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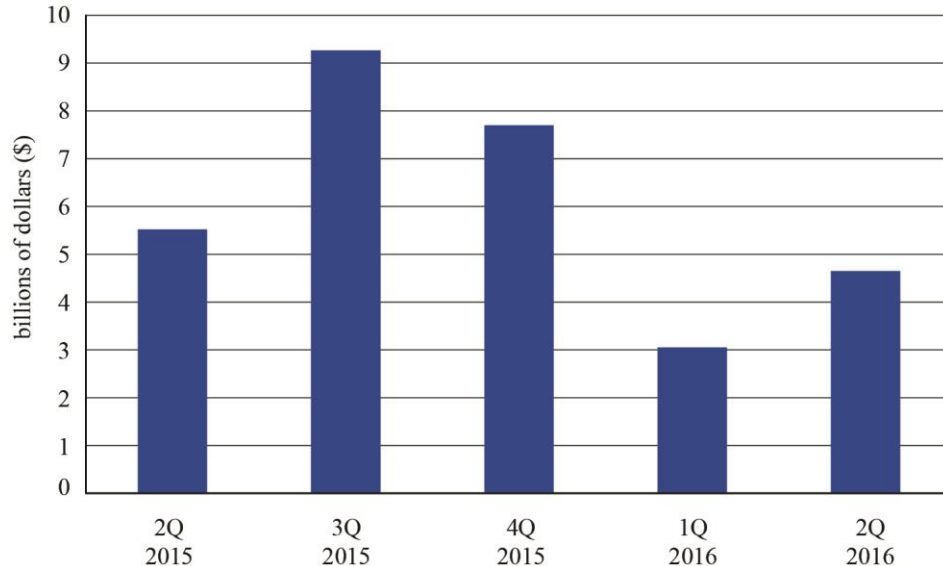
BTS Data

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2nd Quarter 2016 Airline Financial Data

U.S. scheduled passenger airlines reported an after-tax net profit of \$4.6 billion in the second quarter of 2016, up from \$3.1 billion in the first quarter of 2016 and down from \$5.5 billion in the second quarter of 2015, the U.S. Department of Transportation's Bureau of Transportation Statistics (BTS) reported today (Table 1).

U.S. Scheduled Service Passenger Airlines Quarterly Net Income



The 25 U.S. scheduled service passenger airlines reported an after-tax net profit as a group for the 11th consecutive quarter.

In addition to the after-tax net profit of \$4.6 billion based on [net income](#) reports, the scheduled service passenger airlines reported a \$7.9 billion pre-tax operating profit in the second quarter of 2016, up from \$5.6 billion in the first quarter of 2016 and down from \$8.2 billion in the second quarter of 2015. The airlines reported a pre-tax operating profit - as a group - for the 20th consecutive quarter (Tables 1, 3).

Net profit or loss and operating profit or loss are two different measures of airline financial performance. Net profit or loss may include non-operating income and expenses, nonrecurring items or income taxes. Operating profit or loss is calculated from operating revenues and expenses before taxes and other nonrecurring items.

Total [operating revenue](#) for all U.S. passenger airlines in the April-June second-quarter of 2016 was \$43.5 billion. Airlines collected \$32.5 billion from fares, 74.6 percent of total second-quarter operating revenue (Table 4).

Total operating expenses for all passenger airlines in the second-quarter of 2016 were \$35.6 billion, of which fuel costs accounted for \$5.6 billion, or 15.6 percent, and labor costs accounted for \$12.2 billion, or 34.3 percent (Table 4).

In the second quarter, passenger airlines collected a total of \$1.1 billion in [baggage fees](#), 2.5 percent of total operating revenue, and \$755 million from [reservation change fees](#), 1.7 percent of total operating revenue. Fees are included for calculations of net income, operating revenue and operating profit or loss (Table 4).

Baggage fees and reservation change fees are the only ancillary fees paid by passengers that are reported to BTS as separate items. Other fees, such as revenue from seating assignments and on-board sales of food, beverages, pillows, blankets, and entertainment are combined in different categories and cannot be identified separately.

See [airline financial data press releases](#) and the [airline financial databases](#) for historic data.

Totals for Scheduled Passenger Airlines with the Highest Operating Revenue

As a group, the 10 U.S. scheduled passenger airlines with the highest operating revenue in the second quarter of 2016 reported an after-tax net profit of \$4.6 billion in the second quarter of 2016, up from a profit of \$3.0 billion in the first quarter of 2016 and down from a profit of \$5.4 billion in the second quarter of 2015 (Table 2). These airlines accounted for 99.5 percent of the scheduled passenger airline after-tax net profit (Table 2).

In addition to the after-tax net income reports, the 10 airlines reported a \$7.6 billion pre-tax operating profit in the second quarter of 2016, up from a profit of \$5.4 billion in the first quarter and down from a \$7.9 billion pre-tax operating profit in the second quarter of 2015 (Table 3).

Margins for All Scheduled Passenger Airlines

All U.S. scheduled passenger airlines reported a combined net income margin of 10.7 percent in the second quarter of 2016, down from a net margin of 12.5 percent in the second quarter of 2015. Net margin is the net income or loss as a percentage of operating revenue. These airlines reported an operating profit margin of 18.1 percent in the second quarter of 2016, down from 18.6 percent in the second quarter of 2015. Operating margin is the operating profit or loss as a percentage of operating revenue (Table 4).

Reporting notes

Additional airline financial data can be found on the BTS website, including industry statistics for other individual low-cost and regional airlines. See tables for [operating profit/loss](#), [operating revenue](#) and [fuel cost and consumption](#). See the BTS [financial databases](#) for more detailed data.

By regulation, for the quarter ending June 30, airlines that operate at least one aircraft that has more than 60 seats or the capacity to carry a payload of passengers, cargo and fuel weighing more than 18,000 pounds must report financial data to BTS by Aug 10. The airline filings are subject to a process of quality assurance and data validations before release to the public.

Revised carrier data and late data filings will be made available monthly on [TranStats](#) on the Monday following the second Tuesday of the month. All data are subject to revision. BTS will release third-quarter data on Dec. 12.

Table 1. Quarterly U.S. Scheduled Service Passenger Airlines Financial Reports

Reports from 26 airlines in 2Q 2016
(millions of dollars)

	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	Dollar Change 2Q2015- 2Q2016
Net Income	5,519	9,268	7,698	3,056	4,649	-870
Operating Profit/Loss	8,178	8,832	5,894	5,608	7,873	-305
Operating Revenue*	44,064	45,201	40,343	38,995	43,505	-559
Fares	33,292	34,090	29,976	28,942	32,461	-831
Baggage Fees	967	1,019	958	975	1,073	106
Reservation Change Fees	779	755	715	745	755	-24
Operating Expenses	35,886	36,370	34,449	33,387	35,632	-254
Fuel	7,191	7,071	5,817	5,379	5,551	-1,640
Labor	11,431	11,868	11,449	11,333	12,223	792

Source: Bureau of Transportation Statistics, Form 41; Schedules P1.2 and P6

* Passenger airline operating revenue includes two other categories. 1) Transport-related is revenue from services which grow from and are incidental to the air transportation services performed by the air carrier. Examples are in-flight onboard sales (food, liquor, pillows, etc), code share revenues, revenues from associated businesses (aircraft maintenance, fuel sales, restaurants, vending machines, etc). 2) Miscellaneous operating revenue includes pet transportation, sale of frequent flyer award miles to airline business partners and standby passenger fees. See the [P1.2 database](#).

Table 2. Quarterly Large Airline Systemwide (Domestic + International) Net Income
Ranked by 2Q 2016 Operating Revenue
(millions of dollars)

Rank	Airline	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	Dollar Change 2Q2015- 2Q2016
1	Delta	1,487	1,319	988	955	1,553	65
2	AA-US Combined	1,465	1,722	4,552	710	972	-493
	American	1,052	1,722	4,552	710	972	-79
	US Airways	414	N/A	N/A	N/A	N/A	N/A
3	United	1,193	4,776	824	314	588	-605
4	Southwest	608	584	536	511	820	212
5	JetBlue	152	198	190	199	180	28
6	Alaska	228	268	187	185	264	36
7	Hawaiian	50	71	39	53	81	31
8	Spirit	80	103	79	68	85	6
9	SkyWest	31	37	28	28	43	12
10	Virgin	65	72	191	18	38	-27
10-Carrier Total		5,360	9,150	7,612	3,042	4,624	-736
All Passenger Airlines		5,519	9,268	7,698	3,056	4,649	-870

Source: Bureau of Transportation Statistics, Form 41; Schedule P1.2.

Table 3. Quarterly Large Airline Systemwide (Domestic + International) Operating Profit/Loss
Ranked by 2Q 2016 Operating Revenue
(millions of dollars)

Rank	Airline	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	Dollar Change 2Q2015- 2Q2016
1	Delta	2,496	2,222	1,722	1,548	2,424	-73
2	AA-US Combined	1,921	2,003	1,063	1,323	1,757	-164
	American	1,206	2,003	1,063	1,323	1,757	552
	US Airways	716	N/A	N/A	N/A	N/A	N/A
3	United	1,446	1,900	1,081	649	1,060	-385
4	Southwest	1,085	1,225	1,026	944	1,276	191
5	JetBlue	282	350	323	349	310	28
6	Alaska	362	433	258	299	418	55
7	Hawaiian	92	156	111	95	122	29
8	Spirit	122	157	120	101	122	-1
9	SkyWest	59	68	52	52	79	20
10	Virgin	68	74	20	32	69.2	2
10-Carrier Total		7,934	8,587	5,777	5,392	7,636	-298
All Passenger Airlines		8,178	8,832	5,894	5,608	7,873	-305

Source: Bureau of Transportation Statistics, Form 41; Schedule P1.2

Table 4. Quarterly U.S. Scheduled Passenger Airlines Revenue, Expenses and Profits

Reports from 26 airlines in 2Q 2016

(millions of dollars)

	2Q 2015	2Q 2016	Change	2015- 2016 % Change	% of 2Q 2016 Revenue or Expense Total
Operating Revenue					
Passenger Fares (scheduled/charter)	33,292.3	32,461.4	-830.9	-2.50	74.62
Cargo	728.6	645.0	-83.6	-11.47	1.48
Baggage	966.8	1,072.9	106.1	10.97	2.47
Reservation Changes	779.3	755.0	-24.3	-3.12	1.74
Transport-Related*	7,173.8	7,228.3	54.5	0.76	16.61
Other**	1,123.4	1,342.5	219.1	19.50	3.09
Total Operating Revenue	44,064.2	43,505.1	-559.1	-1.27	100.00
Operating Expense					
Fuel	7,190.9	5,551.3	-1,639.6	-22.80	15.58
Labor	11,431.3	12,223.1	791.8	6.93	34.30
Rentals	2,173.0	2,191.4	18.4	0.85	6.15
Depreciation & Amortization	1,839.2	2,468.4	629.2	34.21	6.93
Landing Fees	731.9	756.3	24.4	3.33	2.12
Maintenance Materials	663.7	626.5	-37.2	-5.60	1.76
Transport-Related*	4,734.5	4,521.1	-213.4	-4.51	12.69
Other***	7,121.7	7,294.3	172.6	2.42	20.47
Total Operating Expense	35,886.2	35,632.4	-253.8	-0.71	100.00
Profits or Losses					
Operating Profit	8,178.0	7,872.7	-305.3	-3.73	N/A
Operating Margin**** (%)	18.6	18.1	-0.5	N/A	N/A
Nonoperating Income/(Expense)#	-778.5	-681.3	97.2	-12.49	N/A
Pre-Tax Income	7,399.5	7,191.4	-208.1	-2.81	N/A
Income Tax Benefit/(Expense)	-1,880.8	-2,542.5	-661.7	35.18	N/A
Other Income/(Expense)	0.0	0.0	0.0	0.0	N/A
Net Income	5,518.7	4,648.9	-869.8	-15.76	N/A
Net Margin## (%)	12.5	10.7	-1.8	N/A	N/A

Source: Bureau of Transportation Statistics, Form 41; Schedules P1.2 and P6

* Transport-Related is revenue/expenses from services which grow from and are incidental to the air transportation services performed by the carrier. Examples are in-flight onboard sales (food, liquor, pillows, etc), code share revenues, revenues and expenses from associated businesses (aircraft maintenance, fuel sales, restaurants, vending machines, etc).

** Other revenue includes miscellaneous operating revenue (including pet transportation, sale of frequent flyer award miles to airline business partners and standby passenger fees), and public service revenues subsidy.

*** Other expense includes purchase of materials such as passenger food and other materials; and of services such as advertising, communication, insurance, outside flight equipment maintenance, traffic commissions and other services.

**** Operating margin is the operating profit or loss as a percentage of operating revenue

Nonoperating Income and Expense includes interest on long-term debt and capital leases, other interest expense, foreign exchange gains and losses, capital gains and losses and other income and expenses.

Net margin is the net income or loss as a percentage of operating revenue.