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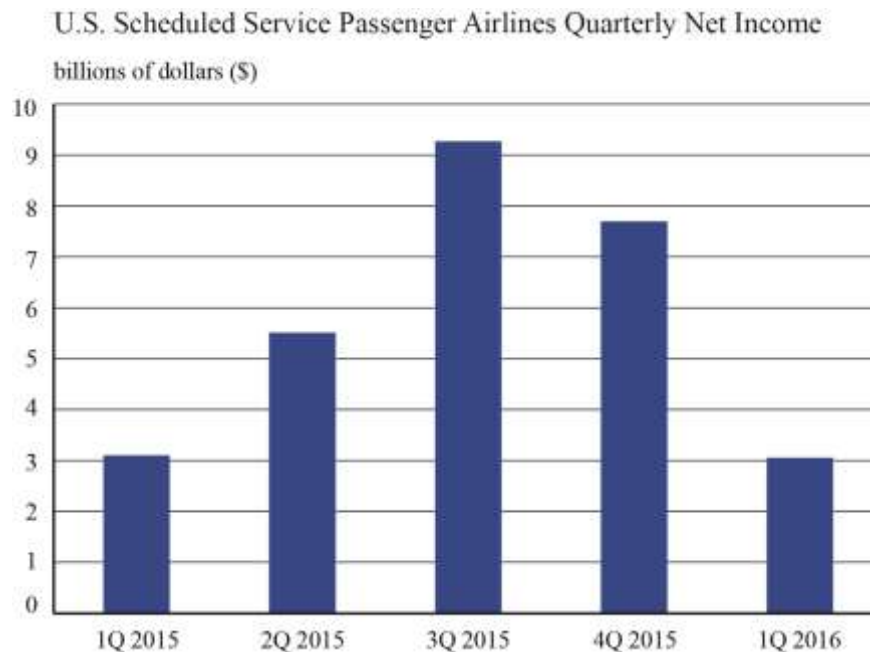
BTS Data

BTS 34-16
Monday, June 20, 2016
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1st Quarter 2016 Airline Financial Data

Note: Baggage fee numbers in the text, Table 1 and Table 4 were revised on June 22, 2016. Numbers in the category of other revenue were also revised.

U.S. scheduled passenger airlines reported an after-tax net profit of \$3.1 billion in the first quarter of 2016, down from \$7.7 billion in the fourth quarter of 2015 and virtually unchanged from \$3.1 billion in the first quarter of 2015, the U.S. Department of Transportation's Bureau of Transportation Statistics (BTS) reported today (Table 1).



The 25 U.S. scheduled service passenger airlines reported an after-tax net profit as a group for the 10th consecutive quarter.

In addition to the after-tax net profit of \$3.1 billion based on [net income](#) reports, the scheduled service passenger airlines reported a \$5.6 billion pre-tax operating profit in the first quarter of 2016, down from \$5.9 billion in the fourth quarter of 2015 and up from \$5.1 billion in the first quarter of

2015. The airlines reported a pre-tax operating profit - as a group - for the 19th consecutive quarter (Tables 1, 3).

Net income and operating profit or loss are two different measures of airline financial performance. Net income 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 January-March first-quarter of 2016 was \$39.0 billion. Airlines collected \$28.9 billion from fares, 74.2 percent of total first-quarter operating revenue (Table 4).

Total operating expenses for all passenger airlines in the first-quarter of 2016 were \$33.4 billion, of which fuel costs accounted for \$5.4 billion, or 16.1 percent, and labor costs accounted for \$11.3 billion, or 34.0 percent (Table 4).

In the first quarter, passenger airlines collected a total of \$975 million in [baggage fees](#), 2.5 percent of total operating revenue, and \$745 million from [reservation change fees](#), 1.9 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 first quarter of 2016 reported an after-tax net profit of \$3.1 billion in the first quarter of 2016, down from a profit of \$7.4 billion in the fourth quarter of 2015 and up from a profit of \$2.9 billion in the first quarter of 2015 (Table 2). These airlines carried 82.5 percent of U.S. airlines' [scheduled service passengers](#) in the first quarter and accounted for 99.9 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 \$5.4 billion pre-tax operating profit in the first quarter of 2016, down from a profit of \$5.8 billion in the fourth quarter and up from a \$4.9 billion pre-tax operating profit in the first quarter of 2015 (Table 3).

Margins for All Scheduled Passenger Airlines

All U.S. scheduled passenger airlines reported a combined net income margin of 7.8 percent in the first quarter of 2016, down from a net margin of 7.9 percent in the first 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 14.4 percent in the first quarter of 2016, up from 13.0 percent in the first 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 March 31, 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 May 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 second-quarter 2016 data on Sept. 19.

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

Reports from 26 airlines in 1Q 2016

(millions of dollars)

Note: 1Q 2016 baggage fee numbers in this table were revised on June 22, 2016.

	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	Dollar Change 1Q2015- 1Q2016
Net Income	3,103	5,515	9,268	7,698	3,056	-47
Operating Profit/Loss	5,093	8,155	8,832	5,894	5,608	515
Operating Revenue*	39,267	43,944	45,201	40,343	38,995	-272
Fares	29,515	33,249	34,090	29,976	28,942	-573
Baggage Fees	870	962	1,019	958	975	105
Reservation Change Fees	762	773	755	715	745	-17
Operating Expenses	34,174	35,788	36,370	34,449	33,387	-787
Fuel	6,898	7,926	7,071	5,817	5,379	-1,519
Labor	10,635	10,969	11,868	11,449	11,333	698

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](#).

Note: 4Q2014 Reservation Change fee numbers were revised subsequent to public release at 11 a.m. on May 2, 2016.

Table 2. Quarterly Large Airline Systemwide (Domestic + International) Net Income
Ranked by 1Q 2016 Operating Revenue
(millions of dollars)

Rank	Airline	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	Dollar Change 1Q2015- 1Q2016
1	AA-US Combined	808	1,465	1,722	4,552	710	-98
	American	569	1,052	1,722	4,552	710	141
	US Airways	239	414	N/A	N/A	N/A	N/A
2	Delta	745	1,490	1,319	988	955	211
3	United	509	1,193	4,776	824	314	-195
4	Southwest	453	608	584	536	511	58
5	JetBlue	137	152	198	190	199	62
6	Alaska	145	228	268	187	185	40
7	Hawaiian	33	50	71	39	53	20
8	Spirit	69	80	103	79	68	-1
9	SkyWest	17	31	37	28	28	11
10	Frontier	31	54	29	19	39	8
10-Carrier Total		2,947	5,352	9,107	7,441	3,063	116
All Passenger Airlines		3,103	5,515	9,268	7,698	3,056	-46

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

Table 3. Quarterly Large Airline Systemwide (Domestic + International) Operating Profit/Loss
Ranked by 1Q 2016 Operating Revenue
(millions of dollars)

Rank	Airline	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	Dollar Change 1Q2015- 1Q2016
1	AA-US Combined	1,202	1,957	2,003	1,063	1,323	122
	American	760	1,206	2,003	1,063	1,323	563
	US Airways	441	752	N/A	N/A	N/A	N/A
2	Delta	1,404	2,477	2,222	1,722	1,548	144
3	United	741	1,446	1,900	1,081	649	-91
4	Southwest	780	1,085	1,225	1,026	944	164
5	JetBlue	244	282	350	323	349	105
6	Alaska	238	362	433	258	299	61
7	Hawaiian	72	92	156	111	95	23
8	Spirit	109	112	157	120	101	-8
9	SkyWest	37	59	68	52	52	15
10	Frontier	50	88	99	40	62.18	12
10-Carrier Total		4,877	7,962	8,612	5,796	5,422	546
All Passenger Airlines		5,093	8,155	8,832	5,894	5,608	515

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 1Q 2016

(millions of dollars)

Note: 1Q2016 baggage fee numbers and numbers in the category of other revenue in this table were revised on June 22, 2016.

	1Q 2015	1Q 2016	Change	2015- 2016 % Change	% of 1Q 2016 Revenue or Expense Total
Operating Revenue					
Passenger Fares (scheduled/charter)	29,514.7	28,942.1	-572.6	-1.94	74.22
Cargo	742.8	647.7	-95.1	-12.80	1.66
Baggage	870.0	974.5	104.5	12.01	2.50
Reservation Changes	762.2	745.1	-17.2	-2.26	1.91
Transport-Related*	6,340.5	6,457.9	117.5	1.85	16.56
Other**	1,036.8	1,227.9	191.1	18.43	3.15
Total Operating Revenue	39,267.0	38,995.2	-271.8	-0.69	100.00
Operating Expense					
Fuel	6,897.7	5,379.2	-1,518.5	-22.01	16.11
Labor	10,635.4	11,333.0	697.7	6.56	33.94
Rentals	2,128.8	2,188.3	59.5	2.80	6.55
Depreciation & Amortization	1,834.0	1,982.7	148.7	8.11	5.94
Landing Fees	670.2	687.3	17.2	2.56	2.06
Maintenance Materials	667.9	626.2	-41.7	-6.24	1.88
Transport-Related*	4,480.5	4,258.1	-222.4	-4.96	12.75
Other***	6,859.5	6,932.5	73.0	1.06	20.76
Total Operating Expense	34,173.8	33,387.3	-786.5	-2.30	100.00
Profits or Losses					
Operating Profit	5,093.2	5,607.9	514.7	10.11	N/A
Operating Margin**** (%)	13.0	14.4	1.4	N/A	N/A
Nonoperating Income/(Expense)#	-864.3	-899.0	-34.7	4.01	N/A
Pre-Tax Income	4,228.8	4,708.9	480.1	11.35	N/A
Income Tax Benefit/(Expense)	-1,126.1	-1,652.5	-526.4	46.75	N/A
Other Income/(Expense)	0.0	0.0	0.0	0.0	N/A
Net Income	3,102.8	3,056.4	-46.3	-1.49	N/A
Net Margin## (%)	7.9	7.8	-0.1	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.

Note: 4Q2014 Reservation Change fee numbers were revised subsequent to public release at 11 a.m. on May 2, 2016.