11.7	12.6	12.0	11.8	12.4	14,201.4

Source: Form 41; Schedule P1.2. T100; T2 Data.

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Table 11. Airline Domestic Unit Costs (Cents per Mile)

Low-Cost Carriers

Ranked by 4th Quarter 2003 Domestic Unit Costs

(Domestic Operating Expenses per Available Seat Mile in cents)

Rank	Group	4th	1st	2nd	3rd	4th	4 th Quarter
		Quarter	Quarter	Quarter	Quarter	Quarter	Operating
		2002	2003	2003	2003	2003	Expenses
							\$(Millions)
1	Frontier	8.3	8.9	8.3	8.5	8.6	150.8
2	AirTran	8.4	8.6	8.2	8.1	8.1	218.0
3	Spirit	7.4	7.6	7.3	7.6	8.0	116.0
4	America West	8.0	8.2	7.9	7.6	7.8	527.8
5	Southwest	7.5	7.5	7.7	7.5	7.7	1,406.3
6	ATA	7.0	6.7	6.4	6.3	6.5	281.9
7	Jet Blue	6.3	6.2	6.1	5.9	6.1	227.8
	Group Total	7.5	7.6	7.5	7.3	7.5	2,928.4

Source: Form 41; Schedule P1.2. T100; T2 Data.

Table 12. Airline Domestic Unit Costs (Cents per Mile)

Regionals

Ranked by 4th Quarter 2003 Domestic Unit Costs

(Domestic Operating Expenses per Available Seat Mile in cents)

Rank	Group	4th	1st	2nd	3rd	4th	4 th Quarter
		Quarter	Quarter	Quarter	Quarter	Quarter	Operating
		2002	2003	2003	2003	2003	Expenses
							\$(Millions)
1	Atlantic Coast	18.5	18.3	16.3	15.3	16.2	198.4
2	Air Wisconsin	17.6	18.8	15.7	13.5	14.7	120.7
3	American Eagle	17.9	16.5	14.7	15.2	13.5	238.1
4	Sky West	14.6	14.3	13.6	12.5	13.4	208.6
5	Express Jet	15.5	15.2	13.7	13.3	12.9	280.1
6	Atlantic Southeast	13.4	13.4	11.9	11.7	12.0	194.2
7	Comair	12.7	12.7	11.2	10.8	10.9	240.8
	Group Total	14.8	15.1	13.5	13.0	13.0	1,481.0

Source: Form 41; Schedule p1.2. T100; T2 Data.

Table 13. Domestic Passenger Revenue Yield (Cents per Mile)

Passenger Airlines by Group

Ranked by 4th Quarter 2003 Domestic Revenue Yield

(Domestic Passenger Revenue per Revenue Passenger Mile in cents)

Rank	Group	4th	1st	2nd	3rd	4th	4 th Quarter
		Quarter	Quarter	Quarter	Quarter	Quarter	Passenger
		2002	2003	2003	2003	2003	Revenue
							\$(Millions)
1	Regionals	27.3	29.7	25.3	24.5	24.4	\$1,715.9
2	Network	12.1	12.5	11.9	11.8	12.4	10,337.9
3	Low-Cost	10.8	10.7	10.4	10.4	10.7	2,915.8
	21-Carrier Total	12.5	12.9	12.3	12.1	12.7	14,969.6

Source: Form 41; Schedule P1.2. T100; T2 Data.

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Table 14. Domestic Passenger Revenue Yield (Cents per Mile)

Network Carriers

Ranked by 4th Quarter 2003 Domestic Revenue Yield

(Domestic Passenger Revenue per Revenue Passenger Mile in cents)

Rank	Group	4th	1st	2nd	3rd	4th	4 th Quarter
		Quarter	Quarter	Quarter	Quarter	Quarter	Passenger
		2002	2003	2003	2003	2003	Revenue
							\$(Millions)
1	US Airways	14.8	14.9	14.4	13.4	14.8	1,054.3
2	Alaska	12.3	12.5	12.4	12.7	13.9	442.8
3	Northwest	13.3	12.8	13.2	12.9	13.8	1,344.5
4	American	11.7	12.3	11.7	11.5	12.2	2,499.3
5	Delta	12.0	12.3	11.8	11.4	12.0	2,065.3
6	Continental	12.0	12.8	11.8	11.2	11.9	1,097.2
7	United	10.8	10.5	10.6	11.3	11.3	1,834.5
	Group Total	12.1	12.5	11.9	11.8	12.4	10,337.9

Source: Form 41; Schedule P1.2. T100; T2 Data.

Table 15. Domestic Passenger Revenue Yield (Cents per Mile)

Low-Cost Carriers

Ranked by 4th Quarter 2003 Domestic Revenue Yield

(Domestic Passenger Revenue per Revenue Passenger Mile in cents)

Rank	Group	4th	1st	2nd	3rd	4th	4 th Quarter
		Quarter	Quarter	Quarter	Quarter	Quarter	Passenger
		2002	2003	2003	2003	2003	Revenue
							\$(Millions)
1	AirTran	13.3	12.8	12.5	12.0	12.3	231.0
2	Southwest	12.0	11.7	11.4	11.4	12.2	1,430.9
3	Frontier	12.9	12.7	12.3	12.1	12.0	154.2
4	America West	9.6	10.1	9.7	9.7	9.7	497.4
5	Spirit	9.0	9.9	10.1	9.1	9.2	109.2
6	ATA	7.6	7.9	7.8	8.2	8.3	239.4
7	Jet Blue	9.0	8.9	8.5	8.1	8.2	253.7
	Group Total	10.8	10.7	10.4	10.4	10.7	2,915.8

Source: Form 41; Schedule P1.2. T100; T2 Data.

AIRLINE FINANCES QUARTERLY RELEASE
ADD EIGHT

Table 16. Domestic Passenger Revenue Yield (Cents per Mile)

Regionals

Ranked by 4th Quarter 2003 Domestic Revenue Yield

(Domestic Passenger Revenue per Revenue Passenger Mile in cents)

Rank	Group	4th	1st	2nd	3rd	4th	4 th Quarter
		Quarter	Quarter	Quarter	Quarter	Quarter	Passenger
		2002	2003	2003	2003	2003	Revenue
1	Atlantic Coast	26.4	26.6	26.1	24.7	25.9	220.1
2	American Eagle	29.8	30.5	25.9	26.9	25.6	298.0
3	Air Wisconsin	29.1	28.3	22.1	22.0	23.0	137.6
4	Express Jet	27.5	28.7	22.0	21.5	21.1	321.5
5	Sky West	24.1	22.9	21.2	19.9	20.5	235.8
6	Atlantic Southeast	22.0	23.6	20.5	19.9	19.9	214.9
7	Comair	22.6	22.3	19.4	18.8	19.1	288.0
	Group Total	27.3	29.7	25.3	24.5	24.4	1,715.9

Source: Form 41; Schedule P1.2. T100; T2 Data.

Additional airline financial data can be found on the BTS website at TranStats, the Intermodal Transportation Database, at <http://transtats.bts.gov>. Click on “aviation”, then on “Air Carrier Financial Reports (Form 41 Financial Data)”, then click on “Schedule P-12.”

Data are compiled from quarterly financial and monthly traffic reports filed with BTS by commercial air carriers. Financial and traffic data are preliminary and include data received by BTS as of May 11. Data are subject to revision. Revised data from third-quarter 2003 and previous quarters are posted on the BTS website at <http://transtats.bts.gov>. BTS has scheduled June 14 for release of first-quarter 2004 data.

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