

Financially Sustainable Airlines

Reasons for Optimism

ICAO/McGill Conference

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Donald P. Schenk

President

ACA Associates, Inc.

545 Fifth Ave, Ste 640

New York, NY 10017

+1-212-808-4420 dpschenk@aca-assoc.com

www.aca-assoc.com

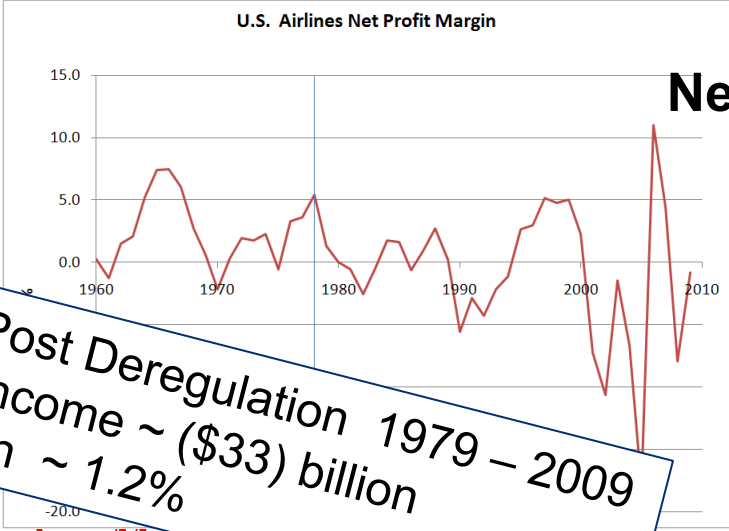
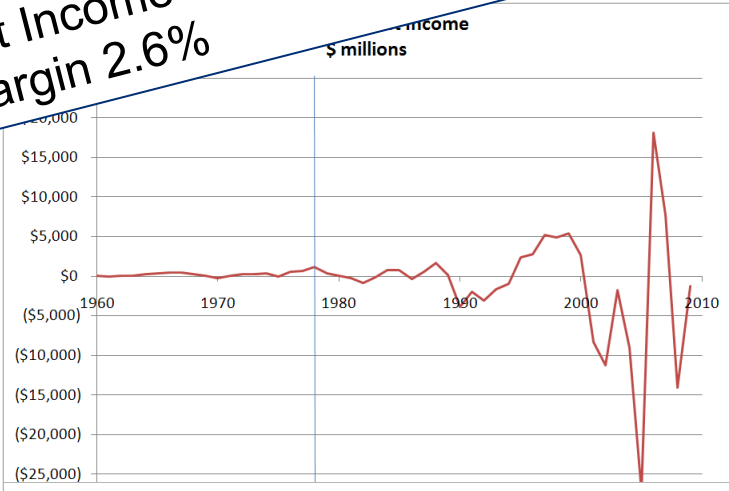
ACA is a consulting and financial advisory firm, founded in 1989, specializing in the commercial aviation industry including manufacturers, airlines, airports, after-market support, and ground service companies. ACA combines the expertise and talent of experienced aviation industry executives from a wide variety of disciplines with those of financial executives with a background in corporate finance. This enables them to deliver value-added strategic, financial, and operational analysis and advice to clients based on an understanding of the wide range of implications that a client's decisions can have on its overall business.



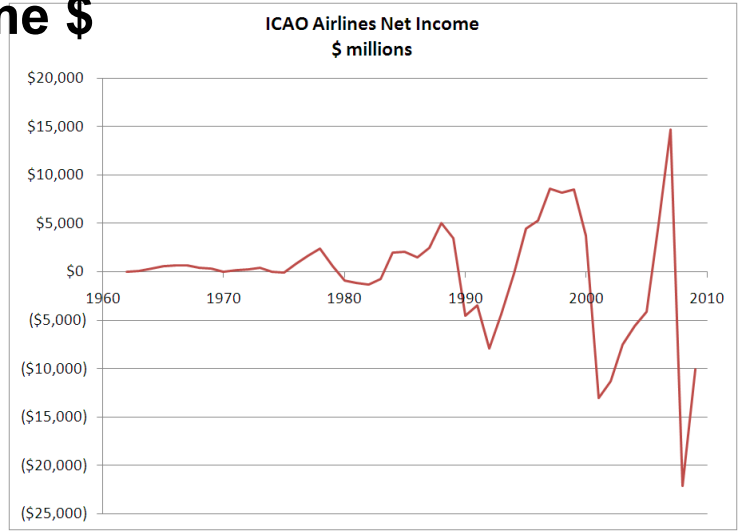
A review of trends
in the airline and
commercial jet
aircraft industries.

History of Limited Profits

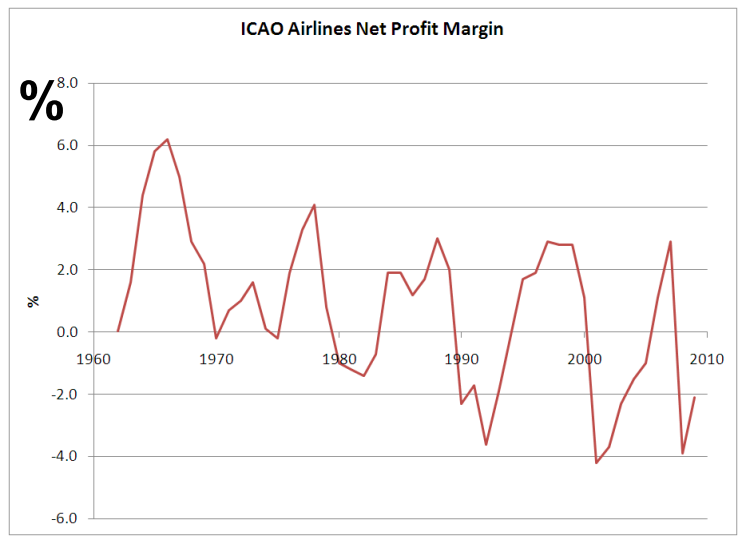
US Pre Deregulation 1960 – 1978
Net Income ~\$ 5 billion
Margin 2.6%



Net Income \$



Net Margin %

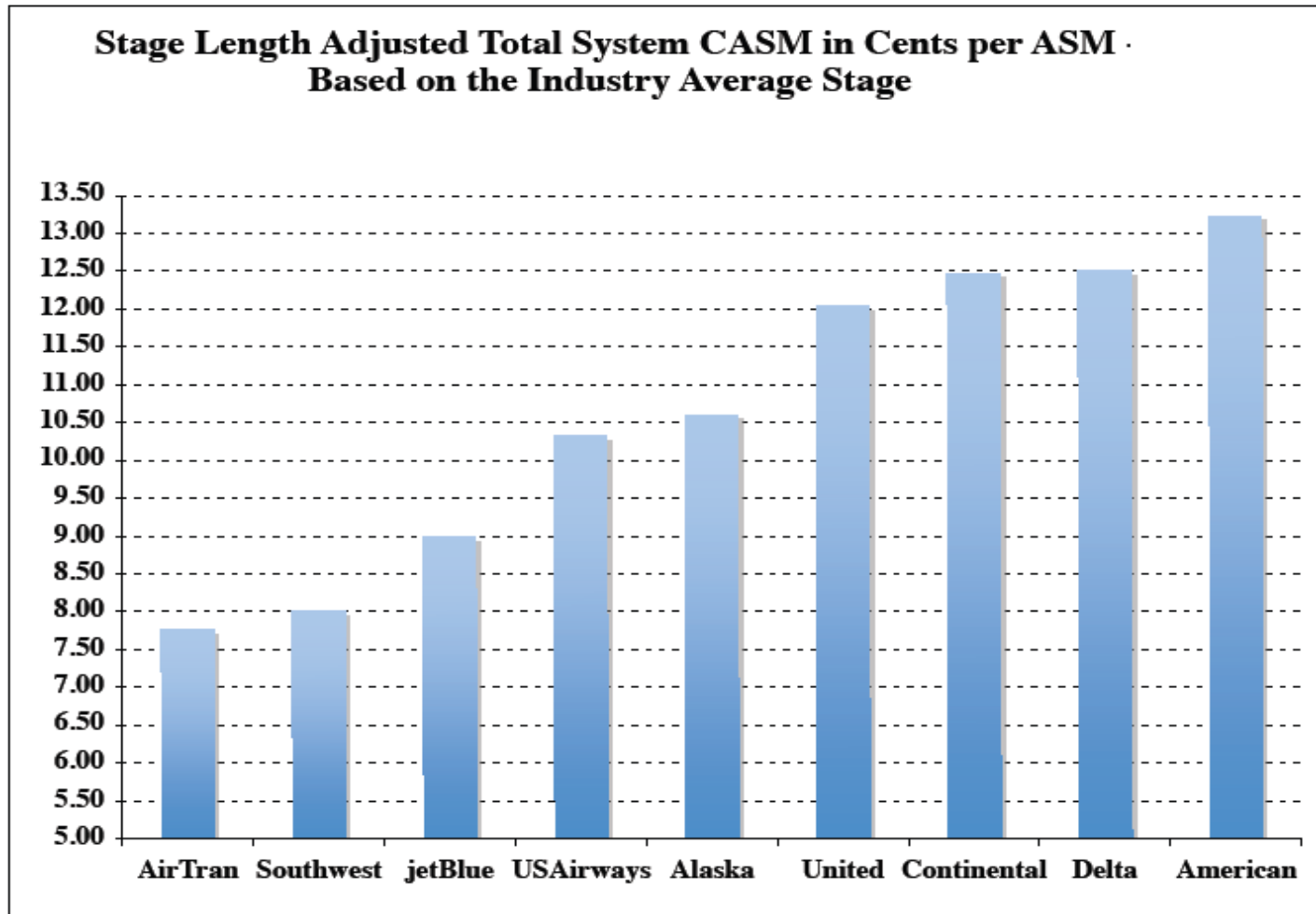


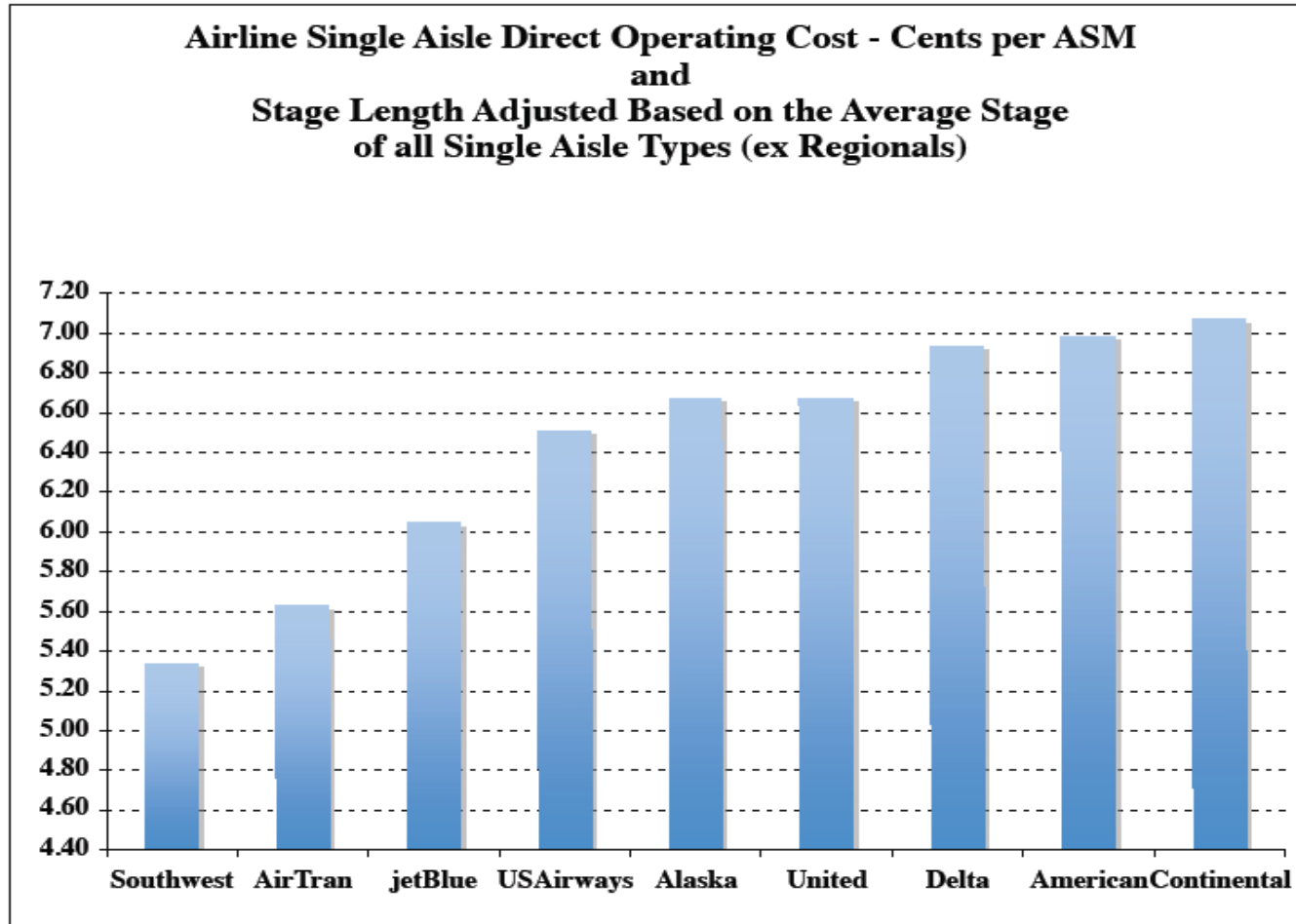
US Post Deregulation 1979 – 2009
Net Income ~ (\$33) billion
Margin ~ 1.2%

Airline Monitor

- Identify your market
- Recognize that the product is the brand
- Use IT as a friend not an enemy
- Create brand equity
- Eliminate all unnecessary costs







THE AIRLINE MONITOR
September 2010

Focus is Critical

- Serve your unique customers
- Let customers design product
- Restrict services and costs
- Use IT as a friend not an enemy
- Measure success in profits not market size