ERA Monthly Market Analysis

May 2017

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Introduction

For the production of these statistics in the following report, ERA has teamed up with partners Seabury Consulting and Innovata to provide a comprehensive analysis of ERA's members' performance.

The analysis performed by Seabury Consulting, is based on schedule data that has been provided by Innovata and gives a comprehensive overview of the sector.

This report examines the performance of ERA members carriers (and in some cases the wider European regional airline network) who report schedule data to Innovata as well as market dynamics and outlook for the current and next IATA scheduling season.

Seabury Consulting is a leading global advisory and professional services firm, which provides information covering the aviation and air cargo industry with a depth of analytics to support rapid decision making.
Web: http://www.accenture.com/seaburyconsulting
Contact: https://www.accenture.com/us-en/contact-us

Innovata specialises in travel content management and distribution solutions. The firm maintains and markets an industry standard flight schedules database with over 800 participating airlines.

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Summary

- ERA carries grew seat capacity by 8% year on year in May. Growth is driven by both an increase in number of flights (+4% YoY), number of route flown (+4% YoY) as well as aircraft gauge (+3% YoY)

- Regional carriers' capacity share of the intra-European market continues to drop (8%)

- An outlook at summer 2017 published schedules shows ERA carriers will increase capacity on both international and domestic markets by 4% versus summer 2016

- *Please note that the list of ERA members has been updated; therefore, data in this file might not align to previous versions*

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Part 1: ERA Performance

ERA Monthly Market Analysis, May 2017

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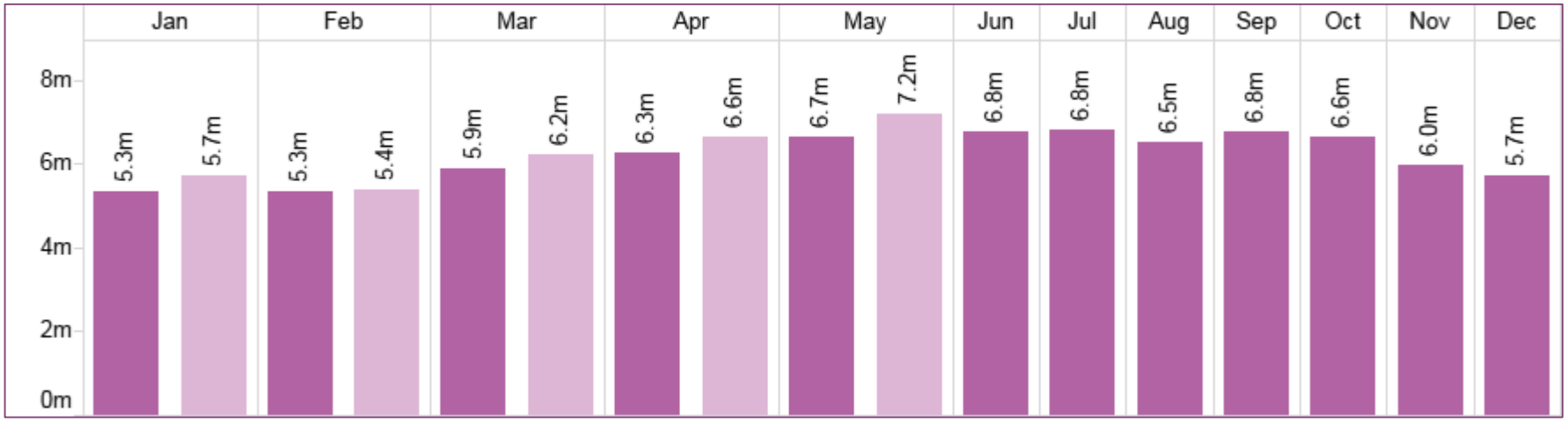
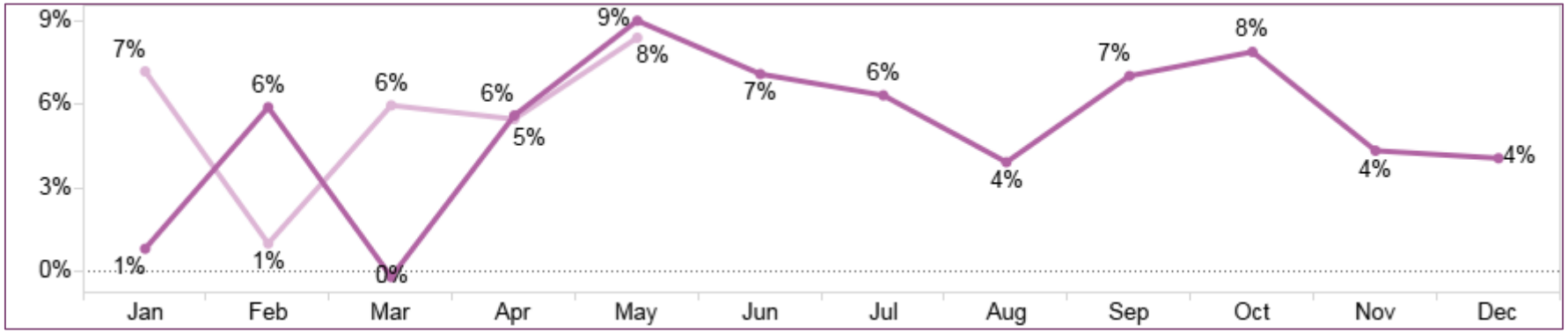
Deployed capacity

ERA carriers' capacity increased 8% in May 2017 vs. May 2016

Total seats



Year-on-Year %

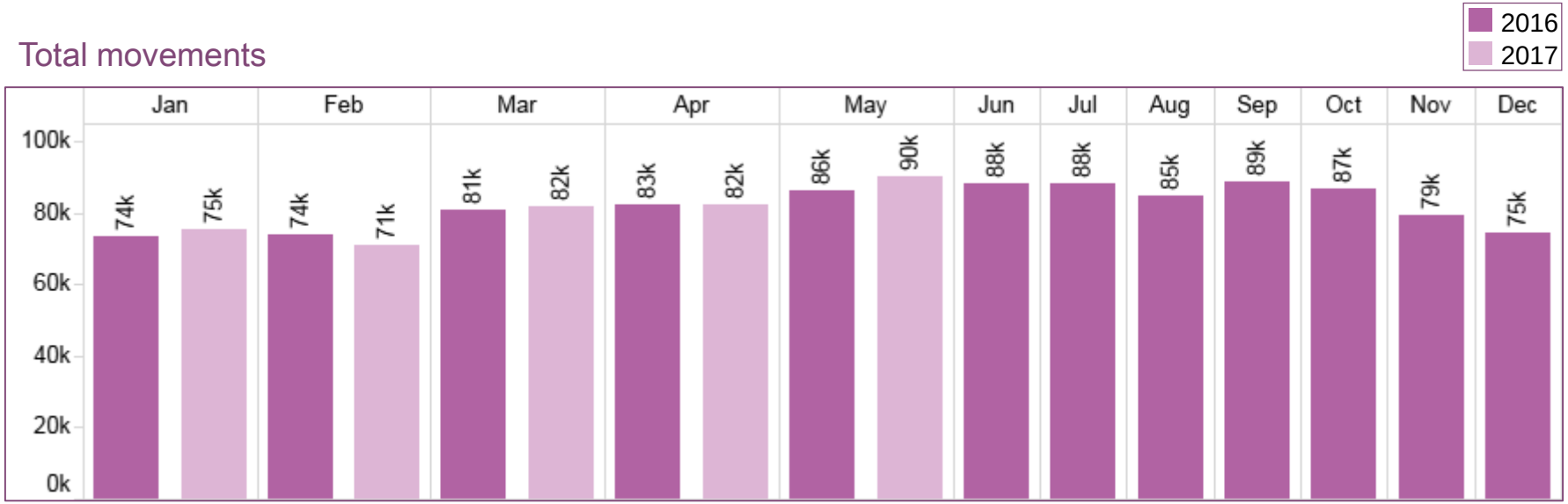


Note: Intra-European market operated by ERA members only.
Source: Innovata, May 2017 load, surface transportation excluded.

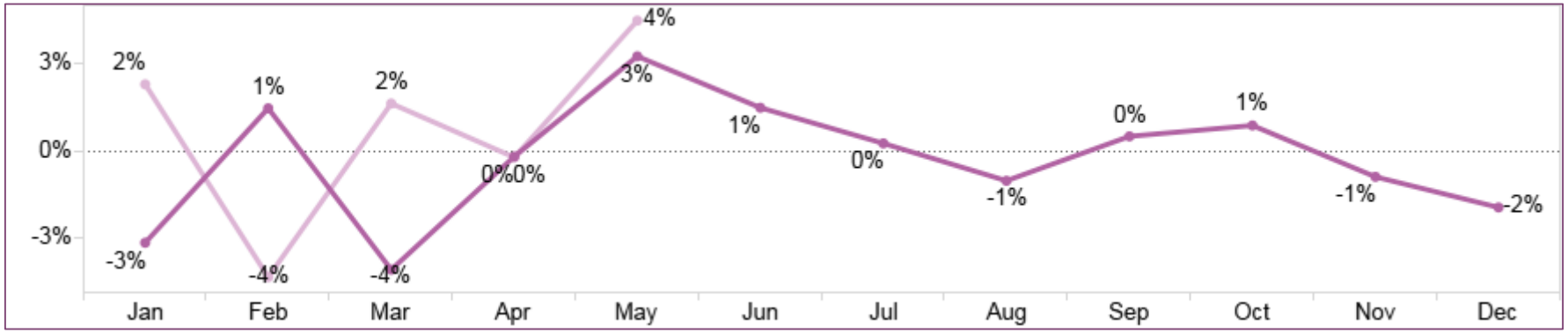
Total movements

Total movements in May 2017 increased 4% vs. May 2016

Total movements



Year-on-Year %

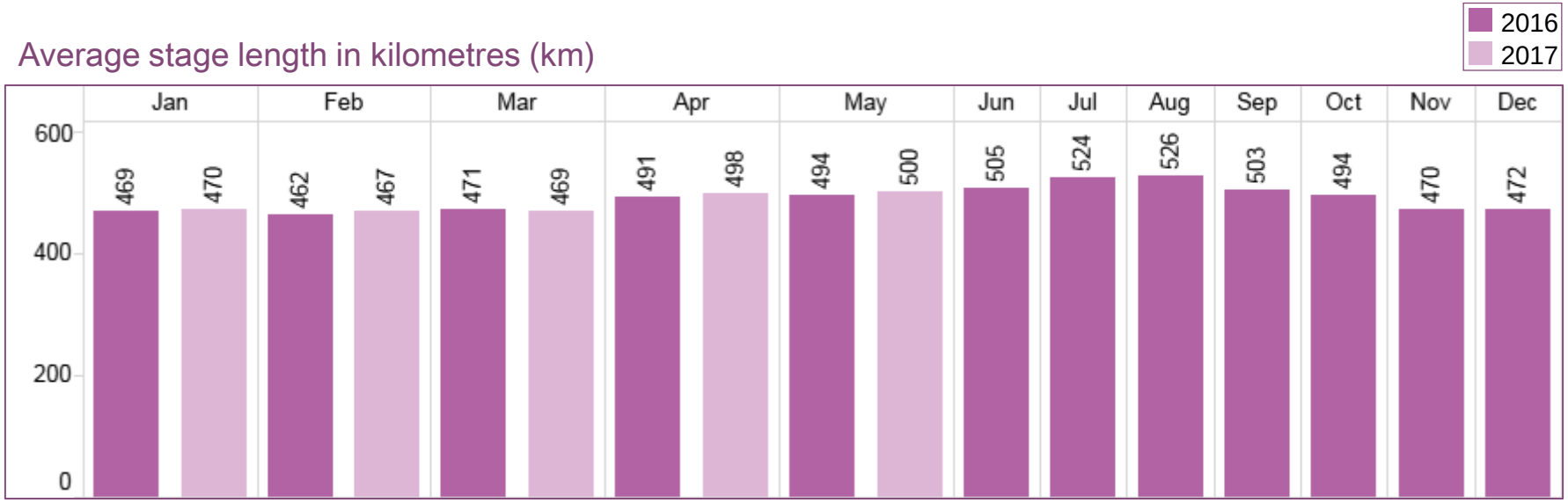


Note: Intra-European market operated by ERA members only.
Source: Innovata, May 2017 load, surface transportation excluded.

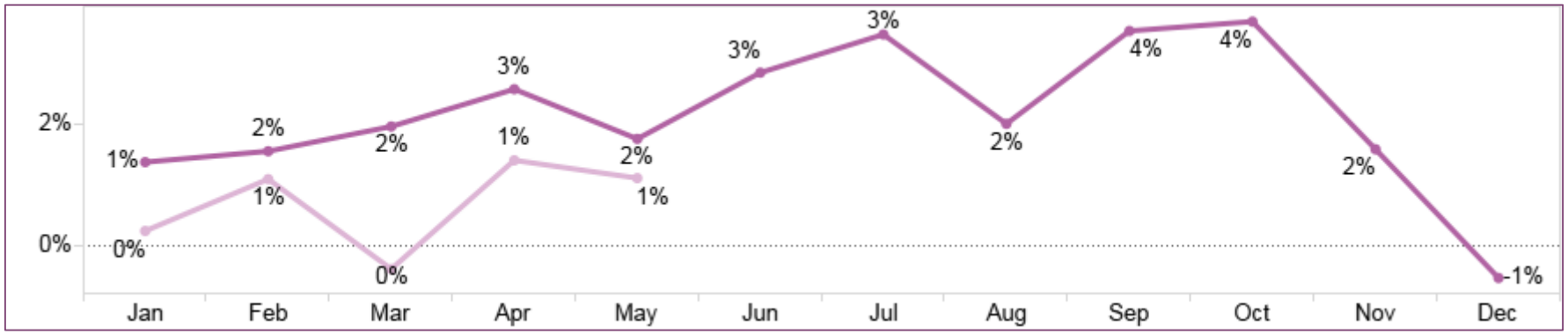
Stage length

Average stage length increased versus same month last year to 500 km (+1% YoY)

Average stage length in kilometres (km)



Year-on-Year %

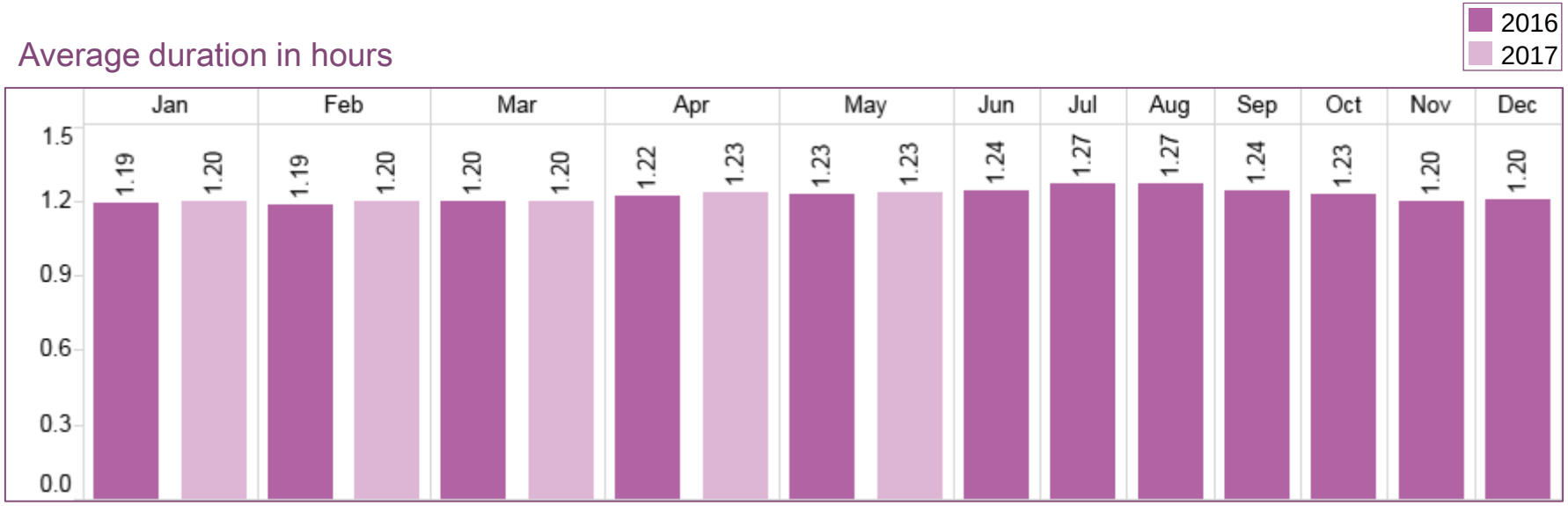


Note: Intra-European market operated by ERA members only.
Source: Innovata, May 2017 load, surface transportation excluded.

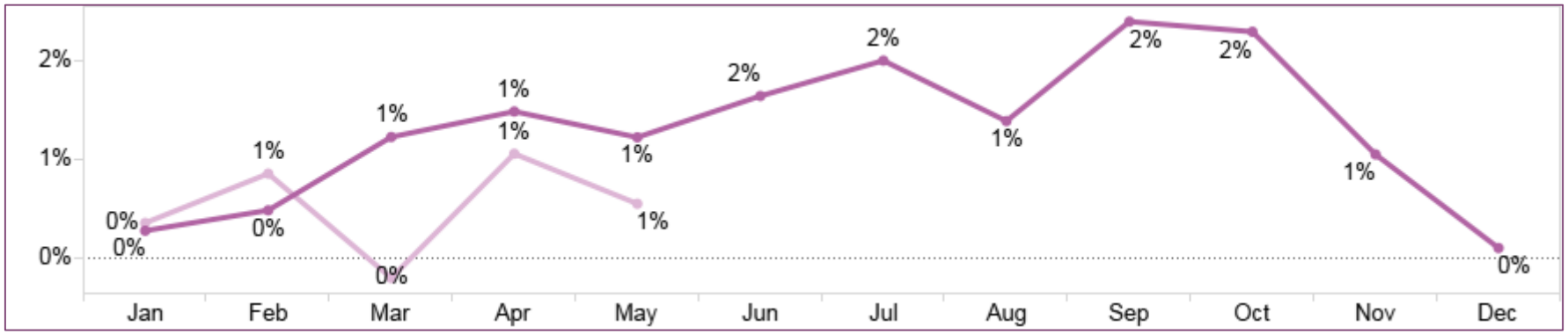
Sector duration

Average sector duration remains constant compared to the same month last year at 1 hour 14 minutes

Average duration in hours



Year-on-Year %

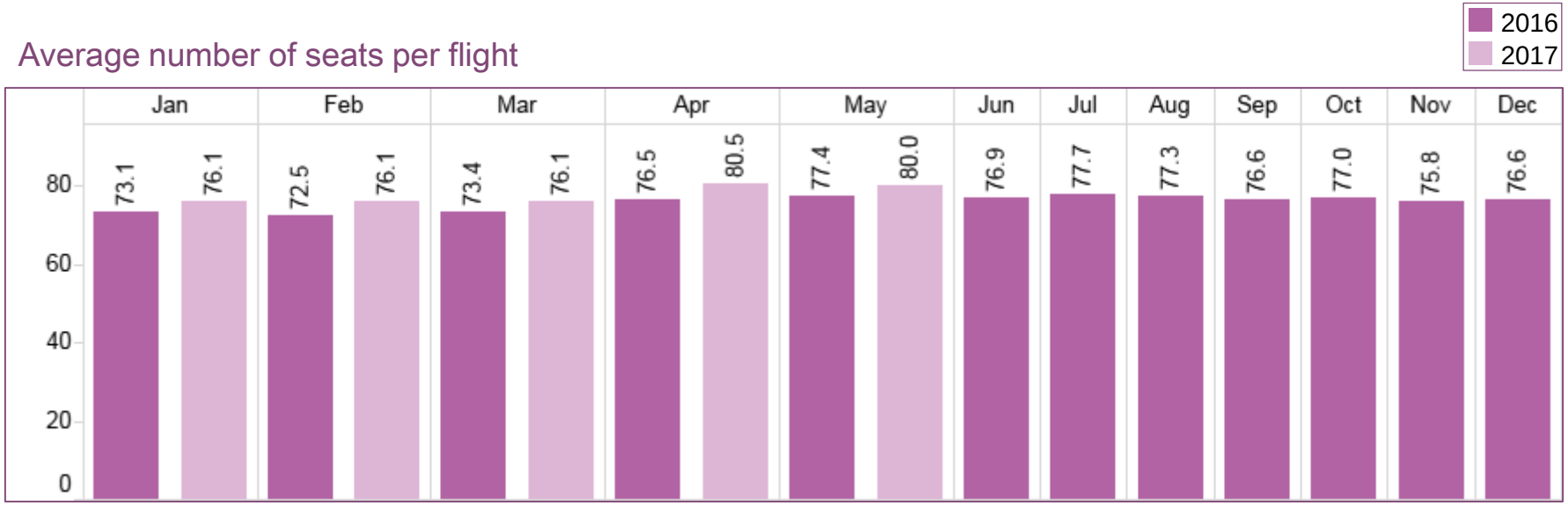


Note: Intra-European market operated by ERA members only.
Source: Innovata, May 2017 load, surface transportation excluded.

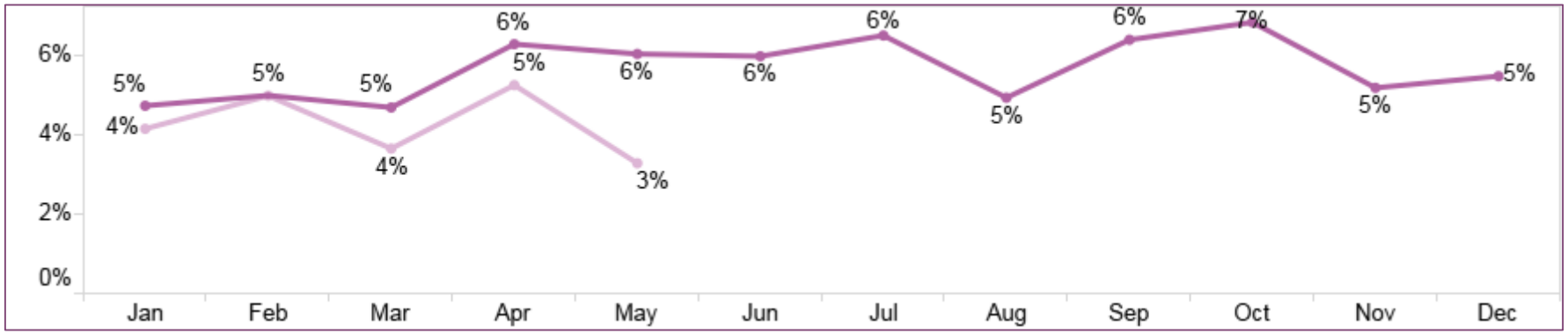
Aircraft seating capacity

May's average seats per departure increased to 80 seats (+3% YoY)

Average number of seats per flight



Year-on-Year %

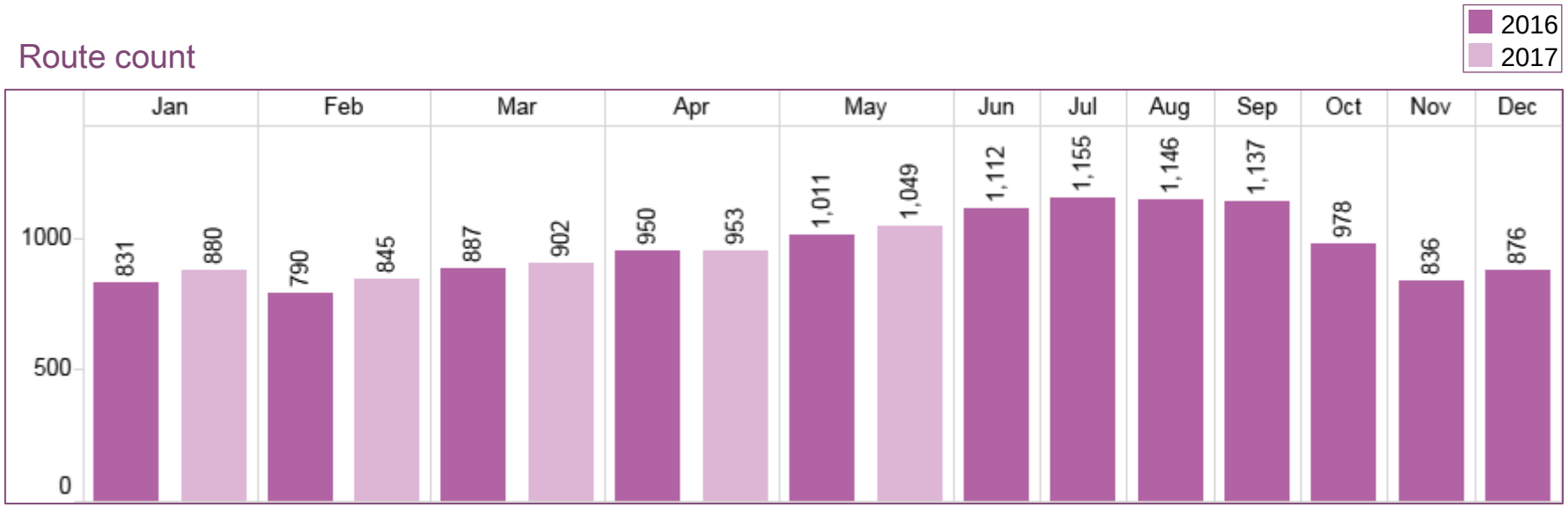


Note: Intra-European market operated by ERA members only; cargo flights excluded.
Source: Innovata, May 2017 load, surface transportation excluded.

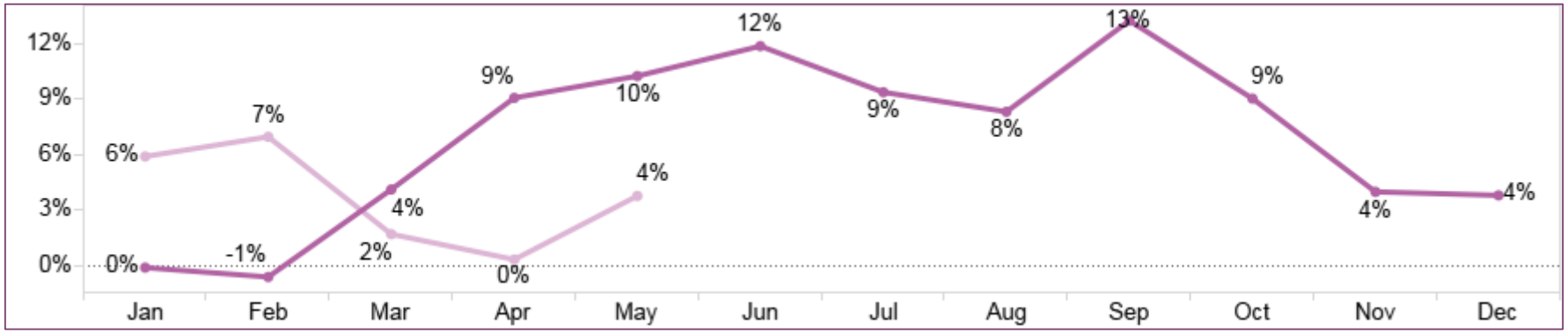
Route count

The number of unique routes operated by ERA carriers in May 2017 increased to 1,049 (+4% YoY)

Route count



Year-on-Year %



Note: Intra-European market operated by ERA members only; routes counted bi-directionally.
Source: Innovata, May 2017 load, surface transportation excluded.

Part 2: Market Dynamics

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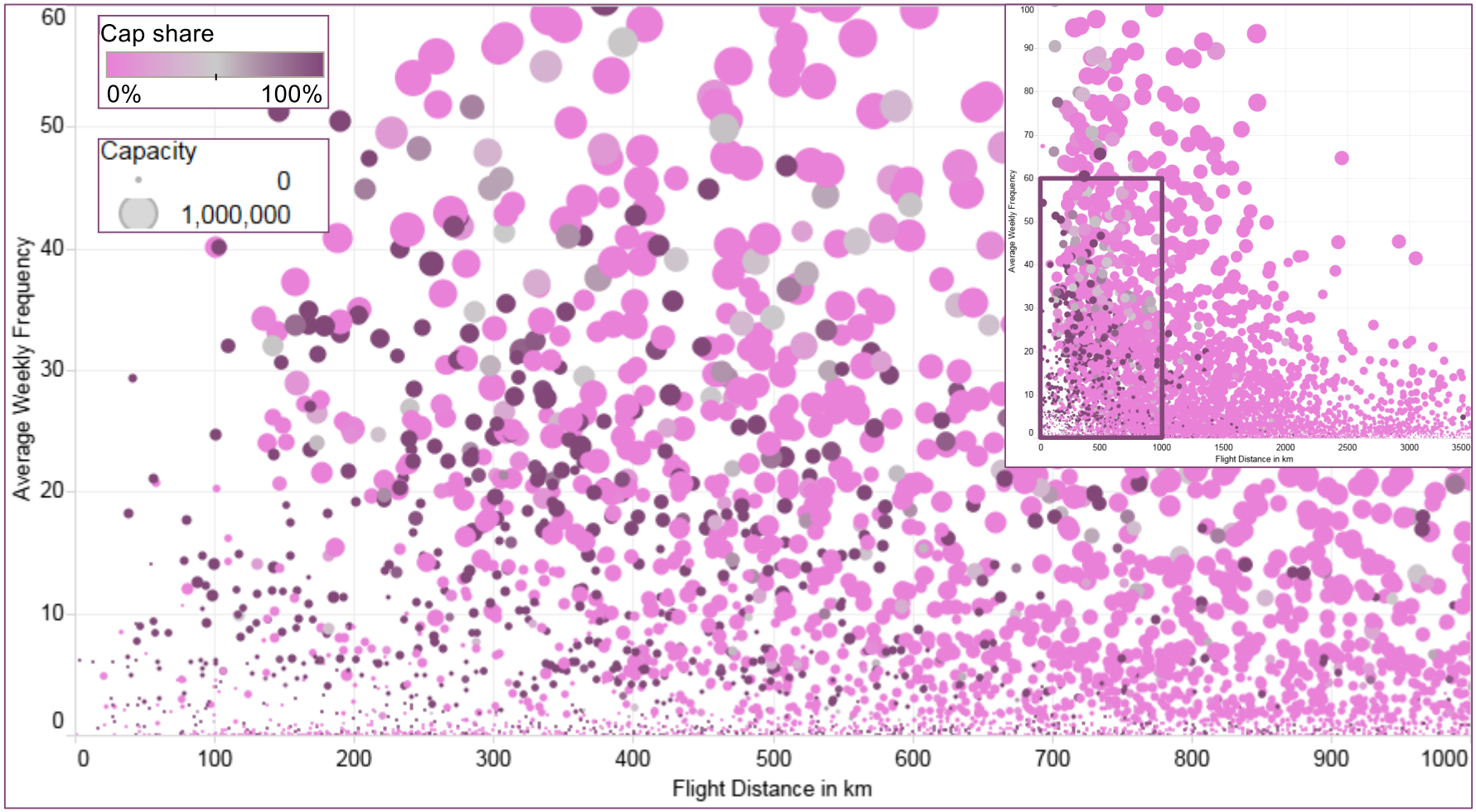
Regional carrier focus continues to be on shorter, thinner routes

Regional carriers' higher frequency profile differentiates them from competitor models

Regionals capacity share in 2017

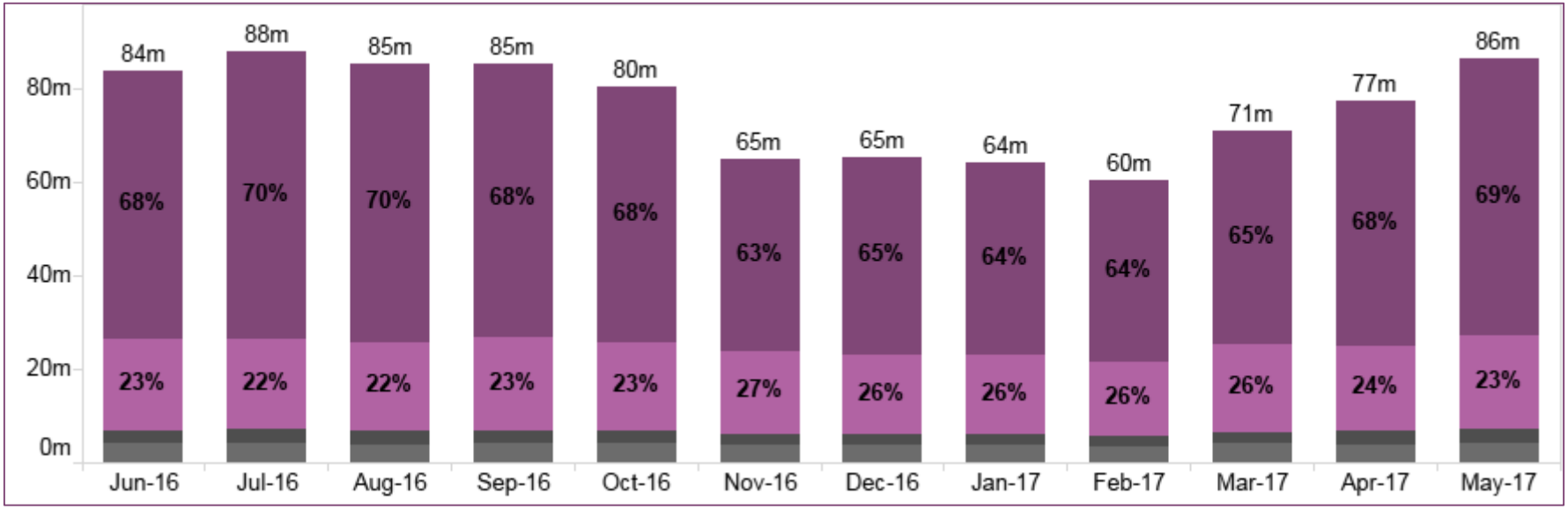


Note: Intra-European market operated by European airlines only.
Source: Innovata, May 2017 load, surface transportation excluded.

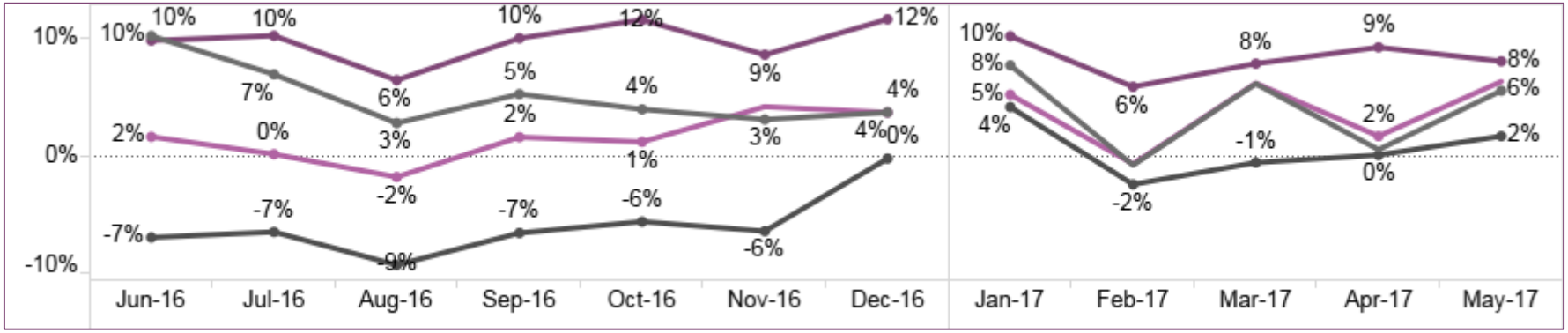
Seasonality profile of regionals appears stable

Domestic capacity in May increased with 6% YoY for both regional- and non-regional carriers, international capacity growth is more dispersed

Total seats



Year-on-Year % change

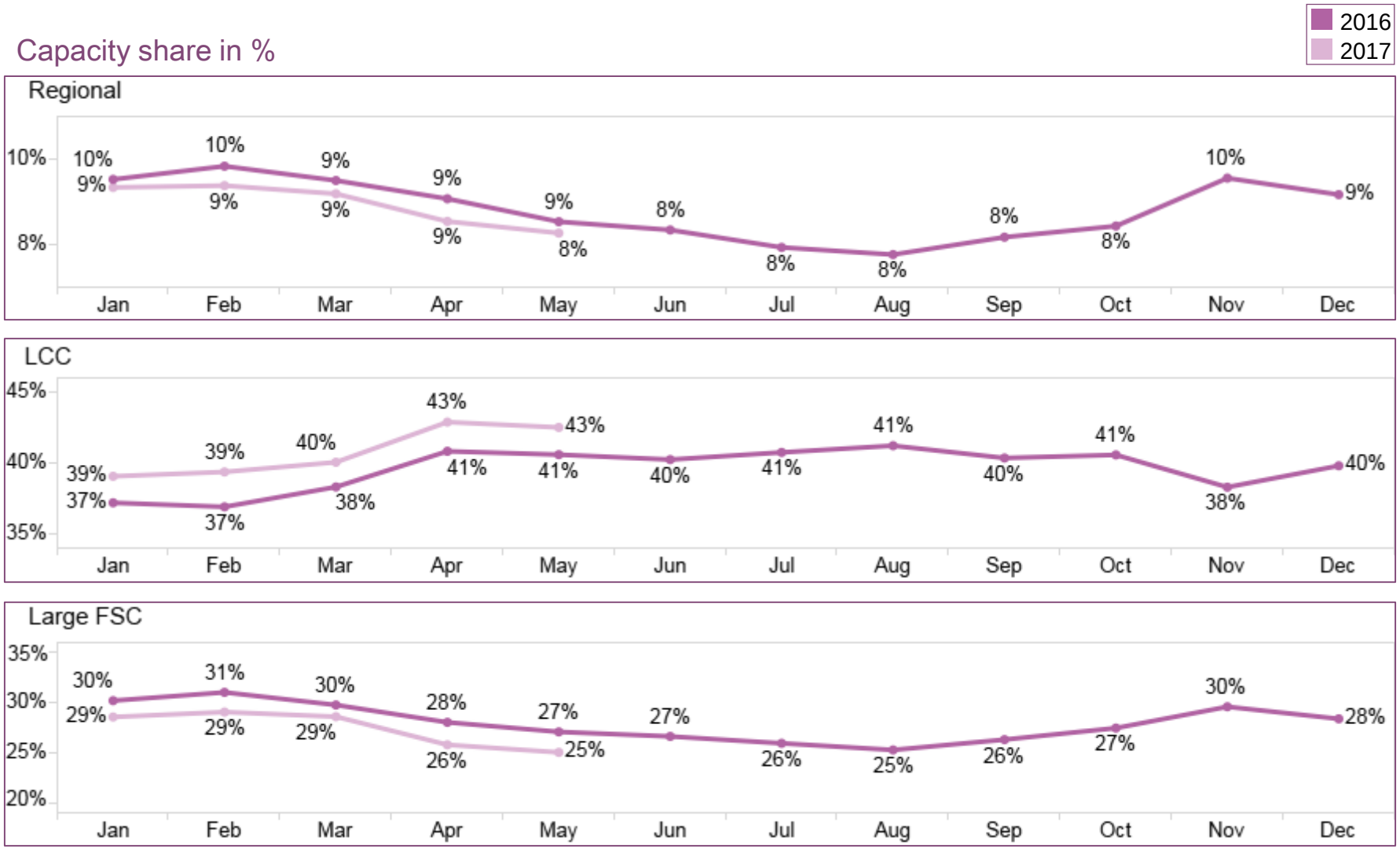


Note: Intra-European market operated by European airlines only.
Source: Innovata, May 2017 load, surface transportation excluded.

Regionals relative share of seats is slightly decreasing

Regional carriers' seat share in May has dropped to 8% of total capacity, LCCs continue to increase their capacity share on a YoY basis

Capacity share in %

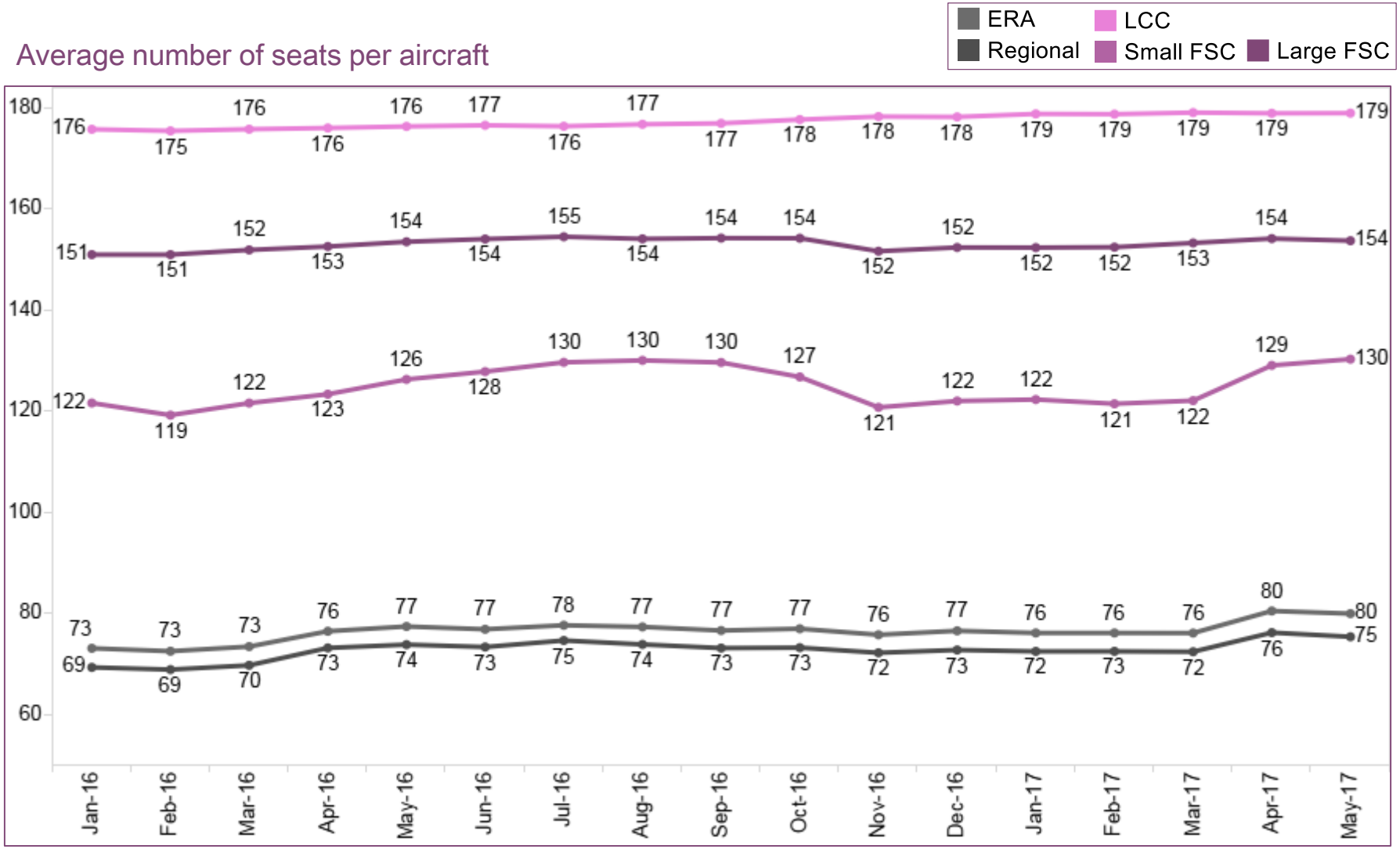


Note: Intra-European market operated by European airlines only.
Source: Innovata, May 2017 load, surface transportation excluded.

Smaller aircraft gauge deployed by regionals and ERA carriers

Average gauge for ERA carriers remains in line with the current regionals trend

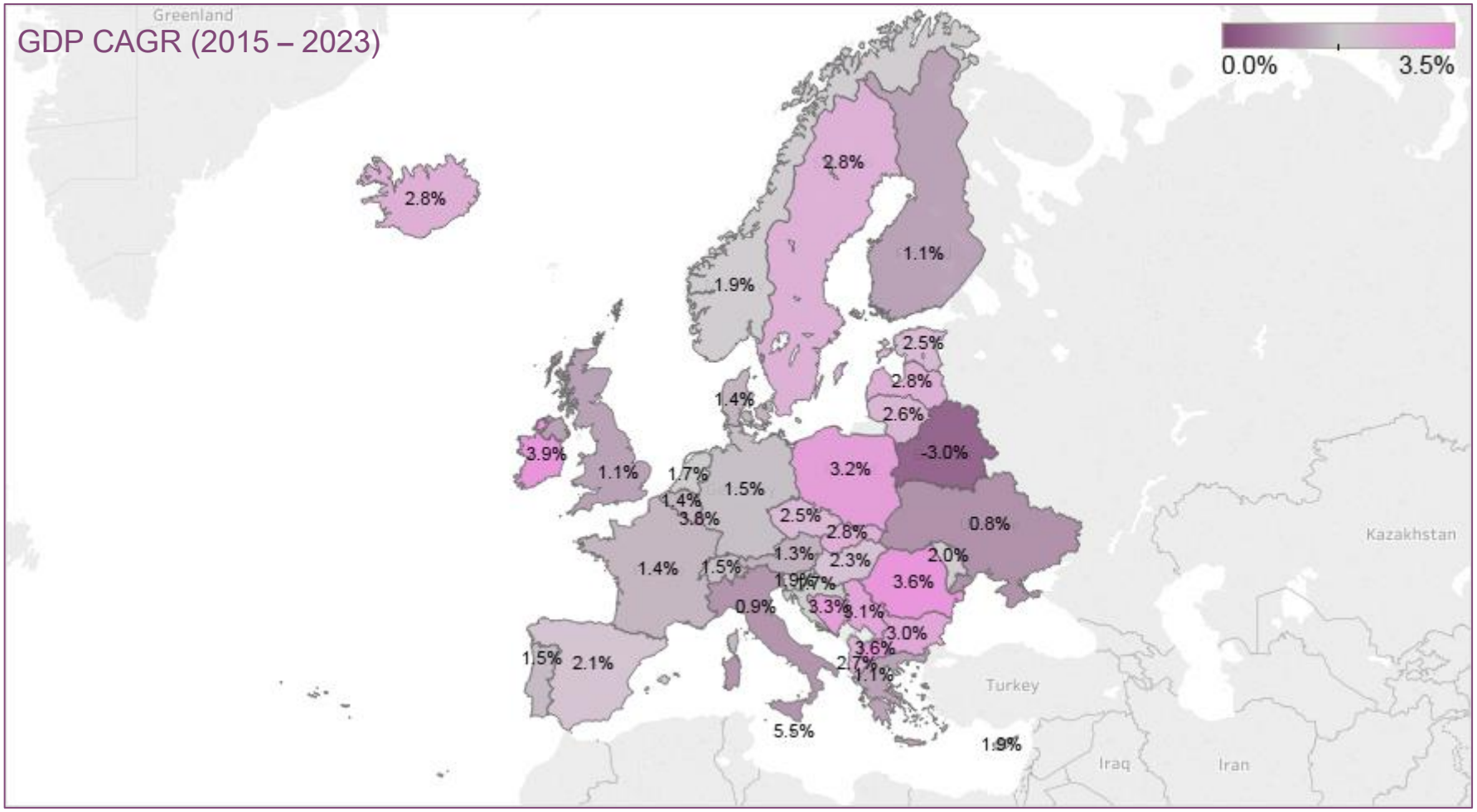
Average number of seats per aircraft



Note: Intra-European market operated by European airlines only; cargo flights excluded.
Source: Innovata, May 2017 load, surface transportation excluded.

Growth outlook in ERA's member countries

Forecasts of real GDP growth continue to predict strongest growth in Eastern Europe and Ireland in the period 2015-2023



Note: CAGR based on 2015-23 period except for Malta, Albania, Belarus (2015-17); Iceland, Moldova, Bosnia and Hercegovina, Luxembourg and Macedonia (2015-20)
Source: EIU GDP forecast of 2015 - 2023.

Part 3: Winter 2016

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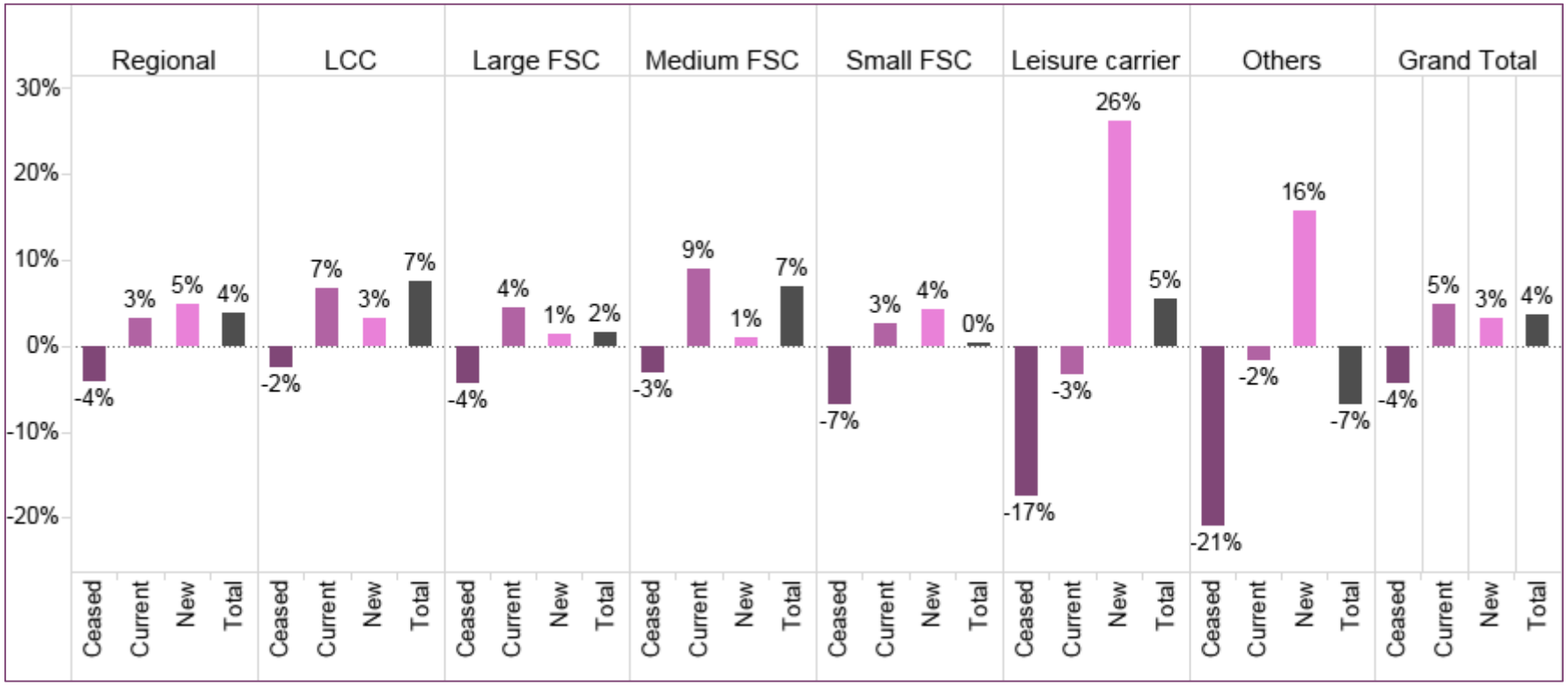
Note

Winter 2016 (November 2016 to March 2017) schedules have been loaded and include the majority of the season's schedule

Intra-European domestic market

While regional carriers are ceasing routes equal to 4% of their capacity, adding capacity on existing routes and adding new routes results in a total capacity increase of +4% compared to Winter 2015

Domestic capacity % changes (Winter 2016 versus Winter 2015)



Seats Winter 2016

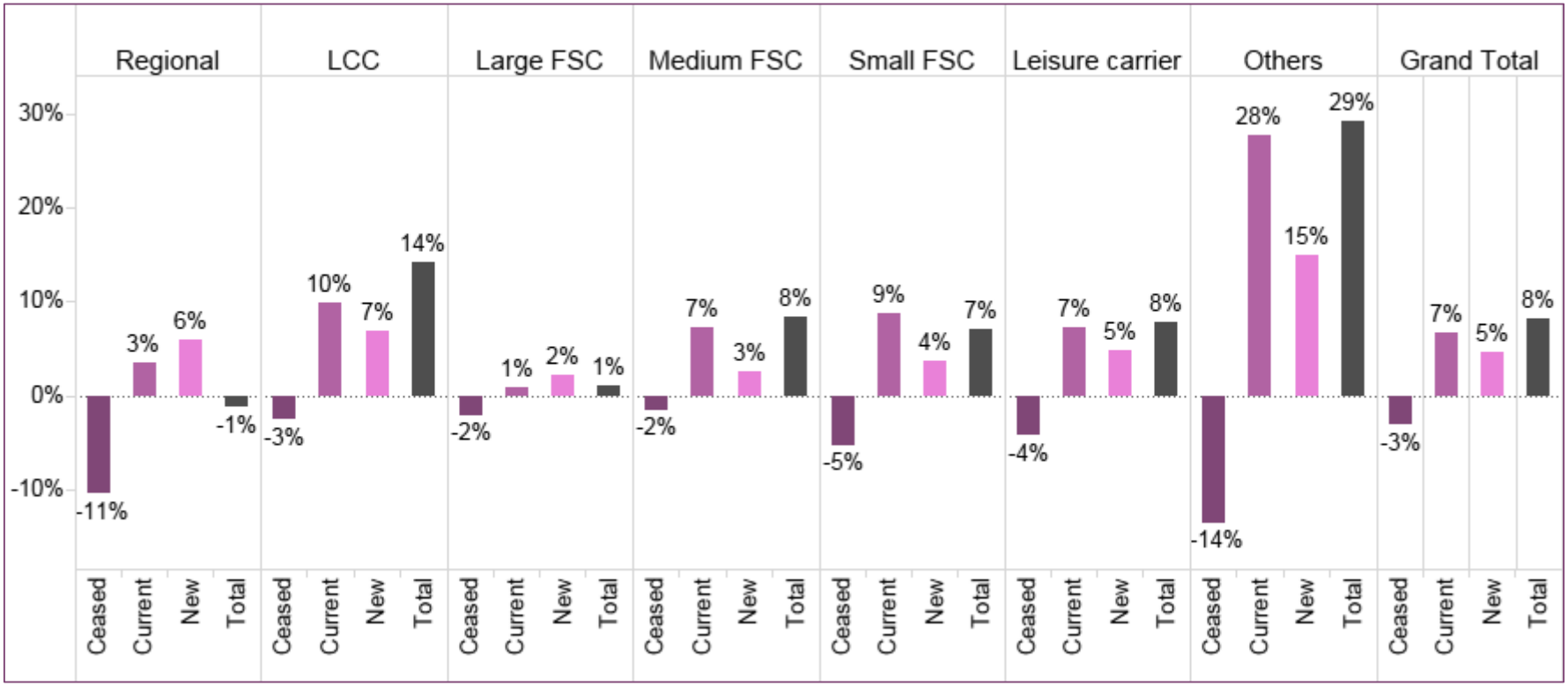
19m	30m	36m	8m	8m	0m	3m	105m

Note: Intra-European market operated by European airlines only. Further publication of operations is anticipated so these figures are subject to change.
Source: Innovata, May 2017 load, surface transportation excluded.

Intra-European international market

Regional carriers' international route capacity has decreased by 1% vs. Winter 2015 with new additions being offset by route cessations

International capacity % changes (Winter 2016 versus Winter 2015)



Seats Winter 2016

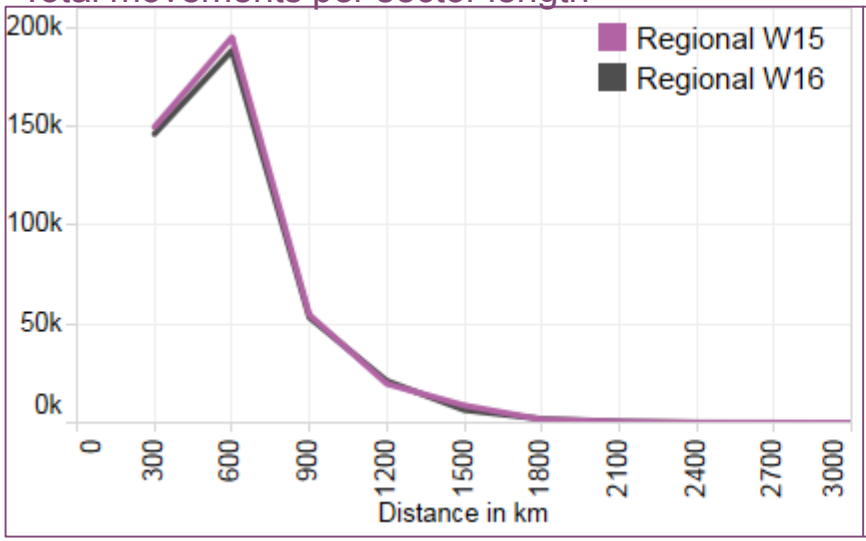
12m	98m	58m	28m	18m	5m	2m	221m

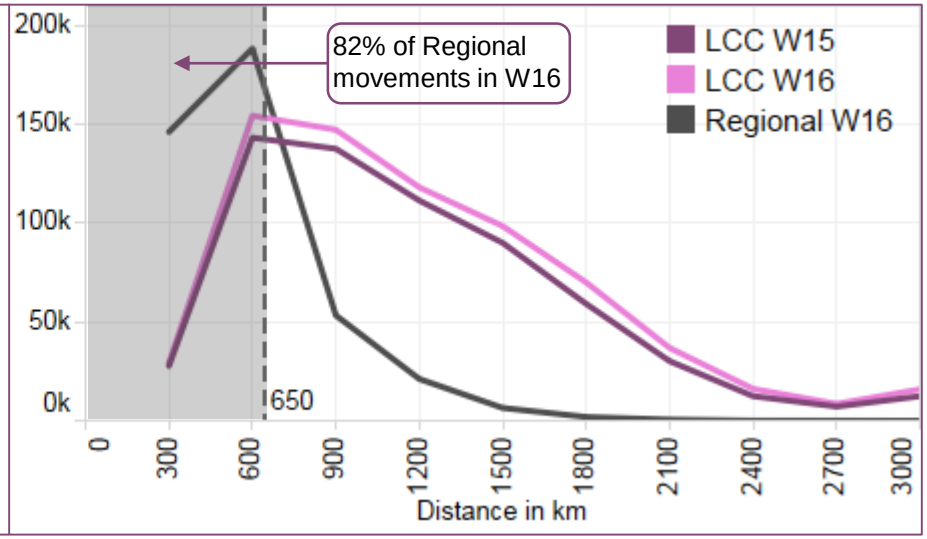
Note: Intra-European market operated by European airlines only. Further publication of operations is anticipated so these figures are subject to change.
Source: Innovata, May 2017 load, surface transportation excluded.

LCCs are strengthening operations

Regional's share of routes by distance remains relatively constant year-on-year

Total movements per sector length





		% share (flights)				% growth (flights)	
		Regionals W15	LCC W15	Regionals W16	LCC W16	Reg'ls W15 - W16	LCC W15 - W16
<= 650 km	0 - 300 km	35%	4%	35%	4%	-2%	5%
	300 - 650 km	48%	25%	47%	24%	-3%	7%
	Total	83%	29%	82%	28%	-3%	7%
Above 650 km	650 - 900 km	10%	19%	10%	18%	-3%	8%
	900 - 1200 km	5%	17%	5%	16%	7%	6%
	1200 - 1500 km	2%	14%	2%	14%	-26%	9%
	> 1500 km	1%	21%	1%	24%	24%	22%
	Total	17%	71%	18%	72%	-2%	12%

Note: Intra-European market operated by European airlines only. Further publication of operations is anticipated so these figures are subject to change.
Source: Innovata, May 2017 load, surface transportation excluded.

Competitive overview

While LCCs have shown the greatest capacity increase, ERA members come in second place surpassing their regional counterparts

% changes (Winter 2016 vs. Winter 2015)

	Regional	ERA	LCC	Large FSC
Routes	-1%	6%	10%	-2%
Seats	4%	7%	13%	2%
Flights	-2%	3%	10%	1%
Avg. Route Capacity	5%	1%	3%	4%
Avg. Route Frequency	-1%	-2%	1%	4%
Gauge	6%	3%	2%	0%

Routes with capacity share ≥ 75%

W16	68%	64%	73%	46%
W17	72%	66%	71%	46%

Seats with capacity share ≥ 75%

W16	56%	47%	53%	44%
W17	56%	48%	48%	44%

Regional / ERA members

- ERA members seat capacity increase is 3% points higher than their regional counterparts
- ERA members and regional airlines are flying on routes where they have the majority of the market share
- ERA members and regionals are flying less frequencies by route but with larger gauge than in W15

LCC

- LCCs have the highest increase in the number of flights, routes, and seats vs W15
- Share of monopolistic routes and seats declined compared to last winter

Large FSC

- Large FSCs were the only airline type not to increase gauge compared to W15
- The proportion of routes and seats in monopoly markets showed no changes since last winter and is below both Regional carriers and LCCs

Note: Intra-European market operated by European airlines only. Further publication of operations is anticipated so these figures are subject to change.
Source: Innovata, May 2017 load, surface transportation excluded.

Country-to-country seat capacity forecast

Top 15 country-to-country flows based on total seat capacity in Winter 2016

Cap Growth
-30% 30%

Capacity growth (Winter 2016 versus Winter 2015)

	United Kingdom	Germany	Spain	Italy	France	Russia - European	Norway	Sweden	Switzerland	Netherlands	Portugal	Denmark	Poland	Ireland	Greece	Other
United Kingdom	0%	8%	19%	7%	13%	20%	-19%	-8%	4%	6%	15%	2%	16%	-1%	-3%	14%
Germany	9%	3%	2%	4%	5%	9%	3%	21%	12%	0%	11%	-3%	-2%	6%	8%	14%
Spain	19%	2%	5%	6%	4%	28%	5%	15%	10%	24%	12%	13%	23%	14%	12%	10%
Italy	7%	4%	6%	-3%	-2%	12%	24%	11%	6%	8%	1%	-13%	28%	9%	9%	11%
France	13%	5%	4%	-2%	8%	9%	1%	2%	-2%	9%	17%	18%	5%	-6%	-10%	11%
Russia - European	20%	9%	28%	12%	9%	8%	9%	5%	-7%	9%	22%	3%	9%		0%	0%
Norway	-18%	2%	5%	24%	1%	10%	0%	7%	-7%	-2%	-20%	-15%	-15%	-64%	-66%	-5%
Sweden	-8%	21%	14%	13%	2%	5%	8%	-8%	-1%	11%	-32%	-15%	15%		40%	4%
Switzerland	4%	12%	10%	6%	-2%	-7%	-6%	-2%	-4%	7%	24%	-8%	23%	-8%	0%	3%
Netherlands	6%	0%	24%	8%	9%	9%	-2%	11%	8%	-100%	22%	2%	15%	9%	42%	19%
Portugal	15%	10%	13%	1%	17%	24%	-21%	-32%	24%	22%	19%	17%	48%	18%		9%
Denmark	2%	-3%	13%	-13%	17%	3%	-15%	-16%	-8%	2%	15%	24%	-18%	-28%	-2%	8%
Poland	16%	-2%	23%	28%	5%	9%	-15%	15%	23%	15%	47%	-18%	24%	-3%	-8%	23%
Irish Republic	-1%	6%	14%	9%	-6%		-64%		-8%	9%	18%	-28%	-2%	-5%	370%	10%
Greece	-2%	8%	12%	9%	-10%	0%	-66%	42%	0%	42%		-2%	-8%	370%	-2%	7%
Other	14%	14%	11%	11%	11%	0%	-5%	4%	3%	19%	9%	8%	23%	10%	8%	14%

Note: Intra-European market operated by European airlines only; countries are ordered as per total capacity in W16. Further publication of operations is anticipated so these figures are subject to change.
Source: Innovata, May 2017 load, surface transportation excluded.

Part 4: Summer 2017 Outlook

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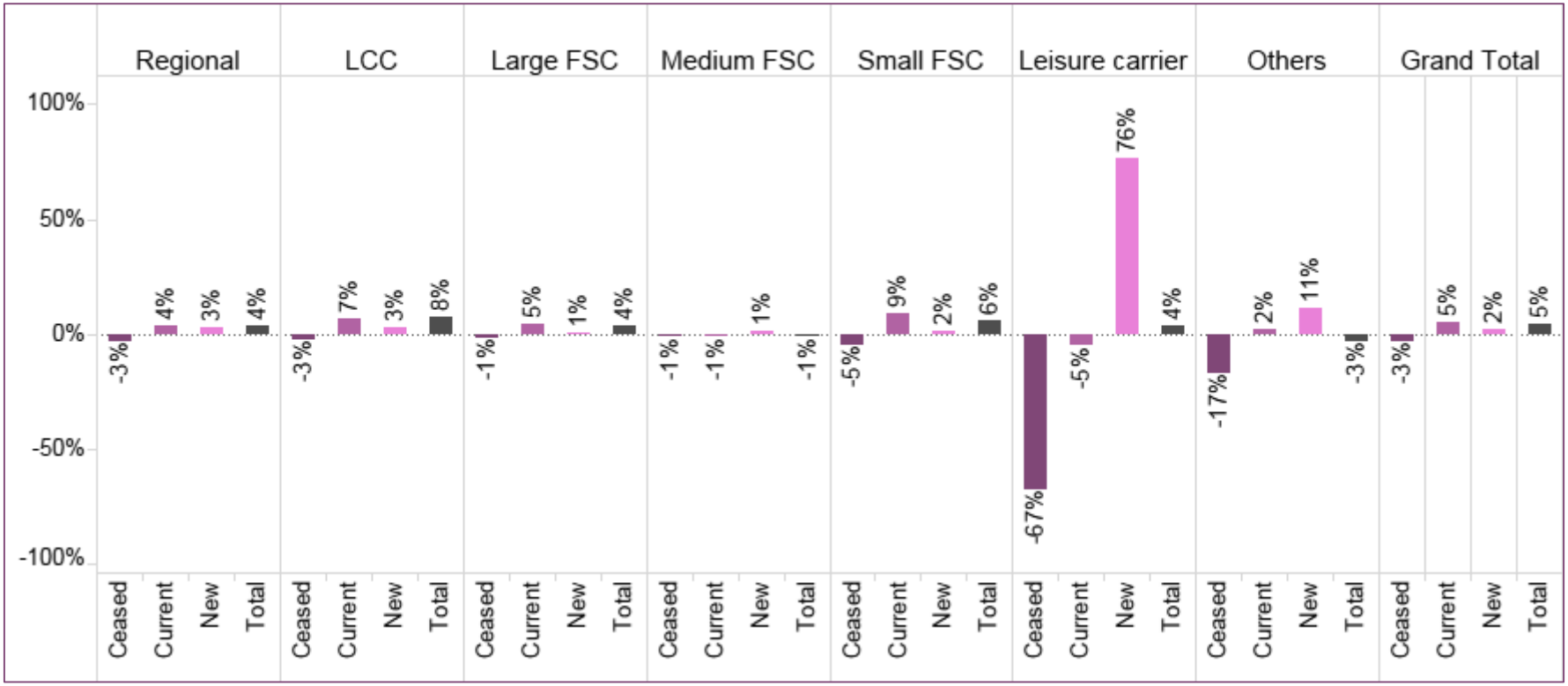
Note

Please note that Summer 2017 schedules have only been partially loaded by some airlines. The following slides therefore should be considered with caution due to the preliminary nature of the data on which they are based.

Intra-European domestic market

Regional carriers show an increase in capacity on domestic markets compared to Summer 2016, in line with the overall growth profile

Domestic capacity % changes (Summer 2017 vs. Summer 2016)



Seats Summer 2017

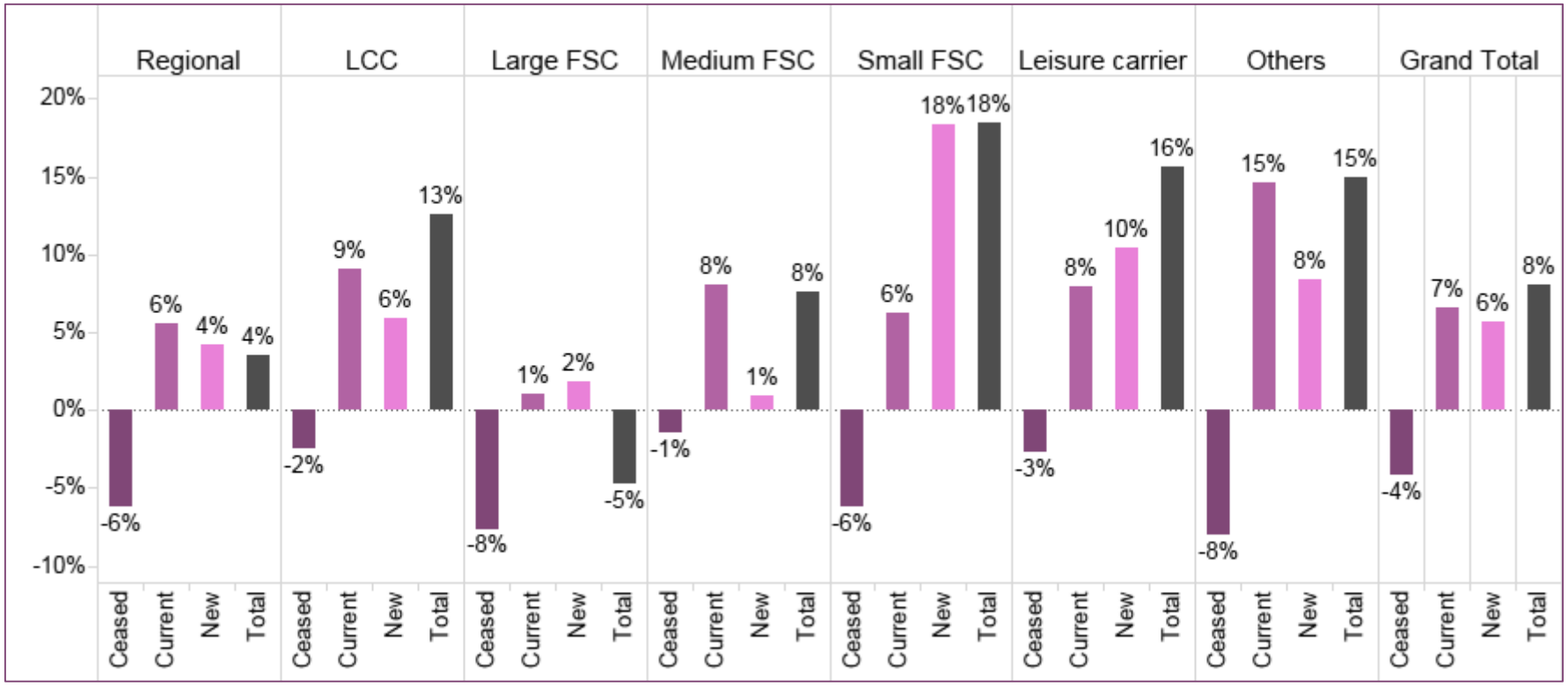
29m	51m	55m	12m	16m	0m	5m	168m

Note: Intra-European market operated by European airlines only. Further publication of operations is anticipated so these figures are subject to change.
Source: Innovata, May 2017 load, surface transportation excluded.

Intra-European international market

Regional carriers are increasing capacity on international routes (+4% YoY); most other carrier types are also adding capacity with only large FSCs reducing capacity

International capacity % changes (Summer 2017 vs. Summer 2016)



Seats Summer 2017

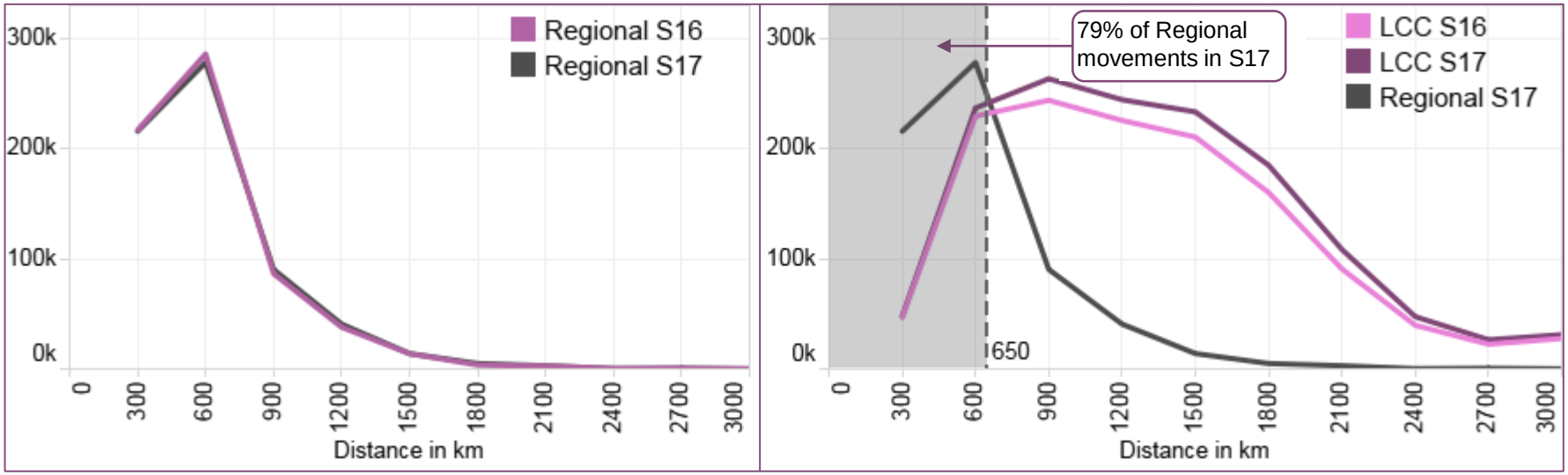
20m	210m	96m	50m	44m	20m	8m	448m

Note: Intra-European market operated by European airlines only. Further publication of operations is anticipated so these figures are subject to change.
Source: Innovata, May 2017 load, surface transportation excluded.

LCCs are strengthening operations

Regional and LCCs are largely maintaining flights at current distances

Total movements per sector length



		% share (flights)				% growth (flights)	
		Regionals S16	LCC S16	Regionals S17	LCC S17	Reg'ls S16 - S17	LCC S16 - S17
<= 650 km	0 - 300 km	33%	4%	33%	3%	-1%	2%
	300 - 650 km	47%	19%	46%	19%	-2%	5%
	Total	80%	23%	79%	22%	-1%	5%
Above 650 km	650 - 900 km	11%	16%	11%	16%	3%	6%
	900 - 1200 km	6%	17%	6%	17%	7%	8%
	1200 - 1500 km	2%	16%	2%	16%	1%	11%
	> 1500 km	1%	28%	2%	30%	21%	18%
	Total	20%	77%	21%	78%	5%	12%

Competitive overview

ERA carriers are slightly reducing unique routes and increasing capacity and frequency on existing routes, LCCs are adding most routes and flights

% changes (Summer 2017 vs. Summer 2016)

	Regional	ERA	LCC	Large FSC
Routes	-6%	-3%	5%	-16%
Seats	4%	6%	12%	-1%
Flights	0%	1%	10%	-2%
Avg. Route Capacity	10%	9%	6%	17%
Avg. Route Frequency	7%	5%	5%	16%
Gauge	4%	4%	1%	0%

Routes with capacity share ≥ 75%

S16	68%	64%	66%	44%
S17	72%	67%	65%	44%

Seats with capacity share ≥ 75%

S16	61%	49%	47%	43%
S17	63%	51%	46%	44%

Regional / ERA members

- Overall routes have decreased, but remaining routes have seen an increase in frequency and capacity
- Total count of flights has remained similar to S16

LCC

- LCCs are increasing capacity both by adding routes and operating more frequencies
- However, unlike ERA members and regional carriers, LCCs are not up-gaugeing their aircraft as much

Large FSC

- Similar to regional carriers, FSCs are consolidating capacity on existing routes through increased frequencies

Note: Intra-European market operated by European airlines only. Further publication of operations is anticipated so these figures are subject to change.
Source: Innovata, May 2017 load, surface transportation excluded.

Country-to-country seat capacity forecast

Top 15 country-to-country flows based on total seat capacity in Summer 2016

Capacity growth (Summer 2017 vs. Summer 2016)

Cap Growth
-30% 30%

	United Kingdom	Spain	Germany	Italy	France	Russia - European	Norway	Greece	Netherlands	Switzerland	Portugal	Sweden	Poland	Denmark	Ireland	Other
United Kingdom	-2%	11%	4%	6%	6%	27%	-8%	10%	7%	4%	16%	0%	11%	-13%	-3%	13%
Spain	11%	5%	1%	6%	3%	15%	9%	8%	17%	6%	10%	19%	30%	15%	5%	8%
Germany	4%	1%	5%	3%	5%	12%	9%	14%	6%	6%	15%	9%	3%	-2%	7%	10%
Italy	6%	6%	3%	2%	-1%	19%	14%	-6%	10%	0%	20%	29%	25%	2%	4%	15%
France	6%	3%	5%	-1%	2%	6%	9%	1%	12%	5%	8%	4%	13%	1%	-4%	7%
Russia - European	27%	15%	13%	19%	6%	16%	10%	6%	28%	6%	70%	7%	20%	7%	10%	5%
Norway	-8%	9%	9%	13%	9%	10%	0%	-30%	16%	3%	21%	-2%	-4%	-10%	8%	6%
Greece	11%	8%	14%	-6%	0%	7%	-30%	-4%	12%	0%	104%	11%	44%	14%	9%	0%
Netherlands	6%	17%	6%	10%	12%	28%	17%	11%	-100%	15%	15%	36%	21%	10%	20%	16%
Switzerland	4%	6%	6%	0%	5%	6%	2%	0%	15%	-10%	15%	1%	16%	6%	7%	4%
Portugal	16%	11%	15%	20%	8%	71%	21%	110%	15%	15%	13%	27%	102%	-1%	12%	19%
Sweden	0%	19%	9%	30%	4%	7%	-2%	11%	36%	1%	27%	7%	11%	2%		16%
Poland	11%	30%	3%	25%	13%	20%	-4%	41%	21%	16%	102%	11%	20%	47%	-3%	24%
Denmark	-13%	15%	-2%	2%	1%	7%	-11%	14%	10%	6%	-1%	1%	24%	23%	1%	13%
Irish Republic	-3%	5%	7%	4%	-3%	10%	8%	8%	20%	7%	12%		-3%	1%	-1%	10%
Other	13%	7%	10%	15%	7%	4%	6%	1%	16%	4%	19%	16%	24%	13%	10%	13%

Note: Intra-European market operated by European airlines only; countries are ordered as per total capacity in S16. Further publication of operations is anticipated so these figures are subject to change.
Source: Innovata, May 2017 load, surface transportation excluded.

Glossary

Regional carrier	Carrier with an average stage length less than 500 km or fleet without narrow-body and wide-body aircraft (turboprops and / or regional jets only)
Large full service carrier (Large FSC)	Carrier whose fleet has more than 50 wide-body aircraft or more than 100 aircraft, including at least 1 wide-body
Small full service carrier (Small FSC)	Carrier whose fleet contains at least one wide-body aircraft but less than 100 total aircraft
Low cost carrier (LCC)	Any other carrier operating scheduled services with low-emphasis on its product
Domestic market	Origin and destination are located inside the same country
International market	Origin and destination are situated in different countries
CAGR	Compounded Annual Growth Rate
ERA member	All current ERA members who report data to Innovata (full list available on request)

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